



# Macro Weekly

Week 37 2026

07/09/2026

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# Markets: energy up, OSE & NOK up, rates up

- **Big picture:**

- No peace between Iran and the US in sight, and even if substantial quantities of oil are shipped through the strait, energy prices trend up again, supporting NOK and the OSE.
- A stronger-than-expected US labour market report lifted rates and bond yields, but European and Japanese bond yields rose more last week.
- The JPY surged on intervention rumours and BoJ hike expectations. The USD turned down again.

- **Commodities: energy up, metals flat**

- In sum, higher with energy in the lead. Food prices rose slightly while metal prices flattened, at a high level. **European natural gas prices** trend upwards. **Product spreads** (refinery margins) were mixed last week, but all remain above normal levels. Gasoline futures point downwards though.

- **Equity markets: mixed, most were down**

- The global MSCI declined marginally but both OSE and the main US indices were up, while most others were down, DAX and Nikkei the most. The S&P500 trades at 41x 10y average (real) earnings, an aggressive multiple. OSE is priced at 2.41x the book value, also a rich valuation.

- **Short-term rates: just minor changes in the very short end**

- **US rate expectations** fell on a dovish Waller (a Fed board member) but recovered on Friday's strong labour market report.
- **A single hike** before the end of the year is discounted in the UK, Sweden and Norway, 50/50 for 2 hikes in the US, and 60/40 for 2 more hikes in EMU, the first delivered this week.
- Next year, another hike is (almost) expected in the US, 1 hike in EMU, 1½ hikes in UK, almost 2½ hikes in Sweden (to 2.66%, from the current 1.75%). In Norway there is less than a 50% probability of a cut back to 4.25% (following a hike to 4.50% at one of the upcoming meetings).
- The **2y swap rate** rose everywhere: by just 1 bp in Norway, while our trading partners were up 5 bps.

| 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    | 0.36        | 0.29        | 0.42        | 0.23        | 0.28        |
| <b>End of 2026 (market)</b> | <b>3.99</b> | <b>4.04</b> | <b>2.67</b> | <b>1.98</b> | <b>4.53</b> |
| ... Change last week        | -0.02       | 0.00        | 0.02        | 0.01        | 0.01        |
| Change through 2027         | 0.23        | 0.40        | 0.30        | 0.69        | -0.10       |
| <b>End of 2027 (market)</b> | <b>4.22</b> | <b>4.44</b> | <b>2.97</b> | <b>2.66</b> | <b>4.42</b> |

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

- The 10y US gov. bond rate added 5 bps to 4.78%, as did the USD 10y swap rate. The average among our trading partners was +4 bps, like in NOK. Long-term bond yields and swap rates trend upwards. Norwegian rates have climbed the least in the last month, and rate differentials have narrowed. Most of the lift in longer-term rates/yields in recent weeks and months has been in the real rate component, in the US as in Europe. In Europe, inflation expectations in the short end of the curve have increased alongside higher energy prices, but longer-term expectations are well behaved. Term premia have not contributed by much, and CDS premia do not suggest any increased credit risk on US Treasuries. Thus, the lift in nominal rates/yields is 'clean': real rates are on the way up, consistent with higher long-term growth expectations, and some, but manageable, worries about budget deficits and higher corporate borrowing.

- **FX: NOK stronger, the USD weaker.**

- NOK was supported by oil and gas prices, again. The USD depreciated alongside a narrowing interest rate spread vs. Germany at the short end of the curve. SEK continues downward, in spite of higher SEK rates and decent growth signals.

- **Credit spreads: a small step upwards**

- The **US BBB spread** (over 10y vs. US Treasuries) has been drifting upwards since early June and rose 5 bps to 121 bps last week. The Norwegian Bank 2 5y spread was flat at 52 bps, the lowest level since 2022.



# Last week: the economy

- **Norway: housing prices are not collapsing, just flattening**

- **Housing prices** recovered most of the out-of-the-blue 1% m/m (World Cup?) drop in July and **rose 0.8% in August**. Prices are still close to flat the past 4 months, and prices are drifting down in a majority of towns, led by the east (Oslo included) and Trondheim. Prices still head up in the south, west and in Tromsø. Sales are heading down and the inventory of unsold homes has increased slightly so far in 2026. However, the inventory of unsold homes in Oslo has shot up to the highest level ever, signalling some downside risk in this market. Nationally, real prices are still down 5–6% from the 2022 peak level, with huge regional differentials. Real prices in Stavanger are up 16%; Bergen 10%; Oslo -8%; Trondheim -13%.
- **Financial accounts** ('flow of funds') report strong growth in households' accumulation of financial assets in H1. Including pension savings, the cash surplus rate equals almost 8% of disposable income, **one of the highest prints on record**. Investments in funds shares are surging, growth in bank deposits is slowing. This week, SSB will publish households' savings within the national accounts concept.
- **Norges Bank** will sell NOK 300m/d on behalf of the Government in September vs. 350m/d purchases in August. Higher gas and oil prices imply higher NOK tax payments that will cover the government deficit.

- **Final PMIs & ISM: rapid growth, price pressures**

- **The global composite PMI** rose 0.8 p to 53.5 in August, **signalling close to 4% global GDP growth**, above the current 3% pace (and 2.2% in Q2, due to the energy 'shock'). The US PMI (S&P) rose to the top of the ranking, and a **composite ISM** (our calc.) rose sharply as well, both as services reported far higher growth than in July.
  - The **US manufacturing ISM** slowed just slightly and at 54.6 it still reports growth above trend. **The US service sector ISM** rose to 55.4, with orders/activity both above the 60-line! The problem: **The price index** is **above the 70-line**, and comments from the companies emphasised cost pressures!
  - The **EMU composite PMI** was flat at 52.0, supported by a lift in the German manufacturing PMI to the best level since 2022 (54.3). Services slowed though.
  - The **Chinese PMIs** were up but still signal modest growth.
  - The **Swedish PMIs** rose in August, and at 55.8 (no. 2 in the global ranking, behind the US), the composite signals GDP growth well above average.
  - Brazil, France and Canada report PMIs below the 50-line.

# Last week: the economy, II

- **US: a balanced labour market (at least)**

- **Nonfarm payrolls** surprised on the upside in August, +162,000, almost 3x the expected 55'. In addition, Jun/July was revised up by 55'. Local governments (education) and leisure & hospitality reversed cuts in June/July, and several other private sectors contributed as well. The 3m average rose to 71'. **Unemployment** was unchanged at 4.1%, as expected, and the employment rate rose 0.2 p. However, the longer-term trend in the employment rate is down rather than up, and a setback like the one over the past 3 years has never been seen outside recessions. On the other hand, there is no sign of more discouraged workers, and average hours worked are increasing. **Job openings** have increased so far in 2026, and SMEs (NFIB) report more **aggressive hiring plans** and that it is **harder to fill open positions in recent months, if not further in August**. The inflow of **new jobless claims** remains low, as do continued claims. Taken together, **the labour market should not prevent the Fed hiking the Funds rate next week** – which the market expects (by a 60/40 vote).
- The **Beige Book** (Fed's regional network survey) was marginally weaker than 6 weeks ago, but still more upbeat than normal (the BB sentiment indicator is 0.3 std. dev. above average). The main problem: Cost pressures, but not from the labour side.
- **Construction spending** is declining, even in nominal terms. Residential investments are to blame. However, investments in construction of manufacturing production of electronics etc. decline faster than the surge in construction spending on data centres. Spending on new office buildings has collapsed.
- **The trade deficit** in goods and services widened sharply in July, as signalled by the advance goods trade report. Front-running of new tariffs, or for real? Atlanta Fed's GDP nowcaster assumes that inventories will be stuffed with imported goods, and that GDP will shoot up almost 5% in Q3.

- **Eurozone: high inflation, low unemployment**

- **The headline HICP (CPI)** inflation accelerated 0.2 pp to 3.3% y/y, as expected. The core slowed to 2.4%, 0.1 pp below expectations. Core prices rose 0.16% m/m but growth in recent months still equals 2.5% annualised. Energy prices are up 14% y/y and will most likely accelerate further. In ECB's world, monetary policy must respond.
- **The unemployment rate** at 6.4% in July was a tenth higher than expected, unchanged from an upward-revised level in June. The trend is flat, at (very close to) the lowest level since the early 80s.

# Week ahead: ECB will hike to 2.5%. NO & US CPIs will decide if CBs will hike or not

| Time                    | Count | Indicator                         | Period | Forecast | Prior   |
|-------------------------|-------|-----------------------------------|--------|----------|---------|
| <b>Monday 07 Sep</b>    |       |                                   |        |          |         |
| 08:00                   | SW    | CPI YoY                           | Aug P  | 0.5%     | 0.2%    |
| 08:00                   | SW    | CPIF Excl. Energy YoY             | Aug P  | 0.7%     | 0.6%    |
| 08:00                   | GE    | Industrial Production SA MoM      | Jul    | 0.2%     | 0.2%    |
| 08:00                   | NO    | Manufacturing production MoM      | Jul    |          | -1.0%   |
| 11:00                   | EMU   | GDP SA QoQ, revisions, details    | 2Q T   | 0.4%     | 0.4%    |
| <b>Tuesday 08 Sep</b>   |       |                                   |        |          |         |
| 06:00                   | SW    | Housing prices, Mäklarstatistik   | Aug    |          |         |
| 08:00                   | NO    | Households' savings rate          | Q2     | (6.0%)   | 4.9%    |
| 12:00                   | US    | NFIB Small Business Optimism      | Aug    | 99.2     | 99.8    |
| <b>Wednesday 09 Sep</b> |       |                                   |        |          |         |
|                         | CN    | Imports YoY                       | Aug    | 31.9%    | 27.5%   |
|                         | CN    | Exports YoY                       | Aug    | 26.0%    | 23.9%   |
|                         | CN    | Trade Balance                     | Aug    | \$120b   | \$113b  |
| 03:30                   | CN    | PPI YoY                           | Aug    | 3.6%     | 3.5%    |
| 03:30                   | CN    | CPI YoY                           | Aug    | 0.8%     | 0.5%    |
| <b>Thursday 10 Sep</b>  |       |                                   |        |          |         |
| 08:00                   | NO    | CPI YoY                           | Aug    | 3.2%     | 3.0%    |
| 08:00                   | NO    | CPI Underlying YoY                | Aug    | 3.0%     | 2.7%    |
| 08:00                   | SW    | GDP Indicator SA MoM              | Jul    | -0.1%    | -0.2%   |
| 14:15                   | EMU   | ECB Deposit Facility Rate         | 10-Sep | 2.50%    | 2.25%   |
| 14:30                   | US    | Initial Jobless Claims            | 5-Sep  | 205k     | 206k    |
| 14:30                   | US    | PPI Final Demand MoM              | Aug    | 0.4%     | 0.0%    |
| 14:30                   | US    | PPI Final Demand YoY              | Aug    | 5.2%     | 4.7%    |
| 16:00                   | US    | Existing Home Sales               | Aug    | 3.98m    | 4.06m   |
| <b>Friday 11 Sep</b>    |       |                                   |        |          |         |
| 08:00                   | UK    | Monthly GDP (MoM)                 | Jul    | 0.0%     | 0.3%    |
| 08:00                   | UK    | Manufacturing Production MoM      | Jul    | 0.2%     | -0.5%   |
| 14:30                   | US    | CPI YoY                           | Aug    | 3.4%     | 3.4%    |
| 14:30                   | US    | Core CPI YoY                      | Aug    | 2.4%     | 2.5%    |
| 14:30                   | US    | Core CPI MoM                      | Aug    | 0.2%     | 0.2%    |
| 16:00                   | US    | U. of Mich. Sentiment             | Sep P  | 51.0     | 51.7    |
| 18:00                   | US    | Flow of funds, financial accounts | 2Q     |          |         |
| 20:00                   | US    | Federal Budget Balance            | Aug    | -\$210b  | -\$345b |
| <b>During the week</b>  |       |                                   |        |          |         |
|                         | CN    | New Yuan Loans CNY YTD            | Aug    | 10787b   | 10380b  |
|                         | CN    | Aggregate Financing CNY YTD       | Aug    | 24399b   | 22250b  |

## • Norway

- **August CPI** is the decisive print for Norges Bank's September rate decision given that core inflation has been 0.6 pp lower than the central bank expected in both June and July. We expect core inflation up 0.3 pp to 3.0% and headline at 3.3%. A core inflation print close to 2.7/2.8 implies no rate hike. A print around 3.0% opens the door for a hike, depending on the other incoming data – which except developments abroad point toward Norges Bank keeping rates unchanged. A print close to 3.3% which is Norges Bank's forecast points in the direction of a hike.
- We expect SSB to report a lift in the savings rate in Q2. Financial accounts have already reported decent et financial investments.

## • US

- **CPI** is expected broadly sideways at 3.4% y/y while core inflation is expected to moderate from 2.5% to 2.4%. The August CPI print is the pivotal input for the September 16–17 FOMC meeting. Fed Chair Warsh warned in late August that the disinflation process has stalled. Last week's labour market figures confirmed that the labour market is in balance and the Fed's focus is rightly on the inflation side of their mandate. We expect a September hike from the Fed.

## • Eurozone

- **ECB will hike the key rate from 2.25% to 2.5%** as inflation has risen while economic activity has held up better than feared. Eurozone CPI rose to 3.3% in August, the highest level since September 2023. Super hawk Schnabel said rates must rise further given the prolonged Middle East conflict and a surprisingly strong euro-area economy. The hike will be supported by a broad Governing Council consensus with many other ECB members also flagging the need to hike rates.

## • Sweden

- **CPIF** is expected to rise to 0.9% from 0.7%, while **CPIF ex energy** is expected to rise to 0.7% from 0.6%. Adjusted for tax cuts and subsidies, core inflation is at 1.5–2.0% and monthly increases have accelerated recently. Riksbank Governor Thedéen has recently said that there are "no clear signs of a lasting, broad inflation upturn" but that the Riksbank "must have a high level of vigilance."

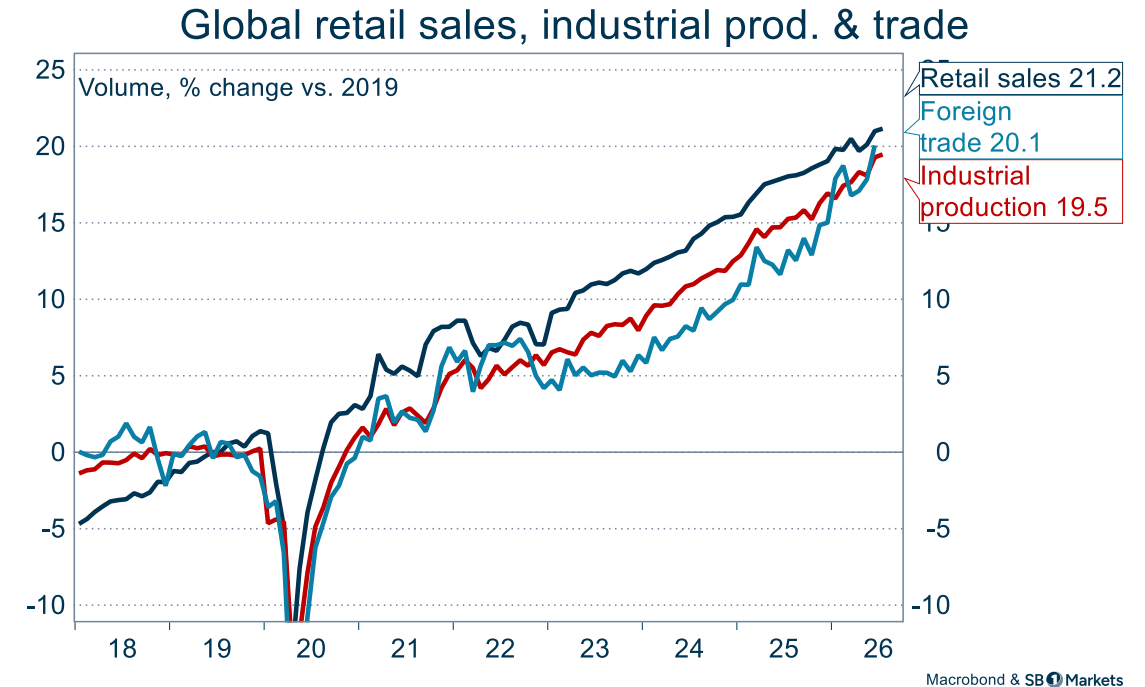
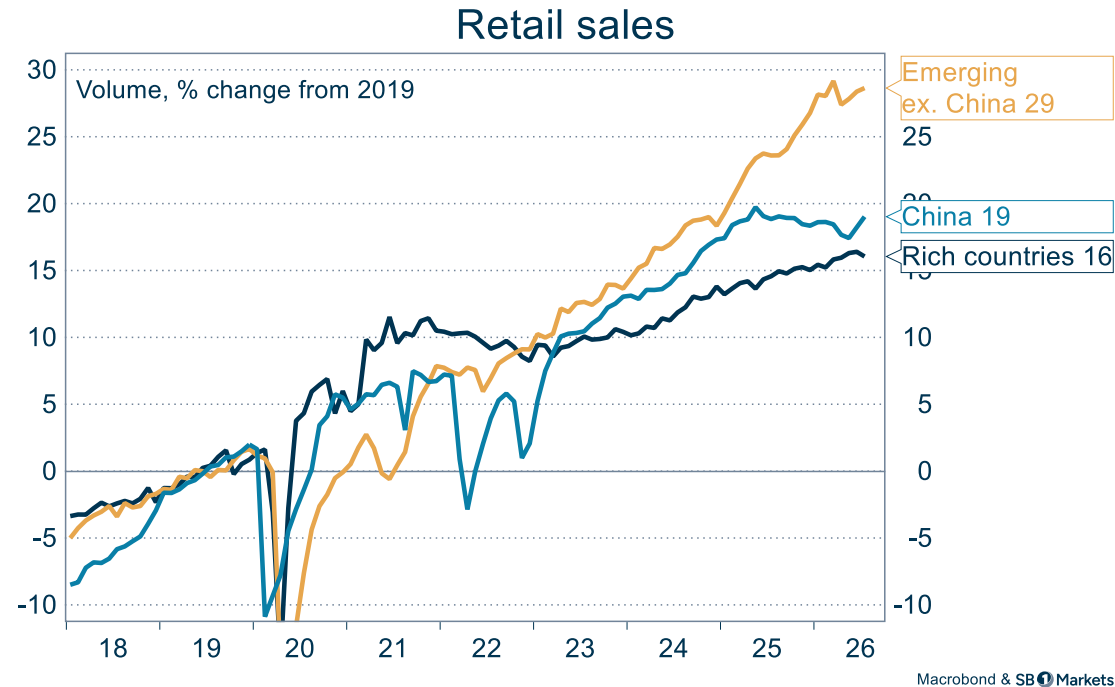
## • China

- **Net exports** have been surging, especially in real terms, supporting growth when domestic demand remains weak. In nominal terms, exports are up 24% and imports 28%! Prices are up 12% and 21% resp. The trade surplus is at 6% of GDP, which creates substantial frictions vs. several trading partners.
- **Credit growth** is gradually slowing, and household debt is declining. Housing bank deposits have exploded in recent years.



# Global Economy: Retail on the way up again, now even with China contributing

Retail sales in EM ex. China still trend upwards but slower, at least partly due to higher energy prices. Sales in China rose in both June and July (but are flat y/y). DM sales still drift upwards. Global industrial production is still going strong, and global trade is surging.



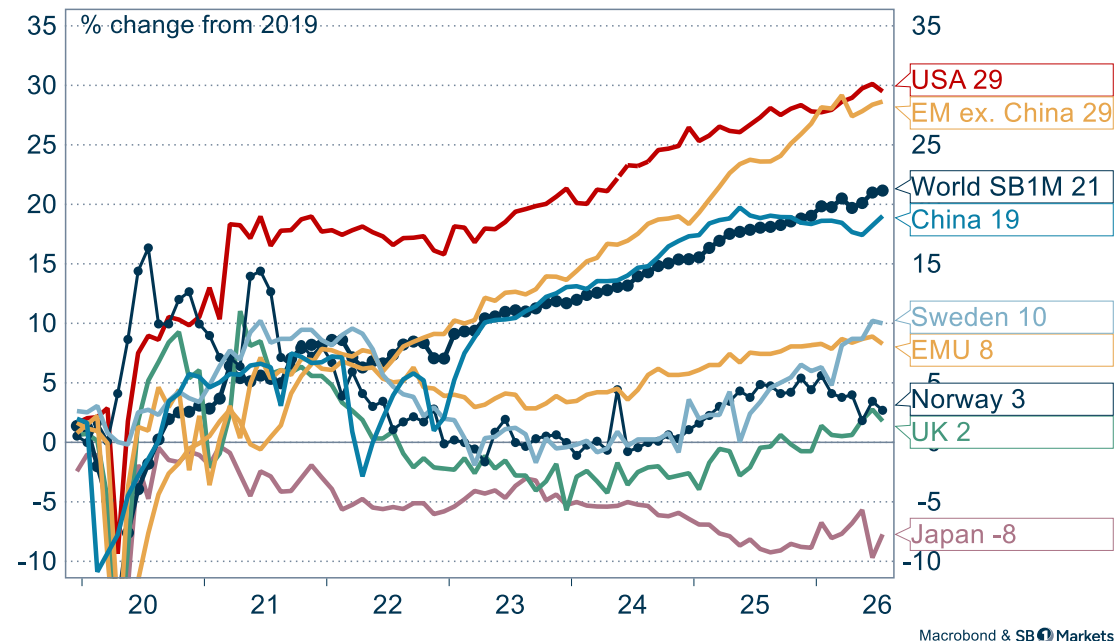
Extremely volatile retail sales data from Thailand have influenced the EM ex. China data series.



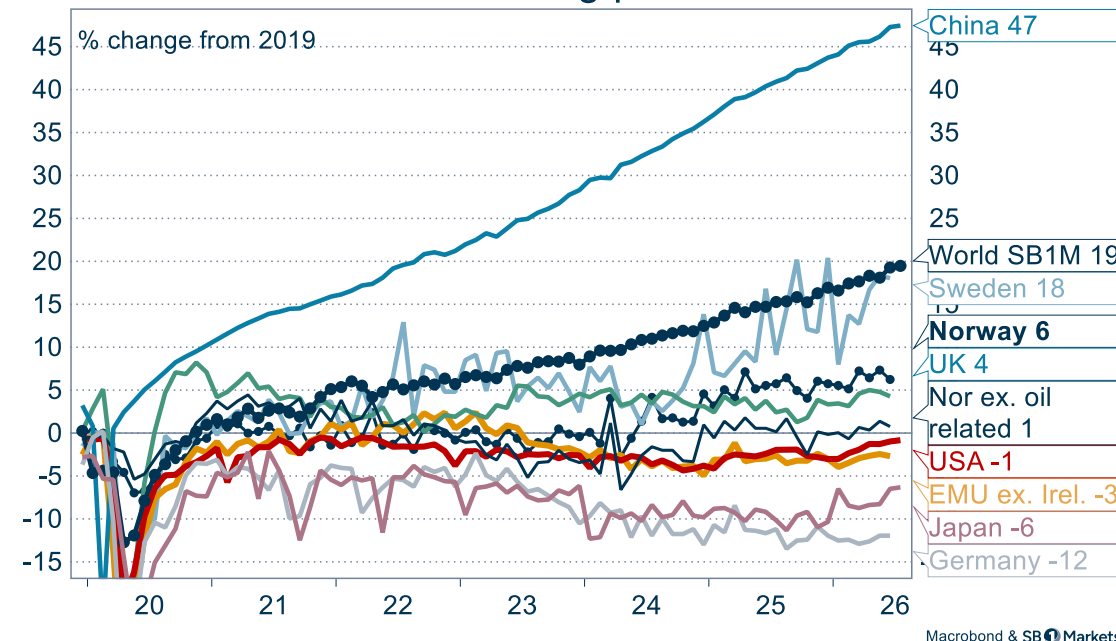
# Huge gaps in retail sales and manufacturing production. China leads in manufacturing

... but not in retail sales. The US is among the best in retail sales but not in industrial production (the gap is remarkable). EMU is in line with the US on production, but its retail sales are far weaker. Norway has been the loser in 2026.

## Retail sales volume



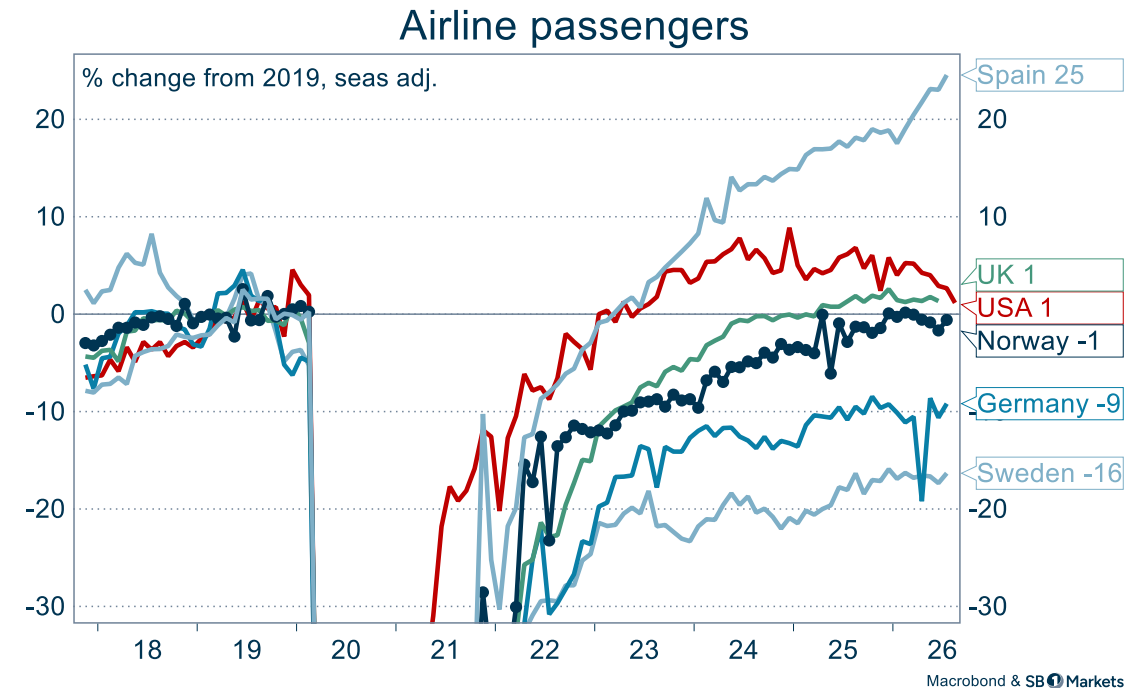
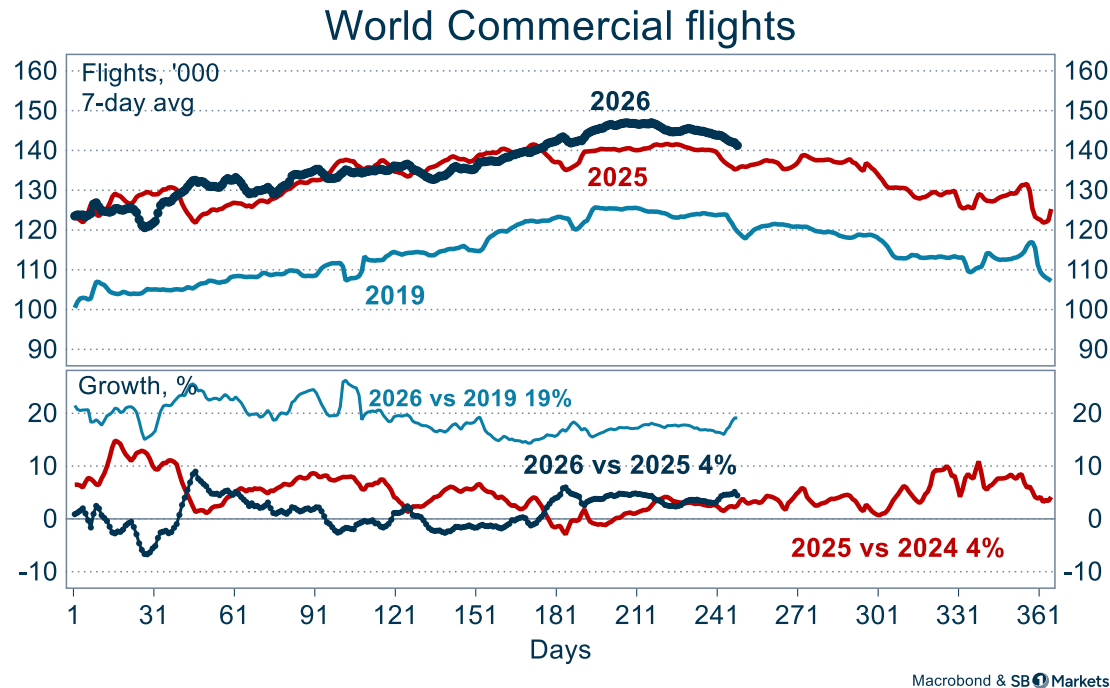
## Manufacturing production







# Global airline traffic still up 4%, no more Gulf war worries?

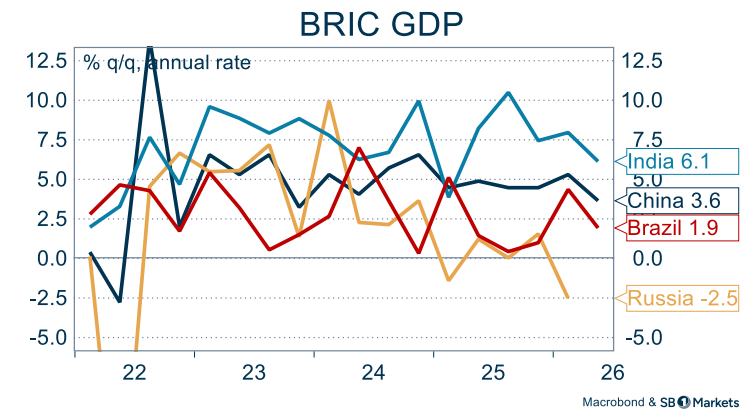
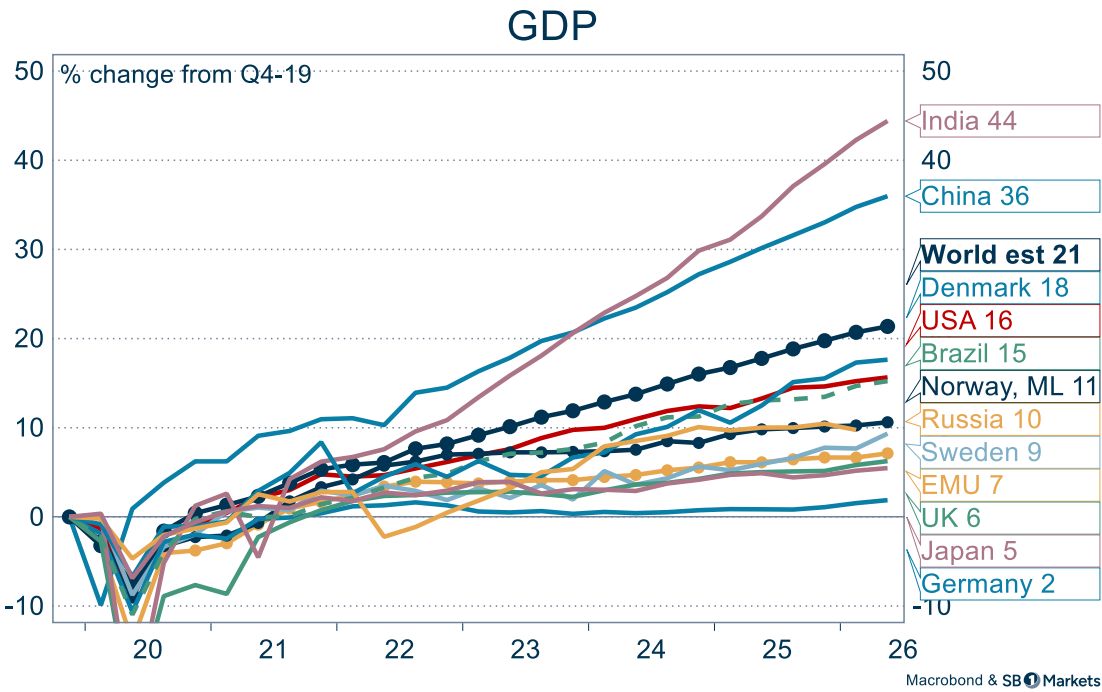


- Passenger numbers are recovering in most Western countries, except for the US, where traffic is declining from previously 'high' figures, almost back to the 2019 level. Sweden is well below the 2019 level, by 16%!
- Norway has climbed back up to its 2019 level, and Spain leads with a 25% increase.

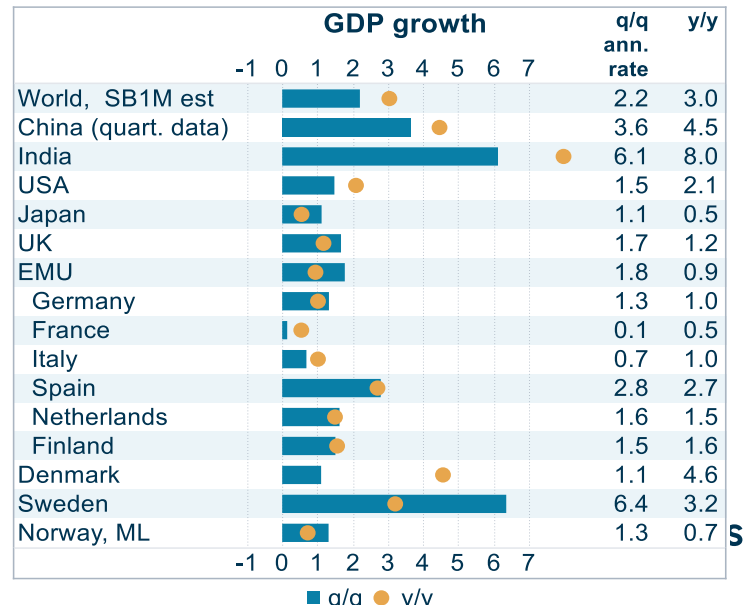
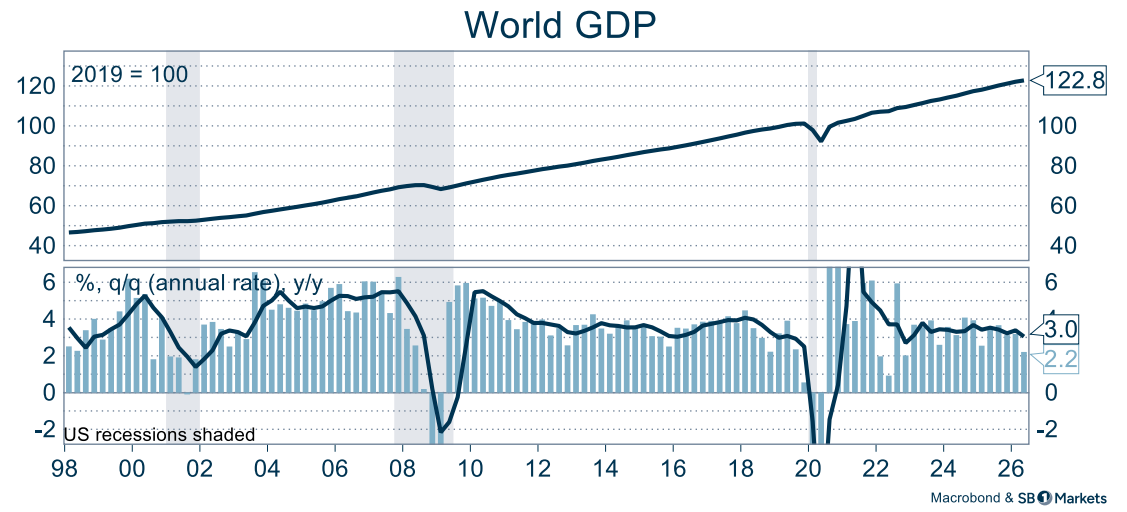


# Our Q2 global GDP growth estimate: down almost 1 pp to 2.2%, still up 3% y/y

No doubt, the Gulf war and the lift in energy prices lowered growth in Q2. Growth was higher in EMU than in the US (at least before adjusting for useless Irish GDP data). Norway has fallen towards the bottom of last year's growth ranking. Denmark and Sweden at the top.



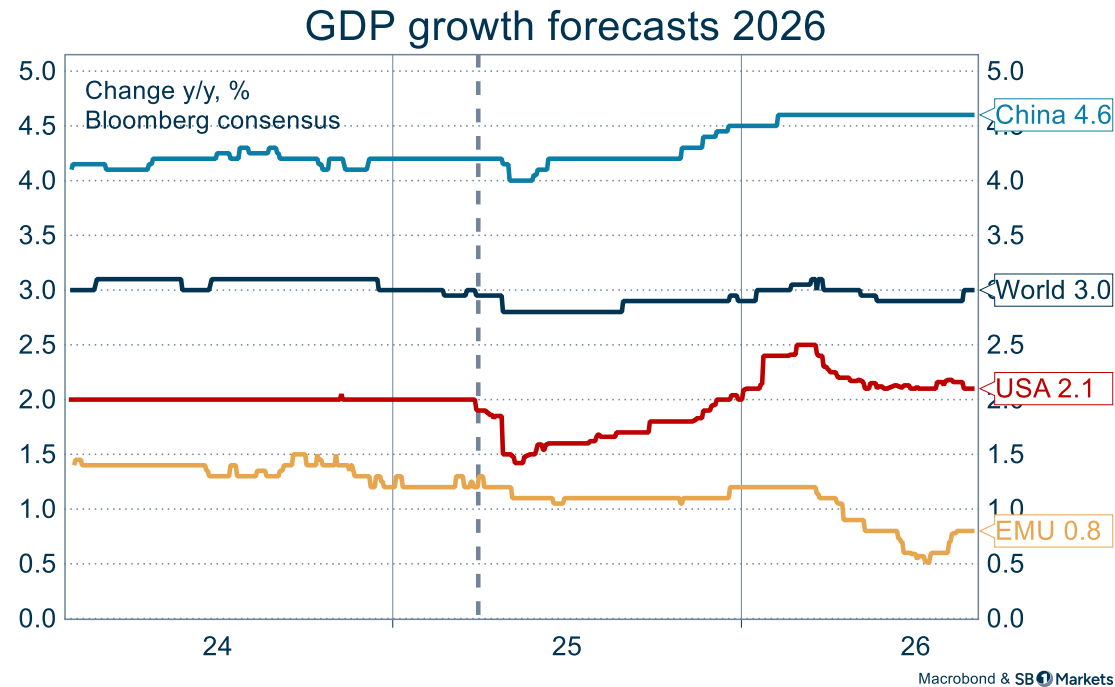
- India reported a 'modest' 6.1% growth in Q2, annualised, which is not that bad compared with the other main countries.
- China and Brazil slowed



World GDP is estimated by SB1M



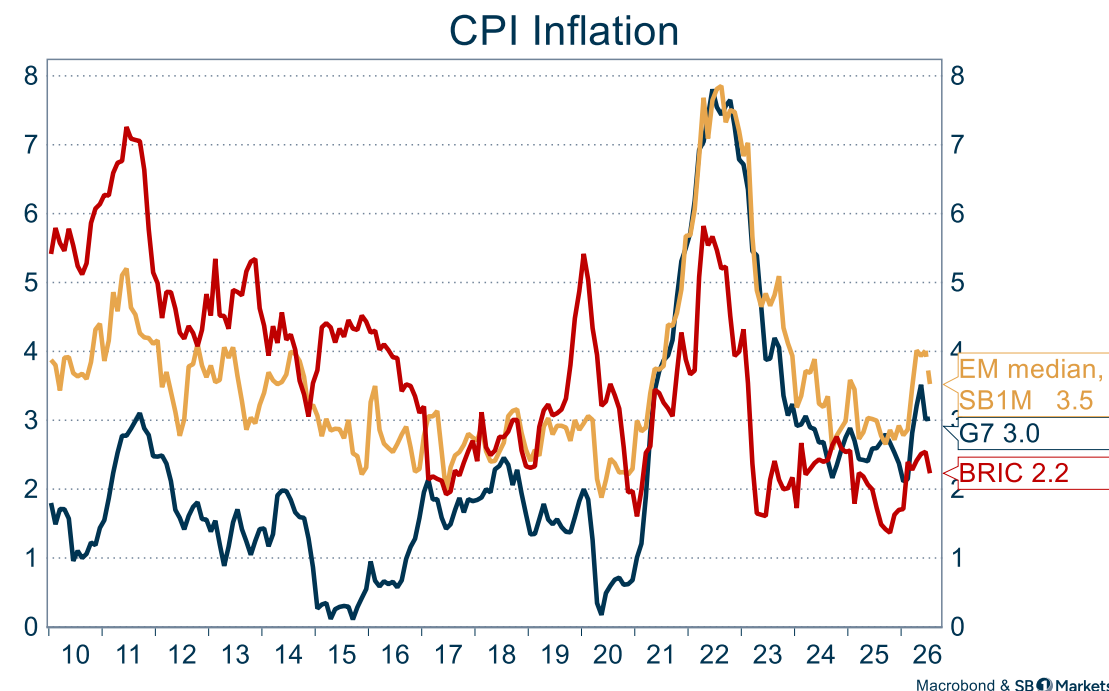
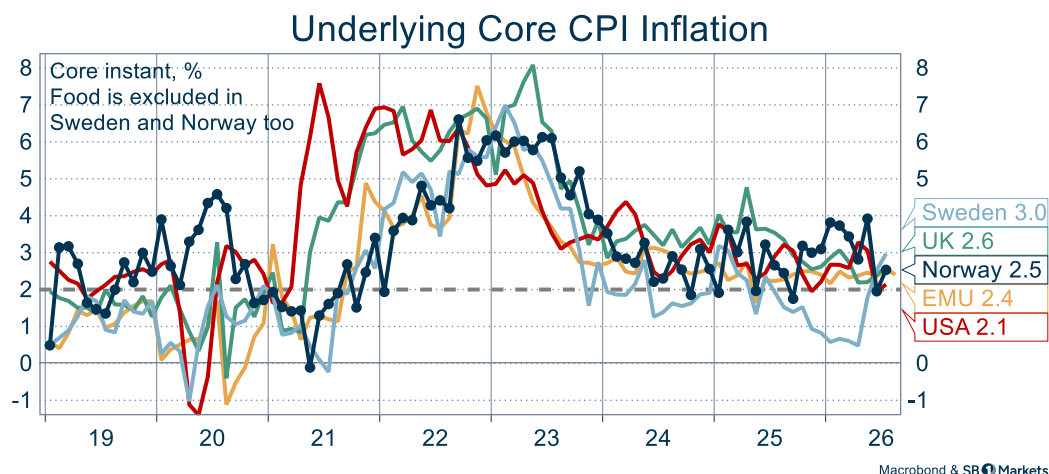
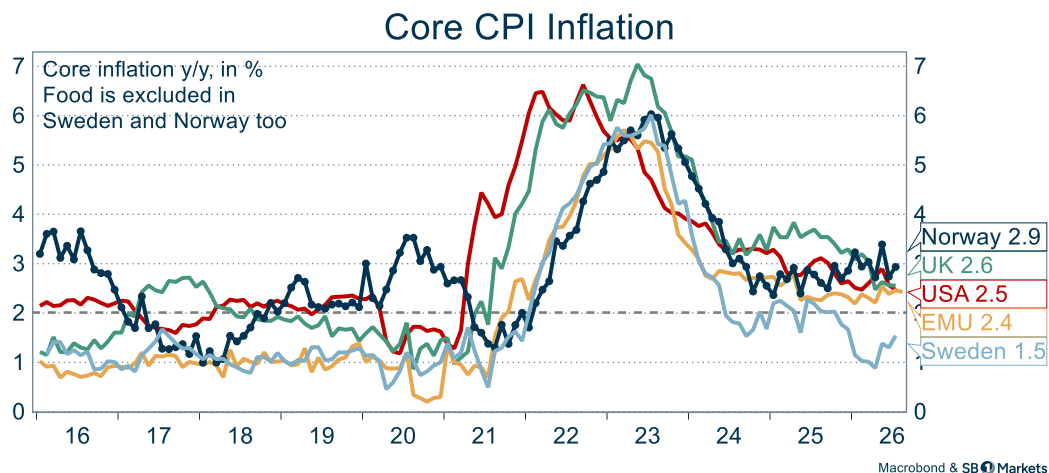
# 2027 GDP growth forecasts are boringly flat, at 'normal' levels





# Inflation: underlying core in recent months: between 2 and 3%, and most trend flat

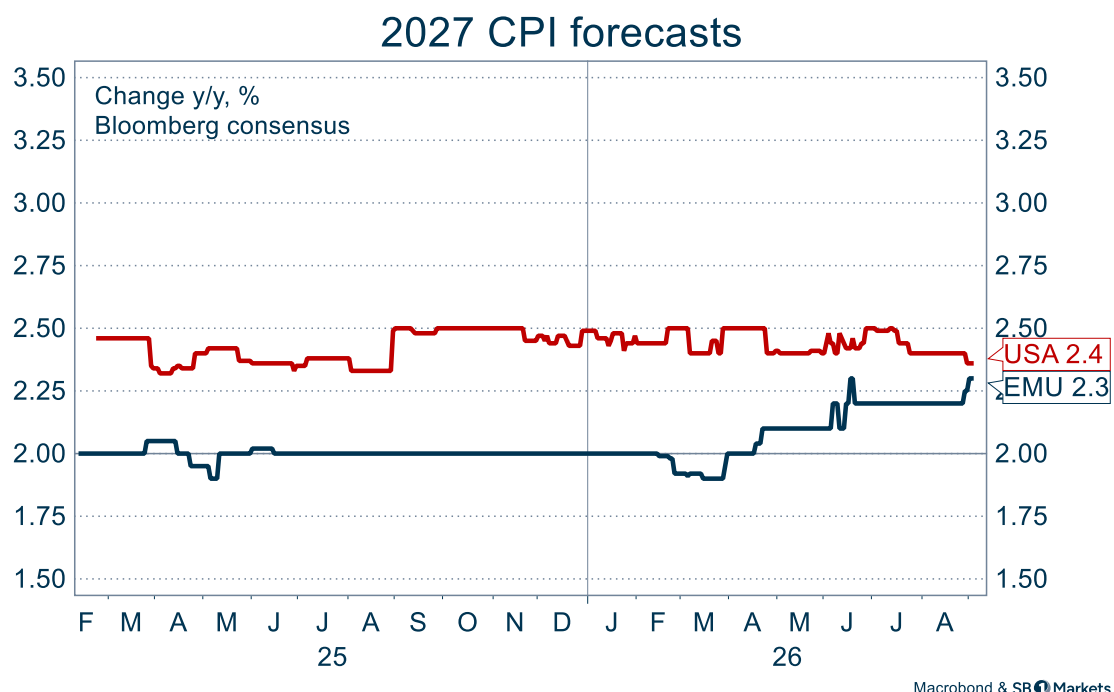
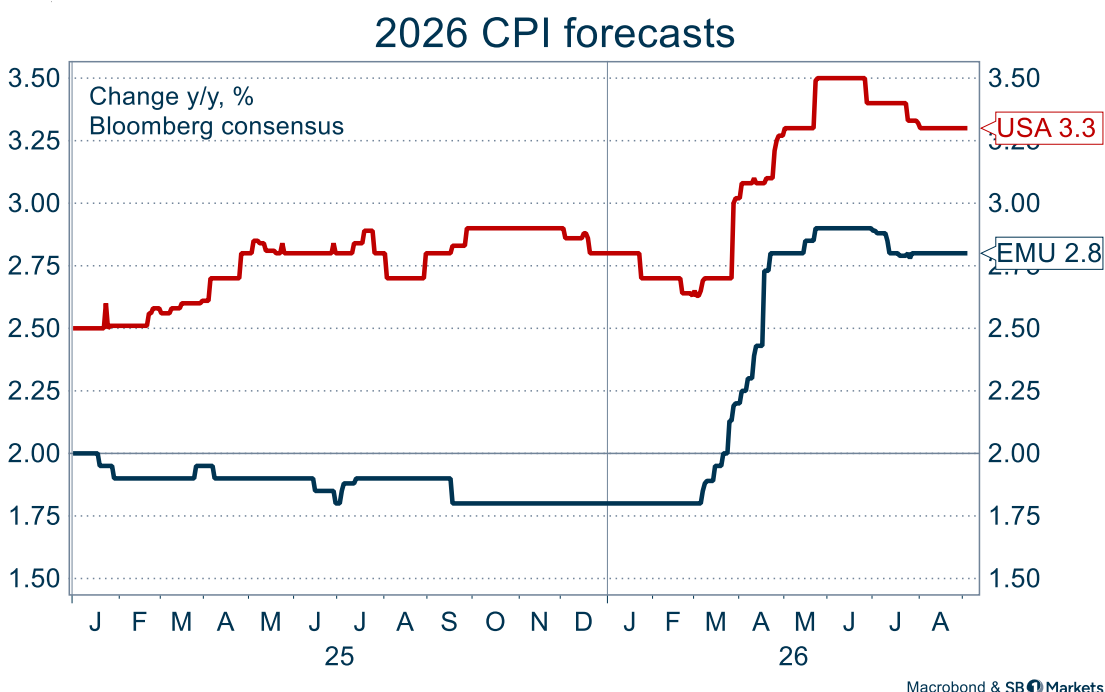
... and are a bit too high. The US CPI has fallen to 2.1% (in recent months, smoothed and annualised). The US PCE deflator (Fed's target index) is up more than 3% though.





# European 2027 inflation forecasts are inching upwards again, as gas prices climb

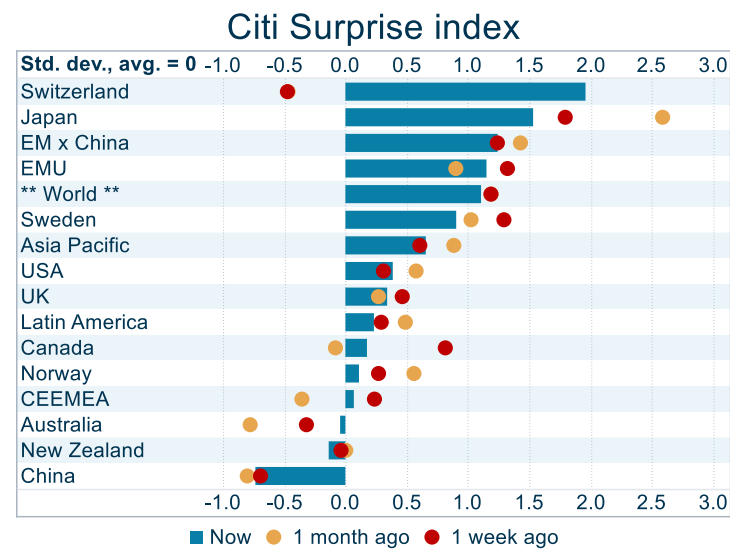
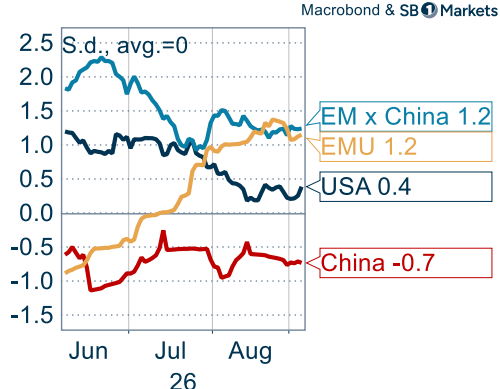
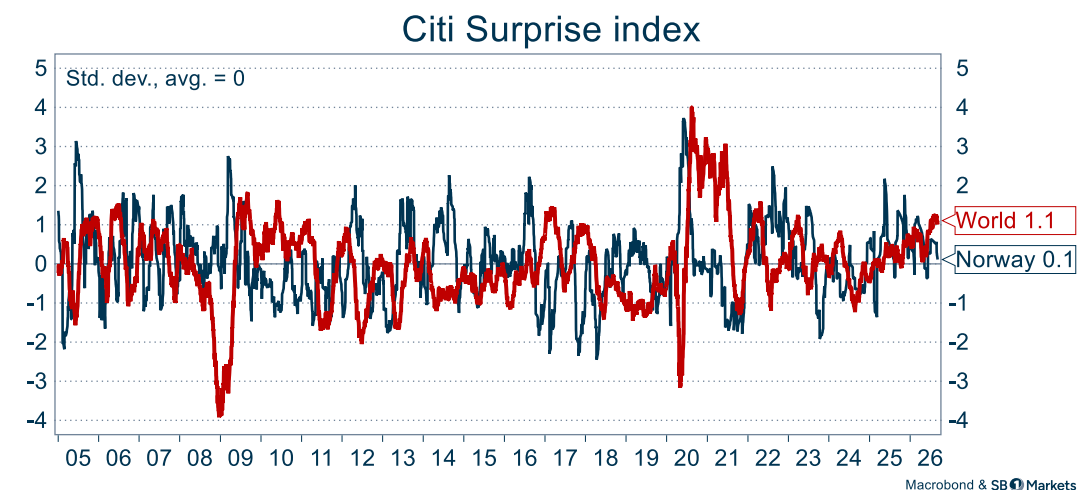
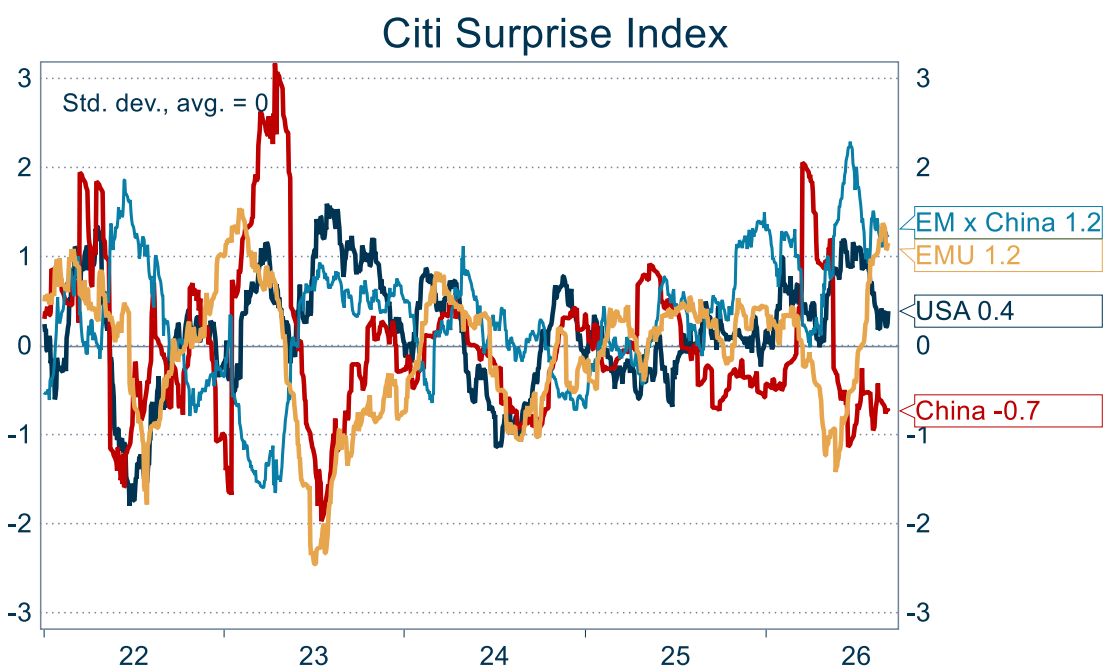
The 2027 EMU HICP (CPI) forecast of 2.3% is not far above the inflation target, but it is above. Before the war in the Gulf: 1.9%  
The US CPI forecast at 2.4% remains somewhat above as well, but it trends down. Before the war in the Gulf: 2.5%!





# Surprise indices: almost all are above average; Just China materially below

(Extremely volatile) Switzerland suddenly took the pole position, ahead of Japan and EM ex. China, followed by EMU and Sweden. US is also above average, and Norway, but not by much.

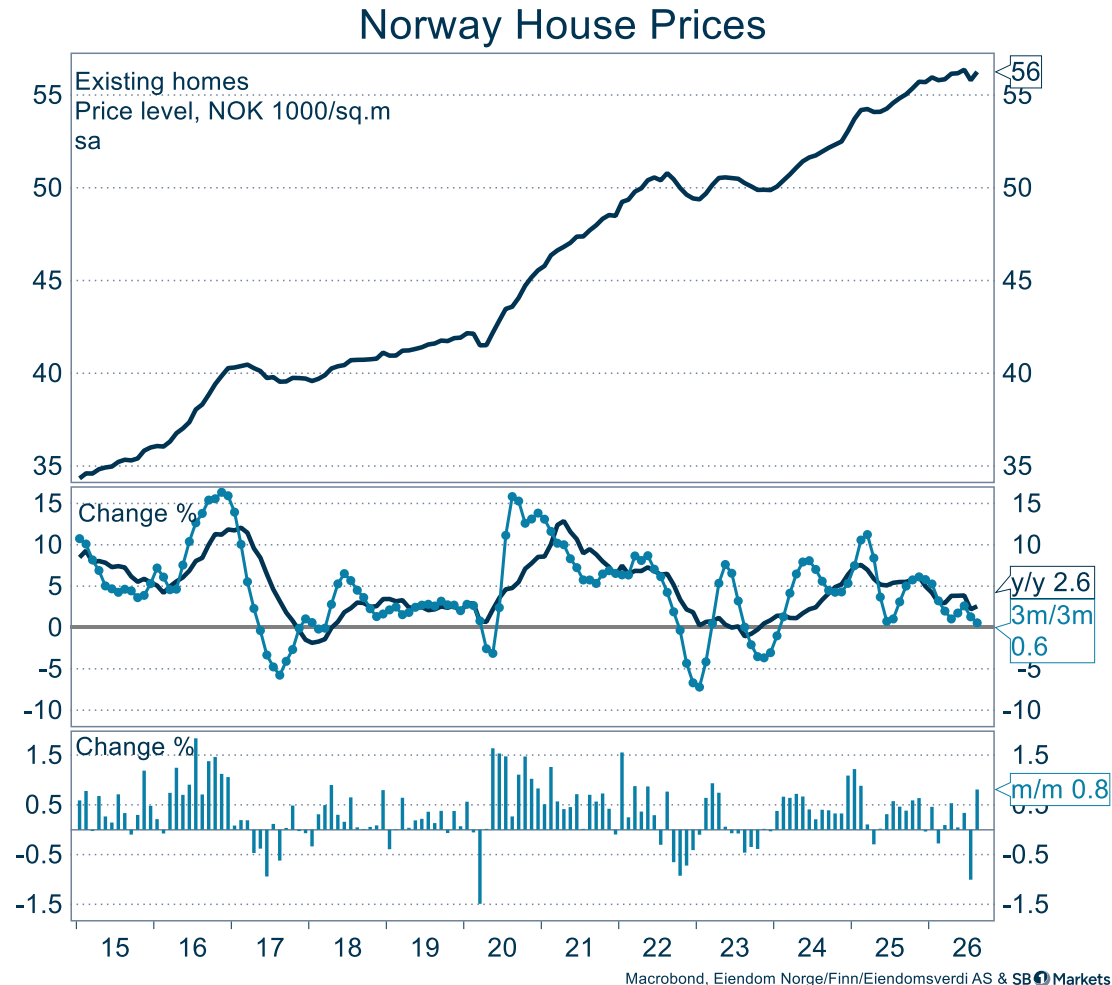


Surprise indices measure the difference between economists' expectations and the actual outcome over a 3-month rolling window, calculated by Citi



# Housing prices recovered most of the July loss, but trend flat

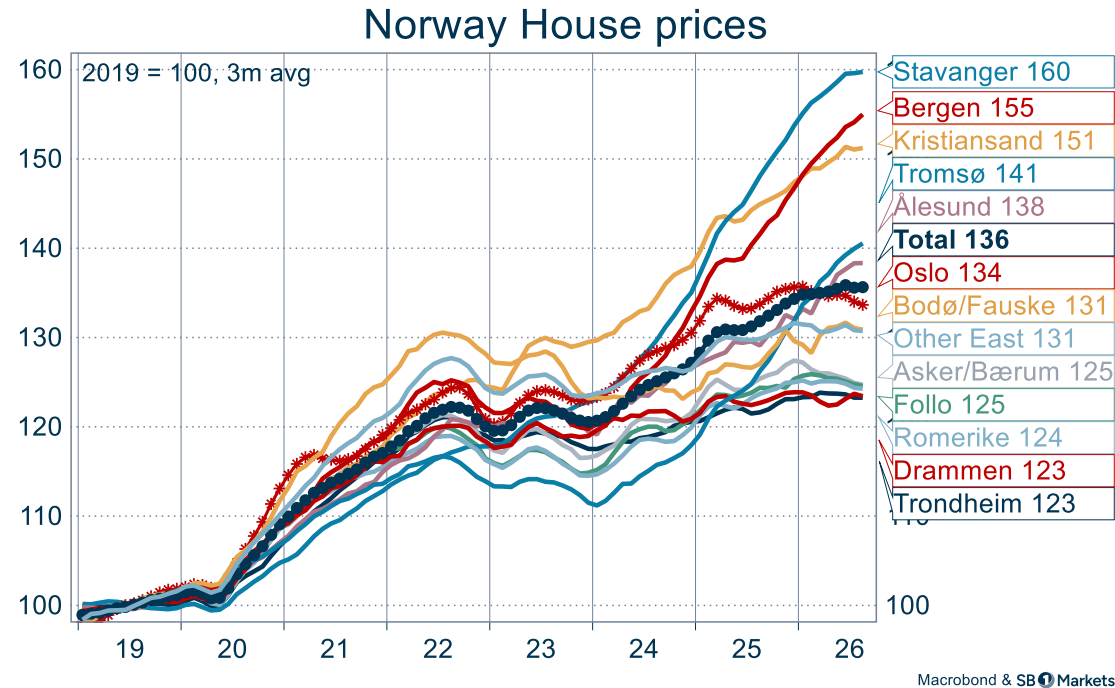
Prices rose 0.8% in August, following the 1.0% setback in July, and have flattened the past 4 months. Prices are still up 2.6% y/y. The regional differences are intact: south, west & Tromsø are in the lead, while the mid and the east are lagging, Oslo (with a surging inventory) included.



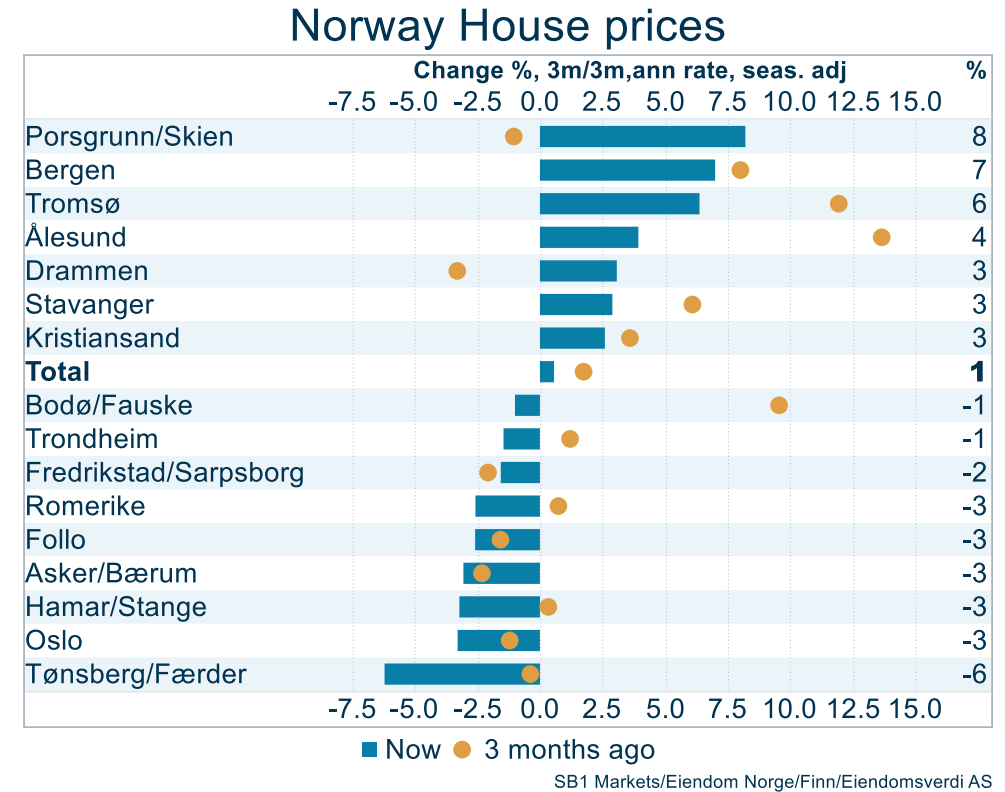
- Was the July drop due to the World Cup? However, the price trajectory the past 4 months is not impressive, prices have almost flattened and are up just 1% so far in 2026.
  - We assumed a 0.2% price lift, and we think most analysts had pencilled in less than the 0.8% recovery. The price level is below Norges Bank's June forecast.
- Prices** are still drifting upwards (3m/3m) in almost half of the cities – and are heading down in a majority of cities. Achieved price premia vs. listed prices have been trending down recently and fell sharply in July and stayed at a low level in August.
  - Regional differences** are substantial with south/west in the lead, together with Tromsø in the north. East is the laggard, Oslo included. Oslo prices have been heading down in recent months and are down 0.9% y/y. Asker/Bærum is down as well. Interest rates are no doubt biting harder where house prices are the highest. Tromsø is up 10%, Stavanger 7%, and Kristiansand 5%.
- Sales** are trending down and the **inventory** up but with no drama in either. **The inventory/sales ratio** is well above a normal level. In Oslo, the inventory of unsold homes has surged to a record high level, but not further the past 3 months.
- Our flow-based models suggest modest price gains outside Oslo, and a modest monthly decline in Oslo.**
- So what?
  - House prices are an important **transmission mechanism** for monetary policy – and house prices are anyway **an important indicator** for the well-being of households and the overall economy, besides the normal impact on housing starts.
  - Thus, the flattening of house prices in recent months **is not an argument for lifting the signal rate further** later this month.

# Big picture: prices are drifting down in 9 cities, up in 7

9 cities report lower growth/a faster decline measured 3m/3m than 3 months ago. The total 3m/3m is up at a 1% pace. Bergen and Tromsø are in the lead (and the volatile Porsgrunn/Skien). Eastern Norway rules at the bottom, Oslo included, down at a 3% pace.

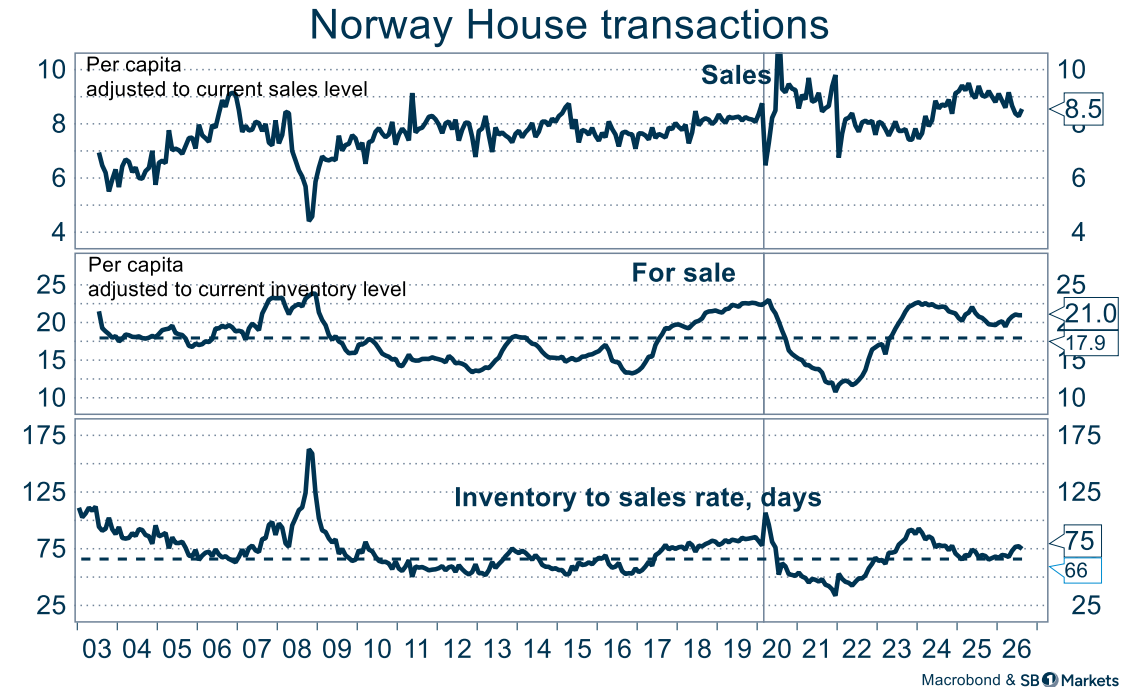
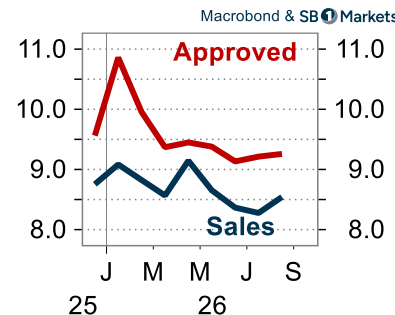
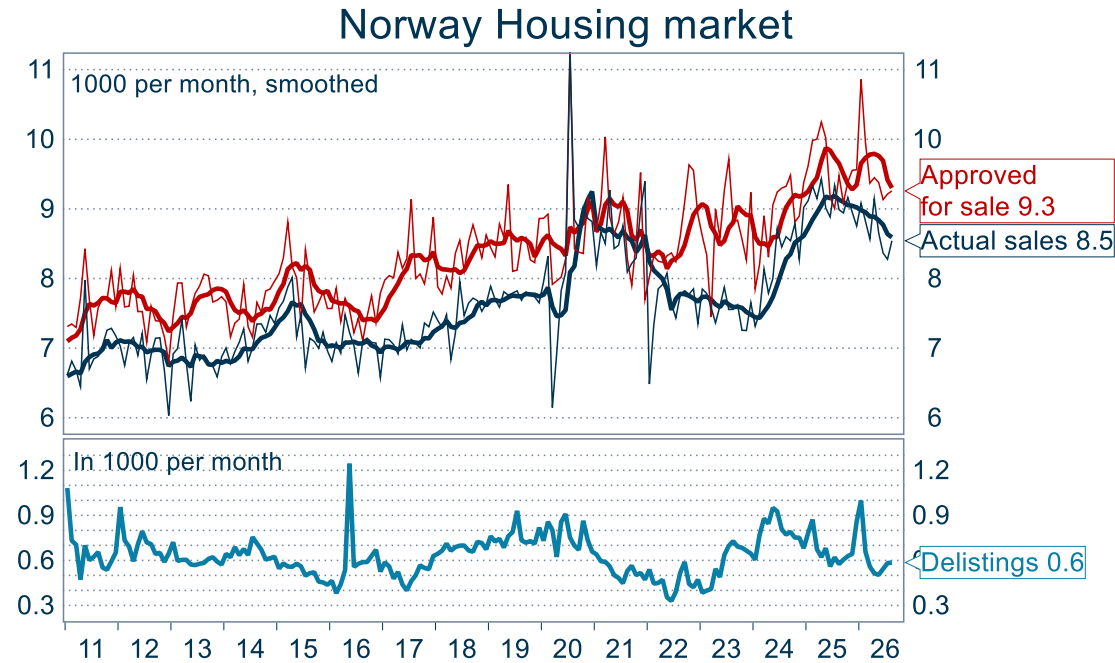


- **Vs. the pre-pandemic 2019 price level:**
  - Trondheim and Drammen at the bottom, up 23%. Romerike and Follo marginally better.
  - Oslo is up 34%.
  - The average is up 36%.
  - Stavanger is up 60%, Bergen 55%, and Kristiansand 51%!



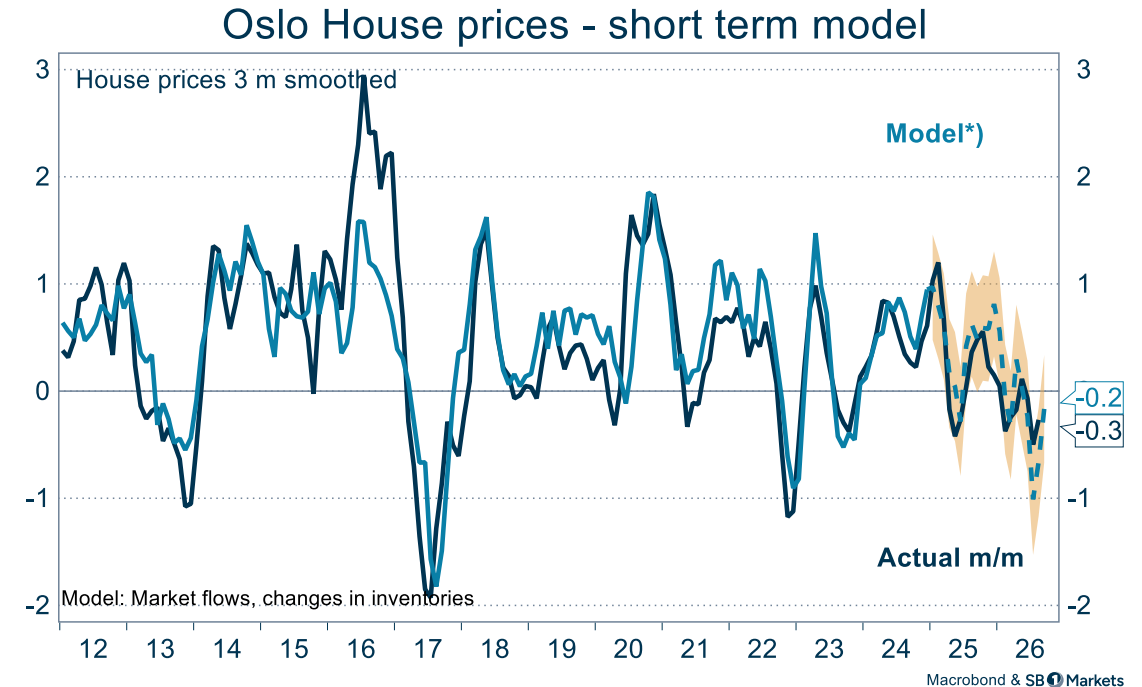
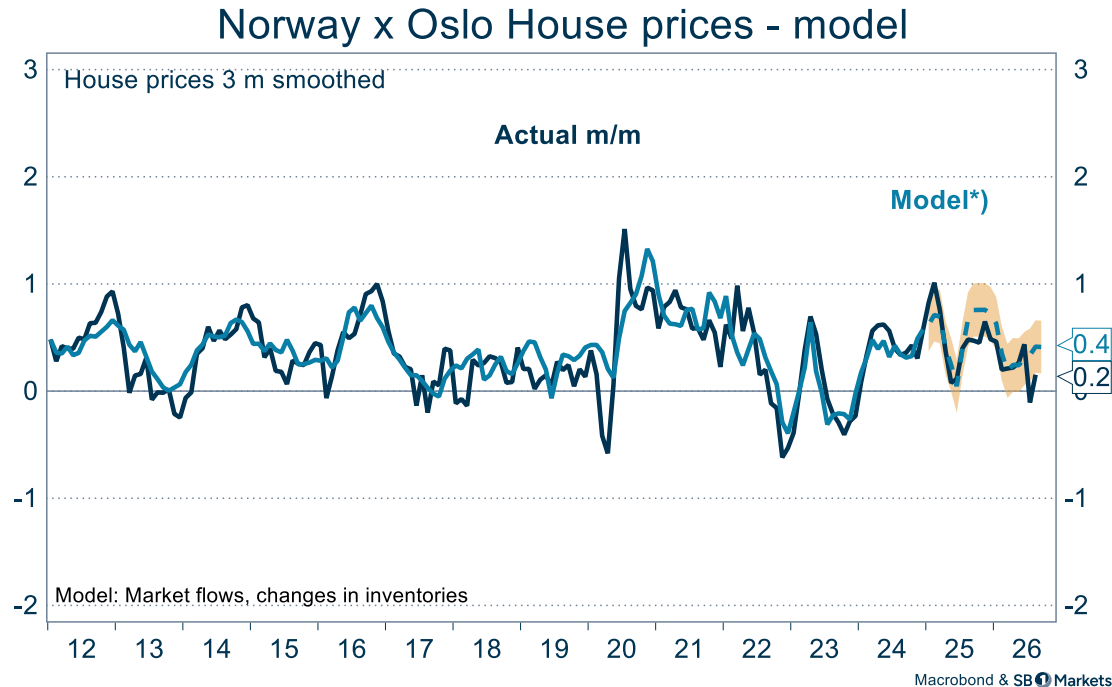
# Sales are trending down but are still above par. The inventory has increased slightly in '26

Sales have fallen since mid-25 but are still above an average level (but not by that much population-size adjusted). The inventory of unsold homes has been flat the past 2 months, following a minor lift the previous months. The inventory-to-sales ratio stayed at 11 days above avg.



# Housing prices – short-term f'casts: Oslo further down, the rest of the country further up

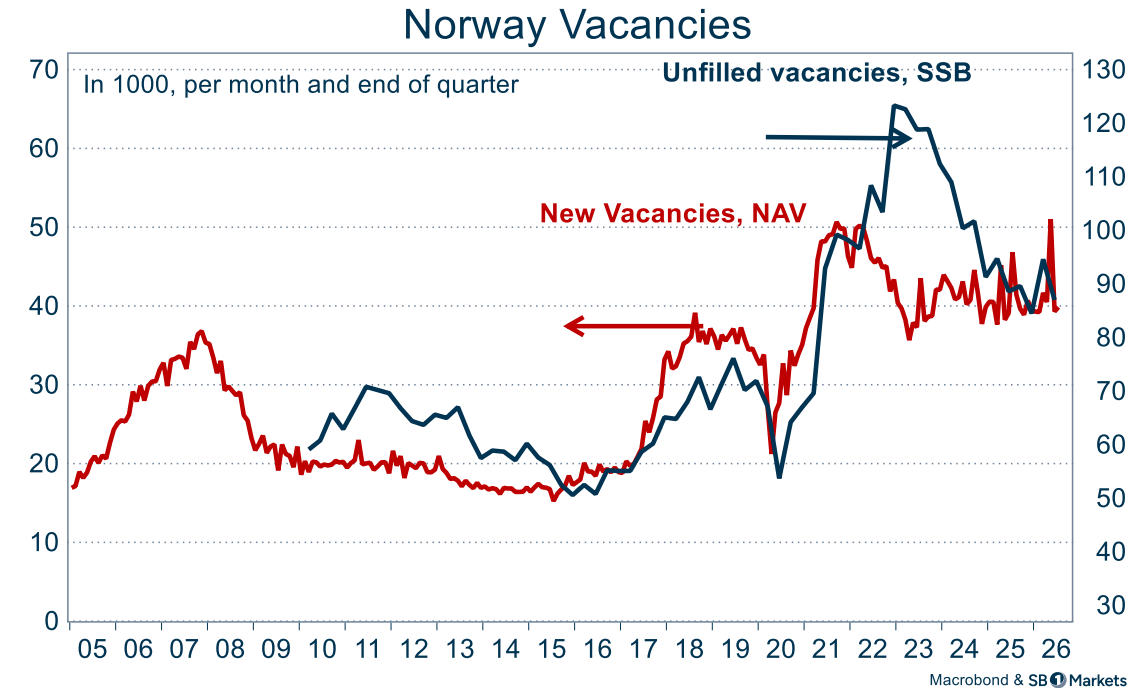
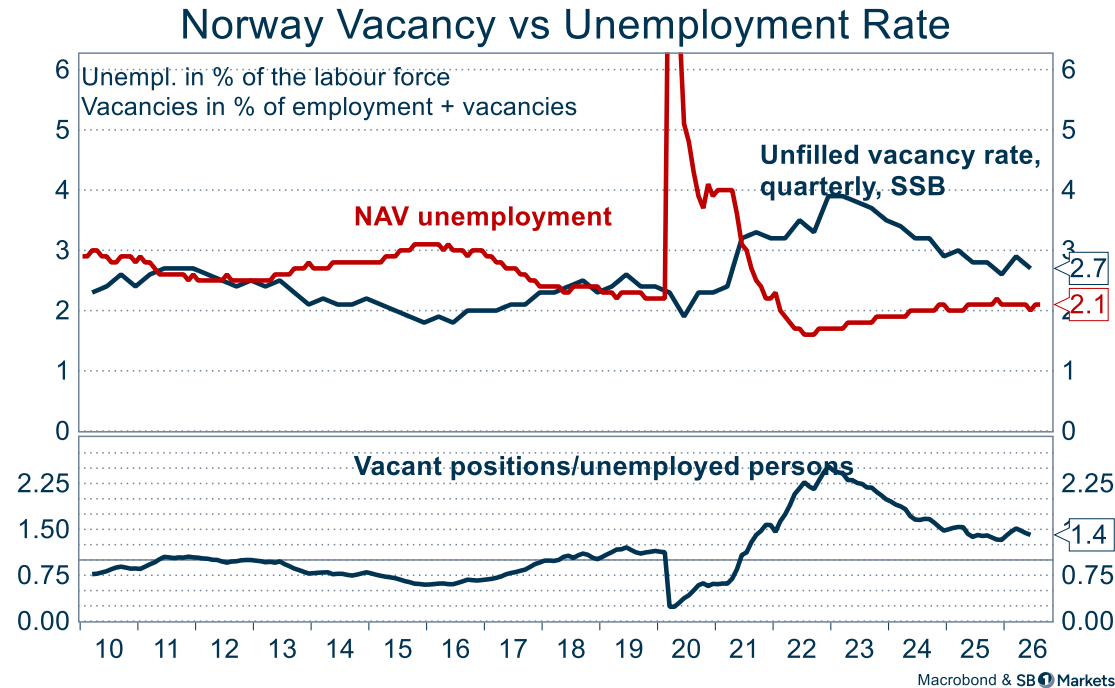
The surge in inventories in Oslo will lower prices further, but less than our model suggested a couple of months ago, as the inventory has not increased further.



- **Our national ex. Oslo model**, based on flows and the inventory, signals a 0.4% m/m increase in housing prices, while the average the past 3 months is up 0.2%.
- **Our Oslo model** signals a 0.2% monthly price cut, up from -1.1% two months ago. Prices are down 0.3% on average 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. Most likely, the rate hike in May and the threat of more hikes in H2 lowered demand in July.
- 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.

# Job openings have flattened, at above a normal level

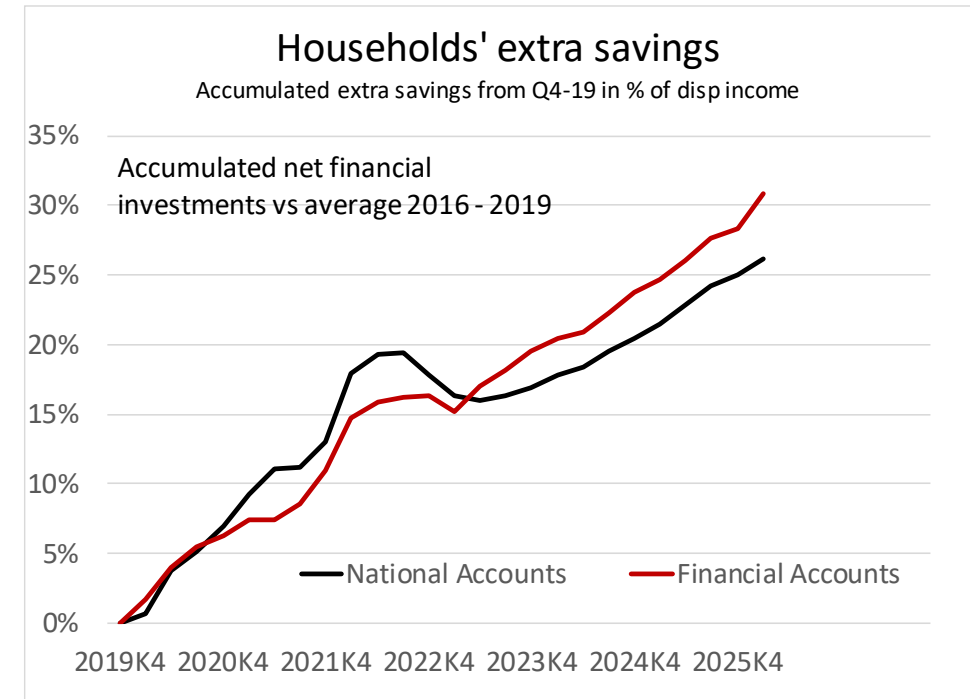
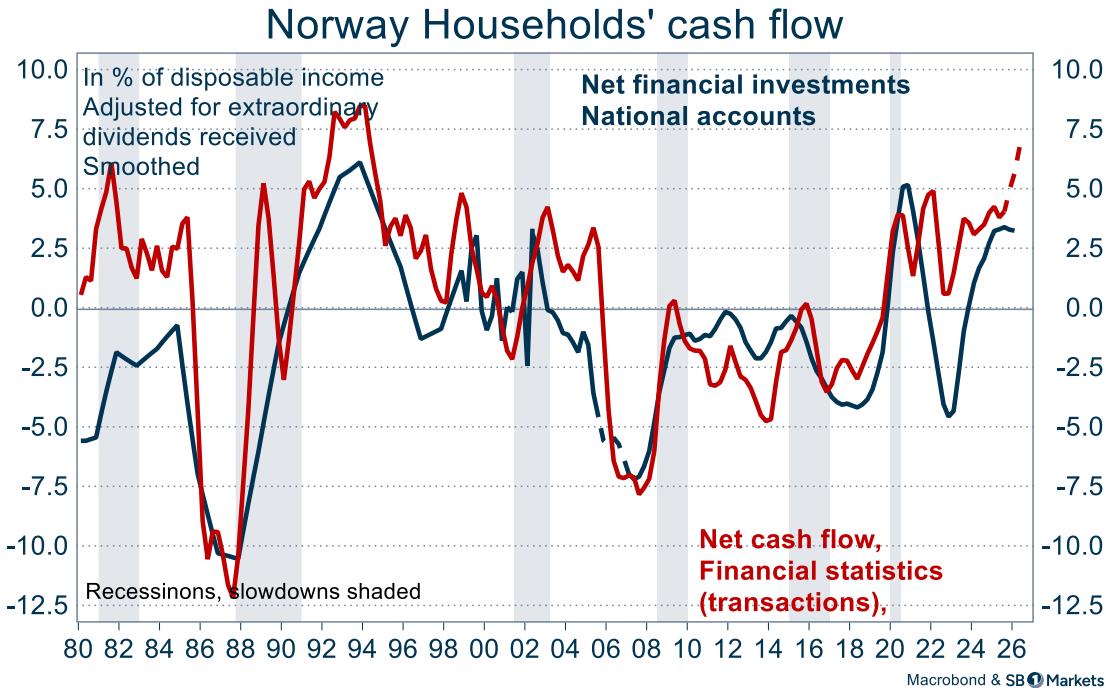
The vacancy rate declined 0.2 pp from a 0.1 pp downward revised level to 2.7%. (We expected 2.9%). The short-term trend is flat, slightly above a normal (pre-pandemic) level. There are 1.4 unfilled vacancies per unemployed person (NAV open), well above the 1:1 average.



- The **number of unfilled vacancies** declined by 8,000 to 87' in Q2, equalling 2.7% of the number of employees (+vacancies), down from 2.9% in Q1 (revised down from 3.0%, but the actual number was close to unchanged). The short-term trend is flat.
  - At the peak, 2 years ago, the job openings rate was 3.9%.
  - The current rate is still equal to the highest level at any time before the pandemic – though with data just back to 2010. There are 1.4 open positions per unemployed person, which is higher than at any time before the pandemic. The average before the pandemic was less than 1.
- The **inflow of new vacancies** (NAV data) remains high as well, and drifts slowly upwards or is flat (the past 3 months have been on the low side).
- The **NAV open unemployment rate** trends flat at 2.1%.
- **The labour market is still tighter than normal, but has been close to stable recently**

# Financial accounts report the highest household financial surplus since the early 1980s!

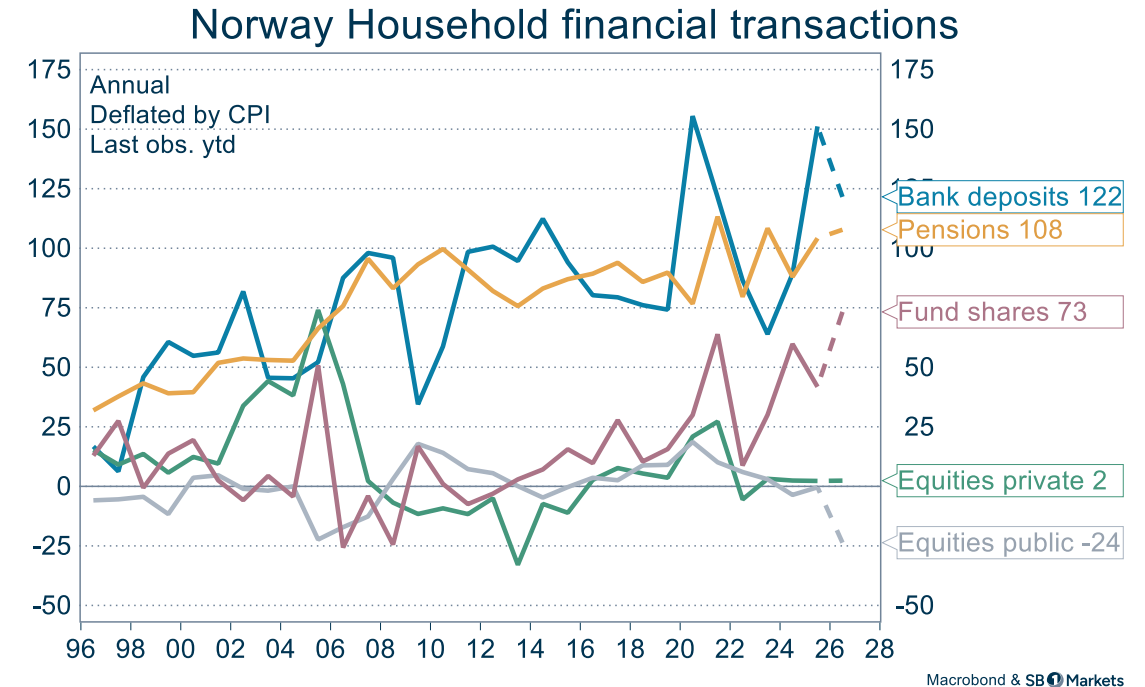
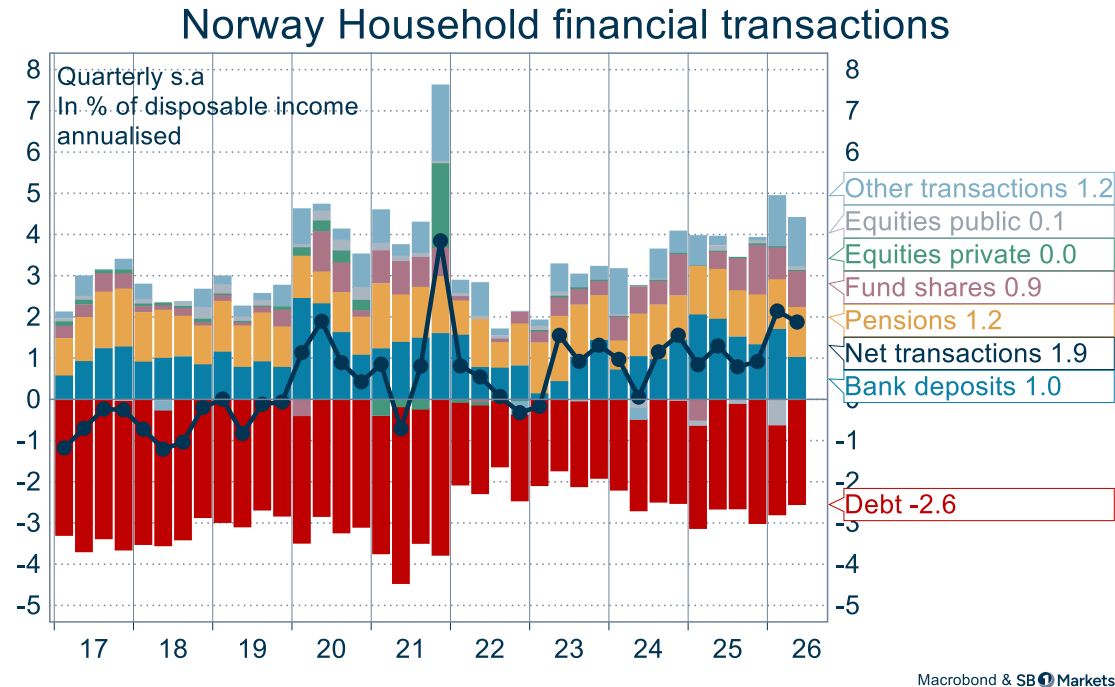
Households run a positive cash flow equalling 7% of their disposable income. Growth in financial assets due to transactions



- **Financial accounts, calculated by SSB**, estimate households' net financial investments, measured by transactions in financial assets (bank deposits/debt, funds, equities, pension funds, etc.) alongside the calculation of the value of these assets. Net transactions (net financial investments) in % of disposable income were at almost 8% in H1 (smoothed somewhat lower on the chart to the left).
  - In principle, these financial accounts data should be equal to net financial investments calculated in the national accounts – but there are some discrepancies, though the gap has been reduced after the revision of national accounts.
- Both national accounts and financial accounts report substantial **extra savings during and after the pandemic** vs. the savings level ahead of the pandemic (the chart to the right above).

# Fund share investments are surging, as growth in bank deposits slows slightly

Net buying of fund shares has increased sharply since 2023 and rose further in H1, in fact to the highest ever (also in real terms). Growth in bank deposits slows but remains higher than normal. Growth in households' debt is still modest.



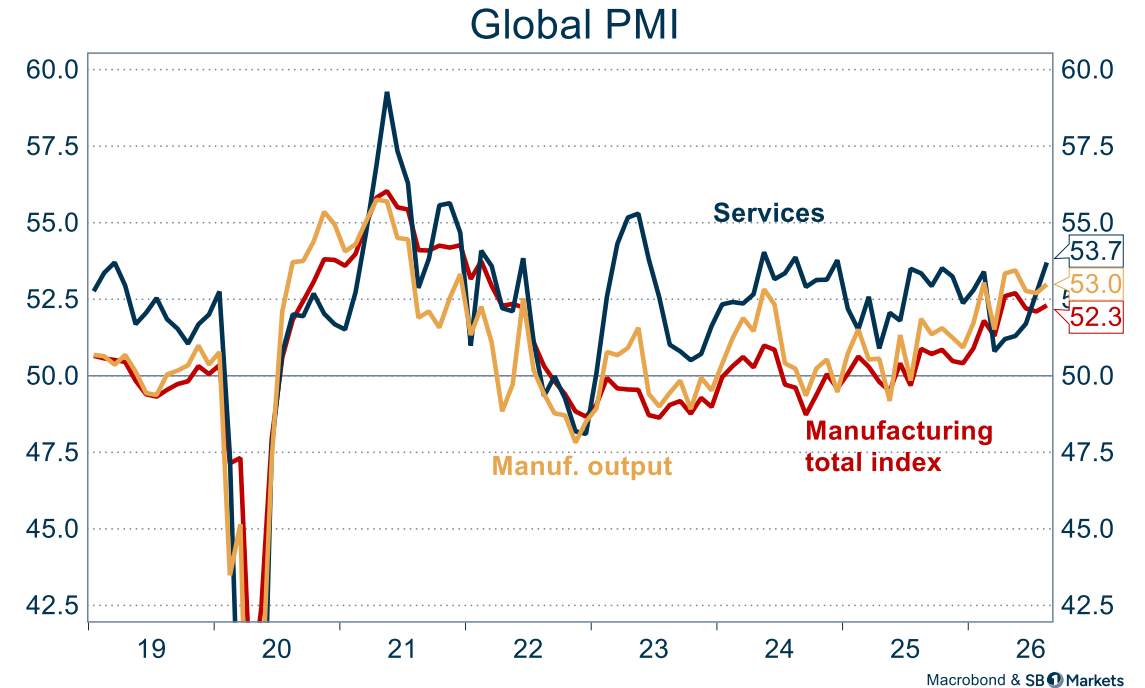
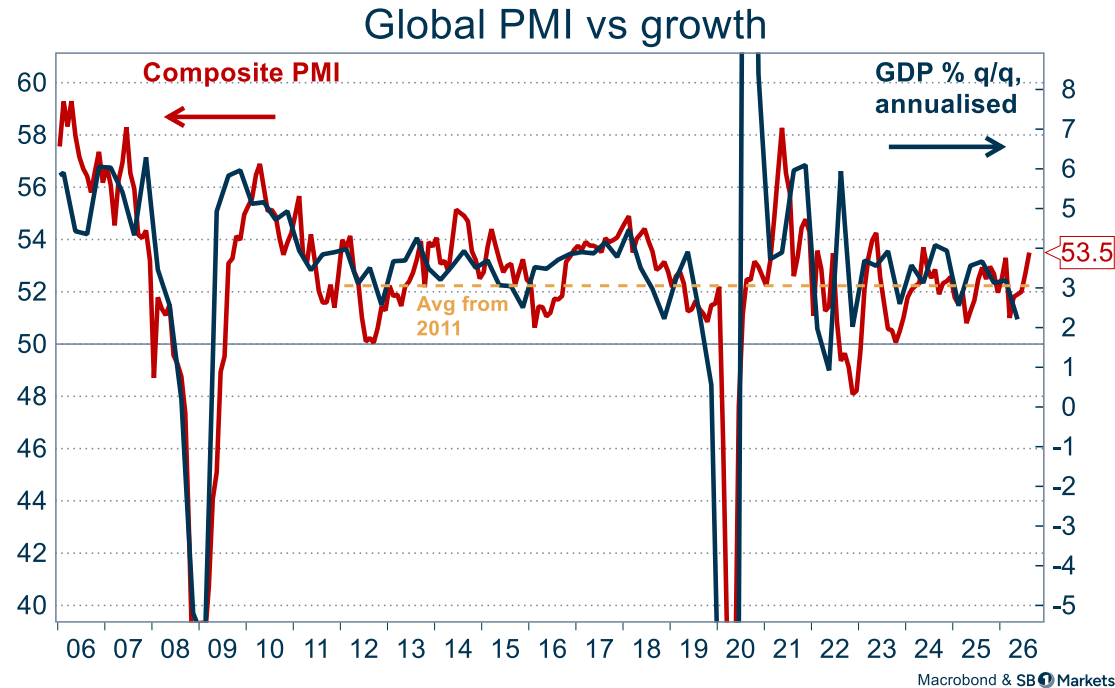
- The last annual observation in the chart to the right is the average so far in 2026, that is, the H1 annualised.





# The global PMI further up in August, +0.8 p to 53.5 → 4% *global GDP growth*

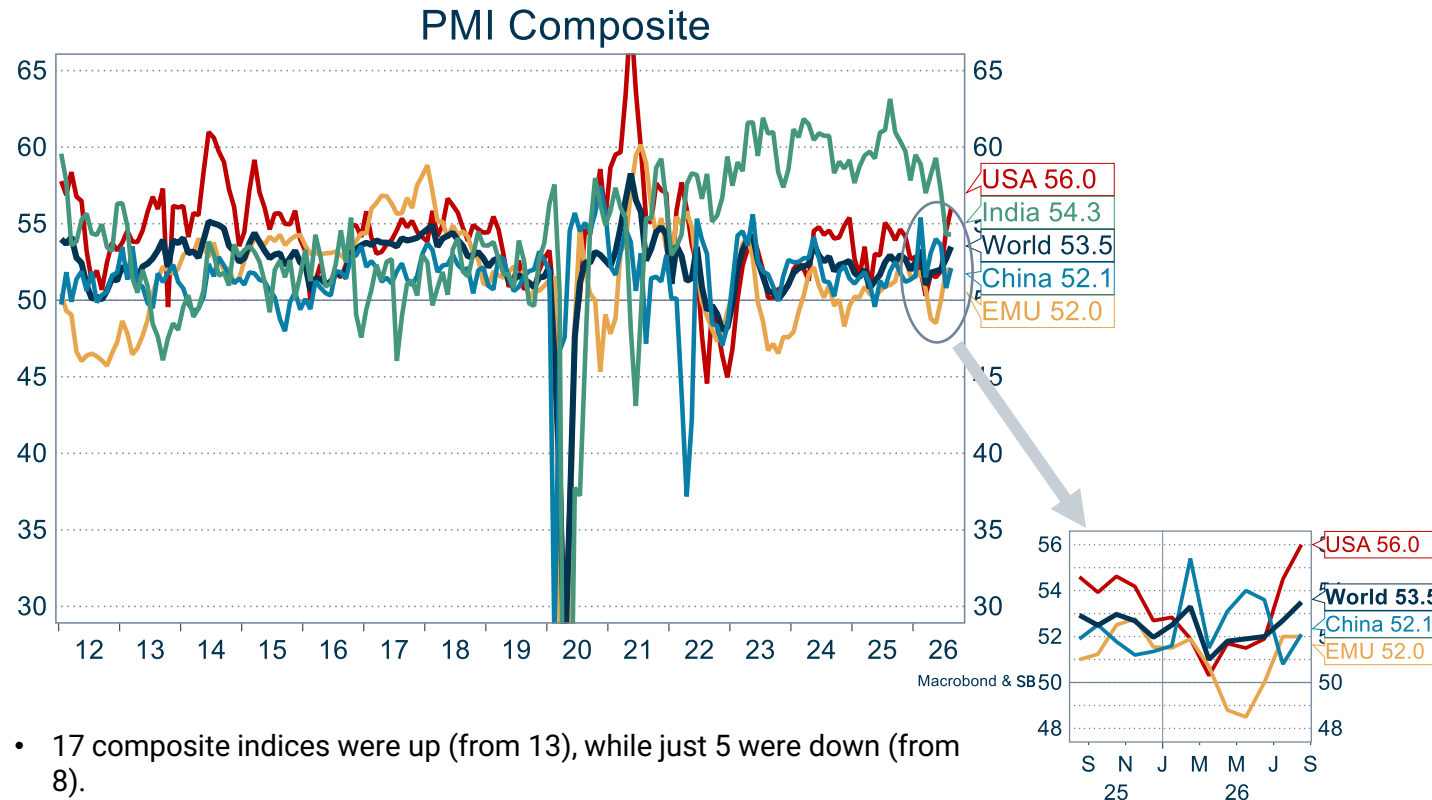
The 2nd best print in the past 3 years, supported both by manufacturing and services, and a large majority of countries. US services contributed the most. The global manuf. PMI has flattened lately, while services have shot up, and both are above the early 2020 level.



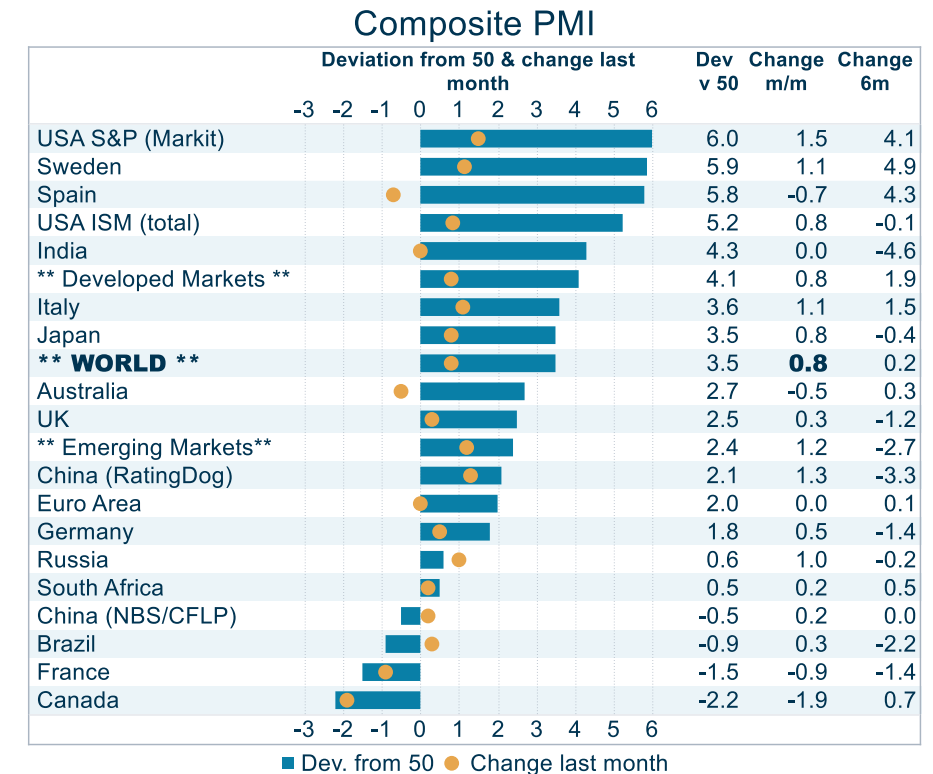


# PMI: US at the top of the ranking at 56.0, ahead of Sweden (and Spain)

The EMU composite PMI was unchanged at 52.0, 0.1 p below the flash estimate.



- 17 composite indices were up (from 13), while just 5 were down (from 8).
  - 4 indices were below the 50-line (from 5), 1/6 of all composite surveys.
- The top: The **US S&P PMI**, following a 1.5 p lift to 56.0. A **composite ISM** (our calc.) rose by 0.8 p to 55.2, well above expectations.
- The **Euro Area index** was flat at 52.0, equal to the level before the war in the Gulf.
- The **Chinese private sector RatingDog PMI** was stronger than expected.

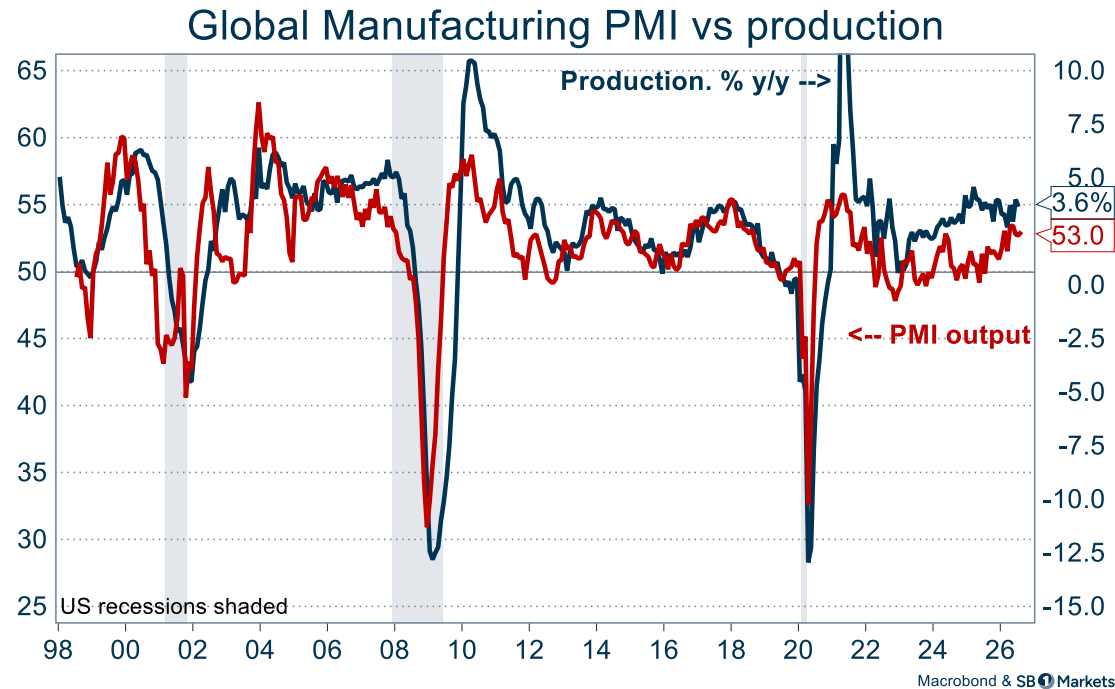


Macrobond & SB Markets

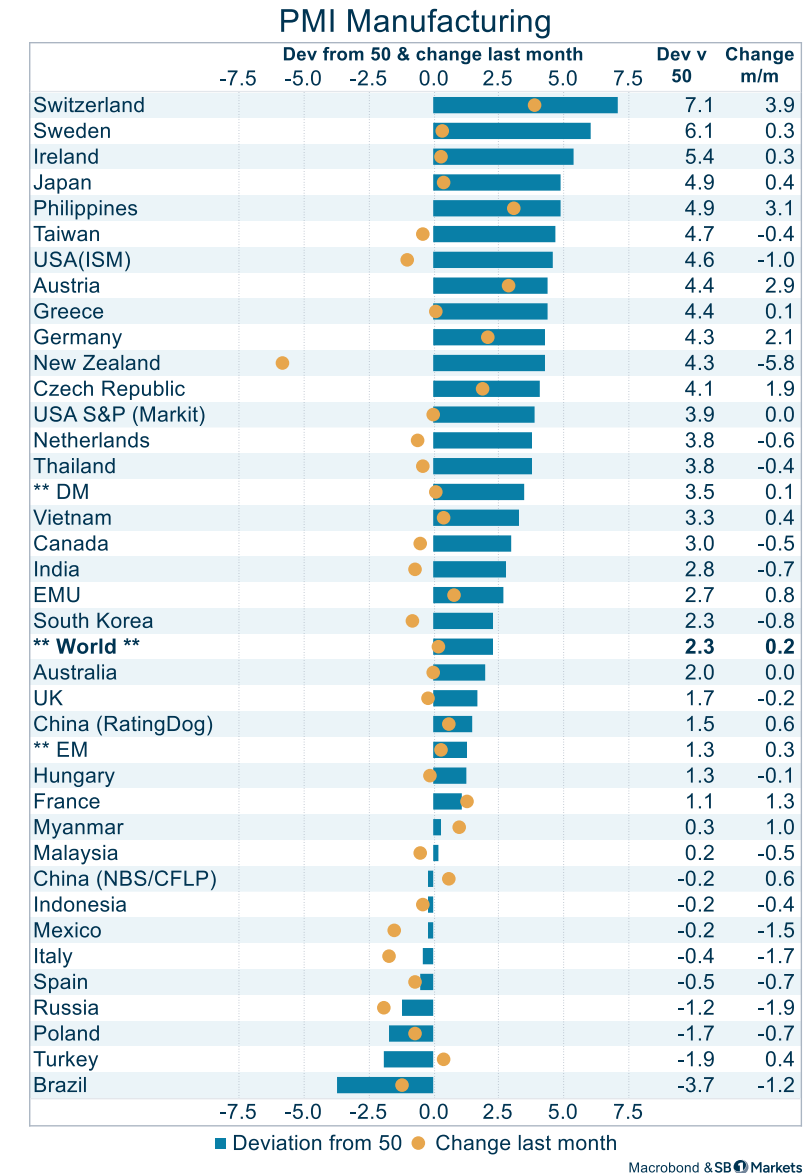


# The manufacturing sector PMI trends up but has flattened in recent months

The global output index added 0.3 p to 53.0, while the total index rose 0.2 p to 52.3, signalling continued growth above trend in global manufacturing production.



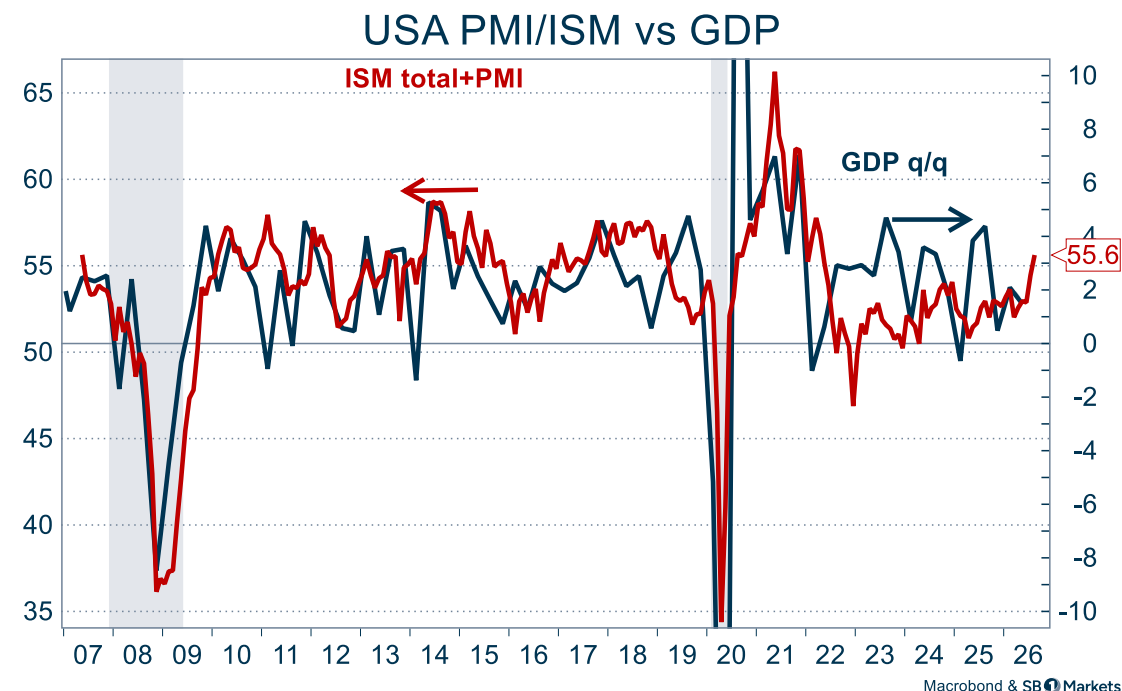
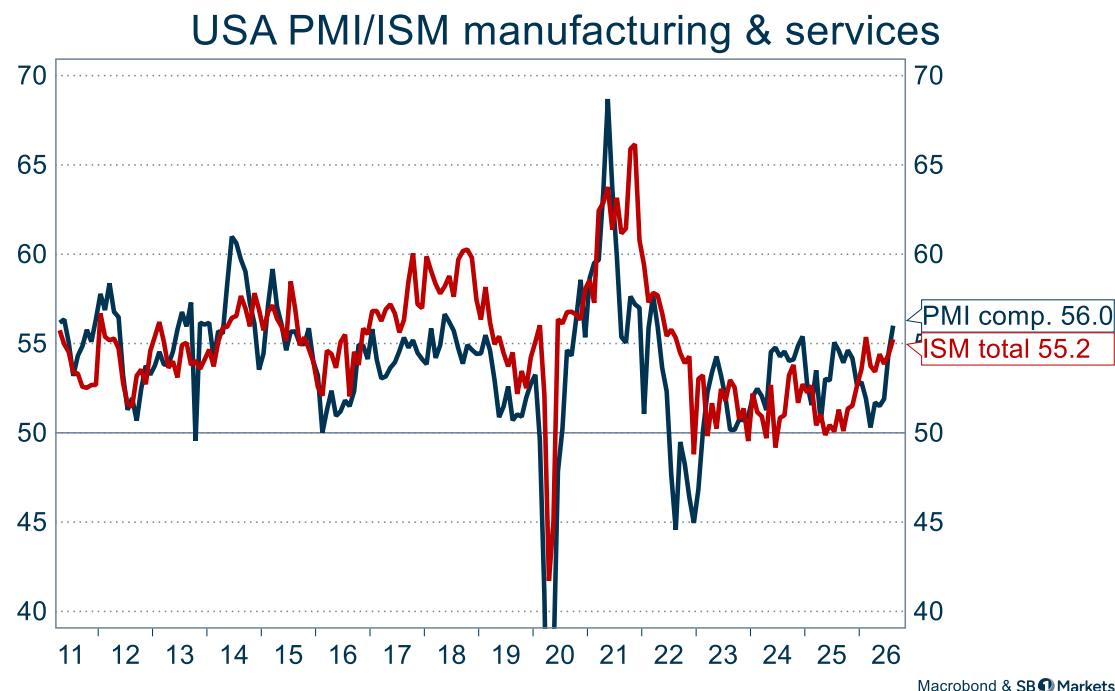
- **54%** of the indices were up (from 58% in July), and 23% are below the 50-line (from 15%, the average is 32%), a favourable mix.
- **The US** was unchanged at 53.9, following a 0.7% upward revision.
- The **Euro Area** PMI added 0.8 p to 52.7, 0.1 below the initial estimate.
- **Sweden** reported a 0.3 p lift to 56.1, still **no. 2 on our global ranking**, behind (volatile) Switzerland
- **Emerging markets** were up 0.3 p to 51.3. The **Chinese (RatingDog) PMI** contributed on the upside, by 0.6 p, to 51.5. **India has fallen rapidly in recent months**, to 52.8, to the middle of the ranking, after residing on or close to the top of the list from 2023 to late 2025. Russia is close to the bottom, and Brazil at the bottom.





## USA: $(ISM+PMI)/2 + 1.1$ p to 55.6, the best since 2022 → **3%+ GDP growth signalled?**

At least normally. However, these (and other) surveys have – on average – **underestimated growth** since the pandemic. The ISM indices were on avg. up 0.8 p to 55.2, while S&P's comp. PMI gained 1.5 p to 56.0. The S&P PMI is 1.5 p > avg., the ISM close to average.

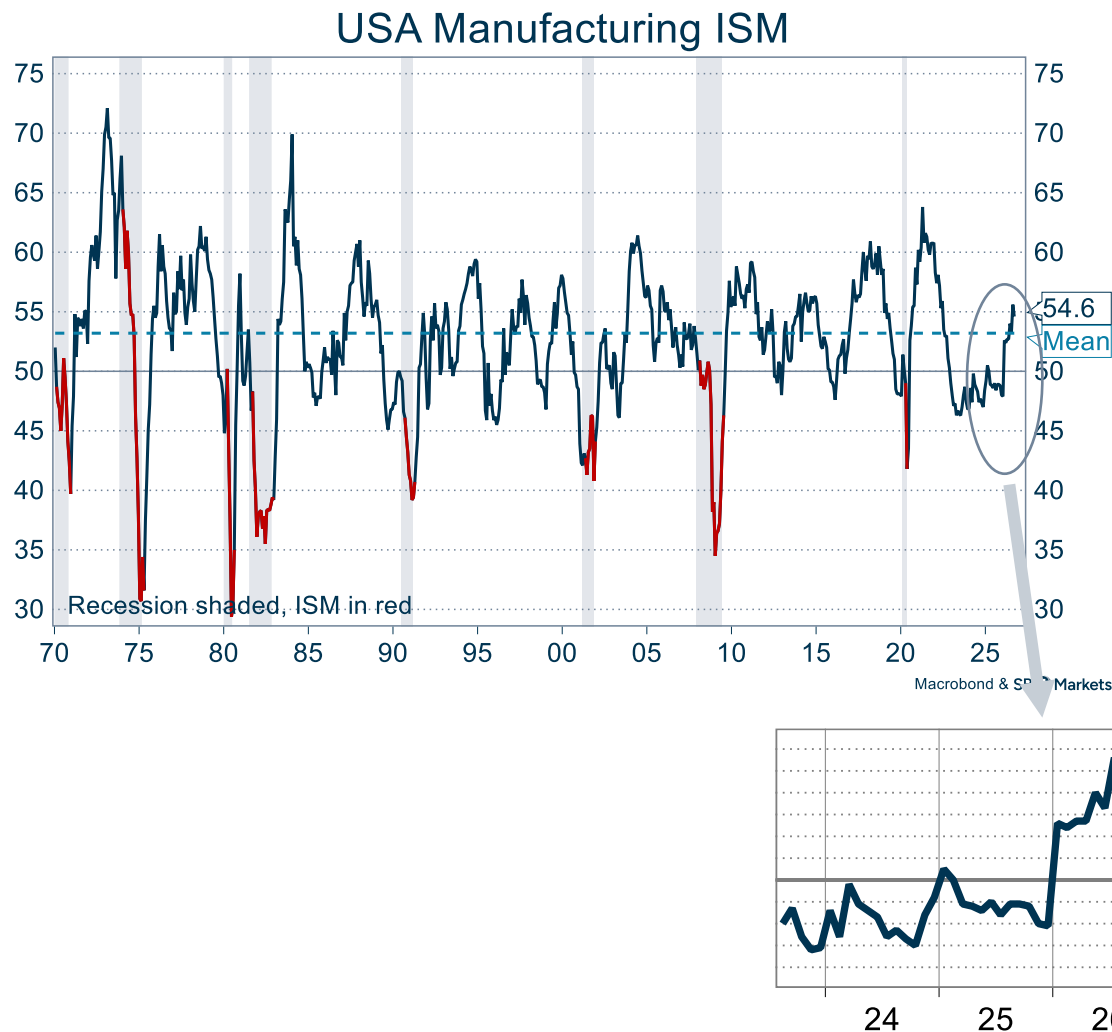


- S&P's composite PMI is more closely correlated to GDP growth than the good ol' ISM indices.



# The US manuf. ISM down in August, but growth well above trend still signalled

The index declined 1 p to 54.6, expected down 0.1 p, an optimistic estimate given the decline in regional surveys. The new order sub-index fell 3 p to 53.7 while the production index was almost flat at 58.3. The input price index remains very high.



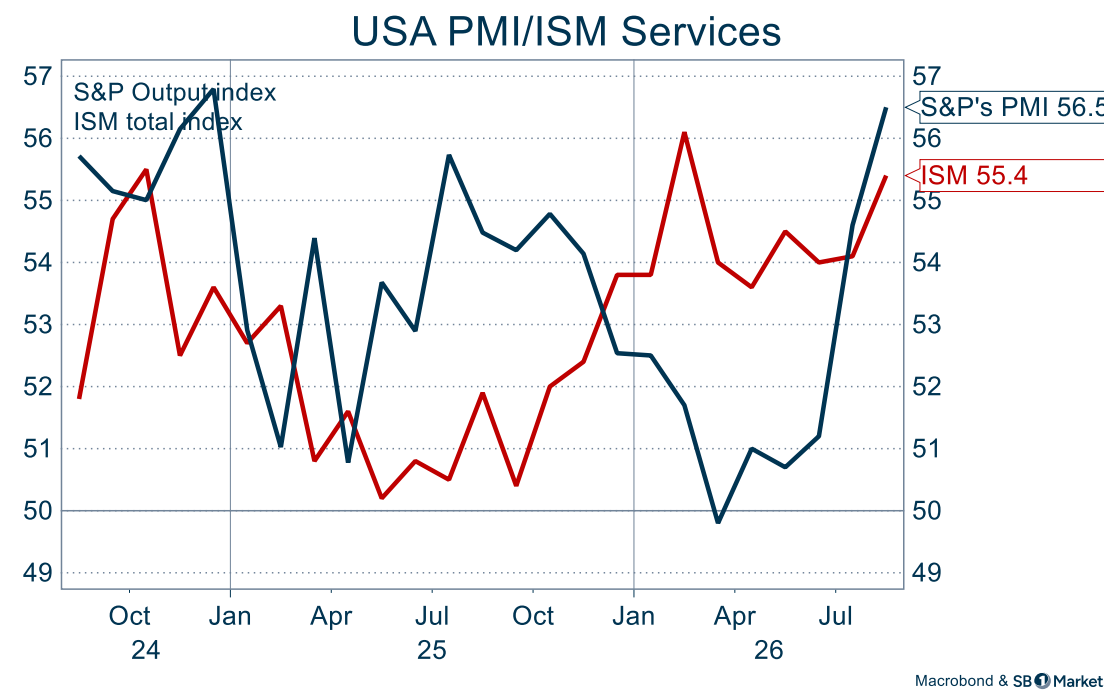
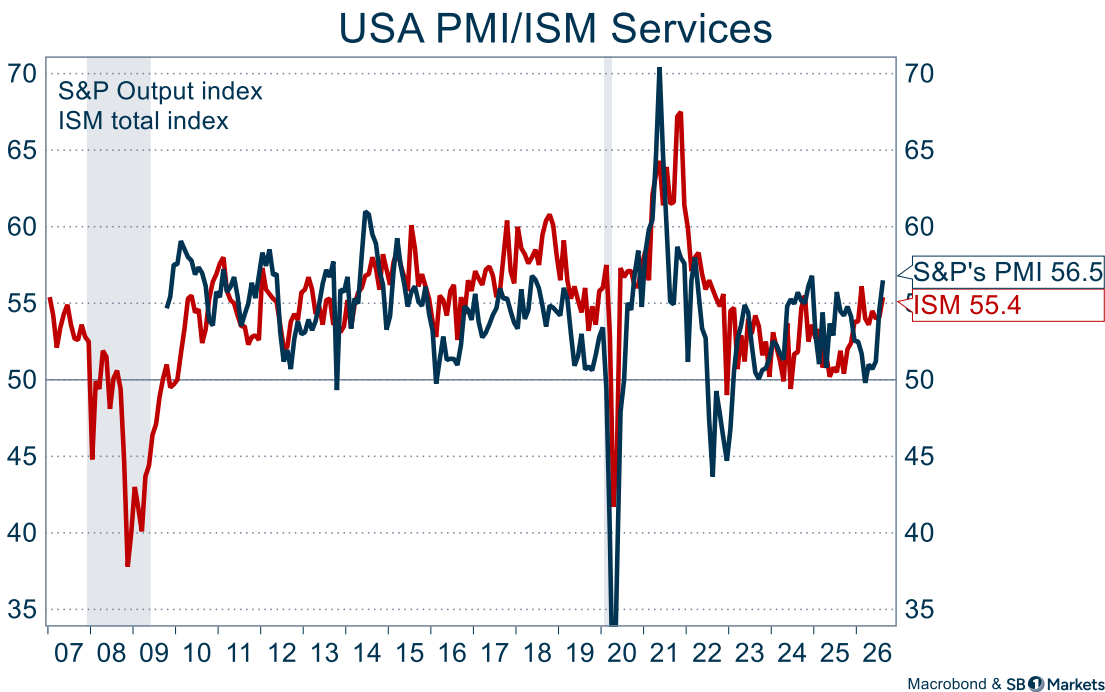
## The details:

- 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! However**, growth slowed somewhat in August.
  - In August, all sub-indices but supplier delivery times declined.
  - 15 manufacturing sectors (of 18) reported growth.
- **Comments from the companies:**
  - **Supply chains are deteriorating** again, with manufacturers reporting shortages, longer lead times and rising costs for semiconductors, electronics, steel, aluminium and other AI-related inputs. Several firms compare current conditions to, or find them worse than, the post-Covid disruption period.
  - **Tariffs, trade policy uncertainty and the Middle East conflict** are driving inflationary pressures, raising input costs and clouding the outlook for both producers and consumers. Many firms cite concerns about weaker purchasing power and slower demand growth.
  - **Industrial cost pressures** remain broad-based, with energy, metals and labour costs increasing rapidly. Companies are responding by shifting sourcing, relocating production and adjusting supply chains to protect margins.
  - **Demand is holding up better than supply conditions**, particularly in AI infrastructure, semiconductors, photonics and specialised manufacturing products. However, firms report declining visibility and growing uncertainty about the economic outlook through year-end.



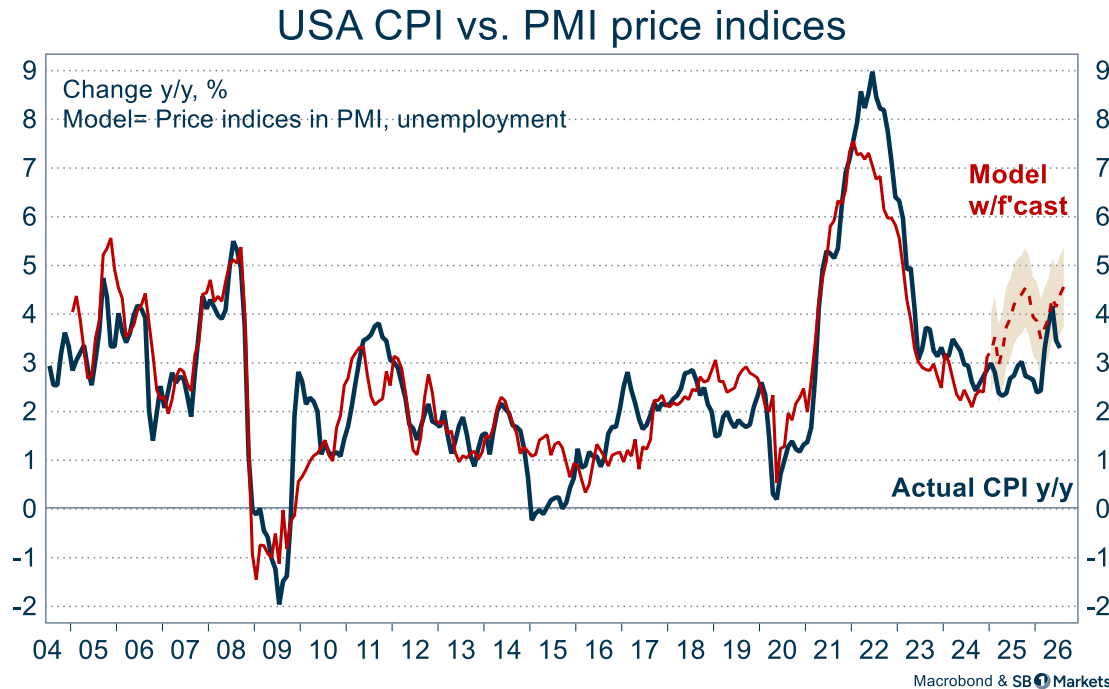
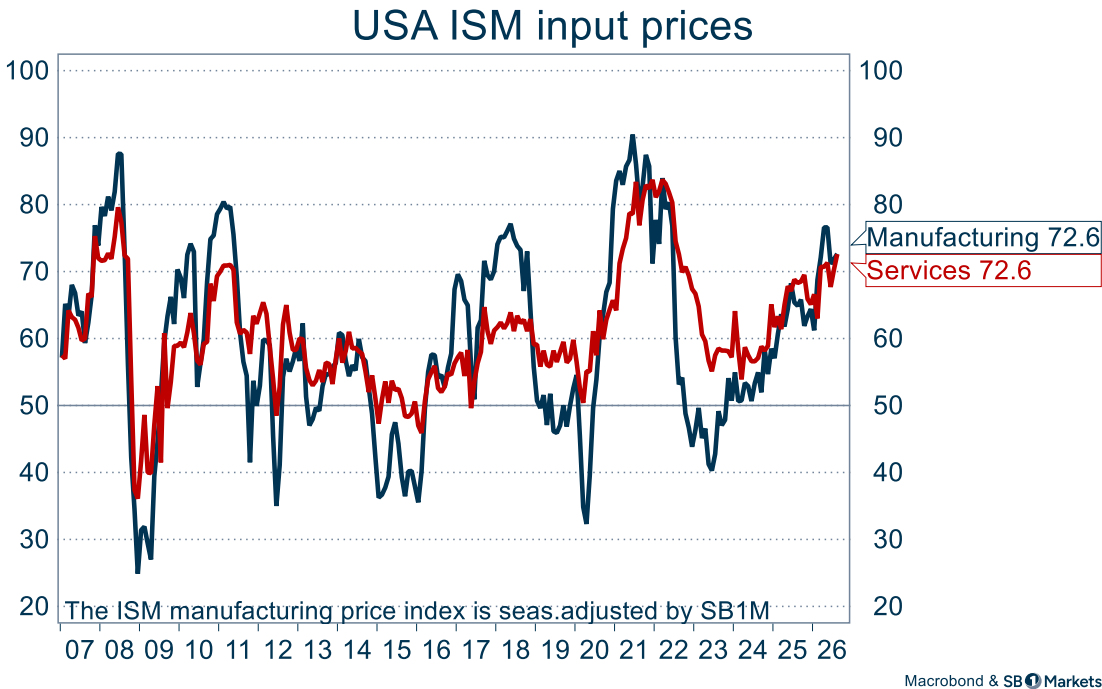
# Services: Two strong surveys

S&P's PMI rose slightly less than the flash forecast but still +1.9 p to 56.5. The ISM services index added 1.3 p to 55.4, expected slightly down!





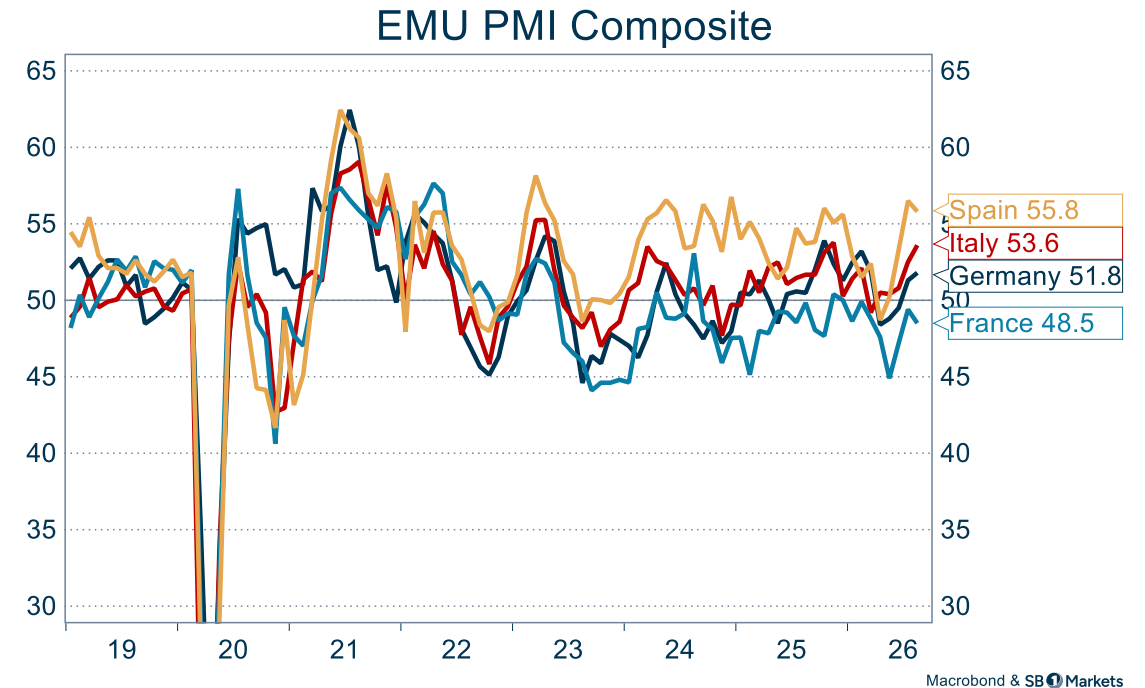
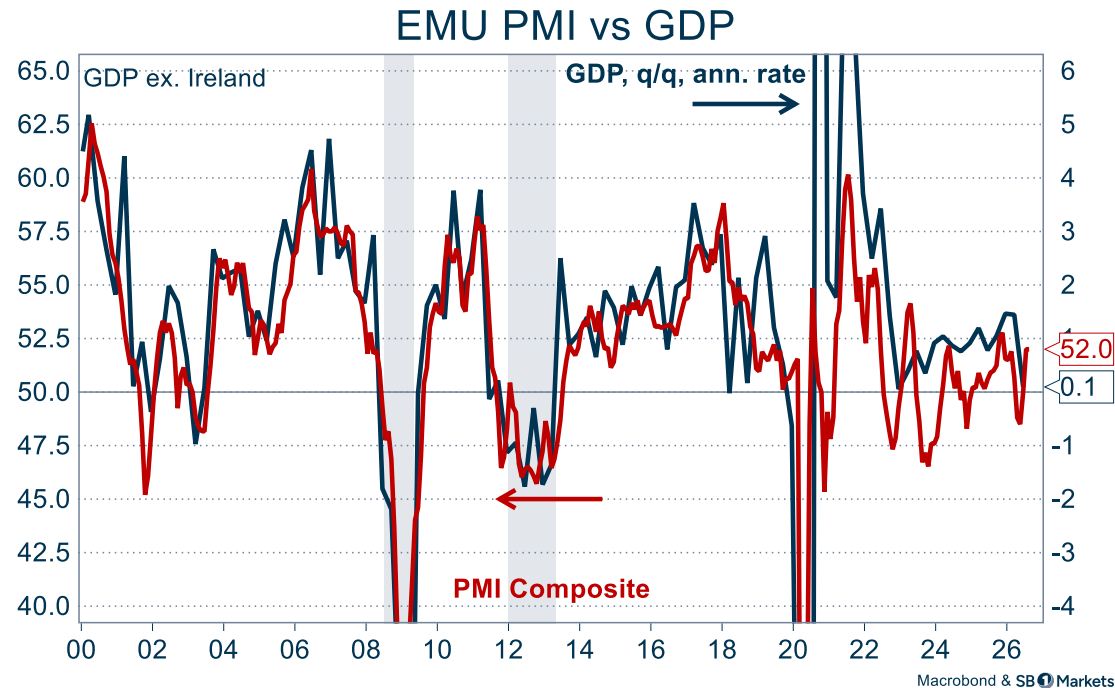
# ISM price indices up in August and do not signal lower CPI inflation





# The EMU composite PMI flat at 52.0 → 1% growth is signalled

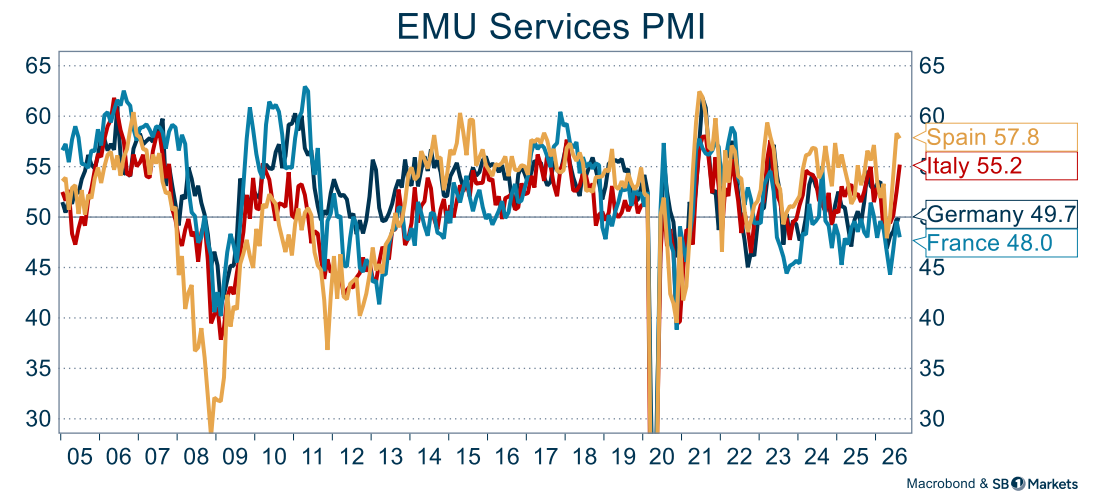
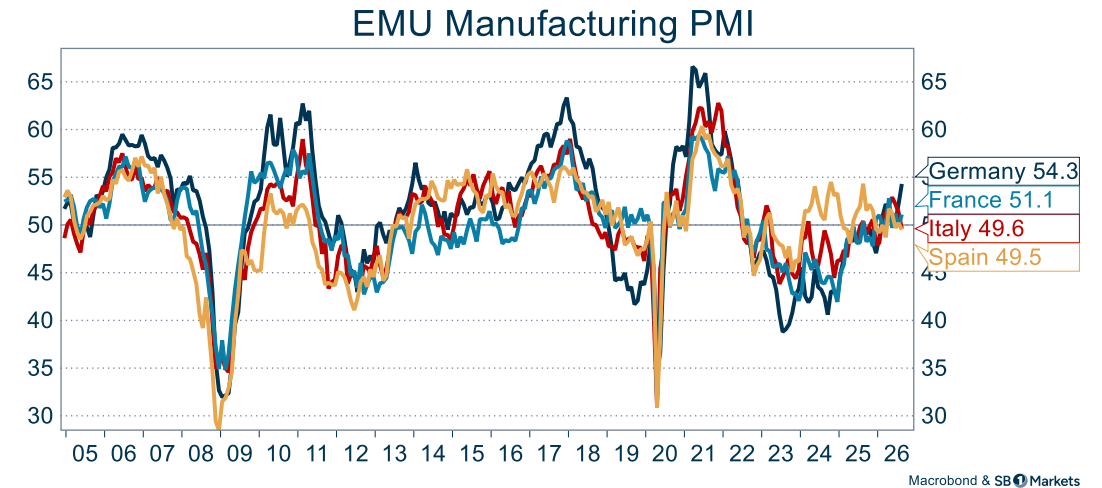
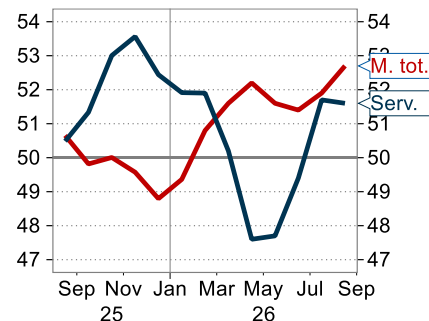
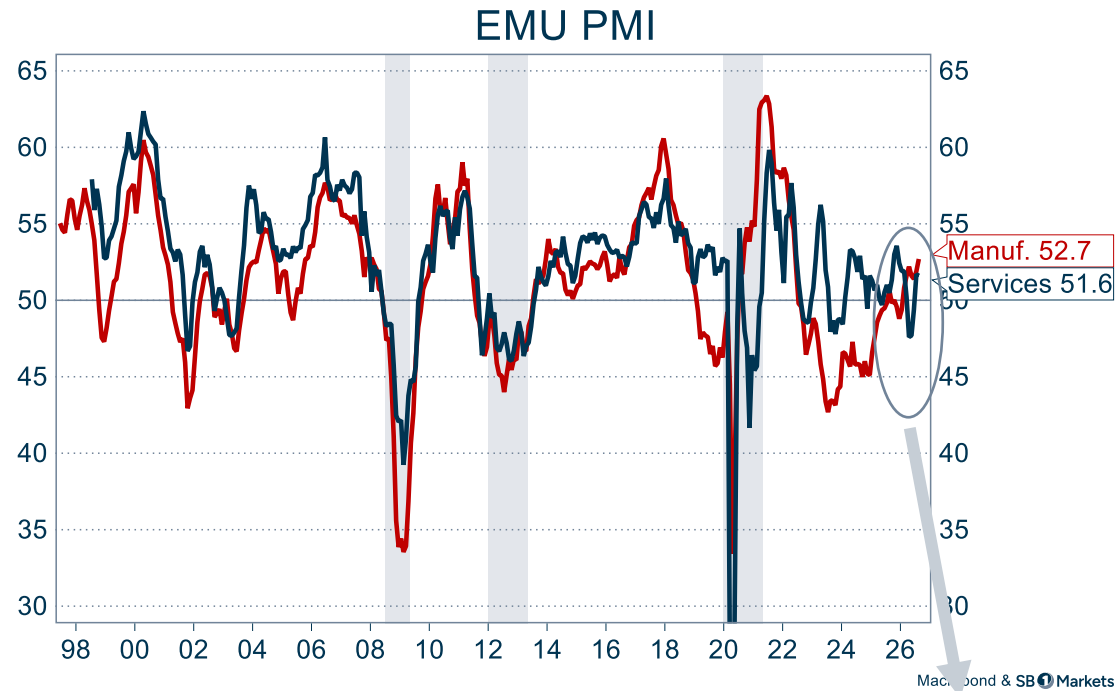
France and Spain were down, Italy and Germany reported faster growth, the latter in the manufacturing industries. Spain still reports strong growth, at 55.8. France the laggard, at 48.5.





