



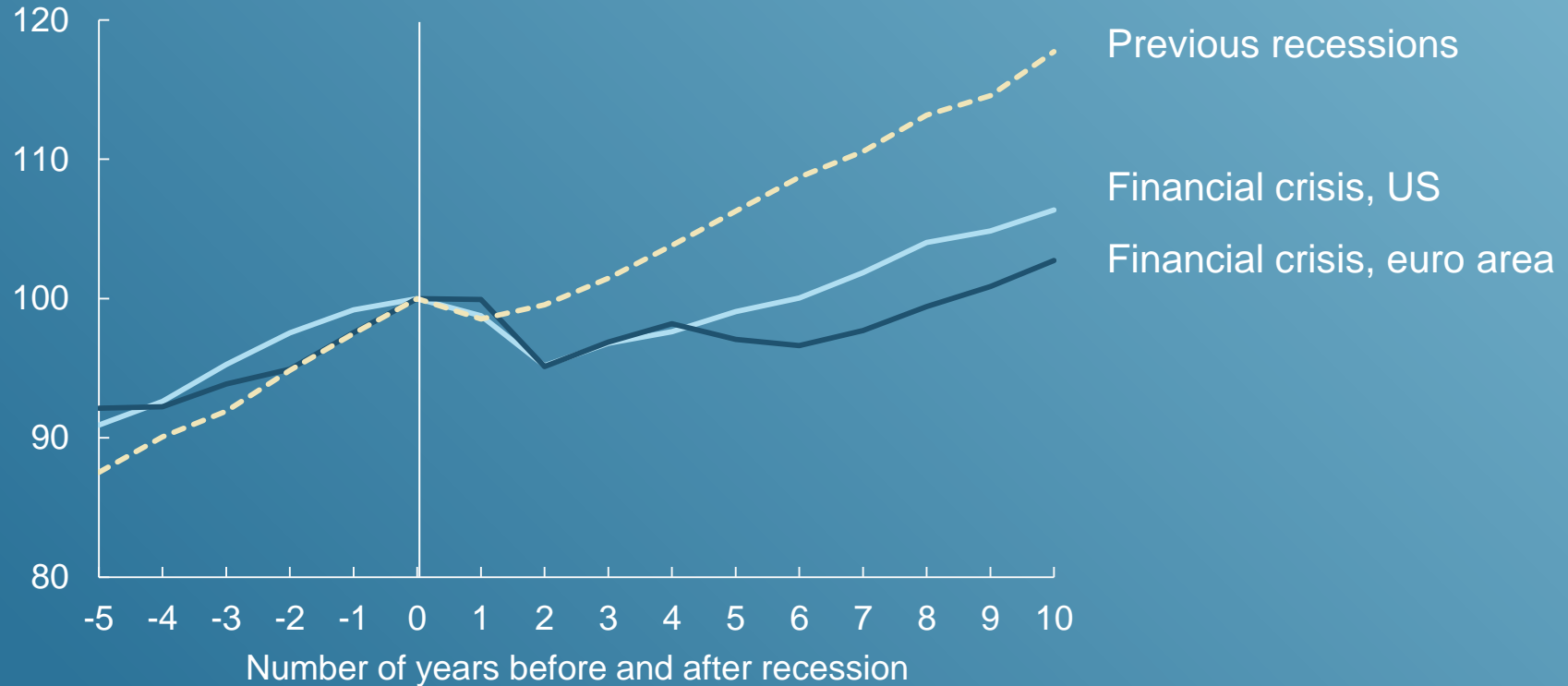
THE NORWEGIAN ECONOMY – MACROECONOMIC DEVELOPMENTS AND MONETARY POLICY

GOVERNOR ØYSTEIN OLSEN

London, 6 April 2018

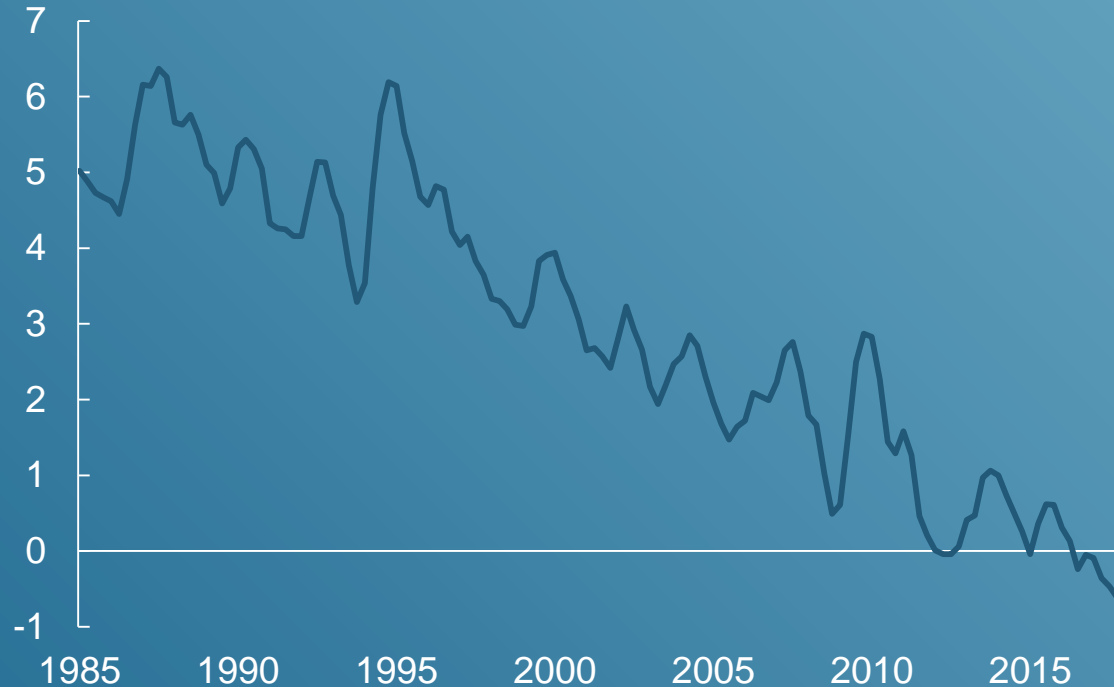
Economic growth following the financial crisis

