

MNI Norges Bank Preview: January 2026

Statement / Monetary Policy Assessment release: 09:00GMT / 10:00CET, Thursday 22 January 2026
 Press conference (in Norwegian): 09:30GMT / 10:30CET, Thursday 22 January 2026

MNI Point of View – More Focus On March Decision

January 19 2026, by Emil Lundh

Norges Bank is firmly expected to hold the deposit rate at 4.00% on Thursday. This will be an interim decision where only a concise update of economic conditions will be presented, and not an updated MPR or rate path projection.

Norges Bank rarely makes material guidance changes at these interim decisions, and the limited domestic developments since the December meeting warrant a continuation of the Board's cautious approach to easing. **If anything, the risks appear tilted towards marginally hawkish guidance tweaks.** We expect the following passages to remain in the policy statement:

“The outlook is uncertain, but if the economy evolves broadly as currently projected, the policy rate will be reduced further in the course of the coming year.”

“The Committee judges that a restrictive monetary policy is still needed. Inflation is still too high.”

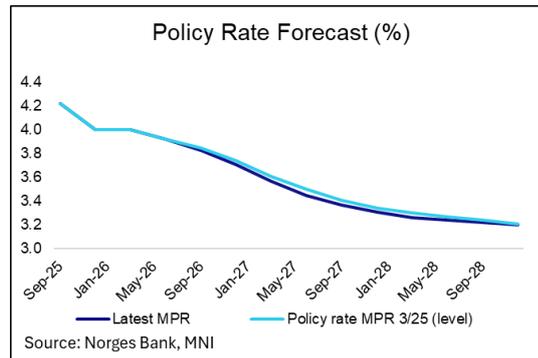
CPI-ATE inflation was a tenth higher than expected at 3.1% Y/Y in December, and the registered unemployment rate fell back below Norges Bank’s projections. The modest strengthening in the I-44 effective exchange rate since the last meeting shouldn't have a material impact on deliberations. Meanwhile, it is too early to take policy signals from recent volatility in crude oil and natural gas markets. **The March decision will attract much more attention,** with Norges Bank having received more details on inflation, output, the labour market and 2026 union wage negotiations (TBU forecasts expected mid-Feb, agreements expected March/April) to assess the appropriate policy stance.

The December MPR rate path saw a smaller downward revision than had been expected by analysts, prompting a modest hawkish reaction in NOK markets. The revised rate path was consistent with 1-2 rate cuts next year, according to Governor Wolden Bache. Our calculations suggest the path leans in favour of two cuts (with a 100% implied probability of a cut by Q3), but the lack of endorsement in official communication suggests this should not be considered a base case.

Markets anticipate a straightforward interim meeting in January. 1-week EURNOK implied vols did not see a material uptick upon capturing Thursday’s decision. Rates markets price between 1-2 cuts over the next year (in line with Norges Bank’s guidance) which we view as fair at this stage. We expect NOK swap rates and FX to be influenced more by domestic data and geopolitical developments in the coming weeks.

The median analyst looks for two 25bp cuts this year to 3.50%, but the range of forecasts remains wide. Dovish analysts look for three cuts in 2026, while others look for one or even no cuts. See below for a full summary of views.

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Macro Update: No reason to deviate from cautious stance

Norwegian CPI-ATE inflation was 3.13% Y/Y (vs 3.0% cons/Norges Bank and 2.97% prior). **For Norges Bank to become open to the idea of more than 1-2x 25bp cuts this year, material downside inflation surprises are required.** In an interview with the MNI Policy Team in November, Executive Director of Monetary Policy Ole Christian Bech-Moen told MNI that forecast errors of up to 0.2pp are not unusual, and shouldn't have a major impact on the central bank's aggregate stance.

