Norwegian inflation

10 September 2026

Higher CPI-ATE but still below Norges Bank's forecast

CPI-ATE increased to 3.0% (from 2.7% y/y), in line with consensus but 0.1pp lower than we predicted and 0.3pp below Norge Bank's forecast. The gap to Norges Bank's forecast thus declined to 0.3pp from 0.6pp and base effects from lower childcare fees in August last year explain the uptick in core inflation. After being higher than expected during the spring and winter inflation has surprised on the downside during the summer. We think that inflation will decline gradually over the next 12-18 months and see slightly lower core inflation than Norges Bank. Uncertainty ahead of Norges Bank's Sep 24 decision remains high, but we still lean towards a 25bps rate hike awaiting more signs on underlying inflation drivers in the Regional Network Report due next week.

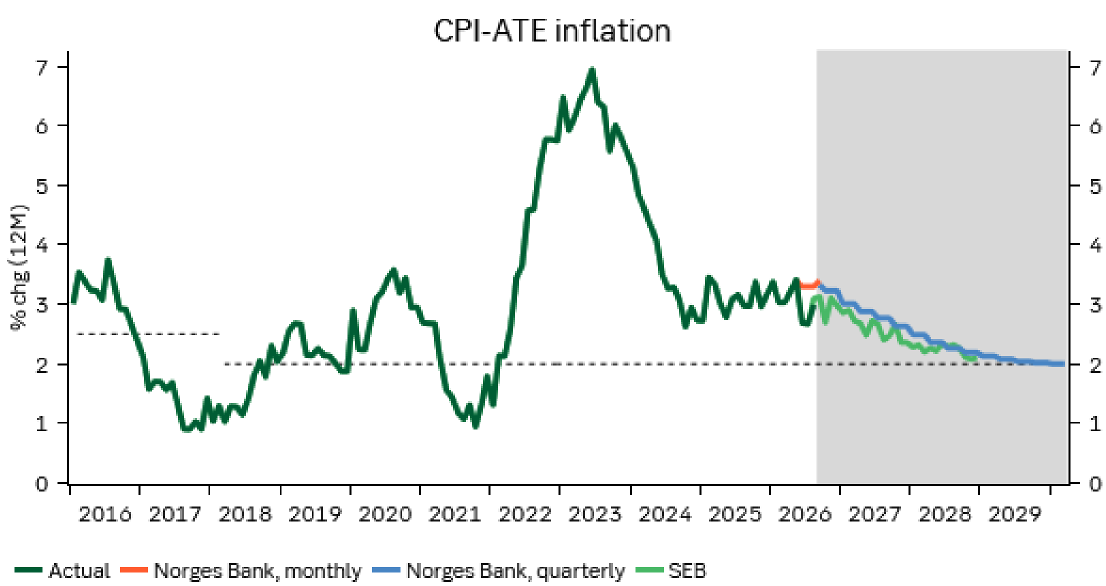
Percent	August	July
CPI	**-0.3%, 3.3% y/y**	**1.0%, 3.0% y/y**
SEB	-0.3%, 3.3% y/y	
Consensus	3.2% y/y	
Norges Bank	3.0% y/y	
CPI-ATE	**-0.5%, 3.0% y/y**	**0.8%, 2.7% y/y**
SEB	-0.4%, 3.1% y/y	
Consensus	-0.4%, 3.0% y/y	
Norges Bank	3.3% y/y	

Details: The deviations from our forecast are small for most sub-components but volatile air ticket prices declined more than expected. Food prices have been an important driver behind the lower inflation during the summer, and remained muted in August although the year-on-year change edged slightly higher to 1.6% y/y from 1.2% y/y in July. Prices on other goods have also slowed but were slightly higher than expected in August. Goods (ex food) are still elevated compared to the underlying trend and a stronger NOK implies that the inflation rate will continue to slow during autumn and winter. Core service inflation increased markedly to almost 5% y/y, driven by the base effects from childcare fees which lowered service prices by more than 1%-point in both 2024 and 2025. Service inflation needs to slow for inflation to decline all the way back to the target, even if lower goods inflation will be the most important driver behind the predicted gradual downward trend in the near-term.