GDP per capita. Index. Value in year recession started = 100



Global real interest rates

Yield on 10-year government bonds adjusted for inflation. OECD. Percent

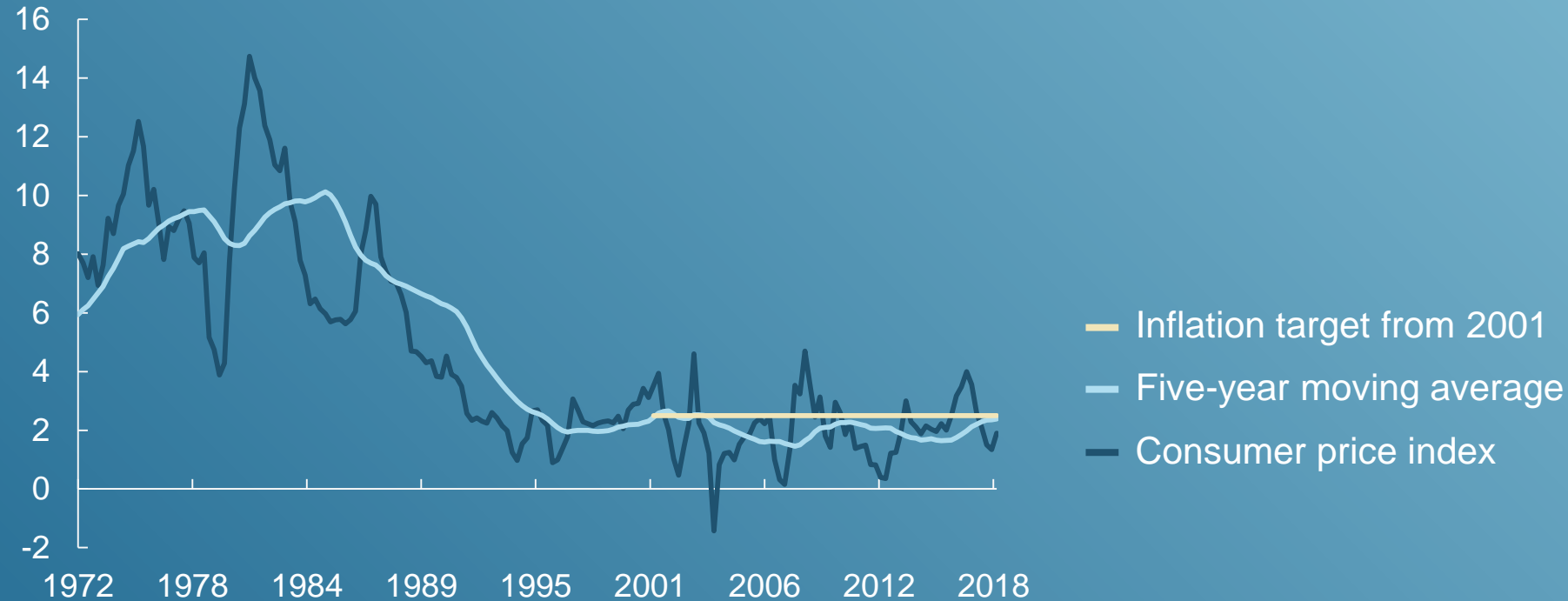


Sources: Thomson Reuters and Norges Bank



Inflation in Norway

Four-quarter change. Percent



Source: Statistics Norway



Norges Bank's letter of 28 February to the Ministry of Finance:

“In the opinion of Norges Bank, the new regulation clarifies the monetary policy mandate and underpins the Bank's flexible approach to inflation targeting.”

