

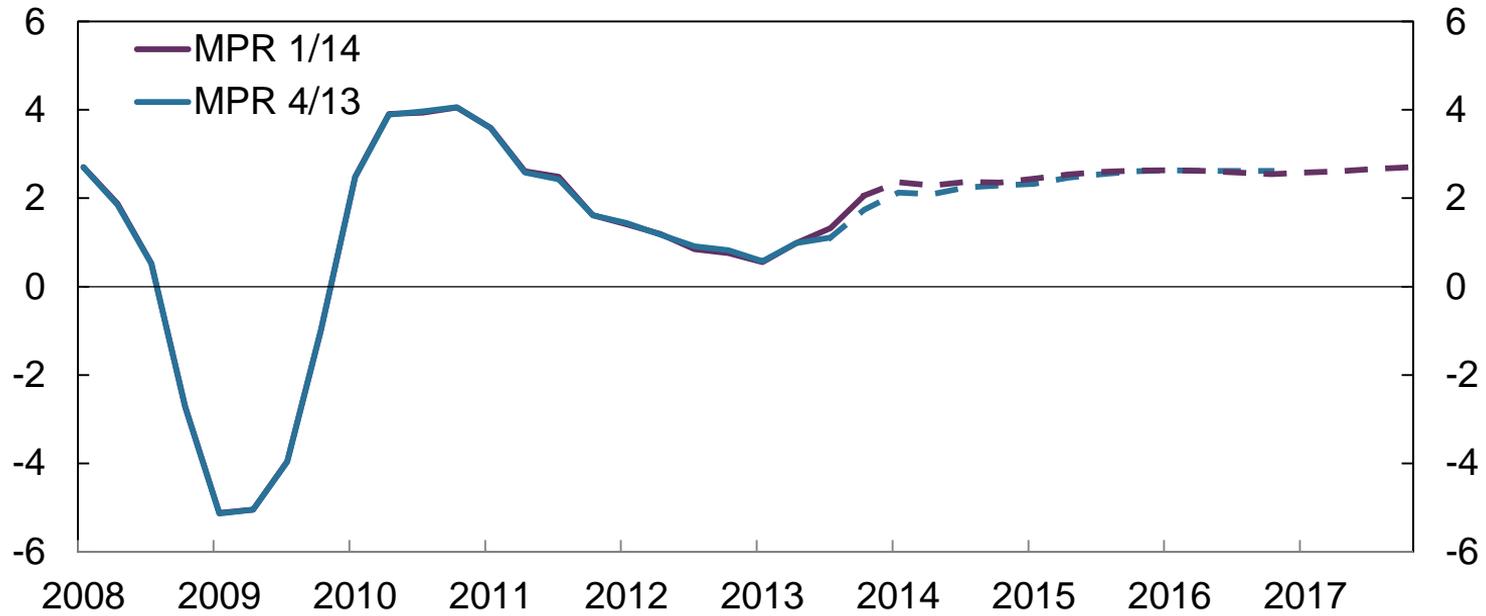


MPR 1/14

DEPUTY GOVERNOR JAN F. QVIGSTAD
THE EXECUTIVE BOARD, 26 MARCH 2014

GDP growth for trading partners

Volume. Four quarter change. Percent. 2008 Q1 –2017 Q4

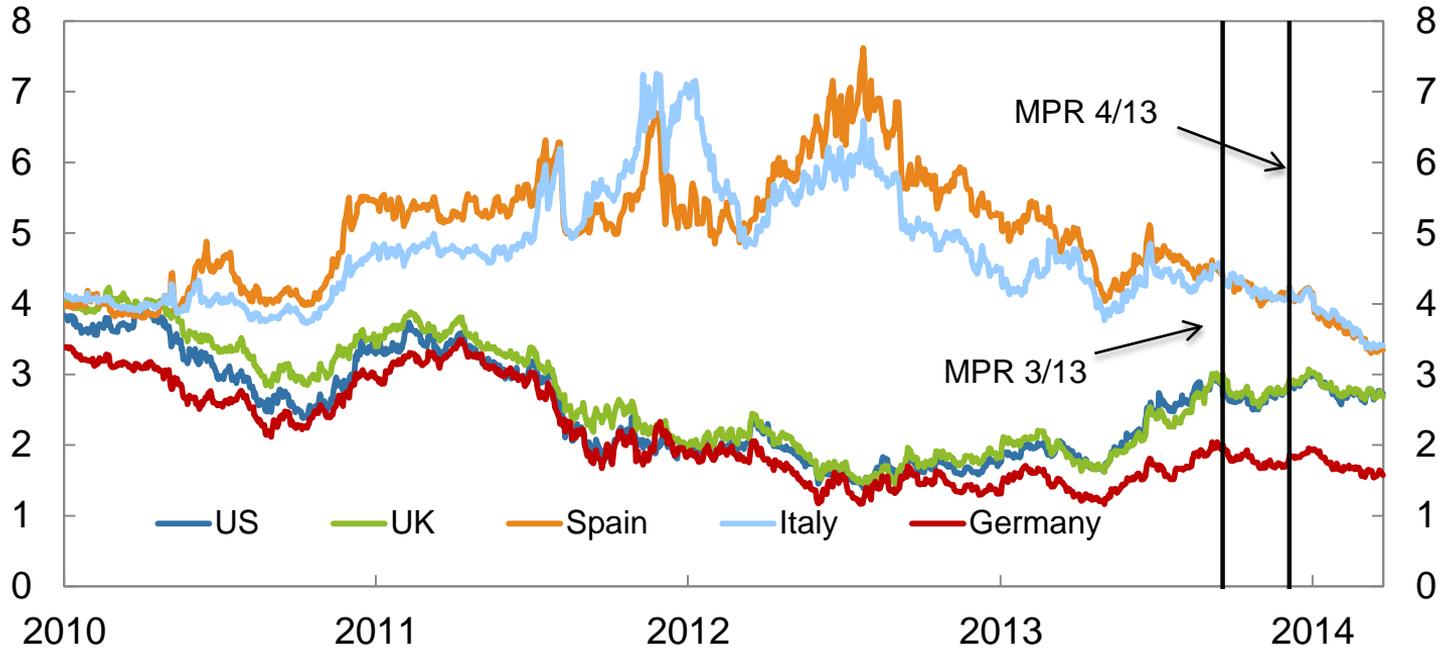


Sources: Thomson Reuters and Norges Bank



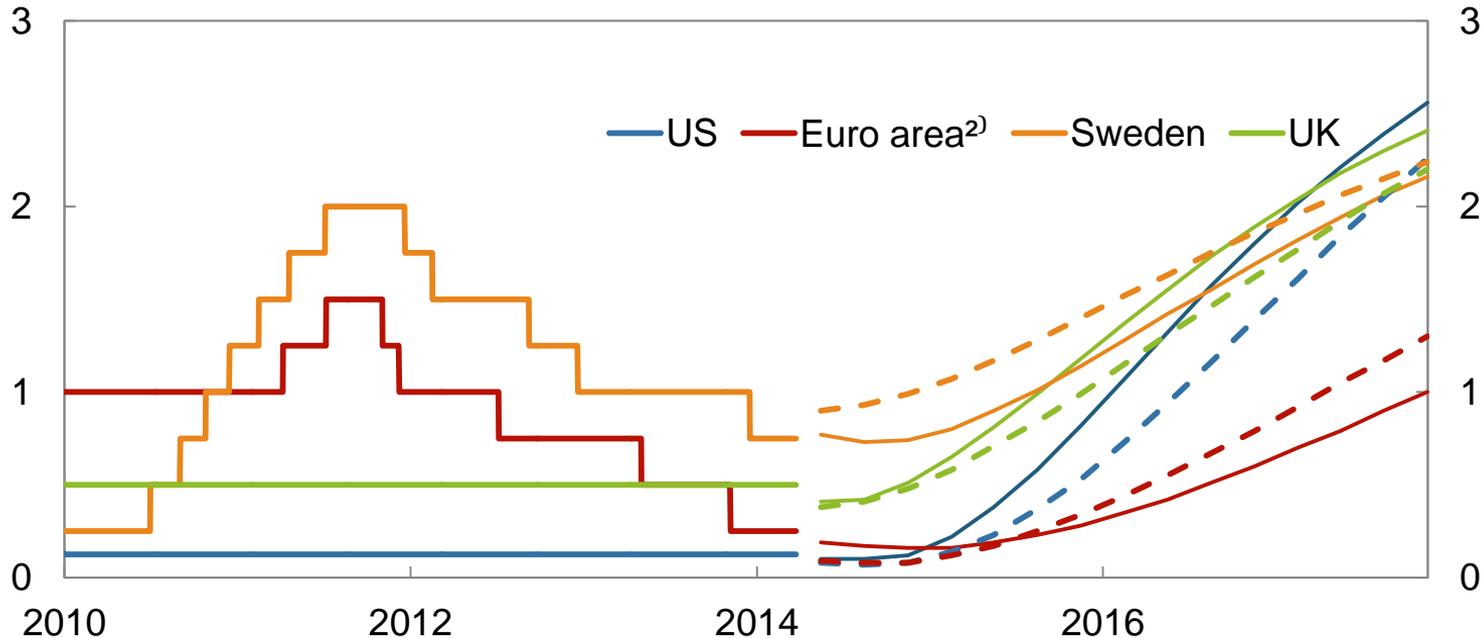
Yields on 10-year government bonds

Percent. 1 January 2010 – 24 March 2014



