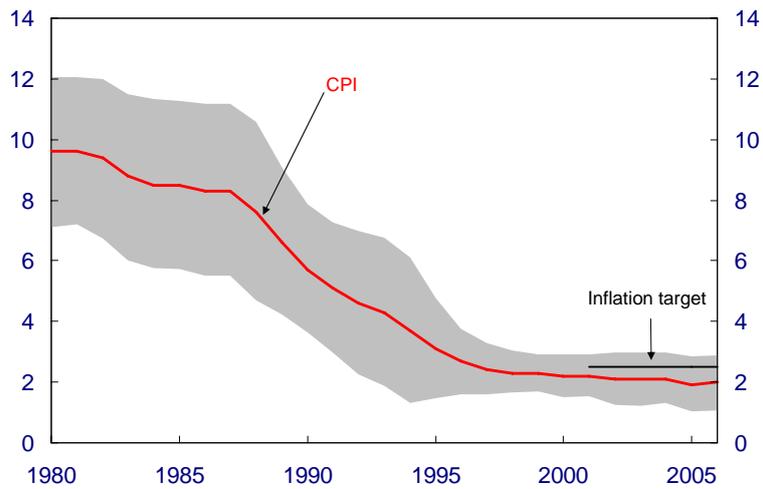


# The outlook for the Norwegian economy

Governor Svein Gjedrem  
 Bergen Chamber of Commerce and Industry  
 11 April 2007

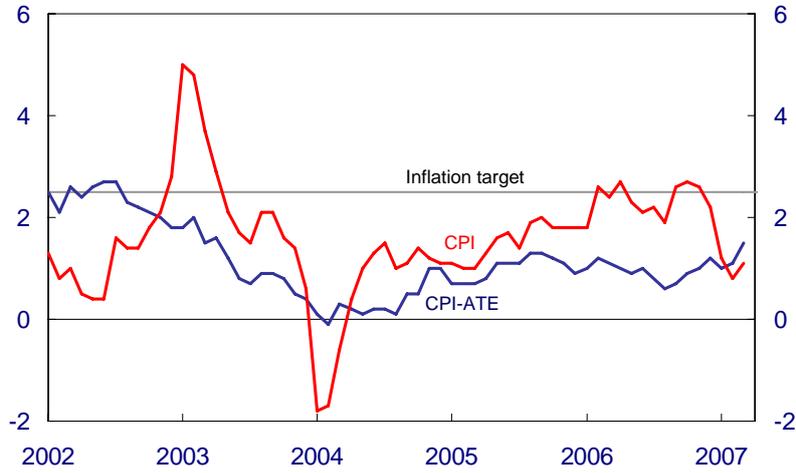
## Inflation in Norway

CPI. Moving 10-year average and variation. Per cent



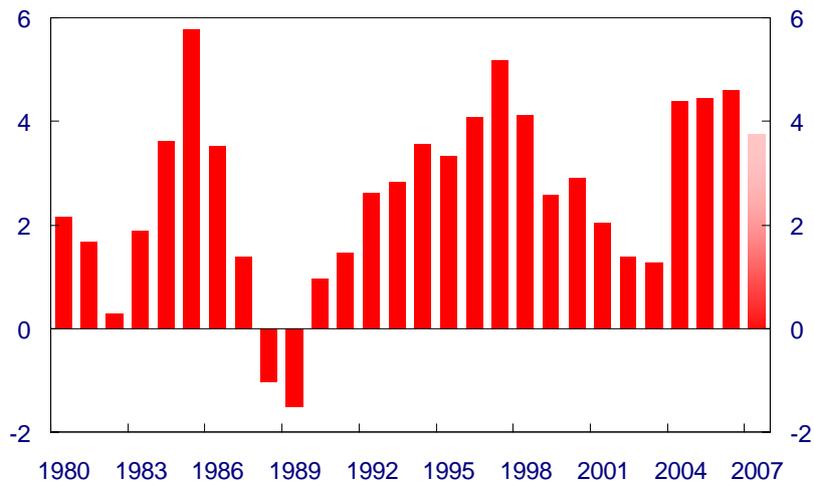
Sources: Statistics Norway and Norges Bank

### Inflation and underlying inflation 12-month change in CPI and CPI-ATE. Per cent



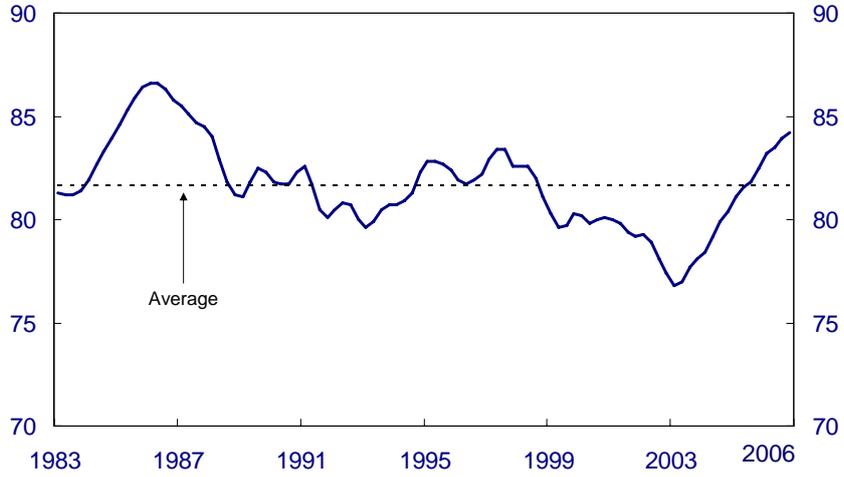
Sources: Statistics Norway and Norges Bank

