Nordic Alert

06 October 2026

French budget and new elections in Spain

Global key stories

French budget turmoil is putting pressure on the euro, which yesterday reached its weakest level (1.12) against the dollar in 17 months. The French ten-year yield did not move much but remained near a high 4.9%, while both the US and German counterparts rose by a few basis points. The US ten-year yield reached its highest level in 24 years, with the price of oil (Brent) falling slightly to about USD 100 per barrel. My colleague Bjarne shows in his analysis that the actual price - here and now - is instead around USD 140 per barrel, as the price we usually see is what a barrel of oil costs a little further ahead in time**.**

The unusual trend of both rising bond yields and stock markets in recent weeks continued yesterday. Technology stocks drove the stock market rise (Nasdaq, +1.1% and S&P 500 +0.7%). Chinese markets are closed today, but stock markets in Japan and Hong Kong are rising this morning. Futures point to positive openings in both Europe and the US today.

US services data gives a mixed picture. The ISM index stood at 54.9 in September and shows continued expansion, but at the same time does not paint as strong a picture of the economy as the services PMI. Activity slowed at the same time as input prices rose faster – a combination that keeps inflation concerns alive.

New elections in Spain. Prime Minister Sánchez yesterday called new elections for November 29 after his minority government failed to get a housing package through parliament. Regular elections were supposed to be held next year, and the Partido Popular (PP) is leading in the polls and could together with the far-right party Vox reach a majority. Sánchez hopes that the housing crisis with high housing prices and housing costs will benefit the government, but corruption scandals within his own Socialist Party and the government's handling of the refugee crisis in Ceuta work to his disadvantage.

Keep an eye on France. Today, the budget for 2027 is to be formally submitted. However, a first draft has already been presented with new savings of €43 billion. It is uncertain whether the parliament will approve the budget. Ahead of the 2027 presidential election, the hope is that the budget will show that France is on the right track and thus prevent the already elevated interest rate differential between French and German ten-year government bonds from spiraling further (read more here).

The far-right presidential candidate Le Pen is speaking today and it will be interesting to see if she presents more details on her plans to save 125 billion euros over the next five years. All types of budget cuts in France usually meet fierce resistance. In recent days, over 5000 students have been arrested in violent protests against lack of resources.

Today's data calendar is thin, but we keep an extra eye on German factory orders and industrial production for France and Spain.

Nordic key stories

How the next Swedish government will look is still unknown. For those interested in politics, today's election (at 11.00 a.m.) of members of the Riksdag's committees may be interesting.

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	**GER**	**Factory orders mom/wda yoy**	**Aug**		**-1.0/13.1**	**2.5/13.1**
08:45	**FRA**	**Industrial production | manufacturing production**	**Aug**		**0.3/1.3 | ---/---**	**-0.4/-0.5 | -0.8/-2**
09:00	SP	Industrial production mom	Aug		-0.5	0.6
09:30	GER	S&P Global PMI construction	Sep		---	48.7
10:30	UK	S&P Global PMI construction	Sep		45	44.3
11:00	EA	Retail sales	Aug		0.3/1.2	-0.6/0.6
14:15	US	ADP weekly employment change	Sep 19		---	20k
14:30	US	Trade balance | imports mom | exports mom	Aug		-89.8bn | --- | ---	-88.6bn | 2.8 | -2.1

Auctions: GER to sell bonds (11:30), ESM to sell bills (12:30), US to sell bills/notes (17:30/19:00).
Speeches: BoE's Mann (10:30), ECB's Zigman/Cipollone (13:45/15:00), Fed's Williams (15:05), BoJ's Ueda (TBA).
Other: Norges Bank Governor Wolden Bache participates in panel discussion at seminar on capital flows, Chinese markets are closed.

Market data

Equities	Index	Future	FX		Commodities	
S&P 500	0.7%	0.1%	EUR/USD	1.12	Brent fut $/bl	100.6
Nasdaq comp	1.1%	0.1%	EUR/SEK	11.27	Gold fut $/oz	4122
Eurostoxx 50	0.1%	0.4%	USD/SEK	10.04	**Government bonds yields**	
OMX Stockholm 30	-0.1%		EUR/NOK	10.77	US 10 year	5.32%
OBX Oslo	0.3%		USD/NOK	9.60	US 2 year	4.83%
OMX Copenhagen 25	-0.5%		NOK/SEK	1.05	Germany 10 year	3.49%
OMX Helsinki 25	-0.3%		USD/DKK	6.66	Germany 2 year	-
Nikkei225	0.8%		USD/JPY	158	Sweden 10 year	3.14%
Shanghai Comp	-		USD/CNY	6.71	Sweden 2 year	2.64%

US and Europe indices indicate change at yesterday's close

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