Estimated forward rates

Percent. 1 January 2010 – 31 December 2017¹⁾



1) Broken lines show estimated forward rates at 29 November 2013. Thin lines show forward rates at 20 March 2014. Forward rates are based on Overnight Index Swap (OIS) rates. Daily data from 1 January 2012 and quarterly data from 2014 Q1.

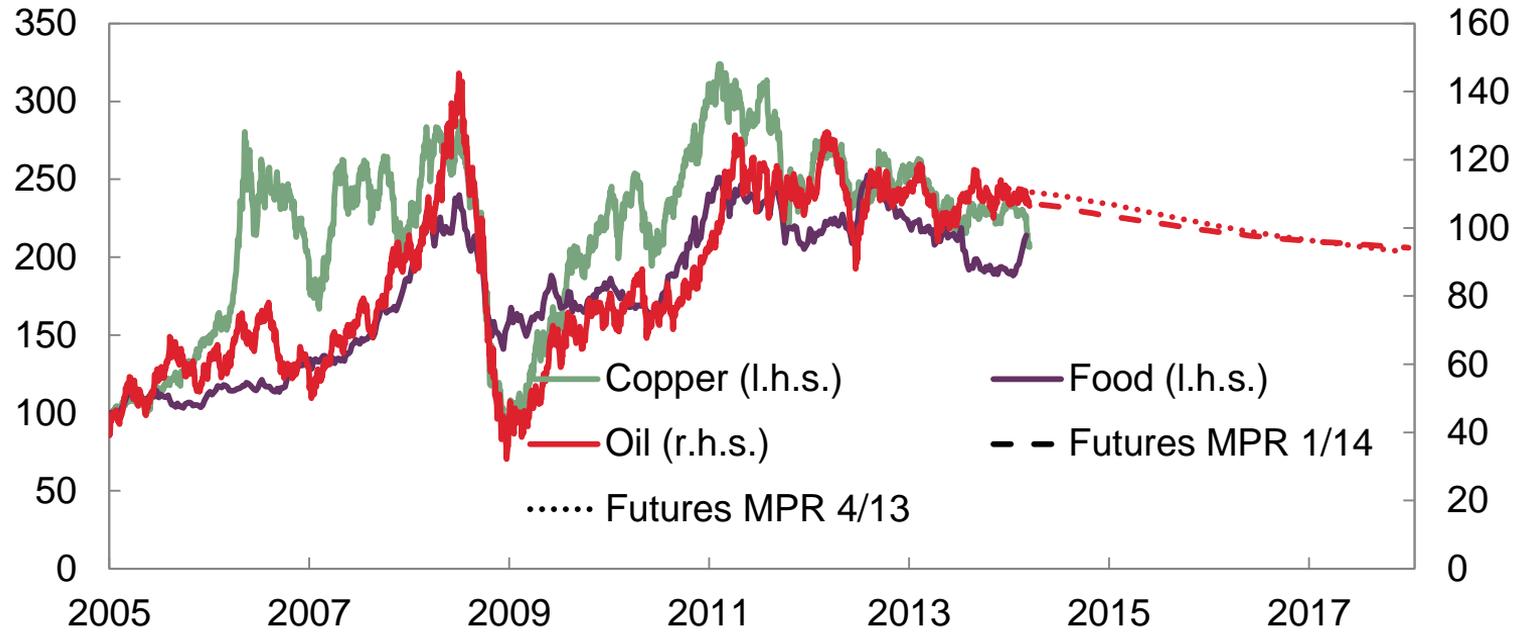
3) EONIA for the euro area from 2014 Q1.

