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1. Summary

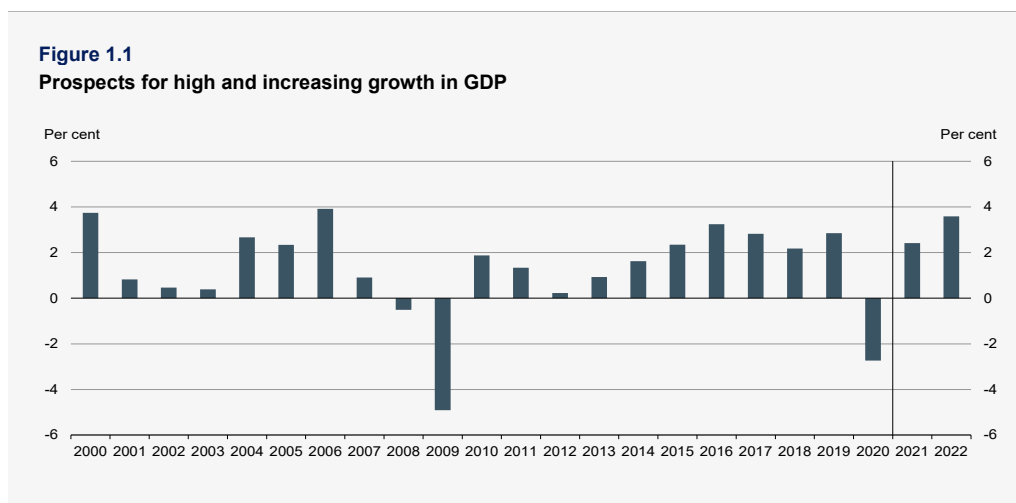
1.1 The current economic outlook

Following the wave of infections and partial lockdowns during the winter, there is once again a strong improvement on its way in the Danish economy. Retail sales have for instance risen substantially and unemployment has dropped, such that it now is below the level observed during the autumn. Overall, GDP is expected to grow by 2.4 per cent this year and 3.6 per cent next year, *cf. figure 1.1*. This implies that the growth rate in 2022 is expected to be the highest in 15 years.

Despite the more severe development in infections and in some areas a more comprehensive and longer-lasting lockdown as compared to last spring, the economy as a whole was less affected during the wave of infections this winter. However, certain parts of the economy are still hit hard, which especially applies to the tourism and entertainment industries.

The relatively limited macroeconomic consequences of the wave of infections this winter reflect that there was a better understanding of the economic consequences of the pandemic and of restrictions by end-2020 as compared to during the first lockdown. Households as well as businesses knew largely how to react e.g. by shopping online and working from home. This contributed to sustained activity in private consumption and production.

Furthermore, the vaccine development had reached a level, which allowed the roll out of vaccines to begin in December. Thereby, there was less uncertainty than in the spring of 2020, and it supported the expectations of a quick normalisation of the economy and made businesses more willing to invest. Also abroad, expectations were more positive, and foreign demand for Danish goods did not decline.

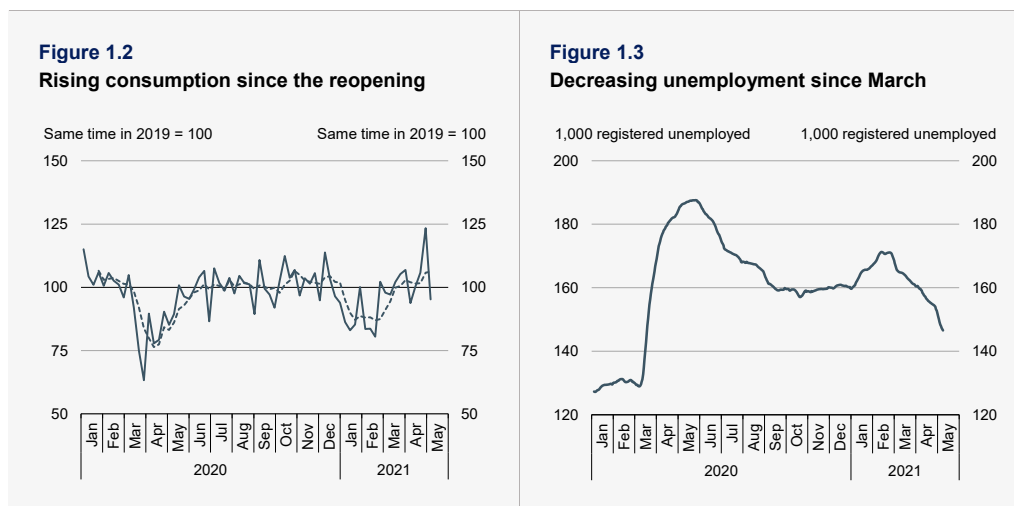


Source: Statistics Denmark and own calculations.

Finally, aid packages have also played a crucial role during the partial lockdown this winter in keeping businesses and the labour market ready for renewed growth. At the same time, the economic development is supported by the option of paying out the remaining frozen holiday allowances and a generally expansive fiscal policy stance.

The Danish economy is heading out of the corona crisis

The reopening has progressed gradually and started when the youngest schoolchildren could return to school in February. Subsequently, physical shops for parts of the retail sector opened in the beginning of March and since then a broader reopening of other parts of the society has followed. This has quickly led to rising economic activity. For example, consumption – as measured by card transactions – has returned to normal levels in March after having been at low levels in January and February, and has since then increased further, *cf. figure 1.2*. At the same time, unemployment has started falling again after having increased during the winter. Unemployment is now below the level observed during the autumn, *cf. figure 1.3*.



Note: Figure 1.2 shows development in card transaction spending for the given week as compared to the same time in 2019 in both Danish and foreign shops with card payments and MobilePay for around 1 million Danske Bank costumers with active accounts. Cash payments and account transfers are not included in the numbers. Numbers are not adjusted for price developments. The dotted line is a 4-week moving average. Own seasonal correction in figure 1.3.

Source: Danske Bank Spending Monitor, The Danish Agency for Labour Market and Recruitment and own calculations.

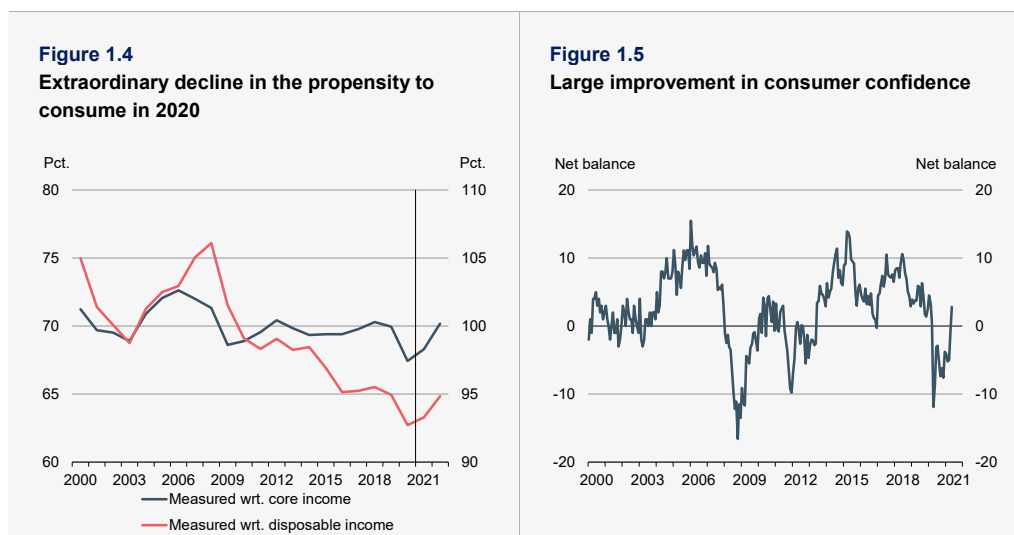
The quick pick-up in the economy is among other things a result of the conducted fiscal policy through the health crisis, which has supported businesses and the labour market with compensation schemes, liquidity measures and stimulus. At the same time, the setback in economic activity following the corona crisis has not been a typical recession, where expectations are subdued for a longer period of time, which often happens in relation to e.g. restoration of imbalances. The drop in activity is particularly due to precautionary consumers and businesses as well as the restrictions imposed to keep infection developments under control. As vaccines are rolled out, infection numbers decline and

restrictions are eased, confidence and activity will return. This is in line with the experiences made during the reopening of the economy last year.

Due to the cautious consumer behavior and consumption restrictions, the propensity to consume out of income saw an extraordinary decrease last year. In the years prior to the pandemic, consumption and income from wages and income transfers (core income) followed each other to a large extent, which implied that the propensity to consume with respect to core income was relatively stable, *cf. figure 1.4*. Following the decline in the propensity to consume in 2020, there is a significant potential for growth in consumption as households normalise their spending relative to their income.

The decreased consumption during lockdowns have led to a significant increase in household savings. During 2020, Danish households' total financial wealth increased by DKK 811 billion. This corresponds to an increase of around DKK 294,000 for the average household. The increase largely covers significant capital gains, payments on pension savings and investments in securities, but also that households increased their bank holdings by DKK 41,000 on average. This corresponds to more than DKK 100 billion in total. Particularly bank holdings can be converted into consumption in the short term, while it is less true for the remaining part of the wealth increase.

The development in consumption is further supported by the possibility since the end of March of having the remaining frozen holiday allowances disbursed. It is expected that around DKK 22 billion will be paid out after taxes. In the autumn of 2020, it gave a boost to private consumption when frozen holiday allowances worth around DKK 31 billion after tax was paid out. Equivalently, there has been a large increase in card transaction spending in recent months. This indicates that the willingness to consume is still intact, which is further supported by the fact that there has been a large improvement in consumer confidence since last spring, *cf. figure 1.5*.



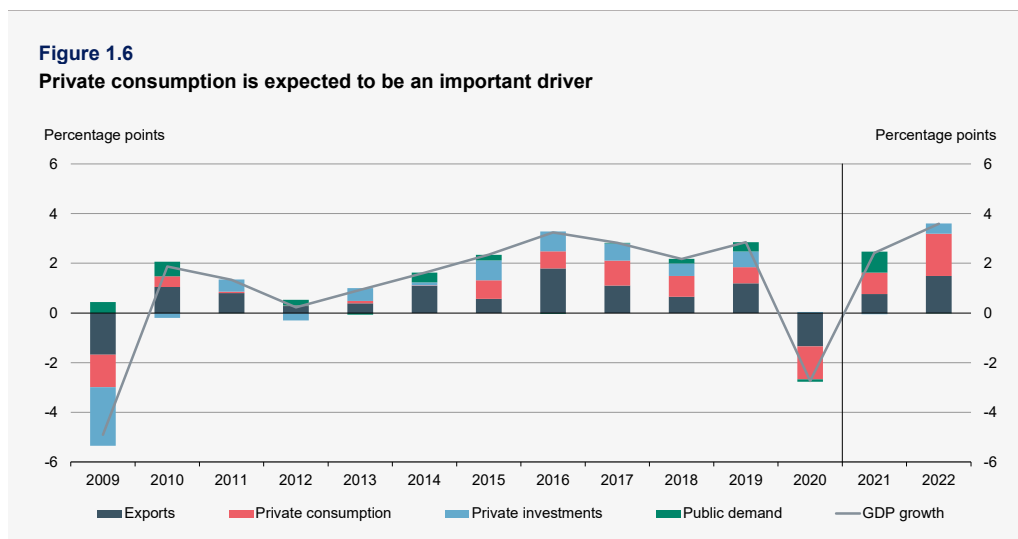
Note: In figure 1.4 core income covers income from wages and income transfers.

Source: Statistics Denmark and own calculations.

There is also progress in the housing market. Turnover is high and prices are rising. This highlights that the economic development over the last year has not been a typical setback in the economy, where house prices would typically have fallen. The development should be seen in relation to the aid packages, which have supported household incomes, that the increased number of persons working from home has led to a demand for housing improvements, and that households to a certain degree have substituted consumption of e.g. travels to consumption on housing. At the same time, the low interest rates have contributed to keeping the interest rate payments on mortgages down.

Household consumption is therefore expected to be a significant driver of the growth in the Danish economy in 2021 and 2022, *cf. figure 1.6*. Add to this a large growth contribution from exports. Vaccines has given rise to an increasing optimism in the international economy, and the international organisations expect that the global economy this year will see the largest growth since 1973. This will benefit Danish exports, and already by now, there has been a big increase in particularly the trade in goods.

For 2021 as a whole, the developments of the first quarter keeps the growth in GDP subdued, but a strong improvement is expected for the remaining part of the year working its way into 2022. All in all, GDP is expected to grow 2.4 per cent this year and 3.6 per cent next year.



Note.: Graph shows contributions to GDP growth. Growth contributions are adjusted for import content.

Source: Statistics Denmark and own calculations.

The Danish economy has emerged from the crisis relatively unscathed

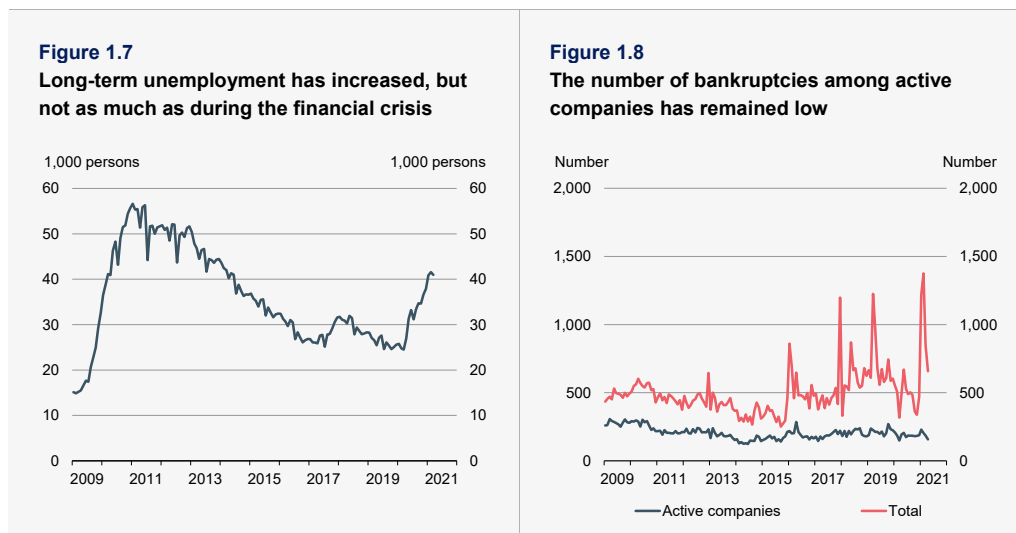
Over the last year, the Corona pandemic has had large health related and economic consequences. It is inevitable that the economy is affected, when sudden and severe events creates uncertainty and concern, when consumers change their behavior to avoid infection, and when restrictions to prevent infection affect the usual possibilities of activity. The measures to reduce infections directly reduce

activity, but an uncontrolled wave of infections would most likely have had even larger negative consequences for the economy. At the same time, the health related consequences would have been far greater.

Measures, which reduce the health related consequences of the pandemic in good time, can therefore contribute to a reduction of the negative economic consequences of the Corona crisis. Thus, a general tendency is that countries with higher excess mortality during the pandemic have also had larger drops in GDP.

The Danish economy has emerged relatively unscathed from the Corona pandemic. Denmark stands out in an international comparison by having fewer deaths and experiencing a smaller setback in the economy last year. Following a historic drop in GDP in the spring of 2020, activity in the Danish economy returned faster than anticipated. In the second quarter of 2020, GDP had dropped by 7.9 per cent compared to the fourth quarter of 2019, but after a large increase in the last six months of 2020, GDP in the fourth quarter was only 1.5 per cent below the level from end-2019. The same strong improvement is expected after the wave of infections and the lockdown of parts of the economy this winter.

The prospects for a quick normalisation contributes to limiting the possible scarring from the Covid-19 pandemic. Even though long-term unemployment has increased, the extent of the increase is not as large as during the financial crisis. At the same time, the trend of the long-term unemployment is expected to turn, though with a slight delay relative to the actual unemployment, *cf. figure 1.7*. Additionally, the total number of bankruptcies among active companies has remained lower than during the years leading up to the Corona pandemic, *cf. figure 1.8*.

