

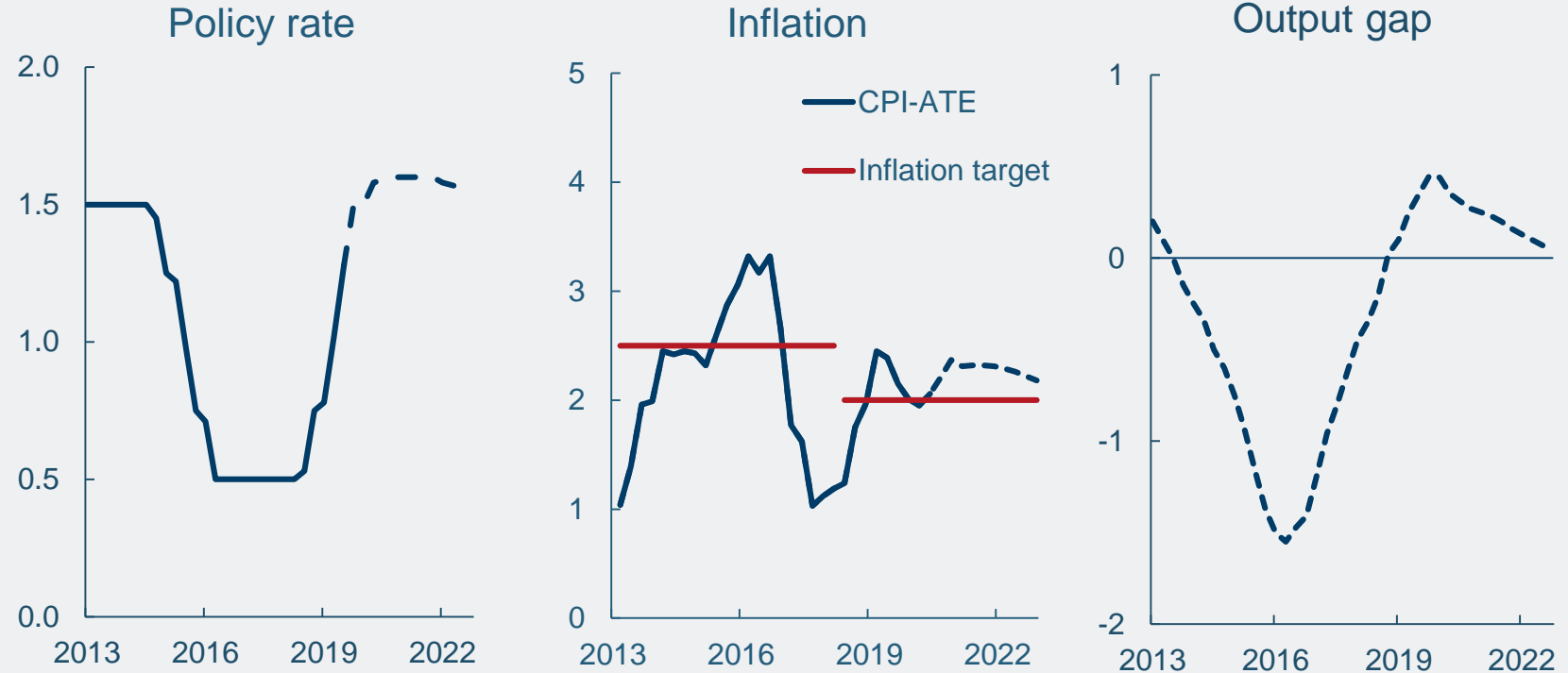


# OUTLOOK FOR THE NORWEGIAN ECONOMY

DEPUTY GOVERNOR IDA WOLDEN BACHE

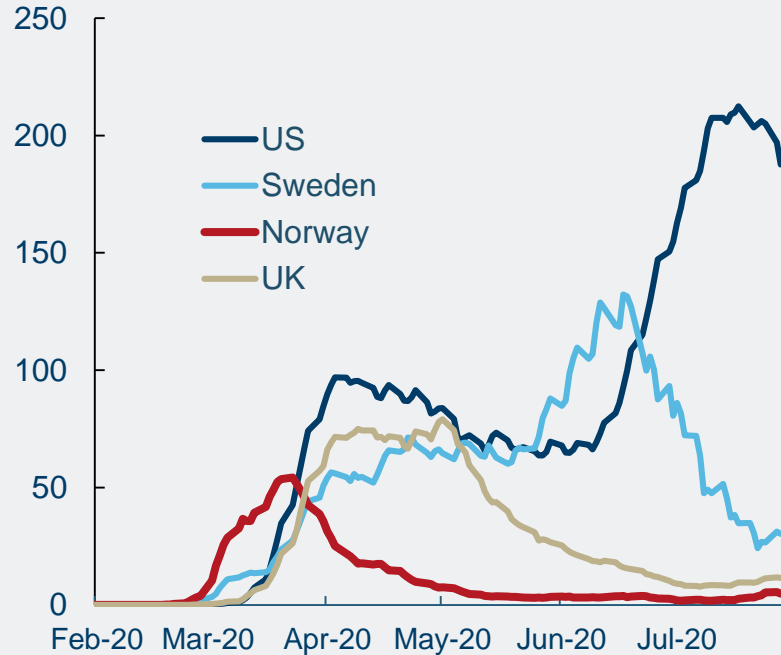
UBS Webinar, 2 September 2020

# Monetary Policy Report 4/19: Norwegian economy close to peak

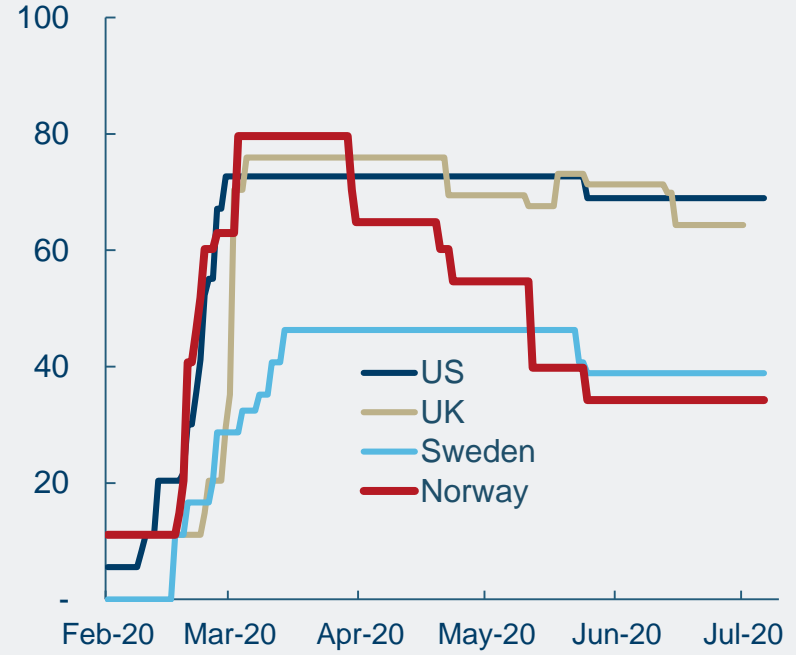


# Extensive measures to contain the outbreak

Changes in number of infected per day.  
