

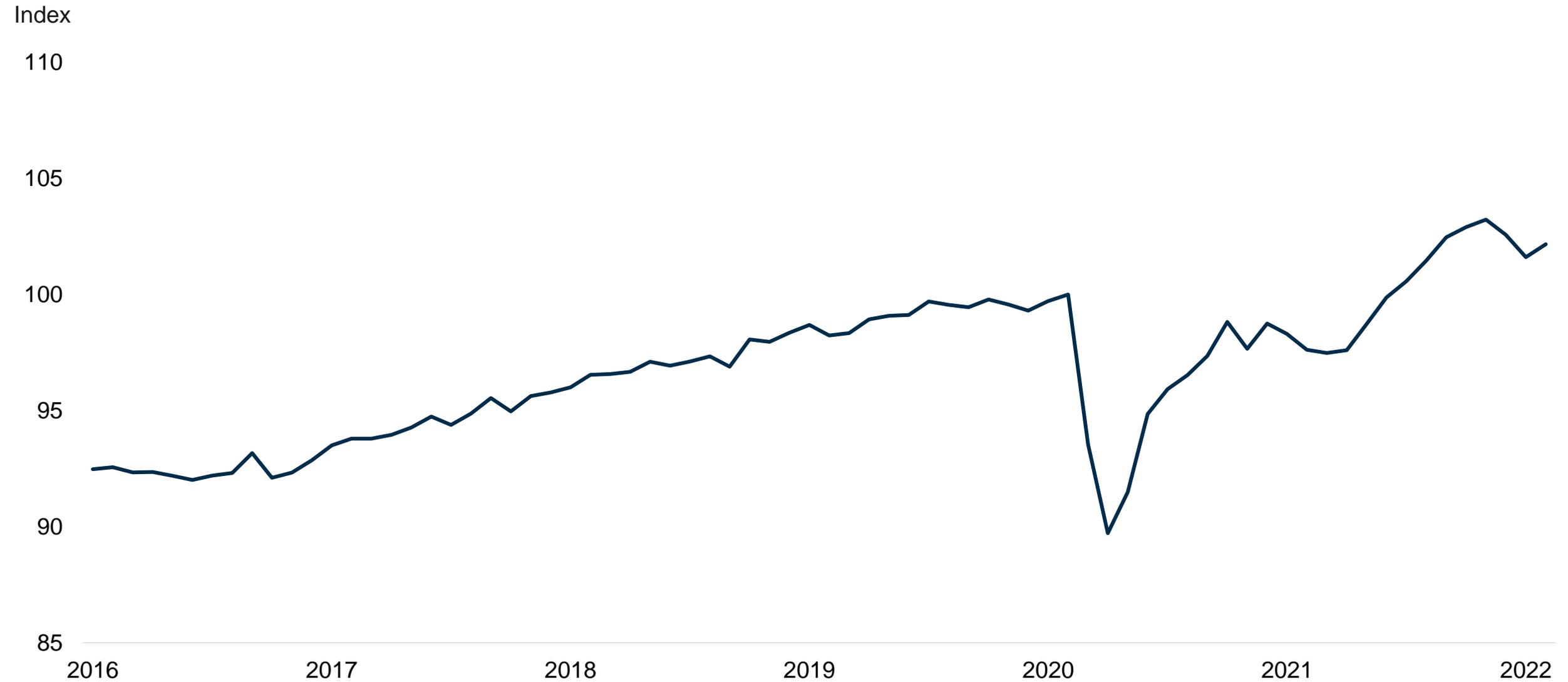
The conduct of monetary policy

Governor Ida Wolden Bache, 28 April 2022

