Swedish safe haven

Sweden 360 – Weekly Market (Re)View

Content and summary

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- *Disclaimer*

Summary: Rate Market Views

- **September flash inflation:** Adjusted for VAT cuts and subsidies, core inflation was unchanged at 1.5% y/y, with annualised monthly momentum at just 1.1%. Against this backdrop, **back-to-back rate hikes from the Riksbank looks unlikely**. We see a November hike as highly probable but expect a second hike won't arrive until 2027 → near-term market pricing looks too aggressive.
- **SGBs looks marginally expensive on a cross-country ASW model following the tactical safe-haven move in ASW** on the back of French fiscal worries. The move is sizeable compared to similar episodes but looks done for now.
- We see few signs of increased issuance impacting SGBs negatively, as increased liquidity is seen as an opportunity to switch to domestic bonds.
- **The failed auction last week was a one off – not a pattern:** #1053 (2039) is an off-the-run bond often held interbank as a hedge versus short longer-dated bond positions. As duration shrinks -> appeal fades. SGB #1053 underperformed 1-2bps vs swap, and the move should also be seen in light of sharp performance earlier in week.

Summary: FX Market Views

- **Market narrative turns SEK into 'safe haven light' vs Euro.** We are sticking with our view that this is a phase of tactical position reduction in SEK (covering shorts). Aggregated positioning still very short in SEK (vs EUR, USD & NOK), similar to fellow low-yielder CHF (vs EUR, USD).
- **CHF the better option of the two if equities start correcting.** Current environment is one of risk-off in FI spreads but with equities the odd one out, should equities correct CHF will do better than SEK.
- **Fundamentally – from a regime perspective, not much has changed**. SEK needs a bigger global disinflation impulse and lower global yields to see real turnaround –more likely to be a story of 2027.

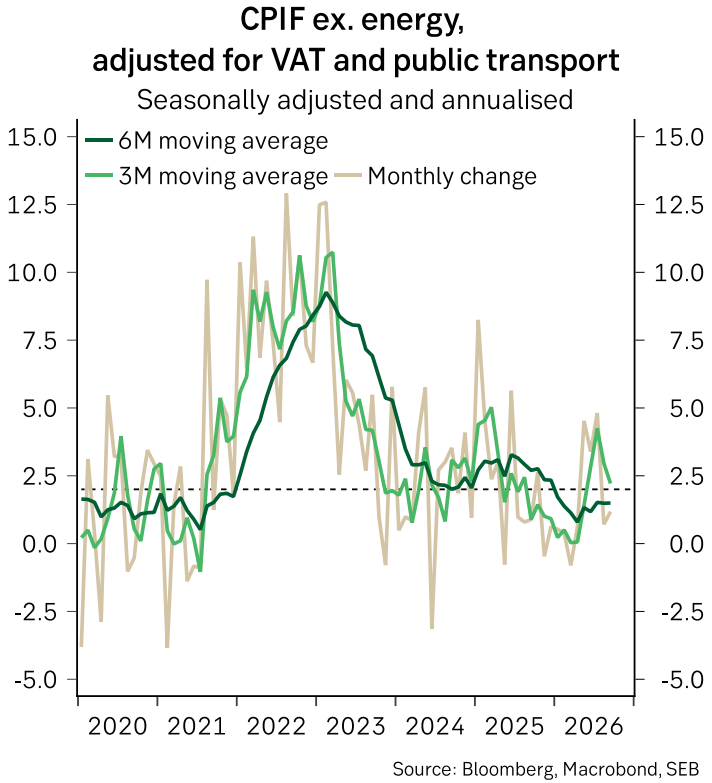
Macro highlights

Back-to-back Riksbank hikes look unlikely

Subdued core inflation despite energy spike

- CPIF ex energy came in at 0.53% y/y, 0.16pp below SEB and 0.21pp below the Riksbank. **Adjusted for VAT cuts and subsidies, core inflation was unchanged at 1.5% y/y, with annualised monthly momentum at just 1.1%.**
- Services and food drove the downside surprise. Core goods inflation rose, driven by SEK depreciation and higher electronics prices.
- September reinforces our view that summer inflation was partly temporary. We expect a gradual rise in core inflation over the next 6-12 months, but near-term momentum remains subdued.
- Headline inflation set to rise on energy, mainly due to the reversal of temporary fuel tax cuts in Q4. Electricity prices are also set to rise during the winter.
- Against this backdrop, **back-to-back rate hikes from the Riksbank looks unlikely**. We see a November hike as highly probable but expect a second hike won't arrive until 2027. We reiterate our view that **the market is pricing too much in total from the Riksbank given the high interest rate sensitivity of the Swedish economy.**

November hike likely – but why the hurry?



Source: Bloomberg, Macrobond, SEB

Market pricing still too aggressive on Riksbank

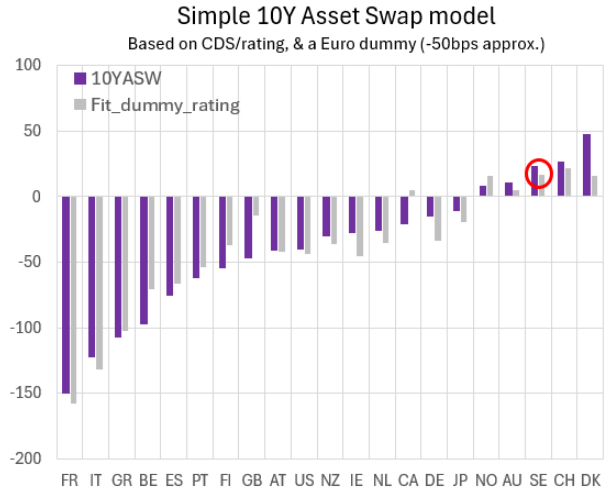
Riksbank policy rate (2026-10-12)								
Announcement date	Market pricing		Riksbank Sep 2026		SEB forecast		Market vs.	
	Policy rate	chg	Policy rate	chg	Policy rate	chg	RB	SEB
2026-09-24	**1.75**	**0**	**1.75**	**0**	**1.75**	**0**	**0**	**0**
2026-11-04	1.95	20	1.91	16	2.00	25	4	-5
2026-12-16	**2.12**	**17**	**2.01**	**10**	**2.00**	**0**	11	12
2027-02-03	2.28	16	2.11	10	2.25	25	17	3
2027-03-23	2.43	15	2.19	8	2.25	0	24	18
2027-05-05	2.57	14	2.27	8	2.50	25	30	7
2027-06-22	2.69	12	2.35	8	2.50	0	34	19
2027-08-18	2.78	9	2.40	5	2.50	0	38	28
2027-09-22	2.85	7	2.43	3	2.50	0	42	35
2027-11-03	2.88	3	2.43	0	2.50	0	45	38
2027-12-15	**2.91**	3	**2.43**	**0**	**2.50**	**0**	48	41
2028-01-26	2.92	1	2.43	0	2.50	0	49	42
2028-03-15	2.93	1	2.43	0	2.50	0	50	43
2028-05-03	2.94	1	2.42	-1	2.50	0	52	44
2028-06-14	2.95	1	2.41	-1	2.25	-25	54	70
2028-08-16	2.95	0	2.40	-1	2.25	0	55	70
2028-09-20	2.95	0	2.39	-1	2.25	0	56	70
2028-11-01	2.95	0	2.38	-1	2.25	0	57	70
2028-12-13	**2.96**	1	**2.37**	**-1**	**2.25**	**0**	59	71

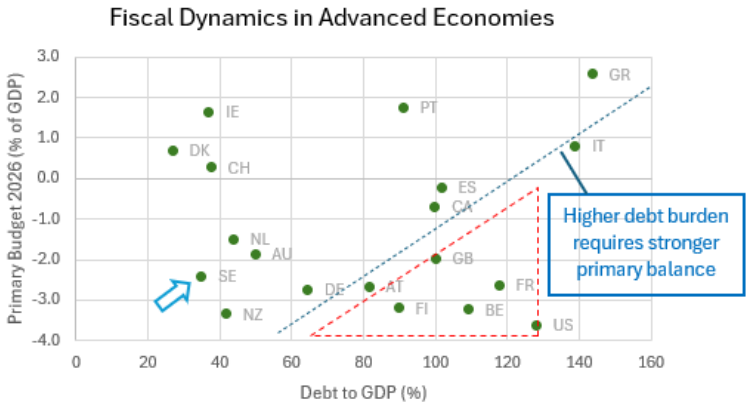
Note: Official dates incl. June 2027 - thereafter SEB assumption.

Rates highlights

SGBs marginally expensive

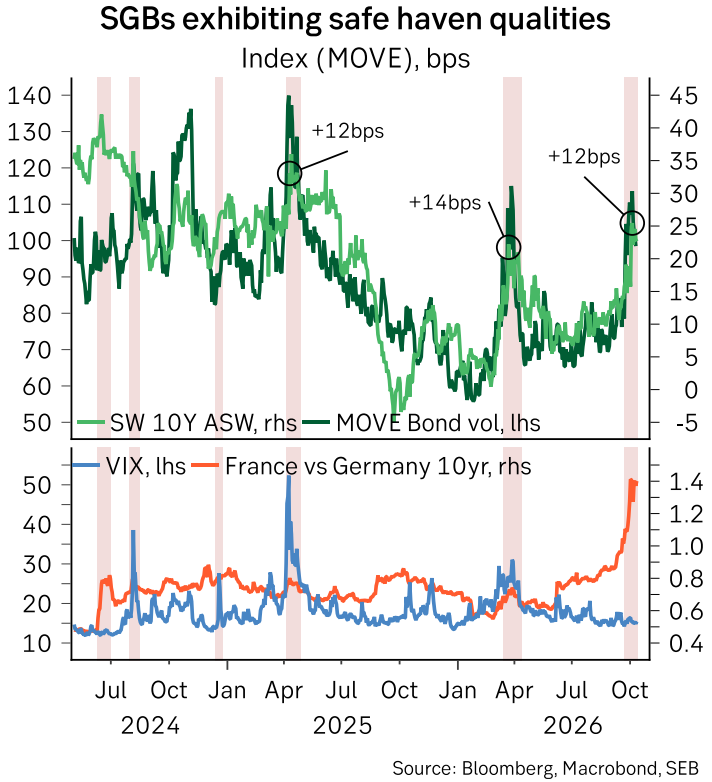
SGBs only marginally expensive on a cross-country ASW model





Source: Bloomberg, OECD budget forecast, SEB

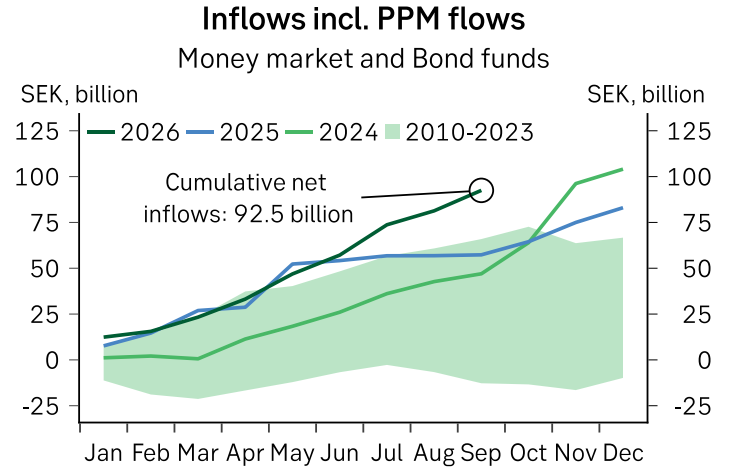
Tactical safe-haven move in ASW sizeable compared to similar episodes



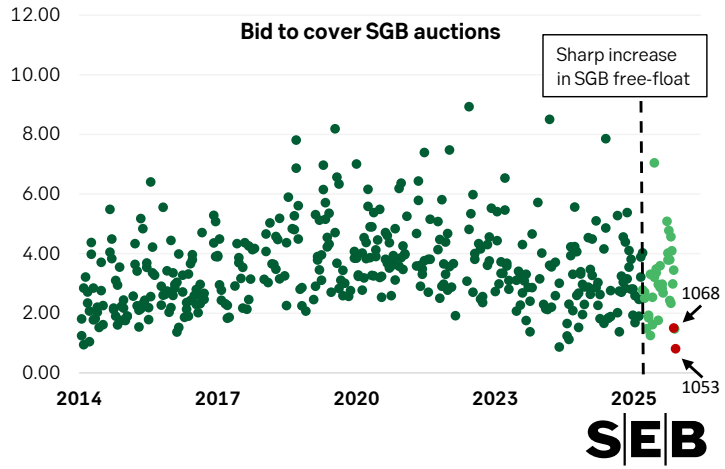
Source: Bloomberg, Macrobond, SEB

- Failed auction last week was a one off – not a pattern:
- #1053 (2039) is an off-the-run bond often held interbank as a hedge versus short longer-dated bond positions. As duration shrinks -> appeal fades. Underperformed 1-2bps vs swap; should be seen in light of sharp performance earlier in week.

Little sign of increased issuance impacting SGBs negatively (increased liquidity an opportunity to switch to domestic bonds)



Source: Bloomberg, Macrobond, SEB



SEB

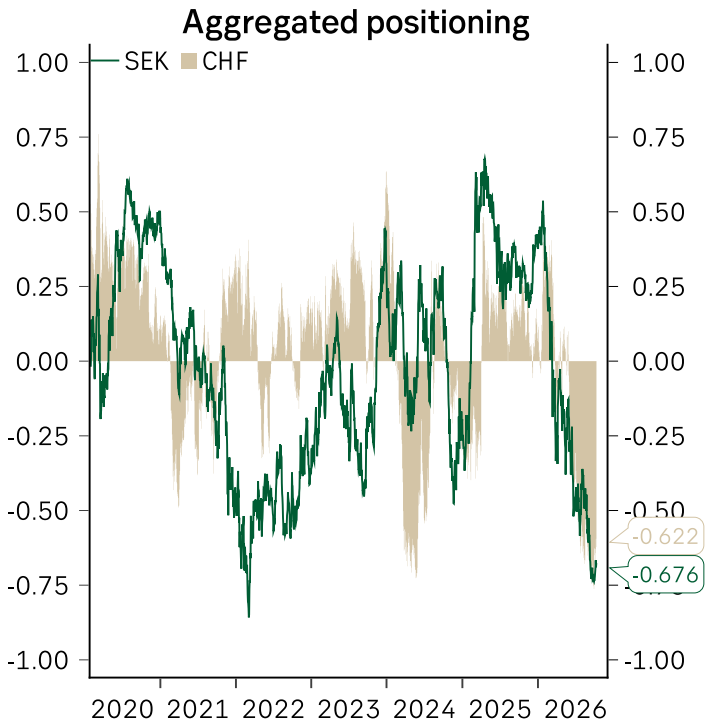
FX highlights

Market narrative turns SEK into 'safe haven light' versus Euro

Tactical positioning reduction on EUR weakness

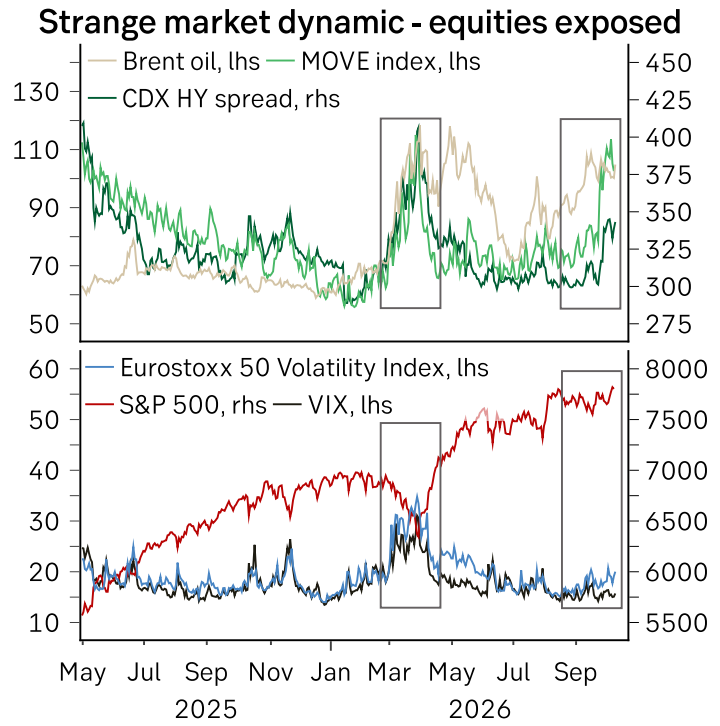
- French bond risk fears set of a near-term correction in SEK as EUR broke lower.
- We are sticking with our view that this is **a phase of tactical position reduction in SEK** (covering shorts). Aggregated positioning still very short in SEK (vs EUR, USD & NOK), similar to fellow low-yielder CHF (vs EUR, USD).
- CHF the better option of the two if equities start correcting. Current environment is one of risk-off in FI spreads but with equities the odd one out, should equities correct CHF will do better than SEK. More on recent views here.
- Fundamentally – from a regime perspective, not much has changed. SEK needs a bigger global disinflation impulse and lower global yields to see real turnaround – this is more likely to be a story of 2027.

