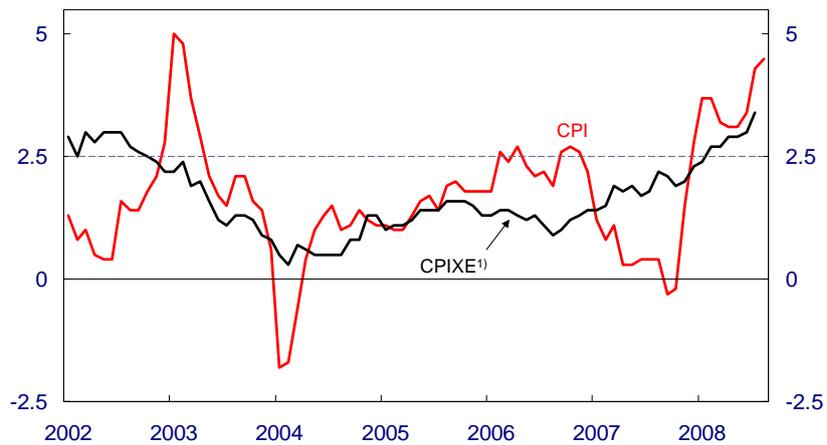


# Asset prices and economic policy

Governor Svein Gjedrem  
 Centre for Monetary Economics  
 12 September 2008

## Inflation indicators 12-month rise. Per cent

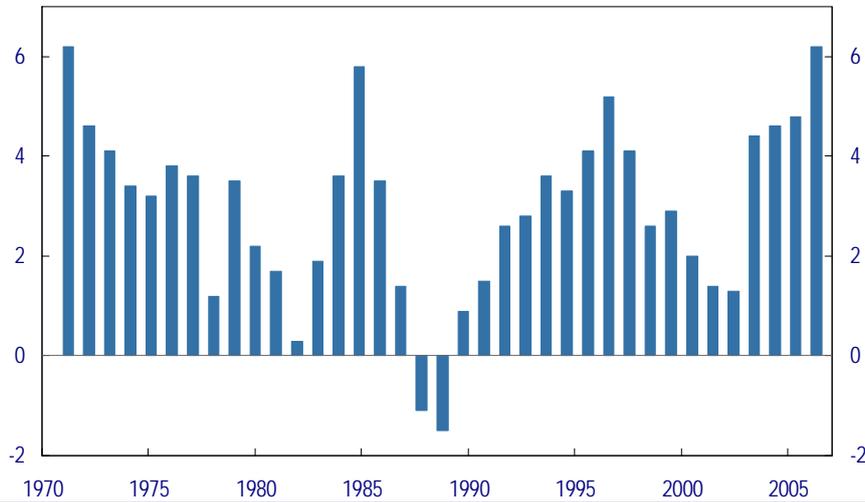


<sup>1)</sup> CPIXE: CPI adjusted for tax changes and excluding temporary fluctuations in energy prices

Sources: Statistics Norway and Norges Bank

### Economic growth

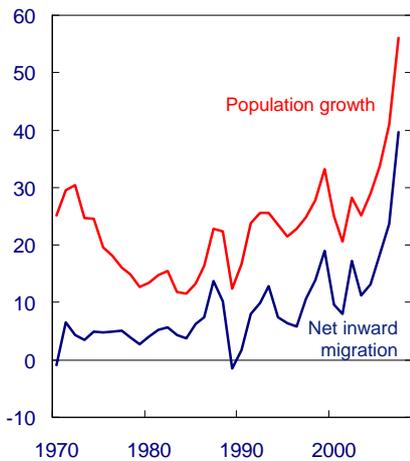
Annual growth in volume. Mainland GDP. Per cent



