

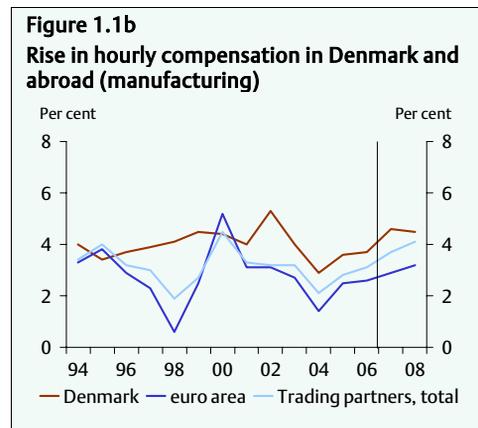
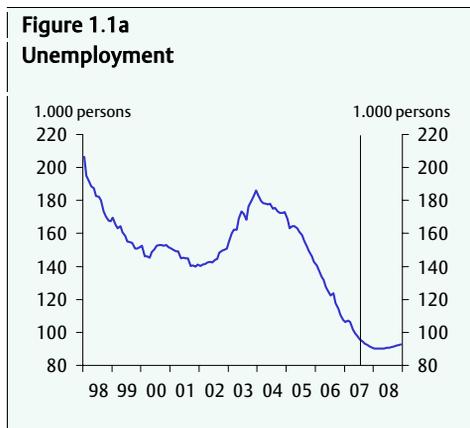
Economic Survey August 2007 – English Summary

Short term outlook

The Danish economy is now at the peak of the business cycle with very high levels of capacity utilization and employment. The unemployment rate has fallen more than expected to 3¼ per cent of the labour force. This is the lowest unemployment rate since 1974.

The upturn has been prolonged by a strong increase in the labour force. This reflects increased working hours and higher participation rates among young people and immigrants. Furthermore, cross-border workers from Sweden and Germany have contributed to boost employment along with people from the new EU member states. It is roughly estimated that around one third of the growth in employment rates from 2005 to 2007 can be seen as a permanent or structural increase in employment.

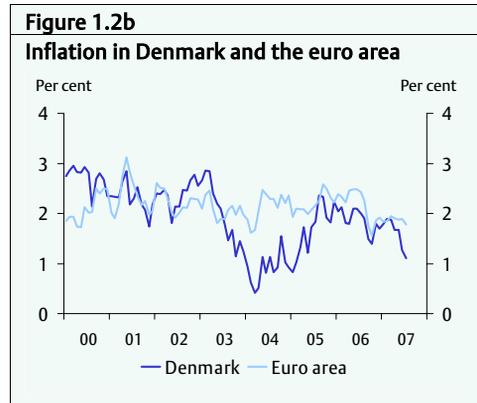
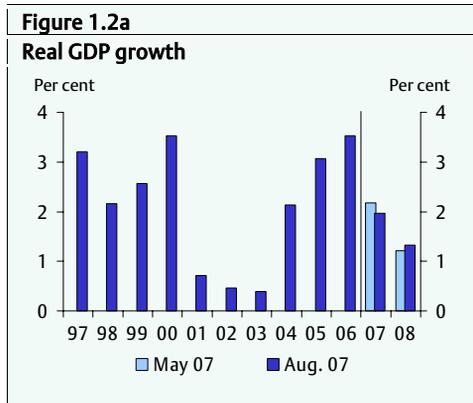
The strong upturn in production and demand in recent years has led to a marked improvement in public finances from around a balanced position in 2003 to surpluses of 3-4 per cent of GDP in 2007 and 2008. Part of these surpluses is of a temporary nature and the structural budget surplus is estimated to be at around 1½ per cent of GDP in 2008.



Labour market pressures have intensified and the growth in hourly earnings is rising, partly as a result of the new wage settlements in most of the private sector in the spring. The growth in labour costs is forecast at 4½-4¾ per cent in 2007 and 2008. Labour markets in neighbour countries are also tightening and wage pressures in

trading partner countries tend to mitigate the negative impact on competitiveness from domestic capacity constraints Wage contracts in the public sector will be renegotiated in early 2008.

So far, inflation in Denmark has been on a downward trend since the summer of 2005. However, it is expected that inflation will pick up in 2008 as a delayed response to the recent stronger increase in labour costs.



Growth in GDP has abated in the last 3 quarters and a further slowdown is expected in 2008. This is due to the already low levels of unemployment and to the underlying demographic trends, which limits the scope for stronger growth. GDP growth is expected to slow from more than 3 per cent in 2005 and 2006 to 2¼ per cent in 2007 and 1¼ per cent in 2008. The forecast is roughly unchanged compared to the May survey.

