Norway 360

07 September 2026

Nat gas in the front seat for NOK

Norway 360 – Weekly Market (Re)View Norway 360 provides you with a quick and broad overview of Norwegian macro, rates and FX. * See attachment for full report *****

Summary: Rate Market Views

- **Inflation gap vs. Norges Bank's forecast will narrow in August.** After the downside surprises in June-July, CPI-ATE is running 0.6pp below Norges Bank's trajectory. We expect CPI-ATE to edge up to 3.1% y/y in August, largely due to base effects from the reduction in childcare fees, narrowing the gap vs. Norges Bank to 0.2pp.
- **Stick with a Dec26/March27 micro steepener** in the front which could work if Norges Bank delays the next hike or geopolitical tension/inflation persists while shifting to cuts likely to take time. At the same time, **watch a potential Jun27/Jun28 FRA flattener** currently trading around -22bps. A further correction towards -15bps is regarded as an attractive entry level.
- **A new 20y government bond to be launched shortly via syndication.** We believe next week to be most likely and regard a fair level to be around MS +2 to +3bps (mid/mid). Expect Norges Bank to issue the maximum amount, implying that NSTs will enter a seasonal low-supply period following the syndication.

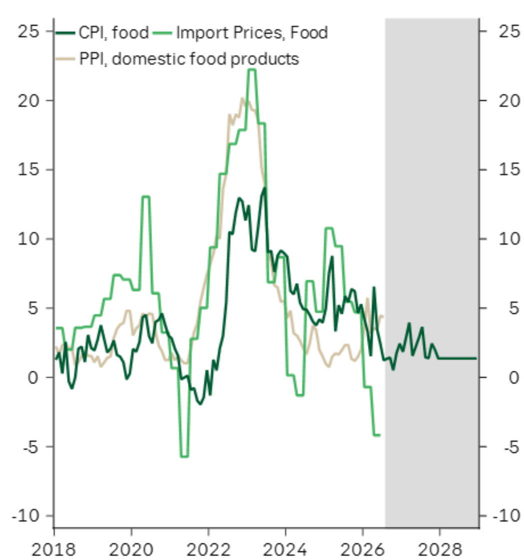
Summary: FX Market Views

- **EURNOK the coil is getting stretched:** NOK is a carry strategy long, heavily driven by gas prices at this point. Meanwhile, rate spreads have moved in the opposite direction while positioning remains stretched long. This makes NOK exposed to a larger correction should gas prices correct.
- **However**, we **expect gas prices to remain elevated for now** assuming Iran has no incentive to reach a deal before US midterms.
- **That said…** For those looking for a Hormuz reopening trade, a **NOKSEK put spread** might be interesting as the skew in options is flat.

Macro highlights: Inflation gap vs. Norges Bank's forecast will narrow in August

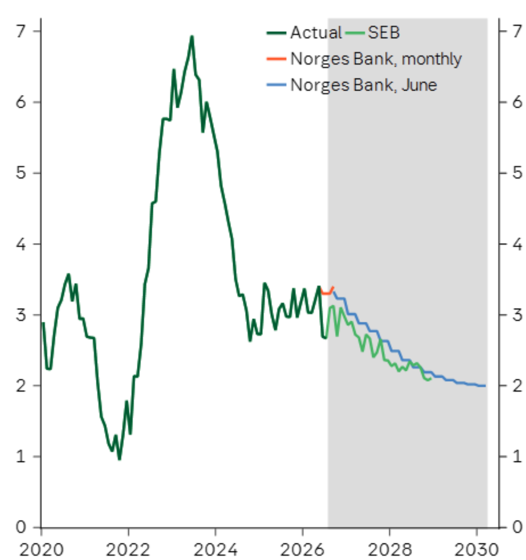
- CPI-ATE surprised markedly on the downside in both June and July, being 0.6pp below Norges Bank's trajectory. The decline was broad-based, though food and other core goods being the main drivers.
- Food prices slowed to 1.2% y/y in July and has undershot expectations for three consecutive months. This may signal that food inflation is finally easing or at least raise the probability of a more sustained slowdown. Food inflation has turned below or around zero in Sweden and in Germany, which may point to a similar pattern emerging in Norway. However, firmer agricultural prices following higher energy prices and drought in Europe, is blurring the picture.
- We predict CPI-ATE to edge up to 3.1% y/y in August, largely due to base effects from the reduction in childcare fees in Aug 25' which will add 0.3pp to the year-on-year rate. Norges Bank assumed stable CPI-ATE inflation at 3.3% y/y in June-August. Consensus expects 3.0% (range 2.8-3.1%).
- We regarded the Committee's reasoning on inflation in the August statement as hawkish, as it concluded that underlying drivers of inflation appeared to be little changed, other inflation metrics showed a more modest slowdown, and inflation was still expected to remain elevated ahead. Details on the inflation numbers will thus be decisive, but in general we believe an outcome in line with our forecast will be sufficient to justify a September hike. More input on underlying inflation drivers will be presented in the Regional Network Report (Sep 17). Full preview here.

