

Executive Board meeting

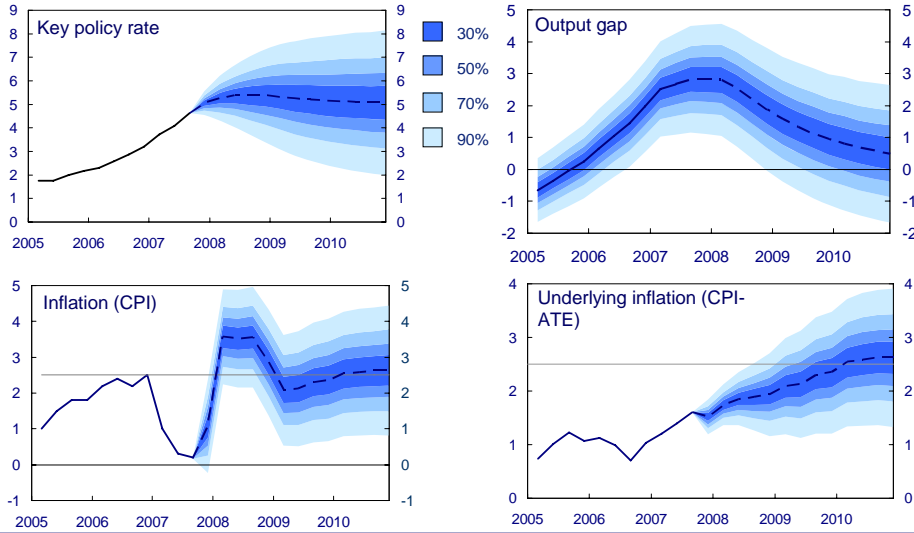
23 January 2008

The Executive Board's strategy

- The key policy rate should be in the interval $4\frac{3}{4}$ - $5\frac{3}{4}$ % in the period to the publication of the next *Monetary Policy Report* on 13 March 2008, unless the Norwegian economy is exposed to major shocks. Given the inflation target, we will be mindful of the effects of higher interest rates on the krone exchange rate when inflation is low.

Baseline scenarios in *Monetary Policy Report 3/07*

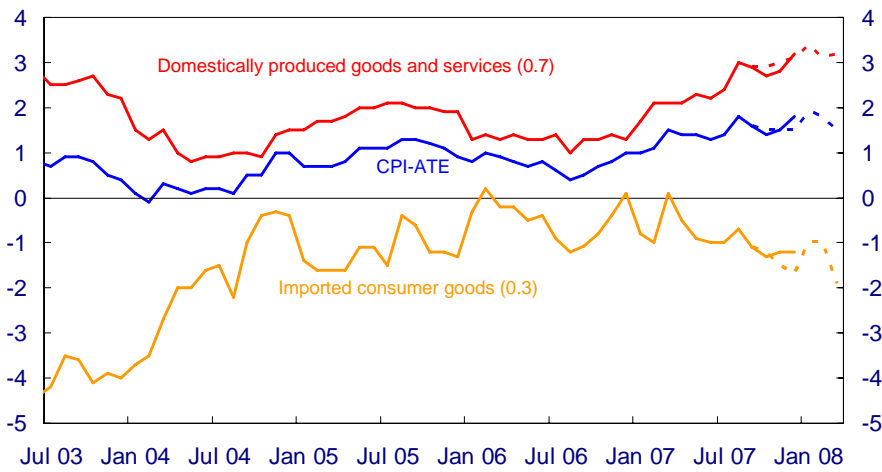
In per cent. 2005 Q1 – 2010 Q4



Sources: Statistics Norway and Norges Bank 3

CPI-ATE¹⁾

Total and by imported and domestically produced goods and services²⁾. Projections in MPR 3/07 (broken line). 12-month change. In per cent



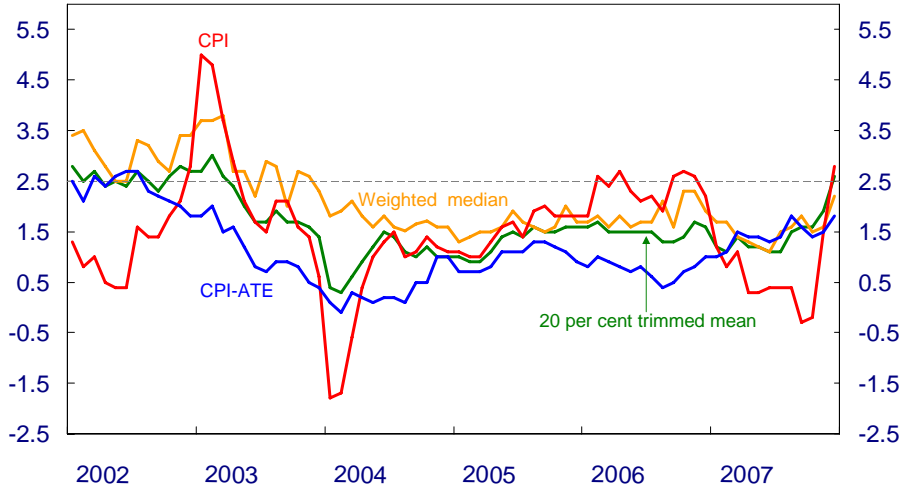
¹⁾ CPI adjusted for tax changes and excluding energy products

