

6th Norges Bank Monetary Policy Conference
Inflation targeting twenty years on

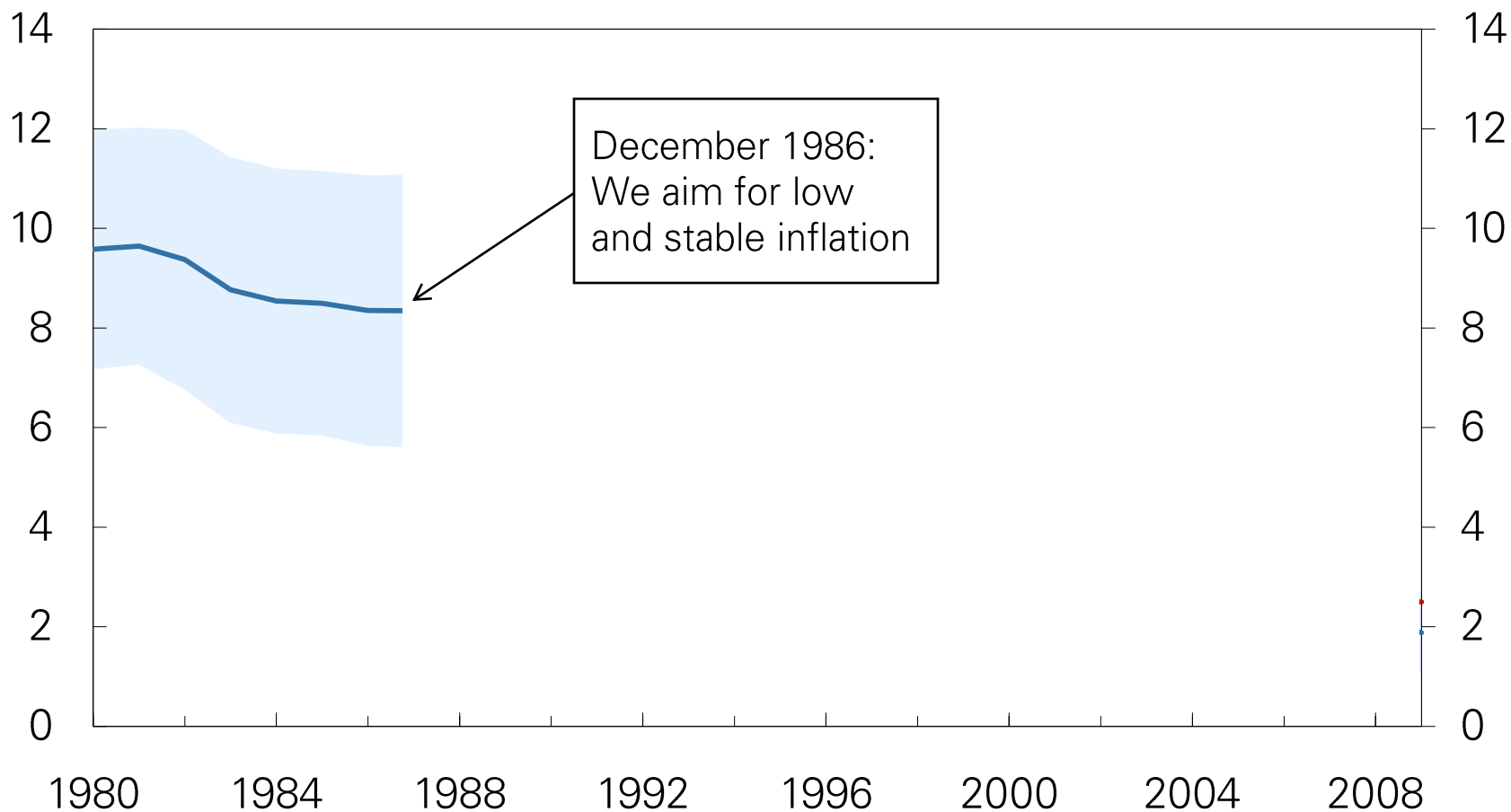
Welcome remarks

Deputy Governor Jan F. Qvigstad

Oslo, 11 June 2009

Inflation in Norway

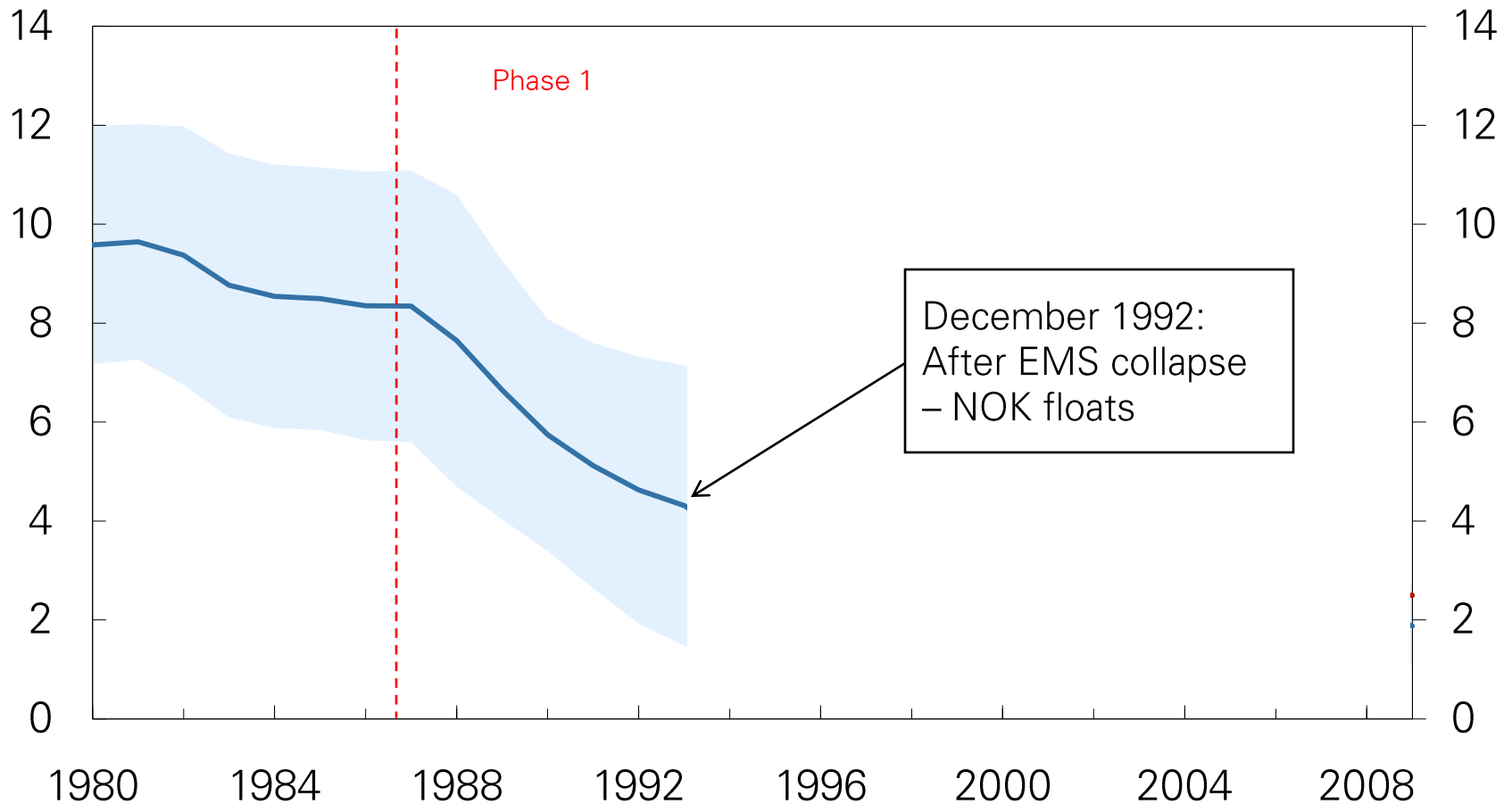
Moving 10-year average and variation in CPI. Per cent



