



# **ECONOMIC OUTLOOK AND THE HOUSING MARKET**

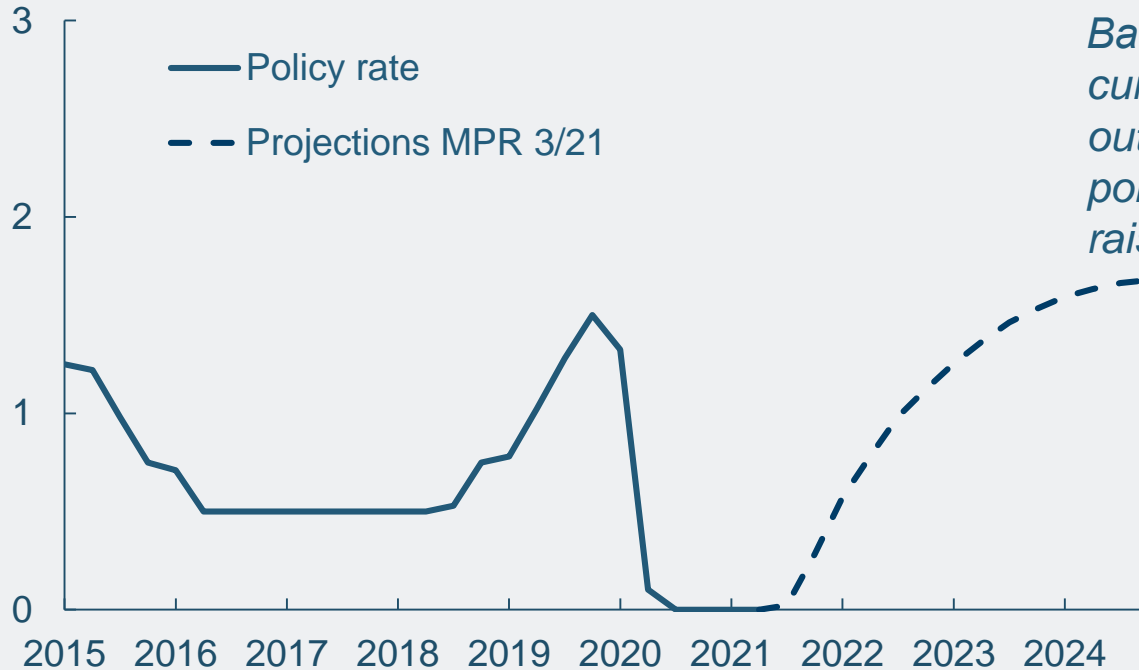
Deputy Governor Ida Wolden Bache  
Oslo, 19 October 2021