²⁾ Norges Bank's calculations

Sources: Statistics Norway and Norges Bank 4

Inflation indicators

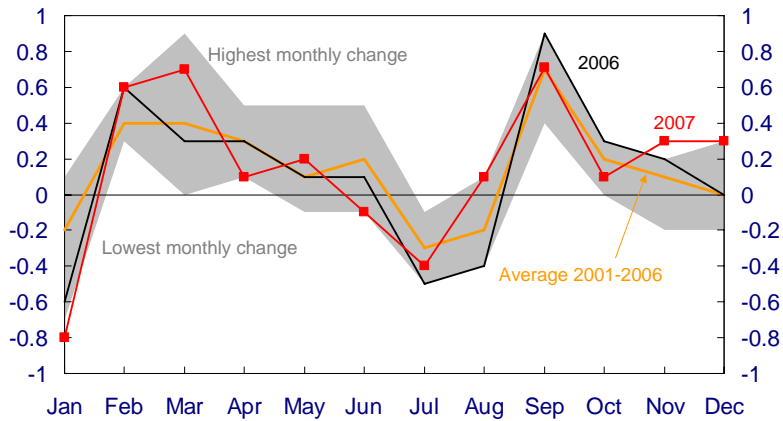
12-month change. In per cent. January 2002 – December 2007



Source: Statistics Norway 5

CPI-ATE

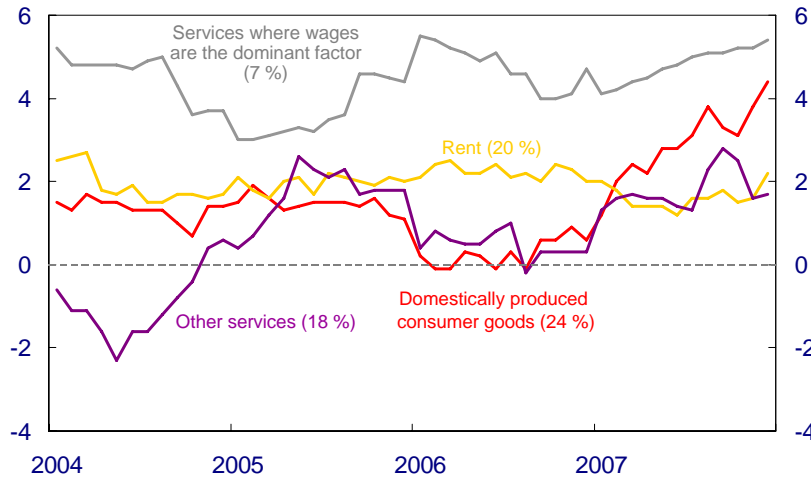
Highest and lowest monthly change in the period 1999 – 2006 and monthly change in 2006¹⁾ and 2007. In per cent



¹⁾ January 2006 has been adjusted for lower maximum day-care rates

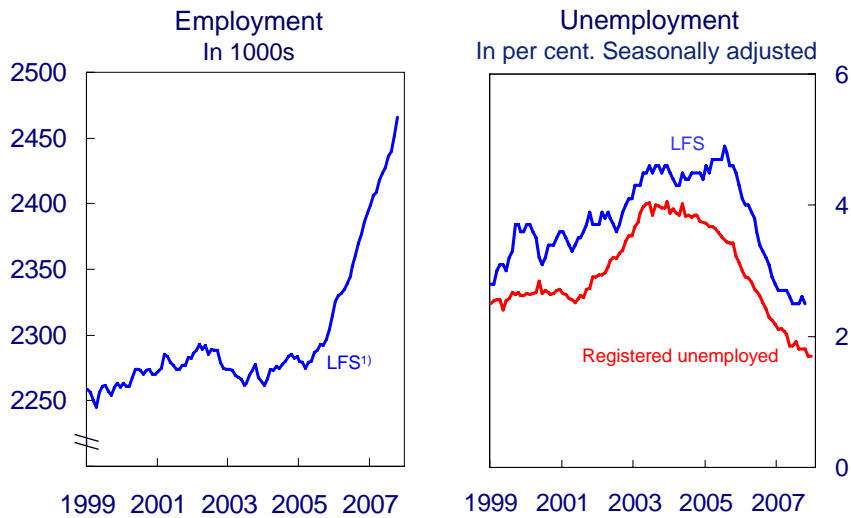
Sources: Statistics Norway and Norges Bank 6