Sources: Statistics Norway and Norges Bank

Inflation in Norway

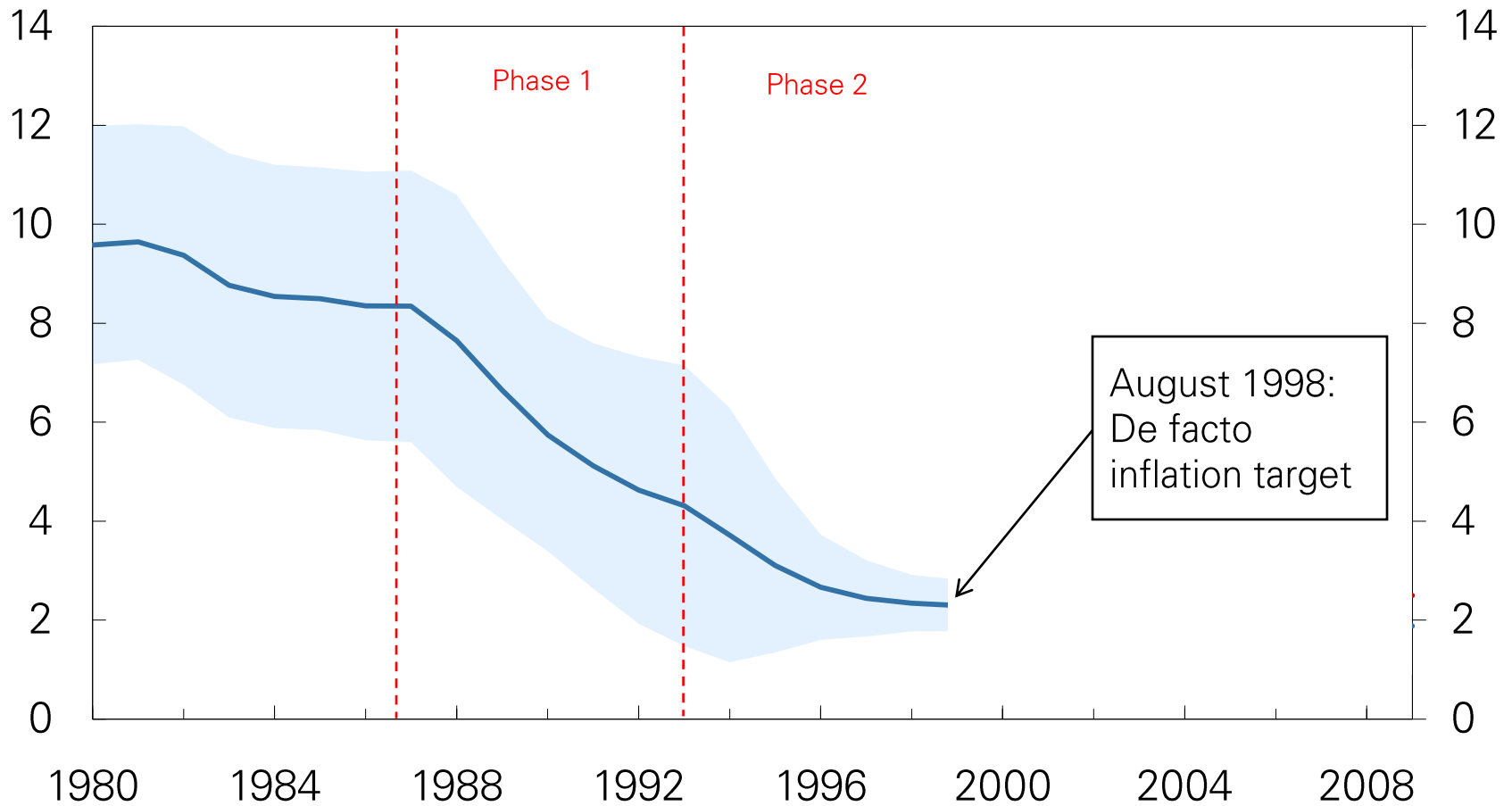
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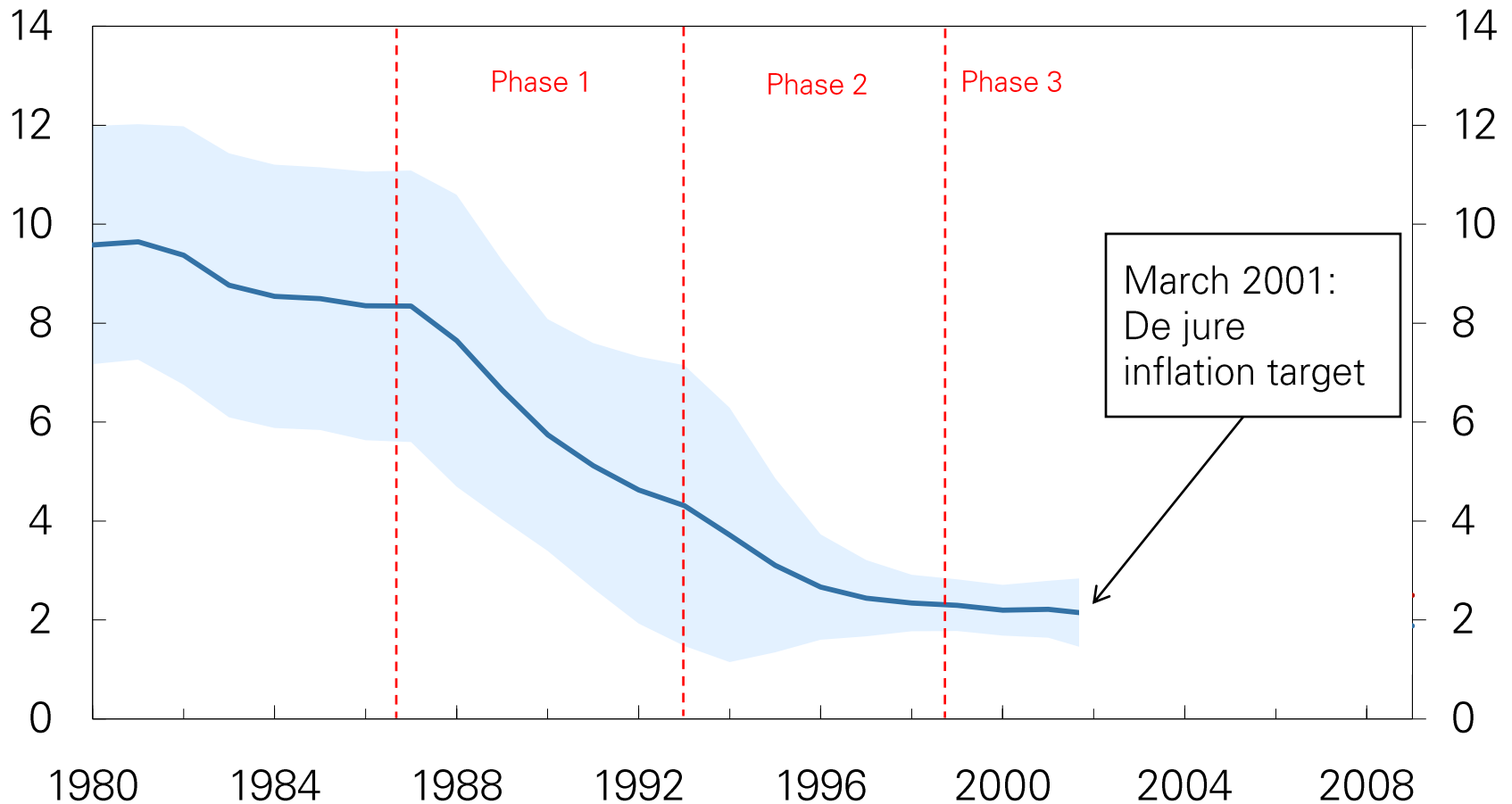
