



OUTLOOK FOR THE NORWEGIAN ECONOMY

DEPUTY GOVERNOR JON NICOLAISEN

Stavanger, 8 November 2017

Topics

- Outlook for the global economy
- Outlook for the Norwegian economy



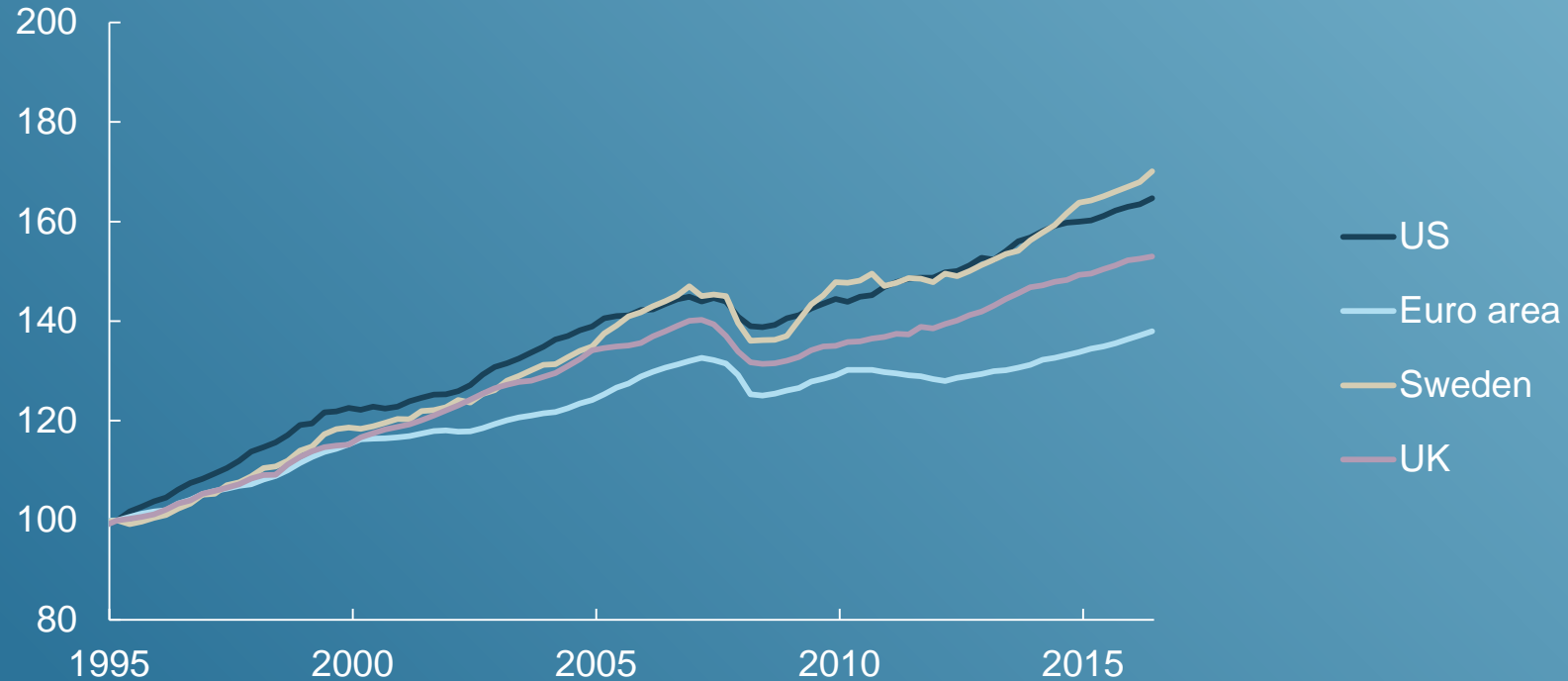
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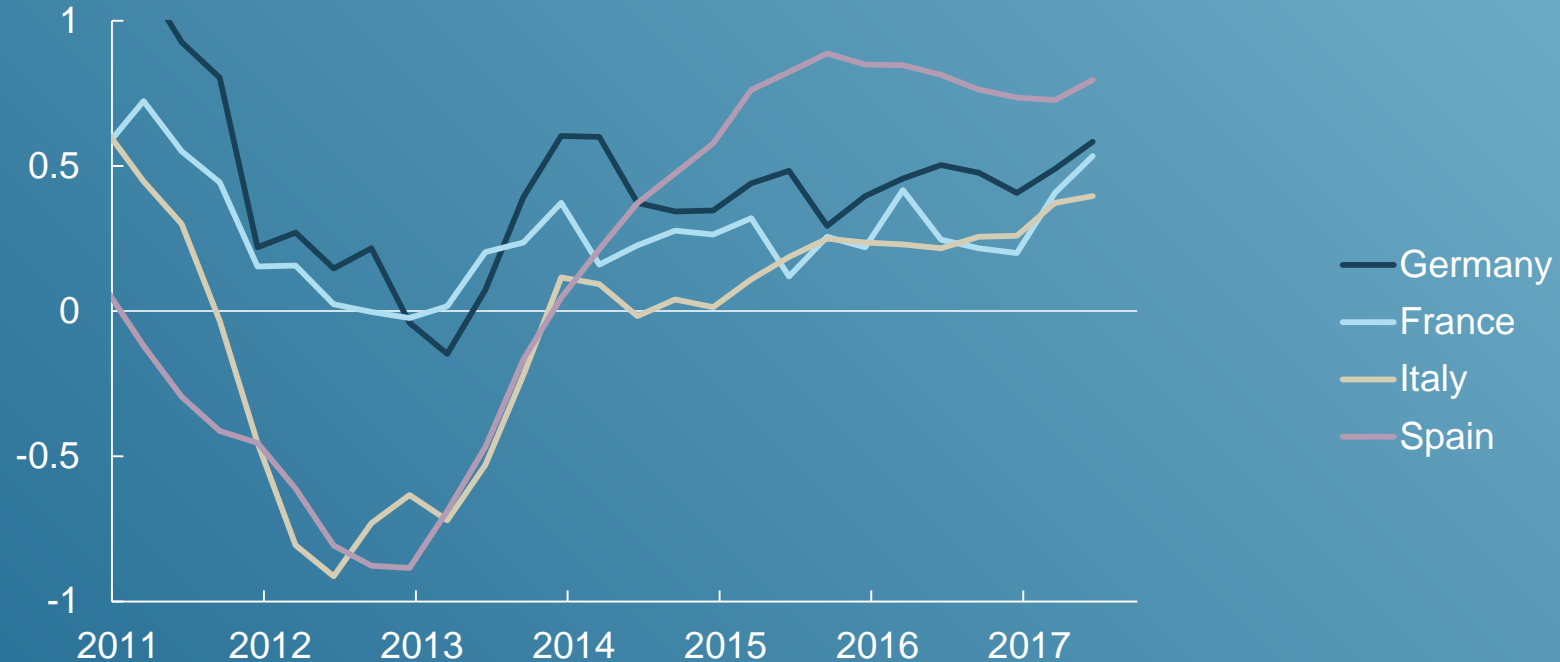
Improving global economy

