



# Macro Weekly

Week 28–29 - 2026

07/07/2026

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# Markets: risk on, in calm markets

- **Big picture:**

- No big news from the Gulf, and while traffic through the Strait of Hormuz is still limited, it is not closed anymore. The oil curve is flat, just above the USD 70/b-line.
- Modest changes in short term rate expectations, while longer dated rate and bond yields were up, by some 10 bps.
- Equity markets were mostly up. Still some turbulence in the tech sector

- **Commodities: *mixed***

- Oil was flat, while natural gas prices rose, as did metal prices, marginally

- **Equity markets: *up most places***

- The global MSCI was up 2.3%. The South Korean KOSPI index heads rapidly south but others are on the way up.

- **Short term rates: *close to unchanged***

- Markets expects, on the balance, DM central banks, barring Sveriges Riksbank, to hike once before the end of 2026 (Riksbank is still expected to hike next year). Norges Bank is expected to hike once, to 4.50%

- **Long-term rates: *up everywhere***

- **Long-term rates and bond yields** rose by some 10 bps (and almost 20 bps in JPY). Real European rates are surging, and moved up in the US as well

- **FX: *NOK, SEK and AUD appreciated***

- ... without material support from commodity prices. NOK strengthened 0.4% but is still 2.7% weaker than NoBa's June forecast. The GBP appreciated further, the EUR was flat while the USD depreciated slightly.

- **Credit spreads: *down, and the level is low***

- The **US BBB spread** (10y vs. US treasuries) was down 2 bps, to 114 bps, a low level. The Norwegian Bank 2 5y spread narrowed 1 bp to 55 bps, not that far above (5 bps) the lowest level since before the Great Financial Crisis. The trend is down.

Signal rates, market exp.	USA	UK	EMU	Sweden	Norway
2024 Peak	5.33	5.25	4.00	4.00	4.50
... Change from peak	-1.70	-1.50	-1.75	-2.25	-0.25
<b>Now</b>	<b>3.63</b>	<b>3.75</b>	<b>2.25</b>	<b>1.75</b>	<b>4.25</b>
Change until end of 2026	0.29	0.17	0.16	0.11	0.30
<b>End of 2026 (market)</b>	<b>3.92</b>	<b>3.92</b>	<b>2.41</b>	<b>1.86</b>	<b>4.55</b>
... Change last week	-0.01	-0.04	-0.03	0.00	0.02
Change through 2027	-0.05	0.03	0.03	0.27	-0.34
<b>End of 2027 (market)</b>	<b>3.87</b>	<b>3.95</b>	<b>2.45</b>	<b>2.12</b>	<b>4.21</b>

# Last week – The economy, I

## This week

### • June PMIs/ISM

- The **global composite PMI** rose just 0.1, somewhat less than signalled by the flash estimates, **still signalling 3% global GDP growth**. The **EMU PMI** gained 1.5 p to 50.0, 0.5 better than the initial estimate – but no growth is still signalled. The **US PMIs** were weaker the flash estimates, manufacturing by 1.8 p, rather unusual. The **manufacturing ISM** index was fell a tad more than expected, but signals – as the average of all other manufacturing surveys – growth in production marginally above the trend. **ISM services** declined but is not weak. **ISM price indices** were down but are still at lofty levels. **Asian manufacturing surveys** were more down than up. The **Swedish PMIs** rose again, and the composite index rose to the top of the global ranking (with India), signalling at least 3% GDP growth.

### • USA

- The **June labour market reports** **were mixed**, but in sum not weak, even if **payrolls** rose less than expected and both the **participation and employment rates** declined. Payrolls rose by 57.000 persons, expected 115'. The World Cup did not support leisure and hospitality, at least not in June; Down 61'. On the other hand, the **unemployment rate** fell 0.1 pp to 4.2%, expected unchanged (but just because participation declined more than employment). **Job openings** (JOLTS, May data) remained at the highest level since late 2024, and well above expectations. SMEs report that it was **harder to fill open positions** in June, but **hiring plans** were moderate, like in the JOLTS report. **Wage growth** is gradually slowing. The labour market is not an argument for hiking rate, nor for cutting rates.
- **Atlanta Fed's GDP nowcaster** **slashed the Q2 forecast to 1.2% from 3%** due to the steep decline in exports in May.

### • EMU

- **June HICP inflation** **surprised on the downside**. The headline rate declined 0.4 pp to 2.8% and the core by 0.2 pp to 2.4%, both 0.2 pp below expectations. Energy prices declined (still up 9% y/y), as did food prices (up 1.6% y/y) while core prices rose 0.2%. The underlying growth rate in recent months rose to 2.5%. Inflation is too high
- **Unemployment** was flat at 6.2% in May, following a 0.1 pp downward revision of the April level, to **the lowest level in 45 years**. Unemployment is declining in a majority of countries. **The employment rate** in EMU trends up, and is close to the rate in US, from 10 pp below 20 years ago – but still well below the Norwegian/Scandinavian level.
- **Retail sales** rose 0.2% in May, and are drifting up at a 1.5 - 2% pace.

### • Norway

- **Housing prices** rose 0.4 in June, **above Norges Bank's 0.3% forecast** (and we assumed no change). Prices are up 3.9% y/y – in average, from a small decline in Tønsberg and modest price increases in Oslo and others eastern cities, to 10 – 12% in Bergen, Stavanger and Tromsø. Measured m/m, prices are down in 5 cities (Oslo incl.) but up in 11. Real prices are down 5% from the 2022 peak – varying from +18% (Stavanger) to -16% (Drammen). **Sales** are heading down but remains above average. **The total inventory** is increasing due to more unsold homes in the eastern region, especially in Oslo. Our models suggest **steep price declines in Oslo**, but a further increase – in average – in the rest of the country.
- **NAV open unemployment** **declined 0.1 pp to 2.0% in June** (or 2.05 to 2.03%, according to our calculation). Norges Bank assumed 2.1% in June (but 2.05% in Q2 average, in line with our estimate). The trend is down, from 2.2% (2.15%) last Nov. Including labour market measures and part time unemployed, the total number of job seekers rose slightly in June, as the previous months. Still, the level is unchanged from last summer. Open unemployment heads down among all occupations, barring brokers/consultants (flat) and engineering/ICT (up, but slower). Just the 3 northern counties and Rogaland report higher unemployment. The inflow of new vacancies fell in June, from a very high May level, and the trend is upwards

# July calendar: ECB and Fed on hold. CPI data is key for Norges Bank.

Time	Count	Indicator	Period	Forecast	Prior
<b>Tuesday 07 Jul</b>					
08:00	GE	Industrial Production SA MoM	May	0.1%	0.4%
<b>14:30</b>	<b>US</b>	<b>Trade Balance</b>	<b>May</b>	<b>-\$78.5b</b>	<b>-\$55.9b</b>
14:30	US	Exports MoM	May	-3.5%	2.6%
<b>Wednesday 08 Jul</b>					
06:00	SW	Swedish Housing Prices, Mäklars	Jun		
08:00	SW	CPI YoY	Jun P	0.7%	0.8%
<b>08:00</b>	<b>SW</b>	<b>CPI Excl. Energy YoY</b>	<b>Jun P</b>	<b>0.3%</b>	<b>0.5%</b>
08:00	SW	GDP Indicator SA MoM	May	0.2%	0.5%
08:00	NO	Manufacturing Prod MoM	May	(0.5%)	-0.90%
20:00	US	FOMC Meeting Minutes	17-Jun		
<b>Thursday 09 Jul</b>					
03:30	CN	PPI YoY	Jun	4.1%	3.9%
03:30	CN	CPI YoY	Jun	1.1%	1.2%
14:30	US	Initial Jobless Claims	4-Jul	220k	215k
16:00	US	Existing Home Sales	Jun	4.20m	4.17m
<b>Friday 10 Jul</b>					
<b>08:00</b>	<b>NO</b>	<b>CPI YoY</b>	<b>Jun</b>	<b>3.1%(3.2)</b>	<b>3.1%</b>
<b>08:00</b>	<b>NO</b>	<b>CPI Underlying YoY</b>	<b>Jun</b>	<b>3.3%(3.3)</b>	<b>3.4%</b>
08:00	NO	Housing starts	Jun		
<b>During this/next week</b>					
	CN	New Yuan Loans CNY YTD	Jun	11100.0b	9110.0b
	CN	Aggregate Financing CNY YTD	Jun	21200.0b	17480.0b

Time	Count	Indicator	Period	Forecast	Prior
<b>Tuesday 14 Jul</b>					
	CN	Exports YoY	Jun	<b>18.0%</b>	<b>19.4%</b>
	CN	Imports YoY	Jun	24.3%	27.4%
	CN	Trade Balance	Jun	\$122.90b	\$105.43b
<b>14:30</b>	<b>US</b>	<b>CPI YoY</b>	<b>Jun</b>	<b>3.9%</b>	<b>4.2%</b>
<b>14:30</b>	<b>US</b>	<b>Core CPI YoY</b>	<b>Jun</b>	<b>2.9%</b>	<b>2.9%</b>
<b>14:30</b>	<b>US</b>	<b>Core CPI MoM</b>	<b>Jun</b>	<b>0.3%</b>	<b>0.2%</b>
<b>Wednesday 15 Jul</b>					
03:30	CN	Used Home Prices MoM	Jun		-0.3%
<b>04:00</b>	<b>CN</b>	<b>GDP YoY</b>	<b>2Q</b>	<b>4.5%</b>	<b>5.0%</b>
<b>04:00</b>	<b>CN</b>	<b>GDP SA QoQ</b>	<b>2Q</b>		<b>1.3%</b>
<b>04:00</b>	<b>CN</b>	<b>Retail Sales YoY</b>	<b>Jun</b>	<b>0.2%</b>	<b>-0.6%</b>
<b>04:00</b>	<b>CN</b>	<b>Industrial Production YoY</b>	<b>Jun</b>	<b>4.5%</b>	<b>4.5%</b>
04:00	CN	Fixed Assets Ex Rural YTD YoY	Jun	-4.7%	-4.1%
11:00	EMU	Industrial Production SA MoM	May		0.1%
14:30	US	Empire Manufacturing	Jul		5.7
14:30	US	PPI Final Demand MoM	Jun	0.0%	1.1%
14:30	US	PPI Final Demand YoY	Jun		6.50%
20:00	US	Fed Releases Beige Book			
<b>Thursday 16 Jul</b>					
06:00	SW	PES Unemployment Rate	Jun		3.4%
08:00	UK	Monthly GDP (MoM)	May		-0.1%
11:00	EMU	Trade Balance SA	May		1.3b
14:30	US	Philadelphia Fed Business Outlook	Jul		10.3
14:30	US	Retail Sales Advance MoM	Jun	0.0%	0.9%
14:30	US	Initial Jobless Claims	11-Jul		
16:00	US	NAHB Housing Market Index	Jul		35
<b>Friday 17 Jul</b>					
14:30	US	Import Price Index ex Petro. MoM	Jun		0.8%
14:30	US	Housing Starts	Jun	1310k	1177k
14:30	US	Building Permits	Jun P	1400k	1410k
<b>15:15</b>	<b>US</b>	<b>Manufacturing Production MoM</b>	<b>Jun</b>		<b>0.0%</b>
16:00	US	U. of Mich. Sentiment	Jul P	51	49.5

## The coming 2 weeks

- **China**
  - **All major monthly data + Q2 GDP.** The recent months have been really weak, especially retail trade and investments
- **USA**
  - **CPI** is a key concern for most FOMC members – but probably less so with the ending of the Iran war leading to a steep decline in energy prices.
  - **Retail sales** are still drifting upwards in spite of slow/no growth in households' real disposable income.
  - **Exports of goods** 'collapsed' in May and tanked the Q2 GDP estimate 2 pp, to 1.2% (Atlanta Fed). Revised and more detailed data today.
- **Norway**
  - **CPI data** on the 10/7 will show inflation that is still too high for comfort. The data needs to be significantly lower in the next two months for Norges Bank not to hike in August.

## Rest of July

- **USA**
  - **The Fed meeting** on 29/7 will be less eventful than the June meeting with the Fed surely keeping rates unchanged.
  - **The ECB** will most likely keep rates unchanged later this month after the June hike with energy prices declining broadly which reduces the worry amongst ECB rate setters. Another hike after the summer is still however likely.

# Agenda

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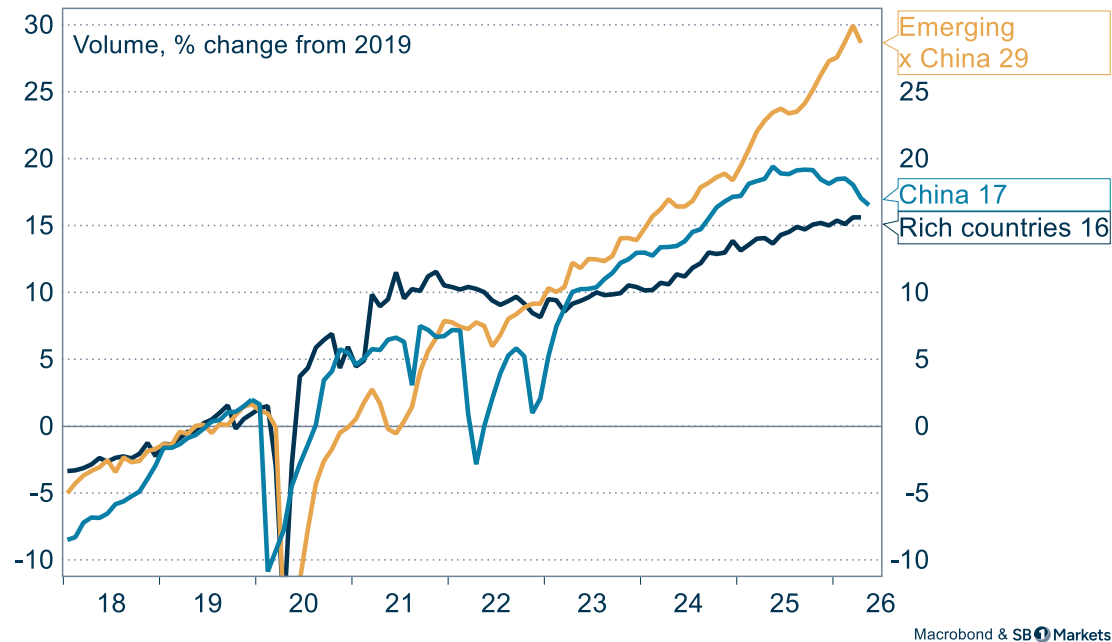
- **Highlights**
- Major economies
- The Norwegian economy
- Financial markets



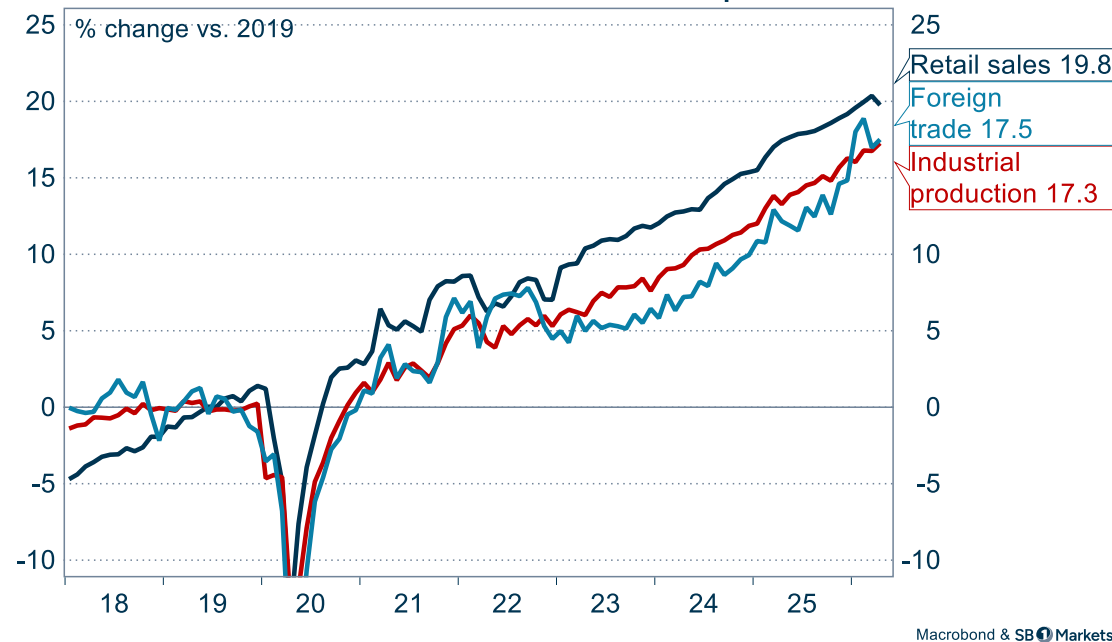
# Global Economy: Retail (slowing somewhat); Industry (steadily up); Trade (exploding)

Retail sales in EM ex. China continue to grow strongly, but Chinese sales are heading down. DM sales have slowed slightly lately. Global industrial production has improved, and global trade flows have risen rapidly recently (until March, at least).

### Retail sales



### Global Retail sales, industrial prod. & trade

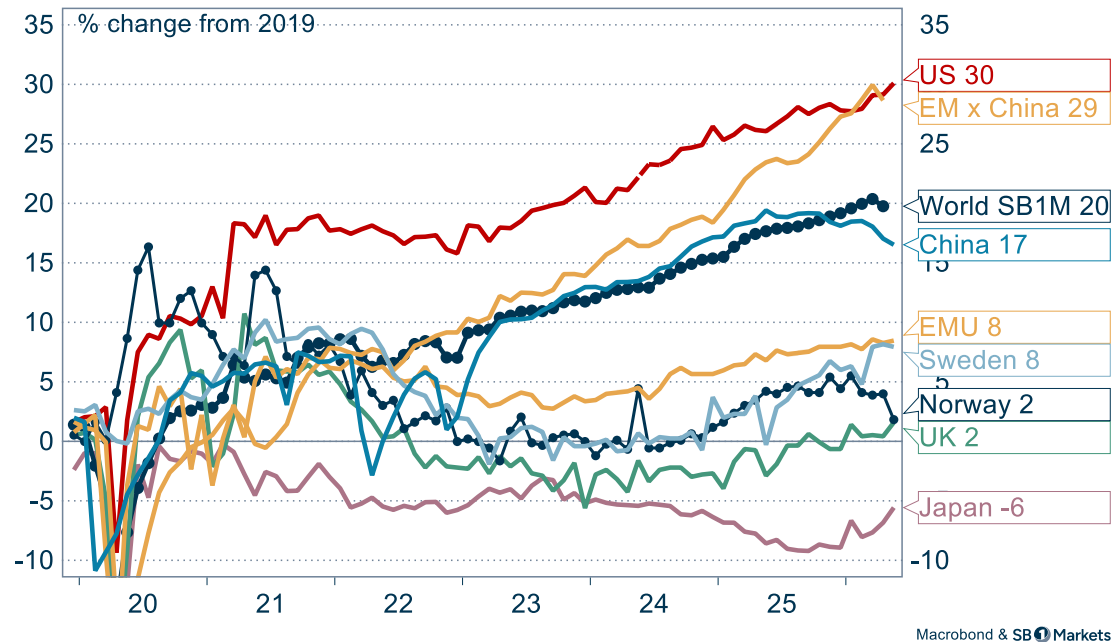




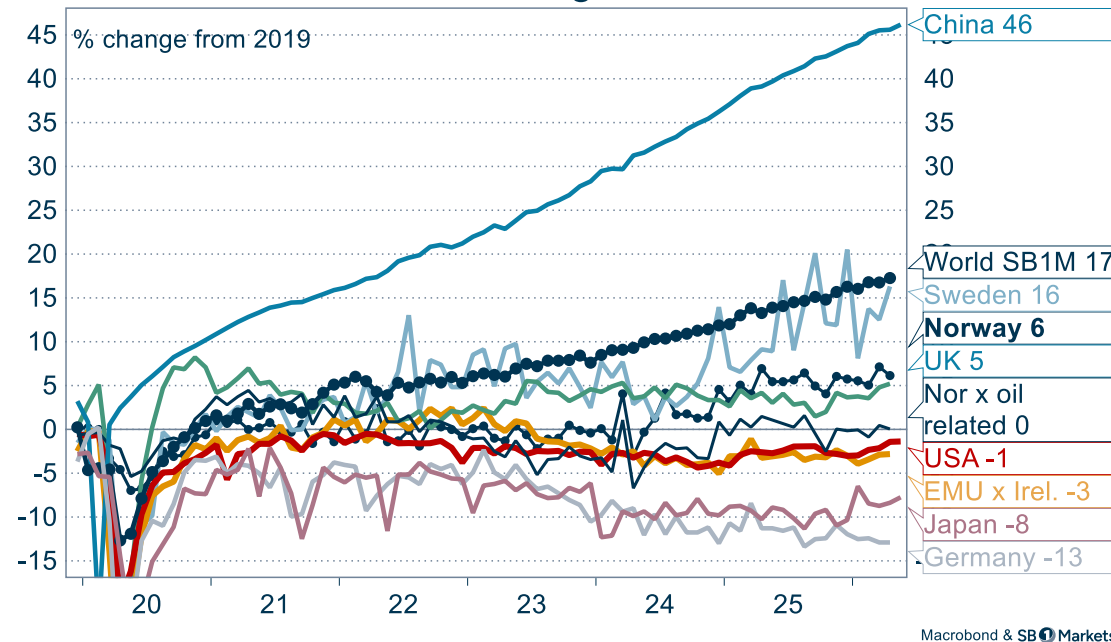
# Huge gaps in retail sales and manufacturing production. China leads in manufacturing

But not in retail sales. The US is among the best in retail sales but not in industrial production. EMU is in line with the US on production, but its retail sales are far weaker.

### Retail sales volume

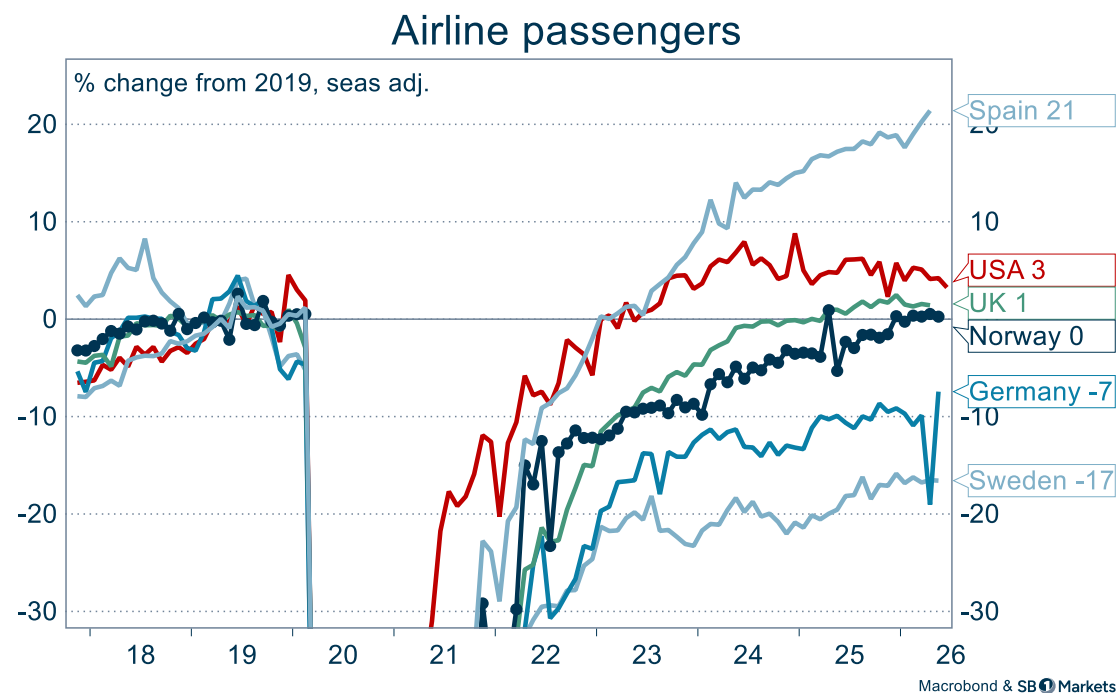
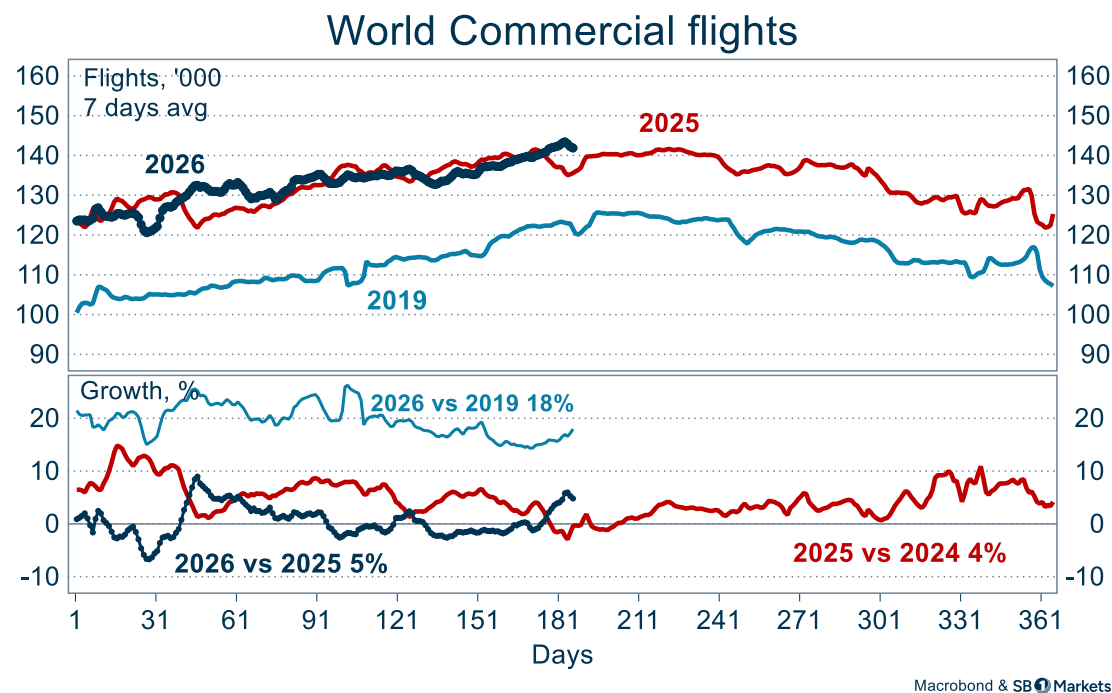


### Manufacturing Production





# Global airline traffic has not reached its early summer lull yet, is up y/y again

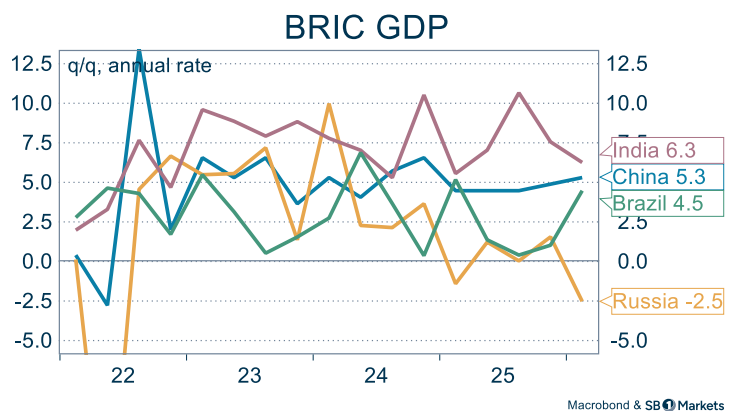
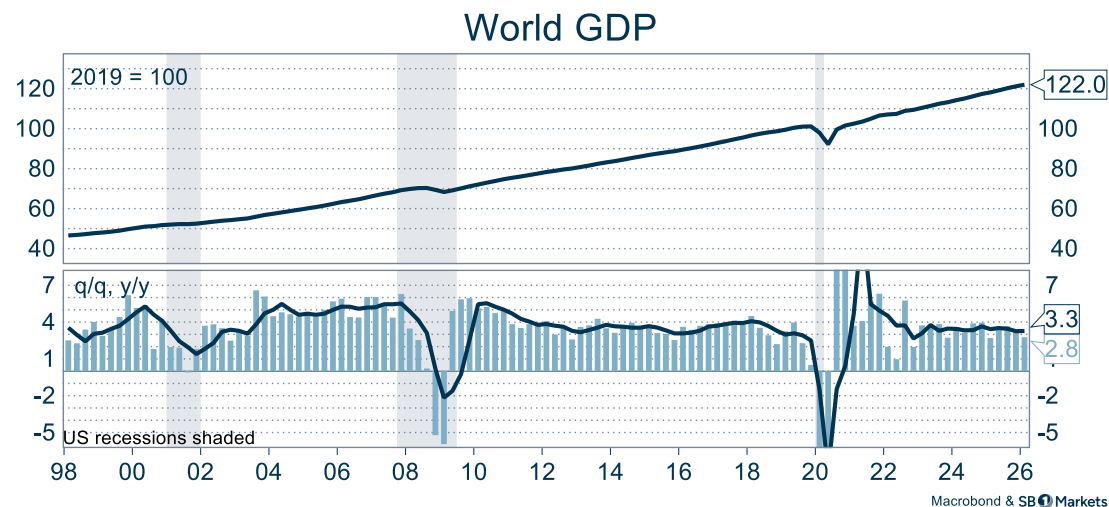
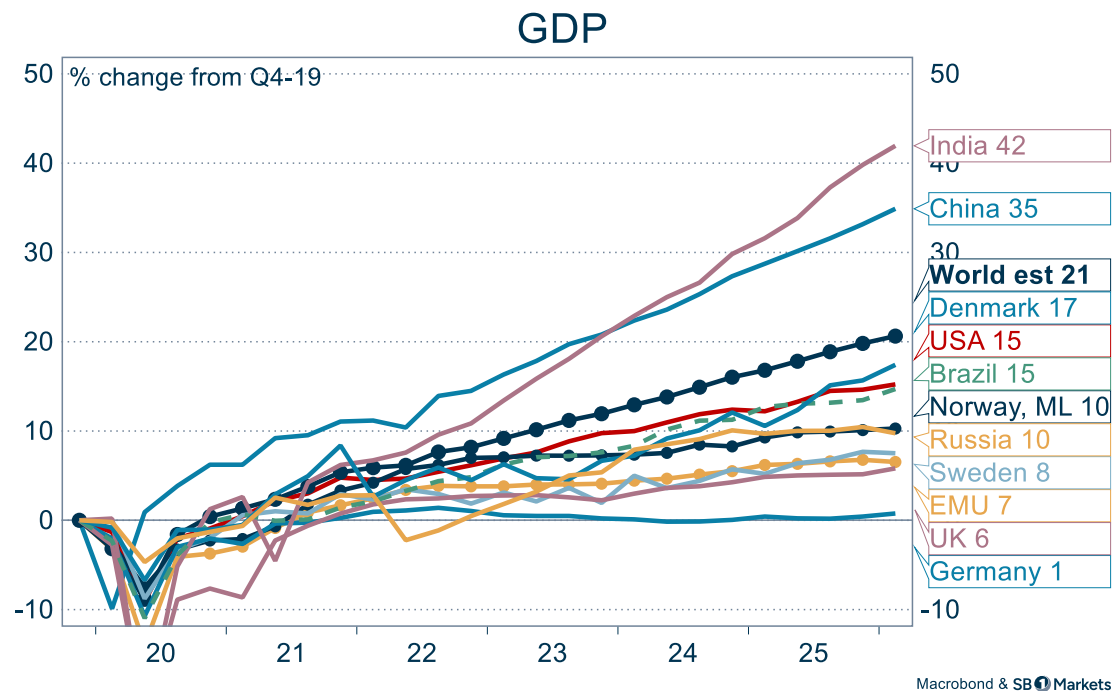


- Passenger numbers are recovering in most Western countries, except for the US, which is declining from previously 'high' figures, with traffic up just 4% from 2019. Sweden is well below 2019 levels, by 17%. Germany recovered in April from a slump in March (even after our Easter adjustment). Norway has climbed back up to its 2019 level, and Spain leads with a 21% increase.



# Global GDP: 2.8% q/q in Q1, and 3.3% y/y

Growth was a few tenths below the average (and stable) growth rate the past 3 years.



	GDP growth		q/q ann. rate	y/y
	q/q	y/y		
World, SB1M est	2.8	3.3	2.8	3.3
China (quart. data)	5.3	4.8	5.3	4.8
Brazil	4.5	1.8	4.5	1.8
USA	2.1	2.7	2.1	2.7
Japan	1.8	0.3	1.8	0.3
UK	2.5	0.9	2.5	0.9
EMU	-0.9	0.3	-0.9	0.3
Germany	1.4	0.3	1.4	0.3
France	-0.4	0.9	-0.4	0.9
Italy	1.1	0.8	1.1	0.8
Spain	2.5	2.7	2.5	2.7
Netherlands	0.9	1.4	0.9	1.4
Finland	3.6	1.4	3.6	1.4
Denmark	6.2	6.2	6.2	6.2
Sweden	-0.6	2.2	-0.6	2.2
Norway, ML	0.6	0.9	0.6	0.9

Legend: ■ q/q ● y/y

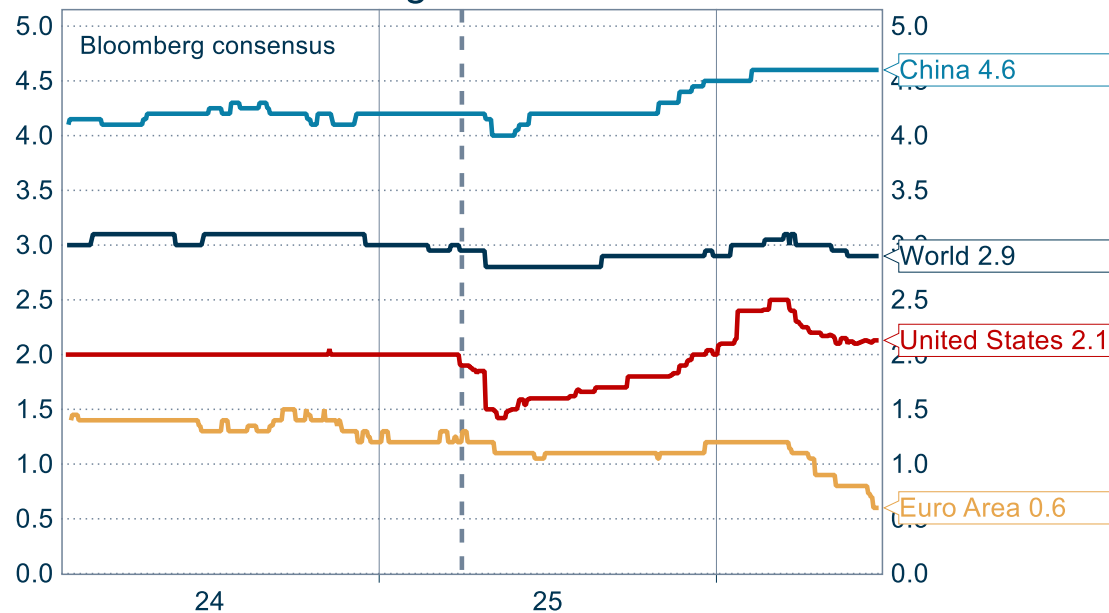
World GDP is estimated by SB1M



# EMU 2026 growth forecasts are falling rapidly, down 0.6 pp from before the Gulf war, to 0.6%

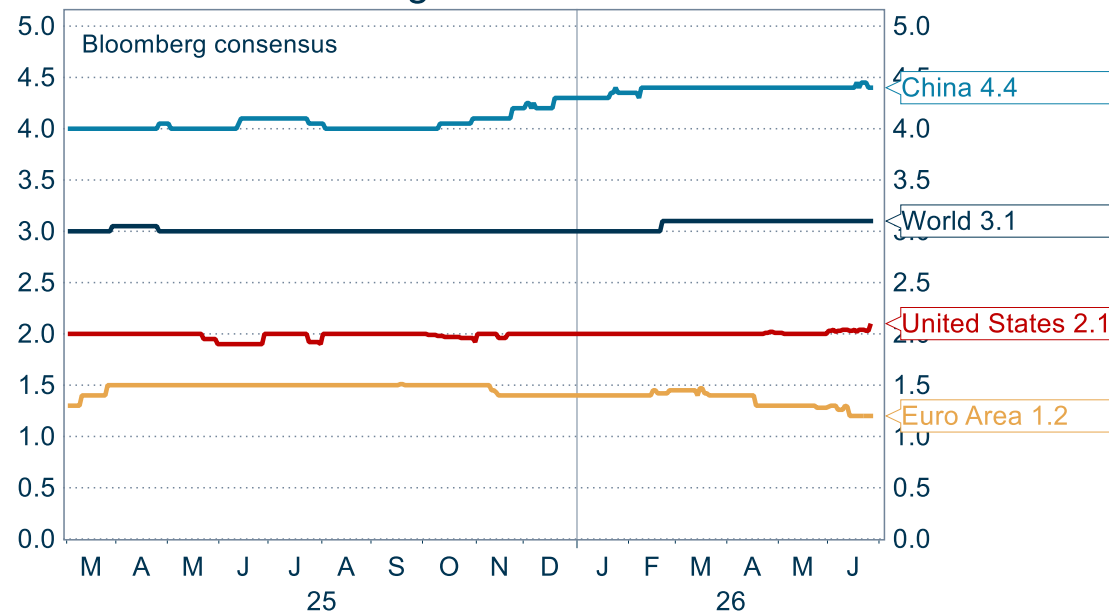
The US forecast is down 0.4 pp to 2.1%. US is less exposed to the lift in energy prices, and AI investments are incredibly strong. Boring (flattish) but decent 2027 forecasts.

### GDP growth forecasts 2026



Macrobond & SB Markets

### GDP growth forecasts 2027



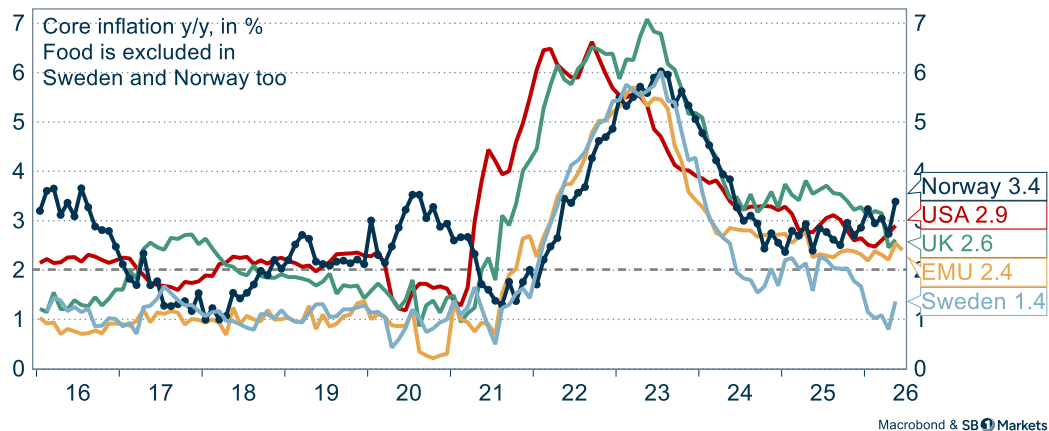
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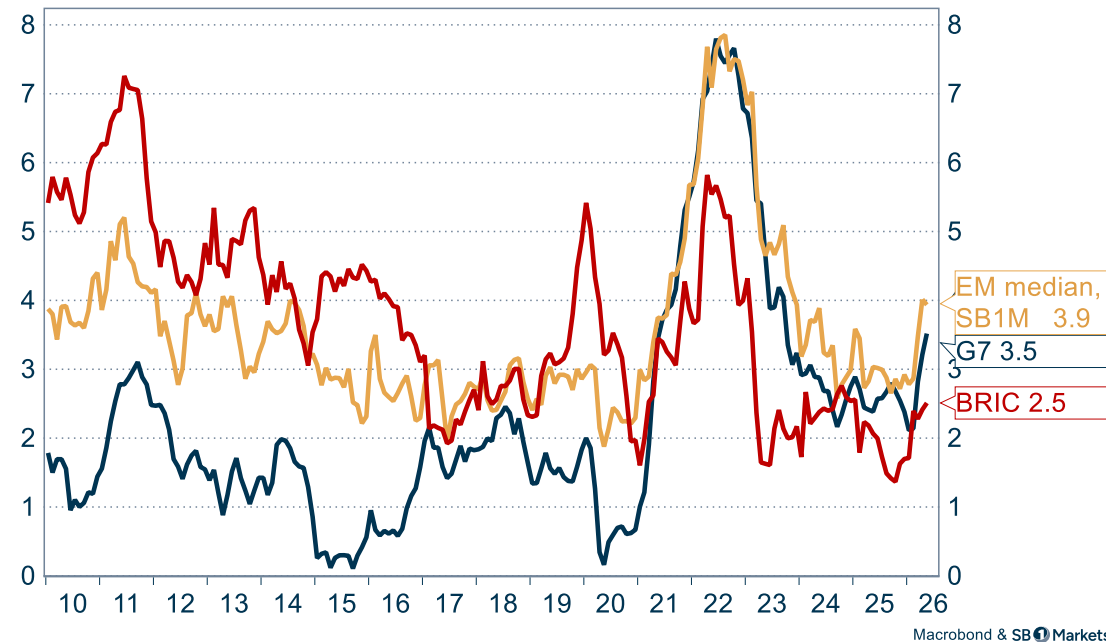
# The US and Norway at the top of the core CPI ranking, Sweden at the bottom

Norway rules at the top, our core CPI is up 3.4% y/y, followed by US at 2.9%. Sweden is at 1.4% (food and energy excluded). Underlying inflation in recent months is even higher in Norway and the US. Total inflation will very likely come down in June/July, due to lower oil prices.

### Core CPI Inflation



### CPI Inflation



### Underlying Core CPI Inflation

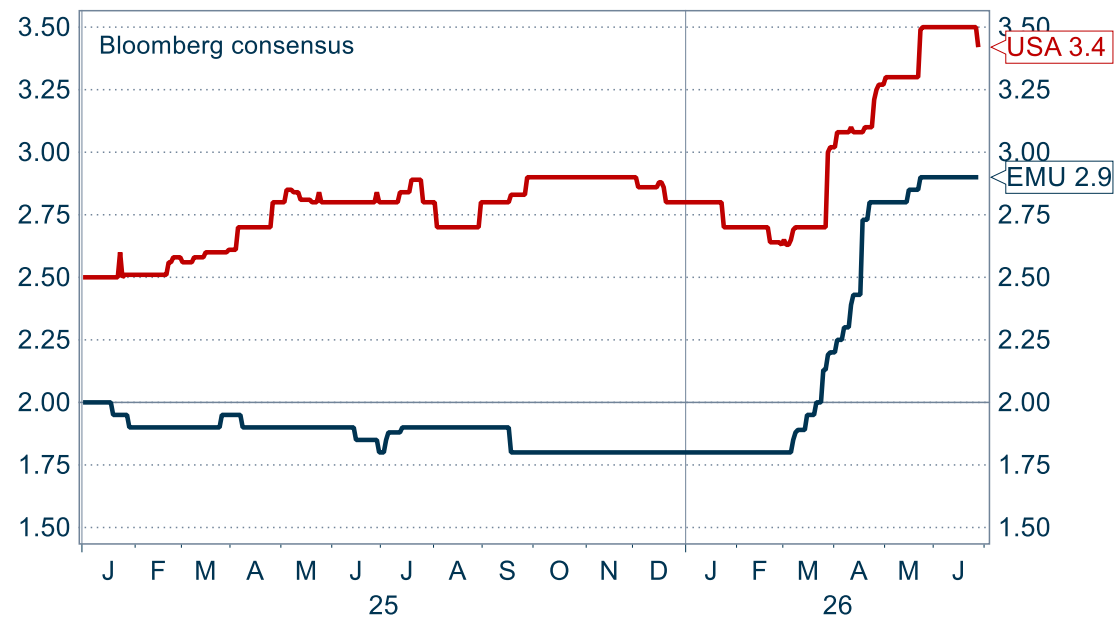




# 2026 inflation forecasts are very likely peaking now, as energy prices are declining

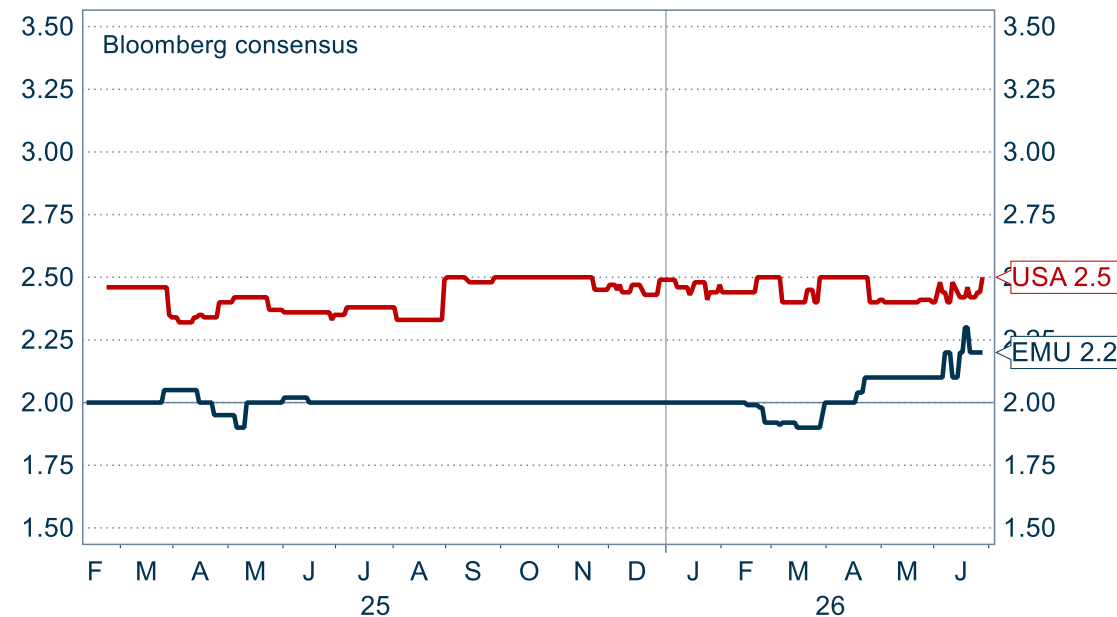
The 2027 EMU forecast of 2.2% is not far above the inflation target; the US at 2.5% remains somewhat above – but will now probably come down in the coming weeks (if Hormuz does not remain closed).

### 2026 CPI forecasts



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### 2027 CPI forecasts



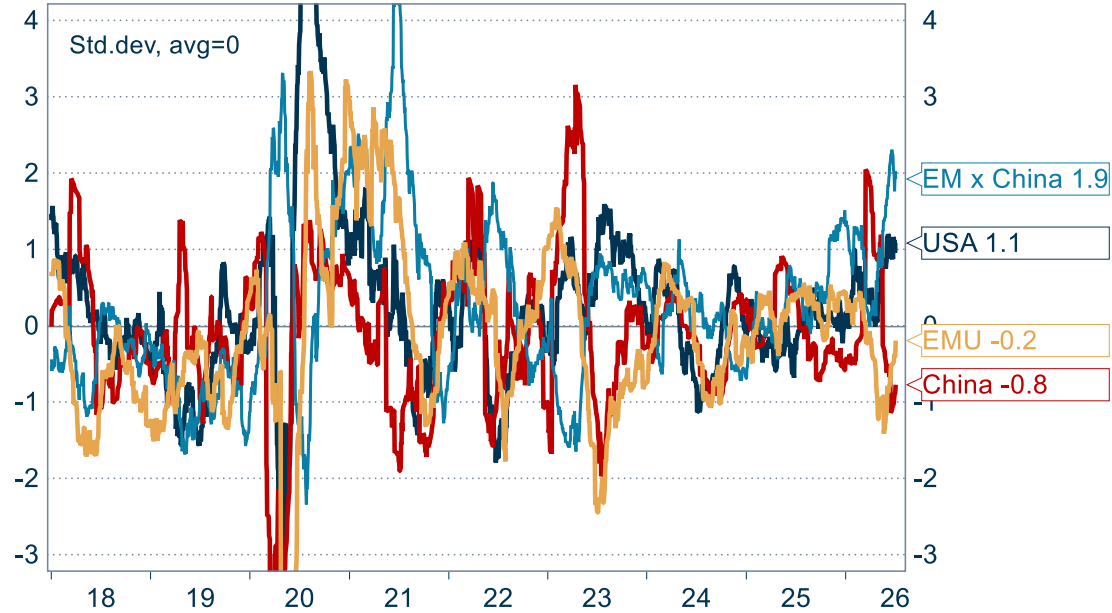
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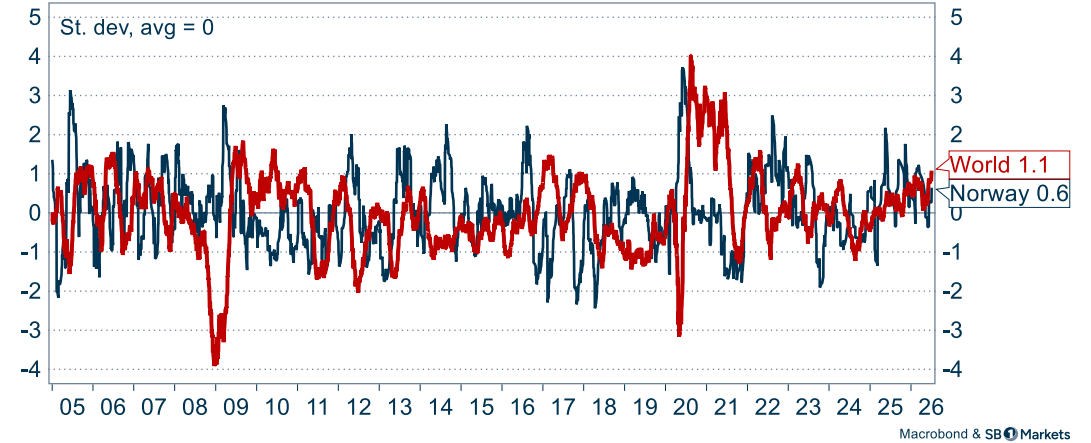
# Surprise indices: the world surprises more on the upside, last week supported by EMU

EM ex. China remains in the lead. US is steadily surprising on the upside. EMU is just marginally below average. Australia and Sweden remain at the bottom. Norway is above an average level and slightly above the middle of the ranking.

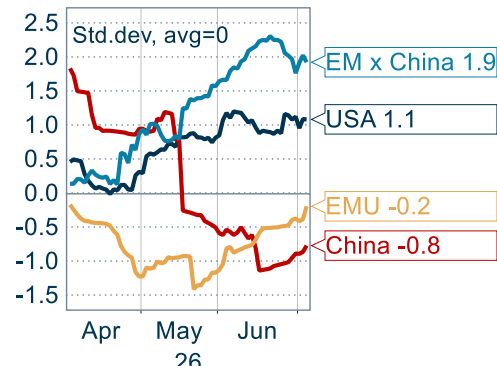
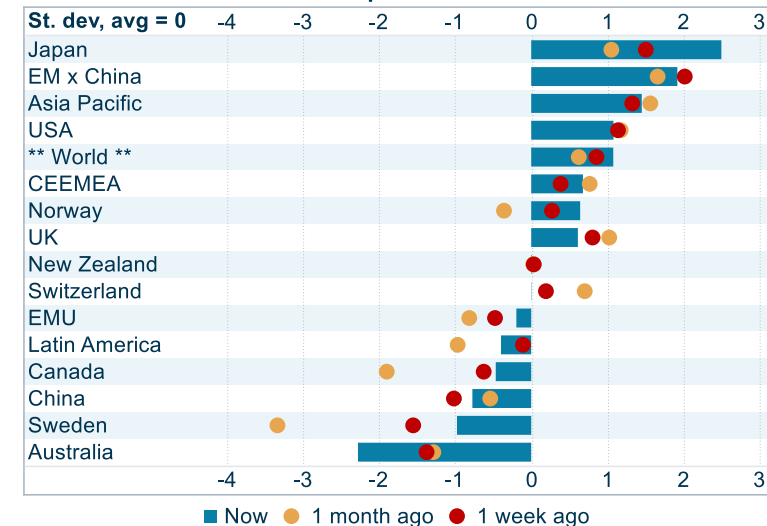
### Citi Surprise Index



### Citi surprise index



### Citi Surprise index

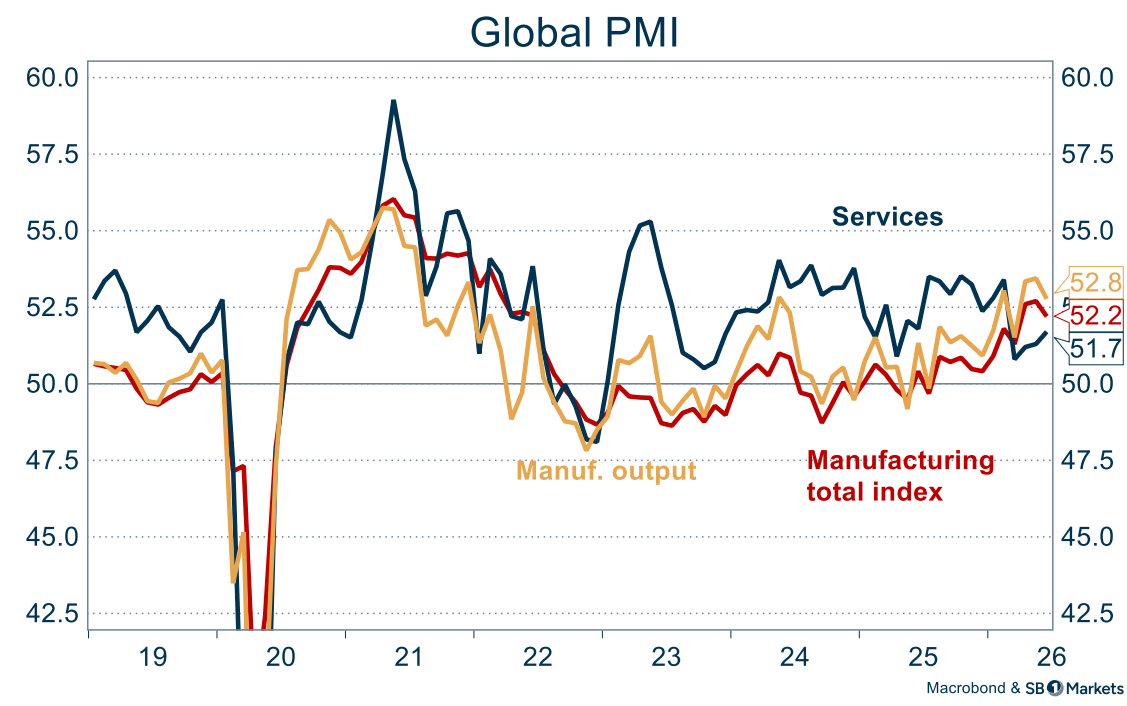
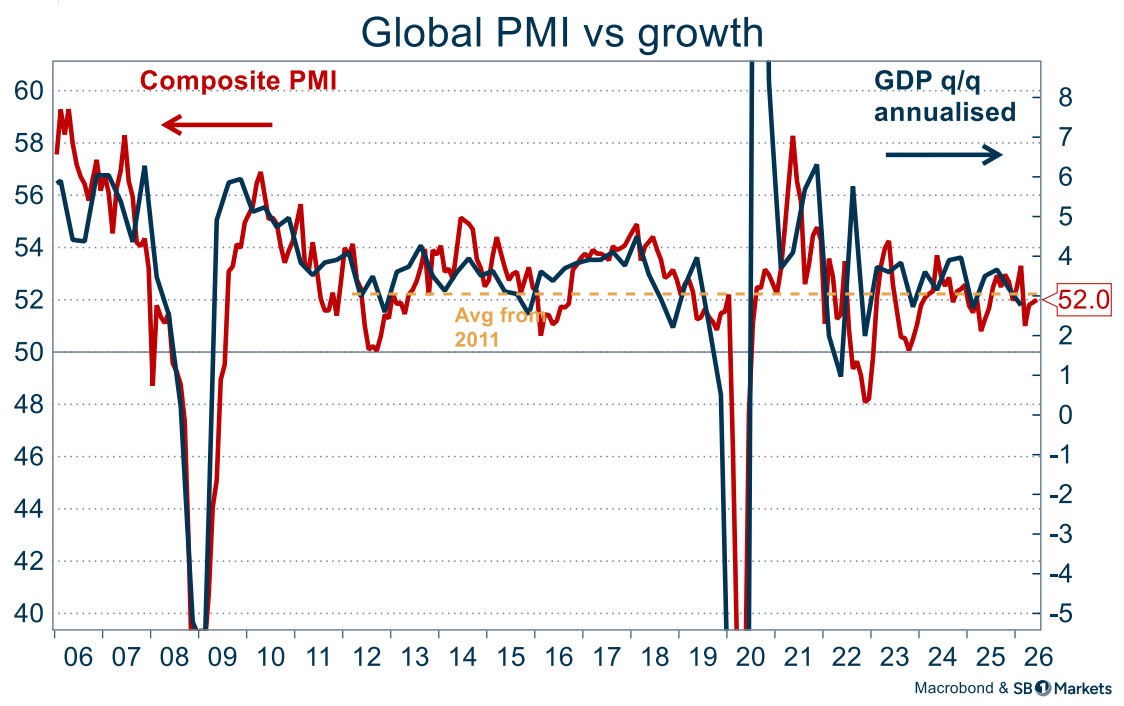


Surprise-indices measure the difference between economists' expectations and the actual outcome over a 3-month rolling window, calculated by Citi



# The global PMI rose 0.1 p to 52.0 → 3% GDP growth, at trend

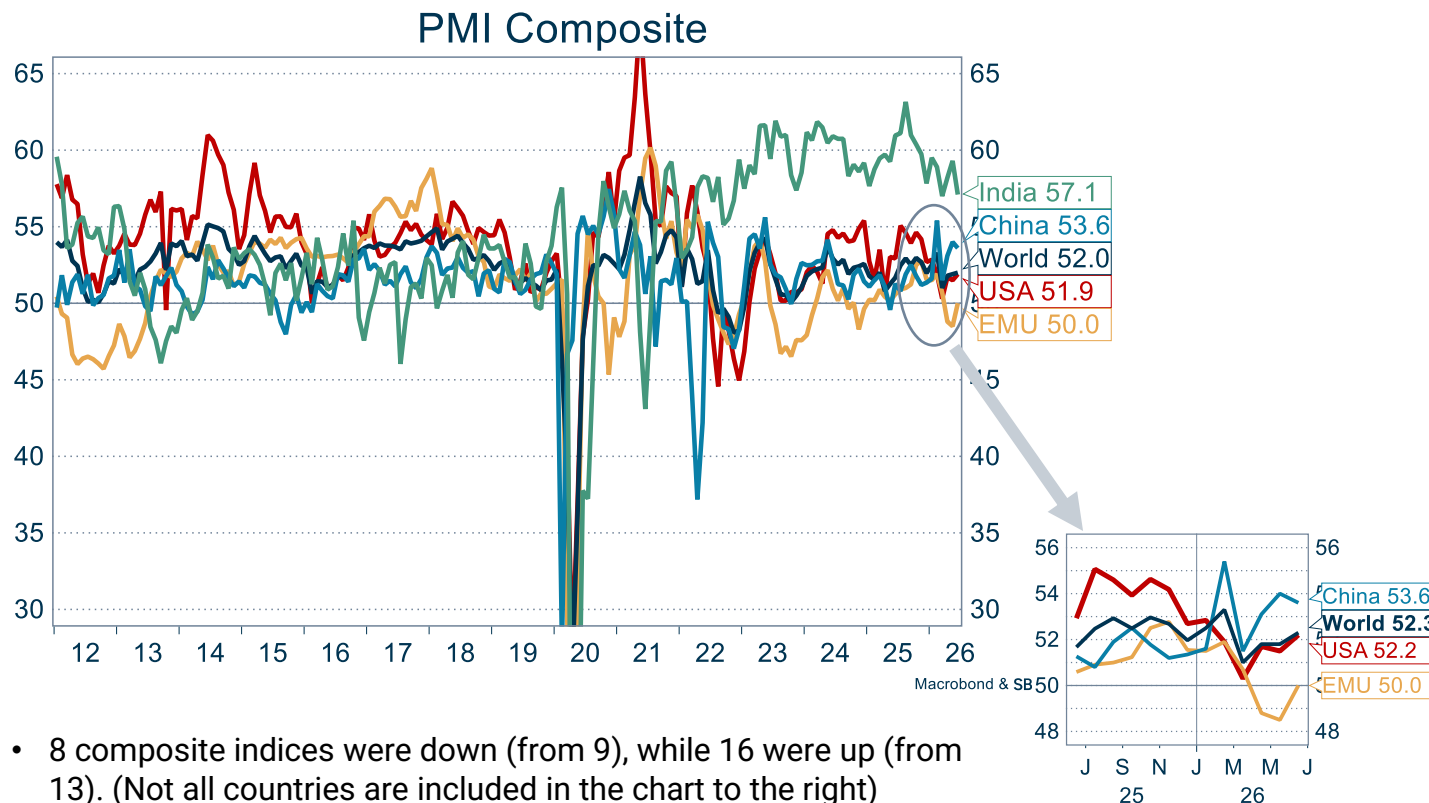
The outcome was a tad weaker than implied by the flash estimates, mostly due to a weaker manufacturing PMI – which still is close to the best level since 2022. Services are still well below par but continued upwards in June. EMU was above flash, US below. China as expected



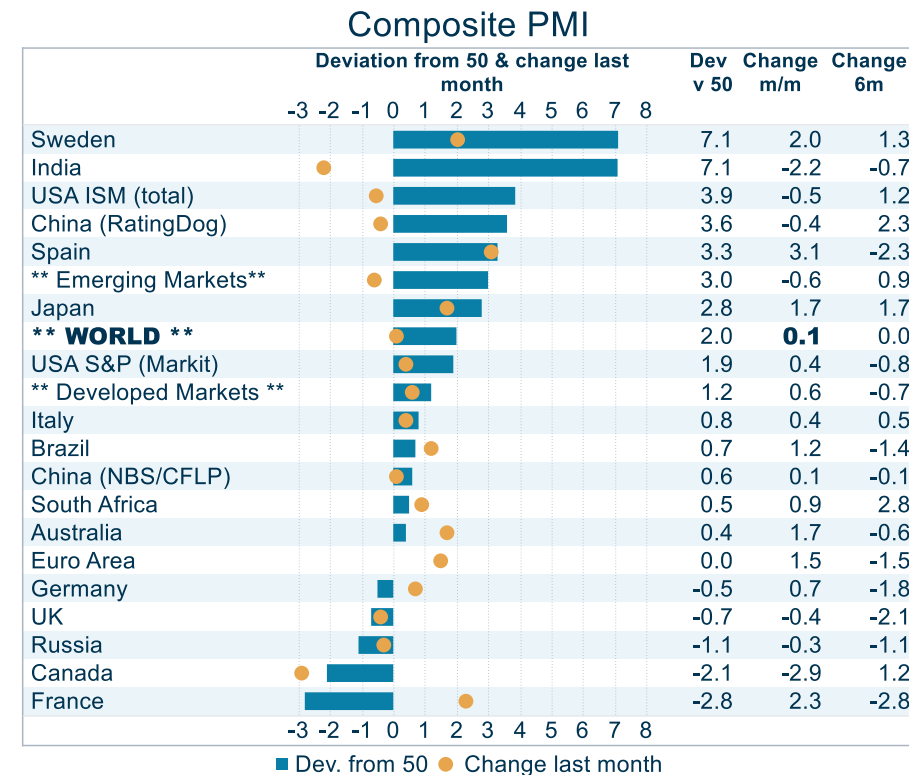


# PMI: China's (private sector) PMIs a tad down, US and EMU up (but EMU just to 50.0)

The Chinese RatingDog's PMI continue to signal faster growth than normal – which so far has not been delivered. Sweden and India still rule at the top, now with Sweden marginally ahead.



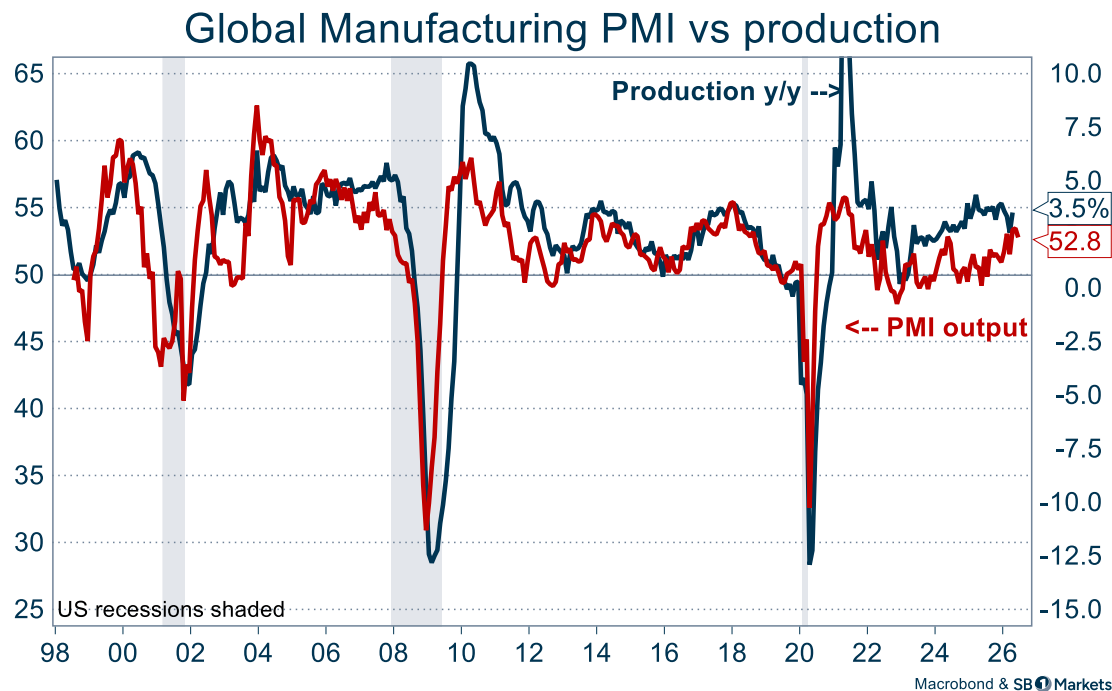
- 8 composite indices were down (from 9), while 16 were up (from 13). (Not all countries are included in the chart to the right)
- 5 indices were below the 50-line (from 9), 1/5 of all composite surveys.



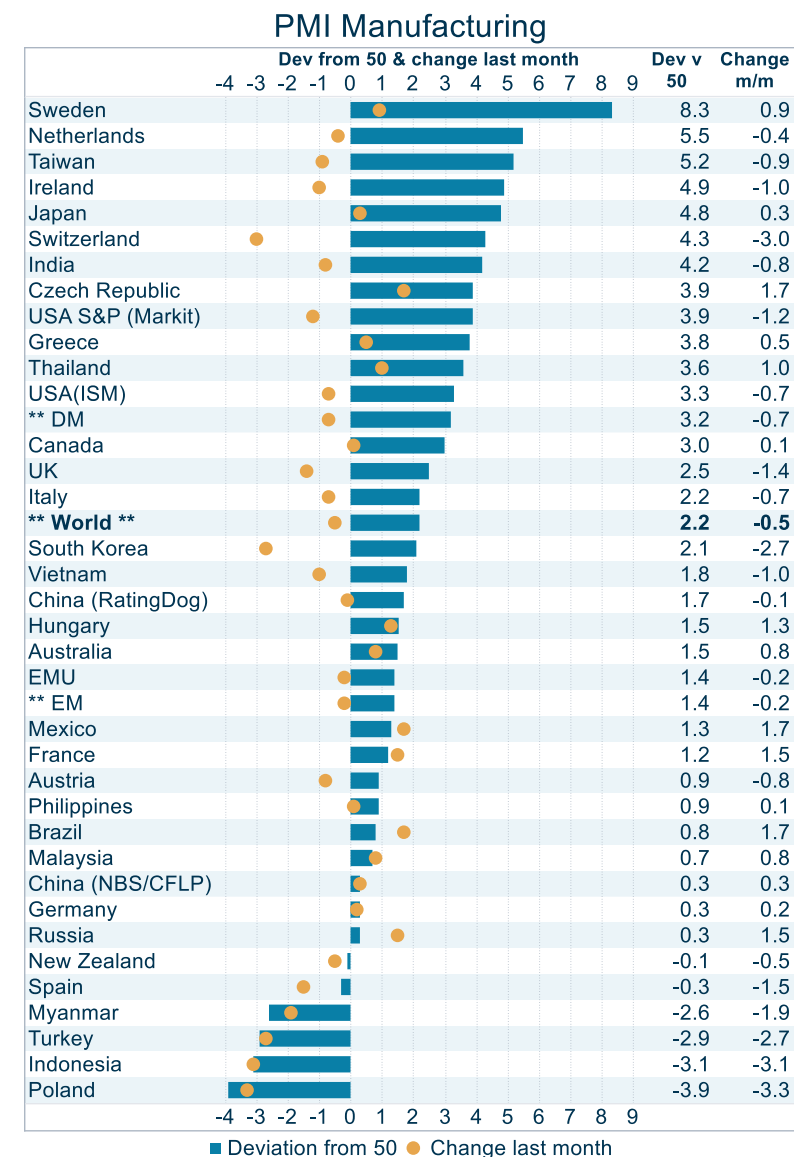


# The manufacturing PMI flat in May, at the best level since 2022

The global output index declined 0.6 p to 52.8, while the total index fell 0.5 p to 52.2, signalling continued growth in global manufacturing production. Sweden still at the top of the ranking!



- **41%** of the indices were up (from 60% in May), and 15% are below the 50-line (from 22), a favourable mix.
- **The US PMI** declined 1.2 p to 53.9 (1.8 p (!) below the flash estimate), while the **manufacturing ISM** declined 0.7 p to 53.3, also below expectations.
- The **Euro Area PMI** declined 0.2 p to 51.4, marginally better than the flash estimate.
- **Sweden** leads at the top of the ranking, as the previous 3 months, followed by the Netherlands and Taiwan.
- **Emerging markets** were down 0.2 p to 51.4. The Chinese PMIs were close to unchanged – and in sum stronger than recent actual activity data.

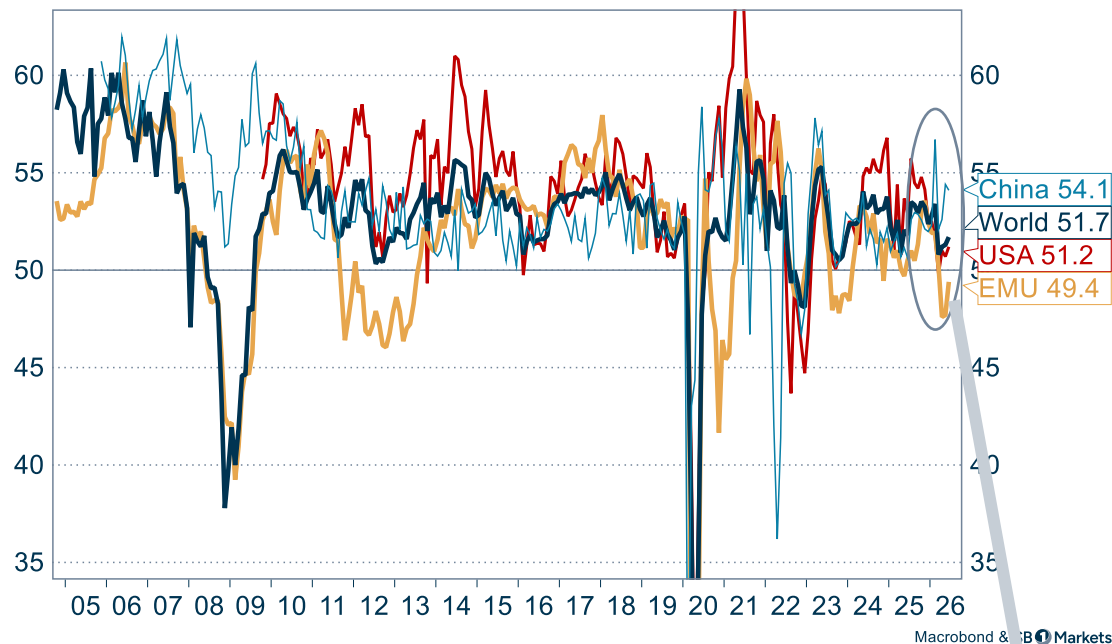




# Services PMI: up 0.4 p to 51.7, still well below the February level

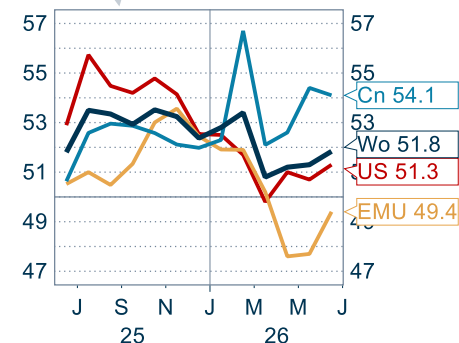
The global index rose almost as implied by flash data. The EMU index rose the (almost) most (and broadly) but remained below the 50-line. The US PMI & ISM were on average unchanged.

### PMI services



- **The ISM service sector index** remains stronger than S&P's PMI, at 54.0, still well below average. The PMI is at 'just' 51.2 but has been heading upwards since a local bottom in March.
- **The services PMI in EMU** is still way down from before the Gulf war started
- **Sweden** reported substantial lift, and the level is among the highest in the world.

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### Services PMI

Business activity	Deviation from 50 & change last month						Dev vs 50	Change m/m
	-5.0	-2.5	0.0	2.5	5.0	7.5		
Switzerland							9.8	3.7
India							7.4	-2.4
Sweden							6.6	2.5
Ireland							4.2	3.4
Spain							4.2	4.1
China (RatingDog)							4.1	-0.3
USA ISM							4.0	-0.5
**Emerging Markets**							3.5	-0.5
Japan							2.2	2.2
<b>**World**</b>							<b>1.7</b>	<b>0.4</b>
Brazil							1.3	0.9
USA S&P (Markit)							1.2	0.5
**Developed Markets**							0.6	0.8
Australia							0.5	1.8
China (NBS/CLFP)							0.2	0.1
Italy							0.2	0.8
EMU							-0.6	1.7
UK							-1.2	-0.5
Germany							-1.4	0.5
Russia							-1.8	-0.5
Canada							-2.9	-3.5
France							-3.2	2.5

■ Dev. from 50 ● Change last month

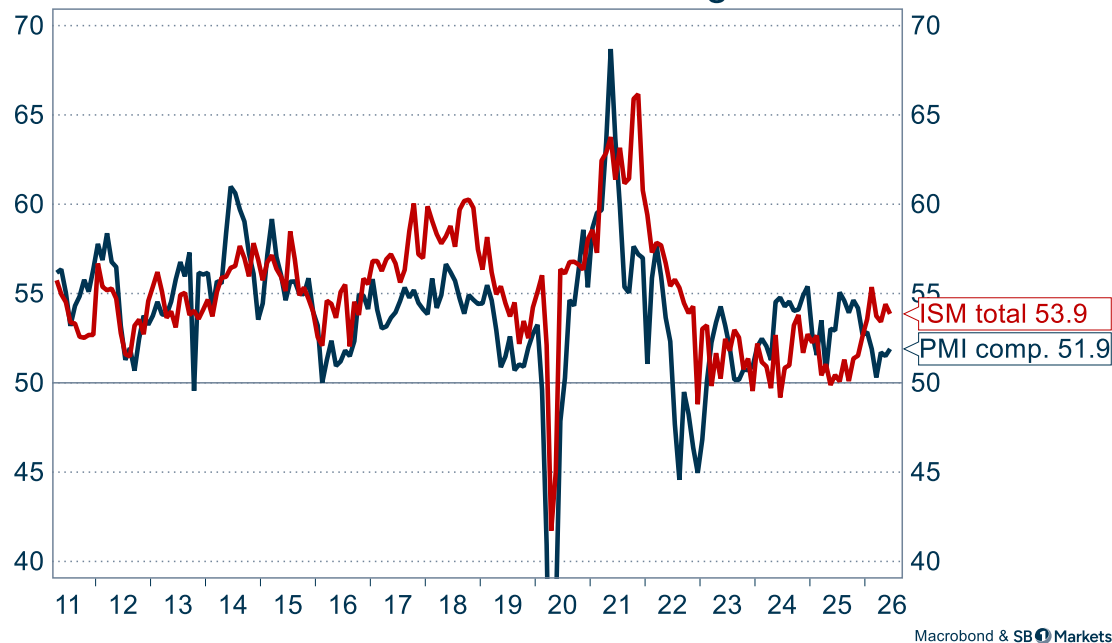
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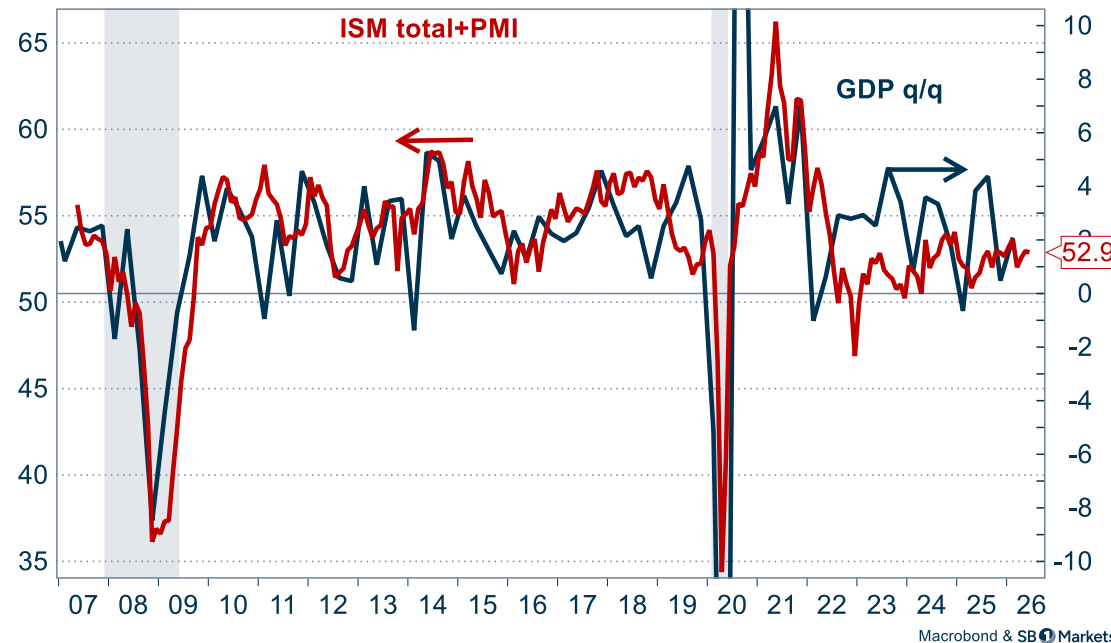
# USA: (ISM+PMI)/2 -0.1 p to 52.9 → **just 1.5% GDP growth signalled**

At least normally. However, these (and other) surveys have – on average – **underestimated growth** since the pandemic. The ISM indices were on average down 0.5 p to 53.9, while S&P's PMI gained 0.4 p to 51.9. Both are below average, but the ISMs are well above their 3y avg.

### USA PMI/ISM manufacturing & services



### USA PMI/ISM vs GDP



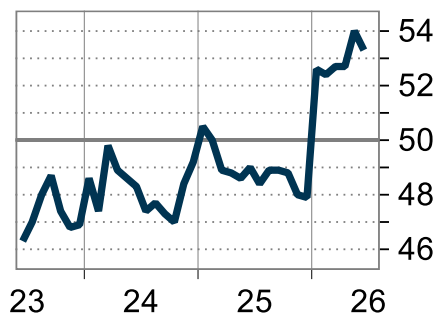
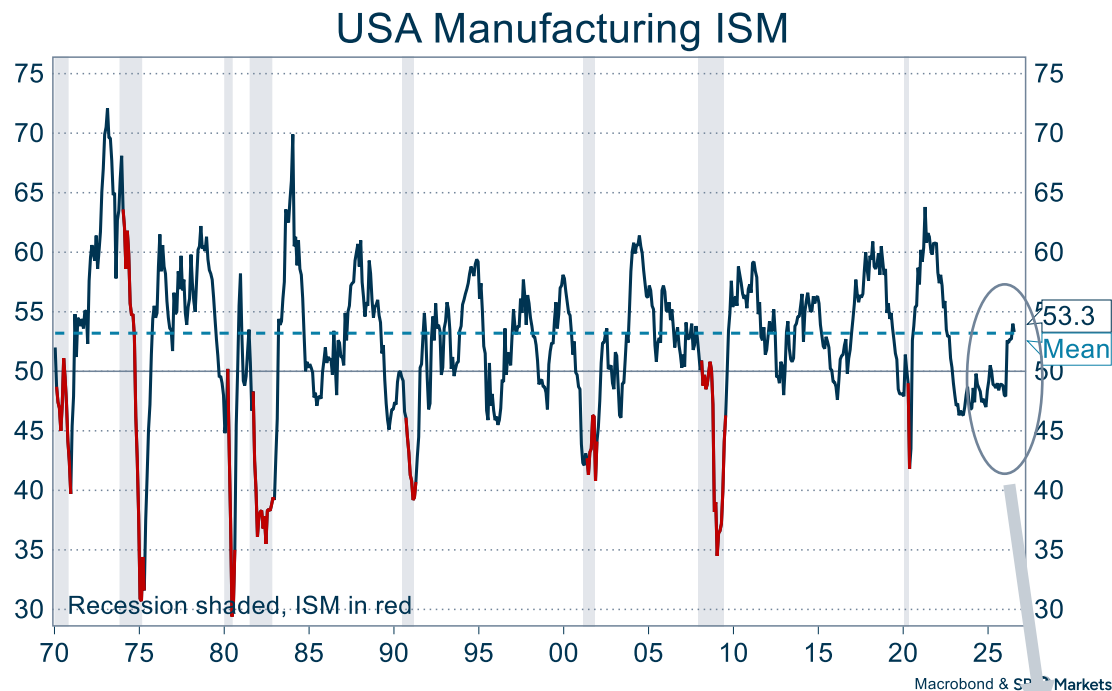
- S&P's PMI is more closely correlated to GDP growth than the good ol' ISM indices.
  - The composite PMI was revised marginally down vs. the flash estimate.

The ISM total index is the weighted average of the total manufacturing and service indices, not the output indices as these sub-indices are very volatile.



# The US manuf. ISM declined 0.7 p to 53.3 but trends up and is close to an average level

The survey signals decent growth in manufacturing production. 14 of 18 sectors report growth. New orders are climbing rapidly (index 56.0)



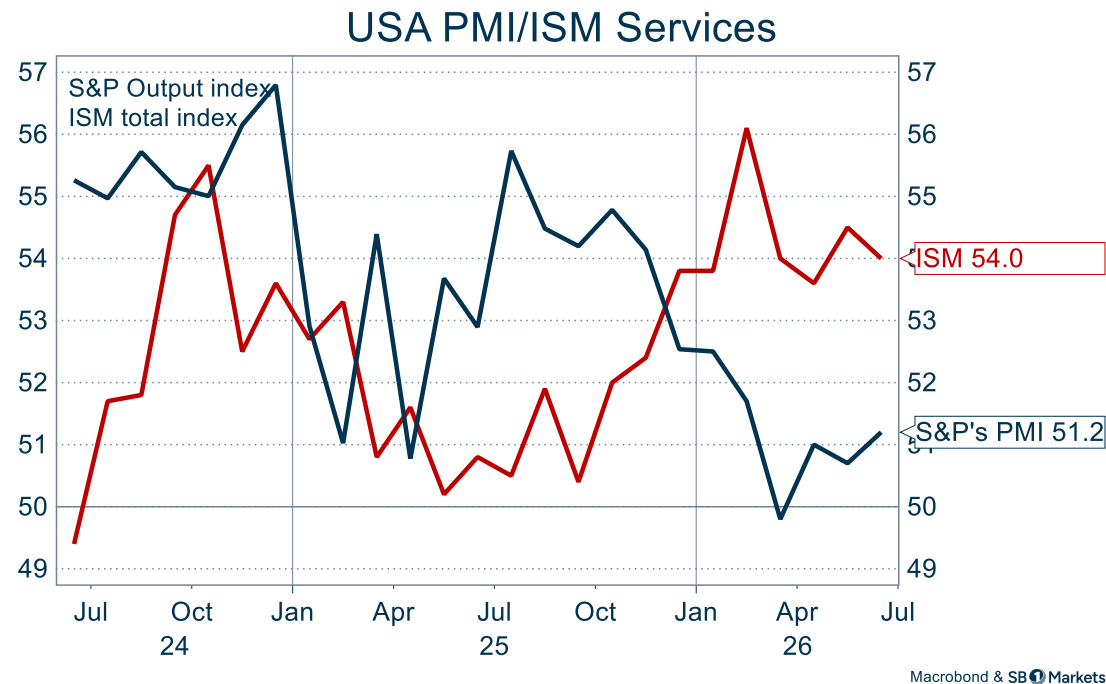
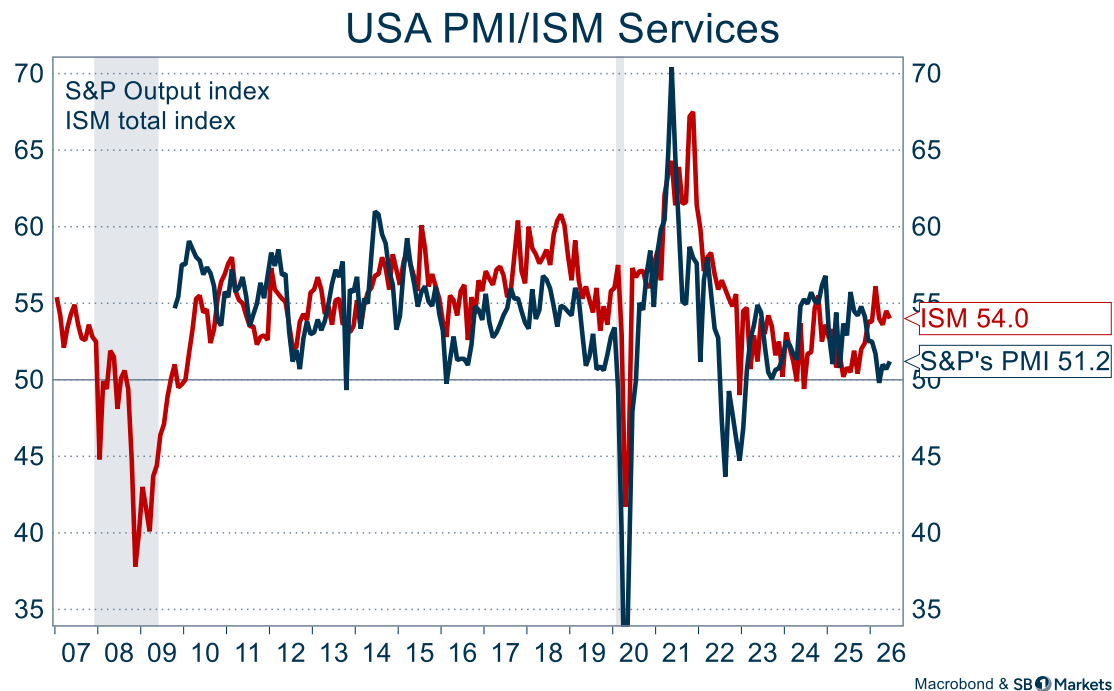
## The details:

- The manufacturing ISM has recovered sharply since last December, from 47.9. Other surveys are up as well, and ‘something’ is going on in the manufacturing sector!
  - In June, the 3 of 5 sub-indices declined but not by much and just the employment index remains below the 50-line.
  - The price index turned south but is still at very high level and the mix between price up/down is highly unusual, and not at all directly related to the earlier lift in oil prices.
- **Comments: still weaker than the index number suggests**
  - Geopolitical tensions and tariffs are raising costs and complicating sourcing. Middle East conflict—especially around Iran—has pushed up prices for oil-linked inputs, while tariff uncertainty and trade policy changes continue to pressure margins, extend lead times and increase purchasing complexity.
  - Companies are prioritising resilience over efficiency. Firms are diversifying suppliers, adjusting inventories, revising sourcing strategies and strengthening risk management to cope with ongoing geopolitical, regulatory and supply-chain uncertainty. Demand remains uneven across sectors.
  - Defence-, semiconductor-, AI- and testing-related markets are relatively strong, while many industrial, medical and consumer-facing segments remain cautious, with customers delaying capital spending and favouring upgrades or refurbished equipment over new purchases.



# Services: S&P's PMI a tad up, ISM index down. ISM is close to average, S&P well below

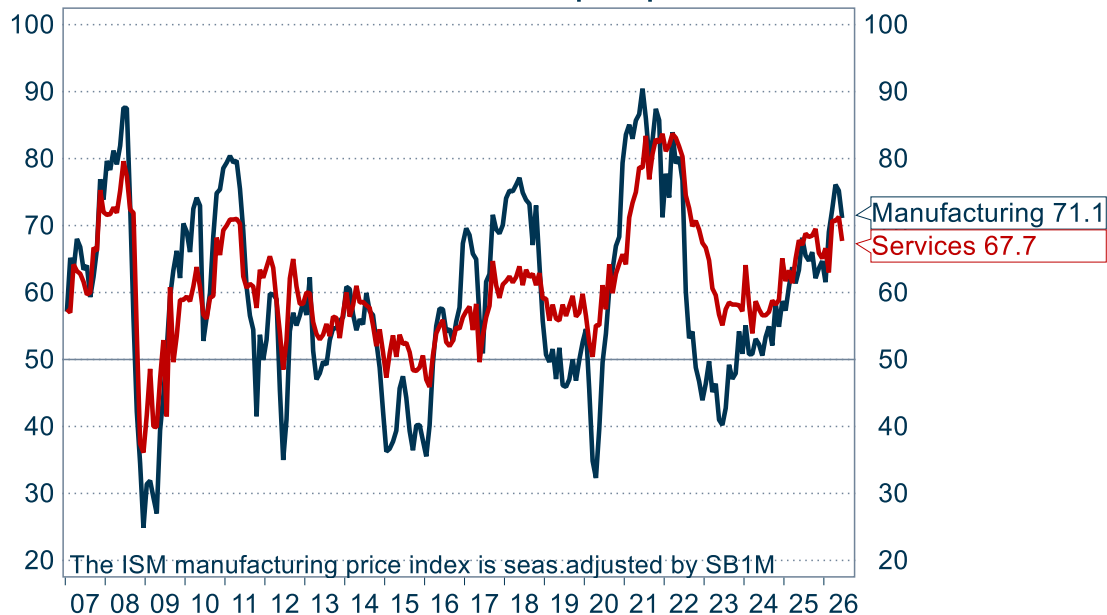
ISM index is well above the average of the past 3 years – in spite of the lift in energy prices. S&P is below even the 3y average.





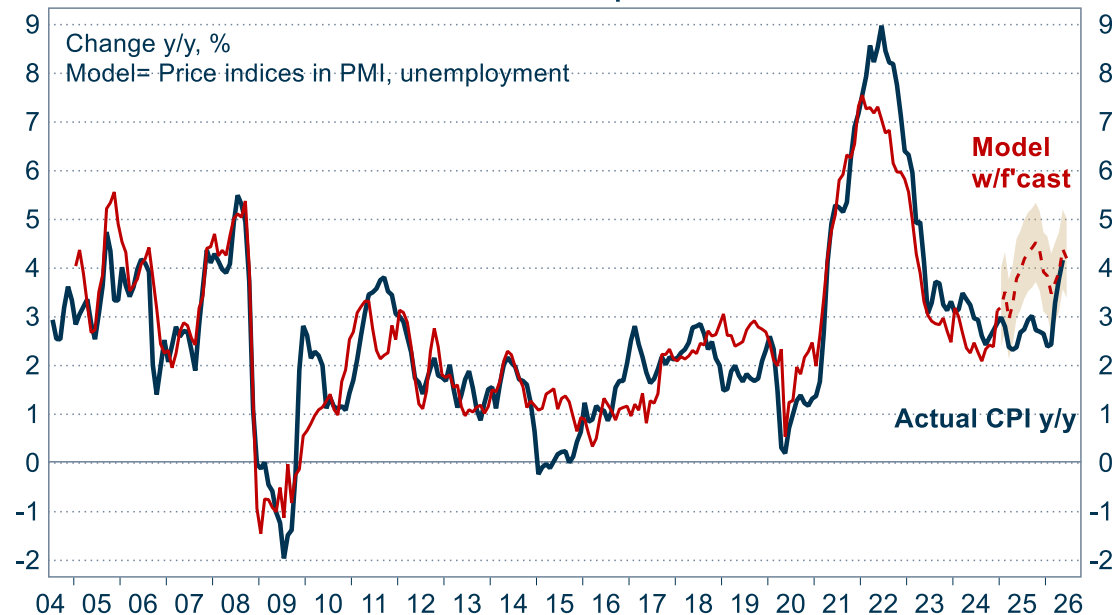
# ISM price indices down in June but do not signal much lower inflation

### USA ISM input prices



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### USA CPI vs. PMI price indices

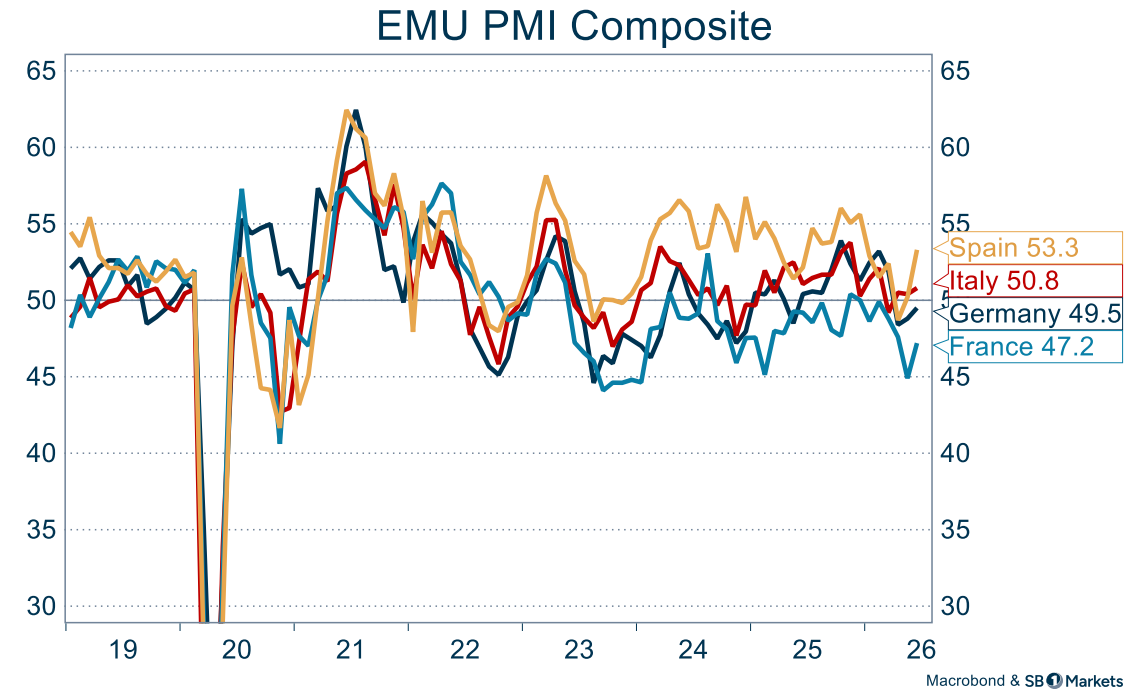
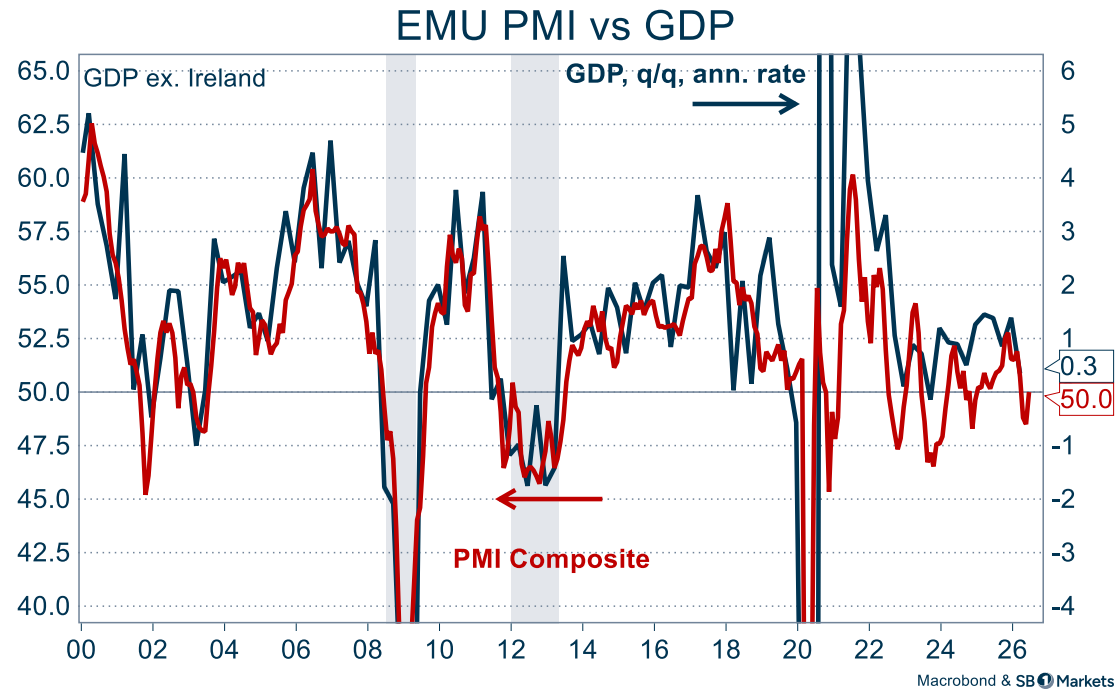


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# The EMU composite PMI revised up 0.5 p (sum +1.5p) to 50.0 → zero growth

Services were revised up vs. the flash estimates (both France and Germany), and Spain was better than expected as well. Even so, the services PMI is well below the February level while manufacturing is above. The composite is below – and no EMU GDP growth is signalled

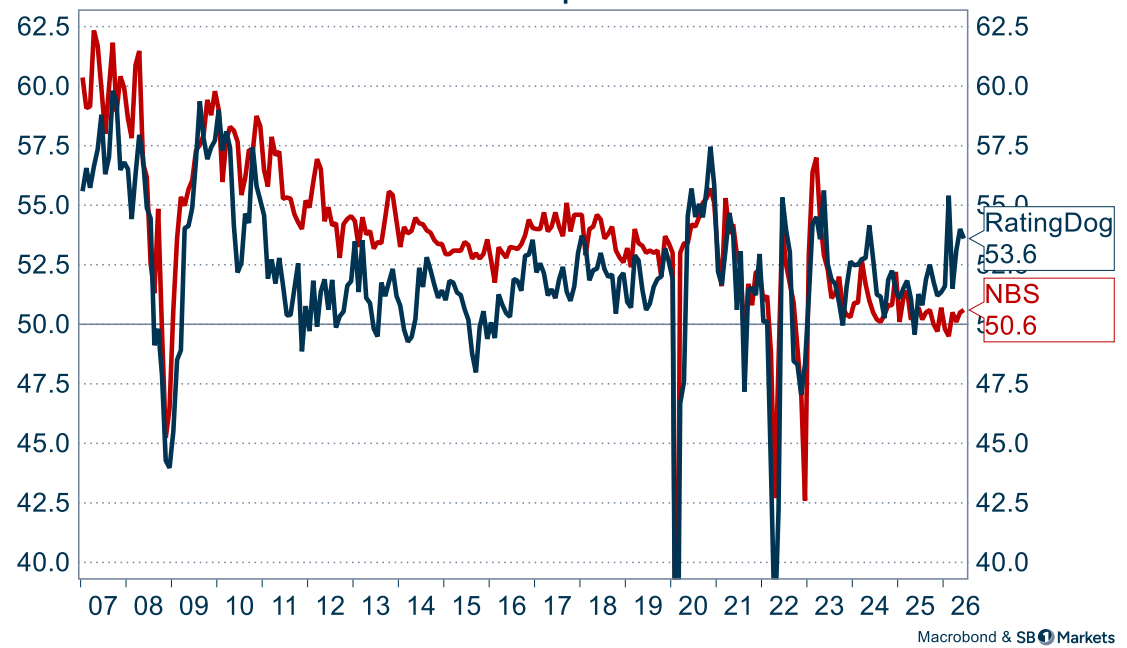




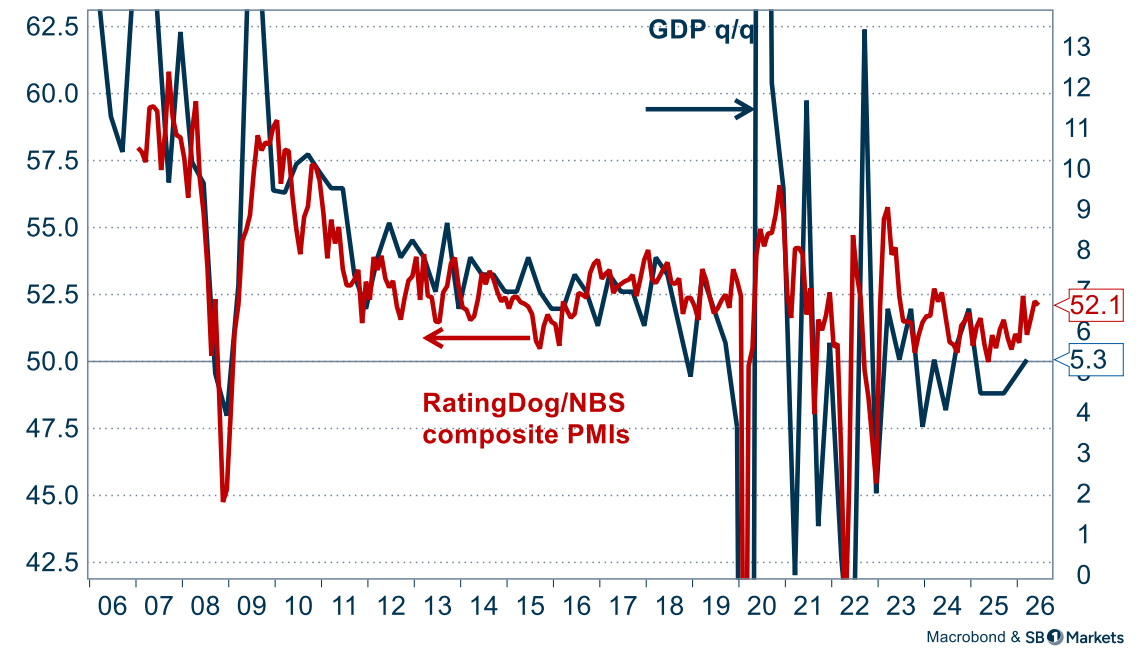
# China: June's PMI marginally down but the average of the two sets OK but...

RatingDog's 'private' composite index remains at a high level, supported by both manufacturing and services – but actual growth data has been more in line with NBS's PMI lately.

### China Composite PMIs



### China PMI vs GDP



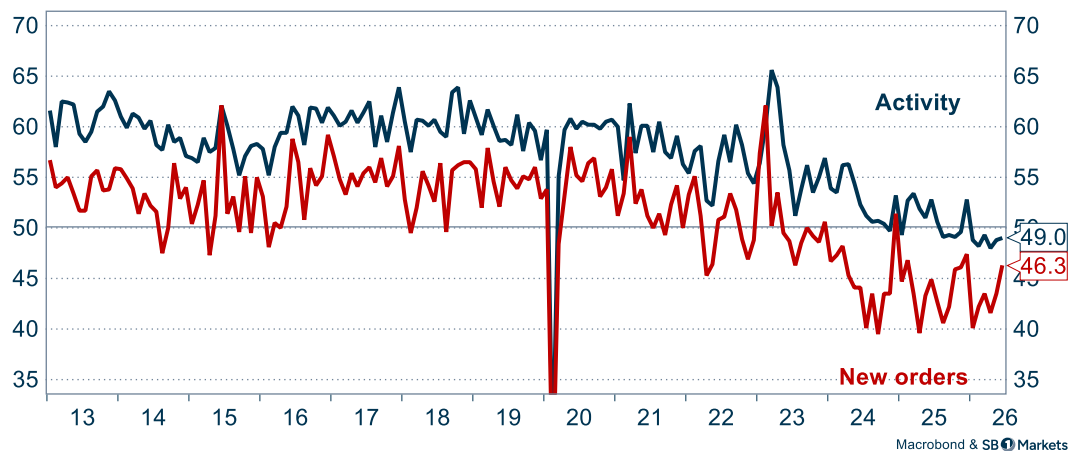


# Construction PMI: up but still weak

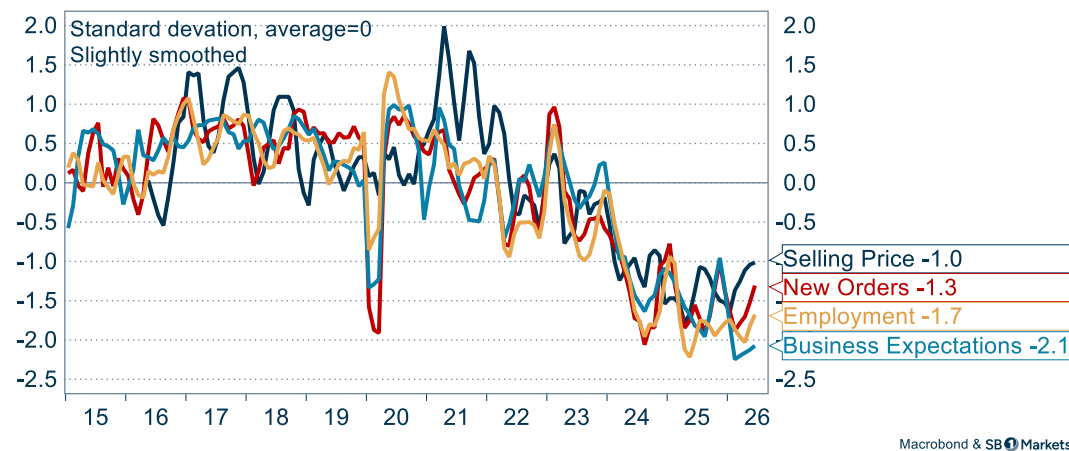
Both the PMI and various construction surveys show a consistent trend: **activity continues to decrease**

The positive aspect? *Construction starts remain just slightly above the zero mark! But that's all.*

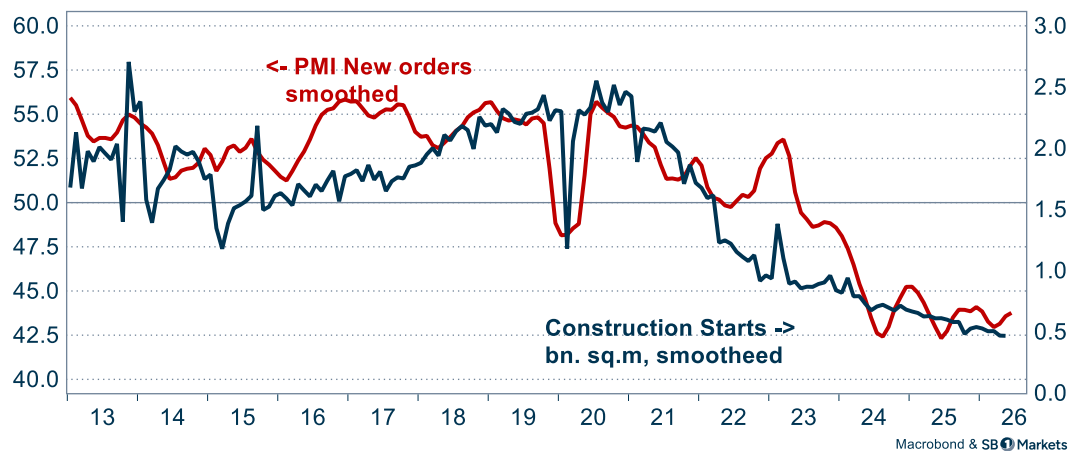
### China CFLP/NBS PMI Construction



### China Construction PMI



### China CFLP/NBS PMI Construction



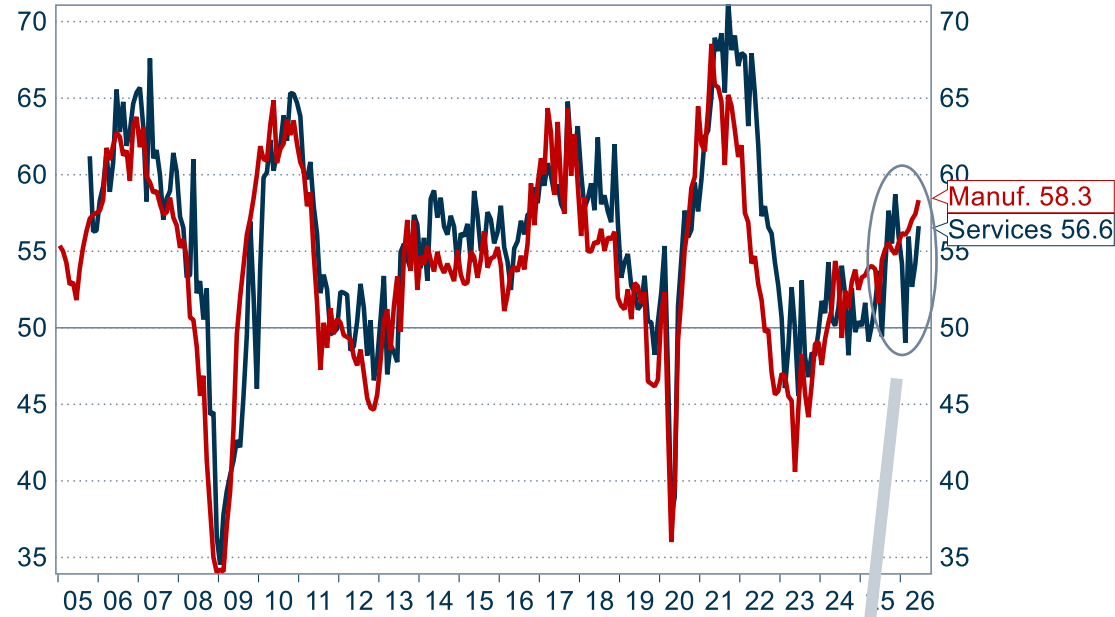
- The PMIs are formally **growth indices**, not companies' assessments of the level of orders, production etc. However, we suspect companies to report a mix of change and level in activity.
- The current PMI does **not signal any recovery in the sector.**
- On the other hand: the downside in the construction sector is limited, given the 80% decline in construction starts from the peak in 2020. The trend in starts is still down.
- **The steel sector PMI** signals growth above trend, and production has stabilised since last summer.



# Sweden: Both manufacturing & services up, the comp +2.0 p to 57.1 → GDP >3%

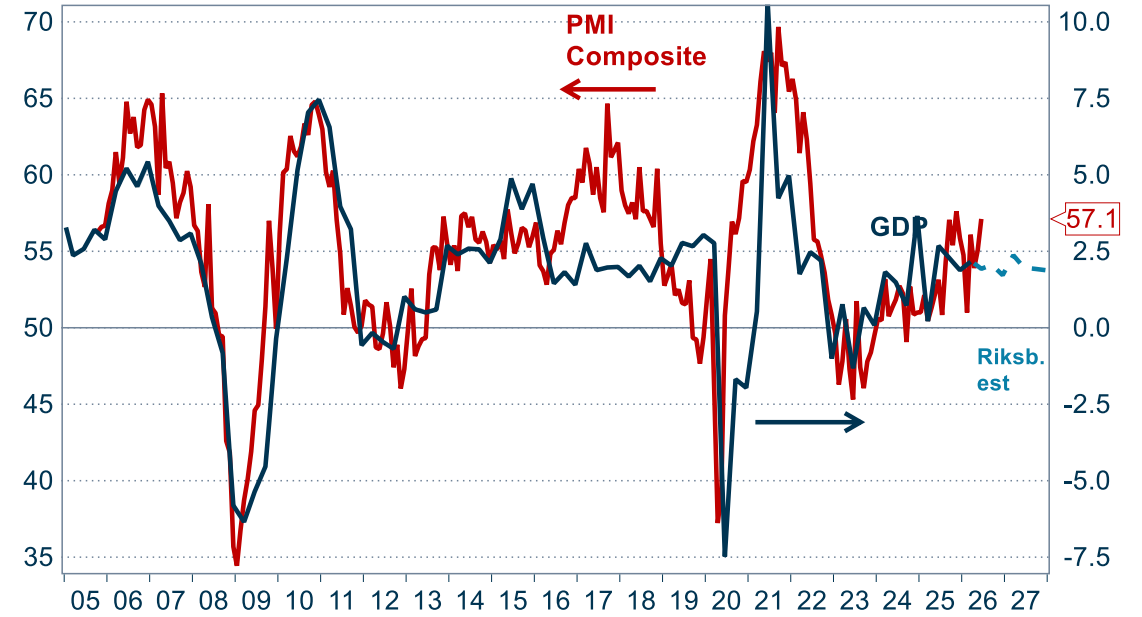
Sweden remains at the top of the global ranking and even if the level are not that high, the PMIs signal at least 3% GDP growth. Manufacturing remains in the lead, but services have recovered sharply recent months.

### Sweden PMI

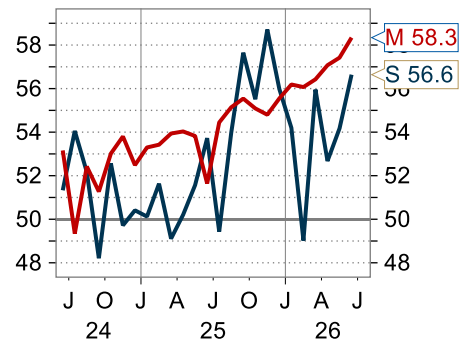


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### Sweden PMI vs GDP



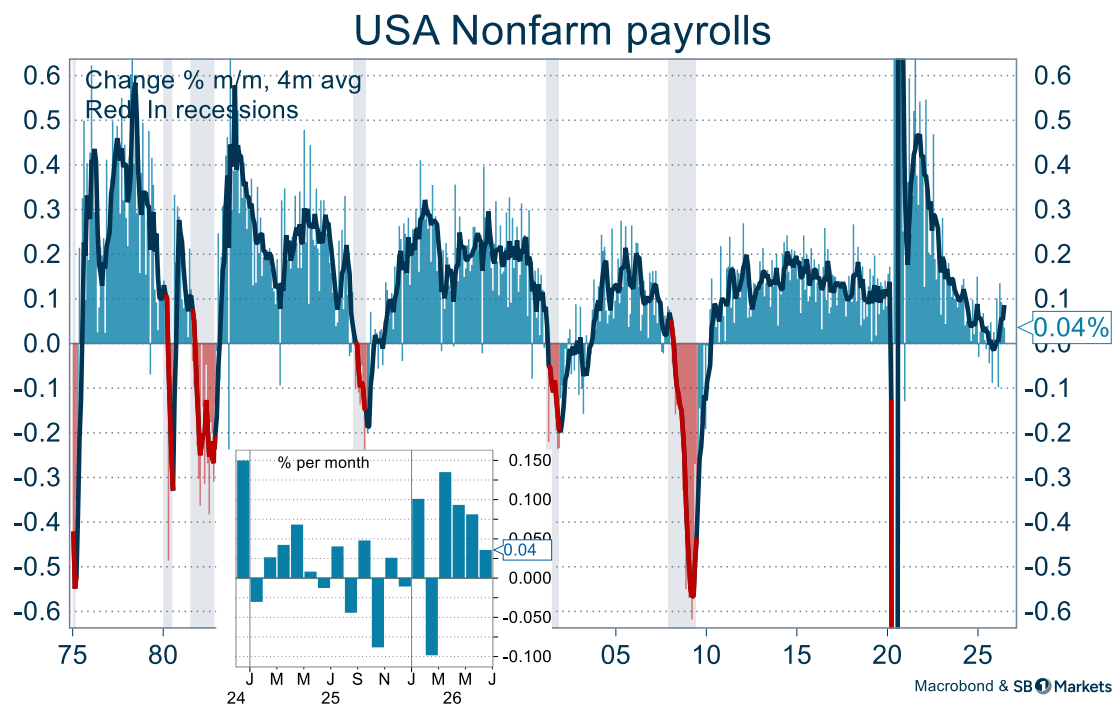
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# Payrolls growth slowed in June, story revised down – but unemployment fell 4.2%

Payrolls grew 57,000 persons, half the expected gain. The 2 prev. months were revised down, but the 3m avg is at 111', very likely above growth in the labour force. Unemployment declined 0.1 pp to 4.2%, and trends down. Job openings were better than expected. Wage inflation slows



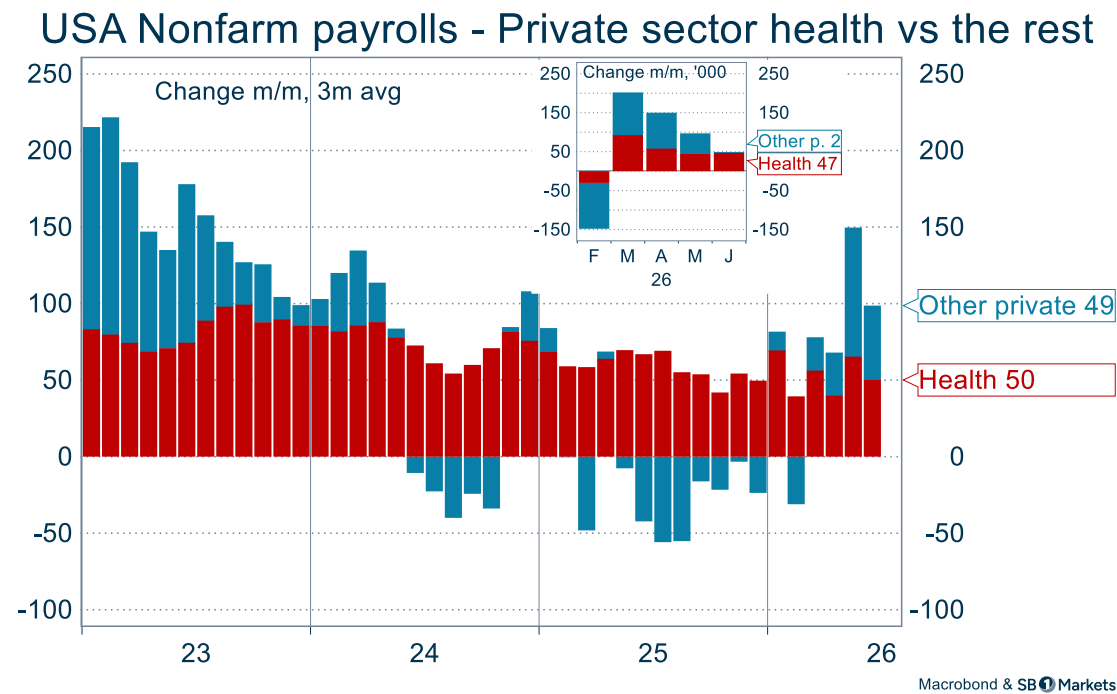
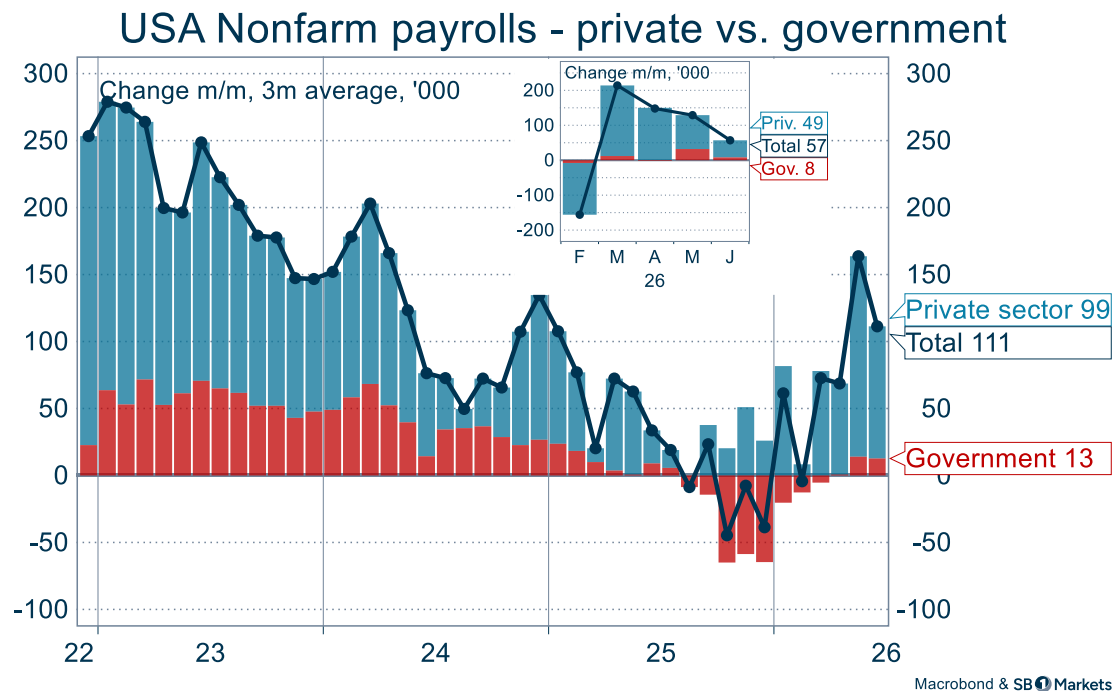
- Thus, a mixed bag from last week's labour market data.
  - **Growth in payrolls** has picked up steam recent months, following dismal growth in H2 last year, where federal payrolls were cut and growth in private payrolls slowed to a trickle. Underlying growth equals is some 1%, which is above most estimates of growth in working age population.
  - In June, a 61' drop in payrolls in **leisure & hospitality** (hotels, restaurants) was an unexpected drag (no World Cup impact).
- **Total employment**, measured by the LFS ('AKU', household survey) has fallen so far in 2026, and the employment rate declined in June, while the participation rate declined even more – and the unemployment rate declined to 4.2% – for the 'wrong' reason. The decline in unemployment rate from 4.5% in last November is entirely due to a decline in the participation rate, and not a lift in the employment rate.
- **Total hours worked** are up 1,3% 3m/3m (=Q2) in line with Atlanta Fed's Q2 GDP forecast.
- **Wages** rose 0.35 m/m, expected 0.3%, and the annual rate rose 0.1 pp to 3.5%. Still, underlying growth in recent months **has fallen to below 3%**!

- **Other labour market indicators** were **mixed**. The **job openings rate** was unchanged at 4.6% in May, expected down to 4.4% following the 0.5 pp lift last month. This vacancy rate is the highest since late 2024. Both **hirings and quits** were unchanged, and both trends flat. According to JOLTS, layoffs rose marginally in May, while **Challenger** reported a significant decline in layoffs in June, to a moderate level (tech is the only outlier on the upside). **Job openings were a tad harder to fill** in June, according to the NFIB SME survey, and hiring plans were revised up but remained at the lowest level since 2016 (ex. Q2-20). Compensation plans were down and do not suggest higher wage inflation.
- So what? The current growth rate in payrolls and a declining unemployment rate does not **suggest that the signal rate is too high**. However, the decline in wage growth is **not an argument for fearing high inflation** as soon as the energy shock is consumed. The decline in participation and employment rates are warnings signs that **the labour market may be weaker** than payrolls and the unemployment rate suggest.



# No net growth in private sector payrolls outside health in June

Private sector payrolls rose 49' in June, while the avg. the past 3 months is 99'. Ex. health: 2' in Jun. 49 past 3 months. The weak June was due to a 61' drop in leisure/hospitality, no positive World Cup impact, so far. Government payrolls were up 8'/13' in avg. past 3 months.

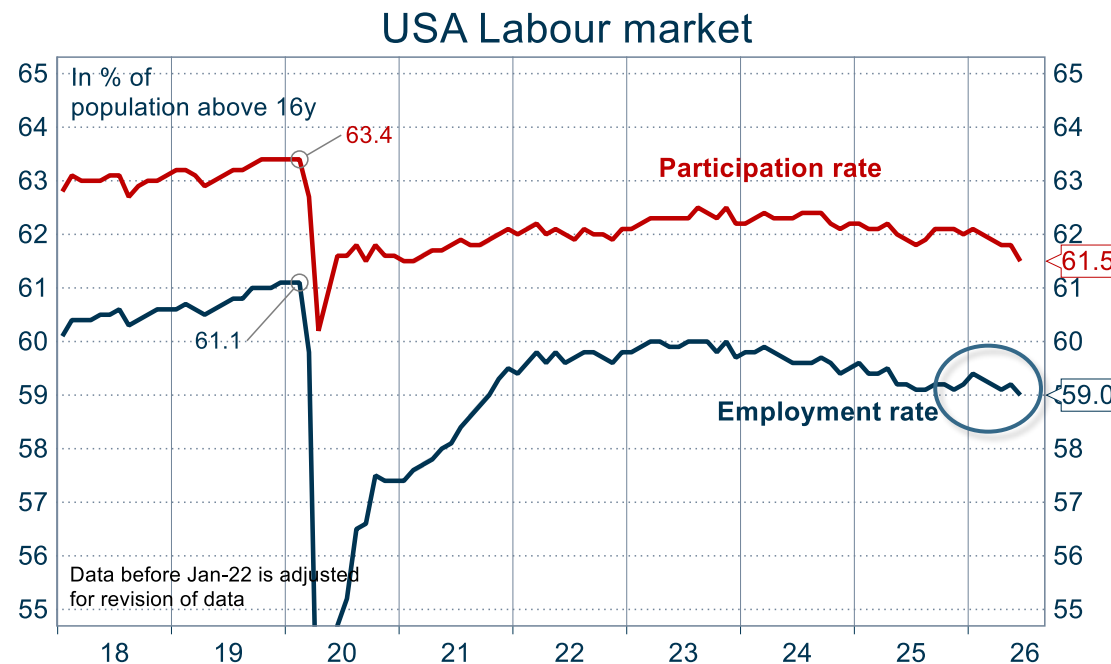
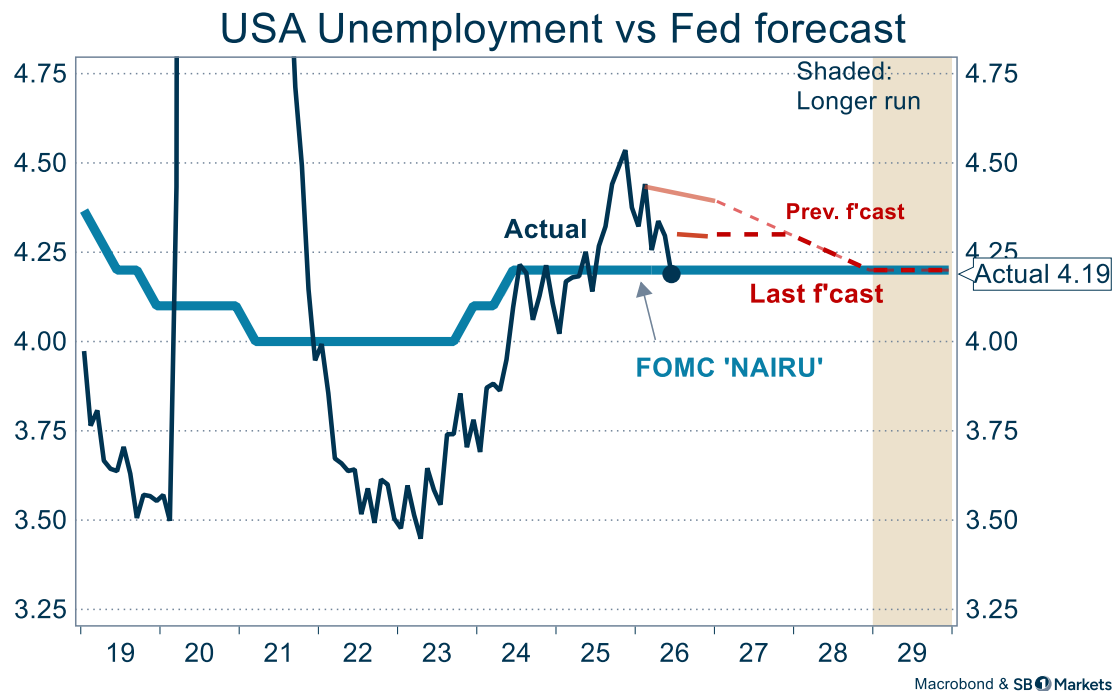


- Growth in the private sector has returned to a normal level, in spite of a much slower growth in working age population due to lower immigration.



