

Executive Board meeting

14 December 2011

EU measures

ECB

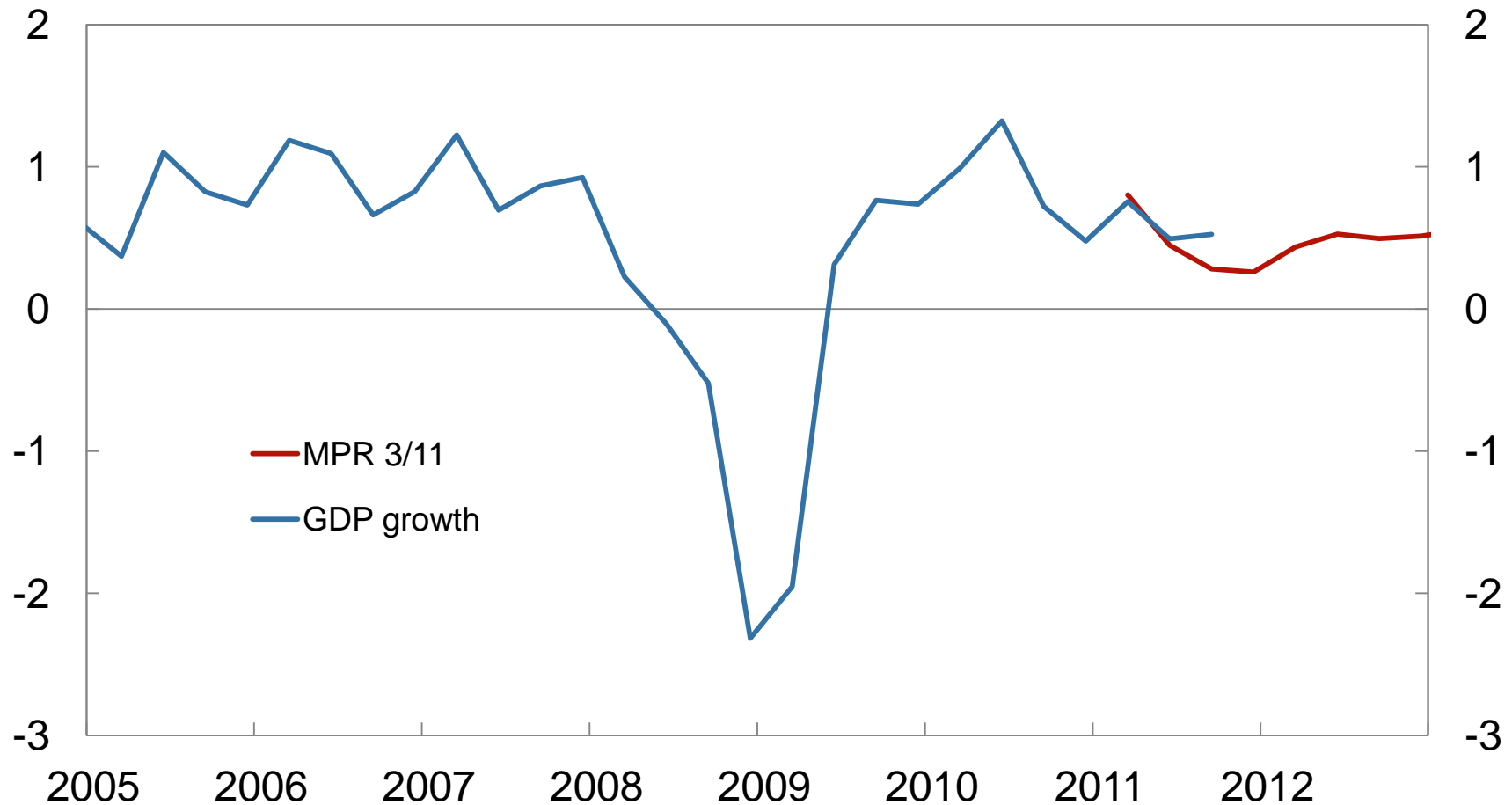
- Key policy rate has been reduced to 1.0 percent
- Measures:
 - Liquidity operation with a maturity of 36 months
 - Reserve requirements reduced from 2 to 1 per cent
 - Reduced requirements for collateral from banks in liquidity operations.

EU summit – main elements of the agreement

- Stricter budgetary control, maximum deficit of 0.5 per cent of GDP. Automatic sanctions
- EFSF: EUR 500 billion. Earlier establishment
- EUR 200 billion in loans to IMF