NORGES BANK

# The policy rate has been raised

Policy rate. Percent

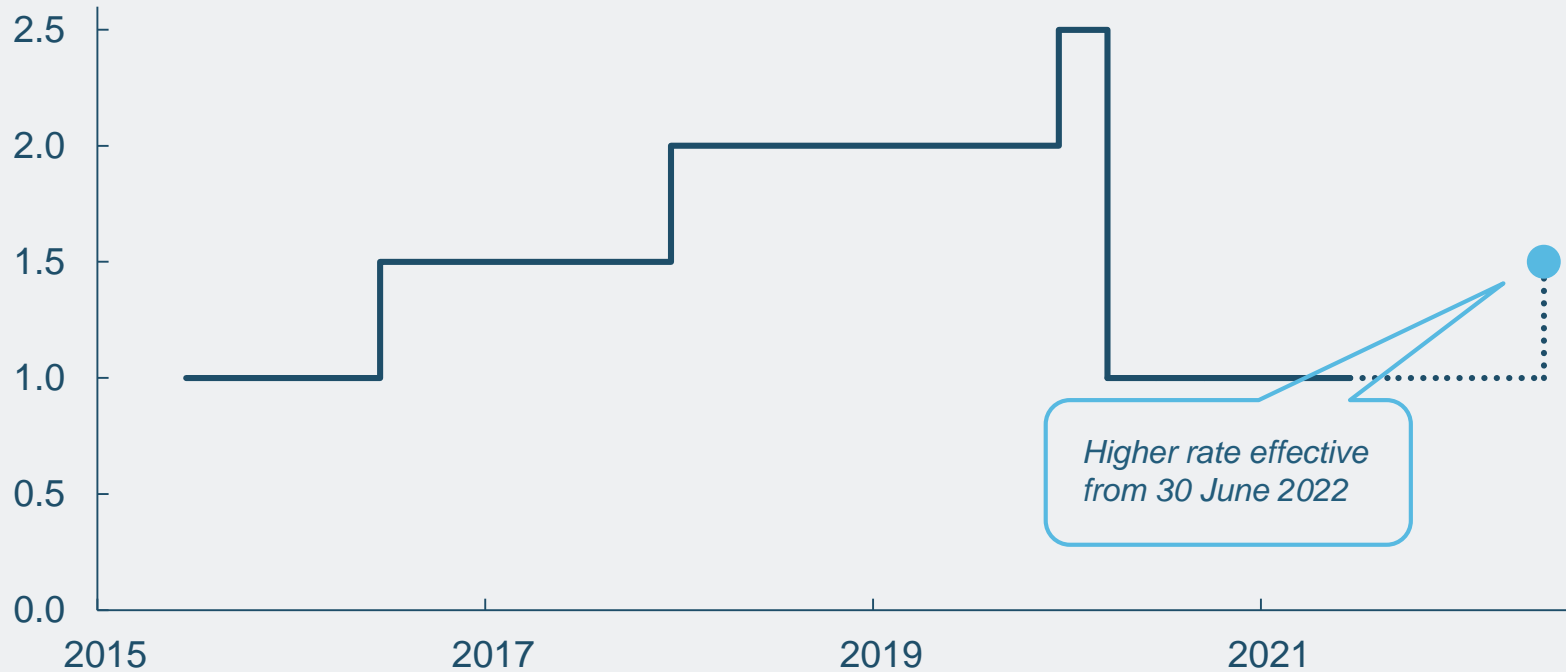


*Based on the Committee's current assessment of the outlook and balance of risks, the policy rate will most likely be raised further in December.*



# Buffer rate has been increased

Countercyclical capital buffer requirement for banks<sup>1)</sup>. Percent



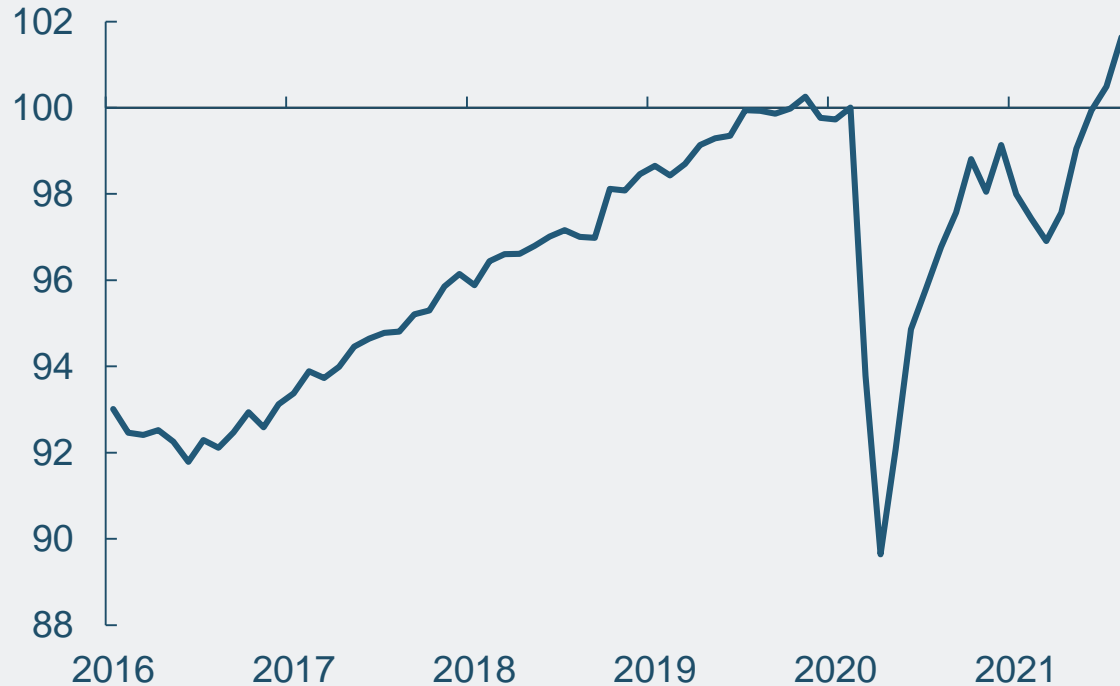
1) A decision was made in June 2021 to raise the countercyclical capital buffer rate effective from June 2022.

