

House prices sideways in June

- Home prices were unchanged (sa) in June, bringing annual growth up by 0.5%-points to 1.5%
- Rate hikes, increased supply and low population growth set to dampen house price growth ahead
- The house price data does not change our view of a rate hike in September

Assessment: The sideways development in house prices in June was in line with our view that the recent upturn in house prices should be short lived, although we had expected a slight increase in seasonal adjusted prices in June. An increase in supply of new homes, rate hikes from September and low population growth is expected to dampen house price growth ahead, but we don't expect a sharp downturn as the macro outlook in general is very positive. The house price data does not change our view of a rate hike from Norges Bank in September.

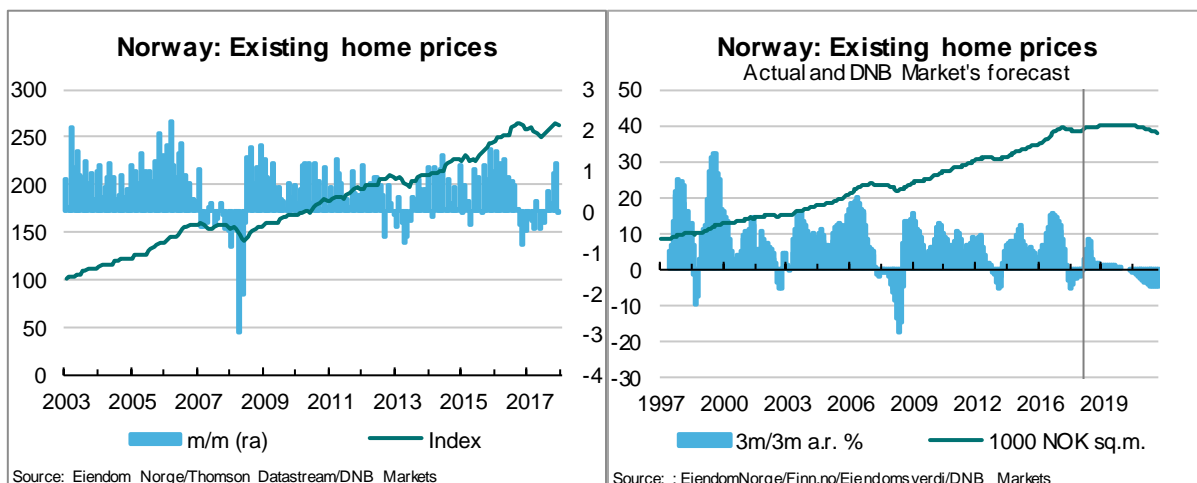
Details:

