



# **ECONOMIC OUTLOOK**

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Molde, 17 November 2021



NORGES BANK

# Topics

A woman wearing a white face mask and a grey apron over a light-colored t-shirt is standing behind a glass door. She is looking towards the camera with a slight smile. The background is a dimly lit interior, likely a cafe or restaurant, with shelves, plants, and a counter visible. The entire image has a blue tint.

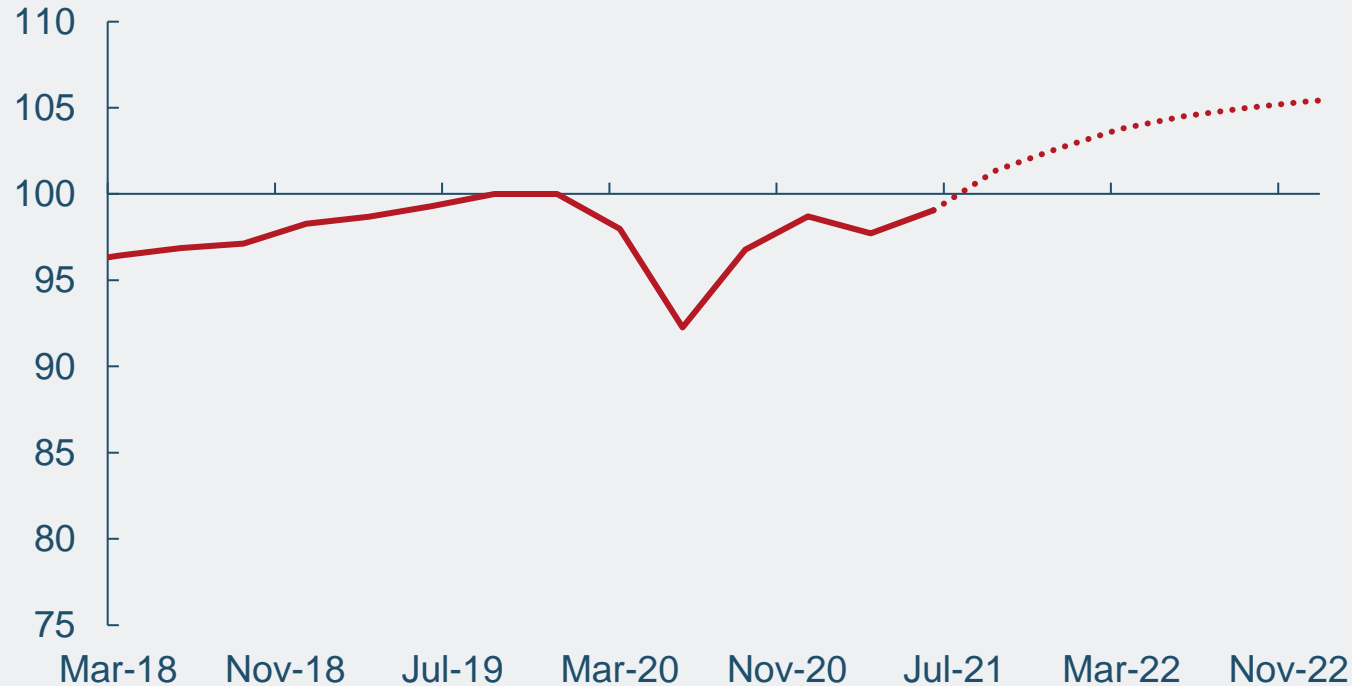
- Rapid economic recovery
- Recent developments
- From a unique economic position to restructuring

# Rapid economic recovery



# Marked upswing in the Norwegian economy...

GDP<sup>1)</sup> for mainland Norway

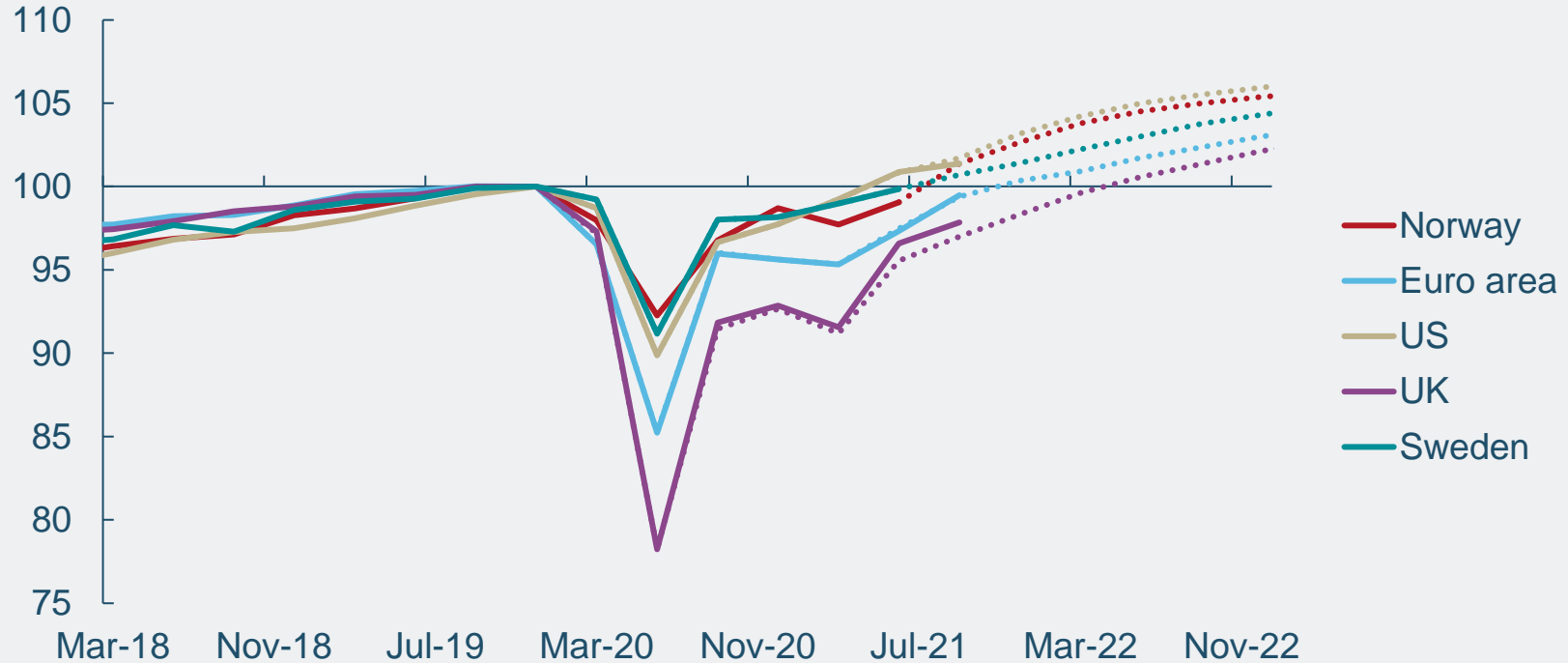


1) Index. 2019 Q4 = 100. Forecasts from *Monetary Policy Report 3/21*.  
Sources: Refinitiv Datastream and Norges Bank



