

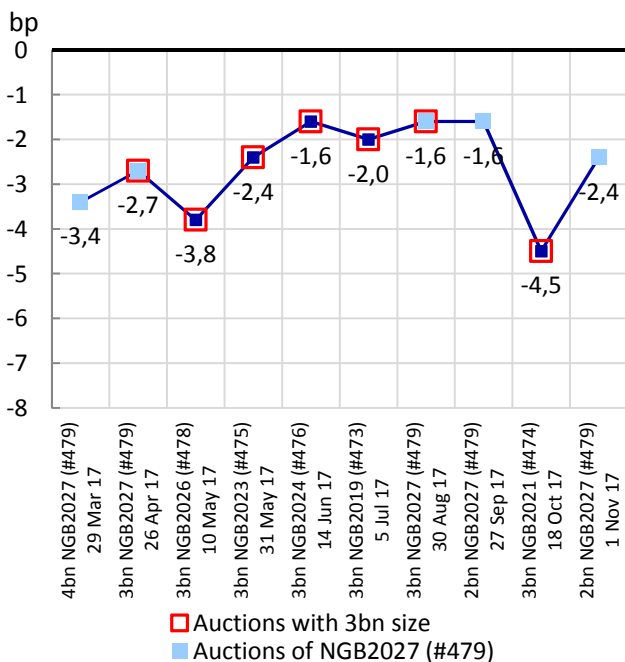
Auction preview

NOK 3bn in NGB 1,75% 17/Feb/2027 (NST479)

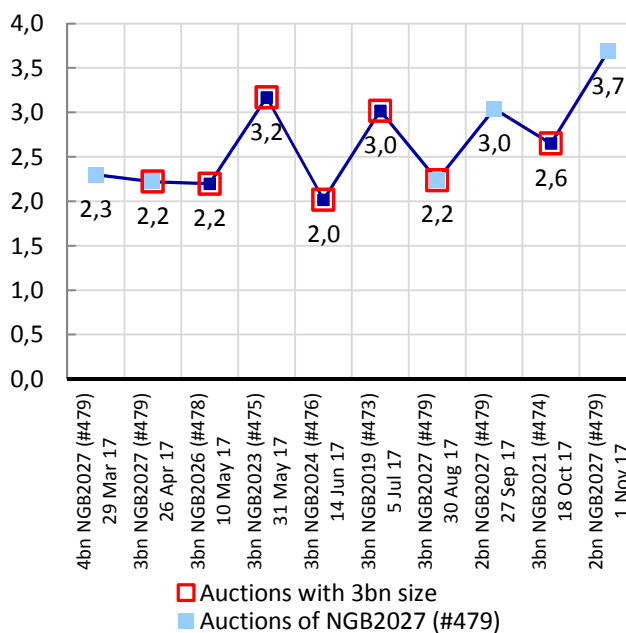
Nordea Markets, Oslo, Norway, 20. November 2017

- On Wednesday 22. November, Norges Bank will auction NOK 3bn of NGB 1,75% 17/Feb/2027 (NST479). Bids can be placed until 11:00 CET through Nordea Markets or another primary dealer. The auction result will be published at 11:05 CET on www.debt norway.no
- Norges Bank will do another tap in NGB 2027 in its second last auction of the year. This marks the eighth auction in NGB 2027 out of 16 scheduled auctions this year. Outstanding volume in this bond will be brought to NOK 34bn. Over the last three weeks international investors have increased their ownership in tandem with assets swaps widening somewhat which could be a signal of increased investor interest. This should offer support in the upcoming auction .
- The last auction in the beginning of November, also in NGB 2027, was relatively strong with a result at 2,4bp better than bid on the exchange ahead of the auction. The auction benefitted from a small auction volume of NOK 2 bn. In the upcoming auction the volume is back to 3bn and the NGB 2027 asset swap has widened 1,5bp since the beginning of the month. Both argues for a weaker auction result. This stands in contrast to increased interest among international investors. We expect to see a solid auction result, but probably slightly weaker than the last auction in NGB 2027.