Sources: Norges Bank and Ministry of Finance



# Steep fall, but rapid recovery

GDP mainland Norway. Seasonally adjusted. Index<sup>1)</sup>



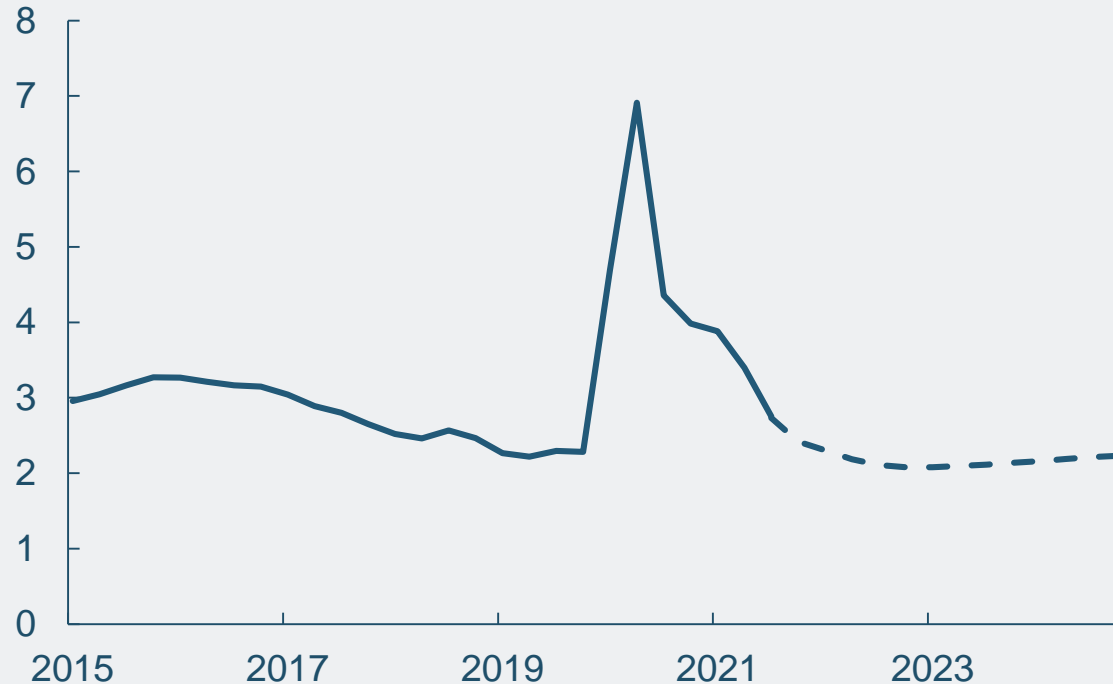
1) February 2020 = 100.

Sources: Statistics Norway and Norges Bank



# Unemployment has fallen substantially

Registered fully unemployed as a share of the labour force.<sup>1)</sup> Percent



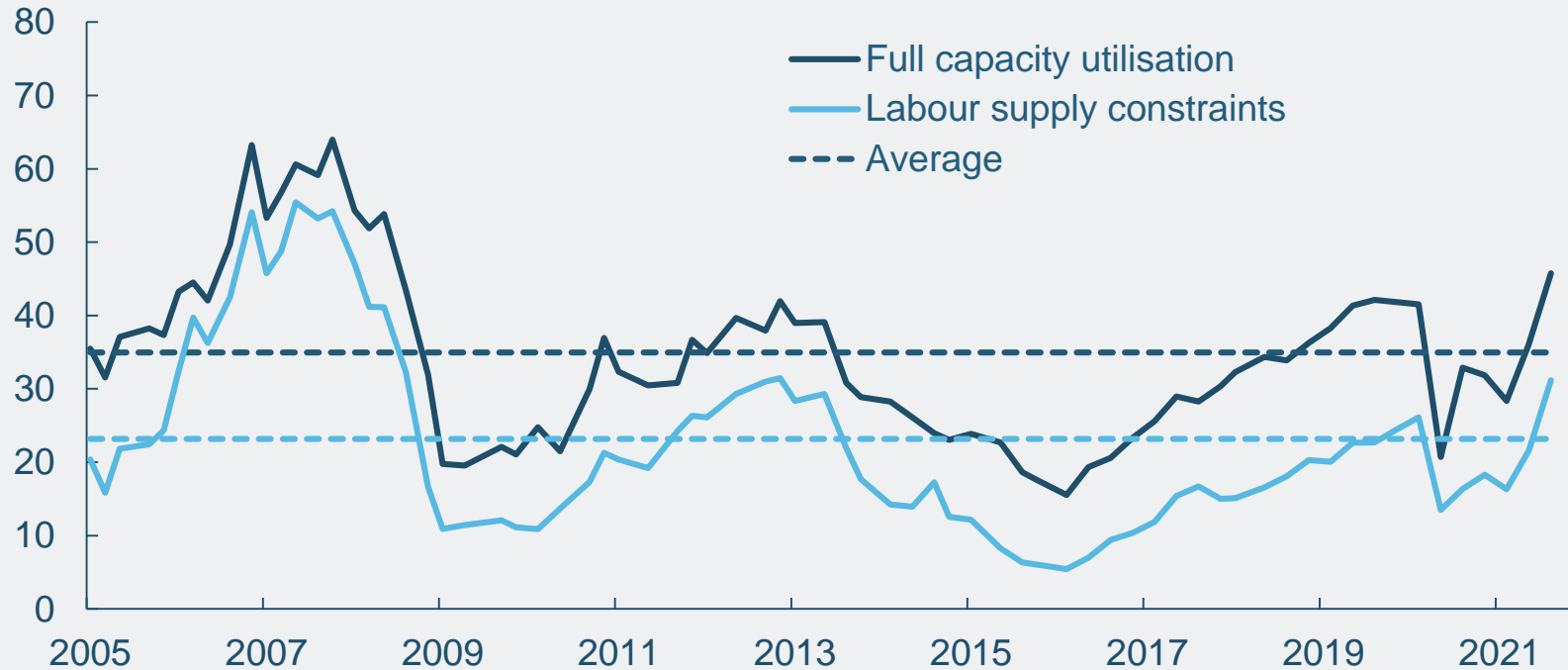
1) Seasonally adjusted.

