

Economic outlook and the effects on the lumber market!

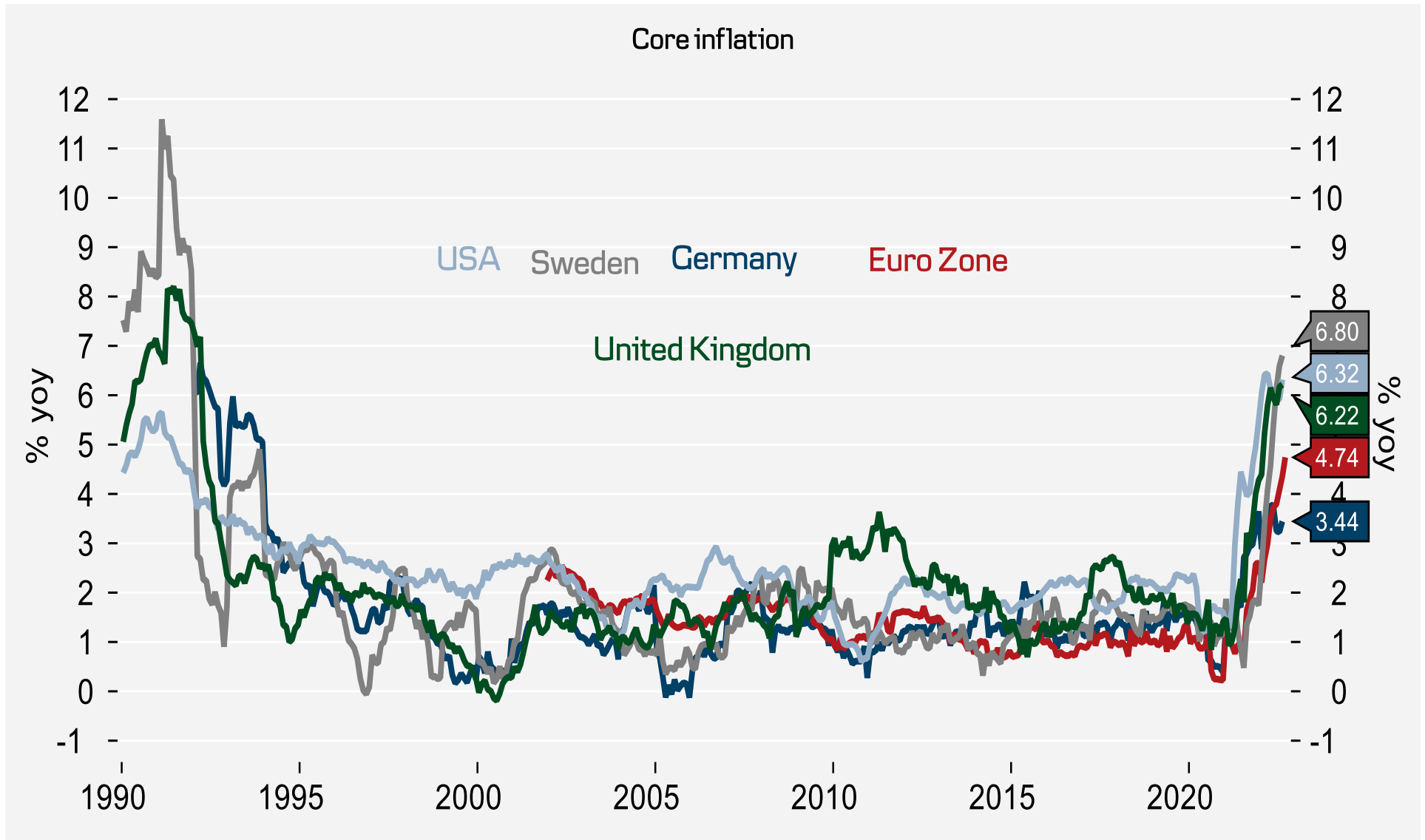
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Danske Bank