# EMU PMI: German manufacturers report the fastest growth in 4 years

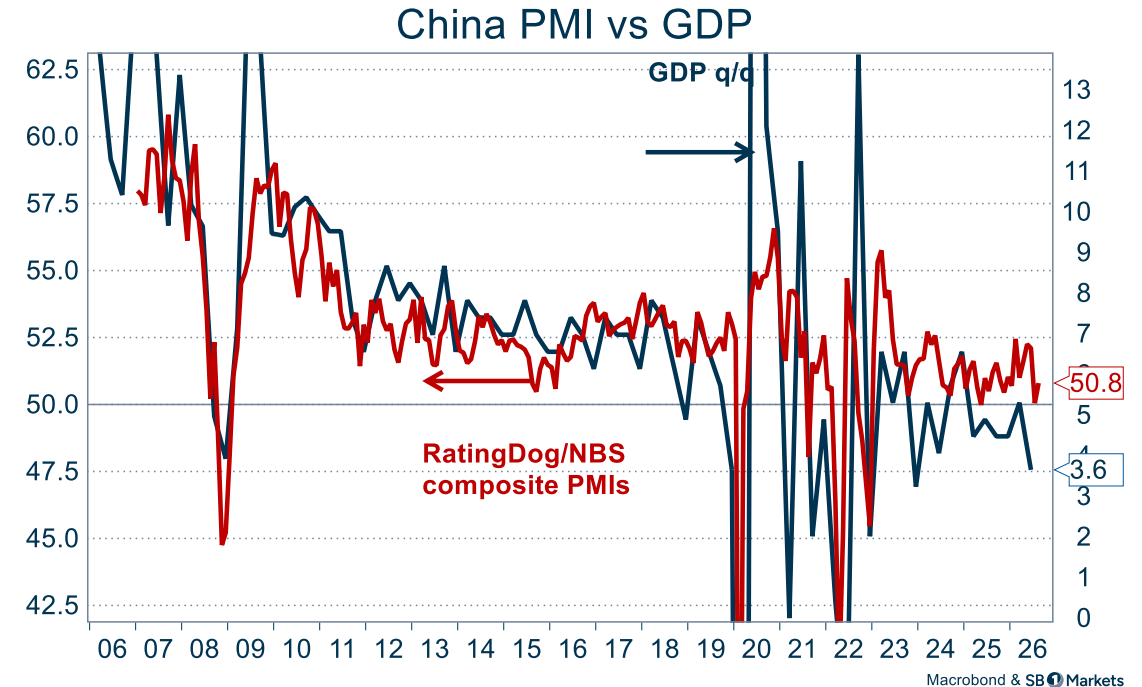
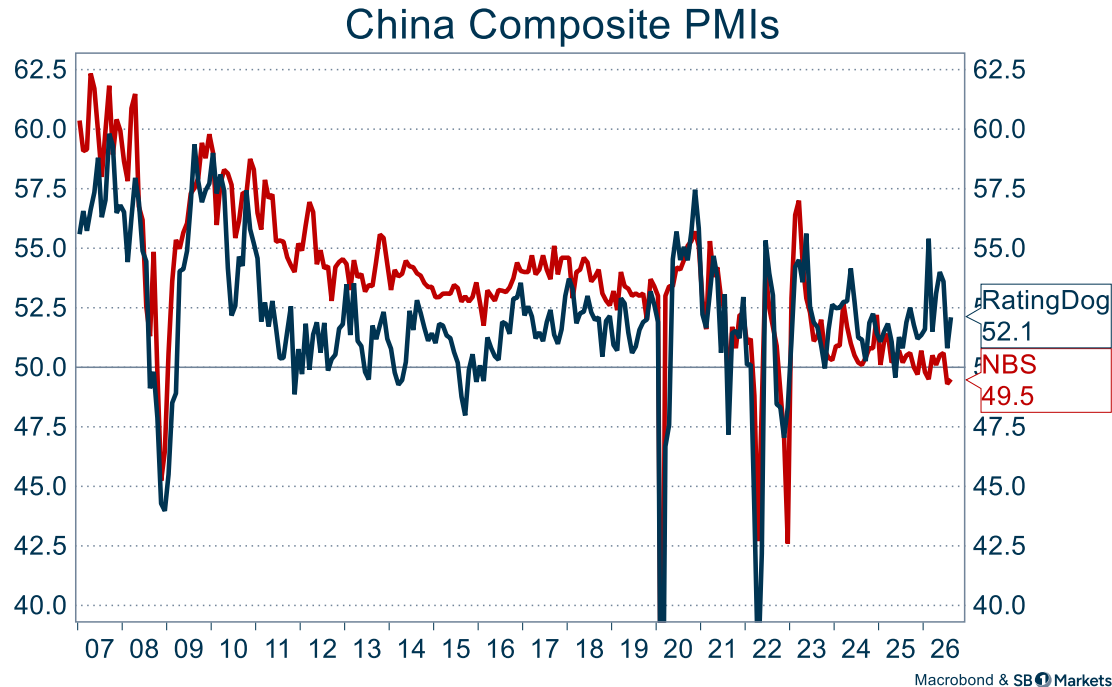
The EMU manufacturing index rose to 52.7 in August, also the best in 4 years, and the recovery is broad-based. Services were marginally down, to 51.6. Services in France and Germany remain below the 50-line. Spain is at 57.8, the best level since 2023. Italy rose to 55.2.





## China: August PMIs slightly up but (on average) still at low levels

The 'official' NBS composite PMI gained 0.2 p to 49.5. This index has been weaker only briefly, during the financial crisis and the pandemic. RatingDog's more volatile 'private' index was up 1.3 p to 52.1, a normal level. In sum, a weak print, confirming the Chinese slowdown.

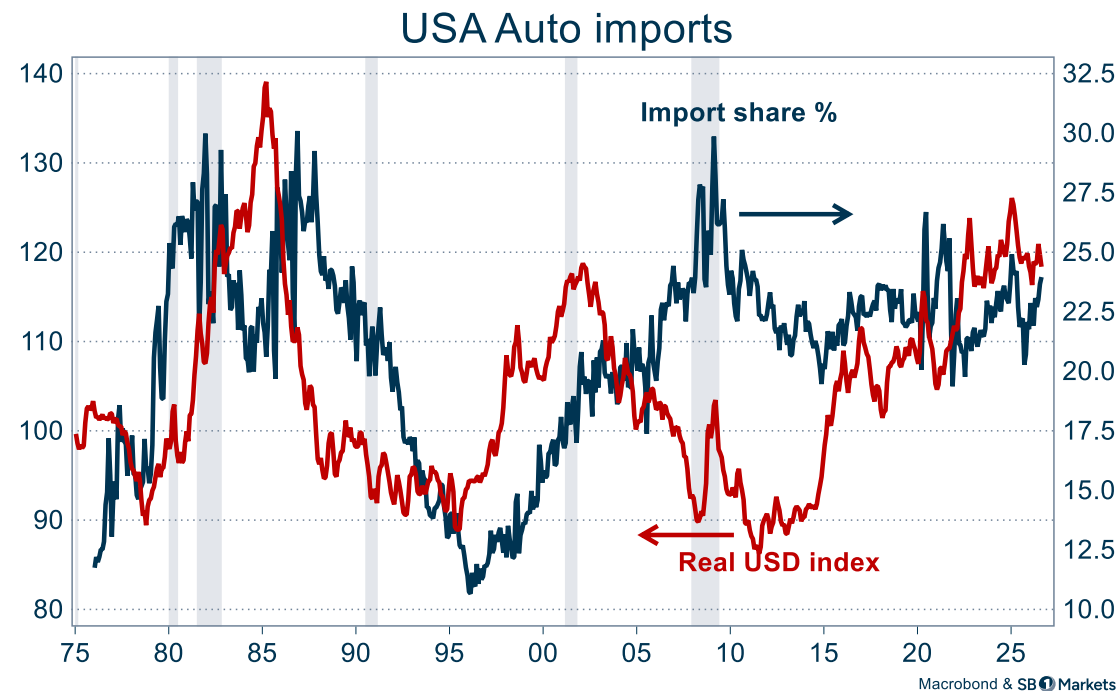
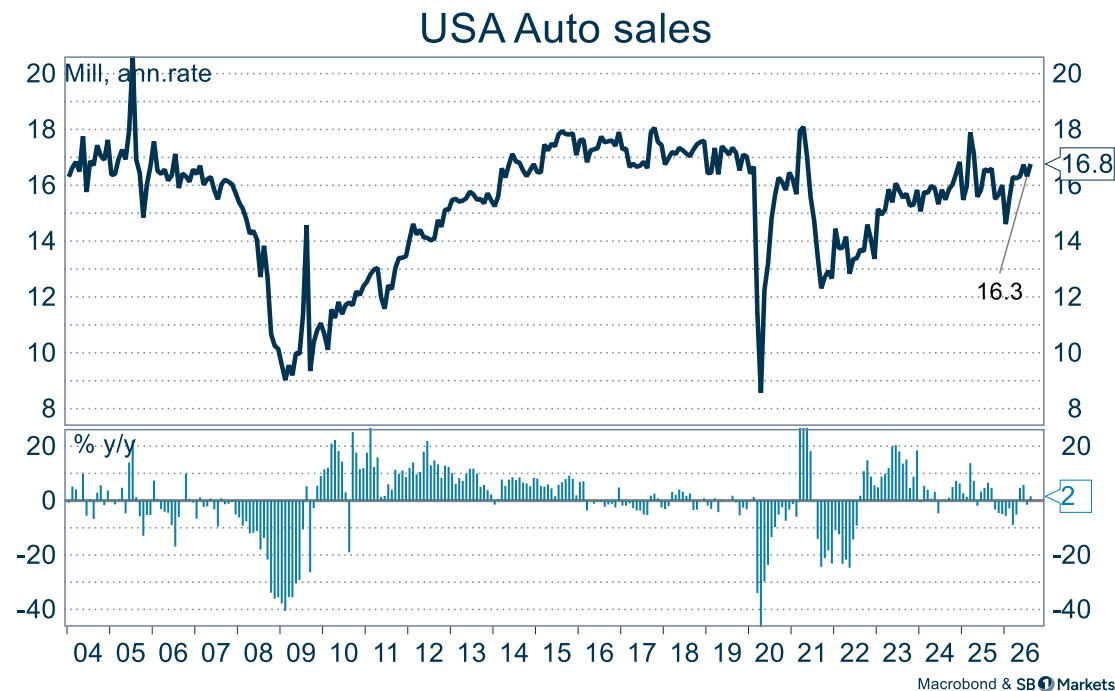


- The average of the 2 data sets would normally signal more than 5% GDP growth, but since the pandemic, the PMIs have been stronger than actual growth has turned out to be.
  - RatingDog's PMIs have been far stronger than justified by actual growth over the past year. This index has been rather volatile as well.
- In Q2, GDP grew at a 3.6% pace, a very low growth rate by Chinese standards.



# US Auto sales one tick up in August, to the best level since early 2025, and trends up?

Sales rose to 16.8m (annual rate) from 16.3m in July, expected 16.5. Sales are just marginally below the 2019 level. The import share is at a normal level, and the short-term trend is up.



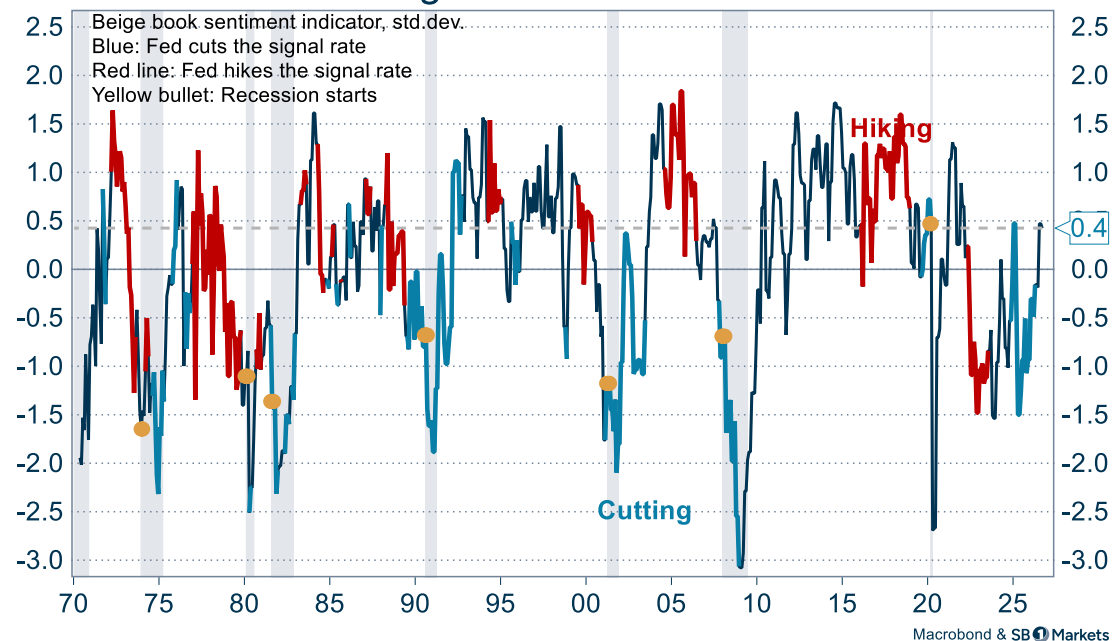
- The import share of autos sold declined in H2-25, but has recovered lately, and the level is close to the average of the past 10 years.



# Fed's Beige Book: activity still well above average

10 of 12 districts report growth, vs. 11 in July; two are flat. Housing is the weak spot, but other demand components are stronger. Modest wage growth, but inflation pressures remain elevated. The BB sentiment indicator fell marginally to 0.4 std. dev. above average. **Why not hike now?**

USA Fed Beige Book Sentiment indicator



- The Beige Book Sentiment Index declined 0.1 std. dev. to 0.4 std. dev. above average. The trend is straight up from the local bottom at -1.5 std. dev. in April-25.

- **Activity continues to expand modestly**, with growth in most Fed districts. Consumer spending is positive but uneven, tourism remains strong, manufacturing is improving, and data-centre and defence-related investments are key drivers of activity.
- **Housing** is the *main weak spot*, with residential construction declining as higher mortgage rates weigh on demand. In contrast, non-residential construction is growing, supported in part by data-centre projects.
- **Labour market** conditions remain *broadly stable*. Employment growth is limited but positive overall; labour demand is strongest in manufacturing and construction, and shortages of skilled trades and technical workers persist.
- **Wage growth remains moderate**, with the largest increases concentrated in sectors facing shortages of skilled labour, particularly manufacturing and construction.
- **Inflation pressures remain elevated**, especially for manufacturers and builders. Energy, transport, metals, petrochemicals, healthcare and insurance costs are rising, while tariffs continue to push up costs in several sectors.
- **The outlook remains cautiously positive but uncertain**. Contacts generally expect continued growth, although concerns about higher energy prices, government policy, tariffs and geopolitical tensions are weighing on sentiment and business planning.

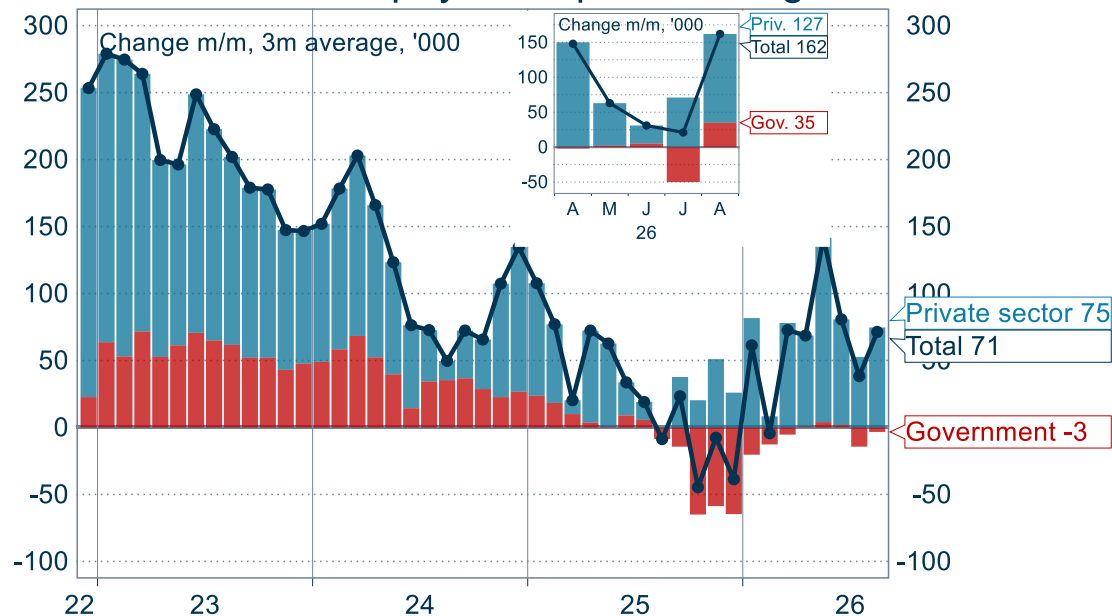




# Government payrolls trend flat, private sector accelerates, even with support from health

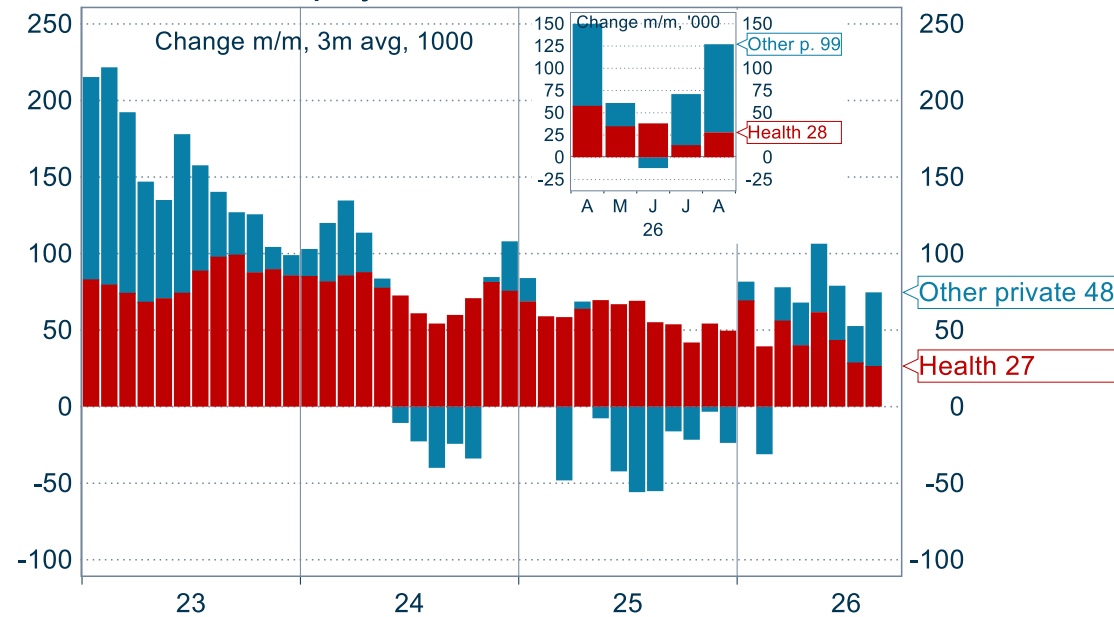
Private sector payrolls rose by 127,000 in Aug., while the avg. over the past 3 months rose to 75'. Ex. health: 99' in August, 48' on average the past 3 months. Growth in payrolls in health and care has slowed recently. Local governments cut payrolls in July but hired again in August.

## USA Nonfarm payrolls - private vs. government



Macrobond & SB Markets

## USA Nonfarm payrolls - Private sector health vs the rest



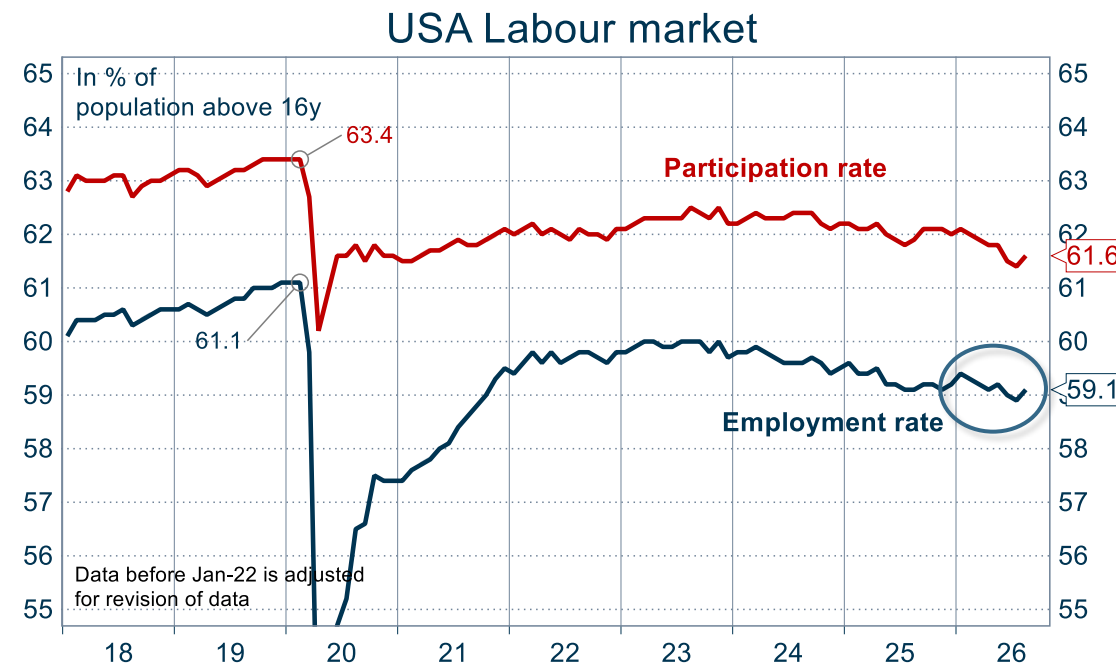
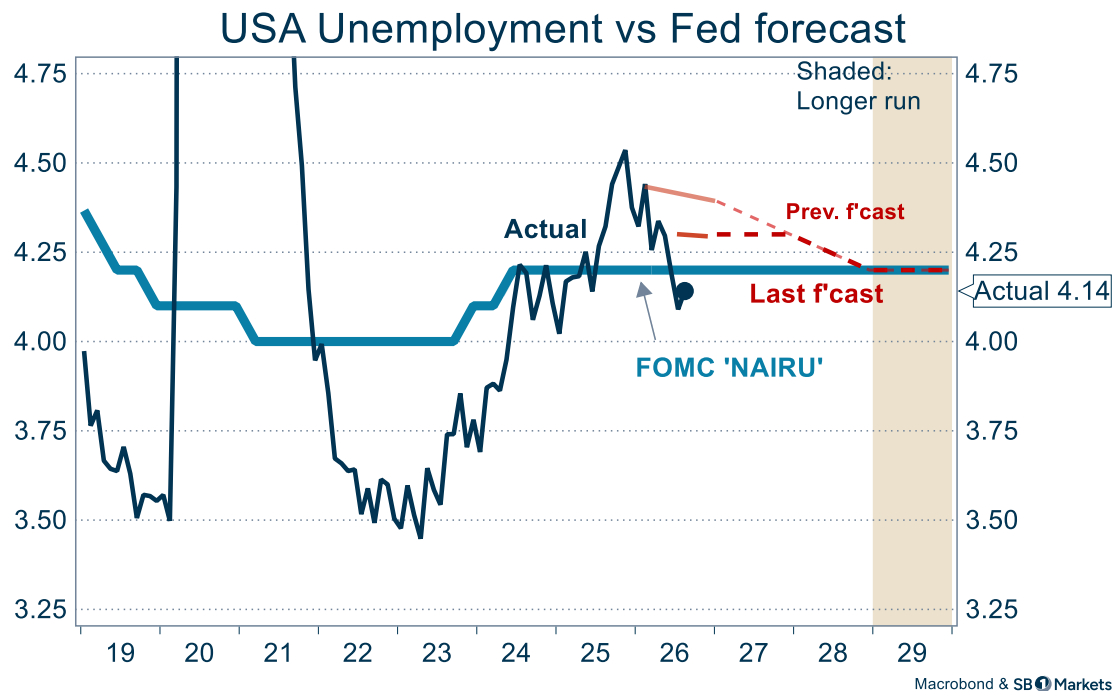
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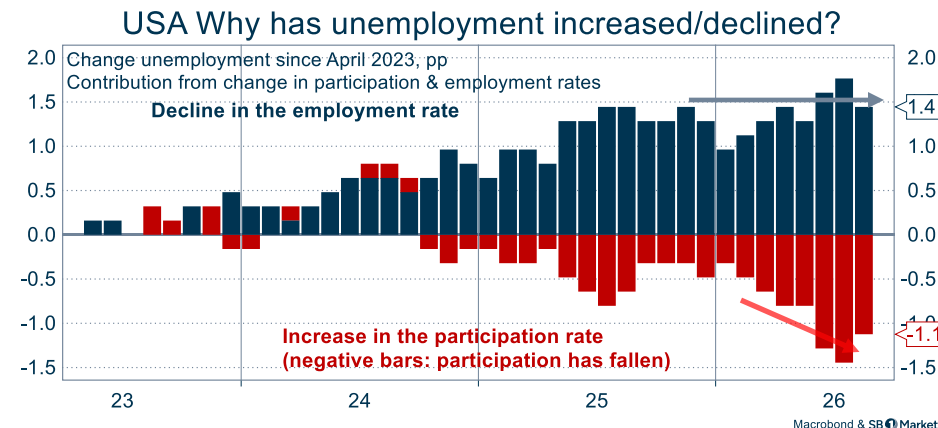
# The unemployment rate (almost) flat at 4.14% (from 4.09%), but trends down

Unemployment trends down from the local peak of 4.54% last Nov. The decline in unemployment since Nov. is due to a decline in the participation rate. The employment rate rose 0.2 pp in Aug., equal to the Nov. level, but still trends down



- ... the employment rate trends down, like we have never seen outside recessions (check two pages forward).
- FOMC members assume a 4.2% longer-term rate, which we may interpret as the FOMC's estimate of the NAIRU \*). In June, the FOMC expected a 4.3% rate in Q4-26.
  - The chart to the right decomposes changes in unemployment from the local trough in April 2023 into changes in the employment rate and in the participation rate. The decline in the employment rate has lifted unemployment by 1.4 pp, the decline in the participation rate has lowered.

\*) 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.

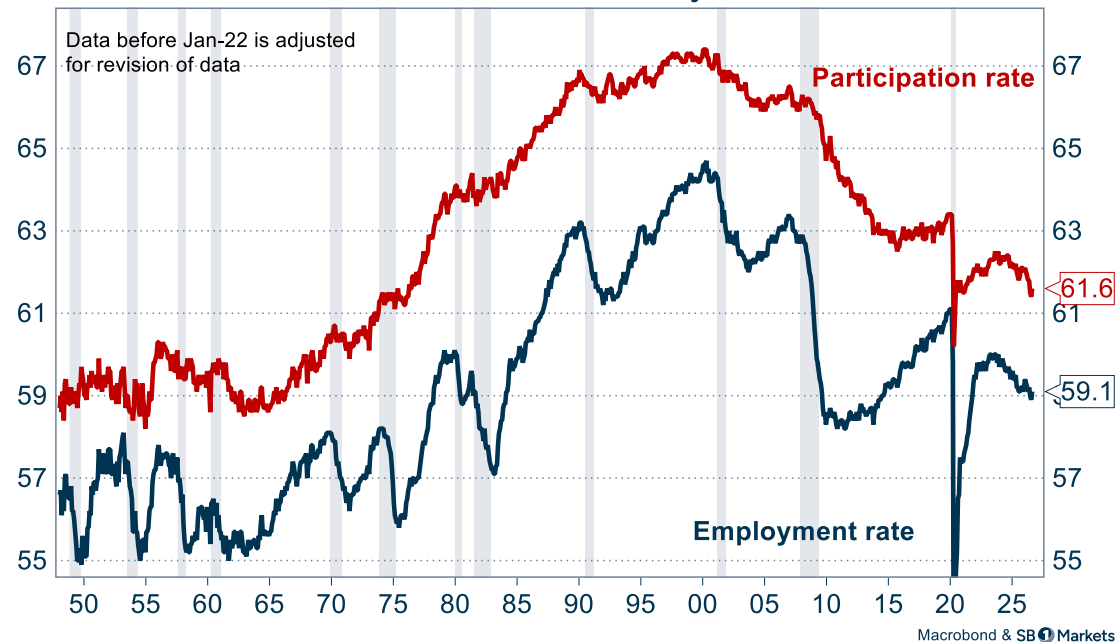




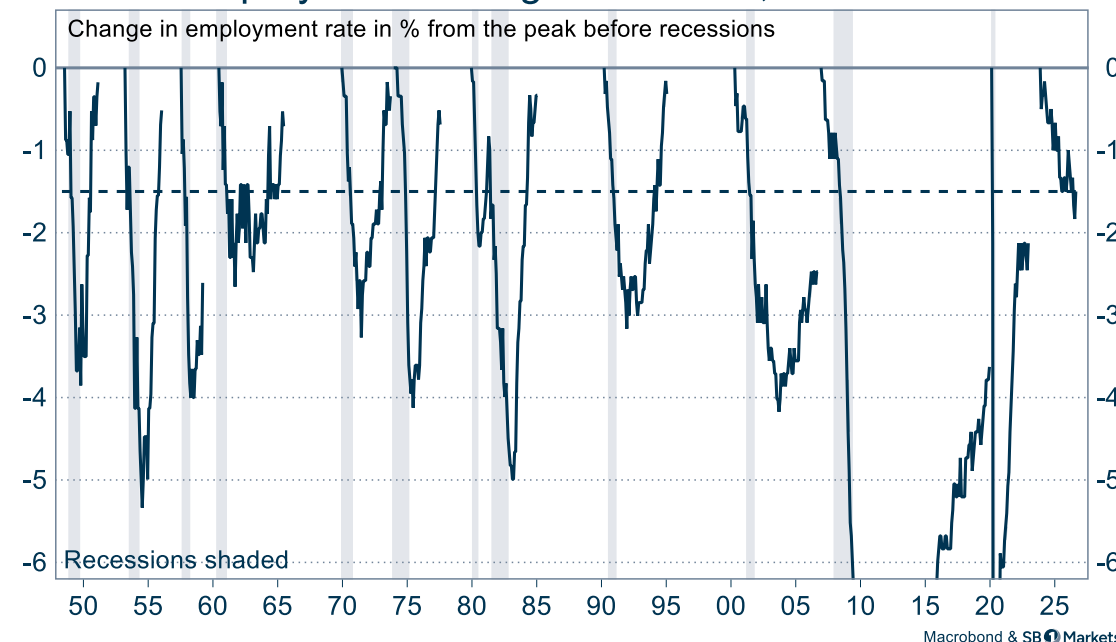
# LFS: The employment rate has fallen the past 2 years, in a 'recessionary' way

The participation rate fell as well, and until late last year by less than the employment rate, and unemployment rose. The recent drop in the participation rate has been faster than that in the employment rate, and unemployment has decreased.

USA Labour market - 16y and older



USA Employment during recessions, and afterwards



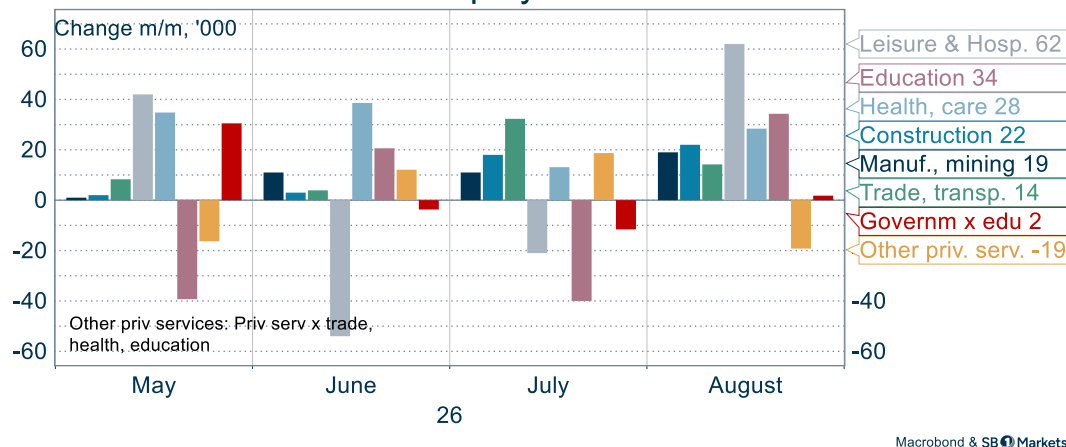
- The longer-term trend in participation and employment in the US is not impressive, especially compared with the steady rise in most European countries.



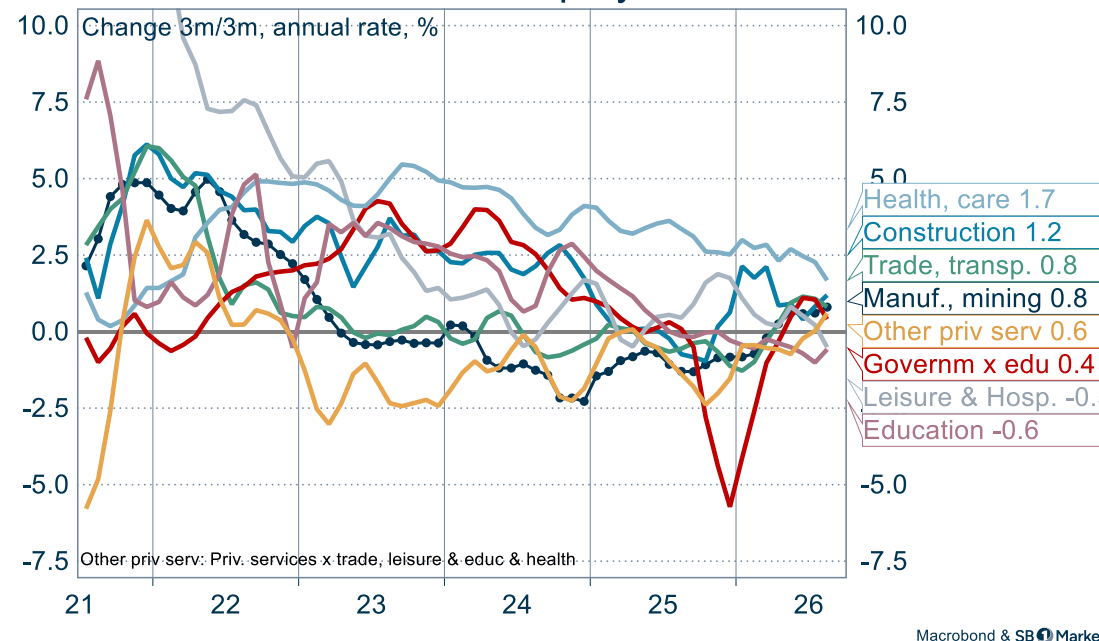
# A recovery in leisure & hospitality and local governments (education) in August

+ decent growth in manufacturing, construction and trade. And as always, in health and care services. Professional services and information and financial services were the weak spots in August. Most main sectors are trending up.

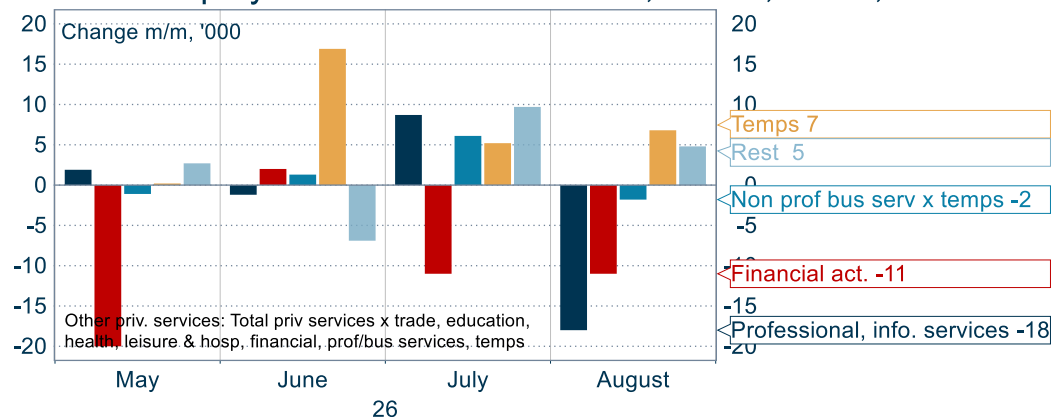
## USA Employment sectors



## USA Employment



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



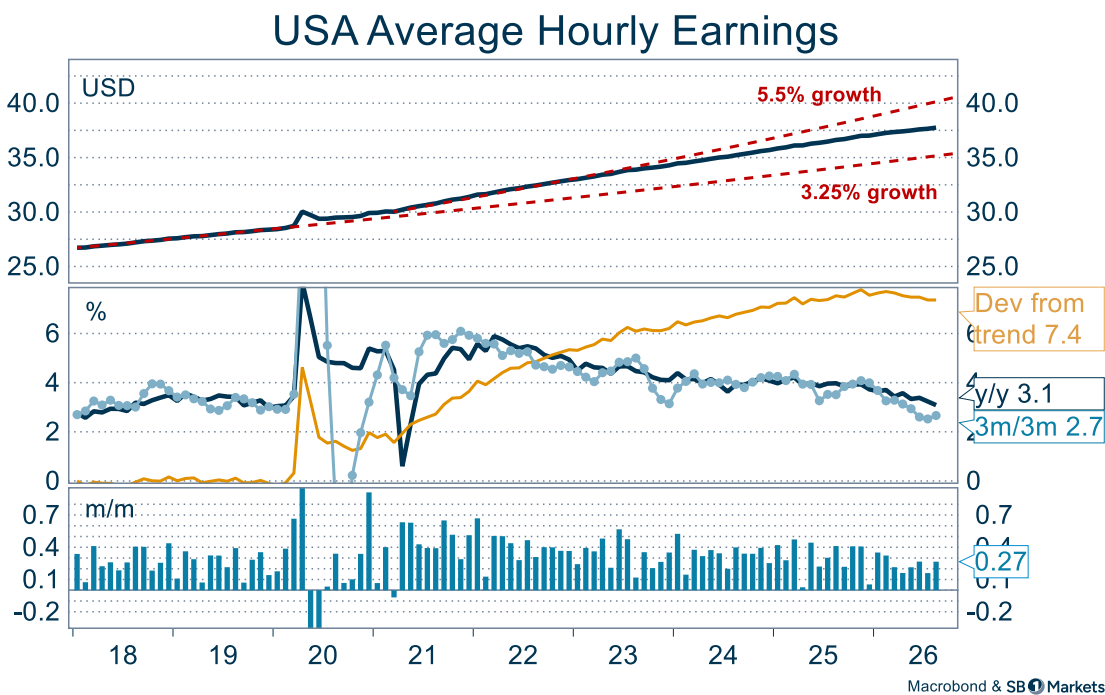
Education: Private, state and local government

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

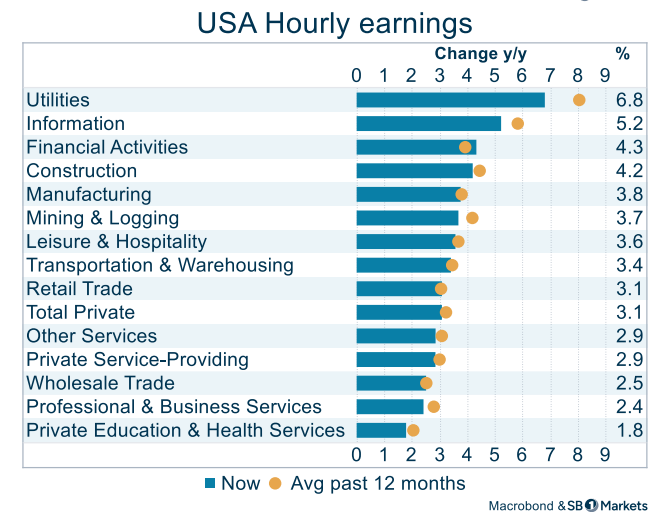
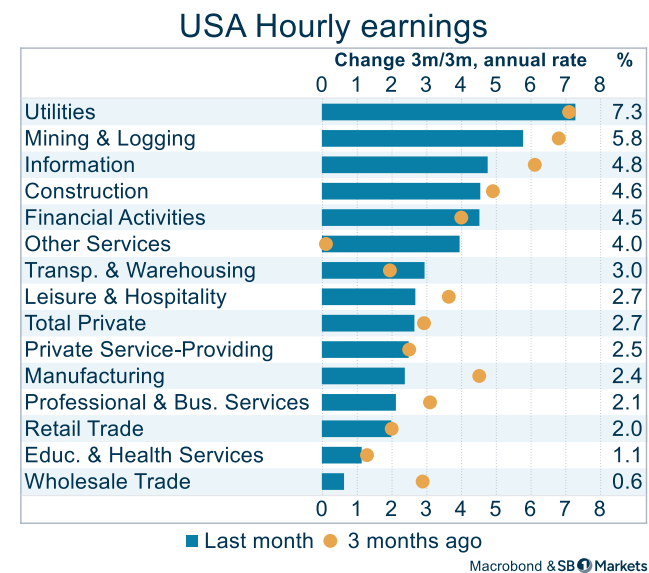


# Wages grew 0.27% m/m, and just 3.1%, both as expected. The trend is down

The 3m/3m accelerated 0.2 pp to 2.7%, still a very low level. 4 sectors report higher 3m/3m wage growth than 3 months ago, 9 lower. 10 sectors report lower annual wage growth than the average growth rate the past 12 months.



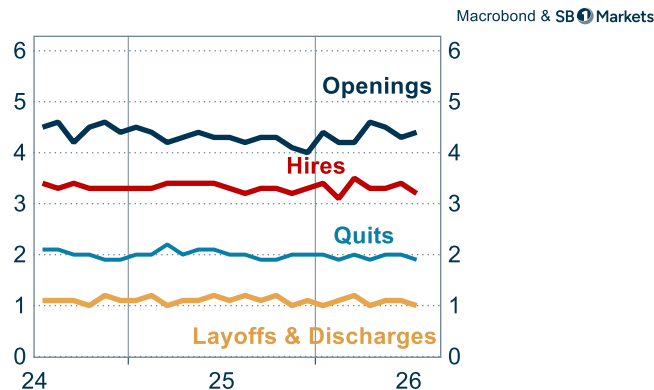
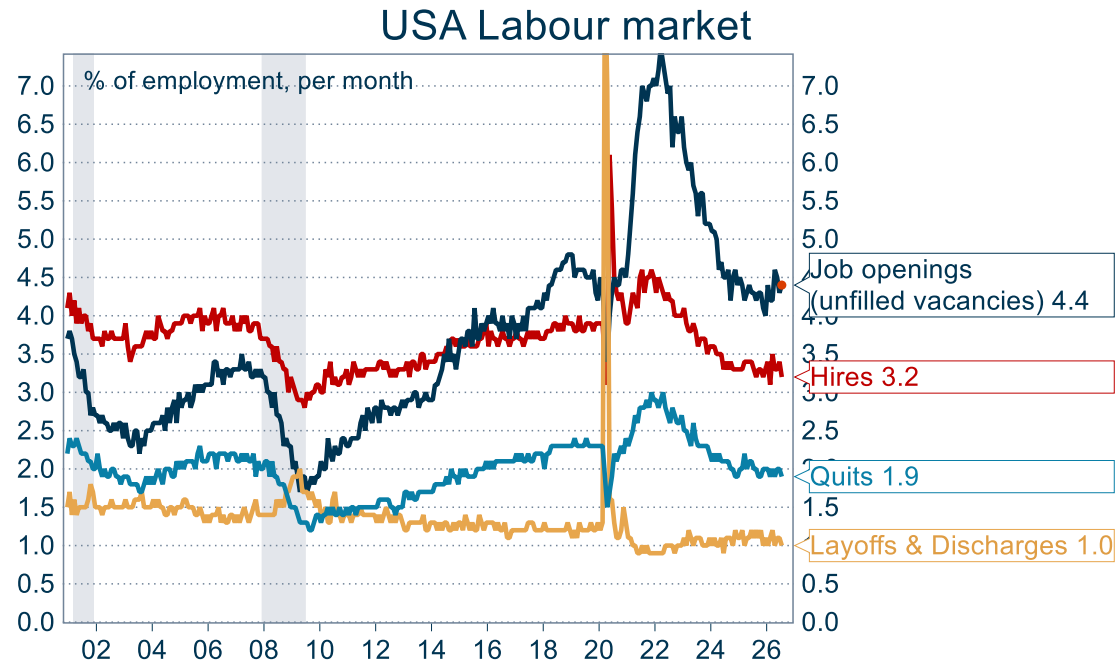
- 4 sectors report higher annual growth now vs. the past 12m average.





# Job openings a tad lower than expected in July, June revised down. Still, the trend is up!

The vacancy rate rose 0.1 pp to 4.4%, from a 0.1 pp downward rev. June level. Vacancies were a tad lower than exp. Hiring declined 0.2 pp to 3.2%, and trends flat, at a low level. Voluntary quits declined, but so did layoffs. In sum: mixed. But openings trend up since late last year.



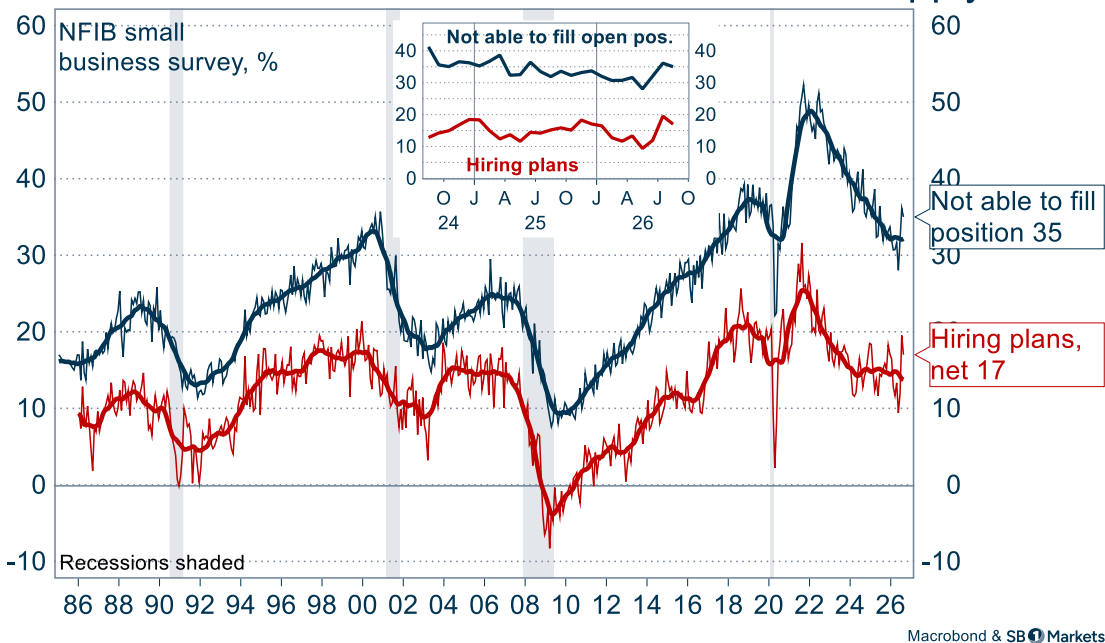
- **The job openings** (unfilled vacancies) bottomed last December and have trended upwards so far in 2026.
  - The vacancy ratio is way above a historical average, but lower than after the pandemic, and the longer-term trend is upwards.
  - There are **1.02 vacant positions** per unemployed person, twice **the 0.5 average. This ratio trends upwards again**
  - 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.**
- **New hires declined to 3.2%.** The trend is flat, and below the historical average at 3.6%.
- **The quit rate** declined 0.1 pp to 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** fell 0.1 pp to 1.0%. The trend is flat as well, 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 reports a continued low level of announced layoffs** in August, and the level is close to normal.
- In sum: **Mixed, but the job openings have increased so far in 2026**



# SME labour market survey: marginally down in August, but still pretty strong

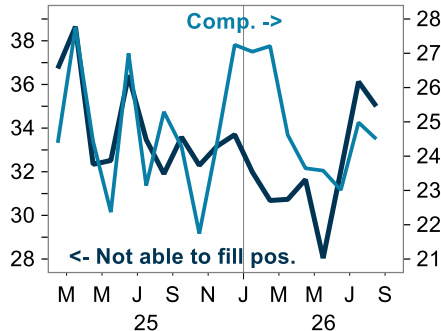
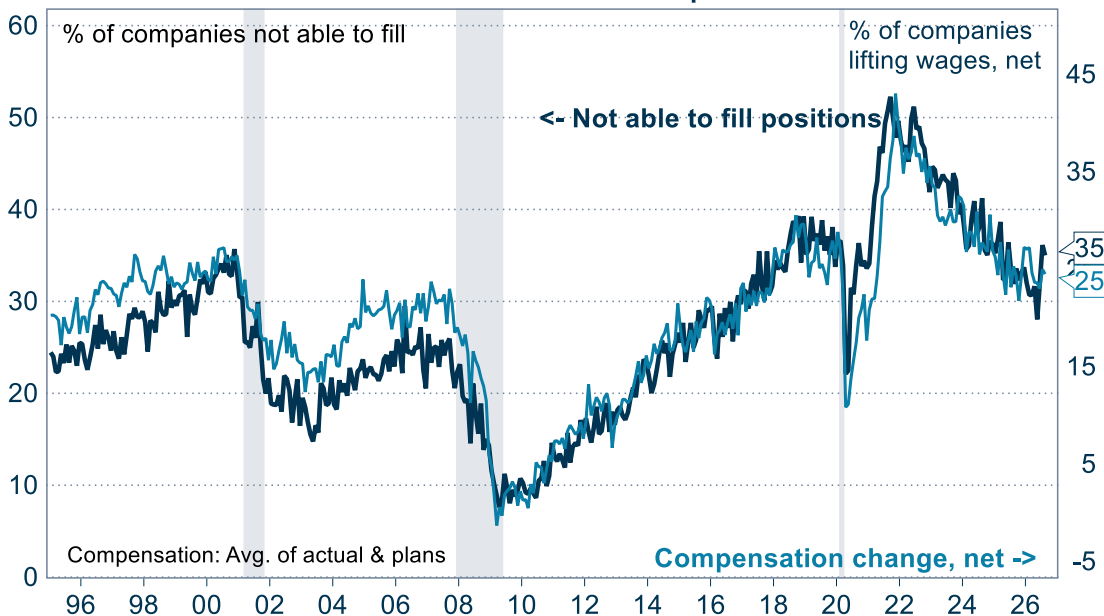
Hiring plans declined 3 pp to 17%, still far above an avg. level (12%), and 3 pp above the level over the past 2y. 35% of companies reported that they were not able to fill vacancies, down from 36% in July, but still well above the level over the past year. Compensation plans are > average.

USA Small businesses labour demand/supply



- In sum: the NFIB report signals a tighter labour market than normal.

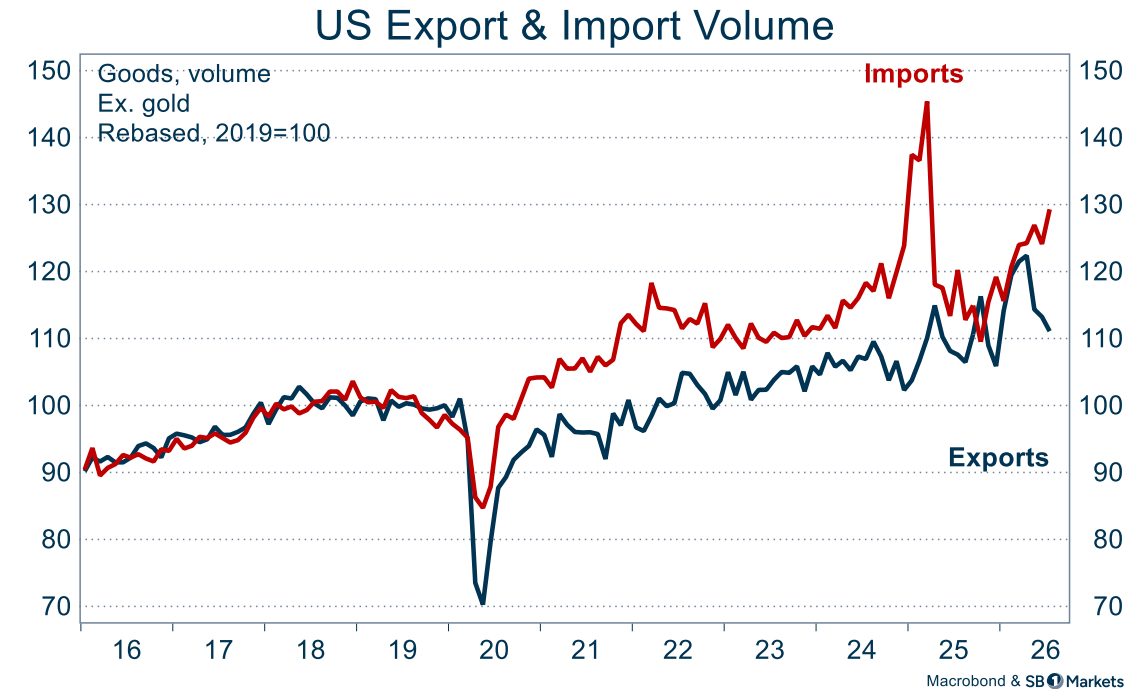
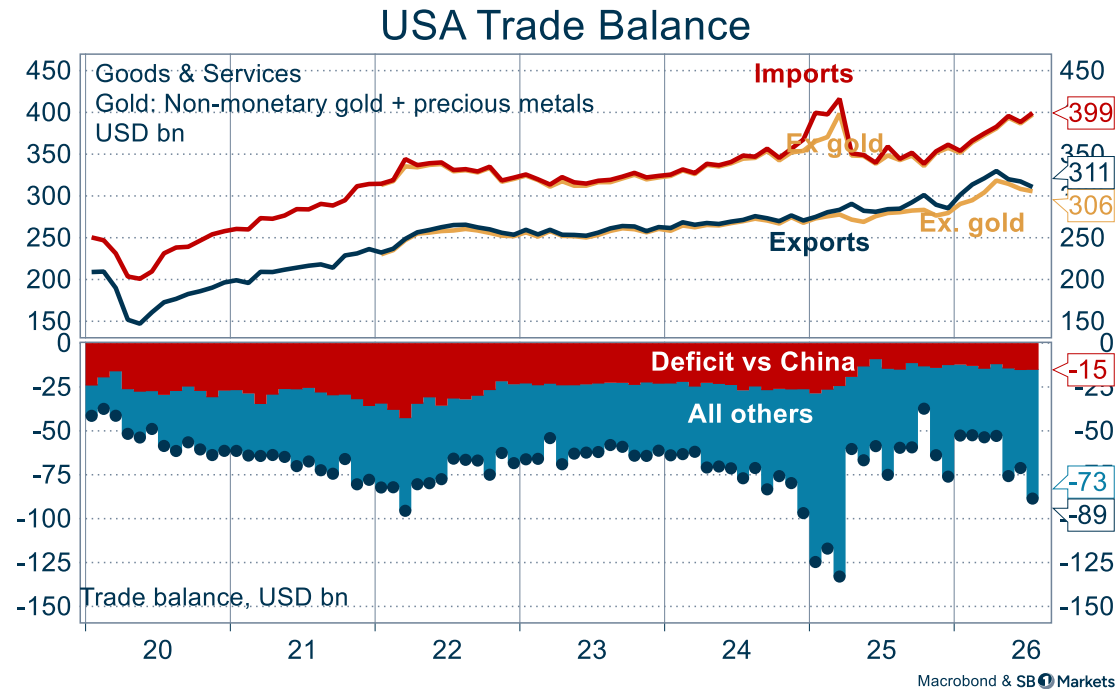
USA Vacancies vs. compensation





# The trade deficit widened sharply in July, as imports rose and exports declined

The deficit rose to USD 89bn from 71bn, as expected (the preliminary goods data, which were far higher than expected, sent the warning). The deficit, which is the largest since last March, may be due to front-running of new tariffs – but it may be for real as well.



- Net gold exports have fallen to almost a normal level, and the deficit ex. gold exports rose to USD 92bn.

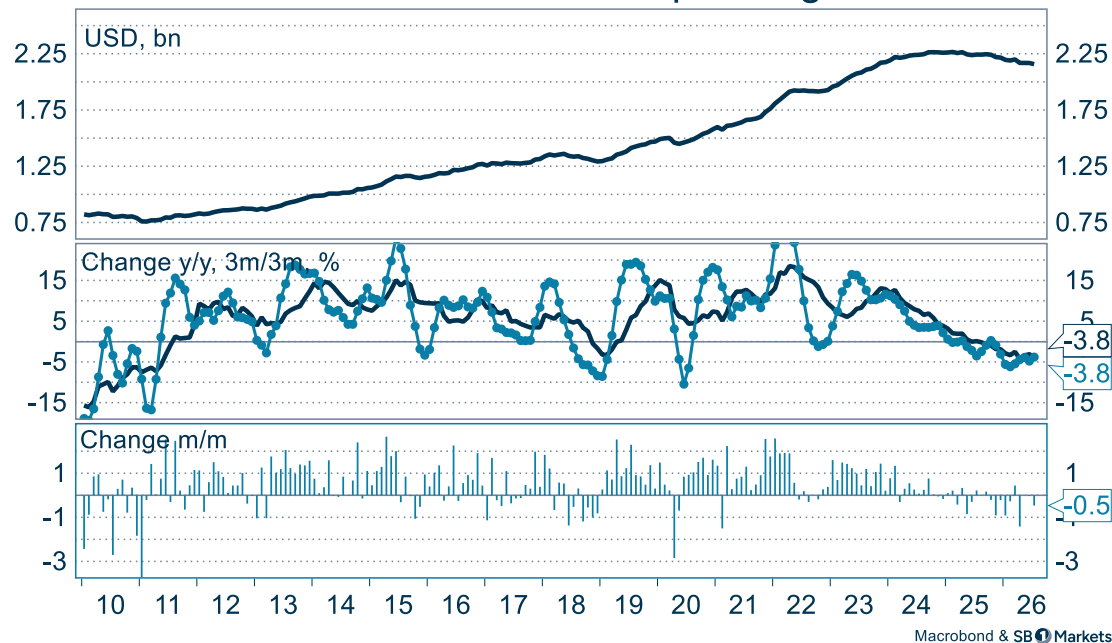




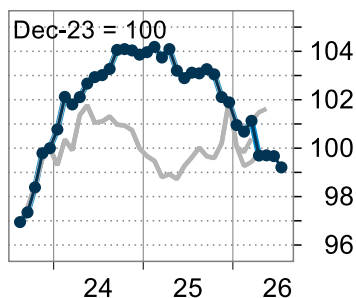
# Construction spending: residential investments head down, businesses have turned up

Total spending fell 0.5% in July, and it heads down at a 4% pace, even before adjusting for 2-ish% cost inflation. Residential heads down at a 15% pace, in volume terms. Businesses have turned up, even if manuf. structure investments in computer/electronics still decline.

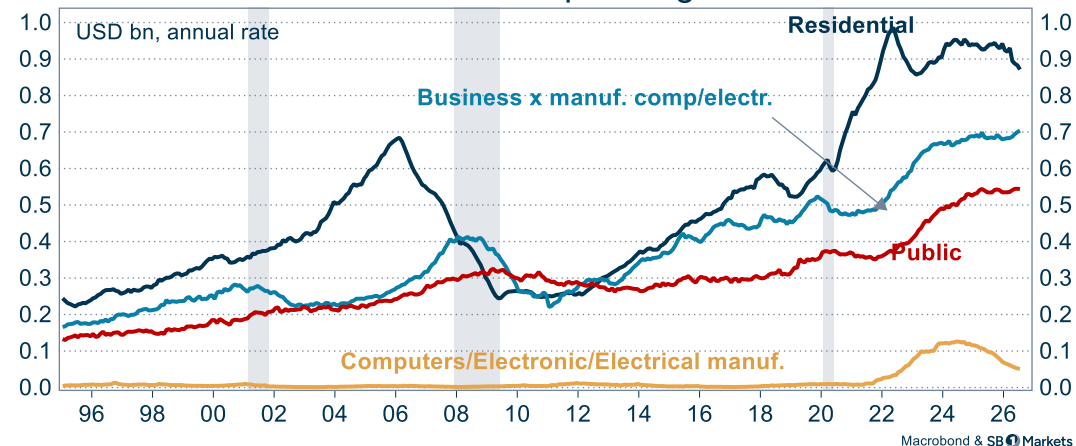
## USA Construction spending



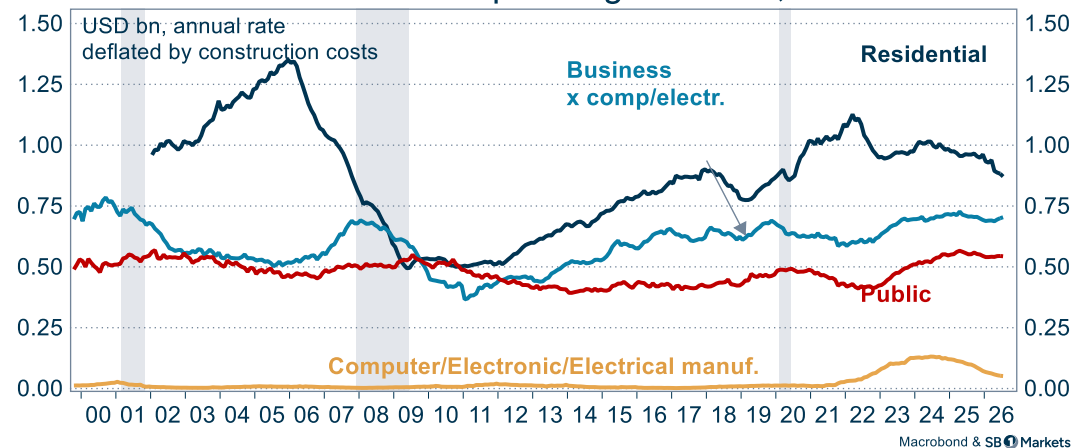
- Revisions were up and down – the main picture remained intact



## USA Construction spending - sectors



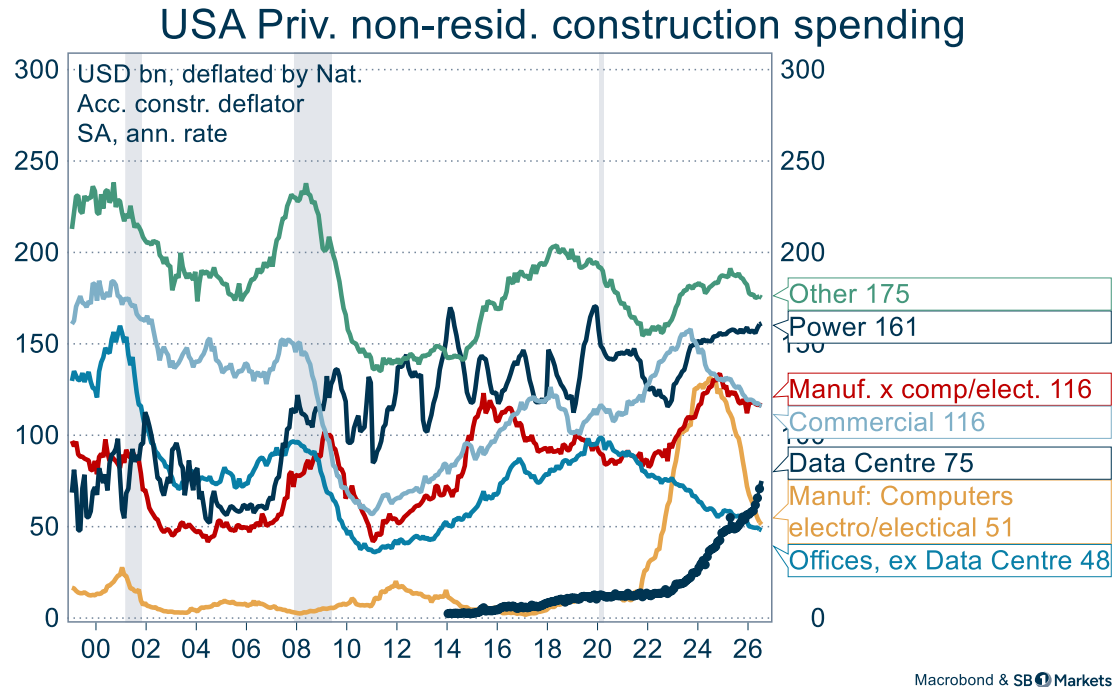
## USA Construction spending - sectors, volume





# Mixed trends in investments in business structures

Data centre structure investments are surging (the equipment not included). A collapse in structures for manufacturing of electronics etc., which exploded in 2022/23, is even larger than the surge in data centres now. Offices (ex. data centres) are falling rapidly. Power trends up.

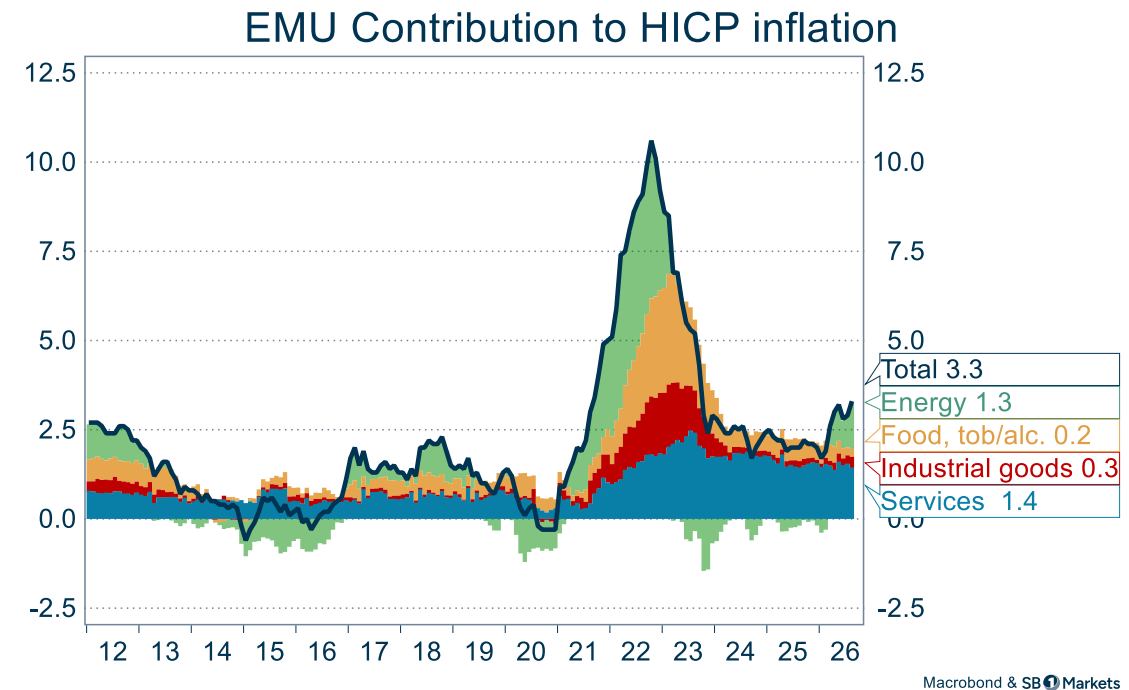
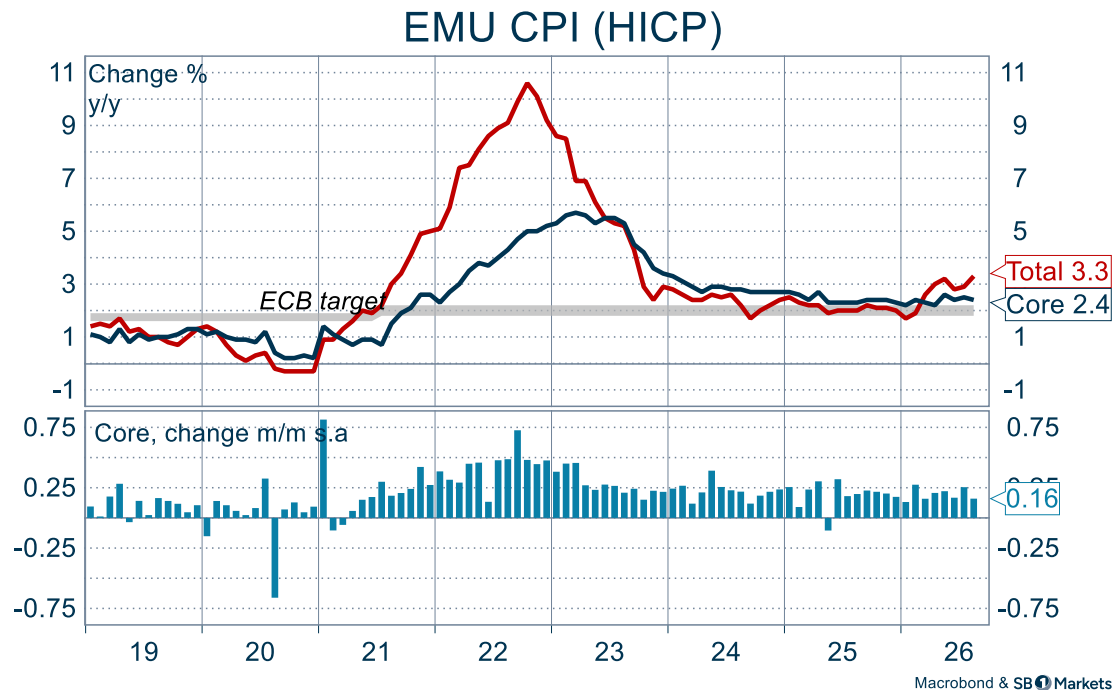


- The surge in investments in structures in the manufacturing of **computer/electronic/ electrical** sector from 2021 was more than impressive. No doubt, the extreme policy measures introduced in the Chips and Science Act in 2022/23 have had a large impact.
  - The USD 120bn take-off equalled 0.4% of GDP.
  - However, these investments have declined more than 60% 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 in recent years but have been declining over the past year.
- The upside in investments in **power supply** may be hampered by the new administration's policies on energy transition, and they have flattened at least until very recently.
- Investments in **offices ex. data centres have been cut in half since 2020**, and the level is at a 'recessionary' level (and the downside is probably limited).
- Construction in the **commercial sector** (trade, distribution ex. 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.



# EMU: core inflation surprised on the downside, down 0.1 pp to 2.4%. Headline up to 3.3%

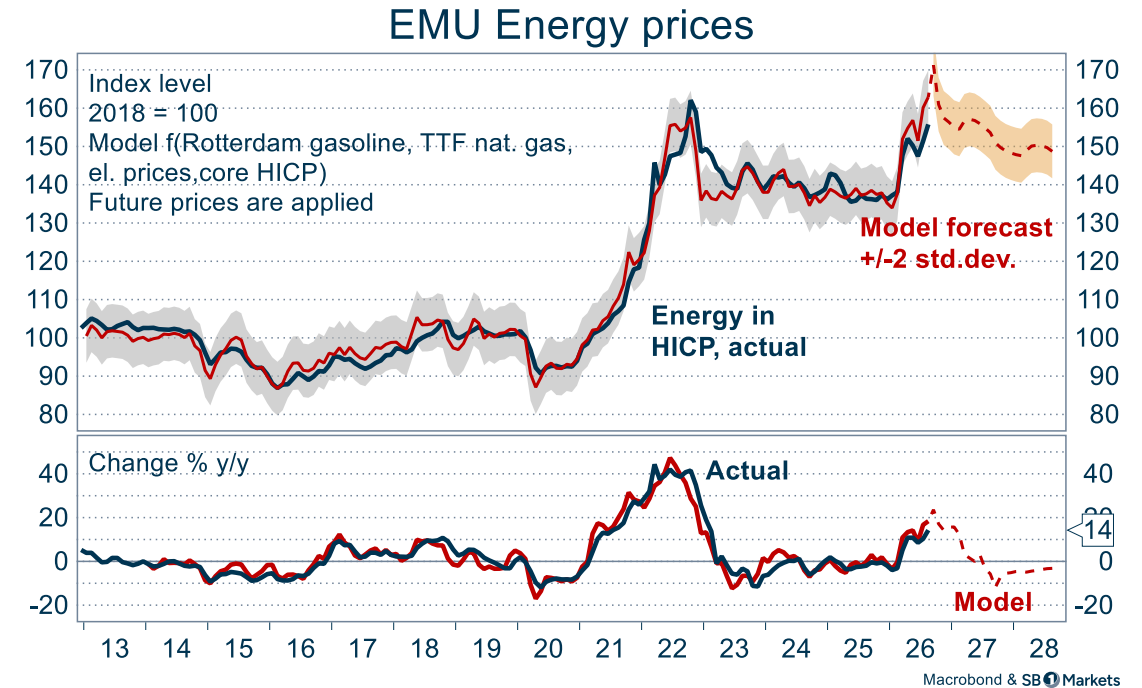
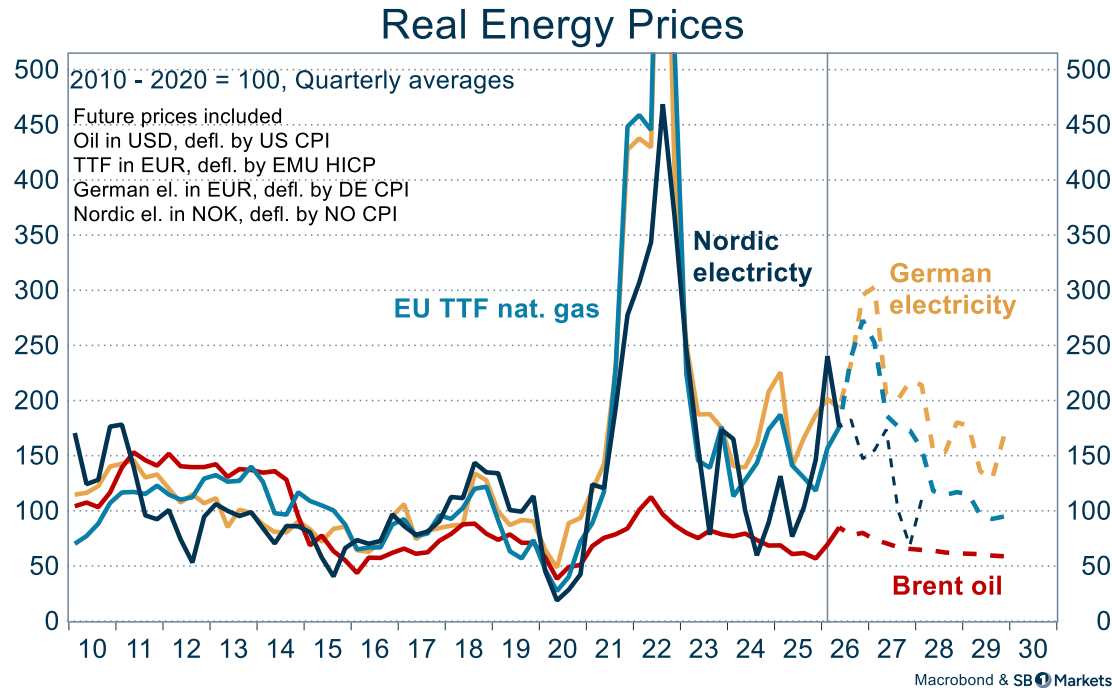
Core prices rose 0.16%, but the underlying growth pace in recent months is unchanged at 2.5%. Energy prices are the main problem, up 14% y/y, lifting the headline by 1.3 pp. Food prices have flattened recently. Services are still up >3%. The ECB will probably hike once more, in Sept.



- **The headline HICP** was up 0.4% m/m in August as energy prices rose 2.6%. The annual rate accelerated 0.2 pp to 3.3%
  - Energy prices are up 14% y/y which lifts the HICP by 1.3 pp. Our model suggests that annual energy inflation will climb further due to the lift in gas prices over the summer.
  - **Food prices** are up 1.2% y/y and slowing.
- **The core HICP (ex. food & energy)** was up 0.16% (our calc), down from 0.25% in July. Underlying core inflation flattened close to 2.5% (avg. of our measures).
  - **Core service sector inflation is running above 3%** and contributes 1.4 pp to total inflation. **Industrial goods** price inflation is still moderate, at 1.2% y/y, lifting HICP by 0.3 pp.
- **Wage and unit labour cost growth rates** are still too high, given the current modest growth in productivity – but the direction is steady down.
- **For the ECB:** Price inflation is too high, unemployment is close to the lowest in 45 years, and growth has surprised on the upside. **A hike around the corner?**

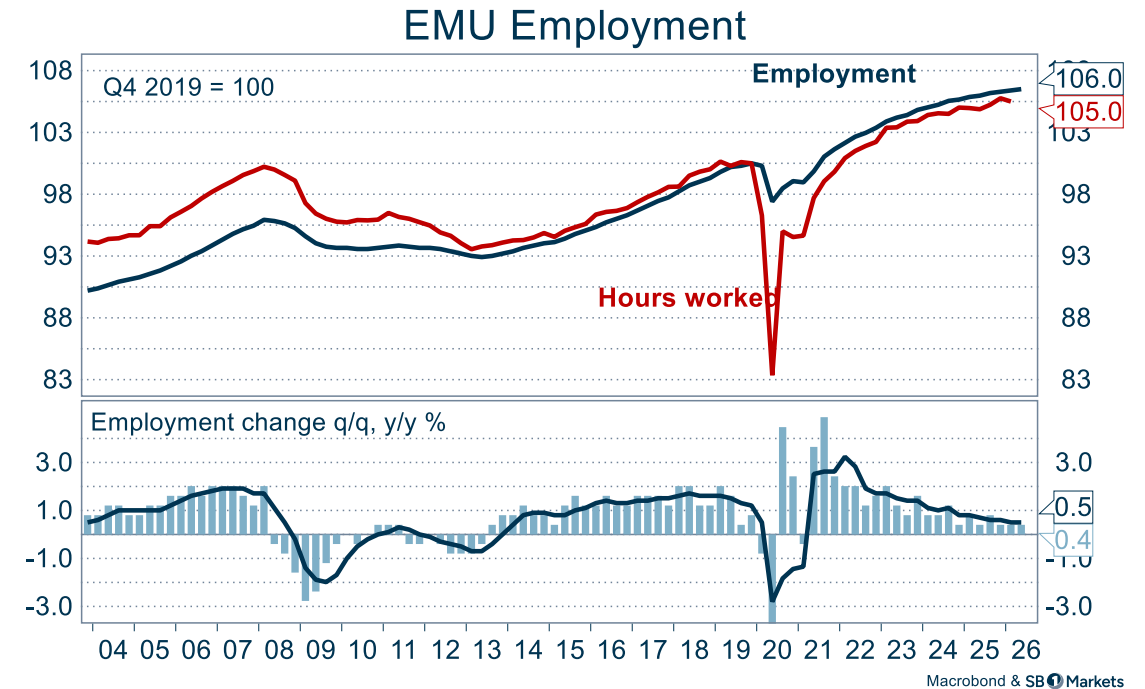
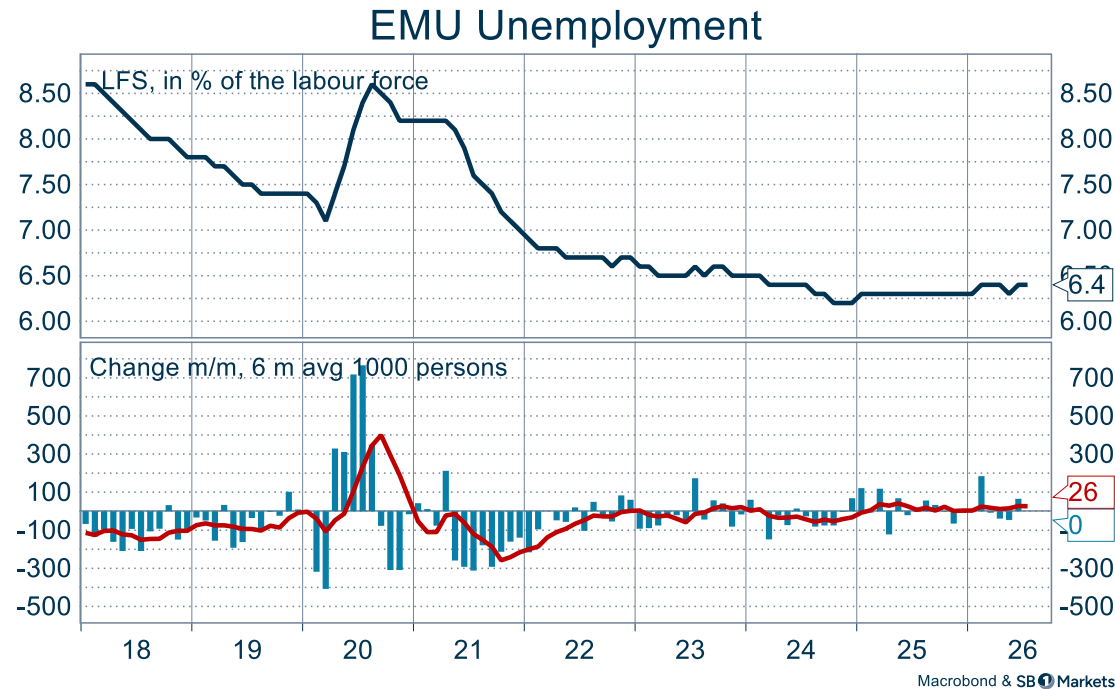
# Energy prices: Still some upside risks? Gas prices pose some risks

Our model, based on futures prices for gasoline, natural gas and electricity, suggests a further lift in energy prices at the consumer level. But sure, forward prices may be wrong. Anyway, annual energy inflation will very likely remain high in the coming quarters.



# EMU LFS unemployment marginally up(ward revised), but 6.4% is still a low rate

The previous months were revised up 0.1 pp to 6.4%, and the rate stayed there in July. The number of unemployed was unchanged m/m, but is up by 26'/m over the past 6 m. The employment rate is the highest in modern times and not that far behind the US (but far below Norway's...)

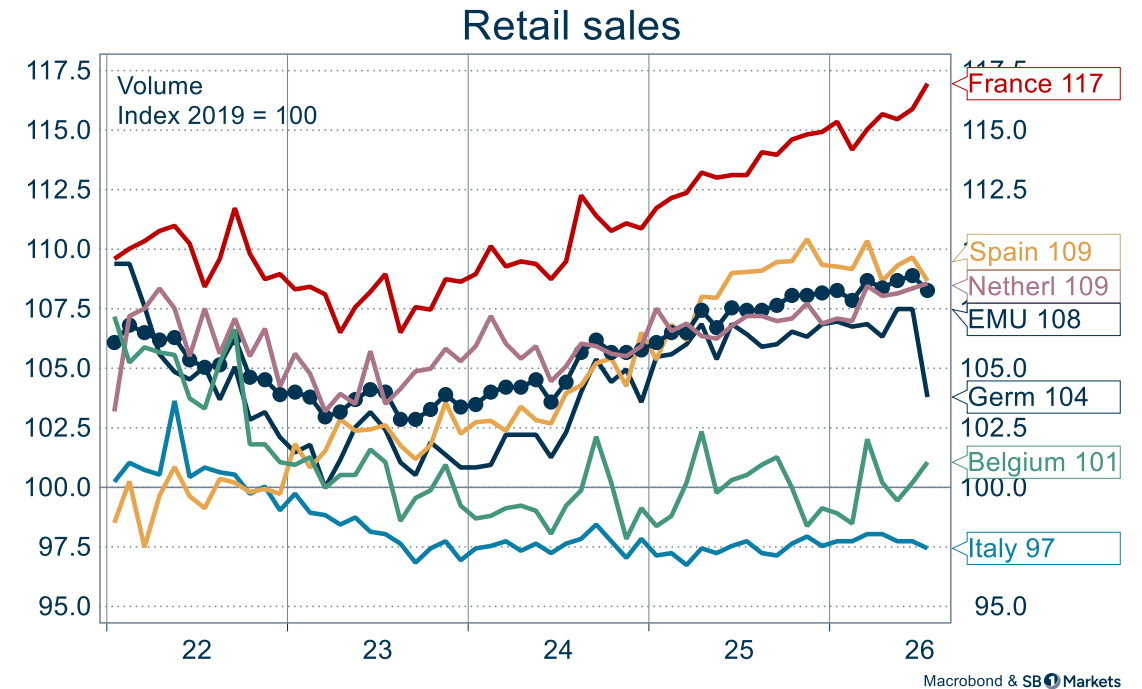
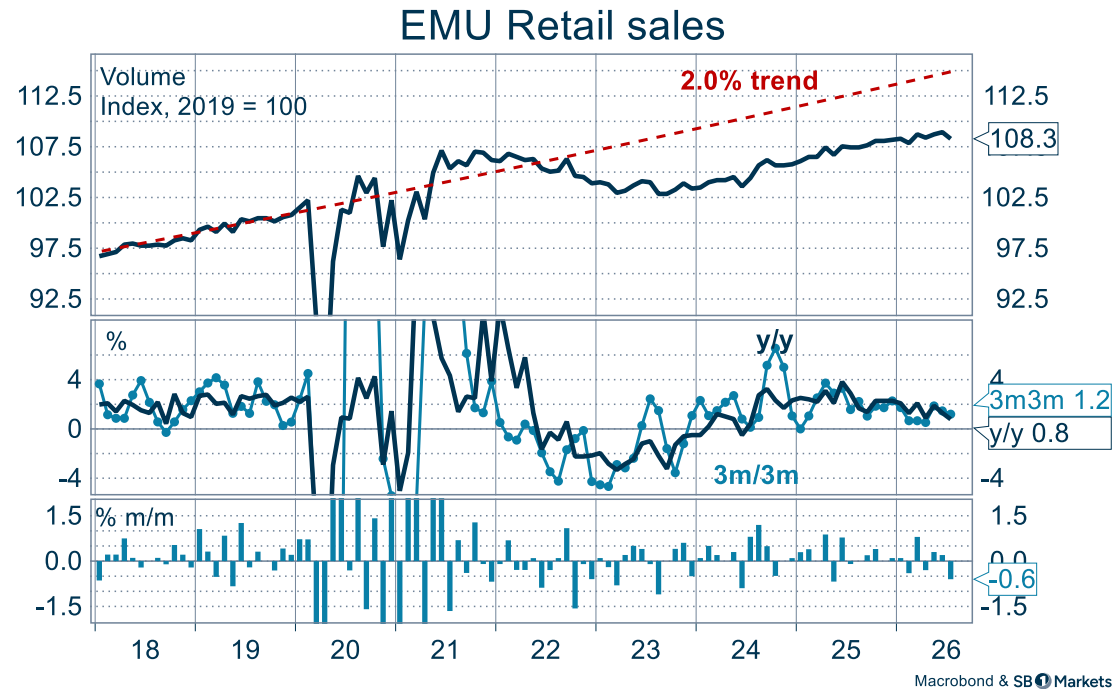


- **Employment** rose at a 0.4% pace in Q2, and is up 0.5% y/y, still faster than growth in the working-age population.

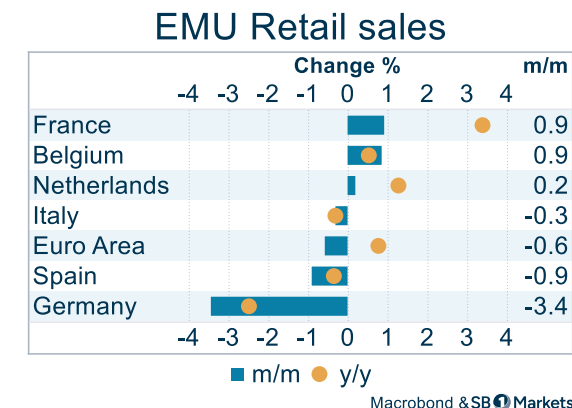
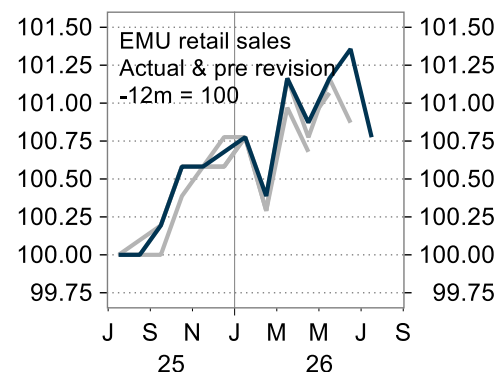


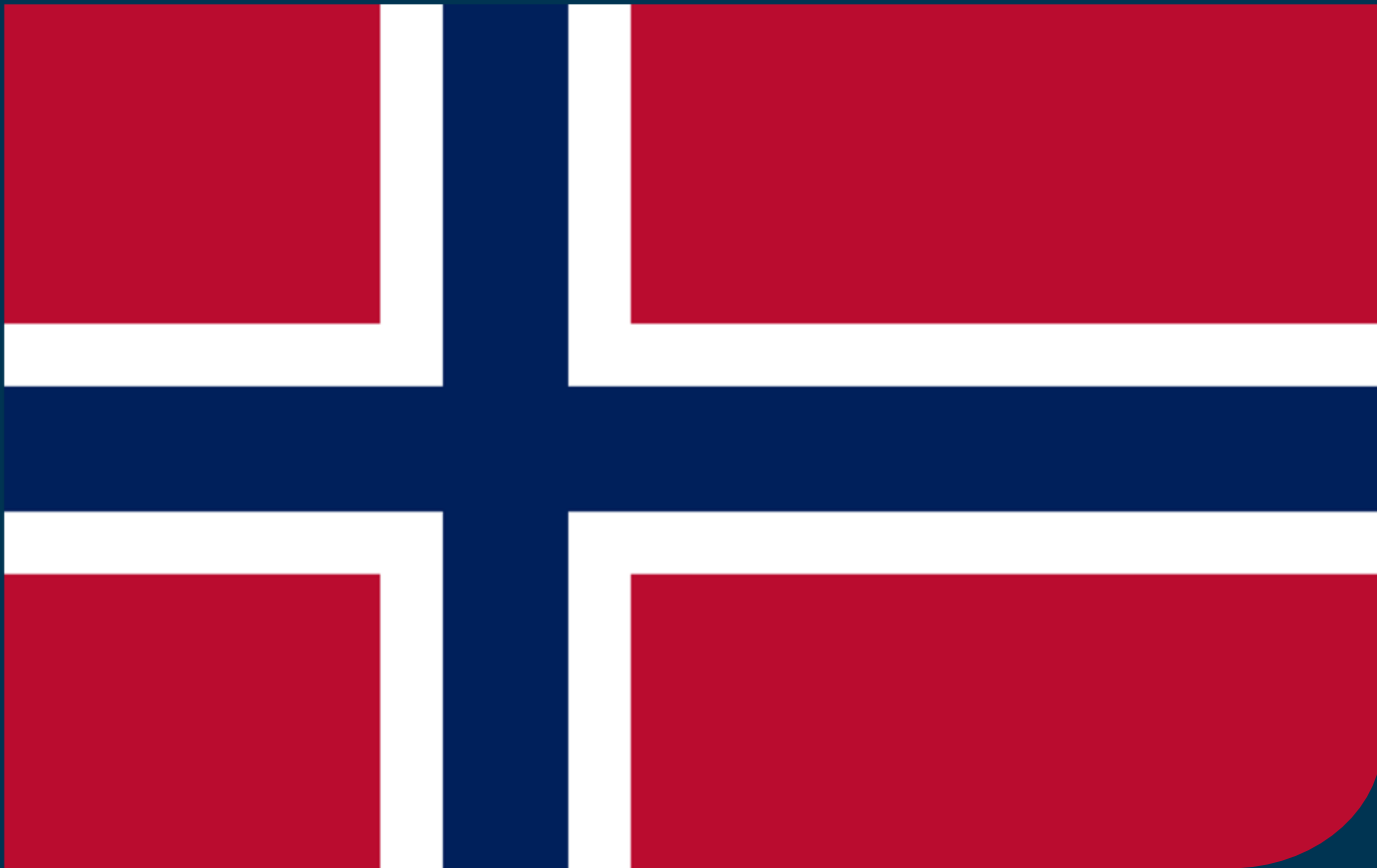
# EMU: Retail sales down 0.6% in July, but June was revised up by 0.5% and grew 0.2%

Sales were up 0.8% y/y, 0.1 pp above expectations. German sales fell 3.4% m/m in July, and an upward revision seems rather likely. Still, the trend is not impressive, neither in Germany nor in the Eurozone.



- **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.



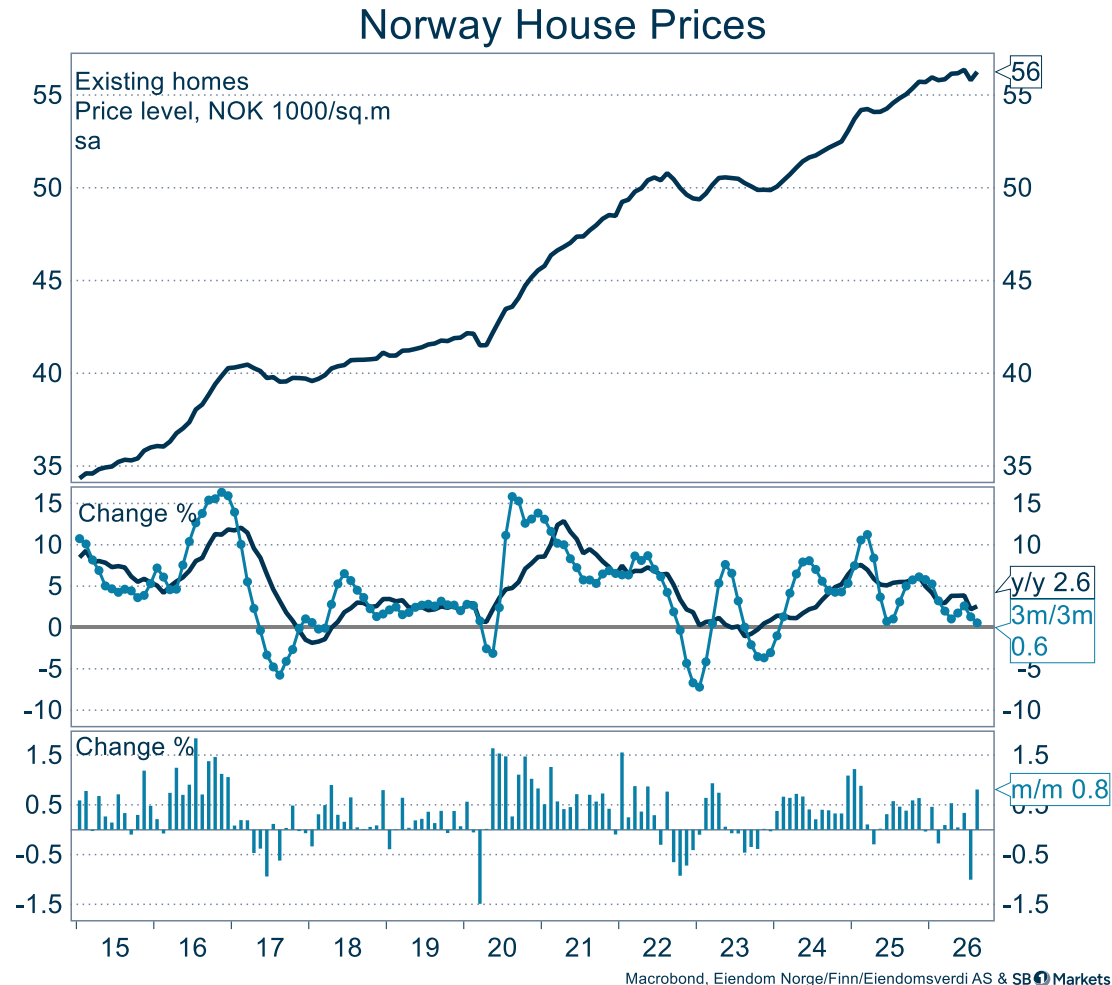


## 2. Norway



# Housing prices recovered most of the July loss, but trend flat

Prices rose 0.8% in August, following the 1.0% setback in July, and have flattened the past 4 months. Prices are still up 2.6% y/y. The regional differences are intact: south, west & Tromsø are in the lead, while the mid and the east are lagging, Oslo (with a surging inventory) included.

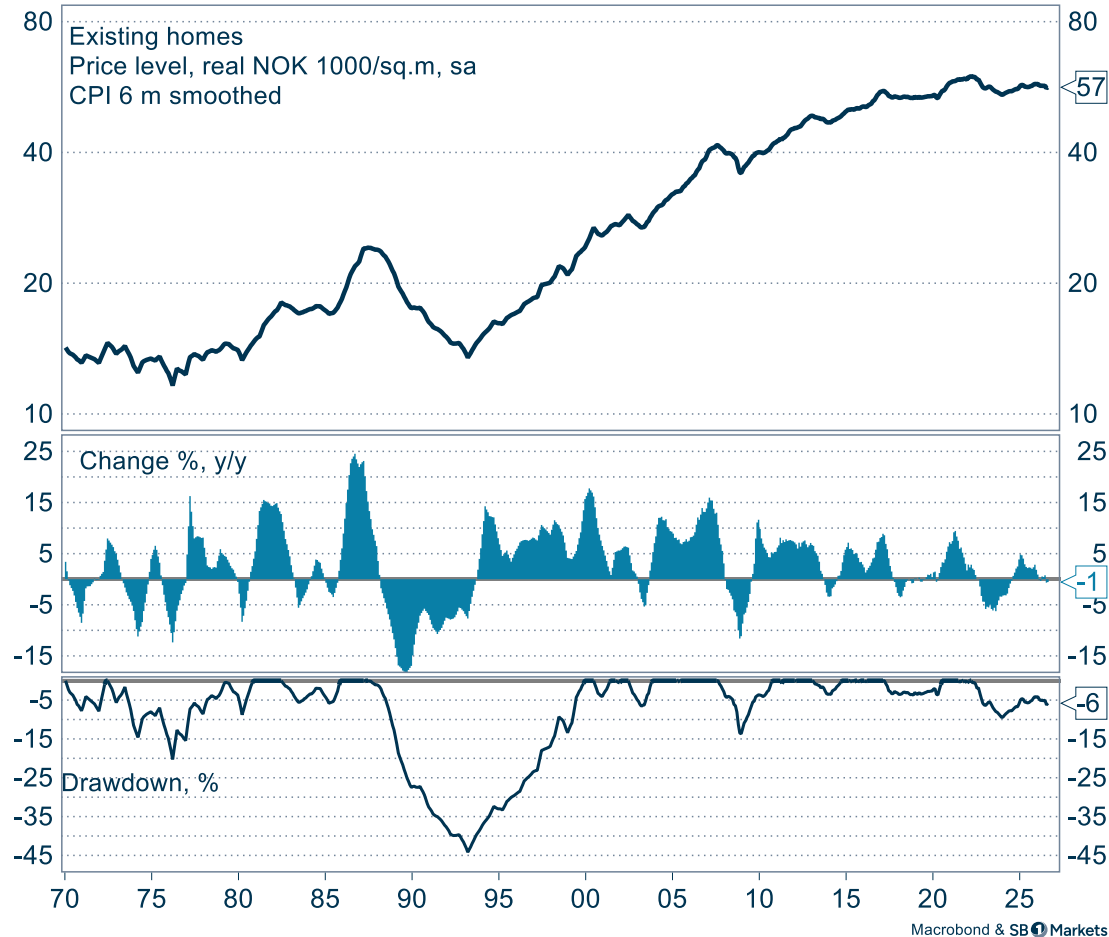


- Was the July drop due to the World Cup? However, the price trajectory the past 4 months is not impressive, prices have almost flattened and are up just 1% so far in 2026.
  - We assumed a 0.2% price lift, and we think most analysts had pencilled in less than the 0.8% recovery. The price level is below Norges Bank's June forecast.
- Prices** are still drifting upwards (3m/3m) in almost half of the cities – and are heading down in a majority of cities. Achieved price premia vs. listed prices have been trending down recently and fell sharply in July and stayed at a low level in August.
  - Regional differences** are substantial with south/west in the lead, together with Tromsø in the north. East is the laggard, Oslo included. Oslo prices have been heading down in recent months and are down 0.9% y/y. Asker/Bærum is down as well. Interest rates are no doubt biting harder where house prices are the highest. Tromsø is up 10%, Stavanger 7%, and Kristiansand 5%.
- Sales** are trending down and the **inventory** up but with no drama in either. **The inventory/sales ratio** is well above a normal level. In Oslo, the inventory of unsold homes has surged to a record high level, but not further the past 3 months.
- Our flow-based models suggest modest price gains outside Oslo, and a modest monthly decline in Oslo.**
- So what?
  - House prices are an important **transmission mechanism** for monetary policy – and house prices are anyway **an important indicator** for the well-being of households and the overall economy, besides the normal impact on housing starts.
  - Thus, the flattening of house prices in recent months **is not an argument for lifting the signal rate further** later this month.

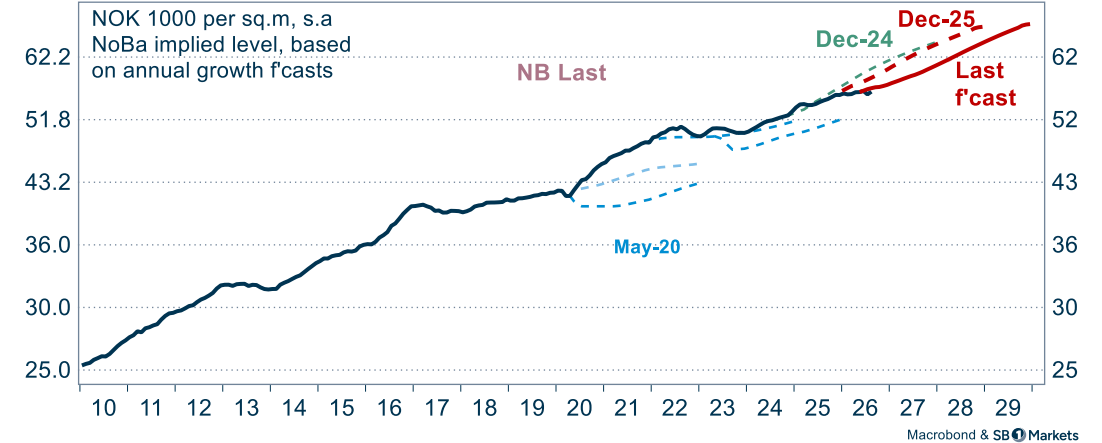
# Real housing prices are down 6% from the peak, still above the pre-pandemic level

... but not much up from 2016. The price level in August was well below Norges Bank's estimate in the June MPR. Since early 2025, NoBa has overestimated housing price inflation most of the time.

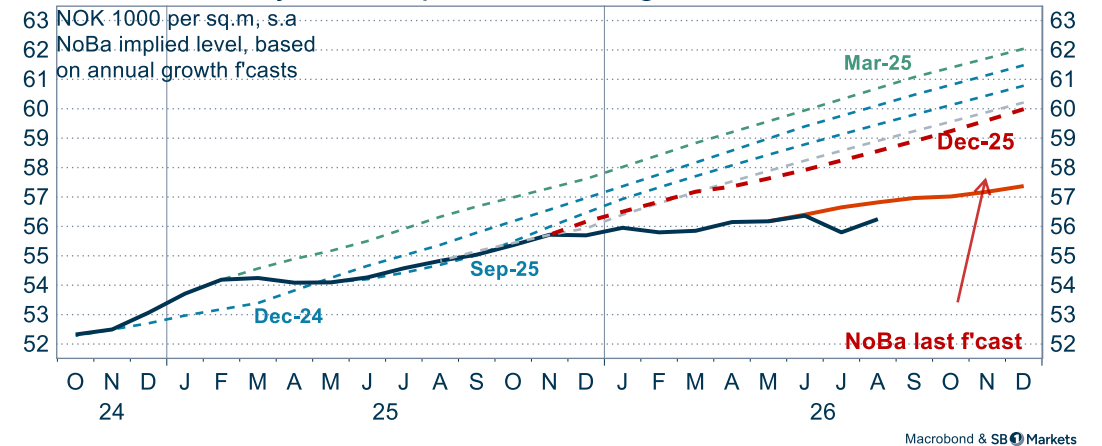
## Norway Real House Prices



## Norway House prices vs Norges Bank's f'casts



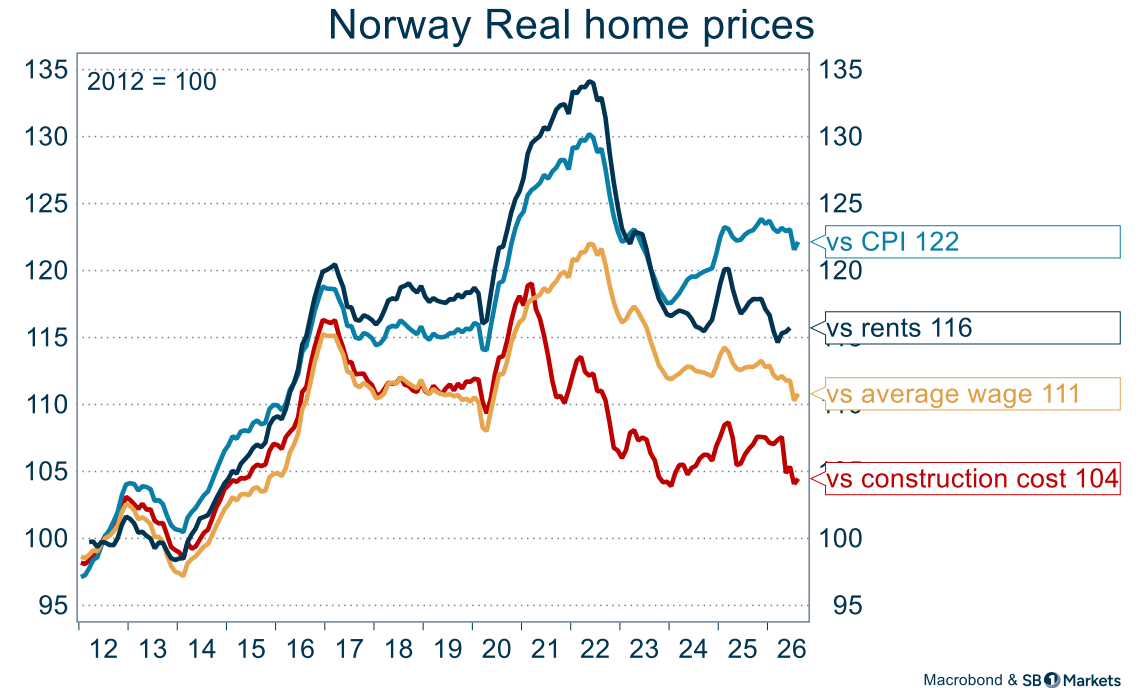
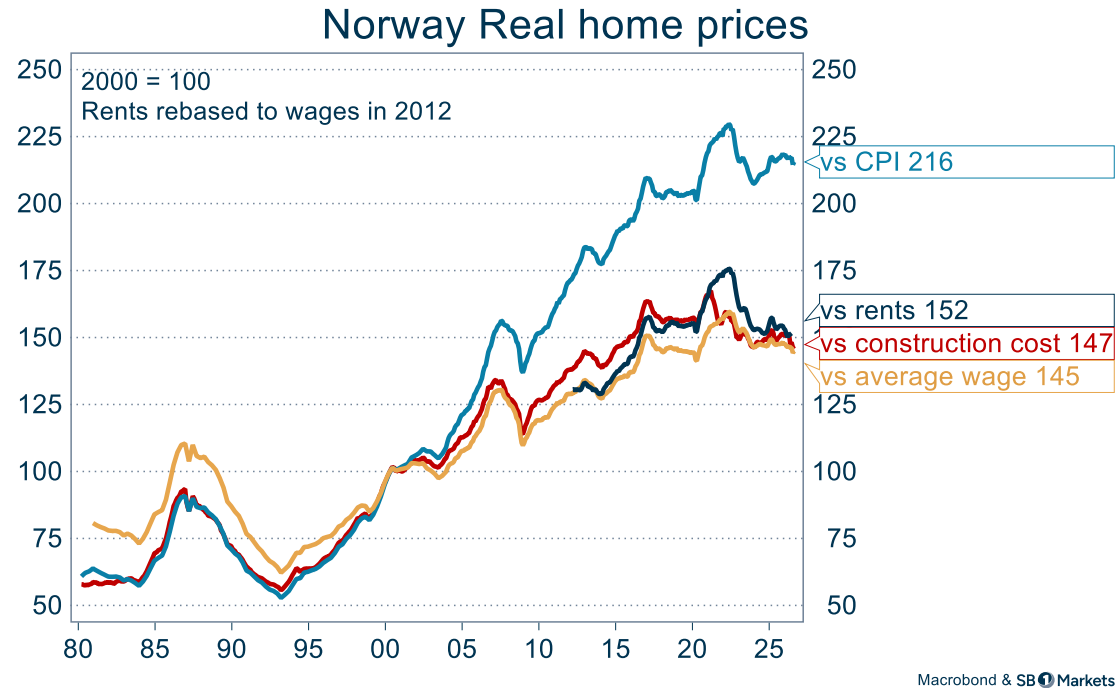
## Norway House prices vs Norges Bank's f'casts





# Real housing prices II, vs. other benchmarks: 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).

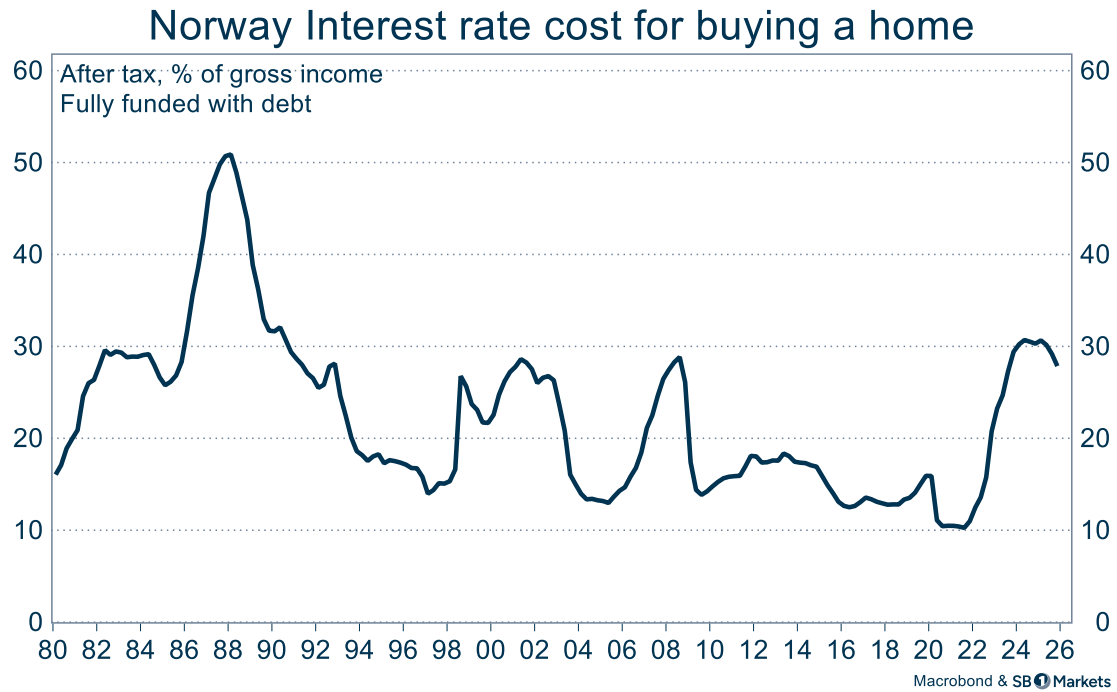
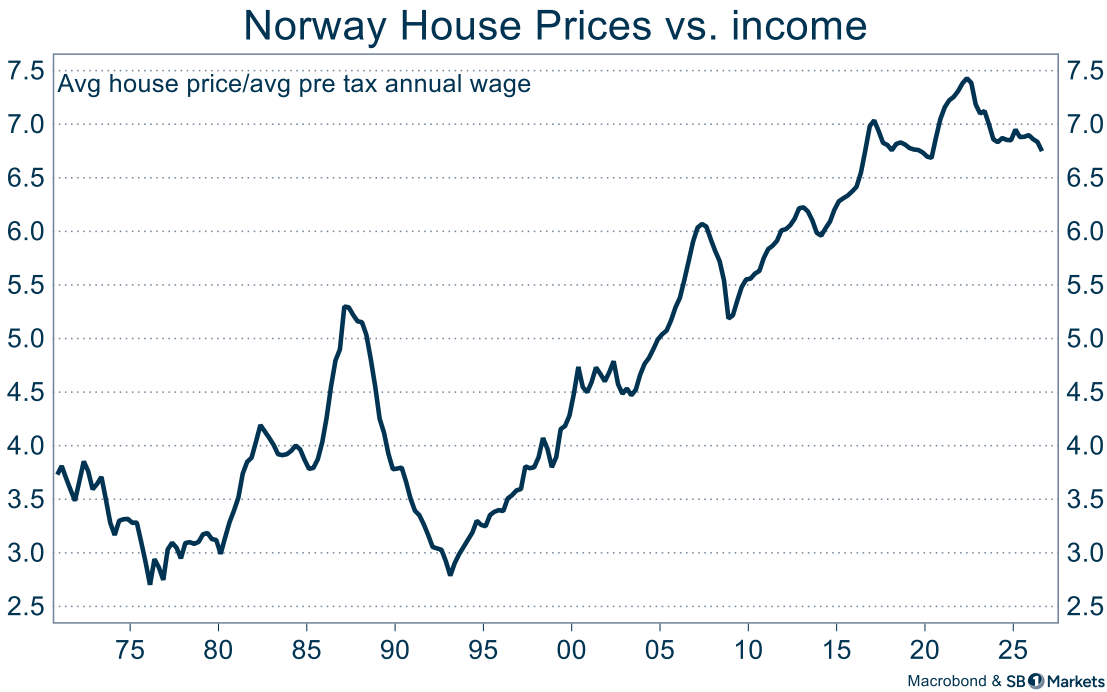


- Memo: Rents are Eiendom Norge's quarterly index for new leases in the 4 largest cities (Oslo, Bergen, Trondheim and Stavanger), and not a national index.



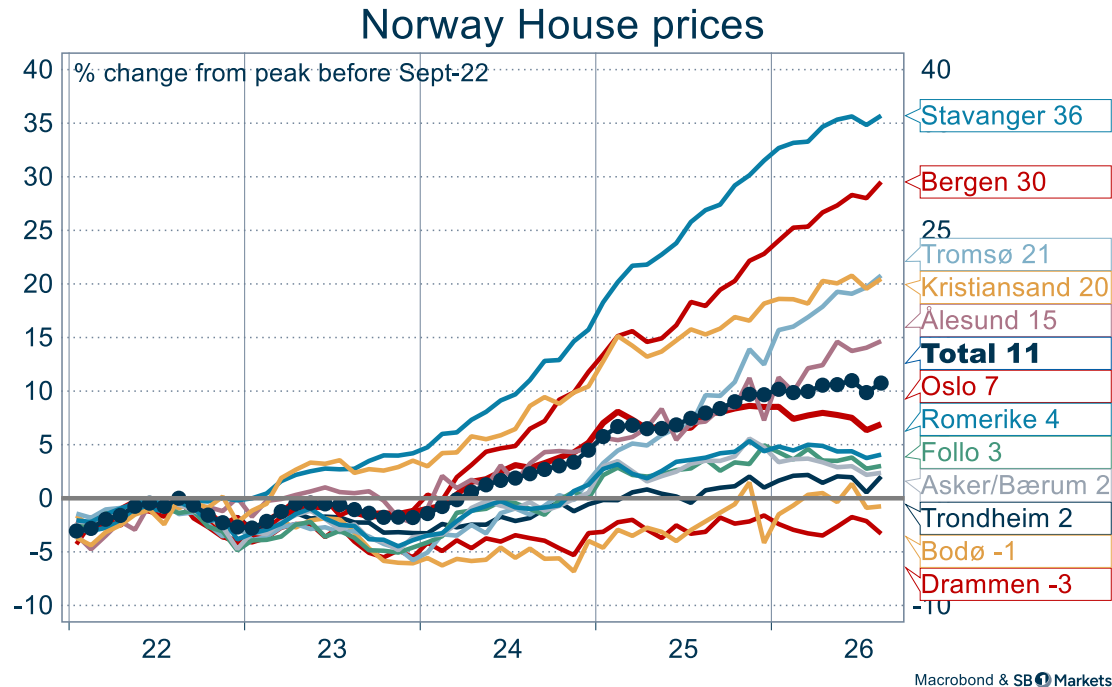
# Housing prices head down vs. income but remain high; And capital is not free any more

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

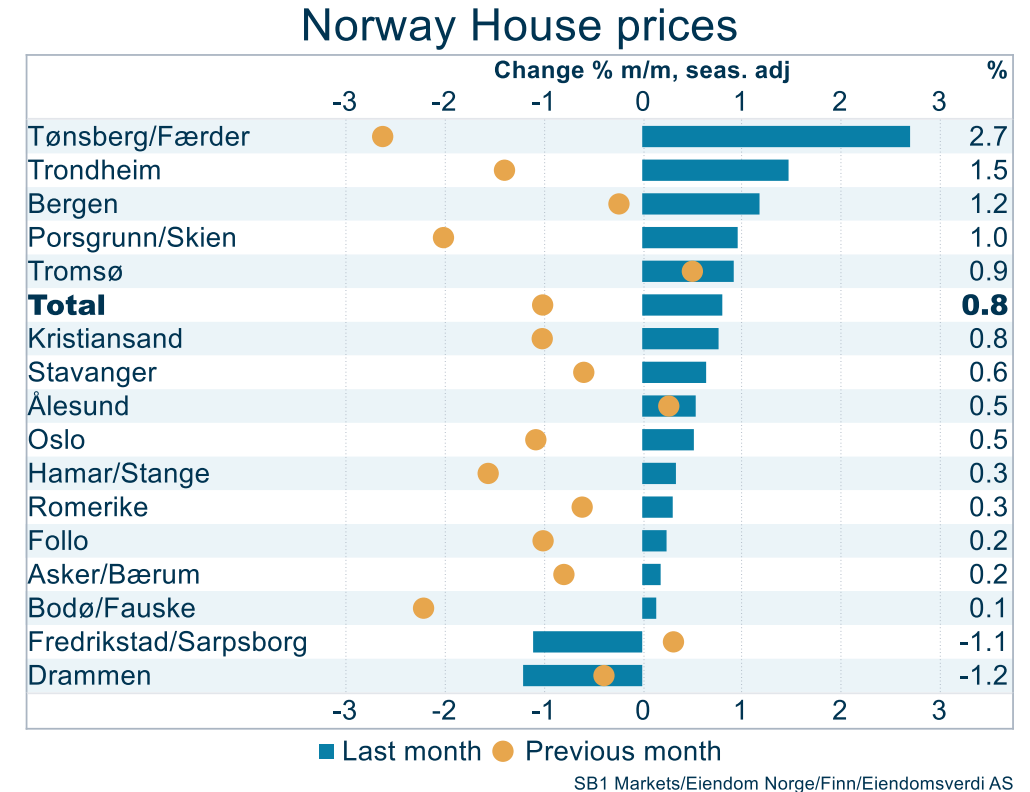


# House prices: July was the outlier on the downside; Prices rose in all but 2 cities in Aug.

Just Fredrikstad/Sarpsborg and Drammen reported lower prices in August. Oslo prices rose 0.5%, following the 1.1% drop in July.

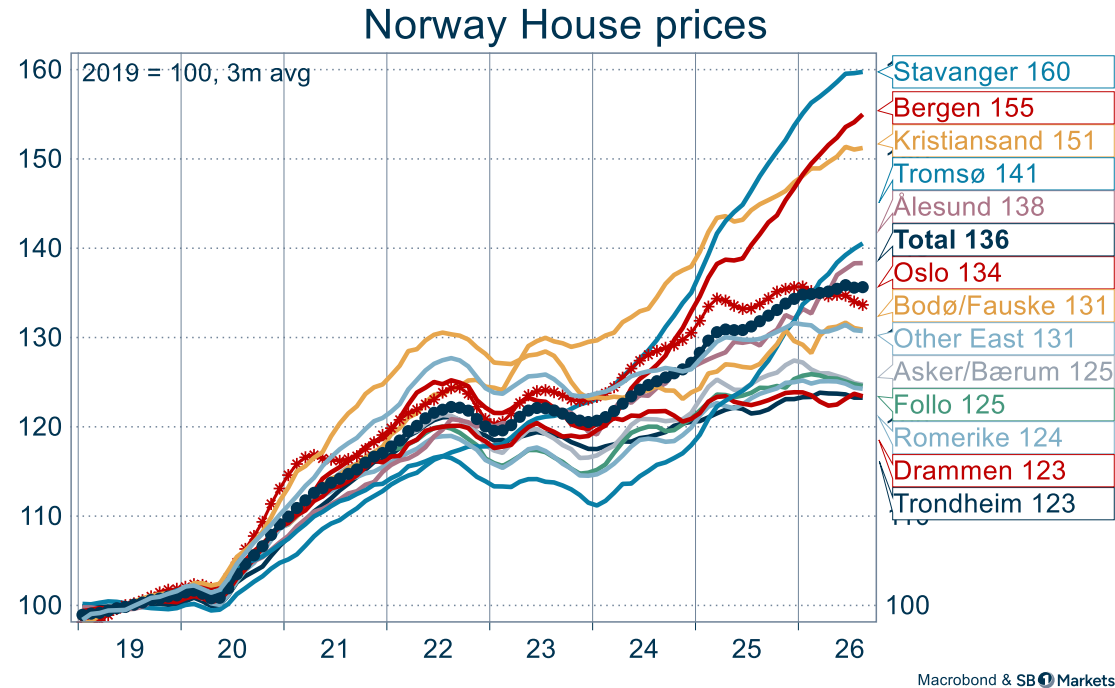


- The leaders are up 20–36% vs. the local peak in 2022, with Stavanger in the lead
  - Asker/Bærum, Trondheim, Bodø and Drammen are just marginally up or down
- In real terms (CPI deflated), real housing prices are down 5% from the local peak in 2025**
  - Stavanger is up 16% vs. its real price peak
  - Bergen +10%
  - Tromsø +2%
  - Oslo -8%
  - Trondheim -13%
  - Drammen -18%

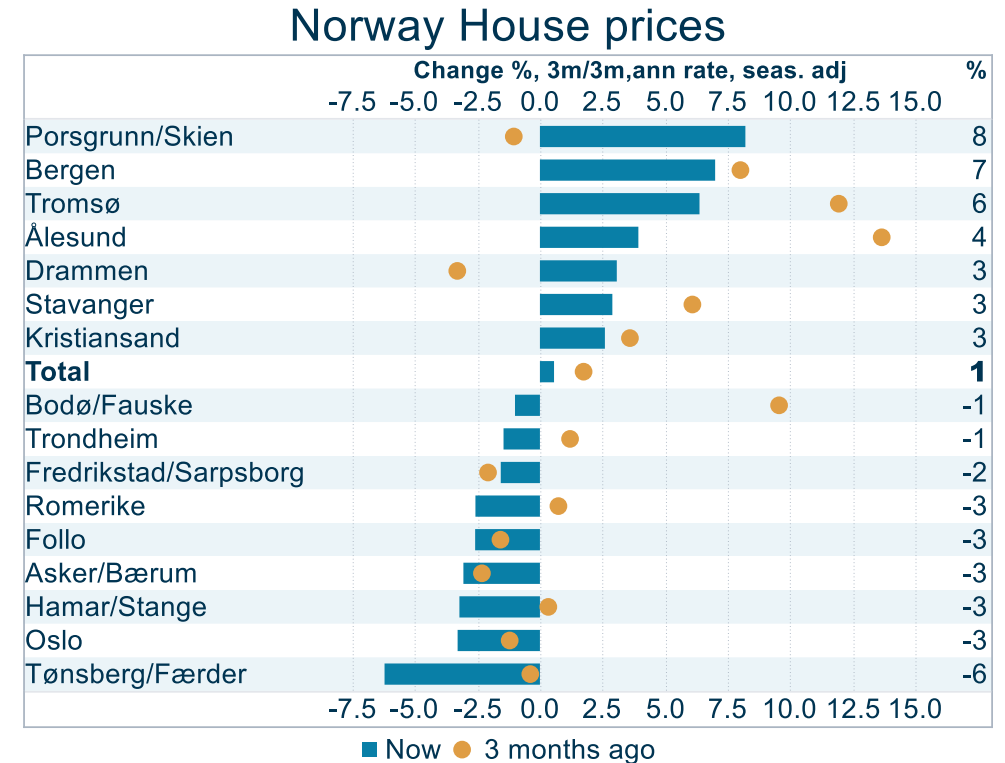


# Big picture: prices are drifting down in 9 cities, up in 7

9 cities report lower growth/a faster decline measured 3m/3m than 3 months ago. The total 3m/3m is up at a 1% pace. Bergen and Tromsø are in the lead (and the volatile Porsgrunn/Skien). Eastern Norway rules at the bottom, Oslo included, down at a 3% pace.



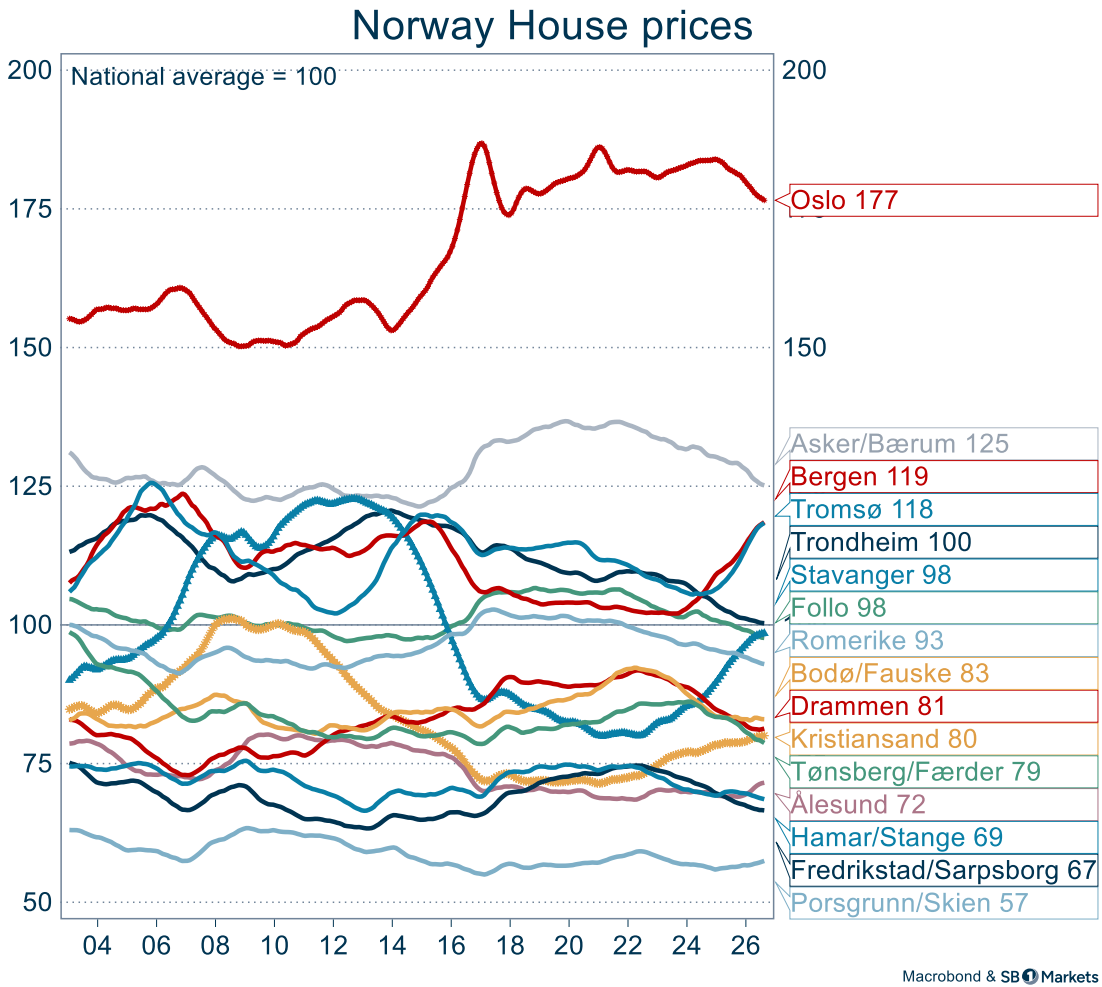
- **Vs. the pre-pandemic 2019 price level:**
  - Trondheim and Drammen at the bottom, up 23%. Romerike and Follo marginally better.
  - Oslo is up 34%.
  - The average is up 36%.
  - Stavanger is up 60%, Bergen 55%, and Kristiansand 51%!



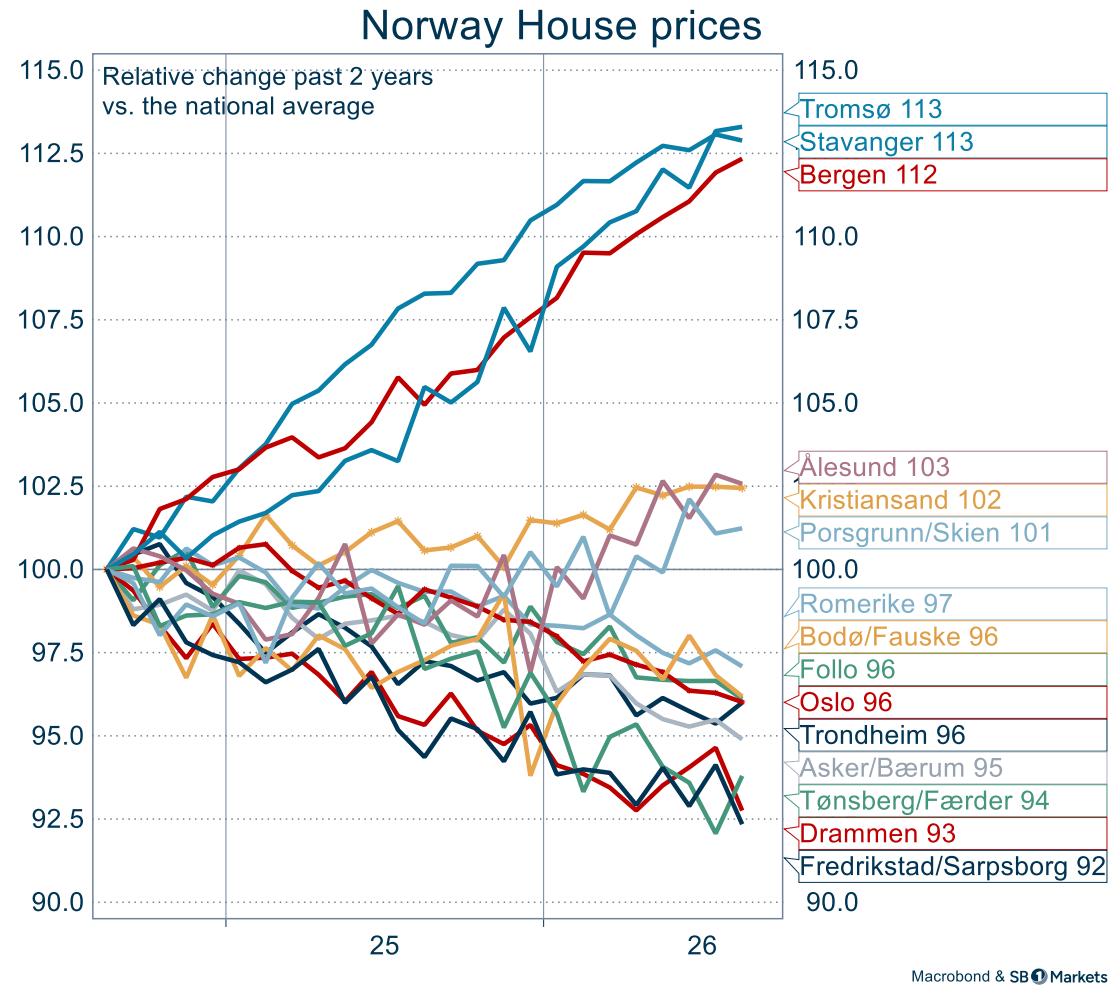


# Relative prices: Stavanger, Bergen and Tromsø the winners past 2 years

All the eastern cities (barring Porsgrunn/Skien), Trondheim and Bodø are 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. And who knows, in 5 years' time??



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



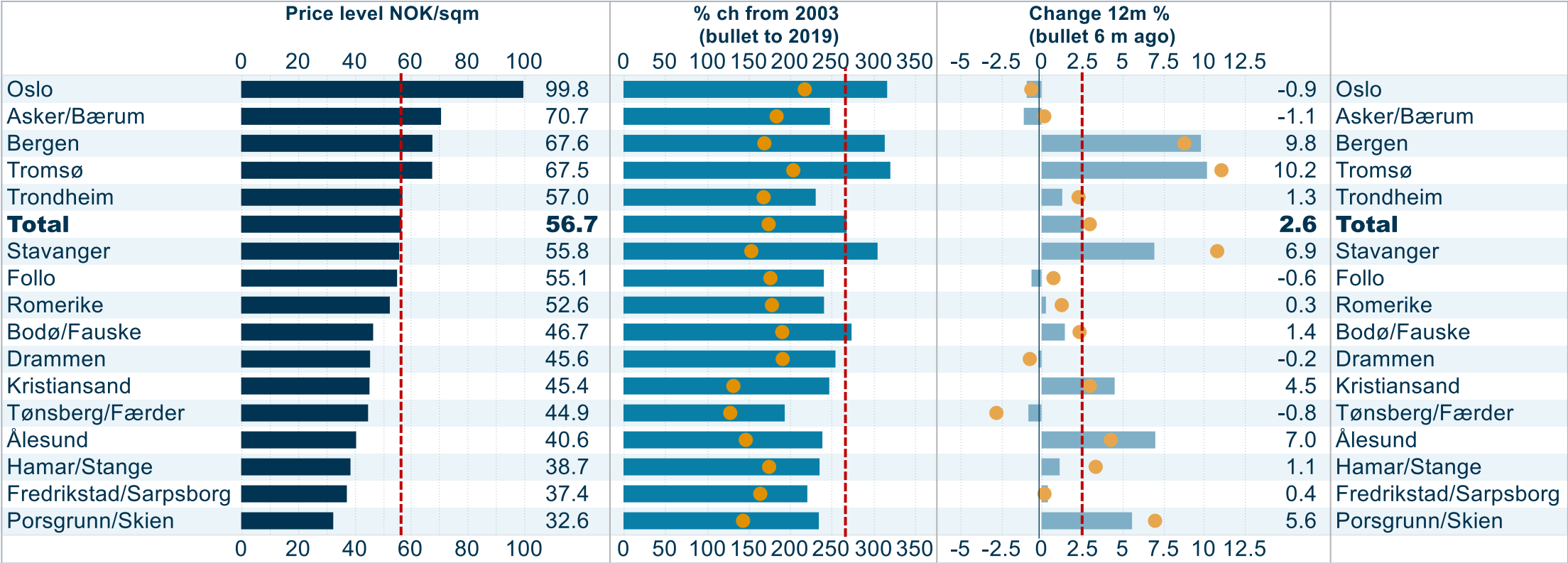




# Tromsø in the lead y/y, up 10%, followed by Bergen and Ålesund (and Stavanger)

However, growth is rapidly slowing in Bergen and Stavanger and in 10 other cities (vs. 6 months ago).  
Oslo and other Eastern towns are the laggards, and Oslo, Asker/Bærum and Tønsberg are down y/y.

Norway House prices



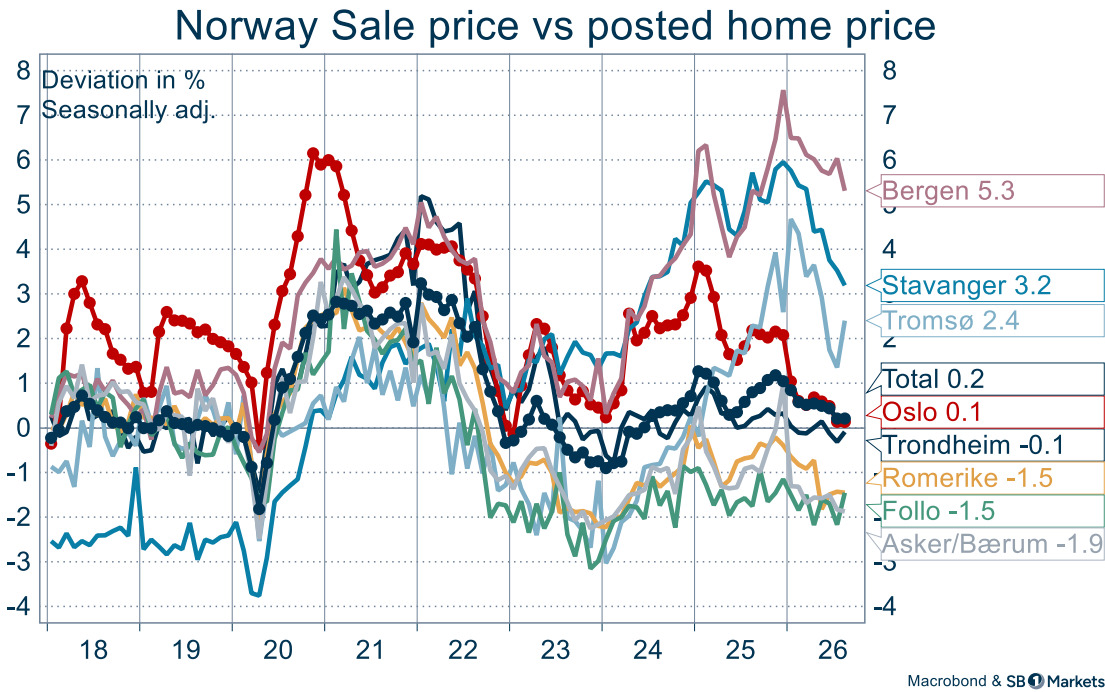
SB1 Markets/Eiendom Norge/Finn/Eiendomsverdi AS

Prices are seasonally adjusted, and the annual rate may differ marginally from the unadjusted (correct) annual growth rate. Red, dotted line: average

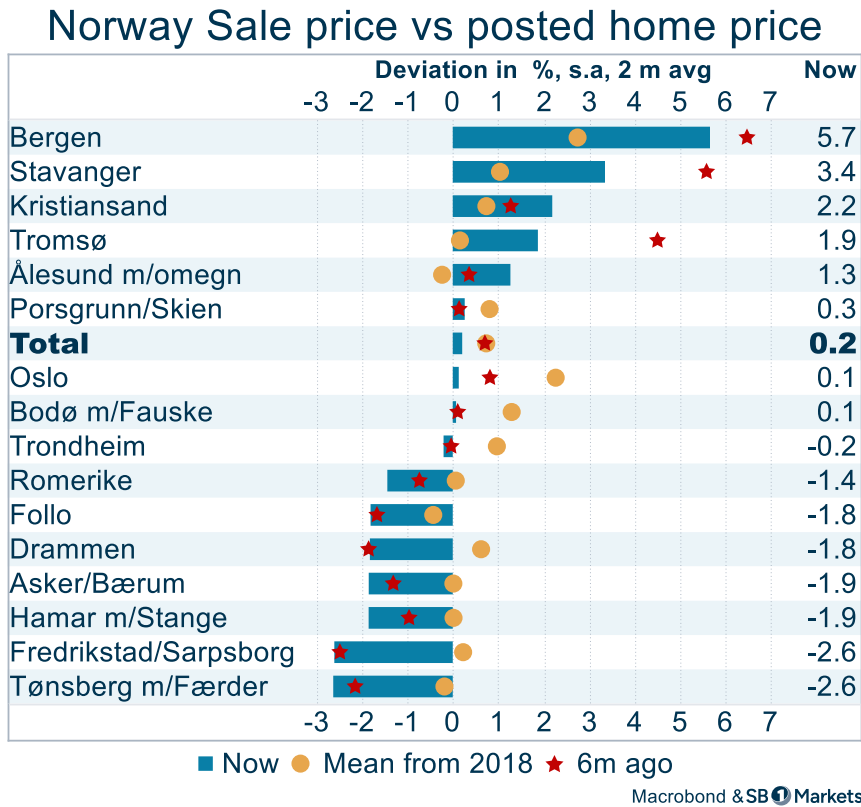


# The achieved price premium remained low, and below normal, in August

Large regional differences: Bergen, Stavanger are in the lead, +3–6%, while 8 of 16 cities still sell with a negative premium. Tønsberg, Fredrikstad and Hamar are at the bottom of the list. The avg. premium is 0.2%, well below the avg. since 2018 (0.8%).