Projected GDP growth for Norway's trading partners¹⁾

Quarterly growth. Per cent. 2005 Q1 – 2014 Q4

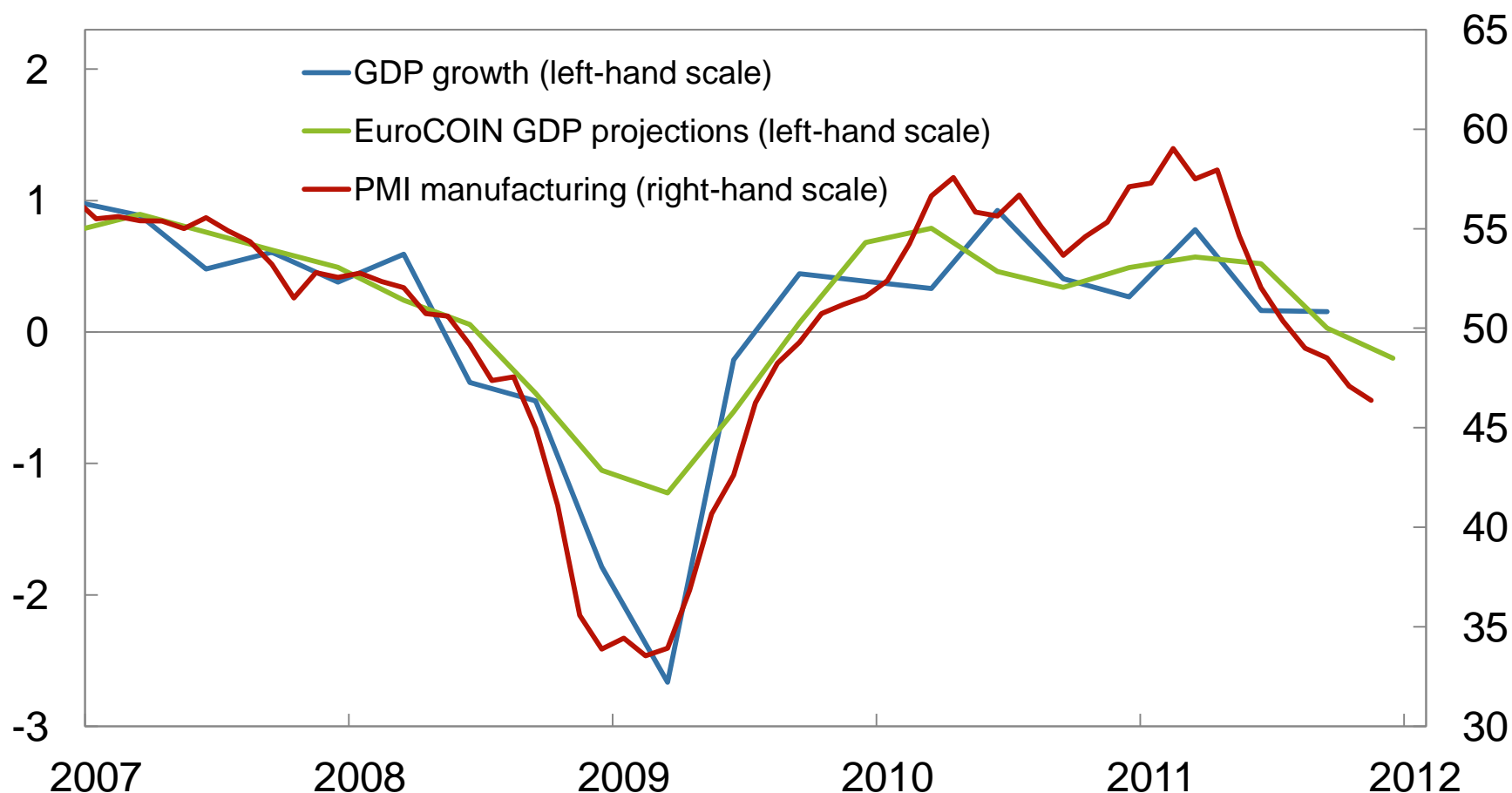


1) Figure for the 26 largest trading partners, weighted by export share

Sources: Thomson Reuters and Norges Bank

Expected fall in euro area GDP in Q4

GDP growth and PMI manufacturing. 2007 – 2011¹⁾

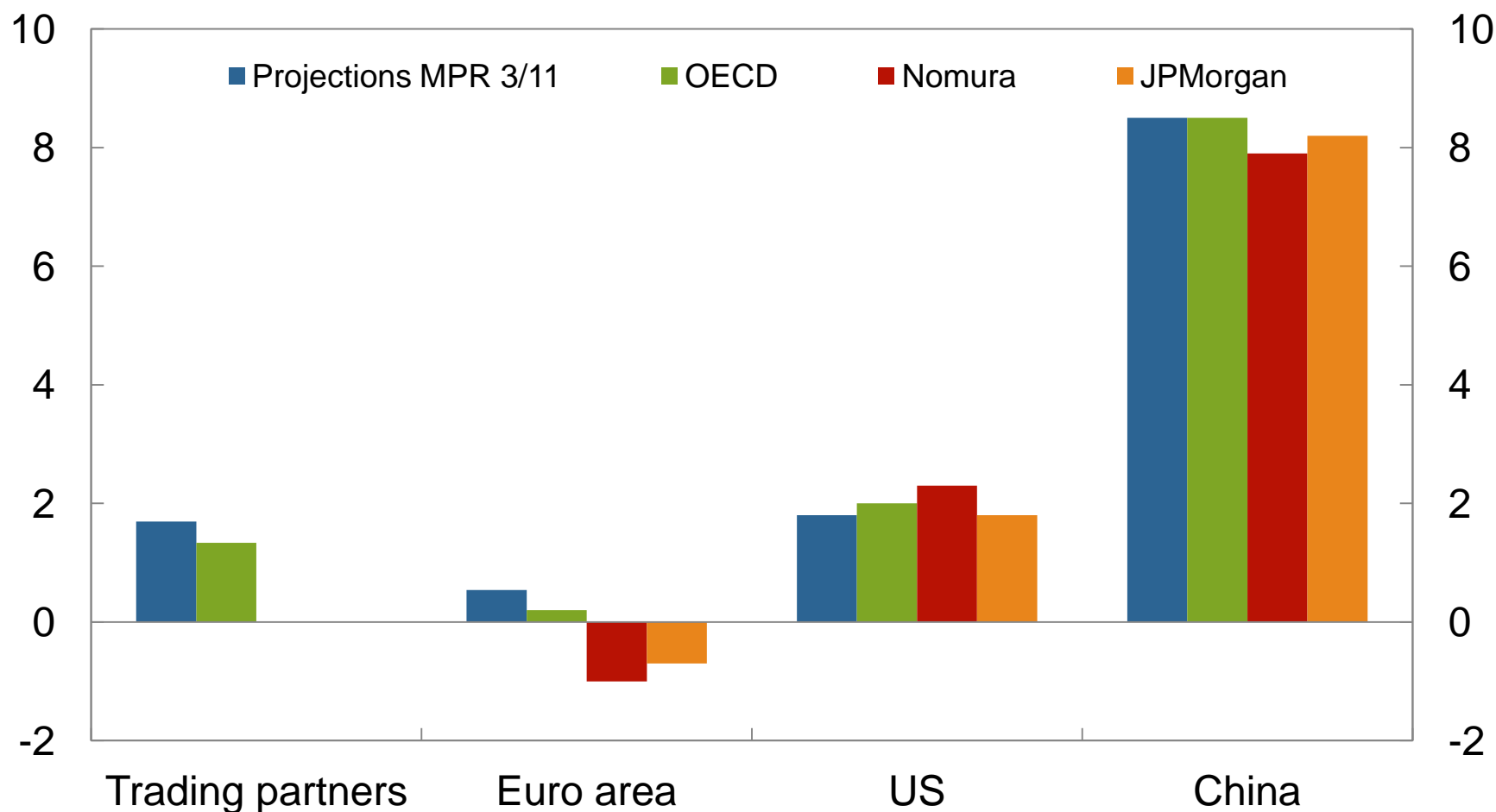


1) GDP growth figures to Q3 2011. EuroCOIN GDP projections to Q4 2011.
Quarterly figures. PMI figures to November 2011. Monthly figures