The GDP forecast is based on slowing growth in consumption and investment towards 2008, especially due to increasing interest rates, weaker growth in household incomes in 2008 and a cooling of the real estate market. This slowdown in demand growth is a welcome development given the tight supply side conditions.

Export demand is likely to stay strong, due to continued growth in the world economy of around 5 per cent p.a. and the growth pattern has changed slightly in favour of Danish export markets. Growth in Europe is rather strong, boosting demand facing Danish exporters while growth in the US has declined. Some loss of competitiveness is foreseen which will result in loss of market shares.

To a large extent, the strong domestic demand has been met by foreign supply. Imports have risen markedly. This may have taken some pressure off the domestic labour market, but it has also led to a deterioration of the balance of payments from a

surplus of 3¼ per cent of GDP in 2005 to 1¼ per cent of GDP at present. The balance of payments surplus is expected to fall further in the forecast period. The external surplus is sustained by net interest payments from abroad and by continuing high revenues from oil exports and sea freight – sectors that are largely unaffected by the tight labour market situation in Denmark.

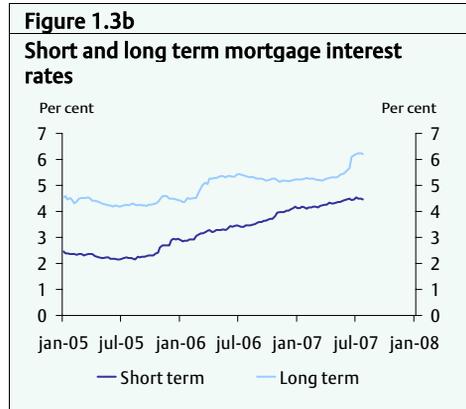
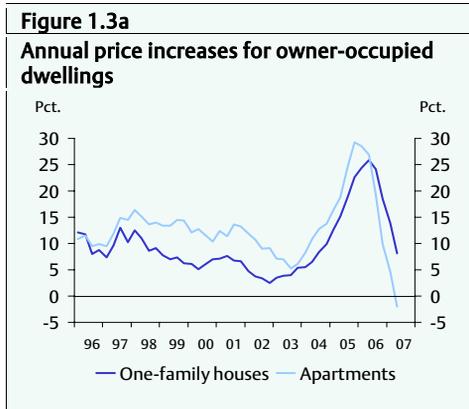
For the government and for the country as a whole, financial assets more or less equal liabilities. Hence, net debt accumulated in 1980'es has now been paid off, both when it comes to the government's net debt, and Denmark's net foreign debt.

Table 1.1						
Key figures compared to the May projection						
	2006		2007		2008	
	May	Aug	May	Aug	May	Aug
Real growth¹⁾, per cent						
Gross domestic product	3.2	3.5	2.2	2.0	1.2	1.3
Private consumption	3.4	3.1	2.4	2.2	1.2	1.6
Public consumption ²⁾	1.2	1.5	1.3	1.8	1.1	1.7
Export markets, manufactures	7.3	7.3	6.9	6.9	6.6	6.6
Per cent of GDP						
Public budget balance	4.2	4.7	4.2	3.9	3.3	3.1
Current external account	2.4	2.4	1.7	1.7	1.6	1.3
1,000 persons						
Unemployment	124	124	105	98	108	91
Per cent increase						
House prices, single-family house	20.6	21.1	4.0	3.0	2.0	0.0
Consumer prices	1.9	1.9	1.9	1.8	2.4	2.5
Hourly compensation, private sector	3.6	3.6	4.6	4.6	4.6	4.7
Yield on 10-year government bonds	3.8	3.8	4.2	4.4	4.5	4.8
Oil price, \$ per barrel	64.9	64.9	65.0	70.0	63.0	68.0
Exchange rate, Dkr. per \$	5.9	5.9	5.6	5.5	5.5	5.4
Oil price, Dkr. per barrel	385.7	385.7	361.4	386.0	347.8	368.7
1)	The real growth rates of the macro variables are now calculated using chain indices.					
2)	Real growth of public consumption reflects growth in inputs, not improvements of output and is therefore not readily comparable to private consumption growth.					

The buoyant housing market has cooled off during 2006 and prices are expected to stagnate until the end of 2008 partly due to rising interest rates. Real estate prices

have fallen slightly in larger cities where the increases were most pronounced in recent years, while prices continue to increase at a limited pace in other parts of the country.

No widespread or dramatic corrections are expected in the housing market. In general, the financial situation of owner-occupants appears healthy. Increasing labour income, low debt to equity ratios, low unemployment and readily available mortgage financing are likely to keep the real estate market reasonable stable.