Activity is higher than its pre-pandemic level

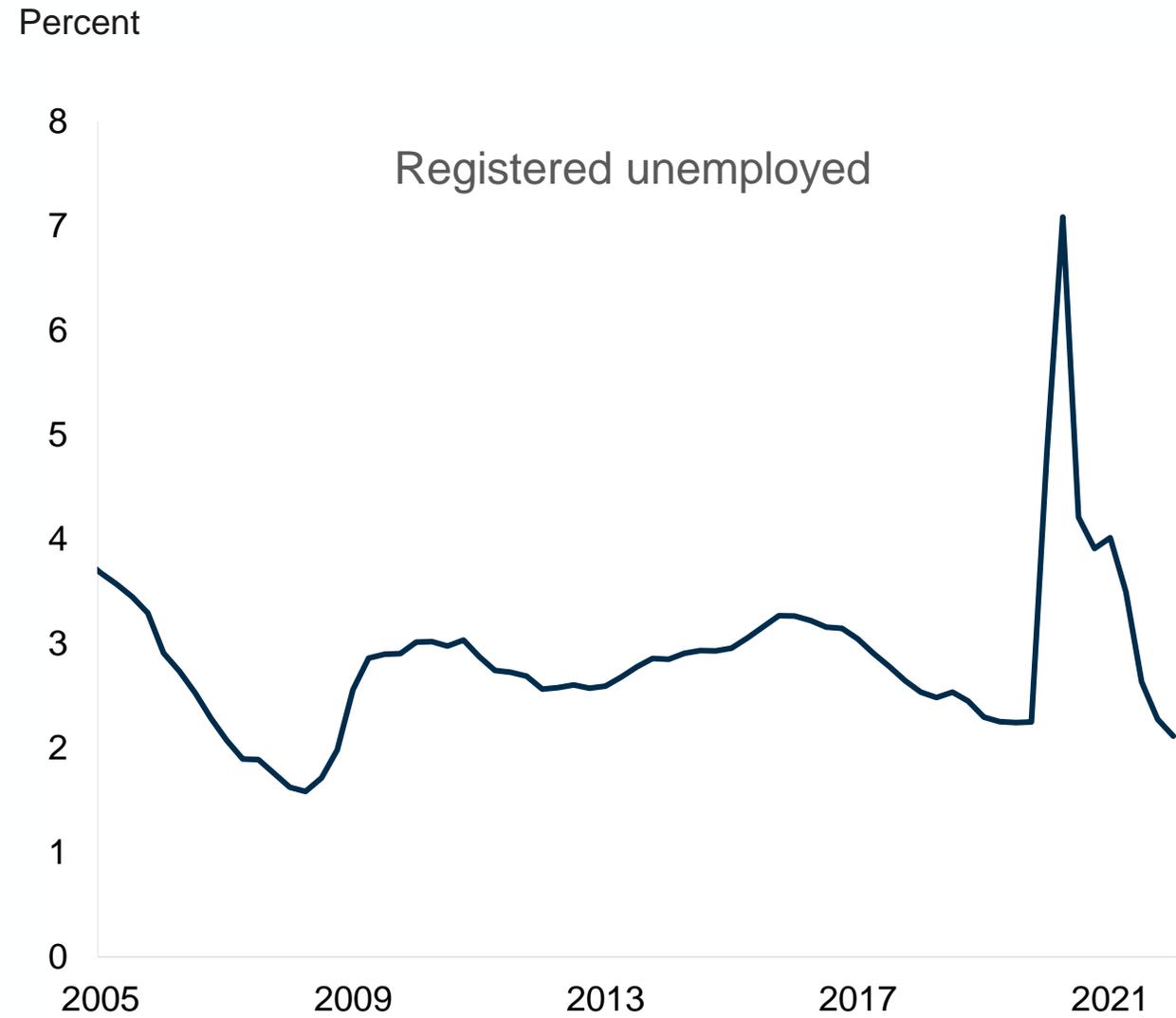
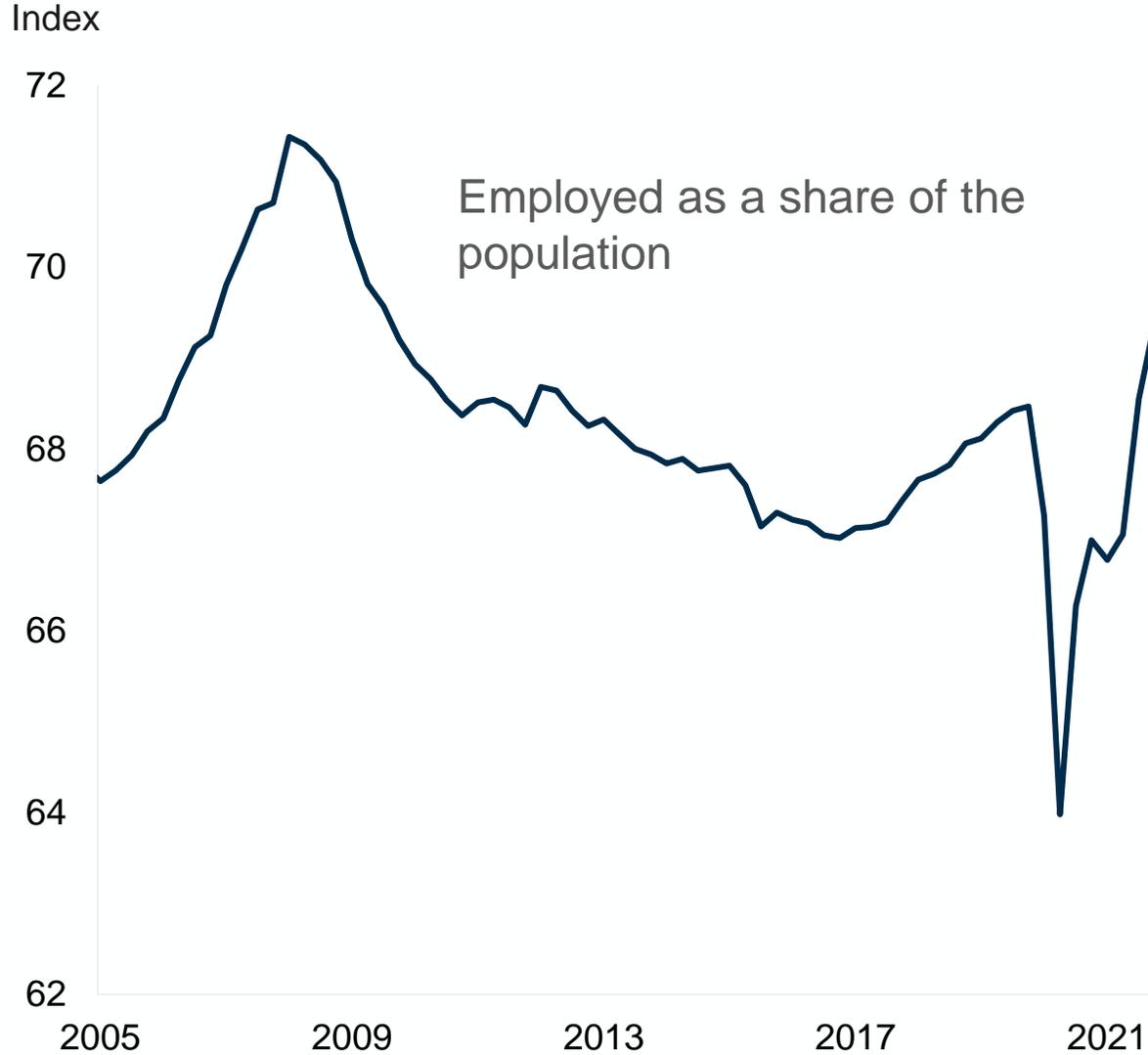
GDP for mainland Norway

