

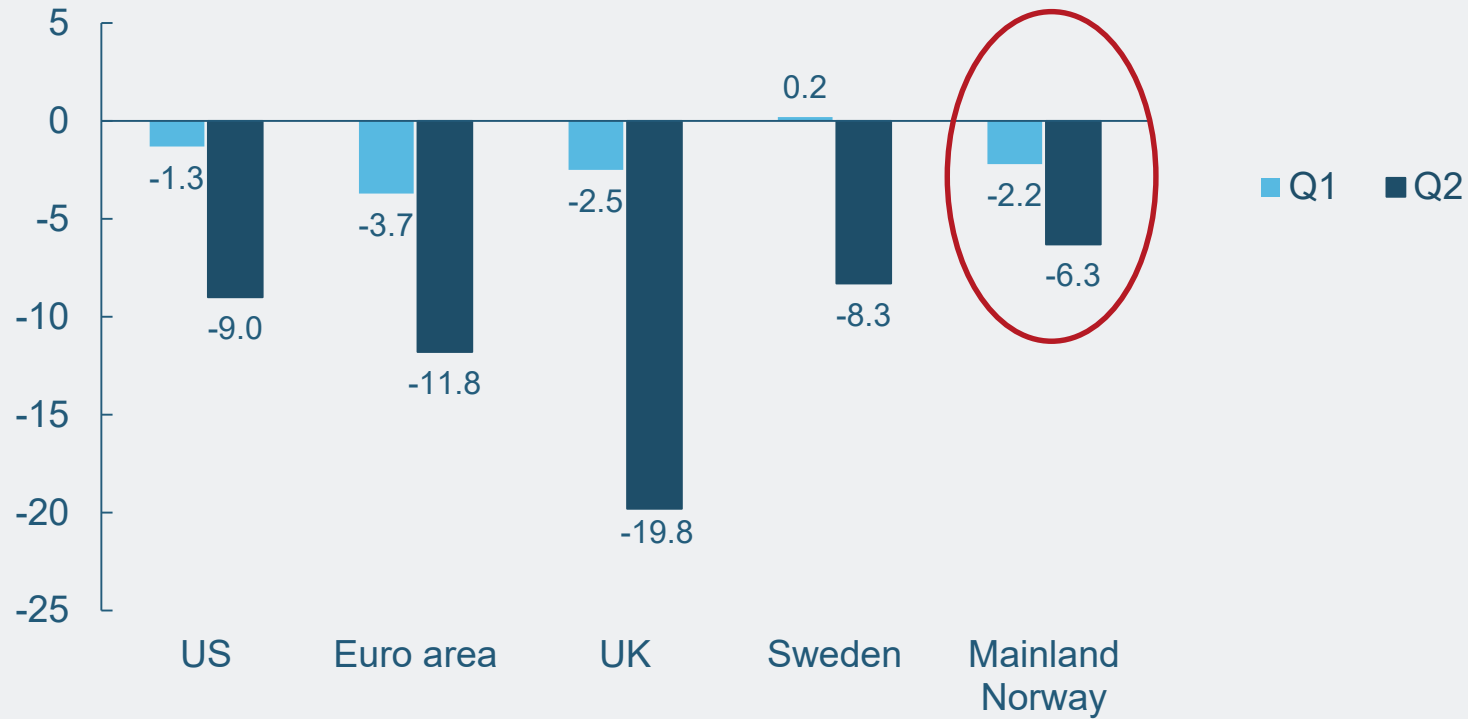


THE ROLE OF MONETARY POLICY DURING THE COVID-19 PANDEMIC

GOVERNOR ØYSTEIN OLSEN

Oslo, 6 October 2020

Historical decline in GDP¹⁾



1) Quarterly change. Percent. Seasonally adjusted.
Sources: Refinitiv Datastream, Statistics Norway and Norges Bank