Food inflation finally easing?



Source: Statistics Norway, Norges Bank, Macrobond, SEB

Higher CPI-ATE inflation but still below Norges Bank

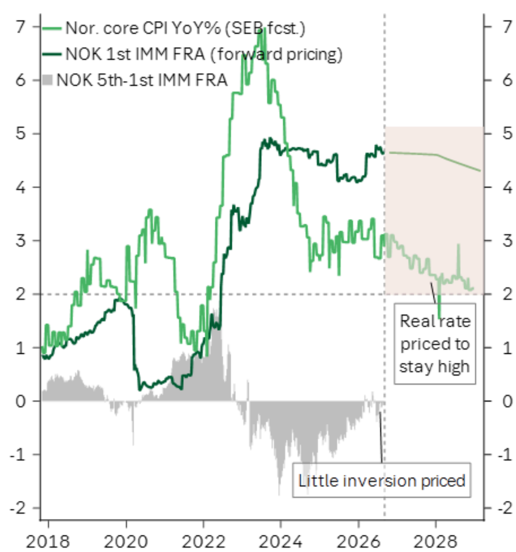


Source: Statistics Norway, Norges Bank, Macrobond, SEB

Rates highlights (I): Stick with micro steepener in the front, watch Jun27/Jun28 flattener

- Dec26/Mar27 FRA micro steepener: We maintain our bias towards a micro steepener in the front, as we are unlikely to see a reversion to pricing cuts as early as March 2027. The curve could steepen if Norges Bank disappoints and delays the next hike, and/or if geopolitical crisis and inflation persists.
- Watch Jun27/Jun28 FRA flattener: The market has scaled back on rate cut expectations, with the Jun27/Jun28 FRA spread currently trading at -22bps. Focus in 2027 should turn towards rate cuts. Although both the timing and scope of cuts are uncertain and highly dependent on disinflation, we believe minimum one cut should be priced in as Norges Bank does not want to restrict the economy more than necessary. We regard it as attractive risk/reward to flatten the curve if the spread corrects further into the -15bps area.

Real policy rate implied to stay high



Source: Bloomberg, Macrobond, SEB

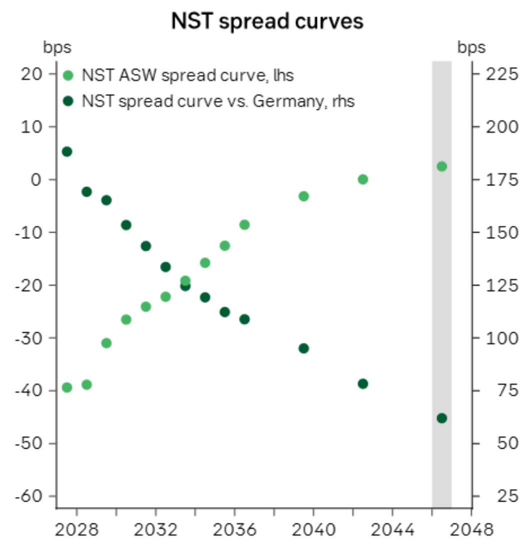
Dec26/Mar27 and Jun27/Jun28 FRA spreads

Source: Bloomberg, Macrobond, SEB

Rates highlights (II): A new 20y government bond to be launched shortly via syndication

