

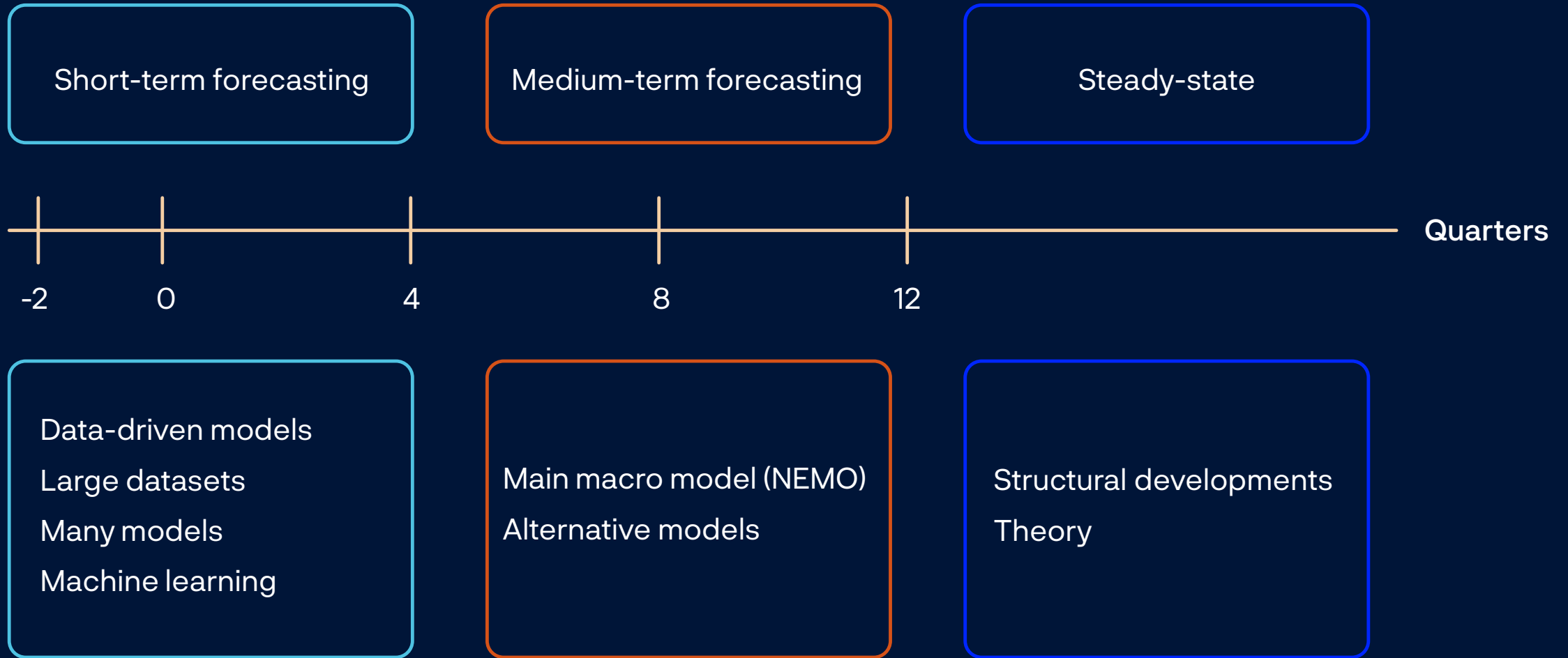
Research-based models in monetary policy decision-making