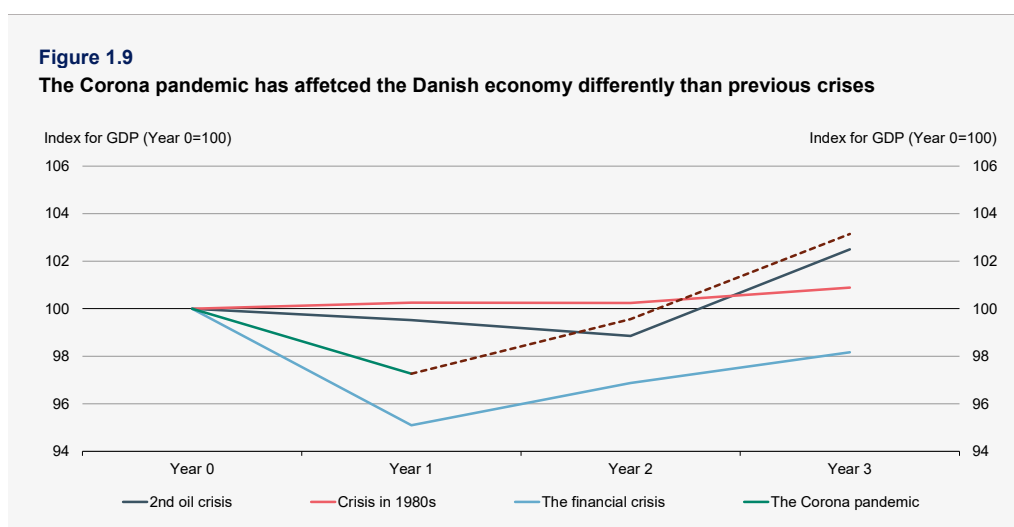


Note.: In figure 1.8 the total number of bankruptcies includes non-active companies that doesn't have employees or notable turnover.

Source: The Danish Agency for Labour Market and Recruitment, Statistics Denmark and own calculations.

The prospects of a limited amount of scar tissue support the possibility of a quick normalisation of the production and demand conditions in the Danish economy. Therefore, the expectation is that GDP already by end-2021 will exceed its level from before the pandemic.

During previous crises, the economy has typically been through a longer period of recovery. This was for instance the case following the financial crisis, where the setback was larger, and where the improvement only happened slowly due to the need for consolidation and restoration of imbalances after the overheating of the economy in the years leading up to the crisis. During the growth crisis in the last half of the 1980s, activity did not decline, but in return, the activity progress was significantly halted for several years, *cf. figure 1.9*.



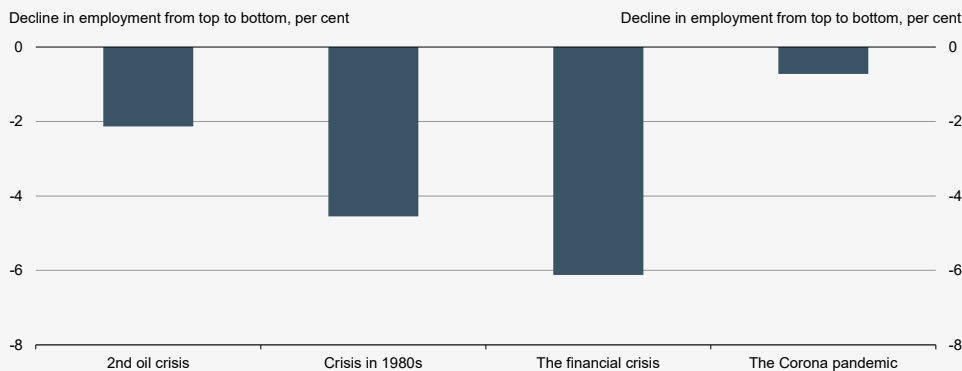
Note.: In the graph, year 0 indicates the year before the crisis. I.e. 1979 for the 2nd oil crisis, 1986 for the crisis in the 1980s, 2008 for the financial crisis and 2019 for the Corona pandemic. The graphs does not take into account that the trend growth was higher in earlier years, which made faster recoveries possible. As a consequence, the development after the 1st oil crisis is not shown. The dotted line for the Corona pandemic indicates the expected development in GDP.

Source: Statistics Denmark and own calculations.

The pronounced domestic and international economic-political effort has been pivotal in ensuring that the development of the Corona pandemic did not turn out worse than it did. This is particularly highlighted through a more limited drop in employment as compared to earlier crises in Denmark. Employment dropped by 21,500 persons from 2019 to 2020, corresponding to a drop of 0.7 per cent. In comparison, employment dropped by 93,000 persons in 2009 and continued to decline for the subsequent four years by around 88,000 persons. In total, employment thereby dropped with around 180,000 persons from 2008 to 2013, implying a drop of around 6 per cent as compared to the overheated time just before the financial crisis. Similarly, employment declined a lot during the oil crises and during the second half of the 1980s, *cf. figure 1.10*.

During earlier crises, the employment was in decline for several years, while it is only expected to drop for a single year during the Corona crisis. Hence, employment is expected to grow in both 2021 and 2022 with a total of 46,000 persons.

Figure 1.10
Employment has declined less during the Corona pandemic as compared to earlier crises



Note: The graph shows the fall in employment in per cent from the year before the crisis to the year, where the employment was at its lowest.

Source: Statistics Denmark and own calculations.

Besides aid packages and other fiscal measure, also the strong underlying structures in the Danish economy have helped reduce the setback. Denmark is among those countries, which are the best at exploiting digital options, and the digitalisation has contributed to sustaining activity during the pandemic. For instance, online shopping has helped keeping up consumption levels, cf. figure 1.11.

Figure 1.11
Online shopping has held consumption high

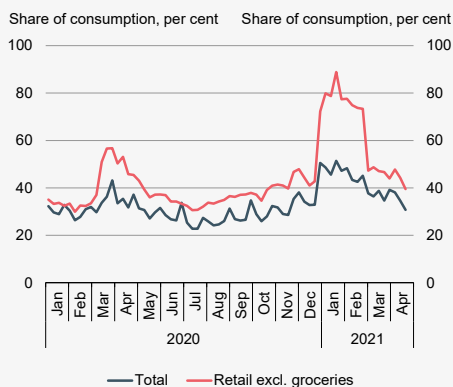
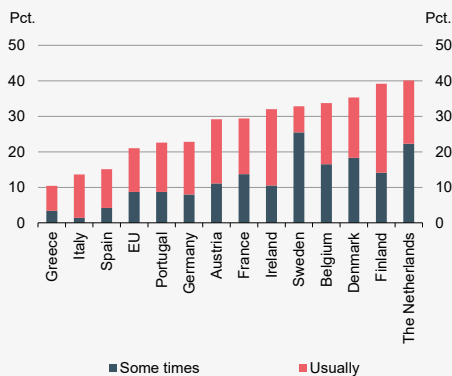


Figure 1.12
Many Danes can work from home

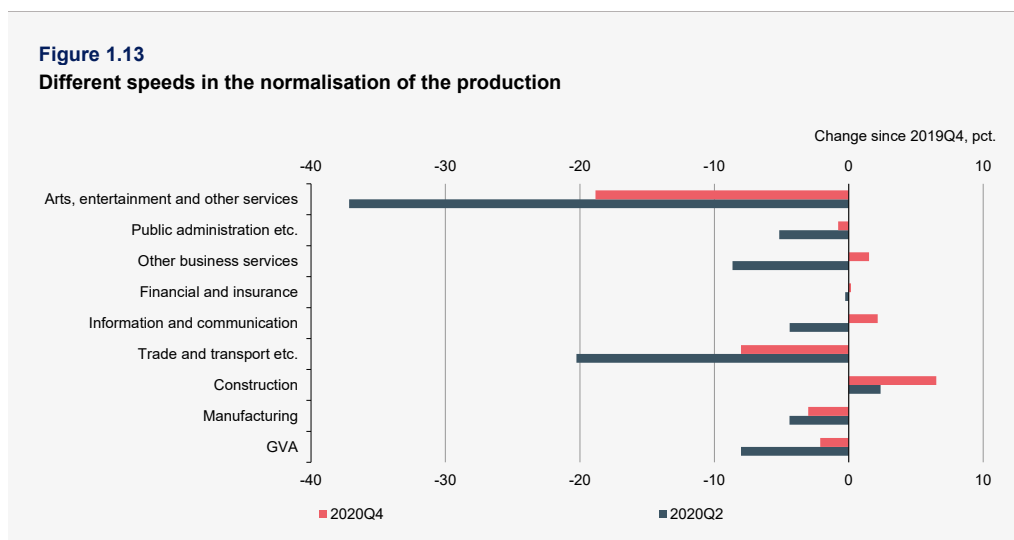


Note: Figure 1.11 shows online shopping as a share of total card turnover. For details see note for figure 1.2. Figure 1.12 shows the share of employed people, who respectively worked from home sometimes and who usually worked from home in 2020 for chosen countries.

Source: Danske Bank Spending Monitor, Eurostat and own calculations.

Furthermore, the possibility of working online from home has helped limiting the loss to production within a number of industries, as a relatively large share of Danish jobs can be done working from home, *cf. figure 1.12*.

However, there are differences in how different parts of the economy have been affected, and how quickly they have recovered. The gross value added for some business – particularly the industries *arts and entertainment* and *trade and transport etc.* (which also includes hotels and restaurants) – was in the fourth quarter of 2020 still significantly below levels before the crisis, *cf. figure 1.13*. Infection developments during the winter as well as the lockdowns have to a large degree affected the same industries as during the spring, and high frequency data for consumption shows that demand is still low for e.g. *overnight stays, travels and culture*. In other words, it is still to a large extent a two-speed economy. The further developments of the Corona pandemic will be decisive for how quickly a relatively normal demand and production environment can return in the economy.



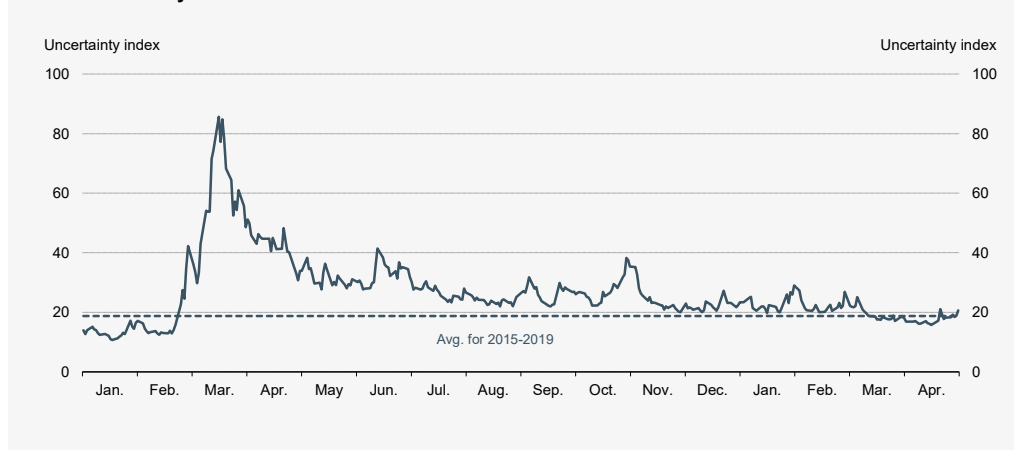
Note: The graph shows the decline in gross value added (GVA) for different industries from the fourth quarter of 2019 to the second and fourth quarter of 2020 respectively.

Source: Statistics Denmark and own calculations.

More balanced risks

With the distribution of vaccines, the risk of new large lockdowns domestically and abroad is expected to be significantly reduced. Generally, confidence measures point to an expectation of a quick return to a more normal life. This is also evident from the financial market uncertainty, which has been falling since the turn of the year, and which is now only slightly higher than before the Corona pandemic, *cf. figure 1.14*.

Figure 1.14
The uncertainty on the financial markets have decreased



Note.: Graph shows the Euro Stoxx50 volatility, which is a volatility index for european stocks.
 Source: Macrobond and own calculations.

There is however, still substantial uncertainty related to the further development of the pandemic. On a global scale, there continue to be a lot of newly infected. Additionally, there is a risk that new mutations and delays in deliveries of vaccines may affect the infection development in some countries. If infection numbers begin to rise, it will also have indirect effects on the economic development through reduced confidence and more cautious consumers and business.

There are also the risk of bankruptcies and job losses, which could happen either as a delayed consequence of a long period with reduced economic activity or due to more lasting shifts in demand caused by the pandemic. Thus, the general improvement, which can be seen in most countries by now, may cover significant differences across industries.

On the other hand, it is also possible that a more positive scenario may take place. This would happen if for instance households normalise their consumption patterns faster than anticipated after periods with limited consumption options and a certain degree of precautionary savings last year. Also a general optimism can lead to a larger improvement of consumption as for instance seen in the 1920s after the global pandemic caused by the Spanish flu.

There is a strong activity in the housing market, which has led to large price increases and on parts of the market very high prices. If increased optimism and strong economic growth entail a further pressure on the housing market, there is a risk that house prices will increase further and that prices are pushed even higher up by expectations of higher future prices. However, the risk of such self-enforcing expectations for house prices is reduced by the fact that mortgage rates are gradually increasing.

All in all, risks with respect to the future economic development seem more balanced than previously. This should also be seen in connection with the trade agreement with the United Kingdom, which has removed some uncertainty on future trade relations associated with Brexit.

Box 1.1**The forecast basis and changes since last forecast**

The forecast is based on the national accounts that are available until the fourth quarter of 2020, which shows a drop in GDP of 2.7 per cent last year. Additionally, the forecast is based on a number of indicators for the economic development, which for the most frequent indicators reach into May 2021, and which therefore also reflect the latest developments following the gradual reopening since March.

As compared to the latest assessment in *Denmark's Convergence Report 2021*, the GDP growth forecast in 2021 is revised upward from 2.1 per cent to 2.4 per cent. The revision should be seen in connection with the fact that activity has returned quickly in the Danish economy as infection numbers have dropped and the economy has been reopened. The latest high frequency data shows a positive development in March, which points towards a more limited drop in GDP in the first quarter than previously expected. Additionally, parts of the reopening have been expedited due to the favorable developments in infection numbers, which also should help activity levels normalise at a faster pace than previously expected.

For 2022, the GDP growth forecast is revised downward from 3.8 per cent to 3.6 per cent, which is due to the increased activity in 2021. However, the downward revision in 2022 is less than the upward revision in 2021, so the forecasted level for GDP in 2022 turns out slightly higher than previously expected. Already by end-2021 GDP is expected to exceed the level from before the Corona pandemic.

After the finalisation of this forecast, Statistics Denmark has released the flash estimate for GDP in the first quarter of 2021 on May 17th. The estimate shows a seasonally adjusted real growth rate of -1.5 per cent. The setback in the first quarter of this year is particularly driven by a number of services, i.e. hotels and restaurants, public services as well and culture and entertainment. The flash estimate for employment shows a drop of 0.5 per cent. The development in activity and employment is in accordance with the underlying expectations made in this forecast.

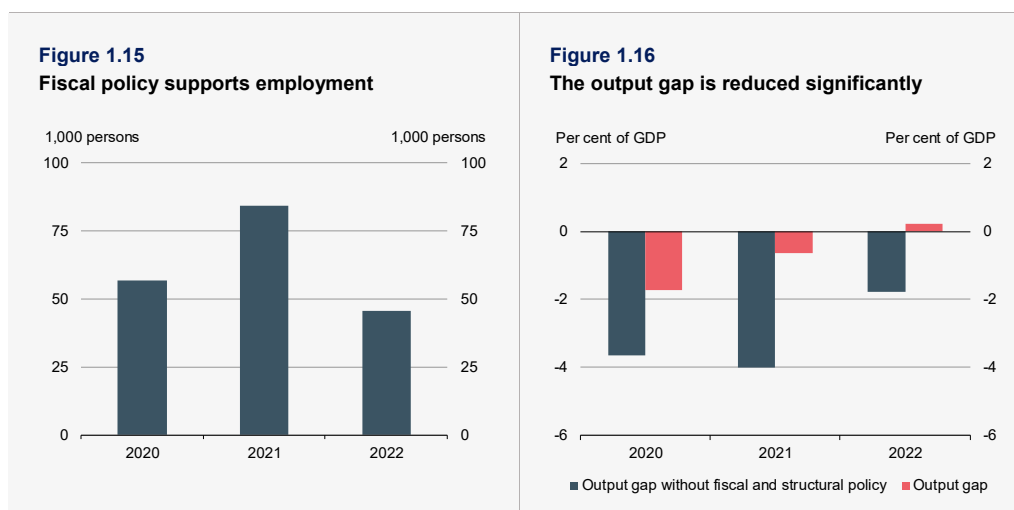
In the forecast, it is assumed that the reopening continues as planned and that the development in infections remains under control such that a new national lockdown is avoided. However, the uncertainty with respect to the economic development is larger than usually due to the Corona pandemic.

