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FX Forecast Update

EUR/USD headed towards 1.10

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FX market overview

Recent developments: Central banks balance elevated inflation with debt concerns

- While late September was characterized by sharp increases in global rate rates, early October has reminded markets of the negative consequences that sharp monetary policy tightening can have. Fiscal stress in Europe and rotation away from tech stocks have fuelled demand for safe-haven assets, and yield curves have flattened again. Underneath the shaky market sentiment, macro data is still pointing towards resilient growth and sticky price pressures. September inflation exceeded expectations in both the US and the Europe. And finally, energy prices continue their steady trend higher. Crude oil price, natural gas price and diesel crack spread have all risen, which poses not just an upside inflation risk, but also a downside growth risk for energy-importing economies.

FX implications: Fiscal stress and high energy prices weaken EUR on a broad basis

- Broad USD strength has given way for broad EUR weakness in October. The move has been driven by a combination of rising natural gas prices and French fiscal concerns. Despite the volatile sentiment in equity markets, broader FX moves have been less clear-cut. CHF benefitted from safe-haven demand in October, but cyclical energy exporters like NOK and CAD have also been on a strong footing.

Outlook: Broad USD strength to continue, defensives to outperform cyclicals

- We remain bullish on broad USD against most of G10 and lower our 6-12M EUR/USD forecast down to 1.10. As tighter financial conditions and high energy prices begin to weigh on global growth momentum, we believe defensive currencies will outperform cyclicals towards 2027. We remain negative on Scandies and AUD and maintain our 12M EUR/SEK forecast at 11.40, still see EUR/NOK heading towards 11.30 and lower AUD/USD forecast to 0.67. Similarly, we expect EUR/CHF to decline towards 0.91 and USD/JPY to trend gradually lower towards 152.

Key risks to our forecasts: Quick easing in energy prices, cooling of the AI cycle or midterm surprise

- A quick resolution to the war in Iran and a decline in energy prices could support European currencies more than we expect. A sudden easing in French fiscal stress would have a similar impact. A sharp sell-off in AI-linked asset prices, or signs of weakening demand for AI-driven investments could also pose a downside risk for broad USD. If Democrats win a clean sweep in US midterms, we expect USD to benefit modestly. But in a scenario where Republicans clinch a surprise win, renewed fiscal policy uncertainty could fuel USD weakness.

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EUR/USD – Next target: 1.10

- **Cyclical outlook.** Macro data continues to suggest that AI-related investments remain a key driver of global final demand growth. Reflecting this, US leading indicators shifted generally higher in September, while European data cooled modestly. Tighter financial conditions and higher energy prices pose a downside risk to growth, which we see relatively more pronounced for the euro area. Inflation exceeded expectations on both sides of the Atlantic in September, but we see a relatively higher risk of underlying inflation picking up in the US. Altogether, we continue to see relative macro as a negative driver for EUR/USD.

  If Democrats win a clean sweep in US midterms, we expect EUR/USD to decline modestly. But in a scenario where Republicans clinch a surprise win, renewed fiscal policy uncertainty could fuel USD weakness.

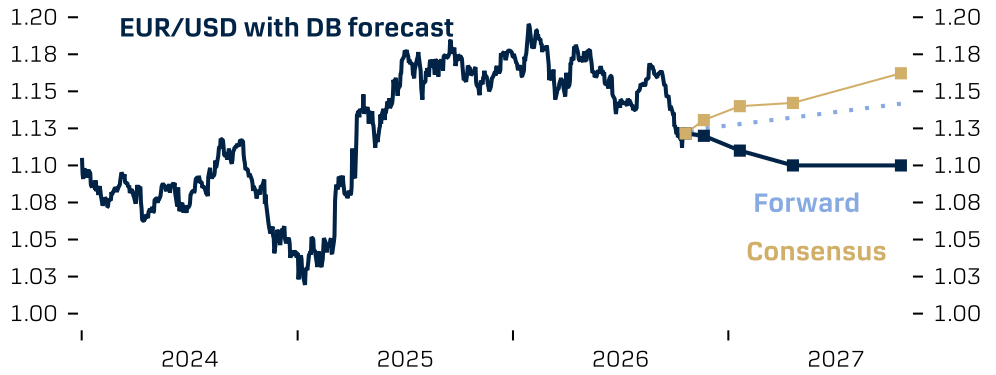
- **Monetary policy.** Both the ECB and the Fed hiked their policy rates in September but are priced to remain on hold in October. We expect the ECB to hike rates one final time in December but then end the tightening cycle around 50bp below current market pricing. We expect the Fed to hike rates both in December and March, which means our terminal rate assumption is around 25bp below current market pricing. We see a relatively higher risk of the Fed extending the rate hikes also beyond our call, while French fiscal stress could constrain the ECB's ability to hike rate hikes even if energy prices continue to rise. This means we expect relative rates to shift in favour of lower EUR/USD over the next 6 months.

- **External balances.** Euro area terms of trade are now at the weakest level of the Iran war, as rising natural gas and refined oil product prices increase the cost of energy imports. US trade deficit has also widened further, but largely due to the rising demand for AI-investment goods.

- **Valuation.** We estimate that the PPP fair value for EUR/USD is around 1.25 over 3-5Y horizon

- **Positioning.** Non-commercial positioning has shifted short EUR/USD towards the fall.

Forecast: 1.12 (1M), 1.11 (3M), 1.10 (6M), 1.10 (12M)



	1M	3M	6M	12M
Danske Bank	1.12	1.11	1.10	1.10
Consensus	1.13	1.14	1.14	1.16
Forward	1.12	1.13	1.13	1.14

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Risks.** A sharp sell-off in AI-related assets, or signs of clear cooling of the investment boom could lift EUR/USD above our forecast. A sudden relief in French fiscal concerns could also provide temporary support for EUR. In contrast, further fiscal stress in European assets and/or sharp winter shock in energy prices could weigh on EUR/USD faster than we expect.