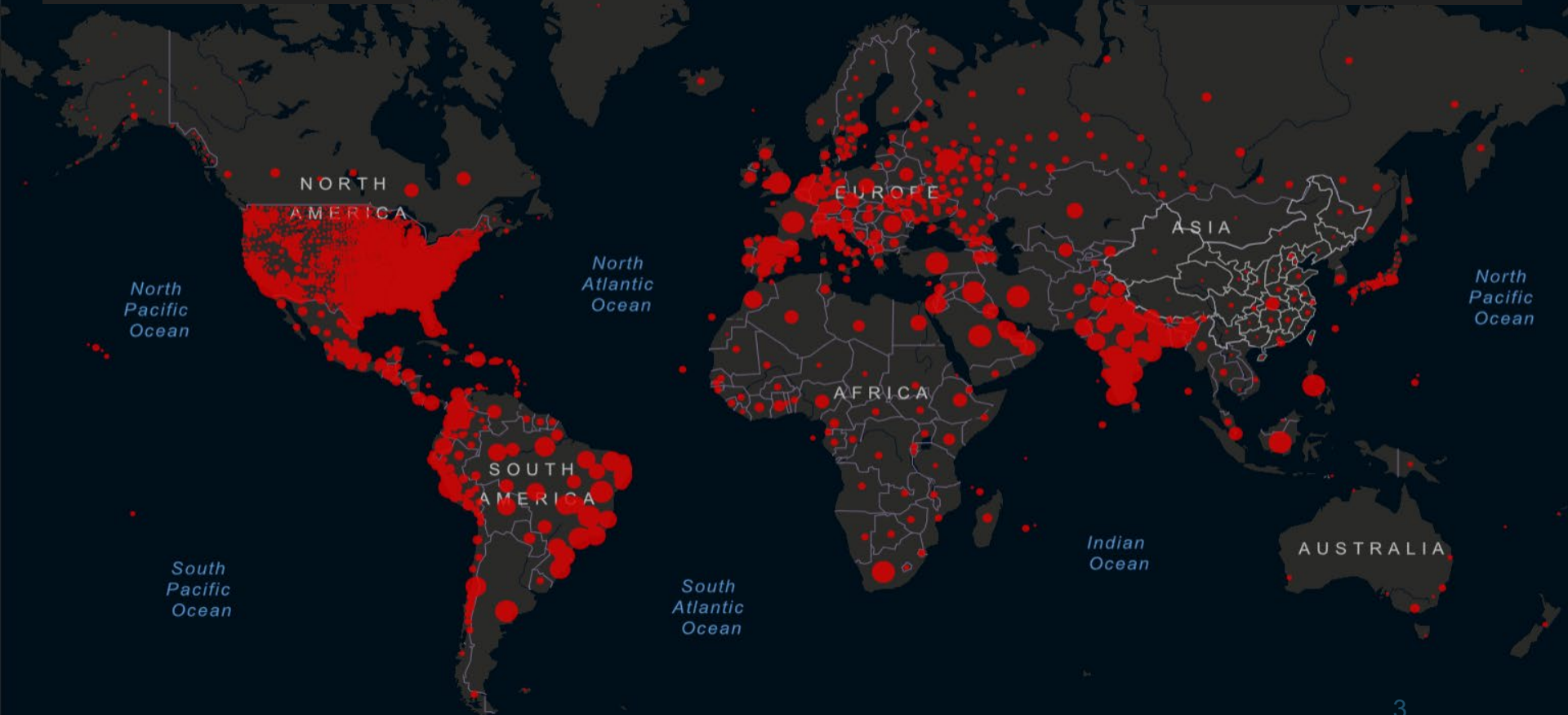
Global Cases

35 165 808

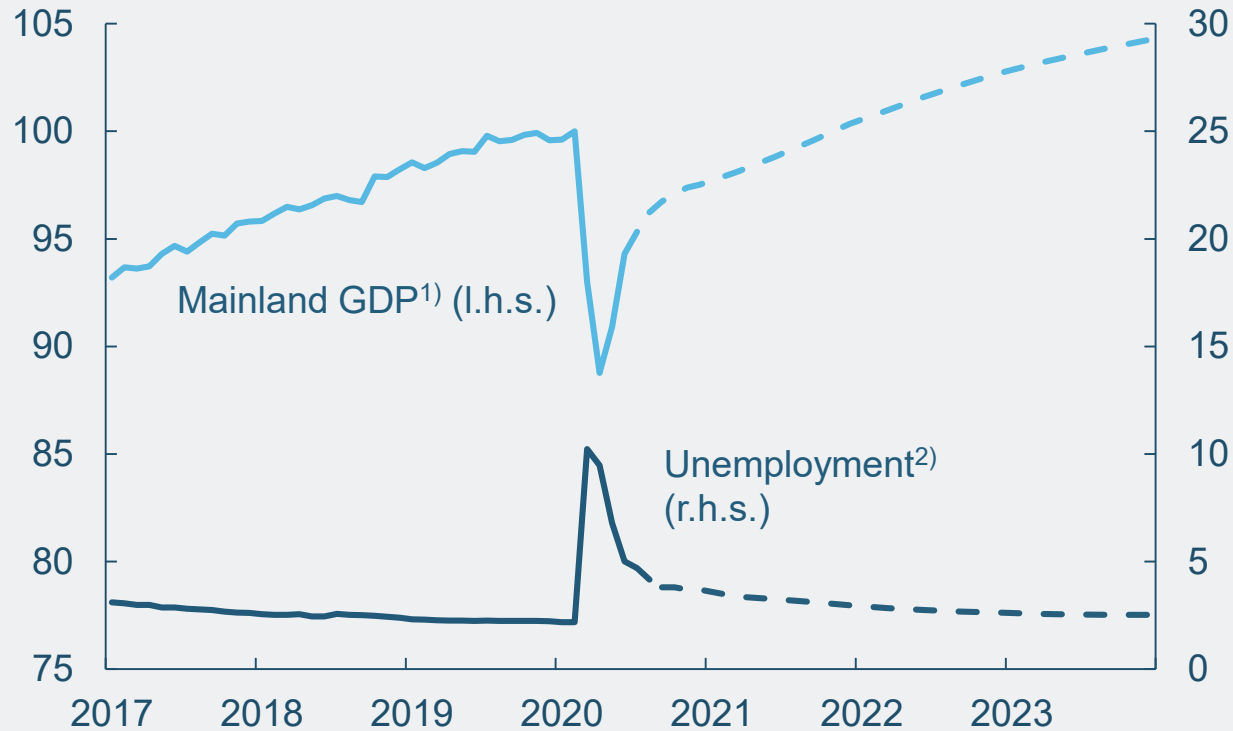
A dramatic six months

Global Deaths

1 037 122



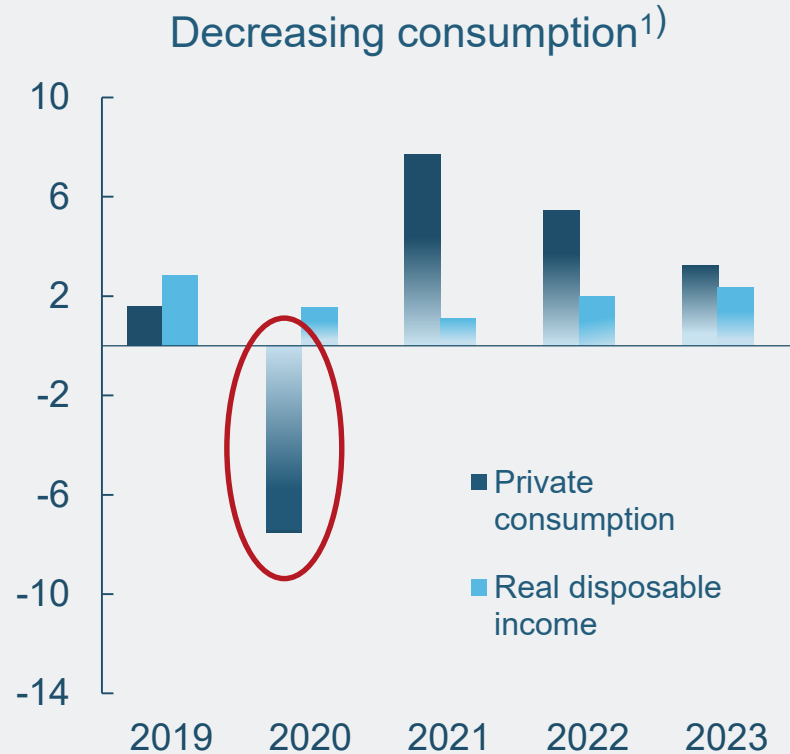
Gradual improvement



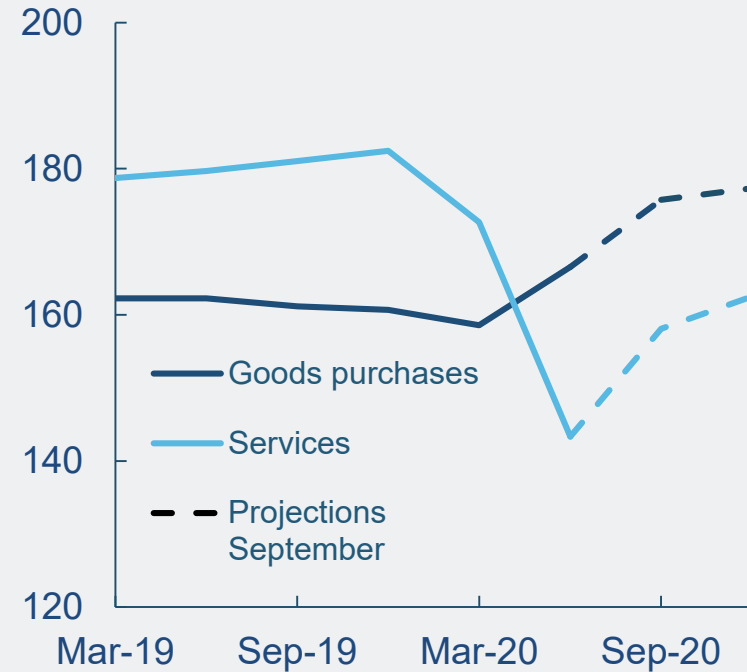
1) Index. February 2020 = 100. 2) Registered unemployment. Share of labour force. Percent.