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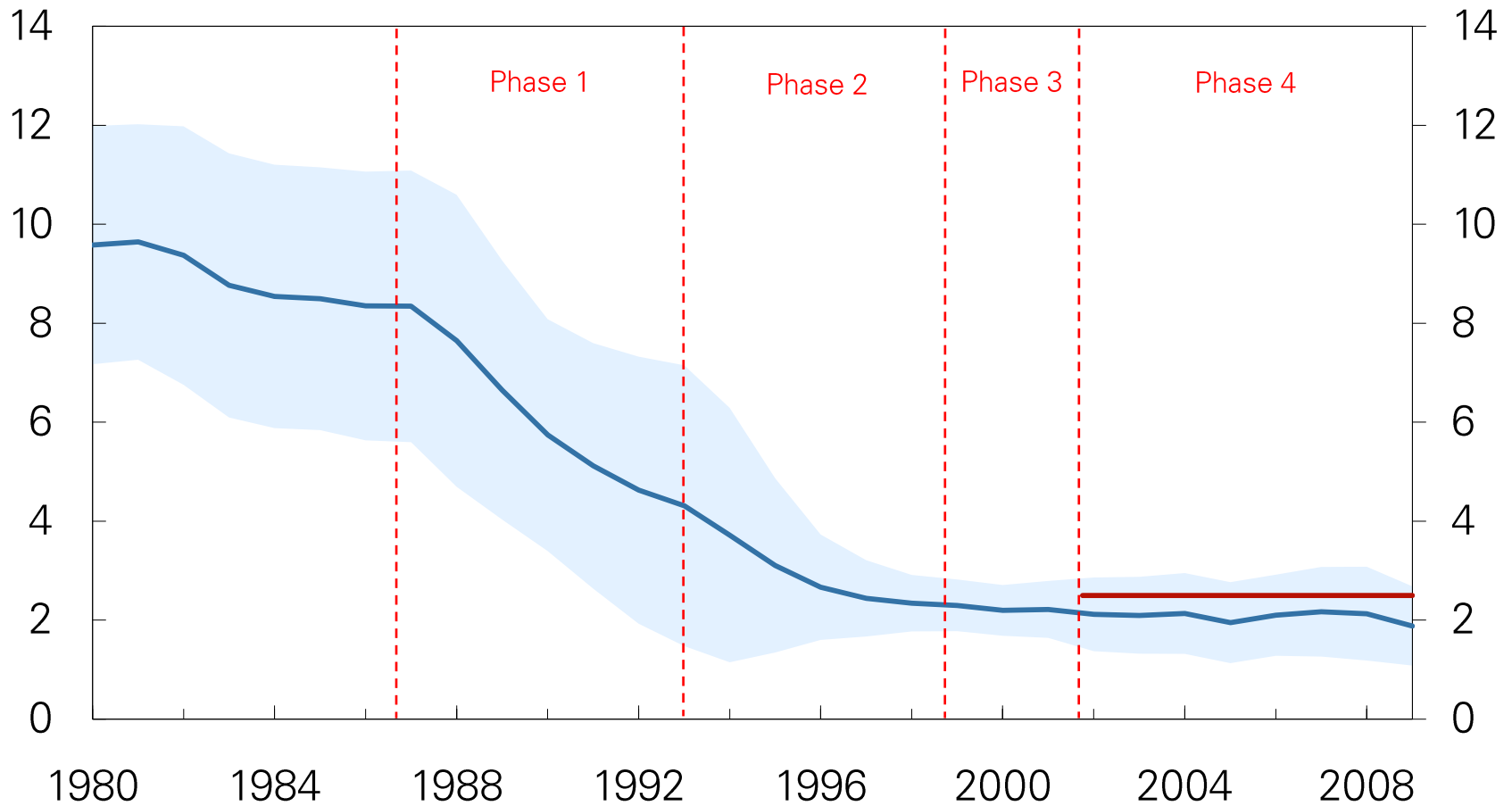
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Inflation in Norway