Presentation by Ida Wolden Bache

Symposium on the occasion of
Knut Anton Mork's 80th birthday,
21 May 2026

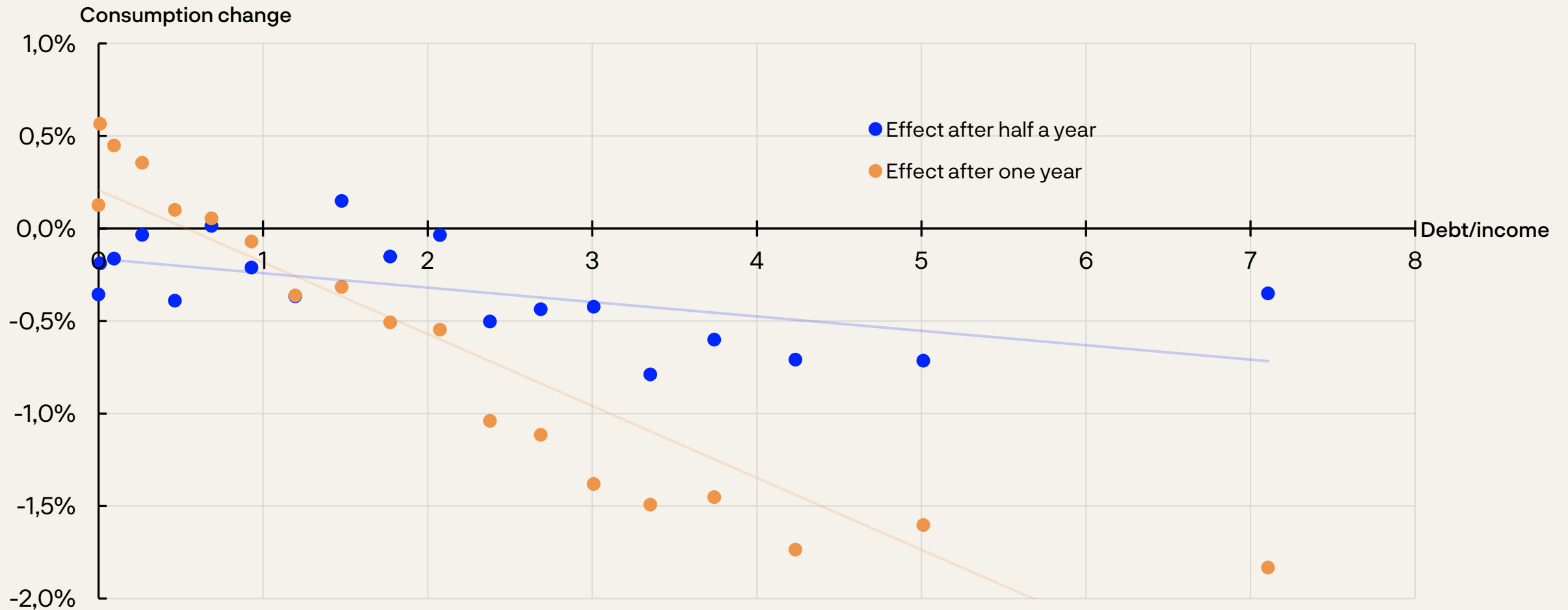


Different models for different purposes



Micro data indicates a cash-flow channel of monetary policy

Effect of 1 percentage point increase in the interest rate on consumption, by debt/income of household

