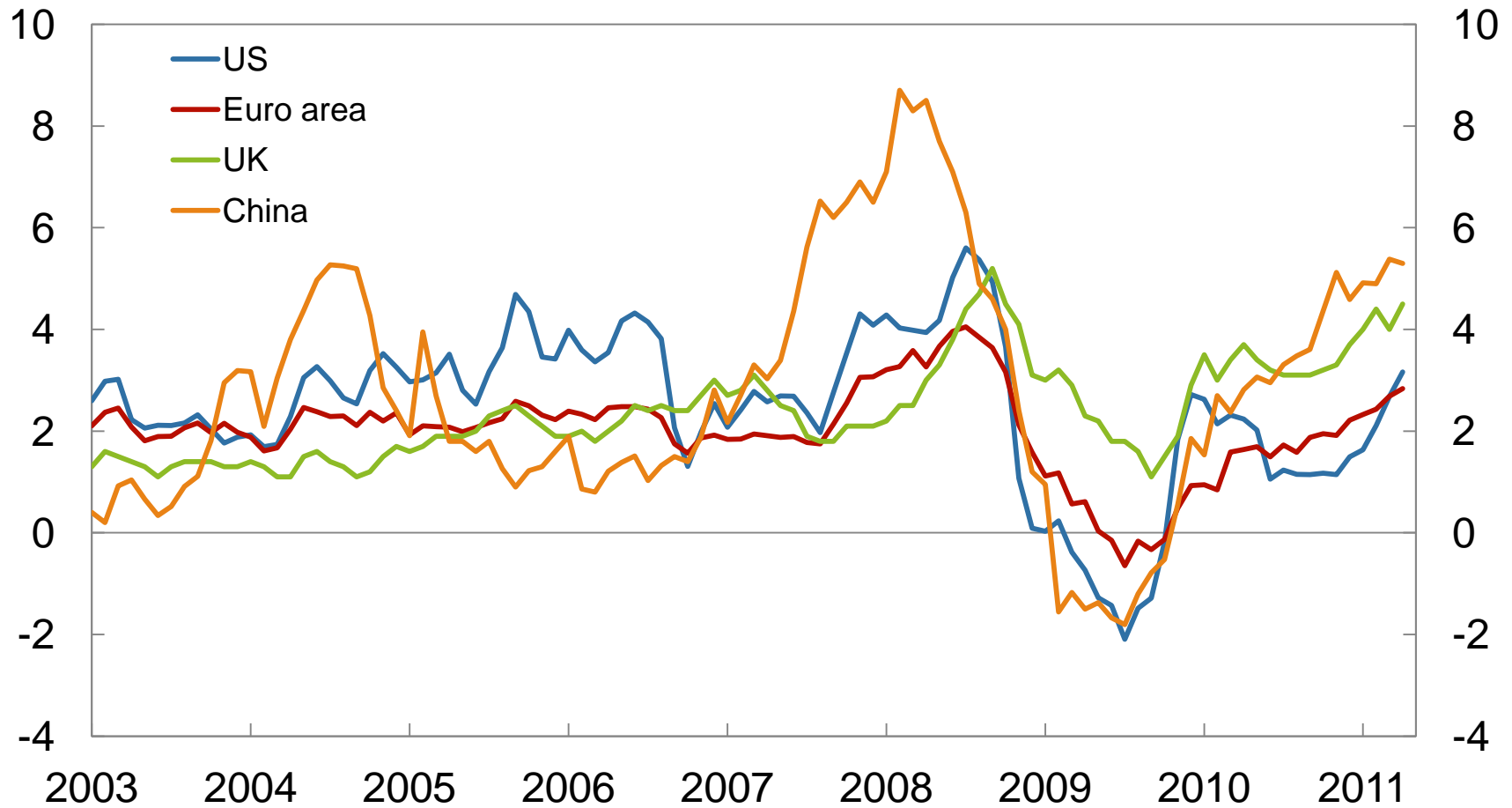


The conduct of monetary policy

*Introductory statement by Governor Øystein Olsen
at the hearing before the Standing Committee on
Finance and Economic Affairs of the Storting
Oslo, 20 May 2011*

