

Summary minutes
Monetary policy meeting of the Executive Board, 12 December 2001

Present:

From the Executive Board: Svein Gjedrem, Jarle Bergo, Esther Kostøl, Torgeir Høien, Sigbjørn Johnsen and Trond R. Reinertsen.

From Norges Bank's administration: Jan F. Qvigstad, Jon A. Solheim, Poul Henrik Poulsson, Jon Nicolaisen (items 1-3), Morten Baltzersen (items 1-3), Kristin Gulbrandsen (item 1), Nina Langbraaten (item 1), Harald Bøhn (items 2-3), Birger Vikøren (items 2-3), Knut N. Kjær (items 2-3), Dag Løtveit (items 2-3), Ole J. Oldertrøen and Judith Ellingsen.

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Matters for consideration:

1. The current monetary policy situation

Related documents: CONFIDENTIAL memo 5 December 2001 (assessment of use of instruments) from Norges Bank Monetary Policy
STRICTLY CONFIDENTIAL memo 12 December 2001 (background and recommended general assessment) from Norges Bank Monetary Policy

The Deputy Governor presented a review of the main economic developments since the previous Executive Board meeting, with particular emphasis on developments in money, foreign exchange and capital markets, and his assessment of these developments in relation to the monetary policy strategy. The Governor then presented the main assessments underlying the proposal in the decision document of an interest rate decrease of 0.50 percentage point. The Board was informed that the matter had been submitted to the Ministry of Finance.

On this basis, the Executive Board discussed the proposal and decided to reduce the interest rate on banks' sight deposits and D-loans in Norges Bank by 0.5 percentage point to 6.50 and 8.50 percent respectively with effect as from 13 December 2001.

The Executive Board took note of the memo concerning the December assessment of the use of instruments.