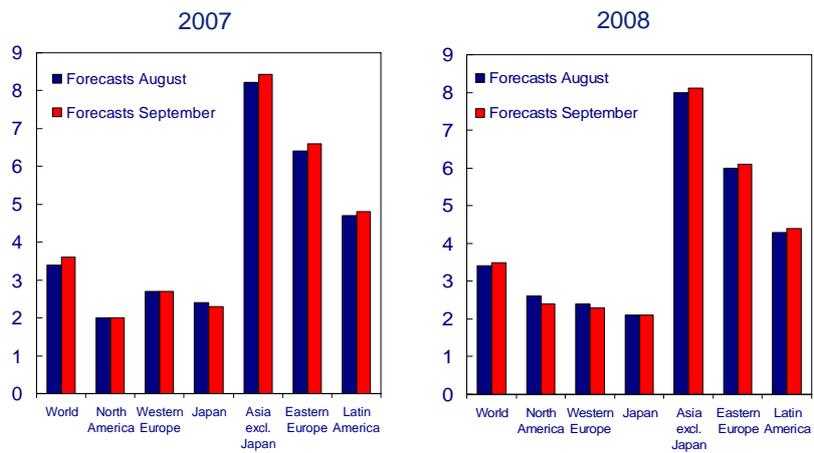


Executive Board meeting

26 September 2007

Growth forecasts Consensus Forecasts

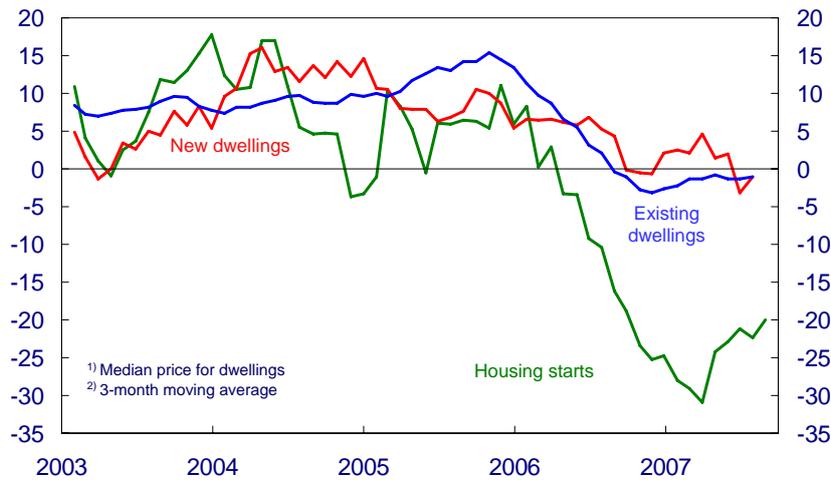
GDP. Percentage change on previous year



New measures from central banks (since 15 August)

Central bank	Date	Comment:
Fed	17 August	The Fed lowers the discount rate temporarily from 6.25 to 5.75 per cent.
	24 August	Increases loan terms - up to 30 days. Increase in securities that are accepted as collateral for loans.
	18 September	The Fed lowers the target for the federal funds rate by 0.5 percentage point to 4.75 per cent (there was a slight overweight of expectations for 0.25 percentage point in advance).
ECB	23 August	Extraordinary <u>3-month</u> provision of liquidity.
	6 September	ECB keeps interest rate unchanged (as expected by the majority in the market).
Bank of England	5, 13 and 20 September	Reserve requirements and fluctuation margins are increased several times.
	6 September	BoE keeps Bank Rate unchanged (as expected by the majority in the market).
	14 and 19 September	BoE offers emergency funding to Northern Rock.
	19 September	BoE offers liquidity with a <u>3-month</u> maturity. Increase in securities that are accepted as collateral for loans.

