

# MNI Norges Bank Preview: June 2025

Statement / Monetary Policy Assessment release: 09:00BST / 10:00CET, Thursday 19 June 2025

Press conference (in Norwegian): 09:30BST / 10:30CET, Thursday 19 June 2025

## MNI Point of View – Gearing Up for the H2 Cut

17 June 2025, by Emil Lundh

**Norges Bank is firmly expected to hold rates at 4.50% on Thursday, at a quarterly meeting which includes an updated MPR and rate path projection.**

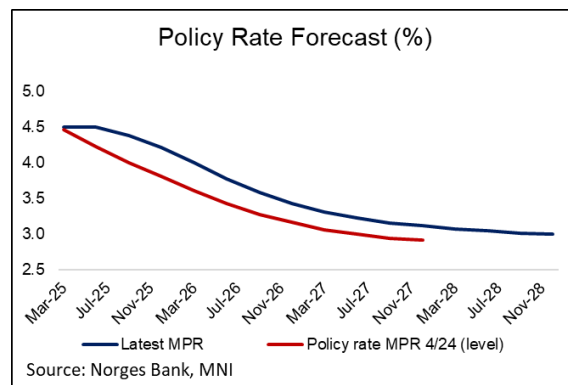
We expect guidance that the policy rate “*will most likely be reduced in the course of 2025*” will remain unchanged, with a risk of firmer guidance towards a September cut.

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**Developments since the March meeting should warrant a modest downward revision to the rate path**, but we still expect the June iteration to be consistent with two cuts this year. Over the last three months, spot inflation pressures have been lower than expected and energy prices have softened (assuming the latest spike on Israel/Iran tensions has come too late to impact the June forecasts). These factors should pull down the June rate path.

However, mainland economic signals portray an economy that is coping relatively well with rates at 4.50%. This should limit the downward rate path revision and allow the board to guide for future easing without feeling pressured to commit to a specific meeting. The Norges Bank were forced to abandon long-standing guidance for a 25bp cut at the March decision, owing to an unexpected uptick in domestic inflation pressures. This may also deter the Board from including meeting-specific guidance this week. **In any case, a rate path that is consistent with 2x25bp cuts in H2 should be well understood by markets as being consistent with cuts in September and December, given Norges Bank’s historical aversion from meaningful policy pivots at non-MPR meetings.**



Analysts are unanimous in expecting rates to be held at 4.50% in June.

Of those who expressed a view on the June rate path, most expect a small downward revision of around 5bps. Nordea, however, are a dovish outlier and expect a larger 10-15bp downward revision. Expectations generally centre on two cuts for the rest of 2025, which is fully in line with market pricing according to latest estimates from SEB.

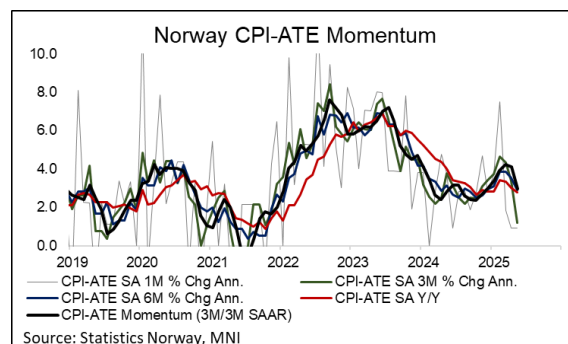
We think a downward rate path revision of between 0-10bps would make for a neutral market reaction. On balance, we think there is a greater risk of an unchanged rate path than a larger-than-10bp downward revision, as Norges Bank has previously placed substantial weight on economic activity in its deliberations. That would leave NOK risks tilted slightly in a hawkish direction. If realised, this would be supportive of recent technical trends in NOK crosses. The NOKSEK outlook is bullish, with the trendline drawn from the April 9 low underpinning price action. On the upside, key resistance is seen at 0.9646, the March 21 high. Meanwhile USDNOK has recently pierced the July 2023 low at 9.9249, exposing the December 2022 low at 9.6982 on the downside.