France contagion rising – more potential for position unwind in European low-yielders



Source: Bloomberg, Macrobond, SEB

CHF to trade better than SEK though if environment transitions to general risk off...

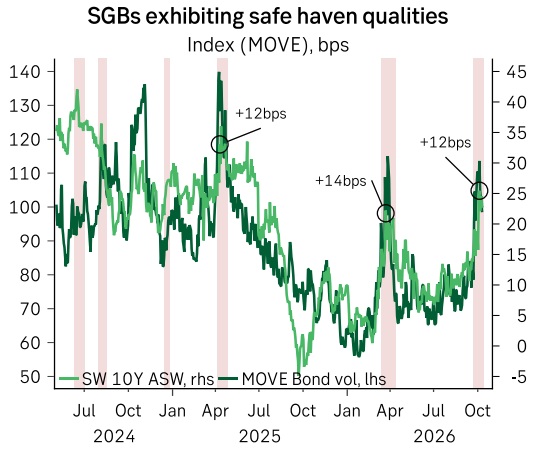


Source: Bloomberg, Macrobond, SEB

SEB Market Views Summary

SGBs look slightly expensive at these levels

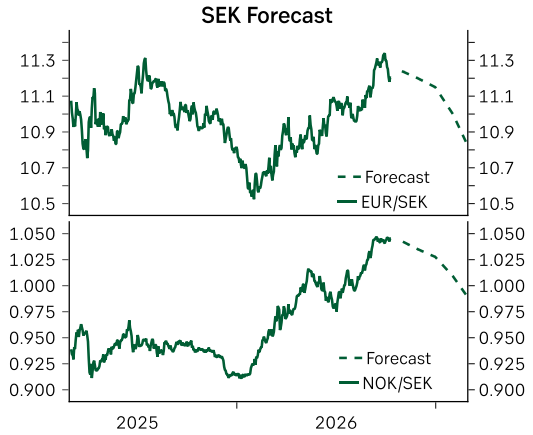
- **SGB 10Y ASW flew past our take profit level of +19bps on the back of French bond risks but looks marginally expensive at these levels.**
- Tactically, the ASW could widen again from here on 'risk-off' dynamics', but we have low conviction how the Hormuz situation will play out in the coming weeks and stay broadly neutral for now.



Source: Bloomberg, Macrobond, SEB

Tactically – dial back short SEK on European crosses

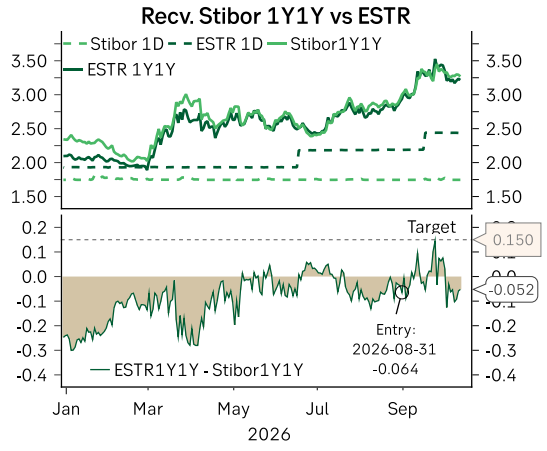
- **Near-term look to dial back SEK negativity on European crosses (from 26th September).**
- Positioning is very short; risk of French fiscal concerns spilling over (EURSEK lower) and gas prices should level off as restocking peaks in Europe in coming weeks (NOKSEK stalls).
- With low conviction how the Hormuz situation evolves in coming weeks dialling back a negative view on SEK vs European crosses feels prudent.



Source: Bloomberg, Macrobond, SEB

Receive 1Y1Y Stibor vs 1Y1Y ESTR – take profit at +15bps

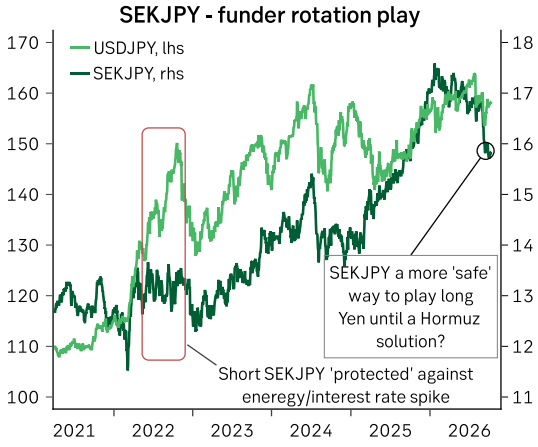
- **Receive 1Y1Y Stibor vs ESTR (target +15bps),** keep playing the range.
- With ECB hike in Sep and Riksbank on hold the o/n ESTR/STIBOR spread has widened to near +70bps which is priced to fully compress in 1y1y space



Source: Bloomberg, Macrobond, SEB

Stay short SEKJPY; medium-term SEK sweet spot returns on Hormuz reopening

- **Continue to hold a view of short SEK (& CAD) vs JPY as a carry efficient way to play long JPY** while having some 'protection' to another disruptive move higher in energy prices and global yields. Should a 'Hormuz' relief emerge for yields look to switch to short USDJPY and CADJPY.
- **Medium-term SEK not back in a positive 'sweet spot' until a stronger disinflation impulse.** SEK thrives in a backdrop of economic recovery and globally falling yields.



Source: Bloomberg, Macrobond, SEB

For SEB strategy's recommendations, please see here

Upcoming Data and Events

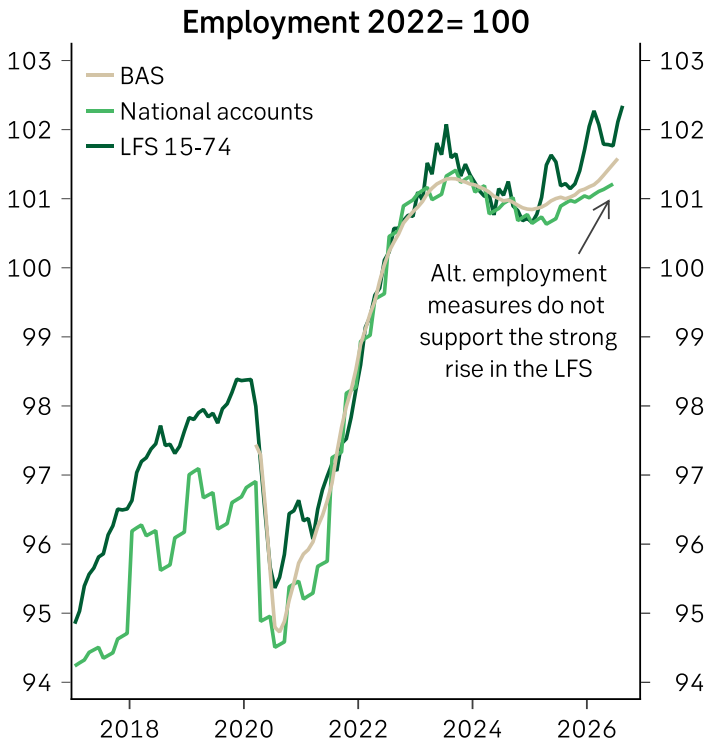
What to watch:

- **Labour market indicators have improved slightly** but do not support a sharp acceleration for employment. The labour force survey (LFS) continues to be very volatile with both high unemployment and high employment during the summer. We predict both exployment and unemployment to decline in September. Alternative measures imply gradually rising employment.

- Retail sales and household consumption have been very strong during the summer, but **we predict household consumption to fall back slightly in September**. Consumer confidence has finally improved more markedly and momentum for consumption is currently strong. However, we predict headwinds from sharply higher energy prices and early rate hikes from the Riksbank, and risks to our optimistic forecast for 2027 have shifted to the downside.

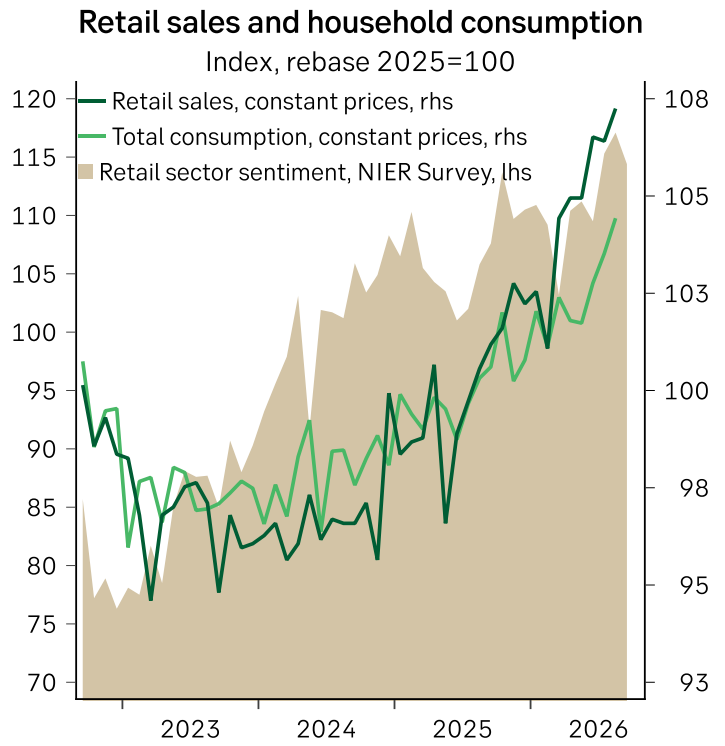
- **Week Ahead:** SEB Research

Some improvement – but no clear turnaround



Source: Bloomberg, Macrobond, SEB

Household consumption starting to accelerate



Source: Bloomberg, Macrobond, SEB

Riksbank: Market pricing and SEB View

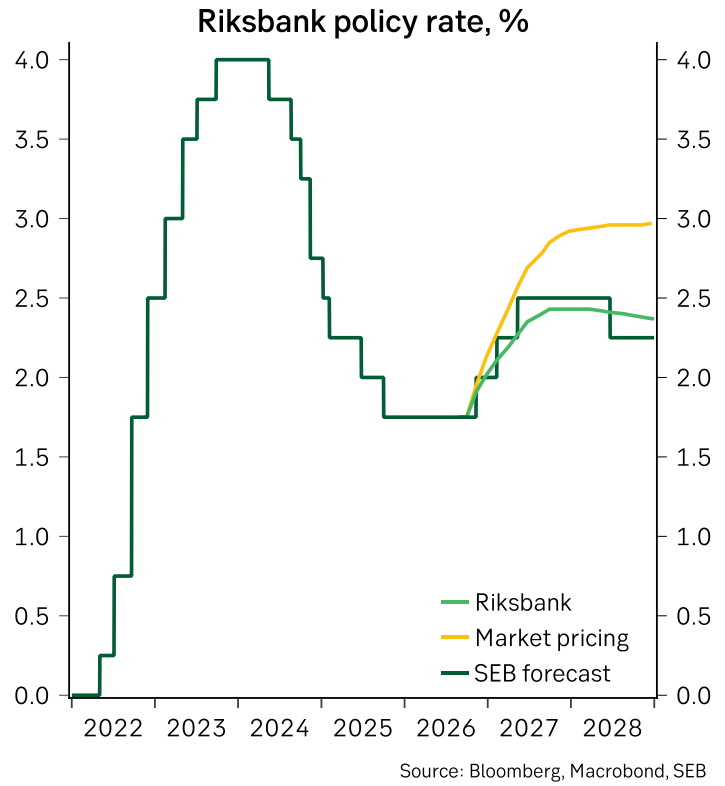
The Riksbank is set to hike in November

- The Riksbank kept the policy rate unchanged at 1.75% in September but lifted the policy rate path significantly. The new path signals a 65% probability of a November hike and another two hikes next year.
- The 2026 GDP forecast was raised to 2.8%. The Riksbank is optimistic on the labour market, forecasting a clear turnaround despite tighter policy and few signs of a turnaround in indicators. Energy prices remain a key upside risk to inflation.
- We have changed our forecast following the hawkish September announcement and **now expect a hike in November followed by two more hikes in February and May.** This will bring the policy rate to a peak of 2.50%.
- Headline inflation will rise significantly above the target during the autumn on the back of higher electricity and fuel prices, and developments in Iran will be very important. If energy prices stay higher for longer, more aggressive near-term rate hikes could come into play.
- **Riksbank Review:** SEB Research

Riksbank policy rate (2026-10-12)

Announcement date	Market pricing		Riksbank Sep 2026		SEB forecast		Market vs.	
	Policy rate	chg	Policy rate	chg	Policy rate	chg	RB	SEB
2026-09-24	**1.75**	**0**	**1.75**	**0**	**1.75**	**0**	**0**	**0**
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Note: Official dates incl. June 2027 - thereafter SEB assumption.

