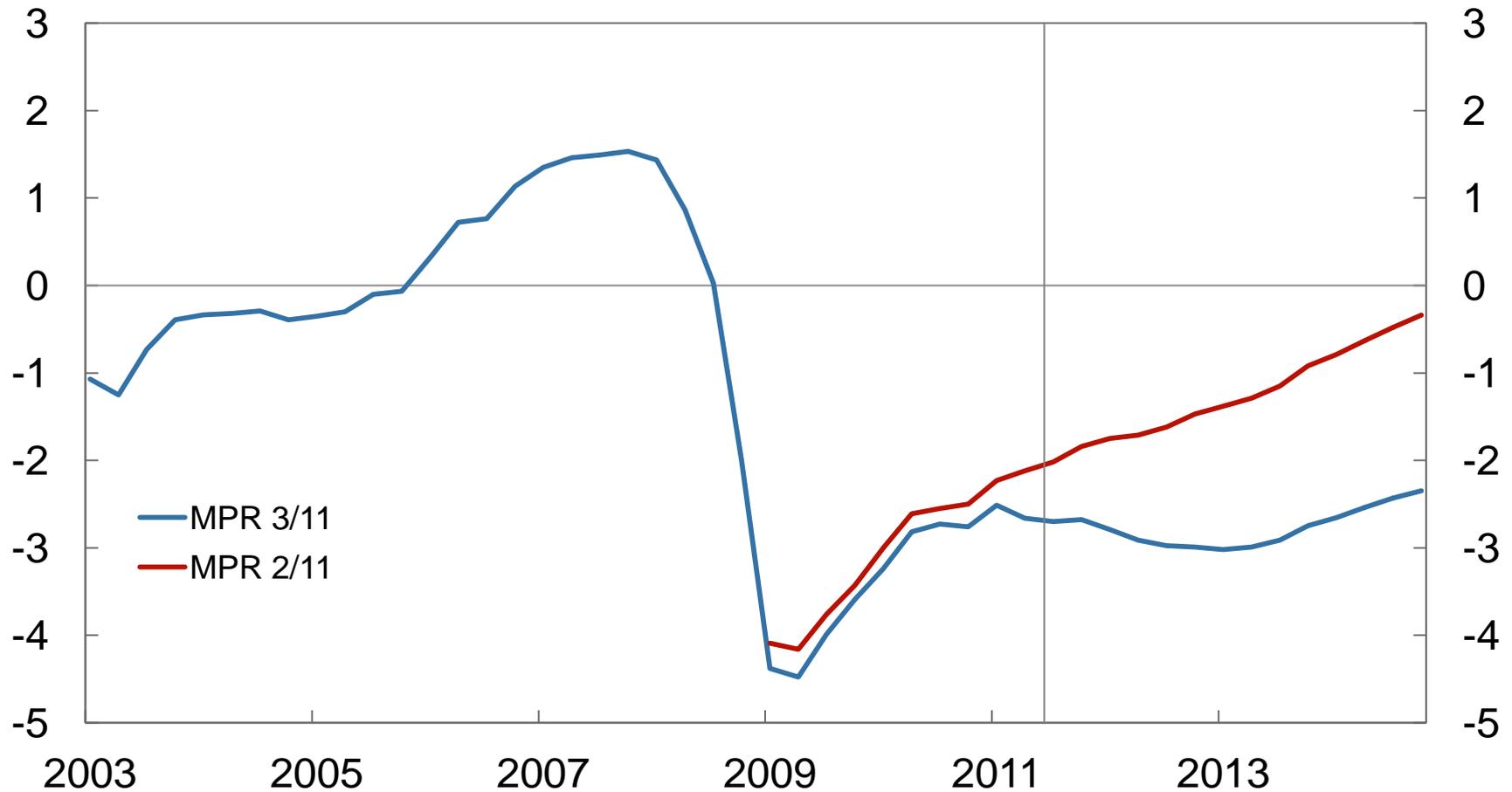


# Executive Board Meeting

*19 October 2011*

# Projected output gap<sup>1)</sup>, Norway's trading partners

Per cent. 2003 Q1 – 2014 Q4



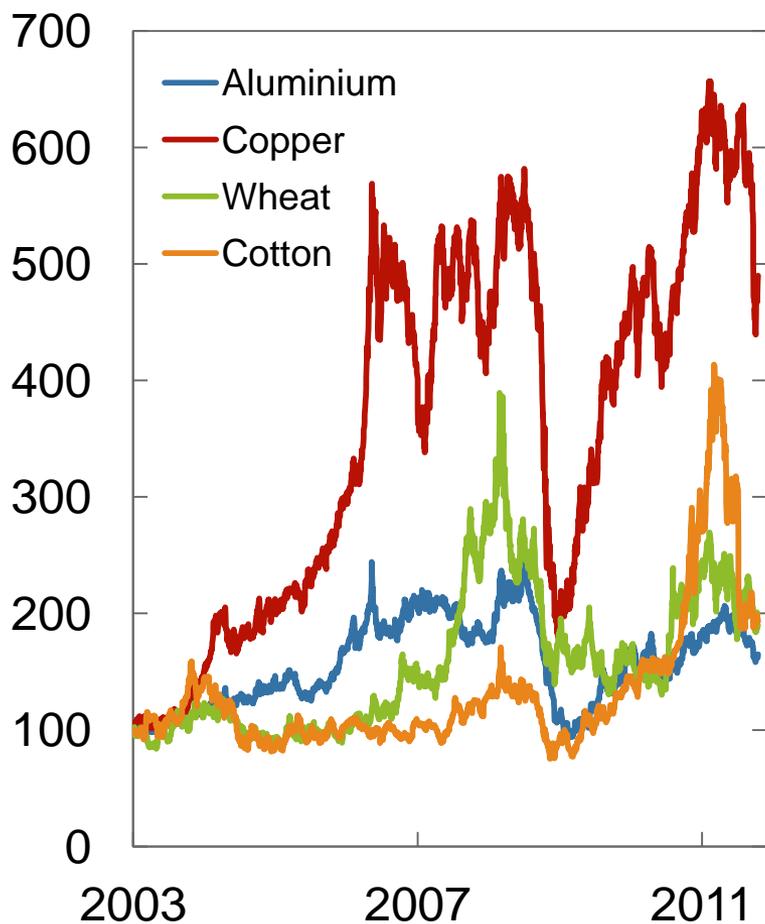
1) The output gap measures the percentage deviation between GDP and projected potential GDP for Norway's trading partners

Sources: IMF, Thomson Reuters and Norges Bank

# Commodity prices

Index. 1 January 2003 = 100

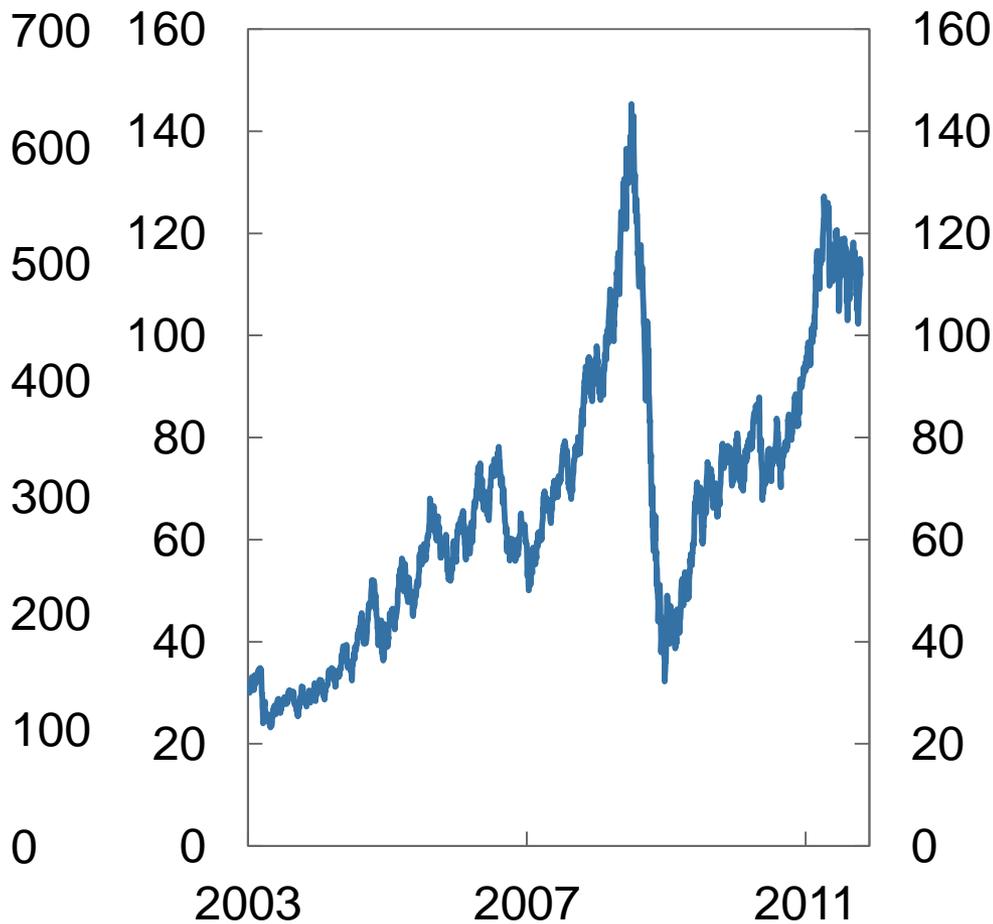
1 January 2003– 17 October 2011



# Oil price (Brent Blend)

USD/barrel

1 January 2003 – 17 October 2011

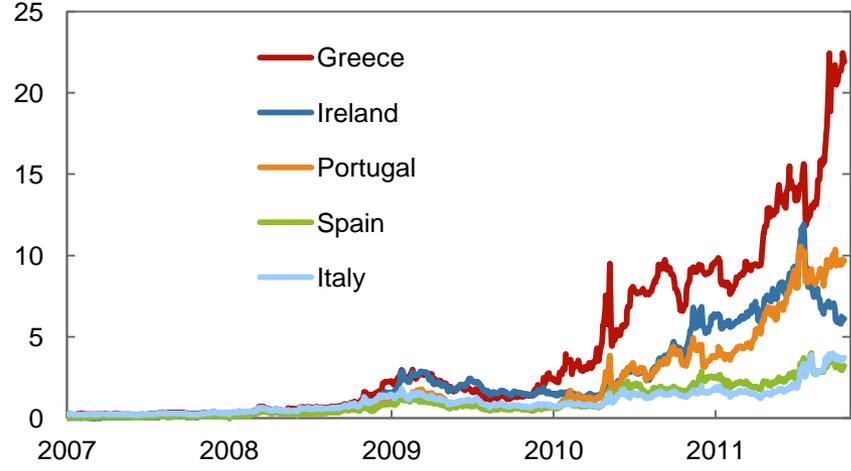


Source: Thomson Reuters

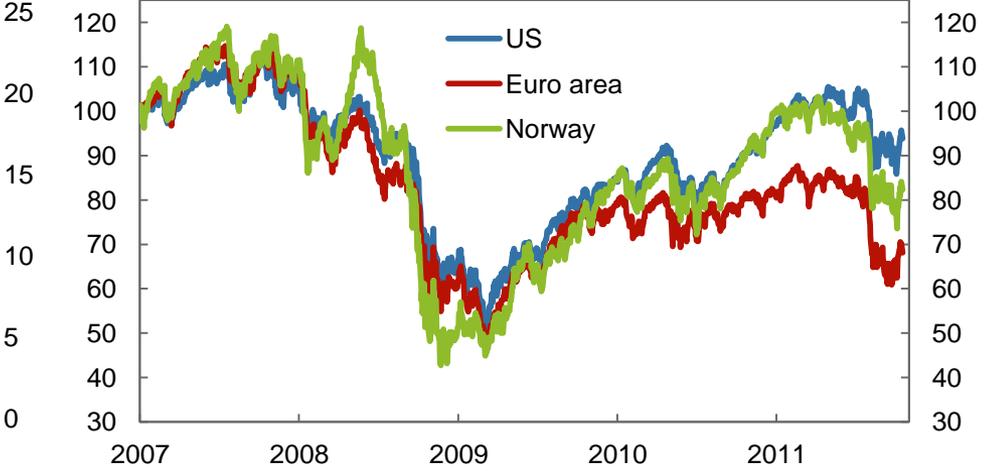
# Developments in financial markets

1 January 2007 – 17 October 2011

Yield spreads against German 10-year government bonds. Percentage points.

