Norwegian inflation expectations

20 August 2026

Wage pressures set to ease

Inflation expectations were revised lower in the Q3 survey, where both economists and social partners cut their CPI and wage growth expectations. Perhaps not too surprising given the summer's downside inflation surprises. Expectations are consistent with wage growth closer to the 4.4% norm rather than above it as in recent years. Business leaders remain the outlier, with CPI expectations still rising, echoing the Committee's concern that the underlying drivers of inflation appear little changed despite the recent downturn. To conclude, the survey sends mixed signals and we emphasize that the August inflation data will be decisive for Norges Bank's September decision.

Details:

CPI expectations: Respondents revised their overall CPI expectations lower in the Q3 2026 survey, except for business leaders which have revised their expectations up. Business leaders now expect CPI to average 4.2% (+0.1pp) in the next 12 months and 4.6% (0.5pp) in 2 years. Economists expect CPI to average 3.0% (-0.3pp) in the next 12 months and 2.7% (-0.2ppt) in 2 years. Corresponding numbers for social partners are 3.0% (-0.3ppt) and 2.6% (-0.2ppt), respectively. On average long-term inflation expectations are unchanged at 2.4% and thus remain above target.

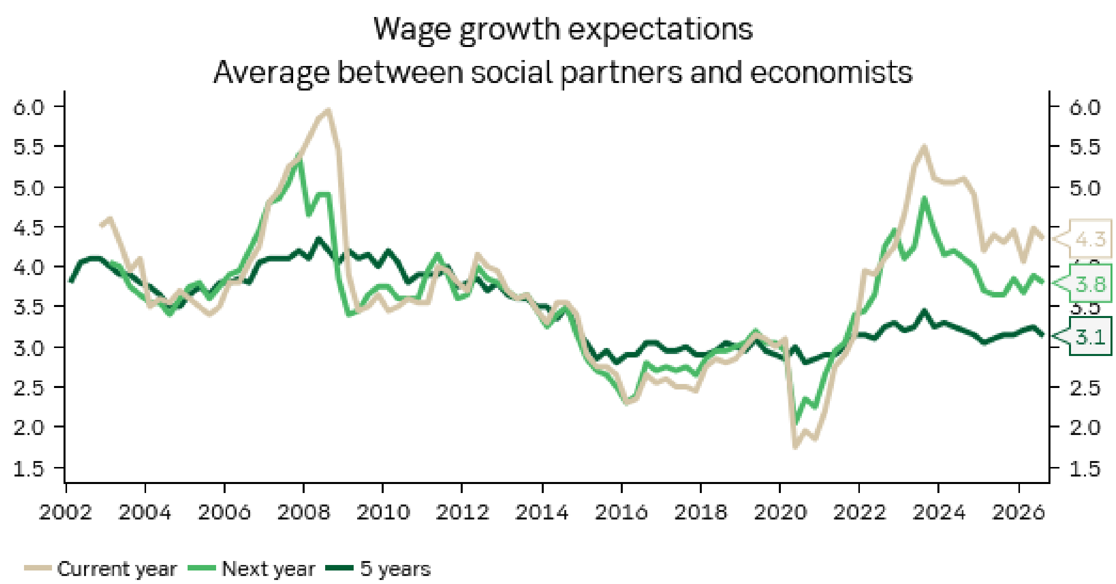
Wage growth: Both economists and social partners lowered their wage growth expectations for 2026 and 2027, seeing average wage growth at 4.3% and 3.8% respectively. Wage growth expectations dipped below Norges Bank's estimates for 2026 and 2027, suggesting easing concerns from second-rounds effects from high wage growth. Note that it is also 0.1pp below the 4.4% wage norm for 2026. Wage growth in the 5y horizon is on average seen at 3.1%. Real wage growth is thus, on average, seen at 1.4% this year, slowing to 1.1% in 2027 and at 0.8% in 5y.

Business profitability: In the past 12 months profitability has deteriorated further. On average, business leaders' assessments of their profitability fell to -16.8 (prev. -12.7). Meanwhile, pricing plans show that the share of business leaders expecting retail prices to increase less over the next 12 months rose (up to 15.7% from 13% in Q2) while the share of business leaders that expect retail prices to increase more fell (29% vs. 33% in Q2). Expected profitability in the coming 12 months improved somewhat. Fewer expect worse profitability, while the majority of respondents expect profitability to be unchanged (+8.4pp) or to improve (-1.4pp). Moreover, the survey points to some softening in employment intentions as the share of respondents saying they will likely increase the number of employes was unchanged at 23%, while the share of respondents saying they will need less employees increased to 27% vs. 22% in Q2.