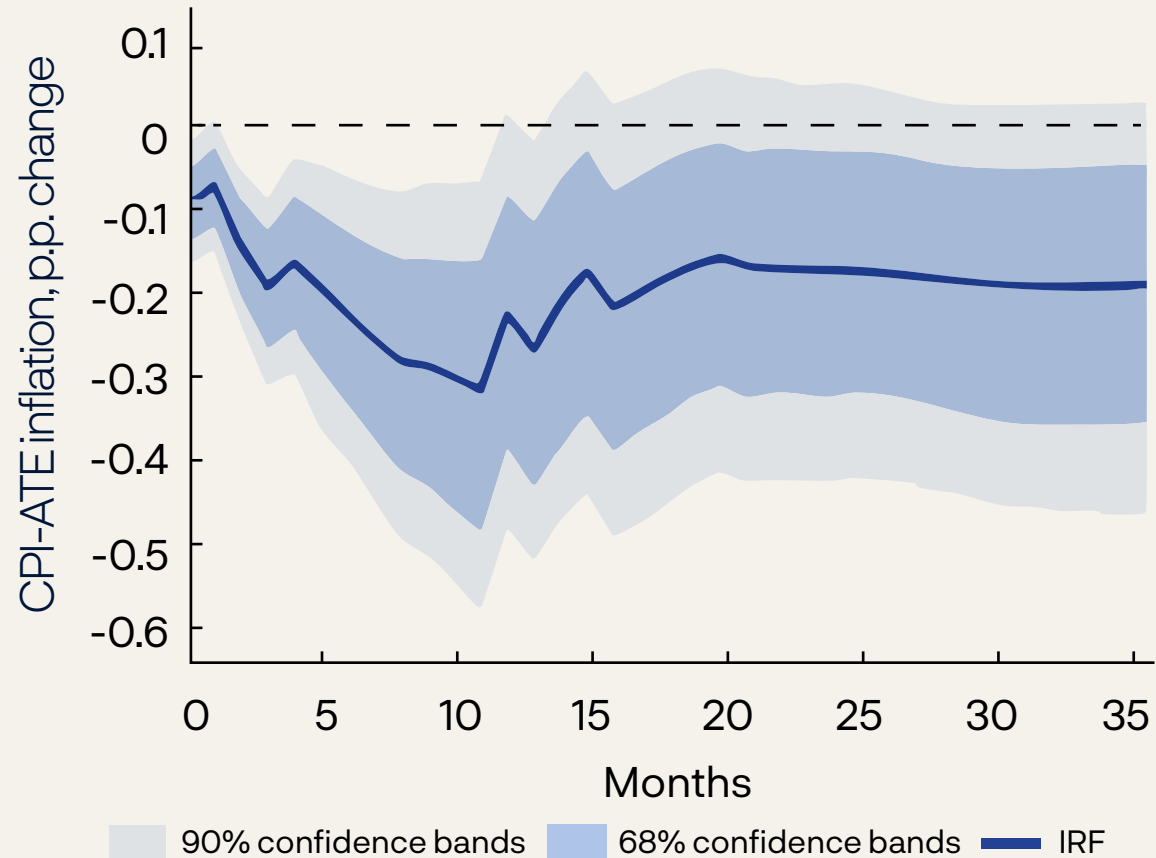


Short-run interest rate instrumented with high frequency monetary policy shocks. Separate regressions for 20 quantiles of debt/income. Effect in percent of after-tax income.

Source: Ahn, Galaasen and Mæhlum (2024). *The Cash-flow Channel of Monetary Policy: Evidence From Billions of Transactions*

Inflation gradually declines following a policy rate hike

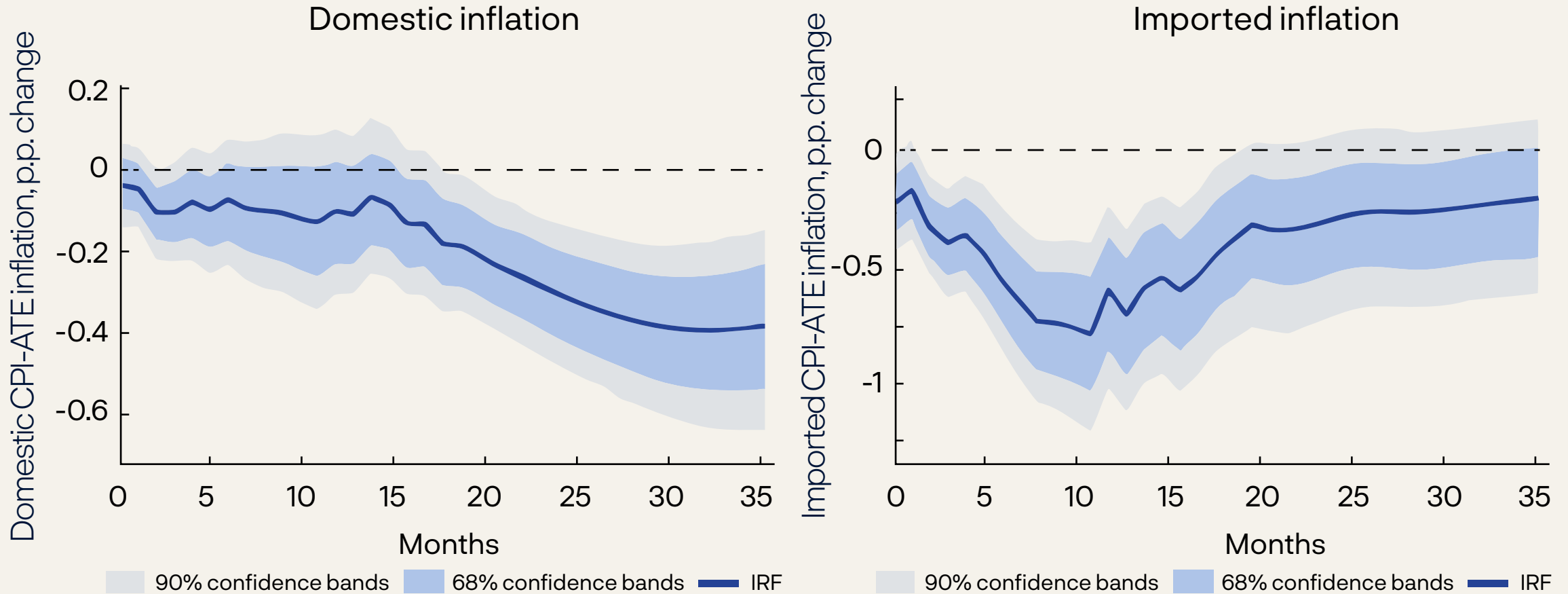
Effect of a 0.25 percentage point increase in the 6-month money market rate on CPI-ATE inflation



