

# Nordics Lead the Way



Stockholm (HedgeNordic) - The four Nordic economies have made noticeable headway in repairing the damage from the coronavirus crisis after containing the pandemic's fallout on gross domestic product (GDP) growth, helped by low reliance on tourism, generous welfare systems, and widespread digitalization. Because the Nordic economies are ahead in their recoveries, the team at Triodos Investment Management expects the Nordic region to experience below-average economic growth in 2021 and 2022 compared to most other European countries.

*"First and foremost, the Nordic economies were less impacted by the pandemic because they were able to contain the spread of COVID-19 better than most other European countries."*

The economies of Norway, Sweden, Denmark and Finland stood out for their resilience to the coronavirus crisis after losing much less in terms of GDP compared to most other European economies in 2020. "First and foremost, the Nordic economies were less impacted by the pandemic because they were able to contain the spread of COVID-19 better than most other European countries," explains Joeri de Wilde (*pictured*), Investment Strategist at Triodos Investment Management. "This meant there was less of a need for an extended period of highly restrictive measures, thus economic activity was not hurt to the same extent."

*“The structure of the Nordic economies has been favourable: tourism does not make up such a significant part of GDP as it does in certain Southern European countries, Nordic economies are highly digitalised, and countries have robust social safety nets in place.”*

“In addition, the structure of the Nordic economies has been favourable: tourism does not make up such a significant part of GDP as it does in certain Southern European countries, Nordic economies are highly digitalised, and countries have robust social safety nets in place,” further elaborates de Wilde. “In combination with sizable fiscal support on the back of ample fiscal space, this has supported Nordic economic resilience.”

### ***\*Norway's mainland economy.***

“In the first quarter of 2021, the Nordics still felt the effects of restrictive measures.”

According to de Wilde, “the Nordics still felt the effects of restrictive measures” in the first quarter of 2021, “which meant a quarterly growth contraction” for three of the four Nordic countries, with Sweden being the exception. “Then, in the second quarter, growth picked up again, due to the easing of domestic (and global) restrictions. In the third quarter, this expansion continued,” de Wilde tells HedgeNordic.

*“Since the Nordic economies are ahead in their recoveries, and their 2020 economic growth contraction has been less substantial than that of most other European countries, this implies that their growth rates for 2021 and 2022 will likely be somewhat lower.”*

The Nordic countries have experienced similar economic trajectories despite undertaking different approaches to lockdown restrictions during the coronavirus crisis. With all Nordic economies performing better than most other European economies in during 2020, the Nordic region is expected to experience slightly lower growth rates in the immediate future. “Since the Nordic economies are ahead in their recoveries, and their 2020 economic growth contraction has been less substantial than that of most other European countries, this implies that their growth rates for 2021 and 2022 will likely be somewhat lower,” expects de Wilde.

*“Looking at 2021, we don’t expect any significant differences between the economic growth rates of the four Nordic economies, but expect Norway to do marginally better.”*

Among the four Nordic economies, Joeri de Wilde and his team at Triodos Investment Management expect “Sweden to experience the largest expansion in economic activity in 2021 compared to a year ago, as it was also the country most heavily impacted in 2020.” Looking forward into 2022, “we don’t expect any significant differences between the economic growth rates of the four Nordic economies, but expect Norway to do marginally better.”