

Summary minutes

Monetary policy meeting of the Executive Board, 10 May 2000

Present:

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

Matters for consideration:

[...]

2. The current monetary policy situation

Related documents: CONFIDENTIAL memo 5 May 2000 (assessment of use of instruments) from Wing I/ Economics Department

 STRICTLY CONFIDENTIAL memo 10 May 2000 (background and recommended general assessment) from Wing I/Economics Department

The 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.

On this basis, the Executive Board then discussed the monetary policy situation and the use of instruments. The Board's decision was to keep the interest rate unchanged.

Executive Board member Torgeir Høien noted that no proposal was made to change the key policy rate. He would have been in favour of a proposal to raise the interest rate on banks' overnight deposits in Norges Bank, the sight deposit rate, by 0.25 percentage point and presented arguments to support this view. Such an interest rate increase would also have been in line with strategy document no. 2 for the current year.

The Executive Board took note of the memo concerning the May 2000 assessment of the use of instruments.