Domestic supplier sectors in the CPI-ATE 12-month change. In per cent. January 2004 – December 2007



Sources: Statistics Norway and Norges Bank 7

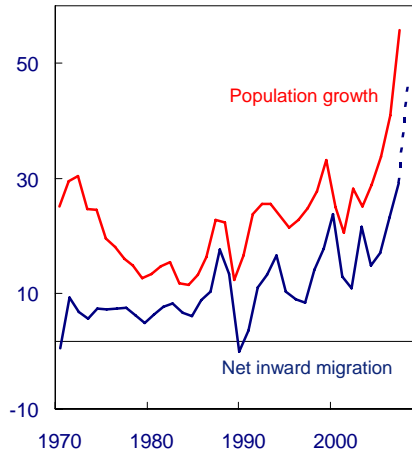
Labour market



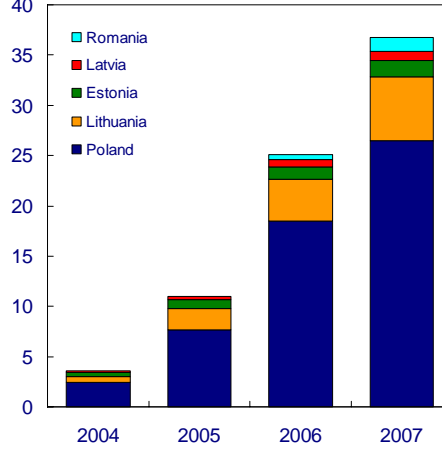
¹) The changes to the LFS have resulted in a break in the time series between 2005 and 2006.

Sources: Statistics Norway and Norwegian Labour and Welfare Organisation (NAV) 8

Population growth and net inward migration in Norway
In thousands

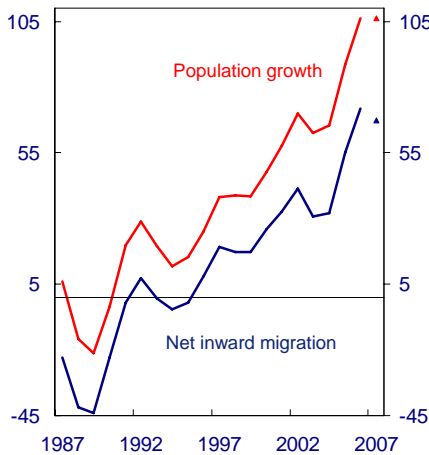


Registered employed from new EU countries
In thousands. Jan - Dec 2007

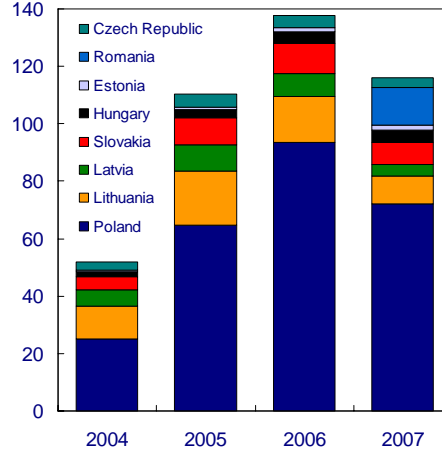


Sources: Statistics Norway and the Central Office – Foreign Tax Affairs 9

Population growth and net inward migration in Ireland
In thousands



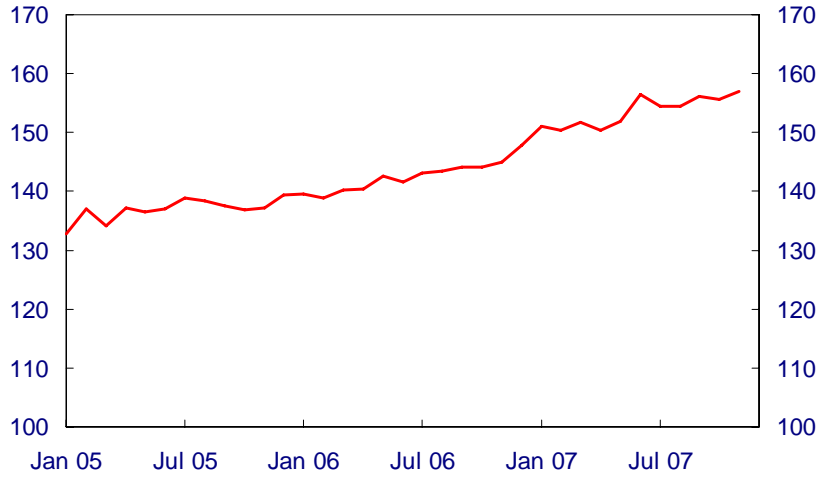
Issued social security numbers to persons from new EU countries
In thousands. Jan - Oct 2007