Quarterly data. Index. 1995 = 100



Upturn in a number of countries

Quarterly GDP growth in selected euro area countries¹⁾

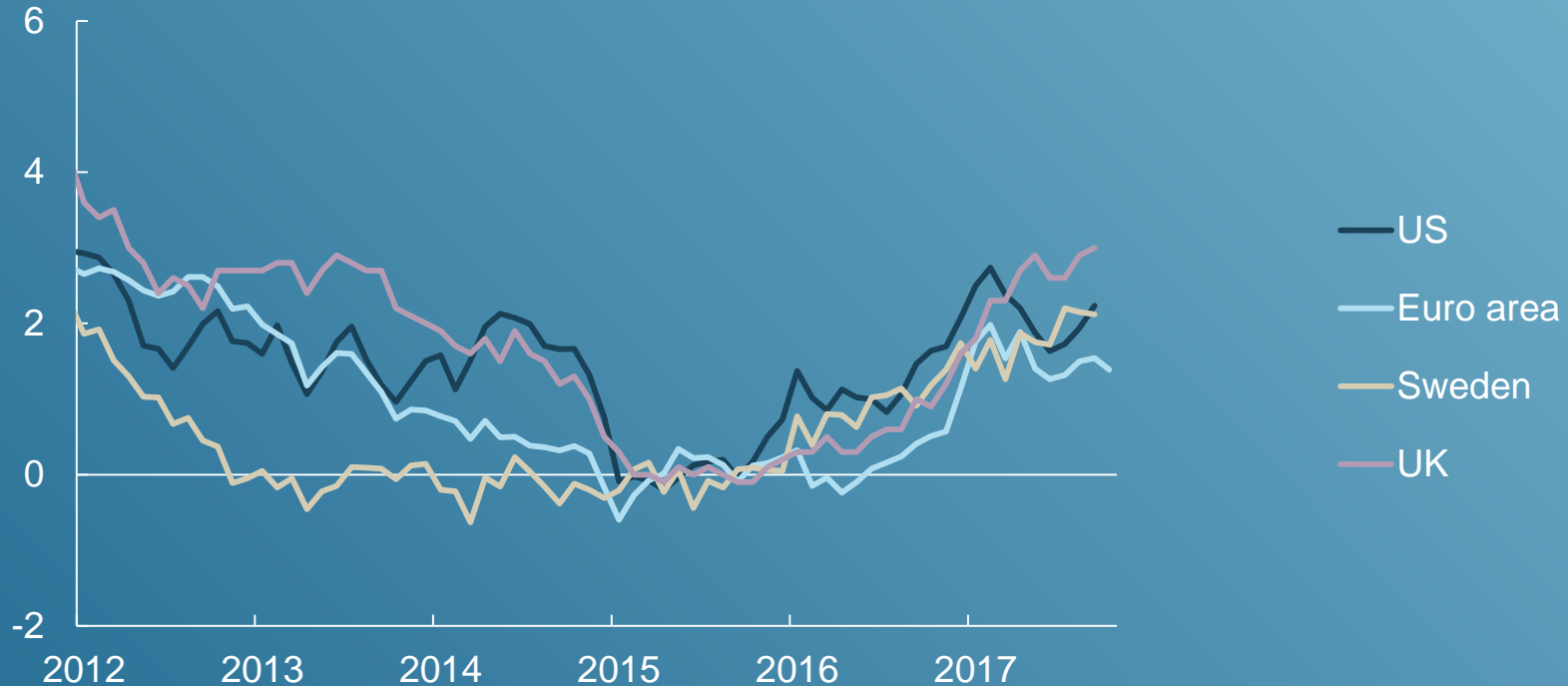


¹⁾ Three-quarter moving average.
Source: Thomson Reuters



Inflation for important trading partners

Twelve-month percentage change. January 2012 – October 2017 ¹⁾

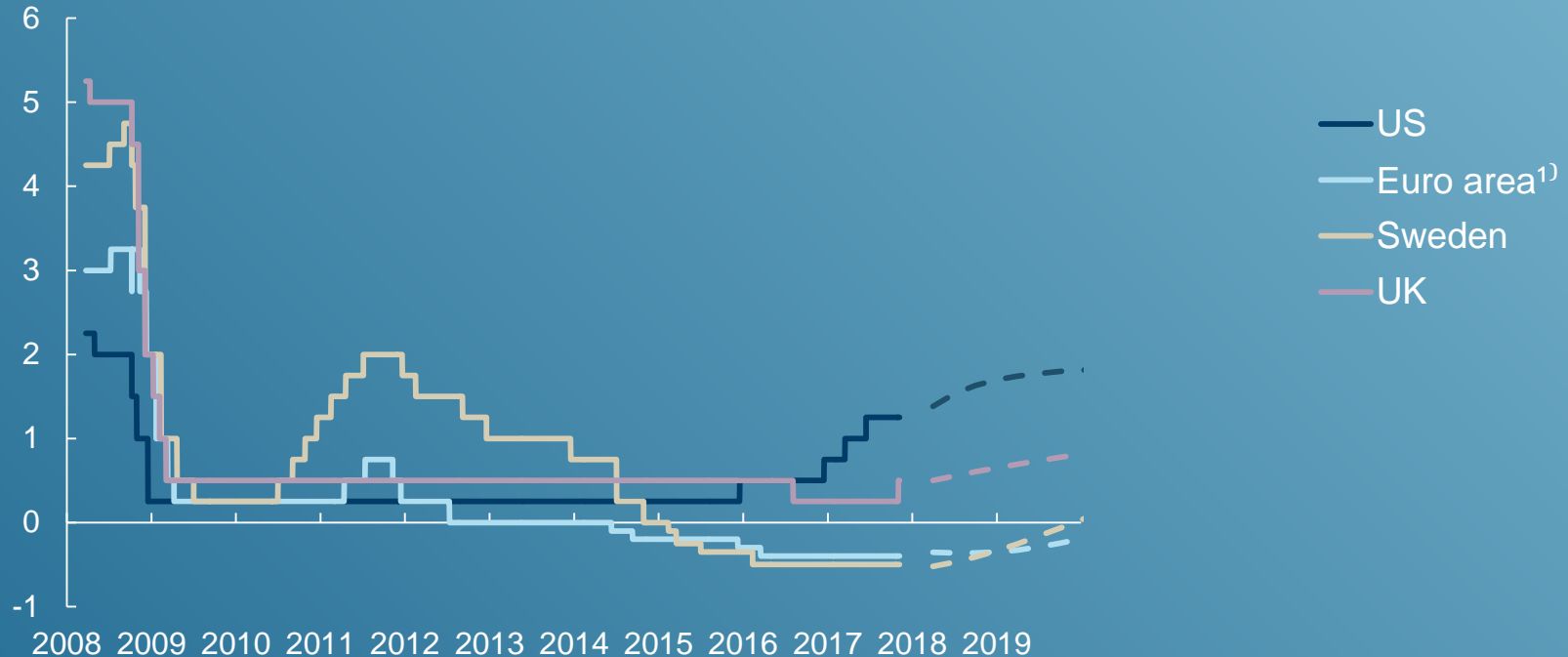


¹⁾ Data for October only for euro area.
Source: Thomson Reuters



Policy rates abroad have bottomed out

Policy rates and estimated forward rates at 6 November 2017



¹⁾ ECB's deposit rate. Eonia from 2017 Q3.