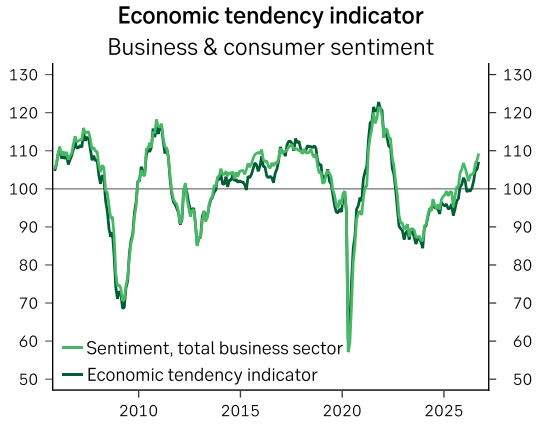


Source: Bloomberg, Macrobond, SEB

SEB Macro View Summary

Economic activity

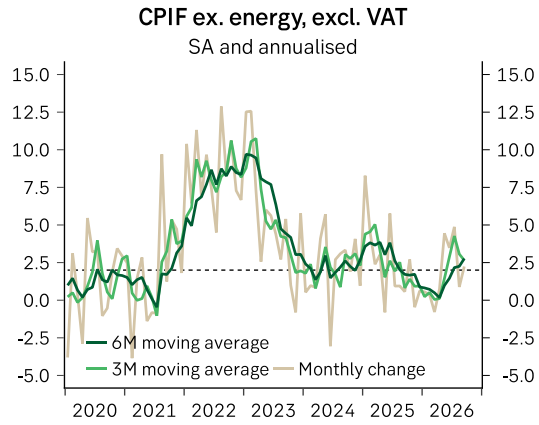
- Economic activity is firm and both sentiment and actual growth data have gained momentum. GDP increased by 1.6% q/q, 3.3% y/y in Q2, more than reversing the weakness in Q1 (-0.1%, 2.0% y/y).
- We continue to expect above-trend growth in 2026-2028. See Nordic Outlook (p. 41).
- **SEB latest research on economic activity:**
  - Growth indicators: SEB Research
  - NIER survey: SEB Research



Source: Bloomberg, Macrobond, SEB

Inflation

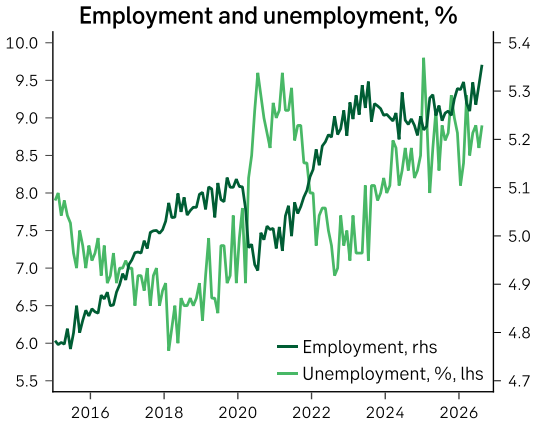
- Despite sharply higher energy prices, underlying inflation pressures remain subdued. September CPIFxe was lower than both we and the Riksbank anticipated.
- Parts of the high summer inflation were likely temporary. We predict core inflation to rise gradually over the next 6-12 months, but short-term indicators do not support any major near-term shift in momentum.
- **SEB latest research on inflation:**
  - September flash CPI: SEB Research



Source: Bloomberg, Macrobond, SEB

Labour market

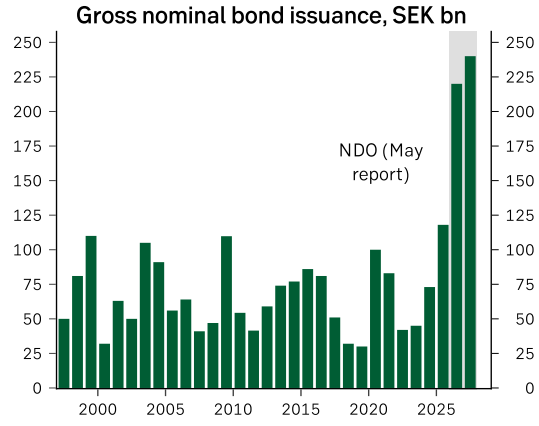
- The labour market remains weak, with high unemployment and below trend employment.
- Indicators are starting to turn higher, but levels are still modest.
- We expect the labour market to strengthen going forward but see downside risks to the Riksbank's forecast.
- **SEB latest research on the labour market:**
  - NIER survey: SEB Research



Source: Bloomberg, Macrobond, SEB

Bond issuance & fiscal policy

- Fiscal policy, defence spending and Ukraine aid will raise borrowing substantially in coming years.
- In May, the SNDO raised expected issuance in 2026 by SEK4bn to 220bn and by 20bn in 2027 to SEK 240bn. In June, the NDO shifted to weekly auctions (prev. bi-weekly).
- The government have presented temporary support measures amounting to almost SEK 20bn, after the SNDO's May forecast.
- **SEB latest research on issuance & fiscal policy:**
  - SNDO borrowing report: SEB Research



Source: Bloomberg, Macrobond, SEB

Standard charts

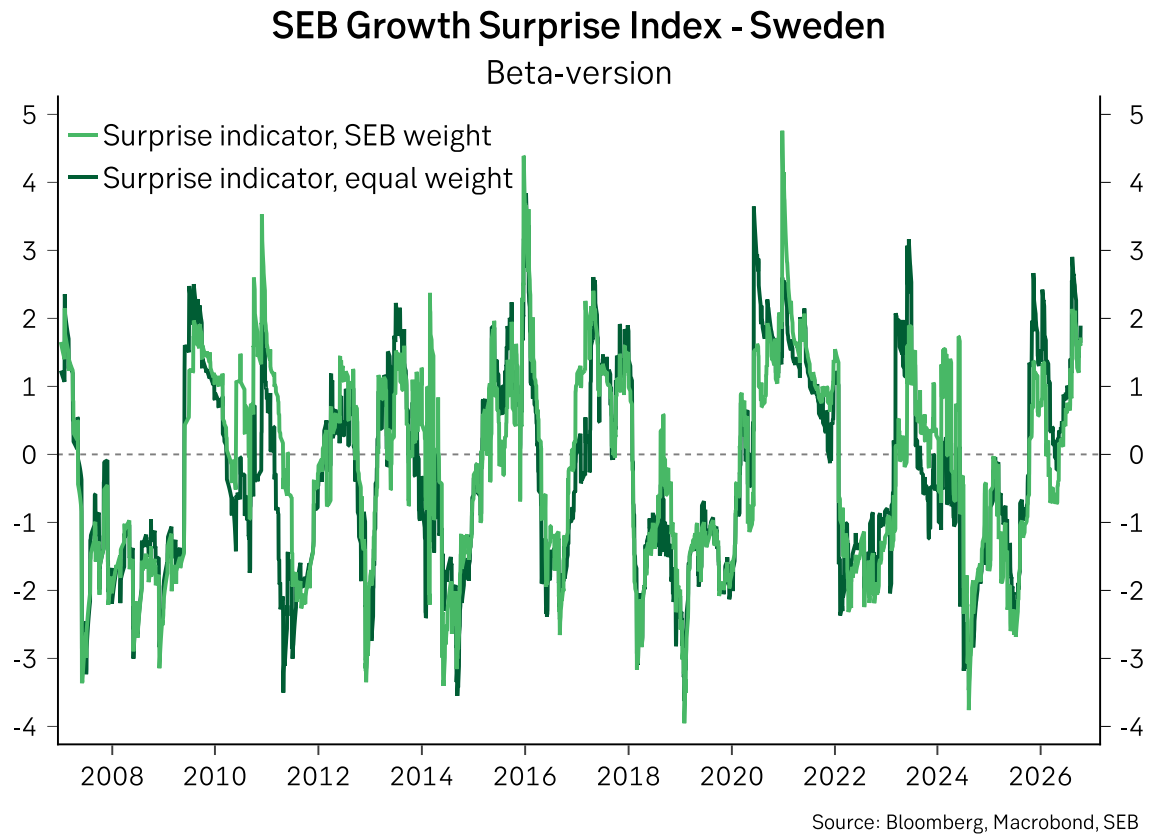
Market Review Slides

SEB Surprise Index – Sweden macro

Explanation & Methodology

- SEB's growth surprise indicator tracks deviations across 15 key monthly and quarterly economic releases from Bloomberg. It combines available consensus estimates with SEB forecasts (due to limited survey participation), normalizes the surprises, and aggregates them using both equal and GDP-weighted schemes.
- The index is updated daily, filters out old surprises, and currently includes GDP, surveys, consumption, production, PMI, labour market data, and related indicators. Coverage evolves over time as new statistics become available, and the framework is continuously monitored.

SEB Sweden Surprise Index

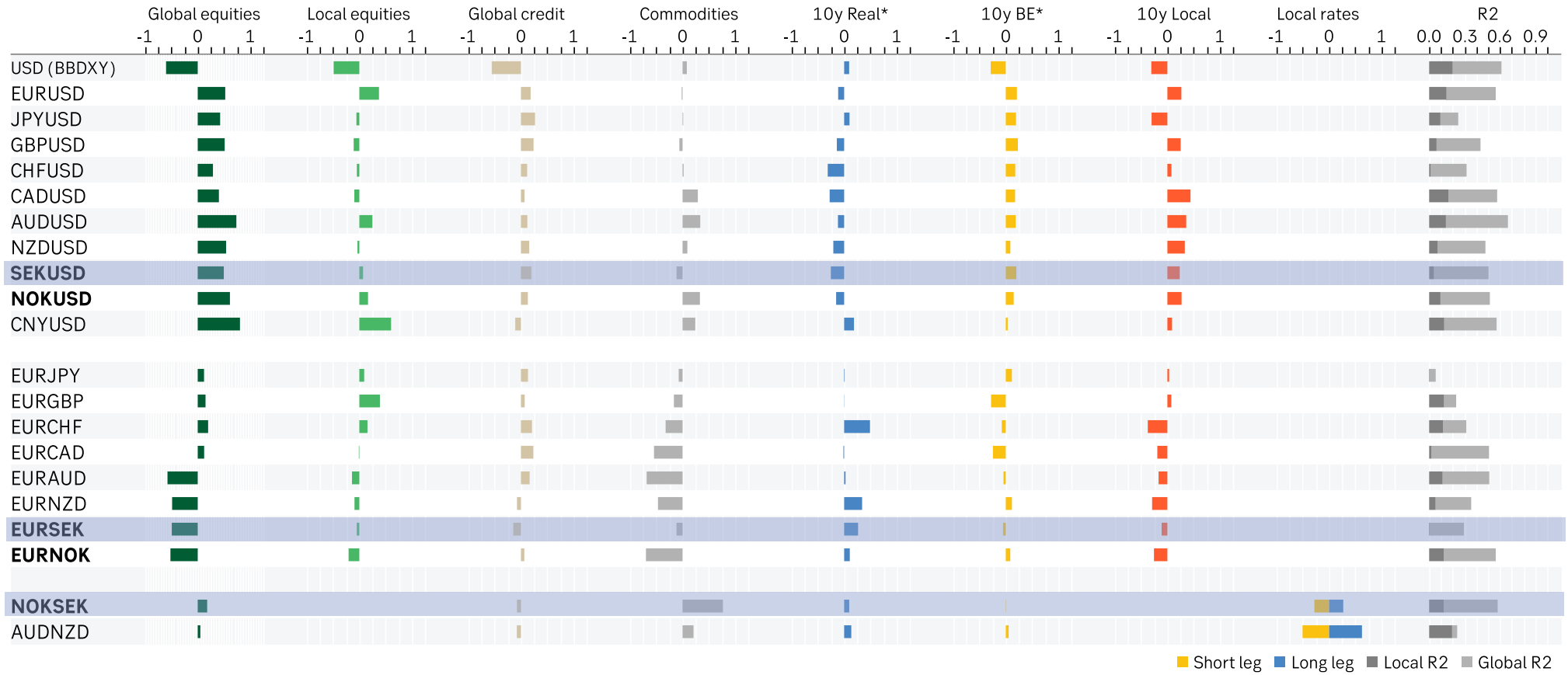


Source: Bloomberg, Macrobond, SEB

FX: Factor drivers

Currency sensitivity to underlying drivers (normalized in terms of standard deviations)

- The values reflect the beta of each currency to global and local macro variables.
- The betas are presented as the standard deviation impact on the currency from a 1-std shift in the underlying factor.



*10y Real & 10y BE inflation rates refer to USA or Euro Area

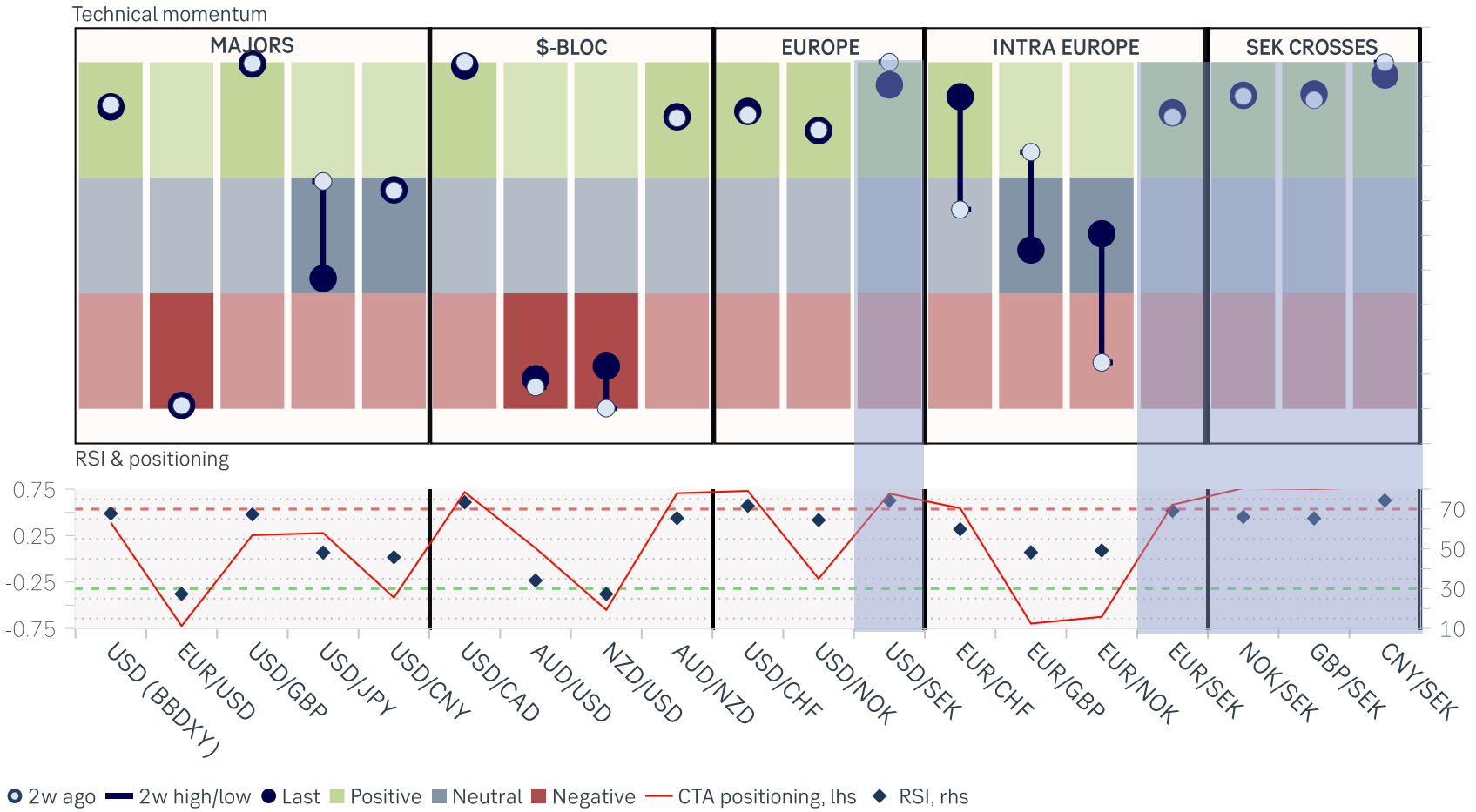
Source: Bloomberg, Macrobond, SEB

FX: Technical indicators

Technical momentum & RSI

The technical indicator graph shows an overview of the momentum of various technical indicators and provides a momentum overview of G10 FX on a time horizon of approximately 2-3 weeks.