Source: Thomson Reuters

Growth projections 2012

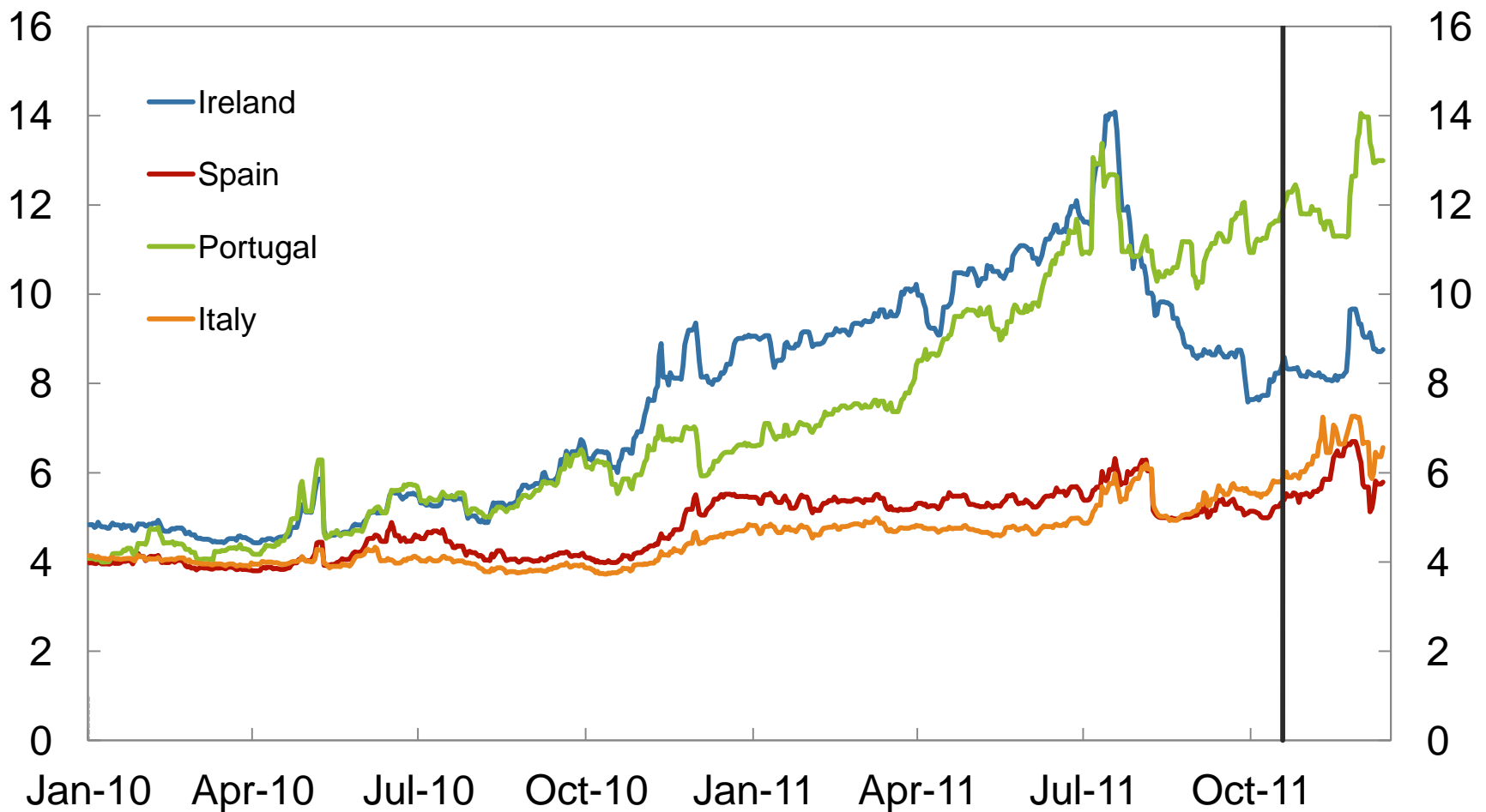
Per cent



Sources: OECD, Nomura, J.P. Morgan and Norges Bank

Yields on 10-year government bonds in euro area periphery

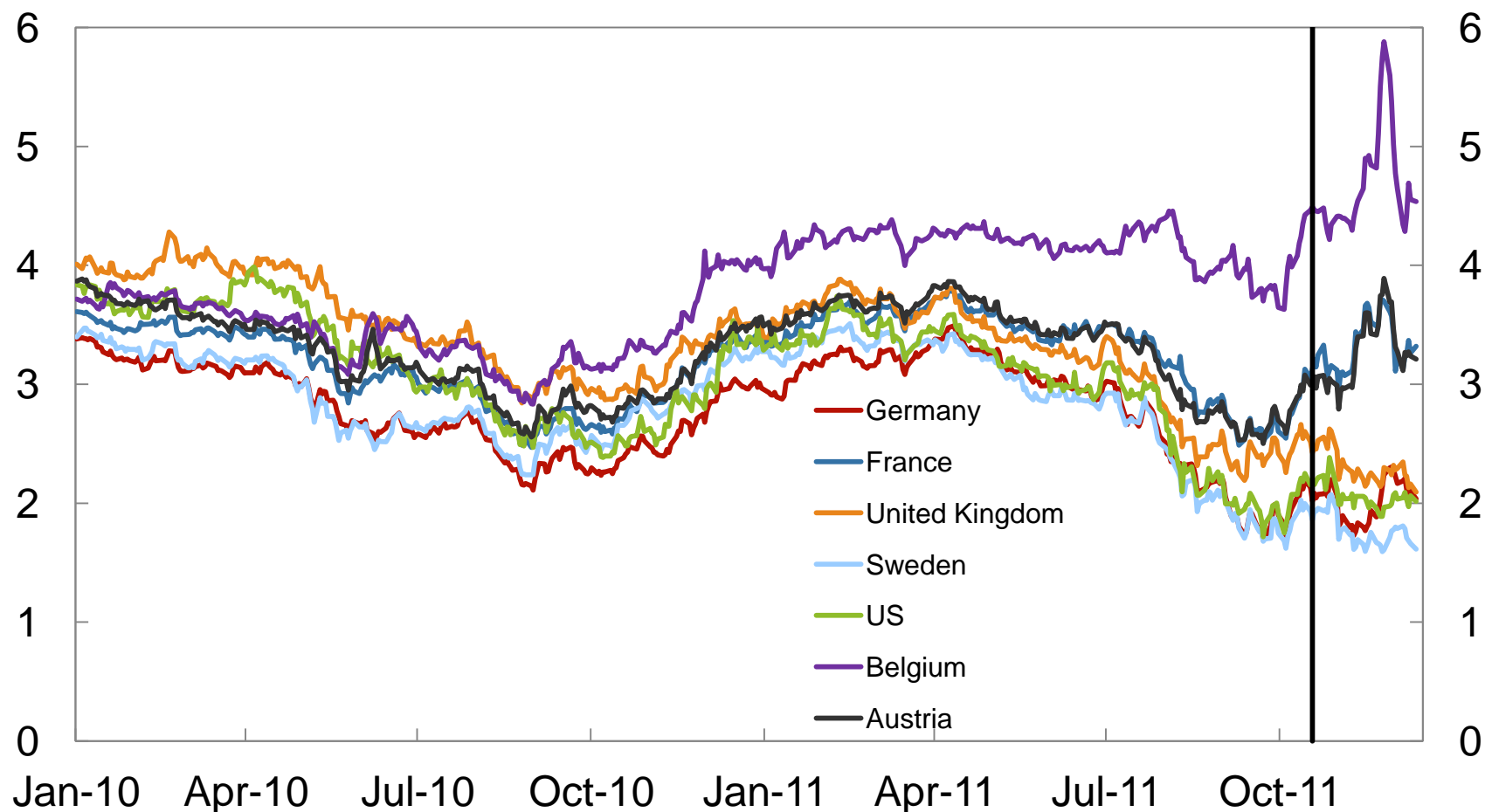
Per cent. 1 January 2010 – 12 December 2011



Sources: Bloomberg and Thomson Reuters

Yields on 10-year government bonds

Per cent. 1 January 2010 – 12 December 2011

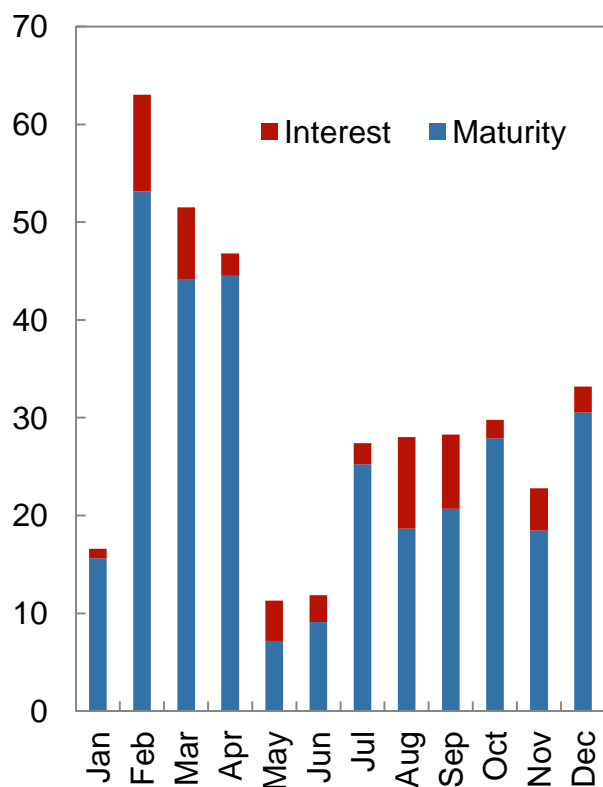


Sources: Bloomberg and Thomson Reuters

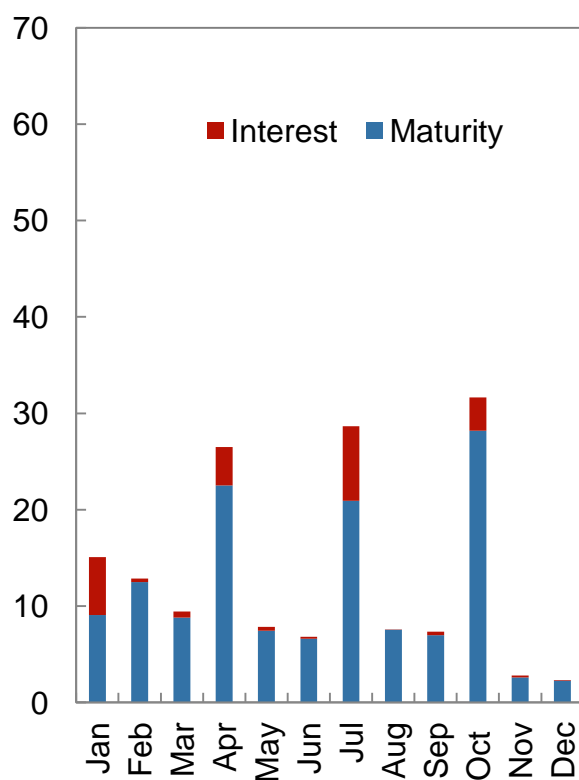
Government debt maturity for 3 euro area countries in 2012