Sources: Norwegian Labour and Welfare Administration (NAV), Statistics Norway and Norges Bank



Private consumption during the pandemic



More goods, less services consumption²⁾

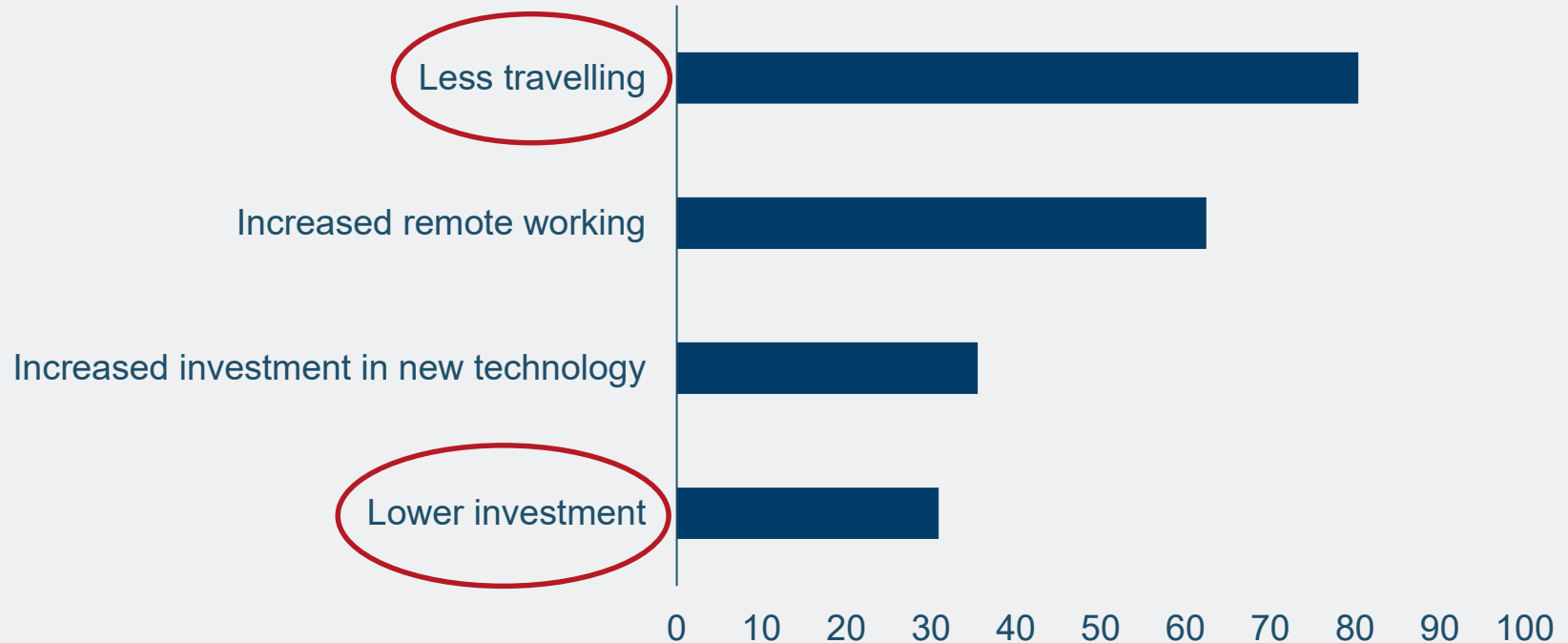


1) Annual change. Percent. 2) Constant prices. In billions of NOK.
Sources: Statistics Norway and Norges Bank