Auction yield vs bid yield on the exchange



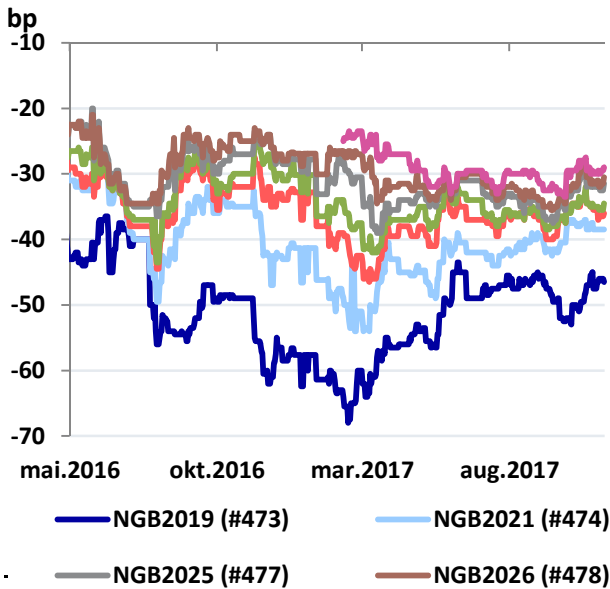
Bid/cover



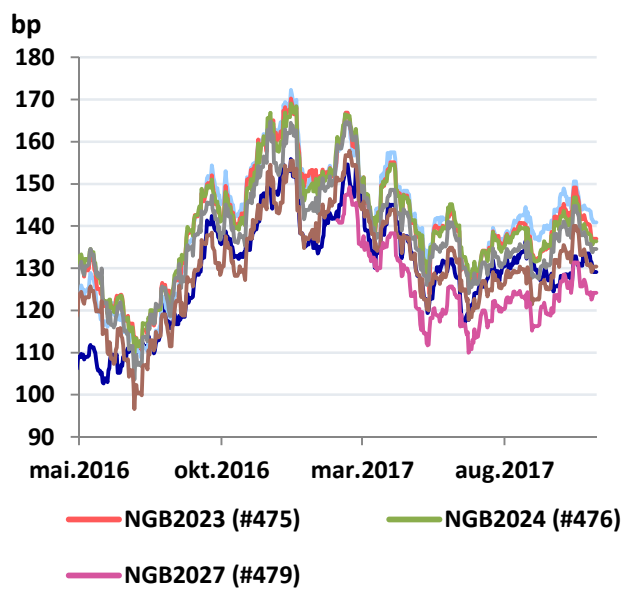
Pricing

• Most bonds have become somewhat more expensive since the recent low around the November 1st auction. However, NGB 2027 is still in the cheap part of the ASW range. In terms of relative pricing NGB 2027 is more or less unchanged for the last month. In sum, pricing should support a solid auction result but there is nothing spectacular with current pricing of NGB 2027.