In EUR billions

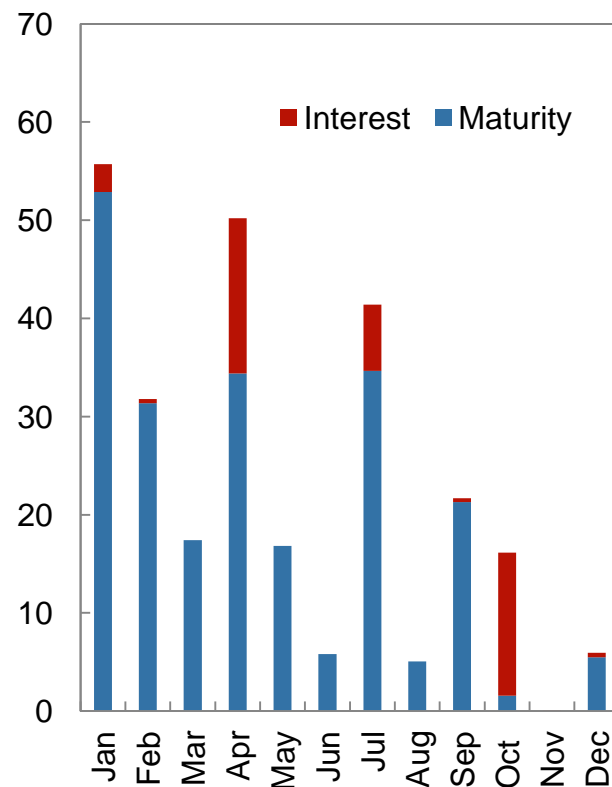
Italy



Spain



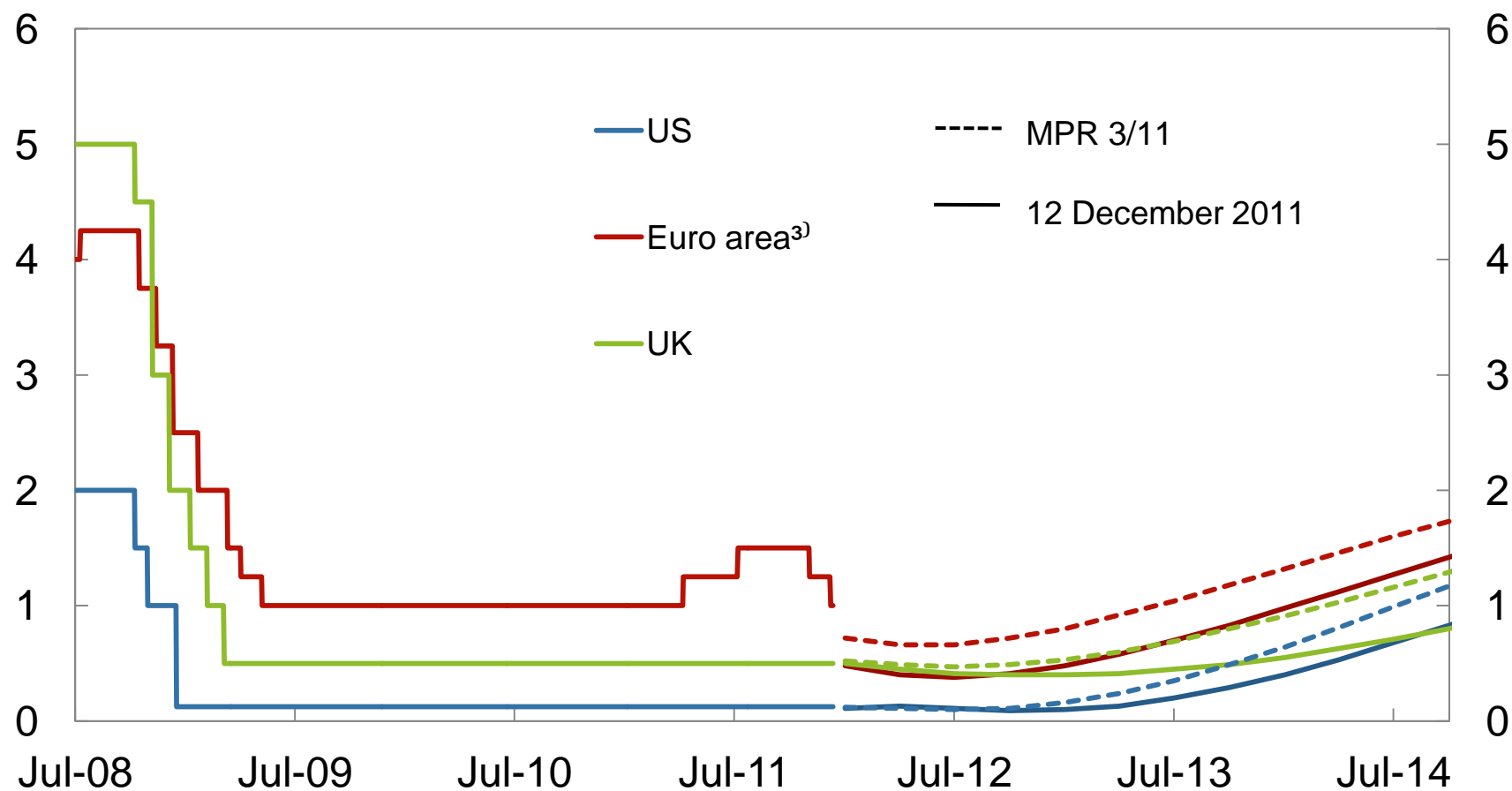
France



Source: Bloomberg

Key rates and estimated forward rates¹⁾

Per cent. 1 July 2008 – 31 December 2014²⁾



1) Forward rates are based on Overnight Indexed Swap (OIS) rates

2) Daily figures from 1 July 2008 and quarterly figures as at 12 December 2011

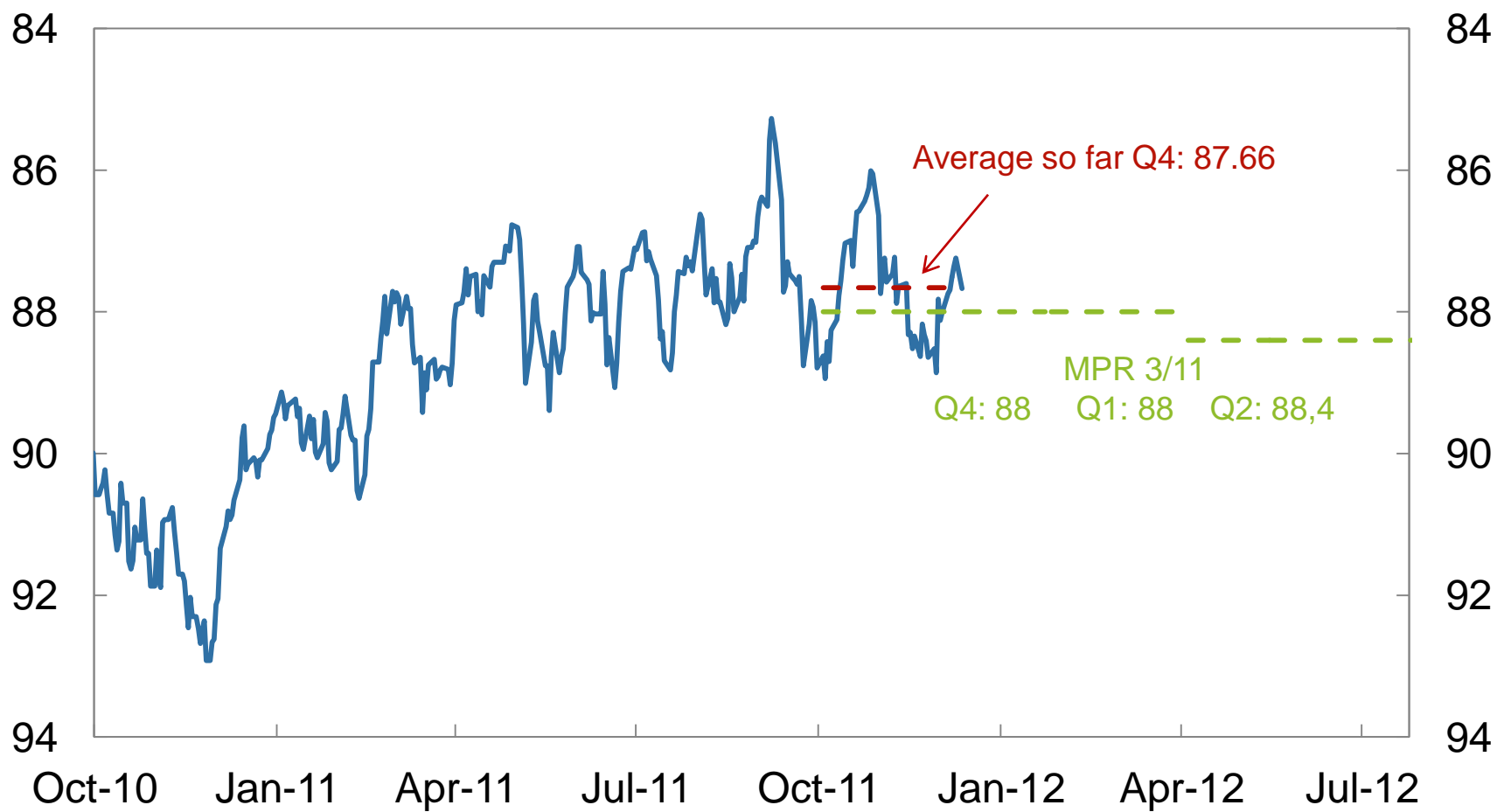
3) EONIA

Sources: Bloomberg and Norges Bank

Import-weighted exchange rate index (I-44)¹⁾

Daily (historical) and quarterly figures (projected)²⁾.