Consequences of the Covid-19 pandemic

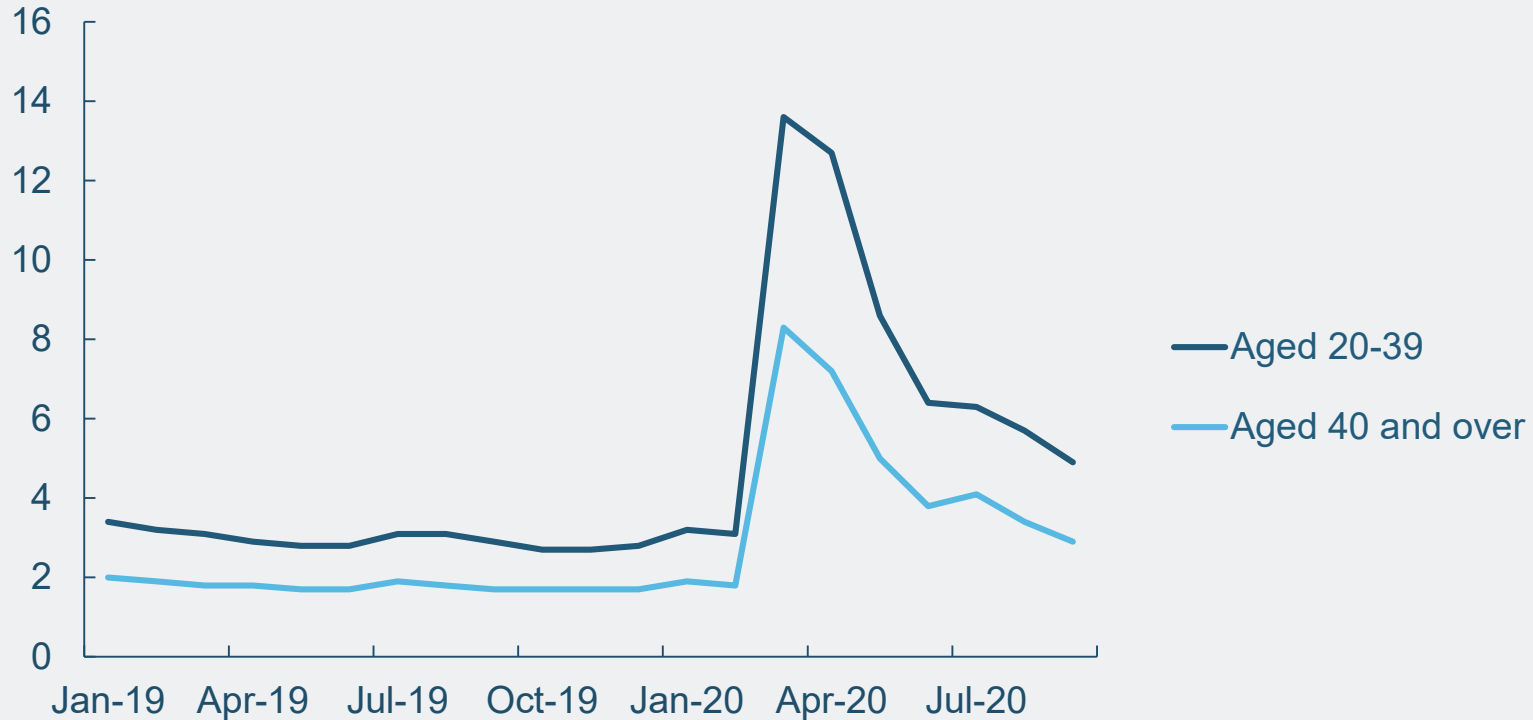
... for the coming year.¹⁾



1) The four responses ticked most out of 19 possible alternatives. Share of businesses. Percent.
Source: Norges Bank



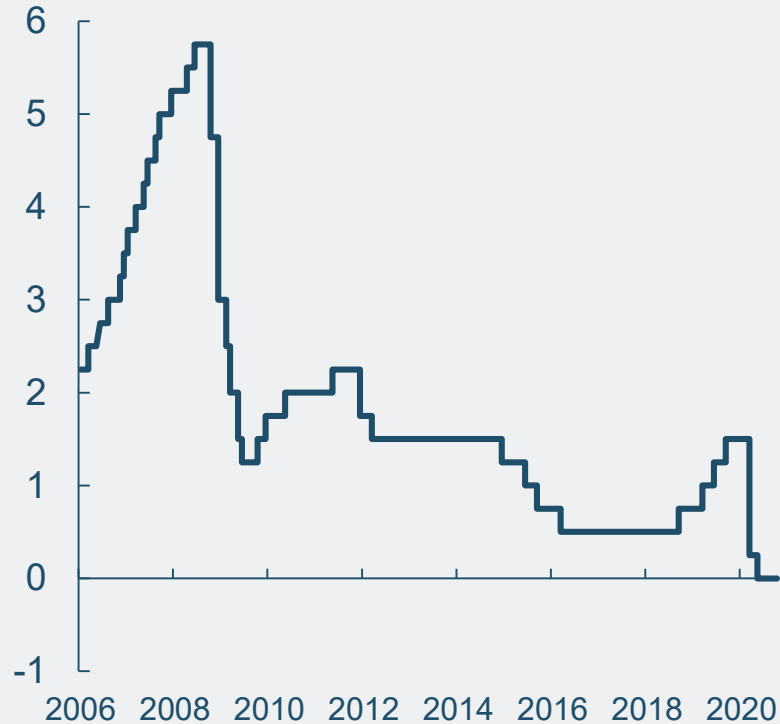
Higher unemployment among young people¹⁾



1) Registered unemployment. Percentage of labour force in age group.
Sources: Norwegian Labour and Welfare Administration (NAV) and Norges Bank