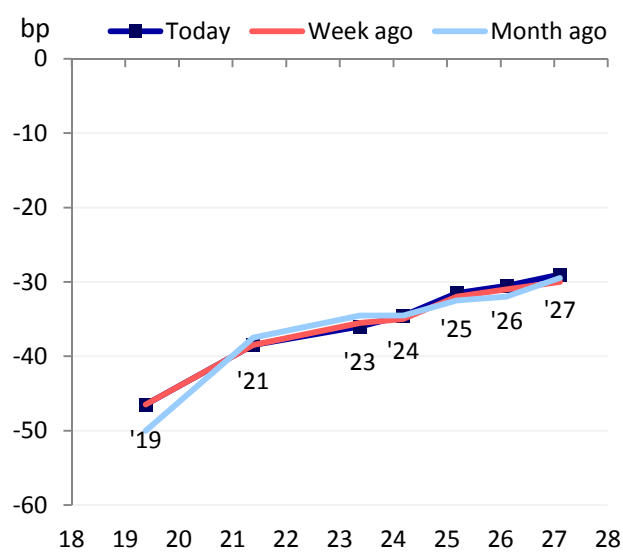
Swap spreads



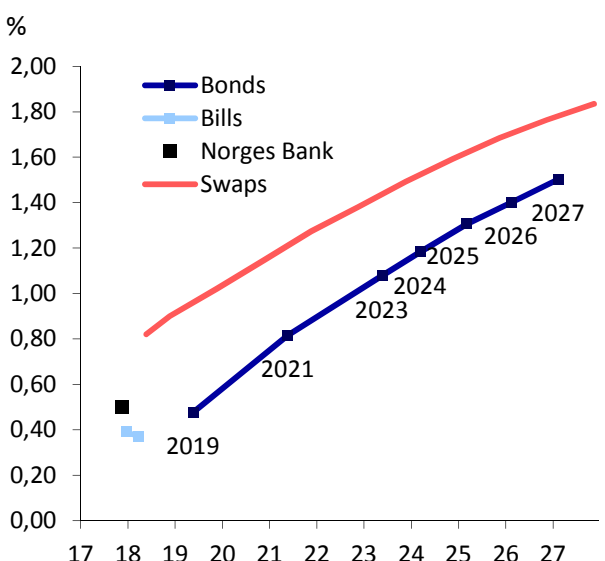
Spreads to Germany



Swap spreads term structure



Term Structure



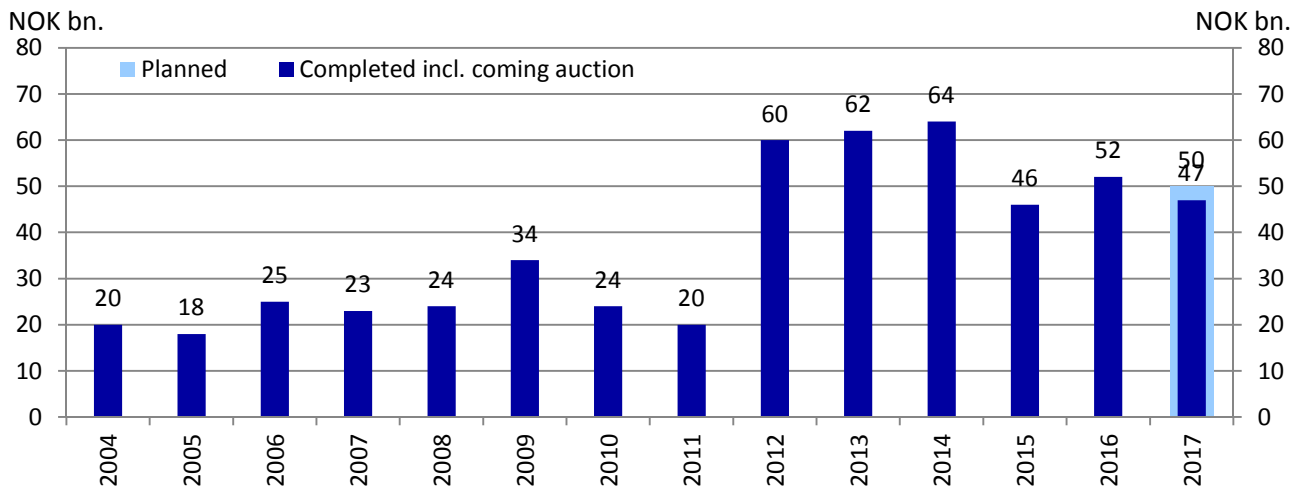
Issuance plans

- 50bn is expected to be issued for the year as a whole. The upcoming auction will take year to date issuance to 47bn. The National budget for 2018 indicates that issuance volume will be 50bn also next year

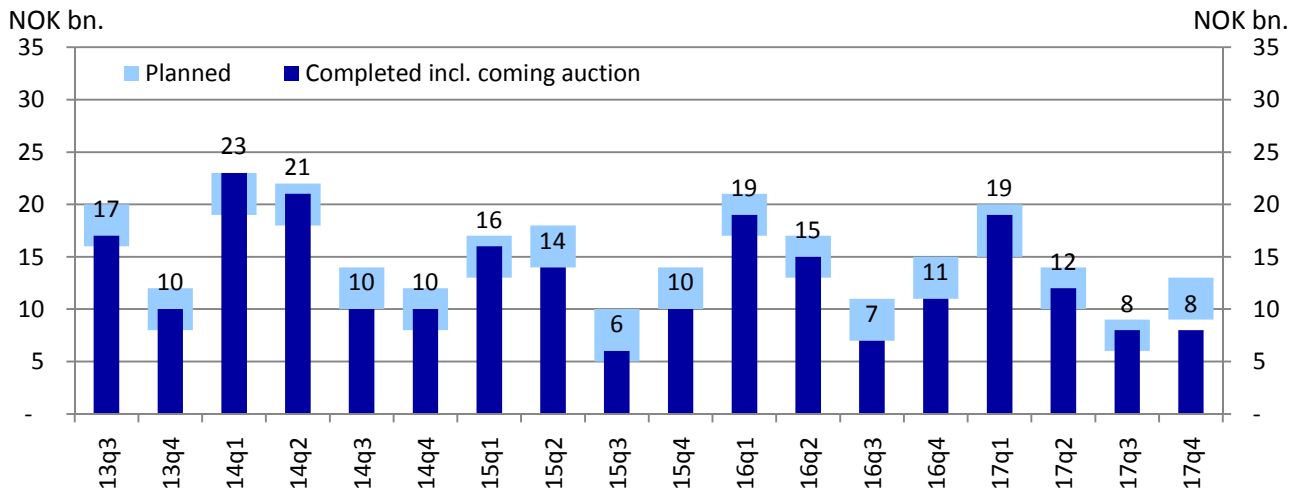
- In Q4 the plan is to issue 9-13bn. The upcoming auction completes 8bn of this.

- Remaining in Q4 (after this auction): 1 auction and 1-5bn.

Annual auction volume



Quarterly auction volume



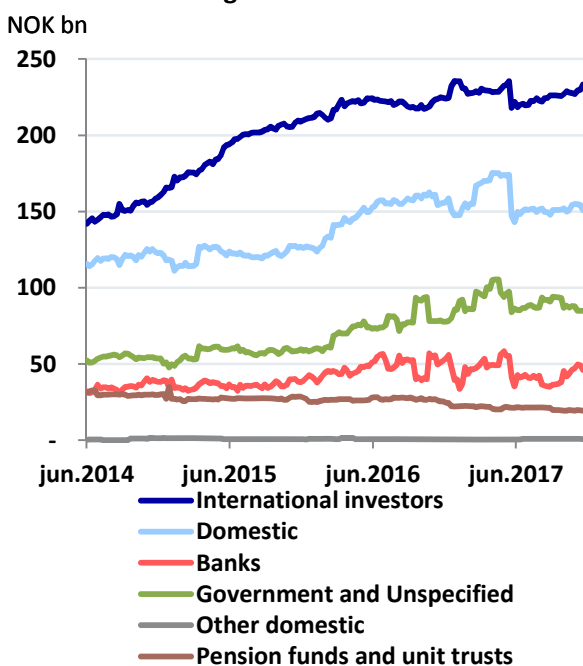
Ownership

• NOK 384bn of government bonds is currently outstanding. This is up 16bn since 1. June 2017. Domestic holders have increased their holdings by 1,0bn to 151bn since then. International investors have bought 15,0bn taking their holdings to 233bn.