## Macro Update – Softer Inflation But Resilient Activity

### Inflation

**The prices and wages component should see a downward revision relative to the March MPR rate path.**

CPI-ATE inflation was below the March MPR projections in both April and May, easing concerns around the Q1 uptick in inflationary pressures. This is particularly important given the Q1 acceleration was the key reason for Norges Bank pushing back the start of its easing cycle. While May's pullback was largely driven by the volatile airfares category, other services components such as rents also dragged CPI-ATE lower. Seasonally adjusted 3m/3m inflation momentum pulled back to 2.95% in May (vs 4.11% in April, 4.22% in March), the lowest since November 2024. Inflation expectations remain well-anchored, with social partner's 5-year ahead CPI expectations in Norges Bank's Q2 survey falling a tenth to 2.3%.

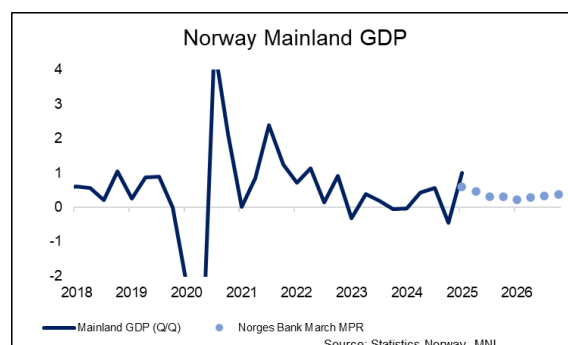


Wage signals have also been consistent with the March MPR projections. The Q2 Regional Network Survey (RNS) saw wage growth expectations at 4.5% in 2025 and 4.0% in 2026 - both in line with the March MPR. Wage growth components in Norges Bank's Q2 expectations survey were slightly softer than the RNS.

### Mainland Activity

Activity data since March has portrayed a mainland economy that is coping relatively well with rates at 4.50%. This should mean domestic demand sees an upward revision in the June rate path, offset slightly by rising unemployment rates.

The Q2 RNS is perhaps the most important signal in this respect, given its forward-looking nature. Contacts expect output to grow 0.4% Q/Q in both Q2 and Q3, with positive employment signals also noted. The Q2 output projection is in line with Norges Bank's March MPR mainland GDP forecast. As we, and Norges Bank, have previously noted, Norway is somewhat more insulated from US tariffs and wider trade wars than the likes of Sweden, for example. Indeed, the Q2 RNS noted that *"international trade barriers are increasing uncertainty, but only a few contacts expect that this will lead to lower growth in the period to autumn"*. While the overall message from the RNS was solid, one area of softness came from aggregate investment expectations (-0.9% in 2025 vs 0.5% in the Q1 survey and 0.1% in 2026 vs 0.8% in the Q1 survey).

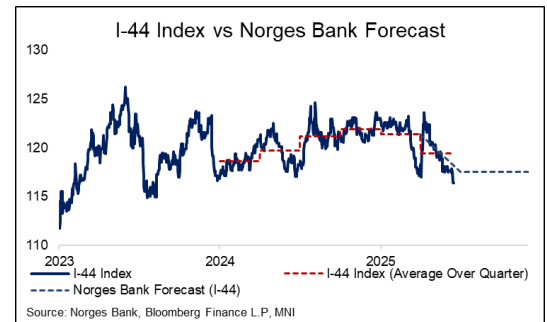


Hard data has also been consistent with a solid economic backdrop. Q1 mainland GDP rose 1.0% Q/Q, above Norges Bank's 0.6% March MPR projection. The surprise was driven by both consumption and mainland investment. Meanwhile, industrial production, retail sales and credit growth data have all shown signs of a cyclical upturn.

The labour market has shown some signs of softening in recent months, but it's too early to read into the changes at this stage. The registered unemployment rate rose a tenth above Norges Bank's projection to 2.1% in May, but adjustments to NAV's methodology has hampered comparability with past readings (and NB forecasts). Meanwhile, the LFS trend unemployment rate rose to 4.3% in April (vs 4.2% prior), the highest since July 2021. On the other hand, the three tenth rise in the Q1 vacancy rate to 3.1% is a more positive signal on the labour demand front.

