

## Danish Economy Has Worst Contraction in Over Half a Decade

By **Peter Levring**

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- Danske Bank says growth to rebound in 4Q on inventory effect
- GDP growth in the second quarter was also revised lower



Exports fell 1 percent in the quarter, while private consumption declined 0.6 percent *Photographer: Freya Ingrid Morales/Bloomberg*

Denmark's economy shrank more than analysts feared last quarter, with preliminary numbers suggesting the country suffered its worst contraction since 2011.

Gross domestic product fell 0.6 percent in the third quarter from the previous three-month period, Statistics Denmark said on Thursday. Output was seen shrinking 0.2 percent, according to a survey of analysts compiled by Bloomberg. Quarterly growth in the second quarter was revised down to 0.6 percent from 0.7 percent, the statistics office said.

### Danish GDP Suffers Worst Contraction Since 2011 Economists had expected a smaller decline

■ Denmark GDP Real QoQ SA





The contraction comes at a time when the Danish central bank is warning that house prices are growing at an excessive rate after about half a decade of negative policy rates. The bank also on Wednesday [said](#) the country's lenders need to strengthen their capitalization as risks are building in the financial sector.

The GDP decline follows a sharp drop in inventories, which reflects companies' efforts to keep up with demand, Danske Bank chief economist Las Olsen said in a note. "We expect a strong rebound in the fourth quarter, but it will probably be hard to reach 2 percent growth for the year, with things as they are now."

Exports fell 1 percent in the quarter, while private consumption declined 0.6 percent, led by a slump in vehicle purchases as Danes awaited the final outcome of lawmaker talks on cutting car taxes. Gross investments fell 2.1 percent, the office said.

The numbers were "a step in the wrong direction, but not yet grounds for concern," Sydbank economist Soren V. Kristensen wrote in a note. "But it's more worrying that exports have now fallen for a third quarter in a row. That's remarkable, given growth in most of our export markets is pretty strong."

— *With assistance by Zoe Schneeweiss*