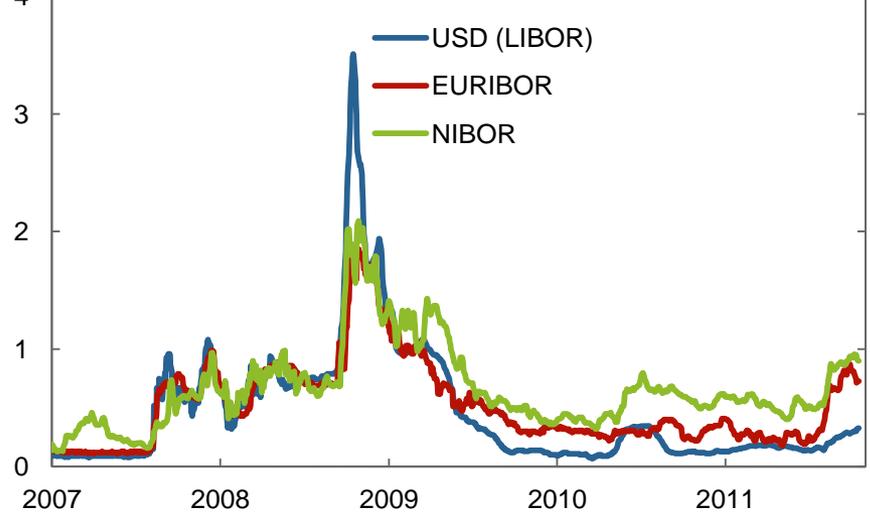


Equities Index. January 2007 = 100.

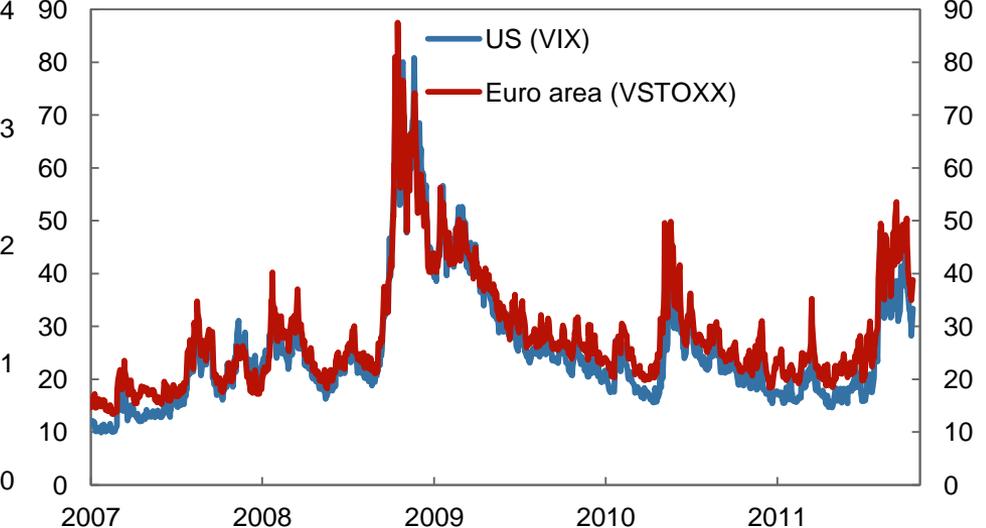


Money market premium

3-month maturity. 5-day moving average. Percentage points.



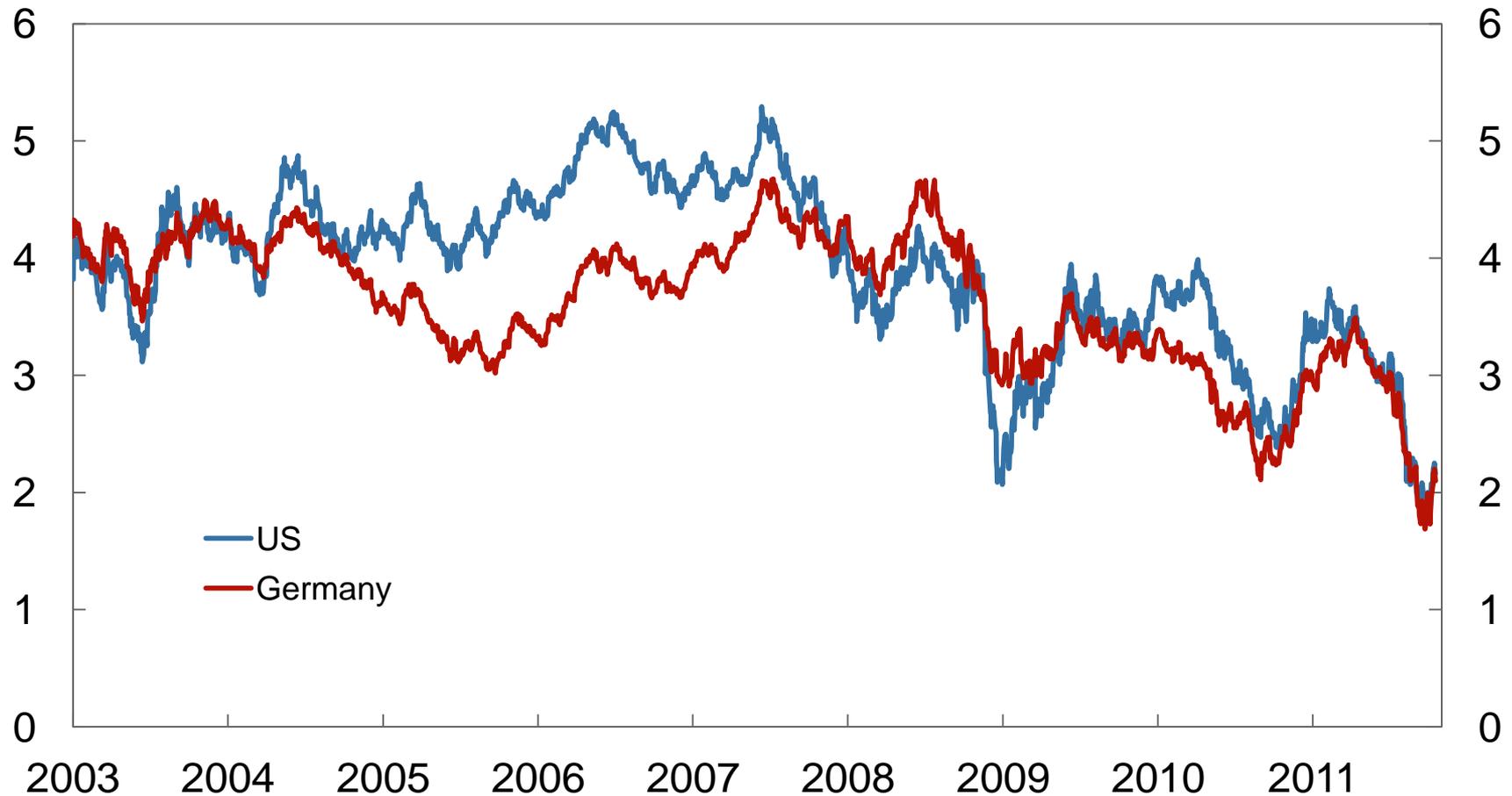
Implied volatility in equity markets



Sources: Bloomberg, Thomson Reuters and Norges Bank

# Yield on 10-year government bonds

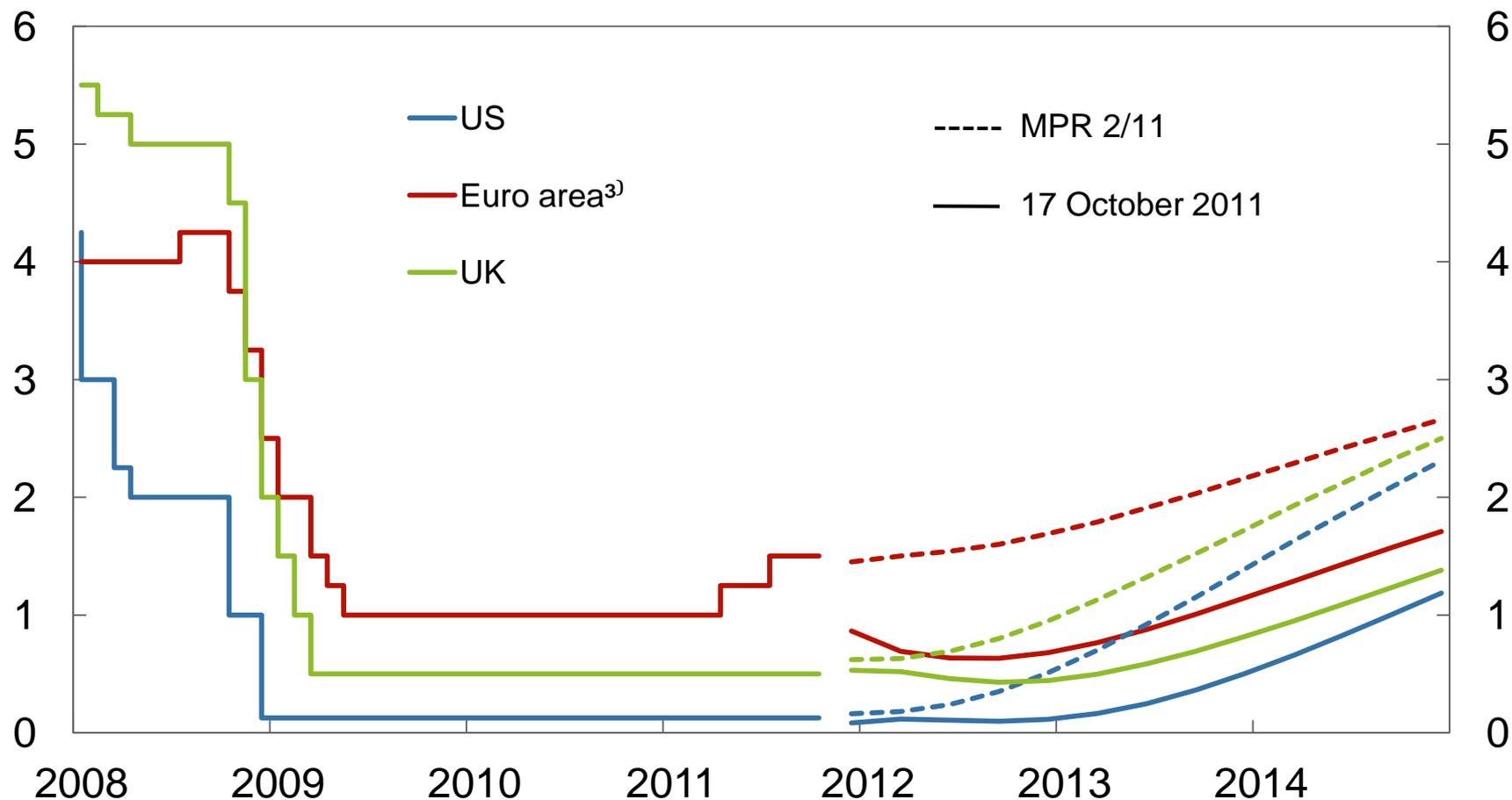
Per cent. 1 January 2007 – 17 October 2011