Sources: Norwegian Labour and Welfare Administration (NAV) and Norges Bank



# Increased labour shortages

Share of Regional Network contacts. Percent



Source: Norges Bank



# Sharp rise in electricity prices...

Electricity prices, Norway<sup>1)</sup>. Øre/kWh



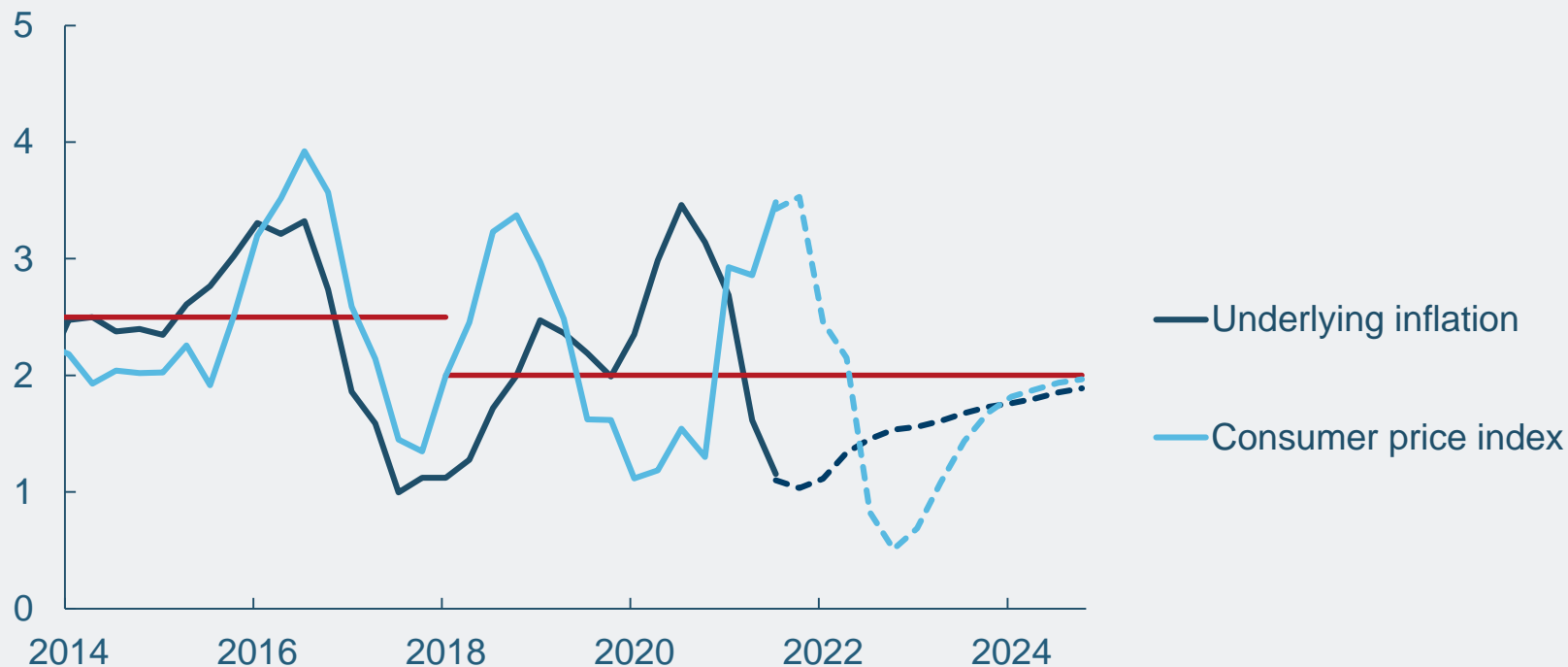
1) Dashed line represents futures prices for Nordic electricity. The Norwegian price is calculated as the average of the prices in the five Norwegian electricity supply regions.