Source: Statistics Denmark and own calculations.

1.2 Fiscal policy and public finances

Since the outbreak of the corona crisis, an expansionary fiscal policy has been implemented with both temporary compensation schemes and a wide range of stimulus measures to support economic activity. The fiscal policy response is historically large and supports the foundation of a fast bounce-back of the economic activity.

The expansionary fiscal policy stimulates demand and is estimated to support employment by approximately 55,000 jobs in 2020, 85,000 jobs in 2021 and 45,000 jobs in 2022, *cf. figure 1.15*. This includes that persons not working but receiving wage compensation in 2020 and 2021 are counted as employed. Similarly, GDP is supported significantly. Without the contribution from the expansionary fiscal policy, the employment and output gap would, all other things equal, have been substantially negative implying that the economic situation would have been significantly worse than in the projection based on the fiscal policy, *cf. figure 1.16 and chapter 8*.



Note: Figure 1.15 shows the fiscal policy's multi-year demand effects on employment (level effect compared to 2019) excl. the effects of structural policy on the capacity pressure. Figure 1.16 shows the effects of the fiscal- and structural policy (level effect compared to 2019) on the output gap in a single year.

Source: Statistics Denmark and own calculations.

The ongoing gradual reopening of society and the strong foundation for a fast bounce-back of economic activity in combination with the already implemented fiscal policy response imply that fiscal policy overall is aligned with the cyclical stance of the economy, which is expected to be roughly neutral by 2022.

However, regarding fiscal policy, specific parts of the Danish economy are expected to be influenced by the crisis for a longer period than the economy as a whole. On that basis, the government has, among other things, reached a broad agreement on a summer- and business stimulus package as part of a targeted effort to support vulnerable sectors and industries.

The structural budget balance is estimated to be -0.5 per cent of GDP in 2021 and -0.3 per cent of GDP in 2022, *cf. table 1.1*. Thus in 2021, the fiscal policy is planned in accordance with the lower limit

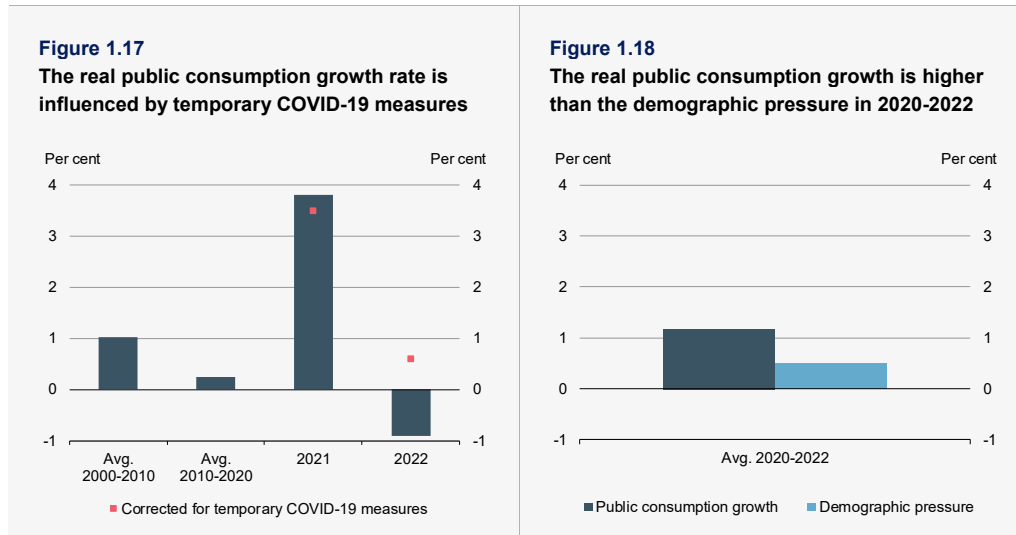
of the structural deficit set by the Danish budget law. This is similar to the planned fiscal policy in the general government draft budget proposal for 2021 presented in August 2020.

Table 1.1
Key figures relating to fiscal policy

| | 2020 | 2021 | 2022 ⁴⁾ |
|-----------------------------------------------------------|-------|------|--------------------|
| Structural budget balance, per cent of structural GDP | 0.4 | -0.5 | -0.3 |
| Actual budget balance, per cent of GDP | -1.1 | -3.1 | -0.6 |
| Net public debt, per cent of GDP | -11.0 | -7.6 | -6.6 |
| EMU-debt, per cent of GDP | 42.2 | 40.9 | 41.5 |
| Public consumption growth, per cent ¹⁾ | 0.6 | 3.8 | -0.9 |
| Multi-year fiscal effect, per cent of GDP ²⁾ | 2.0 | 3.5 | 2.3 |
| Multi-year employment effect, 1,000 persons ²⁾ | 57 | 84 | 46 |
| Output gap, per cent ³⁾ | -1.7 | -0.7 | 0.2 |
| Employment gap, per cent ³⁾ | -0.3 | 0.0 | 0.2 |

- 1) Public consumption is calculated using the input method incl. depreciations. The estimated growth in public consumption is technically assumed to be the same using the input and the output method. The estimate for the growth rates in the forecast years are strongly affected by extraordinary expenditures related to COVID-19.
 - 2) Calculated measure of the fiscal policy's demand effects (level effect compared to 2019) on GDP and employment, calculated excl. the effect of structural policies on the capacity exploitation. The effect is measured incl. contribution from the temporary compensation schemes, release of frozen holiday payments, and publicly initiated investments etc.
 - 3) Calculated measure of how far production and employment are from their structural levels. When the gaps are negative, it indicates more available resources in the economy than under normal cyclical conditions.
 - 4) The estimates for 2022 are based on technical assumptions of the fiscal policy in 2022.
- Source: Statistics Denmark and own calculations.

The estimated real public consumption growth rate of 3.8 per cent in 2021, and the technically projected consumption growth rate of -0.9 per cent in 2022 are strongly influenced by extraordinary expenses and other measures related to COVID-19 in 2020-2021, including significantly lower public consumption expenses according to Statistics Denmark's preliminary national accounting figures for 2020 than expected in the December assessment. When correcting for the temporary COVID-19 measures, the real public consumption growth rate is estimated as 3.5 per cent in 2021 and 0.6 per cent in 2022, *cf. figure 1.17*. In the period 2020-2022, the average real public consumption growth rate corresponds to 1.2 per cent per year, which exceeds the demographic pressure of 0.5 per cent per year in the same period, *cf. figure 1.18*. The fiscal policy in 2022 is based on technical assumptions since the planning of the fiscal policy for the next year, among other things, is based on the yearly budget agreements with the municipalities and regions as well as the government's budget bill.



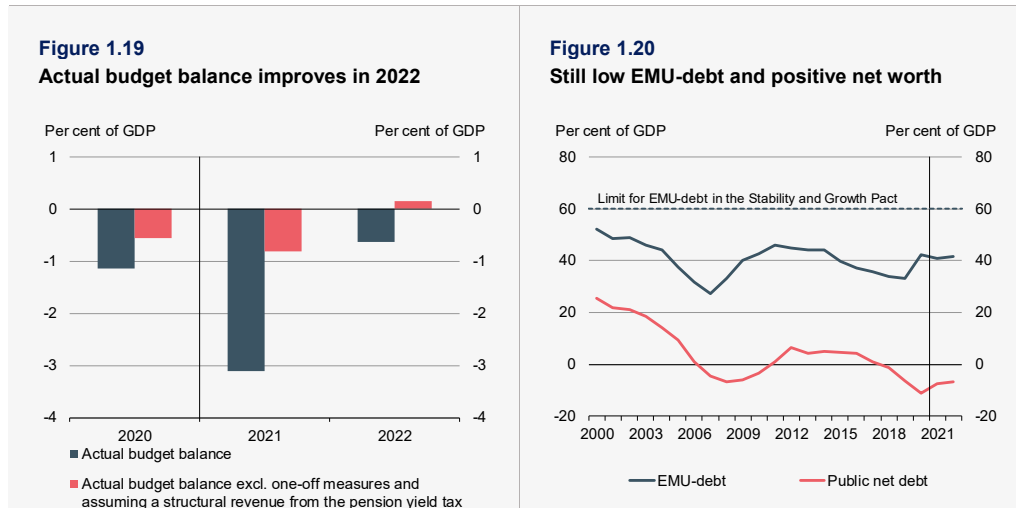
Note: The real public consumption growth is measured by the input method. The public consumption is measured incl. depreciations.

Source: Statistics Denmark and own calculations.

Projection of declining deficits and continued low debt

The projected deficit on the actual budget balance is 3.1 per cent of GDP in 2021 and the deficit is expected to decline to 0.6 per cent of GDP in 2022, *cf. figure 1.19*. Thus, the deficit on the actual budget balance in 2021 is projected to lie above the deficit threshold of 3 per cent of GDP set out in The Stability and Growth Pact, but only limited and temporarily. The EU-commission has reported that the general escape clause is activated in 2021, as in 2020, due to the corona crisis.

The deficit on the actual budget balance in 2021 reflects the one-off expenses related to the COVID-19 compensation schemes etc. In addition, the revenue from the pension yield tax is expected to be significantly lower than its structural level. If the actual budget balance, by illustration, is measured excluding one-off measures and temporary fluctuations in the revenue from the pension yield tax, the budget deficit is significantly smaller and complies comfortably with the deficit limit of 3 per cent. Excluding one-off measures and assuming a structural level of the pension yield tax, the budget is expected to be approximately balanced in 2022.



Note: In figure 1.19, the actual budget balance is corrected for one-off measures including, among other things, one-off expenses related to COVID-19 compensation schemes etc. and one-off revenues related to the release of frozen holiday pay etc.

Source: Statistics Denmark and own calculations.

The gross general government debt (calculated by the EMU debt definition) has increased during the corona crisis and amounted to approximately 42 per cent of GDP by the end of 2020 compared to 33 per cent of GDP by the end of 2019 i.e. before the corona crisis, *cf. figure 1.20*. This reflects the economic downturn, the compensation schemes during the lockdown – including extensive liquidity measures in terms of deferred deadlines for payments of VAT and labor taxes etc. – and other initiatives that support the progress of the Danish economy. The EMU-debt is projected to a level of around 41 per cent of GDP in 2021 and 41½ per cent of GDP in 2022, which is well below the limit set out in The Stability and Growth Pact of 60 per cent of GDP. The EMU-debt is still low in both international and historical perspective, and Denmark has the highest international credit rating (AAA-rating).

Public net debt is the key concept of debt when assessing the long-term sustainability of fiscal policy. Before the corona crisis, Denmark had a negative public net debt corresponding to a public net worth of approximately 6 per cent of GDP in 2019. In spite of the deficit on the actual budget balance, the public net worth increased to 11 per cent of GDP in 2020, which primarily reflected price adjustments in public assets and liabilities, particularly in the central government's shareholdings in the energy company Ørsted A/S. The public net worth is projected to decline gradually towards the end of 2022, which reflects the expected deficits on the actual budget balance in 2021 and 2022. Thereby, the public net worth returns to roughly the same level as before the corona crisis.

1.3 Annex tables

Table 1.2**Key figures from the May survey and comparison with estimates in the Danish Convergence Report 2021**

| | 2020 | 2021 | | 2022 | |
|----------------------------------------|-------------|------------|------------|------------|------------|
| | | CR21 | May | CR21 | May |
| Real change, percent | | | | | |
| Private consumption | -1.9 | 2.4 | 2.7 | 4.4 | 4.3 |
| Total government demand | 0.9 | 3.0 | 3.6 | 0.5 | -0.4 |
| - of which government consumption | -0.1 | 3.2 | 3.8 | 0.1 | -0.9 |
| - of which government investments | 8.3 | 1.9 | 2.4 | 3.8 | 3.3 |
| Housing investment | 6.9 | 5.8 | 7.1 | 0.9 | 1.3 |
| Business fixed investment | -1.7 | -0.8 | -0.2 | 5.6 | 5.8 |
| Inventories (cont. to GDP-growth) | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total final domestic demand | -0.7 | 2.3 | 2.8 | 3.1 | 2.8 |
| Exports | -7.7 | 4.2 | 5.1 | 6.7 | 6.0 |
| - of which manufacturing exports | -2.3 | 3.5 | 5.1 | 4.0 | 4.9 |
| Total demand | -3.4 | 3.0 | 3.6 | 4.4 | 4.0 |
| Imports | -4.8 | 4.8 | 6.2 | 5.8 | 4.9 |
| - of which imports of goods | -0.8 | 5.2 | 6.7 | 3.2 | 3.2 |
| GDP | -2.7 | 2.1 | 2.4 | 3.8 | 3.6 |
| Gross value added | -3.0 | 1.9 | 2.2 | 3.7 | 3.7 |
| - of which non-farm private sector | -2.9 | 2.8 | 2.8 | 5.0 | 4.5 |
| Change in 1,000 persons | | | | | |
| Labour force, total | 8 | -3 | 5 | 30 | 22 |
| Employment, total | -22 | 6 | 17 | 37 | 29 |
| - of which private sector | -25 | 2 | 13 | 35 | 25 |
| - of which public sector | 4 | 4 | 4 | 2 | 4 |
| Gross unemployment | 29 | -9 | -11 | -7 | -7 |
| Cyclical developments, per cent | | | | | |
| Output gap | -1.7 | -0.8 | -0.7 | 0.2 | 0.2 |
| Employment gap | -0.3 | -0.4 | 0.0 | 0.1 | 0.2 |
| Unemployment gap | 0.4 | 0.1 | 0.0 | 0.0 | -0.1 |

Note.: The government consumption is calculated by the output-method. Calculated by the input-method the government consumption growth is 0.6 per cent in 2020. Det government consumption is assumed to be identical by the output- and input-method in 2021 and forward.

Source: Statistics Denmark and own calculations.

Table 1.2 (continued)**Key figures from the May survey and comparison with estimates in the Danish Convergence Report 2021**

| | 2020 | 2021 | | 2022 | |
|----------------------------------------------------|-------|-------|-------|-------|-------|
| | | CR21 | May | CR21 | May |
| Change, per cent | | | | | |
| House prices (single family homes) | 4.7 | 10.4 | 11.2 | 3.2 | 3.1 |
| Consumer prices | 0.4 | 1.1 | 1.1 | 1.5 | 1.5 |
| Hourly earnings in the private sector | 2.3 | 2.4 | 2.4 | 2.6 | 2.6 |
| Real disposable income, households | 0.4 | 2.9 | 2.1 | 2.7 | 2.6 |
| Productivity in the private non-farm sector | 0.8 | 2.0 | 2.0 | 1.2 | 1.3 |
| Per cent | | | | | |
| 1-year rate loan | -0.5 | -0.4 | -0.2 | -0.2 | -0.1 |
| 10-year government bond | -0.4 | -0.1 | 0.0 | 0.1 | 0.2 |
| 30-year mortgage credit bond | 1.5 | 1.2 | 1.3 | 1.5 | 1.7 |
| Public finances | | | | | |
| Actual public balance (DKK bn.) | -26.7 | -77.7 | -74.1 | -22.0 | -15.9 |
| Actual public balance (per cent of GDP) | -1.1 | -3.3 | -3.1 | -0.9 | -0.6 |
| Structural public balance (per cent of GDP) | 0.4 | -0.5 | -0.5 | -0.3 | -0.3 |
| Gross debt (per cent of GDP) | 42.2 | 40.7 | 40.9 | 41.3 | 41.5 |
| Labour market | | | | | |
| Labour force, total (1,000 persons) | 3,113 | 3,109 | 3,118 | 3,140 | 3,139 |
| Employment, total (1,000 persons) | 2,981 | 2,988 | 2,999 | 3,025 | 3,027 |
| Gross unemployment (yearly average, 1,000 persons) | 133 | 124 | 122 | 118 | 115 |
| Gross unemployment (per cent of labour force) | 4.3 | 4.0 | 3.9 | 3.8 | 3.7 |
| External assumptions | | | | | |
| Trade-weighted international GDP-growth | -3.8 | 3.5 | 4.1 | 3.2 | 3.8 |
| Export market growth (manufactured goods) | -8.8 | 5.0 | 8.3 | 4.3 | 6.3 |
| Exchange rate (DKK per USD) | 6.5 | 6.2 | 6.2 | 6.3 | 6.2 |
| Oil price, dollars per barrel | 41.8 | 62.3 | 64.8 | 62.7 | 65.4 |
| Balance of payments | | | | | |
| Current account balance (DKK bn.) | 181 | 166 | 160 | 182 | 182 |
| Current account balance (per cent of GDP) | 7.8 | 7.0 | 6.7 | 7.3 | 7.3 |

Source: Statistics Denmark, IMF, Macrobond, Danish Confederation of Employers and own calculations.