Note: Shifts in long term mortgage interest rates are due to changes in the benchmark paper.

Fiscal policy and public finances

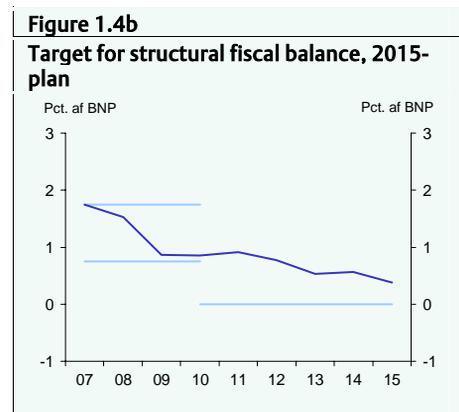
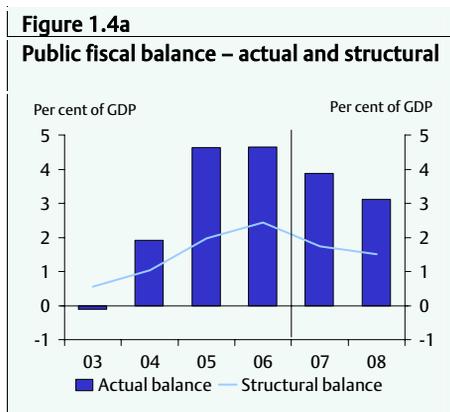
The slowdown in domestic demand due to higher interest rates is to some extent countered by relatively strong growth in government consumption and investment, planned tax cuts, and a continued suspension of contributions to the so-called Special Pensions Scheme in 2008. In total, fiscal policy adds a stimulus of around 0.3 per cent of GDP in 2008 compared to the May survey. In 2007, fiscal policy is estimated to be roughly neutral.

The overall general government surplus reached a record level of 4.7 per cent of GDP in 2006, slightly more than the 4.6 per cent in 2005. The slowing of the economy is projected to contribute to a gradual fall in the surplus to 3 per cent of GDP in 2008.

To a significant extent, the large surpluses in recent years reflect transitory effects, including high capacity utilisation, high tax revenues from North Sea resource extraction and still relatively favourable demographic conditions with relatively large gen-

erations active on the labour market. As these effects gradually wane, public finances are expected to deteriorate¹.

Public finances are more volatile in Denmark than in most other countries. In 2003, at the end of the last short-lived downturn in the economy, the fiscal balance exhibited a small deficit. Just two years later, a record surplus was achieved. This was partly due to a strong revenue increase from the taxation of private pension schemes, related to very high returns on financial assets. High revenues from the North Sea oil and gas extraction, strong growth in private consumption, and falling unemployment have also contributed to the improvement of public finances.



Corrected for temporary factors, including the strong business cycle, the structural budget balance is estimated at 1.7 per cent of GDP in 2004-2008 on average, while actual surpluses are expected at 3.6 per cent of GDP on average for the same period. This underlines that a substantial part of the surpluses in these years are of a temporary nature.

In 2007 and 2008 the structural surplus are estimated at 1.7 and 1.5 per cent of GDP, respectively. That is in the target range which – according to the new medium term plan – aims at structural surpluses between $\frac{3}{4}$ and $1\frac{3}{4}$ per cent of GDP towards 2010, cf. figure 1.4b. The fact that the actual surpluses are somewhat higher also shows that automatic stabilizers help to reduce demand pressures in the economy.

Public finance developments in 2007 and 2008 are also affected by the new corporate tax regime decided before summer and the political agreement concerning changes to taxation of pension funds.

¹ The government has recently presented a new comprehensive multi-annual plan laying down the framework for fiscal policy towards 2015: *Mod nye mål – Danmark 2015* (only available in Danish)

Box 1**The Government's Tax proposal – effect on public finances and fiscal policy in 2008**

After the completion of the budgeting of the proposal for the Fiscal Bill 2008, the government has proposed to abolish the automatic regulation of the labour market contribution (arbejdsmarkedsbidraget) and the existing labour market fund (arbejdsmarkedsfonden). According to the current rules the labour market contribution (LMC) is to be reduced in 2008 (as a result of a budgeted surplus in the labour market fund) and hereafter potentially be increased again, for example if unemployment increases causing a deficit in the labour market fund. The mechanism in the labour market fund would thus tend to be procyclical

The government has also proposed that from 2008 indirect taxes on energy are kept constant in real terms through a price-indexation of the energy taxes. This will contribute to reaching the ambitious targets in the new climate and energy strategy.