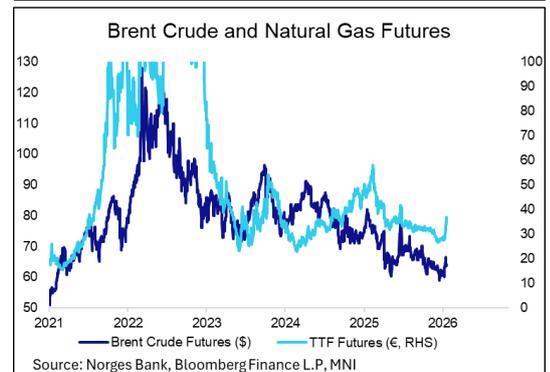
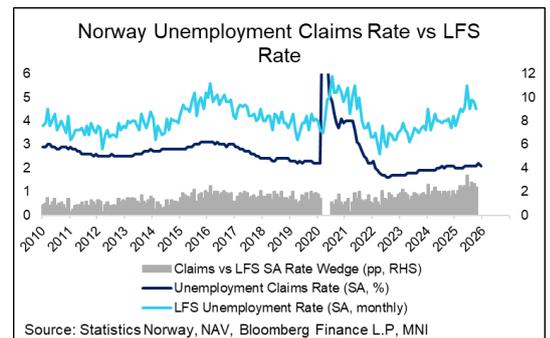
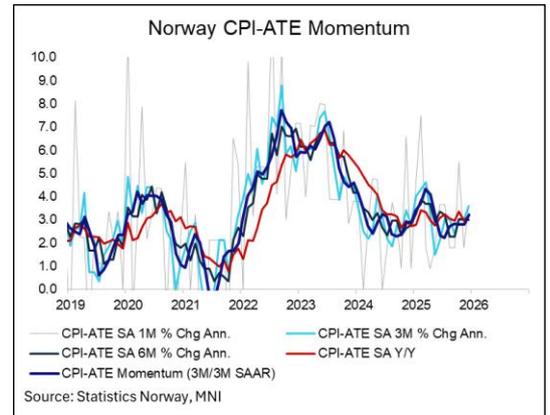
The details of the December inflation report underscore Norges Bank's cautious stance, with services ex-rent and food inflation pressures noted. Food inflation was an important upside contributor, printing at 4.94% Y/Y (vs 4.24% in Nov), However, rates remain below the Jan-Nov average of 5.41%. Services inflation remains sticky, with services ex-rent rising to 3.98% Y/Y (vs 3.92% prior), the third consecutive acceleration. There was some upside contribution from fares (4.83% Y/Y vs 2.84% prior), but more durable inflation pressures were still evident elsewhere. On a seasonally adjusted basis using Statistics Norway data, CPI-ATE prices rose 0.3% M/M in December, after 0.15% in November and 0.45% in October. That pulled 3m/3m annualised momentum up to 3.21%, an eight-month high.

Elsewhere, the registered unemployment rate for December fell back to 2.1%, below the 2.2% expected by consensus and Norges Bank. The number of unemployed persons, in seasonally adjusted terms, fell 1k to 63.835k – the lowest level since July. Meanwhile, vacancies per day fell a little to 1.887k (vs 1.967k in November) but remains above the 1.852k seen in October.

Updates on mainland activity have pointed to a modest improvement in onshore industrial confidence, while November retail sales were solid. A reminder that softening mainland activity will only become a greater concern if it translates into weaker labour market outcomes, **and there's no evidence of this yet.**

The I-44 effective exchange rate has strengthened (i.e. fallen) just over 1% since December. A reminder that the weakening exchange rate was an important hawkish contributor to the December MPR rate path. However, given regular volatility in exchange rate outcomes, Norges Bank will want to wait till March before making an updated assessment of imported inflation risks.

The rise in Brent crude (on Venezuela/Iran tensions) and natural gas (on cold European weather forecasts) futures since the December decision are a hawkish contributor to Norges Bank's policy framework. However, like the exchange rate, there is no urgency to rush to policy assessments based on volatile price action over the past four weeks.