Sources: Bloomberg, Thomson Reuters and Norges Bank



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The krone has tracked the oil price

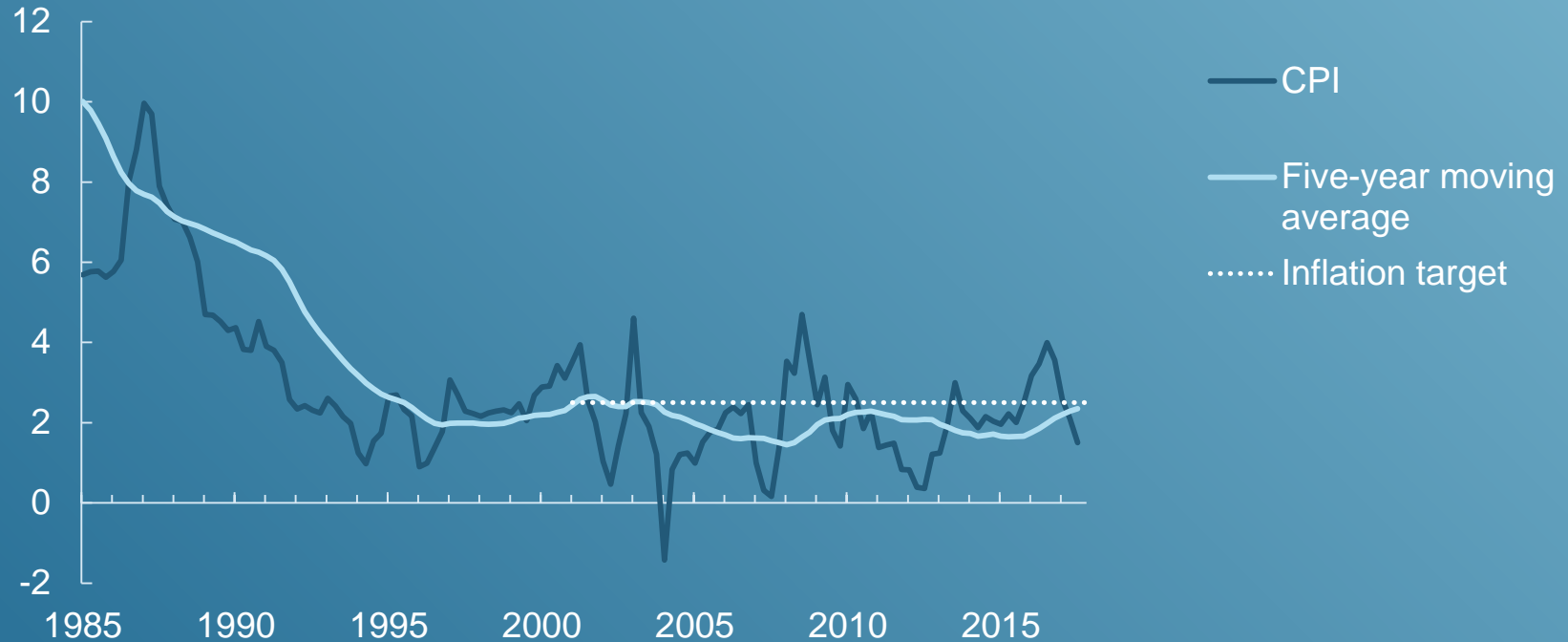
USD per barrel Brent Blend and import-weighted exchange rate index ¹⁾



¹⁾ A positive slope denotes a stronger krone exchange rate.
Sources: Thomson Reuters and Norges Bank

