

Foreword

The Nordic region continues to be the focus of scrutiny across Europe. While other states make tentative steps towards achieving favorable economic conditions, Denmark and Sweden stride ahead, with both countries on the cusp of boasting the oft labelled panacea to fiscal problems - full employment.

After a tough recession, only 4.3 percent of Danes are currently without a job, while in Sweden the figure is 6.6 percent, with a trajectory that places it nearer the six percent zone within the next two years. Sweden has also now broken the European record for the highest employment rate of people aged 20-64. Elsewhere, in Norway, the enduring impact of oil industry decline may be easing as latest figures show a dramatic reduction in unemployment figures since they peaked in January 2016. And in Finland, modest economic recovery has also coincided with a stabilising job market.

While these data are undoubtedly positive they do come with a warning, in that labour shortages resulting from full employment could stifle economic growth. This is particularly troublesome in Denmark where the demand for skills across multiple sectors is accelerating at a speed which may soon outstrip supply. Attempts will need be made to avoid a repeat of the situation ten years ago, where a damaging period of high inflation followed record levels of unemployment. Still, as it stands, the Danish economy looks set to hit two percent for a consecutive year and its strongest since the global financial crisis.

Similarly, in Sweden, higher capital investment and export activity, together with strong business productivity, will likely see growth forecasts of around three percent being met. Though variable inflation and rising debt has impacted consumer spending. And high levels of debt in Norway are already leading to concerns that the Norwegian economy may become constricted.

The next twelve months will certainly be interesting and we hope the perspectives offered in our 2017 report are useful within this context. Should you have further questions, please do not hesitate to contact a member of our team who will be more than happy to clarify any of the information presented.