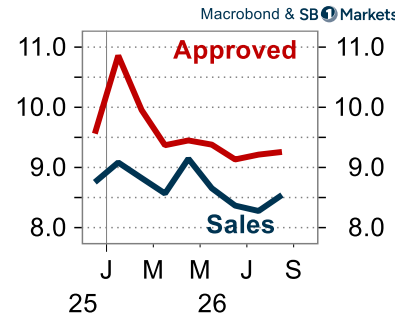
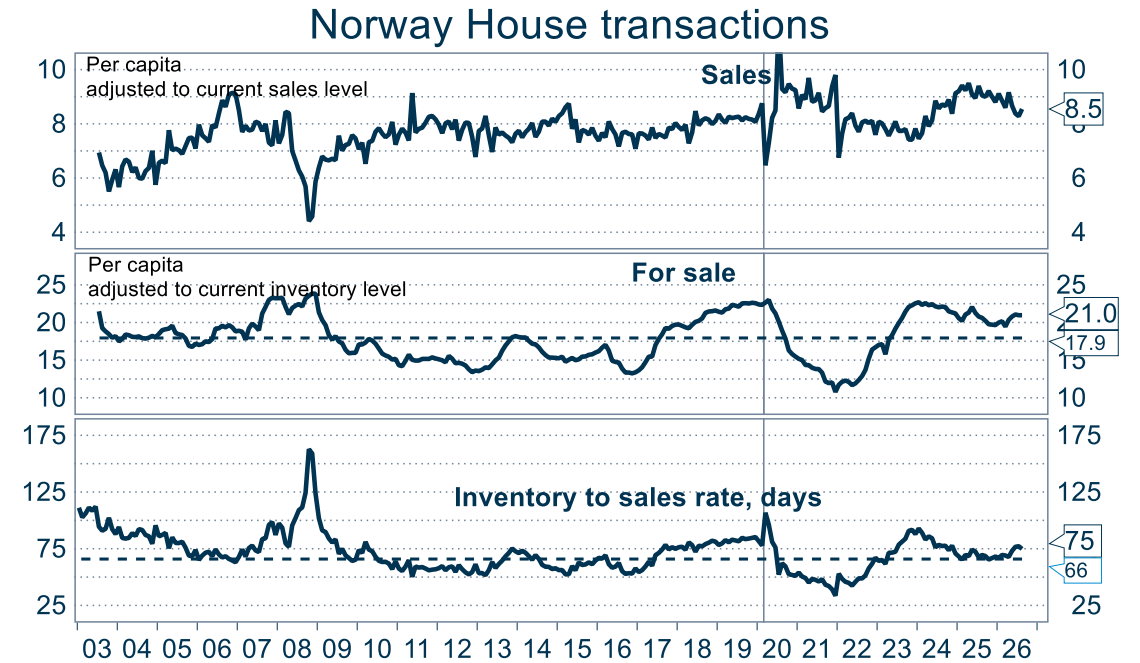
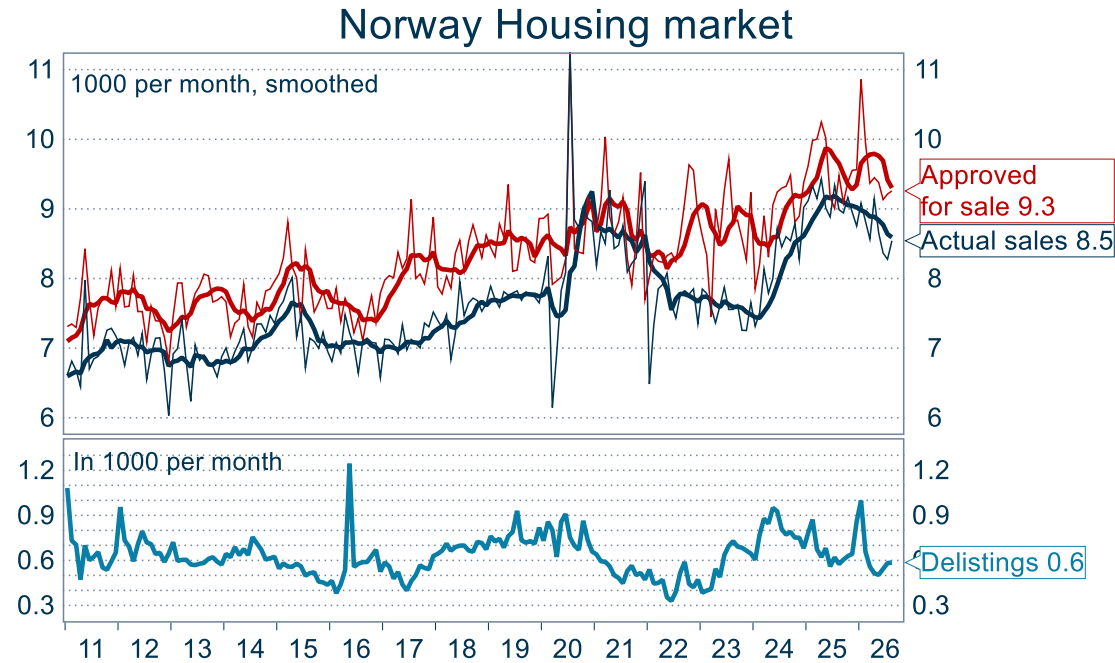


- In Oslo, homes were sold 0.1% above the listed price. The average Oslo premium since 2018 is 2.2%.



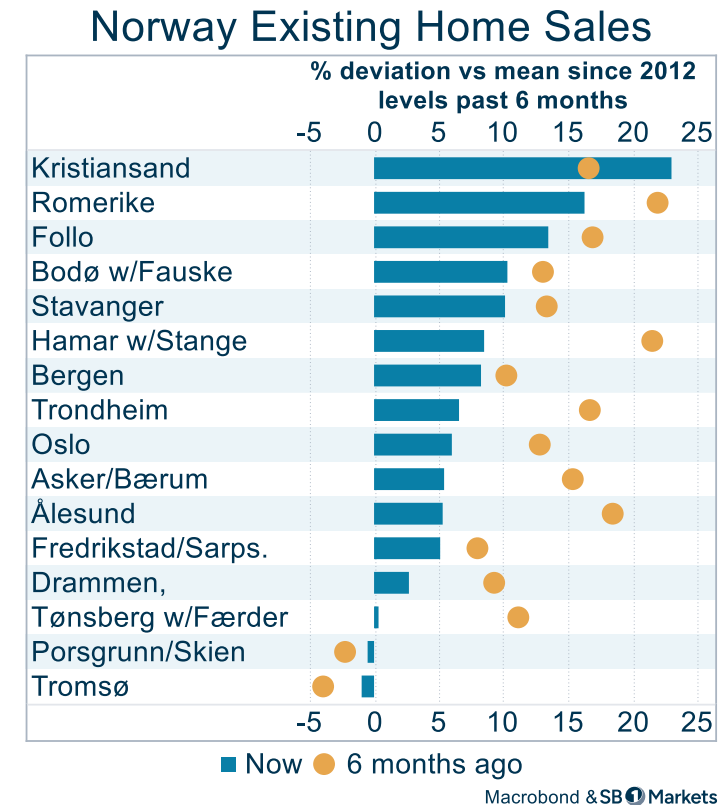
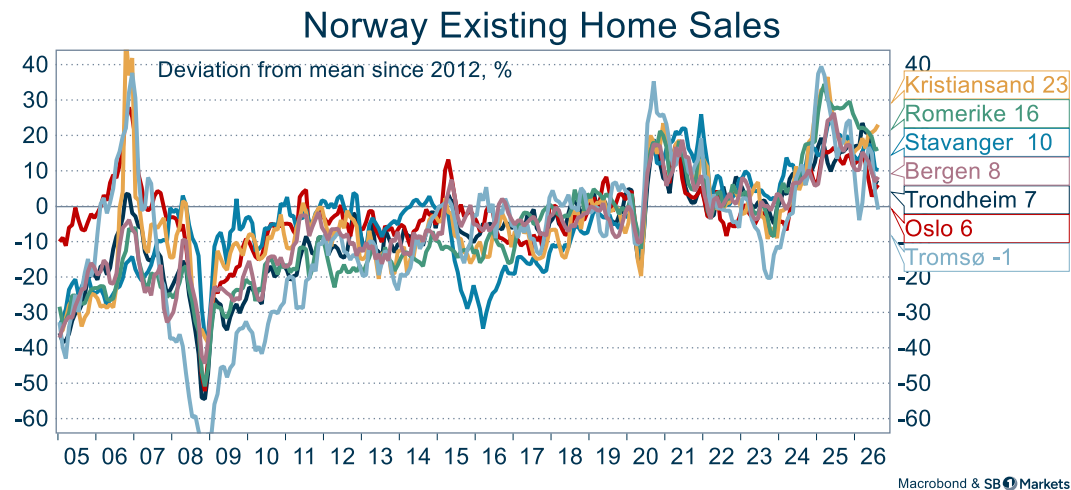
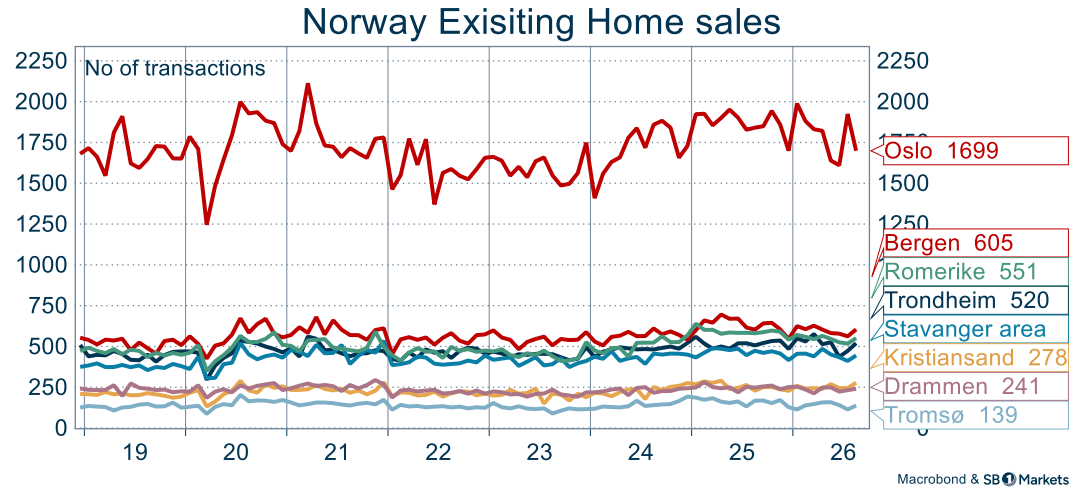
# Sales are trending down but are still above par. The inventory has increased slightly in '26

Sales have fallen since mid-25 but are still above an average level (but not by that much population-size adjusted). The inventory of unsold homes has been flat the past 2 months, following a minor lift the previous months. The inventory-to-sales ratio stayed at 11 days above avg.



# Home sales lower the past 6 months than the previous 6 months in 13 cities

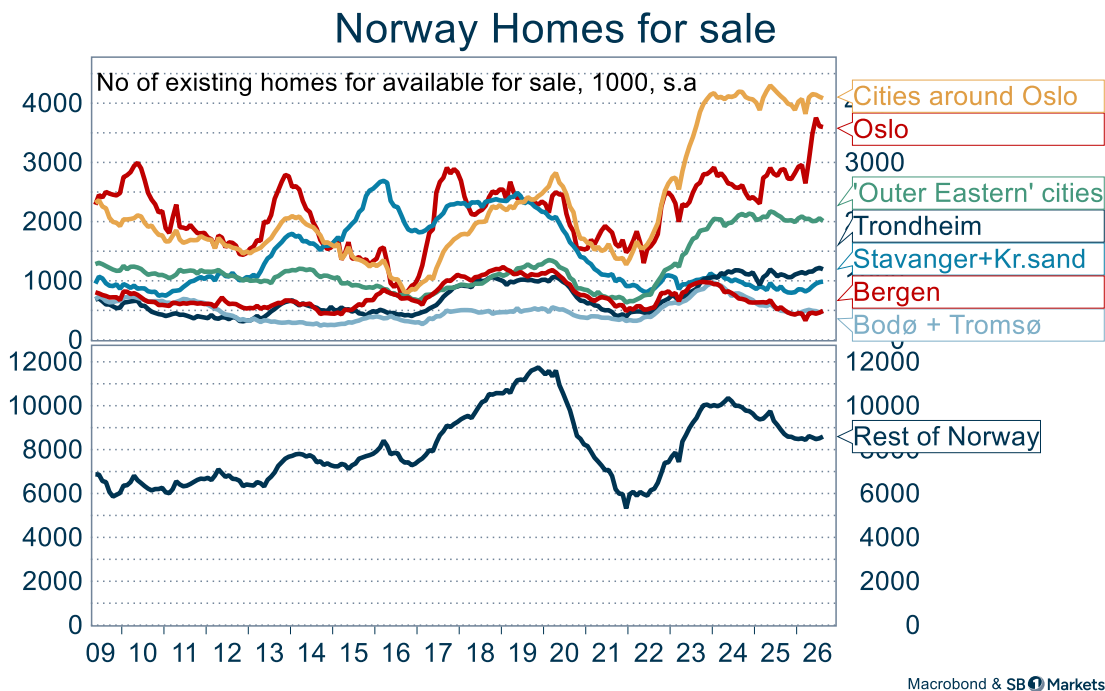
... while sales are higher *than normal* everywhere but Tønsberg and Porsgrunn/Skien. Sales in Oslo are above average. Sales are the highest vs. normal sales in Kristiansand and Romerike.



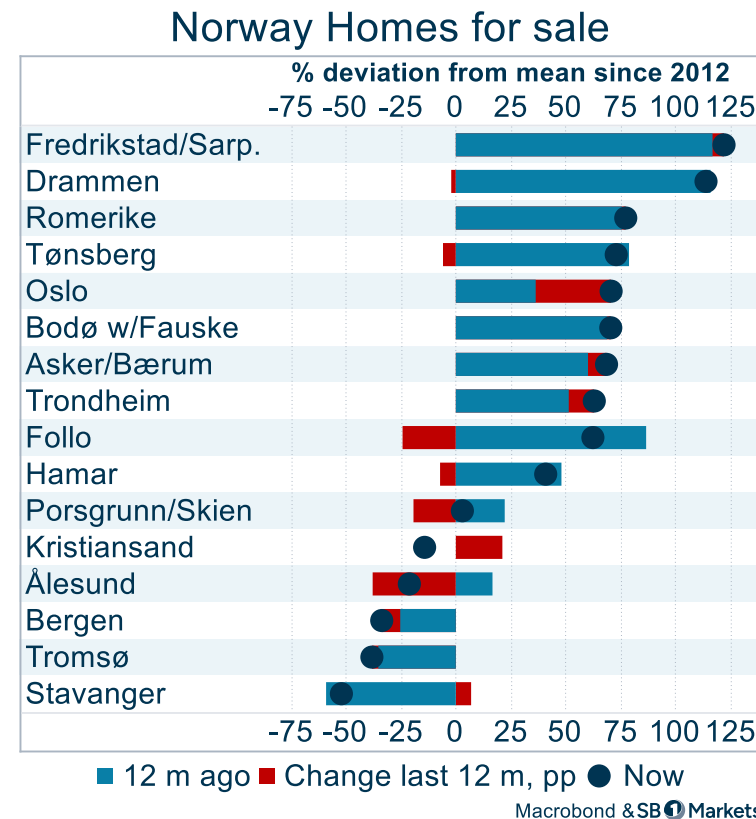


# The inventory is > normal in most cities, at ATH in Oslo, by far. Still, 6 are down y/y

The inventory is lower than normal in 1/3 of the cities, the most in Stavanger and Tromsø. 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 recently, to ATH.

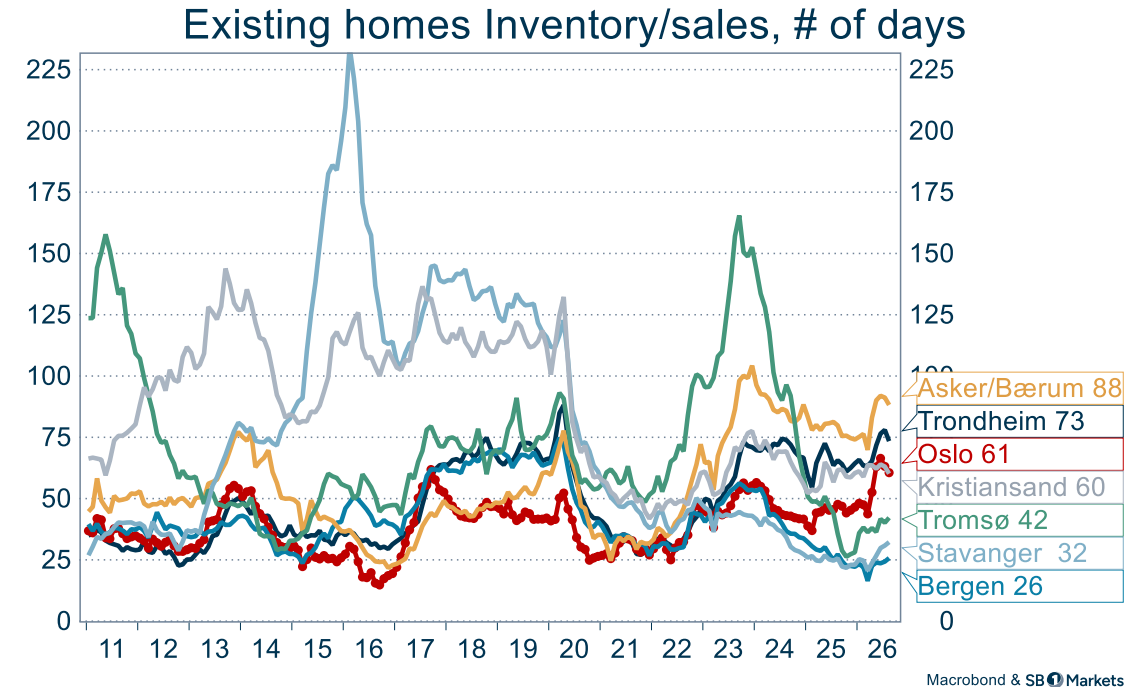
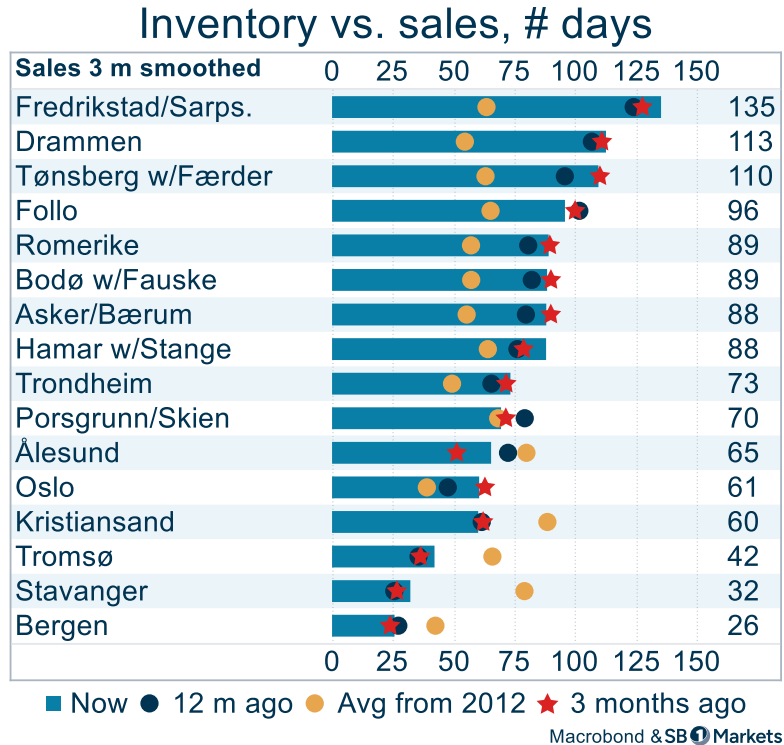


- In August, the inventory in Oslo fell marginally, but over the past 3 months the inventory is way above anything seen before.
- Several eastern cities are also above the middle of the list, and the direction is mostly up.
- Inventories in Kristiansand, Bergen, Stavanger as well as Tromsø and Ålesund are below average but have increased recently. The 11 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.

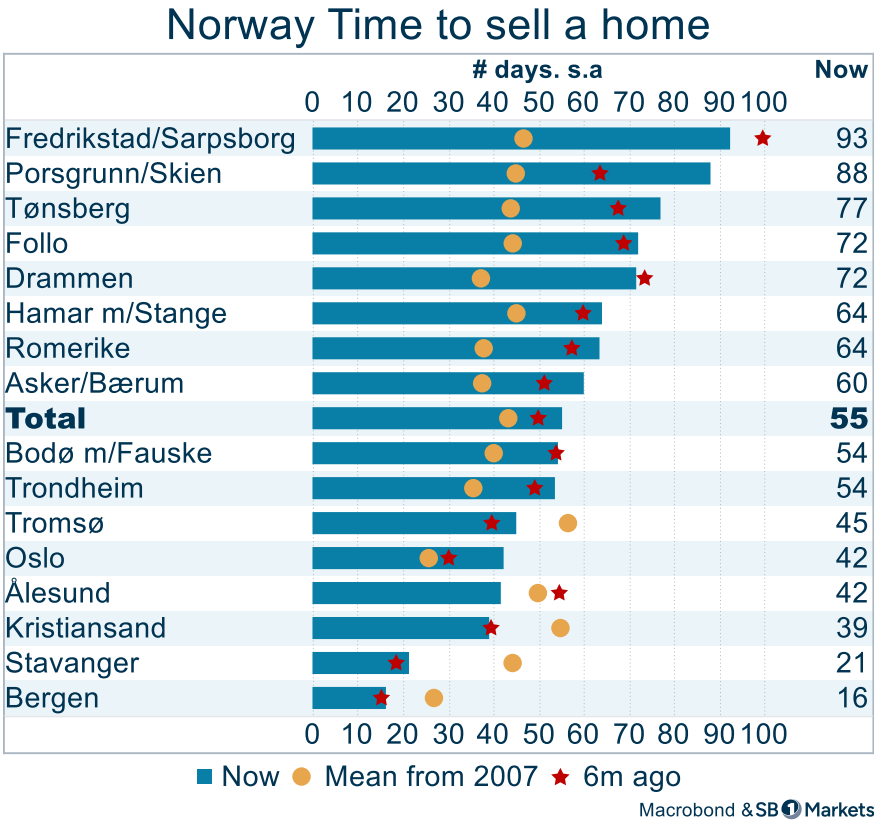
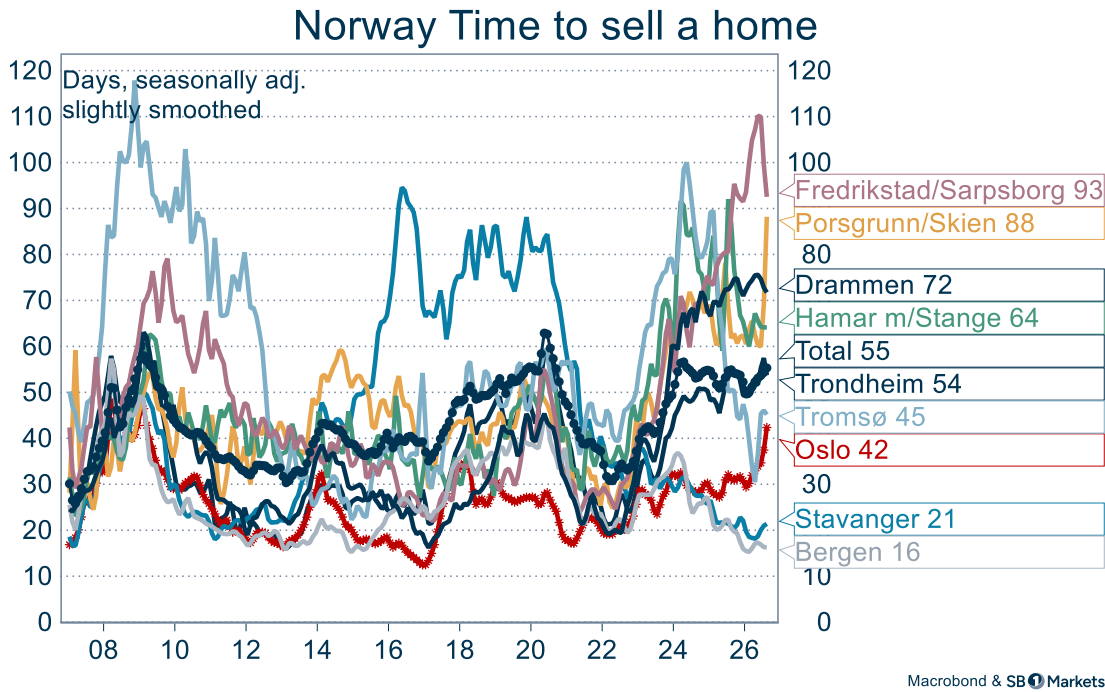


- **Fredrikstad & Sarpsborg** report the highest turnaround time (i/s ratio), 135 days (data are 6 months smoothed), twice the average (since 2012), and it still trends up.
- **Bergen** reports the lowest turnaround times, 26 days, half the average time on market in Bergen!
- **Oslo** at 61 days is above the average (in Oslo) – but the rate has fallen slightly the past 2 months.



# Time on market (*for homes actually sold*) mixed, the total is on the way up, close to ATH

Just Kristiansand, Tromsø, Stavanger, Bergen and Ålesund report shorter selling times than normal. Fredrikstad/Sarpsborg is at the top, both in absolute (93 days) and relative terms, vs. normal selling times in this area. Bodø, Tønsberg, Drammen and Hamar are also high up on the list.

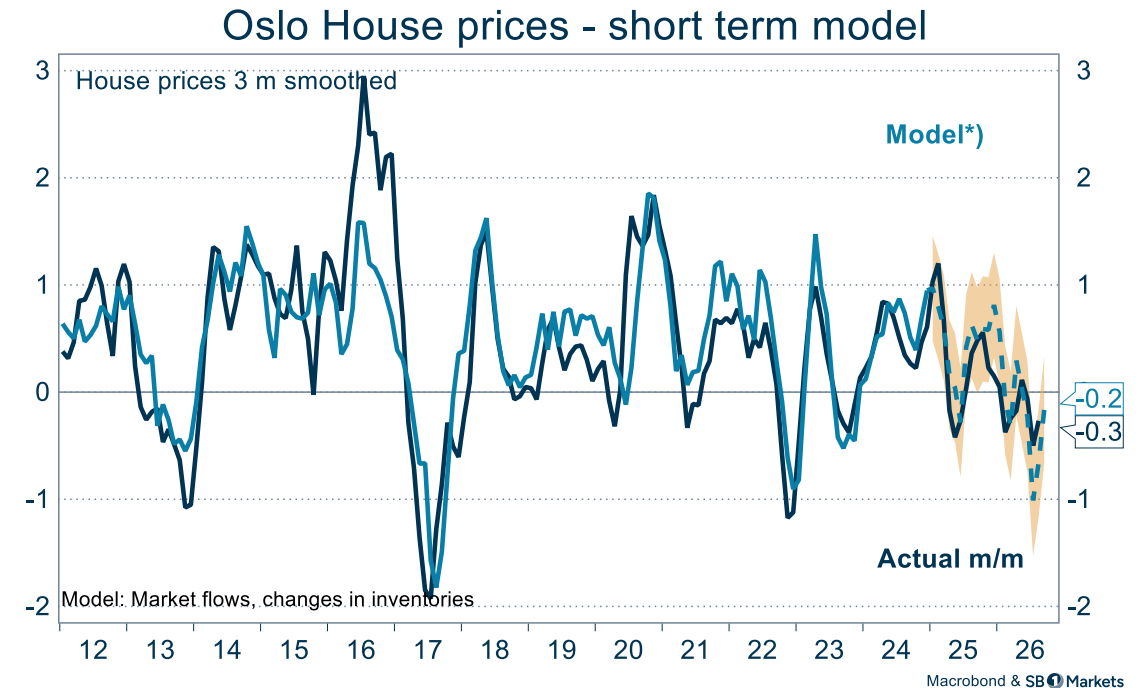
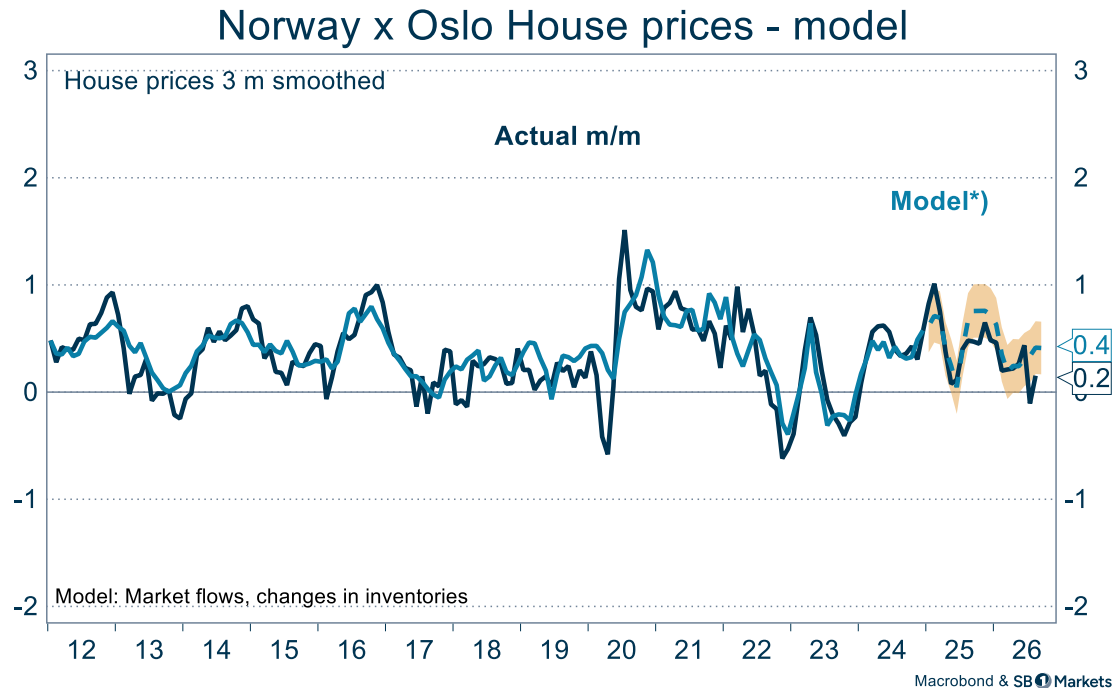


- Oslo is close to the bottom, but still higher than normal.



# Housing prices – short-term f'casts: Oslo further down, the rest of the country further up

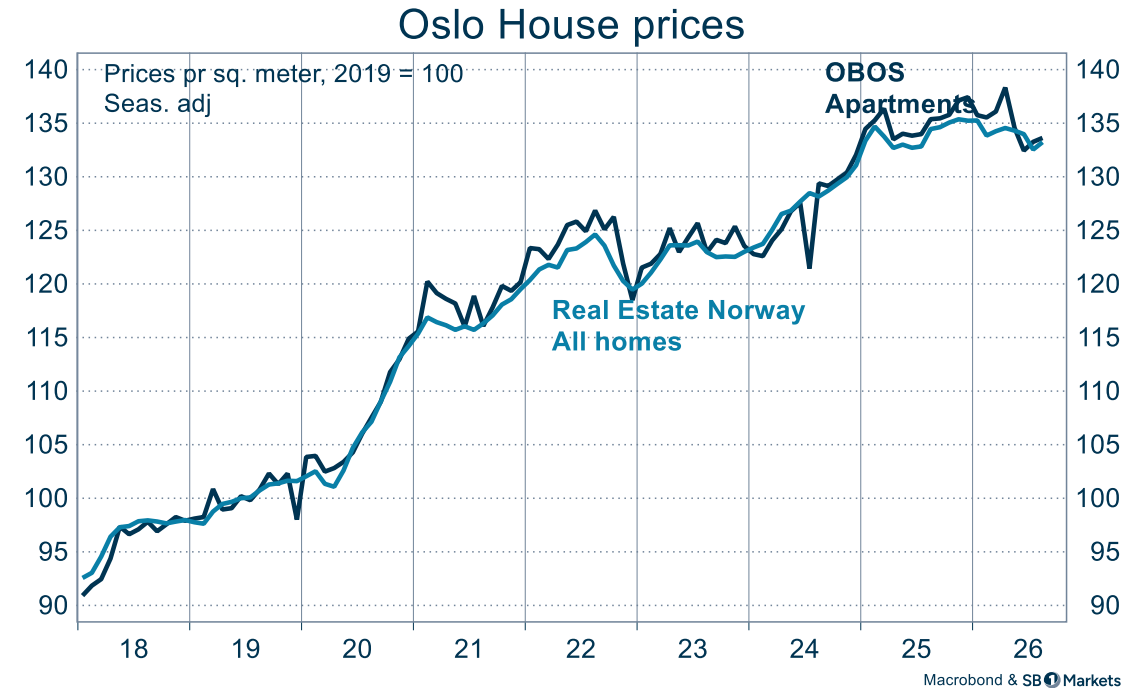
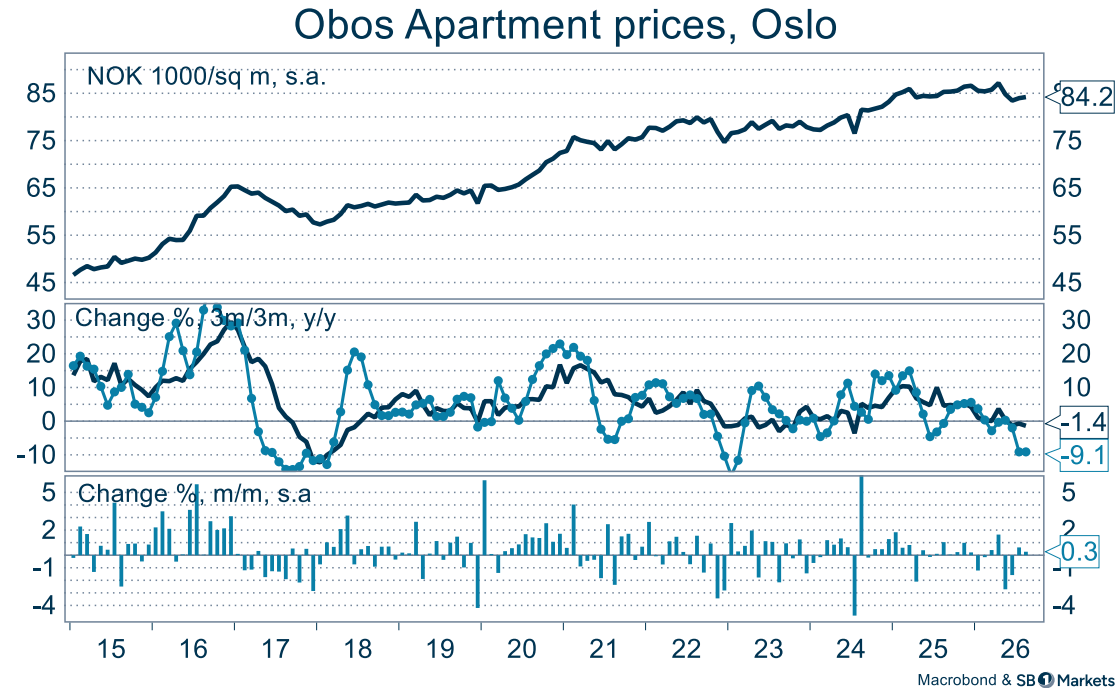
The surge in inventories in Oslo will lower prices further, but less than our model suggested a couple of months ago, as the inventory has not increased further.



- **Our national ex. Oslo model**, based on flows and the inventory, signals a 0.4% m/m increase in housing prices, while the average the past 3 months is up 0.2%.
- **Our Oslo model** signals a 0.2% monthly price cut, up from -1.1% two months ago. Prices are down 0.3% on average 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. Most likely, the rate hike in May and the threat of more hikes in H2 lowered demand in July.
- 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.

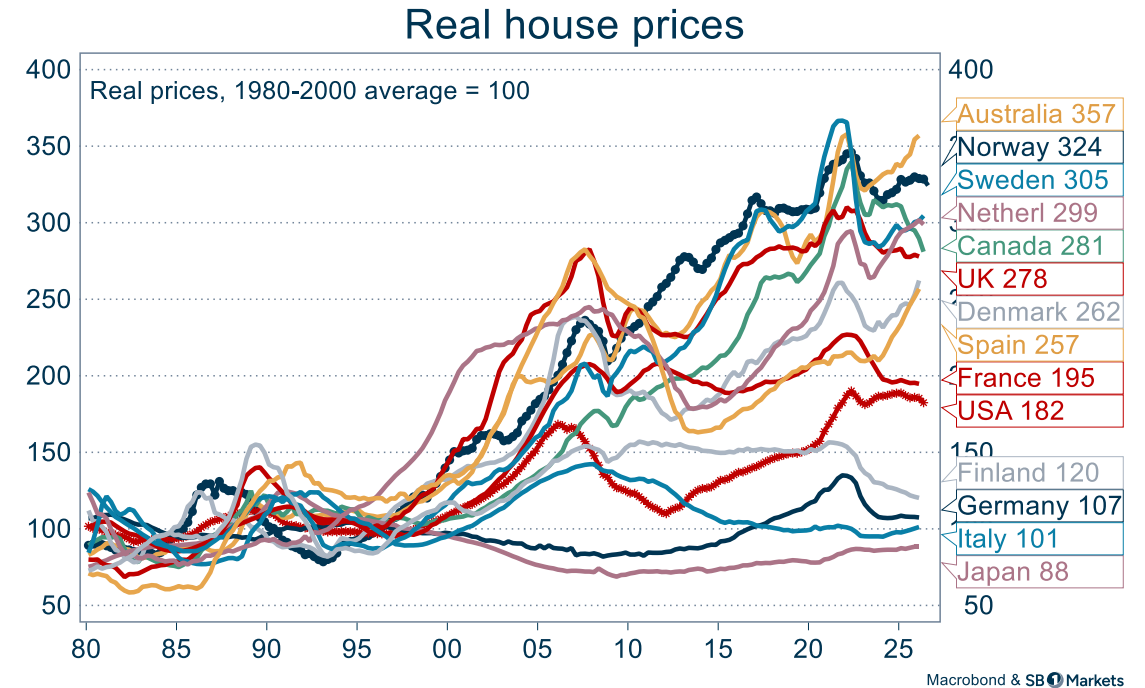
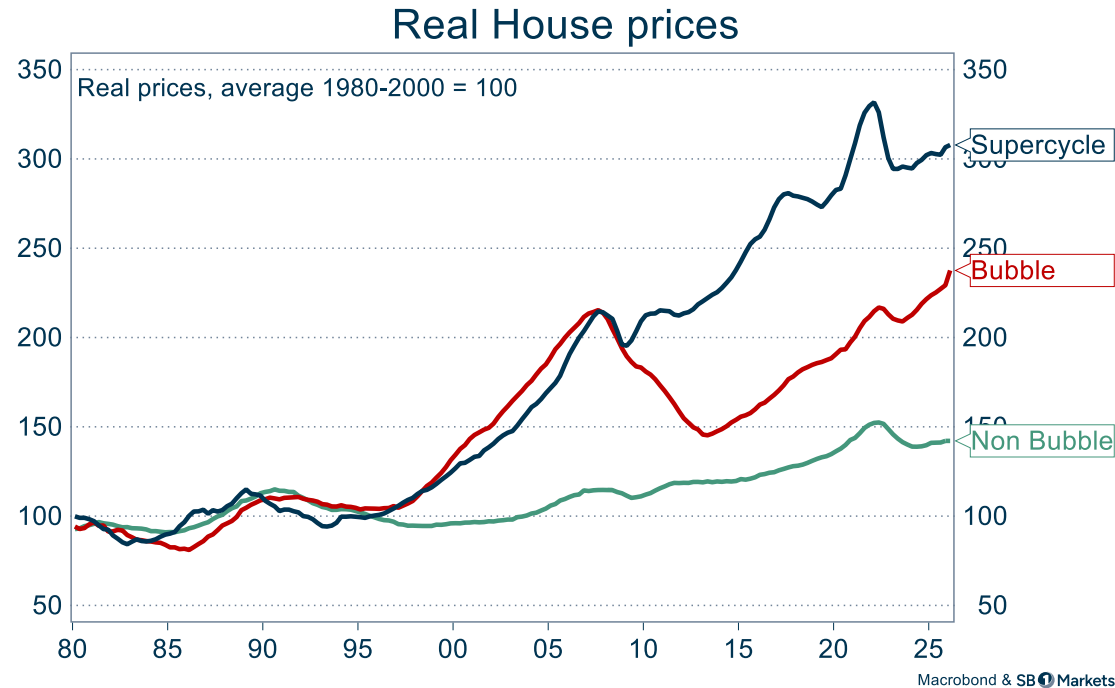
# Oslo co-op apartment prices rose 0.3% m/m in August, but are down 1.4% y/y

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 0.5% m/m lift, but prices are down 0.9% y/y for the total market.



# 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 (but the unweighted average of the bubble group is up due to Spain, Denmark and some minor countries; UK and US and several others are down)

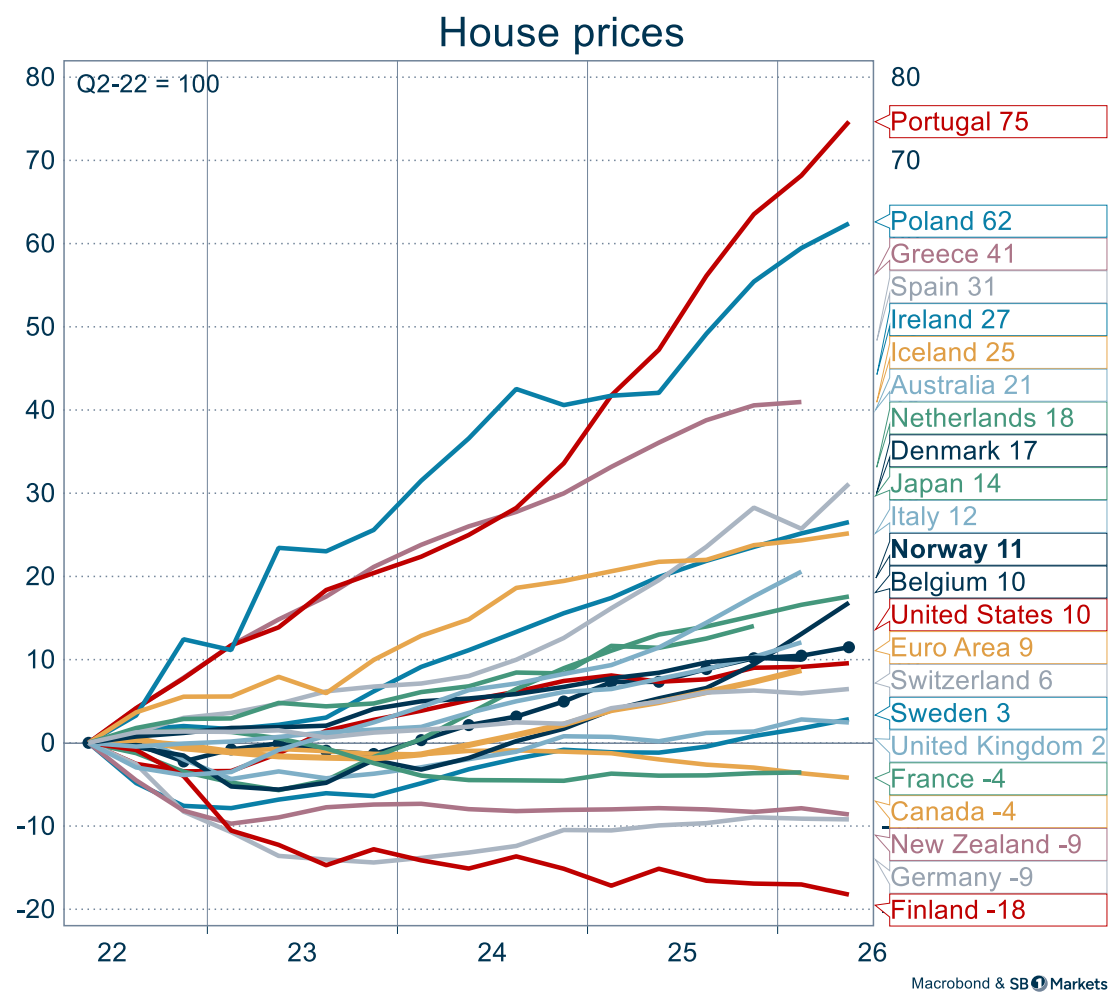
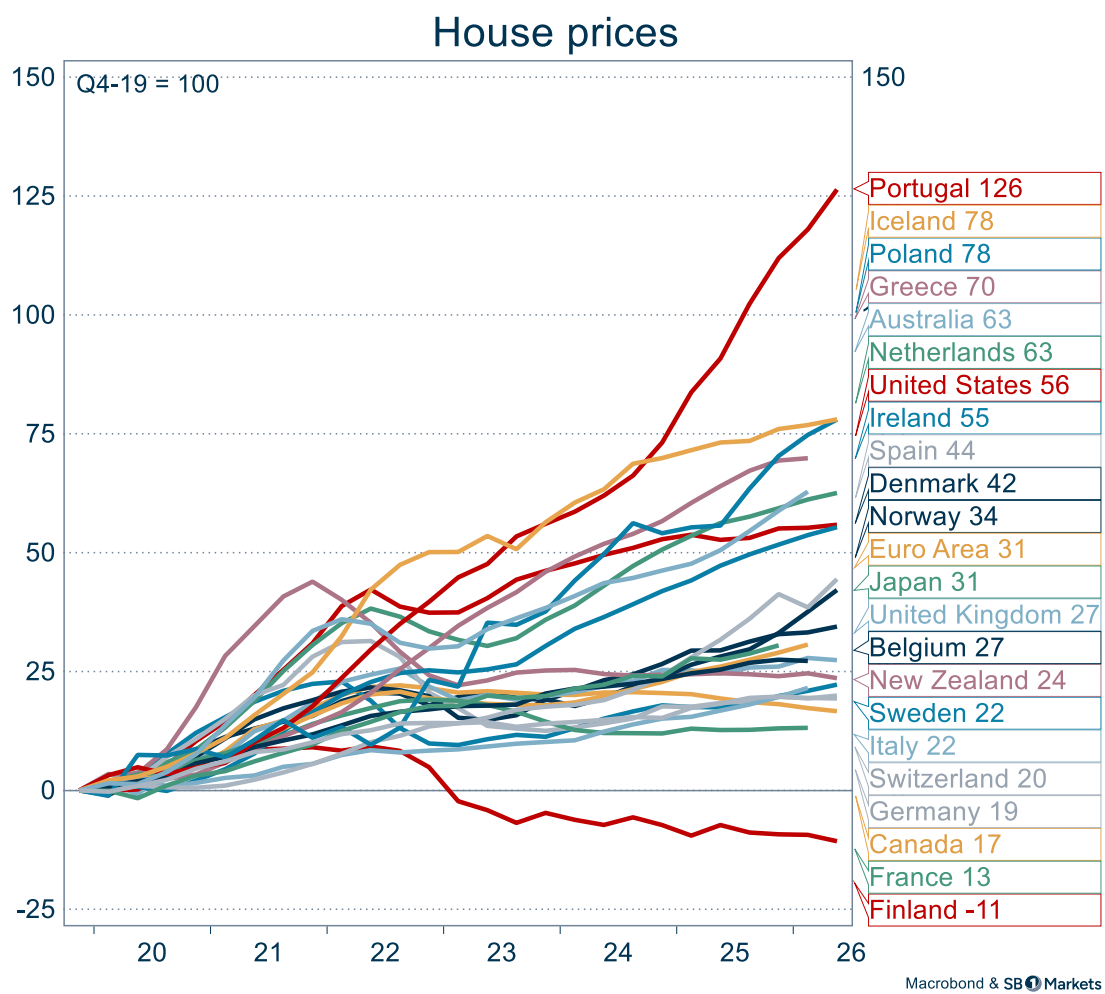


- Super cycle: Australia, Canada, Norway, and Sweden
- Bubble: USA, UK, Spain, Netherlands, Denmark, Ireland and several more
- Non-bubble: Germany, Japan, Switzerland



# House prices on the way up in most places. Just Canada, Finland and NZ are slipping

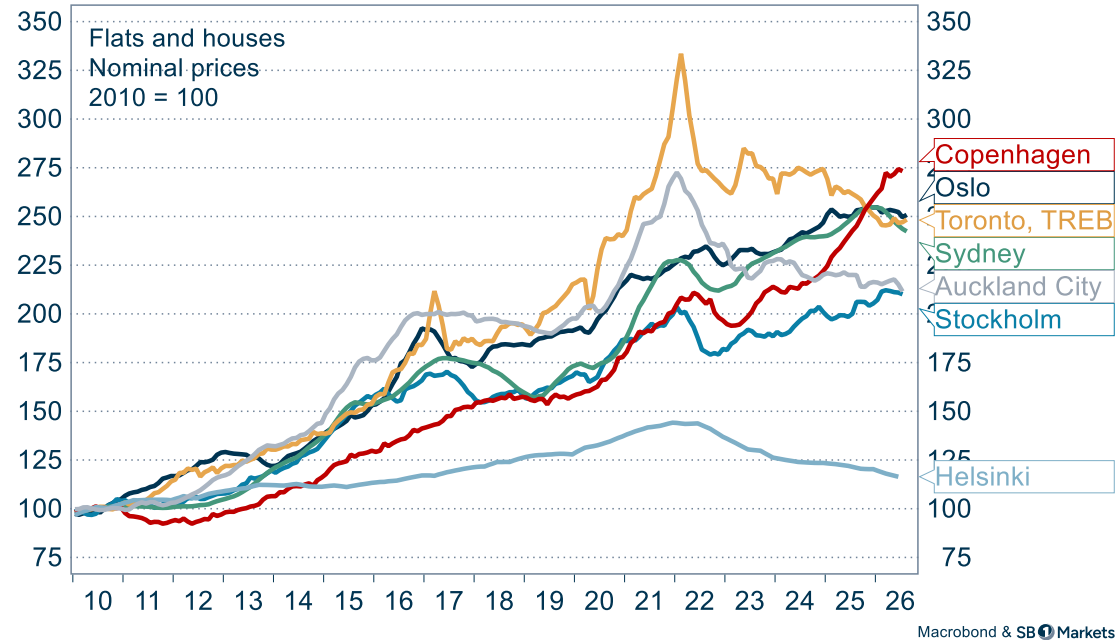
However, several countries report flattish prices lately: France, Germany, Switzerland, and Japan. Just 5 of 23 countries are down from before rates were hiked. All but Finland are up since before the pandemic.



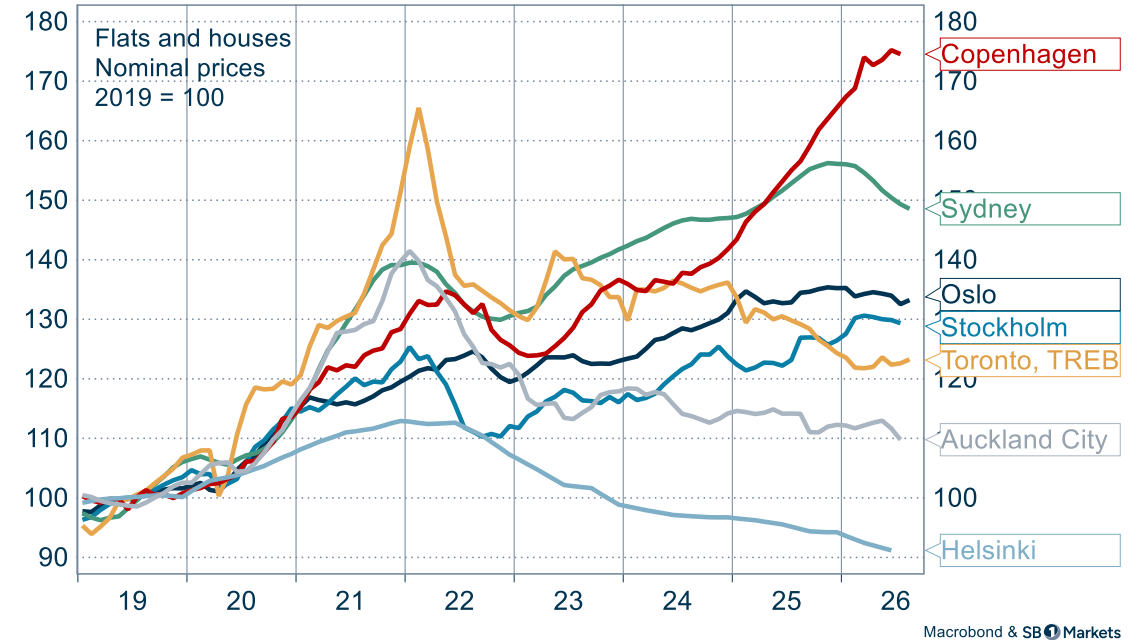
# Oslo house prices in the middle of the road vs. peers?

Oslo lags Copenhagen but is ahead of Stockholm. Helsinki is 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 to 4.35%.

House prices for Oslo "peers"



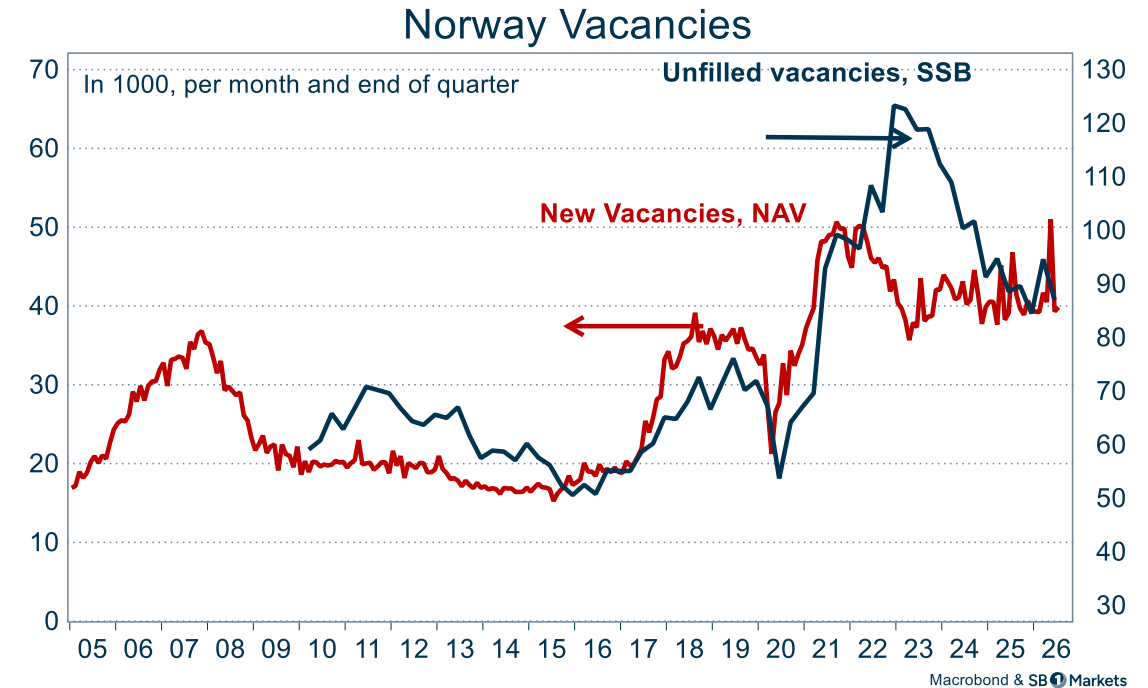
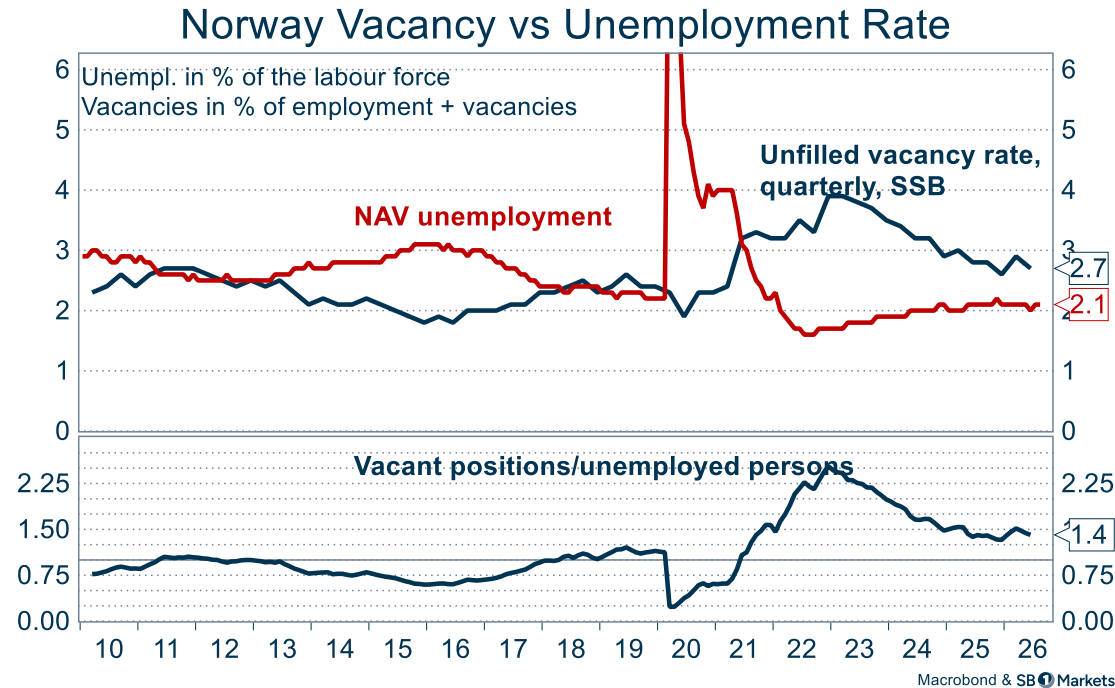
House prices for Oslo "peers"



- Copenhagen the big winner in recent years

# Job openings have flattened, at above a normal level

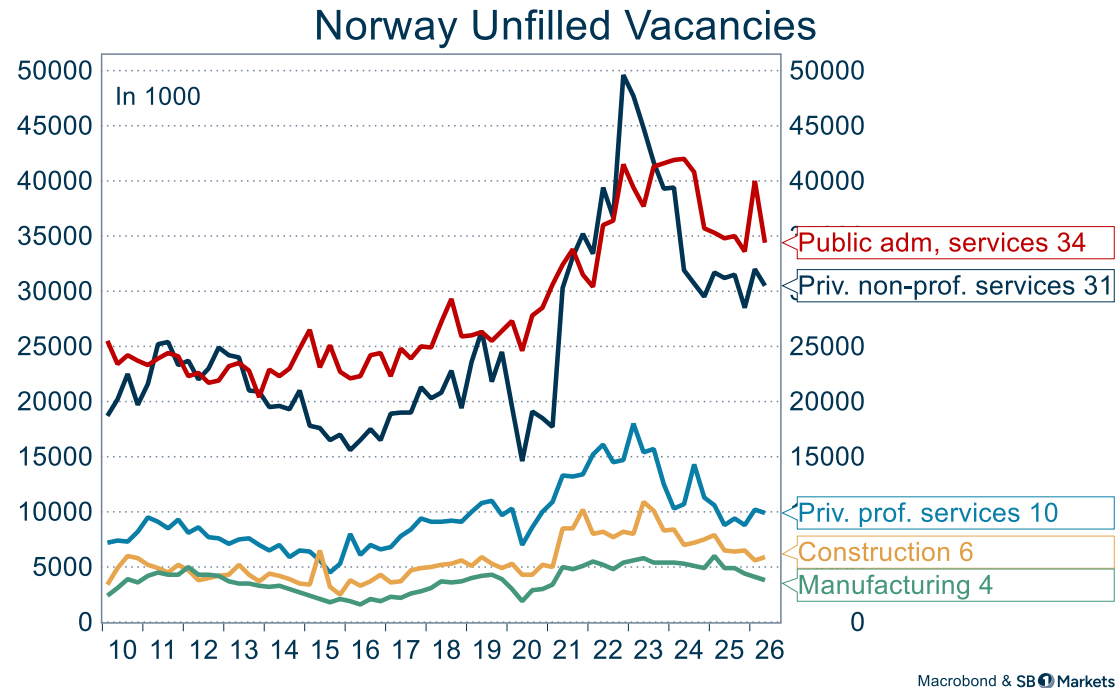
The vacancy rate declined 0.2 pp from a 0.1 pp downward revised level to 2.7%. (We expected 2.9%). The short-term trend is flat, slightly above a normal (pre-pandemic) level. There are 1.4 unfilled vacancies per unemployed person (NAV open), well above the 1:1 average.



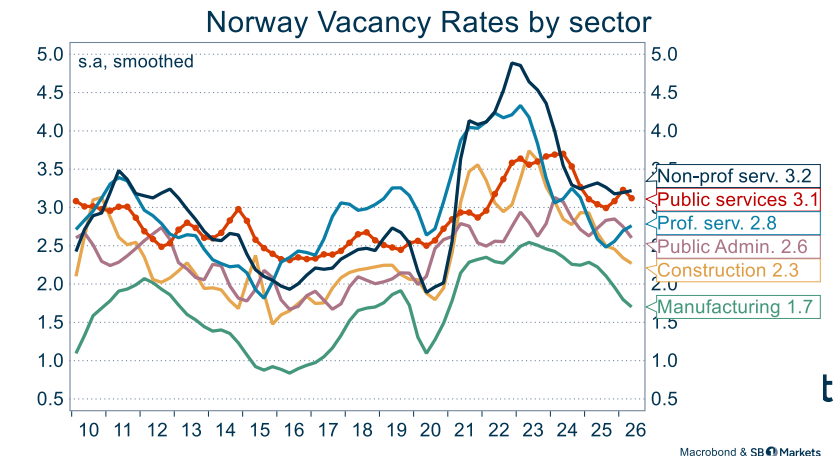
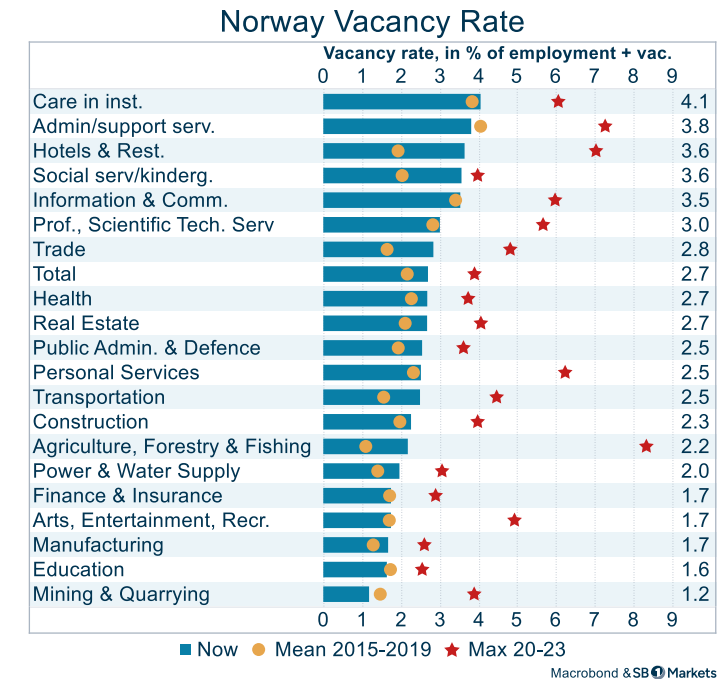
- The **number of unfilled vacancies** declined by 8,000 to 87' in Q2, equalling 2.7% of the number of employees (+vacancies), down from 2.9% in Q1 (revised down from 3.0%, but the actual number was close to unchanged). The short-term trend is flat.
  - At the peak, 2 years ago, the job openings rate was 3.9%.
  - The current rate is still equal to the highest level at any time before the pandemic – though with data just back to 2010. There are 1.4 open positions per unemployed person, which is higher than at any time before the pandemic. The average before the pandemic was less than 1.
- The **inflow of new vacancies** (NAV data) remains high as well, and drifts slowly upwards or is flat (the past 3 months have been on the low side).
- The **NAV open unemployment rate** trends flat at 2.1%.
- **The labour market is still tighter than normal, but has been close to stable recently**

# Unfilled vacancies: Manufacturing and construction down, even public administration

Vacancies in private services, both professional and non-professional, trend flat in recent quarters, as do openings in public services (health and education).



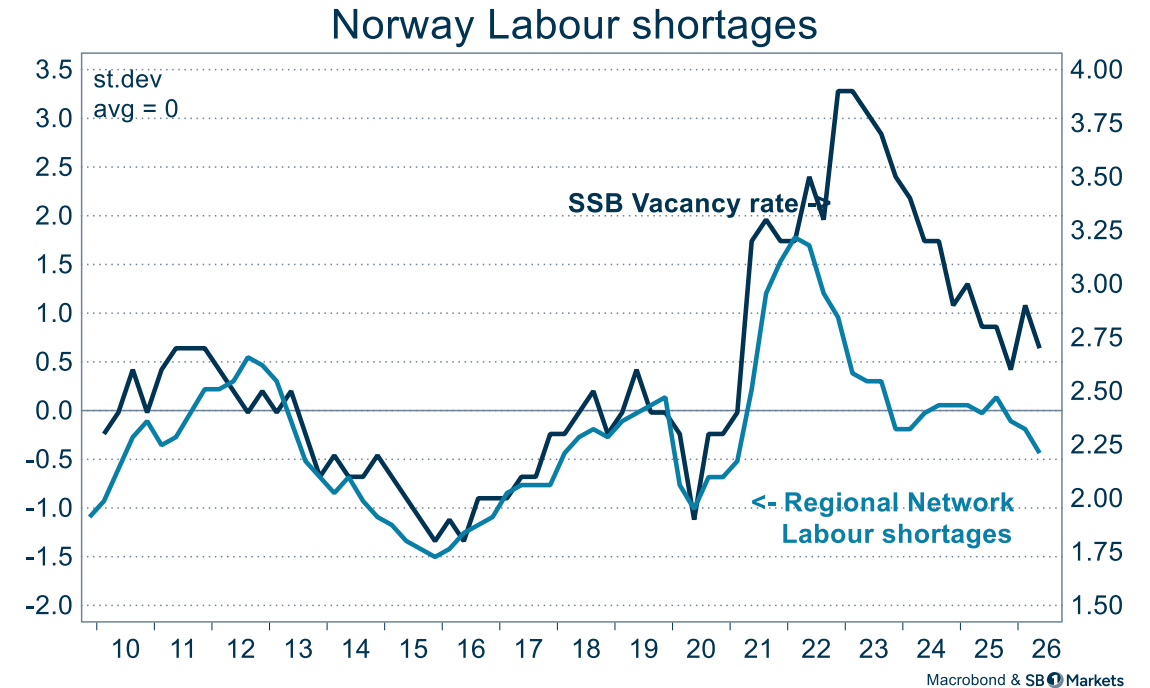
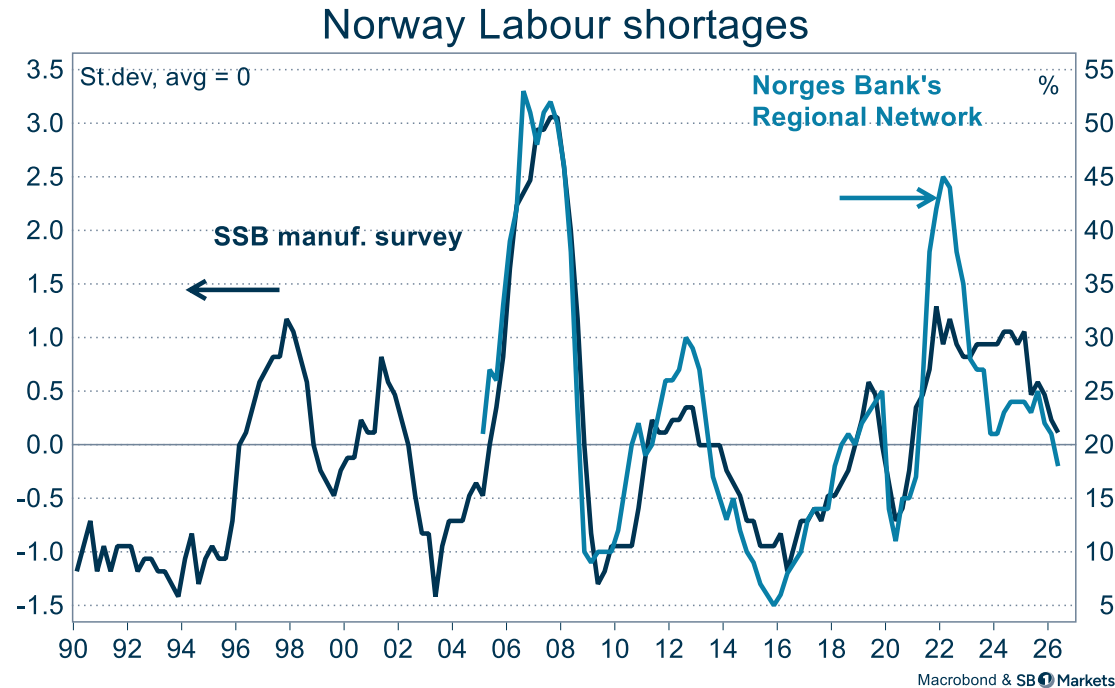
- 16 sectors report more job openings than the historical average (as in Q1).
- Just 3 sectors report fewer vacancies than normal (as in Q1).
- All sectors are down from their respective post-pandemic peaks.
- Even if construction starts and investments are down, there are still more vacant positions in the **construction sector** than normal, but the trend is down.





# How widespread are labour shortages? 2 x-checks

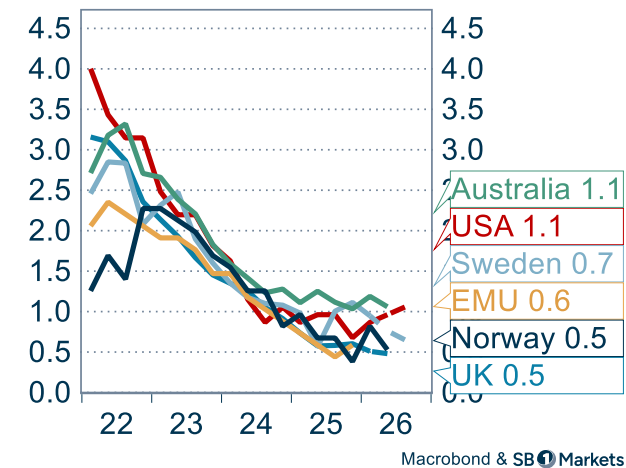
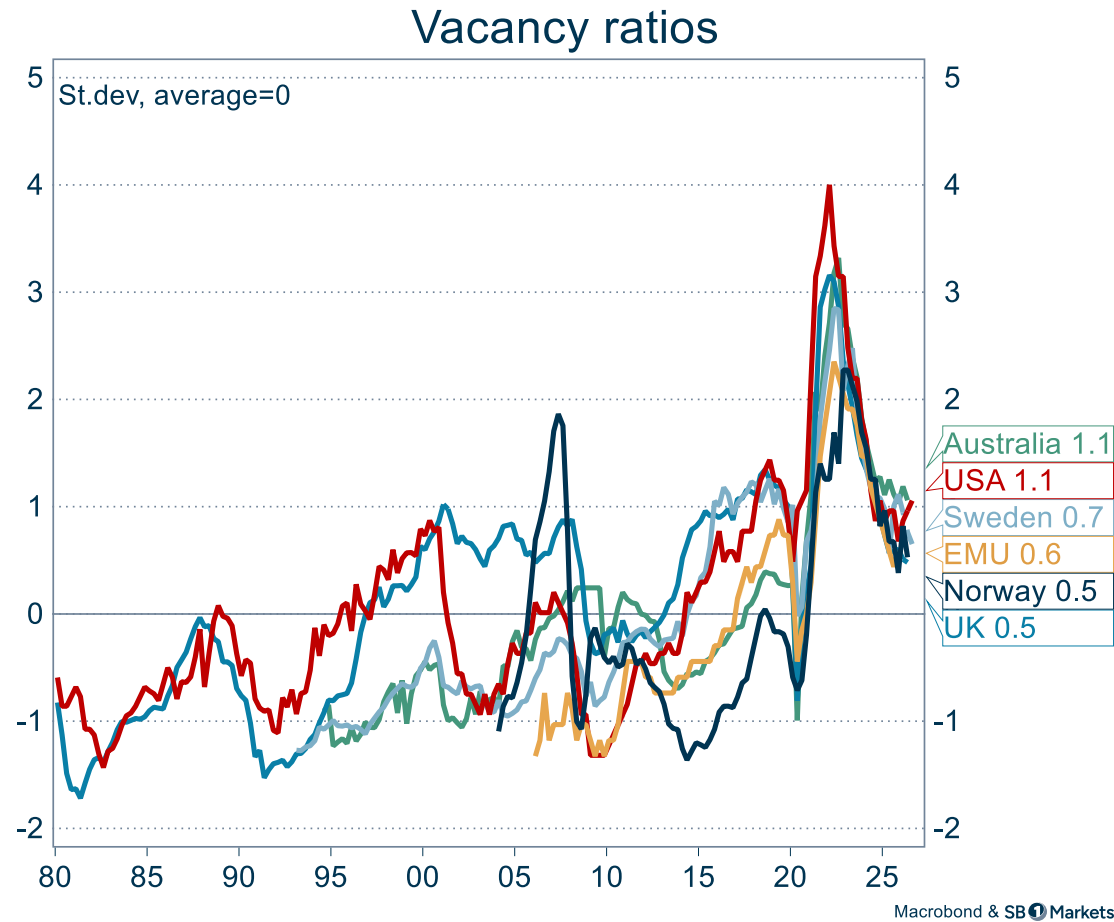
Both SSB's manufacturing survey and Norges Bank's Regional Network report gradually fewer labour shortages, the former to below average. The vacancy rate is 'higher' than the Network's assessment of labour shortages (which is marginally below average) signals.



- The gap between the vacancy rate and the Network's labour shortages indicator since late 2022 has been unusual.

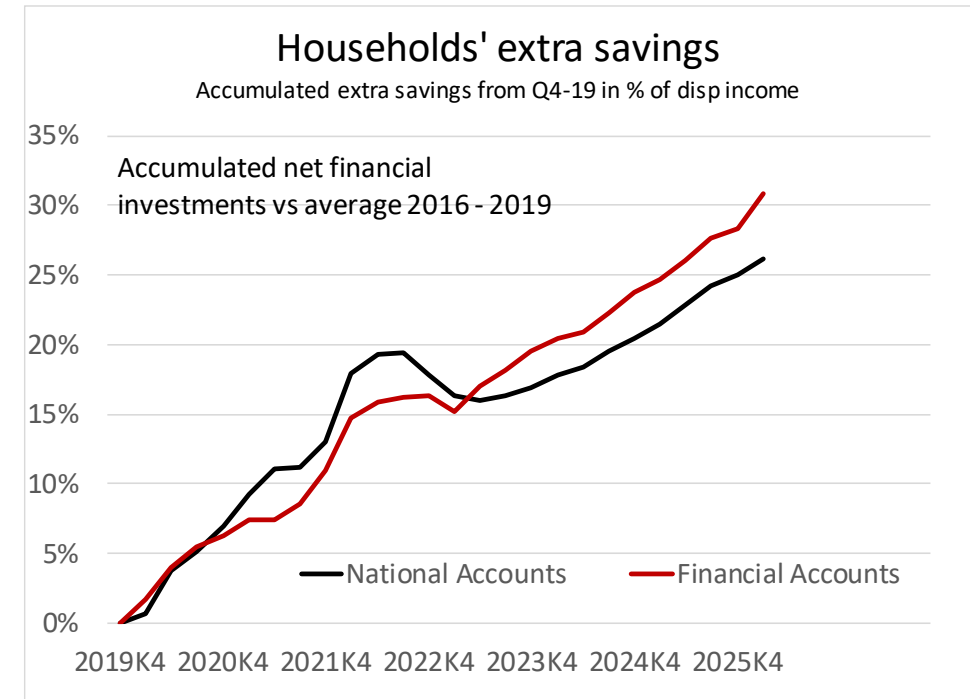
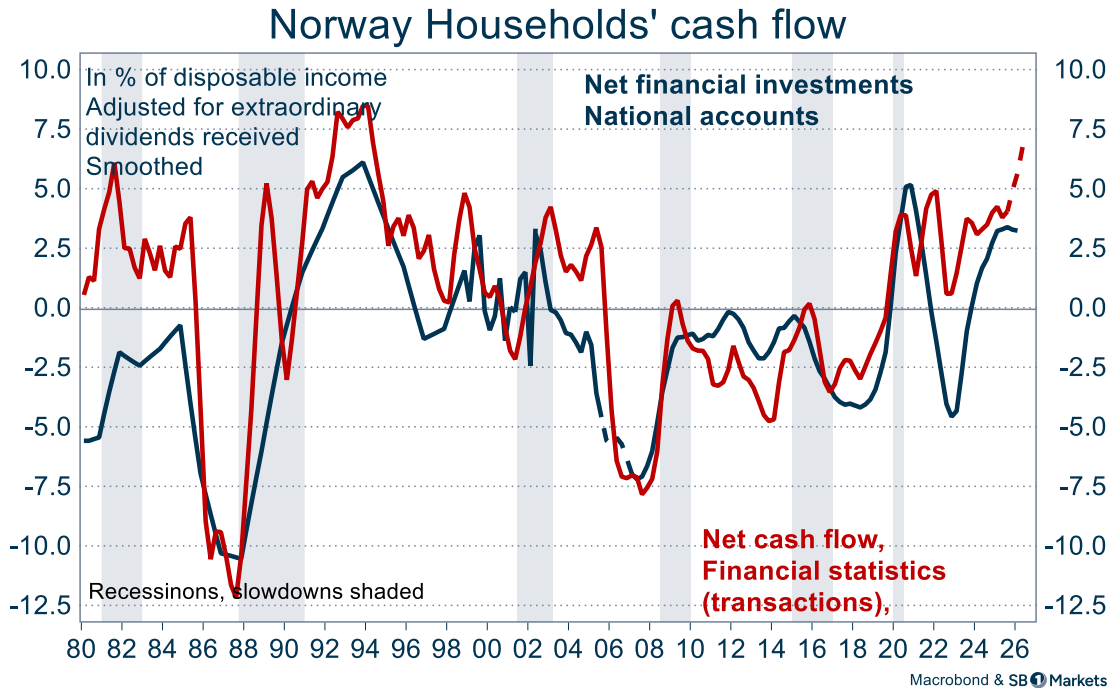
# Job openings have more or less flattened abroad as well

The parallel lift, and then a decline in tandem since 2021, is remarkable. US is now trending up again, while other countries at least report a slower decline.



# Financial accounts report the highest household financial surplus since the early 1980s!

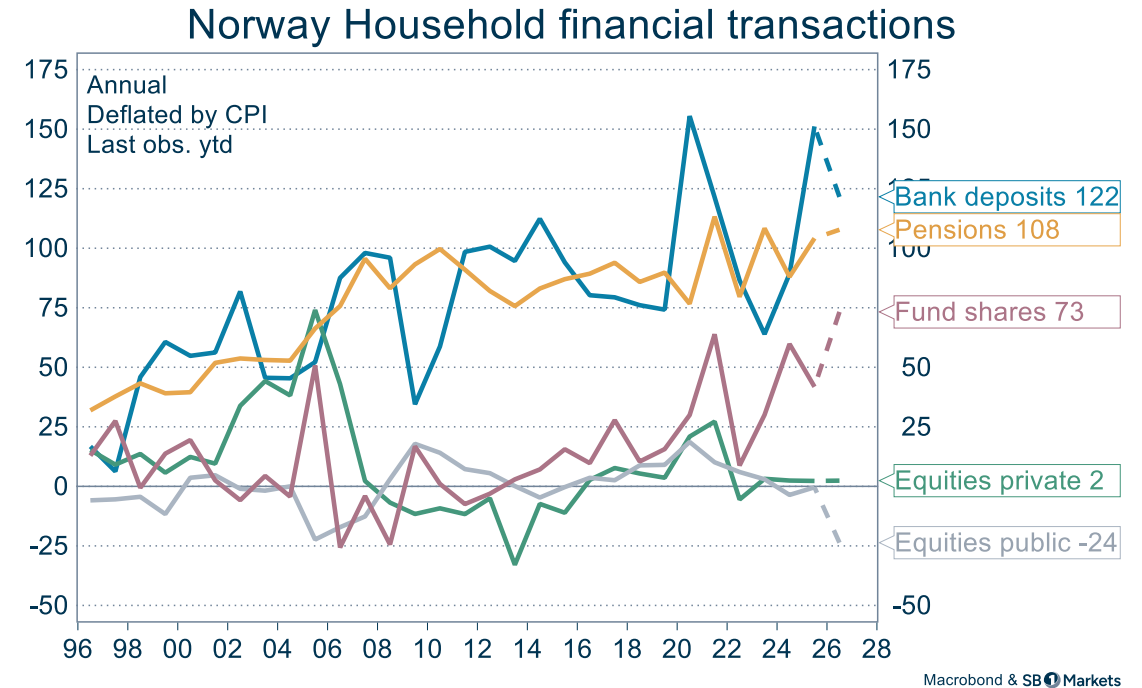
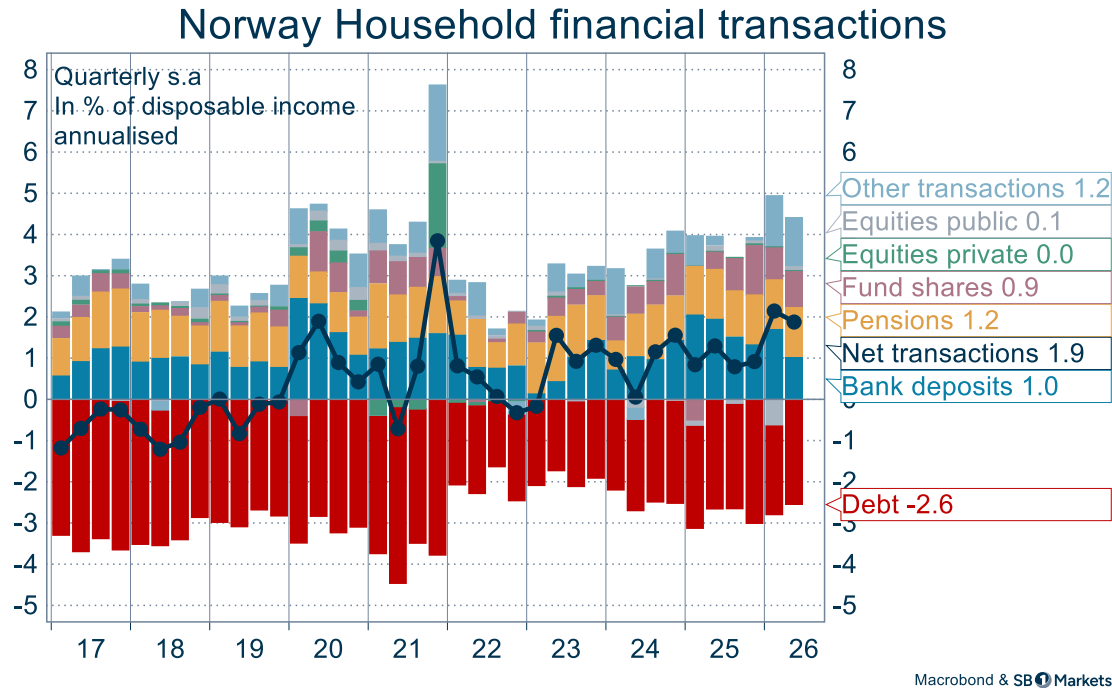
Households run a positive cash flow equalling 7% of their disposable income. Growth in financial assets due to transactions



- **Financial accounts, calculated by SSB**, estimate households' net financial investments, measured by transactions in financial assets (bank deposits/debt, funds, equities, pension funds, etc.) alongside the calculation of the value of these assets. Net transactions (net financial investments) in % of disposable income were at almost 8% in H1 (smoothed somewhat lower on the chart to the left).
  - In principle, these financial accounts data should be equal to net financial investments calculated in the national accounts – but there are some discrepancies, though the gap has been reduced after the revision of national accounts.
- Both national accounts and financial accounts report substantial **extra savings during and after the pandemic** vs. the savings level ahead of the pandemic (the chart to the right above).

# Fund share investments are surging, as growth in bank deposits slows slightly

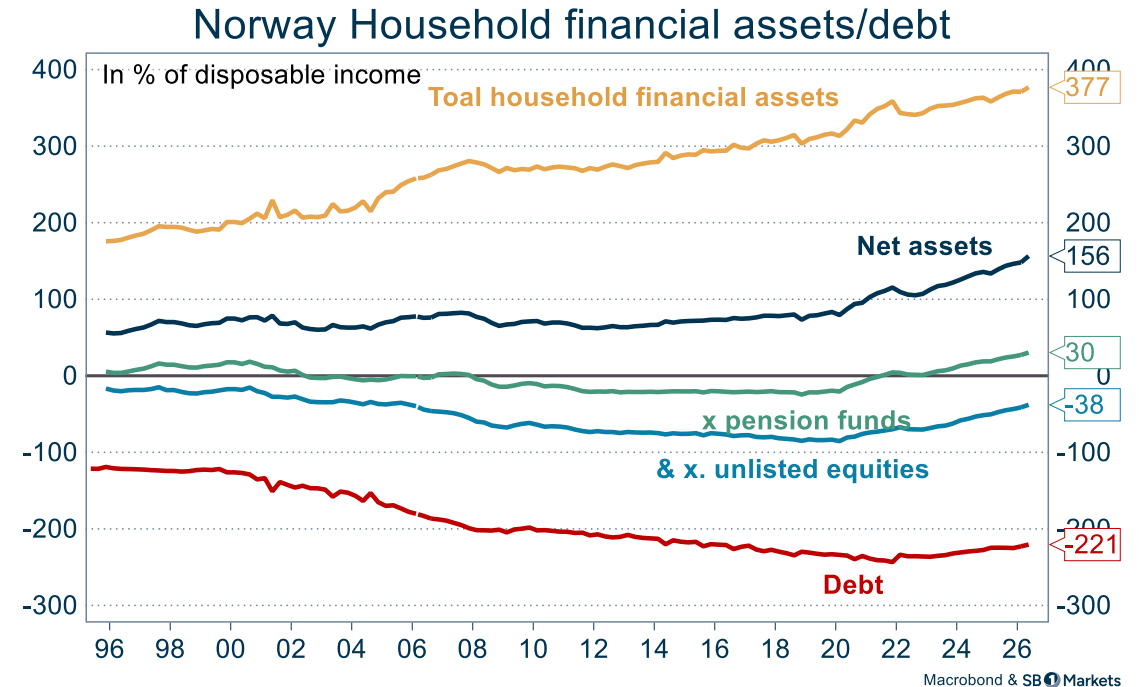
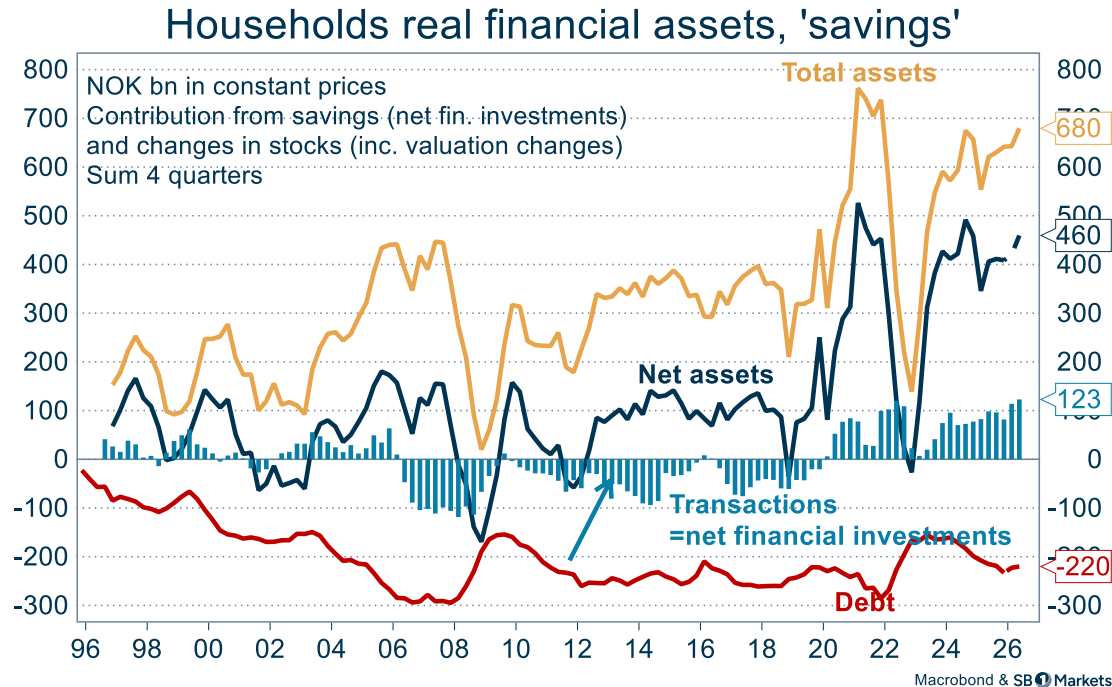
Net buying of fund shares has increased sharply since 2023 and rose further in H1, in fact to the highest ever (also in real terms). Growth in bank deposits slows but remains higher than normal. Growth in households' debt is still modest.



- The last annual observation in the chart to the right is the average so far in 2026, that is, the H1 annualised.

# From flows to stocks: The cash surplus NOK 123bn, net financial assets rose by 460bn

... as a lift in asset prices lifted assets by more than NOK 300bn. Debt grew by NOK 220bn, and total assets grew by 680bn, one of the largest increases on record (CPI adj.). Total financial assets equal 3.8x disposable income, **net financial assets 1.56x, up from 0.8x in 2019**.



- **Gross financial assets equal 377%** of disposable income. The rate has been trending steadily upwards over the past 15 years.
- **Net financial assets** equal 156% of disposable income and have trended faster than the gross rate since the pandemic (as the debt ratio has declined).
- **Excluding pension funds**, the net asset rate is not that impressive, but still positive: +30%.
  - If unlisted (and less liquid) equities are also deducted, there is a 38% negative net 'liquid' asset position. Before the pandemic, this rate was -84%.
- **The total debt/income** ratio is slowly declining, now at 221%.



### 3. Major economies





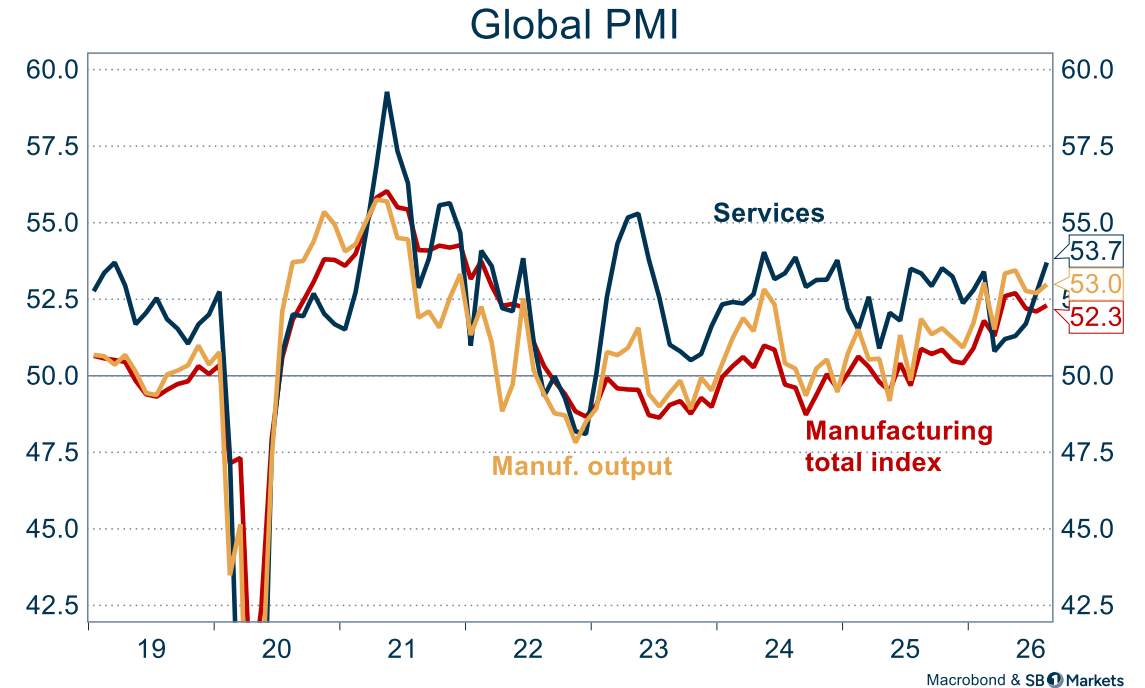
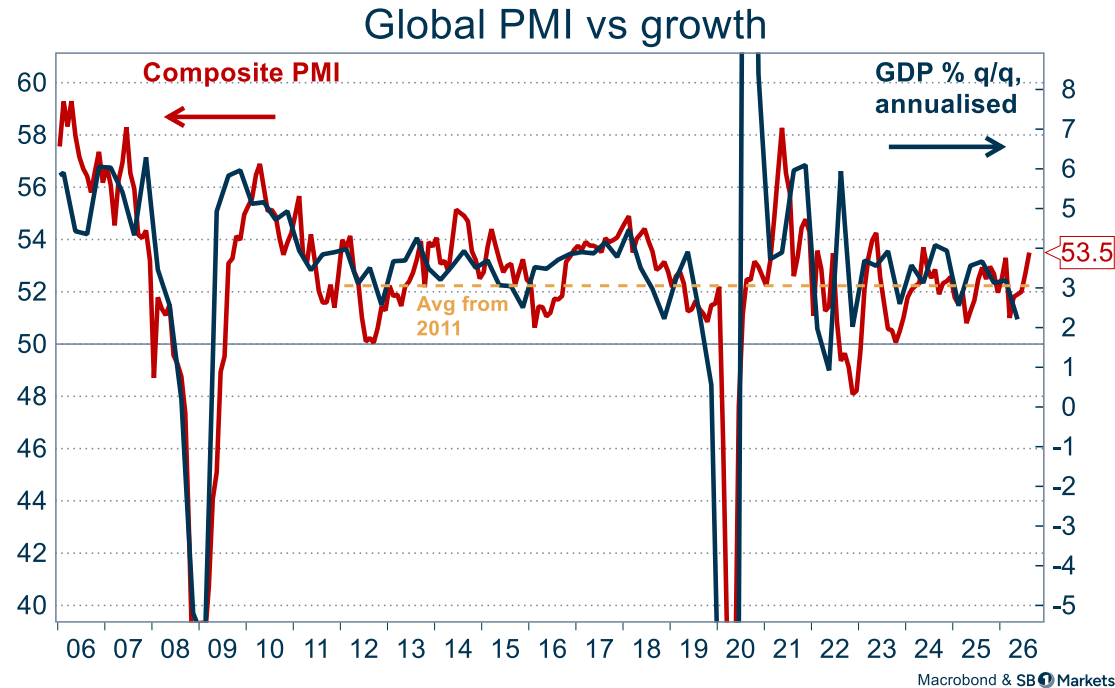
## FINAL PMIs & US ISMs





# The global PMI further up in August, +0.8 p to 53.5 → 4% *global GDP growth*

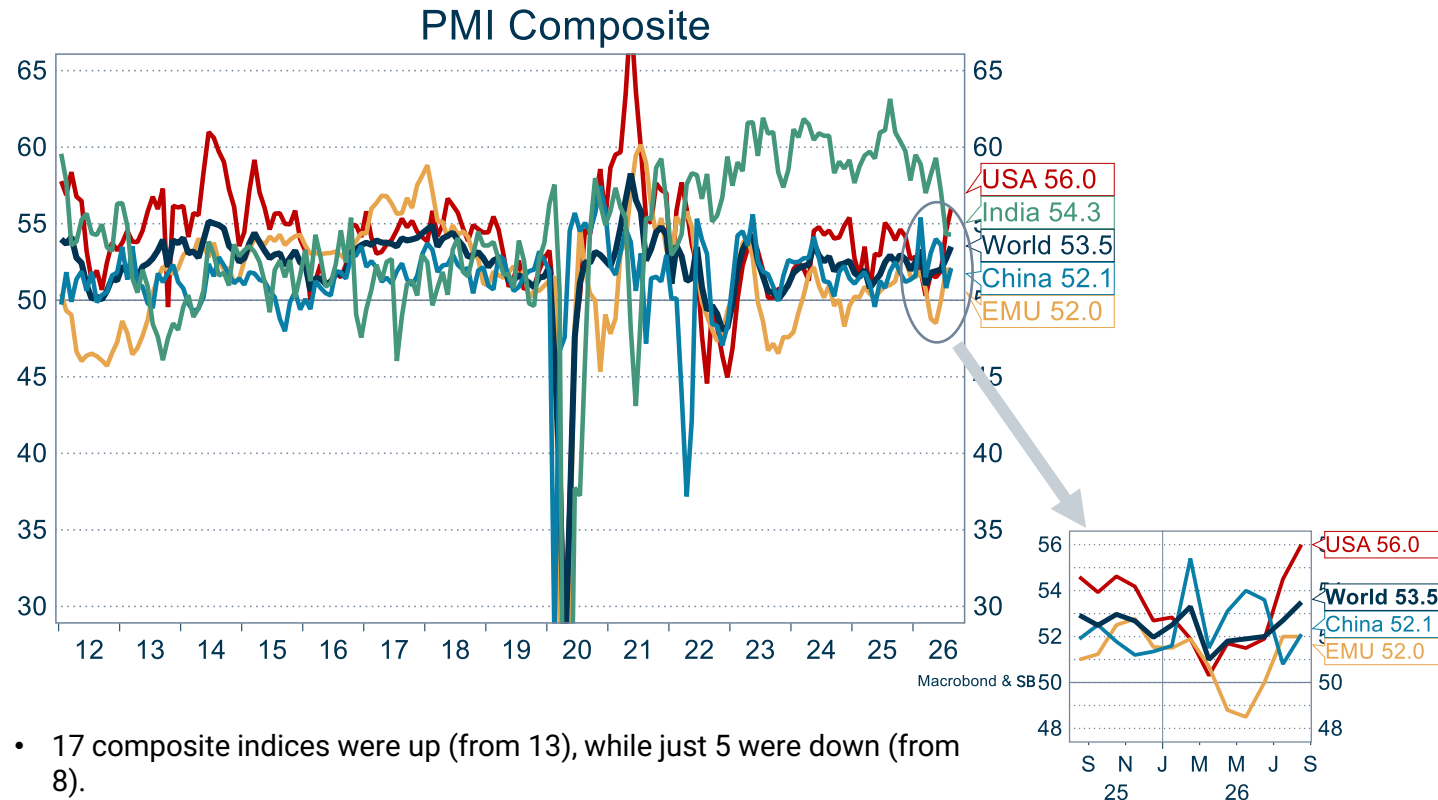
The 2nd best print in the past 3 years, supported both by manufacturing and services, and a large majority of countries. US services contributed the most. The global manuf. PMI has flattened lately, while services have shot up, and both are above the early 2020 level.



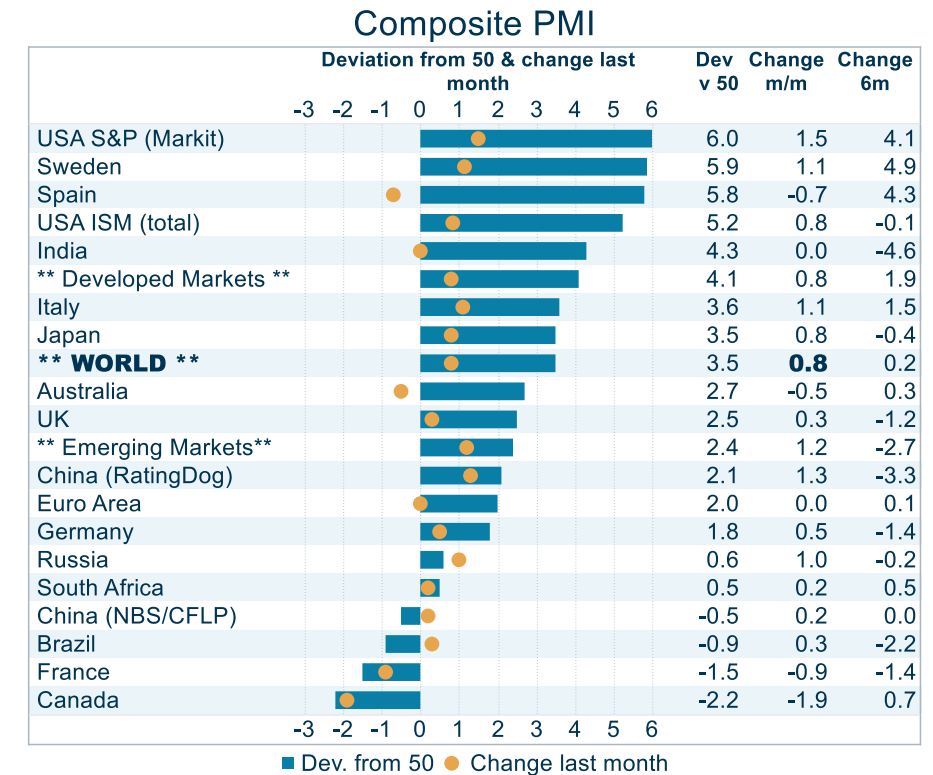


# PMI: US at the top of the ranking at 56.0, ahead of Sweden (and Spain)

The EMU composite PMI was unchanged at 52.0, 0.1 p below the flash estimate.



- 17 composite indices were up (from 13), while just 5 were down (from 8).
  - 4 indices were below the 50-line (from 5), 1/6 of all composite surveys.
- The top: The **US S&P PMI**, following a 1.5 p lift to 56.0. A **composite ISM** (our calc.) rose by 0.8 p to 55.2, well above expectations.
- The **Euro Area index** was flat at 52.0, equal to the level before the war in the Gulf.
- The **Chinese private sector RatingDog PMI** was stronger than expected.

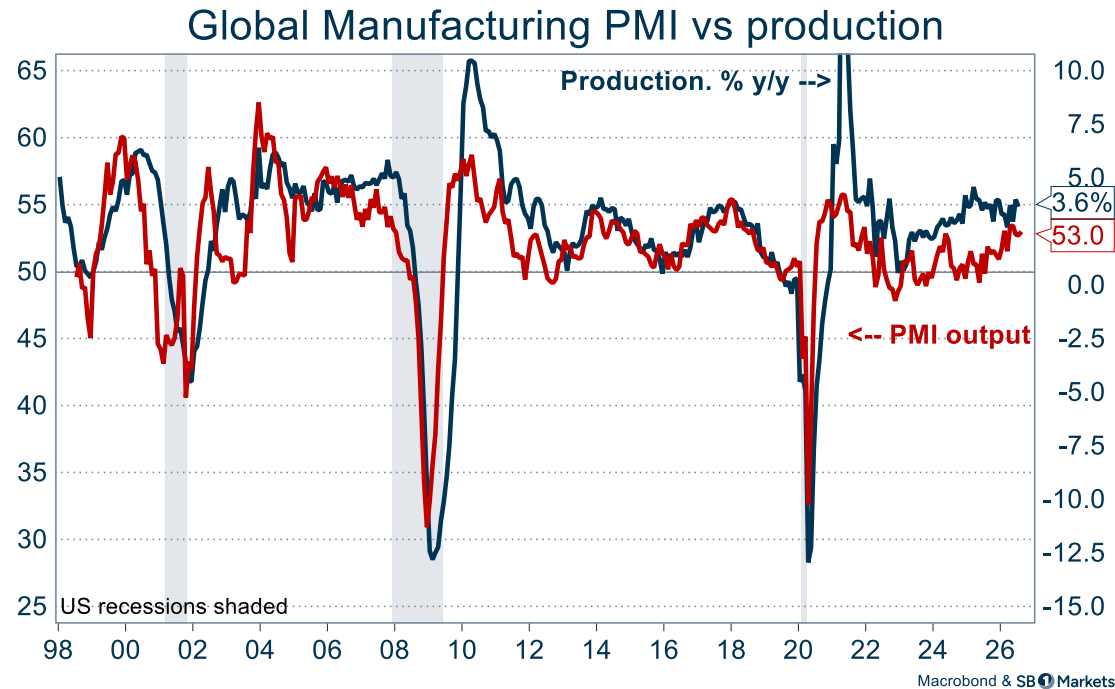


Macrobond & SB Markets

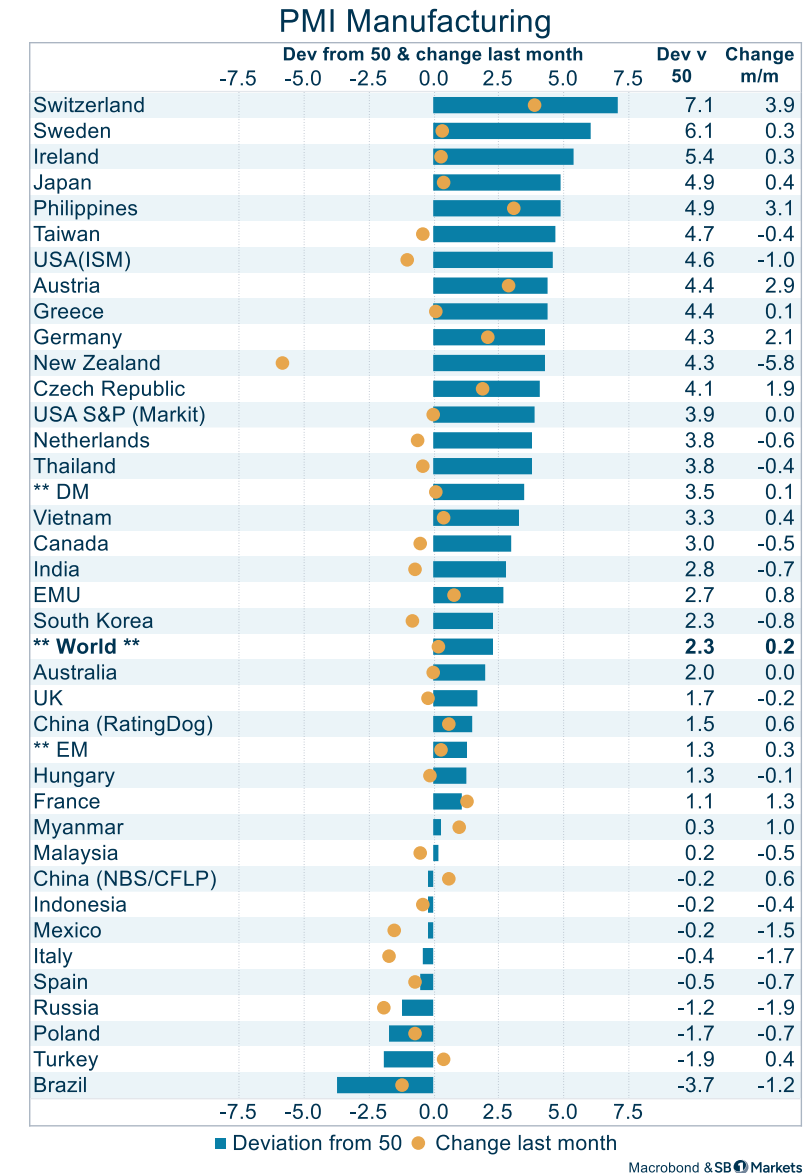


# The manufacturing sector PMI trends up but has flattened in recent months

The global output index added 0.3 p to 53.0, while the total index rose 0.2 p to 52.3, signalling continued growth above trend in global manufacturing production.



- **54%** of the indices were up (from 58% in July), and 23% are below the 50-line (from 15%, the average is 32%), a favourable mix.
- **The US** was unchanged at 53.9, following a 0.7% upward revision.
- The **Euro Area** PMI added 0.8 p to 52.7, 0.1 below the initial estimate.
- **Sweden** reported a 0.3 p lift to 56.1, still **no. 2 on our global ranking**, behind (volatile) Switzerland
- **Emerging markets** were up 0.3 p to 51.3. The **Chinese (RatingDog) PMI** contributed on the upside, by 0.6 p, to 51.5. **India has fallen rapidly in recent months**, to 52.8, to the middle of the ranking, after residing on or close to the top of the list from 2023 to late 2025. Russia is close to the bottom, and Brazil at the bottom.

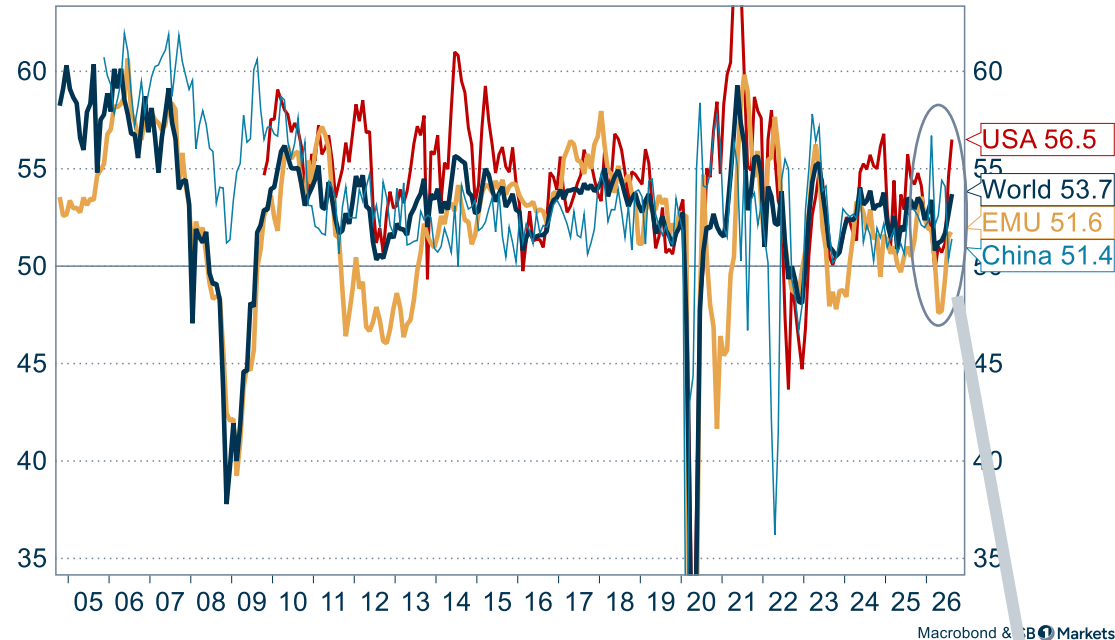




# Services PMI: the global index up 1.0 p to 53.7, the best level since Dec-24

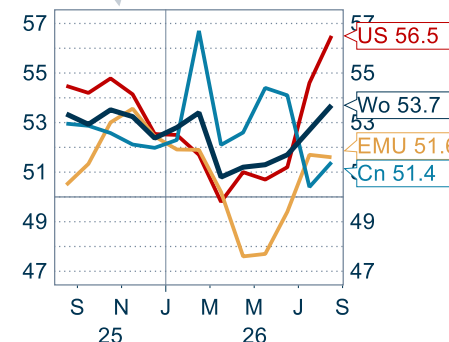
The uptick was broad, and just 4 indices are below the 50-line. Switzerland, Spain, US and Sweden occupy the top of the list. EMU and China are below the middle of the list.

Services PMI

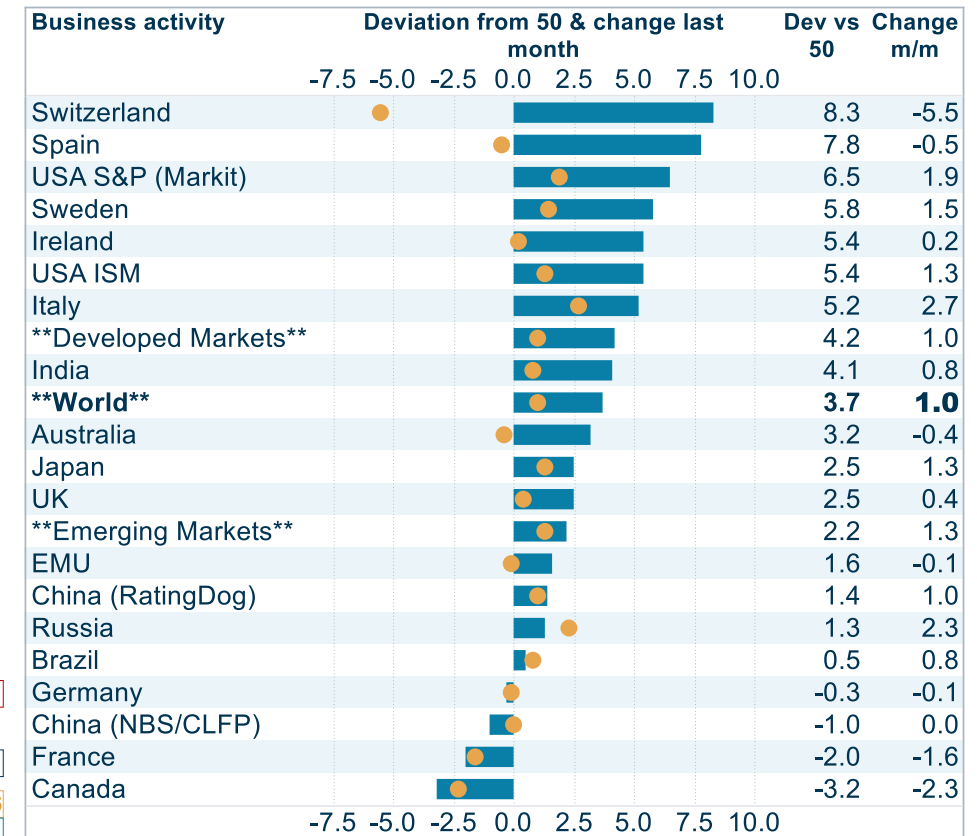


- **14 service sector PMIs** were up in August while 6 were down, Canada the most. 4 surveys are below the 50-line, Germany, China (the official PMI), France, and Canada.
- **Both DM and EM** were up in August. The US S&P's services PMI contributed the most. The ISM service index rose 1.3 p to 55.4, well above expectations.
- **Sweden** reversed the decline in July and sits at the 4th position.

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Services PMI



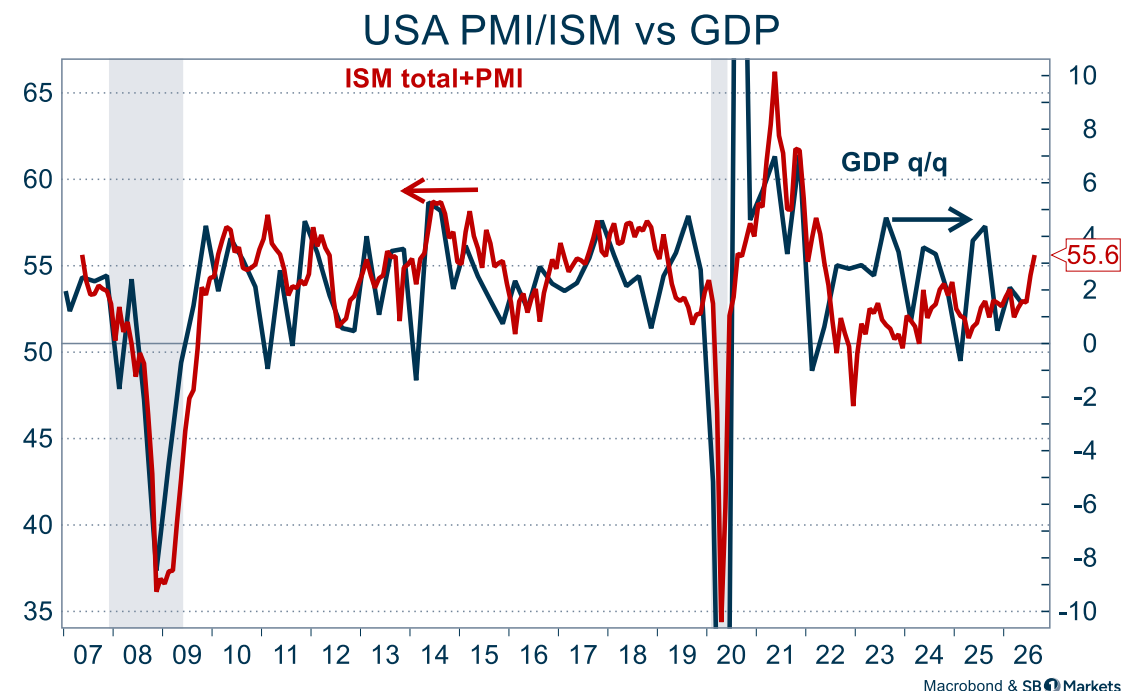
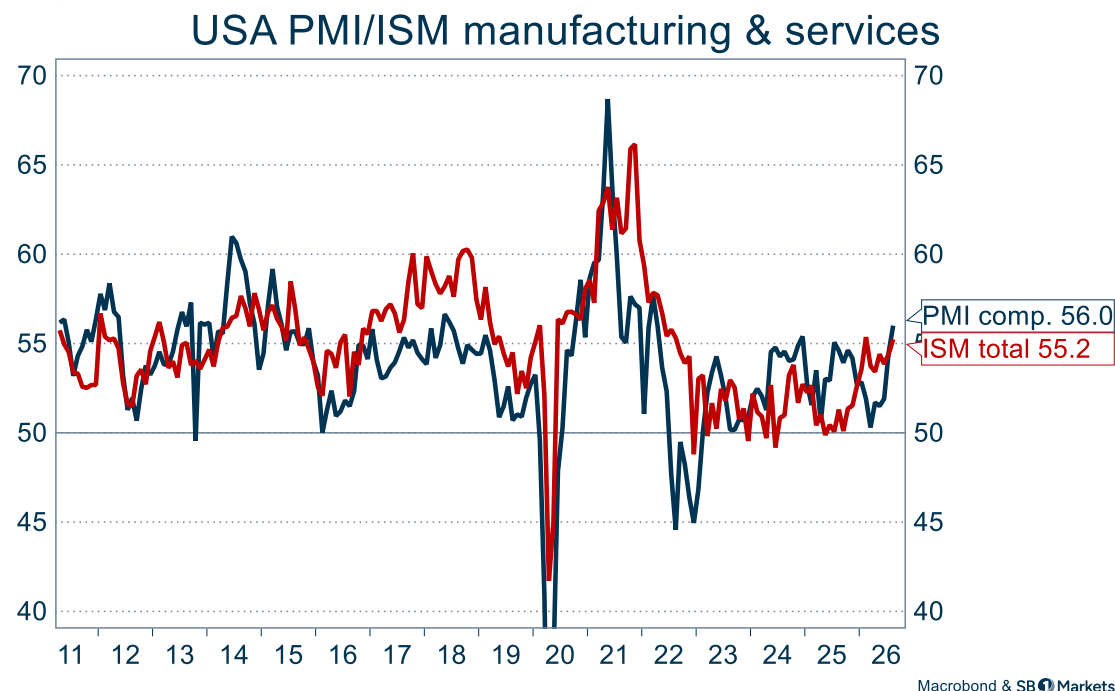
■ Dev. from 50 ● Change last month

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## USA: $(ISM+PMI)/2 + 1.1$ p to 55.6, the best since 2022 → **3%+ GDP growth signalled?**

At least normally. However, these (and other) surveys have – on average – **underestimated growth** since the pandemic. The ISM indices were on avg. up 0.8 p to 55.2, while S&P's comp. PMI gained 1.5 p to 56.0. The S&P PMI is 1.5 p > avg., the ISM close to average.



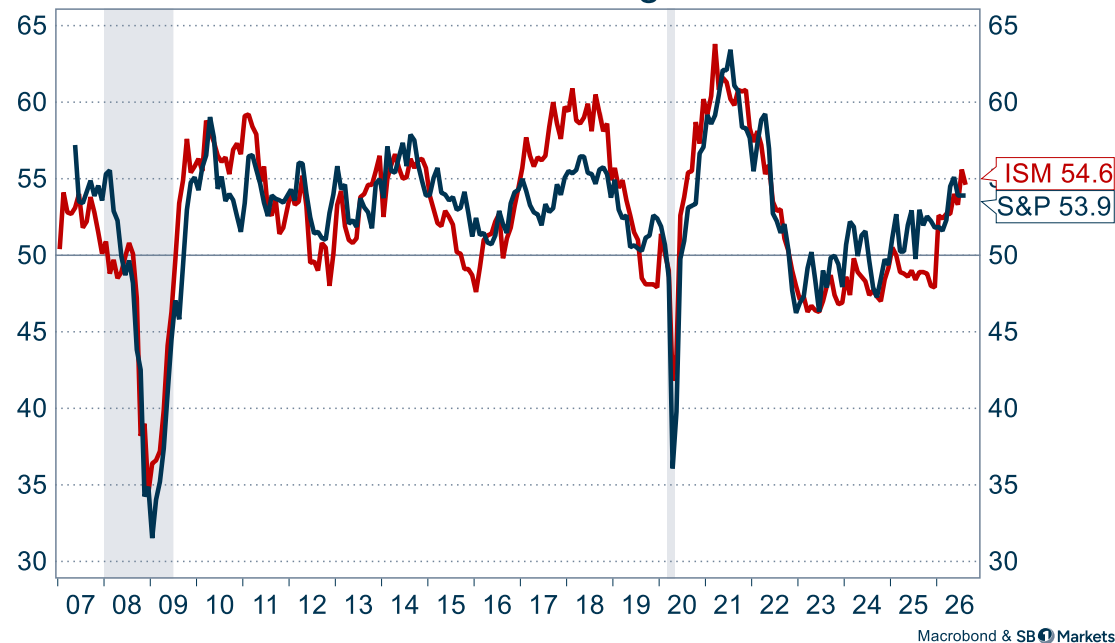
- S&P's composite PMI is more closely correlated to GDP growth than the good ol' ISM indices.



# US manufacturing surveys marginally down in August but still 0.5 std. dev. > average

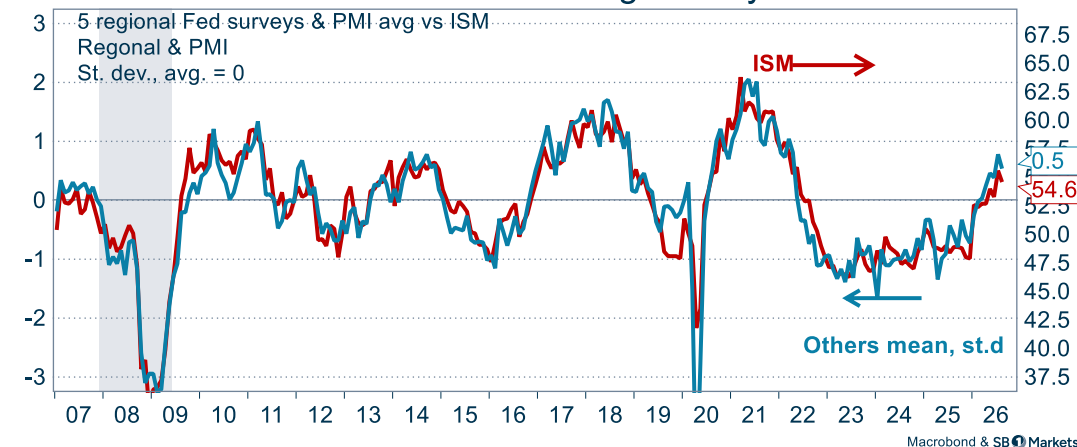
Actual production has turned up as well.

## USA Manufacturing ISM/PMI

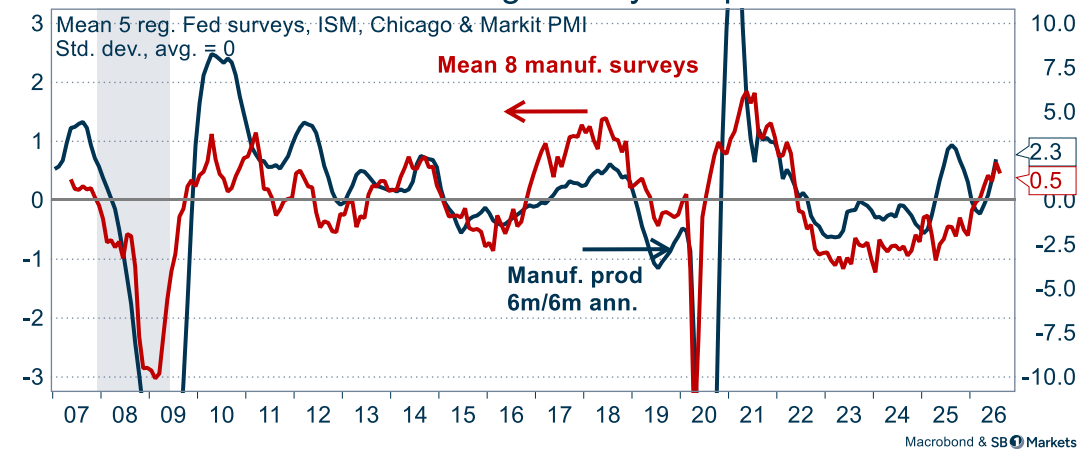


- The correlation to actual production is regrettably not that strong. *Production declined less* than these surveys have indicated the past 2–3 years. Still, the surveys do not signal that the gains of the past 12 months will be sustained.

## USA Manufacturing Surveys



## USA Manufacturing Surveys vs production

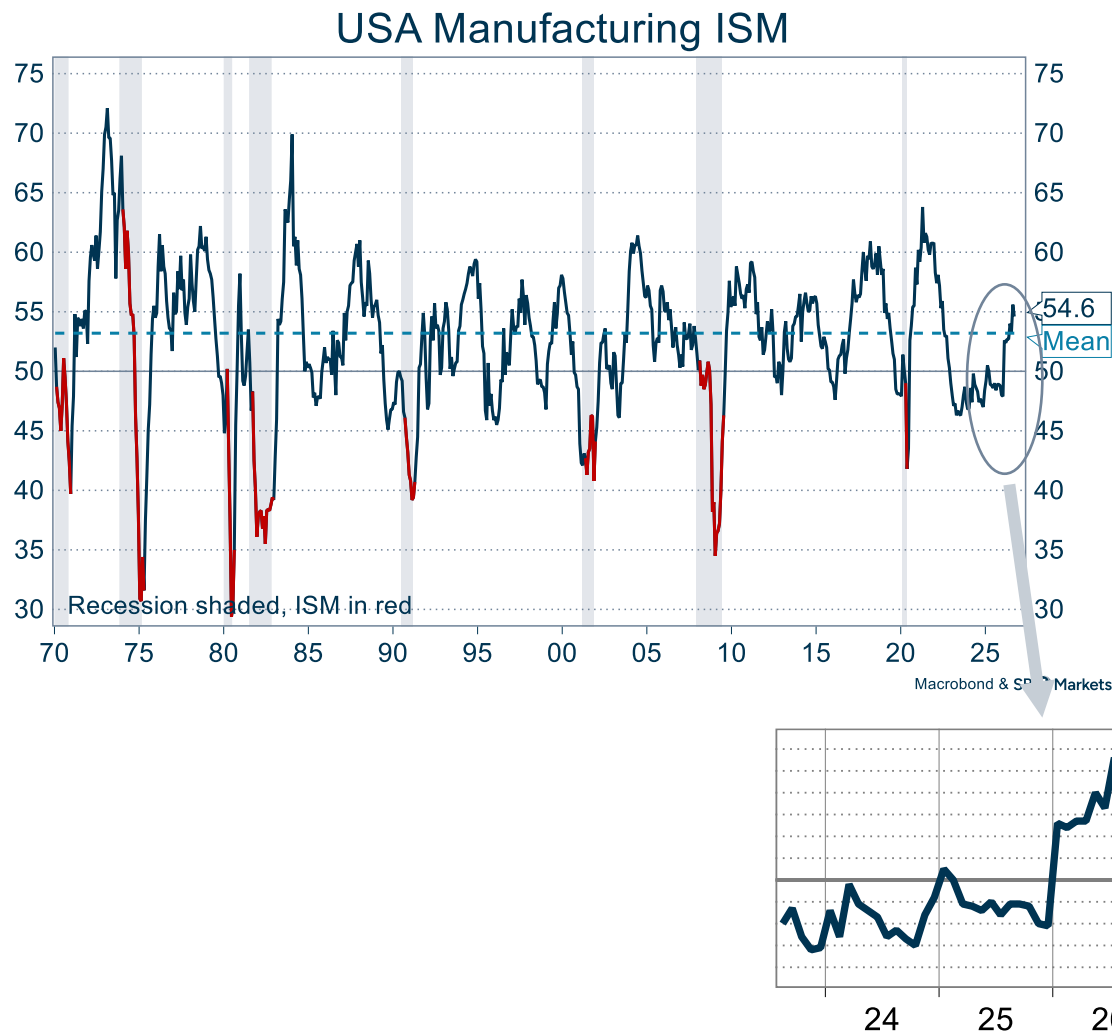






# The US manuf. ISM down in August, but growth well above trend still signalled

The index declined 1 p to 54.6, expected down 0.1 p, an optimistic estimate given the decline in regional surveys. The new order sub-index fell 3 p to 53.7 while the production index was almost flat at 58.3. The input price index remains very high.



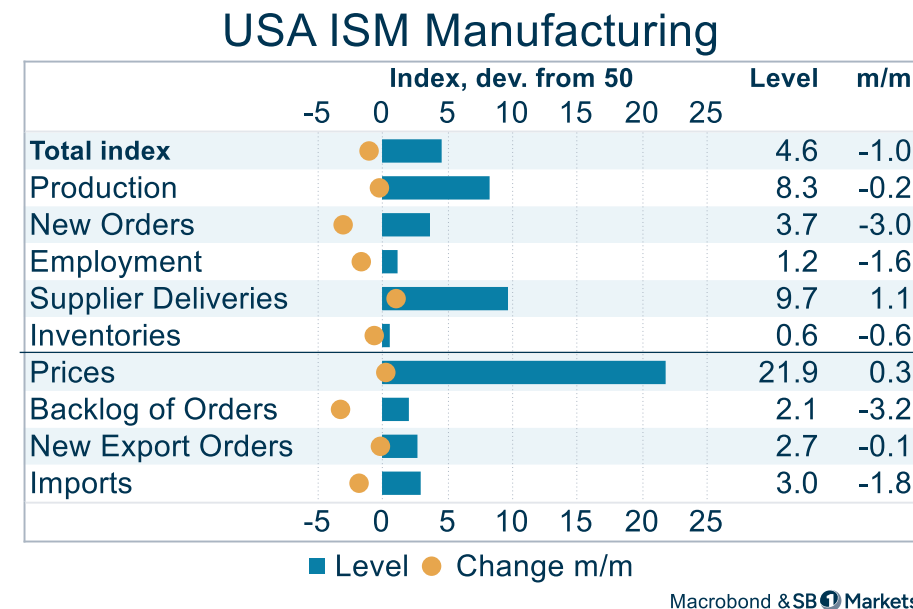
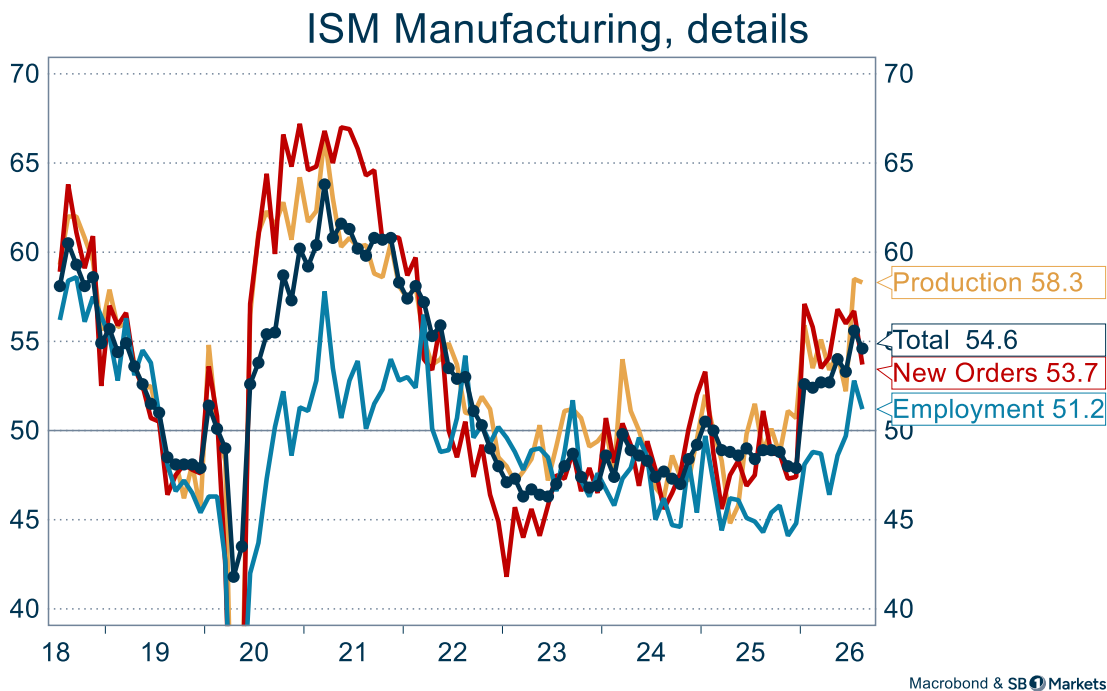
## The details:

- 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! However**, growth slowed somewhat in August.
  - In August, all sub-indices but supplier delivery times declined.
  - 15 manufacturing sectors (of 18) reported growth.
- **Comments from the companies:**
  - **Supply chains are deteriorating** again, with manufacturers reporting shortages, longer lead times and rising costs for semiconductors, electronics, steel, aluminium and other AI-related inputs. Several firms compare current conditions to, or find them worse than, the post-Covid disruption period.
  - **Tariffs, trade policy uncertainty and the Middle East conflict** are driving inflationary pressures, raising input costs and clouding the outlook for both producers and consumers. Many firms cite concerns about weaker purchasing power and slower demand growth.
  - **Industrial cost pressures** remain broad-based, with energy, metals and labour costs increasing rapidly. Companies are responding by shifting sourcing, relocating production and adjusting supply chains to protect margins.
  - **Demand is holding up better than supply conditions**, particularly in AI infrastructure, semiconductors, photonics and specialised manufacturing products. However, firms report declining visibility and growing uncertainty about the economic outlook through year-end.