Sources: Statistics Norway
and Norges Bank



High employment and low unemployment

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



High capacity utilisation in the Norwegian economy

Source: Norges Bank's
Regional Network

Share of enterprises

0.7

0.6

0.5

0.4

0.3

0.2

0.1

0

2005

2007

2009

2011

2013

2015

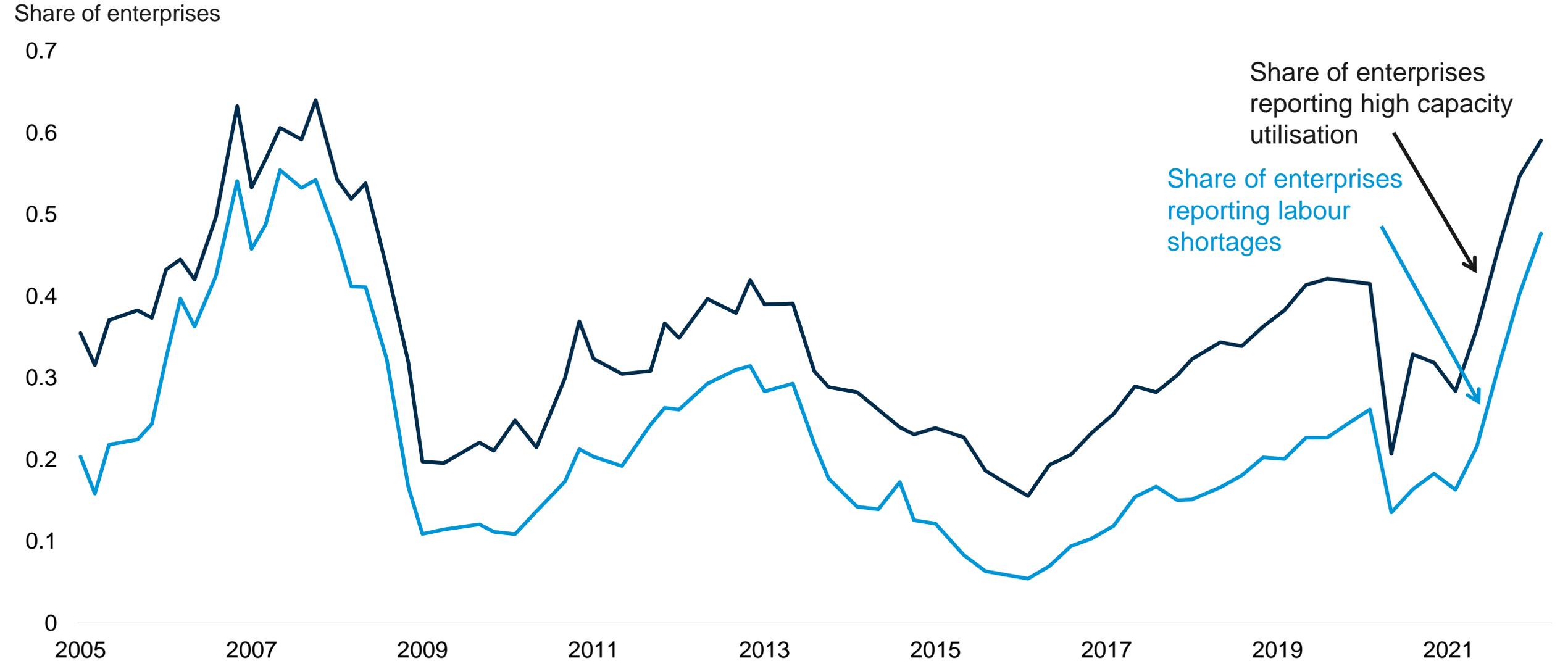
2017

2019

2021

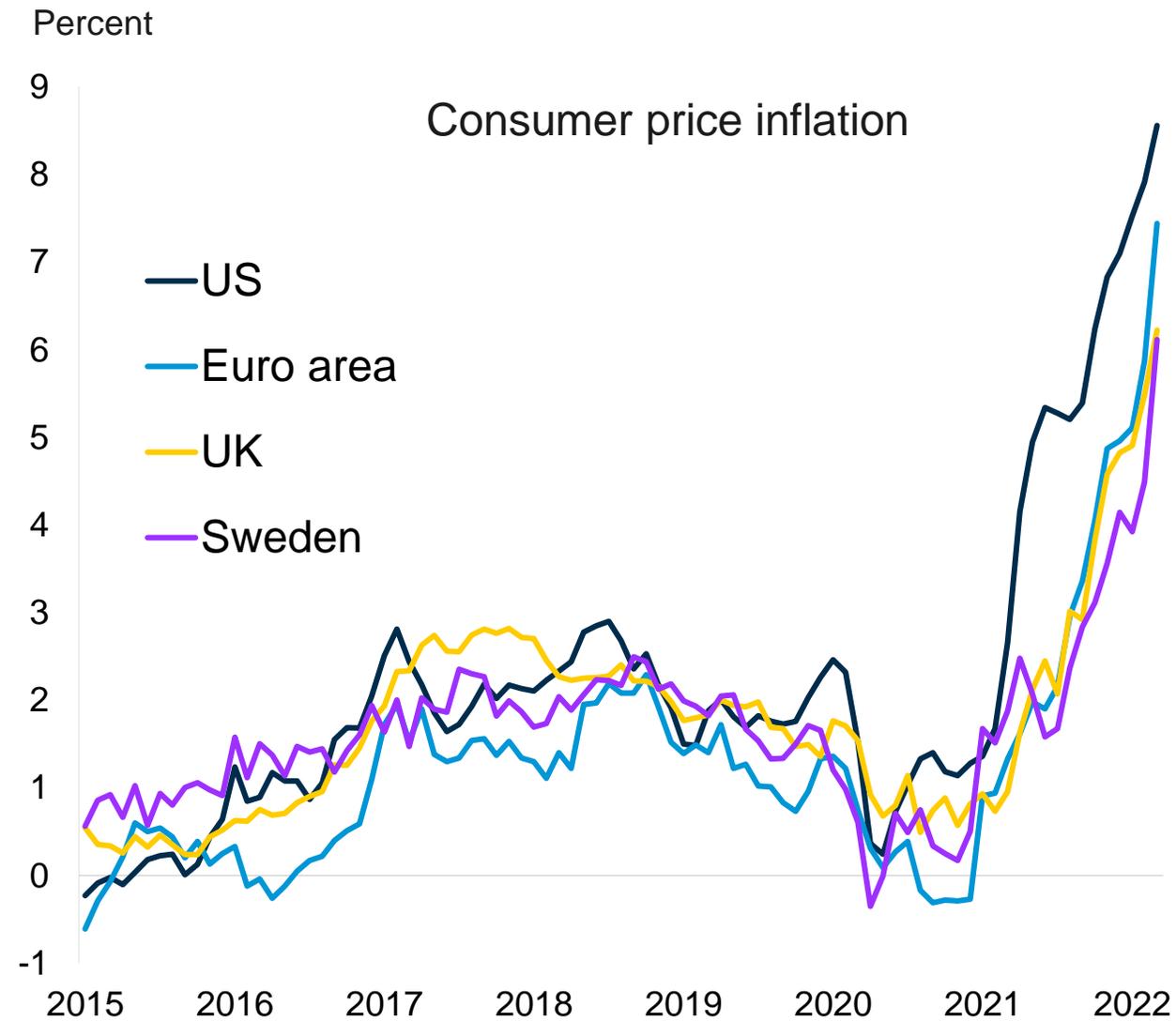
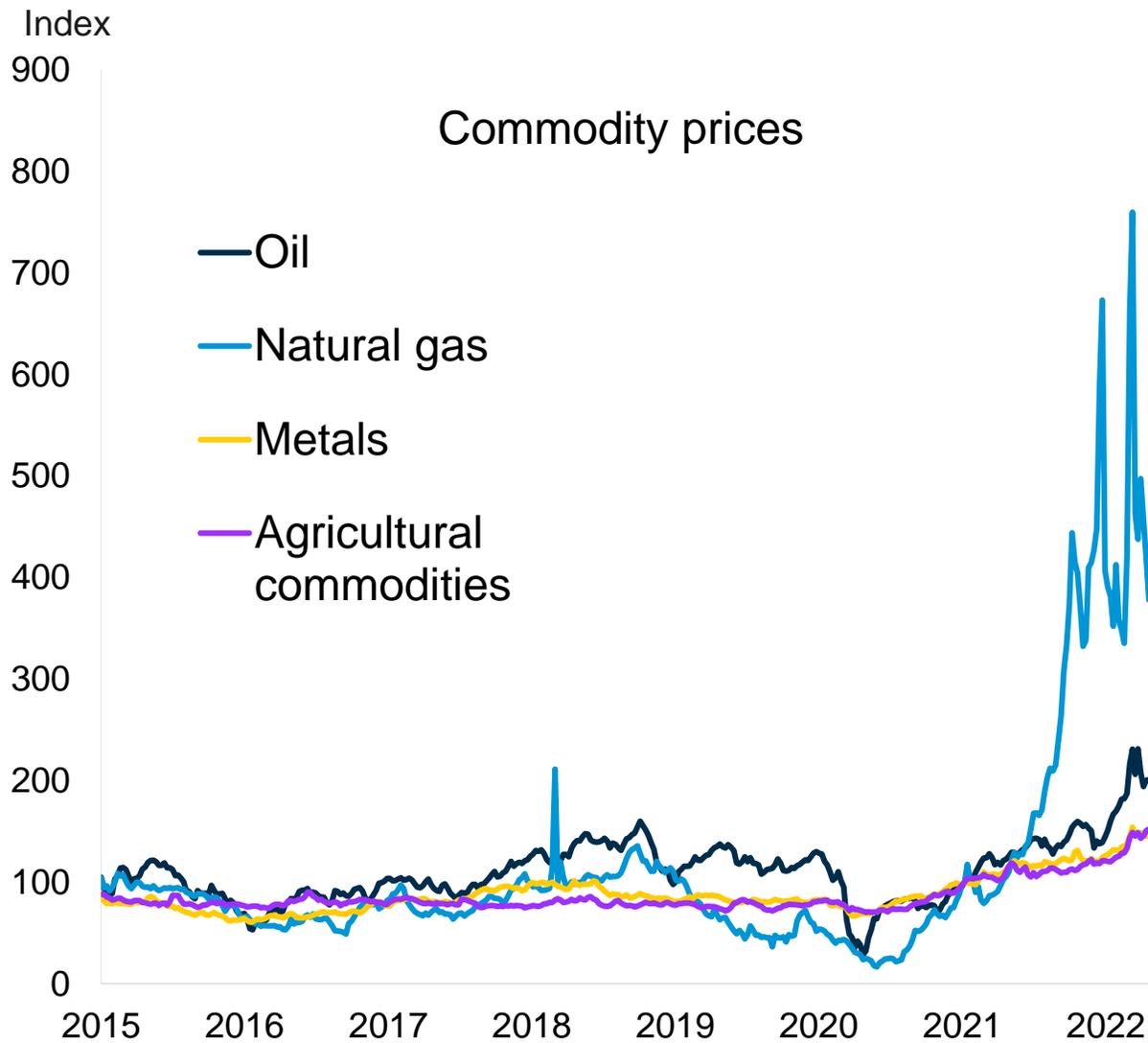
Share of enterprises
reporting high capacity
utilisation