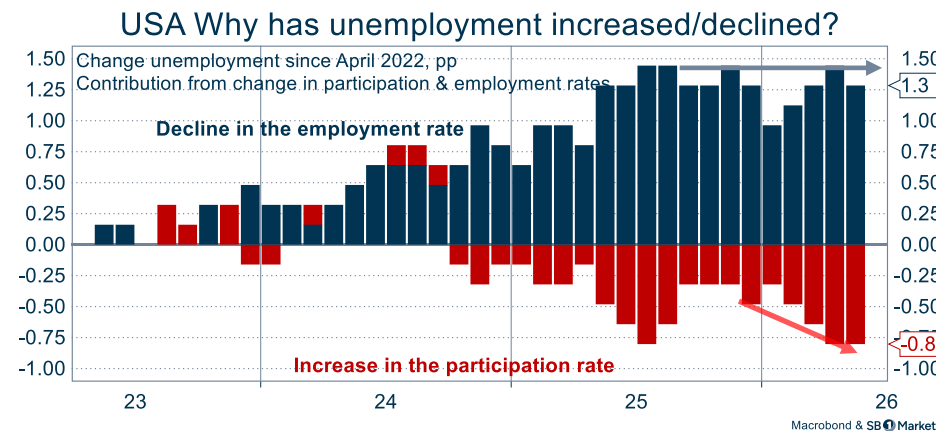
# The unemployment rate -0.1 pp to 4.2%, the lowest since last June, -0.55 pp from Nov.

An unchanged rate was expected. Unemployment trends down from the local peak of 4.54% last November. The decline in unemployment since November is almost entirely due to a **decline in the participation rate, while the employment rate is close to unchanged.**



- FOMC members assume a 4.2% longer-term rate, which we may interpret as the FOMC's estimate of the NAIRU \*). FOMC expects 4.4% in Q4-26
- The chart to the right decomposes changes in unemployment from the local trough in April 2023 in changes in the employment rate and in the participation rate. A decline in participation lowers the unemployment rate, as we have seen since 2023 (red bars). A decline in the employment rate lifts unemployment (black bars).

\*) NAIRU: The Non-Accelerating Inflation Rate of Unemployment – an unemployment rate that stabilises wage and price inflation. It varies hugely between countries, it is not stable within each country, and it can at best be quantified only 'after the fact'. Still, it is a useful analytical concept.

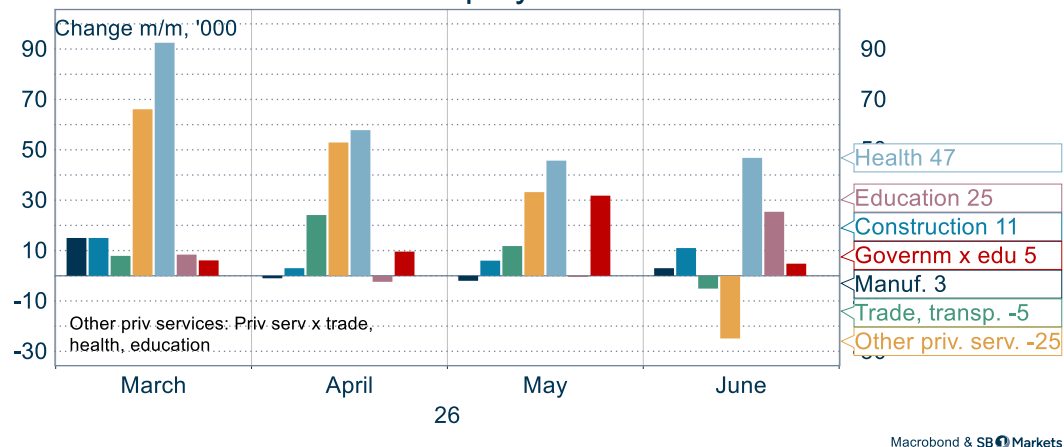




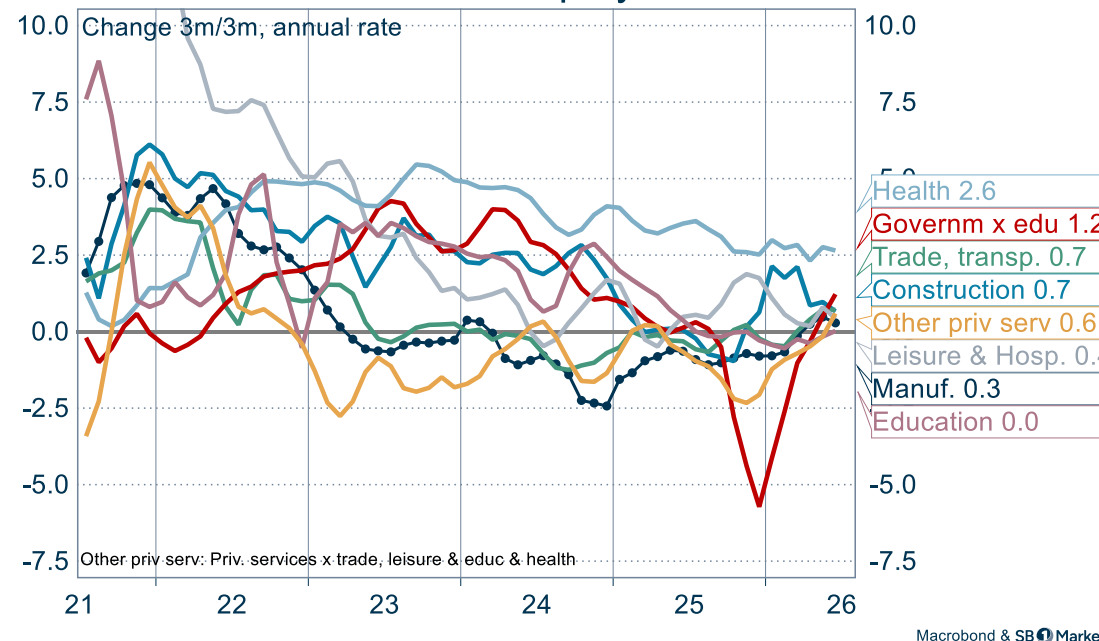
# No World Cup boom in leisure/hospitality in June – rather a deep cut

The health sector gained 47'. Other priv. sectors +2': not impressive but mostly because leisure, hotels, restaurants were down 61' (from +40 in May). Trends: Health +2½ %, government +1%, trade & transport as well as construction +0.7%. Manufacturing is flat

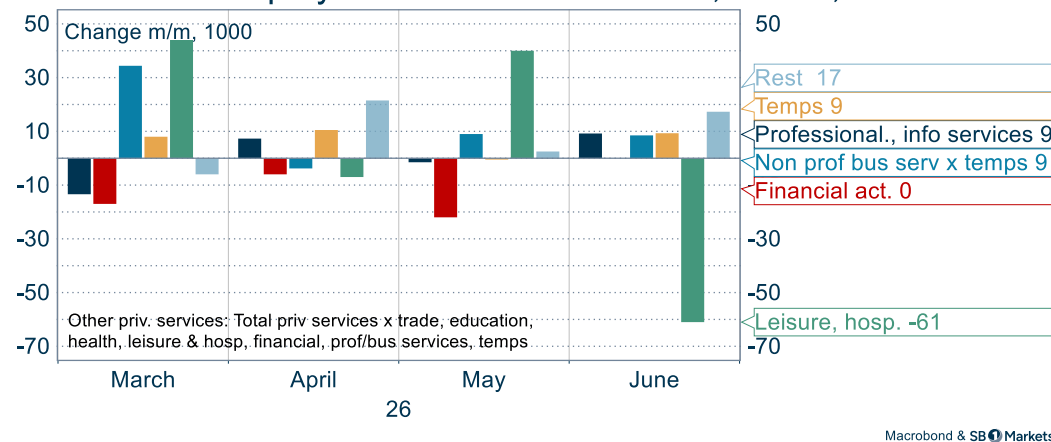
### USA Employment sectors



### USA Employment



### USA Employment services ex. trade, health, educ.



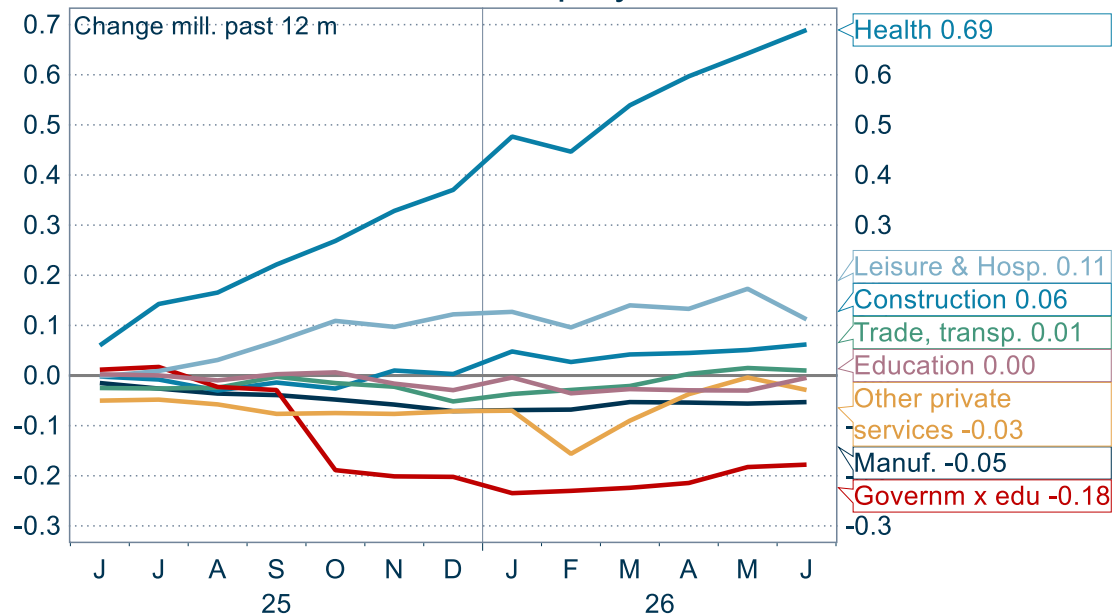
- A slow decline in non-professional services the past 3 years, which has not been the usual trend



# Where have all the workers gone in the last year?

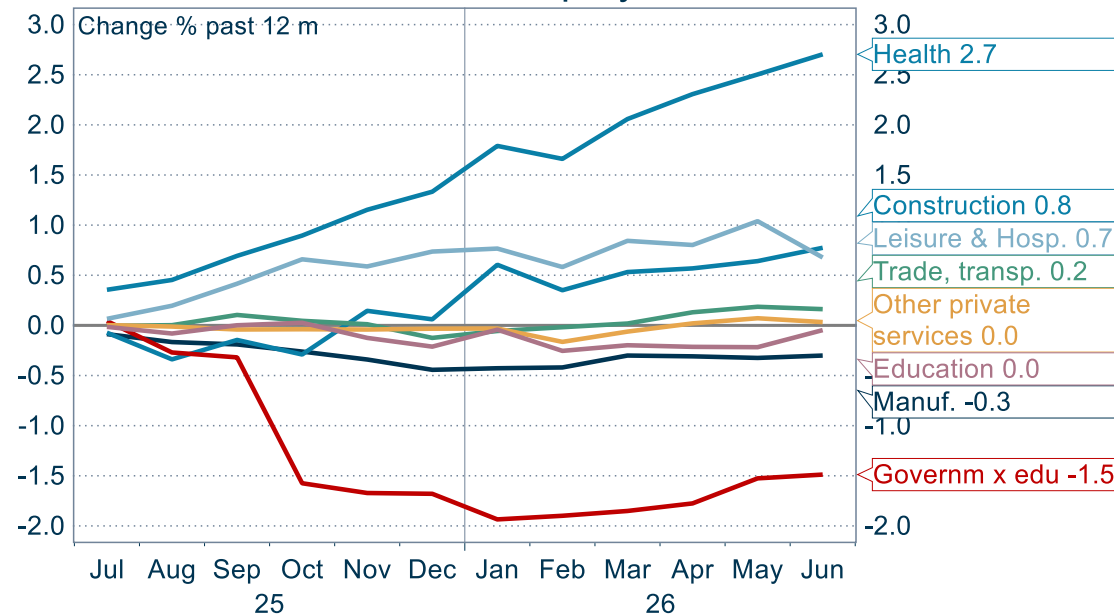
To the health sector, and to leisure and hospitality, and some to construction lately. Trade is flat. Other sectors are down, both private and public

### USA Employment



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### USA Employment



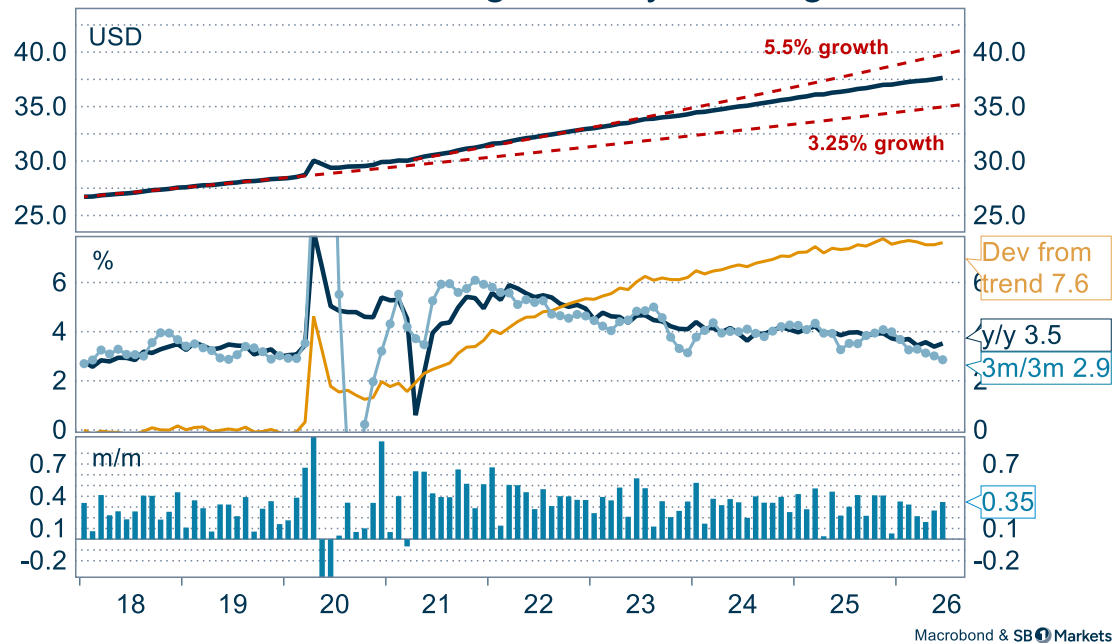
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# Wage growth is up to 3.5%, as expected – but the trend is still down

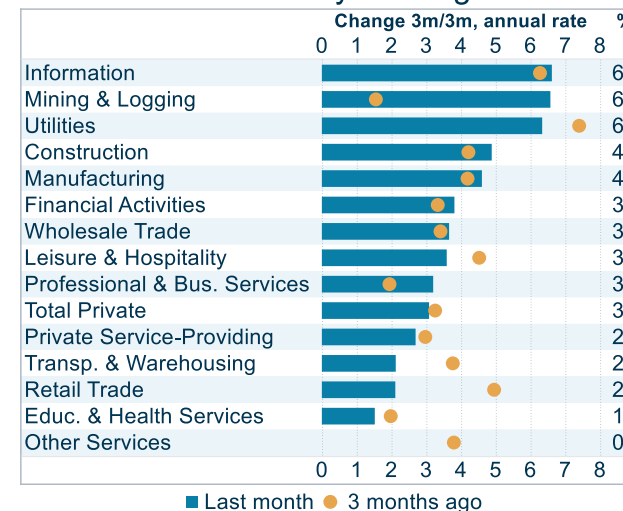
Wages rose 0.35% in June, also as expected, when rounded down to 0.3%. However, wage inflation has slowed to 2.9% measured 3m/3m. 7 sectors report faster growth 3m/3m than 3 months ago, 8 a slowdown. Other measures agree, and wages are up less than prices!

### USA Average Hourly Earnings

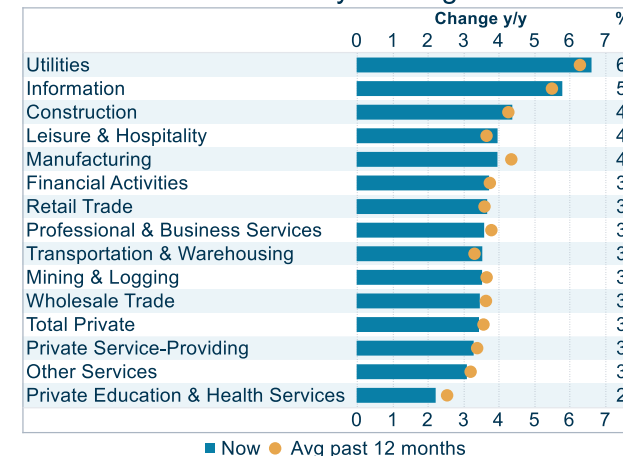


- **3 sectors** report higher y/y growth than the average over the 12 months (from 6 last month) while 8 sectors report lower growth (from 4).

### USA Hourly earnings



### USA Hourly earnings

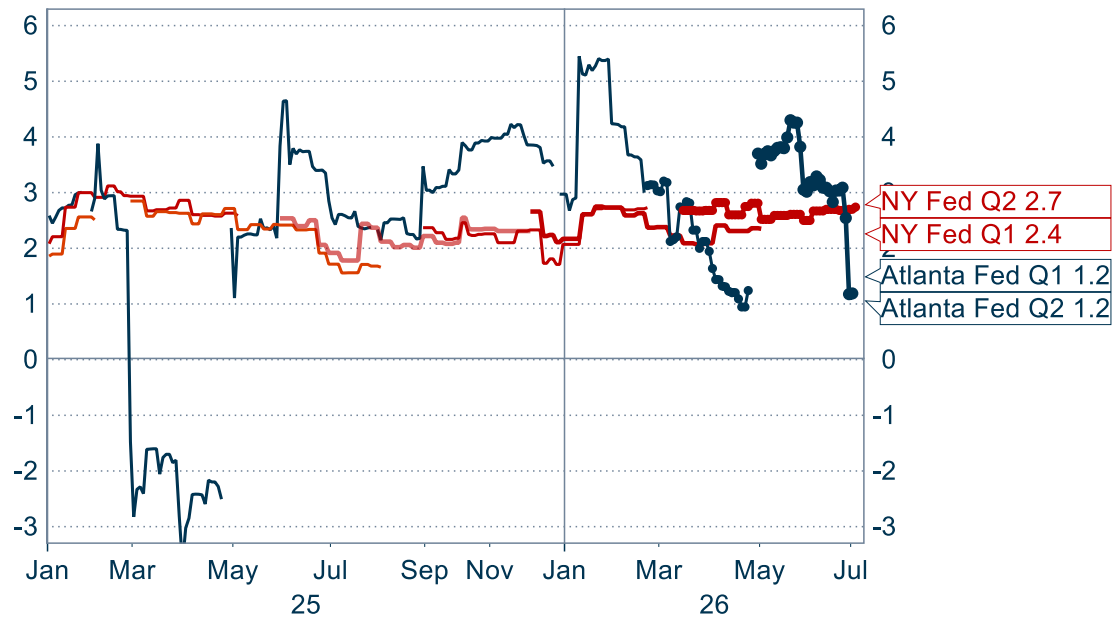




# Atlanta Fed's Q2 GDP estimate axed 2 pp to just 1.2%, as exports crashed in May

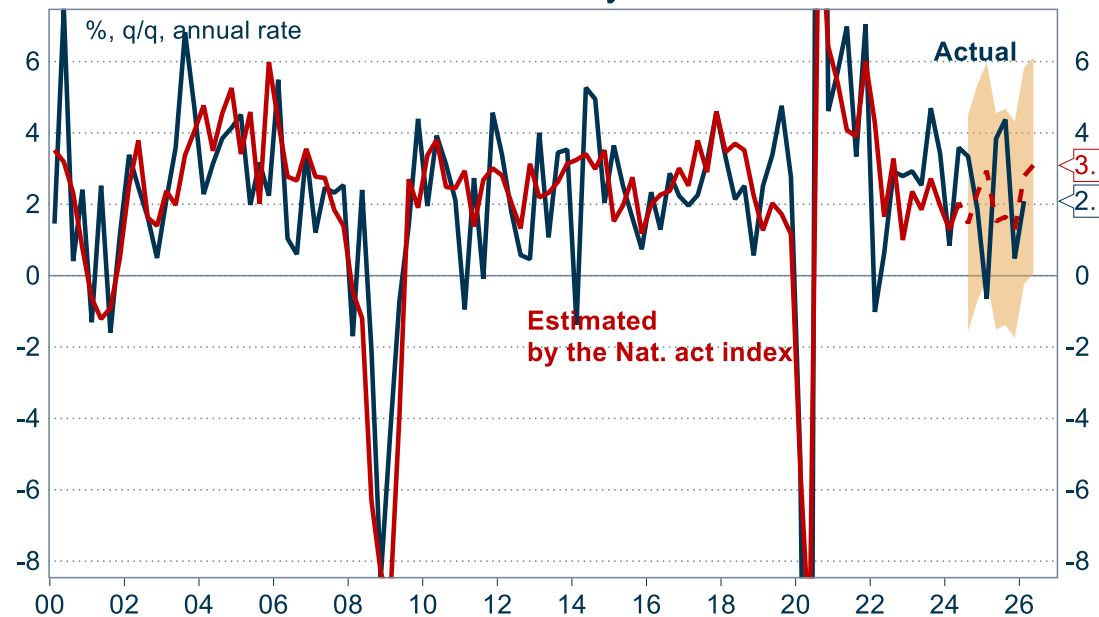
As we noted a week ago, the forecast would be cut sharply due to the **decline in exports**. And it was, in a rather unusual way! Other nowcasters/surveys report lower higher growth than Atlanta Fed's nowcaster. In Q1 Atlanta suggested 1%, while the outcome was 2.1%

### USA Fed GDP nowcasters



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### USA National activity index vs GDP



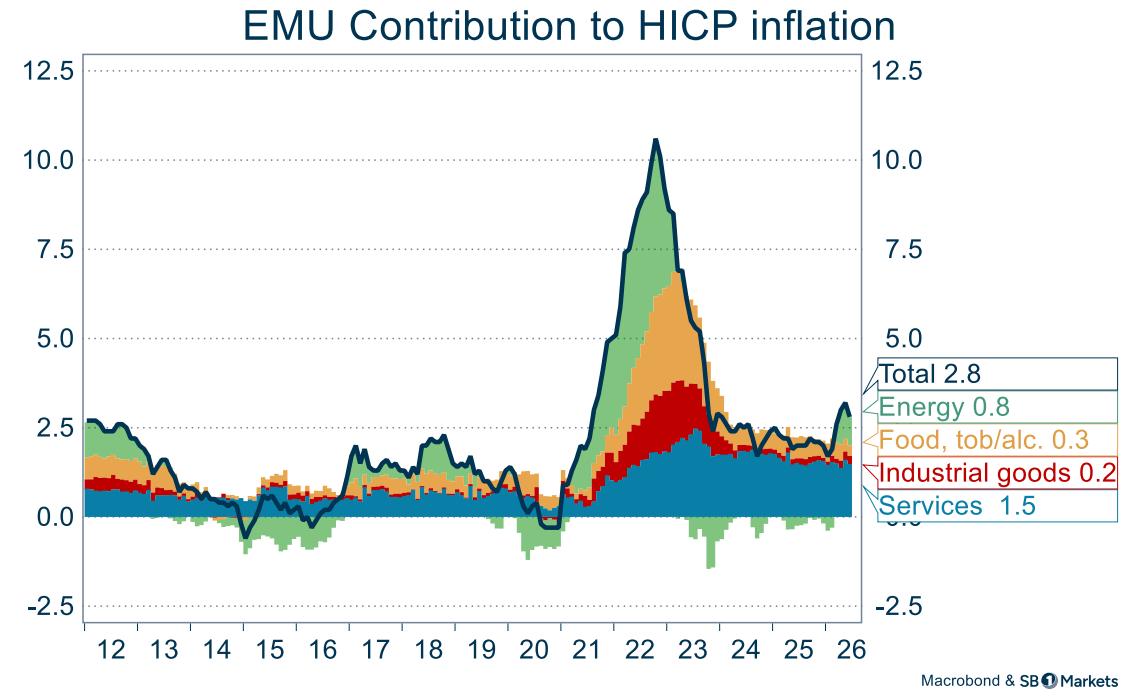
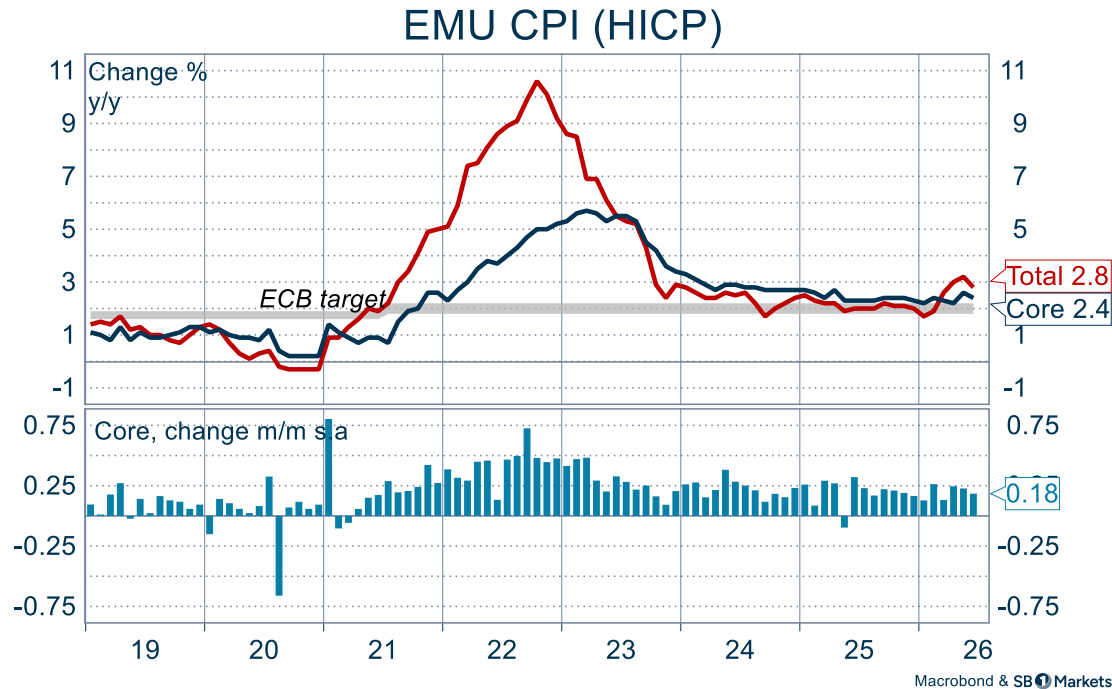
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- ... at least after revisions



# EMU: Inflation declined more than expected in June

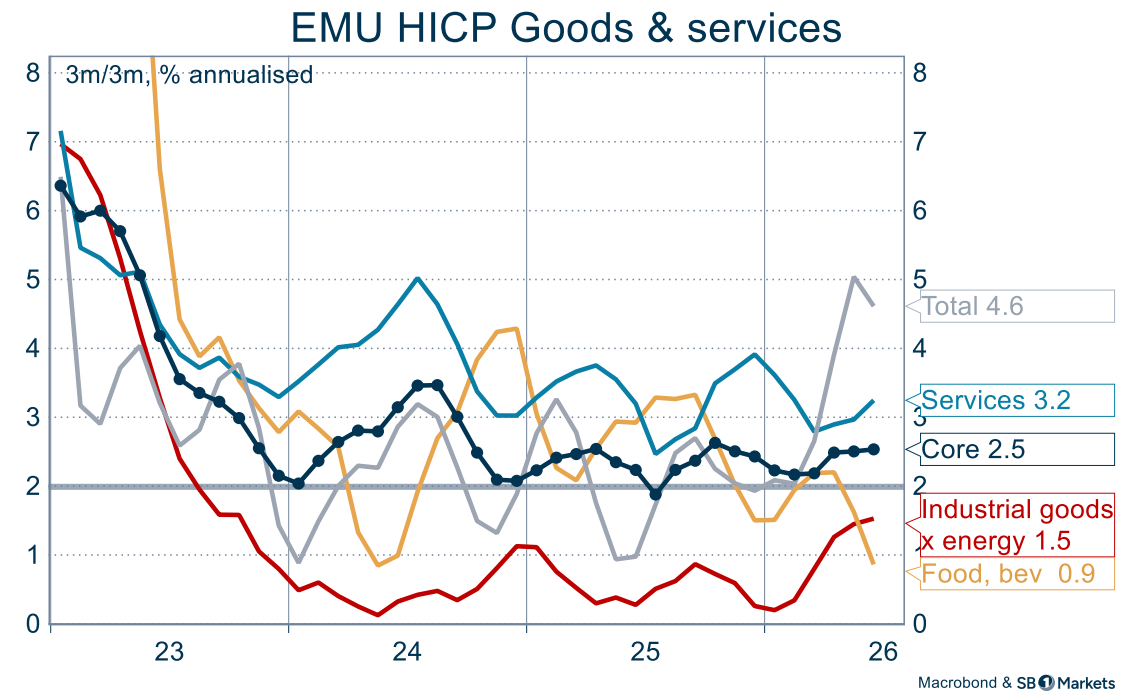
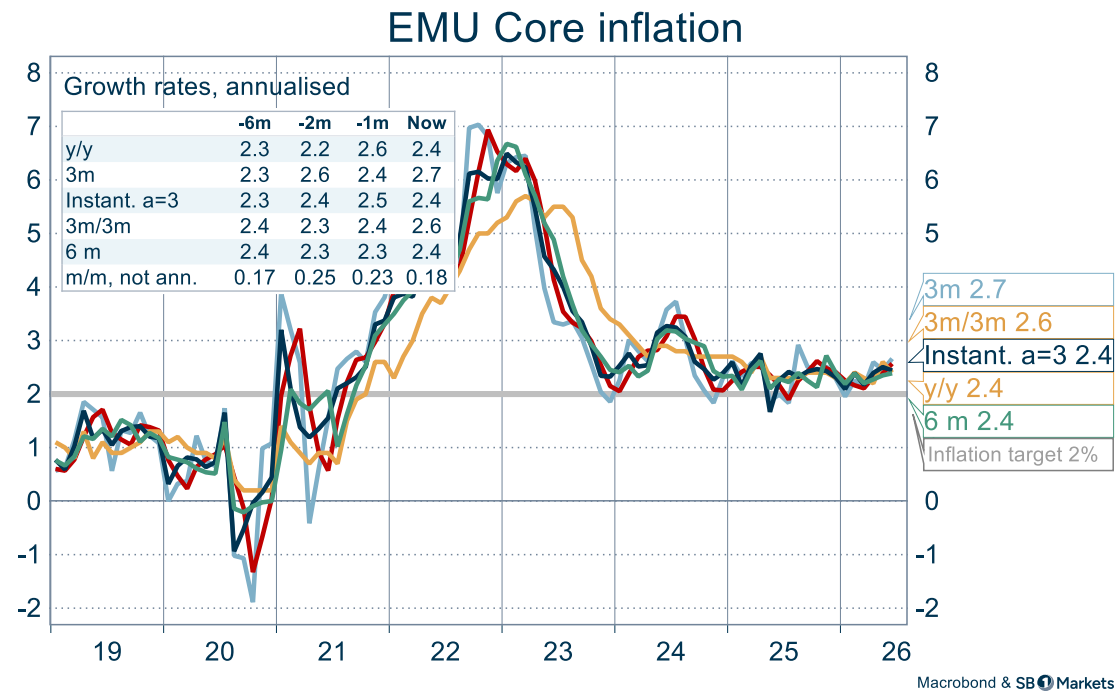
The headline HICP (CPI) slowed 0.4 pp to 2.8%, and the core fell 0.2 pp to 2.4%, both 0.2 pp below expectations. Core price rose 0.18% m/m. Underlying in recent months, up 0.1 pp to 2.5%. **Better than expected. The ECB can take a summer break?**



- **The headline HICP** was down 0.1% m/m in June as energy prices fell 1.6% and food prices fell 0.1%. Energy prices are still up 9% y/y which lifts the HICP by 0.8%. Our model suggests that annual energy inflation will stay at this level the coming months.
  - **Food prices** are up 1.6% y/y
- **The core HICP** (ex food & energy) was up 0.18% (our calc), lower than in April and May. Underlying core inflation has accelerated slightly recent months, to 2.5% (average of our measures).
  - **Core service sector** was back up to 3.2%, contributing 1.5 pp to total inflation. **Industrial goods** price inflation is still moderate, at 0.9% y/y, lifting HICP by 0.2 pp.
- **Wage and Unit Labour Cost growth rates** are still too high, given the current modest growth in productivity – but the direction is down.



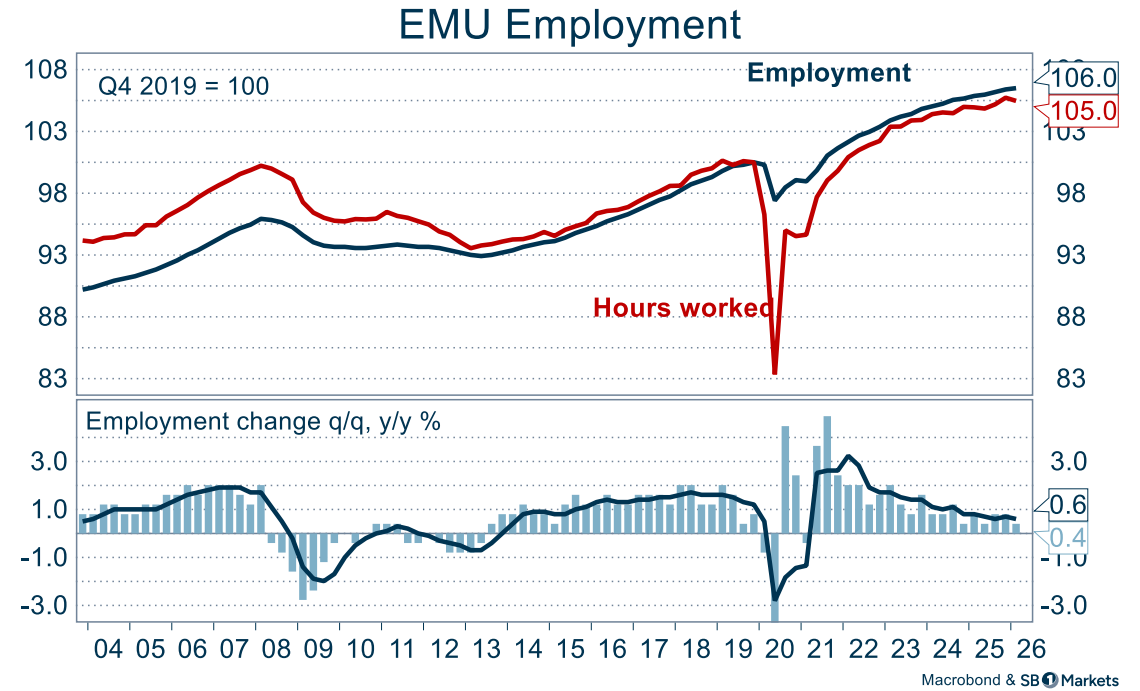
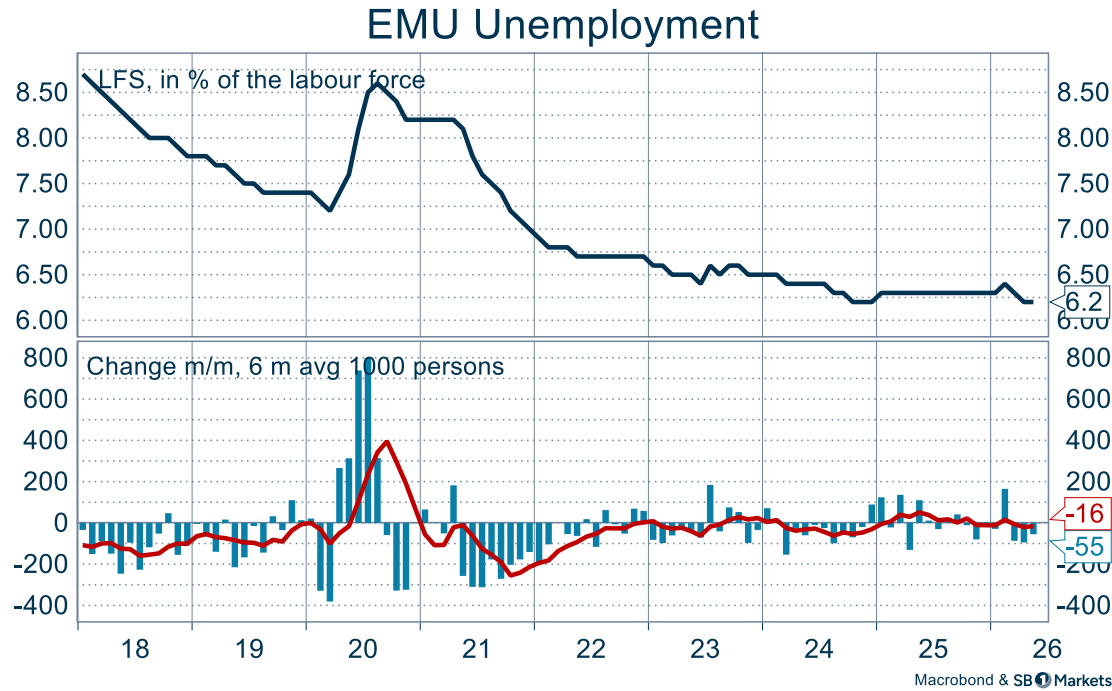
# Underlying core inflation slightly up past 3 months, now to 2.5%





# EMU LFS unemployment trends down, and was at 6.2% in April & May, the lowest in 45y

An unchanged rate at prev. reported 6.3% was expected. The number of unemployed declined by 55,000 in April. The past 6 months: -16' /m on average. The *employment rate* is the highest in modern times and not that far behind the US (but far below Norway's...)



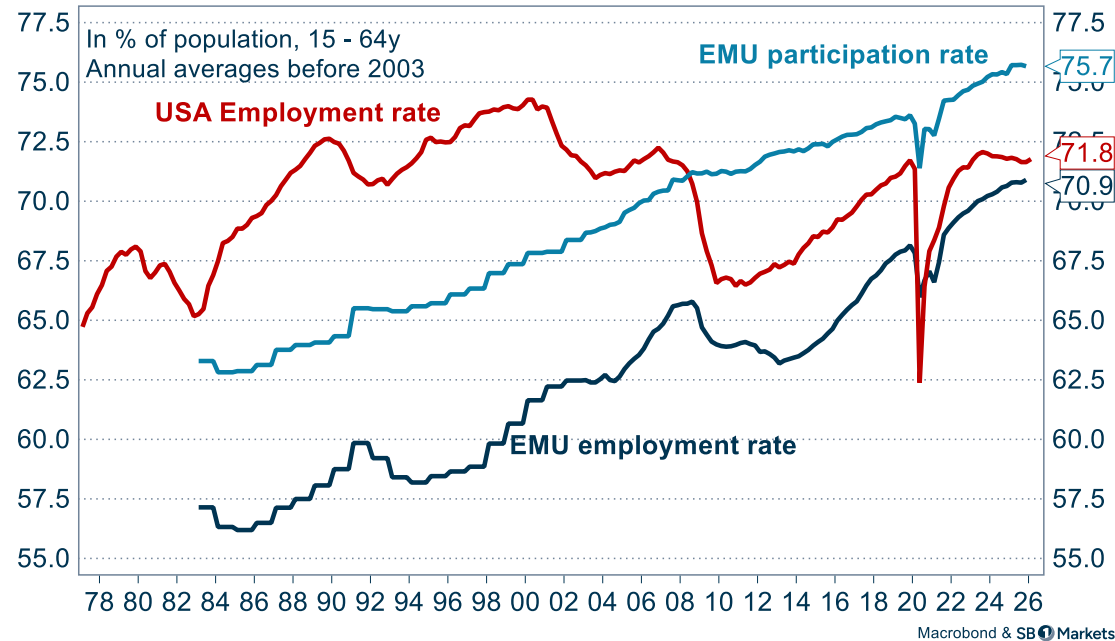
- **Employment** rose at a 0.4% pace in Q1, and is up 0.6% y/y, still faster than growth in the working age population.



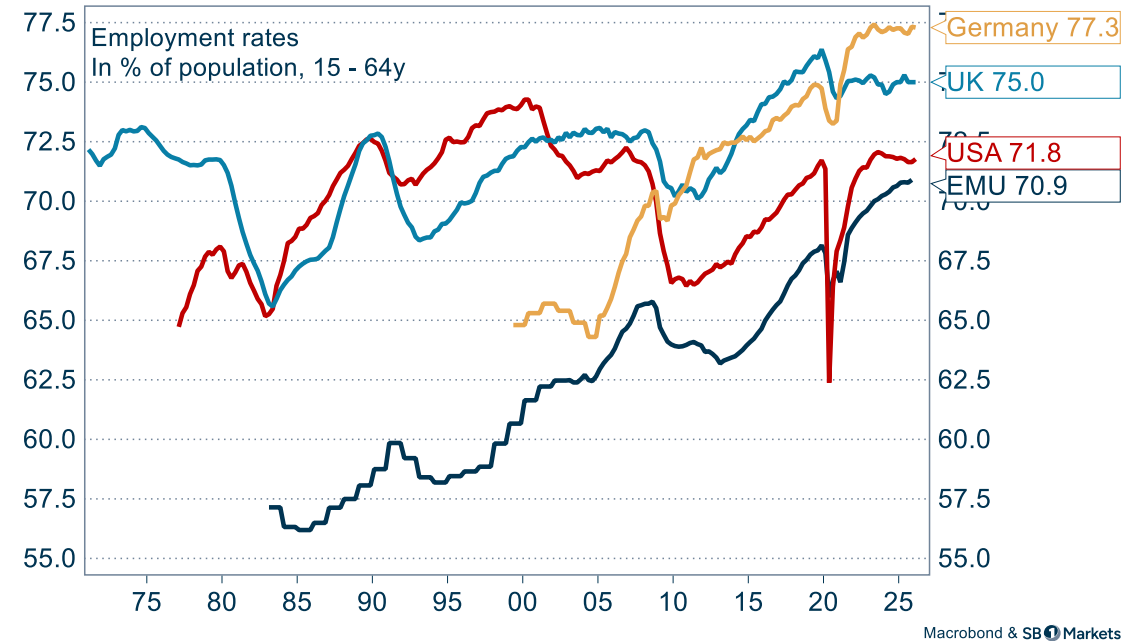
# Record high EMU participation and employment rates – and trends have been incredible!

The employment rate gap between the US and EMU **has narrowed to 0.9 pp, from almost 10 pp 20y ago**. Will EMU overtake the US? Not unlikely, check the charts below. *Germany did so 15y ago* and is now 6 pp above the US (from more than 10 pp below 25y ago!)

### EMU Labour market



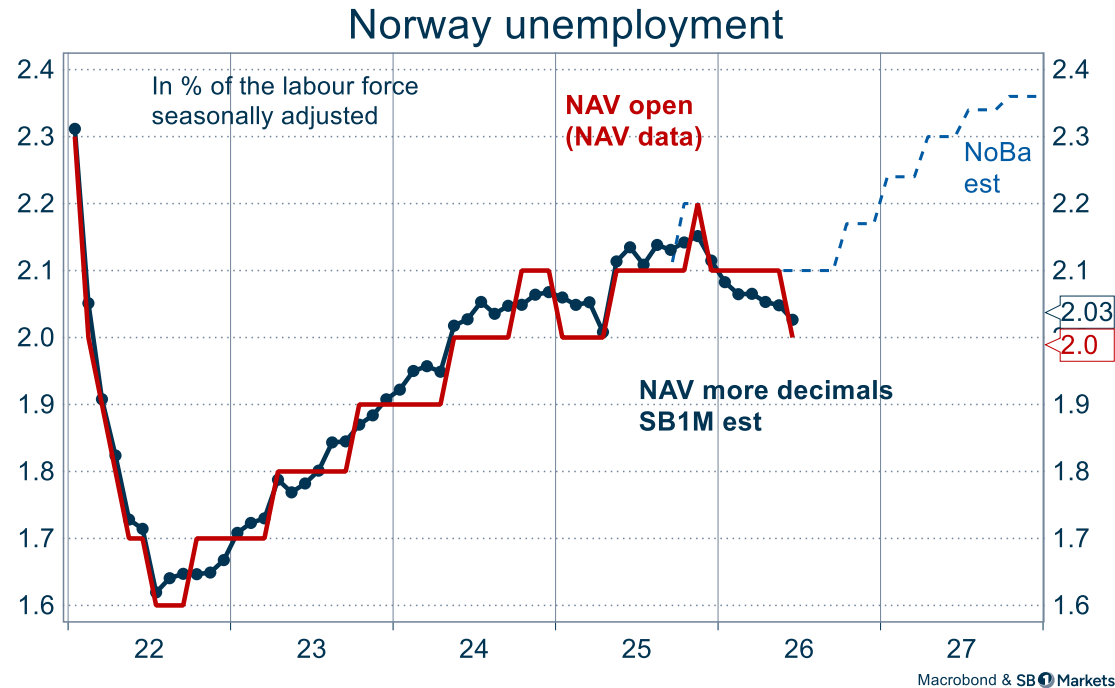
### EMU Labour market





# NAV unemployment rounded down to 2.0% in June, and trends down, from 2.2% last Nov.

NAV open unemployment fell by 600 persons in June, and the 'official' rate declined 0.1 pp to 2.0%. We estimate a 0.02 pp decline to 2.03%. Norges Bank assumed 2.05% in Q2 (and 2.1% in June). Total no. of job seekers also fell in June but is slightly up so far in 2026

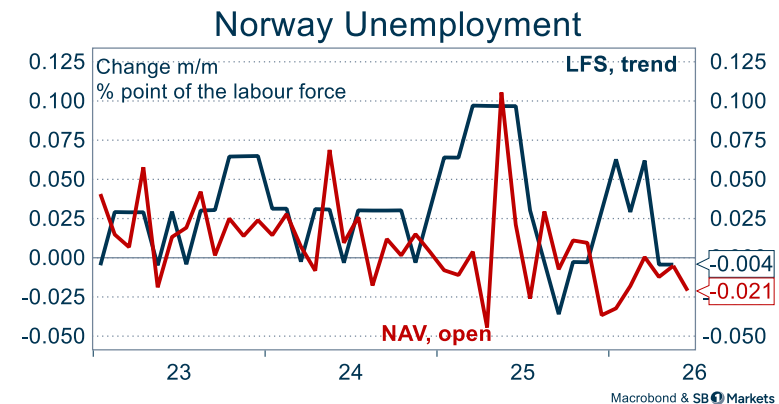
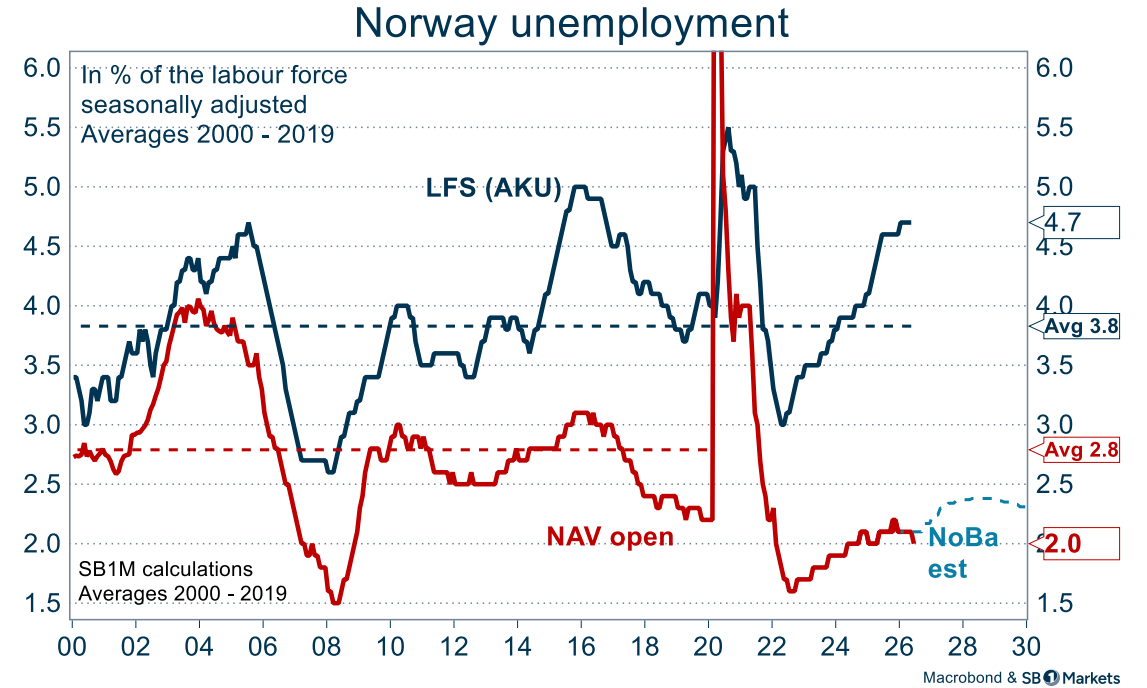
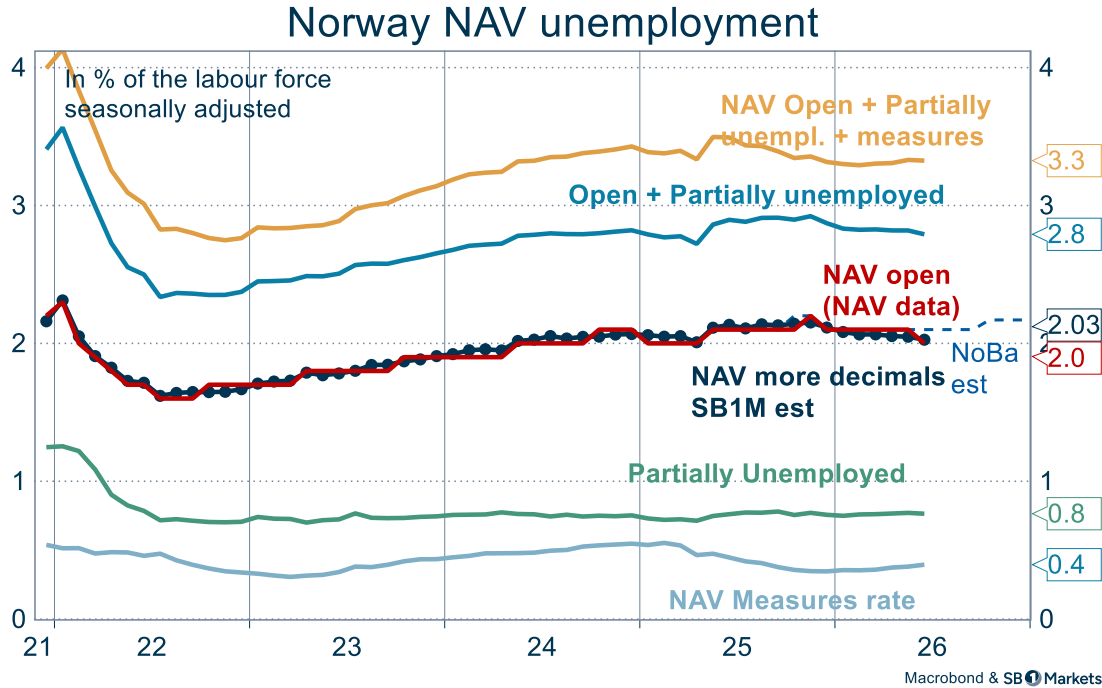


- Since last November, open NAV unemployment has fallen by 3,400 persons, or 0.12 pp.
  - Unemployment trends in almost all occupations, barring brokers/consultants (flat) and engineering/ICT (still trends up but slower).
  - Unemployment drifts down in a majority of the counties and regions. Nordland, Troms and Finmark as well as Rogaland trend up, while Agder is up recently
- If persons on labour market measures are added, **total number of jobseekers rose by 100 persons**, but if also **part-time unemployed** are included, a marginal decline. The grand total rate is 3.3%.
- **The LFS ('AKU')** unemployment was unchanged at a downward revised 4.7% rate in April.
  - The gap vs. NAV unemployment is mostly due to youth unemployment, which is stable and low in NAV, but has increased substantially in the LFS survey, due to a rapid increase in the participation rate, even faster than the lift in the employment rate is this group.

- The **inflow of new jobless claims** declined further in June and is below an average level.
- The **inflow of new vacancies** declined in June, from a very high level in May. The average inflow the past 4 months (during 'crisis and war') is sharply up vs. the previous months (where the trend was slightly up). The public sector and professional services are climbing fast, but other segments offer more jobs as well.
- **Payrolls** (employees, register based) rose in May and the underlying growth rate is on par with growth in working age population
- **In sum: *The labour market is not weakening***

# The LFS unemployment rate has been trending up, to 4.7% so far in '26

Total NAV unemployment, including ordinary open, part-time unemployed and persons engaged in labour market measures are heading slightly up – but declined marginally in June.

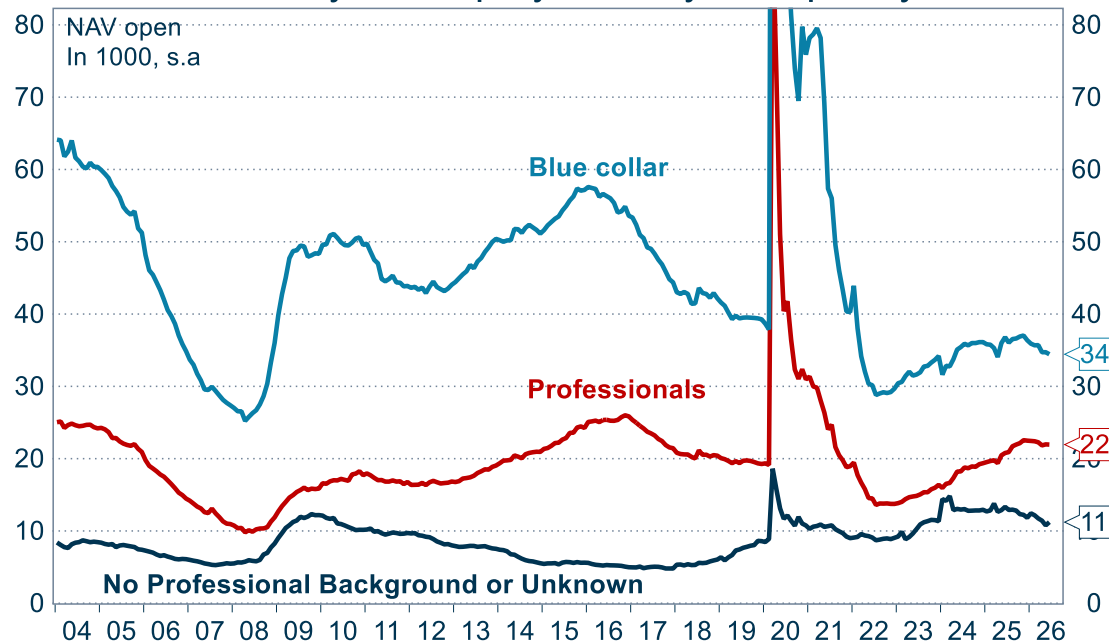




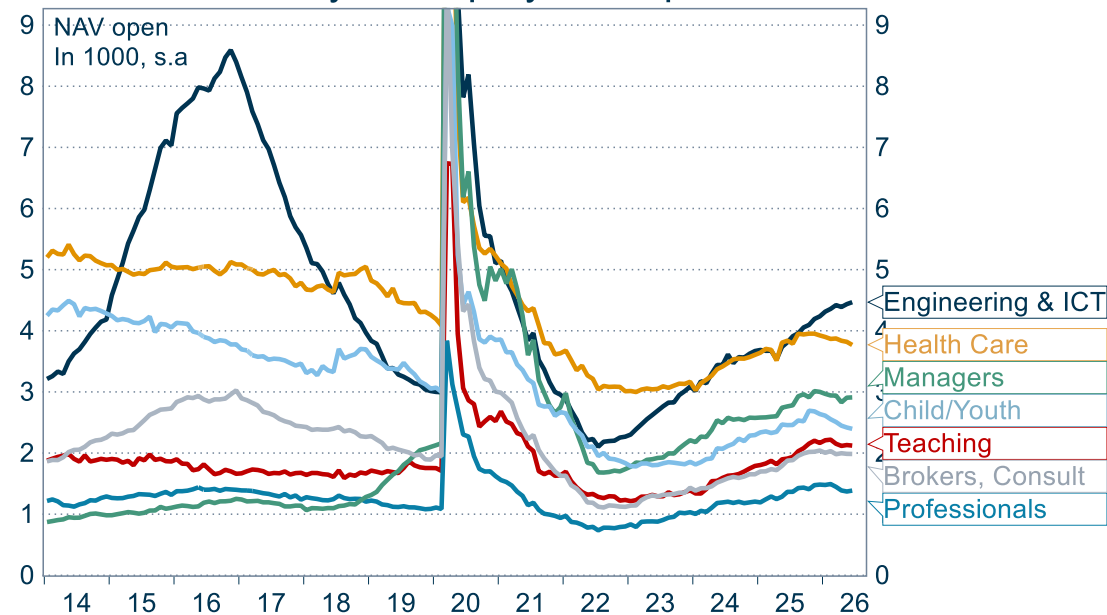
# NAV: Unemployment trends down among all occupations but engineering/ICT

Blue-collar occupations have been on the way down several months, with construction contribution (!) the most. Lately, white-collar occupations have followed suit barring brokers/consultants (have flattened) and engineering/ICT (which still trends up)

### Norway Unemployment by occupancy

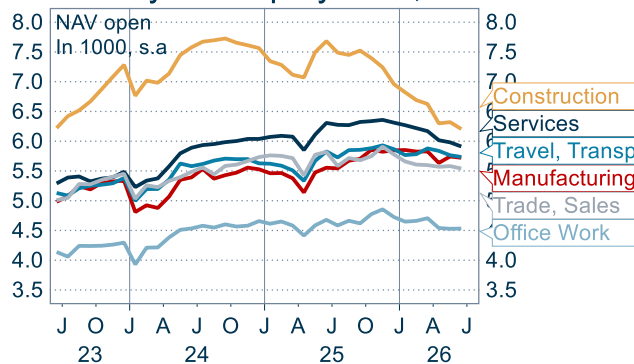


### Norway unemployment, professionals



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### Norway Unemployment, blue collar

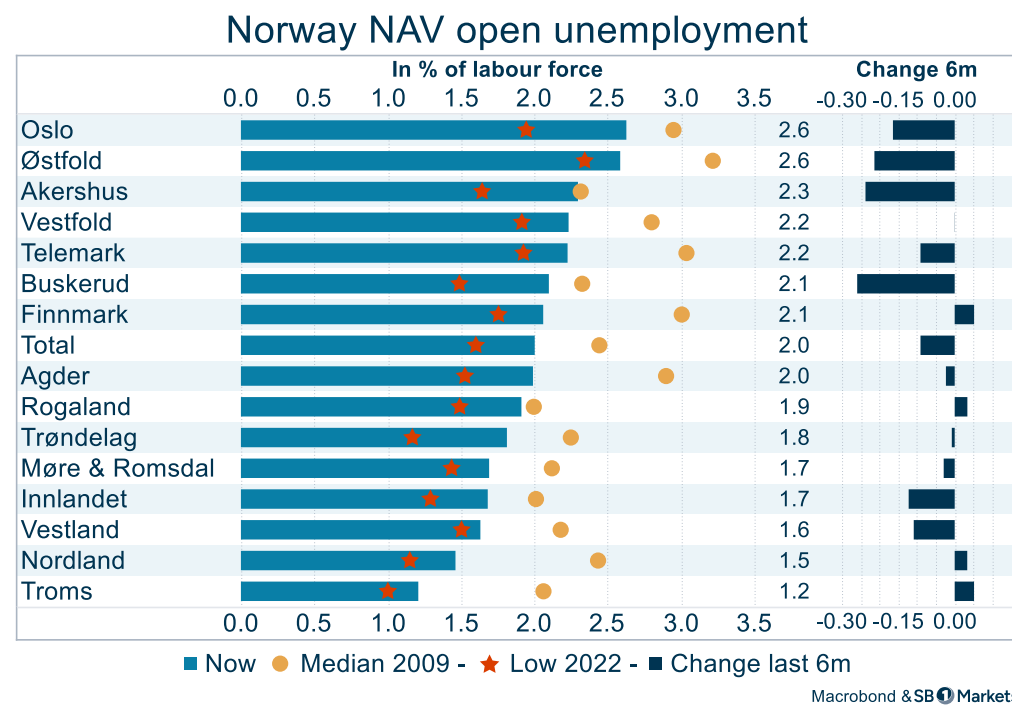
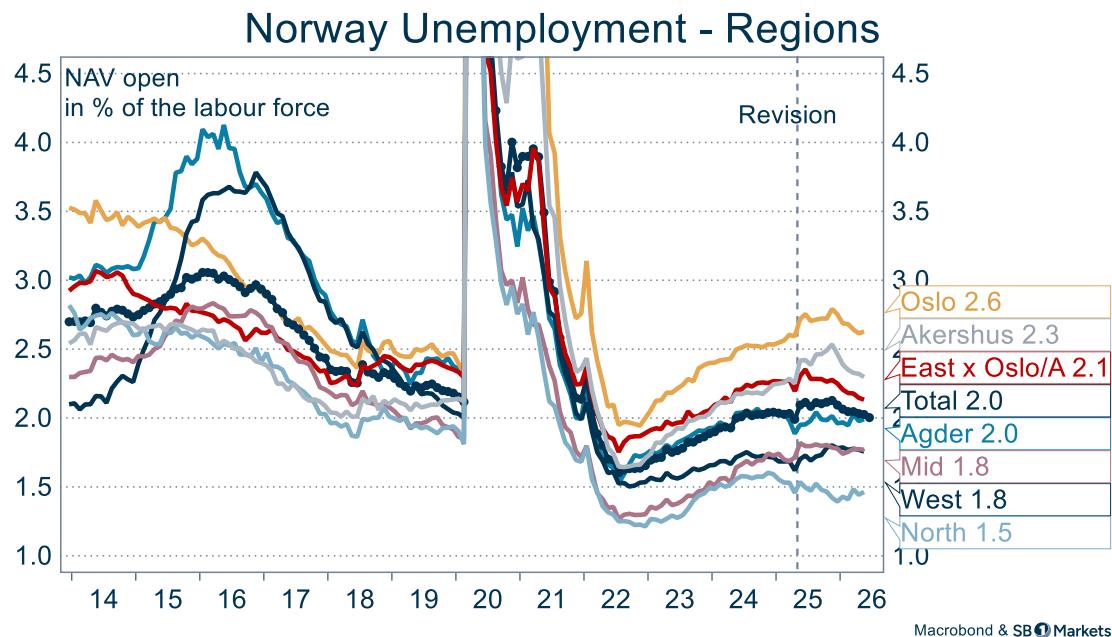


- The lift in unemployment among white-collar workers was broad from mid 2022 until late H2 last year. We doubt implementation of AI has had any material impact on demand for professional workers, at least not in health care, teaching or child/youth work or among 'managers'. And now, most are on the way down.

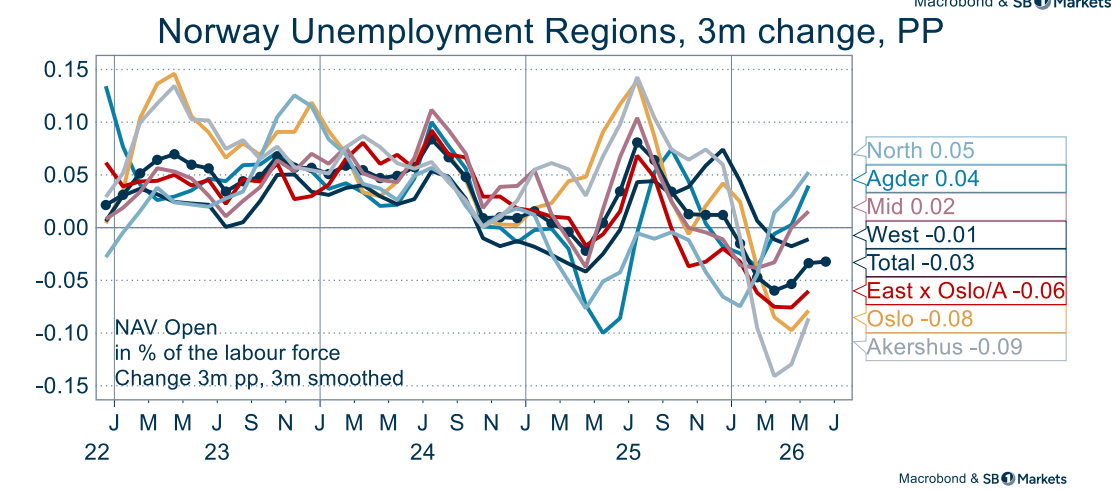


# A majority of counties report a decline in unemployment but 4 out of 16 are up lately

Unemployment has increased in the 3 northern counties, as well as in Rogaland. Elsewhere, unemployment has been decreasing the past 6 months. Recently Agder and Trøndelag are up as well. Oslo and Østfold rule at the top of the list.

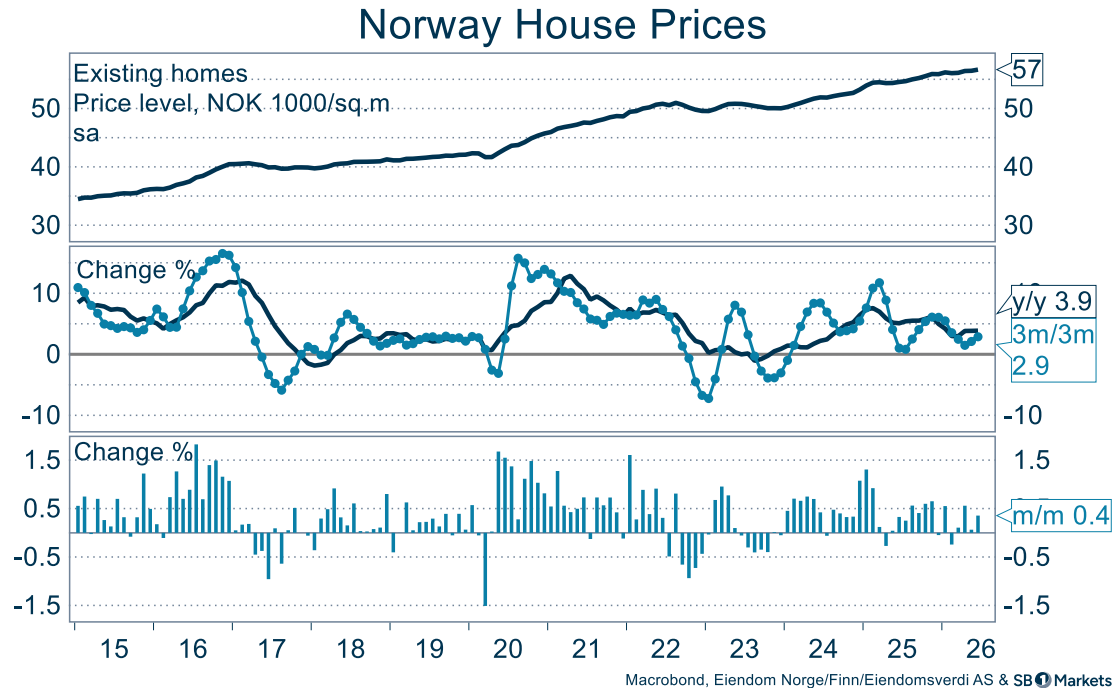


- Unemployment is lower than the past 15 years average in all counties (but just barely in Akershus). Unemployment is up in all counties from the 2022 lows; The least in the North and West, and the most in **Oslo, Akershus and Buskerud**, followed by **Trøndelag**. **Troms and Nordland** are at the bottom of the list (as usual!)



# Housing prices rose 0.4% in June, above NoBa's (and our f'cast)

Prices are up 3.9% y/y, spanning from -0.9% (Tønsberg) to 12% (Tromsø). Prices rose m/m in 9 of 16 cities, and just 5 are down 3m/3m (including Oslo and Trondheim). Eastern cities are at the bottom of the list, Stavanger and Bergen sit on the top, with Tromsø



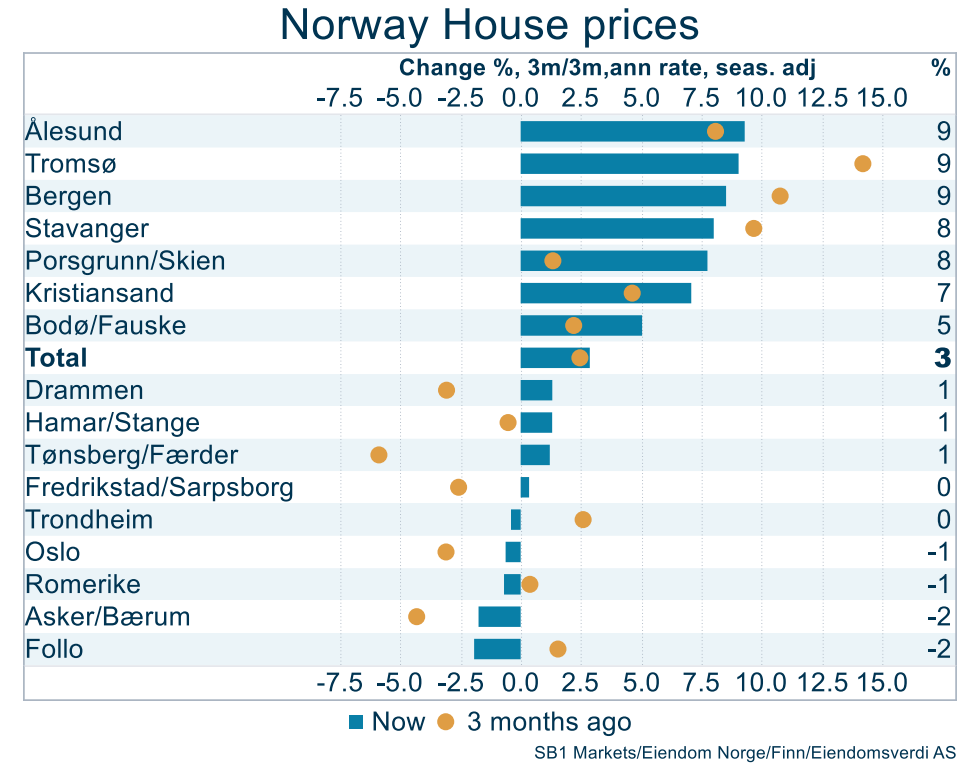
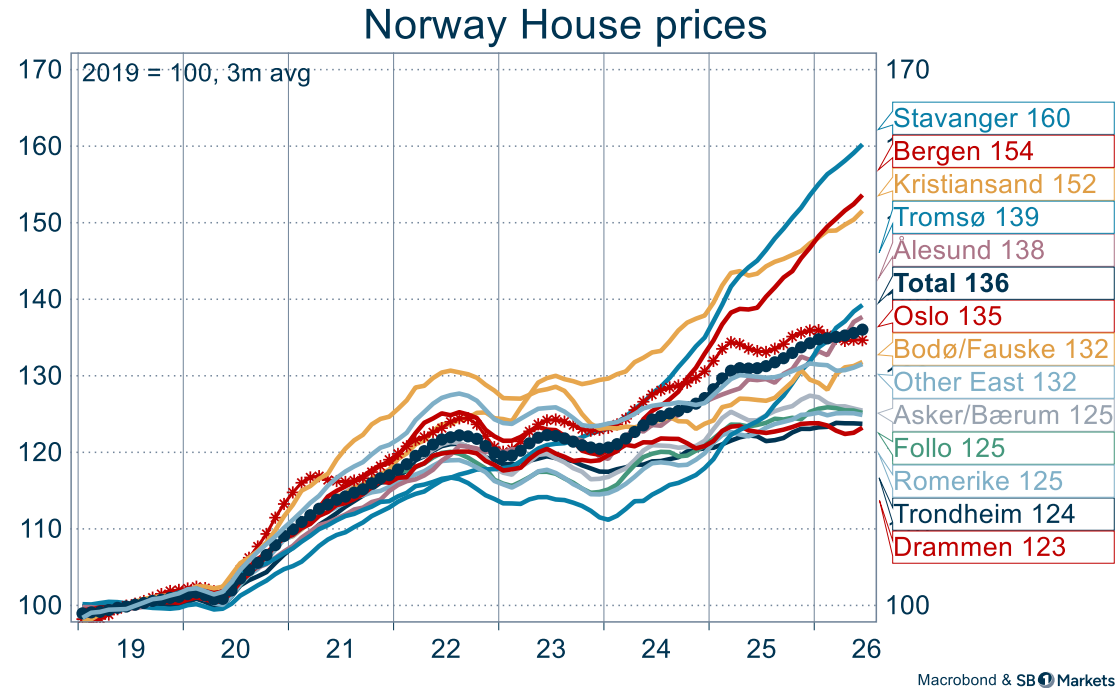
## So what?

- Even though we are less optimistic than Norges Bank regarding the outlook for house prices, we are quite confident that the bank is not worried that it is strangling the housing market with its monetary policy.

- **Price inflation** has stabilised lately, on average, even if mortgage rates are on the way up vs. expected cuts some few months ago.
  - **Norges Bank** expected 0.3% m/m, we assumed no growth.
  - Measured over the **past 3m/3m**, most cities are up, and faster.
  - **Prices** are up 3.9% y/y on average. Stavanger/Bergen/Tromsø are up 10 – 12%, while the eastern cities are just marginally up. Just one city is down y/y, Tønsberg.
  - **Obtained prices** were 0.5% higher than the listed price, and the trend is slightly down. Tromsø has slowed the most recently. Homes are sold at a discount in half of the cities.
  - **In real terms**, prices are on average down 5% from the peak in 2022, but still above the level before the pandemic. Stavanger is up 10%, Trondheim and Drammen are down 13 – 16%
- Both the **number of approvals** (new listings) and actual transactions declined but both remain somewhat above a normal level. The **inventory of unsold homes** rose and is above average, also measured vs. sales (the i/s ratio rose to 76 days, 10 dys above average). The inventory of unsold homes in Oslo has shot up recently.
- **Our flow-based models suggest further price gains outside Oslo, and a 1% monthly decline in Oslo, due to the surge in the inventory for sale.**
- Most likely, the rate hike(s) will dampen demand somewhat in the coming months, and we expect Oslo prices to decline, and we are not so sure prices will climb by much outside Oslo

# The big picture: prices are drifting down in 5 cities, up in 11

6 cities report lower growth measured 3m/3m than 3 months ago, 11 faster (or are declining slower). The total is up at a 3% pace. Ålesund in the lead, ahead of Tromsø and Bergen. Both Ålesund and Bodø are volatile, short-term (and rather volatile longer term as well).



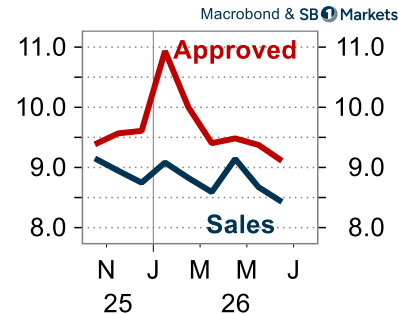
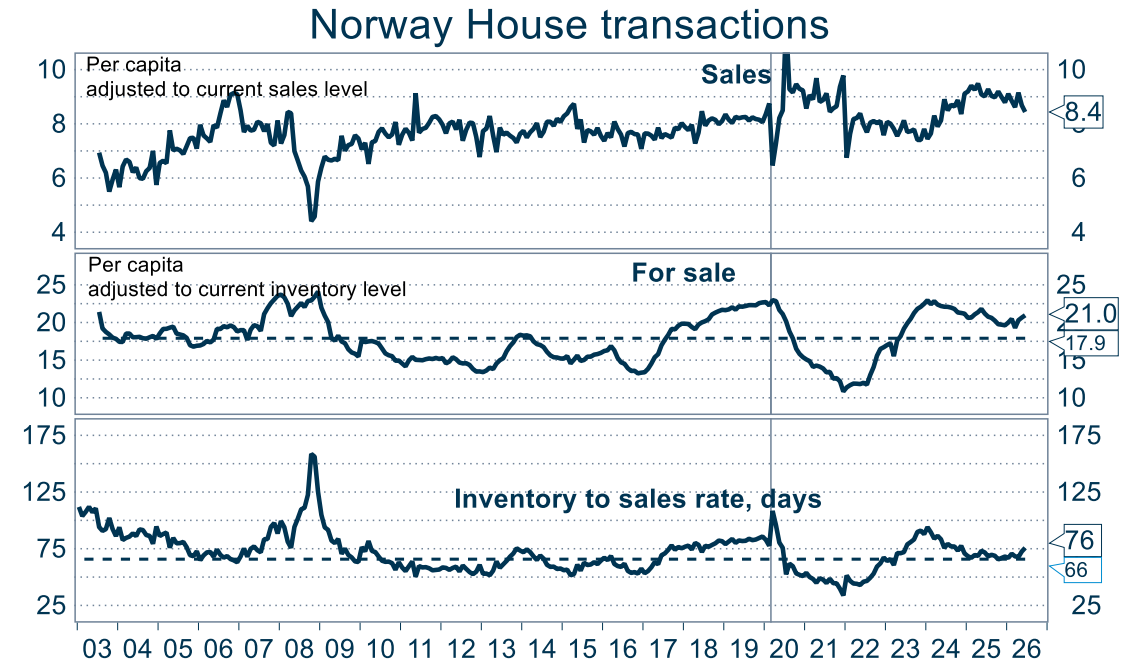
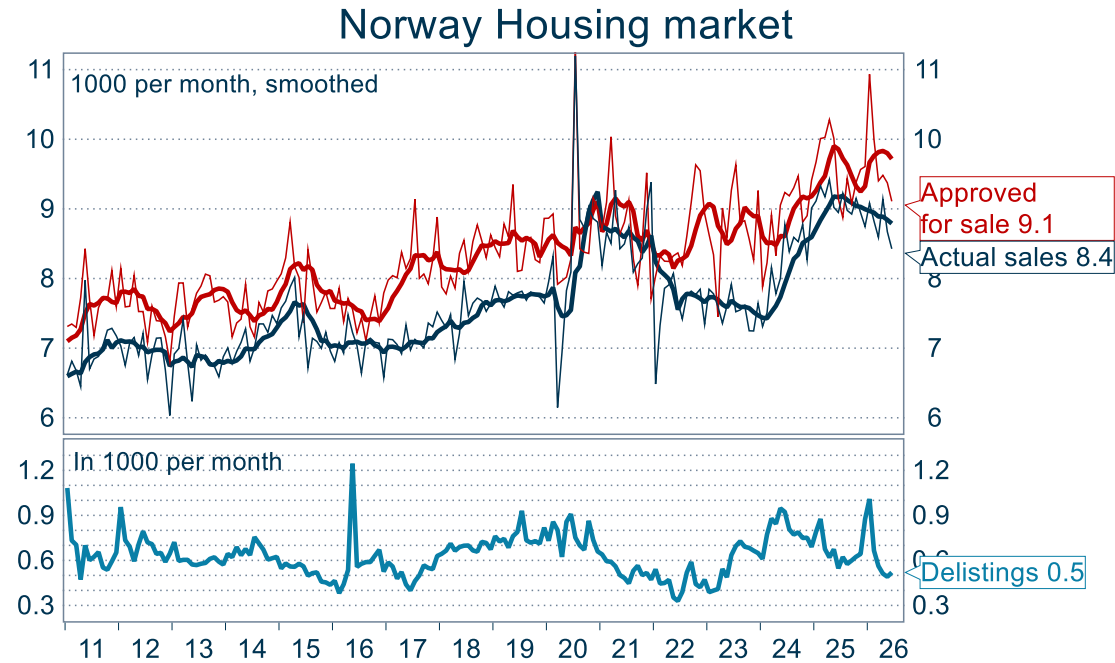
- **Vs the pre-pandemic 2019 price level:**

- Drammen at the bottom, still up 23%. Trondheim 24%. Romerike and Follo marginally better.
- Oslo is up 35%.
- The average is up 36%.
- Stavanger is up 60%, Bergen 54%, and Kristiansand 52%!



# Sales are trending down but are still above par. The inventory is increasing

The inventory of unsold homes rose in May to 21,000 units, which is well above an average level, but far below previous peaks (per capita adjusted). The inventory-to-sale ratio rose to 10 days above an average level.

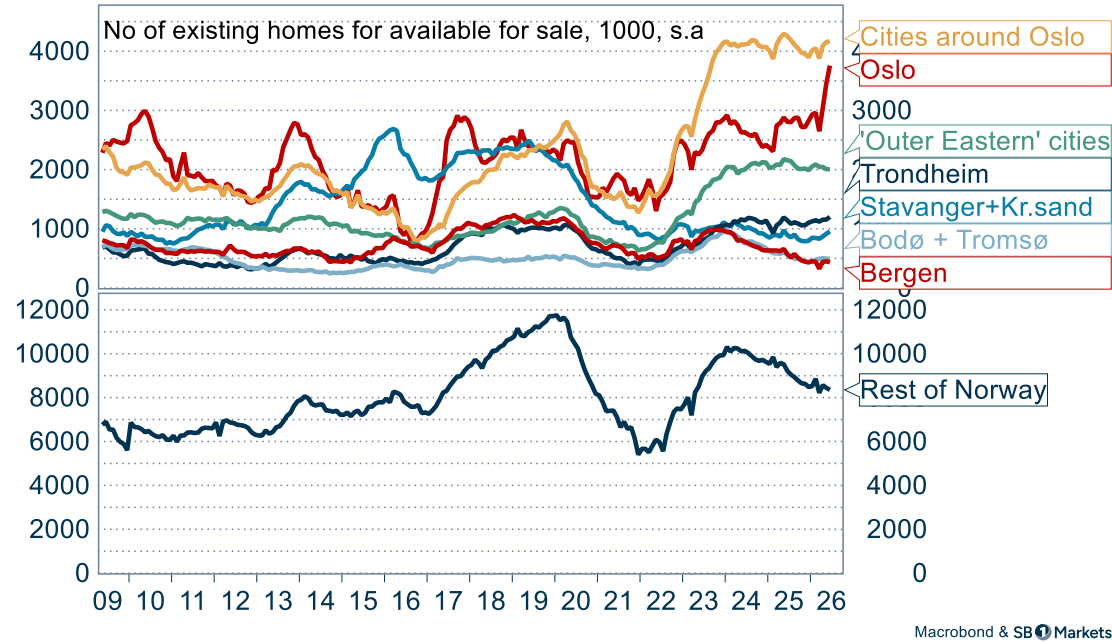




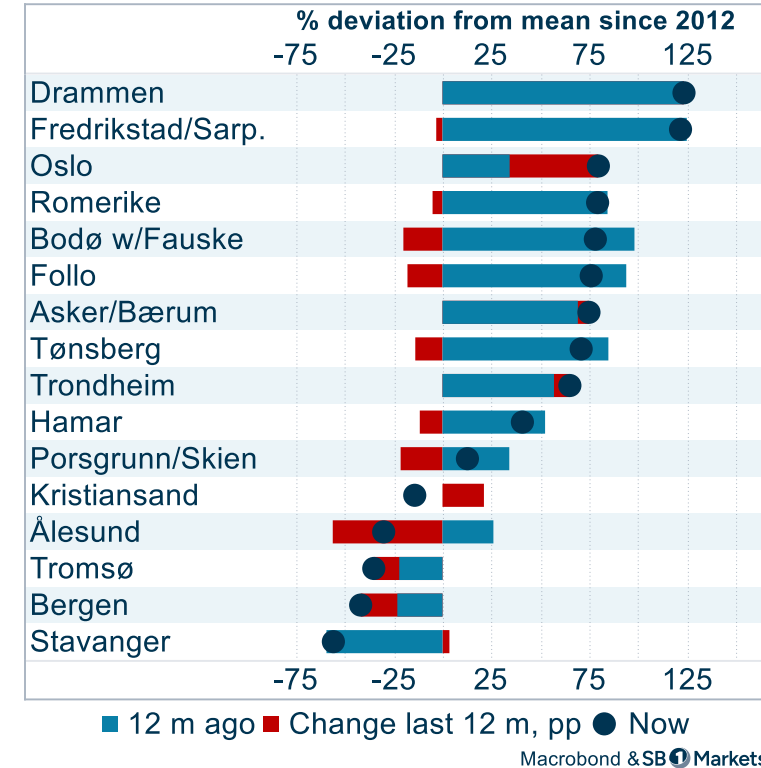
# The inventory is > normal in most cities, at ATH in Oslo, by far. Still, most are down last 12m

The inventory is lower than normal in 1/3 of the cities, the most in Stavanger and Bergen. Fredrikstad and Drammen report the largest inventory vs. their resp. average levels (more than 2x). The inventory of unsold homes in Oslo has shot up the past two months, to ATH

### Norway Homes for sale



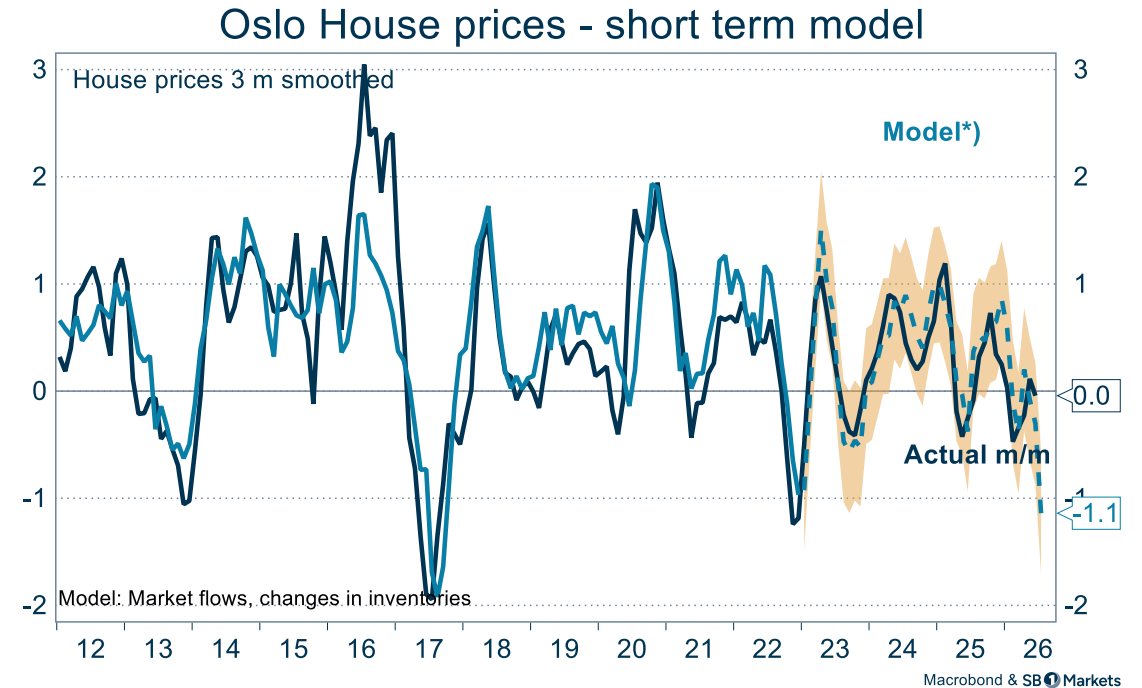
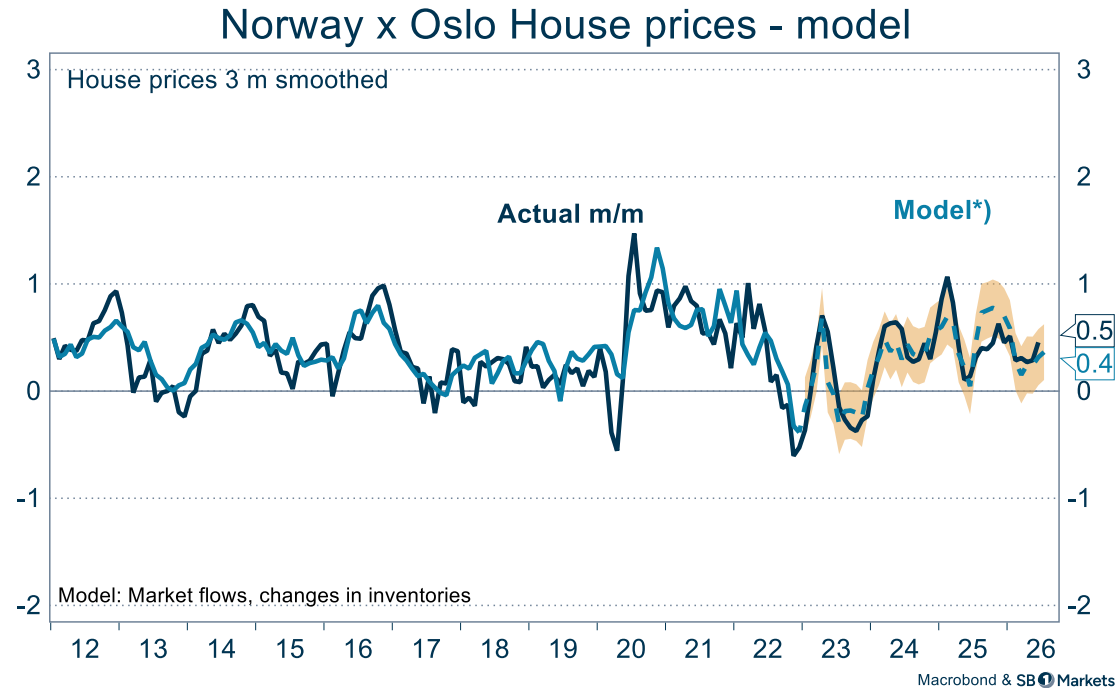
### Norway Homes for sale



- Several eastern cities are also above the middle of the list, and the direction is mostly up
- Inventories in Kristiansand, Bergen, Stavanger as well as Tromsø and Ålesund are below average. The 12 other cities report higher inventories than average.
- The inventory has increased in Stavanger and Kristiansand as well as Bodø/Tromsø lately.
- In other cities, the inventory is still trending down!

# Housing prices – short term f'casts: check our Oslo model, -1.1% m/m. The rest: 0.4%!

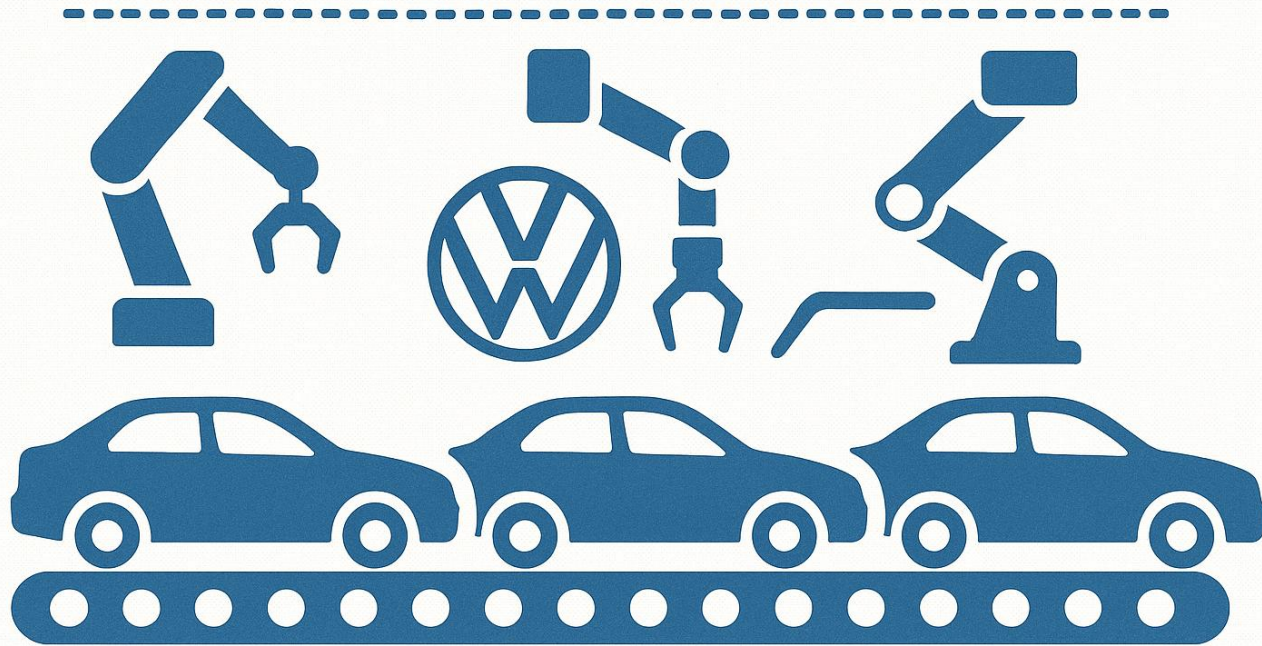
At least according to our (very) short term model – where mortgage rates are not included.



- **Our national x Oslo model**, based on flows and the inventory, signals a 0.5 m/m increase in housing prices, in line with the actual lift in the average the past 3 months (0.5%).
- **Our Oslo model** signals a 1.1 monthly price cut, due to the surge in homes for sale. Prices are unchanged over the past 3 months.
- **Mortgage rates** are not included in these short-term market models, because they have not consistently added to the models' performance. Still, over time, mortgage rates and credit growth are important drivers for the flows in the housing market. And now the rate is cut – but it remains far higher than most borrowers have been used to.
- These models **are not long-term price models**, just short-term models based on flows of (existing) houses approved for sale, actual sales and changes in inventories – which are normally correlated to prices.



## 2. Major economies

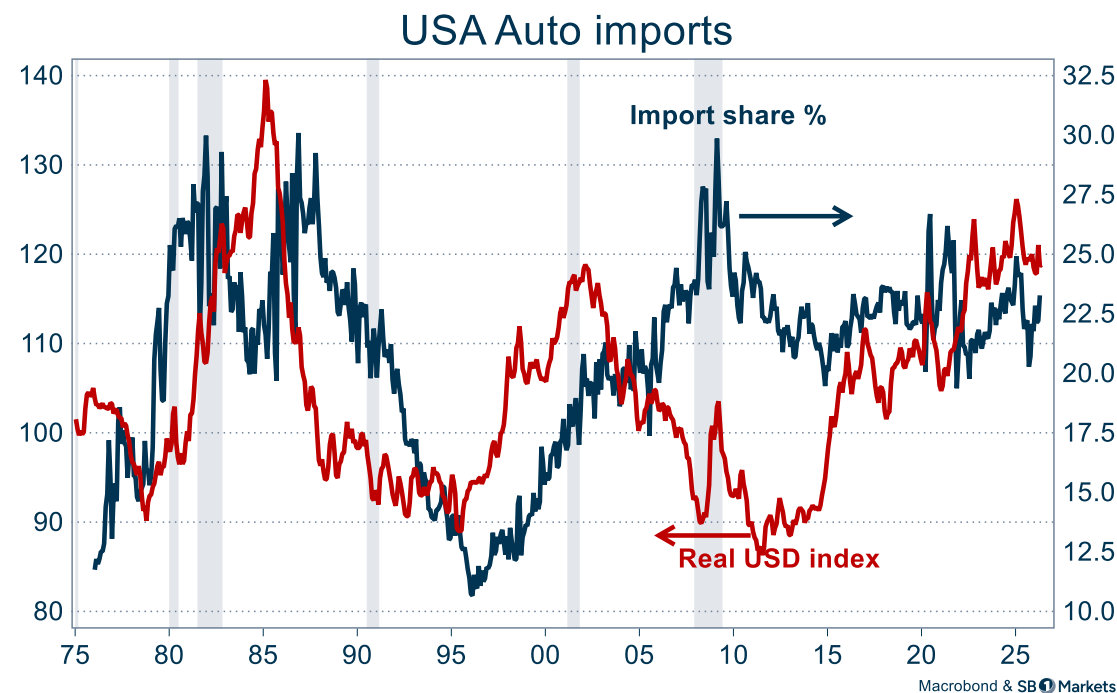
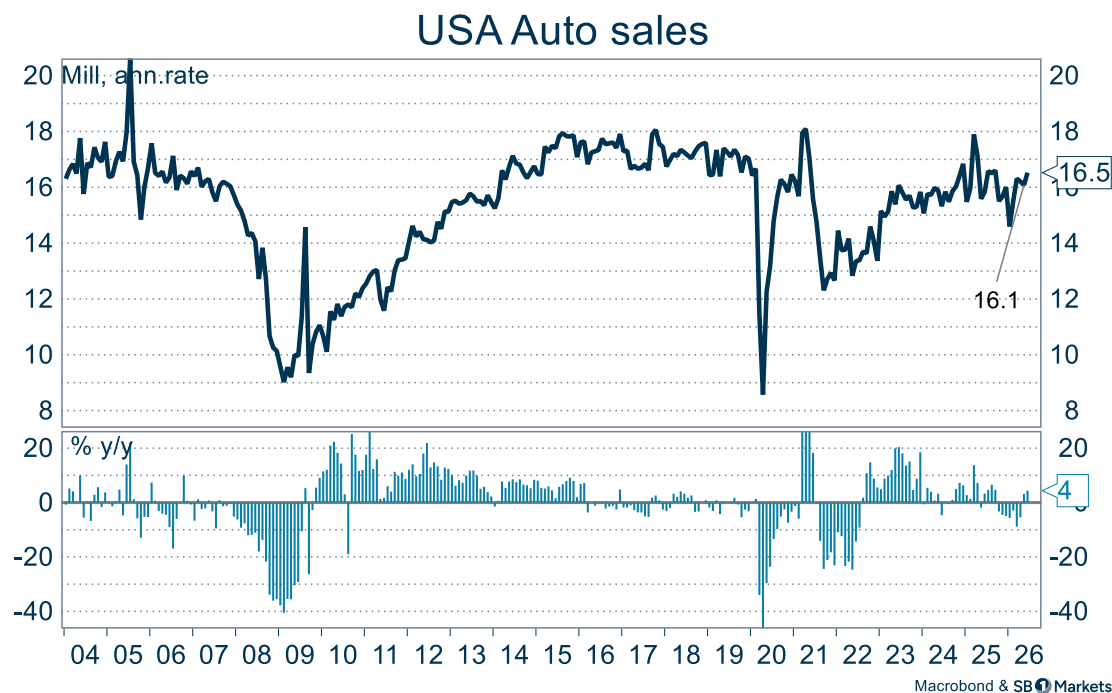


Auto sales



# US Auto sales one tick up in June, to the best level since last September

The trend the past two years is flat – at a moderate level, and 5% below sales in 2019.

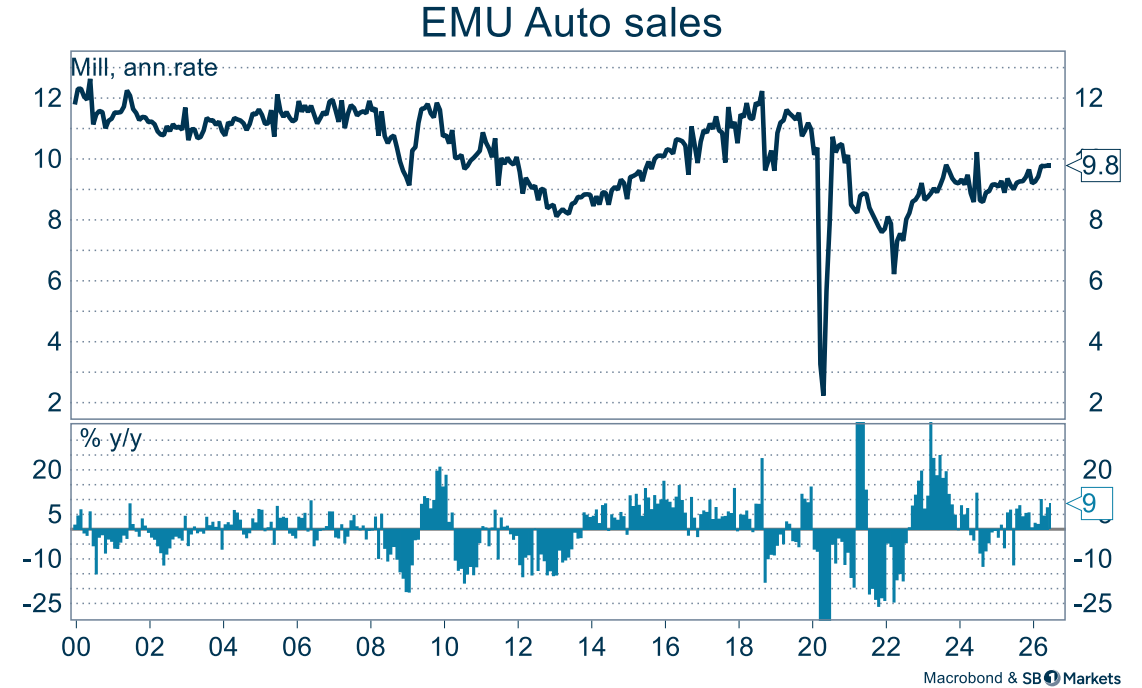
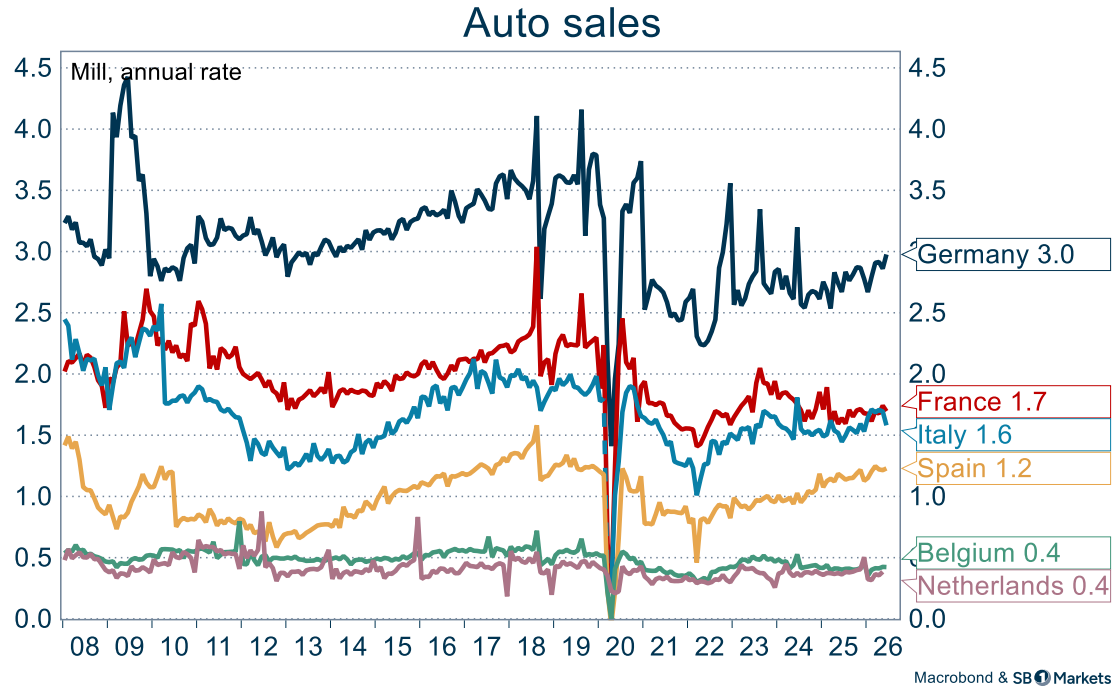


- The import share of autos sold declined in H2-25, but has recovered lately, and the level is close to the average of the past 10 years.



# EMU Auto sales were probably marginally down in June, even if German sales speed up

EMU sales trends up as well but are 13% below the 2019 level.

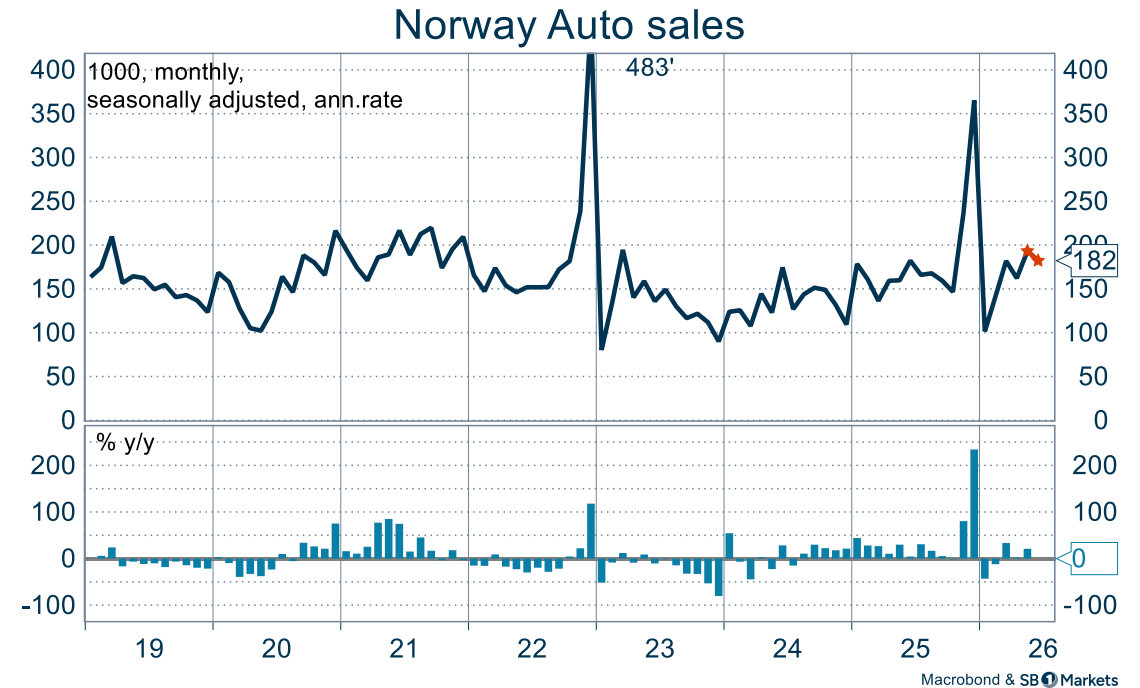
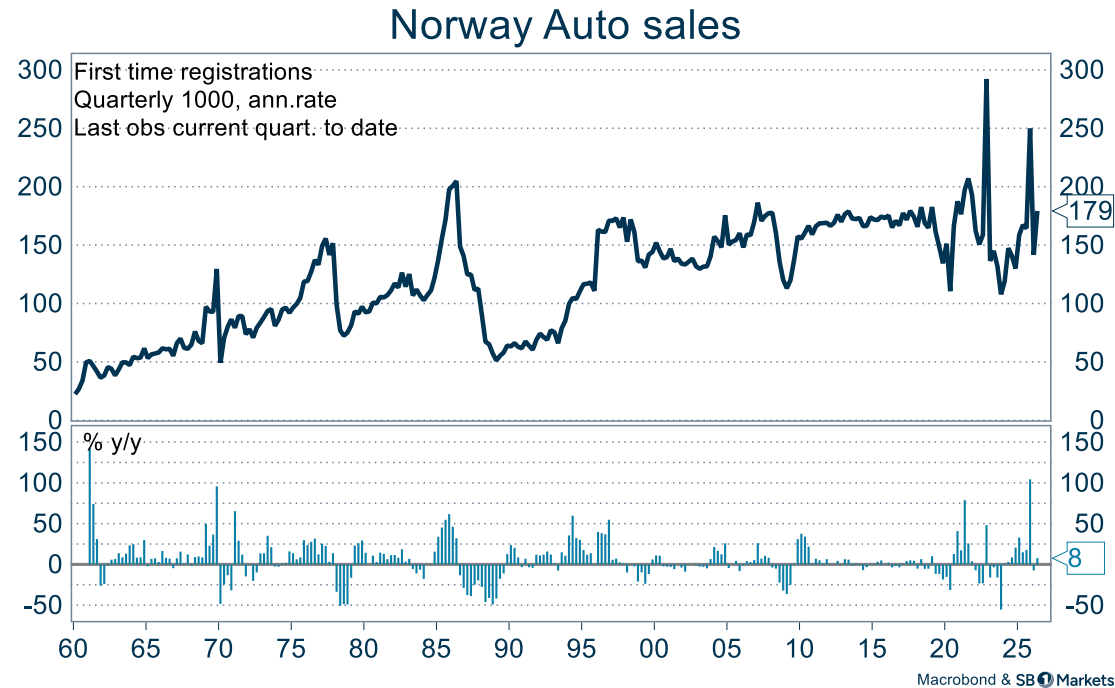


- EMU sales are still 12% below the 2019 level.



# Norway: Auto sales down but still strong in June

May sales were the best since 2021, barring the spikes before tax hikes in late 2022 and 2025. Sales fell by 11.000 to 182'. In Q2, 179' (annualised rates), equal to the pre-pandemic 'normal' level.



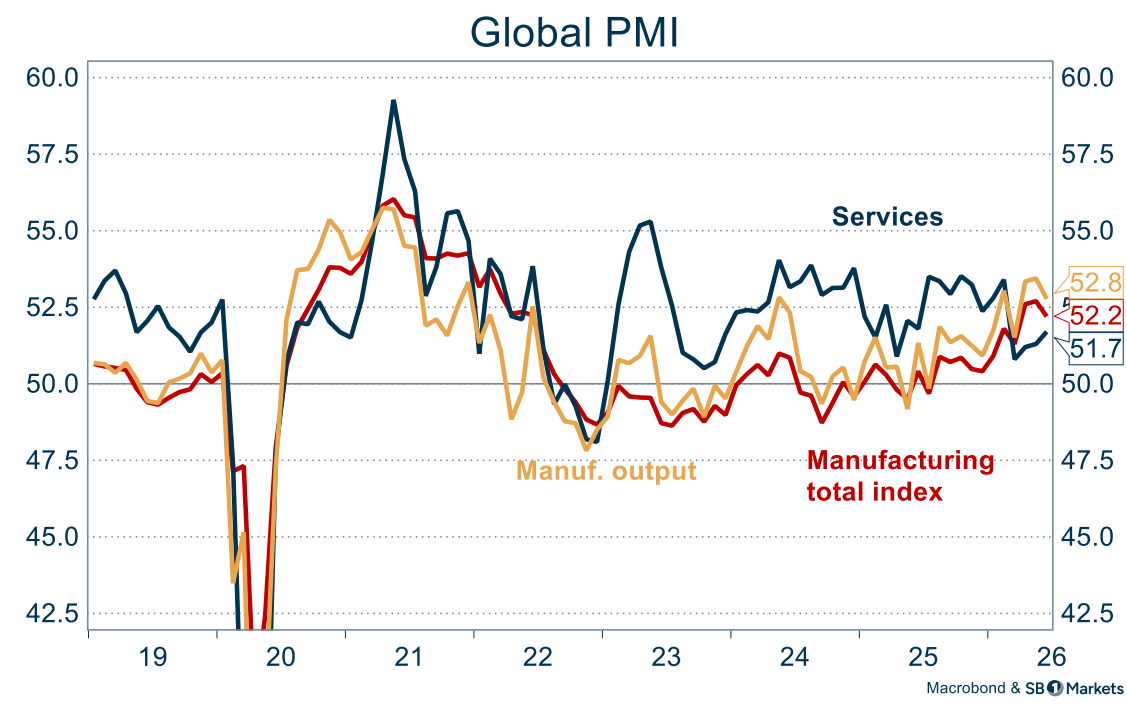
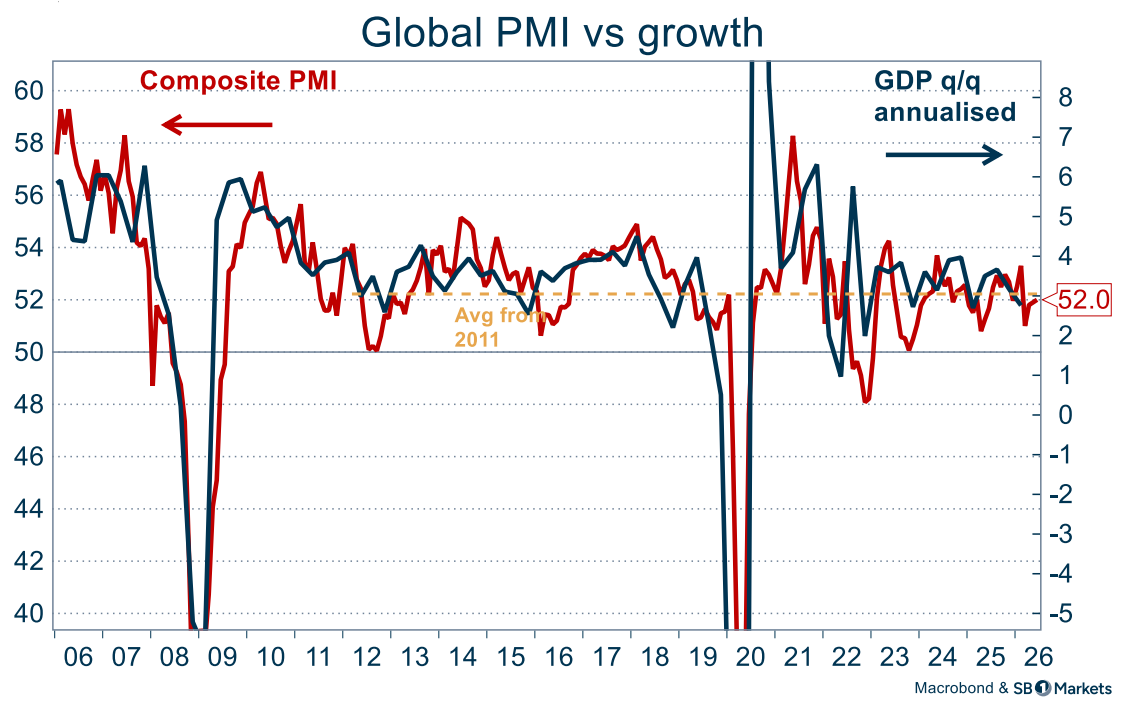


# FINAL PMIs & US ISMs



# The global PMI rose 0.1 p to 52.0 → 3% GDP growth, at trend

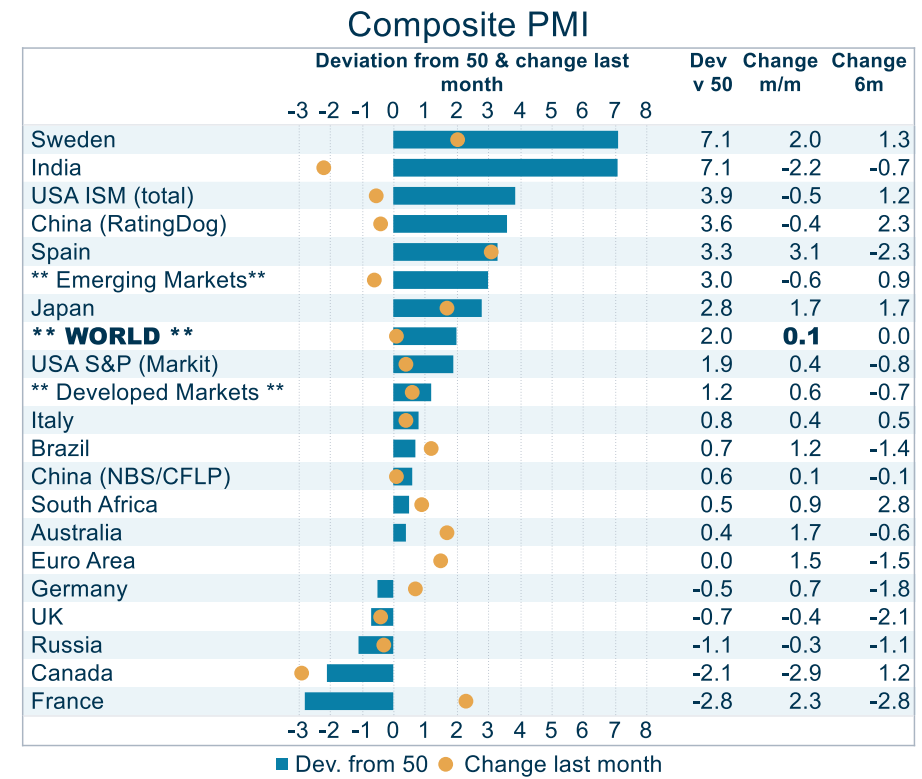
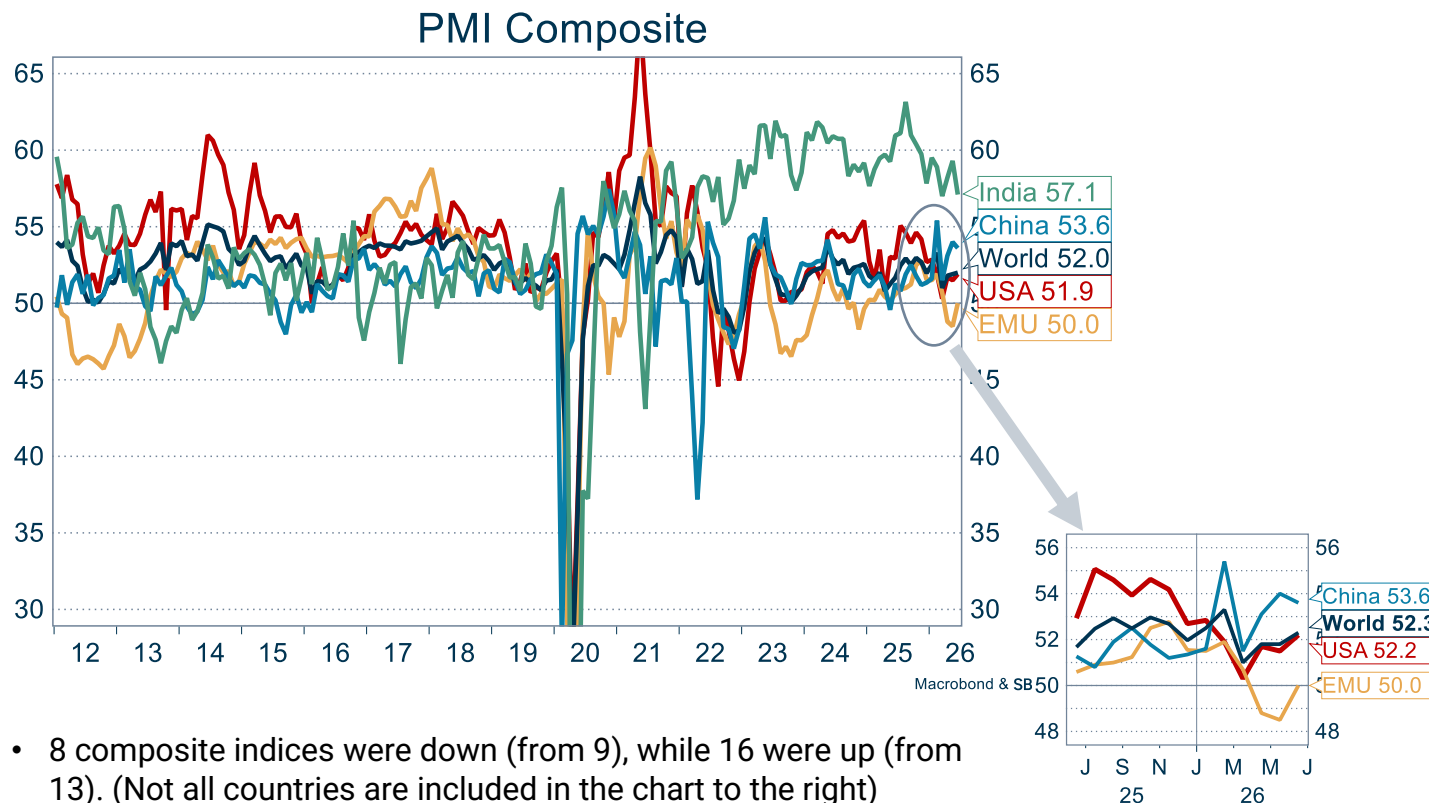
The outcome was a tad weaker than implied by the flash estimates, mostly due to a weaker manufacturing PMI – which still is close to the best level since 2022. Services are still well below par but continued upwards in June. EMU was above flash, US below. China as expected





# PMI: China's (private sector) PMIs a tad down, US and EMU up (but EMU just to 50.0)

The Chinese RatingDog's PMI continue to signal faster growth than normal – which so far has not been delivered. Sweden and India still rule at the top, now with Sweden marginally ahead.



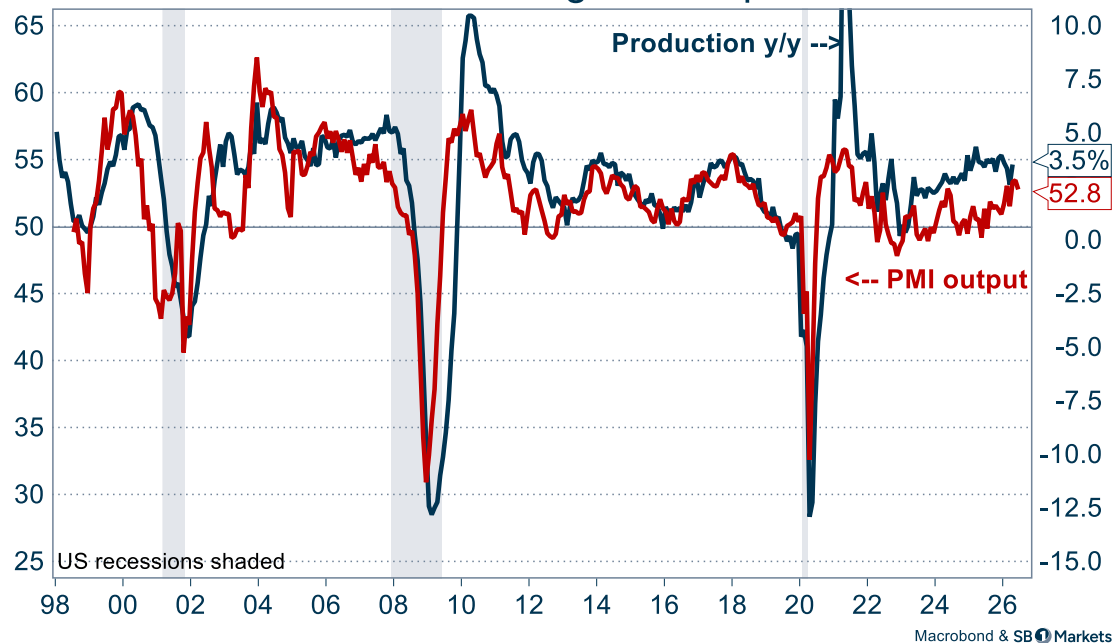
- 8 composite indices were down (from 9), while 16 were up (from 13). (Not all countries are included in the chart to the right)
- 5 indices were below the 50-line (from 9), 1/5 of all composite surveys.



# The manufacturing PMI flat in May, at the best level since 2022

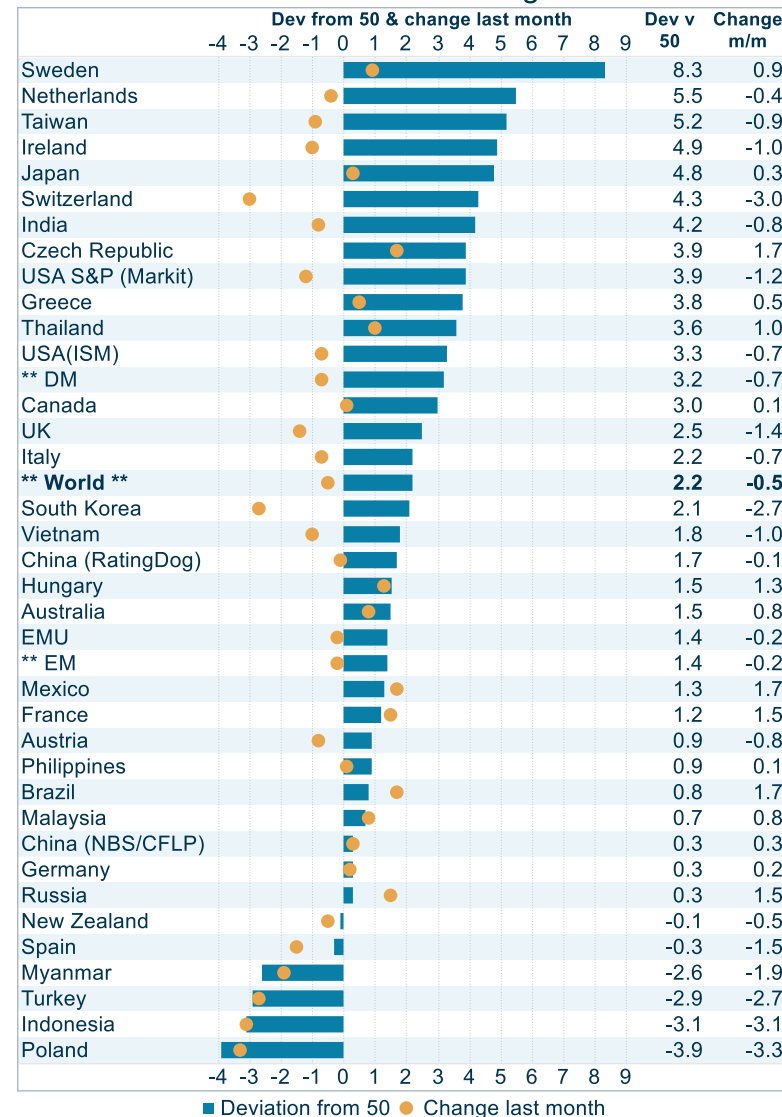
The global output index declined 0.6 p to 52.8, while the total index fell 0.5 p to 52.2, signalling continued growth in global manufacturing production. Sweden still at the top of the ranking!

### Global Manufacturing PMI vs production



- **41%** of the indices were up (from 60% in May), and 15% are below the 50-line (from 22), a favourable mix.
- **The US PMI** declined 1.2 p to 53.9 (1.8 p (!) below the flash estimate), while the **manufacturing ISM** declined 0.7 p to 53.3, also below expectations.
- The **Euro Area PMI** declined 0.2 p to 51.4, marginally better than the flash estimate.
- **Sweden** leads at the top of the ranking, as the previous 3 months, followed by the Netherlands and Taiwan.
- **Emerging markets** were down 0.2 p to 51.4. The Chinese PMIs were close to unchanged – and in sum stronger than recent actual activity data.

### PMI Manufacturing

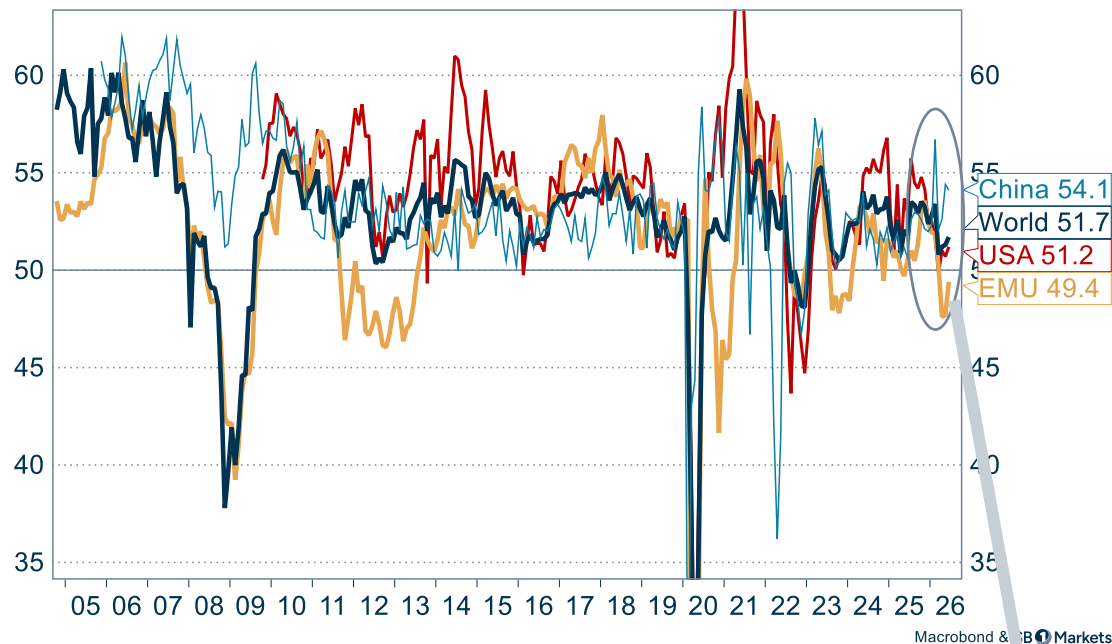




# Services PMI: up 0.4 p to 51.7, still well below the February level

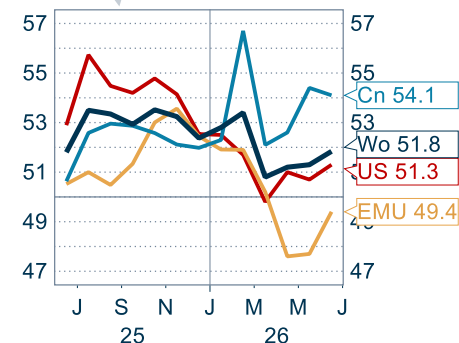
The global index rose almost as implied by flash data. The EMU index rose the (almost) most (and broadly) but remained below the 50-line. The US PMI & ISM were on average unchanged.