Sources: Bloomberg and Norges Bank



Commodities

Oil: USD/barrel. Copper and food, index: 2005 = 100. January 2005 – January 2018

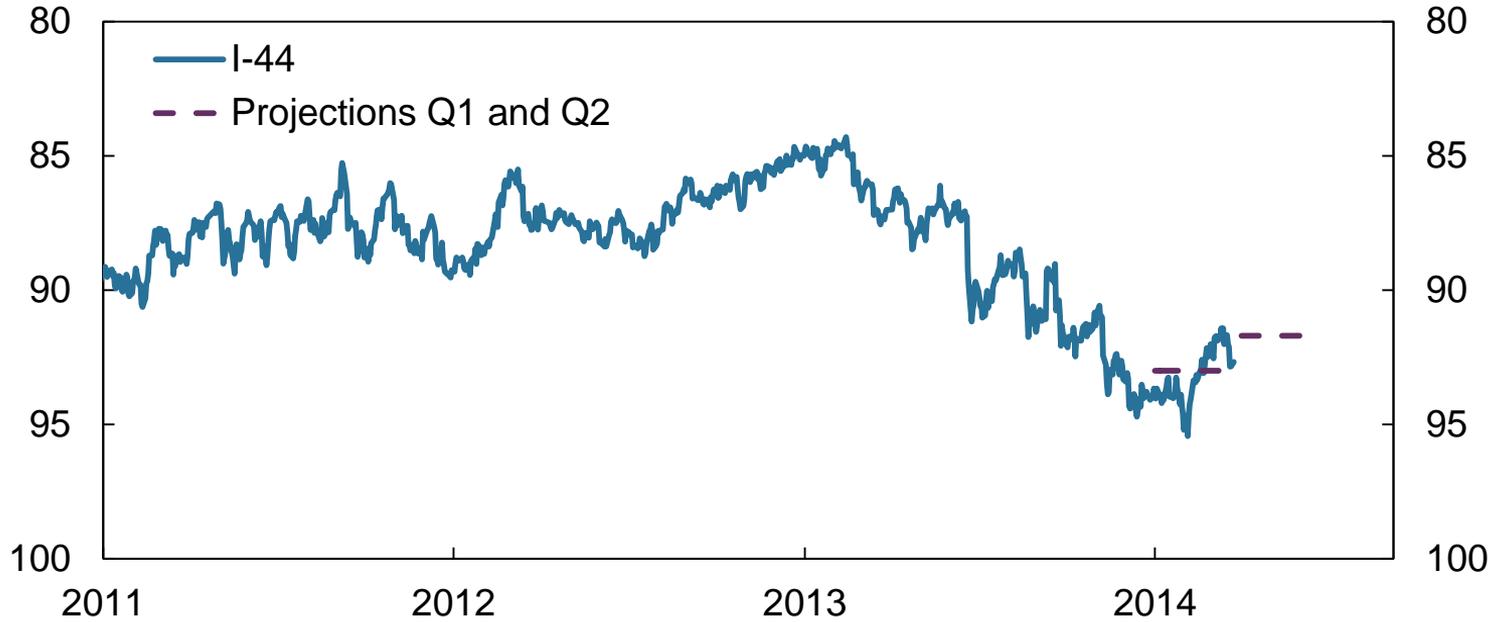


Source: Thomson Reuters



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

1 January 2010 – 24 March 2014

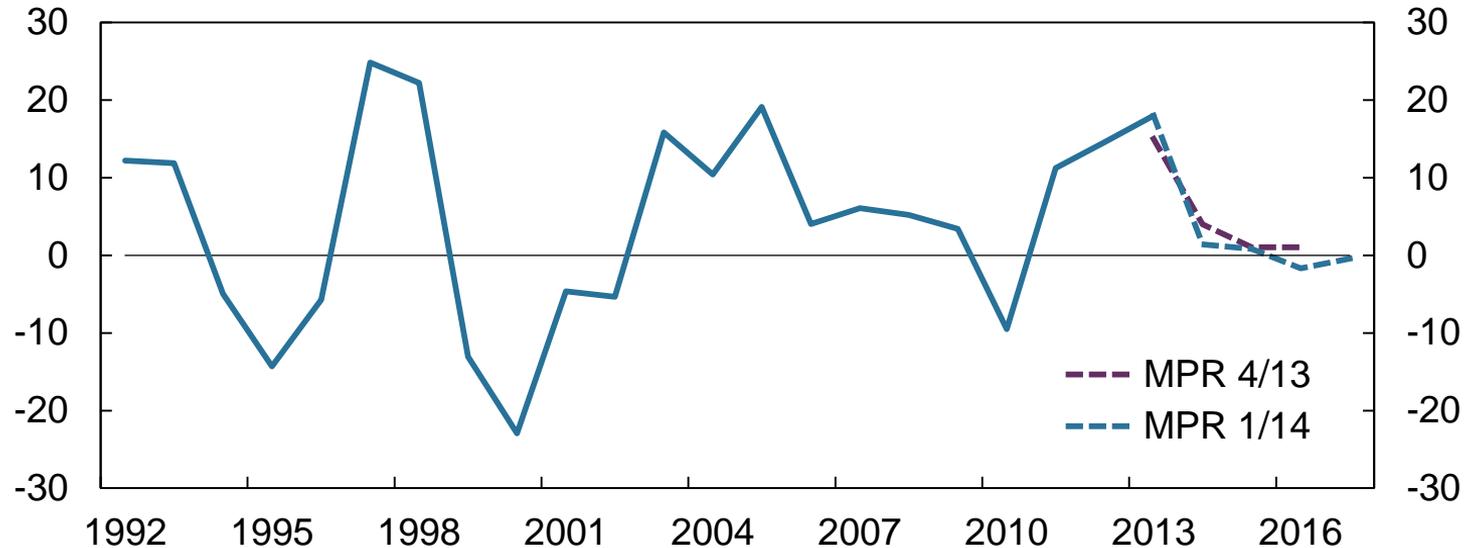


1) A positive slope denotes a stronger krone exchange rate.
Source: Norges Bank



Petroleum investment

Constant 2011 prices. Annual change. Percent. 1992 – 2017 ¹⁾



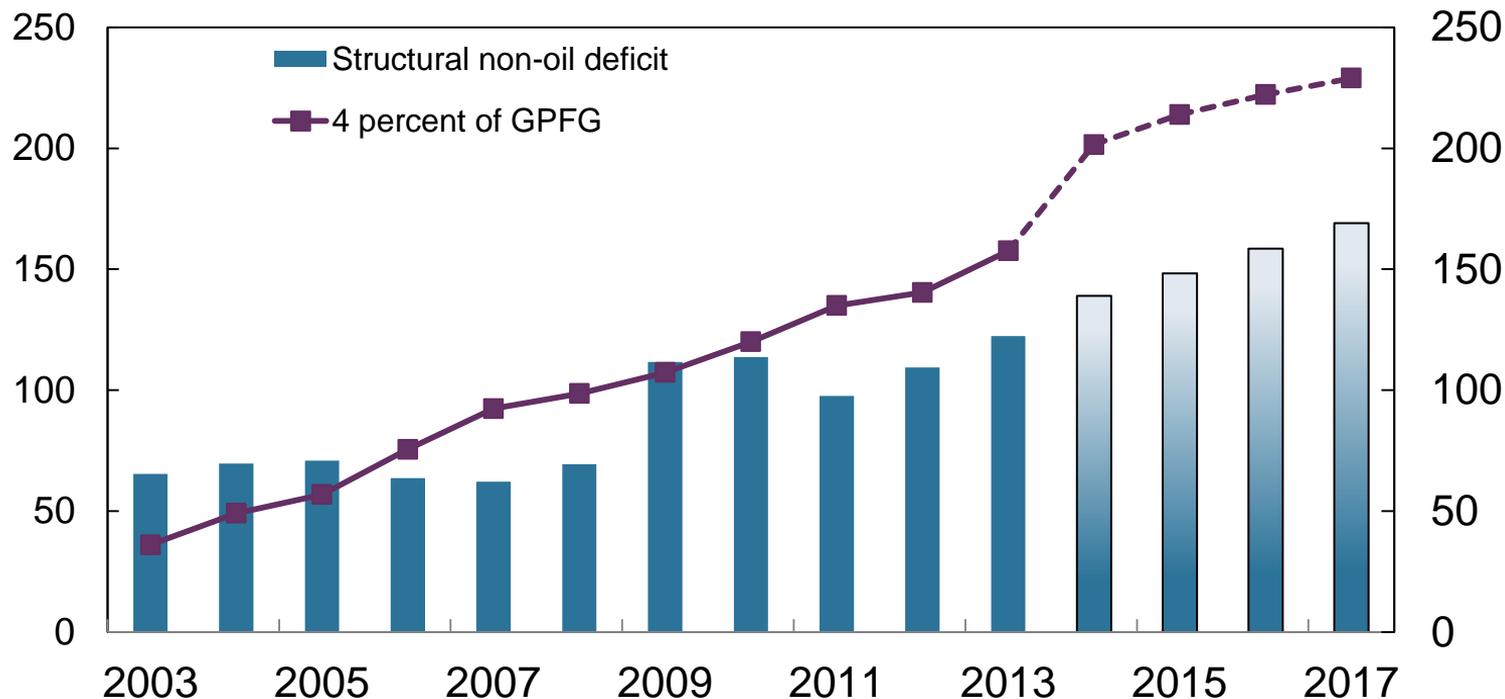
1) Projections for 2014 – 2017.