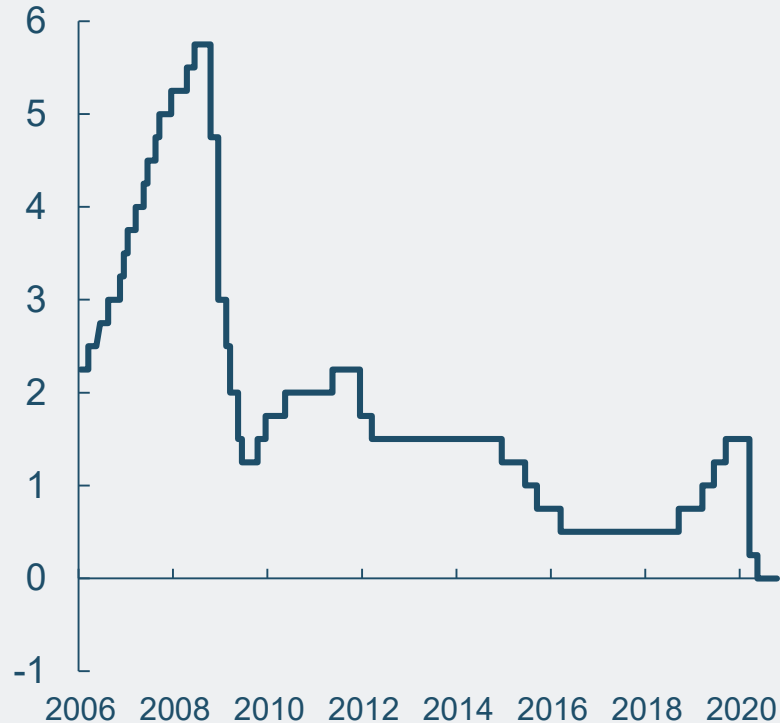
Measures adopted by Norges Bank



- Policy rate reduced from 1.5 to zero percent



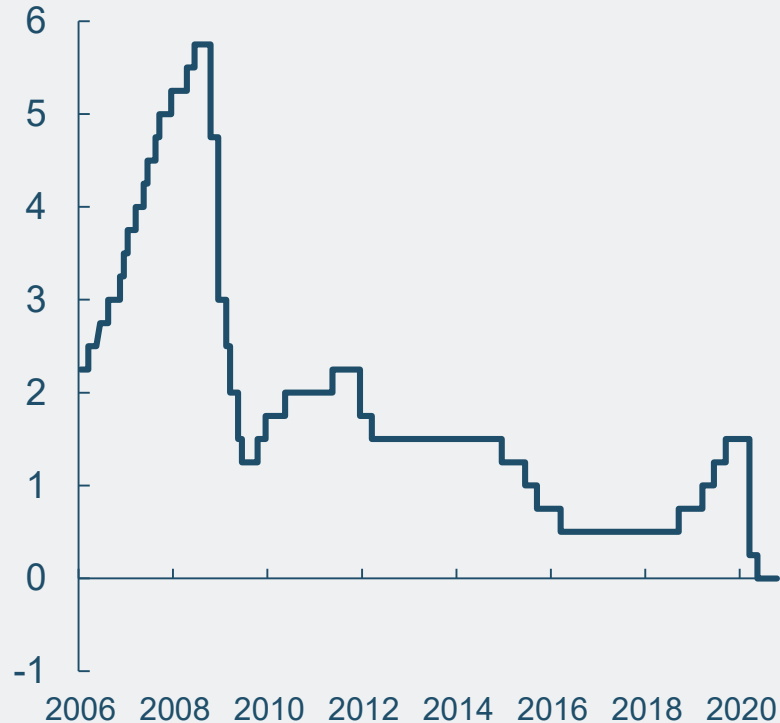
Measures adopted by Norges Bank



- Policy rate reduced from 1.5 to zero percent
- Extraordinary F-loans in NOK and USD
 - Longer maturity
 - Eased collateral requirements



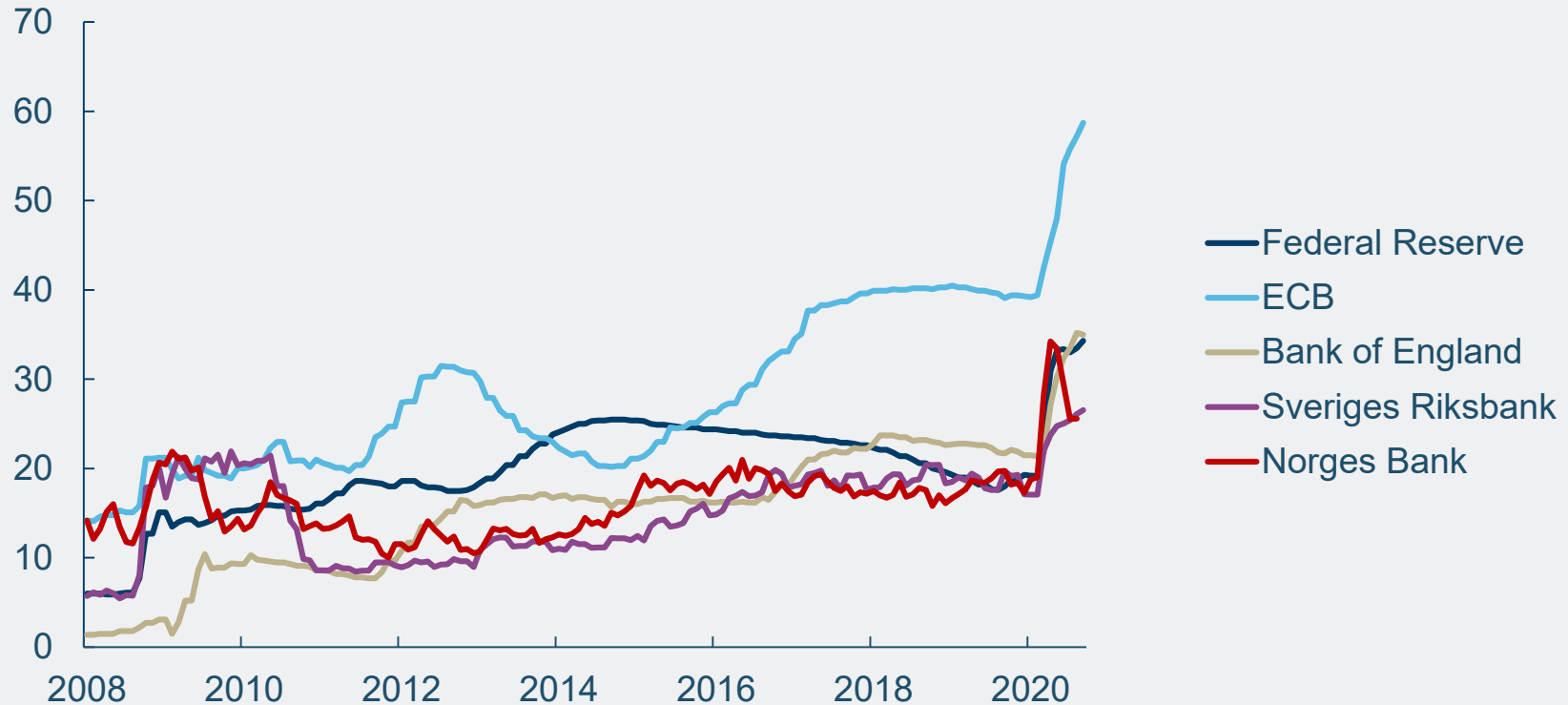
Measures adopted by Norges Bank



- Policy rate reduced from 1.5 to zero percent
- Extraordinary F-loans in NOK and USD
 - Longer maturity
 - Eased collateral requirements
- Purchases of NOK



