NGB Spotlight

06 October 2026

NOK 3bn in NST480 and NST491

On Wednesday Oct 7th, Norges Bank will hold a multiple tap auction where a total of NOK 3bn will be issued, split between the NST480 (2.00%, 04/2028) and the NST491 (4.50%, 09/2046) bonds. NST480 currently trades with a yield of 4.895%, implying a maturity-matched spread vs. Germany of 187.5bps and an ASW spread of -37bps. NST491 trades with a yield of 4.455%, with corresponding spread levels at 62bps and -1.5bps. The auction closes at 11.00 CET, and results will be available on Norges Bank's website at 11.05 CET.

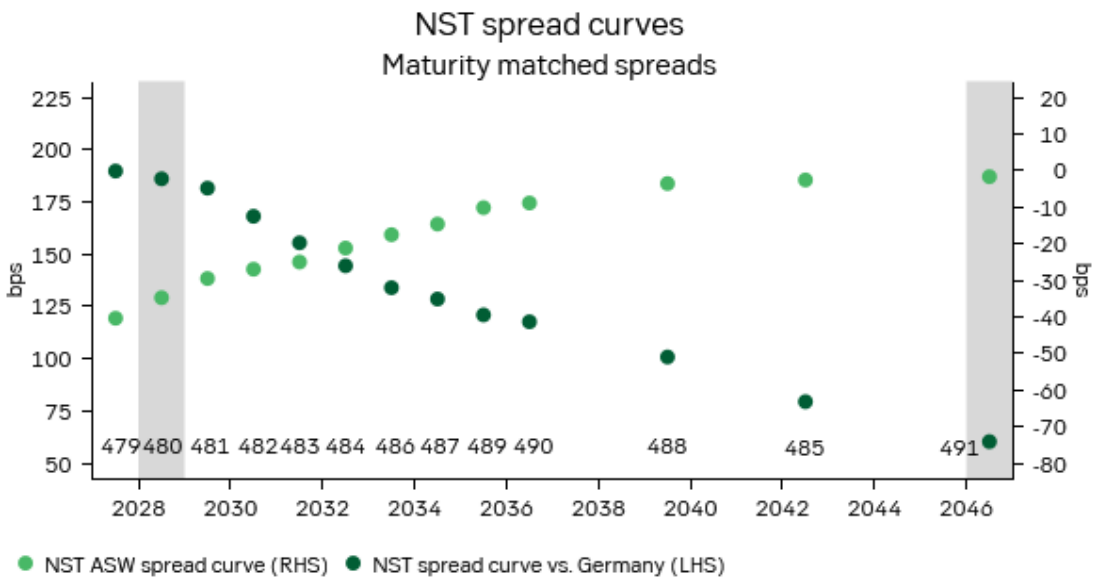
- On Wednesday, Norges Bank will auction a total of NOK 3bn split between NST480 (04/2028) and the new NST491 (09/2046) bonds. NST491 was issued via syndication on Sep 16th. The issue attracted large demand (NOK 59n excl. JLMs) and the IPT was lowered from MS +14 area to +9bps, implying a reoffer yield of 4.509%. NOK 10bn was issued in total, which was the maximum indicated size (additional NOK 4bn was retained for repo purchases). The bond performed strongly in the aftermath and demand remains sound. We are thus not surprised that Norges Bank includes the new 20y bond in the first following tap auction. Combining the NST491 bond with a shorter maturity is reasonable and should enable the auction to run smoothly despite the rise in yields lately. In the previous 4 tap auctions including NST480, the bond received an average bid-to-cover of 3.81 with an allotment share of 65%.

- There has been a sharp sell-off in global bonds in recent weeks. The NST market has also been characterized by high volatility and dominated by sellers. Continued paying interest in swaps has triggered fast money to offload NST ASWs, particularly in the mid-segment. Meanwhile, long-end ASWs have basically been moving sideways while NSTs have underperformed markedly against Germany and other 'strong fiscal peers' such as Sweden. Arguably Norway's outstanding fiscal position should underpin NGBs as a quality haven, but such demand has not yet been triggered. Should the situation deteriorate further, and debt repayment considerations increase, NSTs are likely to start outperforming. Until then, we see risk of further underperformance on a spread-basis.