In accordance with the Tax freeze the revenue from price-indexation of energy taxes and nullification of the regulation of the labour market contribution is used for lowering taxation of labour income by 10 bn. kroner or 0,x pct. of GDP. This will contribute to increase labour supply and employment.

The tax proposal includes an increase of the earned-income tax credit (beskæftigelsesfradraget), with part of the increase in 2008 and the full increase having effect from 2009. The indexation of income transfers is increased by 0.8 per cent in 2008, reflecting mainly that a reduction of the labour market contribution automatically would have increased transfers by 0,6 per cent.. Additionally, the tax proposal includes an increase in the income thresholds for the middle and the top tax from 2009.

The direct effect on public finances in 2008 corresponds to the effect, which would have followed from lowering the labour market contribution by 0.5 percentage points in accordance with current rules of the labour market fund, as included in the budgeting of the proposal for the Fiscal Bill 2008 and the short-term projection, *cf. table a.*

Table a**Direct effect on public finances in 2008 from lower labour market contribution and the government's tax proposal, respectively**

Bn. DKK	LMC reduction	Tax proposal
Income transfer (expenditure increase)	-1.2	-1.6
Revenue from LMC (including pensions)	-5.0	0.0
Income taxes	1.9	-3.3
- of which "directly" from	-0.8	-3,9
- of which income tax from higher transfers	0.5	0.6
- of which due to deduction of LMC	2.2	0.0
Extra revenue from indexing of energy taxes		0.7
Direct effect on public finances	-4.2	-4.2

Hence the overall activity-effect in 2008 from economic policy will not be further affected by the proposed changes in taxation etc. The tax proposal will however affect the composition of tax revenues and expenditures, *cf. table a.*

Lowering the labour market contribution (LMC) by 0.5 percentage points would have reduced the LMC-revenue by close to 5 bn. kroner, including 0.5 bn. kroner from lower LMC on pension contributions.

The LMC is deductible in the income tax base. The lower LMC of gross wages (after pension contributions) thus directly leads to an increase of income taxes by 2.2 bn. kroner.

Box 1 (continued)**The Government's Tax proposal – effect on public finances and fiscal policy in 2008**

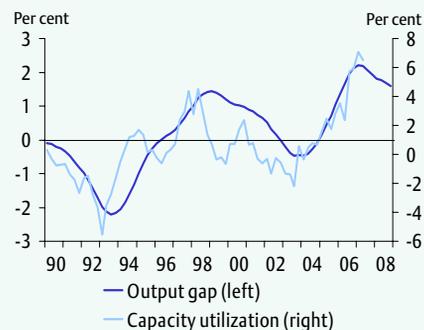
Resulting from a reduction of the LMC the indexation of income transfers and a number of thresholds in the tax legislation would be increased by 0.6 percentage points. This would imply a gross expenditure increase of about 1.2 bn. kroner, and net of income tax (of about 0.5 bn. kroner) the expenditure increase would be about 0.7 bn. kroner. The increased indexation of various thresholds in the tax legislation would result in a revenue loss close to 0.8 bn. kroner. Hence all in all income taxes would be increased by 1.9 bn. kroner. And overall a reduction of the LMC by 0.5 percentage points would directly reduce the public surplus by 4,2 bn. kroner in 2008, around ¼ per cent of GDP.

The proposed tax changes etc. likewise entail a direct reduction of the public surplus by 4.2 bn. kroner. Increasing indexation of income transfers by 0.8 percentage points implies a gross expenditure increase of about 1.6 bn. kroner, and net of income tax an expenditure increase close to 1 bn. kroner. Compared to a situation with nominally unchanged energy taxes the price-indexation of energy taxes gives extra revenue in 2008 close to 0.7 bn. kroner (assuming an indexation of 1.8 per cent in 2008). Increasing the earned-income tax credit to 4.2 per cent of gross wage income (with a parallel increase of the ceiling on the tax credit) gives a direct revenue loss of about 3.9 bn. kroner.

The estimates in the short-term projection for real GDP-growth, employment and unemployment in 2008 would thus not be affected by the proposed tax changes etc. Price-indexation of energy taxes adds slightly to price inflation.

Capacity utilization and wage developments

Registered unemployment has fallen by almost 90,000 persons since December 2003 and reached 97,400 in June 2007. At 3¼ per cent of the labour force (national concept), this is the lowest level since 1974. Unemployment is lower than in almost all other OECD-countries.