### GDP Mainland Norway Annual growth. Percent



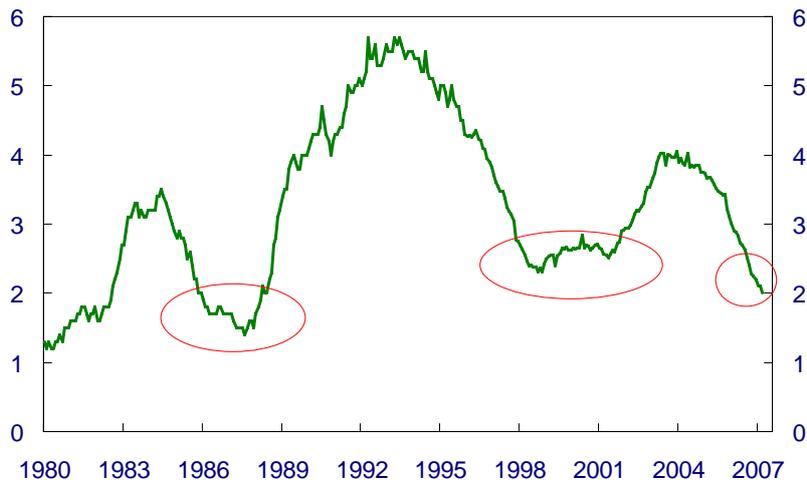
Sources: Statistics Norway and Norges Bank

### Capacity utilisation in manufacturing Per cent



Source: Statistics Norway

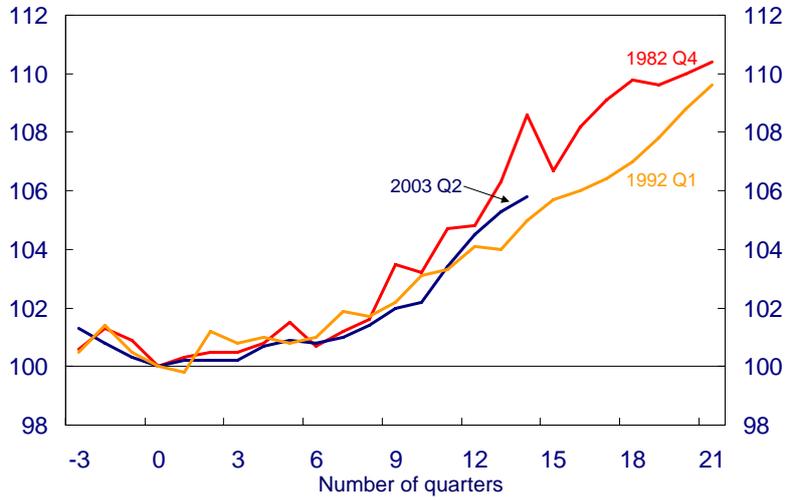
### Registered unemployment Per cent



Source: Norwegian Labour and Welfare Organisation (NAV)

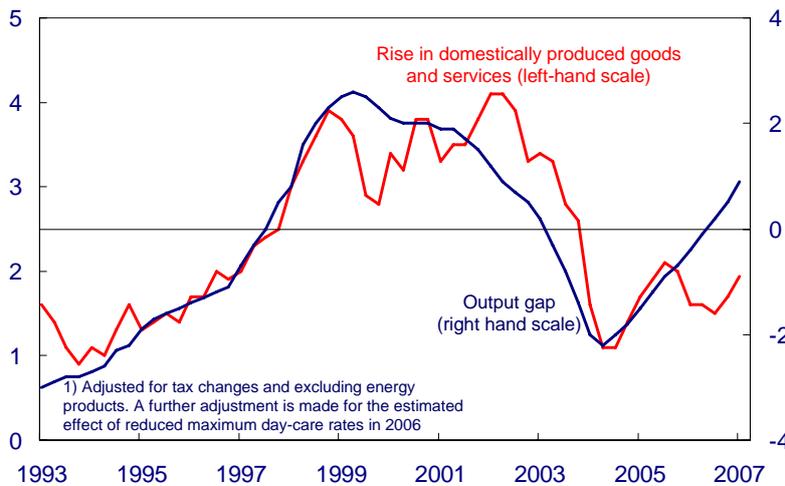
### Number of employed persons

Developments after the start of a cyclical upturn. Index.  
Quarter 0 = 100. Seasonally adjusted