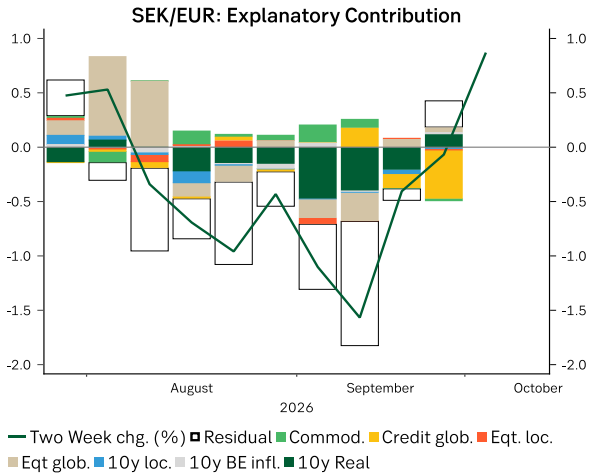
The value integrates several individual indicators using predefined weights. A particularly noteworthy observation is when the dot indicator breaks from neutral to a positive/negative signal as this indicates the start of a momentum build-up.



FX: EUR/SEK

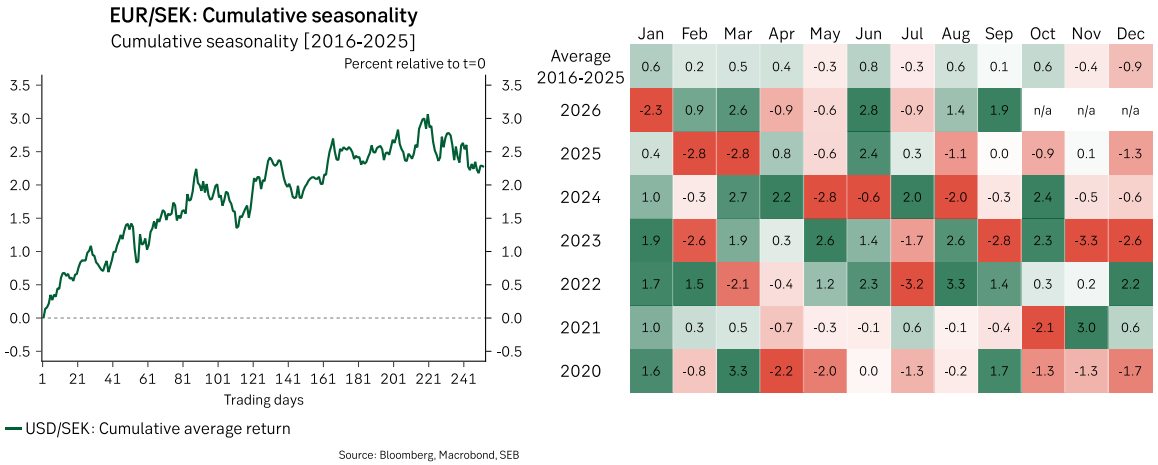
Factor drivers: Explanatory contribution

- The chart shows the contribution of factor-implied returns to SEK/EUR, decomposed into global, local and residual components.
- Contributions are constructed in return space, allowing direct comparison with the realised SEK/EUR move.



Source: Bloomberg, Macrobond, SEB

Seasonality



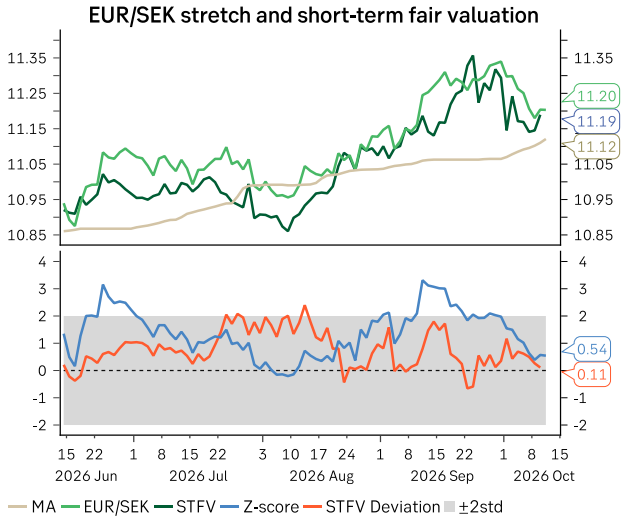
Source: Bloomberg, Macrobond, SEB

Short-term fair values & MA

STFV is the fair value of spot based on three general drivers of the specific currency pair. STFV deviation is how much spot deviates from this STFV expressed in a normalized term.

Moving average (MA) is the 50 day moving average and Z-score is how much spot deviates from its MA expressed in a normalized term (i.e. adjusted for volatility).

The framework generates mean reverting signals with a horizon of up to two weeks. Generally deviations larger than +/-2 standard deviations tends to be unsustainable.



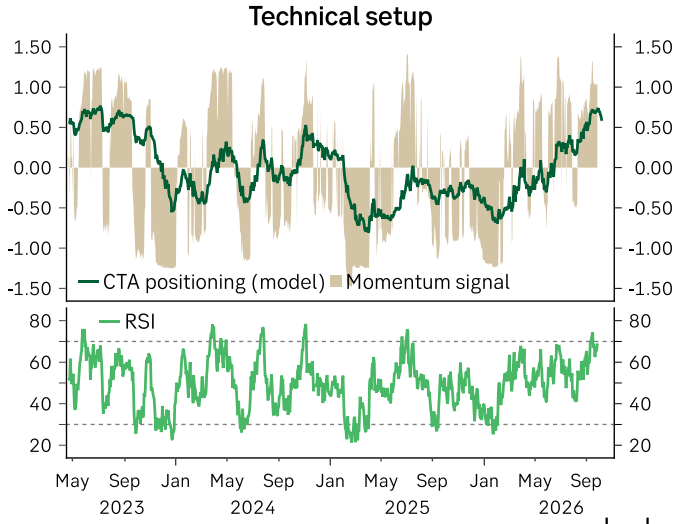
Source: Bloomberg, Macrobond, SEB

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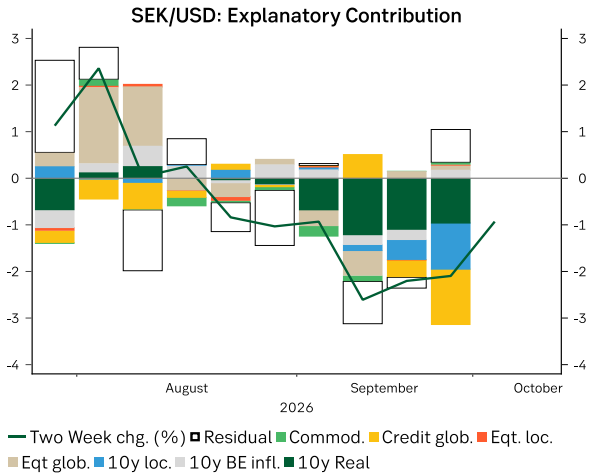


SEB

FX: USD/SEK

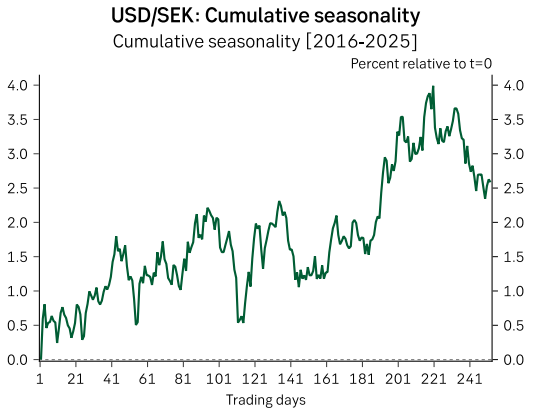
Factor drivers: Explanatory contribution

- The chart shows the contribution of factor-implied returns to SEK/USD, decomposed into global, local and residual components.
- Contributions are constructed in return space, allowing direct comparison with the realised SEK/USD move.



Source: Bloomberg, Macrobond, SEB

Seasonality



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average 2016-2025	0.4	1.0	0.1	0.1	-0.2	0.7	-0.6	0.5	1.1	1.4	-0.7	-1.8
2026	-3.1	1.2	4.9	-2.4	0.1	4.9	-1.7	0.5	4.5	n/a	n/a	n/a
2025	0.2	-2.8	-6.9	-3.7	-0.7	-1.4	3.5	-3.4	-0.4	0.8	-0.5	-2.5
2024	3.2	-0.2	2.7	3.4	-4.5	0.6	0.9	-3.9	-1.1	4.8	2.3	1.6
2023	0.3	0.0	-0.6	-1.3	5.8	-0.5	-2.5	4.1	-0.4	2.4	-6.1	-4.1
2022	3.0	1.6	-0.8	4.6	-0.7	4.7	-0.7	5.0	4.0	-0.5	-4.9	-0.7
2021	1.7	0.9	3.5	-3.0	-2.0	3.1	0.5	0.4	1.6	-1.9	5.0	0.3
2020	2.8	-0.2	3.1	-1.5	-3.3	-1.2	-5.8	-1.5	3.6	-0.7	-3.6	-4.0

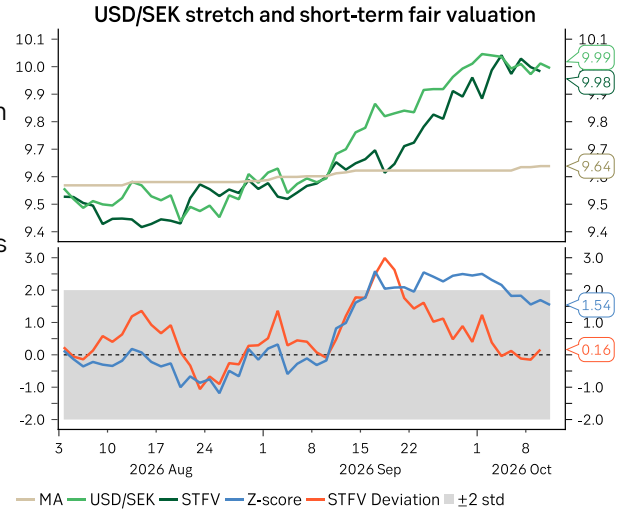
Source: Bloomberg, Macrobond, SEB

Short-term fair values & MA

STFV is the fair value of spot based on three general drivers of the specific currency pair. STFV deviation is how much spot deviates from this STFV expressed in a normalized term.

Moving average (MA) is the 50 day moving average and Z-score is how much spot deviates from its MA expressed in a normalized term (i.e. adjusted for volatility).

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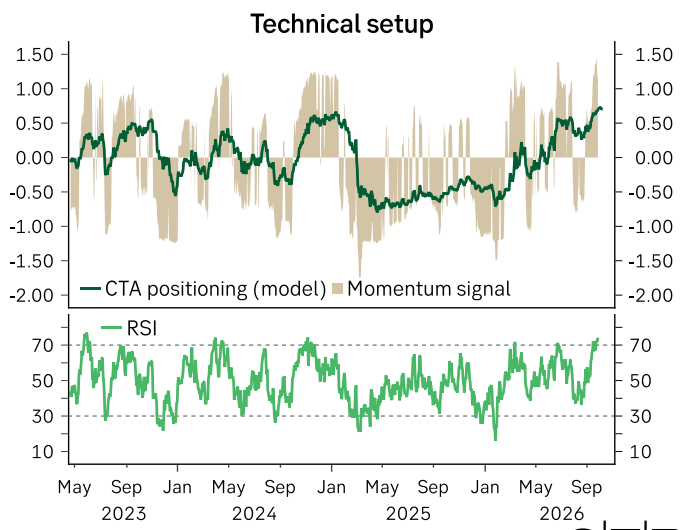
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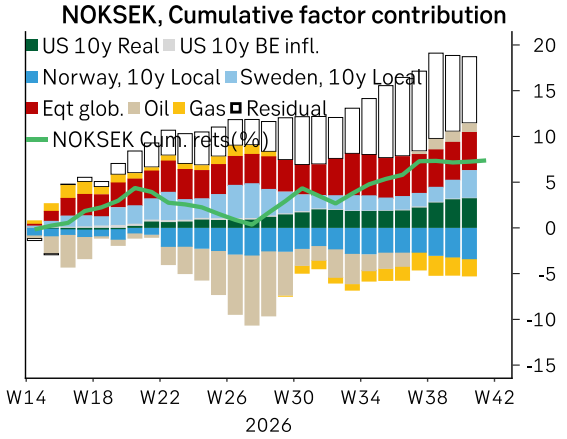
RSI can be used as a momentum oscillator to capture the mean reversion risk of an asset.



FX: NOK/SEK

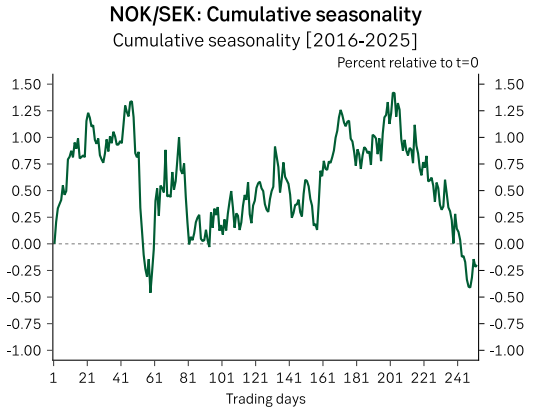
Factor drivers: Explanatory contribution

- The chart shows the cumulative contribution of factor-implied returns to NOK/SEK, decomposed into global, local and residual components.
- Contributions are constructed in return space and accumulated over time, allowing direct comparison with the realised NOK/SEK move.
- The residual captures NOK/SEK moves not explained by the factor set, highlighting periods of divergence between fundamentals and price action.