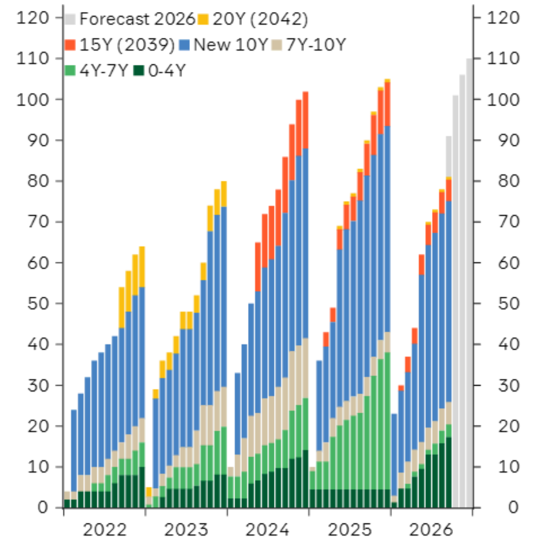
- A new 20y bond: Norges Bank aims to introduce a new 20y bond via syndication. The mandate requires maturities up to 10 years, but Norges Bank has argued that a new 20y bond will reduce the annual refinancing requirement, facilitate the participation of a wider range of investor groups (primarily domestic) and reduce supply pressure in maturities of up to 10 years.
- Norges Bank has stated that it aims to issue a new 20y bond via syndication in Sep/Oct. Due to Norges Bank's upcoming rate decision (Sep 24) and autumn school holiday in Norway (week 40/41), we expect it to be launched next week while the scheduled tap auction will be cancelled.
- Volume: Norges Bank has stated that NOK 5-10bn will be issued. We expect demand to be sufficient for Norges Bank to issue the maximum amount, which has been the case in earlier syndications.
- Pricing: Due to the inversion in the long end of the swap curve, with the 15s20s curve trading at -10bps, the new 20y bond will likely have a negative yield pick-up vs. NST485 (2042). Still, the market will demand some new issue premium in ASW terms, and we believe a fair level to be around MS +2 to +3bps (mid/mid). The indicative price target is likely to include a discount, with possibility for a tightening during the book building as has been the norm in previous syndications.
- Supply: Assuming NOK 10bn in the syndication, Norges Bank will have issued a total of NOK 91bn YTD leaving only NOK 9-19bn remaining.

NST spread curves incl. fair value estimates



Source: Bloomberg, Macrobond, SEB

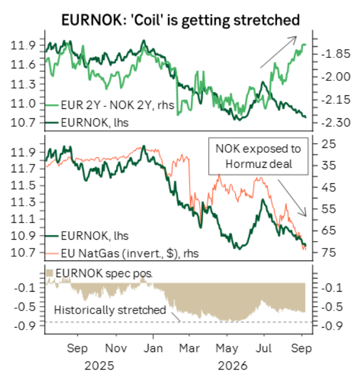
Entering seasonal low supply period post syndication



Source: Norges Bank, Macrobond, SEB

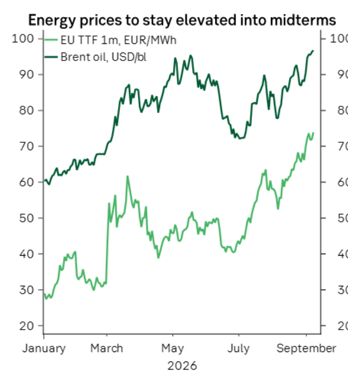
FX highlights: Nat gas in the front seat for NOK

The coil is getting stretched; if gas corrects there is a potential bigger NOK correction coming, but...



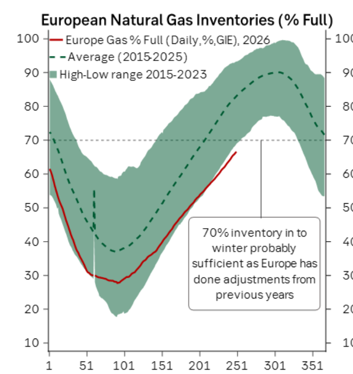
Source: Bloomberg, Macrobond, SEB

...elevated prices into midterms at least assuming Iran has no incentive to reach a deal before that...