October 2010 – July 2012



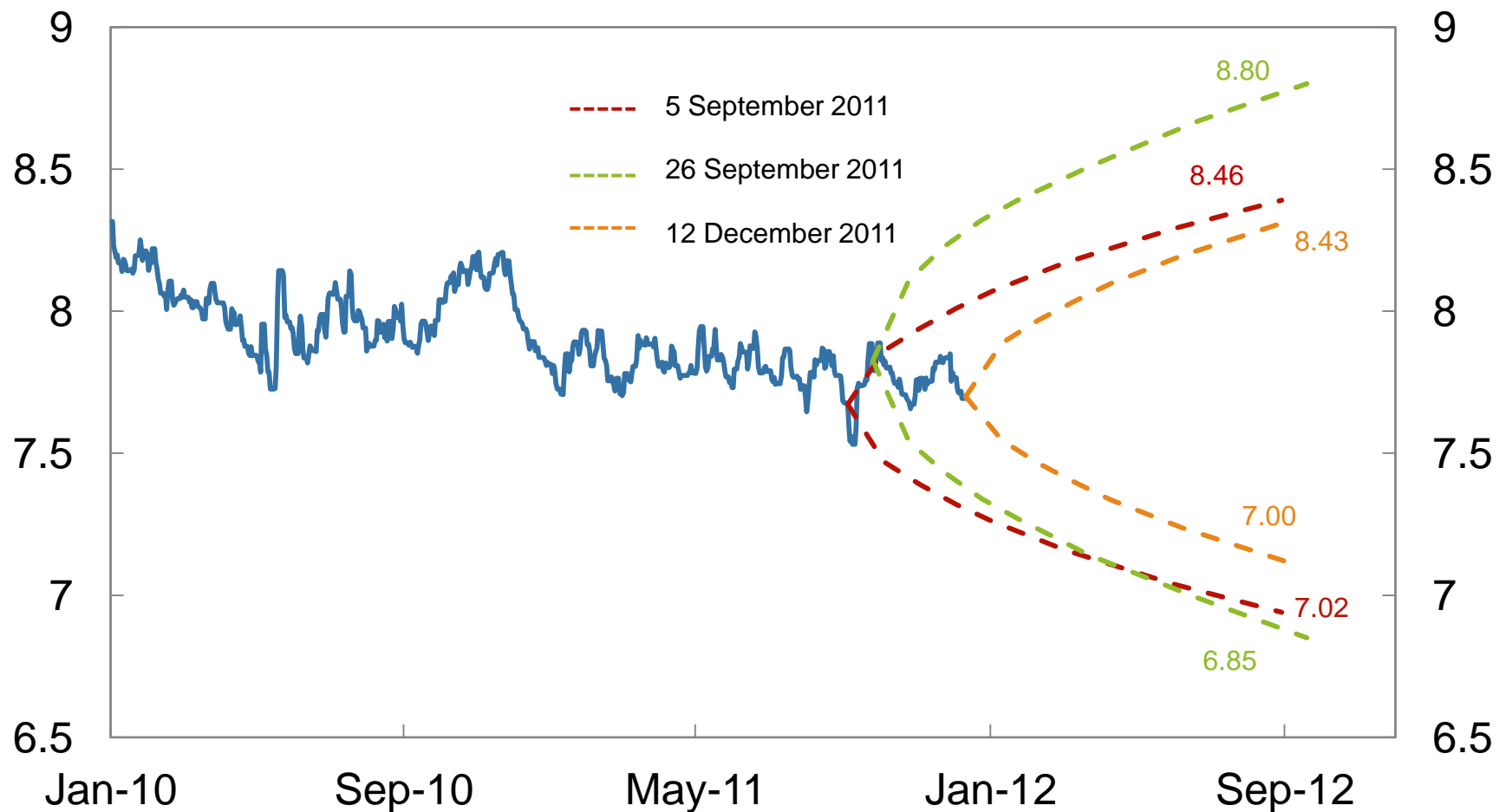
1) A positive slope denotes a stronger krone exchange rate

2) Projections 2011 Q4 – 2012 Q2 from MPR 3/11

Source: Norges Bank

EUR/NOK and outcome range for krone exchange rate

1 January 2010 – 31 December 2012



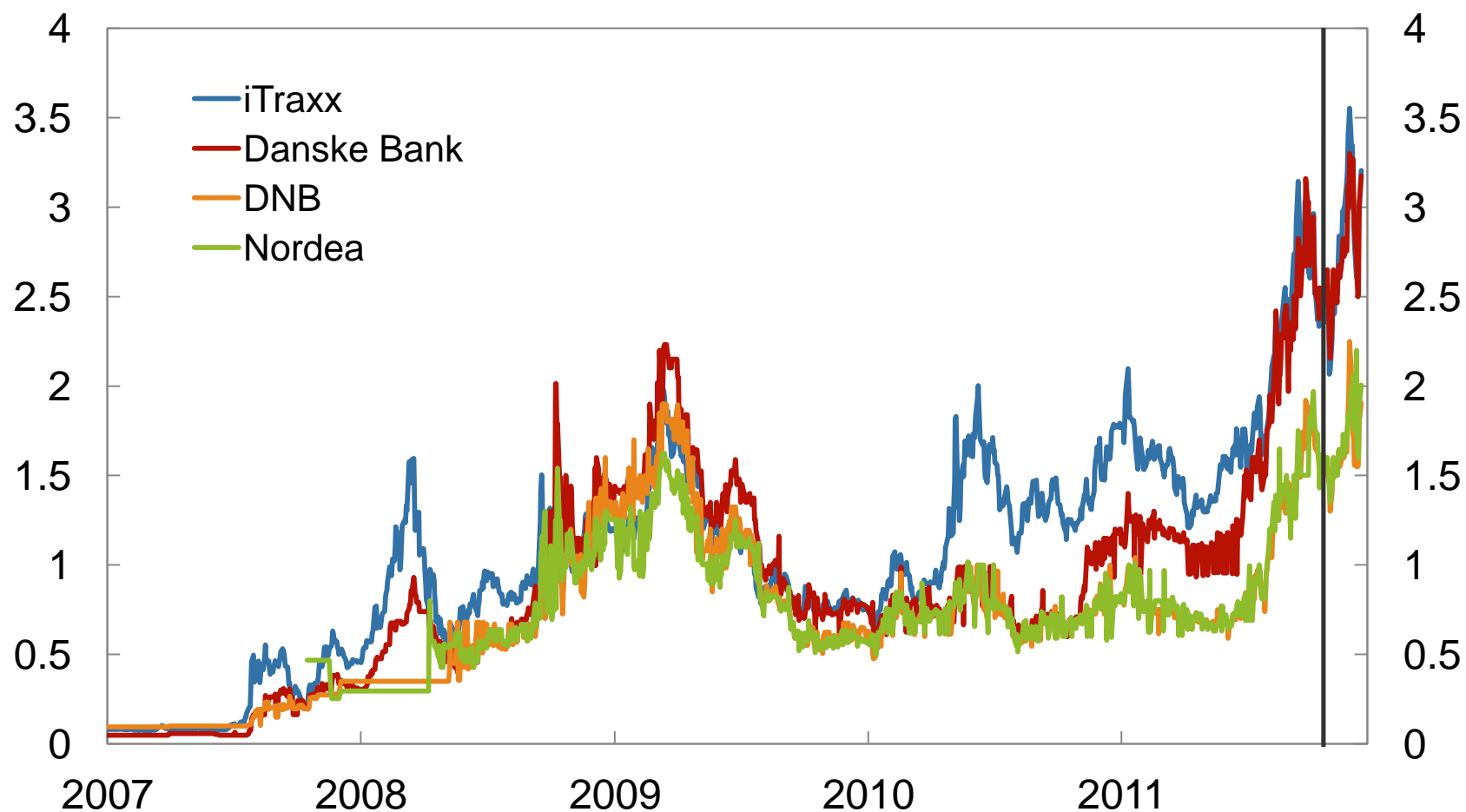
1) Based on prices for currency options at 12 December 2011

Source: Bloomberg

CDS premiums

Itraxx Senior Financials¹⁾ and Nordic Banks.