Source: Bloomberg, Macrobond, SEB

Seasonality



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average 2016-2025	1.2	0.0	-0.2	0.0	0.0	0.1	0.4	0.7	-0.2	-0.1	-0.6	-0.4
2026	1.3	2.6	3.0	2.0	0.2	-2.0	2.7	1.9	1.5	n/a	n/a	n/a
2025	0.8	-2.4	-0.2	-2.8	1.1	0.0	0.9	-0.8	0.1	-0.5	-0.5	-2.1
2024	-0.2	-1.3	0.8	0.8	1.2	-1.1	-1.2	-1.2	-0.5	0.5	2.1	-1.6
2023	-1.5	-3.7	-1.6	-2.9	1.6	2.6	3.5	-0.9	-0.9	-2.0	-2.9	2.1
2022	1.9	2.5	-0.4	-2.1	-0.8	0.1	1.0	2.4	-5.1	4.1	0.5	-0.3
2021	1.9	-0.4	4.9	-0.4	-2.0	-0.3	-2.0	1.8	1.0	1.6	-1.9	2.9
2020	-1.9	-2.2	-6.9	0.0	1.9	-0.1	-0.5	2.7	-3.1	-2.8	3.6	-0.8

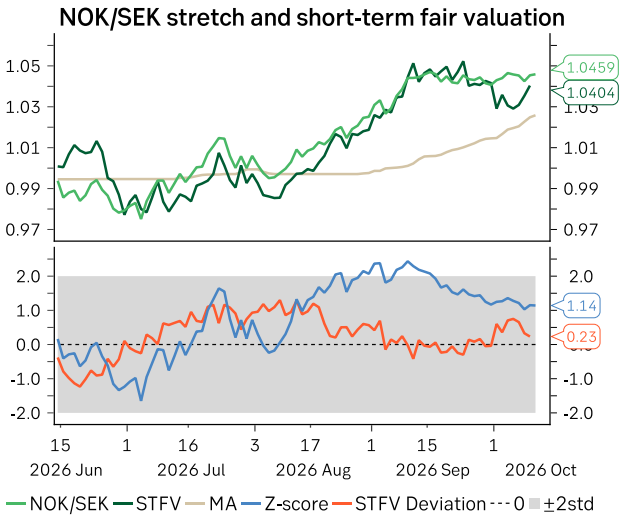
Source: Bloomberg, Macrobond, SEB

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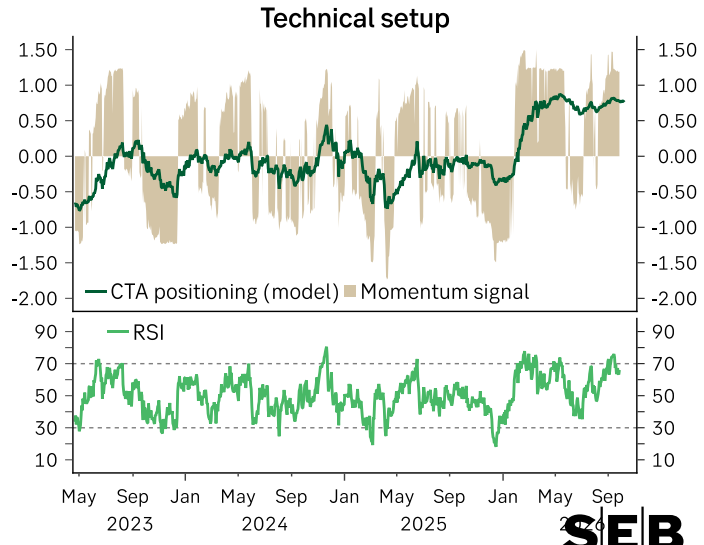
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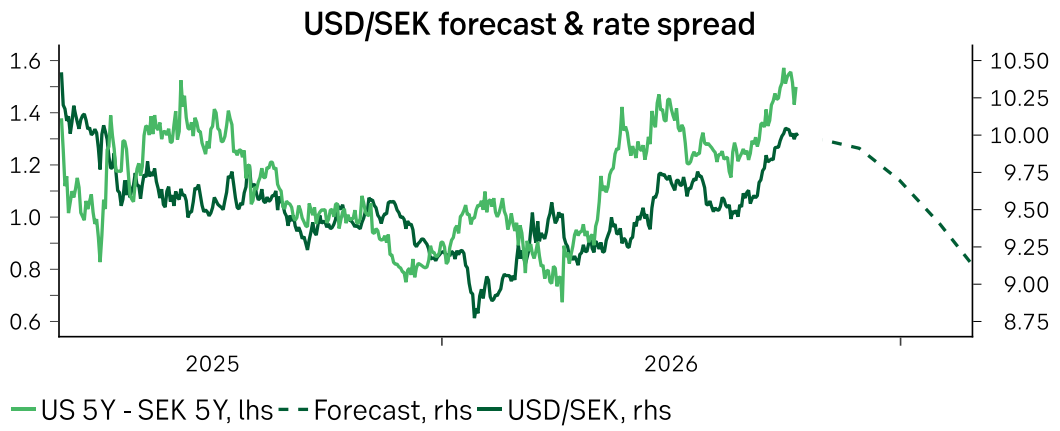
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FX: Forecasts

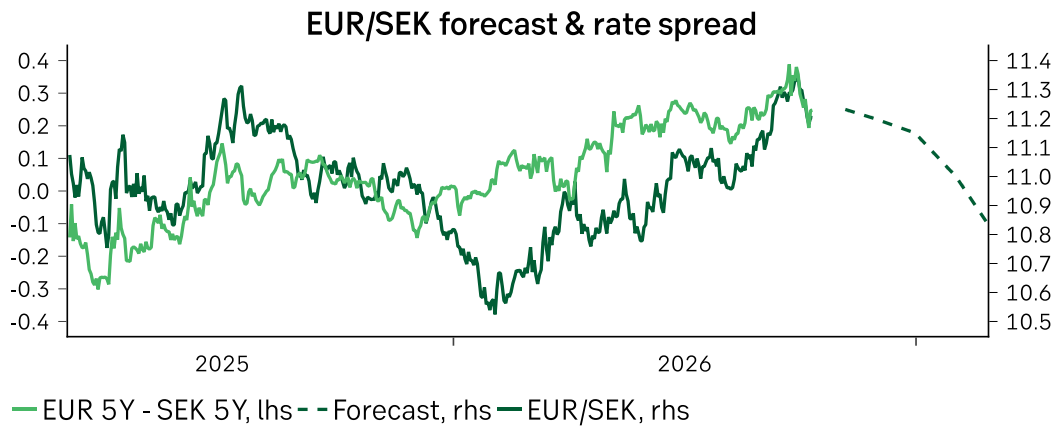
See more forecasts here

USD/SEK



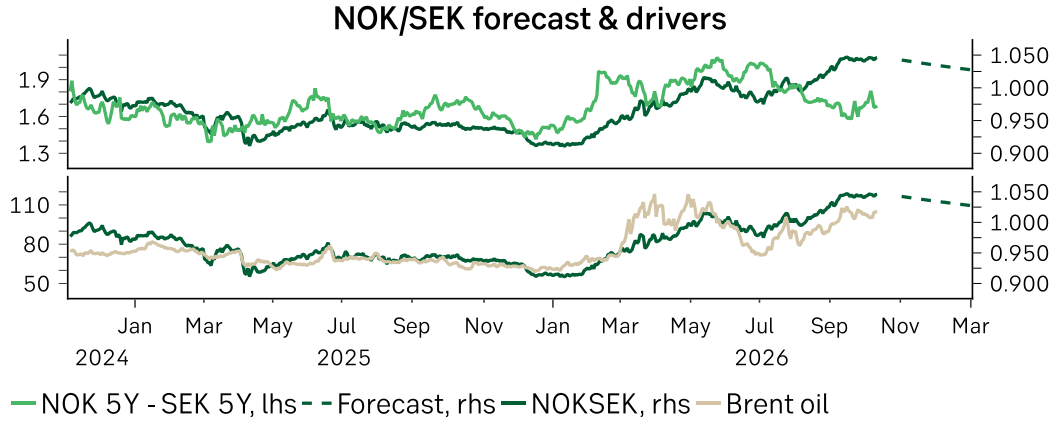
Source: Bloomberg, Macrobond, SEB

EUR/SEK



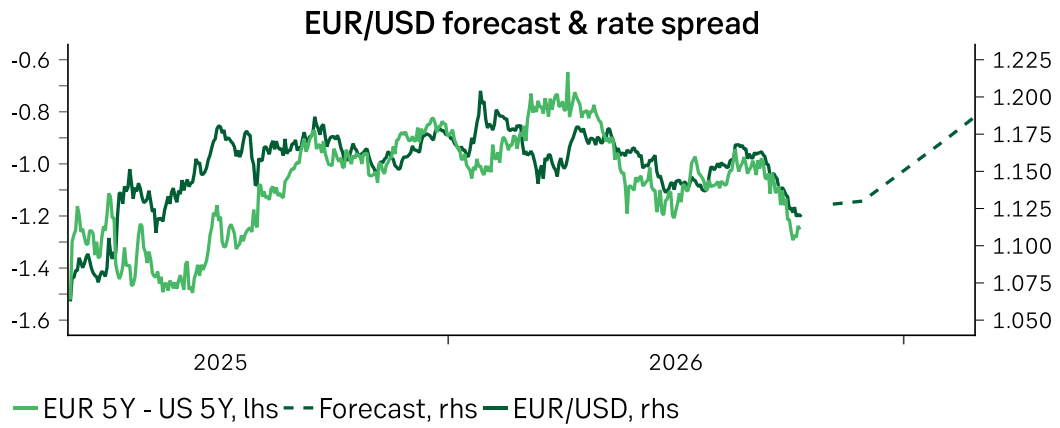
Source: Bloomberg, Macrobond, SEB

NOK/SEK



Source: Bloomberg, Macrobond, SEB

EUR/USD



Source: Bloomberg, Macrobond, SEB

FX: Hedge optimization – Forward points & option implied volatility

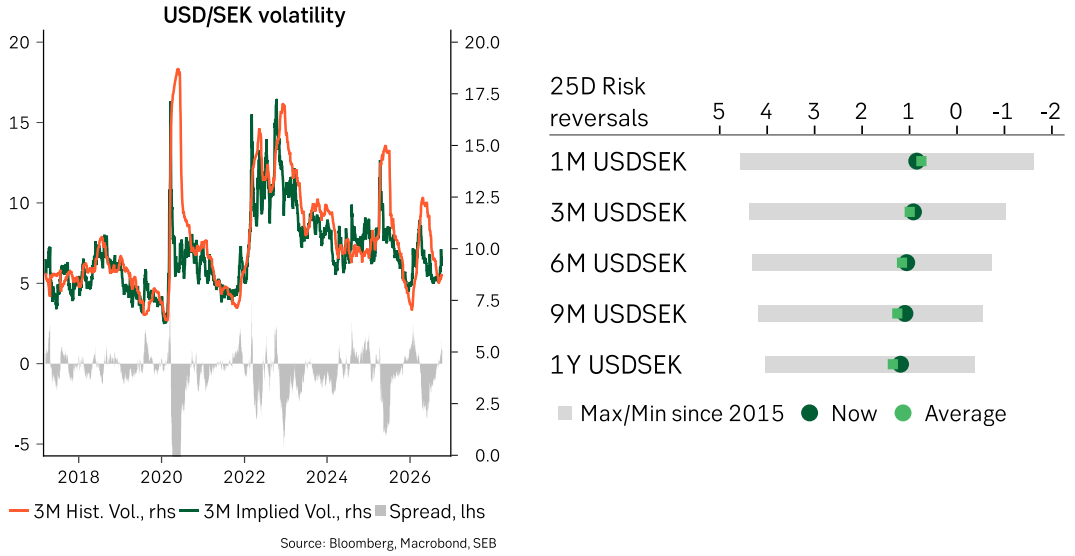
USD/SEK: Forward points premium/discount, implied vol & skew

USDSEK	Levels (points fwd)	% from spot (annualized)	Impl. Vol.	25D RR
Spot	10.00	---	0.0	0.0
1m	-202.0	-2.4	9.7	0.8
3m	-568.7	-2.3	9.5	0.9
6m	-1086.5	-2.2	9.8	1.0
9m	-1567.5	-2.1	10.0	1.1
12m	-2029.5	-2.0	10.1	1.2

EUR/SEK: Forward points premium/discount, implied vol & skew

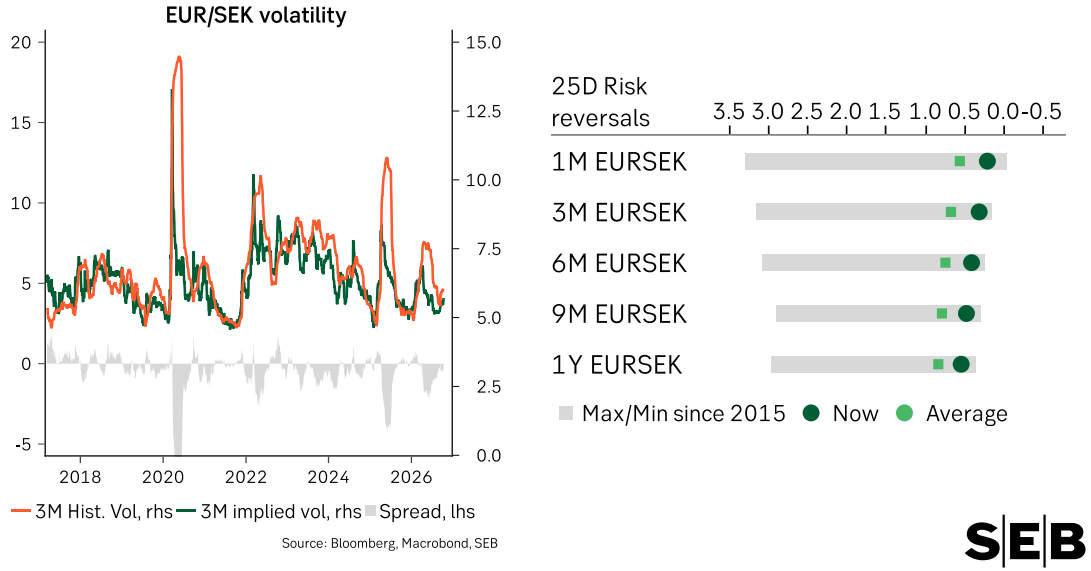
EURSEK	Levels (points fwd)	% from spot (annualized)	Impl. Vol.	25D RR
Spot	11.20	---	0.0	0.0
1m	-77.1	-0.8	5.9	0.2
3m	-200.4	-0.7	5.7	0.3
6m	-352.4	-0.6	5.9	0.4
9m	-447.3	-0.5	5.9	0.5
12m	-516.3	-0.5	5.9	0.5

USD/SEK: Implied vs Hist. Vol & 25D risk reversals by tenor



Source: Bloomberg, Macrobond, SEB

EUR/SEK: Implied vs Hist. Vol & 25D risk reversals by tenor

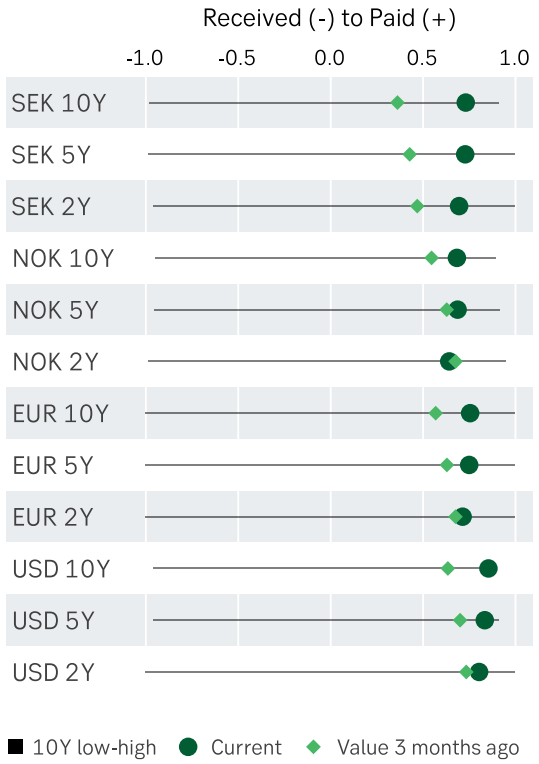


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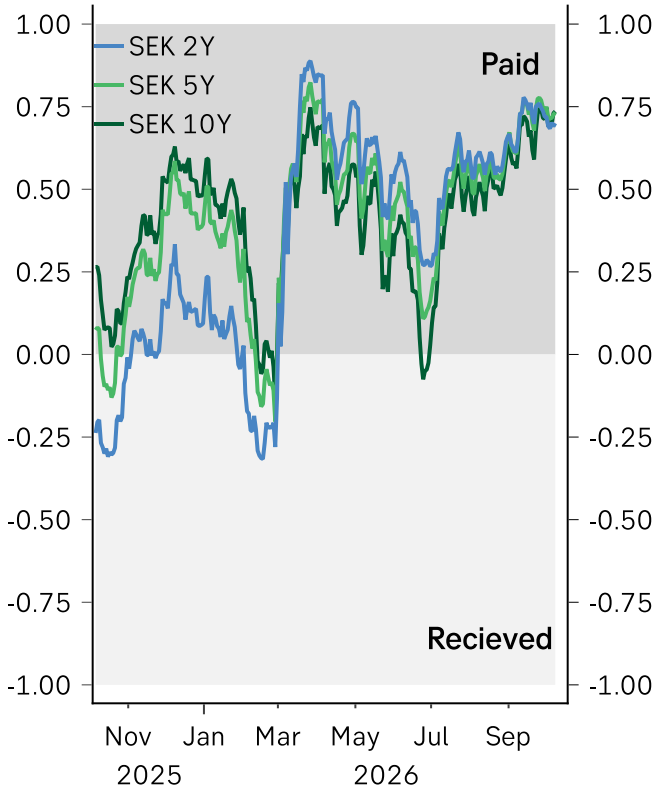
SEB