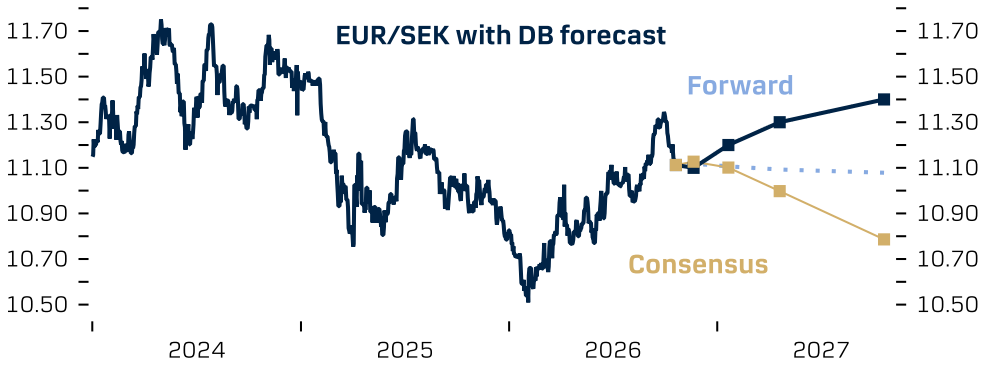
- **Conclusion.** Last May, we set our 12M EUR/USD target at 1.12, which was reached seven months ahead of schedule. We still think the fundamental drivers for further decline remain in place. Stronger domestic demand in the US, relative monetary policy outlook and elevated energy prices all favour lower EUR/USD over the coming year. We lower the 6-12M target to 1.10.

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EUR/SEK – Adjusting lower, retaining an upward sloping profile

- **Cyclical outlook.** Recent macro data continues to support our view of a strong Swedish growth outlook, where we see full-year growth around 3% for both 2026 and 2027. With more stable balance sheets amid recent years deleveraging, Swedish households look financially robust and the expected Riksbank hikes should not be enough to derail the current strong consumption momentum. With an expected, rather significant, growth outperformance versus the Eurozone, relative macro could lend some support to the krona. However, if history is any guide, this is not always enough for an outright SEK bullish outlook, unless it coincides with a policy rate gap also in favour of the krona.
- **Monetary policy.** The Riksbank is finally ready to hike and given the hawkish twist to their September policy rate path, we now expect them to deliver three hikes over the coming 6 months (Nov, Feb and March). Meanwhile, recent France/EUR-jitters are probably enough to limit the ECB to just one additional hike, in December. As such, the policy rate gap is likely to shrink over the coming quarters, turning a significant SEK headwind into a close-to-neutral outlook for monetary policy. That said, our view of three Riksbank hikes is still shy of market pricing and should thus still weigh slightly on the krona.
- **Flows.** The Swedish savings-investment balance continues to generate net-buying of foreign equities, with no major structural shift in sight. The AP funds increased their FX exposure by around 1pp during H1, although September fund flows were somewhat more SEK-supportive as investors reduced foreign equity exposure. An escalation of Eurozone debt stress could also put Swedish triple-A government bonds back in vogue, mitigating the structural headwind from portfolio outflows.
- **Valuation.** Both our short-term and long-term valuation models see EUR/SEK as fundamentally justified at levels above 11.00.
- **Risks.** An escalation of France/EUR-jitters could lend some support to the SEK, pulling EUR/SEK closer to 11.00 in the near-term. However, an even stronger dollar would instead likely push SEK-crosses higher still.

Forecast: 11.10 (1M), 11.20 (3M), 11.30 (6M), 11.40 (12M)



	1M	3M	6M	12M
Danske Bank	11.10	11.20	11.30	11.40
Consensus	11.13	11.10	11.00	10.79
Forward	11.12	11.11	11.09	11.08

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

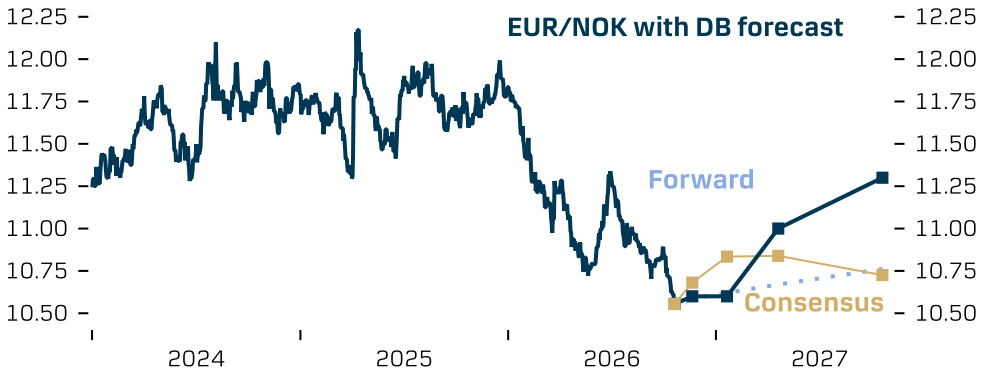
- **Conclusion.** EUR/SEK has corrected lower over the past month, driven by EUR weakness amid renewed concerns over the OAT-Bund spread. The correction has been somewhat larger than we anticipated, and we acknowledge that EUR/SEK could remain around current levels for somewhat longer before turning higher. We acknowledge that the EUR-SEK rate spread is likely to narrow somewhat and that portfolio flows are no longer as clear-cut a headwind for the krona, prompting us to lower our longer-term forecasts slightly. Still, with our Riksbank call remaining dovish relative to market pricing, global risk sentiment fragile and our bullish USD view likely to weigh on SEK against the EUR as well, we retain an upward-sloping forecast profile and expect EUR/SEK to move gradually higher over the coming year. In other words, we largely outcome-adjust our forecast profile while retaining the upward slope.