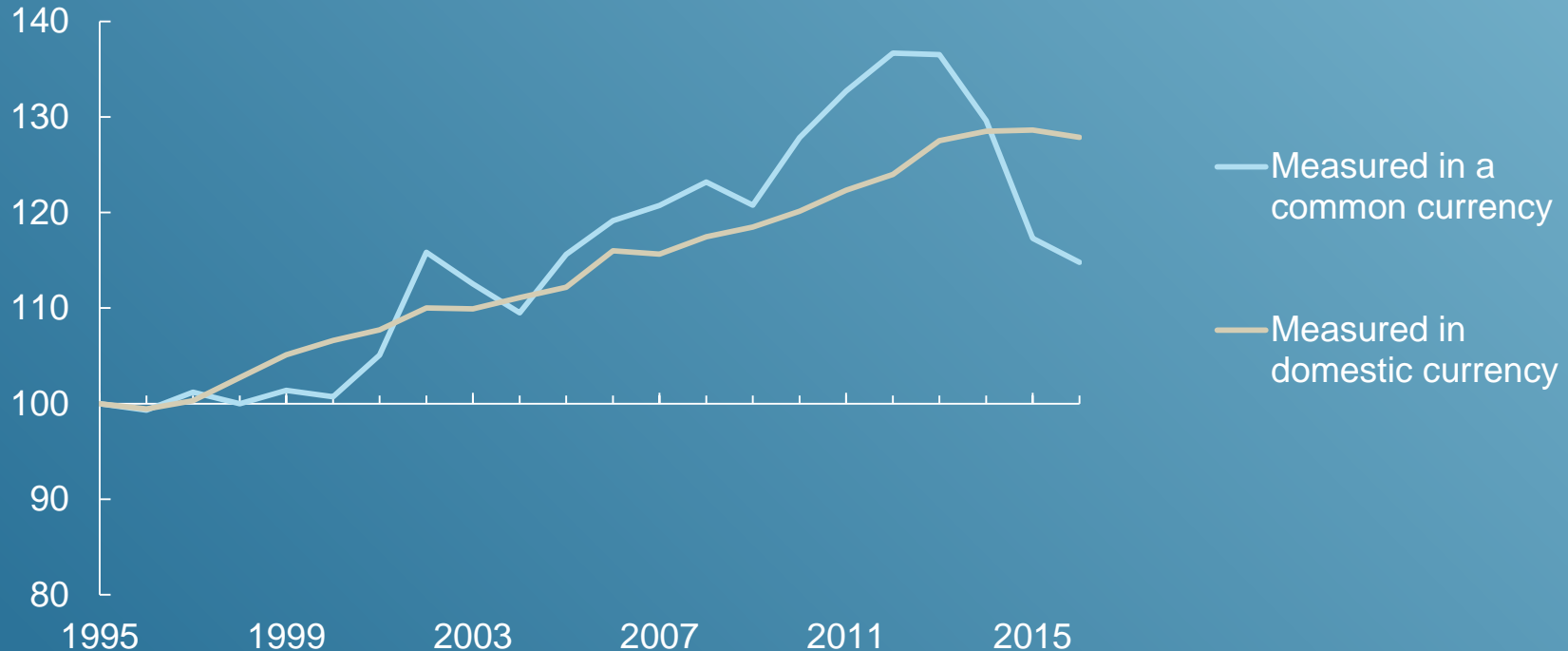


Low and stable inflation



Improved competitiveness

Labour costs in Norway relative to trading partners' labour costs¹⁾



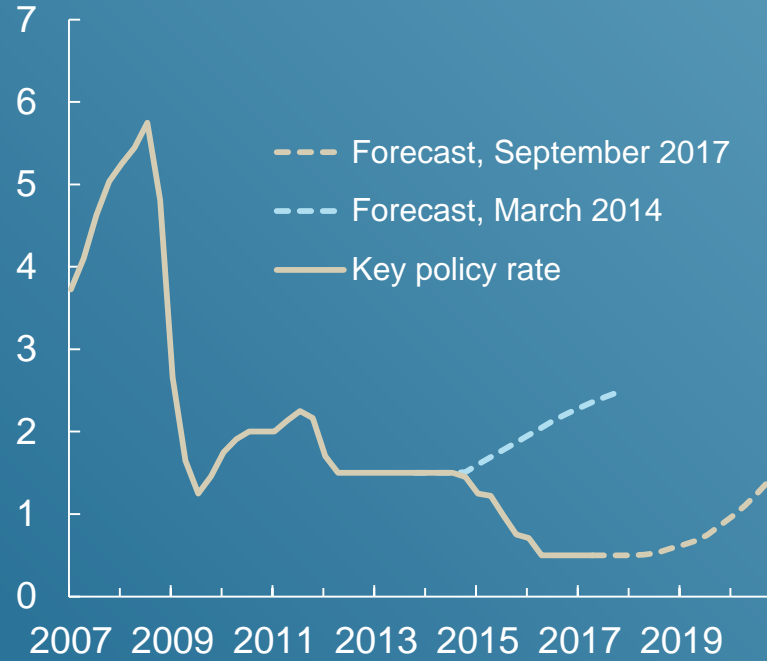
¹⁾ Hourly labour costs in manufacturing. Index 1995 = 100.

Sources: Statistics Norway, Norwegian Technical Calculation Committee for Wage Settlements (TBU) and Norges Bank



Economic policy has contributed

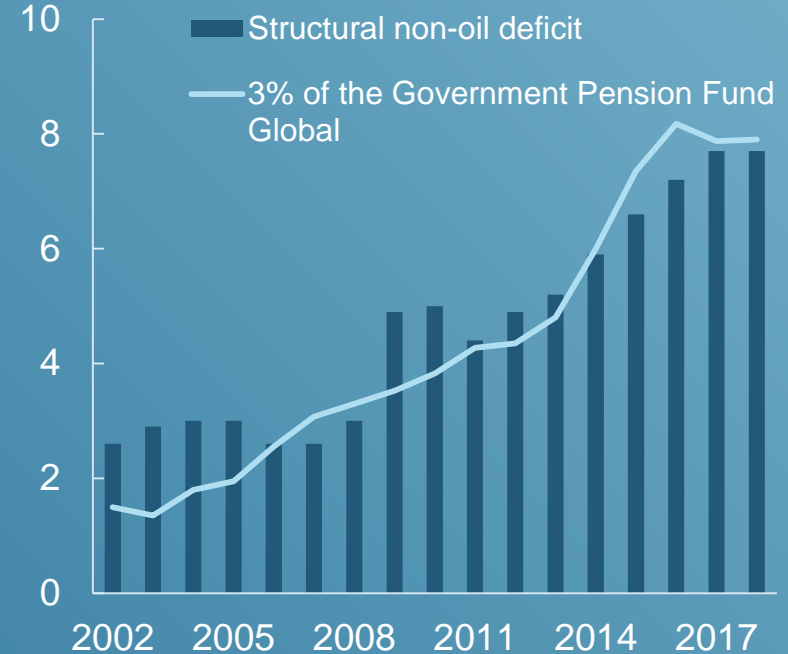
Key policy rate. Percent



Source: Norges Bank

Budget deficit.

Percent of trend mainland GDP

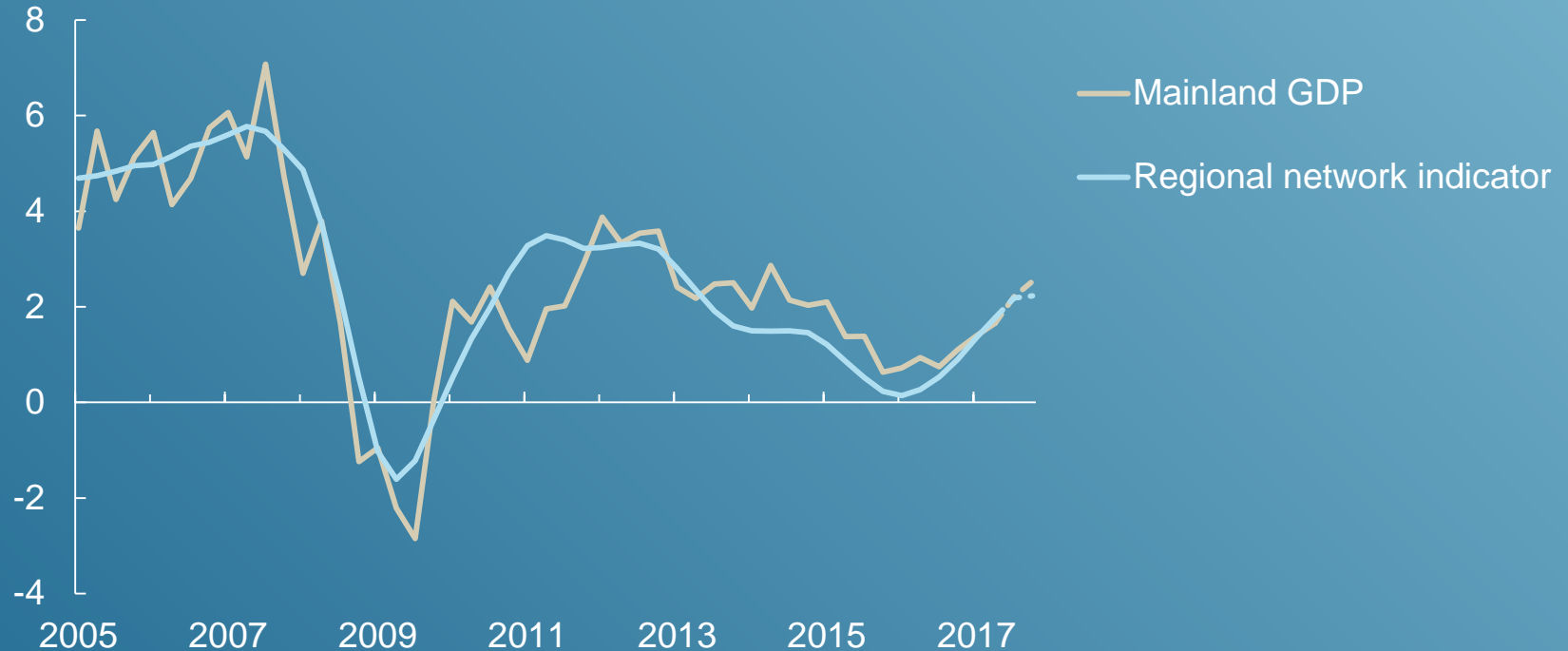


Sources: Ministry of Finance and Norges Bank



Growth has picked up ...