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www.danskebank.com/CI

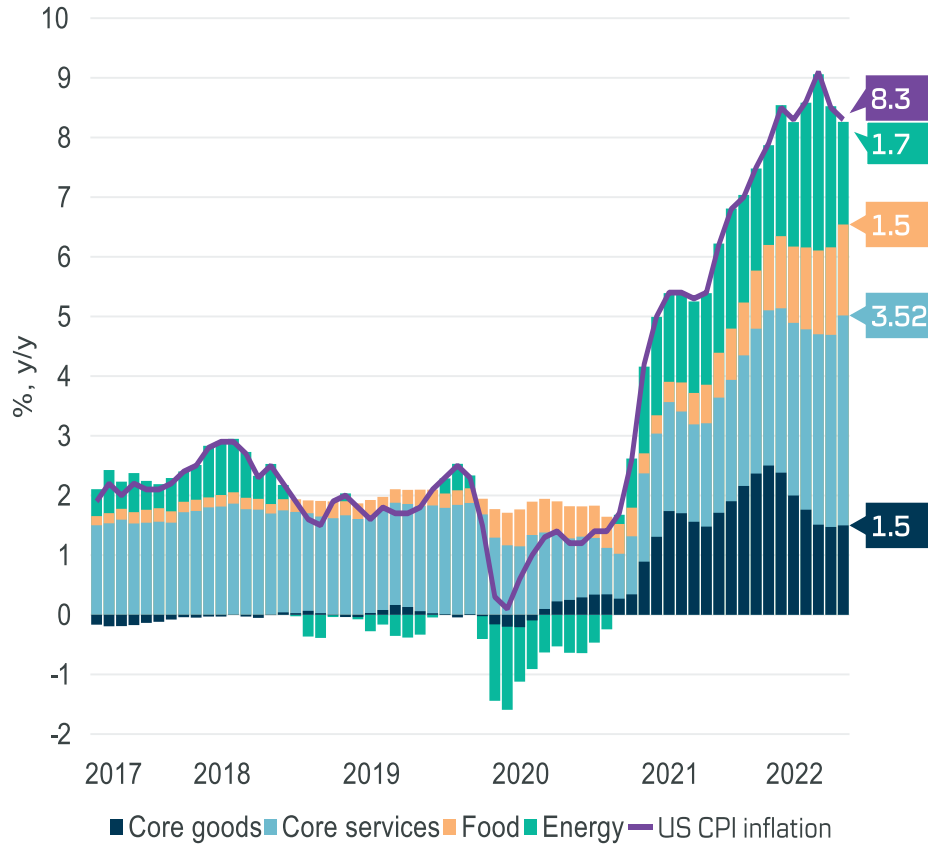
Important disclosures and certifications are contained from page 9 of this report.

Inflation shock – the worst in 30 – 40 years!