House prices¹⁾ and housing starts in the US Seasonally adjusted. 12-month rise.²⁾ January 2003 – August 2007



¹⁾ Median price for dwellings
²⁾ 3-month moving average

Equities

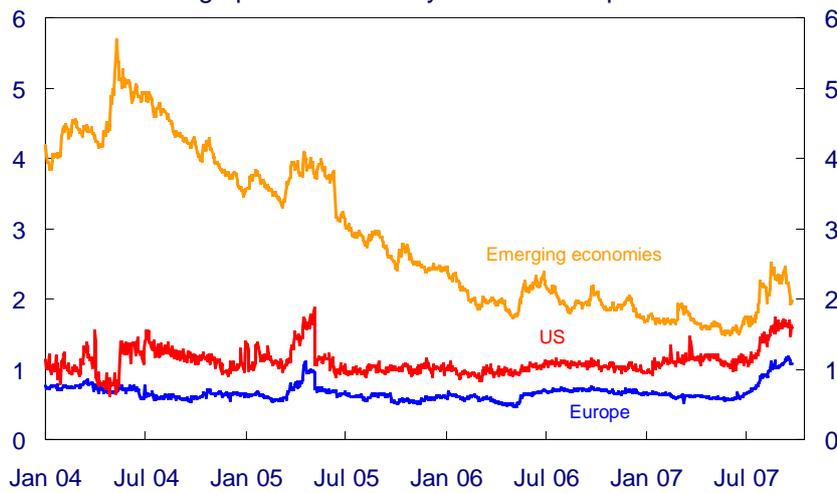
Indices, 1 November 2006 = 100. 1 November 2006 – 24 September 2007



Source: Reuters (EcoWin)

Credit premium on BBB-rated corporate bonds in the US and Europe and on the debt of emerging economies

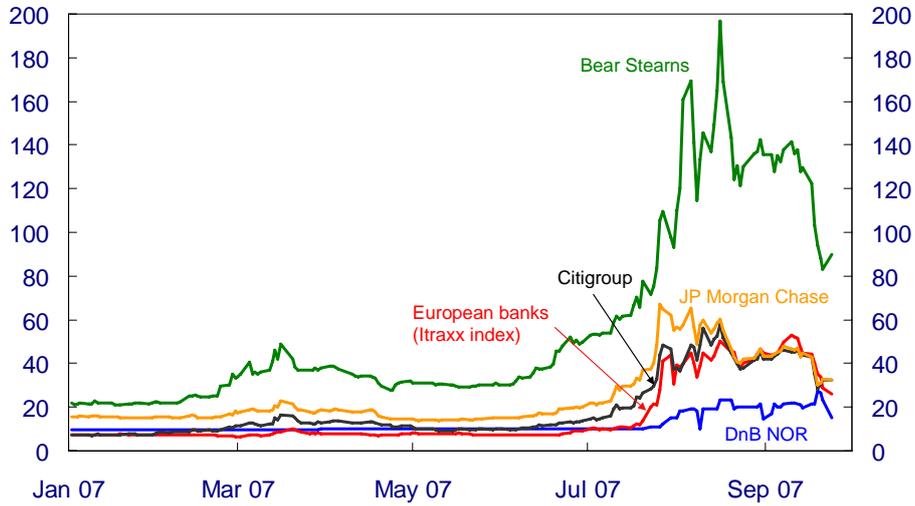
Percentage points. 1 January 2004 – 24 September 2007



Source: Reuters (EcoWin)

Price of hedging credit risk. 5-year CDS prices

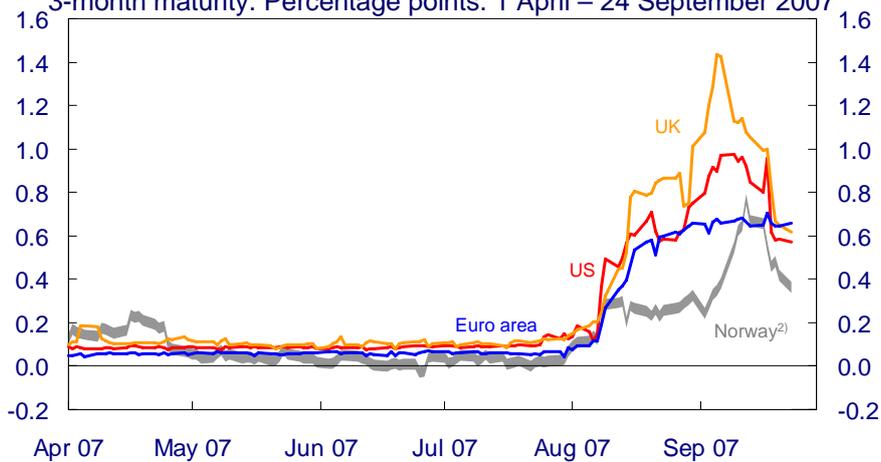
Basis points. 1 January 2007 – 24 September 2007