Share of enterprises
reporting labour
shortages



High commodity prices and global consumer price inflation

Sources: Refinitiv Datastream
and Norges Bank



Inflation has also risen in Norway

Source: Statistics Norway

Consumer prices. Twelve-month change

Percent

— CPI — CPI-ATE — Inflation target

6

5

4

3

2

1

0

2015

2016

2017

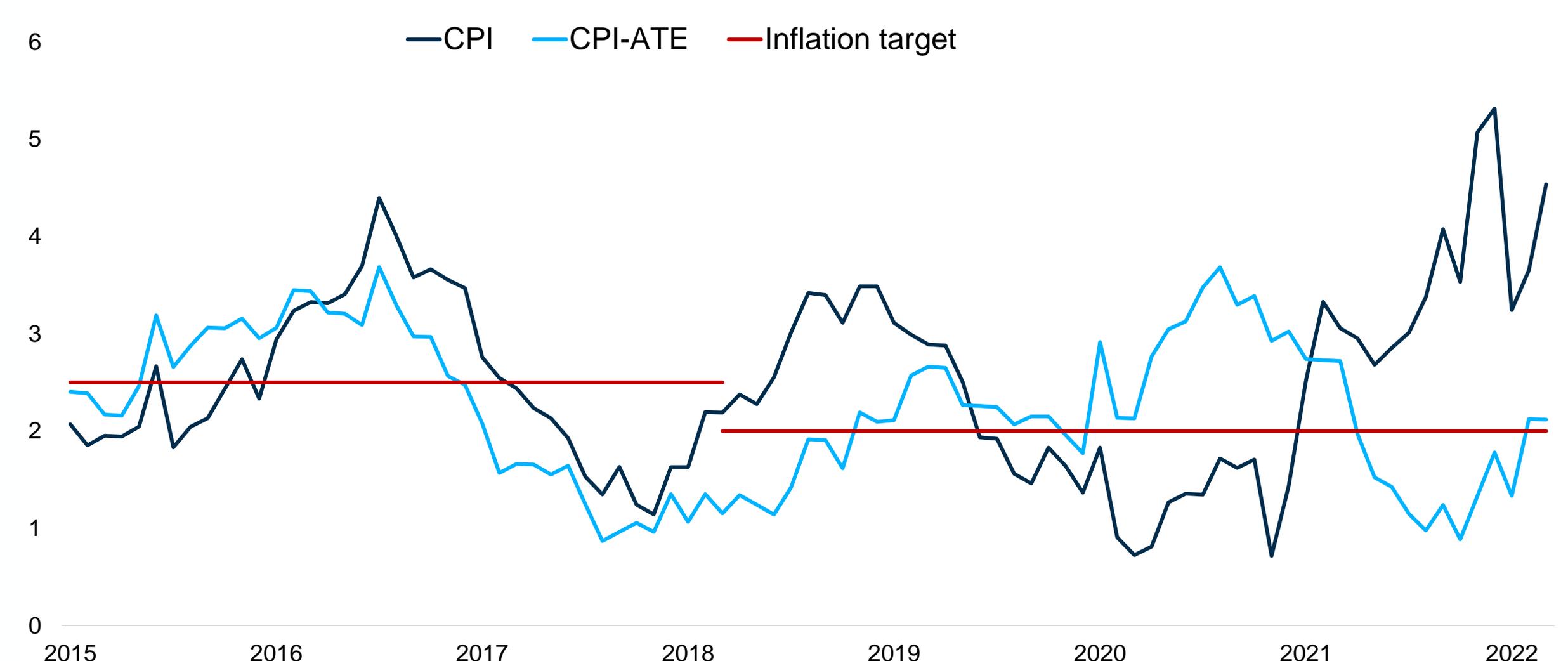
2018

2019

2020

2021

2022



The objective of low and stable inflation