High inflation in Europe and USA - for different reasons

US inflation driven by demand – peaked now

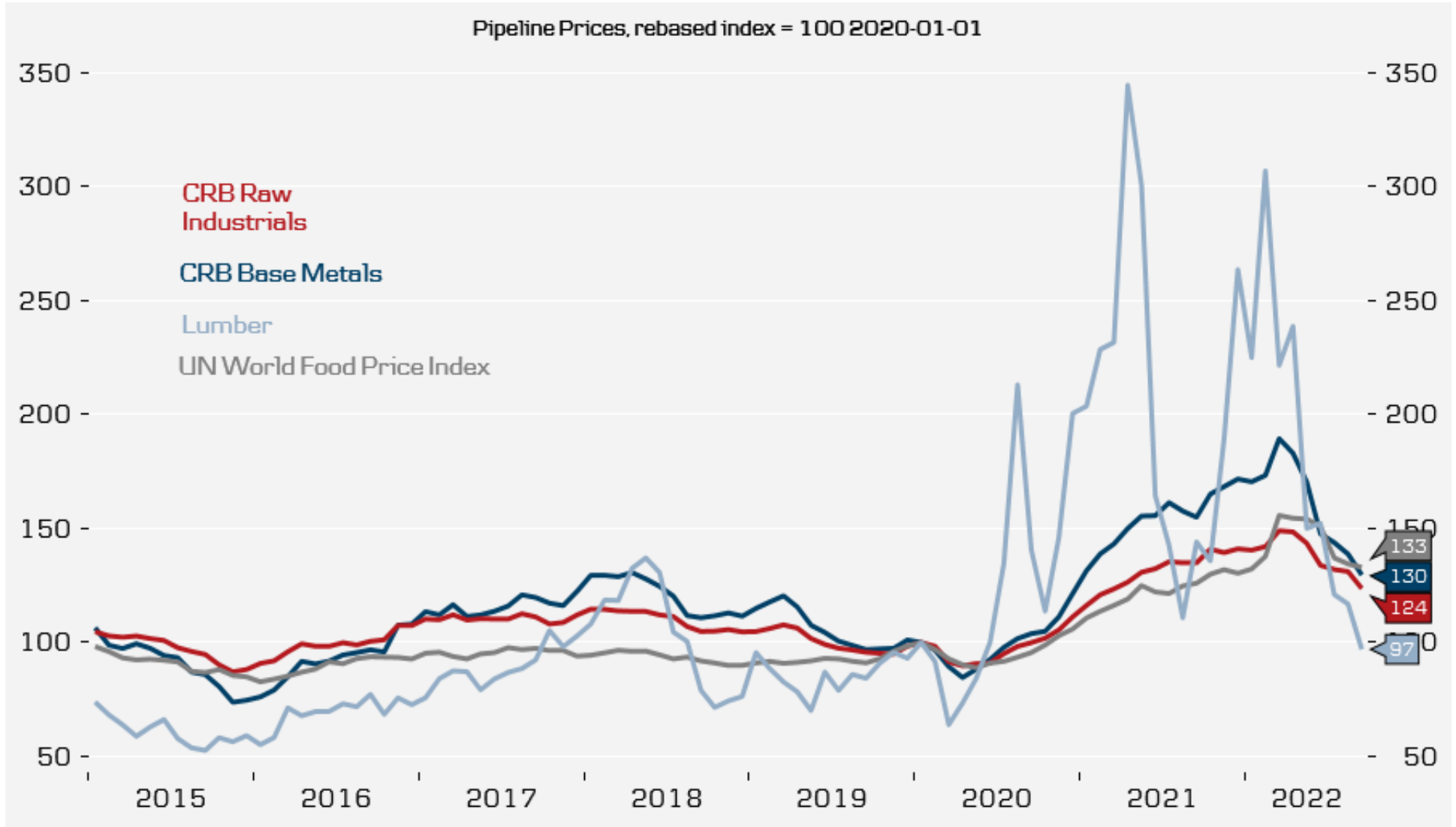


European inflation driven by supply – double digit before winter



Can lumber predict the inflation?