“In Norges Bank's assessment, the new regulation will not result in significant changes in the conduct of monetary policy.”



New regulation on monetary policy

Section 1 “Monetary policy shall maintain monetary stability by keeping inflation low and stable.”

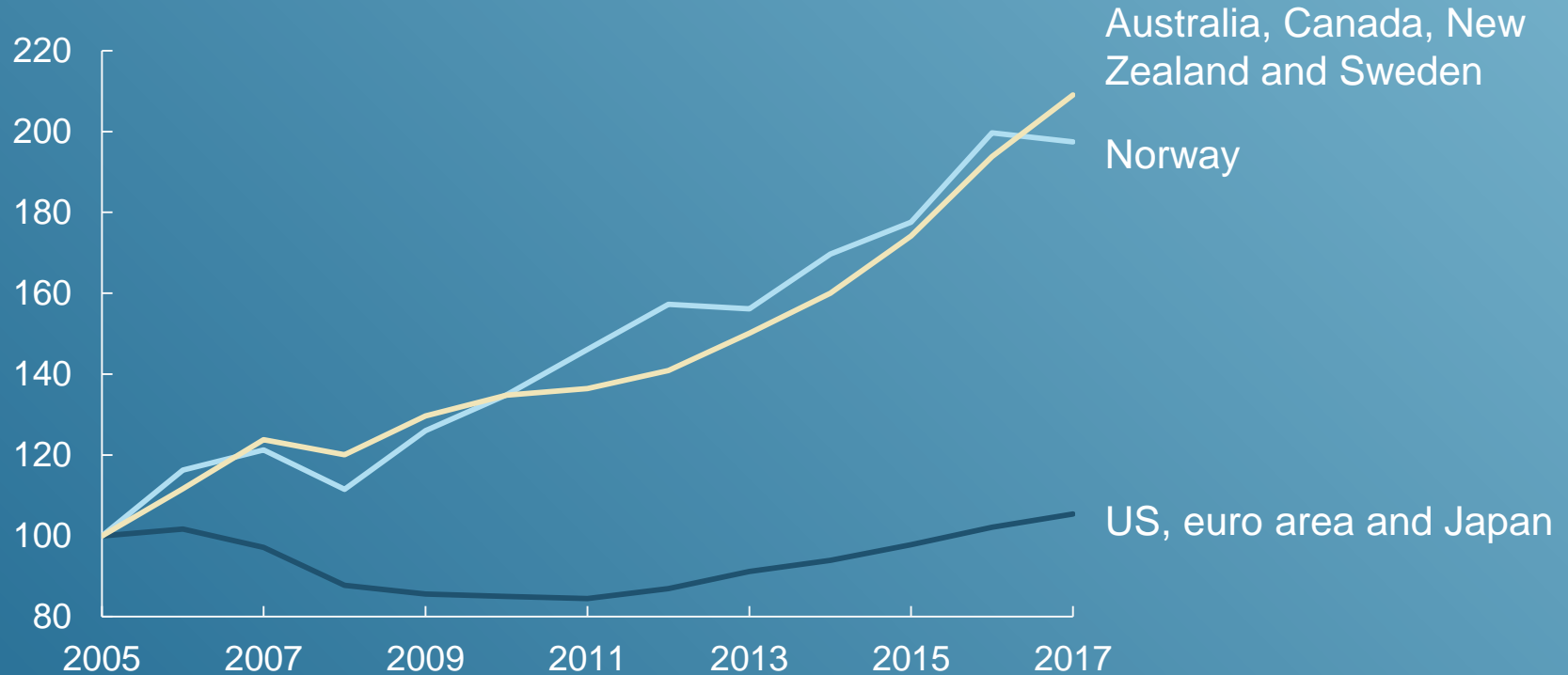
Section 3 “The operational target of monetary policy shall be annual consumer price inflation of close to 2 percent over time.

