18 August 2026

NOK 3bn in NST480 and NST488

On Wednesday Aug 19th, Norges Bank will hold a multiple tap auction where a total of NOK 3bn will be issued, split between the NST480 (2.00%, 04/2028) and the NST488 (3.625%, 05/2039) bonds. NST480 currently trades with a yield of 4.575%, implying a maturity-matched spread vs. Germany of 182.5bps and an ASW spread of -32bps. NST488 trades with a yield of 4.422%, with corresponding spread levels at 99.3bps and -4bps. The auction closes at 11.00 CET, and results will be available on Norges Bank's website at 11.05 CET.

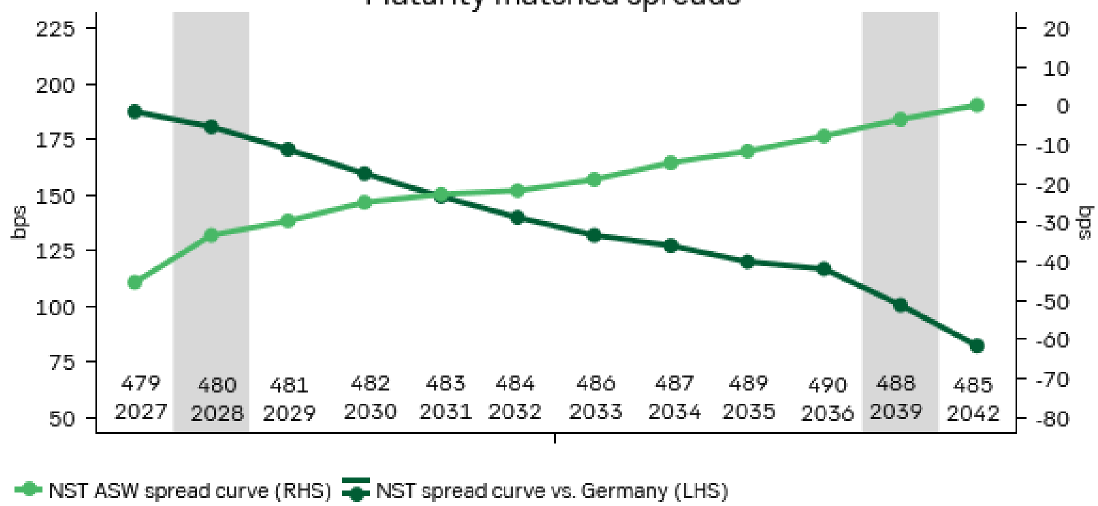
- On Wednesday, Norges Bank will offer a total of NOK 3bn split between NST480 (04/2028) and NST488 (05/2039). After five consecutive auctions including the NST490 bond (06/2036), it is not surprising that Norges Bank instead includes the NST488 bond. Demand has been centered in the long end as well as shorter maturities, while the mid-part of the curve remains offered. Against this backdrop, NST480 is a natural addition to the auction. The bond has been tapped twice this year, with an average bid-to-cover of 4.28 and allotment share of 60%. In the previous three tap auctions of NST488, corresponding numbers are 3.06 and 48%.

- International long yields continue to rise despite the market having scaled back its rate hike expectations for the Fed. Rapidly increasing fiscal risks, greater uncertainty surrounding inflation, and the prospect of a smaller Fed balance sheet are driving long yields higher. Norwegian bonds have outperformed in the recent selloff, supported by unexpectedly low inflation in June and July which has softened Norges Bank's guidance for a September hike. The market is discounting a 50% chance of a rate hike on Sep 24, and a full 25bps hike by year-end. The peak is seen at 4.50% in May 2027, with a cumulative 20bps of cuts discounted by end-2027, and another 30bps in 2028.

- Long-end NST ASW spreads have moved broadly sideways in recent weeks. Paying interest in long NOK swaps appears to be picking up in line with steepening pressure abroad. Meanwhile, attractive yield levels and FX-related demand are underpinning long NSTs. We thus see potential for long NSTs to outperform swaps. Meanwhile, spreads vs. Germany have tightened across the curve and we remain constructive on long end NSTs on back of easing supply pressure and relative central bank outlook.

- NOK 78bn has been issued year-to-date, including the upcoming auction. In Norges Bank's debt information for Q3 it stated that it aims to issue between NOK 10-15bn in addition to a possible 20y syndication of NOK 5-10bn in Sep/Oct (in which case one of the regular auctions will be cancelled). The introduction of a new 20y bond will depend on primarily domestic demand, which at current yield levels should be sufficient for Norges Bank to issue the maximum 10bn. We also expect the bank to aim for the upper end of the annual supply estimate of NOK 100-110bn. Nonetheless, supply has once again been front-loaded implying that the average auction size for the reminder of the year will average NOK 2.5bn vs. 3.2bn in H1. Hence, supply pressure will ease notably.