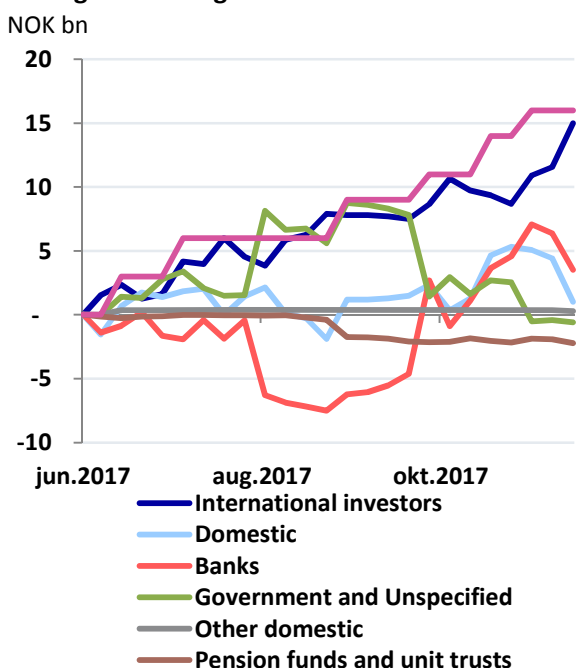
• Domestic holdings are split between banks: 46,1bn (+3,5bn since 1. June 17), Government and Unspecified 84,7bn (-0,6bn), Other 0,6bn (+0,3bn) Pension funds and unit trusts 19,3bn (-2,2bn)

	Domestic investors					Grand Total
	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	
NGB2019 (#473)	53,2	13,4	3,9	0,6	12,8	84,0
NGB2021 (#474)	57,9	5,5	5,7	0,0	13,8	83,0
NGB2023 (#475)	38,9	5,4	4,7	0,0	10,0	59,0
NGB2024 (#476)	25,0	5,1	2,1	0,0	15,8	48,0
NGB2025 (#477)	21,6	5,9	1,2	0,0	10,3	39,0
NGB2026 (#478)	20,4	5,6	1,2	0,0	12,8	40,0
NGB2027 (#479)	16,2	5,2	0,5	0,0	9,1	31,0
Grand Total	233,3	46,1	19,3	0,6	84,7	384,0

Holders of Norwegian Government Bonds



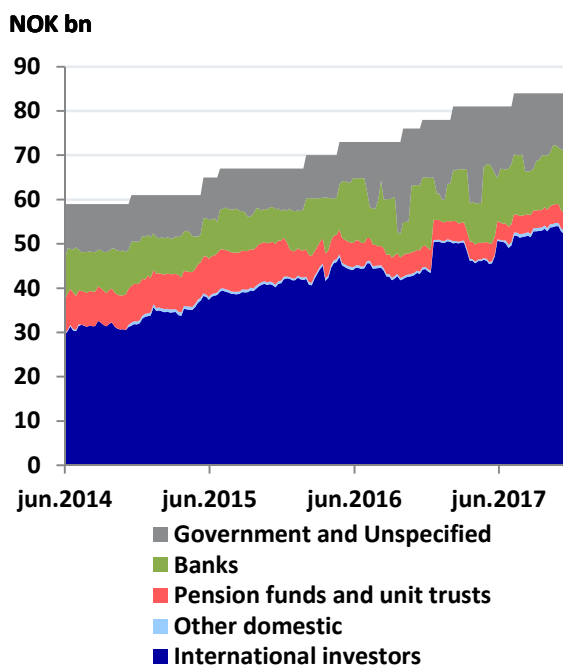
Change in holdings since 1. June 17



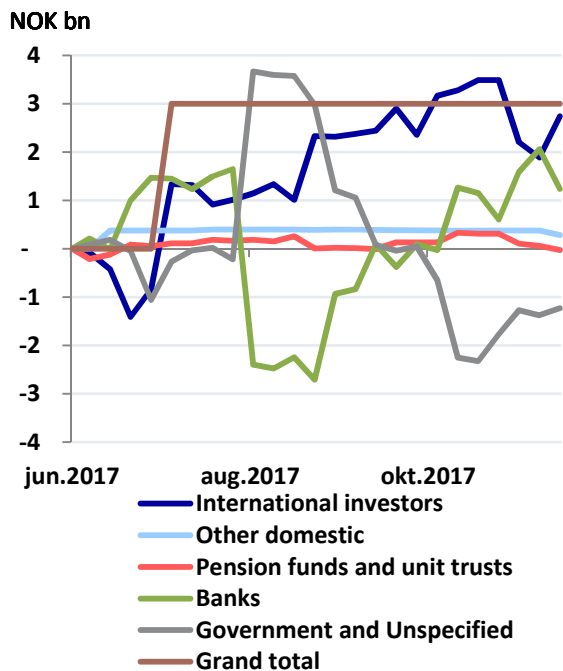
Ownership data as of 20. November 2017.

Investors in NGB2019 (#473)

Holdings in NGB2019 (#473)



