Nordic Alert

24 August 2026

Calm markets despite flare-up of trade war

Global key stories

Despite positive signals at the end of last week, negotiations broke down between the United States and Canada on a trade agreement. The United States has imposed 50 percent tariffs on a range of Canadian goods, equivalent to about $20 billion in tariff revenue. Canada states that it will answer "dollar for dollar", while the United States warns of further tariff increases if that happens.

The flare-up of the trade war so far does not seem to be leaving any clear traces on the world's stock markets, although most stock markets in Asia are falling, with slightly larger declines in China and South Korea. Despite higher energy prices and rising long-term interest rates, stock markets in Europe and the US rose on Friday (Euro Stoxx 50 +0.6%, S&P 500 +0.4%). Stock market futures point to small movements initially today. The interest rate market's joy over Treasury Secretary Bassten's "liquidity support" to push down the high US long-term interest rates was short-lived. The entire decline of about 10 basis points has now been reversed. The US ten-year yield is trading at 4.71% this morning, just a couple of tenths from its peak of 4.95% in mid-2023.

How the United States will deal with its large budget deficits and the growing national debt remains a difficult question. If the inflation-linked bond market is to be believed, rising real interest rates are primarily behind the rise in long-term interest rates, while inflation expectations, measured as break-even inflation, remain firmly anchored around the inflation target. Historically, the stock market has often been the best investmentoption in the long term, but it now takes a continued strong stock market performance to surpass an inflation-protected return of around 3% over 30 years.

The United States is expected today to present a plan for how Iran will be isolated economically, while oil prices fall by just over a dollar to $93 per barrel (Brent). Bessent will hold a press conference at 20:00 (CET) about the plan.

Central banks are in focus during the week, especially through the annual conference in Jackson Hole, which takes place Thursday–Saturday. The greatest interest is directed at the new Fed Governor Kevin Warsh, who will speak on Friday at 16.00. As all Fed followers know, Warsh has appointed a number of working groups to review the Fed's communication policy, what data sources are used – including for the inflation measurement, the importance of productivity for inflation and the Fed's balance sheet. Warsh has hinted that the speech may contain some preliminary conclusions from the work, but clearer information is likely to take until the beginning of next year.

Also on Friday will be the annual preliminary estimate of the benchmark revision of the U.S. employment statistics. The revision refers to data up to March 2025 and is therefore not likely to affect the picture of the latest trends very much. In recent years, employment has been revised downwards, last year by almost a million jobs, but this year incoming statistics point to small revisions and possibly even with a minor upward revision. The wrong is as always the best when it comes to the American labor market.

PCE inflation, which will be published on Wednesday, remains the Fed's most important inflation measure. The risk is that the rate of price increase will again be somewhat higher than in the CPI, driven in part by rising prices for financial services and health care. The first CPI outcomes for August, from Spain and France, are other highlights of the week.

Nordic key stories

Growth is in focus during the week, with GDP for the second quarter and the National Institute of Economic Research's barometer on Friday. Our assessment is that the strong flash estimate of 1.4% Q/Q and 2.8% y/y will be confirmed. Continued rising exports and investment, together with rising household consumption, mean that GDP from the consumption side looks strong. According to monthly data, consumption increased by about 3% year/year in the second quarter and production by 4%. As always, GDP is difficult to assess, and developments in the second quarter partly imply a normalisation after a weak first quarter, when GDP fell by 0.2 per cent Q/Q. Ahead of Friday's figures, we still feel some tailwind for our optimistic GDP forecast of 2.6 percent for 2026. It will also be interesting to see whether the NIER survey can continue to rise after the unexpectedly large increase in July.

Something that continues to be sluggish, however, is housing construction, which has largely moved sideways since mid-2023. A slight upturn from the weak first quarter seems reasonable, but hopes of a clearer recovery have been dampened after a long series of disappointments. Statistics will be published today at 08.00.

The Riksbank's monetary policy minutes tomorrow will be particularly interesting after last week's somewhat dovish interest rate announcement. On Wednesday, Deputy Governor Göran Hjelm will give a speech. The interest rate announcement suggests that his reasoning about avoiding unnecessary interest rate hikes when inflation is driven by supply shocks, so as not to unnecessarily hurt growth, may have had an impact on the August decision.

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
8:00	SWE	Sweden residential construction	Q2		---	---
8:00	NOR	Credit indicator | households | businesses	Jul		--- | --- | ---	4.4 | 4.7 | 4.1
14:30	US	Chicago Fed nat activity index	Jul		---	0

Auctions: US, bills (17:30). Speeches: Governor Bache gives the Schweigaard Lecture 2026 (10:15), Riksbank's Bunge (14:15), SNB's Schlegel (16:30).

Market data

Equities	Index	Future	FX		Commodities	
S&P 500	0.4%	-0.1%	EUR/USD	1.17	Brent fut $/bl	93.1
Nasdaq comp	0.4%	-0.3%	EUR/SEK	11.07	Gold fut $/oz	4640
Eurostoxx 50	0.6%	-0.1%	USD/SEK	9.47	**Government bonds yields**	
OMX Stockholm 30	1.0%		EUR/NOK	10.87	US 10 year	4.71%
OBX Oslo	0.8%		USD/NOK	9.31	US 2 year	4.22%
OMX Copenhagen 25	0.9%		NOK/SEK	1.02	Germany 10 year	3.26%
OMX Helsinki 25	1.1%		USD/DKK	6.40	Germany 2 year	2.84%
Nikkei225	-0.5%		USD/JPY	159	Sweden 10 year	3.01%
Shanghai Comp	-0.7%		USD/CNY	6.72	Sweden 2 year	2.39%

US and Europe indices indicate change at yesterday's close

Olle Holmgren
Chief Strategist Sweden
olle.holmgren@seb.se
+46850623268