The primary objective of monetary policy is to maintain monetary stability by keeping inflation low and stable.

The operational target for monetary policy is annual consumer price inflation of close to 2 percent over time.

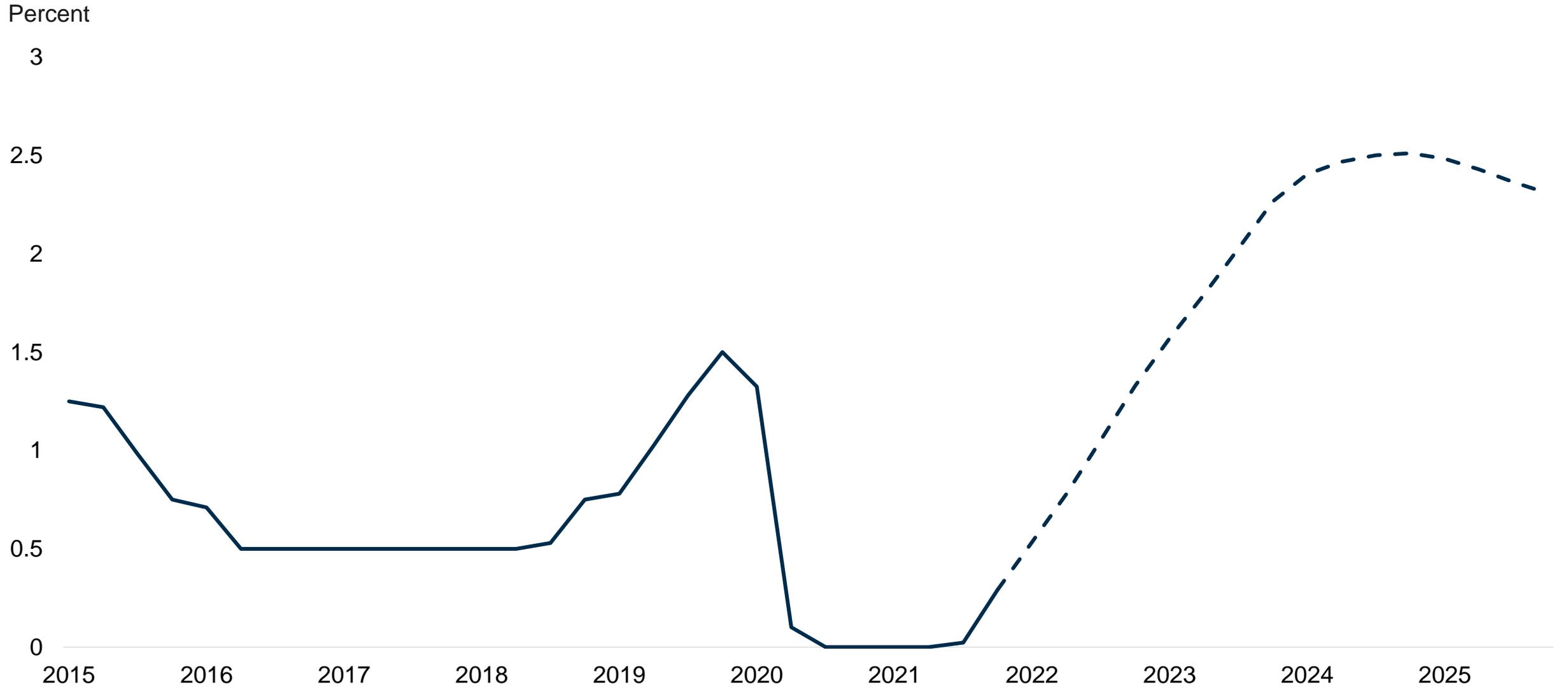
Inflation targeting shall be forward-looking and flexible so that it can contribute to high and stable output and employment and to counteracting the buildup of financial imbalances.



