



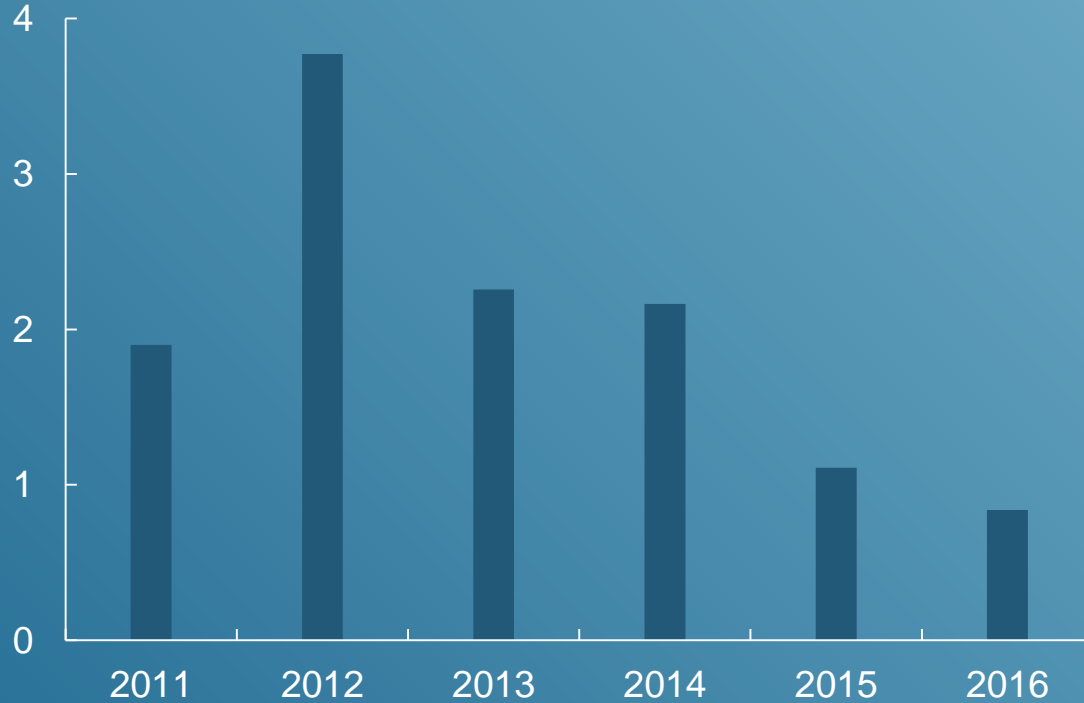
ECONOMIC OUTLOOK

DEPUTY GOVERNOR JON NICOLAISEN

Sogndal, 22 March 2017

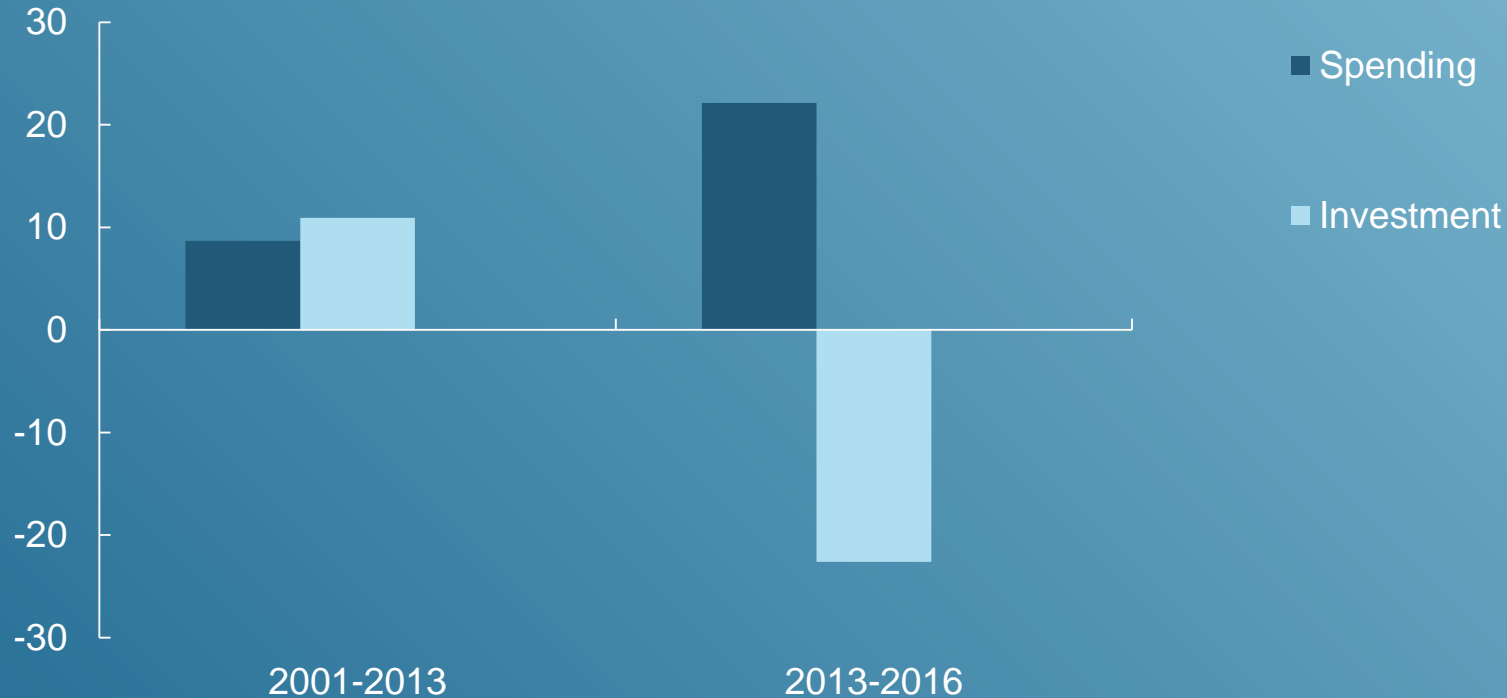
Oil prices putting a brake on growth

GDP mainland Norway. Volume. Annual growth. Percent



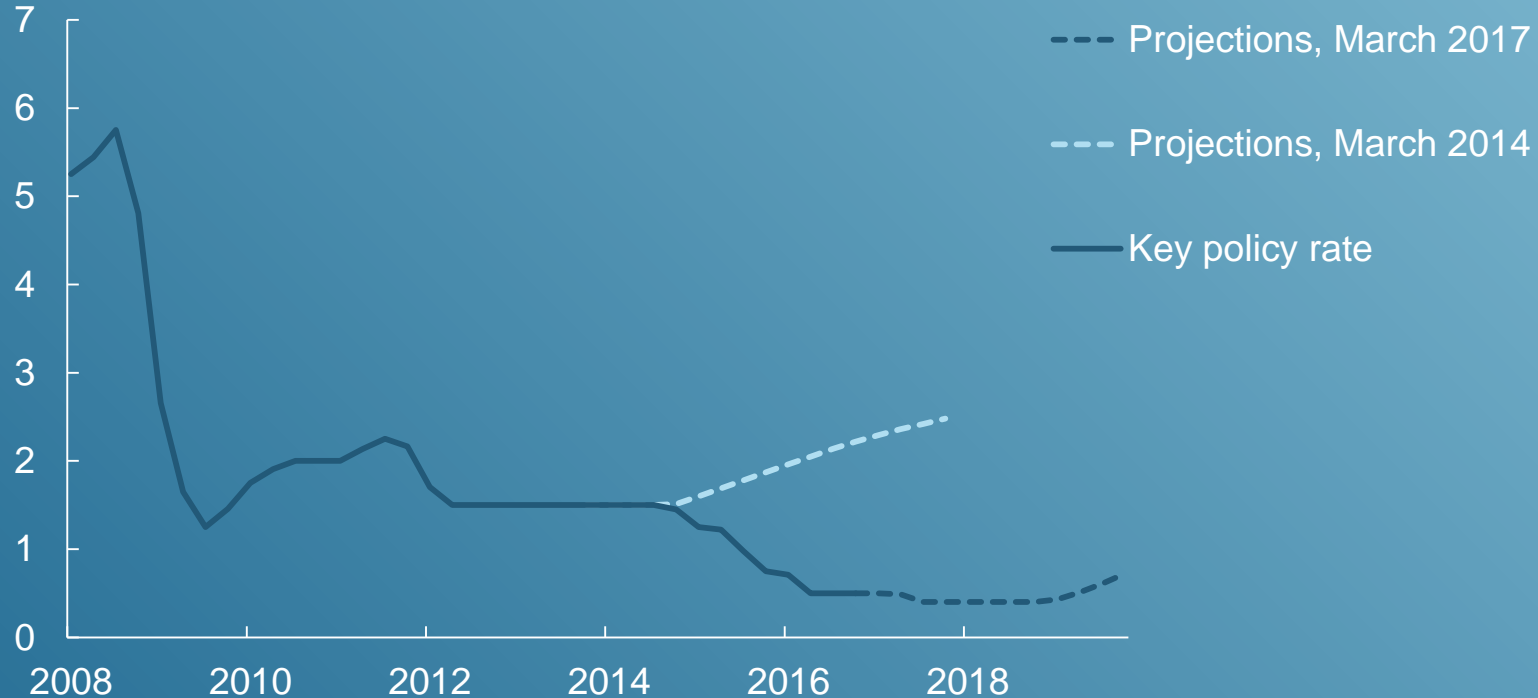
Oil investment and petroleum revenue spending

In billions of 2016 NOK. Average annual change



The key policy rate has been lowered

Percent



Oil price and krone exchange rate

Oil price¹⁾ and import-weighted exchange rate index²⁾



1) Brent blend. USD/barrel.