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EUR/NOK – NOK tailwinds persist

- **Cyclical outlook.** Near-term conditions should keep the NOK supported. Elevated energy prices continue to support Norway's terms of trade and should keep the external balance solid, particularly as geopolitical risks in the Middle East remain unresolved. At the same time, we see limited scope for a material narrowing of rate differentials, as markets may be overpricing the extent of tightening needed among Norway's key trading partners, including the US and the euro area. Rising concerns around high public debt in several major economies could also make Norway's stronger sovereign balance sheet relatively more attractive. That said, the NOK remains highly sensitive to global risk sentiment. Further out, a normalisation in energy markets could trigger a sharp reversal, leaving EUR/NOK vulnerable to renewed upside.
- **Monetary policy.** Remains a key source of NOK support. Since our last update, Norges Bank has raised the policy rate to 4.50% and maintained its tightening bias. September inflation came in marginally above Norges Bank's forecast, reinforcing expectations that policy needs to stay restrictive. While markets price more than 50% probability of another hike in December, we expect Norges Bank to keep rates unchanged at 4.50% over the next 12 months. This should keep NOK rate support attractive, particularly as we expect the ECB to deliver only one further hike this year before keeping rates unchanged at 2.75% through 2027, constrained by highly indebted euro area economies.
- **External balances.** The proposed 2027 fiscal budget appears broadly neutral for monetary policy, with a budget impulse of zero and only a limited expected effect on GDP. The budget has not yet been passed by Parliament, leaving some risk of additional spending, but at this stage it does not appear to have implications for the policy outlook.
- **Valuation.** NOK is currently at its strongest level since early 2023, suggesting that part of the positive backdrop is already reflected in spot. High unit labour costs and a potential decline in energy prices point to a higher EUR/NOK fair value over time, which may become a headwind on a longer horizon.
- **Positioning.** We believe speculative NOK positioning is neutral.

Forecast: 10.60 (1M), 10.60 (3M), 11.00 (6M), 11.30 (12M)



	1M	3M	6M	12M
Danske Bank	10.60	10.60	11.00	11.30
Consensus	10.68	10.83	10.84	10.73
Forward	10.59	10.62	10.67	10.76

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

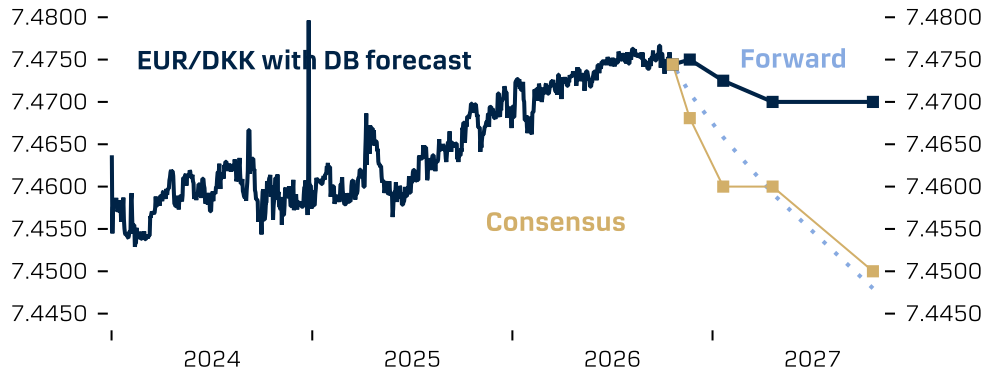
- **Risks.** Near-term risks are inherently connected to global energy prices, developments in the Middle East and global risk sentiment.
- **Conclusion.** We are constructive on the NOK near term, supported by elevated energy prices, structural NOK purchases and attractive carry. Norges Bank's 4.50% policy rate, retained tightening bias and September inflation slightly above forecast should keep rate support favourable, particularly as we expect limited further ECB tightening. The global environment remains key, with energy markets, Middle East developments, risk sentiment and Fed expectations most important. Further out, we are more cautious. A Middle East resolution and energy market normalisation could weaken Norway's terms of trade and trigger renewed NOK downside, while high unit labour costs remain a longer-term headwind.

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EUR/DKK – French debt woes eases upwards pressure

- **Cyclical outlook.** The global economy and equity markets are holding up amid rate hikes and rising energy prices, which creates a neutral cyclical environment for EUR/DKK. The energy shock is broadly neutral for the Danish economy, which is in a better position to manage higher energy prices than the euro area economy. Strong equity markets benefit the returns on households' large pension savings. A stronger USD would benefit the competitiveness of Danish exporters with large exports to the US.
- **Monetary policy.** Danmarks Nationalbank (DN) intervened in August, but not in September. The total intervention in June and August was just above DKK6bn. That is a small amount – we think it will take up to DKK50bn in intervention before DN would hike interest rates unilaterally. We expect DN to keep the policy rate spread unchanged at -40bp the coming 12M. DN followed the 25bp rate hike from the ECB in September and hiked its key policy rate to 2.10%. We expect the ECB to hike 25bp in December and DN to follow suit, which leaves the key policy rate at 2.35% at year-end.
- **External balances.** Denmark continues to run a very large current account surplus of around 10-15% of GDP, with pharmaceutical exports making a big contribution to the trade surplus. The significant surplus materialises in a large investment need abroad.
- **Valuation.** The strong Danish external balances keep a 'DKK appreciation risk premium' vis-à-vis the EUR in the FX forward curve.
- **Positioning.** Recent hedging data from the Danish central bank showed that the USD hedge ratio in the domestic life and pension sector rose in August for the first time since January but remains low. The EUR hedge ratio dropped slightly in August and remains relatively higher than the USD hedge ratio from a historical perspective.