Rates: Positioning – SEB CTA model

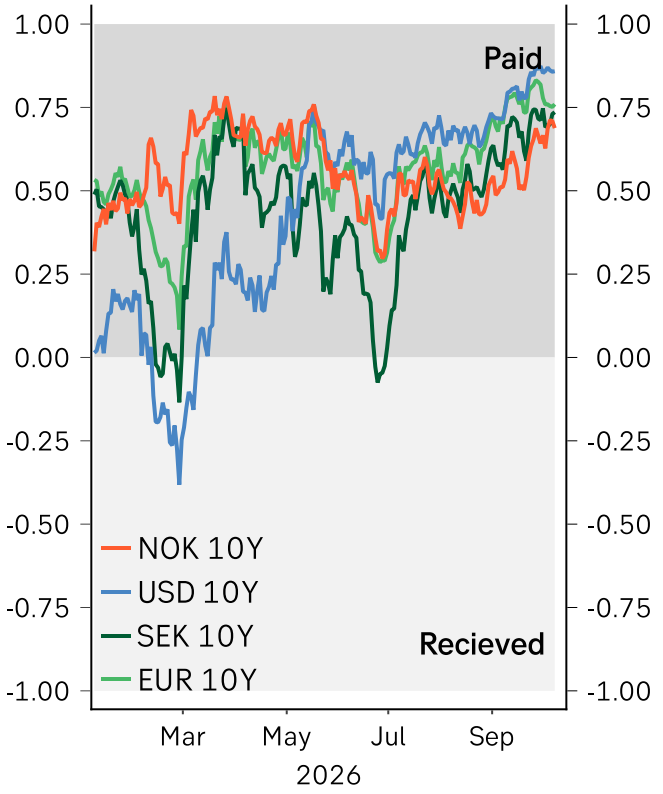
Current swap positioning vs historical range (CTA)



CTA positioning (SEB proxy model): SEK swaps

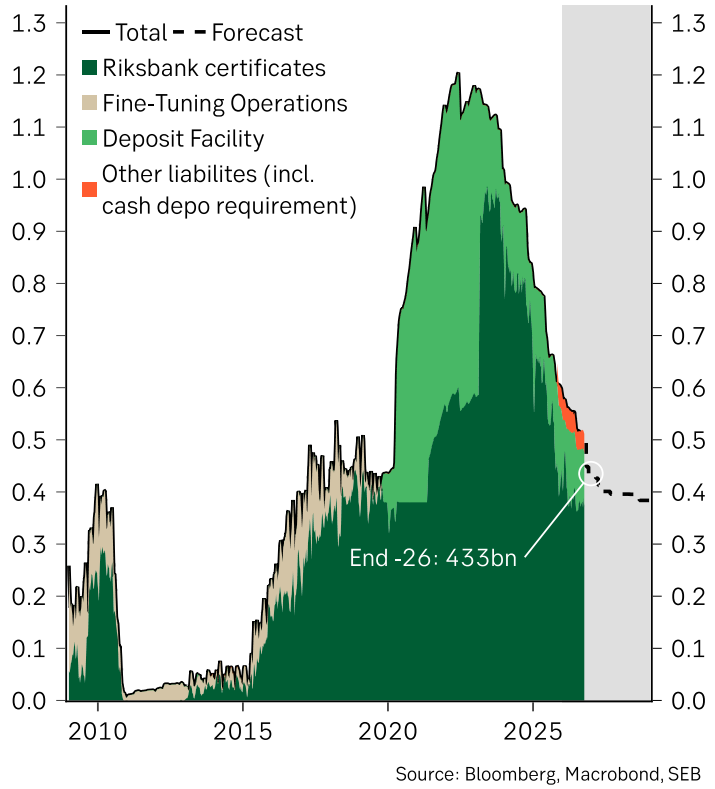


Country cross-section – positioning, 10Y swaps



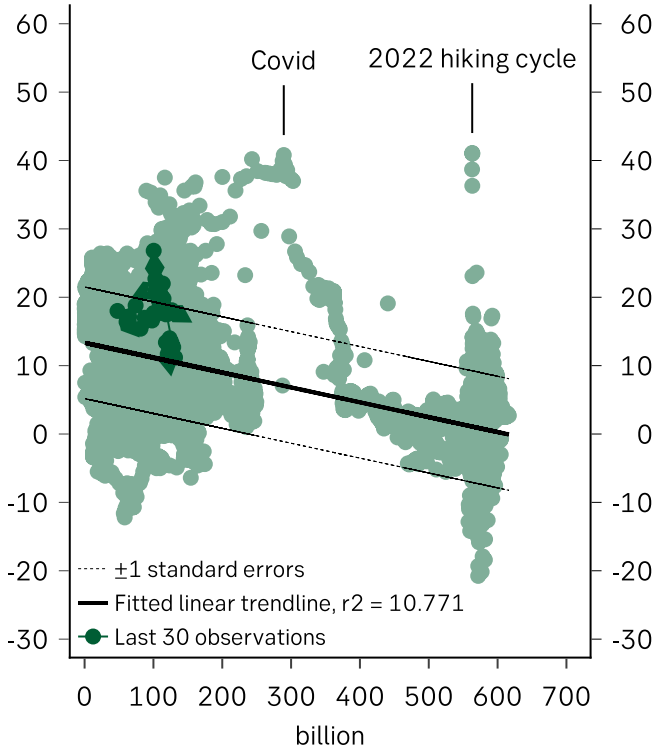
Rates: Excess liquidity, money market spreads

Banking system excess liquidity, SEK bn



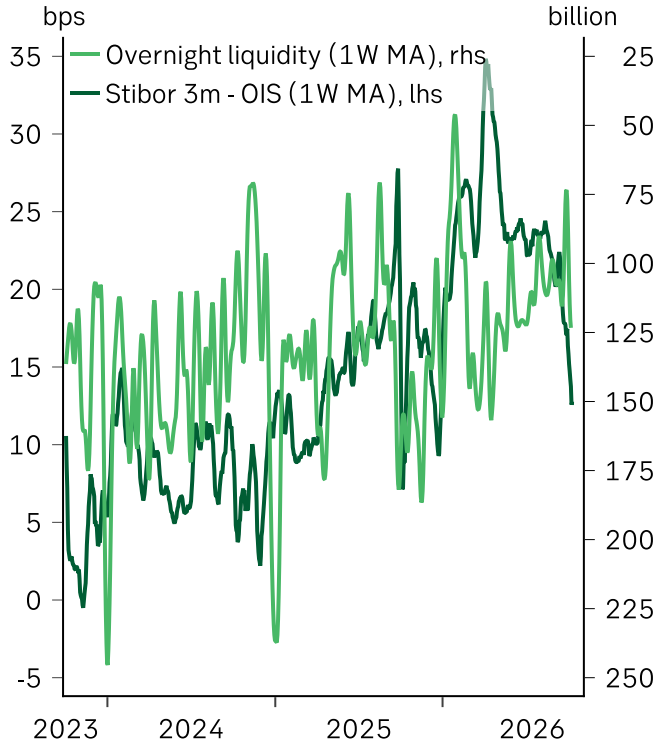
Source: Bloomberg, Macrobond, SEB

Overnight liquidity vs STIBOR-OIS (3M)