Source: Thomson Reuters

# Expected key rates<sup>1)</sup>

Per cent. 1 January 2008 – 31 December 2014<sup>2)</sup>



1) Expected interest rates are based on Overnight Indexed Swap (OIS) rates

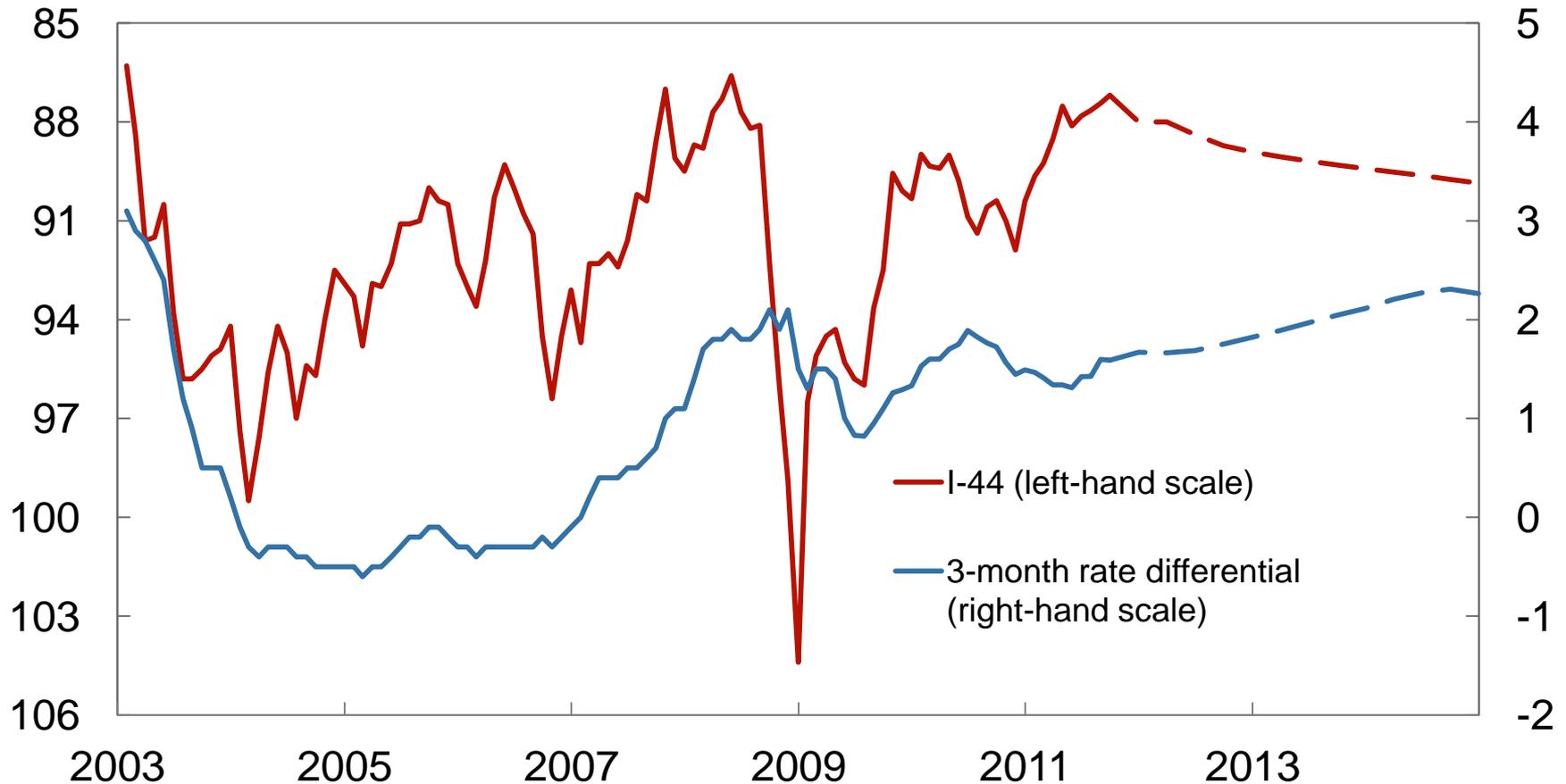
2) Daily figures from 1 July 2008 and quarterly figures as at 17 October 2011

3) EONIA in euro area

Sources: Bloomberg and Norges Bank

# Three-month money market rate<sup>1)</sup> differential between Norway and trading partners and the import-weighted exchange rate index (I-44)<sup>2)</sup>

Monthly figures (historical) and quarterly figures (ahead)<sup>3)</sup>. Jan. 2003 – Dec.2014



1) Key policy rate in the baseline scenario plus premiums in the Norwegian money market. The calculations are based on the assumption that announced interest rate changes are priced into the money market

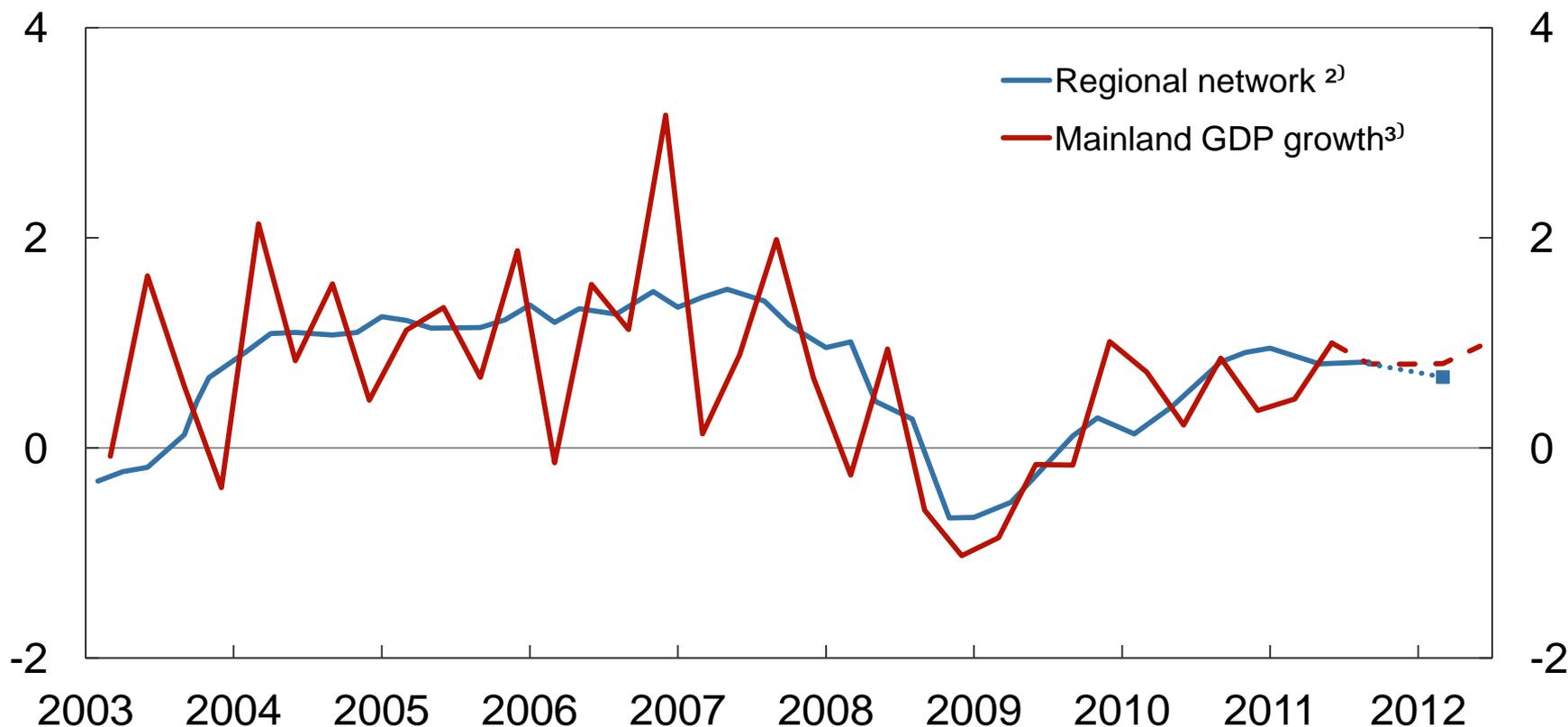
2) A positive slope denotes a stronger krone exchange rate

3) Monthly figures from January 2003 and Norges Bank projections from 2011 Q4

Sources: Thomson Reuters and Norges Bank

# GDP mainland Norway<sup>1)</sup> and Norges Bank's regional network

Quarterly Growth. Seasonally adjusted. Per cent.



1) High electricity production may contribute by about ¼ percentage point higher quarterly growth in GDP mainland Norway in 2011 Q3

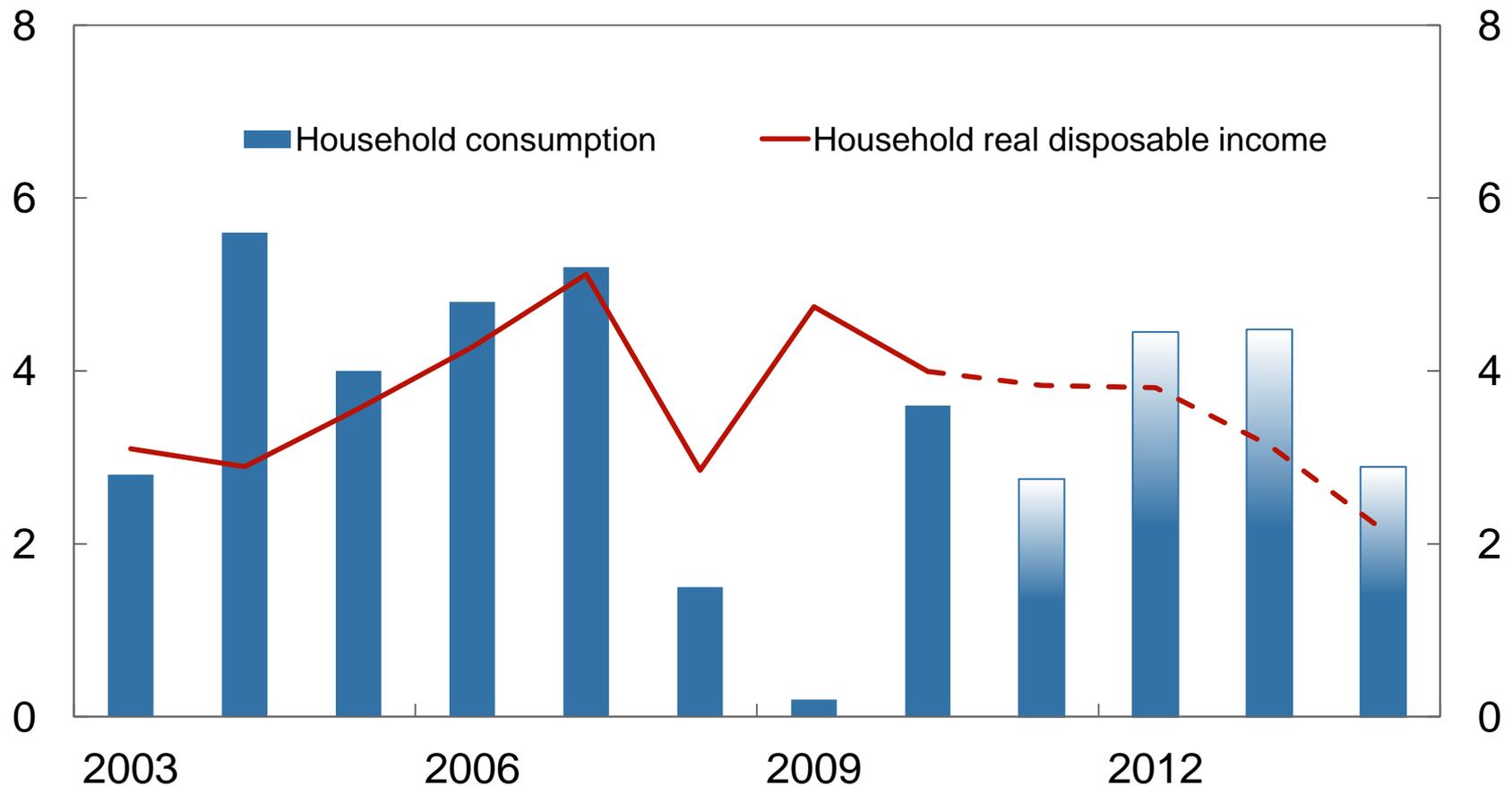
2) Indicator of change in production. Projections 6 months ahead from September 2011

