Norway (Kingdom of)

May 25, 2026

(***Editor's Note:*** *S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.*)

This report does not constitute a rating action.

Primary Contact

Michelle Keferstein
Frankfurt
49-69-33-999-104
michelle.keferstein
@spglobal.com

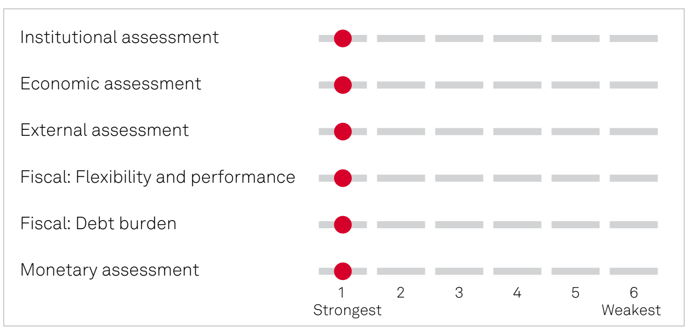
Secondary Contact

Amr Abdullah
London
2071760857
amr.abdullah
@spglobal.com

Research Contributor

Rahul Ranjan
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Pune

Ratings Score Snapshot



Sovereign credit rating

Foreign currency
AAA/Stable/A-1+

Local currency
AAA/Stable/A-1+

Credit Highlights

Overview

Institutional and economic profile	**Flexibility and performance profile**
Norway’s economic resilience stems from prudent policymaking that balances fiscal discipline with strategies for sustainable economic growth and long-term stability.	Norway’s credit profile is characterized by a large net external asset position and significant fiscal buffers with the Government Pension Fund Global (GPFG)'s assets exceeding 300% of GDP.
--S&P Global Ratings projects Norway’s economy to grow by 1.4% in 2026 due to higher oil and gas prices and sound household consumption.	-- Norway’s general government and current account surpluses will benefit from higher oil and gas prices this year, before decreasing in the coming years.
--The new minority government, following the September 2025 election, will continue the previous reform agenda and adhere to the existing fiscal spending rule.	-- With the one of the world’s largest sovereign wealth funds, Norway has material financial buffers that enhance its capacity to absorb shocks and provide ample flexibility to accommodate higher fiscal spending when needed.
-- Norway's external security risks remain subdued.	-- Norges Bank’s credible inflation-targeting framework supports economic stability, including potential rate hikes as inflation remains elevated.

Since the Middle East war started in February 2026, Norway's importance as a major oil and gas exporter to Europe has increased. Solid household consumption and higher oil and gas prices will drive real GDP growth to 1.4% in 2026, despite roughly stable production outputs. The conflict will also lead to a slight increase in hydrocarbon-related investments this year. Thereafter, we expect energy prices and investments to moderate, resulting in average economic growth of about 1.1% over 2027-2029.

We expect inflation to remain above 3% in 2026 before converging toward the 2.0% target by 2029. Inflation has stayed higher than 3% since midyear 2025, driven by persistent increases in the cost of services and strong real wage growth. The latter will contribute to an average inflation rate of 3.4% this year, alongside increasing rents and broader imported inflation, including on refined petroleum products and goods from major trading partners.

We expect policy will continue following the September 2025 parliamentary election. The Labor Party (Arbeiderpartiet) won 89 of the 169 seats, establishing another single-party minority government, after the previous coalition government with the Center Party collapsed earlier in 2025. We expect the current government to maintain fiscal discipline, alignment with the EU and European Economic Area (EEA), and its energy strategy.

Outlook

The stable outlook reflects our view that Norway's substantial financial reserves provide a strong buffer against potential economic disruptions, allowing the country to navigate short-term challenges without significantly compromising its credit metrics. Further supporting this resilience are Norway's robust fiscal and external net asset positions, its high national wealth, and well-established institutional framework. Also, an effective monetary policy regime underpins the country's ability to manage economic fluctuations, collectively reinforcing our unsolicited rating.

Downside scenario

Our rating on Norway could come under pressure if the country's exceptionally strong fiscal and external balance sheets were to deteriorate materially. Risks would amplify if institutional effectiveness were to diminish or if geopolitical tensions in Europe were to escalate significantly, undermining Norway's security and external stability.