NST spread curves
Maturity matched spreads



Note: Levels are of yesterday's close.

NST spreads vs Germany

Source: Bloomberg, Macrobond, SEB

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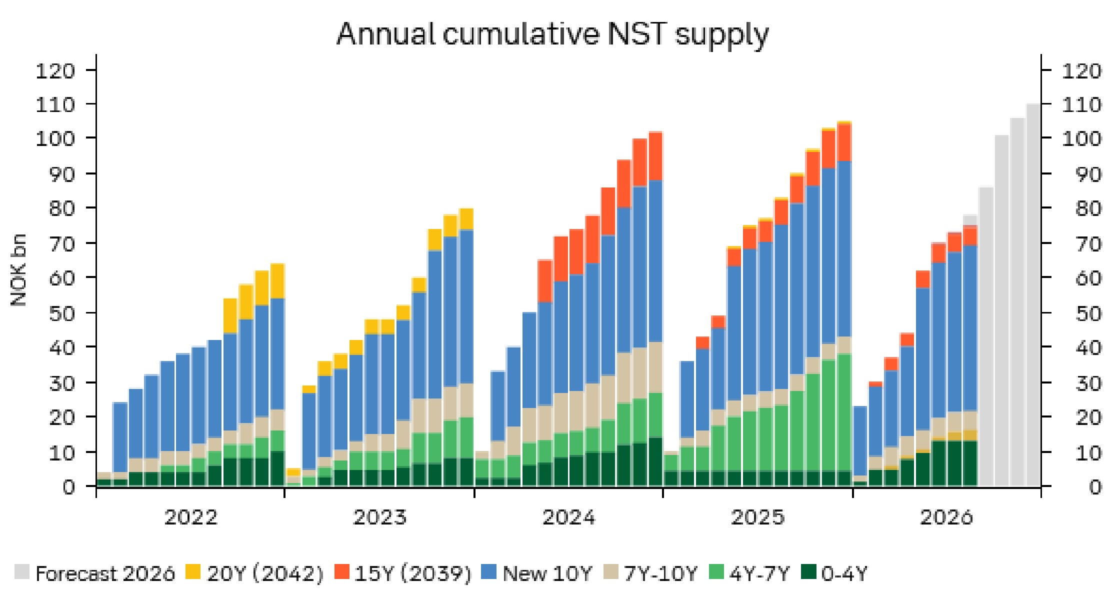
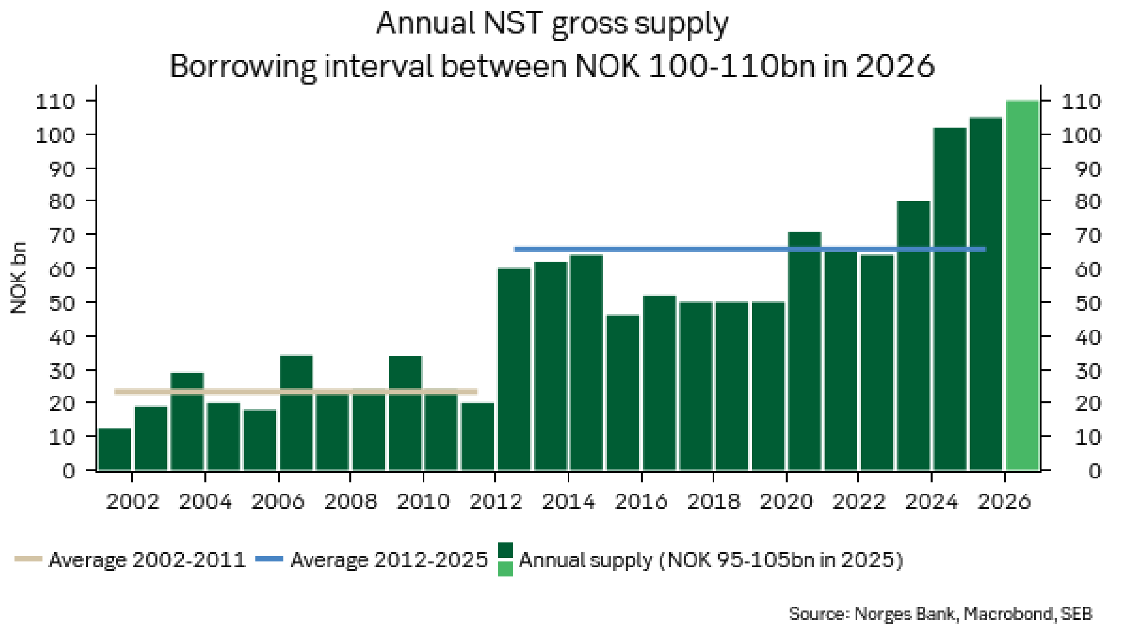


Source: Norges Bank, Macrobond, SEB



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