Nordic Alert

26 October 2026

Complex risk landscape puts pressure on growth

Global key stories

A spinning compass needle in an increasingly complex risk landscape – reflections. Global equity markets showed considerable nervousness and volatility last week. On Friday, the **S&P 500 closed down 0.5%** and the **Nasdaq fell 0.2%**. However, both indices limited their weekly losses to around 0.5%, and 2026 remains a very strong year for equities, with the S&P 500 up 11.4% so far. Overall, companies have delivered **robust third-quarter earnings**. But the ingredients of the "**risk cocktail**" are familiar: **(1)** high energy costs and El Niño are increasing **inflation risks**, **(2)** the entire **yield curve** has shifted upwards, driven by cyclical, structural and political factors, and **(3)** questions remain about **the sustainability of the AI boom**. The positive economic outlook has not changed significantly, but even an optimist must acknowledge that the scope for disappointment is now greater than usual. Increased financial market volatility is not entirely unwelcome. It reduces the risk of all of us (!) developing tunnel vision and herd mentality. Central banks' shift in monetary policy (more on the Fed below) has helped keep long-term inflation expectations close to their 2% targets. At this stage, a rise in inflation expectations would be particularly troubling for both bond markets and asset prices, adding yet another layer of complexity to the risk landscape. Asian equity markets are trading cautiously early Monday ahead of the Fed and ECB decisions on Wednesday and Thursday. Equity futures are also subdued. Asian stock markets are trading cautiously early on Monday ahead of this week's Fed and ECB policy decisions and a new round of corporate earnings reports. Equity futures are also little changed.

The Fed pauses but keeps its powder dry for December – conclusions. On Wednesday, less than a week before the US midterm elections, the Fed is expected to leave its policy rate unchanged at 4.00%, thereby avoiding renewed conflict with the White House. On the one hand, US inflation remains elevated – core PCE stands at 3.0% – although it is not accelerating. On the other hand, financial conditions, which Fed Chair Warsh has shown an interest in as a monetary policy consideration, have tightened due to higher real yields and a modest equity market pullback. Nevertheless, financial conditions remain accommodative. The probability of a "nasty Christmas present" (read: a rate hike) on 9 December now stands at just over 75%. Read more about our Fed views here.

Fresh protests across Europe – better contained in France. More than 110,000 people demonstrated in Paris against, among other things, the high cost of living. This time, however, the French authorities were better prepared. Italy, Albania, Greece, Spain and Belgium also saw protests over the weekend.

French debt dynamics are giving economists sleepless nights – conclusions. France currently faces an unsustainable long-term public debt trajectory. The average maturity of its government debt is 8.4 years. The borrowing cost at this maturity is around 4.8%, while France's long-term nominal GDP growth is estimated at 3.0%. Moreover, French productivity growth is extremely anaemic. In other words, a situation where the interest rate (r = 4.8%) exceeds nominal growth (g = 3.0%), alongside persistent budget deficits, is not sustainable in the long run. Interest rates and the budget deficit must come down and/or productivity and growth must pick up (see charts). One small, flickering glimmer of hope: Moody's has maintained France's credit rating – albeit with warnings.

An interesting ECB meeting, but not because of interest rates – thoughts. The ECB is expected to leave its policy rate unchanged at 2.50% on Thursday. But keep an eye on two other, more intriguing questions: **(1)** will **Christine Lagarde** provide any new signals about a possible early departure as ECB President, and **(2)** is the ECB prepared to intervene and purchase French government bonds to support Paris? The ECB should, however, not shield French government bonds from political risk premia.

Stays in office. Brazil's electoral court has declared incumbent left-wing President Lula da Silva the winner of the presidential run-off against right-wing candidate Flávio Bolsonaro, securing 51.8% of the vote against 48.2%. At the time of writing, Bolsonaro has refused to concede defeat. The 80-year-old Lula will now serve his fourth term in office.