Four-quarter percentage change¹⁾



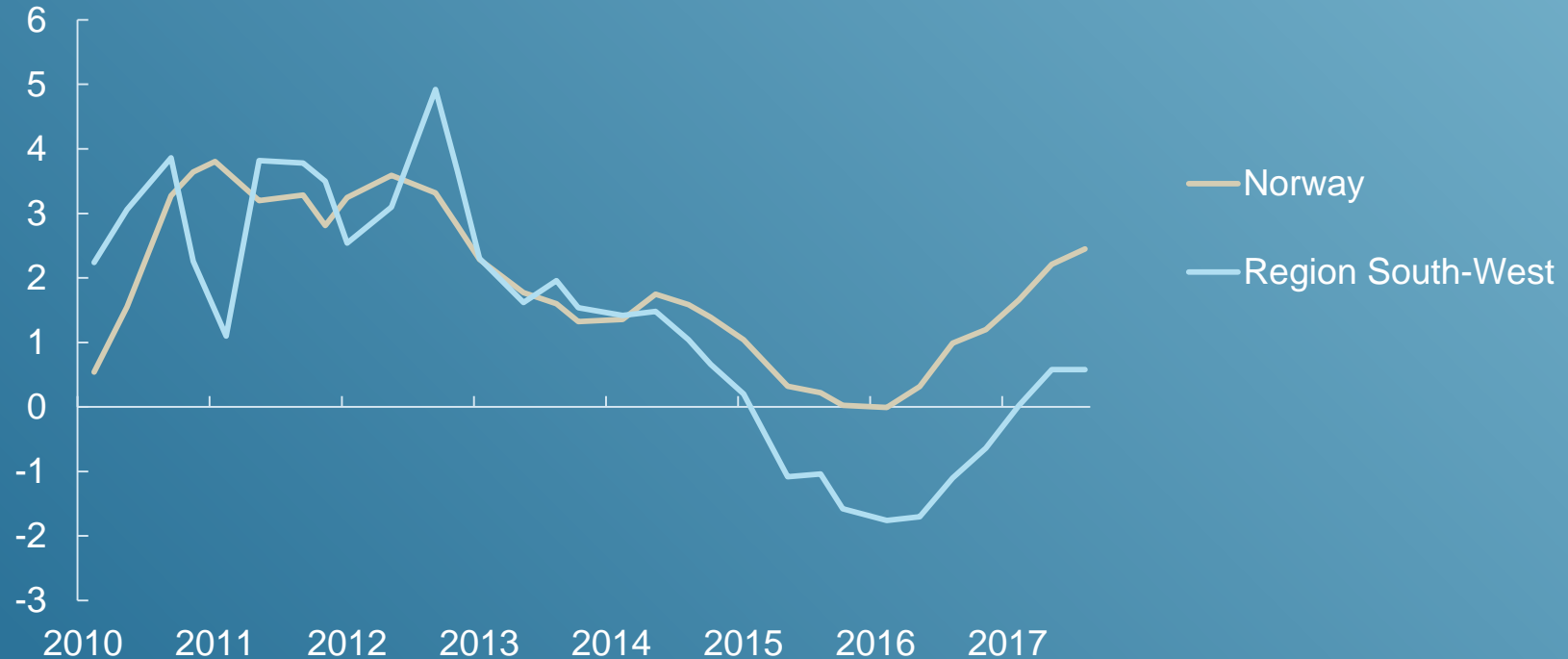
¹⁾ GDP projection for 2017 Q3 and 2017 Q4 from MPR 3/17.