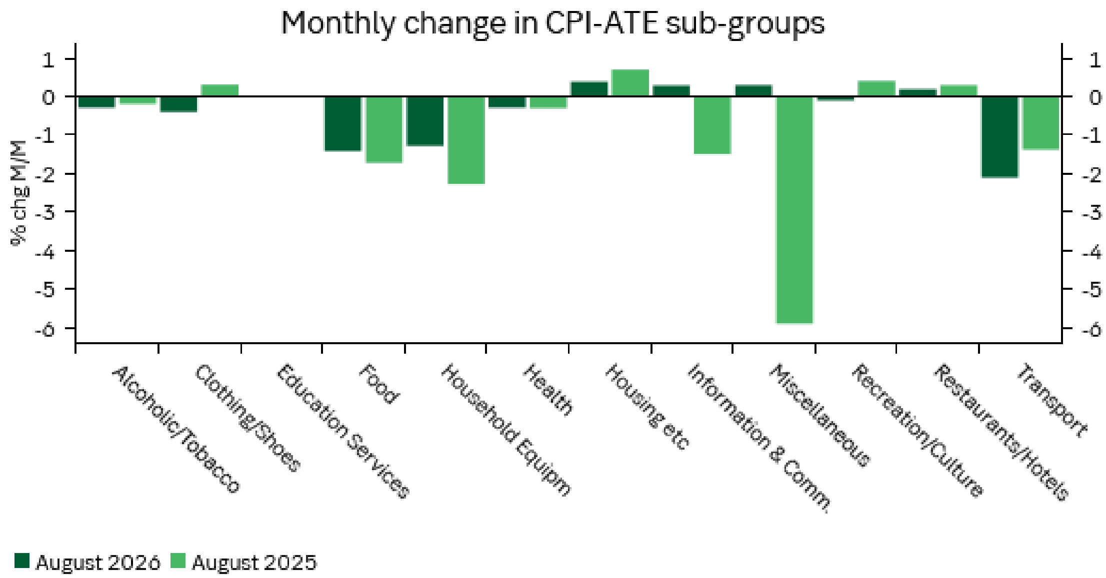
CPI-ATE, August	% m/m actual	% m/m forecast	Diff contribution
Clothes and Shoes	-0.4	-0.2	-0.01
Other core goods	-0.4	-0.7	0.08
Core services ex housing	0.3	0.2	0.03
Rents	0.4	0.5	-0.03
Air tickets	-22.4	-13.7	-0.09
Food, other	-1.7	-1.5	-0.02
Fruits and vegetables	-0.2	-2.2	0.05
Alcohol and tobacco	-0.3	-0.2	0.00
CPI-ATE	**-0.5**	**-0.4**	**-0.10**

Headline CPI increased to 3.3% from 3.0% y/y, which was in line with our forecast. Both fuel and electricity prices edged higher in August, and significantly more upward pressure is in the pipeline especially from fuels which have increased on the back of renewed turbulence in Iran. Also, a normalization of the fuel tax will exert strong upward pressure on fuels in September and October, unless the government prolongs the tax reductions.

Implications Norges Bank: Despite CPI-ATE having surprised markedly on the downside in both June and July, Norges Bank emphasized in its August statement that inflation is still too high and that the underlying drivers of inflation appear to be little changed. The Committee also referred to the average of the different underlying inflation indicators, which had fallen less than CPI-ATE inflation. Overall, it concluded that "it may thus still become necessary to raise the policy rate". The key question is whether the recent downturn in CPI-ATE is viewed as temporary or if the inflation outlook has changed materially to align with its downside risk scenario (labour market conditions become weaker than projected or inflation pressures ease faster). The August inflation data does not give a clear answer; the pace of inflation stabilized, CPI-ATE excluding administrative prices eased to 3.0% y/y in July but was unchanged in August, while there are some positive signs in the underlying trend for goods. Norges Bank are likely to lower the short-term inflation trajectory in the upcoming MPR, but inflation remains uncomfortably high and well-above target. Uncertainty ahead of the Sep 24 rate decision thus remains high, but we still lean towards a 25bps rate hike. That said, the Regional Network Report (due Sep 17) could provide decisive clues about underlying inflation drivers.