Nordic key stories

The Swedish Centre Party's coalition talks – conclusions. Today, the Party is due to report to the Speaker of the parliament on the progress of its government formation talks. The Centre Party leader Elisabeth Thand Ringqvist's preferred coalition already exists in practice in Region Stockholm, where the Centre Party governs alongside the Social Democrats, Greens, Liberals and Christian Democrats. At the national level, however, the situation appears more complicated. Former Prime Minister Carl Bildt noted on Swedish television last week that "it will take a political somersault of monumental proportions to resolve this, or we are heading for a snap election". Although the international situation calls for decisive political action, it is better to resolve the key sticking points before the next government takes office. As for the timetable, the government's budget bill must be submitted by 12 November, with the deadline for alternative budget motions on 27 November. In other words, **November could be a particularly messy month for fiscal policy in 2027, but we need not worry about negative market reactions**.

Today's key events

Chart package for the most important events this week here

Time	Country	Event	Period	SEB forecast	Consensus	Last
08.00	Sweden	Producer prices PPI	Sep	3.7/11.5	--/--	0.9/6.8
10.00	Germany	Ifo: Climate | Current | Expected	Oct	-- | -- | --	90 | 89.9 | 90	89.9 | 89.5 | 90.4

Other: Swedish Centre Party leader Thand Ringqvist reports back to the Speaker on her political consultations (10:00). The Swedish Public Employment Service (AF) releases labour market data (12:00). The EU issues bonds (11:30), and the US issues Treasury bills and notes (16:30/18:00). Standard time is now in effect in, among other places, Europe.

Have a really great Monday and autumn week!

Market data

Equities	Index	Future	FX		Commodities	
S&P 500	-0.52%	+0.09%	EUR/USD	1.12	Brent fut $/bl	114.29
Nasdaq 100	-0.21%	-0.07%	EUR/SEK	11.13	Gold fut $/oz	4026
Eurostoxx 50	-0.31%	+0.30%	USD/SEK	9.92		
OMX Stockholm 30	+0.41%		EUR/NOK	10.45		
OBX Oslo	+0.74%		USD/NOK	9.31		
OMX Copenhagen 25	-0.63%		NOK/SEK	1.06		
OMX Helsinki 25	-0.38%		USD/DKK	156.74		
Nikkei225	-0.76%		USD/JPY	156		
Shanghai Comp	-0.76%		USD/CNY	6.67		

US and Europe indices are change at yesterday's close

SEB policy rate forecasts

Updated: 23/10/2026

		RB	NB	FED	ECB	BOE	BOJ	BOC	SNB	RBA	RBNZ
	Current	1.75%	4.25%	3.75-4.00%	2.50%/2.65%	3.75%	1.25%	2.25%	0.00%	4.35%	2.75%
2026	Jan	29 Jan	22 Jan	28 Jan			23 Jan	28 Jan			
	Feb				5 Feb	5 Feb*				3 Feb	18 Feb
	Mar	19 Mar*	26 Mar*	18 Mar*	19 Mar*	19 Mar	19 'Mar	18 Mar	19 Mar	17 Mar	
	Apr			29 Apr	30 Apr	30 Apr*	28 Apr	29 Apr			8 Apr
	May	7 May	7 May							5 May	27 May
	Jun	17 Jun*	18 Jun*	17 Jun*	11 Jun*	18 Jun	16-jun	10 Jun	18 Jun	16 Jun	
	Jul			29 Jul	23 Jul	30 Jul*	31 Jul	15 Jul			8 Jul
	Aug	20 Aug	13 Aug							11 Aug	
	Sep	24 Sep*	24 Sep*	16 Sep*	10 Sep*	17 Sep	18 Sep	2 Sep	24 Sep	29 Sep	2 Sep
	Oct			28 Oct	29 Oct		30 Oct	28 Oct			28 Oct
	Nov	4 Nov	5 Nov			5 Nov*				3 Nov	
	Dec	16 Dec*	17 Dec*	9 Dec*	17 Dec*	17 Dec	18 Dec	9 Dec	10 Dec	8 Dec	9 Dec
	End-26	2.00%	4.50%	4.00-4.25%	2.75%/2.90%	4.00%	1.50%	2.25%	0.00%	4.85%	3.00%
2027	Jan		21 Jan	27 Jan			Jan	Jan			
	Feb	3 Feb			4 'Feb	4 'Feb*				9 Feb	10 Feb
	Mar	24 Mar*	18 Mar*	17 Mar*	18 'Mar*	18 Mar	Mar	Mar	18 Mar	23 'Mar	
	Apr			28 Apr	29 'Apr	29 Apr*		Apr			7 Apr
	May	5 May	5 Maj							4 May	26 'May
	Jun	22 Jun*	17 Jun*	9 Jun*	10 Jun*	17 Jun	Jun	Jun	24 Jun	22 Jun	
	Jul			28 Jul	22 'Jul	29 Jul*		Jul			7 Jul
	Aug	Aug	19 Aug							10 Aug	
	Sep	Sep*	23 Sep*	15 Sep*	9 'Sep*	16 Sep	Sep	Sep	23 Sep	28 Sep	1 Sep
	Oct			27 Oct	28 'Oct		Oct	Oct			27 'Oct
	Nov	Nov	4 Nov			4 Nov*				2 Nov	
	Dec	Dec*	16 Dec*	8 Dec*	16 'Dec*	16 'Dec	Dec	Dec	16 Dec	14 'Dec	8 Dec
	End-27	2.50%	4.00%	3.75-4.00%	3.00%/3.15%	3.50%	1.75%	2.25%	0.00%	4.35%	3.25%
	Inflation target	2.0%	2.0%	~2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2-3%	1-3%