Sources: Statistics Norway and Norges Bank



... also in Rogaland

Regional network. Output growth reported past three months. Annualised. Percent



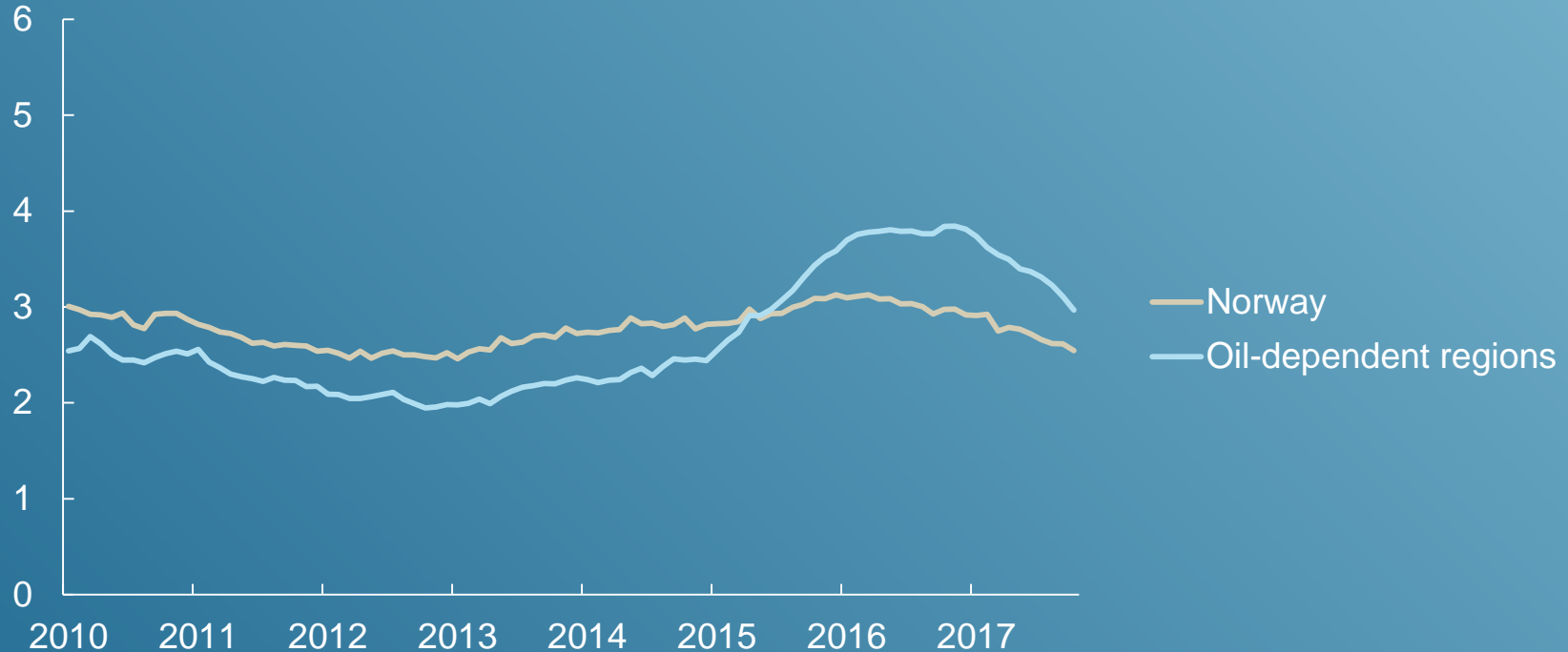
Regional network confirms upturn

Reported and expected growth. Annualised. Percent



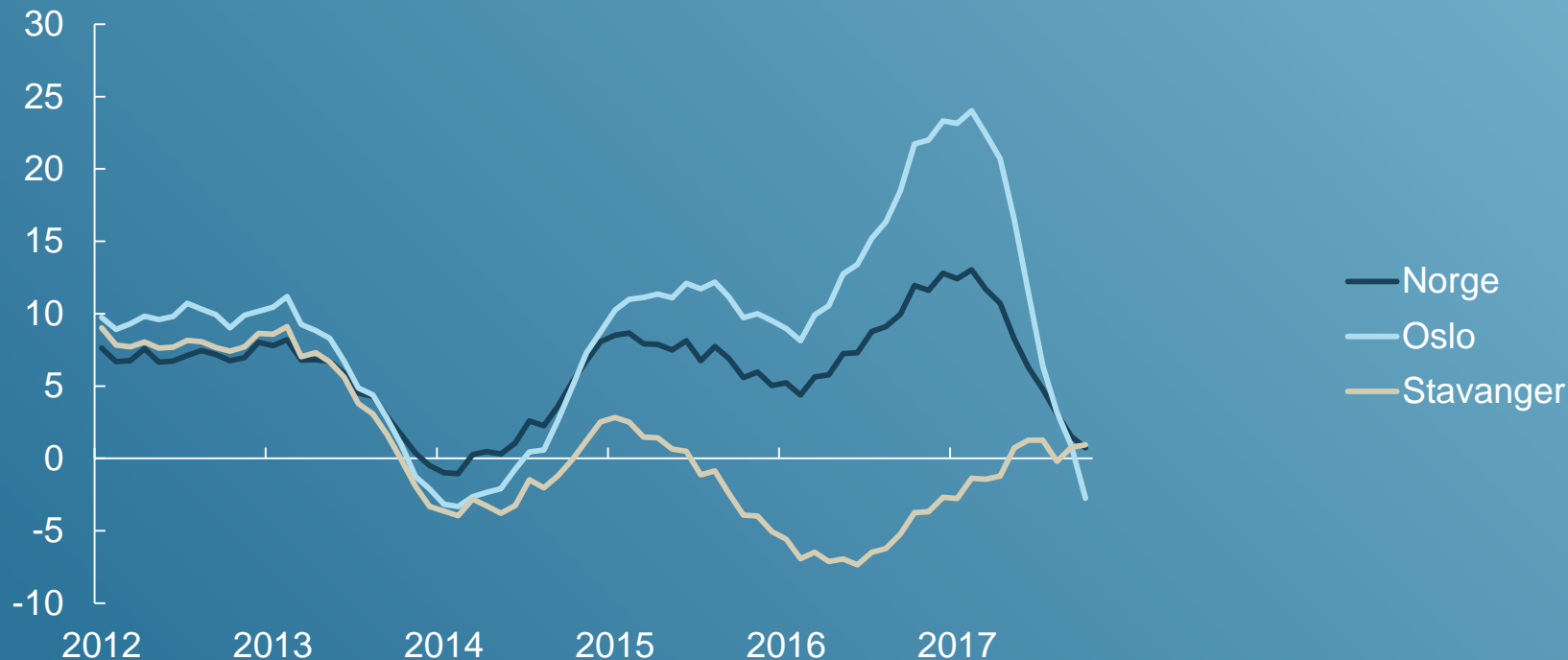
Unemployment has passed the peak

Registered unemployment as a percentage of the labour force. Seasonally adjusted



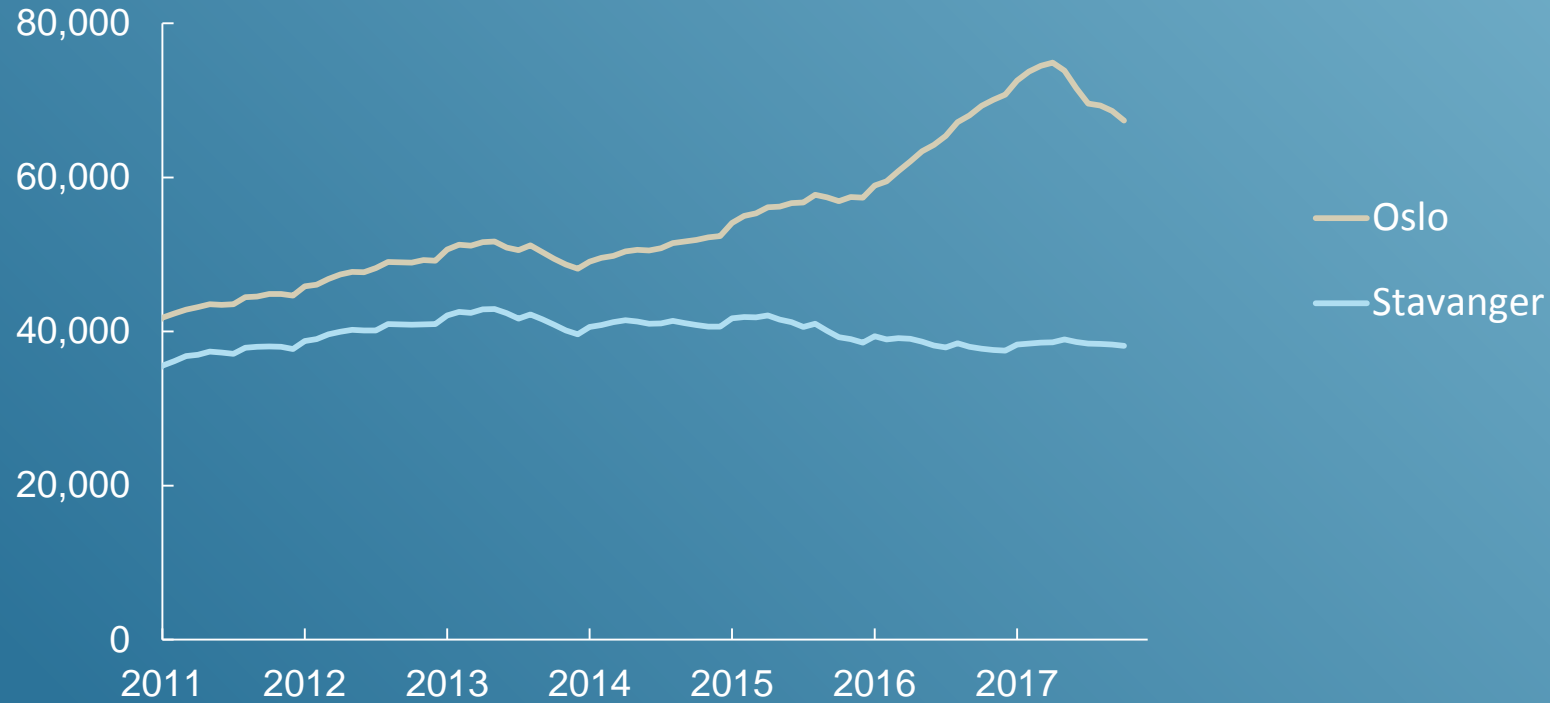
Correction in the housing market