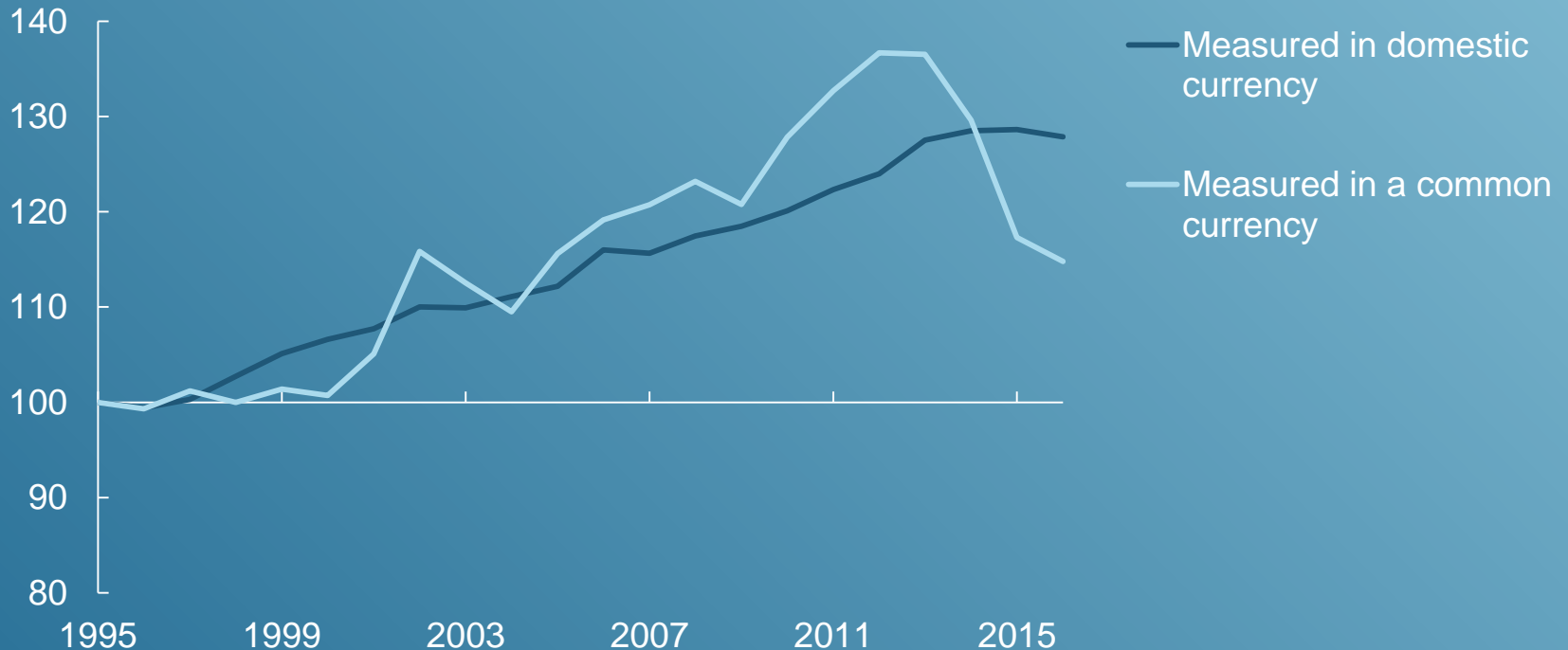
2) A positive slope denotes a stronger krone exchange rate.

Sources: Thomson Reuters and Norges Bank



Improved competitiveness

Norwegian labour costs, relative to trading partners' labour costs¹⁾. Index²⁾



1) Hourly labour costs in manufacturing.

2) Index 1995 = 100.

Sources: Statistics Norway, Norwegian Technical Calculation Committee for Wage Settlements (TBU) and Norges Bank



Structural adjustments

Changes in employment between 2014 Q3 and 2016 Q4. In thousands of persons



US: The dollar has risen with long yields

US 10-year government bond yield and effective US dollar exchange rate



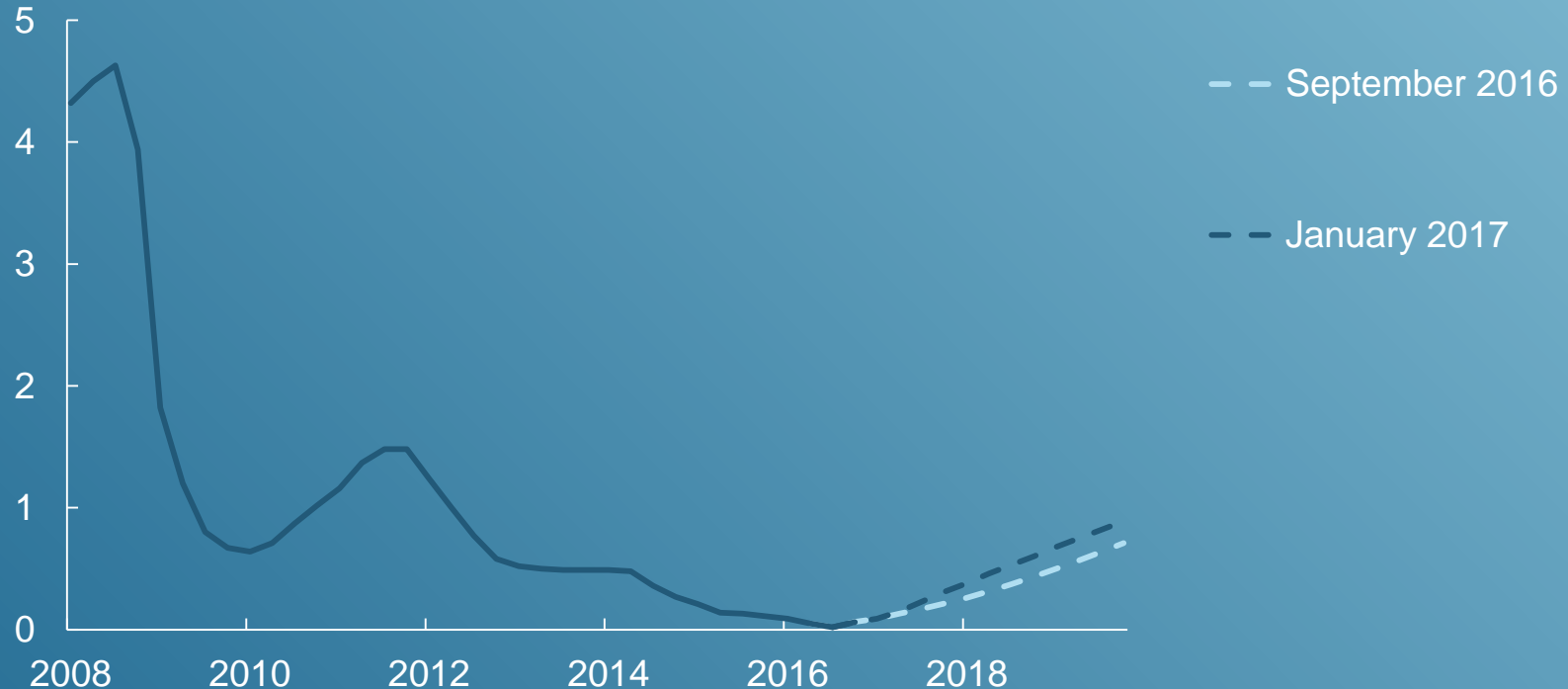
Europe: Somewhat wider sovereign yield spreads