Moving 10-year average and variation in CPI. Per cent

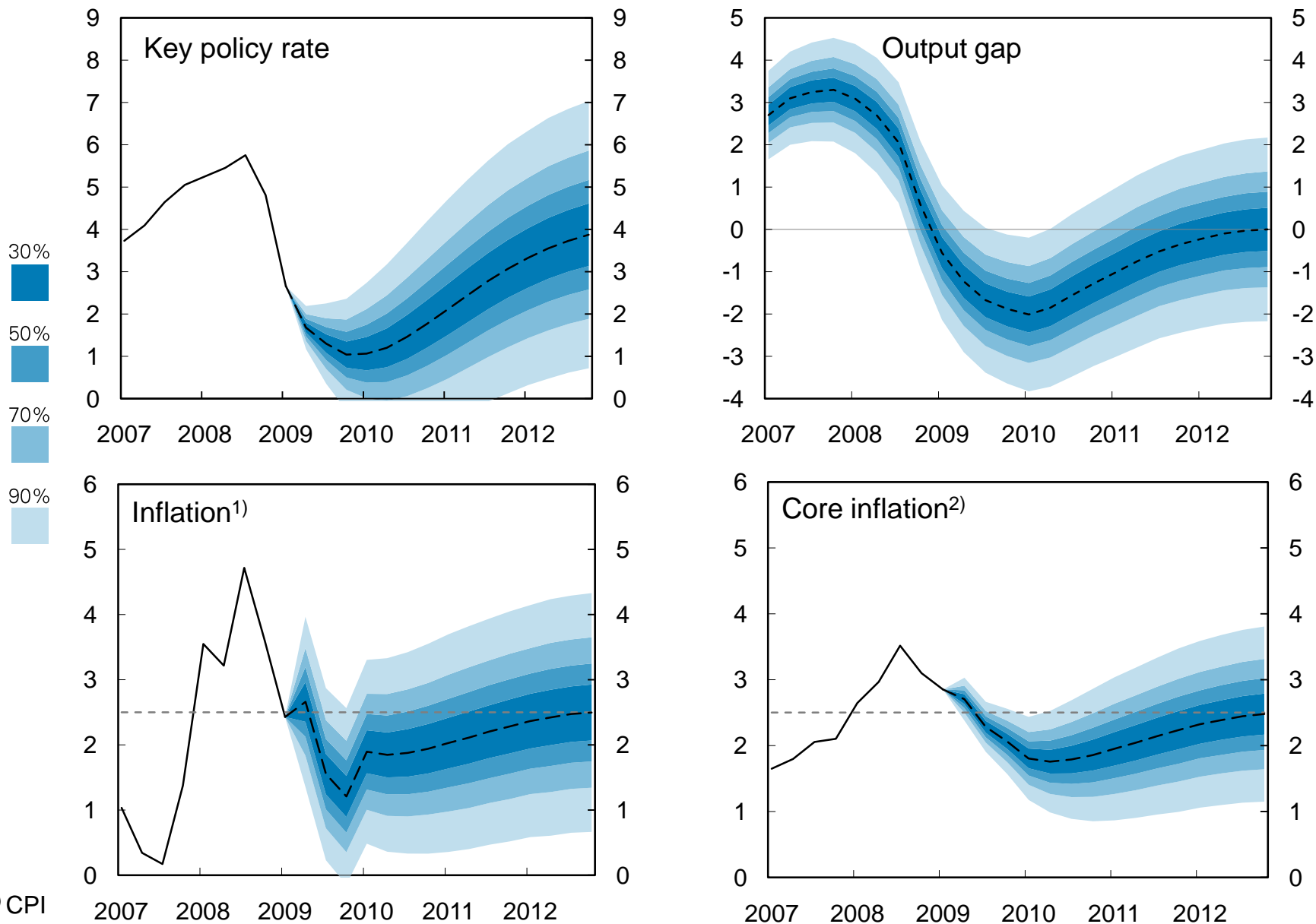


Sources: Statistics Norway and Norges Bank

Criteria for a good interest rate path

1. Inflation close to the target in the medium term
2. Reasonable balance between the path for inflation and the path for capacity utilisation
3. Robustness
4. Gradualism and consistency
5. Cross-checks: Simple policy rules

Baseline scenario in *Monetary Policy Report 1/09*. Per cent



1) CPI

2) CPI adjusted for tax changes and excluding temporary changes in energy prices

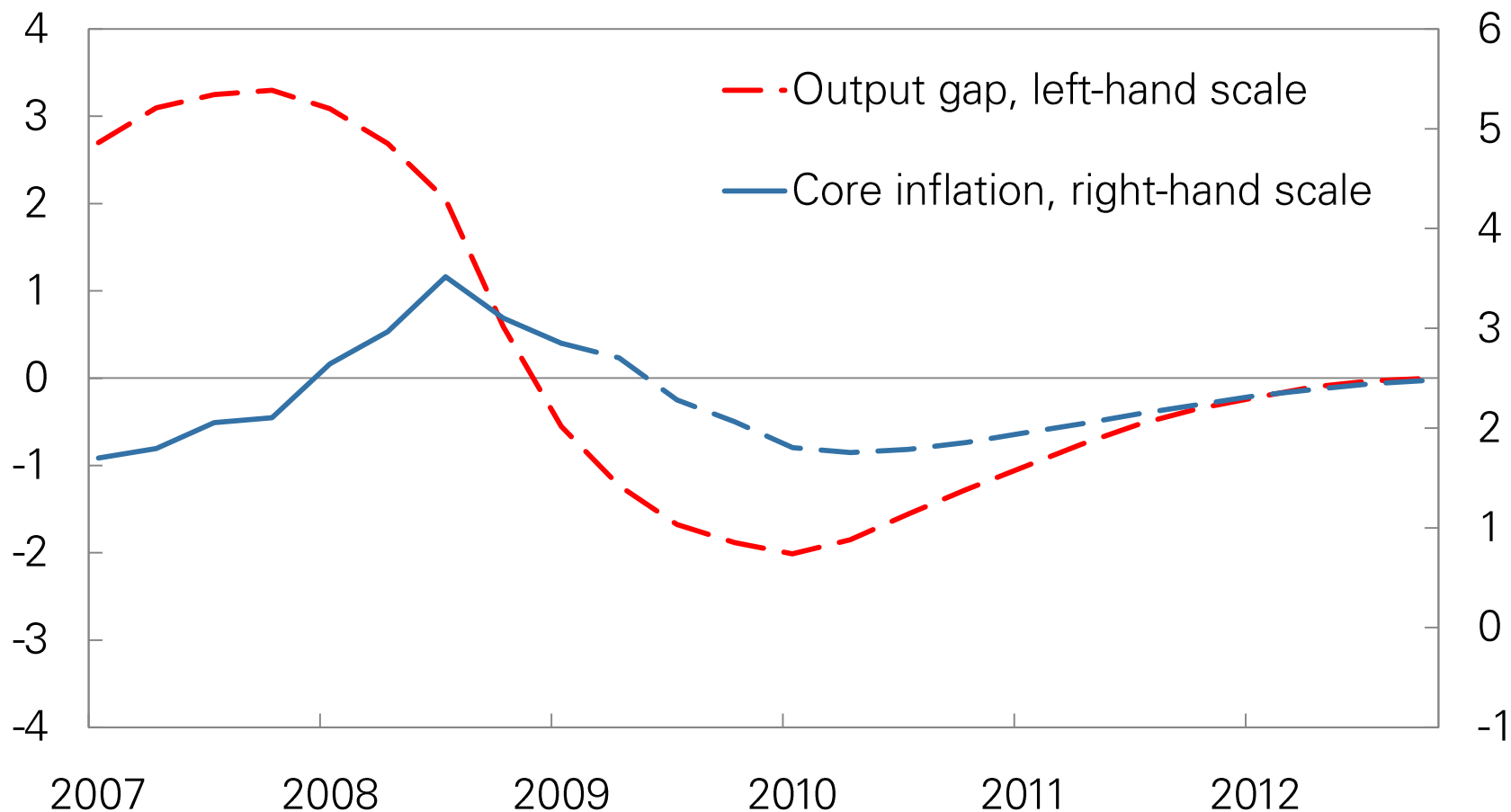
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Projected inflation and output gap