Sources: Central Statistics Office Ireland and Department of Social and Family Affairs 10

Index of commodity consumption

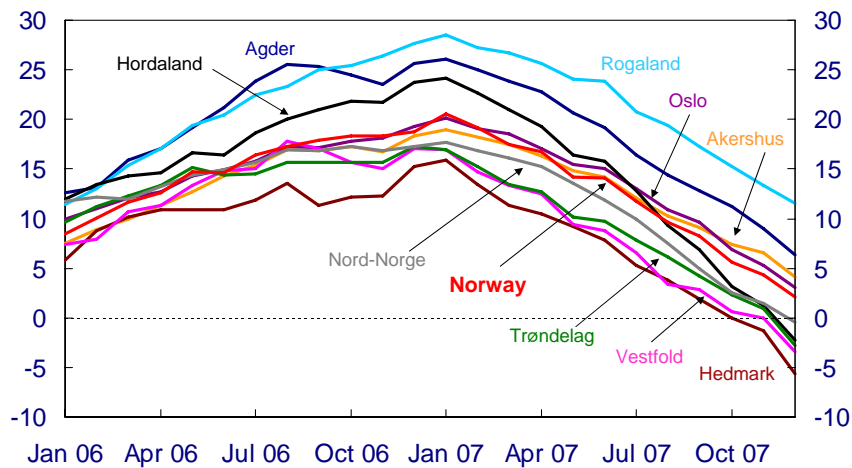
Volume. Seasonally adjusted. Jan 2005 – Nov 2007



Source: Statistics Norway 11

Regional house prices

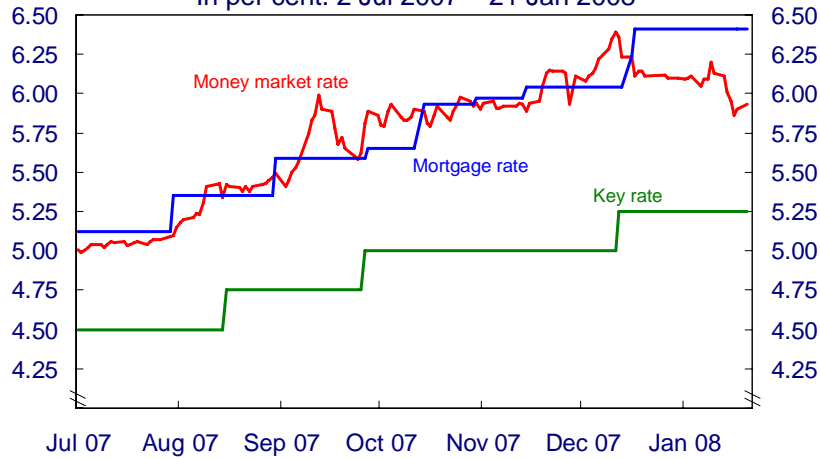
12-month change. In per cent. Jan 2006 – Dec 2007



Sources: Norwegian Association of Real Estate Agents, Association of Real Estate Agency Firms, FINN.no, ECON Pöyry, Statistics Norway and Norges Bank

Key policy rate, money market rate¹⁾ and banks' lending rate on new loans²⁾

In per cent. 2 Jul 2007 – 21 Jan 2008



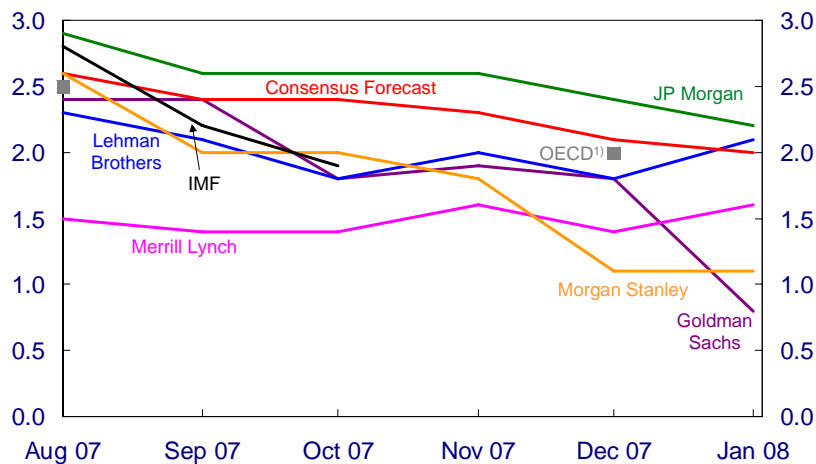
¹⁾ 3-month NIBOR

²⁾ Interest rates on new mortgage loans for NOK 1 million within 60% of purchase price with floating interest rate. Figures for the 20 largest banks, weighted according to market share.