10-year government bond yield spreads. Percentage



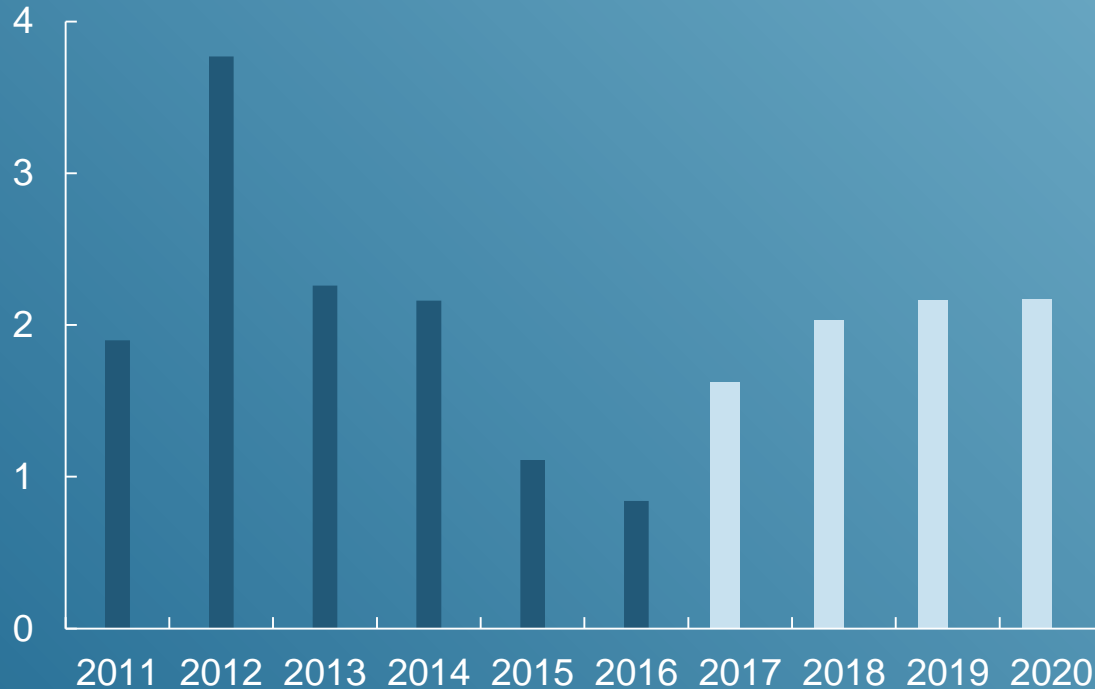
Have rates abroad reached bottom?

Money market rates and forward rates for trading partners. Percent.