Change since 1.06.2017; NOK bn

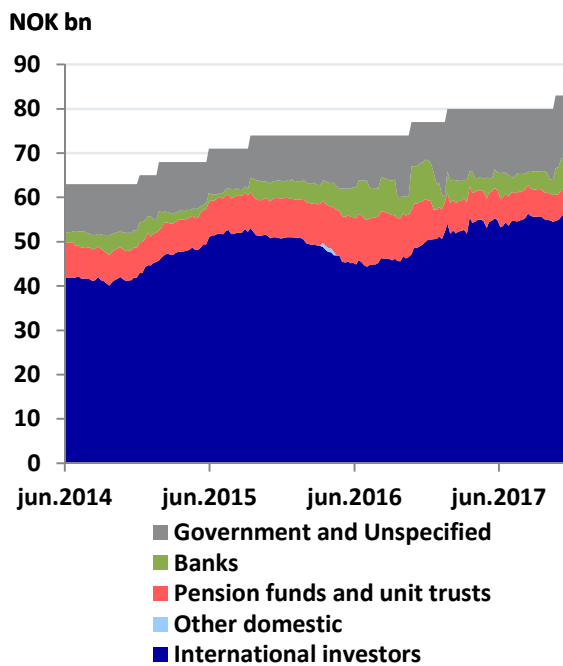


Domestic investors

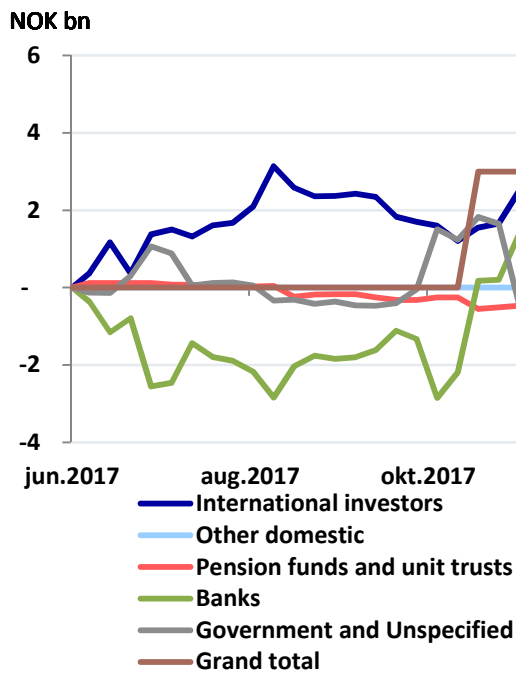
	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	Grand total
20 Nov 17	53,2	13,4	3,9	0,6	12,8	84,0
13 Nov 17	52,4	14,2	4,0	0,7	12,7	84,0
06 Nov 17	52,7	13,7	4,1	0,7	12,8	84,0
30 Oct 17	54,0	12,8	4,3	0,7	12,3	84,0
23 Oct 17	54,0	13,3	4,3	0,7	11,7	84,0
16 Oct 17	53,8	13,4	4,3	0,7	11,8	84,0
09 Oct 17	53,7	12,1	4,1	0,7	13,4	84,0
02 Oct 17	52,9	12,2	4,1	0,7	14,1	84,0
25 Sep 17	53,4	11,8	4,1	0,7	14,0	84,0
18 Sep 17	52,9	12,2	4,0	0,7	14,1	84,0

Investors in NGB2021 (#474)

Holdings in NGB2021 (#474)



Change since 1.06.2017; NOK bn

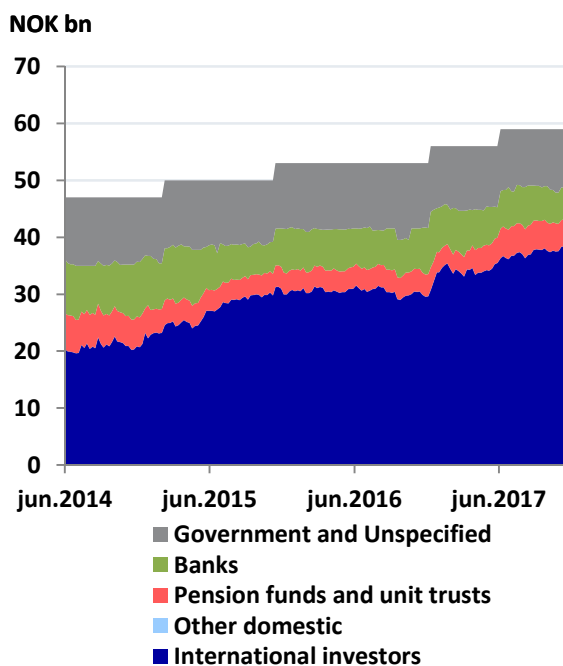


Domestic investors

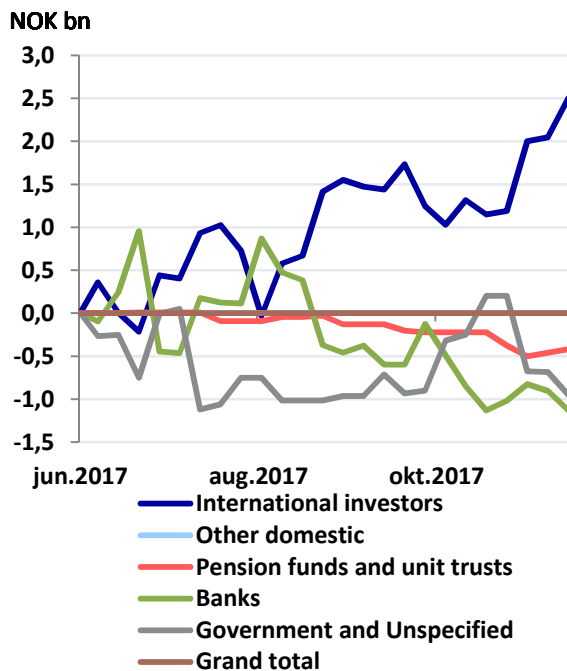
	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	Grand total
20 Nov 17	57,9	5,5	5,7	0,0	13,8	83,0
13 Nov 17	56,2	6,8	5,9	0,0	14,0	83,0
06 Nov 17	55,7	7,2	5,9	0,0	14,1	83,0
30 Oct 17	54,9	6,0	5,9	0,0	16,2	83,0
23 Oct 17	54,8	6,0	5,8	0,0	16,4	83,0
16 Oct 17	54,4	3,7	6,1	0,0	15,8	80,0
09 Oct 17	54,8	3,0	6,1	0,0	16,1	80,0
02 Oct 17	54,9	4,5	6,1	0,0	14,5	80,0
25 Sep 17	55,1	4,7	6,1	0,0	14,1	80,0
18 Sep 17	55,6	4,2	6,1	0,0	14,1	80,0