Per million

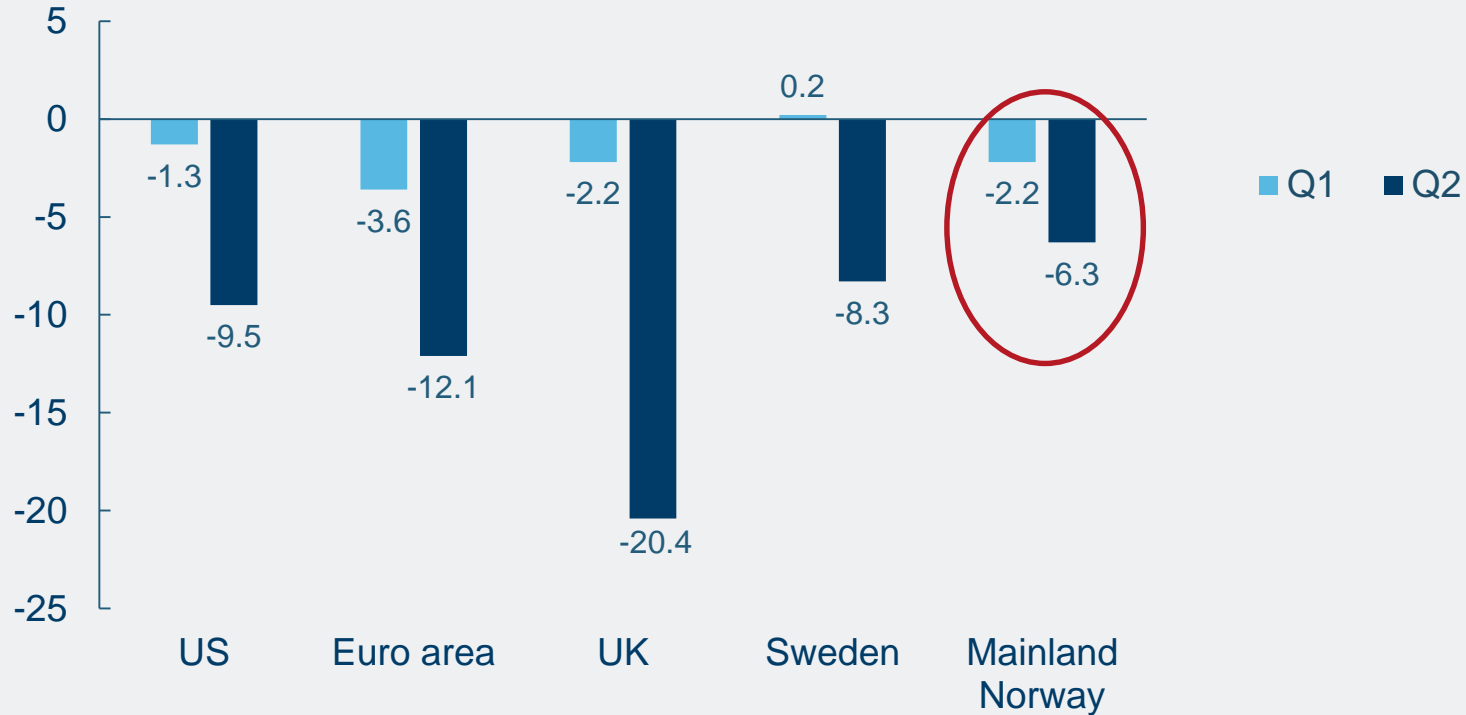


Infection control measures.  
Oxford Stringency Index



# Historically steep fall in GDP

GDP. Quarterly change. Percent. Seasonally adjusted



# Norway: Economic measures

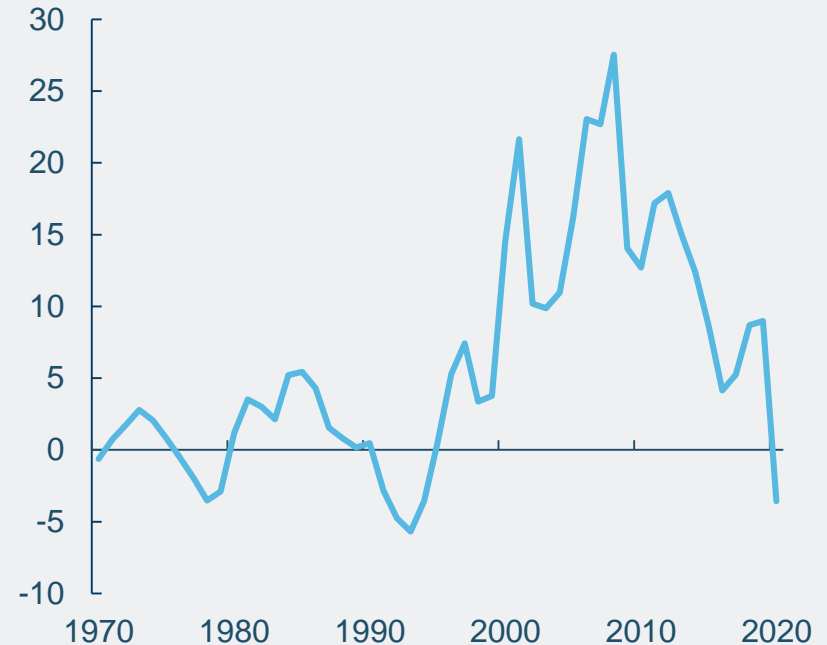
## Government:

- Income security schemes for individuals
- Compensatory measures for companies
- Loans and guarantee schemes
- Deferral of tax payments

## Norges Bank:

- Policy rate reduced from 1.5 to zero percent
- Extraordinary F-loans to banks in NOK and USD
- NOK purchases

Budget deficit in 2020<sup>1)</sup>



1) Combined surplus in the national budget and Government Pension Fund Global. Percent of trend GDP for mainland Norway.