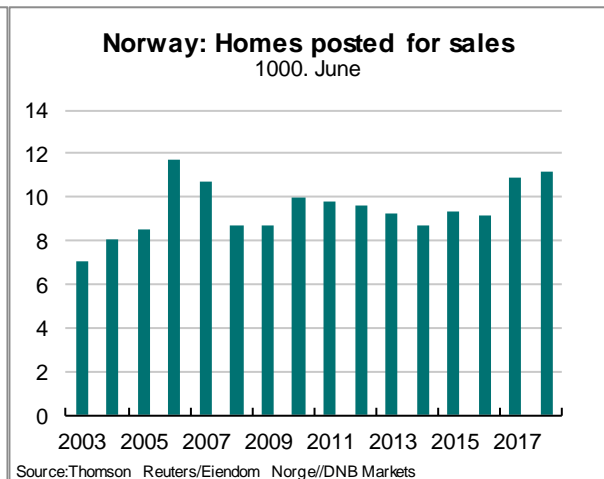
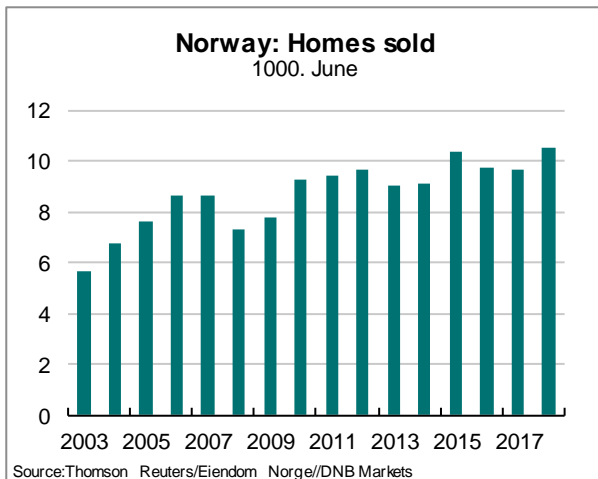
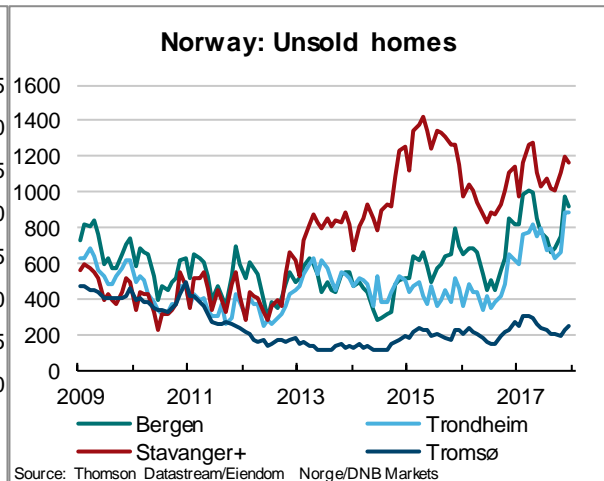
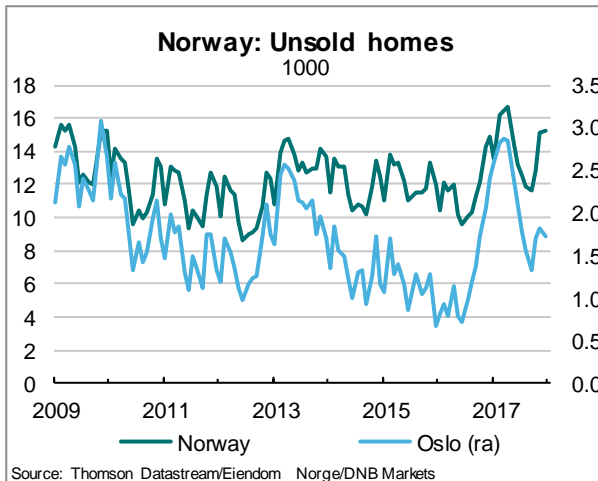
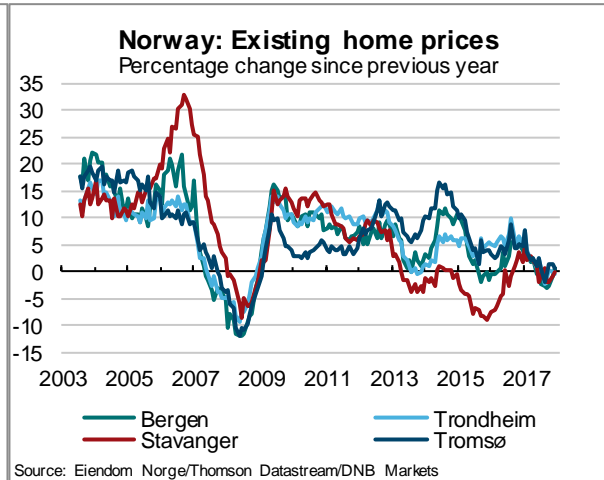
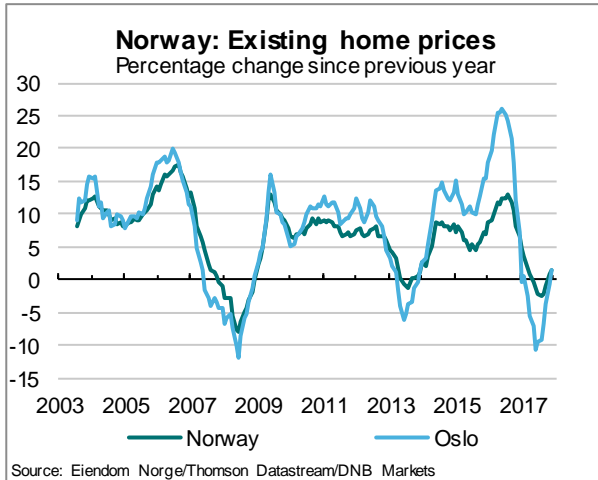
Home prices: Existing home prices were unchanged in June adjusted for seasonal variations. We expected +0.5%. Unadjusted prices fell by 1.0% and the annual growth rate rose from 1.0% in May to +1.5% in June.

