Important disclosures and certifications are contained from page 5 of this report.

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Reading the Markets Sweden: Riksbank review - (Once again) dovish against market expectations

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Danske Bank

(Once again) dovish against market expectations

Yet again, the Riksbank underwhelmed market expectations, just as it did at the May and June meetings. As this was a 'smaller' meeting without new forecasts, focus was on the press release and the verbal guidance. Here, the key sentences were:

'[…]*the probability of a rate increase later this year remains. If the unexpectedly high inflation during the summer were to be the start of a larger and more lasting upturn in inflation, the Riksbank would adjust its monetary policy in a tighter direction.*'

Adding the last sentence is a tiny step in a more hawkish direction compared to the June meeting, but it also suggests that the Riksbank wants to wait for more data after the higher-than-expected inflation prints and stronger macro data over summer. One could also argue that the bar to conclude how lasting the upturn in inflation will be could be high. Thus, as we see it, the likelihood for a hike already at the next meeting in September has decreased following today's announcement. For now, we stick to our September call as we expect the upcoming price plans and data to surprise on the upside but acknowledge the risk that it may come at a later stage, e.g. November or December. Ahead of the September meeting, key data releases include Q2 GDP and the NIER survey (28 Aug) and the August flash inflation (7 Sep), in addition to the SEK development.

In our preview Reading the Markets Sweden - 14 August 2026, we highlighted the risk of a dovish market reaction against market pricing and that is what we got. Our tactical recommendation to receive the **SEK Mar-27 FRA vs EUR** over the meeting has moved to currently at -38bp just shy of our target of -40bp, so **we chose to close the trade** (+9bp profit).

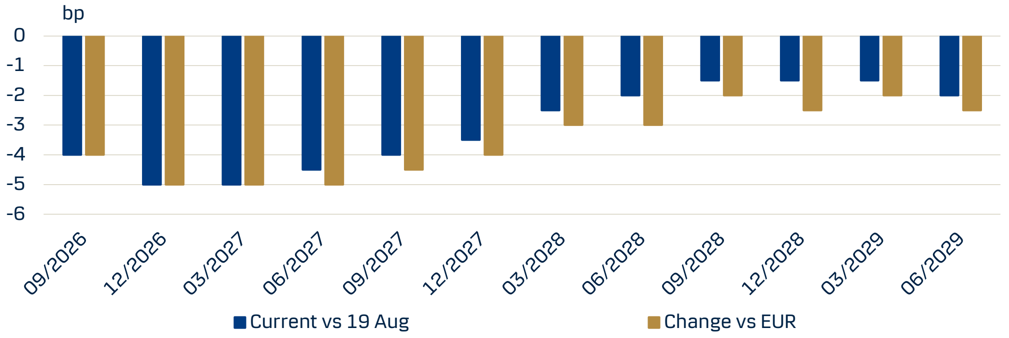
The initial SEK reaction was surprisingly muted, but we have since seen SEK-crosses edge marginally higher. Given the relatively dovish outcome, we view this as fair and would not be surprised if the SEK weakens further over the coming weeks, potentially pushing EUR/SEK above 11.10, as relative rates already ahead of today saw those levels as 'fair'.

Comparison of Riksbank press release – Jun-26 vs Aug-26

June 2026	August 2026
..the Executive Board has raised the policy-rate forecast somewhat but assesses that it is well-balanced to leave the policy rate unchanged at present. The forecast means that the probability of the rate being raised later this year has increased compared to the assessment in March. *There is considerable uncertainty and the developments call for vigilance. In addition to the war in the Middle East, there are also other risks that could affect the outlook for inflation and economic activity.*	*The Executive Board therefore assesses that it is a well-balanced policy to leave the policy rate unchanged, and that the probability of a rate increase later this year remains.* ***If the unexpectedly high inflation during the summer were to be the start of a larger and more lasting upturn in inflation, the Riksbank would adjust its monetary policy in a tighter direction.*** *At the same time, there is considerable uncertainty and developments call for vigilance. In addition to the war in the Middle East, there are several other risks that could affect the outlook for inflation and economic activity.*