Percentage points. Daily figures. 1 January 2007 – 12 December 2011

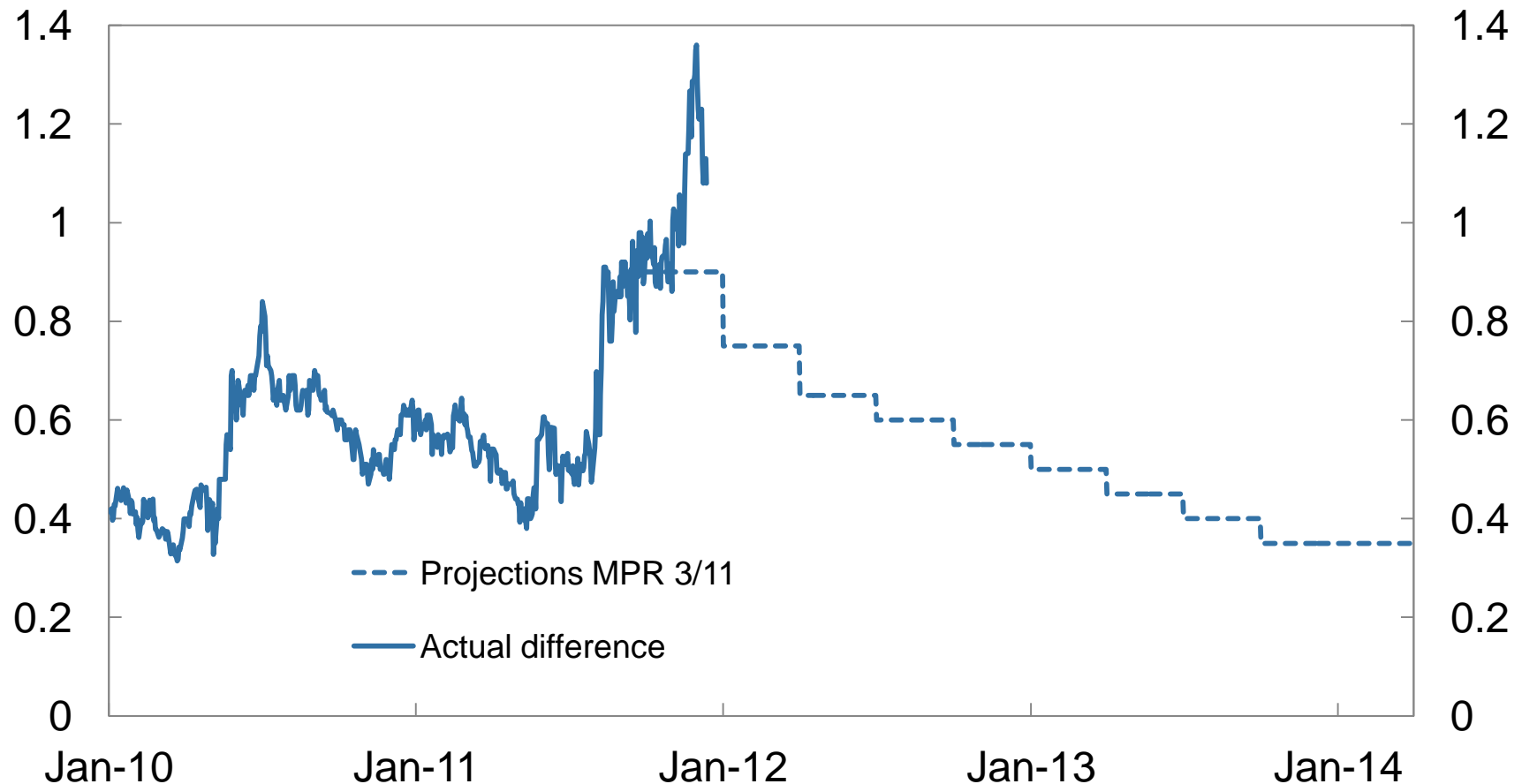


1) 25 large European financial institutions

Source: Bloomberg

Difference between 3-month money market rate and expected key rate.¹⁾

Percentage points. 1 January 2010 – 12 December 2014



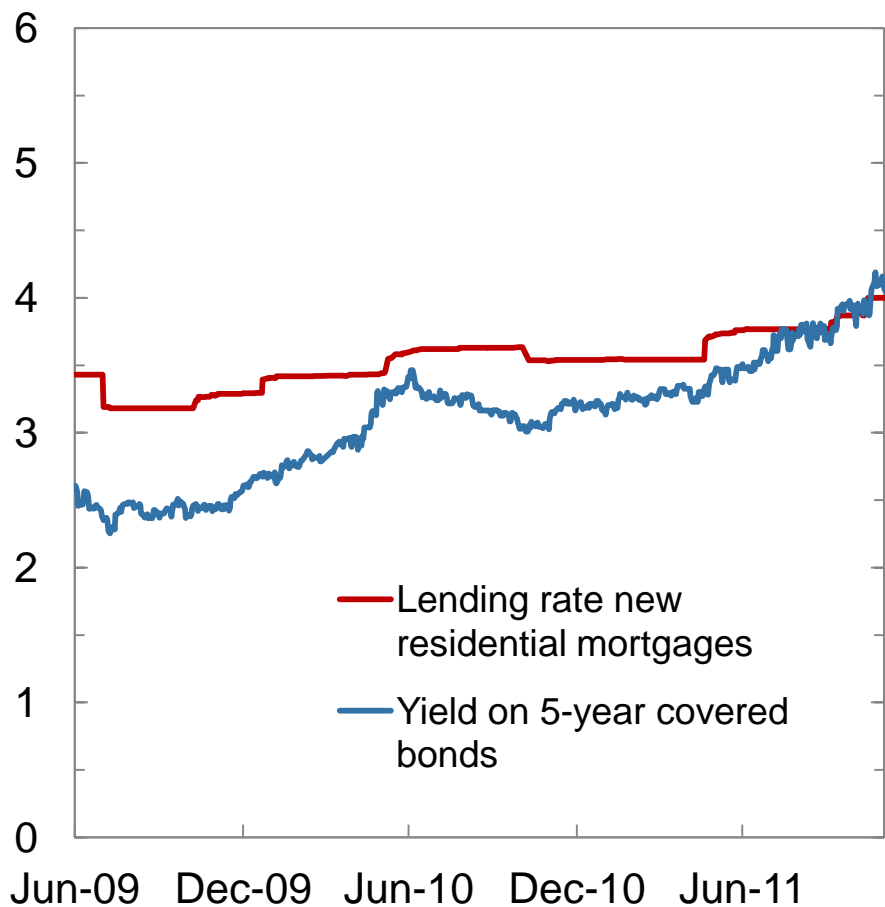
1) Norges Bank's projections from 2011 Q4

