

Danish recession has started

The economic downturn in Denmark continues, and the expectations to the future growth are at the lowest level in the last four years. The top executives expect a growth at 0,5 percent, and the majority expects that the economic situation will worsen further in the next six months.

The growth expectations are pulled down by a declining domestic market, there by no means has fulfilled the expectations at the turn of the year. Therefore more than a fourth has been necessary to readjust their budgets for the first half of 2008. For the first time in five years the businesses experience a declining numbers of orders and there seems to be no belief in changes the next six months.

However there is no sign that the pressure is taken off the scorching labour market. The majority of the top executive continues to expect to hiring new employees the next six month and nearly 7 out of 10 have problems attracting the right kind of employees. The massive pressure on the payments combined with raising interest rates and record-breaking oil- and commodity prices puts the business's bottom line under a huge pressure. Besides that the business's for the second quarter in row fights with overcrowded stocks.

Declining demand at the domestic markets...

Historic low growth expectations

The future economic growth in Denmark is under a lot of pressure and for the sixth times the Danish top executive readjusts their expectations to the growth.

The period with slow growth will continue

A growth at 0,5 percent. That is what the top executive expects for the coming quarter. A growth forecast there is not seen so pessimistic in four years. Decline and readjustments on all of the economic factors are reported, and the majority expects that the future economic situation will be even worse.

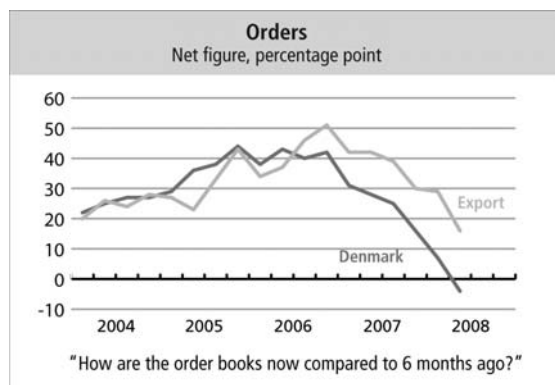
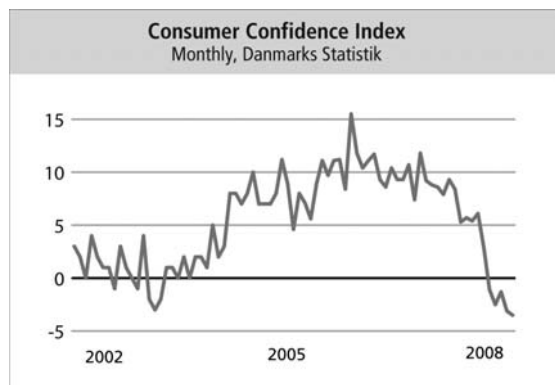
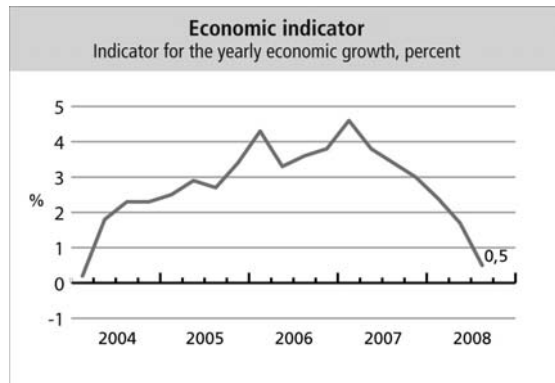
It is still the decline in private consumption there is the main reason to the economic recession. The global crisis with raising interest rates and commodity prices, a record-braking oil price and a general tried situation at the American market, seems to make the consumers even more nervous about the future economic situation. This has sent the consumer confidence down at the lowest level since 2003, where Danish economic was at the bottom of the latest economic slump.

The export-train has stopped

The fact that the Danish consumers are limited in their consumptions possibilities appears clearly from the numbers of new orders. For the first time in five years the top executives reports about a falling numbers of orders from the domestic markets.

In previous down-periods the Danish economic has been able to generate growth by utilizing the growth at the export markets. Unfortunately this do not seems to be possible as the picture is now.

The recession in USA, lower growth in the Euro area and a weak competitiveness caused by the decline in the pound and dollar makes it very difficult for the Danish export situation. The present situation host to a tighten price competition. Less reports about a raise in the numbers of new orders and the sales prospects is readjusted down for the fourth time.