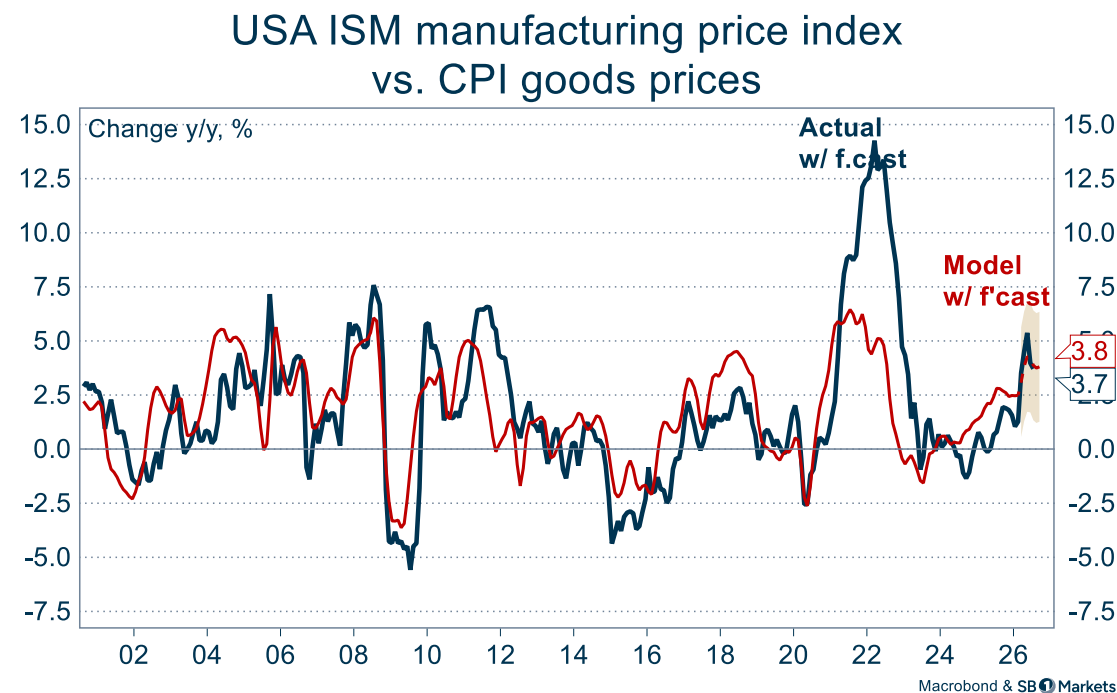
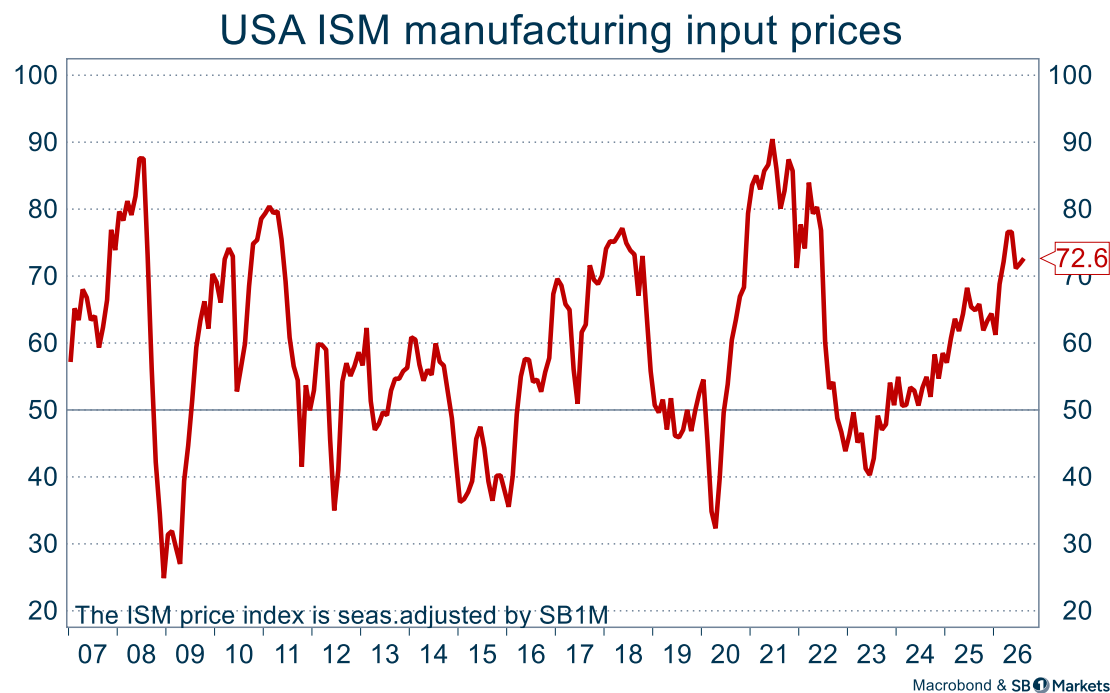


# ISM manufacturing details: a broad decline in August but not by much, and all above 50





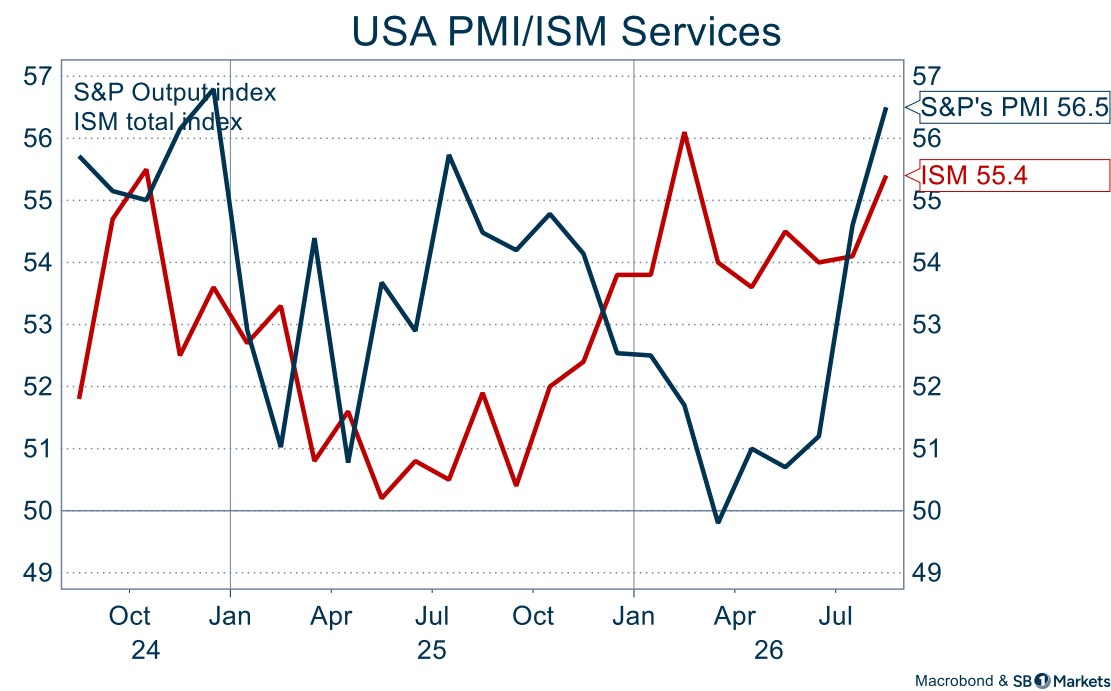
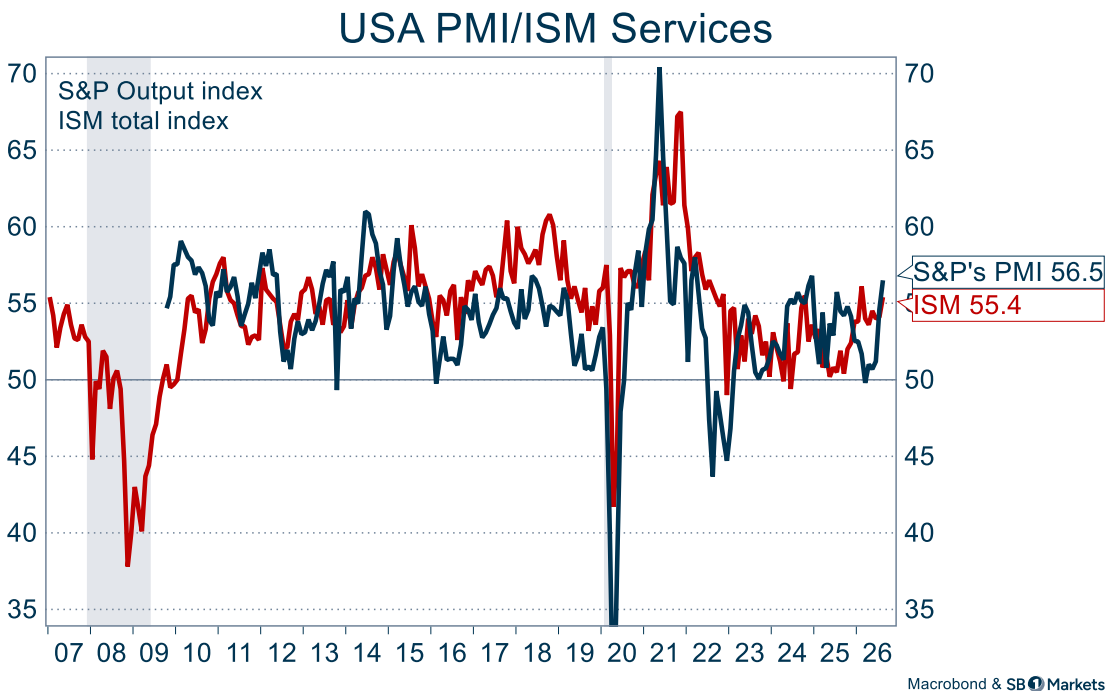
# Manufacturing input prices are still climbing rapidly, do not signal lower goods inflation





# Services: Two strong surveys

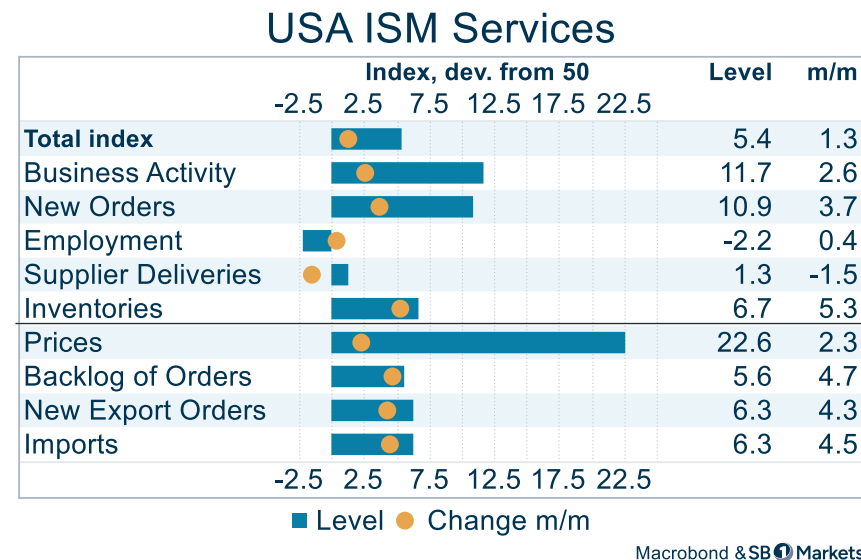
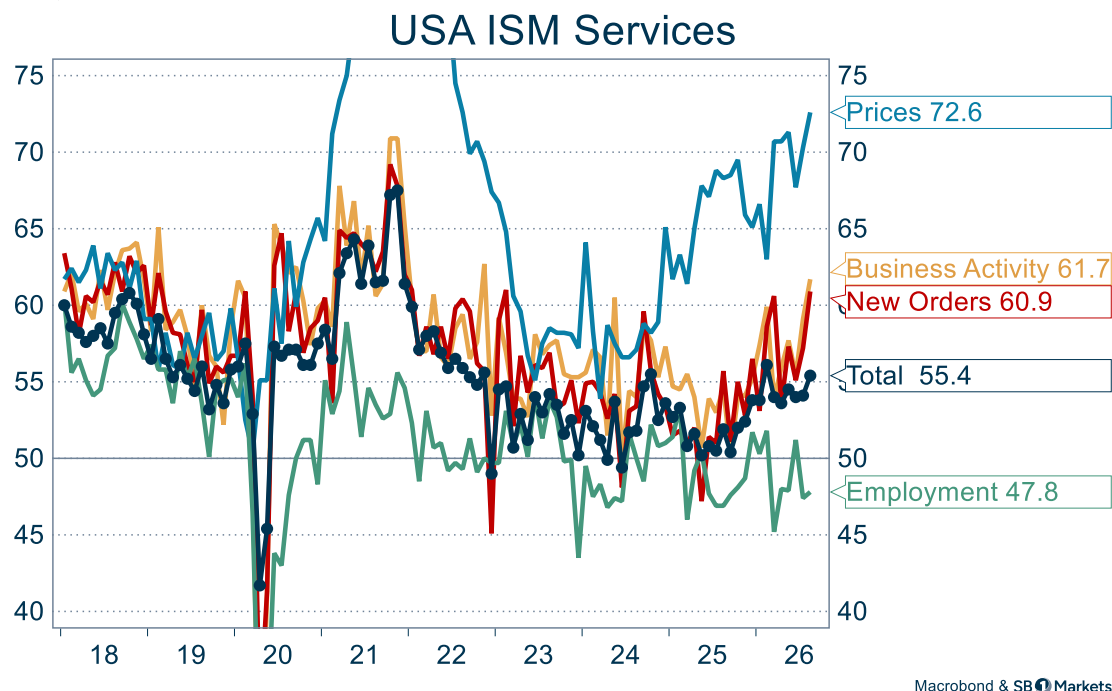
S&P's PMI rose slightly less than the flash forecast but still +1.9 p to 56.5. The ISM services index added 1.3 p to 55.4, expected slightly down!





# ISM services: all main sub-indices but employment rose in August

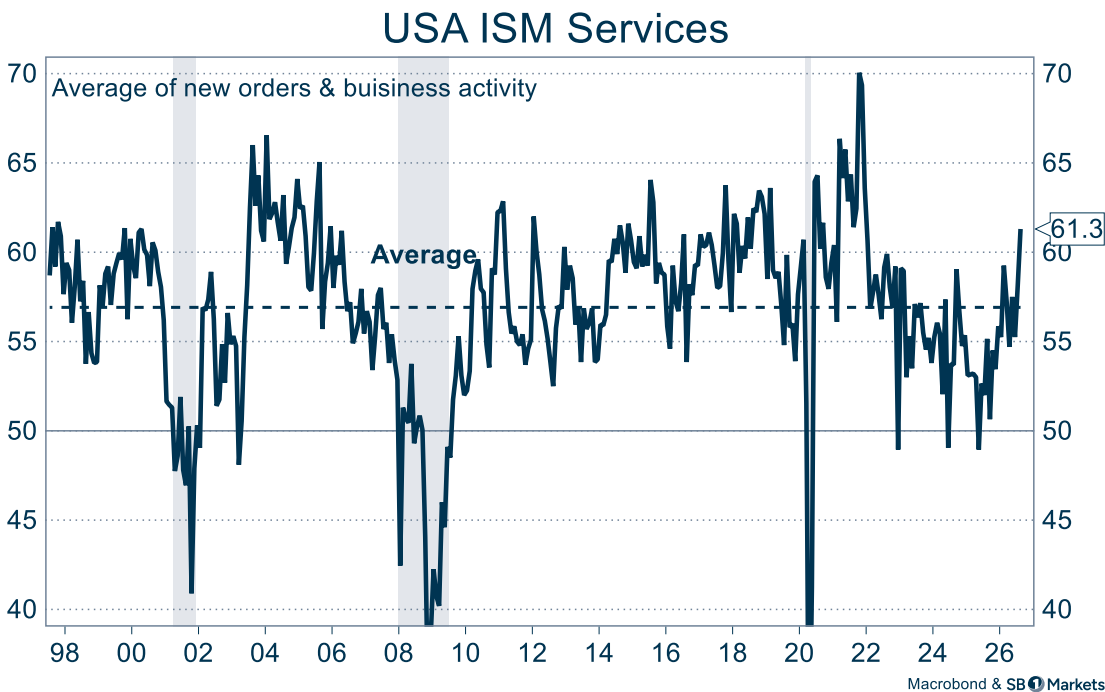
The total (weighted average of 5 main sub-indices) rose 1.3 p to 55.4. Orders/business activity rose to the highest levels since 2022/early 2023. The flip side of the coin: the price index rose 2.3 p to 72.2, also the highest level since 2022...



- **12 sectors** reported growth in August (13 in July; 14 in June; 17 in May), while 5 were down, including construction, finance and health.
- **Respondent comments were mixed, in sum more upbeat than last month but less upbeat** than the actual index numbers.
  - **Growth remains positive**, but uncertainty and costs are the main headwinds. Businesses generally report solid demand and resilient local economies, but tariffs, geopolitical tensions (especially Iran), and policy uncertainty are raising input costs and complicating planning.
  - **Higher costs and supply constraints are squeezing margins**. Firms cite rising prices for fuel, metals, construction materials and memory chips, while tariffs and supply-chain bottlenecks are forcing larger inventories, dual-sourcing efforts and more cautious investment decisions.
  - **Sector performance is increasingly divergent**. Housing and some healthcare-related markets are weakening due to high mortgage rates, affordability pressures and budget constraints, while electrical distribution, industrial demand and several service sectors continue to report strong activity and expect growth over the next six months.

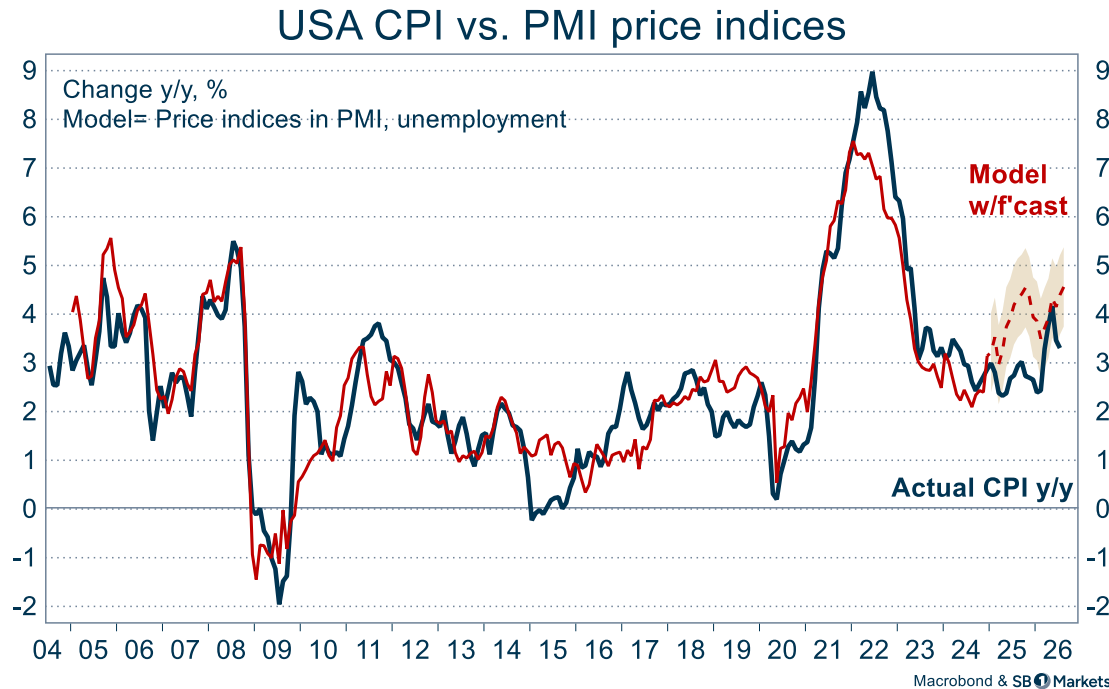
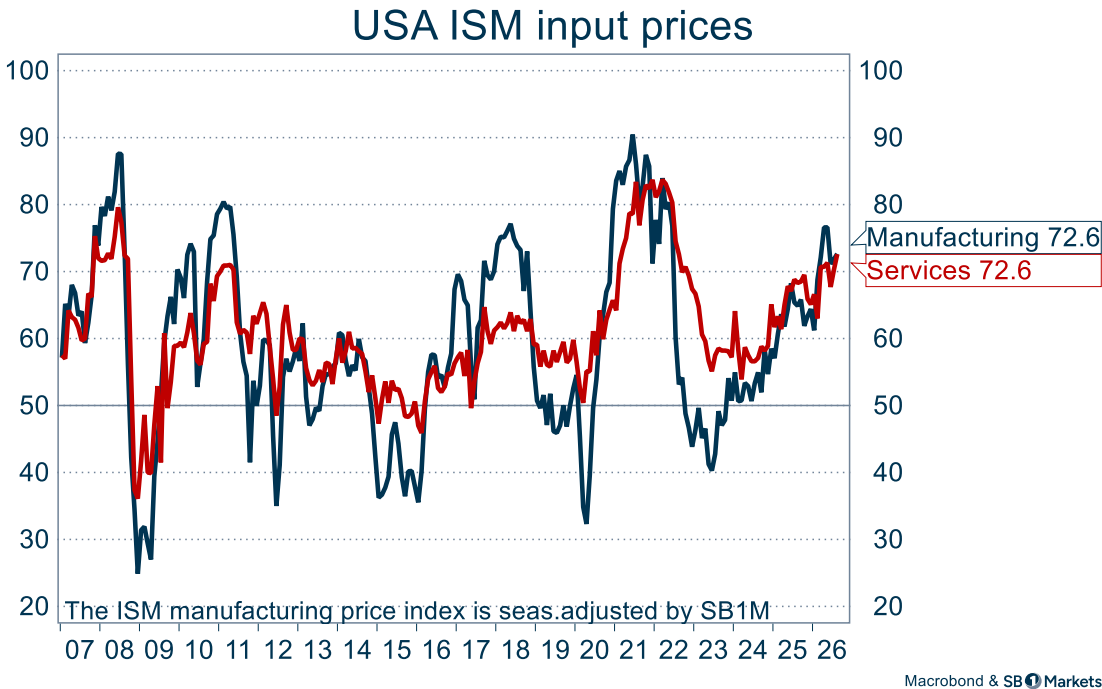


# The ISM services orders & business activity are surging, signalling rapid growth





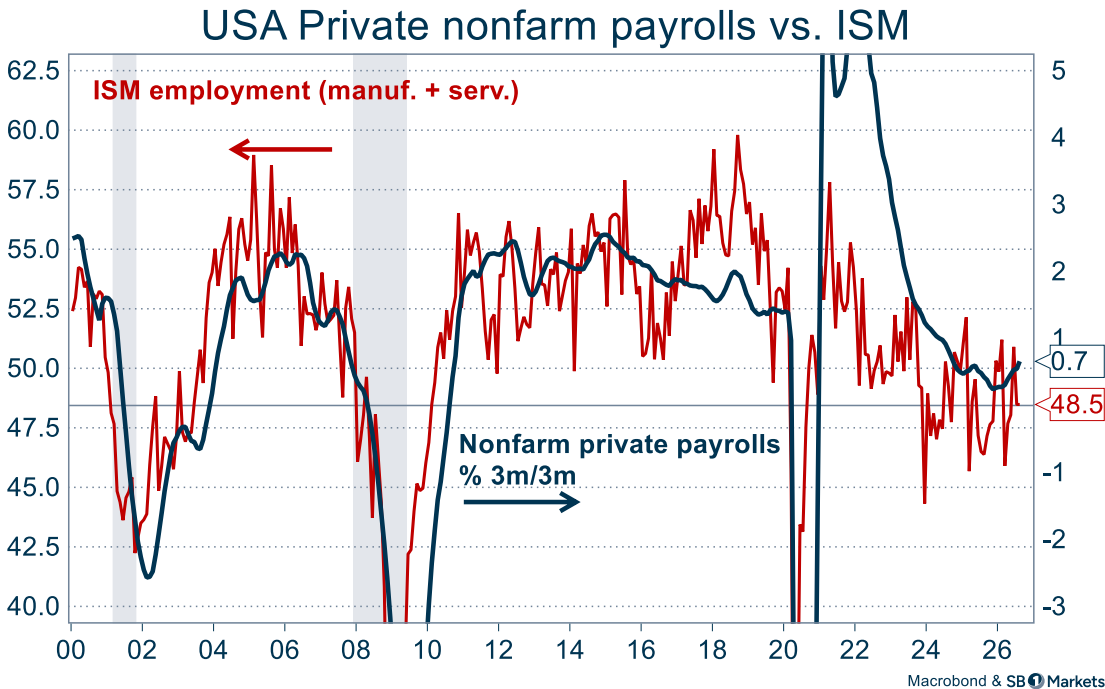
# ISM price indices up in August and do not signal lower CPI inflation





# USA: ISM employment indices flat at a moderate level in August

Actual payroll numbers were better, of course.

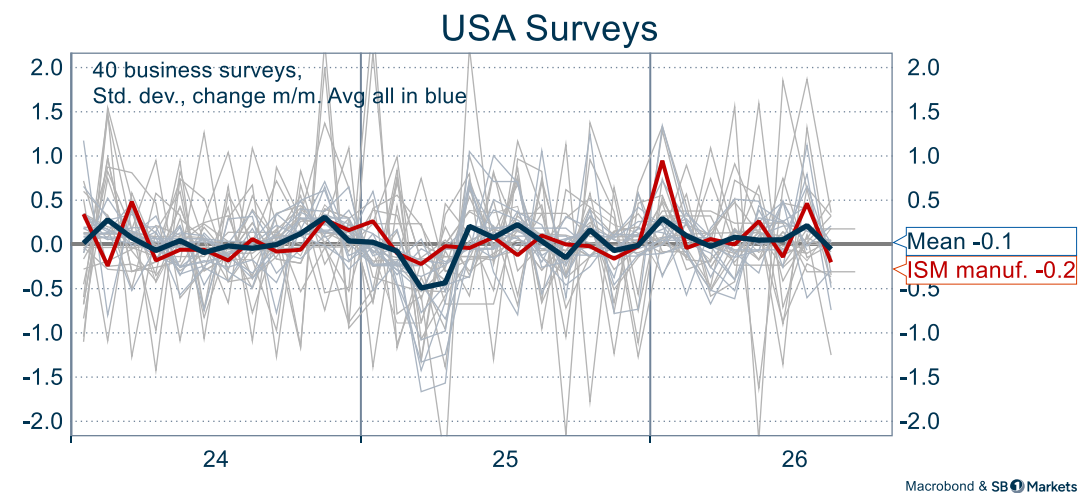
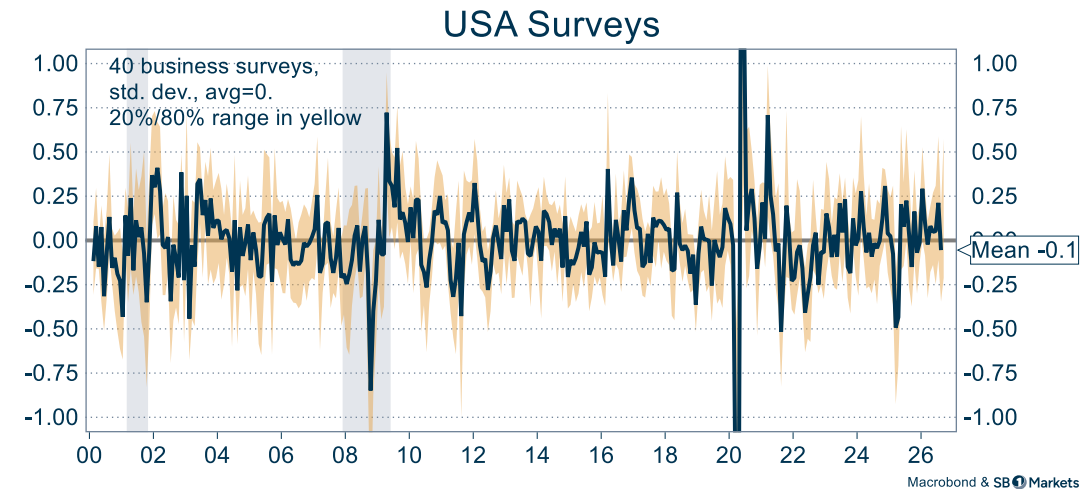
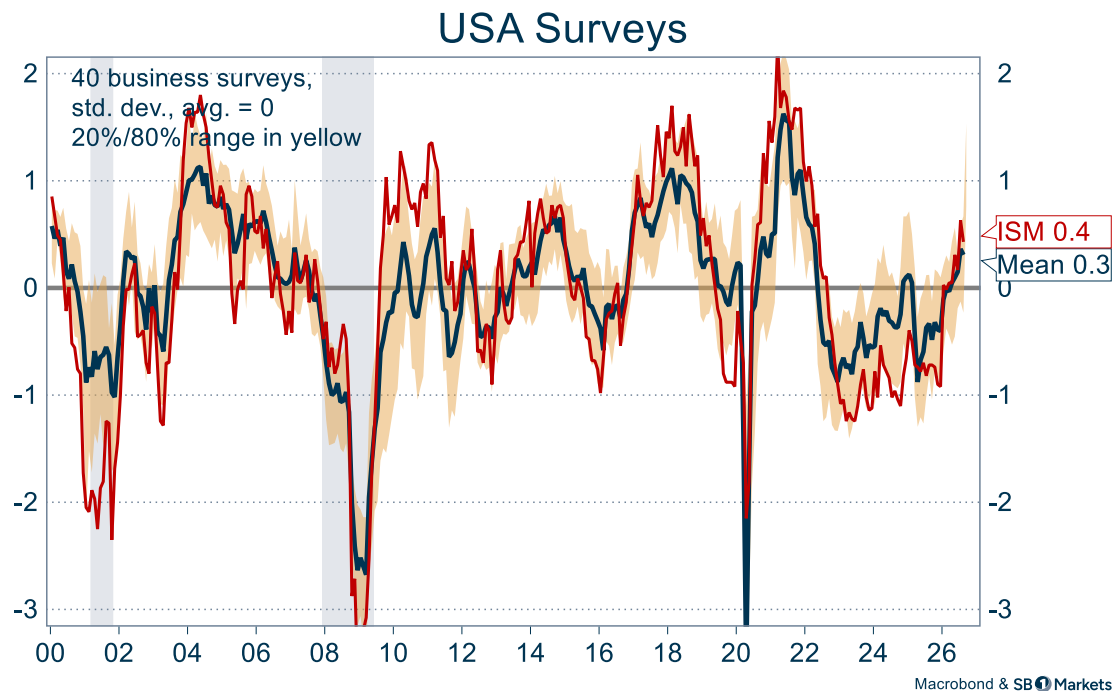






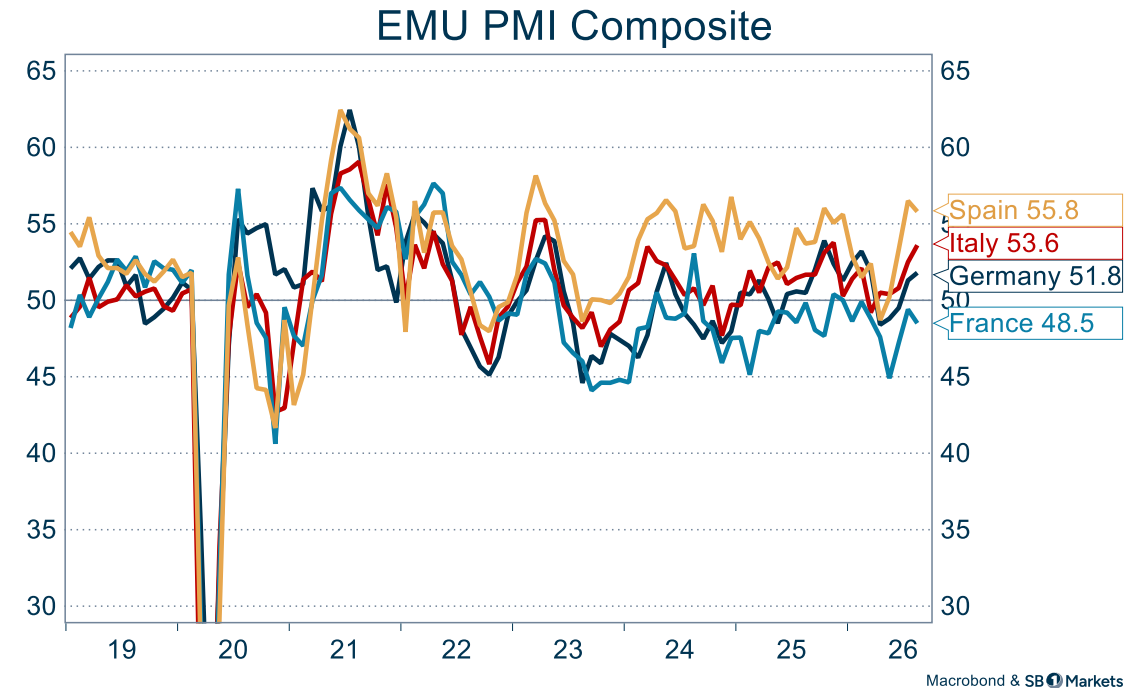
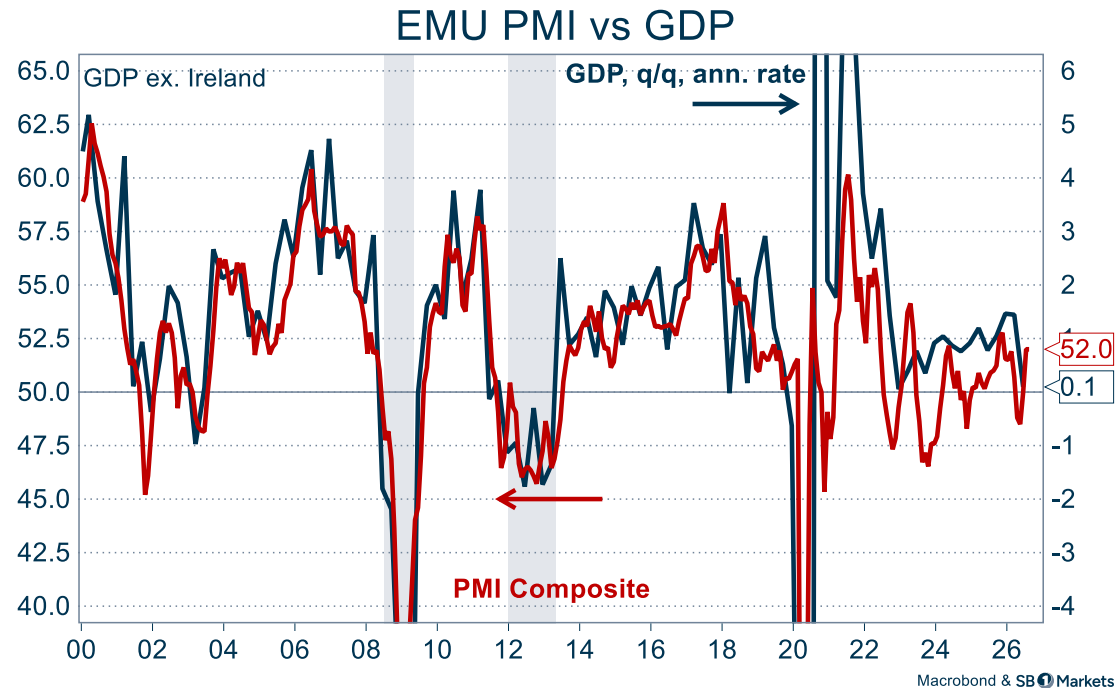
## 'All' US surveys: a small decline, even if PMIs/ISMs were up

The average of all surveys is 0.3 std. dev. above average, down from 0.4 std. dev. in July – but still signals growth above trend. **Actual growth has been stronger** than signalled by these surveys over the past 3 years.



# The EMU composite PMI flat at 52.0 → 1% growth is signalled

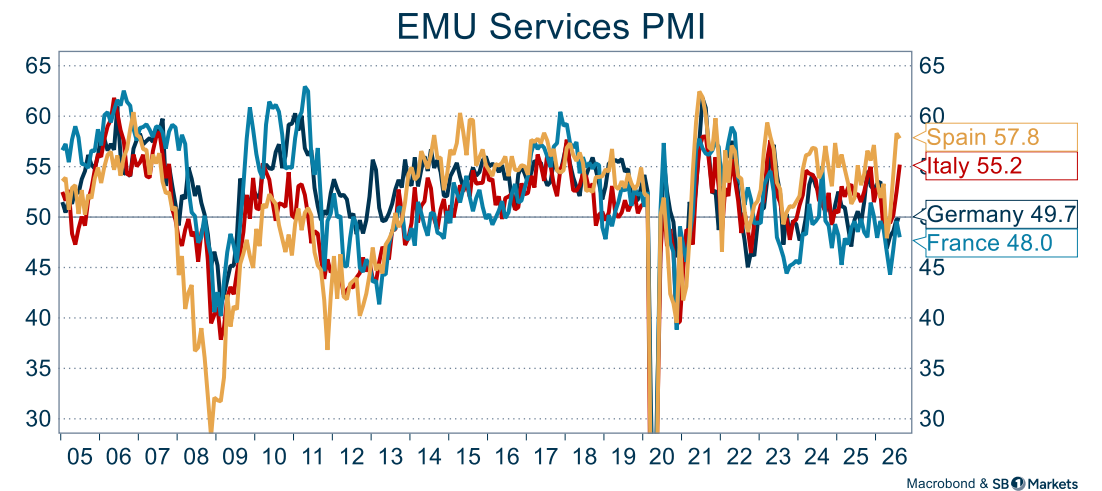
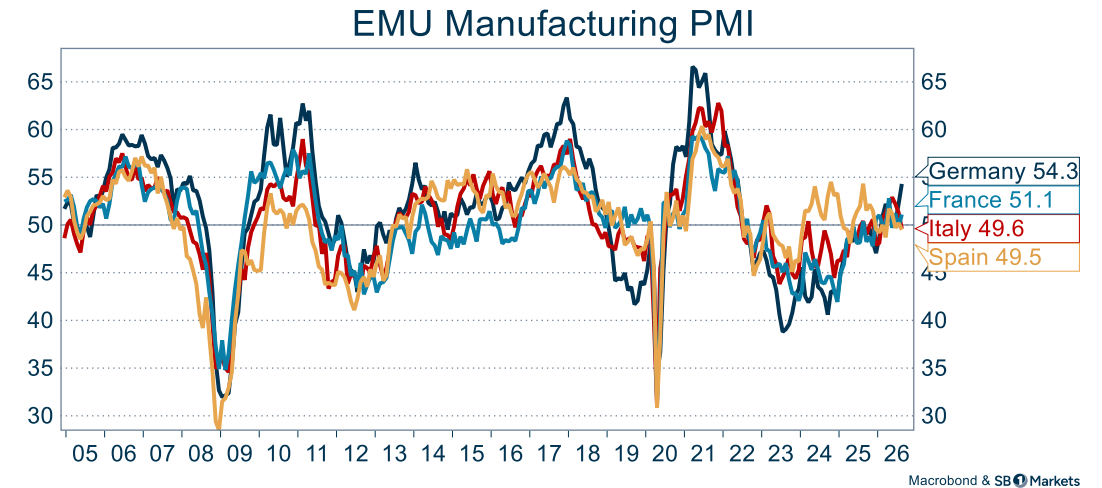
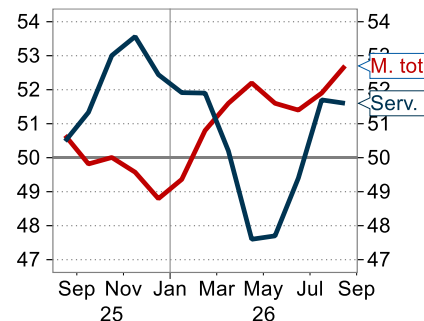
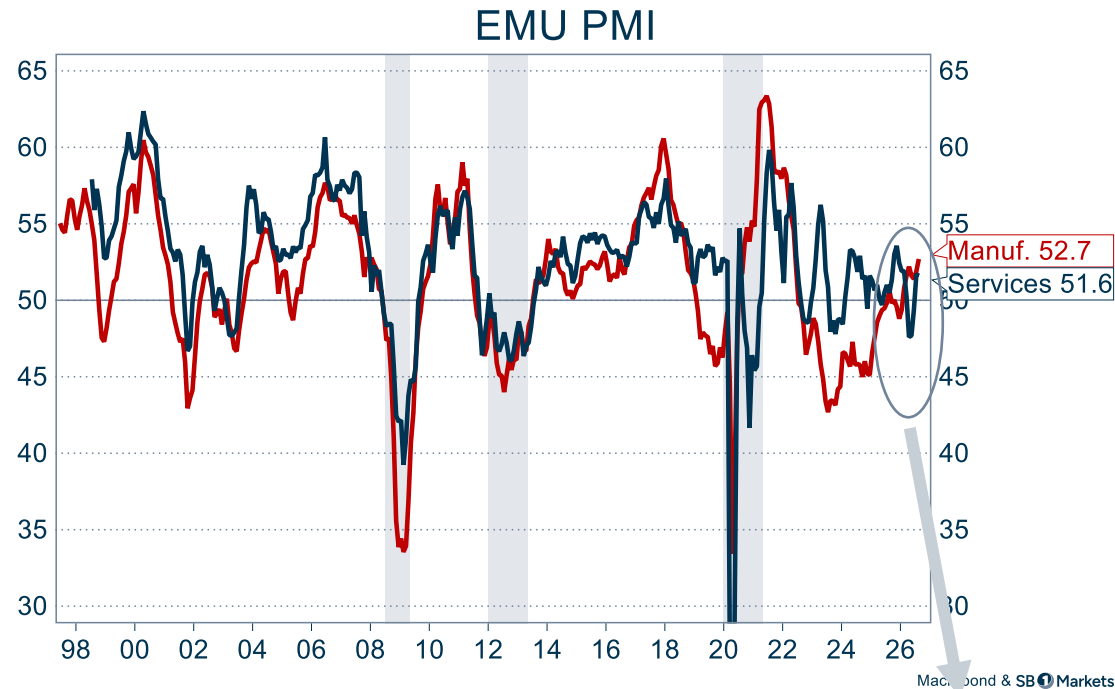
France and Spain were down, Italy and Germany reported faster growth, the latter in the manufacturing industries. Spain still reports strong growth, at 55.8. France the laggard, at 48.5.





# EMU PMI: German manufacturers report the fastest growth in 4 years

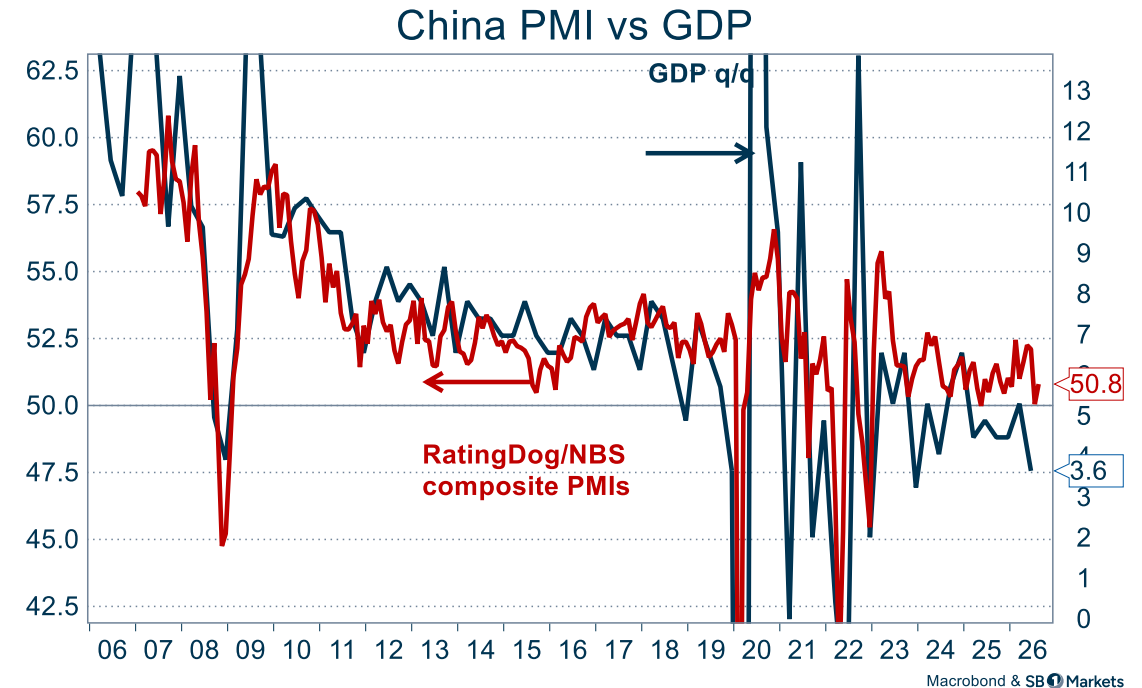
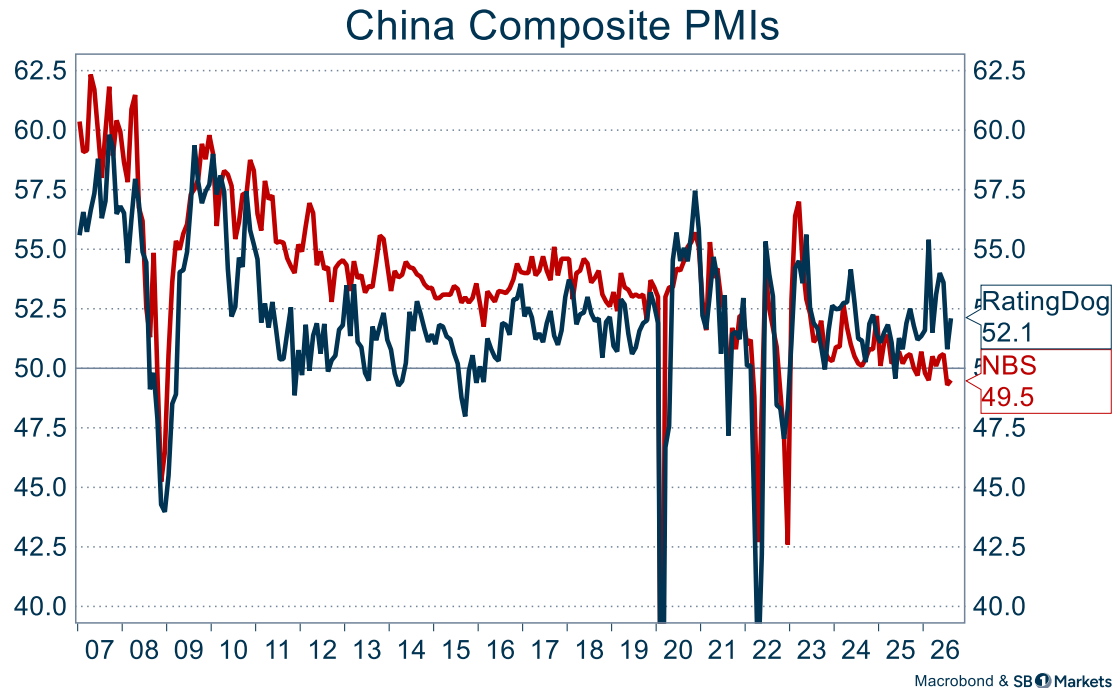
The EMU manufacturing index rose to 52.7 in August, also the best in 4 years, and the recovery is broad-based. Services were marginally down, to 51.6. Services in France and Germany remain below the 50-line. Spain is at 57.8, the best level since 2023. Italy rose to 55.2.





## China: August PMIs slightly up but (on average) still at low levels

The 'official' NBS composite PMI gained 0.2 p to 49.5. This index has been weaker only briefly, during the financial crisis and the pandemic. RatingDog's more volatile 'private' index was up 1.3 p to 52.1, a normal level. In sum, a weak print, confirming the Chinese slowdown.

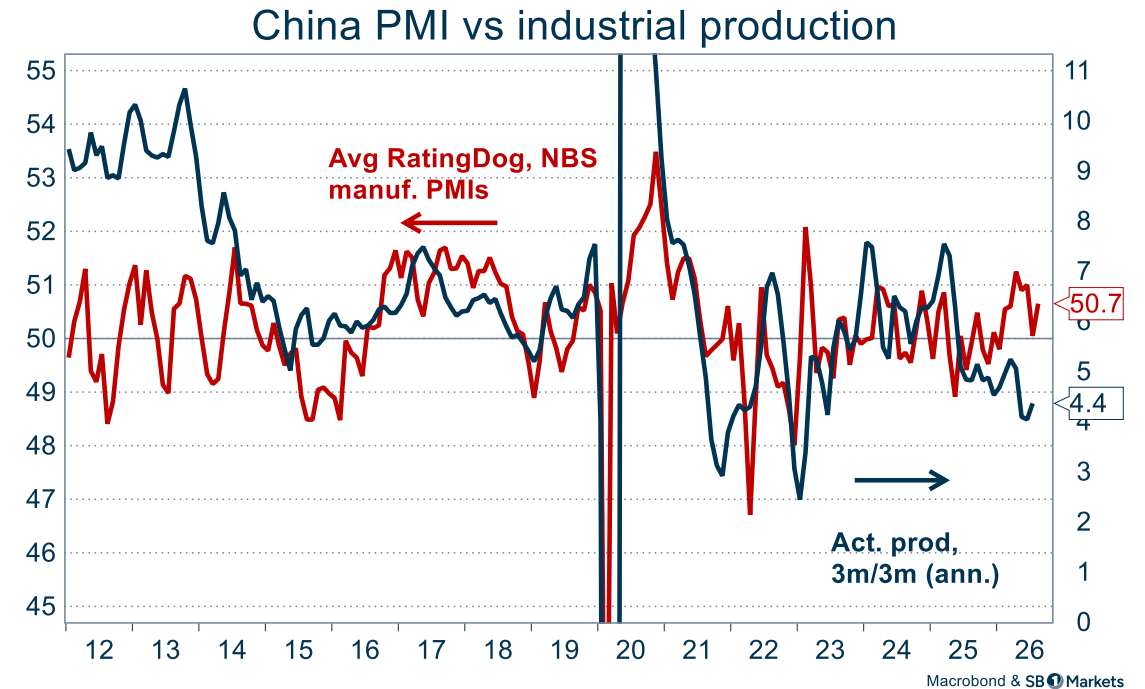


- The average of the 2 data sets would normally signal more than 5% GDP growth, but since the pandemic, the PMIs have been stronger than actual growth has turned out to be.
  - RatingDog's PMIs have been far stronger than justified by actual growth over the past year. This index has been rather volatile as well.
- In Q2, GDP grew at a 3.6% pace, a very low growth rate by Chinese standards.



# China's manuf. sector PMIs: Both up in August, and the level is well above average

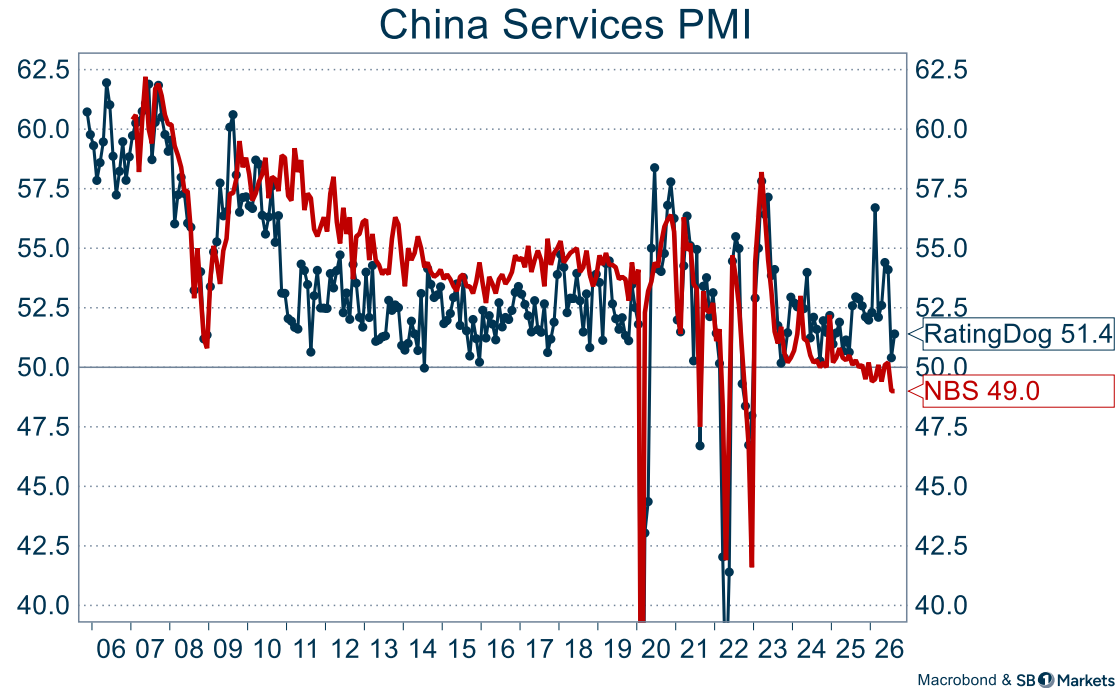
... thanks to the still lofty private sector (RatingDog) survey, while the 'official' (NBS) version is still below average. Both were higher than expected. Actual production has been far weaker than signalled by these surveys (at least RatingDog's) lately.





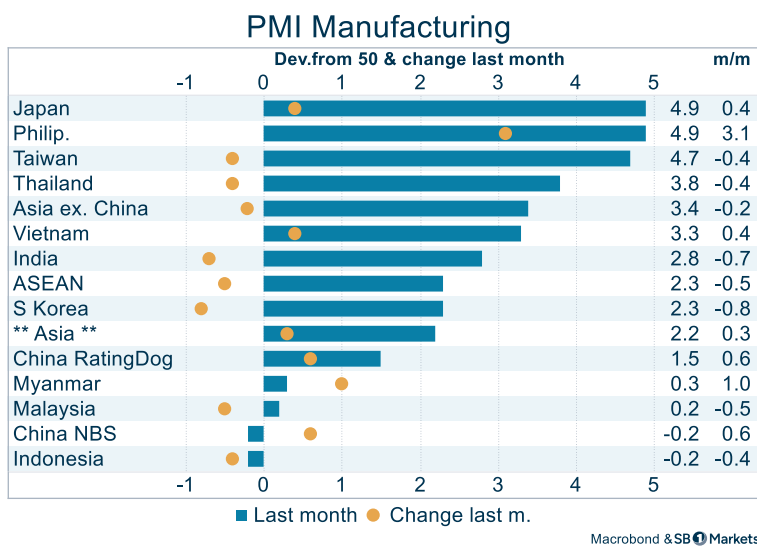
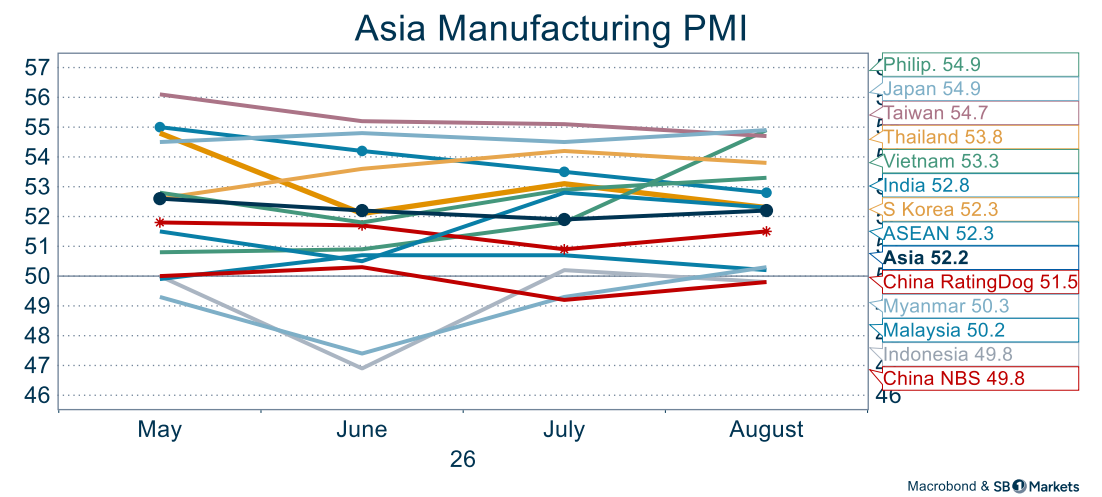
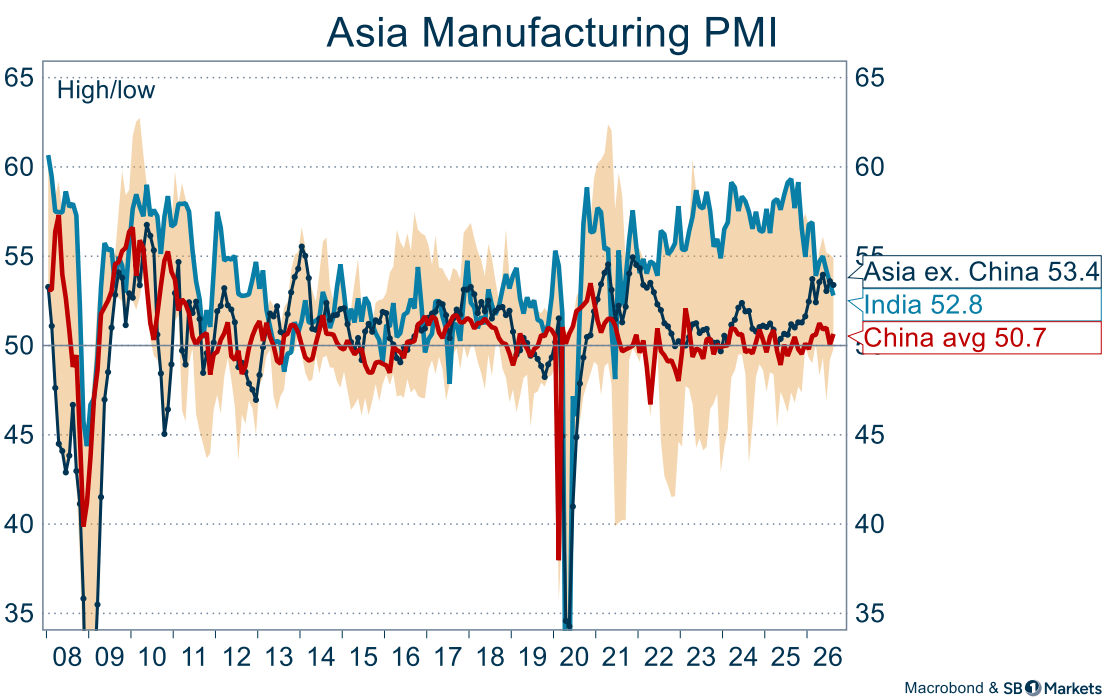
# China's service sector PMIs: mixed in August, the level is still very low (on average)

RatingDog's index rose 0.8 p to 51.4 (better than expected), while the NBS survey declined marginally to 49.0 (weaker than expected). The average of the two is the 2<sup>nd</sup> lowest ever, barring during the pandemic lockdowns (just July was weaker), due to the low NBS print.



# Asian manufacturing PMIs: slightly more up than down in August

Japan (!) in the lead, while Taiwan slowed slightly, from a high level. South Korea also reported a slowdown but is still OK, at 52.3. India has moved down to the middle of the list, after ruling at the top for more than 4 years. China is close to the bottom of the Asian ranking.



ASEAN: Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar, Cambodia

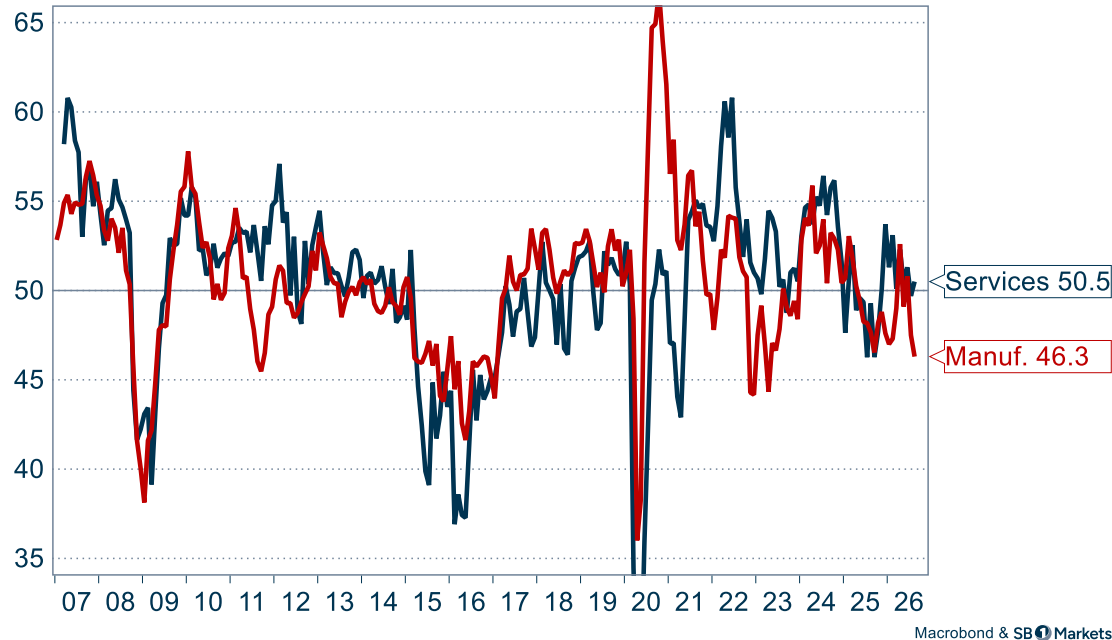




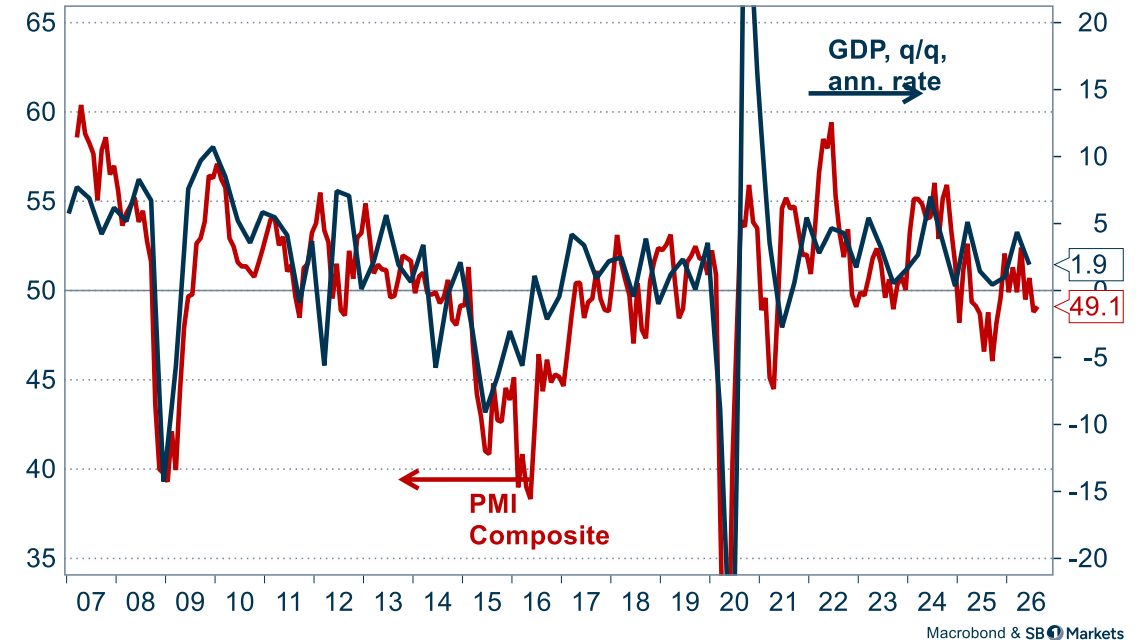
## Brazil: both manuf. & services trend down, but in sum +0.3 to 49.1 in Aug. → **no growth?**

Manufacturing is the weakest link in the chain, at 46.3, a very weak print. The PMIs are volatile and not closely correlated to GDP growth. Still, PMI at low levels, higher energy prices and the continued trade debacle with the US are not good news for the Brazilian economy.

Brazil PMI

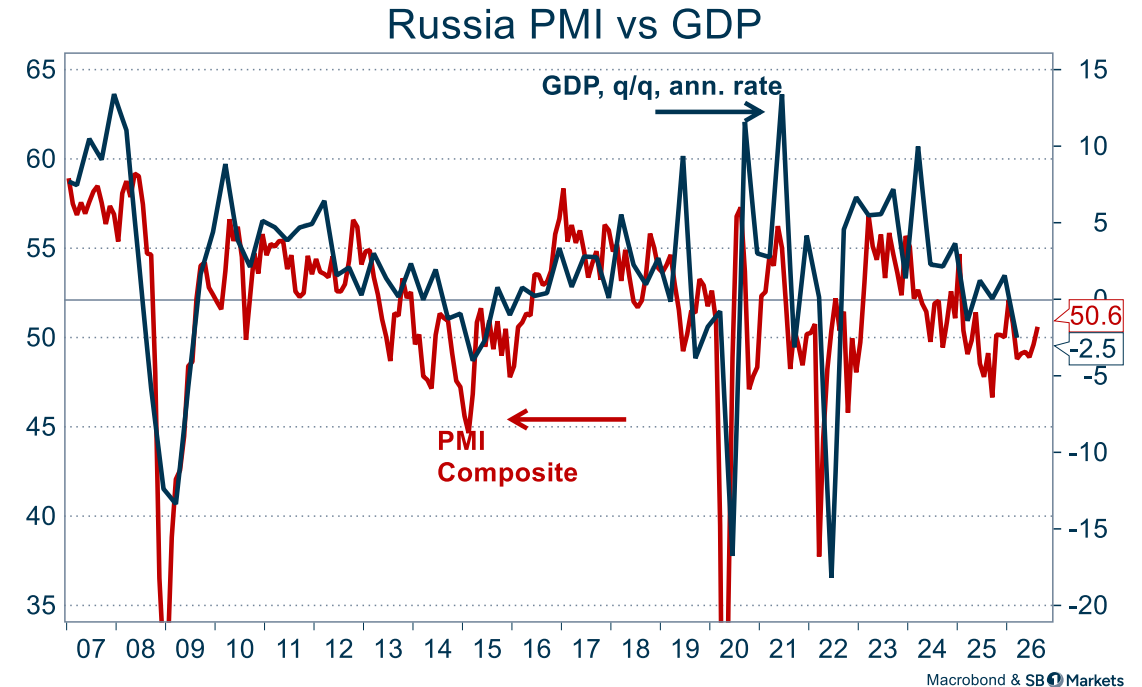
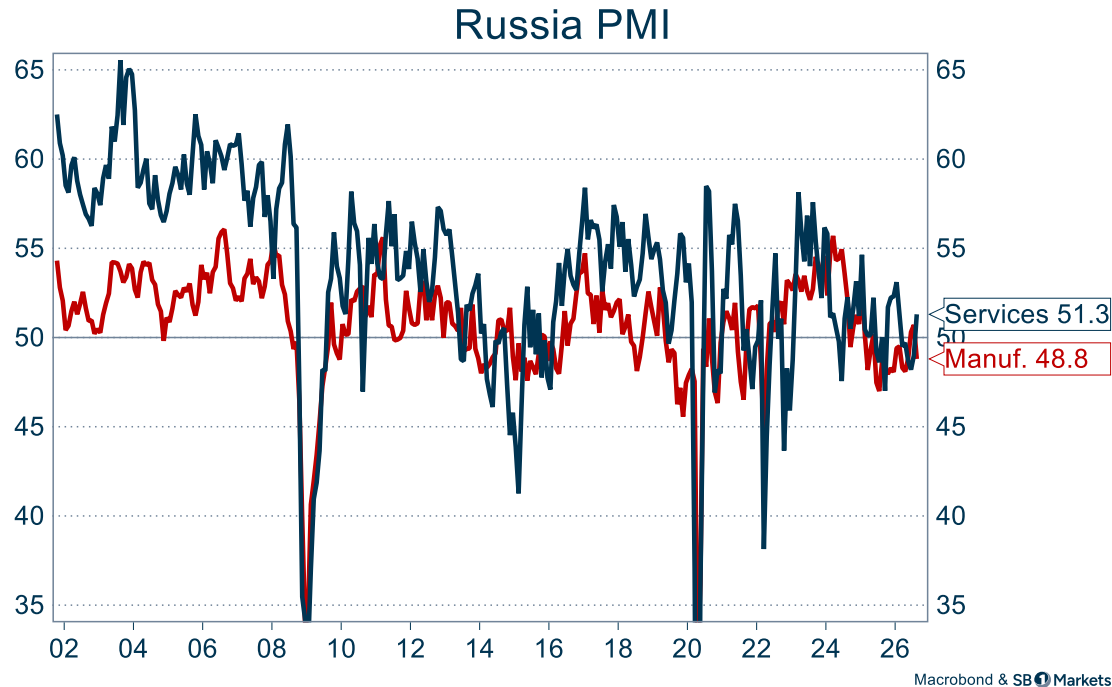


Brazil PMI vs GDP



## Russia: the composite further up, to 50.6 → *still a GDP contraction?*

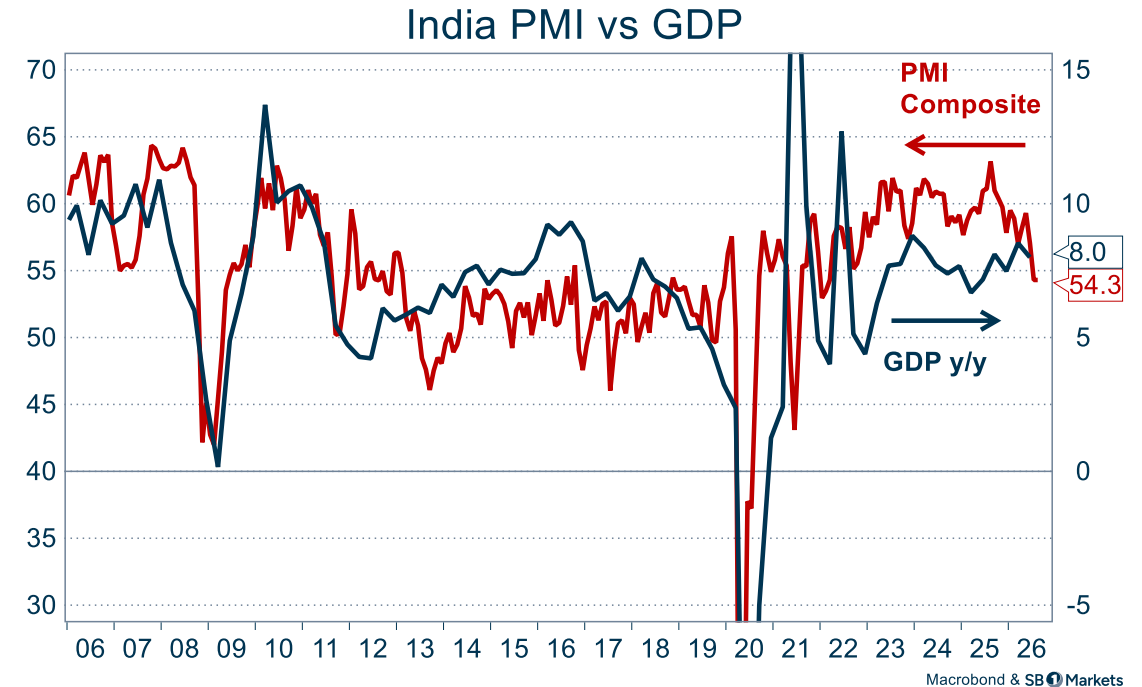
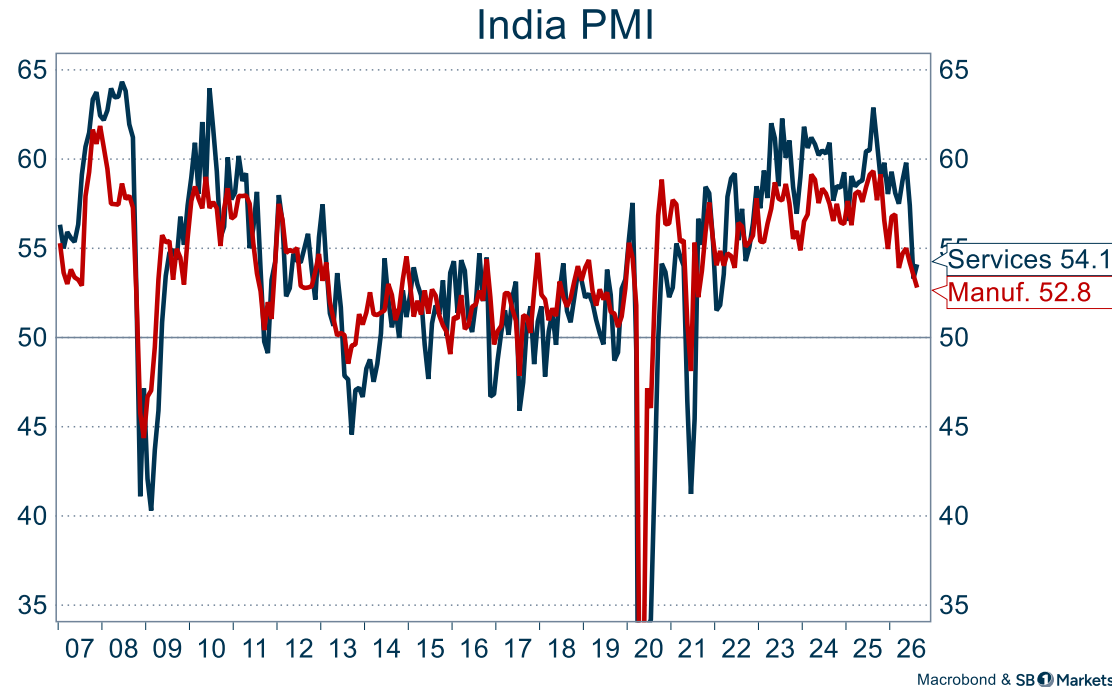
Services contributed on the upside, while the manufacturing index declined following the lift in July. The composite PMI is well below an average level and signals a falling GDP. Actual GDP fell in Q1; Q2 data are not yet published.



- **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).

# India: The composite PMI confirmed flat at a 'low' level → *slower growth is signalled*

– even if the correlation to GDP growth is modest (at best).



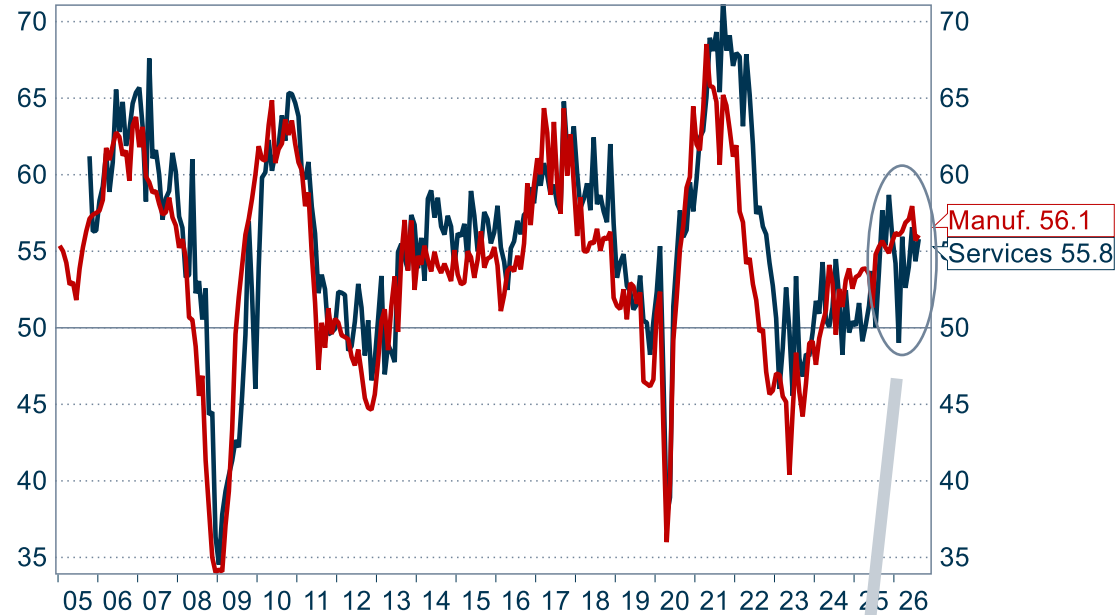
- **Actual GDP** grew at a 6.1% pace in Q2 (but is still up 8.0% y/y), by far the best among major countries.
- **The Indian PMIs** are not closely correlated to actual GDP growth – and actual growth has been well below the very high PMI prints the past 2–3 years.



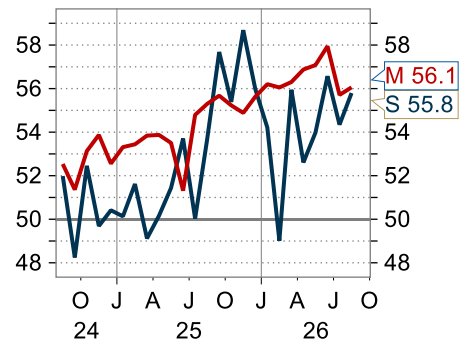
# Sweden: Both manuf. & services up in Aug., comp +0.2 p to 55.9 → GDP 2.5–3%

Both manufacturing and services PMIs trend up, and both signal growth above average.

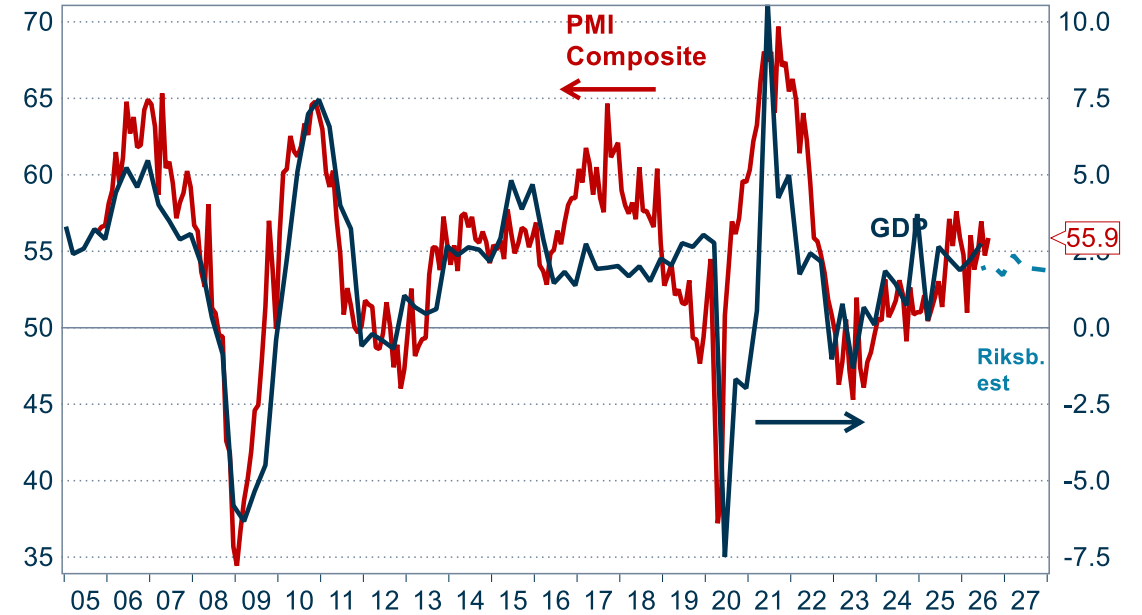
Sweden PMI



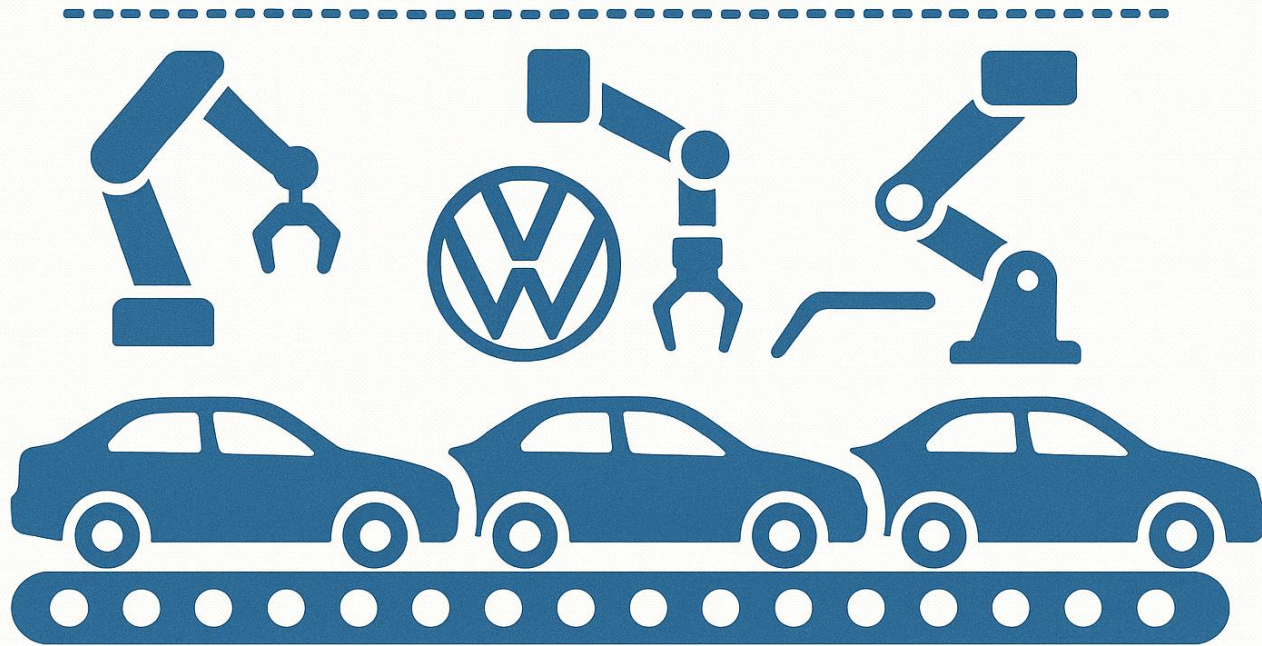
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Sweden PMI vs GDP



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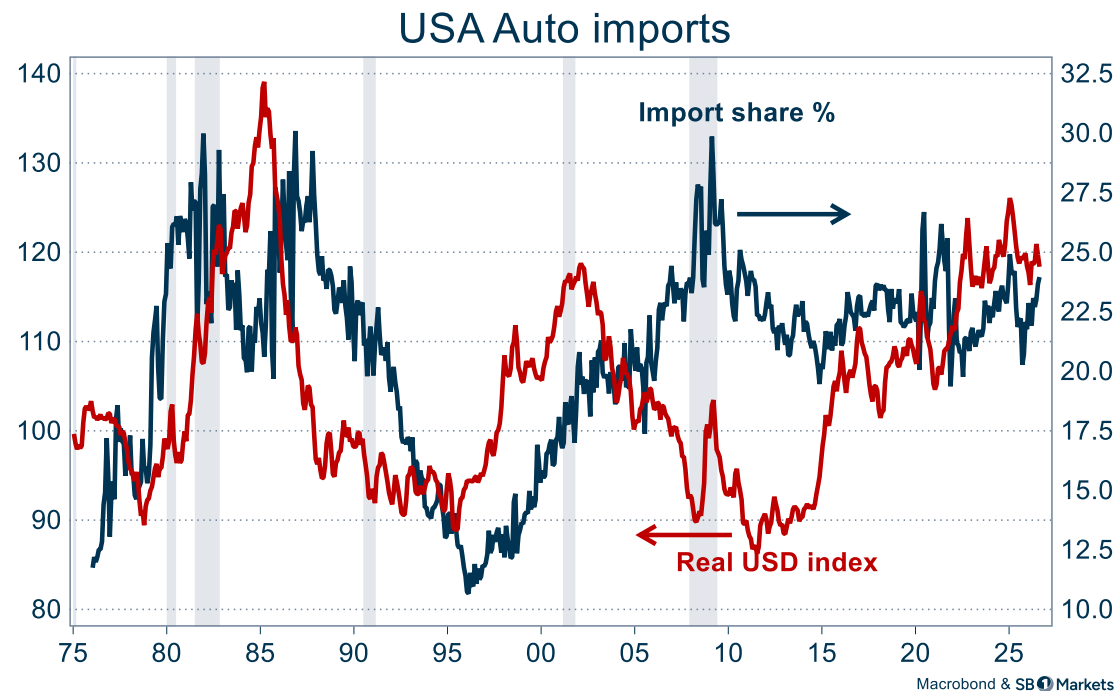
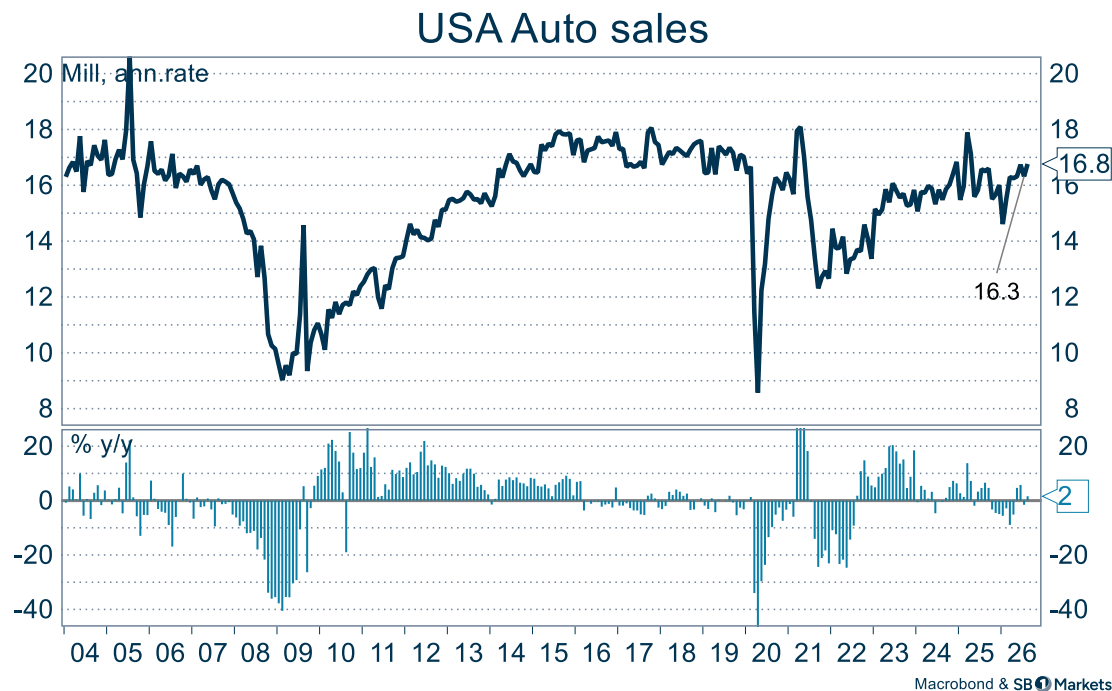


Auto sales



# US Auto sales one tick up in August, to the best level since early 2025, and trends up?

Sales rose to 16.8m (annual rate) from 16.3m in July, expected 16.5. Sales are just marginally below the 2019 level. The import share is at a normal level, and the short-term trend is up.

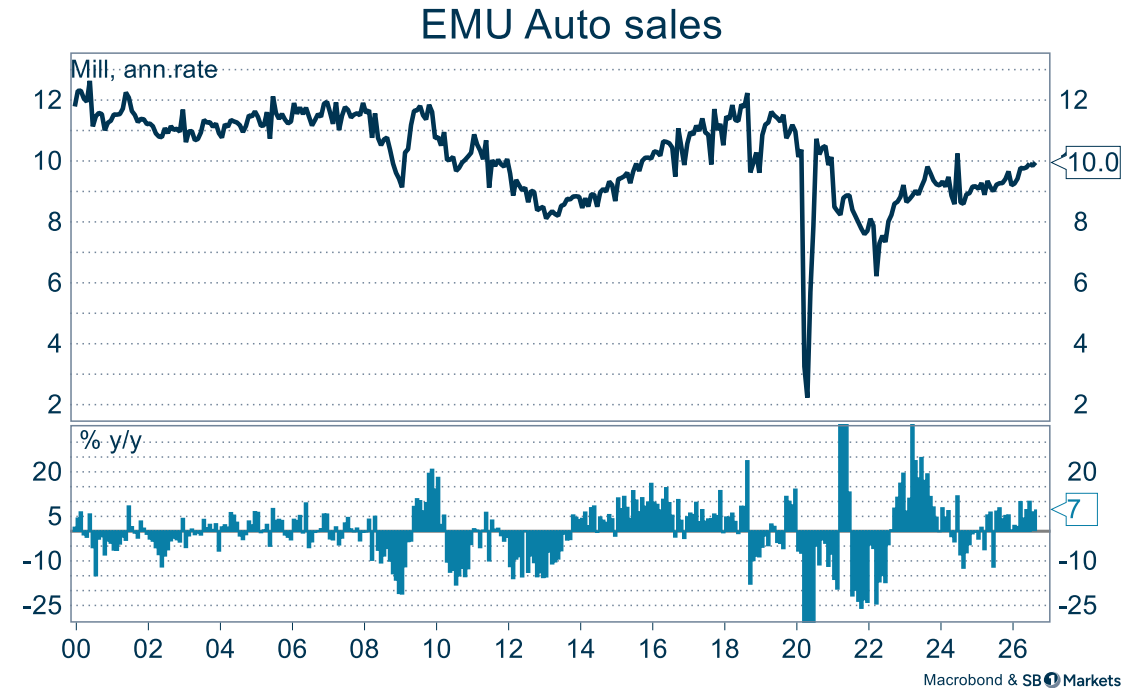
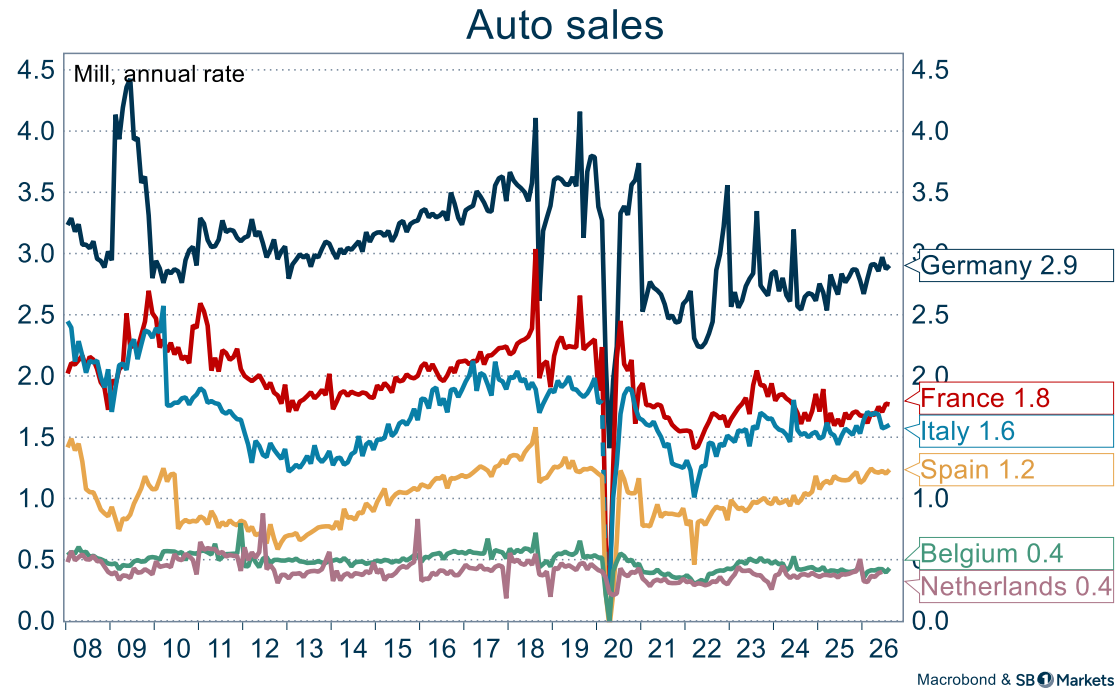


- The import share of autos sold declined in H2-25, but has recovered lately, and the level is close to the average of the past 10 years.



# EMU Auto sales probably up in August, and the trend is up

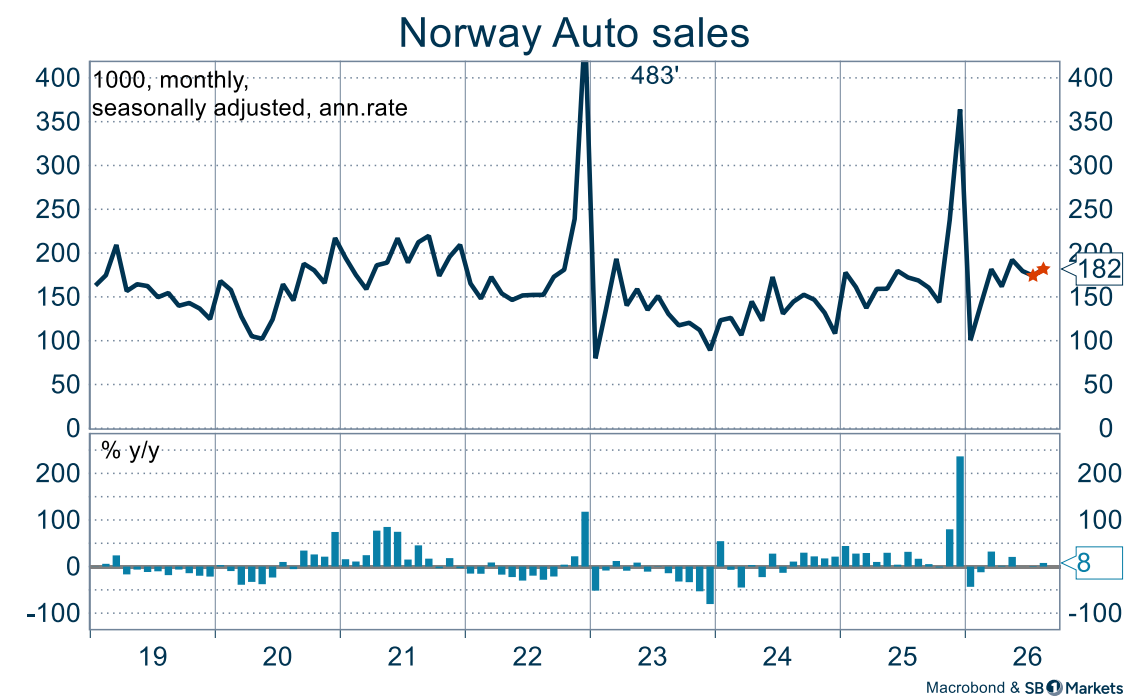
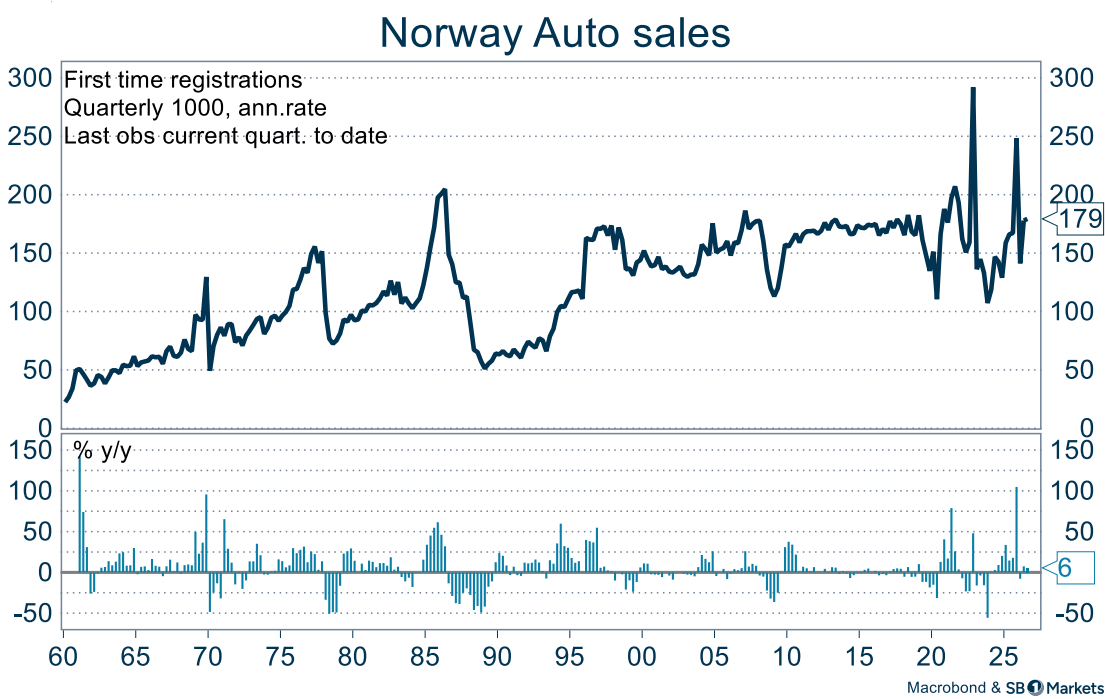
EMU sales trend up as well but are 13% below the 2019 level (but 7% higher than a year ago).

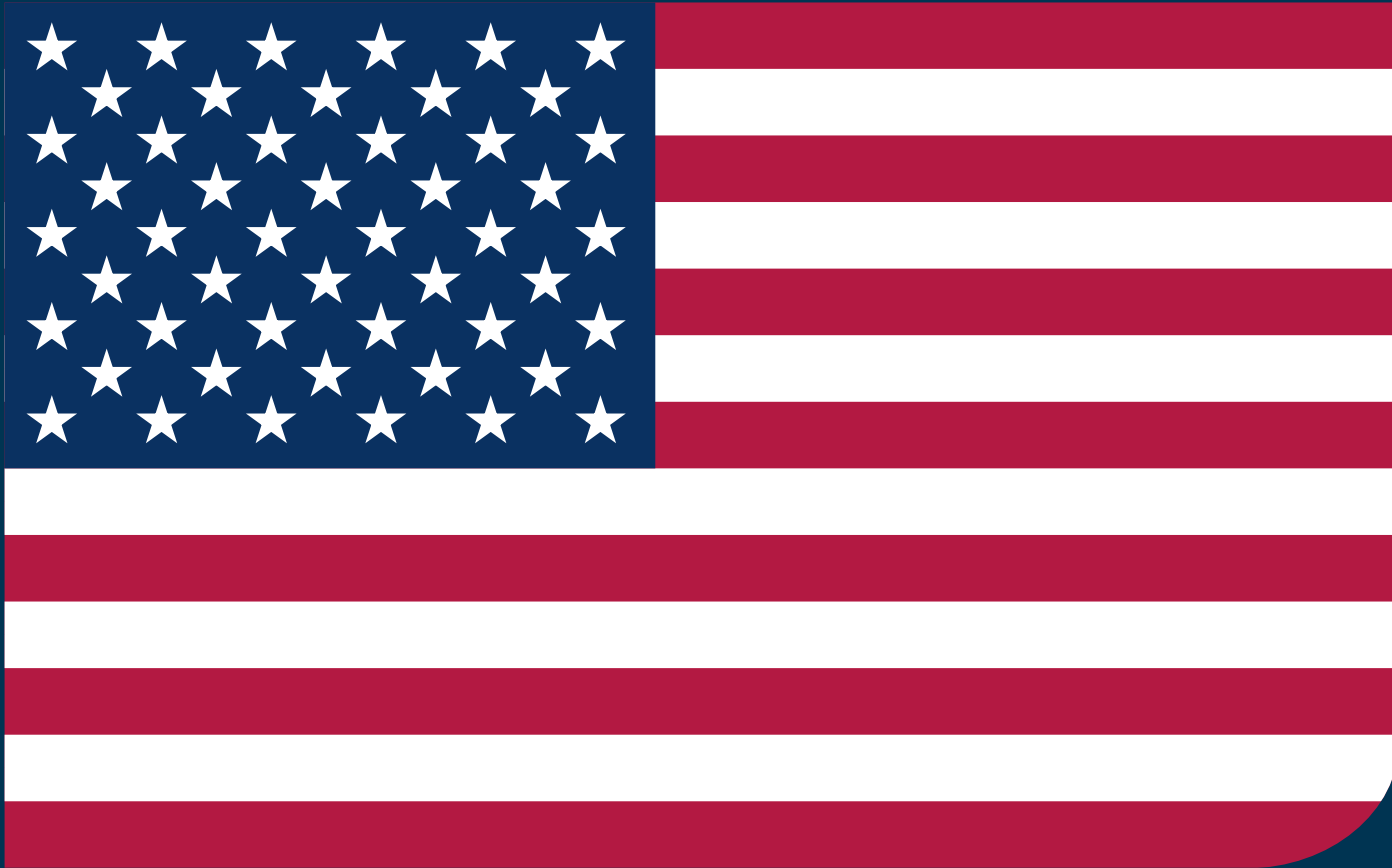




# Norway: Auto sales up in August, trends flat at a normal level

Sales equalled 182,000 annualised, which is slightly above sales during the years before the financial crisis.





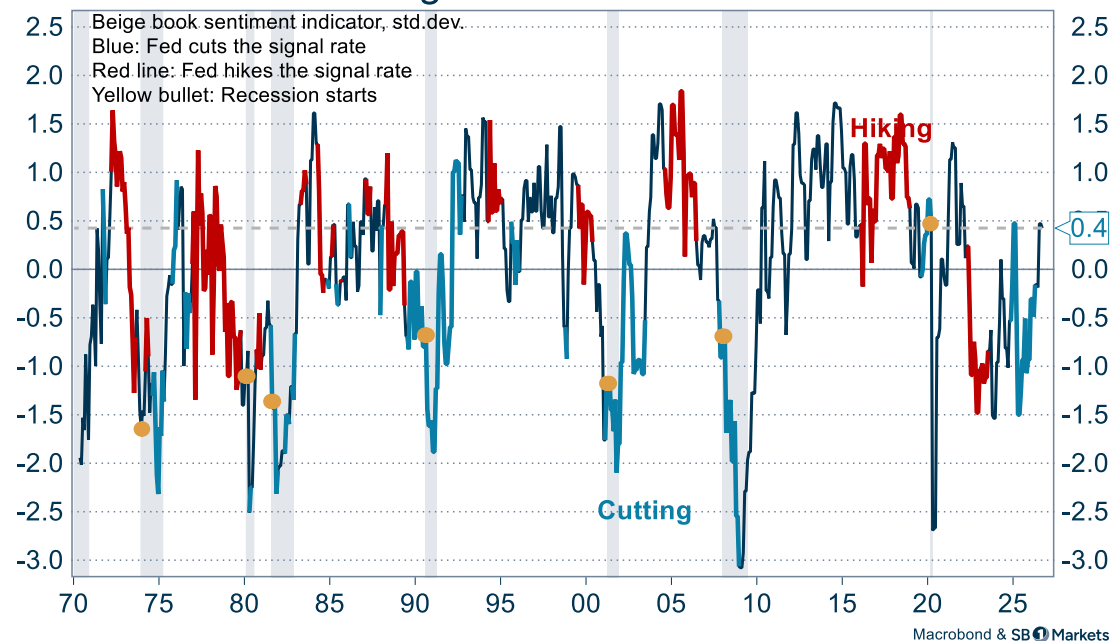
United States



# Fed's Beige Book: activity still well above average

10 of 12 districts report growth, vs. 11 in July; two are flat. Housing is the weak spot, but other demand components are stronger. Modest wage growth, but inflation pressures remain elevated. The BB sentiment indicator fell marginally to 0.4 std. dev. above average. **Why not hike now?**

USA Fed Beige Book Sentiment indicator



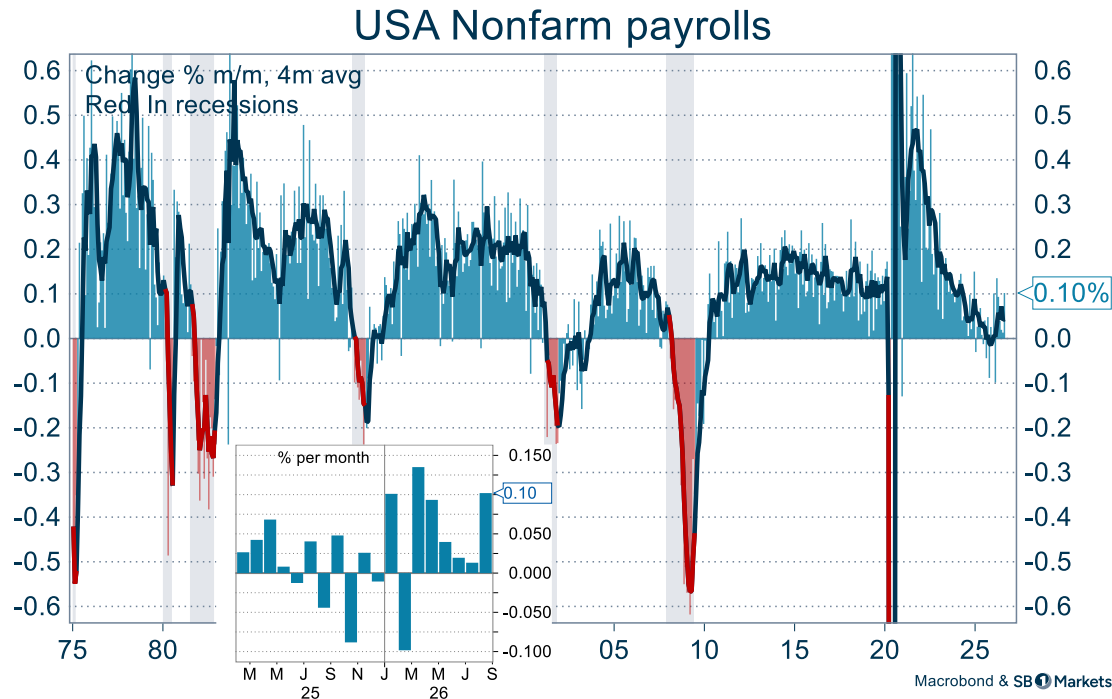
- The Beige Book Sentiment Index declined 0.1 std. dev. to 0.4 std. dev. above average. The trend is straight up from the local bottom at -1.5 std. dev. in April-25.

- Activity continues to expand modestly**, with growth in most Fed districts. Consumer spending is positive but uneven, tourism remains strong, manufacturing is improving, and data-centre and defence-related investments are key drivers of activity.
- Housing** is the **main weak spot**, with residential construction declining as higher mortgage rates weigh on demand. In contrast, non-residential construction is growing, supported in part by data-centre projects.
- Labour market** conditions remain **broadly stable**. Employment growth is limited but positive overall; labour demand is strongest in manufacturing and construction, and shortages of skilled trades and technical workers persist.
- Wage growth remains moderate**, with the largest increases concentrated in sectors facing shortages of skilled labour, particularly manufacturing and construction.
- Inflation pressures remain elevated**, especially for manufacturers and builders. Energy, transport, metals, petrochemicals, healthcare and insurance costs are rising, while tariffs continue to push up costs in several sectors.
- The outlook remains cautiously positive but uncertain**. Contacts generally expect continued growth, although concerns about higher energy prices, government policy, tariffs and geopolitical tensions are weighing on sentiment and business planning.



# Solid growth in payrolls, unemployment was unchanged

... even if the participation rate rose as the employment rate climbed more. However, the employment rate trends down. Wage inflation is steadily slowing. On the other hand, weekly hours rose, and they trend upwards again. **In sum: Not an argument against a September hike.**



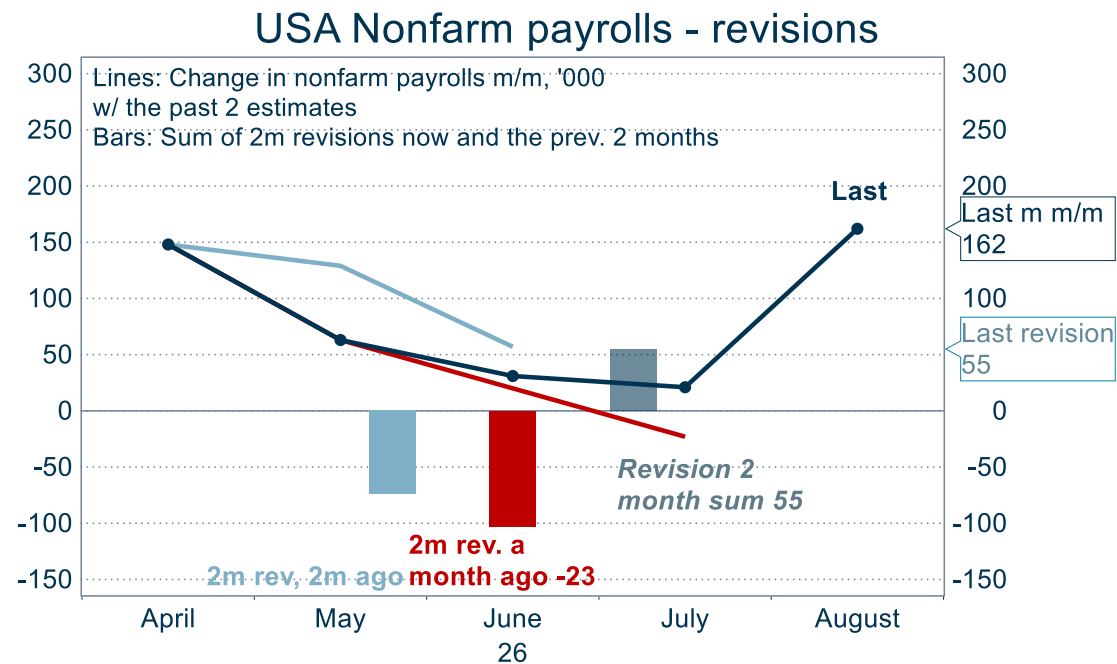
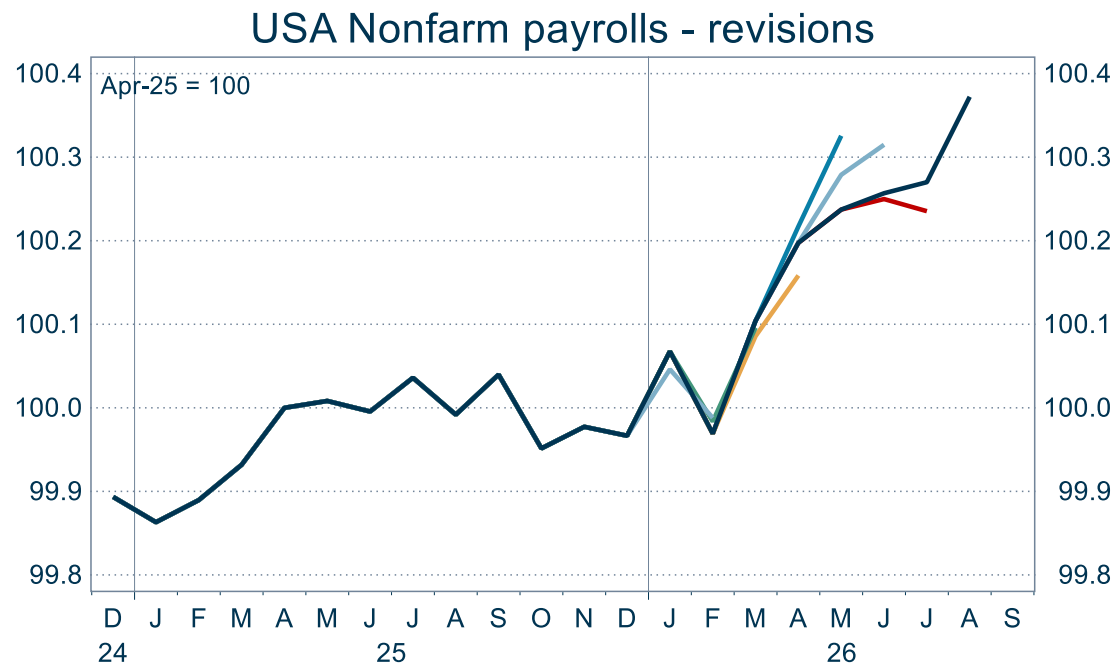
- **Nonfarm payrolls rose by 162,000, expected 55'**, and the history was revised up by 55'. The annual revision (published the previous week) was just marginal.
  - Local governments reversed the payroll cuts in July, and payrolls in hotels and restaurants recovered from the losses in June and July (so much for the World Cup). The 3m average rose to
  - However, manufacturing, construction and trade also added jobs in August. Other private services were down, especially in professional services and finance.
- **Average weekly hours** rose in August, and total hours worked are up at a 1.4% pace (3m/3m)
- **Wages** rose 0.27% m/m, expected 0.3%, and the annual rate fell 0.1 pp to 3.1%, both as expected and the trend is steady downwards.
- **Total employment**, measured by the LFS (household survey, 'AKU') has fallen so far in 2026, even if a 580' lift in August brought employment back to the May level. The employment rate trends down like we have never seen outside recessions but rose by 0.2 pp in August.

- **Unemployment** was unchanged at 4.1% in August as expected (up to 4.14% from 4.09%). The trend is still down, and the level is low. However, the decline in the unemployment rate since November last year has just been due to the decline in the participation rate. Looking further back, the employment rate has fallen substantially, lowering the unemployment rate, and the decline in the participation rate has kept unemployment in check. On the other hand, there are no indications of any lift in the number of discouraged workers, signalling that the decline in the supply of workers, the participation rate, is for real.
- **Other labour market indicators** were **a tad weaker than last month but still on the strong side**. The **job openings rate** fell to 4.4% in July, as expected, but is on the way up. The hiring rate fell but far less than the July lift. Voluntary quits declined, but so did layoffs in the JOLTS report. **Challenger** reported a continued low level of announced layoffs. SMEs report a marginally less tight labour market in August, but it was still tighter than two months ago.
- **So what?** Overall, at least except for the decline in the employment rate, the labour market is in good shape, and the lift in payrolls in August – and the sum of the other indicators – are not arguments against hiking the policy rate now. Inflation runs too high, and last week's surveys signal that price pressures are intensifying.

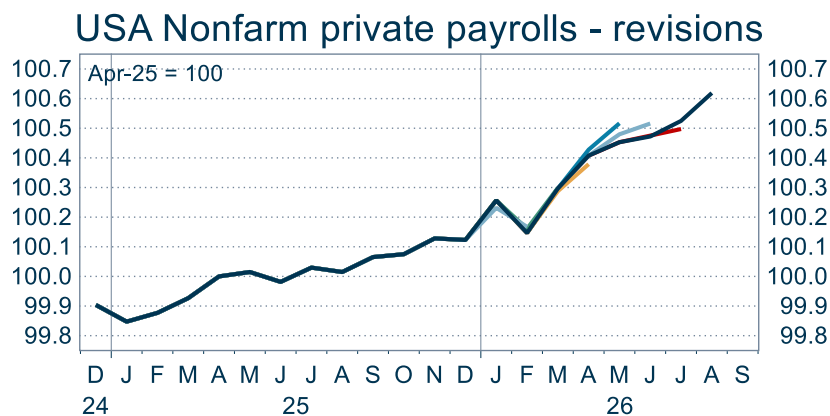


# Revisions: following several downward revisions, an upward revision of June/July

Not a large revision, but the cut in payrolls in July was revised up and June grew a tad faster, in sum by 55,000 persons. Add on the 100' positive August surprise, more than 150' more employees than assumed/expected.



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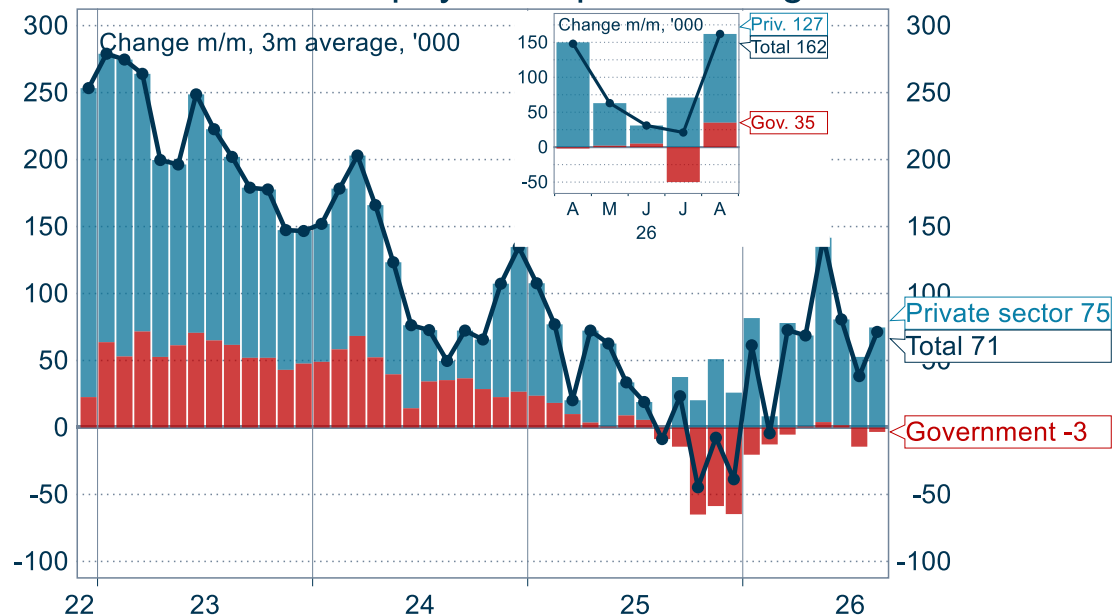
- Economists expected a 55,000 increase, less than 1/3 of the actual outcome.



# Government payrolls trend flat, private sector accelerates, even with support from health

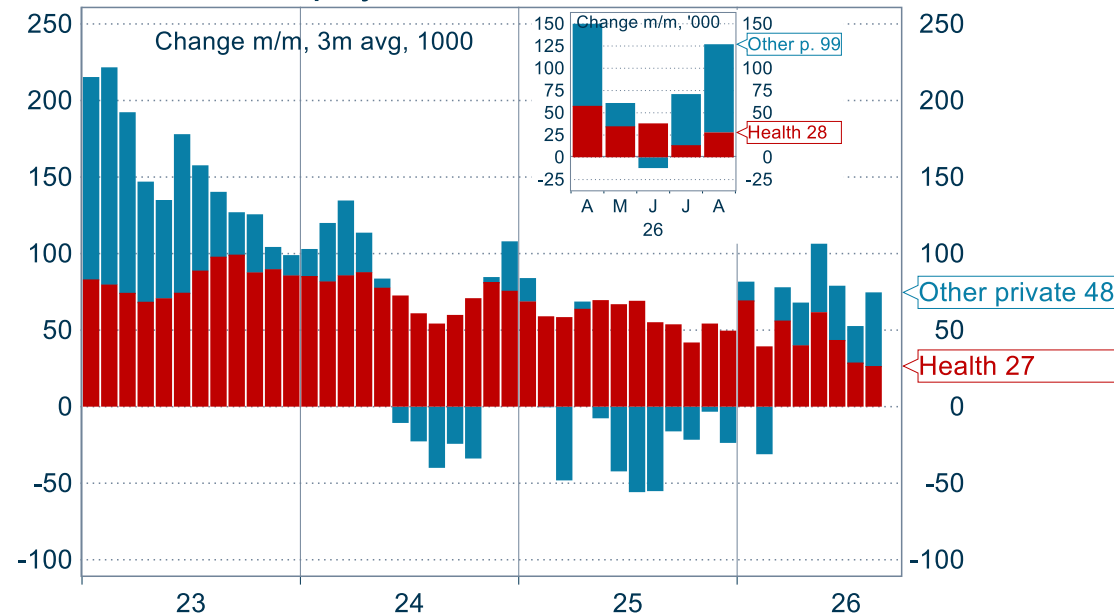
Private sector payrolls rose by 127,000 in Aug., while the avg. over the past 3 months rose to 75'. Ex. health: 99' in August, 48' on average the past 3 months. Growth in payrolls in health and care has slowed recently. Local governments cut payrolls in July but hired again in August.

## USA Nonfarm payrolls - private vs. government



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## USA Nonfarm payrolls - Private sector health vs the rest

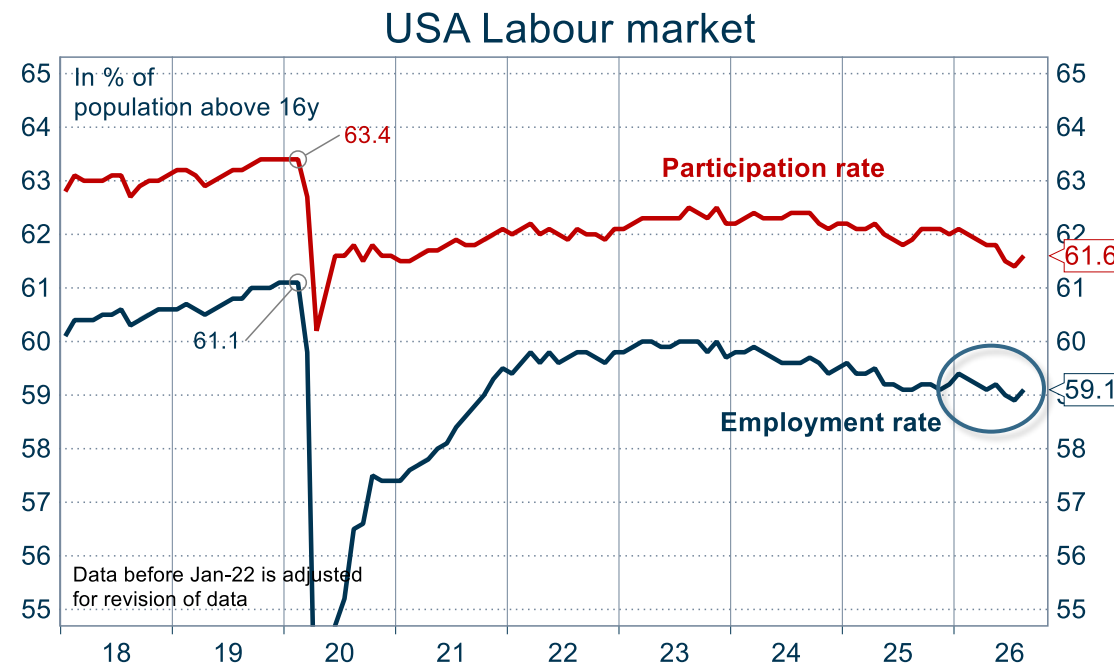
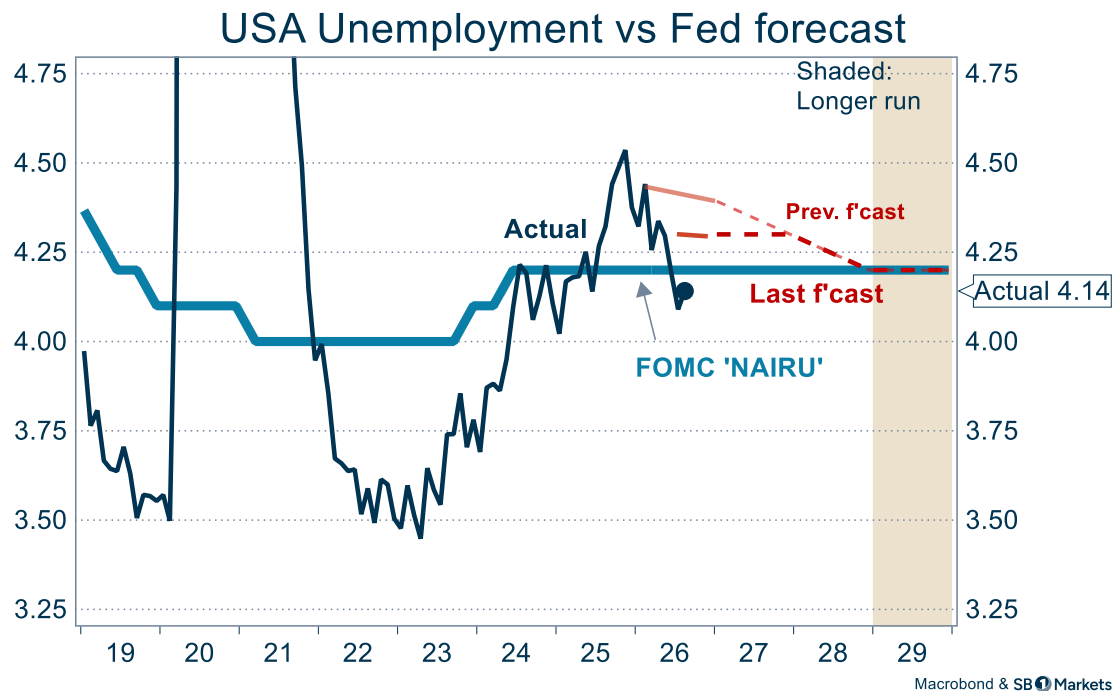


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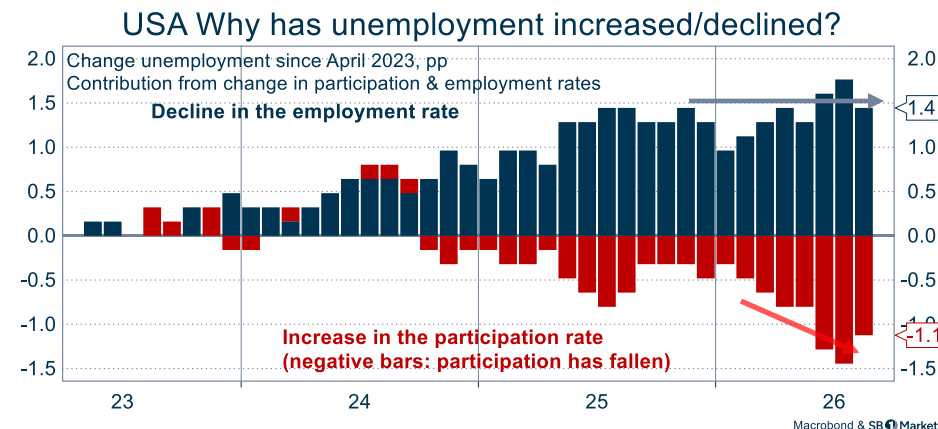
# The unemployment rate (almost) flat at 4.14% (from 4.09%), but trends down

Unemployment trends down from the local peak of 4.54% last Nov. The decline in unemployment since Nov. is due to a decline in the participation rate. The employment rate rose 0.2 pp in Aug., equal to the Nov. level, but still trends down



- ... the employment rate trends down, like we have never seen outside recessions (check two pages forward).
- FOMC members assume a 4.2% longer-term rate, which we may interpret as the FOMC's estimate of the NAIU \*). In June, the FOMC expected a 4.3% rate in Q4-26.
  - The chart to the right decomposes changes in unemployment from the local trough in April 2023 into changes in the employment rate and in the participation rate. The decline in the employment rate has lifted unemployment by 1.4 pp, the decline in the participation rate has lowered.

\*) NAIU: 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.

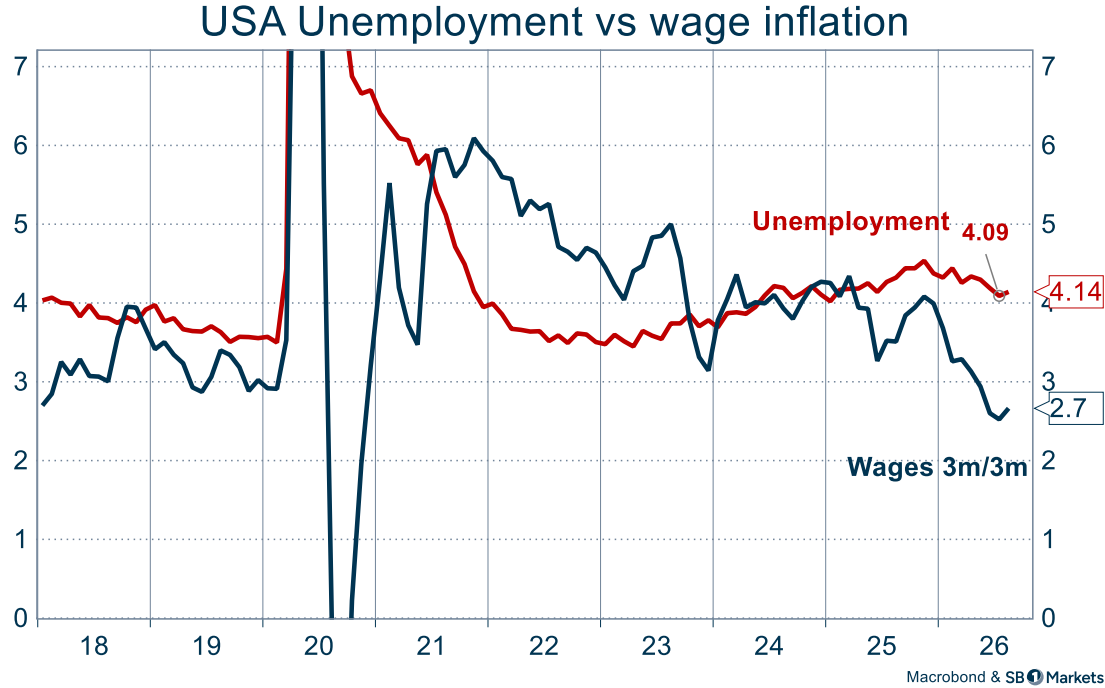
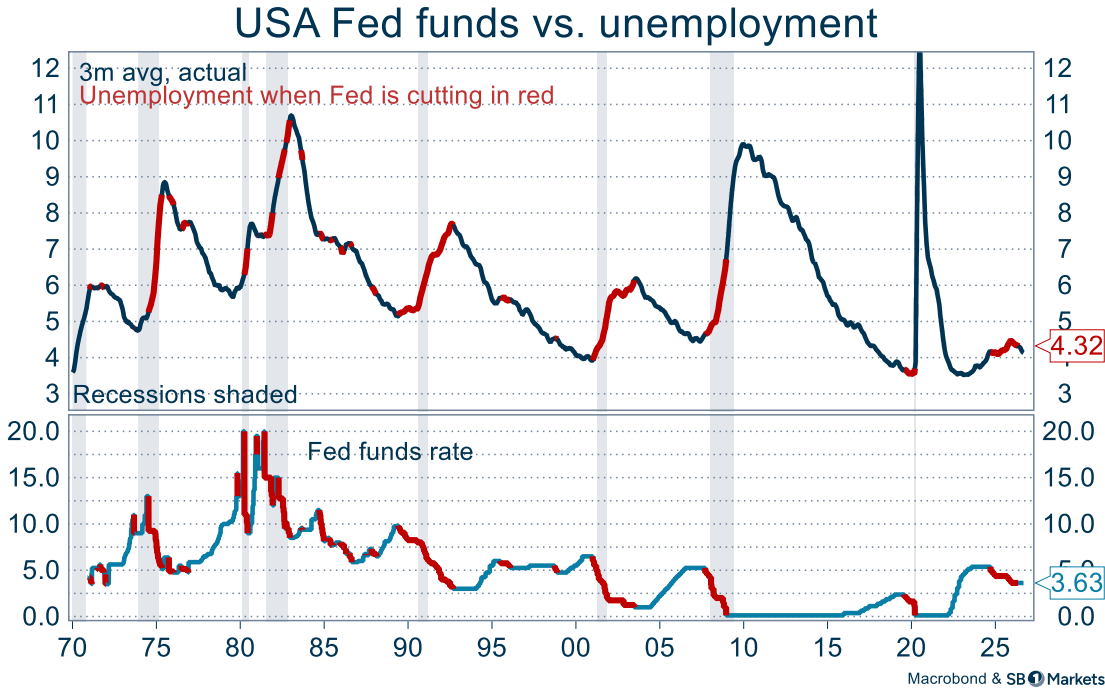






# The lift in the unemployment rate since 2023 was 'recessionary'

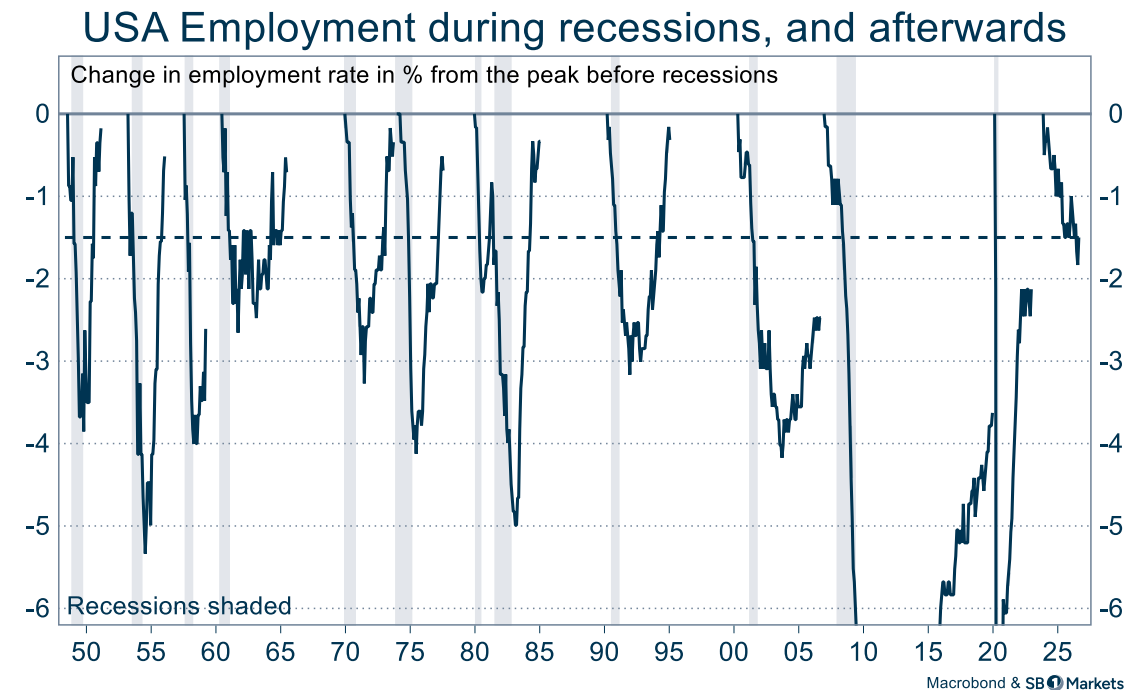
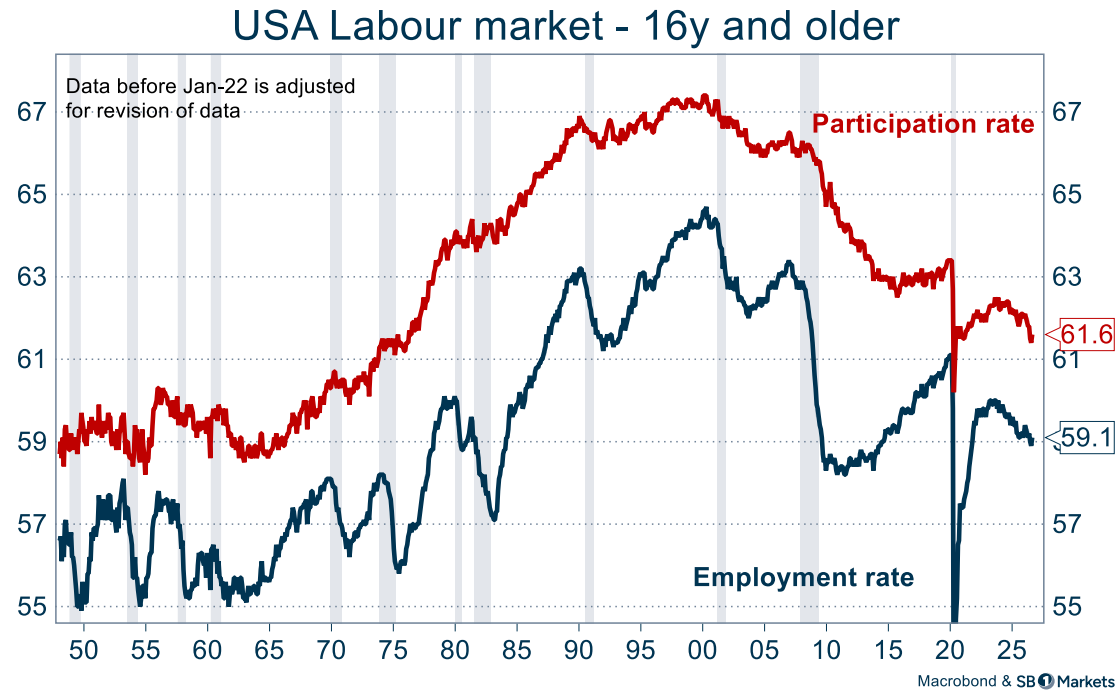
... but not the decline since last November☺. In August, a minor lift in the unemployment rate to 4.14% from 4.09%.  
Wage inflation has slowed, now down to 2.7% 3m/3m (while the annual rate fell to 3.1%)





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

The participation rate fell as well, and until late last year by less than the employment rate, and unemployment rose. The recent drop in the participation rate has been faster than that in the employment rate, and unemployment has decreased.

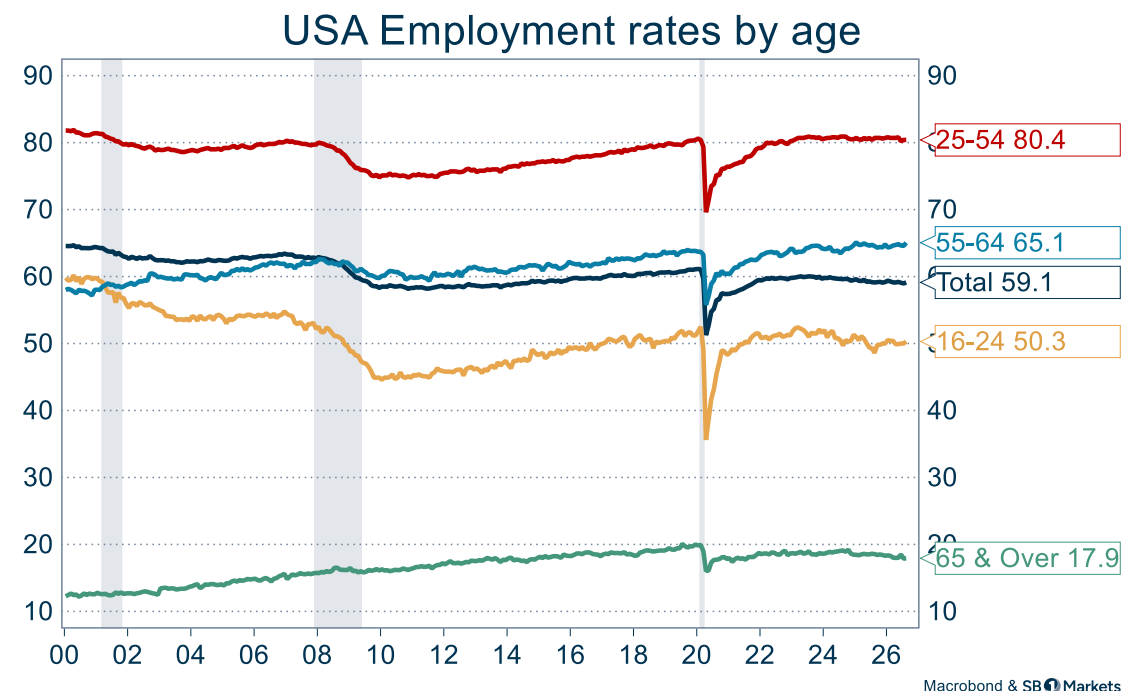
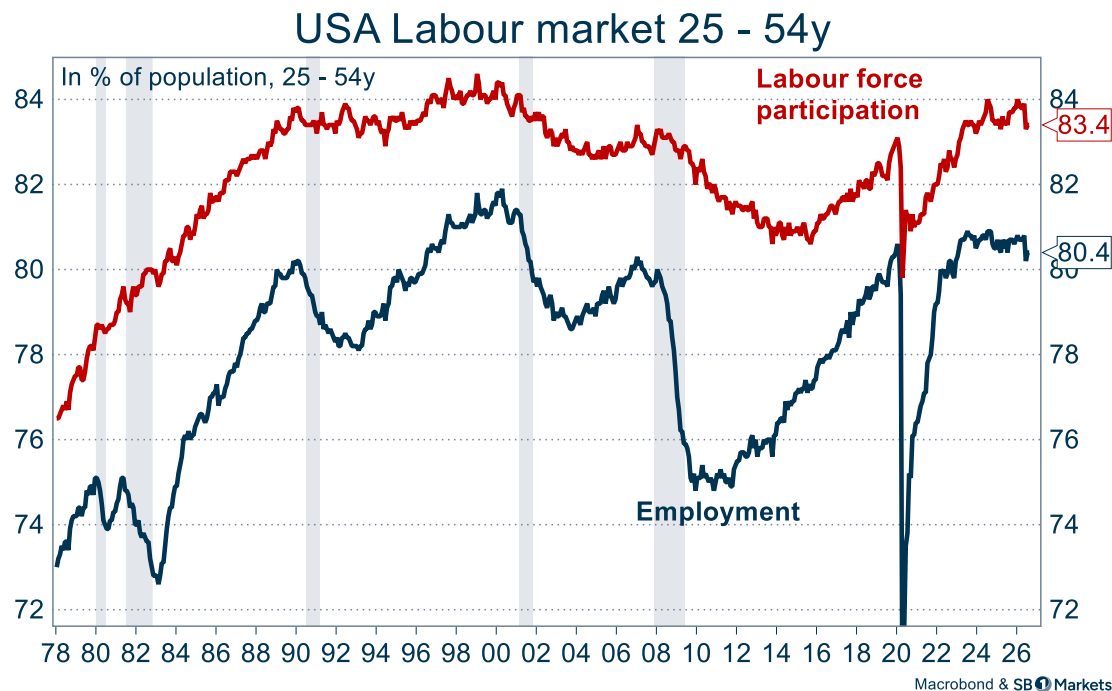


- The longer-term trend in participation and employment in the US is not impressive, especially compared with the steady rise in most European countries.



# Employment has kept up in the core 25–54y group. Until June

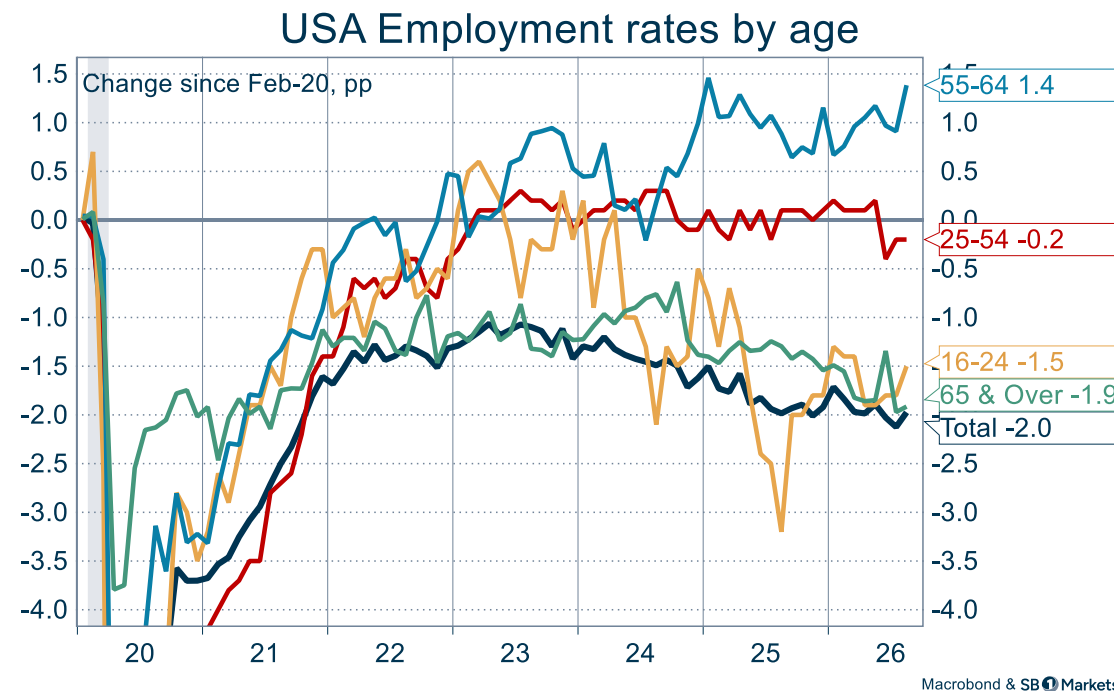
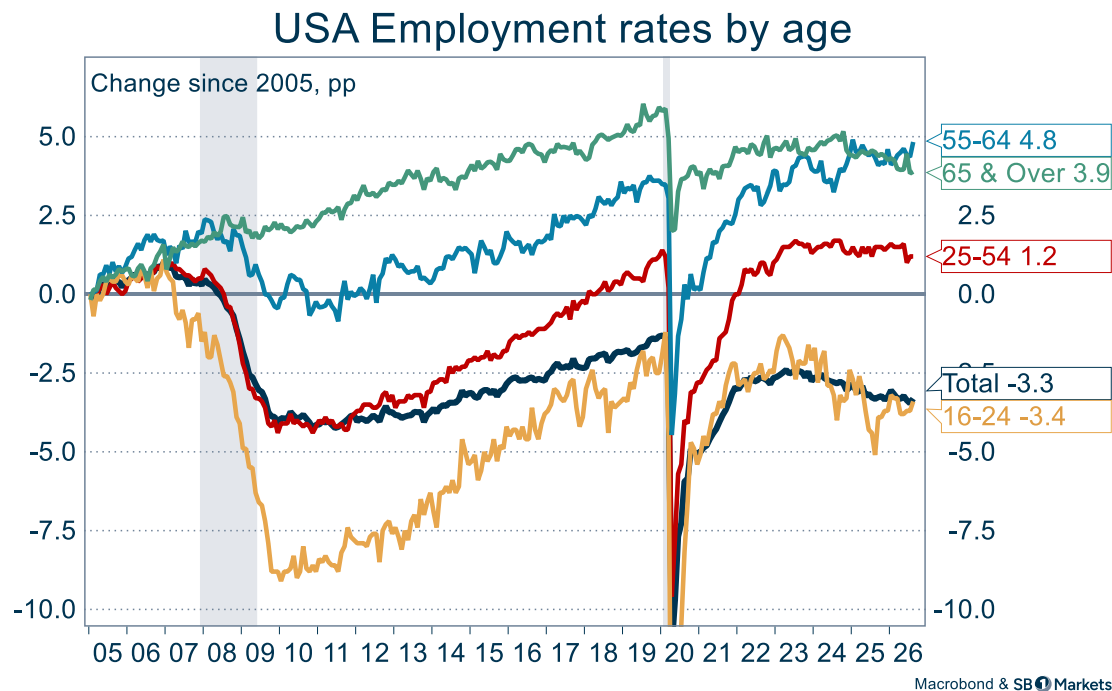
An unusual drop in the employment rate in the 'mid segment' of the labour market in June, by 0.6 pp to 80.2%, and just a modest correction in July, up to 80.4%, and the rate stayed there in August.





# Employment has kept up in the core 25–54y group, until the unusual June drop

... which has not been 'corrected'. The employment rate has declined among the youngest and the oldest, if not steadily.