Sources: Statistics Norway and Norges Bank



Structural non-oil deficit and four percent of the Government Pension Fund Global

Constant 2014 prices. In billions of NOK. 2003 – 2017 ¹⁾



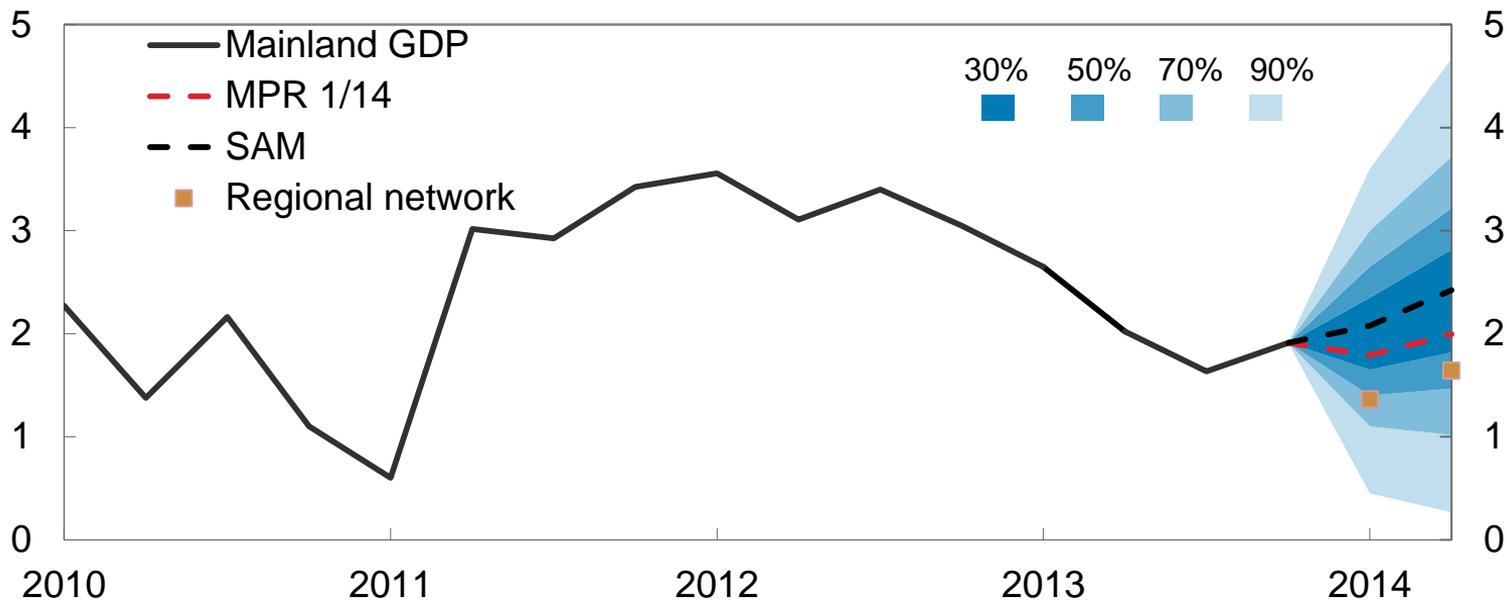
1) Projections for 2014 – 2017.

Sources: Norges Bank and Ministry of Finance



GDP for mainland Norway

Actual figures, baseline scenario, Norges Bank's regional network and projections from SAM¹⁾ with fan chart. Four-quarter change. Volume. Seasonally adjusted. Percent. 2010 Q1 – 2014 Q2²⁾