Sources: Bloomberg, Reuters and Thomson Datastream

Difference between money market rates and expected key rate¹⁾

3-month maturity. Percentage points. 1 April – 24 September 2007



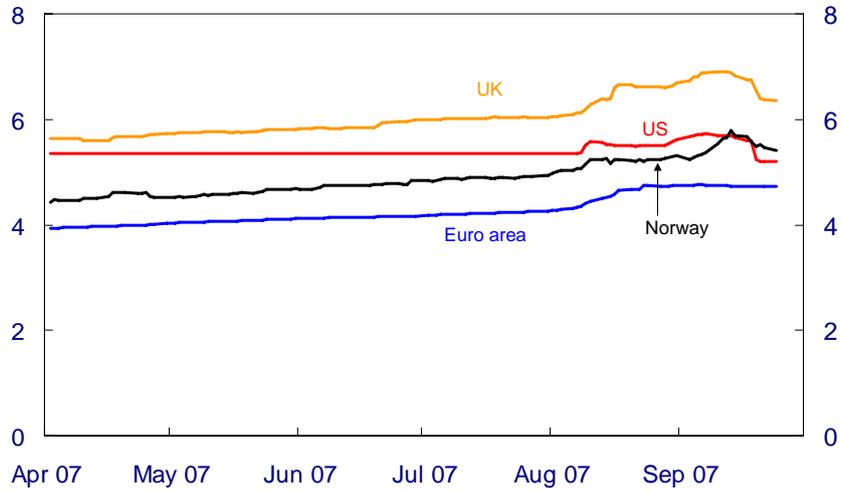
¹⁾ The expected key rate is measured by Overnight Indexed Swap (OIS).

²⁾ Projections. The projections for the past 3 months are based on a market bias towards an interest rate increase in September and December. Prior to this they are based on actual key rates.

Sources: Reuters (EcoWin) and Norges Bank

Money markets

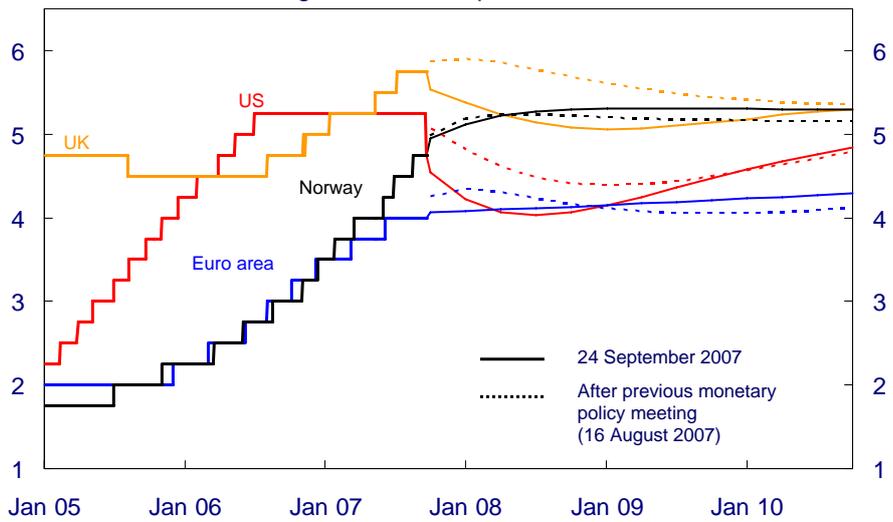
3-month LIBOR/NIBOR. Per cent. 1 April – 24 September 2007