Sell Side Previews (A-Z)

Summary of Analyst Views (Sorted A-Z)



Institution	End-26 Policy Rate	Rate Outlook
Bank of America	3.75	Since the last rate decision, the dataflow has not meaningfully altered the outlook, so we do not anticipate major adjustments to the Bank's forward guidance. If anything, recent developments have been marginally hawkish....Our base case remains for a single rate cut this year bringing the policy rate to 3.75% in June. Over the coming quarters, we expect economic activity to stay resilient and inflation to moderate gradually. This should allow for a little bit more easing toward a more neutral policy stance, but only at very gradual pace. With inflation moving closer to target next year, we forecast one final cut in June 2027, bringing the terminal rate to 3.5%. We don't think Norway's fundamentals would be consistent with faster rate cuts, but we still see risks as somewhat biased to the downside
Danske Bank	3.25*	We expect Norges Bank to keep the policy rate unchanged at 4.00% at the monetary policy meeting next week. We also believe that they will signal that there is some time until the next rate cut, so that the threshold for a cut in March is high. This would be in line with the signals given at the December meeting....the risk is tilted towards a somewhat more hawkish message than in December.
DNB	3.75	With limited new data to alter the outlook, we expect the policy rate to remain unchanged in January and maintain our view that the next move will be a cut in June 2026.
Goldman Sachs	3.50	We view incoming data as consistent with Norges Bank staying on hold at 4.0% at the upcoming January meeting as widely expected. Thereafter, we see them cutting two times in 2026, in March and September, and then one more time in 2027Q1 to a terminal rate of 3.25%. However, a move in June rather than March is possible.
JP Morgan	4.00	Overall, we think the January meeting will be rather uneventful, in contrast to the majority of the meetings in 2025. Making a pivot next week seems unreasonable given that data since December has not swung significantly in either direction. The main message is therefore likely to remain hawkish, with the Committee saying that it is in no rush to lower rates...Regarding our forecast, we expect the easing cycle to only resume next year (March 2027). This is based on solid, above potential growth as well as core inflation likely to run around 3% for the majority of 2026. That said, there is an elevated risk that a "window" for a cut in June will open.
Morgan Stanley	3.25*	We expect Norges Bank to remain on hold and reiterate forward guidance from the December meeting....We stick to our expectation of a substantial step-down in core inflation in 1Q26, due to services and food inflation base effects, despite the pick up in inflation in December. And we maintain our call for Norges Bank to resume the rate cutting cycle in March. But, as we have flagged before, risks are tilted towards a slower cutting cycle for Norges Bank.
Handelsbanken	3.75	"Overall, there have been few material changes since the previous meeting. Inflation came in marginally above Norges Bank's December forecast, while unemployment is on the margin slightly lower than assumed. This argues against any urgency to cut rates further. We continue to expect June as the most likely timing for the next rate cut, although this is far from a done deal."
Nomura	3.50	We expect Norges Bank to leave its policy rate unchanged at 4.00% as inflation remains too high for another cut and the Committee is likely to judge that a restrictive policy is still needed. Looking further ahead, we expect inflation to slow gradually and forecast Norges Bank policy rate reductions in June and December 2026.
SEB	3.50	"On aggregate, developments have not deviated materially from Norges Bank's projections...We believe the Committee is awaiting more signs of disinflation and expect wage growth developments to be decisive. We do not expect any new policy hints at this meeting but rather a reiteration of the December message"...."We continue to expect core inflation to normalize slightly faster than envisaged by Norges Bank. Combined with further proof of wage growth moderation this spring, it should open for a rate cut in June followed by a final reduction in December. "
UniCredit	3.50	At its December meeting, the central bank adopted a cautious tone, as core inflation remains above 3%, indicating that it is still too early to ease monetary policy further. Moreover, ongoing uncertainty surrounding inflation dynamics and labour-market conditions supports a wait-and-see approach until clearer data emerge. Looking ahead, the next rate cut is likely to occur in the spring, provided inflation continues to show a convincing downward trend. Overall, we continue to expect two interest rate cuts in 2026.

Source: Analyst previews. Asterisk indicate end-26 view from December meeting review