Investors in NGB2023 (#475)

Holdings in NGB2023 (#475)



Change since 1.06.2017; NOK bn

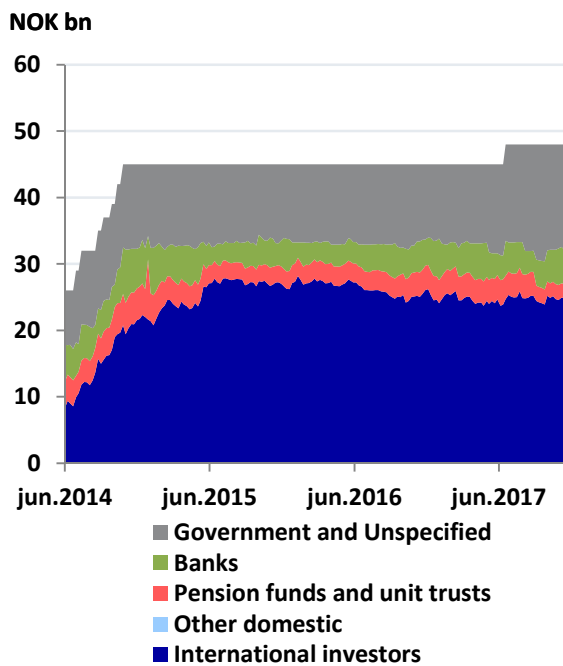


Domestic investors

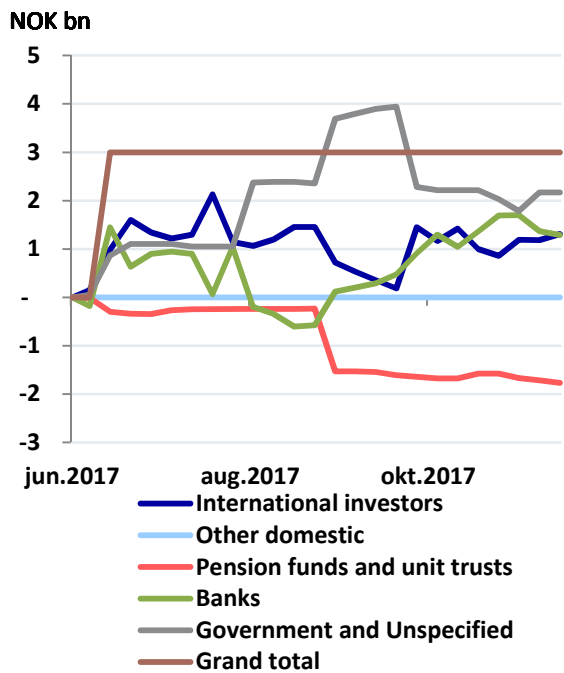
	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	Grand total
20 Nov 17	38,9	5,4	4,7	0,0	10,0	59,0
13 Nov 17	38,4	5,6	4,7	0,0	10,3	59,0
06 Nov 17	38,4	5,7	4,7	0,0	10,3	59,0
30 Oct 17	37,5	5,5	4,8	0,0	11,1	59,0
23 Oct 17	37,5	5,4	4,9	0,0	11,1	59,0
16 Oct 17	37,7	5,7	4,9	0,0	10,7	59,0
09 Oct 17	37,4	6,0	4,9	0,0	10,6	59,0
02 Oct 17	37,6	6,4	4,9	0,0	10,0	59,0
25 Sep 17	38,1	5,9	5,0	0,0	10,0	59,0
18 Sep 17	37,8	5,9	5,0	0,0	10,2	59,0

Investors in NGB2024 (#476)

Holdings in NGB2024 (#476)