2. Labour market mobility during the corona crisis

This chapter takes a closer look at employment developments during the corona crisis, including how individual sectors have performed. It also looks at developments in job turnover and mobility across sectors, both during the corona crisis and in previous years.

The labour market, like the rest of the economy, has been impacted by the corona crisis. Employment has fallen and unemployment has risen. However, unlike previous economic crises, the trend has reversed quickly and by the end of 2020 many of the lost jobs had been regained.

The comprehensive aid packages have contributed significantly to support the labour market. Without them, job losses would have been greater. The wage compensation scheme has supported employment and ensured that good job matches were maintained. This is good for businesses, employees and the economy because it supports household income and thus consumption possibilities, which in turn affect businesses' sales opportunities.

The relatively rapid adjustment in employment and unemployment should also be seen in the context of the dynamic Danish labour market, where employees can easily change jobs and businesses have a flexible framework for hiring and firing employees. This is reflected, among other things, in high mobility across sectors.

This is also the case during the corona crisis, when employment has shifted from declining sectors – such as trade and transport – to expanding sectors – such as construction and health. This dynamic has helped to support the recovery. Both by providing more job opportunities for employees, helping to maintain labour market attachment, and by giving businesses access to more labour.

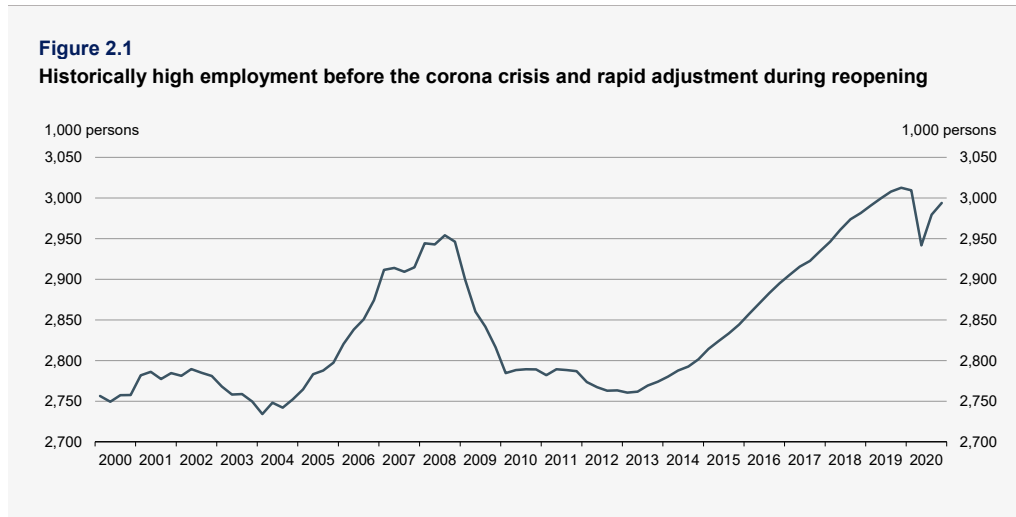
Overall, sectoral mobility was slightly lower in 2020 than in the previous year, but still there was a high degree of dynamism with many job changes, including for those previously employed in hotels and restaurants.

Rapid labour market adjustment after corona

Before the corona crisis, the Danish labour market was in good shape with historically high employment and low unemployment. This was the result of a long period of steady employment growth and continuous expansion of the labour force. From 2013 to 2019, employment grew by almost 40,000 persons a year on average, and in 2019, more than 3 million persons were employed.

The labour market, like the rest of the economy, was impacted by the corona crisis in March 2020. The infection outbreak, the shutdown of large parts of the economy and significantly heightened uncertainty meant that total employment fell by almost 68,000 persons in Q2 2020. This was 20,000 more than in the worst quarter during the financial crisis, where employment fell by 47,000 in Q1

2009. However, the trend also reversed quickly as the outbreak came under control and gradually enabled the society to reopen. By Q3 2020, more than half of the fall in employment had been recovered and by the end of the year almost 80 per cent, cf. *figure 2.1*.



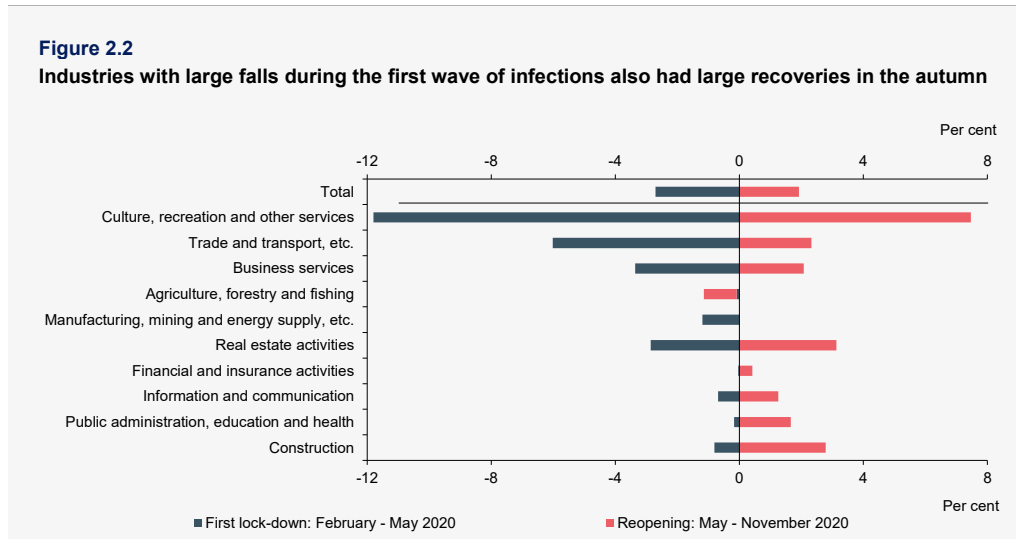
Source: Statistics Denmark and own calculations.

In line with the fall in employment, unemployment rose sharply, with 54,000 more persons unemployed during the three-month period March-May 2020. By comparison, during the financial and sovereign debt crisis, unemployment rose by around 100,000 persons during the course of about two years. Unemployment too, however, fell rapidly in the second half of 2020, and by the end of the year almost 60 per cent of the increase had disappeared.

The development of employment and unemployment during the corona crisis should be seen in the context of the wage compensation scheme, which supported more than 250,000 employed persons during the spring and summer. This has helped to mitigate the fall in employment and the rise in unemployment in 2020.

The impact of the corona crisis on individual sectors varies widely. The contact-intensive service industries, which have been most directly affected by changes in consumer behaviour and restrictions, experienced the largest falls in employment. The most severely affected industries were restaurants, hotels, shops and cultural activities, but also a number of related industries such as transport, including air transport.

During the first wave of infections in spring 2020, employment – measured as a proportion of the total number of employees in February 2020 in the sector – fell most in *culture, leisure and other services, trade and transport*, which includes hotels and restaurants, and *business services*. Similarly, these industries also experienced relatively strong growth over the summer and autumn of 2020, when the development of infections and thus the lifting of restrictions enabled renewed activity. In *culture, leisure and other services*, for example, almost two-thirds of the jobs lost in the spring were regained by November 2020, cf. *figure 2.2*.

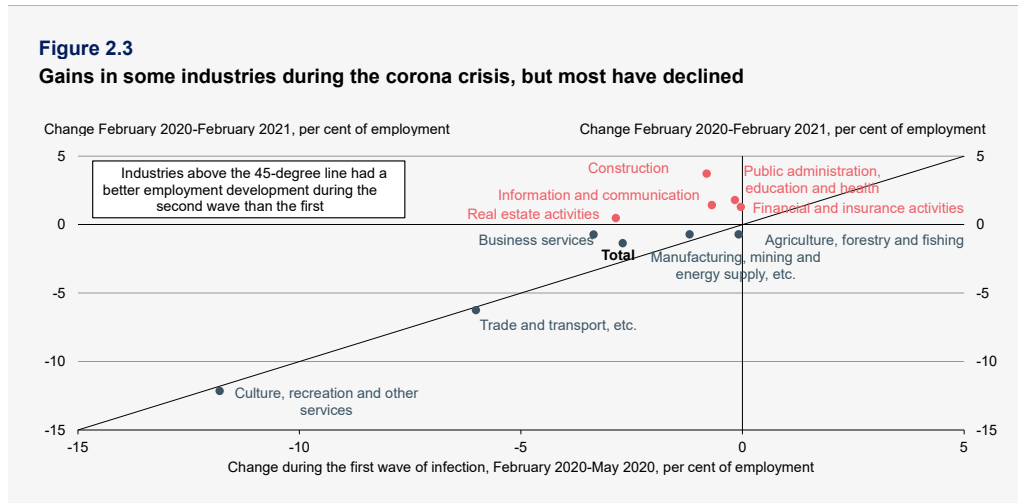


Note: Change in payroll employment in the periods concerned as a percentage of employment in February 2020. The industries in the figure are sorted in ascending order of total change in wage earners from February 2020 to February 2021.

Source: Statistics Denmark and own calculations.

During the second wave of infections and lock-down, i.e. from December 2020 to February 2021, employment fell nowhere near as much as during the first wave of infections. Total employment was reduced by almost 19,000 employees in December and January, and the decline was concentrated in relatively few industries. Employment fell most in *hotels and restaurants*, *culture, recreation and other services*, and *transport*. In February 2021, total employment increased slightly again, but remained 38,000 persons lower than in February 2020, corresponding to 1.4 per cent.

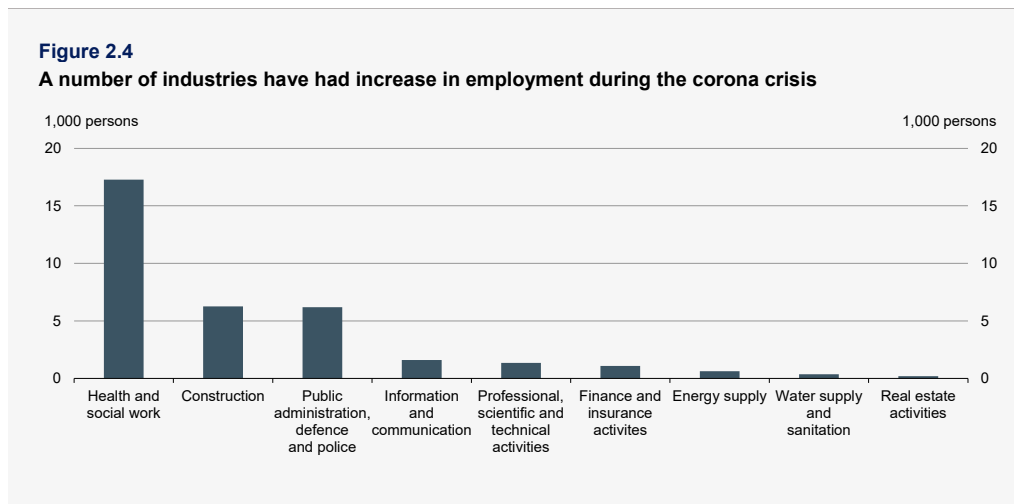
Employment has fallen most in the past year in *culture, recreation and other services*, and *trade and transport, etc.*, while employment in construction and the public sector, among others, is higher now than a year ago. In general, most industries managed better through the second wave, except for *culture, leisure and other services*, *trade and transport, etc.*, and *agriculture, etc.*, which were affected about equally in both periods, cf. *figure 2.3*.



Anm.: Change in wage earners in the periods concerned as a percentage of employment in February 2020. Pink dots are industries that have seen employment gains during the corona crisis.

Kilde: Statistics Denmark and own calculations

Although the corona crisis has caused job losses in many sectors, there are parts of the labour market where employment has increased throughout most of the crisis. This is particularly the case in the public sector, including healthcare, and in construction. There were just over 17,000 more persons employed in *health and social work* in February 2021 compared to before the crisis in February 2020, while employment in both *construction* and *public administration, police and defence* has increased by just over 6,000 persons. Other industries have also seen a small increase, cf. *figure 2.4*.



Note: Change in wage earners in industries with higher employment in February 2021 than in February 2020.
Source: Statistics Denmark and own calculations.

The significant increase in *health and social care* reflects the origins of the corona crisis as a health crisis, where, for example, there has been a greater need for health workers to help with tests and infection detection.

The increase in construction employment is partly due to the unexpectedly strong performance of the housing market during the crisis. Rising house prices and many house sales have led to more investment in housing, including renovation. In addition, there is the effect of political measures, such as *Grøn boligafale 2020*.

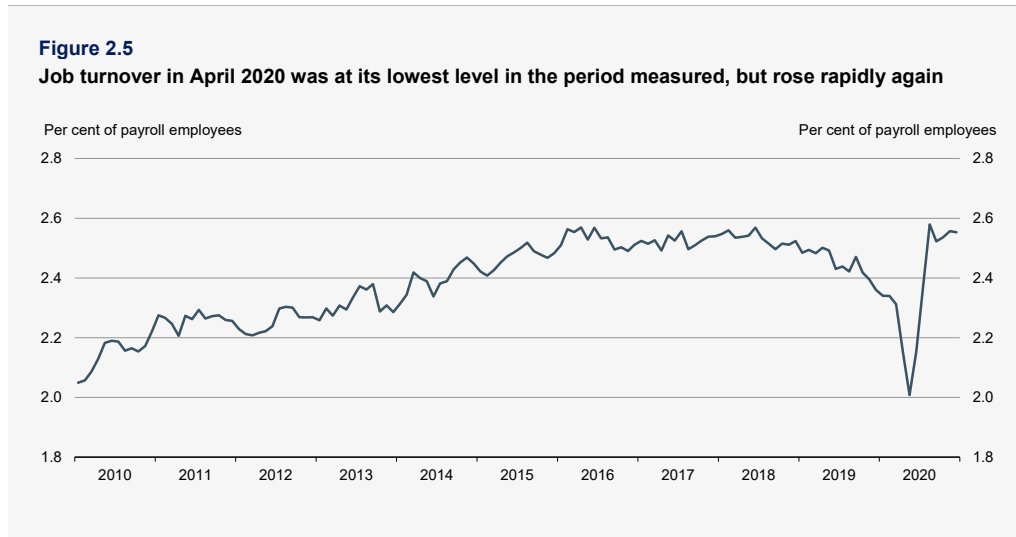
The increase in the public sector and construction has helped some who were employed in hard-hit sectors to find work more quickly. The continued ability of some sectors to hire more new workers has thus helped support overall employment

The development in total employment covers large gross movements of new employees entering and leaving employment each month. Inflows cover, for example, graduates entering the labour market, unemployed people getting jobs or foreigners finding employment in Denmark. Similarly, outflows may cover people retiring, being made redundant or moving abroad. In addition, each month many persons move directly from one job to another

The large gross flows in employment constitute the dynamics of the labour market. When employment falls during a crisis, it can either be a reflection of a decline in entry into employment – firms hire fewer new workers – or an increase in exit from employment as firms lay off more workers. In general, there is a high degree of dynamism in terms of gross movements each month, even during economic crises

The dynamics of the labour market are also reflected in the number of persons changing jobs. Job turnover, measured as the number of jobs filled in a given month, took a sharp dive during the spring of 2020 when there were a large drop in employment. In April, job turnover was at its lowest level

since 2010. By June, however, job turnover had picked up again and remained at a high level throughout the year, *cf. figure 2.5*. Even in the worst month for employment in 2020, almost 50,000 persons started a new job, equivalent to almost 2 per cent of wage earners.