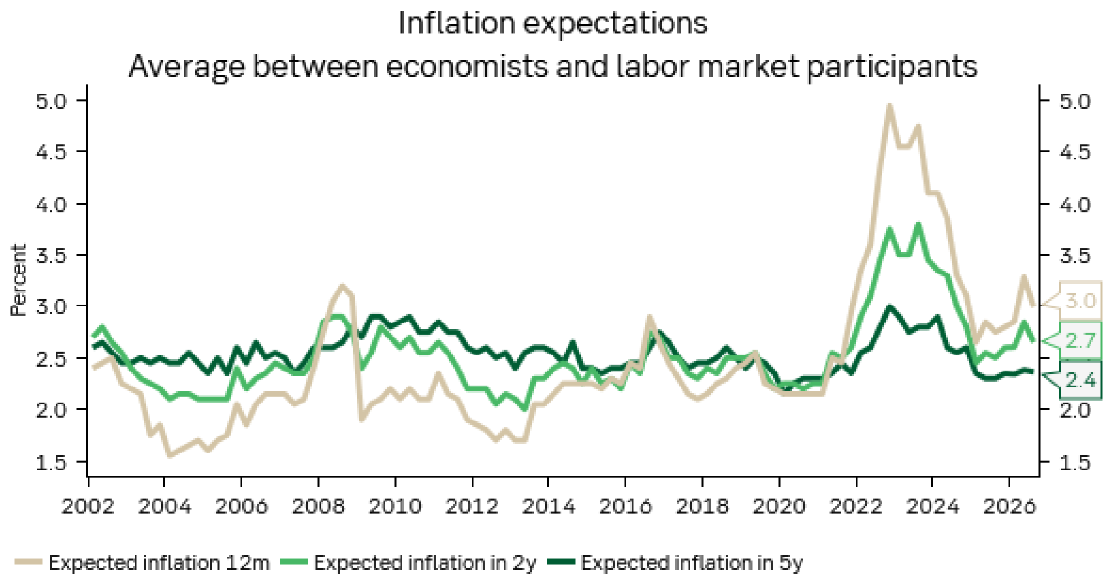
Implications Norges Bank: The Inflation Expectations Survey sends mixed signals. The downward adjustment to economists' and social partners' CPI expectations follows the large downside surprises to inflation during summer. More importantly, lower wage growth expectations among labour market participants are comforting and strengthens the view that wage growth will be more in line with the negotiated norm this year. The marginal downward revision lends some downside risk to Norges Bank's 4.5% estimate for 2026 and 4.0% for 2027. However, some tentative positive signs on the labour market (predominantly job vacancies) could justify an unchanged wage growth projection in the Sep MPR. On the other hand, business leaders' CPI expectations remain high and point to domestic inflation hovering around 4% y/y. In its August statement and minutes, the Committee expressed some doubts about whether the recent downturn in inflation is transitory and concluded that underlying drivers of inflation appeared to be little changed. As such, business leaders' expectations should underpin Norges Bank's concerns of elevated inflation ahead although lower wage growth expectations are comforting. We are not drawing any firm conclusions for the September meeting on the back of this survey and emphasize that especially the August inflation numbers may be decisive.

% Y/Y (prev.)	12m ahead*	2y ahead*	5y ahead
Economists			
CPI	3.0 (3.3)	2.7 (2.9)	2.4 (2.4)
Wage growth	4.3 (4.5)	3.8 (3.9)	3.1 (3.3)
Social partners			
CPI	3.0 (3.3)	2.6 (2.8)	2.4 (2.3)
Wage growth	4.4 (4.5)	3.8 (3.9)	3.1 (3.2)
Average			
CPI	3.0 (3.3)	2.7 (2.8)	2.4 (2.4)
Wage growth	4.3 (4.5)	3.8 (3.9)	3.1 (3.2)

*Wage growth 12m ahead and 2y ahead equals 2026 and 2027.
Survey was conducted between Jul 20 and Aug 7, 2026.