Front-end in SEK outperformed EUR after Riksbank announcement

August meeting - SEK FRA reaction



Fixed income - Open trade recommendations

Type	Trade	Idea	Opened	Start	Target/Stop	Now	P/L (bp)	Status
Short SGB vs EUR swap	**Short 2y SGB(1060) vs matched EUR swap**	Too little hikes in Sweden compared to EUR and SGB's trading to expensive	2026-05-28	-50	-20/-75	-59	**-9**	Hold
Index-linked	**Buy SGBI3113 (Dec-27) on BEI**	Swedish front-end BEI laggin international move, extensive cheapness vs infl forecast	2025-03-17	73	130/45	114.0	**41**	Hold
KomIns vs covered bonds widener	**Sell SHYP1596 (Feb-30) vs Buy K3006 (Jun-30)**	Covered bonds trade too tight against Kommuninvest	2025-04-14	8	20/-2	1.0	**-6**	Hold
SEK FRA vs Euribor	**Flatten Dec26/27 SEK FRA vs Euribor**	Disconnect in hiking pace between Riksbank and ECB	2026-05-27	33	10/50	33	**1**	Hold
SEK FRA vs Euribor	**Rec Mar27 SEK FRA vs Euribor**	Tactical trade over RB meeting as they will struggle to meet hawkish market expectations	2026-08-13	-29	-40/-20	-38	**9**	profit taken (2026-08-20)

Source: Danske Bank Note: Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index

Fixed income - Closed trading recommendations (past 10 trades)

Closed trading recommendations (past 10)

Total P/L closed trades hit ratio: 60%

Total P/L closed trades (bp): **35** **bp**

Type	Trade	Idea	Opened	Start	Target/Stop	Close	P/L	Status
FRA steepener	**Rec Jun26 vs pay Jun27 SEK FRA**	Possibility of a H1 26 cut cannot be ruled out, at the same time as we expect hikes in H1 27 latest.	2026-02-18	14.0	35/0	**35.0**	**21.0**	**Profit taken 2026-03-09**
Country spread	**Rec 1y1y NOK vs pay 1y1y SEK**	Too few cuts priced in Norway, too few hikes priced in Sweden. NOK vs SEK 1y1y at record high.	2026-02-13	218.0	183/235	**197.0**	**21.0**	**Profit taken 2026-03-10**
SEK FRA vs RIBA	**Rec Sep26 FRA vs pay Dec26 Riba**	Non-negligible possibility of Riksbank improving liquidity management.	2026-02-19	23.0	15/30	**30.0**	**-7.0**	**Loss taken 2026-03-26**
Cross market	**Pay 5y SEK vs EUR swap**	Spread to widen on the back of strong Swedish macrodata.	2026-01-15	1.0	25/-15	**-15.0**	**-16.0**	**Loss taken 2026-05-06**
SEK FRA vs Euribor	**Flatten Sep26/27 SEK FRA vs Euribor**	Disconnect in hiking pace between Riksbank and ECB.	2026-03-19	29.0	10/45	**25.0**	**4.0**	**Profit taken 2026-05-07**
Riksbank SWESTR	**Pay May-meeting SWESTR**	Only 5bp in hikes for RB May meeting provides good risk/reward in case of prolonged war.	2026-03-19	169.0	194/162	**164.0**	**-5.0**	**Loss taken 2026-05-07**
SGB steepener	**Sell SGB1063 (Nov-45) vs buy SGB1066 (May-35)**	10y10y SGB segment too expensive and steepener providing attractive c&r.	2026-02-12	34.5	60/15	**26.0**	**-8.5**	**Loss taken 2026-05-28**
Index-linked	**Buy SGBI3112 (Jun-26)**	Attractive real yield and cheap vs CPI forecasts.	2025-08-14	0.0	Hold to maturity	**0.0**	**10.0**	**Profit taken 2026-06-01**
SGB ASW	**Short 10y SGB1068 (Feb-37) ASW**	SGB ASW lagged the risk-on move and looks rich, elevated supply supports should help cheapening.	2026-04-16	-16.5	-7/-24	**-9.5**	**7.0**	**Profit taken 2026-06-25**
SEK FRA vs Euribor	**Rec Mar27 SEK FRA vs Euribor**	Tactical trade over RB meeting as it will struggle to meet hawkish market expectations.	2026-08-13	-29	-40/-20	**-38**	**9.0**	**profit taken (2026-08-20)**

Source: Danske Bank Note: Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index

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