Source: Refinitiv Datastream



# ...but prospects for inflation close to the target

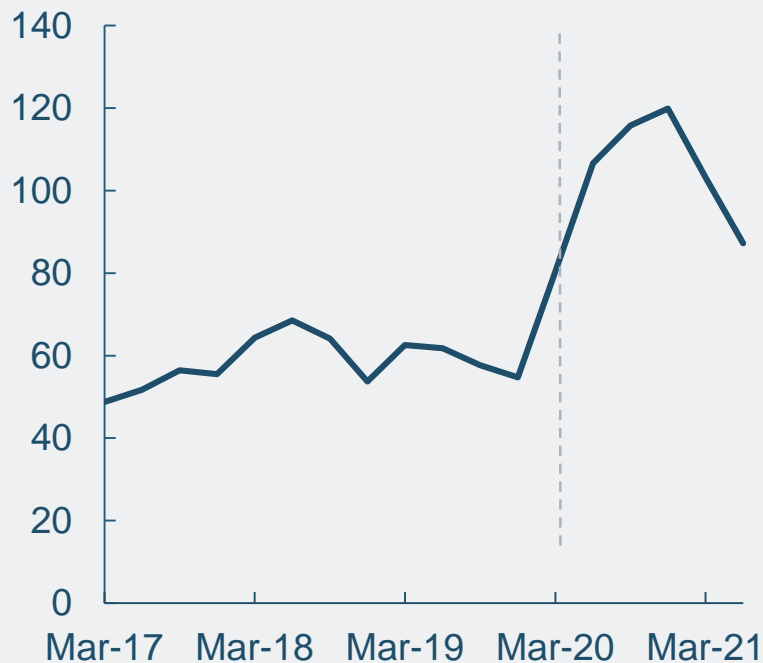
CPI and CPI-ATE. Four-quarter change. Percent



