

MNI Norges Bank Preview: September 2025

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Press conference (in Norwegian): 09:30BST / 10:30CET, Thursday 18 September 2025

MNI Point of View – Another Close Call

15 September 2025, by Emil Lundh

At the start of the month, analyst and market expectations were fairly comfortably in favour of a 25bp Norges Bank cut on September 18th. **However, domestic data released over the past two weeks have made the decision a much closer call.** 13/19 analysts surveyed by Bloomberg expect a cut, while 8/13 previews we have seen expect such a move. The September decision features an updated MPR and rate path projection, which will be the main focus for markets once the policy rate outcome is known.

We currently lean against consensus in favour of a hold at 4.25% - a risk we thought markets were underappreciating even before the recent run of domestic data. Inflation remains well above the 2% target and was a little stronger-than-expected in August. Furthermore, the Q3 Regional Network Survey (alongside the Q2 GDP report) does not portray a mainland economy that is in desperate need of further easing. Meanwhile, the surprising jump in the LFS unemployment rate in June was fully reversed in July and the more closely watched registered unemployment rate remains in line with the June MPR projections. Additionally, Governor Wolden Bache has stressed that the June MPR rate path was consistent with “one or two” more cuts this year, keeping the door open to a September hold. **If rates are held on Thursday, we expect soft guidance for a 25bp cut in December.**

However, **there are still good arguments for a cut.** Even if the policy rate is reduced to 4.00% in September, it will be above Norges Bank’s nominal neutral rate upper bound estimate of 3.50% (i.e. rates will still be restrictive). Additionally, Norges Bank has been consistent in arguing that it does “not want to restrain the economy more than needed”. Recent improvements in activity expectations in the Regional Network Survey were partly linked to expectations for lower interest rates, so a failure to meet these expectations may reflexively worsen sentiment, hamper mainland economic activity, and necessitate a rate cut later this year regardless.

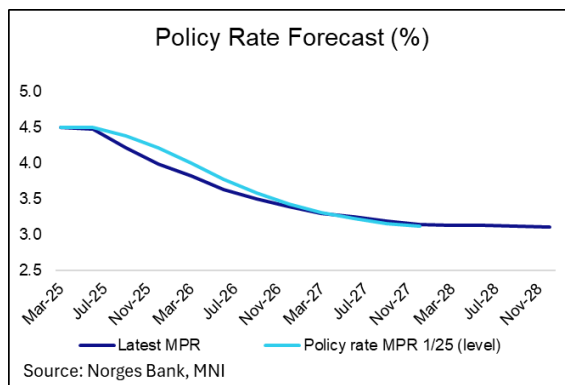
Whatever the rate decision, the September MPR rate path is expected to be revised higher relative to June, pointing to a higher terminal rate landing zone than the 3.00-3.25% currently implied. However, estimates around the magnitude of the upward revision vary. We have seen maximum upward revision estimates as low as 6-7bps, but as high as 25bps.

Of the 13 analyst previews we have seen, 8 expect a cut to 4.25% while 5 expect rates to be kept on hold. Note that following the August decision, expectations were almost unanimously in favour of 2x25bp cuts in September and December. Current terminal rate expectations are wide, broadly ranging from 3.00-4.00%.

Although market pricing still tilts in favour of a cut, price action over the past two weeks has clearly been in a hawkish direction. Latest data from SEB estimate 13bps of easing are priced through September, down from over 20bps at the start of the month. 2-year NOK swap rates meanwhile rose 20bps last week alone to 3.97% at typing. Recent moves, alongside the split analyst consensus, opens the door to a material knee-jerk reaction under any rate decision scenario on Thursday. The persistence of such a reaction will depend on the September MPR rate path. EURNOK is currently hovering around an important pivot level of 11.6000, initial support is 11.5416, the 75.4% retracement of the June – August rally. USDNOK meanwhile is testing the June 17 low of 9.8615, clearance of which would expose the December 2022 low of 9.6982.

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September Rate Path Likely To Be Revised Higher

Prices and Wages: Spot Inflation Stronger than Expected

We expect a modest upward contribution to the front of Norges Bank's September MPR rate path from the price and wages channel, but think revisions further out may be less material.