Sources: Norsk familieøkonomi AS and Norges Bank 13

Projections for GDP growth in the US in 2008

In per cent. Aug 2007 – Jan 2008

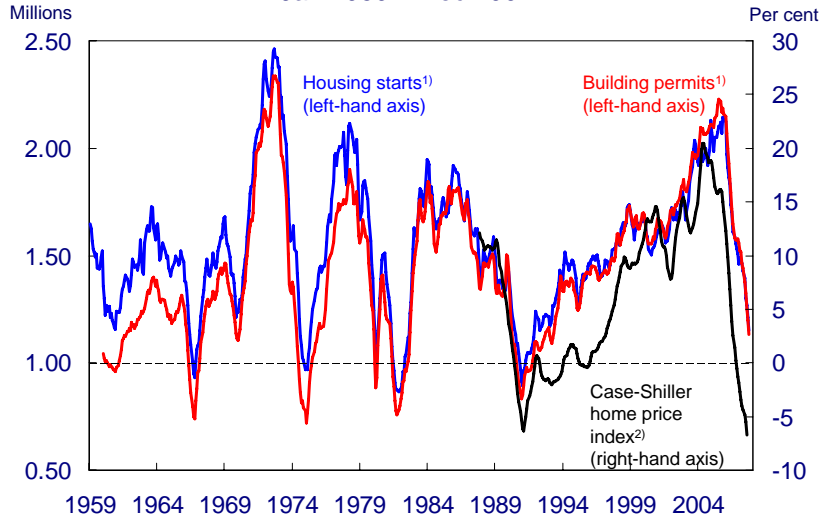


¹⁾ OECD projections from EO 81, May 2007 and EO 82, December 2007, indicated by grey dots.

Sources: Consensus Economics, IMF and OECD 14

The US housing market

Jan 1959 – Dec 2007



¹⁾ 3-month moving average. In millions.

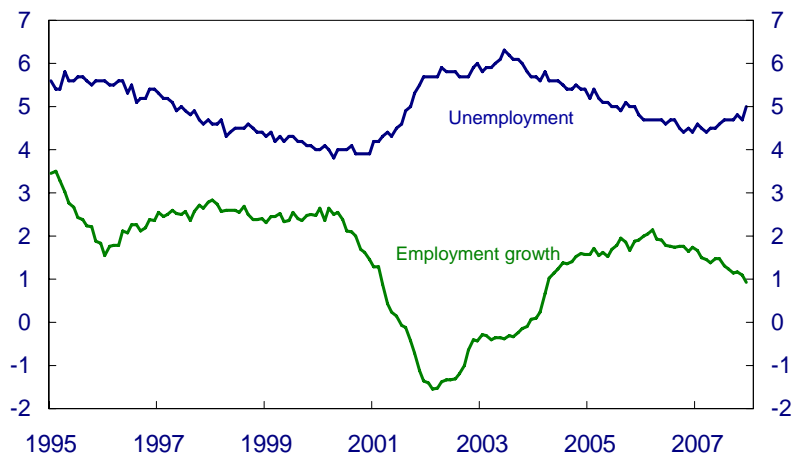
²⁾ Composite 10 Index, 12-month change. Per cent.

Sources: Reuters (EcoWin) and Norges Bank 15

Unemployment and employment growth in the US

Seasonally adjusted unemployment.

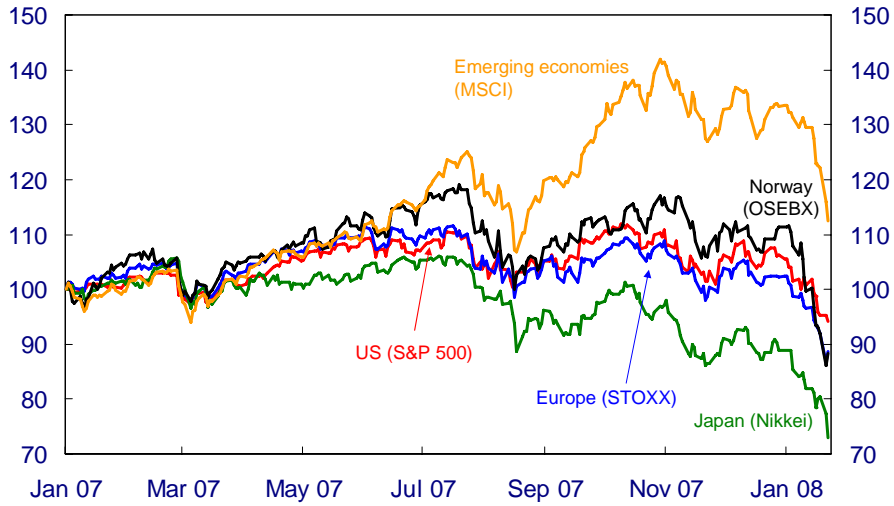
12-month employment growth. In per cent. Jan 1995 – Dec 2007