Central bank balance sheets have expanded¹⁾



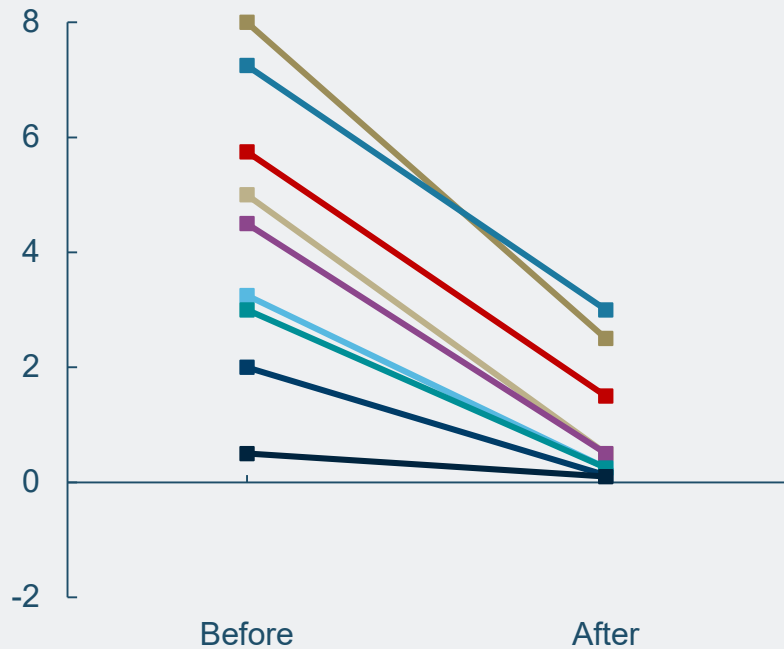
1) Total assets. Percentage of GDP.

Sources: Bloomberg, Statistics Norway and Norges Bank

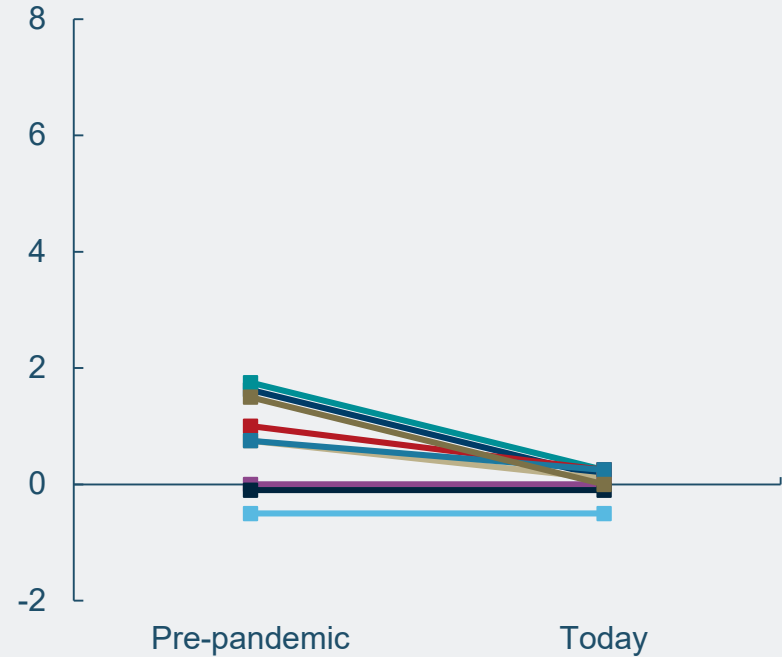


Policy rates close to zero¹⁾

Financial crisis of 2008



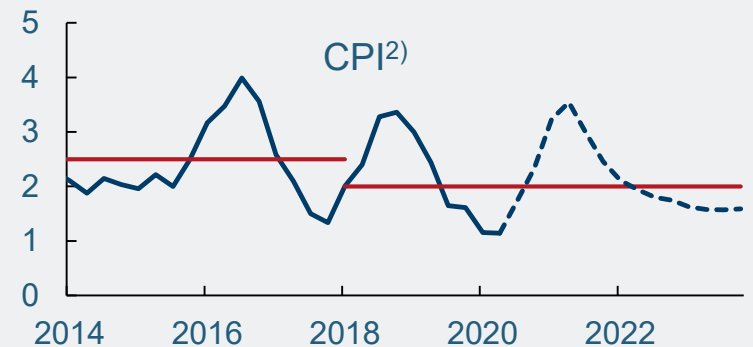
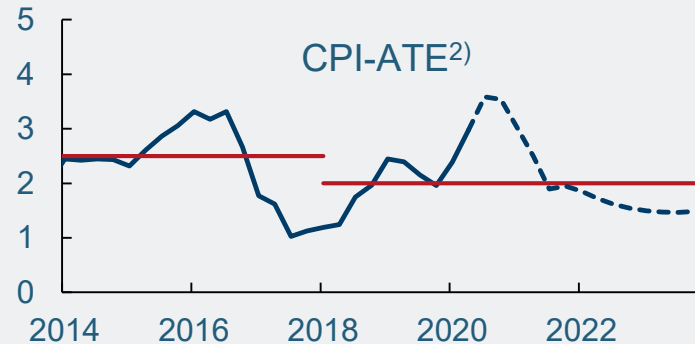
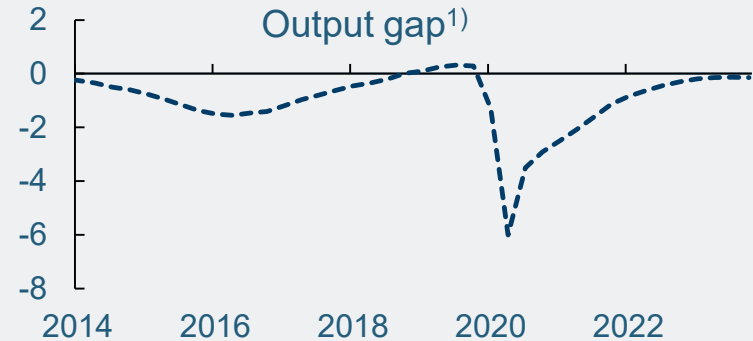
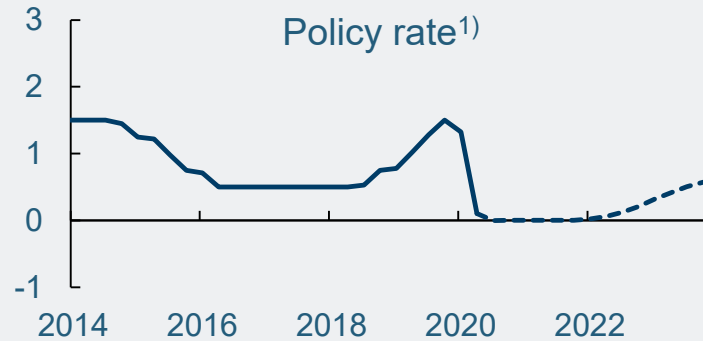
Covid-19 pandemic