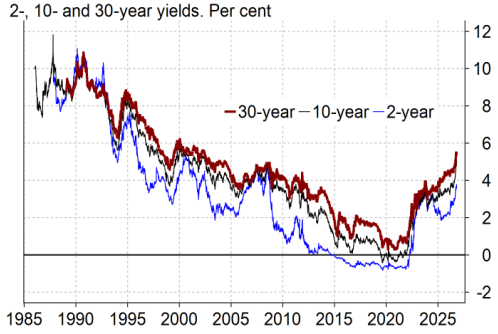
* = Strategic policy meetings

>50bps hike	50bps hike	25bps hike	<25bps hike	<25bps cut	25bps cut	50bps cut	>50bps cut

High Debt – The Élysée Palace Under Pressure

French government bond yields

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



30 Robert Bergqvist – Information Class: Open (C1)

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

France's debt position

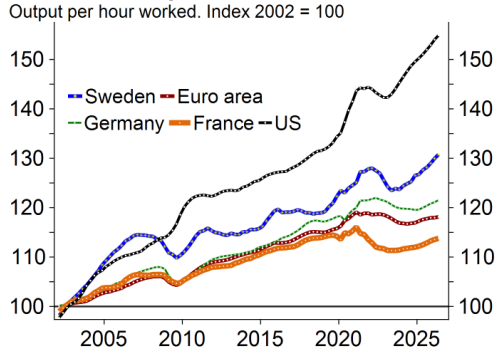
Debt duration 8.4 years → r = **4.8%**
Nom. GDP growth → g = **3.0%**

SEB

Productivity & resilience in an unpredictable world

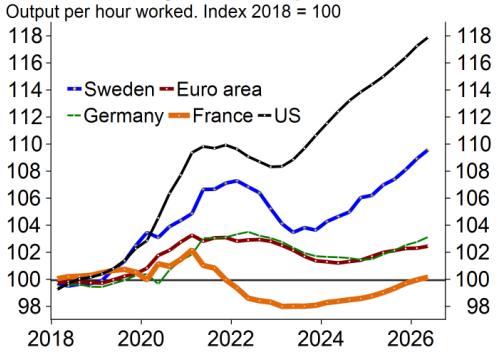
Productivity: 2002–present

Output per hour worked. Index 2002 = 100



Productivity: 2018–present

Output per hour worked. Index 2018 = 100



4 Robert Bergqvist – Information Class: Open (C1)

SEB

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