3) Projections for 2011 Q3 – 2012 Q2

Sources: Statistics Norway and Norges Bank's regional network

# Household consumption and real disposable income<sup>1)</sup>

Annual growth. Per cent. 2003 – 2014<sup>2)</sup>



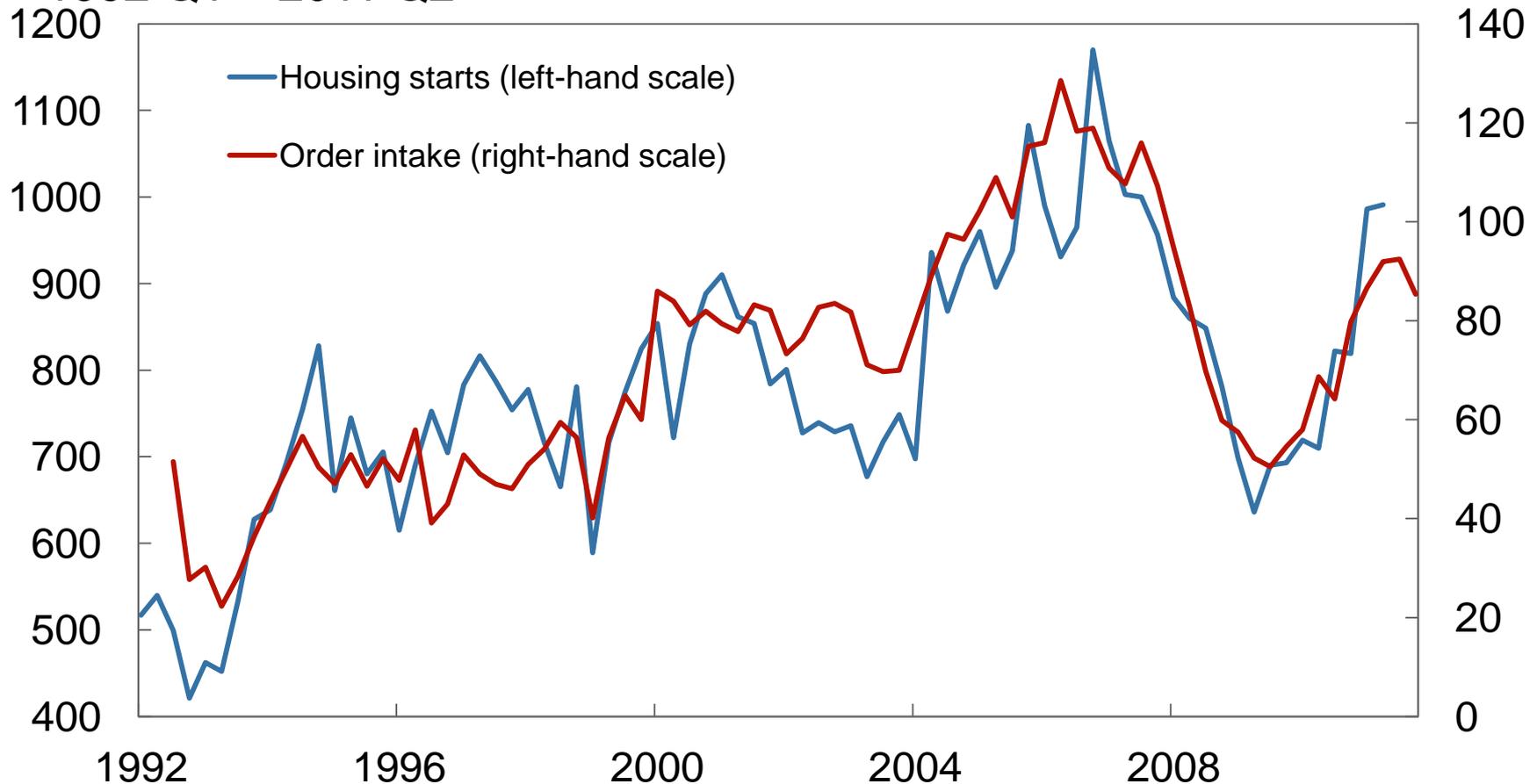
1) Excluding dividend income

2) Projections for 2011 – 2014 (broken line)

Sources: Statistics Norway and Norges Bank

# Housing starts<sup>1)</sup> and order intake for residential construction<sup>2)</sup>

1992 Q1 – 2011 Q2



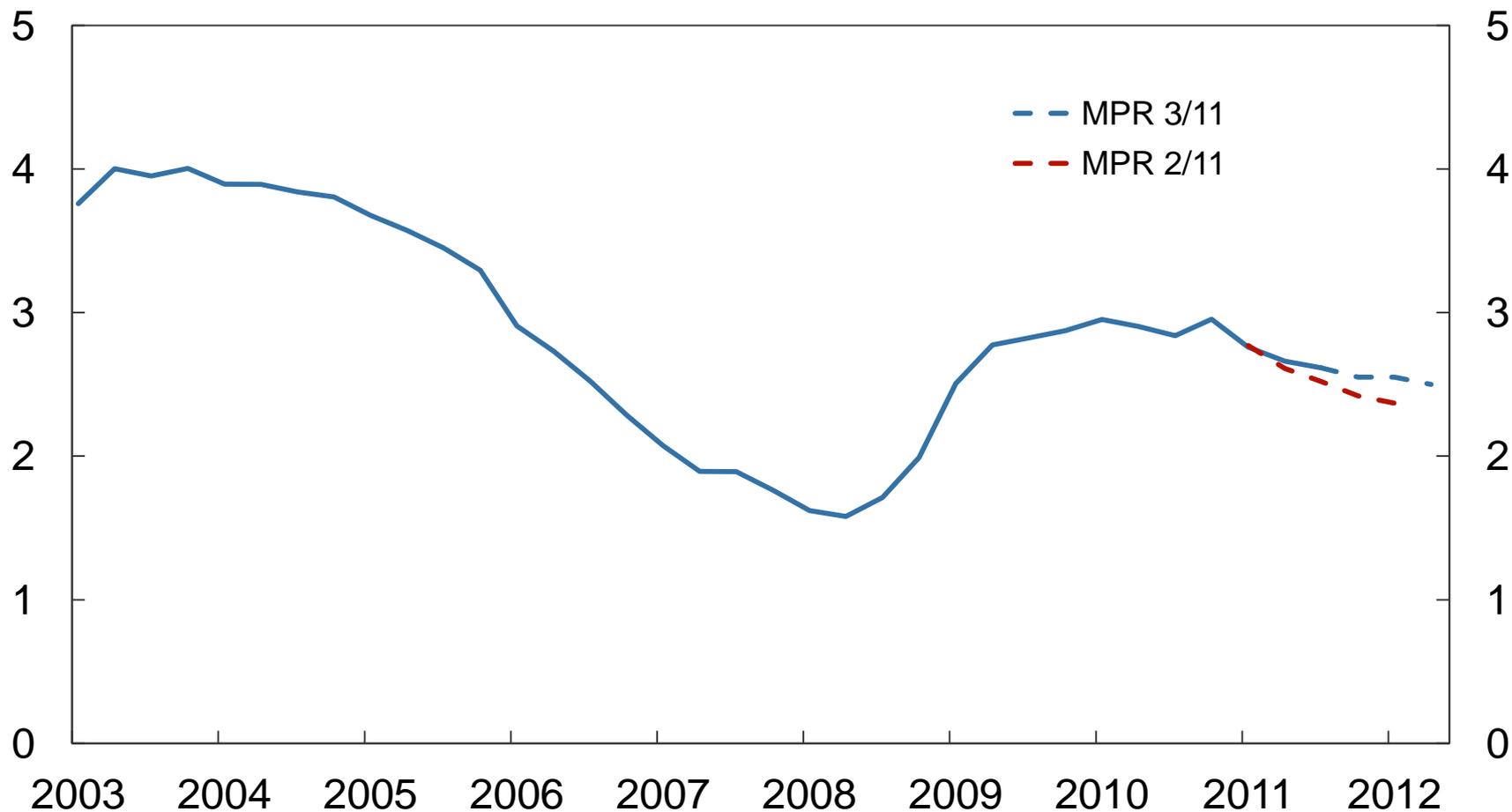
1) In 1000s of square meters. Seasonally adjusted

2) Seasonally adjusted value index deflated by the price index for housing investment in the national accounts. Deferred two quarters forward. 2007 = 100

Sources: Statistics Norway and Norges Bank

# Registered unemployment

Percentage of labour force. Seasonally adjusted. 2003 Q1 – 2012 Q2<sup>1)</sup>

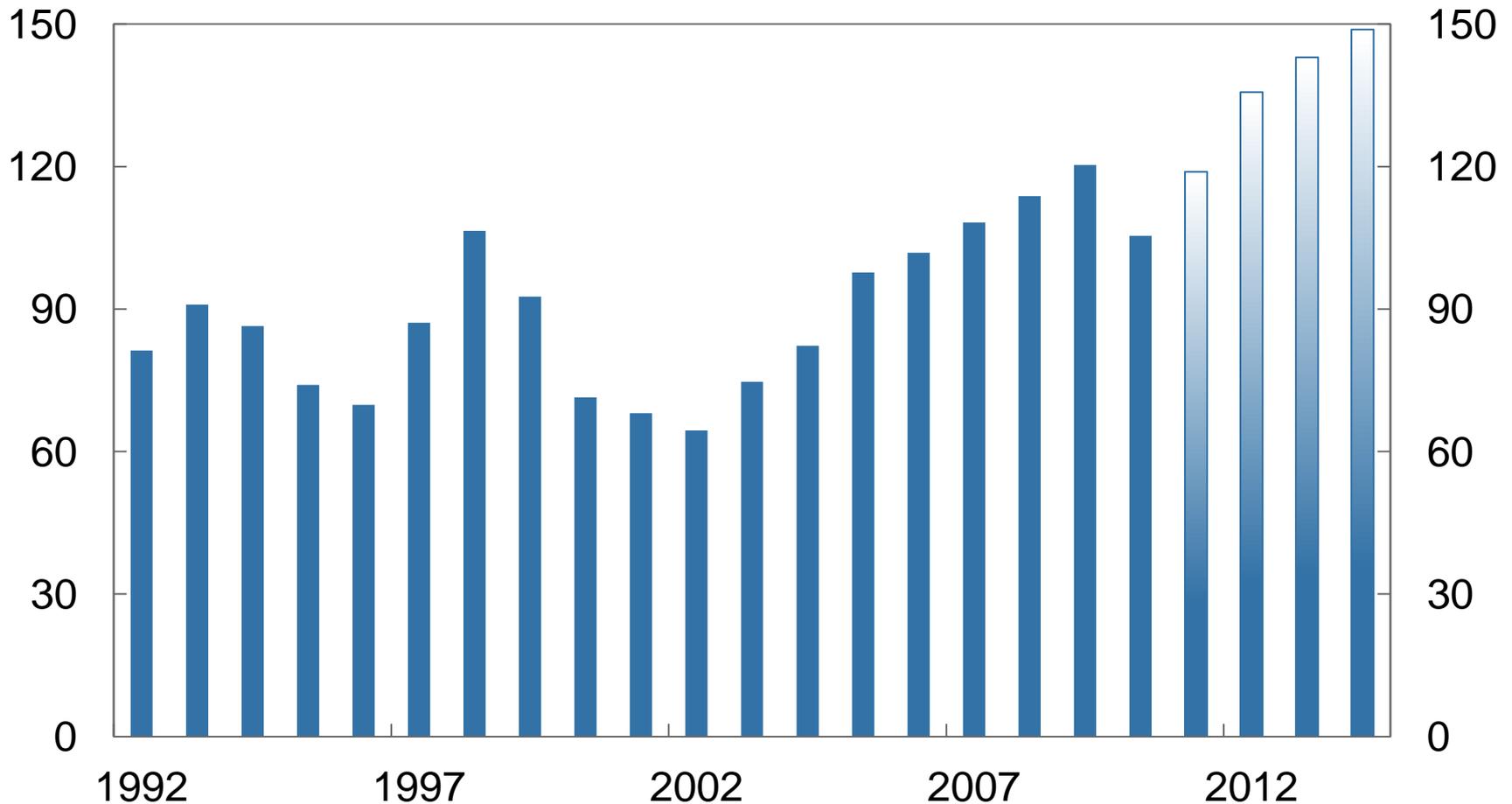


1) Projections for 2011 Q2 – 2012 Q1 (broken line)

