

MNI Norges Bank Review: March 2026

Key Link: Rate decision including Monetary Policy Statement, Monetary Policy Report, Summary of Deliberations and Press Conference (in Norwegian)

Key Dates

- March CPI Report: 10 April, 2026
- Next Monetary Policy Decision (not including MPR): 7 May, 2026

MNI Point of View – Hikes Likely to Be Appropriate

26 March, 2026, by Emil Lundh

Norges Bank held the policy rate at 4.00% as unanimously expected but took an unambiguously hawkish turn in its communications and updated rate path projections. Although the tail risk of a March hike did not materialise, the policy statement noted that:

“The Committee’s current assessment of the inflation outlook implies that it will likely be appropriate to raise the policy rate at one of the forthcoming monetary policy meetings.”

The updated rate path was revised up by a maximum of 81bps (in Q2 2027). **This was more aggressive than most analyst estimates we had seen.** The path peaked at 4.35% in Q4 2026 (vs 3.71% in the December MPR). Although it’s difficult to extract exact probabilities from the quarterly path, we note that a 4.5% year-end rate with a hike in December would have been consistent with a Q4 rate path point of 4.29% - so there’s a material chance of two 25bp hikes this year. The Q2 path is 4.07% (vs 3.92% in December), suggesting one hike next quarter is highly likely (with a chance of two hikes).

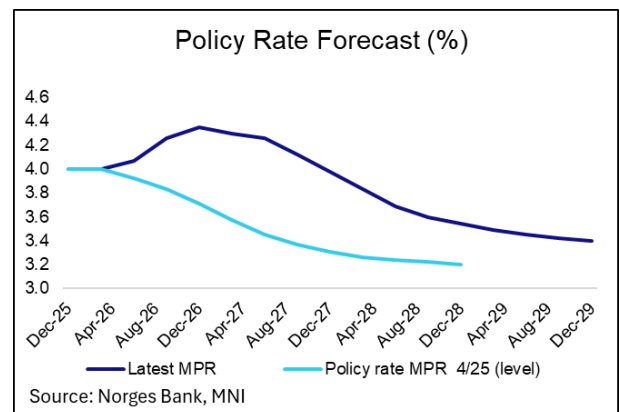
The March decision included a “Summary of Committee Deliberations” for the first time:

The Committee discussed whether the policy rate should be raised already at this meeting. In the deliberations, some members placed particular emphasis on the fact that inflation has remained above target for a long time and that higher commodity prices are adding to inflation pressures... “After thorough discussions, all members agreed to support the decision to keep the policy rate unchanged now”

Given the Board is only comprised of five members, that suggests two were considering a hike in March. This implies the decision to hold was a close call.

Following the decision, a number of analysts have added hikes to their forecast profile, with differing views on whether May or June is more likely. **Although Norges Bank usually move at quarterly MPR decisions, we think the foundations have clearly been laid for a move in May unless March inflation (due April 10) surprises to the downside.** A de-escalation in the Iran war would also be a dovish development on net, but Norges Bank is still extremely worried about domestic inflationary pressures, so it may not be enough to delay a hike.

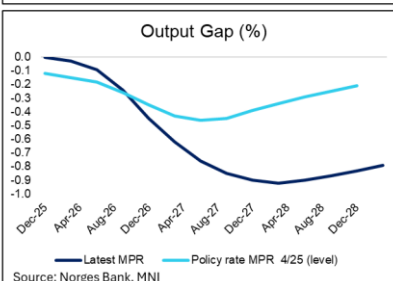
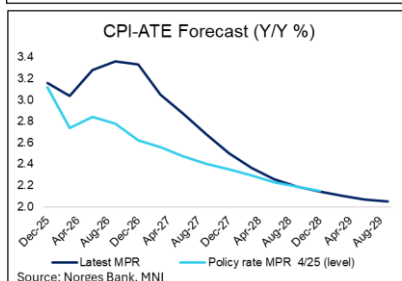
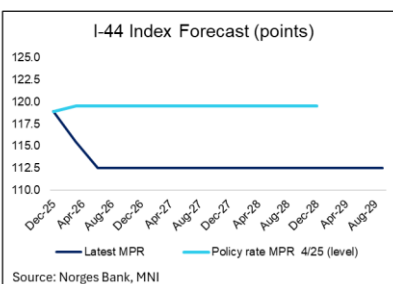
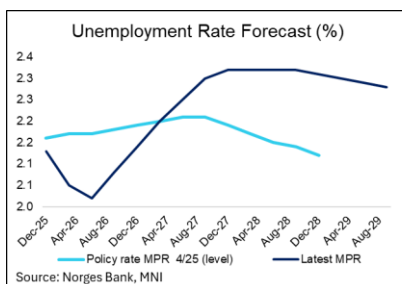
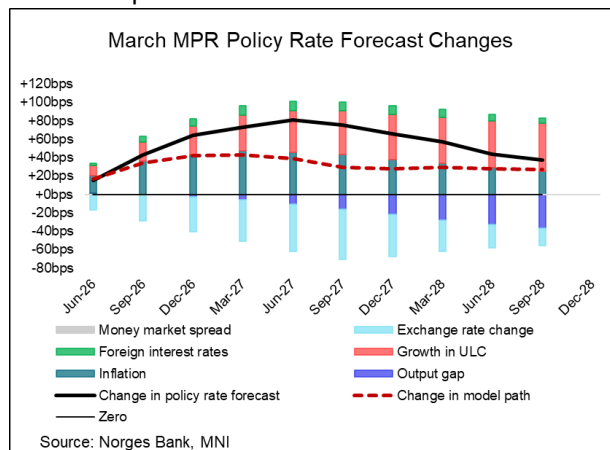
Rates markets came into the decision pricing ~64bps of hikes through year-end, so were relatively well prepared for a hawkish pivot. That said, the NOK Dec26-Mar27 FRA rate still rose ~6bps following the decision, to move 70bps above the 3M NIBOR rate. Given Norges Bank’s already high (and restrictive) policy rate, we don’t think the Board will be too pressured to deliver an aggressive hiking cycle (i.e. more than 2x25bp hikes) to contain CPI-ATE inflation pressures. That suggests risks to year-end market hike pricing are tilted to the downside.



