

## Management of Norges Bank's money market portfolio Report for the first quarter of 2008

The money market portfolio, the most liquid portion of the foreign exchange reserves, is managed by Norges Bank Monetary Policy. The entire portfolio has been deposited as secured deposits during the period. The value of the money market portfolio was NOK 8.5<sup>1</sup> billion at the end of the first quarter of 2008.

Table 1: Return on the money market portfolio (excluding foreign exchange purchases for the Government Pension Fund - Global)

Total	Measured in terms of the benchmark currency basket		Measured in NOK		
	Actual portfolio	Benchmark portfolio	Actual portfolio	Benchmark portfolio	Excess return
2007 Q4	1.15	1.11	2.71	2.67	0.04
2008 Q1	0.95	0.92	-1.61	-1.64	0.03

The first quarter return was 0.95 per cent measured in terms of the benchmark currency basket and -1.61 per cent measured in NOK. The return in NOK is estimated at NOK -122.3 million. The money market portfolio outperformed the benchmark<sup>2</sup> in the first quarter by NOK 2.5 million, equivalent to 0.03 percentage point.

Management of the money market portfolio has complied with the guidelines laid down by the Executive Board and the Governor of Norges Bank at all times during the first quarter of 2008.

Management costs consist of Norges Bank Monetary Policy's operating expenses and its share of Norges Bank's overheads. The time spent is estimated at half a person-year on an annual basis. Operating costs amounted to NOK 0.2 million in the first quarter whereas overheads are estimated at NOK 0.2 million.

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<sup>1</sup> In accordance with the Executive Board's guidelines, dated 8 February 2006, the value of the money market portfolio shall normally be between NOK 3 billion and NOK 10 billion.

<sup>2</sup> The benchmark index is to consist of 50 per cent euros and 50 per cent US dollars. The benchmark index is the Merrill Lynch LIBID overnight index.