Source: Bloomberg, Macrobond, SEB

Overnight liquidity vs money market spreads

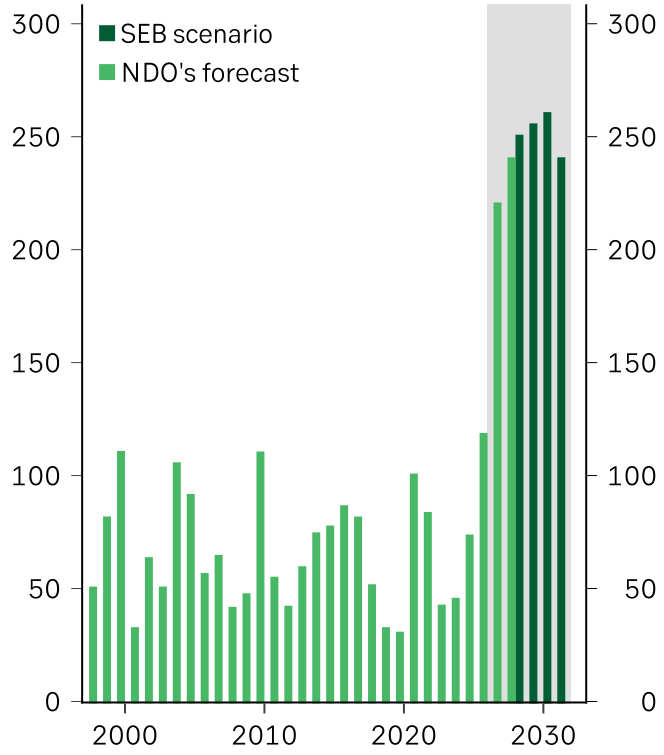


Source: Bloomberg, Macrobond, SEB

SEB

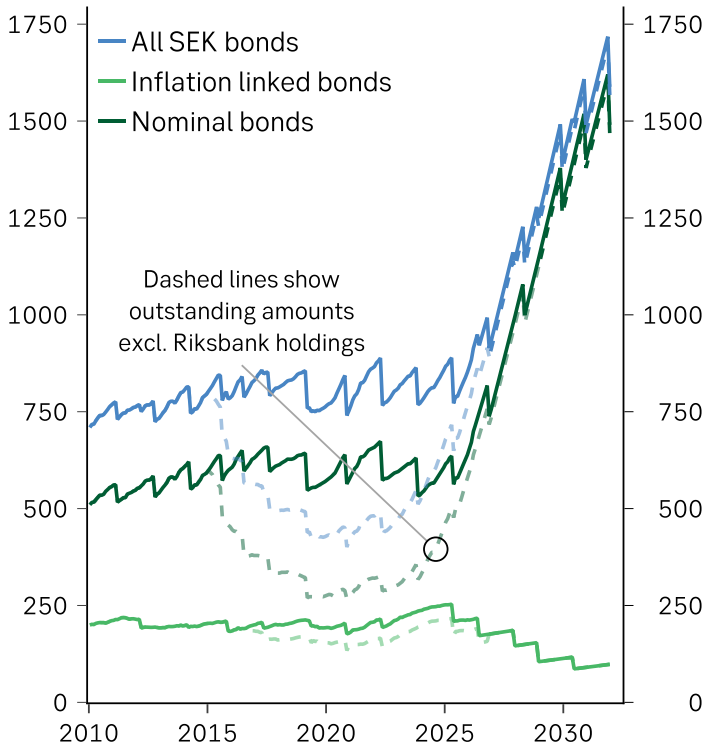
Rates: SGB issuance & Riksbank holdings

Gross nominal SGB issuance, SEK bn



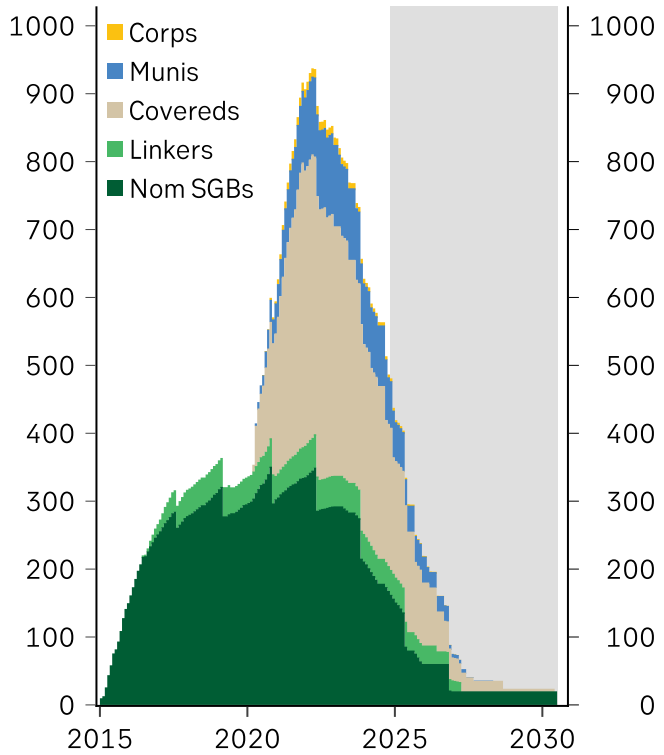
Source: Bloomberg, Macrobond, SEB

Outstanding amounts SGBs, SEK bn incl SEB f/c



Source: Bloomberg, Macrobond, SEB

Riksbank's bond holdings, SEK bn

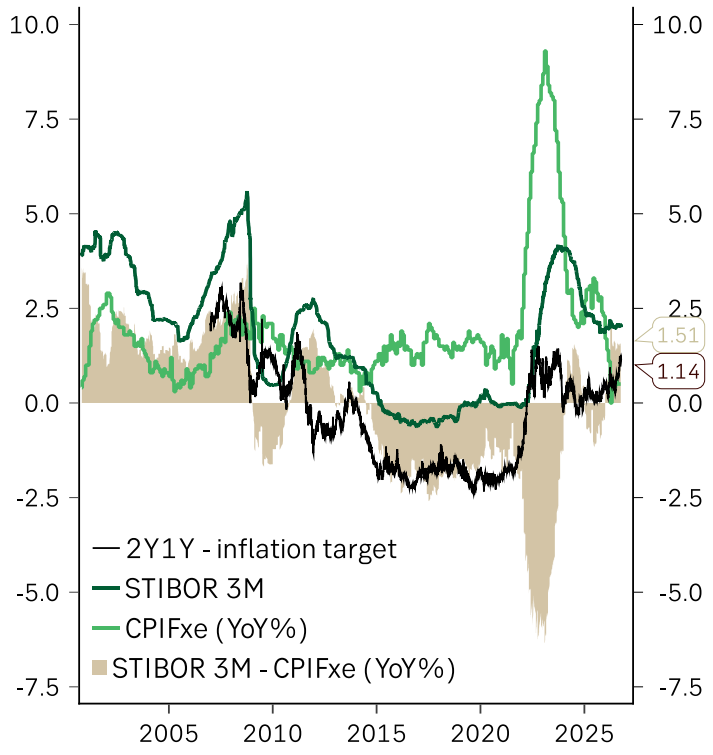


Source: Bloomberg, Riksbank, Macrobond, SEB

SEB

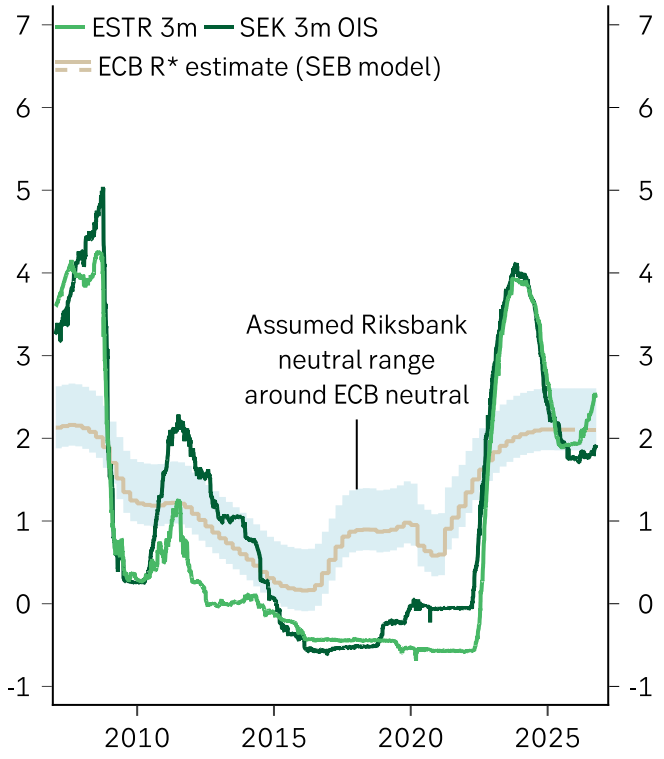
Rates: Policy setting

Real policy rate & implied forward



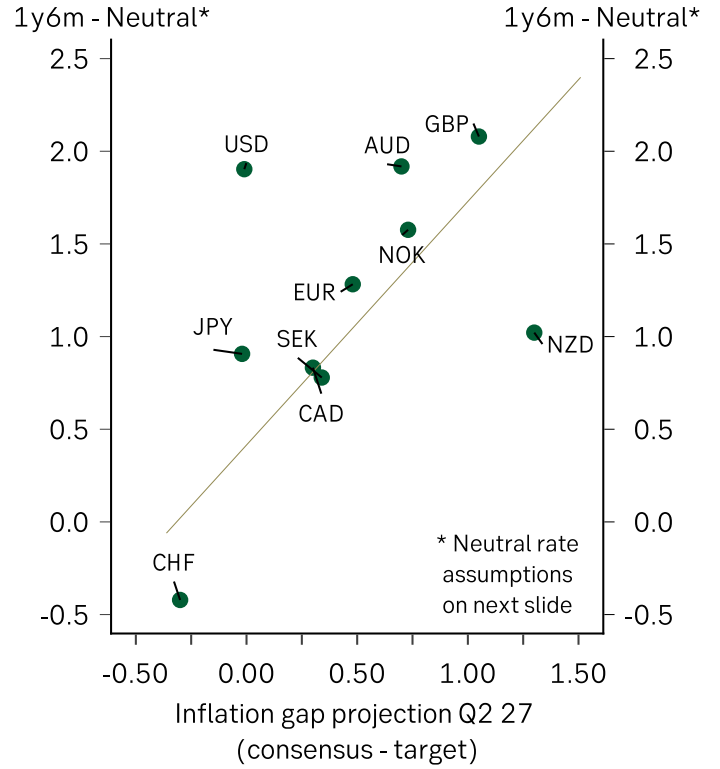
Source: Bloomberg, Macrobond, SEB

Rates setting vs time varying neutral rate estimate



Source: Bloomberg, Macrobond, SEB

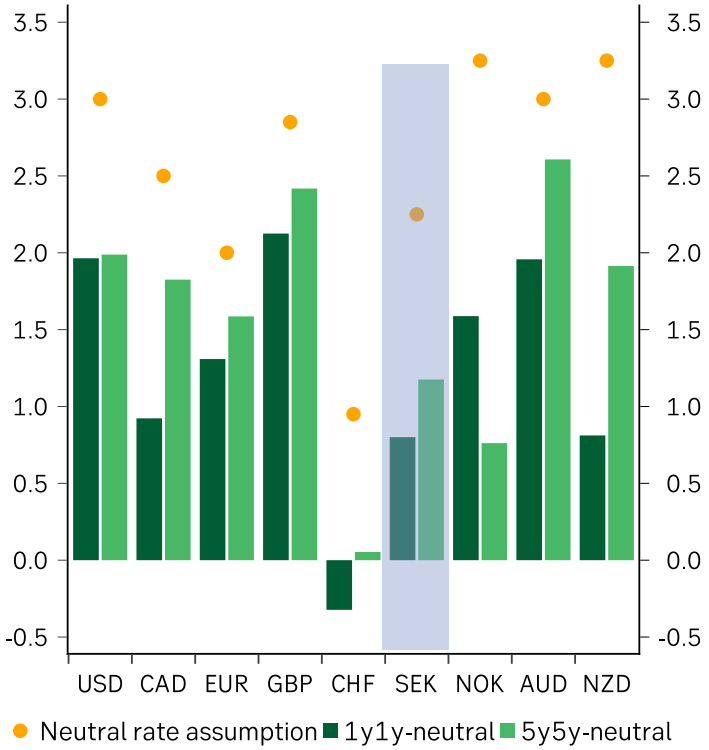
Implied rate setting vs consensus inflation gap



Source: Bloomberg, Macrobond, SEB

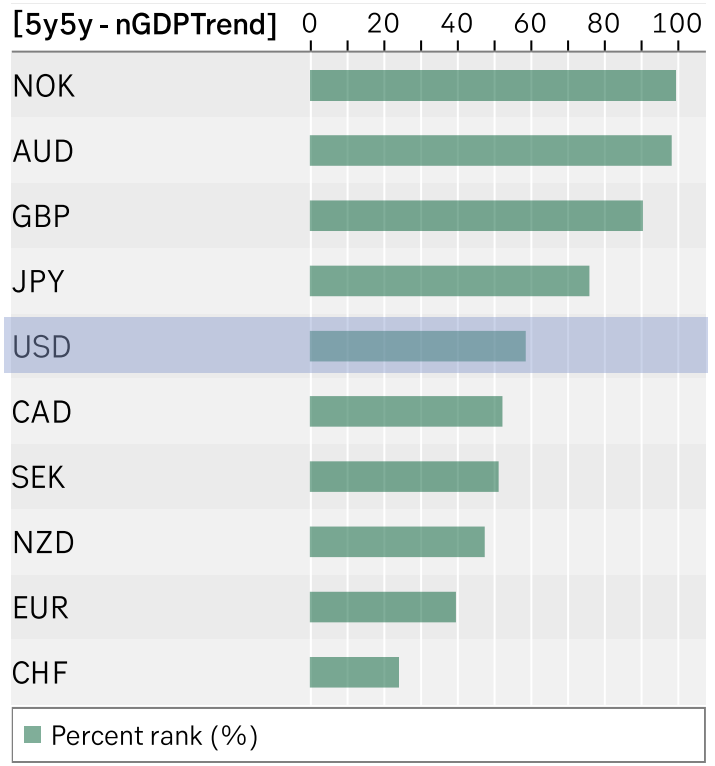
Rates: Premia

Market pricing vs assumed neutral rate



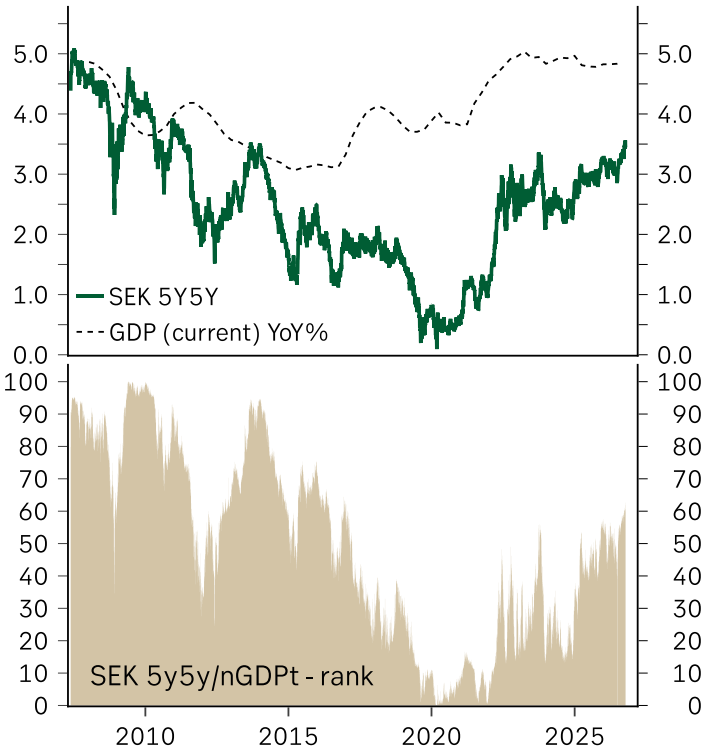
Source: Bloomberg, Macrobond, SEB

X-section: 5y5y level vs nominal GDP growth trend



Source: Bloomberg, Macrobond, SEB

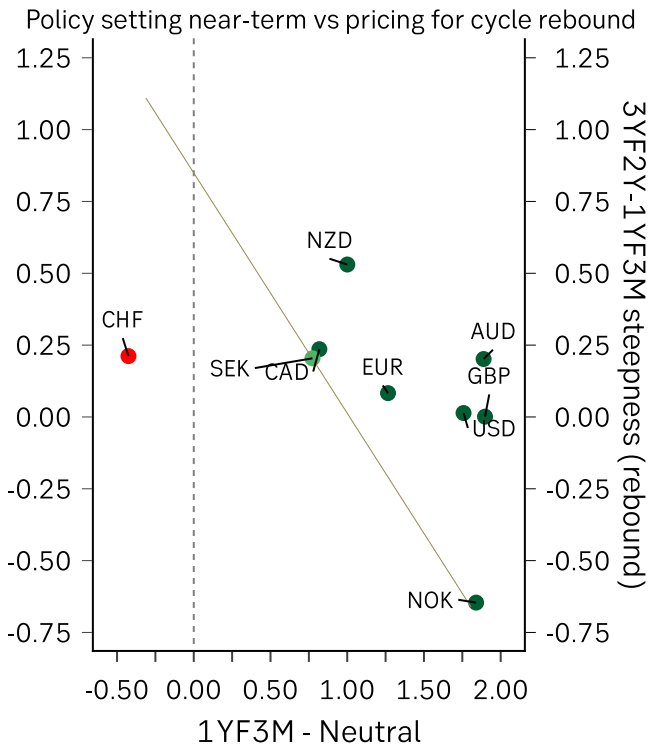
Sweden: 5y5y level vs nominal GDP growth trend