Rate Path Decomposition and March MPR Forecast Updates

The decomposition of the March MPR rate path changes relative to December show largely unsurprising results. **The judgement factor was utilised to push the rate path above its model implied level, which is a net hawkish development.** Note that Norges Bank has tweaked the way in which it presents the rate path decomposition, utilising its GEORG and NEMO models together to “show how changes in the model forecasts for inflation, the output gap and the krone exchange rate, among other factors, contribute to changes in the model path”

- The primary upside rate path drivers are inflation and unit labour cost forecast changes. Both components push the rate path up by almost 50bps in 2027.
- Hawkish repricing in foreign interest rates also pushed the rate path up by up to 10bps.
- The exchange rate provided a dovish offset (up to 55bps) as expected.
- Meanwhile, the output gap also pulled the rate path lower, most notably in 2028 owing to more restrictive policy.
- “Even though oil prices are not directly included in GEORG, they will affect the rate path through multiple channels. Higher oil prices have likely contributed to strengthening the krone exchange rate, which in isolation pulls down the rate path. In NEMO, higher oil prices also contribute to higher wage and price inflation, which pushes up the rate path. Overall, higher oil prices push up the policy rate in the model.”
- “The policy rate forecast in this Report is higher than the model path. As a higher policy rate affects prospects for eg inflation and the output gap, the assumed paths for these variables in the decomposition will deviate from the projections in the Report. Inflation is for example assumed to be lower when the policy rate follows the rate path rather than the model path.”



Sell Side Reviews

Summary of Analyst Views (Sorted A-Z)



Institution	Rate Outlook
Danske Bank	Since the committee already discussed today whether to hike rates, it is natural to expect a rate hike in June (with some probability for May) and a new rate hike in September. If we are correct in our view of the Situation in the Middle East, we therefore believe that the two rate hikes will be sufficient and that the first cut can be delivered in March next year, with four cuts in total in 2027. The reason is, of course, that the higher interest rates in the short term increase the output gap, which will dampen inflation in the medium term and allow NB to restart the process of normalising monetary policy. We pencil in a final cut in March 2028.
DNB	We now change our previous call (of an unchanged policy rate at 4.0% for the remainder of the year), and expect two hikes, in June and September. Our baseline is for the first hike to occur in June and the second in September, as this is in line with the signals in the rate path. Then, we expect two cuts in 2027, in September and December, to 4.0%. Note that upside inflation surprises, further energy price increases, a weaker NOK and the fact that two Committee members were in favour of a hike in March, suggest a clear risk of a hike in May and June."
Handelsbanken	Today's decision and updated rate outlook were in line with our expectations. Inflation remains well above target, and there has been no clear easing in underlying price pressures for some time. Combined with higher rate expectations abroad and increased inflation risks due to geopolitical tensions, this has led to a substantial upward revision of the rate path. Norges Bank is therefore signalling that monetary policy needs to be more restrictive, and that a rate hike could come as soon as one of the upcoming meetings."
ING	Considering some members already wanted to hike today, May looks slightly more likely. For now, we are only calling for one rate hike on the back of our bearish baseline view for oil and gas prices, but the chances of delivering two (fully priced in) are elevated.
JP Morgan	"We put in two hikes for the Norges Bank this year, in 2Q and 3Q. This is somewhat faster than implied by the Norges Bank's rate path. The precise timing of tightening within these quarters is also quite uncertain as the Bank will have a preference to align moves with its forecast meetings (in June and September). Given the strength of the signal being sent at this meeting, however, its hard to fully discount May. Conditional on our expected hikes from the ECB, we pencil in a hike at that meeting but recognize the risk of a delay until June. For 3Q, we assume the Bank will align a hike with its September forecast meeting. We assume rates will gradually fall back to 4% by end-2027."
Nordea	"The new rate path was fully in line with our forecast and we do not see any reason to change that based on today's message. We therefore still think Norges Bank will hike its key rate to 4.25% in June and also that there is a greater chance that the key rate is 4.5% than 4% by year end."
SEB	"A rate hike already at the upcoming interim decision on May 7 is certainly possible, and dependent on the outcome and details in the March inflation data as well as the negotiated wage norm. The rate path implies 1.5 rate hike in total, but whether the bank will move twice will depend on inflation developments as well as impacts from the war. We will revise our forecast accordingly"
TD Securities	" Domestic factors, such as sticky underlying inflation, and the energy shock feed into the need for a tighter monetary policy stance, though the uncertainty about the duration of the Middle East conflict stayed the hand of most members at this meeting. Having said that, the hike is now expected by a majority of the Executive Board, shifting the question to 'when' rather than 'if' and making the next meeting live."

Source: Analyst reviews

MNI Policy Team View

The Norges Bank Governor speaks to MNI following a hawkish hold in rates and new forecasts.- On MNI Policy MainWire now, for more details please contact sales@marketnews.com

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