CPI-ATE inflation has tracked in line with the June MPR forecasts over the summer. However, the August reading was technically stronger-than-expected because it included a downward impact from a government policy that reduced child daycare prices from August 1 (extending a policy that was first implemented last year). This policy was not factored into the June projections. Corrected for this policy change, CPI-ATE inflation is tracking around 0.3-0.4pp above the June profile, which should have a modest hawkish impact at the front of the September MPR rate path. Norges Bank's other underlying inflation indicators also ticked higher in August (trimmed mean 3.5% Y/Y vs 3.4% in July, 3.2% in June; weighed median 3.7% Y/Y vs 3.6% in July and June), underscoring that the disinflation process still has some way to go.

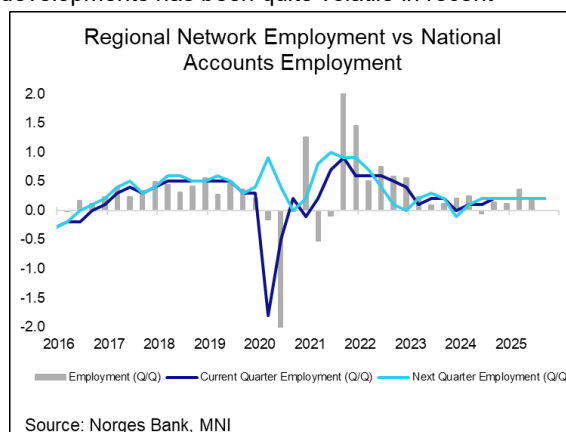
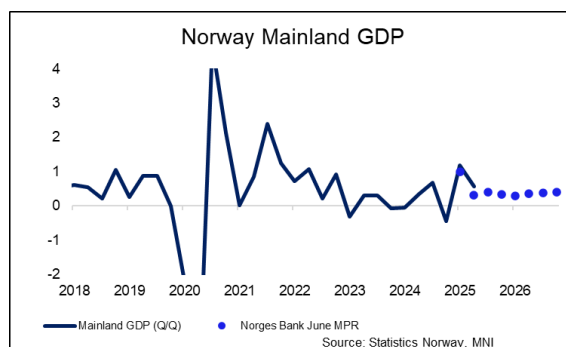
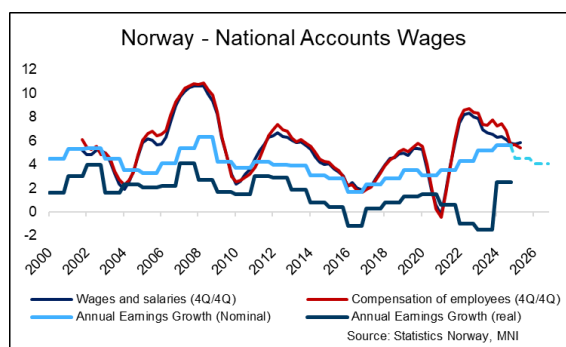
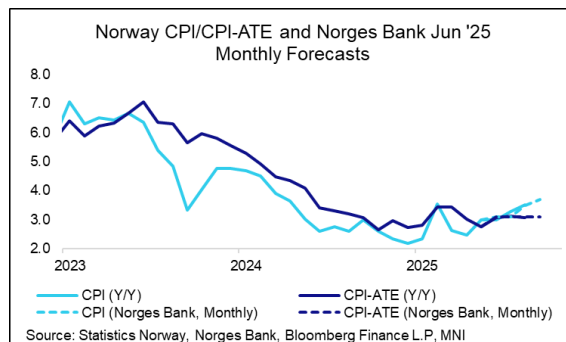
Signals on wage pressures have been mixed, so there is uncertainty around how Norges Bank will assess the outlook. The Q3 Regional Network Survey (RNS) indicated wage growth was expected at 4.5% in 2025 and 4.0% in 2026. These levels were unchanged relative to the Q2 survey and compare to Norges Bank forecasts of 4.5% growth in 2025 and 4.1% in 2026. Norges Bank's latest expectations survey also saw 2025 wage growth estimates revised down below 4.5%. That said, the H1 national accounts data have instead signalled firm wage pressures in excess of 5% Y/Y (see chart).