# ... and the recovery abroad continues

GDP<sup>1)</sup> in selected countries

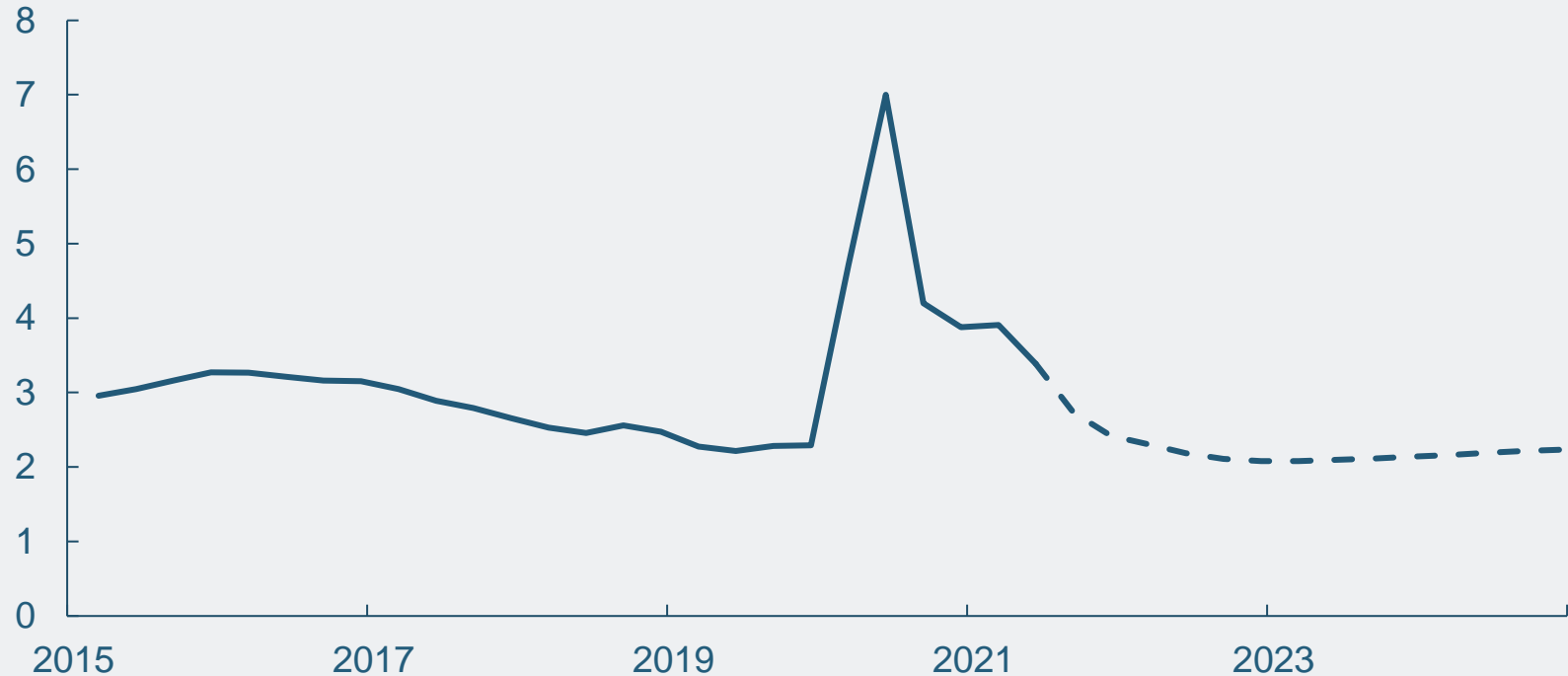


1) Index. 2019 Q4 = 100. Forecasts from *Monetary Policy Report 3/21*.  
Sources: Refinitiv Datastream and Norges Bank



