12 October 2026

Desperate, vote-chasing Trump buys Putin's diesel

Global key stories

Impressive equity market resilience despite the interest rate headache – conclusions. We are on the verge of an unusually interesting earnings season, with expectations of solid results for Q3 2026. The economic outlook is getting a tailwind (more below), despite serious wars, confusing politics and a dramatic upward shift in the entire yield curve – driven by both cyclical and structural forces. US equities closed near record highs on Friday: S&P 500 +0.6% and Nasdaq +0.5%. Stockholm's OMXSPI gained 1.6%. President Trump's tragic decision to temporarily lift US sanctions on Russian diesel producers (more below) changes the playing field for Ukraine. Brent crude closed at an elevated USD 105 per barrel on Friday (current level 103 dollar); the Houthis' deadly attacks on Riyadh airport confirm the continued serious security situation in the region. The US 10-year Treasury yield closed at 5.25% (+2 basis points). Meanwhile, Paris is forced to confront the embarrassing fact that France's serious fiscal problems mean it now pays a record 30 basis points more than Italy to borrow for 10 years: 4.85% versus 4.55%. What raises alarm bells for economists is France's weak, "almost dead", productivity growth (see charts). This sets the stage for unsustainable debt dynamics in the longer term. Today is Columbus Day in the US; the bond market is closed, while equity markets remain open. Asian stock markets are trading cautiously in early Monday trading, with a slightly positive bias; Japan's markets are closed for a holiday. U.S. and European stock futures are up 0.3–0.6%.

"Prices will fall rapidly and by record amounts" – reflections. Donald Trump predicts lower diesel prices after reaching an agreement with Putin on sanctions relief. The White House is lifting sanctions on Russian diesel producers until April next year. A desperate and short-sighted Trump, known for his many U-turns, is chasing votes ahead of the 3 November midterm elections. The backlash has been strong. The decision ties Ukraine's hands when it comes to attacking Russian energy infrastructure. Meanwhile, Trump says: "It's time for Ukraine to get a new president." Ukraine's Zelenskyy calls it terrible news: "This looks like an outright birthday present for Putin."

EU and China avoid a trade war (at least for now) – some thoughts. The EU has a destabilising imbalance in goods trade with China, with a deficit of no less than EUR 360bn in 2025. China has now agreed, among other things, to cut its exports of hybrid cars to the EU by more than half over a four-year period. Beijing is also promising a so-called green channel to facilitate exports of rare earth elements to the EU. The agreement covers 16 specific areas where the two sides have reached common ground. The next high-level meeting will take place in March 2027. China clearly remains attracted by access to the EU's 450 million potential consumers.

IMF expected to confirm resilient growth, but with downside risks – conclusions. When the IMF releases its new forecasts tomorrow, the outlook is relatively bright, despite repeated shocks since the pandemic in 2020. Three issues are in focus: (1) the impact of rapid advances in **AI technology and its capacity for self-improvement**, (2) **the return of inflation risks** and (3) **record-high public debt**.

"No" to an expanding EU budget. Ireland's new, scaled-back proposal for the EU's 2028–2034 budget faces strong opposition. "The EU needs a better budget, not a bigger one," says Sweden's Minister for EU

Affairs, Rosencrantz.

Nordic key stories

Patience is needed even as time is running out – some reflections. Tomorrow, the Swedish Social Democratic Party leader will report to the Speaker of Parliament on the government formation talks. Friday's meeting between the red-green party leaders can be summed up in three words: necessary, constructive, inconclusive. Expectations of a breakthrough were low, but the participants seemed satisfied. The red lines remain as clear as ever. Patience is needed, but Speaker Norlén is likely to step up the pressure on all eight parliamentary parties to give and take. Markets have continued to keep the government formation process off their radar, probably for good reason. After all, the government formation debacle in autumn 2018 barely left a mark on financial markets.

Sweden should do this too. China is planning a new employment initiative to align workforce skills with advances in AI. It includes support for university graduates and other young people, as well as better working conditions for people in flexible and emerging forms of employment in the wake of AI. **Epilogue:** Sweden's future labour market needs a well-functioning and effective transition system that provides both financial security and opportunities for continuous skills development as jobs come and go.