Sources: Statistics Norway and Norges Bank

### Rise in prices for domestically produced goods and services<sup>1)</sup> and output gap level (lagged by 4 quarters)

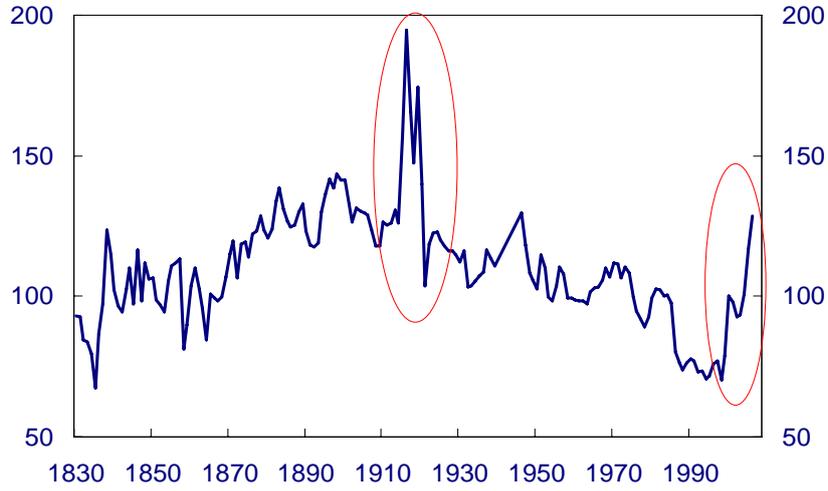


<sup>1)</sup> Adjusted for tax changes and excluding energy products. A further adjustment is made for the estimated effect of reduced maximum day-care rates in 2006

Sources: Statistics Norway and Norges Bank

### Norway's terms of trade

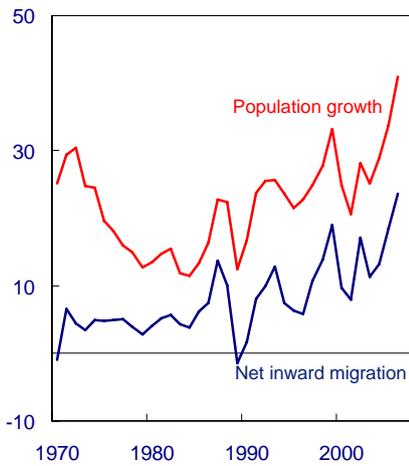
Index. 2000=100



Sources: Statistics Norway and Norges Bank

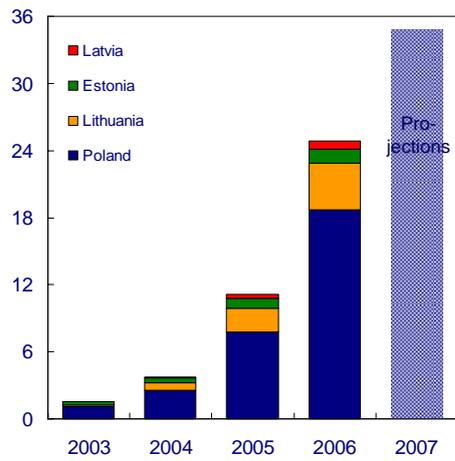
### Population growth and net inward migration