# Unemployment on the decline

Registered fully unemployed as a share of the labour force.<sup>1)</sup> Percent



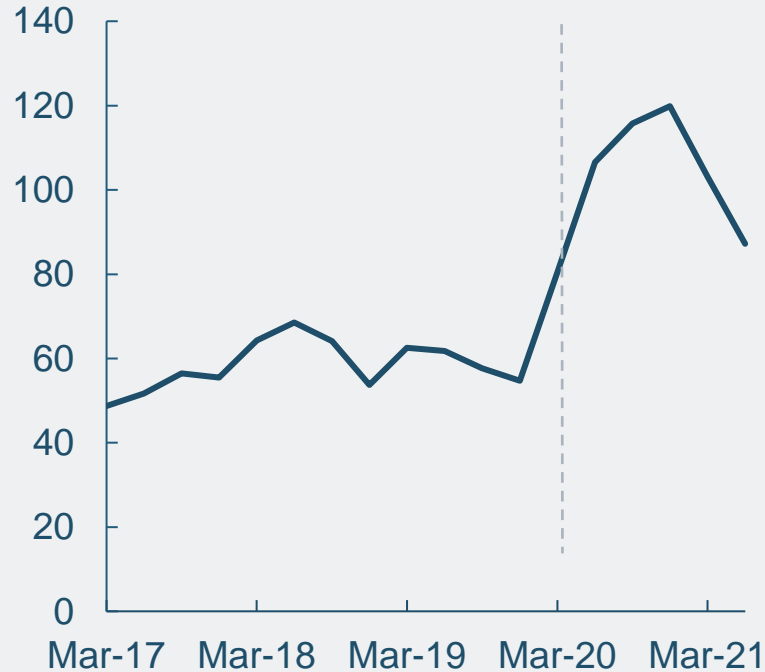
1) Sesonally adjusted

Sources: Norwegian Labour and Welfare Administration and Norges Bank

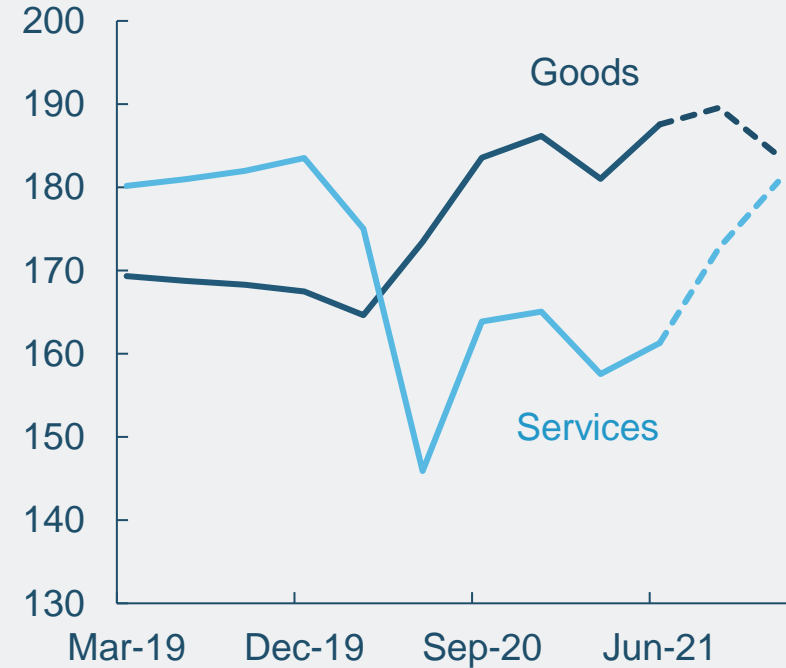


# Household consumption on the way back

## Large effects on bank deposit<sup>1)</sup>



## Shift in household consumption away from services towards goods<sup>2)</sup>

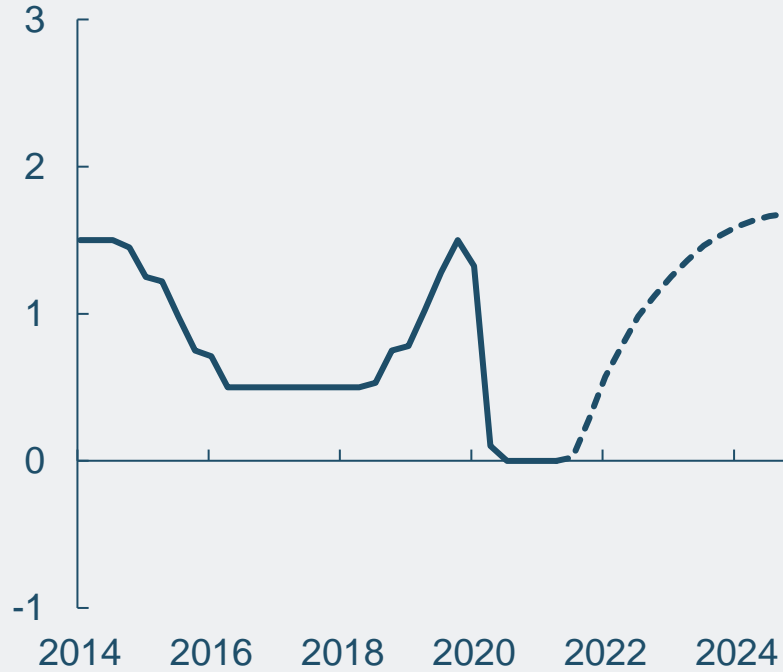


1) In billions of NOK. Net bank deposit transactions in the past four quarters. 2) Constant prices. Seasonally adjusted.  
In billions of NOK. Forecasts from *Monetary Policy Report 3/21*.  
Sources: Statistics Norway and Norges Bank



# The policy rate is normalising

Policy rate path<sup>1)</sup>



## Monetary policy meeting of 3 November

The policy rate was kept unchanged at 0.25%.

A normalising economy suggests that it will be appropriate to raise the policy level further from today's level.