We don't expect a major contribution from prices and wages beyond the first year of the projection horizon, with Norges Bank likely to look-through temporary price level changes from the daycare policy. Additionally, longer-term inflationary signals from the RNS were broadly steady, with the proportion of firms citing a problem accommodating a rise in demand unchanged at 35%, and the proportion reporting labour as a constraint on output ticking up only slightly to 25% (vs 23% prior).

Domestic Demand: Mainland Economy Not In Desperate Need Of Lower Rates

We think domestic demand should also be an upward contributor to the September MPR rate path revisions, following resilient Q2 GDP and Q3 RNS signals. Additionally, unemployment rates appear to be tracking in line with the June MPR projections. There is still some uncertainty here though, as Norges Bank's sensitivity to domestic demand developments has been quite volatile in recent quarters. Additionally, the upward revision may depend on whether Norges Bank views recent strength in the context of higher aggregate demand (which would be hawkish for the near-term rate path via a wider output gap) or aggregate supply (which would be hawkish for the long-term rate path via higher potential output).

Q2 mainland GDP was stronger-than-expected at 0.6% Q/Q (vs 0.3% Norges Bank June MPR and consensus). This was driven by higher-than-expected business and residential investment. Notably, Q2 mainland GDP growth was 0.9% Q/Q when excluding volatile industries like fishing and electric power growth. That marks the second consecutive quarter that mainland GDP has surprised to the upside. However, some analysts have noted that the recent improvements in real productivity and hours worked may represent a shift



higher in potential mainland growth, which would temper the hawkish near-term signal for the September MPR rate path. Note that Norges Bank revised up its potential growth estimates in the June MPR. The Q3 RNS was resilient, with Q3 and Q4 output seen at 0.4% Q/Q (in line with Norges Bank's mainland GDP projections).

Meanwhile, Q2 employment growth was in line with expectations at 0.2% Q/Q, and the RNS points to similar sequential growth rates in Q3 and Q4. Although the LFS unemployment rate spiked to 5.5% SA in June, it fell back to 4.5% in July. The LFS survey is very volatile, and the more closely watched registered unemployment series has been steady – and in line with June MPR assumptions – at 2.1% in recent months. As such, the labour market also isn't supportive of an urgent need to ease policy.

Petroleum prices and investment

Assuming that the mid-June spike to almost \$80/bbl came too late to impact the June MPR forecasts, front-month Brent crude futures are slightly lower heading into the September decision compared to 3 months ago. Meanwhile, natural gas prices are more unambiguously lower than assumed in June. These weak price commodity price developments are already weighing on Norwegian nominal exports, and should pull down the September MPR rate path in isolation.

This will be offset somewhat by another upward revision to oil and gas investment estimates. Statistics Norway's Q3 survey saw 2026 investments revised up 11% to NOK230bln compared to NOK207bln in Q2.

Exchange Rate and External Factors

The most meaningful external development since June has been the repricing of Fed rate cut expectations. Since June, the implied Fed terminal rate (proxied by the SOFR Z7 future) has fallen around 40bps, and a 25bp cut is now the base case for the September 18 decision. All else equal, this weighs on Norges Bank's rate path projection. However, this is offset somewhat by a higher implied ECB policy rate path over the same period.

The I-44 effective exchange rate index is slightly stronger than assumed in June, with the krone having strengthened since mid-August. However, on average through Q3 the exchange rate is still slightly weaker than assumed last quarter, which should allow for an immaterial rate path revision in September.



