

AUTUMN 2010 ECONOMIC OUTLOOK FOR DENMARK: ANSWERS FROM DA AND DI

MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	2.5	1.8
Consumer price inflation	2.1	2.0
Unemployment rate	7.0	6.4
Employment growth	-1.6	0.8
government net lending (% of GDP)	4.4	3.8
gross public debt (% of GDP)	44.0	46.0
current account balance (% of GDP)	5.2	5.7

Components of aggregate demand - in real terms

<i>Annual % change</i>		
Private consumption	3.2	2.1
Public consumption	1.9	0.0
Investment (Gross Fixed Capital Formation)	-4.9	0.2
Private non-residential investment	-0.1	0.7
Exports	4.5	4.1
Imports	3.7	3.7

ECONOMIC SENTIMENT

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
Trend in business climate over the next 6 months			Industry		Services	
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
Trend in profitability over the next 6 months	Industry					
	Services					
	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
Investment intentions over the next 6 months	Industry					
	Services					
	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
Influence on companies' investment decisions	positive	positive	positive	negative	positive	negative
	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
Driving force behind investment decisions in the next 6 months	positive	negative	positive	positive		
	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
Overall trend in employment	Up	Up	Up	Up		

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

<i>Compared to 6 months ago, cost/access to finance has been...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Access	Cost
<i>for larger companies (>250 employees)</i>			Access	Cost
Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost Access	
<i>for larger companies (>250 employees)</i>			Cost Access	
	<i>Measures to improve bank lending capacity</i>	<i>Facilitating access to capital markets (corporate bonds and stock markets)</i>	<i>Improving conditions for equity financing</i>	
Measures to alleviate current financial difficulties for SMEs	Important effect	Very limited effect	Important effect	

POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate yes</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>		yes			
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>				yes	
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</i>					
<i>Tight fiscal rules and more effective institutions</i>					yes
<i>Greater efficiency of public administrations</i>					yes
<i>Credible cost-cutting measures</i>					yes
<i>Increased scope of public-private partnerships</i>					yes
<i>Reform of pension systems</i>					yes
<i>Improved efficiency of healthcare sector</i>					yes
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i>					
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>					yes
<i>Prioritisation of infrastructure investments</i>					yes
<i>Growth enhancing tax reforms</i>					yes
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	yes			