6 October 2026

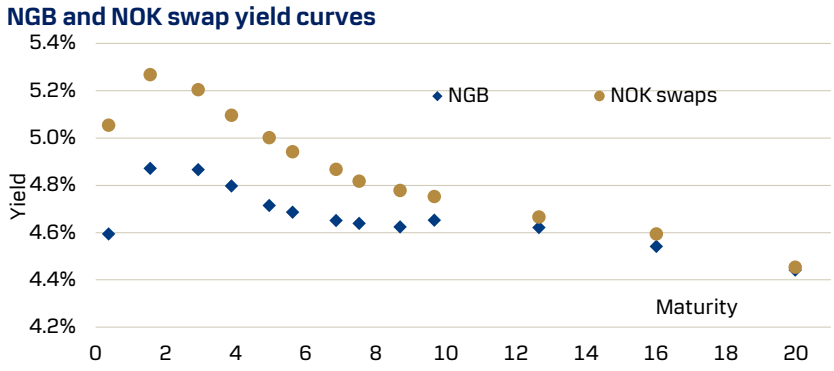
NGB auction preview

Will there be demand for the 20Y NGB given the inversion of the NGB yield curve?

Tomorrow, the Debt Office at Norges Bank will carry out the first of seven tap auctions planned in Q4 (see page 2). Hence, there should be ample opportunity to buy NGBs either at the auction or in the secondary market. Furthermore, it plans to sell between NOK16bn-19bn, for a total of NOK107bn-110bn in 2026. This is the top of the range for its issuance target in 2026 of NOK100-110bn.

The Debt Office will sell a total of NOK3bn in the 2Y and 20Y benchmarks - NGB 2% 04/28 and NGB 4.5% 09/46. We expect strong demand for the 20Y benchmark despite the solid performance versus NOK swaps, as the 20Y NGB has tightened some 12bp since it was introduced in September. Furthermore, the curve between the 10Y and 20Y has inverted even more as the 10Y-20Y spread has gone from almost flat to now almost -20bp, as shown in the chart below.

The 20Y segment looks expensive on the NGB curve



Source: Danske Bank

Note: Past performance is not a reliable indicator of current or future results.

The spread to Bunds originally tightened as Bunds sold off, but during the recent risk-off sentiment with the widening of the OAT-Bund spread and spillover to other EGBs such as Spain and Italy, there has been a reversal. However, the 20Y NGB looks expensive on most metrics and when we look at the slope of the ASW-spread curve, which is almost flat above 10Y (see chart on page 2). Hence, we would prefer to buy 10Y NGBs rather than 20Y NGBs.

That said, we still like NGBs, especially with the pressure on EGBs and US Treasuries due to both issuance and likely more rate hikes by the ECB and Federal Reserve. Furthermore, there is plenty discounted in the front end due to Norges Bank. With the 2Y bond yield close to 5%, it does look attractive for outright investors, as we expect that Norges Bank has reached the peak on monetary policy at 4.5%. Hence, we recommend focusing on the 2Y rather than the 20Y at the auction.

Key points

- Tomorrow, the Debt Office at Norges Bank will carry out the first of seven tap auctions planned in Q4.
- The Debt Office will sell a total of NOK3bn in the 2Y and 20Y benchmarks - NGB 2% 04/28 and NGB 4.5% 09/46. We expect strong demand for the 20Y benchmark despite the solid performance both versus swaps and 10Y NGBs.
- We prefer the 10Y segment relative to the 20Y segment. That said, we still like NGBs, especially with the pressure on EGBs and US Treasuries from both issuance and likely more rate hikes by the ECB and Federal Reserve. Furthermore, there is plenty discounted in the front end due to Norges Bank. The 2Y NGB looks attractive at close to 5% yield.

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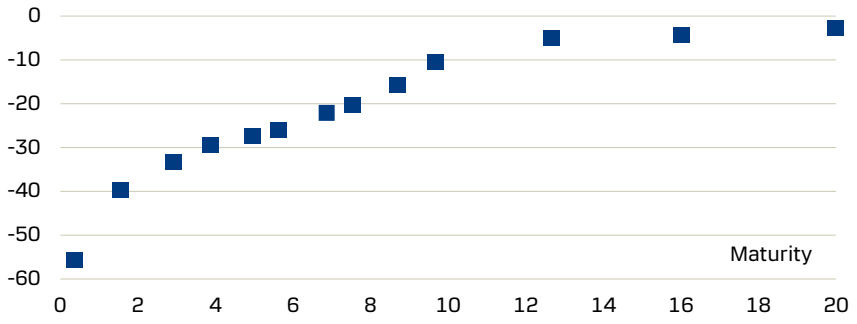
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The ASW-spread curve is flat between 13Y and 20Y

The NGB ASW-spread curve is almost flat between the 13Y benchmark (NGB 05/39) and the new 20Y benchmark (NGB 09/46), as shown in the chart below. Hence, there is better roll-down going further out on the curve, such as the 10Y segment.

Steep NGB ASW-curve out to 10Y

NGB ASW-spread curve vs. 6M Nibor



Source: Danske Bank

Note: Past performance is not a reliable indicator of current or future results.

Auction calendar for the rest of 2026

Norges Bank announced seven auctions in Q4 in its Q4 funding update (see *here*). The calendar is as follows:

Auction calendar, Q4

Auction date	Expected amount	Buyback auction NGB 02/2027
Wednesday, 7 October	**NOK 3bn: 2Y and 20Y NGB***	
Wednesday, 14 October	NOK 3bn	
Wednesday, 21 October	NOK 2bn	
Wednesday, 28 October	NOK 2bn	
Wednesday, 11 November	NOK 3bn	
Wednesday, 25 November	NOK 2bn	Wednesday, 25 November
Wednesday, 2 December	NOK 2bn	
Wednesday, 9 December	NOK 2bn	

*Source: Danske Bank. * Announced*

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