Sources: Statistics Norway and Norges Bank 3

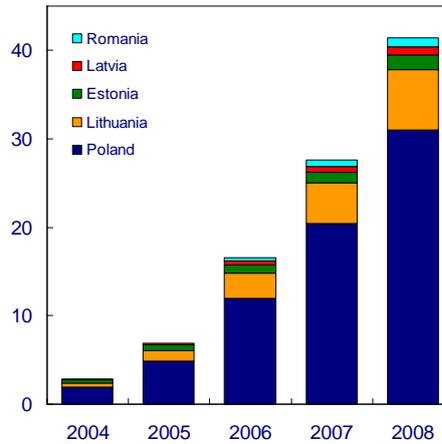
### Population growth and net inward migration

In thousands



### Registered employees from new EU countries

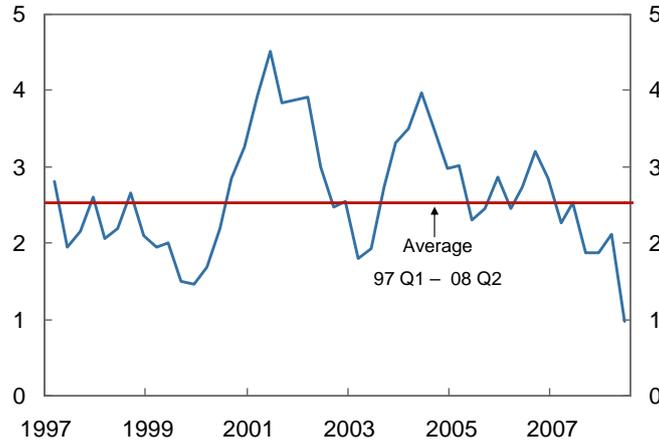
In thousands. As of August



Sources: Statistics Norway and Central Office – Foreign Tax Affairs 4

### Hourly productivity, mainland Norway

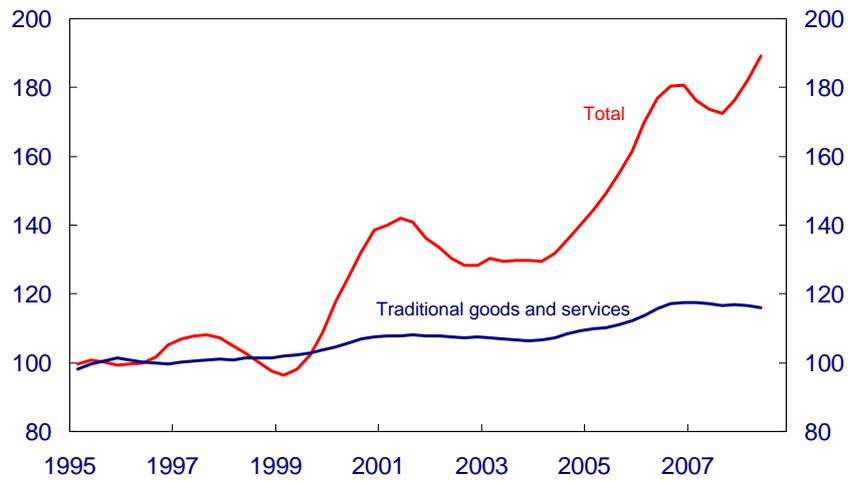
4-quarter growth. 5-quarter moving average. Per cent