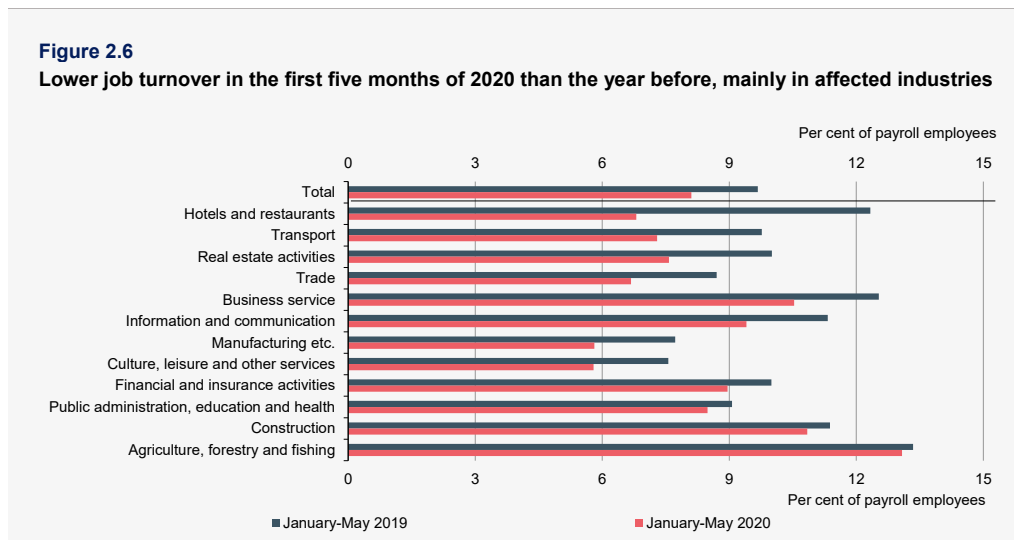


Note: Job turnover indicates the number of job matches each month. A job match takes place each time a person starts a new job. The person may be coming from another job, from unemployment or entering the labour force. Three-month backward moving average. Own seasonal adjustment.

Source: Statistics Denmark, Danish Agency for Labour Market and Recruitment and own calculations.

The sharp drop in job turnover affected all sectors, but was greatest for those industries that experienced the largest decline in employment. Thus, significantly fewer persons started new jobs in *hotels and restaurants, transport, trade and professional services* in the first half of 2020 than in the first half of 2019. Conversely, job turnover was close to 2019 levels in, for example, *construction and public administration, education and health*, *cf. figure 2.6*.

The fall in job turnover should also be seen in relation to the size of the industries. Measured relatively to the number of employees in the industry most persons started new jobs in agriculture, construction and professional services in the first half of 2020.



Note: Job turnover in industries in the first five months of the year compared to wage earners in December of the previous year. The industries in the figure are sorted in ascending order of the change in job turnover between the periods shown. Job turnover is shown here as the number of new recruitments. New recruitments are recorded on a monthly basis and occur for persons who did not receive a wage or salary from the firm in the previous month, but receive a wage or salary from the firm in the given month and the following month and have at least 40 hours of work in the firm in the given month and the following month. The figure includes both employed persons who change jobs and unemployed persons or others who become employed during the month. The breakdown is not directly comparable with the breakdown in figure 2.5.

Source: Statistics Denmark and own calculations.

Mobility across industries contributes to labour market adjustment

The fact that employment and unemployment have managed to adjust so relatively rapidly after the corona crisis should also be seen in the context of the dynamic Danish labour market, where employees can easily change jobs and businesses have a flexible framework for hiring and firing employees.

The great dynamism is reflected in high inflows and outflows both within and across sectors, and this is true during both economic upswings and downturns.

When employees can easily switch jobs from closed or declining businesses and industries to growing ones, both businesses and employees benefit. Businesses gain access to more labour and employees get more job opportunities. This dynamic helps support the recovery. The alternative could be that employees in declining industries were more likely to have become unemployed, leading, among other things, to uncertainty and loss of purchasing power for the households. At the same time, growing industries could be at risk of facing labour shortages.

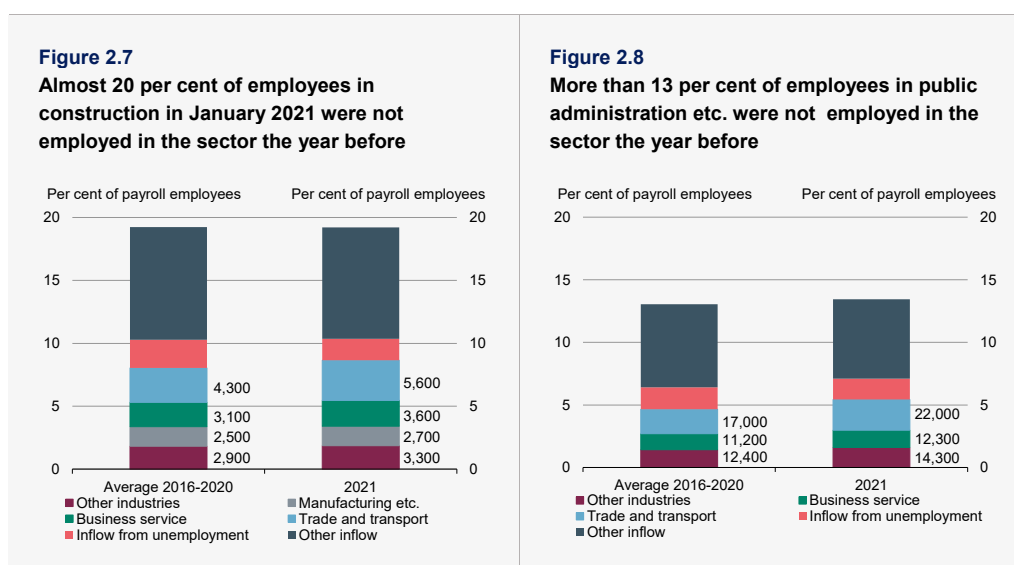
The growth in the public sector and construction during the corona crisis has helped persons who were employed in hard-hit industries to find jobs more quickly.

In *construction*, there were just over 30,000 new employees in January 2021 who were not employed in the industry in the same month of the previous year. This corresponds to almost one fifth of total

employment in the industry in January 2021. Most of the new employees were not in the labour force the year before. At the same time, a significant share of new employees came from e.g. *trade and transport, etc.*, which were among the hardest hit industries during the corona crisis, cf. figure 2.7.

There is generally a relatively high mobility from *trade and transport, etc.* to *construction*, but in 2020 the share was slightly higher than usual. This suggests that the rise in *construction* over 2020 has helped those who lost their jobs in *trade and transport, etc.* to switch industries and find employment in *construction* instead.

A similar development can be seen in *public administration, education and health*, where there were approximately 120,000 new employees in January 2021 who were not employed in the sector the year before, and here too a larger share than usual came from *trade and transport, etc.*, cf. figure 2.8.



Note: The figures show where new employees in respectively construction and public administration etc. in January 2021 were employed in January 2020, as well as the corresponding status for January in the years 2016-2020 compared to January the year before (average over the period). Other inflows cover new employees who were not wage earners in January of the previous year and include, for example, students and immigrants.

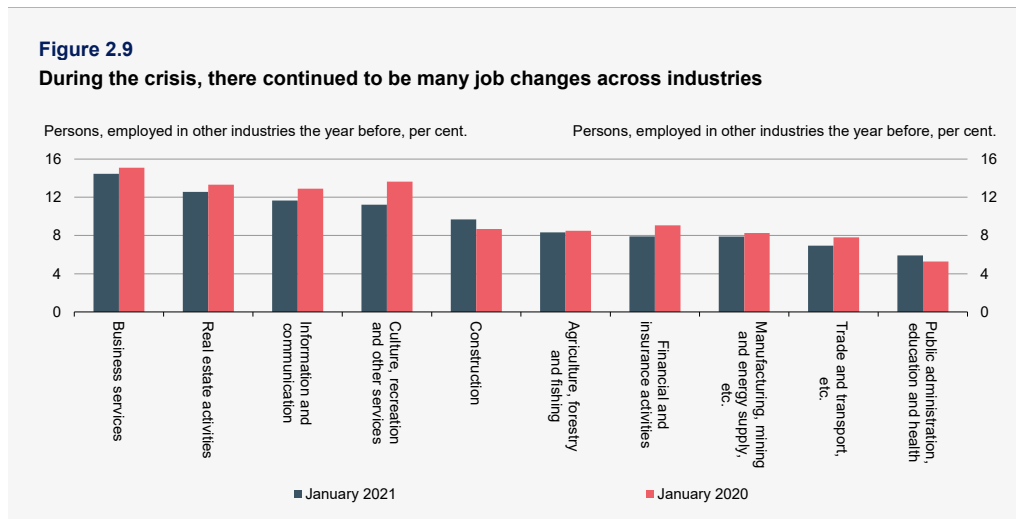
Source: Statistics Denmark and own calculations.

It is not only in construction and the public sector that there has been a large inflow of new employees during the corona crisis. This is true across industries.

In January 2021, business services was the industry with the largest share of employees who were employed in another industry immediately before the corona crisis. Conversely, the industry with the fewest persons who found a job in another industry during 2020 (measured in January 2021 compared to January 2020) was public administration etc., cf. figure 2.9.

Overall, mobility across industries was slightly lower from the start of 2020 to the start of 2021 compared to the same period in the previous year. This should be seen in light of the fact that the fall in

employment itself means fewer opportunities to change jobs, as well as the fact that the wage compensation scheme may have kept employees in an industry while they were sent home with compensation, thus causing fewer job and industry changes during the periods when the scheme was in effect.

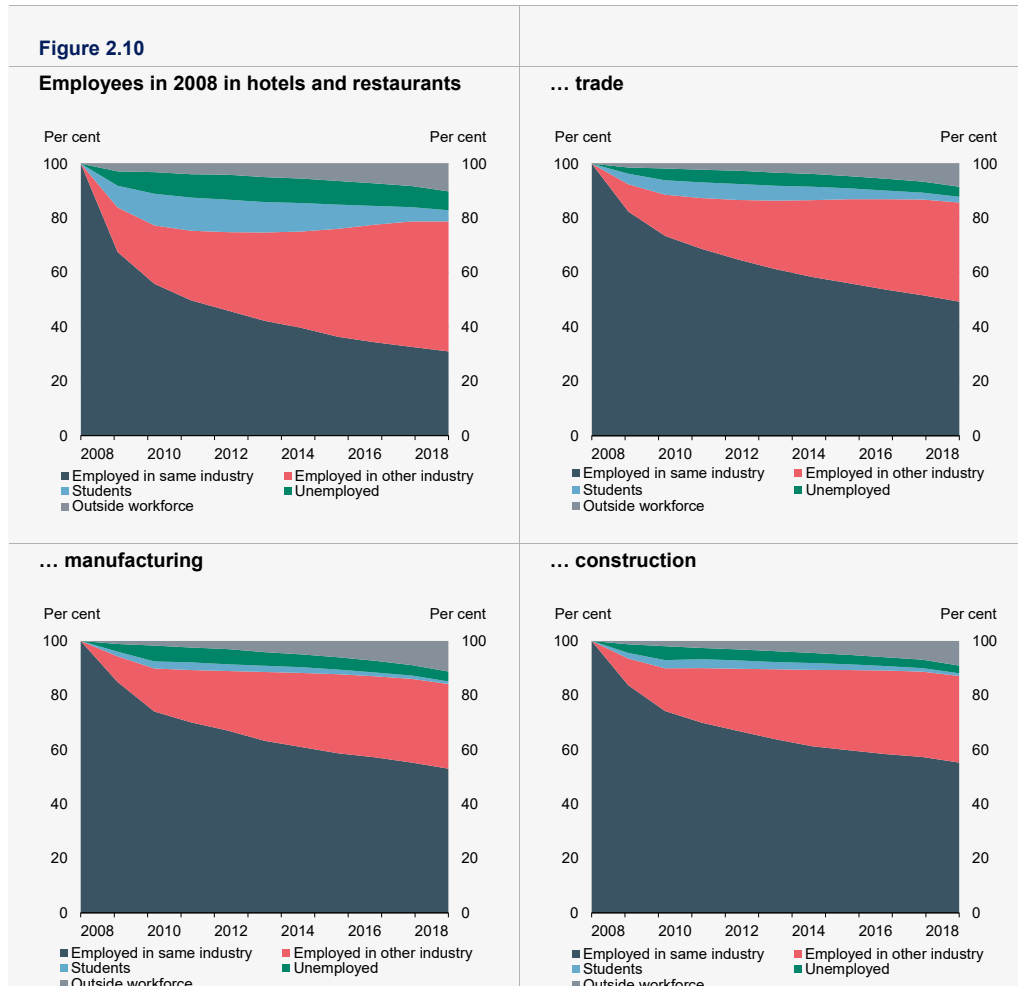


Note: The figure shows the proportion of persons in the industry in January of the year concerned who were employed in another main industry in January the previous year (measured by the 10-industry grouping). Persons with more than one job are counted by their main labour market attachment in both months.

Source: Statistics Denmark and own calculations.

The high mobility in the labour market is also seen in general. The extent of potential sectoral shifts can be illustrated, for example, by looking at the experience of the financial crisis. This can be illustrated by following those employed in 2008 in the years following the crisis. While a number remained employed in the same industry, a large proportion changed industry in the years after the crisis, cf. *figure 2.10*.

There were relatively large differences in outcomes in the years after the crisis across industries. In particular, for those employed in *hotels and restaurants* in 2008, there was a relatively high proportion who subsequently found employment in another main industry or became students. In 2012, almost 30 per cent of those employed in *hotels and restaurants* in 2008 had found employment in another main industry, while just over 10 per cent were students.

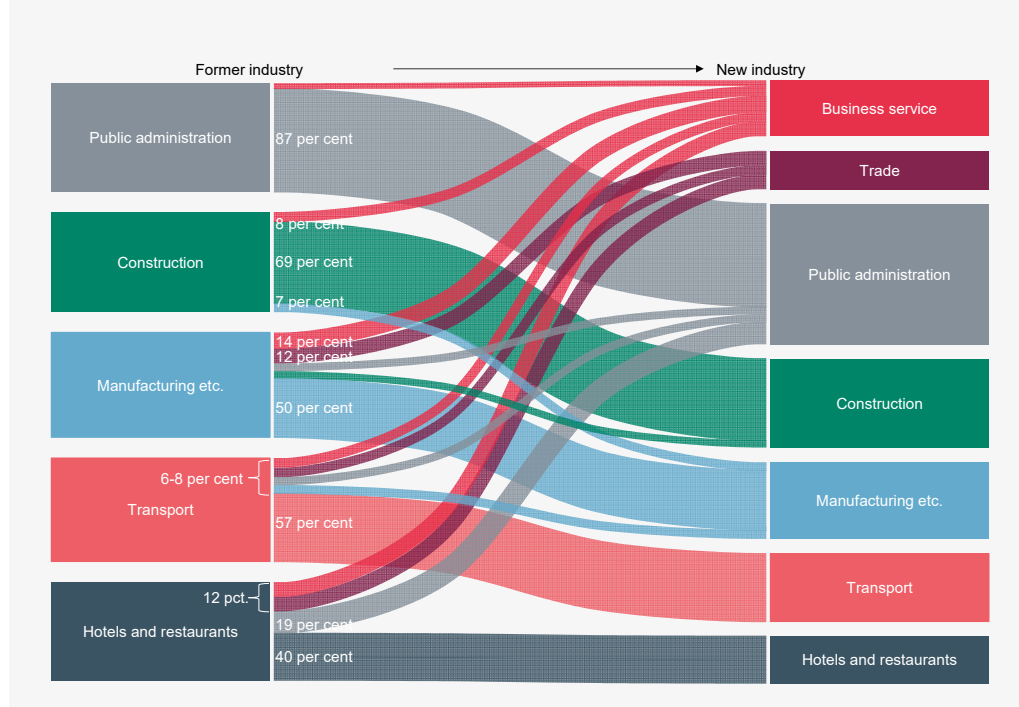


Note: The figure shows the employment status over time of people who were employed in a given industry in 2008. The industry breakdown is the 10-grouping, with trade and transport broken down into transport, trade, and hotels and restaurants respectively.

Source: Statistics Denmark and own calculations.