Rationale

Institutional and economic profile: Norway's hydrocarbon sector activity and sound household consumption will support economic growth throughout 2029

We project the Norwegian economy, including the hydrocarbon sector, will grow by about 1.45% in 2026, fueled by higher energy receipts resulting from the Middle East conflict and solid household consumption, before decelerating to 1.1% on average over 2027-2029. Although hydrocarbon investments will likely decrease, we expect they will remain higher than before the conflict and support economic growth. At the same time, household consumption will remain solid given ongoing real wage increases amid rising inflation. This is based on our assumption that commodity prices will remain elevated in 2026, with Brent crude at $100 per barrel before reducing to Brent at $65 per barrel, and Dutch Title Transfer Facility gas at $18 per million Btu and falling to $7 per million Btu by 2029 (see "S&P Global Ratings Raises WTI And Brent Price Assumptions Due To Ongoing Effective Closure Of The Strait Of Hormuz," April 29, 2026).

Norway's oil and gas sectors account for roughly 57%-60% of total exports and finance about 27% of the central government's budget. This exposure highlights the country's sensitivity to energy market volatility and the global transition to decarbonization. The potential development of sea-bed mineral extraction could offset some of these pressures, but regulatory uncertainty, political debate, and environmental opposition may limit progress. Norway's close integration with the EU, its largest trading partner, amplifies external risks, although the current U.S.-EU tariffs lower the immediate threat of a transatlantic trade war. Renewed frictions or weaker EU growth could translate into lower demand for Norwegian goods and a reduction in exports.

Norway's labor market remains relatively resilient, though with ongoing mismatches, both geographically and across occupations. We project Norway's unemployment rate to reach 4.6% in 2026, based on data from the latest national Labor Force Survey, compared with 4.7% in March 2026, before declining to 4.4% by 2028. We note that Norway's registered unemployment rate is fairly stable and reached 2.1% in April 2026 (seasonally adjusted). The slight projected rise in unemployment partly reflects higher participation among younger groups and an increase in foreign job seekers. Sectors such as nursing, social care, and midwifery face persistent staff shortages, while construction typically records higher unemployment alongside relatively low vacancy rates.

A slight easing of financing costs supported nominal annual house price growth of about 5.5% and household credit growth of 4.7% in 2025. Structural factors like dampened supply of new housing, in addition to a slight relaxation of the loan-to-value requirements to enable more first-time house purchases, also contributed to house price and credit growth. Residential construction is expected to remain subdued in light of increased input goods prices and interest rates reverting to higher levels. We forecast average annual real house price growth of about 1.0%-2.5% during 2026-2027, sustained by household credit growth of 3.5%-4.0% over that period.

Norway has strong institutional arrangements that support sustainable growth and long-term economic stability. In the September 2025 elections, the Labor Party (Arbeiderpartiet) and four smaller, left-leaning parties won 87 of the 169 seats. This victory followed a period of governing as a single-party minority government in 2025, after the previous coalition government with the Center Party collapsed earlier in the year. We expect the new government to continue pursuing its reform agenda, supported by political consensus on prudent fiscal management, reliance on oil and gas revenue, and alignment with the EU-EEA framework.

Flexibility and performance profile: Norway's substantial fiscal and external financial buffers-- among the largest globally--offer a safeguard against potential challenges

We expect general government surpluses throughout our forecast horizon (2026-2029), despite increased spending outlined in the government's revised 2026 budget from May. This revised budget includes increased support for energy measures, municipal financing, and health care, among other areas. The energy support measures, a Norwegian krone (NOK) 6 billion (about $0.65 billion) in discounts on diesel and petrol from April to September, as well as increased electricity support for households. Moreover, higher costs related to municipal and health-care financing, due to the aging population, are partly offset by the sale of defense equipment, resulting in additional spending of NOK4.6 billion. At the same time, the revised budget proposes to permanently halt the Stad Ship Tunnel projects, which should generate some accumulated savings totaling NOK8.6 billion over time.