Figure 1.5a**Labour shortages in manufacturing and construction****Figure 1.5b****Output gap and capacity utilization in manufacturing**

Note: In figure 1.5b the light blue graph shows deviations from the historical average (seasonally adjusted)

The very low rate of unemployment has led to labour shortages in parts of the private sector and the public services sector. Labour shortages in the construction sector were at their highest in the autumn of 2006. They have since eased a bit, but continue to be significant. In manufacturing, the shortages only emerged during 2006 but have since then become more acute, reaching a historical peak in March 2007. Capacity utilization also remains high in manufacturing.

The favourable employment opportunities have prompted more people to join the labour force, including individuals at the fringes of the labour market, who previously had difficulty finding jobs, including some immigrants. From 2005 to 2006 employment grew by 55,000 persons (2 per cent) and the labour force grew by 21,000 persons.

Apart from higher labour force participation of young people and immigrants, the larger labour force also reflects an increased influx of foreign labour from Eastern Europe and commuters from Sweden and Germany. The largest part of the increase, however, seems to reflect cyclical factors. It is not unusual that about one third of an increase in employment in an upturn is accounted for by increases in the labour force.

Table 1.2**Indicators of the foreign labour force**

	Commuters from Sweden	Commuters from Germany	Employees from new EU member states
1,000 persons			
1. januar 2004	6,5	-	-
1. januar 2005	10,6	-	1,6
1. januar 2006	13,9	9,3	3,6
1. januar 2007	20,9	10,6	8,6
30. juni 2007	25,8	11,8	11,3

Note: Commuters from Sweden were added up on juli 27th. Numbers are reported with reservations.

Source: Tax Center Oeresund, Tax Center at Toender and Arbejdsmarkedsstyrelsen

The new three-year wage settlements in the private sector will imply larger wage increases than the previous settlement. This is particularly so for the sectors in which most bargaining takes place centrally, as opposed to other sectors where the centralized settlement concerns minimum wage levels while the actual wages are negotiated at the plant level. In the former sectors, wage increases are roughly twice as high as in the last settlement. Such increases could also have an impact on wage expectations in other sectors leading to significant wage increases at the firm level.

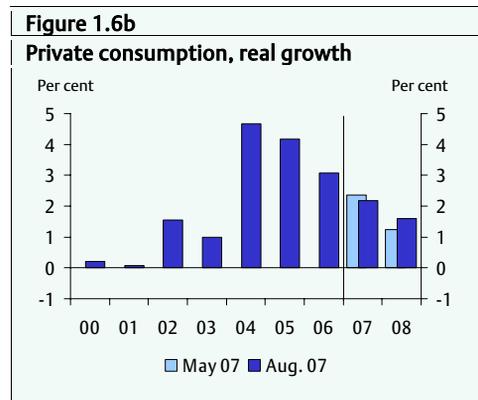
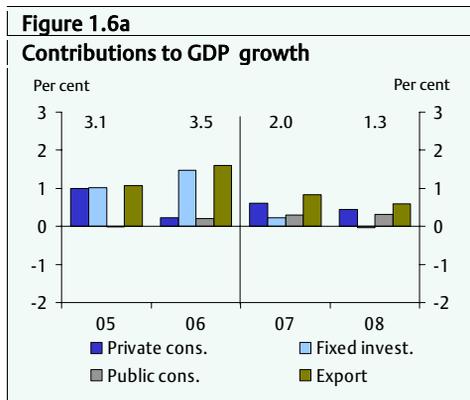
Hourly wages in the private sector are projected to rise by 4.6 per cent in 2007 and 4.7 per cent in 2008. This is 0.1 percentage points more than assumed in the May

survey due to the higher unemployment gap. Even though wages are also expected to grow faster in other countries, including Germany, wage competitiveness is expected to deteriorate, as it has since 2000. The structural level of unemployment is estimated at some 5 per cent of the labour force in 2006. It is expected that already enacted structural reforms will help to reduce the structural unemployment level to 4½ per cent in 2008.

Domestic developments

GDP growth has exceeded 3 per cent in both 2005 and 2006 and is now forecast at 2¼ per cent and 1¼ per cent in the 2007 and 2008, respectively. Both private domestic demand and exports will contribute less to growth in the forecast period than in recent years, *cf. figure 1.6a*.

Private consumption growth has slowed from 4.7 per cent in 2004 to 3.1 per cent in 2006. Private consumption is expected to increase by 2.2 per cent in 2007 and by 1.6 per cent in 2008 due to rising interest rates and smaller wealth effects from the real estate market, *cf. figure 1.6b*. Compared to the May survey, the forecast for 2008 is revised upwards due to the proposed tax cut, the proposed lift in social benefits, and the assumed continued suspension of the Special Pension Scheme.