Norway: The economy has turned the corner

GDP mainland Norway.¹⁾ Volume. Annual growth. Percent

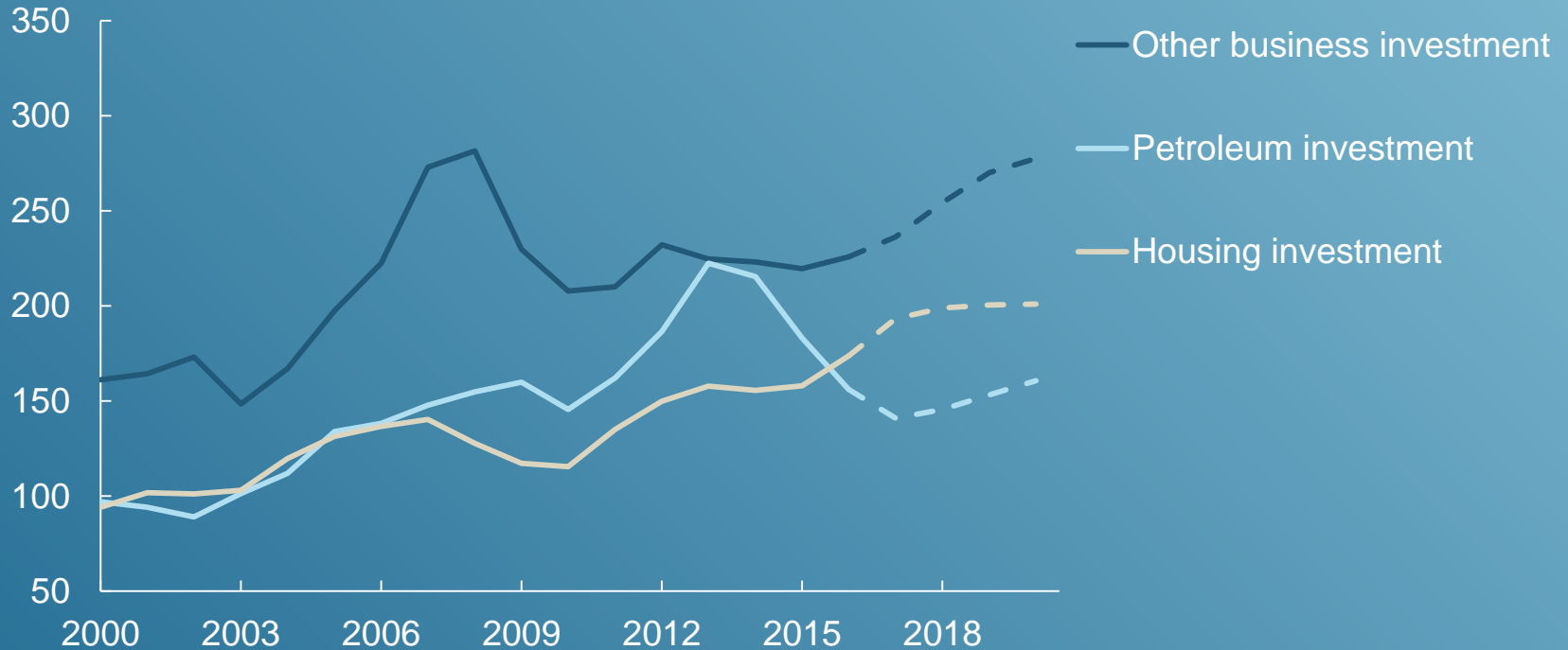


1) Projections for 2017-2020 from MPR 1/17.
Sources: Statistics Norway and Norges Bank



Housing investment replaces oil investment

Constant 2015 prices¹⁾. In billions of NOK



1) Projections for 2017-2020 from MPR 1/17.
Sources: Statistics Norway and Norges Bank



Oil revenue spending

Constant 2017 prices. In billions of NOK. 2000–2020¹⁾

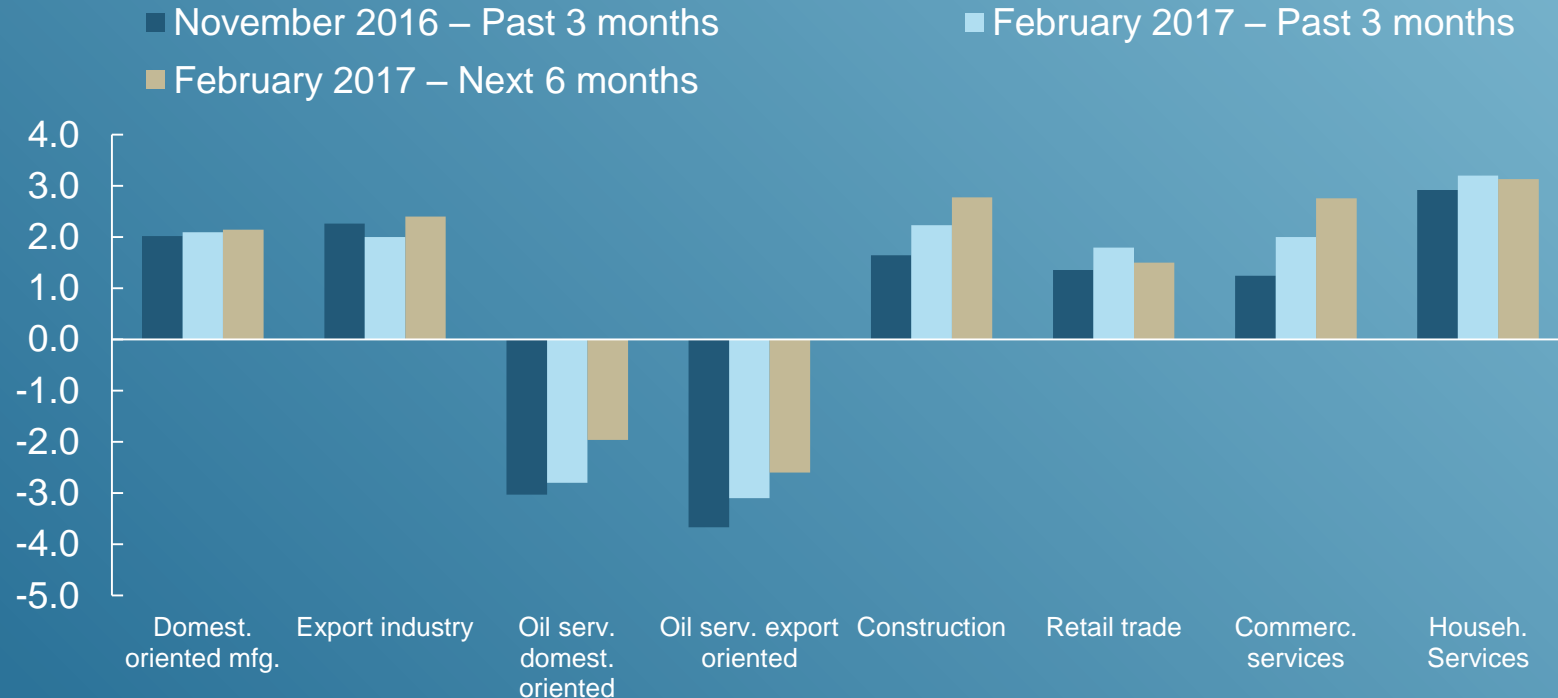


1) Projections for 2017–2020 (broken line and shaded).
Sources: Ministry of Finance and Norges Bank



