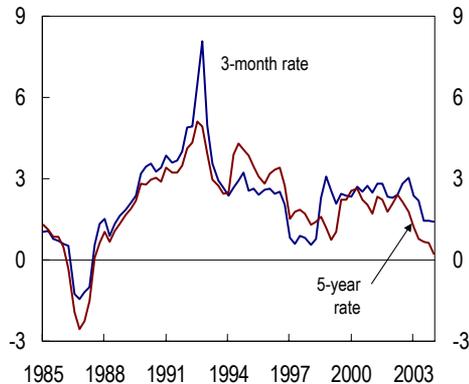


# Strategy document

## 1/04

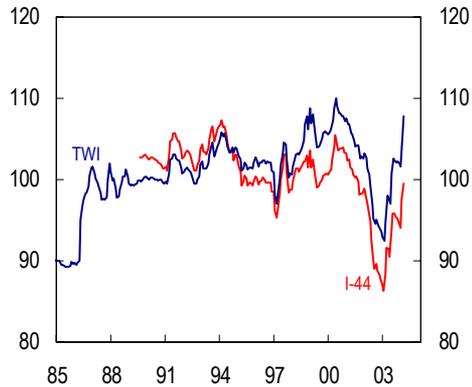
**Chart 1a** Real interest rate after tax.<sup>1)</sup> Quarterly figures.  
(2004 Q1=average to 3 March)



<sup>1)</sup> 3-month money market rates deflated by the CPI excluding energy products up to 1995, Norges Bank's estimates for the CPI adjusted for tax changes and excluding energy products from June 1995 to July 2000, then the CPI-ATE. The same deflator is used for 5-year government bond yields, but from 2001 Q2 the inflation target of 2.5 per cent is used.

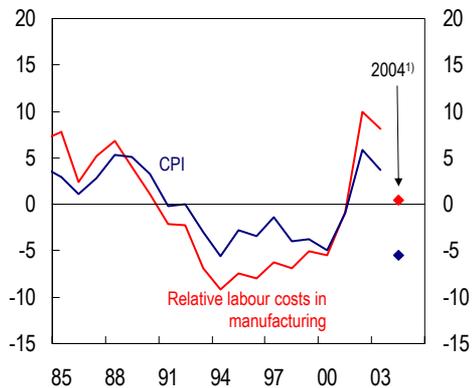
Sources: Statistics Norway and Norges Bank

**Chart 1b** Nominal exchange rate. Import-weighted exchange rate (I-44 1995=100) and trade-weighted exchange rate index (TWI 1990=100). Monthly figures.



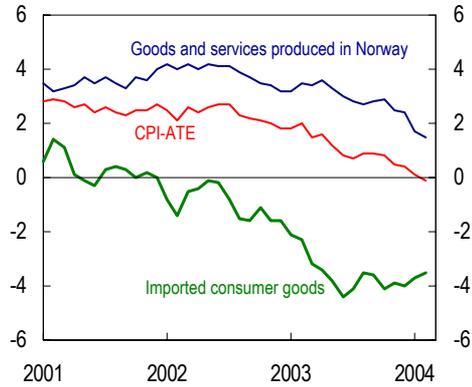
Source: Norges Bank

**Chart 1c** Real exchange rate. (CPI and labour costs in a common currency.) Deviation from average 1970 - 2003. Per cent. Annual figures.



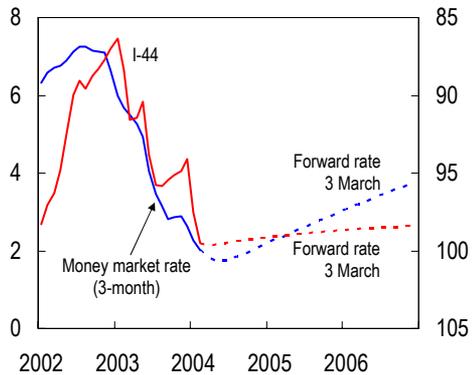
1) Projections for wage and CPI inflation in 2004 from IR1/04. The figures for 2004 are based on average exchange rate (TWI) over the year when the exchange rate in Mar.– Dec. is equal to the average rate in February.  
Source: Norges Bank