Commodity price index Pipeline prices rebased 2020-01-01



Source: Macrobond

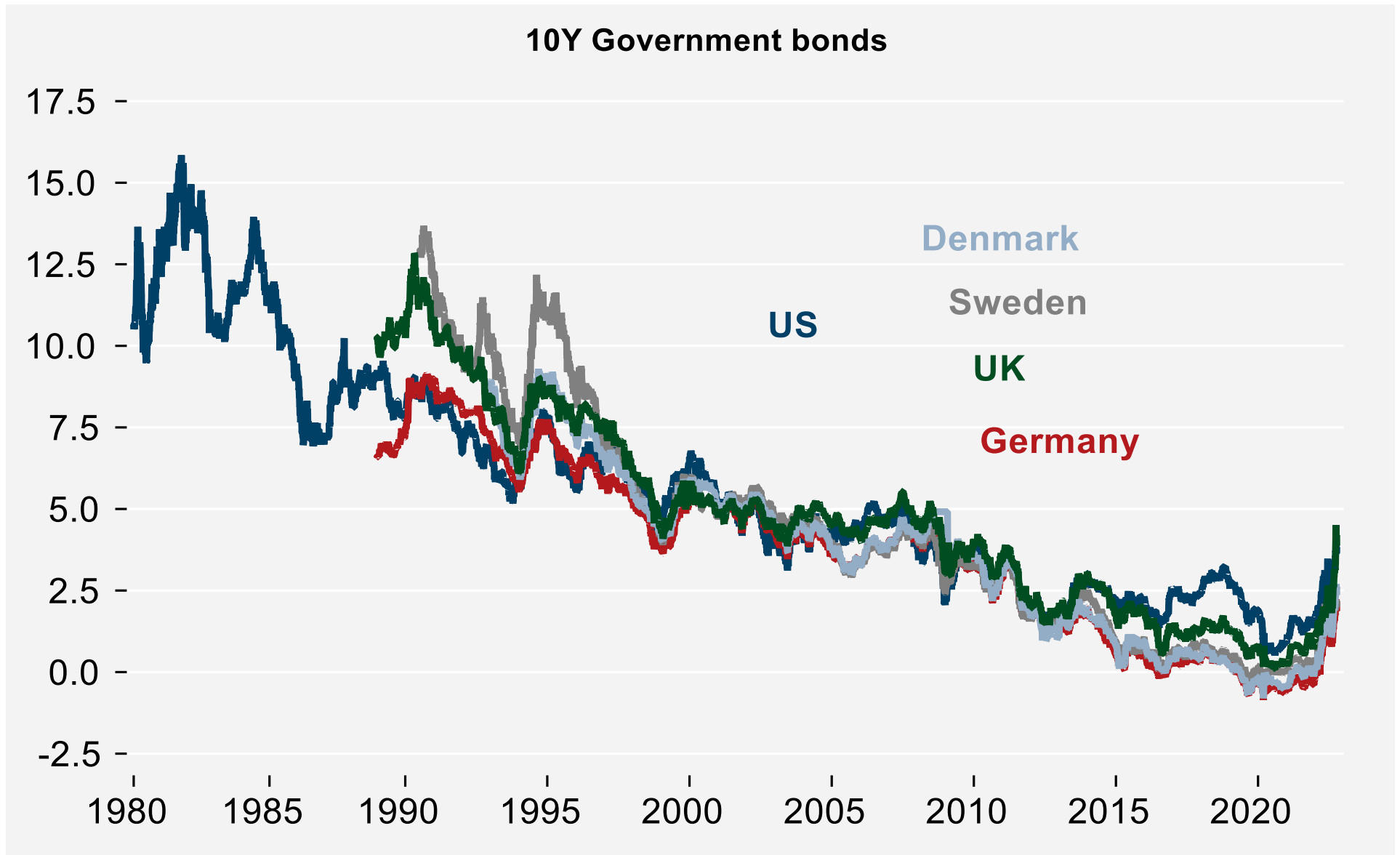
Yields up after summer vacation

10y government bond yields



Source: Thomson Reuters
Historical returns are no guarantee of future returns – returns may be negative

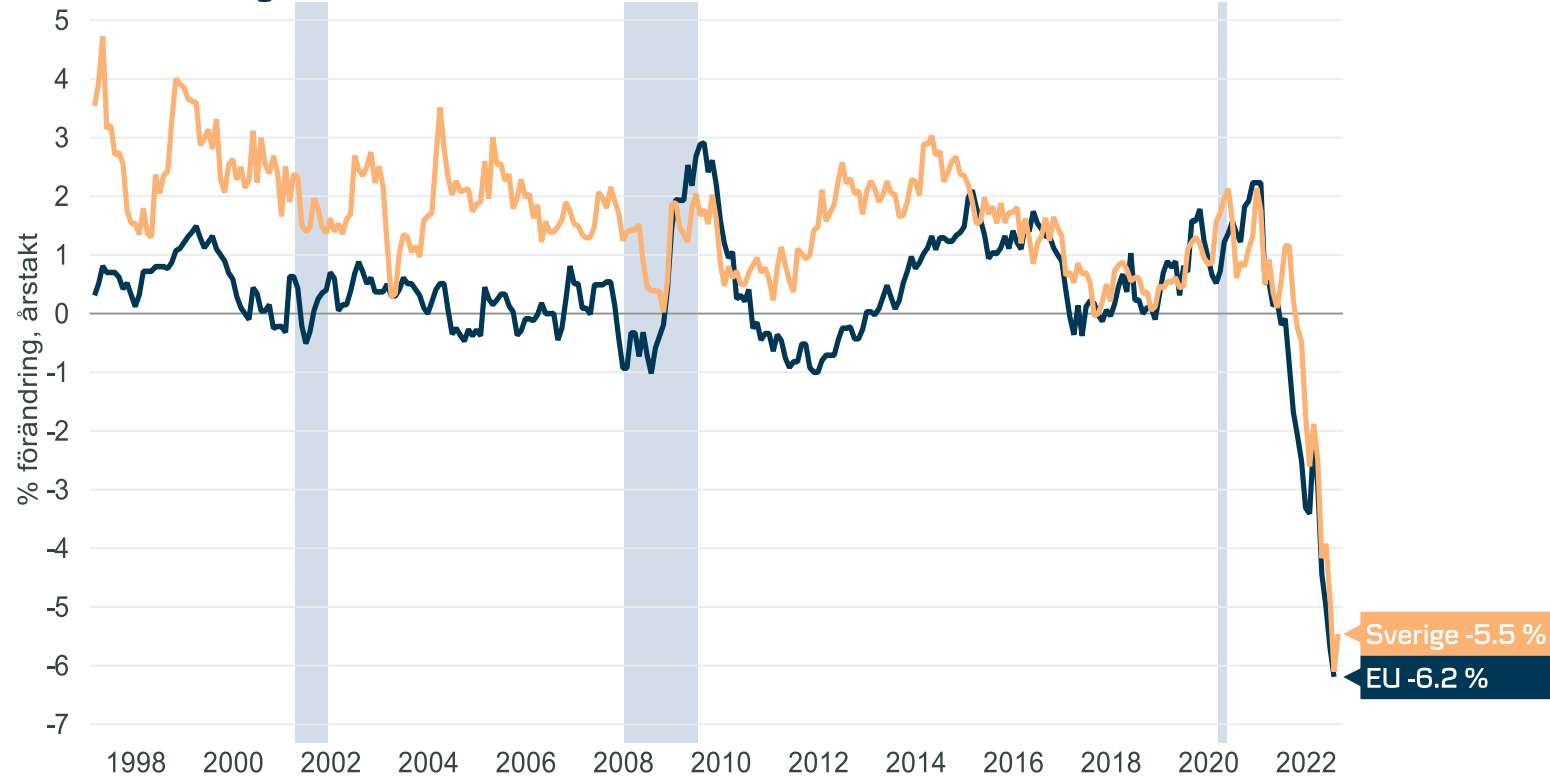
10 year Government bonds in 42-years 1980 - 2022