1) Norges Banks' policy rate. Percent.  
Source: Norges Bank



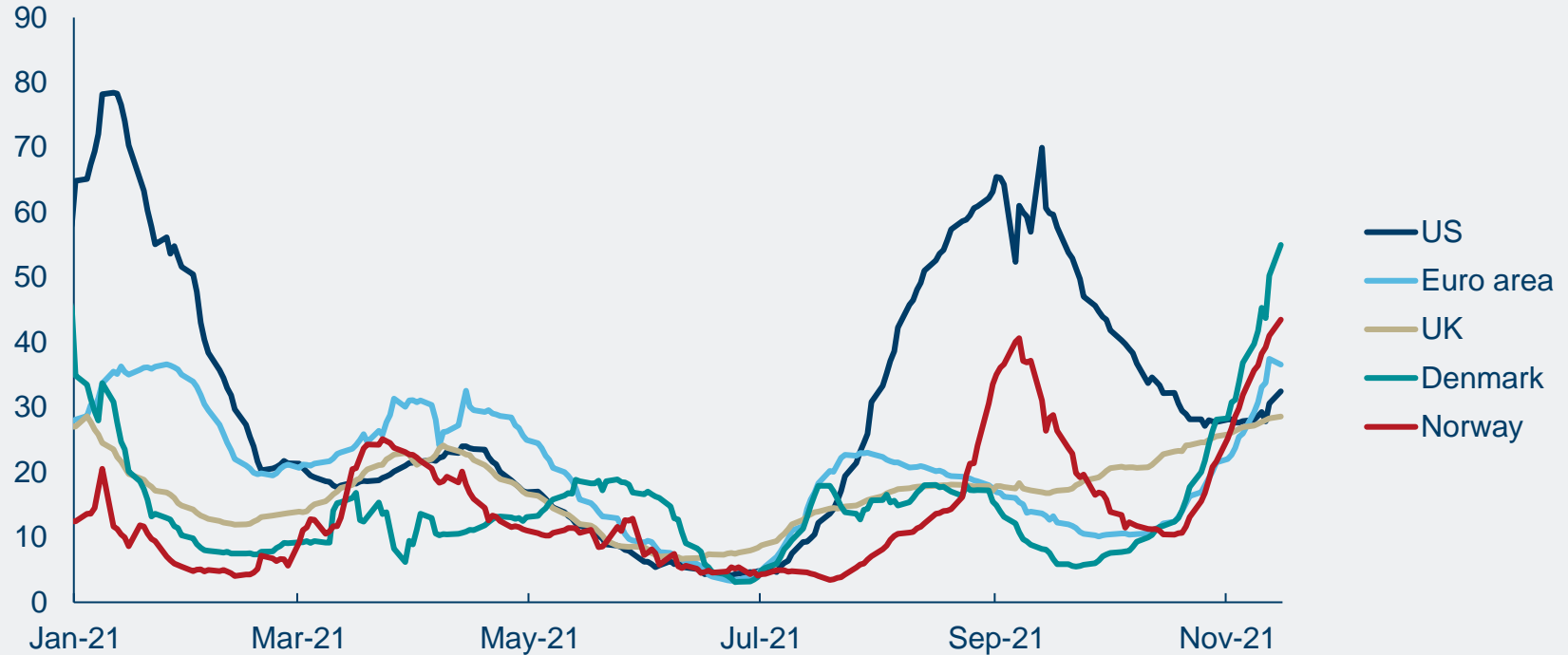


# Recent developments



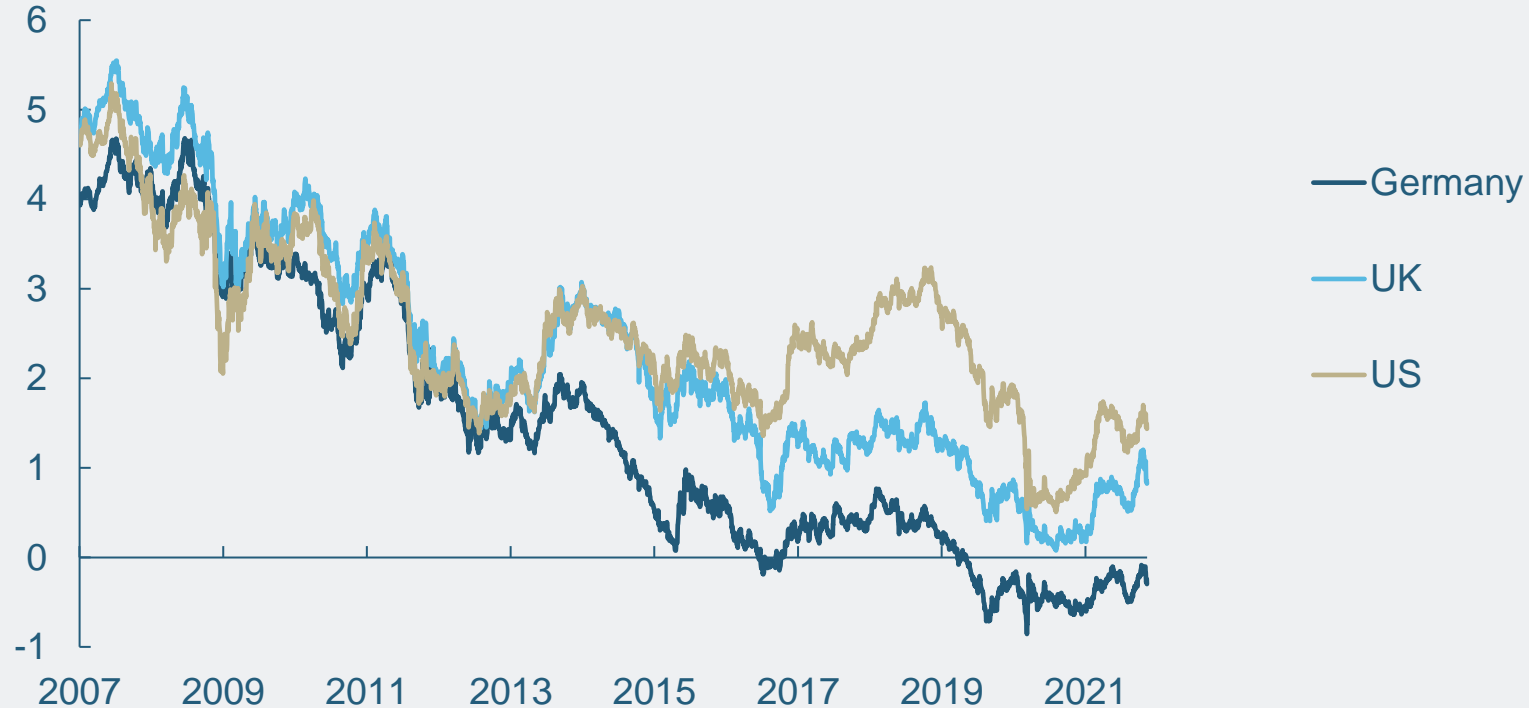
# The pandemic is not over

New infected per 100 000 inhabitants. Seven-day moving average



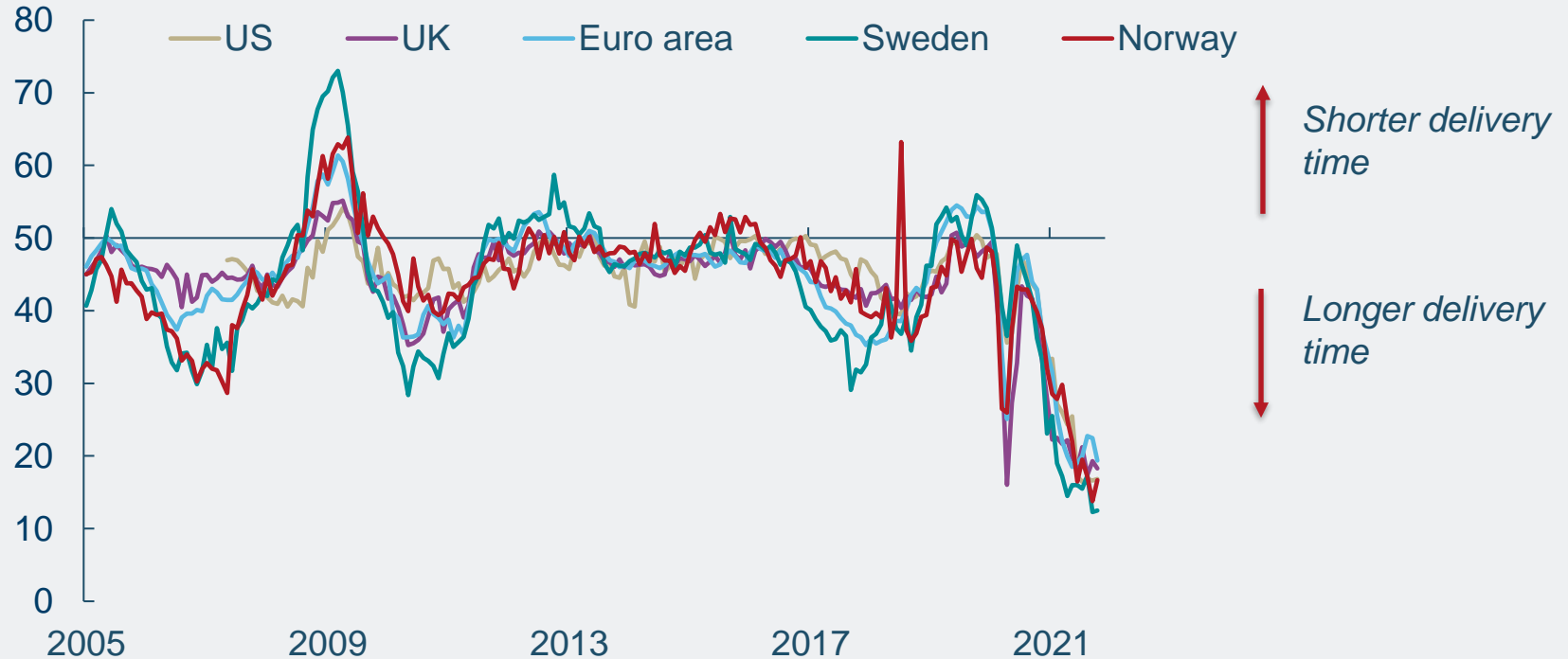
# Interest rates abroad also on the way up?