Central Bank Watch - Norges Bank

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	3.5	3.0	📈	3.6	📉					0.28
Core CPI	% y/y	3.1	2.8	📈	3.4	📉					0.05
PPI	% y/y	-3.0	-0.1	📈	23.3	📉					-0.93
Oil Price (Brent Active)	\$bn	67.41	61.40	📈	70.05	📉					0.03
Economic Activity		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
PMI Manufacturing	Index	49.6	51.4	📉	51.6	📉					-0.62
GDP	% m/m	0.3	-0.1	📈	-0.4	📈					0.11
Industrial Man Prod	% m/m	0.0	2.9	📉	-1.8	📈					-0.26
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	8.7	8.2	📈	6.0	📈					1.80
Credit Indicator	% y/y	4.1	4.1	👉	3.6	📈					0.87
Non-Fin Corp Credit	% y/y	2.4	2.7	📉	1.9	📈					0.48
Household Credit	% y/y	4.3	4.2	📈	3.9	📈					1.08
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	0.6	0.6	👉	1.2	📉					0.30
Consumer Confidence (Q)	Index	-3.6	-9.1	📈	-13.4	📈					1.44
Unemployment Rate	%	2.2	2.0	📈	2.2	👉					0.64
Ave Monthly Earnings (Q)	% y/y	5.3	5.2	📈	5.2	📈					-0.63
Markets		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
OBX	Index	1584	1484	📈	1411	📈					1.87
Norway 10-Year Yield	%	3.94	3.97	📉	3.78	📈					0.26
NW Yield Curve (2s-10s)	bps	19.6	26.4	📉	10.3	📈					0.72
NOK TWI	Index	76.60	76.11	📈	75.35	📈					-0.05

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

- **September Rate Decision:** Hold at 4.25%
 - "It's a very close call, but we think a pause is now just slightly more likely. This would postpone the cut to Dec. On the margin, the uptick in the shortage of labor tracker could tip the balance".

Citi

- **September Rate Decision:** Cut to 4.00%
- **September Guidance:** "The message is likely to be less dovish than in June, with the rate path likely revised slightly upwards".
- **Rate Outlook:** "The recent FX appreciation, together with lower market pricing for the Fed, we think will provide the backing for sticking to the guidance and cut rates again in September, to 4.0%. However, we see the outcome of the decision as a quite close and remain convinced that this will be the last rate cut for this year".

Danske Bank

- **September Rate Decision:** Cut to 4.00%
- **September Guidance:** "We expect the rate path to be adjusted up by 6-7 bp. Given how NB signalled a September cut with near certainty (c.100%) in June, the upward revision is most likely not sufficient to prevent a rate cut next week".
 - "Rather, we think the outlook for additional rate cuts looks a little dimmer even if NB reiterates the message that policy no longer needs to be as contractionary as previously. Thus, we still expect NB to keep an easing bias and signal that the policy rate will probably continue to be lowered, but that a new cut in December is close to a 50/50 decision".
- **Rate Outlook:** "The medium-term inflation drivers point in the same direction and we continue to pencil in two rate cuts this year and three cuts in 2026, bringing the sight deposit rate to 3.0%"

DNB

- **September Rate Decision:** Hold at 4.25%
- **September Guidance:** "A September cut remains a genuine possibility, but we expect Norges Bank to hold steady at 4.25%, prioritising the risk of prolonged inflation. At the same time, we expect the rate path to be lifted from 2026–2028, implying a slightly slower pace of normalisation than in June".
 - "We expect the new path to incorporate a high probability of a cut in December, while indicating that another cut in March remains possible. Qualitatively, this revision can be seen as broadly similar to the model path in MPR 1/25 (excluding supplementary assessments), when Norges Bank chose to postpone the anticipated March cut".
- **Rate Outlook:** "Due to our expectation of no cut in September, we have changed our call for Norges Bank to cut the rate in December 2025 and June 2026, to 3.75%".

Goldman Sachs

- **September Rate Decision:** Cut to 4.00%
- **September Guidance:** "The August meeting guidance was broadly unchanged from June as it reiterated "cautious normalisation of the policy rate", which we think is consistent with quarterly cuts. With inflation printing in line with expectations and the labour market picture softening further, we thus expect Norges Bank to cut rates to 4% at the upcoming meeting next week".
- **Rate Outlook:** "Going forward, we continue to expect another cut in December, and quarterly cuts thereafter to a terminal rate of 3% in 2026Q3. However, we now see risks around our terminal rate forecast as skewed to the upside, bearing in mind the continued resilience of the economy and a recent Norges Bank's upgrade to their potential growth estimate"