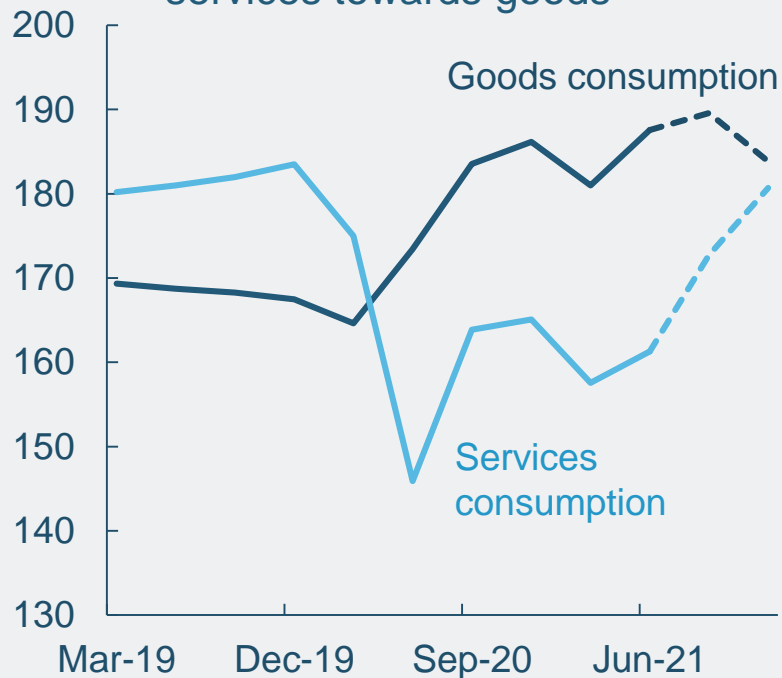


# Substantial impact on household consumption

Strong growth in bank deposits<sup>1)</sup>



Shift in household spending away from services towards goods<sup>2)</sup>

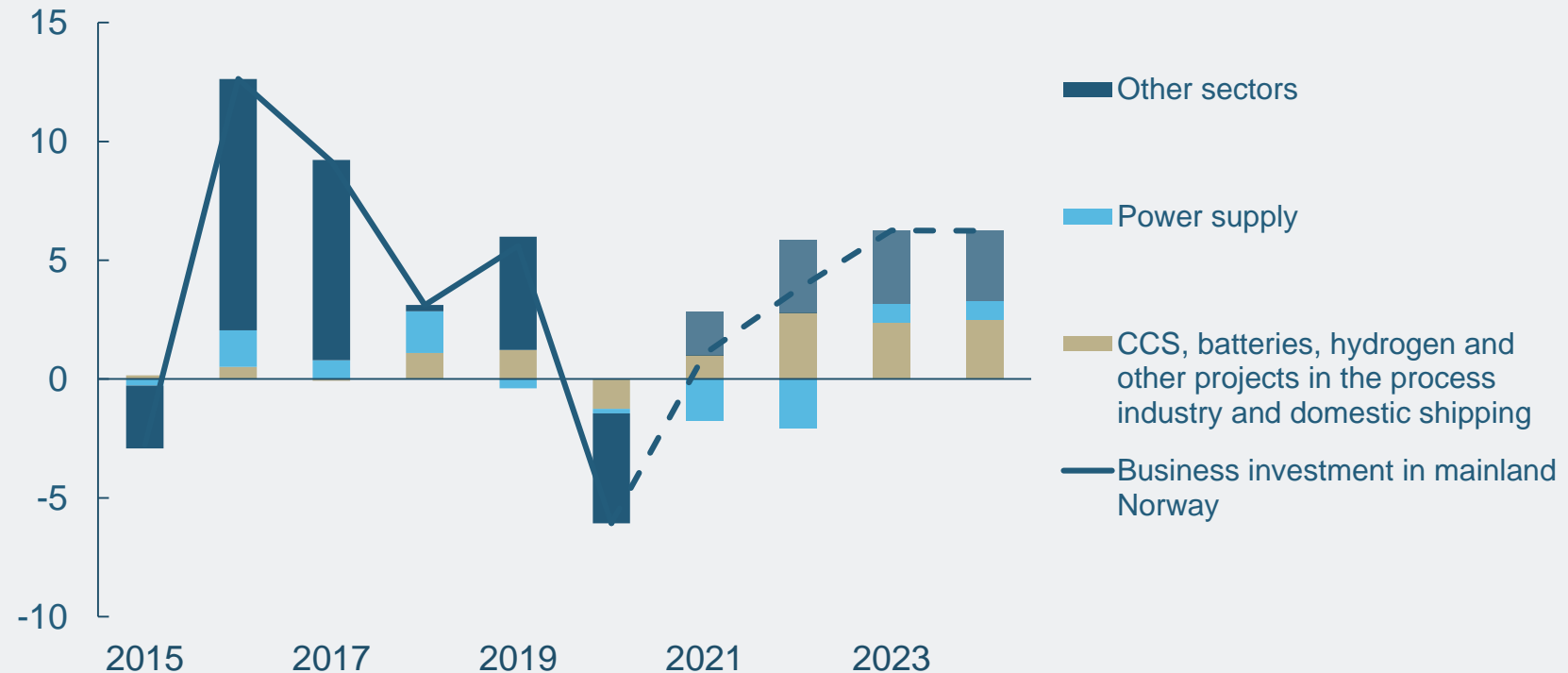


1) In billions of NOK. Net bank deposit transactions in the past four quarters. 2) Constant prices. Seasonally adjusted. In billions of NOK. Sources: Statistics Norway and Norges Bank



# We expect increased investment

Mainland business investment. Percent. Contribution to annual growth. Percentage points