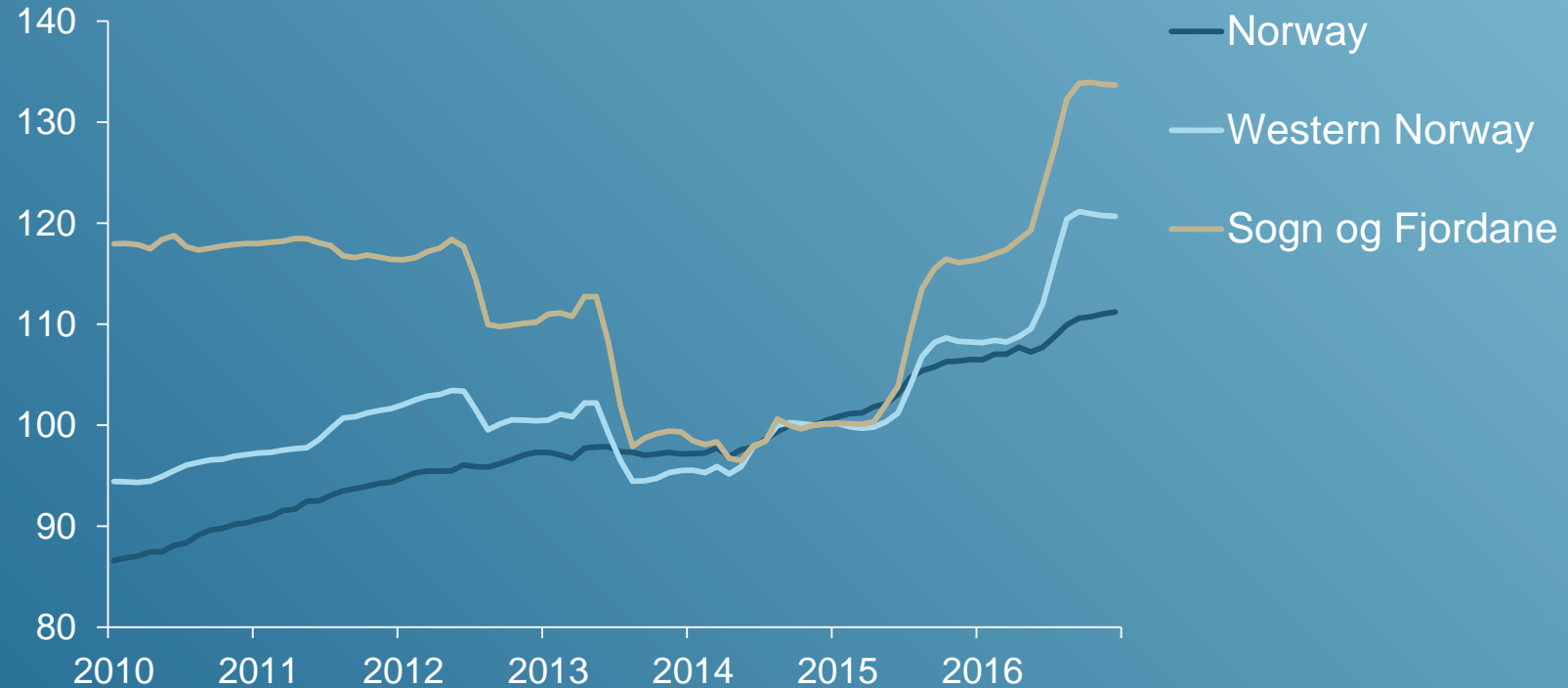
Regional network reports broad upturn

Reported and expected output growth. Annualised. Percent



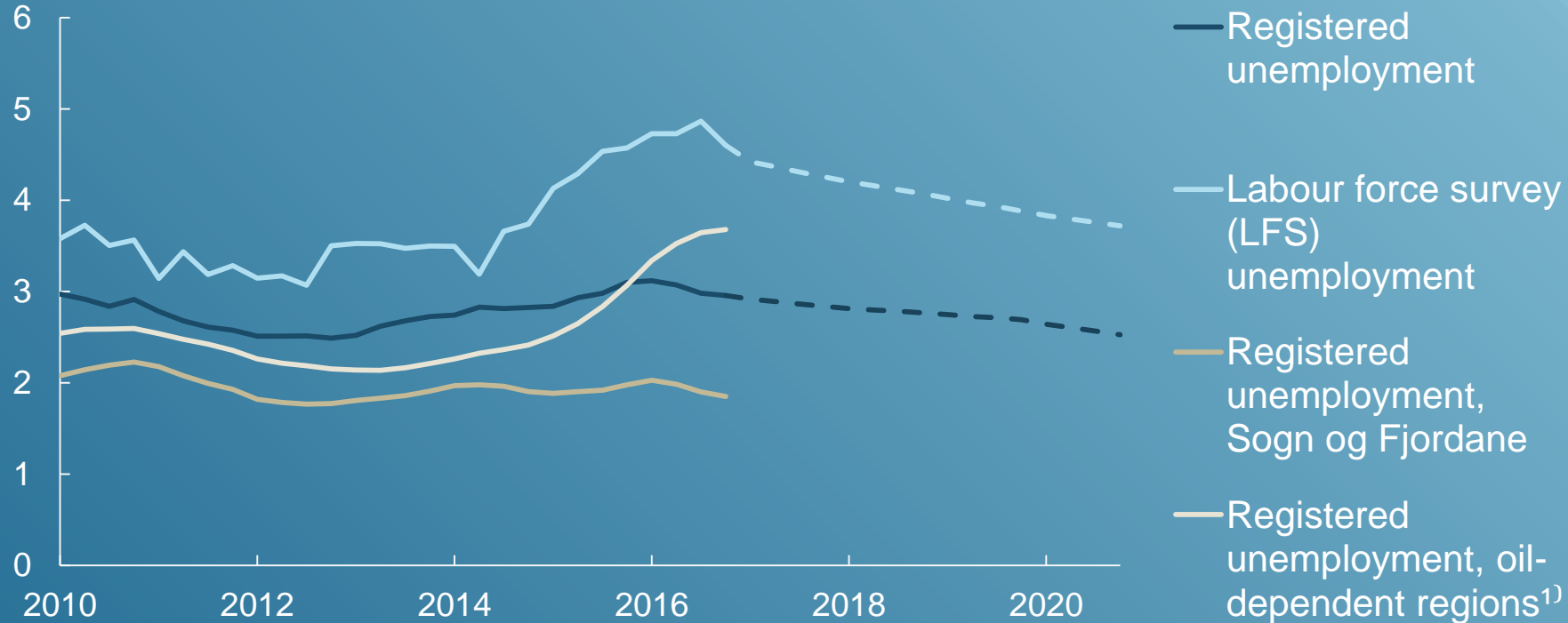
Hotel guest nights

Foreign nationals. Index. November 2014 = 100



Unemployment

As a percentage of the labour force. Seasonally adjusted



1) Hordaland, Møre og Romsdal, Rogaland and Vest-Agder.