... brings down the earnings

Has the oil price reached the top?

So far the dramatic fall in the dollar has brought a discount on the record-braking oil price; anyway the limit is near for the Danish consumers. The bill for electricity, heat and liquid to the car has huge consequences for the Danish families, there already are hurting by increasing interest rates and raising commodity prices.

A price at more than 100USD per barrel was by many interpreted as been unrealistic for only a year ago. Now the reality is so that the oil price in the middle of June reached 135USD, and 20 percent of the top executives believes that the oil price per barrel will reach 200USD within the ending 2008.

The intimidation from raising inflation

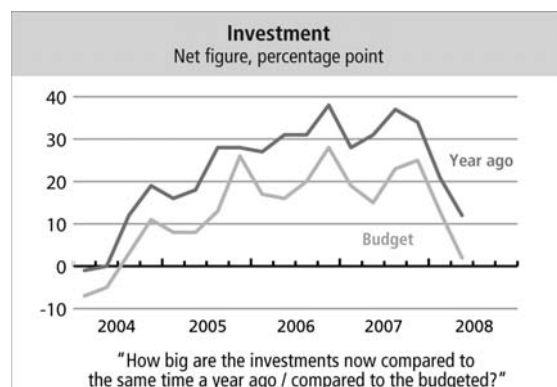
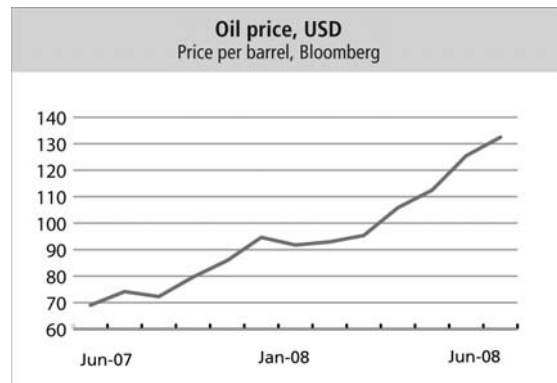
The raising prices caused by the increasing oil and commodity are a threat there must be taken serious. It must be expected that the current inflation there is fare from the inflation target at 2% will lead to raising interest rates and thereby limits the consumption even further.

With record-braking employment and business's there still fights for the qualified employees are there no signs in that the present situation will tend towards the seventies oil crisis' where the world economic was hurting by increasing prices combined with a falling growth.

Pressure on the earnings

Increasing input prices and raising competition for the customers puts pressure on the business's profits. Compared with last year the Danish leaders have not been able to increase the earnings, which are in direct opposition to the latest seventeen's quarters, where the business's time after time reported about a increase in the earnings.

Pressure earnings and pessimistic prospects have influenced the inclination to invest. There is still an increase in the investments, but the growth rate is significantly declining and for the first time in four years is the investment level within the budgeted frame.



MANUFACTURE

Growth 3rd-quarter 2008: + 0, 4 %

The growth turns down for the sixth time

This is the sixth consecutive quarter that Danish business downgrades the expectations for the coming growth. The growth level is back as before the boom started - the growth expectations is at 0.4 percent.

Order stagnation

For the first time since the boom began the majority reports about a declining numbers of orders from the domestic markets. Also regarding the future sales prospects the top executives expects a downward economic trend. Concerning the future sales prospect at the domestic markets the majority expects a negative trend.