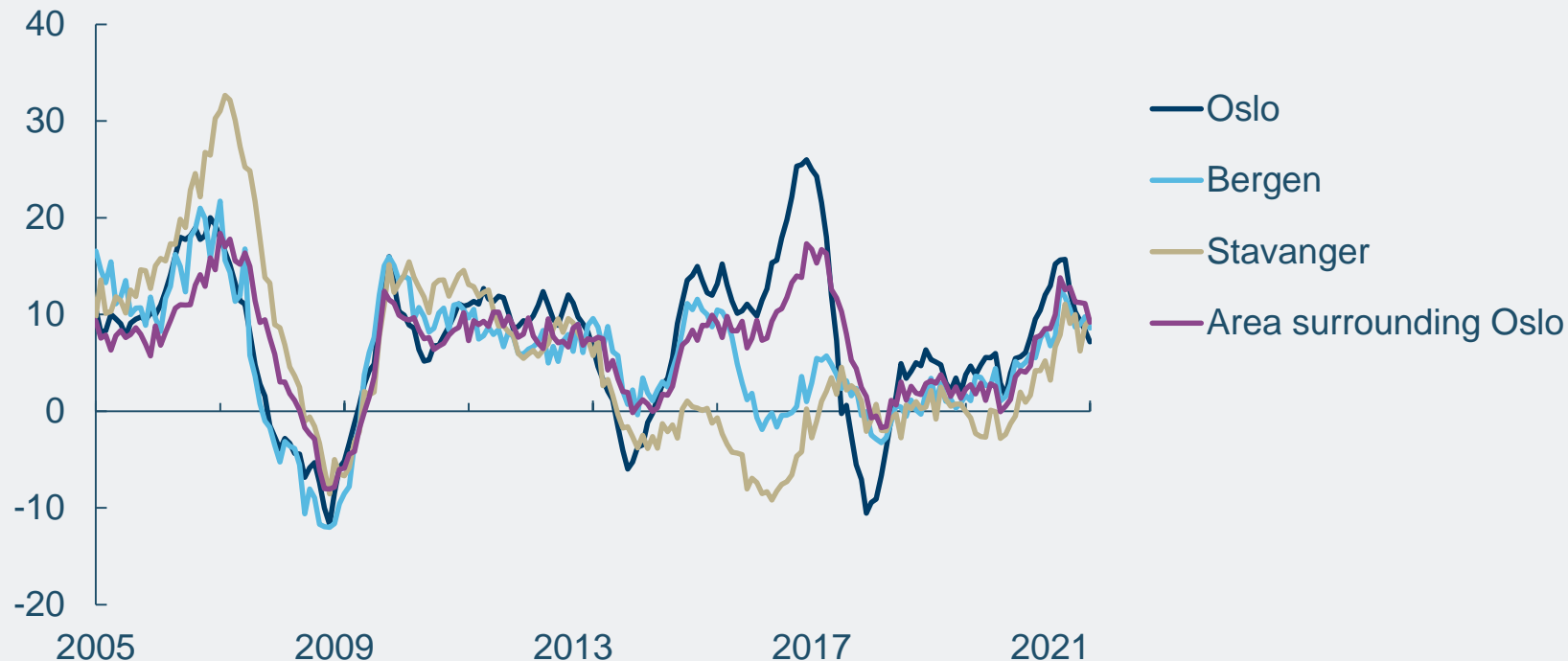


Sources: Statistics Norway and Norges Bank



# House prices rose during the pandemic...

Twelve-month change. Percent

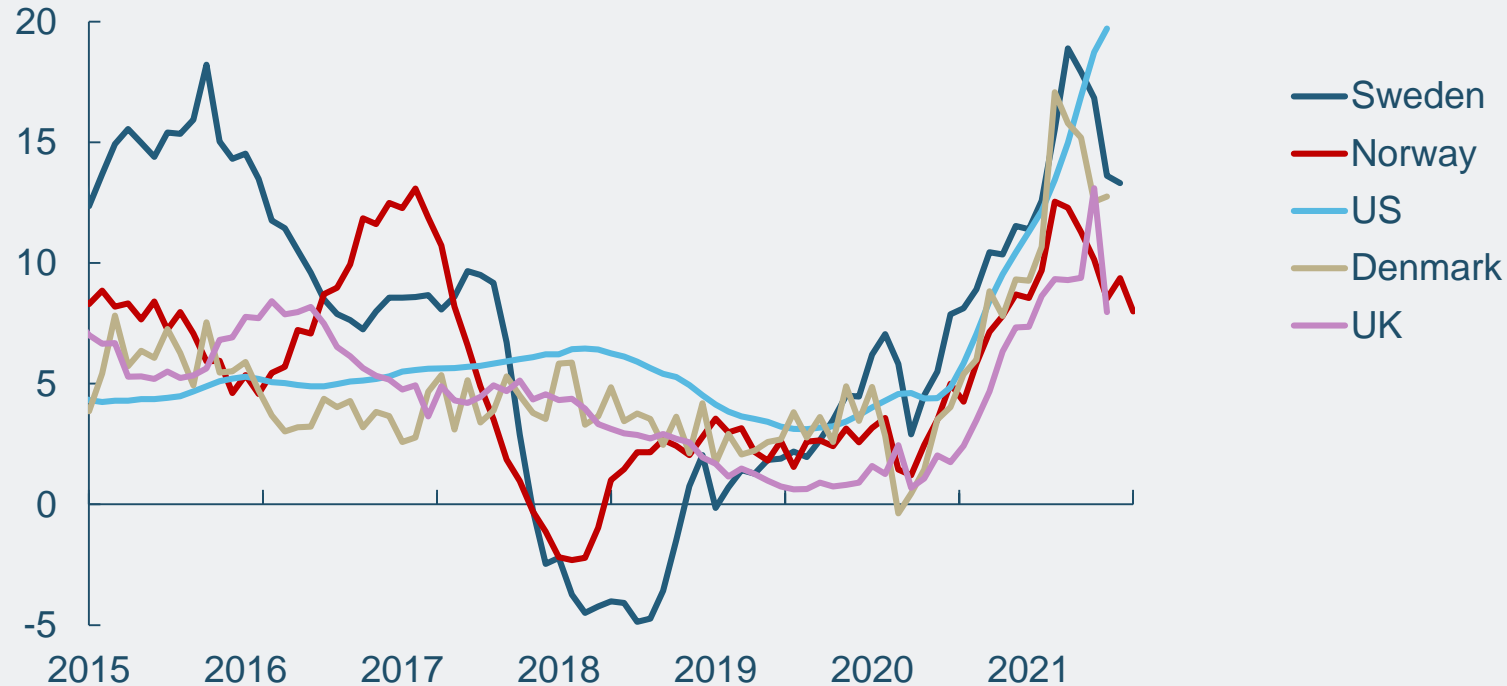


Area surrounding Oslo is a turnover-weighted average of the price indexes for Drammen, Follo, Romerike and Asker/Bærum.  
Sources: Eiendomsverdi, Finn.no, Real Estate Norway and Norges Bank



# ...and we see the same picture in other countries

Twelve-month change. Percent