Source: Bloomberg, Macrobond, SEB



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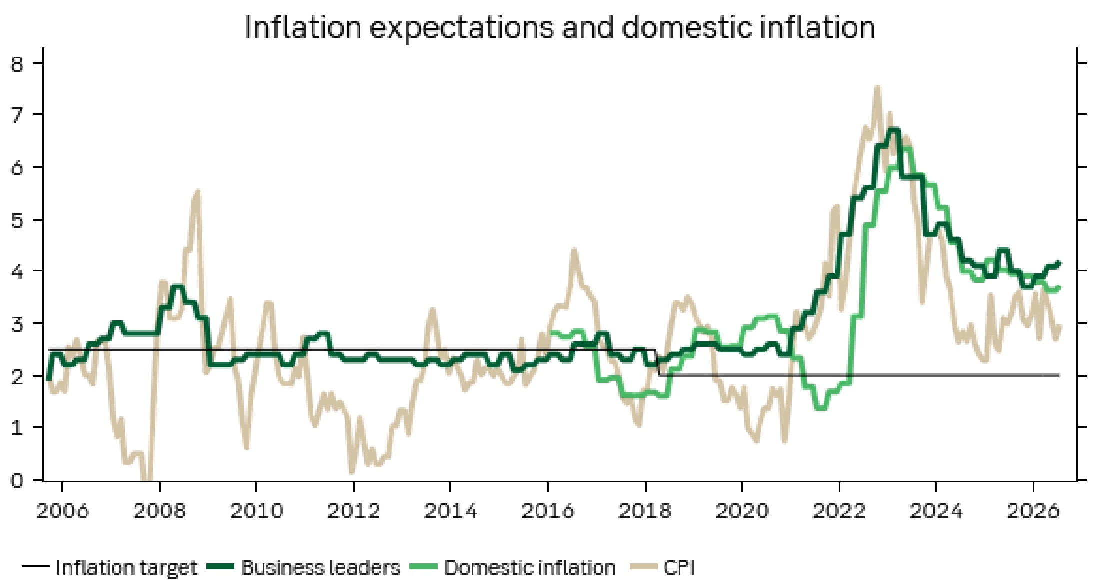

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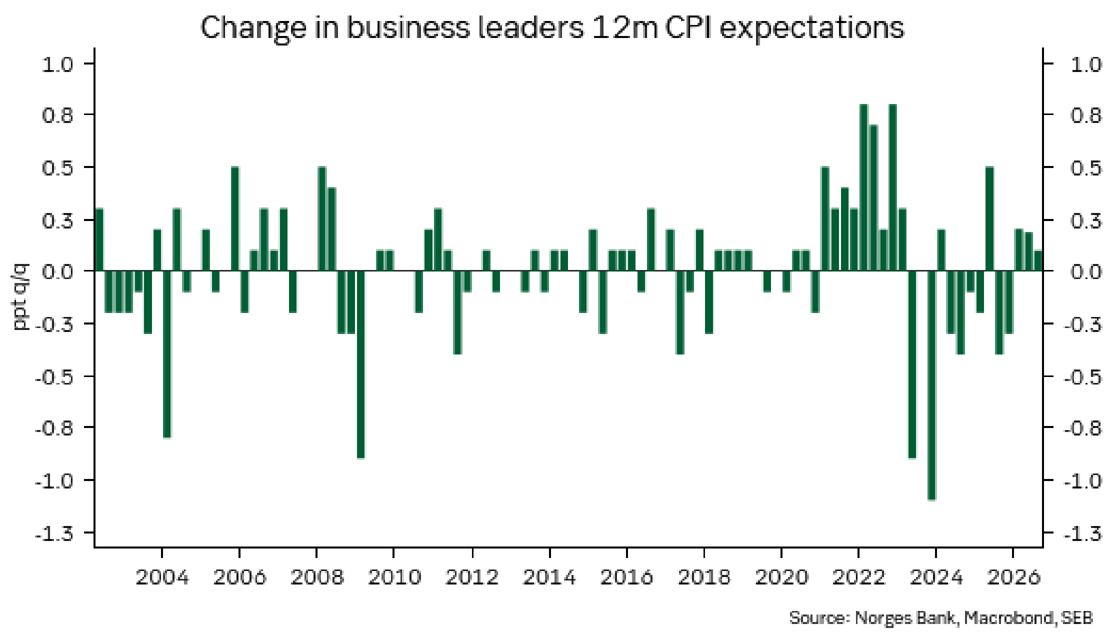

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