NGB Spotlight

20 October 2026

NOK 2bn in NST480 and NST490

On Wednesday Oct 21st, Norges Bank will hold a multiple tap auction where a total of NOK 2bn will be issued, split between the NST480 (2.00%, 04/2028) and the NST490 (4.125%, 06/2036) bonds. NST480 currently trades with a yield of 4.815%, implying a maturity-matched spread vs. Germany of 177bps and an ASW spread of -38.5bps. NST490 trades with a yield of 4.54%, with corresponding spread levels at 97bps and -11bps. The auction closes at 11.00 CET, and results will be available on Norges Bank's website at 11.05 CET.

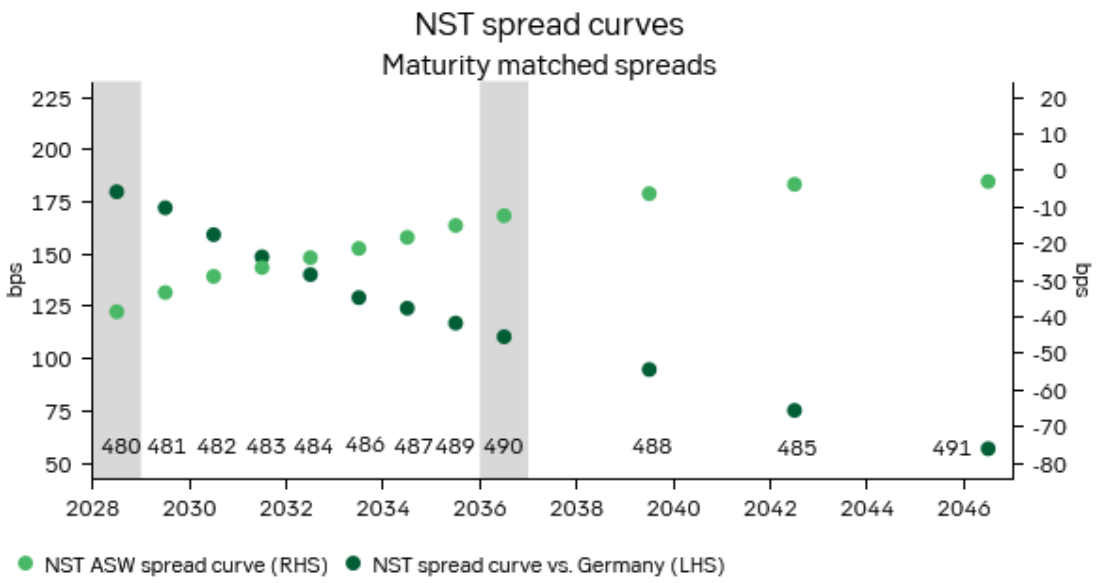
- On Wednesday, Norges Bank will auction a total of NOK 2bn split between NST480 (04/2028) and the new NST490 (06/2036) bonds. Both bonds were included in last week's tap auction which performed strongly. Hence, we are not surprised that Norges Bank chooses to issue the same bonds in the upcoming auction, and with the total volume capped at NOK 2bn we expect the auction to run smoothly. In the previous 6 tap auctions including NST480, the bond has received an average bid-to-cover of 4.86 with an allotment share of 53%. Corresponding numbers for the 10 auctions in NST490 are 3.50 and 58%.

- The past month has been brutal for global bond markets, with challenging market conditions and high volatility. NSTs have followed the trend abroad, with long yields having corrected somewhat lower from the peak in early October. This has helped to stabilize spreads vs. German equivalents, while NST ASW spreads continue to move largely sideways with lurking sellers in the mid-segment of the curve still around. Meanwhile, outright levels continue to attract demand.

- Expectations for Norges Bank have increased somewhat recently with the market discounting a 60% probability for another rate hike by December 2026 and a policy rate peak at 4.73% by March 2027. We reiterate our forecast that the policy rate peak has been reached and that normalization of the policy rate can begin by fall of next year. Our inflation forecast is higher than Norges Bank's Sep near-term forecast, but we predict slightly lower core inflation in 2027.

- Supply update: Following this auction, Norges Bank has issued a total of NOK 99bn YTD, while the annual borrowing interval is set at NOK 100-110bn (107-110bn in the Q4 guidance). We expect Norges Bank to issue the maximum amount, implying NOK 3bn in one of the 5 remaining auctions and NOK 2bn for the remaining auctions.