Higher oil and gas prices will generate additional petroleum receipts, providing some fiscal leeway. Consequently, the fiscal impulse will reach at 0.9% of mainland GDP, while the structural non-oil budget deficit widens to 12.6% of GDP from 11.6% in 2025, according to government estimates. Oil-related revenue and investment income from the pension fund GPFG will continue to finance this gap. Withdrawals are set at 2.7% of the fund's value, unchanged from 2025 and below the 3% of GDP fiscal rule, underscoring fiscal discipline. We expect the headline general government surplus to narrow to 12.3% of GDP in 2026, with further gradual declines as structural spending rises and petroleum revenue moderates.

We expect general government debt will average about 51.5% over 2026-2029 with a declining trend. We note that Norway's general government debt rose to 52.8% of GDP in 2024 from 42.4% in 2023, primarily due to increased repurchase agreement (repo) activity by Norges Bank Investment Management on behalf of the GPFG. This increase doesn't indicate a deterioration of public finances but rather reflects higher repo activity. Debt-servicing costs will remain low by international standards, averaging about 2.4% of revenue, while issuance will be modest and primarily directed toward financing lending schemes and capital injections into state-owned financial institutions. This underscores the strategic, rather than operational, nature of borrowing.

At more than 300% of GDP, the GPFG highlights Norway's exceptional fiscal strength. In the first quarter of 2026, the GPFG reported a negative return, driven by the market performance of large U.S. technology stocks. Consequently, the fund's value dropped to about NOK20.0 trillion from NOK21.27 trillion in December 2025. Under the fiscal framework, withdrawals are normally capped at 3% of the fund's value, in line with the GPFG's expected long-term real return, although larger transfers are permitted during downturns. We expect the GPFG to continue expanding, supported by steady petroleum revenue inflows and diversified global investments, reinforcing Norway's ability to absorb shocks while maintaining fiscal discipline.

Norway is in an extremely strong net external asset position, exceeding 500% of current account payments on average until 2029. This is alongside fiscal resilience, with the GPFG's assets invested abroad, and supported by a solid primary income balance of 3.0%-4.0% of GDP annually. Norway's importance has increased again as a gas supplier to Europe since the Middle East war started, which will leave the country's current account surpluses at about 13.6% of GDP in 2026, up from our previous forecast. We expect this surplus will narrow to about 12.5% of GDP on average over 2027-2029 as oil and gas prices reduce and production continues its gradual decline. Norway's large external asset base will continue to underpin its strong external position.

Inflation will rise in 2026 to about 3.4% before slowly declining to 2.2% in 2028. The increase will stem from real wage growth, increasing rents, and higher energy prices, which will mainly feed through imports of refined petroleum products and imported inflation. Headline inflation has exceeded 3.0% since midyear 2025, before the Middle East conflict, driven mainly by higher services and food prices. In September 2025, Norges Bank (central bank) cut its policy rate by 25 basis points to 4.00%, its second reduction since the tightening cycle began in 2021. Given tightening global financing conditions, Norges Bank increased its polity rate in May to 4.25%.

Norway's banking sector shows strong capital and liquidity buffers and ample government support. In 2025, domestic demand offset some of the impacts from lower hydrocarbon output and prices. Inflation has remained above the 2.0% target in Norway. And although the Norges Bank cut key policy rates twice during the past year, there are indications that these will likely be reversed via hikes this year. This is likely to inhibit financing conditions somewhat; however, economic growth is forecast to pick up over the next two years as higher oil prices boost activity.

