

Monetary policy meeting of the Executive Board, 13 August 2003

5. The current monetary policy situation

Related documents: CONFIDENTIAL memo 7 August 2003 (assessments)
 from Monetary Policy
 STRICTLY CONFIDENTIAL memo 13 August 2003
 (background and general assessment) from Monetary
 Policy
 STRICTLY CONFIDENTIAL memo 6 August 2003
 (revised strategy document 2/03)
 Draft minutes of meeting between the Ministry of
 Finance and Norges Bank on 24 June 2003

The Governor presented a review of the main economic developments since the previous Executive Board meeting, with particular emphasis on developments in money, foreign exchange and capital markets and his assessment of these developments in relation to the monetary policy strategy.

The Governor then presented the main assessments underlying the proposal for an interest rate reduction of 1.0 percentage point. The Board was informed that the matter had been submitted to the Ministry of Finance on 12 August 2003.

On this basis, the Executive Board had a discussion and decided to reduce the rate on banks' sight deposits and D-loans in Norges Bank by 1.0 percentage point to 3.00 and 5.00 percent respectively with effect as from 14 August 2003.

The Executive Board also took note of the memo "Assessments August 2003" and the revised strategy document 2/03. The Governor informed the Board that the minutes of the meeting between the Ministry of Finance and Norges Bank on 24 June 2003 had now been approved.