This dynamic can also be seen during the corona crisis, when looking at the persons who started in new jobs at some point during the first half of 2020. A relatively large share of persons previously employed in hotels and restaurants switched to a new job in another industry, while a relatively small share in, for example, *public administration etc.* switched industry. For persons previously employed in *hotels and restaurants*, a lot switched to a job in *public administration, etc., business services or trade*, cf. figure 2.11.

Figure 2.11
Industry change for persons who started a new job in the first five months of 2020

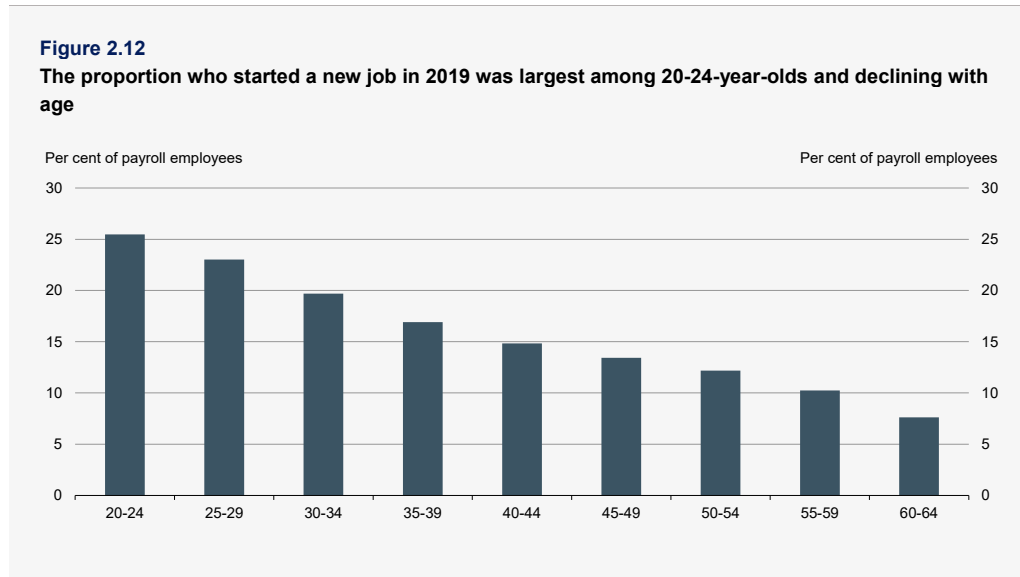


Anm.: New recruitments are recorded on a monthly basis. A new recruitment is when: the person did not receive wages from the firm in the previous month but receives wages from the firm in the given month and the following month, the person has at least 40 hours of work in the firm in the given month and the following month. The figure includes both employed persons who change jobs and unemployed persons or others who become employed during the month.

Source: Statistics Denmark and own calculations.

High job mobility within an industry can be due to several factors, related both to the type of jobs in the industry and to the characteristics of the workforce. For example, young people change jobs more often than older people, *cf. figure 2.12*.

This may be linked to young people leaving education and switching from student to full-time jobs, or to a greater tendency to try out different jobs at the beginning of working life. Therefore, if an industry has a relatively high number of young persons employed, this will, in isolation, pull towards higher job turnover. Similarly, fixed-term contracts may be more common in some industries.



Note: Wage earners who started a new job in 2019, by age.

Source: Statistics Denmark and own calculations.

Hotels and restaurants are characterised by relatively high employment of young people, which may help to explain the high mobility, *cf. box 2.1*.

Box 2.1**Young and unskilled were hit hard by the crisis, especially because they are employed in the industries that experienced the biggest decline**

There are big differences in the type of labour demanded by different industries. Some industries rely mainly on highly specialized labour and require employees with a long education and a high degree of specialization. Other companies are looking more for unskilled employees to carry out their tasks.

The significant differences are reflected when wage earners are divided according to age and industrial affiliation. In 2019, around 40 per cent of employees in hotels and restaurants were younger than 25 years old, *cf. figure a*. For wage earners as a whole, only just over 10 per cent were under the age of 25.

At the other end of the scale, manufacturing, finance and insurance, and public administration have the lowest share of young persons. This may reflect, among other things, the fact that businesses in these industries to a higher degree demand specialized workers with longer educational background.

Ranking employees according to highest level of education completed shows that a large proportion of employees in public administration as well as finance and insurance have a medium or high level of education, *cf. figure b*. In manufacturing, a larger proportion of employees have a vocational education.

Furthermore, it can be seen that the wage earners in hotels and restaurants – in addition to being relatively young people under the age of 25 – also to a large extent are unskilled. Almost 60 per cent of employees in hotels and restaurants in 2019 were unskilled. For the labour market as a whole, only around 25 per cent were unskilled.

Unskilled and young were consequently relatively harder hit by the crisis because they were employed in the industries that were hit hard. However, it is typically people with looser links to the labour market, such as students with part-time jobs, who are first made redundant during a crisis. This was also the case during the financial crisis.

Figure a
Distribution of wage earners in 2019 by age

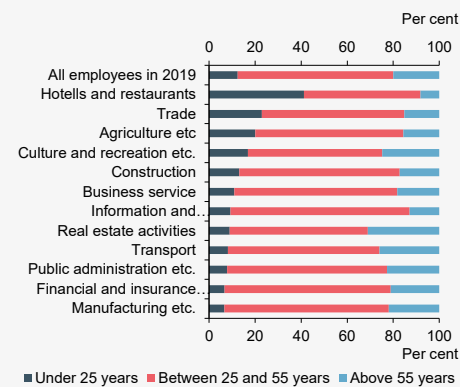
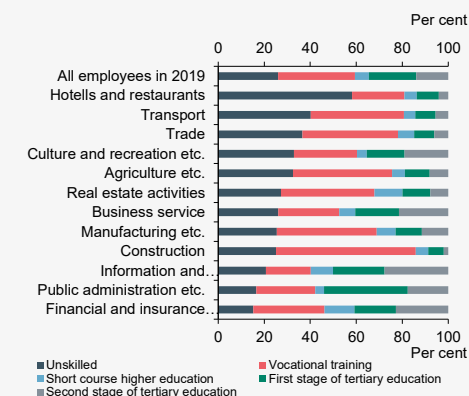


Figure b
Distribution of wage earners in 2019 by education



Note: Persons are classified by their main labour market attachment (if a person has more than one job). Persons with upper secondary education are included in the group of unskilled persons. Persons with no educational information are not included. Excludes persons under the age of 18.

Source: Statistics Denmark and own calculations.



Annex tables

Table B.1
Demand, import and production

| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
|--------------------------------------------|--------------|--------------|--------------|------------------|------------|------------|------------------|------------|------------|
| | DKK bn. | | | Volume, per cent | | | Prices, per cent | | |
| Private consumption | 1,059 | 1,099 | 1,164 | -1.9 | 2.7 | 4.3 | 0.3 | 1.1 | 1.5 |
| Public consumption ¹⁾ | 576 | 602 | 603 | 0.6 | 3.8 | -0.9 | 3.5 | 0.8 | 1.1 |
| Public investments ²⁾ | 84 | 88 | 91 | 8.3 | 2.4 | 3.3 | 1.3 | 1.7 | 0.9 |
| Residential investment | 124 | 135 | 138 | 6.9 | 7.1 | 1.3 | 0.9 | 1.2 | 1.1 |
| Fixed business investment | 319 | 323 | 344 | -1.7 | -0.2 | 5.8 | 0.7 | 1.4 | 0.6 |
| Domestic demand excl. inventory investment | 2,165 | 2,250 | 2,343 | -0.5 | 2.8 | 2.9 | 1.3 | 1.1 | 1.2 |
| Inventory investment ³⁾ | 8.4 | 8.4 | 8.4 | -0.2 | 0.0 | 0.0 | | | |
| Total domestic demand | 2,173 | 2,259 | 2,351 | -0.7 | 2.8 | 2.8 | 1.2 | 1.1 | 1.2 |
| Exports of goods and services | 1,263 | 1,346 | 1,446 | -7.7 | 5.1 | 6.0 | 0.5 | 1.4 | 1.3 |
| Total demand | 3,436 | 3,605 | 3,797 | -3.4 | 3.6 | 4.0 | 0.9 | 1.2 | 1.2 |
| Imports of goods and services | 1,112 | 1,212 | 1,291 | -4.8 | 6.2 | 4.9 | -1.9 | 2.6 | 1.5 |
| Gross domestic product | 2,324 | 2,393 | 2,505 | -2.7 | 2.4 | 3.6 | 2.3 | 0.5 | 1.1 |
| Taxes on products, net | 298 | 308 | 316 | | | | | | |
| Gross value added | 2,026 | 2,085 | 2,190 | -3.0 | 2.2 | 3.7 | 2.5 | 0.7 | 1.3 |
| - Non-farm private sector ⁴⁾ | 1,387 | 1,441 | 1,520 | -2.9 | 2.8 | 4.5 | 1.0 | 1.0 | 0.9 |
| Gross national income | 2,392 | 2,454 | 2,568 | | | | | | |

Note: The division into volume and price components is made based on a fixed price calculation in the previous year's prices.

- 1) The change in volume for public consumption is calculated using the input method. For 2020-2022, growth in public consumption using the input method is assumed to equal growth using the output method.
- 2) Public investments exclude general government net purchases of buildings, and therefore the figures will deviate from public investments in table B.7.
- 3) The volume figures reflect changes in inventories compared to GDP.
- 4) Non-farm private sector consists of manufacturing, construction and private service excl. shipping.

Source: Statistics Denmark and own calculations.

Table B.2
Interest rates, oil price and exchange rates and external assumptions

| Interest rates, per cent | | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------------------------|-----------------------------------|-------|-------|-------|-------|-------|
| USA | Federal Funds Target Rate | 1.9 | 2.3 | 0.5 | 0.3 | 0.3 |
| | 3-month LIBOR | 2.3 | 2.3 | 0.7 | 0.2 | 0.2 |
| | 10-year government bond | 2.9 | 2.1 | 0.9 | 1.6 | 1.8 |
| Euro area | Main Refinancing Operations Rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 3-month EURIBOR | -0.4 | -0.5 | -0.6 | -0.5 | -0.5 |
| | 10-year government bond (Germany) | 0.4 | -0.3 | -0.5 | -0.3 | -0.2 |
| Denmark | Certificates of deposit rate | -0.7 | -0.7 | -0.6 | -0.5 | -0.5 |
| | 3-month CIBOR | -0.3 | -0.4 | -0.2 | -0.2 | -0.2 |
| | 1-year adjustable mortgage rate | -0.5 | -0.6 | -0.5 | -0.2 | -0.1 |
| | 10-year government bond | 0.5 | -0.2 | -0.4 | 0.0 | 0.2 |
| | 30-year mortgage interest rate | 2.1 | 1.6 | 1.5 | 1.3 | 1.7 |
| Average interest rate | | 0.1 | -0.3 | -0.4 | 0.5 | 0.7 |
| Oil price | | | | | | |
| Dollar per barrel | | 71.1 | 64.4 | 41.8 | 64.8 | 65.4 |
| DKK per barrel | | 448.7 | 429.2 | 273.2 | 400.3 | 403.2 |
| Exchange rate | | | | | | |
| DKK per 100 dollar | | 631.5 | 666.9 | 654.2 | 618.2 | 616.2 |
| DKK per 100 euro | | 745.3 | 746.6 | 745.4 | 743.7 | 743.6 |
| Effective Krone Rate Index (1980=100) | | 103.6 | 102.9 | 102.9 | 104.5 | 104.6 |
| Real growth rate, per cent | | | | | | |
| External assumptions | | | | | | |
| Export market growth ¹⁾ , per cent | | 3.9 | 1.3 | -8.8 | 8.3 | 6.3 |
| Trade weighted GDP-growth ²⁾ , per cent | | 2.4 | 1.7 | -3.8 | 4.1 | 3.8 |

Note: The projections are based on data through May 5, 2021. Annual averages are own calculations. For monetary policy interest rates, the interest rate estimate is based on an assessment of the latest announcements by central banks and market expectations. For money market rates and the yield on 10-year government bonds, estimates are based on market expectations, which are based on the prices of swap interest rates. For the 1-year and 30-year mortgage rate bonds, data is Finance Denmark's bond rates and estimates are based on spreads to the 3-month money market rate and the 10-year government bond rate respectively. Estimates for exchange rates are calculated technically by assuming that the exchange rate for the remaining forecast period corresponds to the average during the last ten days prior to the estimation. Estimates for the oil price are based on the International Energy Agency, World Energy Outlook, October 2020, as well as futures prices.

- 1) Calculated as the weighted average of import growth in Denmark's 36 most important trade partners. The weights reflect the countries' share of Danish manufacturing exports in 2019.
- 2) Calculated as the weighted average of the GDP-growth in Denmark's 36 most important trade partners. The weights reflect the countries share of Danish export of goods and services in 2019.

Source: Macrobond, Nordea Markets, The International Energy Agency, European Commission (European Economic Forecast Spring 2021) and own calculations .

Table B.3
Population and labour market

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|
| 1,000 persons | | | | | |
| Total population | 5,794 | 5,814 | 5,834 | 5,856 | 5,877 |
| - Labour force | 3,071 | 3,105 | 3,113 | 3,118 | 3,139 |
| - Total employment | 2,966 | 3,003 | 2,981 | 2,999 | 3,027 |
| - Ordinary employment ¹⁾ | 2,882 | 2,914 | 2,832 | 2,902 | 2,925 |
| - Subsidised employment ²⁾ | 84 | 89 | 90 | 97 | 102 |
| - Gross unemployment (incl. activation) ³⁾ | 108 | 104 | 133 | 122 | 115 |
| - Net unemployment | 87 | 86 | 120 | 103 | 98 |
| - Outside the labour force | 2,722 | 2,710 | 2,721 | 2,738 | 2,737 |
| - Recipients of unemployment benefits and cash benefits in activation outside the labour force | 103 | 97 | 92 | 98 | 98 |
| - Disability pensioners outside the labour force | 178 | 183 | 192 | 205 | 215 |
| - Voluntary early retirement | 49 | 46 | 48 | 51 | 34 |
| - Persons under 15 years | 959 | 955 | 951 | 946 | 942 |
| - Pensioners outside the labour force | 989 | 989 | 971 | 959 | 948 |
| - Others outside the labour force | 444 | 440 | 467 | 478 | 501 |

Note: Recipients of education assistance benefit, the special education benefit and other temporary benefits (kontantydelse) are included as cash benefit recipients.

- 1) Calculated as the difference between employment as determined in the national accounts and subsidised employment, which is based on data from AMFORA. Due to differences in the definition of employment in the two sources, the data is subject to a degree of uncertainty.
- 2) Includes persons in employment with wage subsidies (including flexi-jobs and sheltered jobs).
- 3) The number of unemployment benefit recipients in activation and labour-market-ready cash benefit recipients includes persons in subsidised employment.

Source: Statistics Denmark and own calculations.

Annex tables

Table B.4
Employment by industry incl. leave

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|-------|-------|-------|-------|-------|
| 1,000 persons | | | | | |
| Employment, total | 2,966 | 3,003 | 2,981 | 2,999 | 3,027 |
| - Service industries | 1,551 | 1,571 | 1,551 | 1,555 | 1,574 |
| - Construction | 189 | 193 | 195 | 202 | 204 |
| - Manufacturing | 305 | 312 | 303 | 305 | 309 |
| - Agriculture | 71 | 71 | 71 | 70 | 70 |
| - Public sector | 824 | 829 | 833 | 837 | 841 |

Note.: The industry division is based on the division in the ADAM model, which are not identical to the division in the national accounts.

Source: Statistics Denmark and own calculations .

Table B.5
Unemployment

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------|------|------|------|------|------|
| 1,000 persons | | | | | |
| Gross unemployment | 108 | 104 | 133 | 122 | 115 |
| - per cent of workforce | 3.5 | 3.4 | 4.3 | 3.9 | 3.7 |
| Net unemployment | 87 | 86 | 120 | 103 | 98 |
| LFS unemployment (per cent) | 5.3 | 5.1 | 5.8 | 5.5 | 5.1 |

Note.: Differences in the definition of the labour force between the Ministry of Finance and Statistics Denmark mean that the gross unemployment rate in per cent of the workforce is estimated at a lower level.

Source: Statistics Denmark and own calculations .

Table B.6
Benefit recipients etc.