1) Policy rates. Percent. US, UK, euro area, Japan, Sweden, Canada, Australia, New Zealand, Norway.
Sources: Bloomberg, Refinitiv Datastream and Norges Bank



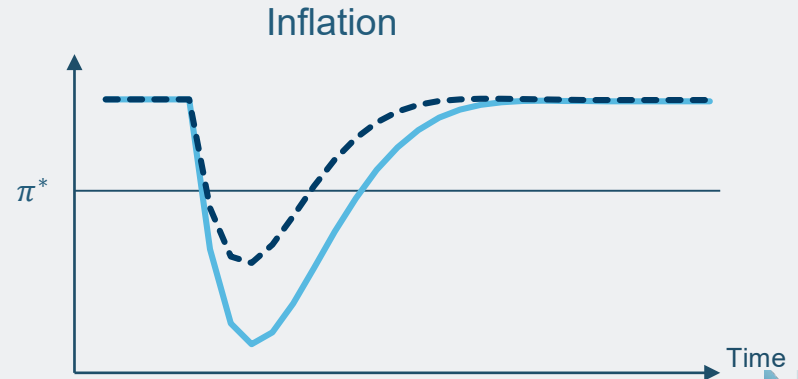
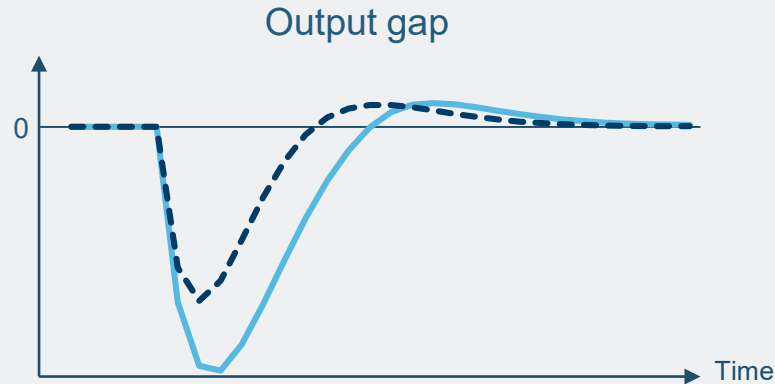
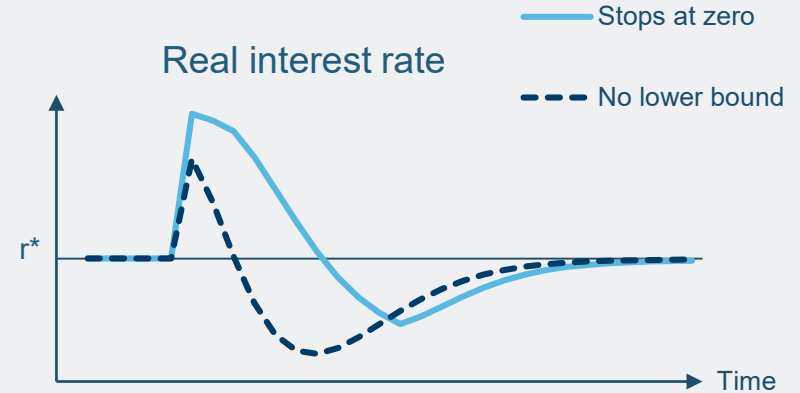
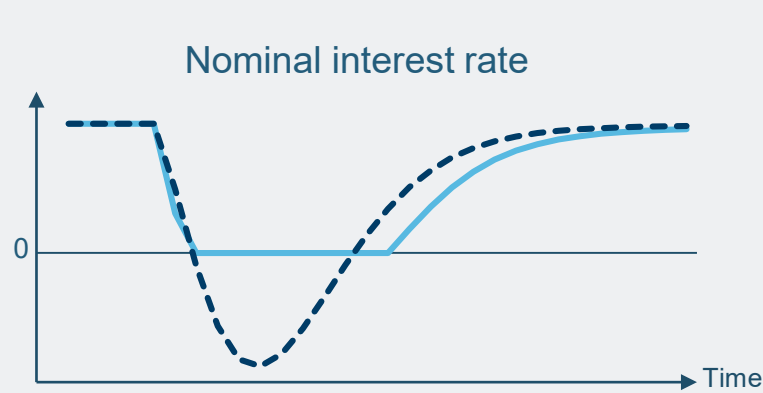
Norges Bank's forward guidance