Sources: Bloomberg, Thomson Reuters and Norges Bank

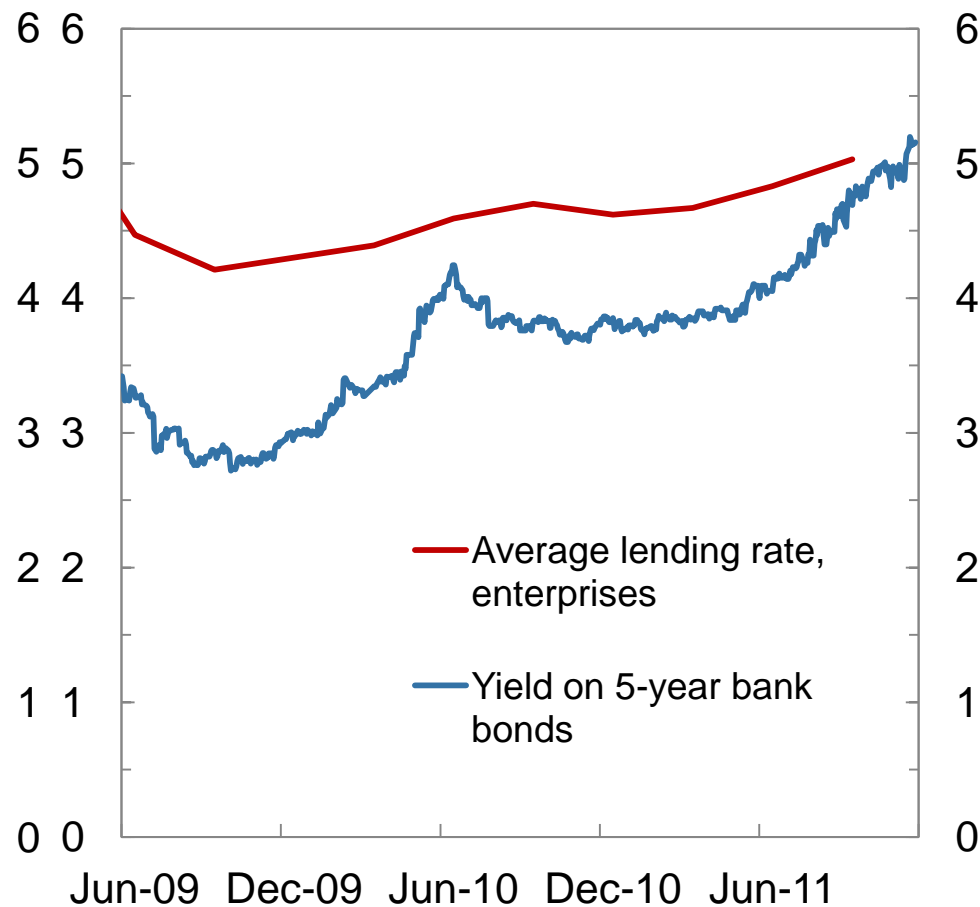
Banks' funding costs

30 June 2009 – 12 December 2011

Yields on covered bonds and residential mortgage rates



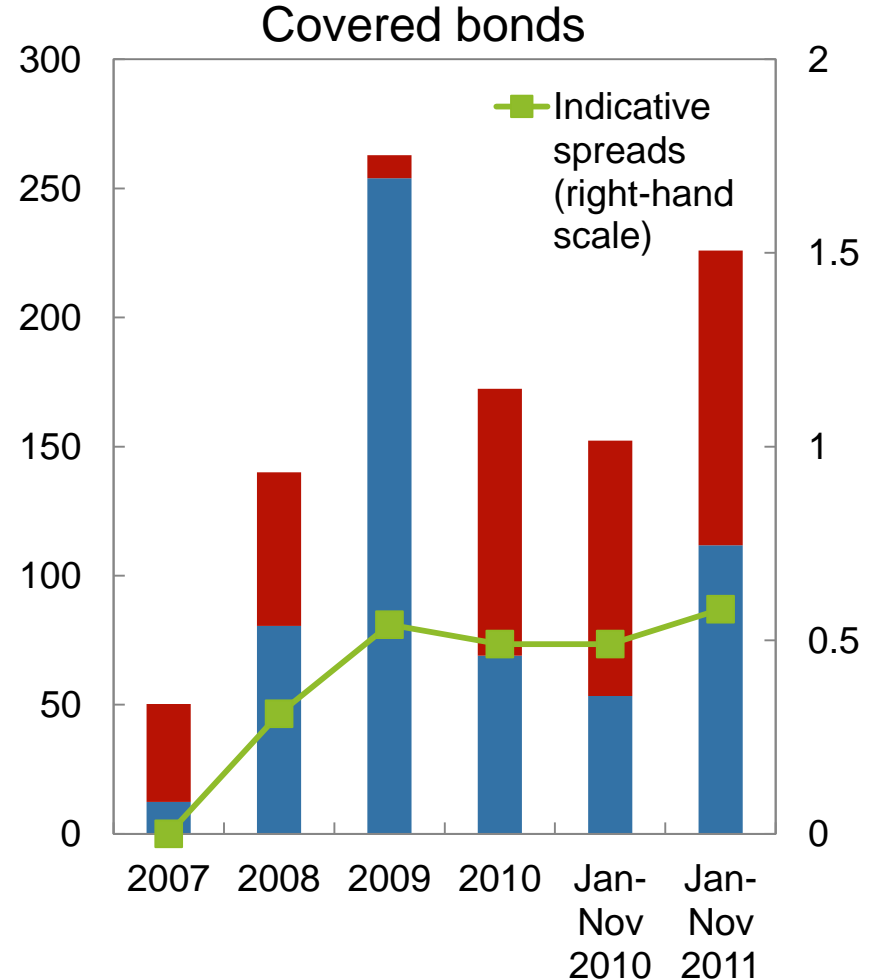
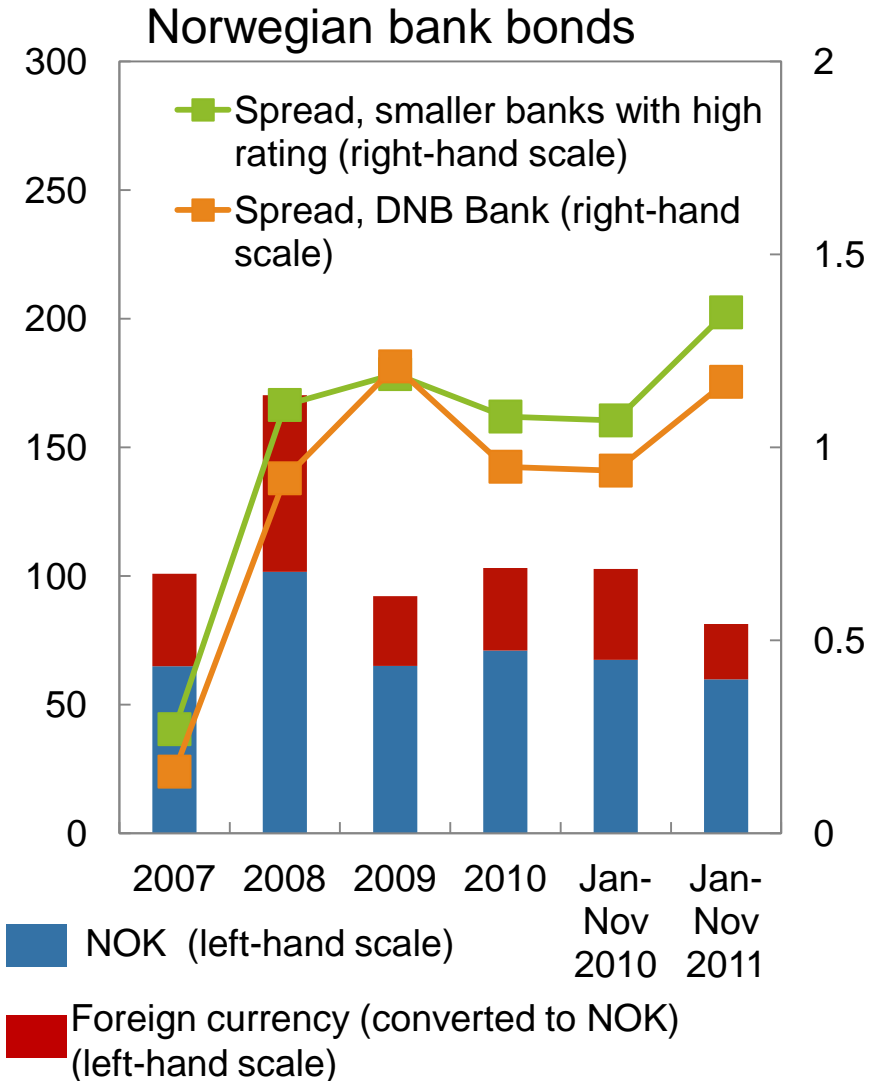
Yields on senior bank bonds and lending rates to enterprises



Sources : Norsk Familieøkonomi AS, DNB Markets, Statistics Norway and Norges Bank