Yields on 10-year government bonds in selected countries. Percent



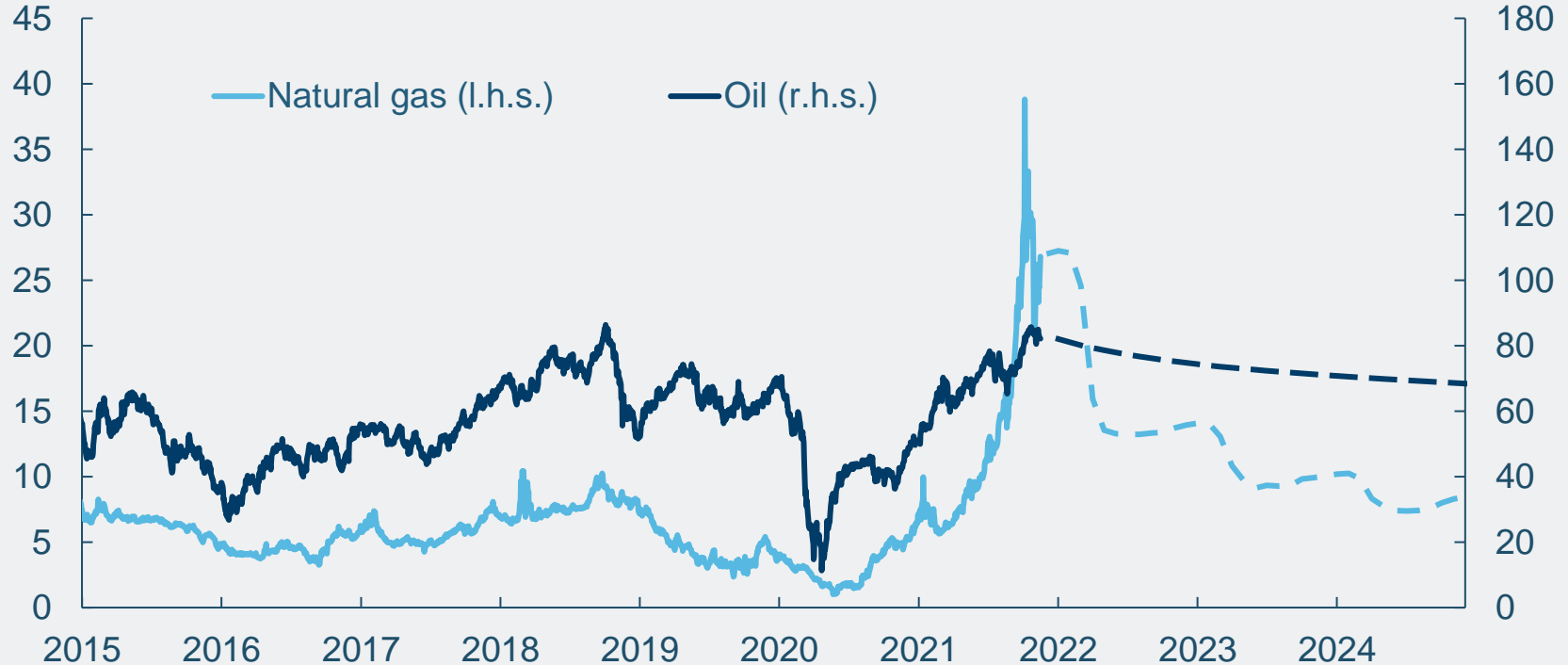
# Long delivery times in manufacturing

PMI manufacturing delivery times



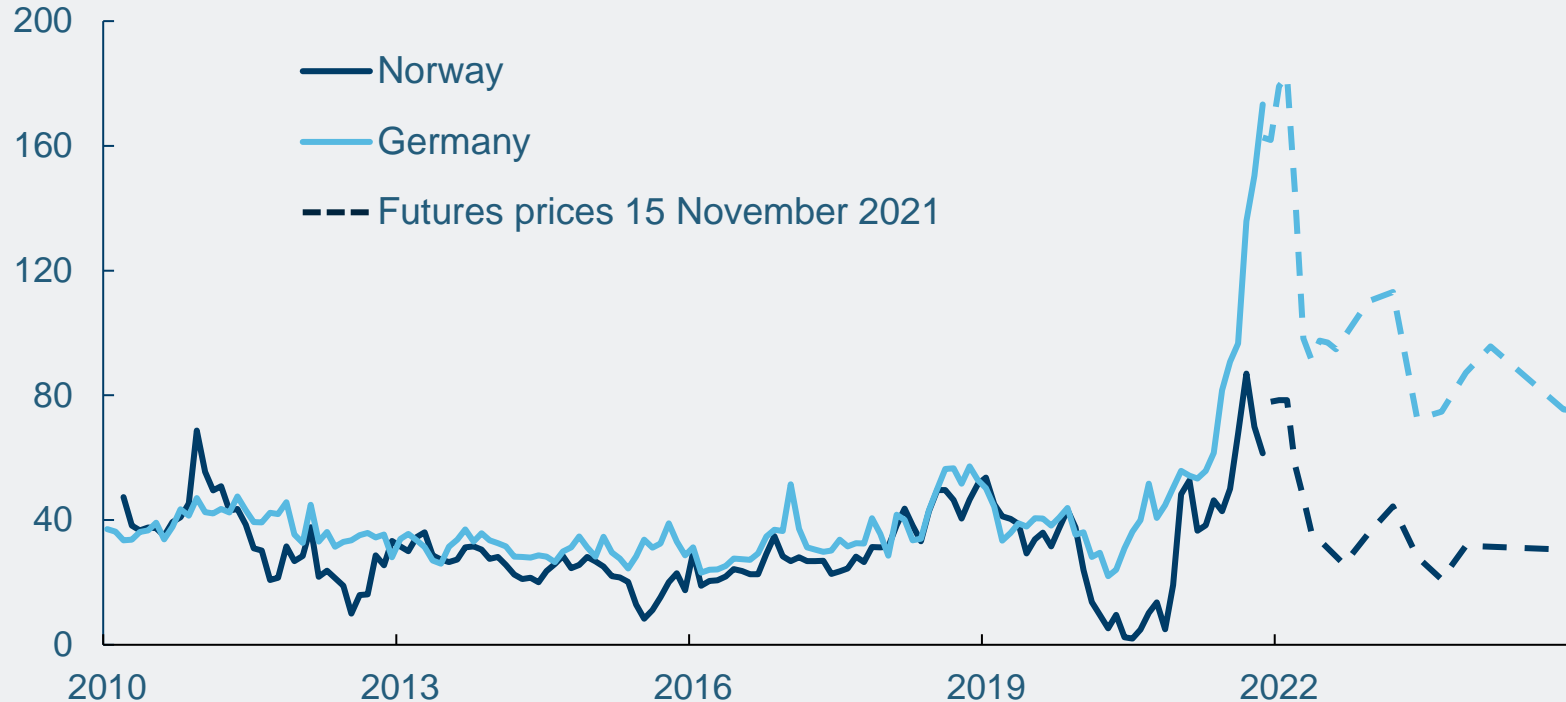
# Oil and gas prices have risen

Oil prices. USD per barrel. Natural gas prices. USD per MMBtu