Source: Reuters (EcoWin)

Equities

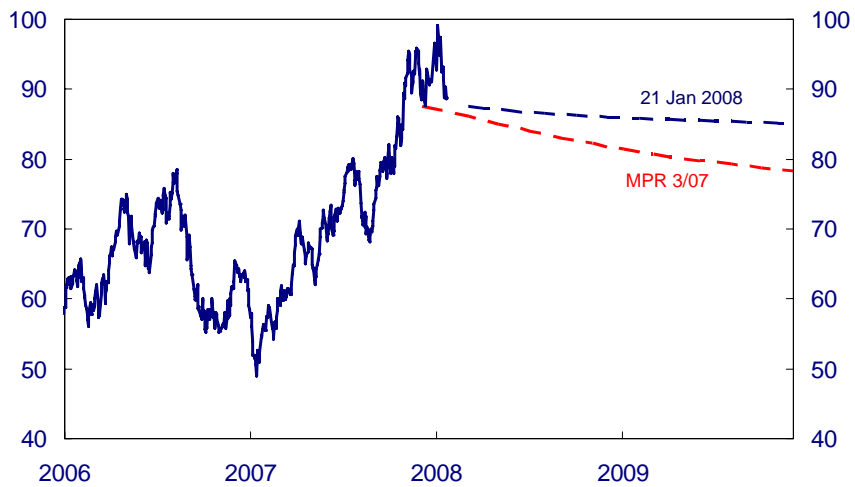
Indices 1 Jan 2007 = 100. 1 Jan 2007 – 22 Jan 2008



Source: Reuters (EcoWin) 17

Oil price (Brent Blend). Spot and futures prices

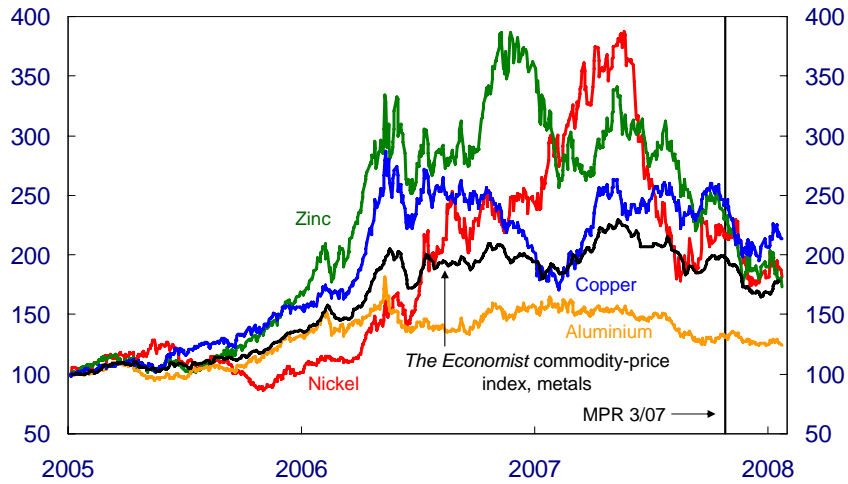
In USD per barrel. 1 Jan 2003 – 1 Dec 2009