Average credit spreads and issued volume of bank bonds and covered bonds

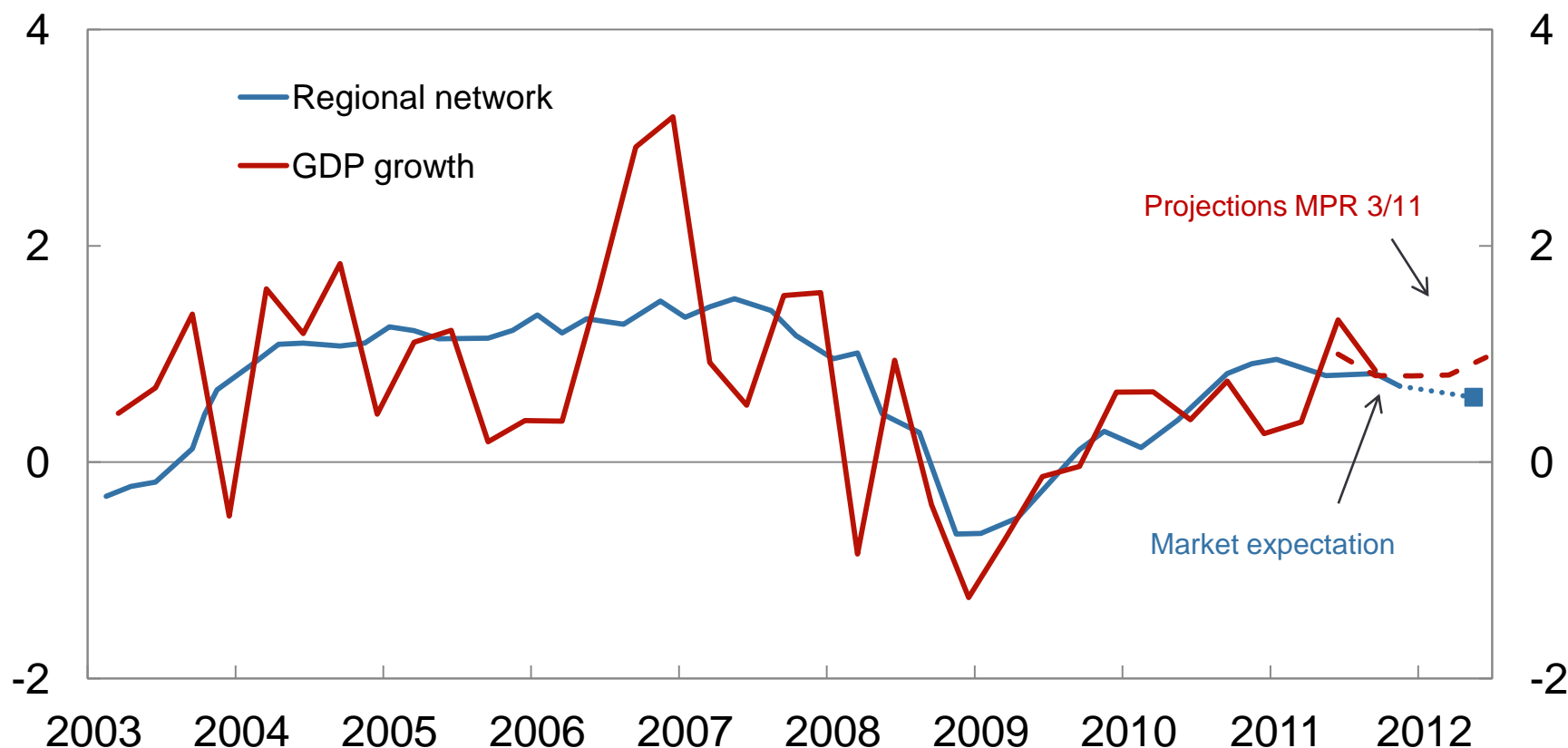
Per cent. NOK billions. 2005 – 2011



Sources: Stamdata, Bloomberg, DNB Markets and Norges Bank

GDP mainland Norway and Norges Bank's regional network's indicator of production growth¹⁾

Quarterly change. Seasonally adjusted. Per cent. Q1 2003 – Q2 2012³⁾



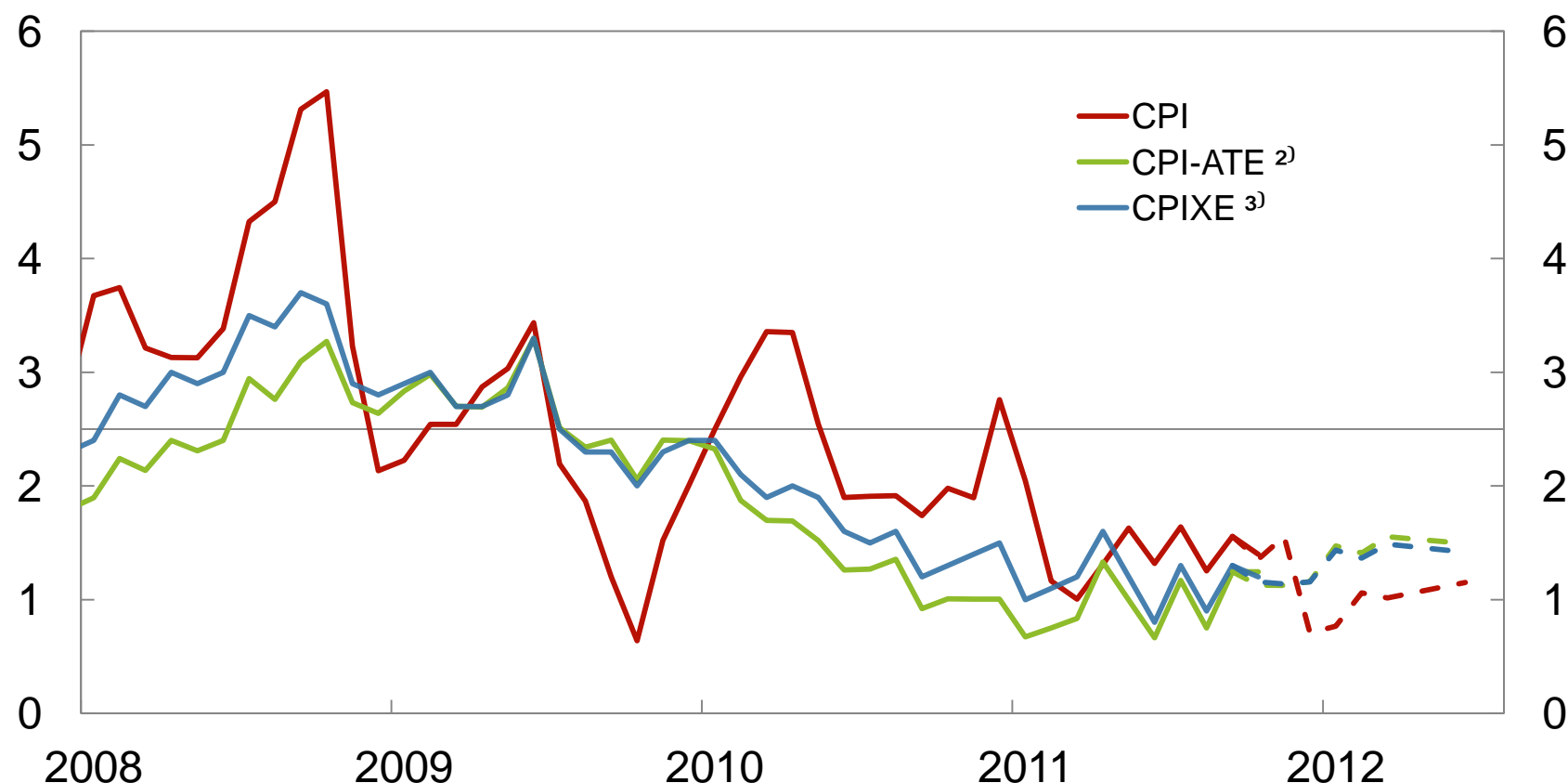
1) Change in production past three months and expected change in production next six months.

2) Most recent observation from the regional network is from November 2011. Most recent observation for GDP is Q3 2011. Projections for GDP are from MPR 3/11 and are not adjusted after the main revision of quarterly national accounts.

Sources: Statistics Norway and Norges Bank

Consumer prices

12-month change. Per cent. January 2008 – June 2012¹⁾



1) Projections (broken lines) from MPR 3/11

2) CPI adjusted for tax changes and excluding energy products

3) CPI adjusted for tax changes and excluding temporary changes in energy prices. Real time figures. See Norges Bank *Staff Memo* 7/2008 and 3/2009

Sources: Statistics Norway and Norges Bank

Summary

1. Weaker growth prospects abroad
 2. Greater uncertainty in financial markets. Money and funding market constraints
 3. Expected key expectations have decreased
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4. Stable krone exchange rate
 5. Banks' financing has become more expensive and less accessible
 6. Reduced growth prospects for the Norwegian economy
 7. Inflation somewhat lower than previously projected