Forecast: 7.4750 (1M), 7.4725 (3M), 7.4700 (6M), 7.4700 (12M)



	1M	3M	6M	12M
Danske Bank	7.4750	7.4725	7.4700	7.4700
Consensus	7.4681	7.4600	7.4600	7.4500
Forward	7.4710	7.4658	7.4592	7.4480

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

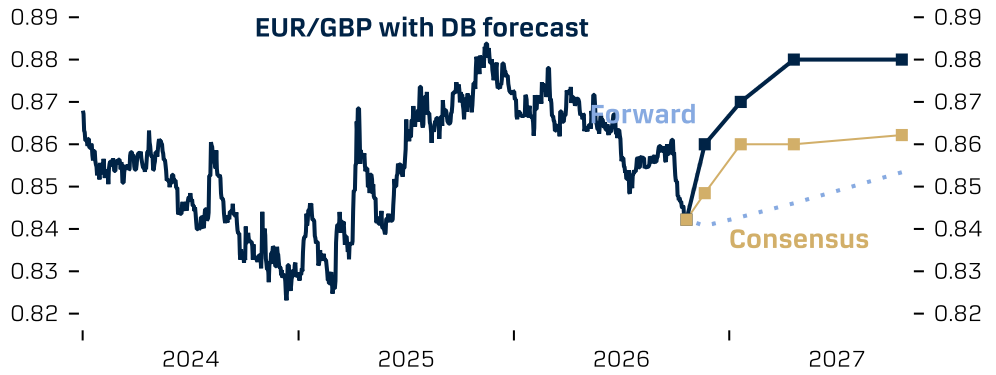
- **Risks.** EUR/DKK remains exposed to large movements in equity and fixed income markets via the FX hedge rebalancing effect. US equity outperformance will tend to keep EUR/DKK low, while higher long-term bond yields will support a higher EUR/DKK. DN may opt to allow EUR/DKK to rise above the 7.4760 level around where it intervened in August.
- **Conclusion.** We look for EUR/DKK to fall back to the 7.4725 level on 3M and further down to 7.4700 on a 6-12M horizon, driven by higher equity markets and hedge ratios. In the near term, we expect DN to cap upside around 7.4760.

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EUR/GBP – Modestly higher

- **Cyclical outlook.** UK growth has strengthened, with activity proving more resilient than expected in recent months. Consumer spending has shown signs of improvement, with retail sales volumes rising over the summer and confidence recovering gradually, although spending on discretionary goods remains uneven. The labour market has remained soft, with payroll employment declining and wage growth easing. The 28 October Budget is likely to provide limited net fiscal stimulus as the government remains committed to the fiscal rules. Preserving fiscal credibility and rebuilding headroom are priorities, alongside targeted cost-of-living support. Financing could involve spending reprioritisation and targeted tax increases, with capital-gains and high-value-property taxes among the options under discussion.
- **Monetary policy.** Inflation remains elevated and well above the BoE's projections made at the beginning of the year. Headline inflation is mainly due to sticky services inflation and high energy prices, but higher input costs and elevated inflation expectations risk leading to broader price and wage increases. Evidence of substantial second-round effects remains limited and labour-market slack should temper their strength, but risks increase the longer high energy prices persist. We believe the BoE will act to contain inflation risks and therefore adjust our forecast to include a rate hike to 4% in November and expect the Bank rate to remain at that level throughout 2027.
- **External balances.** The UK runs a large current-account deficit, which makes GBP vulnerable when capital inflows fade; this keeps GBP at risk vs EUR in the wake of souring global risk appetite.
- **Positioning.** Non-commercial positioning is long EUR/GBP.
- **Risks.** Near-term risks are inherently connected to global energy prices and the developments in Iran as well as the global investment environment. The key risk to EUR/GBP trading substantially higher than our forecast is a sharp sell-off in global risk. Other risks are related to developments in the relative growth outlook between the euro area and the UK. If growth fares better than expected in the UK, this could send EUR/GBP substantially lower.

Forecast: 0.86 (1M), 0.87 (3M), 0.88 (6M), 0.88 (12M)



	1M	3M	6M	12M
Danske Bank	0.86	0.87	0.88	0.88
Consensus	0.85	0.86	0.86	0.86
Forward	0.84	0.84	0.85	0.85

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Conclusion.** EUR/GBP has rebounded slightly higher to 0.86 after trading close to 0.8450 over the summer. Political instability has once again faded and with a more pragmatic pick for UK chancellor, fiscal sustainability worries have taken a backseat. However, we are attentive to budget risks ahead of the Autumn Statement. The UK economy has also performed better than expected although the past weeks data releases have been to the weaker side. We highlight that the UK economy remains fragile and that we see scope for the significant repricing of the BoE to revert to a larger extent than for the ECB, opening for a move higher in EUR/GBP. We continue to forecast EUR/GBP to move higher from current levels but now see the outlook more balanced.

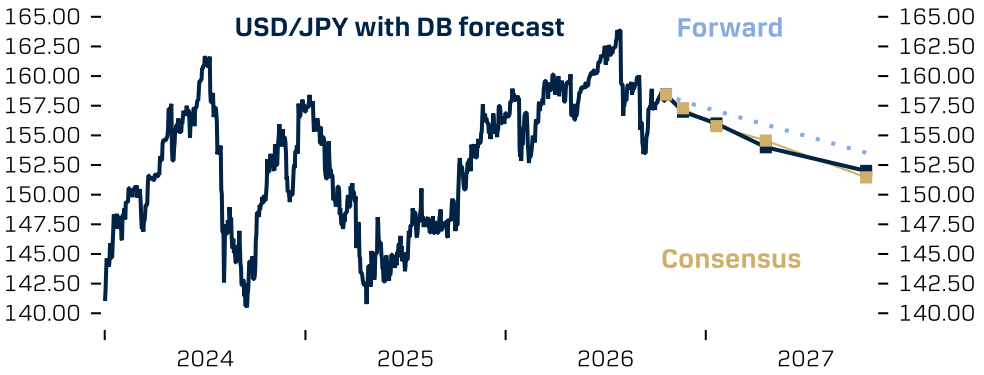
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Overview | USD | SEK | NOK | DKK | GBP | JPY | CHF | PLN | AUD | CAD | CNY | Oil | Tables