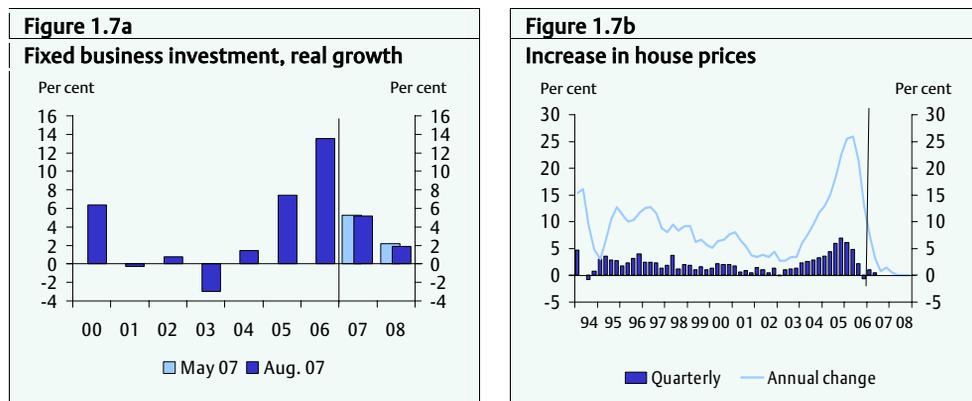


Note: The contributions to GDP growth are calculated by the input-output based method, *cf. box 1 in English summary December 2006*.

Fixed business investment grew by 13 per cent in 2006. The growth in fixed business investment is expected to ease and is forecast at 5 per cent in 2007 and 1¾ per cent in 2008 as the interest rates are rising, the investment-output ratio has reached a rather high level, and capacity constraints are expected to gradually abate, *cf. figure 1.7a*. The changes to corporate taxation, including among other things a reduction in the corporate tax rate from 28 to 25 per cent, are expected to have only a minor impact on investments during the forecast period.

Prices of owner-occupied single-family homes increased markedly through 2005 and the first half of 2006 at well above 20 per cent on an annual basis, in part due to per-

sistently low interest rates and growing disposable incomes. The brisk house price increases have come to a halt and the forecast for price increases for owner-occupied single-family homes is 3 per cent in 2007 and 1 per cent in 2008, *cf. figure 1.7b*.



After strong growth of 13-15 per cent on average over the years 2003 to 2006, the rise in residential investment is forecast at 3 per cent in 2007, *cf. table 1.3*. Rising interest rates and higher construction costs, and the lower house-price increases, are expected to lead to a slight fall in residential construction in 2008.

In 2006 the growth rate of real public consumption was 1.5 per cent. A slightly higher growth rate of 1.8 per cent is estimated for 2007. Based on agreements with local governments and the proposal for the Fiscal Bill for 2008 including effects from the proposed quality reform of the public sector, the forecast for government consumption growth in 2008 is 1.7 per cent. Based on similar information, government investments are expected to grow by 5 per cent in 2008.

International trade and the current account

Manufacturing exports rose strongly in 2006 as export markets grew by more than 7 per cent and the Danish krone depreciated slightly. In 2007 and 2008 manufacturing export growth is projected to abate to 5.6 and 4.6 per cent, mainly due to some loss of wage competitiveness as Danish wage rate increases are set to exceed those of Denmark's main trading partners.

Total exports grew even faster in 2006 as services exports rose by 17½ per cent mostly due to a large merger in 2005 in the shipping industry. For 2007 and 2008, a growth in total exports of 4.9 and 3 per cent are expected since the increase in services exports will slow down. Exports of energy products are expected to fall reflecting a gradual reduction in production of oil and gas in the North Sea.

