21 August 2026

Renewed rise in US long-term interest rates

Global key stories

Wednesday's announcement that the U.S. Treasury Department is doubling the rate of buybacks of long-term government bonds had a fairly short-lived effect, and yesterday long-term interest rates rose again by a few basis points, after the declines on Wednesday. Concerns about large budget deficits and extensive borrowing from tech companies seem to be back in focus. Yesterday, U.S. Treasury Secretary Bessent said that upcoming buybacks of longer-term bonds could exceed $4 billion per transaction and that the government has a "big toolkit" to push down interest rates. According to Bessent, the budget deficit has peaked and the Trump administration is working on a plan to consolidate public finances.

The lack of a solution in the Middle East continues to raise oil prices, which have now risen for several days in a row. Bessent said yesterday that the United States will impose the harshest sanctions in its history on Iran in order to bring about the collapse of the regime. A press conference with more details is planned for Monday. The dollar continued to weaken and EUR/USD has risen to 1.17, the highest level since May. Stock markets generally fell (S&P 500 -0.9%, Nasdaq -1.0% and Eurostoxx 50 -0.3%), with the exception of the Stockholm Stock Exchange which after two weeks of declines rose again (OMXS30 +0.4%).

At the time of writing, the Tokyo Stock Exchange is red after Japanese inflation rose in July. Chinese stock markets are up slightly and the stock exchange in Hong Kong has also risen overnight. Futures point to small movements ahead of today's openings in Europe and the US.

Consumer confidence in the UK at a 2-year high. The July figure is positive news given above-target inflation and continued uncertainty in the Middle East. Today, figures for the retail sector are also released, which have finally taken off a bit recently.

Resilient businesses. Today, preliminary purchasing managers' indices (PMIs) for August are published for a number of countries and regions (the Euro area, Germany, France, the UK and the US). So far, firms have withstood the conflict in the Middle East well, and looking at the German PMI, the positive development among industrial companies, which have struggled with both cyclical and structural headwinds, is interesting.

Reading tip: This morning we published SEB FI & FX Strategy, read more here.

Nordic key stories

Unchanged from the Riksbank. As expected, the policy rate was left unchanged at 1.75% yesterday, and the press release – which was a little more dovish than we expected – stated that the forecast from June largely stands. Inflation has certainly surprised on the upside and the risks linked to the Iran war remain, but the picture is not clear-cut. The Executive Board therefore assesses that it is a well-balanced monetary policy to leave the policy rate unchanged, while the probability of an interest rate hike later this year remains. The Executive Board did not signal that the likelihood of an increase has increased. The announcement provides some support for our forecast of an unchanged policy rate in 2026, while uncertainty remains high. The market interpreted the message as dovish with slightly lower interest rates and a weaker krona as a result. Read more here.

This morning, unemployment for Sweden according to the Labour Force Surveys (LFS) for July will be published. Data has been volatile over the past 12 months with no clear underlying trend. The unemployment rate has been stable at just below 9% and indicators, although they have improved slightly, do not point to a clear shift in the near term.

Today's key events

For graphs and analysis of the week's most important data, click here

Time	Country	Event	Period	SEB forecast	Consensus	Last
08:00	**SWE**	**Unemployment rate | trend | sa**	**Jul**	**--- | 8.8 | 8.8**	**--- | --- | 8.75**	**9.9 | 8.7 | 8.9**
08:00	UK	Public sector net borrowing ex banking groups	Jul		---	16 bn
08:00	UK	Retail sales inc auto fuel	Jul		-0.4/2.2	1/4.2
08:45	FRA	Manufacturing confidence | business confidence	Aug		101 | 97.5	101 | 97
09:15	**FRA**	**S&P Global PMI manufacturing | services | composite**	**Aug P**		**50 | 59.4 | 49**	**49.8 | 49.6 | 49.4**
09:30	**GER**	**S&P Global PMI manufacturing | services | composite**	**Aug P**		**52 | 50.1 | 51.3**	**52.2 | 49.8 | 51.3**
10:00	EA	ECB CPI expectations 1 year | 3 year	Jul		--- | 2.8	3.0 | 2.8
10:00	**EA**	**S&P Global PMI manufacturing | services | composite**	**Aug P**		**51.7 | 51.5 | 51.6**	**51.9 | 51.7 | 52**
10:30	**UK**	**S&P Global PMI manufacturing | services | composite**	**Aug P**		**51.5 | 52 | 51.5**	**51.9 | 52.1 | 52.2**
11:00	EA	Negotiated wages	Q2		2.6	2.5
15:45	**US**	**S&P Global PMI manufacturing | services | composite**	**Aug P**		**53.7 | 53.9 | ---**	**53.9 | 54.6 | 54.5**
16:00	EA	Consumer confidence	Aug P		-16.5	-15.9

Reports: NIBE.

Market data

Equities	Index	Future	FX		Commodities	
S&P 500	-0.9%	0.0%	EUR/USD	1.17	Brent fut $/bl	93.6
Nasdaq comp	-1.0%	0.1%	EUR/SEK	11.07	Gold fut $/oz	4542
Eurostoxx 50	-0.3%	0.0%	USD/SEK	9.47	**Government bonds yields**	
OMX Stockholm 30	0.4%		EUR/NOK	10.91	US 10 year	4.71%
OBX Oslo	-0.4%		USD/NOK	9.33	US 2 year	4.19%
OMX Copenhagen 25	0.3%		NOK/SEK	1.01	Germany 10 year	3.26%
OMX Helsinki 25	0.7%		USD/DKK	6.39	Germany 2 year	2.85%
Nikkei225	-0.4%		USD/JPY	159	Sweden 10 year	3.02%
Shanghai Comp	0.0%		USD/CNY	6.72	Sweden 2 year	2.41%

US and Europe indices indicate change at yesterday's close

To subscribe to Morning Alert as a podcast, click here (Spotify) or here (Apple Podcast). The episode is released around 20 minutes after published text.

Pia Fromlet
Economist Euro area
pia.fromlet@seb.se
+46707393266