FI and FX Daily Brief

Summary

Another day, another new low in EUR/NOK. The decline in the pair, driven by the combination of high energy prices and EUR-pessimism on the back of French debt worries. EUR/USD held steady yesterday - the pair almost looks to be in wait-and-see mode ahead of the upcoming eventful weeks with big central bank decisions, US midterm elections and key data releases. US and German yield curves bear flattened yesterday amid rising equity markets.

Majors FI

EUR swap rates ended the day slightly higher with the 2Y swap rate ending just below 3.45% and 10Y swap rate 3.50%. Similarly, US Treasury yields ended the day marginally higher across tenors. Pressure has continued in France this week, with the OAT-Bund spread resuming its widening trend, reaching new highs since the European debt crisis. It continues to be a light week in terms of data releases with the flash consumer confidence indicator for October for the euro area set to be released today, while we await PMI data for October to be released tomorrow.

Yesterday, we published our monthly Yield Outlook publication. The range of outcomes, particularly for European rates, is wide. Developments in energy prices, momentum in the global investment cycle and the pass-through to underlying inflation pressure should be decisive for rate developments in the coming months. Our updated expectation for ECB monetary policy means that we expect 2-year EUR swap rates to decline to 2.90% over the next year, and we also expect long-end European swap rates to decline. The decline should be more limited, as we assess the outcome space to be more balanced. In the US, we expect the deterioration in the US debt burden and a strong nominal growth engine to put further upward pressure on the long end of the yield curve over the next year. See more in Yield Outlook - Lower EUR rates despite French debt woes .

Yesterday, the Danish and Norwegian Debt Management offices both held tap auctions. The Danish Debt Management Office sold a total of more DKK 4bn in the DGB 2.25% 11/35 and DGB 0.25% 11/52, where they sold DKK 2bn in the 10Y benchmark with a bid-to-cover of 1.75 and DKK 2.16bn in the 30Y benchmark with a bid-to-cover of 1.61. The Debt Office at Norges Bank tapped NOK 2bn in the 2Y and 10Y benchmarks, where they sold NOK 0.7bn in the 2Y benchmark and a bid-to-cover above 5. They sold NOK 1.3bn in the 10Y benchmark with a bid-to-cover of 2.55. The pricing also indicated two very solid auctions and reflects that we are seeing demand for smaller countries, where the public finances are solid shape relative to what we see in Europe. This is also discussed in our

two previews on the auctions see *https://danske.link/oguk* (the Norwegian auction) and https://danske.link/6dcg (the Danish auction)

Furthermore, we had a rare deal from the Danish-Swedish company Oresundsbron konsortiet (OREKON). They sold 4 bonds - three denominated in SEK and one in DKK- where two were fixed-rate SEK-den. bonds and one floater for a total of SEK 5.25bn and one fixed-rate DKK-den bond for a total of DKK 1.5bn. The combined order bok was more than DKK 12bn, which shows the solid demand for this type of bonds.

Majors FX

EUR/USD was little changed above 1.12 through yesterday's session. In fact, both EUR and USD were the weakest performing G10 currencies of the session. Cyclicals NOK, AUD and NZD continued their recent strong performance. Oil price edged higher as geopolitical tensions remain elevated. Bloomberg reported that the US has ordered some non-emergency diplomats to leave Saudi Arabia due to the threat posed by Houthi attacks. But NBC reported later, that also the US military has been quietly withdrawing personnel from bases across Middle East due to the rising risks, and as Trump is weighing new strikes against Iran.

Yesterday, we published the October edition of our FX Forecast Update. We remain bullish on broad USD against most of G10 and lower our 6-12M EUR/USD forecast down to 1.10 (prev. 1.12). As tighter financial conditions and high energy prices begin to weigh on global growth momentum, we believe defensive currencies will outperform cyclicals towards 2027. We remain structurally negative on Scandies and AUD and maintain our 12M EUR/SEK forecast at 11.40, still see EUR/NOK heading towards 11.30 and lower AUD/USD forecast to 0.67. Similarly, we expect EUR/CHF to decline towards 0.91 and USD/JPY to trend gradually lower towards 152.

Scandies

NOK has strengthened against all G10 currencies today, despite limited support from any further rise in energy prices. Brent remains elevated at just below USD 110 per barrel, but it has not moved significantly higher since yesterday. At the same time, the EUR has weakened broadly across G10, reflecting increased concerns about France's sovereign debt situation. Overall, there are few clear domestic or fundamental drivers behind today's move, suggesting the strengthening may be more related to positioning and broader FX flows than to a specific NOK catalyst.

Tactical views

FX

EUR/USD - On a structurally declining trend, 6-12M target 1.10

EUR/NOK - Tactically neutral. Strategically bullish.

EUR/SEK - Back below our 1M target, a buy-on-dips from hereon

EUR/GBP - Tactically neutral and strategically bullish

USD/JPY - Looking for strategic selling opportunities

EUR/DKK - DN to cap EUR/DKK around the 7.4760 peak from August

USD/CNY - Tactically sell on rallies, strategically bearish

Fixed Income

Europe - Bund ASW-spreads to tighten

US - 10Y US Treasury yield at 5.20% in 12M

Sweden - Buy 2Y SGB ASW vs Sell 10Y SGB ASW

Norway - Look to enter steepeners in the coming month

Denmark - Long high-coupon callables versus DGBs and swaps

Commodities

Oil - to stay elevated near-term on tight supply conditions

Jens Nærvig Pedersen, Director, FI and FX Research

Report completed: 22 October 2026, 06:30 CET

Report first disseminated: 22 October 2026, 07:15 CET

Marketing communication. This communication is "marketing communication" and is not intended to constitute "investment research" as that term is defined by applicable regulations. This communication has as such not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of the communication.