Sources: Statistics Norway and Norges Bank 5

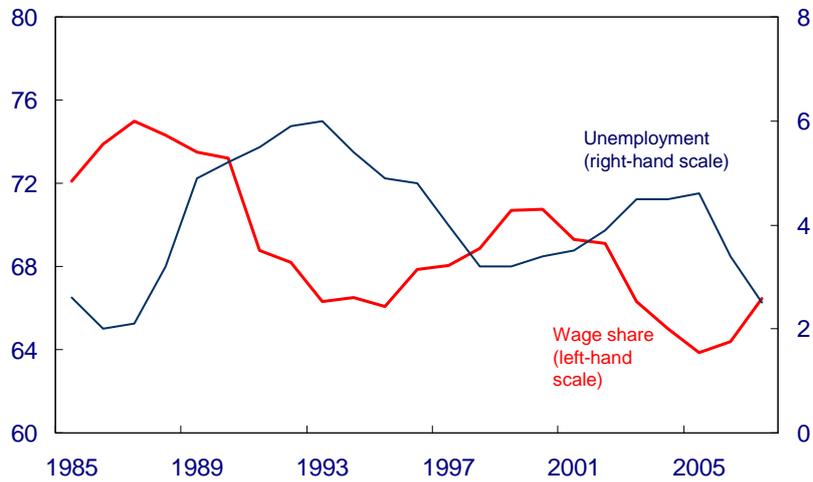
### Terms of trade

4-quarter moving average. Index, 1995=100



Sources: Statistics Norway and Norges Bank 6

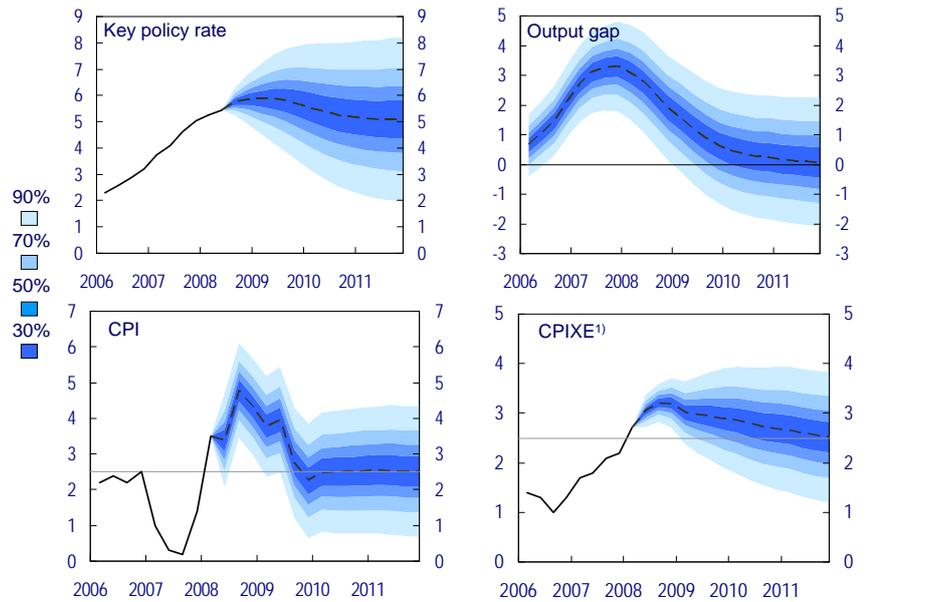
### LFS unemployment and wage share<sup>1)</sup> Per cent



<sup>1)</sup> Wages as a share of factor income in market-oriented mainland enterprises

Sources: Statistics Norway, The Technical Reporting Committee on Income Settlements and Norges Bank 7

### Baseline scenario i MPR 2/08



<sup>1)</sup> CPIXE: CPI adjusted for tax changes and excluding temporary fluctuations in energy prices

Sources: Statistics Norway and Norges Bank

### Difference between 3-month money market rates and expected key policy rate<sup>1)</sup> Basis points, 5-day moving average



<sup>1)</sup> Expected key policy rate is derived from Overnight Indexed Swap (OIS) rates

Sources: Bloomberg, Thomson Reuters and Norges Bank 9

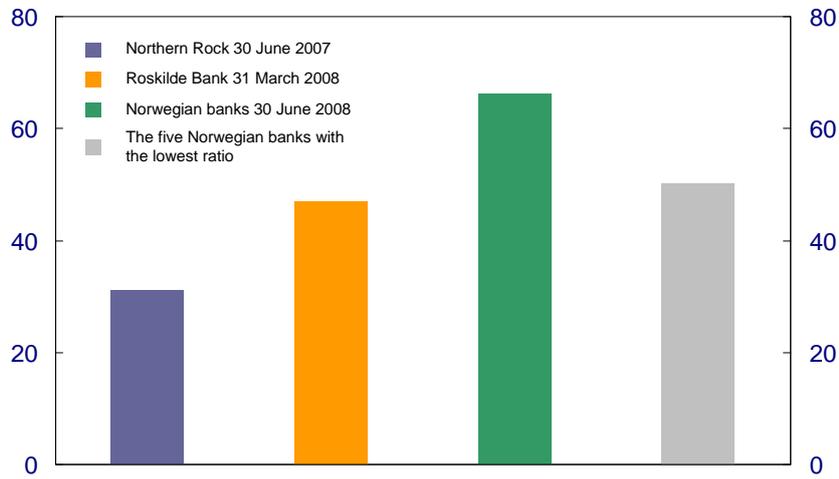
### Difference between 12-month money market rates and expected key policy rate<sup>1)</sup> Basis points, 5-day moving average