1) System for averaging short-term models

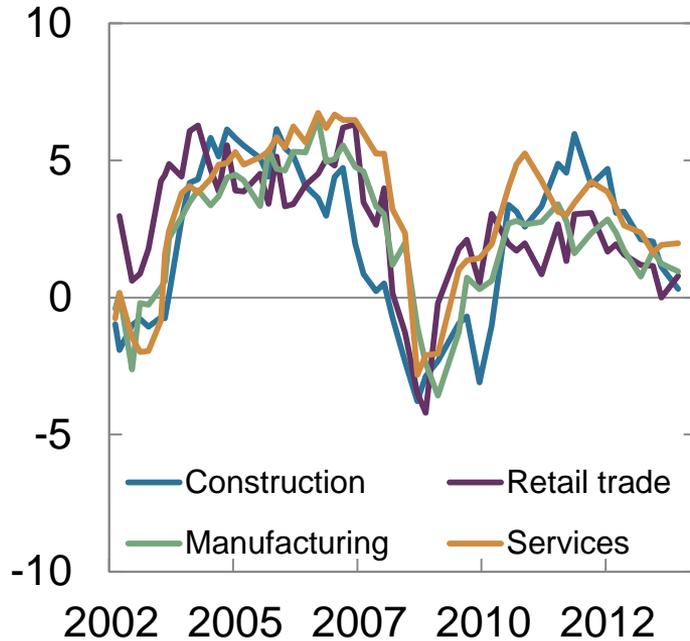
2) Projections for 2014 Q1 – 2014 Q2

Sources: Statistics Norway and Norges Bank



Regional network – output growth

Actual growth past 3 months. Annualised. Percent

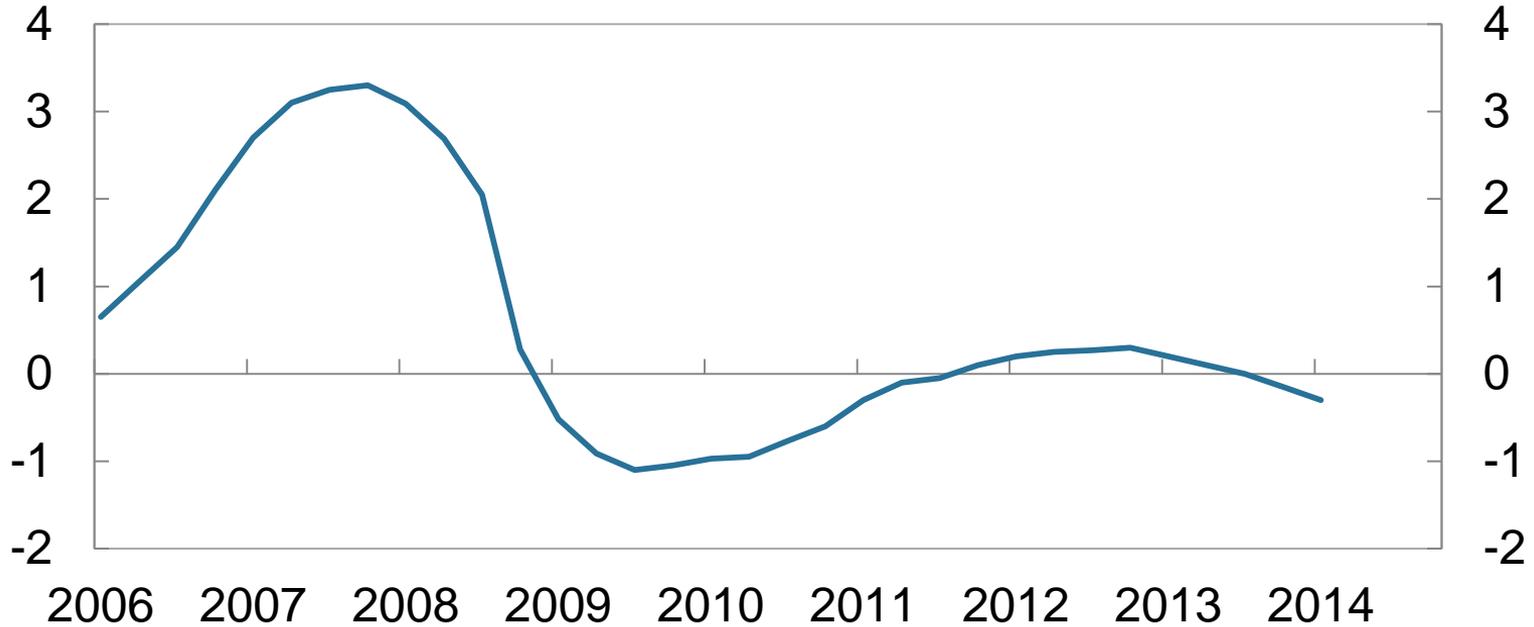


Source: Norges Bank's regional network



Output gap

2006 Q1 –2014 Q1. Percent. MPR 4/13 = MPR 1/14

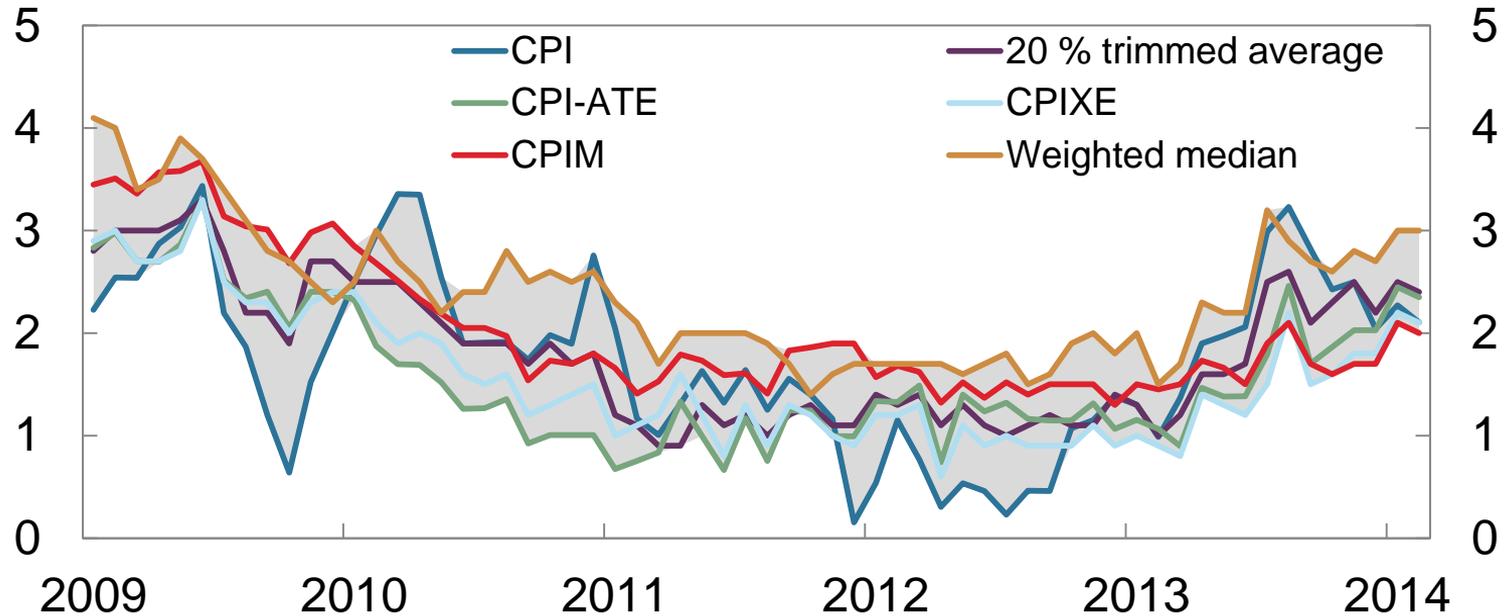


Source: Norges Bank



Different indicators for consumer price inflation

Twelve month change. Percent. January 2009 – February 2014