In thousands



### Registered employees from new EU countries

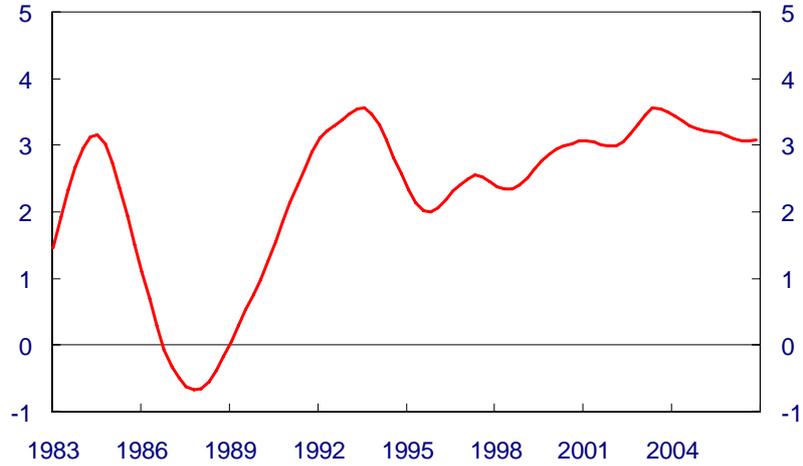
In thousands



Sources: Statistics Norway and Central office – Foreign Tax Affairs

### Productivity growth in the Norwegian business sector<sup>1)</sup>

Trend. Per cent. Annual figures

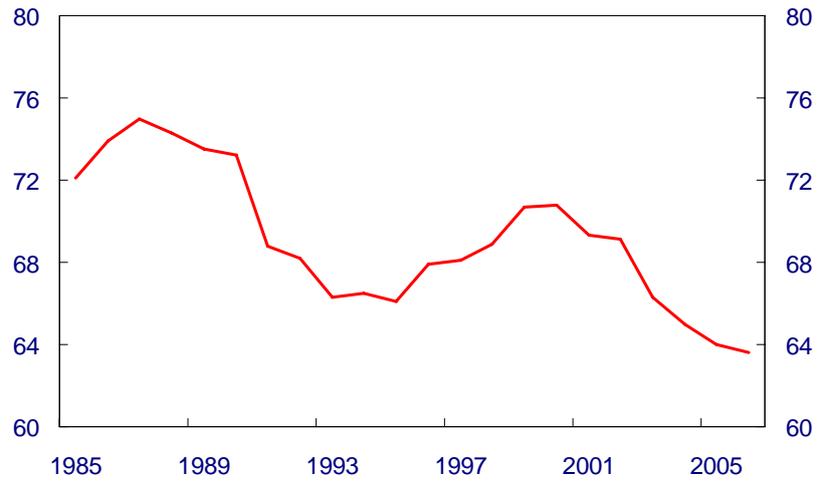


1) Mainland Norway excluding public sector, export industry, electricity supply and housing services

Source: Statistics Norway and Norges Bank

### Wage share

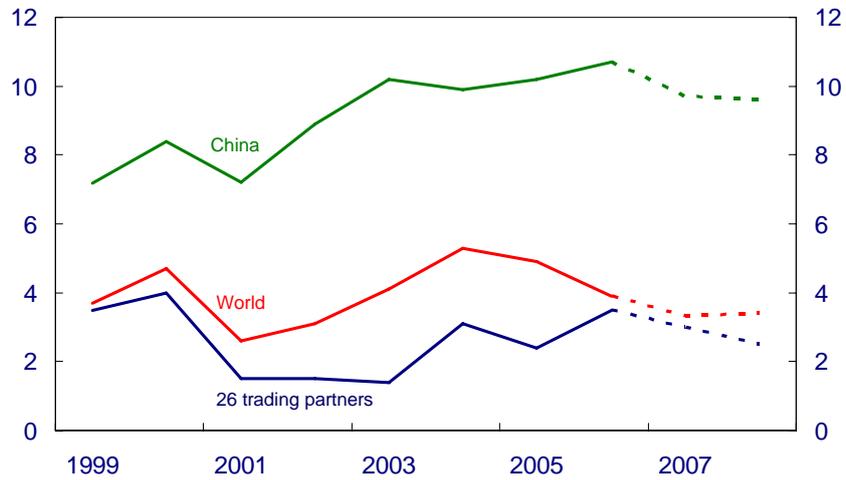
Labour costs as a share of factor income.  
Market production in Mainland Norway. Per cent



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

### GDP growth

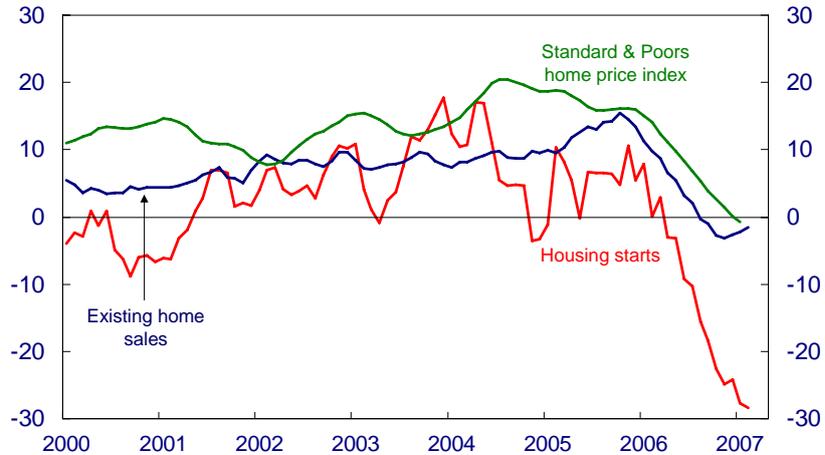
Real growth from previous year. Actual and projections



Sources: Consensus Forecasts, IMF World Economic Outlook, Reuters (EcoWin) and Norges Bank

### US housing market

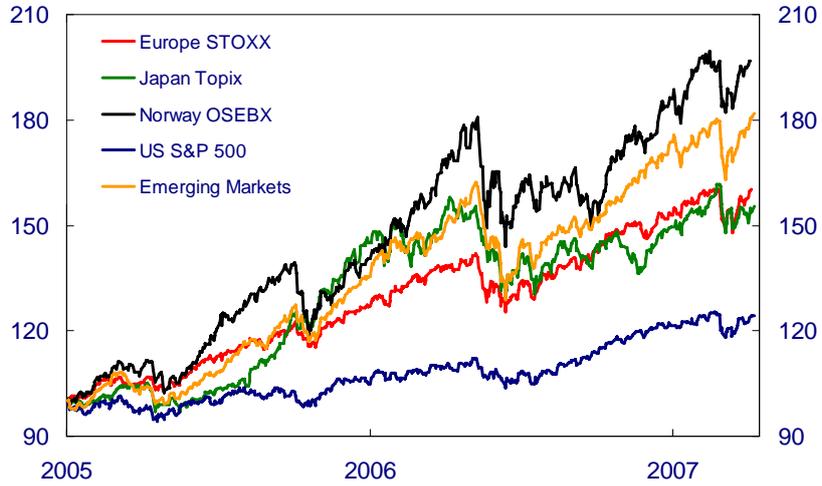
Existing home sales<sup>1)</sup>, housing starts<sup>1)</sup> and house prices.  
12-month change.