Handelsbanken

- **September Rate Decision:** Hold at 4.25%
- **September Guidance:** "Though uncertainty around the decision remains high. [The August] upside inflation surprise, combined with stable signals from the Regional Network and less risk of labour market weakening, reduces the need for immediate cuts".
 - "Developments since the last meeting argue for an upward revision of the policy path, which in our view means removing a near term cut from the profile. We expect the planned cut to be shifted towards December, while the new path will likely show one fewer cut in total compared with the previous profile"
- **Rate Outlook:** "We think Norges Bank will leave rates unchanged in September and wait until December to reassess, when it will also have more evidence on whether inflation reflects stronger underlying pressures or just temporary factors".

ING

- **September Rate Decision:** Cut to 4.00%
- **September Guidance:** "We narrowly favour a 25bp cut to 4.0% (17bp priced in), as upbeat growth expectations are probably incorporating lower rates this quarter, EUR/NOK levels are favourable for a cut, and Norway's real rate looks too restrictive".

JP Morgan

- **September Rate Decision:** Hold at 4.25%
- **September Guidance:** "At the press conference, the Governor is likely to give virtually no hints about upcoming decisions beyond what is already laid out in the rate path and the statement. This aligns with the new communication strategy of being data dependent. We expect the Governor to say that vigilance is required as core inflation remains stubbornly high".
 - "Regardless of a cut or not, the rate path should be raised. We expect a new path to align with ~50% probability for a December cut"
 - We estimate that the path should be raised predominantly in the front end, around 25bps in the coming quarters. Specifically, we expect the near-term quarterly average points to be: 3Q25: 4.25% (previously: 4.21%); 4Q25: 4.23% (previously: 3.98%); 1Q26: 4.12% (previously: 3.81%); 2Q26: 3.87% (previously: 3.62%)".
 - "If the Judgment factor is used, this is likely to be in a dovish direction in order to show some probability of a near-term rate cut."
- **Rate Outlook:** "We expect a final cut in December, implying a lift to our terminal rate forecast from 3.5% to 4%"

Nomura

- **September Rate Decision:** Cut to 4.00%
 - "Despite remaining above 3.0%, inflation has developed roughly in line with the bank's June forecasts, when it also projected a September cut, so we therefore think it will move policy as it signalled and cut by 25bp."

Nordea

- **September Rate Decision:** Hold at 4.25%
- **September Guidance:** "It is very hard to see any reason for Norges Bank to cut its key rate next week. The only reason would be that they said so in June. The information received since the June meeting is on almost all accounts on the hawkish side".
 - "A new technical rate path now indicates an upward adjustment of the rate path of some 20 bp at its most and one cut before year end. As such, Norges Bank can still decide to cut next Thursday with backing from their new rate path. However, we think they will stay put this time based on the overall impression on what is going on in the economy."

SEB

- **September Rate Decision:** Cut To 4.00%
- **September Guidance:** "A rate cut should, however, be paired with an upward adjustment to the rate path implying both a more gradual pace of subsequent cuts to assess the effects of earlier easing and a higher terminal rate"

- We expect the rate path to be lifted marginally in the short end implying a policy rate at 4.00% by year-end. Revisions should be larger further out, with the rate path lifted by approx. 15bps for 2026 and 25bps for 2027-2028, implying a terminal rate close to 3.35%. Risks are skewed to the upside, both toward an unchanged policy rate this week and a higher terminal rate at the upper end of the r^* interval.”
- **Rate Outlook:** “We will revise our forecast following the rate announcement to reflect our expectation of one rate cut in Sep/Dec implying a policy rate at 4.00% by year-end as well as a higher terminal rate.”

TD Securities

- **September Rate Decision:** Cut to 4.00%
 - “We and the broad consensus expect a cut, but a hawkish one at that, and wouldn't be totally surprised by a hold”.

UniCredit

- **September Rate Decision:** Cut to 4.00%
 - “Markets are currently pricing in a 25bp cut at next week's meeting, which would take the policy rate to 4.00%. We believe the balance of risks supports such a move, as Norges Bank seeks to balance persistent inflation pressure with a need to ease restrictive policy to safeguard growth”.

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