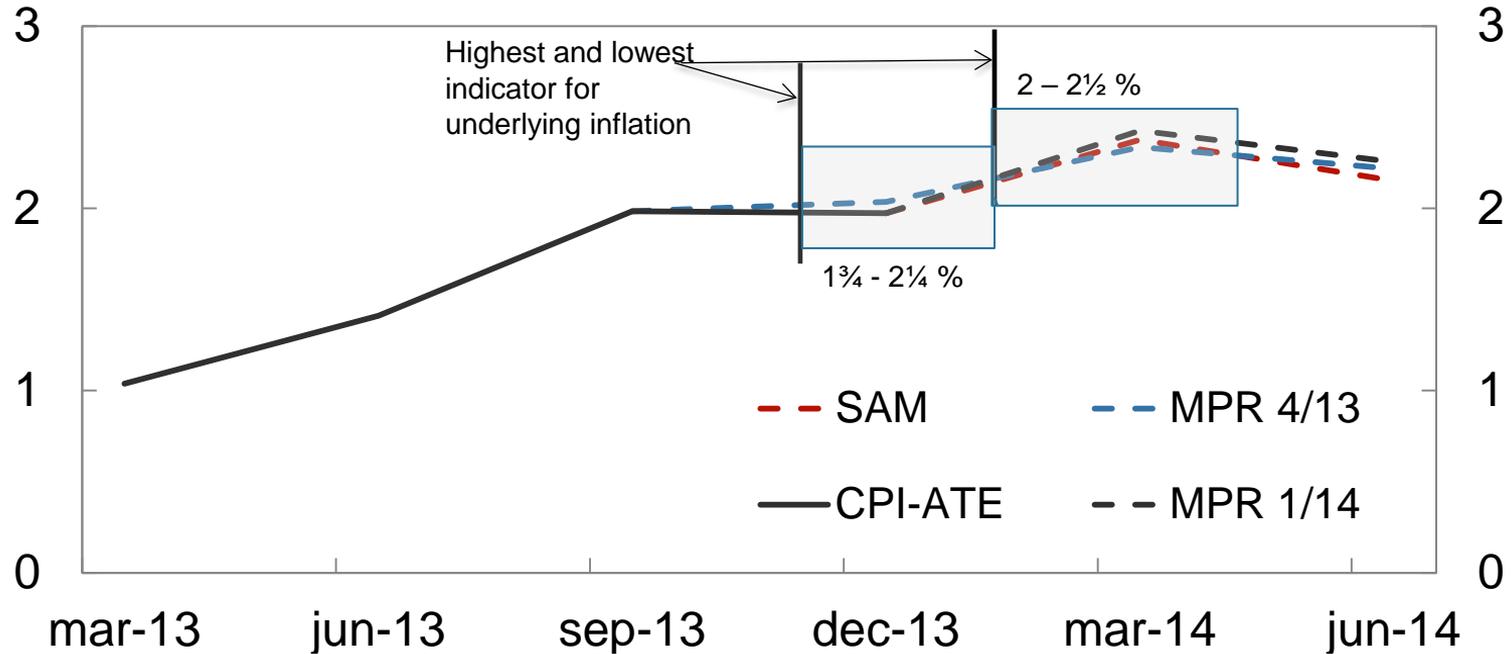


Sources: Statistics Norway and Norges Bank



Underlying inflation

Four quarter change. Percent. 2011 Q1 – 2014 Q2



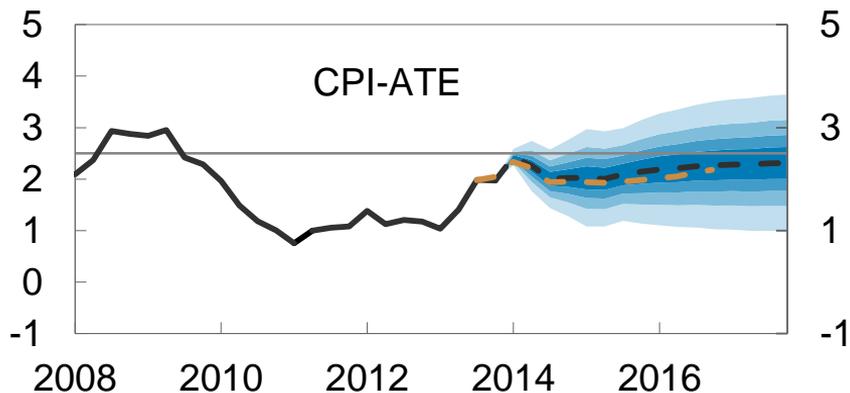
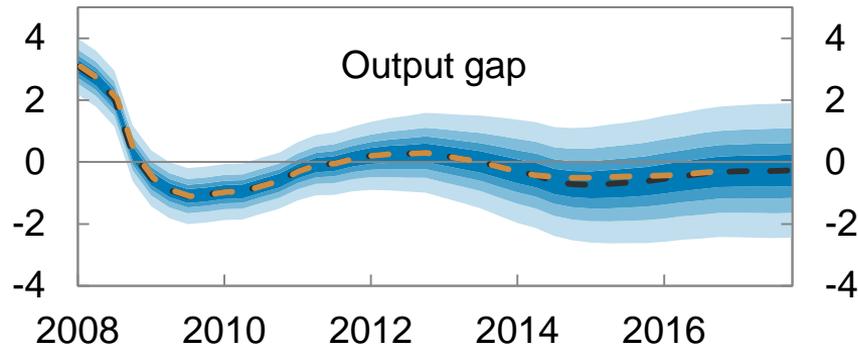
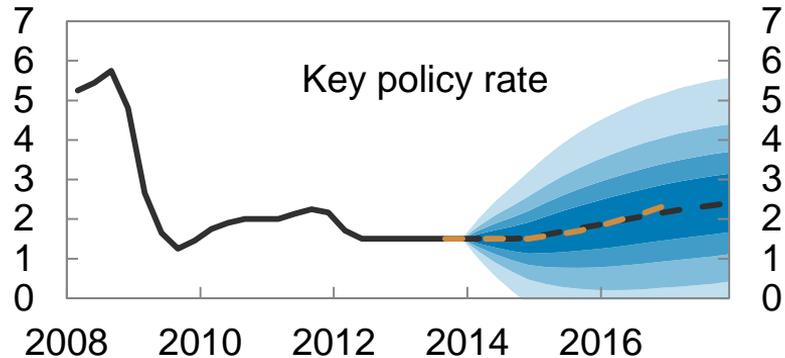
Sources: Statistics Norway and Norges Bank



Baseline scenario in MPR 1/14

Percent. 2008 Q1 – 2017 Q4 (MPR 4/13, broken yellow line)

30% 50% 70% 90%



Criteria

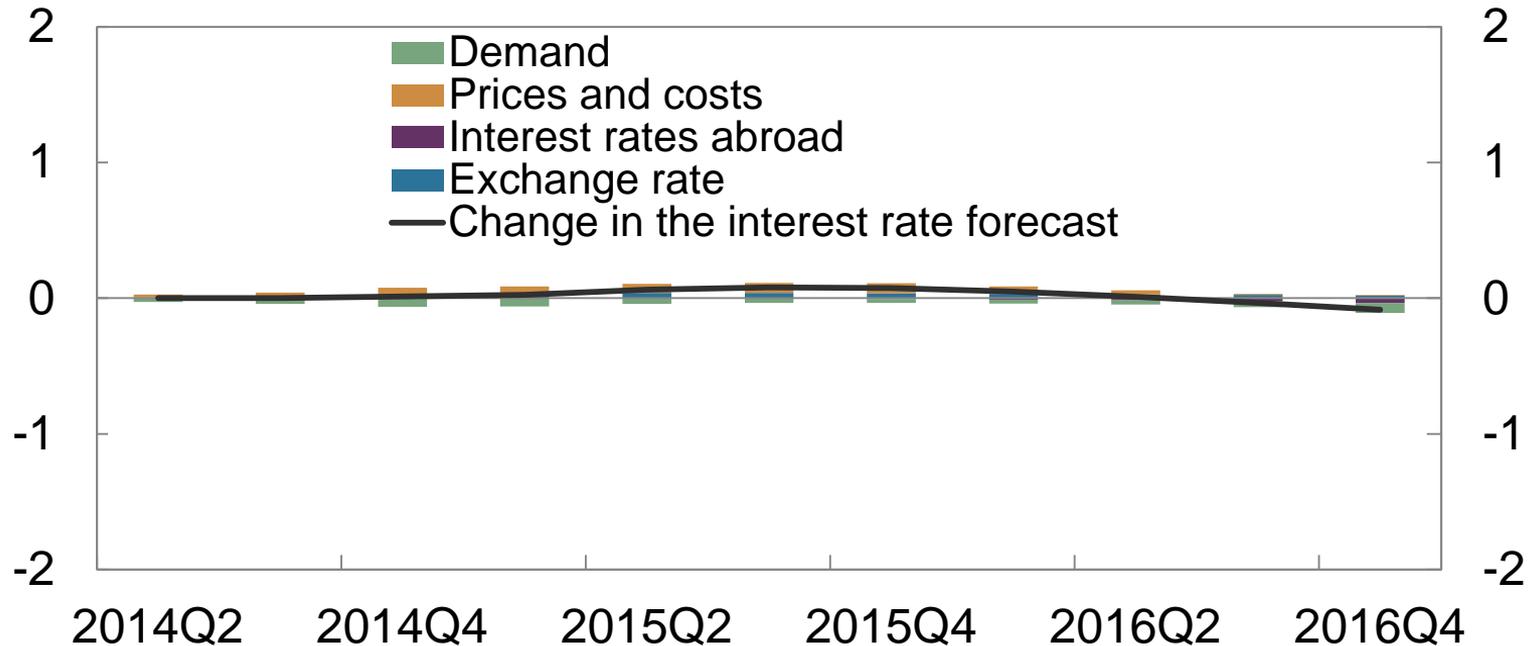
1. The inflation target is achieved
2. The inflation targeting regime is flexible
3. Monetary policy is robust