USD/JPY – Uneven economy will drive uneven recovery of JPY

- **Cyclical outlook.** Japan's economic growth has withstood high energy prices better than expected. Export demand has been supported by the global AI investment boom, low unit labour costs and weak JPY. Domestic demand remains relatively weaker, as real consumption fell 3.1% y/y in the August household spending survey. That said, the steady recovery in real wages suggests that this could eventually turn for the better. Underlying inflation pressures have picked up, but in August, headline inflation was still below target at 1.9% y/y and core inflation was 1.6%. We expect improving domestic growth momentum to support JPY overtime, but do not see clear evidence of an imminent growth boom.
- **Monetary policy.** Bank of Japan (BoJ) hiked its policy rate by 25bp in September, as widely expected. But with limited signs of domestic inflation pressures picking up, BoJ is priced to maintain rates steady in the upcoming October meeting. Markets are currently pricing in the next full hike by January, and another one by June, which we see as broadly fair. But as we believe the Fed will also continue its hiking cycle into 2027, BoJ would have to tighten its policy more aggressively to drive a sustained downtick in USD/JPY. Same applies for FX intervention, which remains a possibility as the late-summer JPY strength has gradually faded. We think that intervention from either the Ministry of Finance or the US Treasury would only fuel temporary JPY strength unless backed up by tighter monetary policy stance.
- **External balances.** Strong export demand is balanced by rising cost of energy import, which means that Japan runs a modest trade deficit.
- **Positioning.** Non-commercial positioning remains short USD/JPY.
- **Risks.** Sharp uptick in energy prices or lack of guidance towards further policy tightening at the BoJ's October meeting could weaken JPY further.

Forecast: 157 (1M), 156 (3M), 154 (6M), 152 (12M)



	1M	3M	6M	12M
Danske Bank	157	156	154	152
Consensus	157	156	155	151
Forward	158	157	156	154

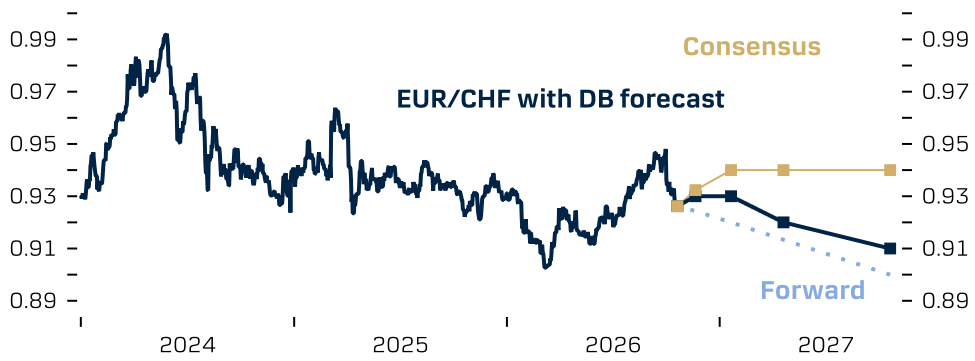
Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Conclusion.** The structural story remains little changed. Solid export demand, recovering real incomes and gradually building domestic inflation pressure are expected to drive tightening in the interest rate differential between Japan and the west, which will support JPY over time. But as long as energy prices remain elevated, the Fed sticks to a tightening bias and Japanese macro lands close to expectations, we think the downtrend in USD/JPY will be a gradual one.

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EUR/CHF

Forecast: 0.93 (1M), 0.93 (3M), 0.92 (6M), 0.91 (12M)



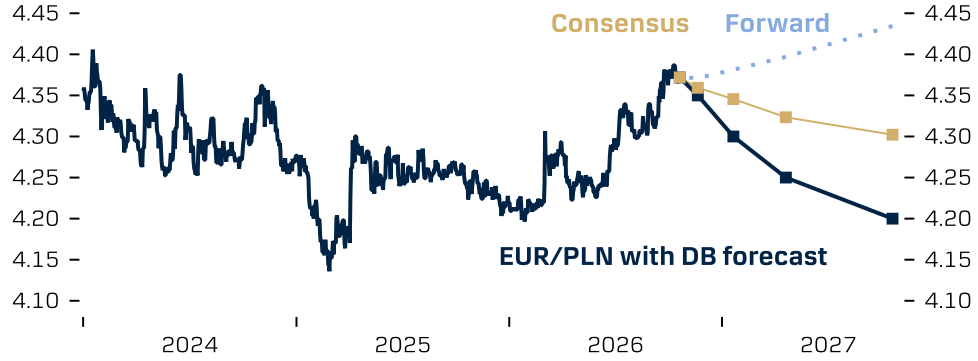
Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- EUR/CHF rebounded sharply lower as political jitters relating to the public finances in France triggered broad EUR weakness. The poor risk sentiment additionally favoured the CHF, amplifying the move lower. We think continued poor risk sentiment will weigh on the cross. Widening rate differentials to peers and a resilient European economy could push the cross higher again but we see those risks as diminished given recent developments.
- Overall, we remain bearish on EUR/CHF and think the outlook for Fed tightening and an environment with tighter global monetary policy conditions favours a stronger CHF. We expect the SNB to hike the policy rate twice in 2027, in line with market pricing. We target the cross at 0.91in 12 months.
- The key risk is FX intervention from the SNB to weaken the CHF and investors returning to CHF as their preferred funding currency.

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EUR/PLN

Forecast: 4.35 (1M), 4.30 (3M), 4.25 (6M), 4.20 (12M)



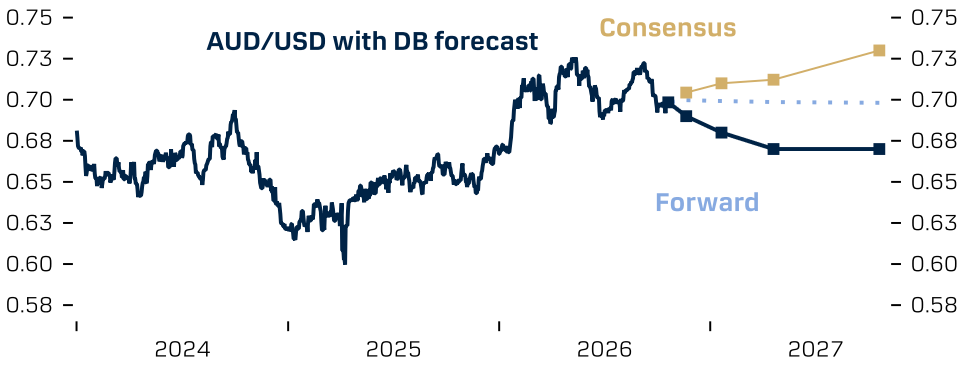
Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- Polish inflation continues to re-accelerate, with CPI rising to 4% (y/y) in September for the highest reading since mid-2025. Fuel prices were the main culprit behind the uptick, surging a whopping 36% (y/y), marking the steepest rise since the onset of Russia's invasion of Ukraine. Being an economy heavily reliant on oil & gas imports, current energy prices are acting as a headwind not only growth, but also the Zloty.
- The NBP remains on pause, although their October meeting came with a slight hawkish twist. The next key input will be the November inflation projections and unless said projections show a return to around 2.5% by end 2027, at the latest, MPC member Kotecki is said to be ready to vote for a hike. Also, Governor Glapinski states that he is ready to act, although he sees no imminent reasons to worry about inflation here and now.
- Until either global energy prices peak or the NBP reverts to monetary tightening, the Zloty is likely to remain under pressure in the near-term. However, looking through the current episode of geopolitical stress, we remain optimistic about the Zloty expecting EUR/PLN to gradually fall towards 4.20 over the coming year.