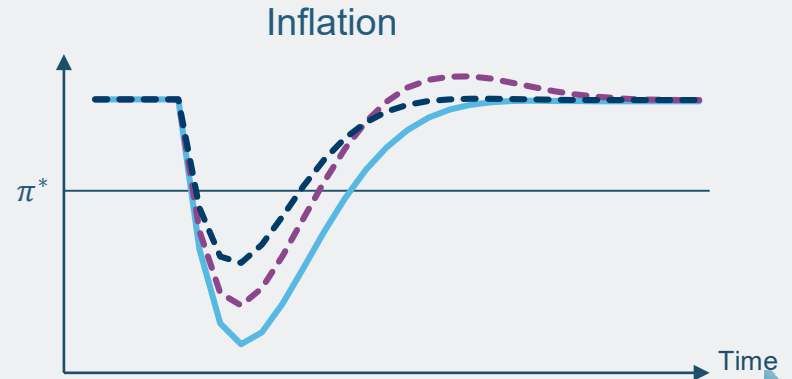
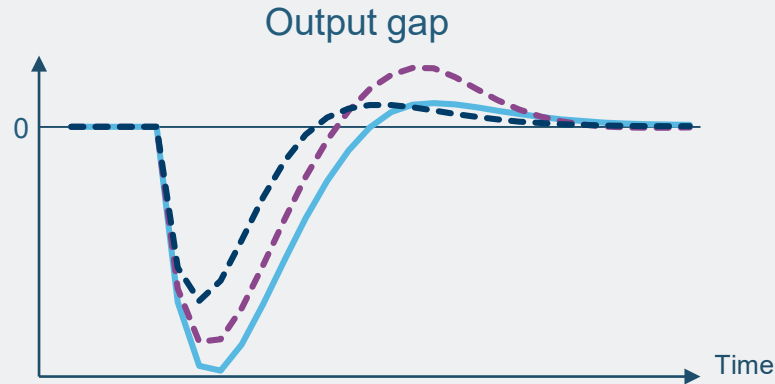
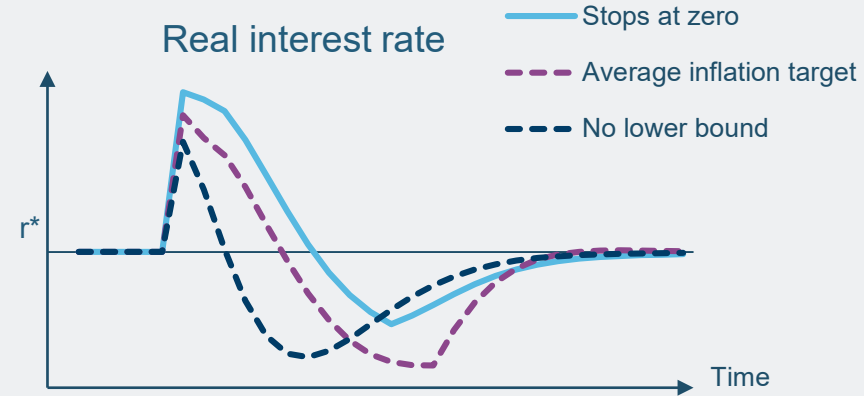
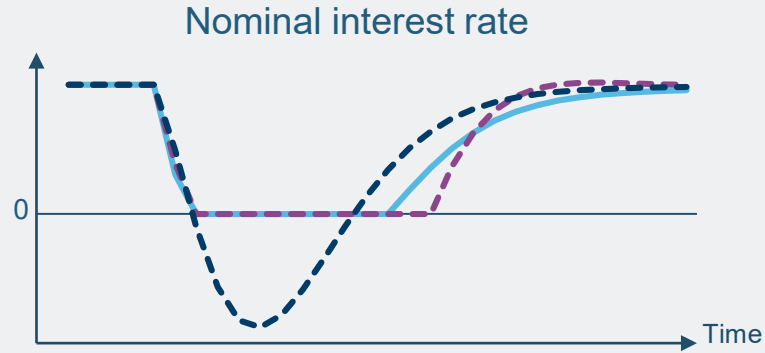
1) Percent. 2) Four-quarter change. Percent.
Sources: Statistics Norway and Norges Bank



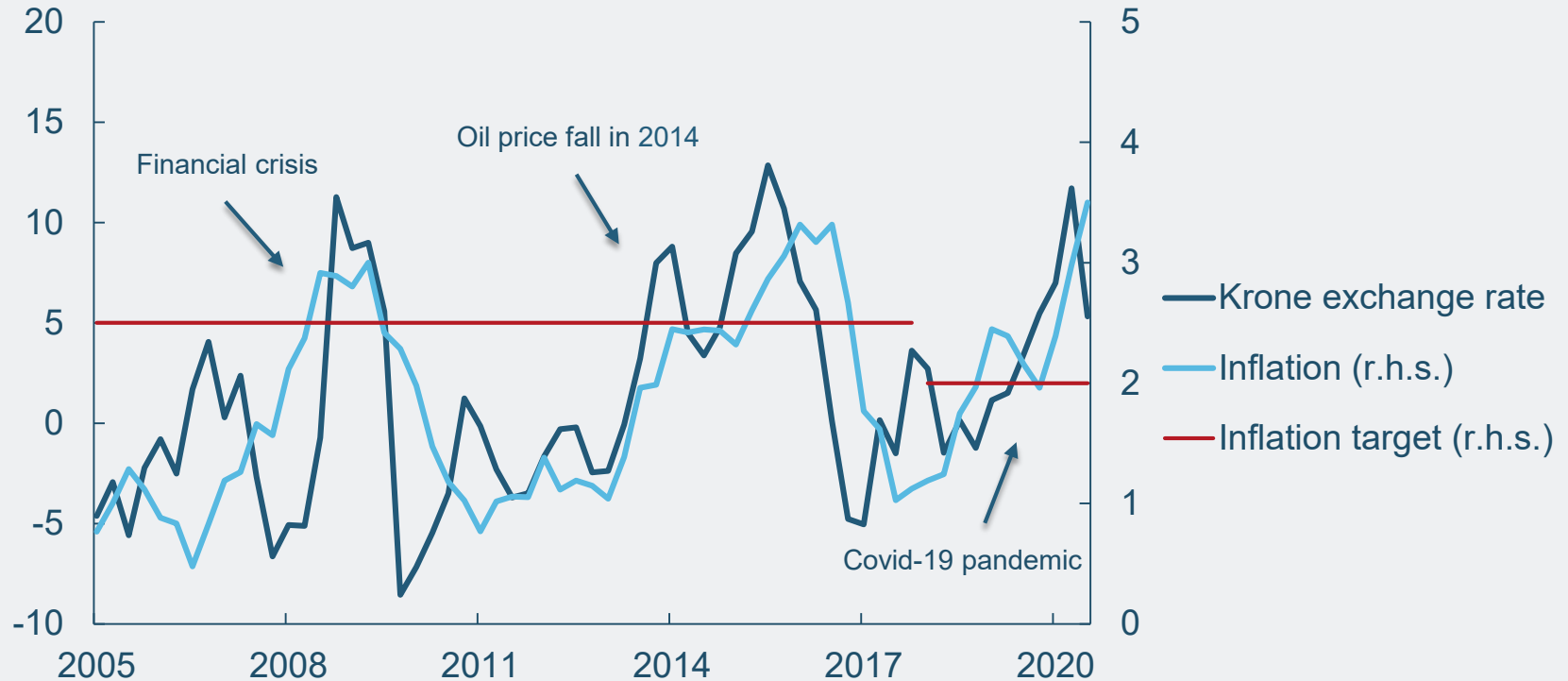
Assume no lower bound



Average inflation targeting



Weaker krone in a downturn¹⁾



1) Import-weighted exchange rate index (I-44). CPI-ATE. Four-quarter change. Percent.
Sources: Statistics Norway and Norges Bank





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