Baseline scenario MPR 1/09. Per cent. 2007 Q1 – 2012 Q4

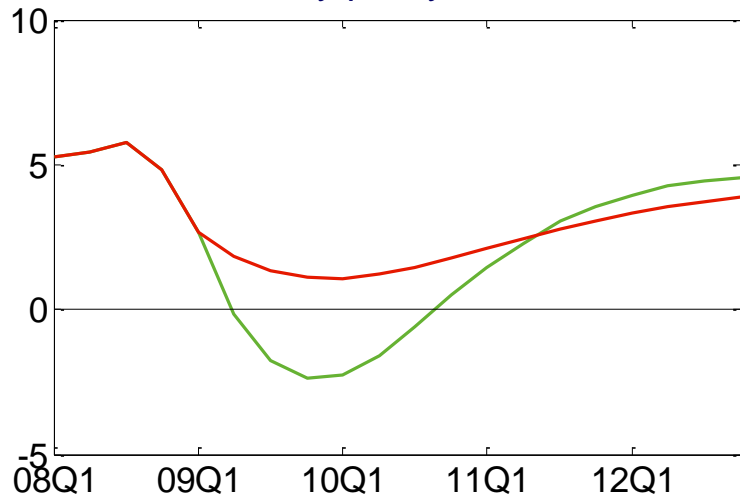


Sources: Statistics Norway and Norges Bank

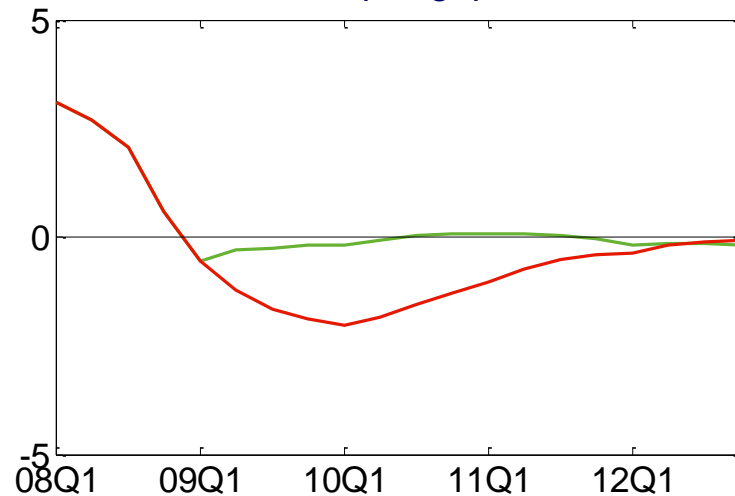
Red line: MPR 1/09

Green line: Criteria 1 and 2

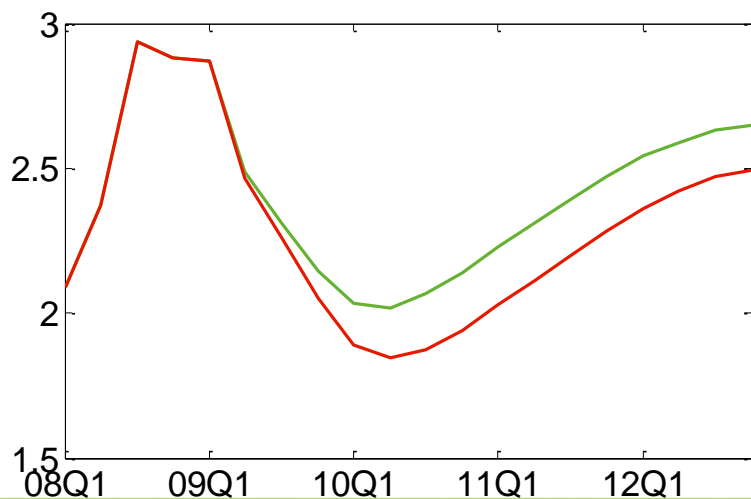
Key policy rate



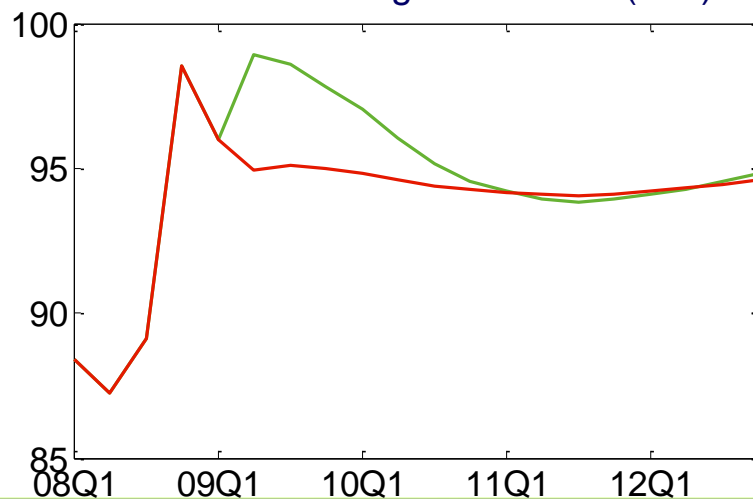
Output gap



Core inflation



Nominal exchange rate index (I-44)



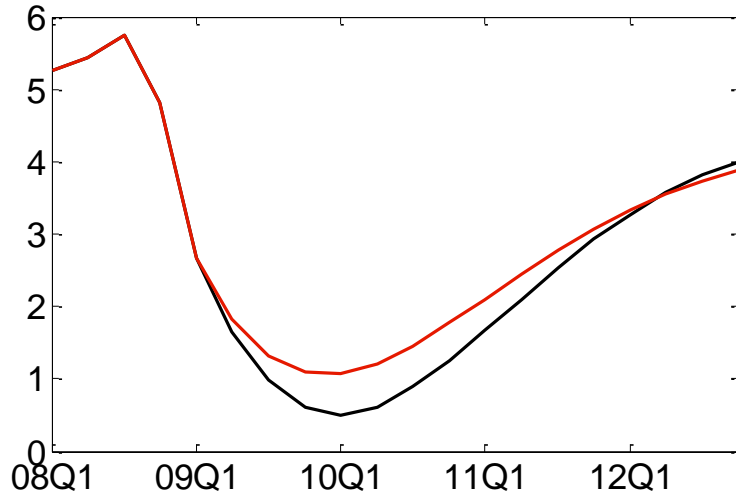
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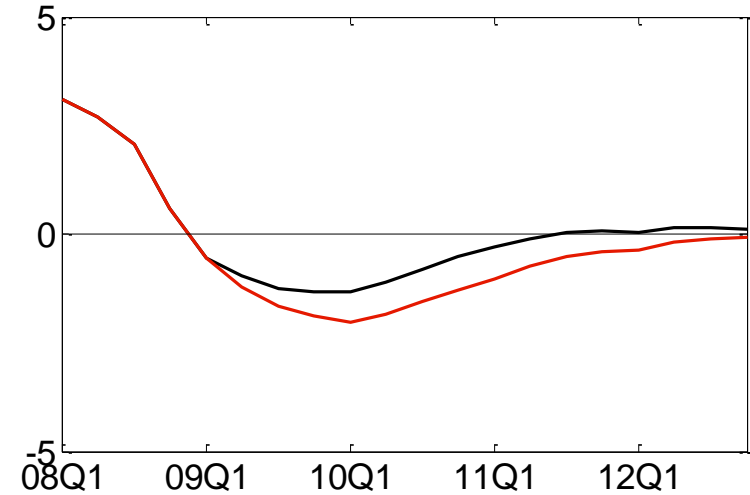
Red line: MPR 1/09

Black line: Criteria 1, 2 and 4 (gradualism)