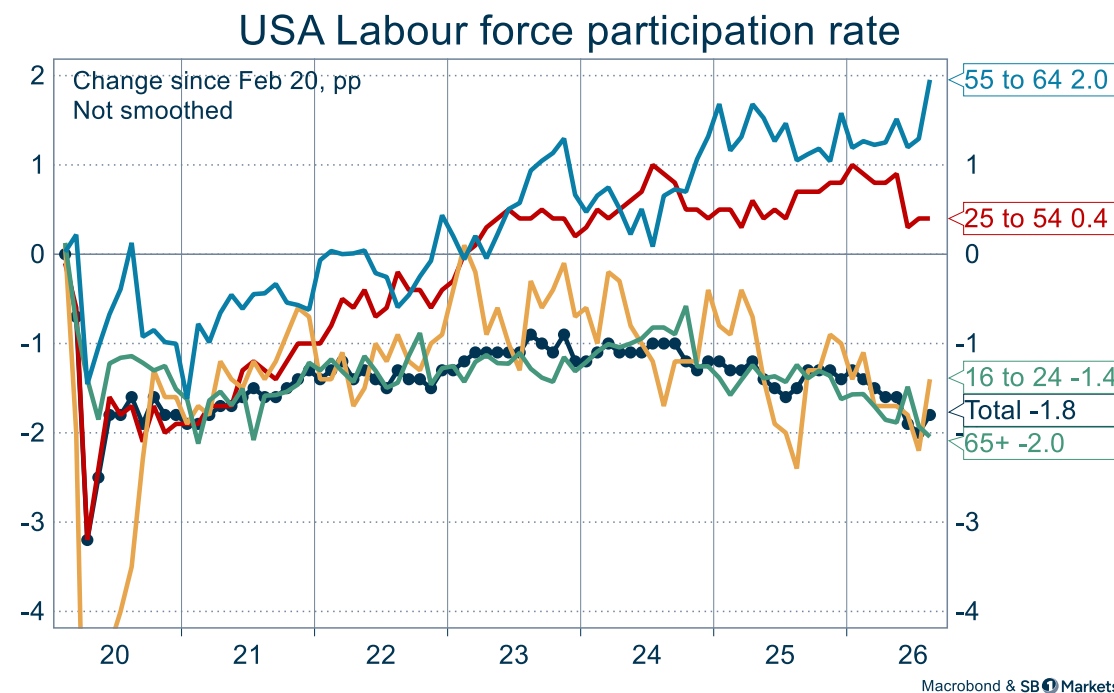
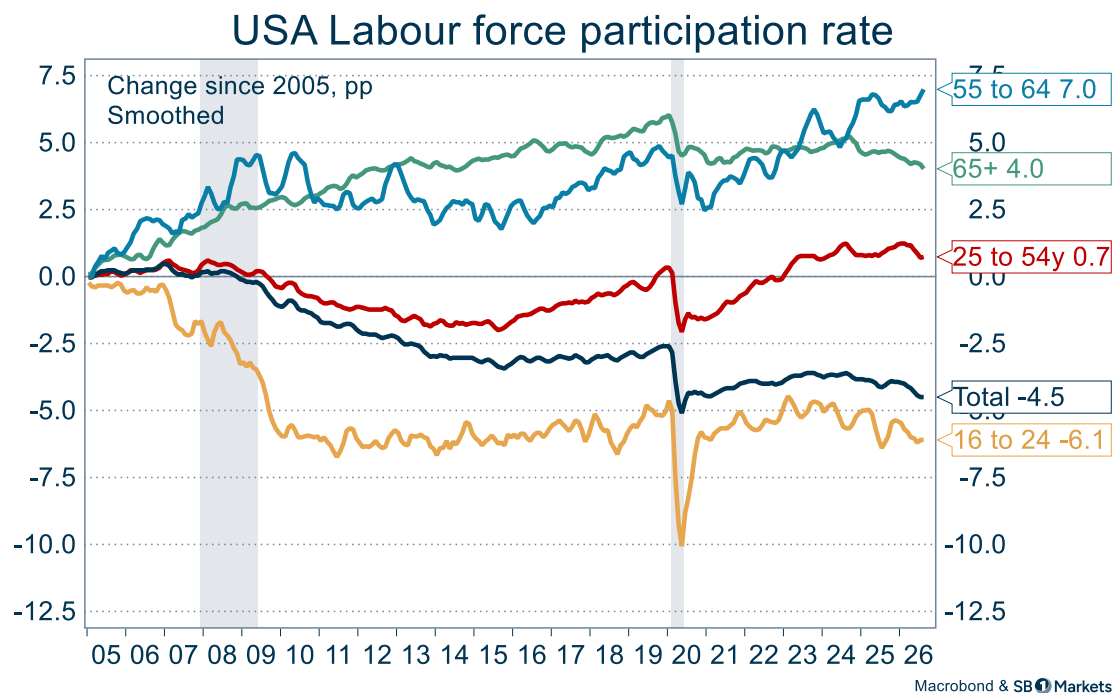


These data are not adjusted by the impact of the change in population composition



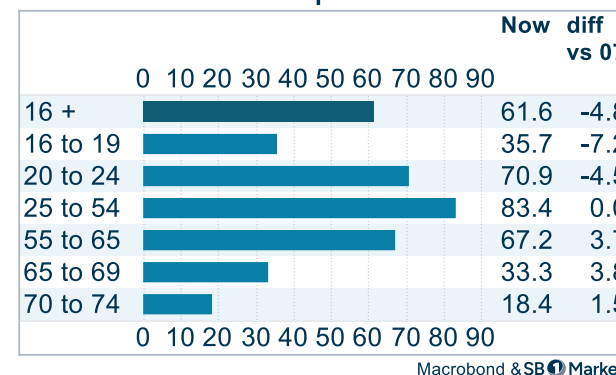
# Participation rates: down among the youngest and the very oldest. And recently: The core

Just participation in the 55–64 group remains on an upward trend.



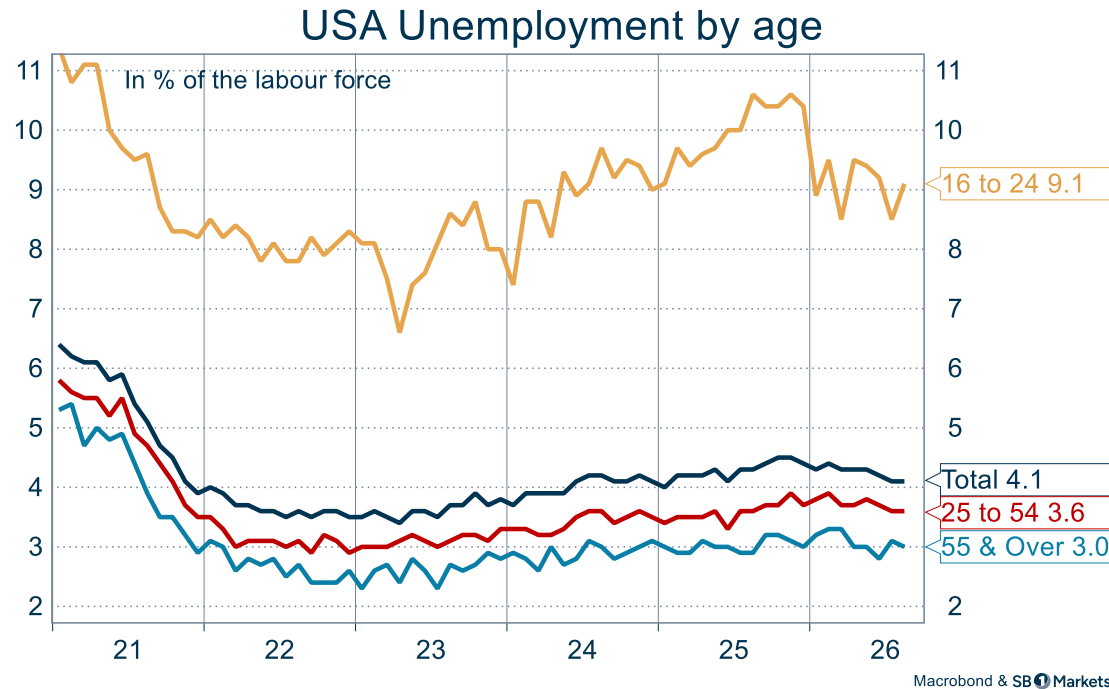
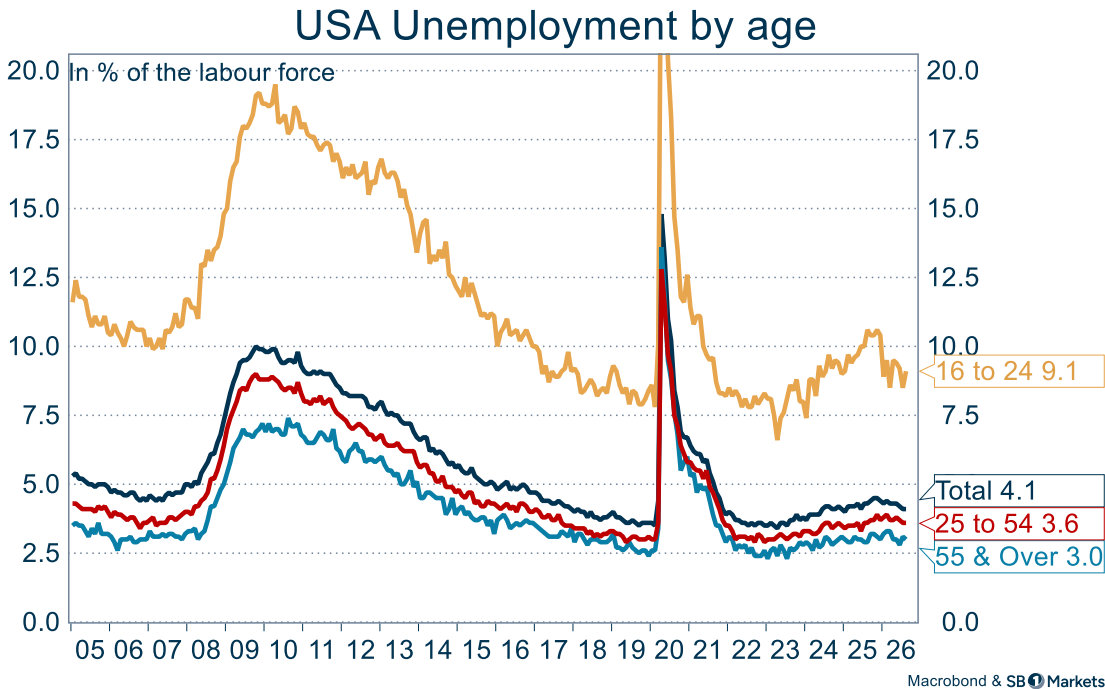
- As the US population is ageing, a decline in the avg. participation rate over time is no surprise. The chart above illustrates the impact. The thick light blue line illustrates the total participation rate if each group had kept its participation at the 2005 level. The decline is due to the larger old cohorts with (naturally) lower participation.
- In Europe, the population is ageing faster than in the US. Even so, participation has increased rapidly and is still increasing, but is still lower than in the US. So, ageing is not the only important theme in the labour market.

## USA Participation Rates





# Unemployment on the way down among all age groups

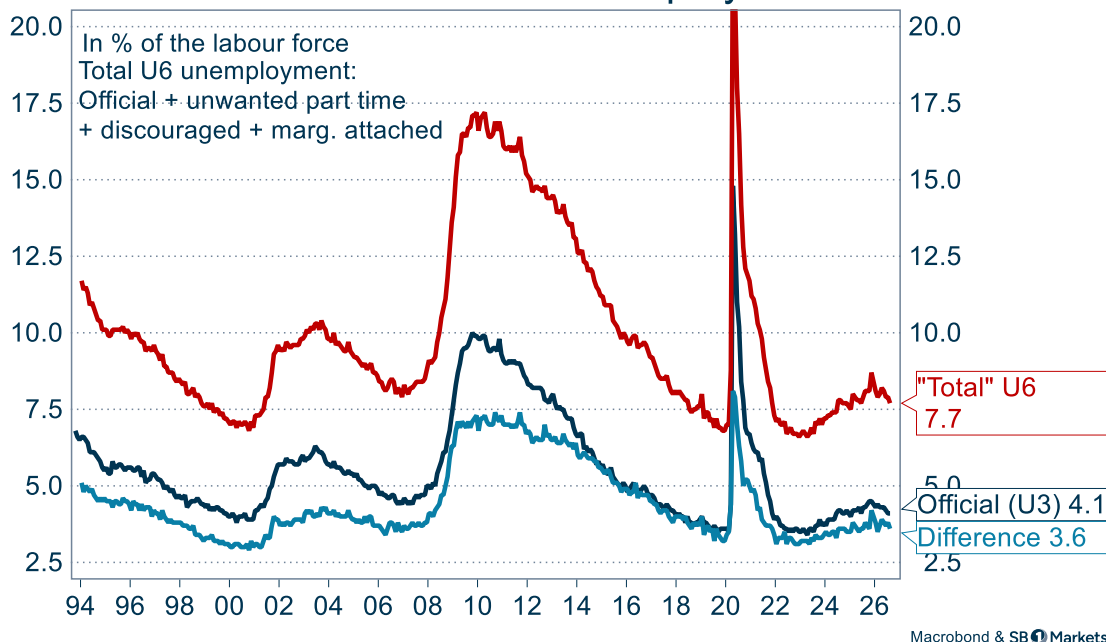




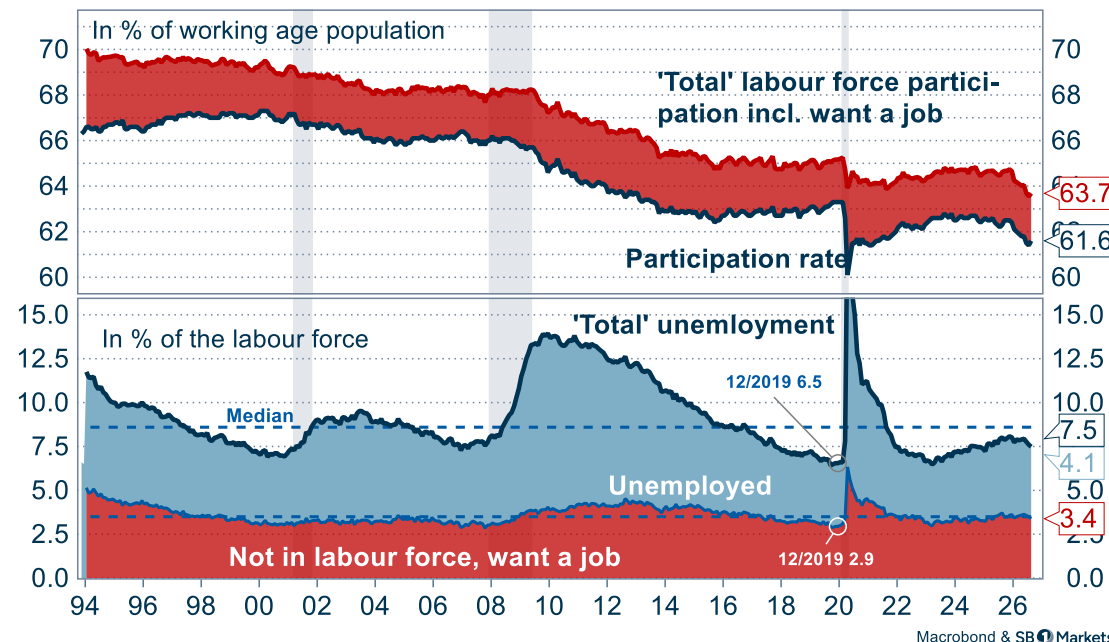
# 'Total' unemployment down to 7.7%, the lowest rate since last summer

The overall unemployment rate (U6), which includes individuals seeking work but who are not counted in the labour force, those involuntarily working part-time + the standard unempl. rate (U3), is at a normal level vs. the ordinary unemployment rate, and heads down. No lift in discouraged workers.

USA The 'real' unemployment



USA Labour Force + Want A Job



- Another way of estimating 'total' unemployment is illustrated in the chart to the right: A substantial part of the increase in the participation rate after the pandemic was due to a declining rate of persons who report they want a job **but do not search actively for it**. This 'discouraged workers' category **has not increased**, and cannot explain the drop in the participation rate, which signals that the decline is **a real decline in the share of people who want a job. If so, bad news.**

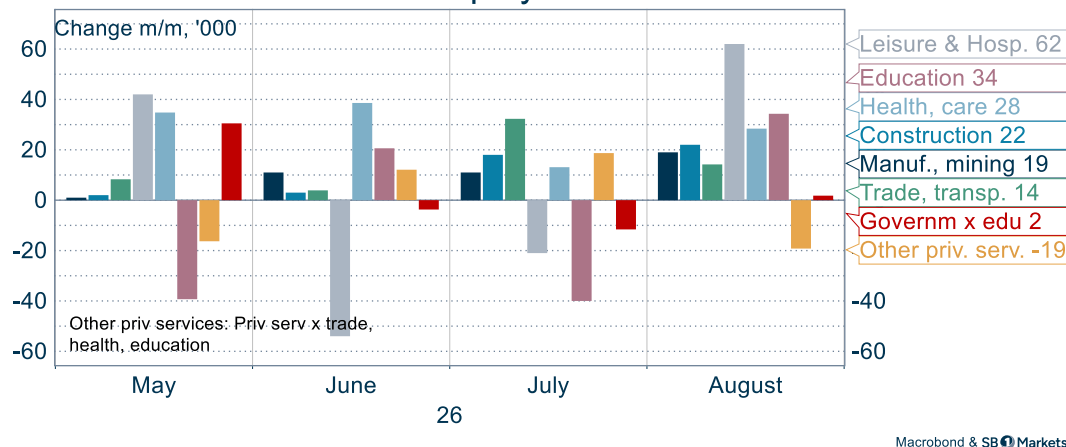




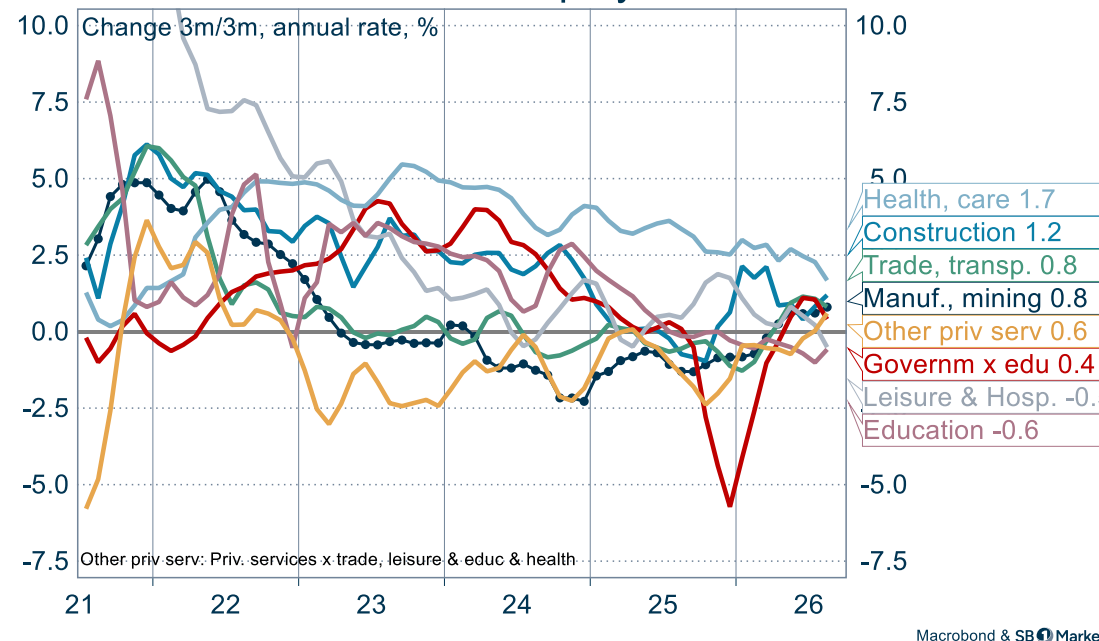
# A recovery in leisure & hospitality and local governments (education) in August

+ decent growth in manufacturing, construction and trade. And as always, in health and care services. Professional services and information and financial services were the weak spots in August. Most main sectors are trending up.

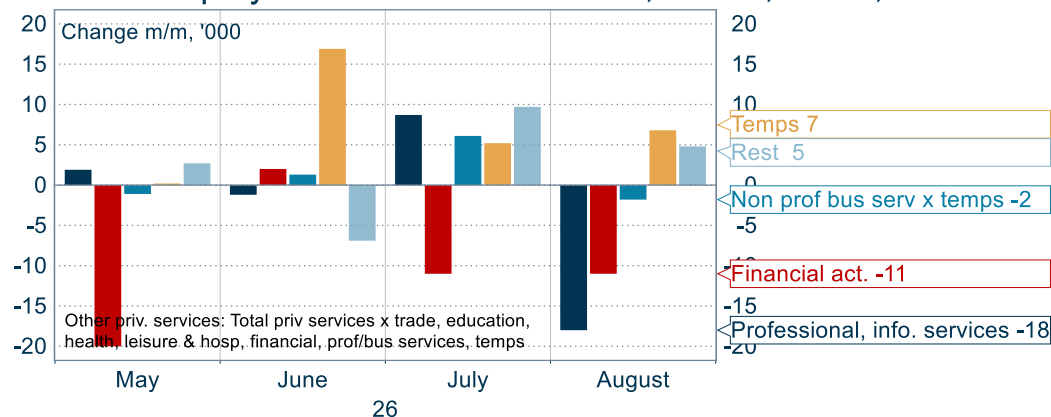
## USA Employment sectors



## USA Employment



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



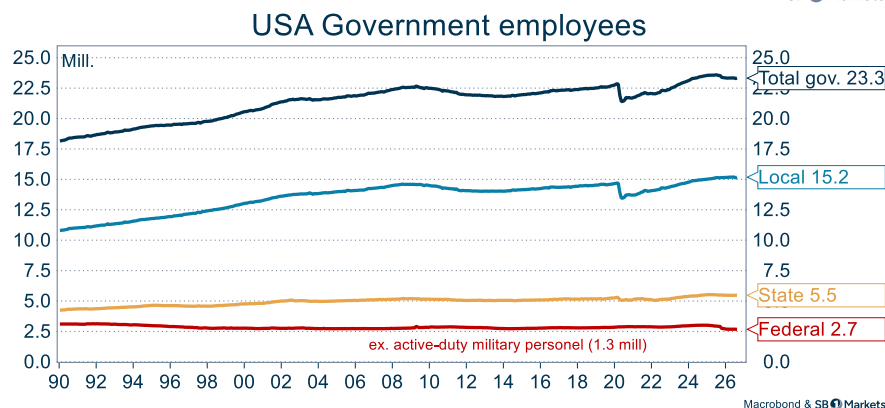
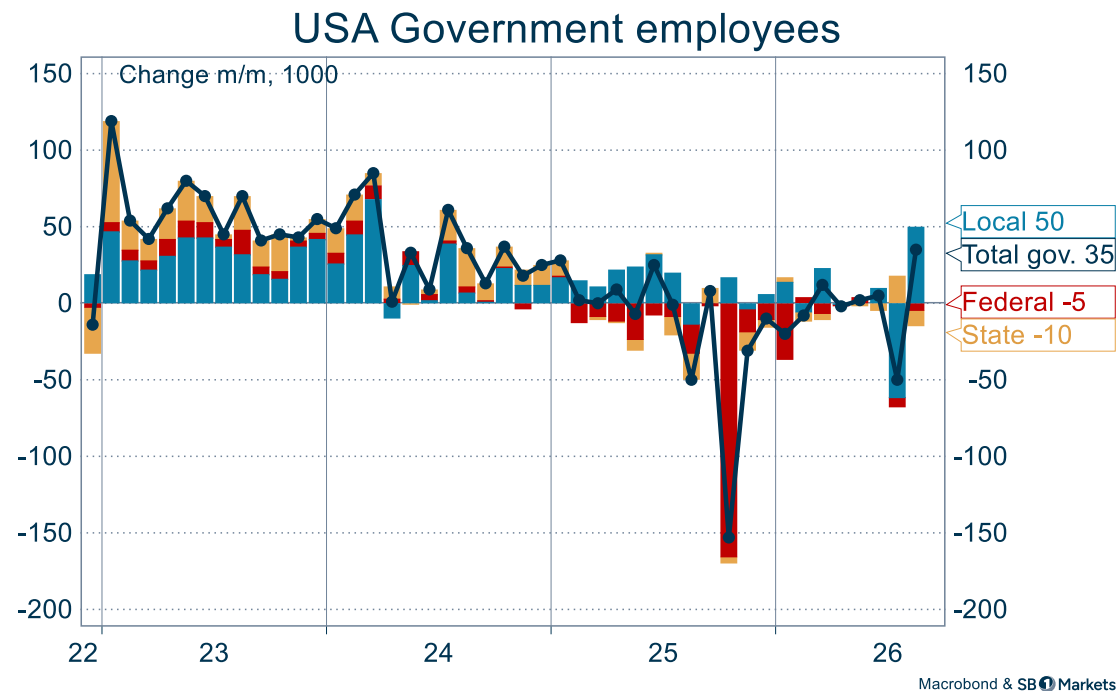
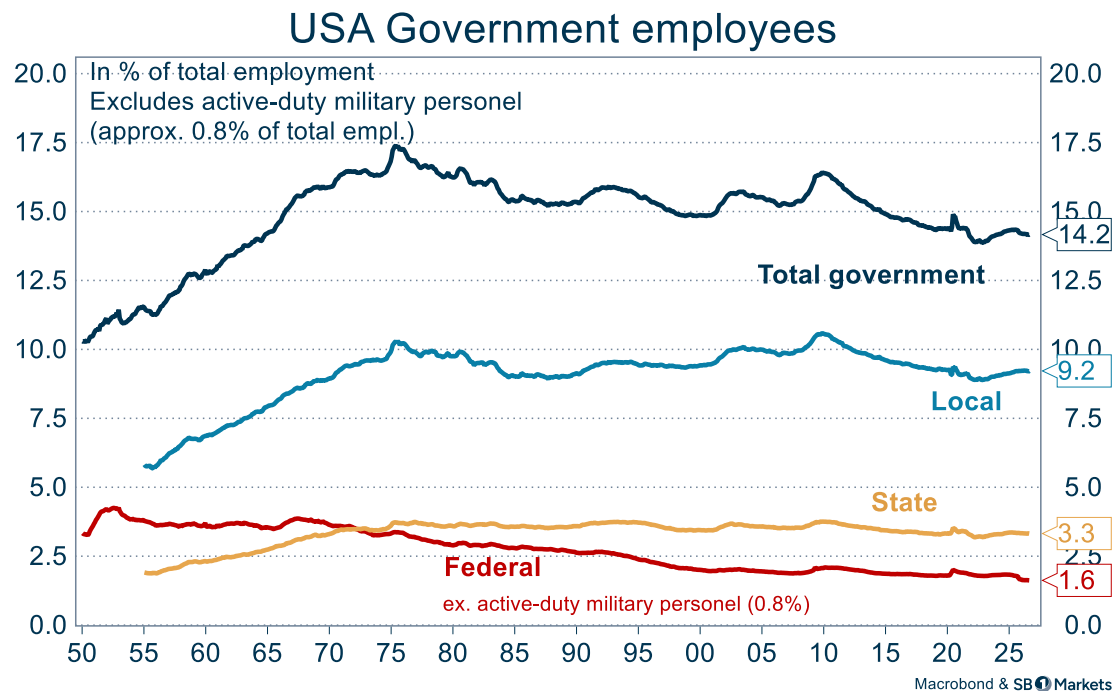
Education: Private, state and local government

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



# Local government payrolls recovered (+50') in August, in sum unchanged from June

Federal and state payrolls close to unchanged in recent months.

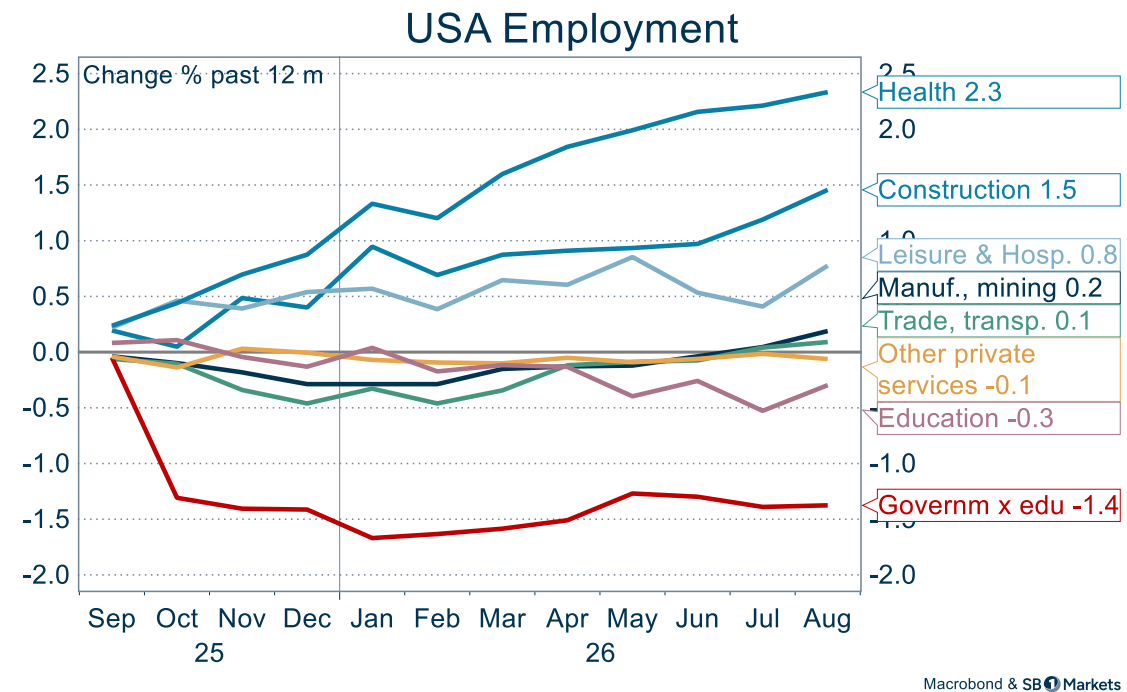
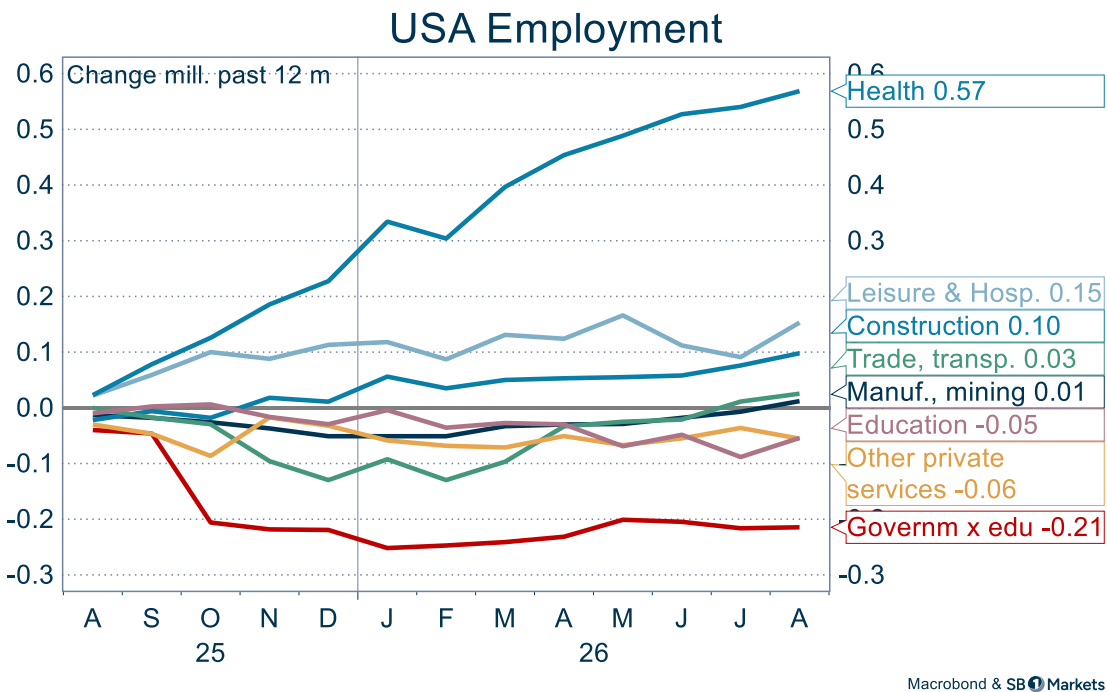


- Reductions in **federal payrolls** were initially modest until last October, as laid-off employees continued to be counted while still receiving compensation.
- **Civilian federal employment** accounts for only 12% of overall government employment and 1.6% of total US employment. Thus, a 12% cut equals just 0.2% of total employment.
  - Including active-duty military personnel, the 12% share rises to 18% of total government.



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

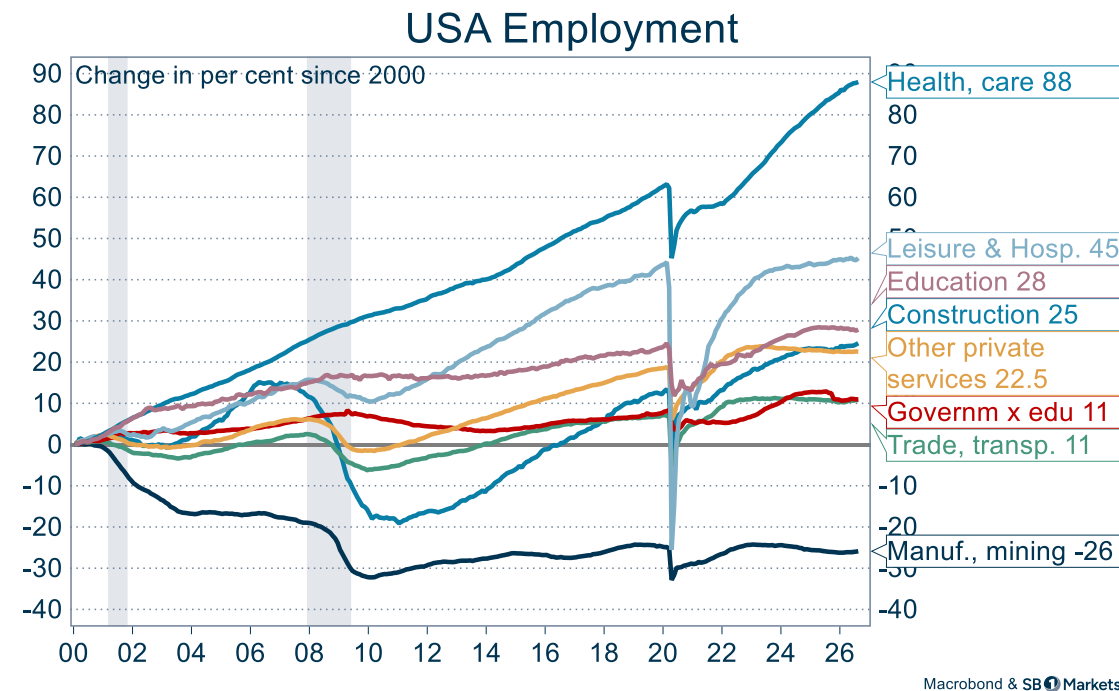
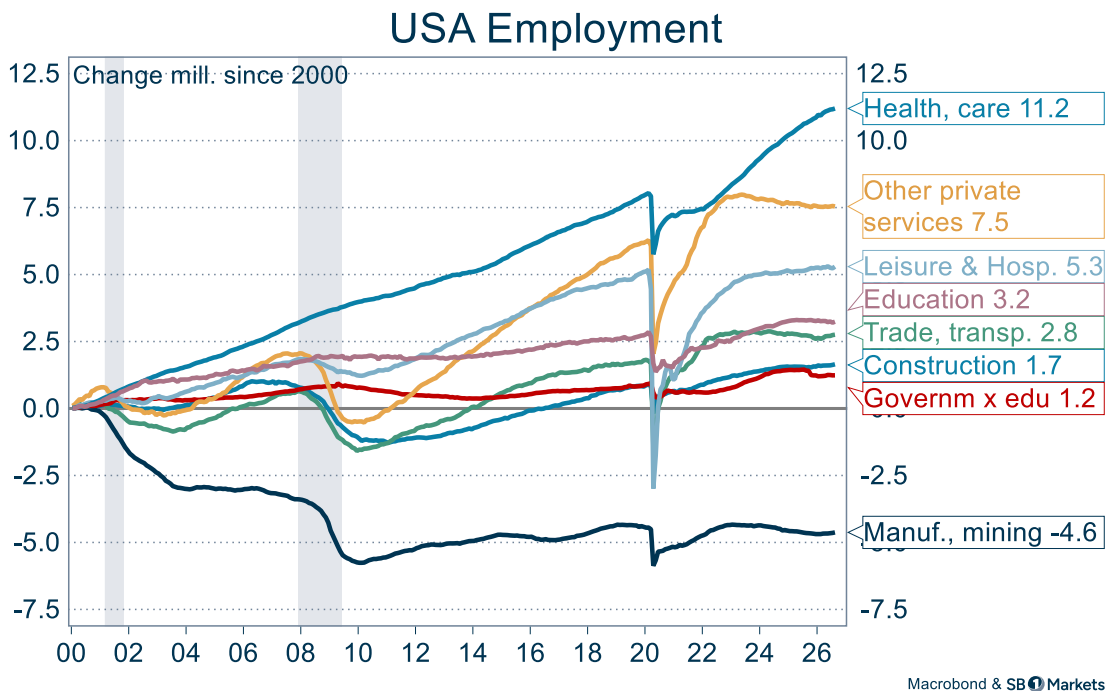
No net growth at all, excluding the health sector. However, construction is picking up steam, and hotels and restaurants are also hiring more. Trade and other private services are close to unchanged.





# Where have all the workers gone in the last 26 years?

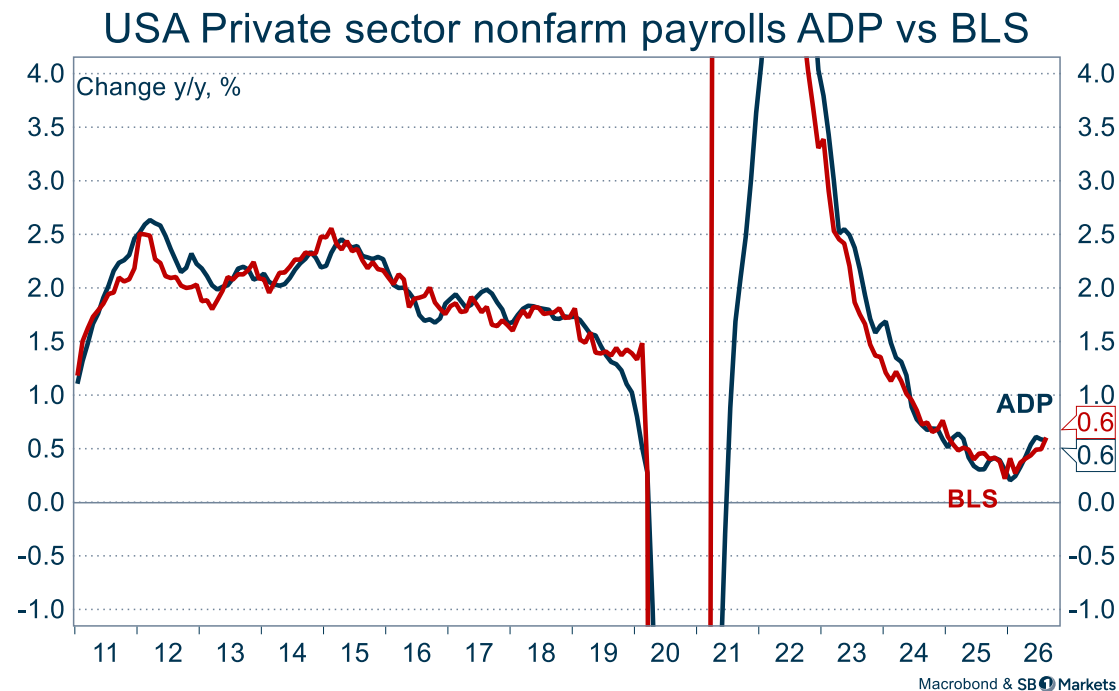
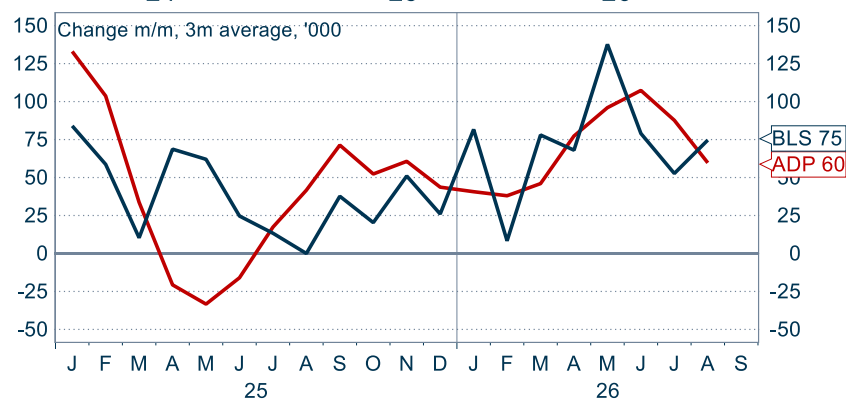
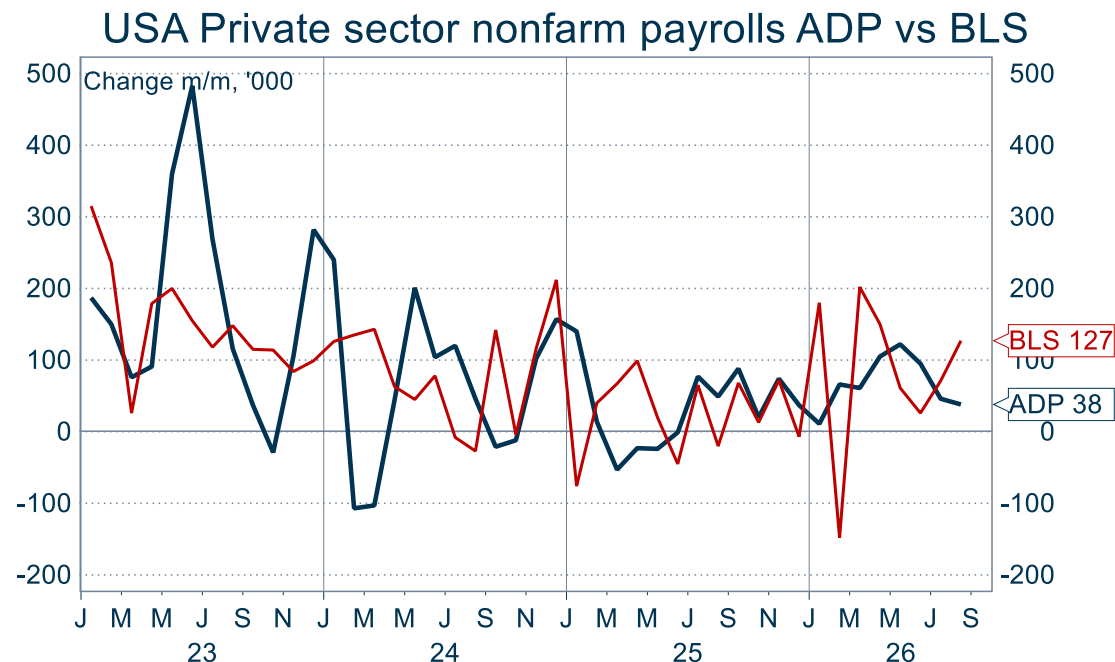
To the health sector, and to private services. No growth in trade, a decline in manufacturing, as in all other rich countries.





# ADP vs. BLS: the 3m average growth in private sector payrolls 60,000 vs. 75,000

Both report 0.6% growth y/y.

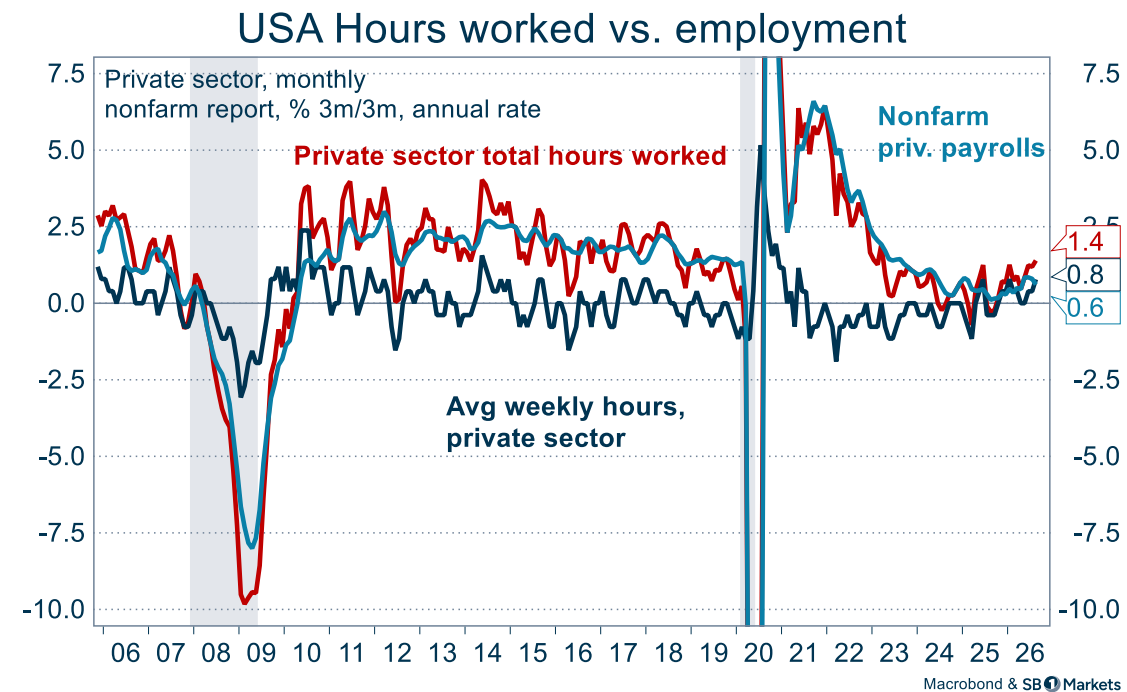
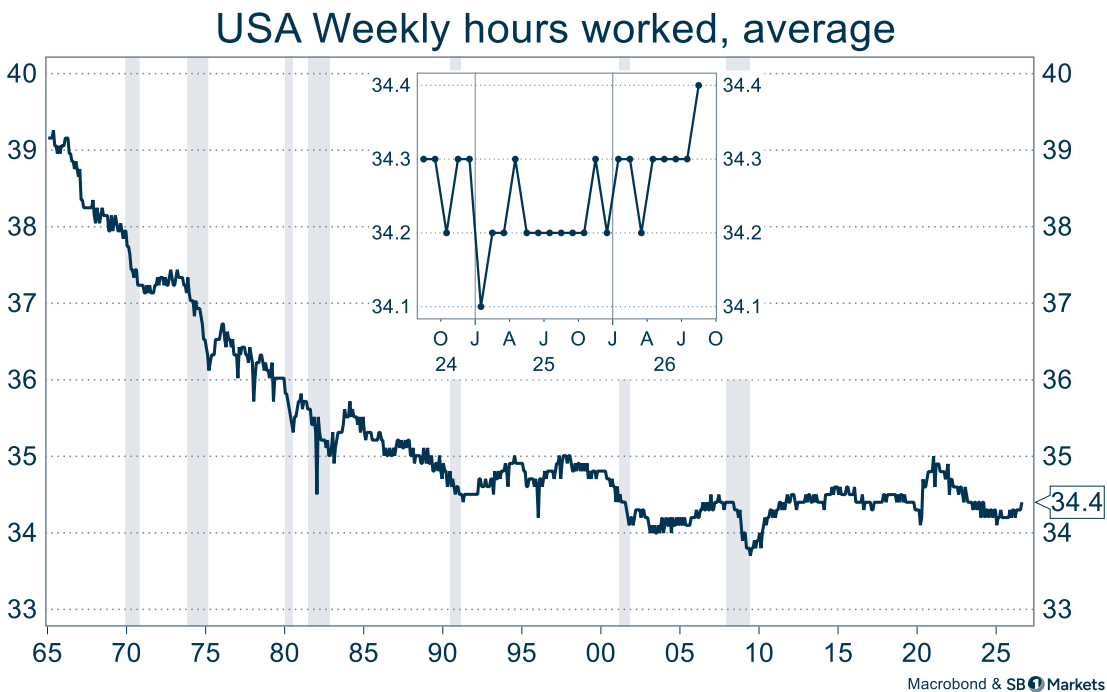


- The ADP and BLS payrolls data are not closely correlated from month to month, but the cycles are identical (ADP with data just from 2010 though, and after ADP has revised its data to fit official data...)
  - Measured over 12 months, these two data series yield a rather similar picture, at least after 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.

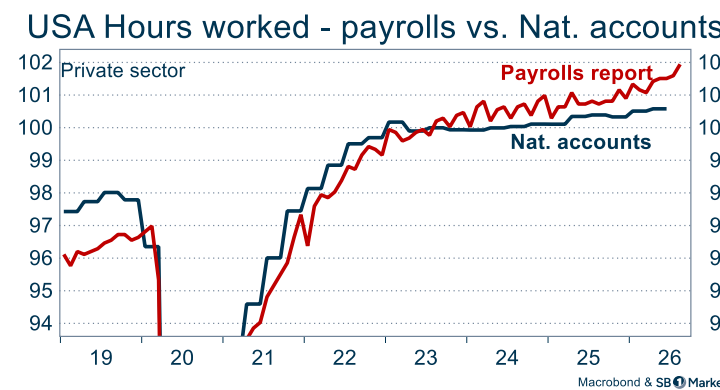


# Avg. weekly hours rose in August, and trend up. Total hours worked are up 1.4% 3m/3m

... in the private sector. Private sector payrolls are up at a 0.6% pace 3m/3m.



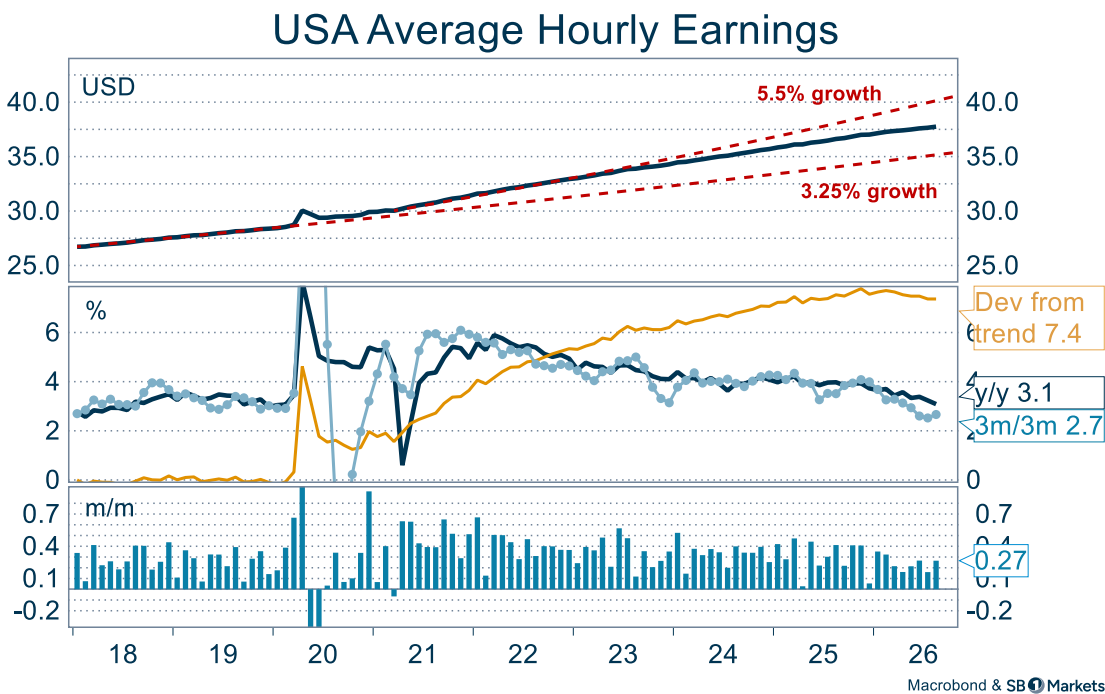
- **Average weekly hours** rose 0.1 h/w to 34.4 h/w, expected unchanged. The very short-term trend is up.



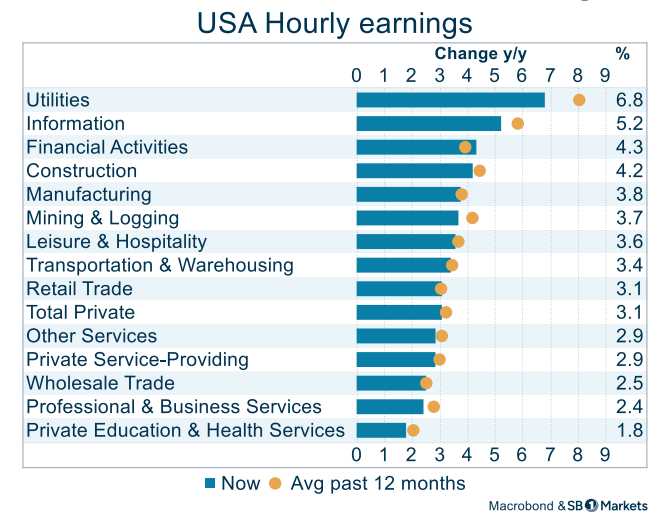
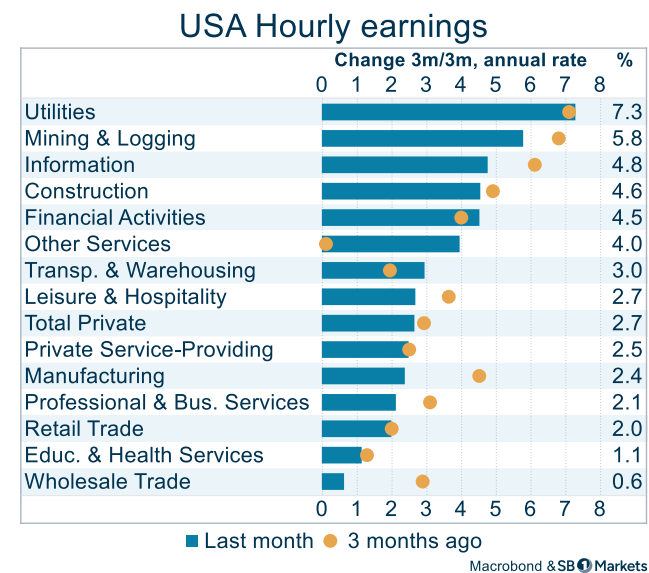


# Wages grew 0.27% m/m, and just 3.1%, both as expected. The trend is down

The 3m/3m accelerated 0.2 pp to 2.7%, still a very low level. 4 sectors report higher 3m/3m wage growth than 3 months ago, 9 lower. 10 sectors report lower annual wage growth than the average growth rate the past 12 months.



- 4 sectors report higher annual growth now vs. the past 12m average.

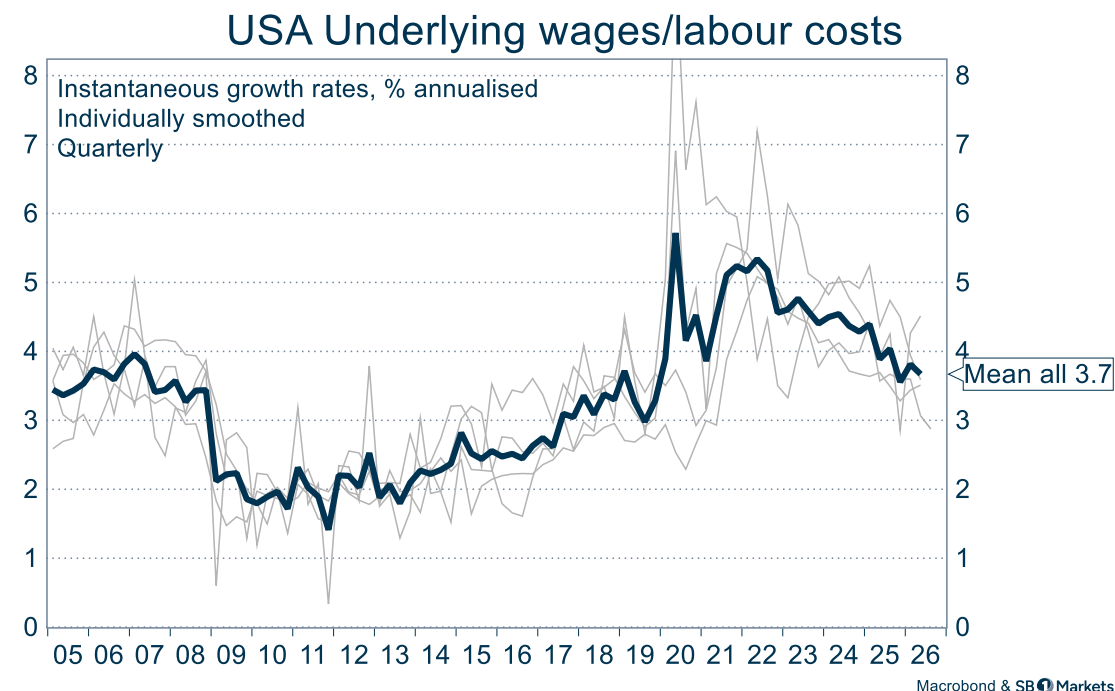
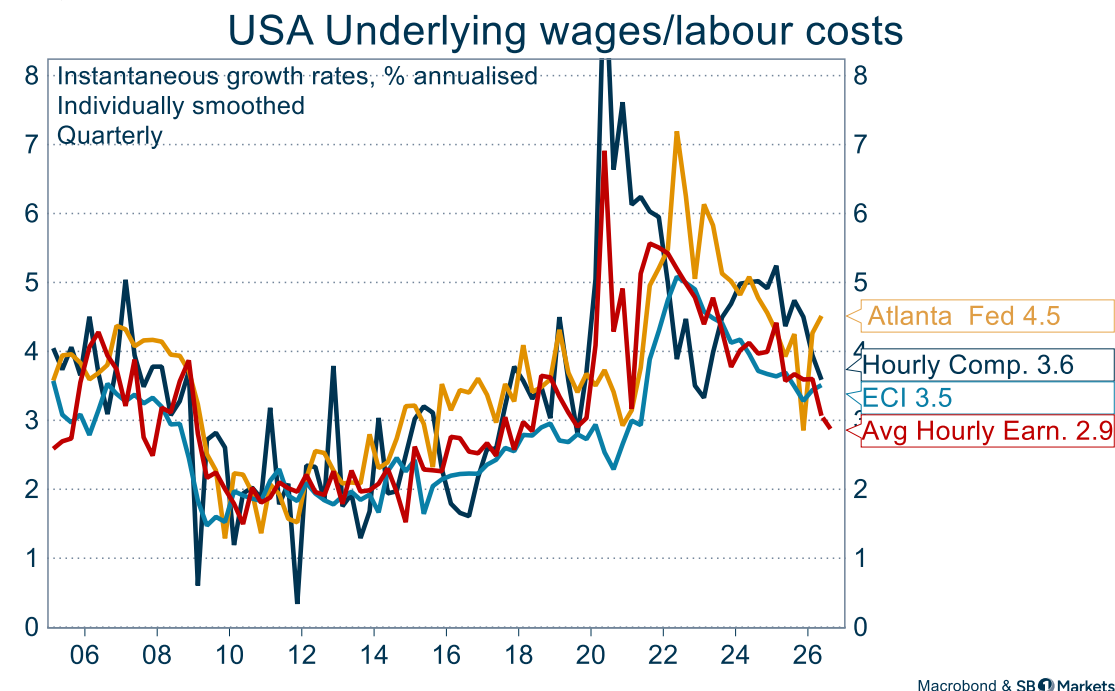






# Our basket of wage indicators: wage growth has slowed to well below 4%

Which is on the low side as productivity trends up by 2–2.5%

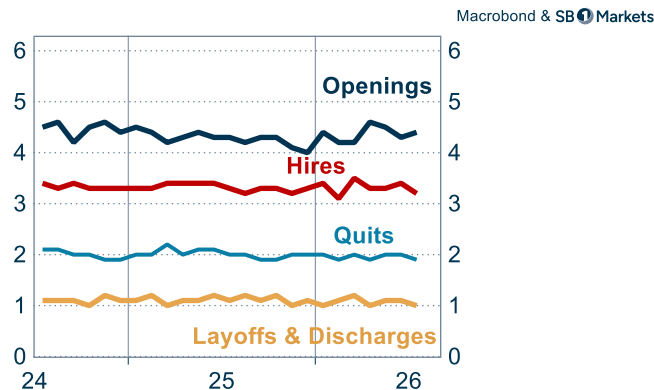
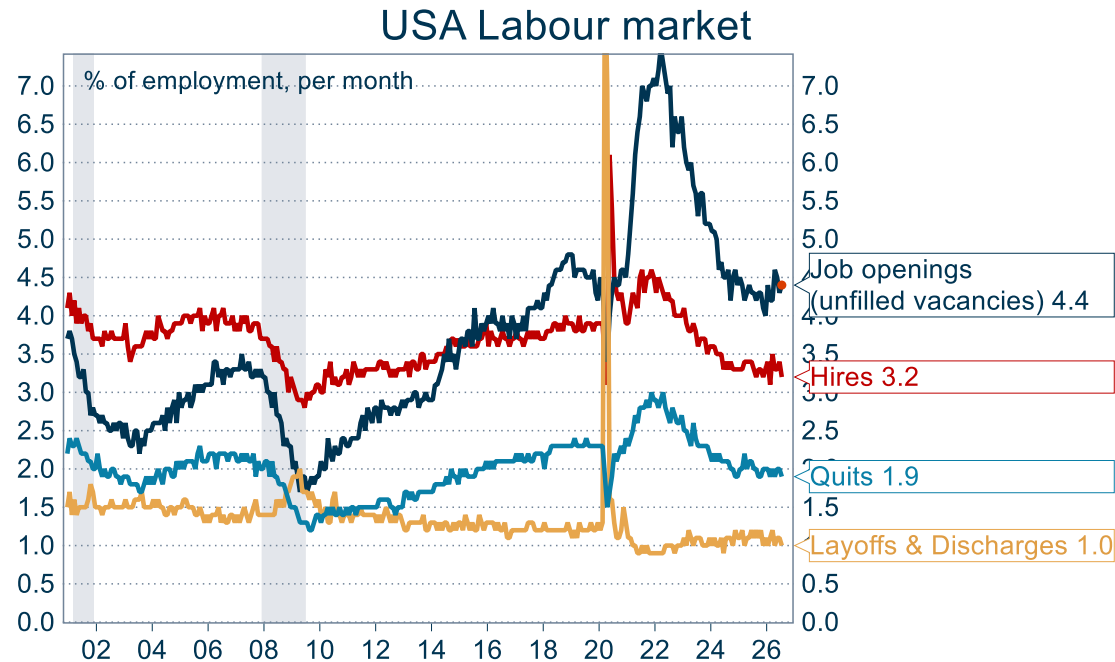


- The data series:
  - Atlanta Fed median wage tracker (monthly)
  - Average wage in the non-farm payroll report (monthly)
  - The Employment Cost Index measures total labour costs for a constant mix of employees (quarterly)
  - Hourly compensation in National Accounts measures the average total compensation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



# Job openings a tad lower than expected in July, June revised down. Still, the trend is up!

The vacancy rate rose 0.1 pp to 4.4%, from a 0.1 pp downward rev. June level. Vacancies were a tad lower than exp. Hiring declined 0.2 pp to 3.2%, and trends flat, at a low level. Voluntary quits declined, but so did layoffs. In sum: mixed. But openings trend up since late last year.

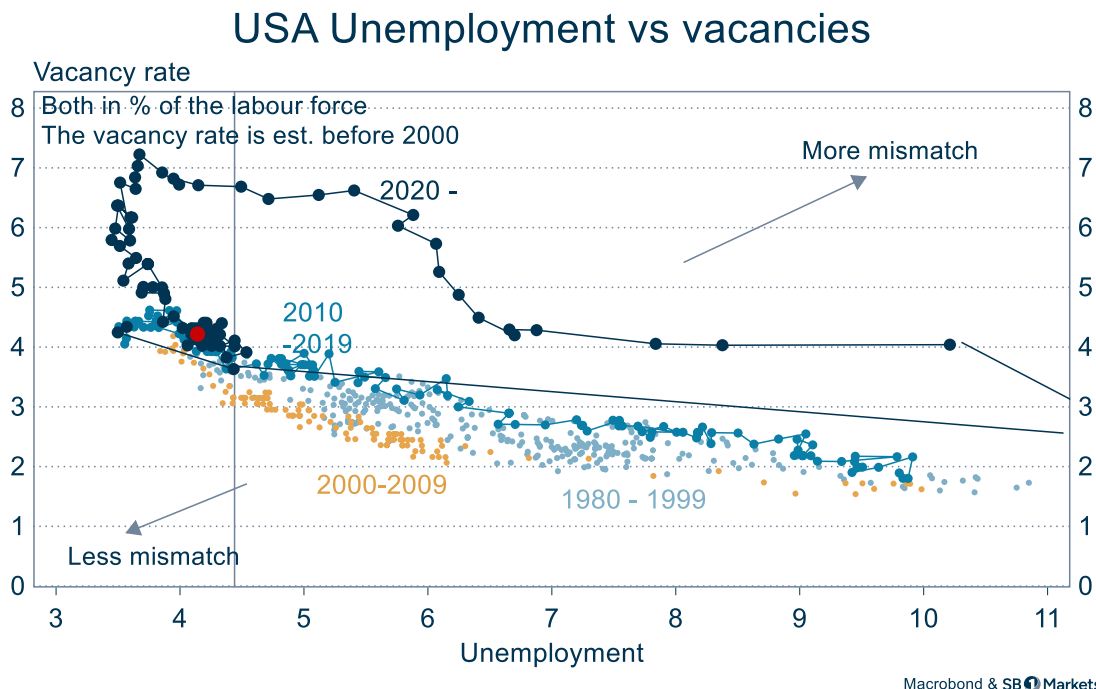
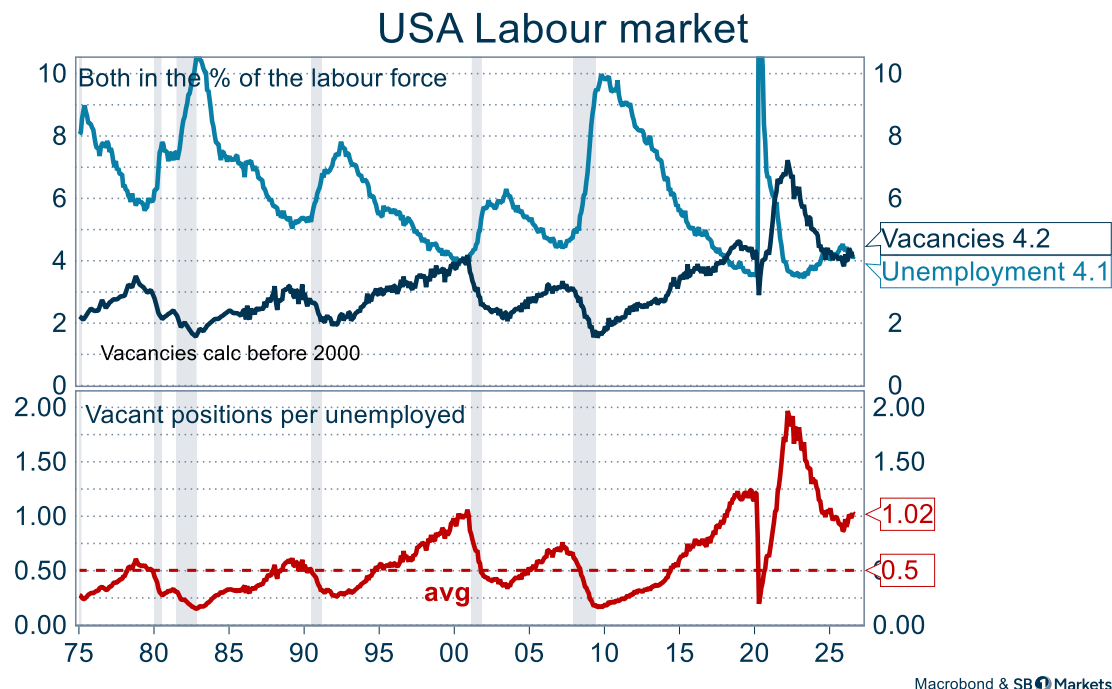


- **The job openings** (unfilled vacancies) bottomed last December and have trended upwards so far in 2026.
  - The vacancy ratio is way above a historical average, but lower than after the pandemic, and the longer-term trend is upwards.
  - There are **1.02 vacant positions** per unemployed person, twice **the 0.5 average. This ratio trends upwards again**
  - 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.**
- **New hires declined to 3.2%.** The trend is flat, and below the historical average at 3.6%.
- **The quit rate** declined 0.1 pp to 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** fell 0.1 pp to 1.0%. The trend is flat as well, 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 reports a continued low level of announced layoffs** in August, and the level is close to normal.
- In sum: **Mixed, but the job openings have increased so far in 2026**



# More vacancies per unemployed than normal – and *the ratio trends upwards*

In July, there was 1 job opening per unemployed person, twice the average level before the pandemic. This 'balance ratio' has increased from a local trough late last year as the unemployment rate has decreased and the vacancy rate has increased.

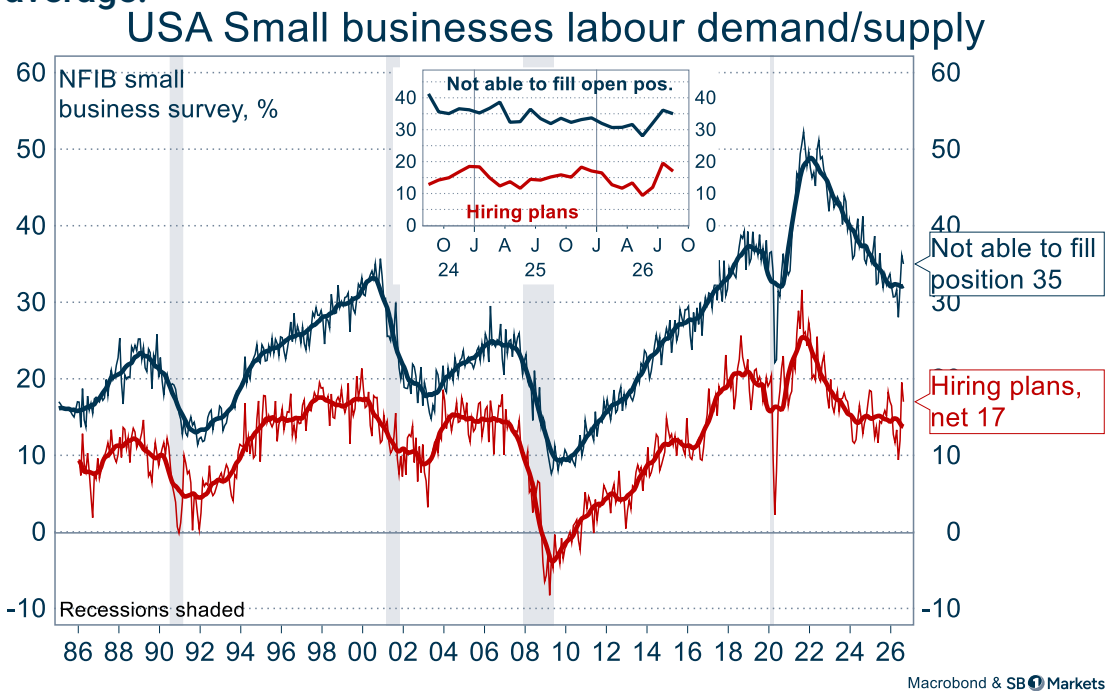


- During the pandemic, the **vacancy rate** was likely 'artificially' **high vs.** the unemployment rate due to large changes in activity and thus demand for labour between sectors. This contributed to a much larger mismatch between sector-wise supply and demand for labour than normal.
- The unemployment 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.

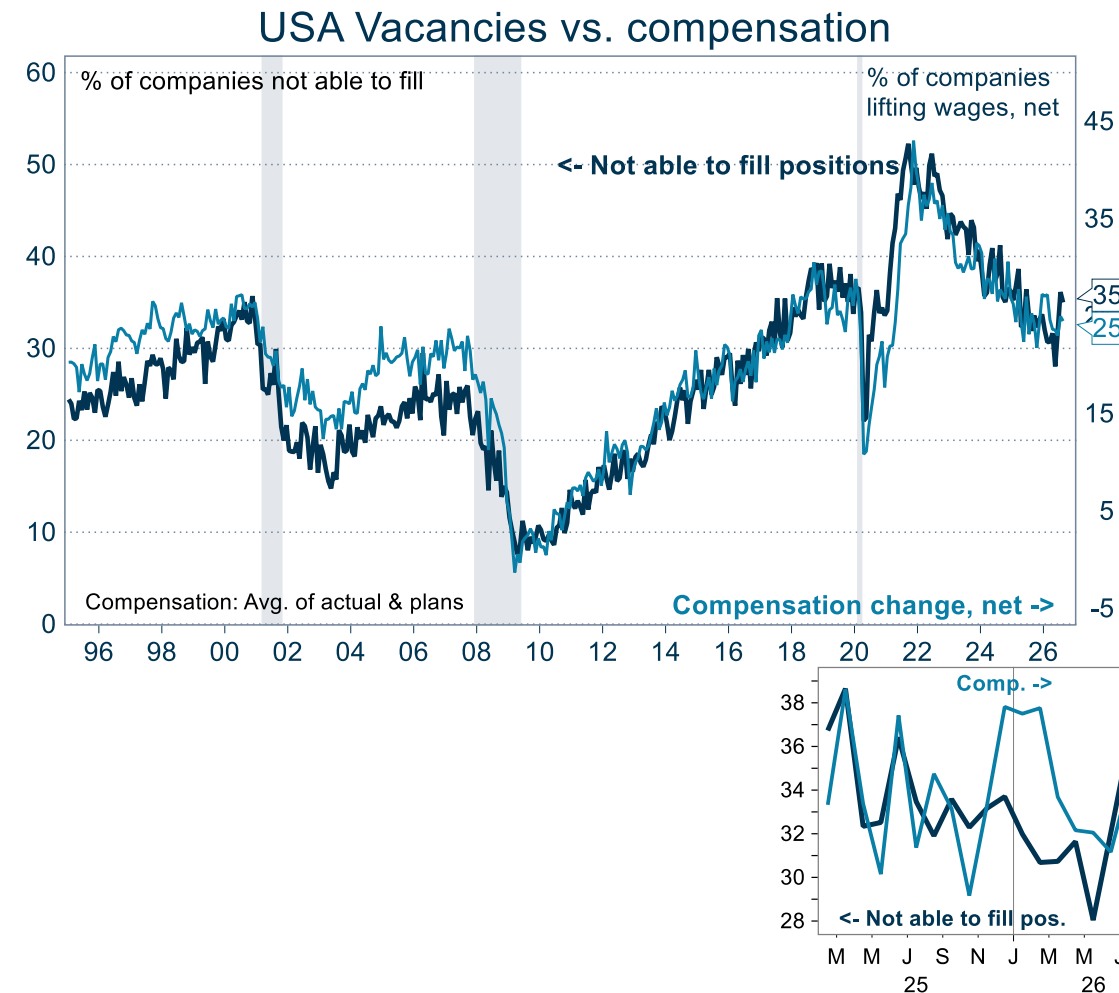


# SME labour market survey: marginally down in August, but still pretty strong

Hiring plans declined 3 pp to 17%, still far above an avg. level (12%), and 3 pp above the level over the past 2y. 35% of companies reported that they were not able to fill vacancies, down from 36% in July, but still well above the level over the past year. Compensation plans are > average.



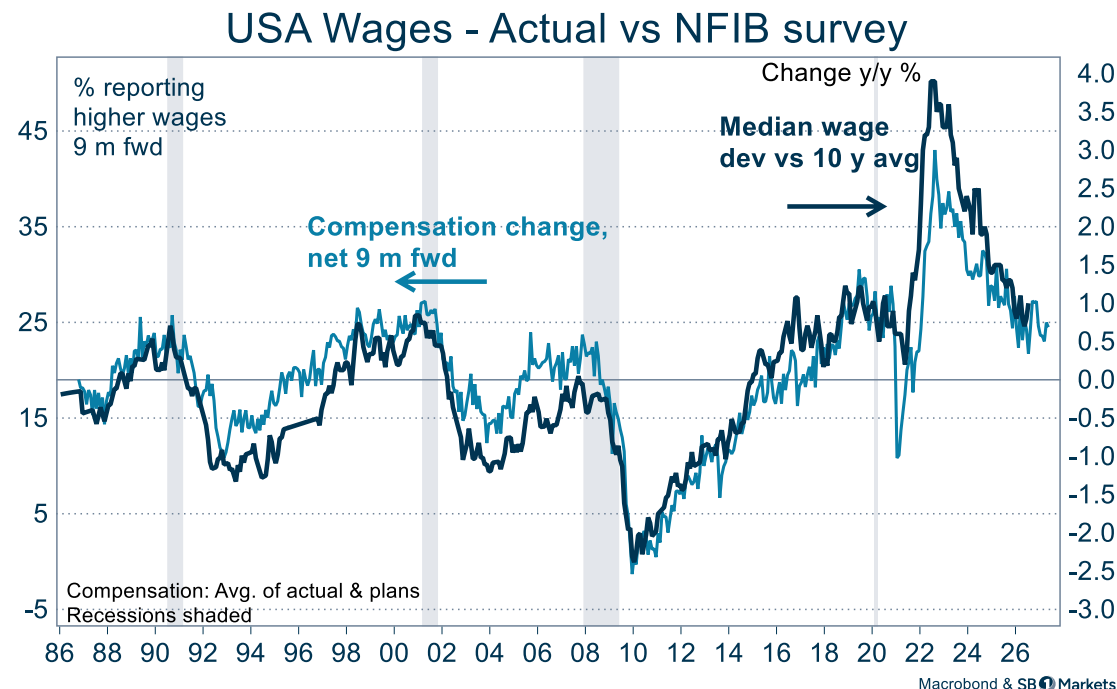
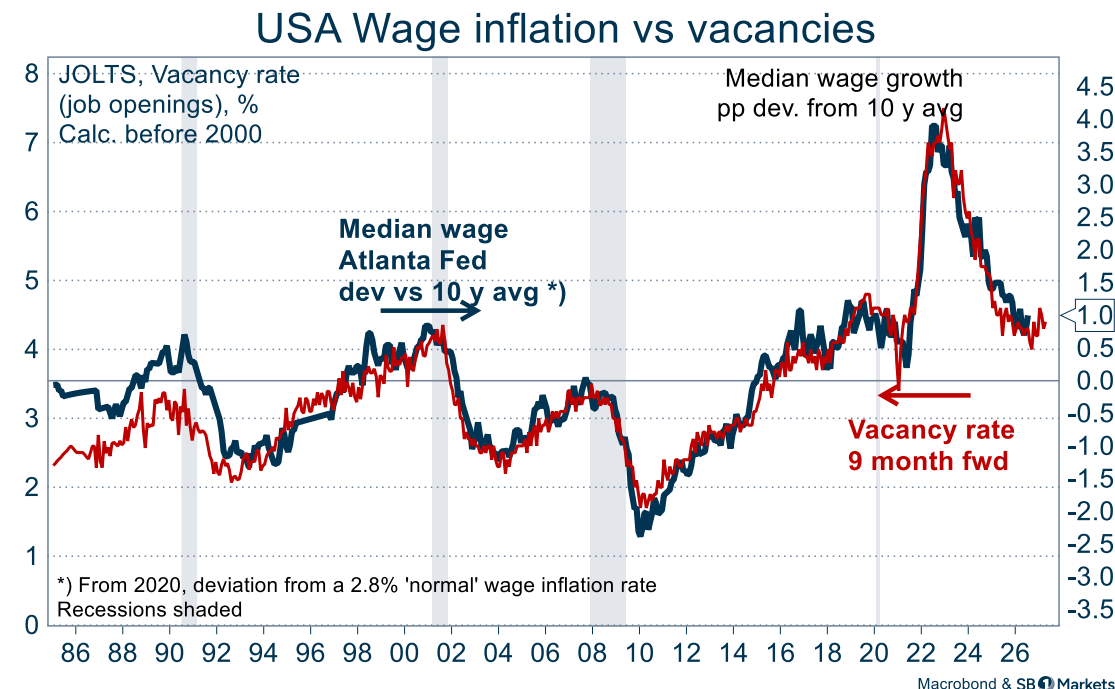
- In sum: the NFIB report signals a tighter labour market than normal.





# Job openings suggest higher wage inflation, compensation plans not

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



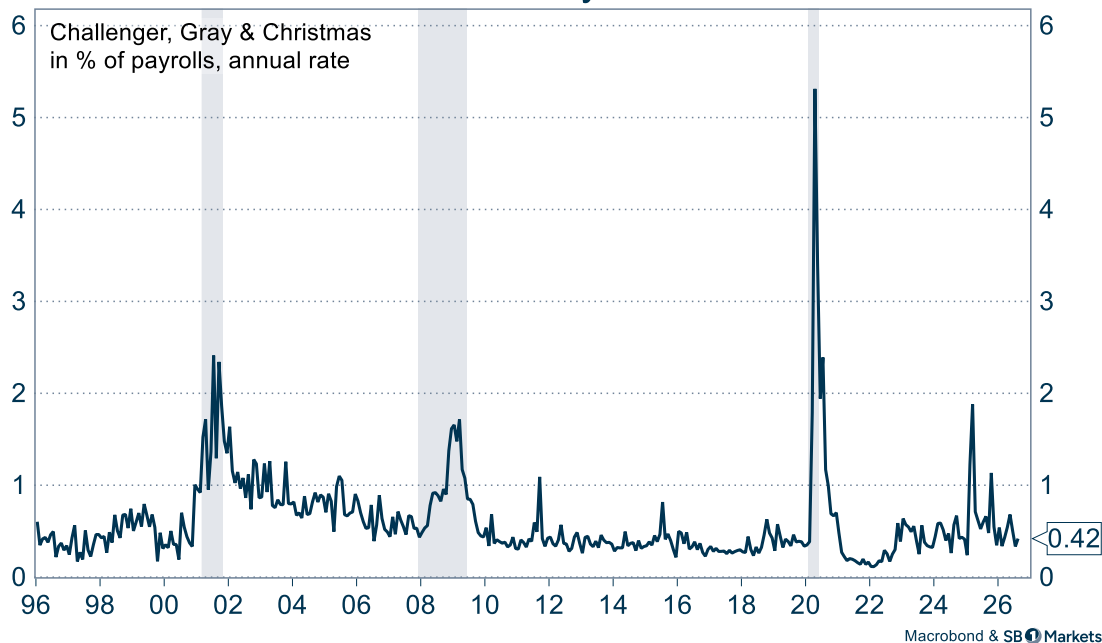
- Our 'Phillips curve' based on the vacancy rate signals wage inflation measured by Atlanta Fed's median wage at some 1 pp **above** the normal level (here vs. the 10y average from before the pandemic), up from the current 0.7 pp gap.
- Companies' (SMEs) assessment of their compensation plans also signals 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.**



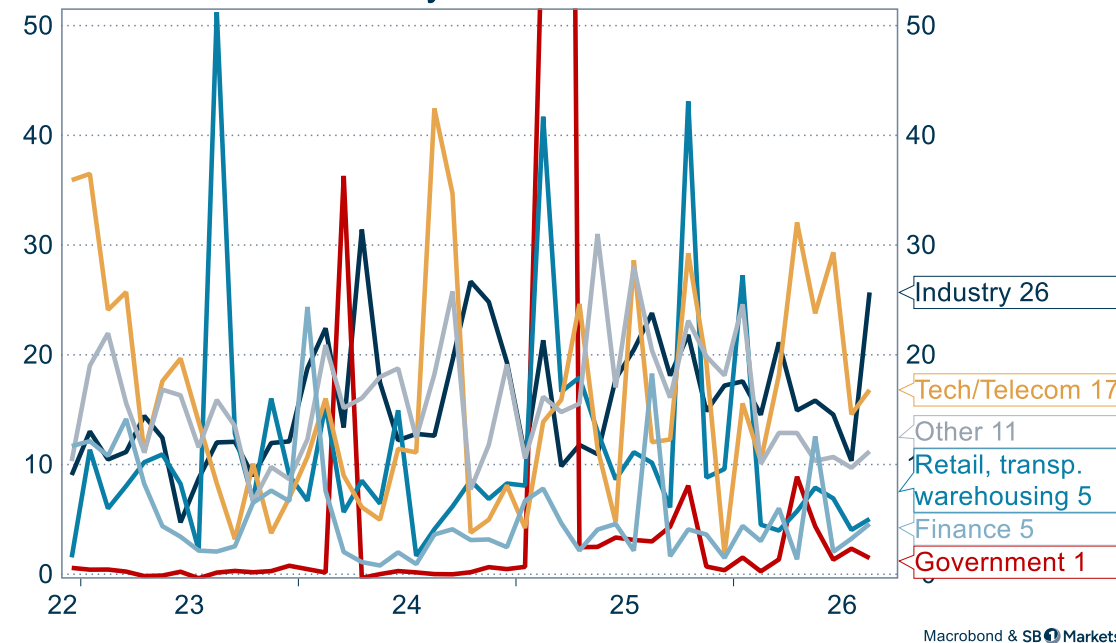
# Challenger & Co layoffs: few August layoffs

The total rose slightly to 55,000, equalling 0.4% of payrolls, annualised (as if the August pace was sustained for a year), equal to a normal level in a stable, growing economy. Tech layoffs have been running higher than normal in the previous months but fell in July/August.

USA Layoffs



USA Layoffs - Christmas & Co.

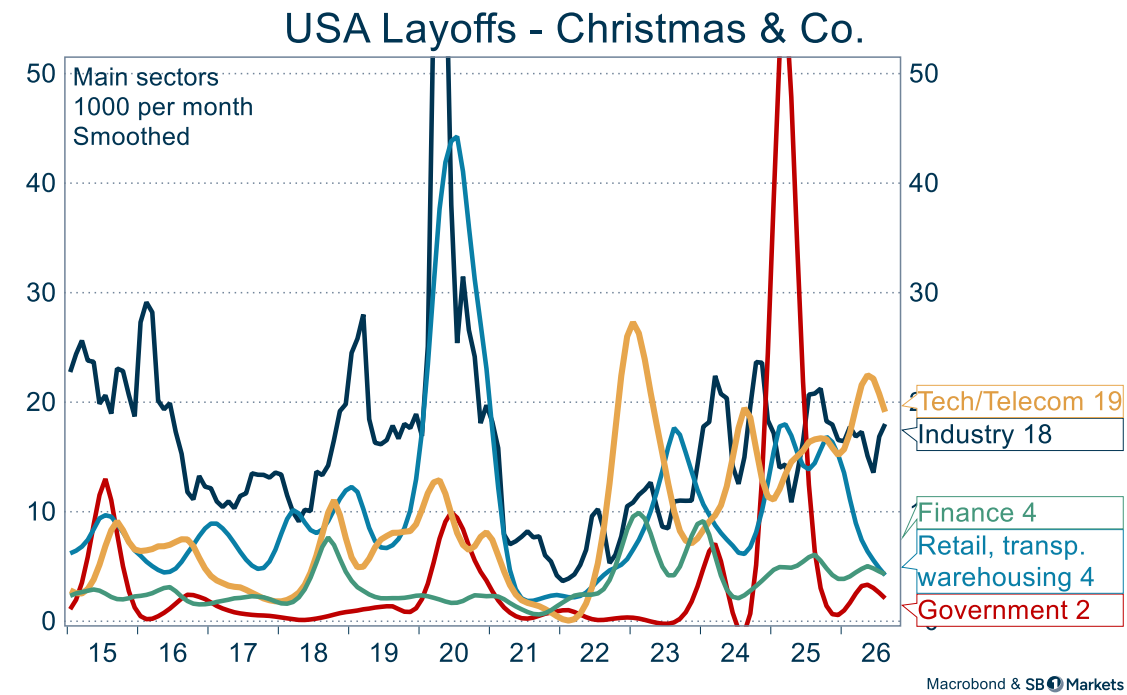


USA Layoffs



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

# Tech layoffs still the only upside outlier (but less). Retail down to a low level again

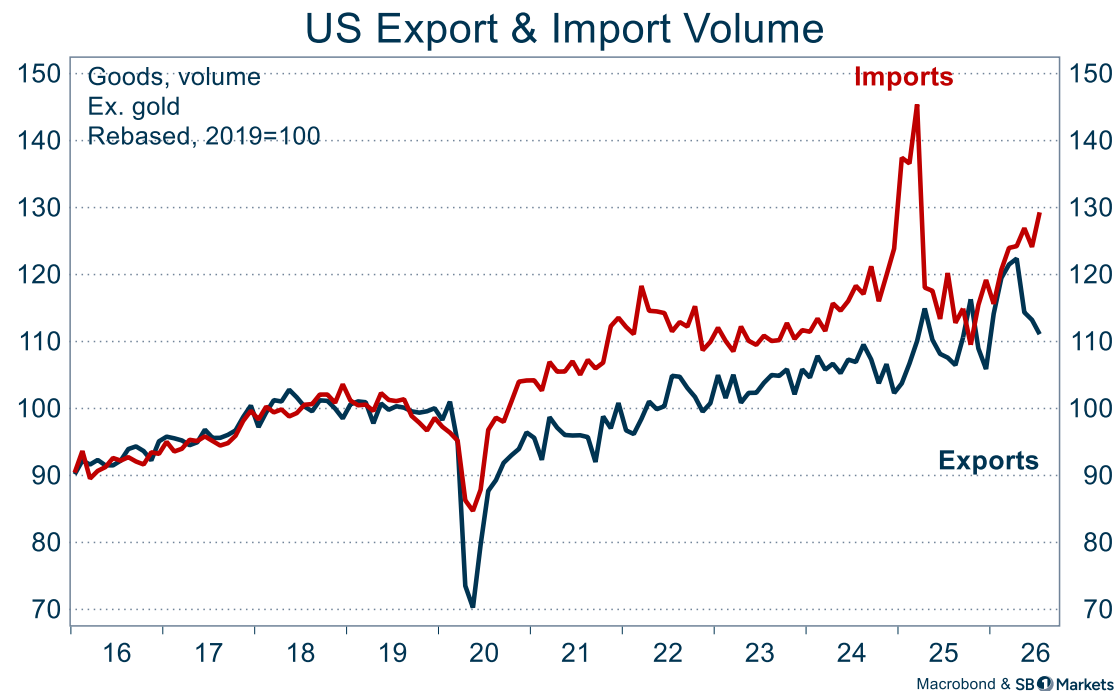
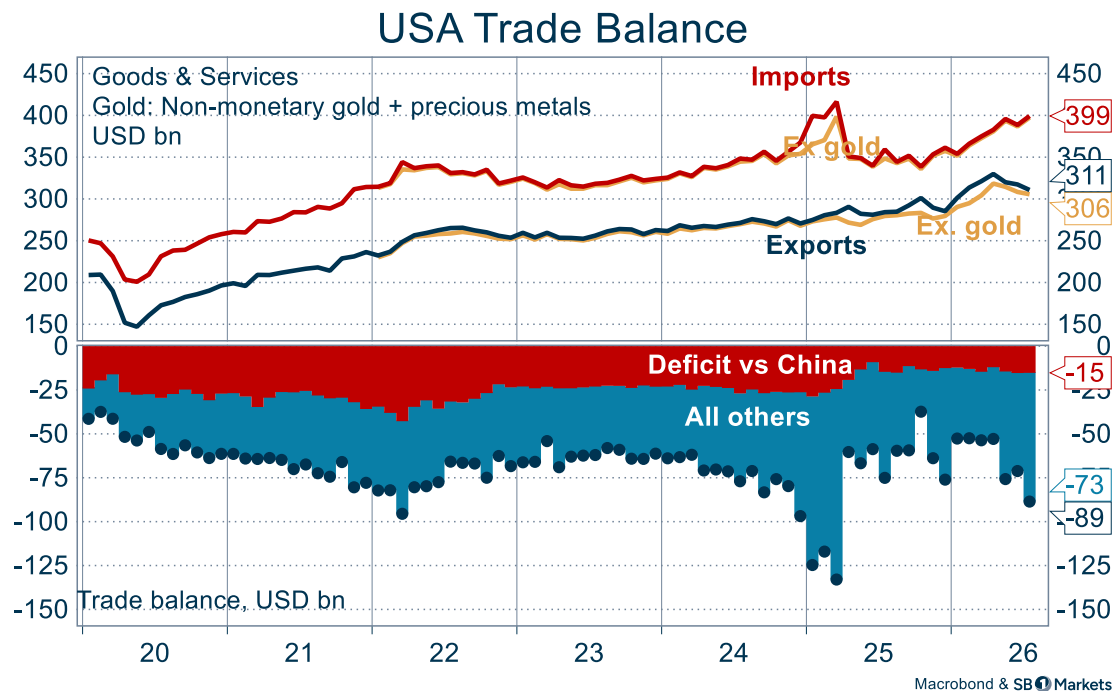






# The trade deficit widened sharply in July, as imports rose and exports declined

The deficit rose to USD 89bn from 71bn, as expected (the preliminary goods data, which were far higher than expected, sent the warning). The deficit, which is the largest since last March, may be due to front-running of new tariffs – but it may be for real as well.

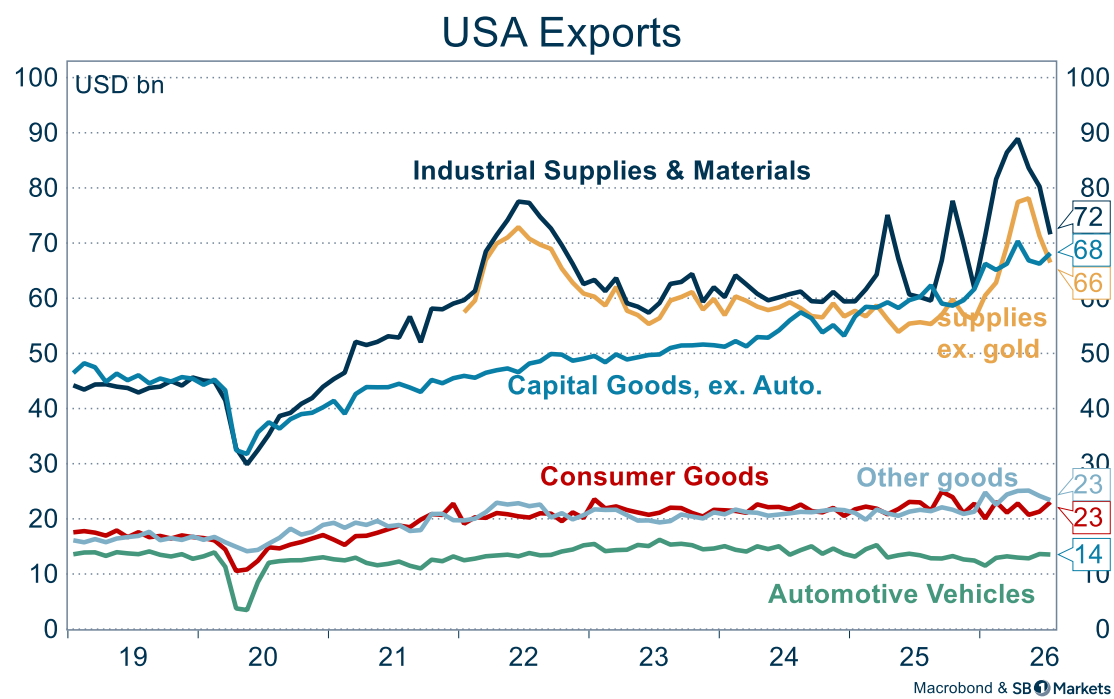
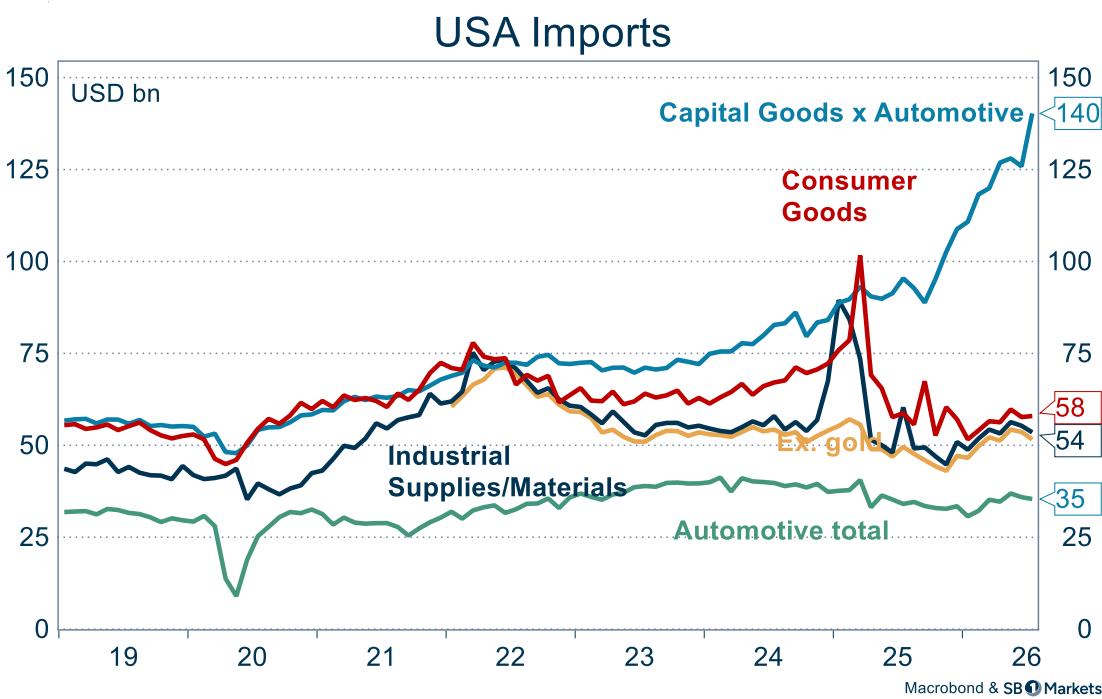


- Net gold exports have fallen to almost a normal level, and the deficit ex. gold exports rose to USD 92bn.



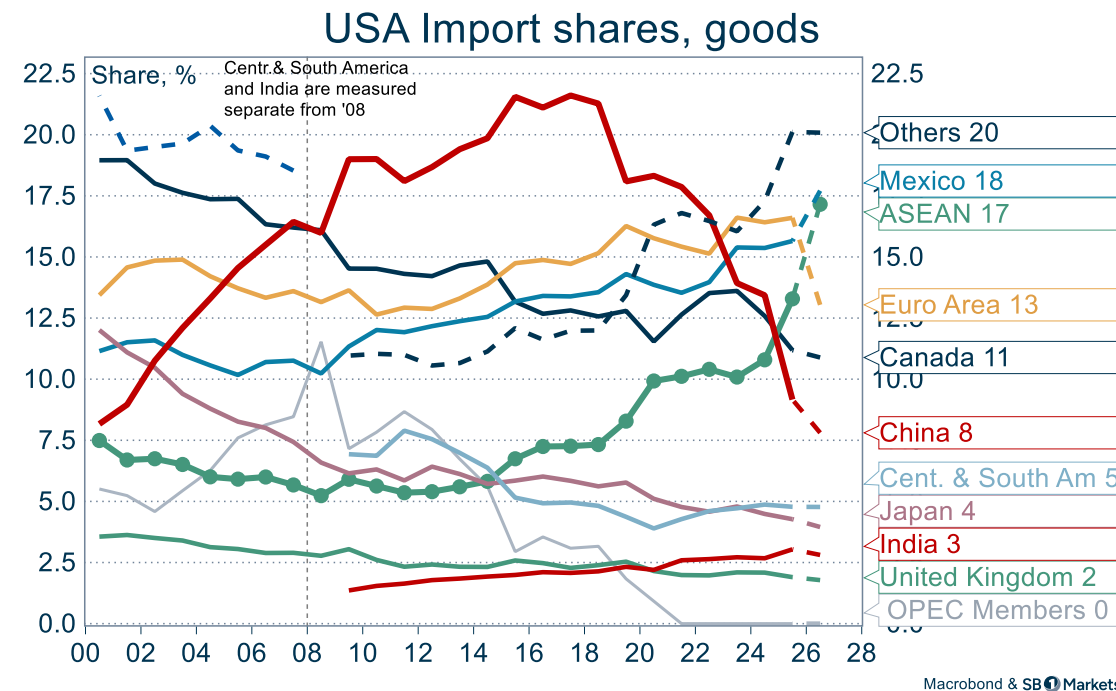
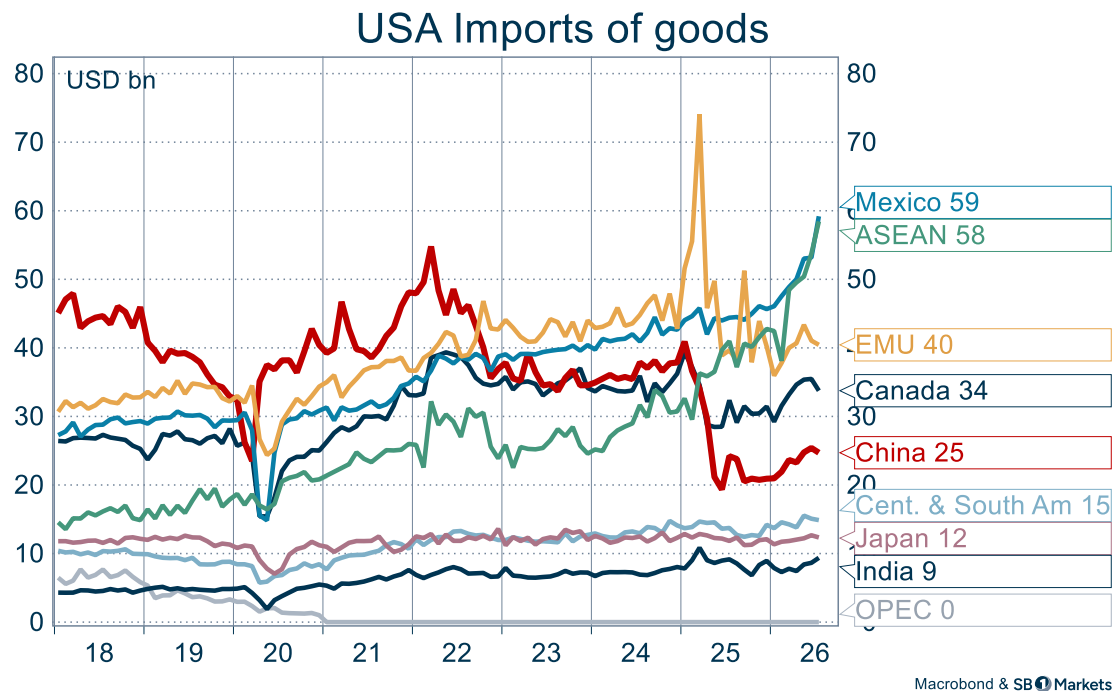
# Capital goods imports are surging. Other import categories have flattened recently

The lift in capital goods imports is entirely due to a surge in imports of semiconductors/computers/telecom. Higher exports of industrial supplies earlier in 2026 were due to the price-driven lift in petroleum exports. Now, these exports have slowed.



# Imports from China are creeping into the US (both directly and through other countries)

The 'official' Chinese import share has fallen to 8% from 22% in 2018! Imports from Canada have also fallen. However, imports from ASEAN and other Asian countries and Mexico have been surging, which has compensated for lower exports (directly) from China. *Check next page.*



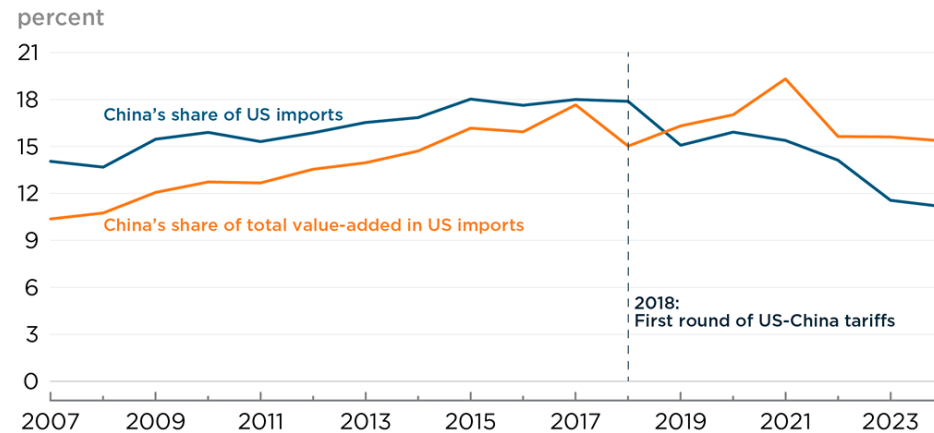
- Long-term trends
  - EMU, Mexico and ASEAN hold the highest import shares. Canada has dropped to no. 4, from the pole position 25 years ago



# The Chinese real share of US imports is the same as before?

China has rerouted some of its US exports through other Asian countries and Mexico.  
At least, that's the conclusion in the PIIE report, based on detailed Asian and US trade data.

China's share of total US imports, bilateral and value added, 2007-24

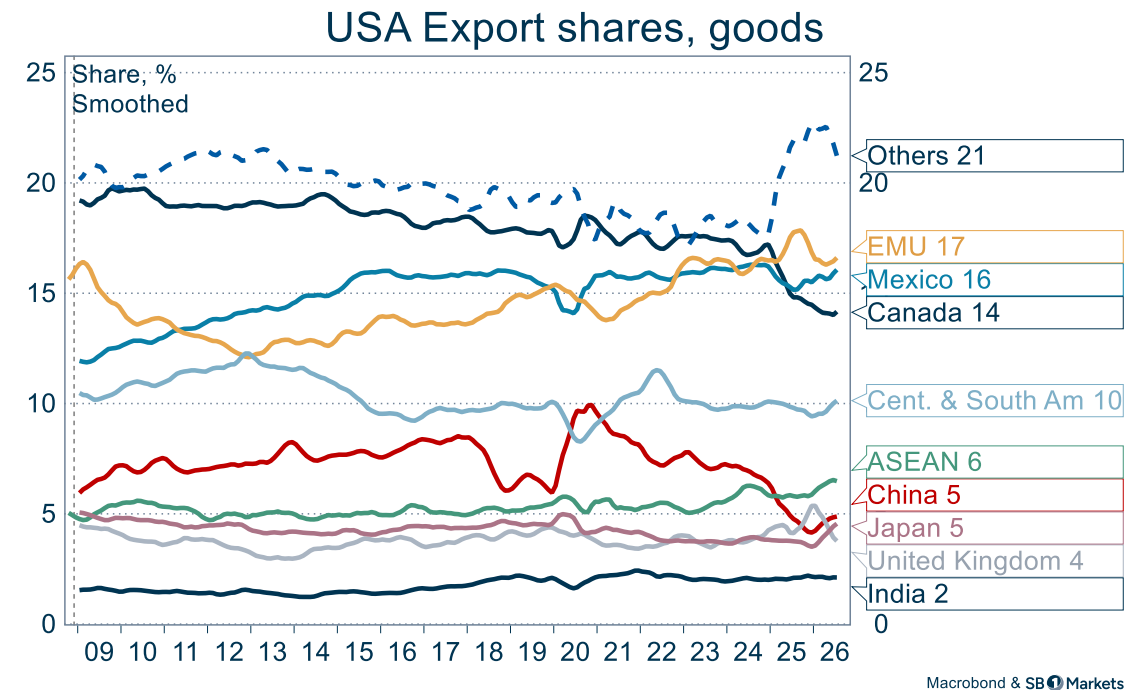
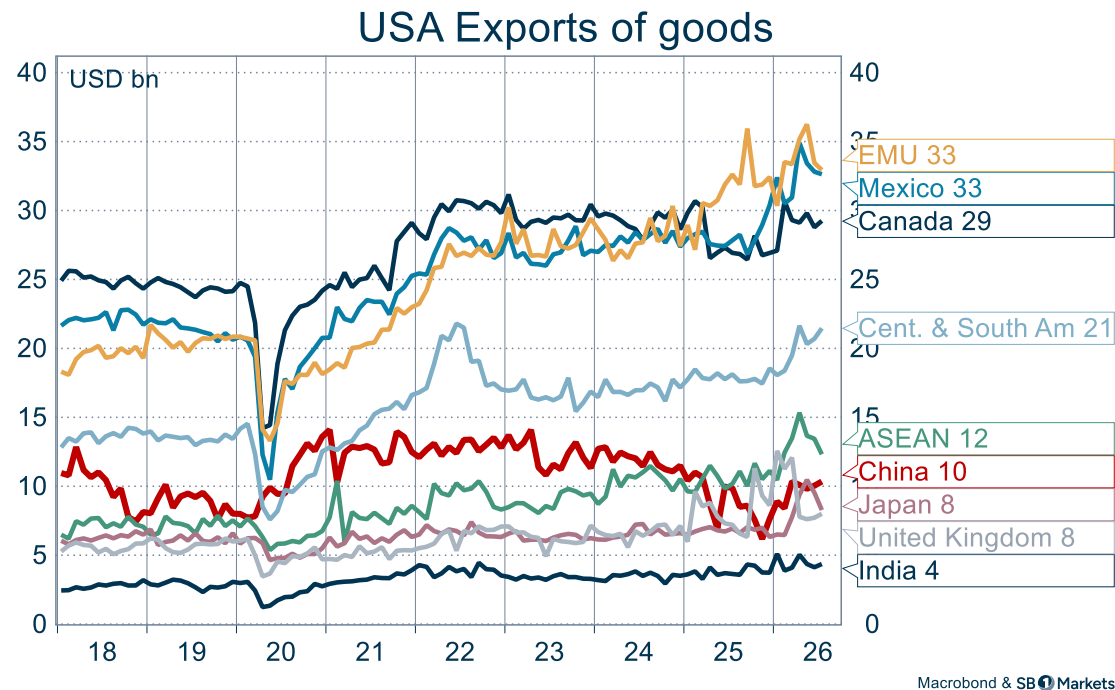


Source: Authors' calculations using ADB MRIO tables and Bureau of Economic Analysis data. China's share of total value added in US imports is calculated as value added originating in China divided by total value added embodied in US imports. China's share of total US imports is calculated as US bilateral imports from China divided by total US imports from the world, including goods and services trade, using data from the Bureau of Economic Analysis.



# US exports to EMU trend up, to Mexico as well

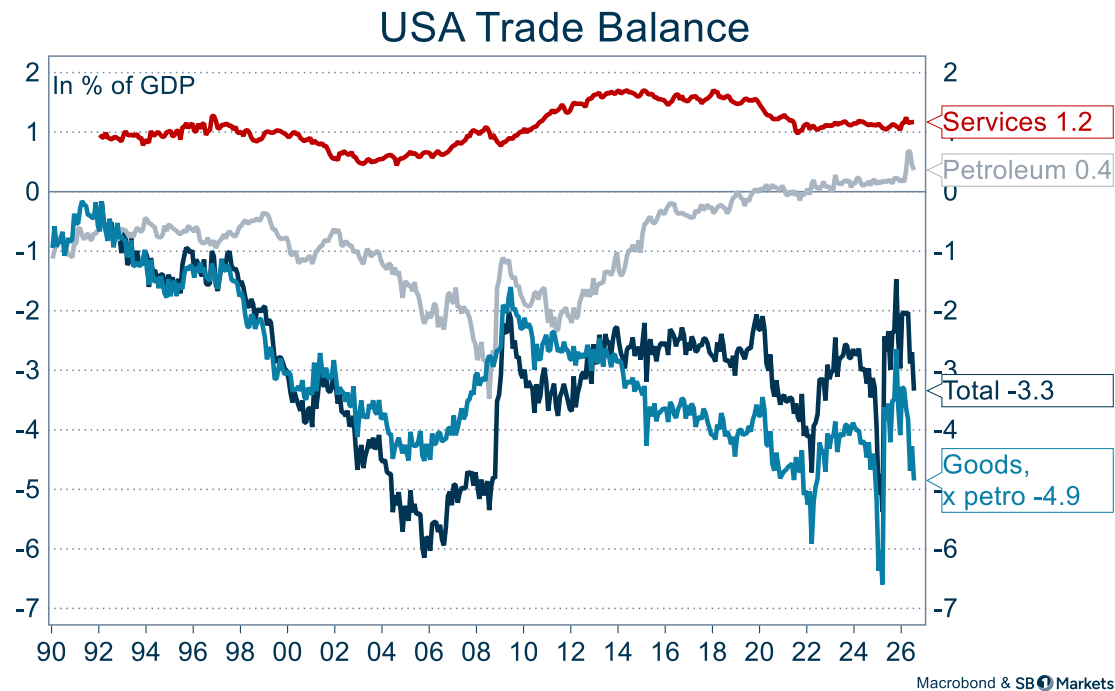
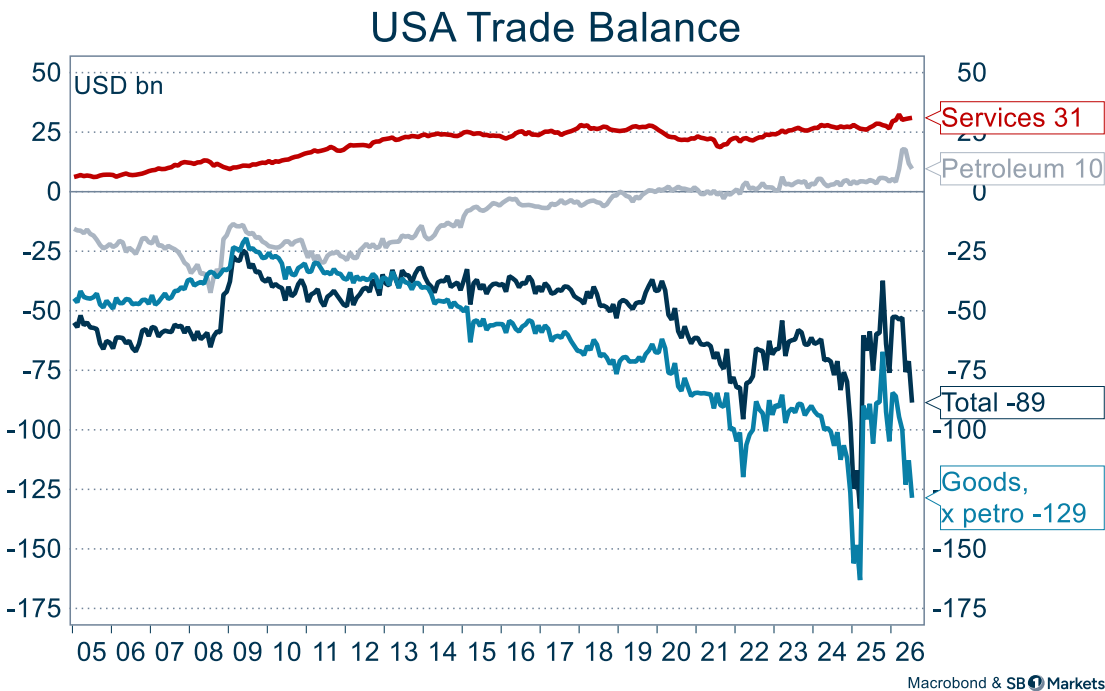
US exports to China fell to 4% of the total last year, down from 10% in 2020. So far in 2026, a substantial increase in US exports to China.





# The trade deficit is wide and has been gradually widening (at least ex. petroleum)

The trade surplus in petroleum products equalled 0.4% of GDP in July, up from less than 0.2% in February.  
The trade surplus in services has increased slightly (now to 1.2% of GDP) but is still well below the level before the pandemic.

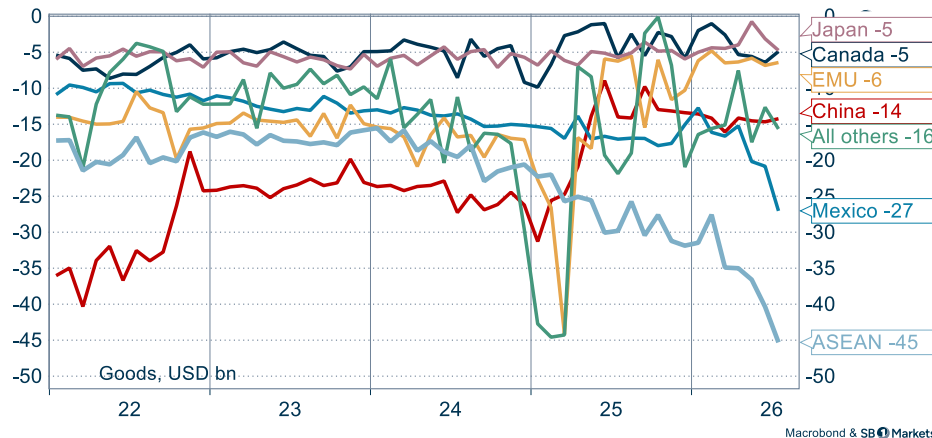
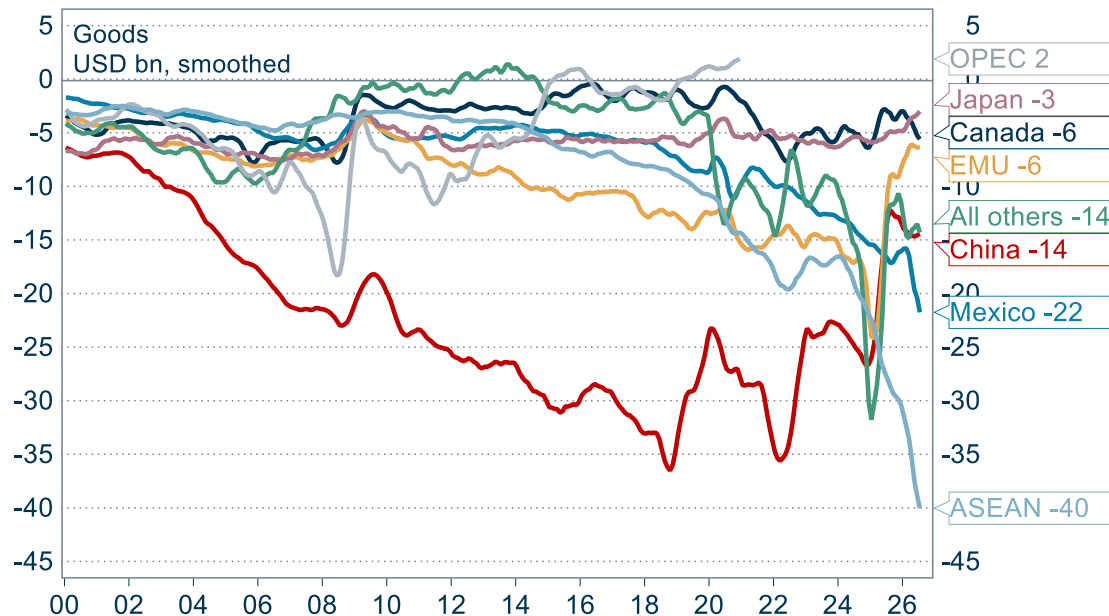




# The deficit versus China is likely permanently lower; it is too early to judge the rest

Adjustments to tariffs, gold trades, the AI investments boom and now oil exports have pushed both exports and imports up and down. However, the deficit vs. ASEAN countries has widened (alongside the shrinking deficit vs. China), also supported by computers/semicond.

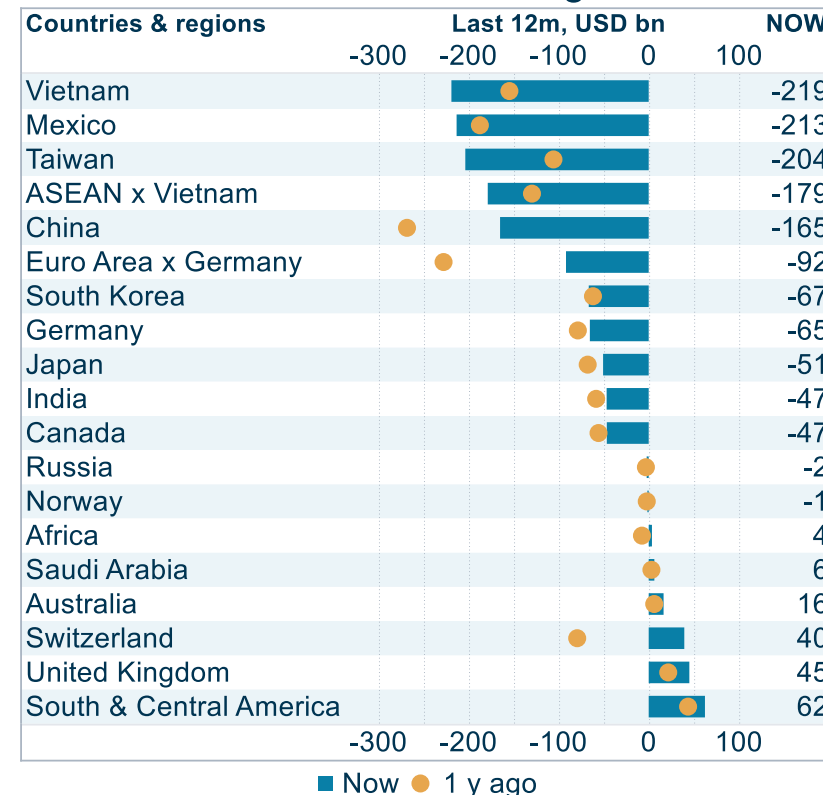
## USA Trade Balance



US deficits:

- Vietnam and Mexico at the top with Taiwan before China!

## USA Trade Balance goods



Macrobond & SB Markets

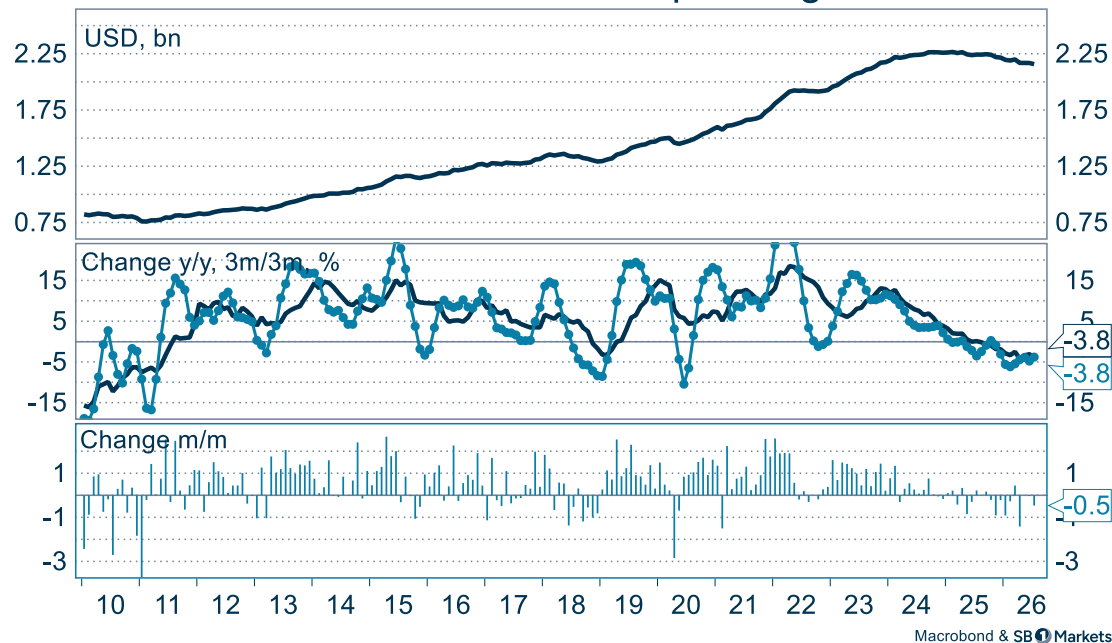




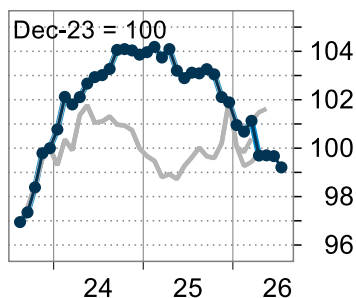
# Construction spending: residential investments head down, businesses have turned up

Total spending fell 0.5% in July, and it heads down at a 4% pace, even before adjusting for 2-ish% cost inflation. Residential heads down at a 15% pace, in volume terms. Businesses have turned up, even if manuf. structure investments in computer/electronics still decline.

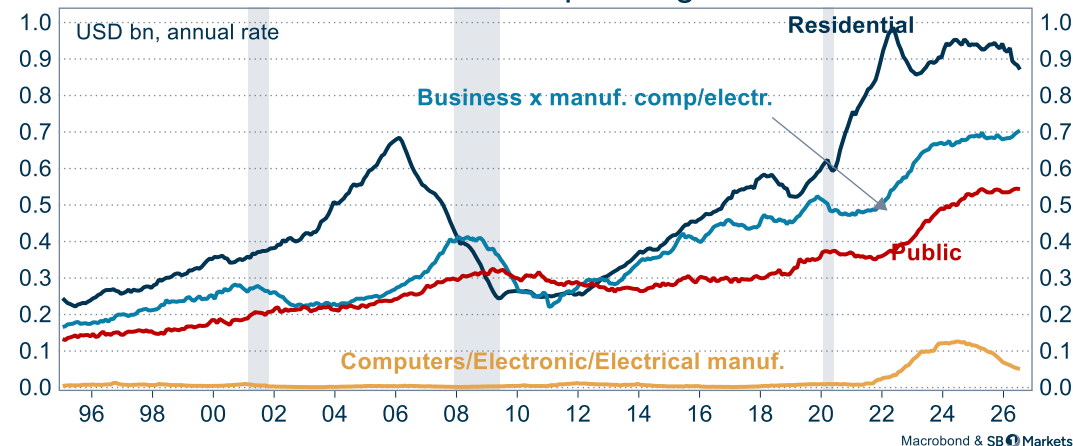
## USA Construction spending



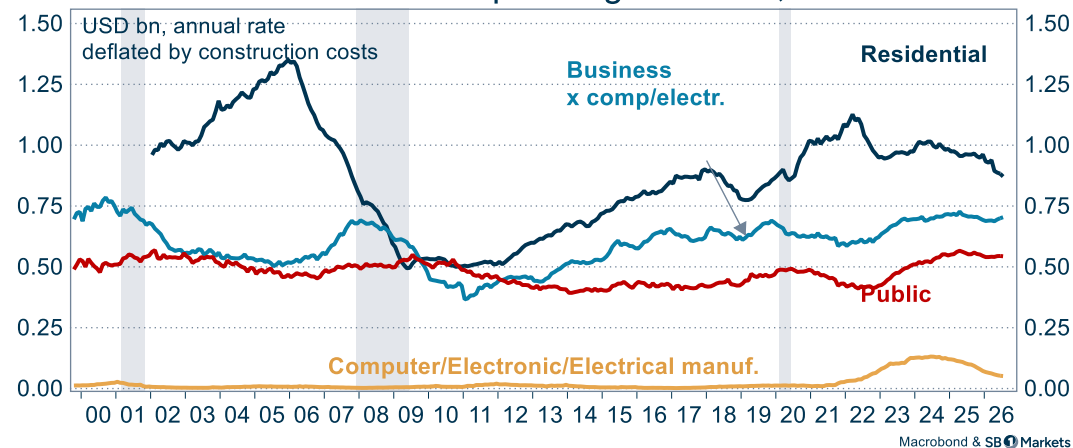
- Revisions were up and down – the main picture remained intact



## USA Construction spending - sectors



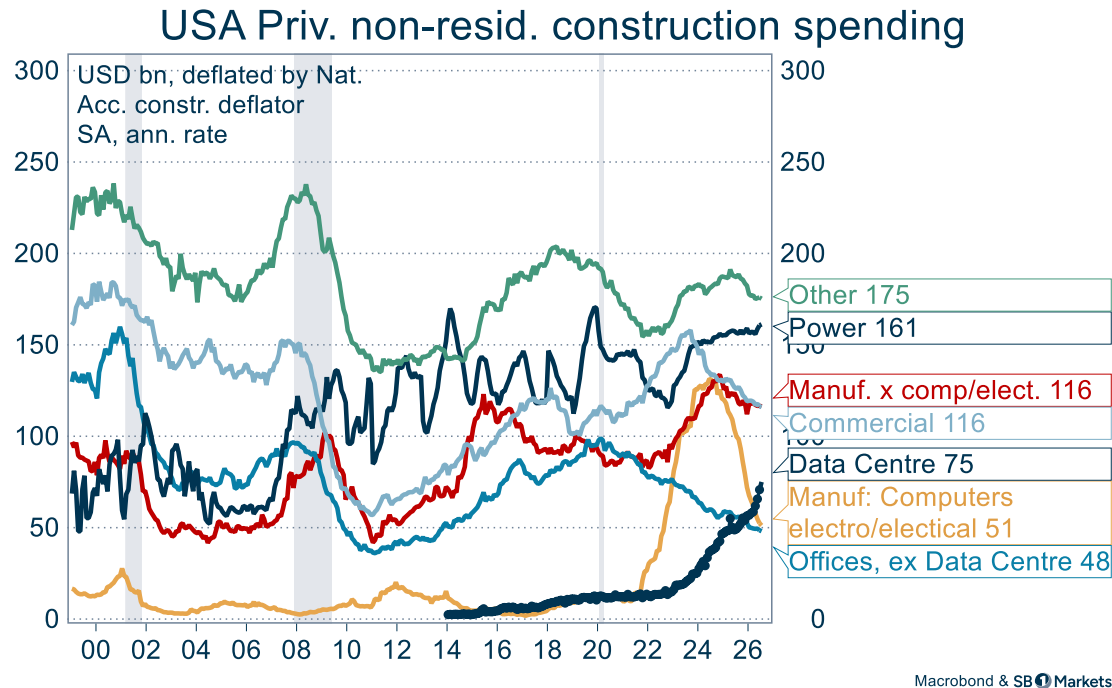
## USA Construction spending - sectors, volume





# Mixed trends in investments in business structures

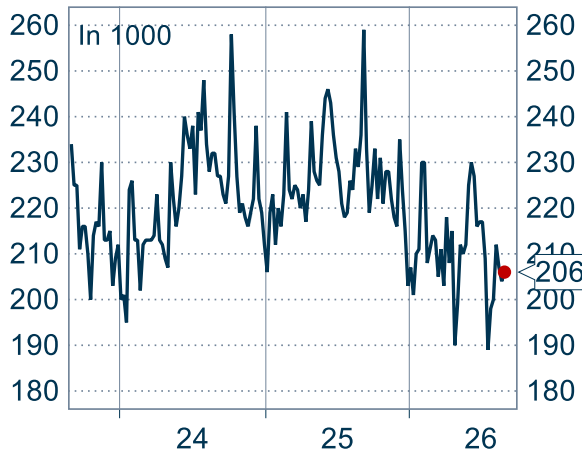
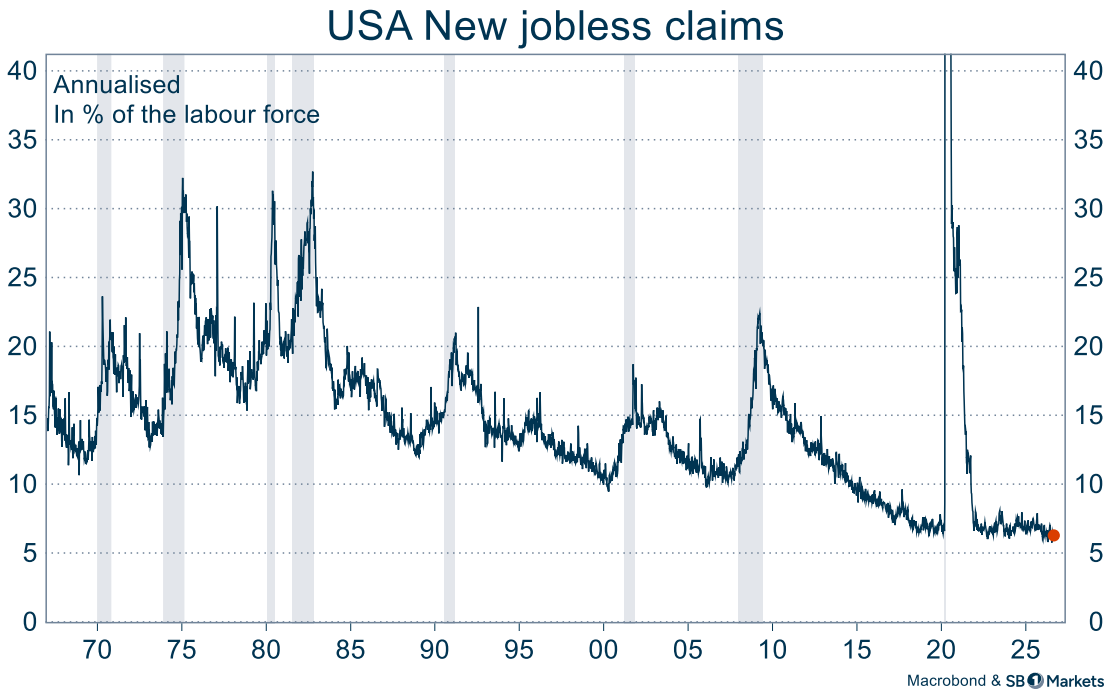
Data centre structure investments are surging (the equipment not included). A collapse in structures for manufacturing of electronics etc., which exploded in 2022/23, is even larger than the surge in data centres now. Offices (ex. data centres) are falling rapidly. Power trends up.



- The surge in investments in structures in the manufacturing of **computer/electronic/ electrical** sector 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 120bn take-off equalled 0.4% of GDP.
  - However, these investments have declined more than 60% 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 in recent years but have been declining over the past year.
- The upside in investments in **power supply** may be hampered by the new administration's policies on energy transition, and they have flattened at least until very recently.
- Investments in **offices ex. data centres have been cut in half since 2020**, and the level is at a 'recessionary' level (and the downside is probably limited).
- Construction in the **commercial sector** (trade, distribution ex. 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.



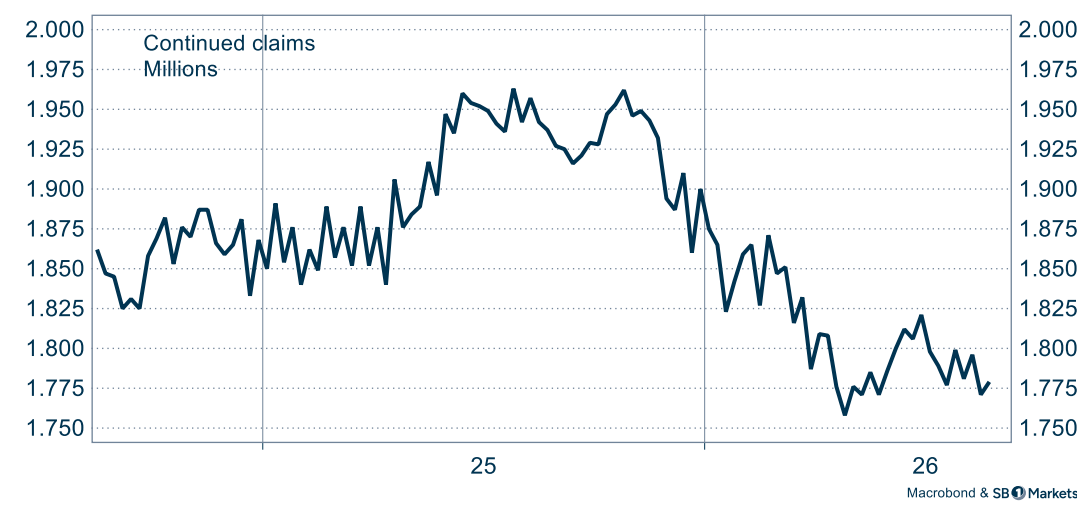
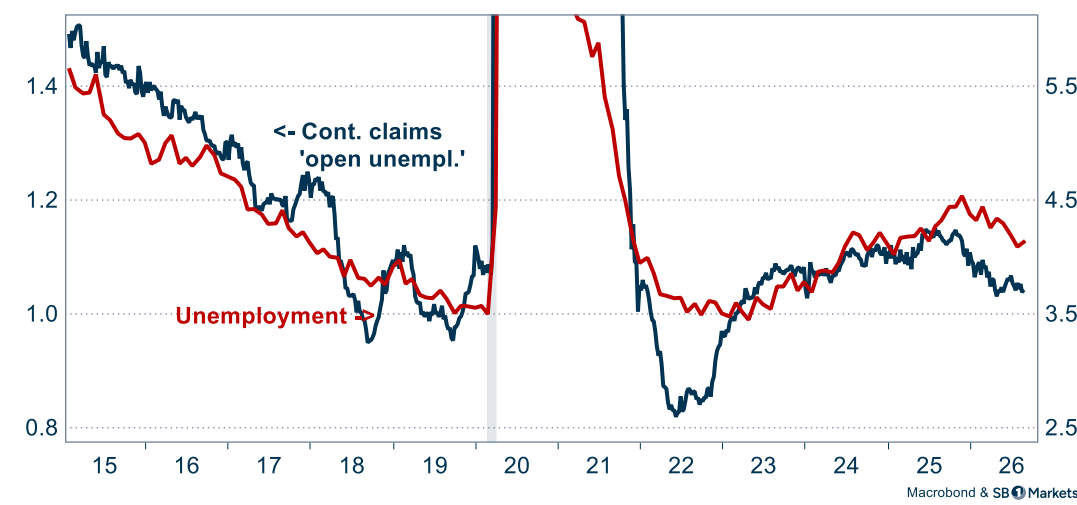
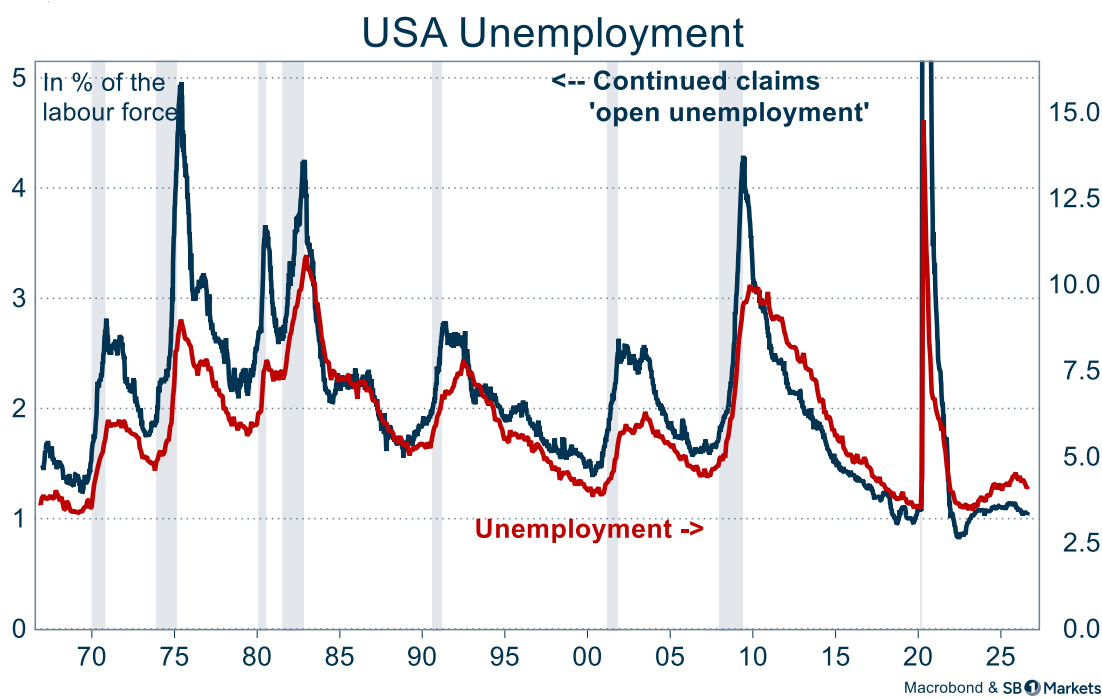
# The inflow of jobless claims marginally up last week, and the level is very low





# Continued jobless claims remain at a very low level too

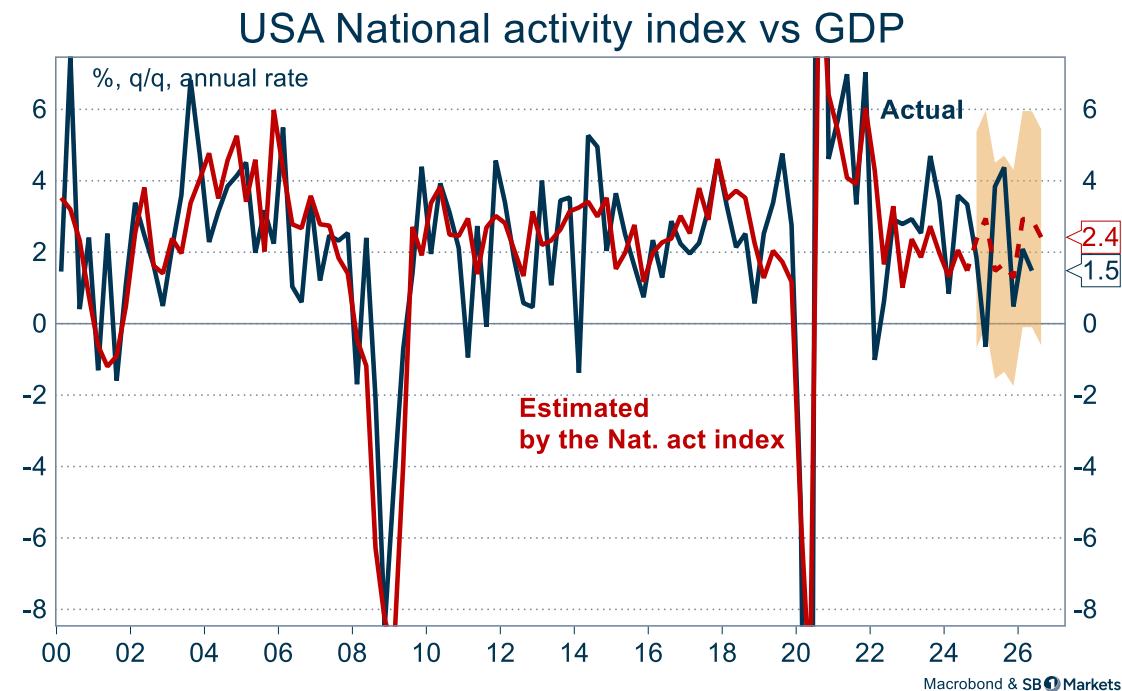
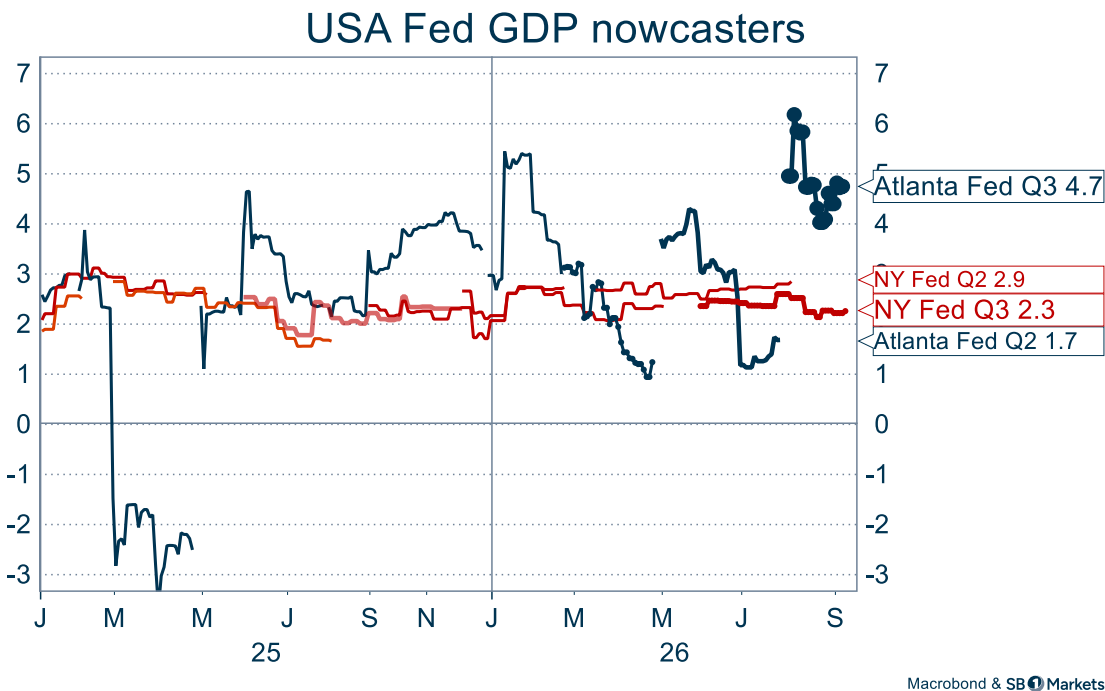
The count of persons receiving unemployment benefits has flattened at a low level during the summer and confirms the low unemployment rate.