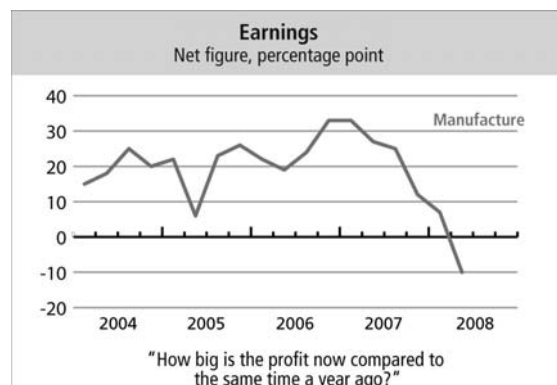
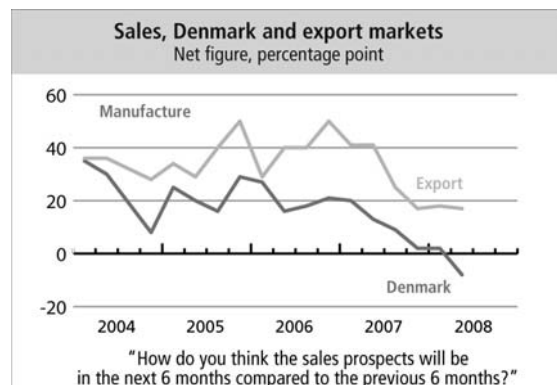
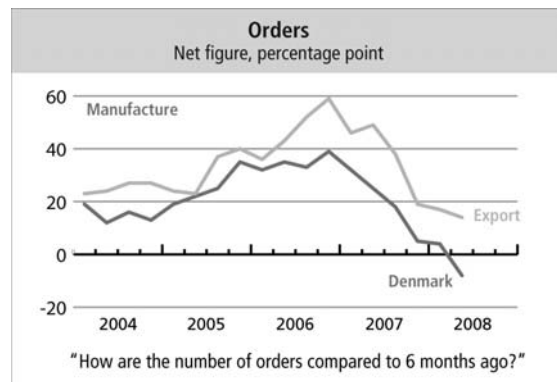
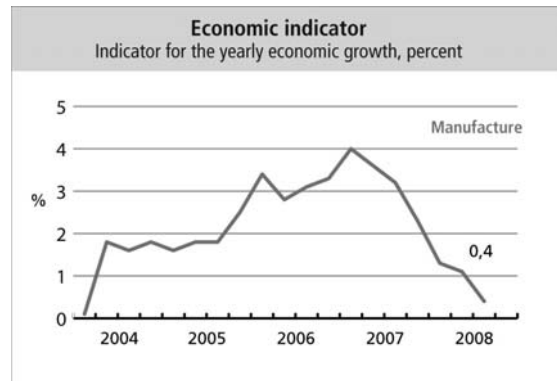
With a reduced numbers of orders 29 percent of the leaders have been forced to adjust the budget down, and also regarding the investments is the leaders cautious. More than one fourth reports about a falling investments level compared with last year.

Export can not rescue the growth

The manufacture has by several occasions' ensured growth by increasing sales prospect at the international markets. This seems unfortunately not to be the case this time.

A strong Danish crone, increasing interest rates, a global declining – carried by the situation in USA – will worsen the Danish competitions and thereby also the export. The top executive's reports about fewer new orders from the export markets and the expectations are that this also will be the picture for the next six months.

A majority at 10 percent experience – compared with last year – a falling profit, and the leaders in manufacture are looking ahead of tough's times. The economic buffer is used, increasing interest rates and payments decline the competitions, the export is failing, the domestic market carry the stamp of recession, which gets ever fifths to expect an even worse situation in six months.



CONSTRUCTION

Growth 3rd-quarter 2008: + 0, 3 %

Unchanged expectations in construction

For the third quarter in row are the growth expectations in construction only marginal larger than zero. And nobody expects the situation to be any different in six months.

New orders is in short supply

There is agreement about the situation among the leaders in the constructions business. The coming markets conditions will be worse than the present, and all the economic factors support that conclusion.

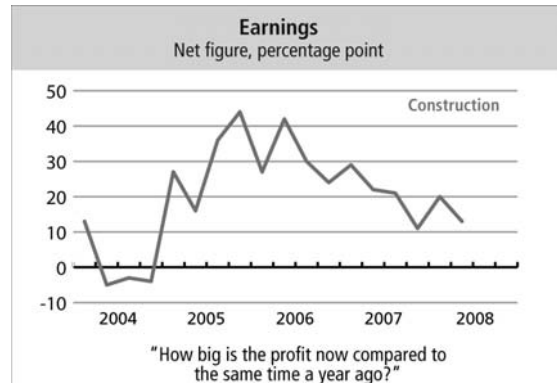
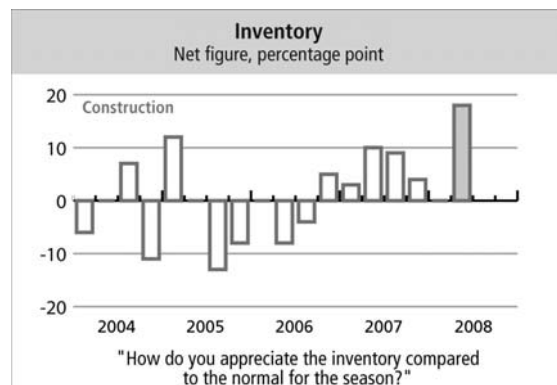
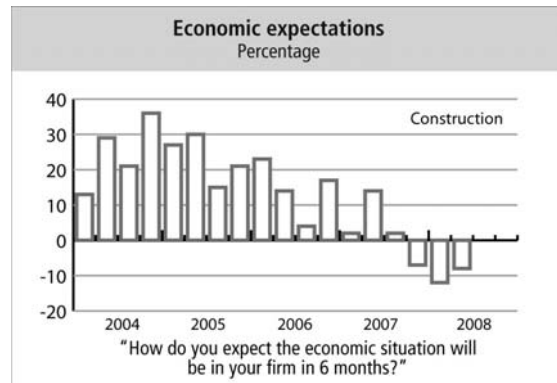
The sector still suffers from a declining numbers of orders caused by the growing pressure on the Danish housing market. The declining house prices and higher financing cost has brought the new building to an end, and the business's has been forced to find other and smaller assignments. Renovations tasks at private households would be a clear case, but at the present time it has not been sufficient to maintain the level of activity.