Source: Statistics Norway, Norges Bank, Macrobond, SEB



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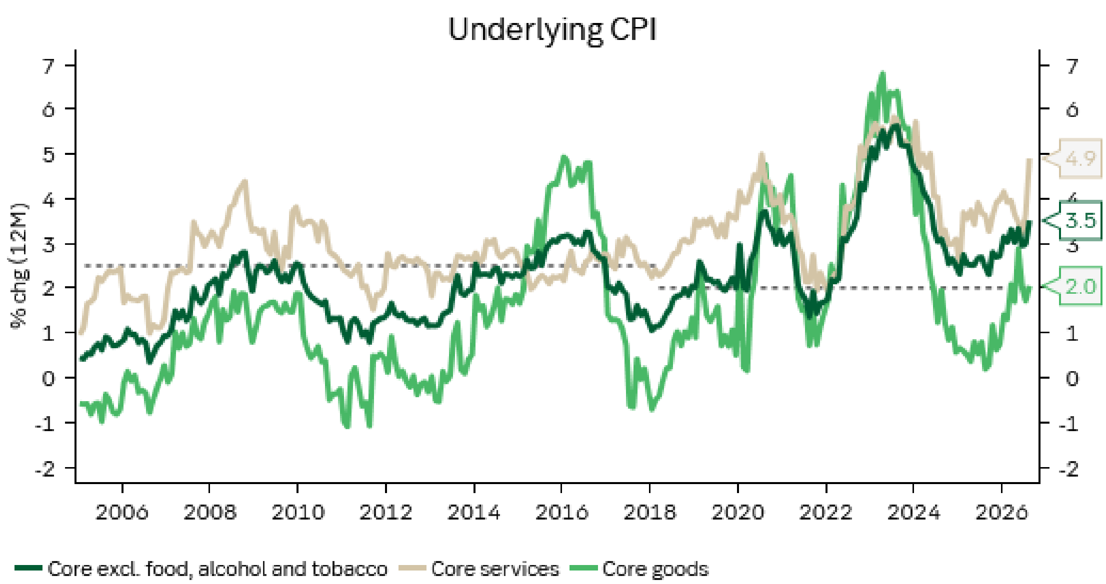
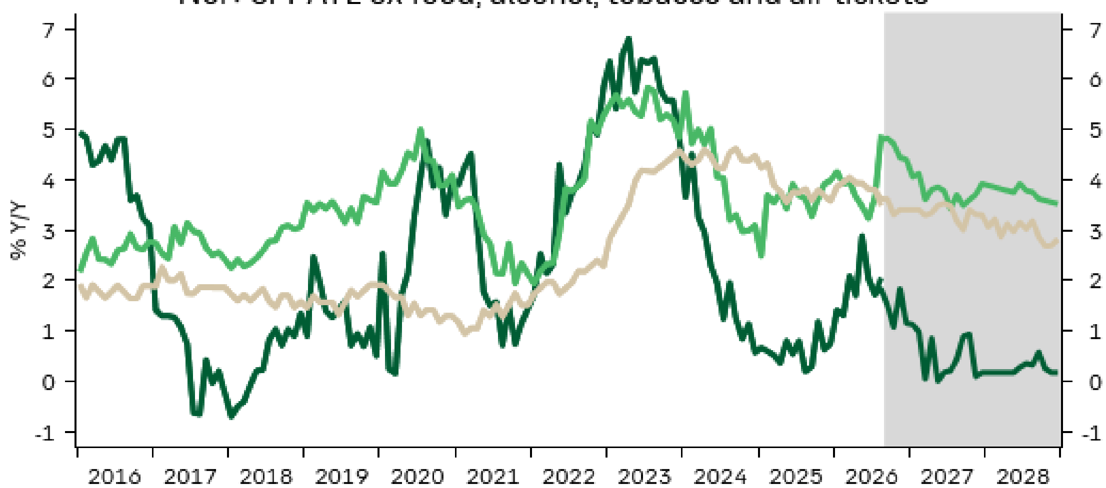


Source: Statistics Norway, Macrobond, SEB

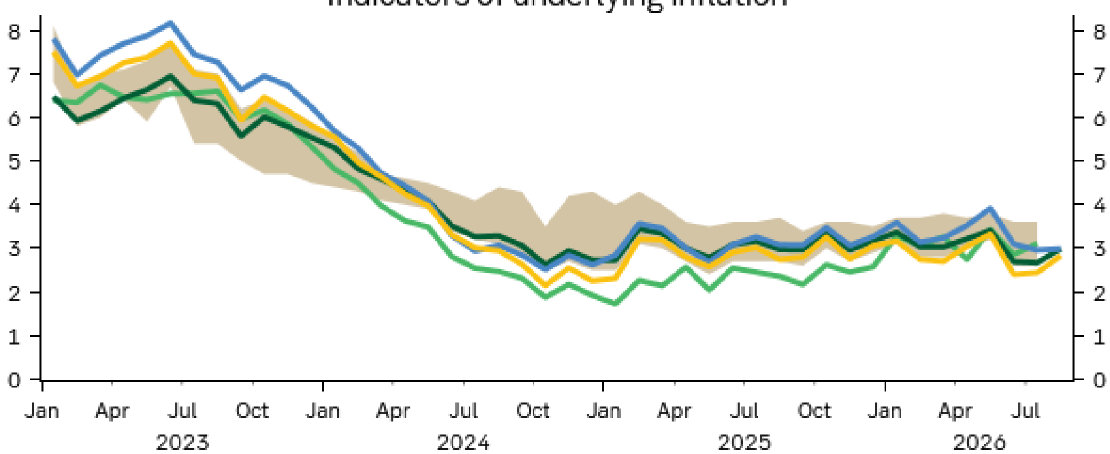
Nor: CPI-ATE ex food, alcohol, tobacco and air tickets