PMI services



- **The ISM service sector index** remains stronger than S&P's PMI, at 54.0, still well below average. The PMI is at 'just' 51.2 but has been heading upwards since a local bottom in March.
- **The services PMI in EMU** is still way down from before the Gulf war started
- **Sweden** reported substantial lift, and the level is among the highest in the world.

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Services PMI

Business activity	Deviation from 50 & change last month						Dev vs 50	Change m/m
	-5.0	-2.5	0.0	2.5	5.0	7.5		
Switzerland							9.8	3.7
India							7.4	-2.4
Sweden							6.6	2.5
Ireland							4.2	3.4
Spain							4.2	4.1
China (RatingDog)							4.1	-0.3
USA ISM							4.0	-0.5
**Emerging Markets**							3.5	-0.5
Japan							2.2	2.2
<b>**World**</b>							<b>1.7</b>	<b>0.4</b>
Brazil							1.3	0.9
USA S&P (Markit)							1.2	0.5
**Developed Markets**							0.6	0.8
Australia							0.5	1.8
China (NBS/CLFP)							0.2	0.1
Italy							0.2	0.8
EMU							-0.6	1.7
UK							-1.2	-0.5
Germany							-1.4	0.5
Russia							-1.8	-0.5
Canada							-2.9	-3.5
France							-3.2	2.5

■ Dev. from 50 ● Change last month

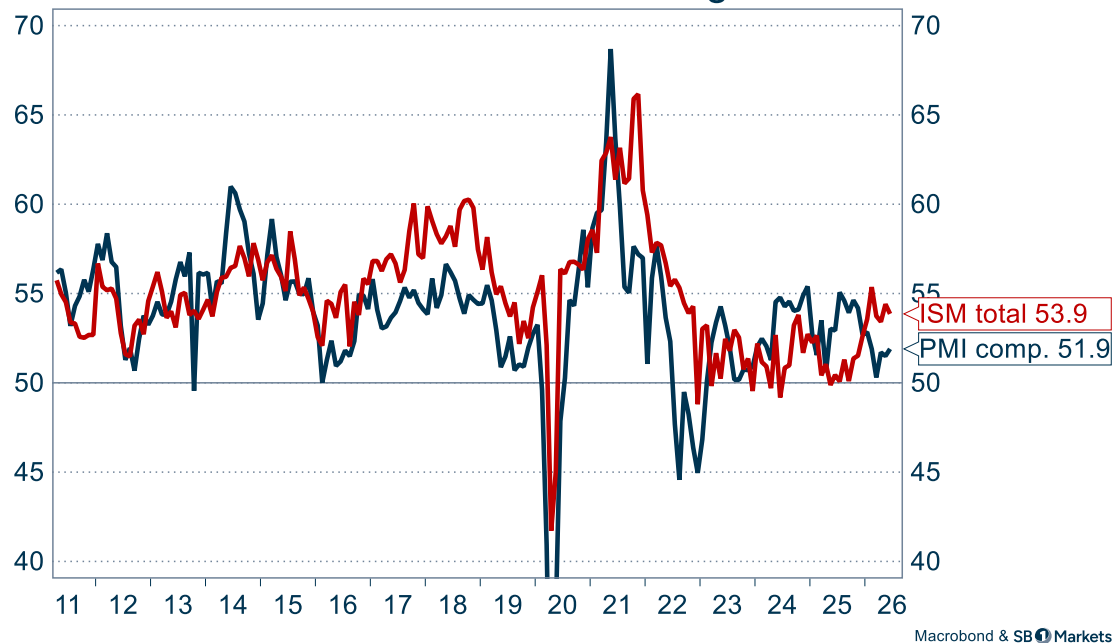
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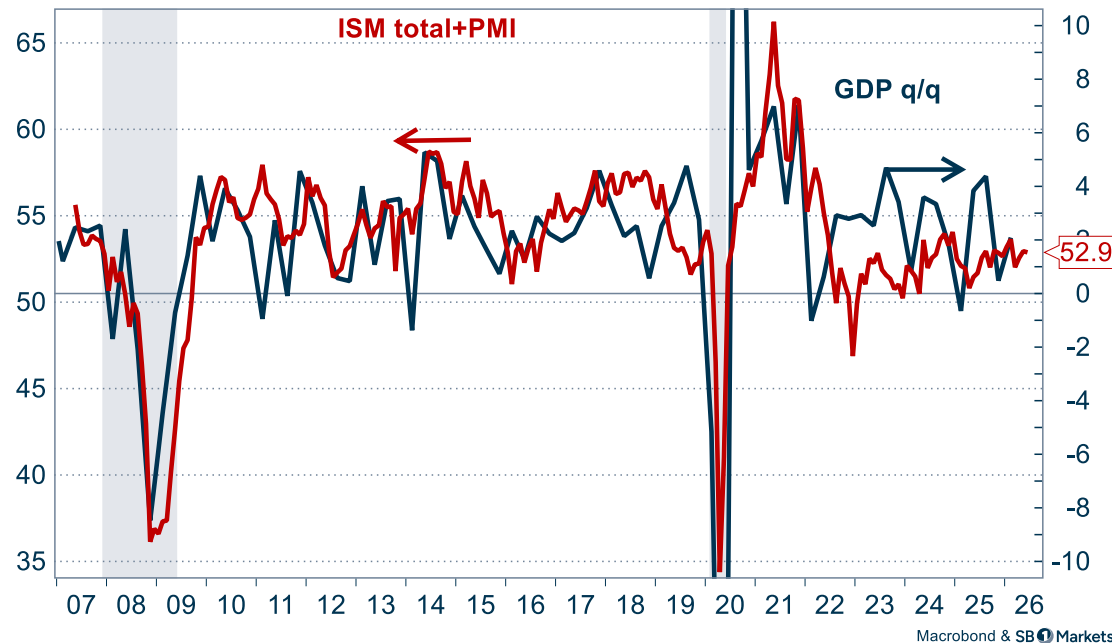
# USA: (ISM+PMI)/2 -0.1 p to 52.9 → **just 1.5% GDP growth signalled**

At least normally. However, these (and other) surveys have – on average – **underestimated growth** since the pandemic. The ISM indices were on average down 0.5 p to 53.9, while S&P's PMI gained 0.4 p to 51.9. Both are below average, but the ISMs are well above their 3y avg.

### USA PMI/ISM manufacturing & services



### USA PMI/ISM vs GDP



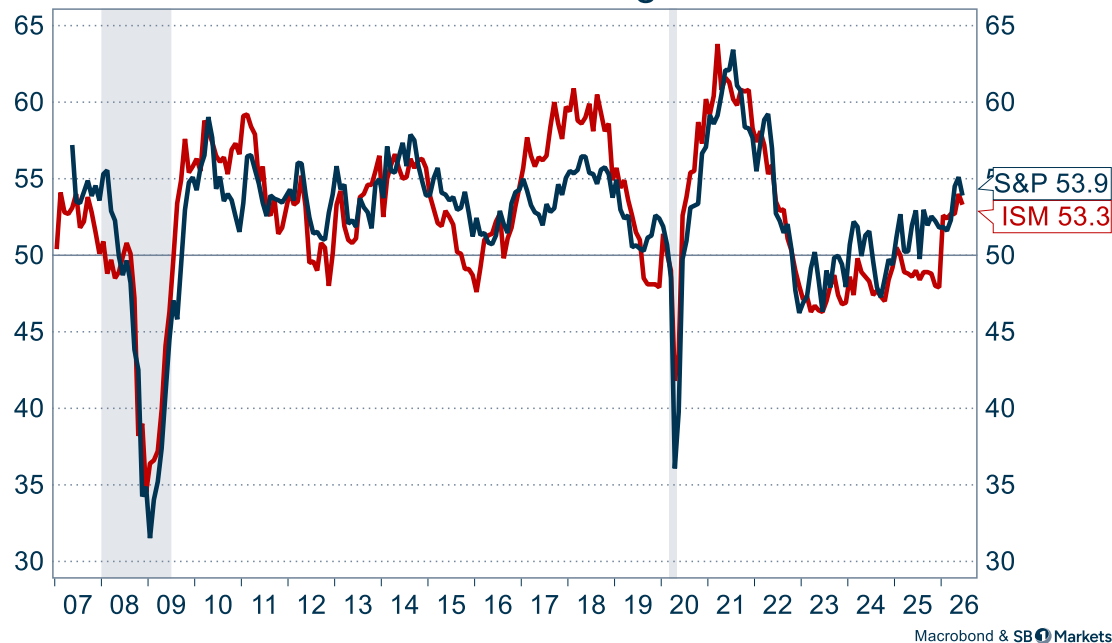
- S&P's PMI is more closely correlated to GDP growth than the good ol' ISM indices.
  - The composite PMI was revised marginally down vs. the flash estimate.

The ISM total index is the weighted average of the total manufacturing and service indices, not the output indices as these sub-indices are very volatile.



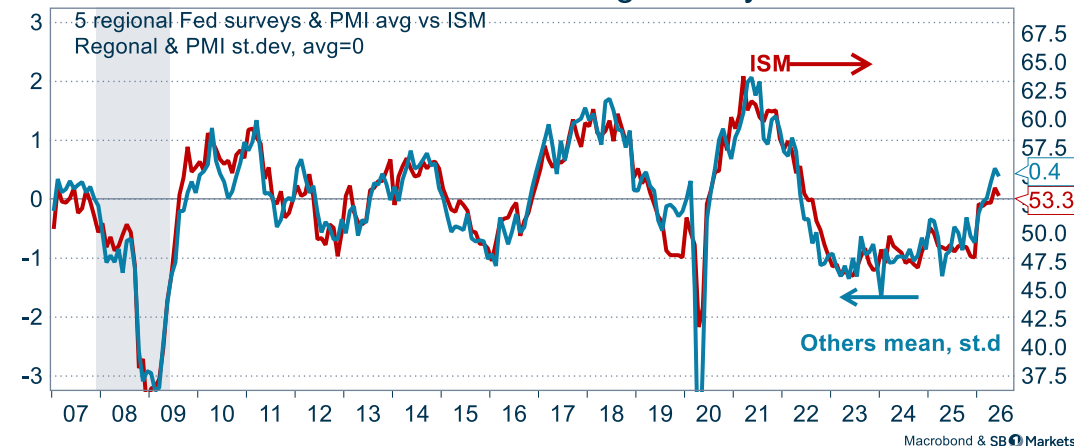
# US manufacturing surveys marginally down in June but remain above par

### USA Manufacturing ISM/PMI

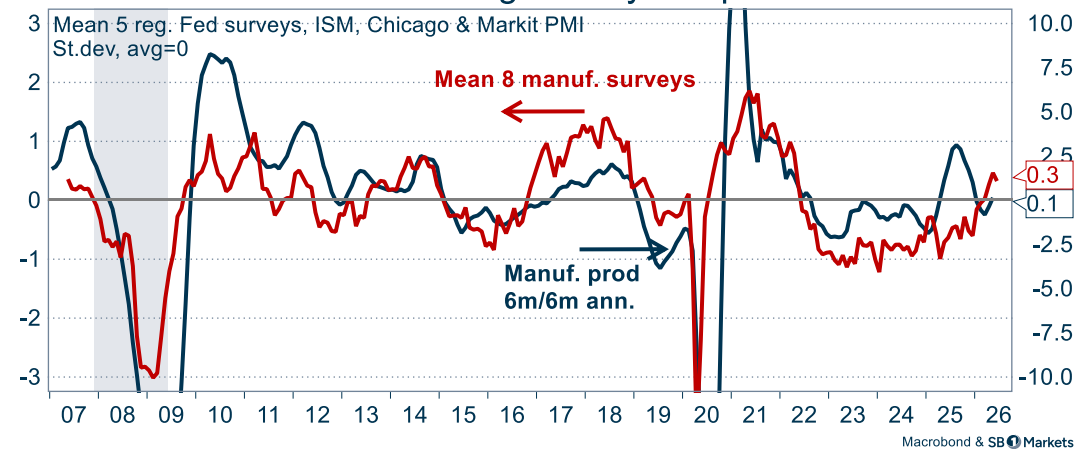


- **The correlation to actual production** is regrettably not that strong. **Production declined less** than these surveys have indicated the past 2–3 years. Still, the surveys do not signal that the gains of the past 12 months will be sustained.

### USA Manufacturing Surveys



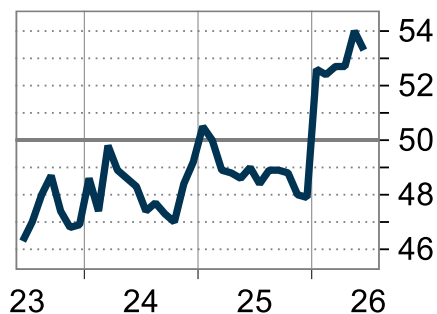
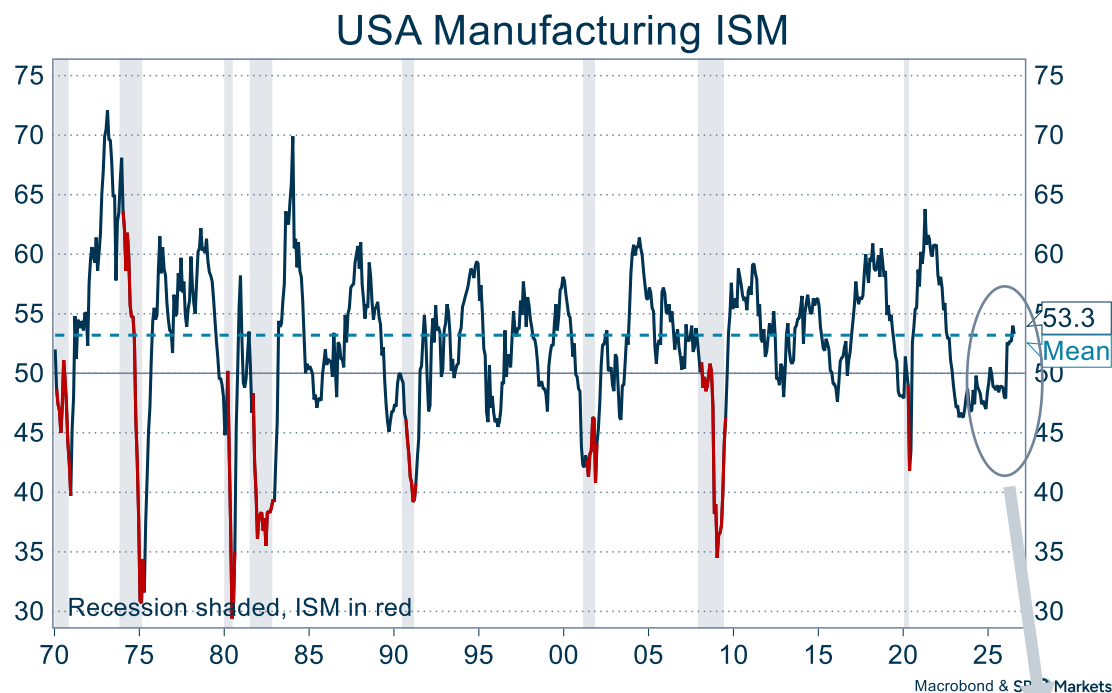
### USA Manufacturing Surveys vs production





# The US manuf. ISM declined 0.7 p to 53.3 but trends up and is close to an average level

The survey signals decent growth in manufacturing production. 14 of 18 sectors report growth. New orders are climbing rapidly (index 56.0)



## The details:

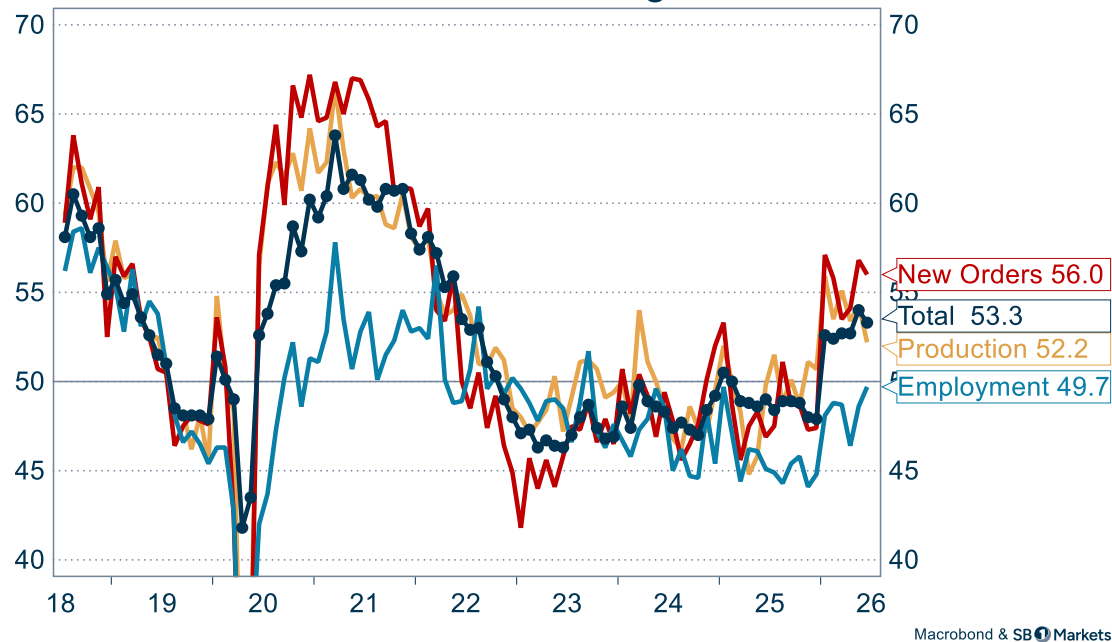
- The manufacturing ISM has recovered sharply since last December, from 47.9. Other surveys are up as well, and ‘something’ is going on in the manufacturing sector!
  - In June, the 3 of 5 sub-indices declined but not by much and just the employment index remains below the 50-line.
  - The price index turned south but is still at very high level and the mix between price up/down is highly unusual, and not at all directly related to the earlier lift in oil prices.
- **Comments: still weaker than the index number suggests**
  - Geopolitical tensions and tariffs are raising costs and complicating sourcing. Middle East conflict—especially around Iran—has pushed up prices for oil-linked inputs, while tariff uncertainty and trade policy changes continue to pressure margins, extend lead times and increase purchasing complexity.
  - Companies are prioritising resilience over efficiency. Firms are diversifying suppliers, adjusting inventories, revising sourcing strategies and strengthening risk management to cope with ongoing geopolitical, regulatory and supply-chain uncertainty. Demand remains uneven across sectors.
  - Defence-, semiconductor-, AI- and testing-related markets are relatively strong, while many industrial, medical and consumer-facing segments remain cautious, with customers delaying capital spending and favouring upgrades or refurbished equipment over new purchases.



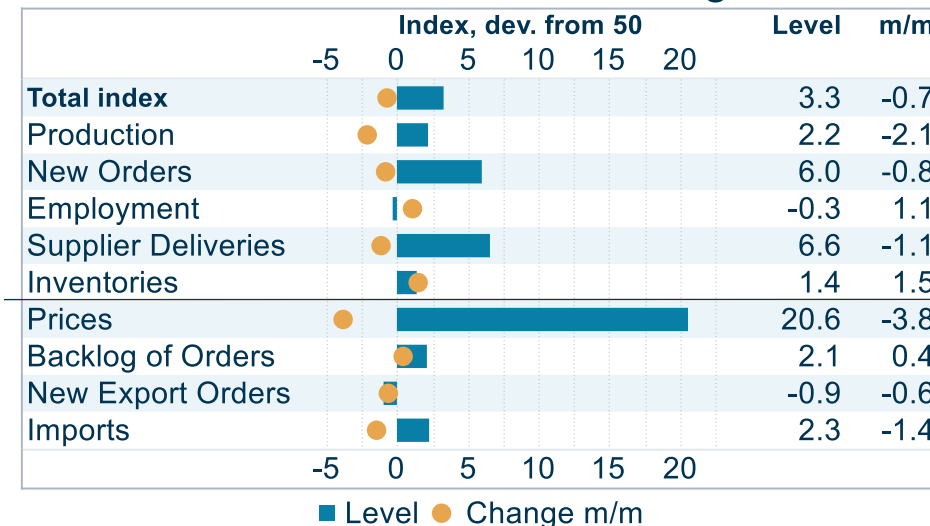
# ISM manufacturing details: production, orders slow. Prices increases remain wide-spread

Employment is below par, but not much anymore. 14 out of 18 sectors report growth, down from 16 in May (still up from 2 last Dec.).

### ISM Manufacturing, details

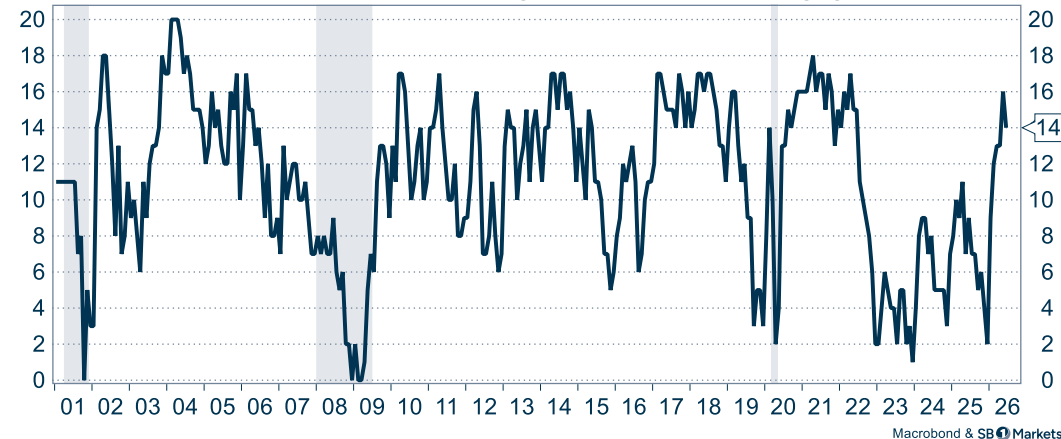


### USA ISM Manufacturing



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### USA ISM Manufacturing sectors reporting growth

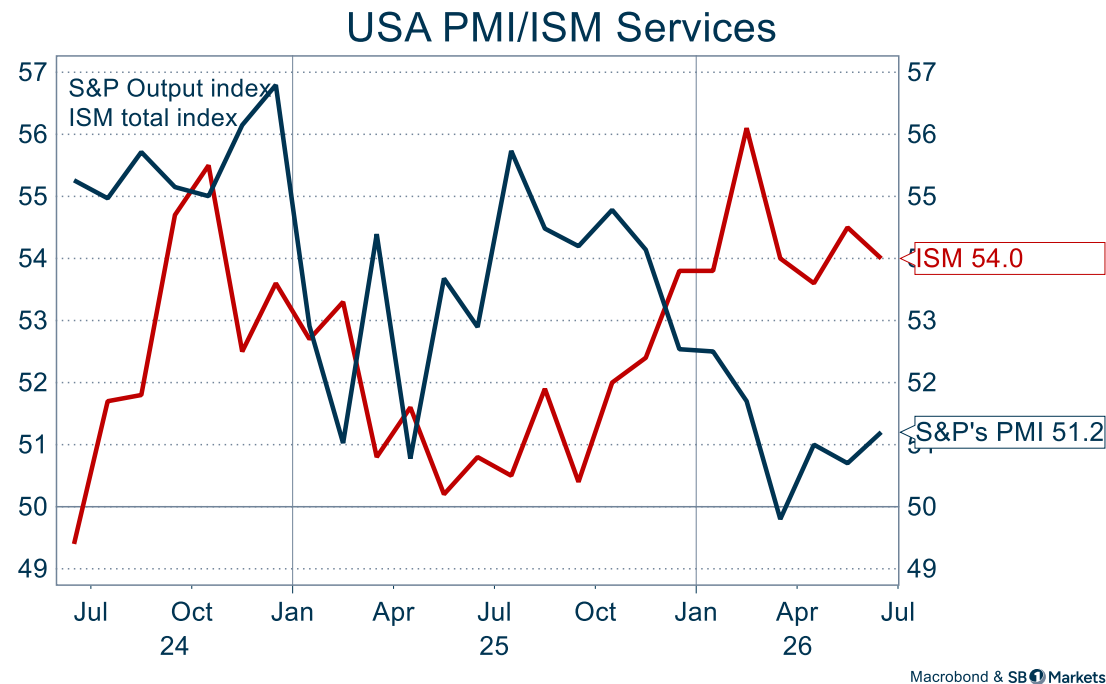
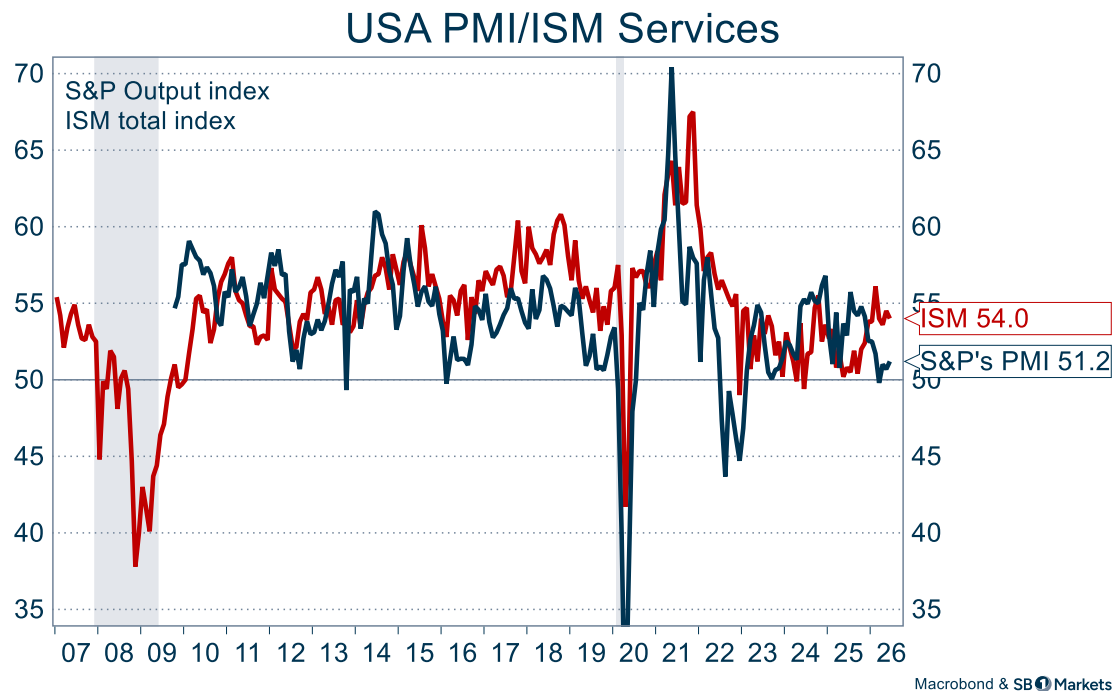


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# Services: S&P's PMI a tad up, ISM index down. ISM is close to average, S&P well below

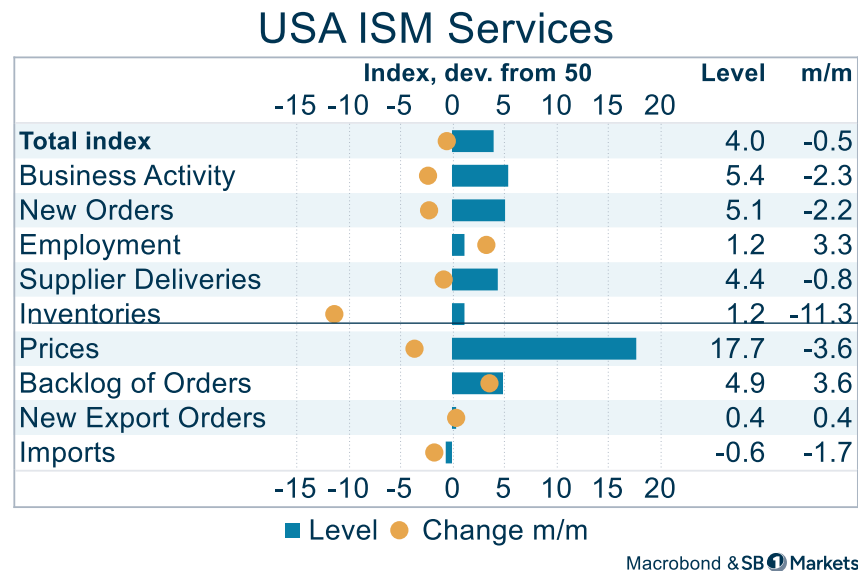
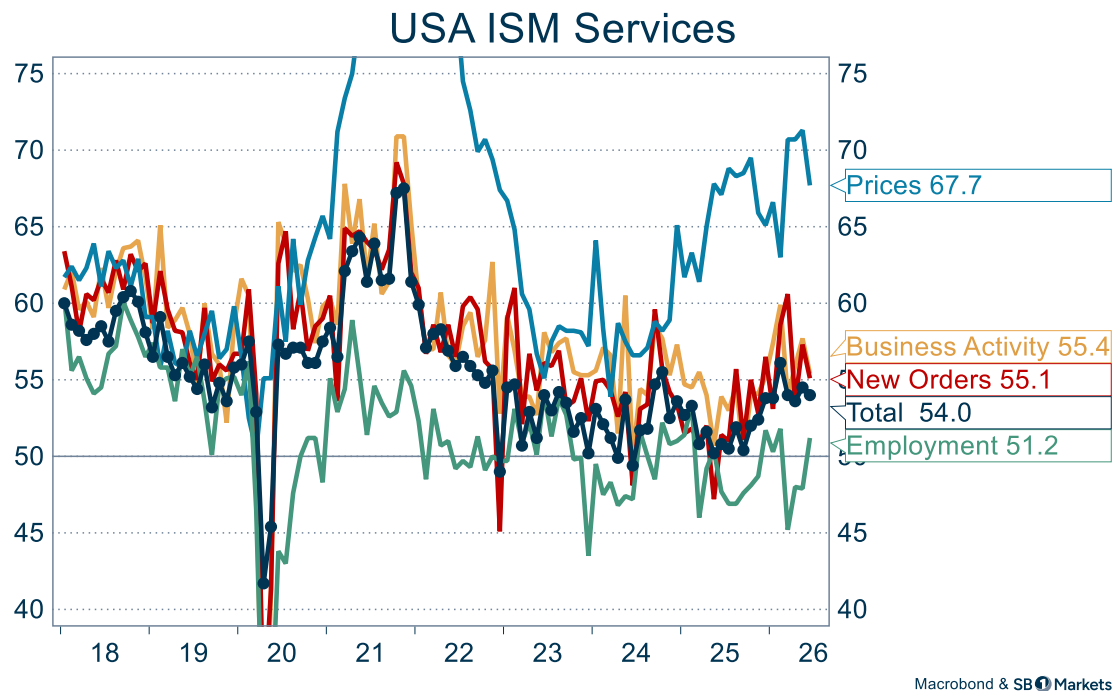
ISM index is well above the average of the past 3 years – in spite of the lift in energy prices. S&P is below even the 3y average.





# ISM services: a broad decline in sub-indices in June but none by much

Even the price index declined.

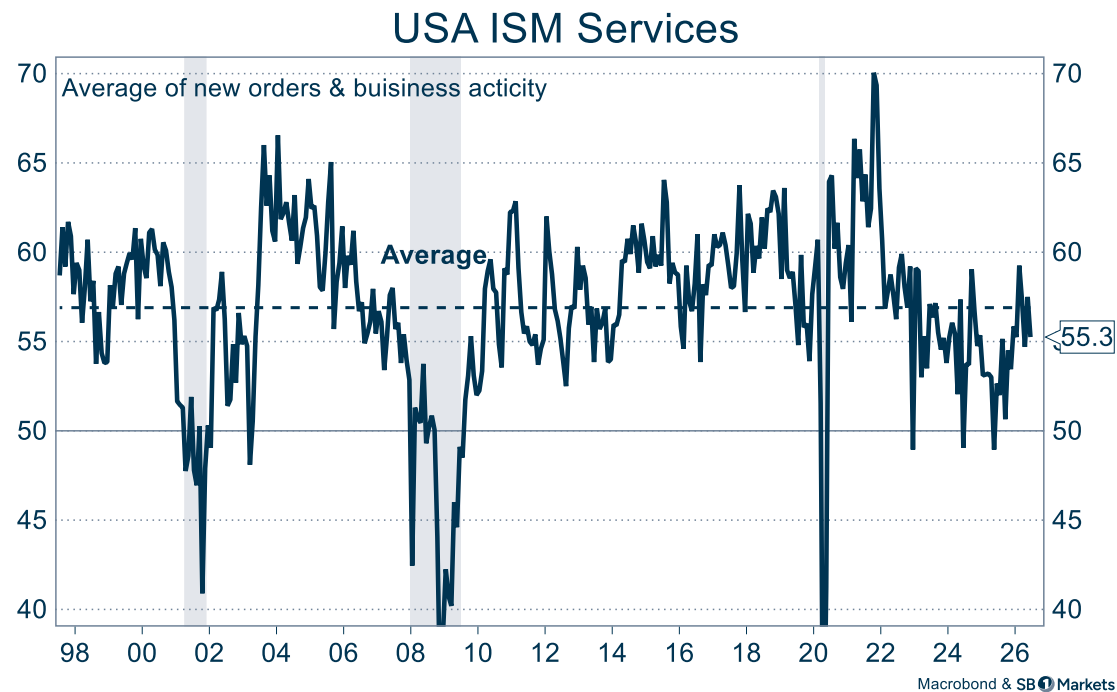


- **14 sectors** reported growth in June (from 17 in May), while 4 were down (none of the most important sectors (from 1)).
- **Respondent comments** were mixed but in sum more upbeat than last month
  - **Middle East conflict, tariffs and inflation** continue to lift costs. Higher fuel, fertiliser, freight and packaging costs are feeding through supply chains, while suppliers remain aggressive in passing on price increases and landed costs are increasingly affected by tariffs and trade restrictions.
  - **Supply chains are resilient overall**, but capacity constraints persist in critical sectors. Lead times remain extended in utilities, construction and technology-related products, with semiconductor, memory and specialised equipment shortages continuing to influence procurement and investment decisions.
  - **Demand remains broadly solid**, supported by infrastructure and services activity. Construction, healthcare, retail and professional services report healthy pipelines and business activity, although buyers are placing greater emphasis on cost control, capacity assurance and strategic sourcing amid ongoing uncertainty.



# The ISM services orders & business activity down to below average in June

..but still above the average of the past 3 years.





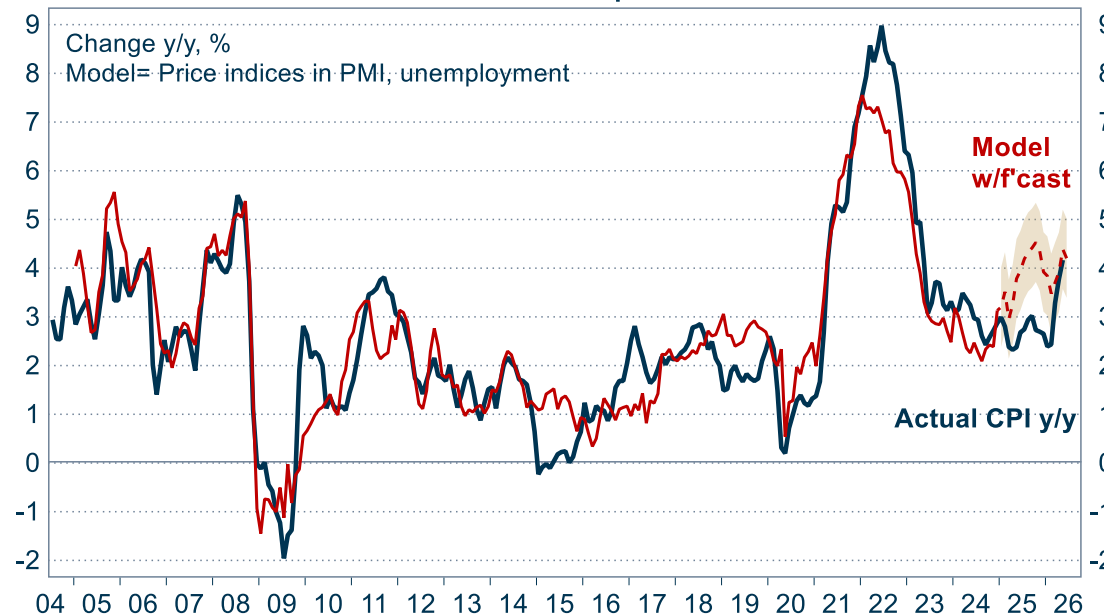
# ISM price indices down in June but do not signal much lower inflation

### USA ISM input prices



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### USA CPI vs. PMI price indices

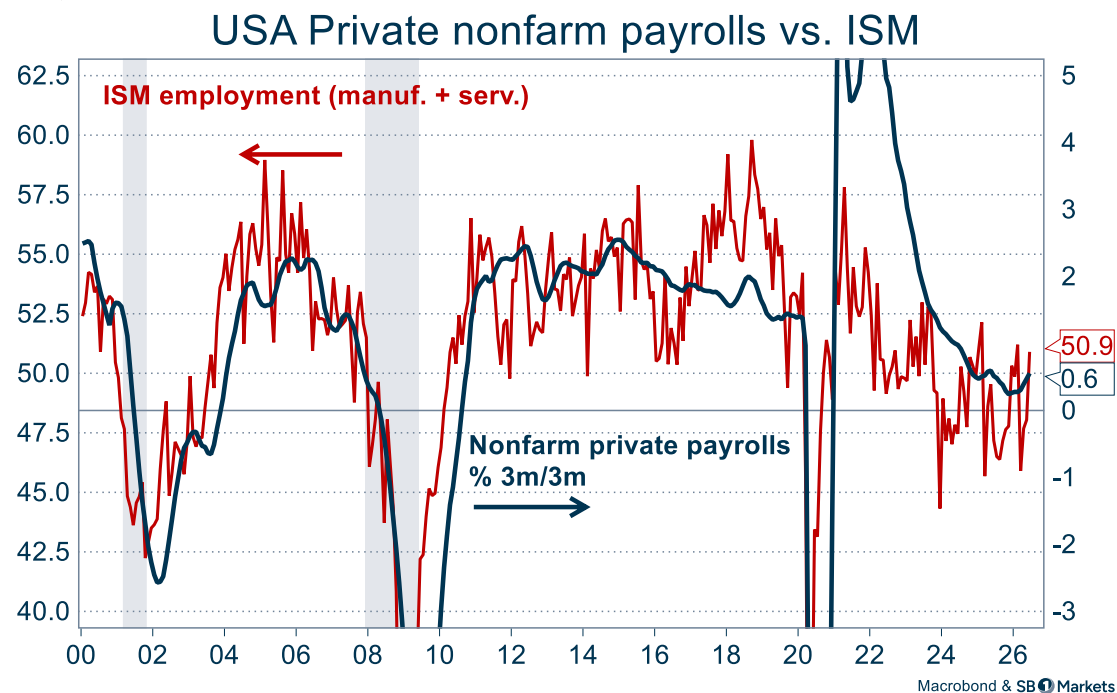


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# USA: ISM employment indices further up in June

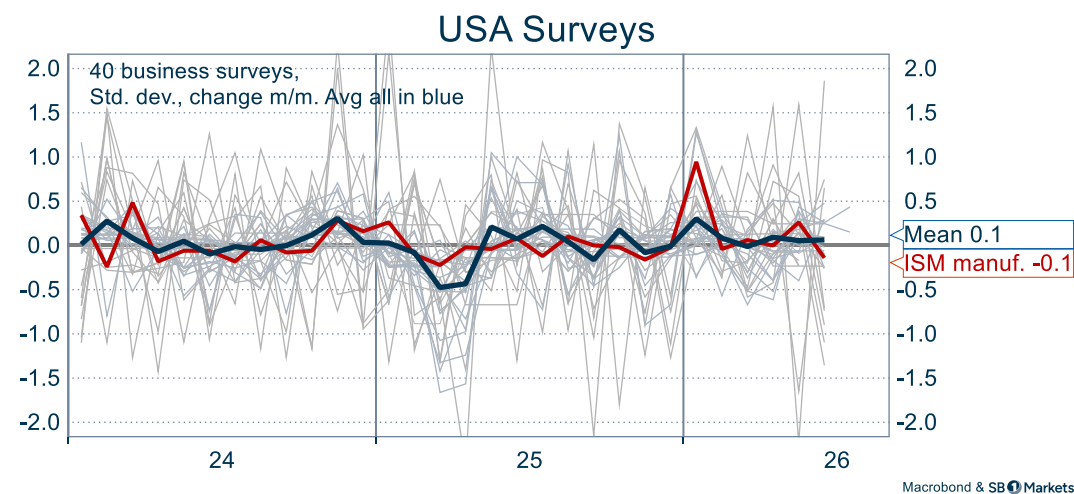
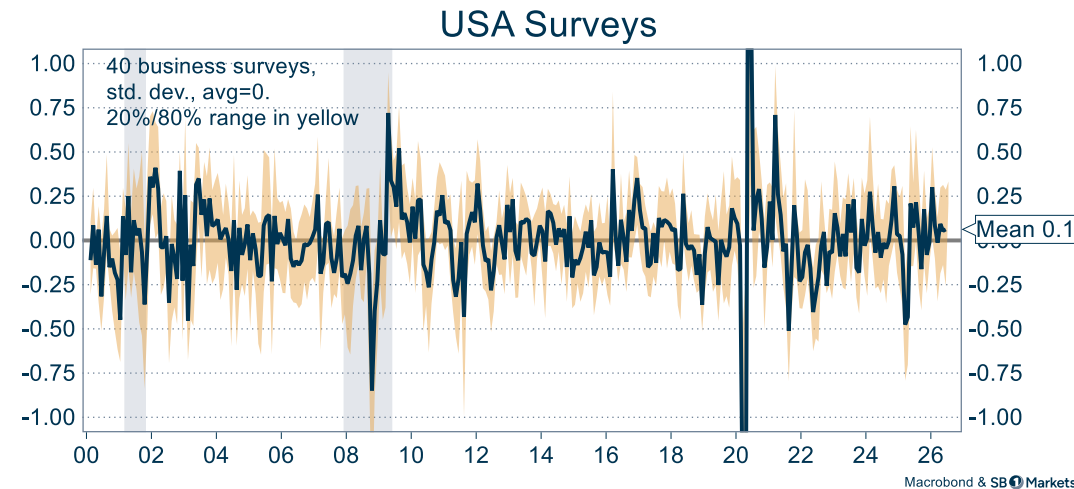
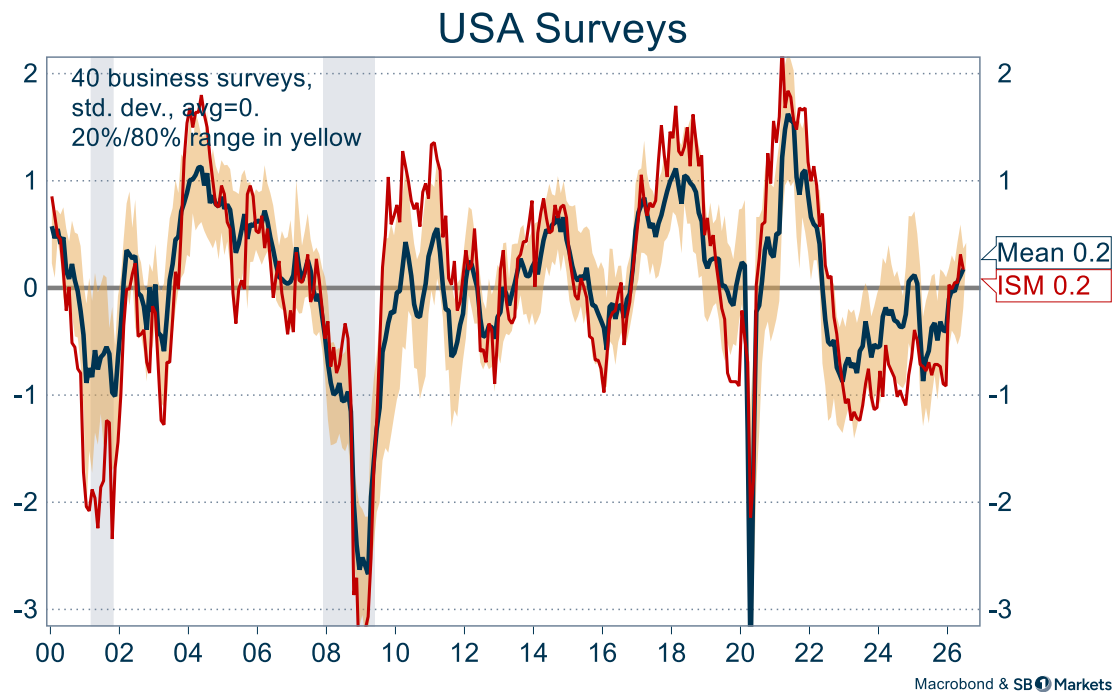
... and signals further growth in payrolls. However, monthly survey prints are volatile and the average over the past 2 years is low





# 'All' US surveys: marginally up in June. The level is slightly above average

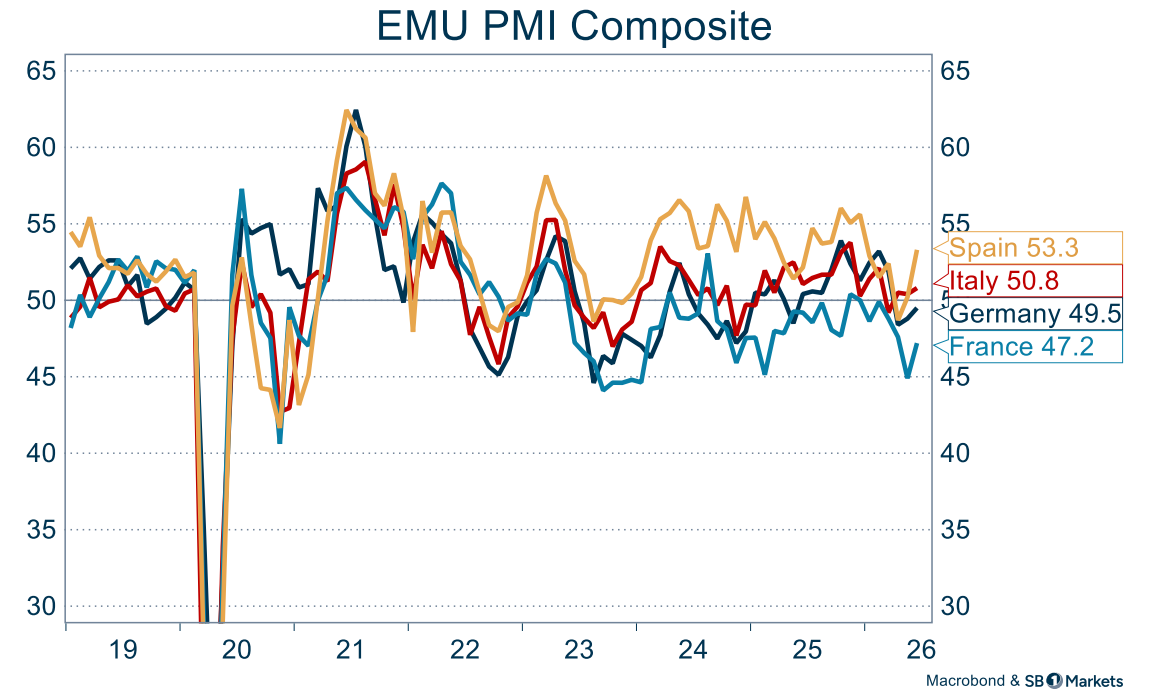
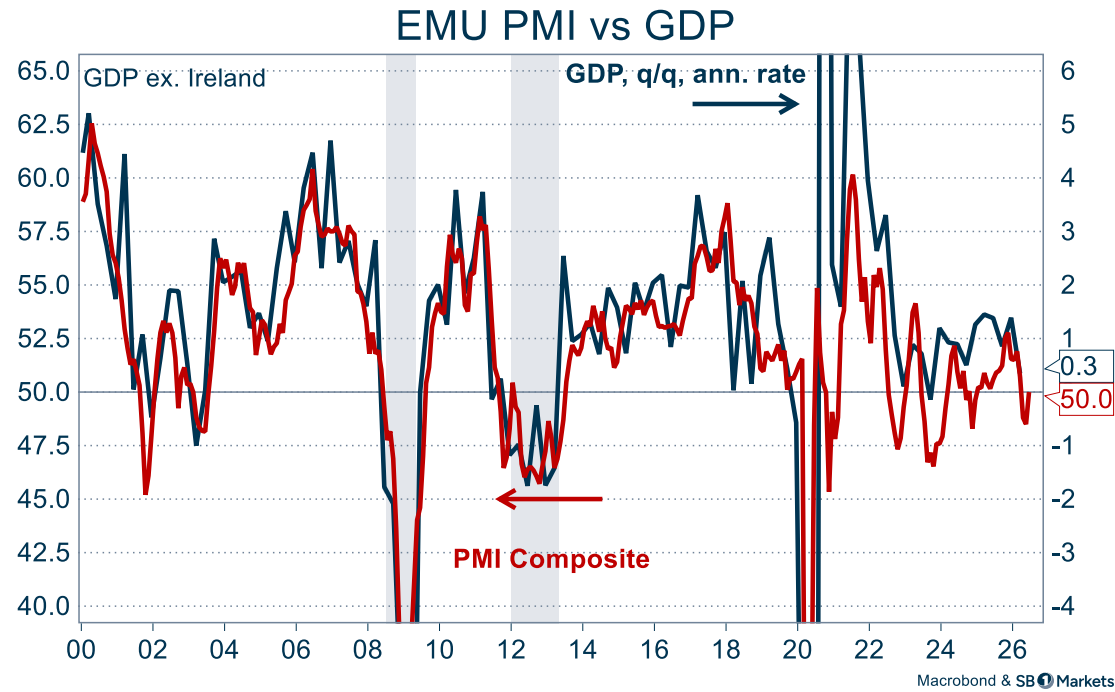
Which signals growth at slightly above trend. However, **growth has been stronger** than signalled by these surveys the past 3 years.





# The EMU composite PMI revised up 0.5 p (sum +1.5p) to 50.0 → **zero growth**

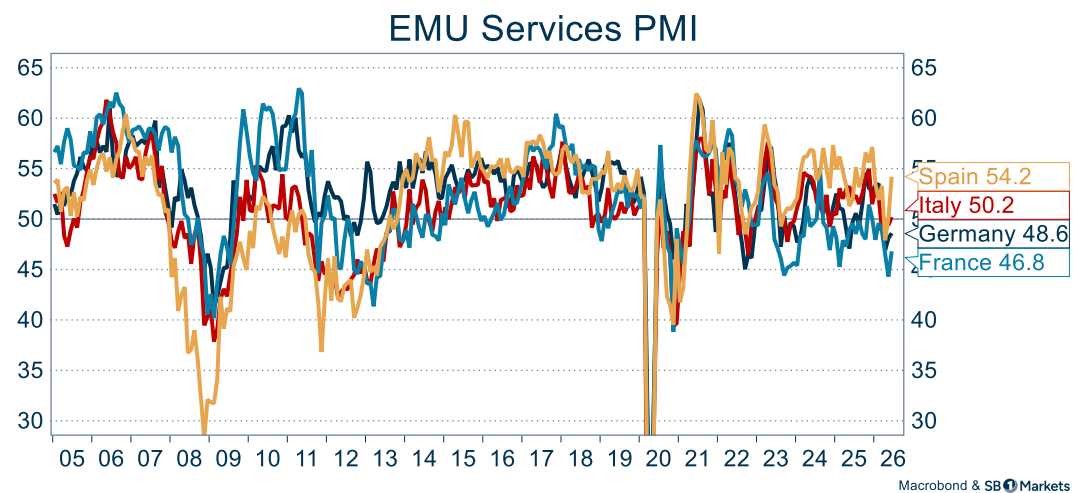
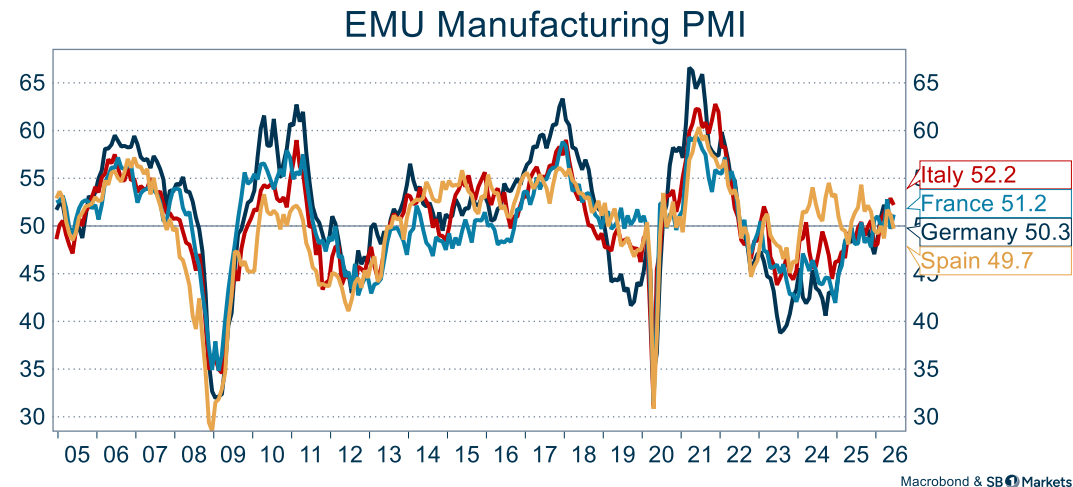
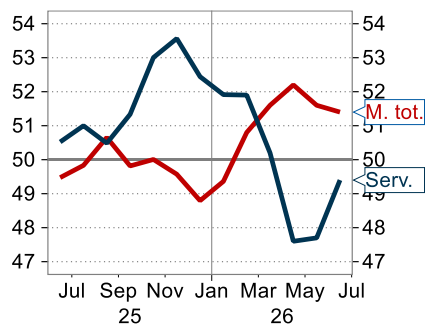
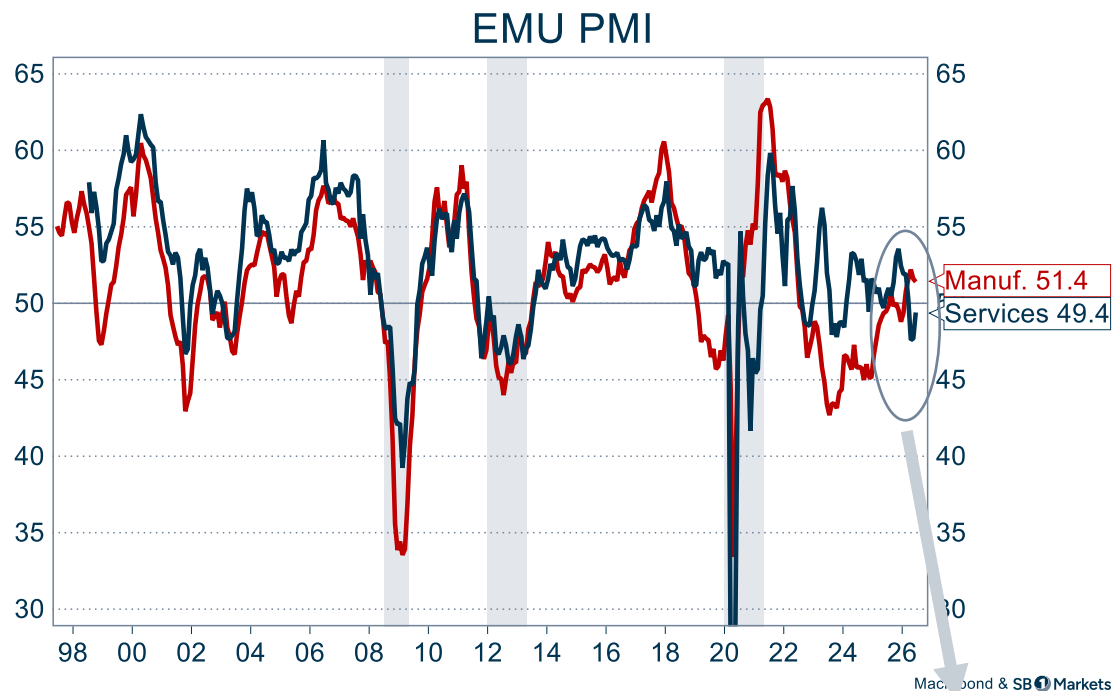
Services were revised up vs. the flash estimates (both France and Germany), and Spain was better than expected as well. Even so, the services PMI is well below the February level while manufacturing is above. The composite is below – and no EMU GDP growth is signalled





# EMU PMI: manufacturing stays well above 50. Services still report a contraction

The continued recovery in manufacturing is broad based (just Spain is below the 50-line). Services are weaker, due to Germany and France

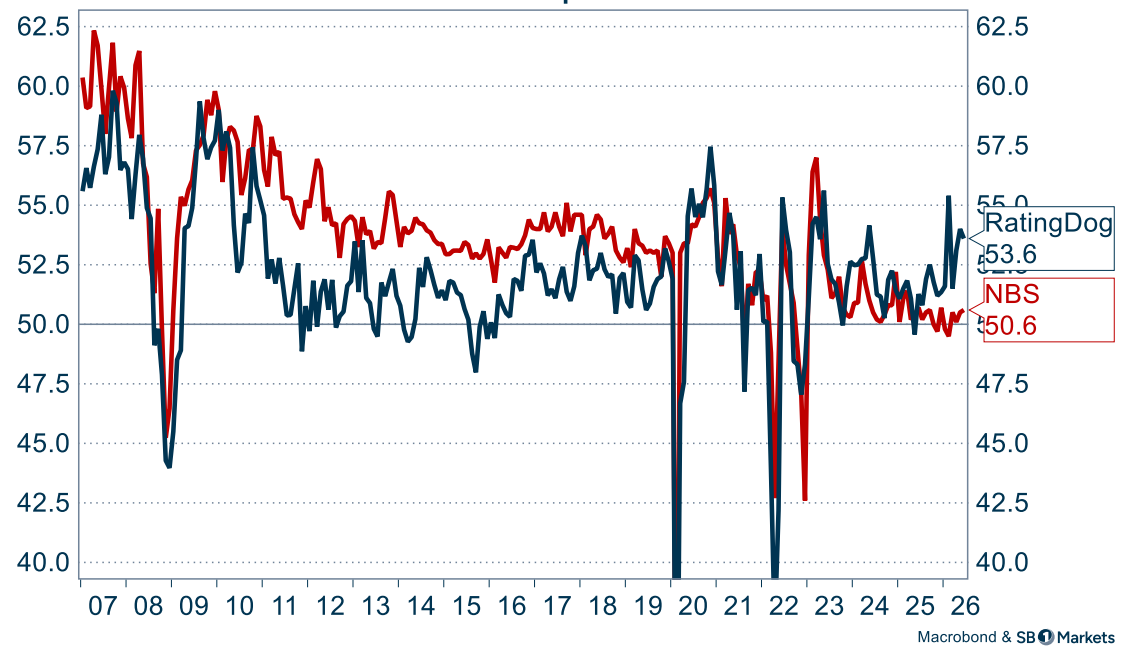




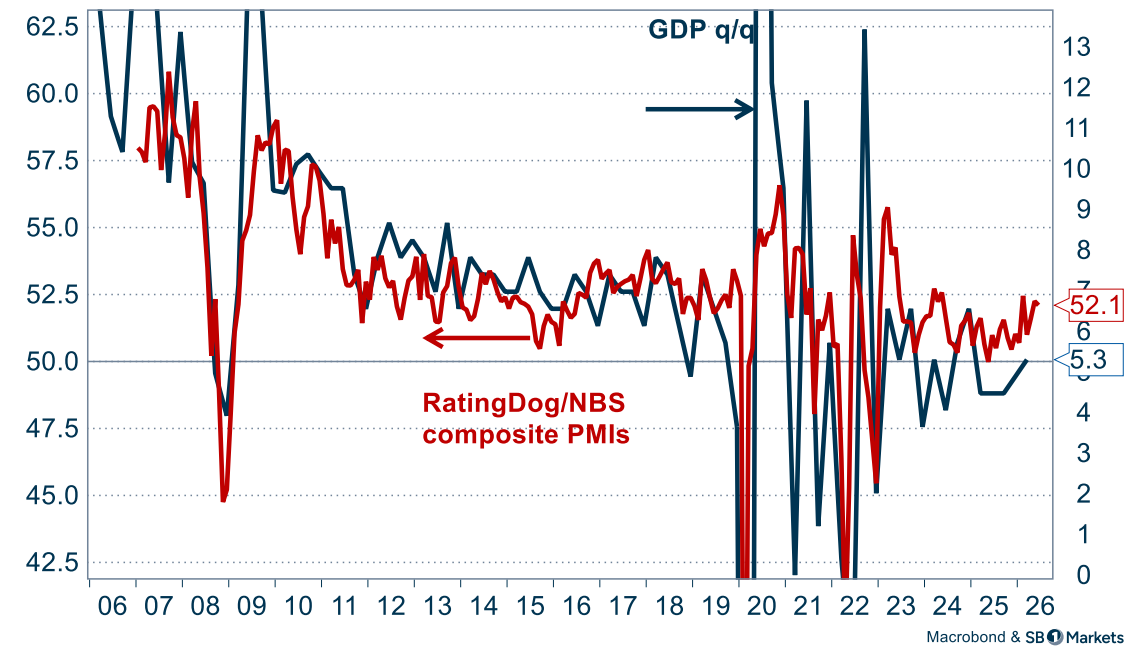
# China: June's PMI marginally down but the average of the two sets OK but...

RatingDog's 'private' composite index remains at a high level, supported by both manufacturing and services – but actual growth data has been more in line with NBS's PMI lately.

### China Composite PMIs



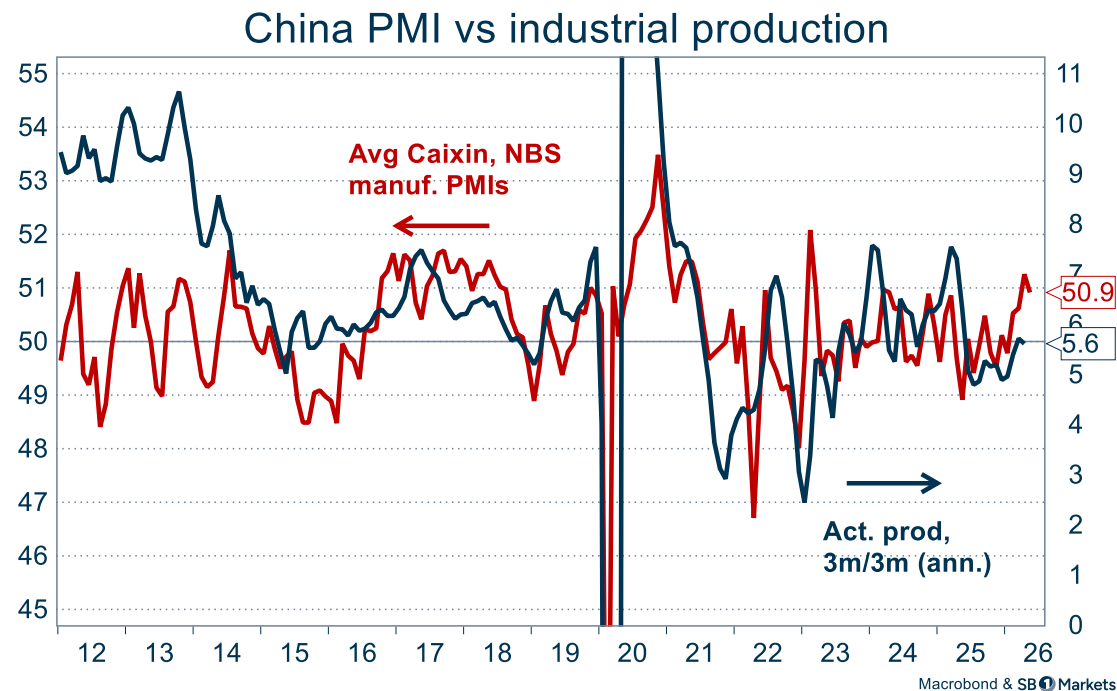
### China PMI vs GDP





# China's manuf. sector PMIs: no agreement; NBS report weak growth, and has been right

Small changes in June, and RatingDog's index remain far above a normal level, while the NBS survey is close. RD's index has been at an elevated level 3 of the 4 past months, without the real economy so far taken notice. **Taken together, moderate growth is signalled**

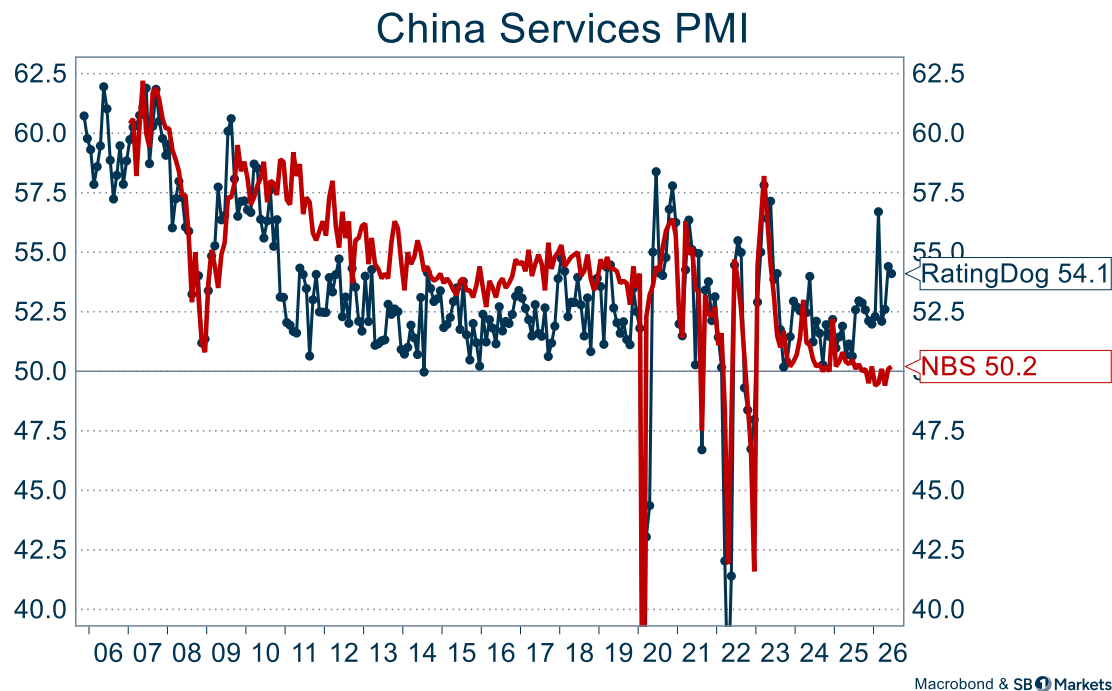


- The average of the two indices was unchanged at 50.9, which is well above both the short- and long-term average – but the RatingDog's prints recent months have not been correlated to actual growth in manufacturing production.



# China's service sector PMIs: no agreement; NBS report weak growth, and has been right

RatingDog's private sector PMI has reported strong growth in recent months, but actual growth data has been far more in line with the dismal NBS PMI report, which is close to the lowest level ever, if there has not been any 'obvious' (corona) crisis.



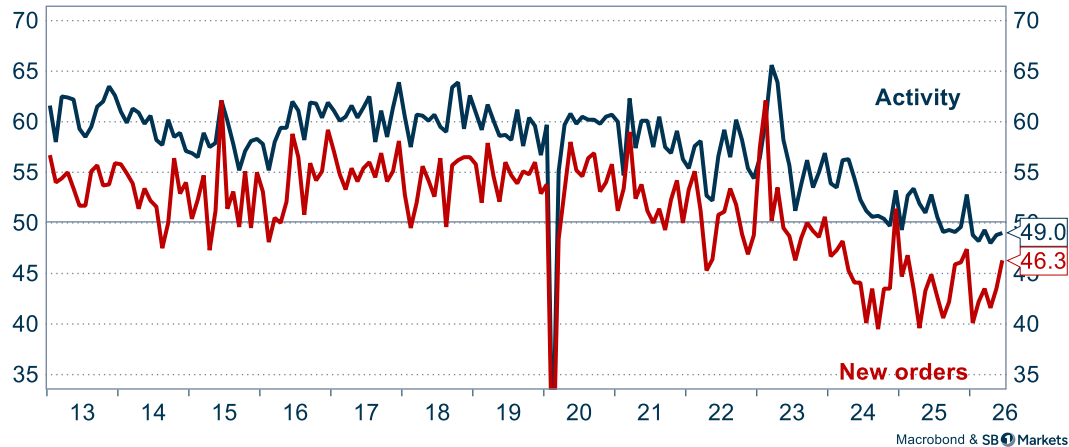


# Construction PMI: up but still weak

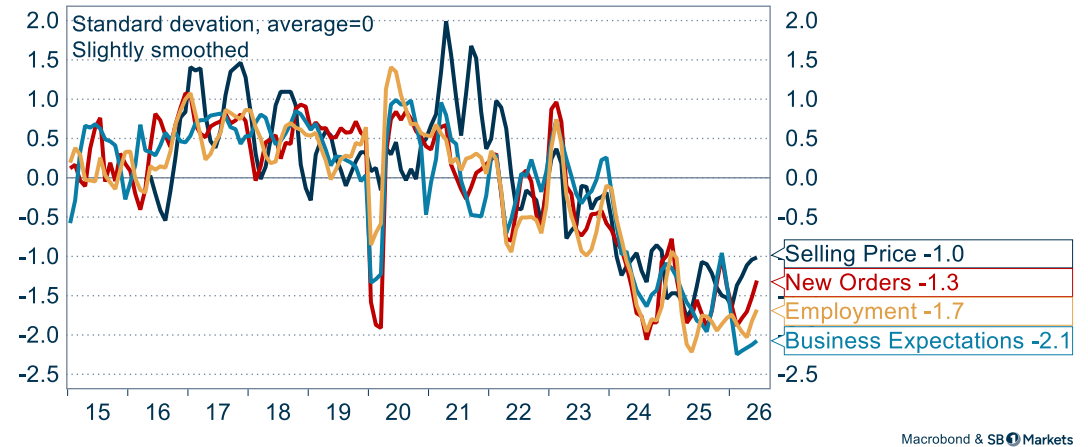
Both the PMI and various construction surveys show a consistent trend: **activity continues to decrease**

The positive aspect? *Construction starts remain just slightly above the zero mark! But that's all.*

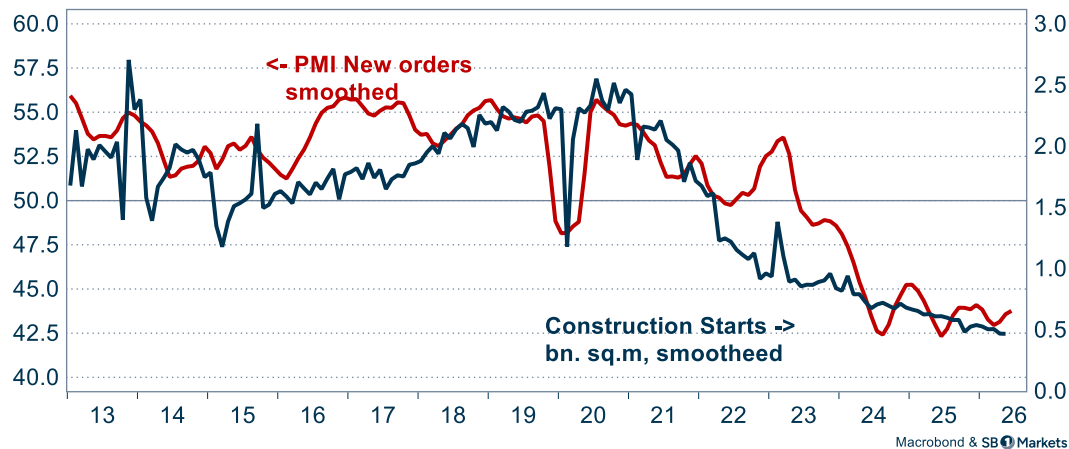
### China CFLP/NBS PMI Construction



### China Construction PMI



### China CFLP/NBS PMI Construction

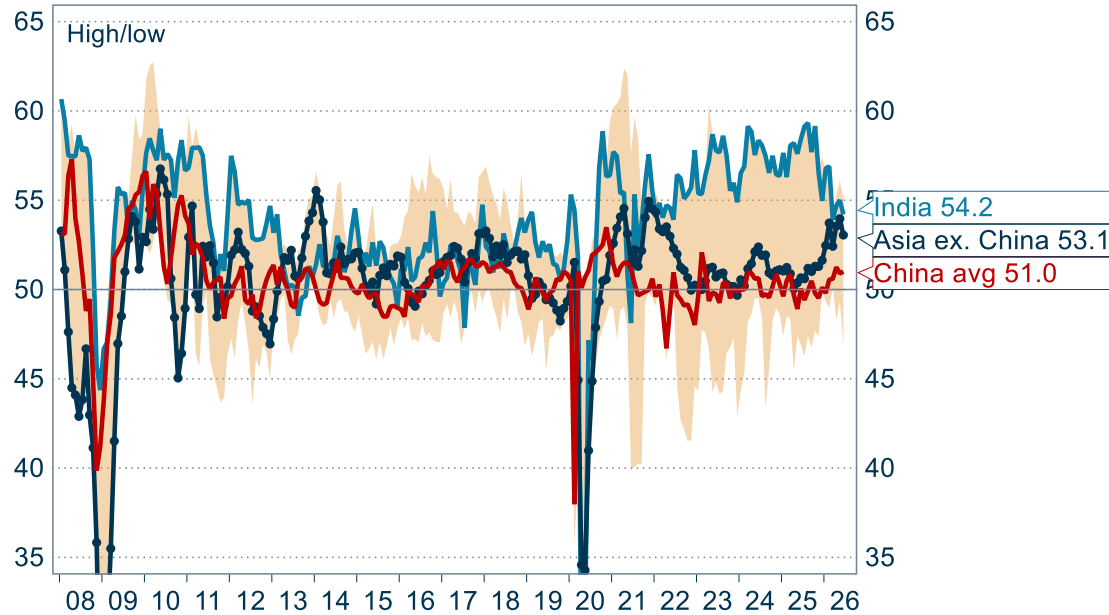


- The PMIs are formally **growth indices**, not companies' assessments of the level of orders, production etc. However, we suspect companies to report a mix of change and level in activity.
- The current PMI does **not signal any recovery in the sector.**
- On the other hand: the downside in the construction sector is limited, given the 80% decline in construction starts from the peak in 2020. The trend in starts is still down.
- **The steel sector PMI** signals growth above trend, and production has stabilised since last summer.

# Asian manufacturing PMIs: More down than up in June but the level is still OK

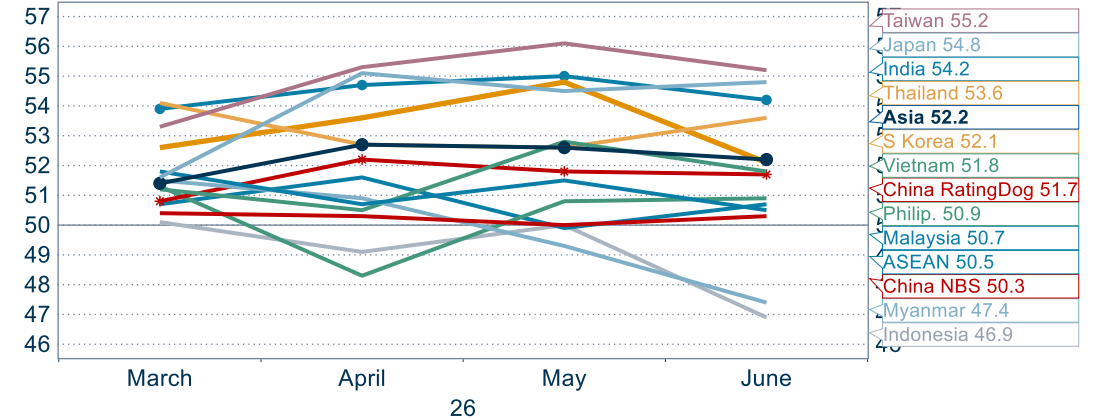
Taiwan and Japan (!) in the lead, while South Korea slowed considerably. India is not in the lead anymore, but the level is still on the high side. China rules at the bottom half, Indonesia at the bottom.

Asia Manufacturing PMI



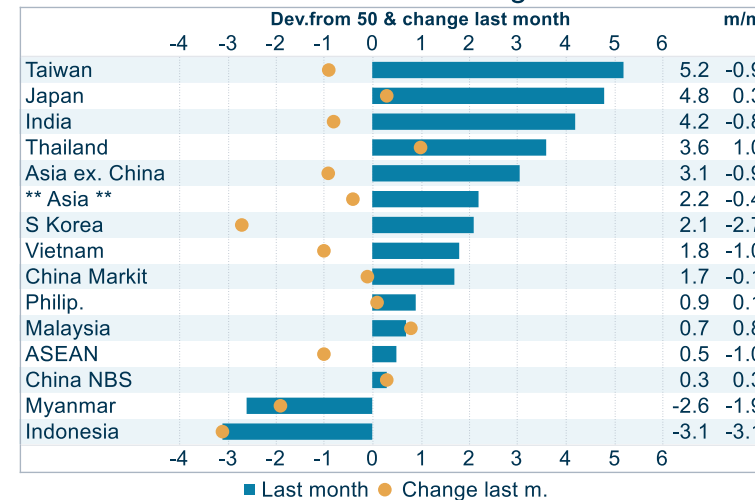
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Asia Manufacturing PMI



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PMI Manufacturing



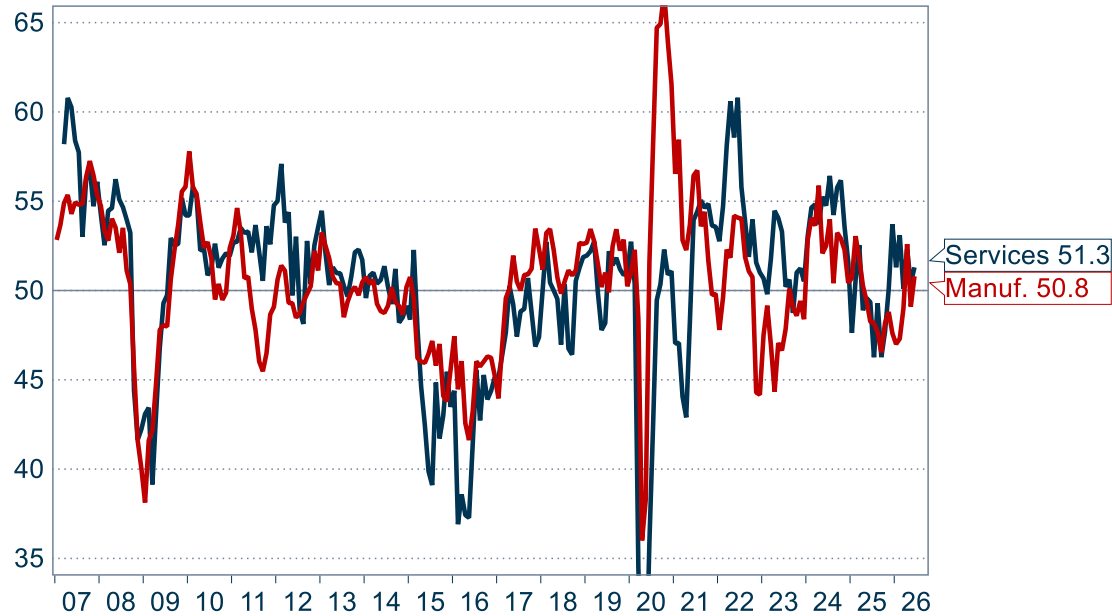
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# Brazil: Both manuf. & services up in June, the comp. +1.2 p to 50.7 → **no growth?**

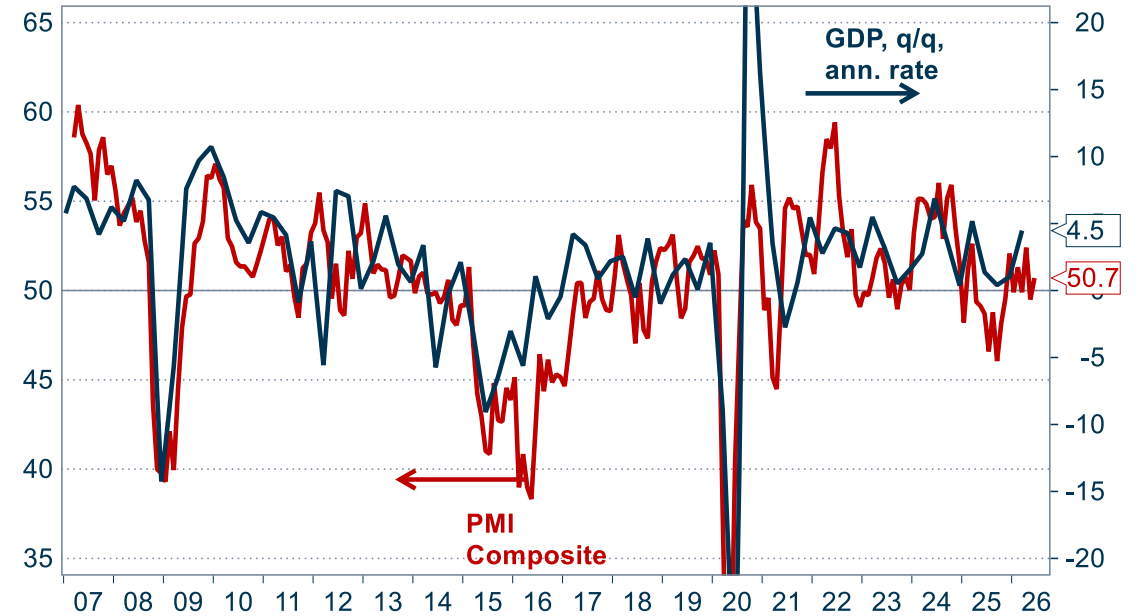
The PMIs are volatile and not closely correlated to GDP growth. The current PMI prints in line with the level the recent months – and the Gulf war/higher oil prices have not hurt the Brazilian economy.

### Brazil PMI



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### Brazil PMI vs GDP

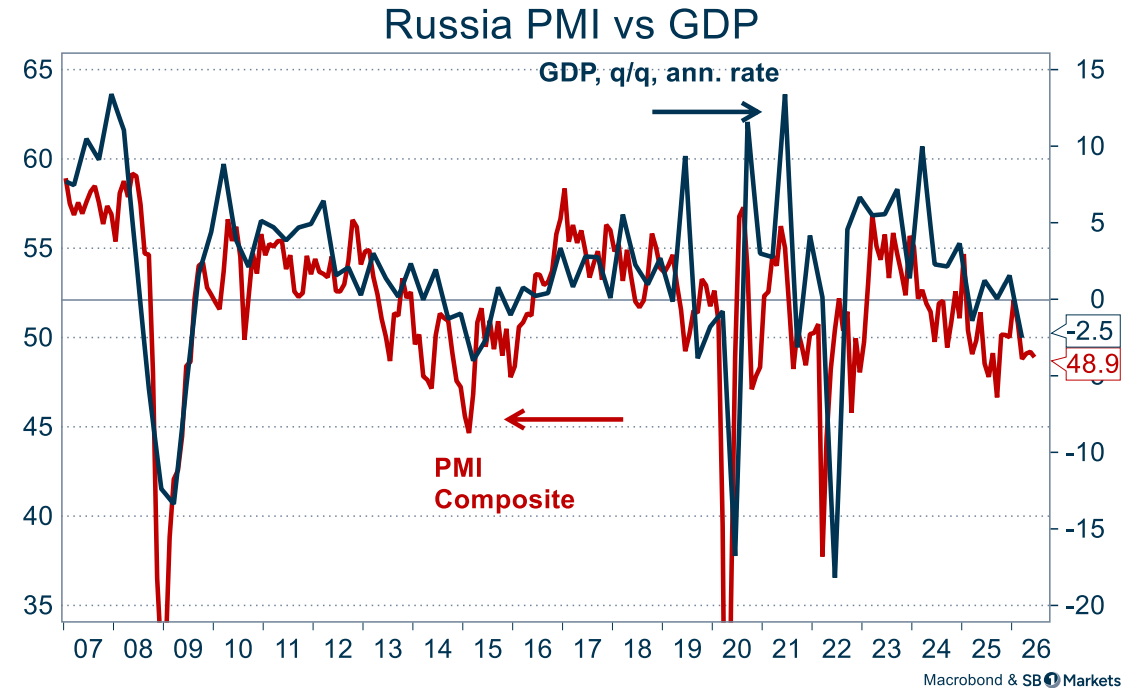
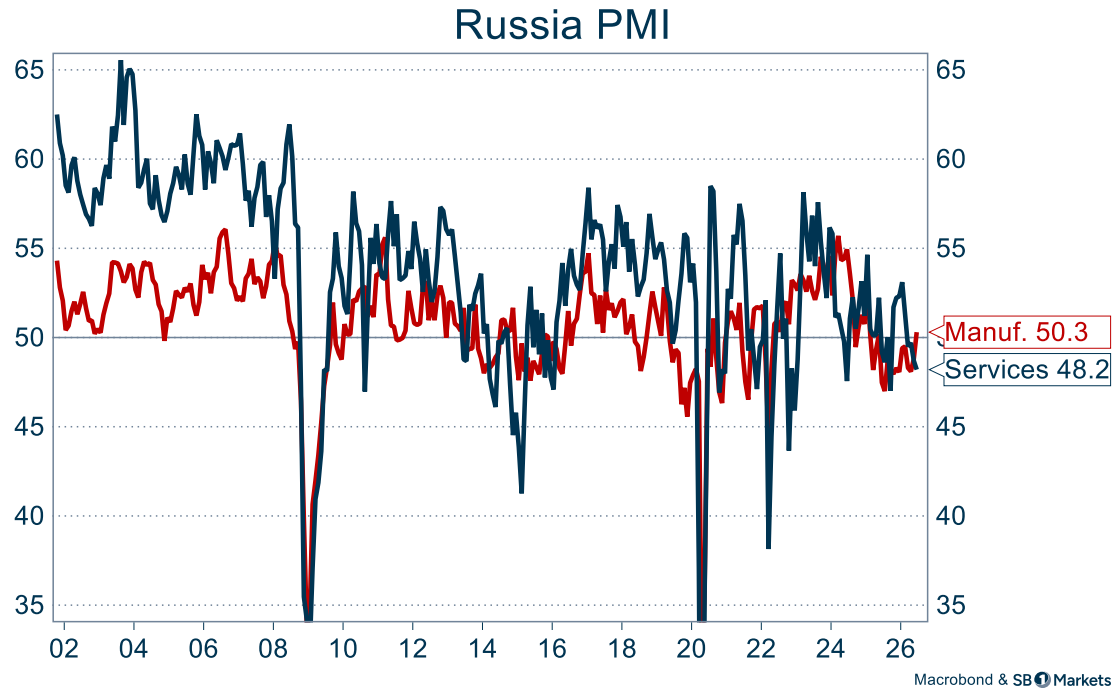


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# Russia: the composite down to 48.9 → **still a GDP contraction?**

Services continued downwards, while the manufacturing index rose a tad, to above the 50-line. The composite PMI has been below 50 since last February, which cannot be a positive sign.



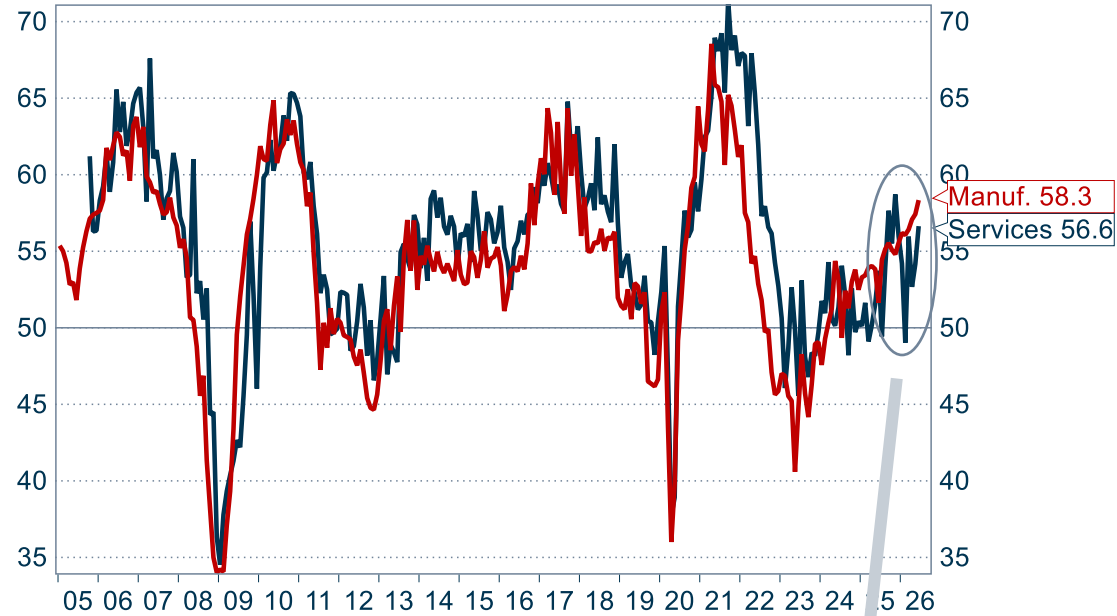
- **The correlation** to actual GDP growth is not very tight, and reported growth has been higher than the PMI has signalled since the pandemic. Even so, GDP is not unrelated to the PMIs.
- **In Q1**, GDP contracted at a 2.5% pace (but is still up just 0.1% y/y).



# Sweden: Both manufacturing & services up, the comp +2.0 p to 57.1 → GDP >3%

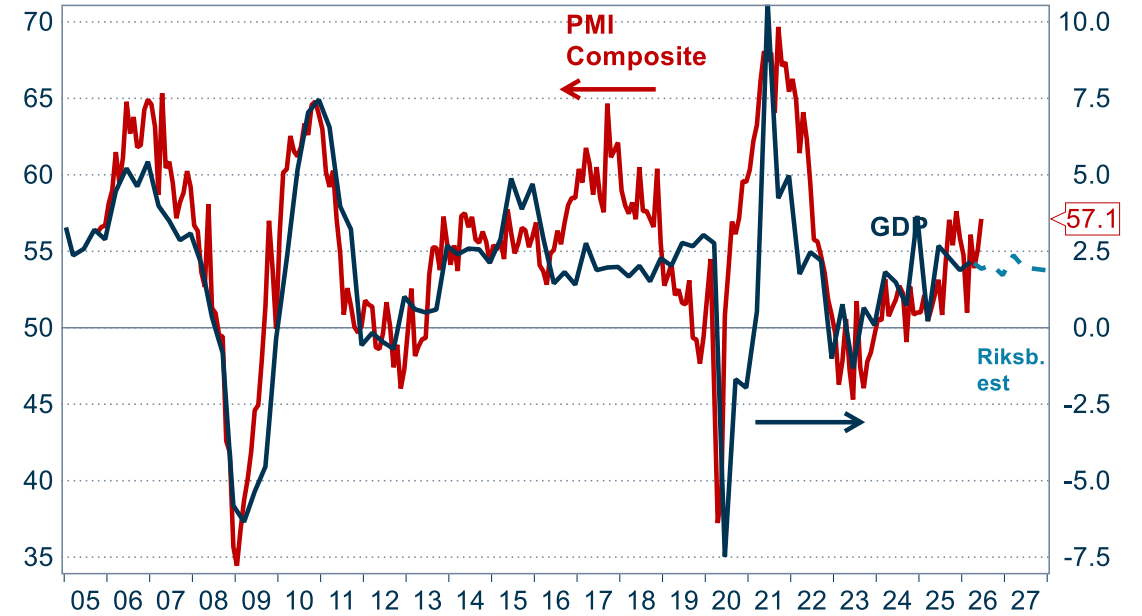
Sweden remains at the top of the global ranking and even if the level are not that high, the PMIs signal at least 3% GDP growth. Manufacturing remains in the lead, but services have recovered sharply recent months.

### Sweden PMI

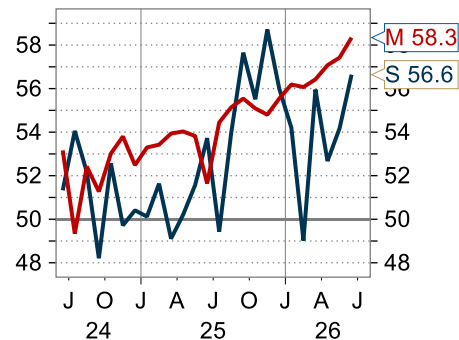


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### Sweden PMI vs GDP



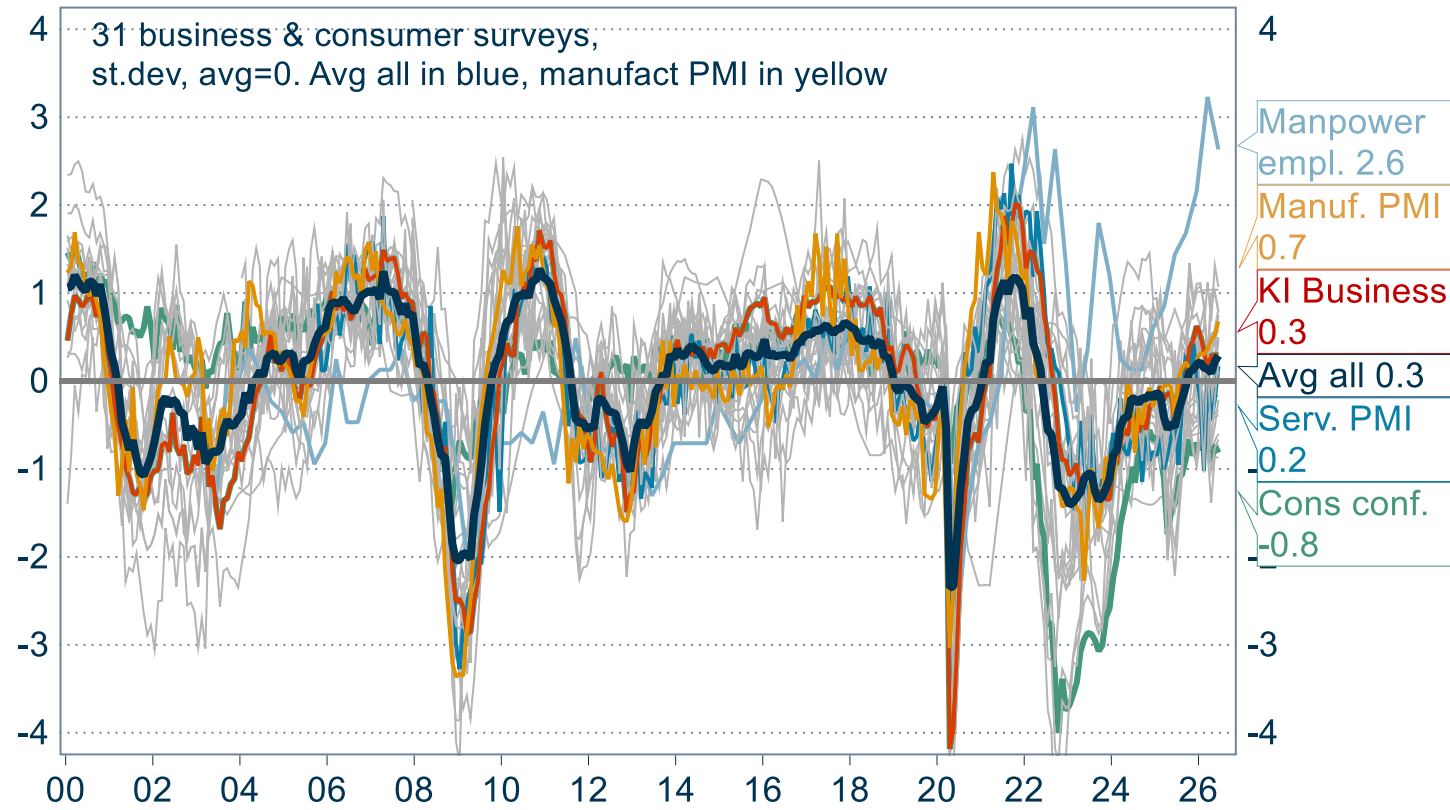
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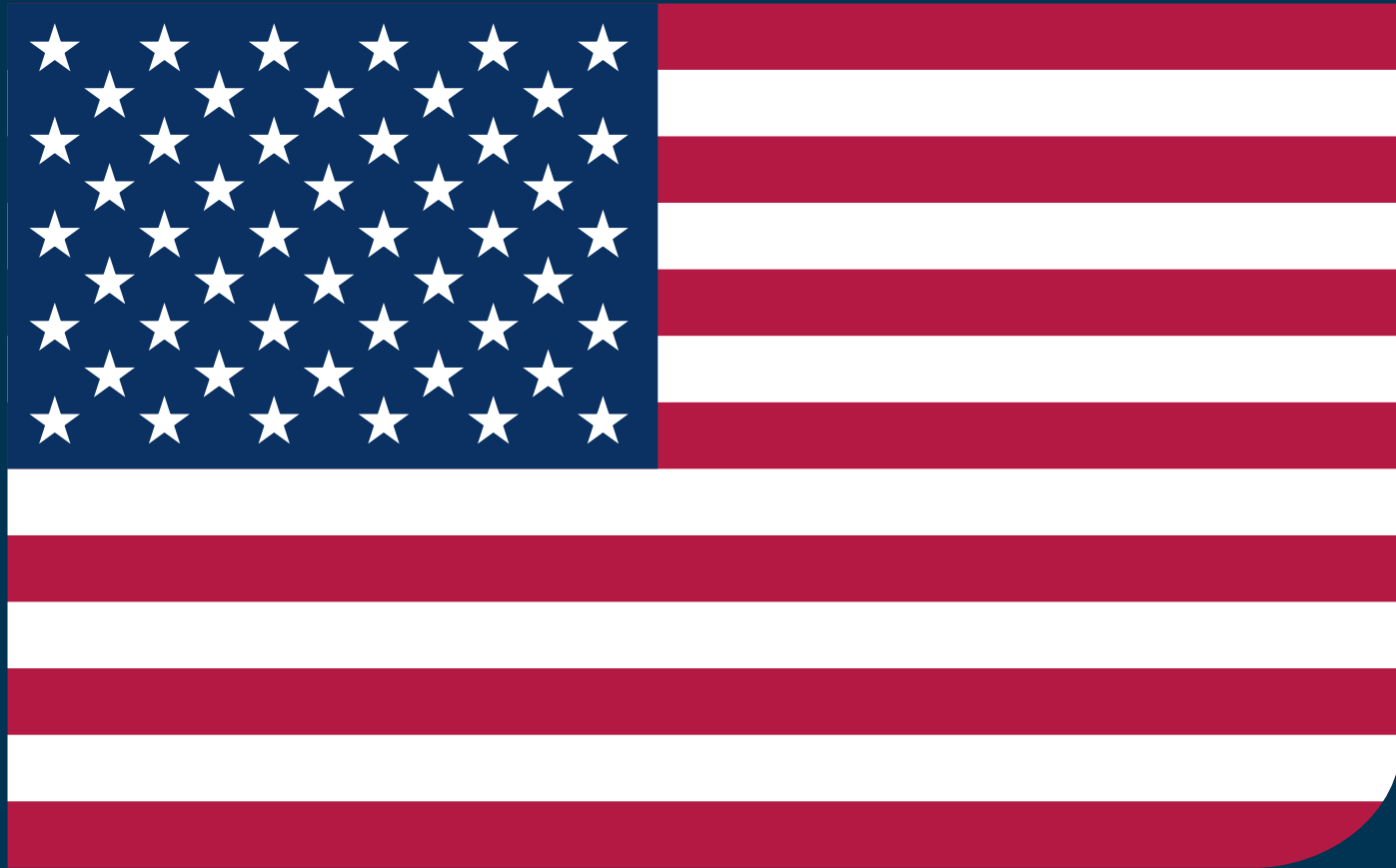


# Surveys up in June, on average to 0.3 std. dev. above par

## Sweden Surveys



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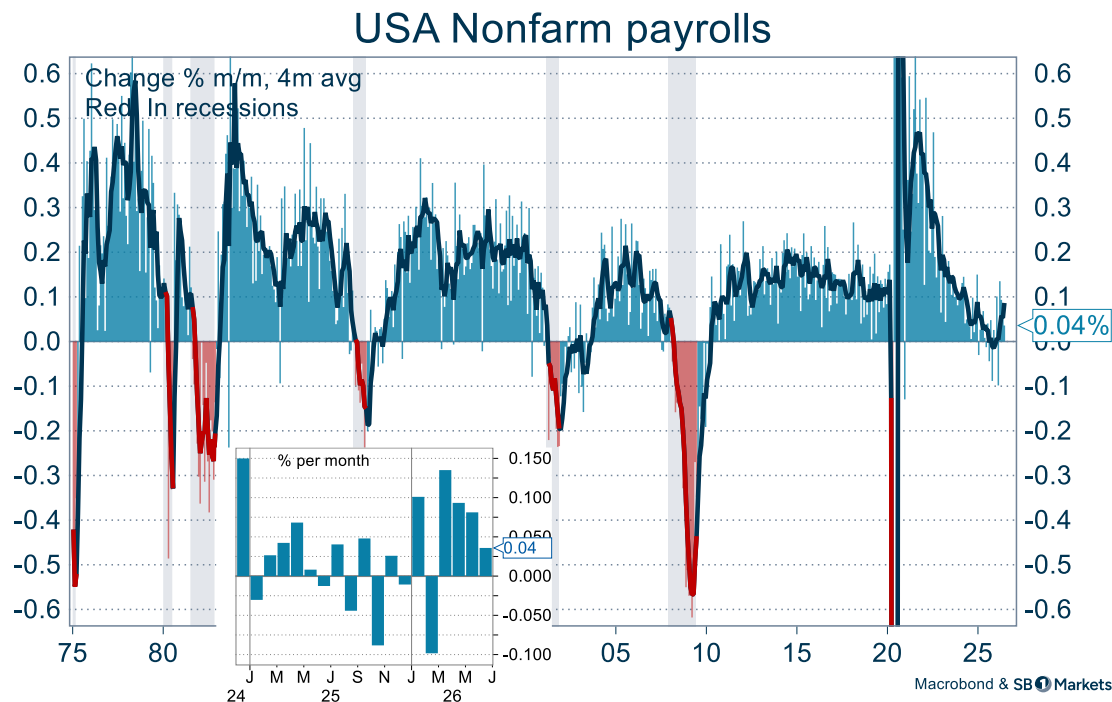


United States



# Payrolls growth slowed in June, story revised down – but unemployment fell 4.2%

Payrolls grew 57,000 persons, half the expected gain. The 2 prev. months were revised down, but the 3m avg is at 111', very likely above growth in the labour force. Unemployment declined 0.1 pp to 4.2%, and trends down. Job openings were better than expected. Wage inflation slows



- Thus, a mixed bag from last week's labour market data.
  - **Growth in payrolls** has picked up steam recent months, following dismal growth in H2 last year, where federal payrolls were cut and growth in private payrolls slowed to a trickle. Underlying growth equals is some 1%, which is above most estimates of growth in working age population.
  - In June, a 61' drop in payrolls in **leisure & hospitality** (hotels, restaurants) was an unexpected drag (no World Cup impact).
- **Total employment**, measured by the LFS ('AKU', household survey) has fallen so far in 2026, and the employment rate declined in June, while the participation rate declined even more – and the unemployment rate declined to 4.2% – for the 'wrong' reason. The decline in unemployment rate from 4.5% in last November is entirely due to a decline in the participation rate, and not a lift in the employment rate.
- **Total hours worked** are up 1,3% 3m/3m (=Q2) in line with Atlanta Fed's Q2 GDP forecast.
- **Wages** rose 0.35 m/m, expected 0.3%, and the annual rate rose 0.1 pp to 3.5%. Still, underlying growth in recent months **has fallen to below 3%**!

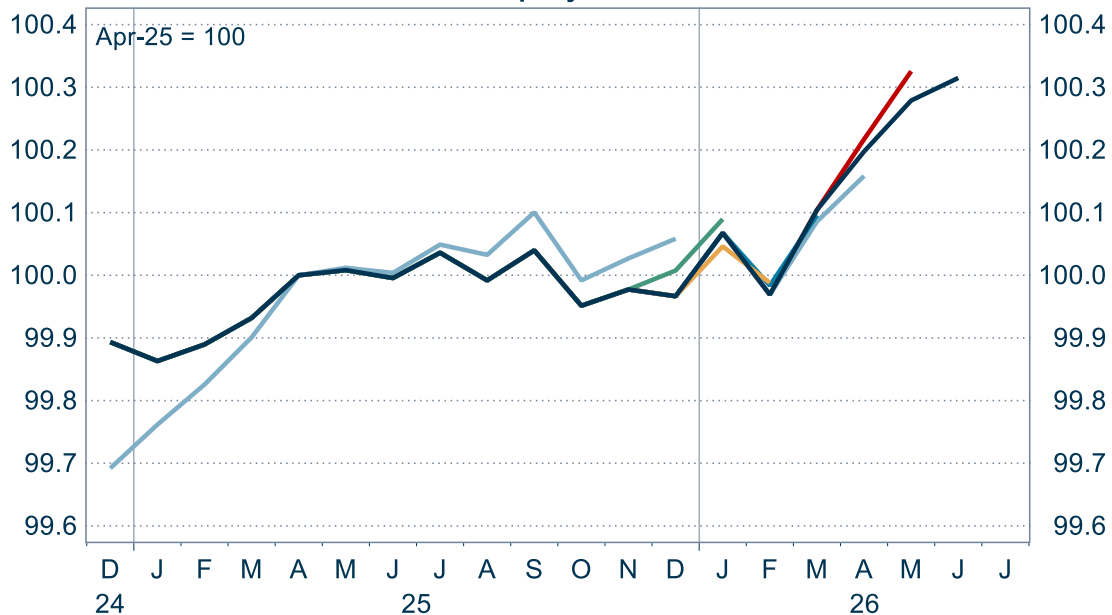
- **Other labour market indicators** were **mixed**. The **job openings rate** was unchanged at 4.6% in May, expected down to 4.4% following the 0.5 pp lift last month. This vacancy rate is the highest since late 2024. Both **hirings and quits** were unchanged, and both trends flat. According to JOLTS, layoffs rose marginally in May, while **Challenger** reported a significant decline in layoffs in June, to a moderate level (tech is the only outlier on the upside). **Job openings were a tad harder to fill** in June, according to the NFIB SME survey, and hiring plans were revised up but remained at the lowest level since 2016 (ex. Q2-20). Compensation plans were down and do not suggest higher wage inflation.
- So what? The current growth rate in payrolls and a declining unemployment rate does not **suggest that the signal rate is too high**. However, the decline in wage growth is **not an argument for fearing high inflation** as soon as the energy shock is consumed. The decline in participation and employment rates are warnings signs that **the labour market may be weaker** than payrolls and the unemployment rate suggest.



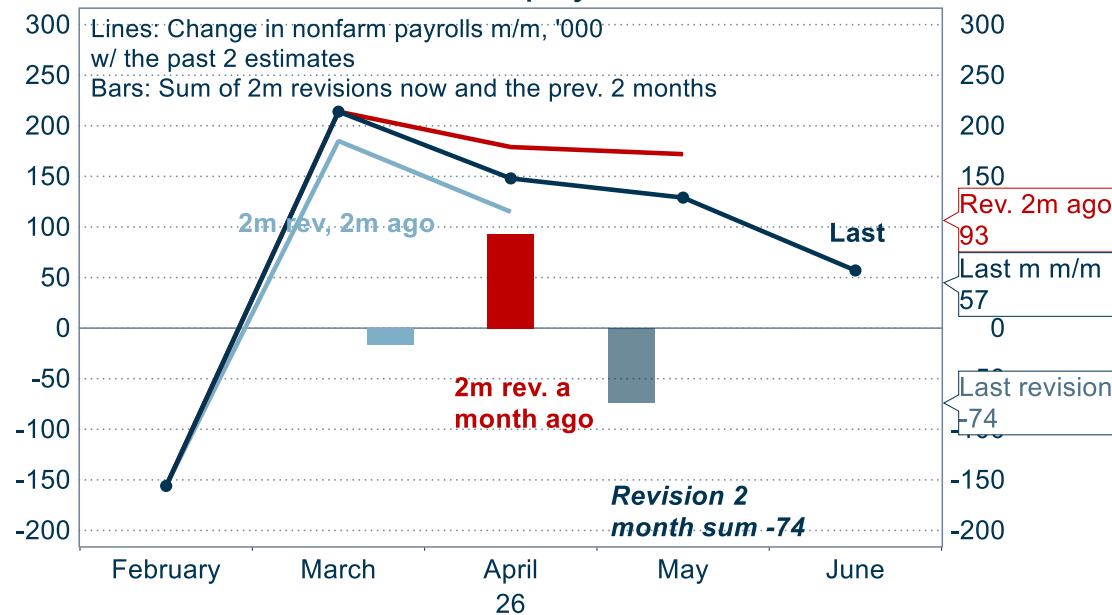
# Payrolls in April and May revised down by 74', still up 138' on average

Both total and private sector payrolls are on the way up, and now at a rather fast pace from the local trough in February.

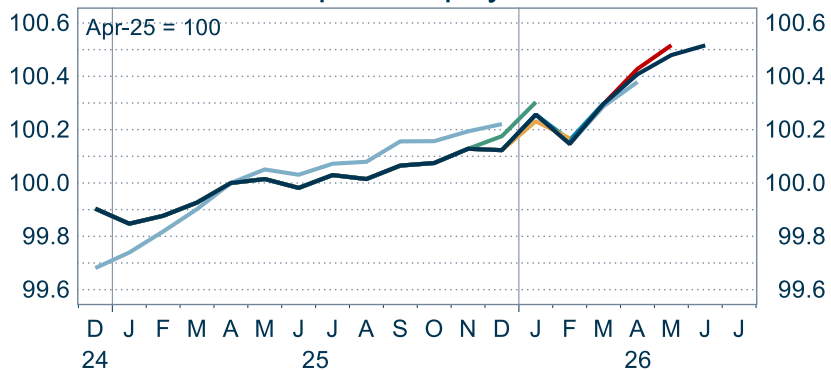
### USA Nonfarm payrolls - revisions



### USA Nonfarm payrolls - revisions



### USA Nonfarm private payrolls - revisions

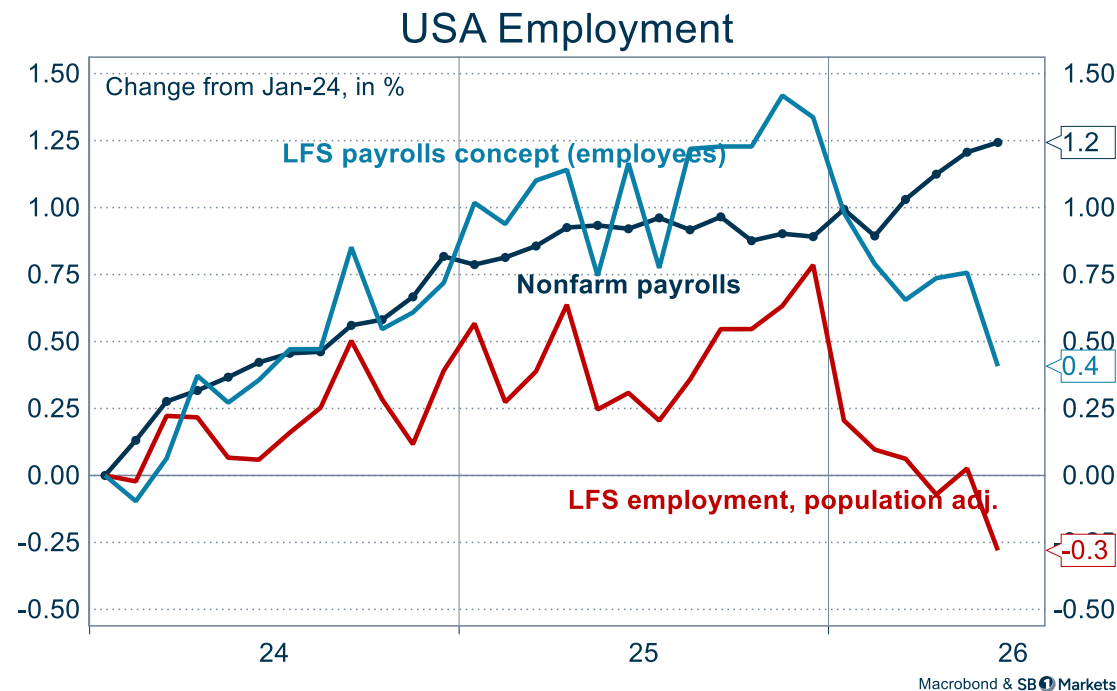
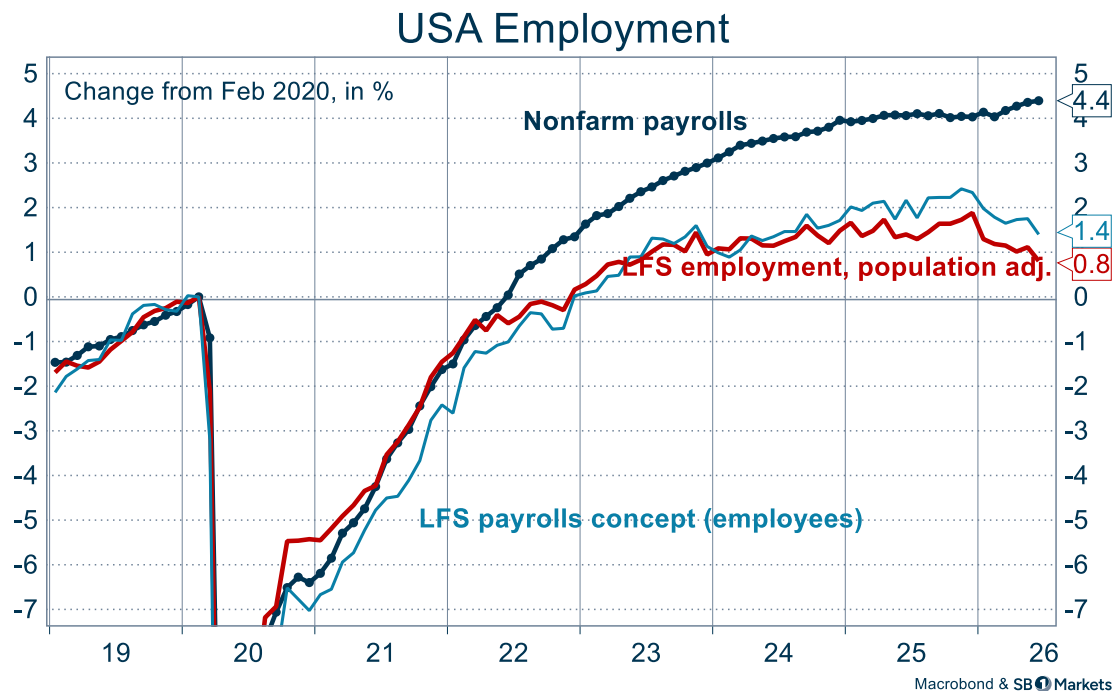


- Economists expected an 88,000 increase in March.

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# The LFS reports a 1% decline in total employment since Q4, payrolls a 0.25% increase

The LFS ('AKU') household survey data are rather volatile, and far more volatile than the register-based payrolls stats (like 'a-ordningen' in Norway). Given our assessment of all other US macro data, the **payroll data seems more reasonable than the LFS survey data**.

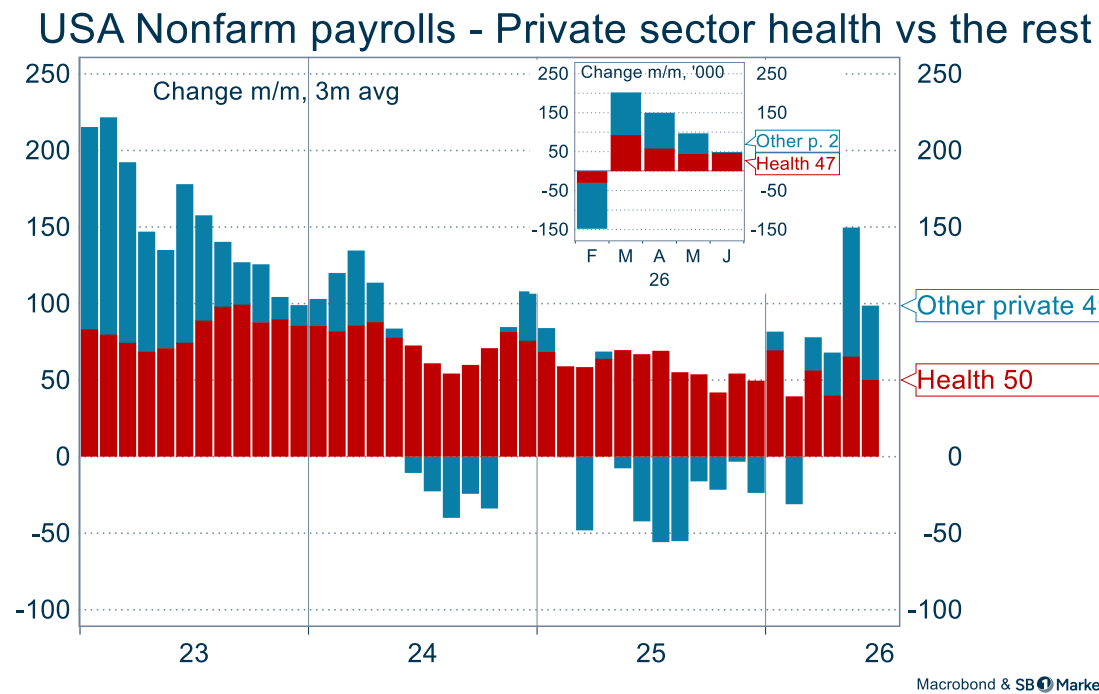
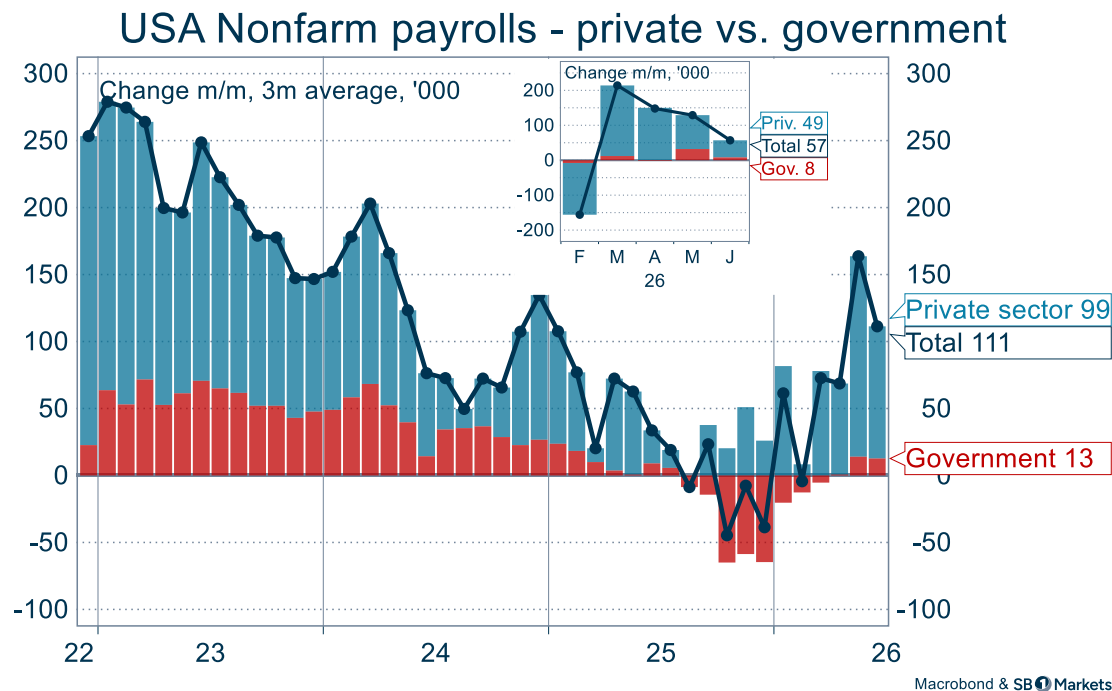


- The **LFS data** are based on employment rates derived from the survey and the population estimates from BLS – which are heavily dependent on uncertain **net immigration estimates**. Immigration estimates have been revised sharply down.
- We have adjusted LFS employment/employee data from before Jan-26 by BLS' annual revisions of civilian population.



# No net growth in private sector payrolls outside health in June

Private sector payrolls rose 49' in June, while the avg. the past 3 months is 99'. Ex. health: 2' in Jun. 49 past 3 months. The weak June was due to a 61' drop in leisure/hospitality, no positive World Cup impact, so far. Government payrolls were up 8'/13' in avg. past 3 months.

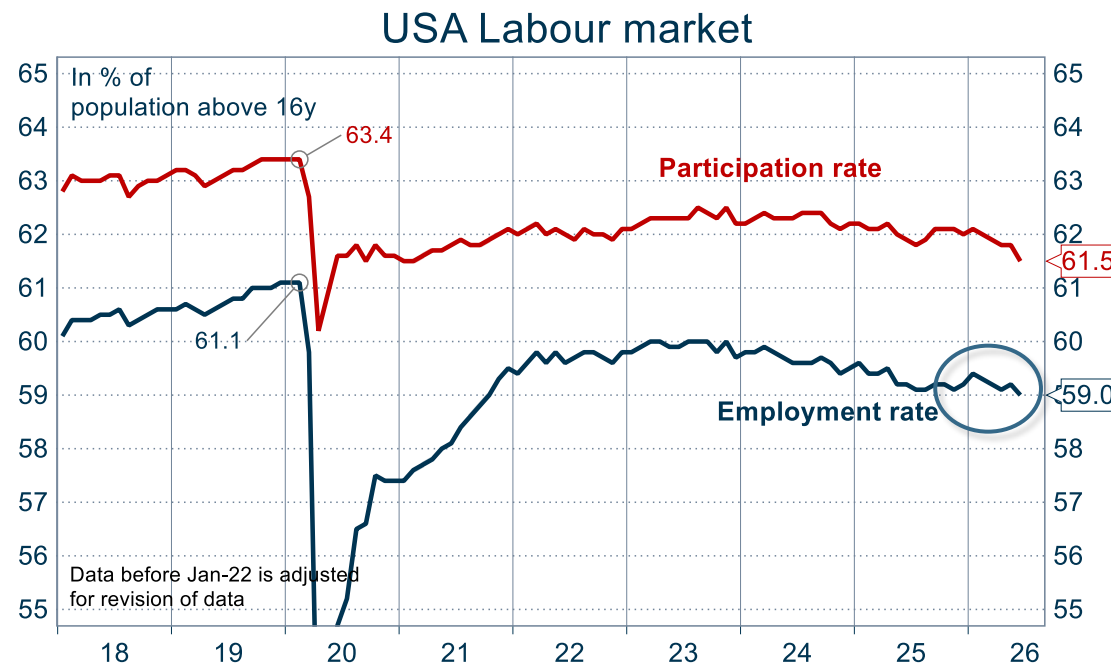
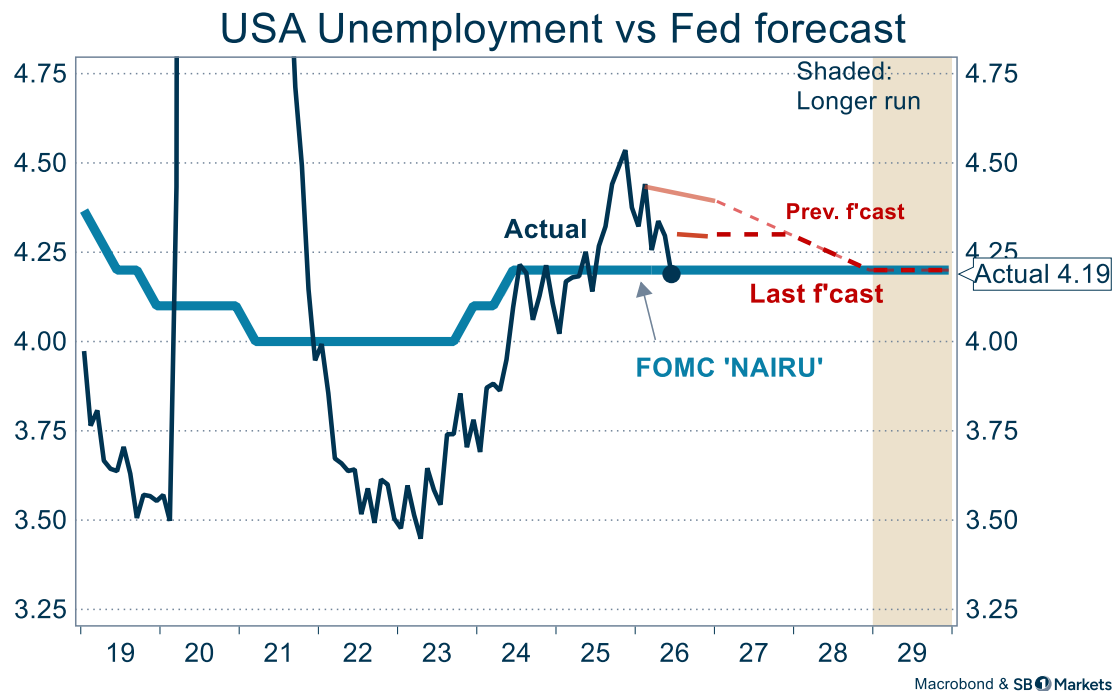


- Growth in the private sector has returned to a normal level, in spite of a much slower growth in working age population due to lower immigration.



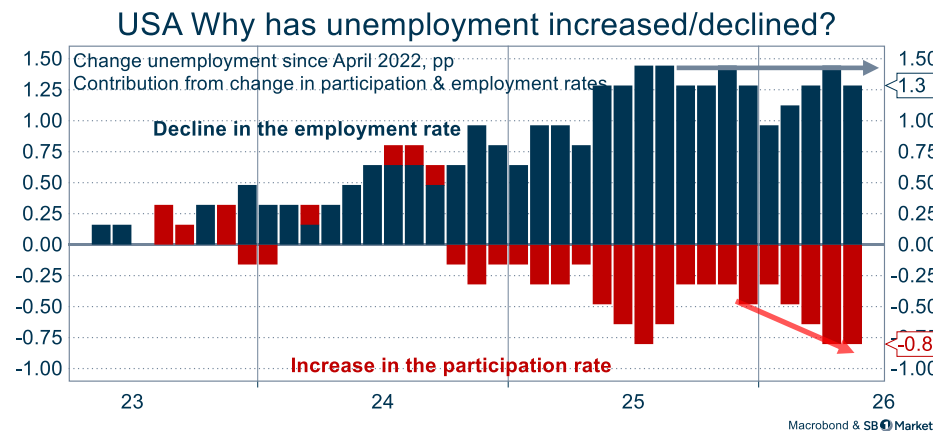
# The unemployment rate -0.1 pp to 4.2%, the lowest since last June, -0.55 pp from Nov.