<sup>1)</sup> Expected key policy rate is derived from Overnight Indexed Swap (OIS) rates

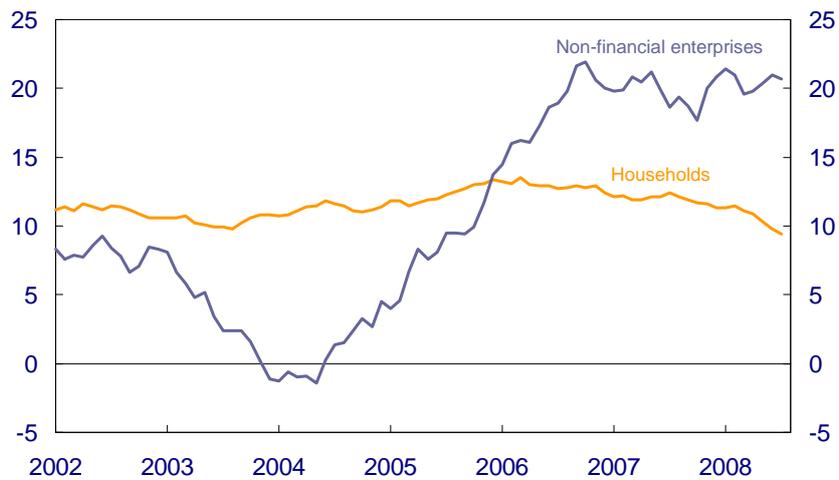
Sources: Bloomberg, Thomson Reuters and Norges Bank 10

Deposit-to-loan ratio (customer deposits / lending to customers) in distressed banks in the quarter before the crisis and in Norwegian banks today. Per cent



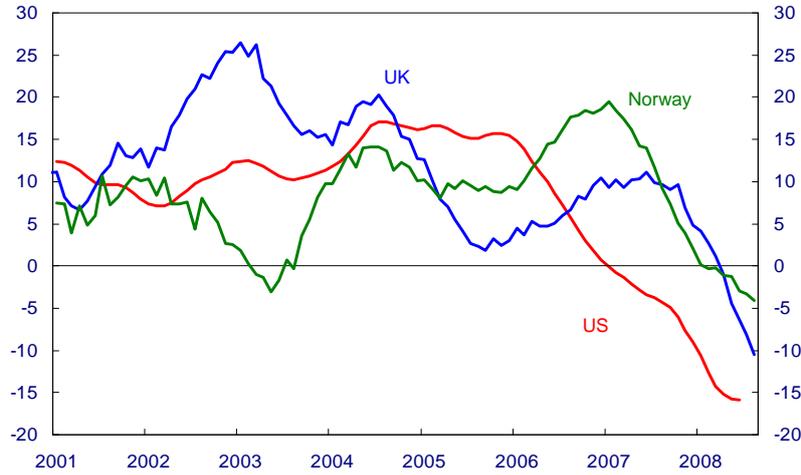
Sources: Northern Rock, Roskilde Bank, Norges Bank 11