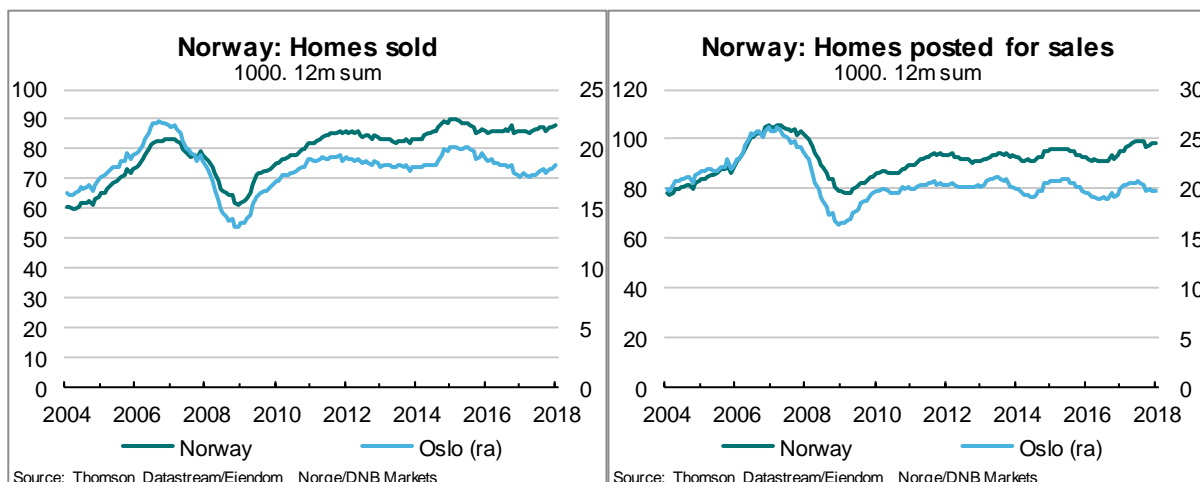
In Oslo prices fell by 1.3% from May (unadjusted) and are up by 7.9% so far this year (not adjusted for seasonal factors). In Oslo the annual growth rate rose from -0.7% to 1.6%. The weakest annual growth rate among the largest cities was in Trondheim, with a 0.5% decline in June.

High turnover, but unsold homes at high level: Home turnover was 9.3% higher than June last year, while homes posted for sales were 2.1% higher than last year. The number of unsold homes rose by 0.8% from May and is up by 2.2% from June last year to a high level in an historical perspective.

Jeanette Strøm Fjære, DNB Markets







Existing home prices

	m/m %				y/y %				3m/3m a.r.
	Mar-18	Apr-18	May-18	Jun-18	Mar-18	Apr-18	May-18	Jun-18	Jun-18
Norway (u.a.)	0.5	1.8	1.0	-1.0	-2.2	-1.0	1.0	1.5	11.8
Norway (s.a.)	0.2	0.9	1.2	0.0	-2.2	-1.0	1.0	1.5	8.3
Oslo	1.7	2.4	1.0	-1.3	-6.6	-3.8	-0.7	1.6	17.7
Bergen	-0.2	2.8	0.6	-0.2	-3.2	-2.7	-1.1	0.6	13.4
Trondheim	0.9	1.8	0.5	-1.1	-1.4	0.4	-0.2	-0.5	10.1
Stavanger	-0.9	1.3	1.3	-1.0	-2.0	-2.0	-0.8	-0.3	7.6
Kristiansand	-1.1	1.5	1.5	-0.8	-2.6	-1.9	-0.2	0.6	9.0
Trømsø	1.2	1.8	0.6	-1.0	-0.4	1.3	1.2	0.7	11.8