The reported fall in the numbers of orders is declining compared to the previous quarter, and an explanation could be that the summer is here, which normally means more outdoors projects.

The consequence is widespread

The economic poorly period gets nearly one third of the construction leaders to readjust the budget for first half-year of 2008 down. This is the highest share since the recession in 2003, and indicates a sector in decline. Among those who had adjusted the budget is it for 44 percent caused by changed conditions in Denmark.

The declining domestic demand appears clearly from the raising inventory. A majority at 18 percent evaluate the inventory as being to big in proportions to the normal for the season. This is the highest share in ten years. In defiance of they many challenges the sector have, is there still a massive majority there can presents an improved bottom line. So fare the sector seems ready to the future period of recession.



TRANSPORT

Growth 3rd-quarter 2008: + 0,1 %

The transport sector setbacks

The transport sector is hurting a lot from the record-breaking oil- and commodity prices, and the expectations to the futuring growth are at the lowest level since 2002.

The earnings is hurt

At land, at sea and in the air the increasing oil prices have increased the cost of chartering goods and people around the world. Which has been especially expensive for this sector.

They increasing costs combined with a domestic decline hurts the sector very hard – especially at the bottom line. Nobody experience raising earnings and the tend points through even weaker economic times with falling profit rates.

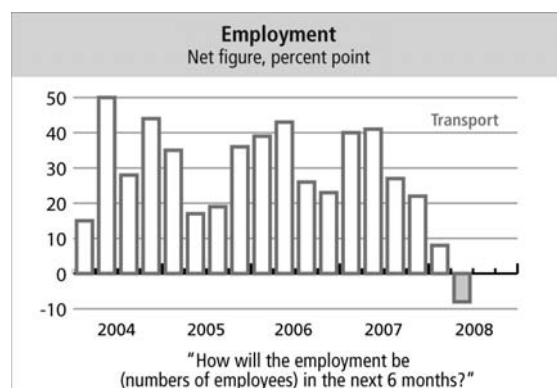
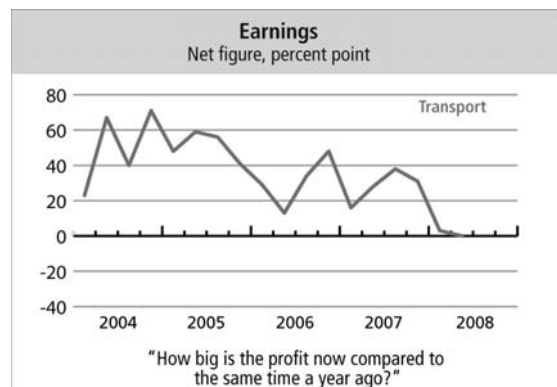
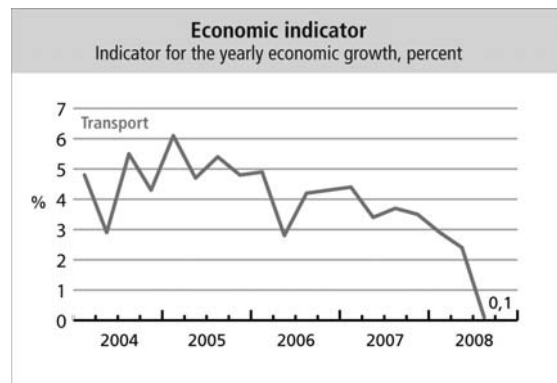
No sight at improvement

Regarding the economic prospect are there no sign of clearing. Nearly one fourth expects that the economic situation will be even worse in six months. The pessimistic is caused by a falling numbers of orders from domestics and foreign markets.