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1,000 persons | | | | | |
| Unemployment benefits (excl. activation) | 69 | 71 | 102 | 91 | 86 |
| Cash benefits (excl. activation) | 87 | 80 | 85 | 79 | 79 |
| Recipients of unemployment benefits and cash benefits in activation ¹⁾ | 34 | 34 | 24 | 34 | 33 |
| Holiday benefit | 5 | 4 | 3 | 1 | 1 |
| Disability pensioners ²⁾ | 199 | 203 | 214 | 228 | 239 |
| Resource assessment benefit | 37 | 38 | 36 | 35 | 38 |
| Early Retirement Pay | 49 | 46 | 48 | 51 | 34 |
| Early retirement | 0 | 0 | 0 | 0 | 24 |
| Flexi-job scheme benefit | 3 | 3 | 3 | 3 | 3 |
| Revalidation benefit ³⁾ | 4 | 3 | 3 | 2 | 2 |
| Sickness benefit ⁴⁾ | 57 | 59 | 75 | 69 | 63 |
| Maternity leave | 50 | 50 | 51 | 47 | 47 |
| Benefit for unemployed | 15 | 16 | 18 | 18 | 18 |
| Self-support, home-travelling and transitional benefits ⁵⁾ | 17 | 13 | 12 | 12 | 11 |
| Total | 627 | 621 | 673 | 670 | 678 |
| Student grant (SU) | 328 | 322 | 318 | 324 | 316 |
| Total, incl. SU | 954 | 943 | 991 | 994 | 994 |
| Pensioners | 1,147 | 1,145 | 1,124 | 1,109 | 1,096 |
| Total, incl. SU and pensioners | 2,102 | 2,088 | 2,115 | 2,103 | 2,090 |
| Subsidized employment ⁶⁾ | 84 | 89 | 90 | 97 | 102 |
| Total, incl. SU, pensioners and subsidised employment | 2,186 | 2,176 | 2,205 | 2,200 | 2,192 |

Note: Recipients of education assistance benefit, the special education benefit and other temporary benefits (kontantydelse) are included as cash benefit recipients.

- 1) The data does not cover persons in subsidized employment and thereby differs from other register-based data and table B.4. Furthermore, both labour market ready and non-labour market ready cash benefit recipients are included in the group of recipients of unemployment benefits and cash benefits in activation schemes.
- 2) Disability and old age pension include pensioners living abroad as well as pensioners, who are employed.
- 3) Excl. persons on revalidation with wage support.
- 4) The number of sickness benefit recipients does not reflect the total absence due to illness. It includes the part of the sickness absence, which is not covered by the employer. Specifically, this covers sickness absences longer than 30 days as well as sickness among the unemployed.
- 5) The number of self-support and home-travelling as well as transitional benefits are calculated excl. recipients of wage subsidies
- 6) Includes persons in employment with wage subsidies (including flexi-jobs and sheltered jobs).

Annex tables

Source: Statistics Denmark, DREAM and own calculations.

Table B.7
Gross investments

| | 2020 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|---------|----------------------------|------|------|------|------|
| | DKK bn. | Real growth rate, per cent | | | | |
| Gross fixed capital formation | 527 | 4.8 | 2.8 | 2.1 | 2.1 | 4.1 |
| <i>divided into group:</i> | | | | | | |
| - Residential investments | 124 | 2.9 | 6.2 | 6.9 | 7.1 | 1.3 |
| - Public investments ¹⁾ | 84 | 1.8 | -3.6 | 10.6 | 3.2 | 2.2 |
| - Total business investments | 319 | 6.2 | 3.3 | -1.7 | -0.2 | 5.8 |
| - Construction investment | 101 | 4.2 | 16.0 | 6.5 | -1.5 | 2.7 |
| - Tangible and intangible investments | 219 | 6.9 | -1.3 | -4.8 | 0.4 | 7.2 |

1) Public investments are incl. public acquisitions of buildings, which is why numbers differ from what is stated in Table B.1

Source: Statistics Denmark and own calculations.

Table B.8
Balance of payments

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------------|-----------|------------|-----------|-----------|-----------|
| DKK bn. | | | | | |
| Goods exports | 754 | 805 | 773 | 813 | 860 |
| Goods imports | 693 | 701 | 674 | 739 | 775 |
| Goods balance, total | 61 | 104 | 99 | 74 | 86 |
| Service exports | 515 | 557 | 489 | 533 | 585 |
| Service imports | 443 | 489 | 438 | 473 | 516 |
| Service balance, total | 71 | 68 | 52 | 60 | 69 |
| Balance of goods and services | 132 | 172 | 151 | 134 | 154 |
| - Per cent of GDP | 5.9 | 7.4 | 6.5 | 5.6 | 6.2 |
| Investment income from abroad, net | 71 | 79 | 77 | 70 | 72 |
| Wage income from abroad, net | -13 | -13 | -12 | -13 | -14 |
| EU payments, net | -14 | -14 | -16 | -12 | -12 |
| Other current transfers from abroad, net | -18 | -17 | -18 | -19 | -19 |
| Net transfers from abroad, total | 26 | 35 | 30 | 26 | 27 |
| Current account, total | 158 | 207 | 181 | 160 | 182 |
| - Per cent of GDP | 7.0 | 8.9 | 7.8 | 6.7 | 7.3 |
| Net assets against other countries | 1,480 | 1,795 | 1,428 | 2,036 | 2,606 |
| - Per cent of GDP | 65.7 | 76.9 | 61.5 | 85.1 | 104.0 |

Source: Statistics Denmark and own calculations.

Table B.9
Exports and imports

| | 2020 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|-------------------------------|----------------------------|------------|-------------|------------|------------|
| | DKK bn. | Real growth rate, per cent | | | | |
| Exports | | | | | | |
| Goods, total | 124 | -1.9 | 1.2 | 1.3 | 0.5 | 0.7 |
| - Agricultural goods etc. | 610 | 4.2 | 9.3 | -2.3 | 5.1 | 4.9 |
| - Industrial goods (excl. ships etc.) | 71 | -3.9 | -1.8 | -9.1 | -5.7 | 6.9 |
| - Other goods ¹⁾ | 557 | 4.5 | 2.3 | -15.4 | 7.4 | 8.6 |
| Services, total | 240 | 1.8 | 4.5 | -6.9 | 7.5 | 2.0 |
| - Sea transport | 255 | 7.7 | 0.1 | -14.2 | 5.0 | 9.3 |
| - Other services | 1,362 | 3.2 | 5.0 | -7.7 | 5.1 | 6.0 |
| Total | 805 | 2.4 | 6.9 | -2.4 | 3.7 | 4.4 |
| Imports | | | | | | |
| Goods, total | 87 | 4.3 | 2.1 | -6.9 | 6.3 | 1.6 |
| - Agricultural goods etc. | 453 | 1.9 | 4.1 | 0.9 | 6.6 | 3.4 |
| - Industrial goods (excl. ships etc.) | 161 | 8.3 | -5.2 | -2.3 | 7.3 | 3.6 |
| - Other goods ²⁾ | 489 | 6.6 | 3.9 | -10.4 | 5.4 | 7.5 |
| Services, total | 1,190 | 4.8 | 2.4 | -4.8 | 6.2 | 4.9 |
| Total | 701 | 3.6 | 1.5 | -0.8 | 6.7 | 3.2 |
| Memo | | | | | | |
| | Nominal growth rate, per cent | | | | | |
| Export of basic goods ³⁾ | 764 | 2.3 | 7.9 | -1.7 | 4.7 | 5.4 |
| Export prices | | | | | | |
| | Change, per cent | | | | | |
| Goods, total | | 0.4 | -0.1 | -1.5 | 1.4 | 1.4 |
| Services, total | | 3.8 | 5.8 | 3.9 | 1.5 | 1.1 |
| Total | | 1.7 | 2.2 | 0.5 | 1.4 | 1.3 |
| Import prices | | | | | | |
| Goods, total | | 2.7 | -0.3 | -3.1 | 2.8 | 1.5 |
| Services, total | | 4.1 | 6.1 | -0.1 | 2.5 | 1.6 |
| Total | | 3.2 | 2.3 | -1.9 | 2.6 | 1.5 |

1) Raw materials, energy and ships etc.

2) Raw materials, energy, cars and ships etc.

3) Export of basic goods consists of export of goods excl. energy, ships and airplanes.

Source: Statistics Denmark and own calculations.

Table B.10

Private consumption

| | 2020 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------|--------------|------------|----------------------------|-------------|------------|------------|
| | DKK bn | | Real growth rate, per cent | | | |
| Total consumption | 1,059 | 2.7 | 1.4 | -1.9 | 2.7 | 4.3 |
| Retail trade goods | 370 | 4.2 | 1.5 | 4.9 | 4.7 | -0.7 |
| - Food, drinks and tobacco | 169 | 2.4 | 0.7 | 5.0 | 3.5 | -0.4 |
| - Other goods | 201 | 5.6 | 2.1 | 4.9 | 5.8 | -0.9 |
| Purchase of vehicles | 43 | 8.8 | 4.2 | -2.4 | -4.1 | 12.3 |
| Electricity, fuels and gas | 45 | 1.0 | -1.9 | -7.2 | 3.8 | 3.8 |
| Gasoline and similar | 21 | 2.2 | 1.1 | -11.8 | 6.7 | 6.1 |
| Housing | 245 | 0.6 | 2.1 | 1.5 | 1.8 | 1.8 |
| Other services | 342 | 2.4 | 1.5 | -11.4 | 2.1 | 11.8 |
| Tourist expenditures | 21 | 1.7 | 0.2 | -52.3 | 25.0 | 50.0 |

Source: Statistics Denmark and own calculations.

Table B.11
Net lending by sectors

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------|------------|------------|------------|------------|------------|
| DKK bn. | | | | | |
| Private sector, total | 143 | 120 | 209 | 235 | 198 |
| - Households | 45 | 2 | 26 | 63 | 56 |
| - Corporations | 98 | 118 | 182 | 172 | 143 |
| - Non-financial corporations | 65 | 90 | 128 | 142 | 132 |
| - Financial corporations | 33 | 28 | 55 | 30 | 10 |
| General government | 16 | 88 | -27 | -74 | -16 |
| Total | 158 | 209 | 182 | 161 | 183 |

Note: Net lending of general government corresponds to the general government budget balance. The total (except for typically small net capital transfers from abroad) corresponds to the current account balance, cf. table B.8.

Source: Statistics Denmark and own calculations.

Table B.12
Gross value added (GVA)

| | 2020 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------------|-----------------|------|------|----------------------------|------|------|
| | Share, per cent | | | Real growth rate, per cent | | |
| Total GVA | 100 | 2.1 | 2.9 | -3.0 | 2.2 | 3.7 |
| Public sector | 20 | 0.2 | 1.9 | -2.5 | 1.1 | 2.0 |
| Private sector | 80 | 2.6 | 3.2 | -3.1 | 2.5 | 4.1 |
| Private sector excl. mining and quarrying | 78 | 2.6 | 3.4 | -2.8 | 2.5 | 4.1 |
| Non-farm private sector ¹⁾ | 69 | 2.8 | 3.6 | -2.9 | 2.8 | 4.5 |

1) Non-farm private sector consists of manufacturing, construction and private services excl. shipping.

Source: Statistics Denmark and own calculations.

Table B.13
Hourly productivity in selected industries

| | Avg. 1995-2020 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------------|----------------|------|------|------|------|------|
| Real growth rate, per cent | | | | | | |
| Total | 1.2 | 2.2 | 1.7 | 0.3 | 1.3 | 0.8 |
| Public sector | 0.7 | -0.0 | 1.2 | 0.1 | -0.3 | -0.7 |
| Private sector | 1.3 | 2.8 | 1.7 | 0.4 | 1.7 | 1.1 |
| Private sector excl. mining and quarrying | 1.4 | 2.8 | 1.9 | 0.7 | 1.7 | 1.0 |
| Non-farm private sector ¹⁾ | 1.3 | 3.2 | 2.1 | 0.8 | 2.0 | 1.3 |

Note: Hourly productivity is defined as gross value added in constant prices relative to the total number of hours.

1) Non-farm private sector consists of manufacturing, construction and private services excl. shipping.

Source: Statistics Denmark and own calculations.

Table B.14
Contributions to growth in households' real disposable income¹⁾

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------------|------|------|------|------|------|
| Real growth rate, per cent | | | | | |
| Disposable income ²⁾ | 2.4 | 2.0 | 0.4 | 2.1 | 2.6 |
| Contribution, percentage points | | | | | |
| Compensation of employees ³⁾ | 2.7 | 2.0 | 0.6 | 2.0 | 1.9 |
| Social benefits | 0.0 | 0.5 | 1.7 | 0.0 | 0.1 |
| Income taxes | -0.9 | -1.3 | -2.1 | -0.2 | -0.2 |
| Net interest income | 0.0 | 0.2 | 0.8 | 0.0 | 0.0 |
| Dividend etc. ⁴⁾ | 0.4 | 0.3 | -1.1 | -0.2 | 0.6 |
| Pension contribution | 0.3 | -1.3 | -0.3 | 0.9 | -0.5 |
| Payment from pension schemes ⁵⁾ | 0.2 | 0.3 | 0.3 | -0.3 | 0.3 |
| Others ⁶⁾ | -0.2 | 1.3 | 0.3 | -0.1 | 0.3 |

1) The households in the Economic Survey include the NPISH-sector.

2) Disposable income is calculated incl. taxation on payments of frozen holiday funds.

3) Covering only employees residing in Denmark.

4) Incl. dividends from investment funds.

5) Occupational pensions etc. (but not individual pension schemes in banks, etc.)

6) Including self-employed.

Source: Statistics Denmark and own calculations.

Table B.15
Households' net lending¹⁾

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------------------------------------|------------|------------|------------|------------|------------|
| DKK bn. | | | | | |
| Disposable gross income ²⁾ | 1,102 | 1,134 | 1,142 | 1,178 | 1,227 |
| Private consumption | 1,053 | 1,076 | 1,059 | 1,099 | 1,164 |
| Gross investment ³⁾ | 107 | 115 | 121 | 129 | 133 |
| Net capital transfers ⁴⁾ | 10 | 2 | 4 | 9 | 23 |
| Direct net lending | -48 | -56 | -34 | -40 | -47 |
| Adjustment for the change in pension entitlements ⁵⁾ | 93 | 58 | 60 | 103 | 103 |
| Net lending⁶⁾ | 45 | 2 | 26 | 63 | 56 |
| Per cent of disposable gross income | | | | | |
| Direct net lending | -4.3 | -4.9 | -3.0 | -3.4 | -3.8 |
| Net lending | 4.1 | 0.2 | 2.3 | 5.4 | 4.6 |

1) The households in the Economic Survey include the NPISH-sector.

2) Disposable income is calculated incl. taxation on payments of frozen holiday funds.

3) Households' gross investments include investments in owner-occupied housing and investments in buildings and materials by sole proprietors.

4) Net capital transfers in 2020 and 2021 include refunded property taxes to owner-occupied property owners.

5) Net payment to and return (excl. tax on pension yield) of household capital in life insurance companies and pension funds.

6) Household acquisition (net) of financial assets (incl. shares) in other sectors.

Source: Statistics Denmark and own calculations.

Table B.16
Real estate market and construction

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------------------------------------|------|------|------|------|------|
| Per cent | | | | | |
| Increase in the price of traded single-family houses ¹⁾ | 3.8 | 3.0 | 4.7 | 11.2 | 3.1 |
| Housing gross investment (real growth) | 2.9 | 6.2 | 6.9 | 7.1 | 1.3 |

1) The increase is adjusted for developments in the volume of housing sales.
Source: Statistics Denmark and own calculations.

Table B.17
Labour wage ratio, wage increases and computational preconditions

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------------------------|------|------|------|------|------|
| Labour wage ratio, per cent | | | | | |
| Private sector | 57.0 | 56.1 | 56.8 | 56.8 | 55.6 |
| The entire economy | 63.1 | 62.2 | 63.1 | 63.1 | 62.2 |
| Wage increase, per cent | | | | | |
| Private sector | | | | | |
| - Hourly earnings (excl. nuisance bonus) | 2.3 | 2.5 | 2.3 | 2.4 | 2.6 |
| Public sector | | | | | |
| - Hourly earnings (excl. nuisance bonus) ¹⁾ | 1.5 | 2.2 | 2.5 | - | - |
| - Budgetary impact | 1.6 | 1.8 | 2.5 | 1.3 | 1.8 |
| Wage adjustment rate, per cent ²⁾ | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |

Note: The labour income ratio is calculated as aggregated labour income relative to the GVA (gross value added) and adjusted for the number of self-employed. The hourly wage increases in the private sector are published by The Confederation of Danish Employers. The hourly wage increases in the public sector are a weighted average of wage indices for the state, the municipalities and the counties, all reported by Statistics Denmark. No estimates are made on the development in public sector hourly earnings. The budgetary impact is based on the contractually agreed wage increases including contributions from the adjustment scheme (reguleringsordningen) but excluding any residual increases. The hourly wage increases for the private and public sectors are not comparable.