An unchanged rate was expected. Unemployment trends down from the local peak of 4.54% last November. The decline in unemployment since November is almost entirely due to a **decline in the participation rate, while the employment rate is close to unchanged.**



- FOMC members assume a 4.2% longer-term rate, which we may interpret as the FOMC's estimate of the NAIRU \*). FOMC expects 4.4% in Q4-26
- The chart to the right decomposes changes in unemployment from the local trough in April 2023 in changes in the employment rate and in the participation rate. A decline in participation lowers the unemployment rate, as we have seen since 2023 (red bars). A decline in the employment rate lifts unemployment (black bars).

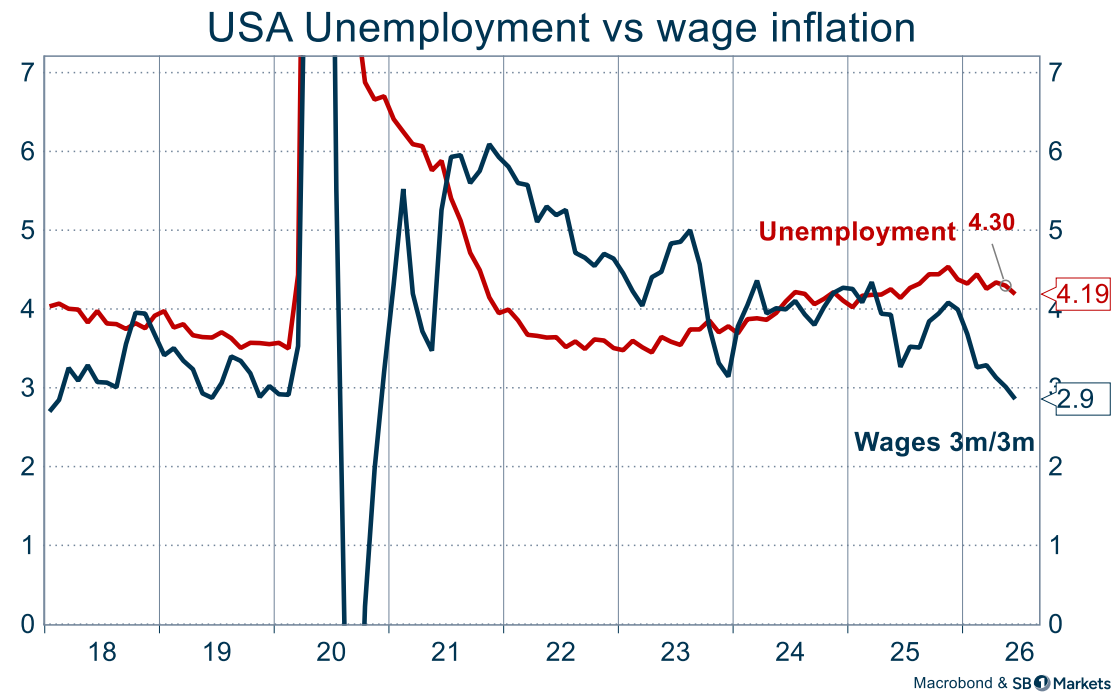
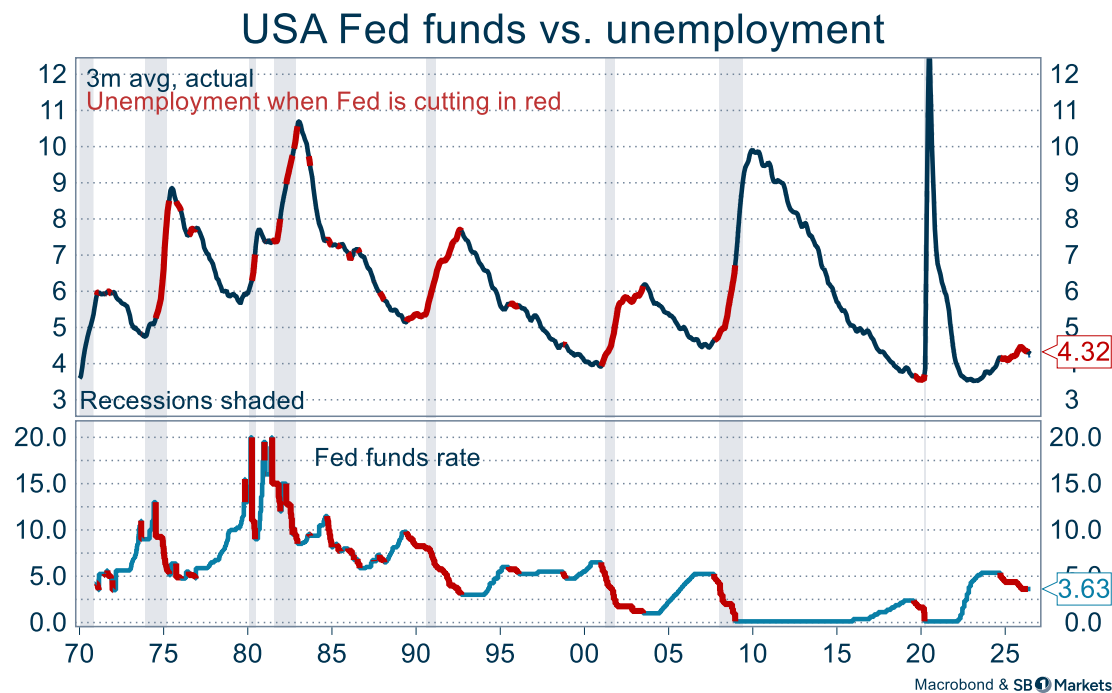
\*) NAIRU: The Non-Accelerating Inflation Rate of Unemployment – an unemployment rate that stabilises wage and price inflation. It varies hugely between countries, it is not stable within each country, and it can at best be quantified only 'after the fact'. Still, it is a useful analytical concept.





# The lift in the unemployment rate since 2023 was 'recessionary'

... but not the decline since last November 😊. Wage inflation has slowed, now down to 2.9% 3m/3m (while the annual rate still is at 3.5%)



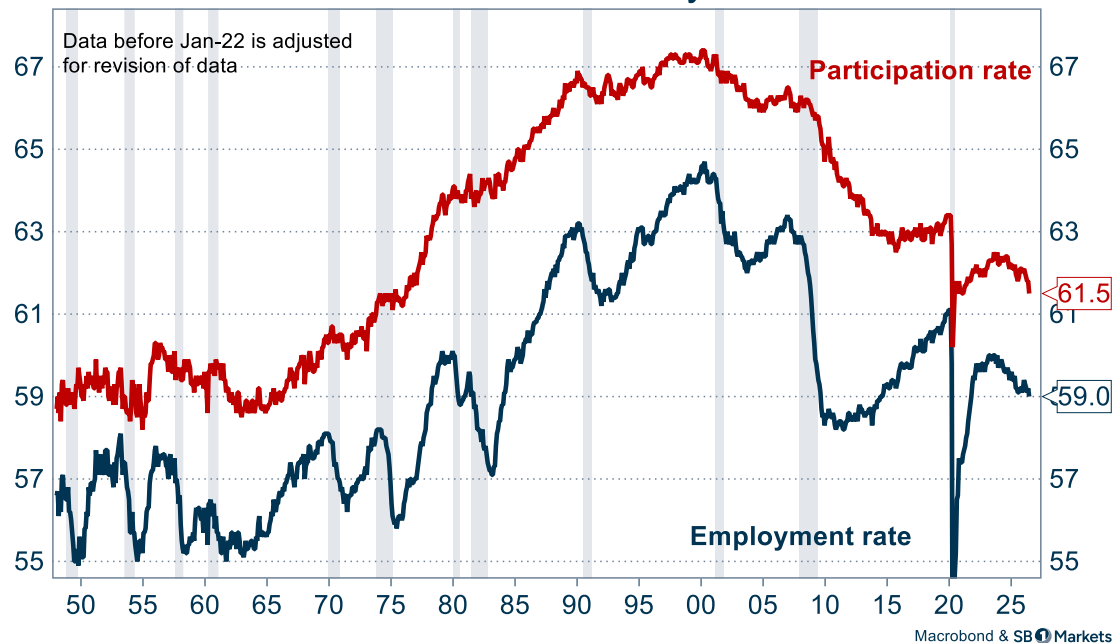
- The unemployment rate declined by 10 bps to 4.28%



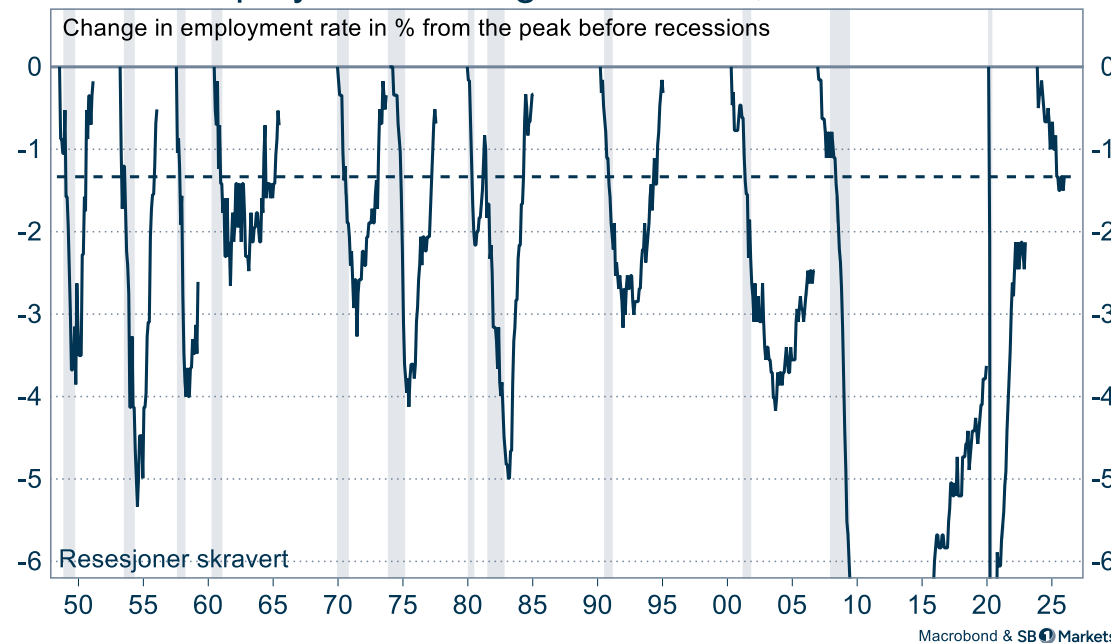
# LFS: The employment rate has fallen the past 2 years, in a 'recessionary' way

The participation rate has fallen as well, but less – and the unemployment rate has increased. However, the employment rate has stabilised since last summer.

### USA Labour market - 16y and older



### USA Employment during recessions, and afterwards



- The longer-term trend in participation and employment in the US is not impressive

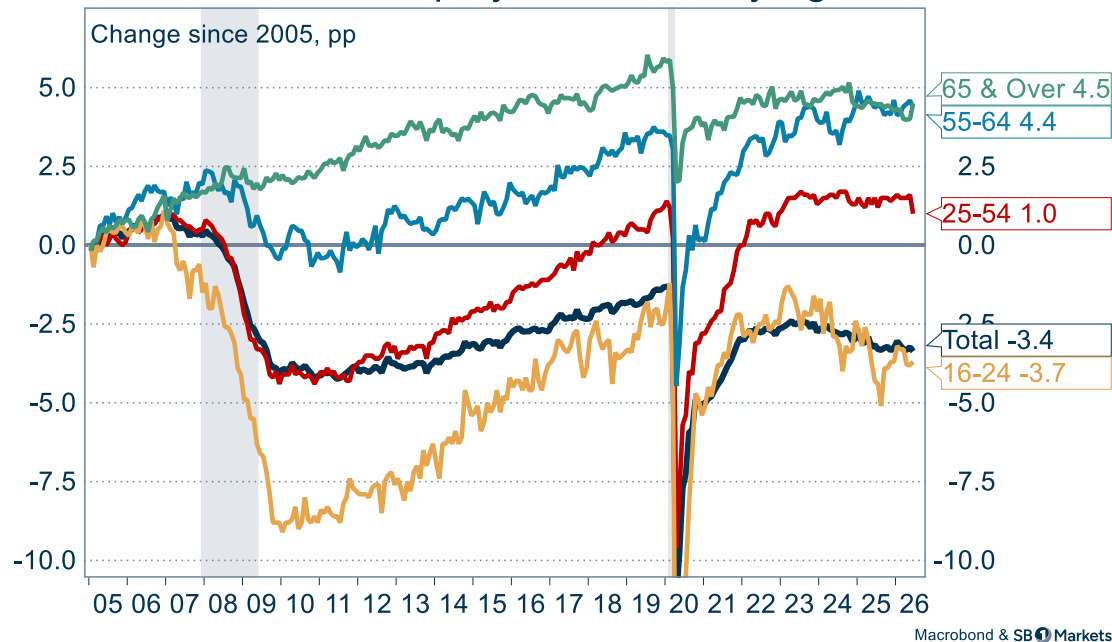




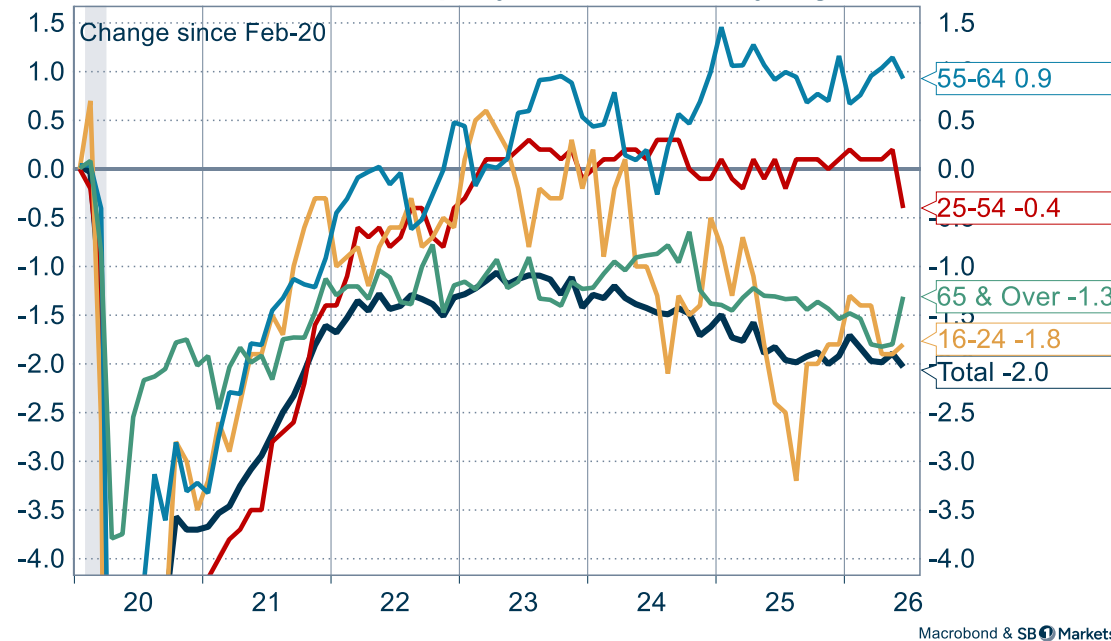
# Employment has kept up in the core 25–54y group, and in the 55–64y segment as well

The employment rate has declined among the youngest and the oldest.

### USA Employment rates by age



### USA Employment rates by age

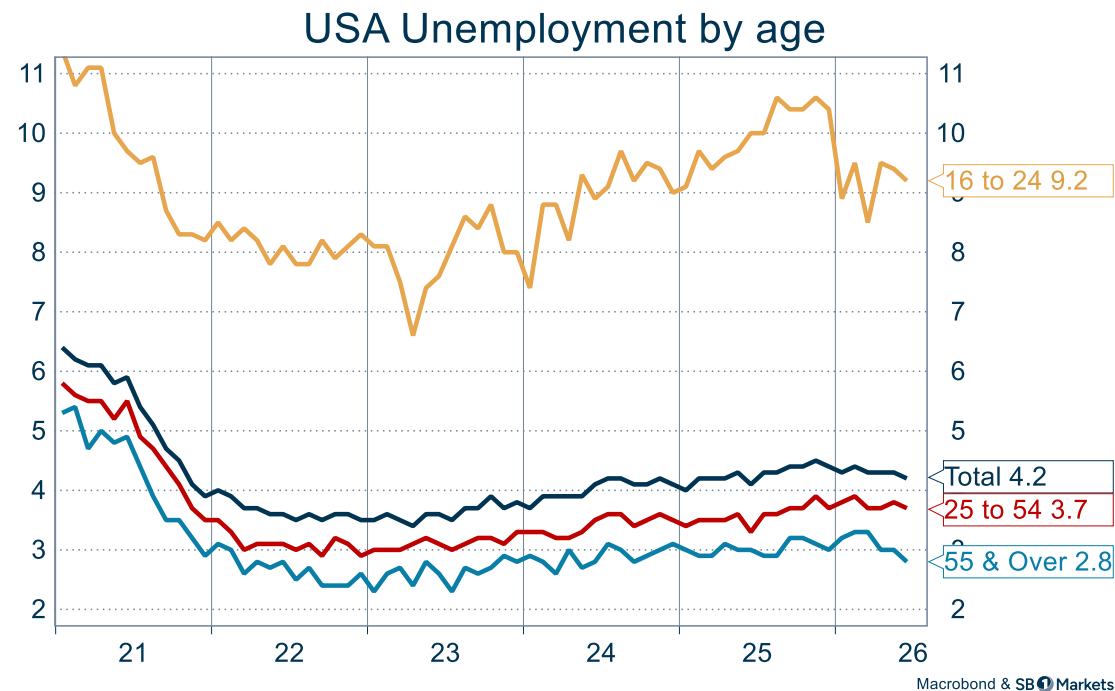
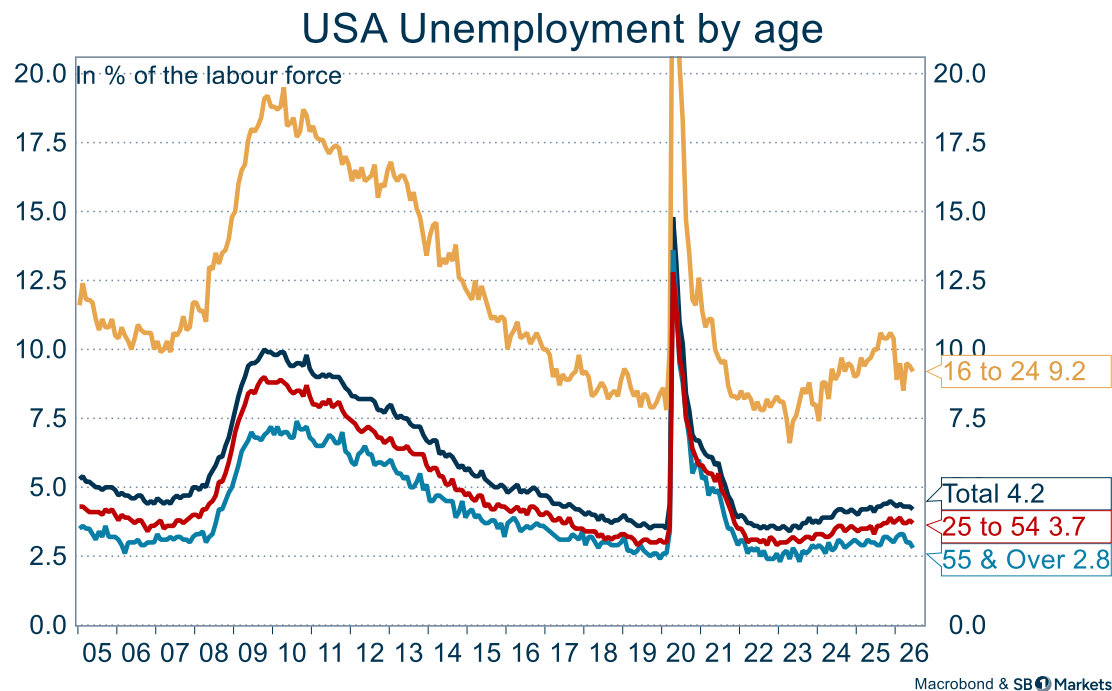


These data are not adjusted by the impact of the change in population composition



# Youth unemployment is volatile: has trended up has been lower in 2026

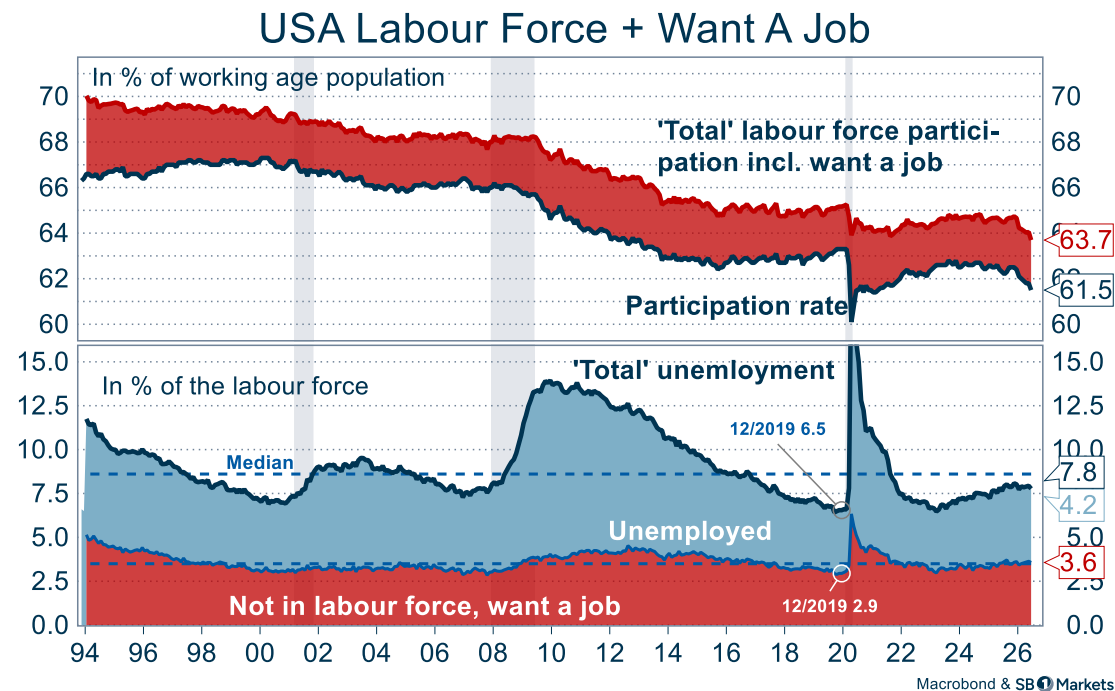
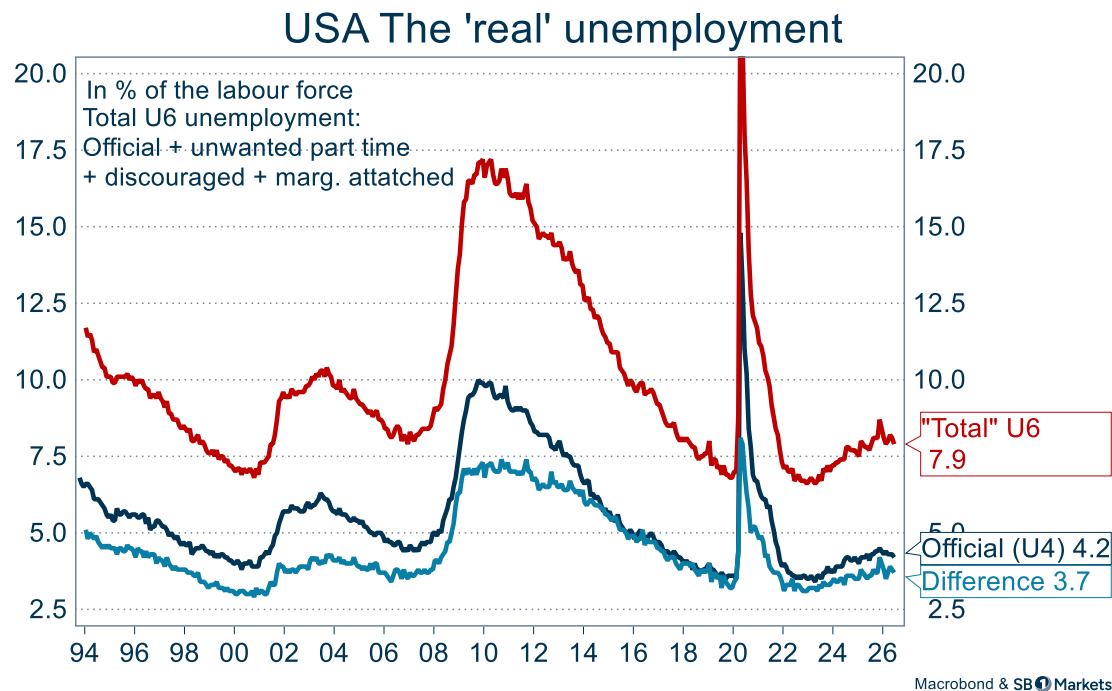
The upward trend has been due to a faster decline in the employment rate than in the participation rate. The 'core' (25–54y) employment rate trends flat but a lift in the participation rate has lifted the unemployment rate as well (but not by much), and the rate peaked in Q4





# 'Total' unemployment down 0.2 pp to 7.9%, well down from the peak last November

The overall unemployment rate (U6), which includes individuals seeking work but not counted in the labour force, those involuntarily working part-time plus the standard unemployment rate (U3), has not risen beyond typical levels compared to the ordinary rate



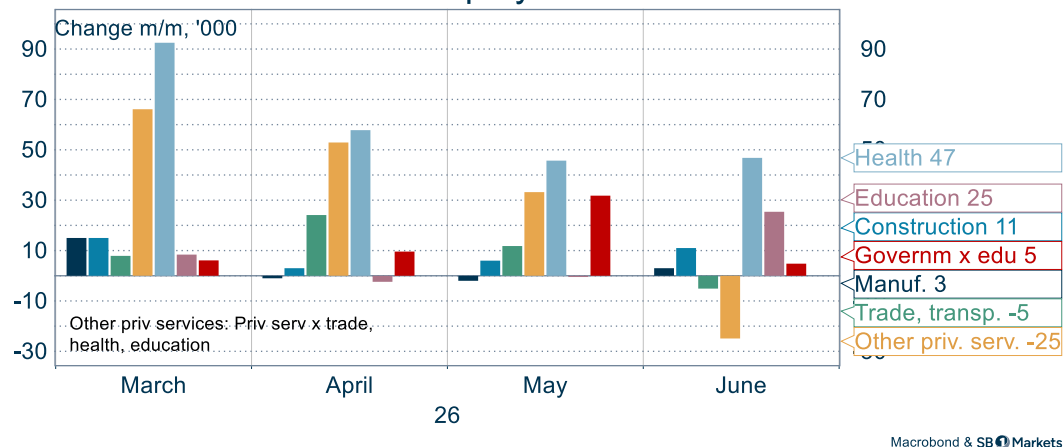
- Another way of estimating 'total' unemployment is illustrated at the chart to the right: A substantial part of the increase in the participation rate since the pandemic has been due to a declining rate of persons that report they **want a job but do not search actively for it** (and are included in U4 and U5). Now, this category is slightly up from the bottom. There are more part-time unemployed as well.



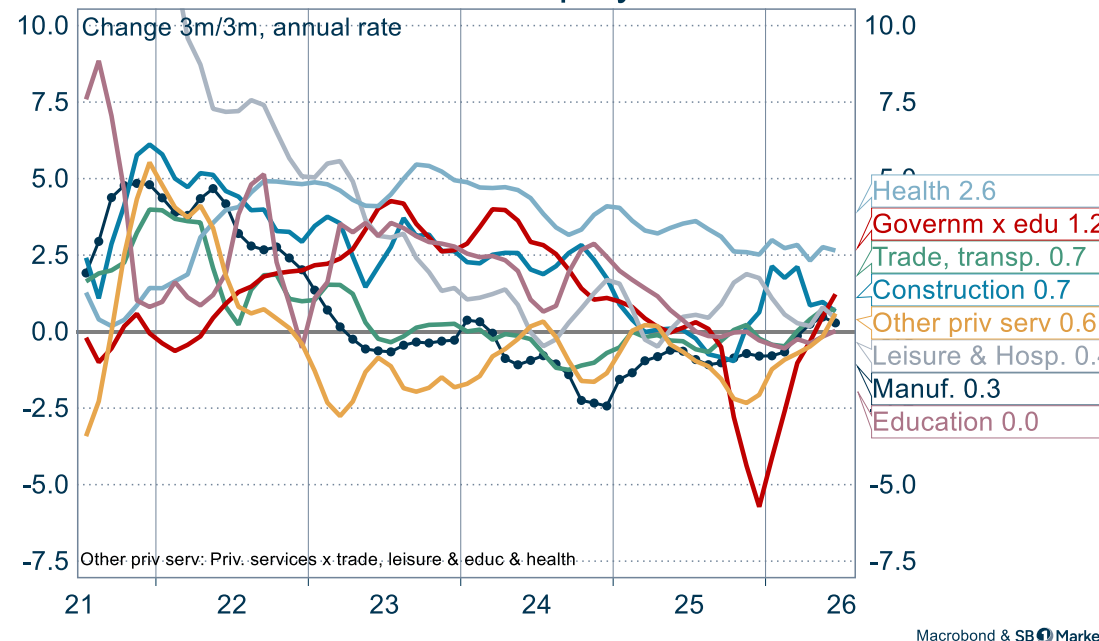
# No World Cup boom in leisure/hospitality in June – rather a deep cut

The health sector gained 47'. Other priv. sectors +2': not impressive but mostly because leisure, hotels, restaurants were down 61' (from +40 in May). Trends: Health +2½ %, government +1%, trade & transport as well as construction +0.7%. Manufacturing is flat

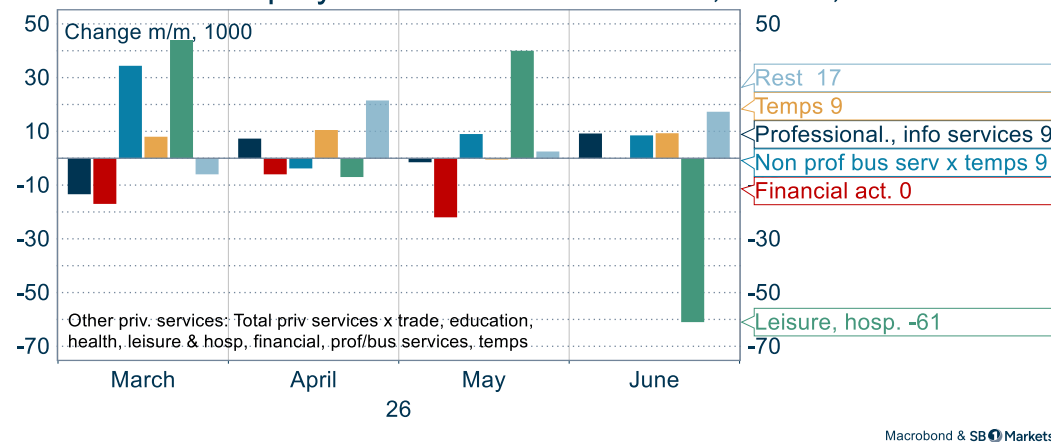
### USA Employment sectors



### USA Employment



### USA Employment services ex. trade, health, educ.

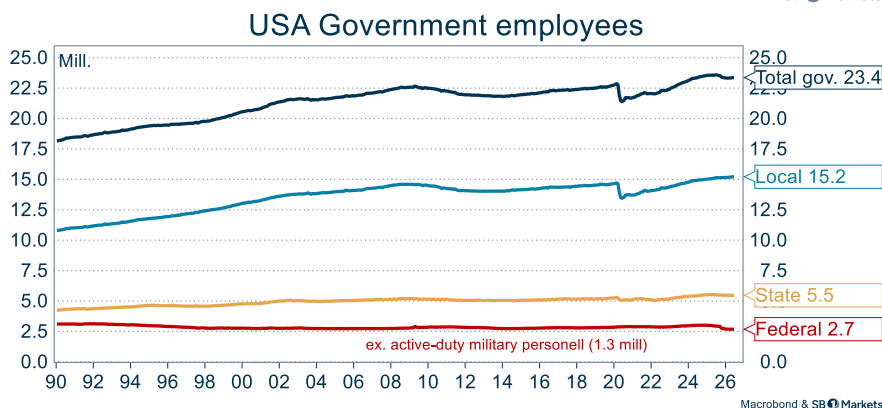
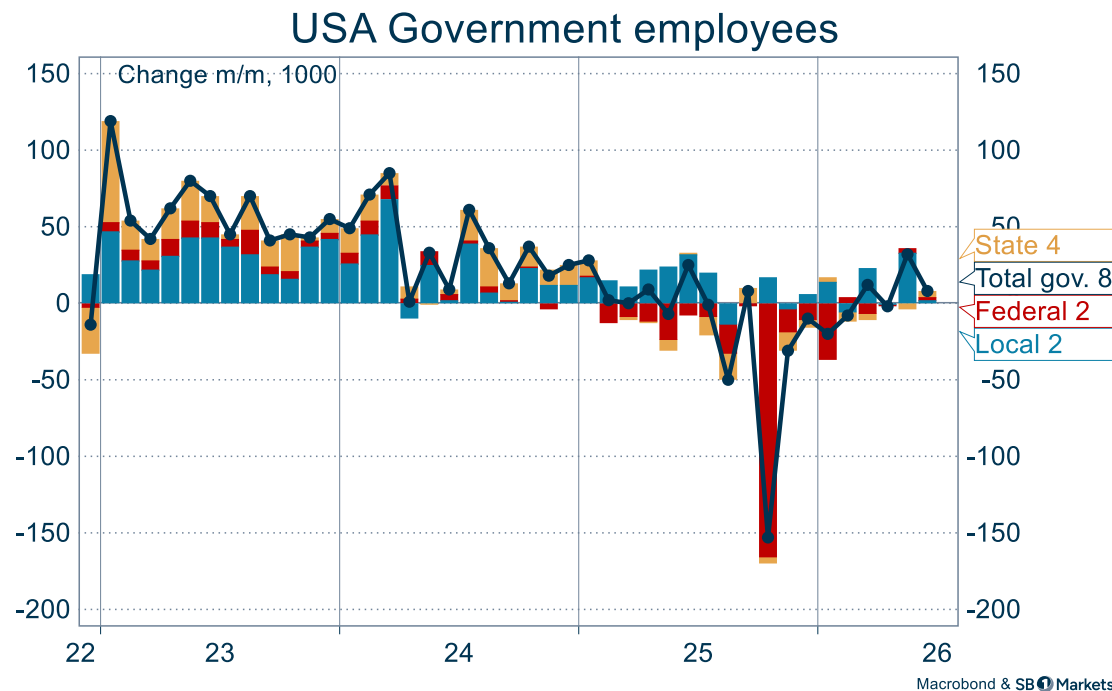
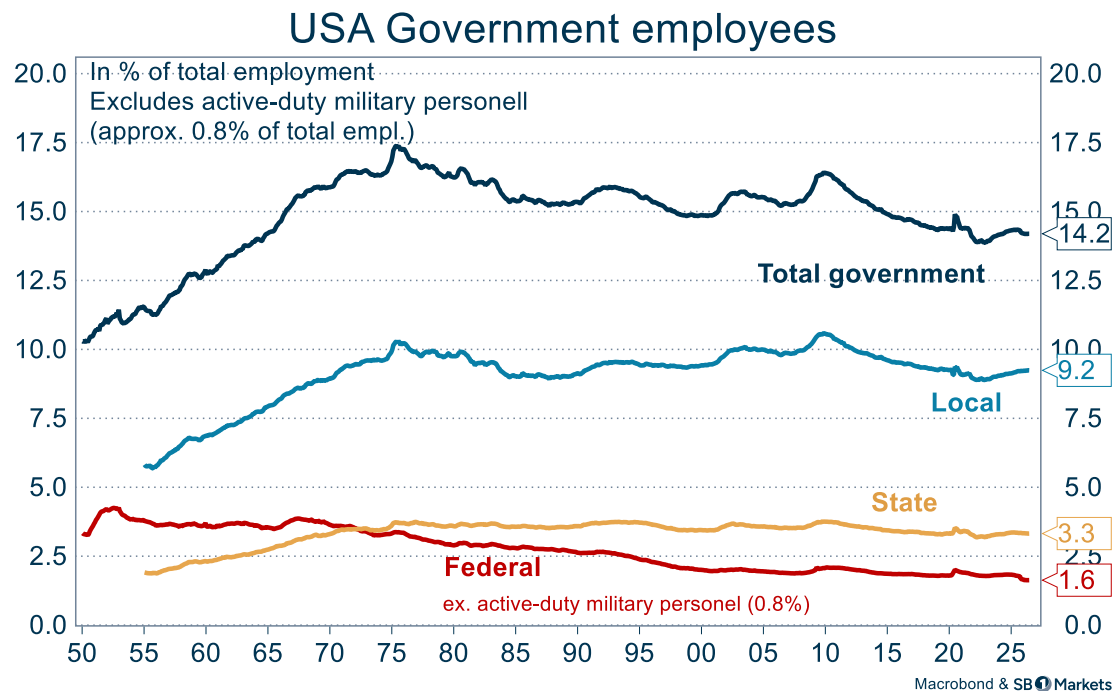


- A slow decline in non-professional services the past 3 years, which has not been the usual trend



# DOGE is done, and federal employment is cut by 0.3 mill, equalling 11%

But just 1.3% of total government employment, and 0.2% of total payrolls. Now back to normal growth again?

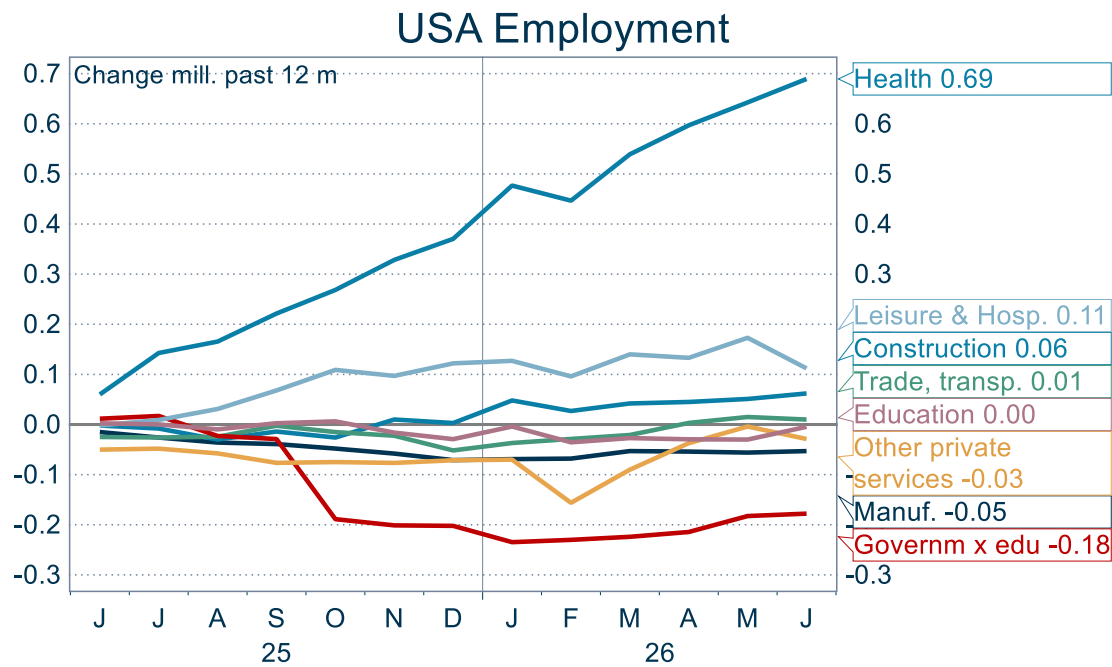


- Reductions in **federal payrolls** were initially modest until last October, as laid-off employees continued to be counted while still receiving compensation. In October, many of those workers left the payroll figures. Over the following five months, cuts continued at a more moderate pace.
- **Civilian federal employment** accounts for only 12% of overall government employment and 1.6% of total U.S. employment.
  - Including active-duty military personnel, that share rises to 18% of total government.

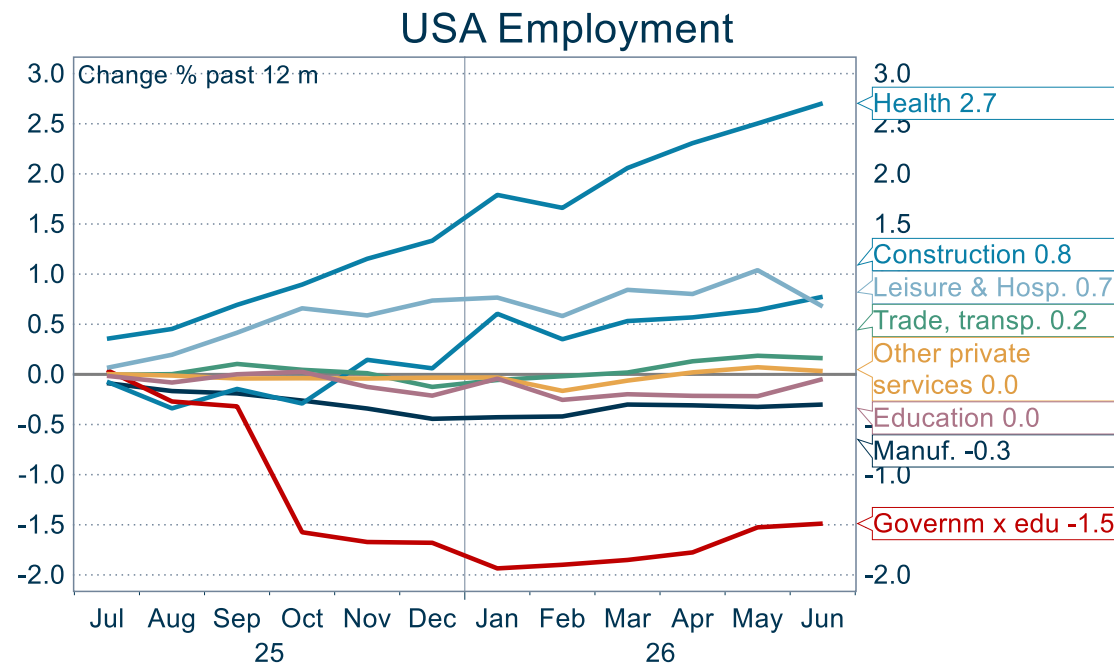


# Where have all the workers gone in the last year?

To the health sector, and to leisure and hospitality, and some to construction lately. Trade is flat. Other sectors are down, both private and public



Macrobond & SB Markets

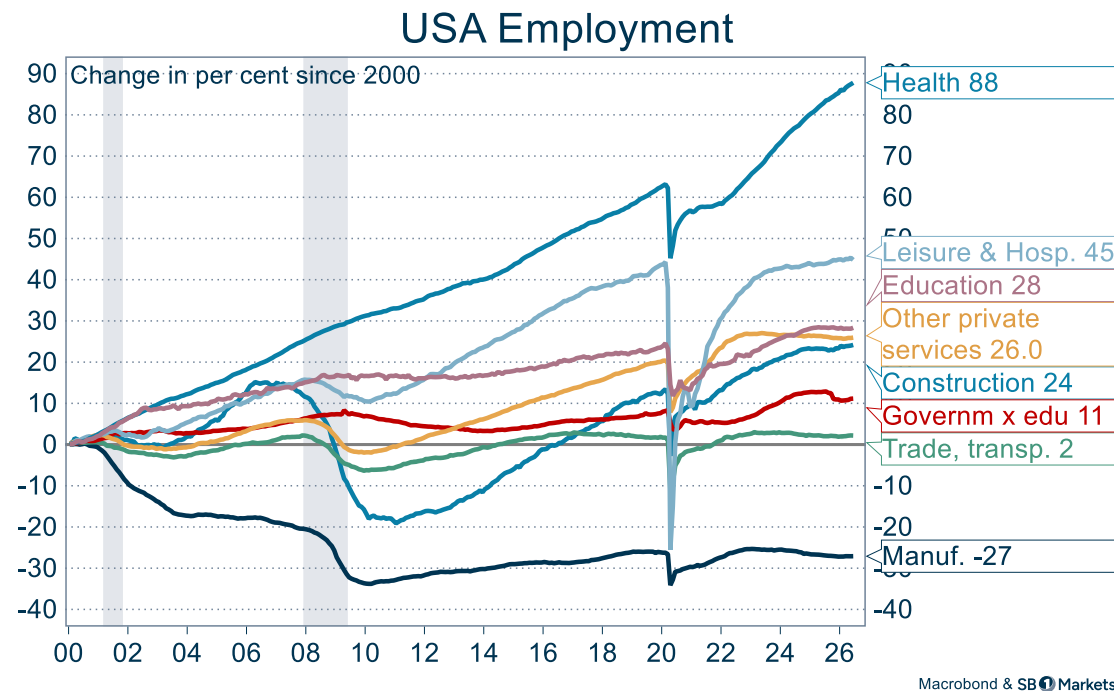
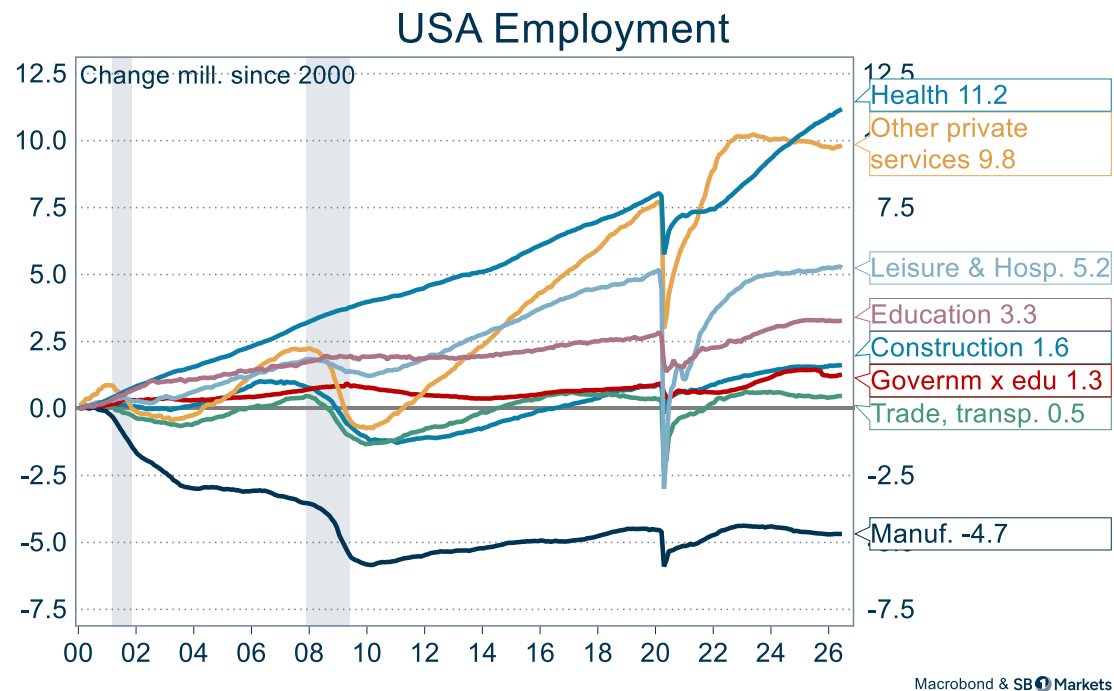


Macrobond & SB Markets



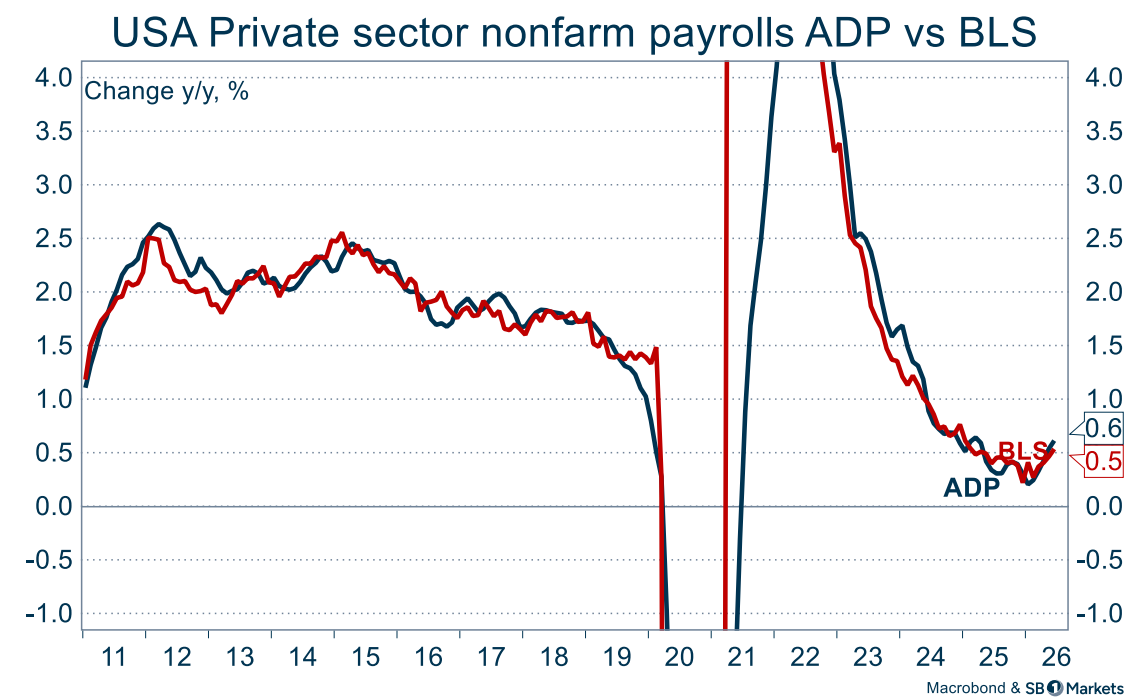
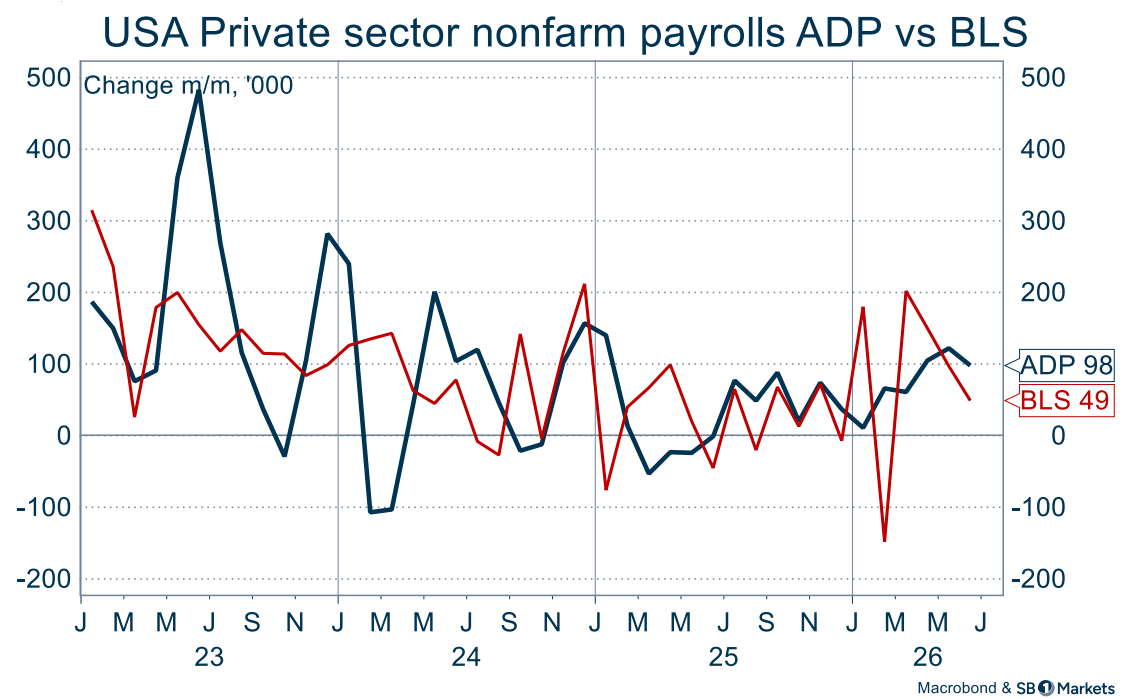
# Where have all the workers gone in the last 25 years?

To the health sector, and to private services. No growth in trade, a decline in manufacturing.





# ADP & BLS agree: a faster growth in payrolls than late last year



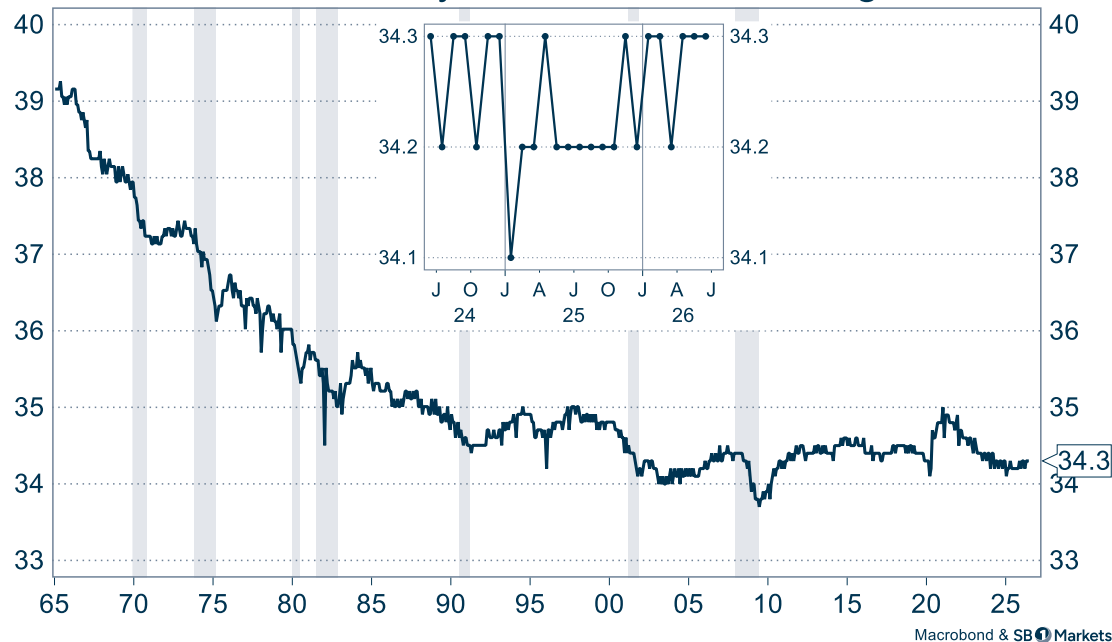
- The ADP and BLS payrolls data are not closely correlated from month-to-month, but the cycles are identical (ADP with data just from 2010 though and after ADP has revised its data to fit official data...)
  - Measured over 12 months, these two data series yield a rather similar picture, at least after revisions in both series (chart to the right above)
- The ADP report is based on a survey covering some 15% of the total number of employees. It uses some parameters from the BLS survey to calibrate its data



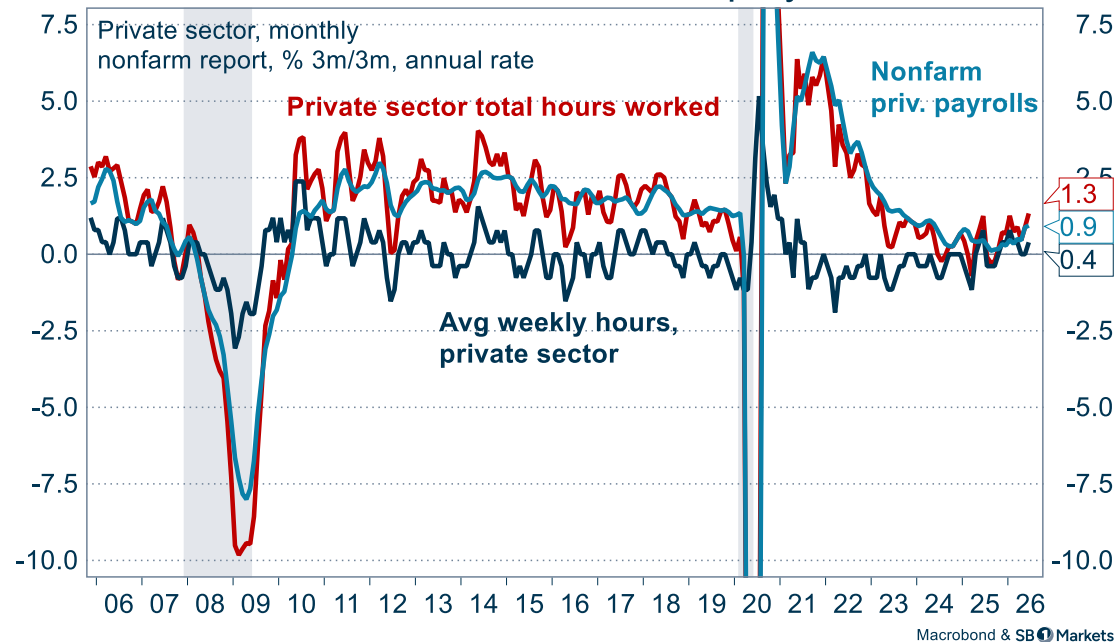
# Avg. weekly hours flat in June, and total hours worked in the private sector up 1.3% in Q2

Private payrolls were up at a 0.9% pace in Q2

### USA Weekly hours worked, average

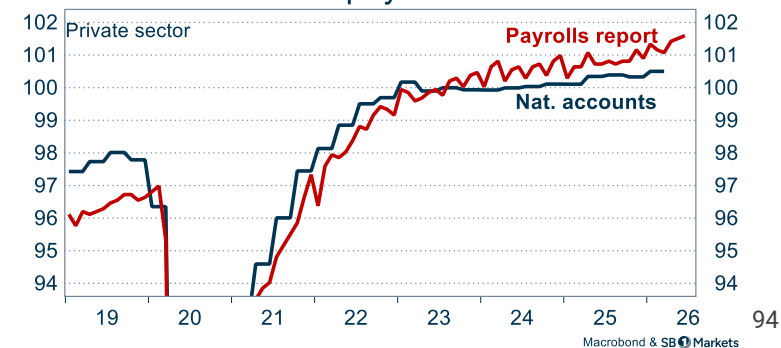


### USA Hours worked vs. employment



- **Average weekly hours** were flat at 34.4 h/week, and the very short-term trend is marginally up.

### USA Hours worked - payrolls vs. Nat. accounts

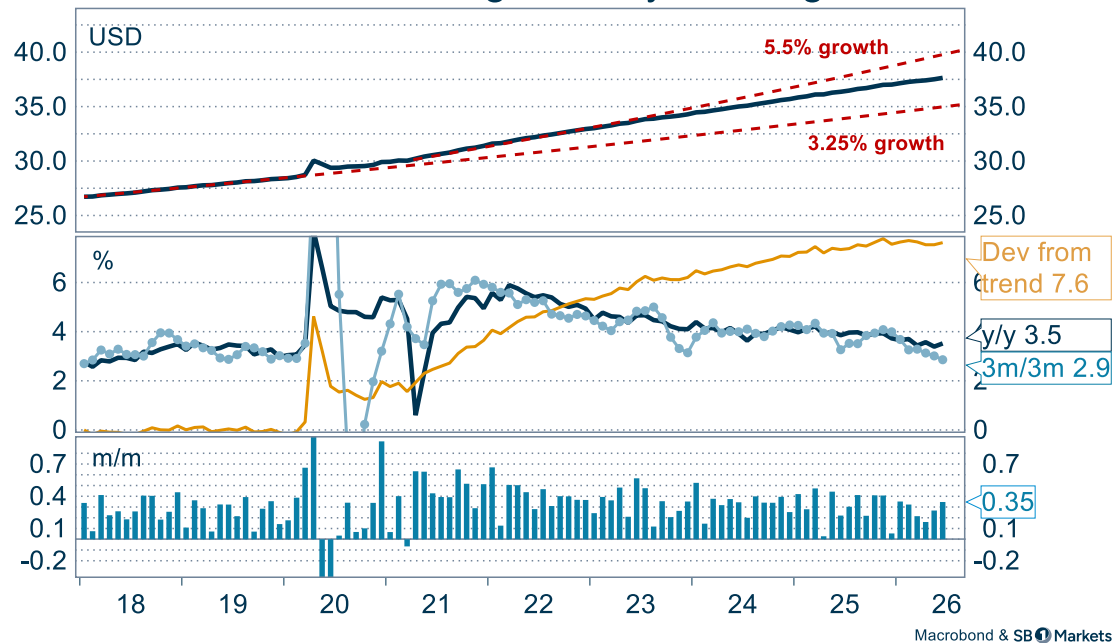




# Wage growth is up to 3.5%, as expected – but the trend is still down

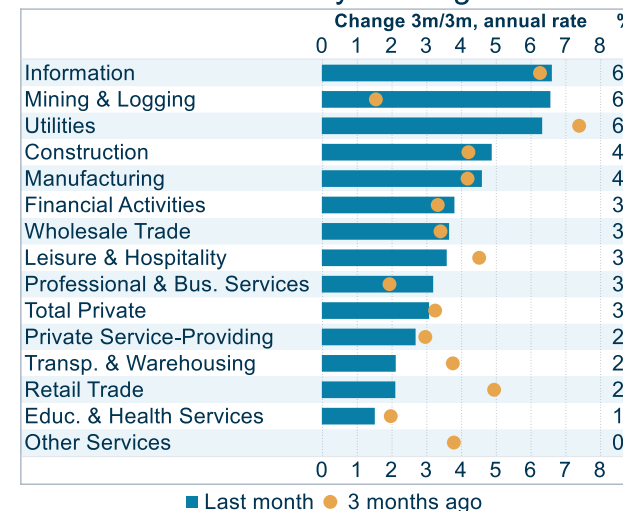
Wages rose 0.35% in June, also as expected, when rounded down to 0.3%. However, wage inflation has slowed to 2.9% measured 3m/3m. 7 sectors report faster growth 3m/3m than 3 months ago, 8 a slowdown. Other measures agree, and wages are up less than prices!

### USA Average Hourly Earnings

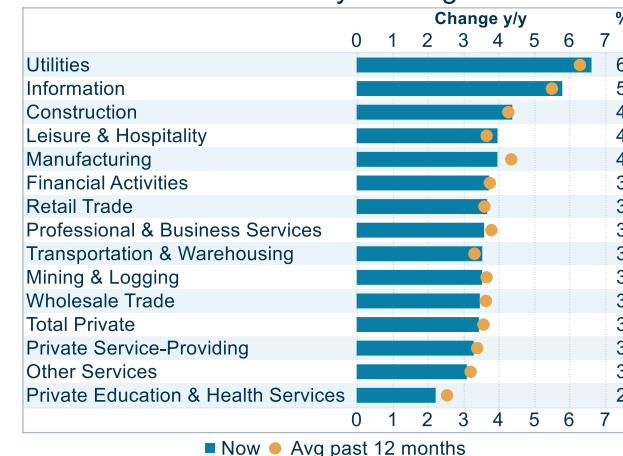


- **3 sectors** report higher y/y growth than the average over the 12 months (from 6 last month) while 8 sectors report lower growth (from 4).

### USA Hourly earnings



### USA Hourly earnings

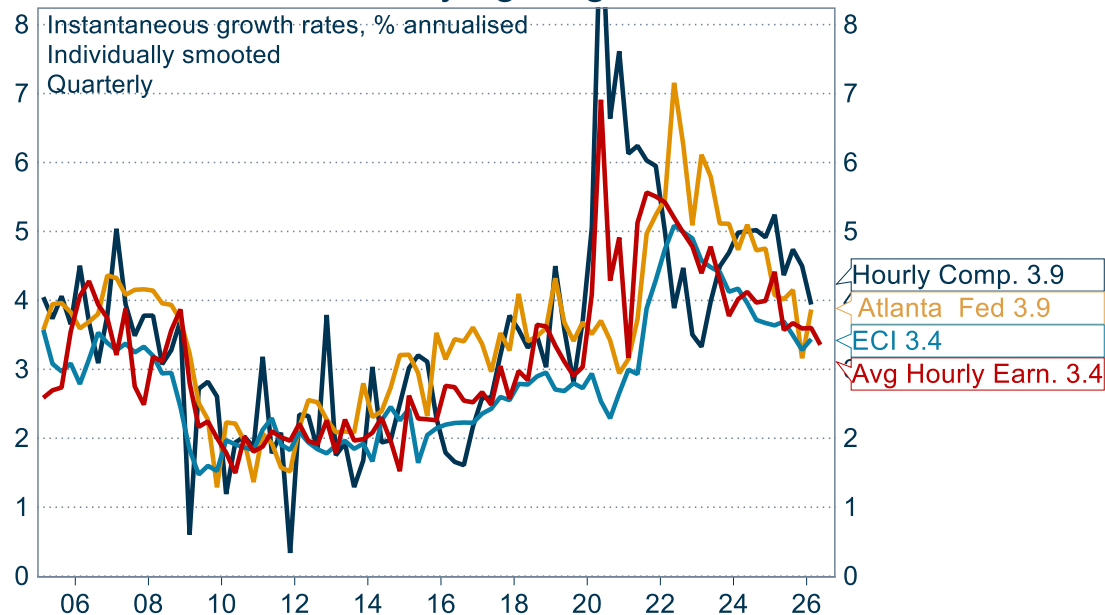




# Our basket of wage indicators: wage growth has slowed to below 4%

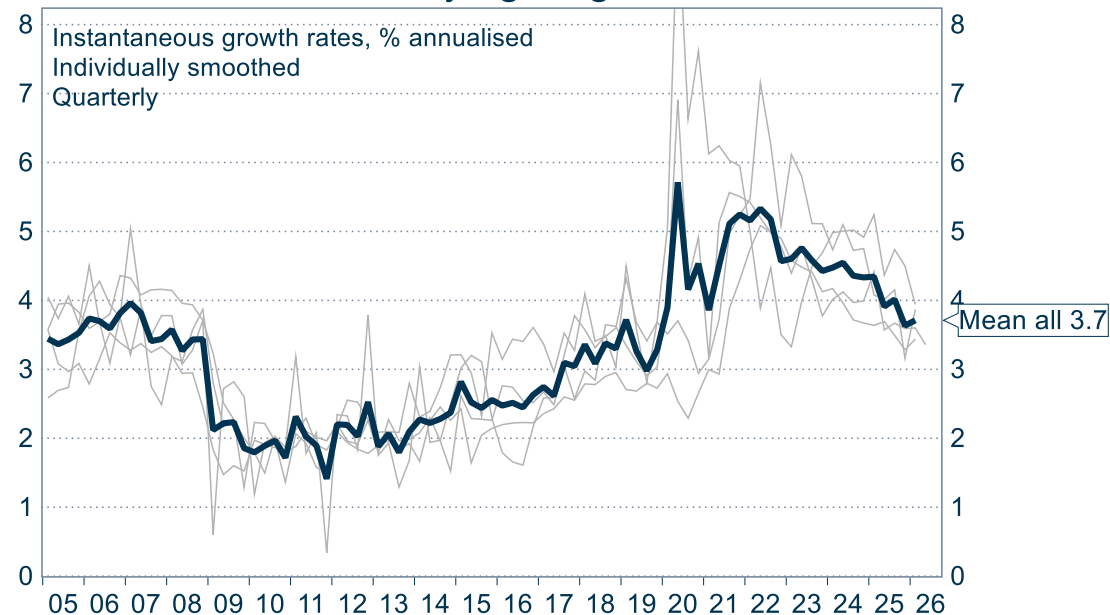
Which is on the low side as productivity is up some 2.5% y/y

### USA Underlying wages/labour costs



Macrobond & SB Markets

### USA Underlying wages/labour costs



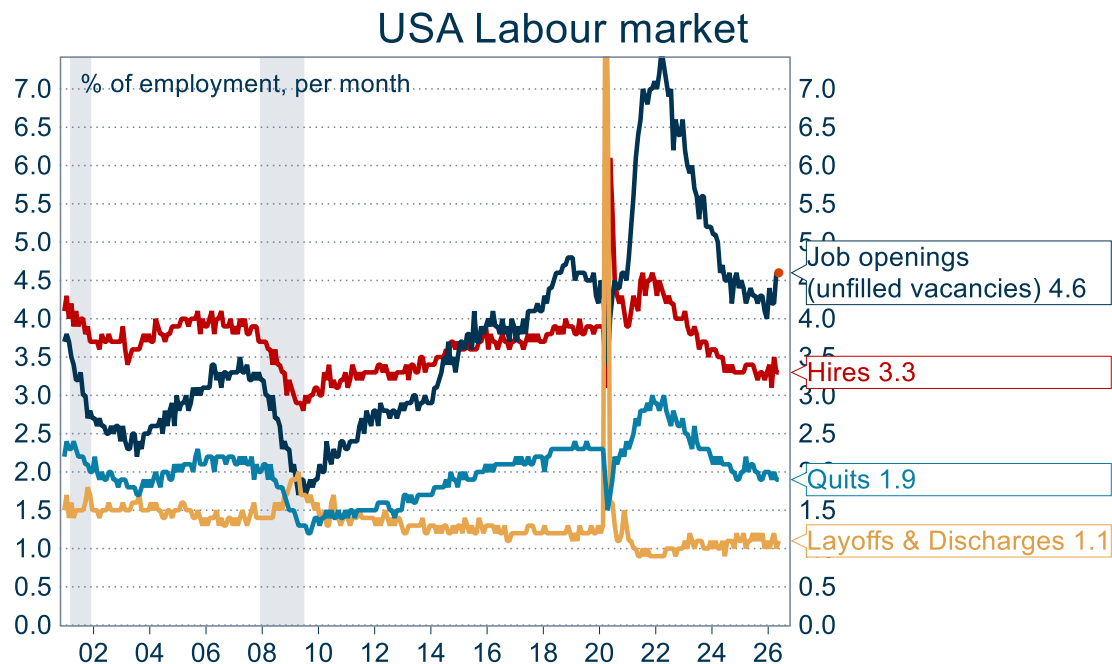
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- The data series:
  - Atlanta Fed median wage tracker (monthly)
  - Average wage in the nonfarm payroll report (monthly)
  - Employment Cost Index measures total labour costs for a constant mix of employees (quarter)
  - Hourly compensation in National Accounts measures the average total compensation per hour worked, here in the business sector

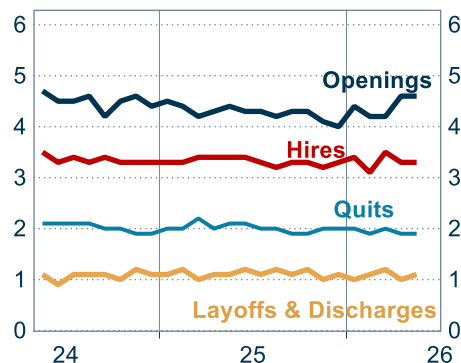


# Job openings remained at a high level in May but hirings flat at a modest level

Hirings are running below an average level but have at least flattened recently, voluntary quits are trending flat at an average level. Layoffs are still at a low level, at least in the JOLTS report. In sum: The increase in **job openings is the most significant news** the past 2 months.



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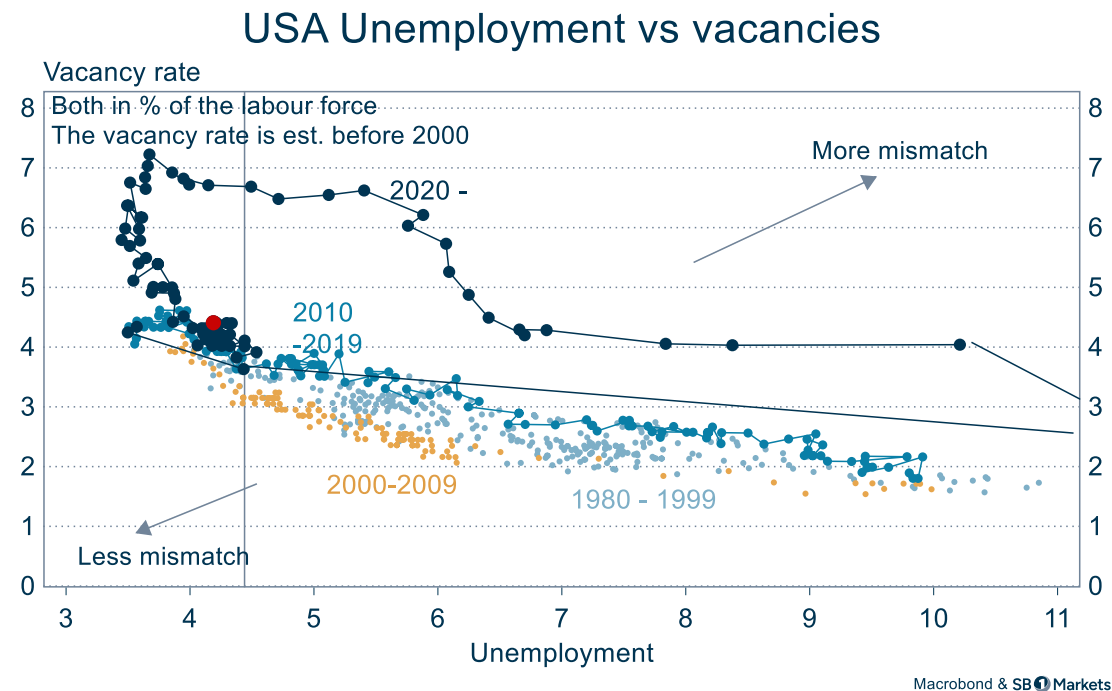
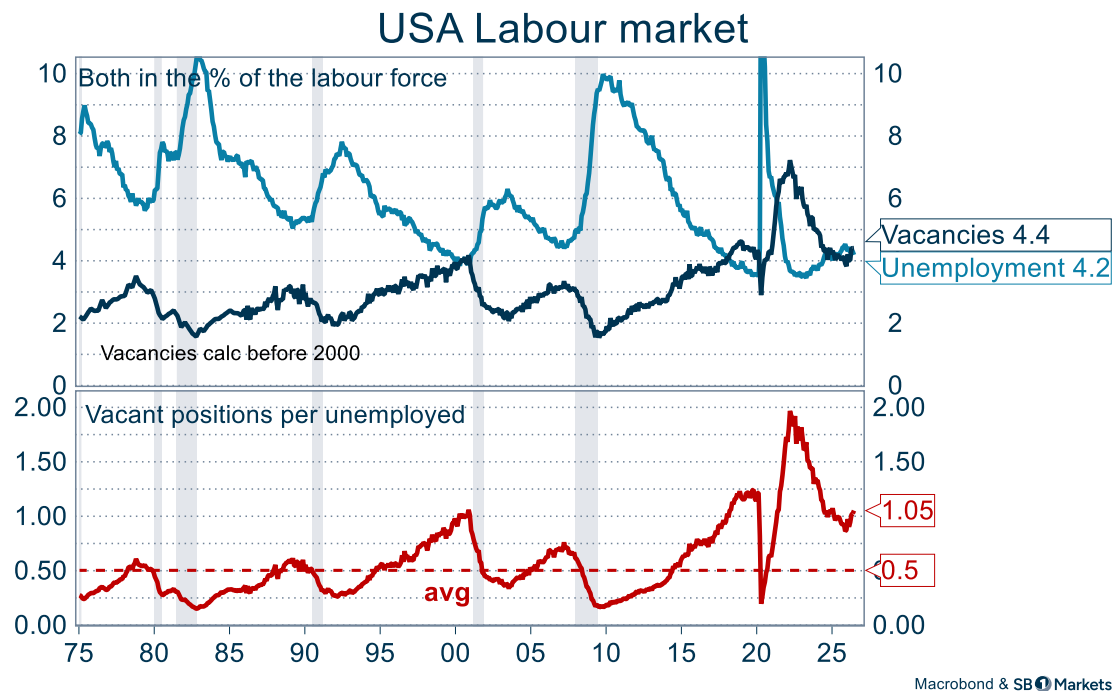


- **The job openings** (unfilled vacancies) shot up in April, to 4.6% from 4.1% and did not come down as expected in May but remained at the highest level since 2024.
  - The number of open positions rose slightly to 7.59 mill, expected down to 7.30 mill, which would have lowered the rate to 4.4%. In last Dec., the rate was 4.0%
  - There are **1.05 vacant positions** per unemployed person, more than twice **the 0.5 average.**
  - So far, we have assumed that the vacancy rate would need to fall to around 3.5% in order to bring wage inflation down to a level which would generate 2% CPI inflation over time. However, given the increase in productivity growth, **wage inflation has already fallen sufficiently.**
- **The new hires** were flat at a slightly upward revised rate at 3.3%. The trend is flat, at below a 3.6% average level.
- **The quit rate** was flat at 1.9%, close to the long-term average. Quits are trending flat, though well down from the records after the pandemic. (A lower voluntary quit rate signals **a less tight labour market**).
- **Layoffs** at 1.1% was 0.1 pp up from a 0.1 pp downward level in April. The trend is flat, below the 1.4% average.
  - These layoffs data may be lagging: In the 2008 recession, layoffs did not turn up **until well into the recession.** In 2001, the layoff rate did not increase until the recession was almost over.
- **Challenger** reported a decline in announced layoffs in June, and the level is not far above normal. The tech sector is the outlier on the upside.
- **In sum:**



# Many more vacancies per unemployed than normal – and this ratio trends upwards

In May there were 1.05 job openings per unemployed person, more than twice the average level before the pandemic. The rate has increased from a local trough



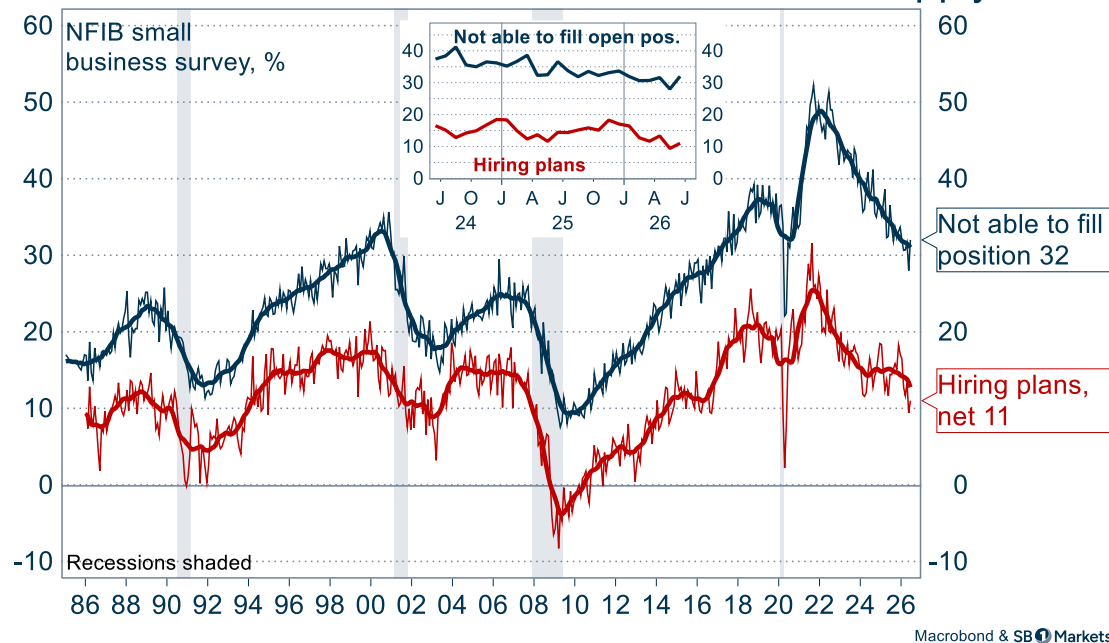
- During the pandemic, the **vacancy rate** was likely 'artificially' **high vs.** the unemployment rate due to large changes in activity and thus demand for labour between sectors. This contributed to a much larger mis-match between sector-wise supply and demand for labour than normal
- The unemployment rate is trending slowly up, and the vacancy rate is declining – which is the normal correlation. The current vacancy rate is also close to normal vs. the current unemployment rate.



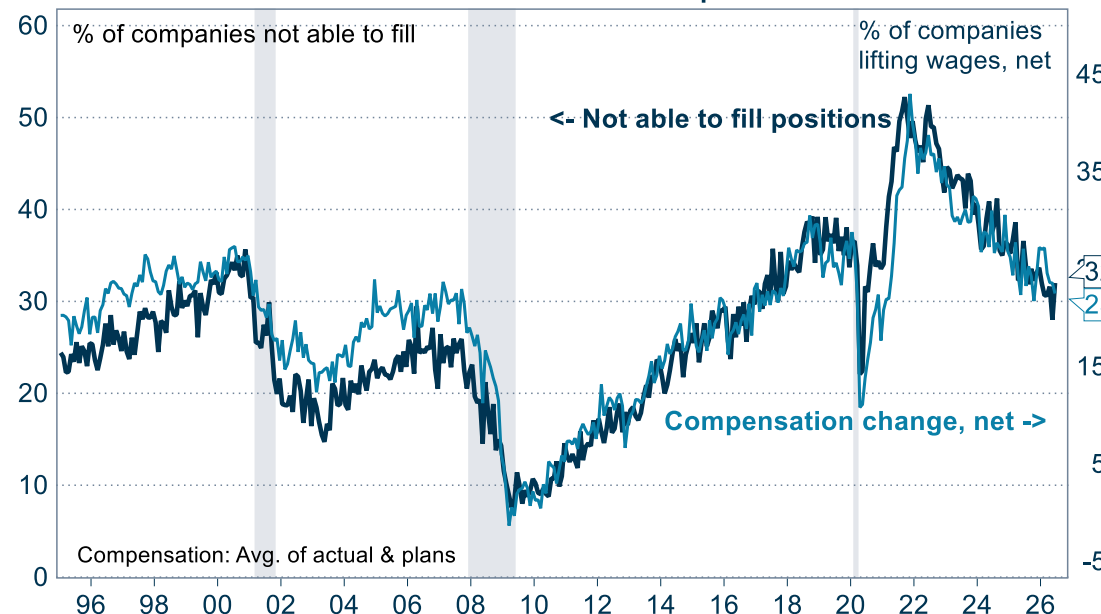
# SMEs report that it was harder to fill open positions in June – but the trend is down

32% of companies reported that they were not able to fill vacancies, up from 30% in May. The level is far above average but trends down. Hiring plans were lifted 2 pp to 11%, still below a normal level. These two indicators signal more friction on the labour market.

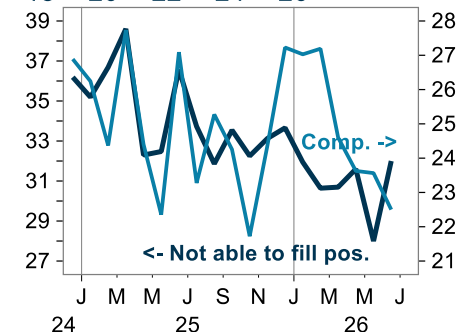
### USA Small businesses labour demand/supply



### USA Vacancies vs. compensation



- Net hiring plans at 11% is below the 12% average level. Given lower population growth, this ratio will most likely be somewhat lower than 'normal' the coming years (even if the business cycle is much more important for hiring plans, than the actual available labour force).
- The net proportion of companies reporting increases in **labour compensation** (avg. of past and planned raises over the next 3 months) declined 1 pp to 23%, and this share has been flattish since early last year (while the longer-term trend is down).
- **In sum:** better than in May and stronger than average – but the trends are not impressive.

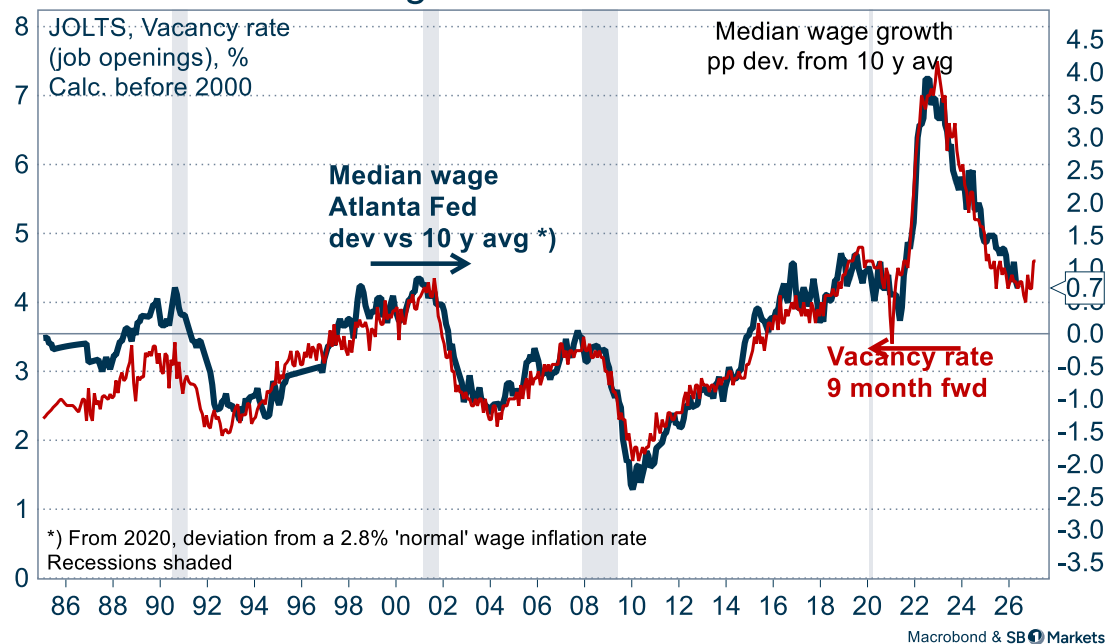




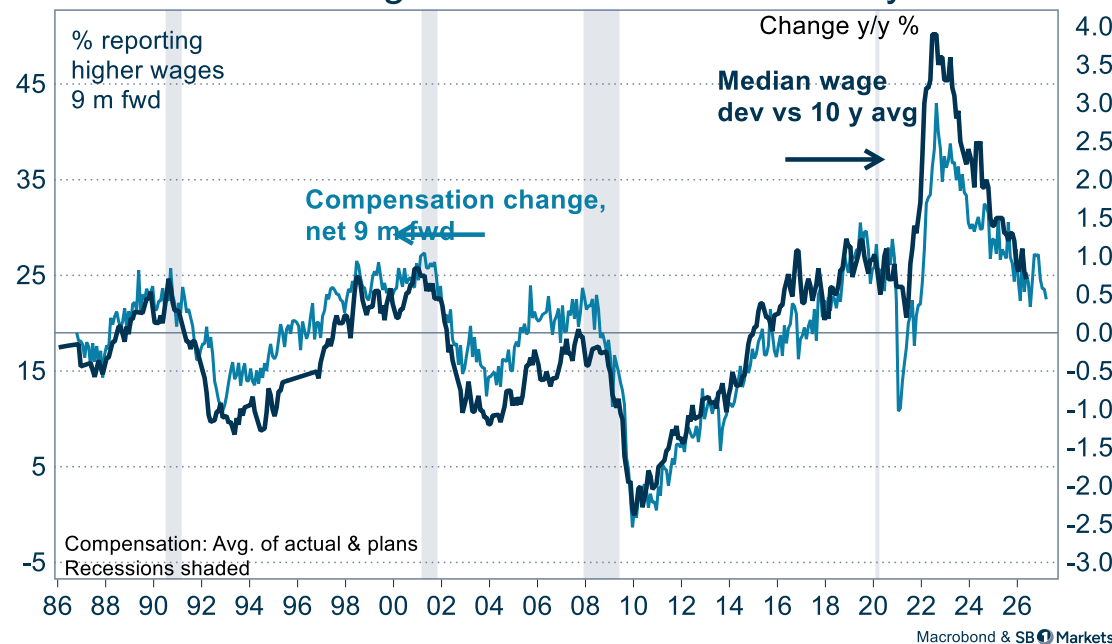
# Job openings suggest higher wage inflation, compensation plans not

Wage inflation at some 4% and given the current rate of productivity growth, growth in unit labour costs has slowed substantially, check some pages forward

### USA Wage inflation vs vacancies



### USA Wages - Actual vs NFIB survey



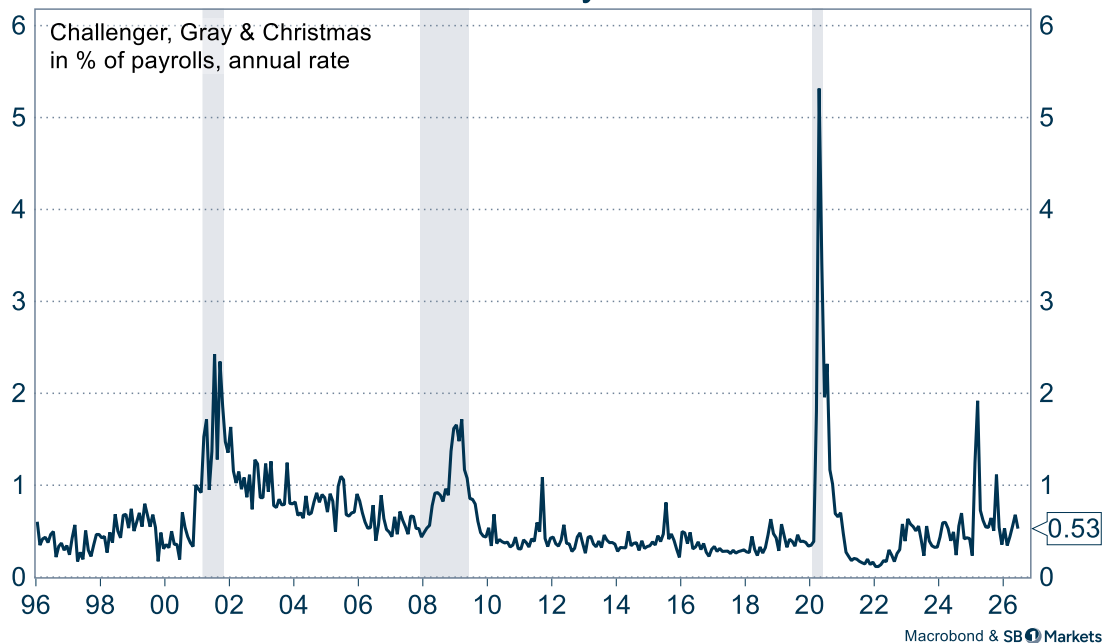
- Our 'Phillips curve' based on the vacancy rate signals wage inflation measured by Atlanta Fed's median wage at some 1 pp **above** the normal level (here vs the 10y average from before the pandemic), up from the current 0.7 pp gap.
- Companies' (SMEs) assessment of their compensation plans also signals wage growth above normal, but not faster than today.
- Once again – **if productivity growth has 'permanently' accelerated** to a 2.5% trend from the previous 1.5% trend, **wage inflation has fallen (more than) sufficiently to bring Unit Labour Costs down to a sustainable level.**



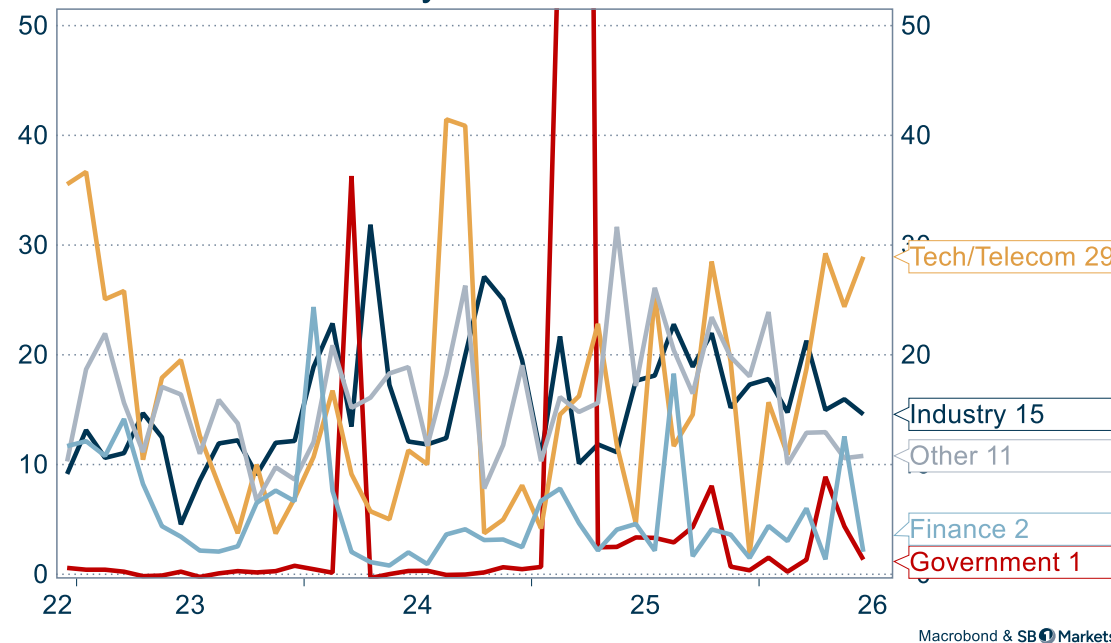
# Challenger & Co layoffs: down in June but tech layoffs head up

The total down to 70' from 91', still somewhat above a normal level, equalling 0.5% of payrolls, annualised (as if the June pace was the same in one year). Layoffs in finance decline, while tech layoffs stayed at rather elevated level.

### USA Layoffs



### USA Layoffs - Christmas & Co.

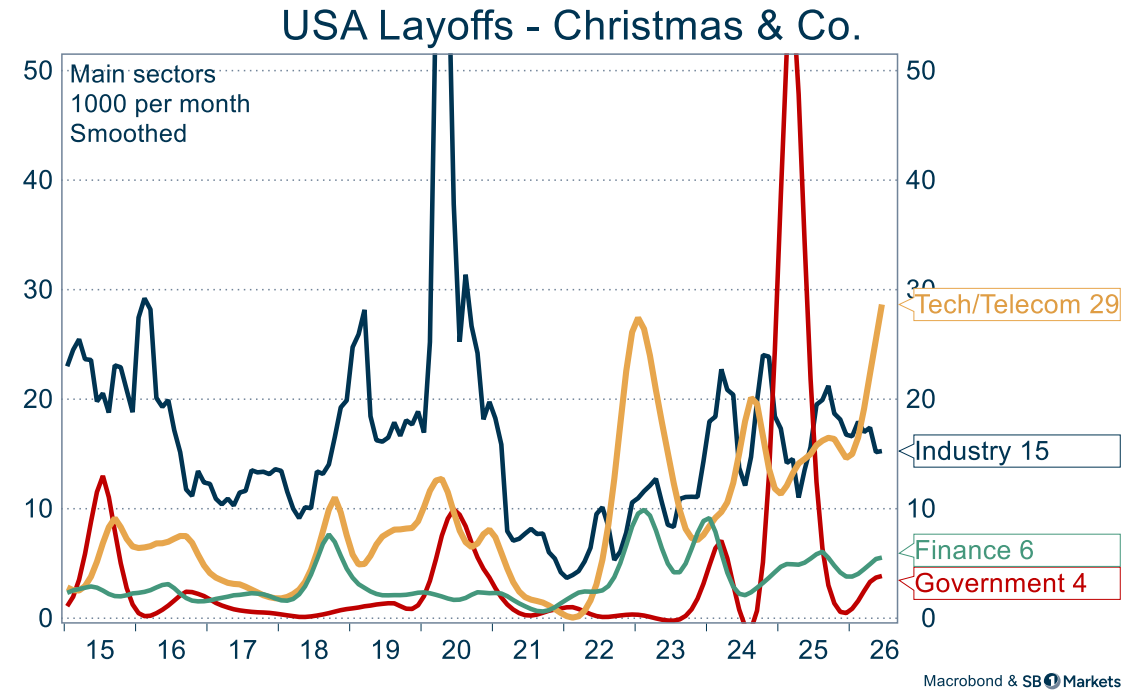


### USA Layoffs



- If you have problems spotting the trends in the chart above, *check a smoothed sector chart next page*

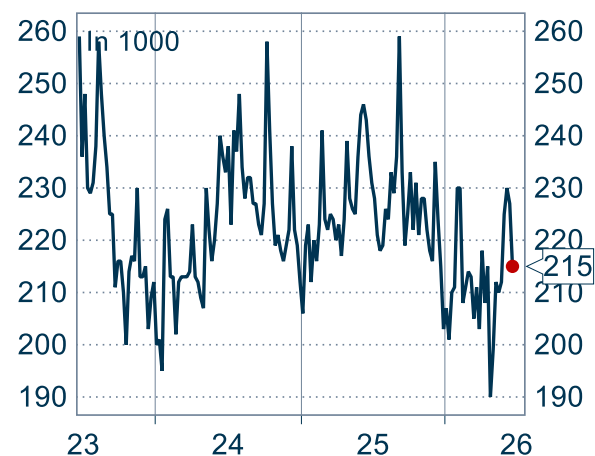
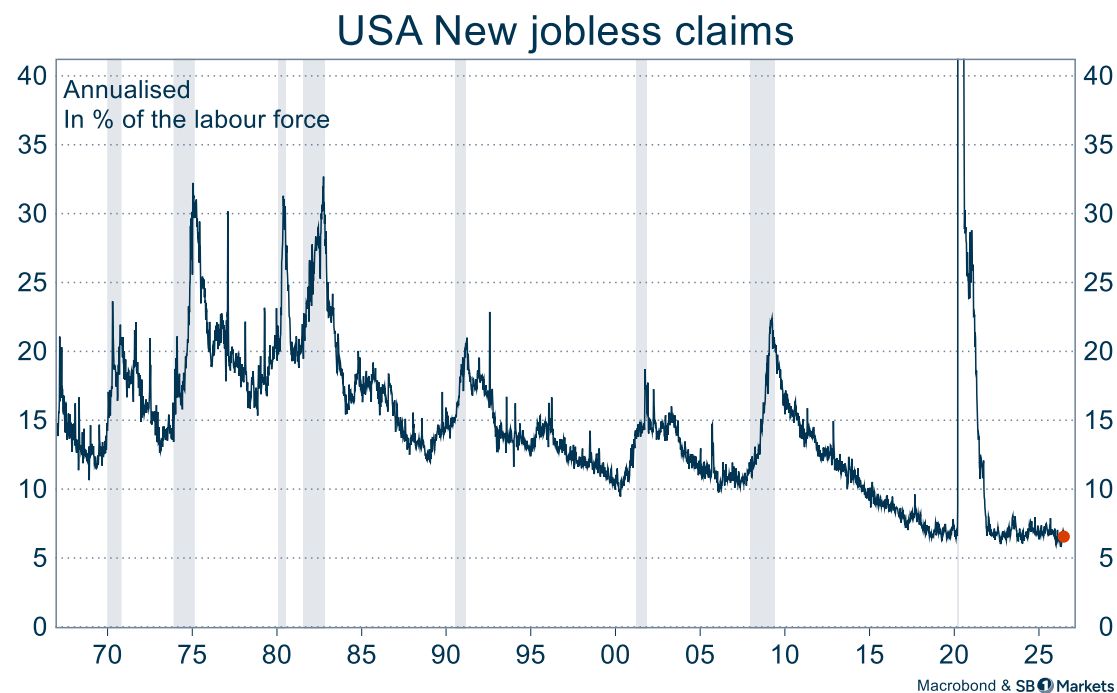
# Tech layoffs the only upside outlier. An interesting observation these days





# The inflow of jobless claims remains at a low level

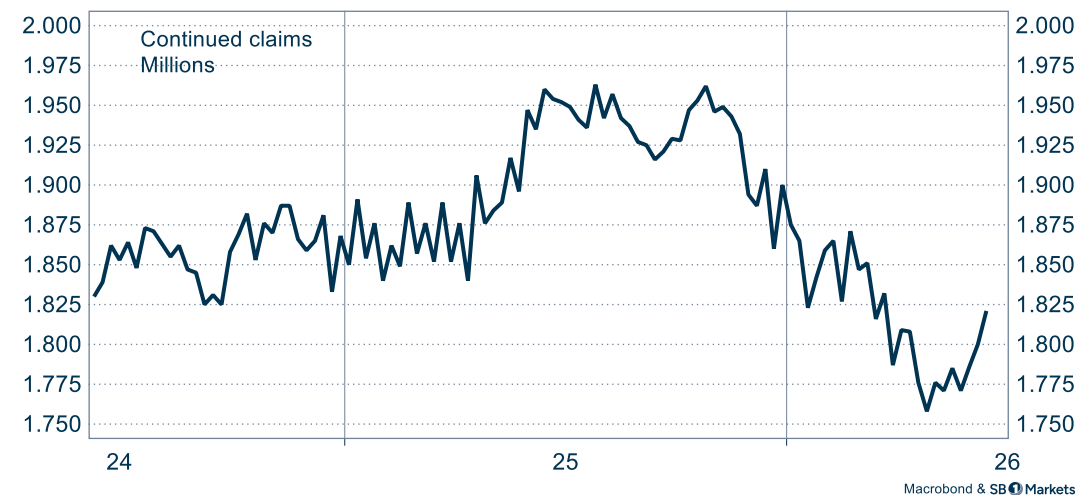
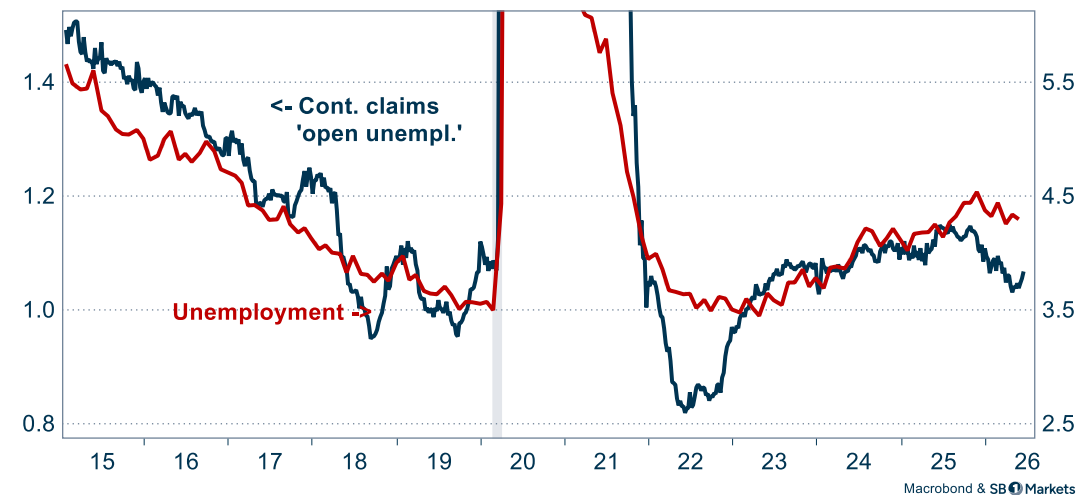
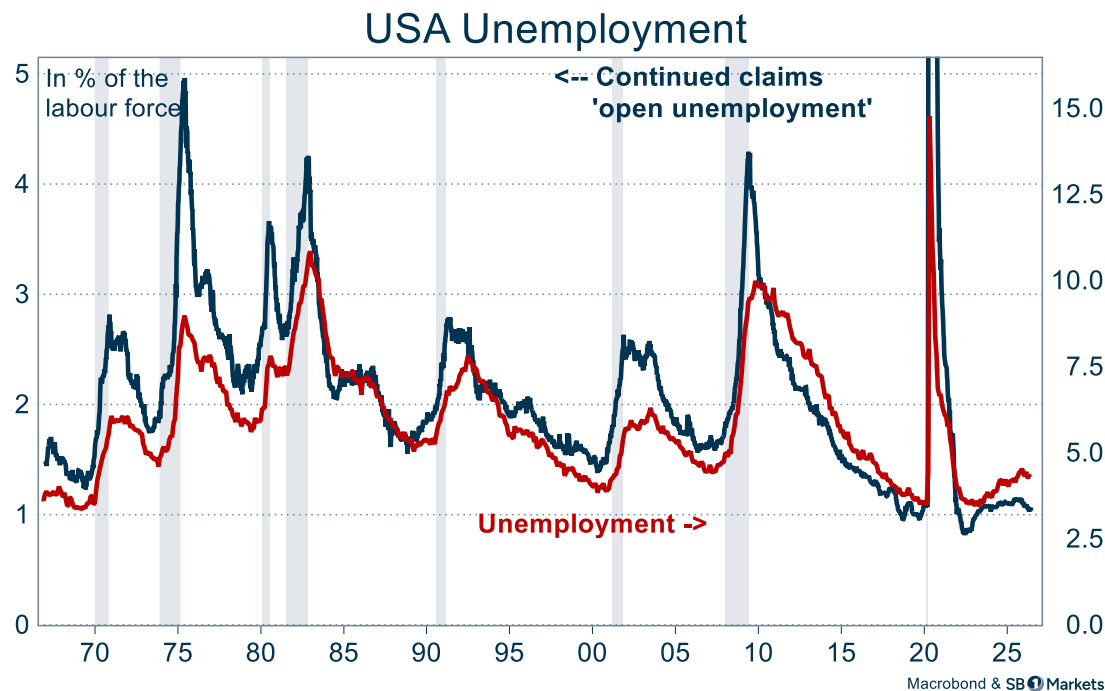
The previous week, 215,000 new jobless claimants, in line with the inflow the previous week.





# Continued jobless claims have turned up recent weeks but is still at a low level

The count of persons receiving unemployment benefits has fallen rapidly in recent *months*, confirming the decline in the unemployment rate – and signals a further decline. However, the **trend the past 7 weeks is upwards**

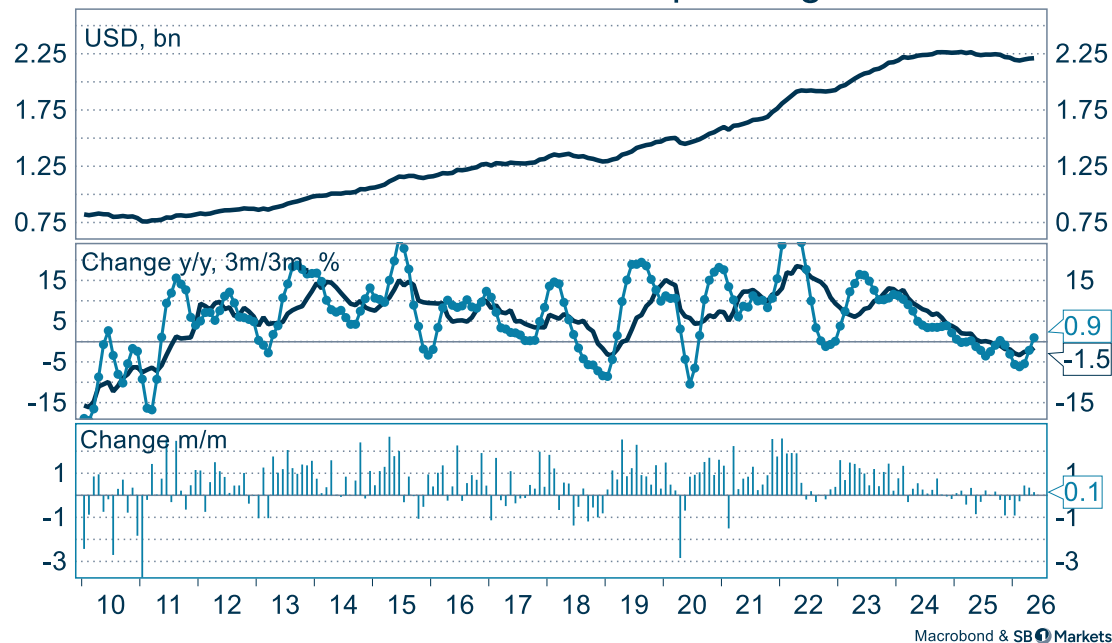




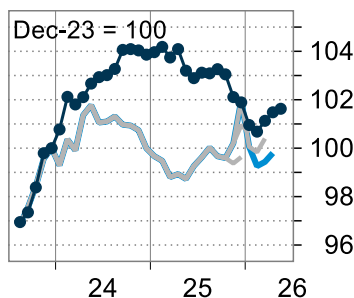
# Construction spending: history revised up, but fell through last year and is up lately

... at least before adjusting for higher construction costs. In volume terms investments are down in housing, businesses (broadly) and in the public sector. Investments in manufacturing plants for production of computers/electronic/electric equipment decline rapidly

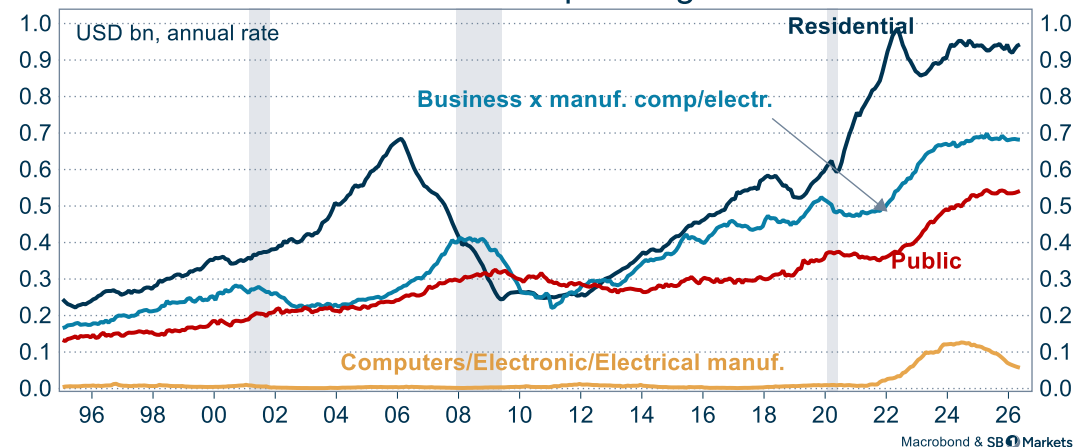
### USA Construction spending



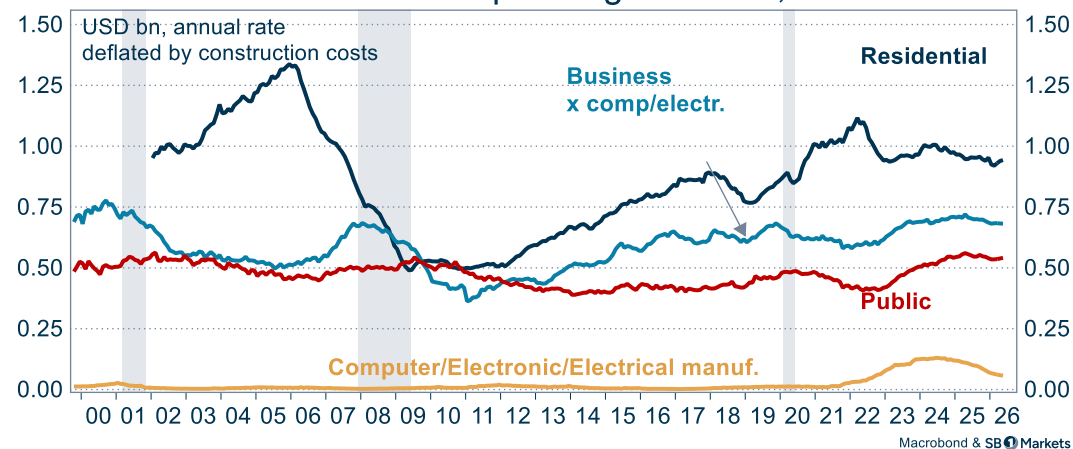
- Revisions were up and down – the main picture remained intact



### USA Construction spending - sectors



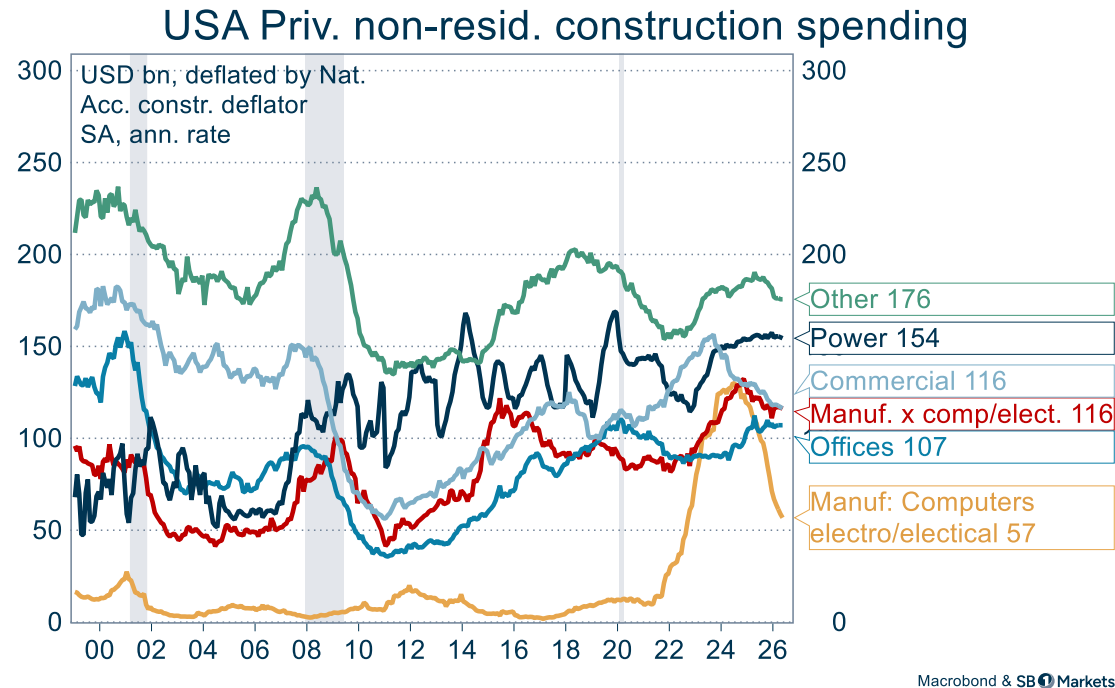
### USA Construction spending - sectors, volume





# A mixed outlook for business investments. Downside risks in several sectors

... or will Trump 2.0 tariffs or perhaps more likely the stimulus measures lift investments both in the manufacturing sector and elsewhere?



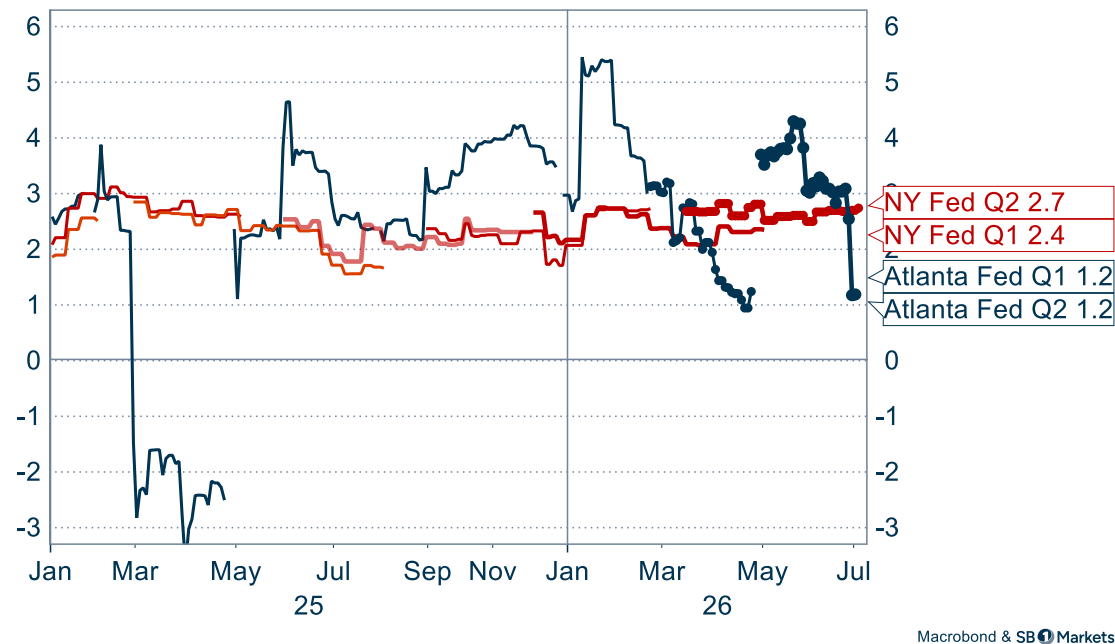
- The surge in **computer/electronic/electrical** investments from 2021 was more than impressive. No doubt, the extreme policy measures introduced in the Chips and Science Act in 2022/23 have had a large impact.
  - The USD 120 bn take-off equalled 0.4% of GDP.
  - However, these investments have declined more than 50% from the peak in Sep-24, notwithstanding the surge in AI related investments. The level is still very high.
- Investments in **other parts of the manufacturing sector** have also been growing the past years but has been declining the past year (in spite of all the announced ‘Trump deals’)
- The upside in investments in **power supply** may be hampered by the new administration’s policies on energy transition, and they have flattened – but more power is needed (AI).
- Investments in **offices** have kept up well, in spite of some trouble in the sector following the normalisation of the capital cost. The investment level is rather high, and well above the 20y average. Some downward risk, also due to lower population growth?
- Construction in the **commercial sector** (trade, distribution x transport) is probably also exposed as the investment level may be on the high side, even after a 25% decline.
- **Other business investments** are not at a high level and may be sustained.



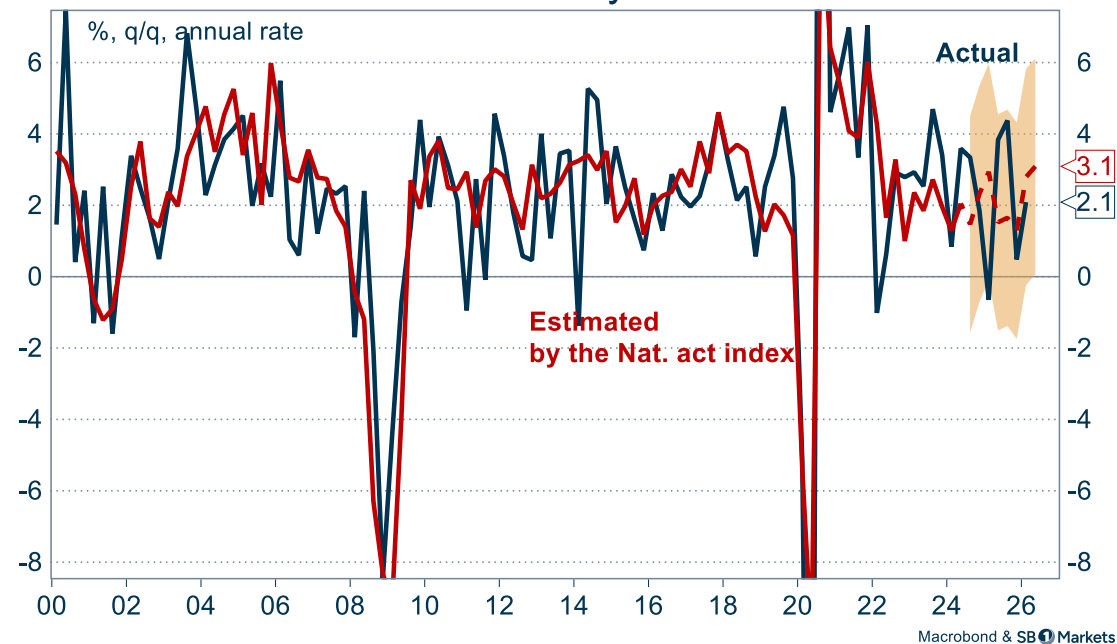
# Atlanta Fed's Q2 GDP estimate axed 2 pp to just 1.2%, as exports crashed in May

As we noted a week ago, the forecast would be cut sharply due to the **decline in exports**. And it was, in a rather unusual way! Other nowcasters/surveys report lower higher growth than Atlanta Fed's nowcaster. In Q1 Atlanta suggested 1%, while the outcome was 2.1%

### USA Fed GDP nowcasters



### USA National activity index vs GDP



- ... at least after revisions

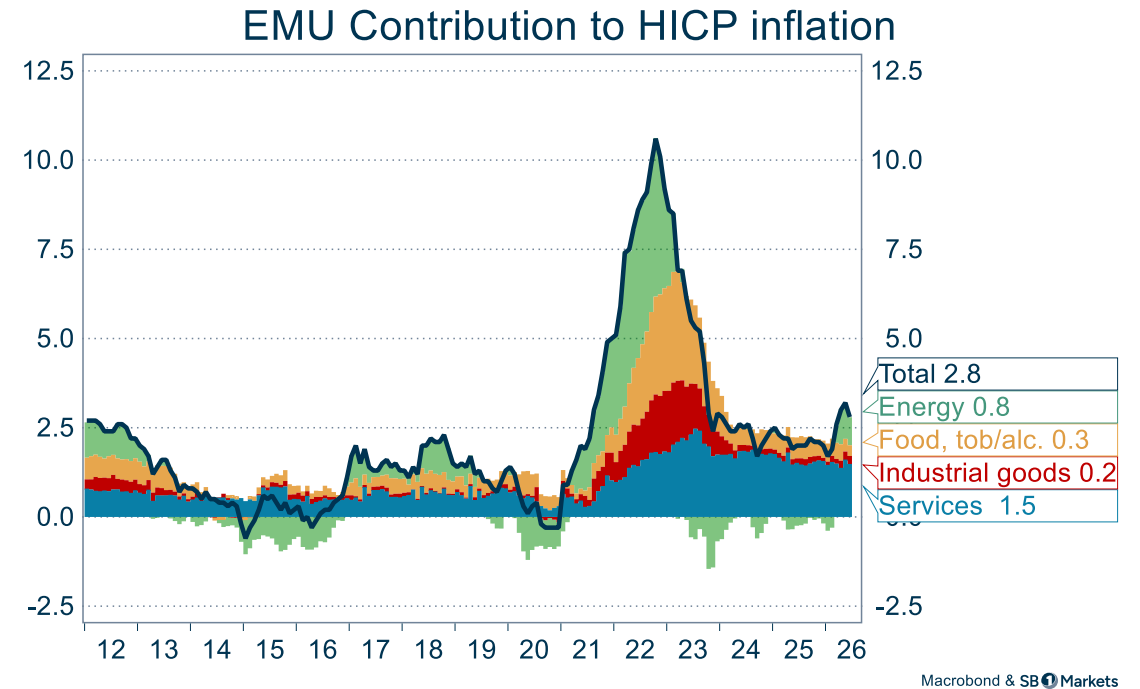
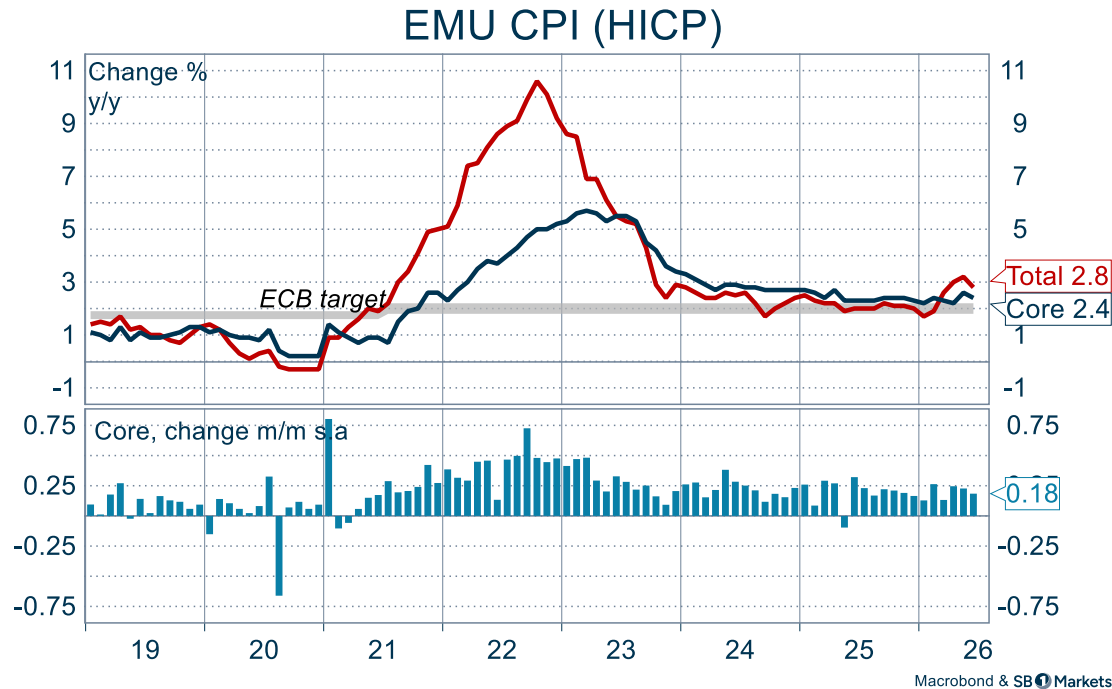


**Euro Area**



# EMU: Inflation declined more than expected in June

The headline HICP (CPI) slowed 0.4 pp to 2.8%, and the core fell 0.2 pp to 2.4%, both 0.2 pp below expectations. Core price rose 0.18% m/m. Underlying in recent months, up 0.1 pp to 2.5%. **Better than expected. The ECB can take a summer break?**



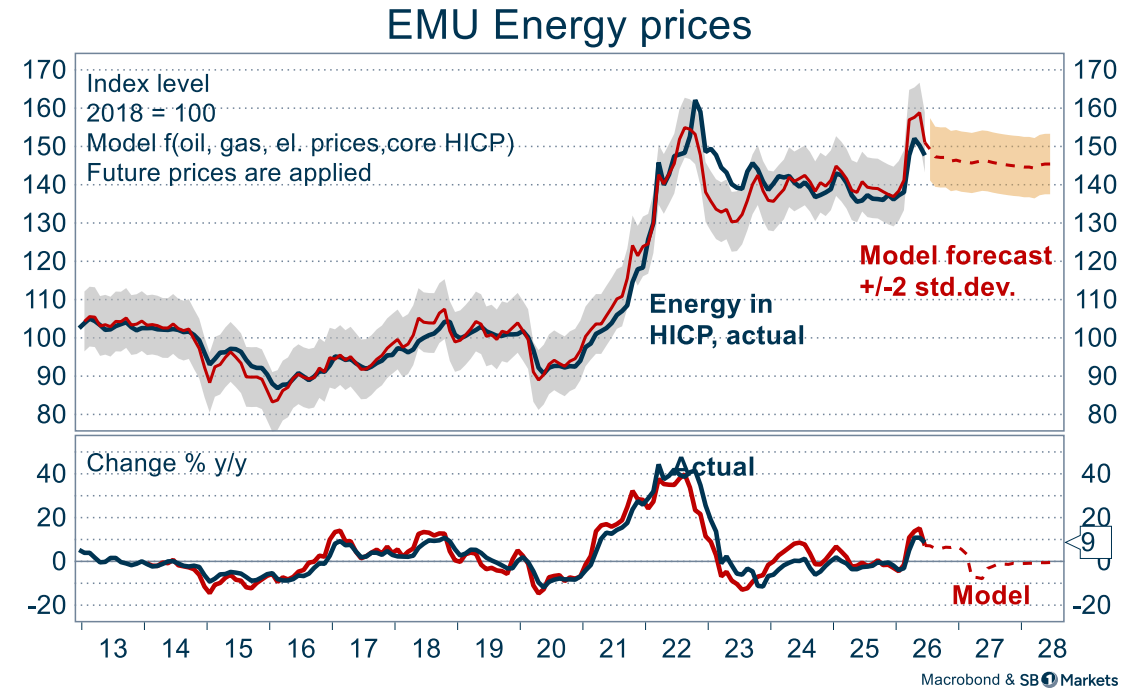
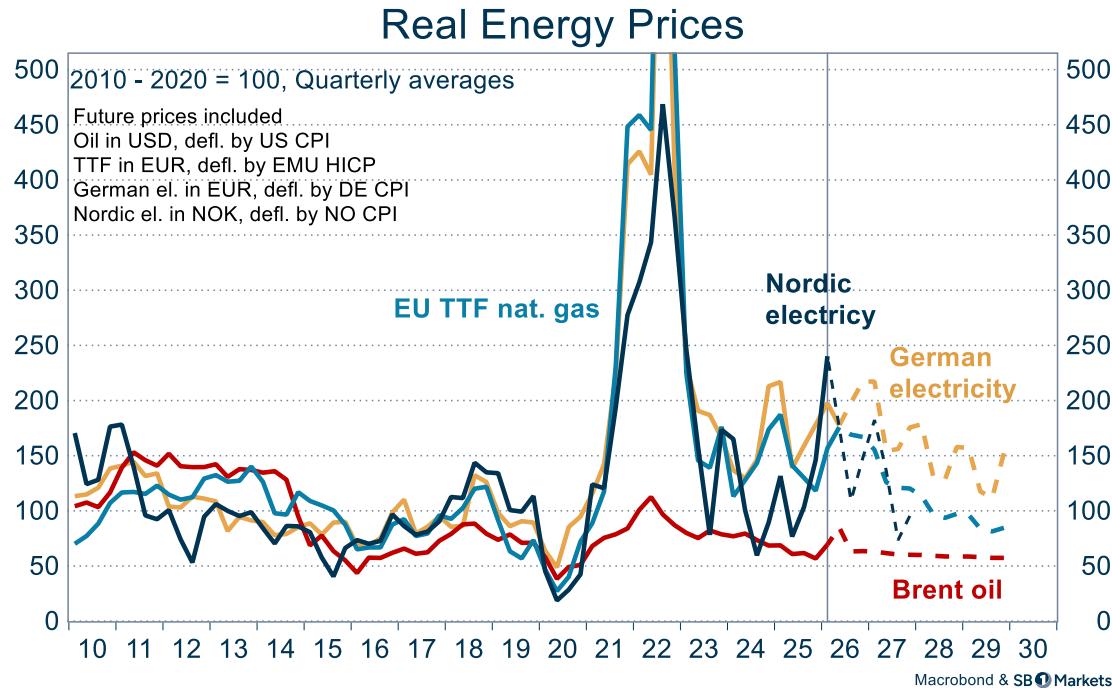
- **The headline HICP** was down 0.1% m/m in June as energy prices fell 1.6% and food prices fell 0.1%. Energy prices are still up 9% y/y which lifts the HICP by 0.8%. Our model suggests that annual energy inflation will stay at this level the coming months.
  - **Food prices** are up 1.6% y/y
- **The core HICP** (ex food & energy) was up 0.18% (our calc), lower than in April and May. Underlying core inflation has accelerated slightly recent months, to 2.5% (average of our measures).
  - **Core service sector** was back up to 3.2%, contributing 1.5 pp to total inflation. **Industrial goods** price inflation is still moderate, at 0.9% y/y, lifting HICP by 0.2 pp.
- **Wage and Unit Labour Cost growth rates** are still too high, given the current modest growth in productivity – but the direction is down.