1) 3-month moving average

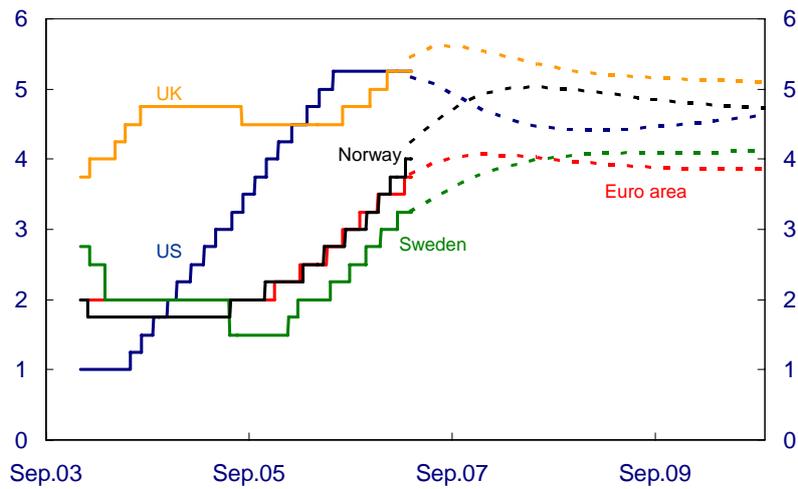
Source: Reuters (EcoWin)

### Developments in international equity indices 2 Jan. 2005 = 100



Source: Reuters (EcoWin)

### Policy rates and forward rates at 9 April 07 Per cent



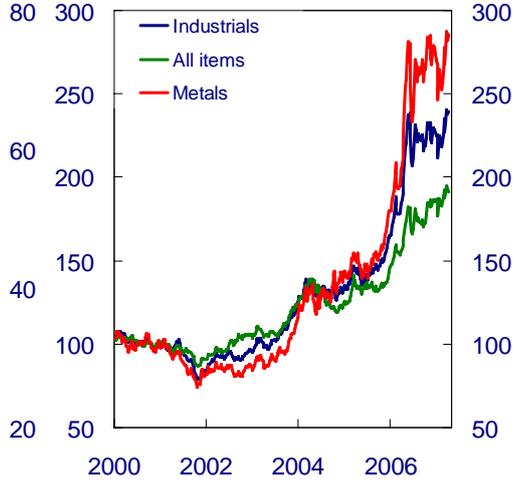
Sources: Reuters (EcoWin), Bloomberg and Norges Bank

### Oil and commodity prices

Oil price (Brent Blend) and futures prices. USD per barrel.



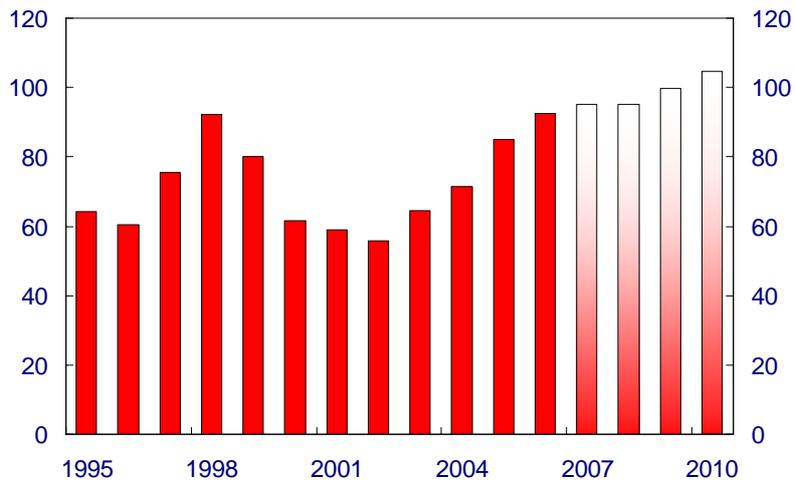
The Economist's commodity price index. USD. 2000 = 100



