

DENMARK

The Danish economy is currently experiencing its worst recession in over four decades. The downturn, which started with the unwinding of the property boom, has now been compounded by the trade and financial effects of the global economic crisis.

The capacity pressures evident in recent years have disappeared and economic slack is widening. There would be scope for additional fiscal policy stimulus in 2010. Monetary policy should be eased in line with policy in the euro area and as foreign exchange market conditions allow.

Denmark: Demand, output and prices

	2005	2006	2007	2008	2009	2010
	Current prices DKK billion	Percentage changes, volume (2000 prices)				
Private consumption	745.1	4.4	2.4	-0.1	-2.3	0.5
Government consumption	402.5	2.1	1.3	1.1	1.5	1.0
Gross fixed capital formation	301.6	13.5	3.1	-3.6	-8.3	-3.2
Final domestic demand	1 449.3	5.7	2.2	-0.6	-2.6	-0.1
Stockbuilding ¹	20.2	-0.3	-0.3	0.1	0.0	0.0
Total domestic demand	1 469.5	5.3	1.9	-0.5	-2.9	-0.1
Exports of goods and services	757.0	9.1	2.2	2.2	-12.8	0.5
Imports of goods and services	681.2	13.9	2.8	3.7	-11.1	0.0
Net exports ¹	75.8	-1.7	-0.2	-0.7	-1.1	0.2
GDP at market prices	1 545.3	3.3	1.6	-1.1	-4.0	0.1
GDP deflator	–	2.0	2.0	4.3	1.9	2.3
<i>Memorandum items</i>						
Consumer price index	–	1.9	1.7	3.4	1.3	1.5
Private consumption deflator	–	1.9	1.8	3.1	1.3	1.4
Unemployment rate ²	–	3.9	3.6	3.3	6.0	7.9
Household saving ratio ³	–	0.4	-1.0	0.6	5.0	5.0
General government financial balance ⁴	–	5.0	4.5	3.4	-2.4	-4.1
Current account balance ⁴	–	2.9	0.7	2.0	1.5	2.5

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 ½-1 percentage point above 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 85* database.