


SPRING 2011 ECONOMIC OUTLOOK FOR DENMARK: ANSWERS FROM DA AND DI
MAIN FORECAST

<i>Annual % change</i>	2010	2011
Real GDP growth	2,1	1,3
Consumer price inflation	2,2	1,8
Unemployment rate	7,4	7,8
Employment growth	-2,1	-0,6
Government net lending (% of GDP)	-3,5	-3,8
Gross public debt (% of GDP)	42,9	45,9
Current account balance (% of GDP)	5,0	4,9

Components of aggregate demand - in real terms

<i>Annual % change</i>		
Private consumption	2,1	1,5
Public consumption	1,7	-1,0
Investment (Gross Fixed Capital Formation)	-4,1	0,4
Private non-residential investment	-4,9	-0,3
Exports	4,8	4,0
Imports	3,7	3,3

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					

	<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	neutral	negative	neutral	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	Down	Down	Down	Down

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

*Compared to 6 months ago,
cost/access to finance has been...
for SMEs*

sharply up / restrained

up / more difficult

same

down / easier

Cost
Access

Cost
Access

for larger companies (>250 employees)

*Over the next 6 months, cost /access to
finance will be...
for SMEs*

sharply up / restrained

up / more difficult

same

down / easier

Cost
Access

Cost
Access

for larger companies (>250 employees)

*Consolidation of
banking sector balance
sheets*

*Access to capital
markets*

*Encouraging equity
financing through tax
reforms*

*Better use of existing
EU instruments
(including EIB)*

*Greater potential for
Public-Private-
Partnerships*

*Measures to alleviate current financial
difficulties for SMEs*

Very limited effect

Very limited effect

Very limited effect

Very limited effect

Very limited effect

*Consolidation of
banking sector balance
sheets*

*Access to capital
markets*

*Encouraging equity
financing through tax
reforms*

*Better use of existing
EU instruments
(including EIB)*

*Greater potential for
Public-Private-
Partnerships*

*Measures to alleviate current financial
difficulties for midsize and large
companies*

Very limited effect

Very limited effect

Very limited effect

Very limited effect

Very limited 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>Consistency between fiscal and monetary policies</i>	<i>adequate</i> yes	<i>inadequate</i>			
<i>Regarding the sustainability of public finances, government shows ...</i>	<i>excellent commitment</i>	<i>satisfactory commitment</i> yes	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Exit Strategies</i>	<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>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>Entry Strategies</i>	<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>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>In 2015, the government deficit will...</i>	<i>respect the 3% limit</i> yes	<i>be in balance</i> yes			