# Energy prices at the consumer level have taken the beating, but annual infl. will stay high

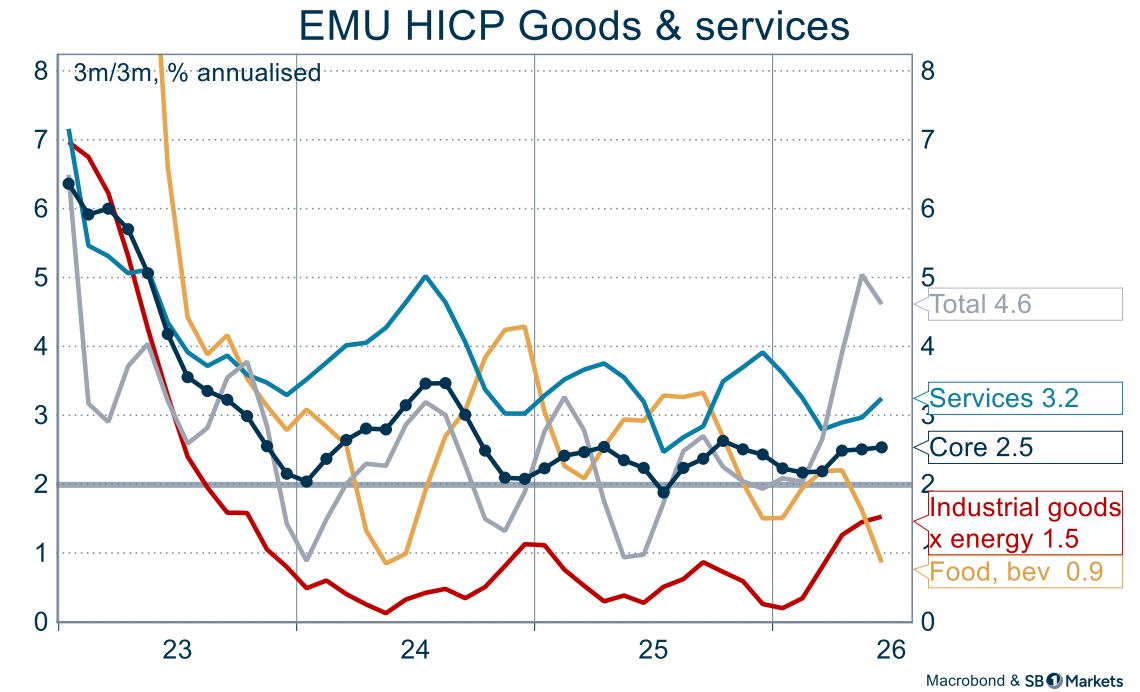
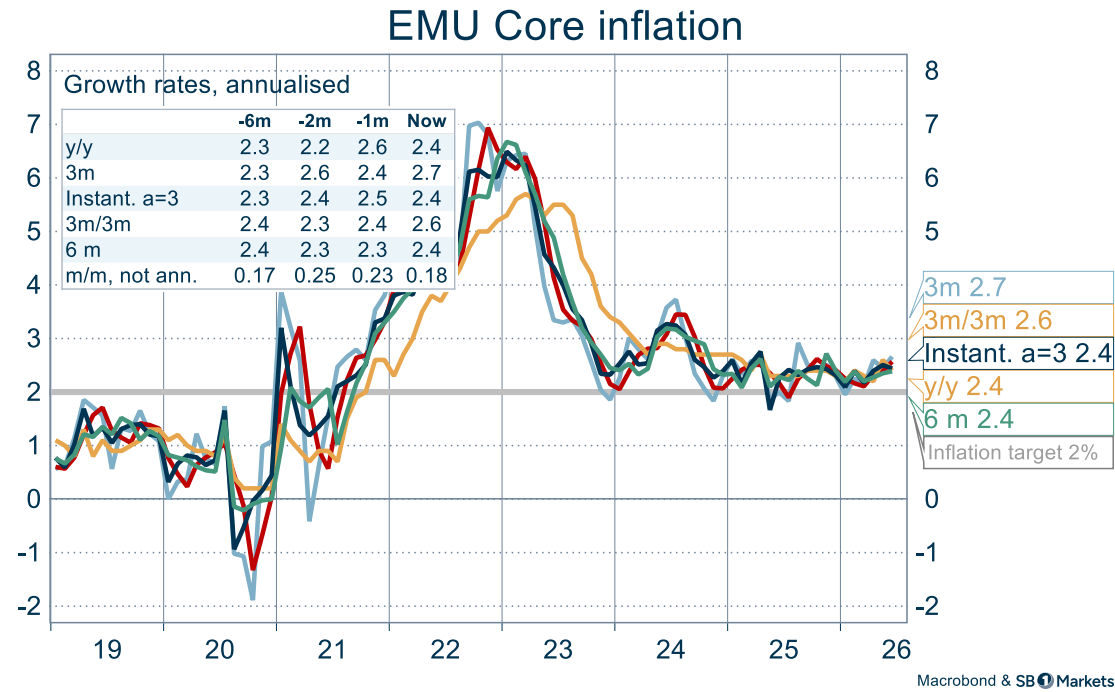
Our model, based on future prices for oil and gas, does not suggest a further large lift in energy prices at the consumer level.

But sure, forward prices may be wrong. Anyway, annual energy inflation may stay close to the current level until early next year





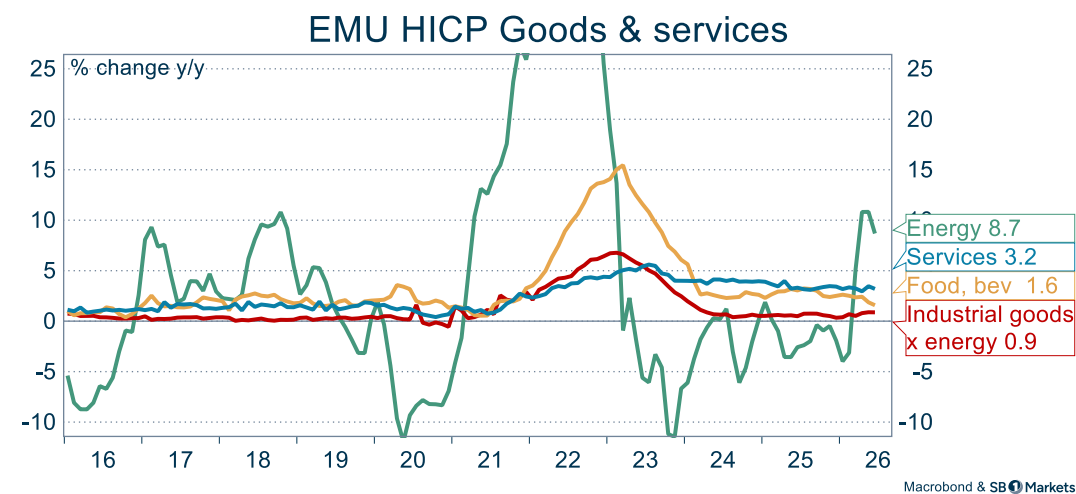
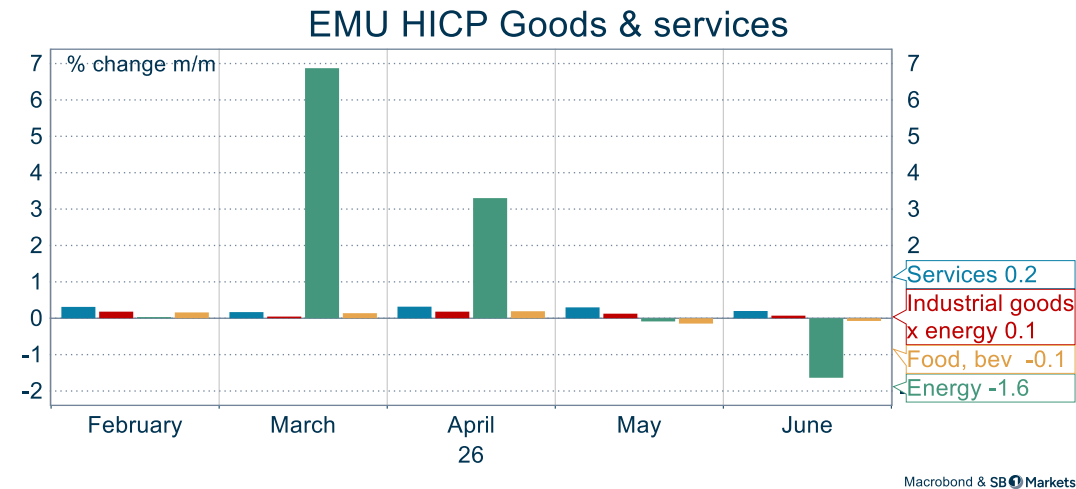
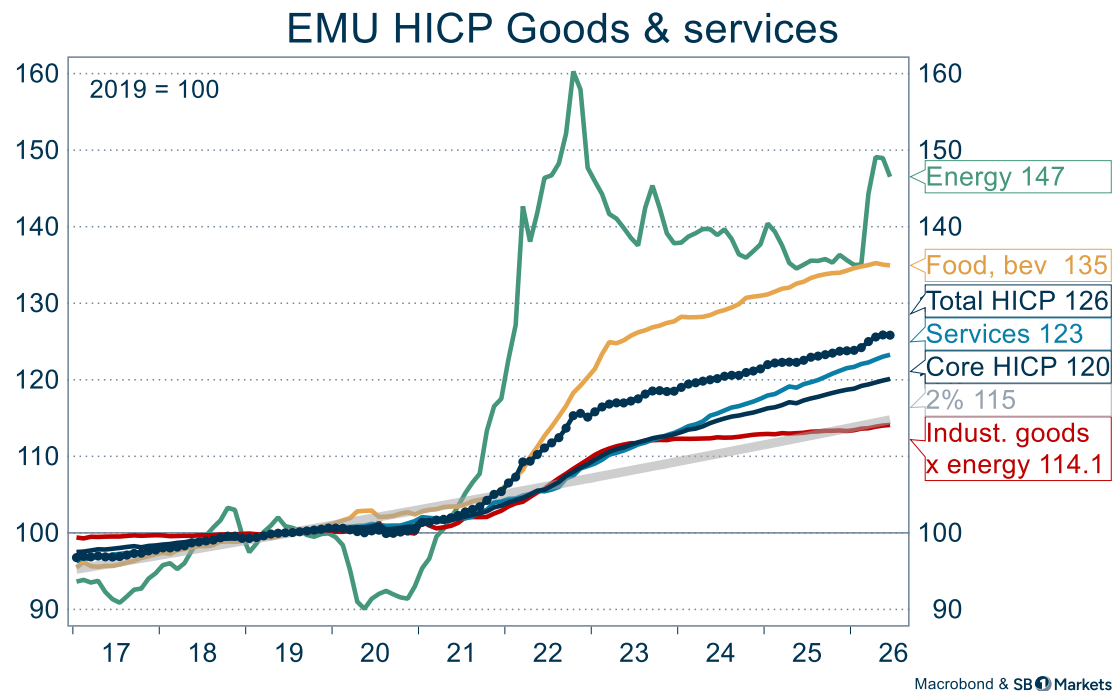
# Underlying core inflation slightly up past 3 months, now to 2.5%





# Energy prices fell slightly in May but are still up 10% since before the war

... and are up 10.9% y/y.

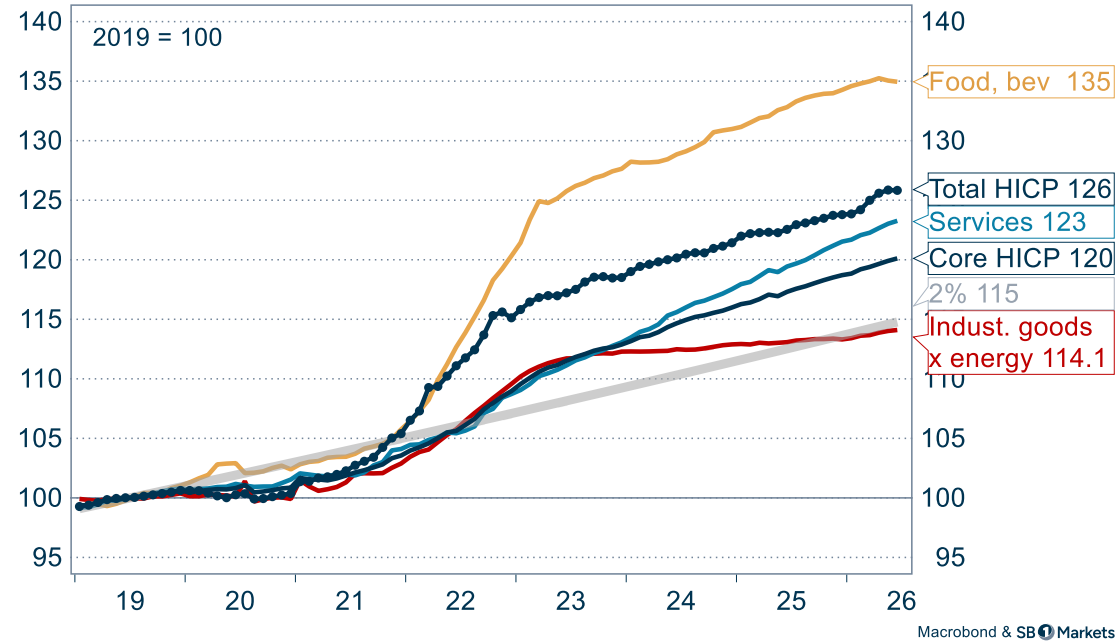




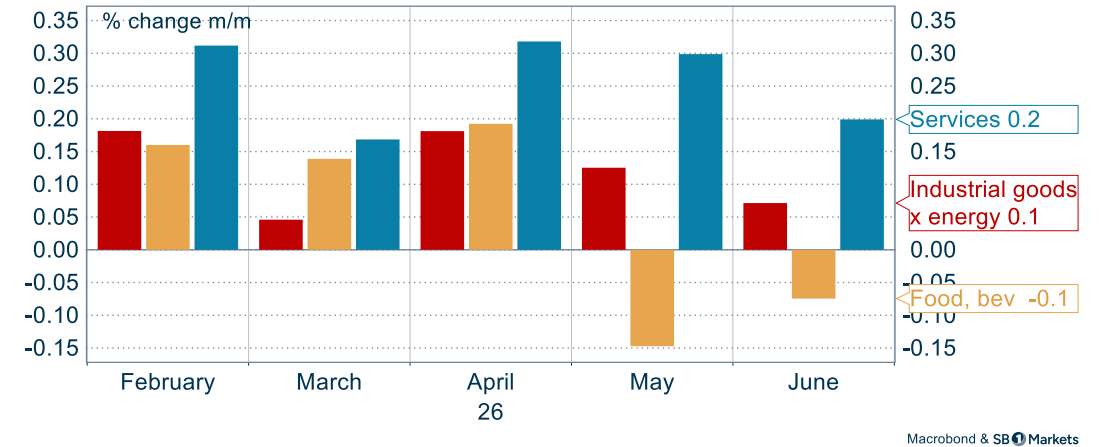
# Services inflation trends flat, above 3%

Food prices declined slightly and are up 1.6% y/y. Industrial goods prices rose 0.1% m/m, and the annual rate is moderate, at 0.9%.

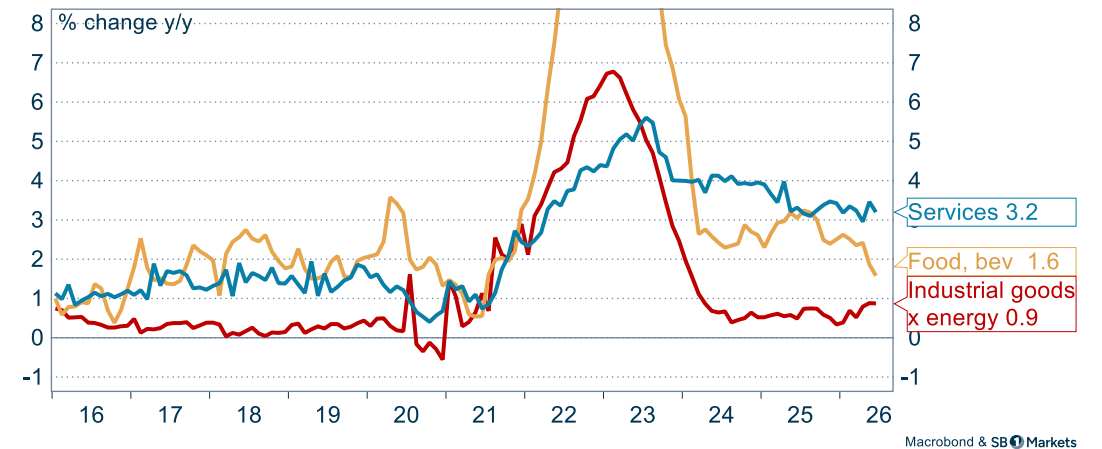
### EMU HICP Goods & services



### EMU HICP Goods & services



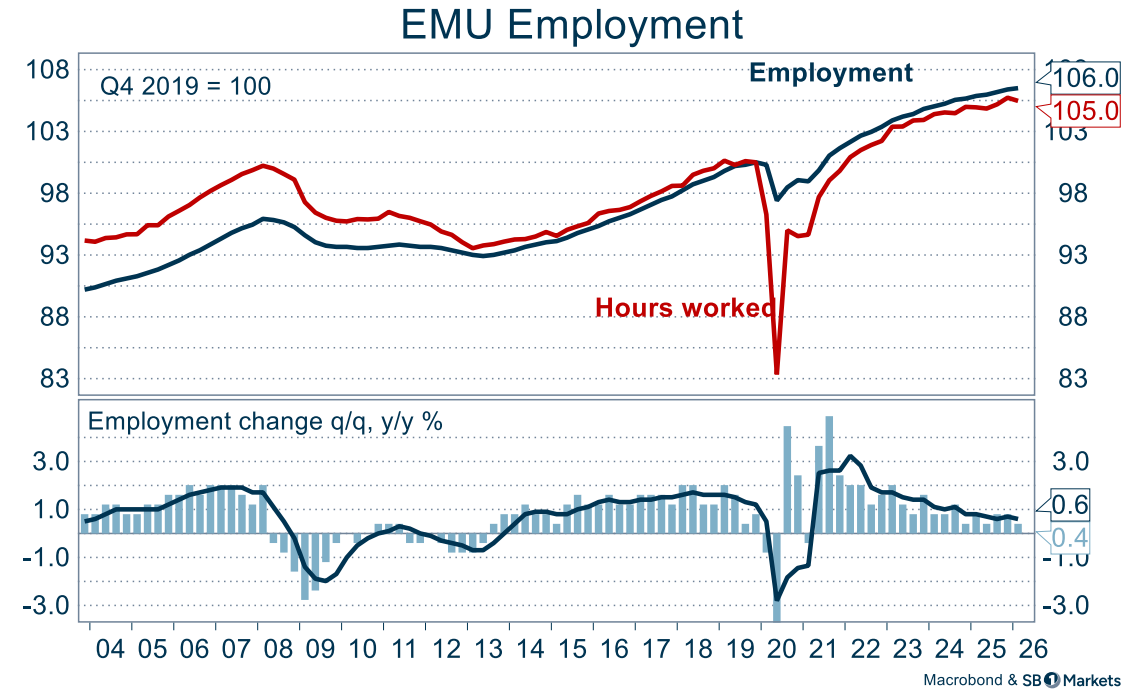
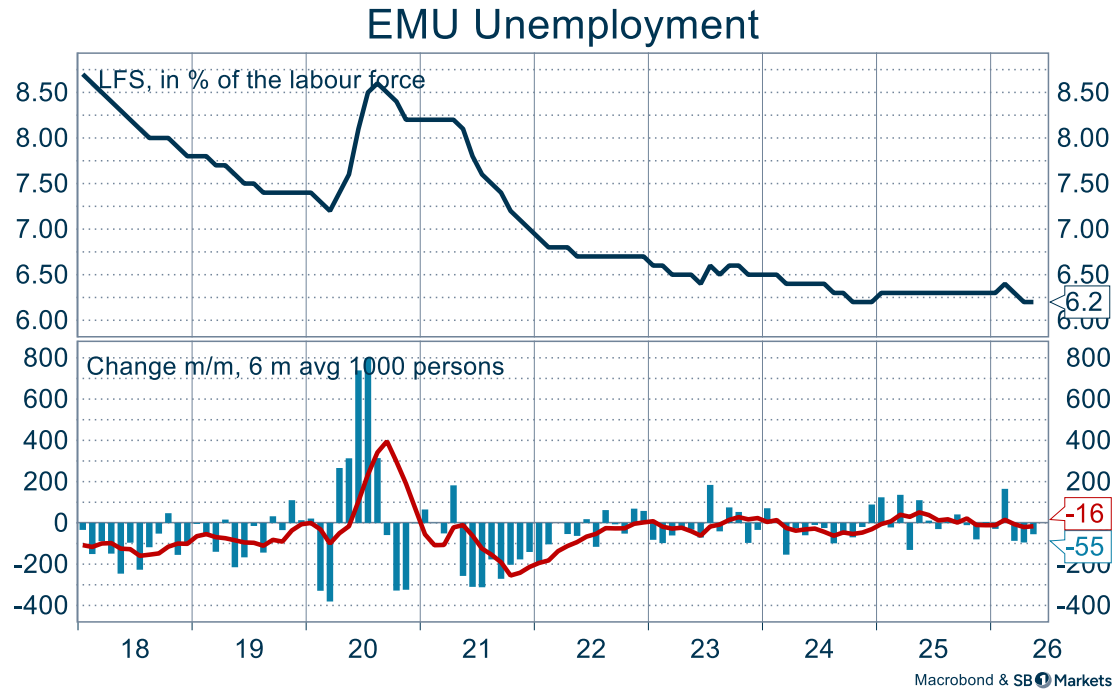
### EMU HICP Goods & services





# EMU LFS unemployment trends down, and was at 6.2% in April & May, the lowest in 45y

An unchanged rate at prev. reported 6.3% was expected. The number of unemployed declined by 55,000 in April. The past 6 months: -16' /m on average. The *employment rate* is the highest in modern times and not that far behind the US (but far below Norway's...)



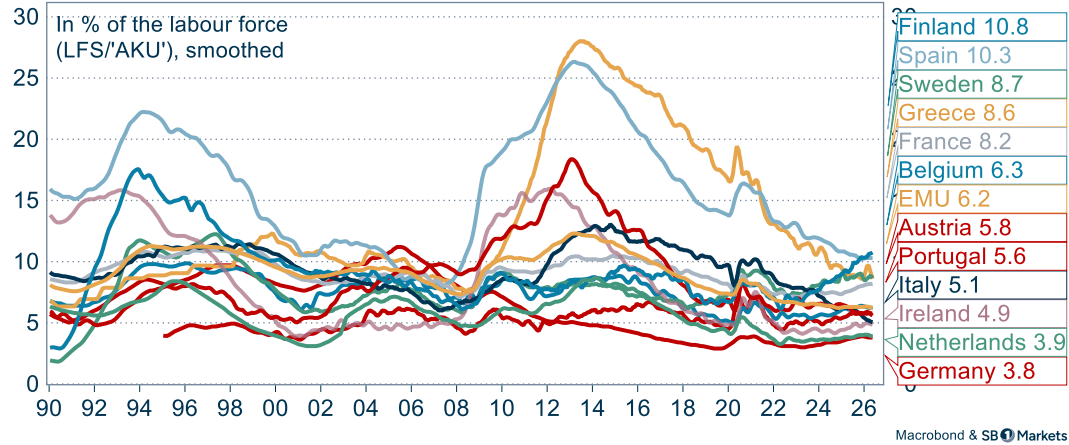
- **Employment** rose at a 0.4% pace in Q1, and is up 0.6% y/y, still faster than growth in the working age population.



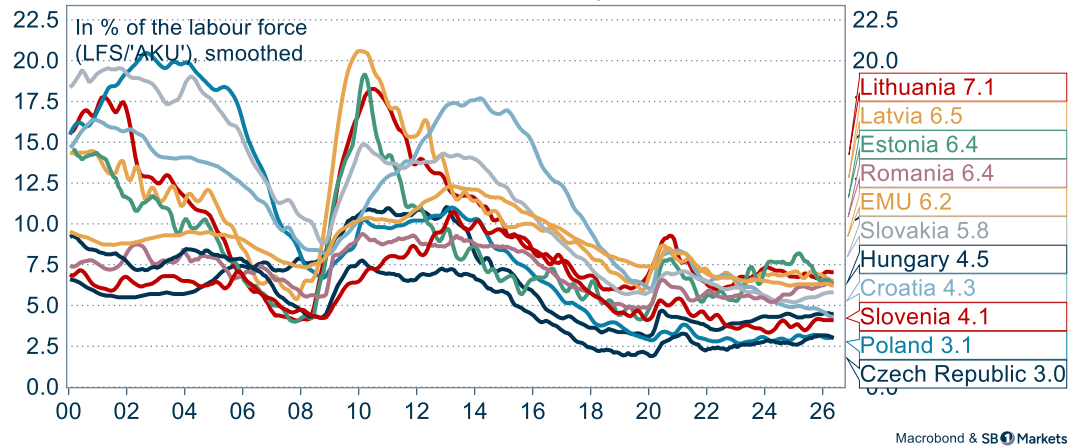
# EU unemployment lower than normal almost everywhere (ex. Austria, Denm., Sweden, Finland)

Finland is at the bottom of the ranking at 10.8%; and is up 2.2 pp last year (also in the lead). Sweden has the 3<sup>rd</sup> highest rate at 8.8%. The past 3 months, unemployment has increased in just 4 countries (from 8 in April) and has fallen in 15 (10). Last year: 13 are up; 10 are down.

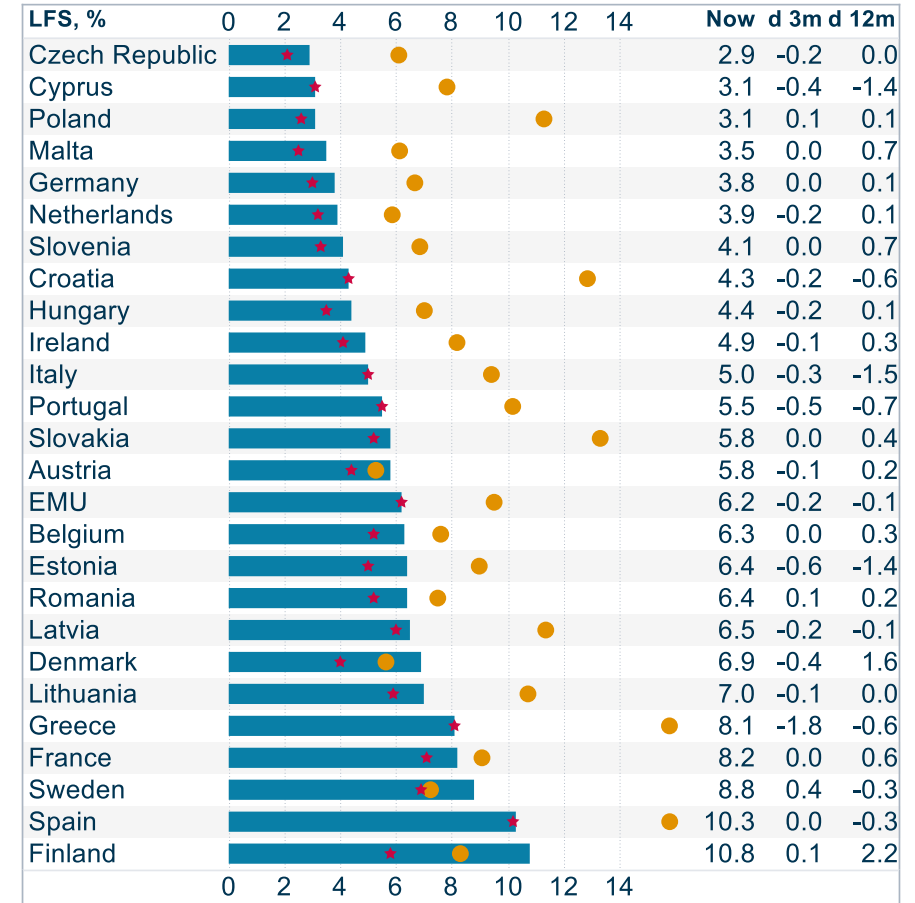
EU Unemployment



EU Unemployment



EU Unemployment



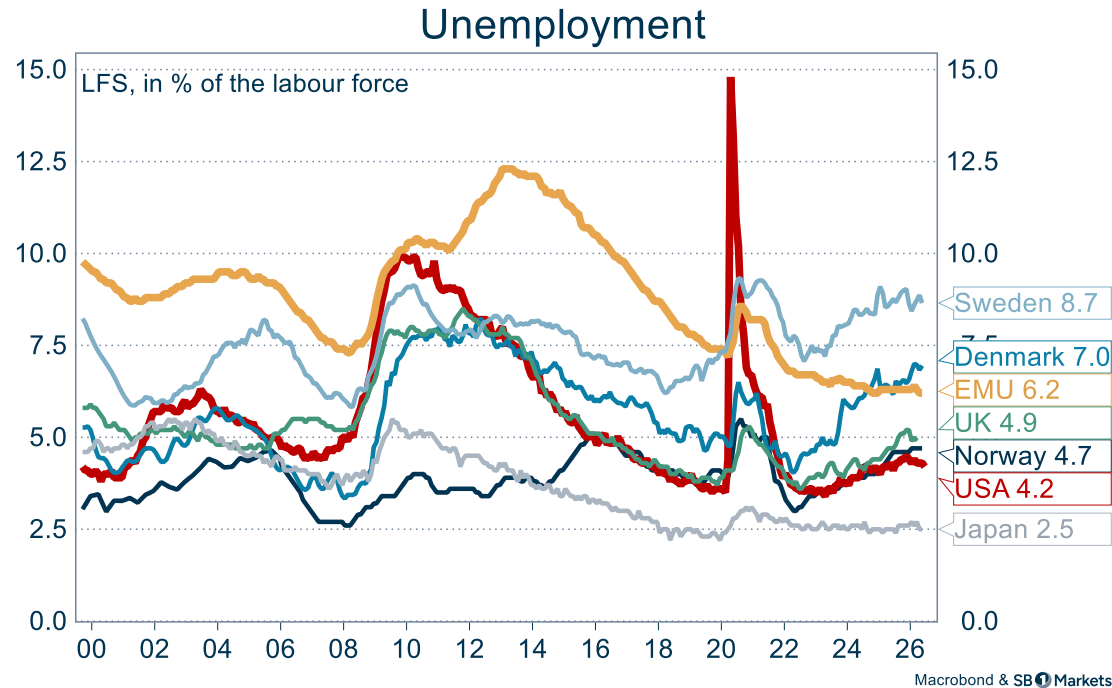
■ Now ● Average 2000 - 2019 ★ Low 2021->

Macrobond & SB Markets



# 'Main' DM: 12 are up from the post pandemic bottom, 5 not. Past 3m: 4 are up; 8 down

12 countries report unemployment rates below the 2000–2019 average, while 4 – Denmark, Finland, Norway, and Sweden – are above. What do these countries have in common?

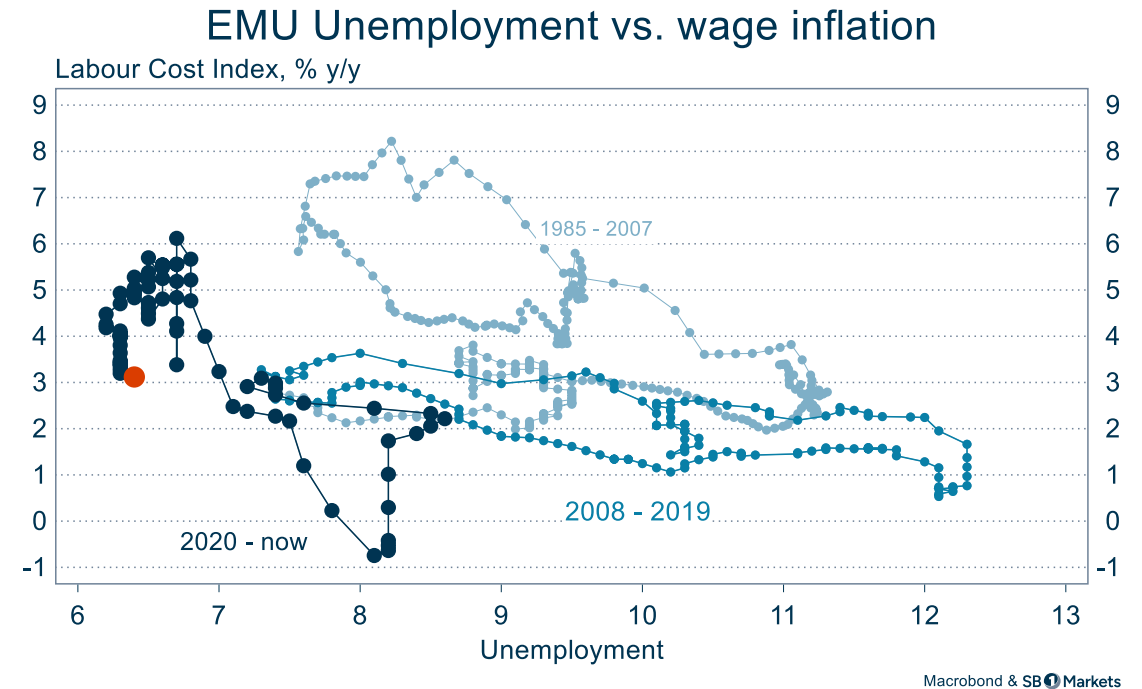
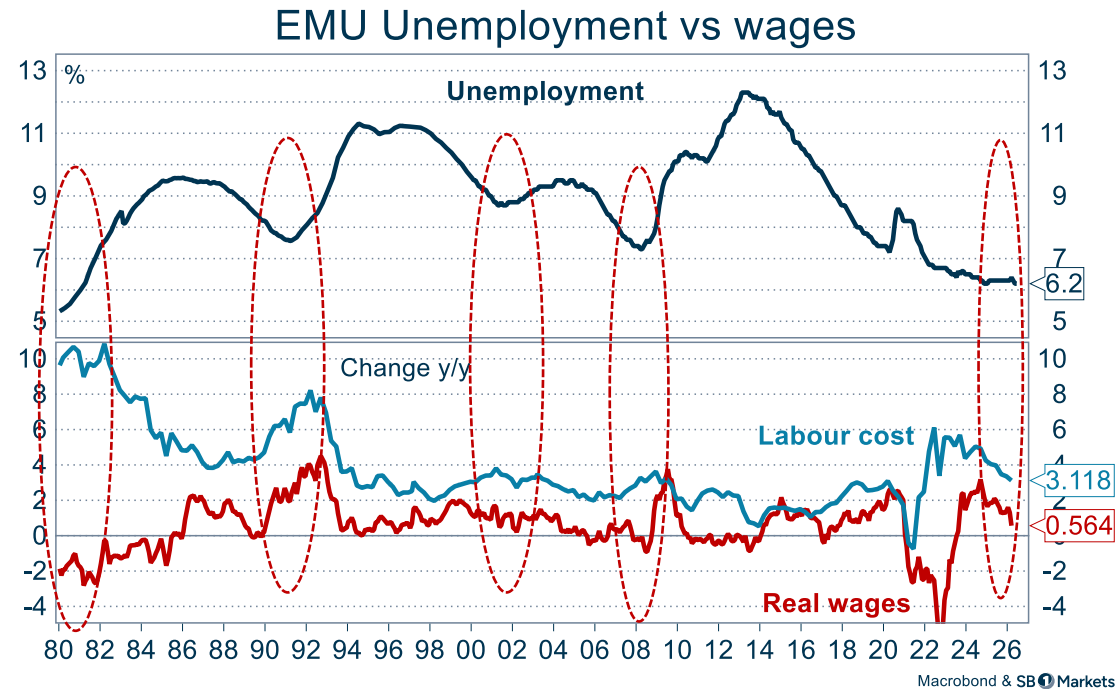


- In several countries, including Denmark, Norway, Sweden, and the US, 'open' registered unemployment claims rates (like AF/PES/NAV) are far below LFS (AKU) data.



# Unemployment has not been lower since 1981, yet wage inflation is still slowing

Real wages are up 1.5% y/y



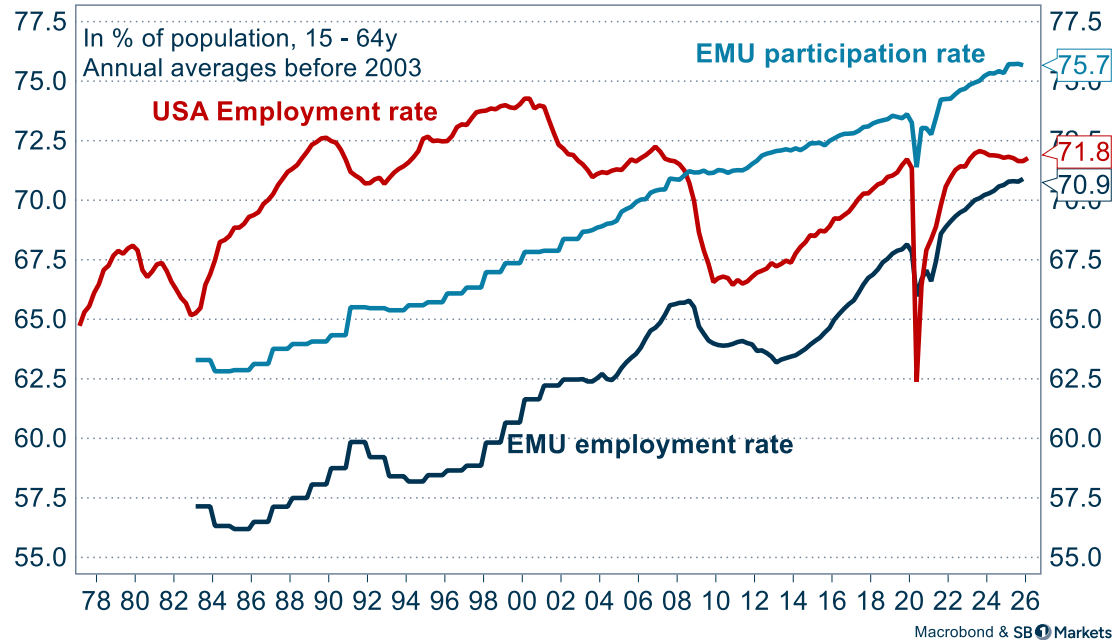
- The simultaneous decline in unemployment and wage inflation seen since 2022 has not been the norm in Europe – even if the Phillips curve was never particularly strong to begin with.



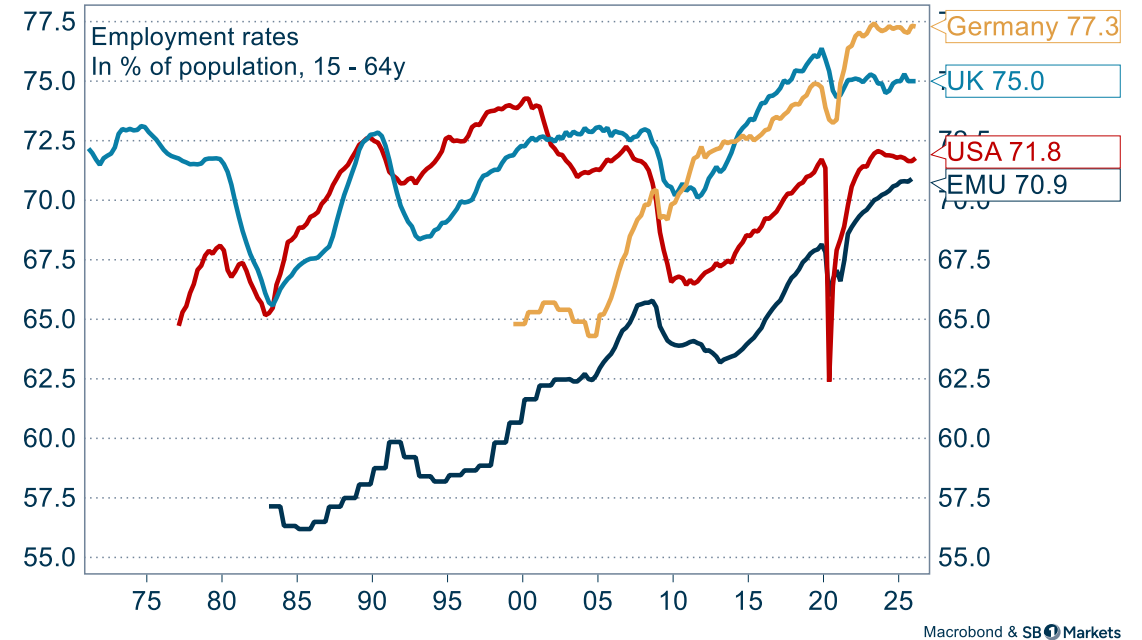
# Record high EMU participation and employment rates – and trends have been incredible!

The employment rate gap between the US and EMU **has narrowed to 0.9 pp, from almost 10 pp 20y ago**. Will EMU overtake the US? Not unlikely, check the charts below. *Germany did so 15y ago* and is now 6 pp above the US (from more than 10 pp below 25y ago!)

### EMU Labour market



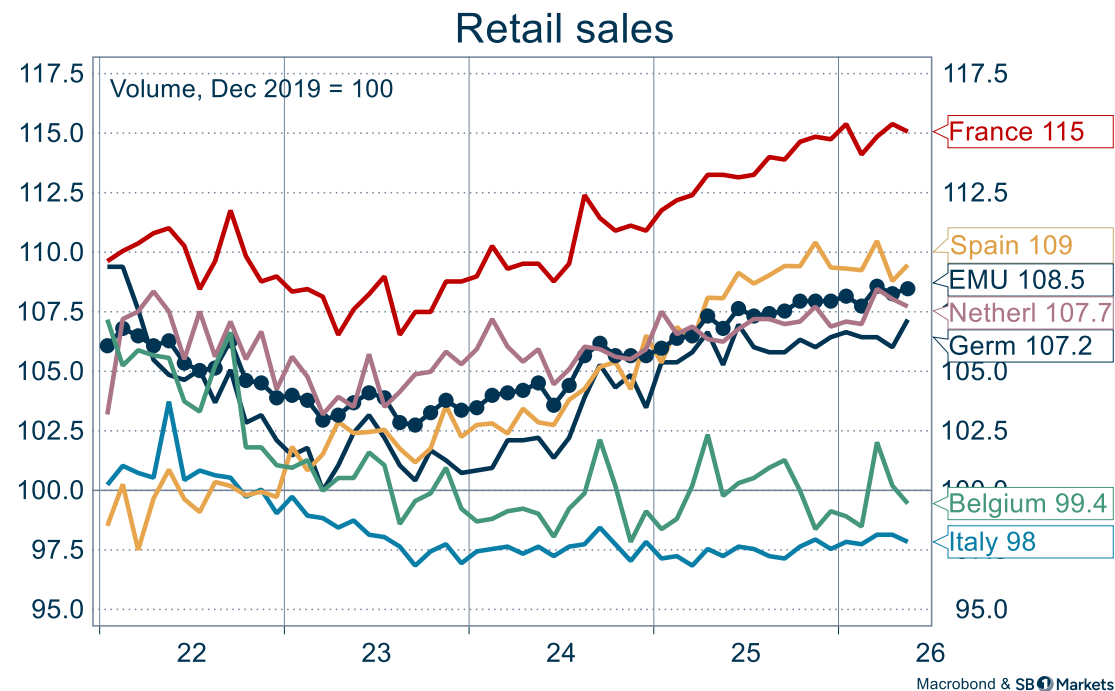
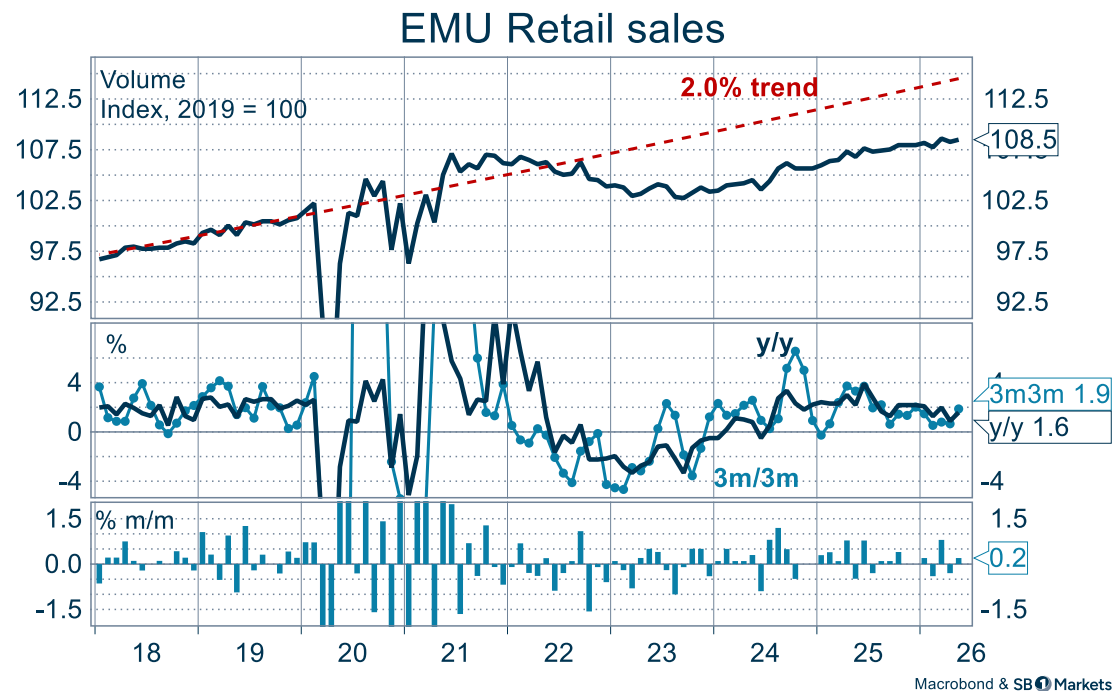
### EMU Labour market



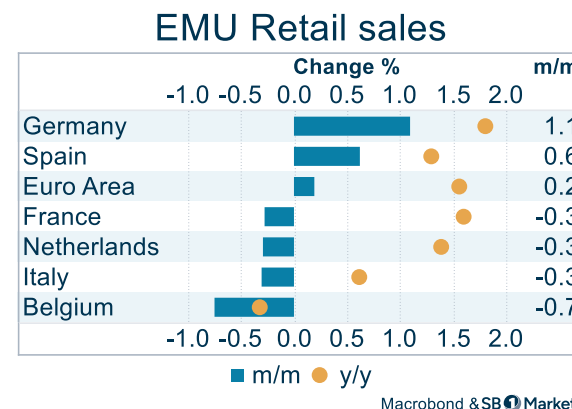
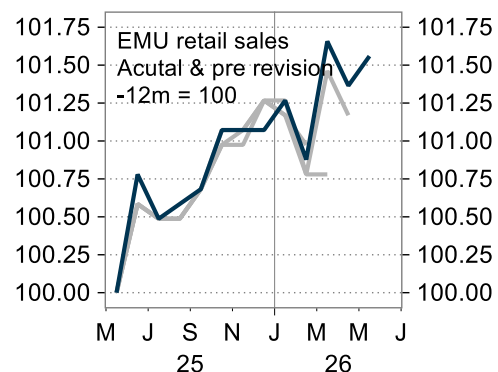


# EMU: Retail sales up 0.5% in May, and trends up

History was revised slightly up and are up 1.6% y/y, as expected. The previous 3m/3m: 2%. Germany in the lead, both m/m and y/y



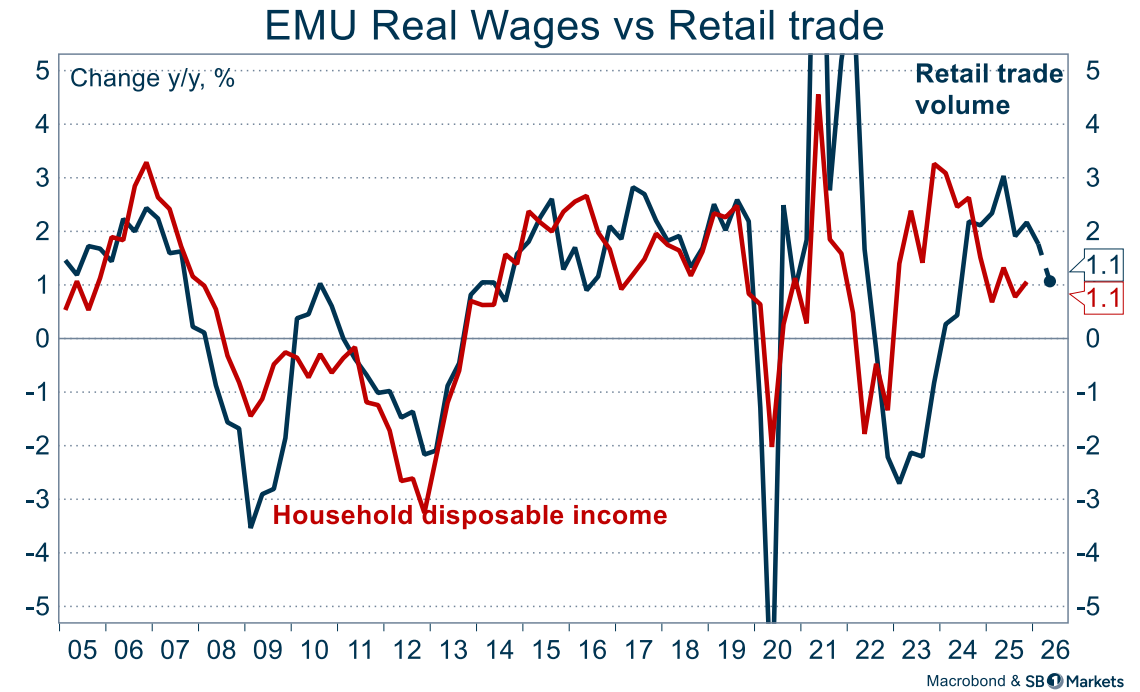
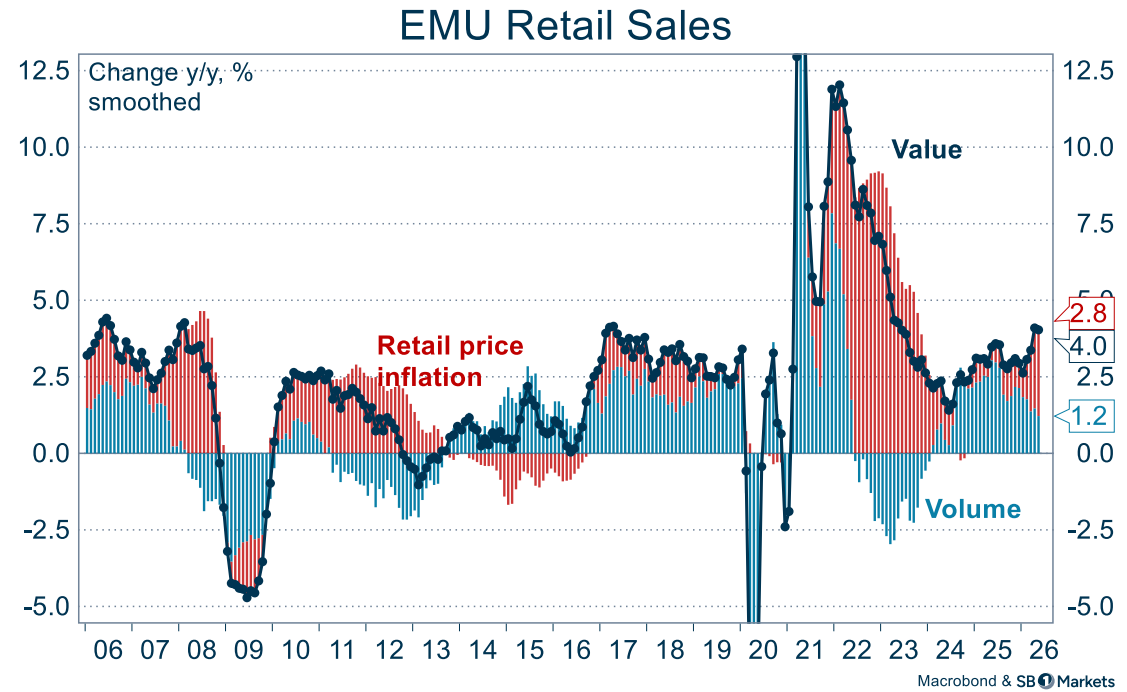
- **Retail price inflation is 2.5%** (check next page), and the value growth is 3.8% y/y (both data smoothed), which is in line with growth in total wage revenues.

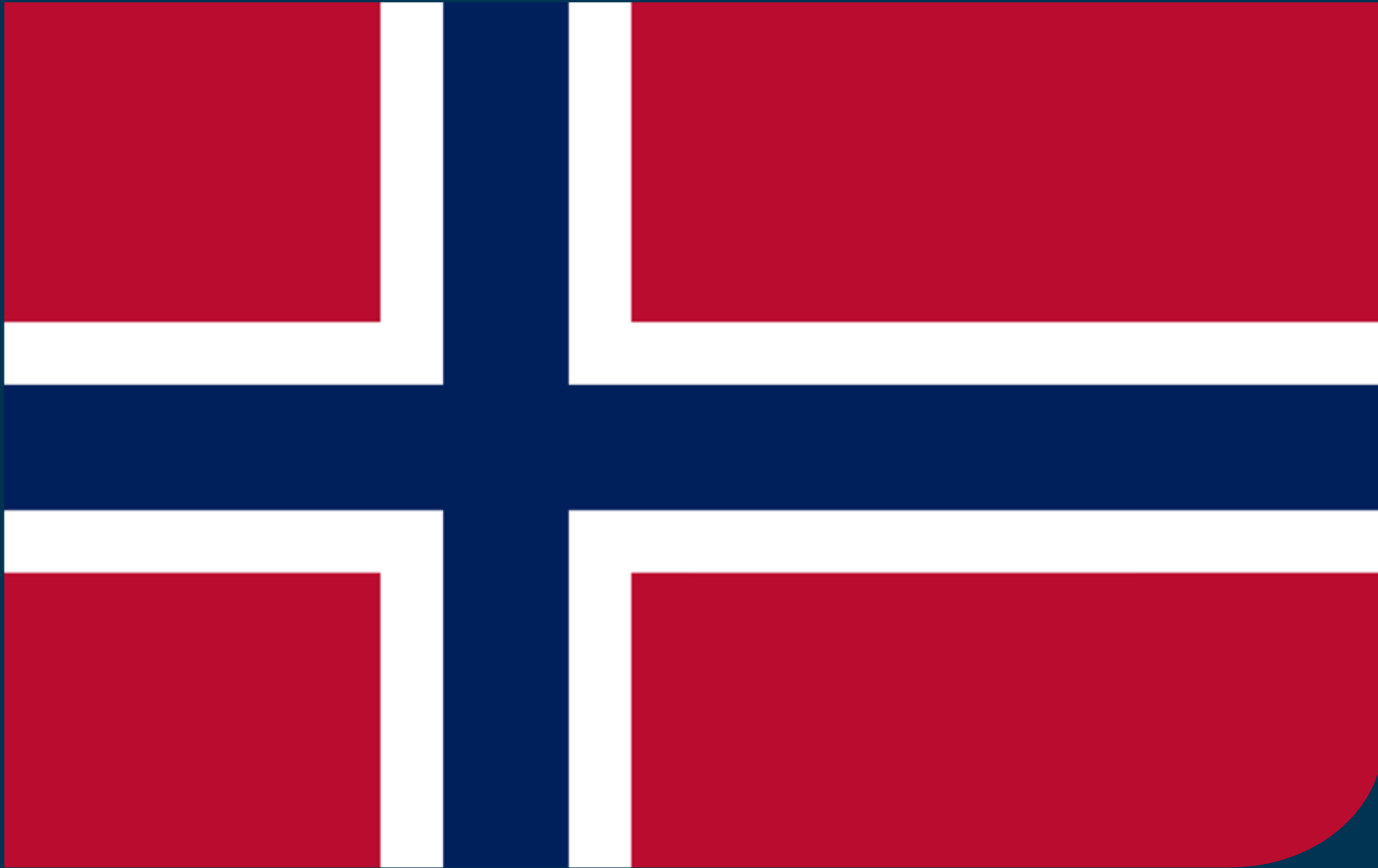




# Price inflation has accelerated to 2.8% (gasoline included)

Growth in households' real disposable income has slowed to below 1% (to well below growth in wage revenues).



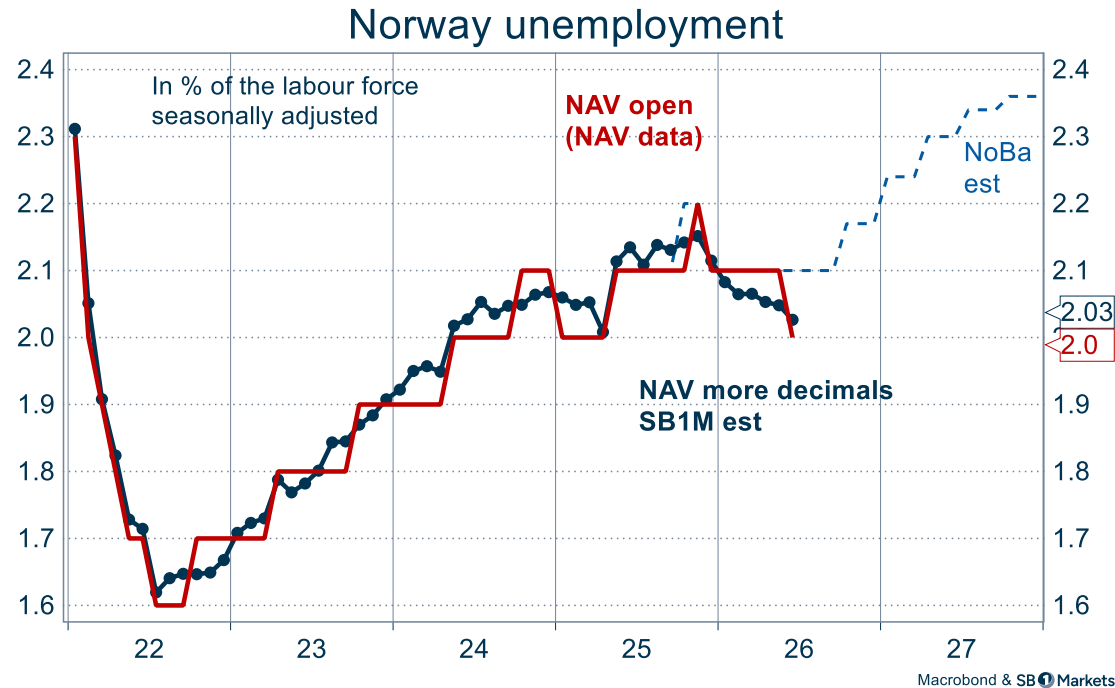


### 3. Norway



# NAV unemployment rounded down to 2.0% in June, and trends down, from 2.2% last Nov.

NAV open unemployment fell by 600 persons in June, and the 'official' rate declined 0.1 pp to 2.0%. We estimate a 0.02 pp decline to 2.03%. Norges Bank assumed 2.05% in Q2 (and 2.1% in June). Total no. of job seekers also fell in June but is slightly up so far in 2026

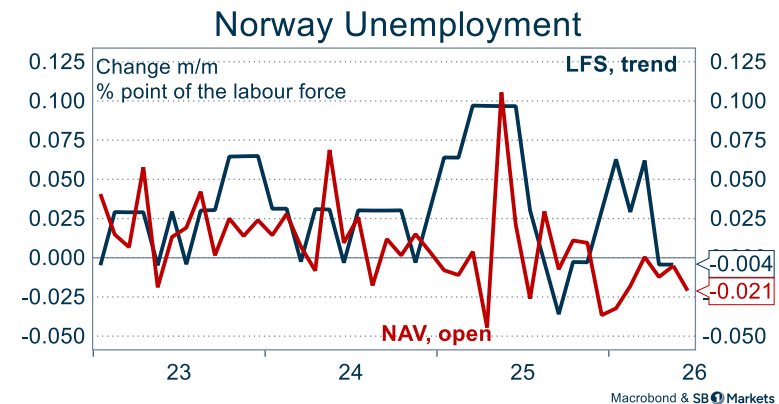
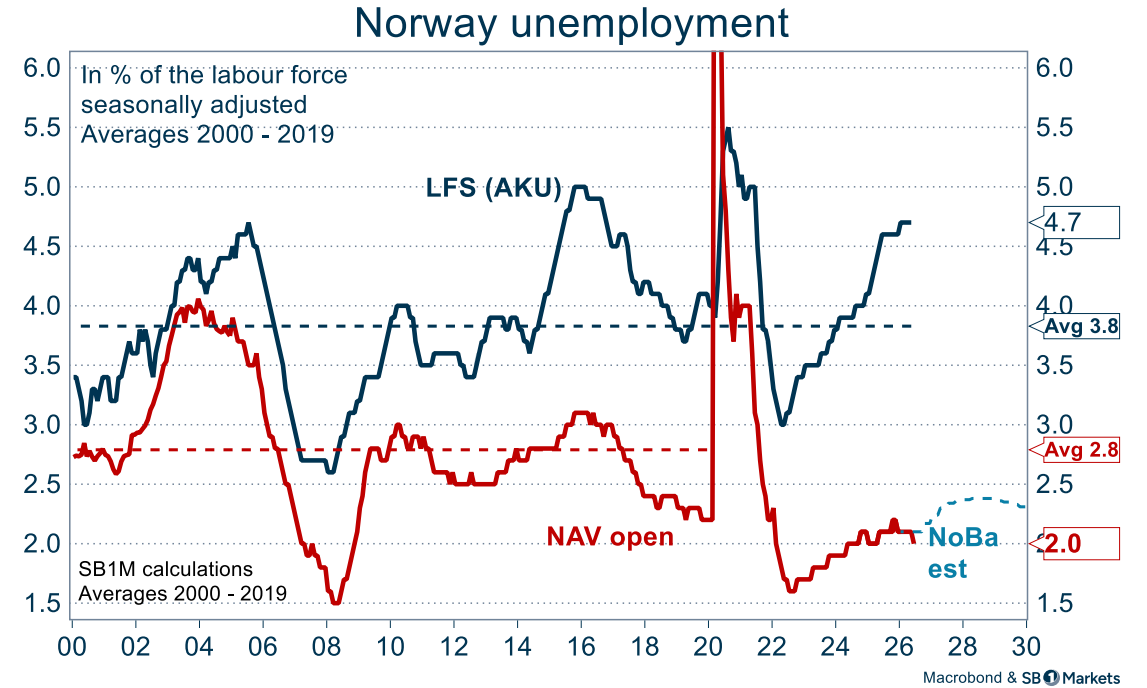
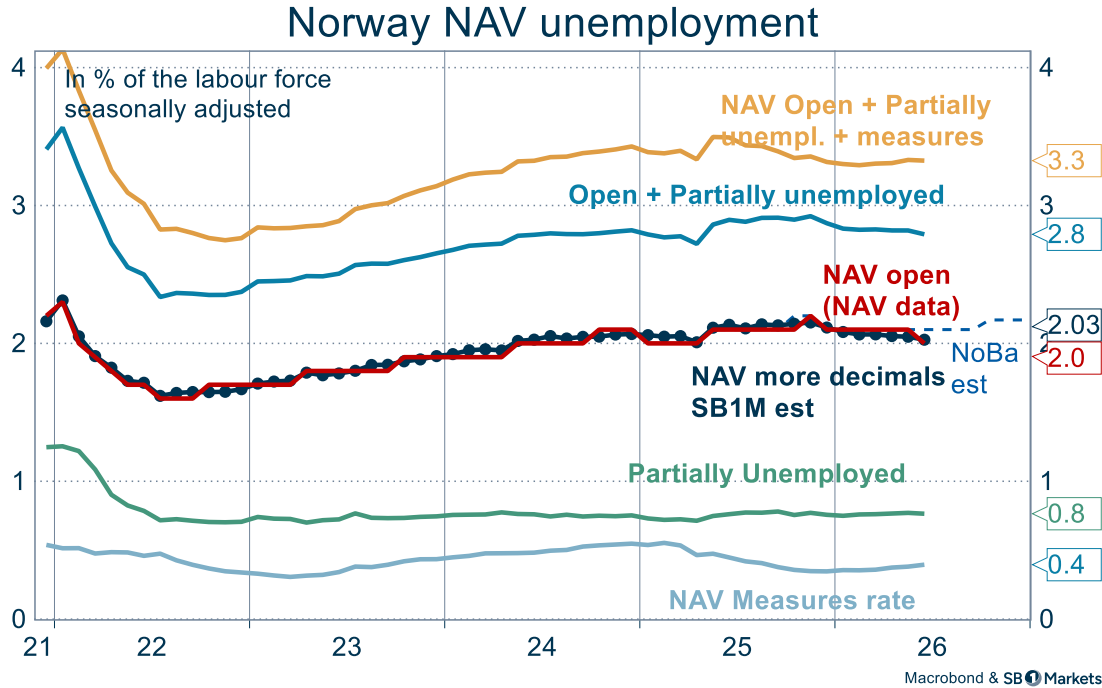


- Since last November, open NAV unemployment has fallen by 3,400 persons, or 0.12 pp.
  - Unemployment trends in almost all occupations, barring brokers/consultants (flat) and engineering/ICT (still trends up but slower).
  - Unemployment drifts down in a majority of the counties and regions. Nordland, Troms and Finmark as well as Rogaland trend up, while Agder is up recently
- If persons on labour market measures are added, **total number of jobseekers rose by 100 persons**, but if also **part-time unemployed** are included, a marginal decline. The grand total rate is 3.3%.
- **The LFS ('AKU')** unemployment was unchanged at a downward revised 4.7% rate in April.
  - The gap vs. NAV unemployment is mostly due to youth unemployment, which is stable and low in NAV, but has increased substantially in the LFS survey, due to a rapid increase in the participation rate, even faster than the lift in the employment rate is this group.

- The **inflow of new jobless claims** declined further in June and is below an average level.
- The **inflow of new vacancies** declined in June, from a very high level in May. The average inflow the past 4 months (during 'crisis and war') is sharply up vs. the previous months (where the trend was slightly up). The public sector and professional services are climbing fast, but other segments offer more jobs as well.
- **Payrolls** (employees, register based) rose in May and the underlying growth rate is on par with growth in working age population
- **In sum:** *The labour market is not weakening*

# The LFS unemployment rate has been trending up, to 4.7% so far in '26

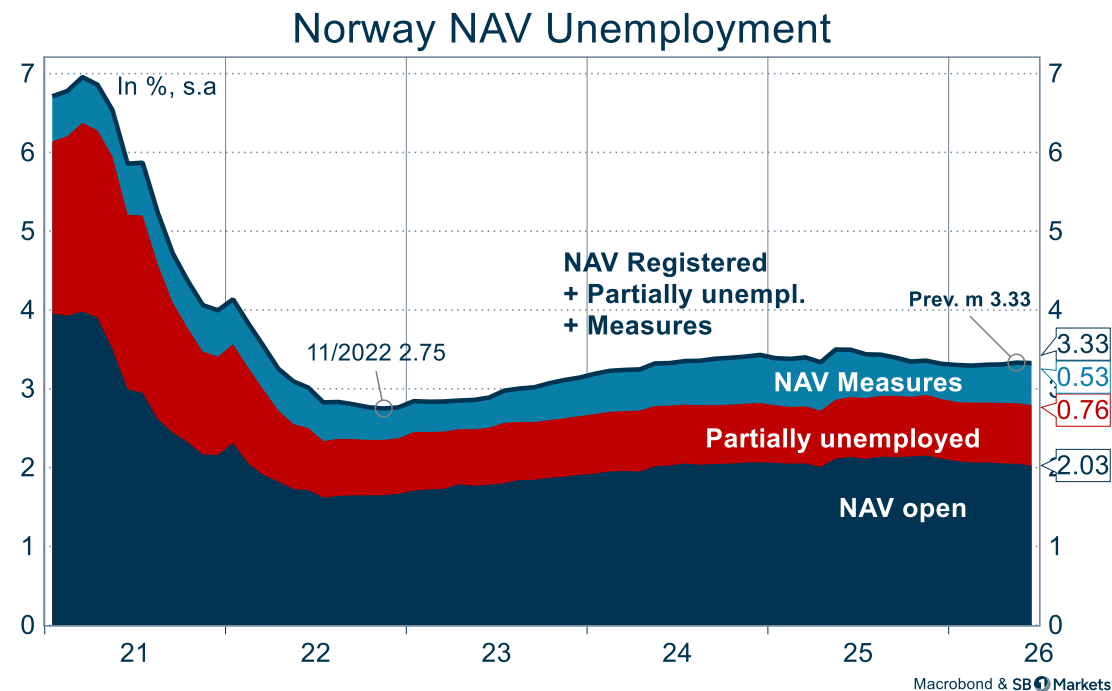
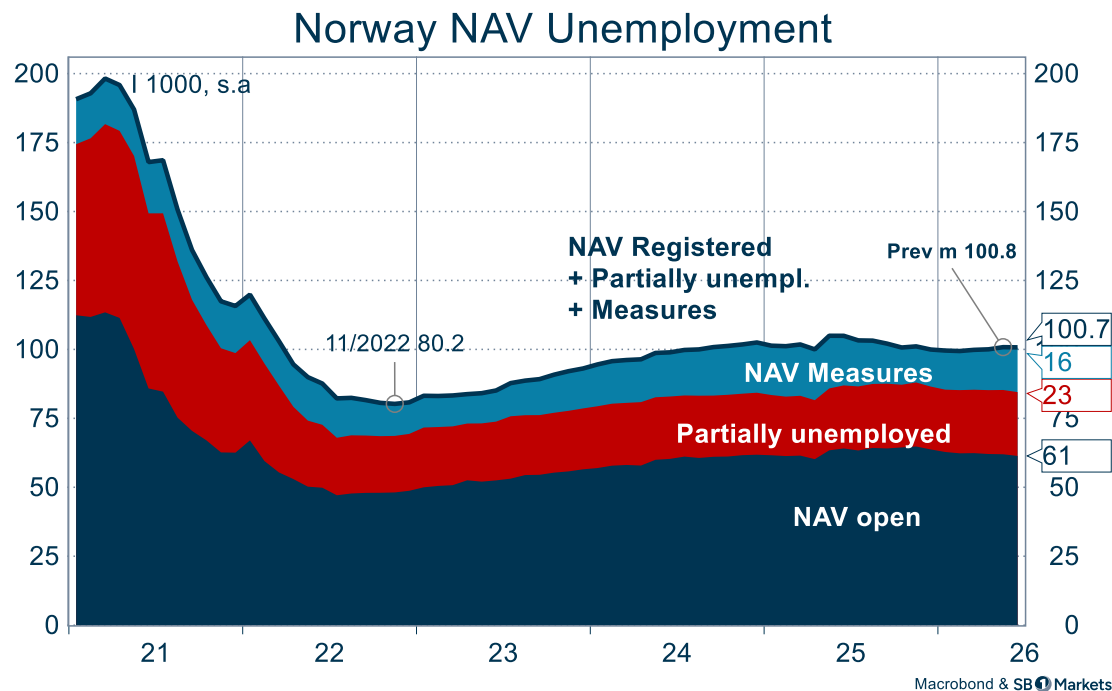
Total NAV unemployment, including ordinary open, part-time unemployed and persons engaged in labour market measures are heading slightly up – but declined marginally in June.





# Total number of jobseekers fell by 100 persons in June, and is down from last summer

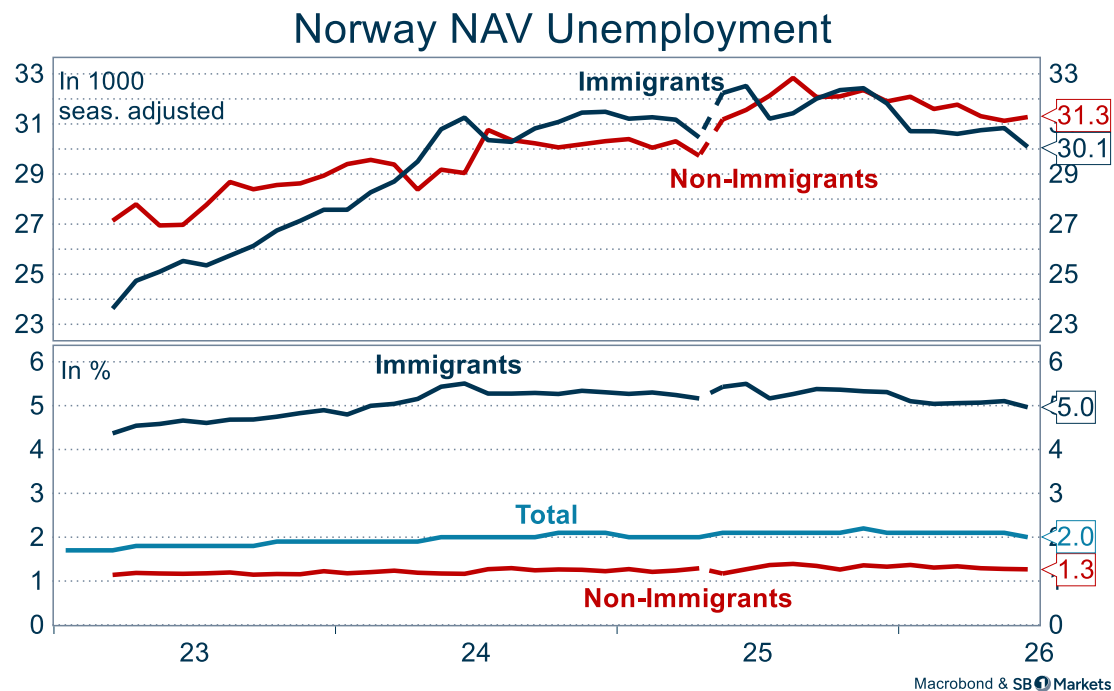
The sum of the number of open, full and part time unemployed is down by 5,000 persons from last June, to 3.3% of the labour force from 3.5% at the peak last year. However, total NAV unemployment has increased slightly from early 2026, due to more part-time unemployed





# Unemployment among immigrants rose to late 2025, but declines now

... and faster than among non-immigrants. The unemployment rate among non-immigrants is 1.3%, and 5.0% among immigrants, the latter down from 5.5% at the peak last summer.

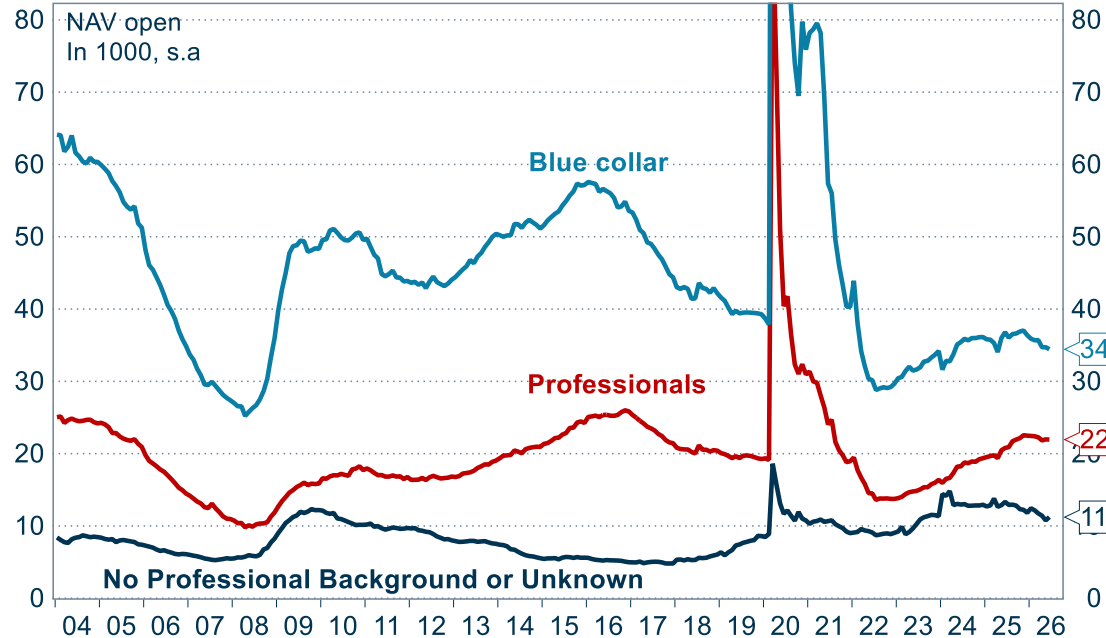




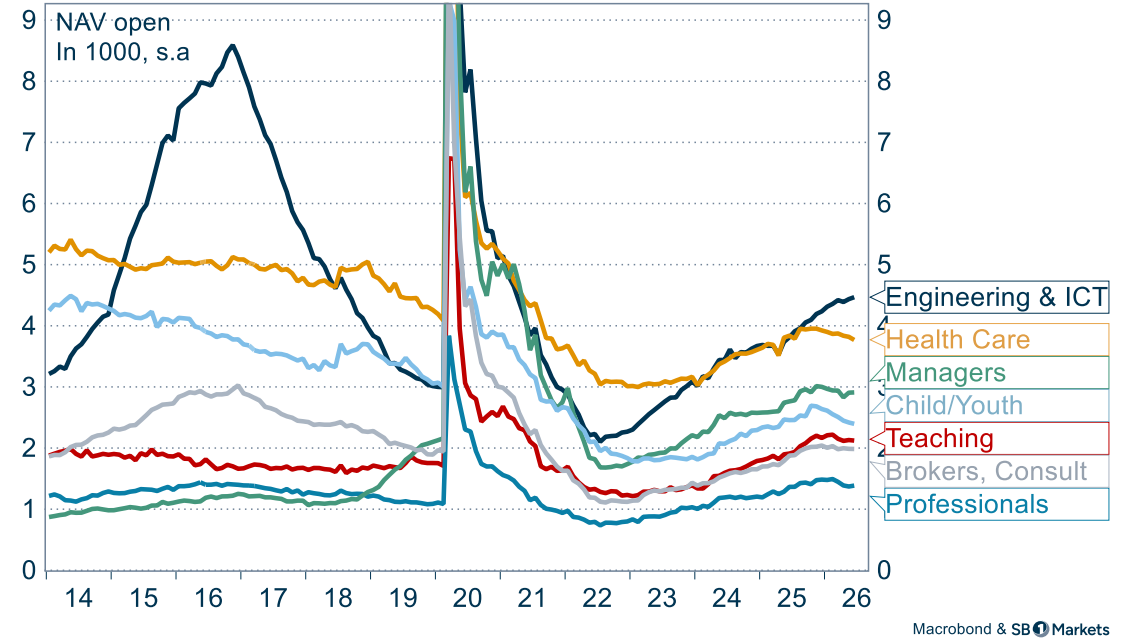
# NAV: Unemployment trends down among all occupations but engineering/ICT

Blue-collar occupations have been on the way down several months, with construction contribution (!) the most. Lately, white-collar occupations have followed suit barring brokers/consultants (have flattened) and engineering/ICT (which still trends up)

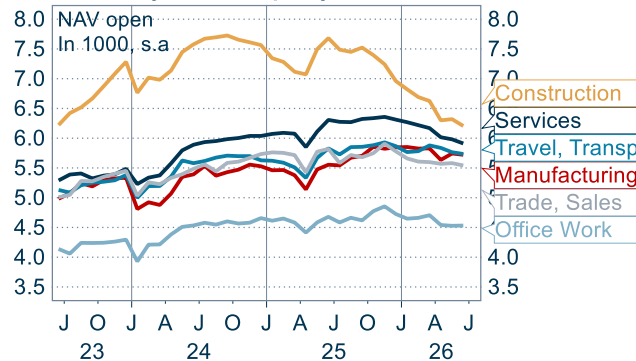
### Norway Unemployment by occupancy



### Norway unemployment, professionals



### Norway Unemployment, blue collar

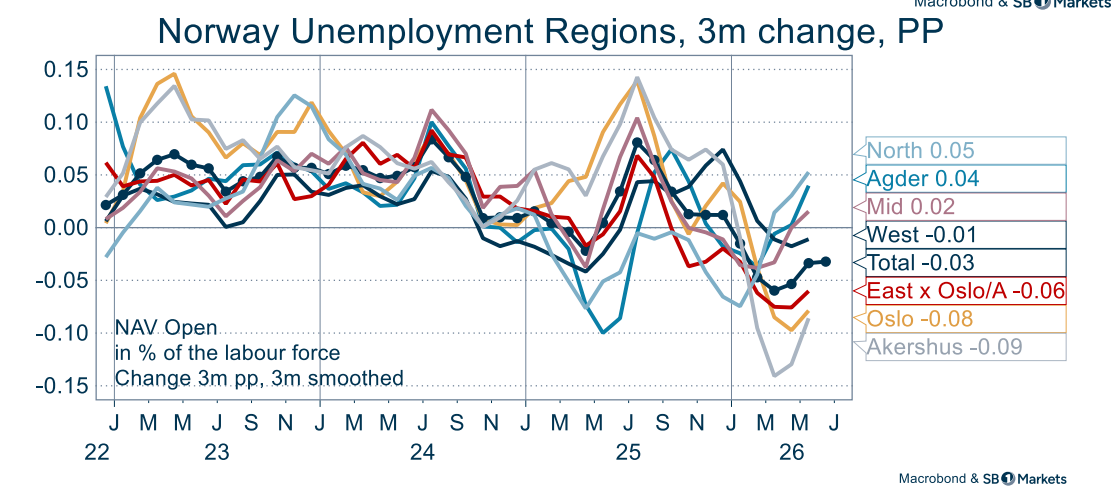
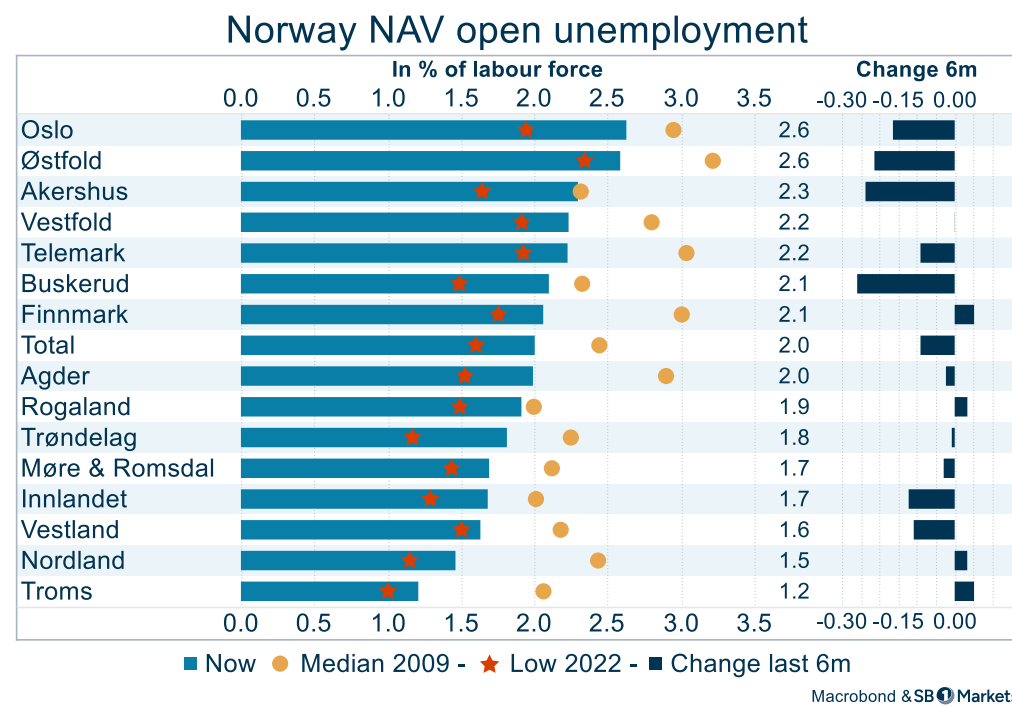
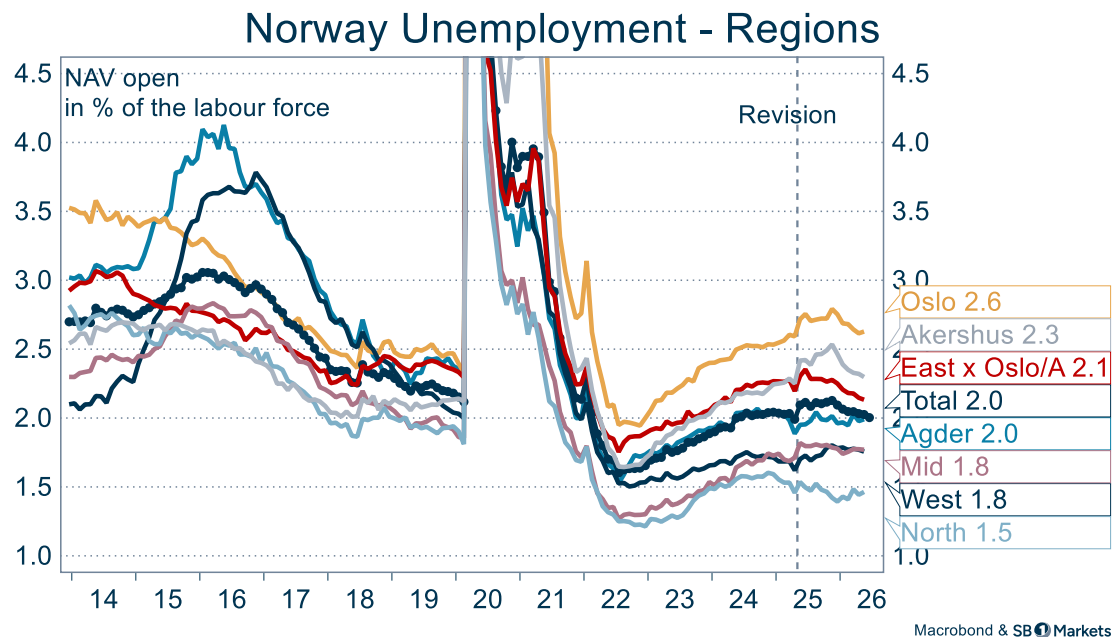


- The lift in unemployment among white-collar workers was broad from mid 2022 until late H2 last year. We doubt implementation of AI has had any material impact on demand for professional workers, at least not in health care, teaching or child/youth work or among 'managers'. And now, most are on the way down.



# A majority of counties report a decline in unemployment but 4 out of 16 are up lately

Unemployment has increased in the 3 northern counties, as well as in Rogaland. Elsewhere, unemployment has been decreasing the past 6 months. Recently Agder and Trøndelag are up as well. Oslo and Østfold rule at the top of the list.

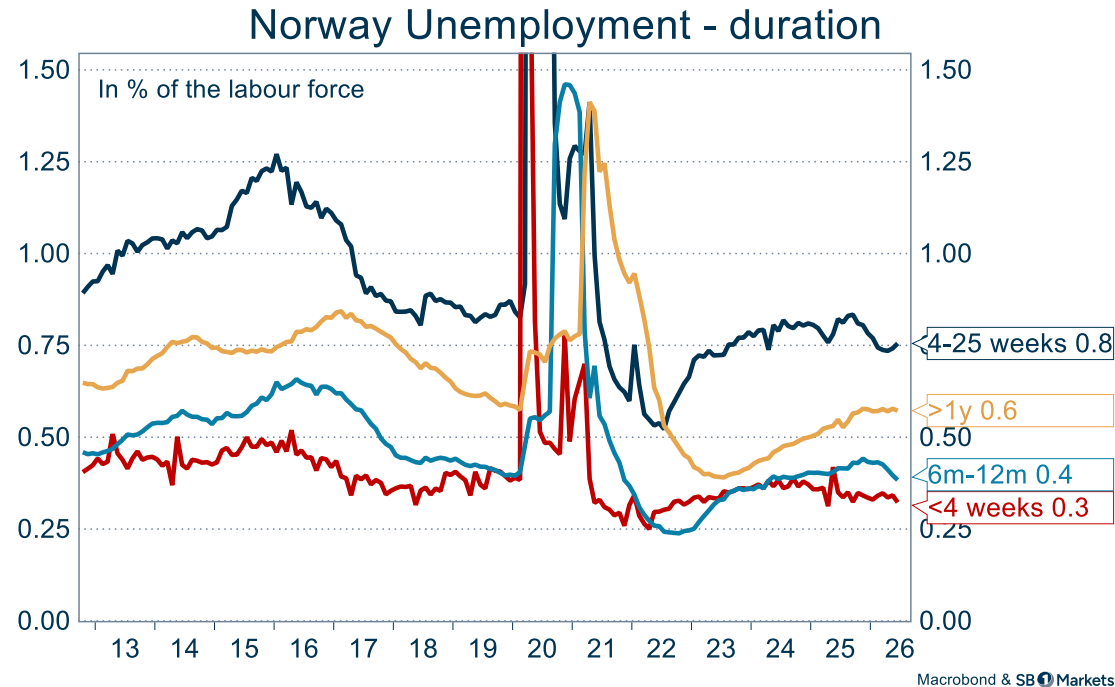


- Unemployment is lower than the past 15 years average in all counties (but just barely in Akershus). Unemployment is up in all counties from the 2022 lows; The least in the North and West, and the most in **Oslo, Akershus and Buskerud**, followed by **Trøndelag**. **Troms and Nordland** are at the bottom of the list (as usual!)



# NAV: Short-term unemployment trends *down*, while longer-term rates have flattened

Longer-term unemployment (6 months and above) has been trending up, to 1.0% from 0.7% at the bottom, but flattened late has fallen slightly recently. Below 6 months: Has been falling since last summer and until April, and has flattened thereafter, at a modest level.

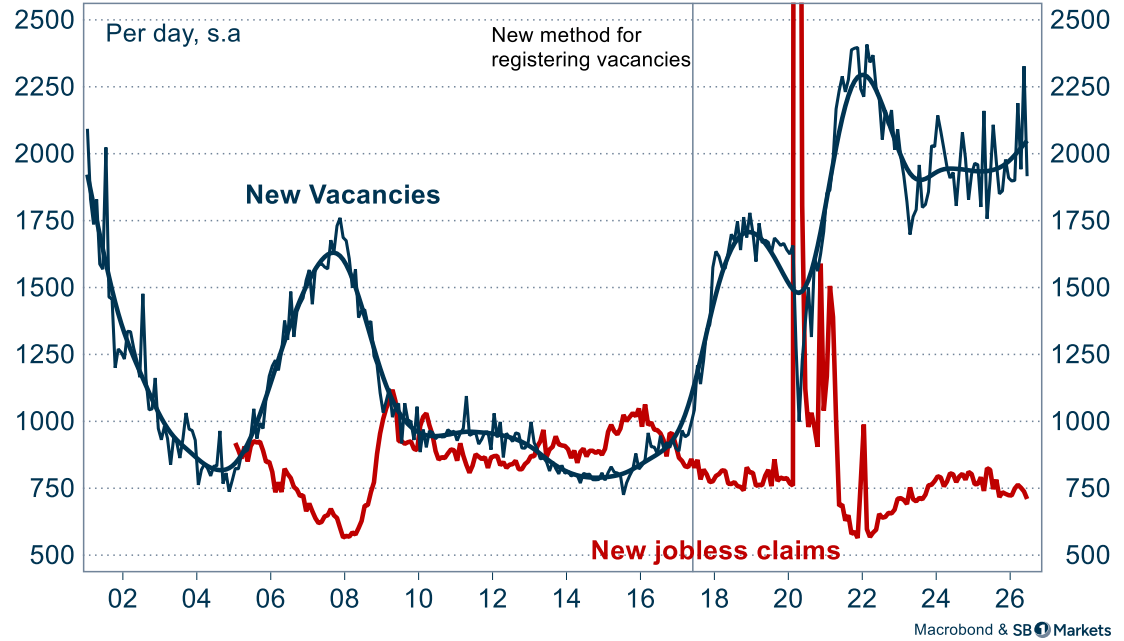




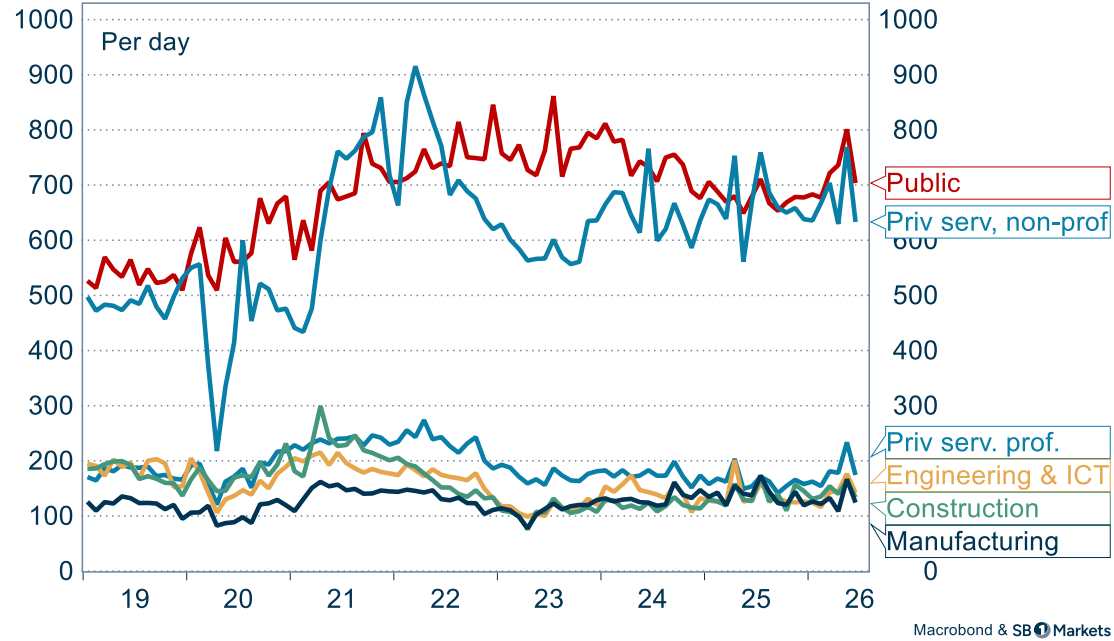
# The inflow of new vacancies fell in June, from a close to record high level in May

The inflow of new vacancies has trended slowly upwards since 2023 and has increased faster lately (during 'war and crisis'). The increase has been broad, with public sector, and professional services in the lead – but engineering and construction are up as well. New claims are falling.

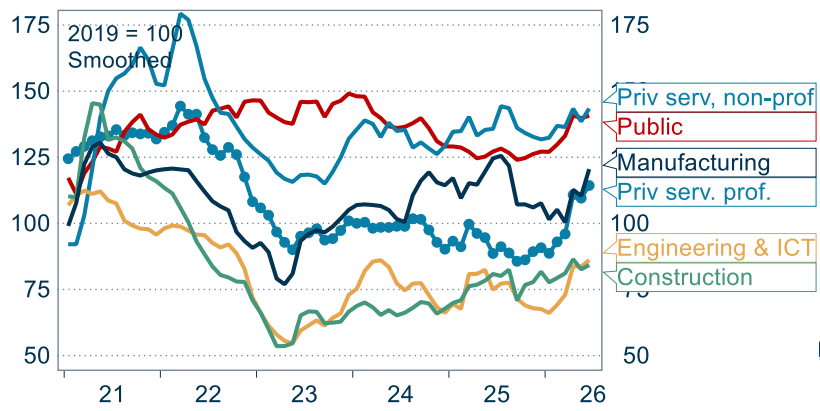
### Norway Labour market balance



### Norway New Vacancies



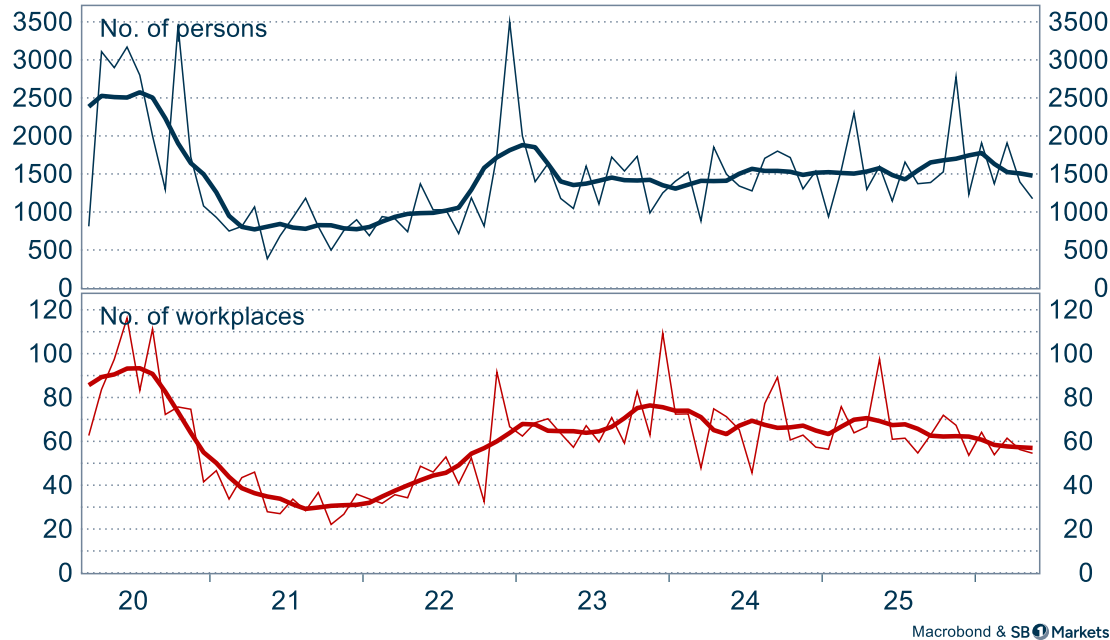
- The inflow of new jobless claims declined in April, May and June at moderate to low level.



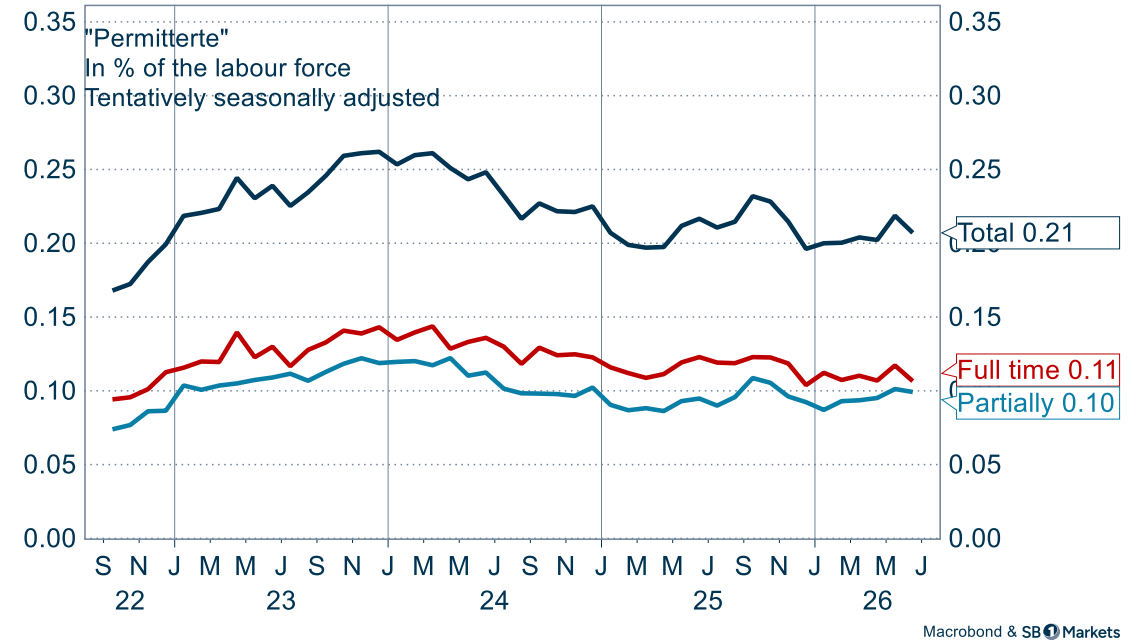


# Another x-check: mass layoffs and temporary layoffs trend flat

### Norway Mass Layoffs

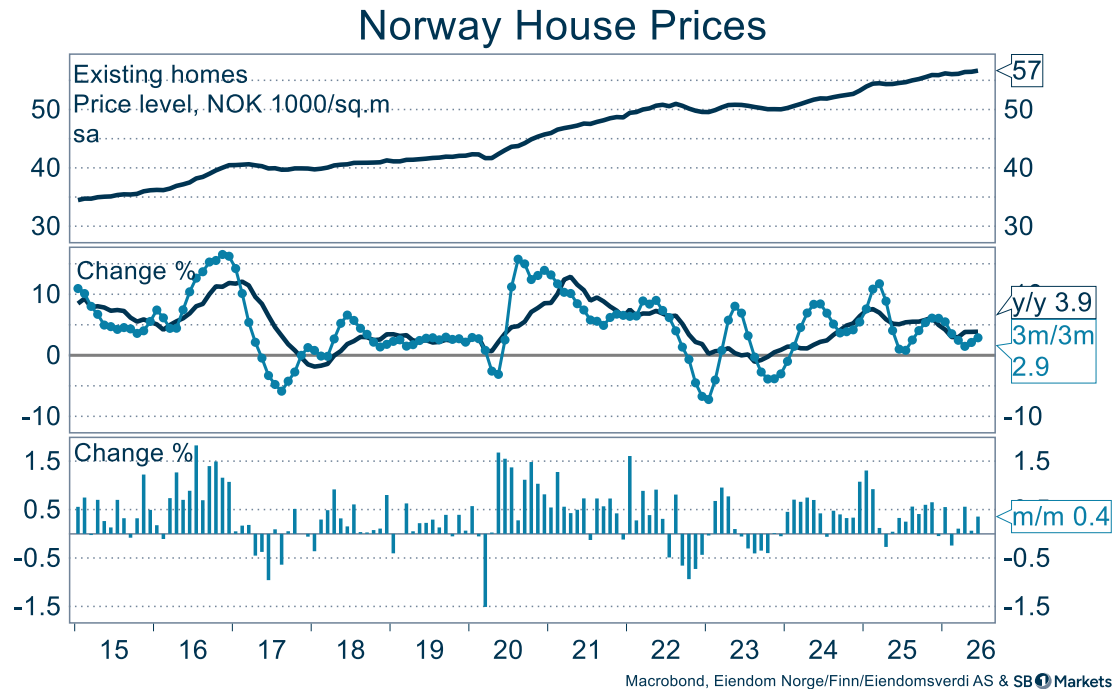


### Norway NAV Temporary layoffs



# Housing prices rose 0.4% in June, above NoBa's (and our f'cast)

Prices are up 3.9% y/y, spanning from -0.9% (Tønsberg) to 12% (Tromsø). Prices rose m/m in 9 of 16 cities, and just 5 are down 3m/3m (including Oslo and Trondheim). Eastern cities are at the bottom of the list, Stavanger and Bergen sit on the top, with Tromsø



## So what?

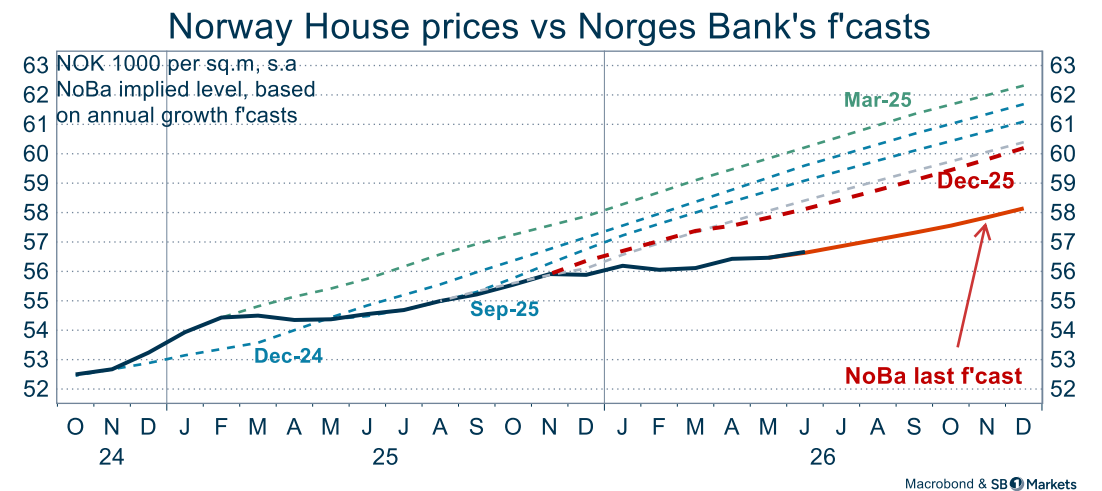
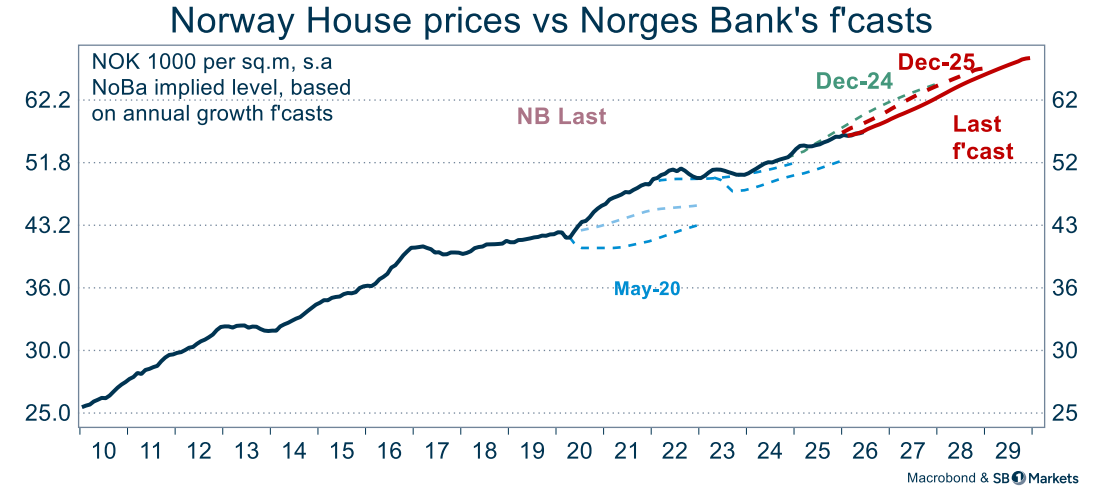
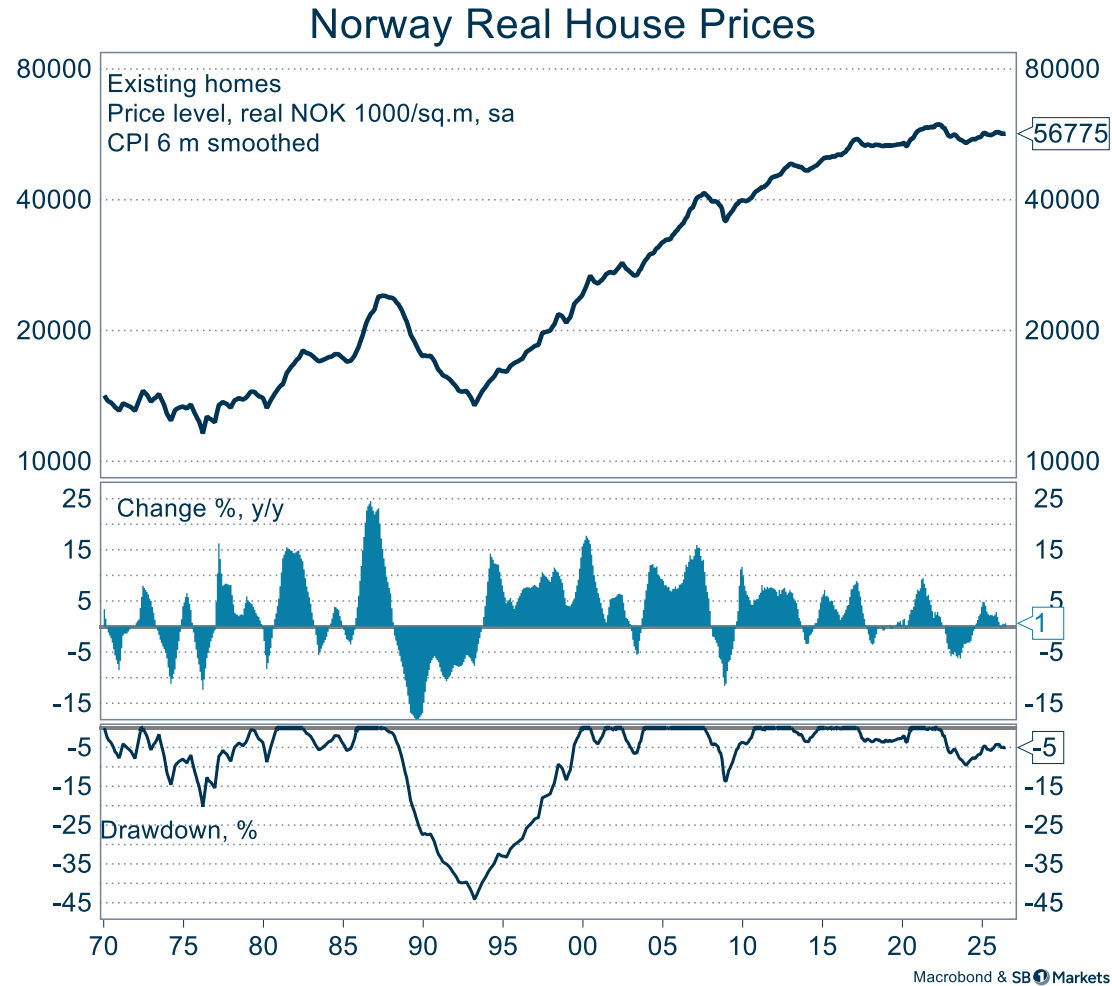
- Even though we are less optimistic than Norges Bank regarding the outlook for house prices, we are quite confident that the bank is not worried that it is strangling the housing market with its monetary policy.

- **Price inflation** has stabilised lately, on average, even if mortgage rates are on the way up vs. expected cuts some few months ago.
  - **Norges Bank** expected 0.3% m/m, we assumed no growth.
  - Measured over the **past 3m/3m**, most cities are up, and faster.
  - **Prices** are up 3.9% y/y on average. Stavanger/Bergen/Tromsø are up 10 – 12%, while the eastern cities are just marginally up. Just one city is down y/y, Tønsberg.
  - **Obtained prices** were 0.5% higher than the listed price, and the trend is slightly down. Tromsø has slowed the most recently. Homes are sold at a discount in half of the cities.
  - **In real terms**, prices are on average down 5% from the peak in 2022, but still above the level before the pandemic. Stavanger is up 10%, Trondheim and Drammen are down 13 – 16%
- Both the **number of approvals** (new listings) and actual transactions declined but both remain somewhat above a normal level. The **inventory of unsold homes** rose and is above average, also measured vs. sales (the i/s ratio rose to 76 days, 10 dys above average). The inventory of unsold homes in Oslo has shot up recently.
- **Our flow-based models suggest further price gains outside Oslo, and a 1% monthly decline in Oslo, due to the surge in the inventory for sale.**
- Most likely, the rate hike(s) will dampen demand somewhat in the coming months, and we expect Oslo prices to decline, and we are not so sure prices will climb by much outside Oslo



# Real housing prices are down 5% from the peak, still above the pre-pandemic level

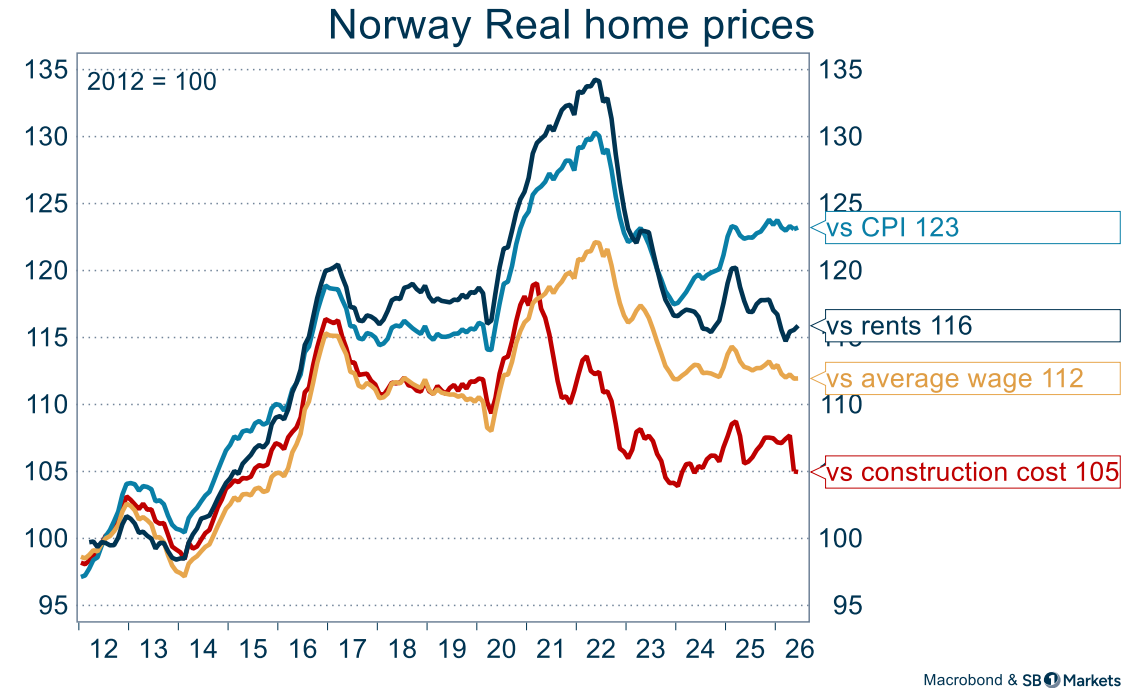
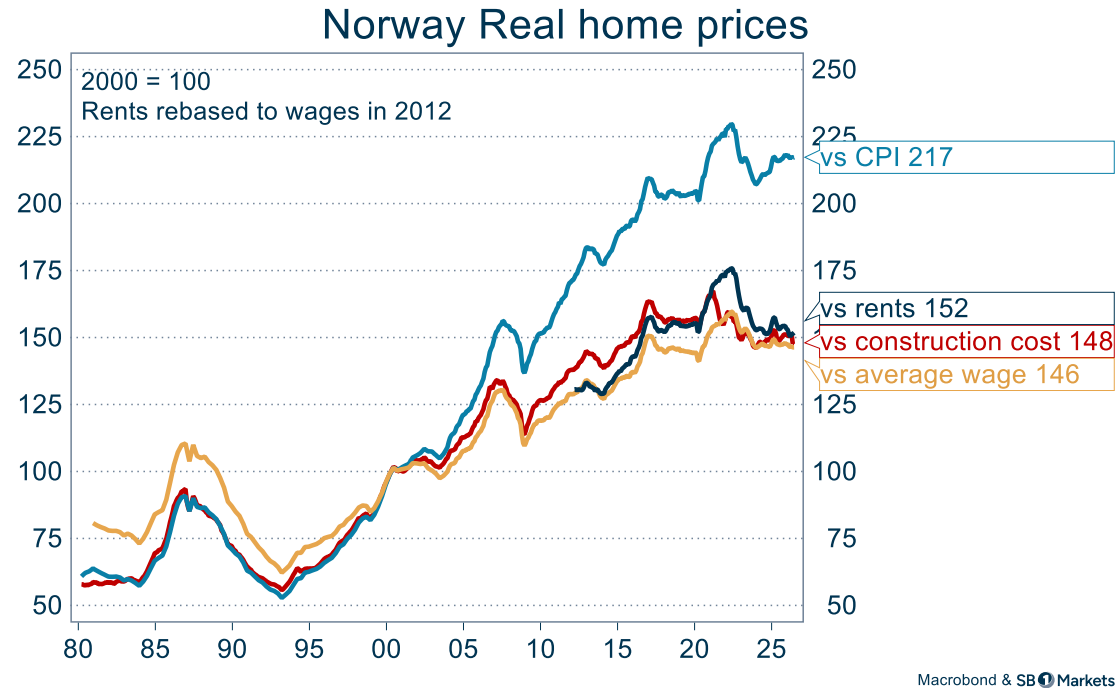
... but not much up from 2016. The price level in June was marginally above NoBa's forecast. Since early 2025, NoBa has overestimated housing price inflation most of the time.





# Real housing prices II, vs. the rest: prices are lower than 9 years ago

Existing home prices have fallen sharply vs. construction costs since 2021. (But do not look too far back, you will get dizzy). Prices are down vs. rents and wages as well, the most vs. rents (the rental yield moves up).



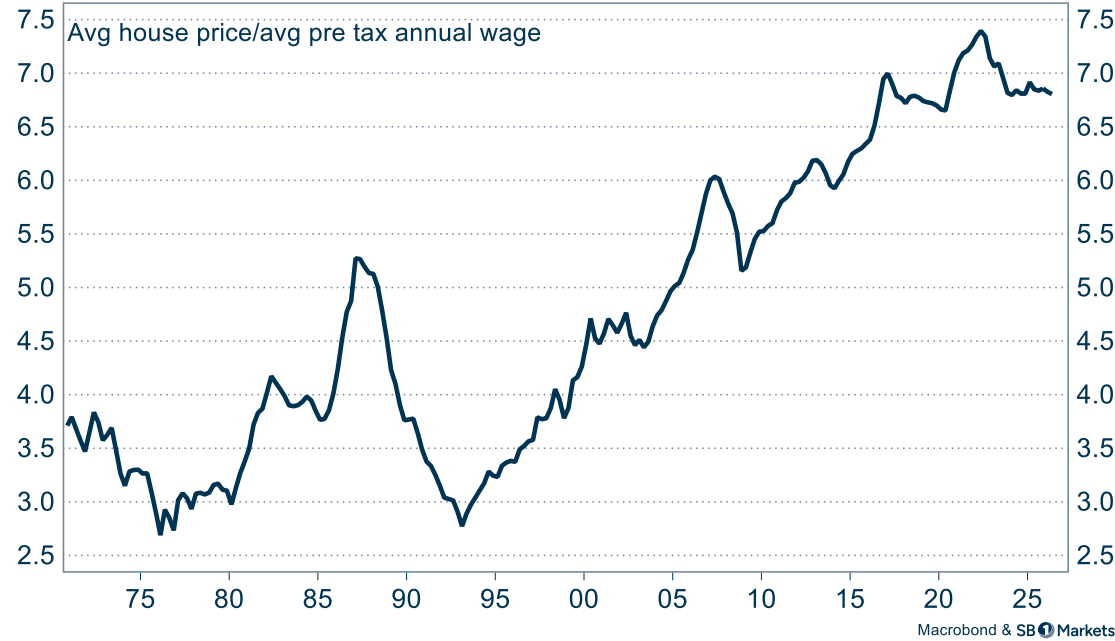
- Memo: Rents are Eiendom Norge's quarterly index for *new leases*



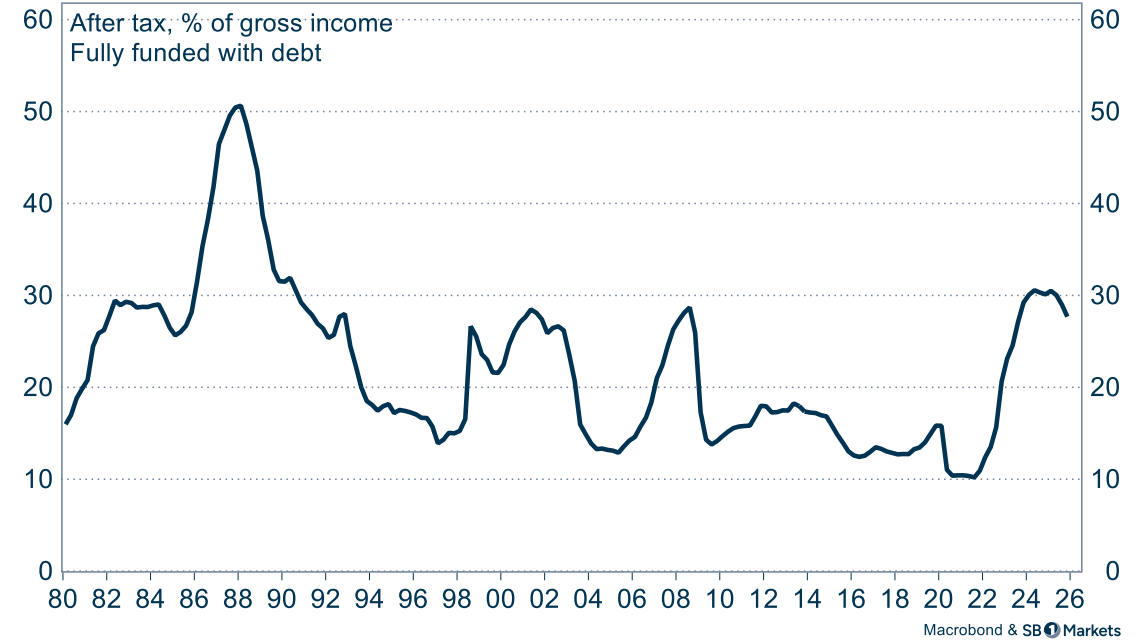
# Housing prices are still high vs. income – and capital is not for free anymore

Affordability is the toughest since the early 1990s, measured by  $(\text{house price} \times \text{mortgage rate after tax}) / \text{gross income}$ .

### Norway House Prices vs. income



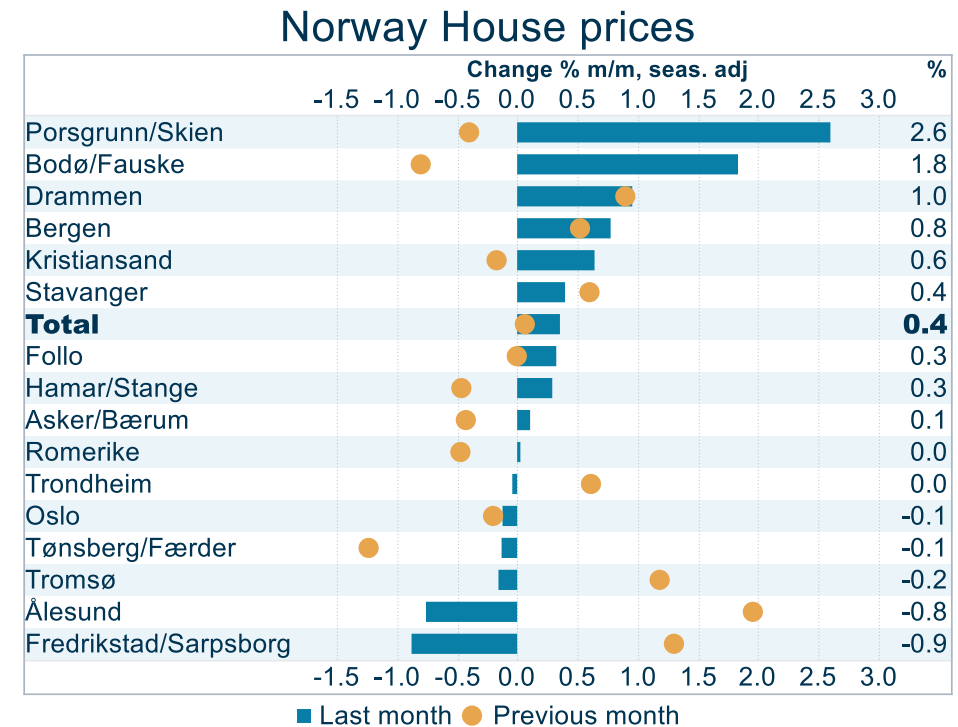
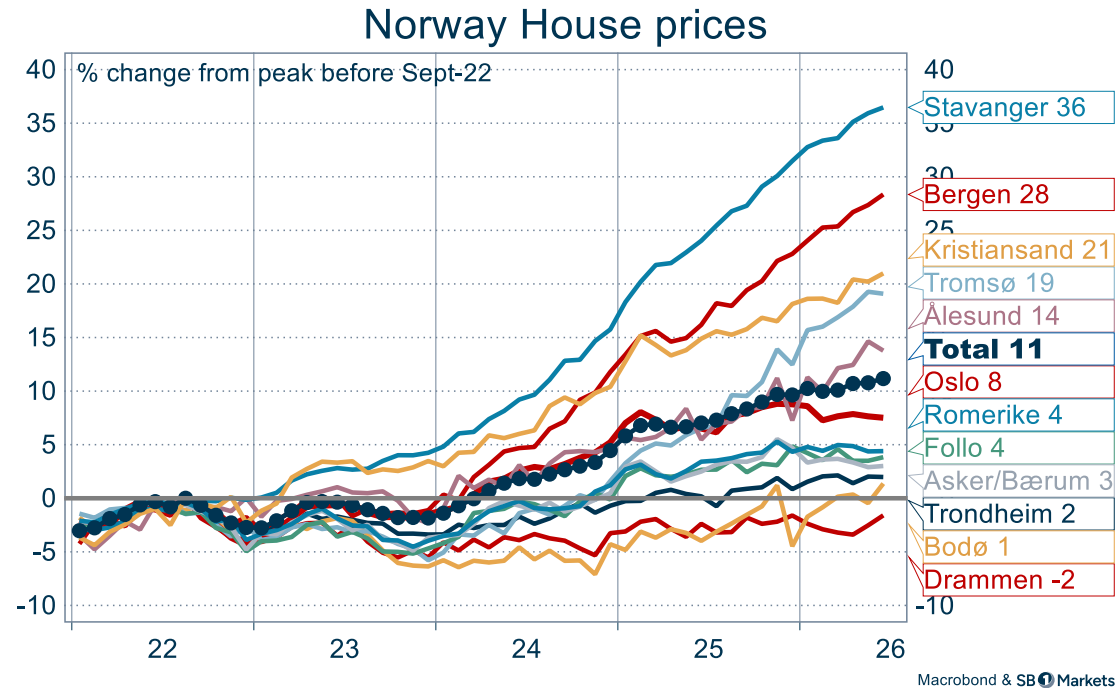
### Norway Interest rate cost for buying a home





# House prices: 9 cities up m/m in June (from 7 in May), 5 down (from 8)

The total was up 0.4%, with volatile Porsgrunn/Skien in the lead, +2.6%. Eastern cities were mixed but most low on the list, Oslo included, -0.1%. Tromsø prices fell slightly as well, following large increases the previous months.