Sources: Statistics Norway and Norges Bank



Factors behind changes in the interest rate forecast since MPR 4/13

Accumulated contribution. Percentage points

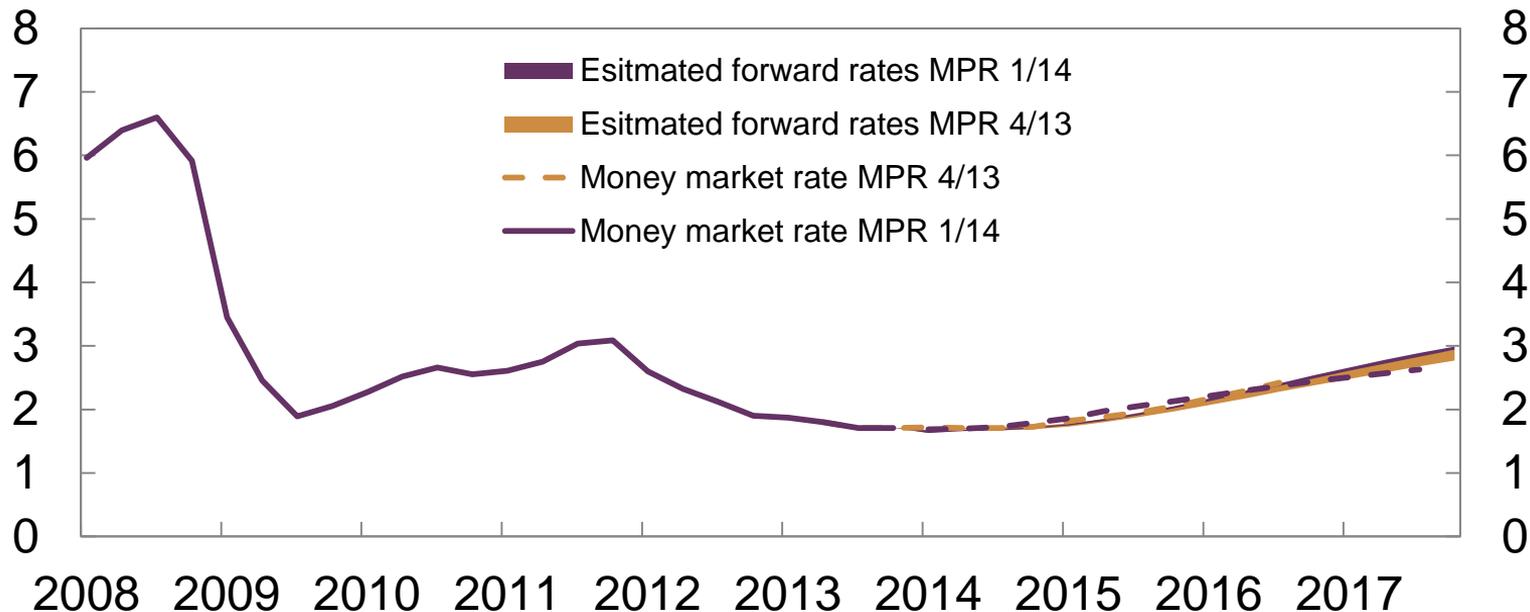


Source: Norges Bank



Cross-check 1: Three-month money market rate in the baseline scenario¹⁾ and estimated forward rates²⁾

Percent. 2008 Q1 – 2017 Q4



1) Key policy rate in the baseline scenario plus premiums in the Norwegian money market. The calculations are based on the assumption that announced interest rate changes are priced into the money market.

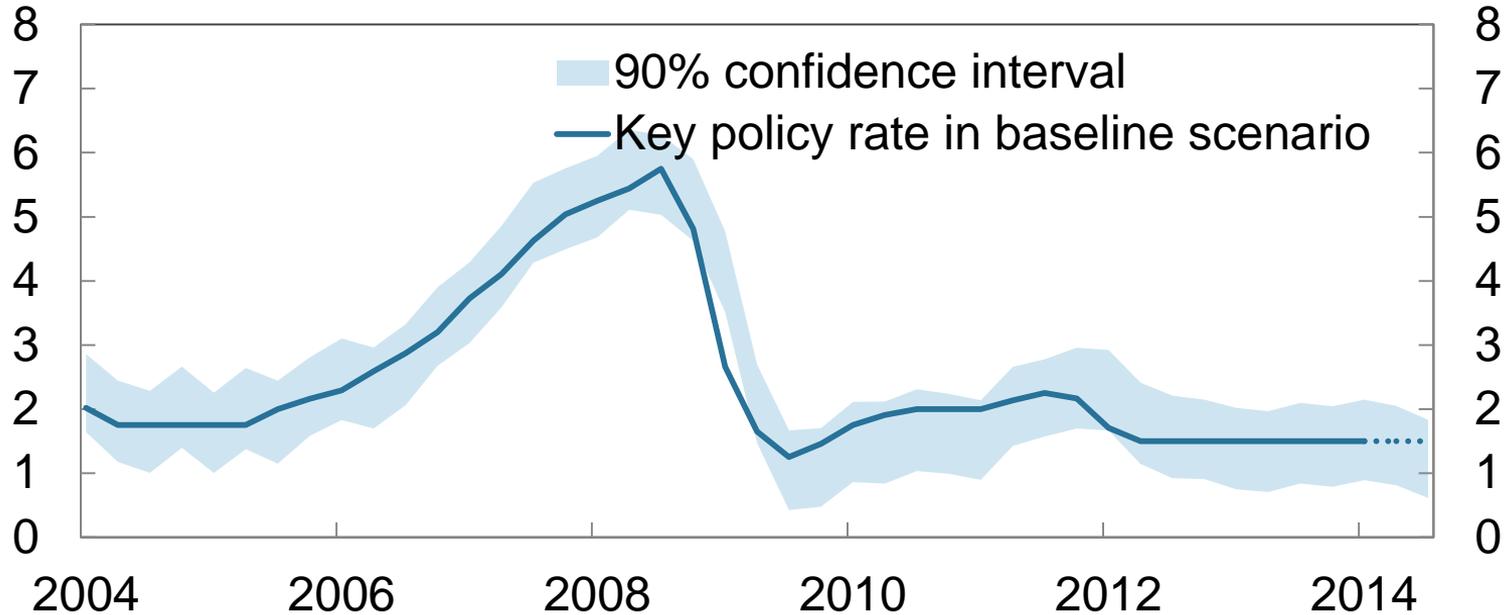
2) Forward rates are based on money market rates and interest rate swaps. The purple and blue bands show the highest and lowest rates in the period 18 November – 29 November 2013 and 7 March – 20 March 2014

Sources: Thomson Reuters and Norges Bank



Cross-check 2: Key policy rate and interest rate developments that follow from Norges Bank's average pattern of interest rate setting¹⁾

Percent. 2004 Q1 – 2014 Q3

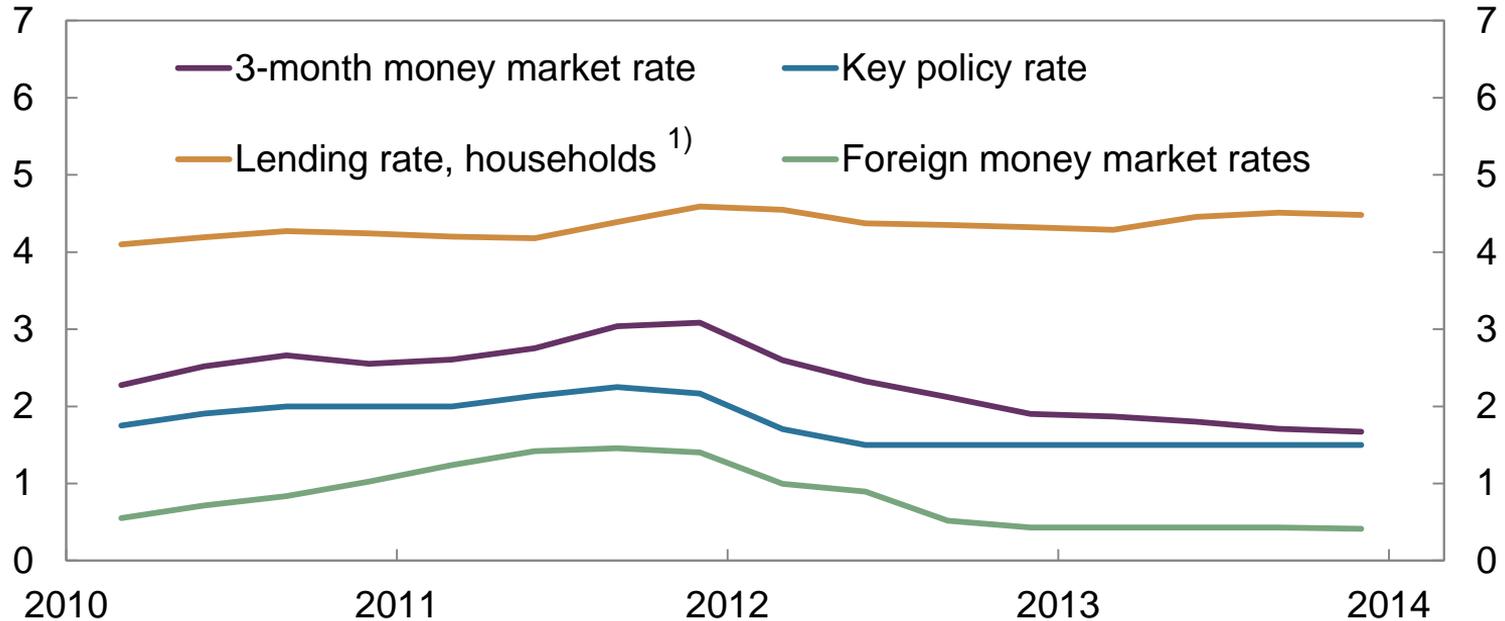


1) Interest rate movements are explained by developments in inflation, mainland GDP growth, wage growth and 3-month money market rates among trading partners, as well as the interest rate in the previous period. The equation is estimated over the period 1999 Q1 – 2013 Q3. See Norges Bank *Staff Memo* 3/2008 for further discussion.