Source: Reuters (EcoWin) 9

Key rates and forward rates

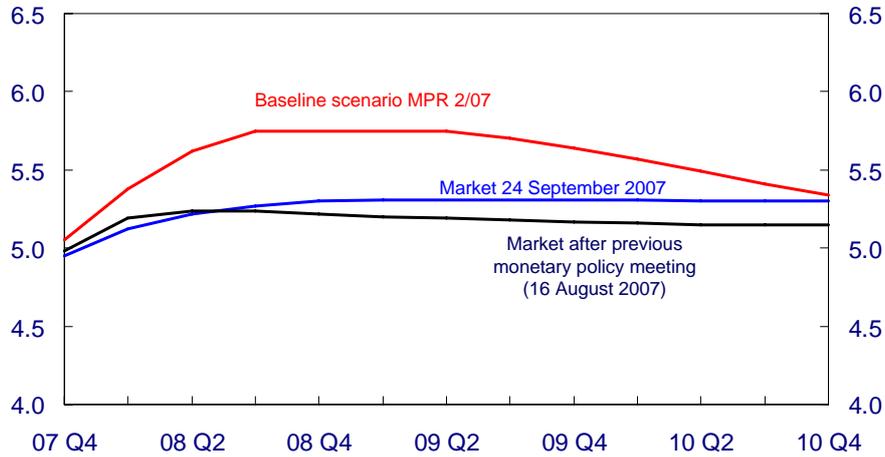
16 August and 24 September 2007



Sources: Reuters (EcoWin), Bloomberg and Norges Bank

Key policy rate in baseline scenario and estimated forward rates¹⁾

Per cent. At 24 September 2007

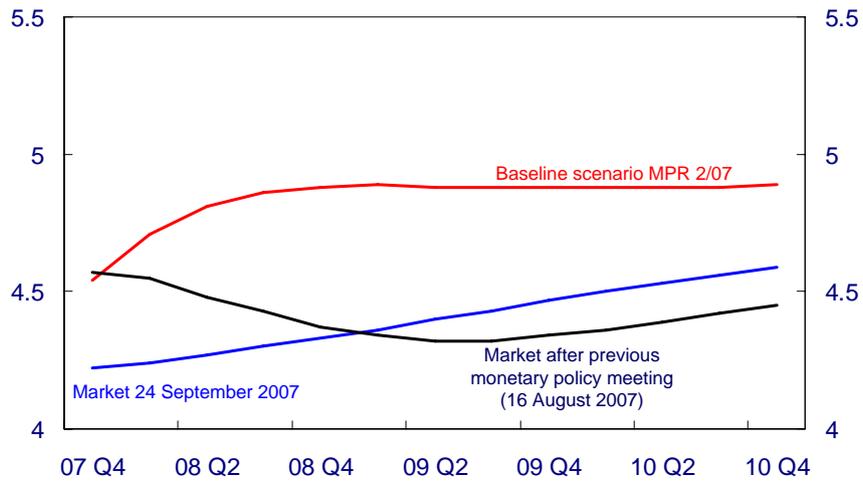


¹⁾ A credit risk premium and a technical difference of 0.20 percentage point have been deducted to make the forward rates comparable with the key policy rate. Sources: Reuters (EcoWin) and Norges Bank