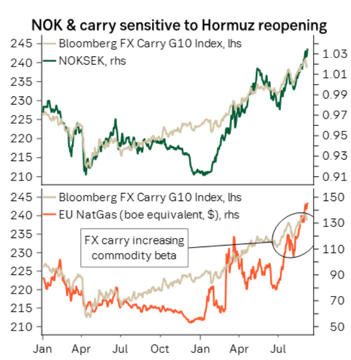
Source: Bloomberg, Macrobond, SEB

...but then Europe has made adjustments, i.e., 70% full storage into winter probably sufficient.



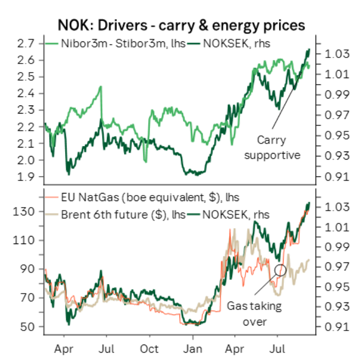
Source: Bloomberg, Macrobond, SEB

NOK is a carry strategy long, heavily driven by gas prices at this point...



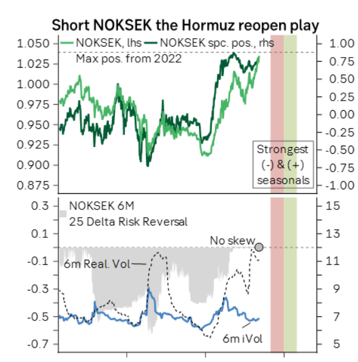
Source: Bloomberg, Macrobond, SEB

...well reflected in NOKSEK which trades entirely on gas prices.



Source: Bloomberg, Macrobond, SEB

A NOKSEK put spread is interesting if looking for a Hormuz reopening trade as the skew in option is flat.

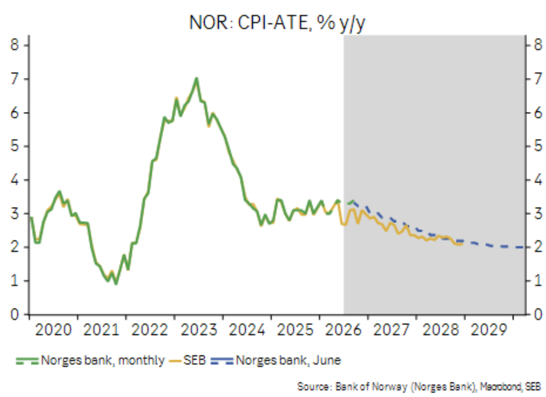


Source: Bloomberg, Macrobond, SEB

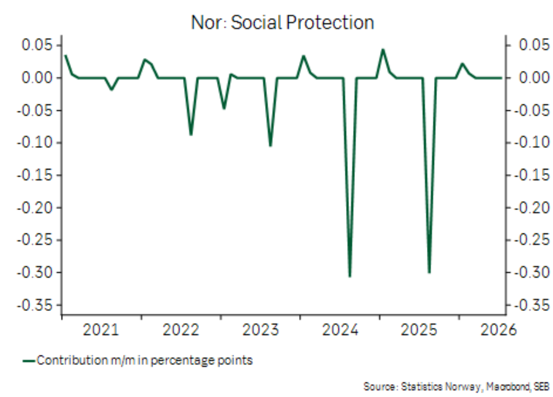
Upcoming data and events:

- **August inflation data:** We predict CPI-ATE to edge up to 3.1% y/y vs. Norges Bank's 3.3% y/y estimate. Base effects from the reduction in childcare fees in August 2025 will likely add 0.3pp to the monthly figure. Fuel prices are expected to rise in August, as well as a rebound in electricity prices. The outlook over the coming 12-18 months is mixed: while a stronger NOK will exert downward pressure on imported inflation, high wage inflation means that core inflation will slow gradually. We predict the gap to Norges Bank to narrow in August, but we expect inflation to remain below the bank's trajectory going forward.

CPI-ATE inflation



Base effects from childcare fees



Thursday 10, 08:00

% mm/yy	SEB	Cons.	Norges Bank	Prev.
CPI	-0.3/3.3		3.0	1.0/3.0
CPI-ATE	-0.4/3.1		3.3	0.8/2.7

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