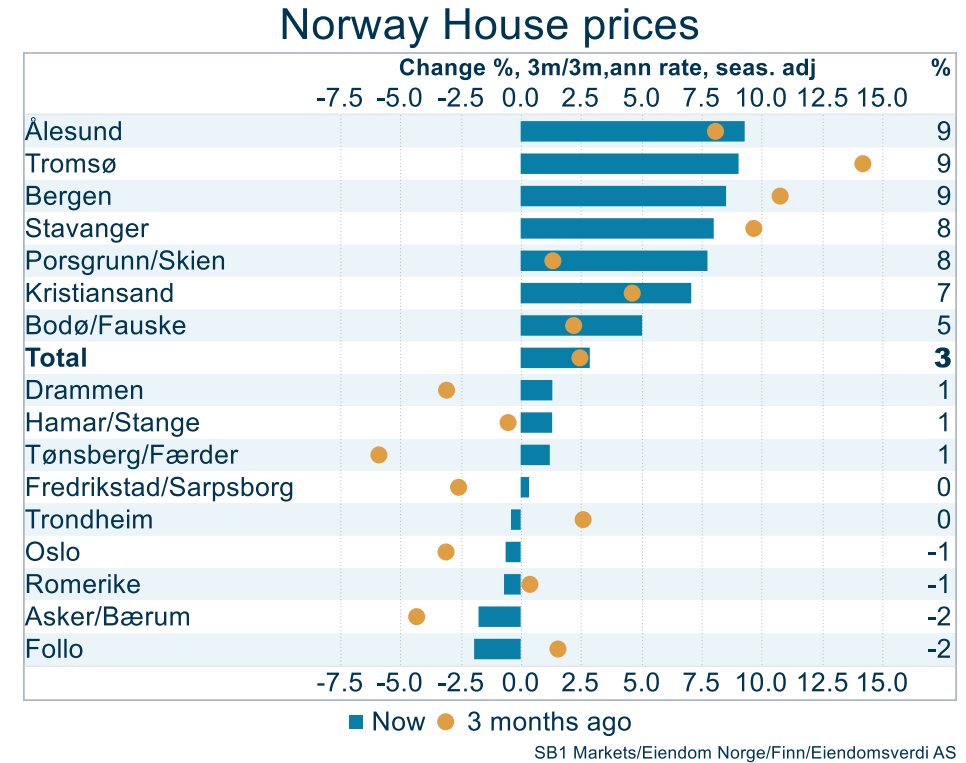
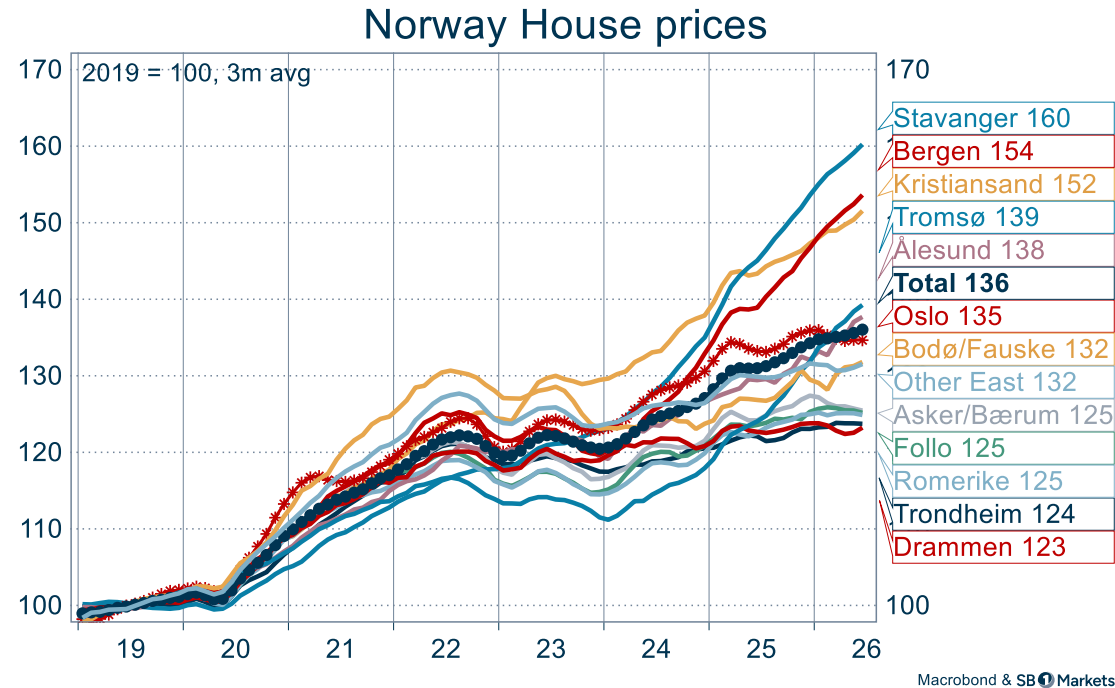


- The leaders are up 19–36% vs the local peak in 2022, with Stavanger in the lead
  - Asker/Bærum, Trondheim, Bodø and Drammen are just marginally up or down
- **In real terms, vs CPI from the local real price peak around 2022**
  - The total is down 5% from the real price peak
  - Stavanger is up 18% vs its real price peak
  - Bergen +10%
  - Tromsø +1%
  - Oslo -7%
  - Trondheim -13%
  - Drammen -16%

SB1 Markets/Eiendom Norge/Finn/Eiendomsverdi AS

# The big picture: prices are drifting down in 5 cities, up in 11

6 cities report lower growth measured 3m/3m than 3 months ago, 11 faster (or are declining slower). The total is up at a 3% pace. Ålesund in the lead, ahead of Tromsø and Bergen. Both Ålesund and Bodø are volatile, short-term (and rather volatile longer term as well).

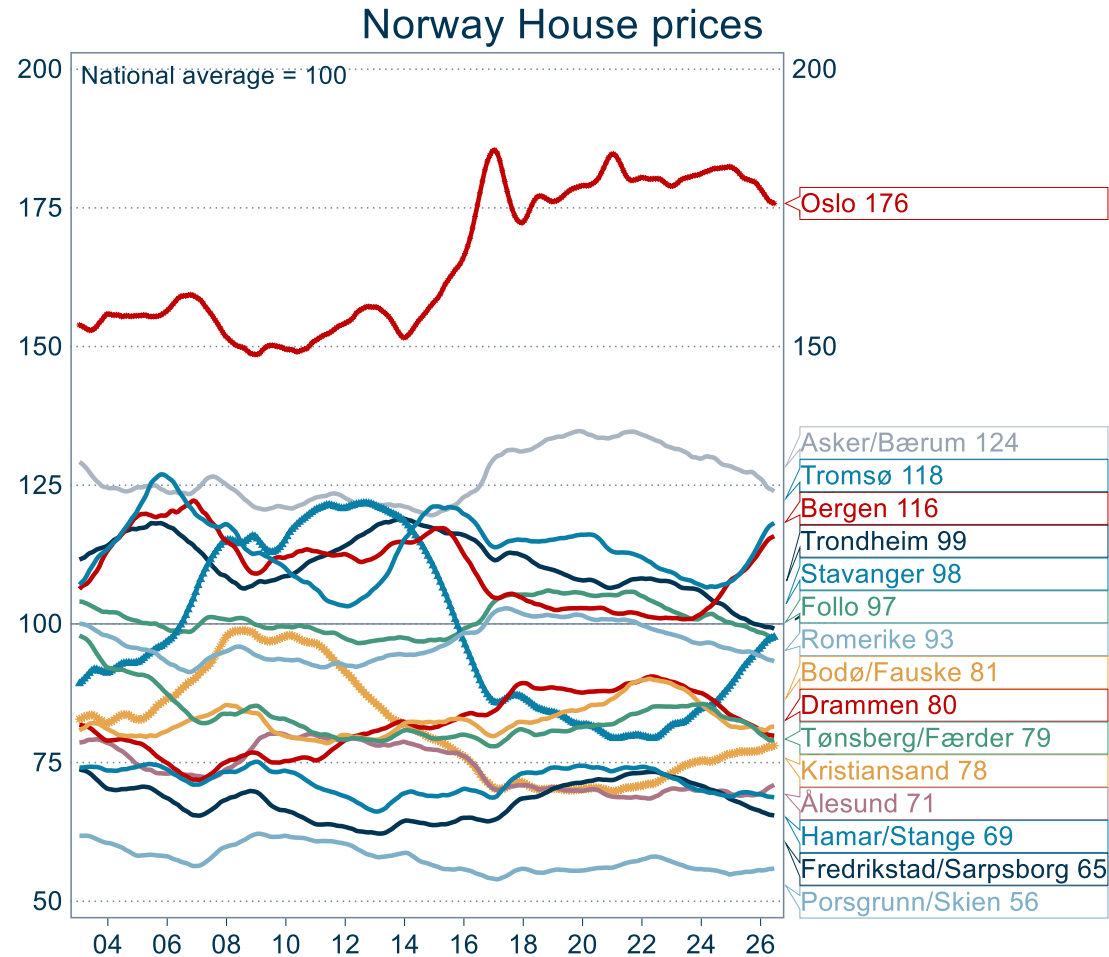


- **Vs the pre-pandemic 2019 price level:**
  - Drammen at the bottom, still up 23%. Trondheim 24%. Romerike and Follo marginally better.
  - Oslo is up 35%.
  - The average is up 36%.
  - Stavanger is up 60%, Bergen 54%, and Kristiansand 52%!

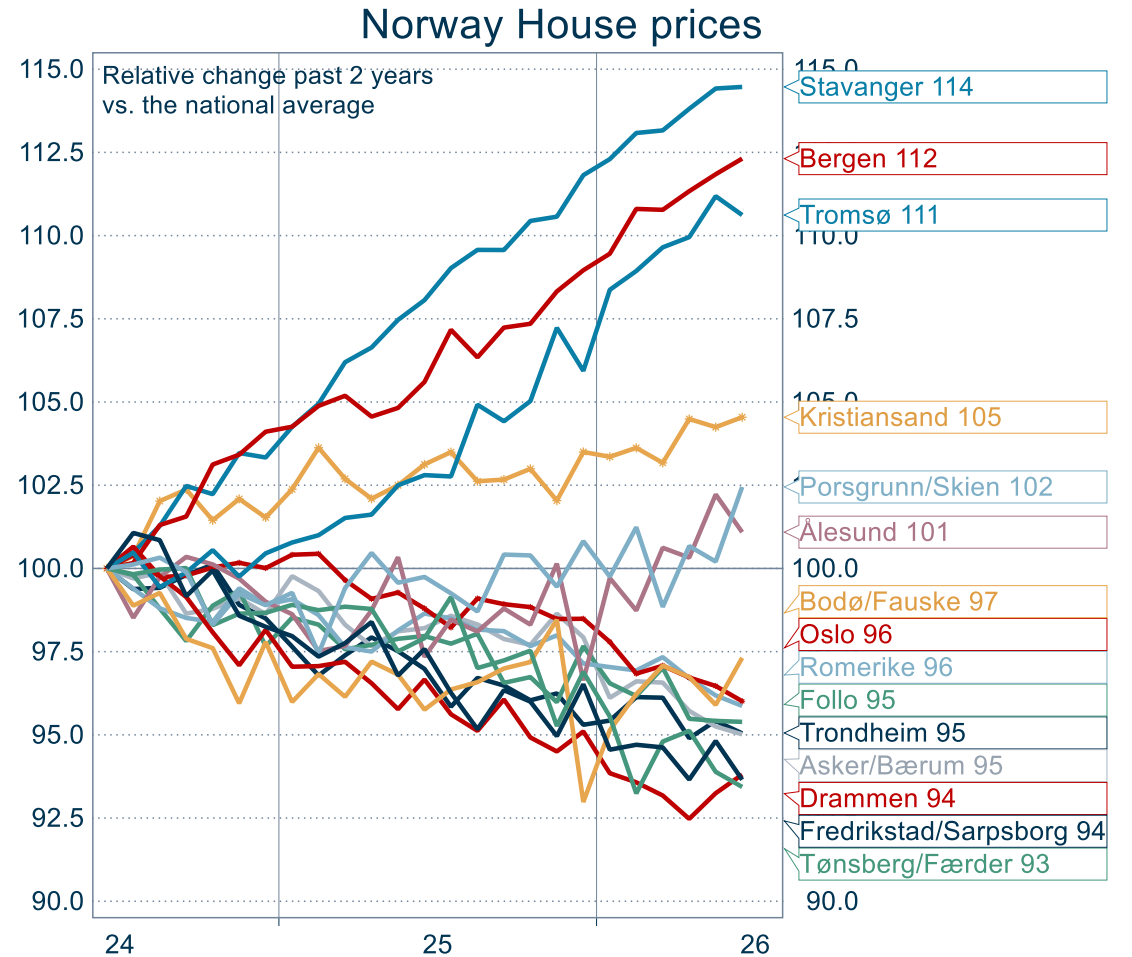


# Relative prices: Stavanger, Bergen the winners past 2 years. Tromsø the last year

All the eastern cities (barring Porsgrunn/Skien), Trondheim and Bodø the losers the past 2 years. Level-wise, Stavanger is still 2% below the national average. It was 20% above 13 years ago, 20% below 5 years ago.



In Porsgrunn/Skien, prices are 70% lower than in Oslo, per sq. m.

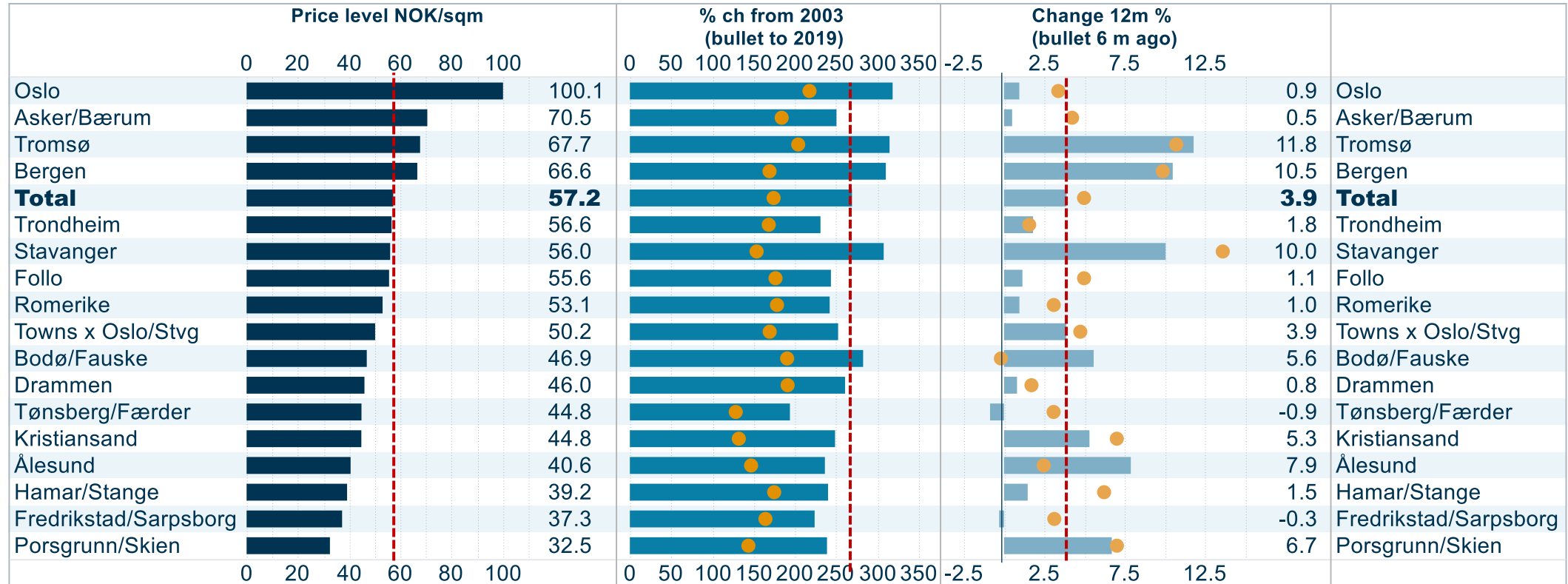




# Tromsø in the lead, followed by Stavanger and Bergen, at least measured y/y, +10–12%

Oslo and other Eastern towns are the laggards, but just Tønsberg is down y/y. Oslo is up just 0.9% y/y.

## Norway House prices



SB1 Markets/Eiendom Norge/Finn/Eiendomsverdi AS

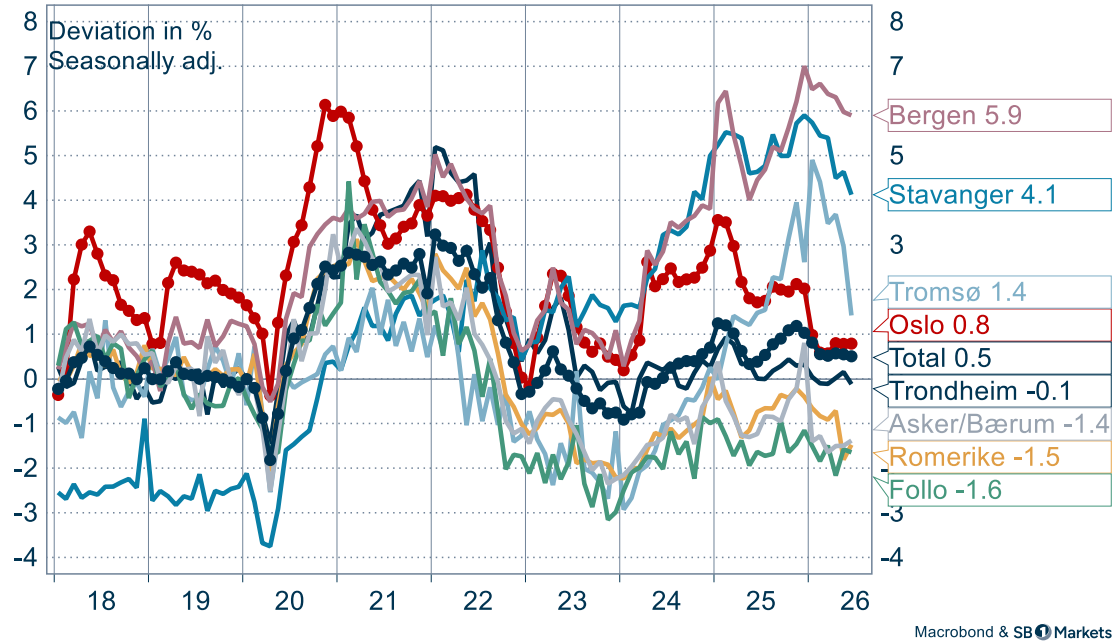
Prices are seasonally adjusted, and the annual rate may differ marginally from the unadjusted (correct) annual growth rate.



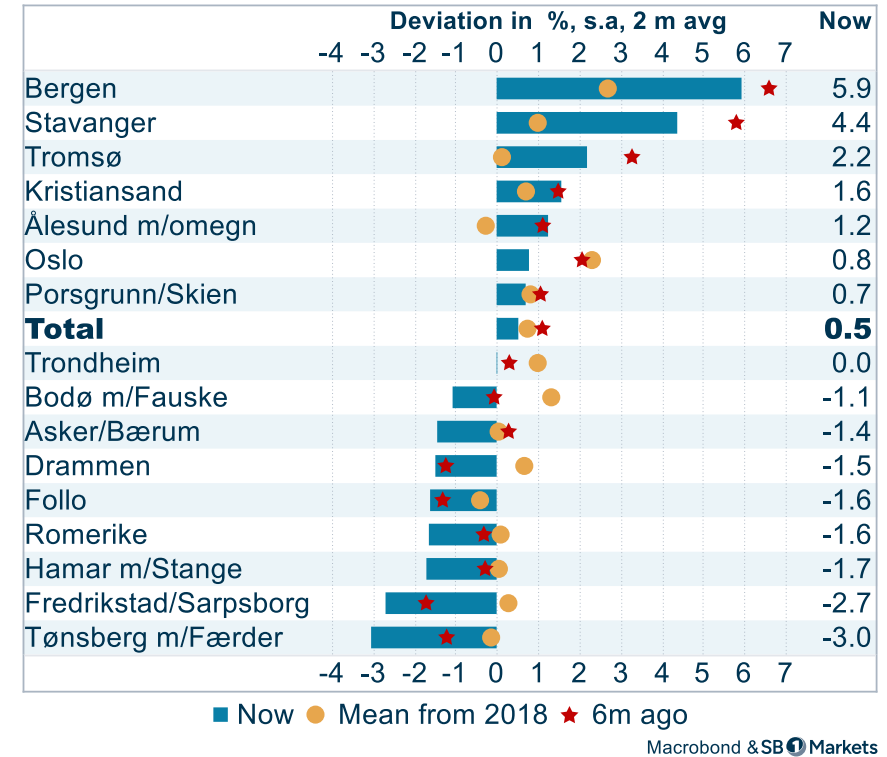
# The achieved price premia slide marginally down – and fast in Tromsø

Large regional differences: Bergen, Stavanger are in the lead, +4–6% (but less), while 8 of 16 cities still sell with a negative premium. Tønsberg, Fredrikstad and Hamar are at bottom of the list, with other eastern towns. The avg. premium is 0.5%, slightly below the average since 2018.

Norway Sale price vs posted home price



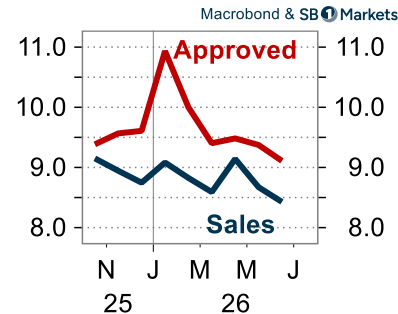
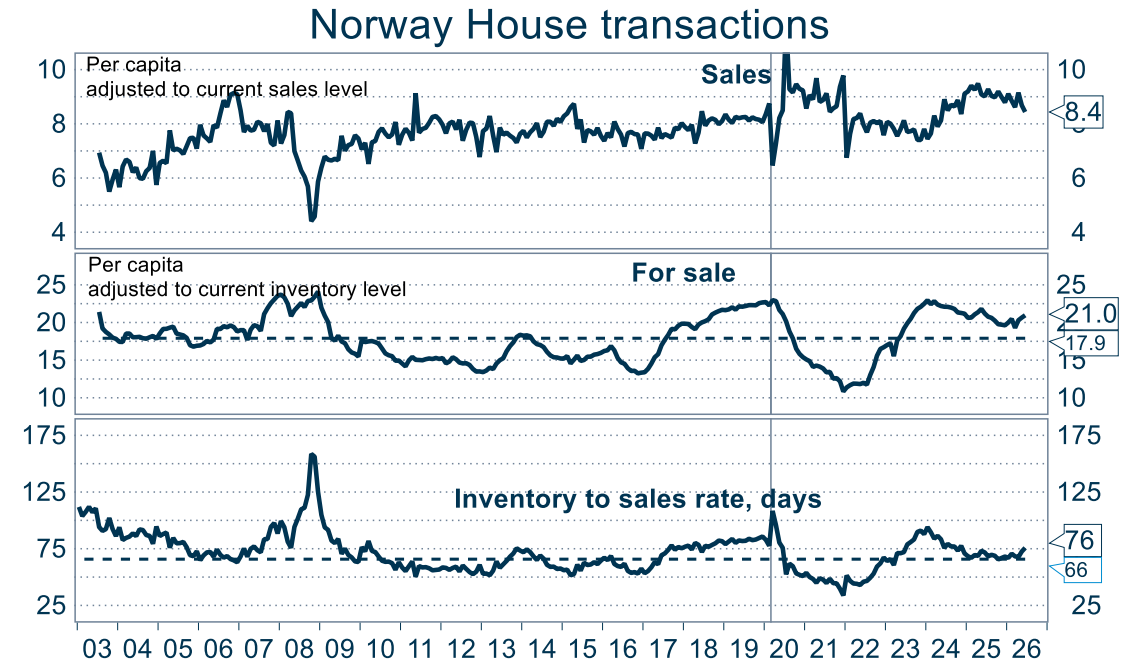
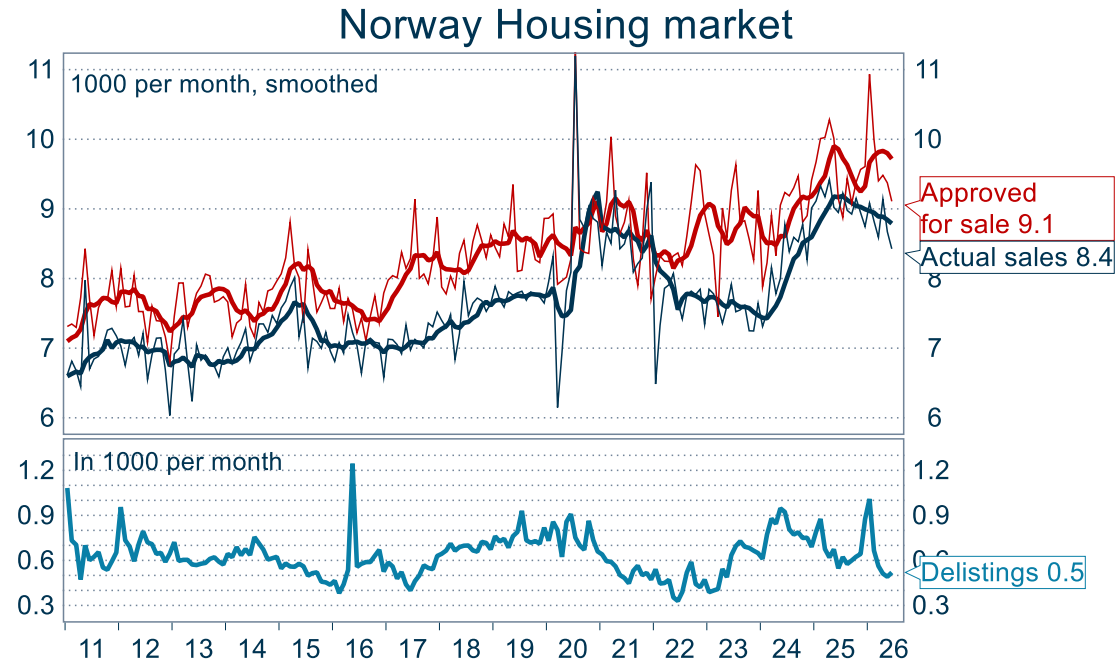
Norway Sale price vs posted home price





# Sales are trending down but are still above par. The inventory is increasing

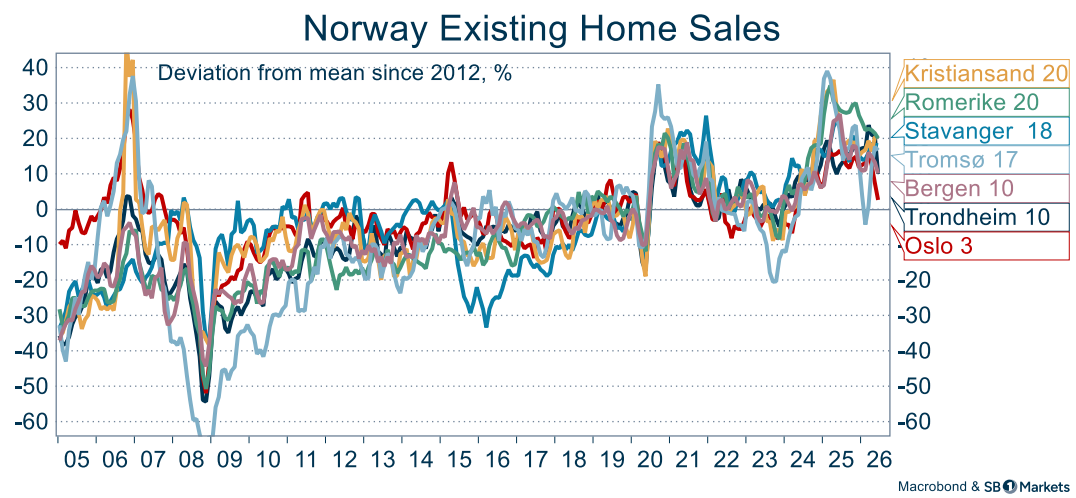
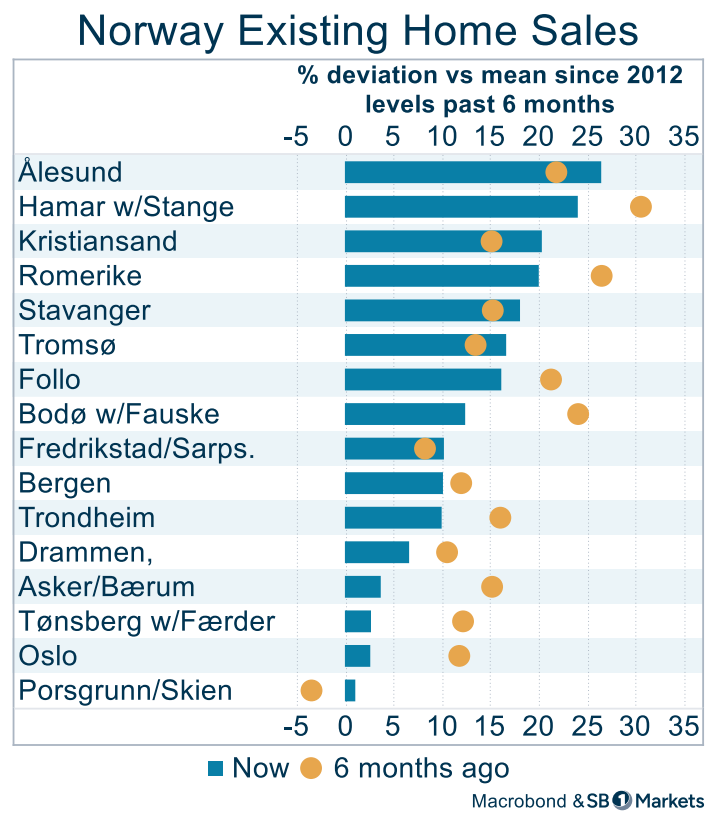
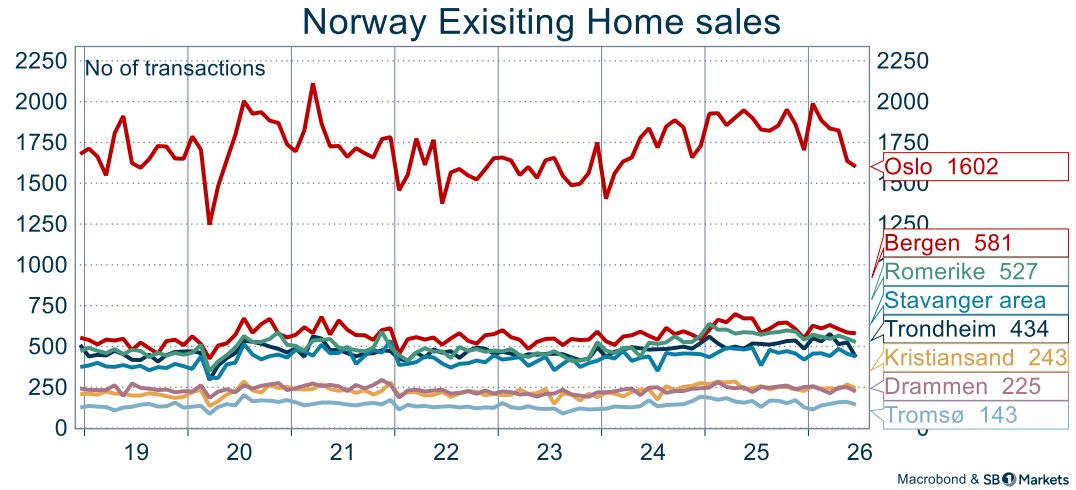
The inventory of unsold homes rose in May to 21,000 units, which is well above an average level, but far below previous peaks (per capita adjusted). The inventory-to-sale ratio rose to 10 days above an average level.





# Home sales mixed but lower the past 6 months than the previous 6 months most places

...while sales are higher *than normal* everywhere. Sales are the highest vs. normal sales in Ålesund, Hamar (!), and Kristiansand

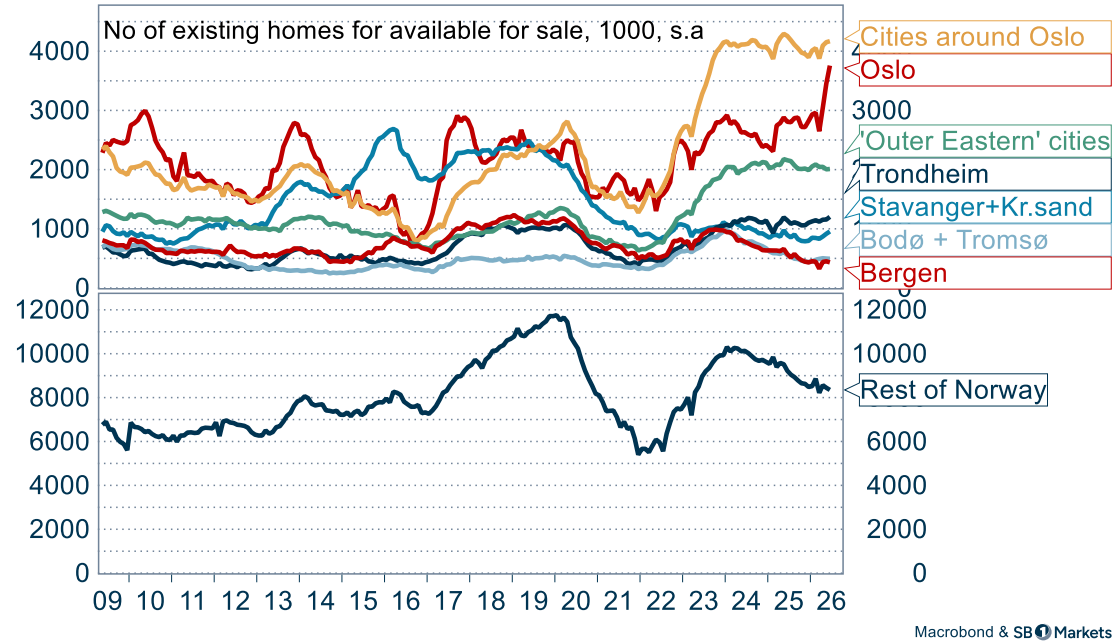




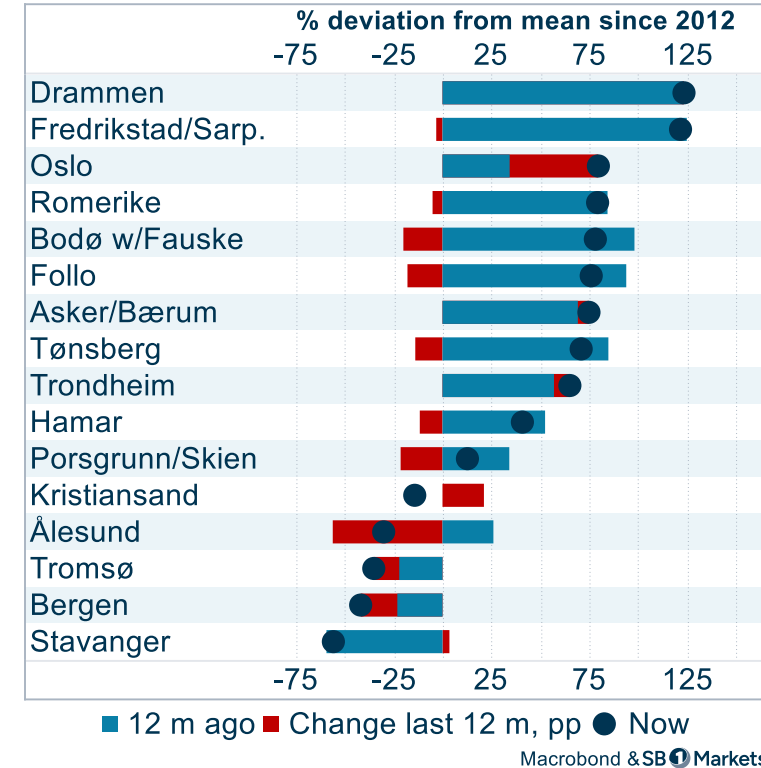
# The inventory is > normal in most cities, at ATH in Oslo, by far. Still, most are down last 12m

The inventory is lower than normal in 1/3 of the cities, the most in Stavanger and Bergen. Fredrikstad and Drammen report the largest inventory vs. their resp. average levels (more than 2x). The inventory of unsold homes in Oslo has shot up the past two months, to ATH

### Norway Homes for sale



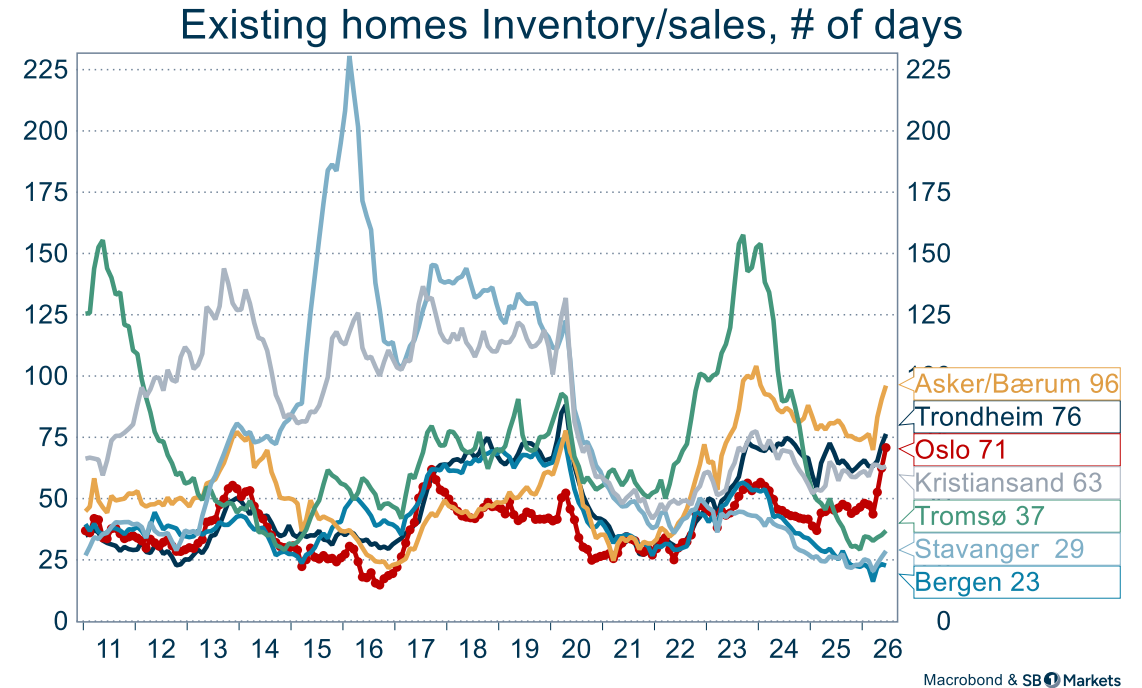
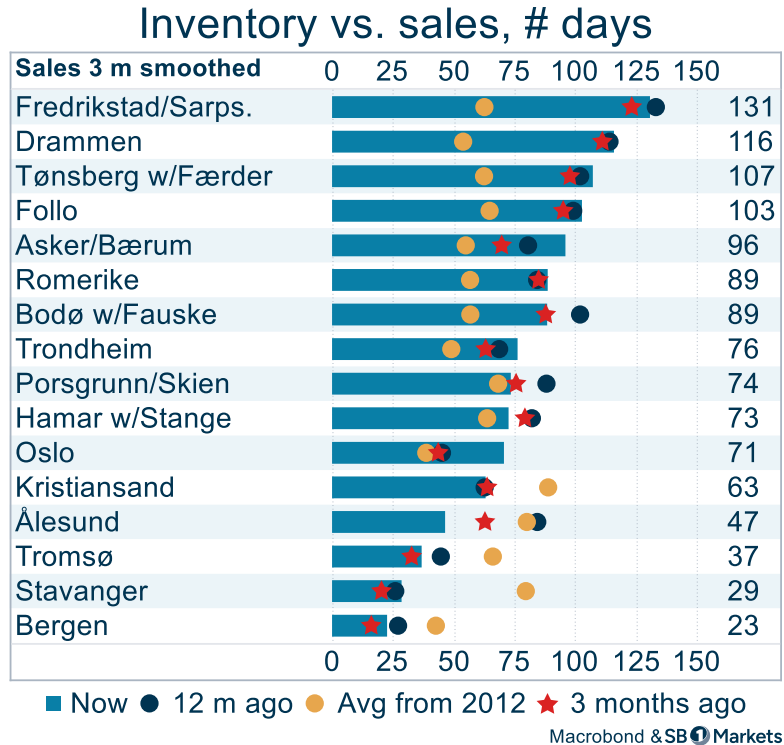
### Norway Homes for sale



- Several eastern cities are also above the middle of the list, and the direction is mostly up
- Inventories in Kristiansand, Bergen, Stavanger as well as Tromsø and Ålesund are below average. The 12 other cities report higher inventories than average.
- The inventory has increased in Stavanger and Kristiansand as well as Bodø/Tromsø lately.
- In other cities, the inventory is still trending down!

# Inventory vs. sales has turned up lately in most cities

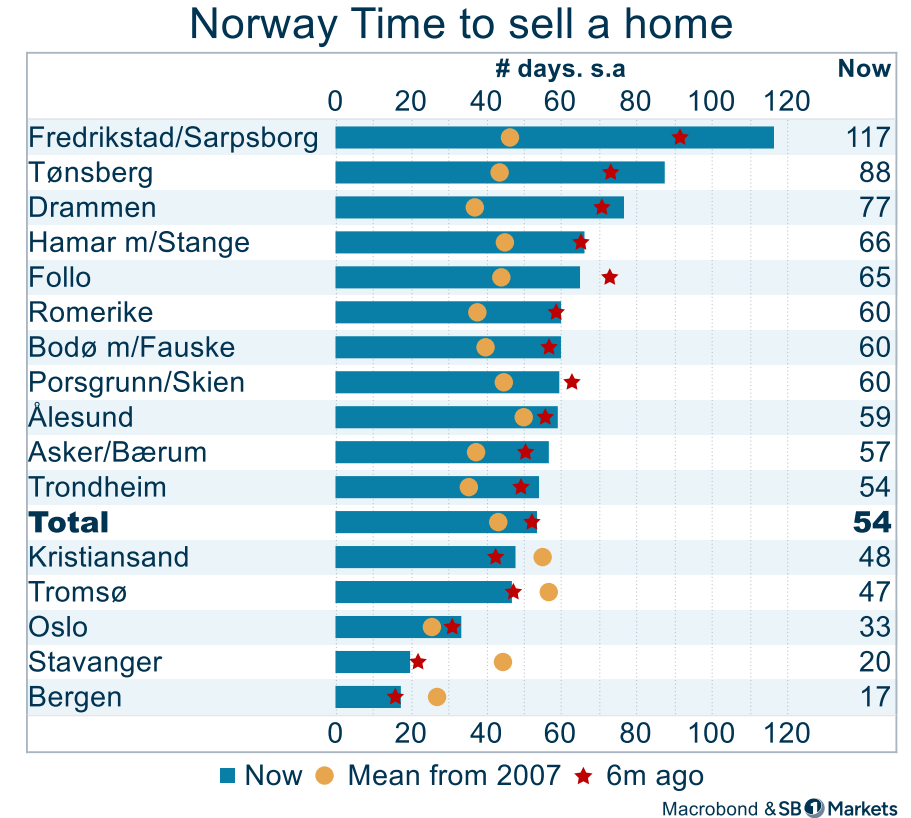
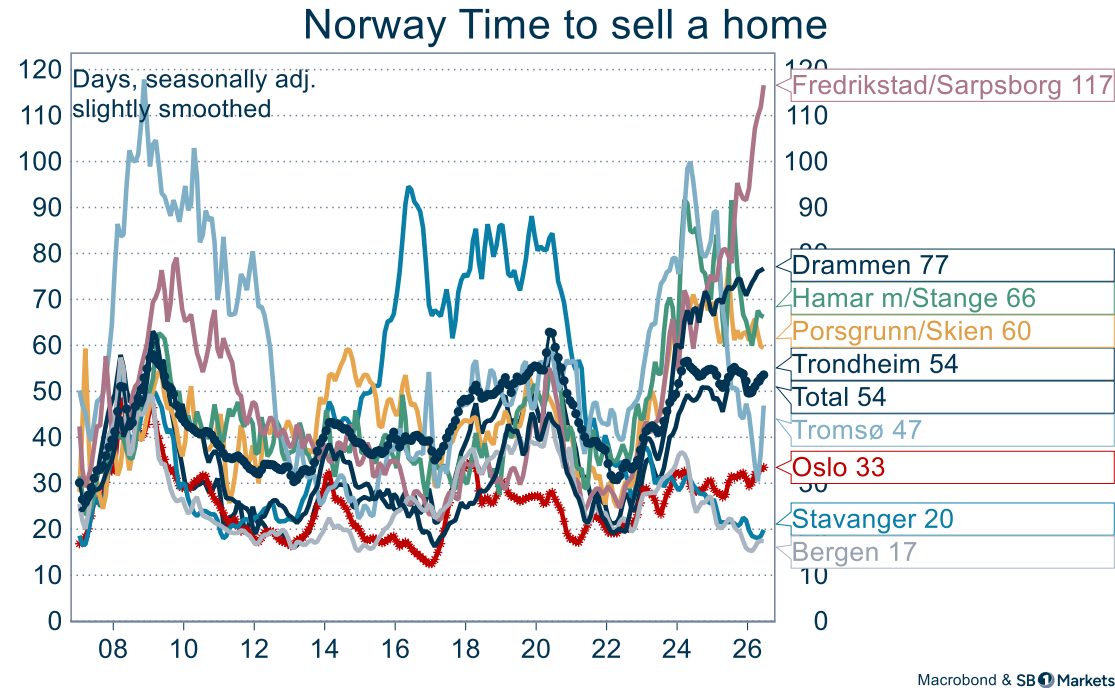
Fredrikstad/Sarpsborg, Drammen, and Tønsberg lead at the top of the list and are the most above their respective averages. The i/s ratio is lower than normal in Kristiansand, Ålesund, Tromsø, Stavanger and Bergen.



- **Fredrikstad & Sarpsborg** report the highest turnaround time (i/s ratio), 131 days (data are 6 months smoothed), twice the average (since 2012).
- **Bergen** reports the lowest turnaround times, 23 days, half the average time on market!
- **Oslo** at 71 days is well above the average (in Oslo) – and rapidly increasing, and was the highest ever in June.

# Time on market (*for homes actually sold*) mixed, most are up

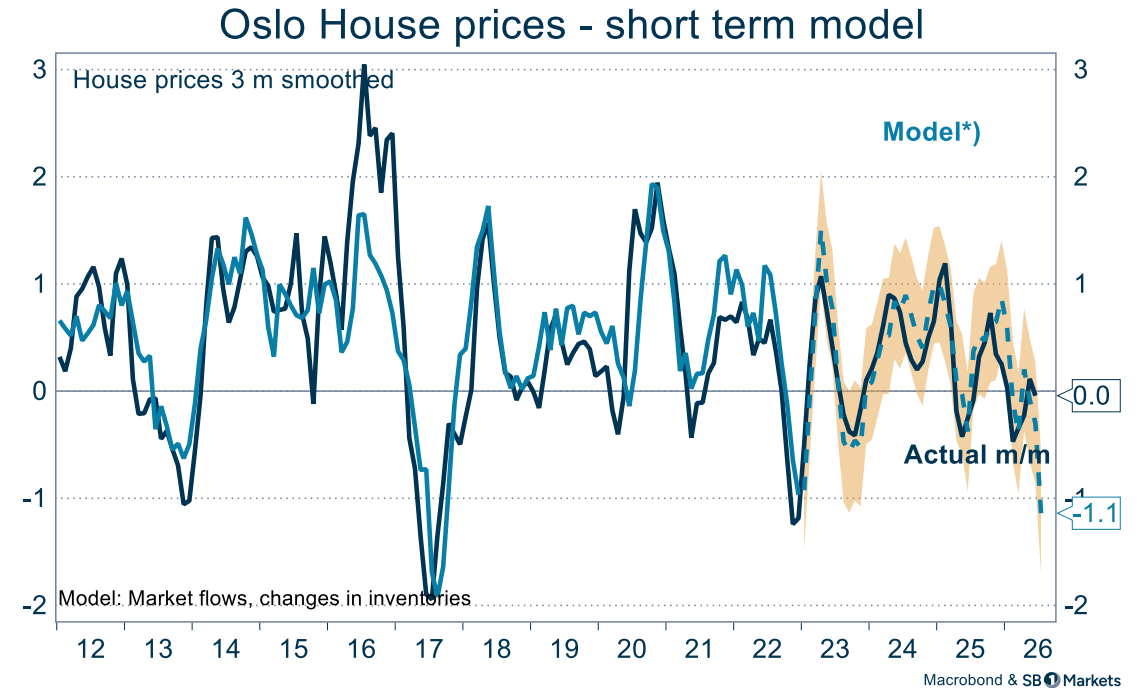
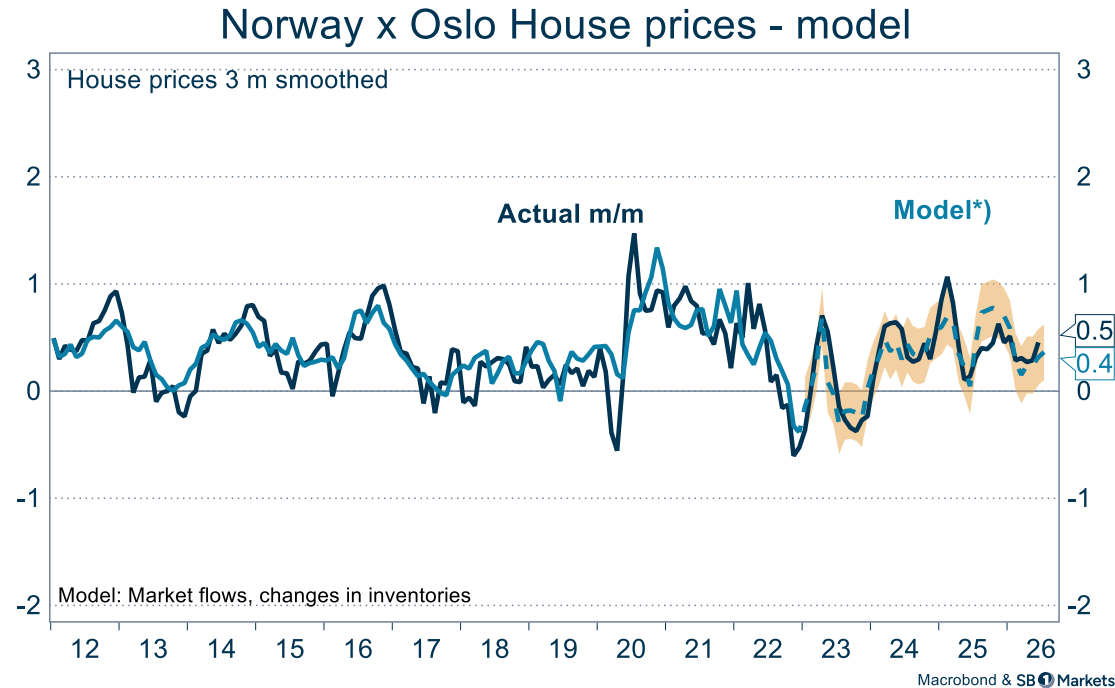
Just Kristiansand, Tromsø, Stavanger, Bergen, and report shorter selling times than normal. Fredrikstad/Sarpsborg is at the top, both absolute (110 days) and relative, vs. normal selling times in this area. Drammen also reports far higher selling times than normal.



- Other eastern cities are high up on the list, together with Bodø. Oslo is close to the bottom, but still higher than normal.

# Housing prices – short term f'casts: check our Oslo model, -1.1% m/m. The rest: 0.4%!

At least according to our (very) short term model – where mortgage rates are not included.

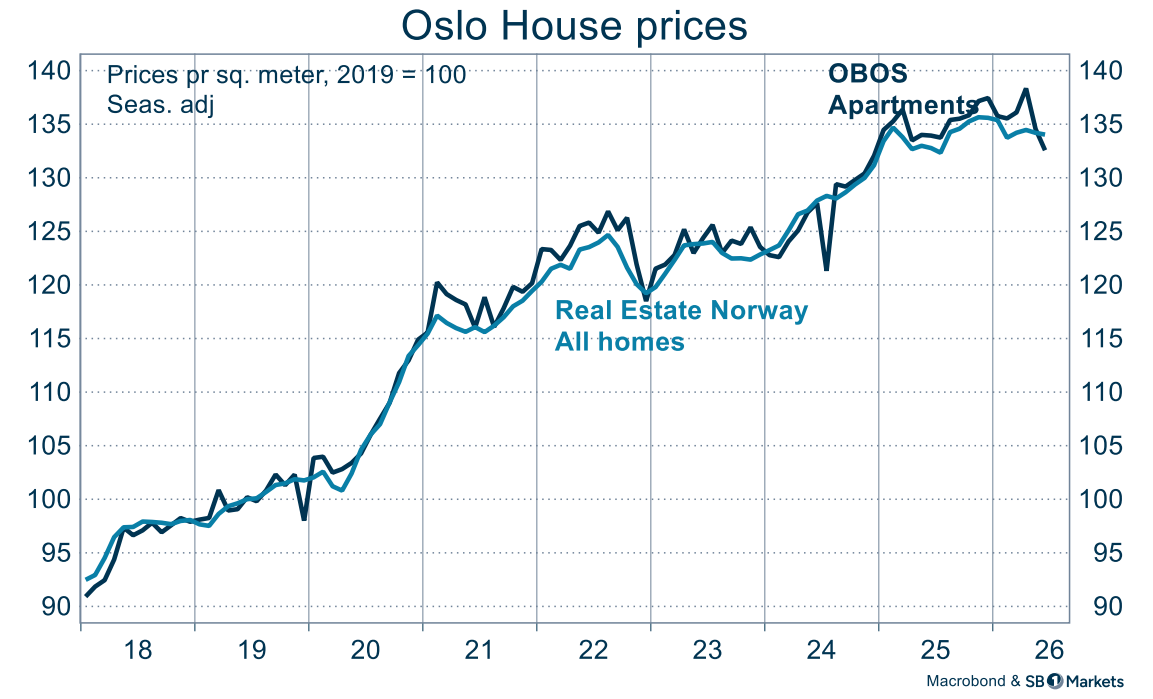
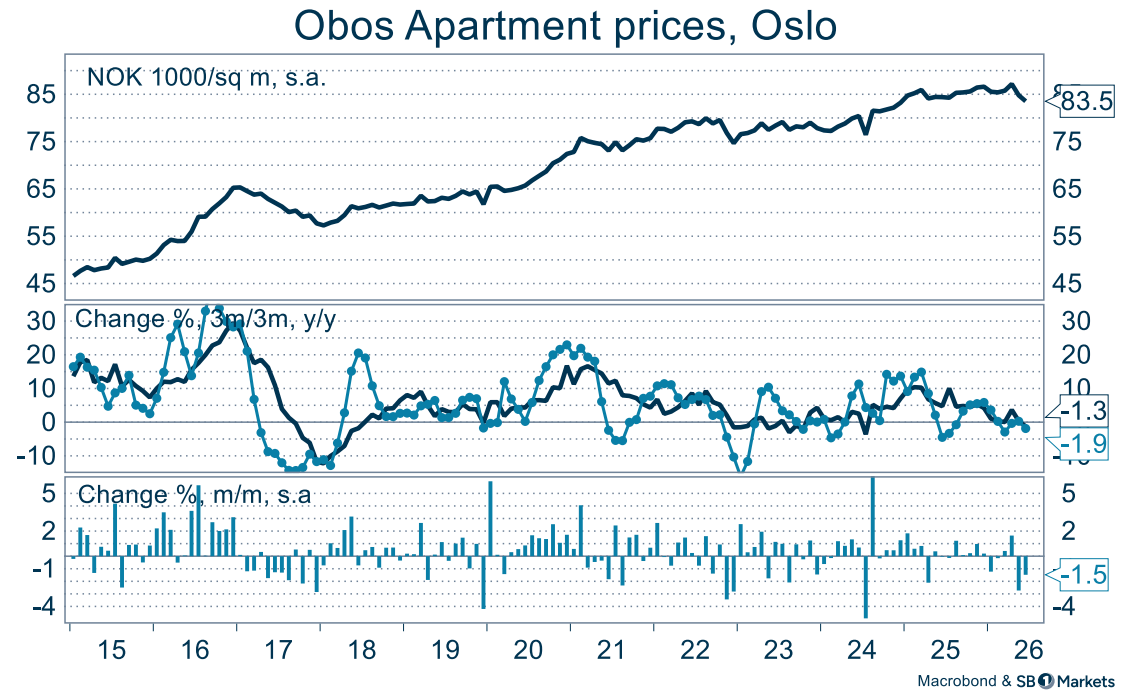


- **Our national x Oslo model**, based on flows and the inventory, signals a 0.5 m/m increase in housing prices, in line with the actual lift in the average the past 3 months (0.5%).
- **Our Oslo model** signals a 1.1 monthly price cut, due to the surge in homes for sale. Prices are unchanged over the past 3 months.
- **Mortgage rates** are not included in these short-term market models, because they have not consistently added to the models' performance. Still, over time, mortgage rates and credit growth are important drivers for the flows in the housing market. And now the rate is cut – but it remains far higher than most borrowers have been used to.
- These models **are not long-term price models**, just short-term models based on flows of (existing) houses approved for sale, actual sales and changes in inventories – which are normally correlated to prices.



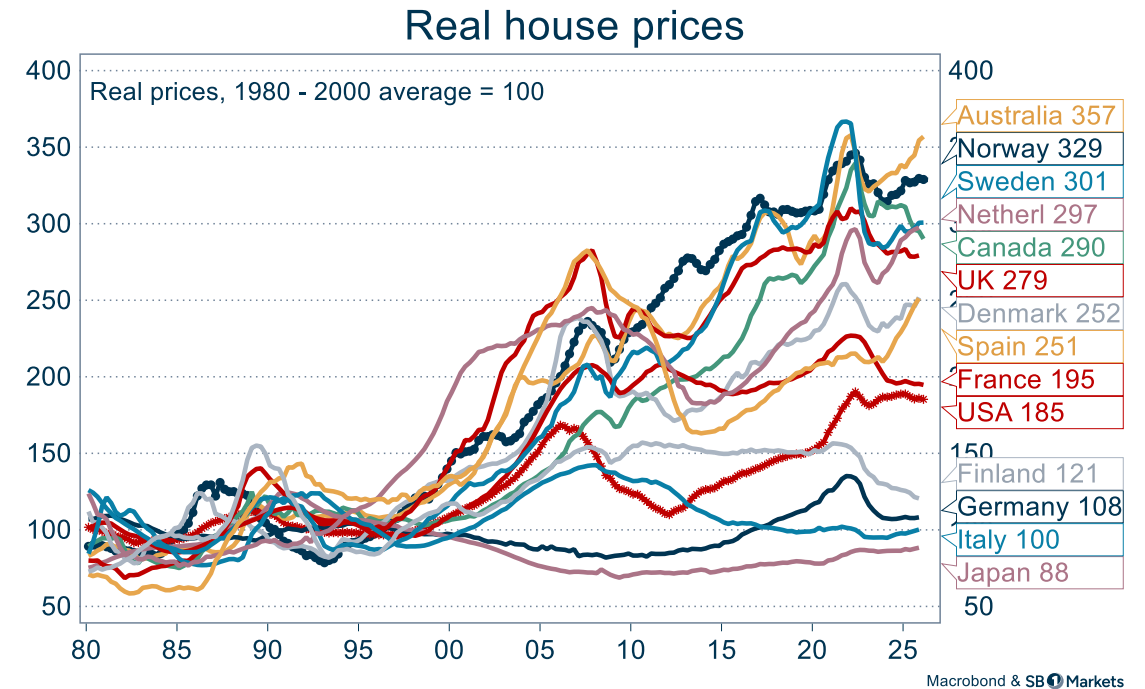
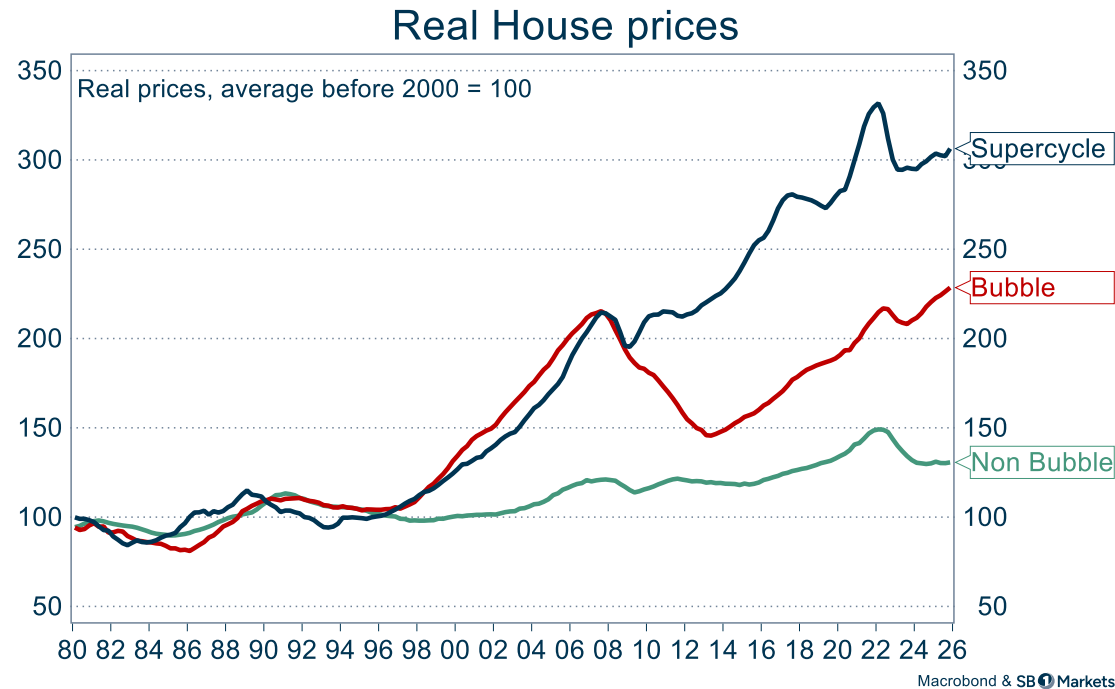
# Oslo co-op down 1.5% m/m in June, following the 2.7% drop in May, down 1.3% y/y

Obos prices are closely correlated to the total Oslo market over time but are more volatile from month to month, with some large outliers. Realtors report a 0.1% decline m/m in June, and +0.9% y/y.



# Real house prices fell almost everywhere when rates were hiked

... but most have turned up again in recent quarters as rates are cut. Real prices are still mostly lower than before rates were hiked. Norwegian prices are close to the top vs the pre-2000-level, just Australia ahead. Canada is struggling

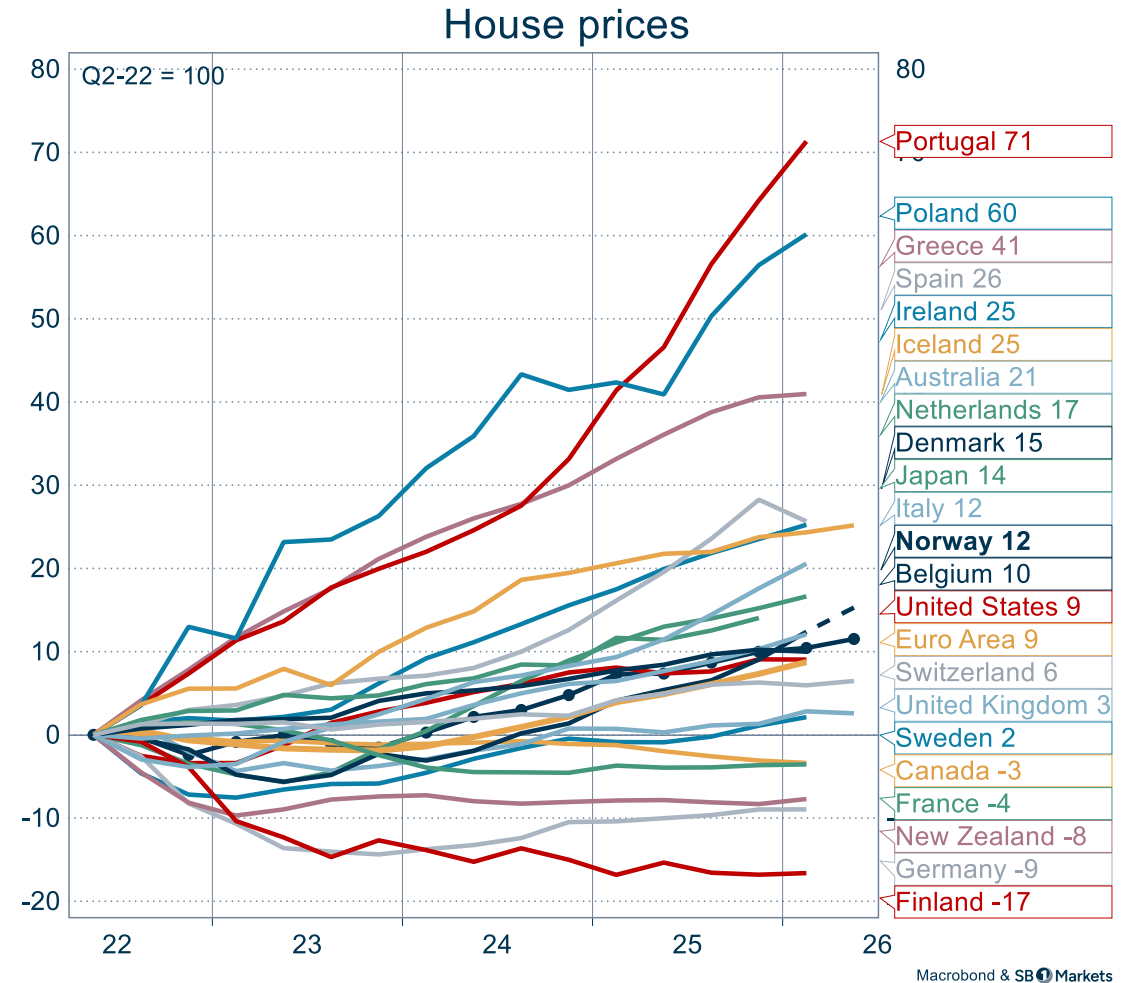
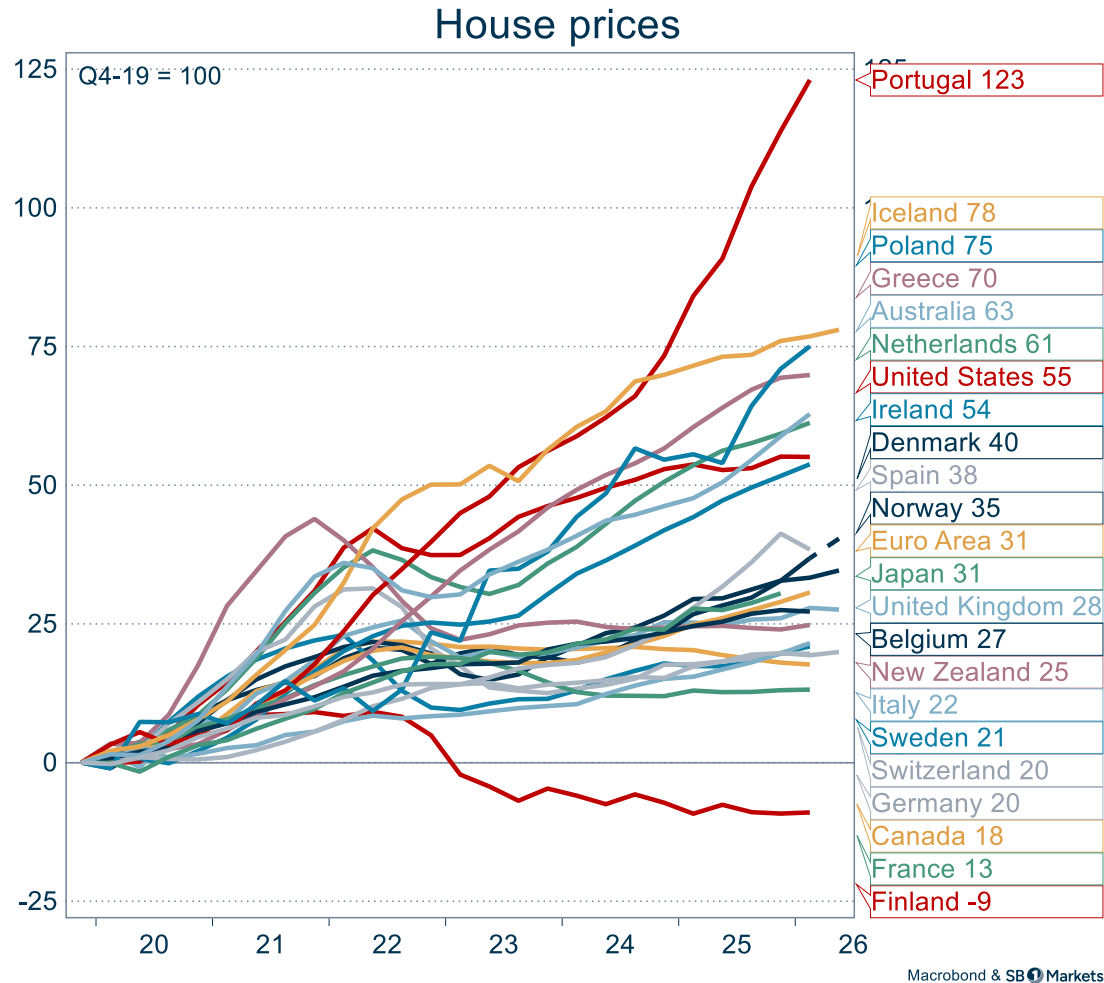


- Super cycle: Australia, Canada, Norway, and Sweden
- Bubble: USA, UK, Spain, Netherlands, Denmark, Ireland and several more
- Non bubble: Germany, Japan, Switzerland



# House prices on the way up most places. Just Canada and (even more) Finland are slipping

Prices are close to flat in UK, Sweden, France, and Germany. Just 5 of 23 countries are down from before rates were hiked. All but Finland are up since before the pandemic.

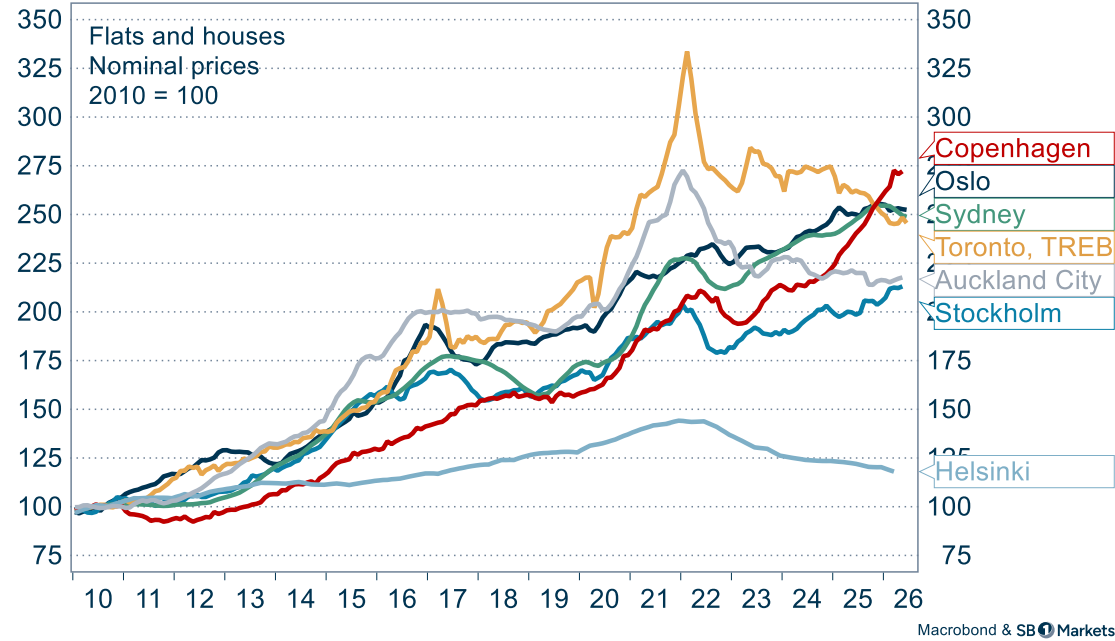




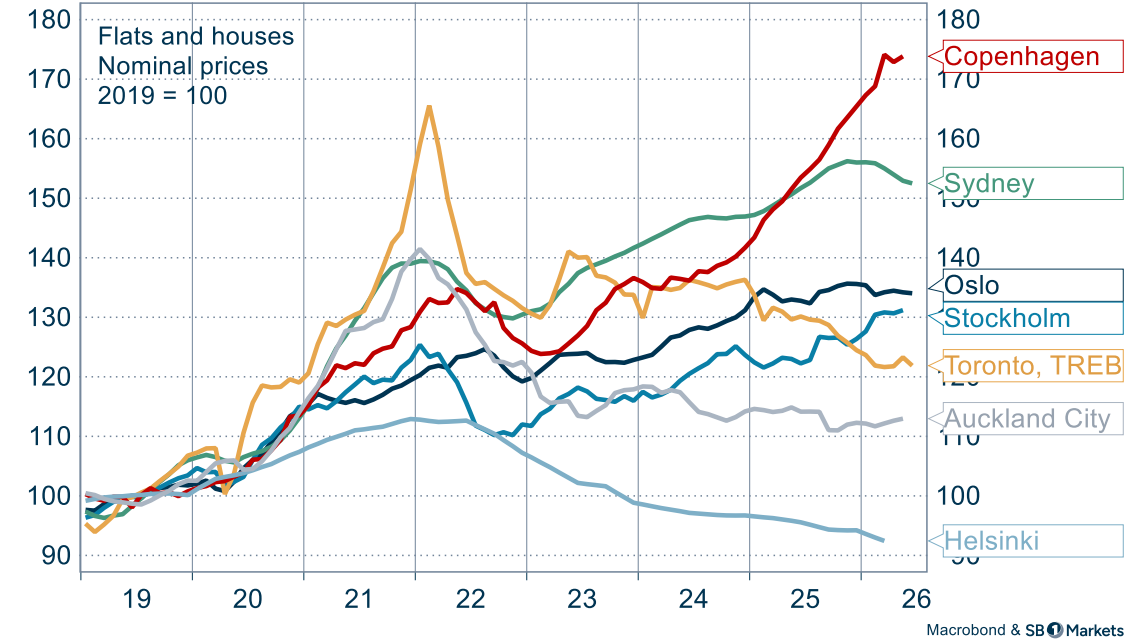
# Oslo house prices in the middle of the road vs. peers?

Oslo lags Copenhagen but is ahead of Stockholm. Helsinki the outlier on the downside, in a weak Finnish economy. Toronto took a beating last year (and is down 25% from the peak in 2022). Sydney has slowed recently, as the RBA has hiked its policy rate 3 x 25 bps.

### House prices for Oslo "peers"



### House prices for Oslo "peers"



- Copenhagen the big winner in recent years

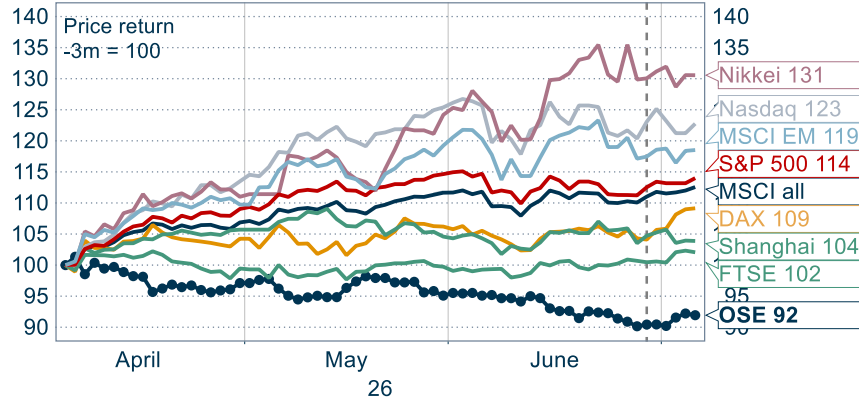


## 4. Financial Markets

# Almost all equity markets and bond yields up; Oil prices flat; natural gas, metals prices up

NOK finally found a footing (with AUD and SEK). EUR unchanged, the USD marginally weaker

### Equity Indices

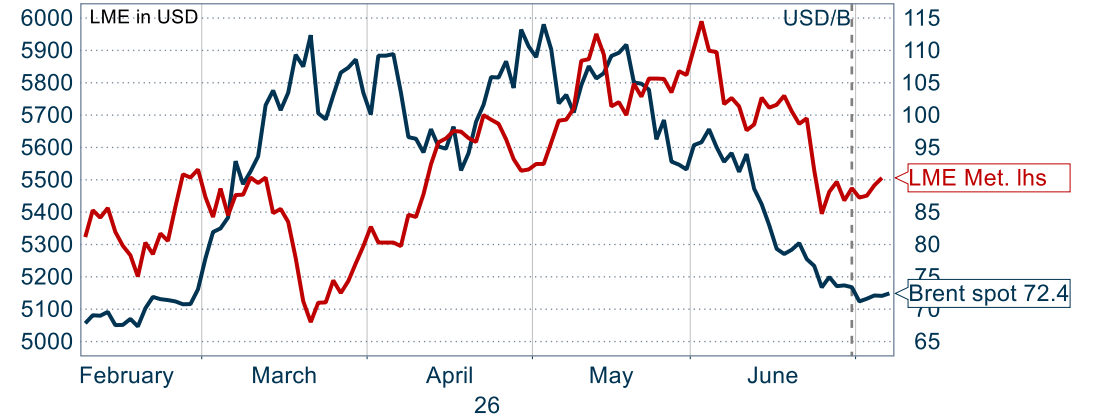


Index	Change %
DAX	4.6
OMXS	2.6
S&P 500	2.5
MSCI all	2.3
Nasdaq	2.0
OSE	2.0
FTSE	1.4
MSCI EM	1.2
Nikkei	0.5
Toronto	0.5
Shanghai	-0.9

■ Since 26 June ● Last month

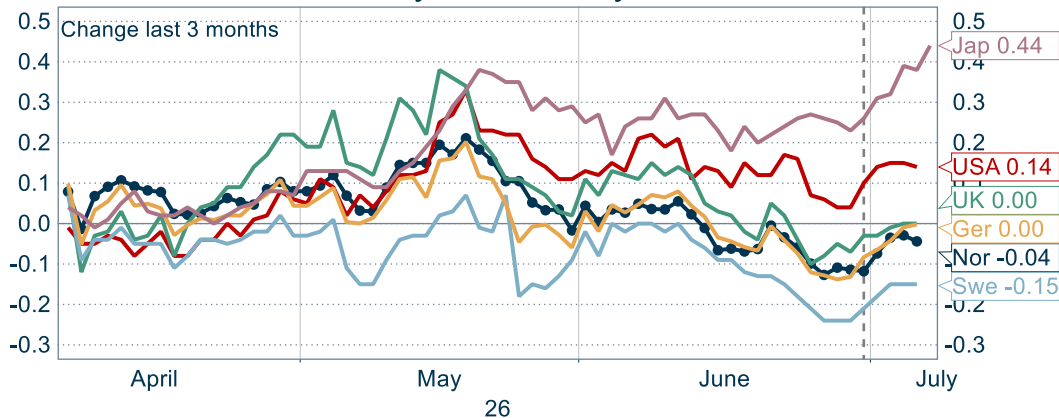
Macrobond & SB Markets

### Oil vs. metals



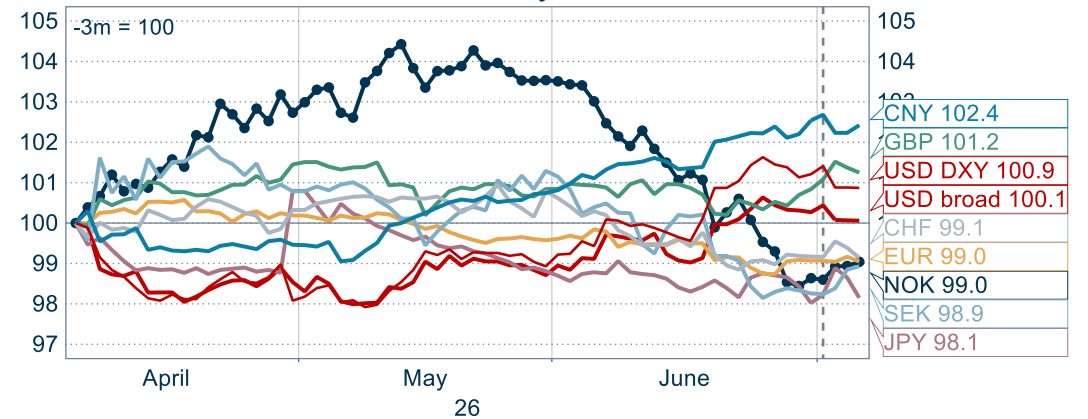
Macrobond & SB Markets

### 10 y Gov bond yields



Macrobond & SB Markets

### Currency indices

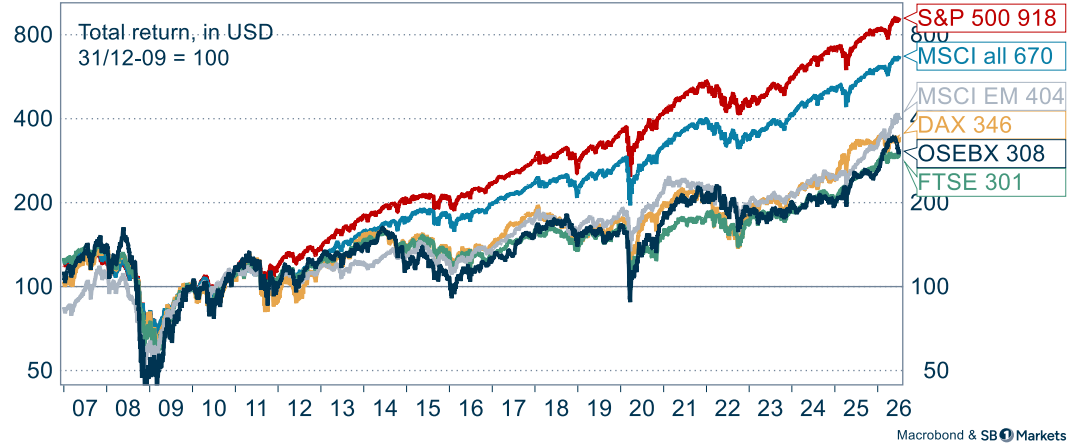


Macrobond & SB Markets

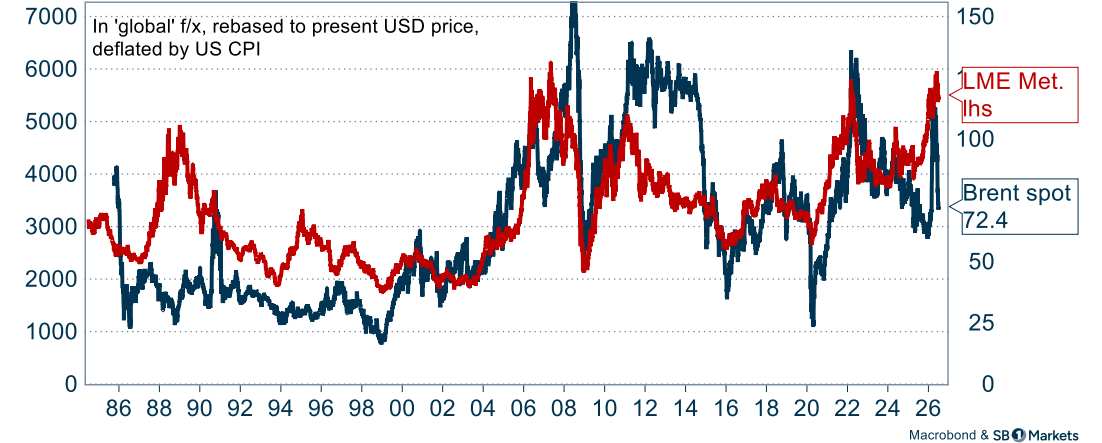
# Big picture: Equity markets are soaring, real metal prices are close to record high

... and long-term bond yields are still trending upwards. JPY is the main FX loser, while CNY and CHF are the winners – and the USD until early 2025. NOK has recovered substantially so far in 2026 (but not the last month). And the oil price? Back to a rather low level.

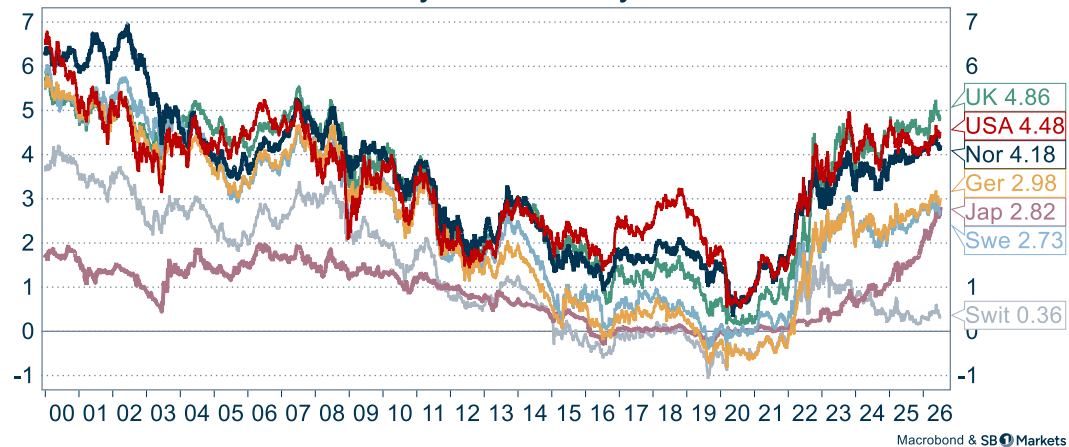
### Equity Indices



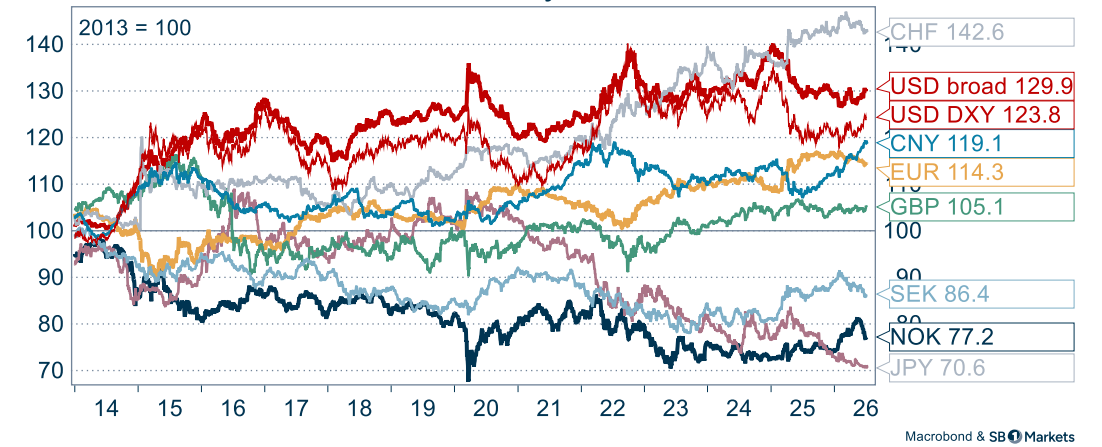
### Oil vs. metals



### 10 y Gov bond yields



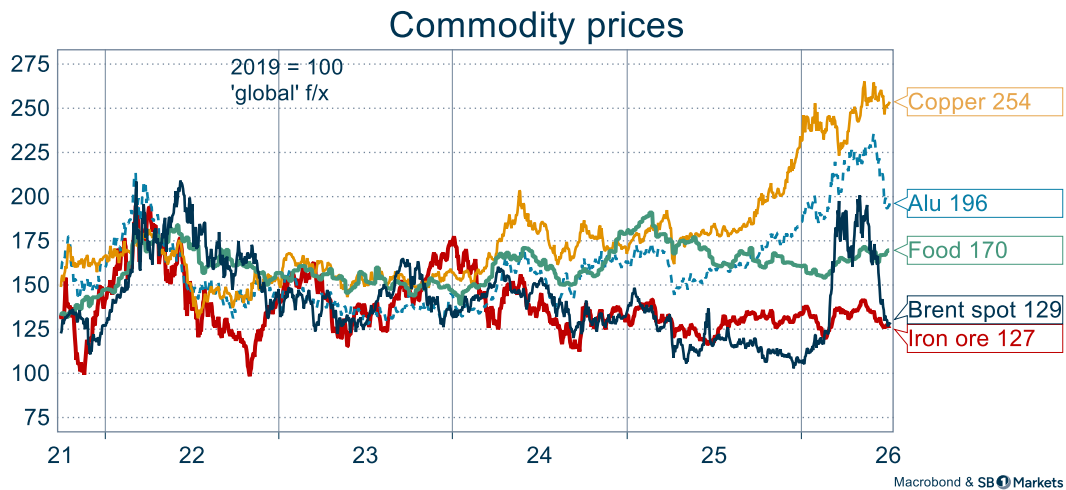
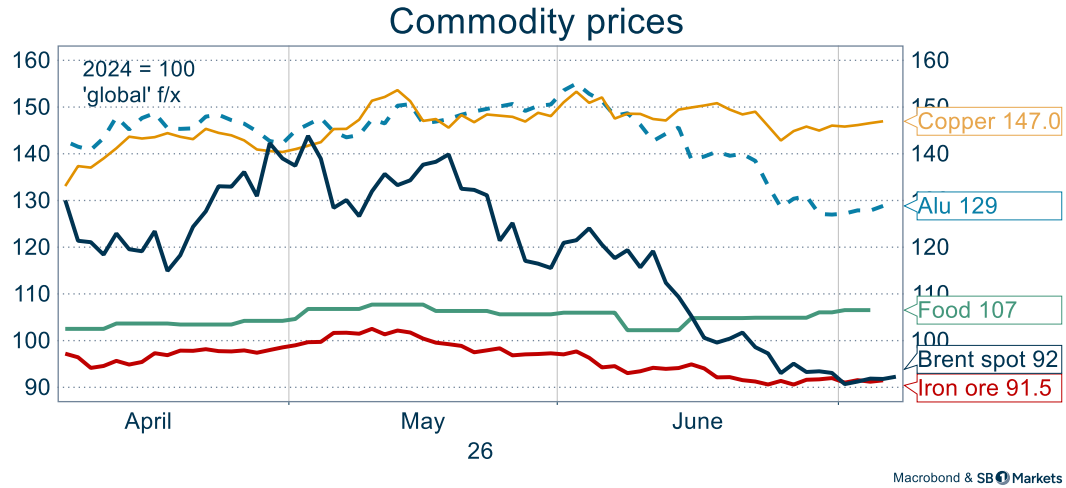
### Currency indices





## 4.1 Commodities

# Commodity prices: Oil prices flattened, natural gas prices rose, metals mixed but up in avg.



## Commodity prices

In 'global' f/x % change	last w	last m	last y	ytd
Nethl. TTF gas 1st m	9	-10	31	55
Nethl. TTF gas 1-12m	5	-10	15	45
Wheat	4	3	22	32
Food	2	1	5	6
Brent spot -12 m	1	-15	12	21
Copper 3m fwd	1	0	39	10
Brent 1-6y	1	-7	8	13
LME 3m fwd	1	-4	34	10
** USD broad f/x index **	0	0	3	2
Iron Ore 3m	0	-3	5	-5
Brent spot	-1	-22	7	21
Aluminum 3m	-2	-13	23	6
WTI oil	-3	-27	8	22
US nat gas 1-12 m	-3	-4	-14	-9
Nordic electr. spot - 1y	-3	-19	45	30

Legend: Last week (blue bar), Last month (orange dot)

In 'global' f/x % change	last w	last m	last y	ytd
Baltic dry freight	13	-6	100	51
Drewry Container freight	9	33	65	108
Silver	8	-14	73	-12
Bitcoin	7	6	-39	-26
Gold	3	-5	27	-4
VLCC tanker 1y TC	0	1	145	107

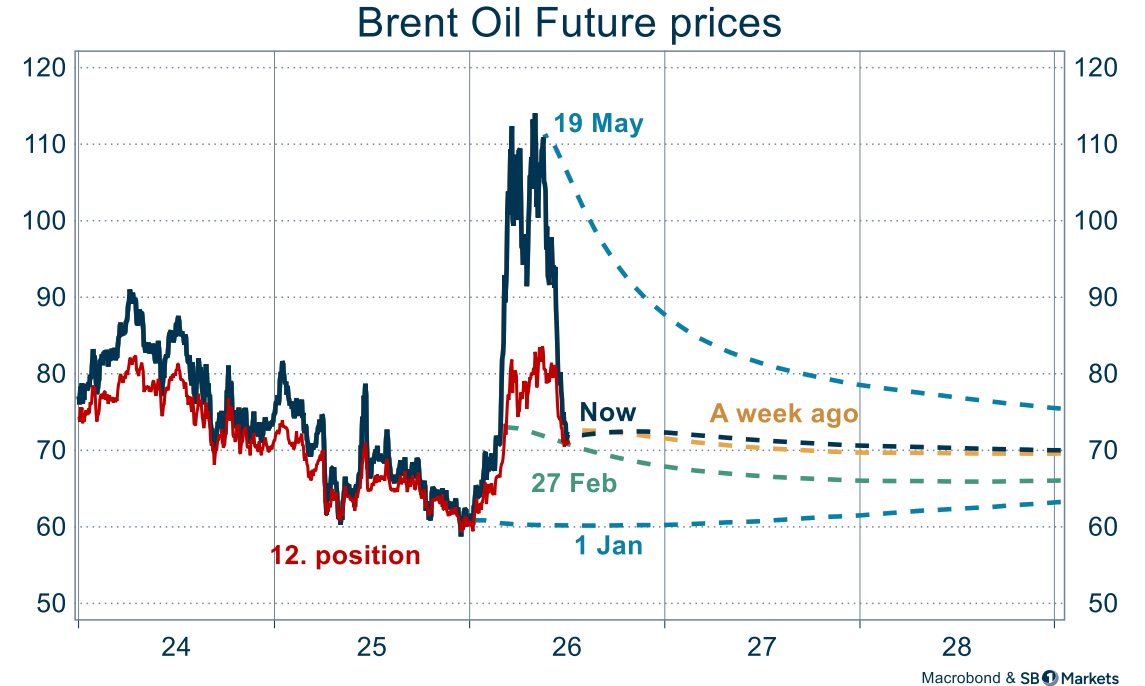
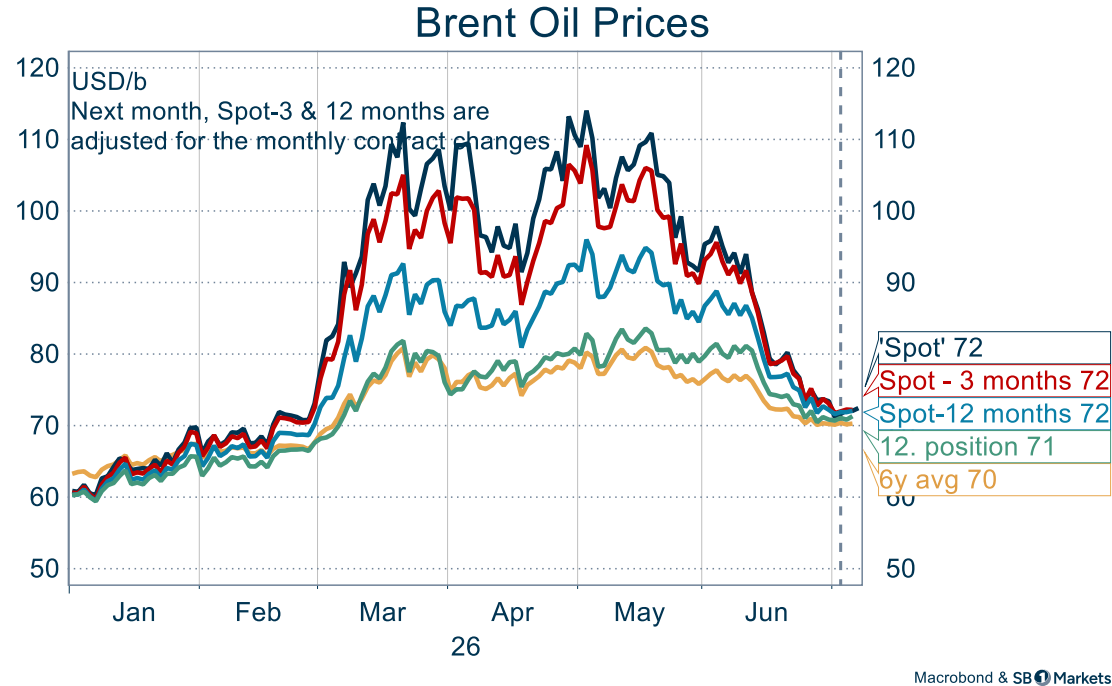
Legend: Last week (blue bar), Last month (orange dot)

Macrobond & SB Markets

Prices in a 'global' FX measure. We have divided the table on the right into two sections, with the lower part showing the (normally...) most volatile elements.

# Oil prices: unchanged all over the flat USD 70/b-curve

The Brent spot is back to where it came from, before the Gulf war started. Future prices are still slightly above

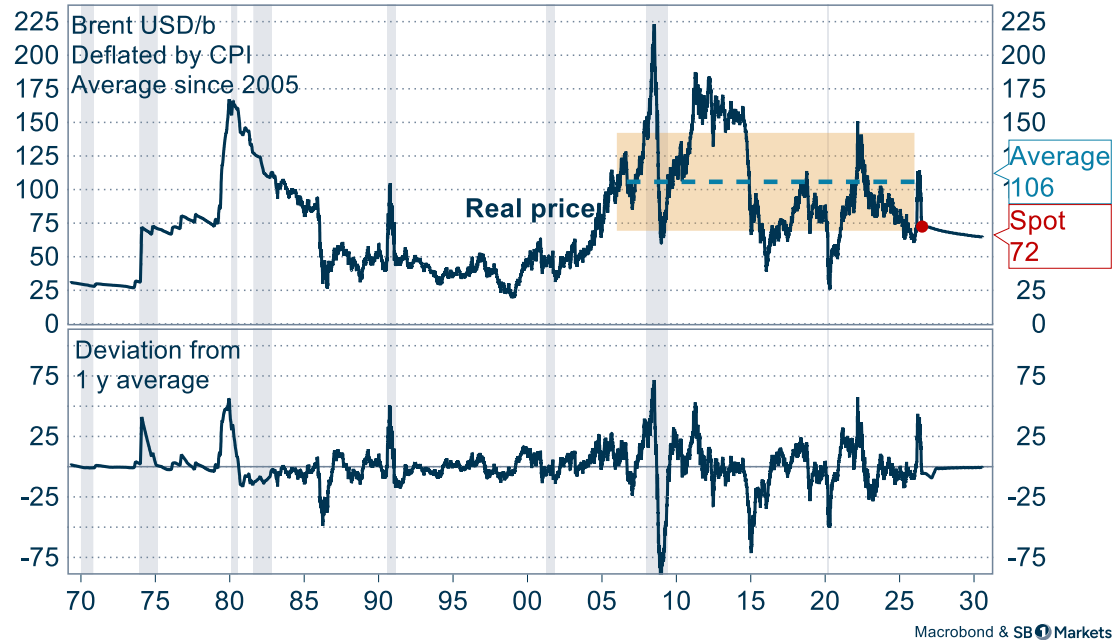


- If current price expectations persist, there is of course **no oil price energy shock**

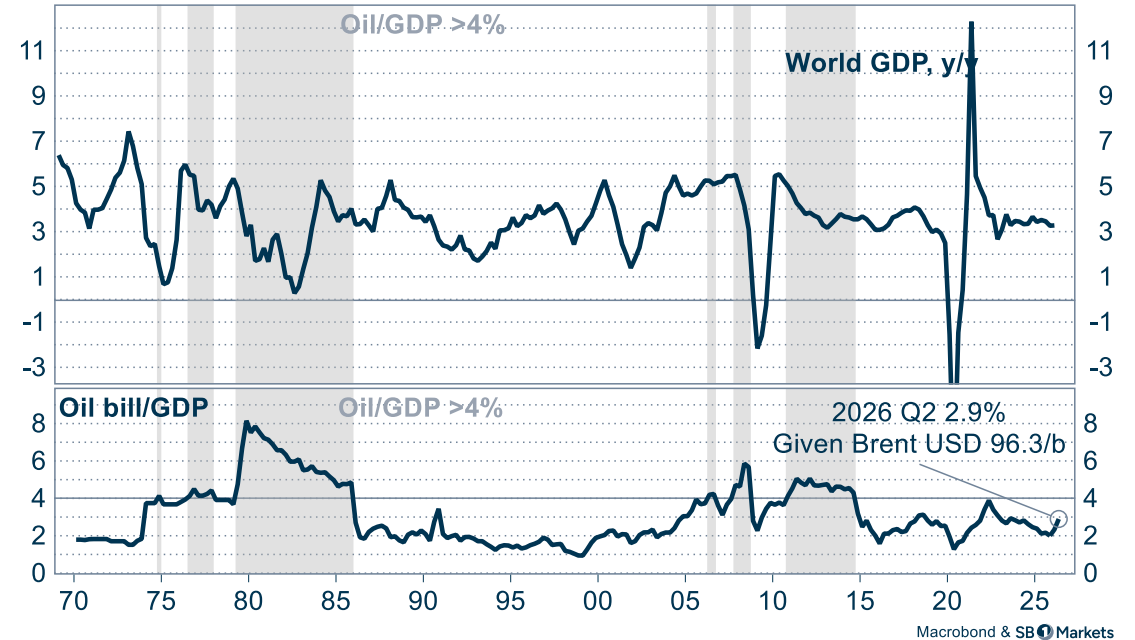
# The current oil spot price is 30% below the 20-year average USD real price

Over the long term, oil consumption has consistently declined relative to GDP, leading to a notable reduction in oil dependence. At current price levels, oil does not pose a significant cost issue.

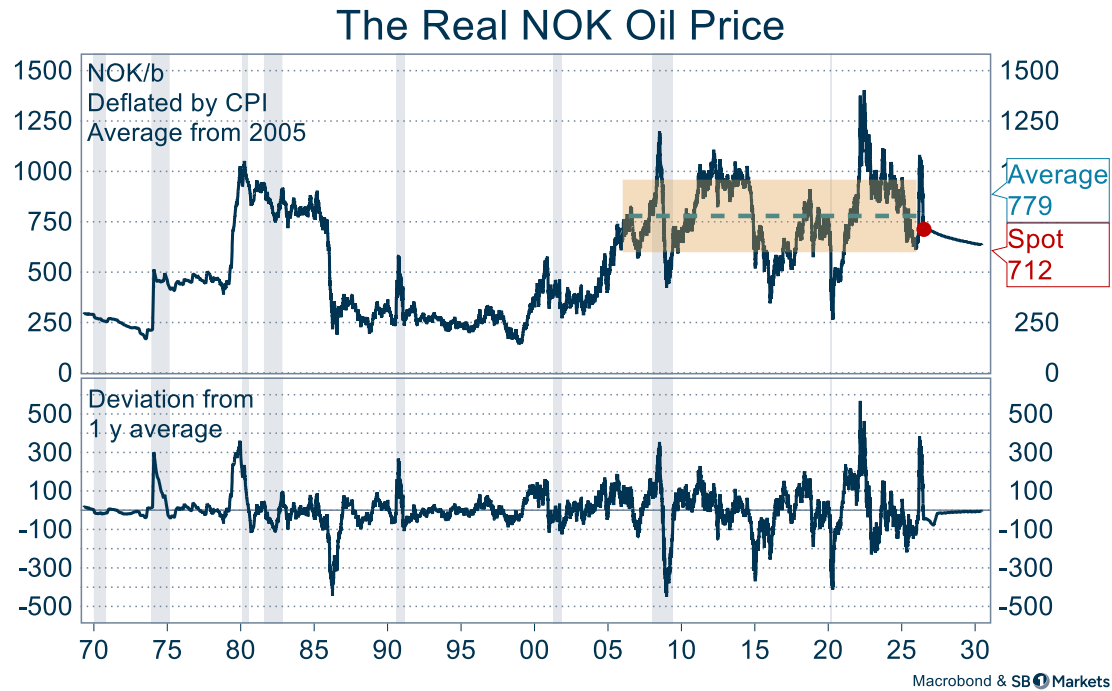
### The Real Oil Price



### World GDP growth vs the 'oil bill'

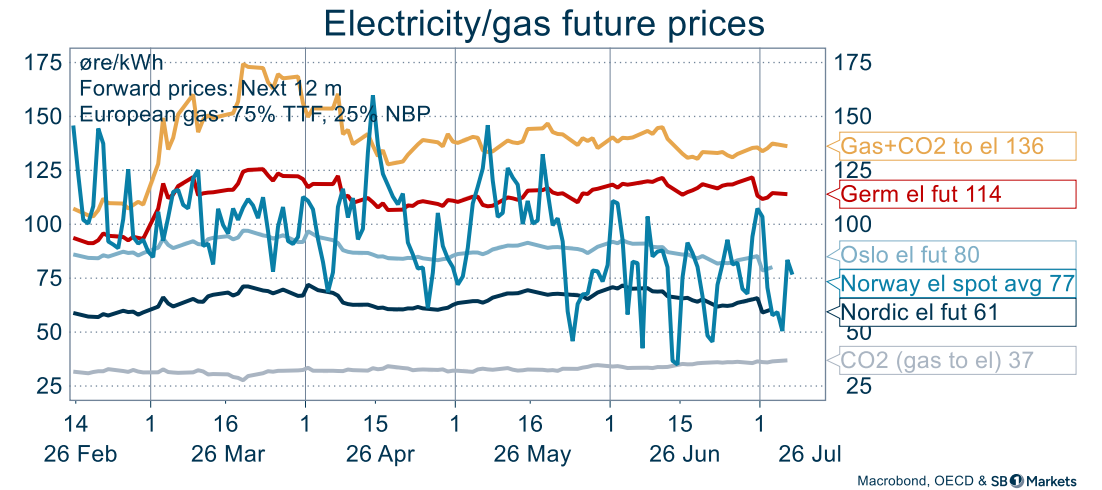
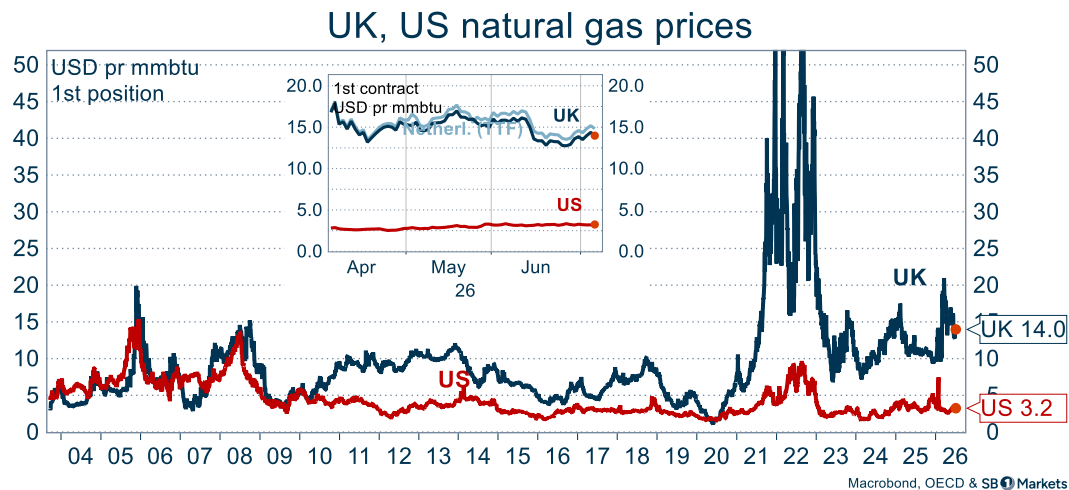
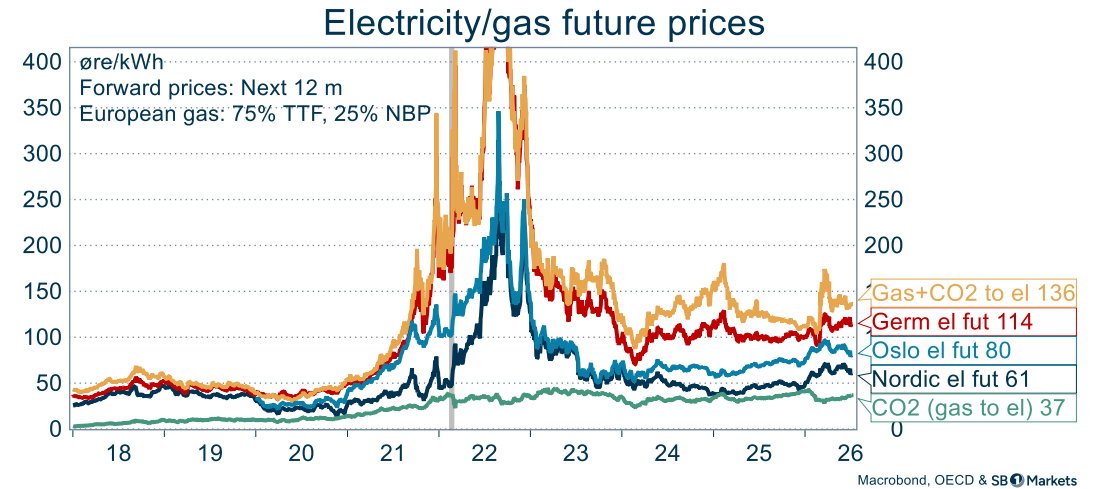
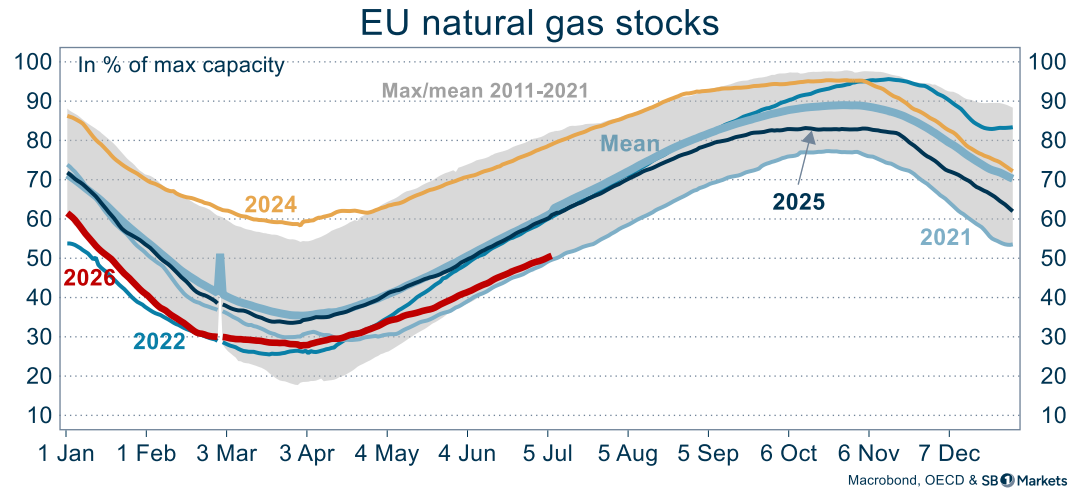


# Even measured in a weak NOK, real oil prices are below the 20y average



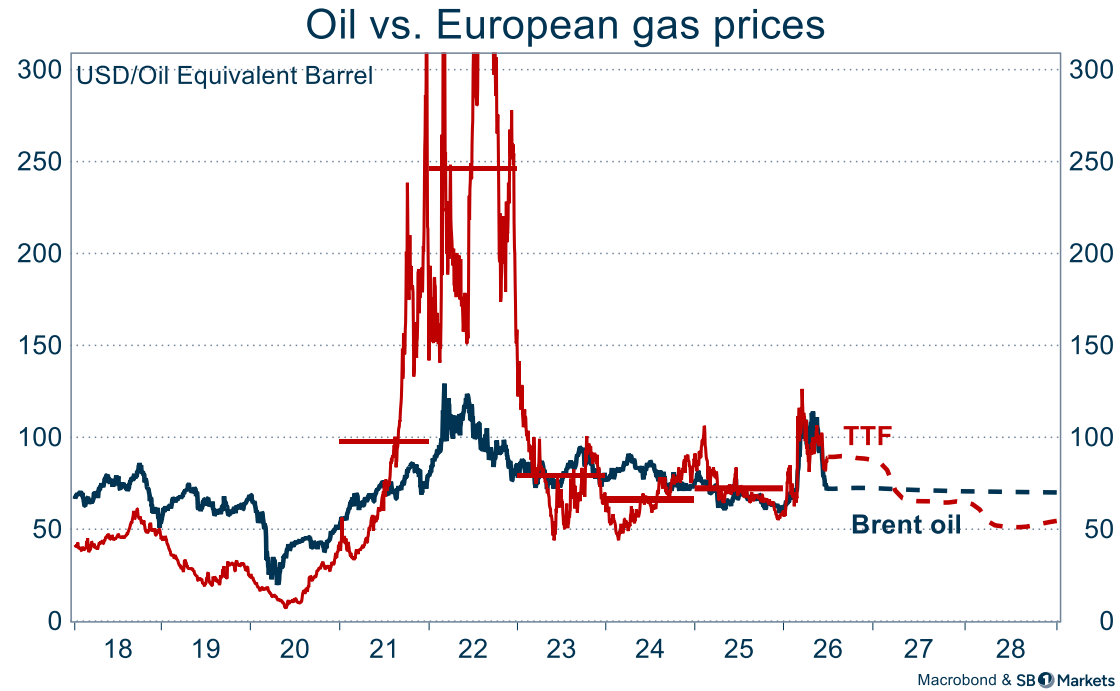
# European natural gas prices have come down but are still well above pre-war levels

EU natural gas stocks are being rebuilt, but the fill rate is still a tad lower than normal, and inventories are close to the lowest levels of the past 15 years.



# European natural gas prices are down from March peaks, but above the 2023–25 level

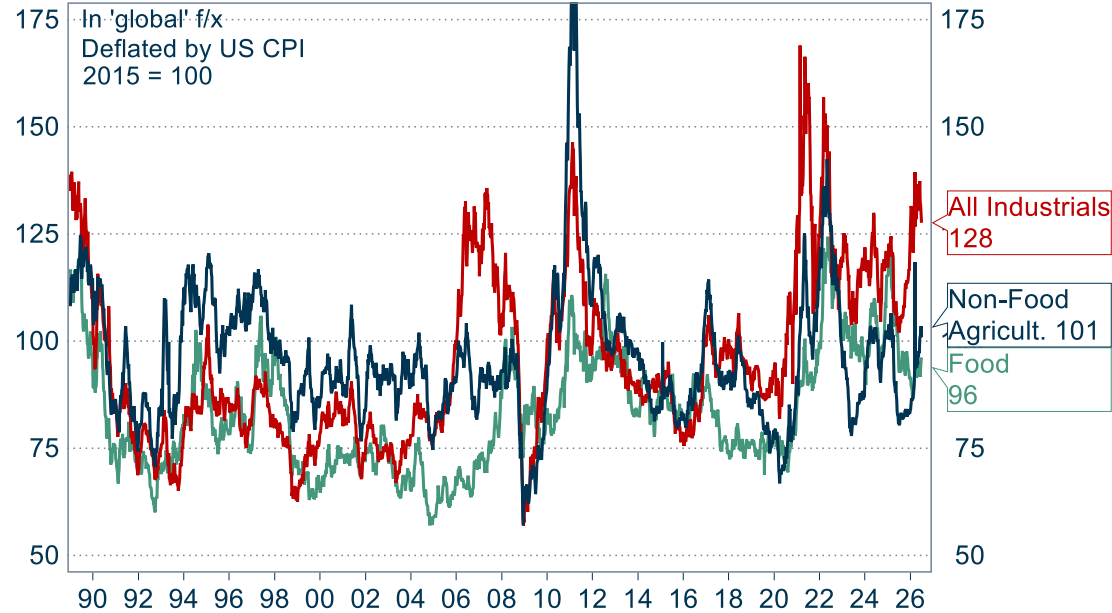
However, the inflationary impact will be limited – if the strait opens up



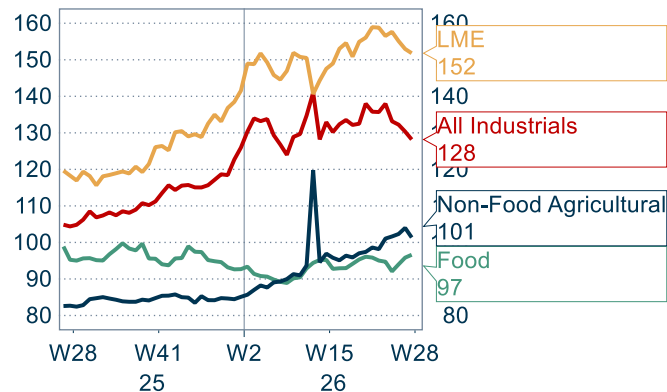
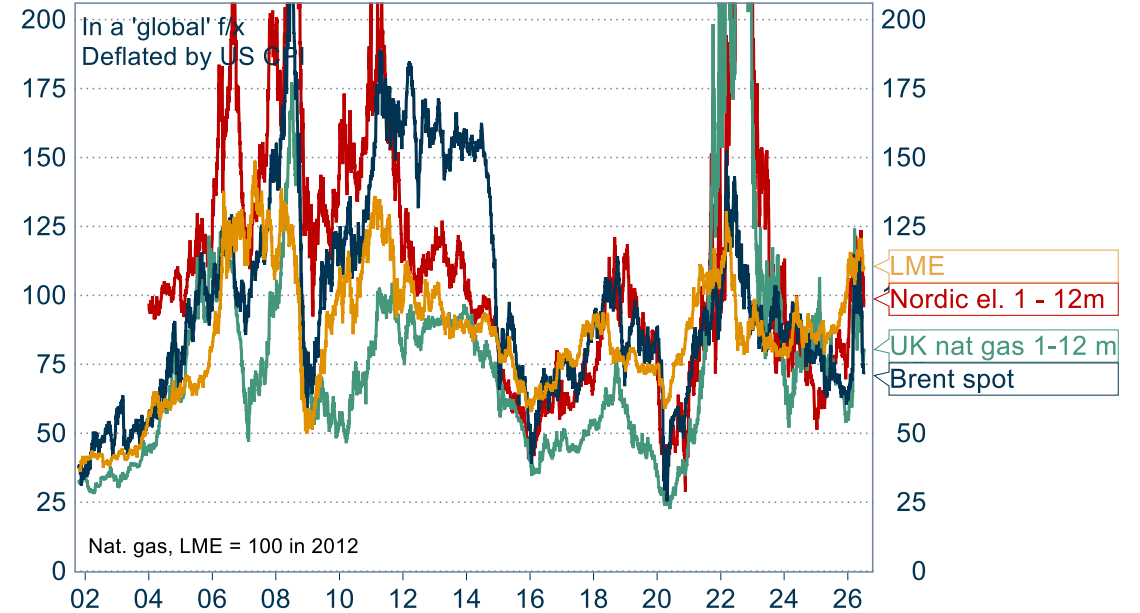
# Big picture: Industrial commodities far above normal levels, thanks to metals

Food prices have been trending down since the war in Ukraine started but rose somewhat in the first phase of the Gulf war. Non-food agricultural prices are up 20% so far in 2026. Taken together, some inflationary signals

The Economist - commodity price indices



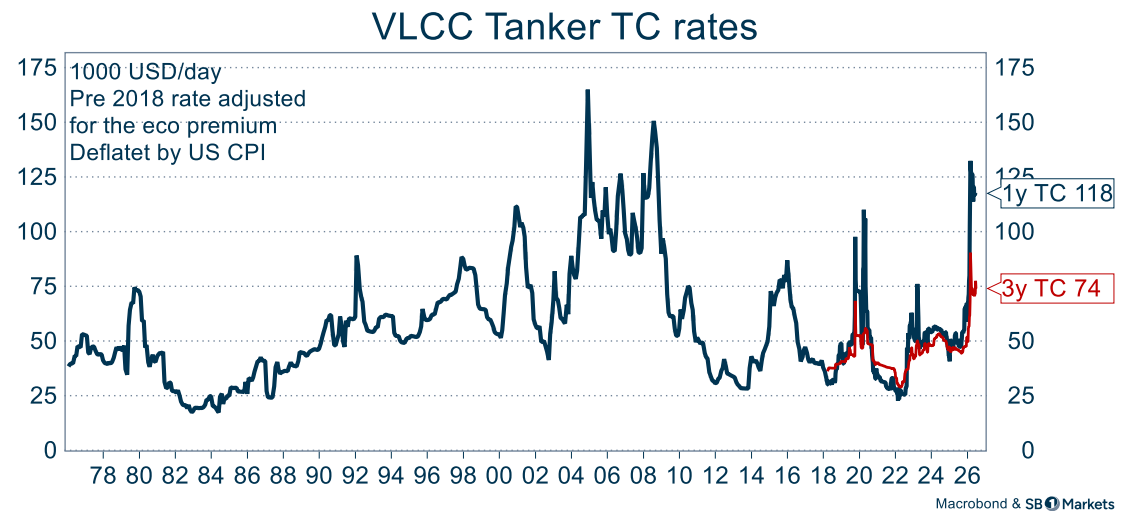
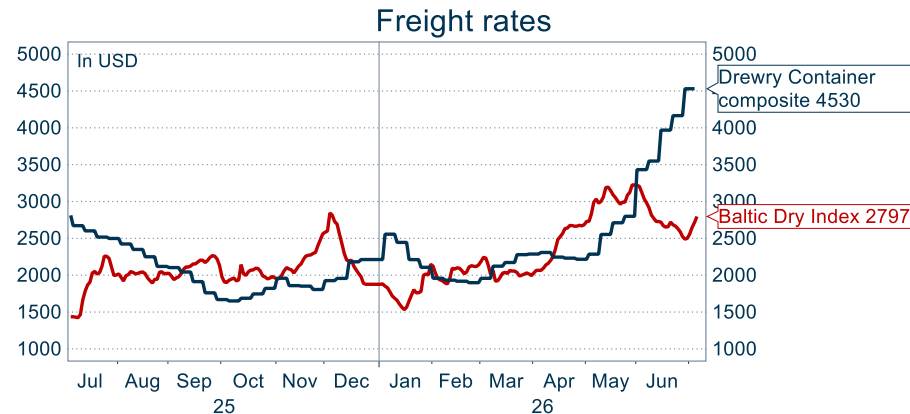
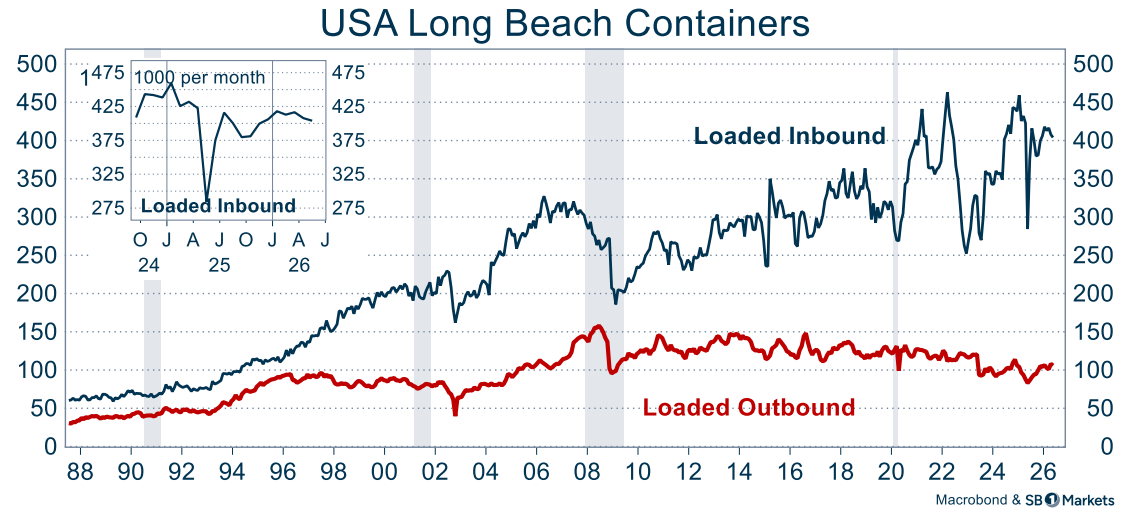
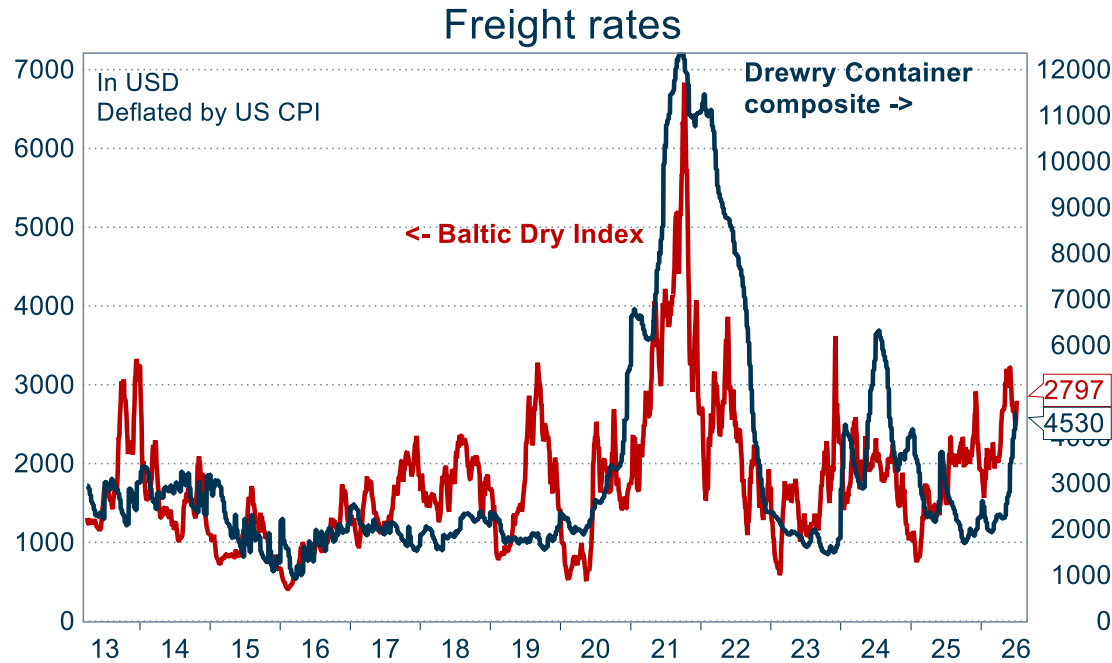
Commodity prices



# Container freight rates are up more than 100% since early May! Baltic Dry down lately

Demand has strengthened earlier than normal, while supply is still suppressed by less traffic through the Suez Canal.