Source: Aastveit, Knut Are and Nicolò Maffei-Faccioli (2026). *How Does Monetary Policy Affect Inflation in Norway?* (forthcoming)

Both domestic and imported inflation decline

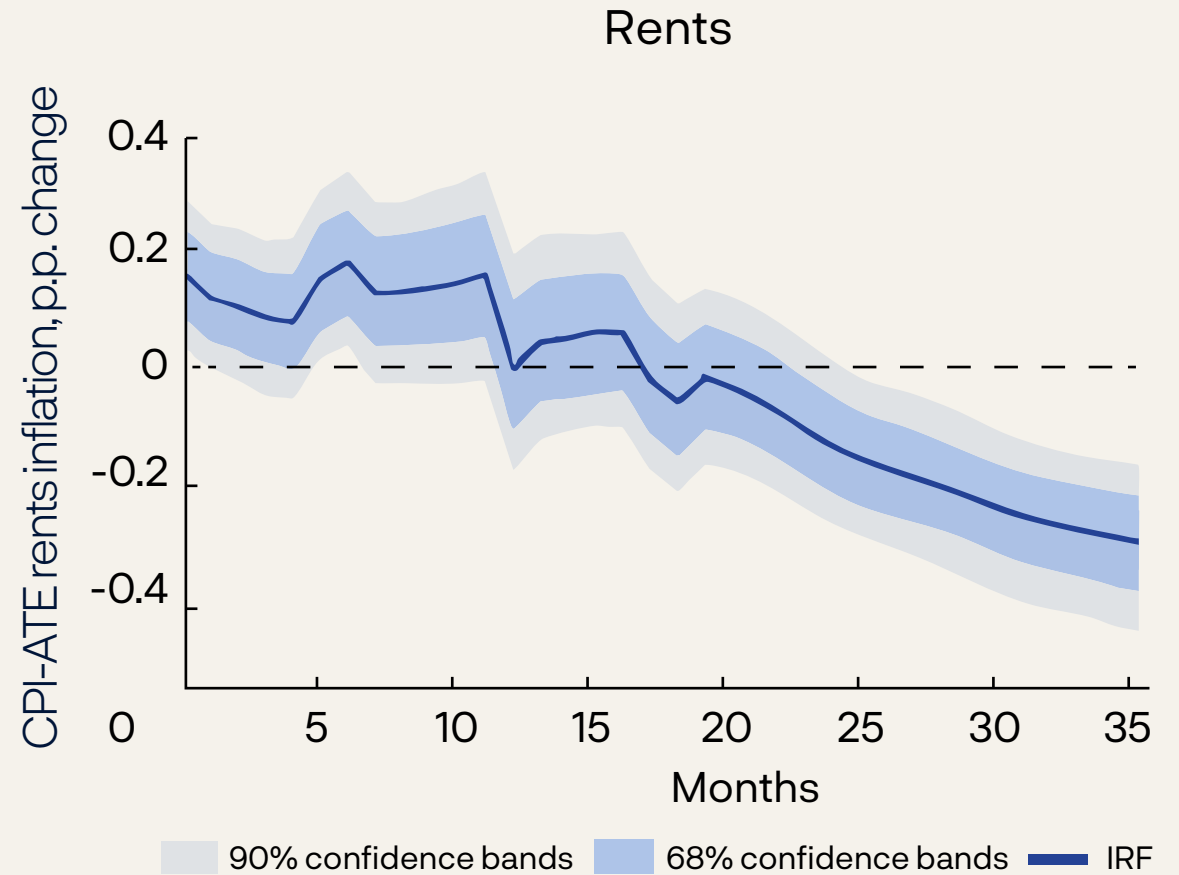
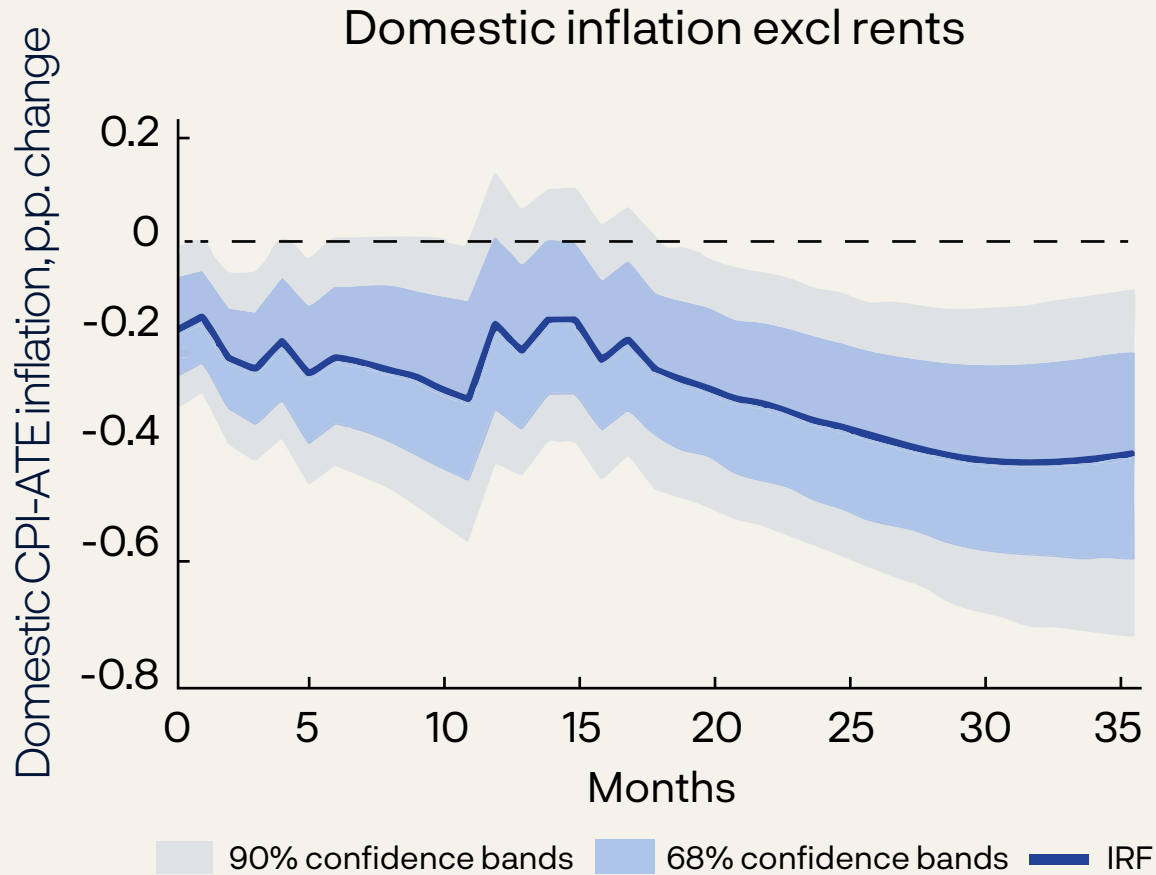
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Source: Aastveit, Knut Are and Nicolò Maffei-Faccioli (2026). *How Does Monetary Policy Affect Inflation in Norway?* (forthcoming)

Rents increase in the near term, before declining

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