# Atlanta Fed's Q3 GDP nowcast up to 4.7% even if the trade deficit widened.

Inventories will be built much faster by the imported goods, Atlanta assumes.  
The National Activity Index suggests a 2.4% growth pace. NY Fed's nowcaster reports 2.3% (but this model yields a far too stable output)



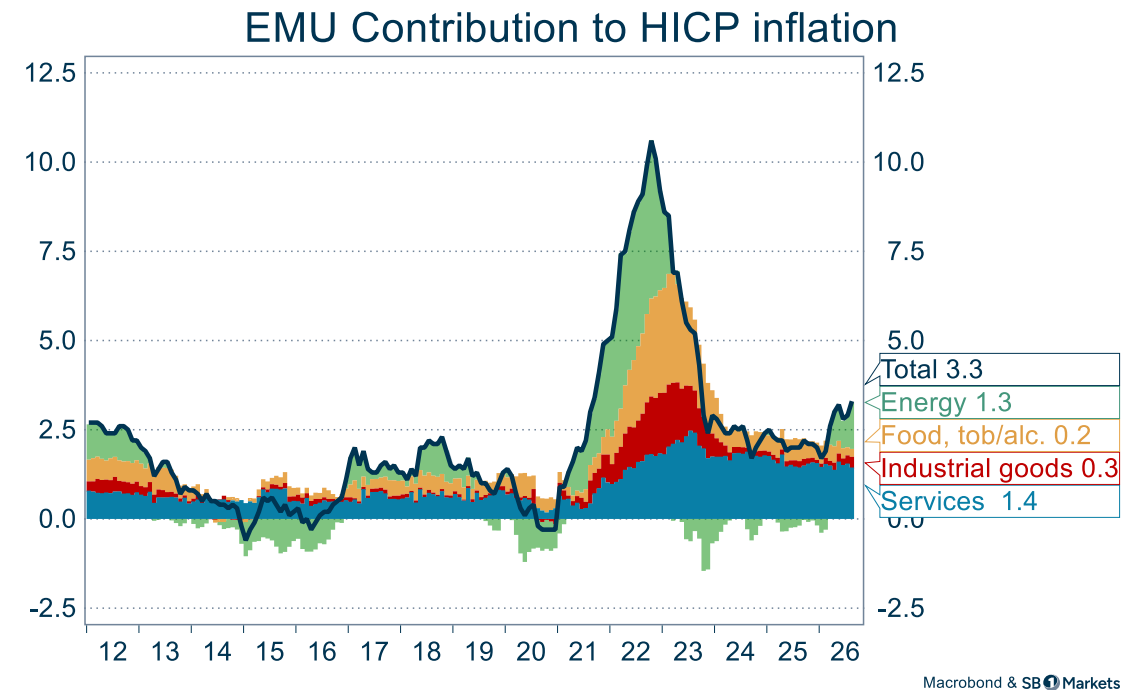
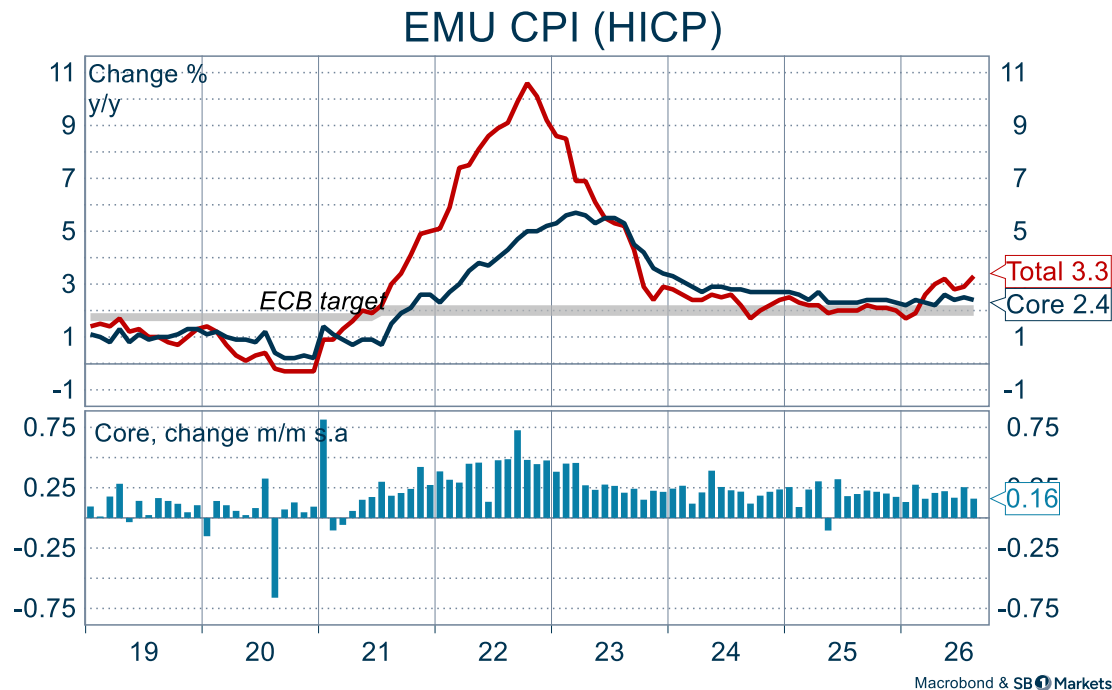


**Euro Area**



# EMU: core inflation surprised on the downside, down 0.1 pp to 2.4%. Headline up to 3.3%

Core prices rose 0.16%, but the underlying growth pace in recent months is unchanged at 2.5%. Energy prices are the main problem, up 14% y/y, lifting the headline by 1.3 pp. Food prices have flattened recently. Services are still up >3%. The ECB will probably hike once more, in Sept.

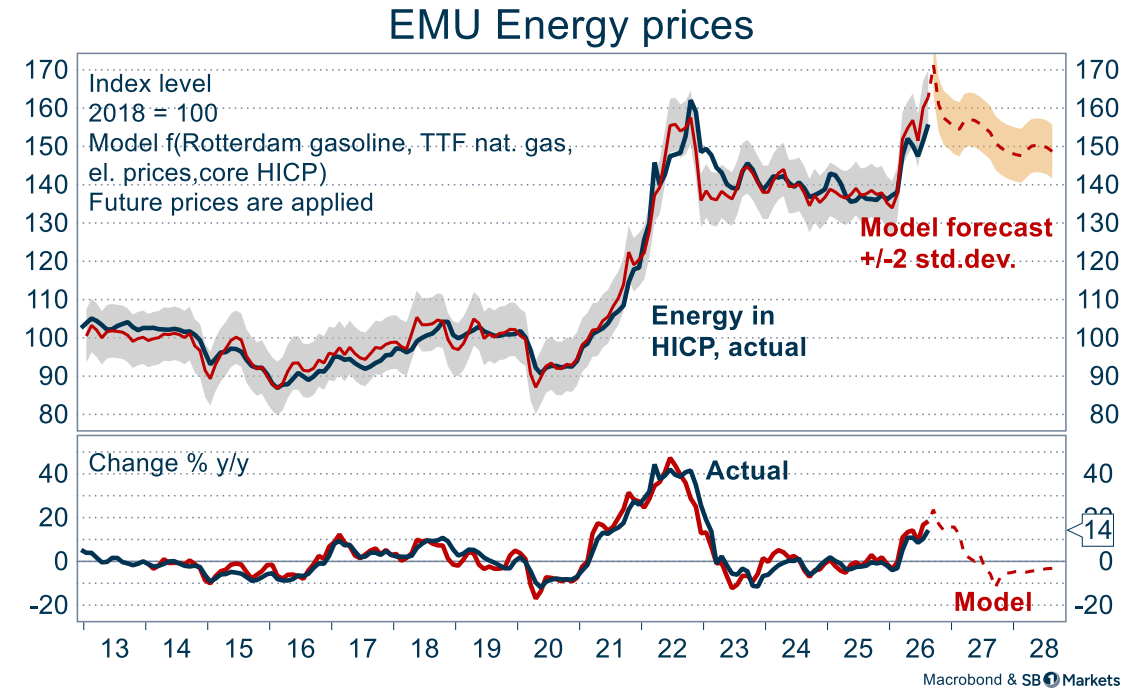
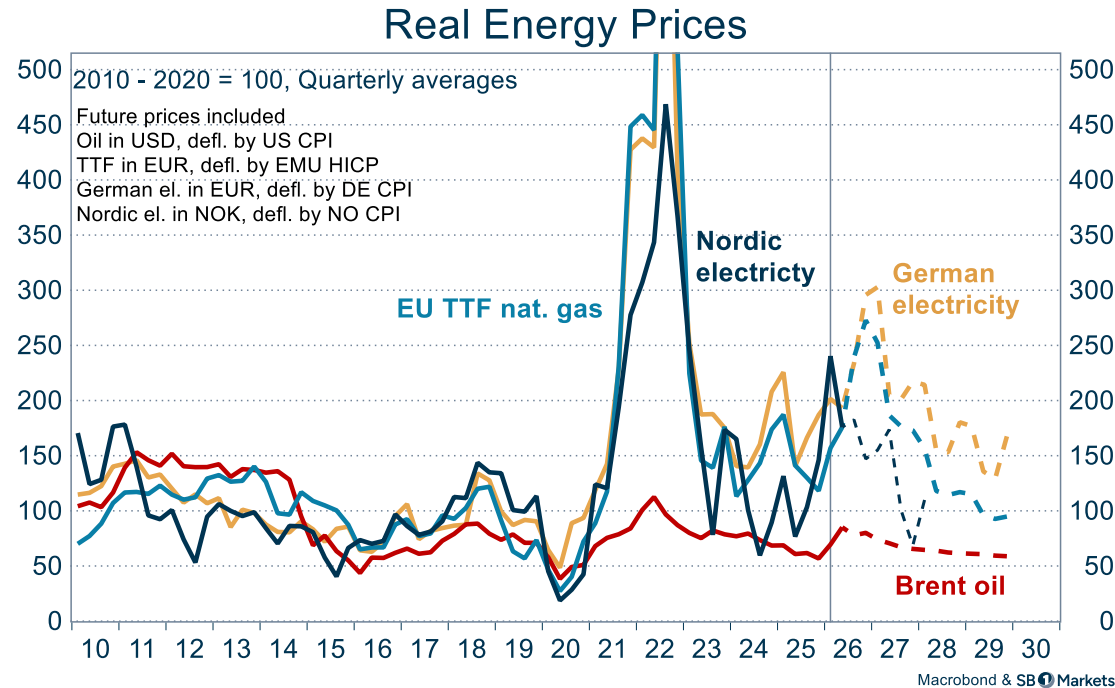


- **The headline HICP** was up 0.4% m/m in August as energy prices rose 2.6%. The annual rate accelerated 0.2 pp to 3.3%
  - Energy prices are up 14% y/y which lifts the HICP by 1.3 pp. Our model suggests that annual energy inflation will climb further due to the lift in gas prices over the summer.
  - **Food prices** are up 1.2% y/y and slowing.
- **The core HICP (ex. food & energy)** was up 0.16% (our calc), down from 0.25% in July. Underlying core inflation flattened close to 2.5% (avg. of our measures).
  - **Core service sector inflation is running above 3%** and contributes 1.4 pp to total inflation. **Industrial goods** price inflation is still moderate, at 1.2% y/y, lifting HICP by 0.3 pp.
- **Wage and unit labour cost growth rates** are still too high, given the current modest growth in productivity – but the direction is steady down.
- **For the ECB:** Price inflation is too high, unemployment is close to the lowest in 45 years, and growth has surprised on the upside. **A hike around the corner?**



# Energy prices: Still some upside risks? Gas prices pose some risks

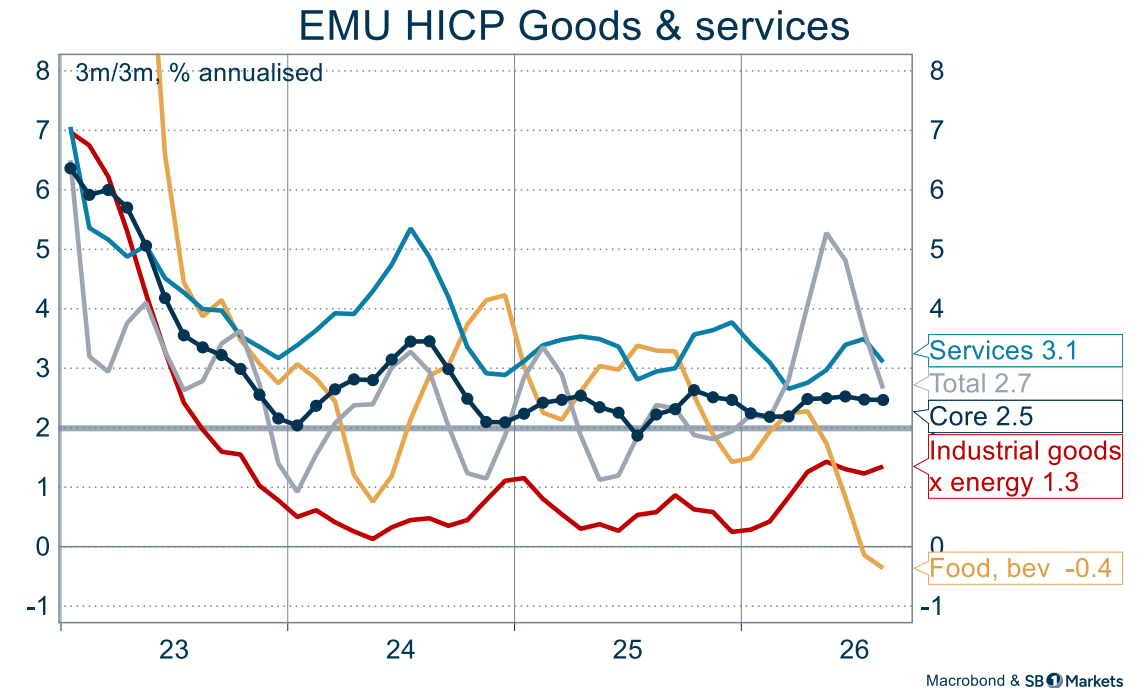
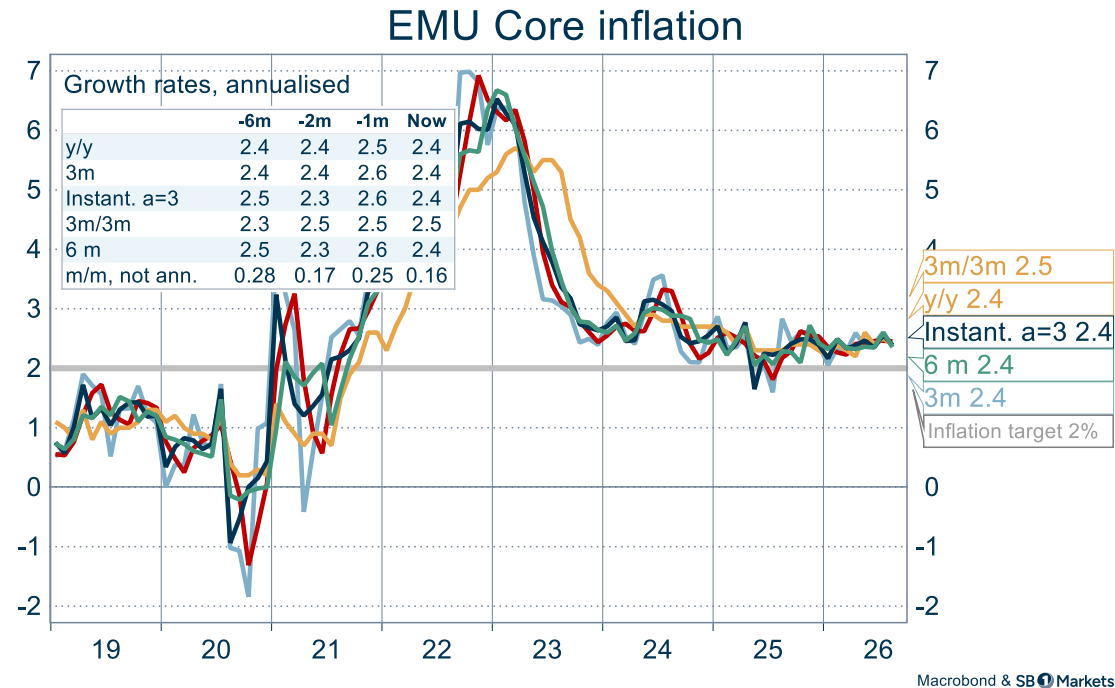
Our model, based on futures prices for gasoline, natural gas and electricity, suggests a further lift in energy prices at the consumer level. But sure, forward prices may be wrong. Anyway, annual energy inflation will very likely remain high in the coming quarters.





# Underlying core inflation in recent months stable at almost 2½%

Core services are up 3.1%; Core goods 1.3%. Food prices have fallen marginally lately 😊

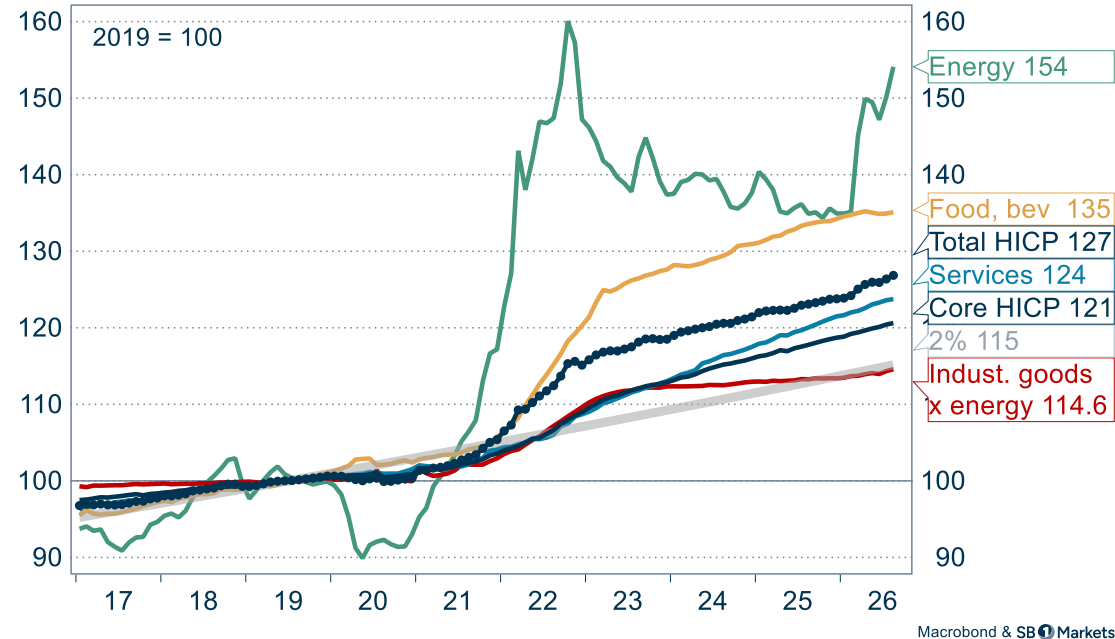




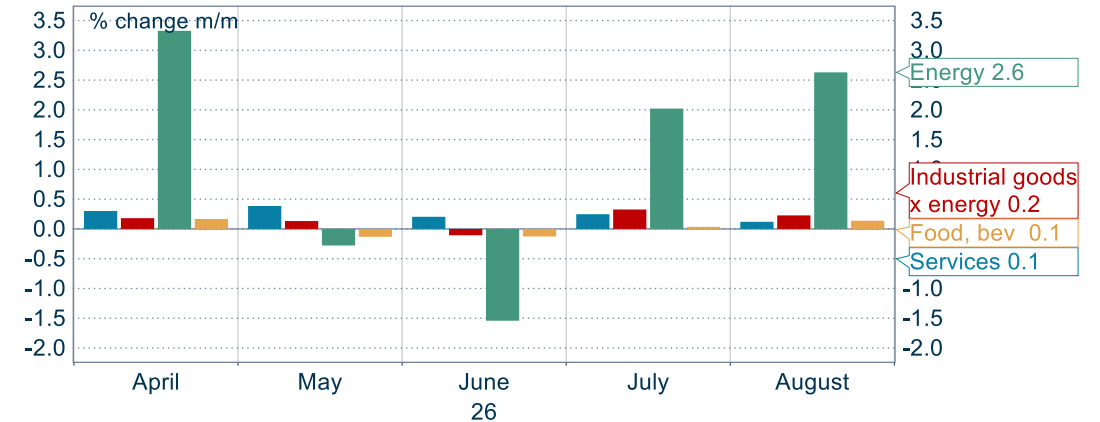
# Energy prices rose 2.6% in August, and are up 14% y/y

Food prices have flattened in recent months, and are up just 1.2% y/y

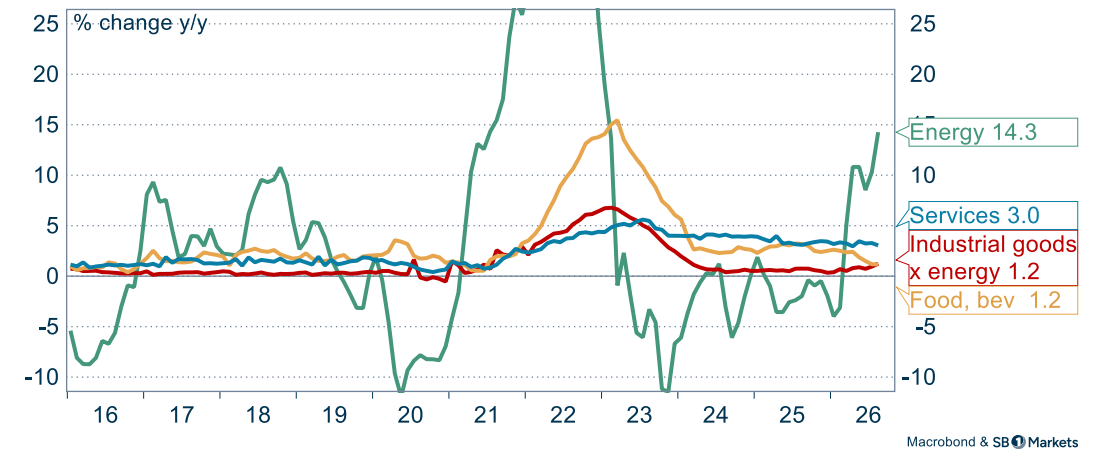
## EMU HICP Goods & services



## EMU HICP Goods & services



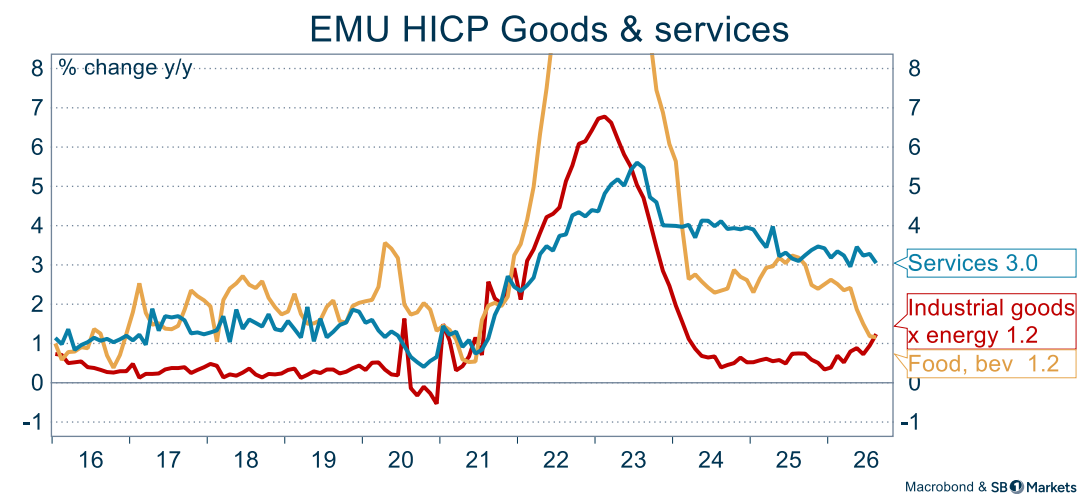
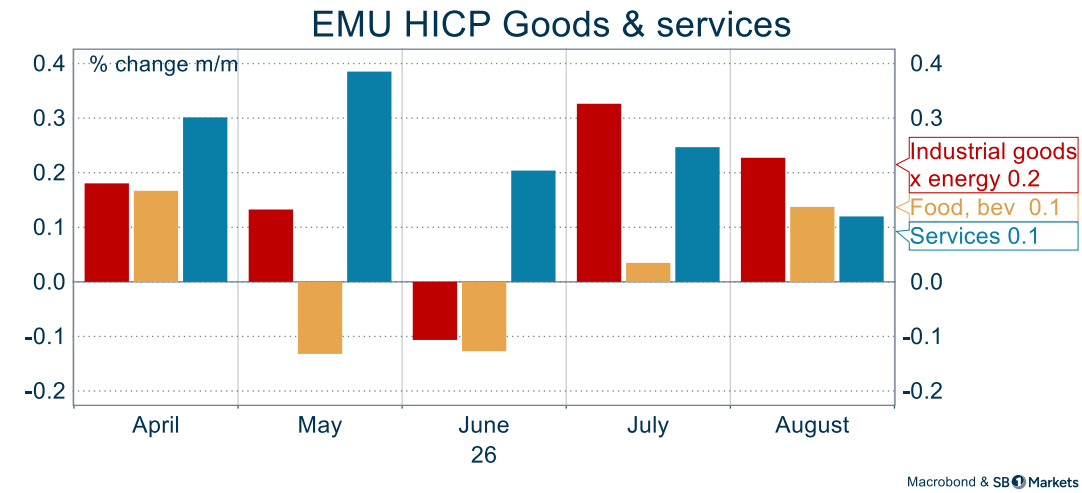
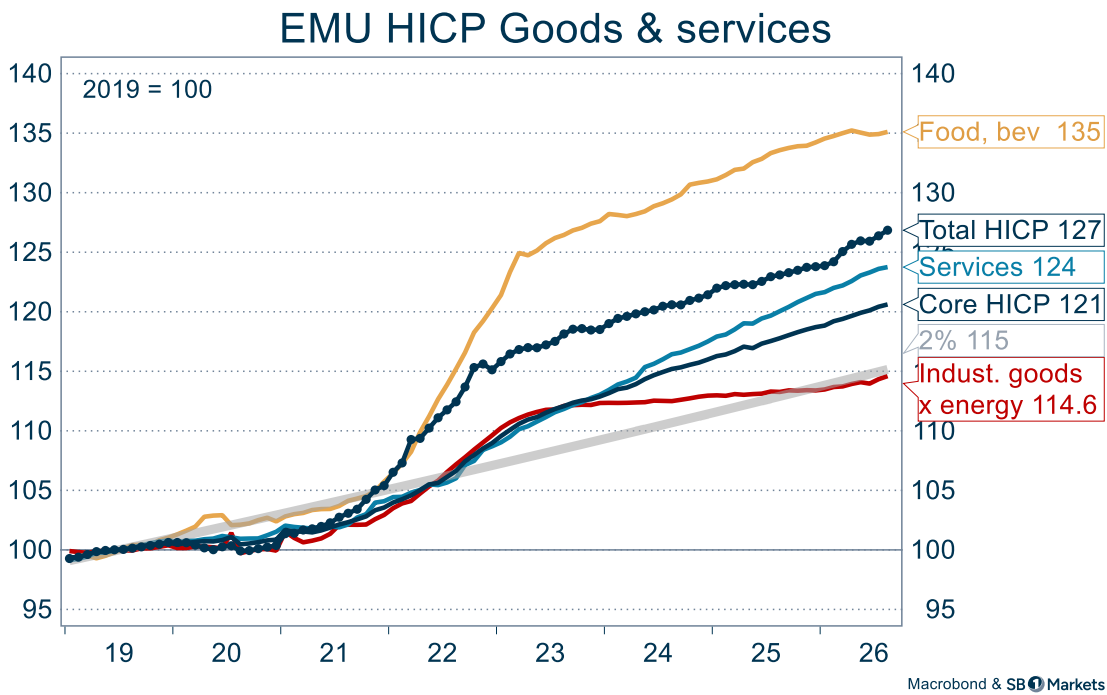
## EMU HICP Goods & services





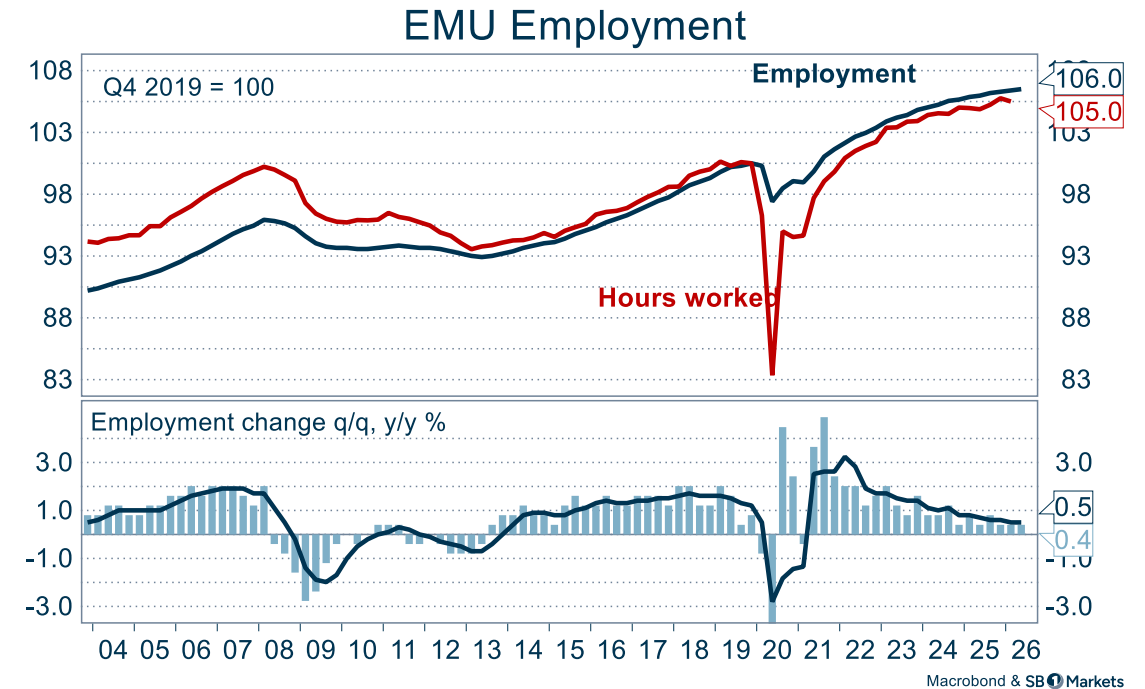
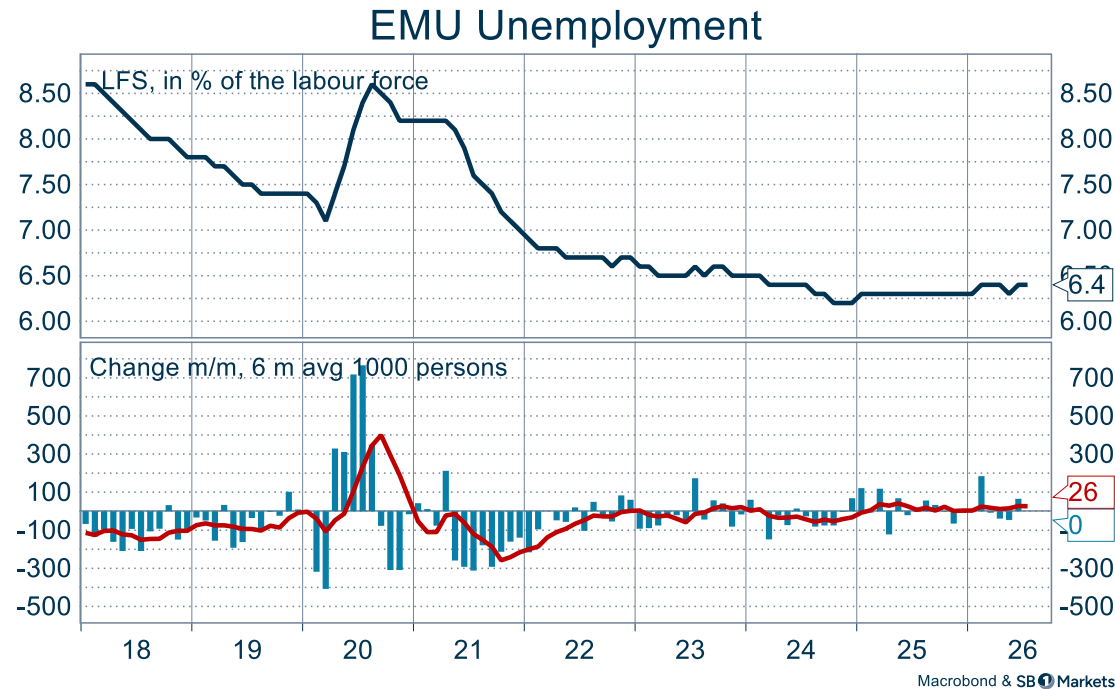
# Services inflation trends flat, above 3%

Core industrial goods prices rose 0.2% m/m, and the annual rate has accelerated slightly recently



# EMU LFS unemployment marginally up(ward revised), but 6.4% is still a low rate

The previous months were revised up 0.1 pp to 6.4%, and the rate stayed there in July. The number of unemployed was unchanged m/m, but is up by 26'/m over the past 6 m. The employment rate is the highest in modern times and not that far behind the US (but far below Norway's...)



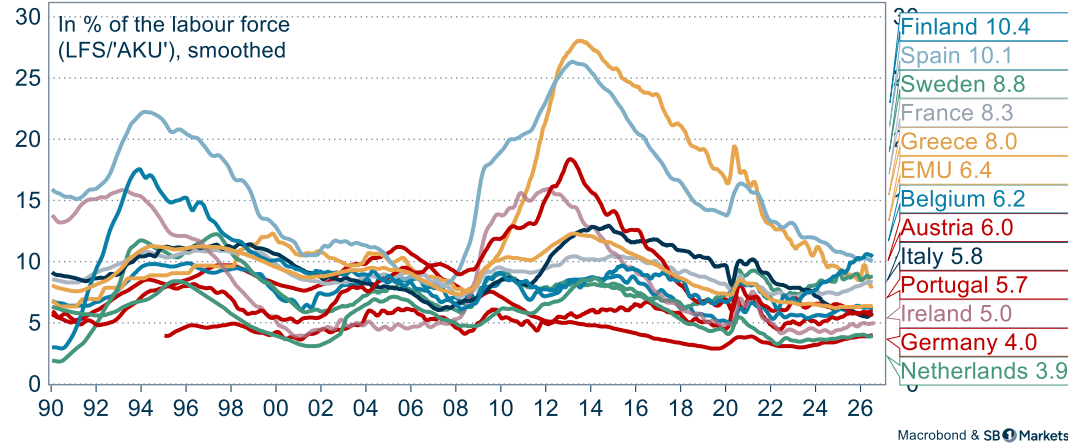
- **Employment** rose at a 0.4% pace in Q2, and is up 0.5% y/y, still faster than growth in the working-age population.



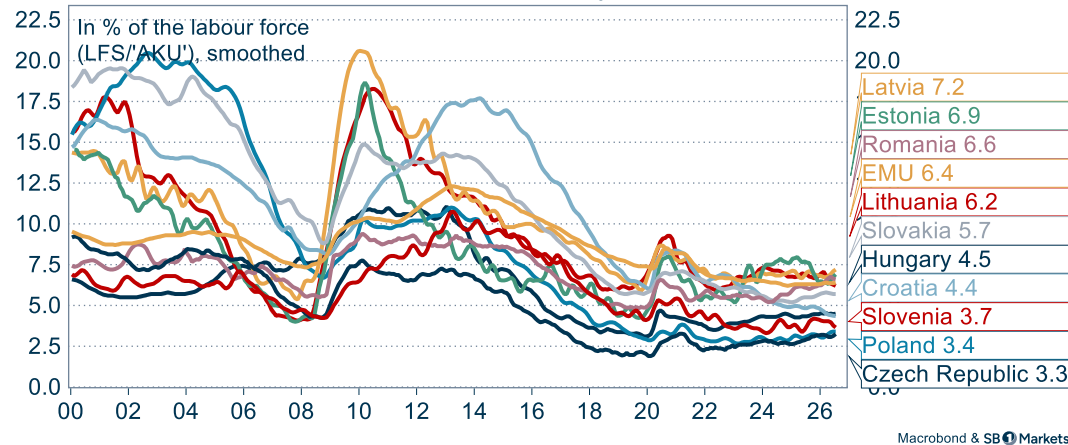
# EU unemployment lower than normal almost everywhere (ex. Austria, Denm., Sweden, Finl.)

Finland is at the bottom of the ranking at 10.5%. Sweden has the 3<sup>rd</sup> highest rate at 8.6%, with Spain in between. The past 3 months, unemployment has increased in 11 countries and has fallen in 12. Last year: 15 are up; 11 are down.

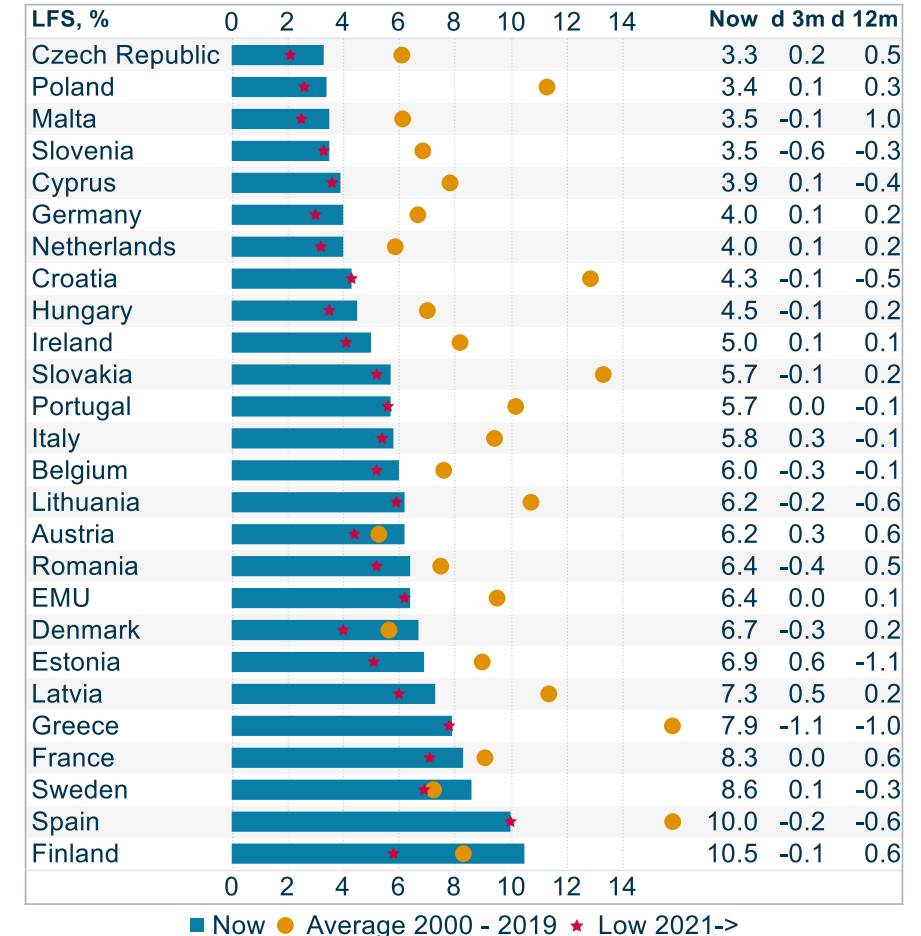
EU Unemployment



EU Unemployment



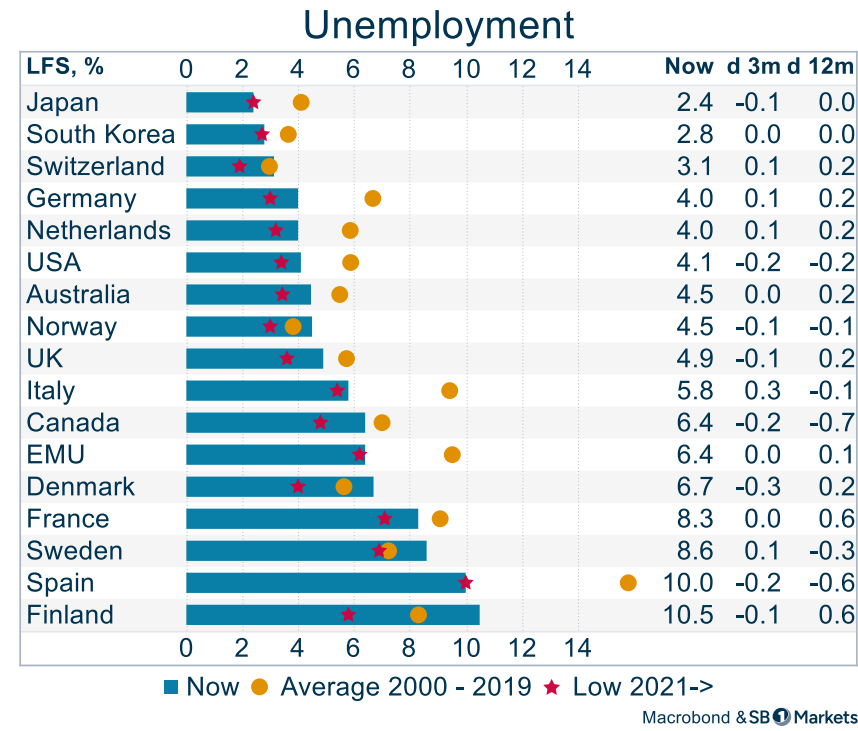
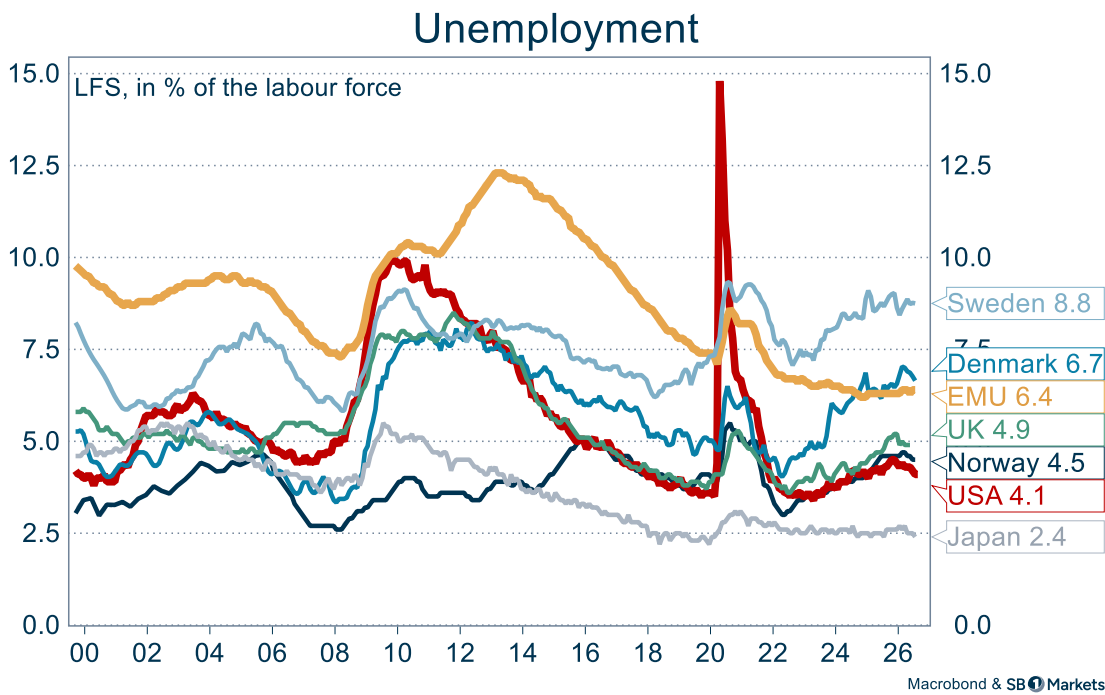
EU Unemployment





# Main DM: unemployment is up from the post-pandemic boom in 14 countries, 3 not

Past 3m: 4 are up; 8 are down. 12 countries report unemployment rates below the 2000–2019 average, while just 4 – Denmark, Finland, Norway and Sweden – are above. What do these countries have in common?

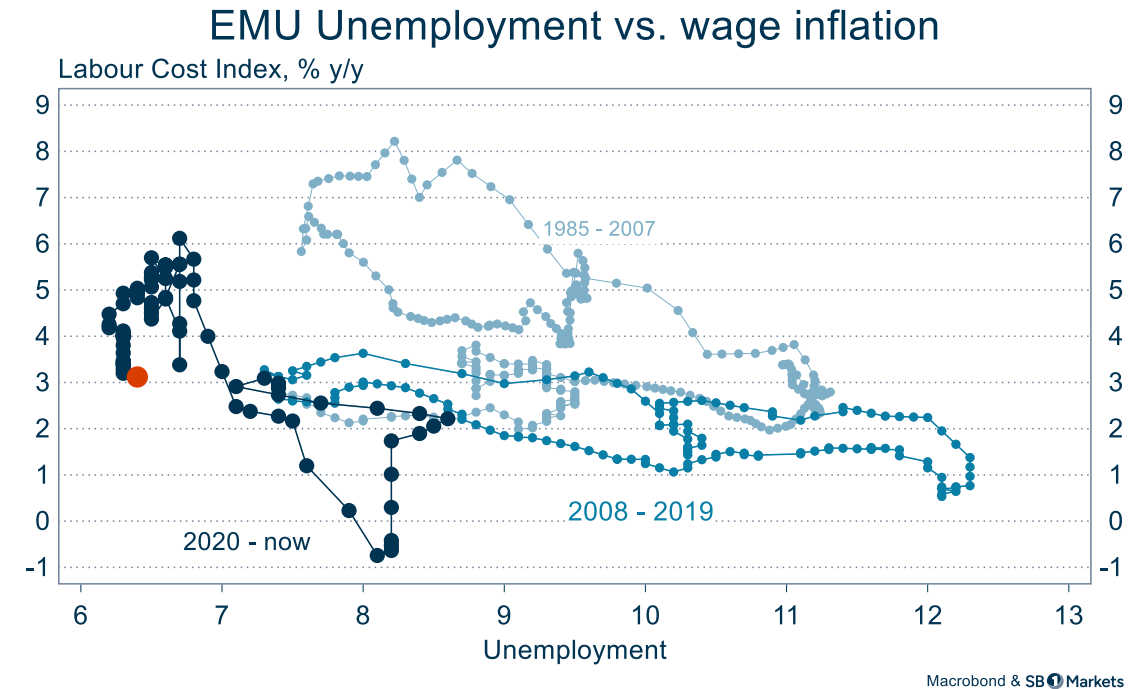
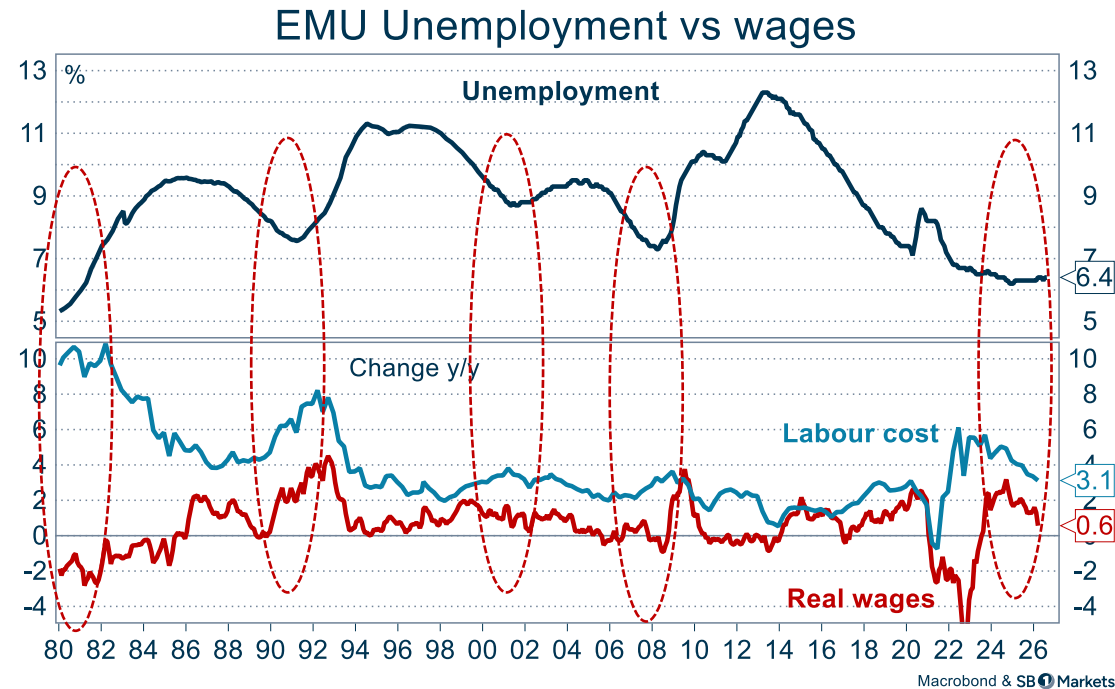


- In several countries, including Denmark, Norway, Sweden and the US, 'open' registered unemployment claims rates (like AF/PES/NAV) are far below LFS (AKU) data.



# Unemployment has not been lower since 1981, yet wage inflation has slowed

Real wages are up 0.6% y/y

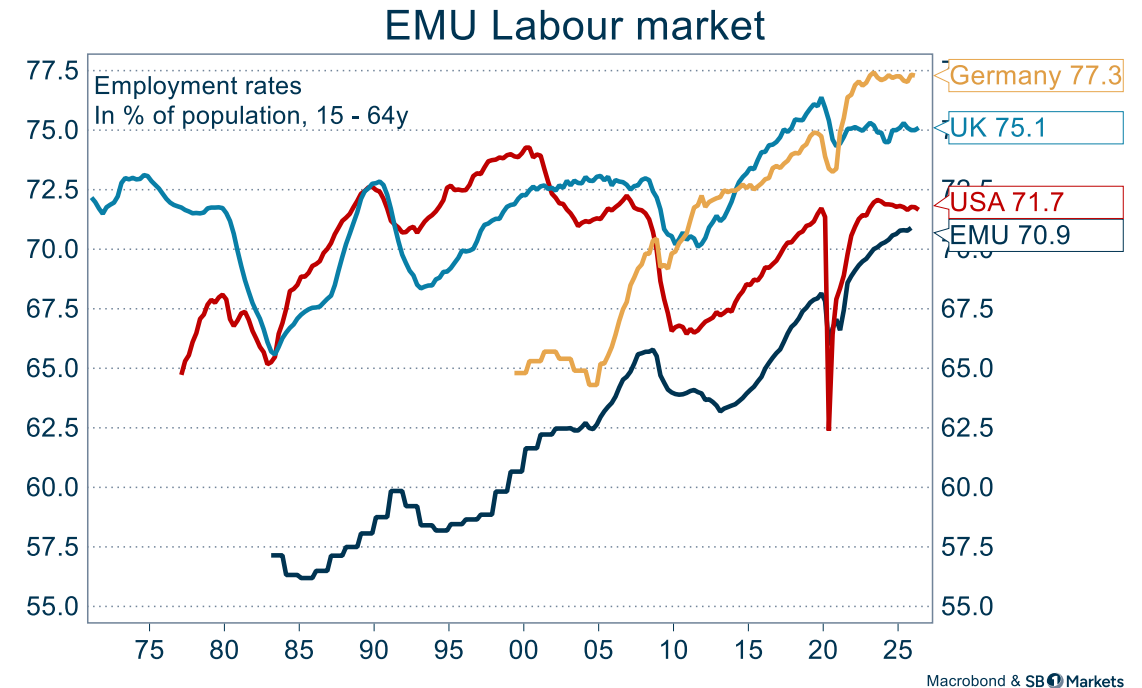
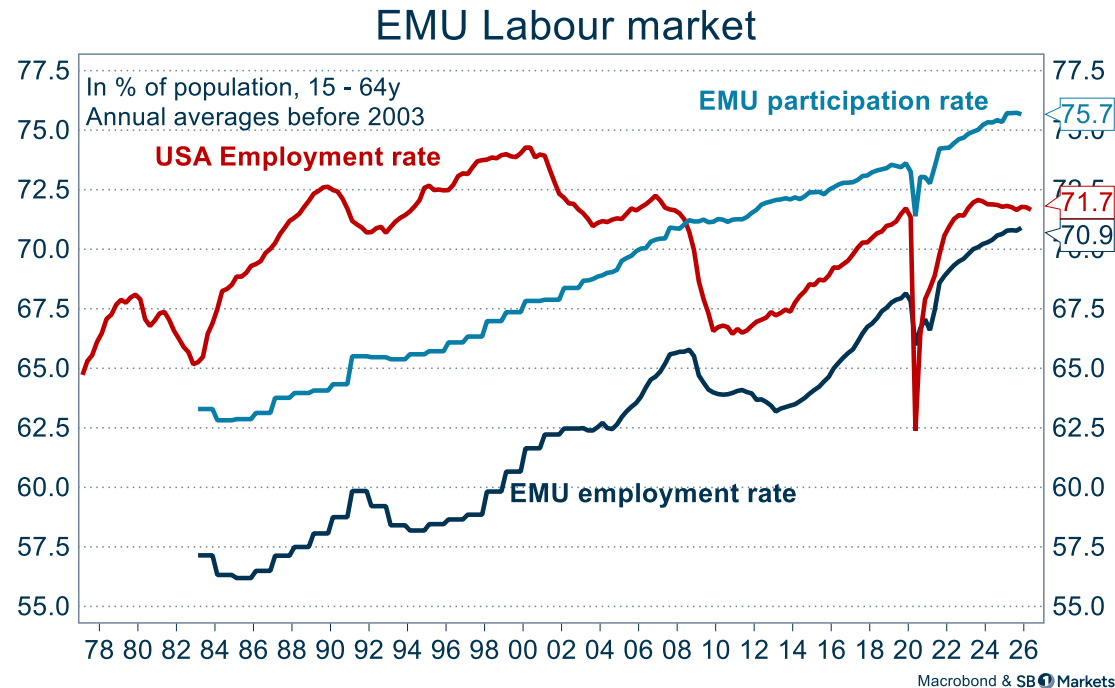


- The simultaneous decline in unemployment and wage inflation seen since 2022 has not been the norm in Europe – even if the Phillips curve was never particularly strong to begin with.



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

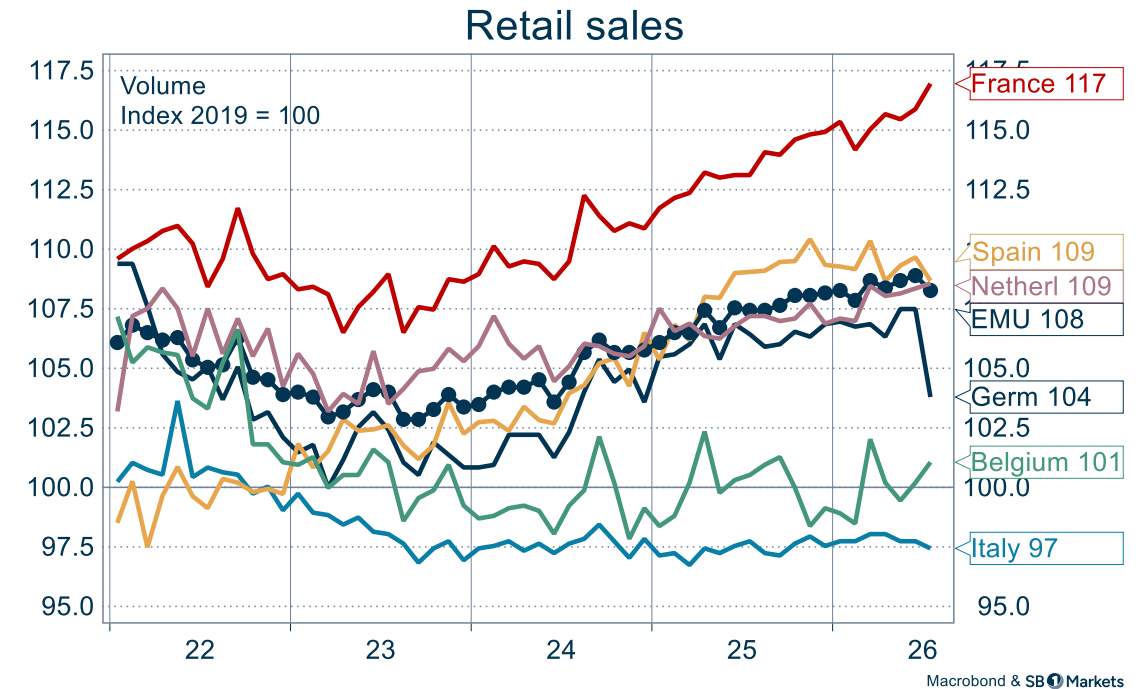
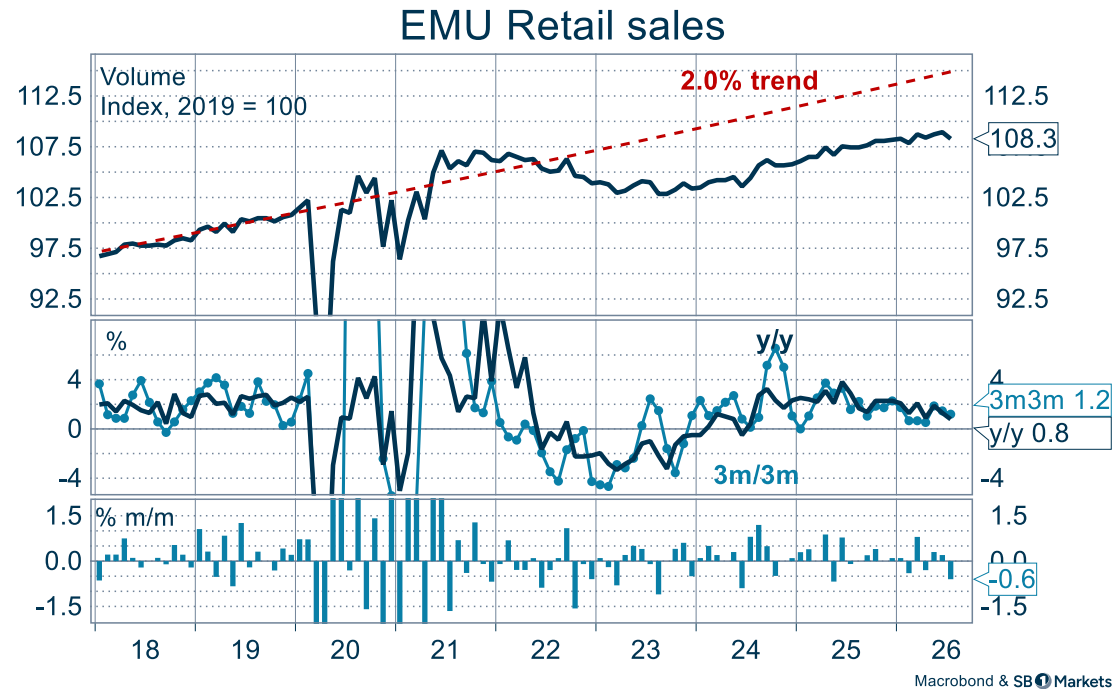
The employment rate gap between the US and EMU **has narrowed to 0.8 pp, from almost 12 pp 25y ago**. Will EMU overtake the US? Not unlikely, check the charts below. *Germany did so 15y ago and is now 6 pp above the US (from more than 10 pp below 25y ago!)*



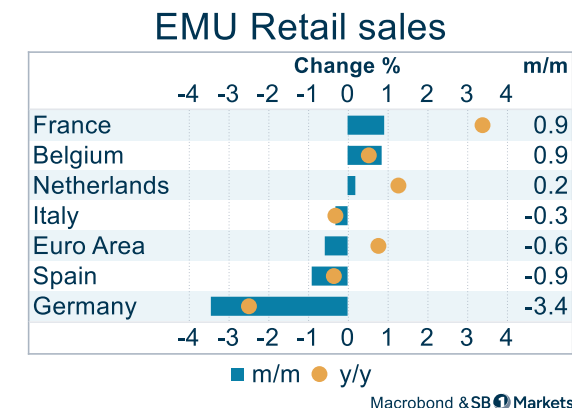
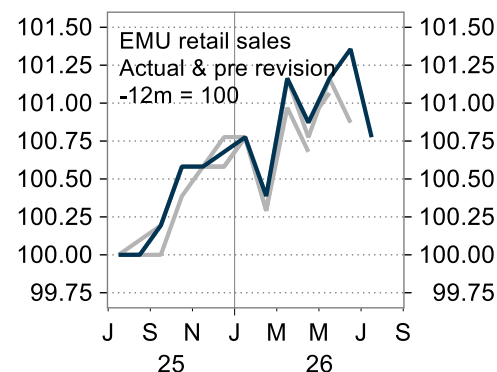


# EMU: Retail sales down 0.6% in July, but June was revised up by 0.5% and grew 0.2%

Sales were up 0.8% y/y, 0.1 pp above expectations. German sales fell 3.4% m/m in July, and an upward revision seems rather likely. Still, the trend is not impressive, neither in Germany nor in the Eurozone.

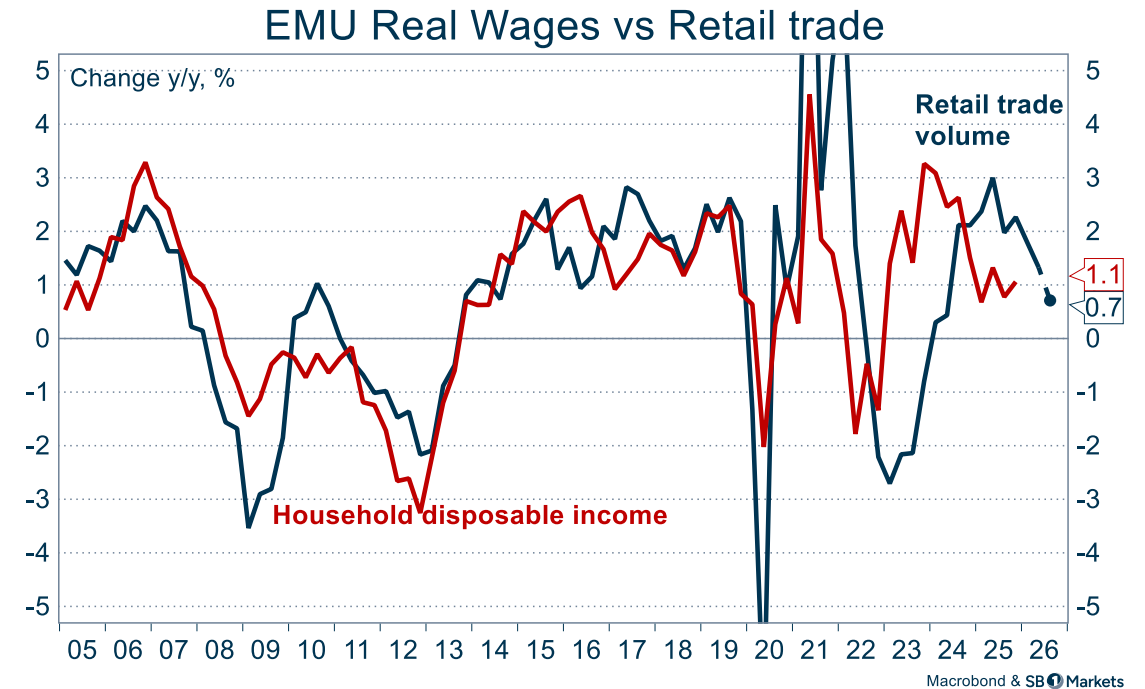
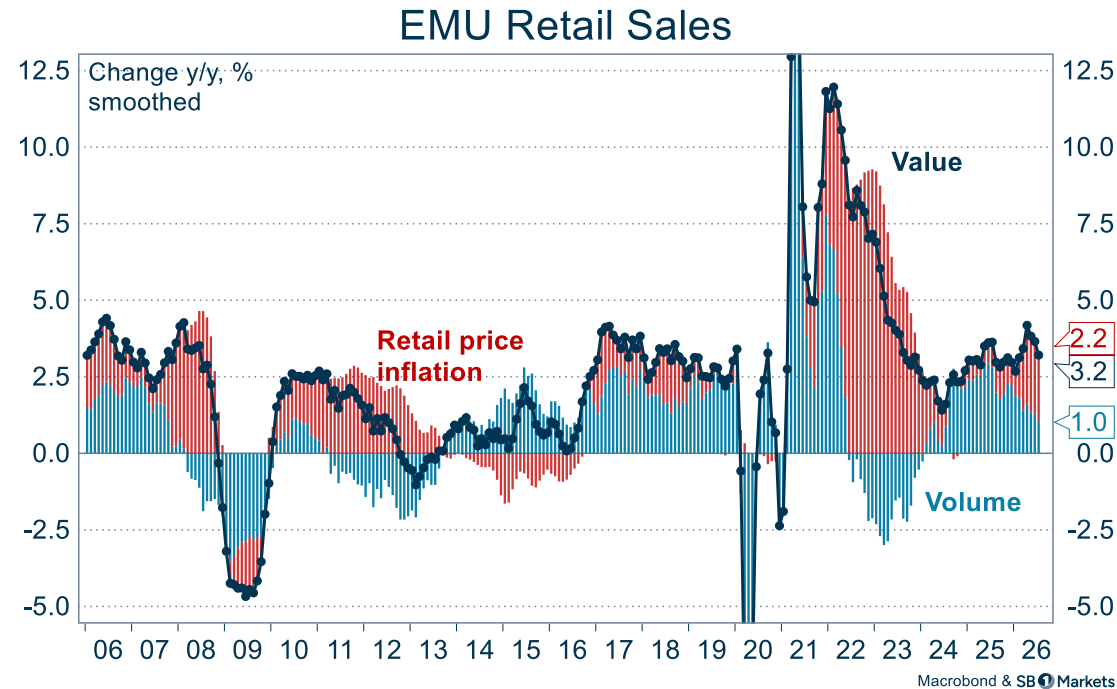


- **Retail price inflation** is 2.5% (check next page), and the value growth is 3.8% y/y (both data smoothed), which is in line with growth in total wage revenues.



# Price inflation is at 2.2% (gasoline included)

Growth in households' real disposable income has slowed to 1% – but it is still increasing.



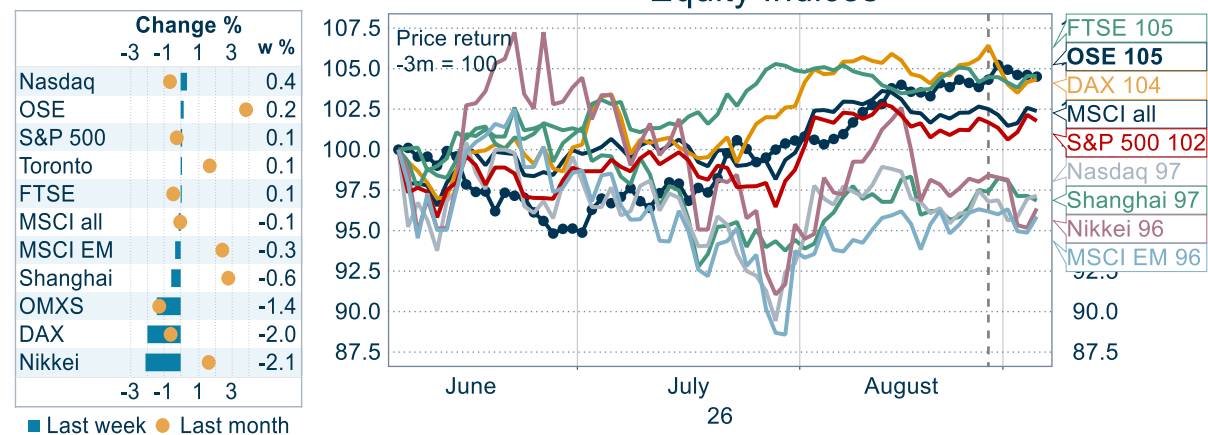


## 4. Financial Markets

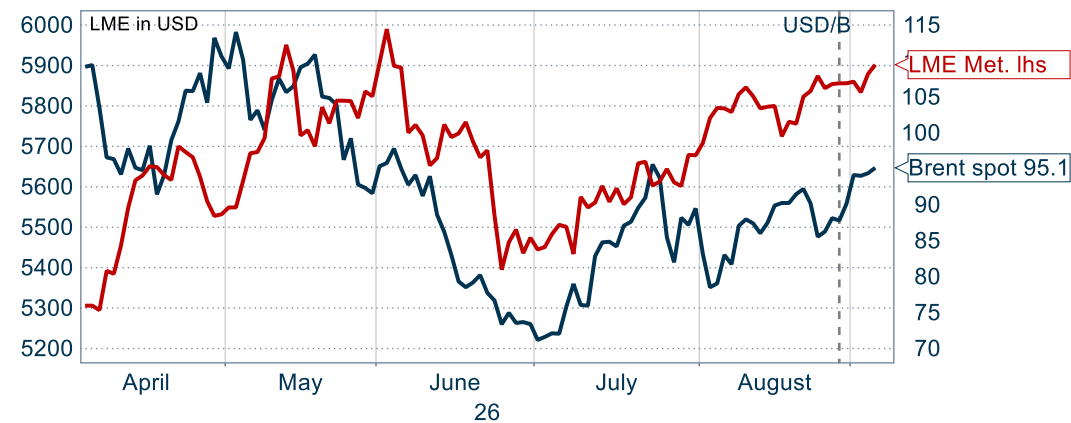
# OSE up with US equity indices, most others were down. Bond yields rose further

Oil and European natural gas prices rose further, metal prices rose marginally, at least measured in a weaker USD. JPY appreciated again, on rate hike expectations and intervention rumours. NOK also appreciated again, following the pause the previous week.

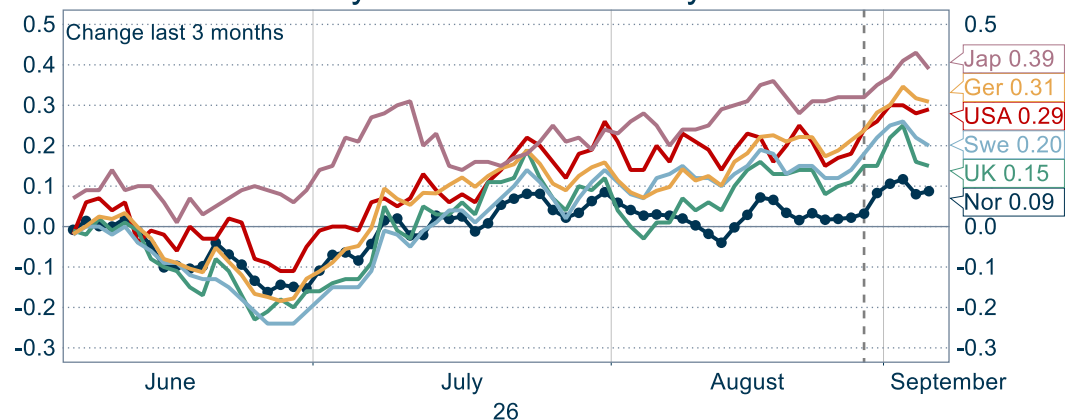
## Equity Indices



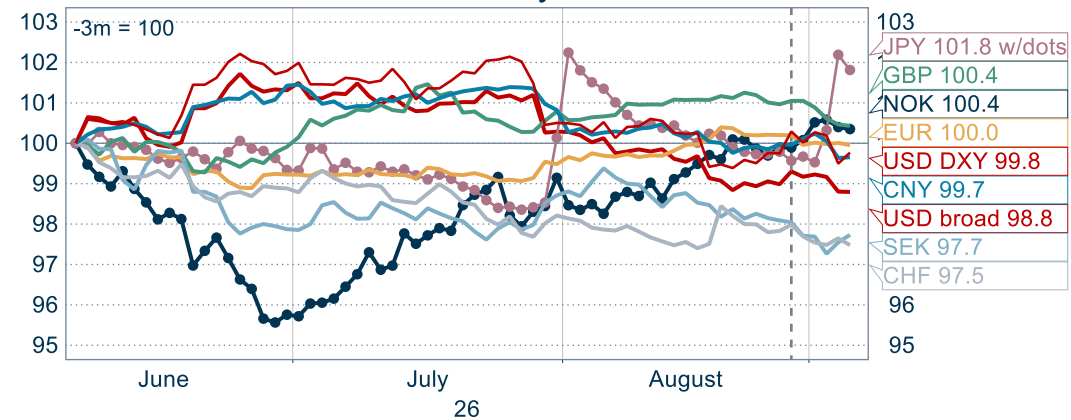
## Oil vs. metals



## 10 y Government bond yields



## Currency indices

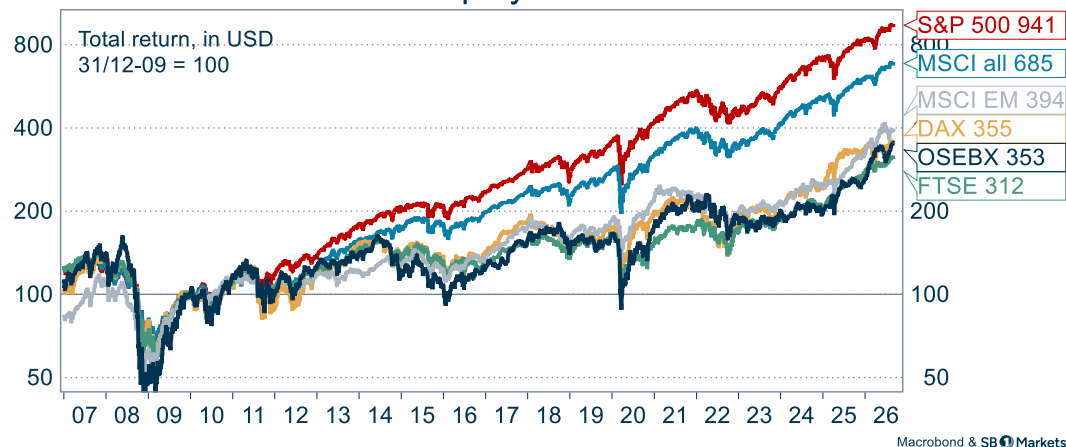




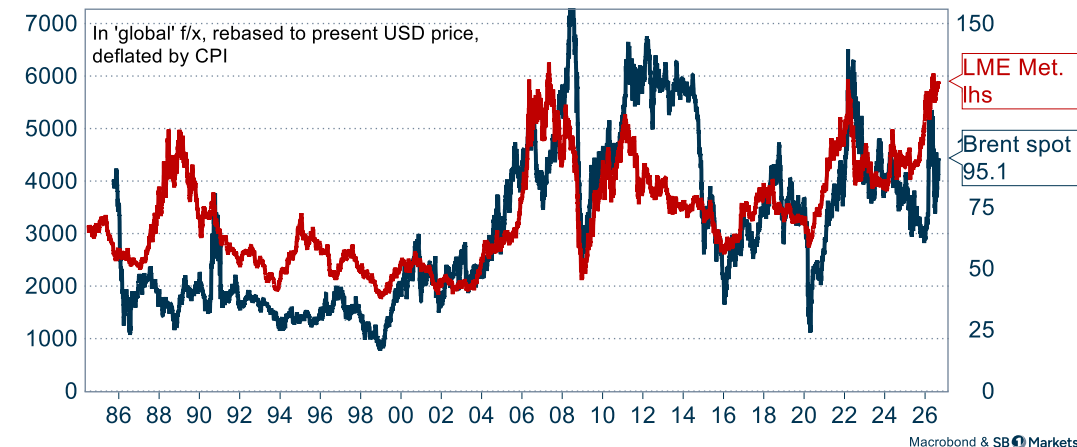
# Big picture: Equity markets, bond yields and metal prices are on the way up

JPY is the main FX loser, and the USD was the winner until early 2025 (with the CHF). NOK has recovered substantially so far in 2026. The oil price is below a 'normal' level, at least well below the average the past 20 years.

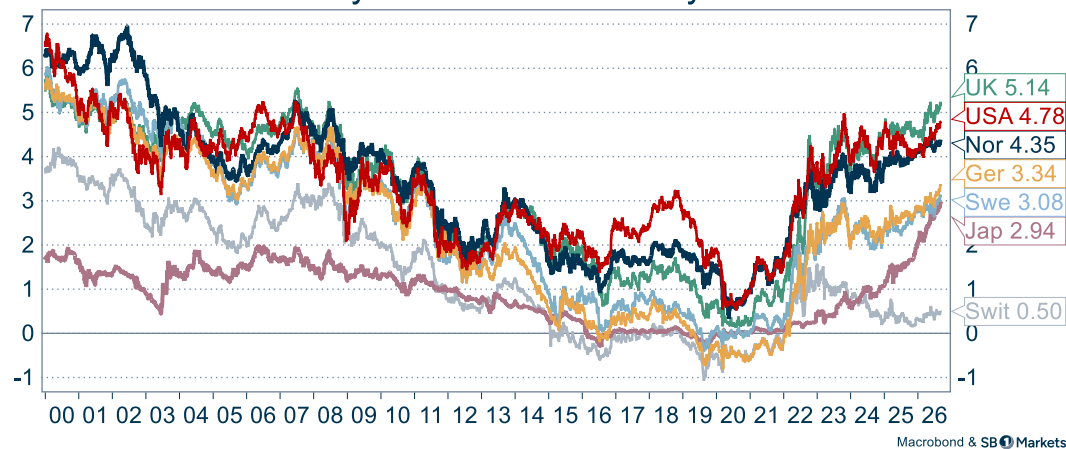
## Equity Indices



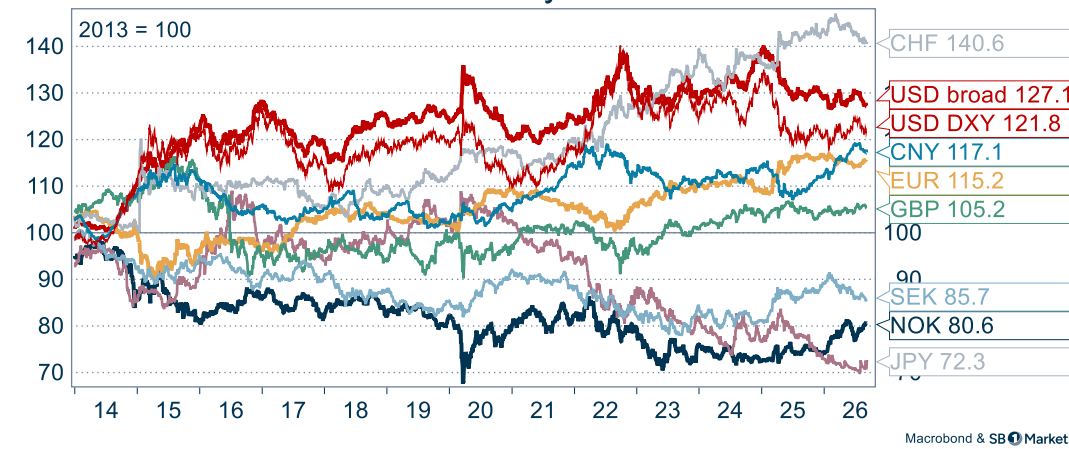
## Oil vs. metals



## 10 y Government bond yields



## Currency indices



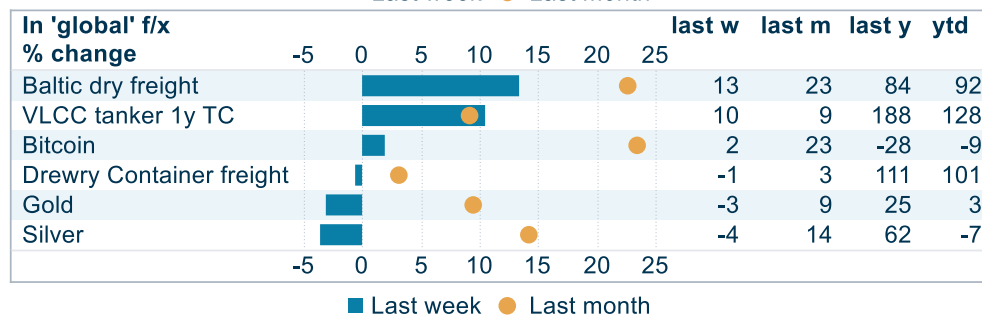
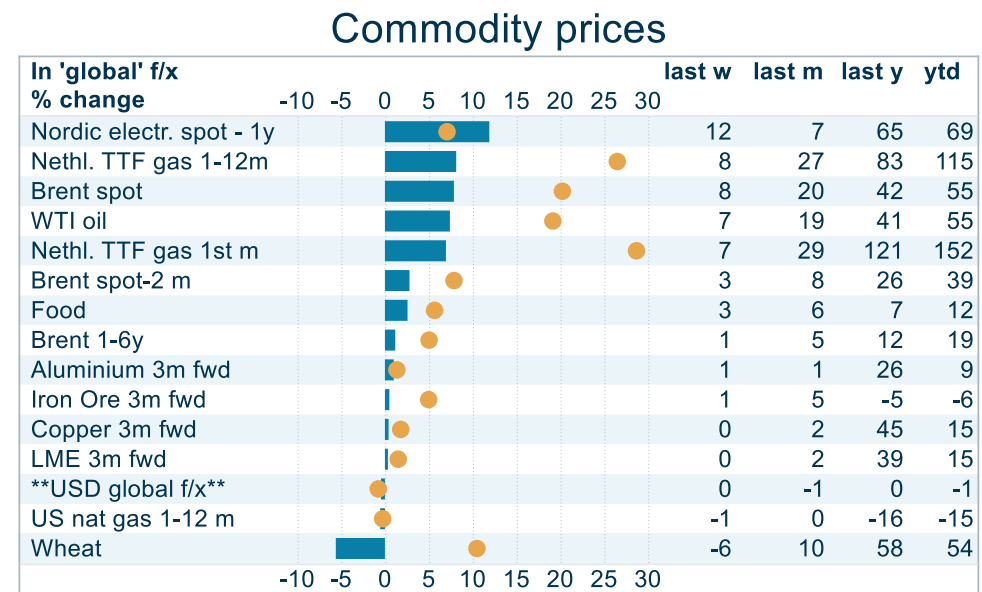
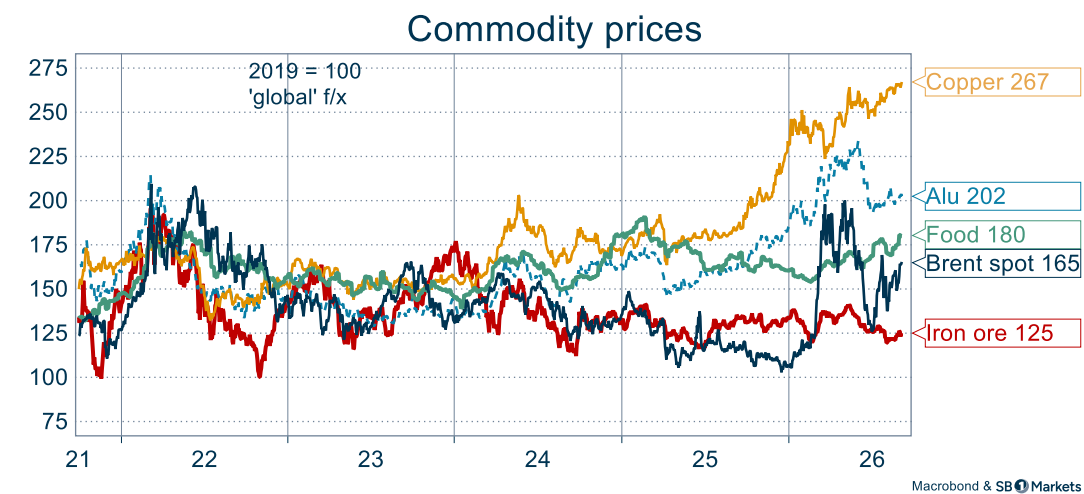
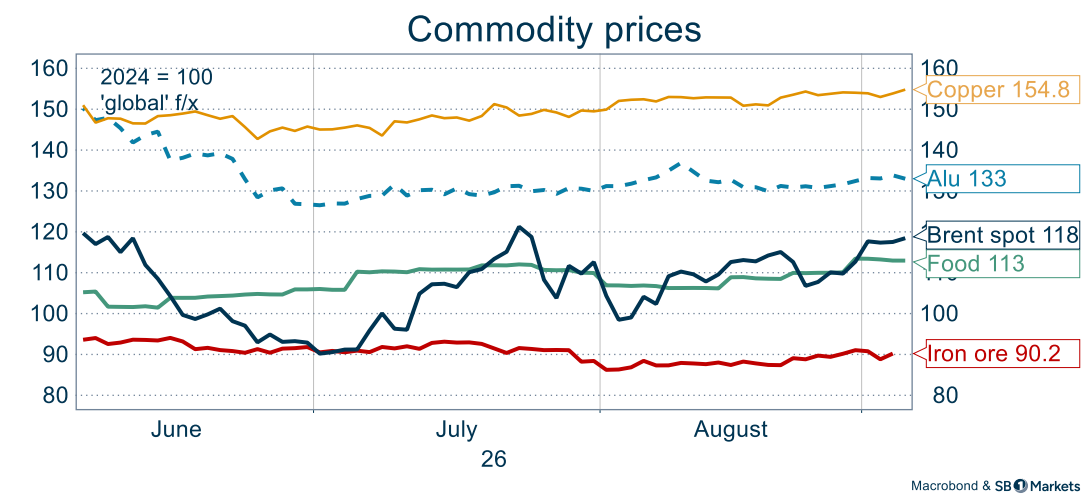




## 4.1 Commodities

# Commodity prices: oil and gas prices turned up again, metals flattened (in a global f/x)

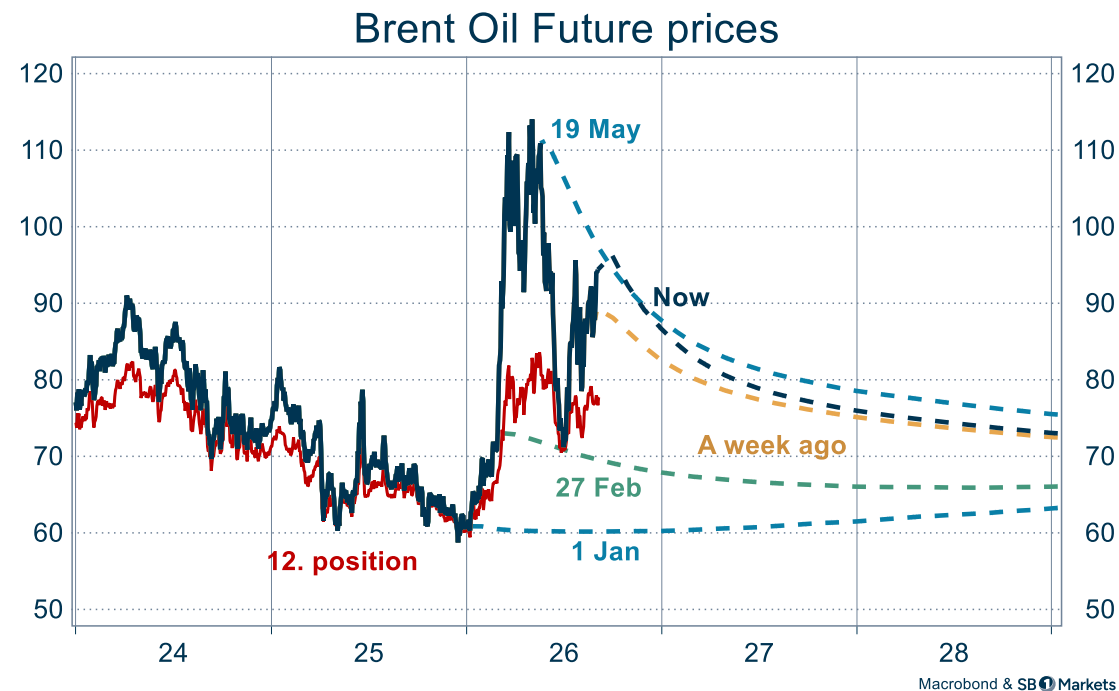
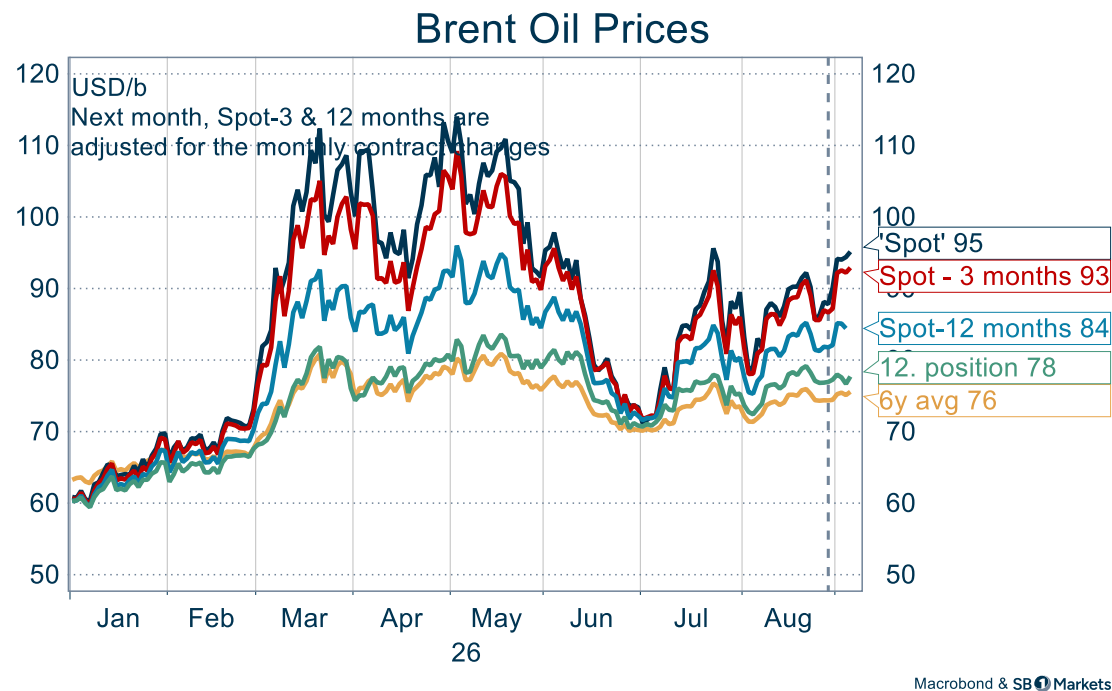
Food prices are on the way up again, but not rapidly. Dry bulk and tanker rates rose sharply.



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: up all over the curve, the most in the short end

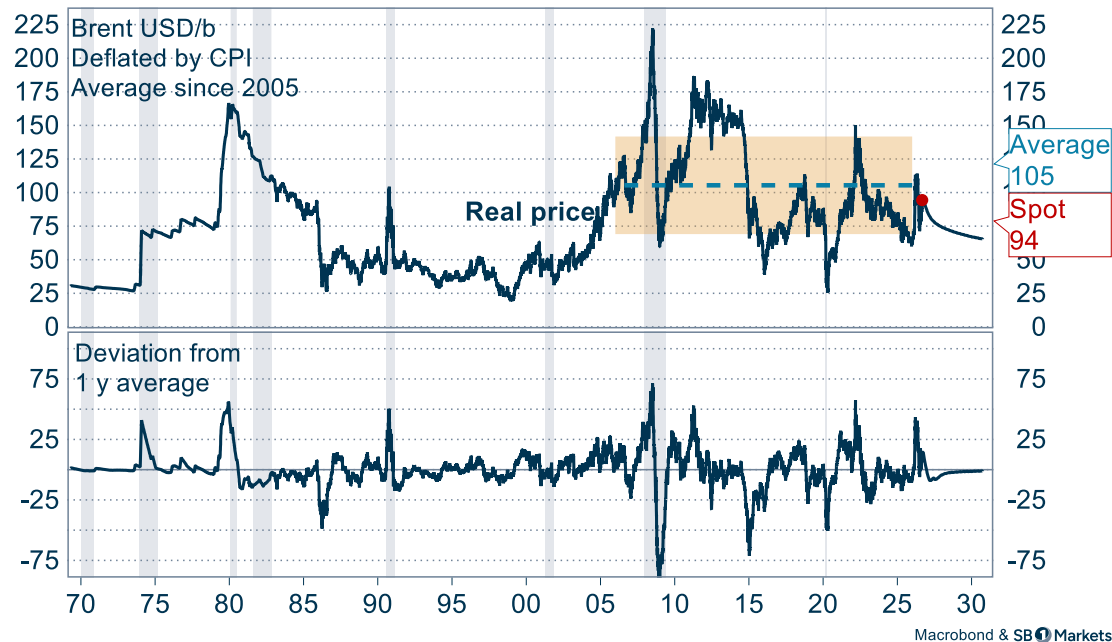


- If current price expectations persist, there is of course **no oil price energy shock, check the following pages.**

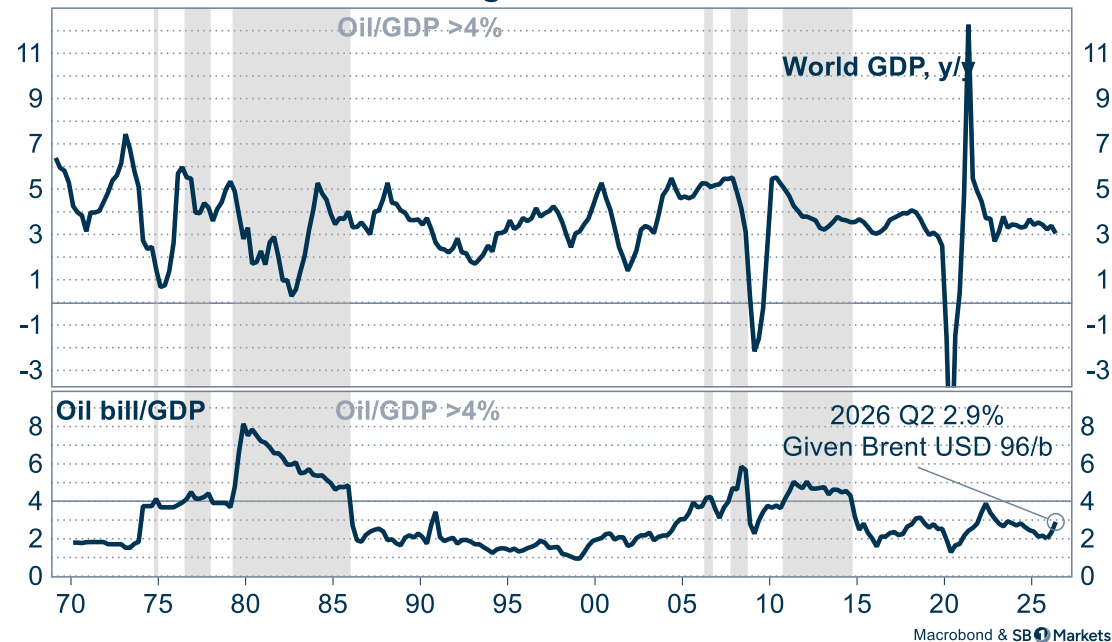
# The current oil spot price is *10% below the 20-year average USD real price*

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

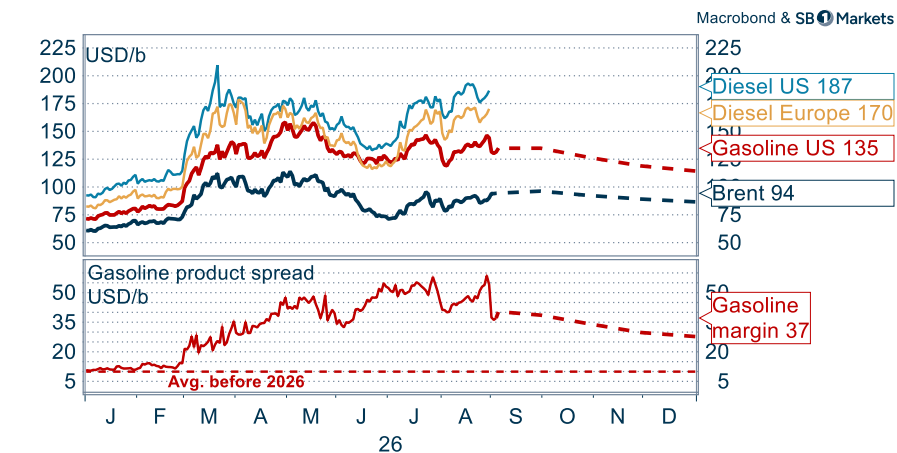
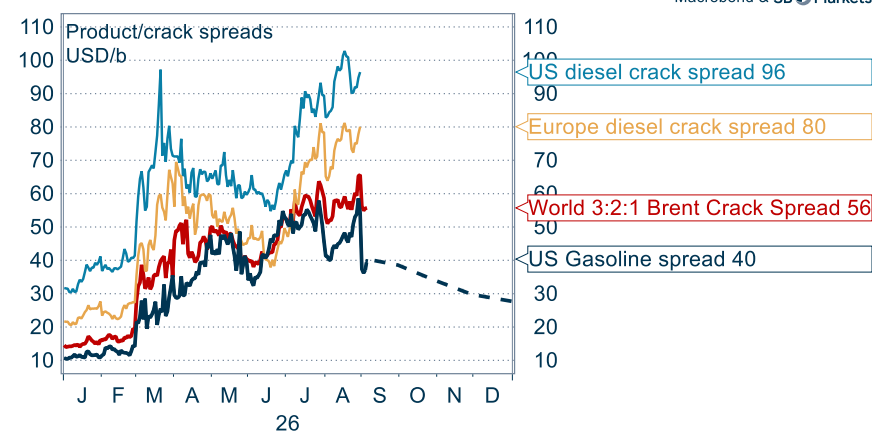
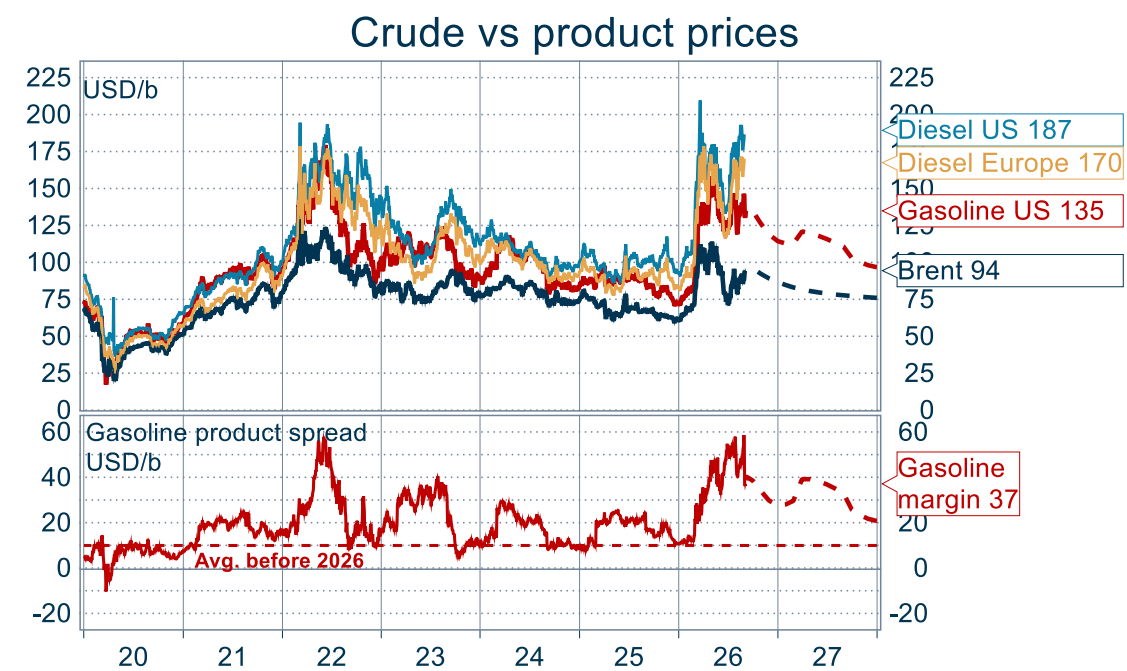
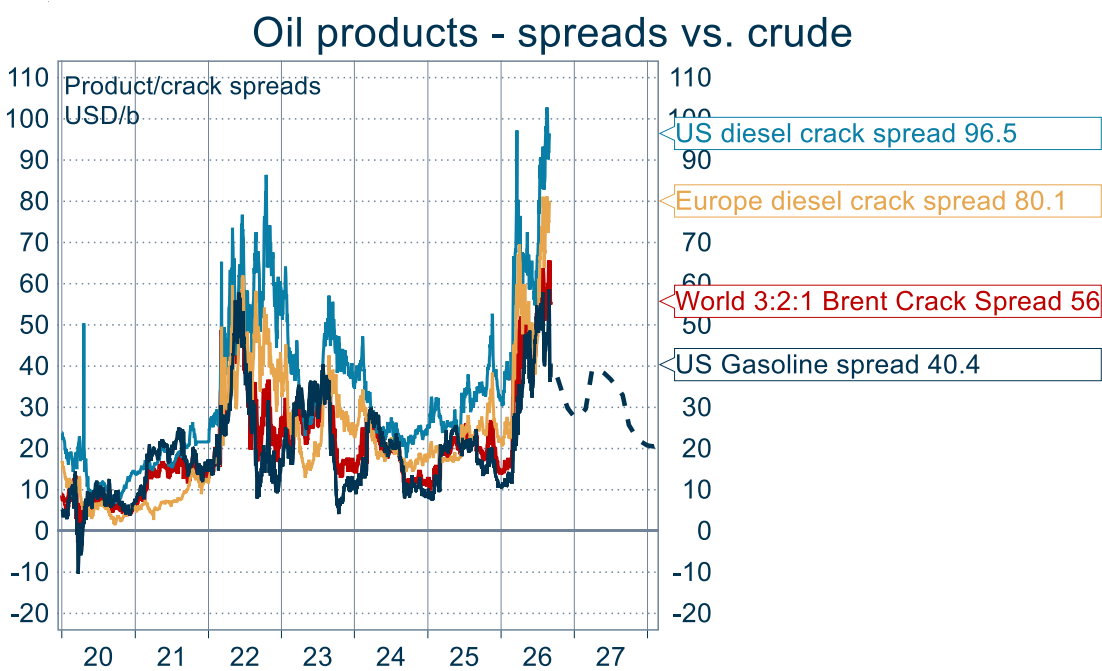


## World GDP growth vs the 'oil bill'



# Oil products: spreads have widened to record highs but are expected to narrow rapidly

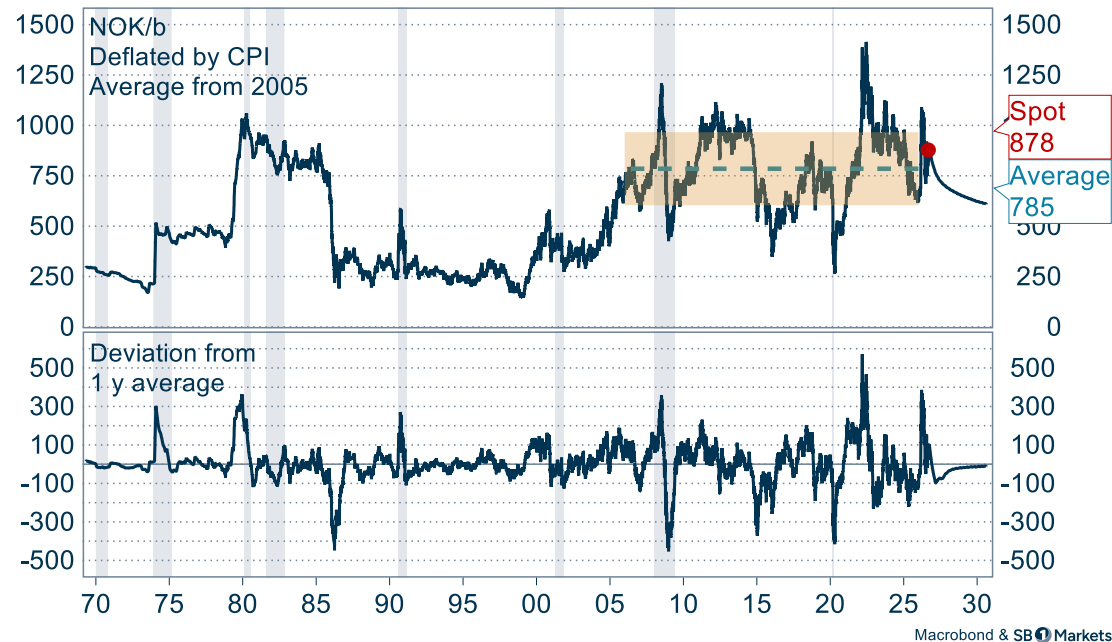
The US NYMEX gasoline spread narrowed by almost USD 20/b to 40/b last week, and the forward curve lands at USD 30/b at year end.



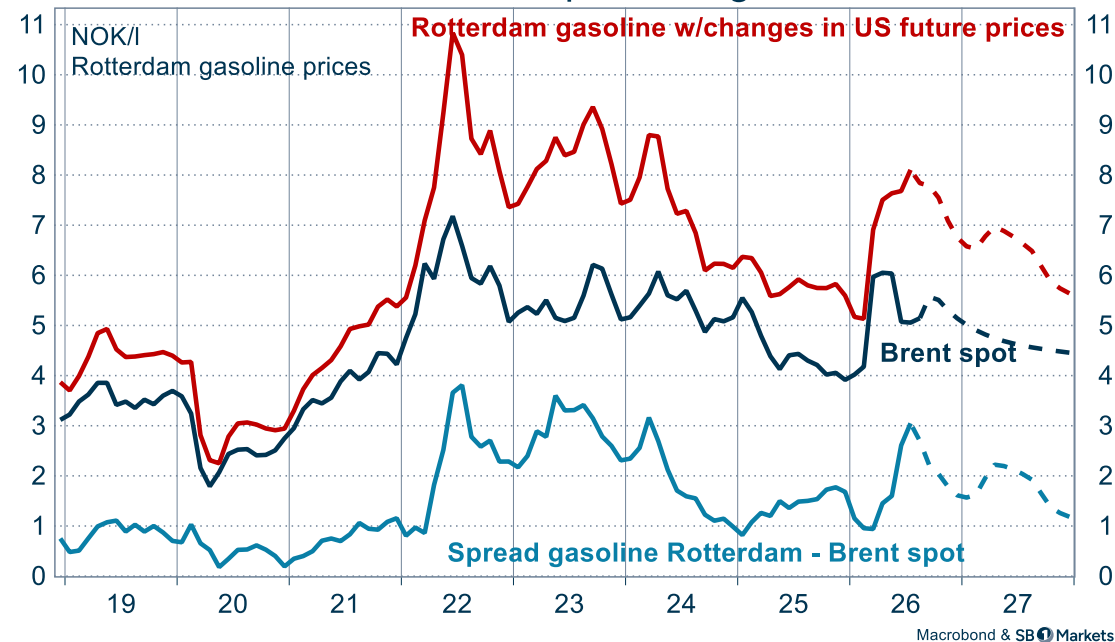
# Measured in a weak NOK, the real oil price is not far above the 20y average

Gasoline prices (fob refineries) have not fallen alongside the oil price recently, as refinery ('crack') margins are wider than normal (and some product spreads are higher than the gasoline spread). However, future prices point towards a rapid normalisation in the coming months.

## The Real NOK Oil Price



## Brent vs. market price on gasoline



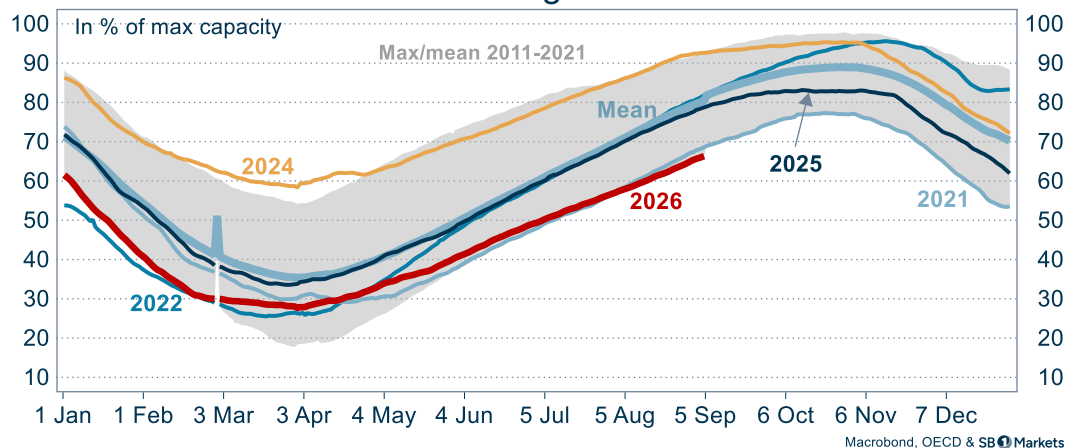


# European natural gas stocks are record-low, and prices are on the way up

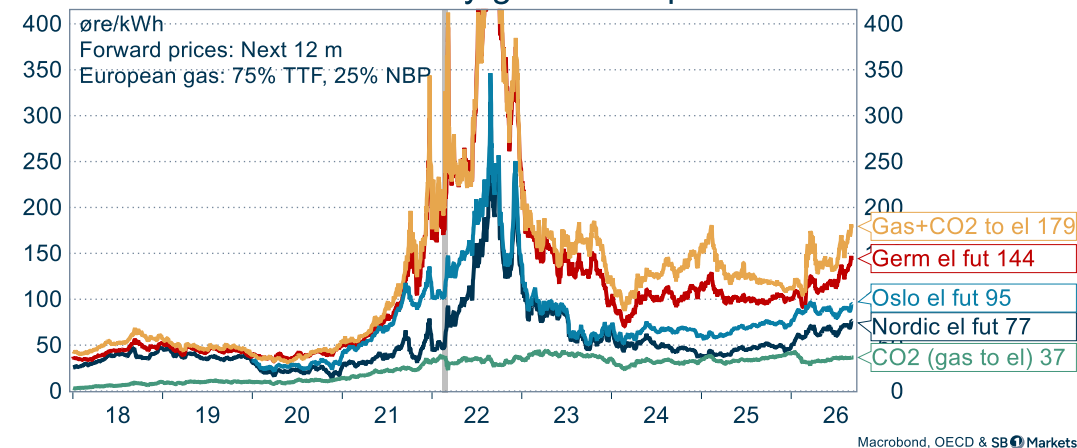
The fill rate is still a slower rate than normal. **A clear warning sign.**

European gas prices are almost 8x higher than in the US.

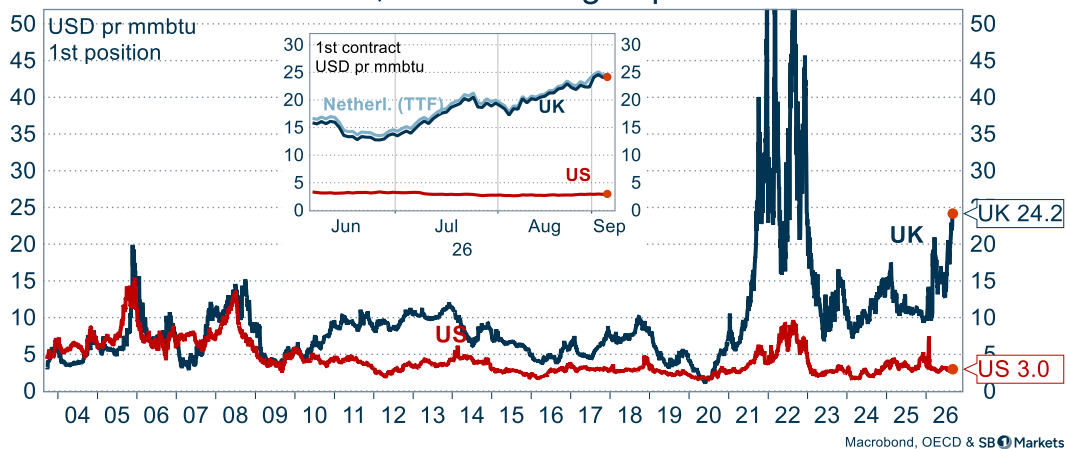
## EU natural gas stocks



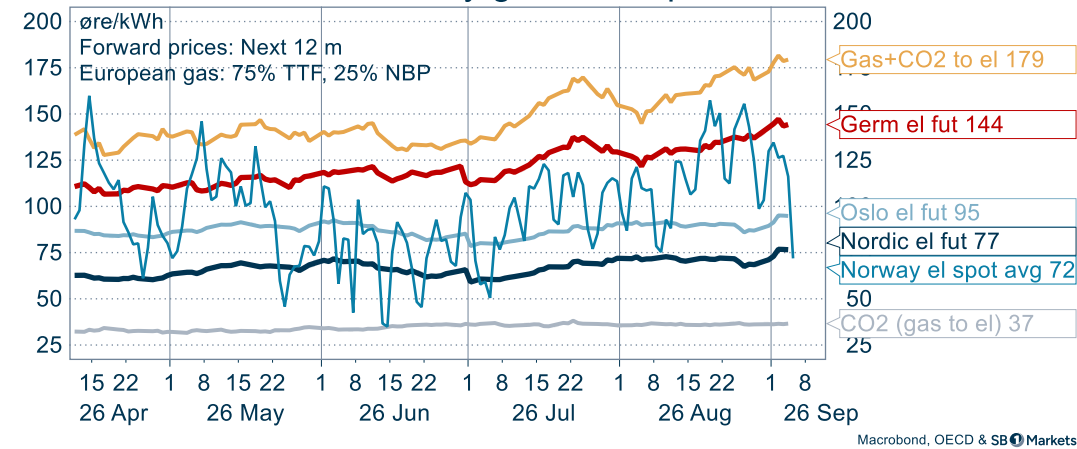
## Electricity/gas future prices



## UK, US natural gas prices

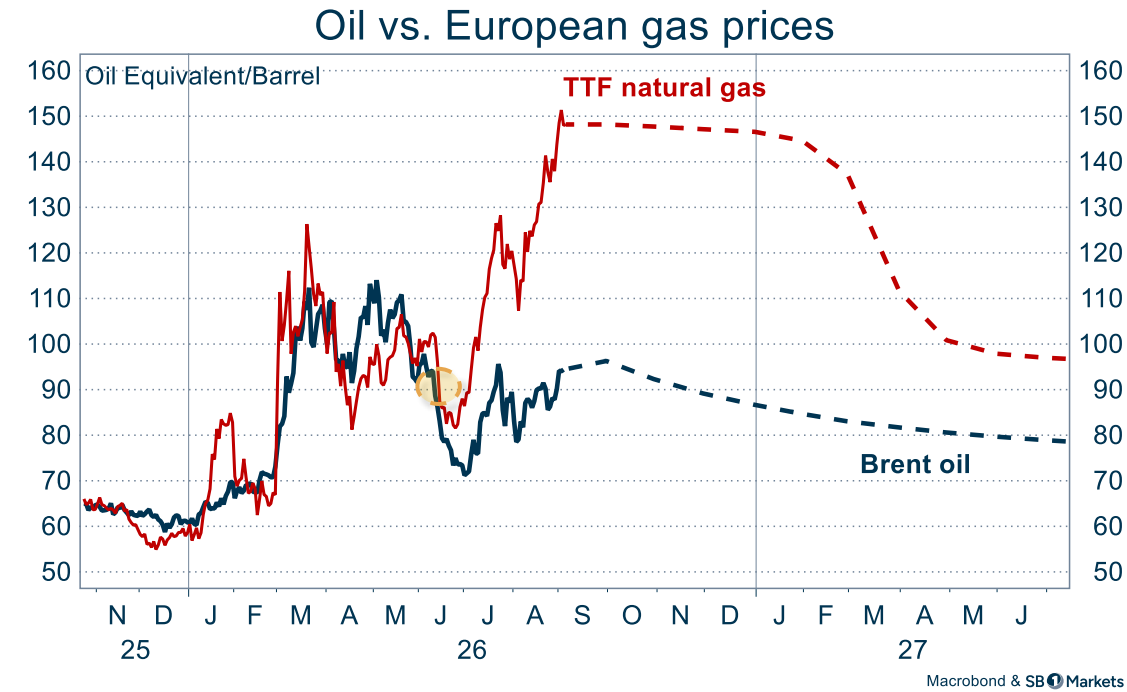
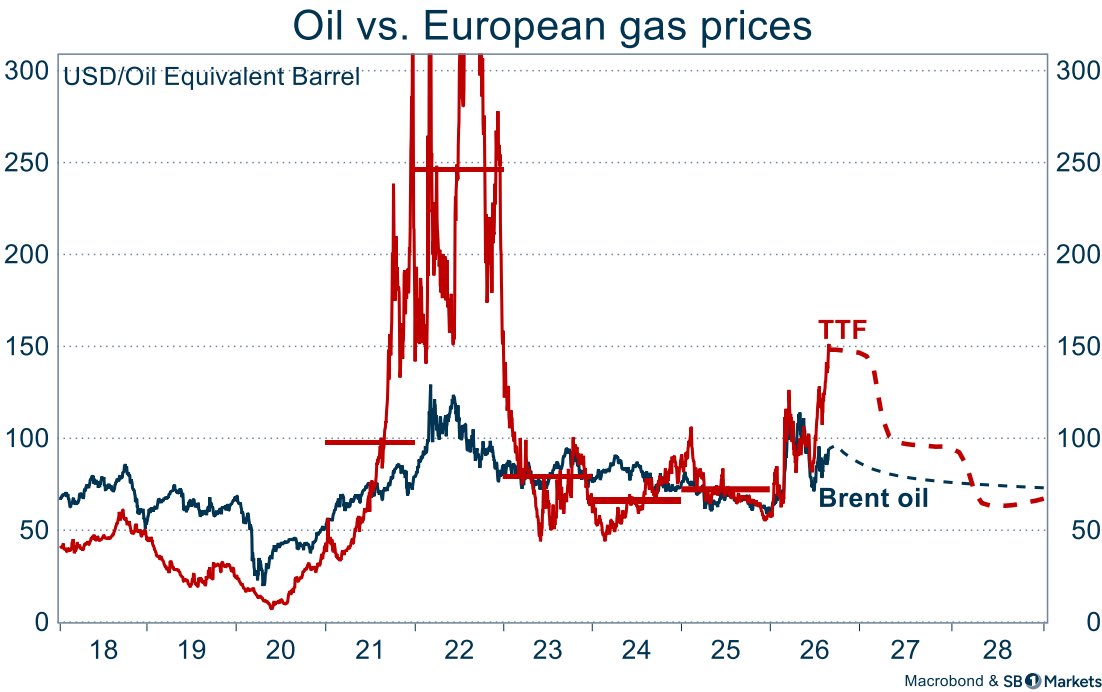


## Electricity/gas future prices





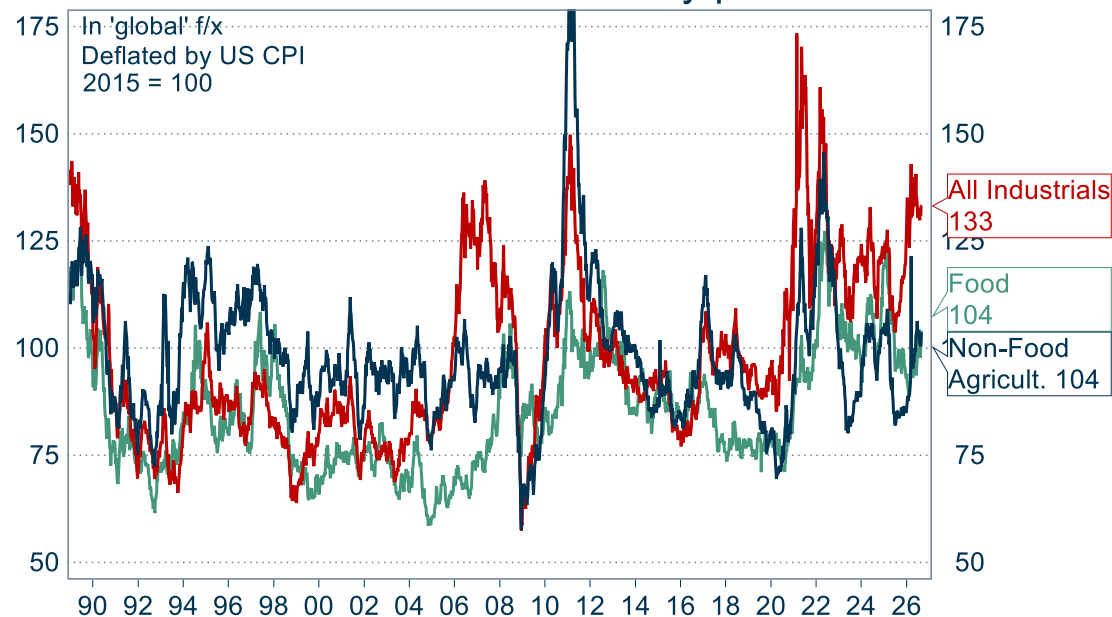
# Oil prices are unchanged from mid-June; European gas prices are up 60%



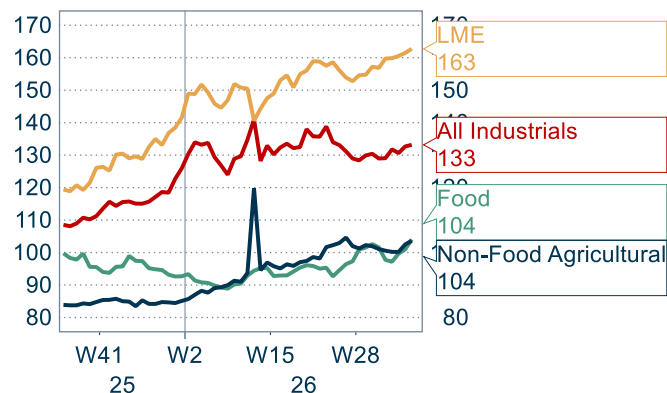
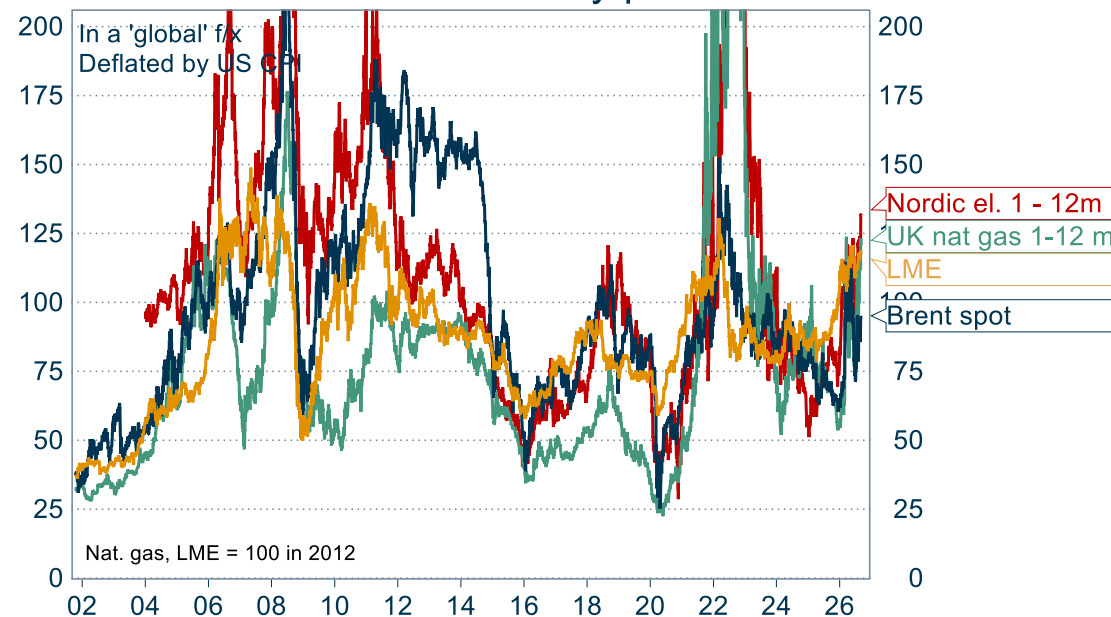
# Big picture: industrial commodities far above normal levels, have flattened in 2026

Food prices have been trending down since the war in Ukraine started but are up 15% since the Gulf war started. Non-food agricultural prices are up almost 20% so far in 2026. Industrial material are in total a high level, driven by metals. **Taken together, some inflationary signals.**

The Economist - commodity price indices

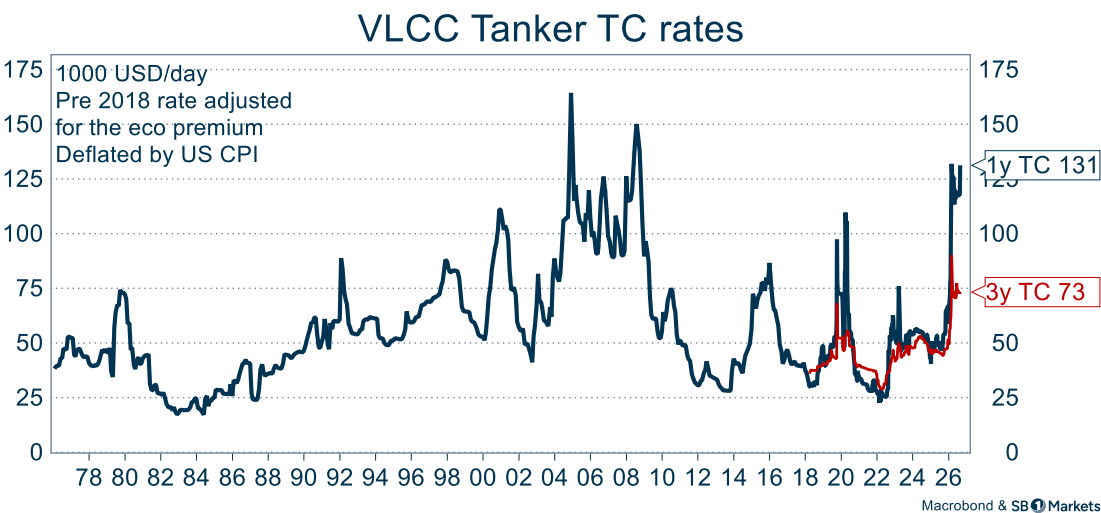
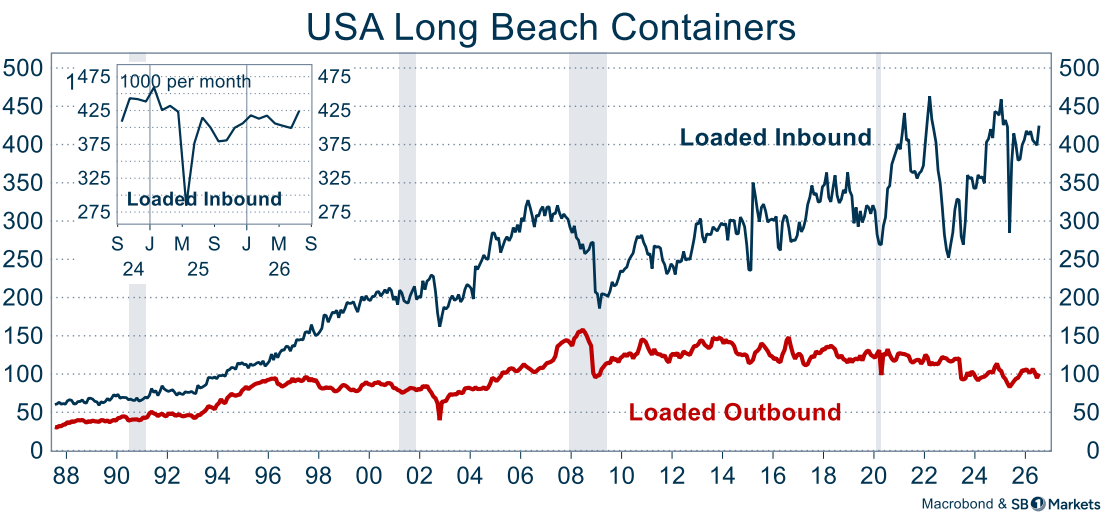
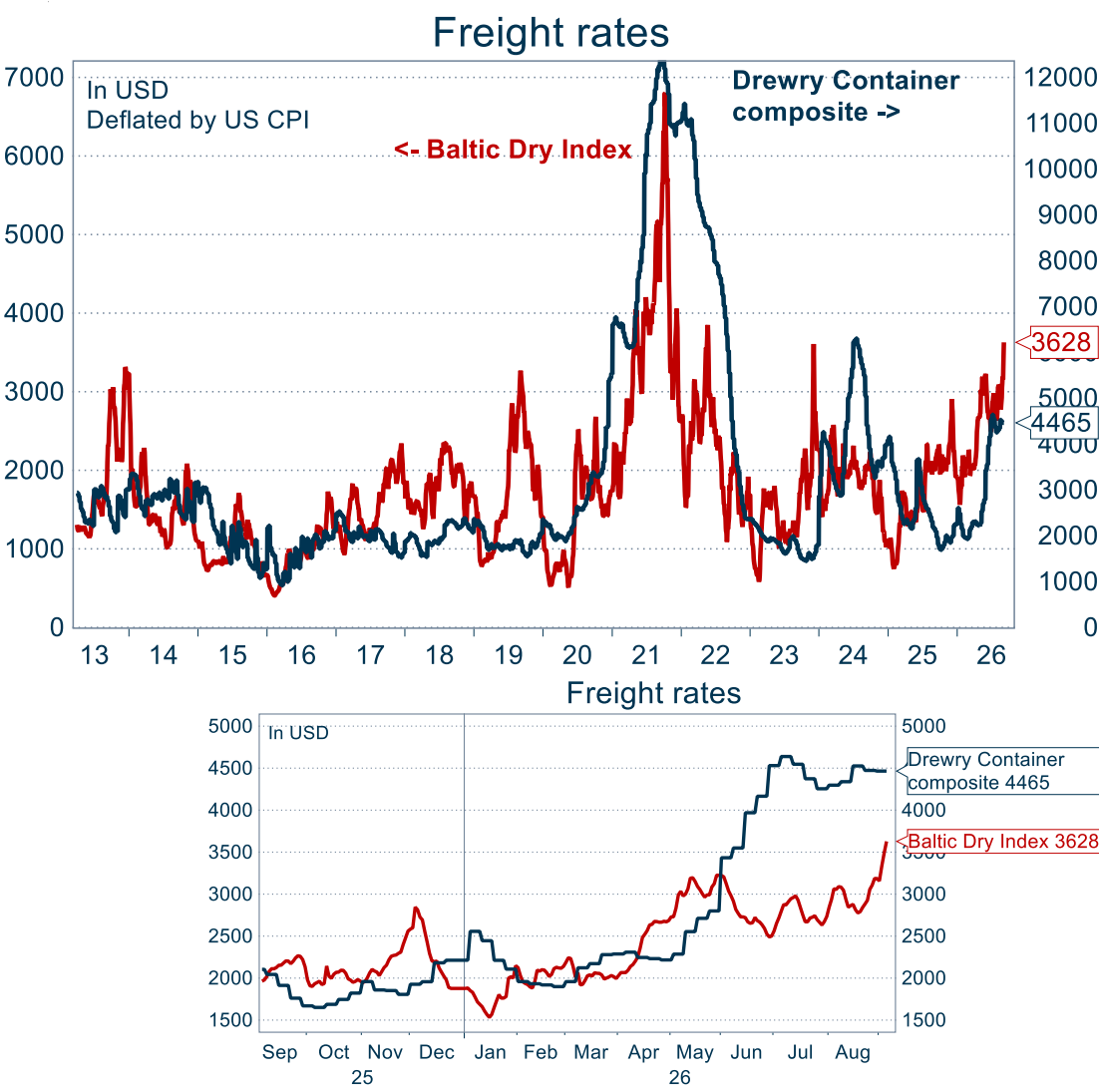


Commodity prices



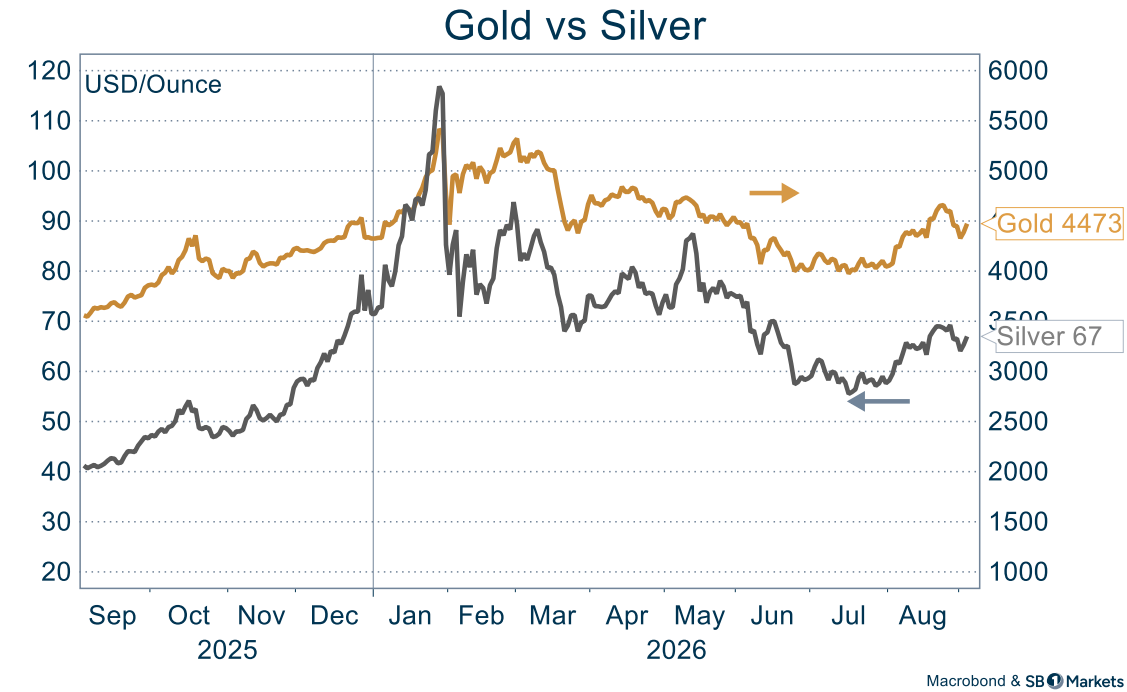
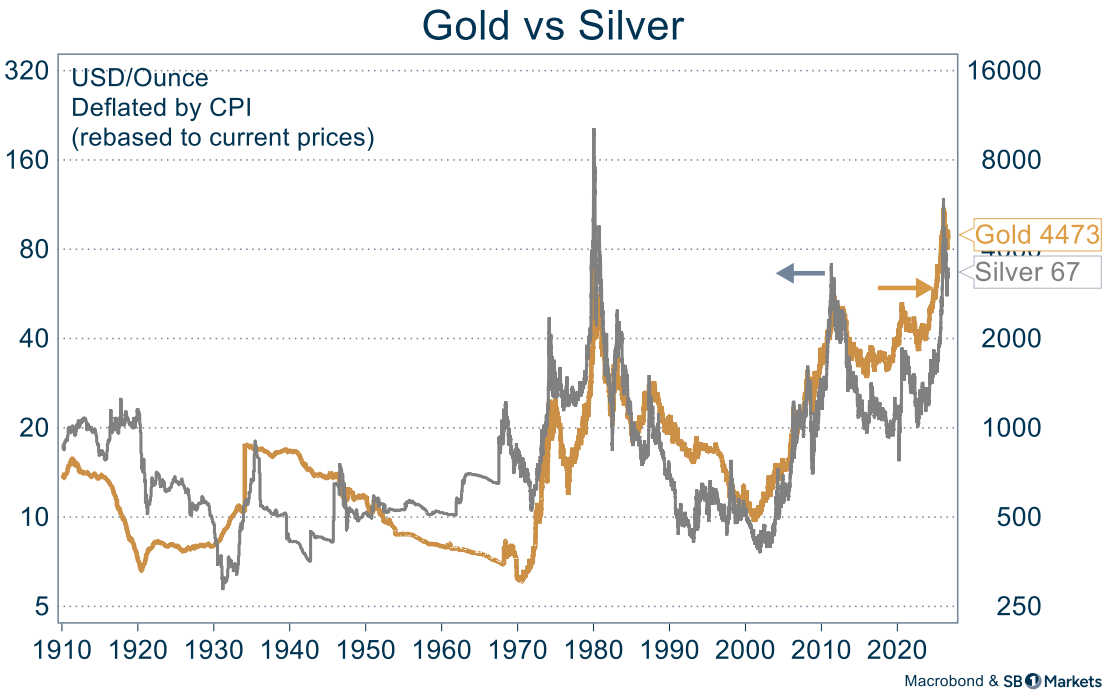
# Dry bulk rates surge, and tanker TC rates returned to the highest level since before the GFC

Container rates have flattened at a high level since late June.