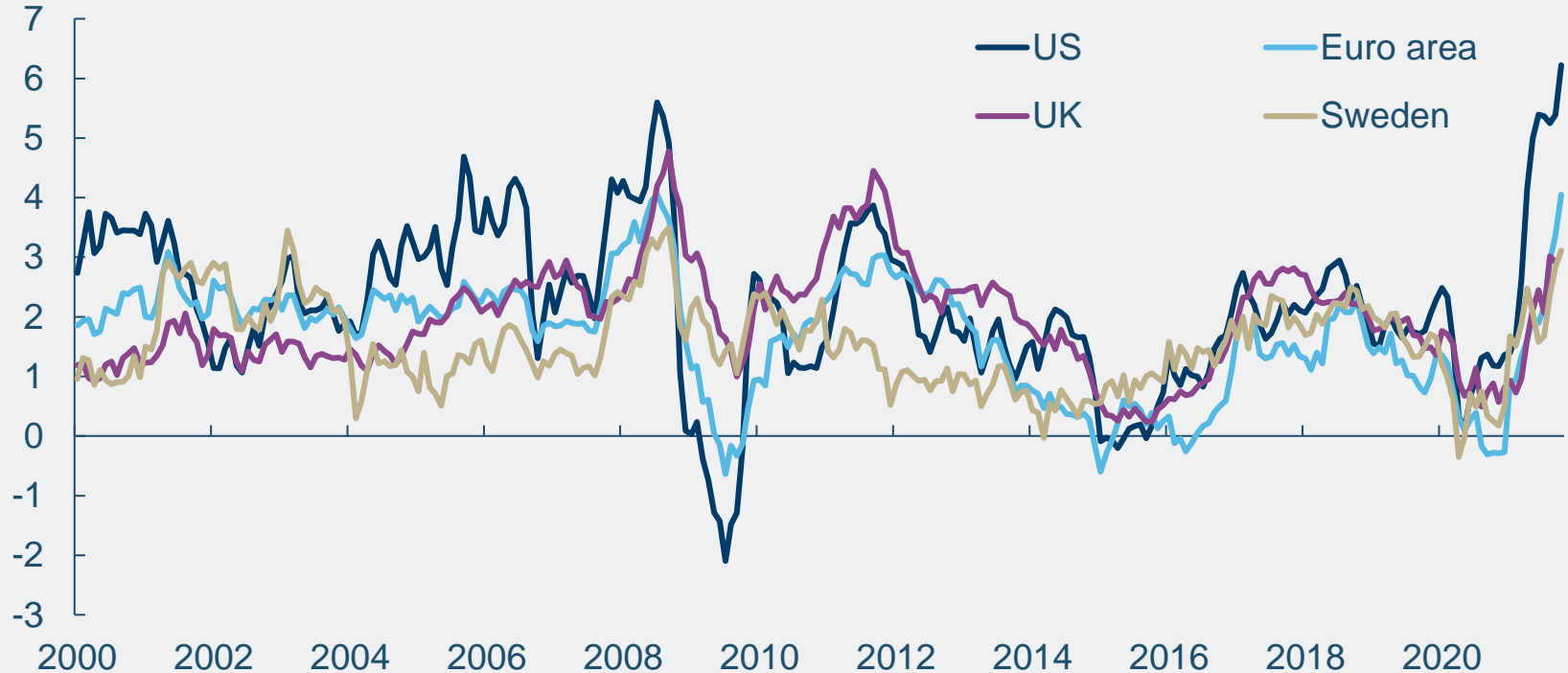
# Sharp rise in electricity prices

Electricity prices in Norway and Germany. Øre/kWh



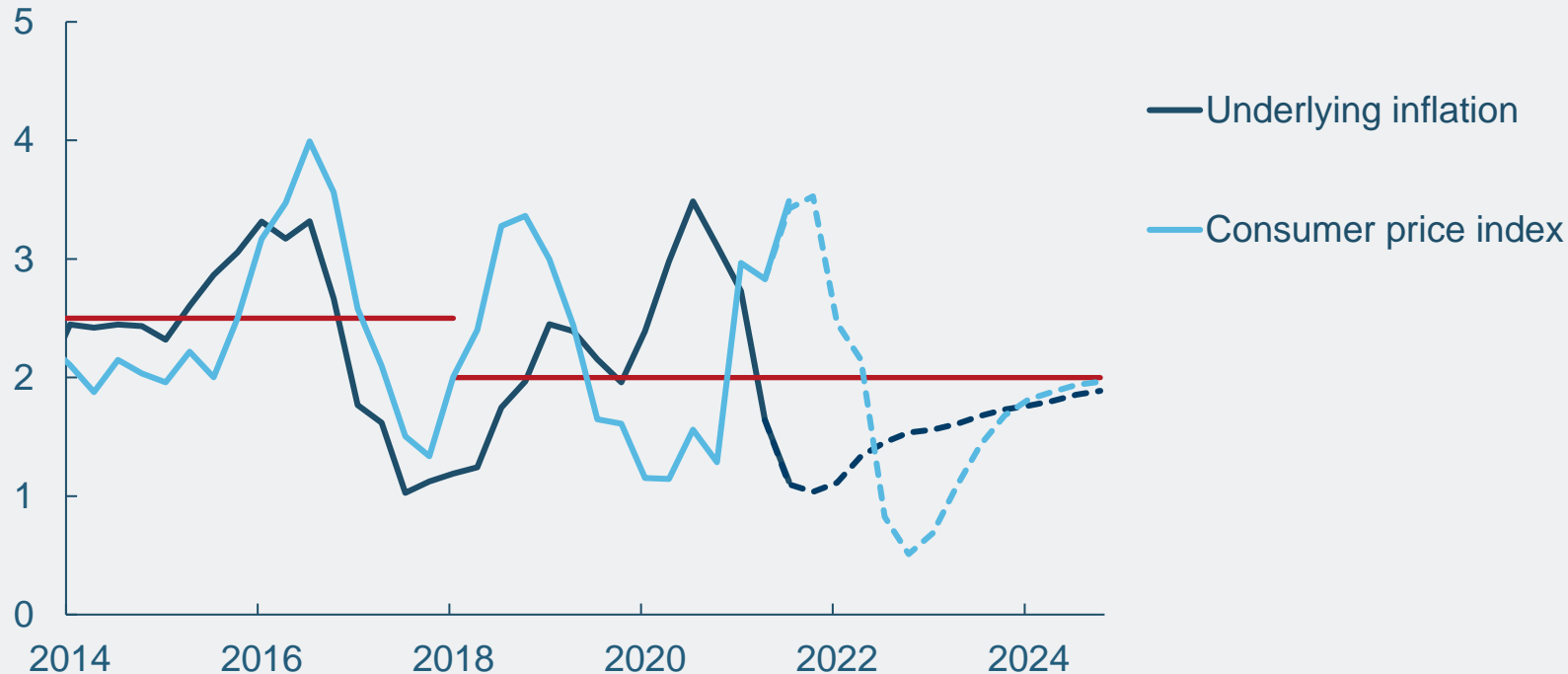
# Energy prices have boosted consumer prices

Consumer price index (CPI). Twelve-month change. Percent