Trading partners' forward rate curve

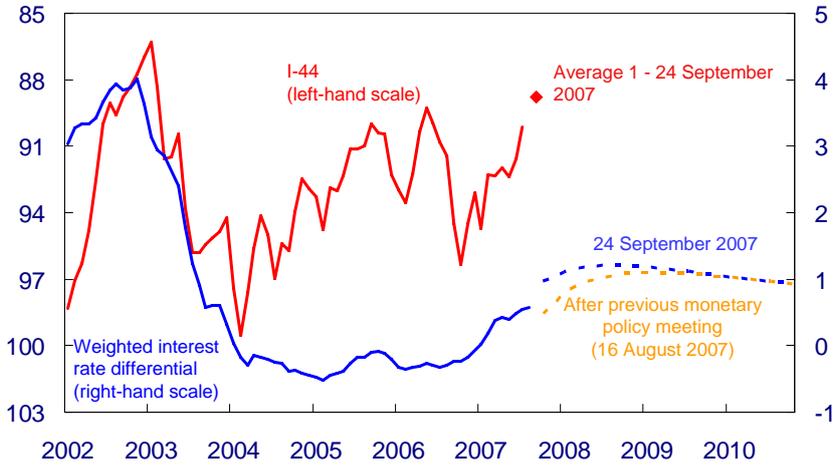
3-month nominal money market rates

Per cent. At 24 September 2007



Sources: Reuters (EcoWin) and Norges Bank

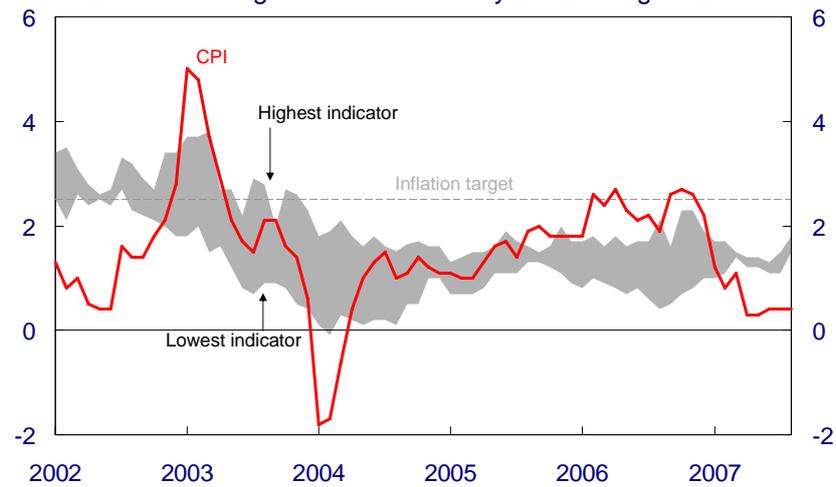
3-month interest rate differential and import-weighted exchange rate (I-44)¹⁾ January 2002 – December 2010



¹⁾ A rising curve denotes an appreciation of the krone.

Sources: Bloomberg, Reuters (EcoWin) and Norges Bank 13

Inflation and interval for underlying inflation¹⁾ 12-month change. Per cent. January 2002 – August 2007

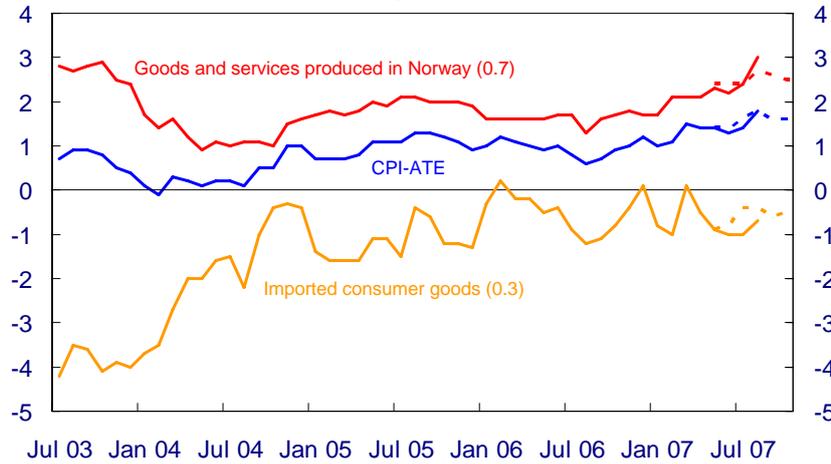


¹⁾ Highest and lowest indicator of the CPI-ATE, a weighted median and the trimmed mean of the sub-indices in the CPI.

Sources: Statistics Norway and Norges Bank 14

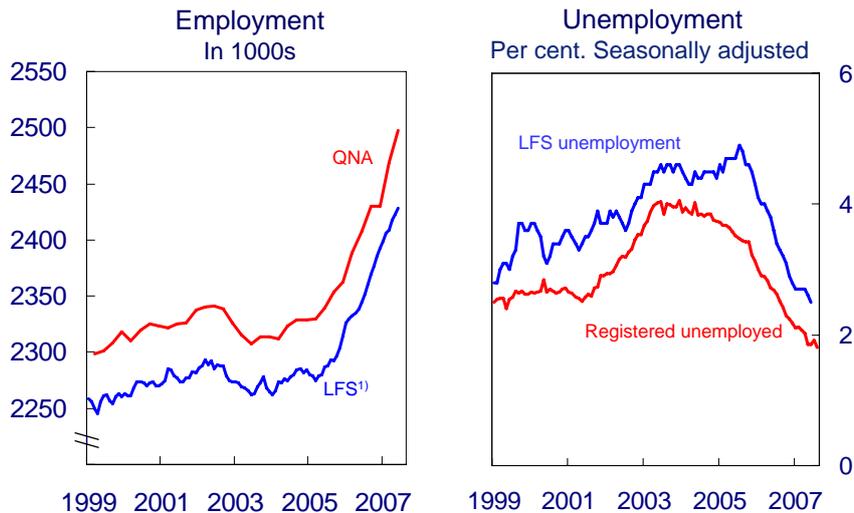
CPI-ATE¹⁾

Total and broken down into imported and domestically produced goods and services²⁾. Projections from MPR 2/07 (broken line).
12-month change. Per cent



¹⁾ CPI adjusted for tax changes and excluding energy products. A further adjustment is made for estimated effect of reduced maximum day-care prices in 2006. Sources: Statistics Norway and Norges Bank
²⁾ Norges Bank's projections.