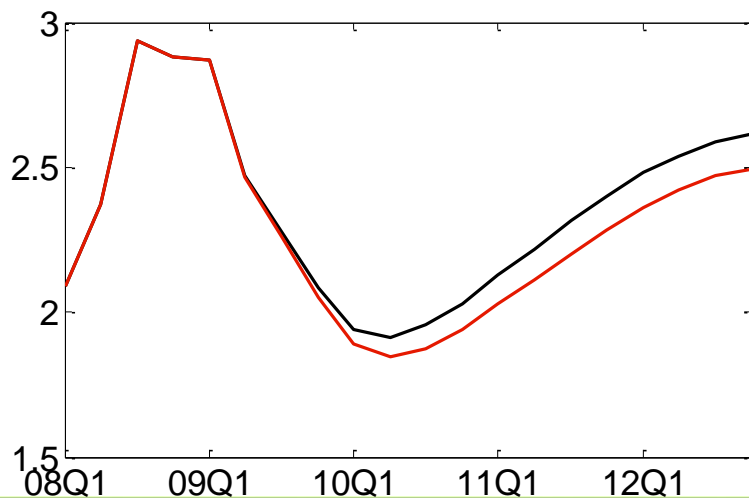
Key policy rate



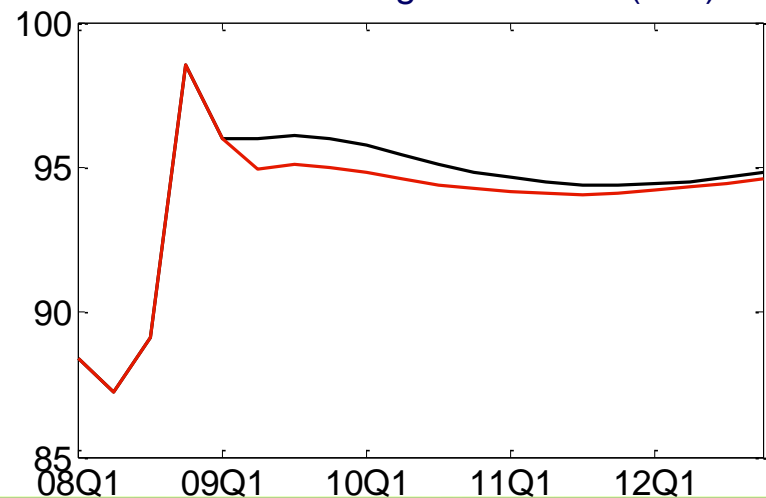
Output gap



Core inflation



Nominal exchange rate index (I-44)



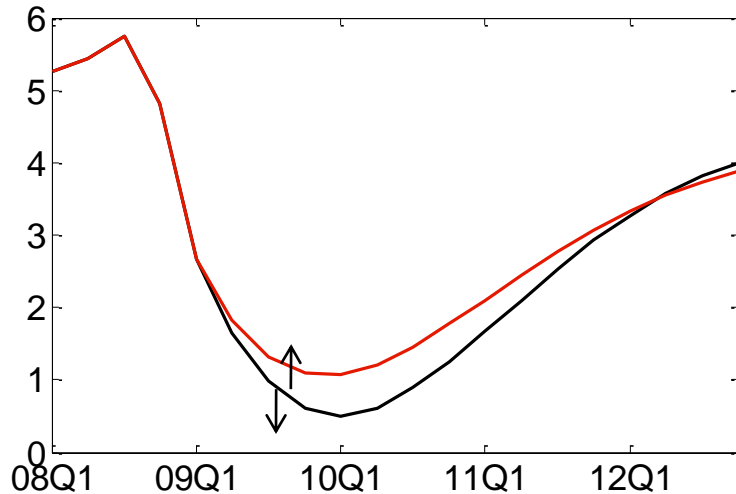
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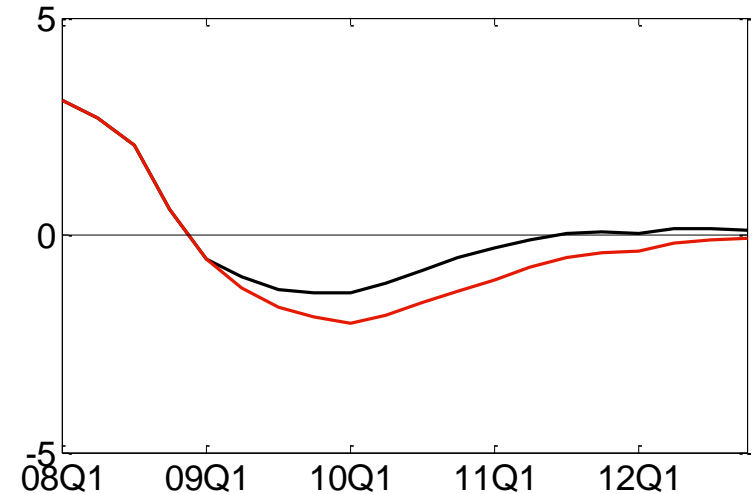
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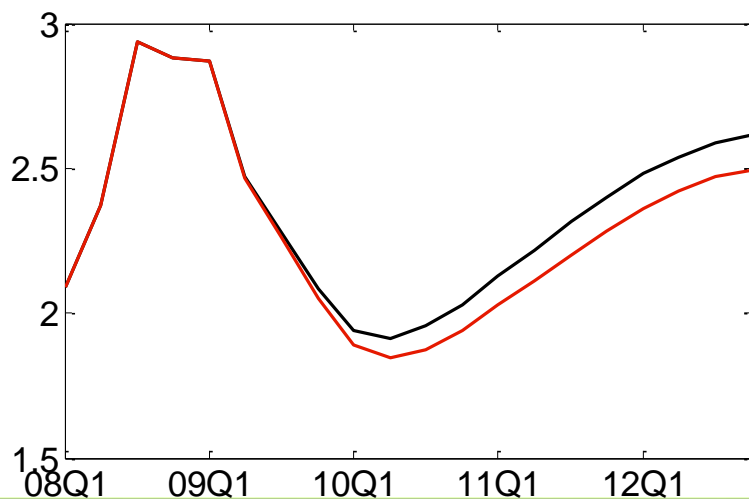
Key policy rate