# Norway: Prospects for inflation close to target

CPI and CPI-ATE.<sup>1)</sup> Four-quarter change. Percent



1) Forecasts from the *Monetary Policy Report 3/21*.  
Sources: Statistics Norway and Norges Bank





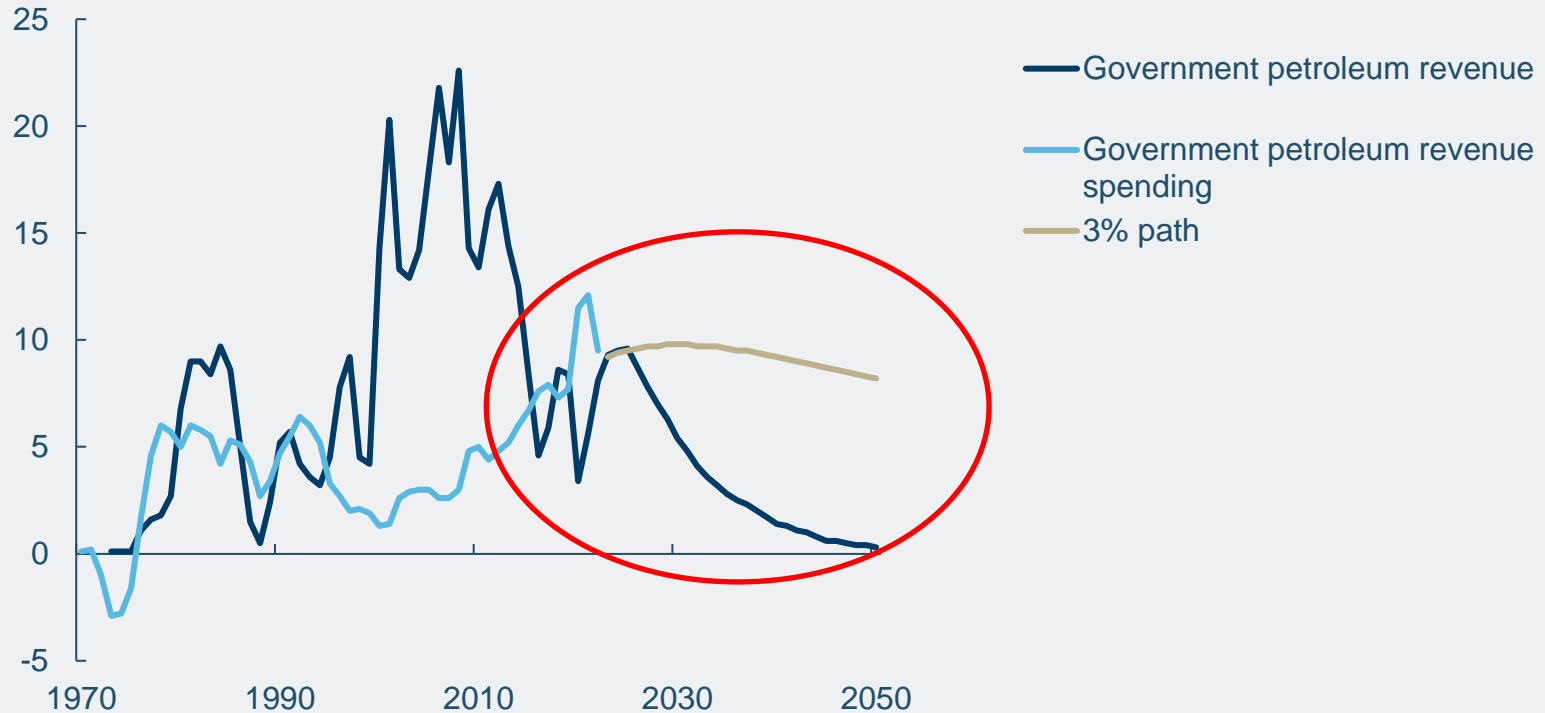
# From a unique economic position to restructuring