Higher interest rates ahead

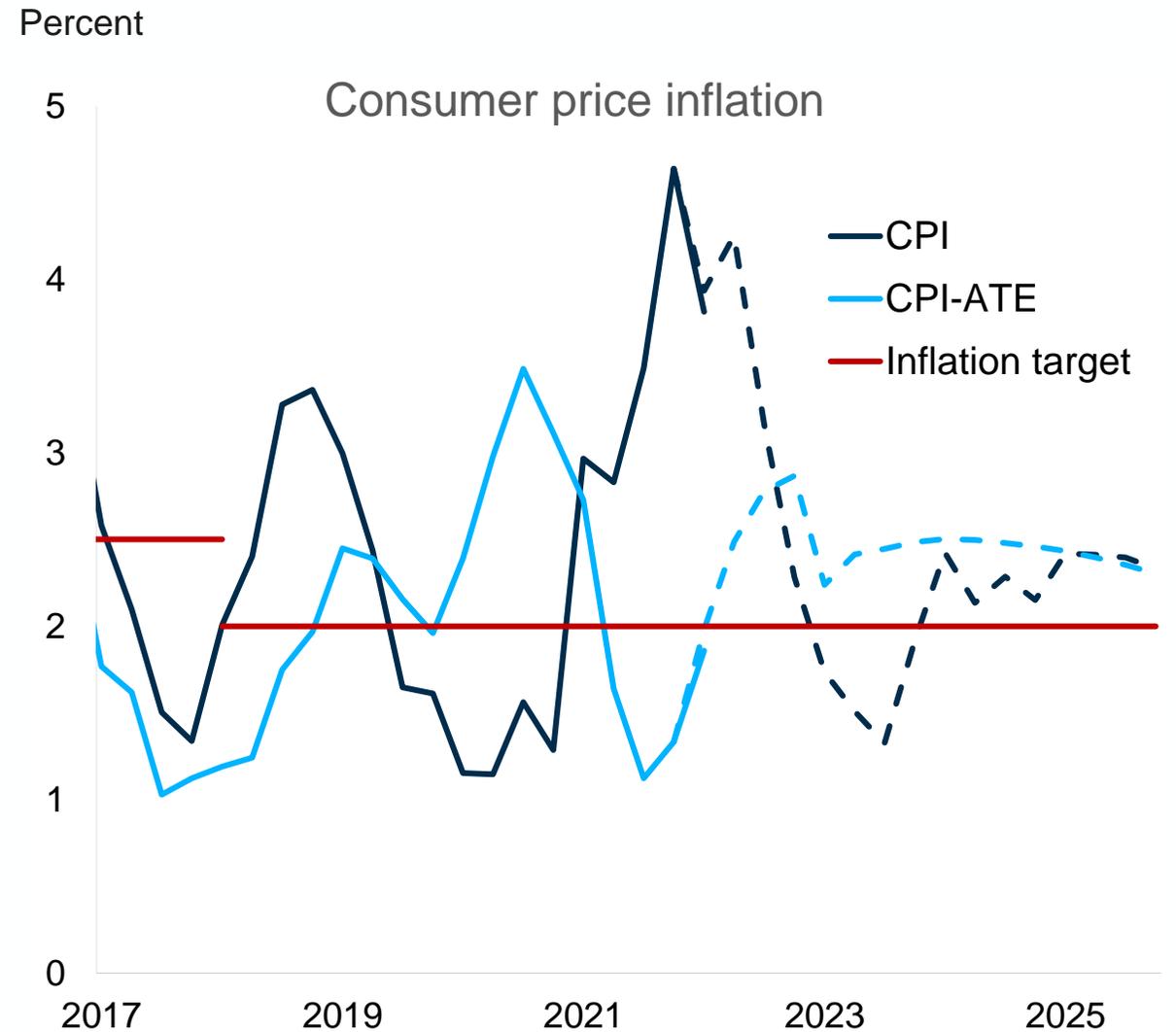
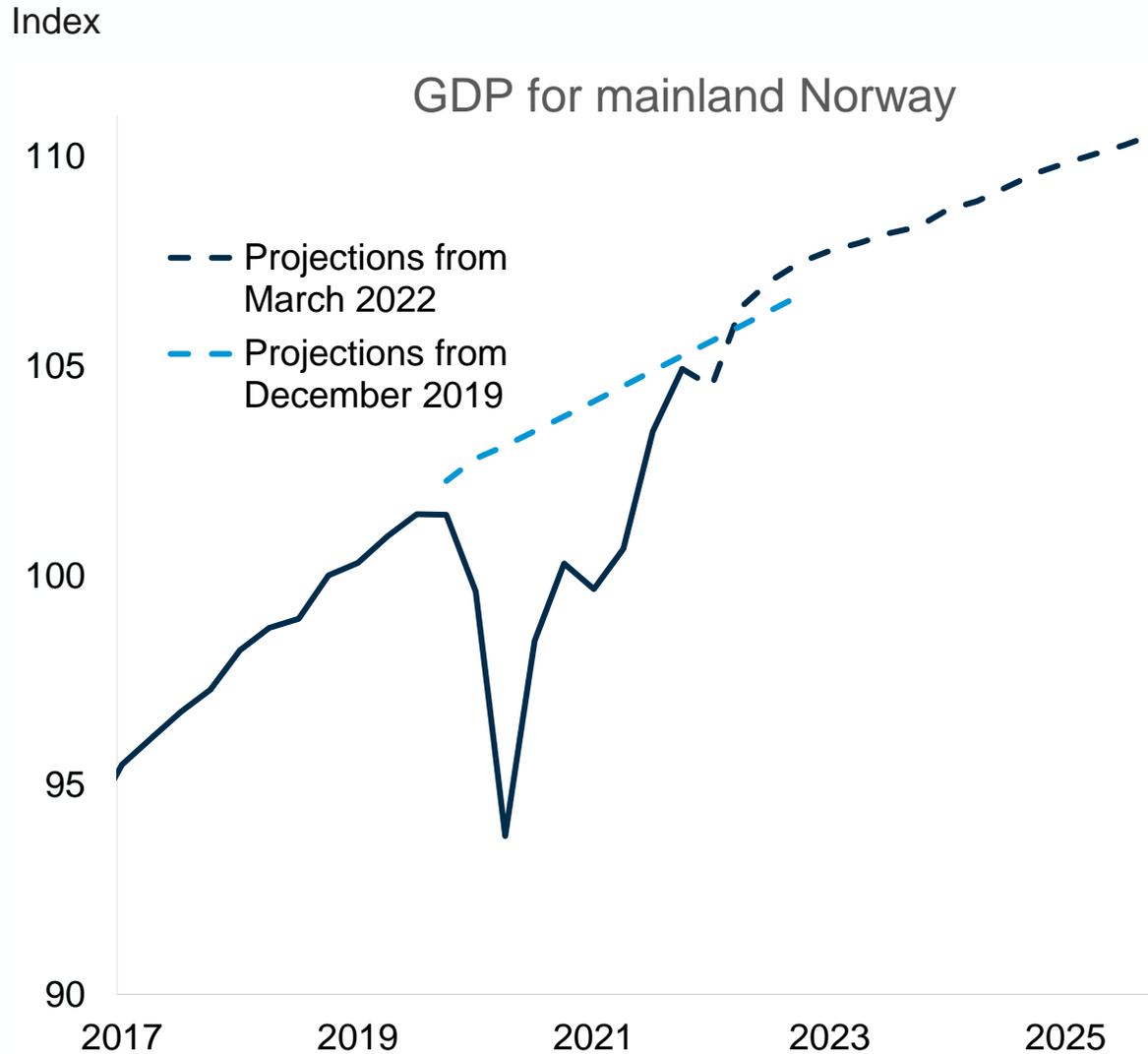
Source: Norges Bank

The policy rate forecast from *Monetary Policy Report 1/22*



Continued upswing and inflation close to target somewhat further out

Sources: Statistics Norway
and Norges Bank



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