



## PREVIEW: Norges Bank rate decision due on 14th August 2025

- Norges Bank is expected to keep rates steady at 4.25%; markets price in a 90% chance of such a decision.
- Inflation has progressed in line with the Bank's own forecast, though a weaker NOK plays in favour of a hold.
- This is an interim policy meeting, so no update to the current MPR, which leaves the door open to two more cuts this year (though heavily skewed to just one); verbal language likely to be maintained, though there is some chance it pinpoints the next cut.

**OVERVIEW:** Norges Bank is expected to keep rates steady at 4.25%; markets price in a 90% chance of such a decision. Inflation has developed in line with the Bank's expectations, but continued weakness in the NOK, MPR rate path pointing to a hold and the close proximity to the Norwegian parliamentary election play in favour of keeping rates steady at this meeting.

**LAST MEETING:** The Bank surprisingly cut its Key Policy rate by 25bps at the last meeting; policymakers explained their surprise 25bps cut by suggesting core inflation declined somewhat faster than expected, and as such, their inflation outlook is lower than previously expected. On future policy, the Bank said it "will be reduced further in the course of 2025", should the economy evolve as projected.

**DATA:** Into this meeting, the Bank will have two inflation reports to digest; June's Core CPI-ATE printed a touch above the consensus (but in line with Norges Bank's own forecast). Earlier this week, July's inflation data mostly printed just above expectations; CPI-ATE Y/Y printed at 3.1% (exp. 3%) but in line with Norges Bank's own forecast. Inflation aside, non seasonally adjusted unemployment rate jumped to 2.2% (prev. 2%) in July; no seasonally adjusted metric is available due to a system overhaul at the Norwegian Labour and Welfare Administration. Moreover for the activity landscape, capacity utilisation and consumer confidence have both shown further signs of weakening.

**NOK:** Currency developments since the last meeting play in favour of a hold at this meeting. NOK has fallen around 4% vs the EUR – initial pressure was sparked by the surprise cut in June, which has since continued. On an import-weighted basis, the NOK has fallen 2% since the June meeting – below Norges Bank's projections for Q3.

**ANALYST COMMENTARY:** Desks maintain calls for a hold at this meeting; SEB opt for a pause, in favour of a September rate cut. ING also see no surprises, citing steady inflation, weaker NOK and the close vicinity to the September 8th parliamentary vote in Norway; GS also opt for a hold, instead favouring two more cuts this year, in September and December.

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