- Following Norges Bank's September hike to 4.50%, the market is still discounting a policy rate peak around 4.75%. We believe the bar for delivering another rate hike to be high; last year's two rate cuts have now been reversed, and the Committee is clearly split on what's deemed as a sufficiently restrictive policy. Following a large downward revision to Norges Bank's CPI-ATE forecast, we believe inflation will surprise on the upside in the near term. However, long-term inflation drivers will be decisive, and we expect inflation to gradually ease from 2027. That said, the upside surprises near term are likely to underpin current pricing.

- Supply recap**:** The second successful syndication is behind us where the new 20y bond, NST 491, was issued with a total volume of NOK 10bn to investors. Including the new NST491, Norges Bank has issued a total of NOK 91bn YTD, while the annual borrowing interval is set at NOK 100-110bn (107-110bn in the Q4 guidance). Due to the accumulated underborrowing since 2019, we expect Norges Bank to set for NOK 110bn. Hence, with only 8 more tap auctions planned for the year, average auction size will be NOK 2.4bn vs. 3.2bn in H1.

- The government's budget proposal for 2027 will be presented on Wednesday, with key market data released already at 8.00 CET. The underlying borrowing requirement has been trending higher in recent years, reflecting both increased net lending and higher refinancing needs. The 2026 budget implied a borrowing need of NOK 96bn, while Norges Bank aimed at NOK 100-110bn to build up the cash reserve. We expect stable gross supply around NOK 110bn in 2027.



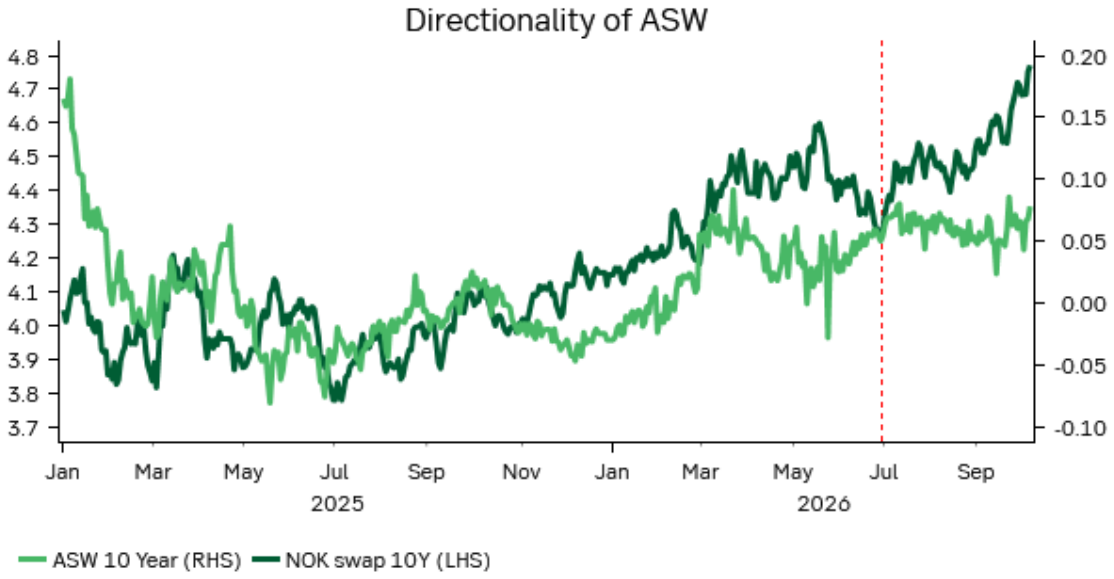
Note: Levels are of yesterday's close.