Source: Eiendom Norge/ Thomson Datastream/DNB Markets

		Feb-18	Mar-18	Apr-18	#####	Jun-17	Jun-18	y/y abs. change	y/y % change
		Norway	Sales	6268	6632	8072	9643	9637	10538
	Posted for sale	6601	7731	9506	12303	10894	11119	225	2.1
	Unsold	11879	11625	12876	15144	14931	15263	332	2.2
Oslo	Sales	1338	1483	1711	1997	1790	2143	353	19.7
	Posted for sale	1291	1473	2041	2228	2257	2142	-115	-5.1
	Unsold	1551	1320	1701	1810	2398	1734	-664	-27.7
Bergen	Sales	468	440	566	723	733	702	-31	-4.2
	Posted for sale	470	528	667	958	762	709	-53	-7.0
	Unsold	658	682	748	979	819	916	97	11.8
Trondheim	Sales	385	386	473	601	641	643	2	0.3
	Posted for sale	413	440	516	802	660	697	37	5.6
	Unsold	678	631	655	888	614	882	268	43.6
Stavanger	Sales	306	331	403	418	392	432	40	10.2
	Posted for sale	374	442	542	559	439	412	-27	-6.2
	Unsold	1017	1008	1104	1201	1144	1161	17	1.5

Source: Eiendom Norge/ Thomson Datastream/DNB Markets



DNB Markets Macro Analysis

Kjersti Haugland

Chief Economist, Norway, euro zone
+47 24 16 90 01 / +47 917 23 756
kjersti.haugland@dnb.no

Jeanette Strøm Fjære

Economist, Norway and Sweden
+47 24 16 90 03 / +47 920 37 011
jeanette.strom.fjare@dnb.no

Ole A. Kjennerud

Economist, China and Japan
+47 24 16 90 07 / +47 477 57 482
ole.kjennerud@dnb.no

Knut A. Magnussen

Senior Economist, USA and UK
+47 24 16 90 04 / +47 476 04 046
knut.magnussen@dnb.no

Magne Østnor

FX Strategist
24 16 90 06 / 907 47 902
magne.ostnor@dnb.no

Marit Øwre-Johnsen

FX Analyst
+47 24 16 90 08 / +47 970 42 190
marit.owre-johnsen@dnb.no

Kyrre Aamdal

Senior Economist, Norway, Sweden, Fixed Income
+47 24 16 90 02 / +47 906 61 112
kyrre.aamdal@dnb.no



IMPORTANT/DISCLAIMER

This note (the "Note") must be seen as marketing material and not as an investment recommendation within the meaning of the Norwegian Securities Trading Act of 2007 paragraph 3-10 and the Norwegian Securities Trading Regulation 2007/06/29 no. 876.

The note has been prepared by DNB Markets, a division of DNB Bank ASA. DNB Bank ASA is a part of the DNB Group. The Note is based on information obtained from public sources that DNB Markets believes to be reliable but which DNB Markets has not independently verified, and DNB Markets makes no guarantee, representation or warranty as to its accuracy or completeness. Any opinions expressed herein reflect DNB Markets' judgement at the time the Note was prepared and are subject to change without notice. The Note should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. No DNB Party is acting as fiduciary or investment advisor in connection with the dissemination of the Note. The Note is for clients only, and not for publication, and has been prepared for information purposes only by DNB Markets. The Note is the property of DNB Markets. DNB Markets retains all intellectual property rights (including, but not limited to, copyright) relating to the Note. Sell-side investment firms are not allowed any commercial use (including, but not limited to, reproduction and redistribution) of the Note contents, either partially or in full, without DNB Markets' explicit and prior written consent. However, buy-side investment firms may use the Note when making investment decisions, and may also base investment advice given to clients on the Note. Such use is dependent on the buy-side investment firm citing DNB Markets as the source.