Use and supply of goods and services¹⁾							
	2006	2003	2004	2005	2006	2007	2008
	Bill. kr.				Real growth , per cent		
Private consumption	793.5	1.0	4.7	4.2	3.1	2.2	1.6
Public consumption ²⁾	419.6	0.7	1.6	1.1	1.5	1.8	1.7
Public investment	31.8	-7.8	12.6	3.0	13.1	-12.5	5.2
Residential construction	108.5	11.8	14.4	16.7	12.0	3.0	-3.0
Fixed business investment	230.5	-2.9	1.7	7.6	13.5	5.1	1.7
Stock building ³⁾	9.6	-0.5	0.1	-0.1	0.4	0.0	0.1
Total domestic demand	1593.6	0.2	4.1	4.3	5.2	2.3	1.5
Exports of goods and services	853.1	-1.0	2.2	7.3	10.1	4.9	3.0
of which manufactures	345.2	-2.6	2.0	7.4	8.1	5.6	4.6
Total demand	2446.7	-0.2	3.5	5.3	6.9	3.2	2.1
Imports of goods and services	804.5	-1.6	7.0	10.8	14.4	5.7	3.5
of which goods	533.1	-2.2	8.1	8.1	13.2	5.0	3.7
Net exports ³⁾	48.7	0.2	-1.9	-1.3	-1.8	-0.4	-0.3
Gross domestic product	1642.2	0.4	2.1	3.1	3.5	2.0	1.3
Gross value added	1390.3	0.4	1.3	2.6	3.5	2.1	1.3
of which in private non-agricultural sector ⁴⁾	889.5	0.7	1.3	3.3	4.4	3.0	1.7
GDP per capita (1.000 Dkr.)	302.2	0.1	1.9	2.8	3.2	1.7	1.1
3)	The real growth rates of the macro variables are now calculated using chain indices. In the December survey, 2000-prices were used.						
4)	Real growth of public consumption reflects growth in inputs, not improvements of output and is therefore not readily comparable to private consumption growth.						
5)	Contributions to GDP growth						
6)	Excluding housing and shipping						
	Source: Statistics Denmark and own calculations.						

Total demand grew by exceptionally 6.9 per cent in 2006, the strongest growth since 1994. As growth in both domestic demand and exports are expected to slow down total demand is forecast to grow by 3.2 and 2.1 in 2007 and 2008, respectively.

Imports grew by 14½ per cent in real terms in 2006 partly due to capacity constraints and partly reflecting the strong expansion of the merchant fleet. In 2007, imports of goods and services are expected to increase by 5.7 per cent and slow even further in 2008 to 3½ per cent, as growth in total demand is expected to recede.

The external current account has deteriorated markedly from a surplus in 2005 of 3.8 per cent of GDP to an expected level of 1.7 per cent of GDP in 2007, and fall further in 2008 to 1.3 per cent of GDP.

Denmark's net foreign asset position turned positive in late 2005 but due to valuation effects was reversed in 2006. Denmark is expected to have a small net foreign debt of 2.4 per cent of GDP by the end of 2008.

Employment, unemployment and labour force

Employment growth amounted to 2 per cent in 2006 and reached a record level at the beginning of 2007, giving rise to a very weak productivity performance. Hence, employment is forecast to stay more or less at the present level as productivity growth returns to more normal levels.

Employment in 2007 is expected to be 47,000 persons above the 2006 average, corresponding to a growth rate of 1.7 per cent. For 2008, employment is projected to fall slightly, cf. *figure 1.8a* and *table 1.4*. Total employment developments are mainly driven by private sector employment as public sector employment is assumed to grow modestly in 2007 and 2008.

The labour force has increased recently as more young people are now seeking employment and as the inflow of foreign labour seems to have risen. The labour force is projected to remain more or less constant in the forecast period. Demographic developments have a negative impact on labour force growth while positive contributions are expected from the cyclical upswing in labour force participation together with the impact of various labour market reforms.

	2006 Level	Avg. 1990- 2006	2005	2006	2007		2008	
	1,000 persons	Change, thousands						
					Maj	Aug.	Maj	Aug.
Private sector	1964	8	22	56	30	46	-7	-2
Public sector	817	3	-3	-2	1	1	1	2
Total employment	2781	11	19	54	31	47	-6	0
Labour force	2905	2	1	21	11	21	-3	-7
Unemployment	124	-9	-19	-33	-19	-26	3	-7

Unemployment has come down from 176,000 persons in 2004 (6.1 per cent of the labour force, national definition; 5.5 per cent, Eurostat definition) to 124,000 persons in 2006 and is expected to fall further to 98,000 persons in 2007 (3.3 per cent of the labour force; 3.1 per cent, Eurostat definition). For 2008, a further fall to 91,000 persons is expected (3.1 per cent of the labour force; 2.8 per cent, Eurostat definition). Unemployment in the forecast period will be affected downwards by an increased activation effort, including elements of the Welfare Agreement.

The projection implies that unemployment will stay below the estimated structural level of unemployment throughout the projection period leading to labour market pressures and affecting wage growth. However, the Welfare Agreement is expected to reduce structural unemployment somewhat, cf. figure 1.8b.