Source: Reuters (EcoWin) and Norges Bank 18

Commodity prices, metals

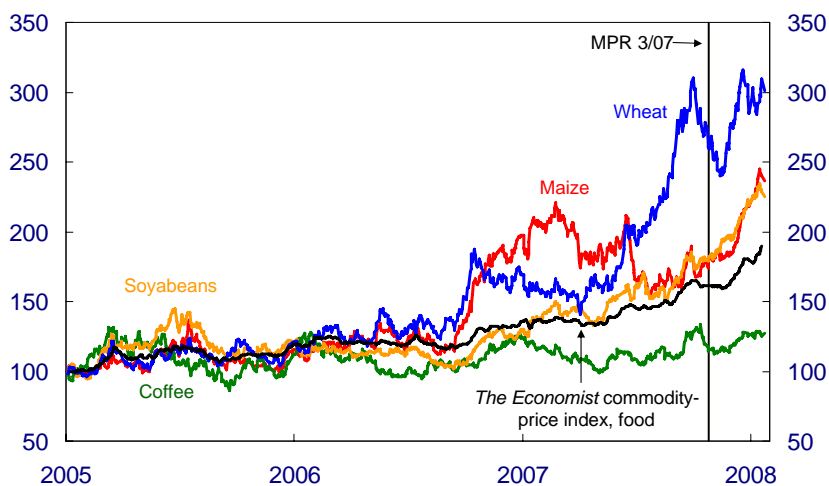
In SDRs. Indices. 3 Jan 2005 = 100. 3 Jan 2005 – 22 Jan 2008



Sources: Reuters (EcoWin), The Economist and Norges Bank 19

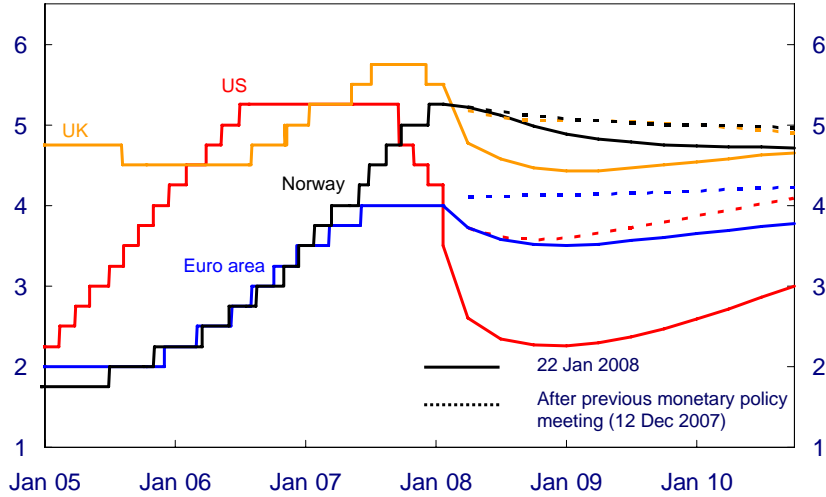
Commodity prices, food

In SDRs. Indices. 1 Jan 2005 = 100. 3 Jan 2005 – 22 Jan 2008



Sources: Reuters (EcoWin), The Economist and Norges Bank 20

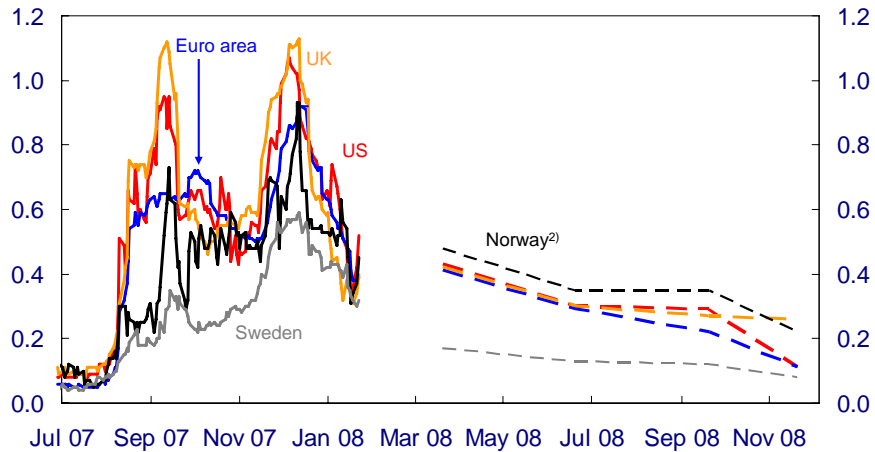
Key rates and forward rates In per cent. 12 Dec 2007 and 22 Jan 2008