Source: Macrobond

Inflation shock gives real wage incom ploungue – biggest in 30 + years

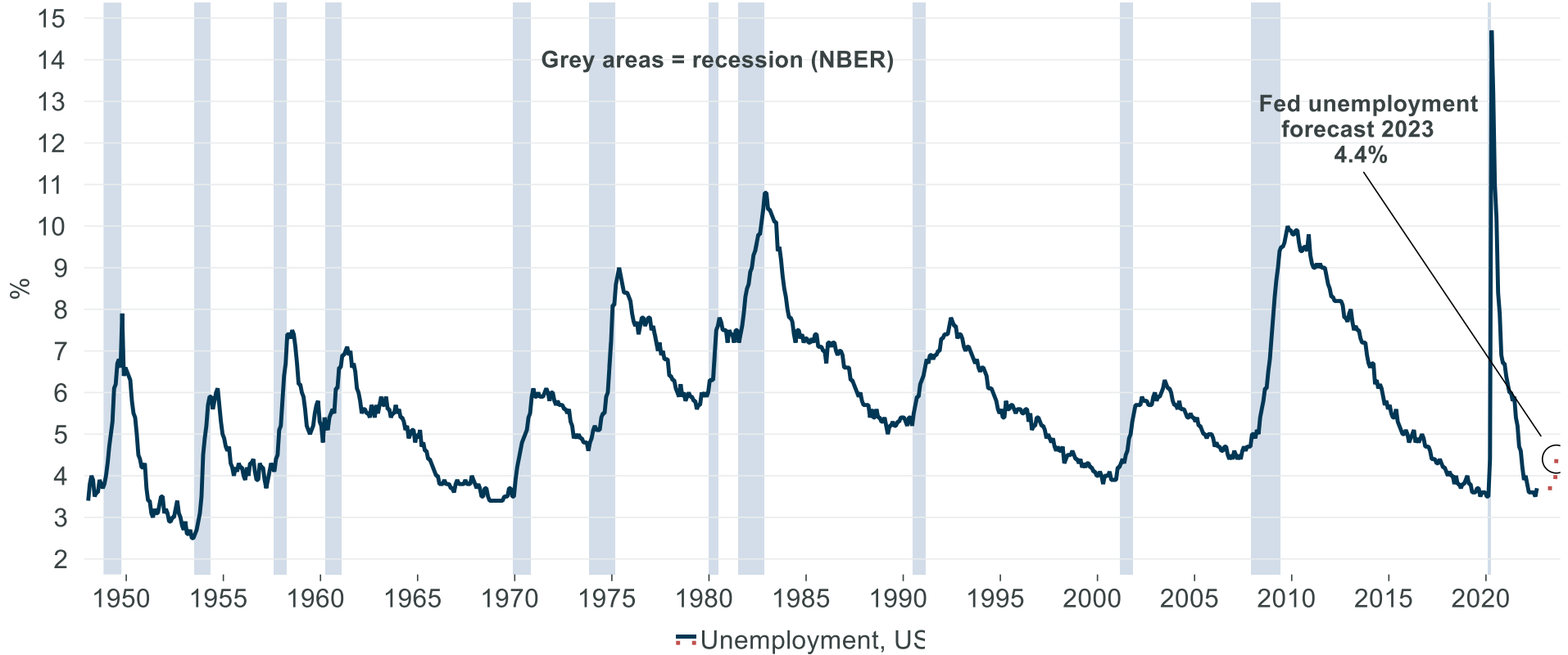
Reallöneutveckling i årstakt, %



Source: Macrobond
 Historical returns are no guarantee of future returns – returns may be negative