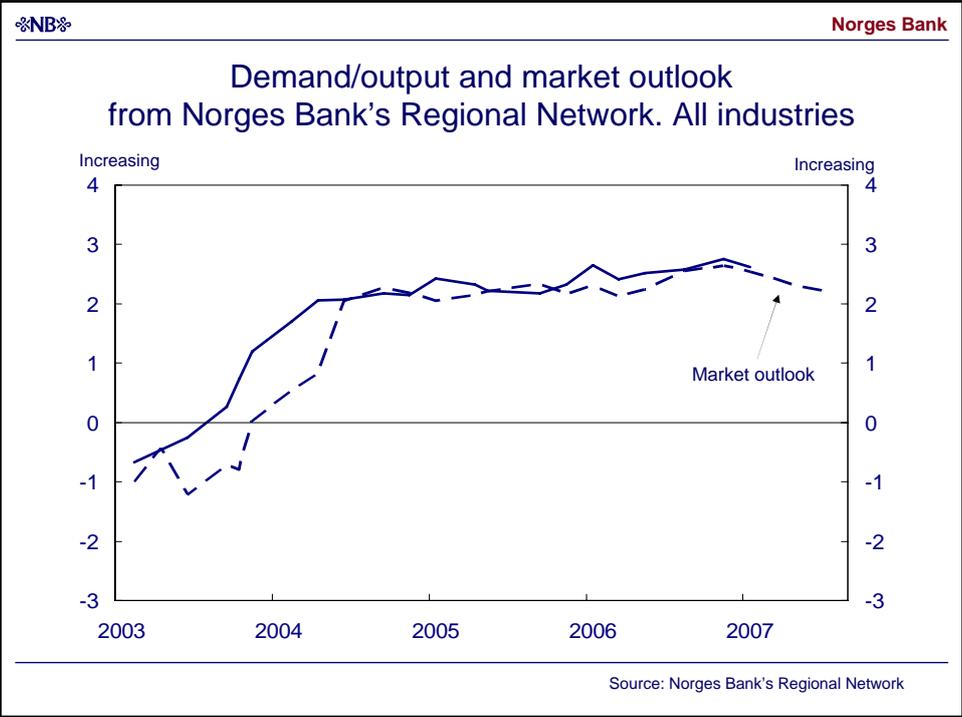
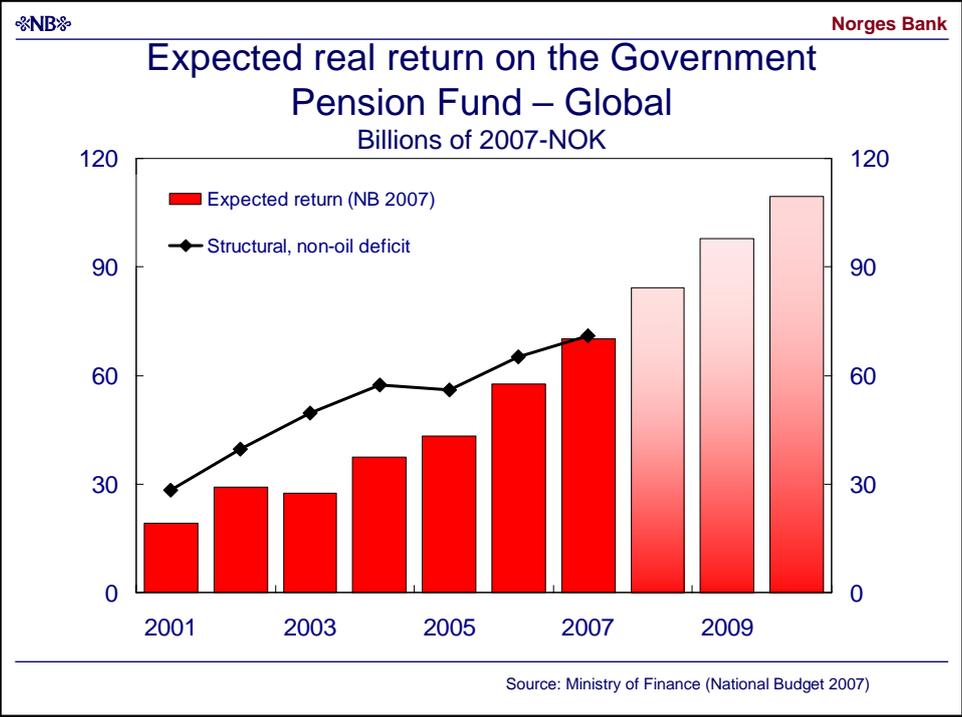
Sources: Reuters (EcoWin), The Economist and Norges Bank

### Investment in oil and gas recovery including pipeline transport

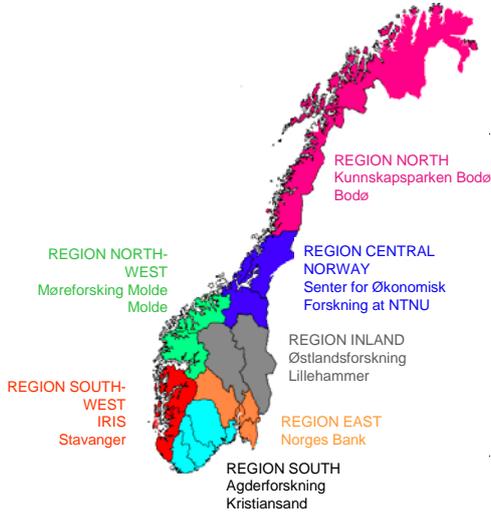
Investment level in billions of NOK (constant 2004-prices)