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



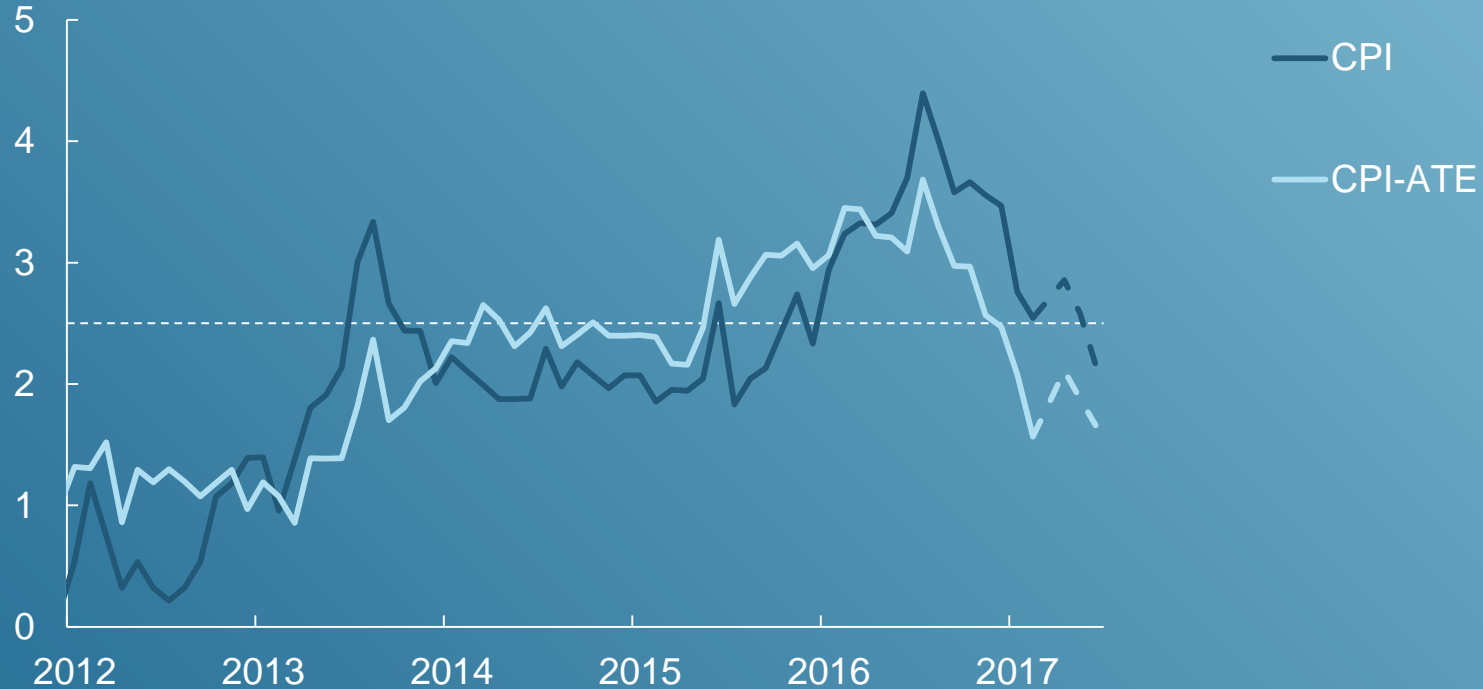
Historically low wage growth

Annual growth. Percent. 1995–2020



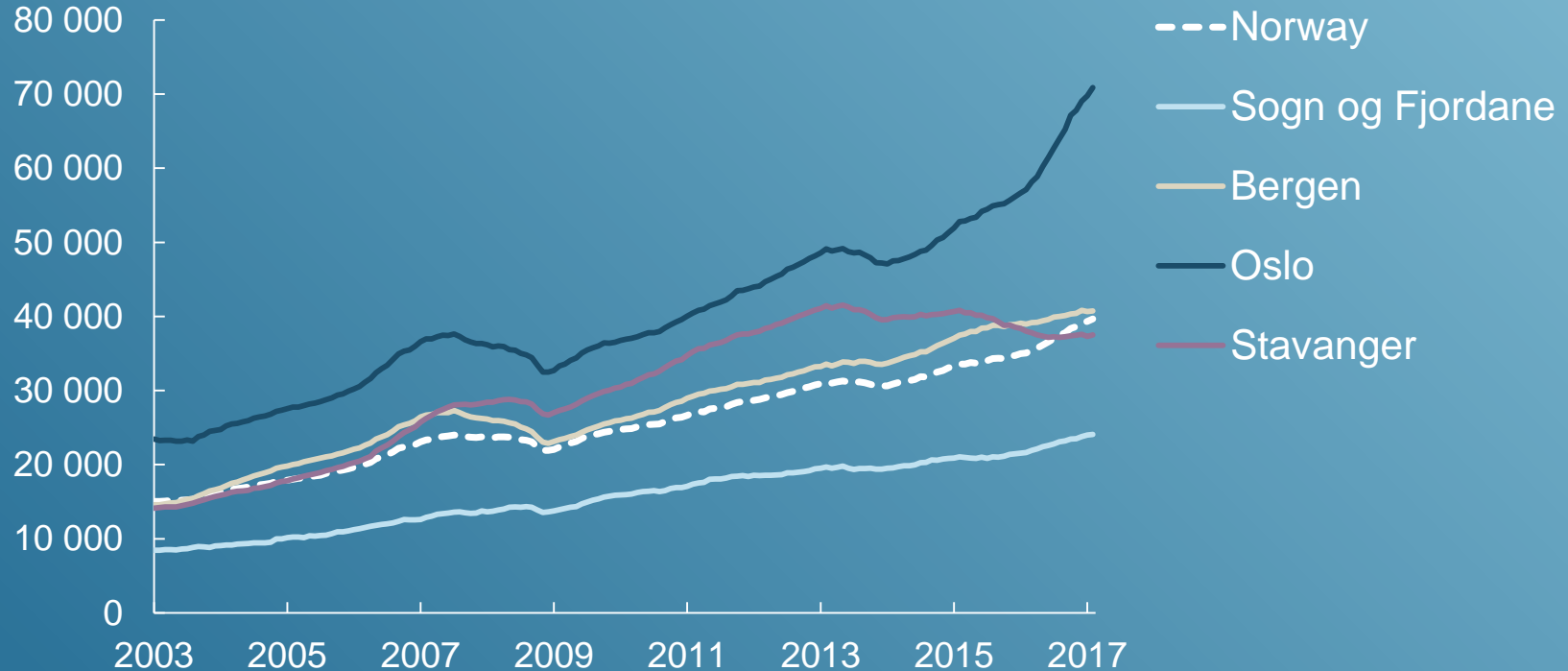
Inflation is on the decline...

Twelve-month change. Percent.



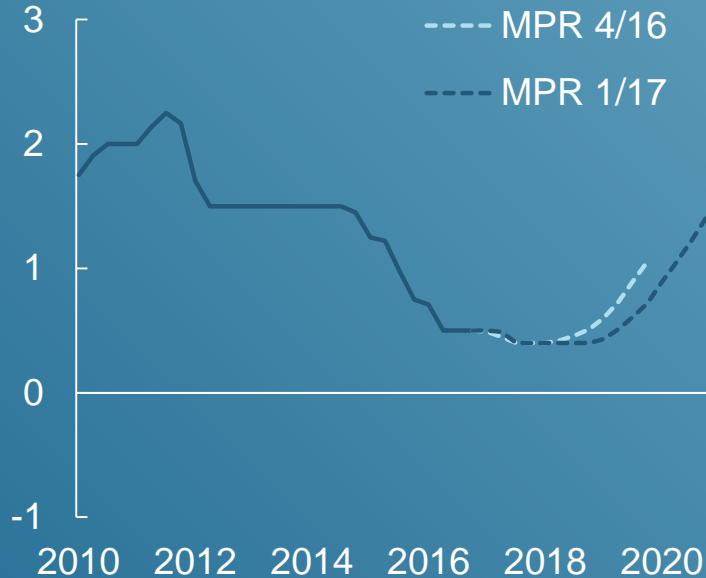
...but house prices continue to rise

NOK per square metre



Path for the key policy rate

Percent



- Norges Bank's Executive Board decided to leave the key policy rate unchanged at 0.50 percent.
- The Executive Board's current assessment of the outlook suggests that the key policy rate will most likely remain at today's level in the period ahead.





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