Strong labor market support consumption and growth

But!!!! When the unemployment starts to grow, we usually get recession

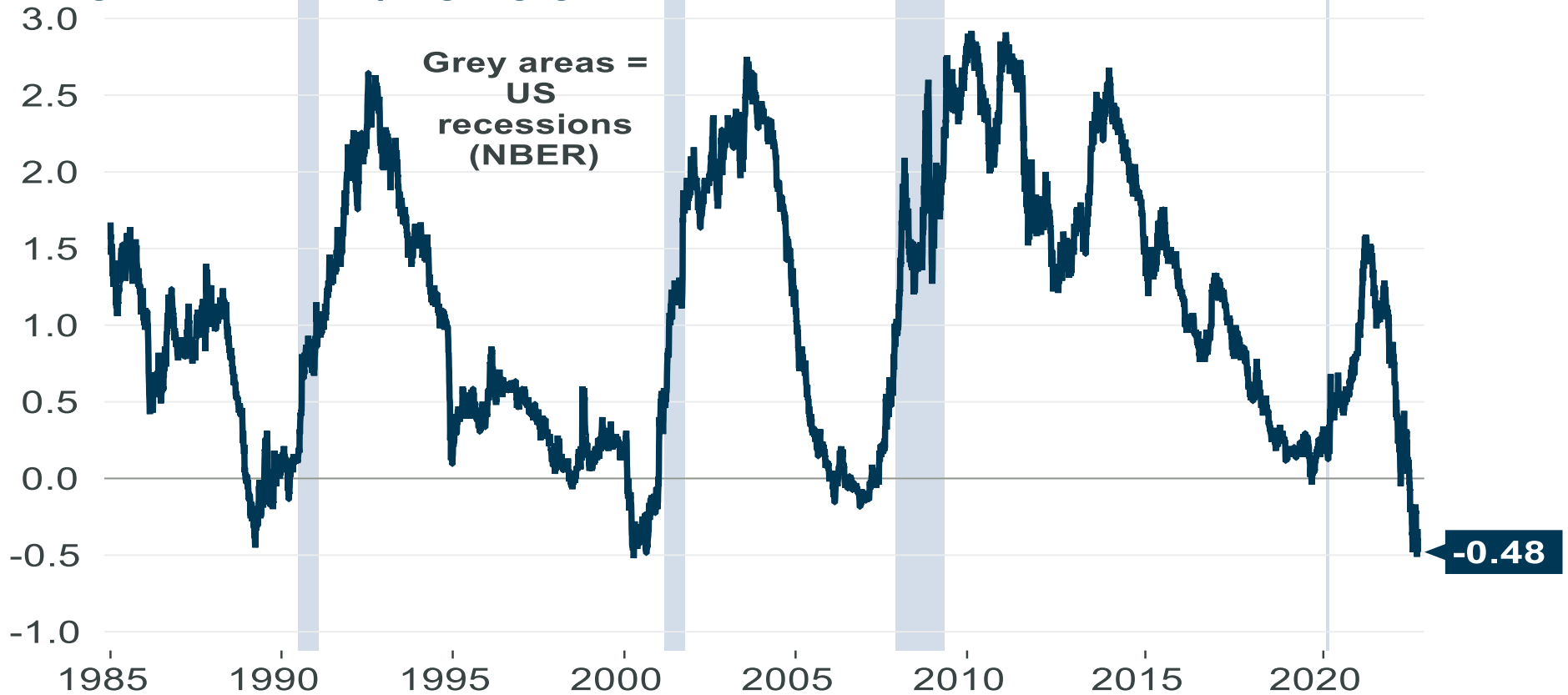


Source: Macrobond
 Historical returns are no guarantee of future returns – returns may be negative

The yield curve predict a coming recession in the US.