Sources: Ministry of Finance and Norges Bank



# March: High volatility in NOK market

## Exchange rate (I-44)



## Volatility<sup>1)</sup>

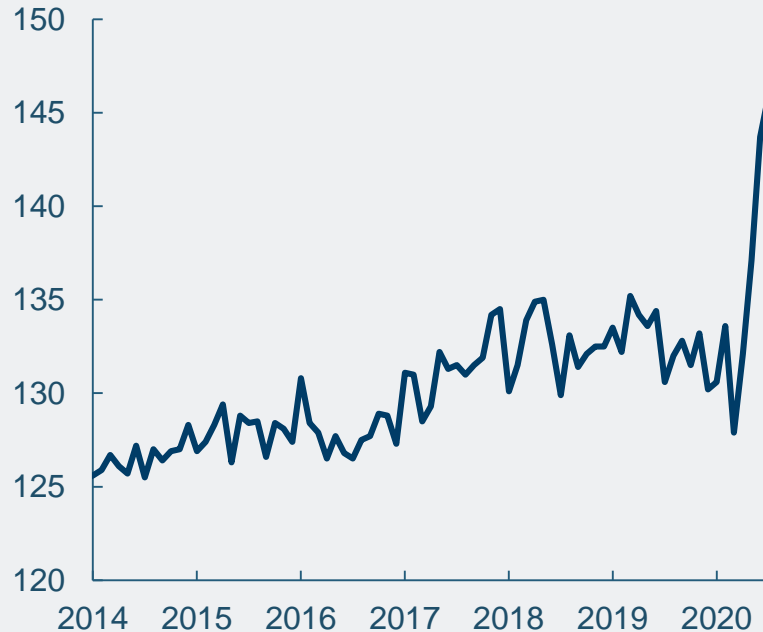


1) Fourteen-day moving average of bid and ask prices for 1 to 5 million orders and three-month implied volatility in EURNOK  
Sources: Bloomberg and Norges Bank