## Exchange Rate

We think the krone may have a neutral impact on the June MPR rate path, but the risks are skewed towards a hawkish contribution. The average I-44 index level through Q2 has been 119.36, above Norges Bank's 117.51 Q2 average projection and implying a weaker currency than expected. Furthermore, the recent strengthening (spot I-44 is now at 116.46) has been in reaction to the latest Israel/Iran escalation, which may have come too late to impact the June projections,



## Petroleum Prices and Investment

Assuming the latest oil rally has come too late to impact the June MPR, the petroleum prices and investment channel should pull down the June rate path. Crude prices have softened on increased OPEC+ supply and global demand concerns arising from US tariffs/related uncertainty. Additionally, petroleum investment fell 10.0% Q/Q in Q1, well below Norges Bank's 0.0% projection. While Statistics Norway's Q2 oil and gas investment survey saw 2025 and 2026 investment expectations revised up relative to Q1, a slowdown in capital spending is still expected from next year as the tailwinds from the Government's 2020 oil tax package fade.

## Foreign Interest Rates

Foreign factors are expected to weigh on the rate path compared to March, with the US Liberation Day fallout prompting broad-based downward revisions to global growth forecasts and rate expectations. Some analysts expect this component to be the largest downward contributor in June.

# mni Central Bank Watch - Norges Bank

June 16, 2025

MNI Norges Bank Data Watch List											
Inflation		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
CPI	% y/y	3.0	3.6	↓	2.4	↑					-0.49
Core CPI	% y/y	2.8	3.4	↓	3.0	↓					-0.61
PPI	% y/y	-0.1	23.3	↓	0.0	↓					-0.80
Oil Price (Brent Active)	\$bn	73.23	71.30	↑	70.60	↑					-1.37
Economic Activity		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
PMI Manufacturing	Index	51.2	51.7	↓	50.7	↑					-0.04
GDP	% m/m	-0.2	-0.4	↑	0.1	↓					-0.48
Industrial Man Prod	% m/m	2.8	-1.8	↑	-1.4	↑					1.13
Monetary Analysis		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
M3 Money Supply	% y/y	8.2	6.0	↑	4.8	↑					2.41
Credit Indicator	% y/y	4.1	3.6	↑	3.8	↑					1.93
Non-Fin Corp Credit	% y/y	2.7	1.9	↑	2.3	↑					1.46
Household Credit	% y/y	4.2	3.9	↑	3.7	↑					1.40
Consumer / Labour Market		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Retail Sales	% m/m	0.7	1.0	↓	0.4	↑					0.31
Consumer Confidence (Q)	Index	-16.4	-13.4	↓	-12.4	↓					0.53
Unemployment Rate	%	2.0	2.2	↓	2.0	↓					-0.48
Ave Monthly Earnings (Q)	% y/y	5.2	5.2	→	5.2	→					-0.78
Markets		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
OBX	Index	1556	1411	↑	1361	↑					1.78
Norway 10-Year Yield	%	4.04	3.78	↑	3.49	↑					0.87
NW Yield Curve (2s-10s)	bps	23.5	10.3	↑	-15.5	↑					1.28
NOK TWI	Index	77.23	75.35	↑	76.14	↑					0.54

Note: For quarterly data the 3m ago column will display the previous data point and the 6m ago column will display the data point prior to that.  
Source: MNI, Bloomberg

## Sell Side Previews (A-Z)

### Bank of America

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We expect Norges Bank to stay on hold at 4.50%, with a slightly lower rates path but maintained guidance that *“the policy rate will most likely be reduced in the course of 2025”*. This would implicitly pave the way for a cut by September and signal another cut by year-end. We would expect Norges Bank to avoid any very precise wording on the timing. The fresh memory of March's backtrack on the explicit guidance is likely to keep communication cautious in the near term”.
- **Rate Outlook:** “We stick to our call of two cuts this year, September and December”...“ Next year, our base case is for two more cuts, to 3.5%. But we see risks as clearly biased for more. After the 1Q25 inflation upswing, Norges Bank's officials will need some time regain confidence in the disinflation process this year. But the central bank's 2026/2027 inflation forecasts look very high and faster progress on core inflation this year could lead to a more rapid cutting pace over 2026”.