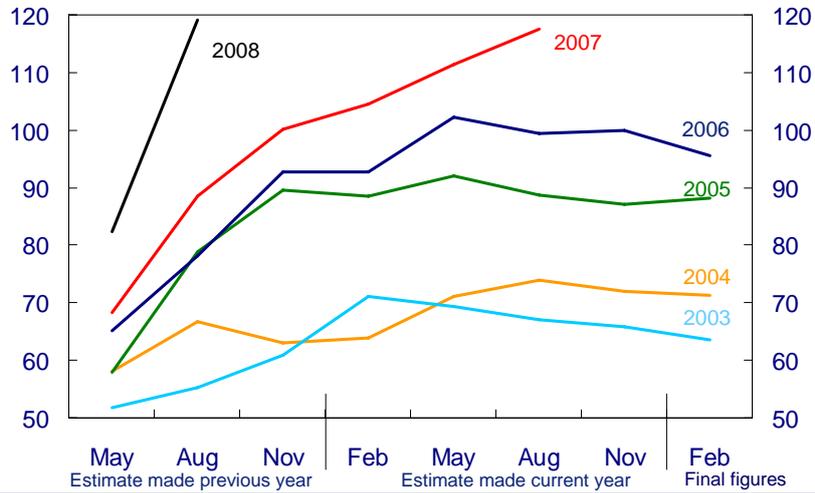
Labour market



¹⁾ The changes to the LFS have resulted in a break in the time series between 2005 and 2006.

Investment intentions survey. Petroleum activities

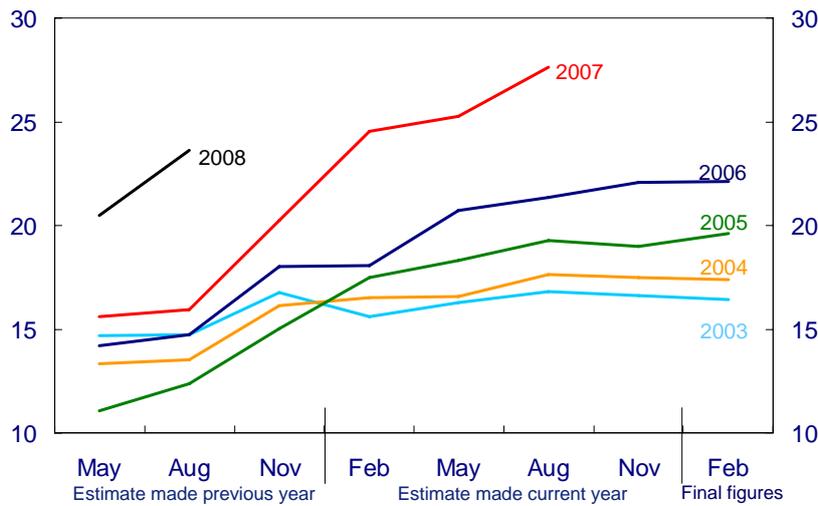
Estimated and actual investment. In billions of NOK



Source: Statistics Norway

Investment intentions survey. Manufacturing

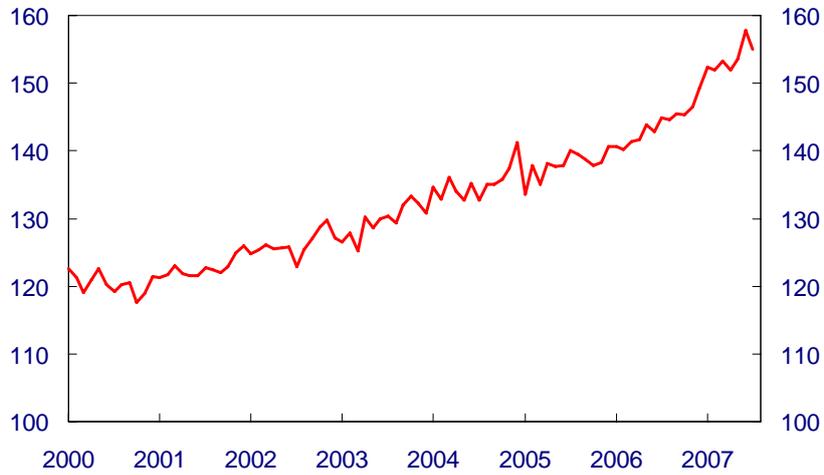
Estimated and actual investment. In billions of NOK