The fact that the sector do not expect that the situation will be any better at the time appears also from the sales prospects. The majority assess the sales prospects at the domestic markets to be smaller for the next six months.

In a sector at drastic decline firing is inevitable. The majority of the leaders expect therefore to be necessary to sack employees in the next six months.

In defiance of the expected firings the sector still experience problems by attracting qualified employees. It is reasonable to believe that the economic boom has made it possible for unemployed workers to enter the labour market. They are not necessary top qualified and it is likely that it is them there now loses there job, where the situation has changed.



TRADE

Growth 3rd-quarter 2008: -0,1 %

Negative growth expectations

The decline at the domestic economy combined with a huge vulnerability towards the commodity prices caused that the sector occupies at bottom place in Danish economy.

The domestic market has failed

A majority at nearly 10 percent of the business's in the trading sector reports of a fall in the numbers of orders in the last six months. Thereby is the present development significant different from the expectations at the turn of the year, where the majority prophesied progress in the first half year. This has forced 3 out of ten to adjust the budget for the first six months down.

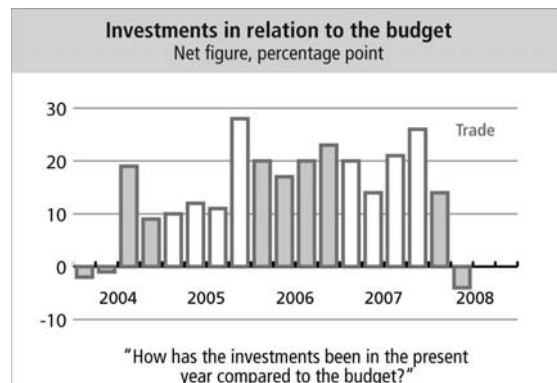
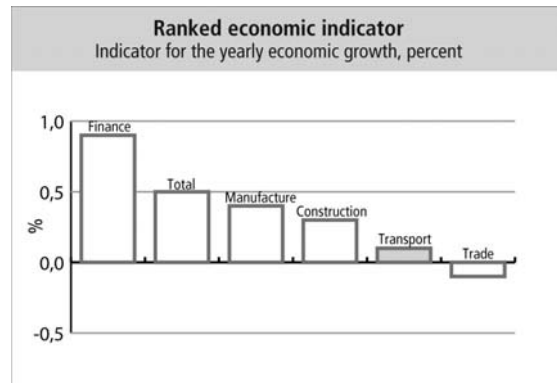
The disappointing development is mainly a result of failed demand at the domestic market, while the export markets more or the less has reached the expectations. Global conditions have had an affect and to third of the business's indicate that the commodity prices had has some or big influence at the interim accounts.

The growth at the domestic markets is gone smaller and smaller in the last year, but this is the first time where the sector has a negative growth rate. The trading businesses are not the only ones who experience a fall-off in the quarter, but it is the sector that hurts the most.

No turn in the future

The business's in the trading sector expects that the declining sales prospects at the domestic markets will continue at least for six months more. The top executives expect that the growth at the international markets will remain the rest of the year; even through the optimism is at return.

The future prospects have already affected the investments level. The majority have at the present time invested less than budgeted. The lack of investments desire is also a result of the reduced bottom line at the businesses. After seventeen's quarter with constant progress is the situation now different - the top executives report of status quo.



FINANCE

Growth 3rd-quarter 2008: + 0,9 %

The party is over

Financial turbulence at the global markets and a domestic decline puts a conspicuous touch at the expectations to growth, employment and earning the next six months.

Pessimistic growth expectations

A majority at nearly 10 percent of the business's in the trading sector reports of a fall in the numbers of orders in the last six months. Thereby is the present development significant different from the expectations at the turn of the year, where the majority prophesied progress in the first half year. This has forced 3 out of ten to adjust the budget for the first six months down.