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AUD/USD

Forecast: 0.69 (1M), 0.68 (3M), 0.67 (6M), 0.67 (12M)



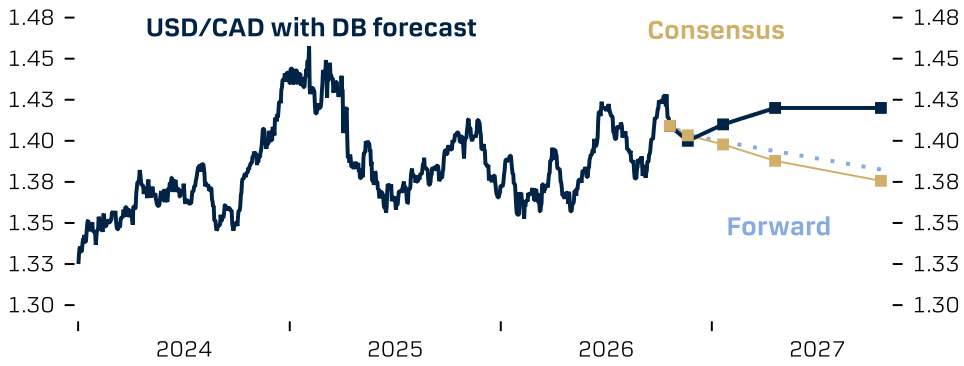
Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- AUD has been among the weakest performing G10 currencies of the past month. While rising natural gas prices continue to support Australia's terms-of-trade, weaker domestic macro and tighter global financial conditions have had a negative effect on AUD.
- The Reserve Bank of Australia (RBA) hiked its cash rate to 4.60% in its September meeting. While RBA maintained the door open for further rate hikes, the uptick in September unemployment rate (4.7%, from 4.6%) has since weighed on expectations for additional tightening. Markets are currently pricing in one final hike over the next 6M.
- Meanwhile markets (and we) expect the Fed to keep hiking rates also towards 2027. If the combination of higher energy prices and tighter financial conditions starts to weigh on global manufacturing cycle in 2027, we think AUD/USD could well continue its recent decline. The cross has already reached our earlier 3M target of 0.70, and we see risks tilted towards further downside.

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USD/CAD

Forecast: 1.40 (1M), 1.41 (3M), 1.42 (6M), 1.42 (12M)



Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

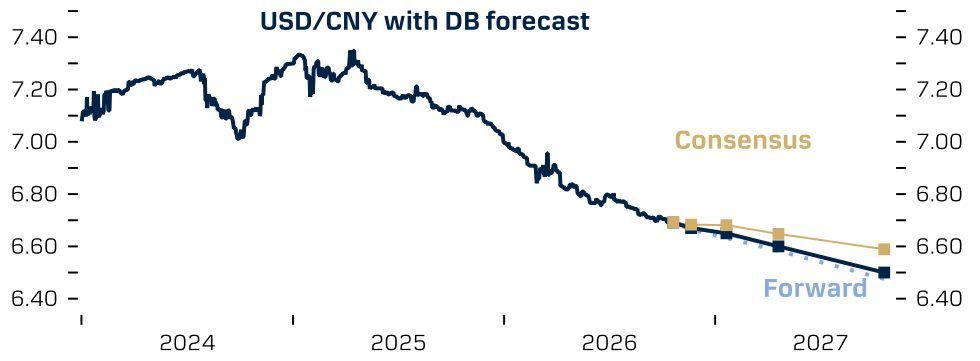
- CAD has strengthened over the most recent weeks after range-trading through Q3. Rising value of oil exports and prospects of Bank of Canada tightening its monetary policy have supported the outlook for CAD FX.
- Bank of Canada (BoC) maintained its monetary policy unchanged in September, as it has done since the final rate cut a year ago. As the rest of the developed world has hiked interest rates, the 1-year rate differential reached its most CAD-negative levels since early 2025. Against EUR, the rate differential temporarily fell to its lowest level since 2011. Constant tariff threats from the US and weak domestic demand have delayed hike plans for now, but recent hawkish guidance from BoC suggests that tightening could soon be imminent.
- Markets are pricing in 75% probability for a hike in October, and more than a full hike by December. Together with stronger terms-of-trade, this has supported the outlook for CAD. We still expect broad USD to continue strengthening, but we adjust the USD/CAD forecast profile modestly lower from before.

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USD/CNY – More decline ahead

- **CNY the past month.** USD/CNY has continued lower over the past month from 6.71 to 6.68. The declining trend remains intact.
- **Growth outlook.** GDP growth increased from 4.3% y/y in Q2 to 4.5% y/y in Q3 thus moving into the 4½-5% growth target range of the government. The overall story remains unchanged with a highly unbalanced economy with weak domestic demand, continued housing crisis while exports and investments in certain tech areas remain strong.
- **Monetary policy.** In September, the PBOC cut rates on pledged supplementary lending (PSL) by 25bp and expanded quotas for technology innovation, agriculture and small businesses. These measures came on top of increased pressure on local governments to deploy unused funds for the so-called 'six-networks' infrastructure investments. With these more targeted measures, it is unclear whether China will also cut policy rates and the reserve requirement for banks. It seems less likely after they chose targeted easing over broad easing.
- **FX policy.** PBOC continues to guide USD/CNY lower through the fixing in its managed currency regime. This has been the policy for some time now and we expect the path of gradual decline in the cross to be the preferred policy also over the next year.
- **Flows.** China has a current account surplus of close to 4% of GDP, lifted by a goods trade surplus of close to 7% of GDP driving inflows. Net FDI is negative, though, as inbound FDI has weakened while outbound FDI has increased with Chinese companies increasingly going global.
- **Valuation.** With a trade surplus close to 7% of GDP and a depreciation of the real exchange rate over the past 2-3 years, the CNY looks undervalued.

