27 October 2026

NGB auction preview

Norges Bank to sell NOK2bn in the 3Y and 10Y benchmarks

On Wednesday, the Debt Office at Norges Bank will sell NOK2bn in the 3Y and 10Y benchmarks – NGB 1.75% 06/29 and NGB 4.125% 06/36. This is the fourth auction in October and leaves just two for November and two in December. This time Norges Bank chose to sell in the 3Y and 10Y segments rather than the 2Y and 10Y segments done in the previous auctions. It has scaled down the auction sizes to NOK2bn and we expect it will continue to do just NOK2bn at the auctions in November and December as it is getting close to fulfilling the issuance target for 2026 of NOK107-110bn.

There has been solid demand for the 2Y benchmark at the auctions, given the outright yield level at some 4.8% since September. Furthermore. the introduction of the new certificates, which should absorb part of the excess liquidity in the market, has had a limited impact on the front end of the NGB ASW-spread curve, as shown below. Here, we would have expected an impact on the swap spread, where the swap spread would tighten as the short-dated NGBs become cheaper, due to the "competition" from the certificates, but demand for the certificates has been "lacklustre", however.

ASW-spreads have tightened since the summer and are back to their most expensive levels since the start of the year

2Y and 3Y ASW-spreads, bp



Source: Danske Bank

Note: Past performance is not a reliable indicator of current or future results.

Hence, the front looks expensive given the ASW-spread level, but from an outright perspective, it does look cheap, and we expect there will be solid demand for NGB 1.75% 06/29, as seen with the 2Y NGB.

In the long end, we are still long the 10Y NGB versus swaps, even though it has performed well, as shown on page 2. However, given the tightening to NGB 3.75% 06/35 in ASW-terms, we suggest investors could consider taking profit and switching to NGB 3.75% 06/35. However, to get exposure to the 10Y segment, the auctions are a way to gain this exposure.

Today's key points

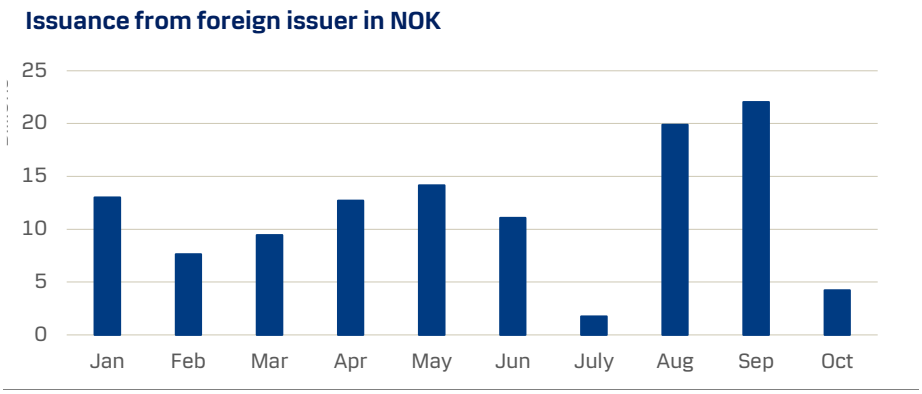
- Tomorrow, the Debt Office at Norges Bank will sell NOK2bn in the 3Y and 10Y benchmarks – NGB 1.75% 06/29 and NGB 4.125% 06/36. This is its fourth auction in October and leaves just two for November and two in December.
- It has scaled down the auction sizes to NOK2bn, and we expect it will continue to do just NOK2bn at the auctions in November and December as it is getting close to fulfilling the issuance target for 2026 of NOK107-110bn.
- The NGBs have become expensive versus swaps, both in the 3Y and 10Y benchmarks, but the outright level is still very attractive in the front end of the NGB curve. Part of the explanation for the move in the ASW-spread in the 10Y segment is likely to be the slowdown in NOK-den. issuance from foreign issuers such as SPIRE etc. which dampens demand for NOK swaps.
- We still like the 10Y versus swaps but also against EU peers. The 3Y looks attractive from an outright perspective.

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10Y NGBs versus swaps

The 10Y NGB has tightened versus swaps partly because of decent demand for NGBs, as seen in the auctions, but there has also been a slowdown in the issuance of SPIRE deals in October (approx. NOK7bn was issued in September, but nothing in October) as well as regular issuance in NOK from foreign issuers, as shown below. The lack of issuance from non-domestic issuers eases demand for NOK swaps and instead local paying flow can dominate.

NOK-den. issuance of fixed rate bonds from foreigners has declined in October

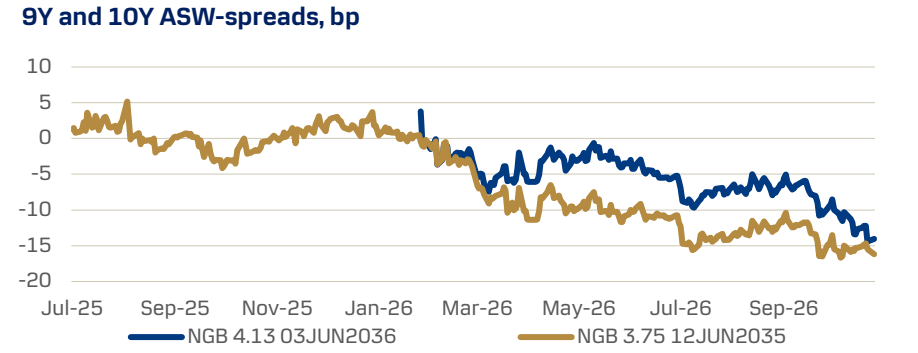


Source: Bloomberg, Danske Bank

Note: Past performance is not a reliable indicator of current or future results.

Hence, there has been a solid performance by the 10Y NGB ASW-spread, as shown below, especially from late September.

Solid performance in the 10Y NGB versus swaps since late September



Source: Danske Bank

Note: Past performance is not a reliable indicator of current or future results.

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