Change since 1.06.2017; NOK bn

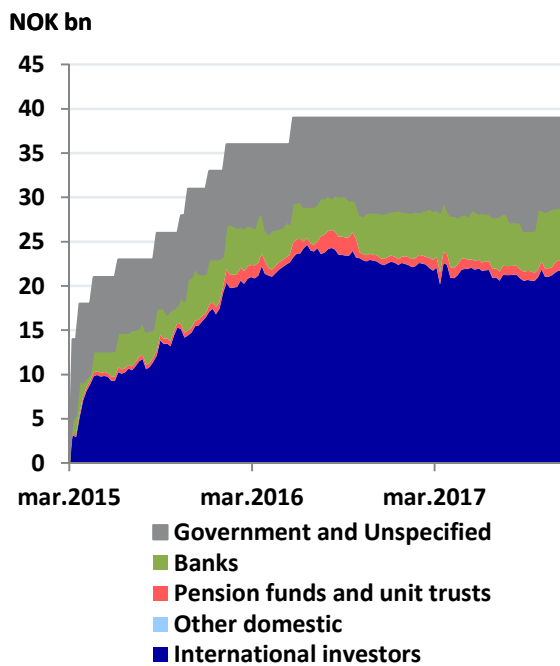


Domestic investors

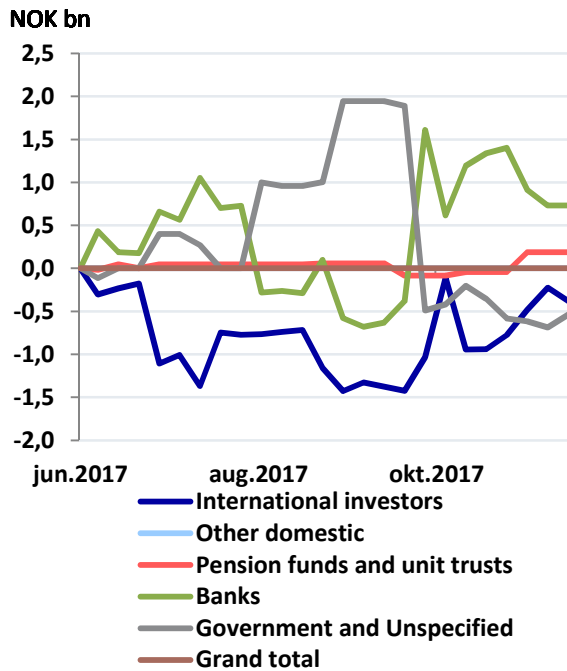
	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	Grand total
20 Nov 17	25,0	5,1	2,1	0,0	15,8	48,0
13 Nov 17	24,9	5,1	2,1	0,0	15,8	48,0
06 Nov 17	24,9	5,5	2,2	0,0	15,5	48,0
30 Oct 17	24,6	5,5	2,3	0,0	15,7	48,0
23 Oct 17	24,7	5,1	2,3	0,0	15,9	48,0
16 Oct 17	25,1	4,8	2,2	0,0	15,9	48,0
09 Oct 17	24,9	5,1	2,2	0,0	15,9	48,0
02 Oct 17	25,2	4,7	2,2	0,0	16,0	48,0
25 Sep 17	23,9	4,2	2,2	0,0	17,6	48,0
18 Sep 17	24,1	4,1	2,3	0,0	17,6	48,0

Investors in NGB2025 (#477)

Holdings in NGB2025 (#477)



Change since 1.06.2017; NOK bn

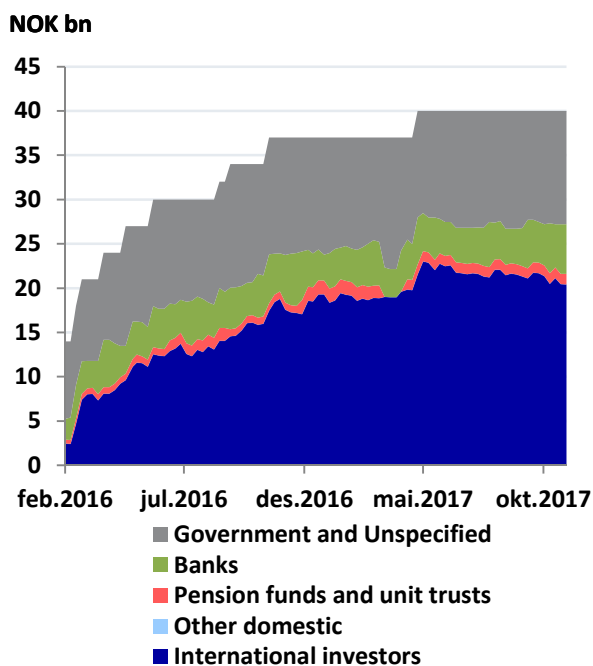


Domestic investors

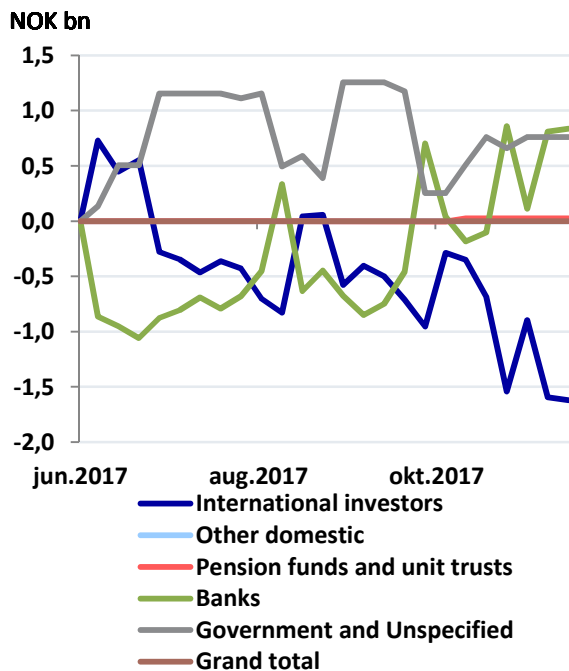
	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	Grand total
20 Nov 17	21,6	5,9	1,2	0,0	10,3	39,0
13 Nov 17	21,8	5,9	1,2	0,0	10,2	39,0
06 Nov 17	21,5	6,1	1,2	0,0	10,2	39,0
30 Oct 17	21,2	6,6	0,9	0,0	10,3	39,0
23 Oct 17	21,1	6,5	0,9	0,0	10,5	39,0
16 Oct 17	21,0	6,4	0,9	0,0	10,7	39,0
09 Oct 17	21,9	5,8	0,9	0,0	10,4	39,0
02 Oct 17	21,0	6,8	0,9	0,0	10,4	39,0
25 Sep 17	20,6	4,8	0,9	0,0	12,8	39,0
18 Sep 17	20,6	4,5	1,0	0,0	12,8	39,0