Twelve-month percentage change



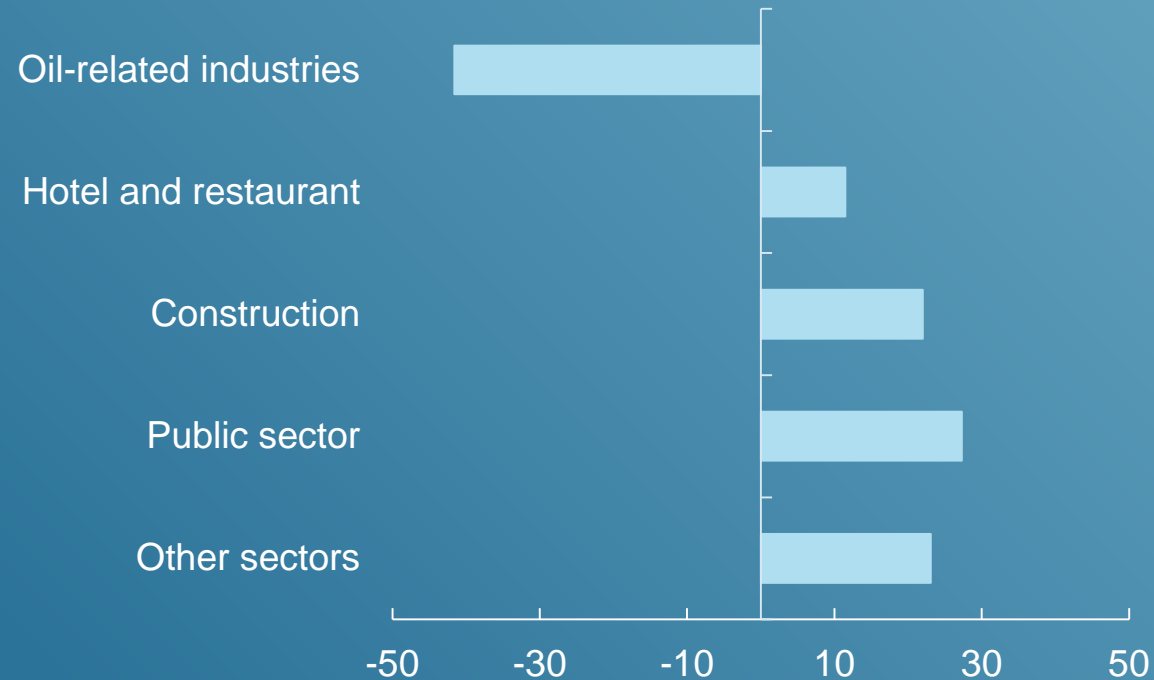
House prices are levelling off ...

Prices per square meter in NOK



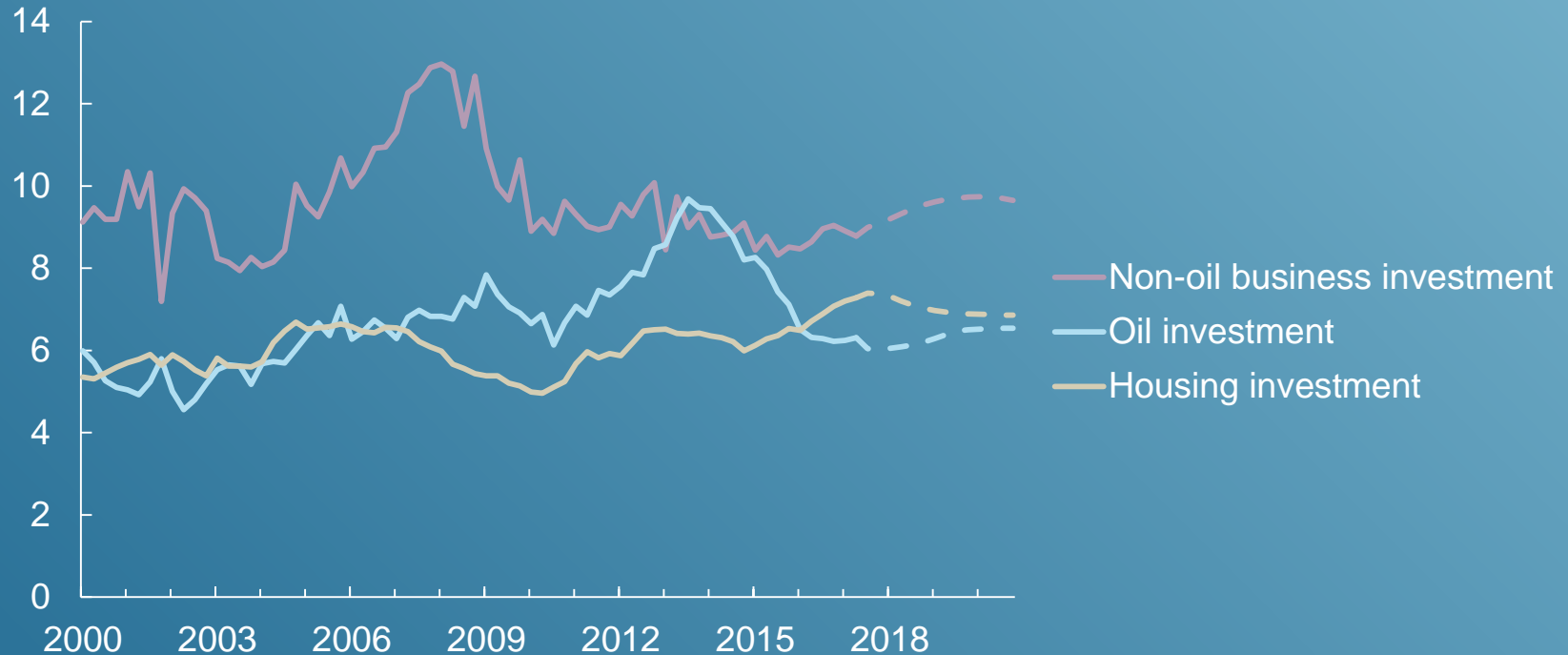
An economy undergoing structural changes?

Changes in employment between 2014 Q3 and 2017 Q2. In thousands of persons



Shift in driving forces

Share of mainland GDP¹⁾

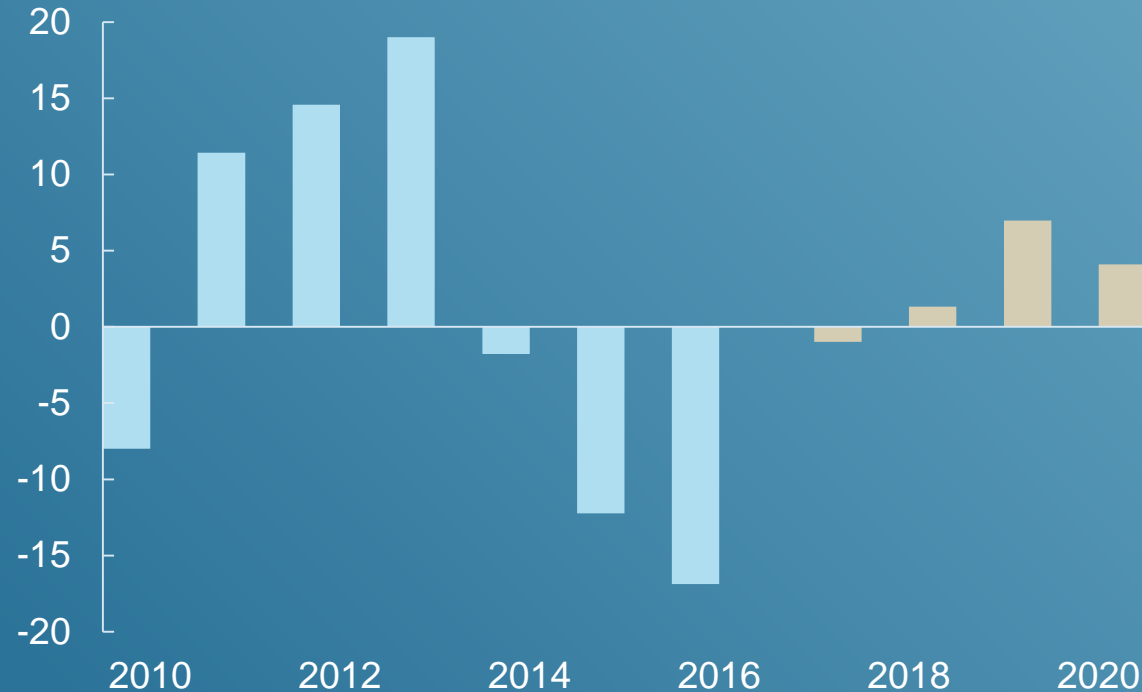


¹⁾ Projections for 2017–2020 from MPR 3/17.
Sources: Statistics Norway and Norges Bank



Has petroleum investment bottomed out?

