Monetary policy and wealth management in a small petroleum economy

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Oil wealth has brought strong rise in prosperity

GDP per capita, Norway\(^1\). Index, Sweden = 100

Source: OECD and Statistics Norway

\(^1\) Adjusted for PPP
Terms of trade

Index. 1994 =100

Real exchange rate

Index. 1994 =100

Source: World Bank, BIS and Norges Bank
Largest oil exporters in 2011
Oil includes NGLs and condensates
In millions of barrels/day

- Russia: 7
- Saudi Arabia: 6.8
- Kuwait: 2
- Nigeria: 2
- Iraq: 1.9
- Iran: 1.9
- Norway: 1.7
- UAE: 1.7
- Angola: 1.6
- Venezuela: 1.5

Source: KBC Market Services and The Norwegian Petroleum Directorate

Largest gas exporters in 2010
In billions of scm

- Russia: 186.5
- Norway: 100.6
- Qatar: 94.9
- Canada: 69.5
- Algeria: 55.8
- Indonesia: 39.4
- Netherlands: 36.3
- Turkmenistan: 30.7
- Malaysia: 29.1
- Australia: 25.4

Source: KBC Market Services and The Norwegian Petroleum Directorate
Norwegian exports
Shares of total value of exports

Sources: Statistics Norway and Norges Bank
The Government Pension Fund Global and the fiscal rule

Petroleum revenues + return on investments

GPFG

Transfer to finance non-oil budget deficit

Fiscal Budget

Non-oil revenues

Expenditures

Fiscal rule: Over time spend real return on the GPFG, estimated at 4% annually
Projected size of the oil fund

Sources: Ministry of Finance (National Budget 2013) and Norges Bank

1) Quarterly figures to end-2012, annual figures thereafter
Structural non-oil budget surplus
As a percentage of trend GDP for mainland Norway

1) Deviation from trend
2) Output gap (level) measures difference between GDP and estimated potential GDP for mainland Norway

Sources: Ministry of Finance, Statistics Norway and Norges Bank
The size of Norges Bank’s balance sheet including the oil fund
In billions of NOK

Source: Norges Bank
Real exchange rate and oil price

Index. 1994=100

1) Brent blend (USD/barrel), nominal

Sources: BIS, Bloomberg and Norges Bank
Inflation
Moving 10-year average and variation in CPI. Percent

Sources: Statistics Norway and Norges Bank
Key policy rate in the baseline scenario

Percent

Source: Norges Bank
Governance structure

Stortinget (Norwegian parliament)
- Government Pension Fund Act
- National Budget
- Annual white paper
- National Accounts

Ministry of Finance
- Mandate
- Quarterly and annual reports
- Investment strategy advice

Norges Bank Executive Board
NBIM
- Government Pension Fund Act
- Mandate
- Annual white paper
- National Accounts
- Quarterly and annual reports
- Investment strategy advice
Changing the regional allocation

**Starting point**
- 54% (Emerging markets 6%)
- 35%

**Target**
- 41% (Emerging markets 10%)
- 40%
- 19%

Sources: NBIM and Ministry of Finance
Further information

- Quarterly reports including financial reporting
- Complete holding lists and voting records
- Real-time market value
- All public information published on www.nbim.no
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