Norway--Selected Indicators

	2020	2021	2022	2023	2024	2025	2026bc	2027bc	2028bc	2029bc
Economic indicators (%)										
Nominal GDP (bil. NOK)	3,599.2	4,480.5	5,935.0	5,304.9	5,382.4	5,517.7	5,681.4	5,823.4	5,937.3	6,044.6
Nominal GDP (bil. $)	382.3	521.6	617.3	502.2	500.9	530.8	579.7	619.5	631.6	643.0
GDP per capita (000s $)	71.2	96.8	113.8	91.5	90.3	94.9	103.0	109.5	111.1	112.6
Real GDP growth	(1.4)	4.1	4.1	0.4	1.4	1.1	1.5	1.2	1.2	1.0
Real GDP per capita growth	(2.1)	3.7	3.4	(0.8)	0.3	0.3	0.9	0.7	0.6	0.5
Real investment growth	(3.7)	1.5	1.3	(1.8)	(1.4)	1.3	0.7	0.4	0.5	0.6
Investment/GDP	29.0	23.4	21.0	23.6	23.7	23.2	22.7	22.3	22.0	21.8
Savings/GDP	30.8	37.9	48.8	40.7	38.7	37.3	36.2	35.3	34.5	33.8
Exports/GDP	31.4	41.8	53.6	46.4	46.4	45.4	45.2	45.0	44.7	44.3
Real exports growth	(2.4)	5.8	4.9	0.9	5.8	2.4	1.9	1.9	1.8	1.6
Unemployment rate	4.6	4.4	3.2	3.6	4.0	4.5	4.6	4.5	4.4	4.4
External indicators (%)										
Current account balance/GDP	1.8	14.4	27.8	17.1	15.0	14.1	13.6	13.1	12.5	12.0
Current account balance/CARs	4.2	27.5	43.2	27.6	23.6	22.8	22.5	21.8	21.0	20.1
CARs/GDP	42.4	52.6	64.4	62.0	63.6	61.8	60.6	59.8	59.7	59.7
Trade balance/GDP	(0.3)	13.9	27.0	15.8	14.0	12.9	12.5	12.3	11.0	9.7
Net FDI/GDP	1.3	(2.4)	(2.2)	0.6	1.3	(1.7)	(1.3)	(1.3)	(1.3)	(1.3)
Net portfolio equity inflow/GDP	(2.8)	8.8	(11.9)	(11.5)	(10.8)	(5.4)	(9.0)	(9.0)	(9.0)	(7.0)
Gross external financing needs/CARs plus usable reserves	196.8	146.3	114.2	147.9	153.9	145.4	152.5	152.4	154.8	157.4
Narrow net external debt/CARs	(570.6)	(383.0)	(228.2)	(378.2)	(420.9)	(485.4)	(500.2)	(516.2)	(548.2)	(579.9)

Norway--Selected Indicators

Narrow net external debt/CAPs	(595.8)	(528.0)	(402.1)	(522.3)	(551.0)	(628.6)	(645.0)	(660.3)	(693.6)	(725.5)
Net external liabilities/CARs	(701.8)	(481.2)	(294.4)	(481.2)	(545.0)	(643.5)	(671.9)	(699.1)	(746.6)	(789.2)
Net external liabilities/CAPs	(732.8)	(663.3)	(518.7)	(664.6)	(713.3)	(833.3)	(866.6)	(894.4)	(944.7)	(987.2)
Short-term external debt by remaining maturity/CARs	182.4	113.9	81.7	109.7	116.5	104.2	112.1	109.4	110.8	112.6
Usable reserves/CAPs (months)	5.2	4.5	4.5	3.8	4.0	3.9	3.8	3.5	3.4	3.3
Usable reserves (Mil. $)	75,285.4	84,458.6	72,138.6	80,522.6	81,278.4	85,539.0	85,539.0	85,539.0	85,539.0	85,539.0
Fiscal indicators (general government %)										
Balance/GDP	(2.6)	10.0	24.6	15.9	12.7	10.4	12.3	9.0	8.0	7.0
Change in net debt/GDP	(24.1)	(29.4)	1.4	(56.8)	(62.6)	(18.9)	(14.2)	(17.3)	(29.3)	(29.5)
Primary balance/GDP	(2.0)	10.4	25.1	16.9	14.2	11.9	13.9	10.4	9.3	8.3
Revenue/GDP	52.1	54.7	61.0	60.2	59.8	59.2	59.0	58.0	57.0	57.0
Expenditures/GDP	54.7	44.7	36.4	44.3	47.1	48.8	46.7	49.0	49.0	50.0
Interest/revenues	1.2	0.7	0.8	1.8	2.5	2.6	2.7	2.5	2.2	2.2
Debt/GDP	44.3	40.1	34.8	42.4	52.8	54.0	52.7	51.7	51.1	50.5
Debt/revenues	85.0	73.4	57.1	70.5	88.3	91.3	89.3	89.2	89.6	88.5
Net debt/GDP	(267.3)	(244.1)	(182.9)	(261.4)	(320.2)	(331.3)	(335.9)	(345.0)	(367.6)	(390.6)
Liquid assets/GDP	311.6	284.3	217.8	303.9	373.0	385.3	388.6	396.7	418.7	441.1
Monetary indicators (%)										
CPI growth	1.3	3.5	5.8	5.5	3.1	3.1	3.4	2.3	2.2	2.2
GDP deflator growth	(2.3)	19.5	27.3	(10.9)	0.0	1.4	1.5	1.3	0.8	0.8
Exchange rate, year-end (NOK/$)	8.5	8.8	9.9	10.2	11.4	10.1	9.6	9.3	9.3	9.3
Banks' claims on resident non-gov't sector growth	4.6	4.8	5.6	3.4	2.8	4.0	4.7	3.8	3.7	3.6
Banks' claims on resident non-gov't sector/GDP	159.0	133.9	106.8	123.5	125.2	127.0	129.0	130.7	132.9	135.3
Foreign currency share of claims by banks on residents	3.6	3.2	3.3	4.0	4.1	4.1	4.11	3.96	3.82	3.69
Foreign currency share of residents' bank deposits	21.8	20.6	23.3	23.8	23.4	22.9	22.80	22.80	22.80	22.80
Real effective exchange rate growth	(13.1)	13.2	2.4	(9.1)	0.6	2.1	N/A	N/A	N/A	N/A