Source: Statistics Norway

Index of commodity consumption

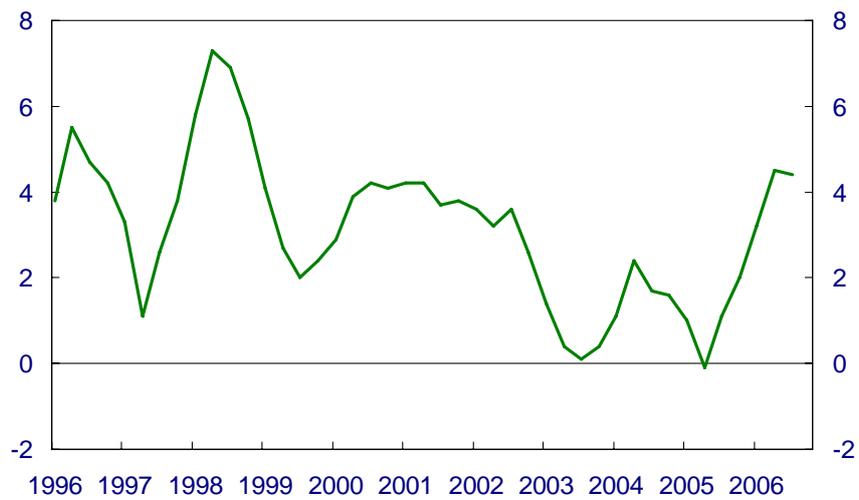
Volume. Seasonally adjusted. January 2000 – July 2007



Sources: Statistics Norway and Norges Bank 19

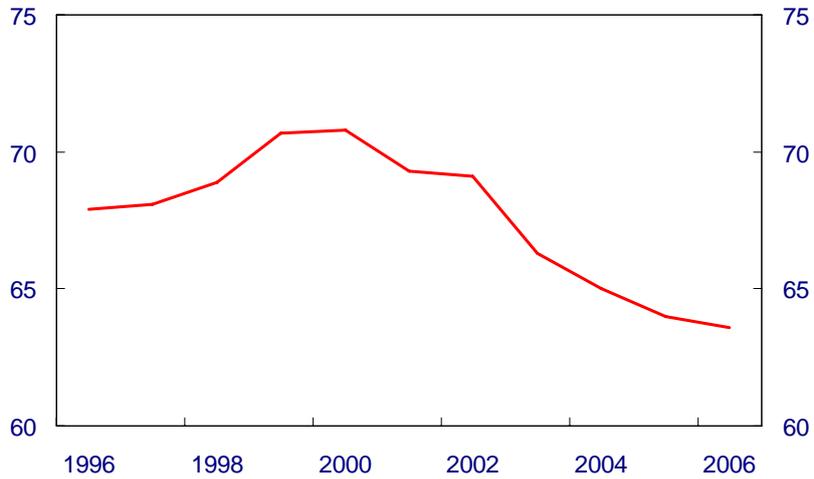
Unit labour costs in mainland Norway

4-quarter rise. Smoothed. Per cent. 1996 Q1 - 2007 Q2



Sources: Statistics Norway and Norges Bank

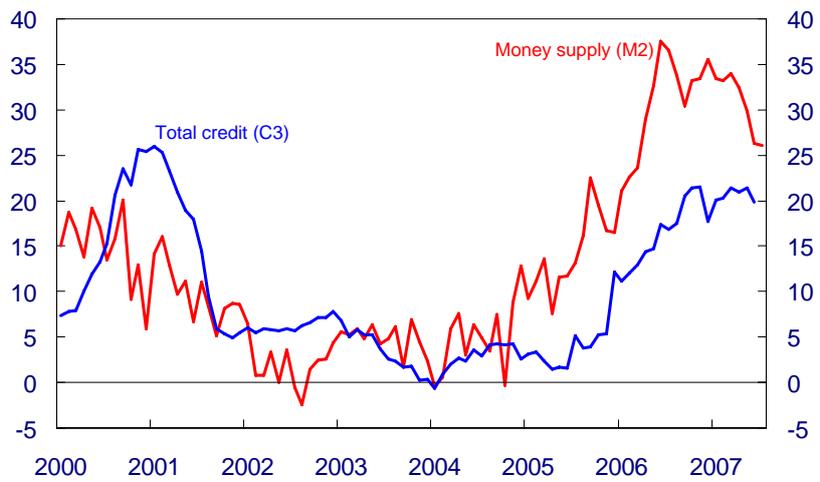
Wage share¹⁾ Per cent. 1996 – 2006



¹⁾ Labour costs as a share of factor income. Market-oriented mainland industry.