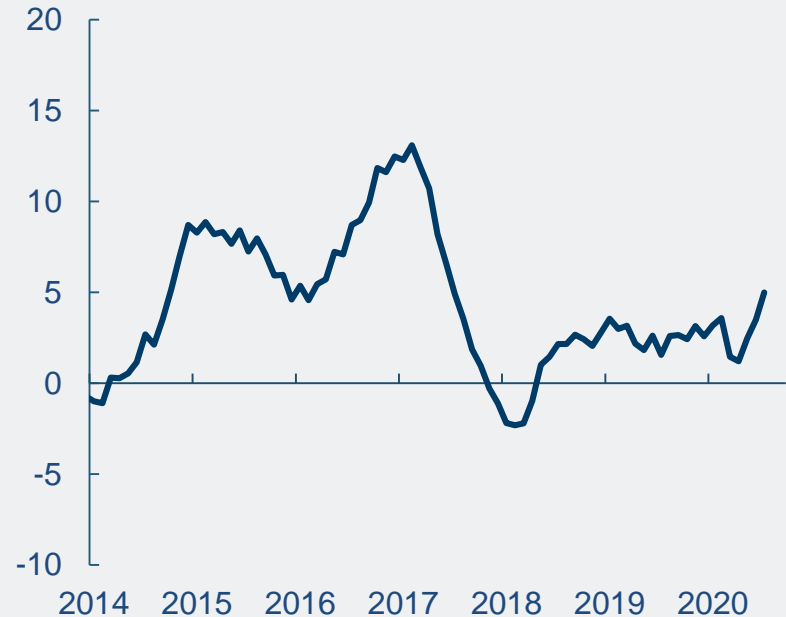


# Increasing consumption and house prices

Goods consumption. Index

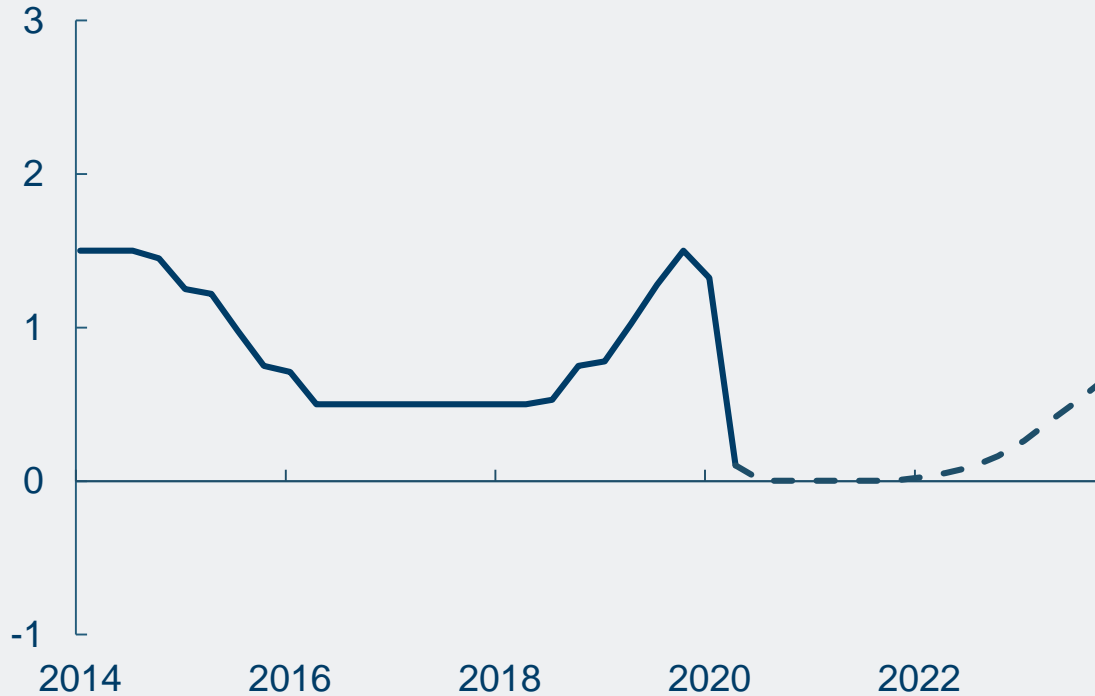


House prices. Twelve-month rise. Percent



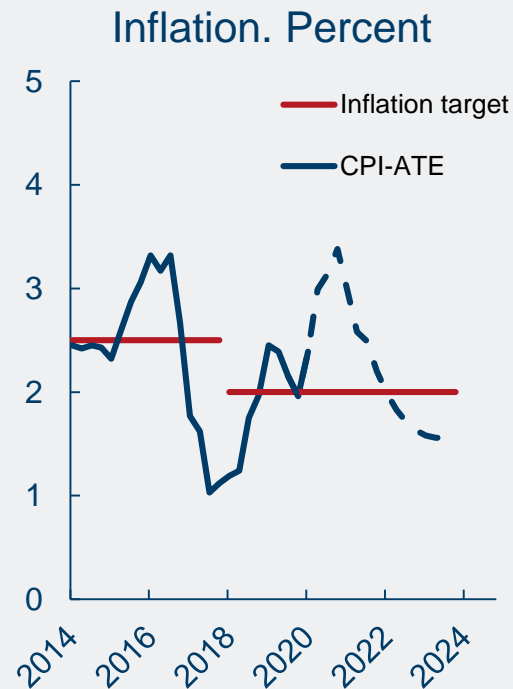
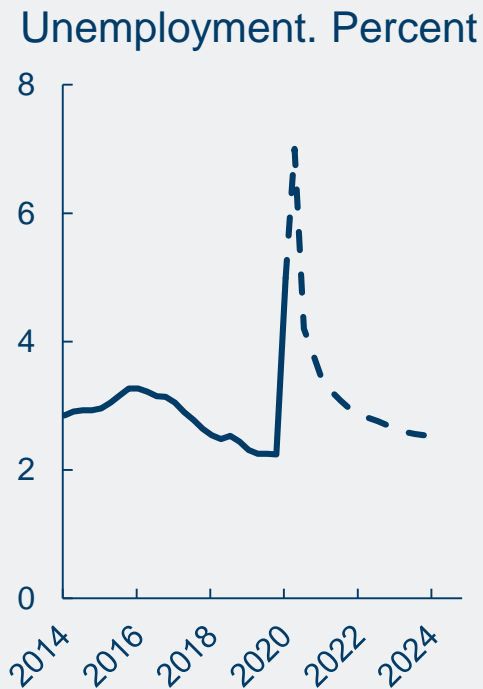
# Norges Bank's policy rate path

Policy rate. Percent. *Monetary Policy Report 2/20*





# Overall picture, *Monetary Policy Report 2/20*



# Monetary policy meeting, 19 August

Norges Bank's Monetary Policy and Financial Stability Committee decided unanimously to keep the policy rate unchanged at zero percent.

The Committee's assessment of the outlook and balance of risks suggests that the policy rate will most likely remain at today's level for some time ahead.





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