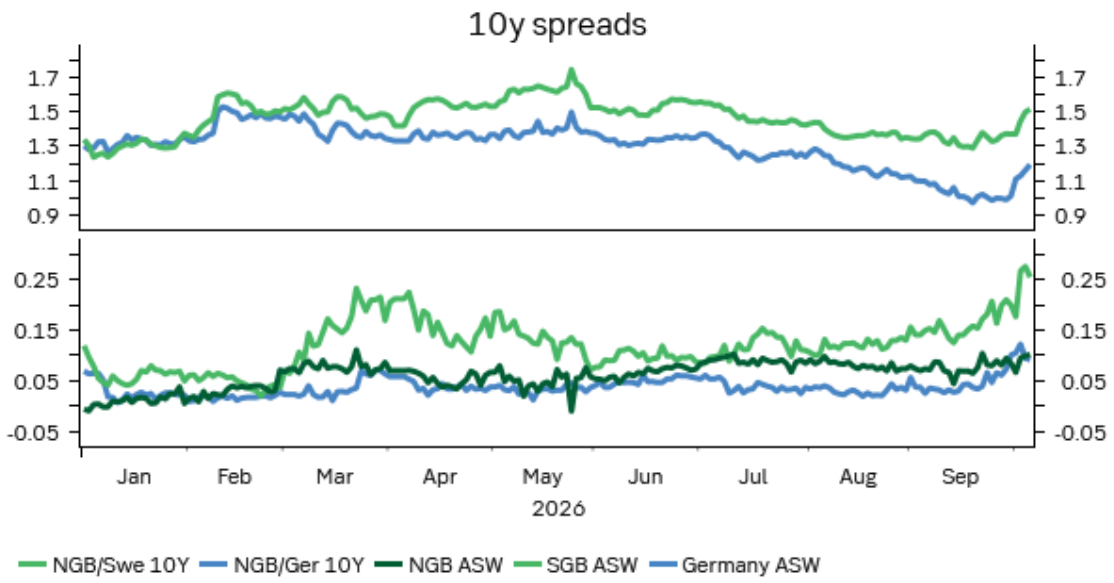
Source: Bloomberg, Macrobond, SEB



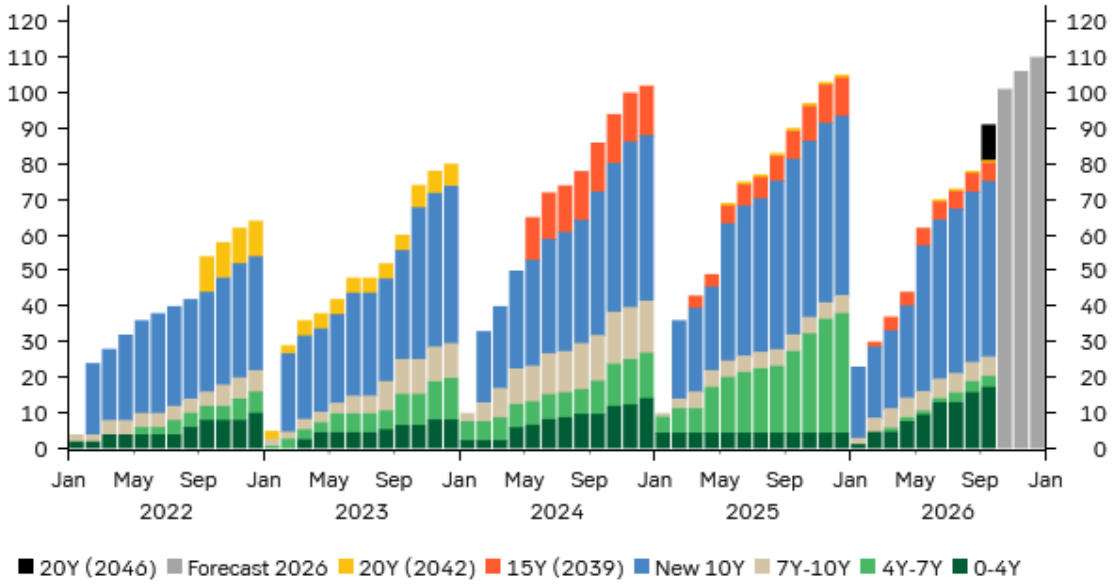
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