Inflation targeting shall be forward-looking and flexible so that it can contribute to high and stable output and employment and to counteract the build-up of financial imbalances.”



House prices

Nominal prices. Index. 2005=100



Exchange rate and oil prices

USD per barrel (Brent Blend) and import-weighted exchange rate index¹⁾ at 3 April

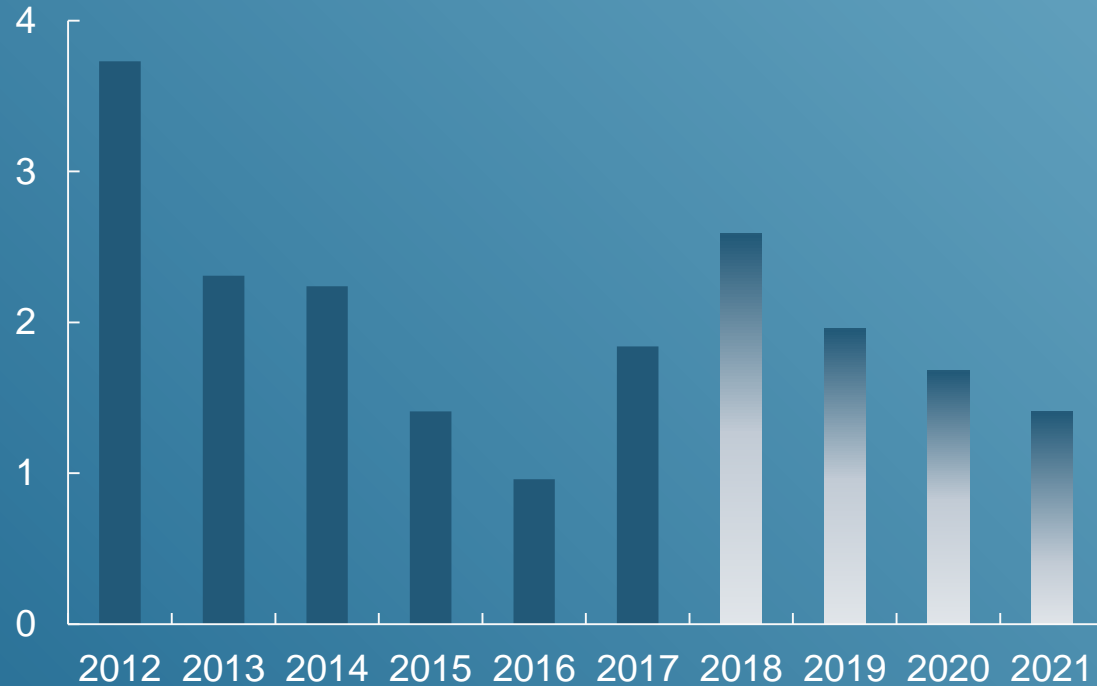


1) A positive slope denotes a stronger krone exchange rate.
Sources: Thomson Reuters and Norges Bank