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

# Petroleum investment

Constant 2007 prices. In billions of NOK. 1992 – 2014<sup>1)</sup>

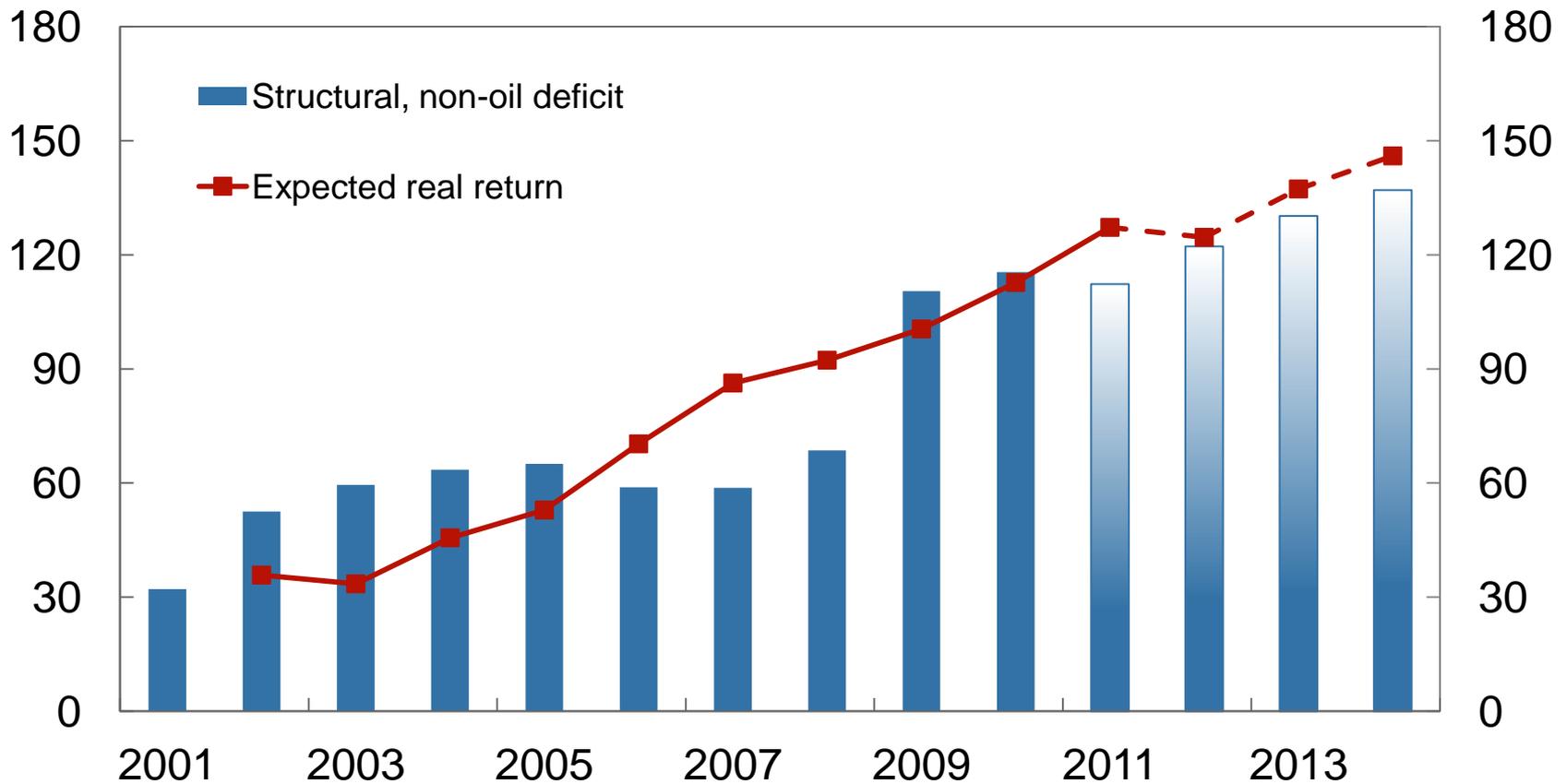


1) Projections for 2011 – 2014

Sources: Statistics Norway and Norges Bank

# Structural, non-oil deficit and expected real return on the Government Pension Fund Global

Constant 2012 prices. In billions of NOK. 2001 – 2014<sup>1)</sup>

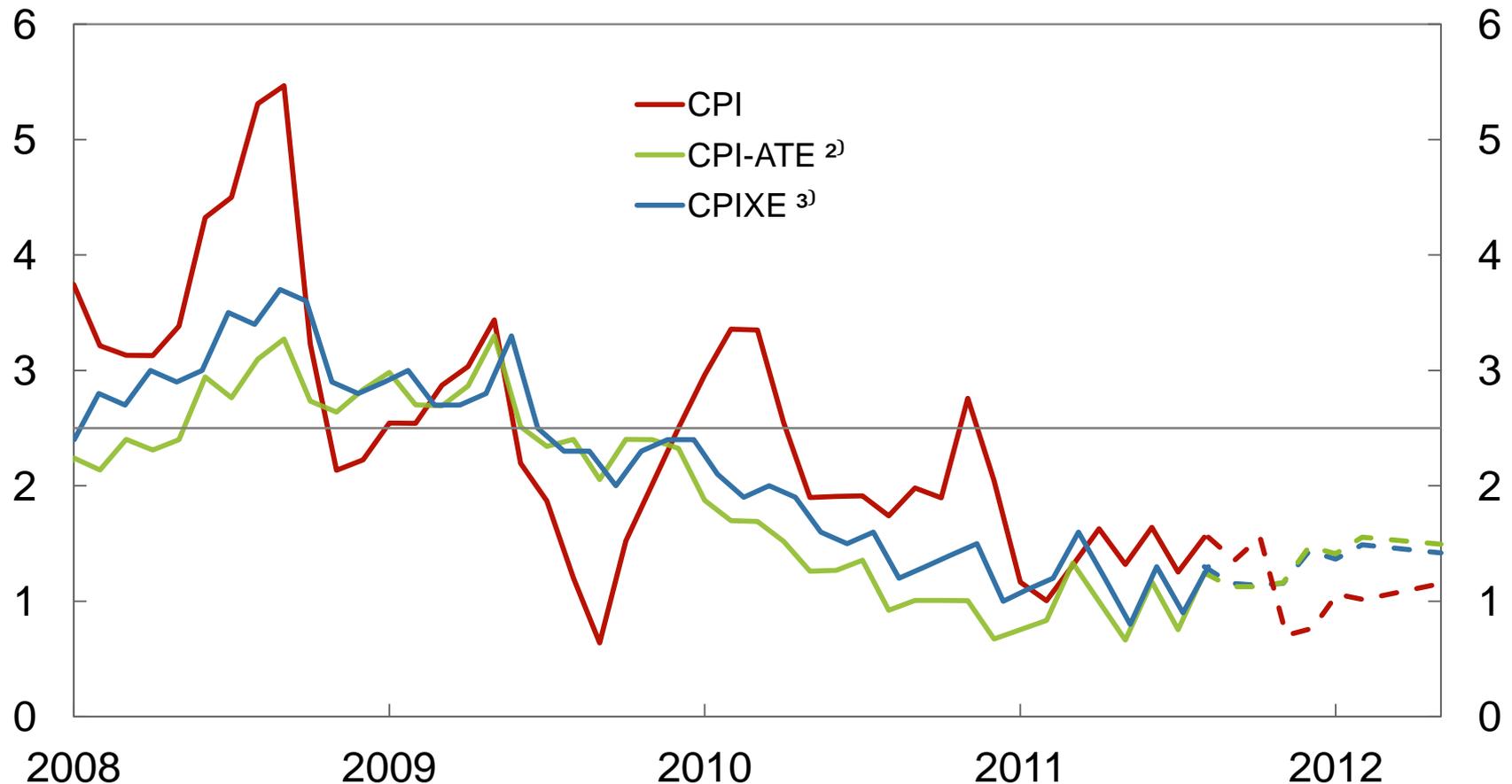


1) Projections for 2011 – 2014

Sources: Ministry of Finance and Norges Bank

# Consumer prices

12-month change. Per cent. January 2008 – June 2012<sup>1)</sup>



1) Projections for October 2011 – June 2011 (boken lines)

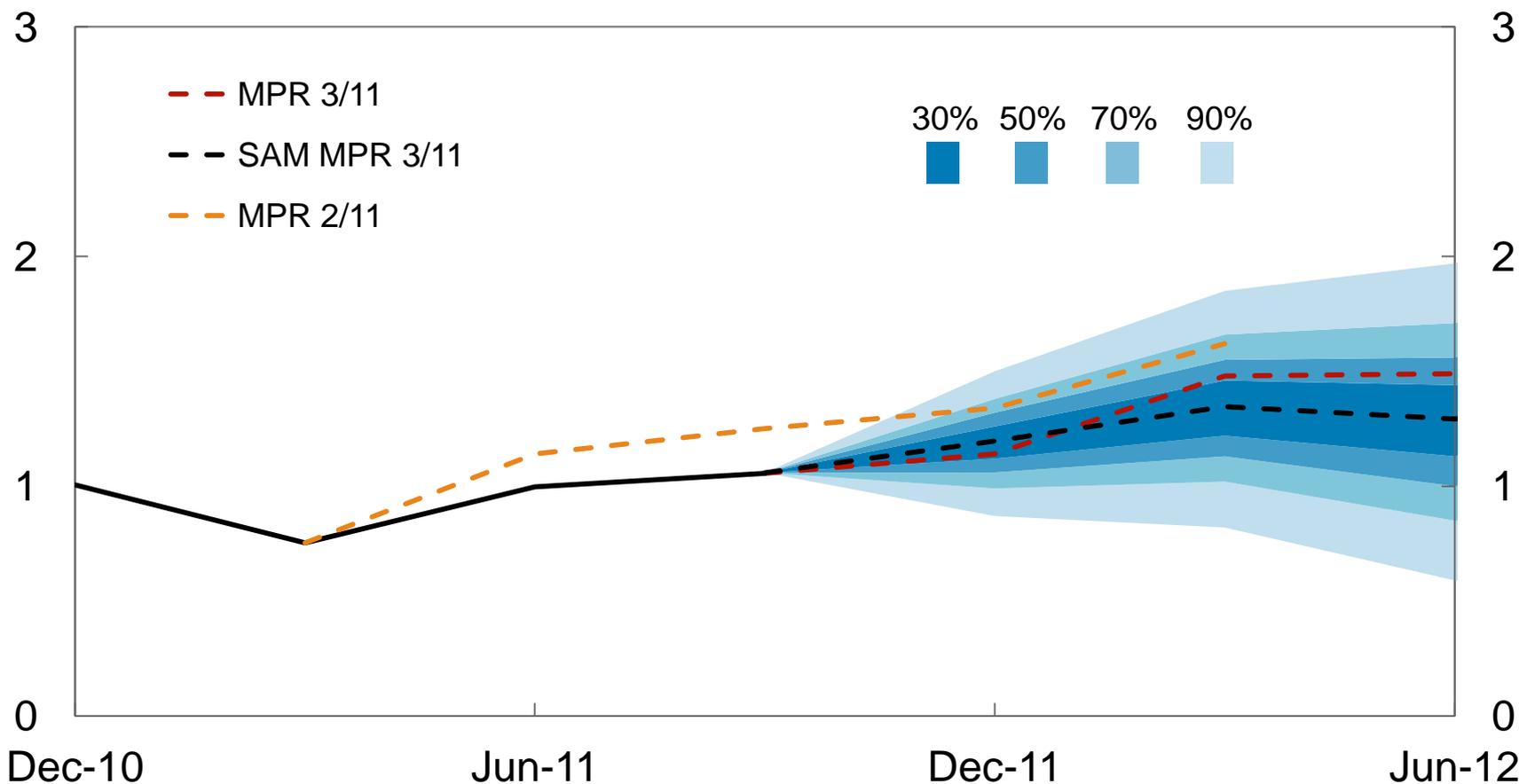
2) CPI adjusted for tax changes and excluding energy products