Sources: Statistics Norway and Norges Bank

Enterprise sector credit¹⁾ and liquid assets²⁾ 12-month growth³⁾. Per cent. January 2000 – July 2007 (C3 to June)



¹⁾ Mainland non-financial enterprises (C3).

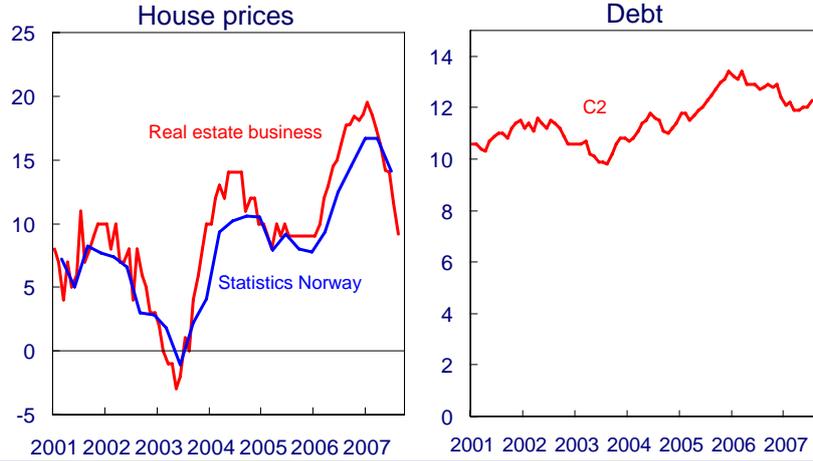
²⁾ Non-financial enterprises' liquid assets (M2).

³⁾ Transaction-based growth estimate.

Source: Statistics Norway 22

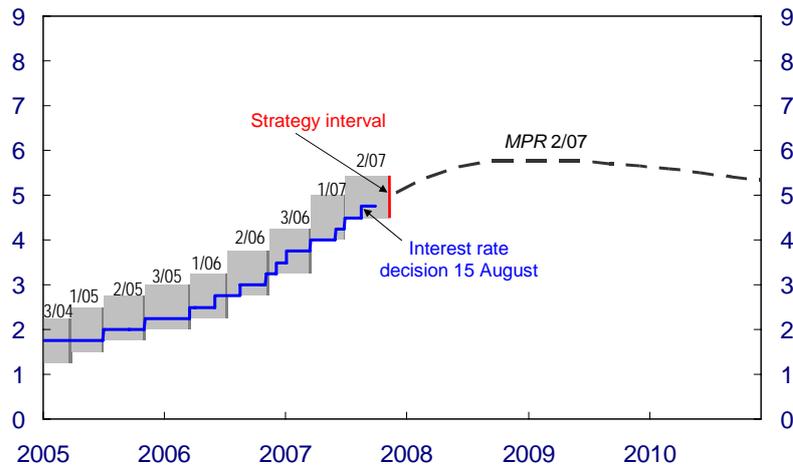
House prices and household debt

Change on same month/quarter previous year. Per cent.
January 2001 – August 2007 (C2 to July)



Sources: Norwegian Association of Real Estate Agents, Association of Real Estate Agency Firms, Finn.no, ECON, Statistics Norway and Norges Bank 23

Key rate



Source: Norges Bank

Monetary policy strategy

- The interest rate path presented in MPR 2/07 reflects the Executive Board's trade-off between bringing inflation up to target and stabilising developments in output and employment.
- In the light of this trade-off, the interest rate will be increased gradually so that we can assess the effects of interest rate changes and other new information on economic developments. Given the inflation target, we will be mindful of the effects of higher interest rates on the krone exchange rate when inflation is low.
- The key policy rate should lie in the interval 4½ – 5½% in the period to the publication of the next Report on 31 October 2007, conditional on economic developments that are broadly in line with the projections.