Rents Services ex rents Goods

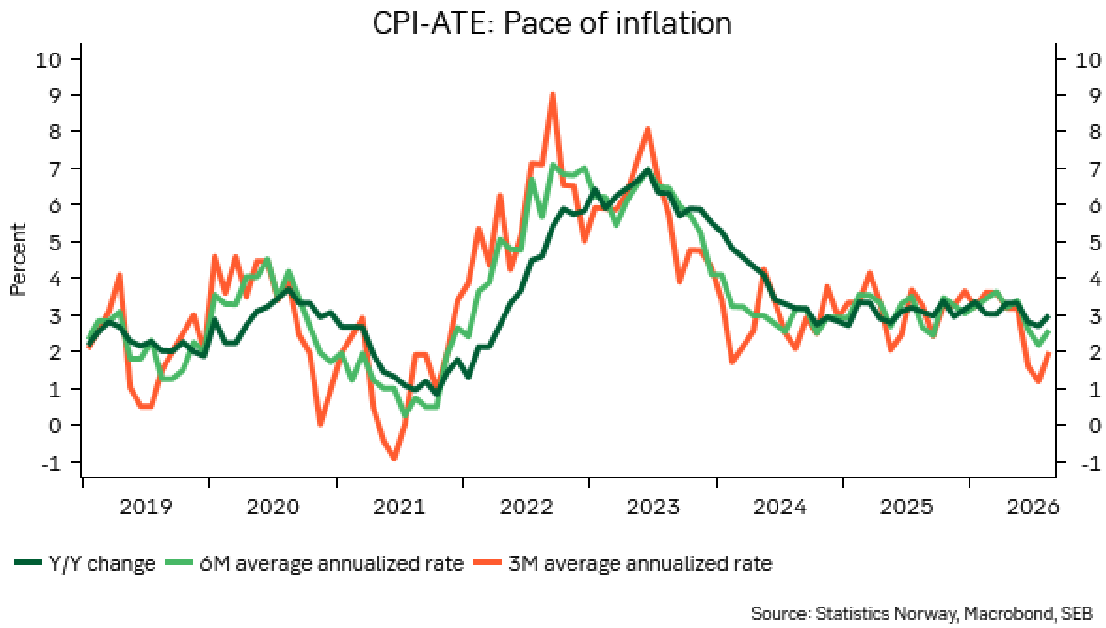
Source: Bloomberg, Macrobond, SEB

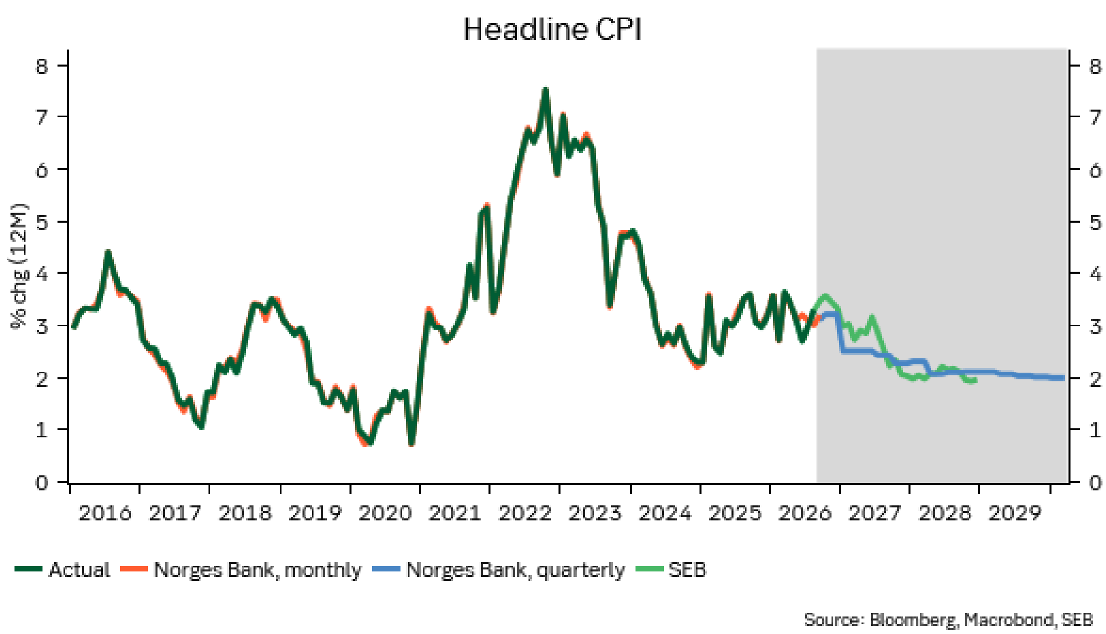
Indicators of underlying inflation



CPI-ATE ex food, alcohol, tobacco and rents CPI-ATE ex administrative prices CPI-ATE HICP core
Indicators (CPIXE, trimmer mean, weighted median)

Source: Statistics Norway, Norges Bank, Macrobond, SEB





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