Sources: Statistics Norway and Norges Bank



## Norges Bank's Regional Network



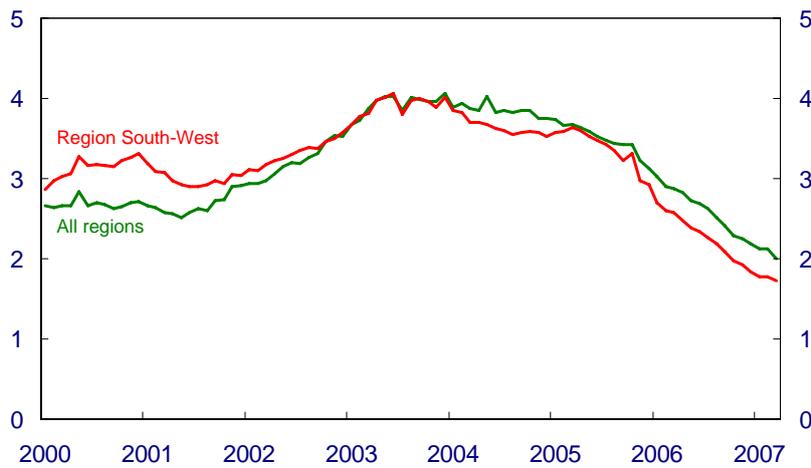
### REGION SOUTH-WEST

- Continued economic expansion
- Positive market outlook
- Investment expected to increase
- Continued labour shortages
- Stable and favourable developments in profitability in all industries

Source: Norges Bank's Regional Network

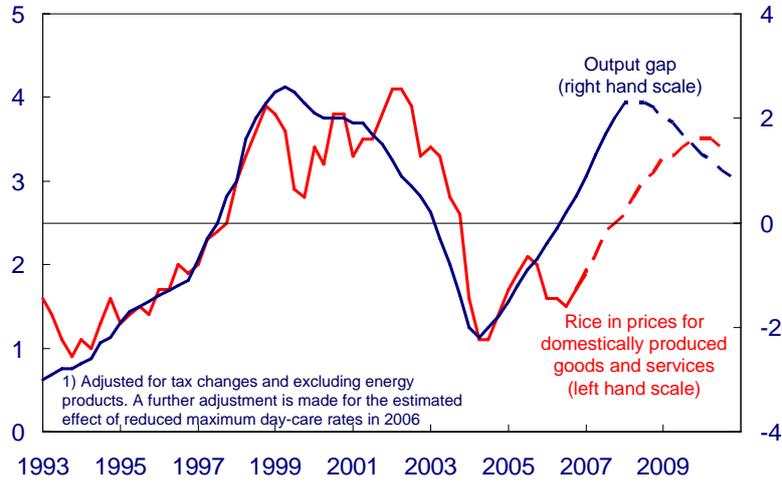
## Registered unemployment

Seasonally adjusted. Per cent of labour force



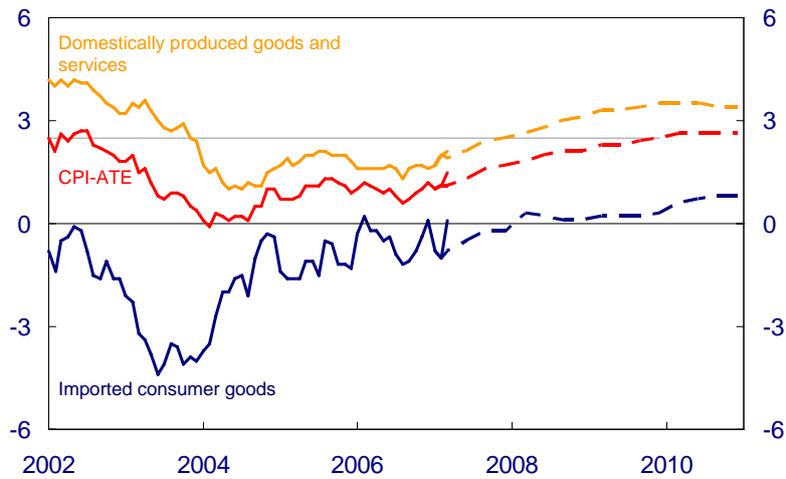
Sources: Norwegian Labour and Welfare Organisation (NAV) and Norges Bank

### Rise in prices for domestically produced goods and services<sup>1)</sup> and output gap level (lagged by 4 quarters) with projections



