NGB Spotlight

27 October 2026

NOK 2bn in NST481 and NST490

On Wednesday Oct 28th, Norges Bank will hold a multiple tap auction where a total of NOK 2bn will be issued, split between the NST481 (1.75%, 09/2029) and the NST490 (4.125%, 06/2036) bonds. NST481 currently trades with a yield of 4.77%, implying a maturity-matched spread vs. Germany of 173bps and an ASW spread of -31.5bps. NST490 trades with a yield of 4.46%, with corresponding spread levels at 110bps and -12.25bps. The auction closes at 11.00 CET, and results will be available on Norges Bank's website at 11.05 CET.

Details

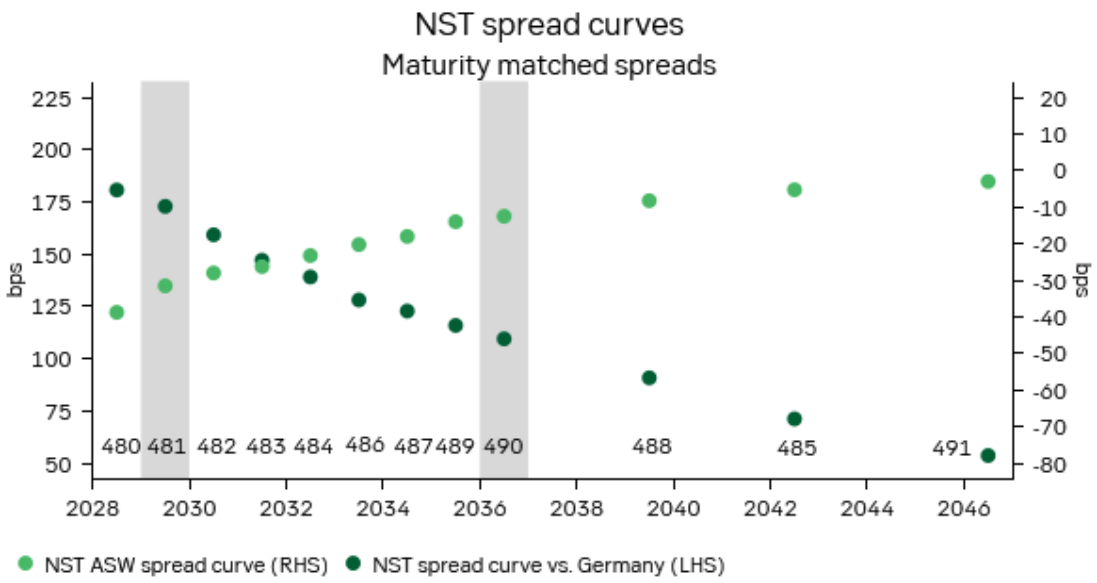
- On Wednesday, Norges Bank will auction a total of NOK 2bn split between NST481 (09/2029) and the NST490 (06/2036) bonds. The longer tenor has been included in 11 auctions so far this year, as Norges Bank is aiming to build liquidity in the new 10y bond. The bond was also included in last week's tap auction, where performance continued to be strong. So far this year, the bond has received an average bid-to-cover of 3.41 with an allotment share of 59%. The corresponding numbers for the 5 auctions in NST481 are 3.74 and 47%. We are not surprised that Norges Bank chooses to issue these bonds in the upcoming auction, and with the total volume capped at NOK 2bn we expect the auction to run smoothly.

- Global bond markets have experienced significant volatility over the past month, with yields spiking sharply in early October before partially retracing. The 10Y US Treasury yield peaked at approximately 5.31% on Oct 5th before retracing and currently trading at ~5.00 %, while the 10Y Bund peaked near 3.49% and has since pulled back to 3.35%. NSTs have followed the global move: the 10Y NST yield reached a high of ~4.70% in early October and has since corrected to 4.46%, helping to stabilize spreads vs. Germany. NST ASW spreads continue to move largely sideways with lurking sellers in the mid-segment of the curve. Meanwhile, outright levels continue to attract demand from internationals.

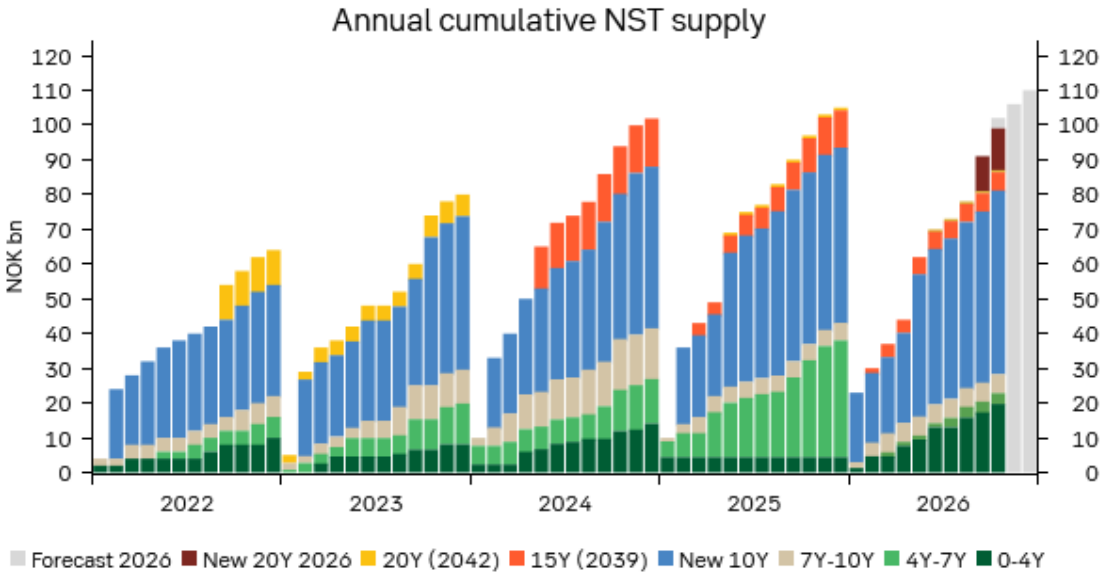
- Expectations for Norges Bank have eased somewhat compared to last week with the market now discounting a 50/50 chance for another rate hike in December 2026 and still pricing in a full hike by March 2027. We reiterate our forecast that the hiking cycle has likely peaked, with policy easing not expected to begin before late 2027. Our inflation forecast is higher than Norges Bank's near-term trajectory, but we predict slightly lower core inflation in 2027.