Good publicity for Sweden and Saab: "Thailand's queen becomes first female royal to fly fighter jet."

Today's key events

Chart package for the most important events this week here

Time	Country	Event	Period	SEB forecast	Consensus	Last
08.00	Denmark	Inflation: CPI | HICP	Sep	0.0/2.2 | --/--	--/-- | --/--	-0.3/2.0 | -0.4/2.0

Other: The **Swedish Public Employment Service** (AF) releases labour market data (12:00). **Central bank speeches** by **BOE**/Breeden/Mann (11:30/14:50), **Riksbank**/Bunge (16:30) and **Fed**/Hammack (18:10). The **EU** holds a foreign affairs ministers' meeting. **The "Nobel Prize" in Economics** is announced.

Have a really great Monday and autumn week!

Market data

Equities	Index	Future
S&P 500	+0.59%	+0.30%
Nasdaq 100	+0.64%	+0.30%
Eurostoxx 50	+0.76%	+0.60%
OMX Stockholm 30	+1.74%	
OBX Oslo	+1.12%	
OMX Copenhagen 25	+1.38%	
OMX Helsinki 25	+0.54%	
Nikkei225	+2.38%	
Shanghai Comp	+0.05%	

FX	
EUR/USD	1.12
EUR/SEK	11.20
USD/SEK	9.98
EUR/NOK	10.71
USD/NOK	9.55
NOK/SEK	1.04
USD/DKK	6.67
USD/JPY	158
USD/CNY	6.69

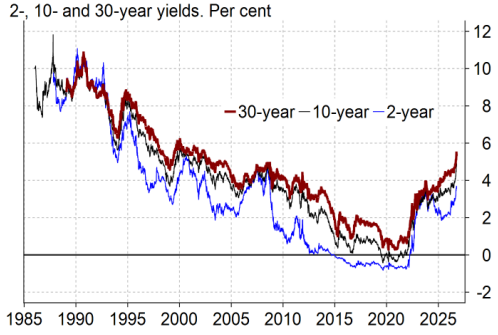
Commodities	
Brent fut $/bl	103.01
Gold fut $/oz	4235

US and Europe indices are change at yesterday's close

High Debt – The Élysée Palace Under Pressure

French government bond yields

2-, 10- and 30-year yields. Per cent



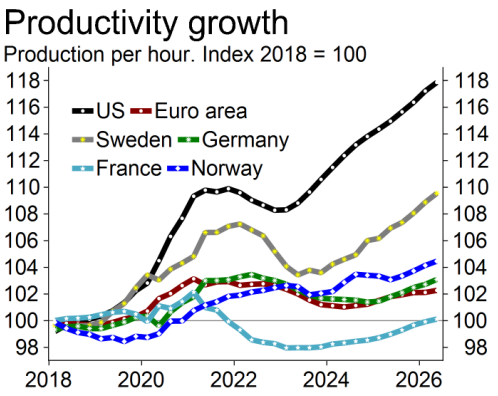
Unsustainable debt dynamics
if r ≥ g
(interest rate ≥ growth)

France's debt position

Debt duration 8 years → r = **4.6%**
Nom. GDP growth → g = **3.0%**

SEB

France Must Improve Productivity Growth



Energy predictability

Labour-market flexibility

AI and other technologies

Regulatory environment

Industrial policies and state aid

Capital markets & private funding

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General Government Debt 2019–2031: Risks

% of GDP IMF forecast	2019	2022	2026	2027	2028	2029	2030	2031	Outlook for net savings (C/A balance – long-term)
World	***82***	***94***	**95**	**97**	**99**	**100**	**101**	**102**	--
US	*109*	*124*	**126**	129	132	136	139	142	*Foreign financing*
China	*60*	*99*	**107**	112	117	120	124	127	*Domestic financing*
Japan	*206*	*206*	**204**	200	198	196	194	193	*Domestic financing*
Euro area	*83*	*87*	**88**	88	89	89	89	90	*Domestic financing*
France	*98*	*111*	**118**	120	121	121	121	121	*Domestic financing*
Sweden	*36*	*35*	**37**	38	38	38	37	37	*Domestic financing*

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