Forecast: 6.67 (1M), 6.65 (3M), 6.60 (6M), 6.50 (12M)



	1M	3M	6M	12M
Danske Bank	6.67	6.65	6.60	6.50
Consensus	6.68	6.68	6.65	6.59
Forward	6.66	6.63	6.58	6.48

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

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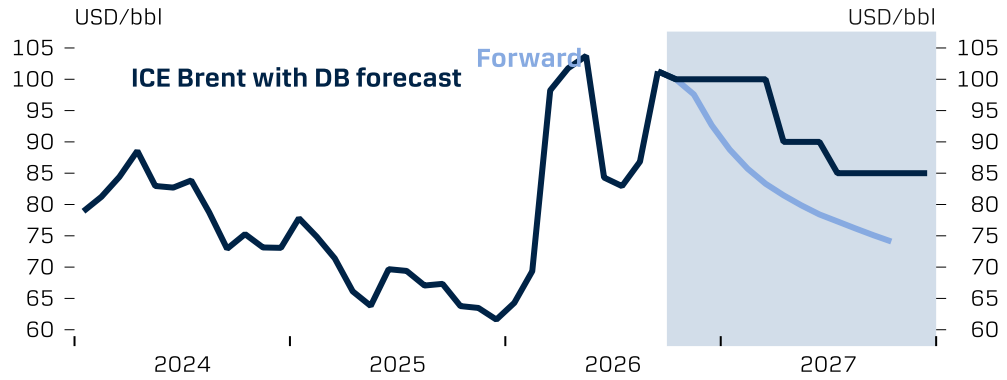
- **Conclusion.** With the declining trend in USD/CNY we roll our forecast of 6.50 in 12 months from 6.60 previously lowering the whole profile from the current level.
- **Risks.** We see risks as broadly balanced, with the main uncertainty to the forecast related to how fast the cross declines rather than the direction of the cross.

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Oil – Deadlock

- **Macro.** The oil market balance remains tight as the supply crisis around the Strait of Hormuz has started to spread, and the market has turned increasingly pessimistic about the prospect of improvements this year. In addition, spare reserves have begun to run low. The US has stopped selling of strategic reserves and there are tentative signs of China also starting to be pressured on its reserves.
- Global oil demand is still holding up despite tightening monetary policy in the US and Europe, which is also adding to the tighter market balance. We expect sound growth in the global economy next year, which should keep global oil demand supported. The USD has strengthened steady amid rising US interest rates and French debt concerns, which eases oil demand.
- Other producers have started to reap the benefits of higher oil prices and increase production. Most notable Venezuela continues to gradually grow production. This effect is nowhere near enough to offset the lost output from the Middle East, but over time the impact would grow.
- Attempts to ease the pressure on the oil product market, e.g. by further release of reserves and suspending sanctions on Russia has so far proved futile.
- **Risks.** A deal to open the Strait of Hormuz and/or a sharply stronger USD would lead to a faster drop in oil prices than what we forecast. Vice versa new disruptions, e.g. to the Saudi East-West pipeline could push prices higher.
- **Conclusion.** We now expect the price on Brent crude to stay around the USD100/bbl level in Q4'26 and Q1'27 and then gradually fall to USD85/bbl during 2027 as we assume a normalisation of supply conditions next year.

Forecast: 100 (Q4'26) 100 (Q1'27) 90 (Q2'27) 85 (Q3'27) 85 (Q4'27)



Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

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Danske Bank FX forecasts vs EUR

G10				Last Update:	20.10.2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs EUR					
EUR/USD	1.12	1.12	1.11	1.10	1.10
EUR/JPY	178	176	173	169	167
EUR/GBP	0.84	0.86	0.87	0.88	0.88
EUR/CHF	0.93	0.93	0.93	0.92	0.91
EUR/SEK	11.12	11.10	11.20	11.30	11.40
EUR/NOK	10.57	10.60	10.60	11.00	11.30
EUR/DKK	7.4742	7.4750	7.4725	7.4700	7.4700
EUR/AUD	1.60	1.62	1.63	1.64	1.64
EUR/NZD	1.98	1.96	1.95	1.96	1.96
EUR/CAD	1.58	1.57	1.57	1.56	1.56
EM					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
EUR/PLN	4.37	4.35	4.30	4.25	4.20
EUR/HUF	364	360	350	340	330
EUR/CZK	24.3	24.3	24.2	24.0	24.0
EUR/TRY	55.7	54.9	57.7	62.7	72.6
EUR/ZAR	18.4	18.3	18.3	18.4	18.7
EUR/CNY	7.51	7.47	7.38	7.26	7.15
EUR/INR	106.4	107.5	107.7	107.8	108.9

Source: Danske Bank

Danske Bank FX forecasts vs DKK

G10				Last Update:	20.10.2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs DKK					
USD/DKK	665.24	667.41	673.20	679.09	679.09
JPY/DKK	4.20	4.25	4.32	4.41	4.47
GBP/DKK	889.99	869.19	858.91	848.86	848.86
CHF/DKK	806.63	803.76	803.49	811.96	820.88
SEK/DKK	67.19	67.34	66.72	66.11	65.53
NOK/DKK	70.72	70.52	70.50	67.91	66.11
EUR/DKK	747.42	747.50	747.25	747.00	747.00
AUD/DKK	465.76	460.51	457.77	454.99	454.99
NZD/DKK	377.96	380.42	383.72	380.29	380.29
CAD/DKK	473.24	476.72	477.45	478.23	478.23
EM					
	Spot	+1m	+3m	+6m	+12m
PLN/DKK	171.17	171.84	173.78	175.76	177.86
HUF/DKK	2.05	2.08	2.14	2.20	2.26
CZK/DKK	30.76	30.76	30.88	31.13	31.13
TRY/DKK	13.41	13.62	12.95	11.91	10.29
ZAR/DKK	40.58	40.95	40.80	40.66	39.95
CNY/DKK	99.60	100.06	101.23	102.89	104.48
INR/DKK	7.02	6.95	6.94	6.93	6.86