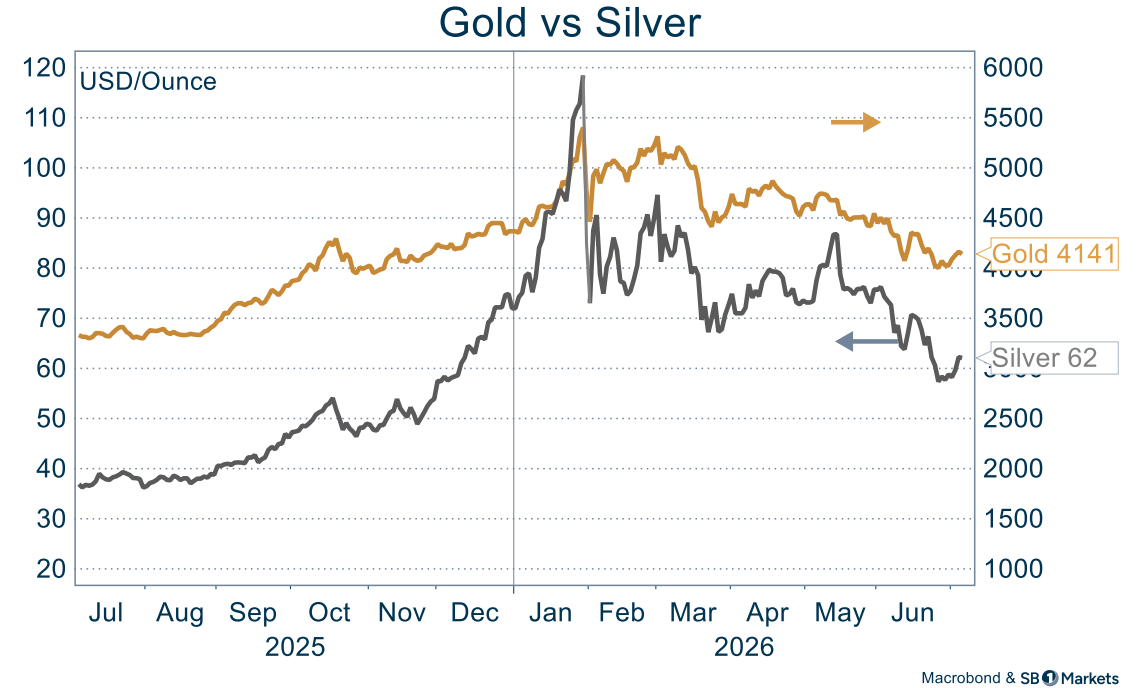
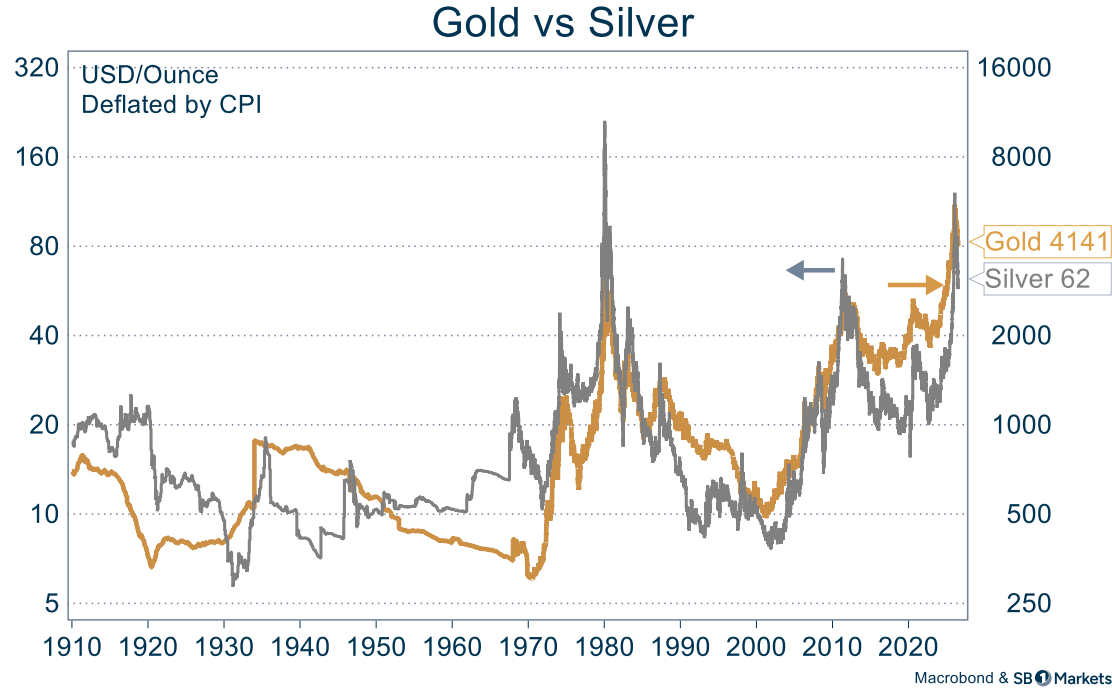
Tanker rates are slightly down from the April peak.



# Gold and silver prices trend slowly downwards, come war or peace (hopes)

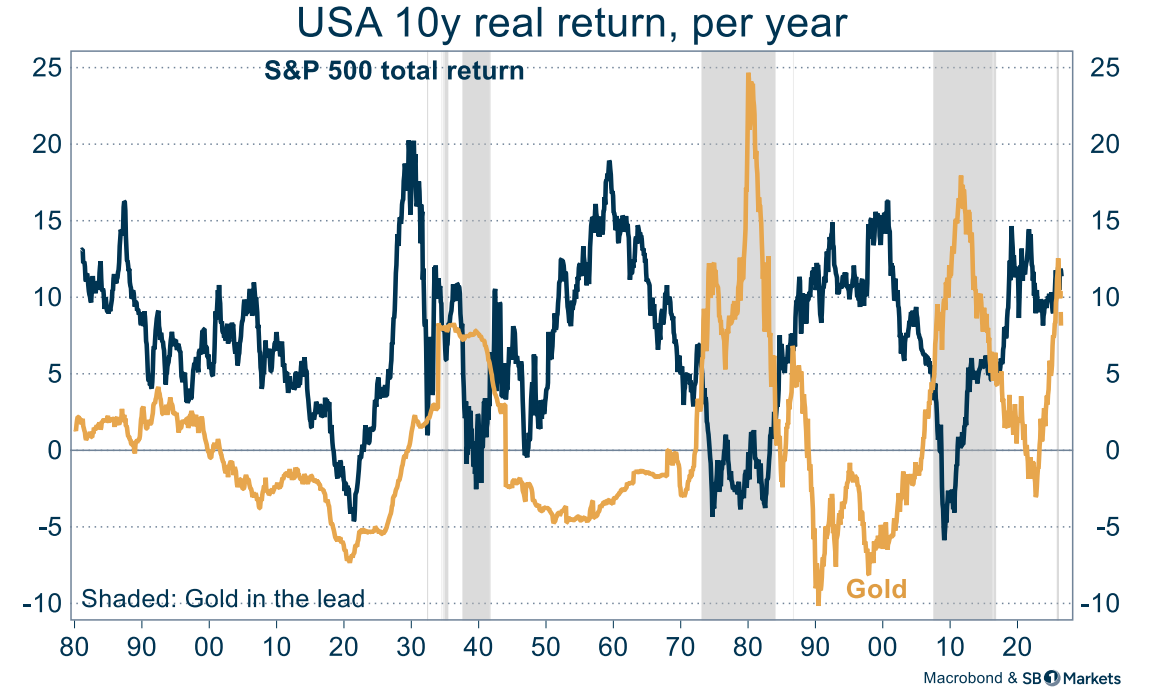
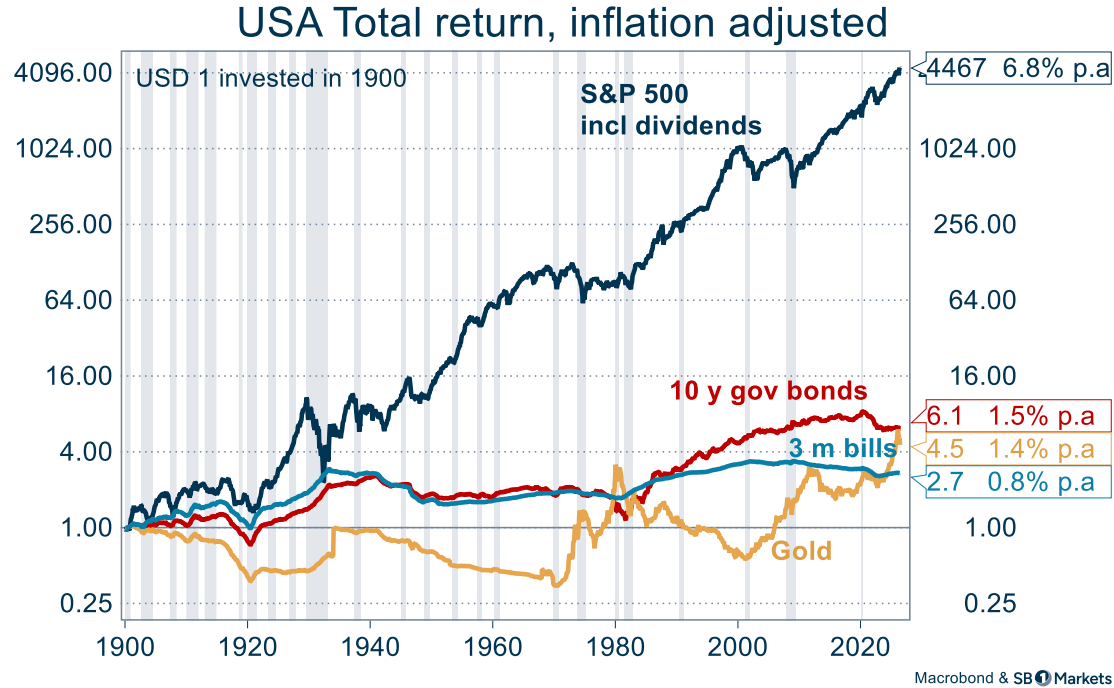
The silver price is almost cut in half from the ATH peak in late January (back to the Dec. level...)

Gold more than 20% (back to the Nov. level).



# Gold and equities rising together – not seen since the '30s

Long-term risk-adjusted returns look modest. Historically, gold has hedged equity drawdowns over the medium term, but less consistently over the past decade – and both gold and US equities now appear richly priced.



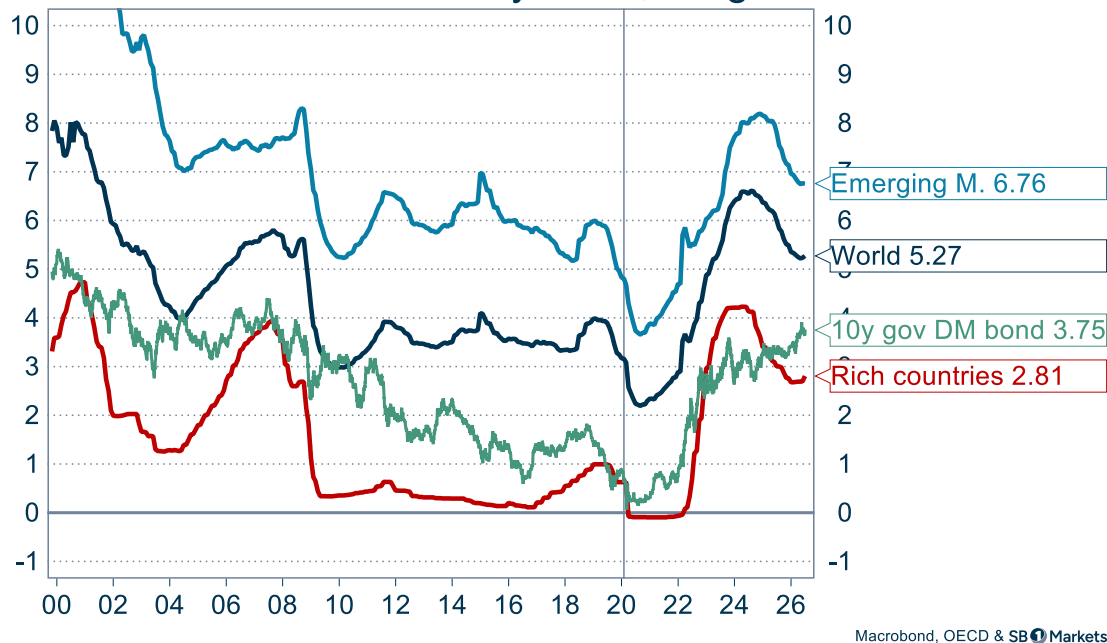


## 4.2 Interest rates & credit markets

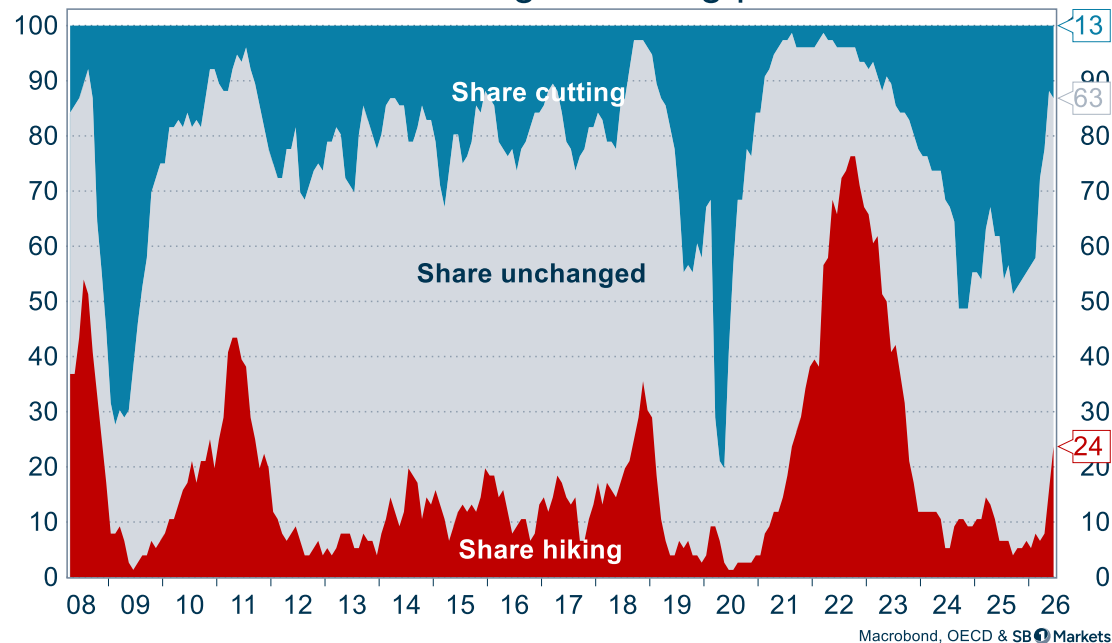
# In the past 3 months, 24% of central banks have hiked, just 13% have cut

The global average policy rate is slightly up from the bottom, primarily due to the ECB hike the previous week. The global average is at 5.3%. In DM, 2.8%. The average DM long-bond yield has trended up – and is close to **the highest level since before the Financial Crisis.**

Global Policy rates, weighted



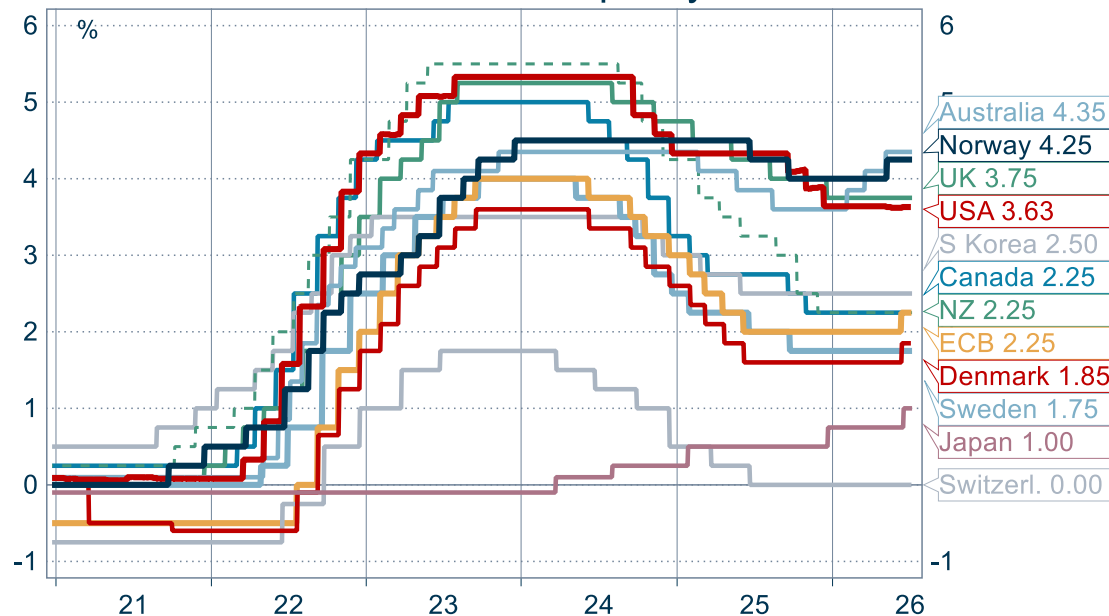
Central Banks - hiking or cutting past 3 months



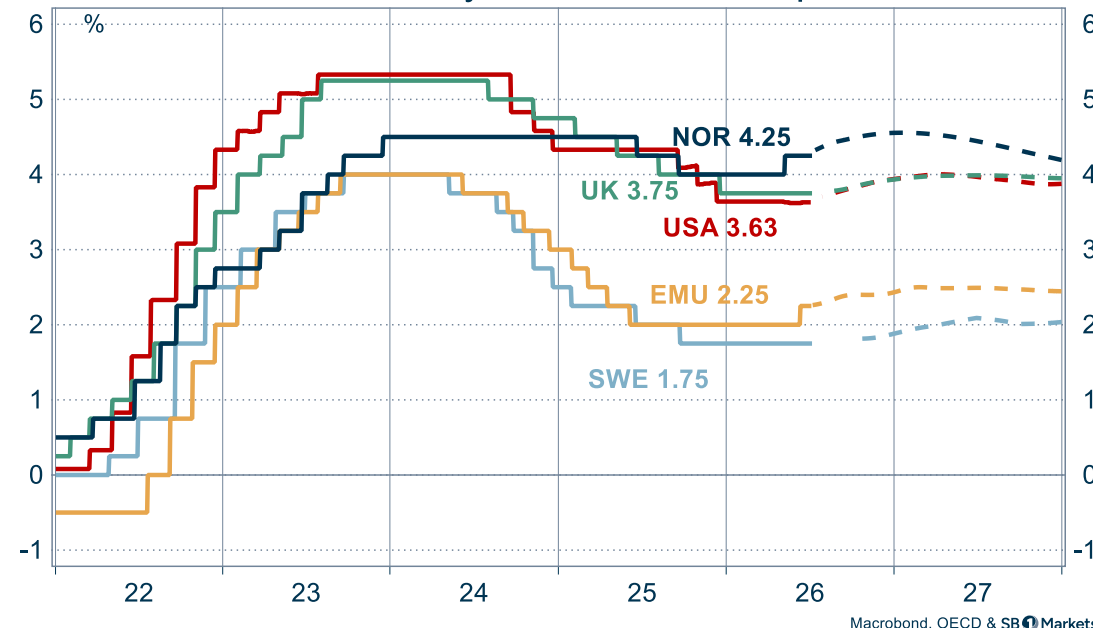
# Rate expectations close to unchanged last week

Markets expect central banks to hike, at least ex. Sweden (where a 2027 hike is expected though).

### Central Banks' policy rates



### Central Bank Policy rates, market expectations



#### The list of cutters

- New Zealand (-325 bps, to 2.25%)
- Canada (-275 bps, to 2.25%)
- Sweden (-225 bps, to 1.75%)
- Switzerland (-175 bps, to zero!)
- US (-175 bps, to 3.64%)
- UK (-150 bps, to 3.75%)
- South Korea (-100 bps, to 2.50%)

#### The list of hikers

- Japan (+105 bps, to 1.00%)

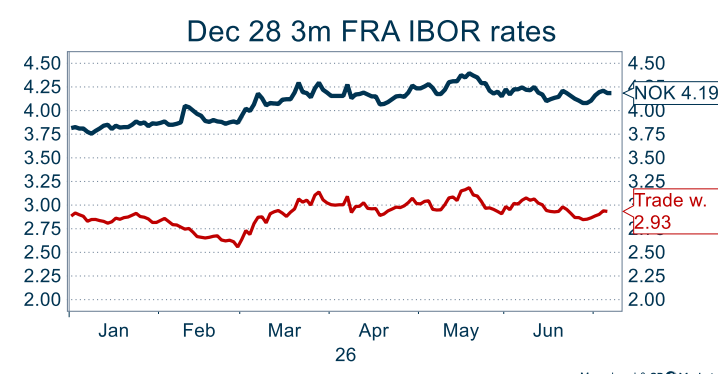
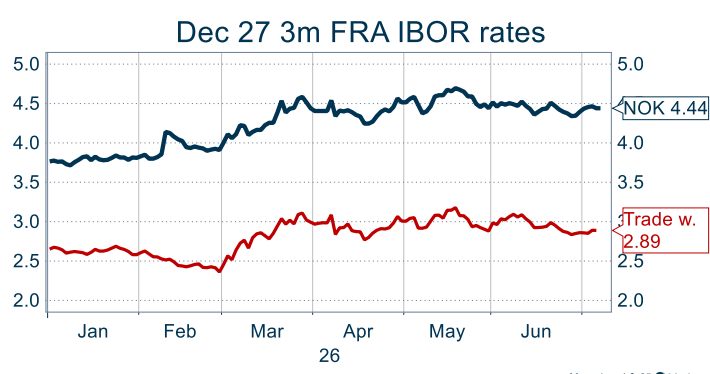
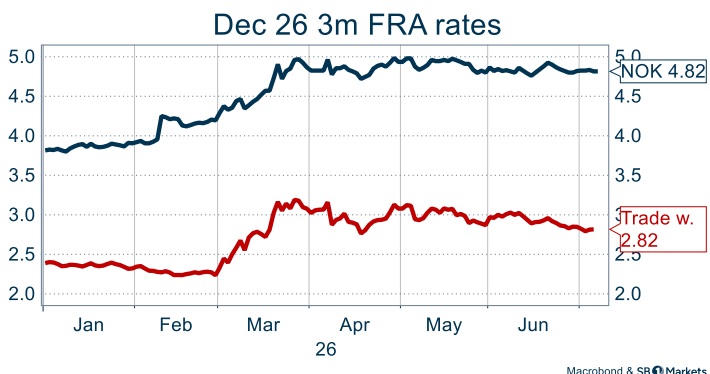
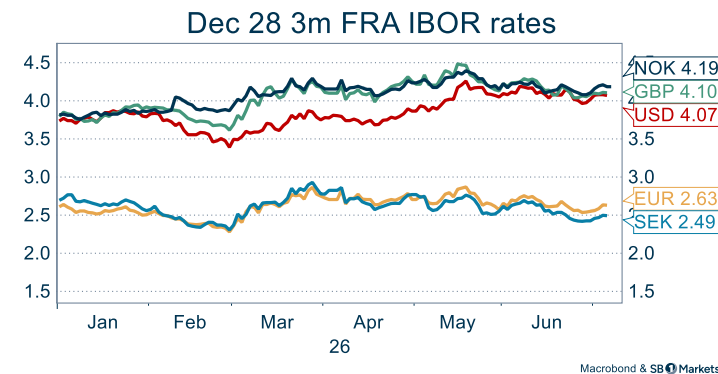
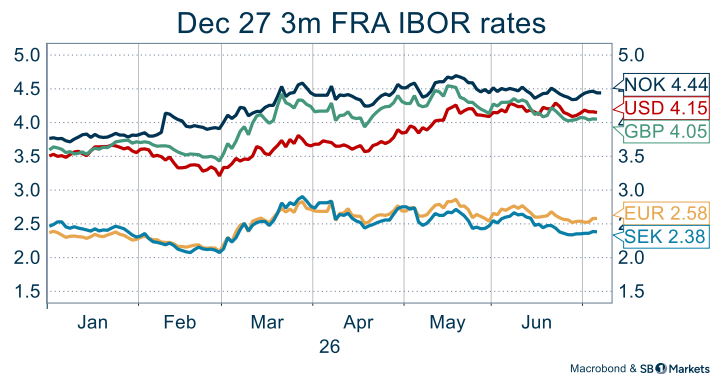
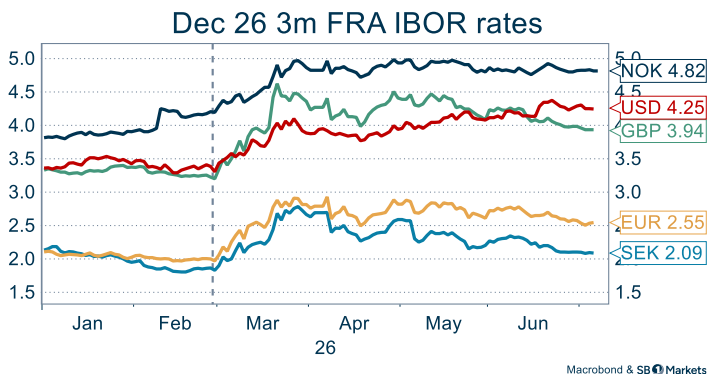
#### The list of cutters that have hiked

- Australia (+75 bps, to 4.35%)
- Norway (+25 bps, to 4.25%)
- EMU (+25 bps, to 2.25%)
- Denmark (+25 bps, to 1.85%)

Signal rates, market exp.	USA	UK	EMU	Sweden	Norway
2024 Peak	5.33	5.25	4.00	4.00	4.50
... Change from peak	-1.70	-1.50	-1.75	-2.25	-0.25
<b>Now</b>	<b>3.63</b>	<b>3.75</b>	<b>2.25</b>	<b>1.75</b>	<b>4.25</b>
Change until end of 2026	0.29	0.17	0.16	0.11	0.30
<b>End of 2026 (market)</b>	<b>3.92</b>	<b>3.92</b>	<b>2.41</b>	<b>1.86</b>	<b>4.55</b>
... Change last week	-0.01	-0.04	-0.03	0.00	0.02
Change through 2027	-0.05	0.03	0.03	0.27	-0.34
<b>End of 2027 (market)</b>	<b>3.87</b>	<b>3.95</b>	<b>2.45</b>	<b>2.12</b>	<b>4.21</b>

Source: SB1M, Macrobond

# FRAs: small changes last week



Dec 26 3m FRAs

	Close	1w	1m	YDT
NOK	4.82	0.00	0.00	1.00
USD	4.25	-0.05	0.03	0.89
GBP	3.94	-0.05	-0.33	0.61
EUR	2.55	-0.03	-0.23	0.44
SEK	2.09	-0.02	-0.26	-0.04

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Dec 27 3m FRAs

	Close	1w	1m	YDT
NOK	4.44	0.04	-0.05	0.67
USD	4.15	0.01	-0.11	0.65
GBP	4.05	-0.02	-0.30	0.45
EUR	2.58	0.04	-0.19	0.21
SEK	2.38	0.03	-0.28	-0.08

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Dec 28 3m FRAs

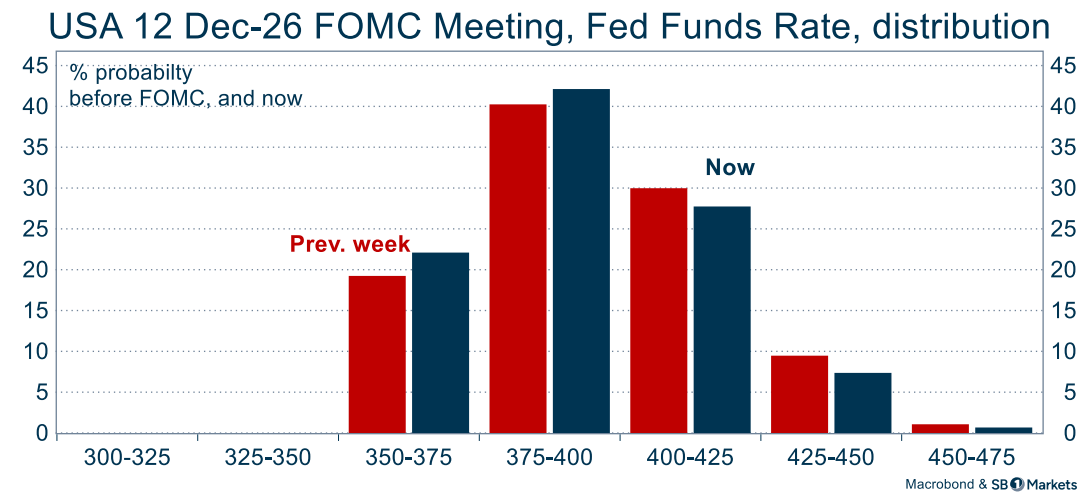
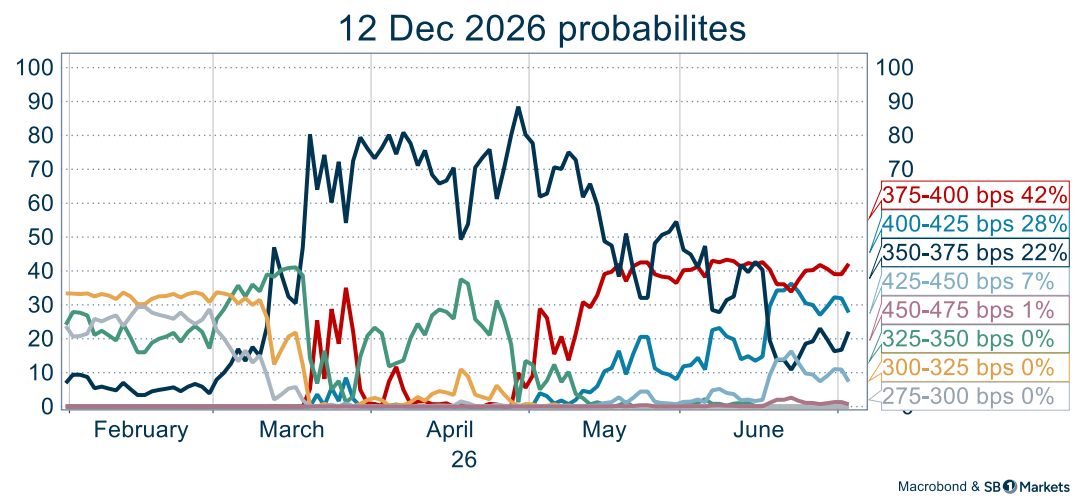
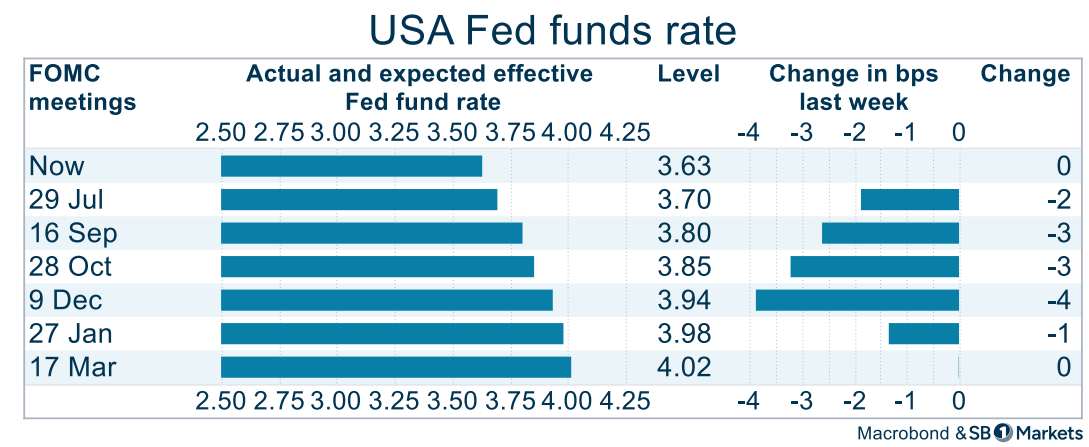
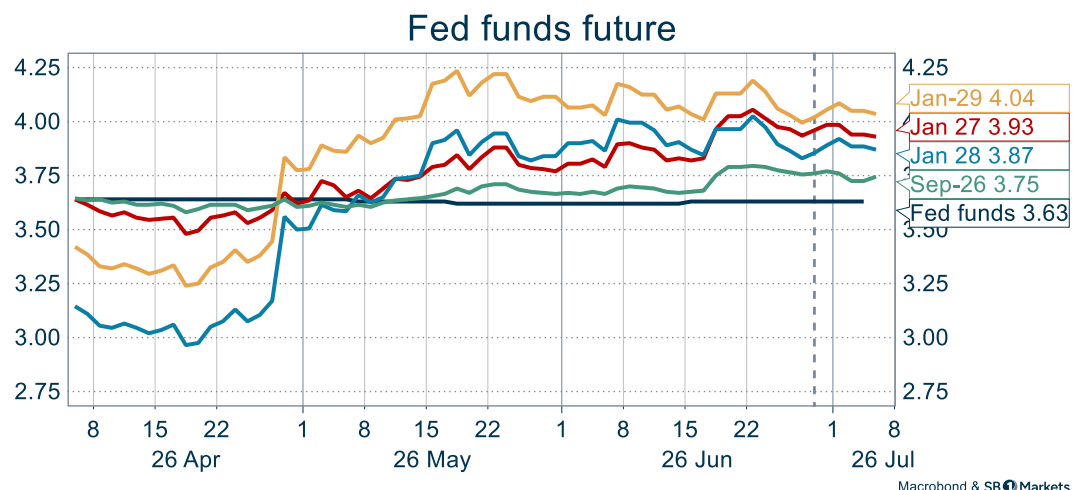
	Close	1w	1m	YDT
NOK	4.19	0.08	-0.04	0.37
GBP	4.10	0.02	-0.19	0.31
USD	4.07	0.05	-0.11	0.33
EUR	2.63	0.08	-0.13	0.02
SEK	2.49	0.07	-0.20	-0.20

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GBP and USD rates are SONIA- and SOFR-adjusted, with stable IBOR spreads to make them comparable to EUR, SEK and NOK IBOR-based FRAs.



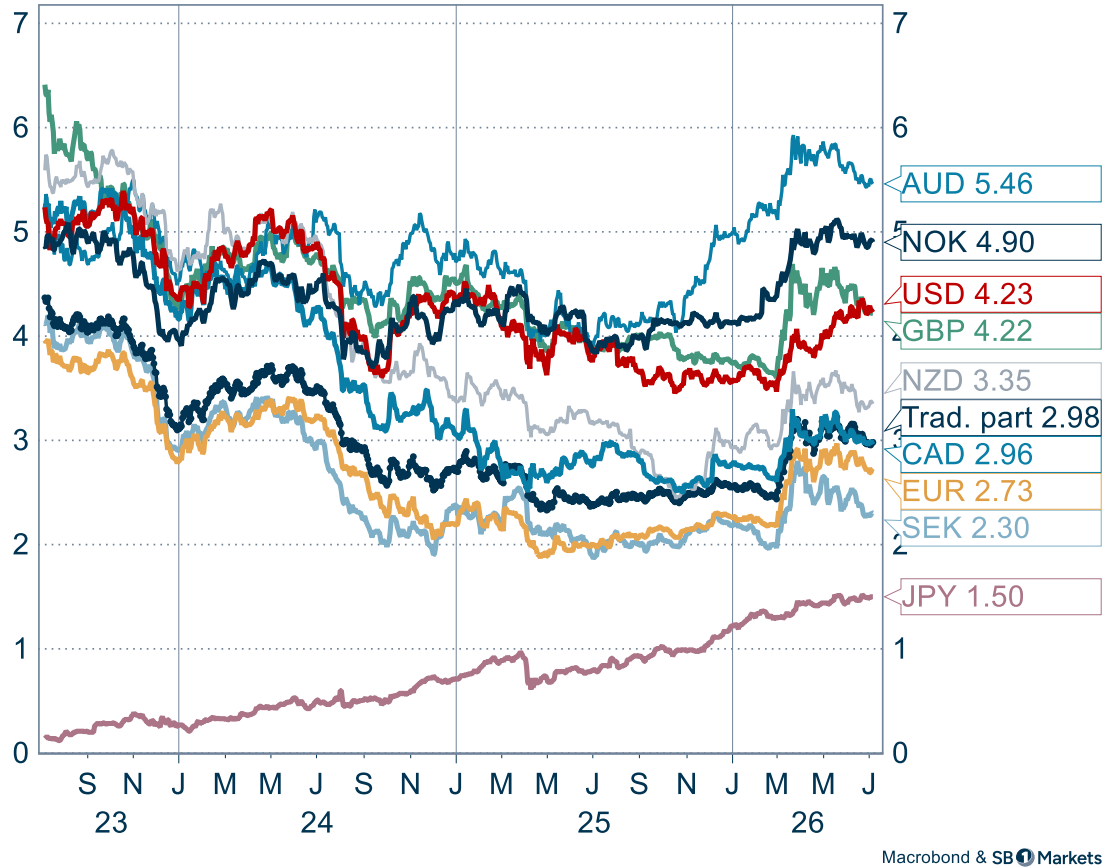
# Fed funds: Rate expectations marginally down last week, a hike still discounted



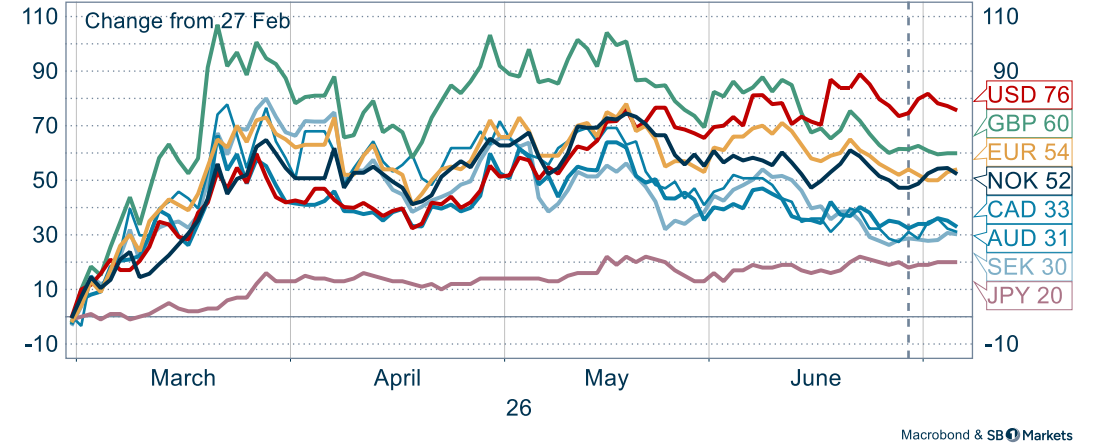
# 2-year swap rates mostly up

Our trading partners were up 1 bp, the NOK rate 5 bps. All but JPY rates are down last month, by 5–24 bps, GBP rates the most.

### 2y swap rates



### 2y swap rates



### 2y swap rates

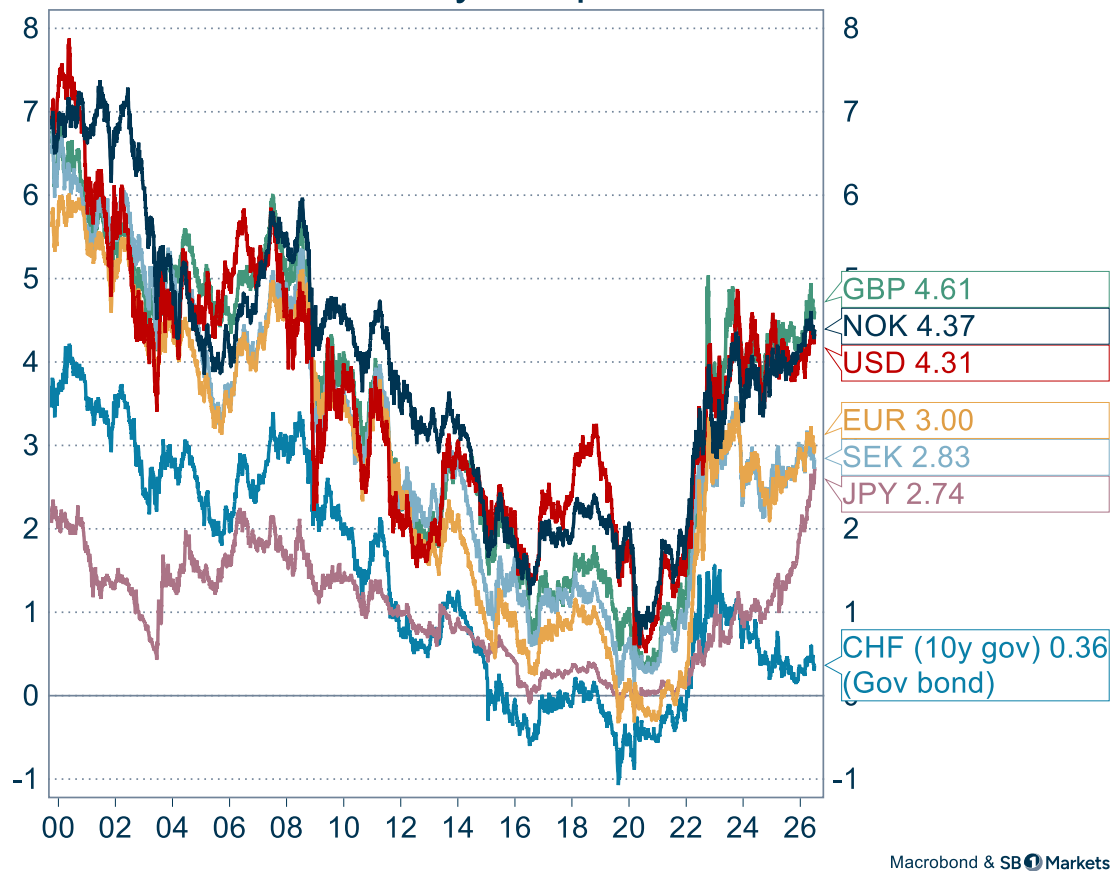
	Level	Change in bps					last week	last month	last 3 m	last 12 m
		-25	-20	-15	-10	-5				
NOK	4.90					●	5	-6	2	107
NZD	3.35				●		4	-12	-8	17
AUD	5.46		●				4	-20	-37	145
SEK	2.30		●				2	-20	-41	41
USD	4.23					●	2	-6	29	34
EUR	2.73			●			2	-15	-9	76
Trad. part	2.98			●			1	-16	-12	61
JPY	1.50					●	0	1	6	72
GBP	4.22	●					-2	-24	-21	34
CAD	2.96			●			-2	-14	-10	14

■ Last week ● Last month

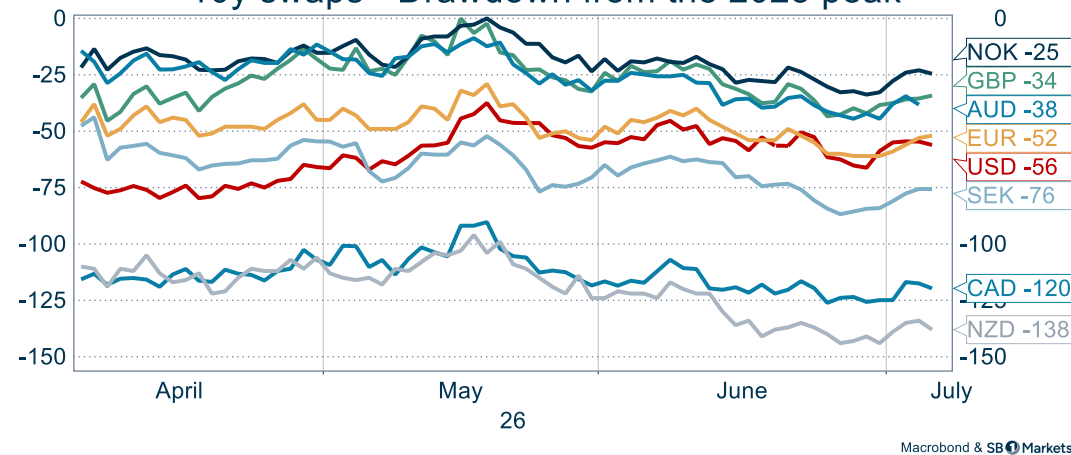
# 10-year swap rates up everywhere

Our trading partners were up 9 bps, the NOK rate 8 bps. The JPY rate rose 20 bps; USD, EUR and SEK rates 10 bps. Still, all but JPY rates are down last month, by 7–14 bps, NOK rates the least.

## 10y swap rates



## 10y swaps - Drawdown from the 2023 peak



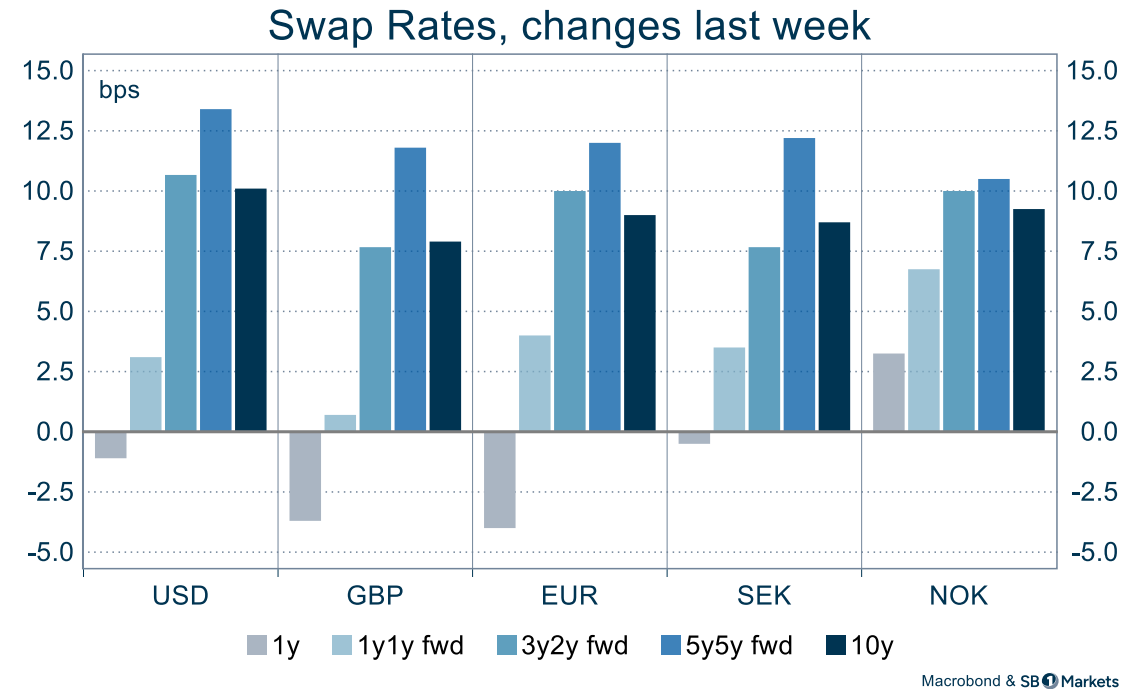
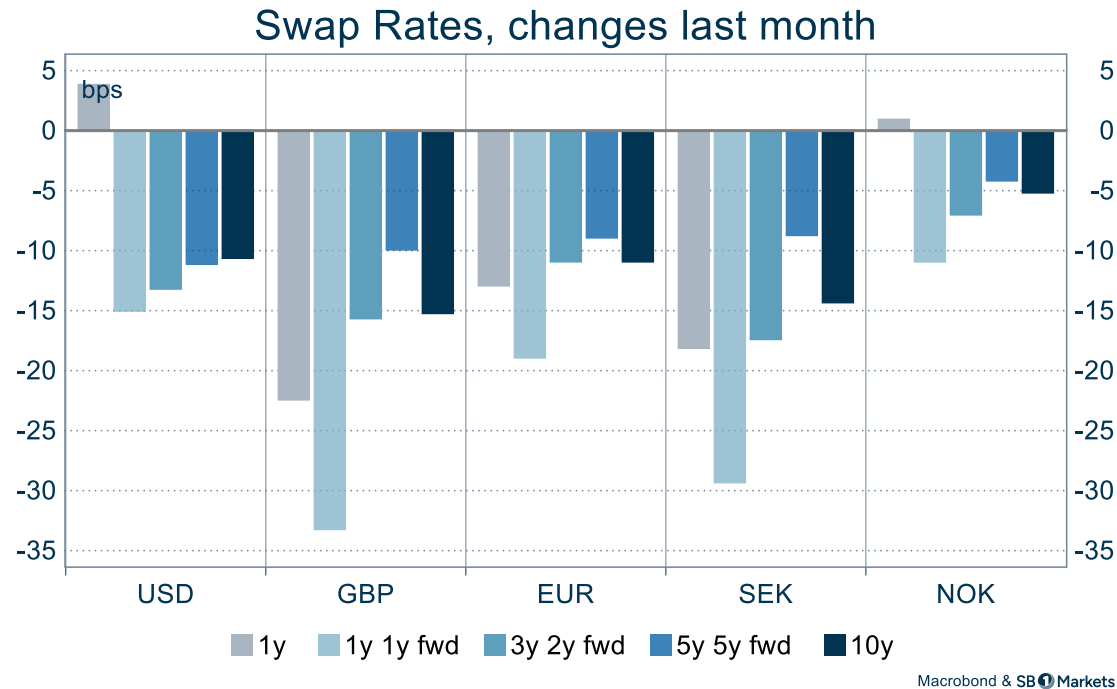
## 10 year swap rates

	Level	Change in bps					last week	last month	last 3 m	last 12 m			
		-15	-10	-5	0	5	10	15	20				
JPY	2.74							15	20	20	16	47	144
SEK	2.83		●							10	-13	-28	31
USD	4.31			●						9	-9	16	24
EUR	3.00			●						9	-8	-6	42
Trad. part	3.31			●						9	-8	-5	41
NOK	4.37				●					8	-7	-3	59
CHF (10y gov)	0.36			●						6	-9	-5	-3
AUD	4.88	●								6	-14	-24	80
GBP	4.61		●							6	-11	1	34
NZD	4.06	●								5	-14	-28	-1
CAD	3.48			●						4	-8	-4	14

■ Last week ● Last month

# Swap curves: from 1y, up almost by the same amount everywhere last week

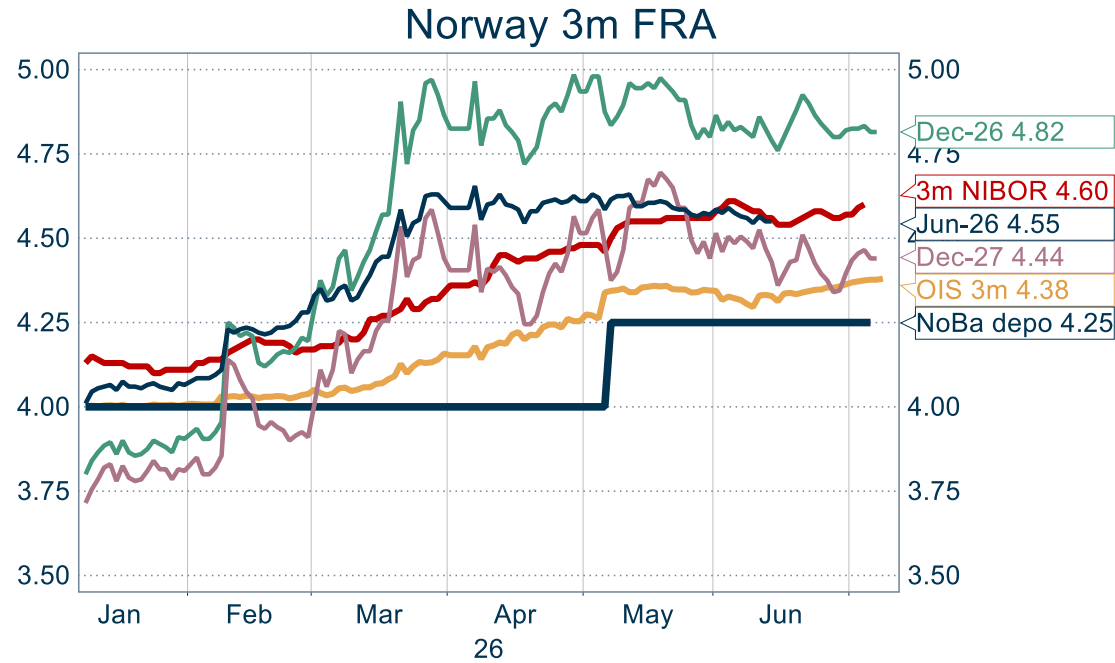
The very short end was mostly down



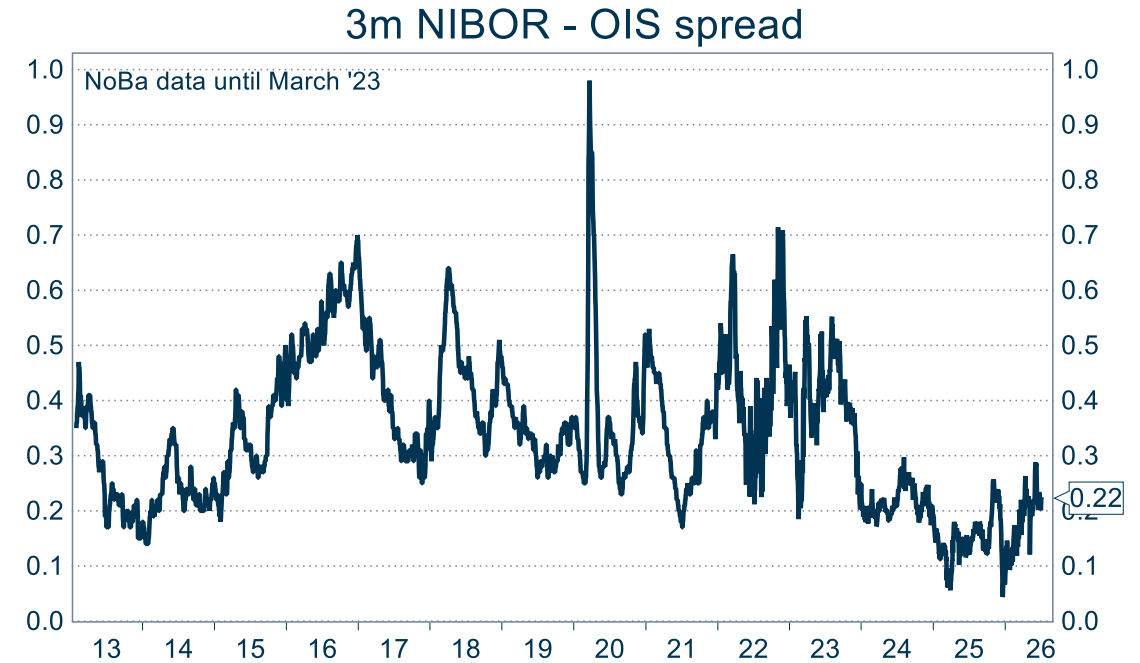


# NOK 3m NIBOR: +4 bps to 4.60%; the NIBOR spread up 1 bp to 22 bps

The 3m OIS was up 1 bp to 4.35% and the contract 'drifts into' the expected August hike to 4.50%



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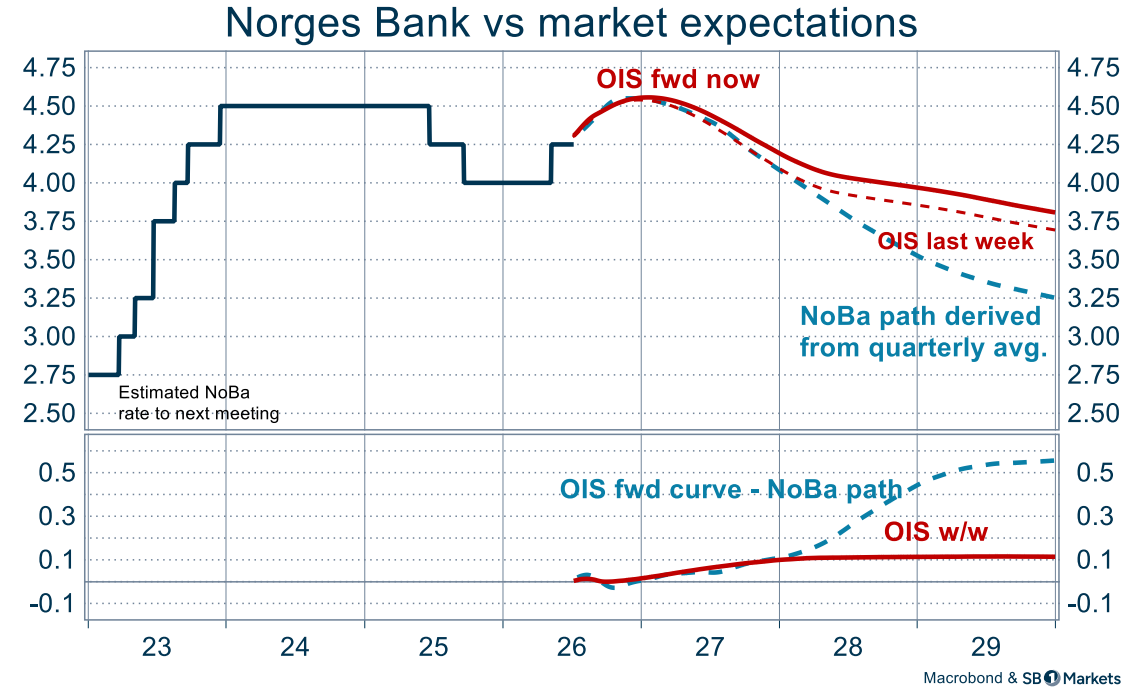
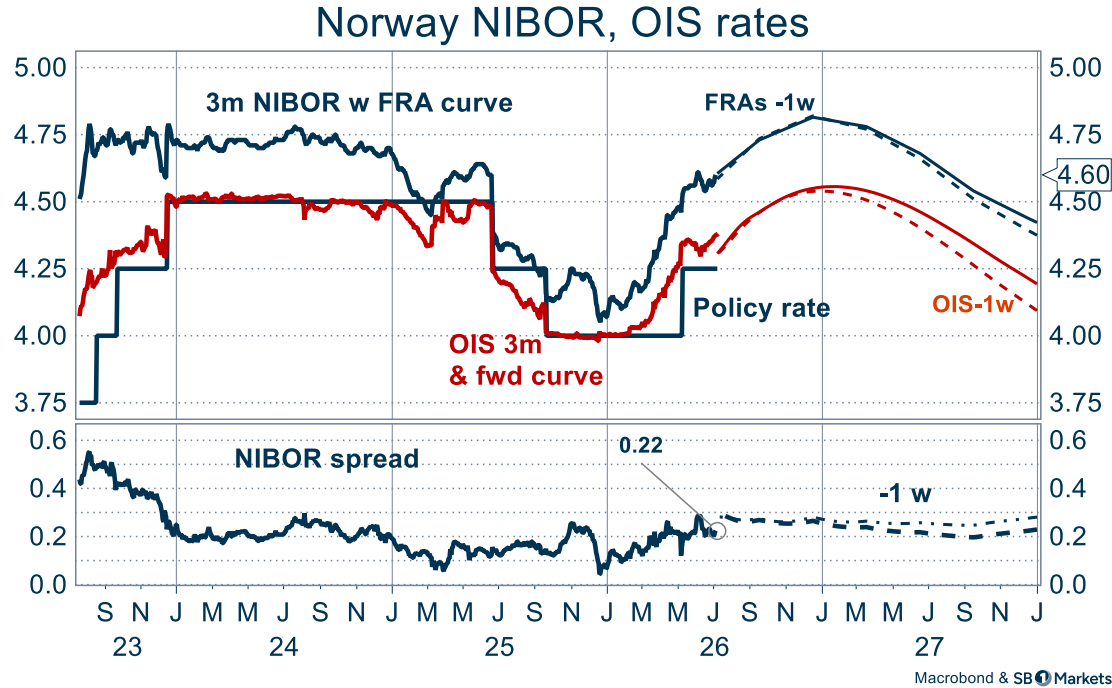


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# Rate expectations up some 10 bps, a hike to 4.75% is still not likely

An August hike to 4.50% is still discounted as most likely. And if not in August, in September.



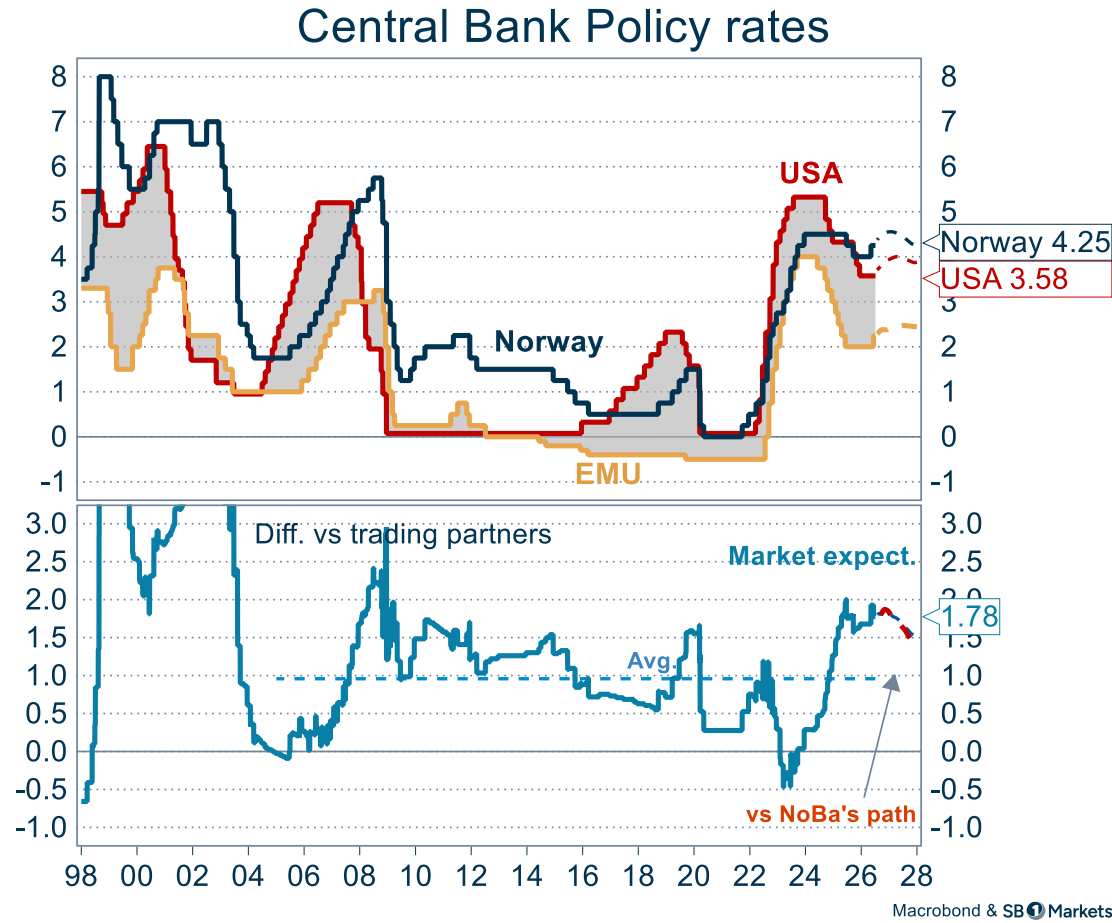
Norges Bank vs. market					
Meeting	NoBa path	OIS fwd	OIS NoBa est.	Alternat. rate	% prob for alt
13-Aug	4.25	4.40	4.50	4.25	39%
24-Sep	4.25	4.47	4.50	4.25	12%
05-Nov	4.50	4.52	4.50	4.75	8%
17-Dec	4.50	4.55	4.50	4.75	19%
21-Jan	4.25	4.56	4.50	4.75	22%
24-Mar	4.25	4.54	4.50	4.75	15%
06-May	4.25	4.51	4.50	4.75	2%
17-Jun	4.25	4.46	4.50	4.25	15%

Yellow cells: Norges Bank cut  
 Red cells: Norges Bank hike  
 Sources: Macrobond, Infront, SB1 M

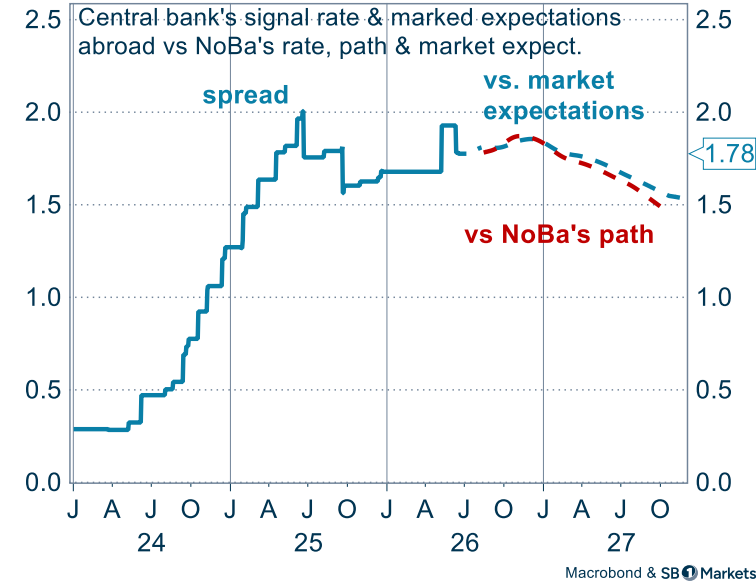


# Norges Bank's policy rate: 178 bps above the trading-partners' average

... which is well above the average level at some 95 bps (over the past 20 years).



- The peak difference in policy rates over the past 20 years was 225 bps (barring a few days in 2008).
  - In the current cycle, the 2y NOK swap rate has been up to 200 bps above the average rate among our trading partners.
- If **Norges Bank** follows the rate path presented in the MPR, the spread will narrow to a normal level by the end of 2027.
- **The market** has a slightly different view...

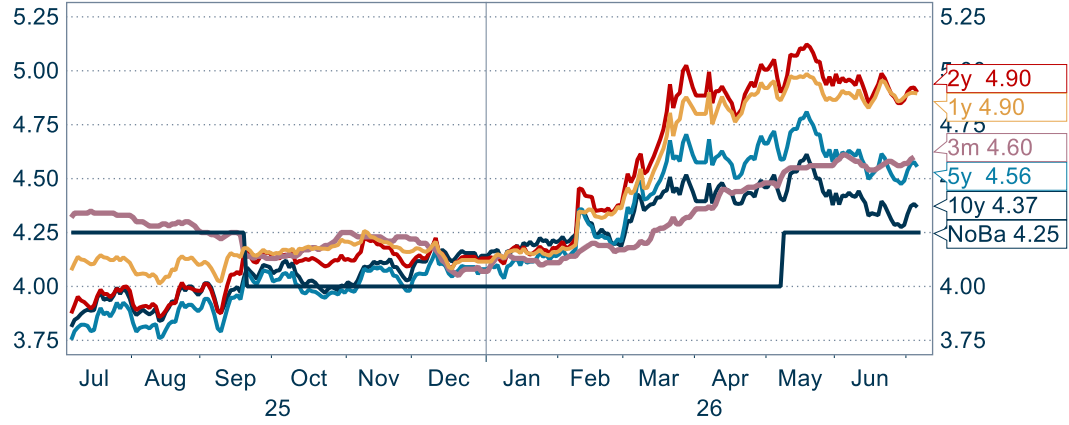




# NOK swaps: spot rates up all over the curve, the most in the long end

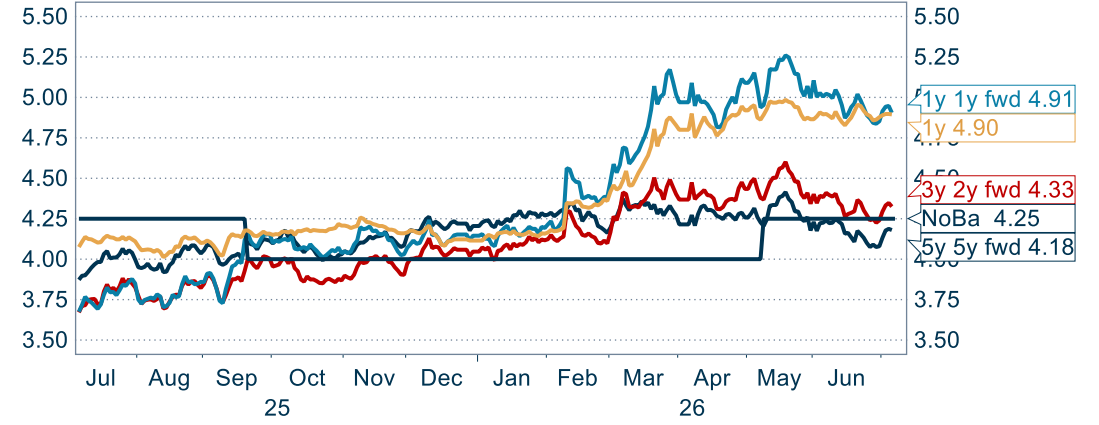
The curve remains inverted, the 10y - 2y spread at -59 bps.

### NIBOR, NOK swap rates



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### NOK Implied Swap fwd rates



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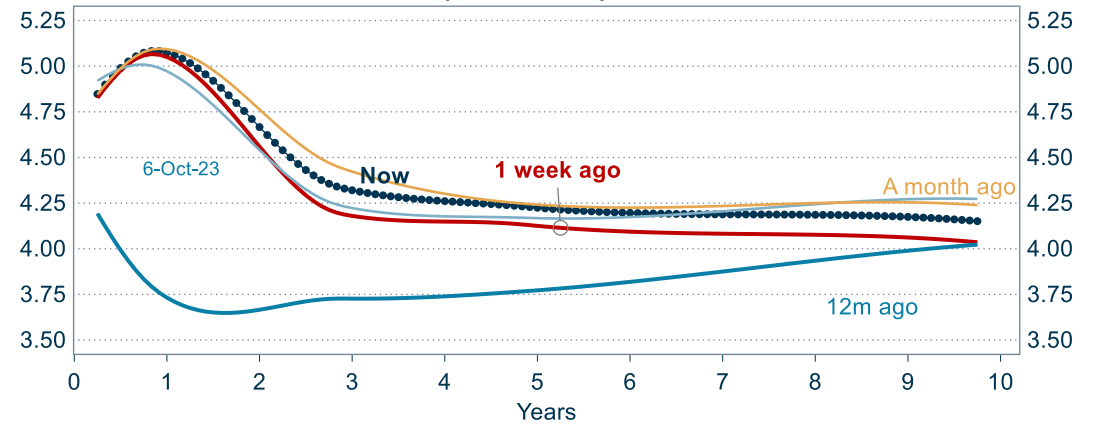
### Norway - yield spread, 10y - 2y swap



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Swap rates are calculated vs. 6m NIBOR, not 3m NIBOR

### NOK Implied swap forwards



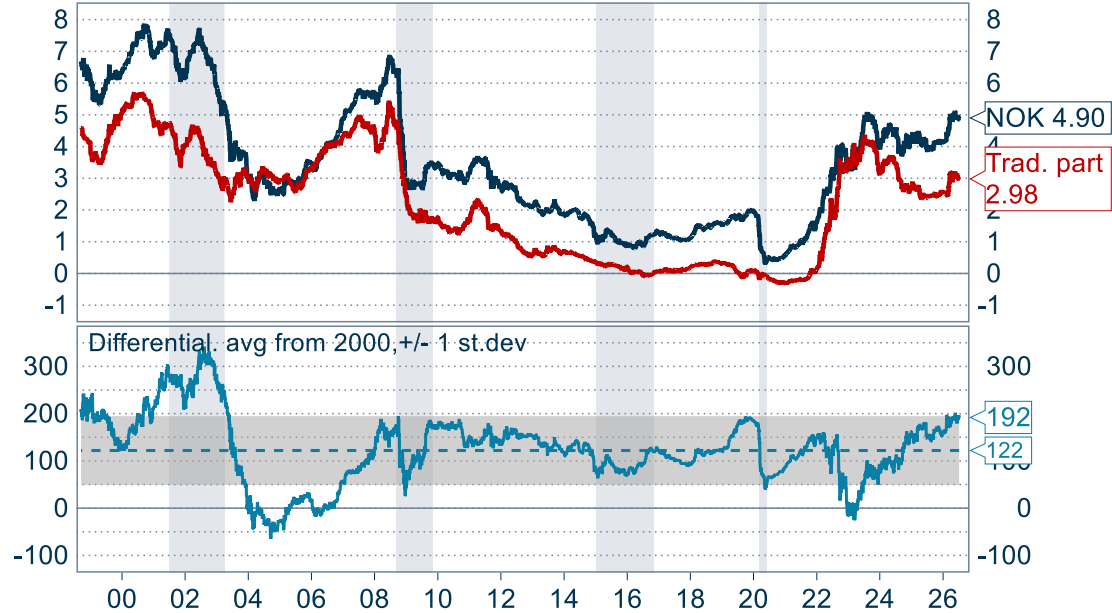
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# 2-year NOK swap spread widened 5 bps to 192 bps, close to the highest since 2003

The upside risk is limited, at least if rates abroad remain 'high'.

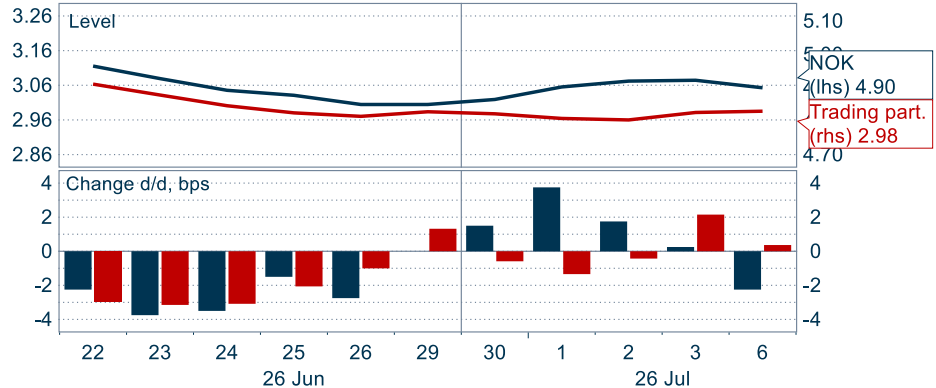
### 2y swap rates, NOK vs. trading partners



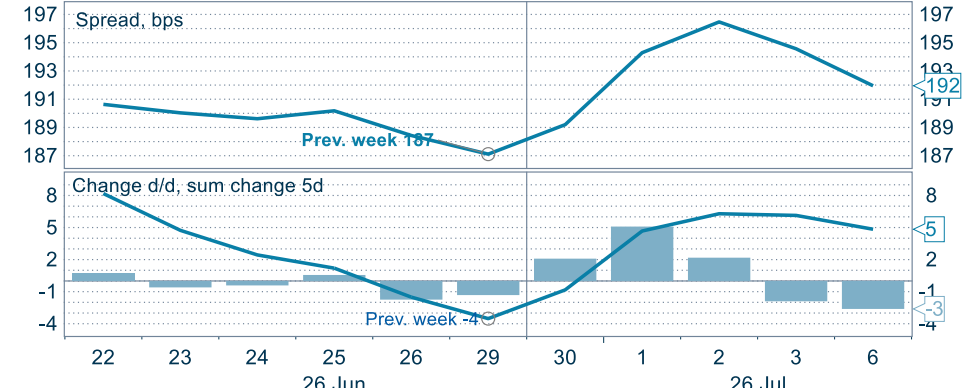
### 2y swap rates, NOK vs trading partners



### 2y swap rates, NOK vs trading partners



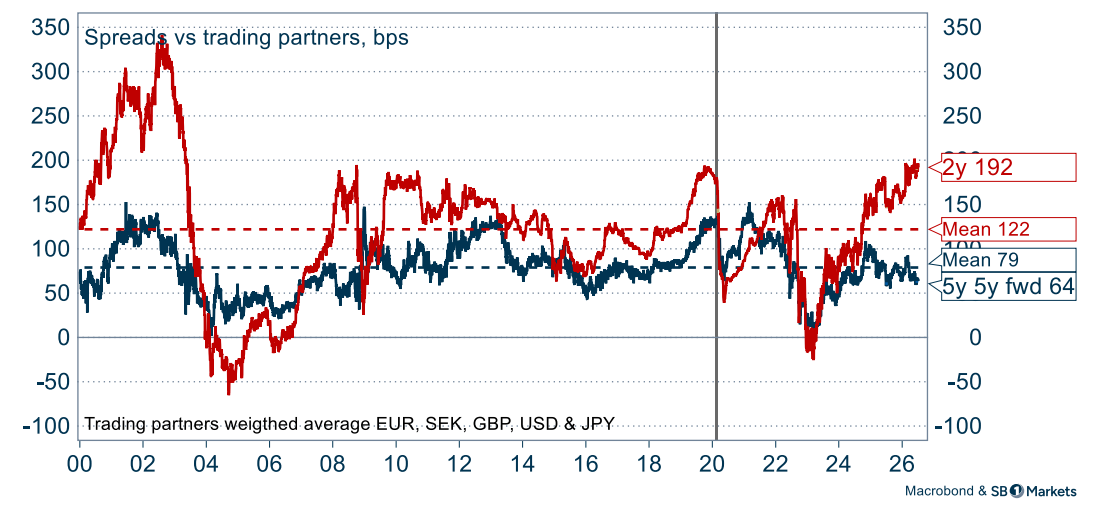
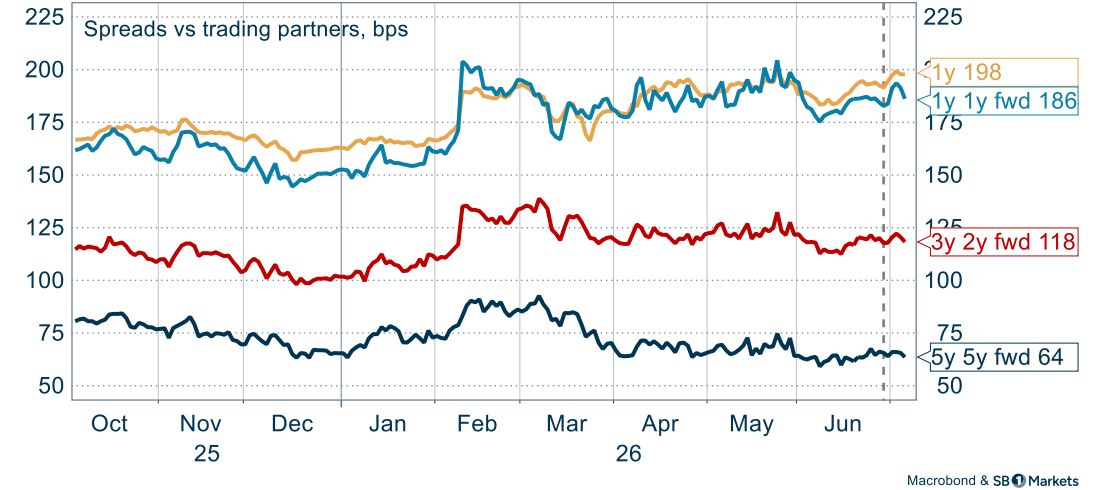
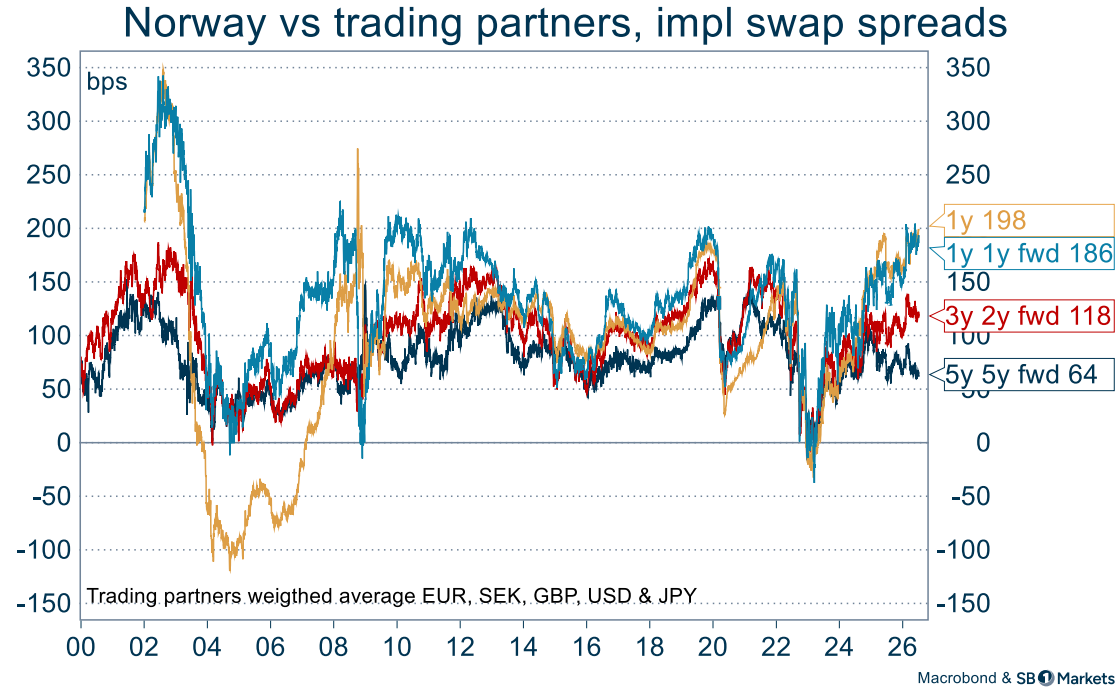
### 2y swap rates, NOK vs trading partners





# The swap spreads vs. trading partners widened in the short end, unchanged from 2y fwd.

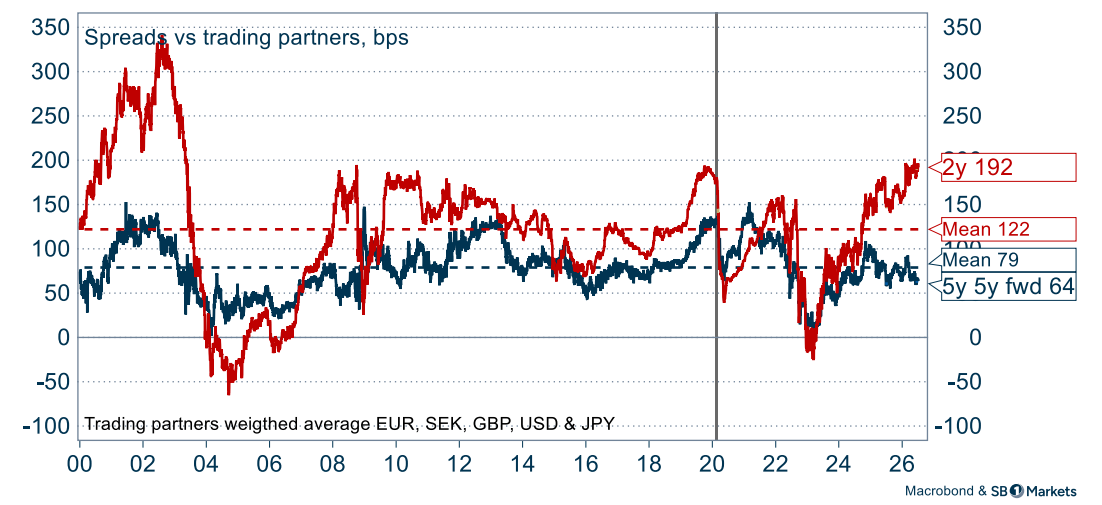
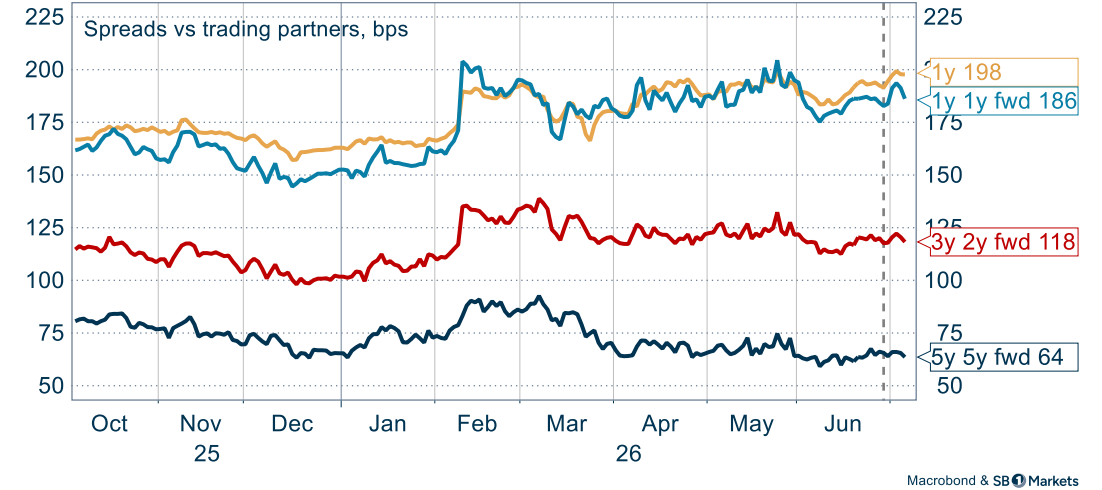
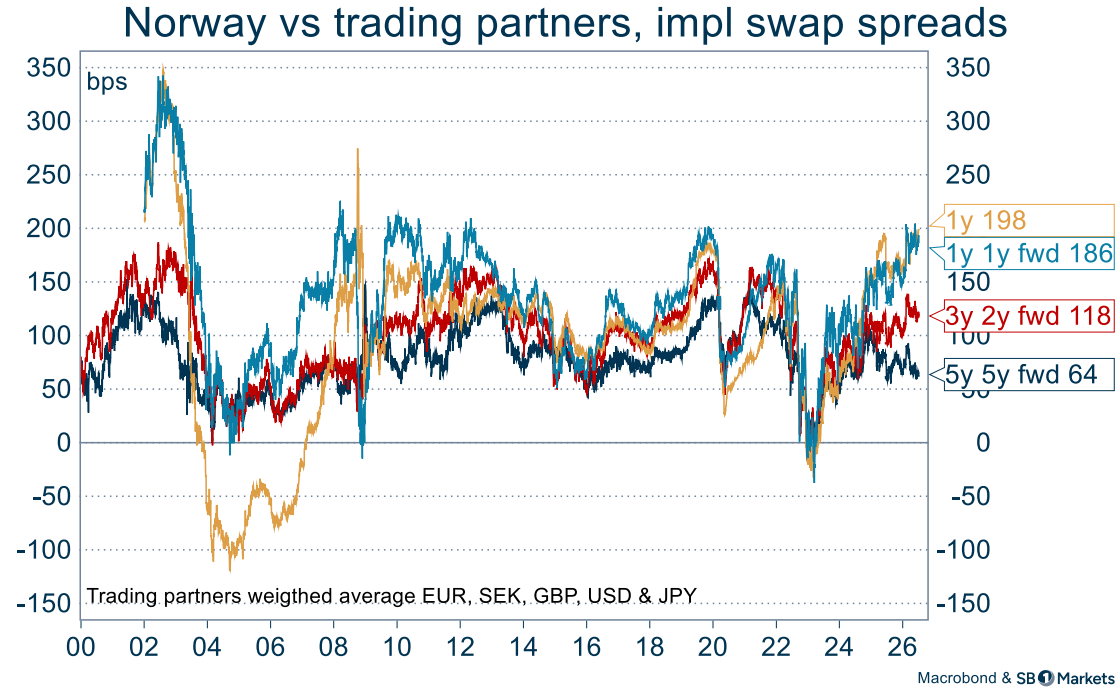
Spreads are still high in the short end, and well above average levels – and below average in the long end





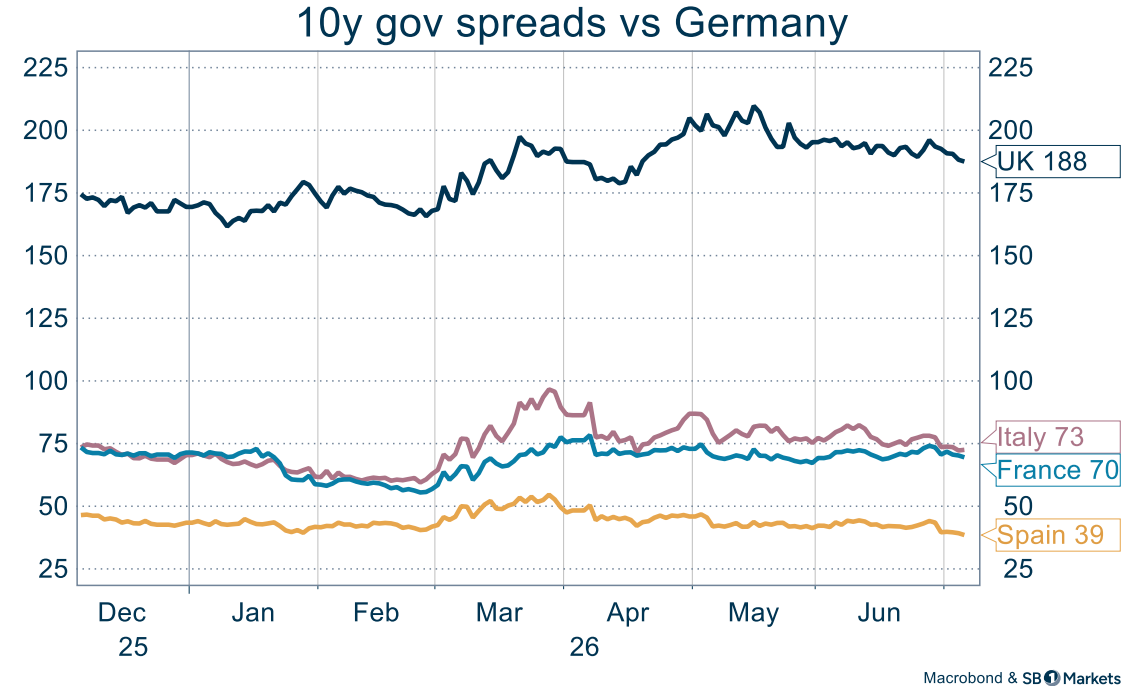
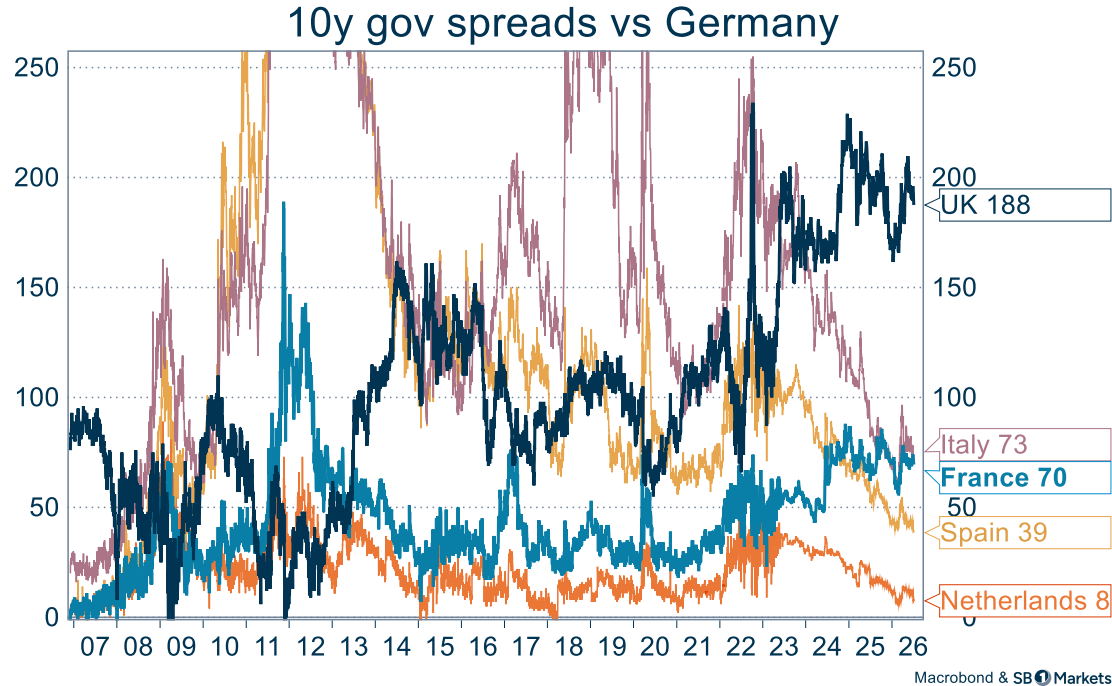
# The swap spreads vs. trading partners widened in the short end, unchanged from 2y fwd.

Spreads are still high in the short end, and well above average levels – and below average in the long end



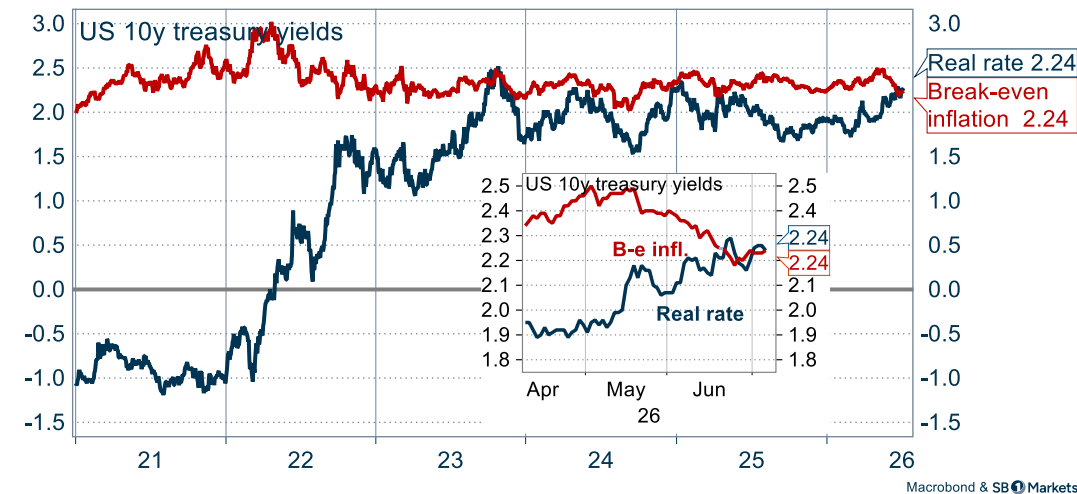
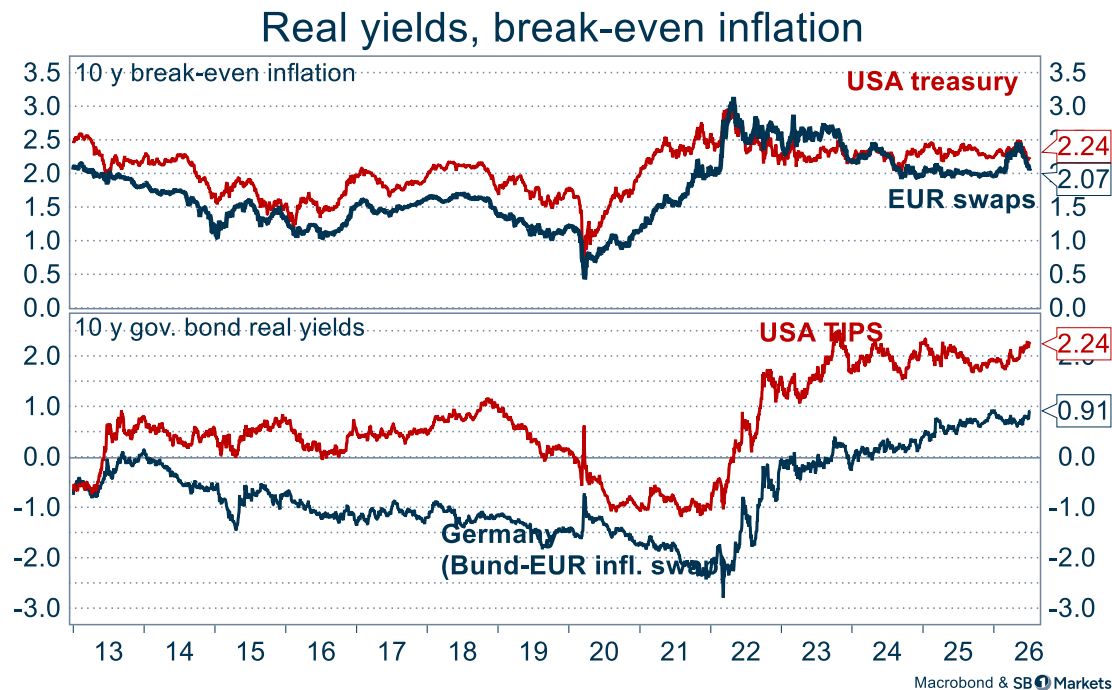
# EMU 10y sovereigns: spreads narrow

Spreads are still mostly higher than before the Gulf war started. UK yields have taken the ongoing shift in leadership (which will result in a new PM & government) in UK's Labour party in stride. The challenges are huge: A large deficit, and a very high debt level. And a 'soft-left' PM?



# Inflation expectations lower than before the Gulf war, real rates higher

US break-even inflation expectations have fallen since mid-May and are lower than before the Gulf war started. In EUR, inflation expectations rose more than in the US, and real rates fell. Now, EMU inflation exp. have fallen, and real rates are surging, the 10y by 17 bps last week.



## US, Germany real rates, inflation expectations

	Yield	Change 1w	Change 1m	YTD	Min since April-20
<b>USA nominal treasury</b>	4.48	0.10	-0.07	0.30	0.52
.. break-even inflation	2.24	0.02	-0.12	-0.01	1.06
.. TIPS real rate	2.24	0.08	0.05	0.31	-1.19
<b>Germany 10y gov, bund</b>	2.98	0.13	-0.05	0.14	-0.65
.. 10y EUR inflation swap	2.07	-0.04	-0.17	0.12	0.68
.. real rate	0.91	0.17	0.12	0.02	-2.79

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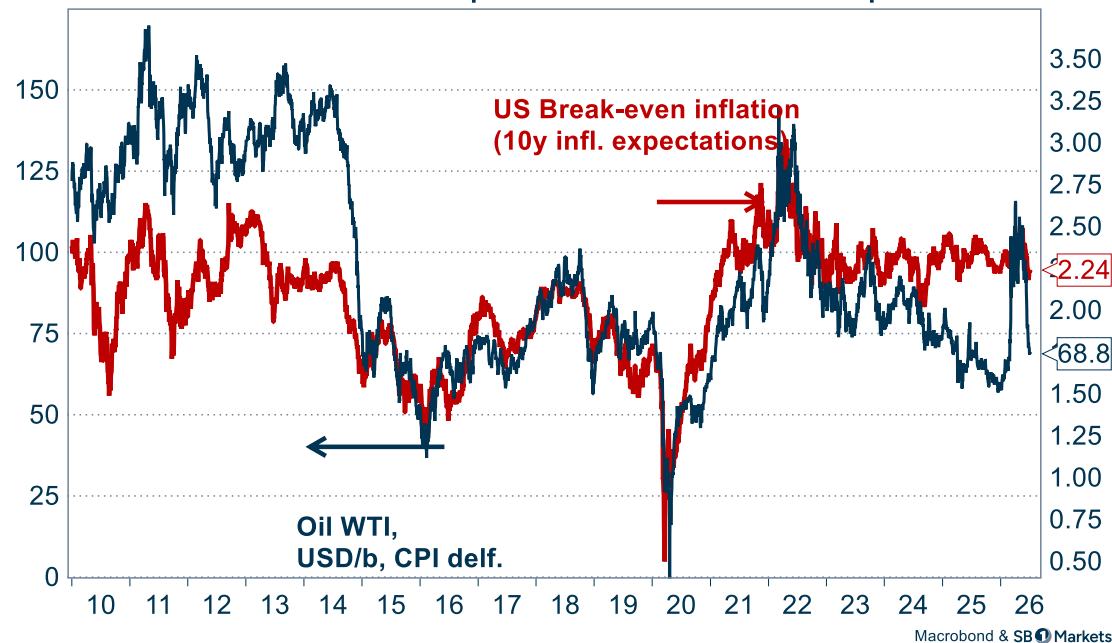
- The US 10y break-even CPI inflation at 2.24%, is in line with the PCE target at 2.0% (PCE inflation is average lower than inflation measured by the CPI).
- 10y EUR inflation expectations (inflation swap) at 2.07% are just marginally on the high side. The real bond rate (applying inflation swaps) is at 0.91%, and trends upward.



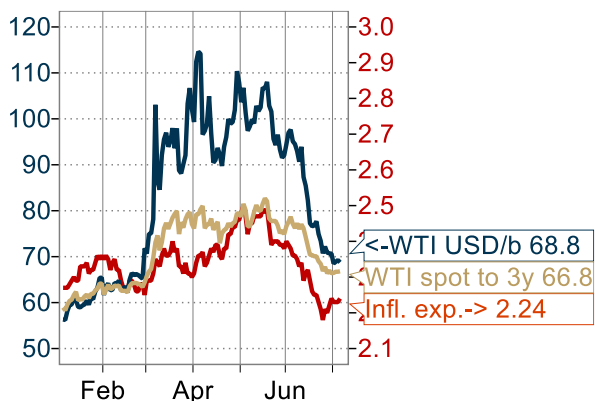
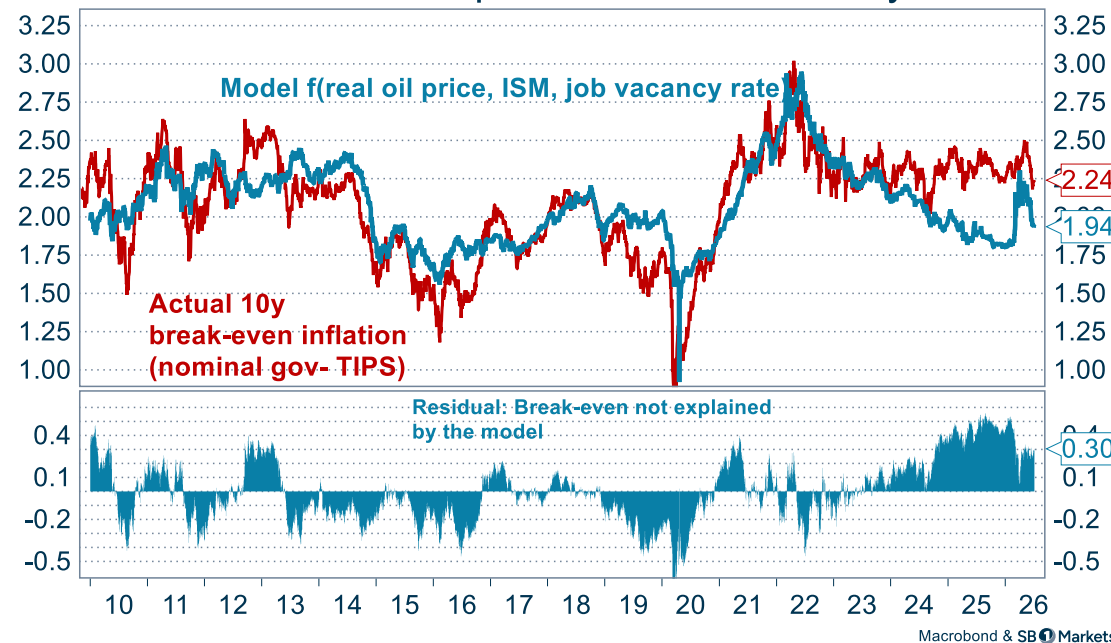
# US inflation expectations have fallen even more than the oil price

Inflation expectations rose less than the (spot) WTI oil price normally explains when oil prices shot up in March/May. Now, **inflation expectations have fallen to below the level before the Gulf war started.**

### USA Inflation expectations vs. the oil price



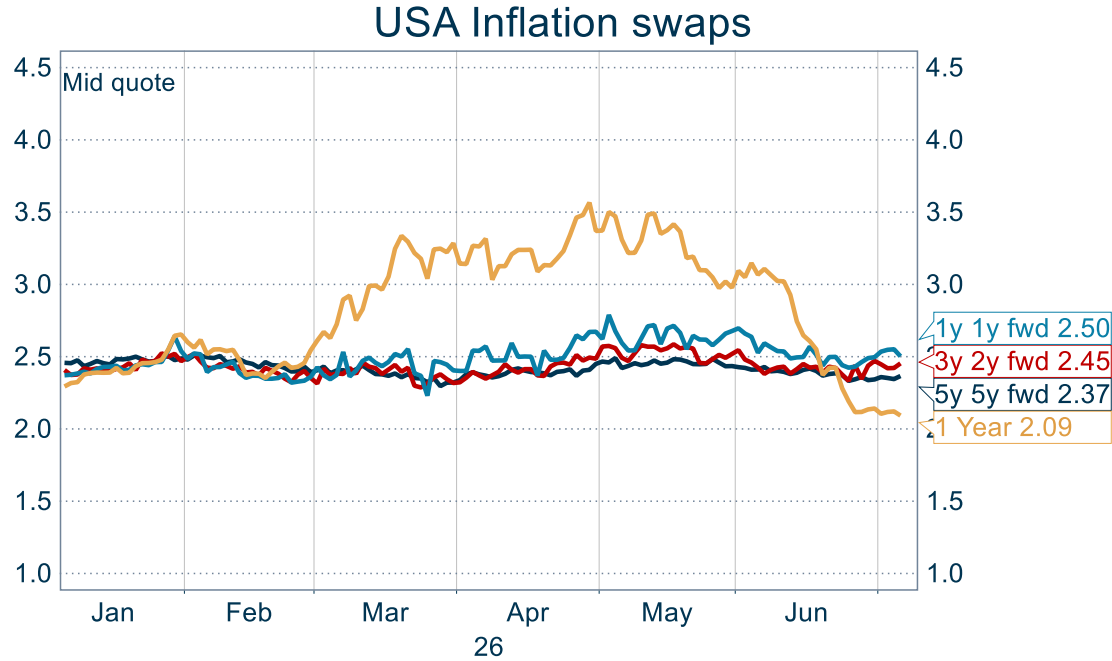
### USA Inflation expect. vs. vs oil & the cycle



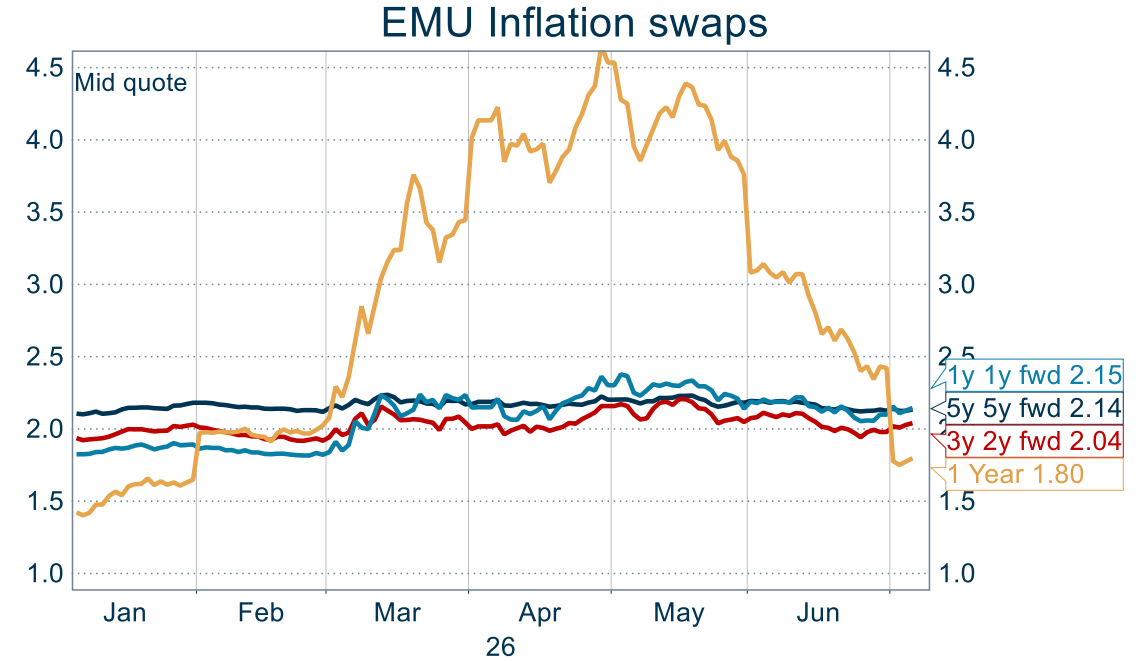
- The main determinant of **long-term inflation expectations** has been the current **spot (!) oil price**. If the current ISM and the current labour market are added, the model works even better.
- Our model's coefficients:
  - -10 USD/b: -10 bps (the dominant factor, check the upper left chart)
  - -1 labour market vacancy pts (say to 4.3% from 5.3%): -12 bps
  - -5 ISM points: -12 bps
- Should other factors have been included in the model?

# Short-term inflation expectations are coming rapidly down, and are 'normalised' in the US

In EMU, the EUR 1y inflation swap has fallen to **below the pre-war level**. Longer-term inflation expectations, from 1y in the US and 2 y in EMU are back to square one as well



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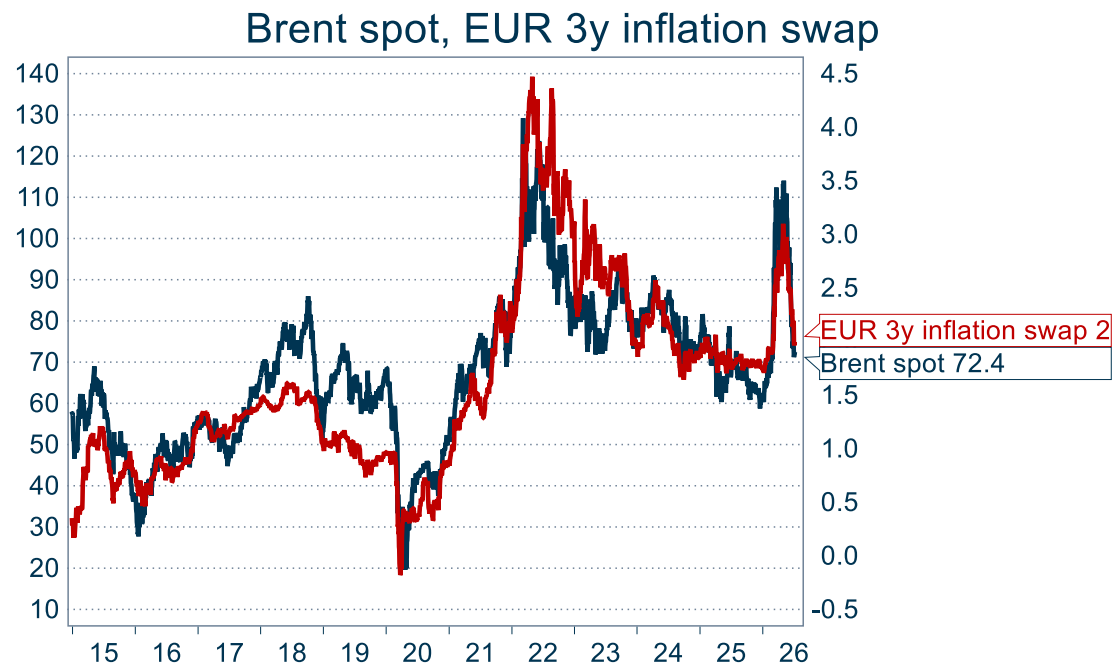


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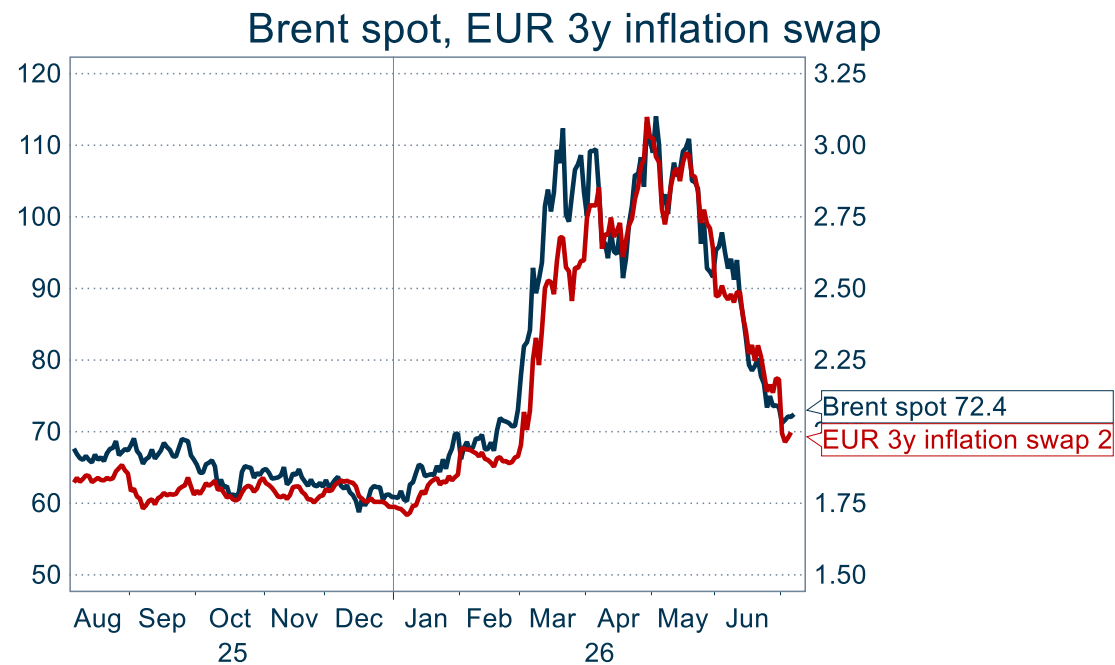
The 1y EUR inflation swap is heavily impacted by the base effect in y/y HICP inflation rate. Thus, around the change of front month, the 1y expected inflation rate may shift substantially (check Jan/Feb and then May/June and June/July at the chart above to the right). Further out on the inflation swap curve, the impact is limited and it is non-existent in the forward curve (check the 1y1y vs. the 1y inflation swap).

# EUR short-term inflation expectations have followed the oil price closely, and now down

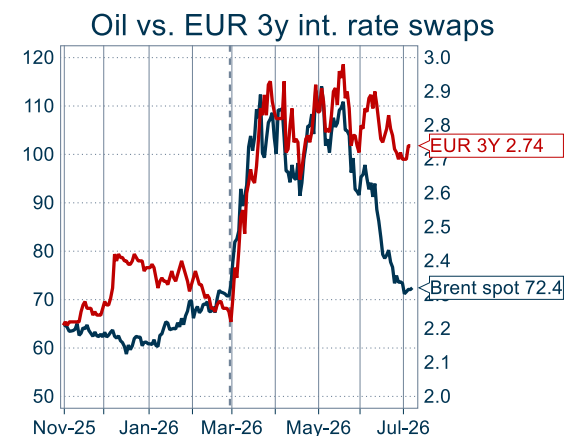
But recently, **nominal swap rates** have not fallen by much. The real rate is in between, *check next page*



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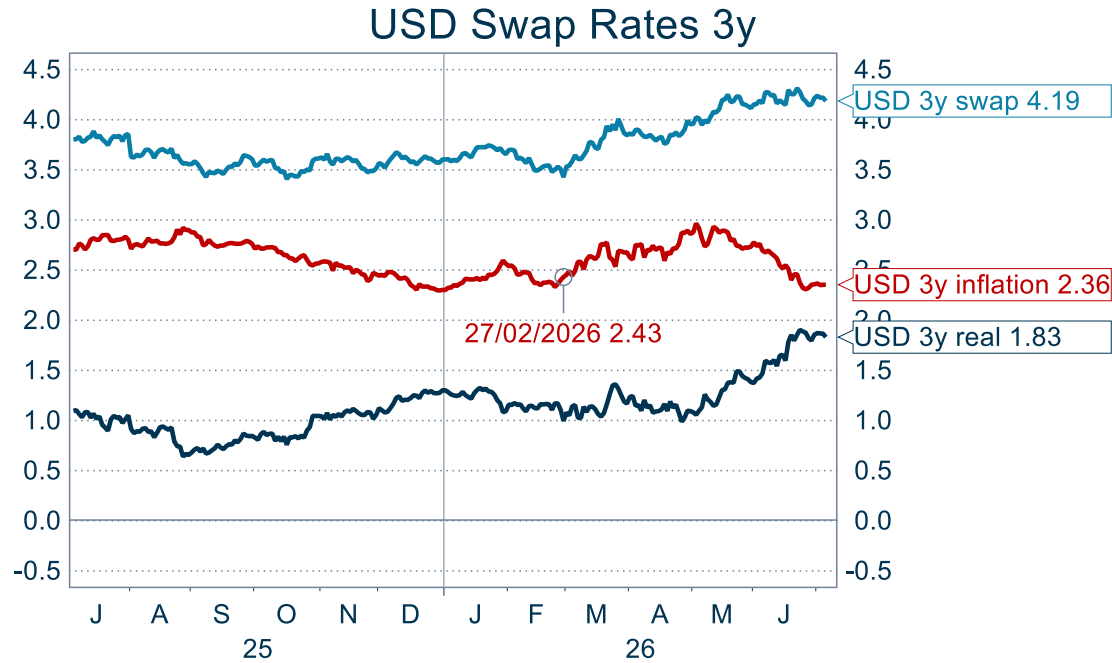


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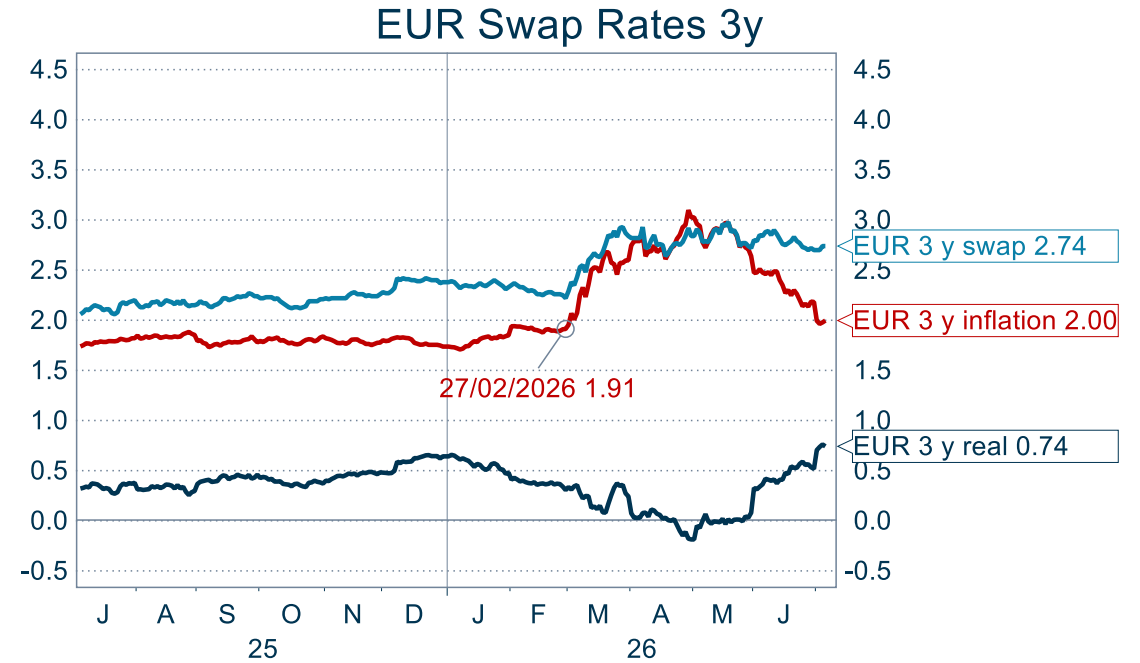


# From before the war: the 3y US real rate is up 80 bps, the EUR real rate 35 bps

Initially, when the oil price and inflation expectations rose, EUR real rates declined but have risen more since May (partly due to the 'technical' changes in the 1y inflation swap). Inflation expectations since before the war: -10 bps in USD, +20 bps in EUR.



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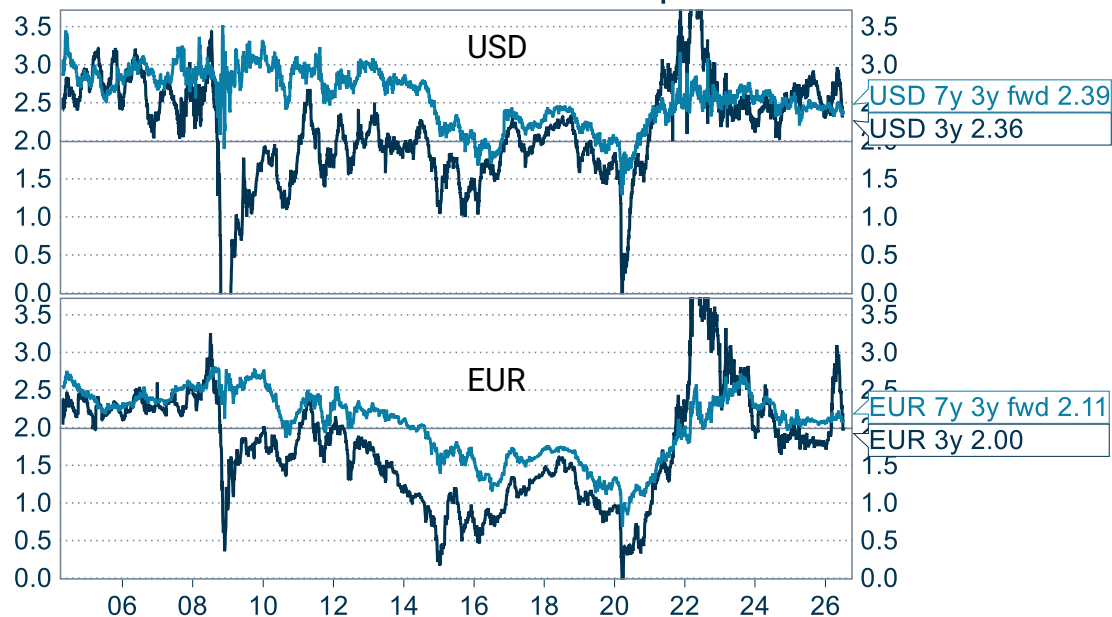


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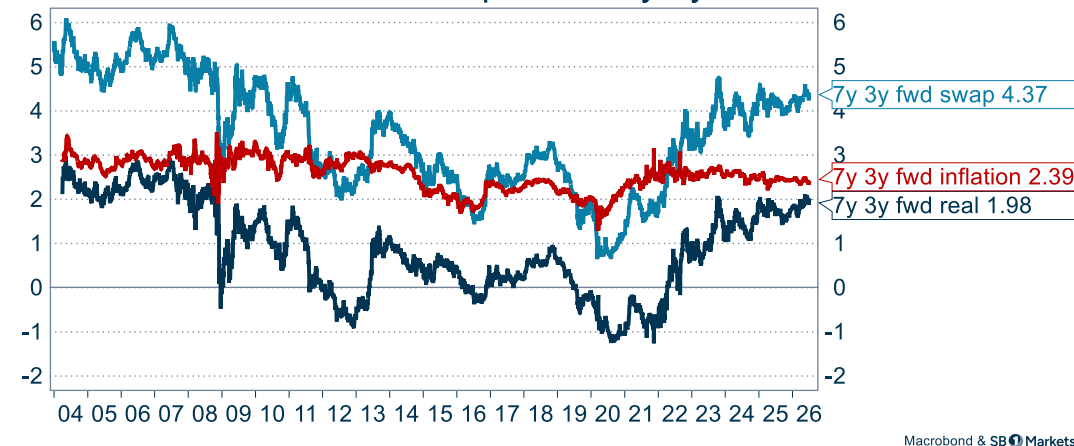
# Short-term rate expectations have fallen, small changes in longer-term expectations

... just as longer-term inflation expectations have been stable when energy prices soared, while short-term expectations, especially in EUR, have followed the oil price (and gas prices) up and down since the war started.