3) CPI adjusted for tax changes and excluding temporary changes in energy prices. Real-time figures. See Norges Bank *Staff Memo* 7/8 and 3/2009

Sources: Statistics Norway and Norges Bank

# CPI-ATE<sup>1)</sup>

Actual figures, baseline scenario and projections from SAM<sup>2)</sup> with fan chart. Four-quarter change. Per cent. 2010 Q1 – 2012 Q2 <sup>3)</sup>



1) CPI adjusted for tax changes and excluding energy products

2) System for averaging models

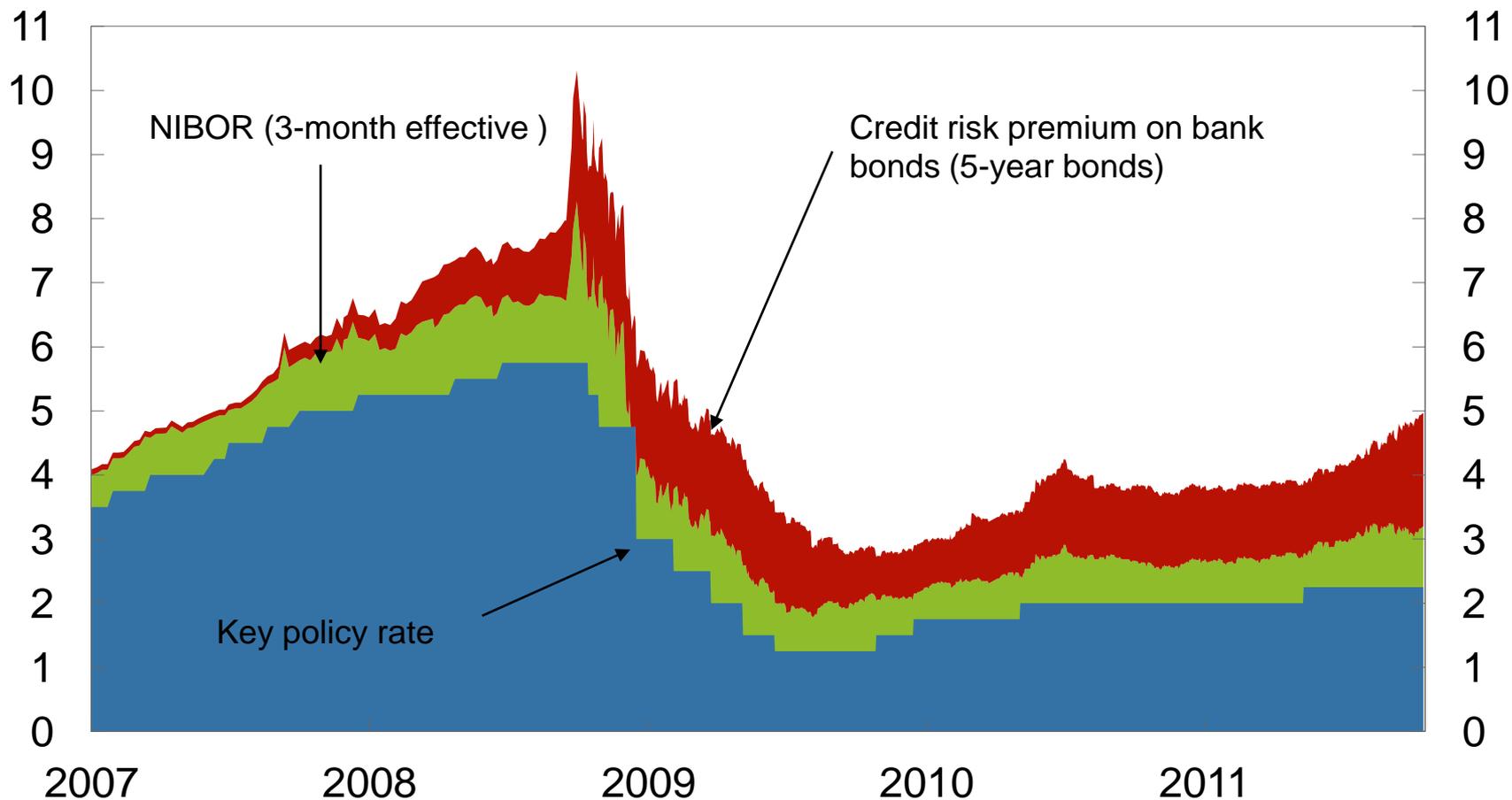
3) Projections for 2011 Q4 – 2012 Q2 (broken lines)

Sources: Statistics Norway and Norges Bank

# Banks' funding costs

Funding costs for Norwegian banks. Per cent.

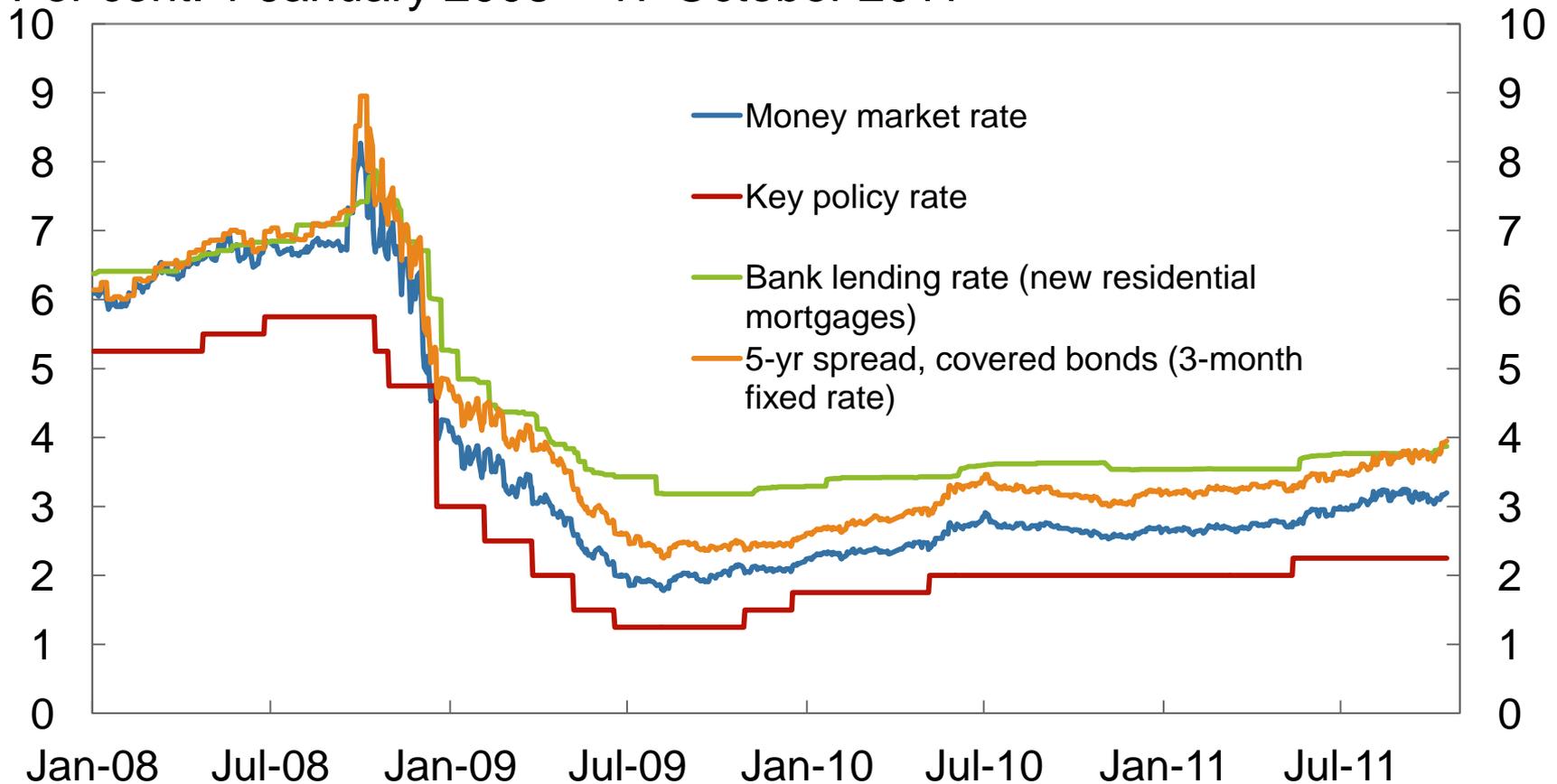
3 January 2007 – 17 October 2011



Sources: DnB NOR Markets and Norges Bank

# Key policy rate, money market rate<sup>1)</sup>, yield of covered bonds<sup>2)</sup> and weighted bank lending rates<sup>3)</sup>

Per cent. 1 January 2008 – 17 October 2011



1) 3-month NIBOR (effective)

2) Total 3-month money market rate and indicative credit spreads for covered bonds with 5 years maturity

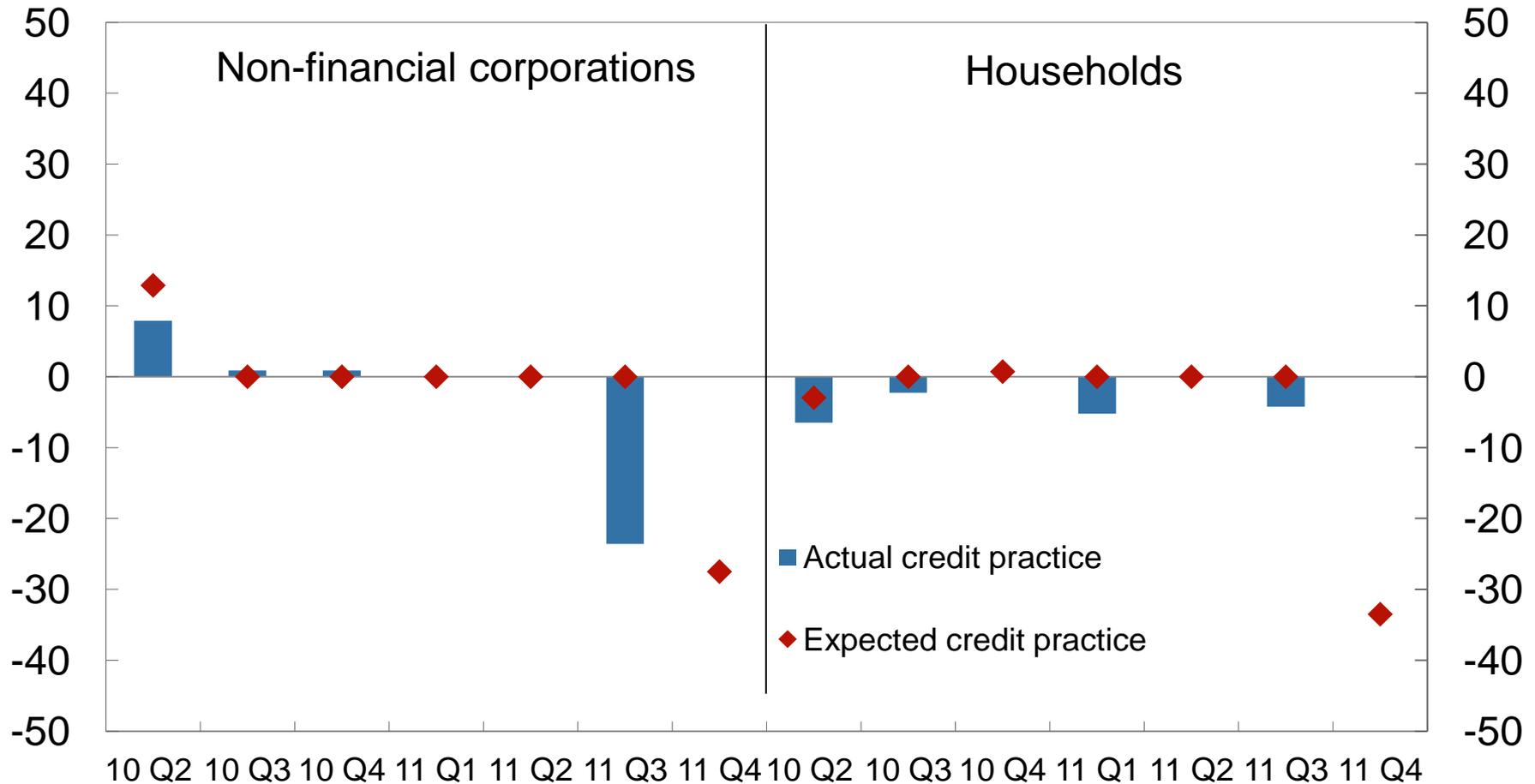
3) Average interest rates on new mortgage loans of NOK 1m, floating rate, within 60% of purchase price.