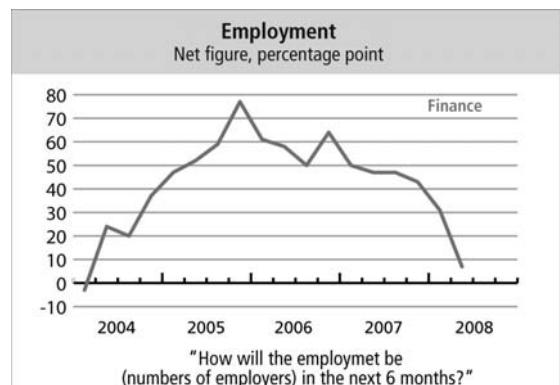
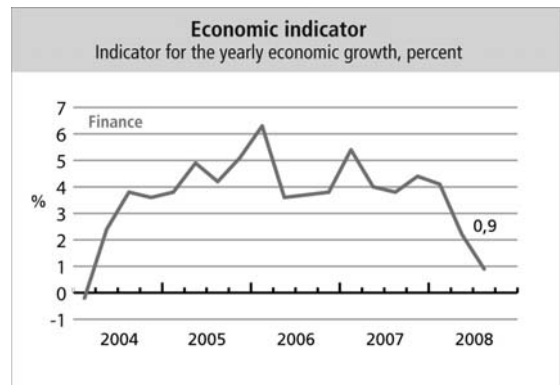
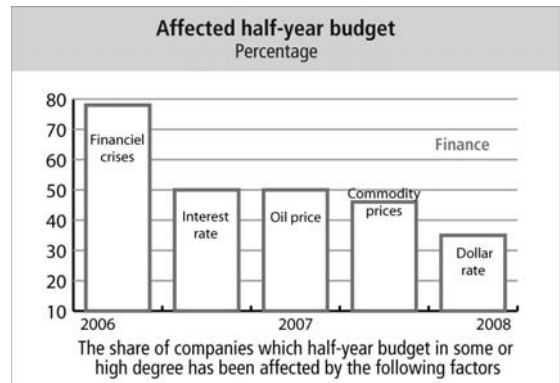
It is not only the budgets there are readjusted – also the growth. 2007 was a great year for the Danish finance and insurance companies, but now the reality is quite different. The growth expectations for the next quarter is at 0,5 percent, which is the lowest level since 2003 and is a fall at 3 percentage point compared to a year ago.

Less presents profit

They reduced growth expectations are partly caused by the fact that fewer can present profit, and thereby is the foundation for future growth on standby. The forecast that the slowdown at the estate market and the global crisis's will hurts the banks earnings is now a reality. Only 1 percent has generated profit compared with last year.

The previous years hunt at qualified employees is now replaced by firing. 20 percent of the leaders in the finance and insurance sector expect to sack employees in the next six months. The majority still expects to hiring, but the trend is clear; the sector sees at a new reality.

A reality there will be characterized by significant lower growth end profit, a dramatic change in the light of the last couples of years.



Sector statistic

Economic expectations: Manufacture					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	13	9	2	2	-8
Expected marked sale, EU	42	27	20	18	19
Expected marked sale, Global	39	21	12	19	13
Orders, Denmark	25	18	5	4	-8
Orders, Export	49	38	19	17	14
Employment expectations	28	14	4	7	4
Earnings	27	25	12	7	-10
Investment compared to the year before	32	31	27	17	8
Investment compared to the budget	6	11	15	6	4
Inventory	5	8	10	12	8
Economic indicator	3,2	2,3	1,3	1,1	0,4

Economic expectations: Construction					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	11	0	-26	-21	-11
Expected marked sale, EU	6	25	22	13	0
Expected marked sale, Global	25	9	13	9	0
Orders, Denmark	6	-3	-6	-19	-7
Orders, Export	13	26	24	38	0
Employment expectations	33	18	-11	9	3
Earnings	22	21	11	20	13
Investment compared to the year before	22	14	22	9	16
Investment compared to the budget	21	16	26	12	1
Inventory	10	9	4	0	18
Economic indicator	2,4	1,4	0,3	0,2	0,3

Economic expectations: Transport					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	31	20	3	11	-14
Expected marked sale, EU	33	29	33	42	9
Expected marked sale, Global	29	42	23	40	33
Orders, Denmark	50	15	8	3	-14
Orders, Export	41	38	38	59	14
Employment expectations	41	27	22	9	-8
Earnings	28	38	31	3	0
Investment compared to the year before	26	40	42	26	5
Investment compared to the budget	16	30	33	-3	-14
Inventory	-	-	-	-	-
Economic indicator	3,7	3,5	2,9	2,4	0,1