- Supply update: Following this auction, Norges Bank has issued a total of NOK 101bn 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 4 remaining auctions and NOK 2bn for the remaining auctions.

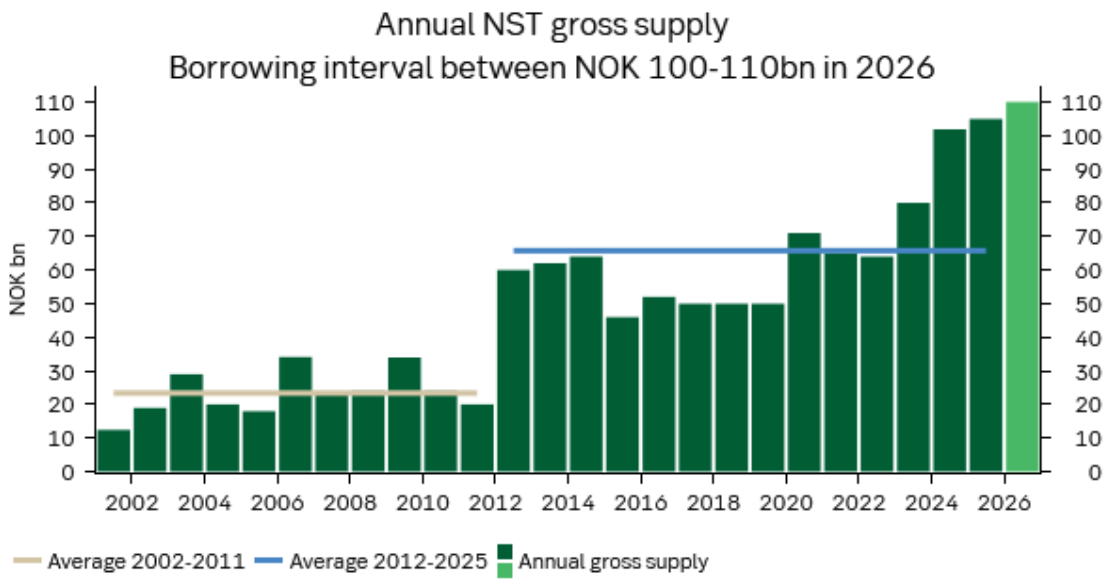
- **Supply 2027:** The government's budget proposal for 2027 showed an underlying borrowing requirement of NOK 93.6bn vs. 95.7bn in 2026. After years of under-borrowing, Norges Bank's supply estimate has exceeded the underlying borrowing requirement over the past two years, with the aim of building up 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.



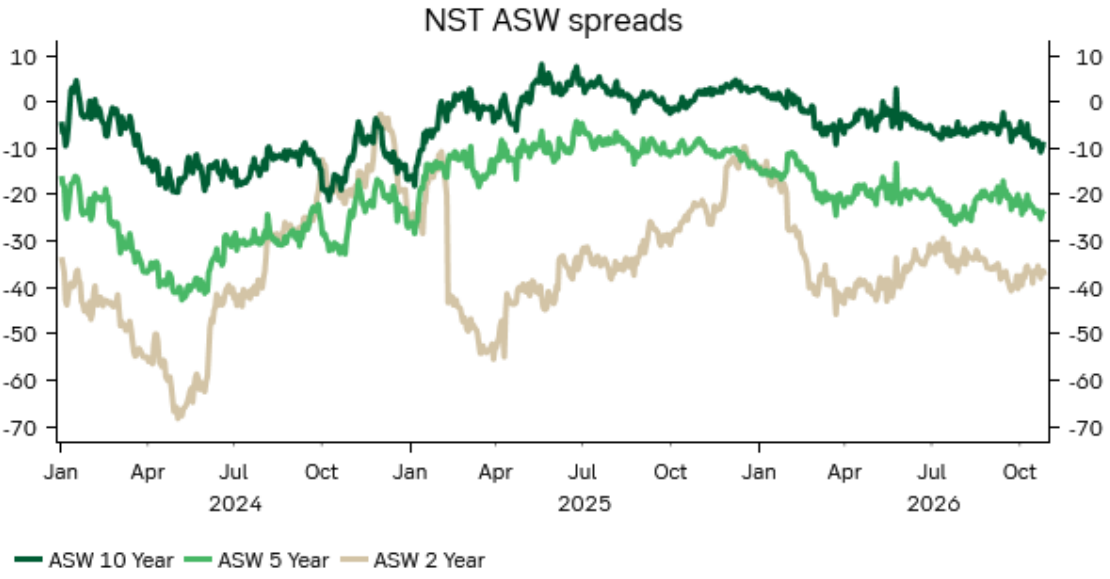
Note: Levels are of yesterday's close.



Source: Norges Bank, Macrobond, SEB



Source: Norges Bank, Macrobond, SEB



Source: Bloomberg, Macrobond, SEB



Source: Bloomberg, Macrobond, SEB

Marthe Eide
Macro Strategist Norway
marthe.eide@seb.no
+4748115825