Source: Danske Bank

Note: The convention used is 1/100

Danske Bank FX forecasts vs SEK

G10				Last Update:	20.10.2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs SEK					
USD/SEK	9.90	9.91	10.09	10.27	10.36
JPY/SEK	6.26	6.31	6.47	6.67	6.82
GBP/SEK	13.25	12.91	12.87	12.84	12.95
CHF/SEK	12.01	11.94	12.04	12.28	12.53
EUR/SEK	11.12	11.10	11.20	11.30	11.40
NOK/SEK	1.05	1.05	1.06	1.03	1.01
DKK/SEK	1.49	1.48	1.50	1.51	1.53
AUD/SEK	6.93	6.84	6.86	6.88	6.94
NZD/SEK	5.63	5.65	5.75	5.75	5.80
CAD/SEK	7.04	7.08	7.16	7.23	7.30
EM					
	Spot	+1m	+3m	+6m	+12m
PLN/SEK	2.55	2.55	2.60	2.66	2.71
HUF/SEK	3.05	3.08	3.20	3.32	3.45
CZK/SEK	0.46	0.46	0.46	0.47	0.48
TRY/SEK	0.20	0.20	0.19	0.18	0.16
ZAR/SEK	0.60	0.61	0.61	0.62	0.61
CNY/SEK	1.482	1.486	1.517	1.556	1.594
INR/SEK	0.105	0.103	0.104	0.105	0.105

Source: Danske Bank

Danske Bank FX forecasts vs NOK

G10				Last Update:	20.10.2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs NOK					
USD/NOK	9.41	9.46	9.55	10.00	10.27
JPY/NOK	5.95	6.03	6.12	6.49	6.76
GBP/NOK	12.58	12.33	12.18	12.50	12.84
CHF/NOK	11.41	11.40	11.40	11.96	12.42
SEK/NOK	0.95	0.95	0.95	0.97	0.99
EUR/NOK	10.57	10.60	10.60	11.00	11.30
DKK/NOK	1.41	1.42	1.42	1.47	1.51
AUD/NOK	6.59	6.53	6.49	6.70	6.88
NZD/NOK	5.34	5.39	5.44	5.60	5.75
CAD/NOK	6.69	6.76	6.77	7.04	7.23
EM					
	Spot	+1m	+3m	+6m	+12m
PLN/NOK	2.42	2.44	2.47	2.59	2.69
HUF/NOK	2.90	2.94	3.03	3.24	3.42
CZK/NOK	0.43	0.44	0.44	0.46	0.47
TRY/NOK	0.19	0.19	0.18	0.18	0.16
ZAR/NOK	0.57	0.58	0.58	0.60	0.60
CNY/NOK	1.41	1.42	1.44	1.52	1.58
INR/NOK	0.10	0.10	0.10	0.10	0.10

Source: Danske Bank

Danske Bank FX forecasts vs USD

G10				Last Update:	20.10.2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs USD					
EUR/USD	1.12	1.12	1.11	1.10	1.10
USD/JPY	158	157	156	154	152
GBP/USD	1.34	1.30	1.28	1.25	1.25
USD/CHF	0.82	0.83	0.84	0.84	0.83
USD/SEK	9.90	9.91	10.09	10.27	10.36
USD/NOK	9.41	9.46	9.55	10.00	10.27
USD/DKK	6.65	6.67	6.73	6.79	6.79
AUD/USD	0.70	0.69	0.68	0.67	0.67
NZD/USD	0.57	0.57	0.57	0.56	0.56
USD/CAD	1.41	1.40	1.41	1.42	1.42
EM					
	Spot	+1m	+3m	+6m	+12m
USD/PLN	3.89	3.88	3.87	3.86	3.82
USD/HUF	324	324	315	309	300
USD/CZK	21.63	21.70	21.80	21.82	21.82
USD/TRY	49.58	49.00	52.00	57.00	66.00
USD/ZAR	16.39	16.30	16.50	16.70	17.00
USD/CNY	6.68	6.67	6.65	6.60	6.50
USD/INR	94.93	96.00	97.00	98.00	99.00

Source: Danske Bank

Danske Bank FX forecasts vs GBP

G10				Last Update:	20.10.2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs GBP					
GBP/USD	1.34	1.30	1.28	1.25	1.25
GBP/JPY	212	204	199	193	190
EUR/GBP	0.84	0.86	0.87	0.88	0.88
GBP/CHF	1.10	1.08	1.07	1.05	1.03
GBP/SEK	13.25	12.91	12.87	12.84	12.95
GBP/NOK	12.58	12.33	12.18	12.50	12.84
GBP/DKK	8.90	8.69	8.59	8.49	8.49
GBP/AUD	1.91	1.89	1.88	1.87	1.87
GBP/NZD	2.35	2.28	2.24	2.23	2.23
GBP/CAD	1.88	1.82	1.80	1.78	1.78
EM					
	Spot	+1m	+3m	+6m	+12m
GBP/PLN	5.20	5.06	4.94	4.83	4.77
GBP/HUF	434	419	402	386	375
GBP/CZK	28.94	28.26	27.82	27.27	27.27
GBP/TRY	66.38	63.81	66.34	71.25	82.50
GBP/ZAR	21.93	21.23	21.05	20.88	21.25
GBP/CNY	8.94	8.69	8.48	8.25	8.13
GBP/INR	126.69	125.02	123.76	122.50	123.75

Source: Danske Bank

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