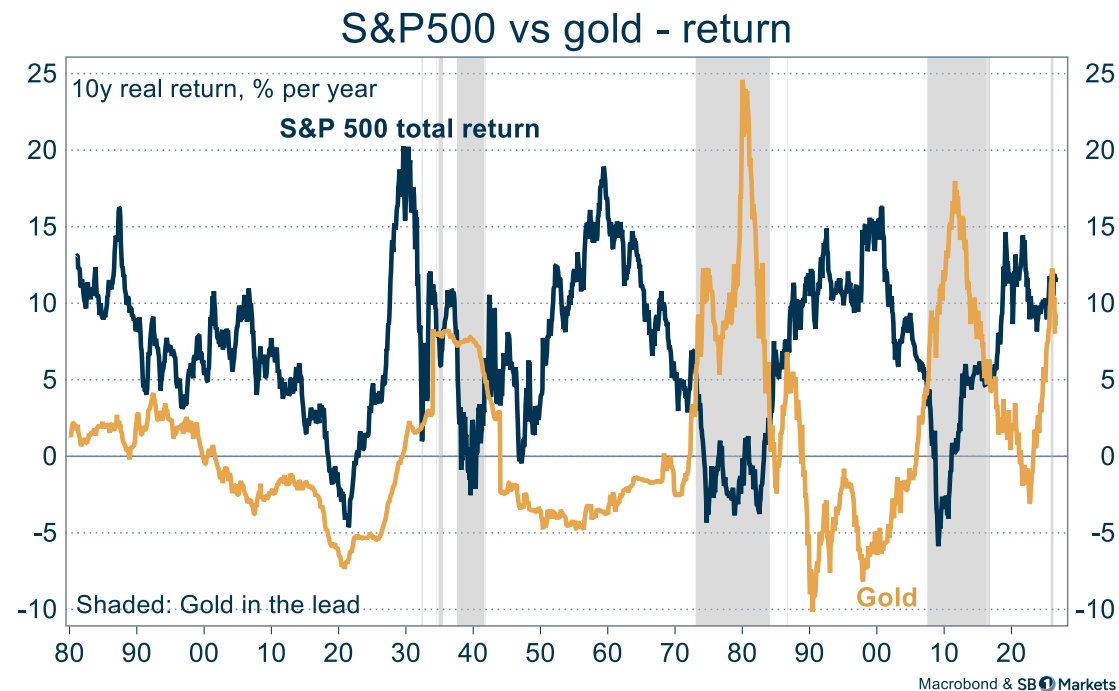
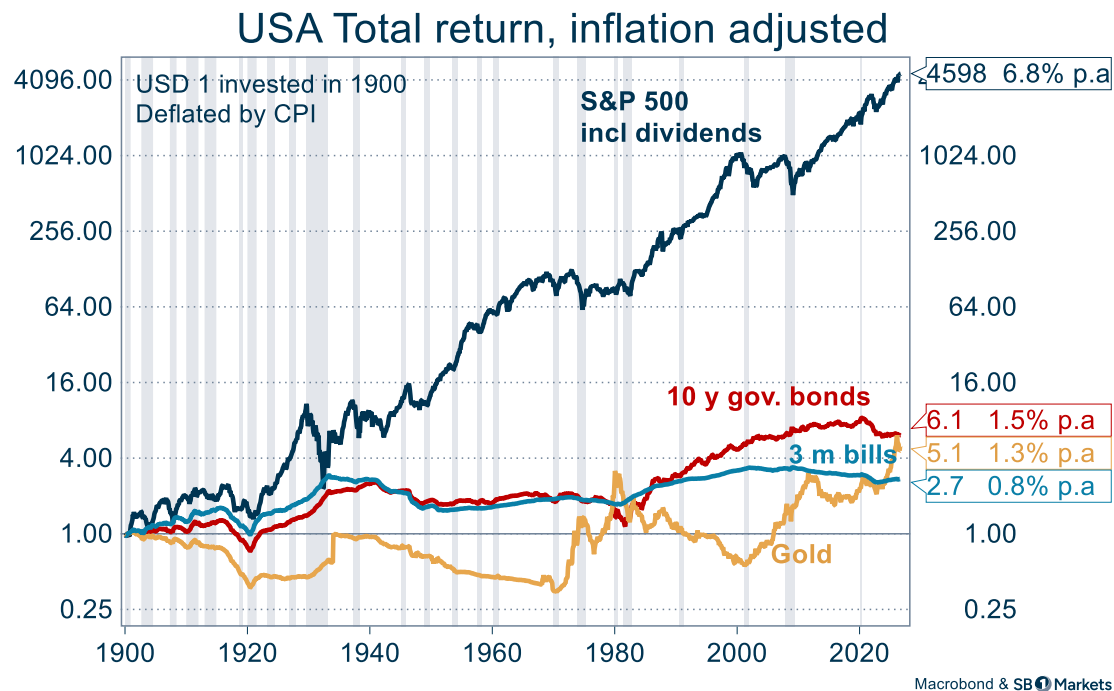
# Gold and silver prices declined last week but both have trended up through August

Real prices are still very high vs. historical averages.



# 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.

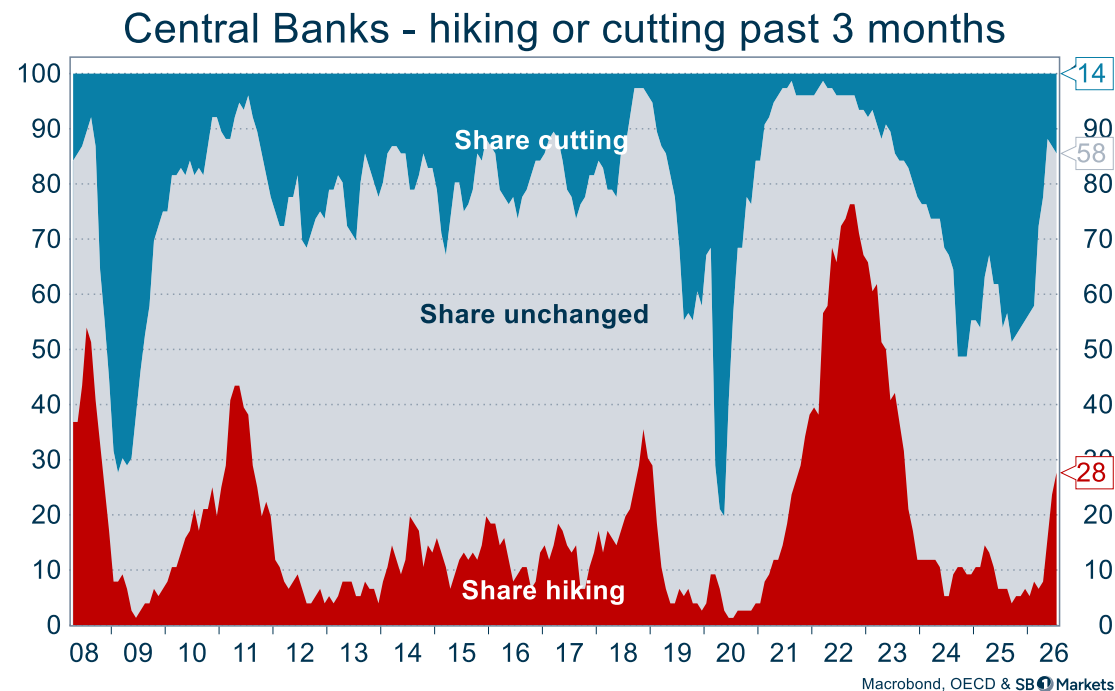
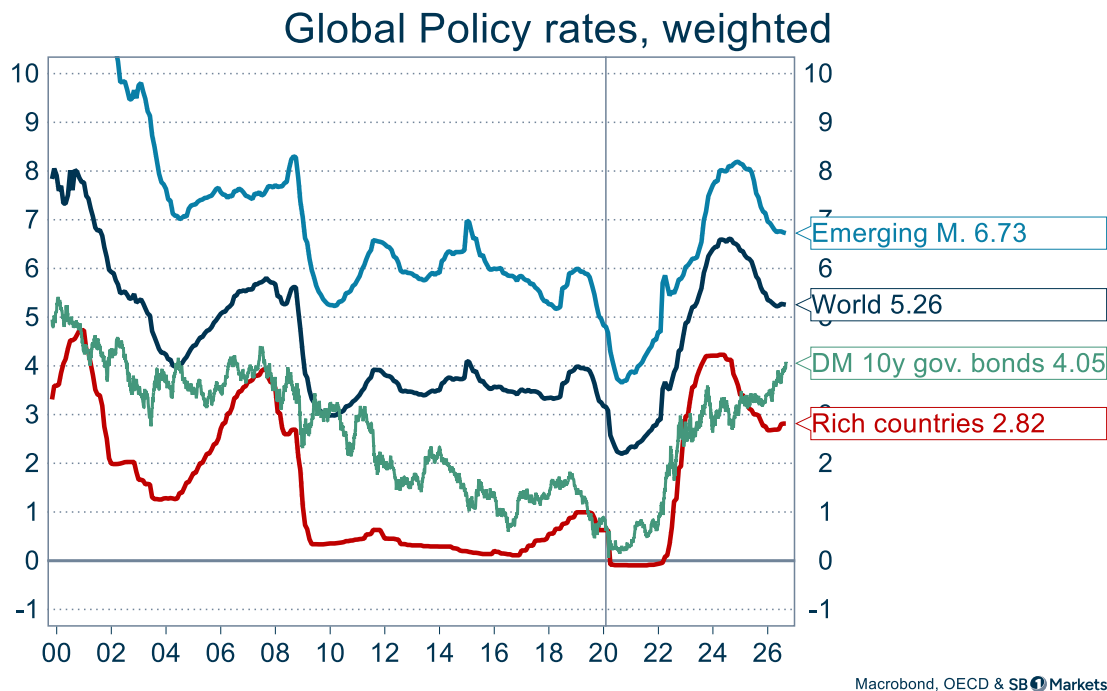




## 4.2 Interest rates & credit markets

## In the past 3 months, 28% of central banks have hiked, while 14% have cut

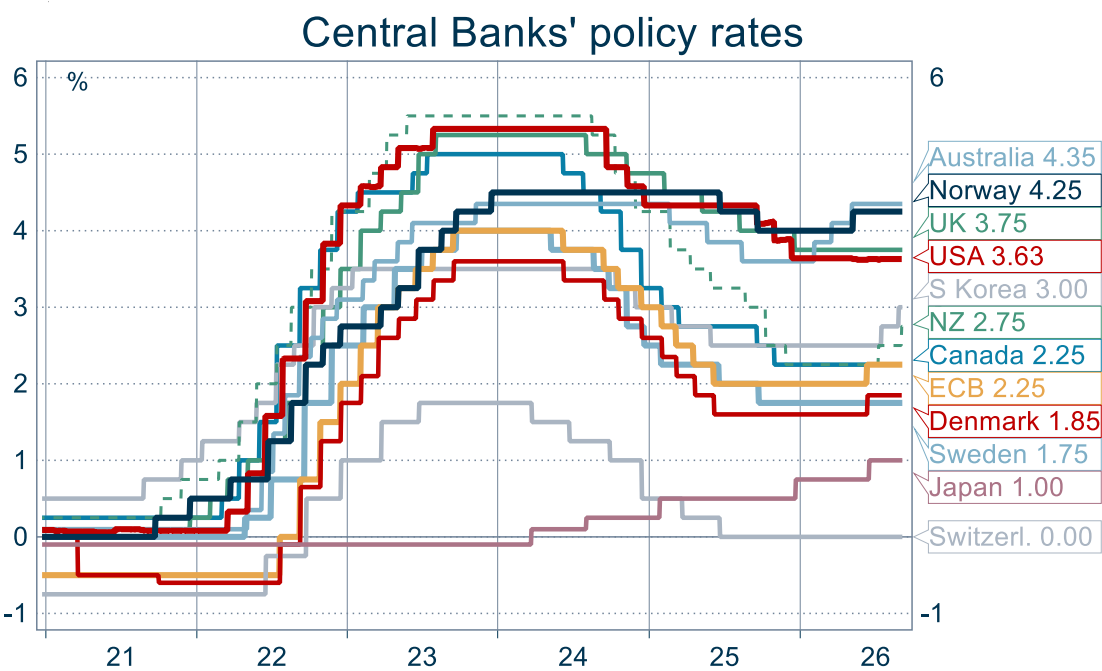
The global average policy rate is slightly up from the bottom, primarily due to the ECB hike. The global average is at 5.3%. In DM, 2.8%. The average DM long-bond yield has trended up – and it is at **the highest level since before the Financial Crisis, at 4.05%.**





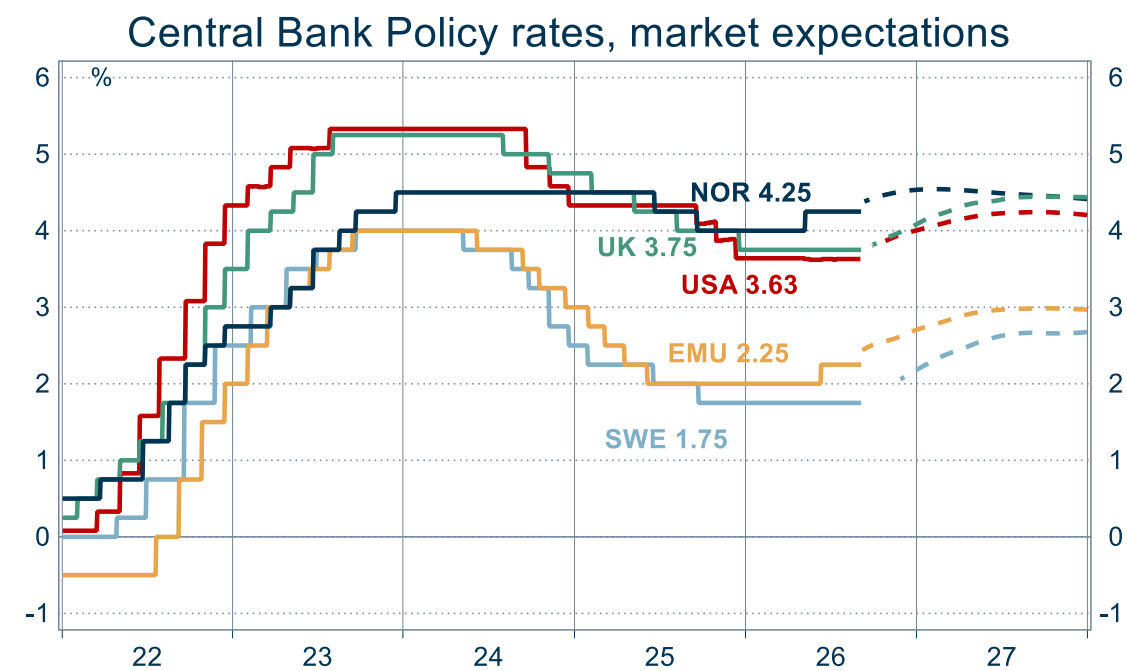
# Rate expectations close to unchanged last week, 1 – 2 hikes everywhere expected in H2

In 2027, another hike is expected in EMU (in total 3 hikes from the present level), almost 3 hikes in Sweden (in sum 3 ½), while NoBa assumed to say put at 4.5% through 2027. In the US, 1 or 2 in 2027, in sum 2 ½ hikes).



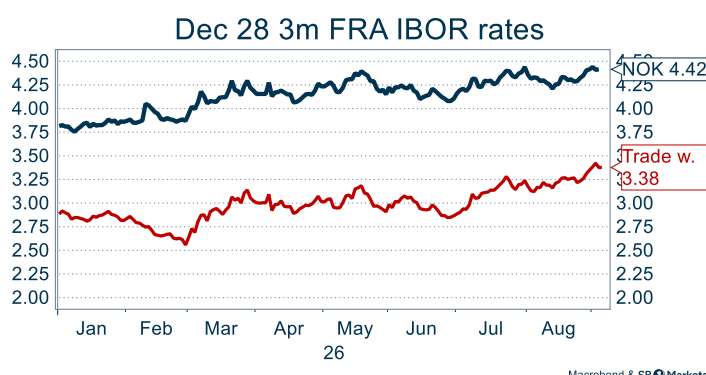
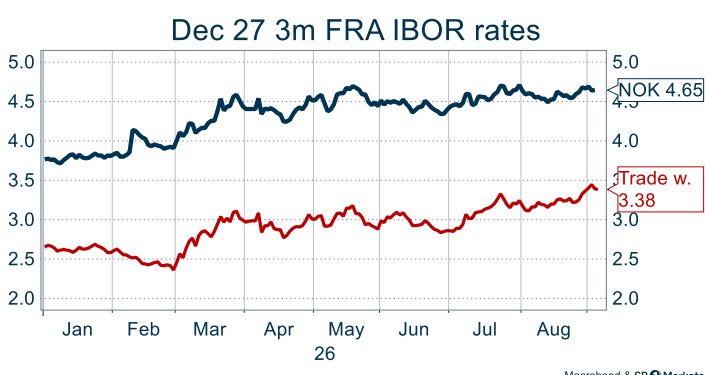
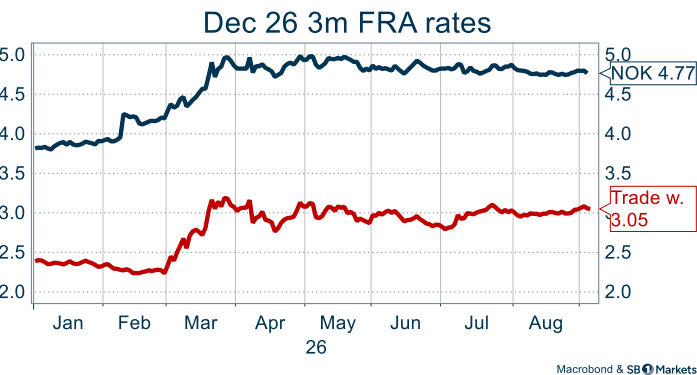
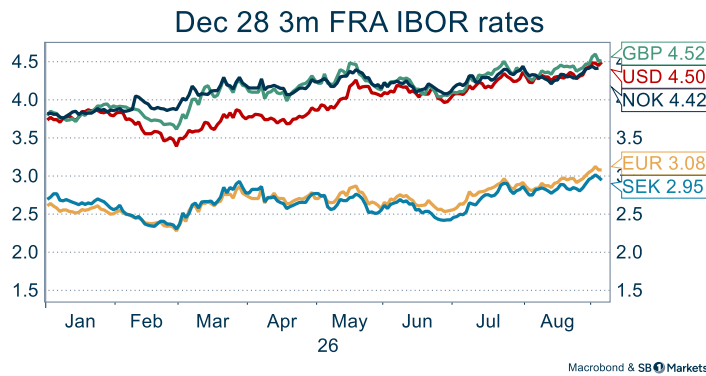
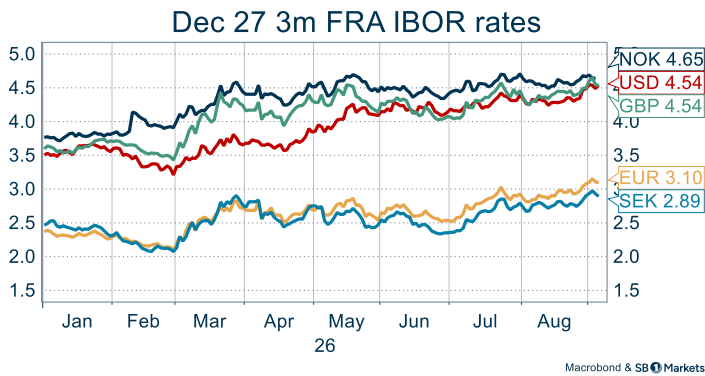
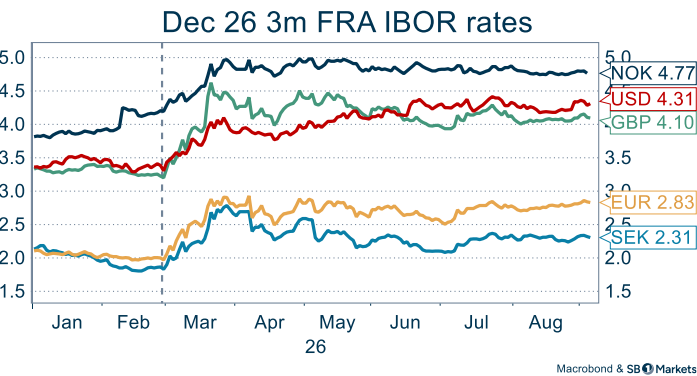
- The list of cutters**
- Canada (-275 bps, to 2.25%)
  - Sweden (-225 bps, to 1.75%)
  - Switzerland (-175 bps, to zero!)
  - US (-175 bps, to 3.63%)
  - UK (-150 bps, to 3.75%)

- The list of hikers**
- Japan (+105 bps, to 1.00%)
- The list of cutters that have hiked**
- Australia (+75 bps, to 4.35%)
  - South Korea (+50 bps, to 3.00%)
  - Norway (+25 bps, to 4.25%)
  - EMU (+25 bps, to 2.25%)
  - Denmark (+25 bps, to 1.85%)
  - New Zealand (+25 bps, to 2.75%)



| 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  |
| Now                       | 3.63  | 3.75  | 2.25  | 1.75   | 4.25   |
| Change until end of 2026  | 0.36  | 0.29  | 0.42  | 0.23   | 0.28   |
| End of 2026 (market)      | 3.99  | 4.04  | 2.67  | 1.98   | 4.53   |
| ... Change last week      | -0.02 | 0.00  | 0.02  | 0.01   | 0.01   |
| Change through 2027       | 0.23  | 0.40  | 0.30  | 0.69   | -0.10  |
| End of 2027 (market)      | 4.22  | 4.44  | 2.97  | 2.66   | 4.42   |

# FRAs: all are trending up, and most were up last week (barring NOK, USD near end contracts)



Dec 26 3m FRAs

|     | Close | 1w    | 1m    | YTD  |
|-----|-------|-------|-------|------|
| NOK | 4.77  | -0.01 | -0.04 | 0.95 |
| USD | 4.31  | -0.03 | 0.05  | 0.95 |
| GBP | 4.10  | 0.00  | 0.06  | 0.77 |
| EUR | 2.83  | 0.02  | 0.11  | 0.72 |
| SEK | 2.31  | 0.02  | 0.04  | 0.17 |

Macrobond & SB Markets

Dec 27 3m FRAs

|     | Close | 1w    | 1m   | YTD  |
|-----|-------|-------|------|------|
| NOK | 4.65  | -0.03 | 0.05 | 0.88 |
| USD | 4.54  | 0.07  | 0.28 | 1.04 |
| GBP | 4.54  | 0.05  | 0.26 | 0.94 |
| EUR | 3.10  | 0.05  | 0.28 | 0.72 |
| SEK | 2.89  | 0.05  | 0.22 | 0.43 |

Macrobond & SB Markets

Dec 28 3m FRAs

|     | Close | 1w   | 1m   | YTD  |
|-----|-------|------|------|------|
| GBP | 4.52  | 0.05 | 0.23 | 0.72 |
| USD | 4.50  | 0.09 | 0.27 | 0.76 |
| NOK | 4.42  | 0.01 | 0.10 | 0.60 |
| EUR | 3.08  | 0.07 | 0.26 | 0.47 |
| SEK | 2.95  | 0.04 | 0.19 | 0.25 |

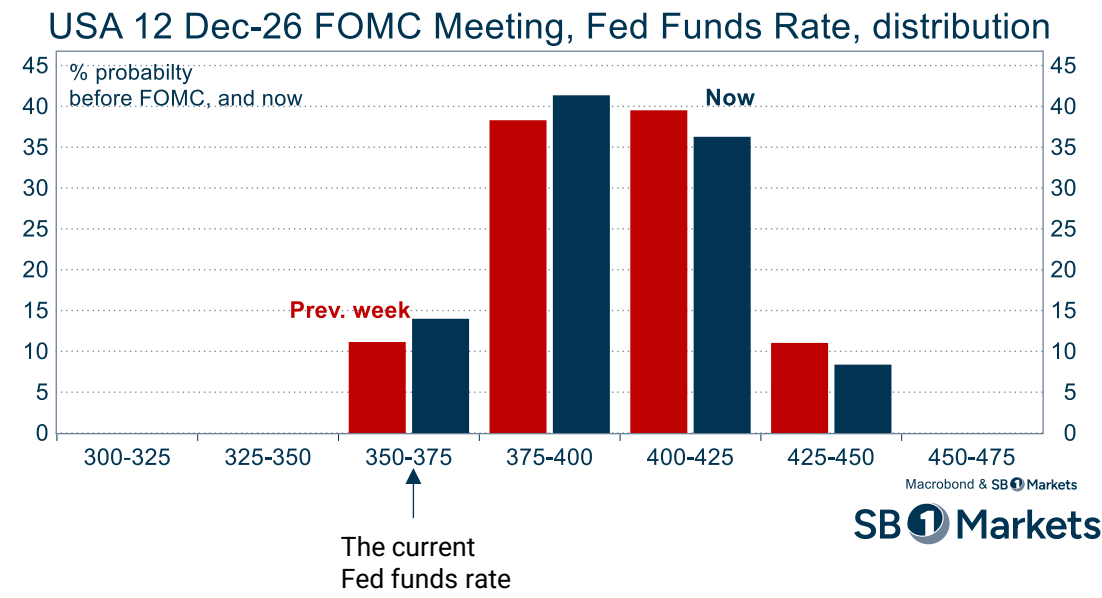
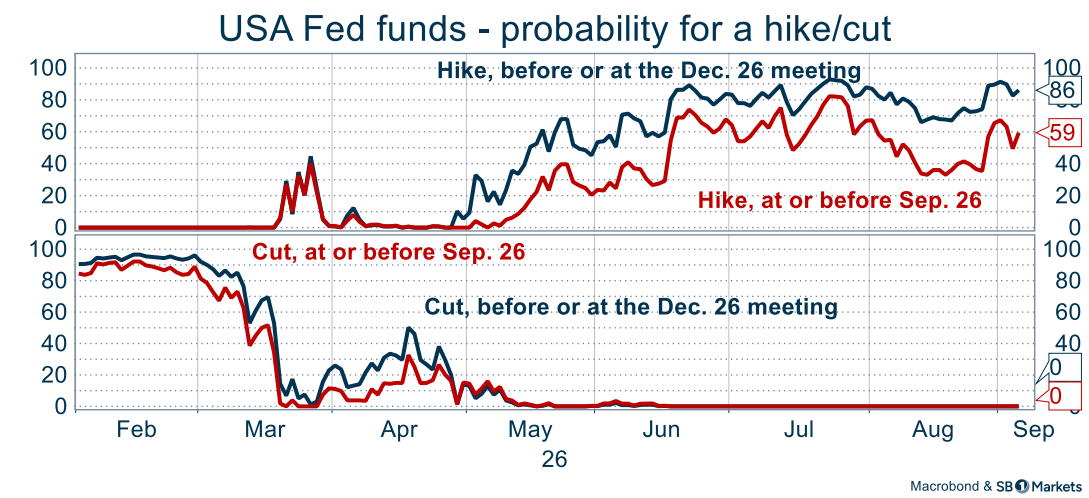
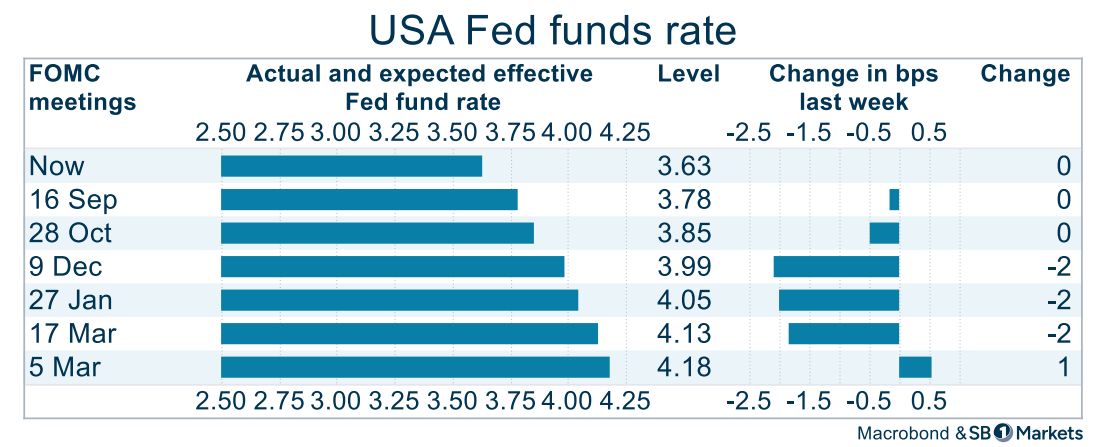
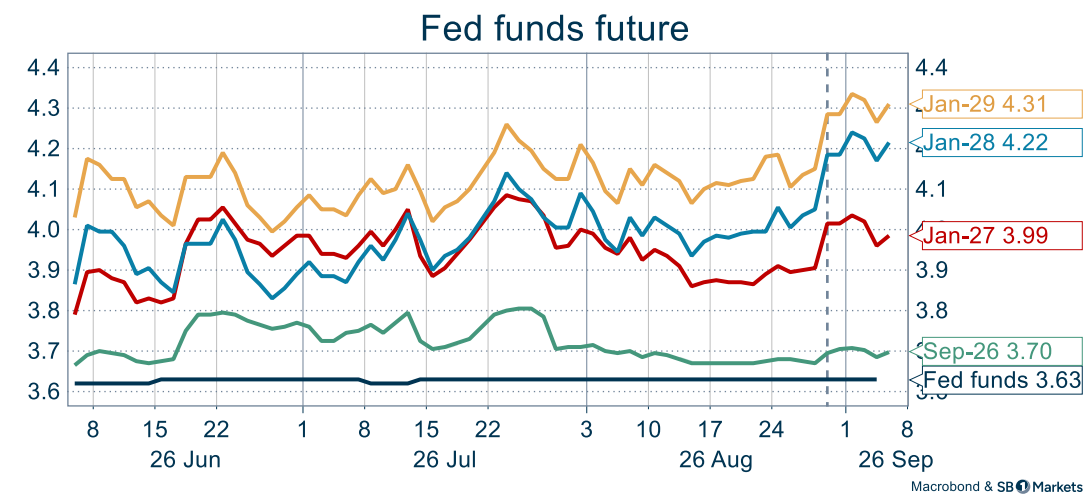
Macrobond & SB Markets

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.



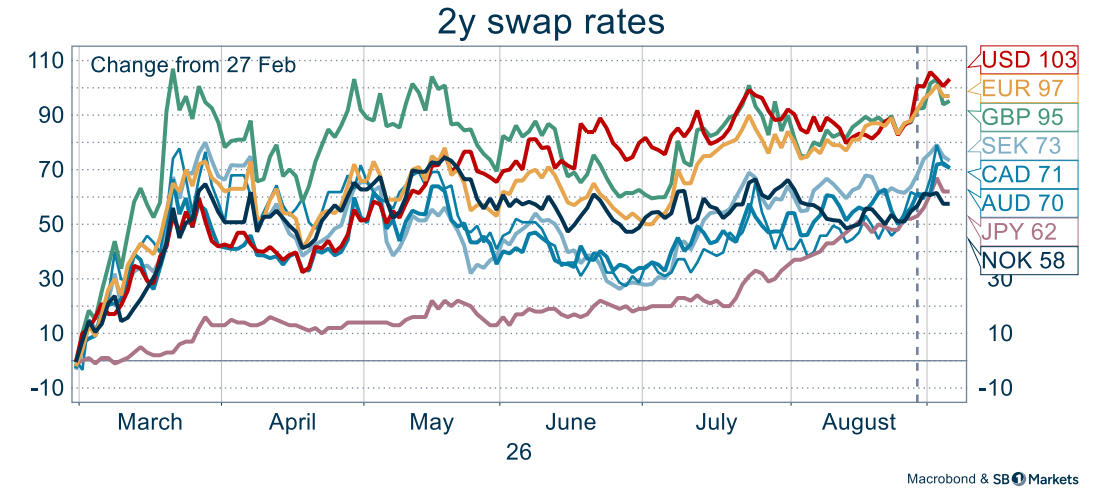
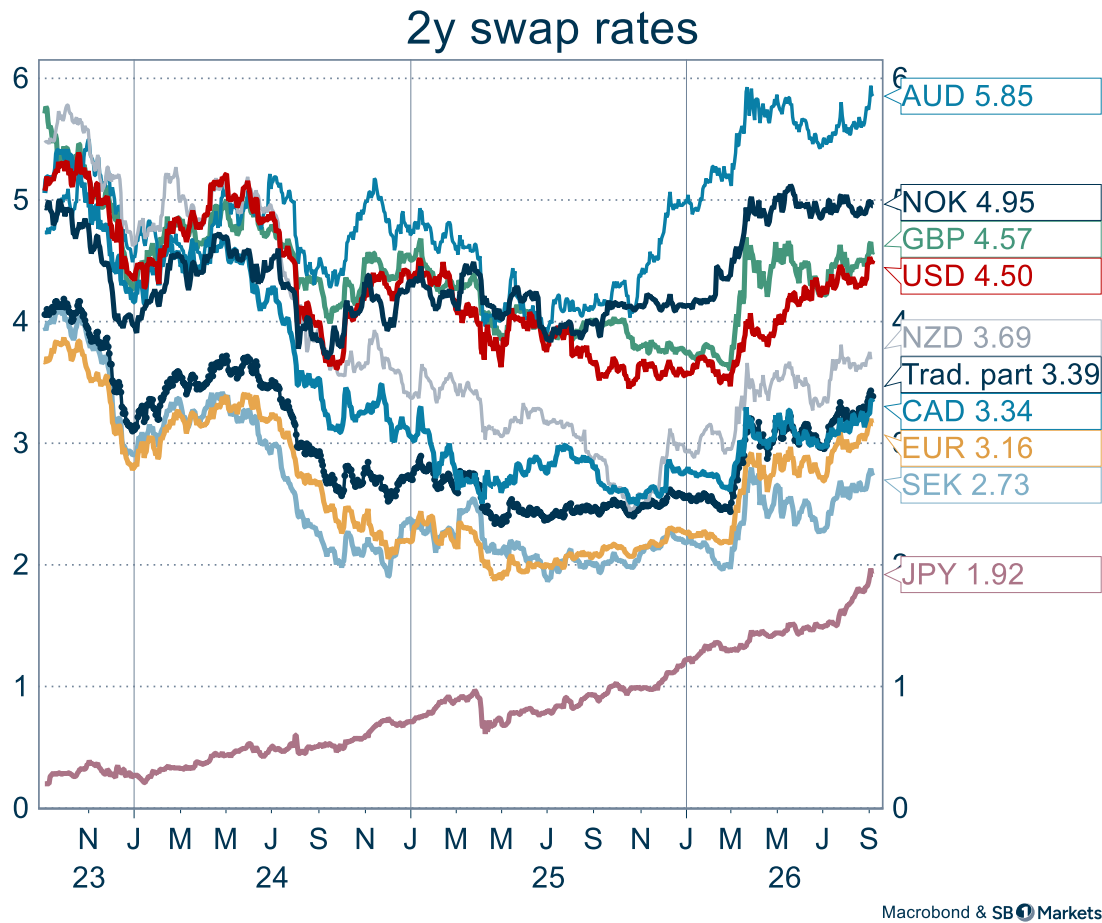
# Fed funds: The market expect FOMC to hike

The probability for a September was close to unchanged from the previous week at 59% (in spite of a 9 bps lift on Friday's labour market report). The probability for a hike before or at the December meeting is 86%, slightly down from a week ago.



2-year swap rates up everywhere, the least in USD and NOK, by 2 and 1 bps, resp.

The average 2y swap among our trading partners was up 5 bps last week, and it is up **20 bps the last month**. The NOK rate is **down 1 bp**.



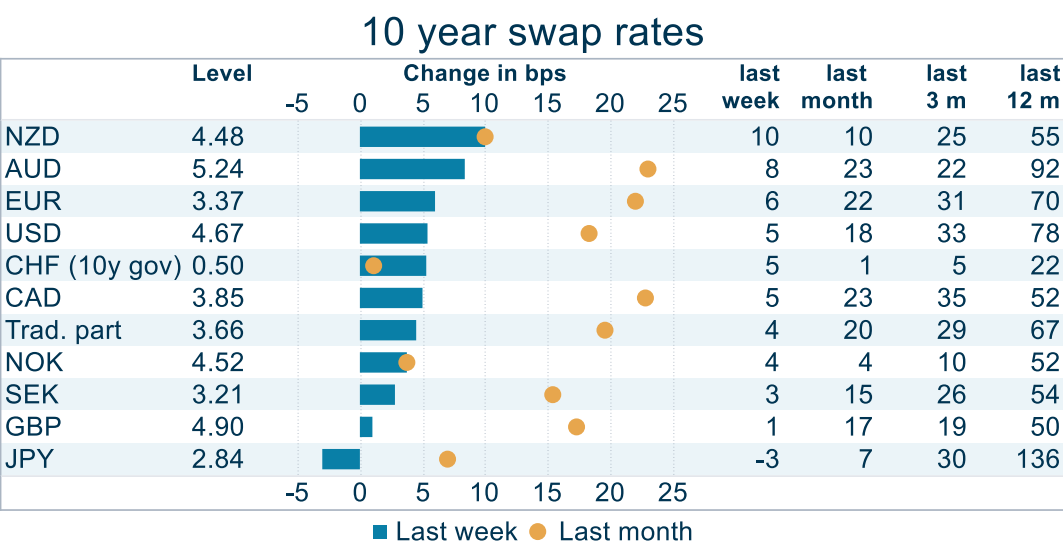
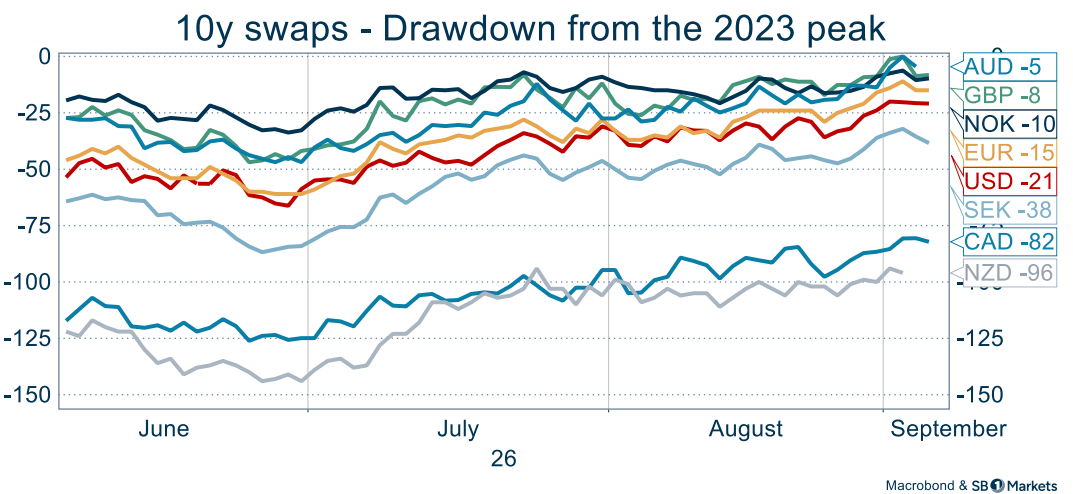
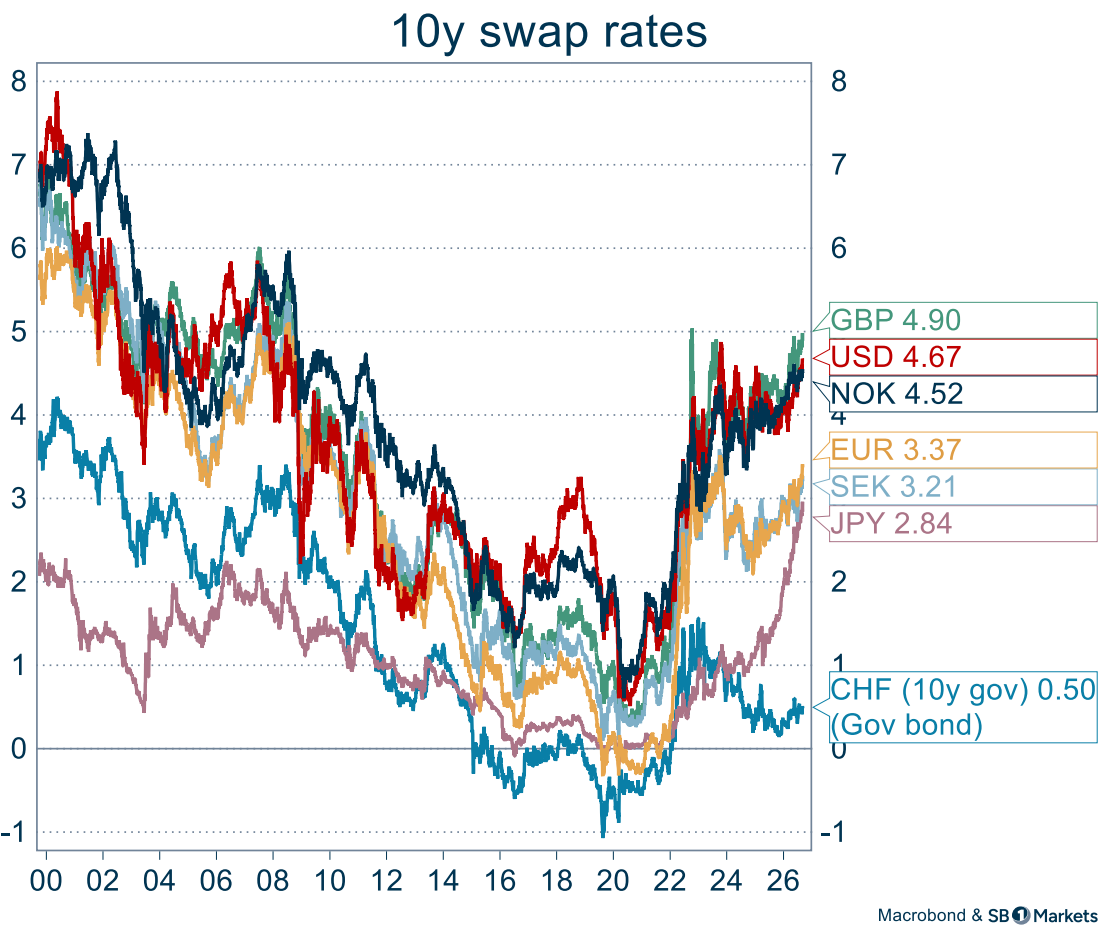
2y swap rates

|            | Level | Change in bps |   |   |    |    |    |    |    | last week | last month | last 3 m | last 12 m |
|------------|-------|---------------|---|---|----|----|----|----|----|-----------|------------|----------|-----------|
|            |       | -5            | 0 | 5 | 10 | 15 | 20 | 25 | 30 |           |            |          |           |
| AUD        | 5.85  |               |   |   |    |    |    |    |    | 10        | 26         | 20       | 167       |
| CAD        | 3.34  |               |   |   |    |    |    |    |    | 9         | 25         | 31       | 56        |
| JPY        | 1.92  |               |   |   |    |    |    |    |    | 9         | 25         | 45       | 102       |
| NZD        | 3.69  |               |   |   |    |    |    |    |    | 6         | 1          | 18       | 79        |
| SEK        | 2.73  |               |   |   |    |    |    |    |    | 5         | 19         | 25       | 74        |
| EUR        | 3.16  |               |   |   |    |    |    |    |    | 5         | 23         | 31       | 107       |
| Trad. part | 3.39  |               |   |   |    |    |    |    |    | 5         | 22         | 28       | 93        |
| GBP        | 4.57  |               |   |   |    |    |    |    |    | 3         | 20         | 13       | 58        |
| USD        | 4.50  |               |   |   |    |    |    |    |    | 2         | 18         | 33       | 89        |
| NOK        | 4.95  |               |   |   |    |    |    |    |    | 1         | -1         | 0        | 97        |

Last week Last month

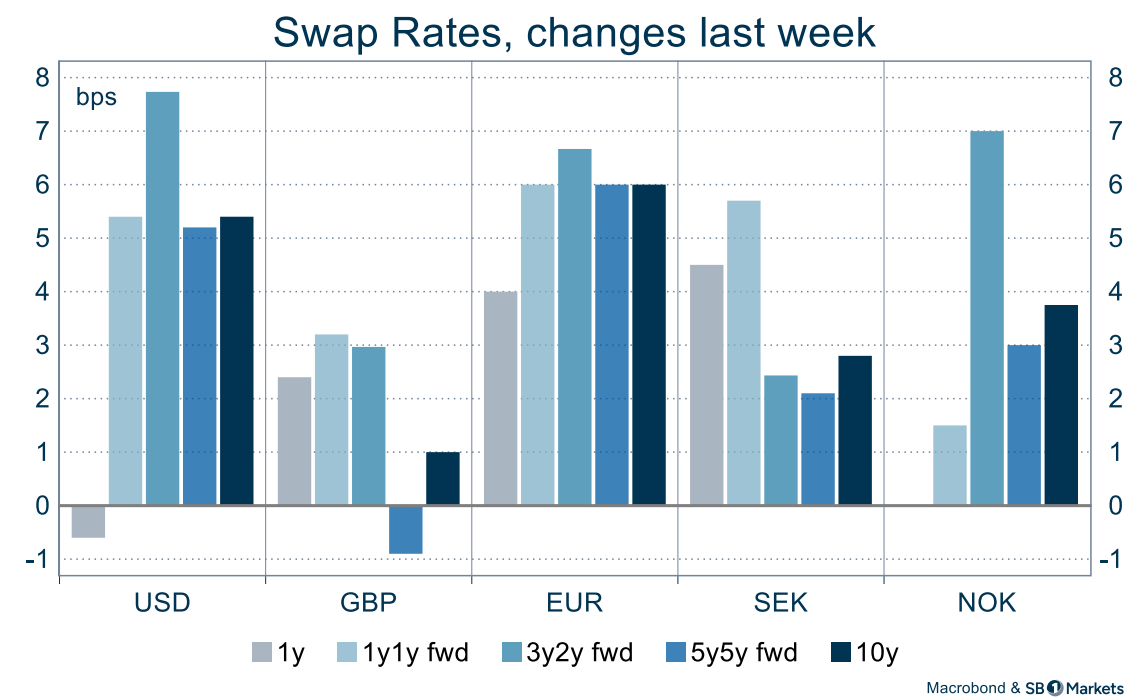
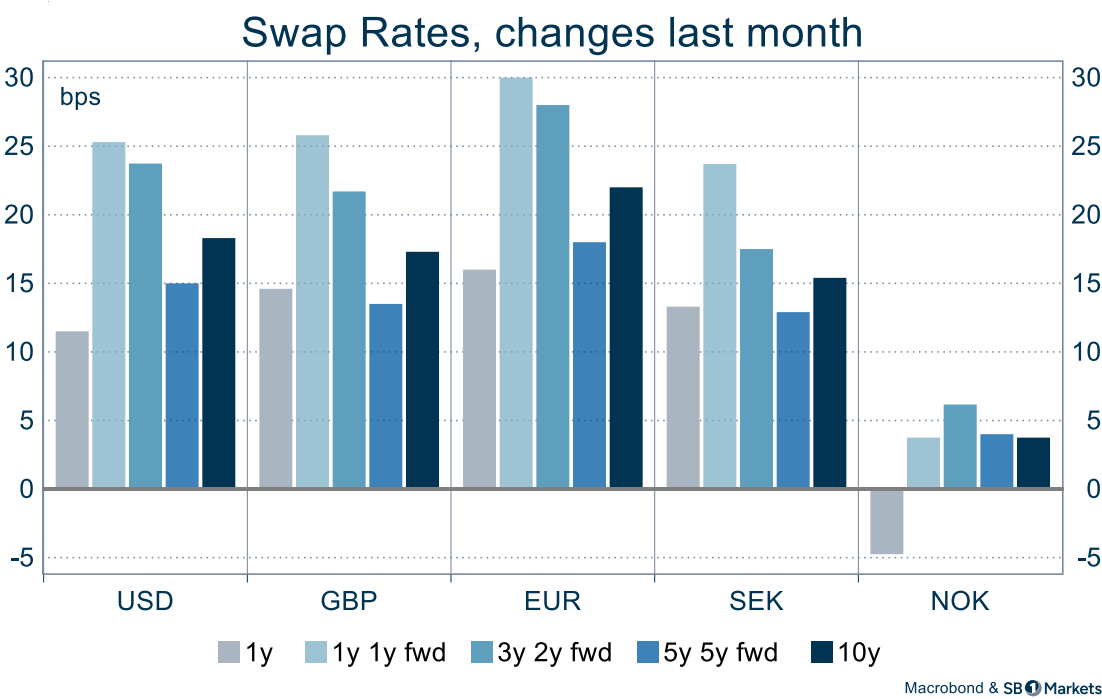
# 10-year swap rates up everywhere, barring in JPY (but the JGB 10y rate rose 7 bps)

Our trading partners were up 4 bps, like the NOK rate. The USD swap rate was up 5 bps (like the 10y bond rate).



# Swap curves: EUR rates up the most last week, GBP rates the least

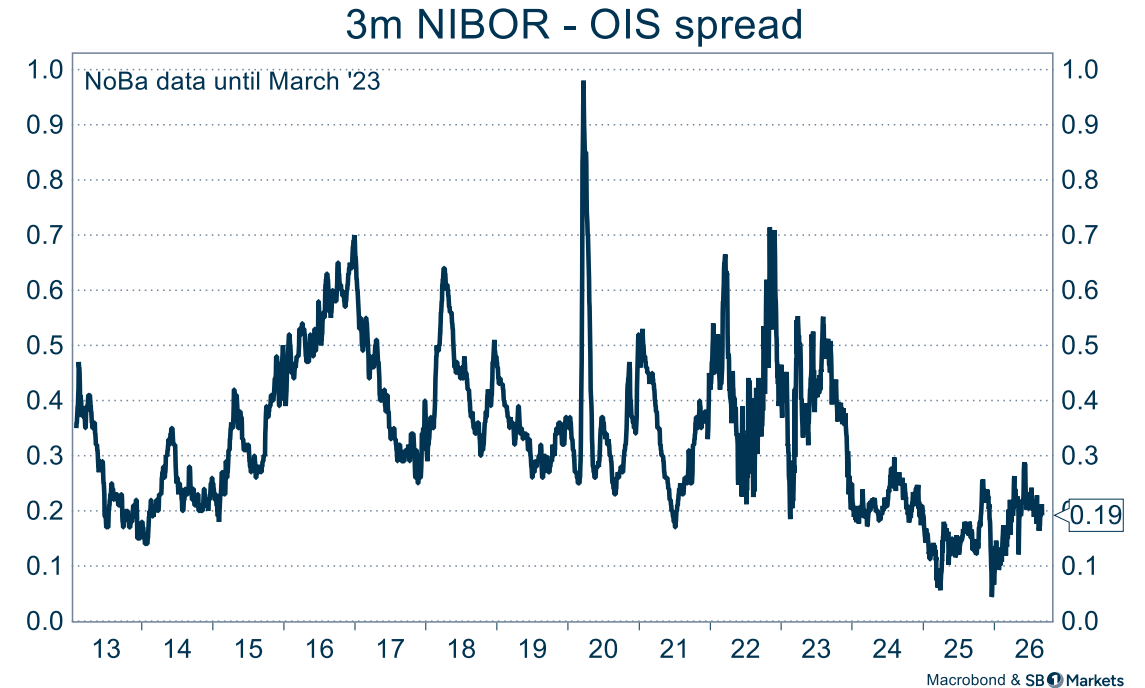
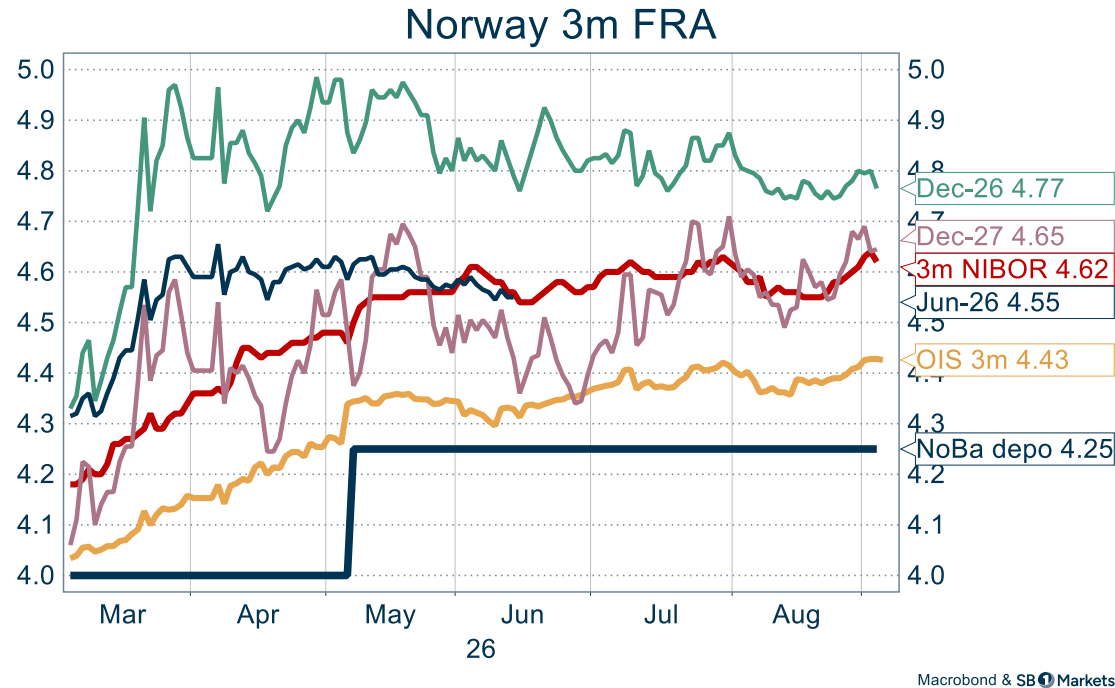
Last month, all curves are up, NOK rates the least (and the 1y rate is slightly down).





# NOK 3m NIBOR: +2 bps to 4.62%. The NIBOR spread was unchanged at 19 bps.

FRA rates fell slightly

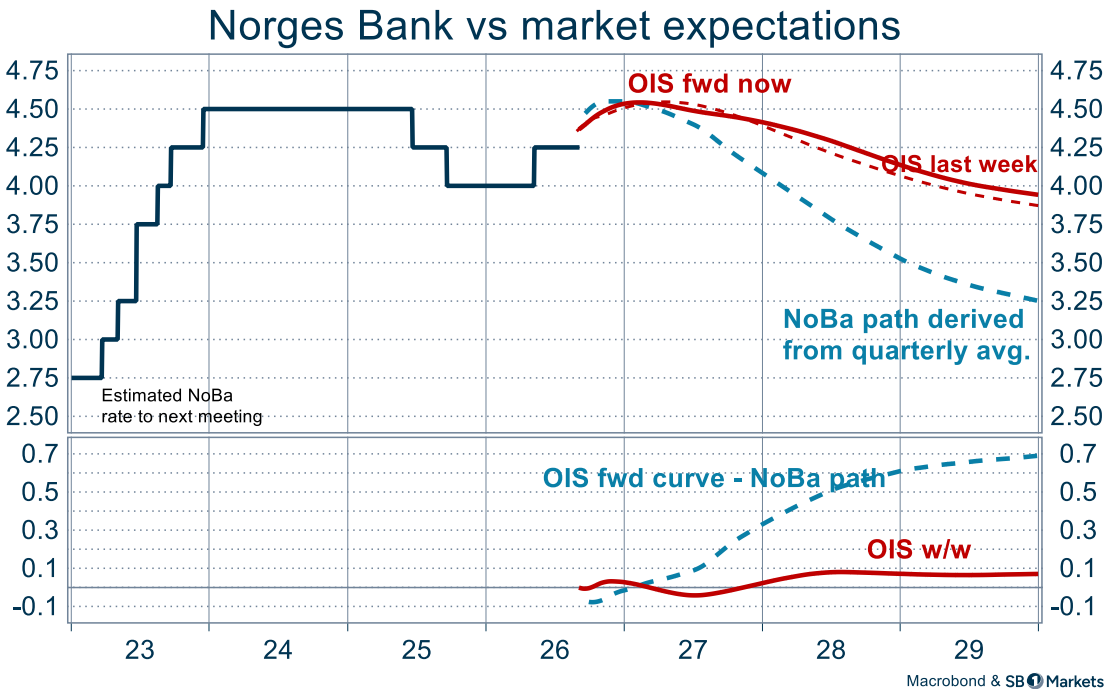
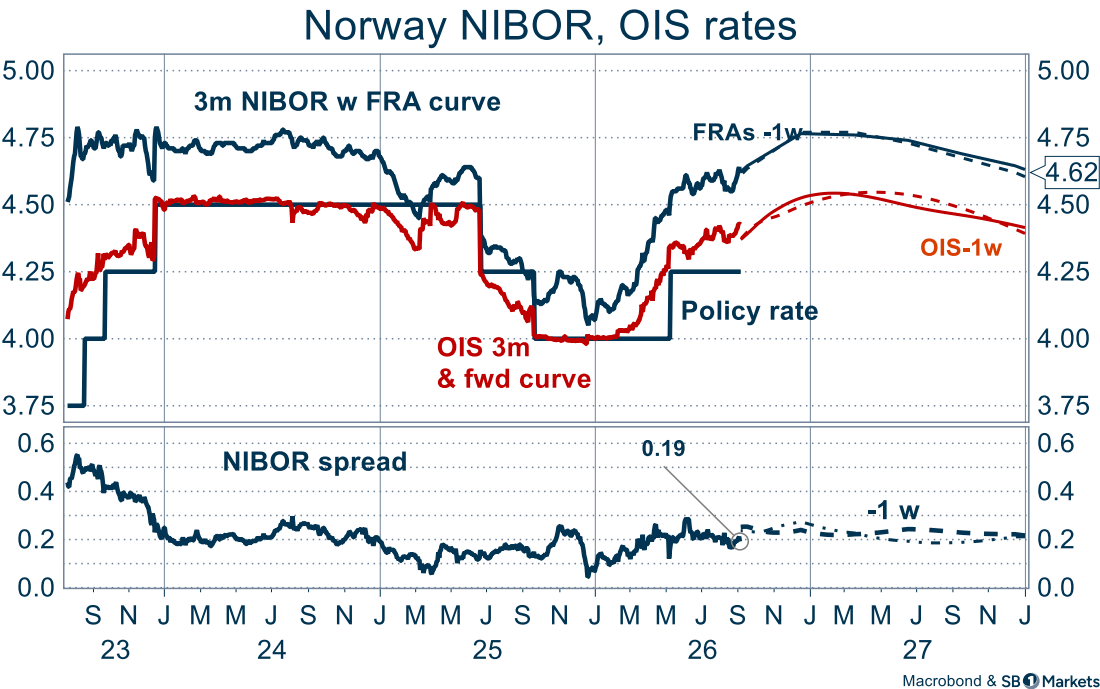






# Rate expectations: a NoBa September hike still more likely than not, the market says

We are not so sure that Norges Bank will hike and the new interest rate path will very likely be lower than the previous one – barring a huge upward CPI surprise this week.



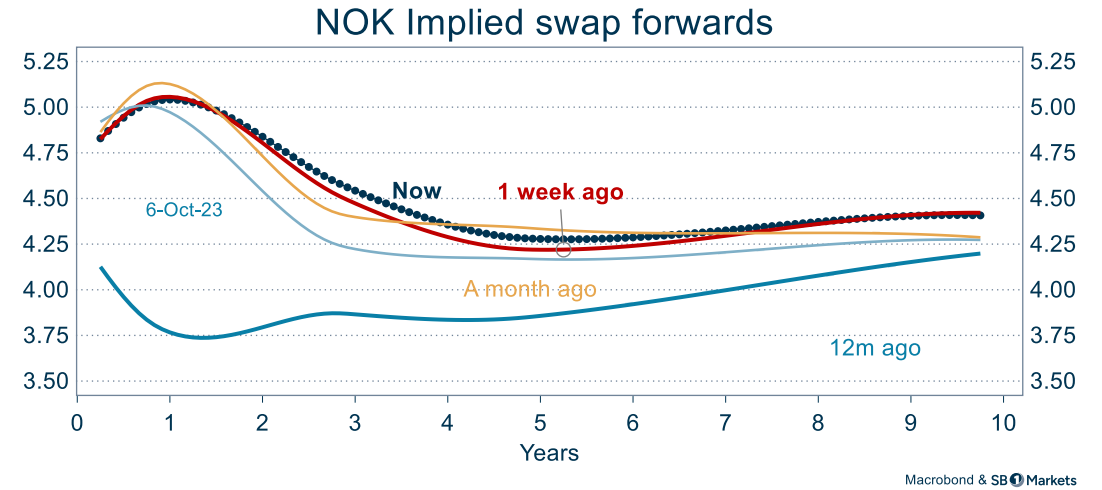
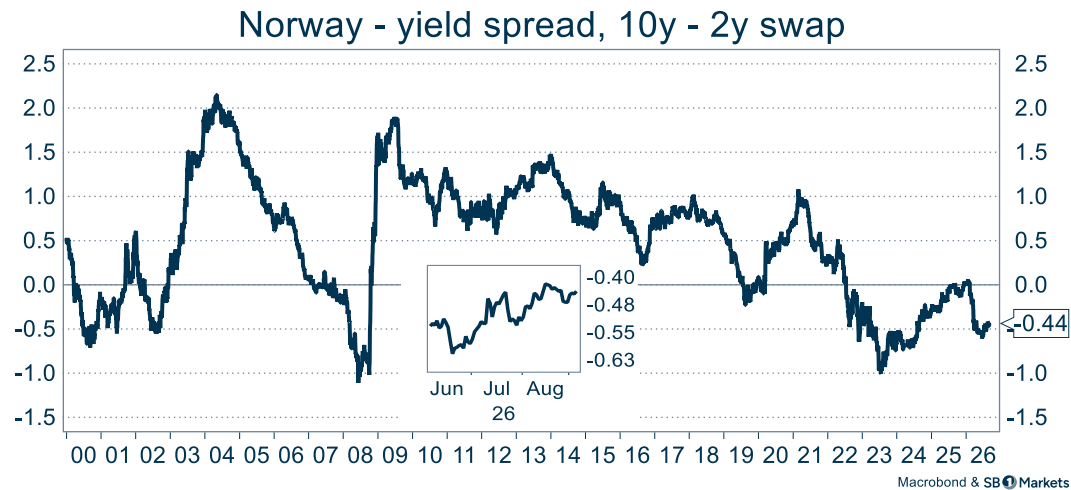
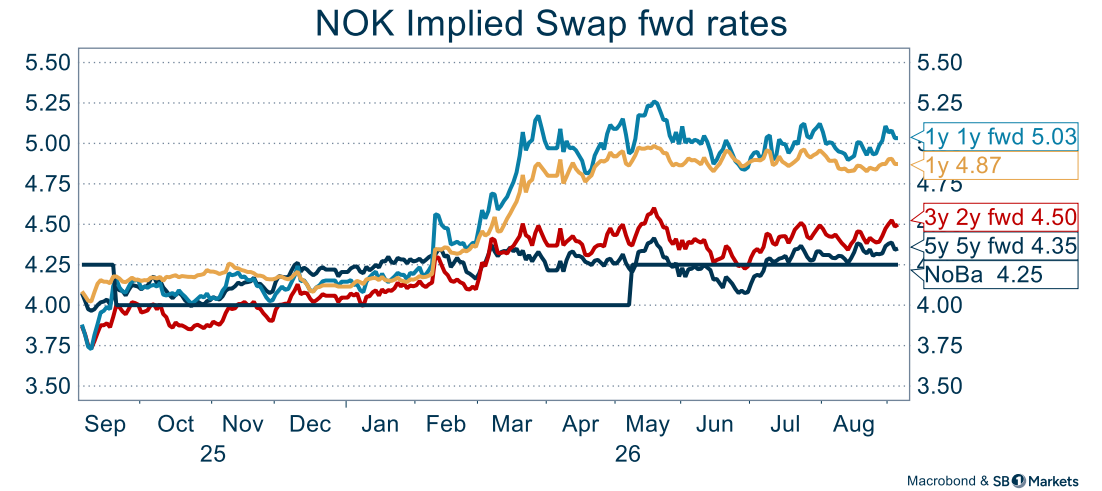
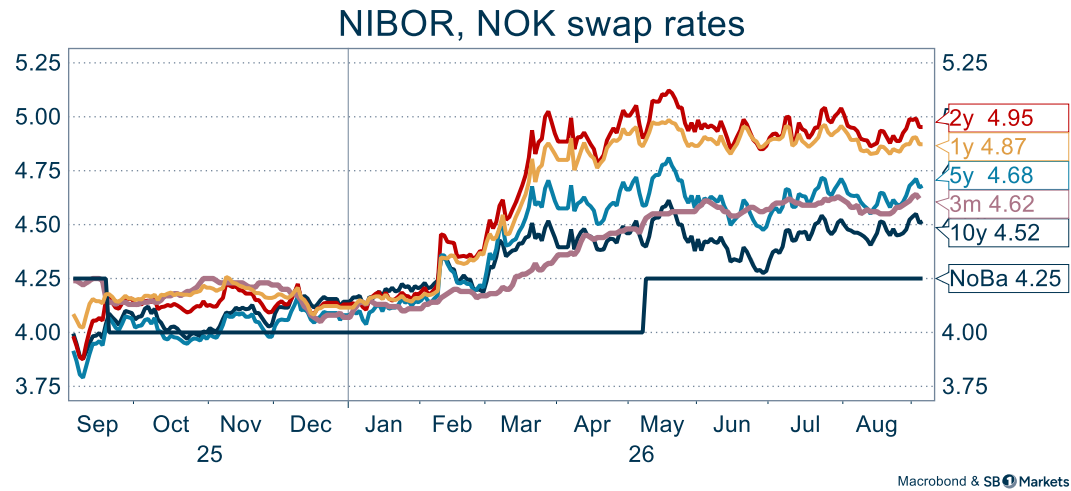
| Norges Bank vs. market |           |         |               |                |                |
|------------------------|-----------|---------|---------------|----------------|----------------|
| Meeting                | NoBa path | OIS fwd | OIS NoBa est. | Alternat. rate | % prob for alt |
| 24-Sep                 | 4.50      | 4.40    | 4.50          | 4.25           | 39%            |
| 05-Nov                 | 4.50      | 4.48    | 4.50          | 4.25           | 8%             |
| 17-Dec                 | 4.50      | 4.52    | 4.50          | 4.75           | 9%             |
| 21-Jan                 | 4.50      | 4.54    | 4.50          | 4.75           | 16%            |
| 24-Mar                 | 4.50      | 4.54    | 4.50          | 4.75           | 15%            |
| 06-May                 | 4.50      | 4.52    | 4.50          | 4.75           | 7%             |
| 17-Jun                 | 4.50      | 4.50    | 4.50          | 4.25           | 1%             |
| 12-Aug                 | 4.25      | 4.47    | 4.50          | 4.25           | 11%            |

Yellow cells: Norges Bank cut  
Red cells: Norges Bank hike  
Sources: Norges Bank, Macrobond, Infront, SB1M



# NOK swaps: the mid-segment of the curve moved up last week

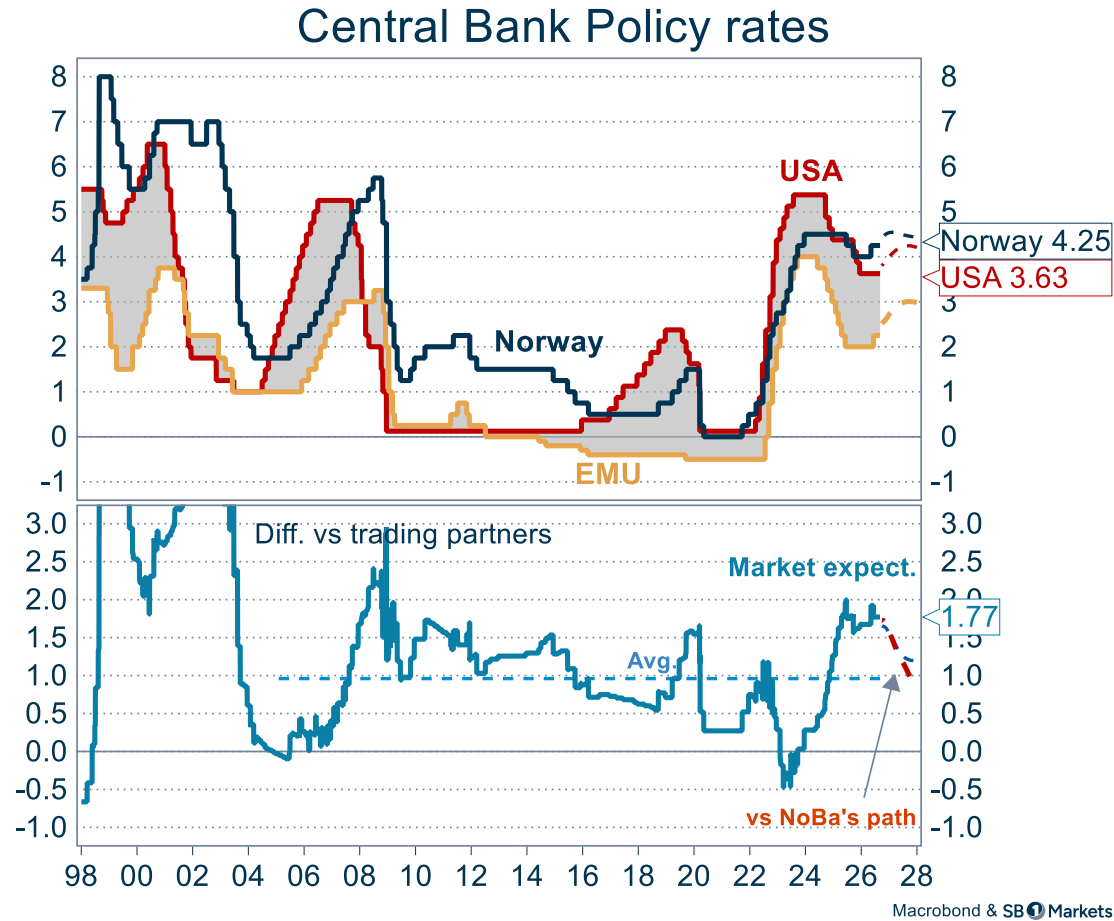
The curve is slightly less inverted than a week ago



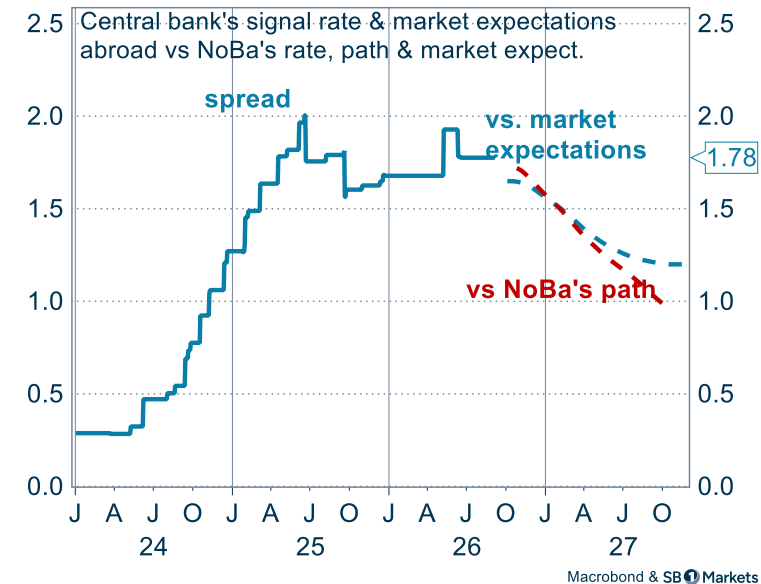
Swap rates are calculated vs. 6m NIBOR, not 3m NIBOR

# Norges Bank's policy rate: 177 bps above the trading-partners' average

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

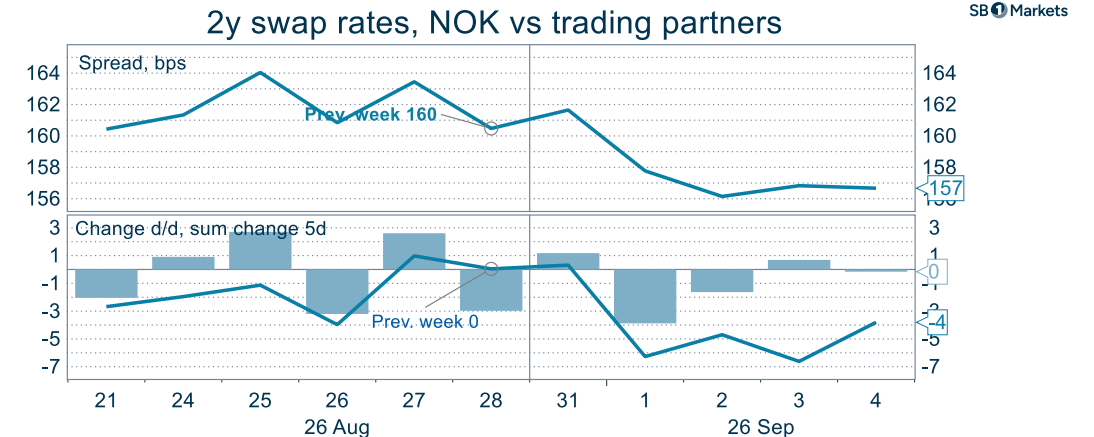
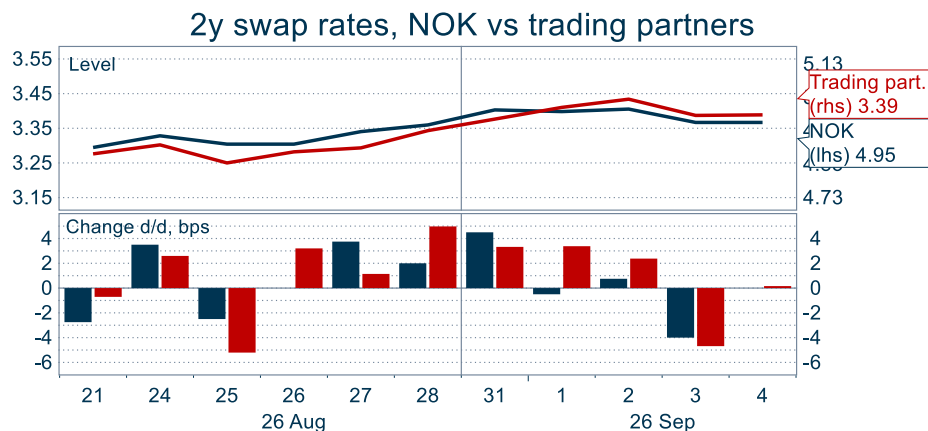
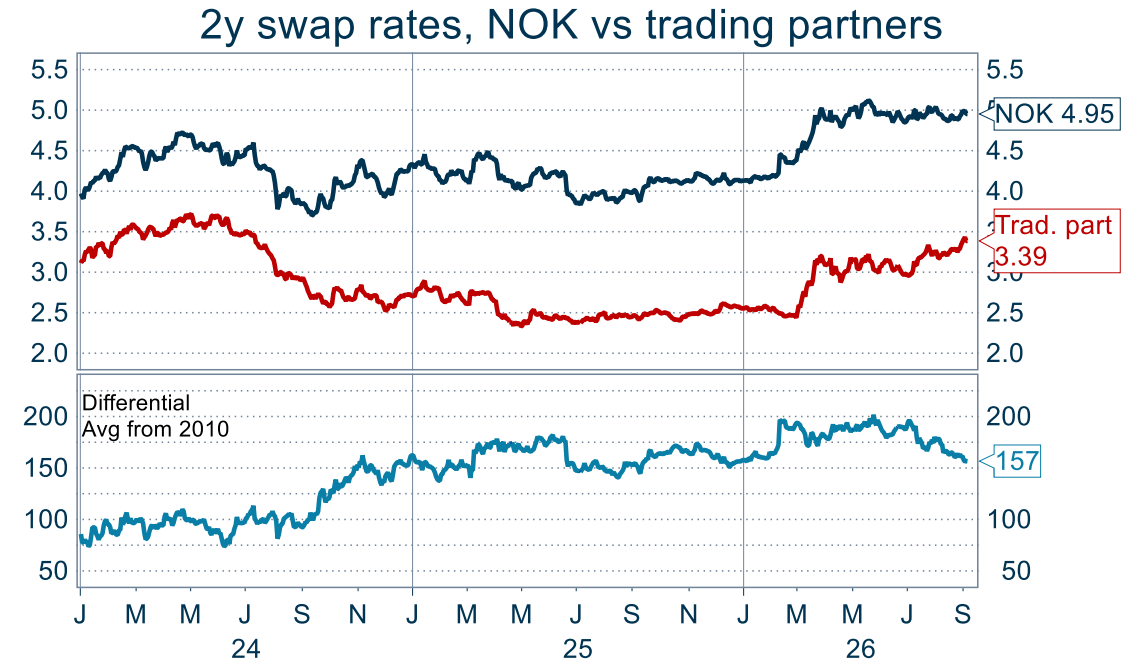
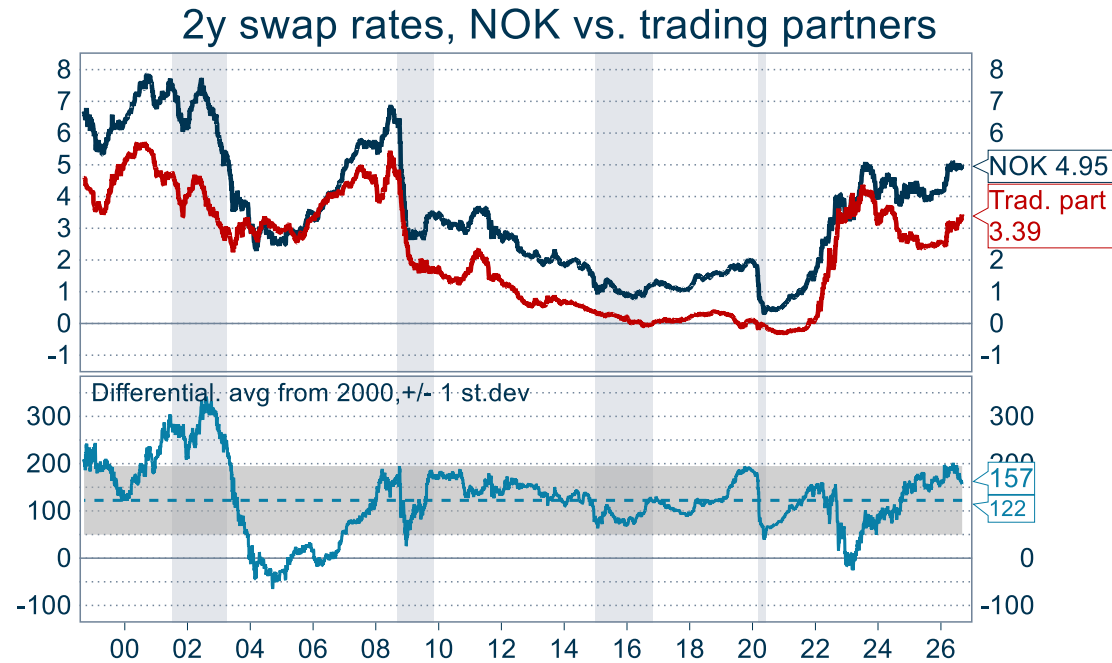


- The peak difference in policy rates over the past 20 years was 225 bps (barring a few days in 2008).
  - In the current cycle, the 2y NOK swap rate has been up to 200 bps above the average rate among our trading partners.
- If **Norges Bank** follows the rate path presented in the MPR, the spread will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



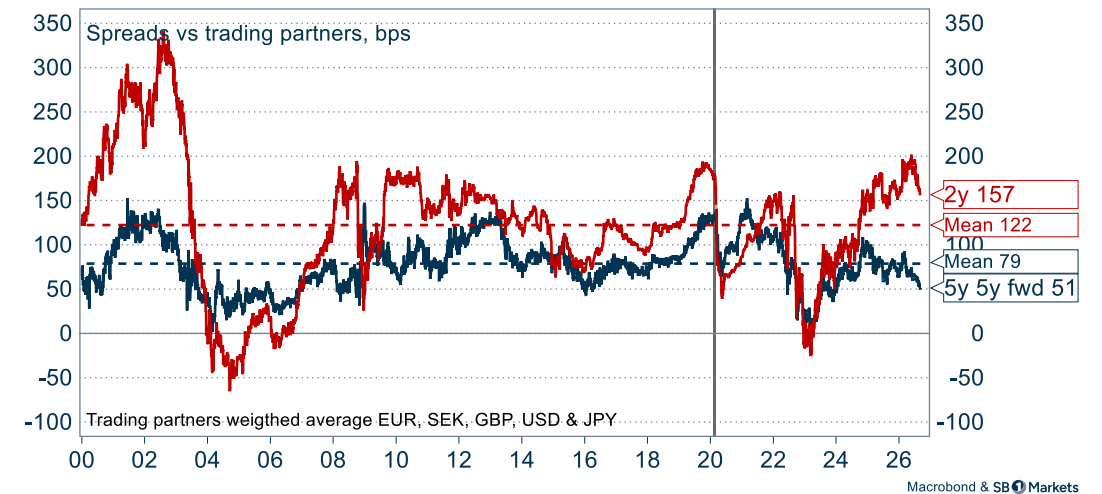
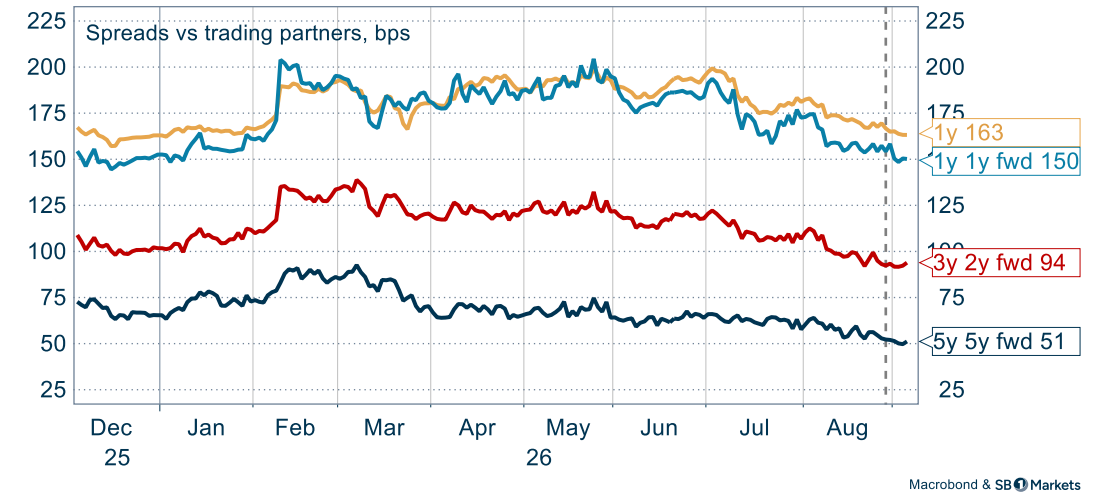
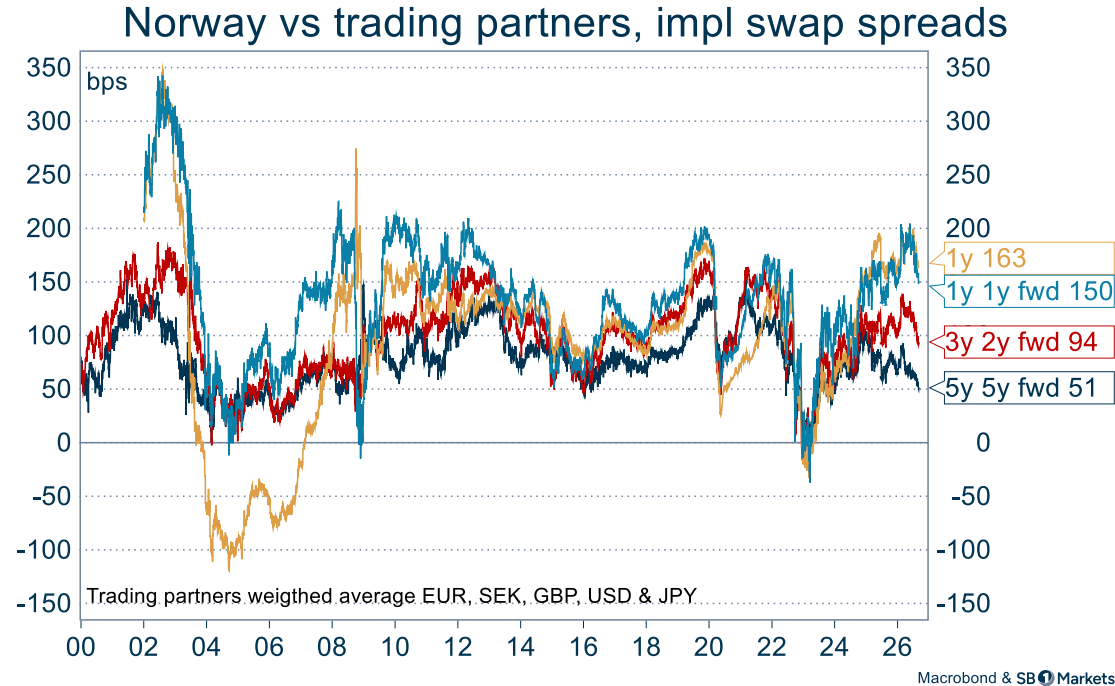
# The 2-year NOK swap spread vs. trading partners down another 4 bps to 157 bps

The spread is still high, and the upside risk is probably limited (but the spread has been close to 200 bps on several occasions in 2026).



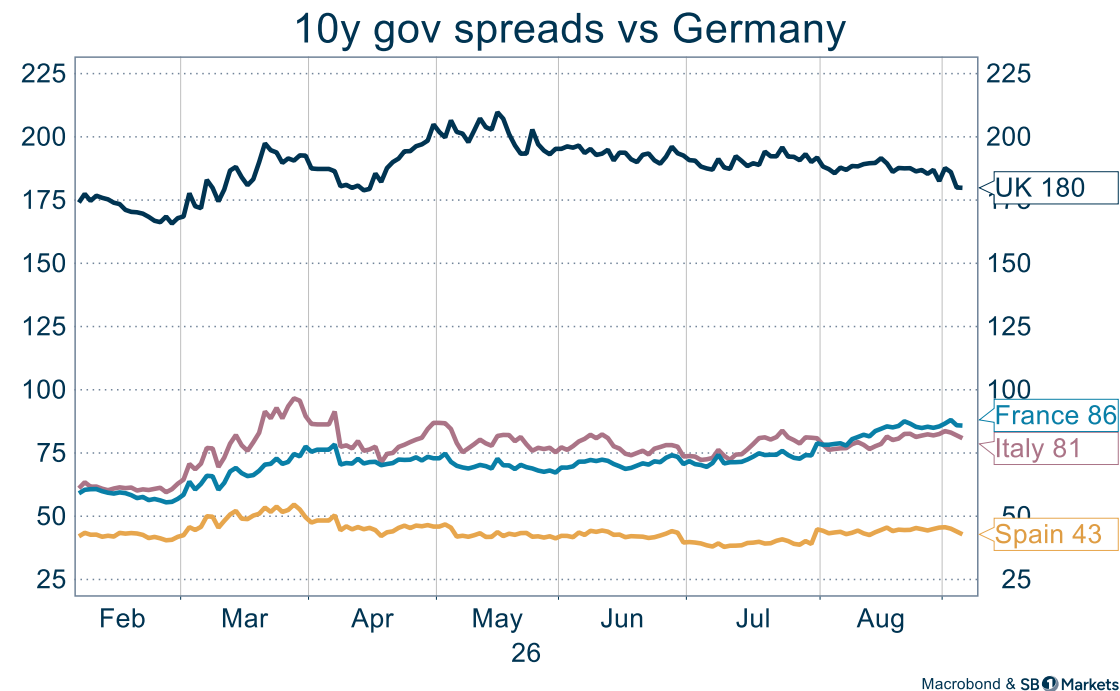
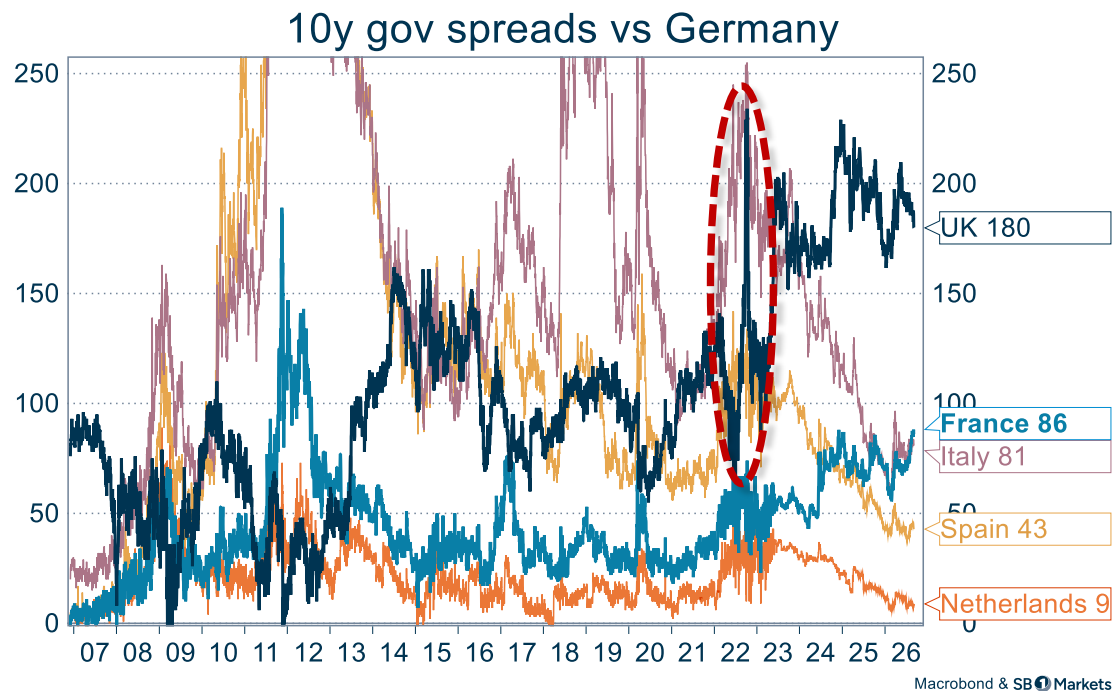
# Swap spreads vs. our trading partners have been narrowing since early March

... and declined further last week, especially in the short end. The spread is lower than normal in the long end of the curve but still well above an average level in the short end.



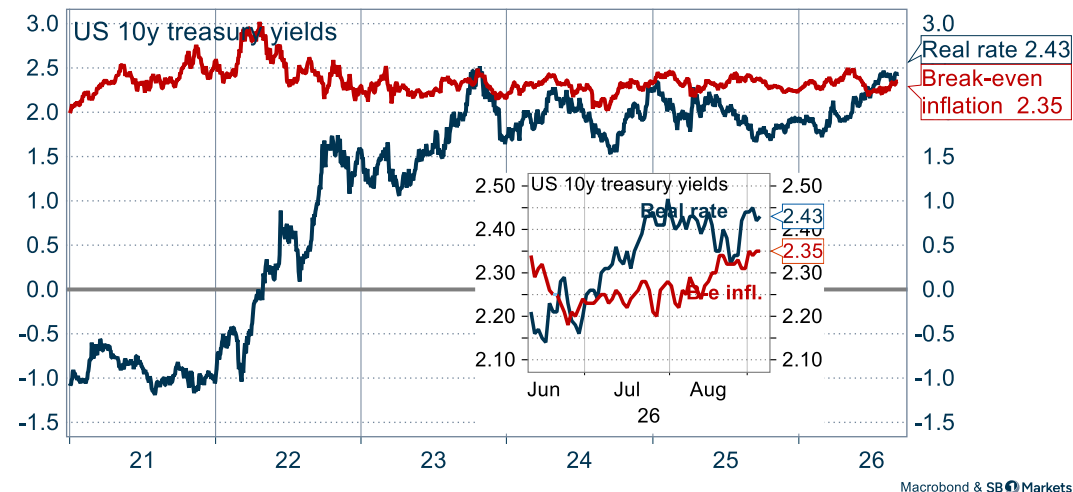
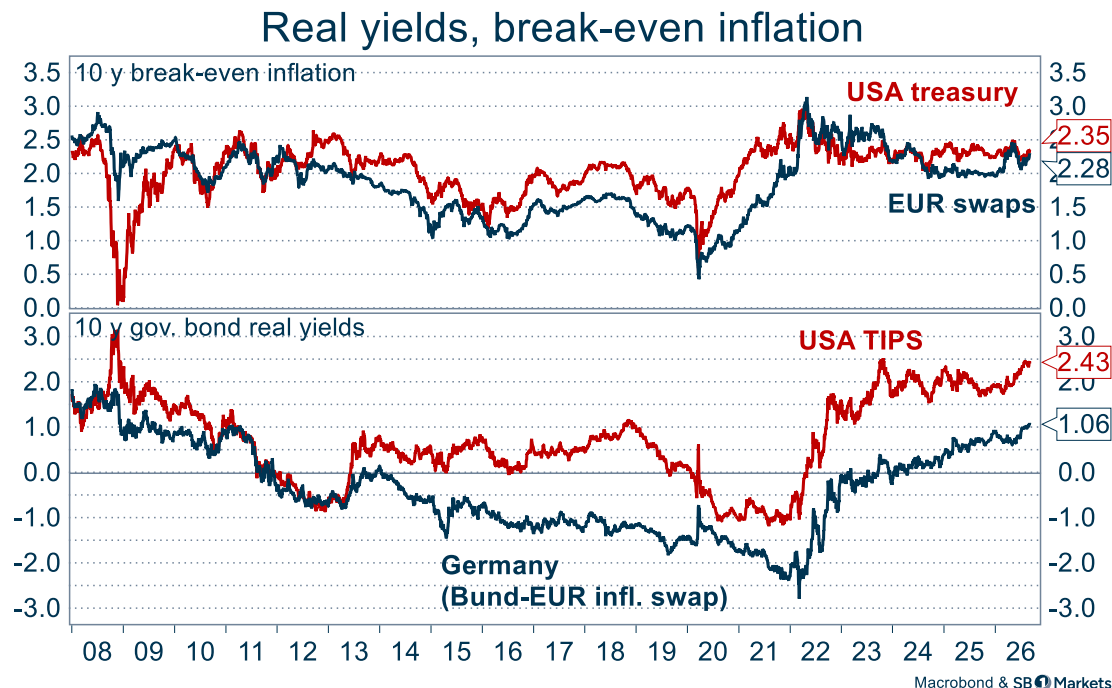
# EMU 10y sovereigns : no big changes. UK yields are drifting down vs. German yields

(And even if the spread vs. the German bund remains high, there is no Truss moment to be seen (then the spread widened 150 bps before Bank of England had to stabilise the market). On the watchlist: the French spread drifts upwards.



# US inflation expectations lifted the 10y bond yield but remains in check

The TIPS real rate has increased recent months and is close to the highest levels since before the financial crisis. Still, the current level is of course perfectly a normal level, historically



- The **10y real TIPS** is up 50 bps YTD
- The **US 10y break-even CPI inflation** at 2.35% is (almost) in line with the PCE target at 2.0% (PCE inflation is on average lower than inflation measured by the CPI, if not now).
- **10y EUR inflation expectations** (inflation swap) at 2.28% are slightly on the high side. **The real bond rate** (applying inflation swaps) is at 1.06%, the highest level since 2009 and **trends steadily upward**.

## US, Germany real rates, inflation expectations

|                              | Yield | Change 1w | Change 1m | YTD  | Min since April-20 |
|------------------------------|-------|-----------|-----------|------|--------------------|
| <b>USA nominal treasury</b>  | 4.78  | 0.05      | 0.15      | 0.60 | 0.52               |
| .. break-even inflation      | 2.35  | 0.04      | 0.12      | 0.10 | 1.06               |
| .. TIPS real rate            | 2.43  | 0.01      | 0.03      | 0.50 | -1.19              |
| <b>Germany 10y gov, bund</b> | 3.34  | 0.07      | 0.22      | 0.50 | -0.65              |
| .. 10y EUR inflation swap    | 2.28  | 0.05      | 0.15      | 0.32 | 0.68               |
| .. real rate                 | 1.06  | 0.02      | 0.07      | 0.17 | -2.79              |

Macrobond & SB Markets



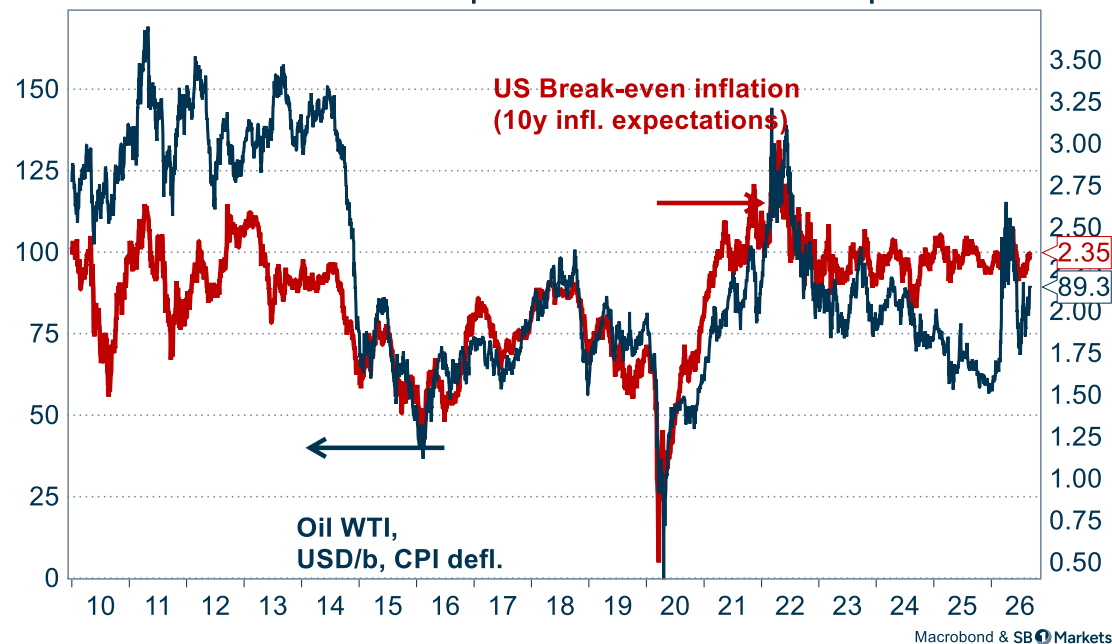


# US inflation expectations are still correlated to the oil price

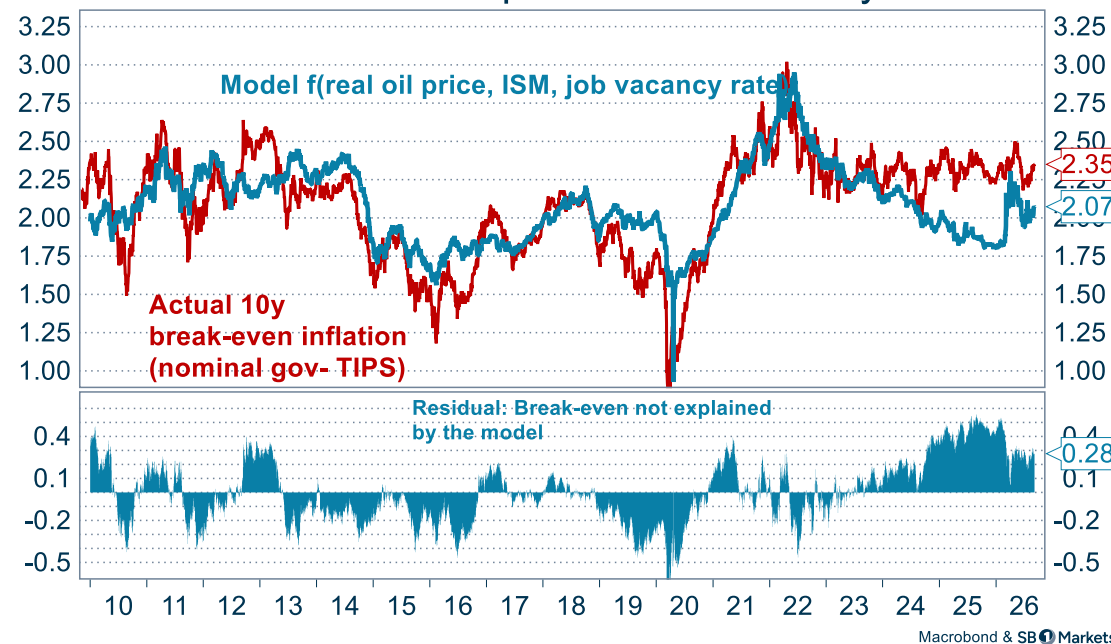
... but the impact has been less than normal during the recent oil turbulence.

Inflation expectations are still high vs. our model forecast but the gap has narrowed in 2026.

USA Inflation expectations vs. the oil price



USA Inflation expect. vs. oil & the cycle

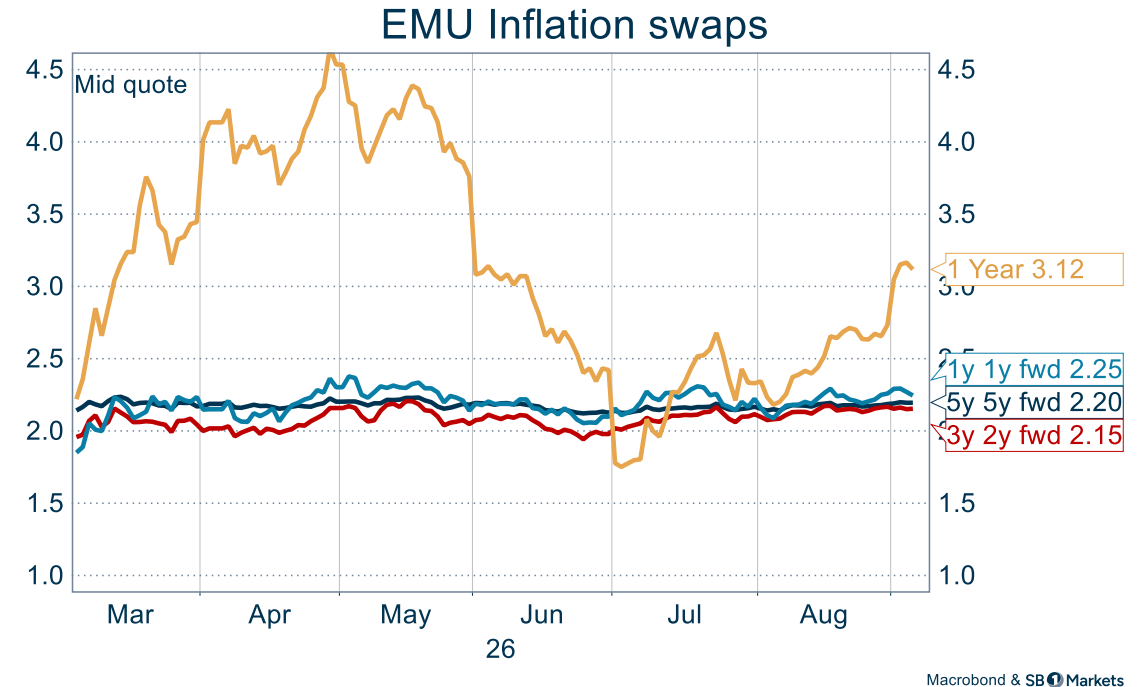
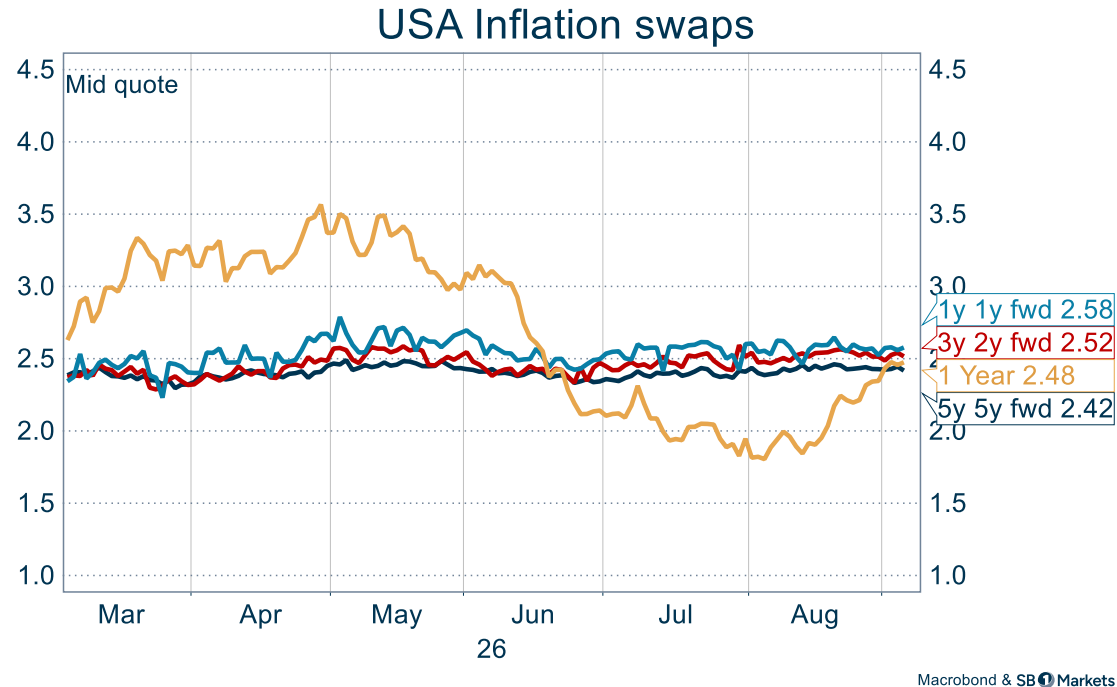


- The main determinant of **long-term inflation expectations** has been the current **spot (!) oil price**. If the current ISM and the current labour market are added, the model works even better.
- Our model's coefficients:
  - -10 USD/b: -10 bps (the dominant factor, check the upper left chart)
  - -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?

# The market expects EUR 1y 1y fwd inflation to decline to close to the ECB's 2% target

In the US, the 1y 1y fwd rate at 2.58% is well above the Fed's inflation target.

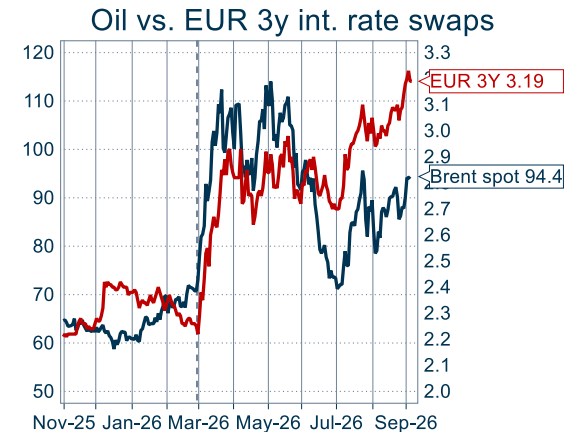
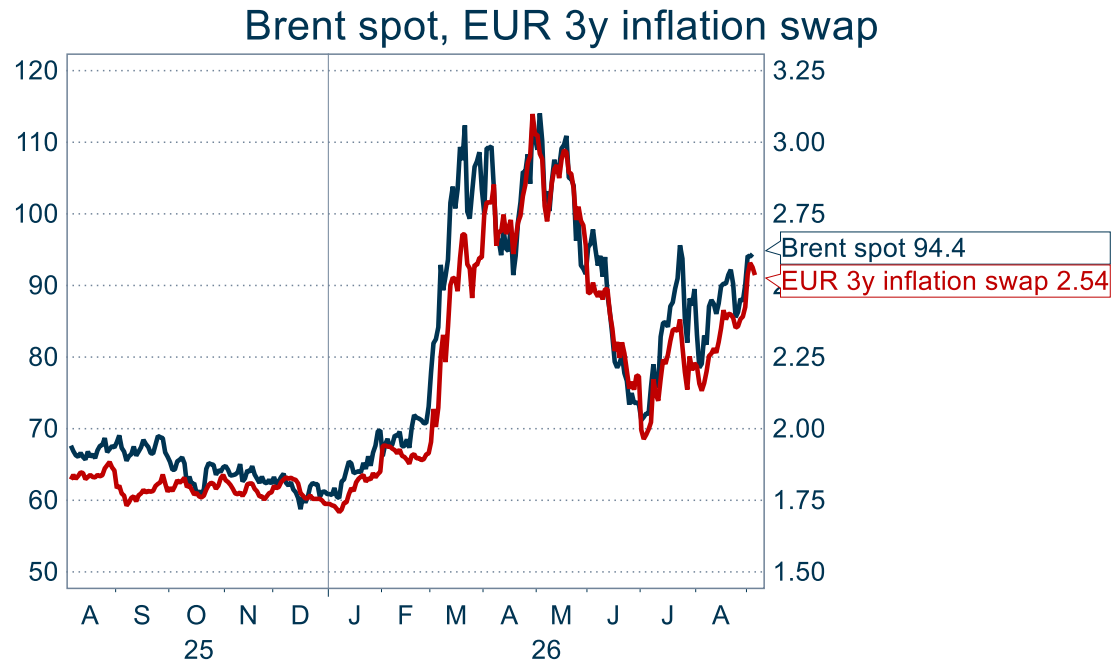
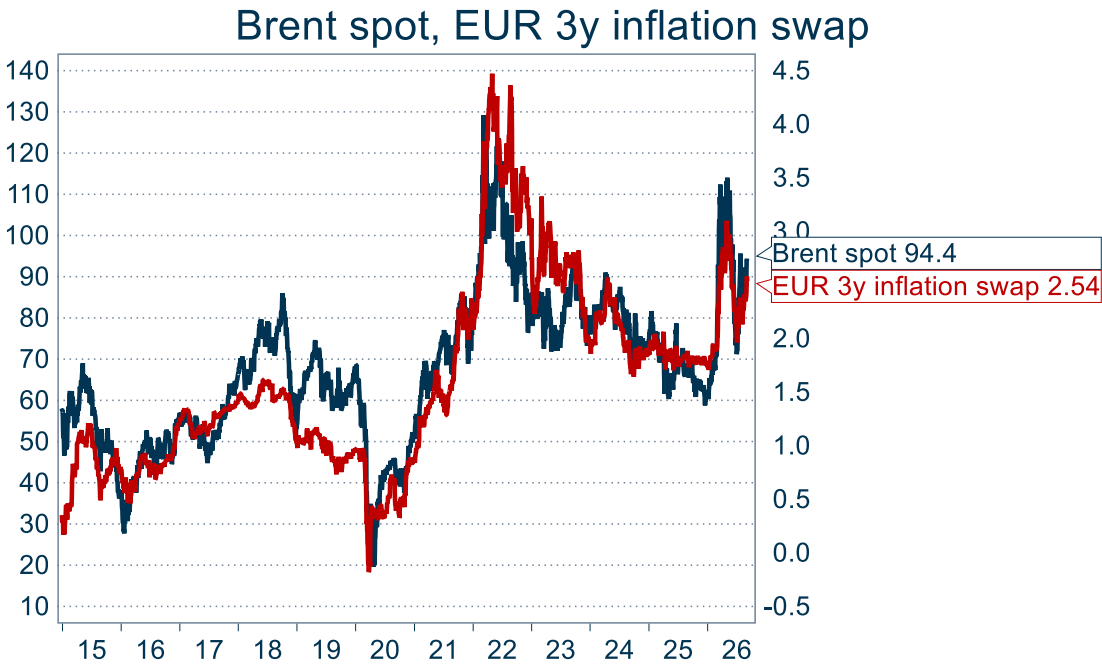
Short term, inflation may be higher in EMU due to the surge in gas prices.



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 in 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).

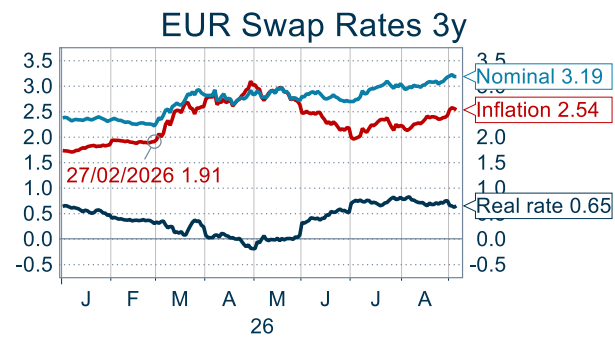
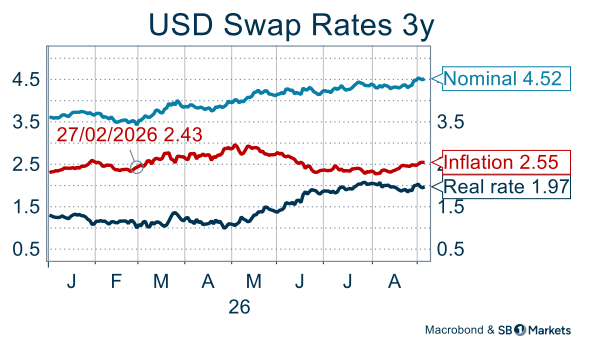
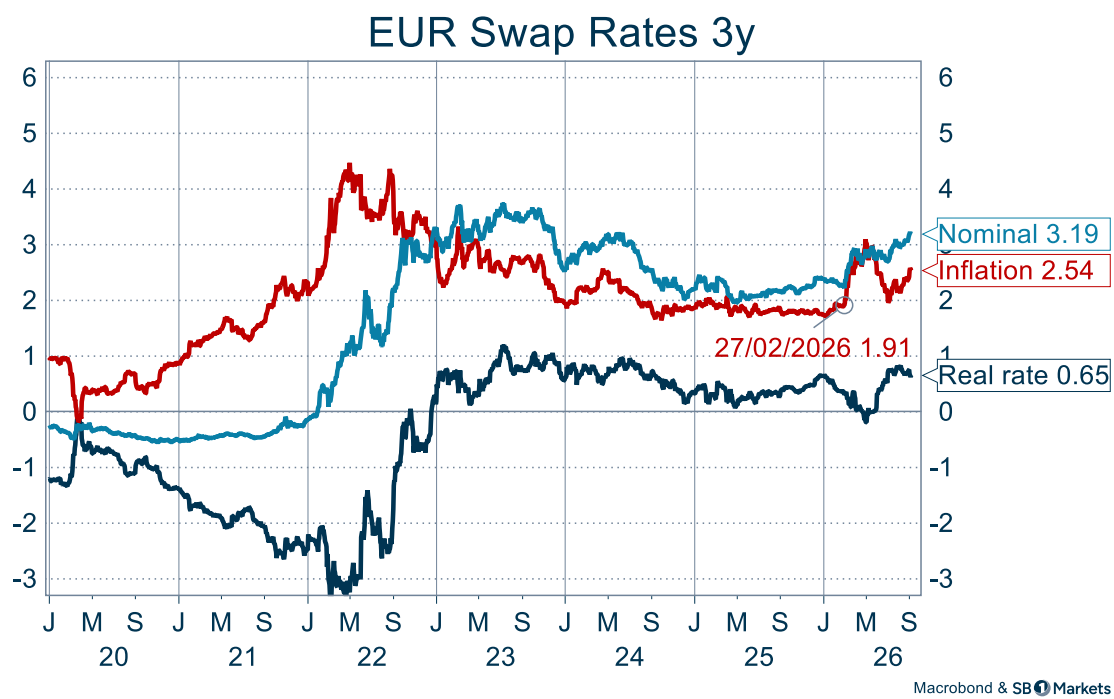
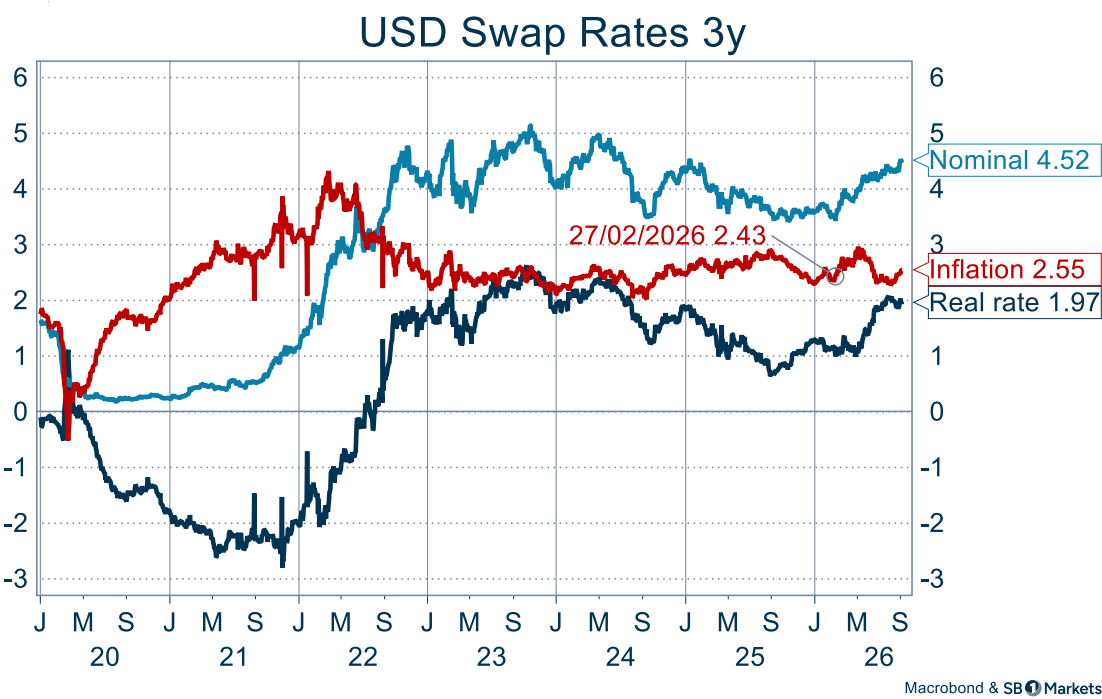
# EUR short-term inflation expectations are still following the oil price

However, nominal rates did not follow the oil price down when the oil price declined from June and the 'gap' has remained wide (lower right chart). The *real rate* is in between, *check next page*.



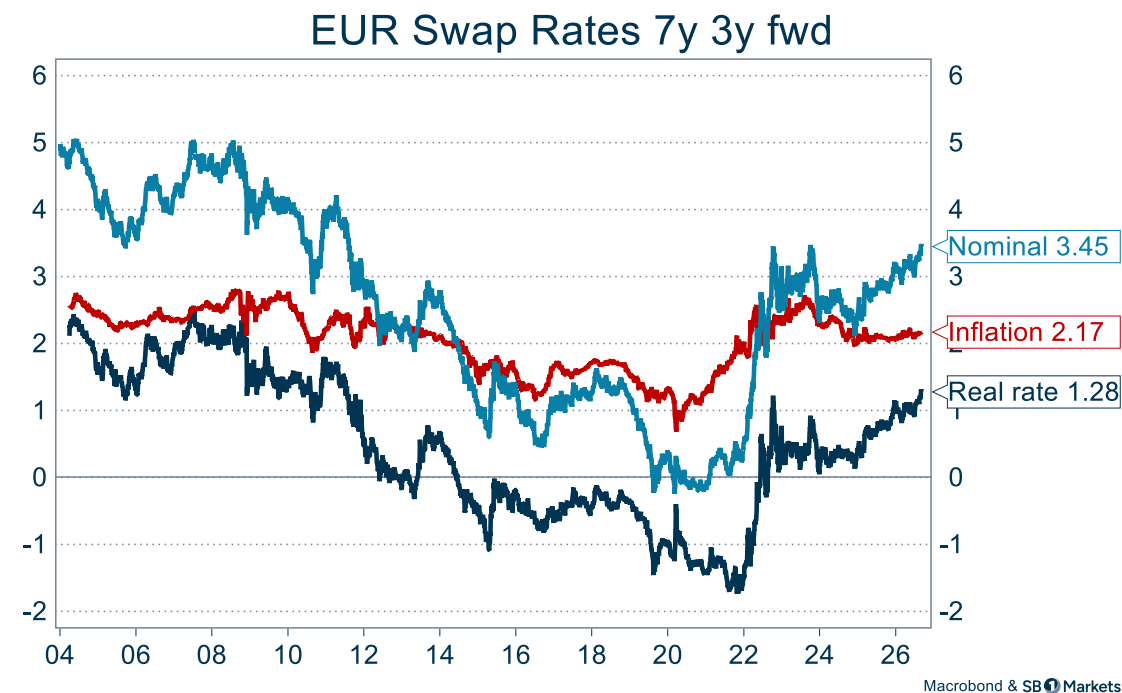
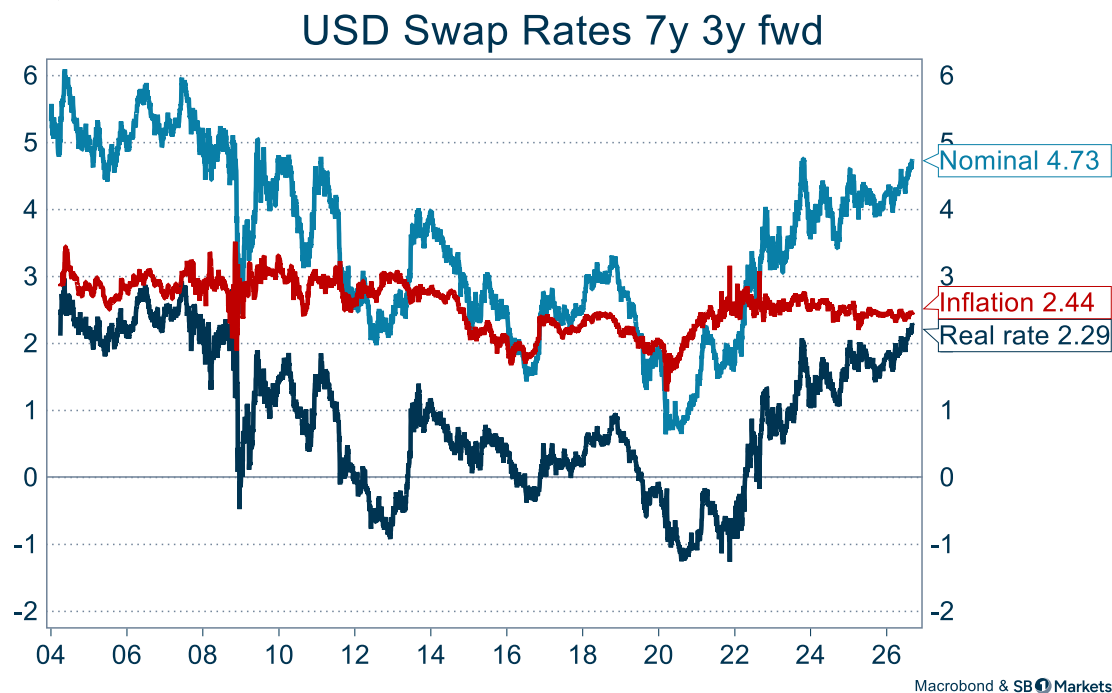
# Short-term real rates have flattened, while inflation expectations have increased a tad

3y inflation expectations both in the US and in the EMU are somewhat too high vs. the inflation targets. Short-term real rates are up from before the US-Iran war, but not further recent weeks (but longer-term real rates are up, *check next page*).



# Longer-term inflation expectations are stable while real rates are surging

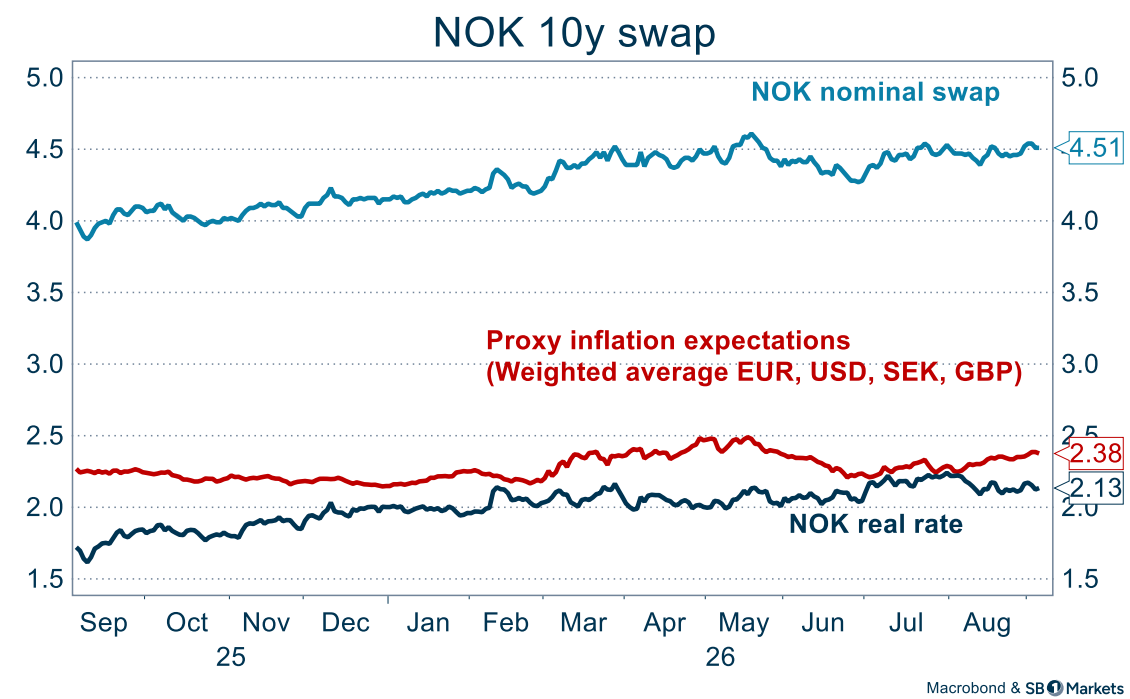
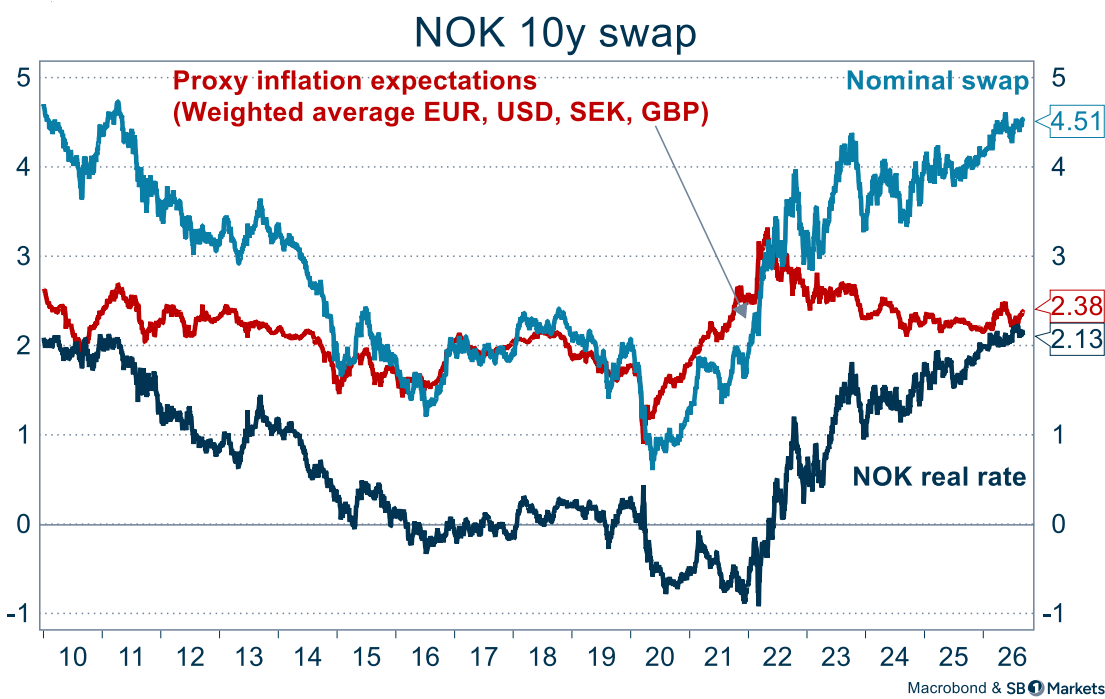
Real rates are the highest since the financial crisis/Euro crisis.





# The 10-year NOK real rate is (probably) above 2%

... as we assume that long-term 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 but remain modest.

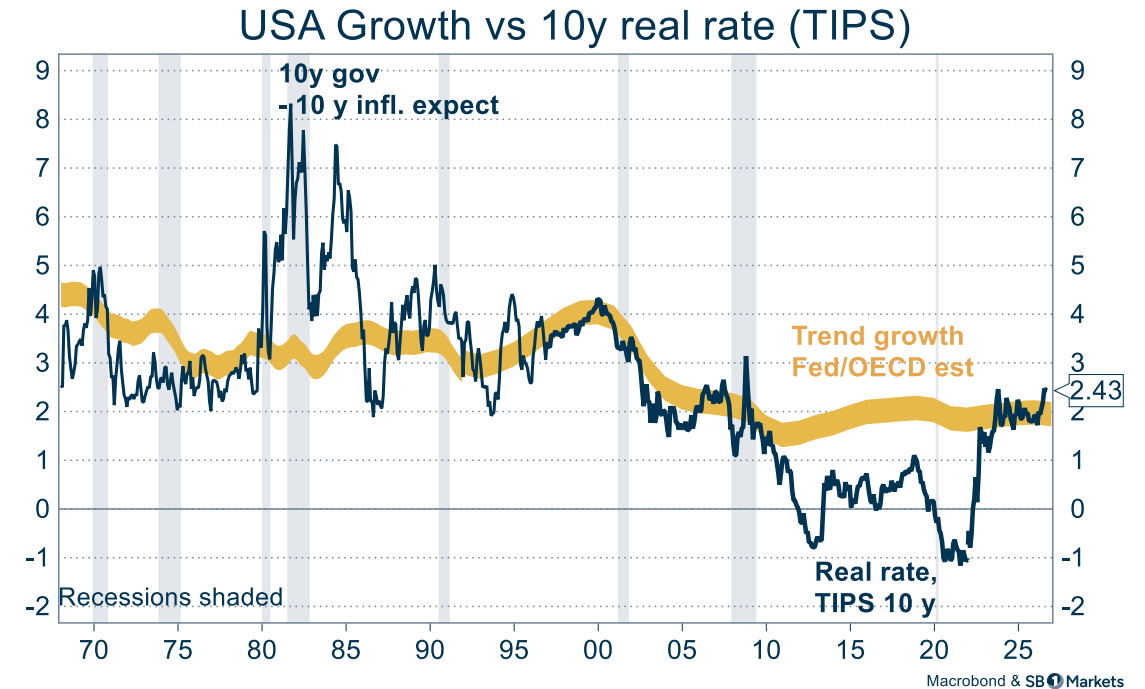
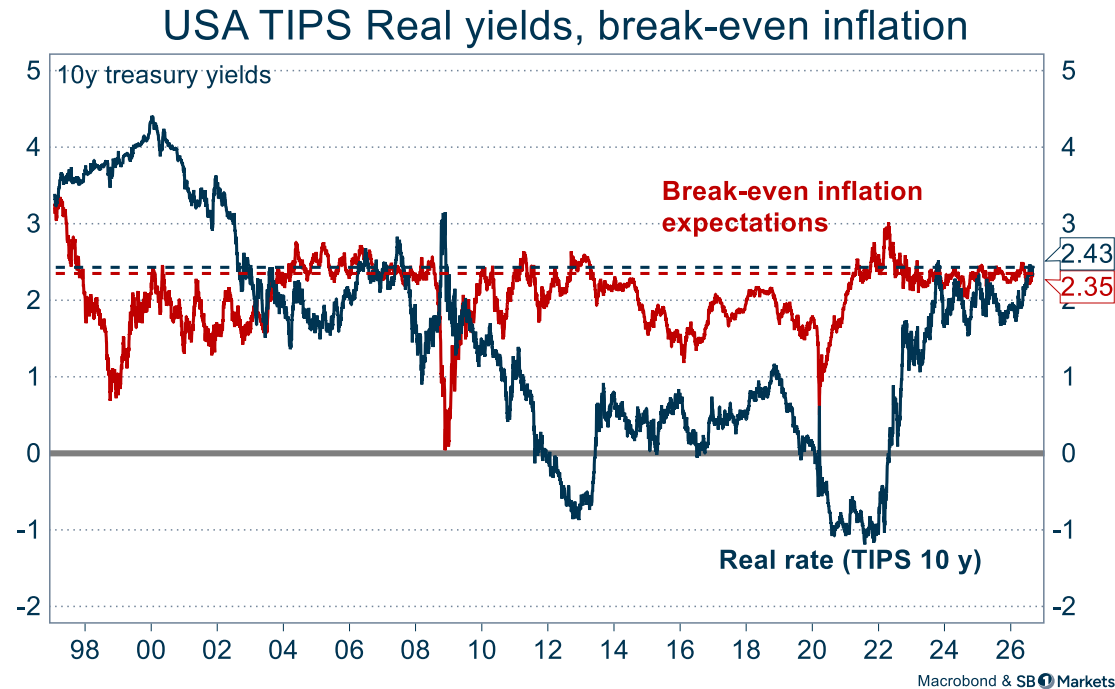


Memo: Our NOK inflation expectations proxy is a weighted average of EUR, SEK, GBP and USD inflation swaps, cross-checked vs. historical inflation differentials and survey-based expectations. The impact of NOK depreciation is not included in the calculation.



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

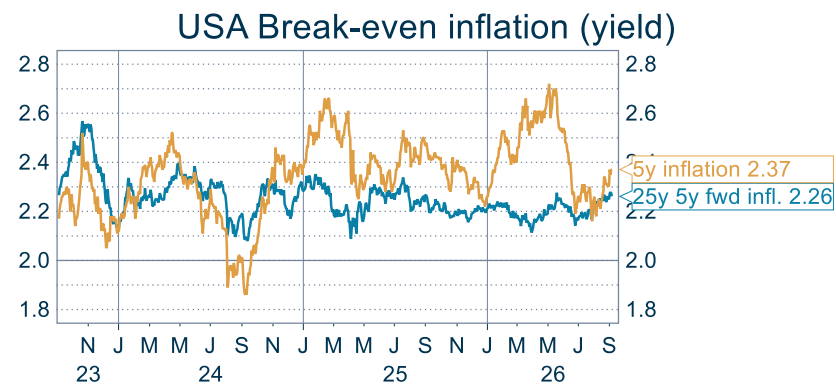
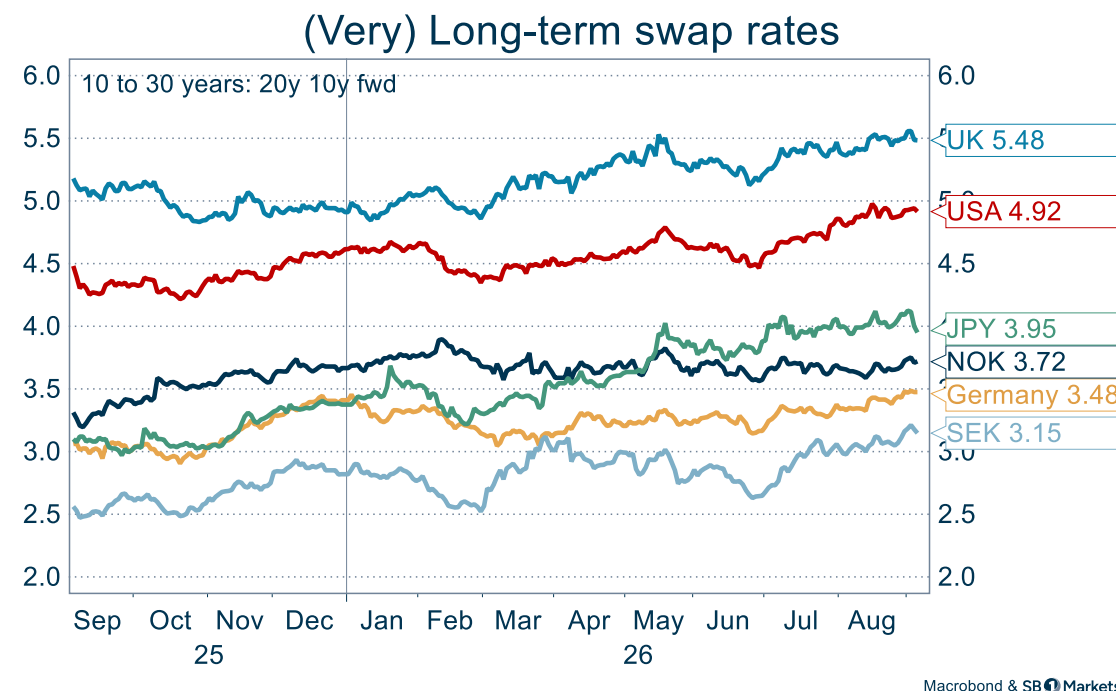
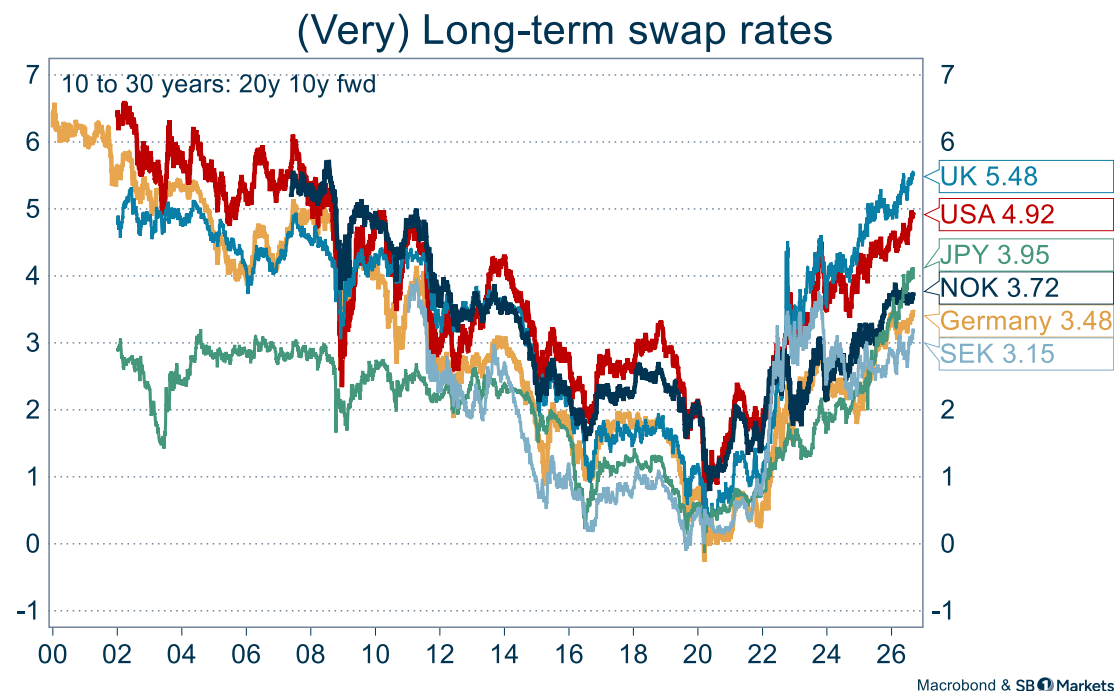
We would NOT bet on a substantial lift from here, unless a 'Truss moment' comes along. In an economic downturn: lower long-term real rates are likely.





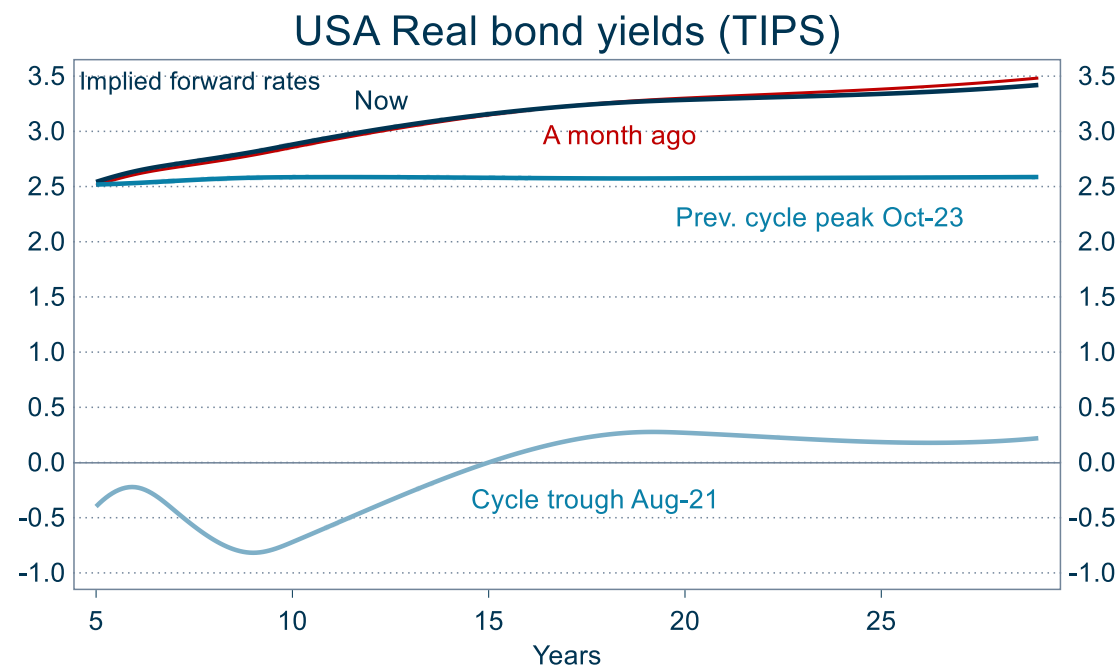
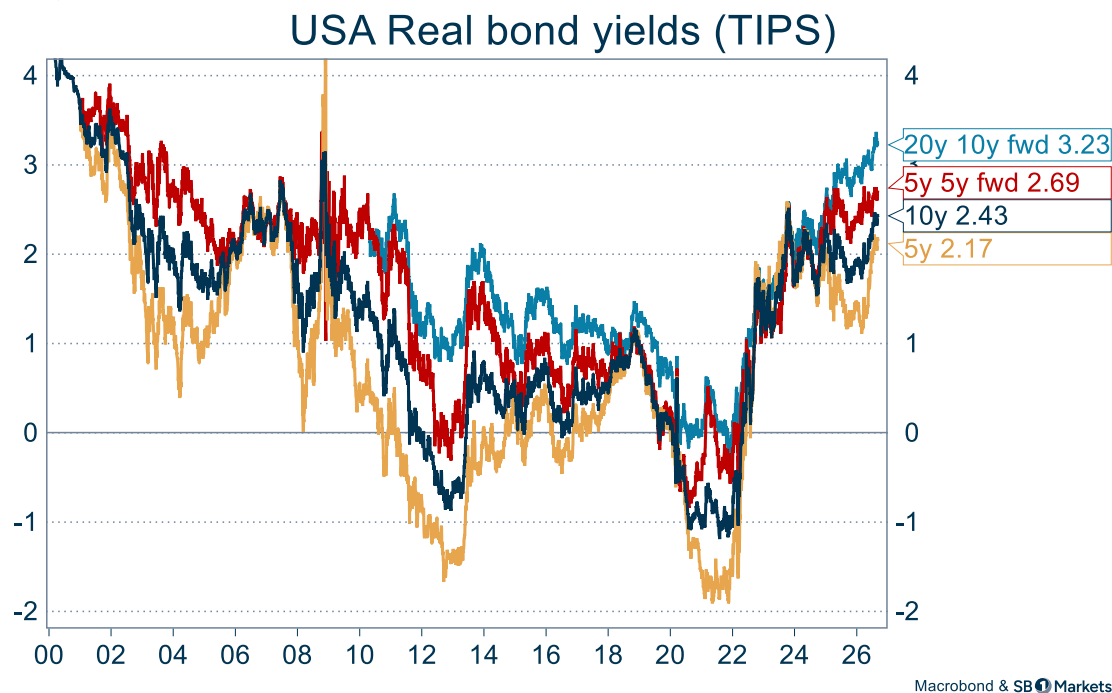
# Very long-term swap rates trend upwards (if not last week)

As are US real yields, **all over the curve** as longer-term inflation expectations are stable, and in line with the inflation target.