Annual percentage change

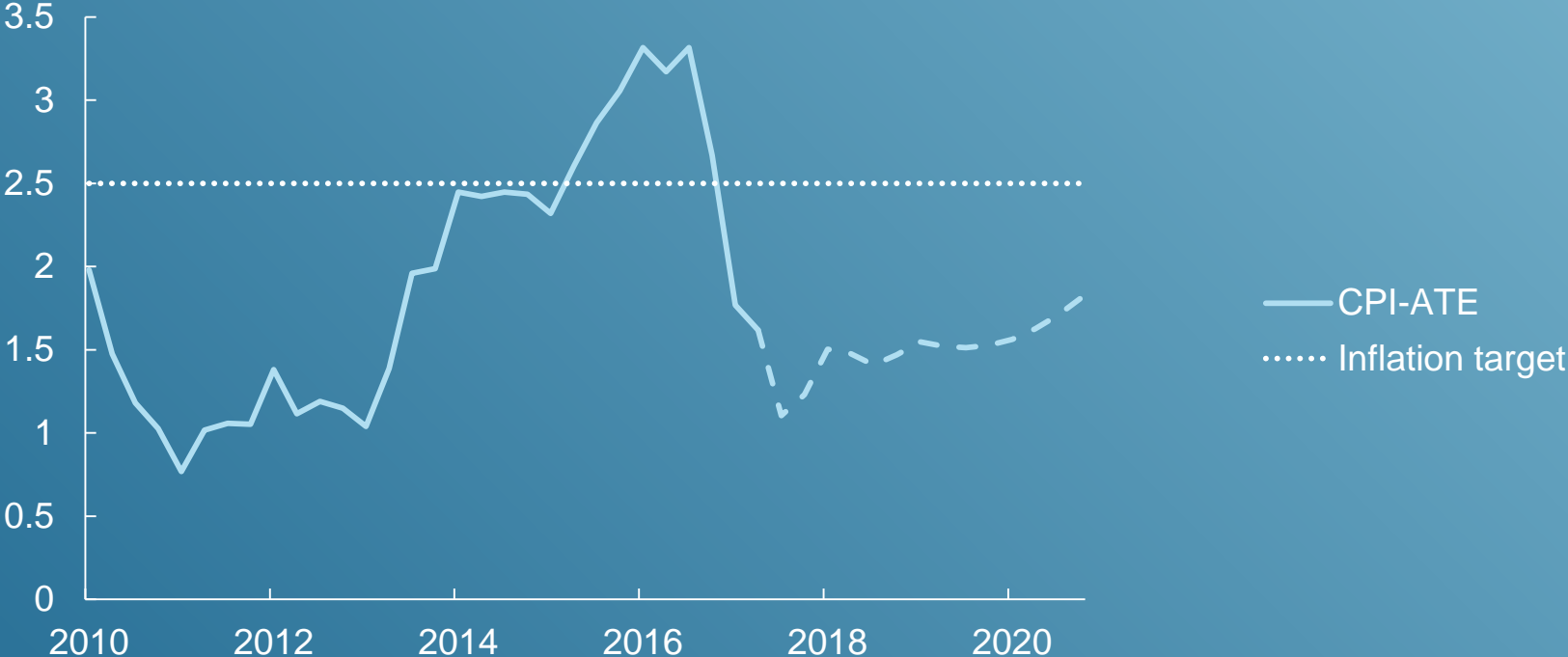


Sources: Statistics Norway and Norges Bank



Inflation outlook

Percent



Sources: Statistics Norway and Norges Bank

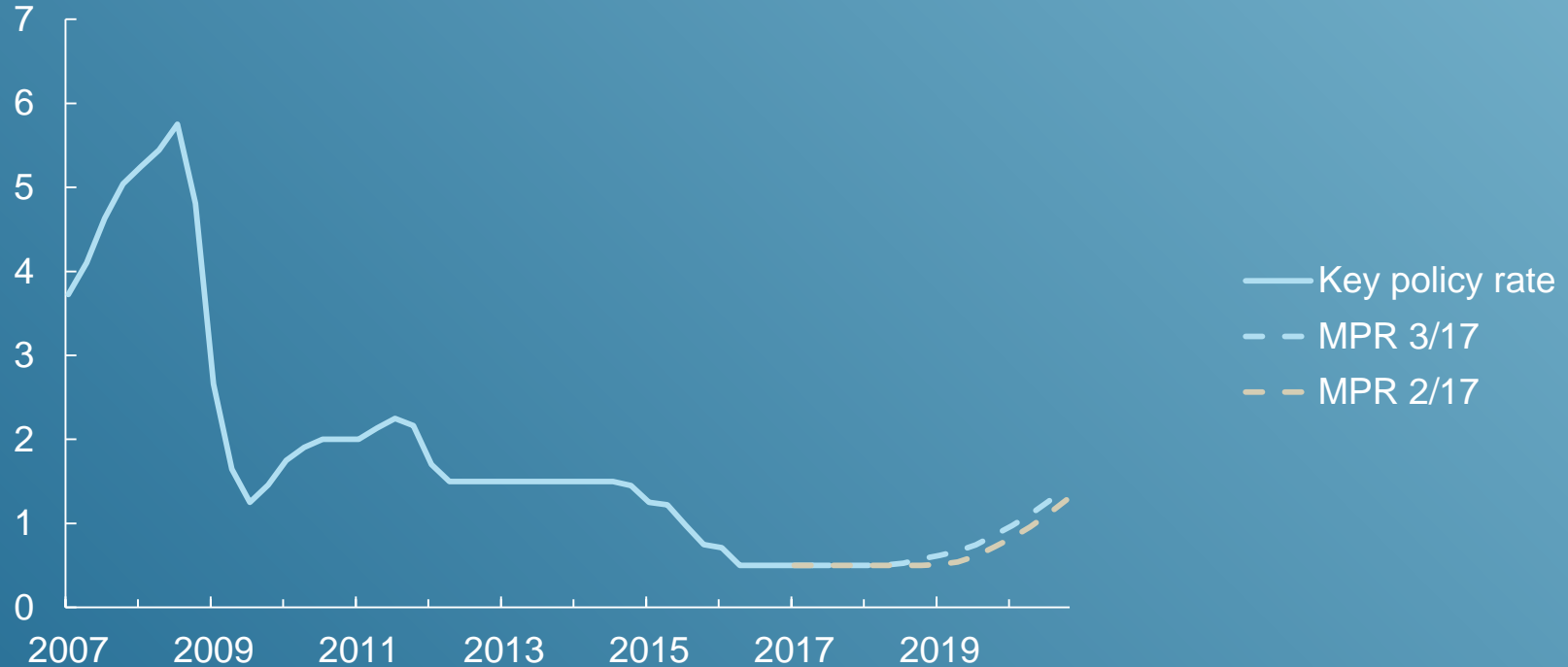


The Executive Board's assessment

“Overall, the outlook and the balance of risks for the Norwegian economy do not appear to have changed substantially since the *September Report*. The Executive Board has decided to keep the key policy rate unchanged at 0.5 percent. The decision was unanimous.”



The interest rate forecast





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