Credit to households and enterprises  
12-month growth. Per cent



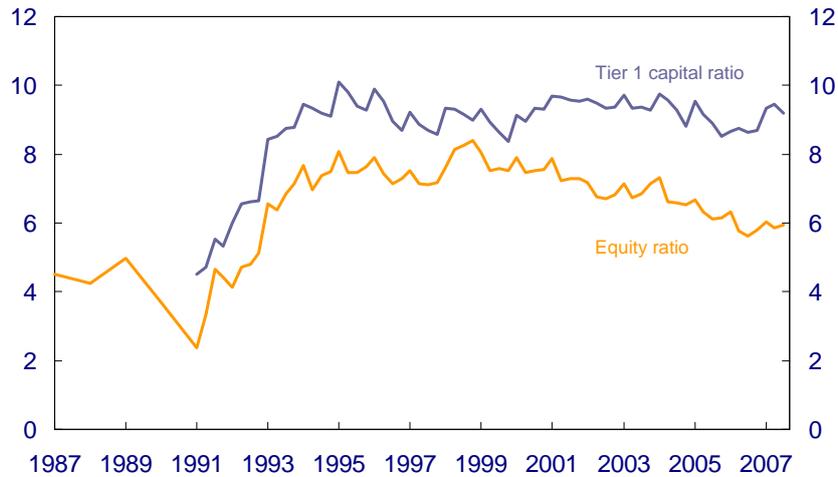
Sources: Statistics Norway and Norges Bank 12

### House prices 12-month rise. Per cent



Sources: Thomson Reuters, Associations of Norwegian real estate agents (NEF, EFF), ECON Pöyry and Finn.no

### Banks' <sup>1)</sup> capital adequacy and equity ratio Per cent



<sup>1)</sup> All banks except branches of foreign banks in Norway. Equity ratio before 1990 Q1 for all banks.

Sources: Kredittilsynet and Norges Bank

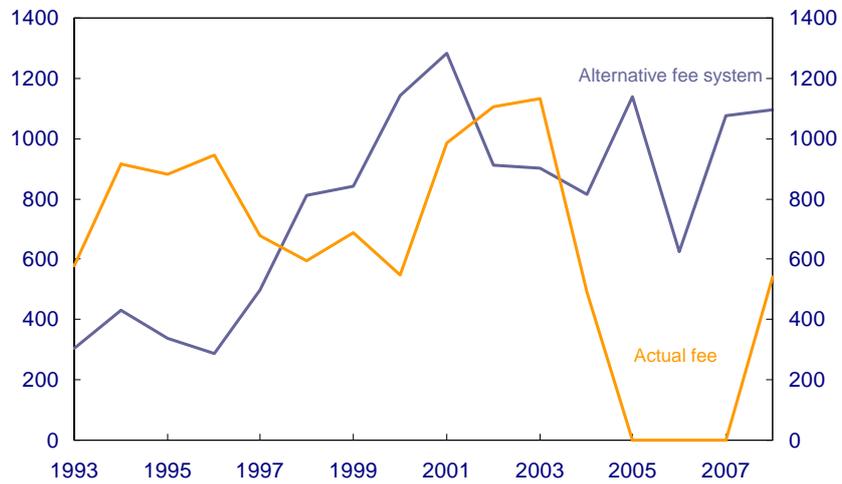
### Branches of foreign banks' membership in the Norwegian Banks' Guarantee Fund

Member 2007	Member 2008	Applied per September 2008	Has not applied
Nordnet Bank (Sweden) Fokus Bank (Denmark) Kaupthing Bank (Iceland)	Swedbank (Sweden)	Handelsbanken (Sweden) Skandiabanken (Sweden) Landsbanki (Iceland)	SEB (Sweden) GE Money Bank (Sweden) Citibank (UK) BNP Paribas (France)

### Norges Bank's recommended revisions in the Norwegian guarantee scheme:

- Member banks must always pay a fee
- The membership fee is differentiated more clearly according to banks' risk exposure
- ...and thus becomes counter-cyclical by using growth in banks' activity as a supplemental measure of risk exposure
- A reduction in the guaranteed amount per customer
- An increase in the notice of withdrawal for voluntary members from one to two years
- Branches of foreign banks pay to the extent possible a membership fee according to the same rules as Norwegian banks

### Fees to the Norwegian Banks' Guarantee Fund In millions of NOK



Sources: Kredittilsynet and Norges Bank 17

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