Cross check 3: Different interest rates

Percent. 2010 Q1 – 2013 Q4



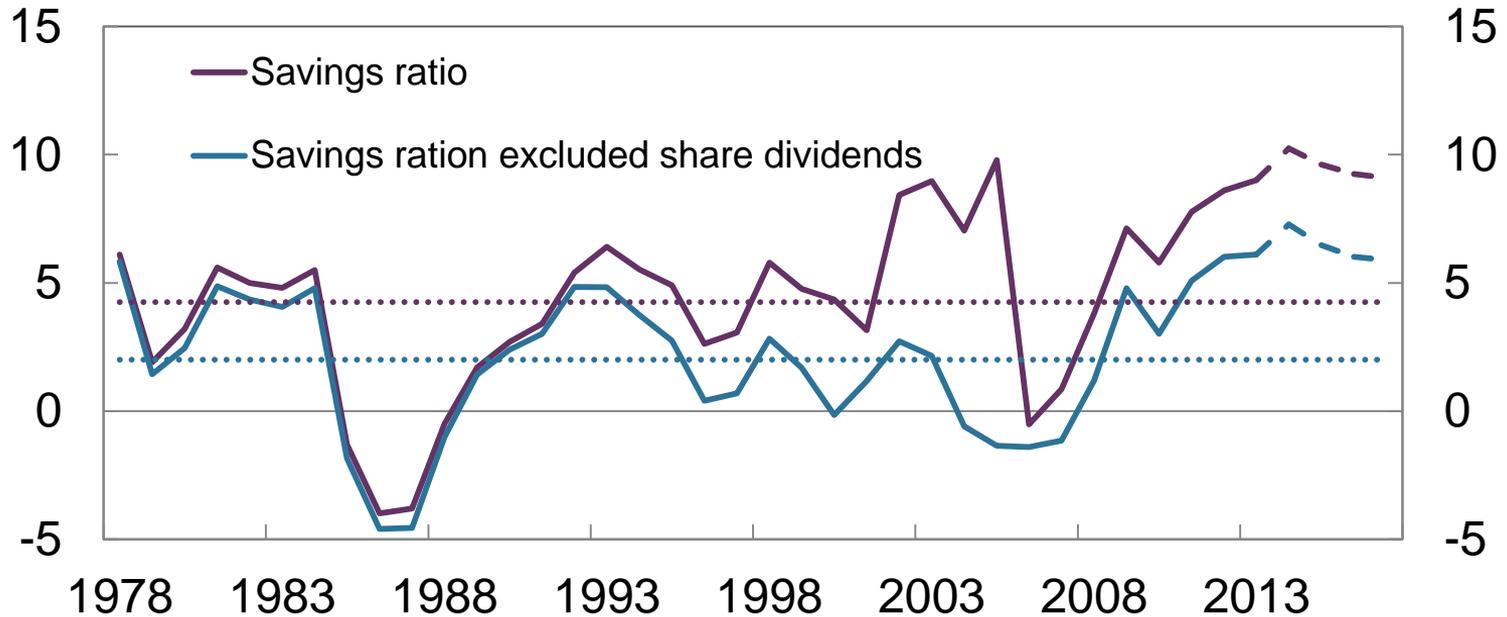
1) Average interest rate on all loans to households from banks and mortgage companies.

Sources: Statistics Norway and Norges Bank



Household saving

As a share of disposable income. Percent. 1978 – 2017

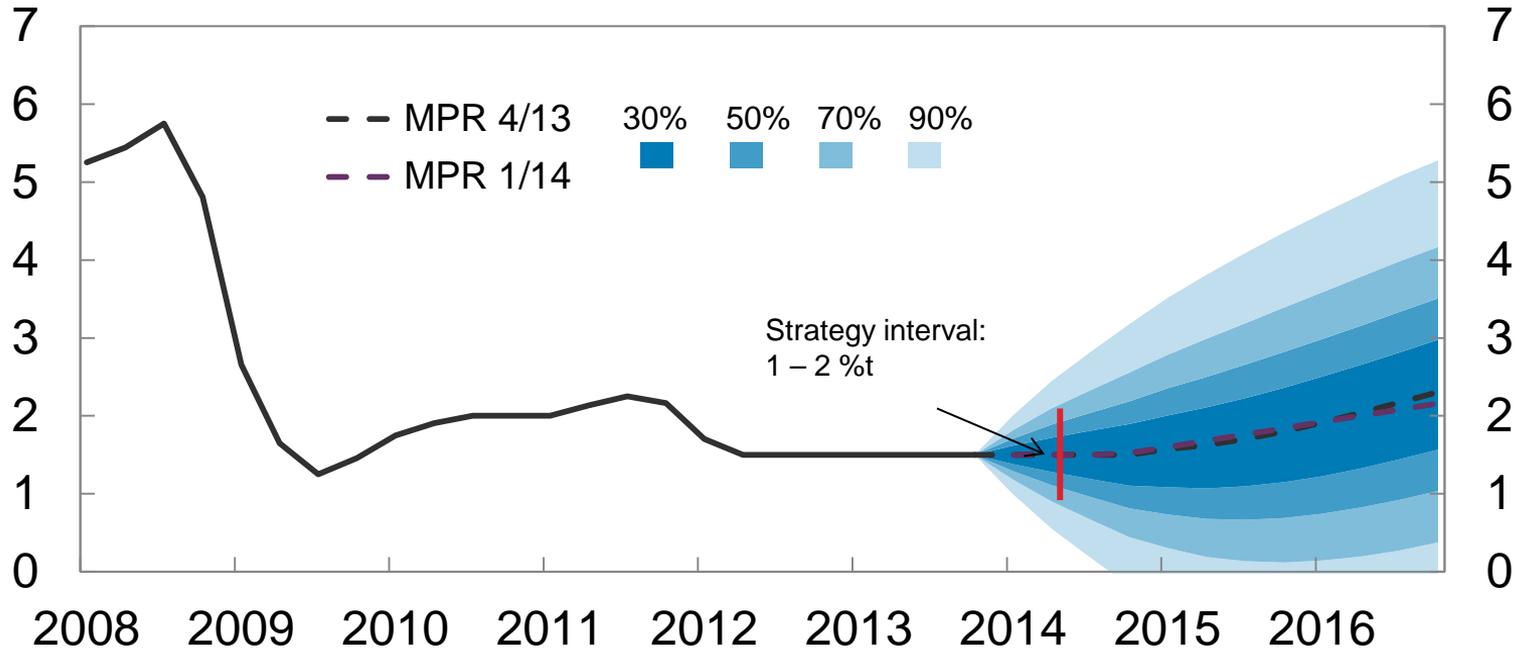


1) Projections for 2014–2017 (broken lines)
Sources: Statistics Norway and Norges Bank



Key policy rate

Fan from MPR 4/13. Percent. 2008 Q1 – 2016 Q4





MPR 1/14

DEPUTY GOVERNOR JAN F. QVIGSTAD
THE EXECUTIVE BOARD, 26 MARCH 2014