# TIPS real yield curve dynamics: from 2.5% in the short end, to 3.5% in the long end

Shorter-maturity real rates rose when the oil price rose in Q2 but have more or less stabilised recent week, Longer-term inflation expectations are stable – as real rates have trended up .

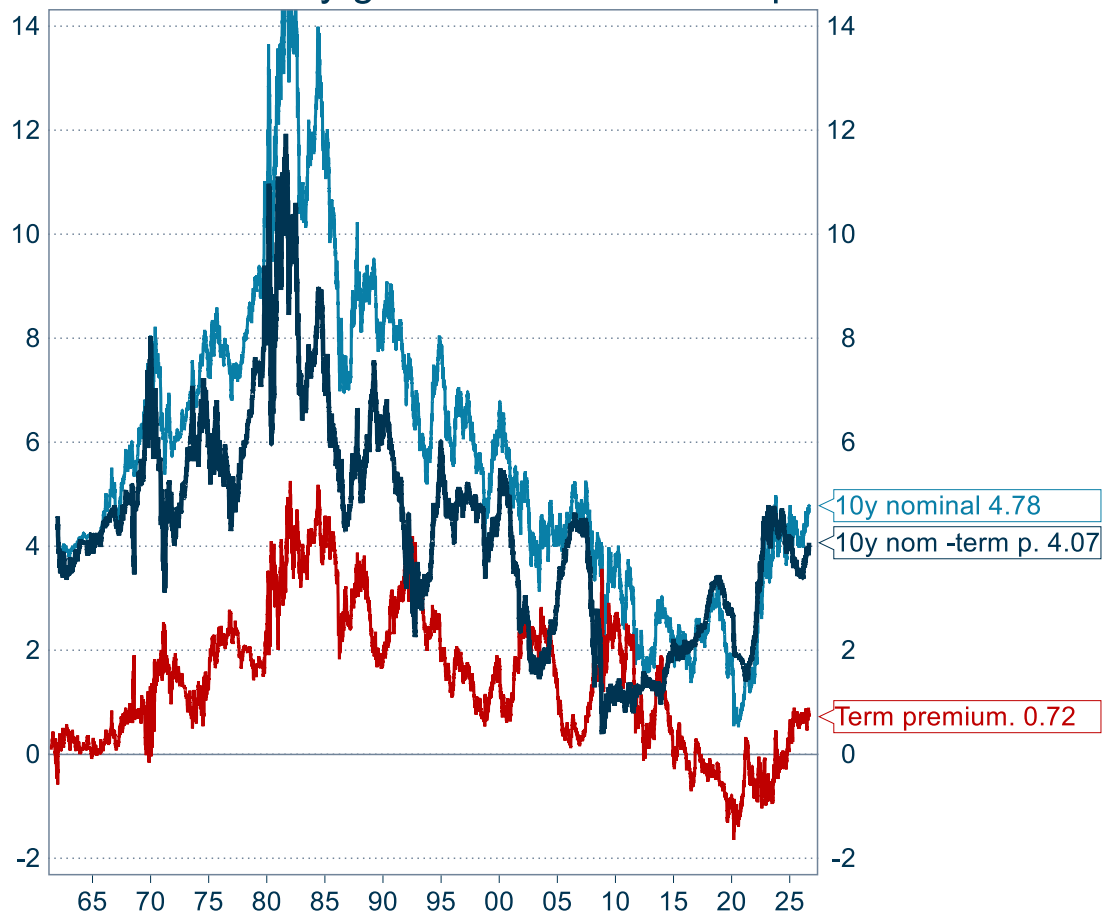




# The term premium cannot explain the lift government bond yields recent weeks

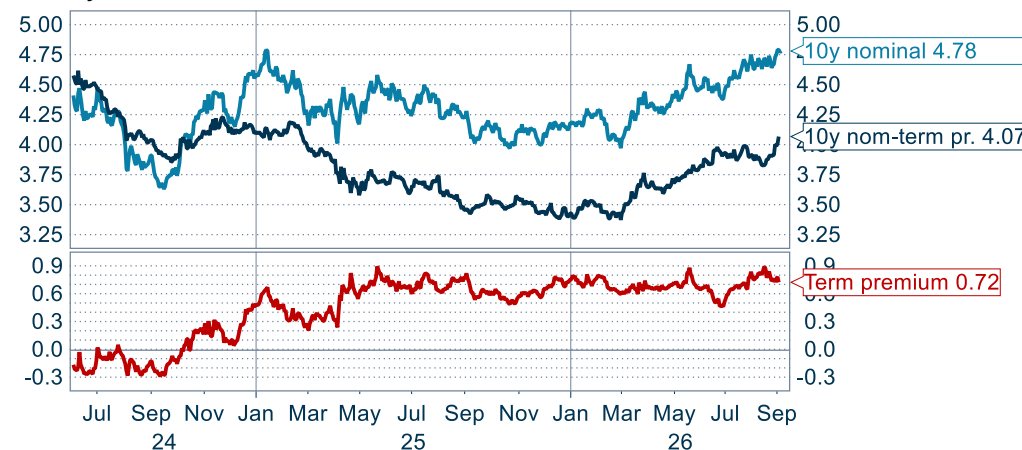
The lift in bond yields in recent months is not due to a lift in the risk premium but expectations of a higher 'normal' Fed funds rate. Neither is the term premium is 'high', according to Fed models. Credit Default Swap premiums have not increased either.

USA 10y gov bond vs. the term premium



Macrobond & SB Markets

- **The term premium:** The excess yield that investors require to hold a long-term bond instead of a series of shorter-term bonds
  - The actual 10y nominal bond yield
  - the 10y term premium
  - = expected short term rates the next 10 years (the blue lines on the charts on this page)
- There is no precise way to estimate the term premium. Here we present the estimate from the **Fed's ACM model**
- We are somewhat sceptical as to whether this or other term premium models really deliver what they claim to
  - The term premium is basically **just a function of the short and long end of the curve**. Thus, expected future short-term rates are just a function of the current short- and long-term yield (*check next page*)
- Still, the term premium is probably a relevant indicator when interpreting the implication of changes in long-term bond yields. The current level does not signal any stress in the bond market.

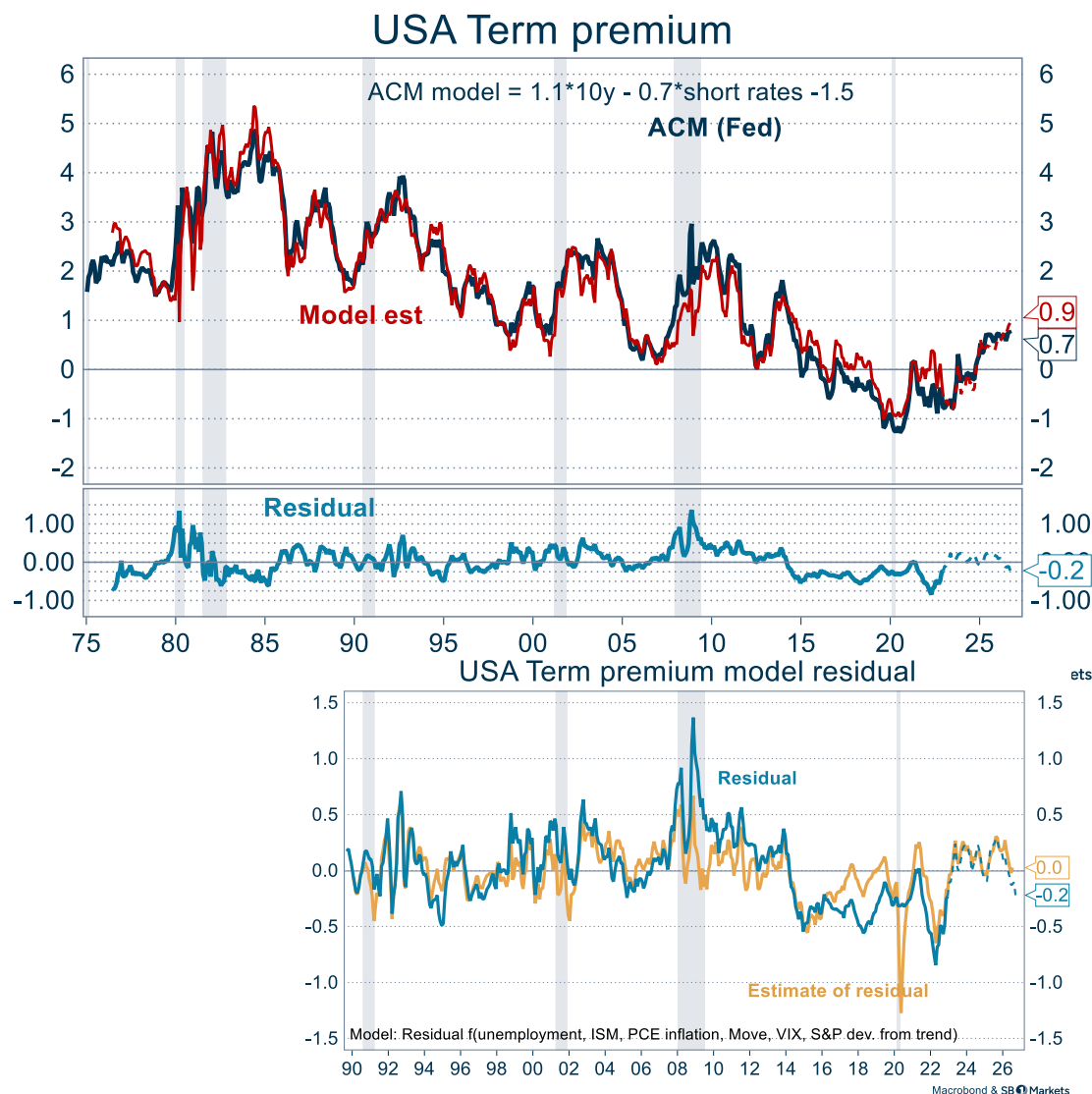


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# Is the term premium largely a function of curve steepness?

If we add a few current macro and market indicators, even the small residual is explained as well!

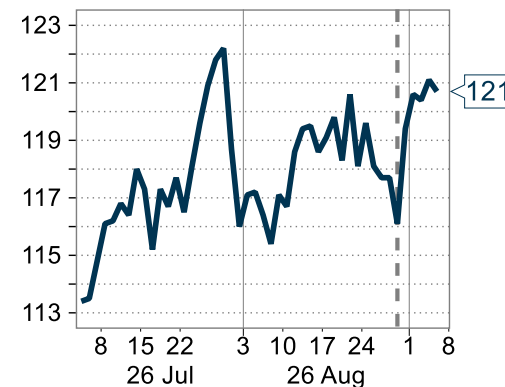
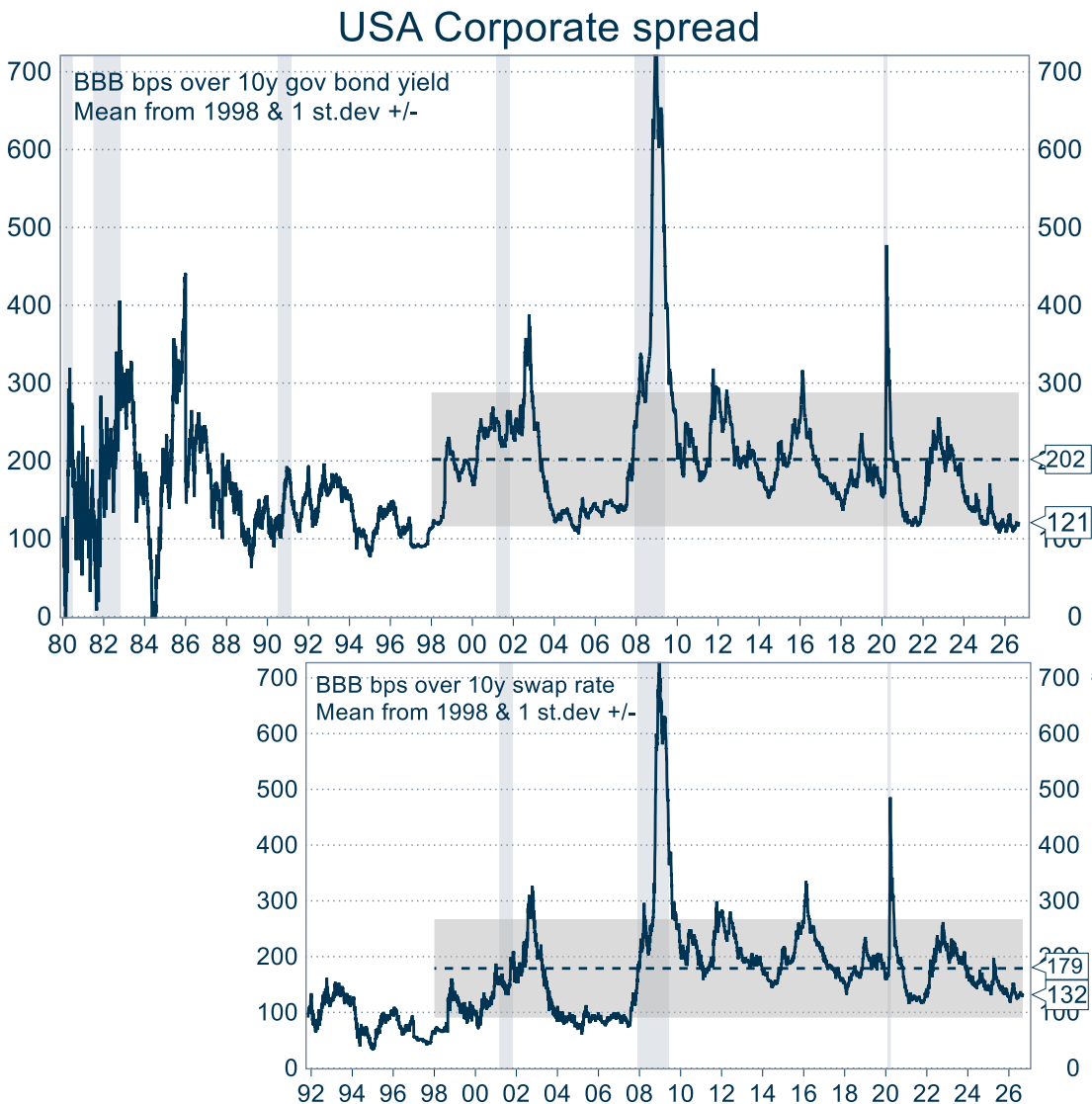


- The model at the top explains the ACM model's estimate of 10y government bond term premium by the 10y gov. bond rate and the short end of the curve (avg Fed funds, 1 and 2 y gov bond rates)
  - **The correlation is rather tight.** That is, **the term premium is basically just derived from the steepness of the yield curve**
- **The residuals are not large, and may be explained** (at the bottom chart) by
  - 3 standard macro variables (unemployment (+), ISM (-), PCE inflation (+)) and
  - 3 market indicators (the bond market volatility move index (+), VIX (+), and a measure of S&P 500 deviation from trend (-))
- So, there are some risk elements in the term premium, besides the 'pure' steepness of the curve, but they are rather limited and are just derived from current (real time) macro and financial indicators. The budget deficit or the government debt level has not had any impact on the term premium (besides the direct impact on the long end of the curve, of course).
- Thus, there may not be any 'extra' information in the term premium, as estimated by the ACM model.



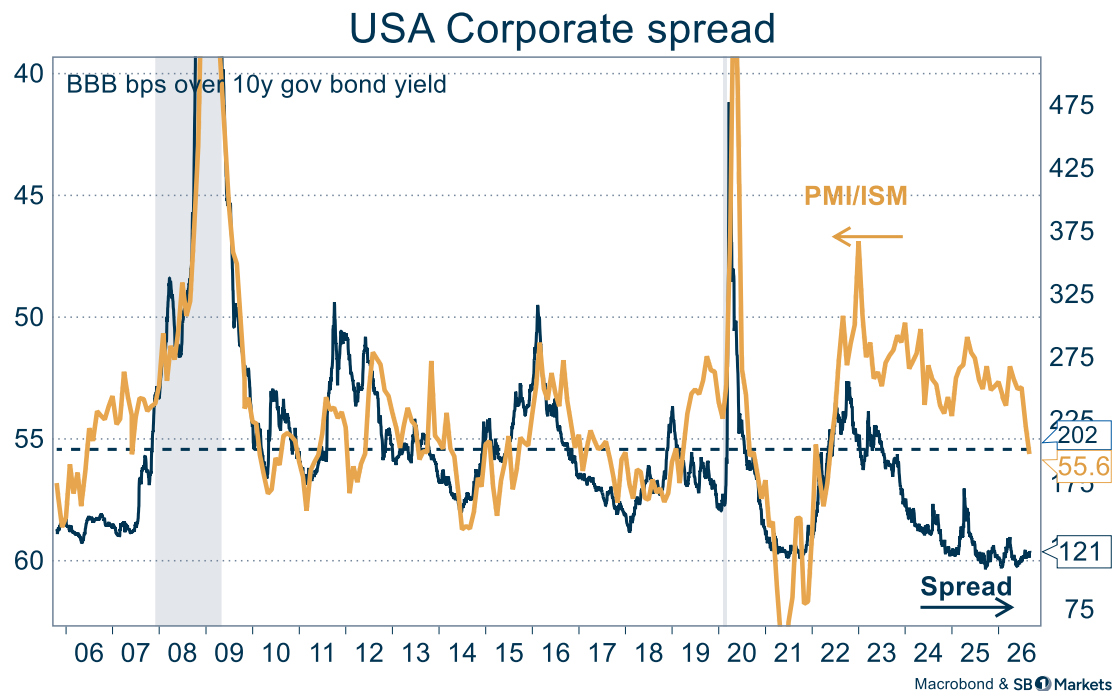
# US BBB corporate spread (vs. 10y gov.) rose 5 bps, and has trended upwards since June

Still, at 121 bps the level is close to the lowest level the past decades.

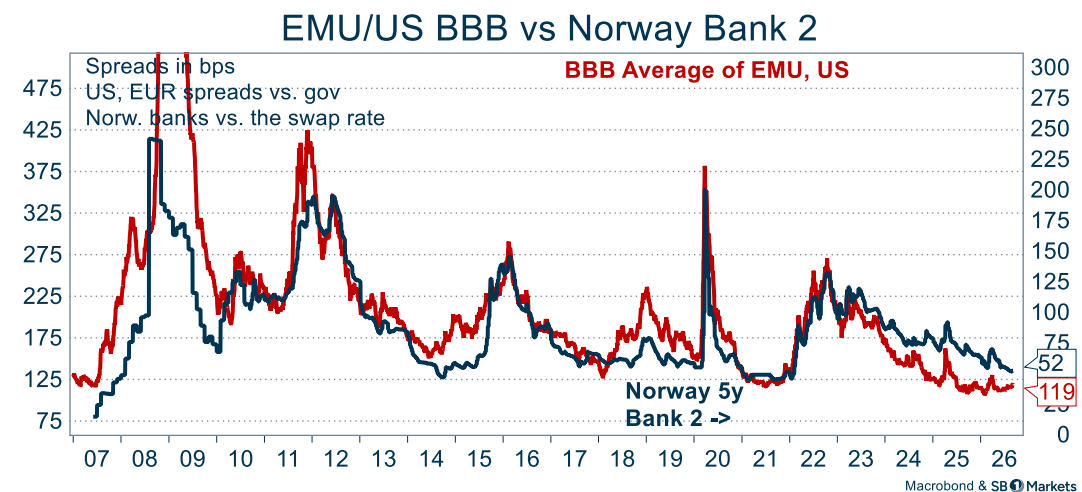
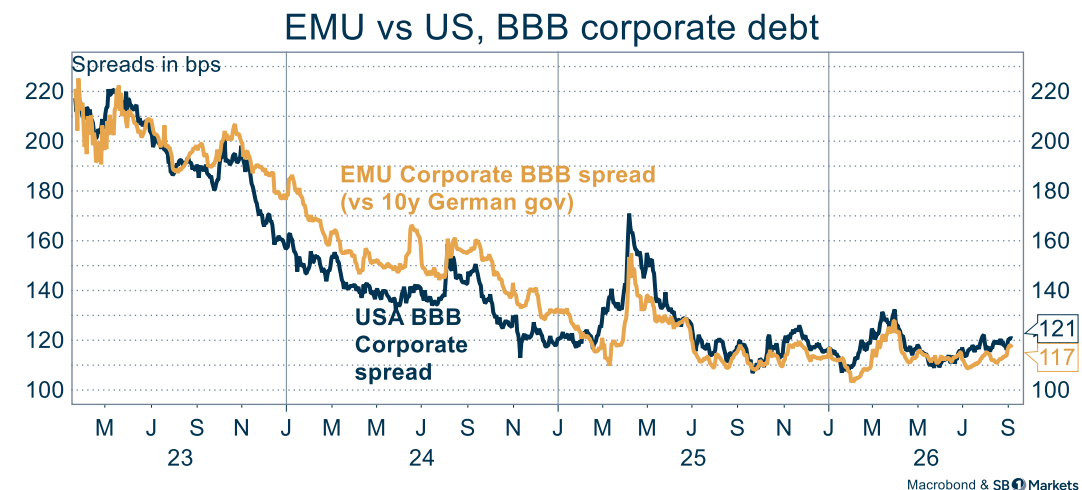


# Mind the gap: surveys signal faster but not fast growth, and credit spreads are very low

... as though the economy were genuinely thriving. Norwegian spreads are following foreign markets, as usual.



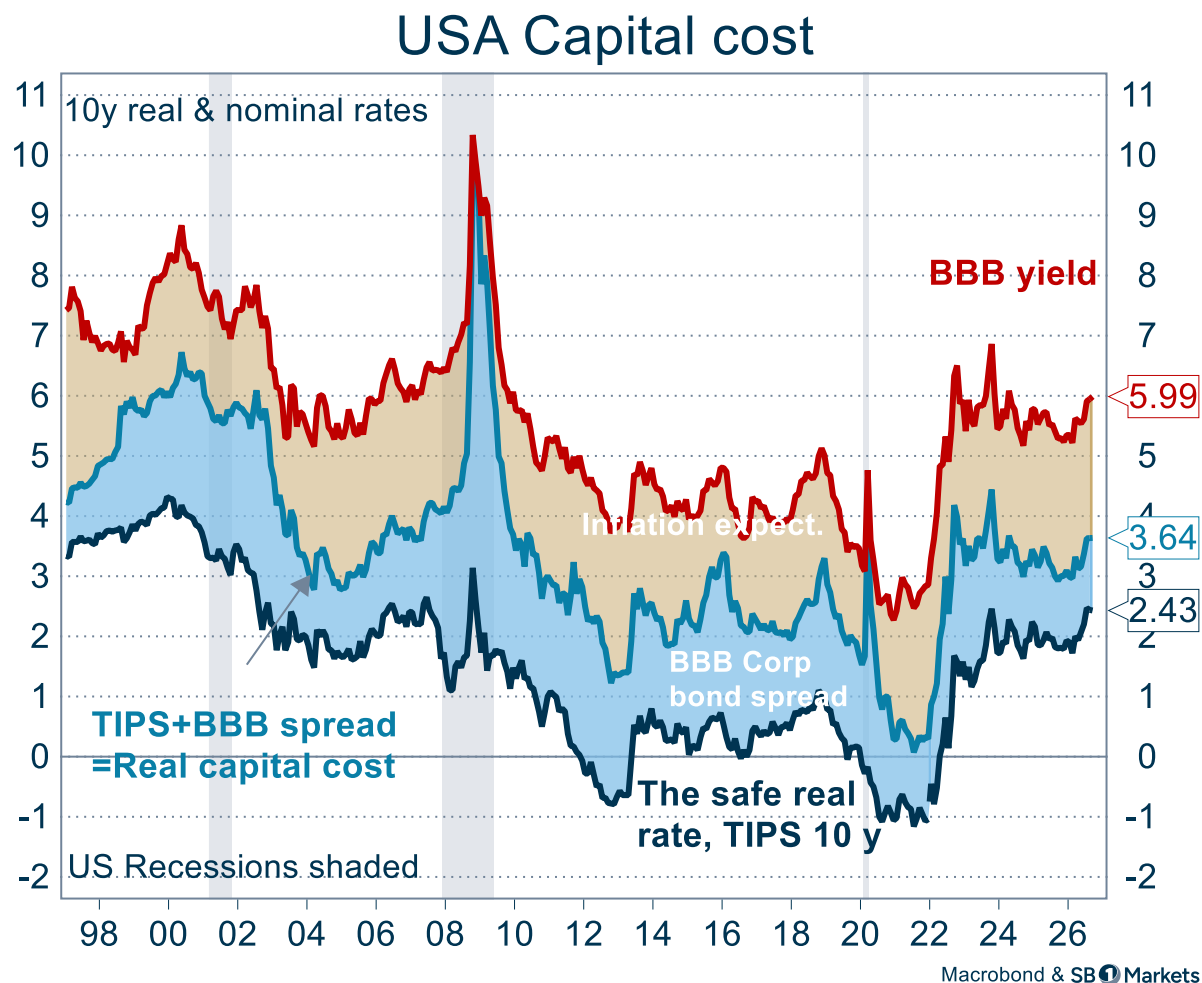
- The main Norwegian bank bond spread (bank 2, 5y senior) was flat at 52 bps last week, at the lowest level since early 2022.





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

Both the rise in government bond yields and the widening of credit spreads have contributed to the lift since February.



- The total **real borrowing cost** for a US BBB investment grade industrial corporation is at 3.6%.
- Adding in inflation expectations, the nominal borrowing cost has increased recent months 6.0%
  - The 'all in' is still down from the close to 7% at the local peak in 2023 – but up from well below 3% at the bottom in 2020/21



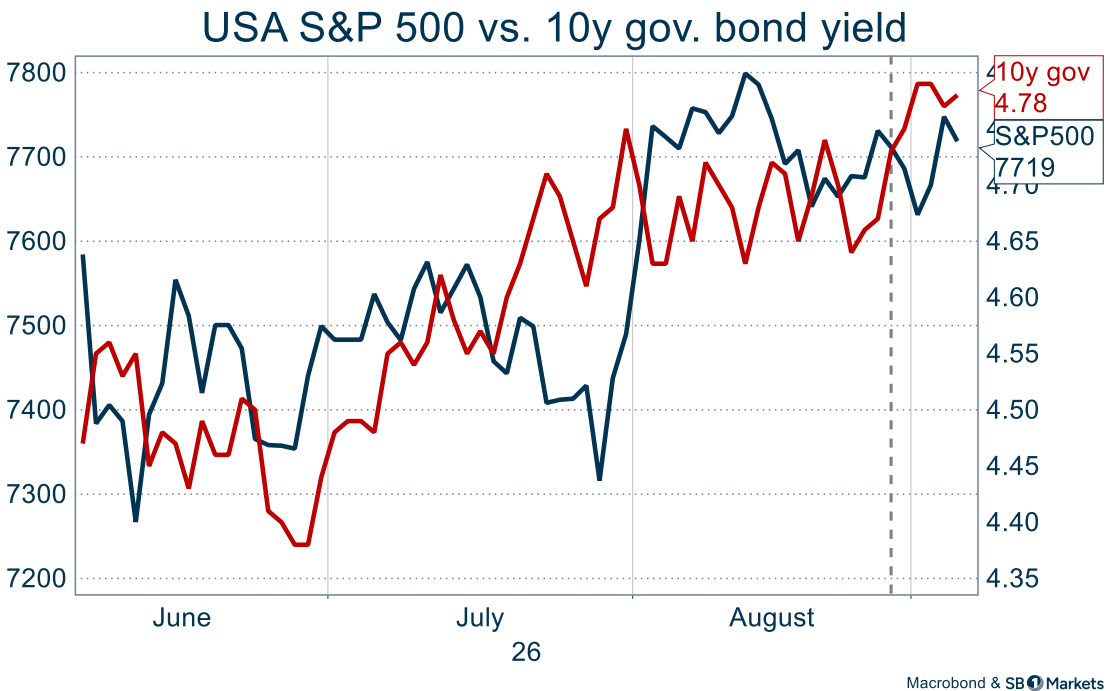
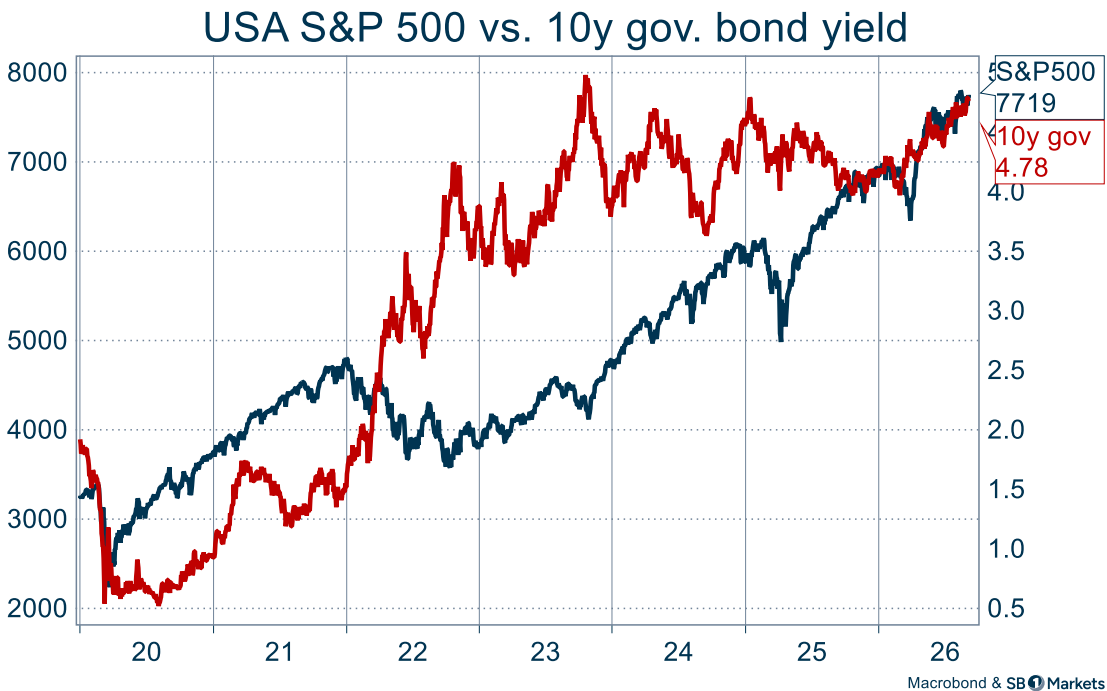


## 4.3 Equity markets



# S&P up 0.1% and is not far below ATH. The 10y gov. bond rate rose 5 bp to 4.78%

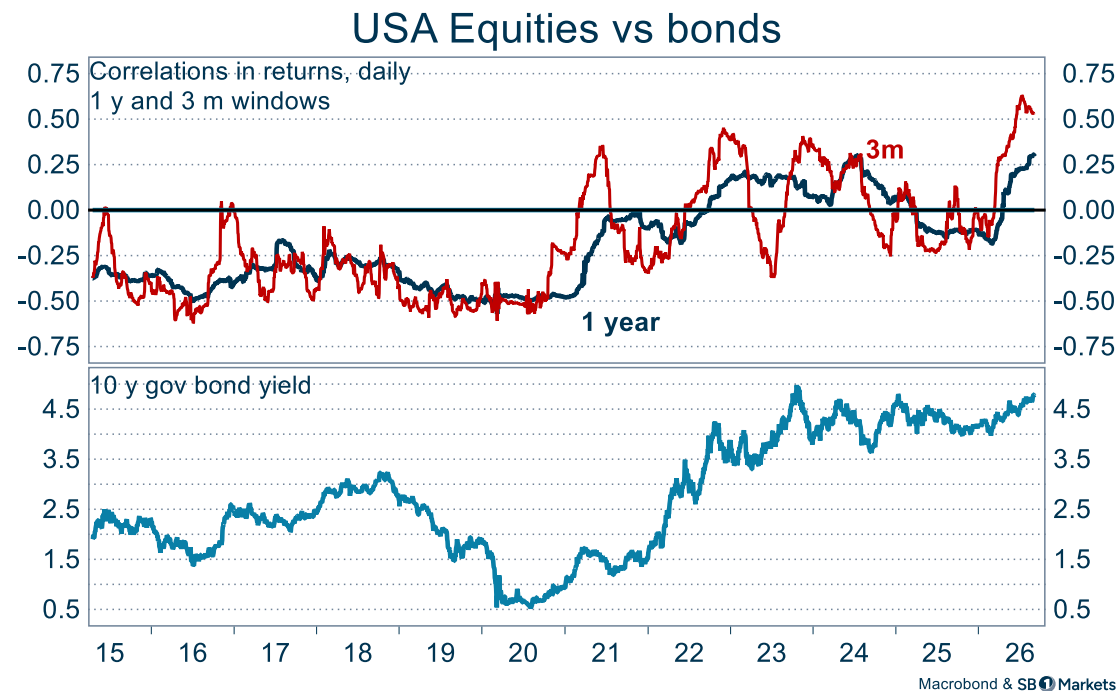
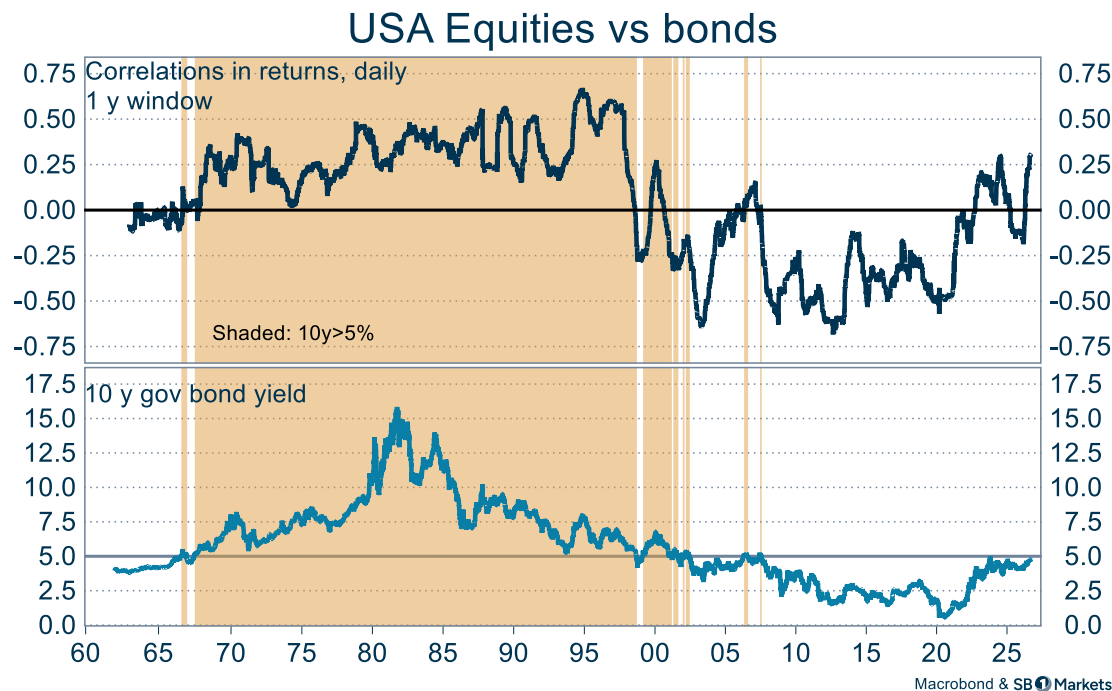
The 10y gov. bond yield has been trending upwards so far in 2026, but the level is still lower than in late 2023. The 30y yield rose 2 bps to 5.24%, not far below the highest rate since 2007





# Equity–bond return correlation remains positive

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.

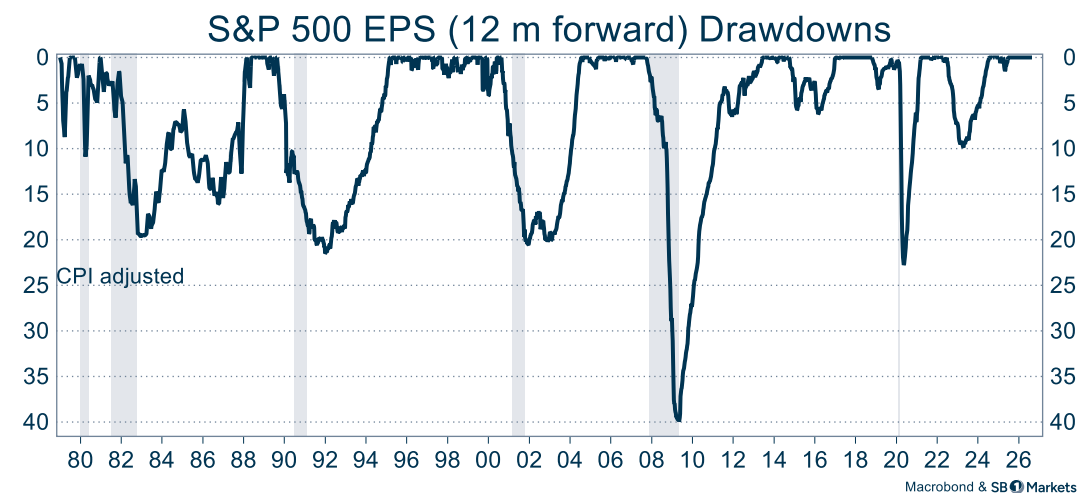
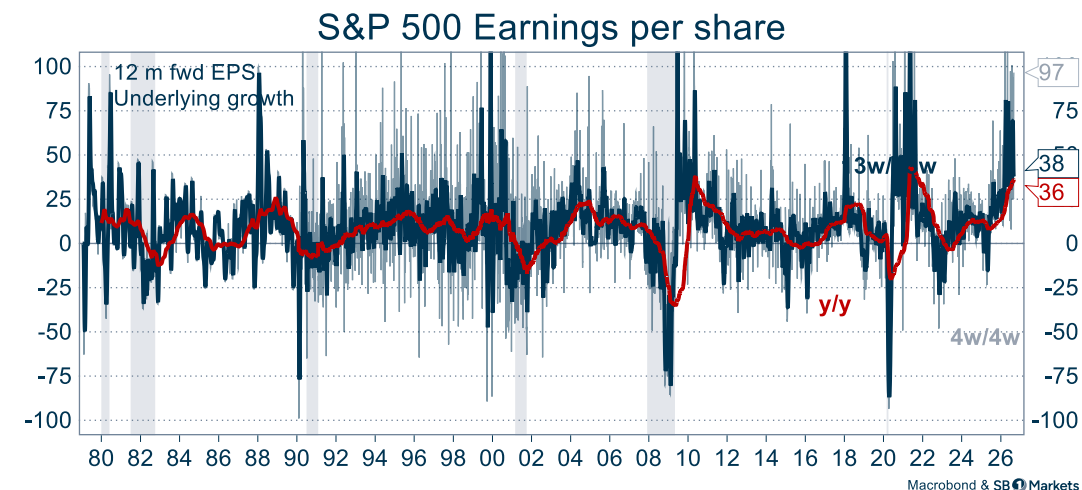
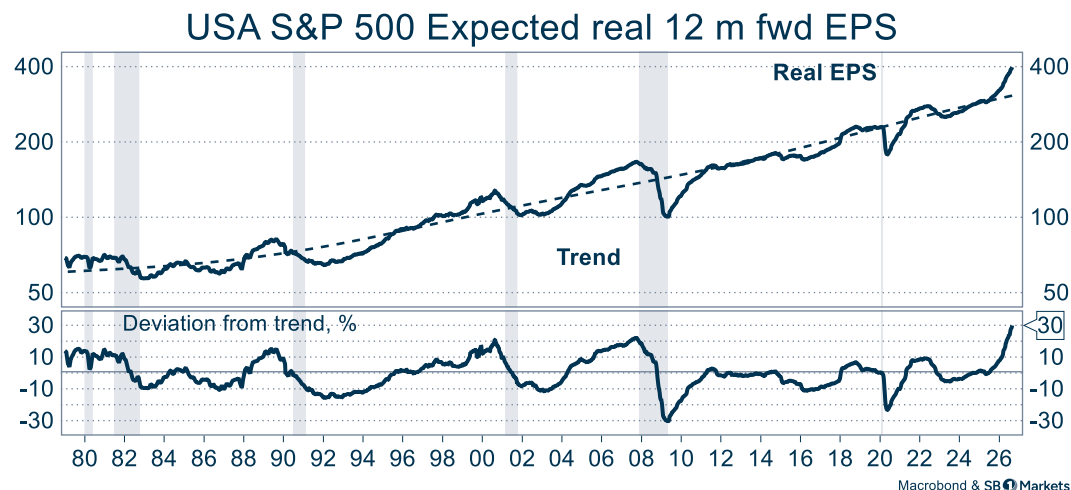


- **Inflation worries** normally lift government bond yields to a ‘high’ level and are normally not positive for equities: thus, a positive correlation (in returns).
- **Growth worries produce the opposite (negative) correlation in returns: lower yields and a weaker equity market.**
- **The threshold** 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 up 36% y/y, and the momentum recent weeks is impressive

The 12m fwd. expected (CPI adjusted) EPS is 30% above the long-term real trend path, as the profit share of GDP is booming, the record high levels. **Some downside risk?**

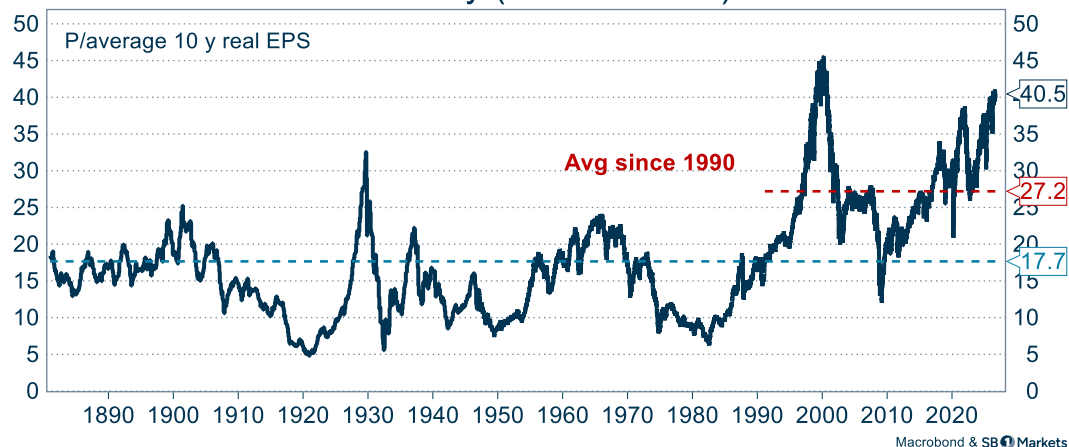




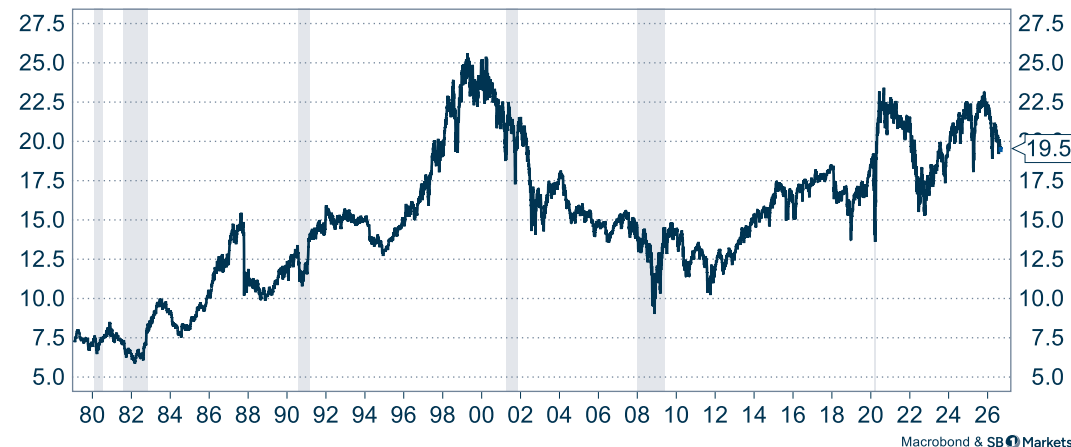
# US P/Es are still high, but **rapid earnings growth** lowers the 12m fwd P/E rapidly

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). The CAPE/Shiller has kept up, even if the 10y TIPS US real rate has increased sharply.

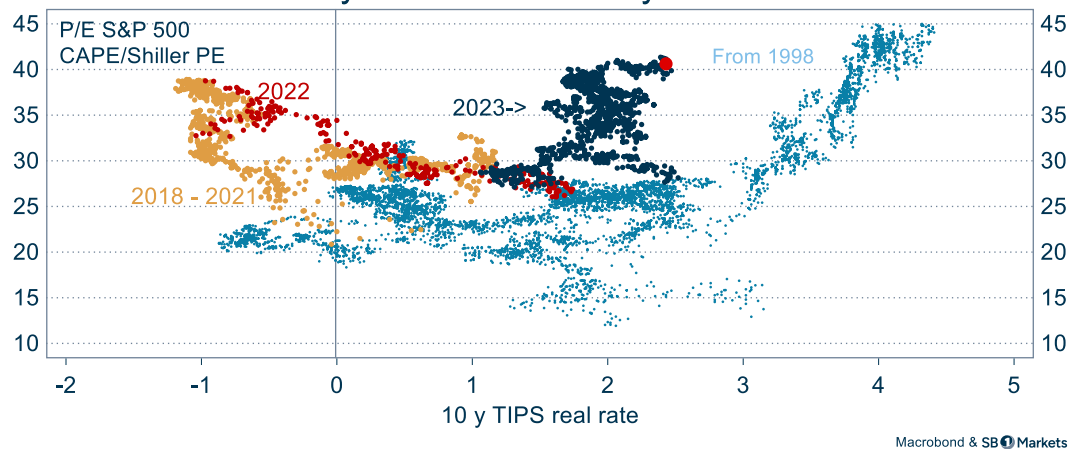
S&P500 10y (CAPE/Shiller) P/E



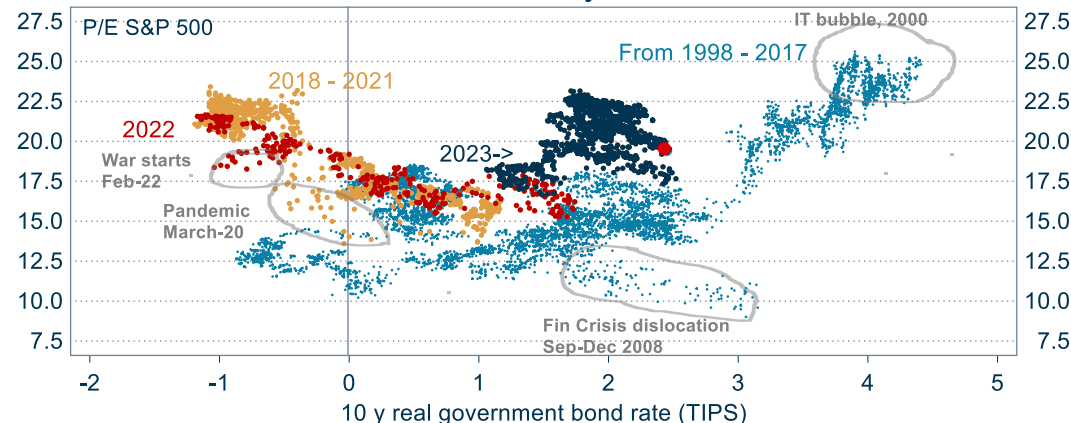
USA S&P 500 12 m fwd P/E



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

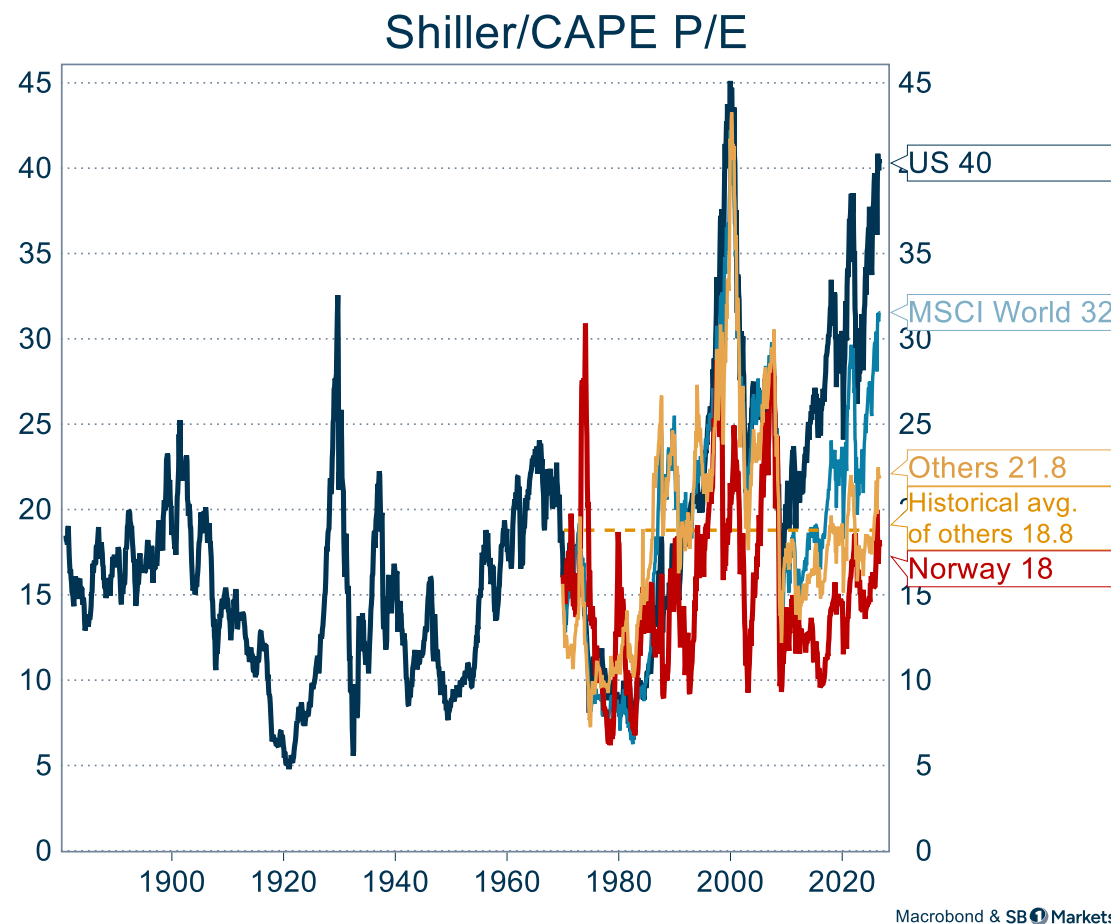
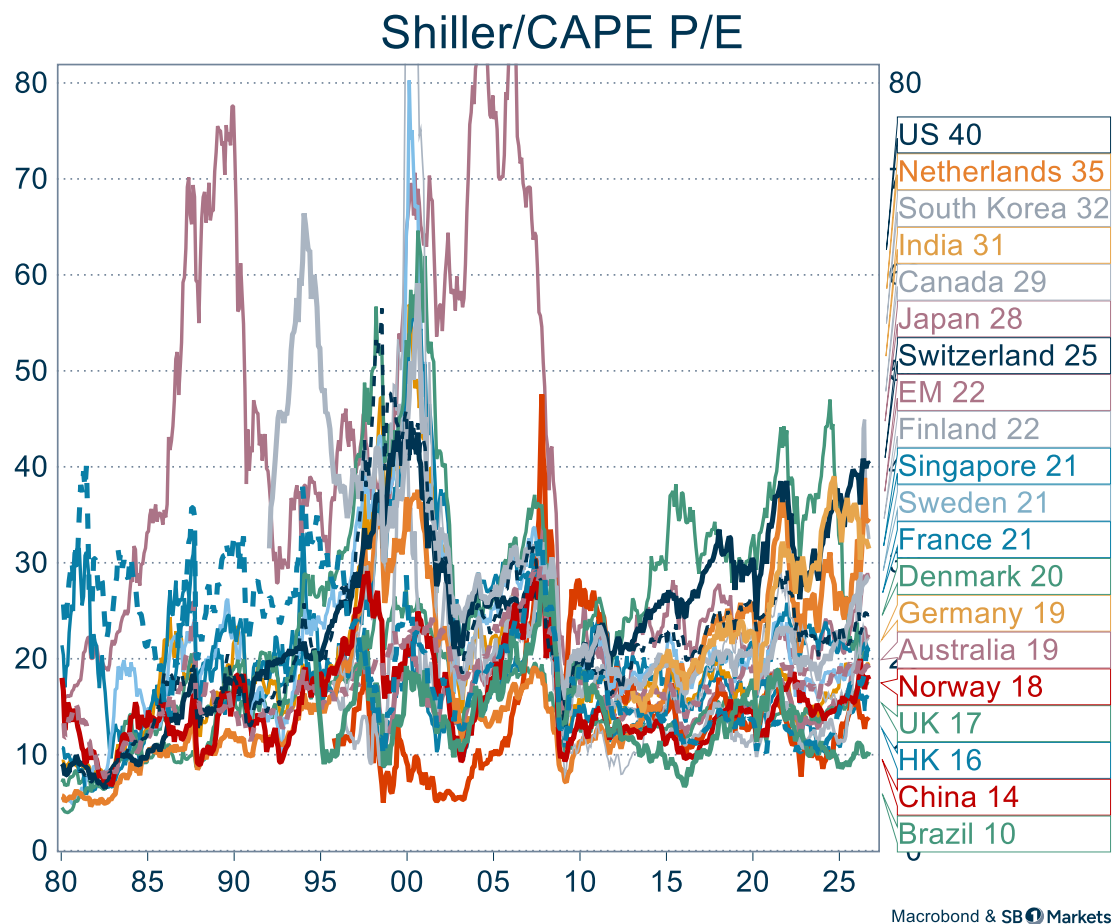


S&P 500 PE vs US 10 y real interest rate



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

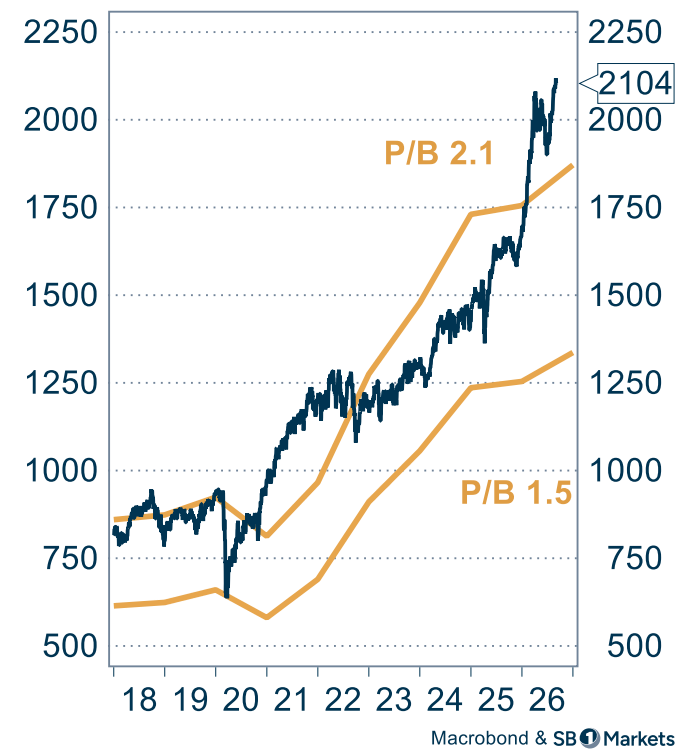
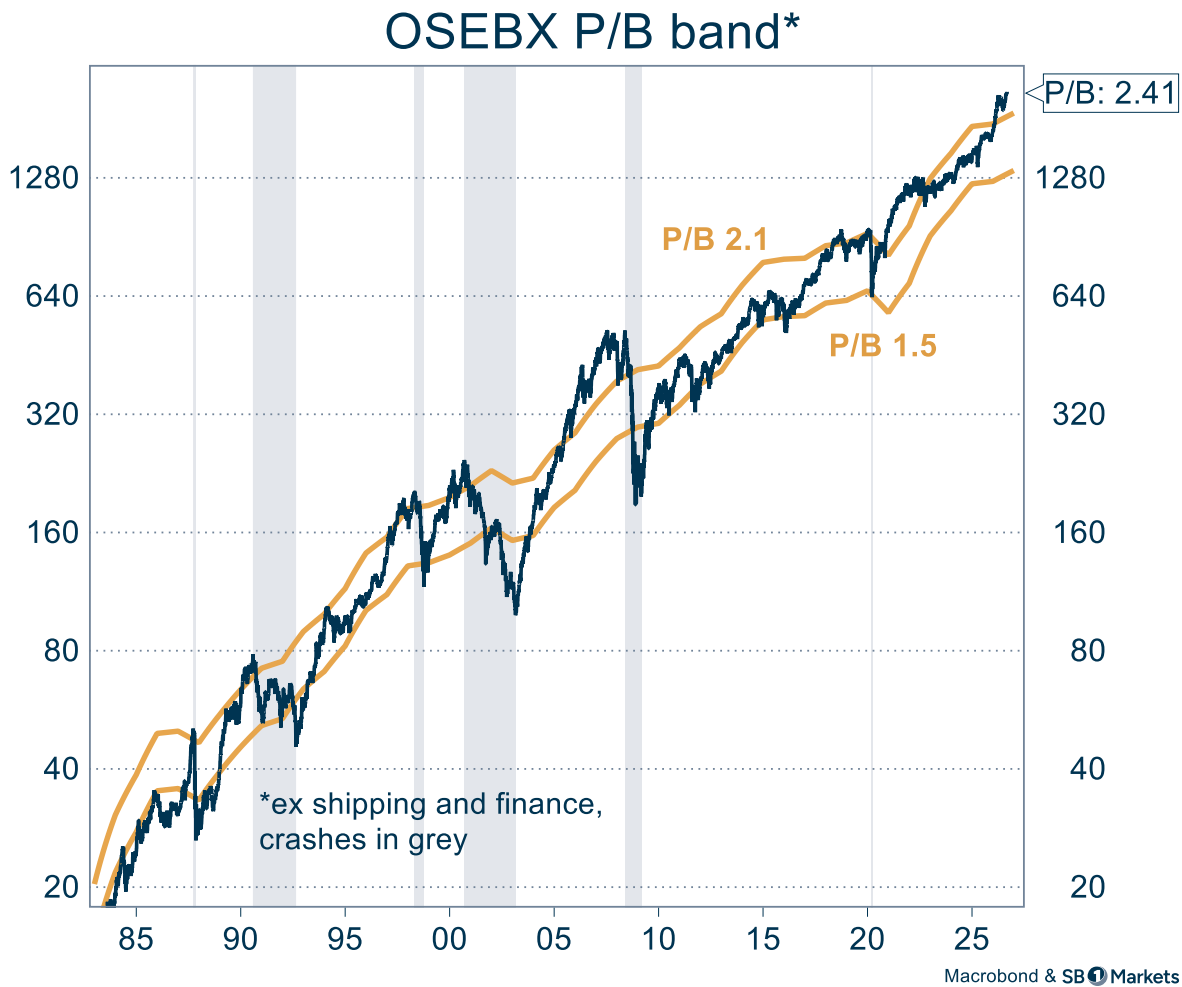
Other markets are in average 16% above an average multiple, 21.8 vs. 18.8. The OSE sits at 18, which is above average but not by that much.





# OSE up 0.2% to another ATH, now supported by a higher oil price

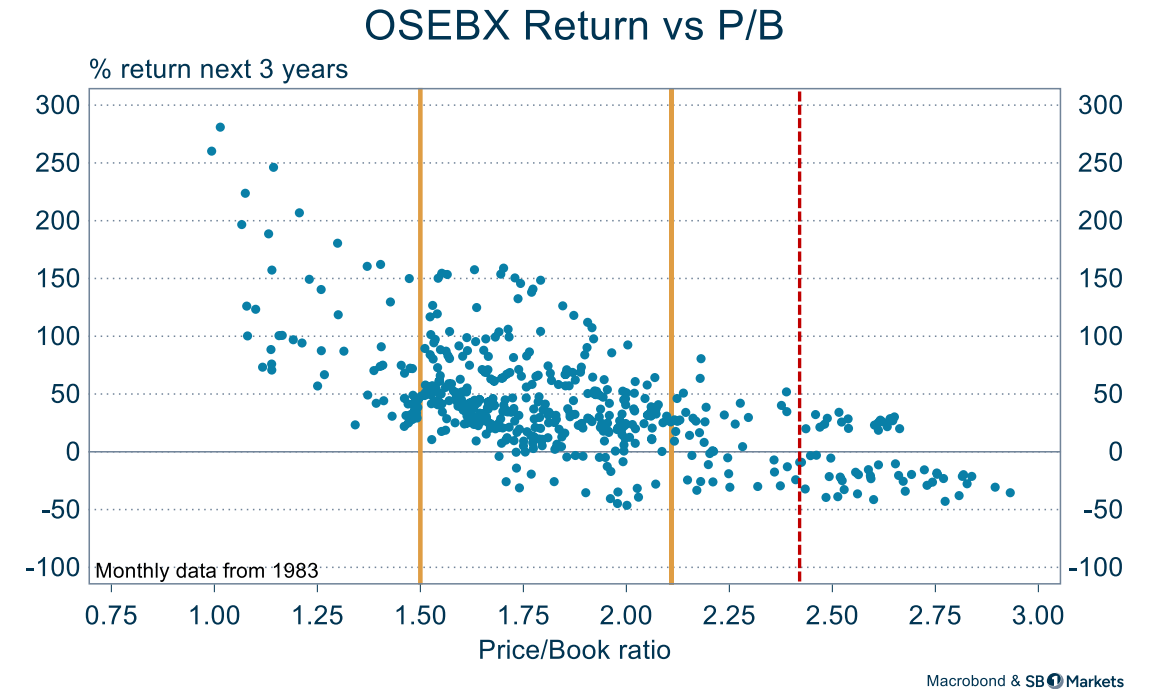
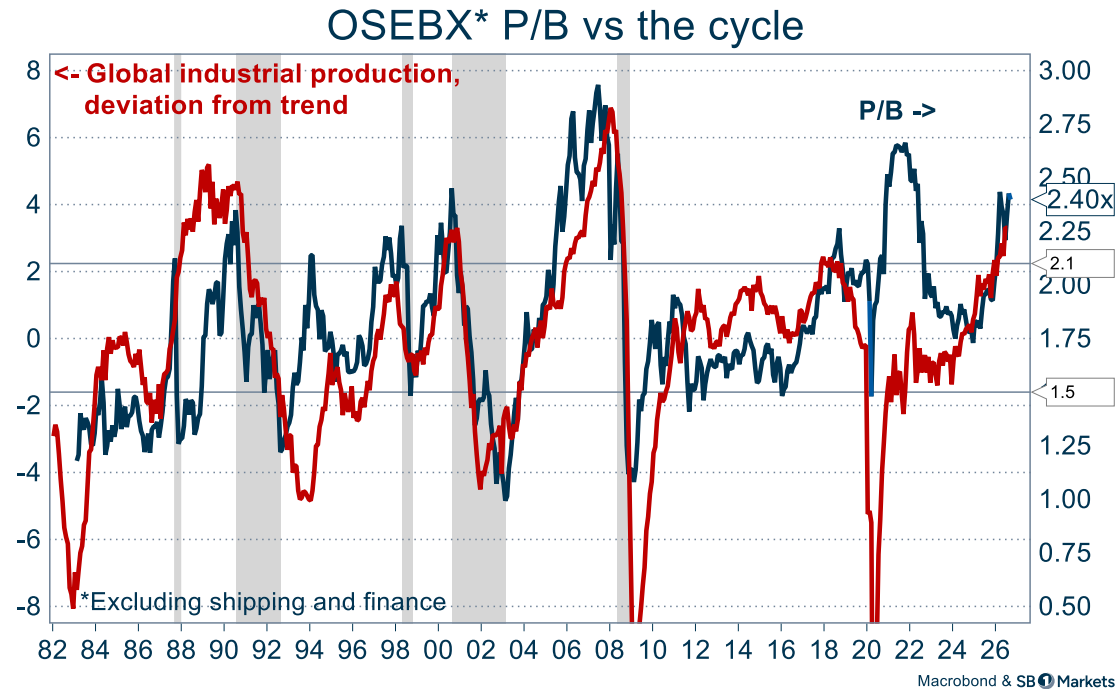
The P/B ratio stays at 2.41, not an attractive level





# OSE 3-year expected return: not very attractive

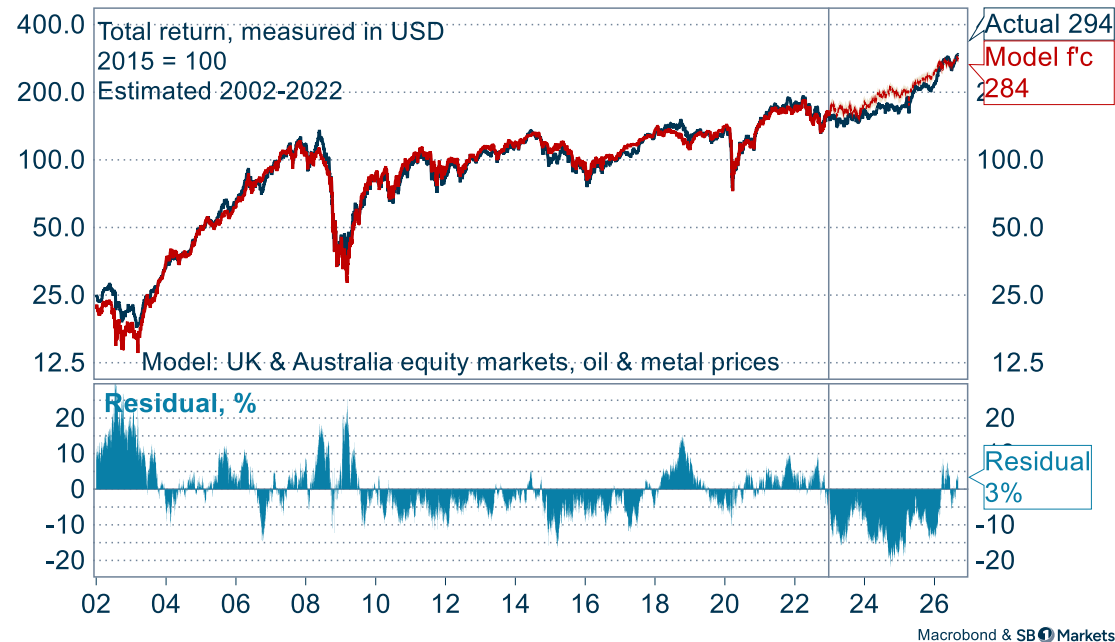
BTW, we know what drives the pricing cycles most of the time: the global economic cycle



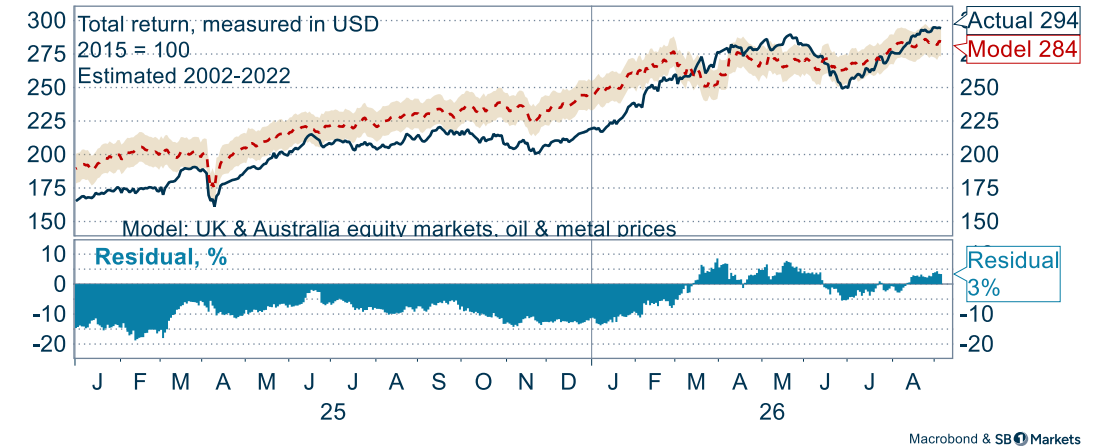
# OSE vs. our 'peers'-based level model: a tad above

The OSE is 3% above a model estimate based on FTSE, ASX, oil and metal prices.  
Measured over the past 12 months, OSE is up 28%, while our y/y model suggests 16%.

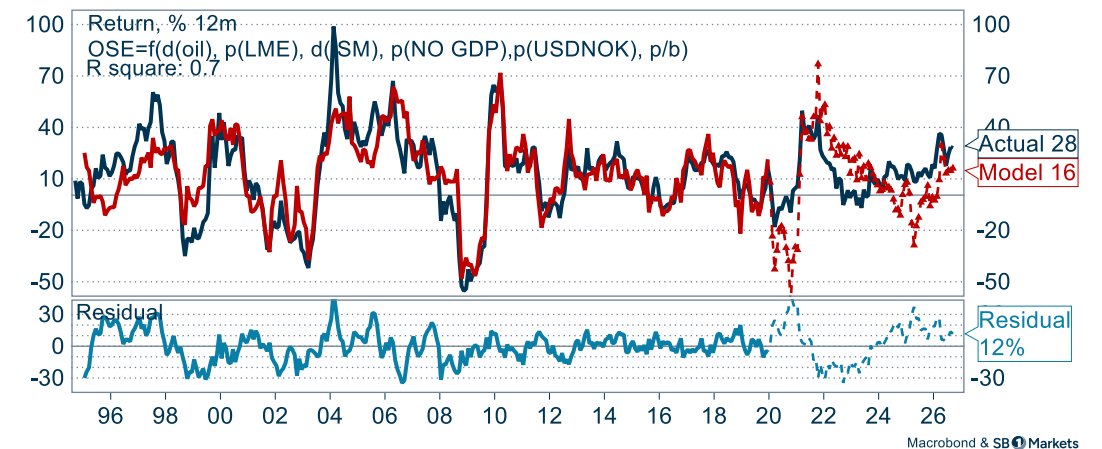
OSEBX - actual vs. model

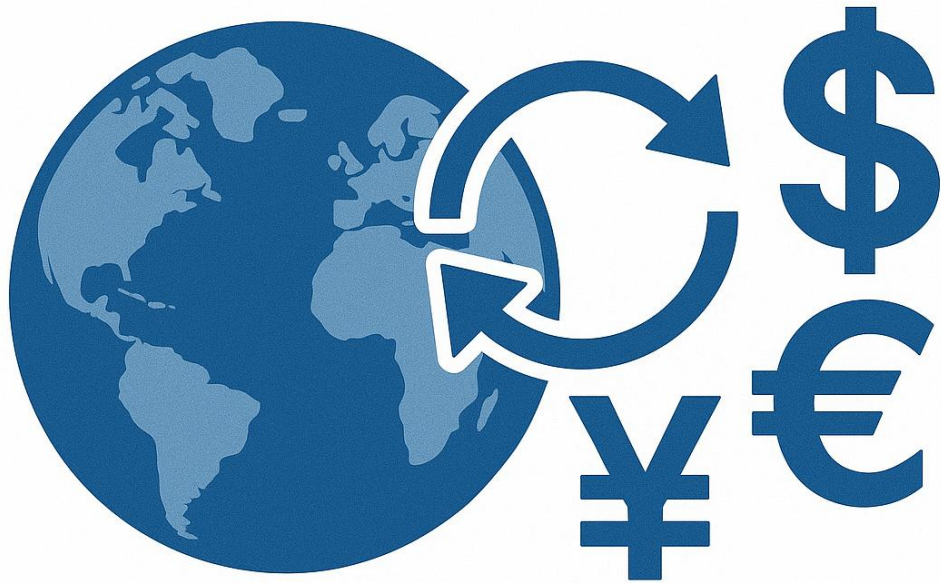


OSEBX - actual vs. model



OSE Return

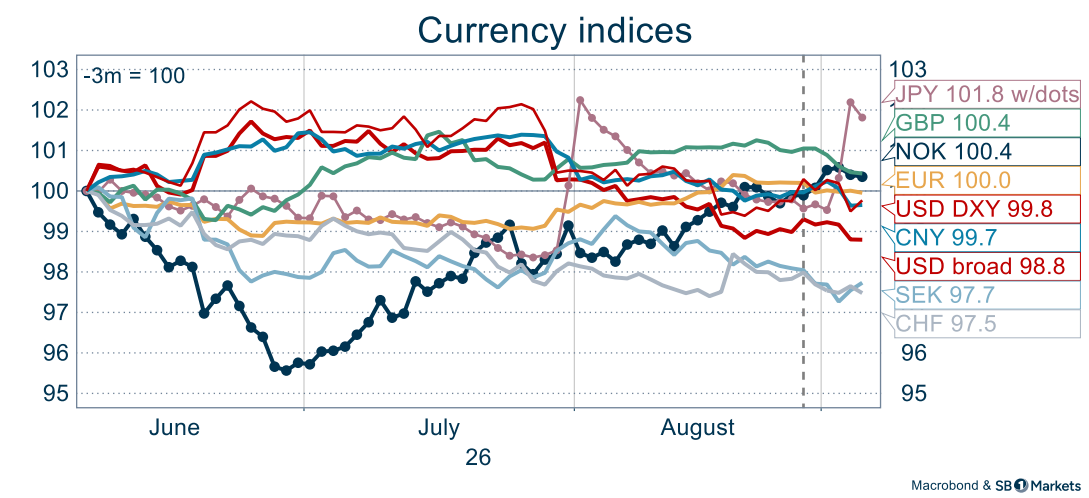
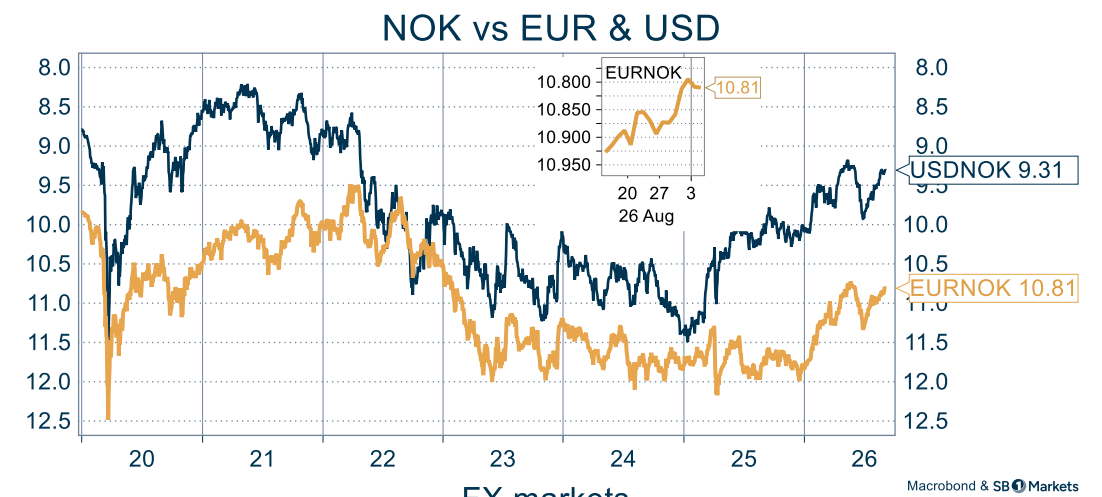




## 4.4 FX markets

# JPY appreciated 2% on Wednesday/Thursday; rate expectations & FX interventions?

The KRW is surging as well. NOK also among the winners last week (and just behind KRW, MXN last month), supported by the lift in the oil price. USD headed down again last week and is the loser last month (if RUB is taken out of the equation).



### FX markets

| f/x broad indices | % change |    |    |    |   |   | Last week | Last month | YTD  | Last year |    |    |
|-------------------|----------|----|----|----|---|---|-----------|------------|------|-----------|----|----|
| + 4 f/x crosses   | -8       | -6 | -4 | -2 | 0 | 2 | 4         | 6          |      |           |    |    |
| JPY               |          |    |    |    |   |   |           |            | 2.3  | 0.0       | -1 | -7 |
| KRW               |          |    |    |    |   |   |           |            | 1.7  | 5.1       | 6  | 2  |
| MXN               |          |    |    |    |   |   |           |            | 0.9  | 2.2       | 6  | 10 |
| NOKUSD            |          |    |    |    |   |   |           |            | 0.6  | 2.5       | 8  | 9  |
| NOKSEK            |          |    |    |    |   |   |           |            | 0.6  | 2.9       | 12 | 10 |
| NOKEUR            |          |    |    |    |   |   |           |            | 0.6  | 1.7       | 9  | 9  |
| RUB               |          |    |    |    |   |   |           |            | 0.5  | -7.0      | -9 | -7 |
| NOK index         |          |    |    |    |   |   |           |            | 0.5  | 2.0       | 9  | 8  |
| CAD               |          |    |    |    |   |   |           |            | 0.1  | 1.0       | -2 | -2 |
| EURUSD            |          |    |    |    |   |   |           |            | 0.0  | 0.8       | -1 | 0  |
| AUD               |          |    |    |    |   |   |           |            | 0.0  | 1.7       | 7  | 10 |
| EUR               |          |    |    |    |   |   |           |            | -0.2 | 0.4       | -1 | -1 |
| CNY               |          |    |    |    |   |   |           |            | -0.3 | -0.7      | 4  | 7  |
| SEK               |          |    |    |    |   |   |           |            | -0.3 | -1.0      | -4 | -2 |
| USD broad         |          |    |    |    |   |   |           |            | -0.5 | -1.4      | -2 | -2 |
| CHF               |          |    |    |    |   |   |           |            | -0.5 | -0.6      | -2 | -1 |
| USD DXY           |          |    |    |    |   |   |           |            | -0.5 | -0.7      | 1  | 1  |
| GBP               |          |    |    |    |   |   |           |            | -0.6 | -0.1      | 1  | 0  |

Last week

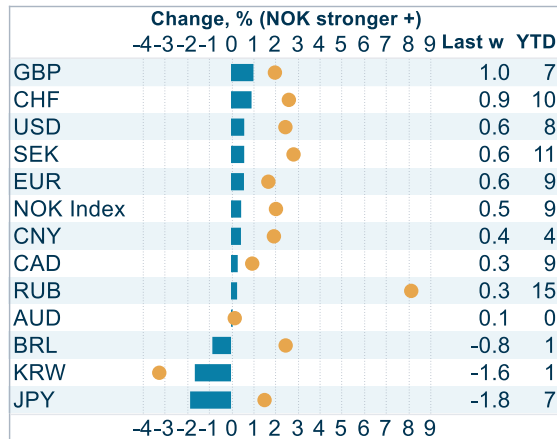
Last month

# FX: NOK appreciated vs the most, while the USD depreciated vs. the most

The trade-weighted NOK has appreciated 9% so far in 2026, while the USD indices are close to unchanged.

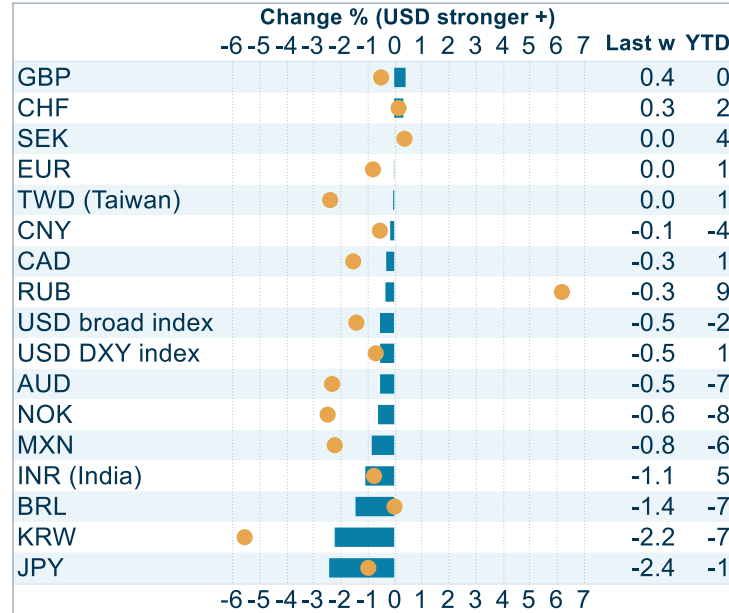
The Russian RUB and the Venezuelan VES are the losers in 2026 (together with the Indian INR, Indonesian IDR and the Ukrainian UAH).

NOK vs. the others



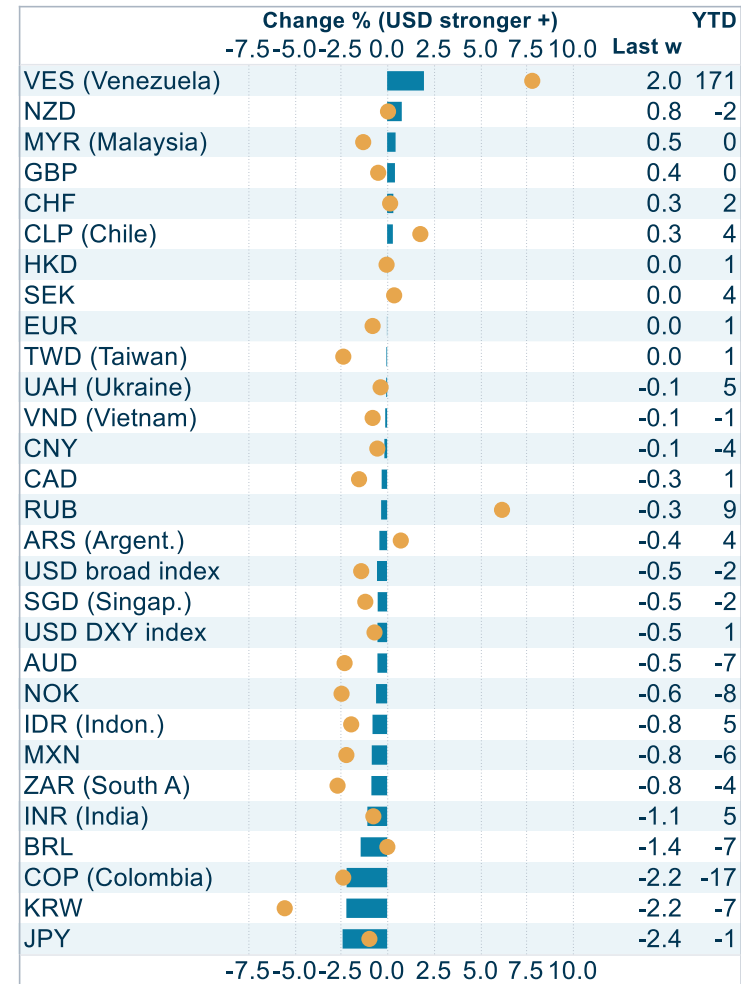
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USD vs. the 'Majors'



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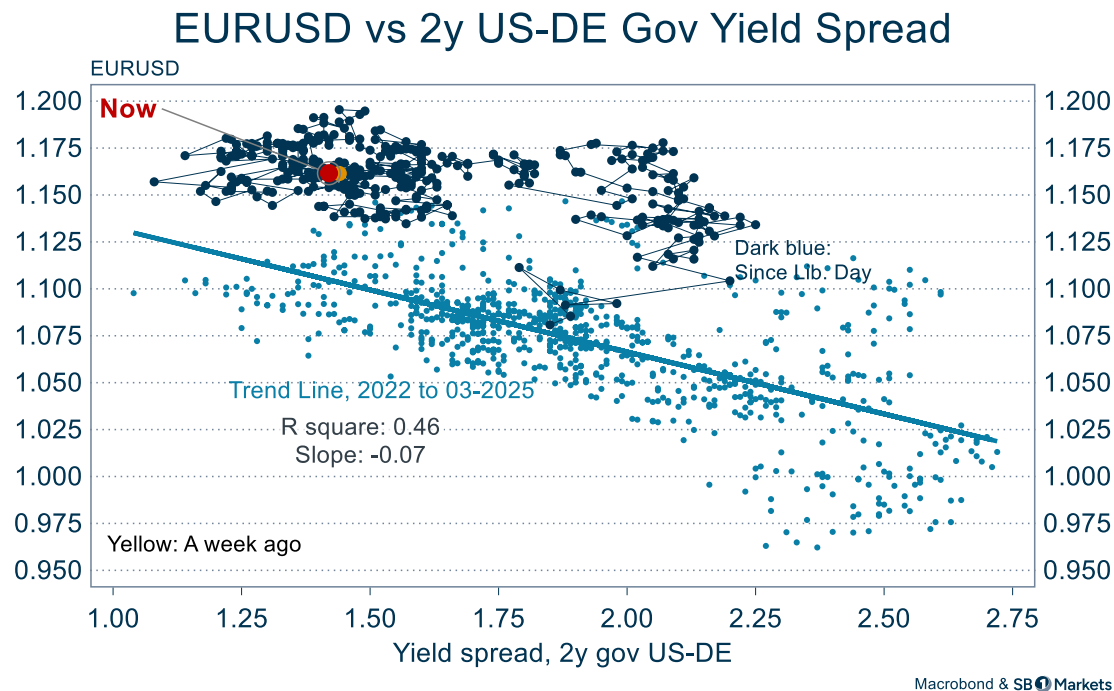
USD vs. 'all'



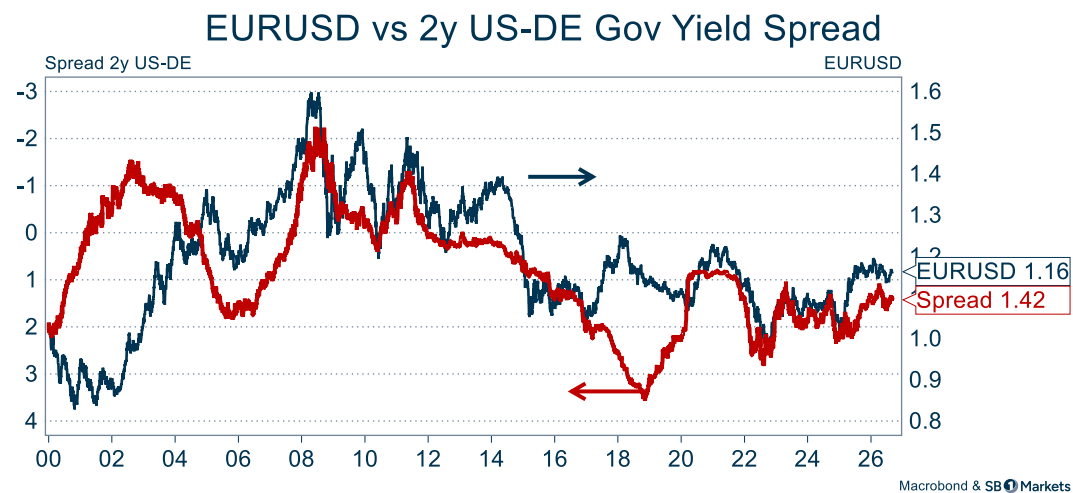
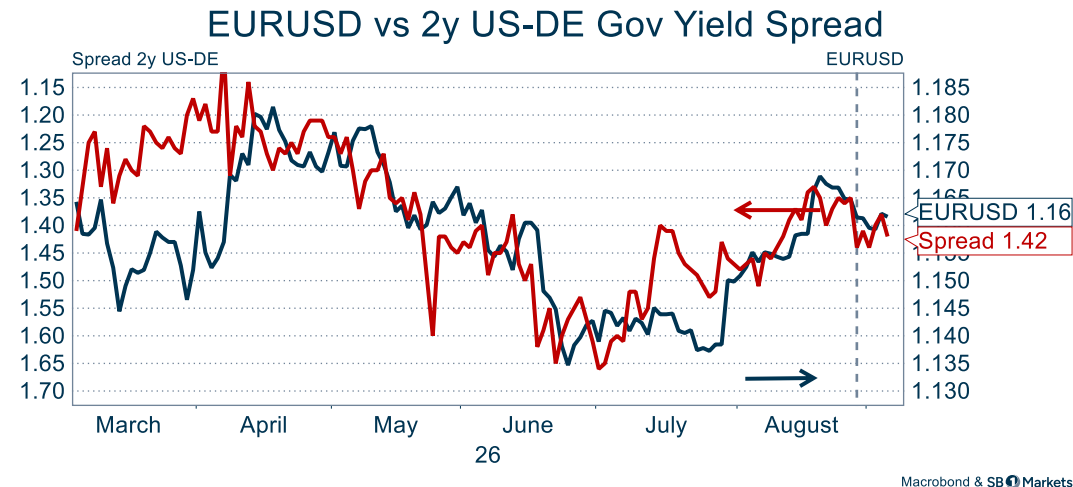
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# EURUSD flat last week – as was the rate differential

... which is in line with recent history (and most textbooks)



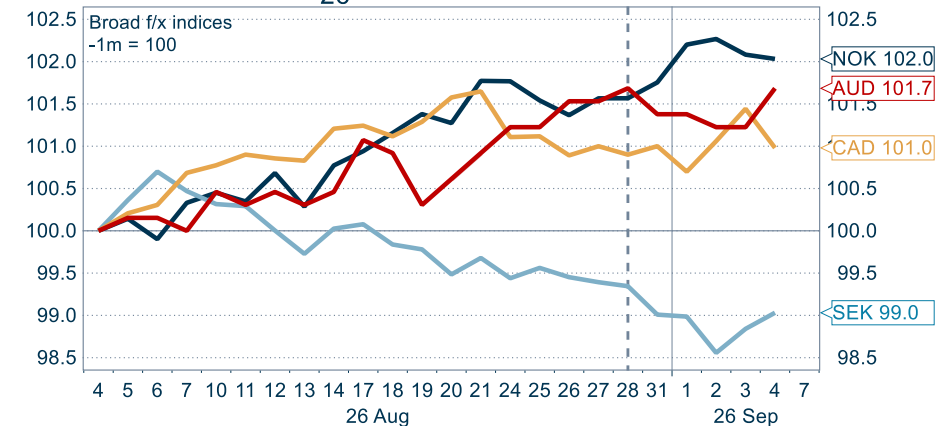
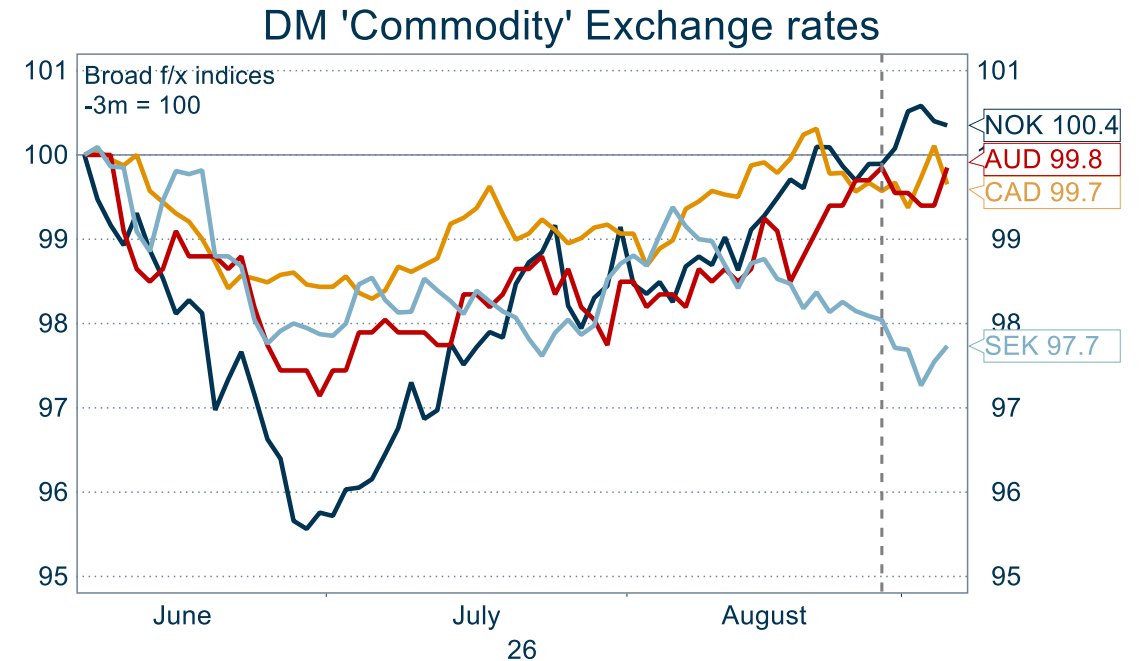
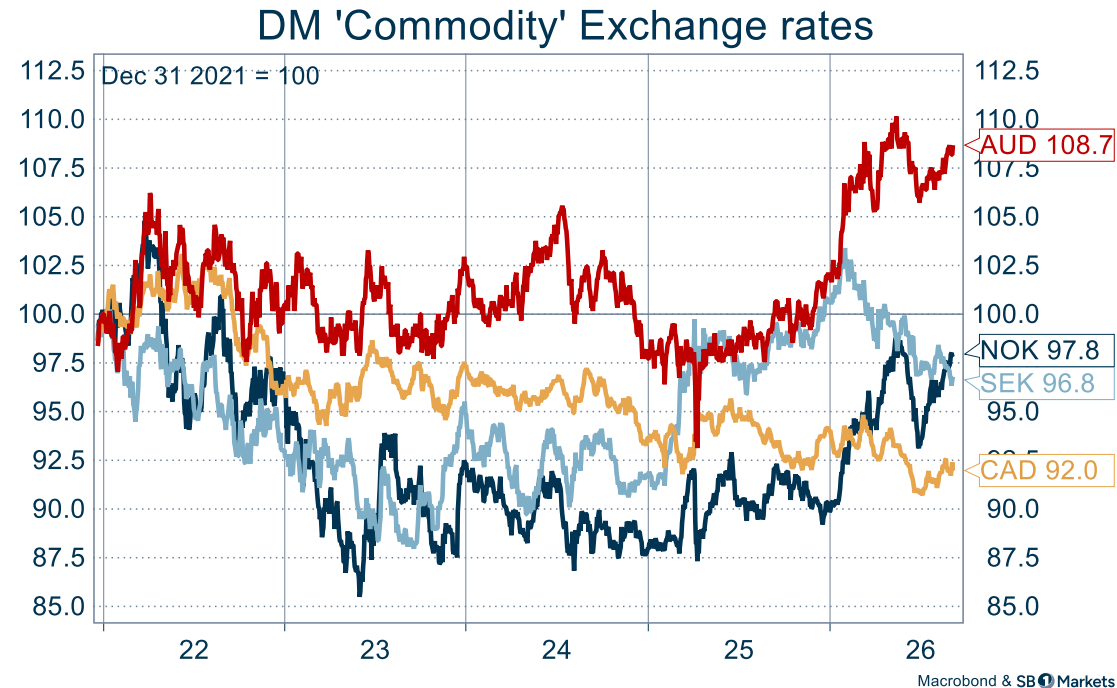
- The 'model', estimated over the previous 3 years of data:
  - 1 pp narrowing of the 2y gov. spread: a 3% EURUSD appreciation.
    - Some 'carry' impact
    - There may be a reason for changes in the spread, such as changes in the relative growth outlook.
- Over time, the correlation is not tight at all, check the lower chart to the right! We have seen far larger 'gaps' than the current one.





# 'Commodity' FX: SEK heads down, AUD and CAD flat last week NOK the winner

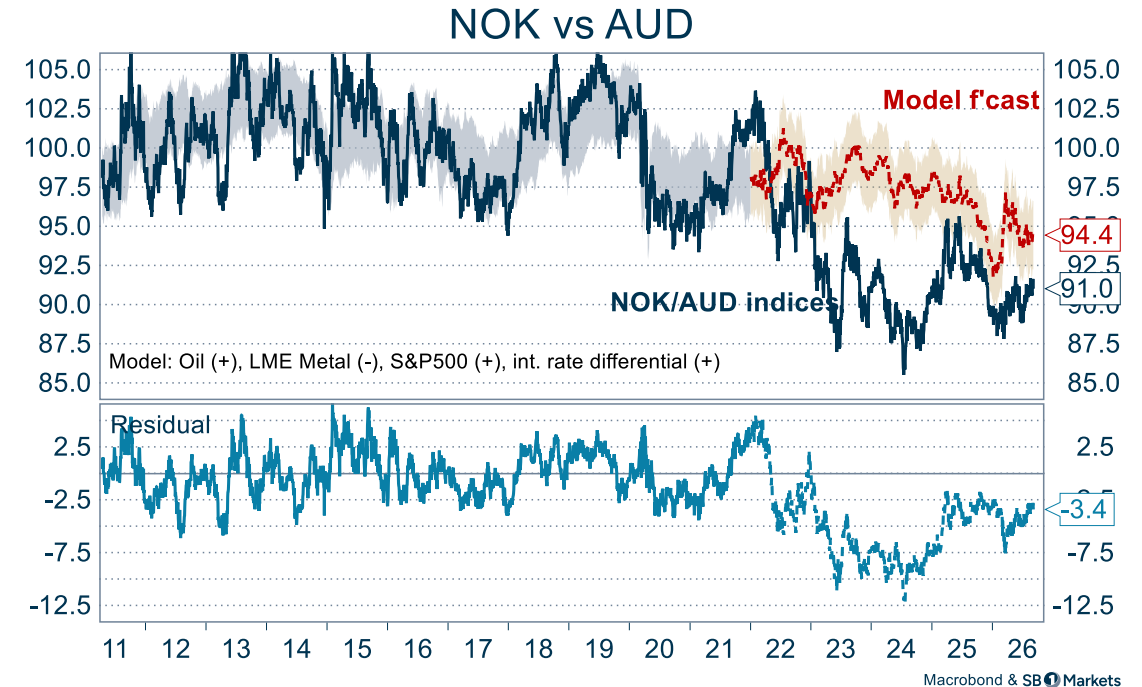
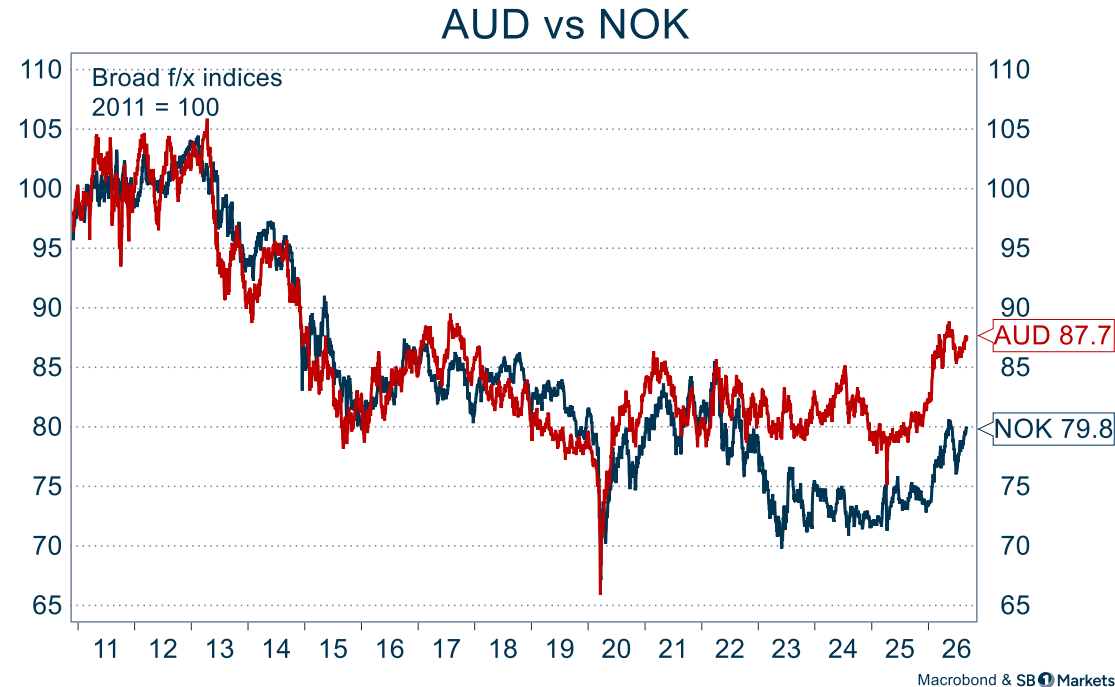
As the last month and the past 3 months. NOK is more geared towards the oil price within the commodity spectrum than our currency peers.





# NOK weaker relative to AUD than our model suggests, but the gap has narrowed slightly

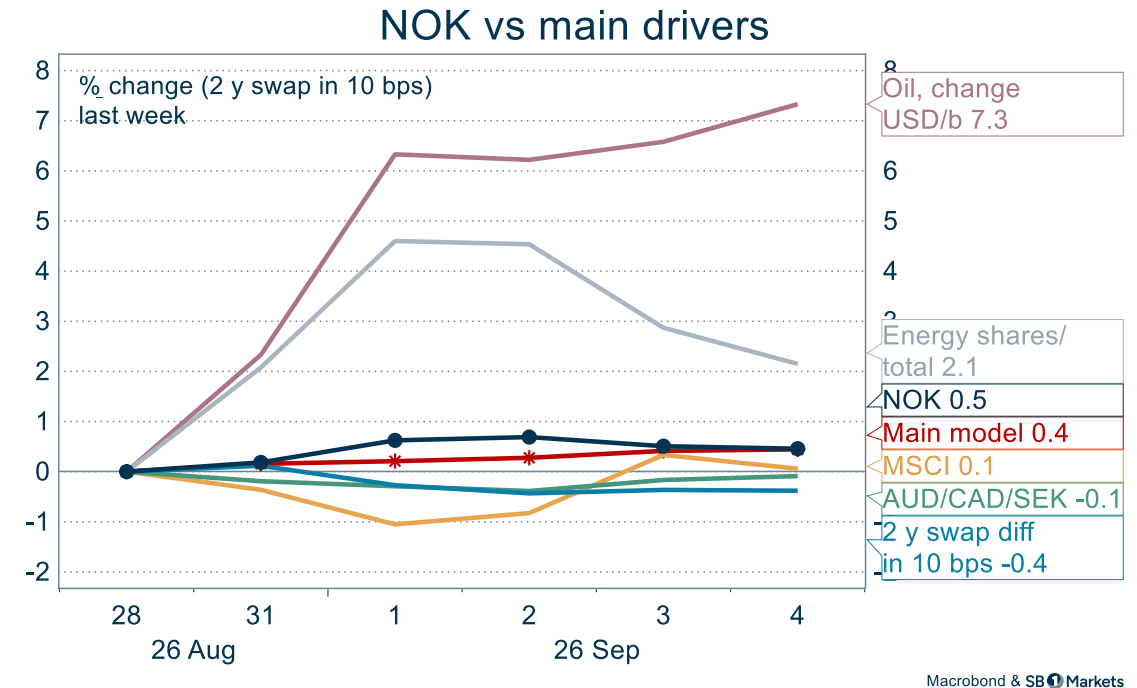
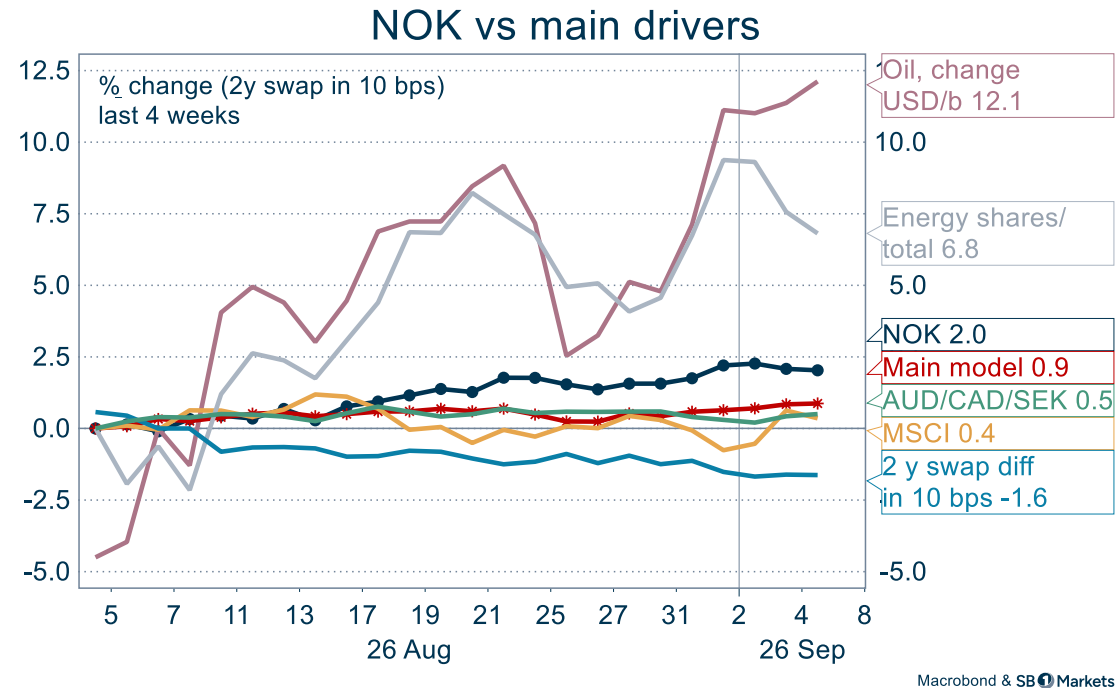
... and is not that large anymore, at 3.4%



- NOK and AUD, measured by the respective FX indices, 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 0.5% stronger last week, in line with our model forecast

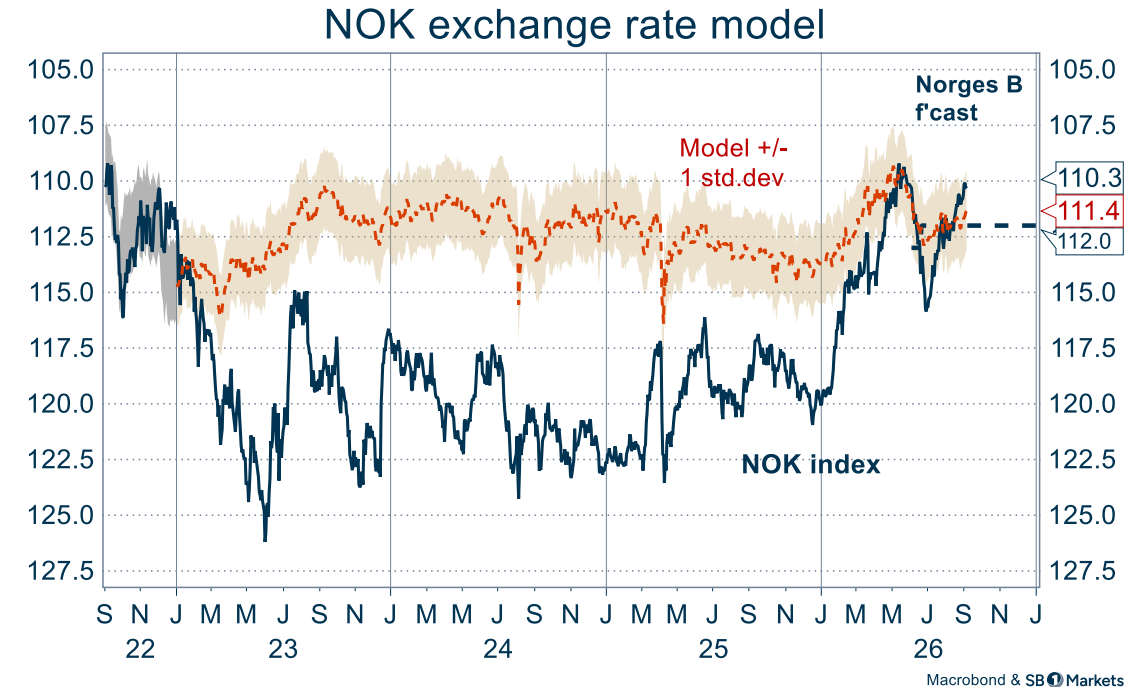
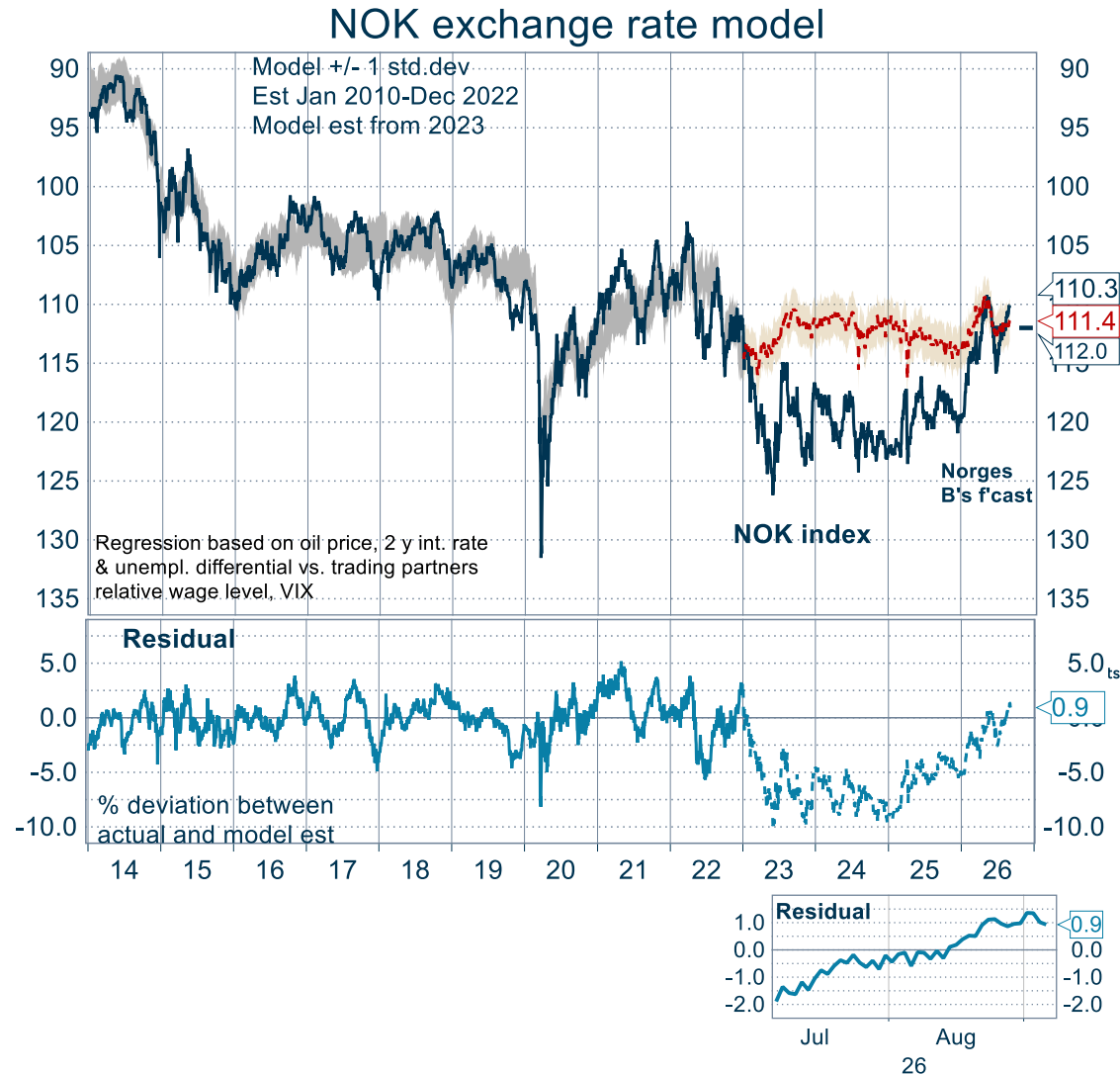
Last month: NOK has appreciated 2%, the model suggested 0.9%. The lift in the oil price has been the main factor for the NOK appreciation, both last month and last week.





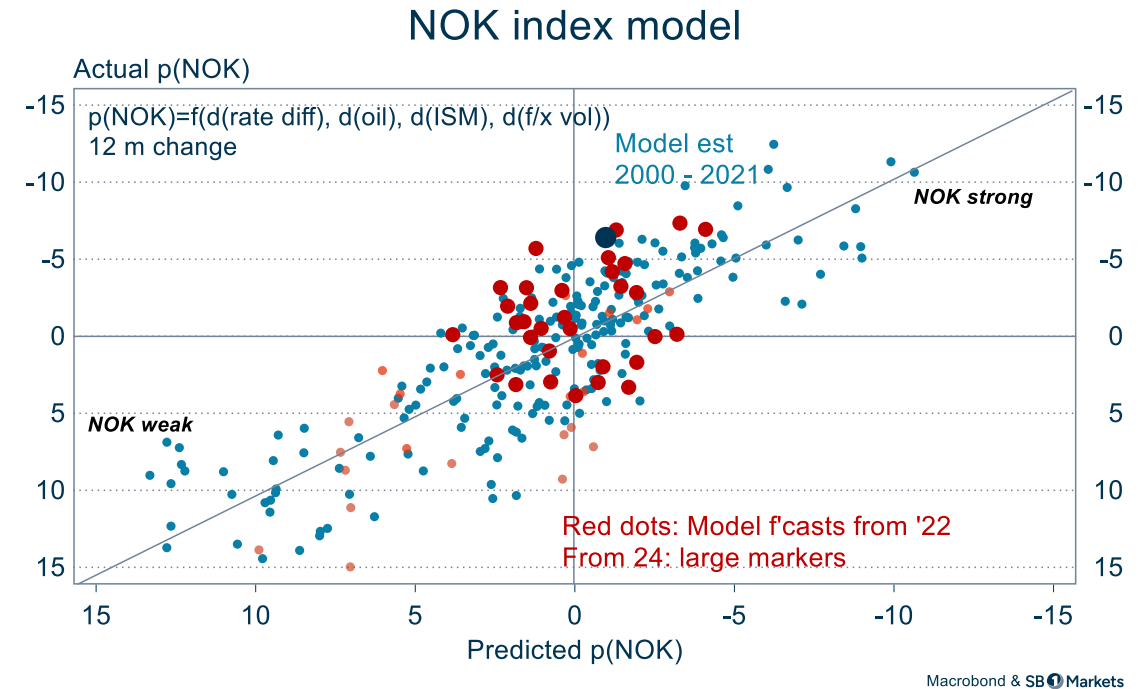
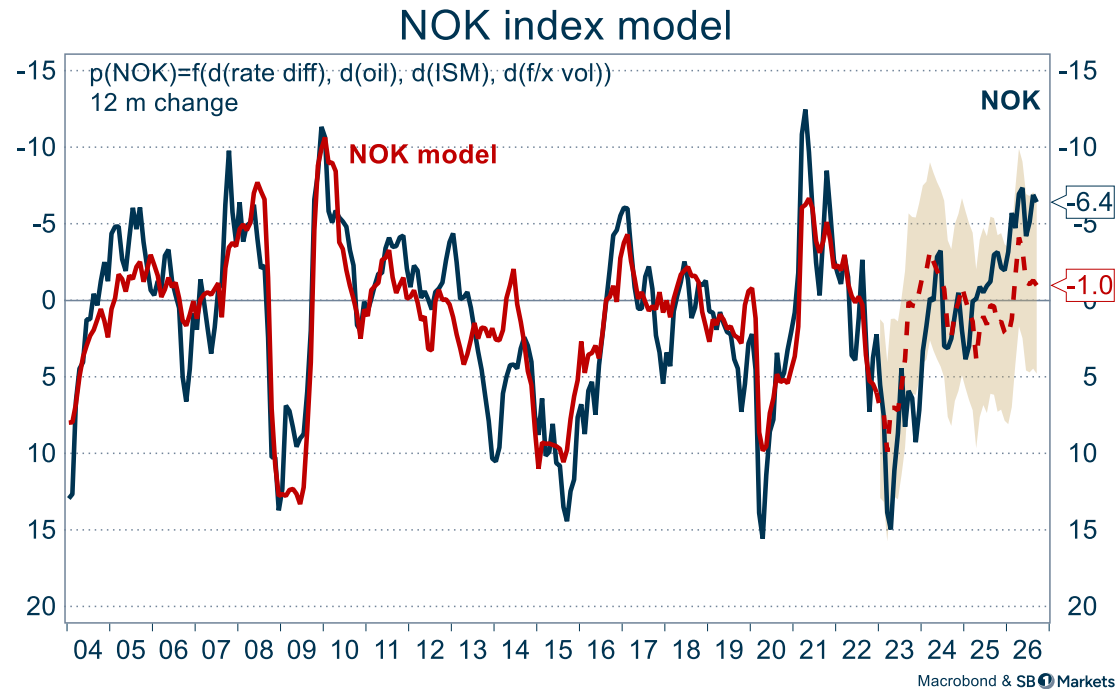
# NOK has appreciated to above our model forecast, and is 1.5% above NoBa's estimate

If sustained, a negative drag on the interest rate path in the upcoming MPR, by some 10 bps in Q4-26 and almost 20 bps further out on curve. (Higher rates abroad will lower the curve by less, from close to zero in Q4, and up to 7 - 8 bps further out).



# Short-term NOK cycles: The NOK has appreciated 'by itself' last year

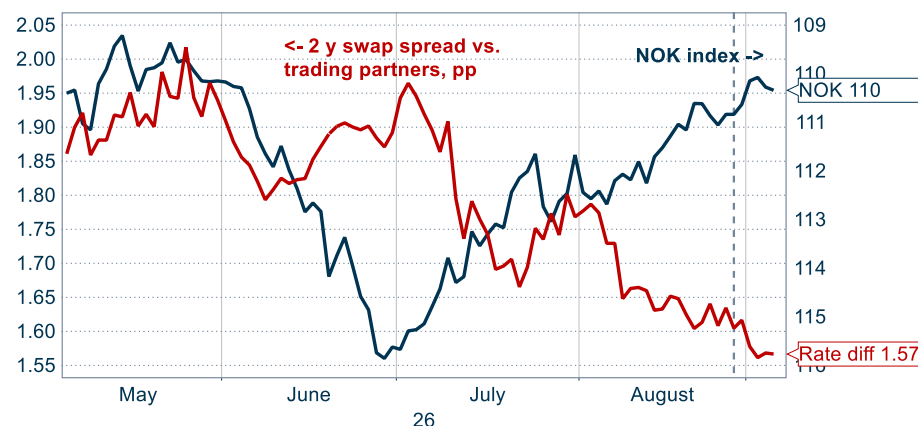
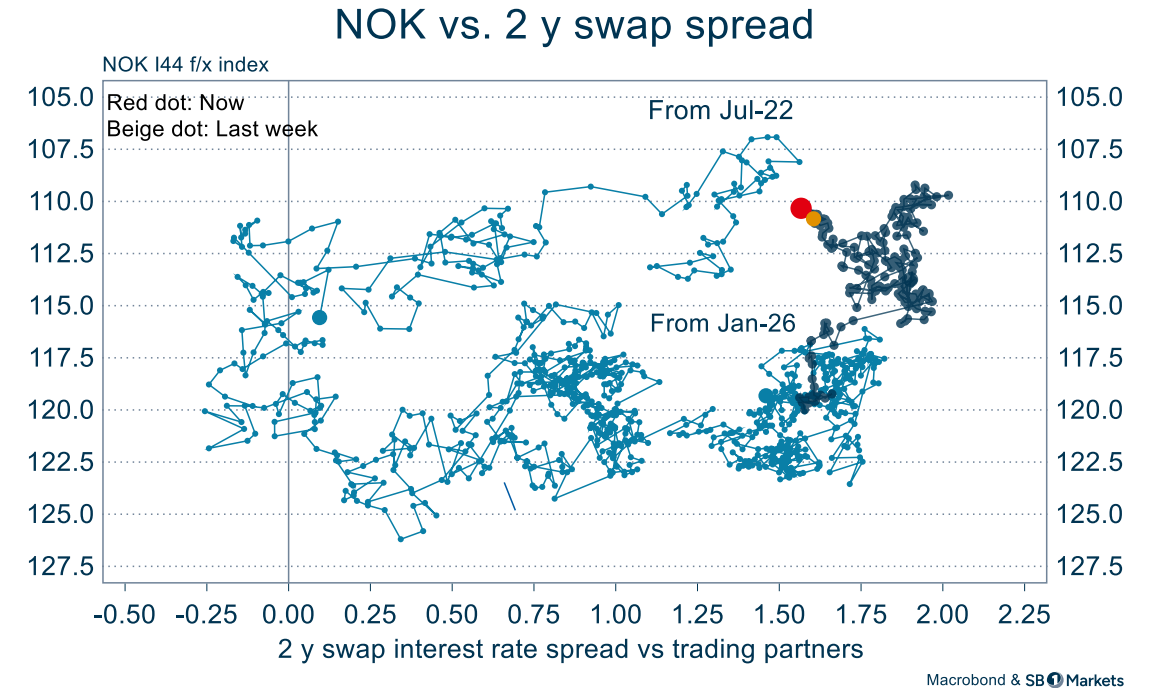
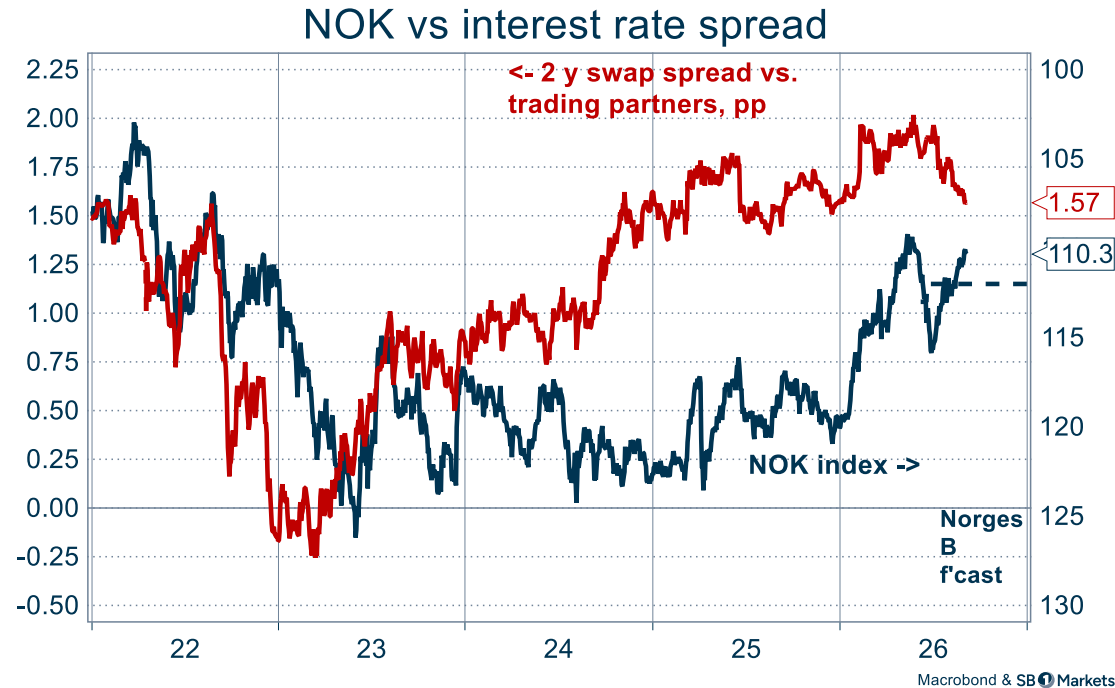
Our model suggests a 1.0% NOK appreciation over the past 12 months, while NOK has climbed 6.4%. A higher oil price and a higher rate differential explain most of the estimated strengthening – but most of the appreciation **is due to other factors than the normal 'drivers'**.



- ... which may be seen as a **'real' repricing of NOK**, reversing the 'unexplained' NOK depreciation in H1 2023.
- The model: 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 (the global growth momentum), and FX volatility. The oil price has been the most important factor.

# The rate differential narrowed further last week, still the NOK appreciated (with the oil price)

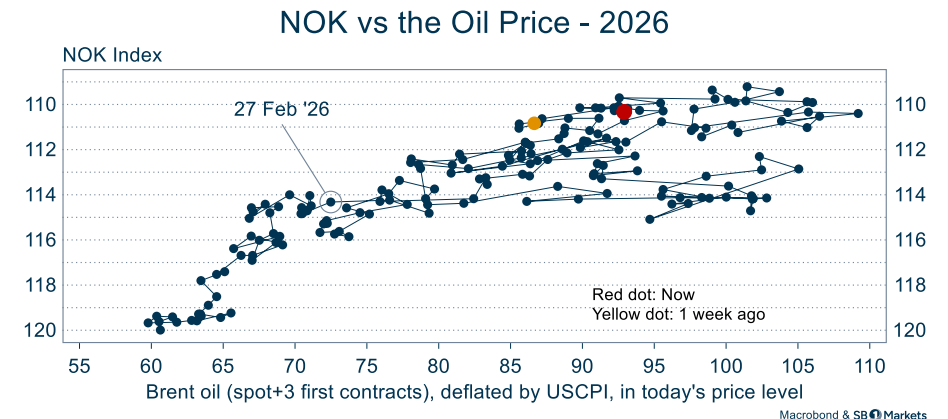
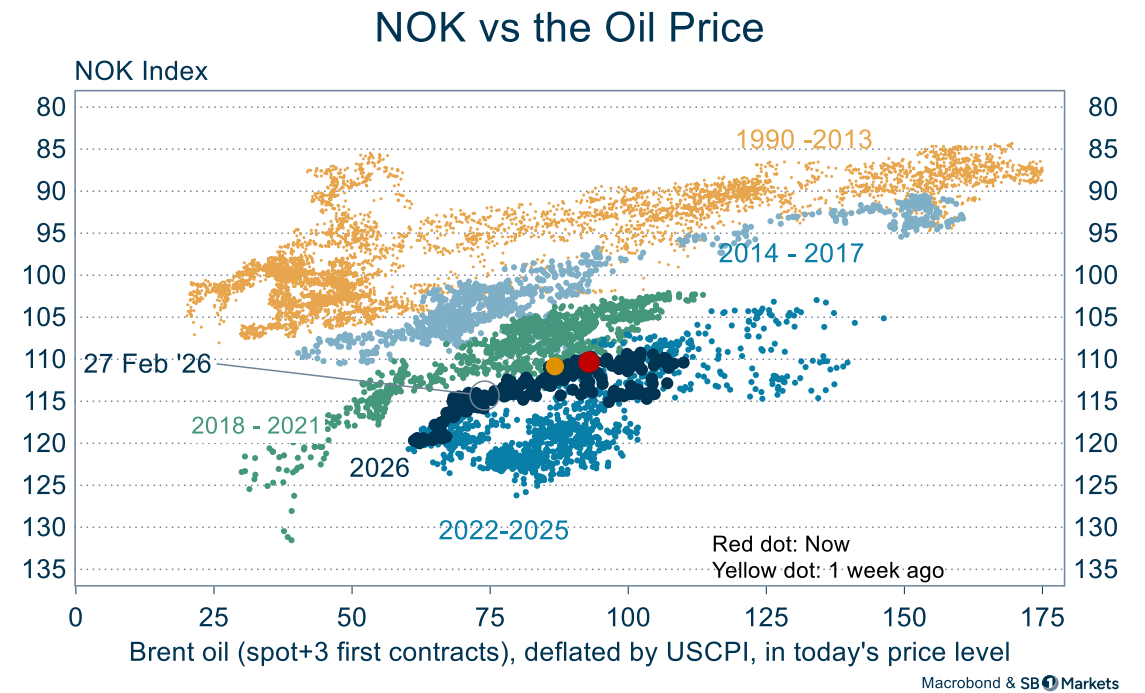
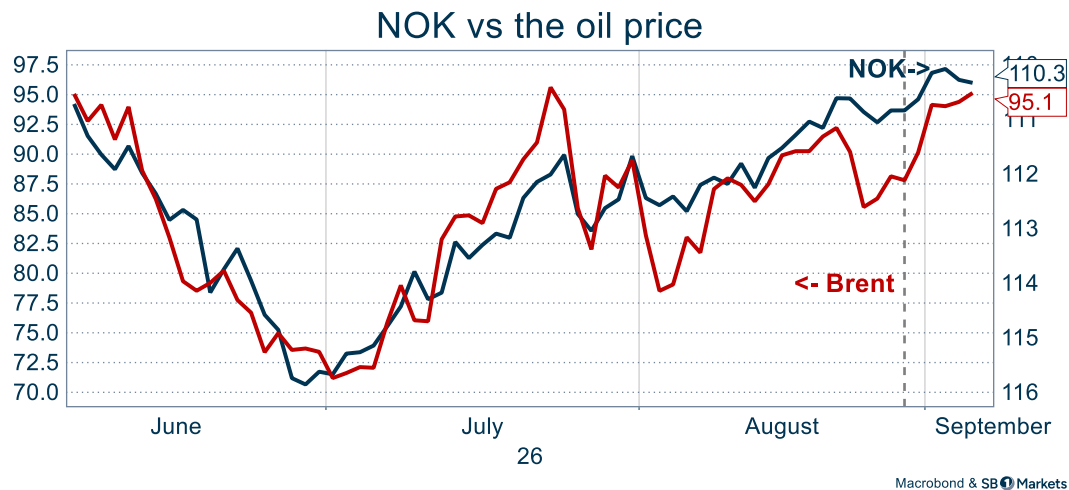
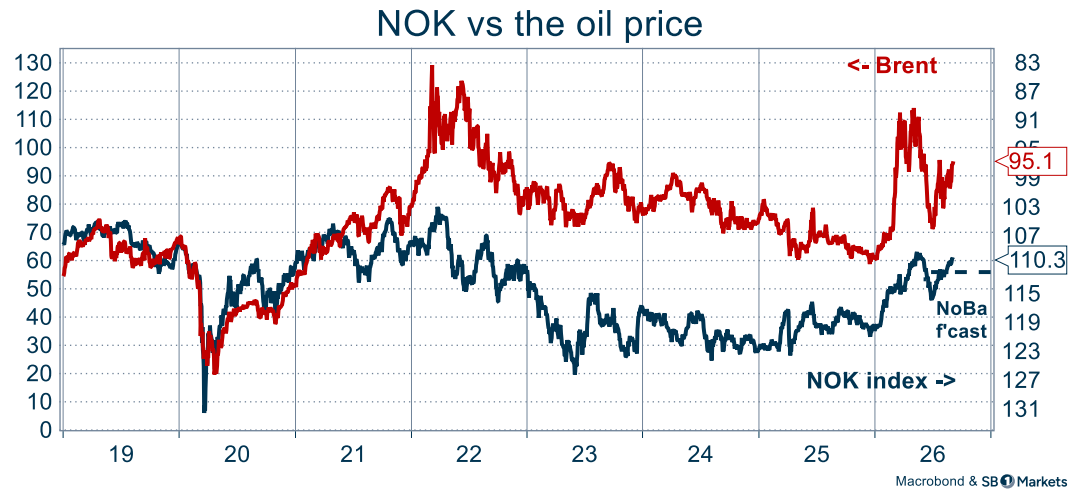
From mid-June, the correlation between the rate differential and NOK has been mostly 'wrong' – but the correlation is anyway not tight, even if the sign is 'correct' over time.





# NOK has followed the oil price closely in recent months: last week both rose again

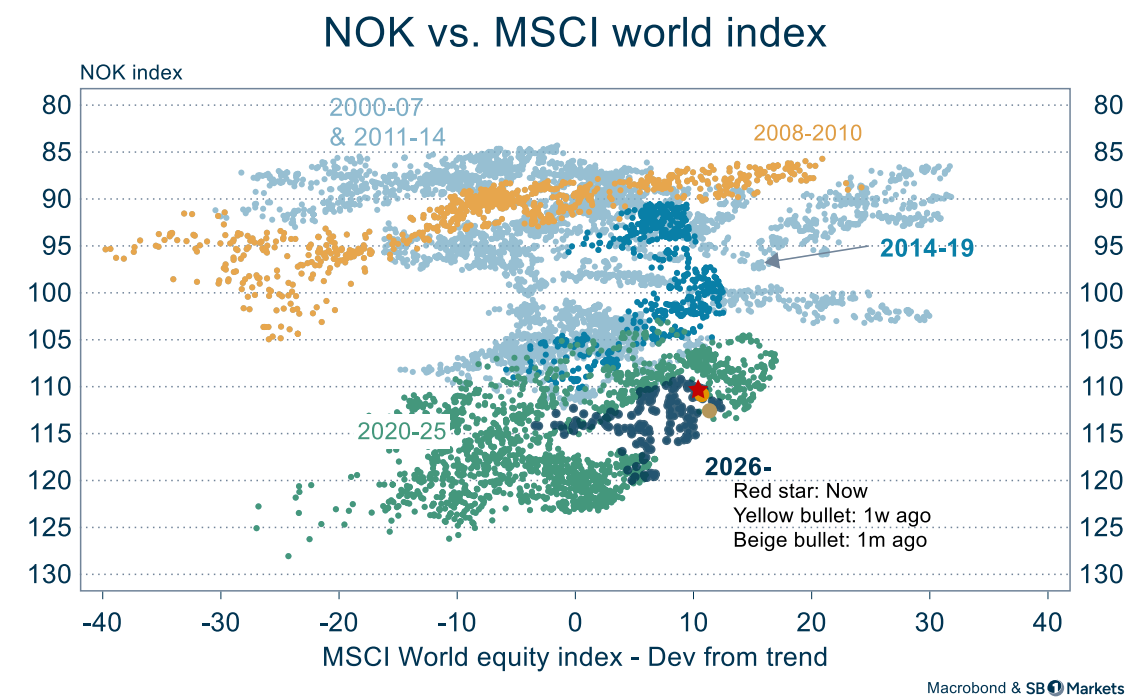
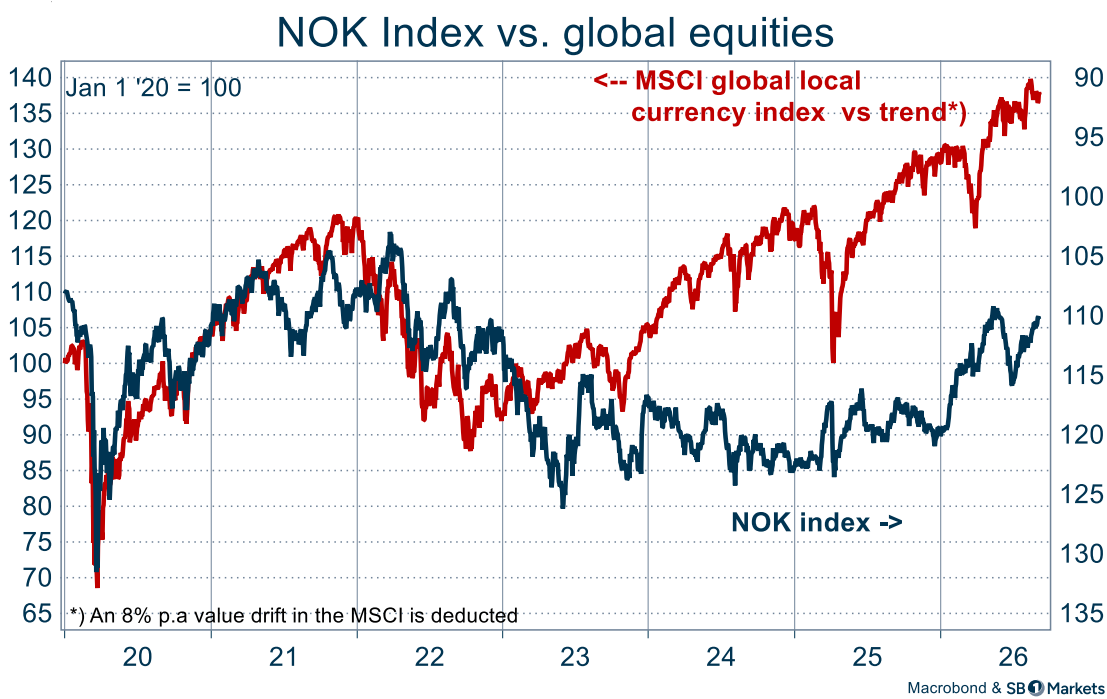
The NOK is on the strong side vs. the oil price vs. the relationship in recent years (from 2022, the darker blue and black dots in the upper-right chart, and vs. the relationship since the US-Iran war started in late February, lower right chart).





# NOK almost uncorrelated to global equity markets in 2026

Normally, a stronger stock market has been supportive of the NOK – and vice versa.  
Last week, NOK appreciated while the global stock market retreated slightly.

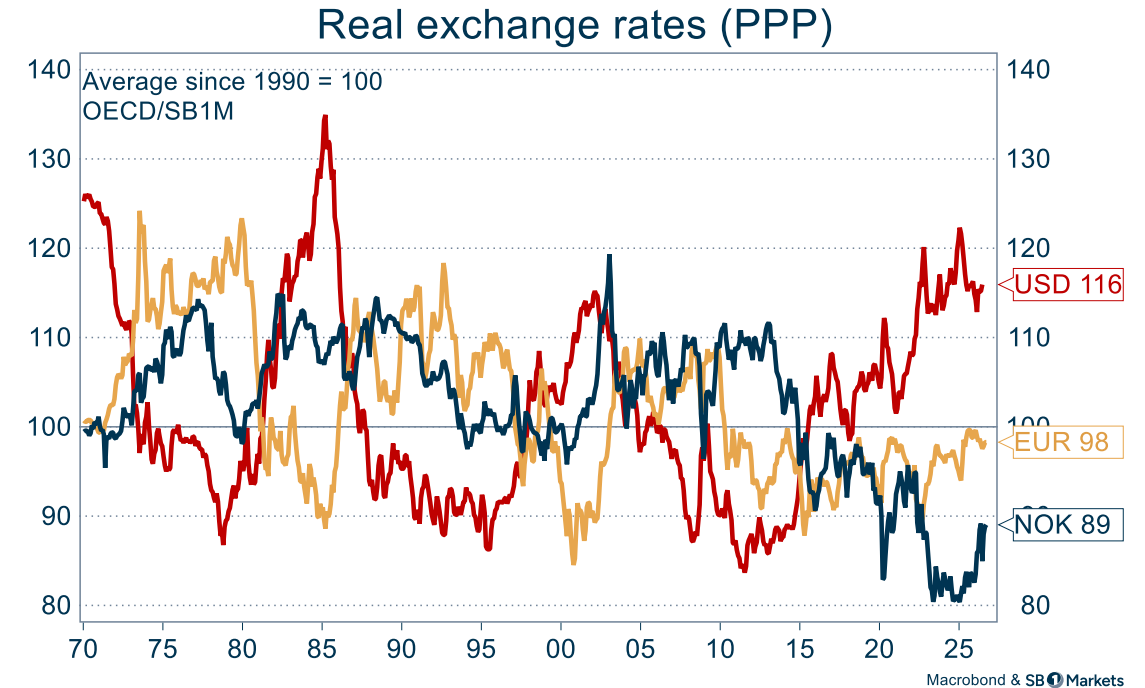
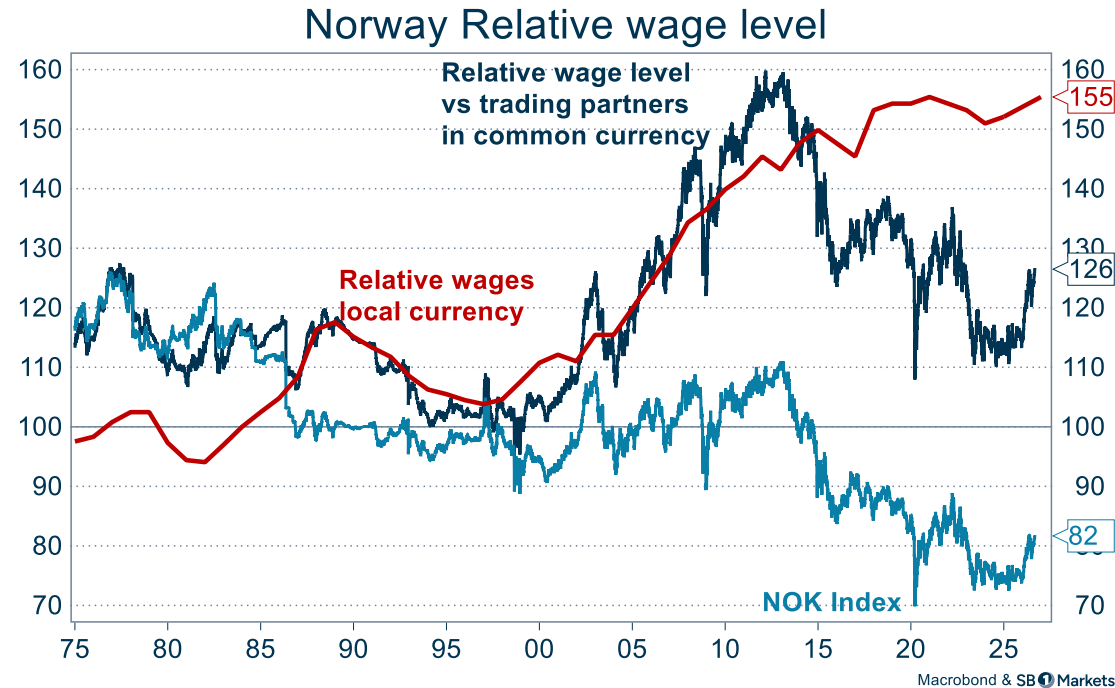






# The relative cost position may be at a reasonable level. The price level is still rather low.

Thus, mixed signals vs. the NOK – but the upside is anyway not that large.



- 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 finances a quarter of imports, justifying a higher cost level than before. The current wage-cost gap is 26%, 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 vs. trading partners is 11% below the average since 1990, up from 20% below late last year.
- Other currencies:
  - The real USD exchange rate is well above a long-term average level
  - The real EUR exchange rate is close to an average.

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