Norway--Selected Indicators

Sources: Eurostat, Statistics Norway (economic indicators); Statistics Norway, International Financial Statistics (monetary indicators); and Statistics Norway (fiscal, debt and external indicators).

Adjustments: We consider the central government balance as non-oil balance.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. NOK--Norwegian krone. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Norway--Rating Component Scores

Key rating factors	Score	Explanation
Institutional assessment	1	Norway has a long track record of democratic governments with effective and flexible policymaking. The prudent policymaking is best reflected in its fiscal rule and the creation of a fund (the Government Pension Fund Global) to phase oil revenue into the economy gradually and to preserve wealth for future generations, as we expect oil revenue to decline and age-related spending to increase over the long term. There are extensive checks and balances between institutions, a free flow of information, and policy decisions are openly debated.
Economic assessment	1	Based on GDP per capita ($) as per the Selected Indicators in Table 1.
External assessment	1	Based on narrow net external debt as per Selected Indicators in Table 1, considering we view the krone as an actively traded currency.
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1. Based on liquid assets to GDP as per Selected Indicators in Table 1. These include large assets from the sovereign wealth fund, The Government Pension Fund Global.
Fiscal assessment: debt burden	1	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per Selected Indicators in Table 1.
Monetary assessment	1	The Norwegian krone is an actively traded currency. Norges Bank operates an inflation targeting regime and has a long history of full operational independence.
Indicative rating	aaa	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	1	Based on liquid assets to GDP as per Selected Indicators in Table 1. These include large assets from the Government Pension Fund Global.
Final rating		
Foreign currency	AAA	We do not believe default risks apply differently to foreign- and local-currency debt.
Notches of uplift	0	
Local currency	AAA	

Norway--Rating Component Scores

Key rating factors	Score	Explanation

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, May 14, 2026
- Sovereign Ratings History, May 14, 2026
- Sovereign Ratings Score Snapshot, May 8, 2026
- Sovereign Risk Indicators, April 13, 2026. Interactive version available at http://www.spratings.com/sri
- Default, Transition, and Recovery: 2024 Annual Global Sovereign Default And Rating Transition Study, March 4, 2026

Ratings Detail (as of May 20, 2026)*

Norway		
Sovereign Credit Rating		AAA/Stable/A-1+
Transfer & Convertibility Assessment		AAA
Sovereign Credit Ratings History		
21-Nov-1990	*Foreign Currency*	AAA/Stable/A-1+
08-Nov-1990		AAA/Stable/--
26-Jun-1989		AAA/Negative/--
27-Jul-1992	*Local Currency*	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

This unsolicited rating(s) was initiated by a party other than the Issuer (as defined in S&P Global Ratings' policies). It may be based solely on publicly available information and may or may not involve the participation of the Issuer and/or access to the Issuer's internal documents and/or access to management. S&P Global Ratings has used information from sources believed to be reliable based on standards established in our policies and procedures, but does not guarantee the accuracy, adequacy, or completeness of any information used.