- Supply 2027: The government's budget proposal for 2027 showed an underlying borrowing requirement of NOK 93.6bn vs. 95.7bn in 2026. After years of under-borrowing, Norges Bank's supply estimate has exceeded the underlying borrowing requirement over the past two years, with the aim of building up the cash reserves. We expect this to be the case also in 2027, implying a minimum of NOK 110bn in gross supply. The government's borrowing mandate in long-term debt is increased by NOK 50bn to NOK 200bn, to provide greater flexibility and allowing for a potential increase in its own holdings. Risks to our supply estimate are thus skewed to the upside. Details will be provided in Norges Bank's Strategy and borrowing programme due in December.



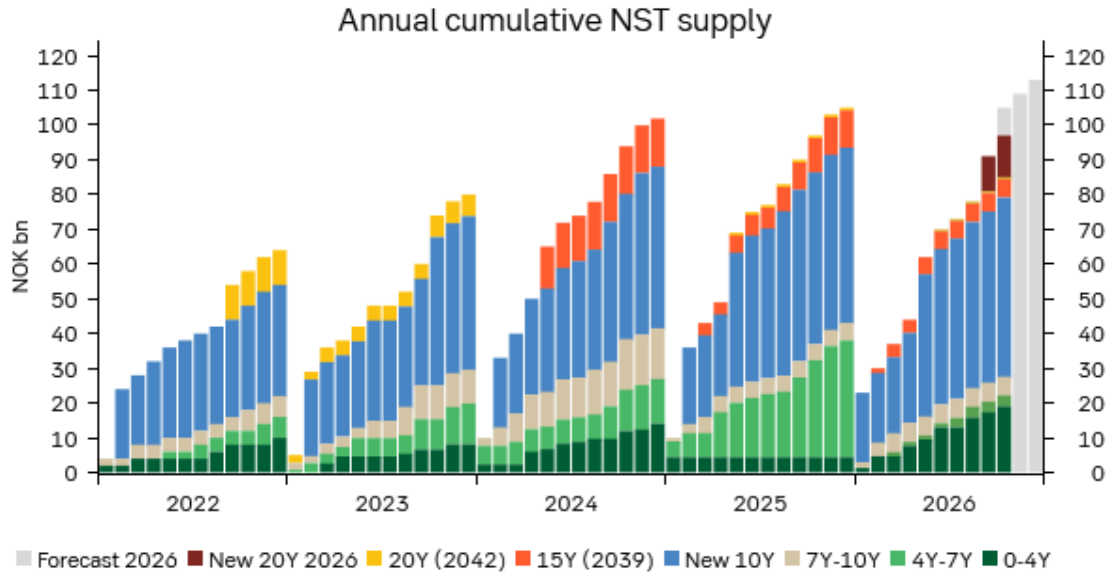
Note: Levels are of yesterday's close.



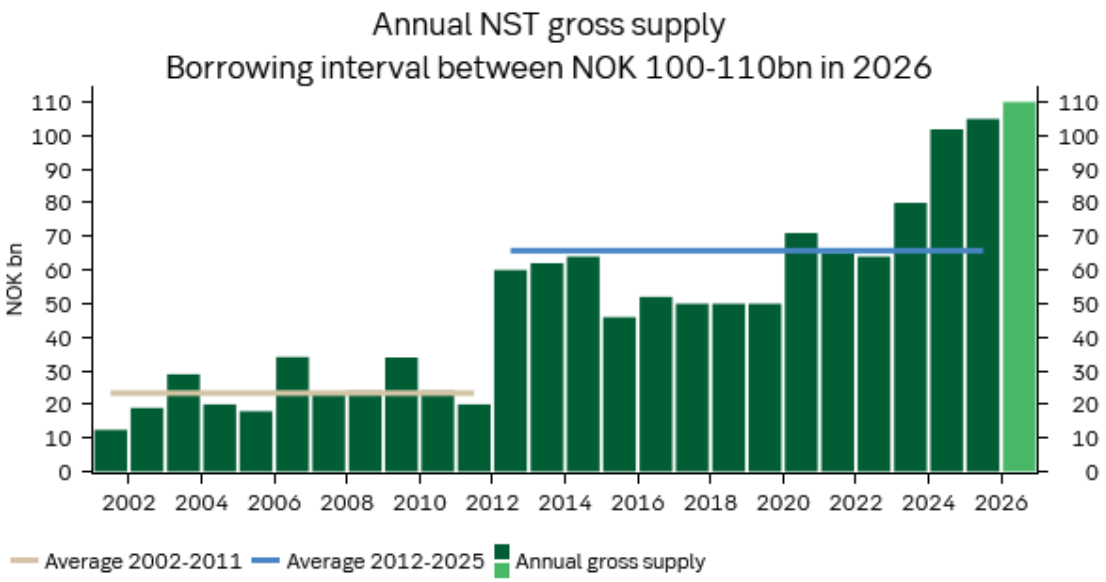
Source: Bloomberg, Macrobond, SEB



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