- Solid government finances, but....
- ...the green transition is underway



# The GPFG may be close to peaking...

Percentage of trend mainland GDP

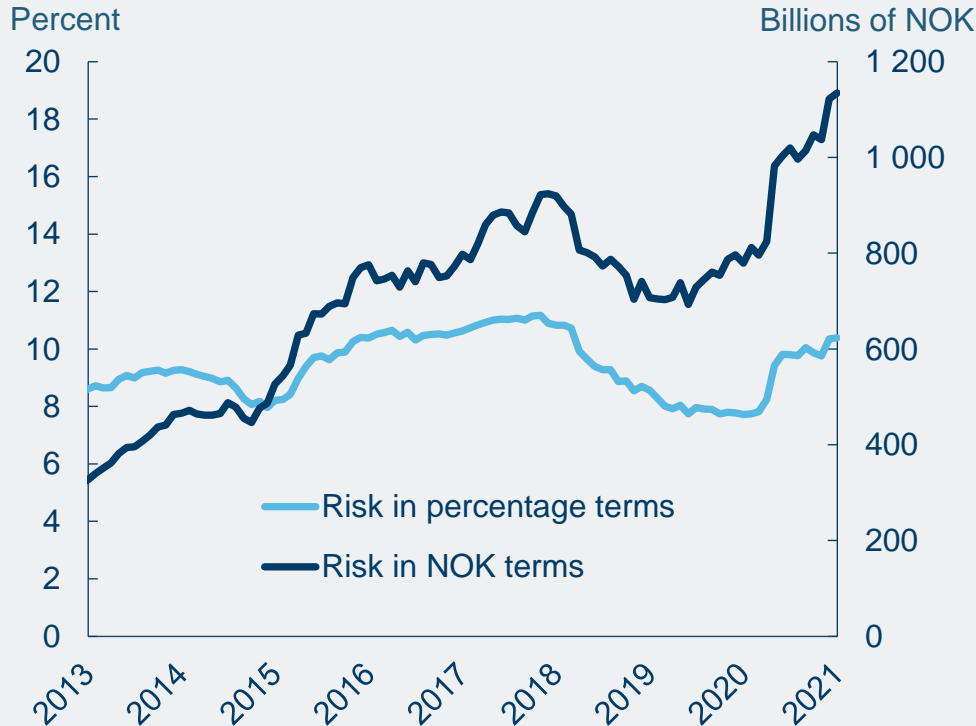


Source: Ministry of Finance



# ...and the risk has been transferred to the financial market

Expected absolute volatility for the fund

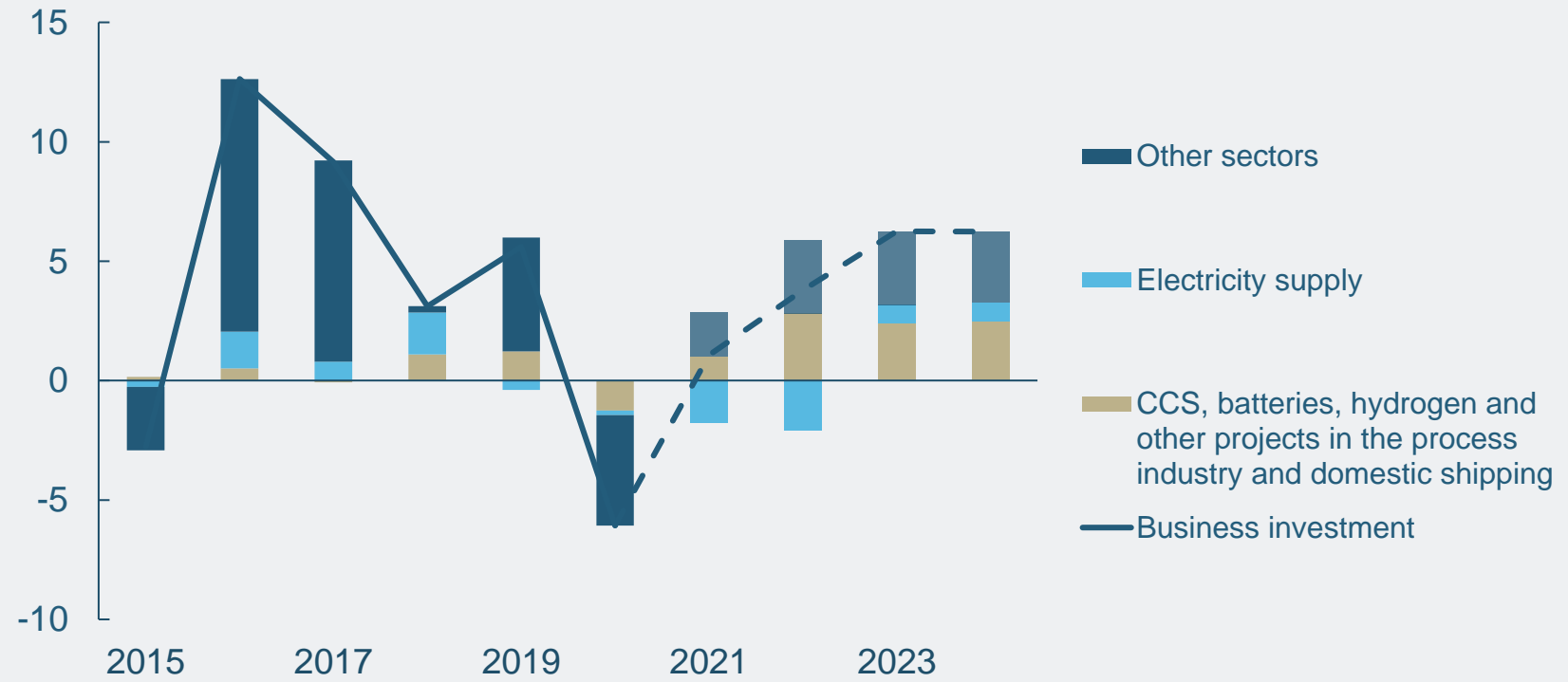


*We can expect a loss of 10% or more of the fund's value every six years.*



# The green transition is underway

Business investment in mainland Norway. Contribution to annual growth.



Sources: Statistics Norway and Norges Bank



# ØKONOMISKE UTSIKTER

SENTRALBANKSJEF ØYSTEIN OLSEN

Molde, 17. november 2021



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