### Barclays

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We expect Norges Bank to keep rates on hold this week and continue to guide towards roughly two cuts this year starting in September. Last week's lower-than-expected inflation print afforded some relief but a series of upside misses in Q1 imply that underlying CPI remains too high for imminent easing. What is more, following better-than-expected Q1 GDP growth, recent data also point to robust economic activity in Q2”.

### Danske Bank

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “Most of the factors affecting the interest rate outlook have been on the downside, so a downward adjustment of the rate path next week seems likely”.
  - “Overall, we therefore expect the new rate path to be 4-5 bp. lower at the end of the year compared to the March report. This should confirm the signals of two rate cuts this year, but the downward adjustment is unlikely to be sufficient for the NB to cut rates already at this junction. This is reinforced by the fact that the main picture drawn in March is largely intact. It also suggests that the bar for an August cut is high”.

### DNB

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We expect Norges Bank to leave the policy rate unchanged at the June meeting, while continuing to signal rate cuts over the course of 2025. We anticipate the rate path will point to reductions in September and December, though the Bank is likely to avoid signalling a September cut too explicitly”.
  - “We expect the rate path to be lowered by a few basis points but still signal two cuts this year and further cuts next year”.

### Goldman Sachs

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “While the revisions to the policy rate path will likely be limited, we expect a slightly more dovish path, with more favourable inflation, lower oil prices and a weaker global growth outlook only partly offset by stronger domestic demand”.
- **Rate Outlook:** “We thus continue to expect two rate cuts this year, in September and December, and quarterly cuts thereafter to a terminal rate of 3% in 2026Q4, with risks skewed towards more easing”.



**Handelsbanken**

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We expect the rate path to signal cuts more clearly tied to the main meetings in September and December, with a slightly lower trajectory overall and a possible tilt toward three cuts in 2026”.

**ING**

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We see dovish risks as new rate and economic projections are released at this meeting. The March update had 3Q25 rates averaging 4.38%, suggesting one 25bp cut at the September meeting, but there might be more openness to a move already in August”.
- **Rate Outlook:** “We are calling for an August 25bp cut in Norway, followed by at least another one by the end of the year. That is based on the view that Norges Bank will take on a greater sense of urgency with cutting and that NOK does not take a material hit during the summer”.

**JP Morgan**

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We estimate that the technical rate path should be little changed compared to March. According to our calculations, it may be lowered around 5ps. However, we think the front-end will be lifted somewhat via the Judgement factor (alternatively via a less dovish contribution from Prices & Wages, or via a larger contribution from Domestic Demand)”.
  - “We therefore expect the first quarterly average points to be: 2Q25: 4.50% (previously: 4.49%); 3Q25: 4.45% (previously: 4.38%); 4Q25: 4.23% (previously: 4.21%); 1Q26: 3.95% (previously: 3.99%). The new end-point in 4Q28 should remain at 3.0%. These estimates align with ~40% probability of a cut in August and ~100% for a September cut, coupled with another cut in December.”
  - “We do not expect the tone at the press conference to be very dovish, as inflation and wages remain high. The Governor (and the statement) is likely to say that restrictive rates are still needed for some time, although that the time for gradually lowering rates is approaching”.
- **Rate Outlook:** “Our call is for a first cut in December, but we will revisit after next week’s meeting”

**Nordea**

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “Somewhat lower inflation than expected, lower rates abroad and a Regional network broadly in line expectations mean that Norges Banks rate path will be lowered next Thursday. The new path will indicate two cuts before year end and a decent probability of a cut already in August. Norges Bank will guide towards a first cut in September, however”.
  - “In sum, the rate path could be lowered by some 10-15 bp compared to the March path based on the factors above. In that case it would indicate 5 rate cuts by end of next year. However, we do suspect that Norges Bank could revisit their assumption for the neutral rate. This is the dark horse. Over the last two years, they have adjusted up their view twice. In 2023, they said that the neutral real money market rate probably was in the upper part of the range of -0,5/+0,5%. Last year they revised the interval to 0%-1%”.
- **Rate Outlook:** “If Norges Bank do not revise their assumption now, we do think they will at some point over the next year. Therefore we do not necessarily believe Norges Bank will deliver very many rate cuts, even if we have to admit that a cut in September now seems much more probable than it did in March”.