Figure for the 20 largest banks, weighted by market shares.

Sources: Norsk familieøkonomi AS, Statistics Norway and Norges Bank.

# Change in credit standards

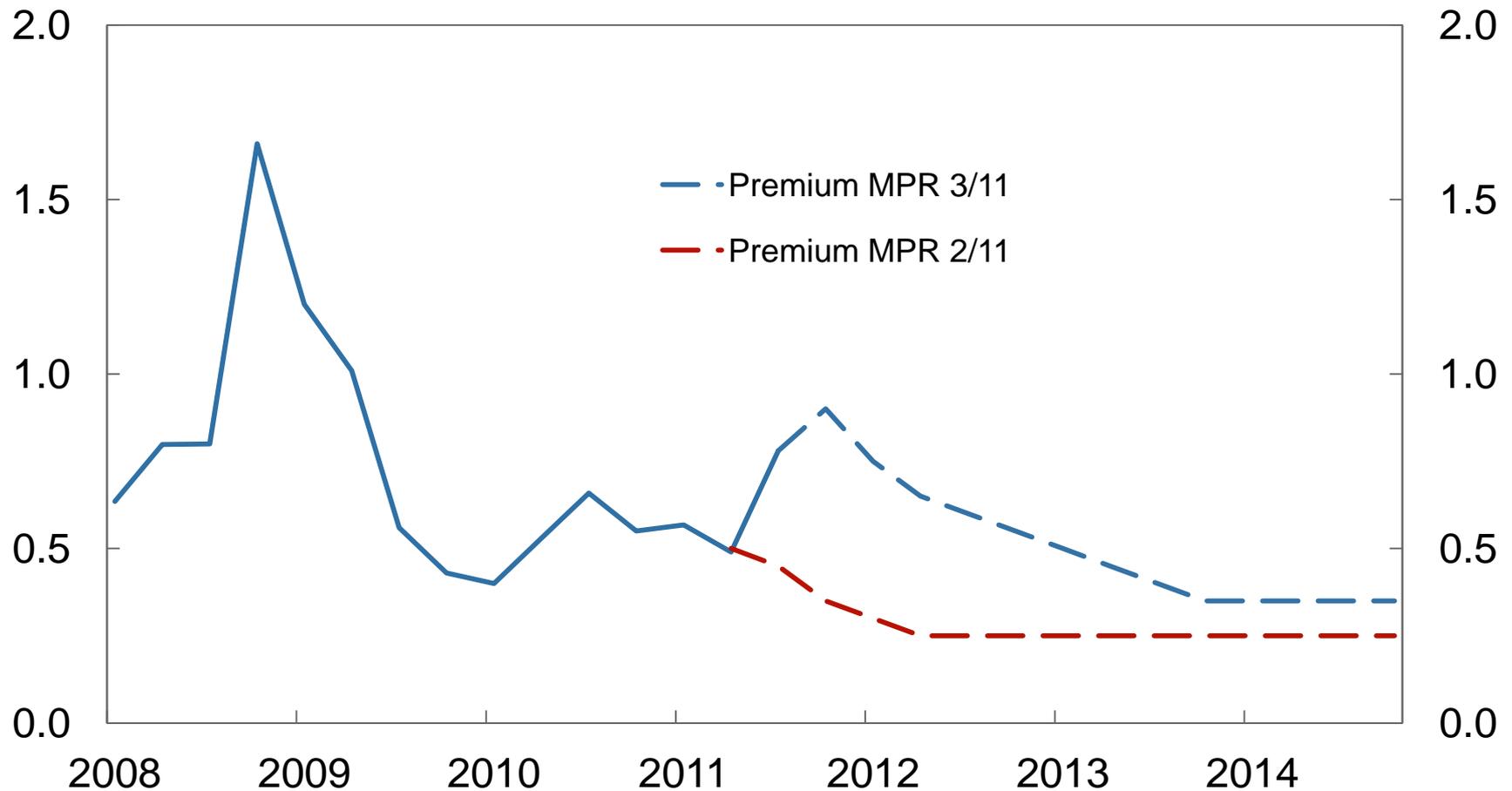
2010 Q2 – 2011 Q4



Source: Norges Bank

# Difference between 3-month money market rate and expected key rates.<sup>1)</sup>

Percentage points. 2008 Q1 – 2014 Q4

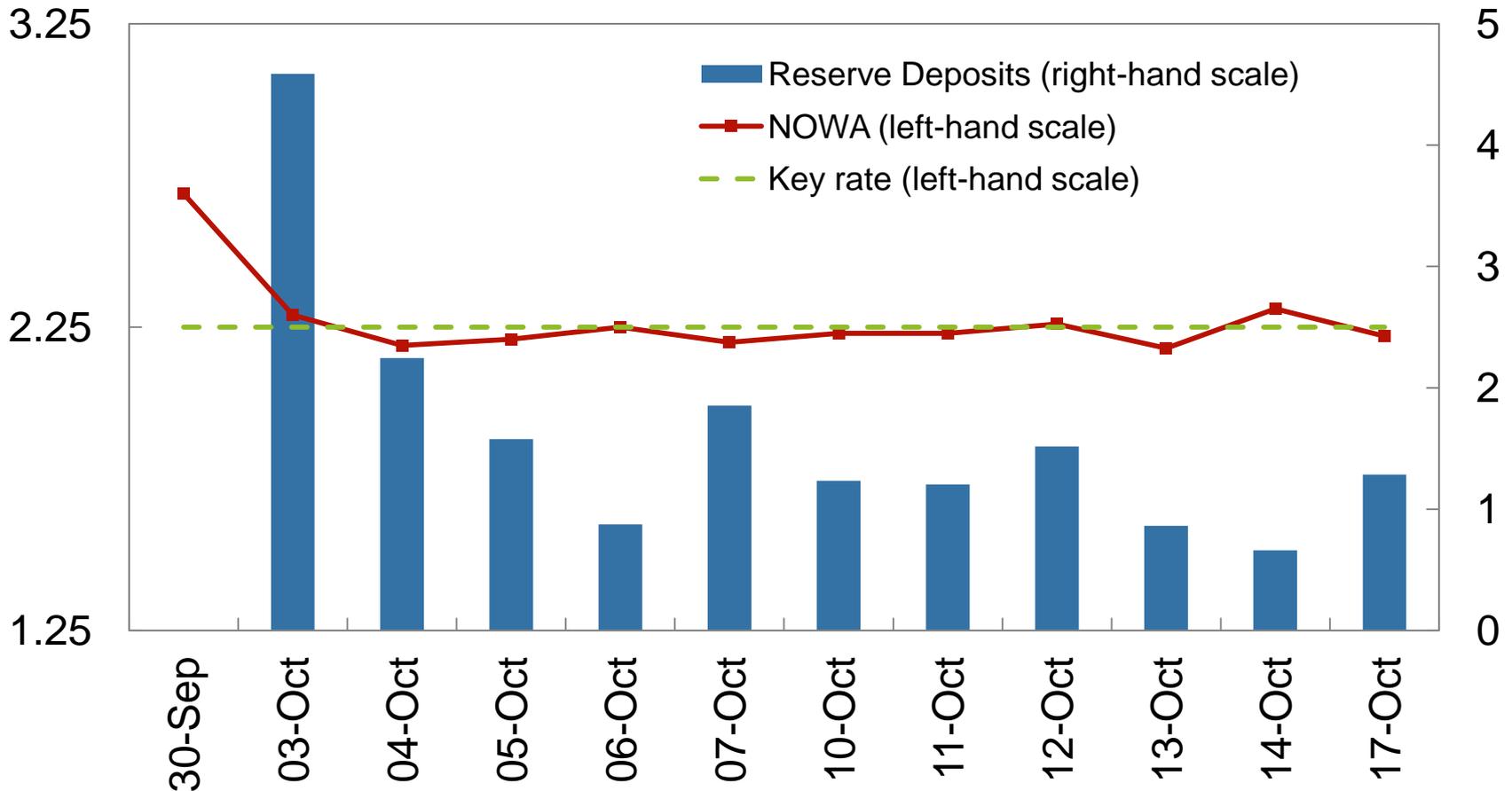


1) Norges Bank's projections from 2011 Q4

Source: Norges Bank

# NOWA<sup>1)</sup> and deposits at reserve rate

Per cent and billions of NOK. 30 September – 17 October 2011

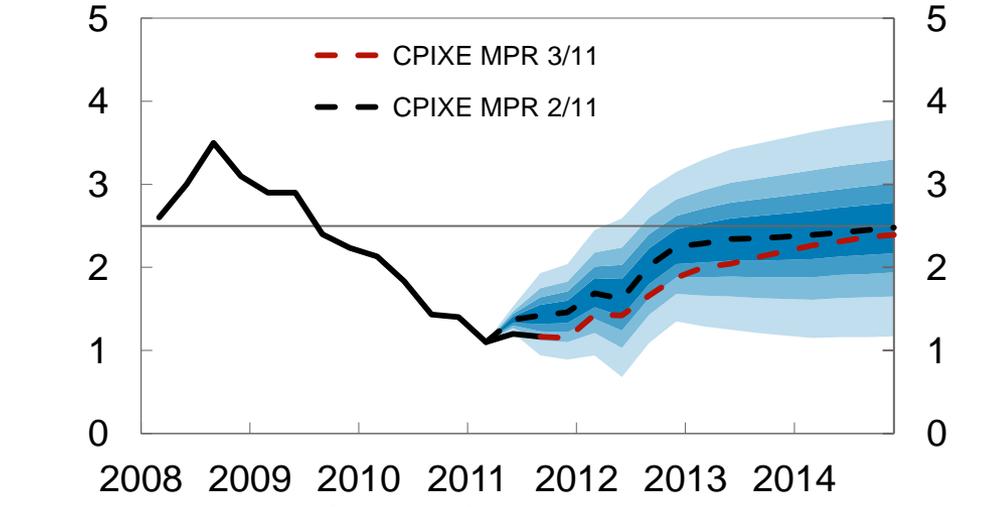
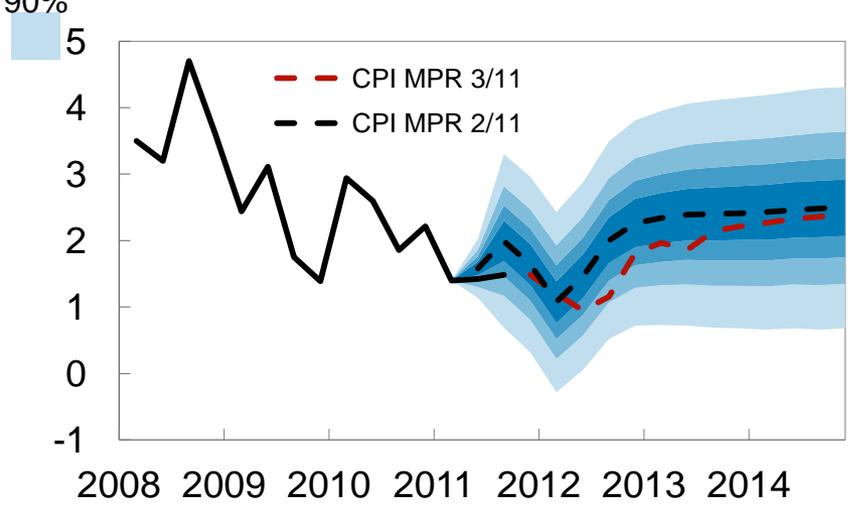
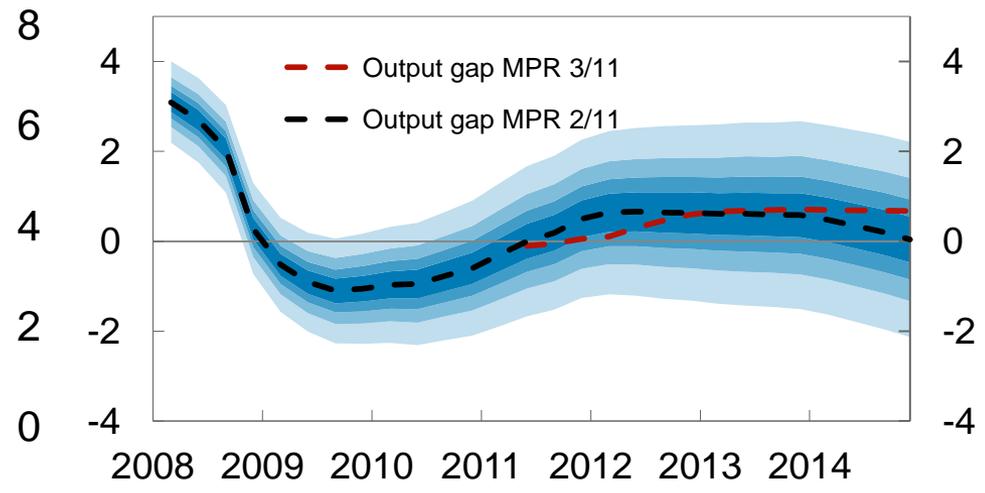