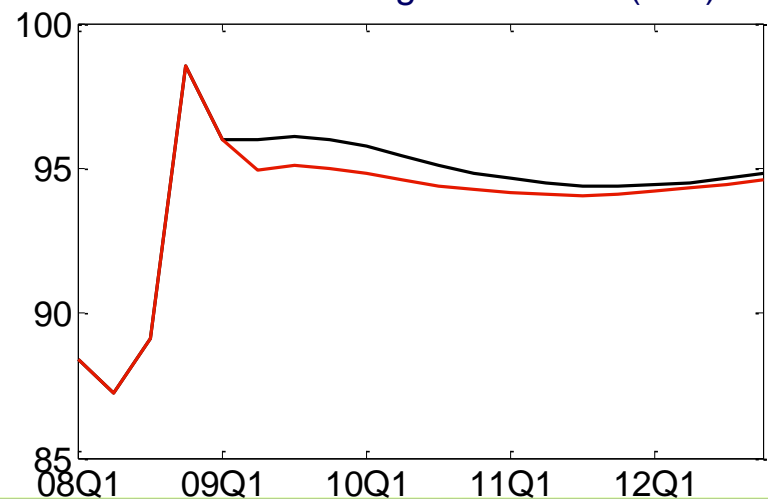
Output gap



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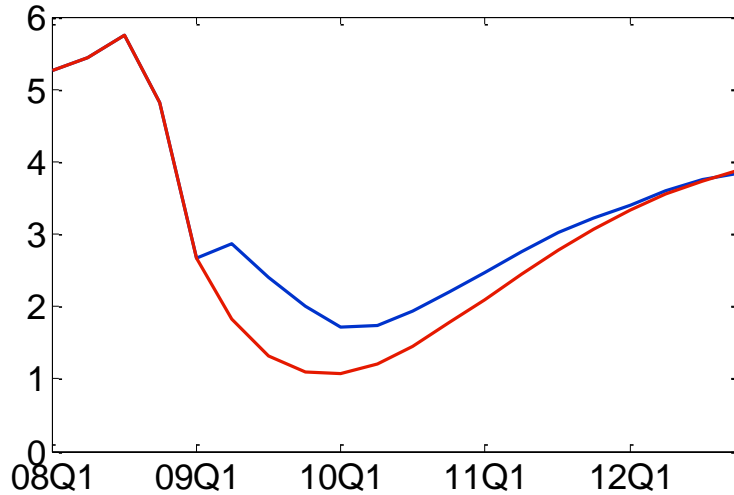
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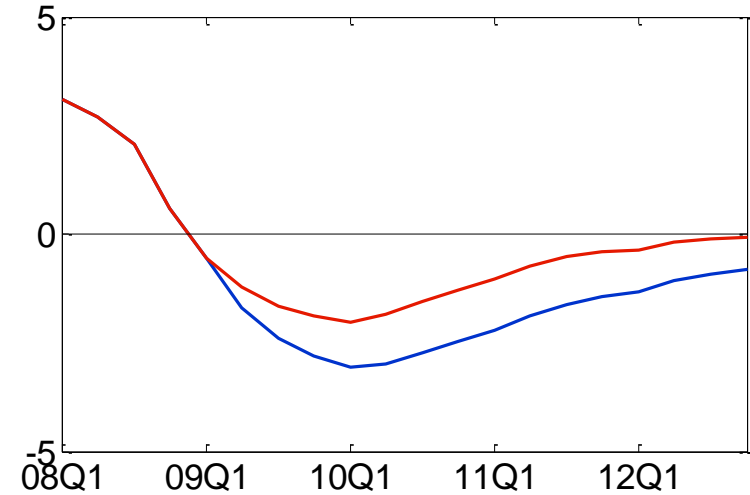
Red line: MPR 1/09

Blue line: Criterion 5 (Taylor rule)

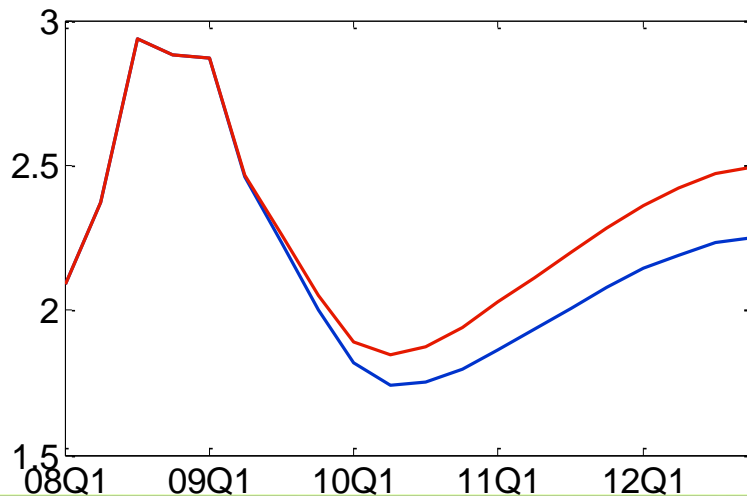
Key policy rate



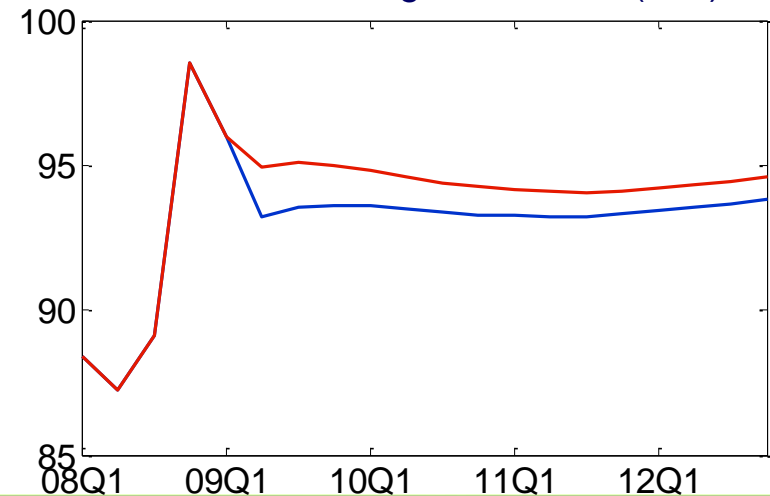
Output gap



Core inflation

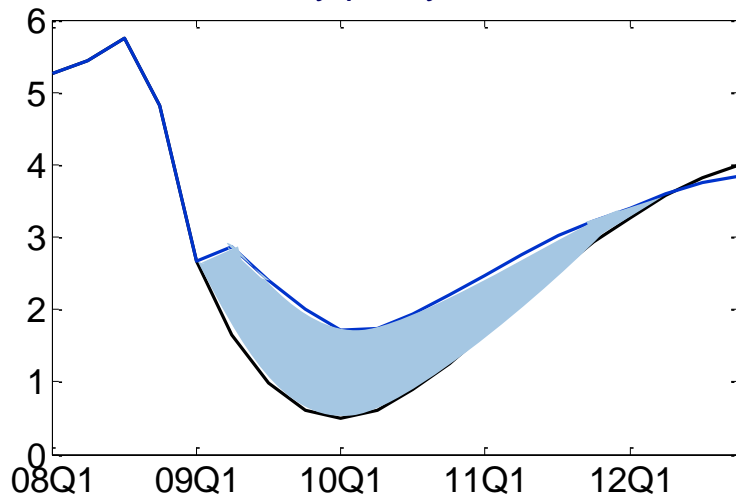


Nominal exchange rate index (I-44)

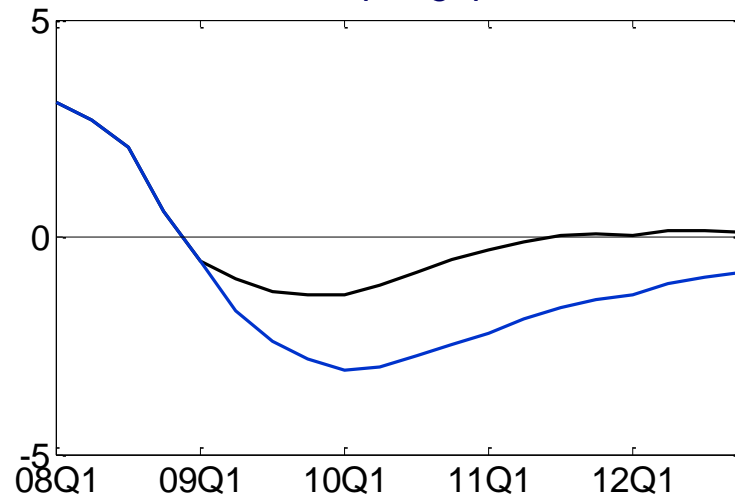


Black line: Criteria 1, 2 and 4
Blue line: Criterion 5 (Taylor rule)