Sources: Reuters and Norges Bank 21

Difference between three-month money market rates and expected key rates¹⁾

Jul 2007 – Nov 2008. In percentage points. At 22 Jan 2008



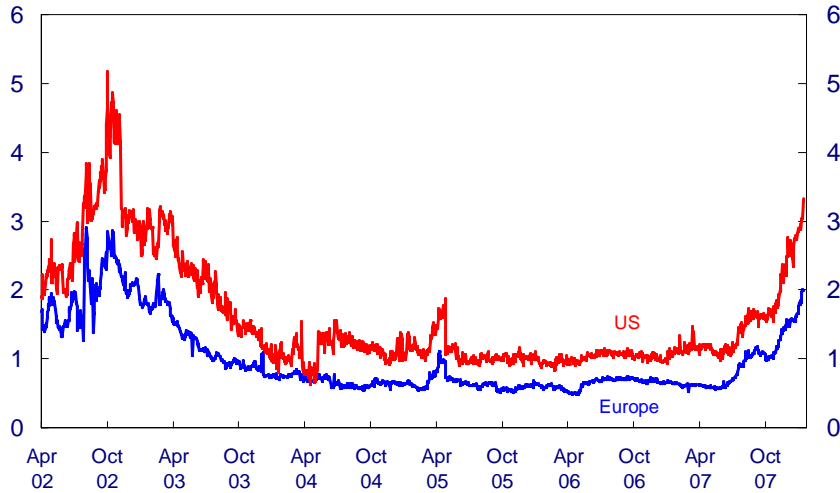
¹⁾ The expected key rate is measured by the Overnight Indexed Swap (OIS).

²⁾ Norges Bank's projections.

Sources: Bloomberg, Reuters (EcoWin), Morgan Stanley and Norges Bank 22

Credit premiums on corporate bonds¹⁾

Five-year maturity. In percentage points. 1 Jan 2004 – 22 Jan 2008

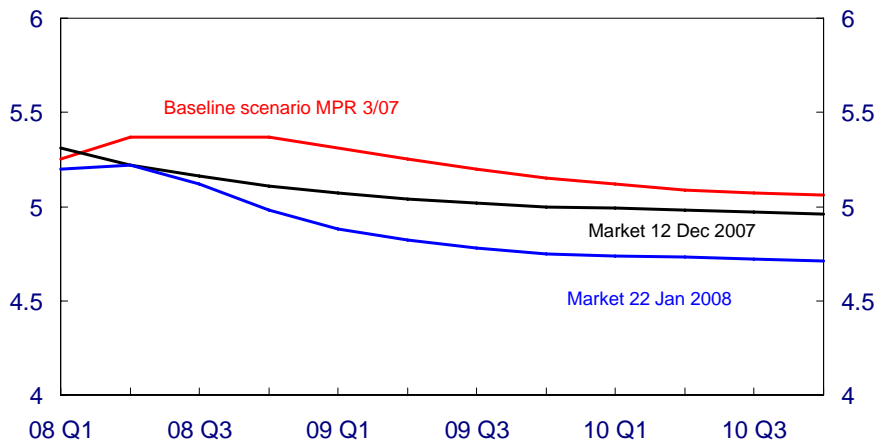


¹⁾ Bonds with a BBB rating.

Source: Reuters (EcoWin) 23

Key policy rate in the baseline scenario and estimated forward rates¹⁾

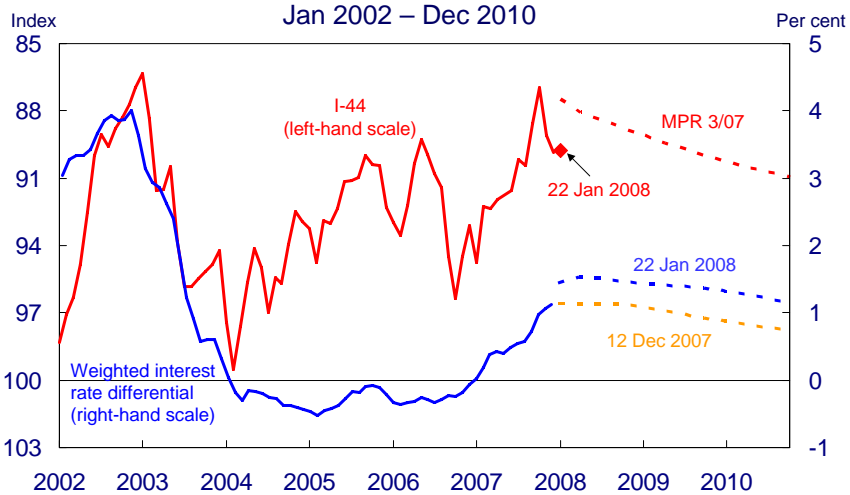
In per cent. At 22 Jan 2008



¹⁾ A credit risk premium and a technical difference of 0.20 percentage point have been deducted to make the forward rates comparable with the key policy rate.

Sources: Reuters and Norges Bank 24

3-month interest rate differential and import-weighted exchange rate (I-44)¹⁾



¹⁾ A rising curve denotes an appreciation of the krone.

Sources: Reuters and Norges Bank 25

The Executive Board's strategy

- The key policy rate should be in the interval 4¾ - 5¾% in the period to the publication of the next *Monetary Policy Report* on 13 March 2008, unless the Norwegian economy is exposed to major shocks. Given the inflation target, we will be mindful of the effects of higher interest rates on the krone exchange rate when inflation is low.