Investors in NGB2026 (#478)

Holdings in NGB2026 (#478)



Change since 1.06.2017; NOK bn

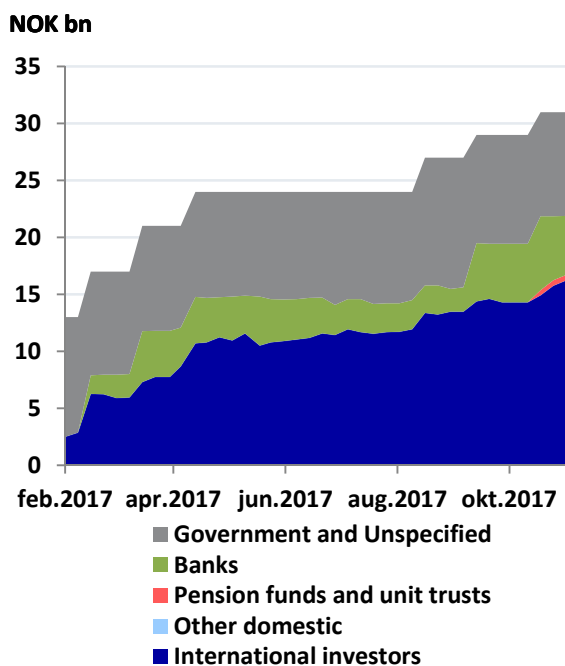


Domestic investors

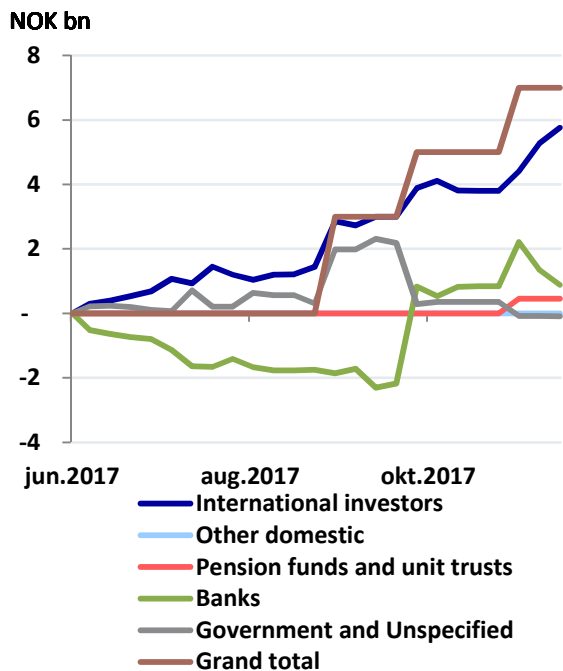
	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	Grand total
20 Nov 17	20,4	5,6	1,2	0,0	12,8	40,0
13 Nov 17	20,4	5,6	1,2	0,0	12,8	40,0
06 Nov 17	21,1	4,9	1,2	0,0	12,8	40,0
30 Oct 17	20,5	5,6	1,2	0,0	12,7	40,0
23 Oct 17	21,4	4,7	1,2	0,0	12,8	40,0
16 Oct 17	21,7	4,6	1,2	0,0	12,5	40,0
09 Oct 17	21,8	4,8	1,2	0,0	12,3	40,0
02 Oct 17	21,1	5,5	1,2	0,0	12,3	40,0
25 Sep 17	21,3	4,3	1,2	0,0	13,2	40,0
18 Sep 17	21,5	4,0	1,2	0,0	13,3	40,0

Investors in NGB2027 (#479)

Holdings in NGB2027 (#479)



Change since 1.06.2017; NOK bn



Domestic investors

	International investors	Banks	Pension funds and unit trusts	Other domestic	Government and Unspecified	Grand total
20 Nov 17	16,2	5,2	0,5	0,0	9,1	31,0
13 Nov 17	15,8	5,6	0,5	0,0	9,1	31,0
06 Nov 17	14,9	6,5	0,5	0,0	9,1	31,0
30 Oct 17	14,3	5,1	0,0	0,0	9,6	29,0
23 Oct 17	14,3	5,1	0,0	0,0	9,6	29,0
16 Oct 17	14,3	5,1	0,0	0,0	9,6	29,0
09 Oct 17	14,6	4,8	0,0	0,0	9,6	29,0
02 Oct 17	14,4	5,1	0,0	0,0	9,5	29,0
25 Sep 17	13,5	2,1	0,0	0,0	11,4	27,0
18 Sep 17	13,5	2,0	0,0	0,0	11,5	27,0

Sources: Bloomberg, Norges Bank, VPS, Nordea staff estimates and calculations

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