Recession = "A significant decline in economic activity that is spread across the economy and that lasts more than a few months." National Bureau of Economic Research

US yield curve (10y-2y yield)



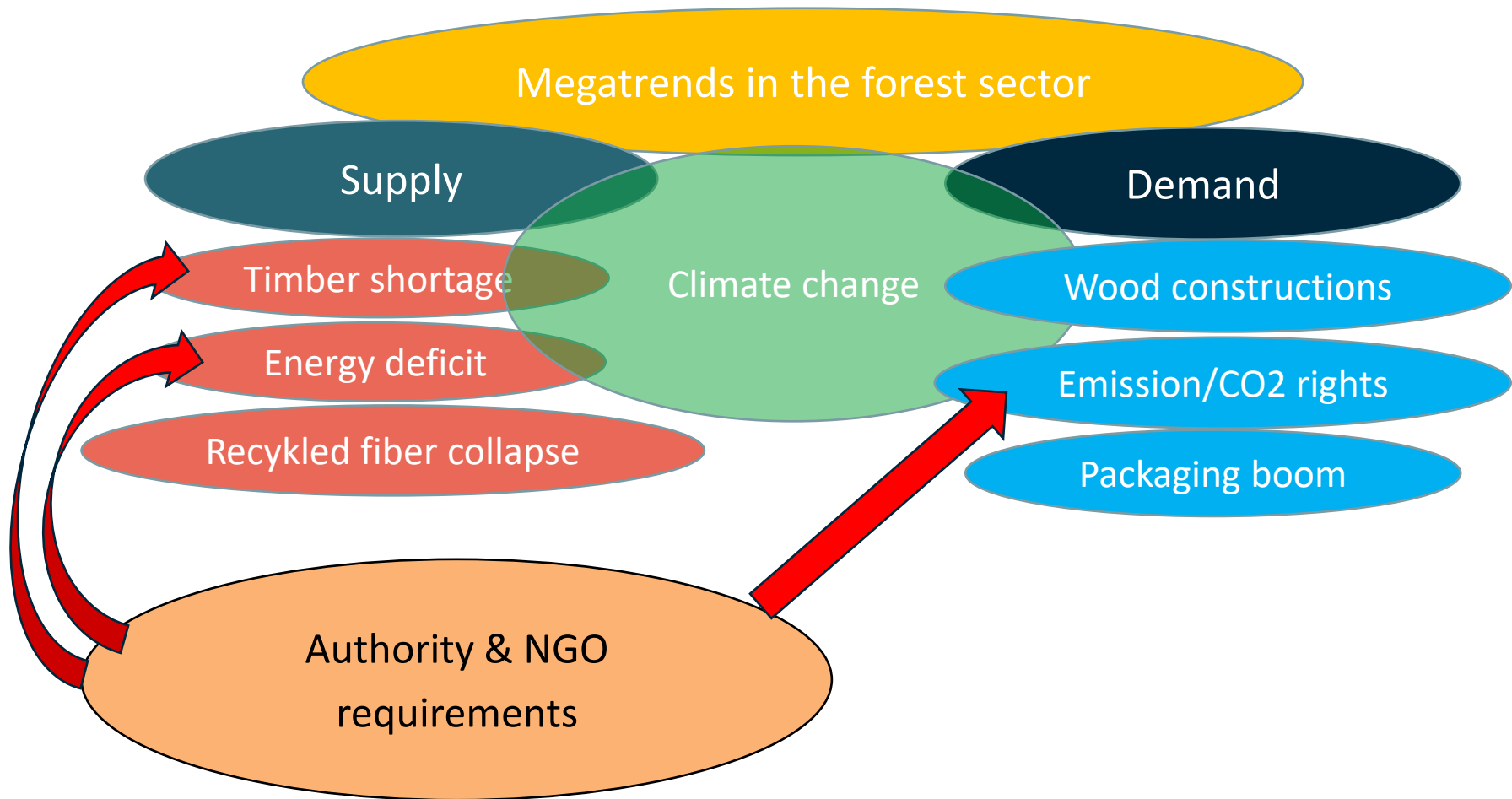
— United States, Government Benchmarks, Federal Reserve, 10 Year-2 Year, Yield

Source: Macrobond
Historical returns are no guarantee of future returns – returns may be negative