**Chart 1d** CPI-ATE. Total and supplier sector<sup>1)</sup>. 12-month rise. Per cent



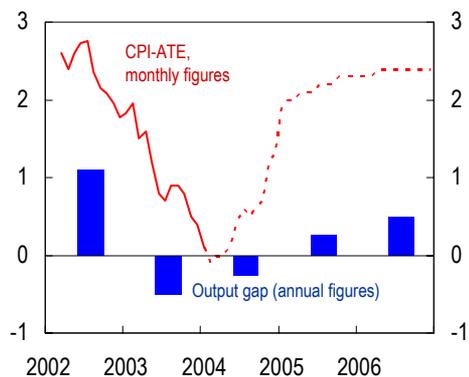
<sup>1)</sup> Norges Bank estimates  
Source: Norges Bank and Statistics Norway

**Chart 2a** Assumption for the money market rate and the krone exchange rate (1-44). Monthly figures



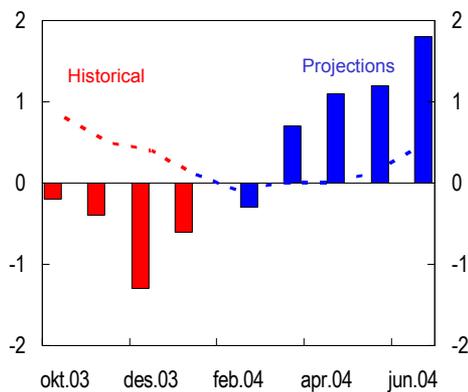
Source: Norges Bank

**Chart 2b** Projections for the CPI-ATE and the output gap based on forward interest and exchange rates. Per cent.



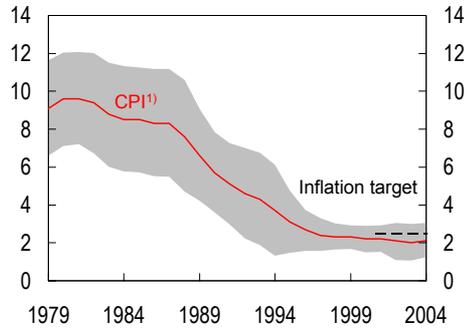
Source: Norges Bank and Statistics Norway

**Chart 3** CPI-ATE. Seasonally adjusted 3-month moving average, annualised, and 12-month rise<sup>1)</sup>. Per cent.



<sup>1)</sup> The columns show 3-month moving average. The curves show the 12-month rise.

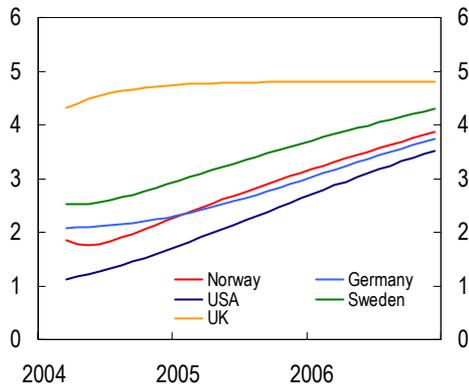
**Chart 4** CPI. Moving 10-year average (7 years back, current year and 2 years ahead). Per cent.



1) The band around the CPI is the variation in the period, measured by +/- one standard deviation.

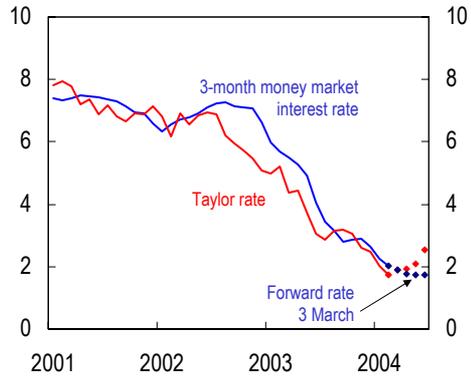
Sources: Statistics Norway and Norges Bank

**Chart 5** Interest rate expectations. 3 month forward rates internationally and in Norway. 3 March.



Source: Norges Bank

**Chart 6** Three-month money market interest rate, Taylor rate and forward rate to June 2004



Source: Norges Bank