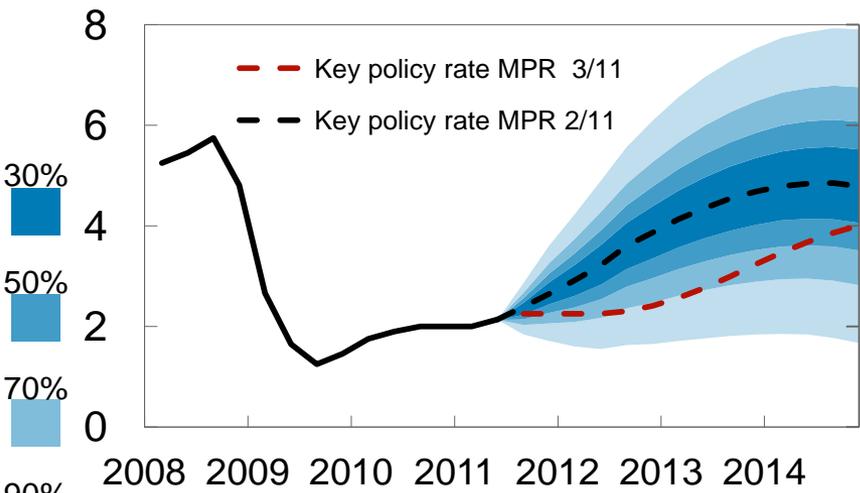


1) Norwegian Overnight Weighted Average rate

Source: Norges Bank

# Projected key policy rate in MPR 3/11 and MPR 2/11

Quarterly figures/ Four-quarter change. Per cent. Fans from MPR 2/11

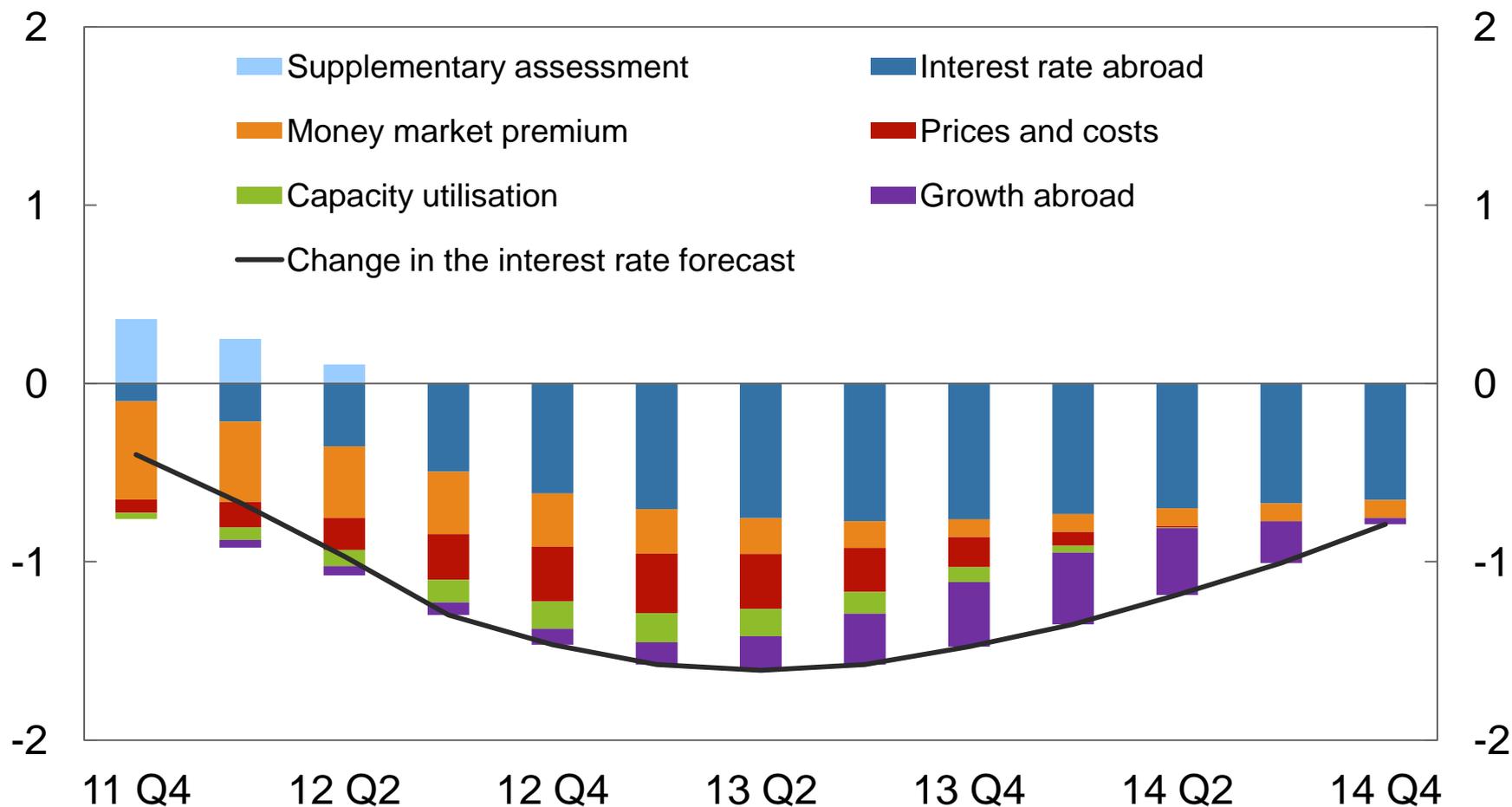


Sources: Statistics Norway and Norges Bank

# Factors behind changes in the interest rate forecast

From MPR 2/11 to MPR 3/11. Accumulated contribution.

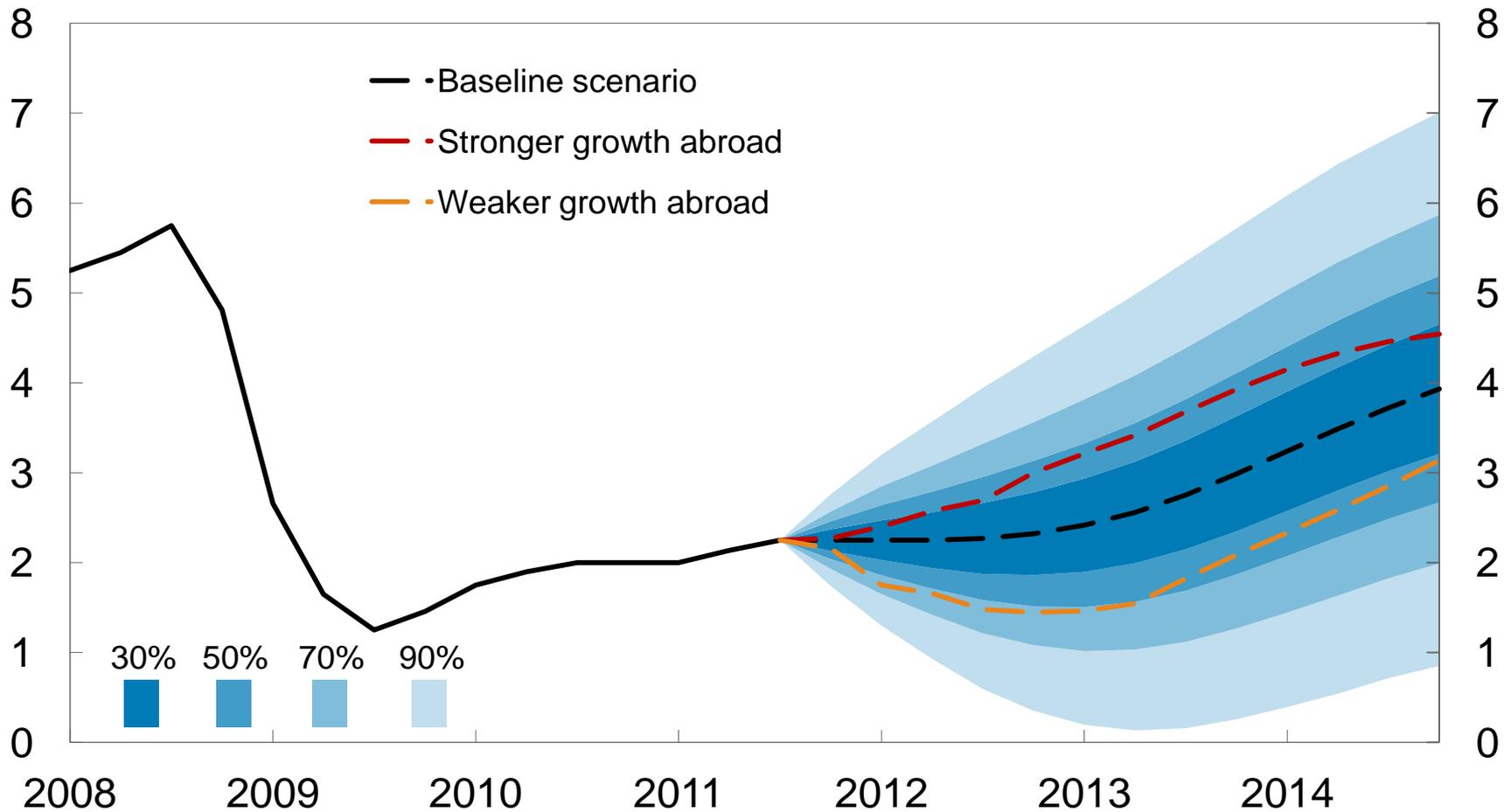
Percentage points 2011 Q4 – 2014 Q4



Source: Norges Bank

# Key policy rate in the baseline scenario and in the alternative scenarios.

Per cent. Quarterly figures. 2008 Q1 – 2014 Q4



Source: Norges Bank

# Executive Board Meeting

*19 October 2011*