GDP for mainland Norway

Annual change. Percent



Sources: Statistics Norway and Norges Bank

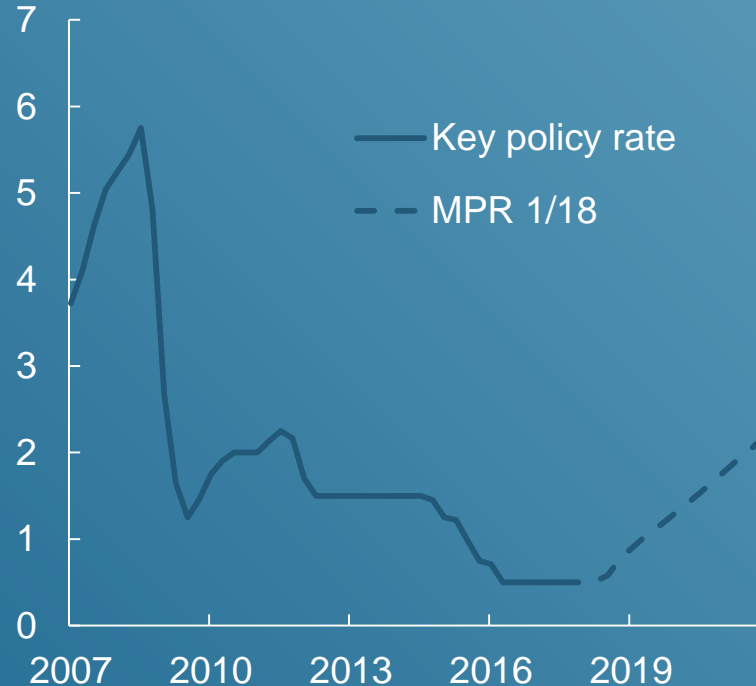


Inflation

CPI and CPI- ATE. Four-quarter change. Percent



The Executive Board's assessment and interest rate forecast

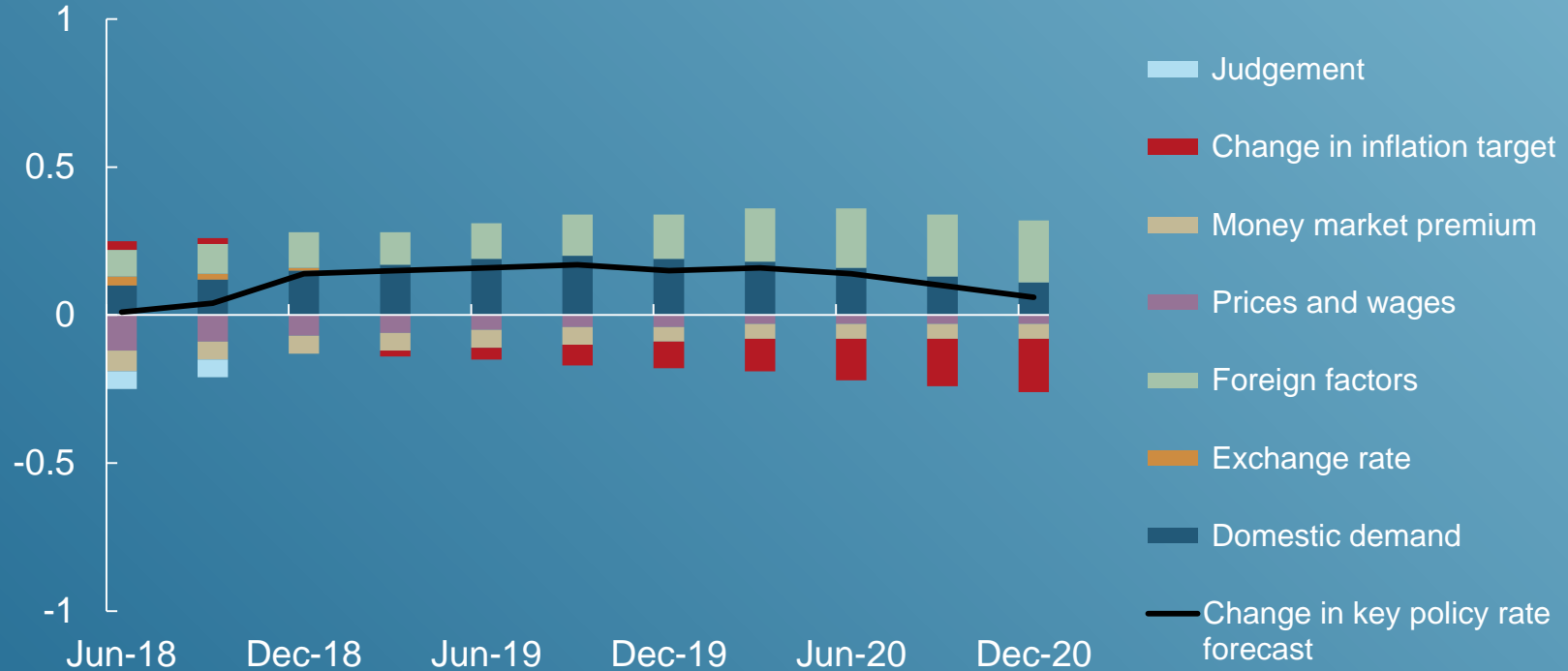


- The Executive Board decided to keep the key policy rate unchanged at 0.5%.
- The Executive Board's current assessment of the outlook and balance of risks suggests that the key policy rate will most likely be raised after summer 2018.



Factors behind changes in key policy rate forecast since MPR 4/17

Percentage points





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