Sector statistic

Economic expectations: Trade					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	16	19	14	3	-16
Expected marked sale, EU	39	29	26	25	7
Expected marked sale, Global	39	27	29	30	6
Orders, Denmark	23	36	27	8	-9
Orders, Export	39	42	40	36	18
Employment expectations	34	30	30	14	3
Earnings	36	30	34	13	0
Investment compared to the year before	24	31	27	26	7
Investment compared to the budget	14	21	26	14	-4
Inventory	12	9	15	18	17
Economic indicator	3,2	3,2	3,0	1,9	-0,1

Economic expectations: Finance					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	28	9	4	11	5
Expected marked sale, EU	33	44	47	26	-2
Expected marked sale, Global	13	10	17	19	14
Orders, Denmark	23	21	41	14	11
Orders, Export	39	67	75	35	10
Employment expectations	47	47	43	31	7
Earnings	53	60	17	9	1
Investment compared to the year before	41	52	49	17	20
Investment compared to the budget	25	39	35	17	9
Inventory	-	-	-	-	-
Economic indicator	3,8	4,4	4,1	2,2	0,9

Economic expectation: General services					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	-	-	-	12	-5
Expected marked sale, EU	-	-	-	12	-11
Expected marked sale, Global	-	-	-	22	-4
Orders, Denmark	-	-	-	12	-2
Orders, Export	-	-	-	38	0
Employment expectations	-	-	-	27	33
Earnings	-	-	-	8	16
Investment compared to the year before	-	-	-	31	33
Investment compared to the budget	-	-	-	26	22
Inventory	-	-	-	-	-
Economic indicator	-	-	-	2,3	1,0

Sector statistic

Economic expectations: Knowledge services					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	-	-	-	11	14
Expected marked sale, EU	-	-	-	17	32
Expected marked sale, Global	-	-	-	24	31
Orders, Denmark	-	-	-	23	16
Orders, Export	-	-	-	37	34
Employment expectations	-	-	-	32	16
Earnings	-	-	-	35	20
Investment compared to the year before	-	-	-	29	11
Investment compared to the budget	-	-	-	19	4
Inventory	-	-	-	-	-
Economic indicator	-	-	-	2,8	2,2

Economic expectations: Information, communication and technology					
Net figure: the percentage of positive responses subtracting from the percentage of negative responses					
	2nd- quarter 2007	3rd-quarter 2007	4th-quarter 2007	1st-quarter 2008	2nd- quarter 2008
Expected marked sale, Denmark	-	-	-	25	8
Expected marked sale, EU	-	-	-	35	10
Expected marked sale, Global	-	-	-	38	24
Orders, Denmark	-	-	-	31	0
Orders, Export	-	-	-	32	30
Employment expectations	-	-	-	46	42
Earnings	-	-	-	11	16
Investment compared to the year before	-	-	-	22	11
Investment compared to the budget	-	-	-	28	8
Inventory	-	-	-	-	-
Economic indicator	-	-	-	3,3	1,7

Facts about the survey

Each quarter Greens Analyseinstitut (Greens Institute of Market Research) makes an economic survey for the business daily Børsen among the executives of the major Danish businesses.

Method

The economic survey is based on a questionnaire survey among businesses with at least 35 employees or an annual turnover of at least DKK 50 million. The businesses are picked out of Greens database of limited companies.

The questionnaire is sent by mail to the selected businesses. It is possible to reply by letter or on the internet. Two weeks later they receive a reminder.

The questionnaire contains both a number of recurring questions about the current economic situation and a number of questions about one or more topical themes on the agenda of the executives.

Responses

The present survey was carried out in the period May 19 to June 13, 2008, among 2685 businesses. 805 businesses responded to the questionnaire either electronically or by letter which resulted in a response rate of 30.

The businesses which responded to the questionnaire represent a turnover of about DKK 40 billion and employ about 250,000 persons. This corresponds to about 30 per cent of Denmark's total BNP and 14 per cent of the private sector employees.

Net figures

The net figures of the economic survey are found by subtracting the percentage of positive responses from the percentage of negative responses. Thus the net figure 20 is found by subtracting 5 per cent negative responses from 25 per cent positive responses.

The economic indicator

The composite economic indicator which is calculated by Greens Analyseinstitut for the daily Børsen provides an indicator for the GNP growth and thus for the total economic activity in Denmark in the subsequent quarter.