The Note shall not be used for any unlawful or unauthorized purposes. The Bank, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (individually, each a "DNB Party"; collectively, "DNB Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Note. DNB Parties are not responsible for any errors or omissions, regardless of the cause, nor for the results obtained from the use of the Note, nor for the security or maintenance of any data input by the user. The Note is provided on an "as is" basis. DNB PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE NOTE'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE NOTE WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall DNB Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Note, even if advised of the possibility of such damages.

Confidentiality rules and internal rules restrict the exchange of information between different parts of the Bank and this may prevent employees of DNB Markets who are preparing the Note from utilizing or being aware of information available in DNB Markets/the Bank that may be relevant to the recipients of the Note. Please contact DNB Markets at 08940 (+47 915 08940) for further information and inquiries regarding this Note.

The Note is not an offer to buy or sell any security or other financial instrument or to participate in any investment strategy. Distribution of material like the Note is in certain jurisdictions restricted by law. Persons in possession of the Note should seek further guidance regarding such restrictions before distributing the Note.

The note has been prepared by DNB Markets, a division of DNB Bank ASA, a Norwegian bank organized under the laws of the Kingdom of Norway and under supervision by the Norwegian Financial Supervisory Authority, The Monetary Authority of Singapore, and on a limited basis by the Financial Conduct Authority and the Prudential Regulation Authority of the UK, and the Financial Supervisory Authority of Sweden. Details about the extent of our regulation by local authorities outside Norway are available from us on request.

Information about DNB Markets can be found at www.dnb.no/markets.

Additional information for clients in Singapore

The Note has been distributed by the Singapore Branch of DNB Bank ASA. It is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. You should seek advice from a financial adviser regarding the suitability of any product referred to in the Note, taking into account your specific financial objectives, financial situation or particular needs before making a commitment to purchase any such product. You have received a copy of the Note because you have been classified either as an accredited investor, an expert investor or as an institutional investor, as these terms have been defined under Singapore's Financial Advisers Act (Cap. 110) ("FAA") and/or the Financial Advisers Regulations ("FAR"). The Singapore Branch of DNB Bank ASA is a financial adviser exempt from licensing under the FAA but is otherwise subject to the legal requirements of the FAA and of the FAR. By virtue of your status as an accredited investor or as an expert investor, the Singapore Branch of DNB Bank ASA is, in respect of certain of its dealings with you or services rendered to you, exempt from having to comply with certain regulatory requirements of the FAA and FAR, including without limitation, sections 25, 27 and 36 of the FAA. Section 25 of the FAA requires a financial adviser to disclose material information concerning designated investment products which are recommended by the financial adviser to you as the client. Section 27 of the FAA requires a financial adviser to have a reasonable basis for making investment recommendations to you as the client. Section 36 of the FAA requires a financial adviser to include, within any circular or written communications in which he makes recommendations concerning securities, a statement of the nature of any interest which the financial adviser (and any person connected or associated with the financial adviser) might have in the securities.

Please contact the Singapore Branch of DNB Bank ASA at +65 6212 6144 in respect of any matters arising from, or in connection with, the Note.

The Note is intended for and is to be circulated only to persons who are classified as an accredited investor, an expert investor or an institutional investor. If you are not an accredited investor, an expert investor or an institutional investor, please contact the Singapore Branch of DNB Bank ASA at +65 6212 6144.

We, the DNB group, our associates, officers and/or employees may have interests in any products referred to in the Note by acting in various roles including as distributor, holder of principal positions, adviser or lender. We, the DNB group, our associates, officers and/or employees may receive fees, brokerage or commissions for acting in those capacities. In addition, we, the DNB group, our associates, officers and/or employees may buy or sell products as principal or agent and may effect transactions which are not consistent with the information set out in the Note.

Additional Information, including for Recipients in the United States:

The Note does not constitute an offer to sell or buy a security and does not include information, opinions, or recommendations with respect to securities of an issuer or an analysis of a security or an issuer.