Source: Bloomberg, Macrobond, SEB

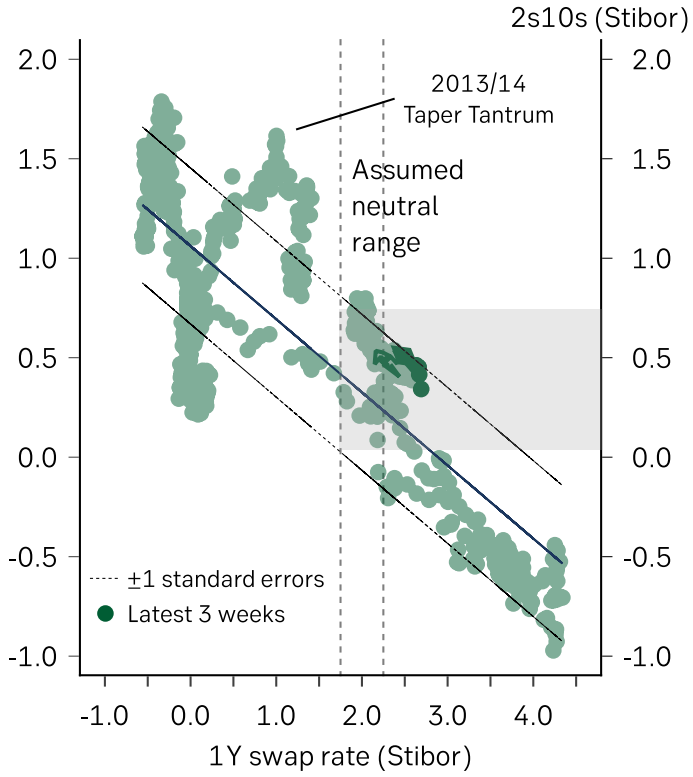
Rates: Curve

Curve into belly (5y) vs implied front rate setting



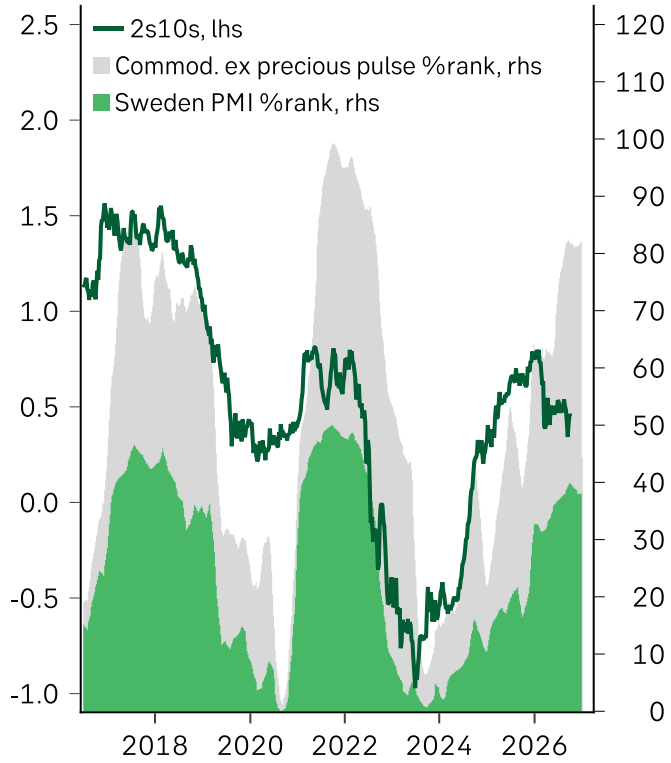
Source: Bloomberg, Macrobond, SEB

Curve vs front rate: 2s10s steepness vs 1Y rate



Source: Bloomberg, Macrobond, SEB

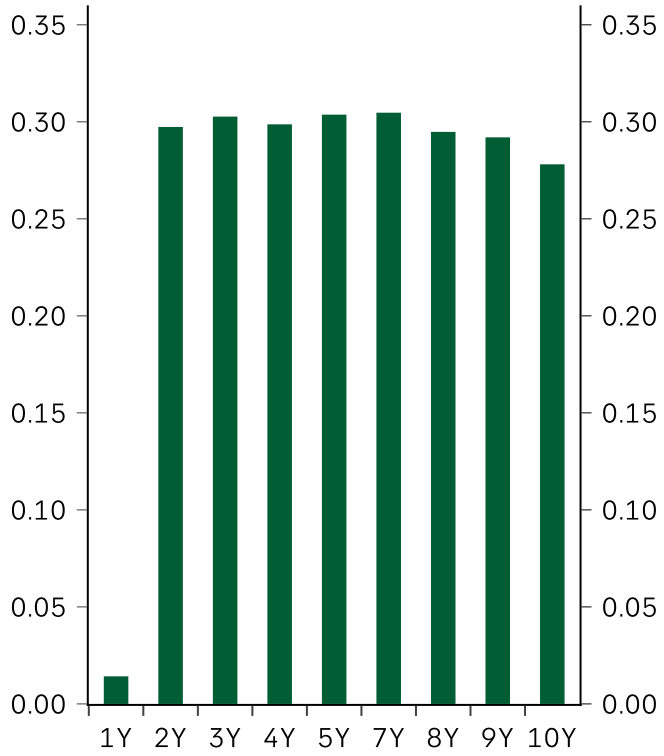
2s10s curve vs business cycle



Source: Bloomberg, Macrobond, SEB

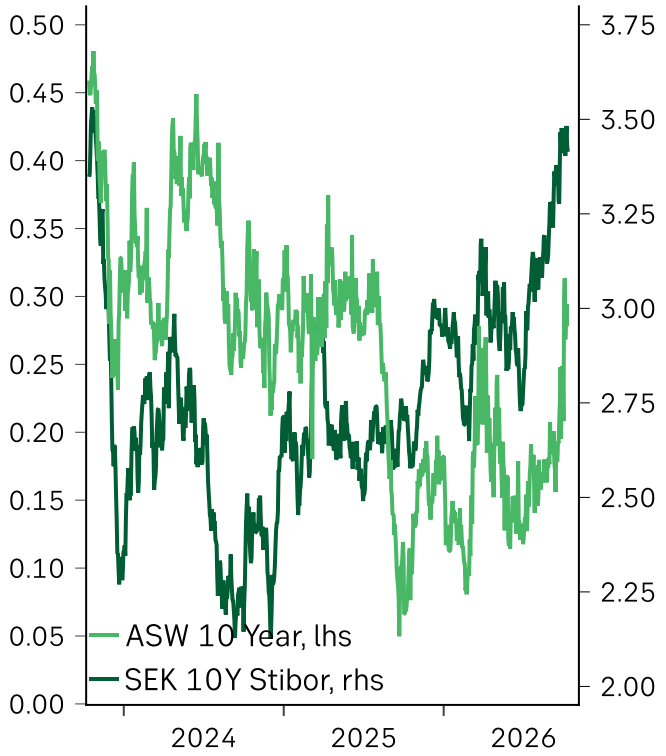
Rates: SGBs

SGB ASW term structure



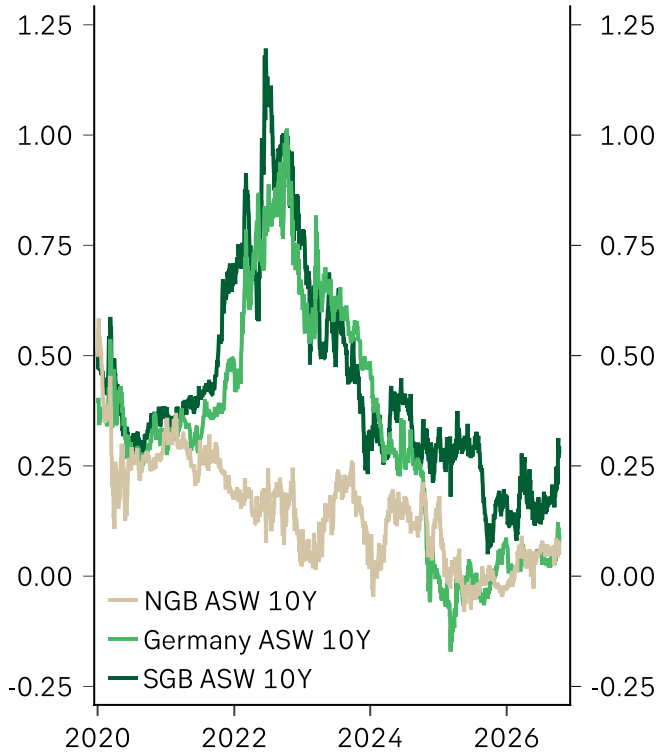
Source: Bloomberg, Macrobond, SEB

Directionality of ASW: 10Y SGB ASW vs 10Y Stibor



Source: Bloomberg, Macrobond, SEB

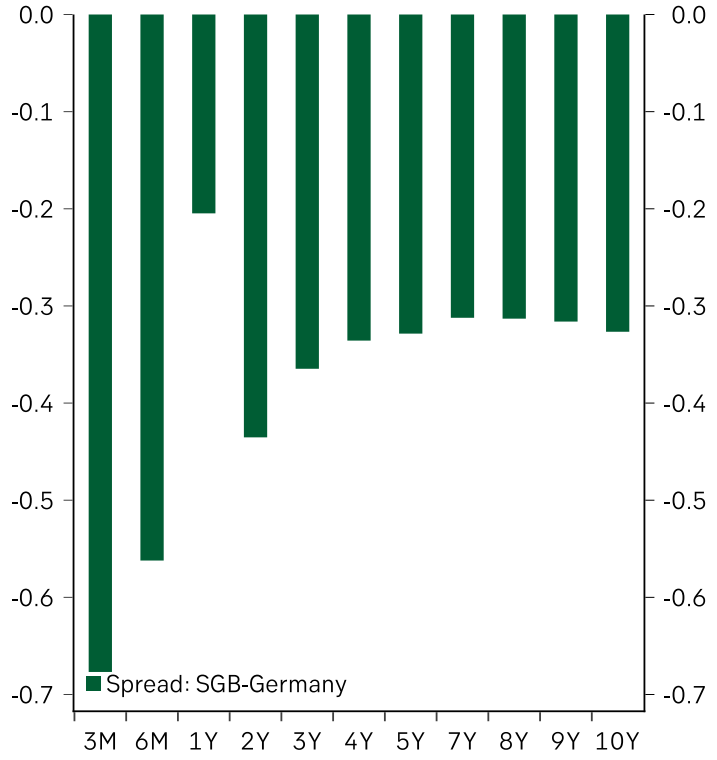
10Y SGB ASW relative to peers



Source: Bloomberg, Macrobond, SEB

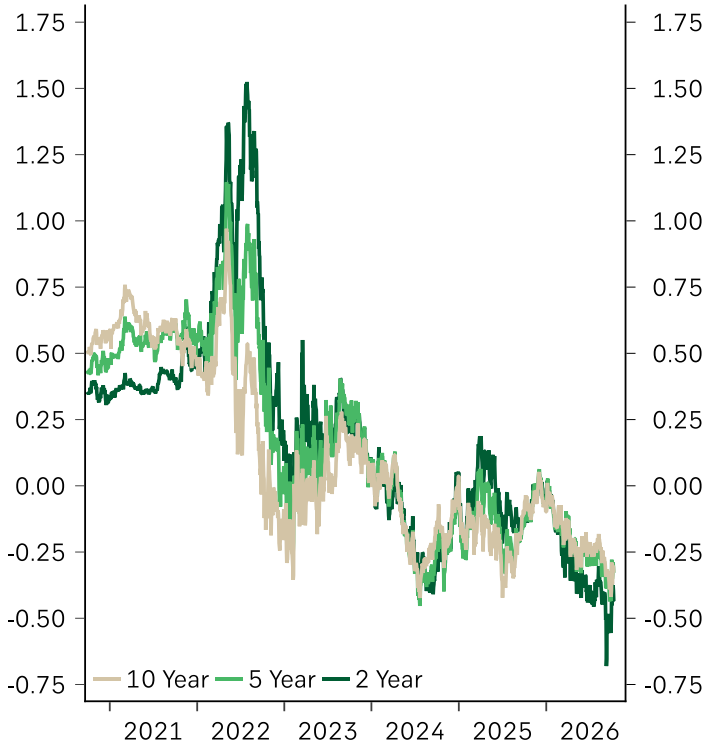
Rates: SGBs

SGB vs Germany term structure



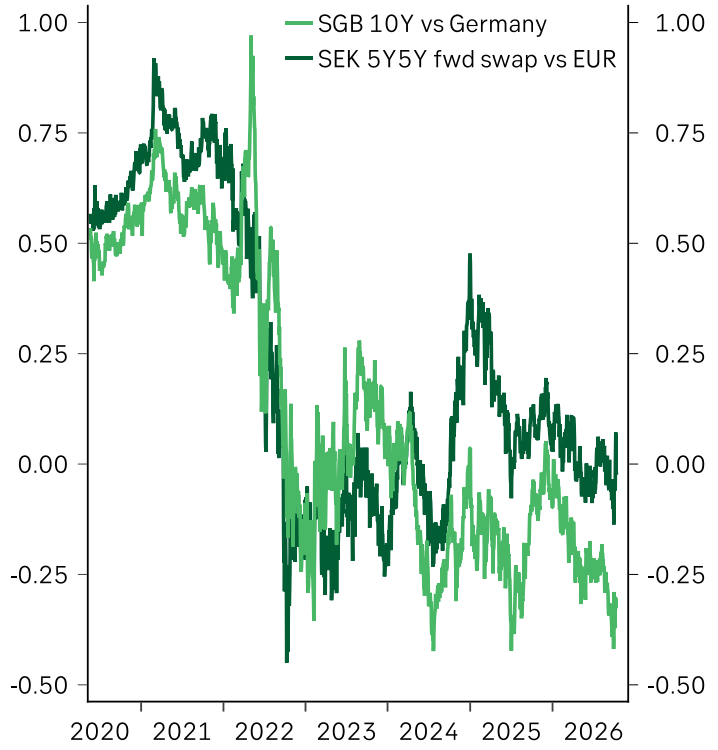
Source: Bloomberg, Macrobond, SEB

Spread curve: 2Y, 5Y & 10Y points



Source: Bloomberg, Macrobond, SEB

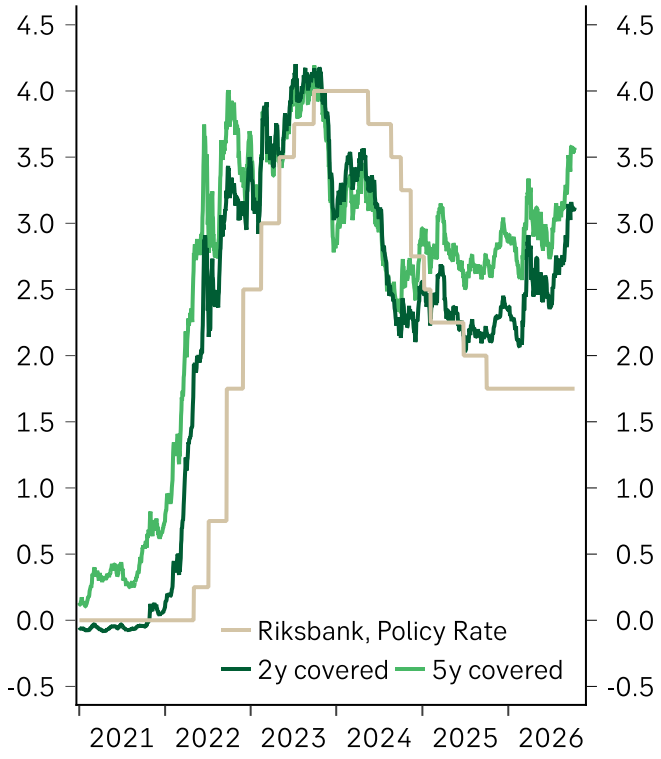
SGB 10Y vs Germany relative to SEK 5Y5Y vs EUR



Source: Bloomberg, Macrobond, SEB

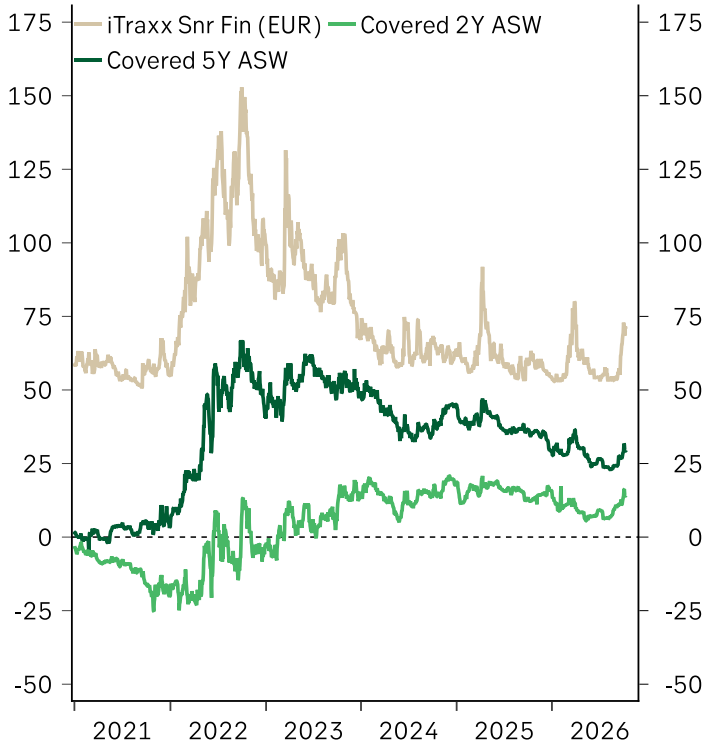
Rates: Covereds

Covereds vs Riksbank policy rate



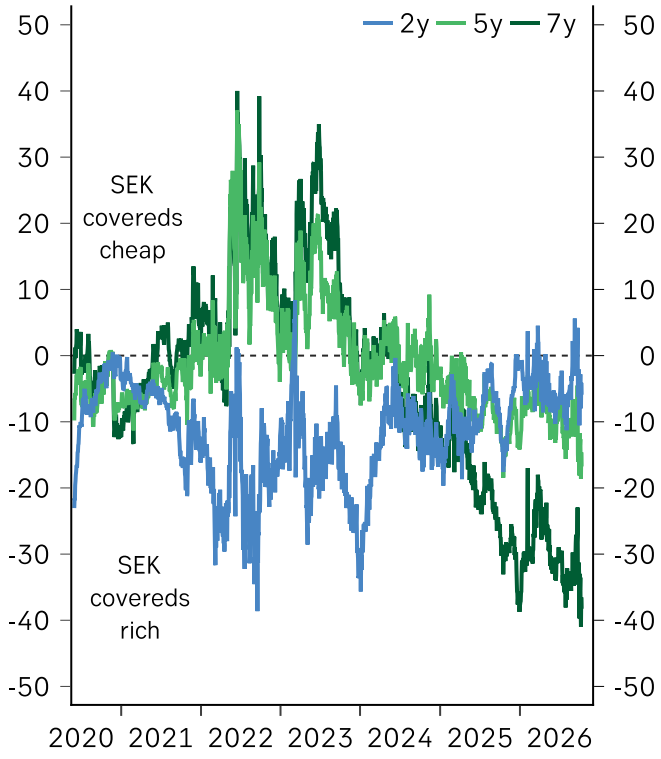
Source: Bloomberg, Macrobond, SEB

Covereds ASW (bps) vs financials



Source: Bloomberg, Macrobond, SEB

SEK covereds vs EUR, incl. xccy swap



Source: Bloomberg, Macrobond, SEB

Disclaimer

For SEB strategy's recommendations, please see here

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