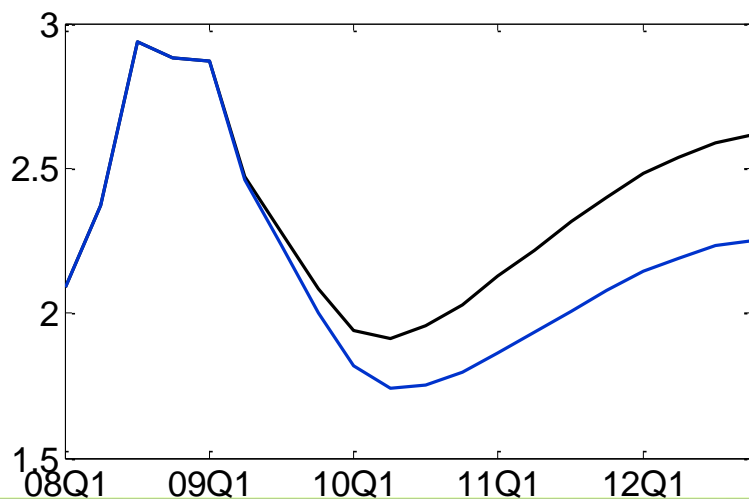
Key policy rate



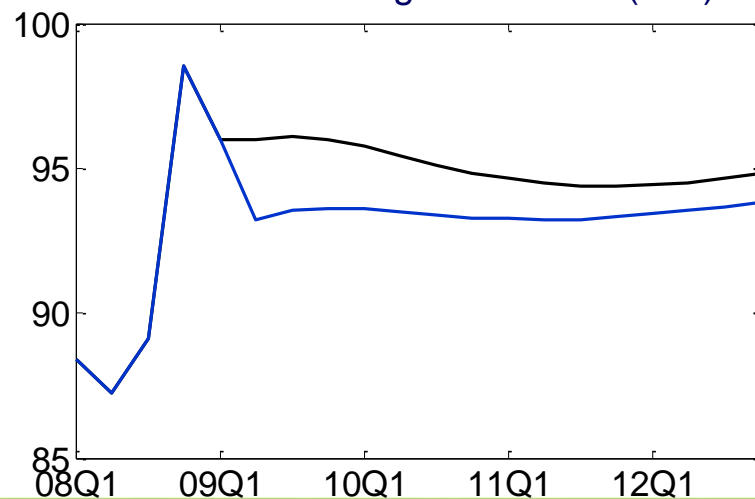
Output gap



Core inflation

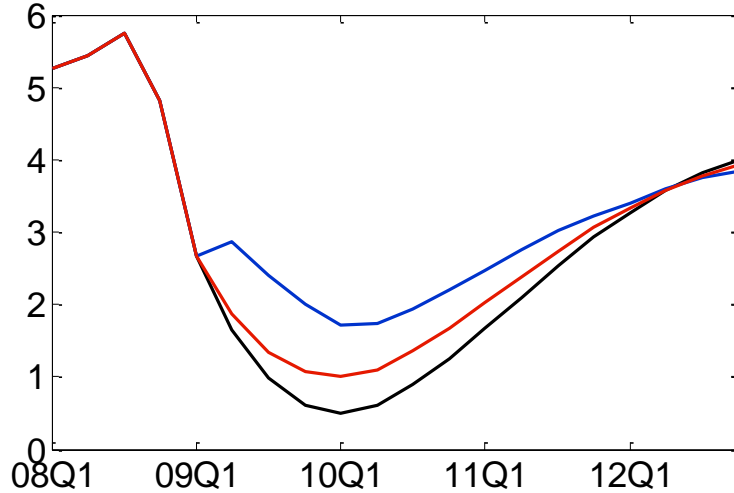


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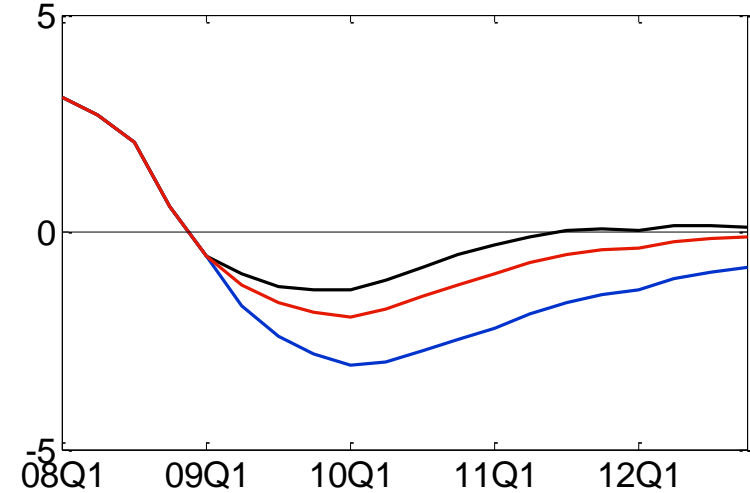


Black line: Criteria 1, 2 and 4
 Blue line: Criterion 5 (Taylor rule)
 Red line: Criteria 1, 2, 4 and 5

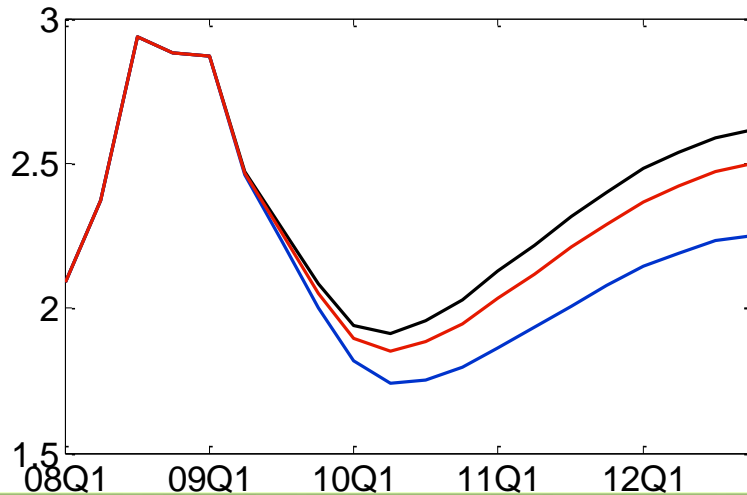
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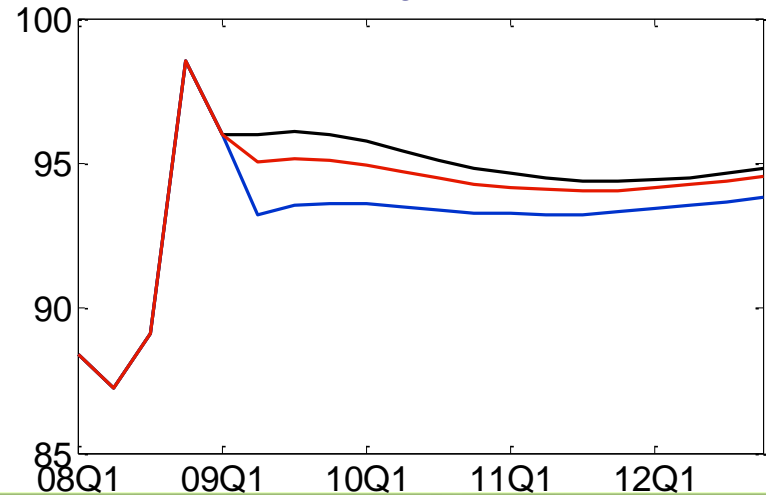
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