

OECD ECONOMIC OUTLOOK

Det Politisk-Økonomiske Udvalg  
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 Offentligt

DENMARK

Despite the ending of the house price boom and the recent slowdown in consumer spending, GDP is growing faster than its potential rate, driven by export and investment demand. Capacity constraints and labour shortages are becoming ever more pronounced, accentuating the risk of overheating.

Although short-term interest rates are rising, the combination of monetary conditions and fiscal policy has failed to contain aggregate demand. Public service improvements must be implemented gradually and, for 2008, spending increases in one area must be mirrored by savings elsewhere. Efforts to expand labour supply should continue.

Denmark: Demand, output and prices

	2003	2004	2005	2006	2007	2008
	Current prices DKK billion	Percentage changes, volume (2000 prices)				
Private consumption	666.9	4.7	4.2	3.4	1.9	1.6
Government consumption	371.2	1.6	1.1	1.2	1.6	1.1
Gross fixed capital formation	269.8	5.6	9.6	11.1	6.7	3.6
Final domestic demand	1 308.0	4.0	4.4	4.5	2.9	2.0
Stockbuilding <sup>1</sup>	5.1	0.1	-0.1	0.4	0.1	0.0
Total domestic demand	1 313.1	4.1	4.3	4.9	3.1	1.9
Exports of goods and services	635.7	2.2	7.2	9.6	5.8	5.3
Imports of goods and services	548.1	6.9	10.7	14.0	8.2	5.9
Net exports <sup>1</sup>	87.5	-1.7	-1.0	-1.5	-1.0	-0.2
GDP at market prices	1 400.7	2.1	3.1	3.2	2.2	1.7
GDP deflator		2.0	3.2	2.2	2.4	3.0
<i>Memorandum items</i>						
Consumer price index		1.2	1.8	1.9	1.8	2.6
Private consumption deflator		1.5	2.2	2.1	2.5	2.6
Unemployment rate <sup>2</sup>		5.5	4.8	3.9	3.4	3.5
Household saving ratio <sup>3</sup>		1.1	-2.5	1.9	3.0	3.4
General government financial balance <sup>4</sup>		1.9	4.6	4.2	4.3	3.7
Current account balance <sup>4</sup>		2.4	3.8	2.4	1.8	1.8

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see OECD Economic Outlook Sources and Methods. (<http://www.oecd.org/eco/sources-and-methods>).

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column

2. Based on the Labour Force Survey, being 0-¼ percentage point below the registered unemployment rate.

3. As a percentage of disposable income, net of household consumption of fixed capital.

4. As a percentage of GDP.

Source: OECD Economic Outlook 81 database