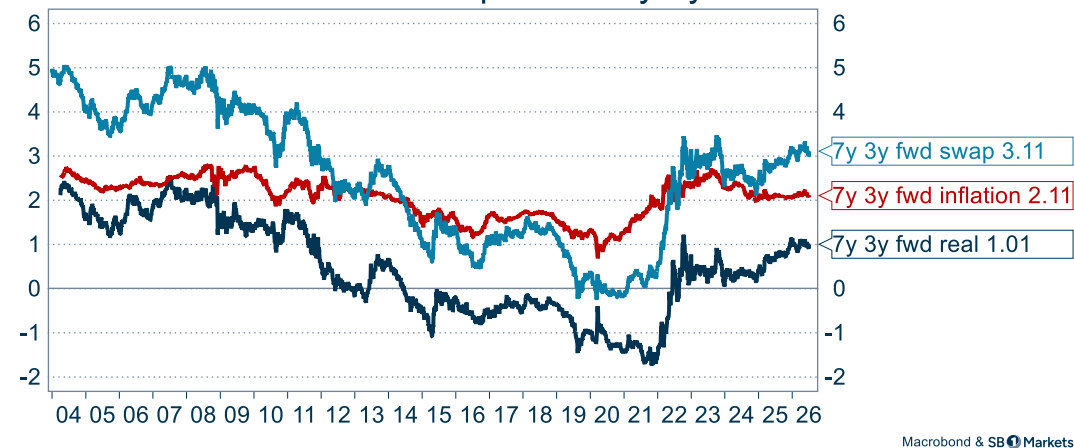
### Inflation swaps



### USD Swap Rates 7y 3y fwd



### EUR Swap Rates 7y 3y fwd



### Inflation swaps

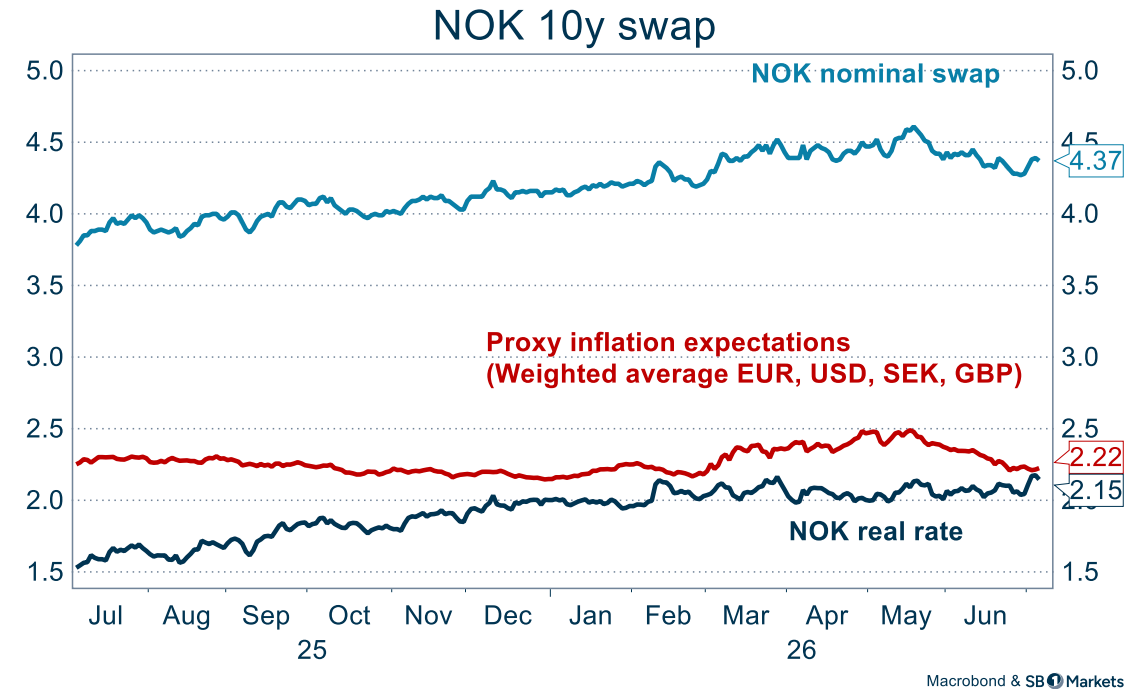
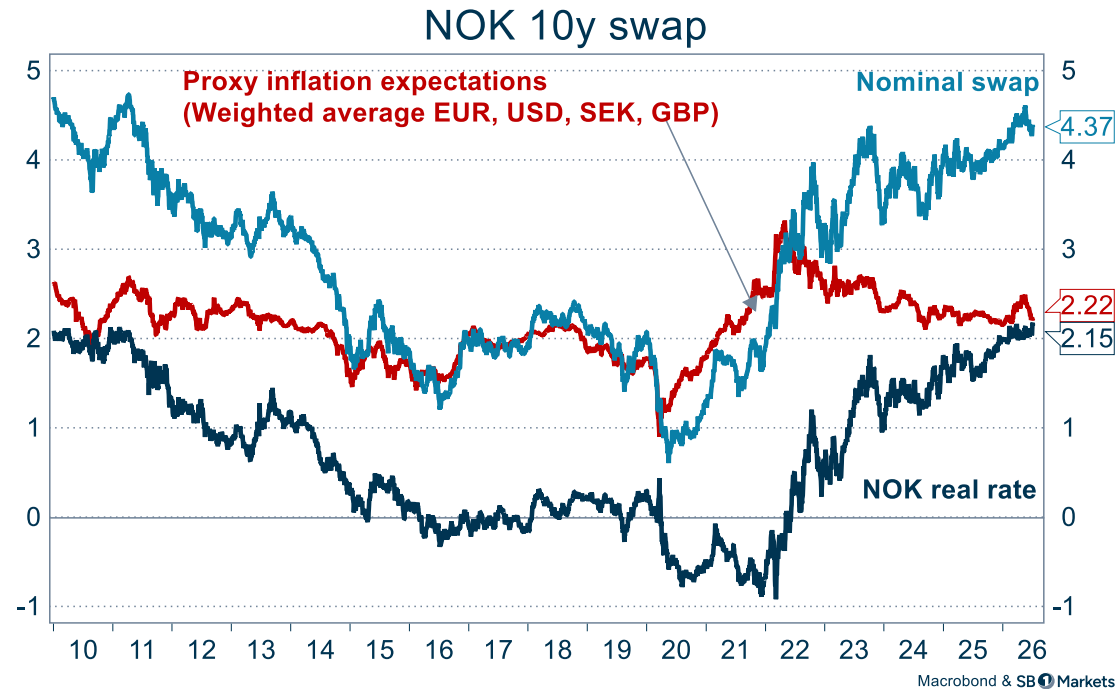


Memo: These charts are based on swap rates and inflation swaps, not government bond yields and real bond yields



# NOK: the 10-year real rate (probably) well above 2%

... as we assume that inflation expectations develop in line with expectations abroad. These expectations have been drifting upwards in recent weeks, due to the impact of the energy price shock – until the decline the past two weeks

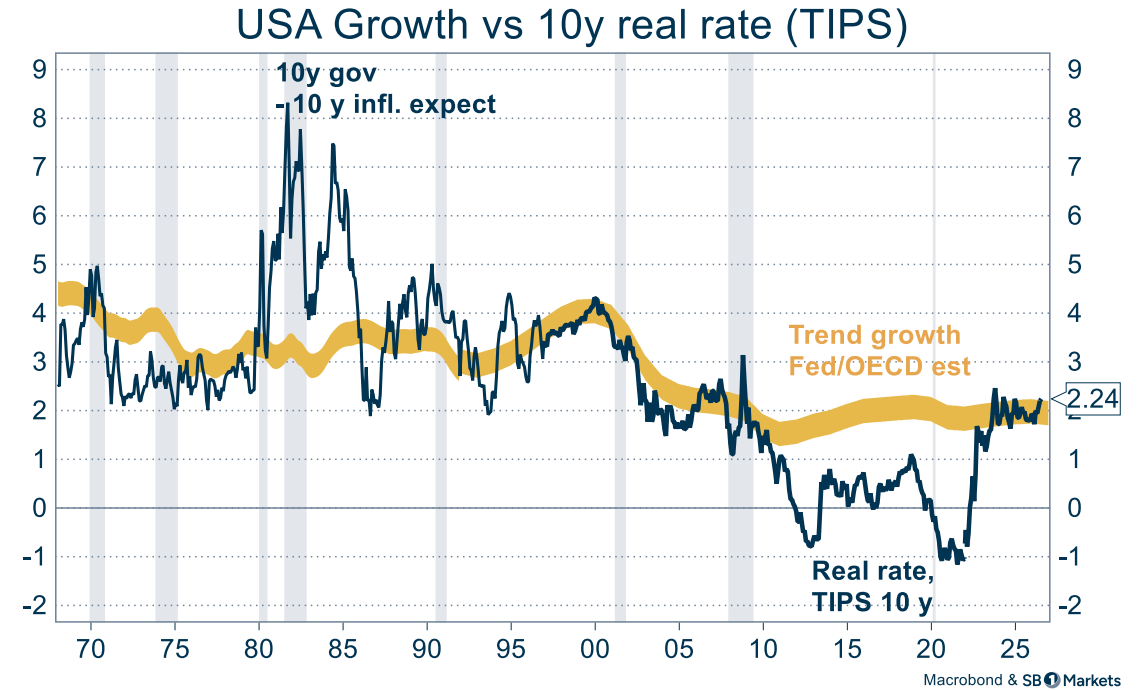
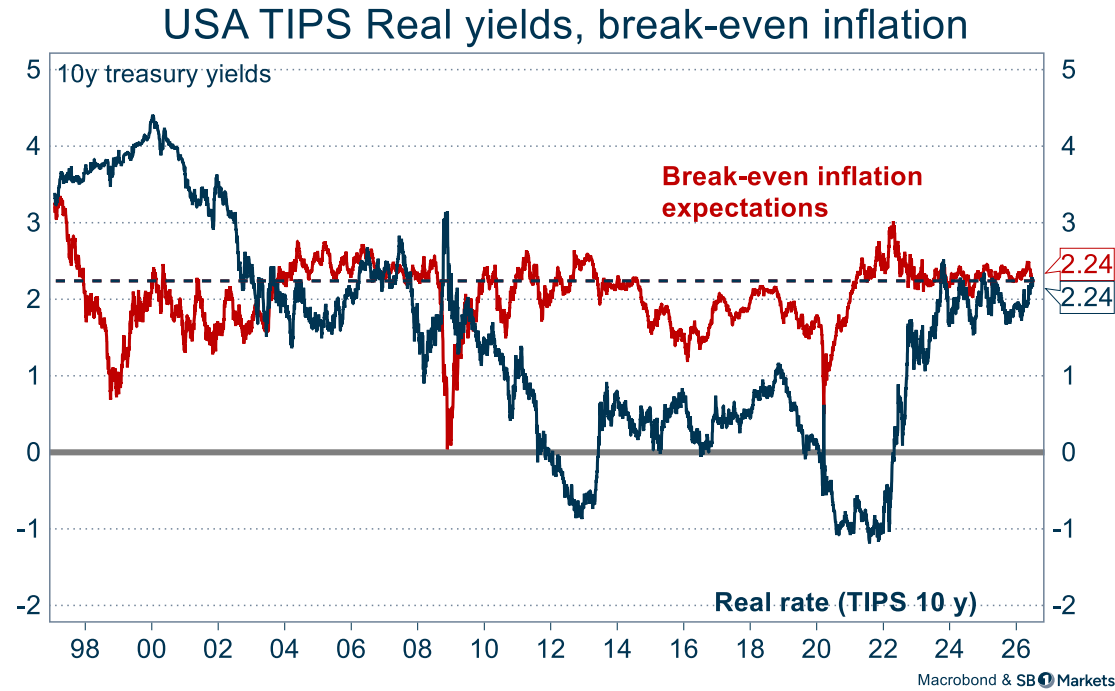


Memo: Our NOK inflation expectations proxy is a weighted average of EUR, SEK, GBP and USD inflation swaps, cross-checked vs. historical inflation differentials and survey-based expectations. The impact of NOK depreciation is not included in the calculation.



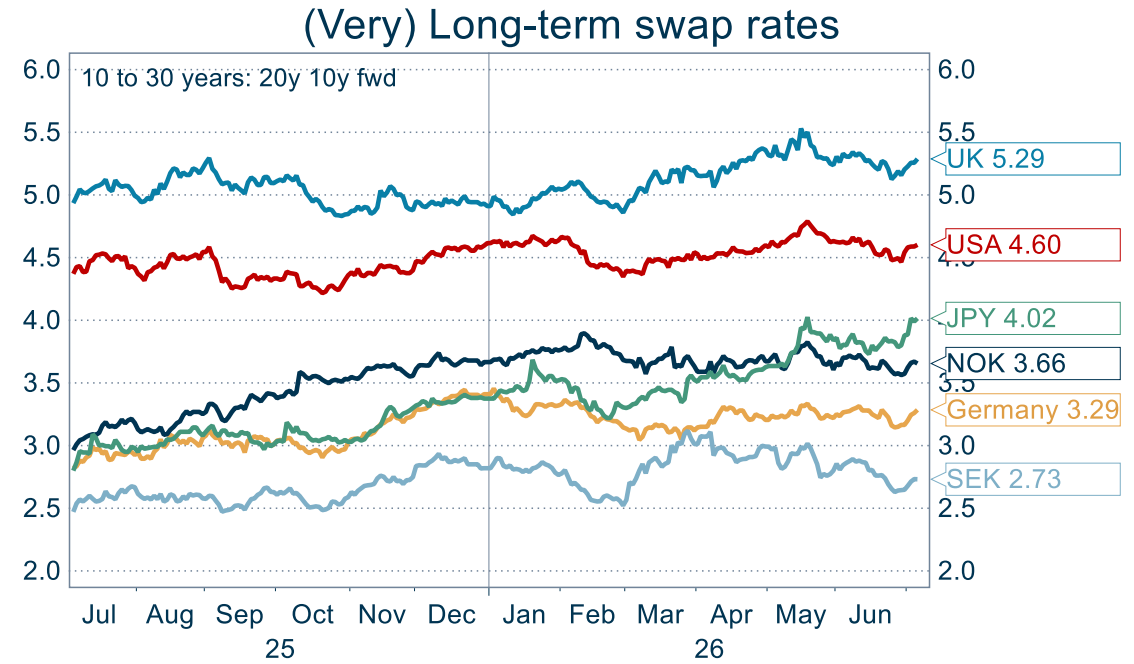
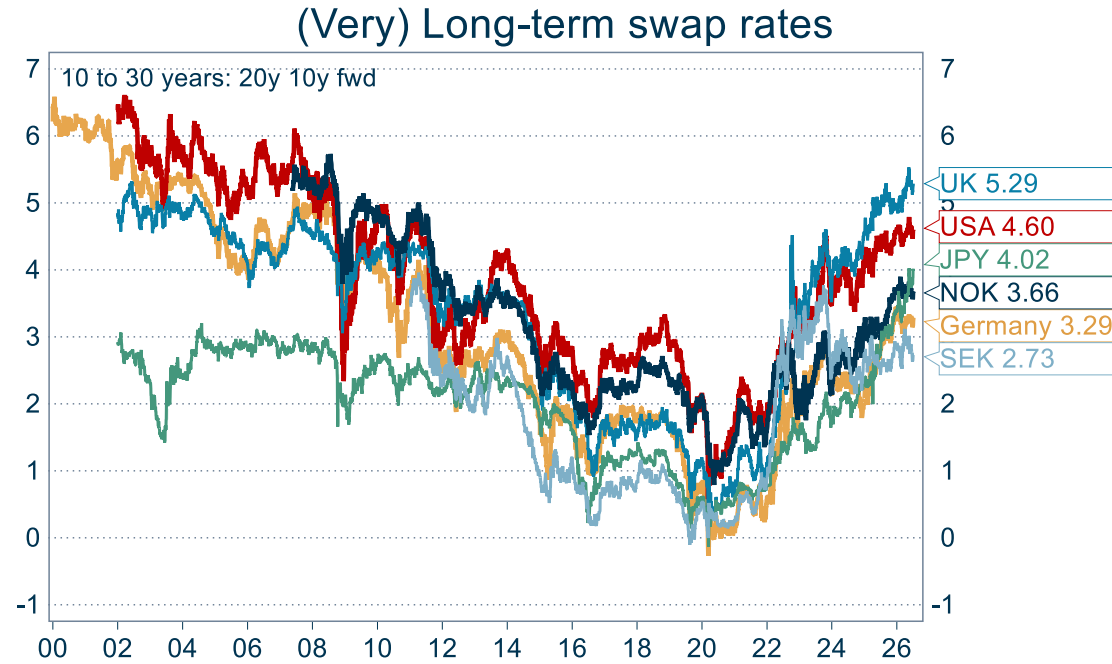
# US real rates vs. growth expectations: up to the upper part of the 'growth corridor'

We would NOT bet on a substantial lift from here. In an economic downturn: lower long-term real rates likely.

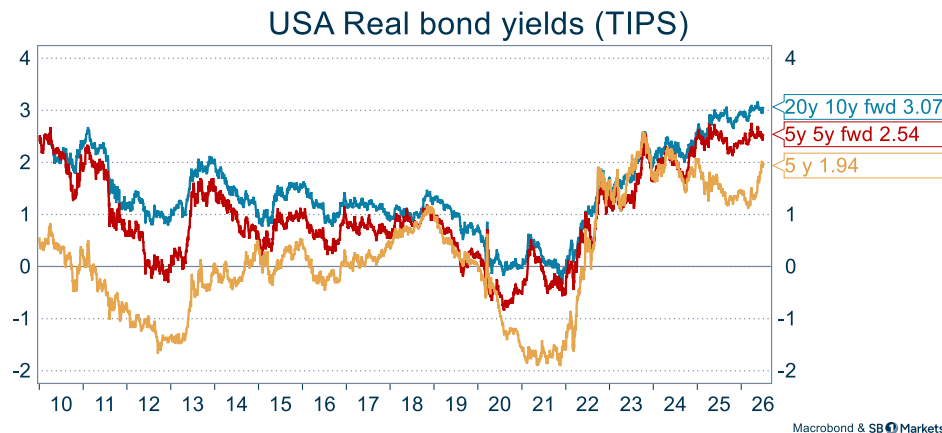


# Very long-term swap rates headed up last week

Recent week: flattish (barring JPY rates).



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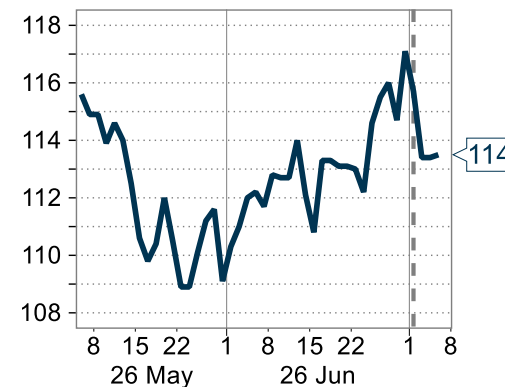
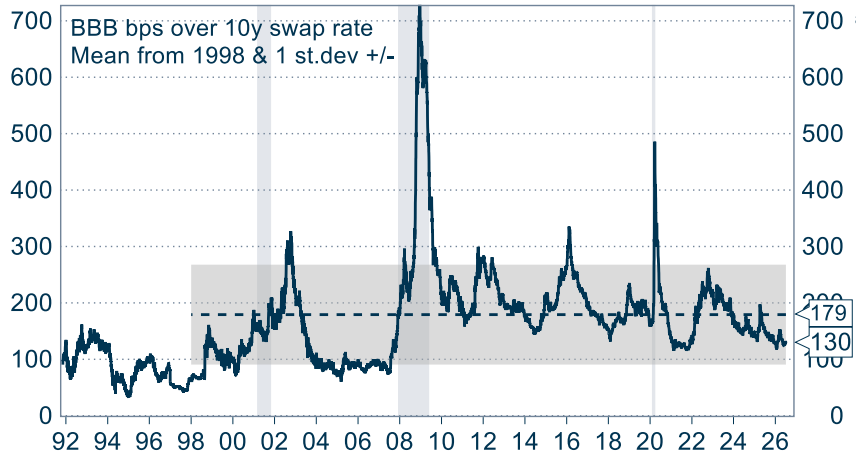
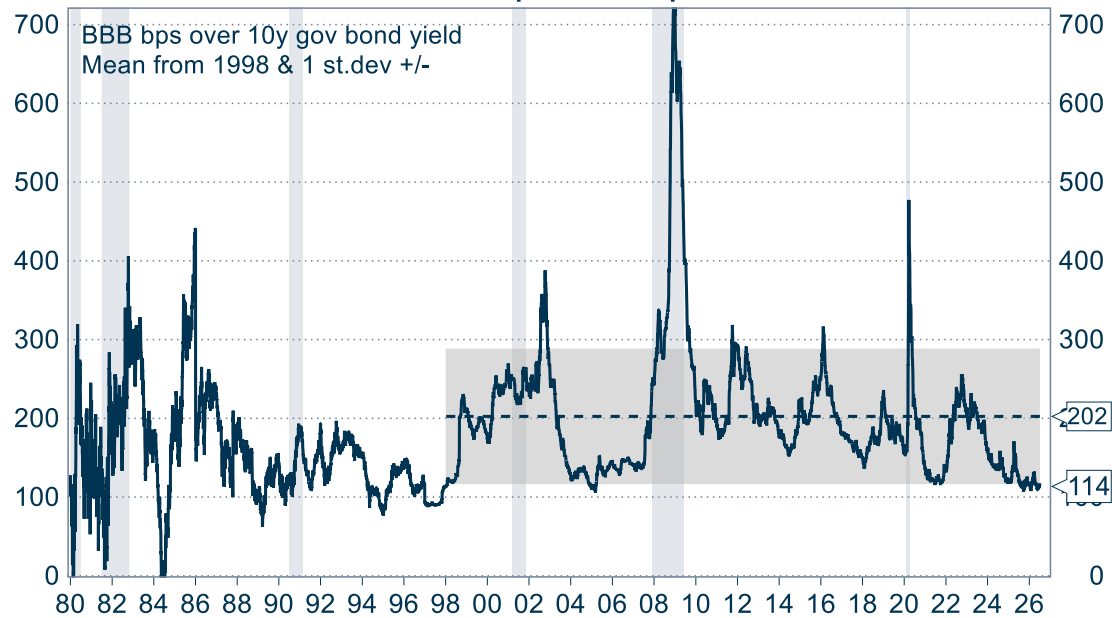
US real bond yields are drifting upwards, at least up to 5y



# US BBB corporate spread (vs. 10y gov.) down to 114 bps

But is slightly up last month. The level remains low, though

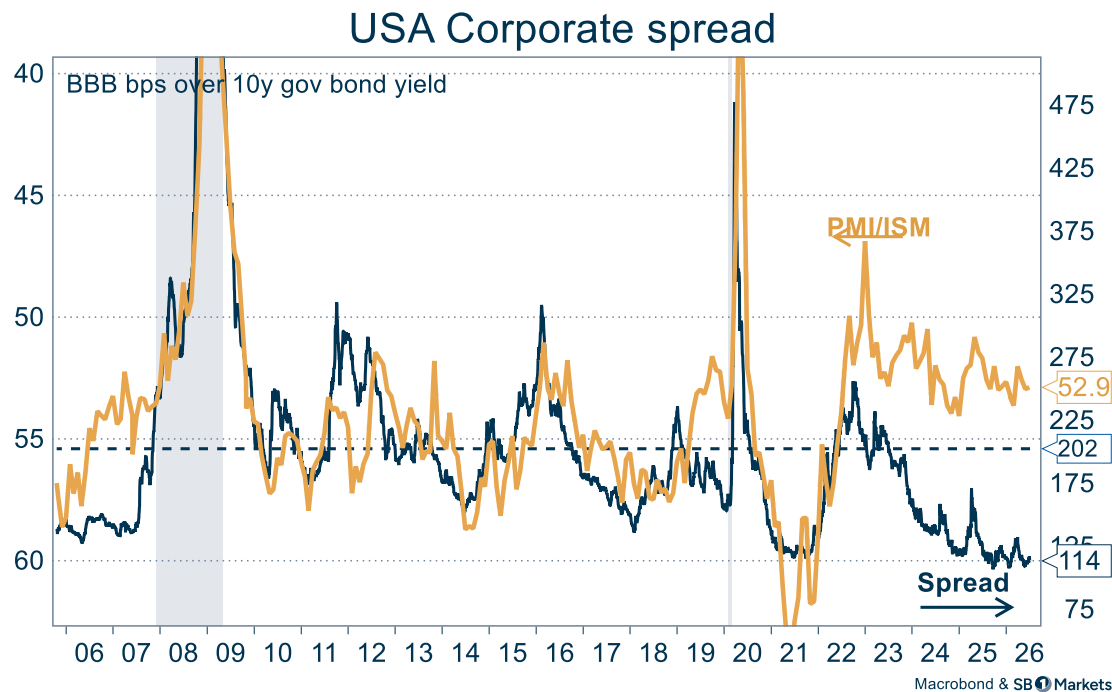
### USA Corporate spread



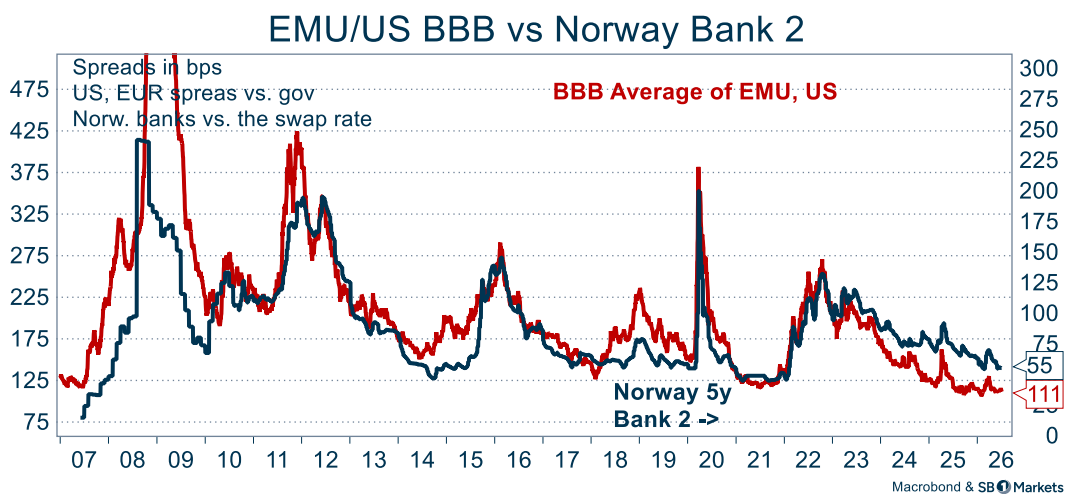
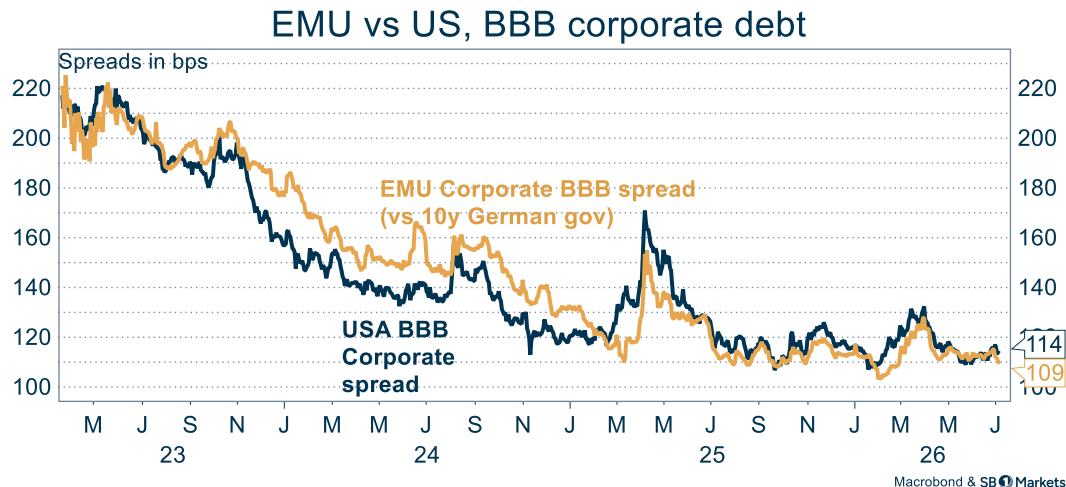
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# Mind the gap: modest survey growth data, but credit spreads are VERY low

... as though the economy were genuinely thriving. US and European spreads have tightened simultaneously, as is typical – and Norwegian spreads have followed a similar pattern, more or less.



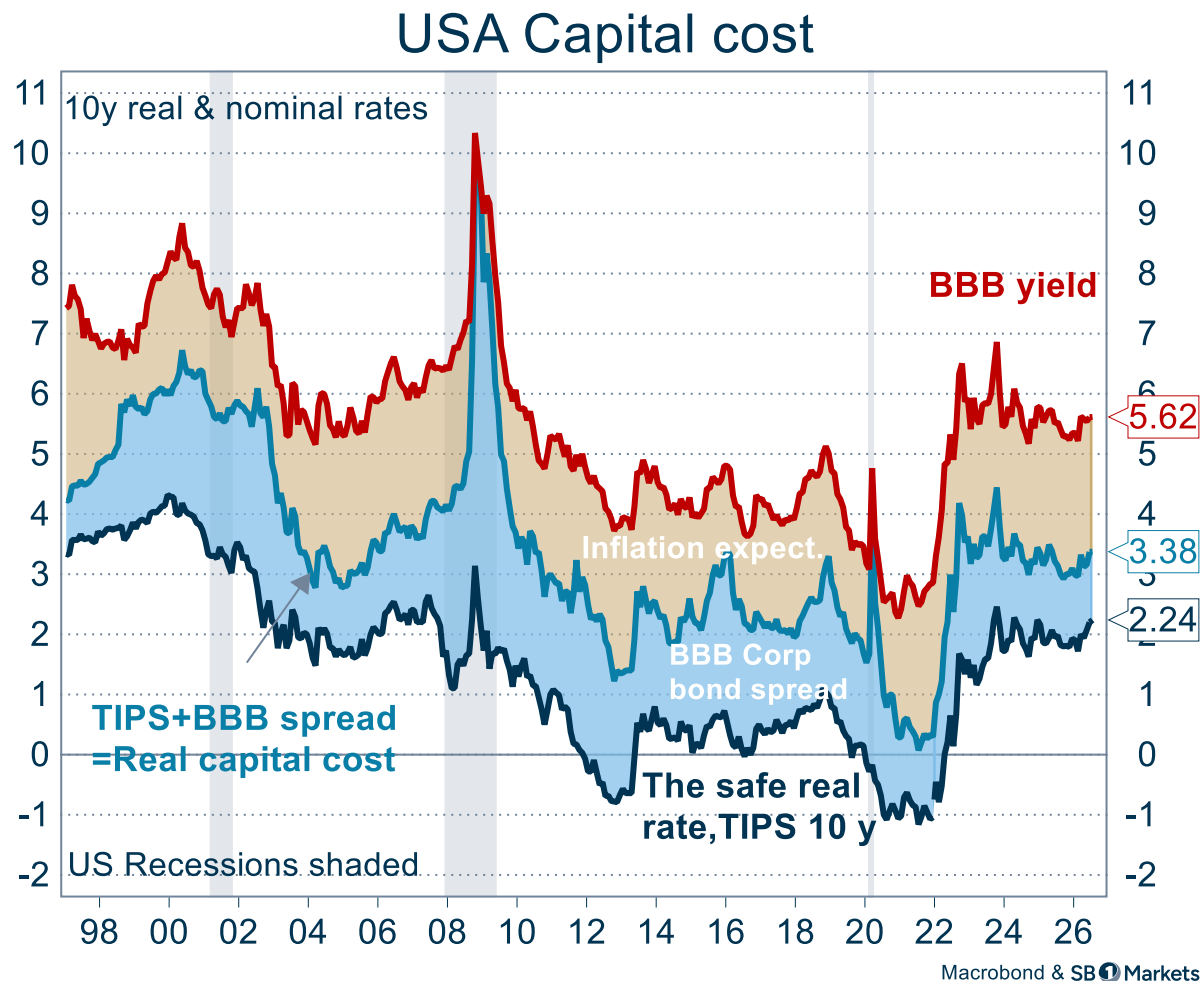
- The main Norwegian bank bond spread (bank 2, 5y senior) was down 1 bp to 55. The trend is down, but the level is not rock bottom.





# Corporate borrowing costs have been drifting lower but turned up again

Both the rise in government bond yields and the widening of credit spreads contributed.



- The total real borrowing cost for a US BBB investment grade industrial corporation is at 3.3%.
- Adding in inflation expectations, the nominal borrowing cost has declined in recent months, now to 5.6%, from close to 7% at the peak – but up from well below 3% at the bottom in 2020/21



## 4.3 Equity markets



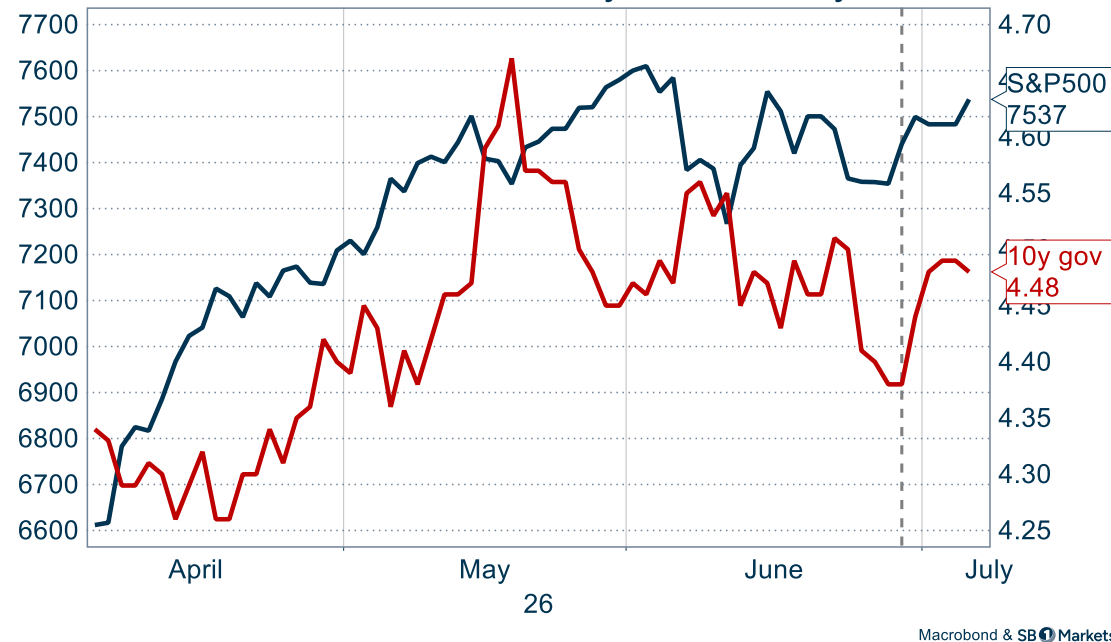
# S&P 500 up and not far below ATH, while the 10y bond rate rose last week

The 10y gov. bond yield rose to 4.48%.

### USA S&P 500 vs. 10y Gov bond yield



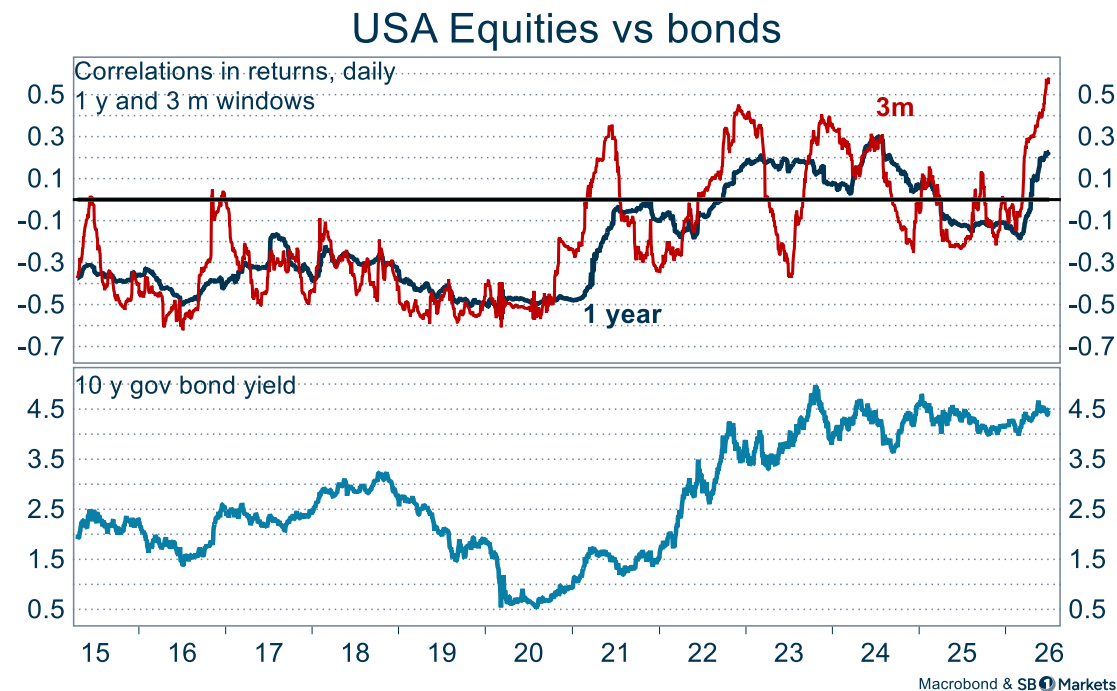
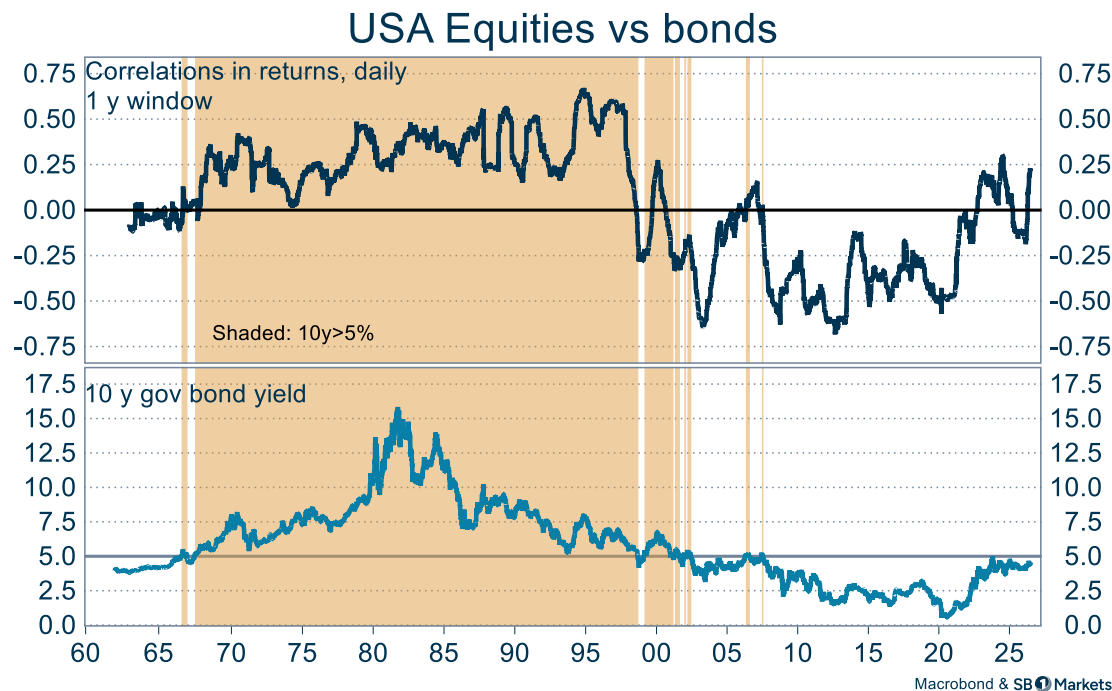
### USA S&P 500 vs. 10y Gov bond yield





# Equity–bond return correlation has turned positive in recent months

This follows the return of inflation worries and rising bond yields for ‘the wrong reason’ – an oil supply shock – even if it is real rates, not inflation expectations, that have risen.

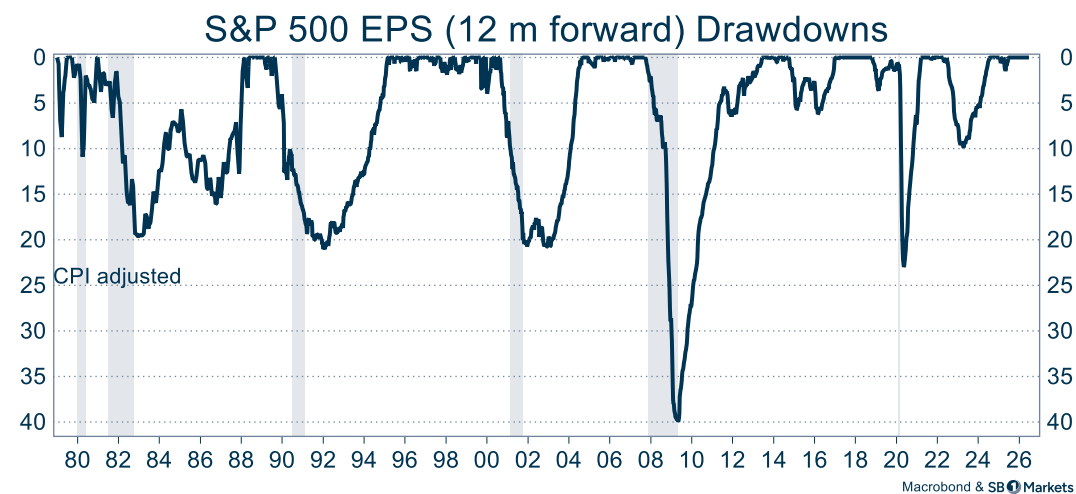
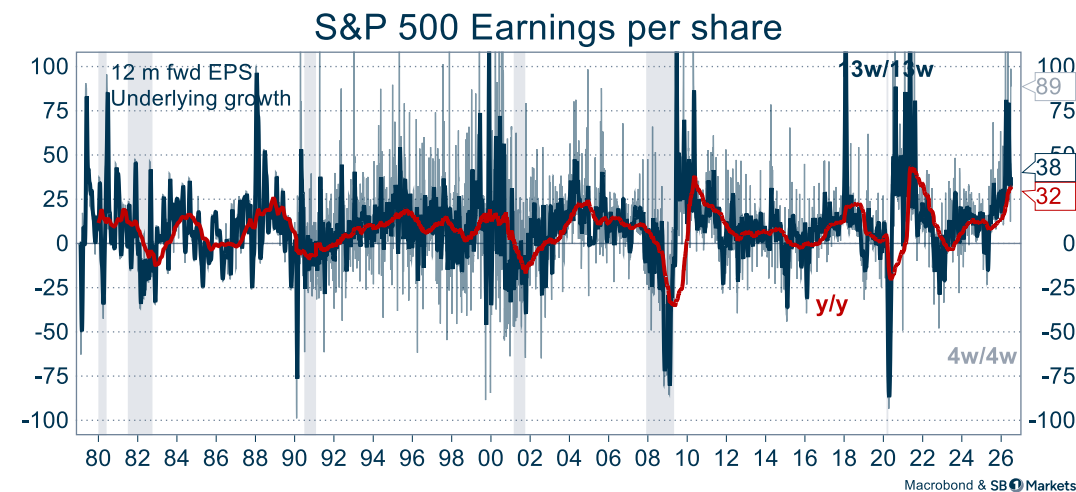
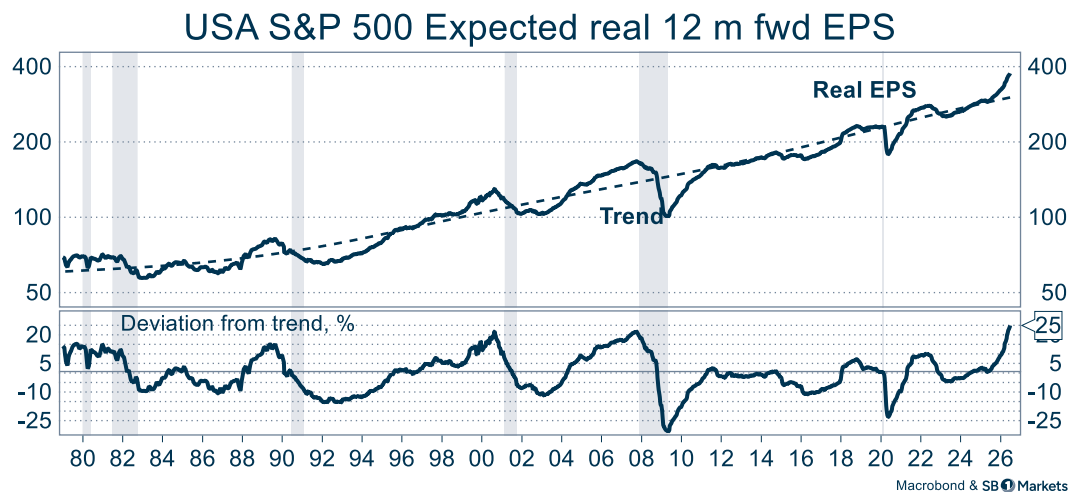


- **Inflation worries** normally lift government bond yields to a ‘high’ level and are normally not positive for equities: thus, a positive correlation (in returns).
- **Growth worries produce the opposite (negative) correlation in returns: lower yields and a weaker equity market.**
- **The threshold** vs. the 10y bond yield before the correlation turned positive used to be some 5.0%. Now it is very likely lower – say 4.5% or below
  - The neutral rate is probably lower than 15–20 years ago due to the decline in trend growth (demographics & productivity).



# US earnings expectations are climbing rapidly, 32% y/y!

The 12m fwd. expected (CPI adjusted) EPS is 23% above the long-term real trend path. **Some downside risk?**

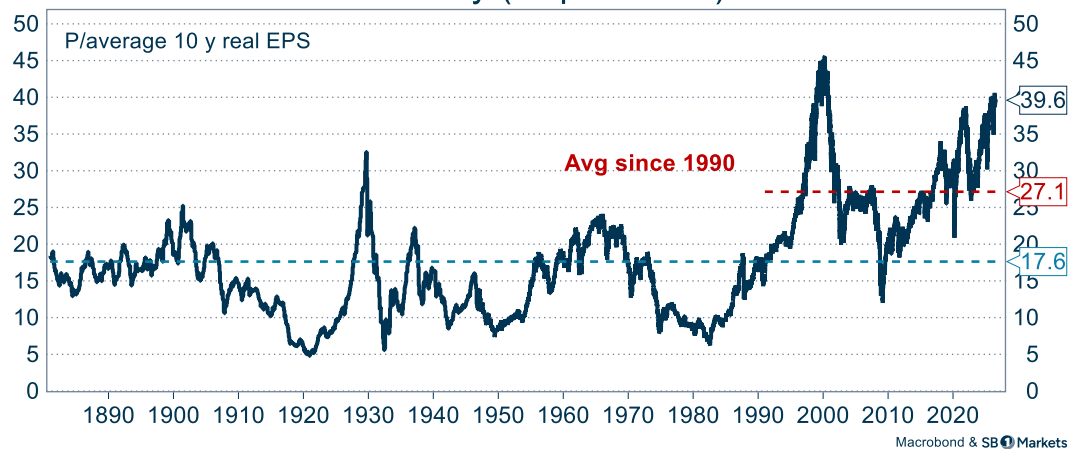




# US P/Es are still high, but rapid earnings growth offers some support

Historically, returns have been dismal when pricing has been as aggressive as now. On the other hand, earnings are booming (and far more than we have assumed).

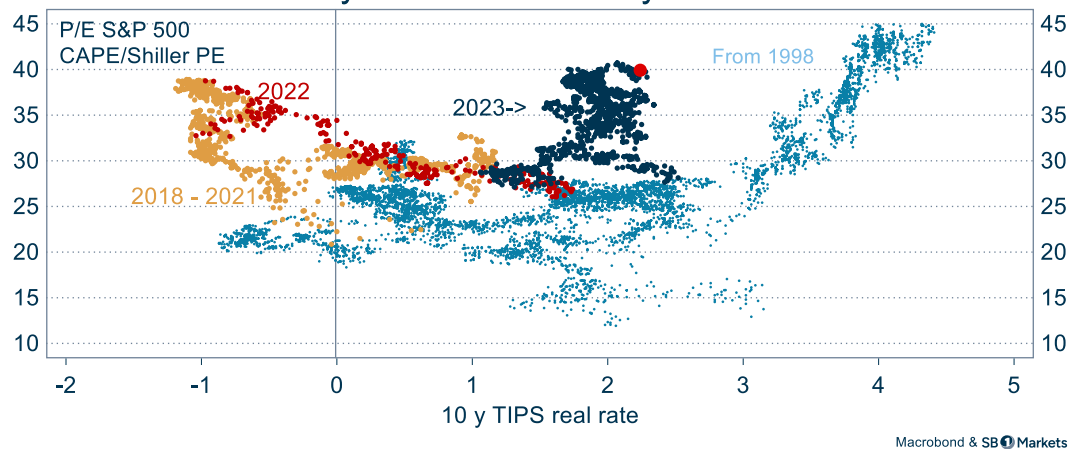
### S&P500 10y (Cape/Shiller) P/E



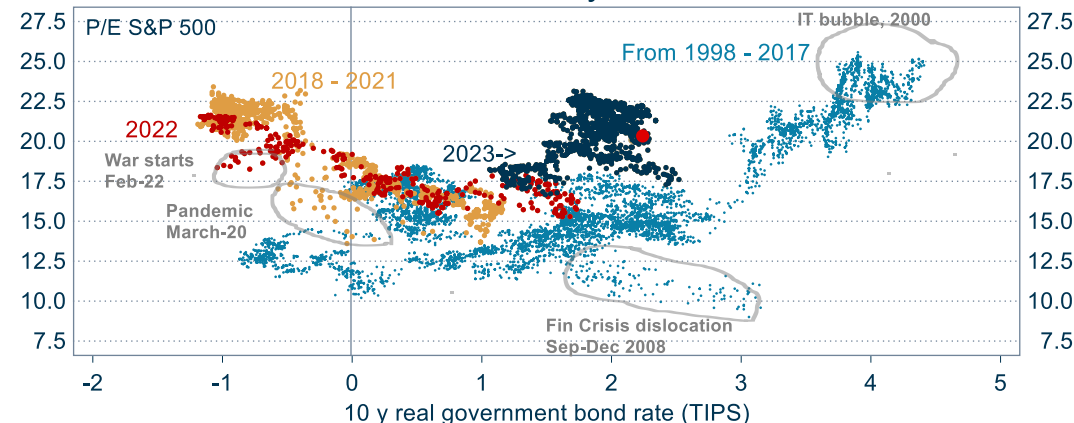
### USA S&P 500 12 m fwd P/E



### S&P 500 10y CAPE vs US 10 y real interest rate

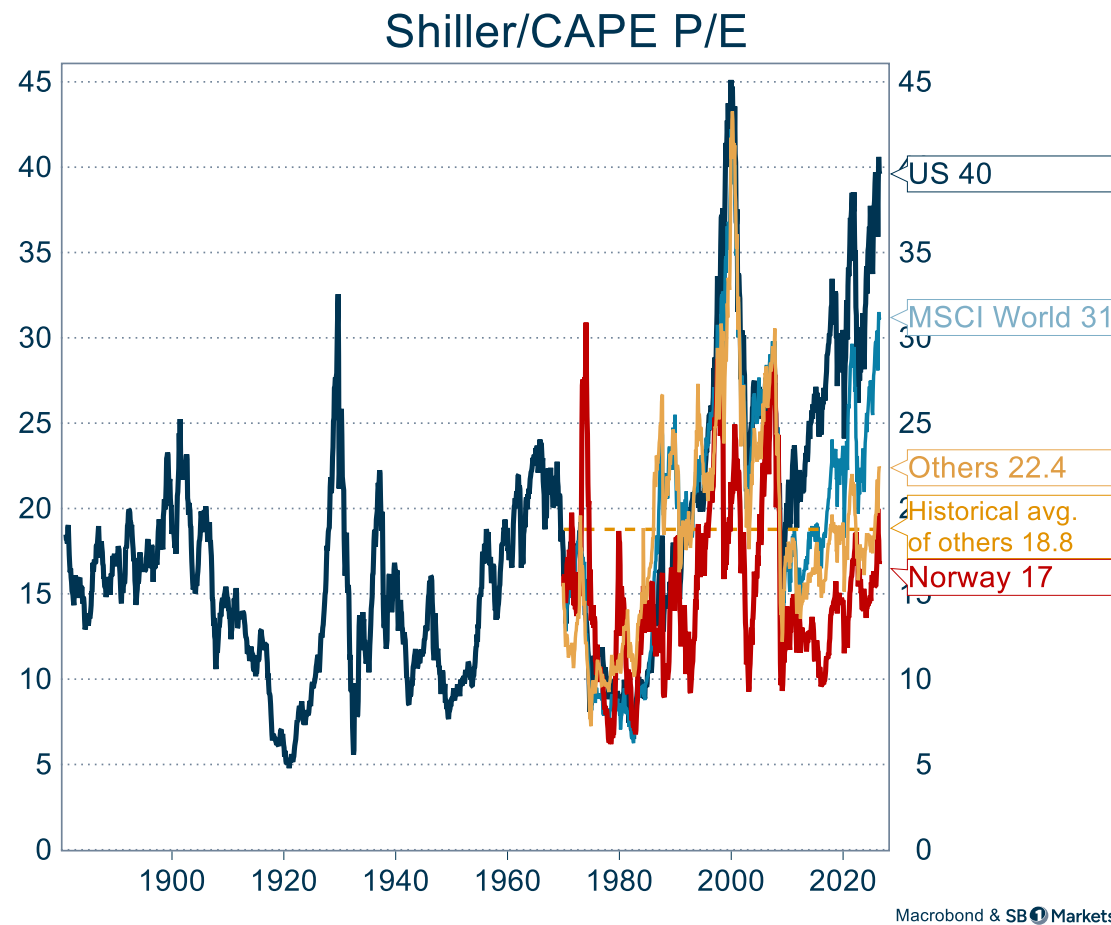
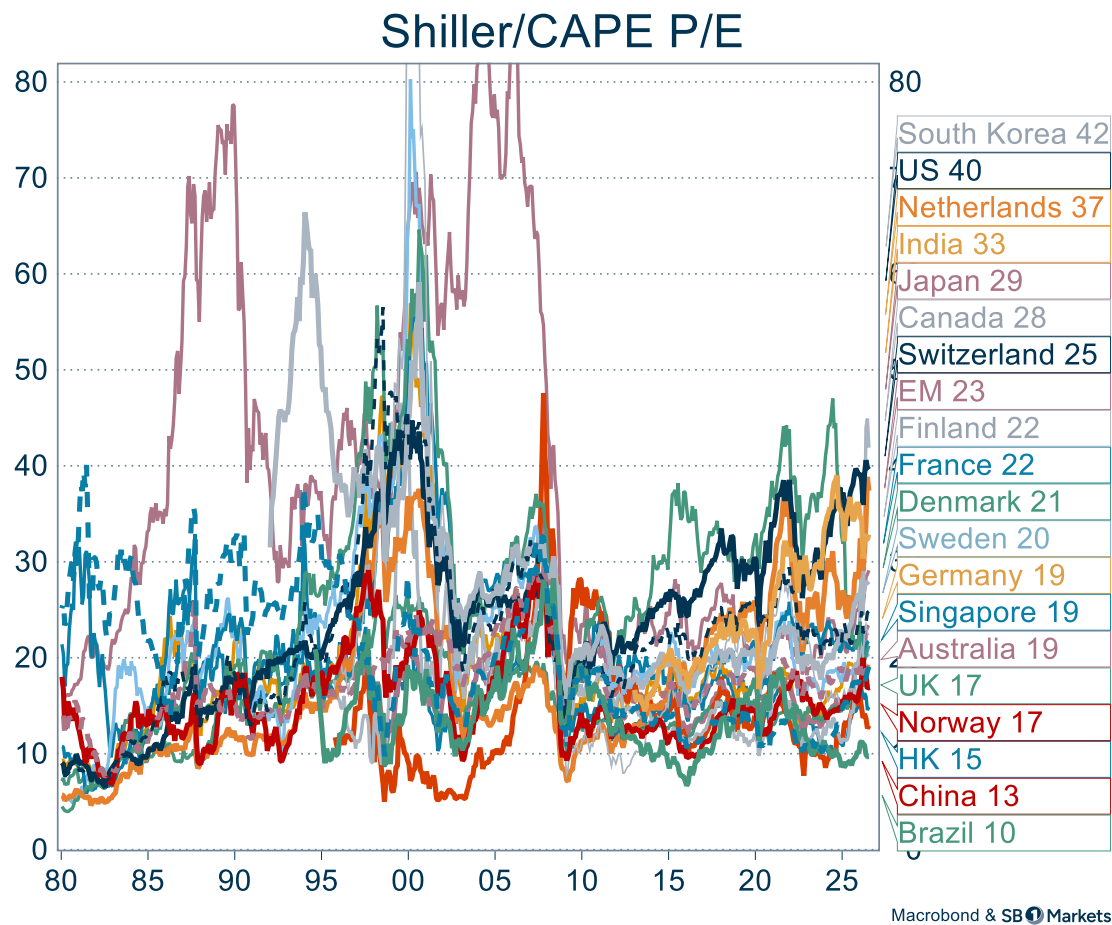


### S&P 500 PE vs US 10 y real interest rate



# The US market at the 2<sup>nd</sup> highest vs. the Shiller CAPE ever; and few markets are cheap

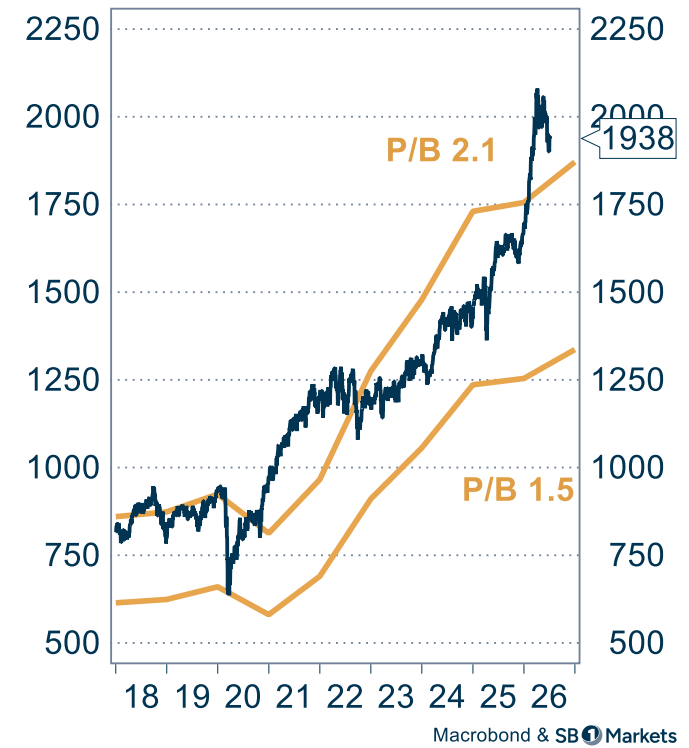
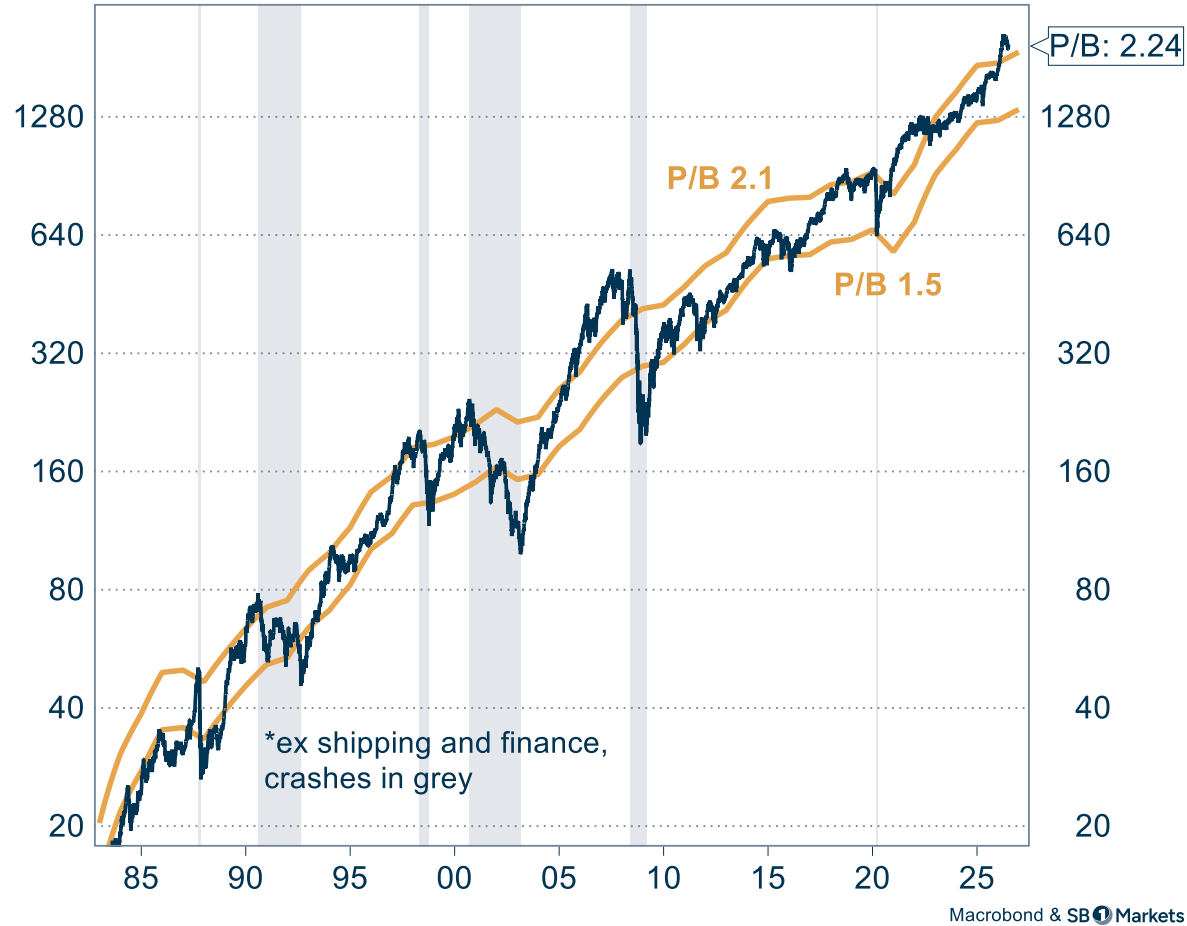
Other markets are almost 20% above an average multiple, 22.4 vs. 18.8. The OSE sits at 17, and not far above an average level. BTW, South Korea and the Netherlands have climbed rapidly lately. They also offer some tech exposure.





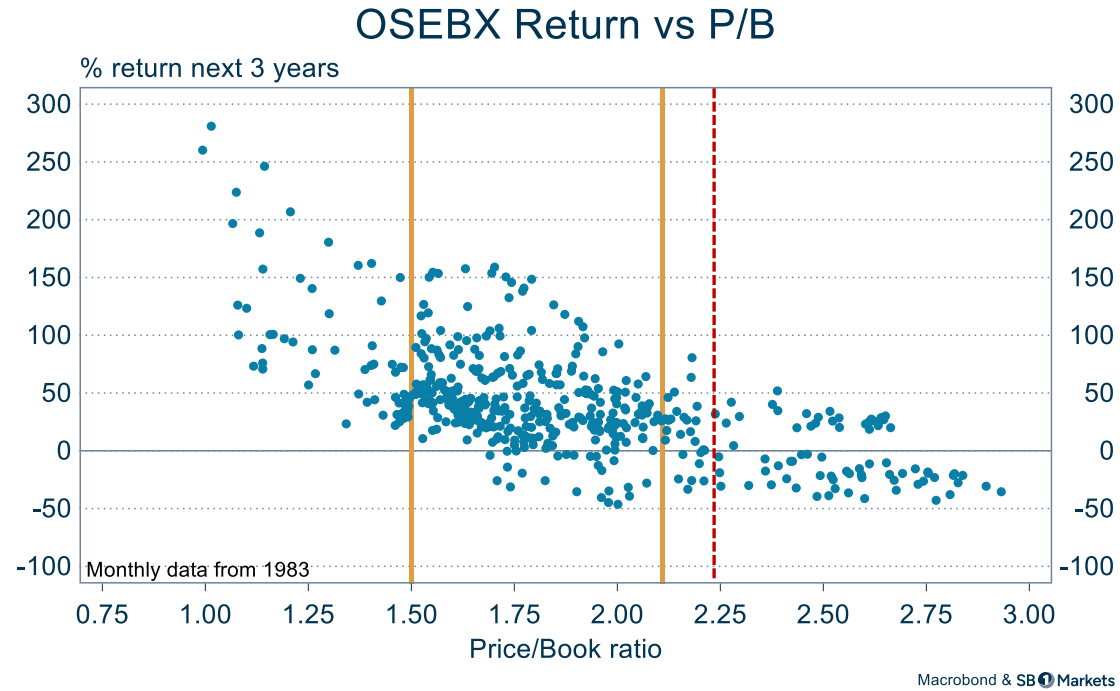
# OSE up last week, but is down from the (oil price driven) April ATH

### OSEBX P/B band\*





# OSE 3-year expected return: not very attractive

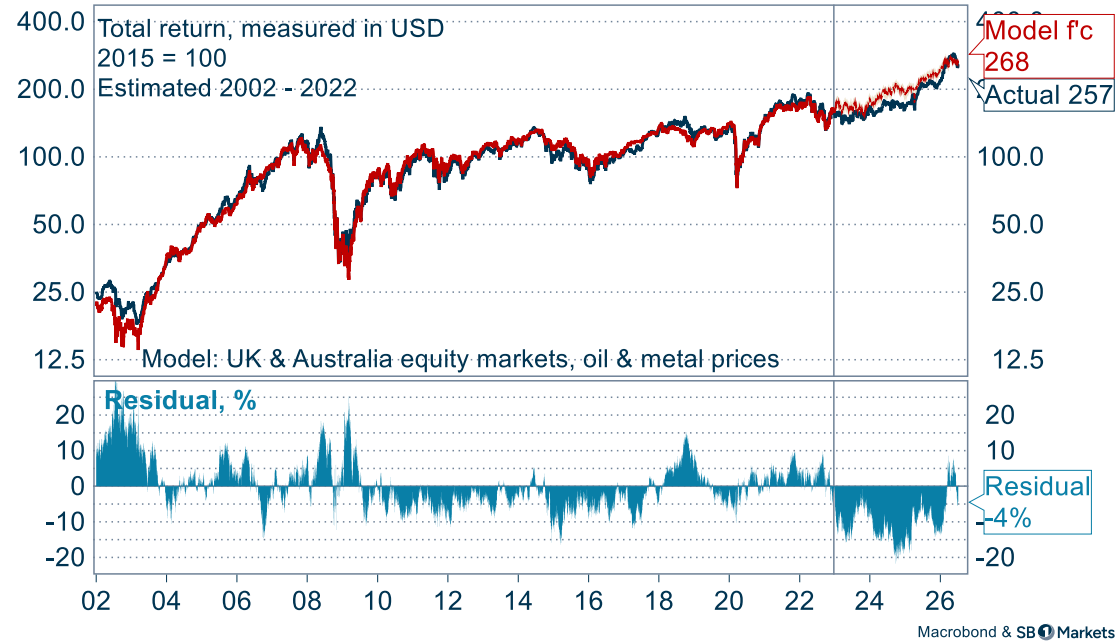




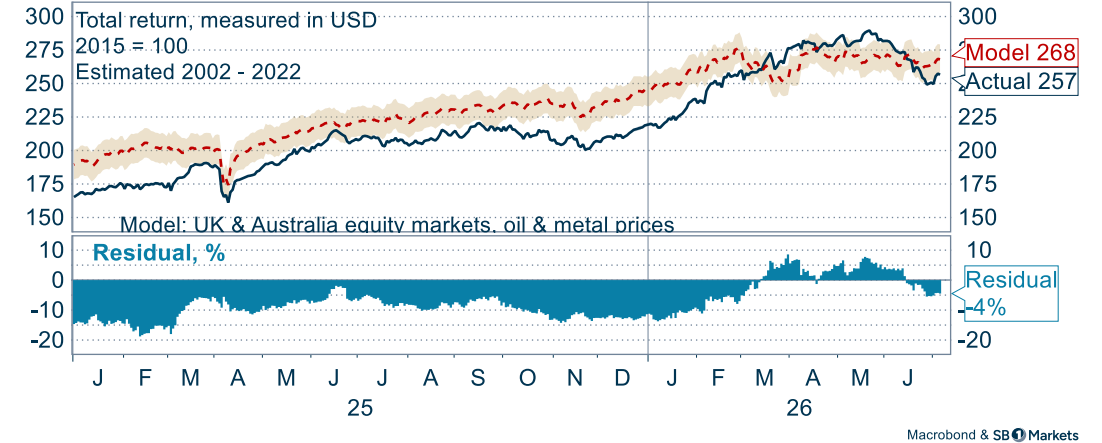
# OSE vs. our 'peers'-based level model: a significant drop recent weeks

The OSE is 4% below a model estimate based on FTSE, ASX, oil and metal prices, from up to 8% above in May. Measured over the past 12 months, OSE is up 19%, while our y/y model suggests 11%.

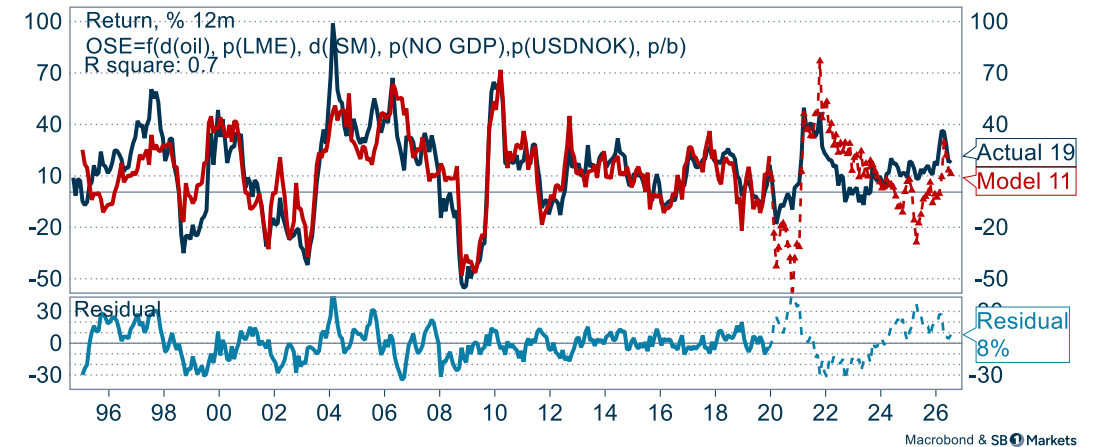
### OSEBX - actual vs. model

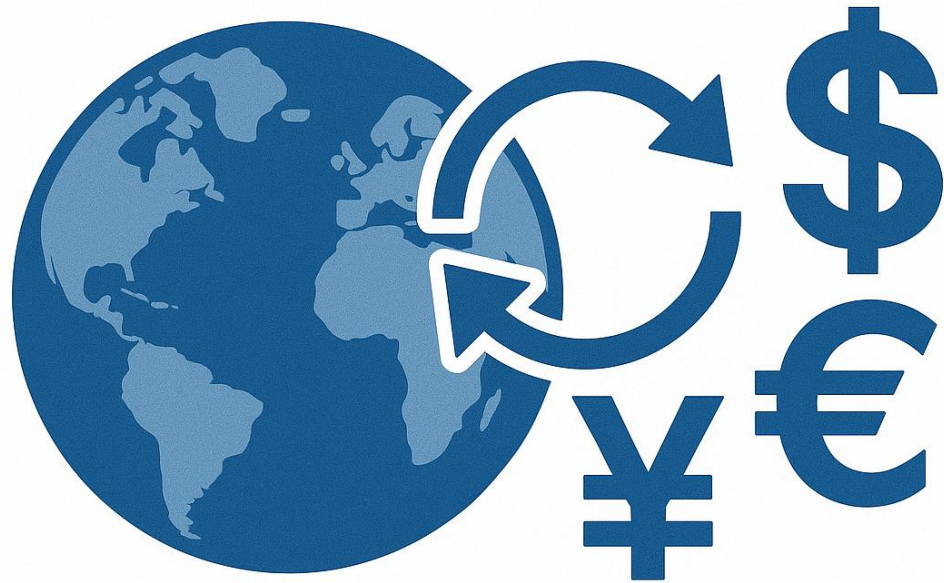


### OSEBX - actual vs. model



### OSE Return



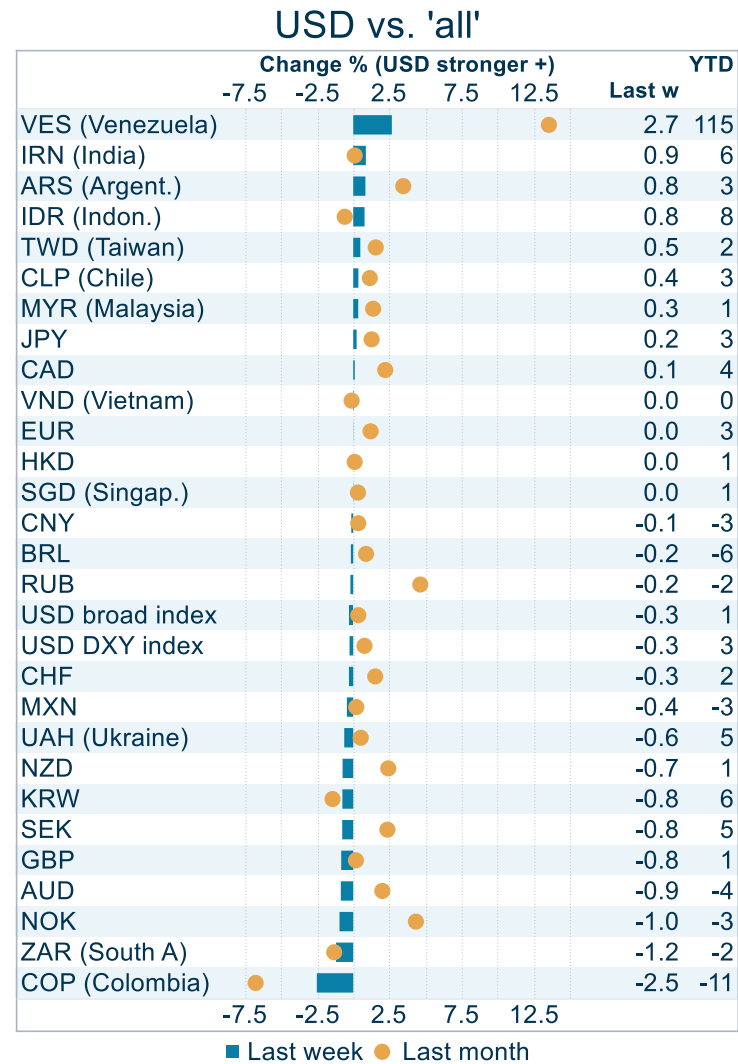
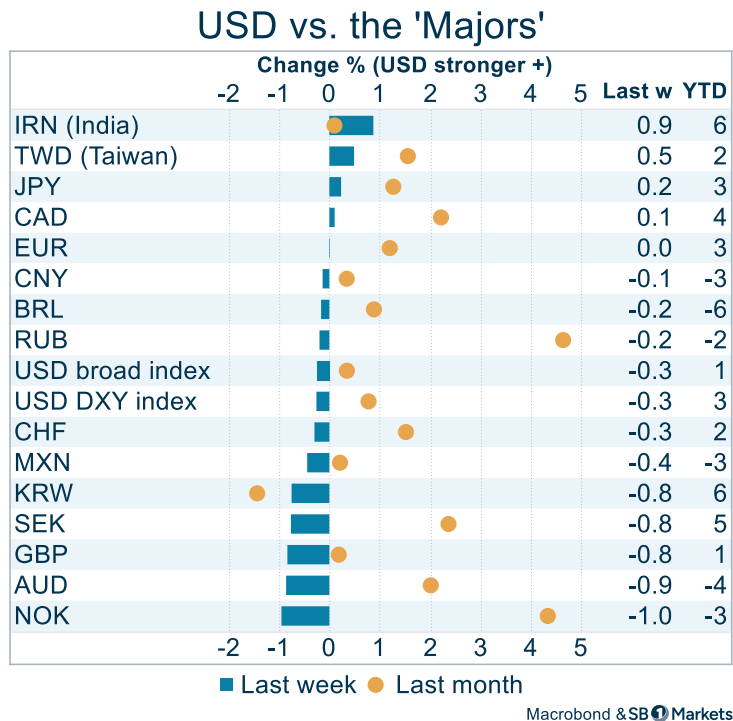
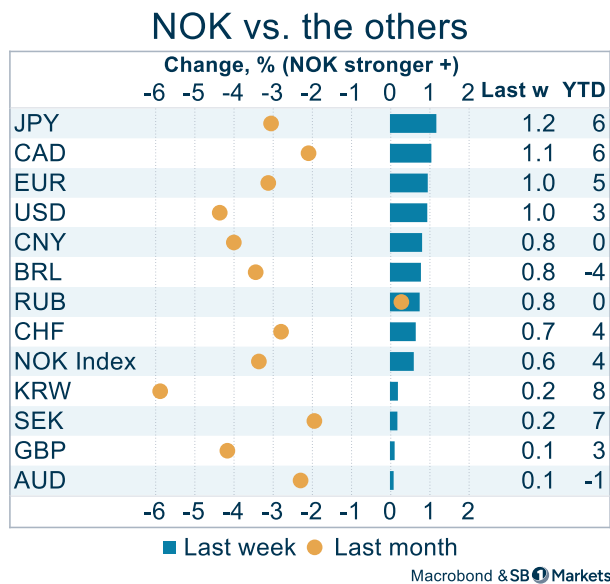


## 4.4 FX markets

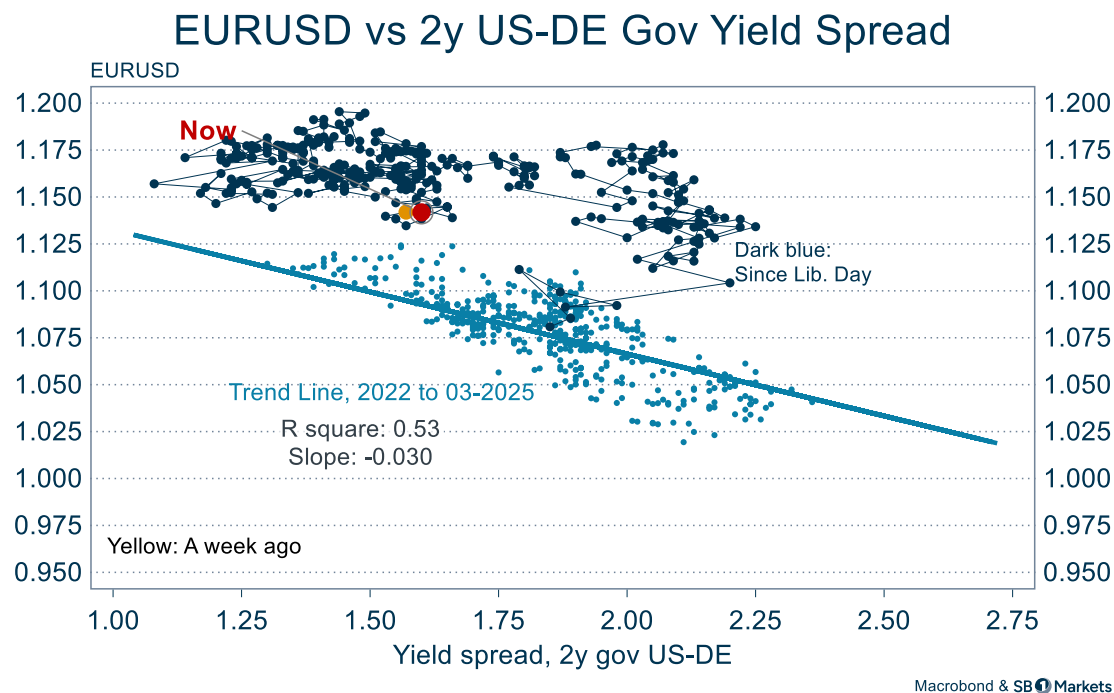


# FX: NOK appreciated in all directions. The USD depreciated vs. a majority

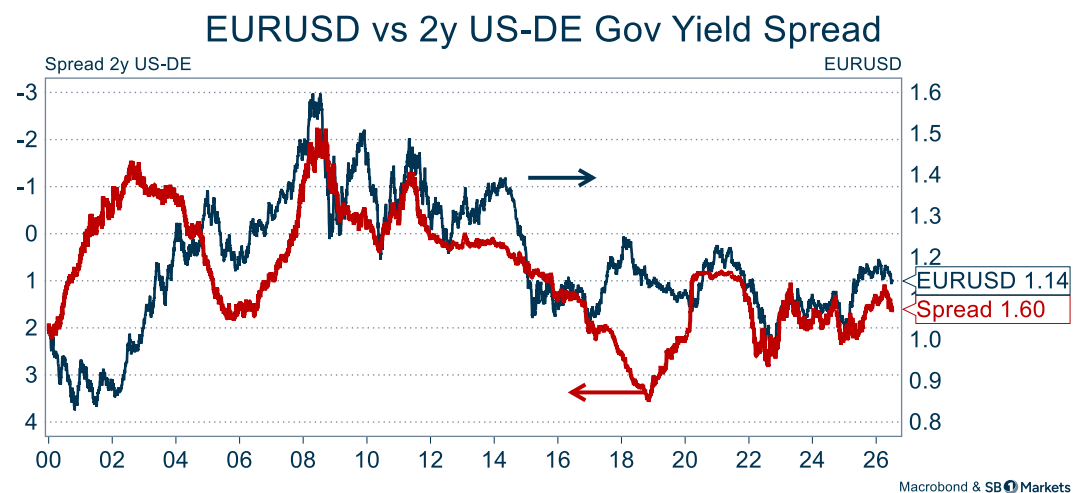
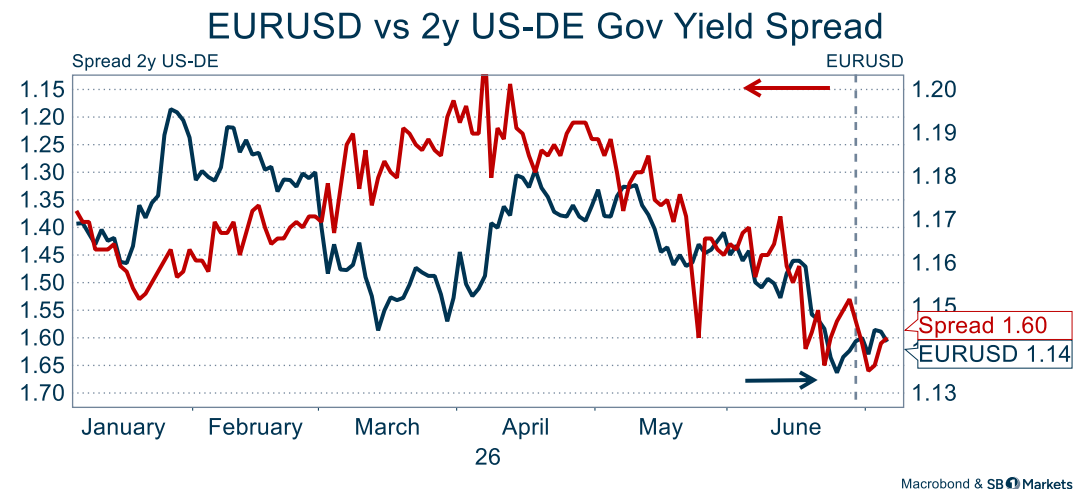
NOK has still appreciated 4% so far in 2026, while the USD is some 2% stronger



# EURUSD marginally down, as the rate differential widened marginally



- The 'model', estimated over the previous 3 years of data:
  - 1 pp narrowing of the 2y gov. spread: a 7% EURUSD appreciation.
  - Some 'carry' impact
  - There may be a reason for changes in the spread, such as changes in the relative growth outlook.
- Over time, the correlation is not tight at all, check the lower chart to the right! We have seen far larger 'gaps' than the current one.
- The Liberation Day tariff announcement and US tariffs seem to have weakened the USD by some 7% (the shift from 'blue to black dots')



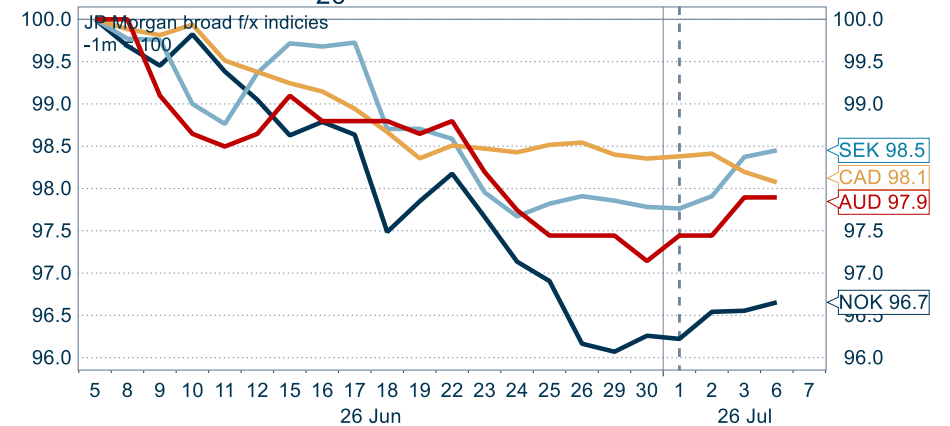
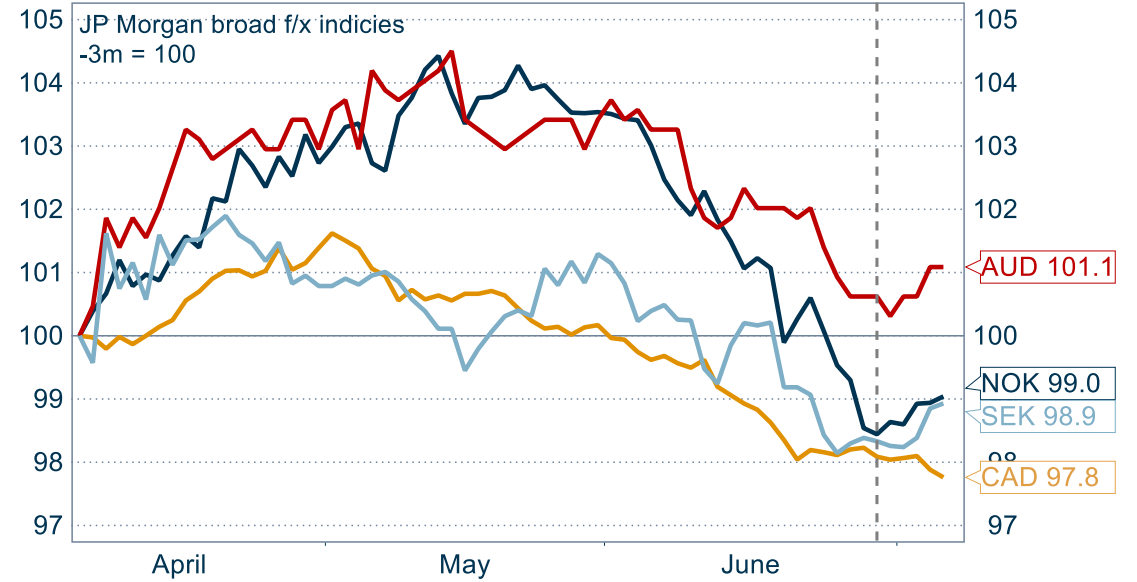
# 'Commodity' FX: CAD weaker but the others appreciated last week

DM 'Commodity' Exchange rates



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DM 'Commodity' Exchange rates

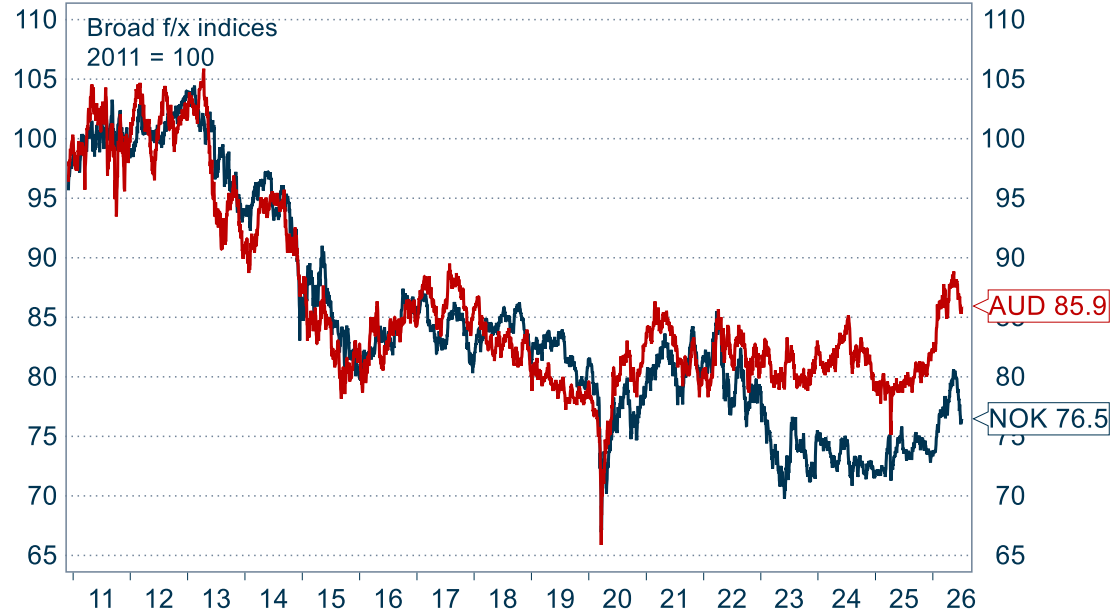




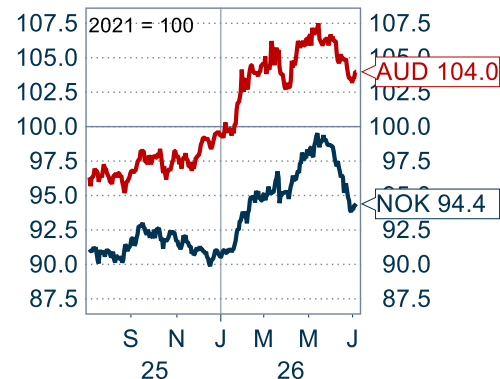
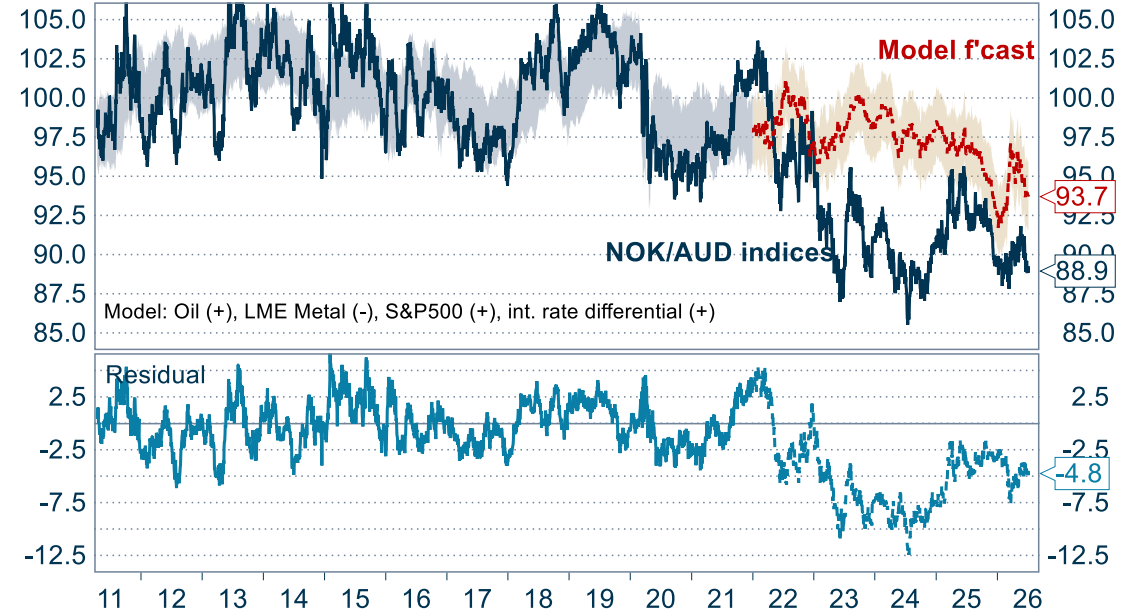
# NOK weaker relative to AUD than our model suggests, but rather stable lately

... relative to our NOK/AUD FX index model

### AUD vs NOK



### NOK vs AUD

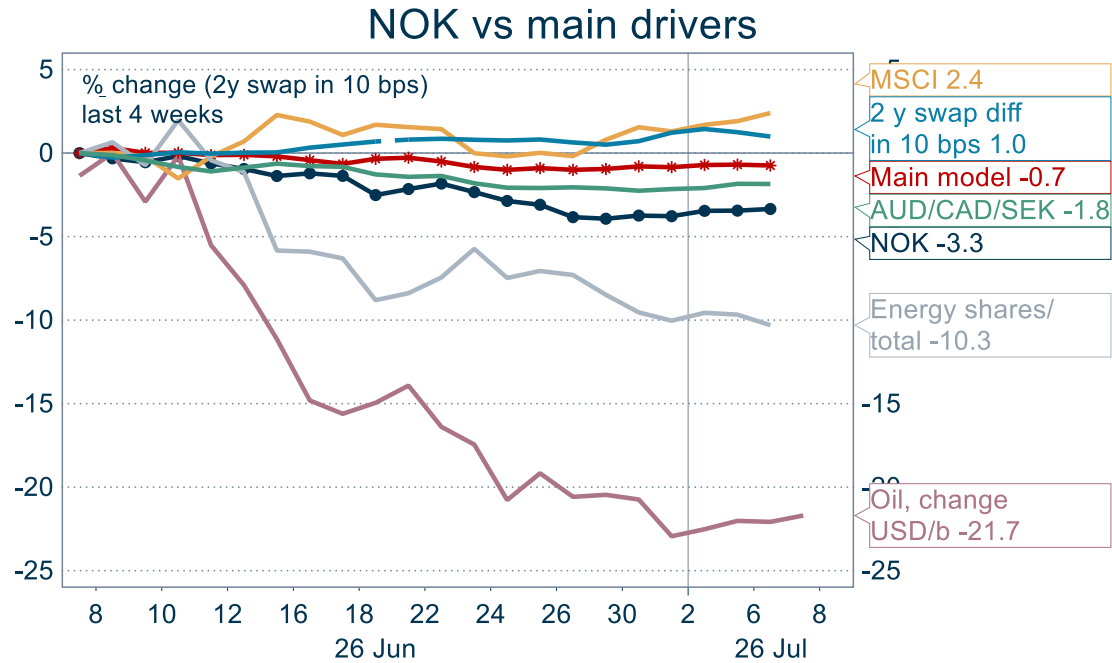


- NOK and AUD have been very closely correlated over the past 15 years, at least until early 2023.
- Our NOK/AUD index model explains most of the small differences between the two FX indices. Normally, the NOK index strengthens relative to the AUD index when the oil price rises relative to the LME metal index and the S&P 500 index climbs.

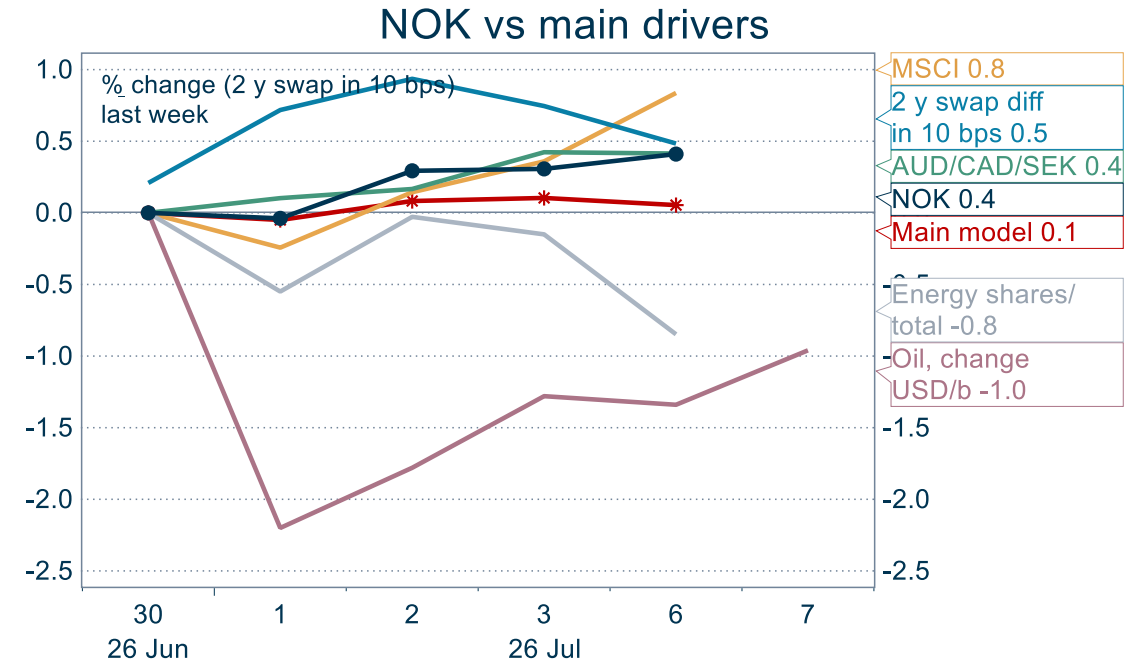


# NOK appreciated 0.4%. Our model suggested 0.1%

Last month: NOK has depreciated 3%. Our model suggested a 1% depreciation, mostly due to the USD 22/b decline in the oil price.



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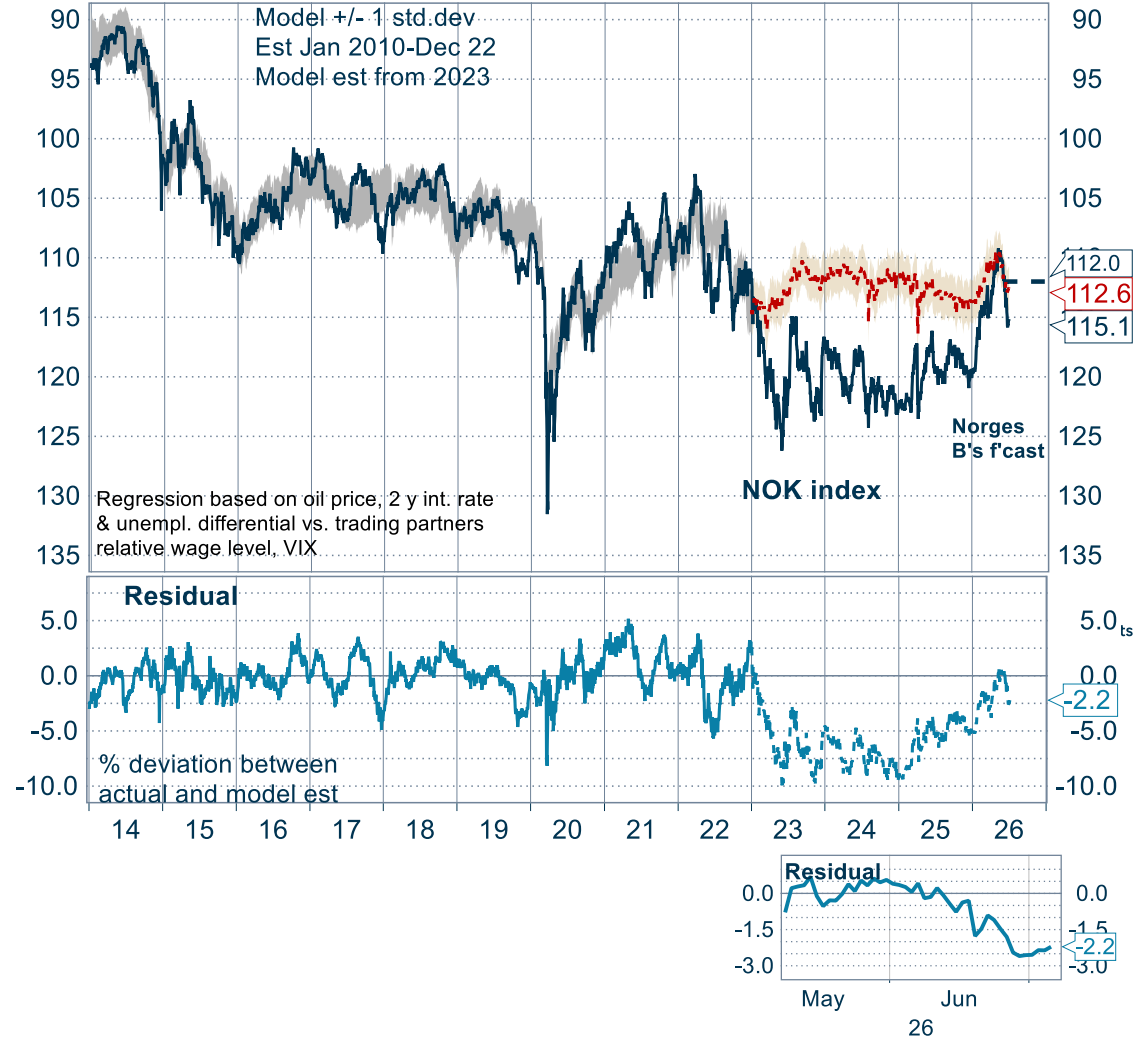
The NOK index: I44, adjusted for end-of-day FX rates relative to NOK. AUD, SEK and CAD are represented by their respective trade-weighted currency indices.



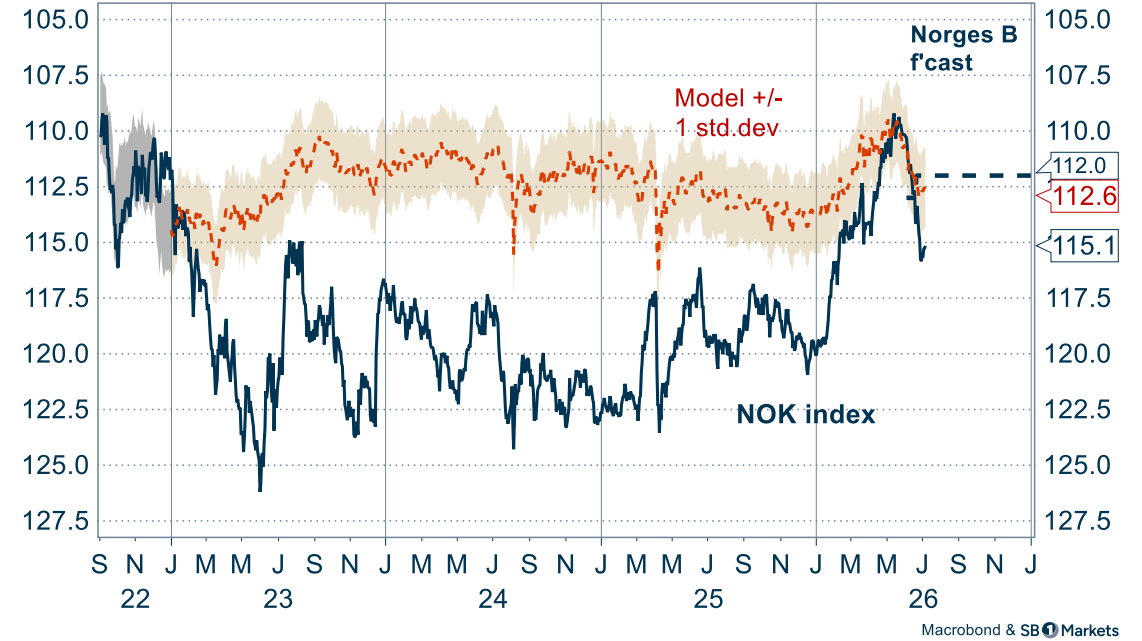
# NOK slightly stronger last week, also vs. our model estimate

The NOK is 2.7% below NoBa's forecast, surely increasing the odds for a rate hike in August/September. NOK has followed the oil price down to where they both came from just before the Gulf war started.

### NOK exchange rate model

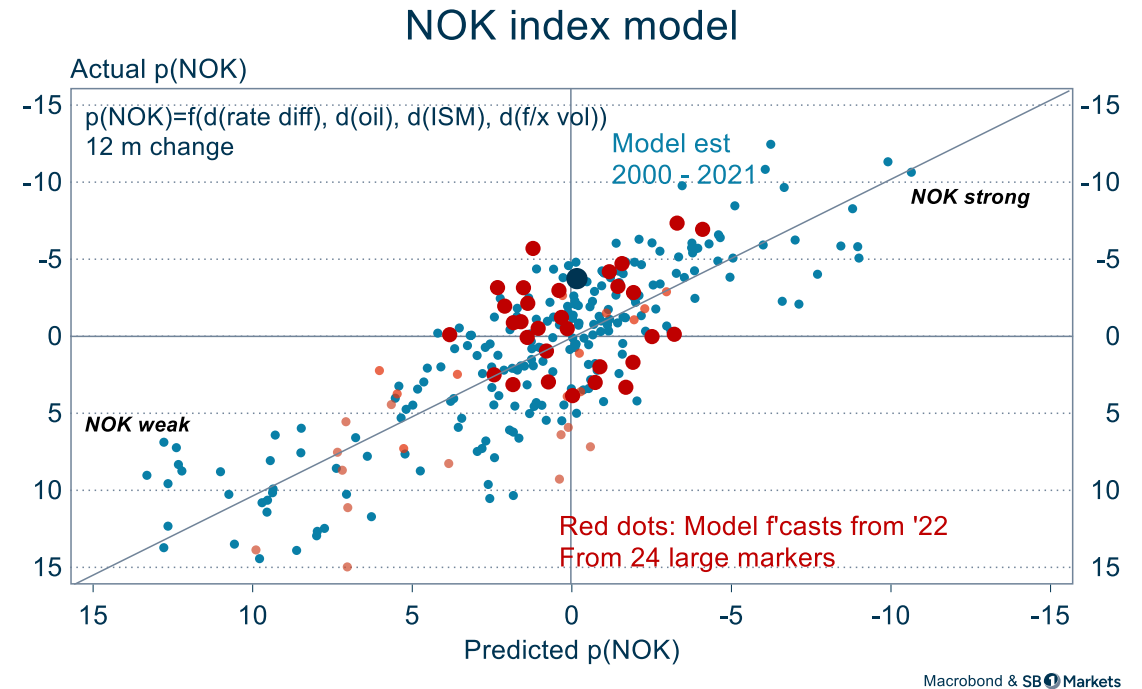
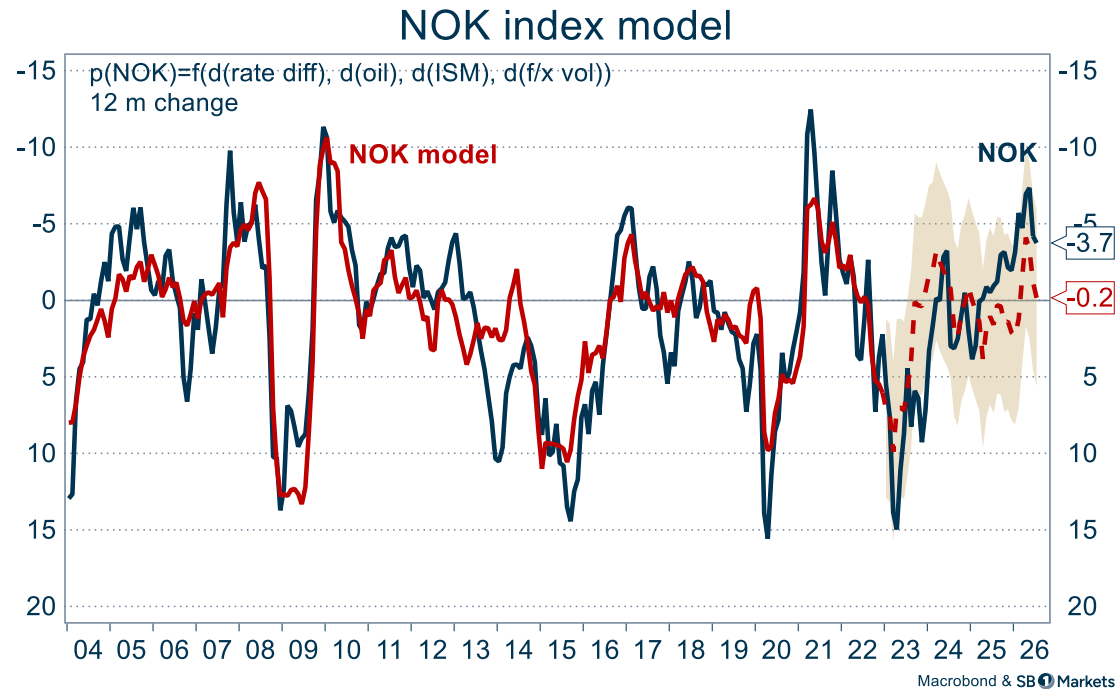


### NOK exchange rate model



# Short-term NOK cycles: The NOK appreciation over the past year

Our model suggests a 0.2% NOK appreciation over the past 12 months, while NOK has climbed 4%. A higher oil price and a higher rate differential explain most of the estimated strengthening – but half of the appreciation is due to other factors than the normal ‘drivers’.



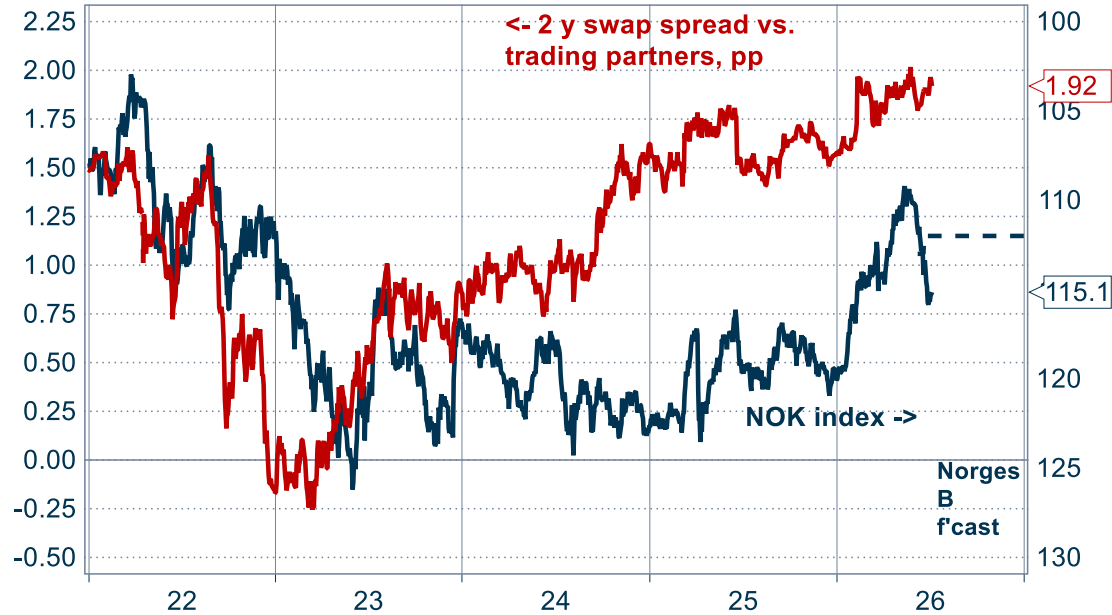
- Most of the NOK's ups and downs (if not necessarily the level at all times) are well explained by a few 'macro' variables: the 2y rate differential relative to trading partners, the oil price, the US ISM manufacturing survey, and FX volatility. The oil price has been the most important factor.



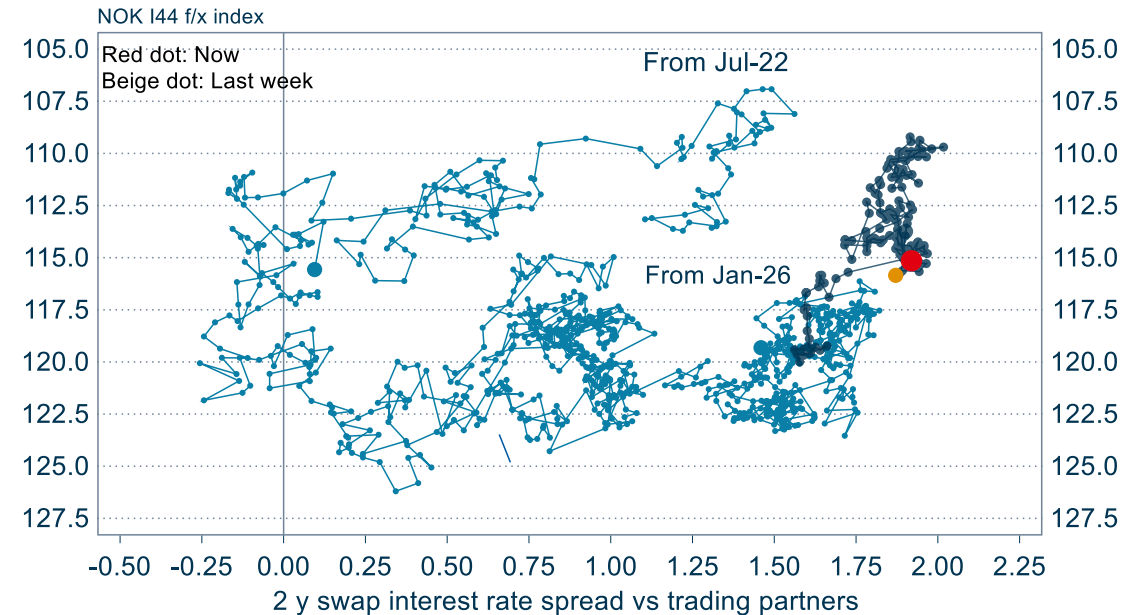
# The rate differential has widened recently (but the NOK has followed the oil price down)

Still, so far in 2026, NOK has correlated with the 'right sign' with the 2y swap differential vs. trading partners, if not week-by-week. Last week, the rate diff. widened, and the NOK appreciated. However, the *partial* correlation is not impressive over time.

### NOK vs interest rate spread

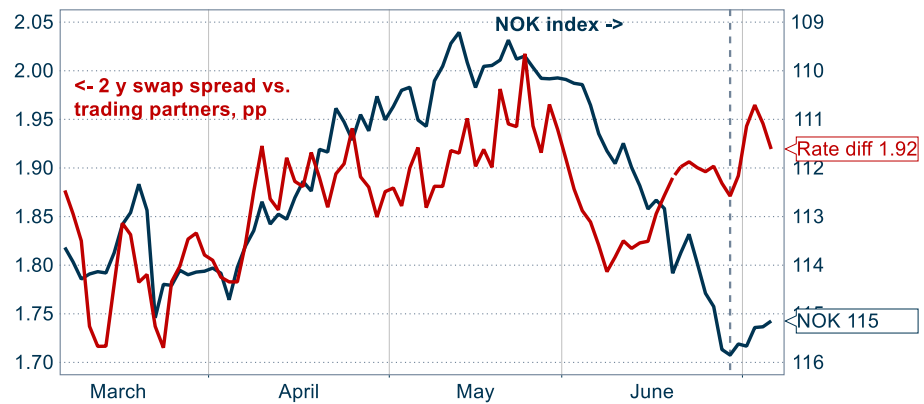


### NOK vs. 2 y swap spread



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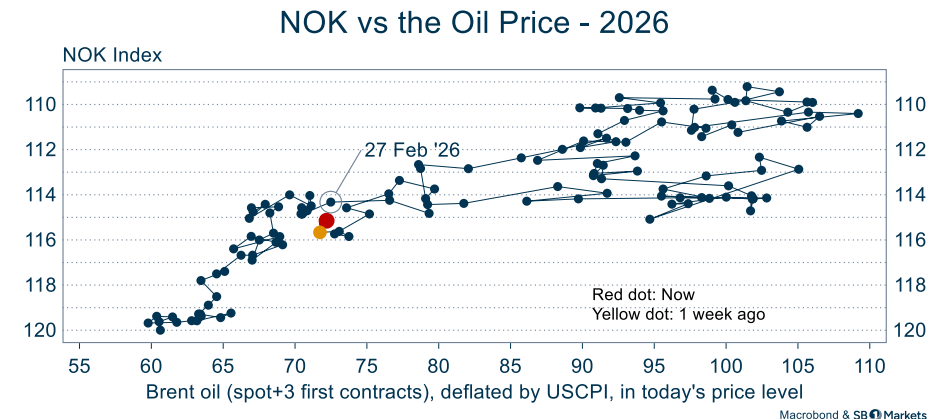
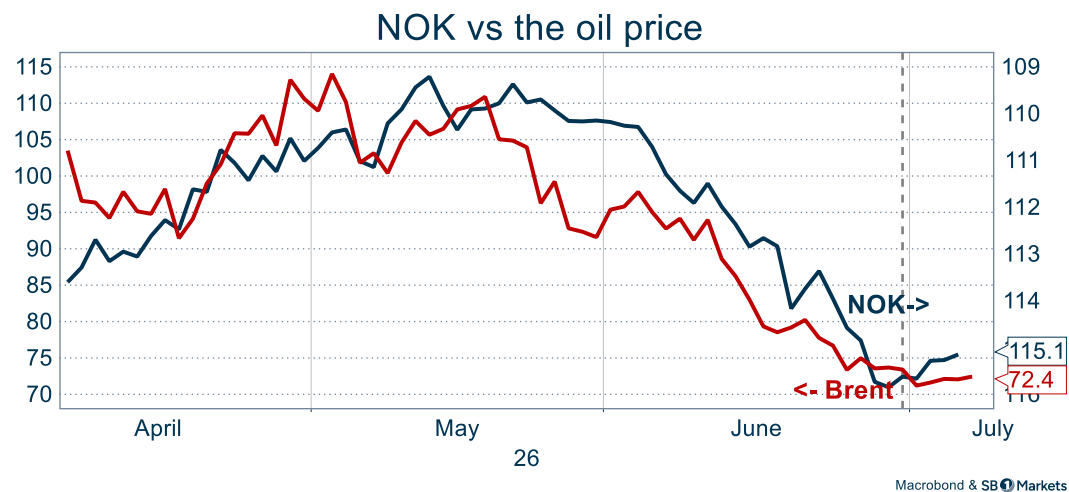
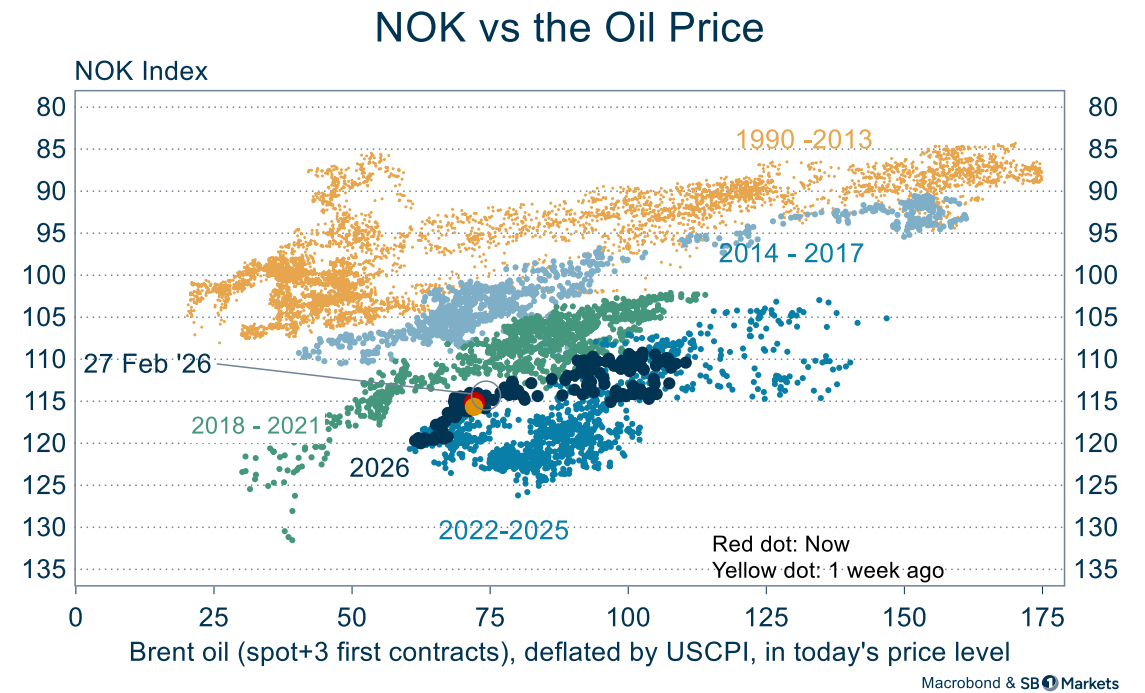
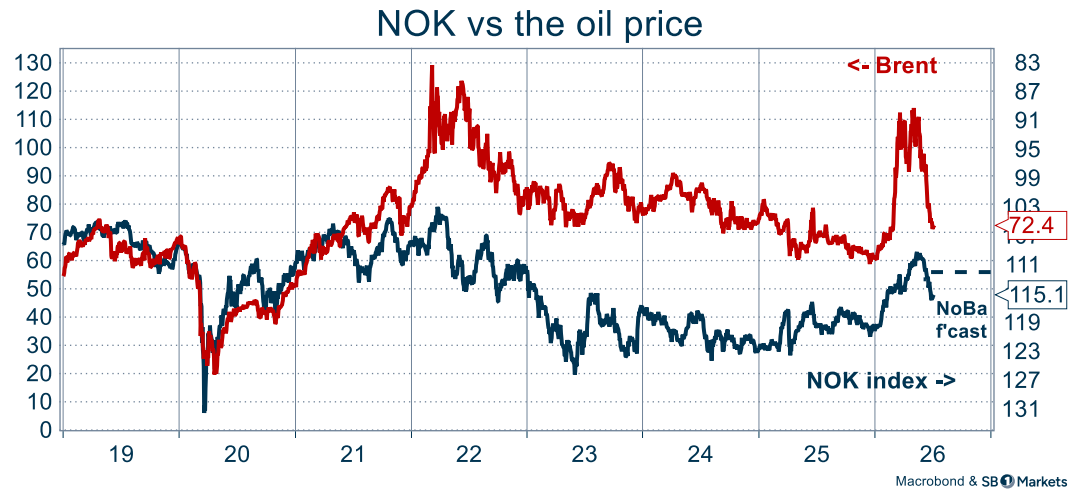
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# NOK has followed the oil price down – back to where both were in late February

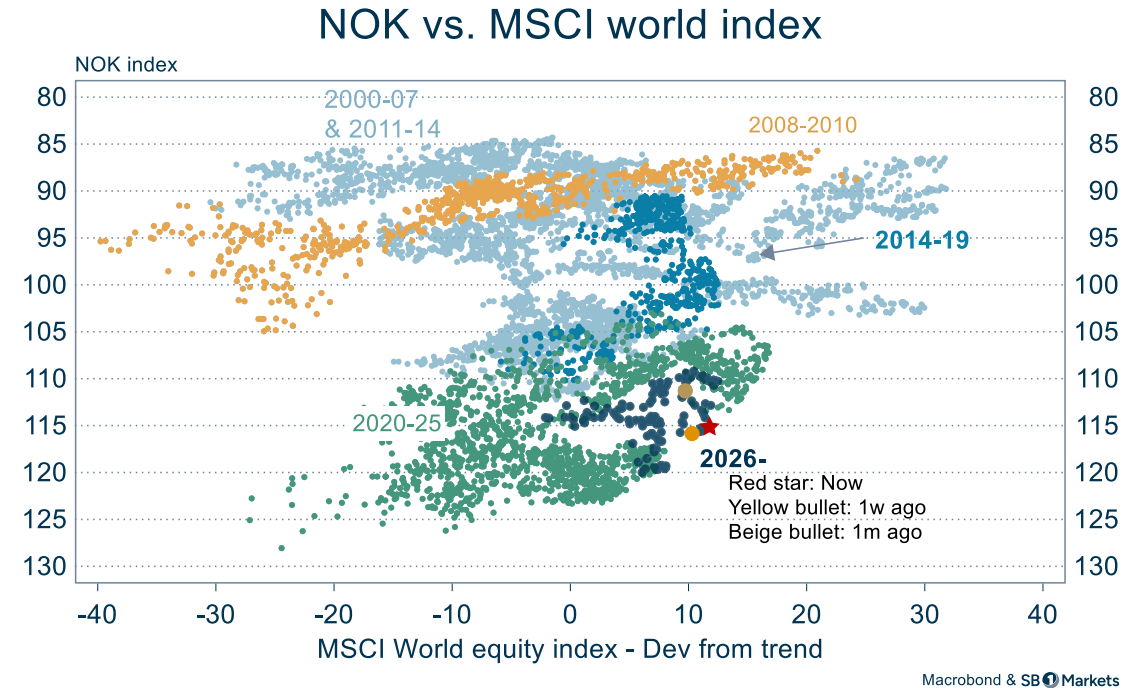
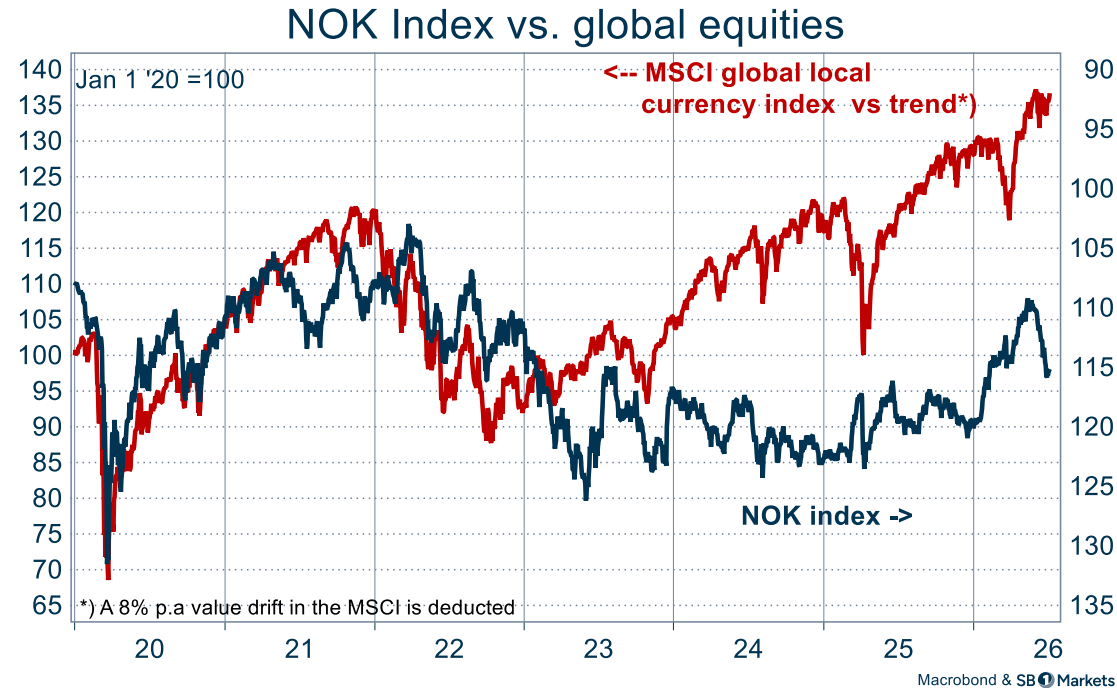
NOK is in fact a tad weaker vs. the oil price than on 27 Feb, the day before the Gulf war started. Last week NOK strengthened marginally, even if the oil price declined





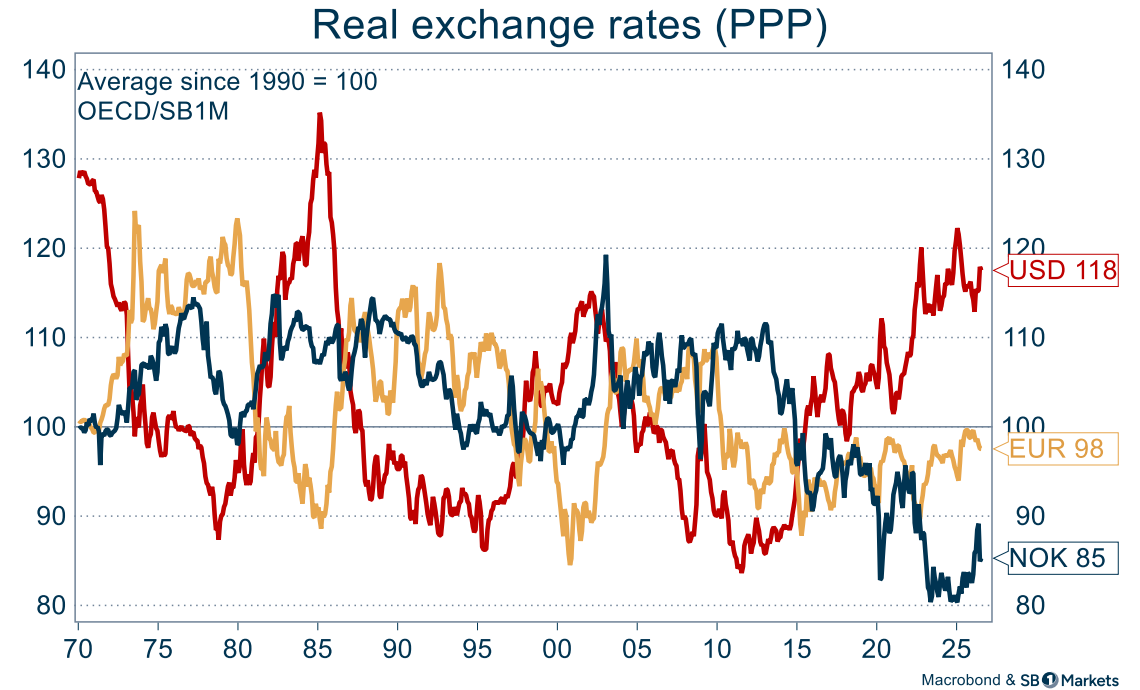
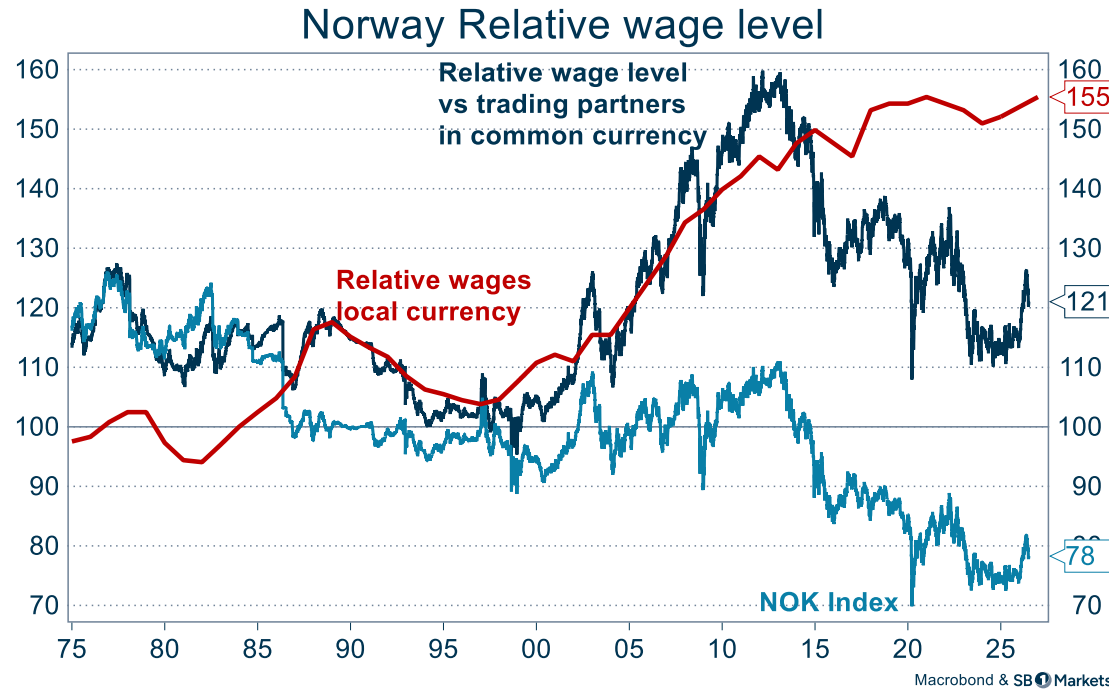
# Global equities turned up, and the NOK followed suit

The correlation has been far from perfect over time, but a stronger stock market has usually been supportive of the NOK – and vice versa  
Now, the oil price works in the other direction, of course.





# NOK weaker recent weeks – and probably too weak



- Norway’s wage costs have long been higher than abroad due to higher productivity, with a 5–20% gap before 2000.
- The return from the Oil Fund now equals about 14% of GDP and a quarter of imports, justifying a higher cost level. The current wage-cost gap is 21%, up from 12% in 2024. This relative cost level may still be on the low side, but the gap to a fair value has certainly narrowed substantially.
- Norway’s price level is 15% below the 1990 average relative to trading partners, improving from 20% below.
- Other currencies:
  - The real USD exchange rate is well above a long-term average level – and has appreciated recently
  - The real EUR exchange rate is close to an average.

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