- 1) The estimated rate of increase in hourly earnings in the public sector in 2018 is affected by a technically relatively low wage increase in Q2 2018 compared to the agreed wage increases. This is because the wage increase agreed by April 1 2018 has been implemented retroactively in the wages for June 2018, while Statistics Denmark calculates Q2 wages on the basis of information about May.
- 2) The wage adjustment rate stated for 2018-2021 is the announced wage adjustment rate, while 2022 is an estimate.

Source: The Confederation of Danish Employers, Statistics Denmark, and own calculations.

Table B.18
Price developments and explanatory factors

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------------|------|------|------|------|------|
| Change, per cent | | | | | |
| Net price index | 0.9 | 0.9 | 0.4 | 1.5 | 1.9 |
| Tariffs and housing benefits, contribution | 0.0 | -0.1 | 0.0 | -0.4 | -0.4 |
| Consumer price index | 0.8 | 0.8 | 0.4 | 1.1 | 1.5 |
| HICP | 0.7 | 0.7 | 0.3 | 1.1 | 1.5 |

Note.: The contribution from tariffs and housing benefits is computed as the difference between the consumer price inflation and the net price inflation. Changes in the prices of taxed goods such as energy can therefore influence the contribution from taxes, even though the tax level remains unchanged.

Source: Statistics Denmark and own calculations.

Table B.19
Public finances

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| DKK bn. | | | | | |
| Public consumption | 546.7 | 556.8 | 575.7 | 602.4 | 603.4 |
| Income transfers ¹⁾ | 356.4 | 365.2 | 385.9 | 389.6 | 396.8 |
| Investments | 75.5 | 76.7 | 84.1 | 87.6 | 91.3 |
| Interest expenditures | 18.0 | 17.3 | 11.9 | 16.4 | 12.3 |
| Subsidies | 38.1 | 38.2 | 68.7 | 69.3 | 41.1 |
| Other expenditures ²⁾ | 80.8 | 71.1 | 102.8 | 103.0 | 99.4 |
| Total expenditure³⁾ | 1,115.6 | 1,125.3 | 1,229.2 | 1,268.4 | 1,244.3 |
| Personal income taxes, etc. ⁴⁾ | 464.8 | 483.5 | 504.6 | 506.4 | 514.2 |
| Labour market contributions | 98.3 | 100.3 | 105.2 | 108.0 | 109.4 |
| Pension yield taxation | 13.8 | 63.4 | 48.0 | 11.3 | 24.8 |
| Corporate taxes | 61.5 | 71.3 | 61.1 | 62.2 | 65.6 |
| VAT | 217.2 | 221.2 | 224.0 | 233.2 | 241.2 |
| Other duties | 146.9 | 145.0 | 146.6 | 148.4 | 149.3 |
| Other taxes ⁵⁾ | 5.6 | 4.5 | 3.5 | 2.2 | 1.0 |
| Interest revenues | 26.3 | 24.3 | 19.9 | 25.8 | 22.8 |
| Other revenues ⁶⁾ | 100.1 | 103.2 | 92.8 | 100.1 | 103.5 |
| Tariffs etc. to the EU | -3.2 | -3.1 | -3.1 | -3.3 | -3.4 |
| Total revenue⁷⁾ | 1,131.1 | 1,213.6 | 1,202.5 | 1,194.3 | 1,228.4 |
| General government budget balance | 15.6 | 88.3 | -26.7 | -74.1 | -15.9 |
| Net interest expenditure | -8.3 | -7.0 | -8.0 | -9.4 | -10.5 |
| General government primary balance ⁸⁾ | 7.3 | 81.3 | -34.6 | -83.5 | -26.4 |

Annex tables

- 1) Income transfers exclude other regular transfers to households such as mileage allowance and index supplement.
- 2) Other expenditures include capital transfers, transfers to the Faroe Islands and Greenland and the Danish EU-contributions.
- 3) Total expenditure differs from Statistics Denmark's equivalent. Total expenditure is calculated from a definition of the total expenditure, where all sub-elements of public consumption – e.g. imputed expenditure from depreciation and revenue from sales of goods and services – are defined as expenditures.
- 4) Personal income taxes include withholding taxes, tax on imputed income from owner-occupied dwellings, specific taxes from households, tax on estates of deceased persons and other personal taxes.
- 5) Other taxes include media license and mandatory pension payments for civil servants.
- 6) Other revenues include profits from public enterprises, current and capital transfers from other domestic sectors and the EU, and imputed (calculated) revenues such as contributions to civil servants' earned pension. Moreover, revenues from oil and gas explorations in the North Sea, duty on pipelines, and the hydrocarbon tax are included in other revenues..
- 7) Total revenue differs from Statistics Denmark's equivalent, where the sales of public goods and services are counted as revenue and not – like here – counted as a part of the total expenditures. Furthermore, total revenue here includes a revenue-counterpart to the imputed depreciation expenditures included in public consumption
- 8) The general government primary balance states the balance of the general government finances before net interest expenditures..

Note: Statistics Denmark and own calculations.

Table B.20
Taxes and tax burden

| DKK bn. | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Indirect taxes | 360.8 | 363.1 | 367.5 | 378.3 | 387.1 |
| - VAT | 217.2 | 221.2 | 224.0 | 233.2 | 241.2 |
| - Registration tax | 20.6 | 20.3 | 18.7 | 18.5 | 19.0 |
| - Excise duties | 72.2 | 69.1 | 70.8 | 69.8 | 68.9 |
| - Energy (incl. PSO) | 42.6 | 38.4 | 39.2 | 37.3 | 37.8 |
| - Environmental | 3.6 | 3.3 | 3.6 | 3.5 | 3.6 |
| - Tobacco and spirits etc. | 11.0 | 11.6 | 12.6 | 12.8 | 10.9 |
| - Others | 15.1 | 15.9 | 15.4 | 16.2 | 16.6 |
| - Property taxes | 29.6 | 30.6 | 31.6 | 32.6 | 33.3 |
| - Motor vehicle tax paid by businesses | 3.7 | 3.7 | 3.8 | 3.9 | 3.9 |
| - Other indirect taxes | 17.6 | 18.2 | 18.6 | 20.3 | 20.8 |
| Direct taxes | 638.1 | 715.8 | 714.3 | 683.8 | 708.6 |
| - Withholding taxes ¹⁾ | 444.1 | 461.6 | 482.3 | 485.4 | 493.4 |
| - State tax | 156.6 | 162.5 | 174.0 | 175.0 | 176.9 |
| - Bottom-bracket tax | 126.9 | 143.1 | 151.4 | 153.4 | 156.2 |
| - Top-bracket tax | 17.5 | 17.1 | 20.1 | 19.0 | 18.2 |
| - Health contributions | 9.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| - Limited tax liability | 2.4 | 2.3 | 2.5 | 2.5 | 2.6 |
| - Total municipal tax | 239.3 | 247.1 | 262.9 | 264.6 | 268.4 |
| - Property value tax | 14.5 | 14.6 | 14.9 | 13.5 | 14.2 |
| - Other withholding taxes ²⁾ | 33.7 | 37.4 | 30.6 | 32.3 | 33.9 |
| - Pension yield tax | 13.8 | 63.4 | 48.0 | 11.3 | 24.8 |
| - Corporate tax | 61.5 | 71.3 | 61.1 | 62.2 | 65.6 |
| - Other personal taxes | 8.2 | 8.2 | 8.3 | 8.2 | 7.9 |
| - Media license | 4.5 | 3.5 | 2.1 | 1.2 | 0.0 |
| - Motor vehicle tax paid by households | 7.6 | 7.5 | 7.3 | 7.5 | 7.5 |
| - Labour market contributions | 98.3 | 100.3 | 105.2 | 108.0 | 109.4 |
| Social security contributions ³⁾ | 1.1 | 1.0 | 1.4 | 1.0 | 1.0 |
| Capital taxes | 4.8 | 6.2 | 6.7 | 5.3 | 5.4 |
| Customs and import duties (collected by the EU) | 3.2 | 3.1 | 3.1 | 3.3 | 3.4 |
| Total taxes | 1,008.0 | 1,089.2 | 1,093.0 | 1,071.6 | 1,105.5 |
| GDP | 2,253.6 | 2,335.0 | 2,323.7 | 2,392.7 | 2,505.4 |
| Total taxes, share of GDP | 44.7 | 46.6 | 47.0 | 44.8 | 44.1 |

Annex tables

- 1) For 2018-2020, the distribution of withholding taxes to the state and municipalities is from Statistics Denmark. For 2021-2022, an estimate is used based on the Ministry of Finance's tax base forecast.
 - 2) Includes equity income tax, tax on estates of deceased persons and revenue from the Danish business scheme etc.
 - 3) Includes mandatory pension payments for civil servants in public enterprise etc.
- Source: Statistics Denmark and own calculations.

Table B.21
Development in the tax base for municipalities

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------|---------|---------|---------|---------|---------|----------|------|------|------|------|
| | DKK bn. | | | | | Per cent | | | | |
| December 2016 | 989.3 | - | - | - | - | 3.4 | - | - | - | - |
| May 2017 | 988.0 | - | - | - | - | 3.5 | - | - | - | - |
| August 2017 | 982.8 | - | - | - | - | 2.9 | - | - | - | - |
| December 2017 | 990.9 | 1,010.5 | - | - | - | 3.1 | 2.0 | - | - | - |
| May 2018 | 981.2 | 1,005.3 | - | - | - | 2.7 | 2.5 | - | - | - |
| August 2018 | 979.9 | 1,008.0 | - | - | - | 2.2 | 2.9 | - | - | - |
| December 2018 | 979.2 | 1,013.2 | 1,045.9 | - | - | 1.9 | 3.5 | 3.2 | - | - |
| August 2019 | 966.7 | 1,005.7 | 1,033.8 | - | - | 0.6 | 4.0 | 2.8 | - | - |
| December 2019 | 966.1 | 1,006.3 | 1,035.9 | 1,073.4 | - | 0.6 | 4.2 | 2.9 | 3.6 | - |
| May 2020 | 965.7 | 1,008.8 | 997.6 | 1,042.7 | - | 0.5 | 4.5 | -1.1 | 4.5 | - |
| August 2020 | 965.7 | 1,010.7 | 1,054.6 | 1,044.9 | - | 0.5 | 4.7 | 4.3 | -0.9 | - |
| December 2020 | 965.7 | 1,007.3 | 1,063.6 | 1,070.7 | 1,087.2 | 0.5 | 4.3 | 5.6 | 0.7 | 1.5 |
| May 2021 | 965.7 | 1,006.8 | 1,060.5 | 1,070.3 | 1,085.6 | 0.5 | 4.3 | 5.3 | 0.9 | 1.4 |

Note.: Rows show the time of the budgeting of the municipal tax base. The columns show the tax base in the year concerned.

Source: Statistics Denmark and own calculations.

Table B.22
Income transfers

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| DKK bn. | | | | | |
| Unemployment benefits (excl. activation) | 14.0 | 14.5 | 21.2 | 18.7 | 18.1 |
| Cash benefits ¹⁾ (excl. activation) | 24.0 | 24.4 | 26.2 | 26.4 | 28.4 |
| Vacation allowance | 0.8 | 0.7 | 0.7 | 0.2 | 0.3 |
| Anticipatory pensions ²⁾ | 40.2 | 41.9 | 44.8 | 48.2 | 51.1 |
| Resource rehabilitation allowance | 6.5 | 6.8 | 6.4 | 6.0 | 6.5 |
| Early retirement benefit | 9.0 | 8.2 | 8.5 | 8.9 | 5.9 |
| Rehabilitation benefit | 0.9 | 0.8 | 0.6 | 0.5 | 0.4 |
| Sickness benefit | 11.4 | 11.9 | 14.1 | 13.9 | 12.5 |
| Maternity pay | 10.9 | 11.1 | 12.0 | 11.5 | 11.7 |
| Rent benefit | 14.8 | 15.1 | 15.4 | 15.7 | 15.8 |
| Child and youth benefit | 14.6 | 14.7 | 14.8 | 14.8 | 14.9 |
| Other transfers ³⁾ | 22.4 | 21.7 | 24.8 | 25.3 | 29.5 |
| Student grants (SU) | 20.7 | 20.7 | 20.9 | 21.6 | 21.4 |
| Public pension scheme ⁴⁾ | 136.6 | 142.5 | 144.9 | 146.5 | 148.1 |
| Other pension schemes ⁵⁾ | 29.6 | 30.2 | 30.7 | 31.4 | 32.1 |
| Total⁶⁾ | 356.4 | 365.2 | 385.9 | 389.6 | 396.8 |
| Total, excl. public and other pensions | 190.2 | 192.5 | 210.4 | 211.7 | 216.6 |
| Total, excl. education grants, public pensions and other pensions | 169.5 | 171.8 | 189.5 | 190.1 | 195.2 |

- 1) Taxable and non-taxable benefits incl. the integration benefit.
- 2) Incl. early retirement benefits to retired citizens in foreign countries.
- 3) Activation benefits, dependent child allowance, subsidy for childcare, unemployment benefits, special education benefit, green check and pay scheme for holders of flexi-jobs etc.
- 4) Incl. differentiated allowances and heating allowance for pensioners. Incl. pension schemes for citizens in foreign countries.
- 5) Civil servants in public enterprises and part-time early retirement scheme etc.
- 6) Income transfers exclude other regular transfers to households such as mileage allowance and index supplement.

Source: Statistics Denmark and own calculations.

Table B.23
Key figures estimated at different times

| | Aug. 2019 | Dec. 2019 | May 2020 | Aug. 2020 | Dec. 2020 | May 2021 |
|---------------------------------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| 2019 | | | | | | |
| GDP (real growth rate, per cent) | 1.7 | 2.0 | 2.4 | 2.3 | 2.8 | 2.8 |
| Gross unemployment (1.000 persons) | 103 | 104 | 104 | 104 | 104 | 104 |
| Consumer prices (change, per cent) | 1.0 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Balance of payments (DKK bn.) ¹⁾ | 141 | 178 | 183 | 181 | 207 | 207 |
| Actual budget balance (DKK bn.) | 44 | 59 | 85 | 88 | 88 | 88 |
| 2020 | | | | | | |
| GDP (real growth rate, per cent) | 1.6 | 1.5 | -5.3 | -4.5 | -3.8 | -2.7 |
| Gross unemployment (1.000 persons) | 101 | 105 | 146 | 147 | 133 | 133 |
| Consumer prices (change, per cent) | 1.4 | 1.2 | 0.2 | 0.3 | 0.5 | 0.4 |
| Balance of payments (DKK bn.) ¹⁾ | 136 | 171 | 130 | 125 | 162 | 181 |
| Actual budget balance (DKK bn.) | 10 | -6 | -160 | -88 | -81 | -27 |
| 2021 | | | | | | |
| GDP (real growth rate, per cent) | - | 1.4 | 4.0 | 4.2 | 2.8 | 2.4 |
| Gross unemployment (1.000 persons) | - | 108 | 138 | 138 | 126 | 122 |
| Consumer prices (change, per cent) | - | 1.6 | 1.2 | 1.2 | 1.2 | 1.1 |
| Balance of payments (DKK bn.) ¹⁾ | - | 168 | 162 | 133 | 160 | 160 |
| Actual budget balance (DKK bn.) | - | -5 | -43 | -56 | -31 | -74 |
| 2022 | | | | | | |
| GDP (real growth rate, per cent) | - | - | - | - | 3.1 | 3.6 |
| Gross unemployment (1.000 persons) | - | - | - | - | 119 | 115 |
| Consumer prices (change, per cent) | - | - | - | - | 1.6 | 1.5 |
| Balance of payments (DKK bn.) ¹⁾ | - | - | - | - | 187 | 182 |
| Actual budget balance (DKK bn.) | - | - | - | - | -39 | -16 |

1) The current account balance.

Source: Statistics Denmark and own calculations.

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