Sources: Eiendomsverdi, Federal Reserve Economic Data, Finn.no, HM Land Registry, Real Estate Norway, Statistics Denmark, Statistics Netherlands, Valuegard and Norges Bank



# House price inflation expected to be moderate ahead

Four-quarter change. Percent

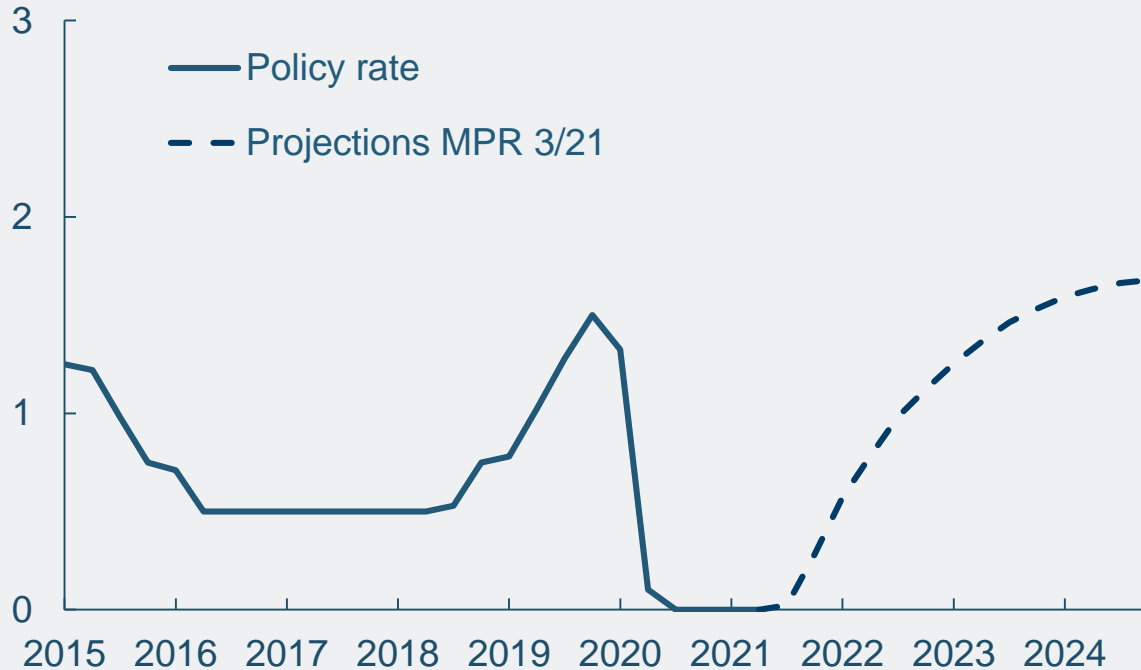


Sources: Eiendomsverdi, Finn.no, Real Estate Norway and Norges Bank



# Policy rate on the way to a normal level

Policy rate. Percent





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