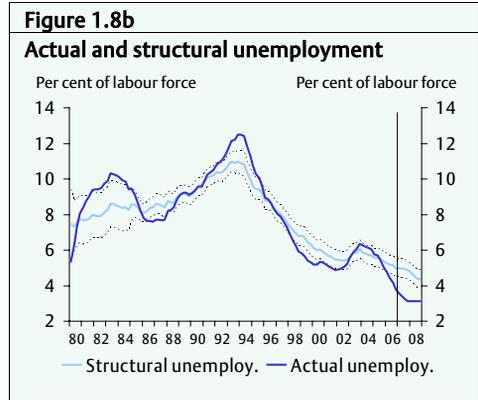
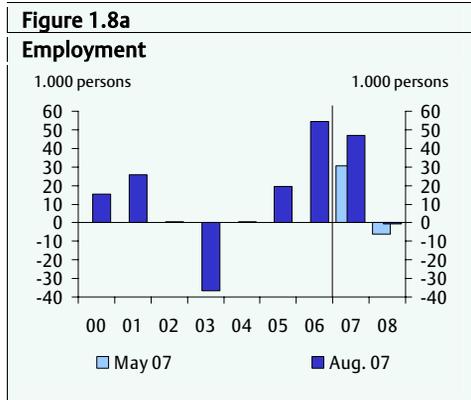


Table 1.5						
Key figures for the Danish economy						
	2003	2004	2005	2006	2007	2008
Percentage change from previous year						
Real GDP	0.4	2.1	3.1	3.5	2.0	1.3
Trade-weighted GDP abroad	1.2	2.3	2.0	2.9	2.8	2.6
Markets for Danish manufactures	3.9	6.1	5.5	7.3	6.9	6.6
International competitiveness	-4.2	-1.8	-0.5	-0.6	-2.2	-0.7
Export of manufactures, volume	-2.6	2.0	7.4	8.1	5.6	4.6
Hourly wages	3.7	2.8	3.6	3.6	4.6	4.7
Consumer price index	2.1	1.2	1.8	1.9	1.8	2.5
Price index for single-family houses	3.1	8.8	17.4	21.1	3.0	0.0
Merchandise export prices	-0.7	1.4	5.4	2.7	1.8	1.3
Merchandise import prices	-1.5	1.0	3.9	2.9	1.5	1.0
Merchandise terms of trade	0.8	0.4	1.4	-0.2	0.3	0.3
Productivity in private non-agricultural sector	2.7	0.8	1.0	1.0	0.1	2.3
Real disposable income of households ¹⁾	3.1	3.8	1.8	2.3	2.9	1.6
Labour market:						
Labour force (thousands)	2.877	2.883	2.884	2.905	2.926	2.918
Employment (thousands)	2.706	2.707	2.726	2.781	2.828	2.827
Of which in private sector	1.886	1.886	1.908	1.964	2.010	2.008
in public sector	820	821	818	817	818	820
Percentage change in total employment	-1.3	0.0	0.7	2.0	1.7	0.0
Unemployment (thousands)	171	176	157	124	98	91
Early retirements 60-64 year (thous.)	105	111	118	125	145	145
Unemployment rate (per cent)	5.9	6.1	5.5	4.3	3.3	3.1
Unemployment rate, EU-def. (per cent)	5.4	5.5	4.8	3.9	3.1	2.8
Long term bond yields, exchange rate:						
10-year government bonds	4.3	4.3	3.4	3.8	4.4	4.8
30-year mortgage credit bond	5.4	5.3	4.4	5.1	5.8	6.4
The effective krone rate (1980=100)	101.2	102.2	101.6	101.6	103.0	103.2
Balance of payments:						
Goods and services (bill. Dkr.)	87.5	72.0	73.4	48.7	40.5	37.4
Current account (bill. Dkr.)	48.3	44.7	58.9	39.5	28.9	22.9
Current account in per cent of GDP	3.4	3.1	3.8	2.4	1.7	1.3
Net foreign assets, ultimo (bill. Dkr.)	-170.3	-92.7	20.2	-34.1	-65.2	-42.5
Net foreign assets in per cent of GDP	-12.2	-6.4	1.3	-2.1	-3.8	-2.4
Public finances:						
Government net lending (bill. Dkr.) ²⁾	-1.4	27.9	71.8	76.5	66.2	55.2
Government net lending per cent of GDP ²⁾	-0.1	1.9	4.6	4.7	3.9	3.1
General government gross debt, year-end, bill. Dkr.	641.7	641.9	563.1	494.5	437.7	384.2
General government gross debt, year-end, per cent of GDP	45.8	44.0	36.3	30.1	25.6	21.6
Tax burden (per cent of GDP) ¹⁾	48.1	49.4	50.4	48.9	48.0	47.7
Expenditures (per cent of GDP)	54.2	53.9	51.7	50.1	49.5	49.8
1)	Adjusted for special factors concerning pension funds.					
2)	Excluding the labour market supplementary pension scheme ATP.					