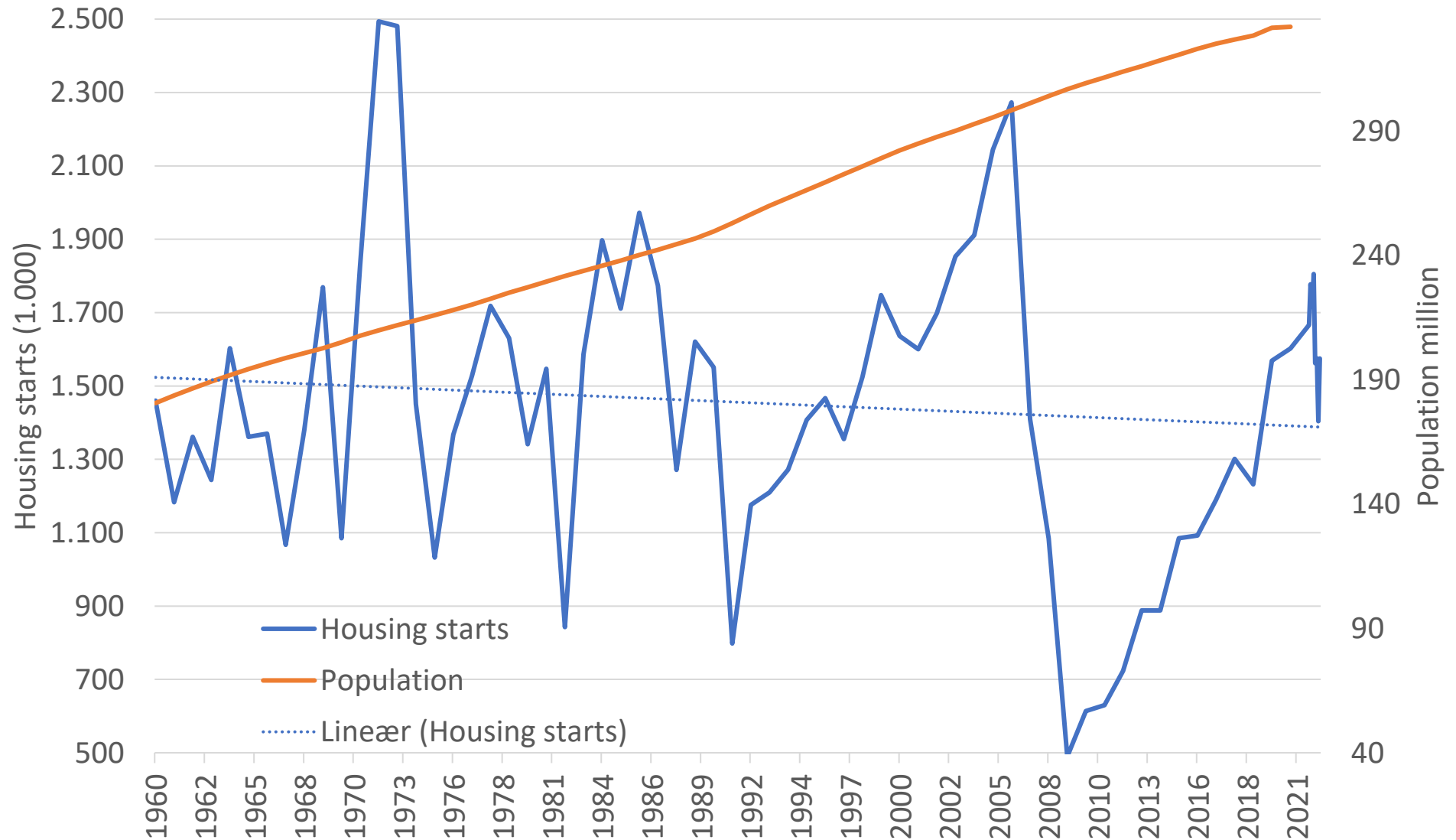
Lumber export price index from Sweden Last figures August 2022



Megatrends for the forest sector the coming ten years



US Housing starts and population 1960 - 2022



Source: US Census Bureau, Danske Bank

Renovation Wave 14 October 2020

Doubling the renovation rate to cut emissions, boost recovery and reduce energy poverty.

- Buildings are responsible for ~ **40 %** of EU's energy consumption
- Only **1%** of buildings undergo energy efficient renovation every year
- By 2030, **35 million buildings could be renovated**



To rebuild Ucraina



What do we get from the Swedish forest?