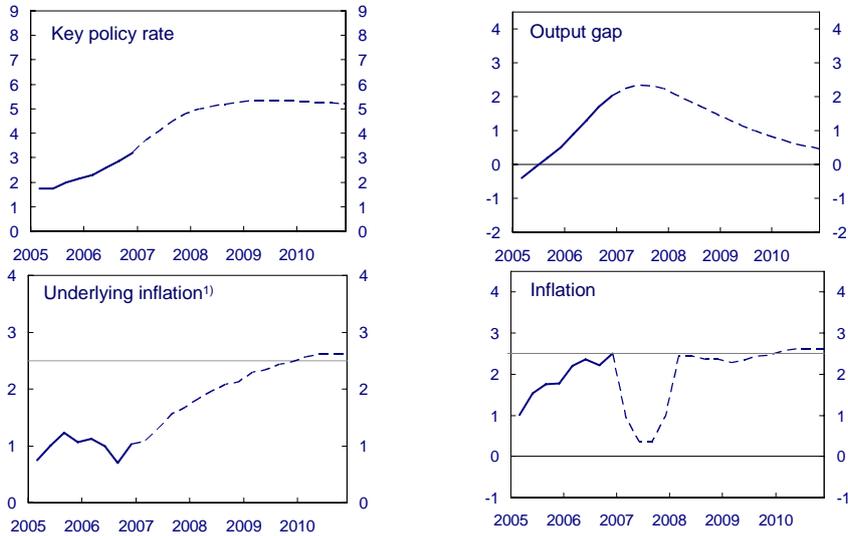
Sources: Statistics Norway and Norges Bank

### Underlying inflation Total and by supplier sector. Per cent



Sources: Statistics Norway and Norges Bank

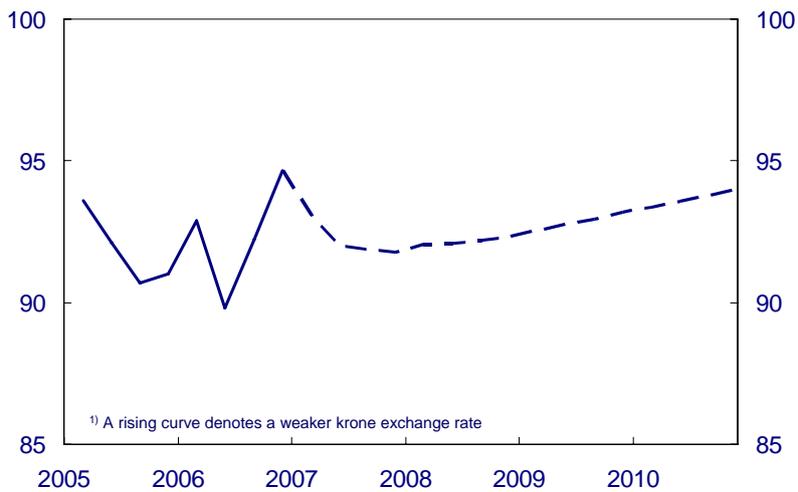
### Baseline scenario Per cent. 2005 Q1 – 2010 Q4



1) CPI-ATE: CPI adjusted for tax changes and excluding energy products. A further adjustment is made for the estimated effect of reduced maximum day-care rates in 2006

Sources: Statistics Norway and Norges Bank

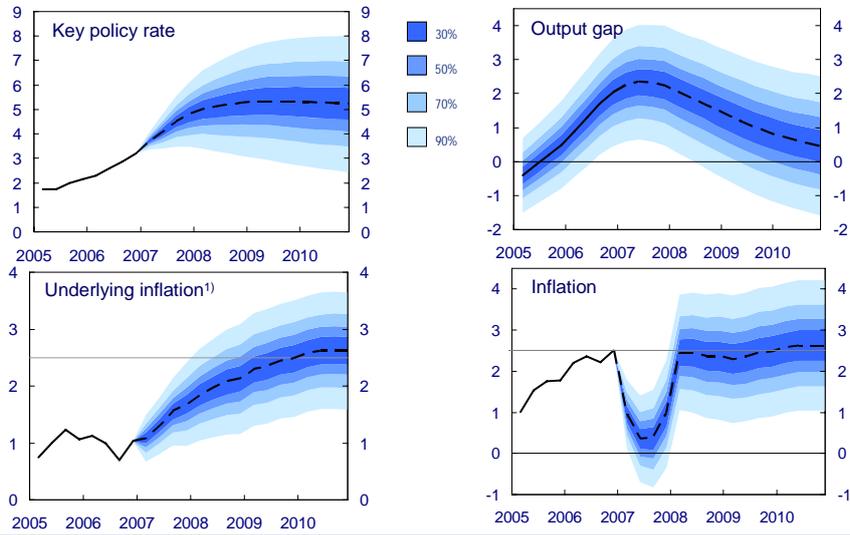
### Import weighted exchange rate (I-44)<sup>1)</sup> in the baseline scenario.



1) A rising curve denotes a weaker krone exchange rate

Source: Norges Bank

### Baseline scenario with fan chart Per cent. 2005 Q1 – 2010 Q4



1) CPI-ATE: CPI adjusted for tax changes and excluding energy products. A further adjustment is made for the estimated effect of reduced maximum day-care rates in 2006

Sources: Statistics Norway and Norges Bank