## SEB

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We expect only minor adjustments to the rate path, but reduced uncertainty should allow Norges Bank to strengthen its guidance for two rate cuts this year. As this broadly aligns with current market pricing, the decision is unlikely to trigger significant market moves”.
  - “We expect the rate path to continue signal a 25bps cut in both Sep and Dec implying a policy rate at 4.00% by year-end. Further out, we expect on aggregate relatively small changes to the rate path. Prices and costs as well as foreign factors will contribute negatively, which will be partly balanced by higher capacity utilization. We believe downside factors will dominate but that the rate path will continue to signal 2-3 cuts in 2026 and a terminal rate near 3.00%”.

## Swedbank

- **June Rate Decision:** Hold at 4.50%
- **June Guidance:** “We expect the Committee’s ‘judgement’ of September as a better suited starting point for the rate cutting cycle to play a crucial role this week. Because according to data, June could well have offered a rate cut. The new, and lower, rate path, however, should indicate two rate cuts this year and a little more than three cuts next year”.
  - “Lower inflation and external impulses to push the path down. Judgement pushing the rate cut to September Negative contributions since the March rate path”.

## MNI Policy Team View

## MNI NORGES WATCH: Seen on Hold, Eyes on September Cut Guidance

By David Robinson

Jun 16, 2025

LONDON - Norges Bank is widely expected to continue its prolonged policy pause at its June meeting, leaving its key policy rate where it has been since December 2023 at 4.5%, though it is possible its guidance and rate projection could provide a clearer indication of the timing of the first cut of an easing cycle.

Guidance accompanying the May decision was for the policy rate to “most likely be reduced in the course of 2025” and analysts are divided over whether the Norwegian central bank will repeat this or provide a more detailed steer, perhaps by tilting towards a September cut.

June has already been priced out by the market, while August is an interim meeting, with history showing that the central bank is much more likely to move in a quarterly meeting, which is accompanied by projections.

In January, Norges Bank had stated that if things evolved as expected it would “reduce the policy rate in March,” but when the March meeting came amid global trade tensions it held fire and switched instead to talking about a cut at some point in 2025.

Some analysts judge that this experience means Norges Bank’s policy committee will be reluctant to provide meeting-specific guidance again, though Governor Ida Wolden Bache has insisted that the option remains on the table. (See MNI INTERVIEW: Trade Scenarios Cloud Outlook - Norges Head)

## KRONE

The June meeting will also see a fresh set of forecasts and a new in-house rate projection. The March rate path priced in a couple of 25-basis-point cuts by end-year and this time the near-term projection could, if anything, be raised a touch to suggest some possibility of staying on hold for longer, though the three-year forecast end point of 3% could be left unchanged.

Norges Bank's latest quarterly business survey, its June Regional Network Report, was pretty robust, with higher defence spending, tourism and aquaculture output all expected to support growth in the near term and annual wage growth predicted to be 4.5% in 2025 and 4.0% in 2026, helping to prop up demand.

Policymakers have repeatedly cited krone weakness as an upside inflation risk but recently the currency has been volatile rather than soft. The latest import-weighted reading on Norges Bank's I-44 index, of 116.38, was the strongest since August 2023, with a lower reading indicating appreciation.

Inflation on CPI-ATE, the core ex-tax and energy target measure, was projected to be 3.4% in March and 3.2% in April in the March Monetary Policy Report. It came in as expected in March but undershot in April, dropping to 3.0%.

Further softening in near-term inflation would make it easier for Norges Bank to steer to a September cut as it would reduce the tension between signalling the start of the cutting cycle and predicting overshoots of its inflation target.

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