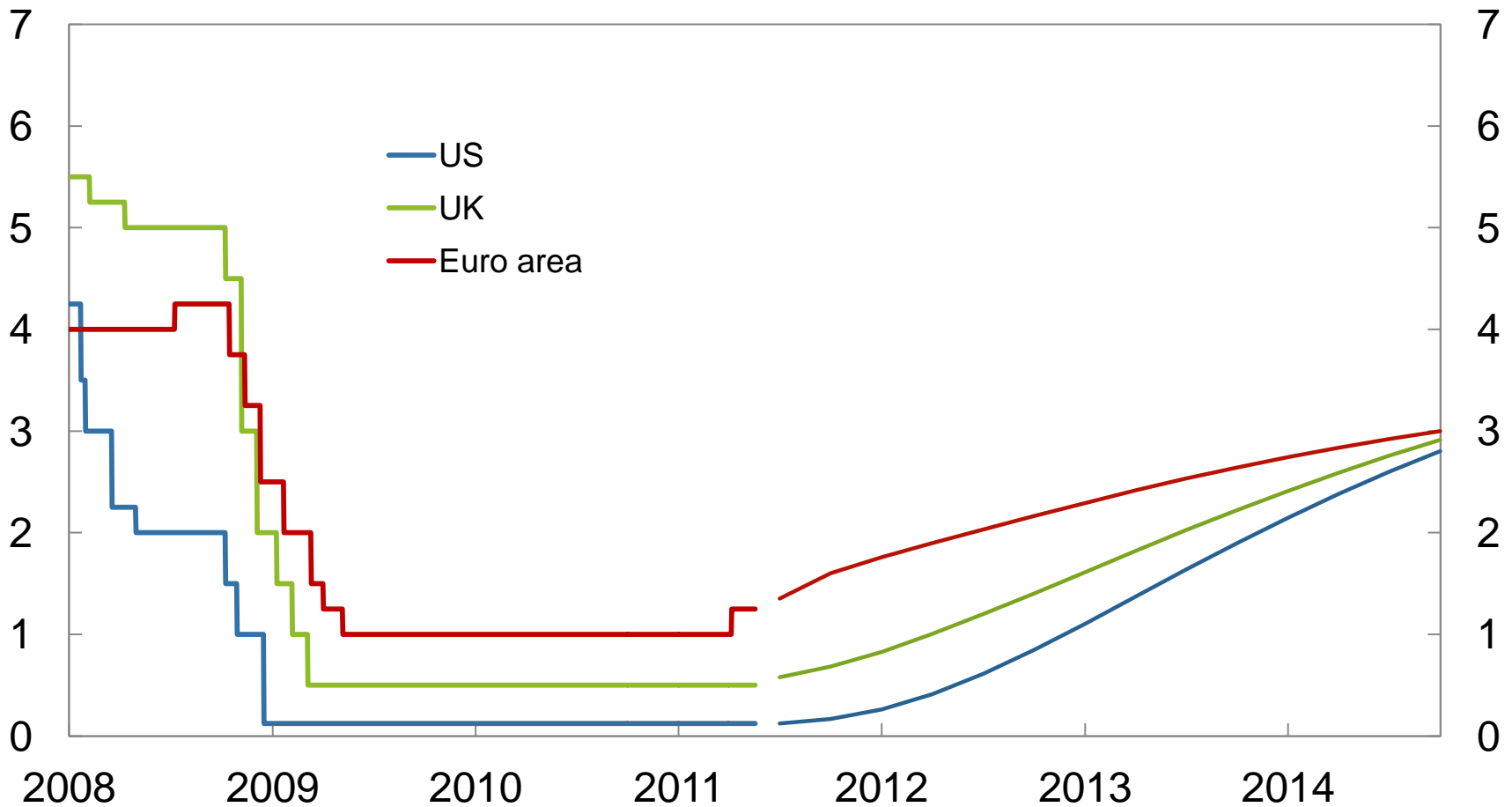
Consumer prices

12-month change. Per cent. January 2003–April 2011



Source: Thomson Reuters

Key rates and estimated forward rates as at 18 May 2011¹⁾ Per cent. 1 January 2008–31 December 2014²⁾



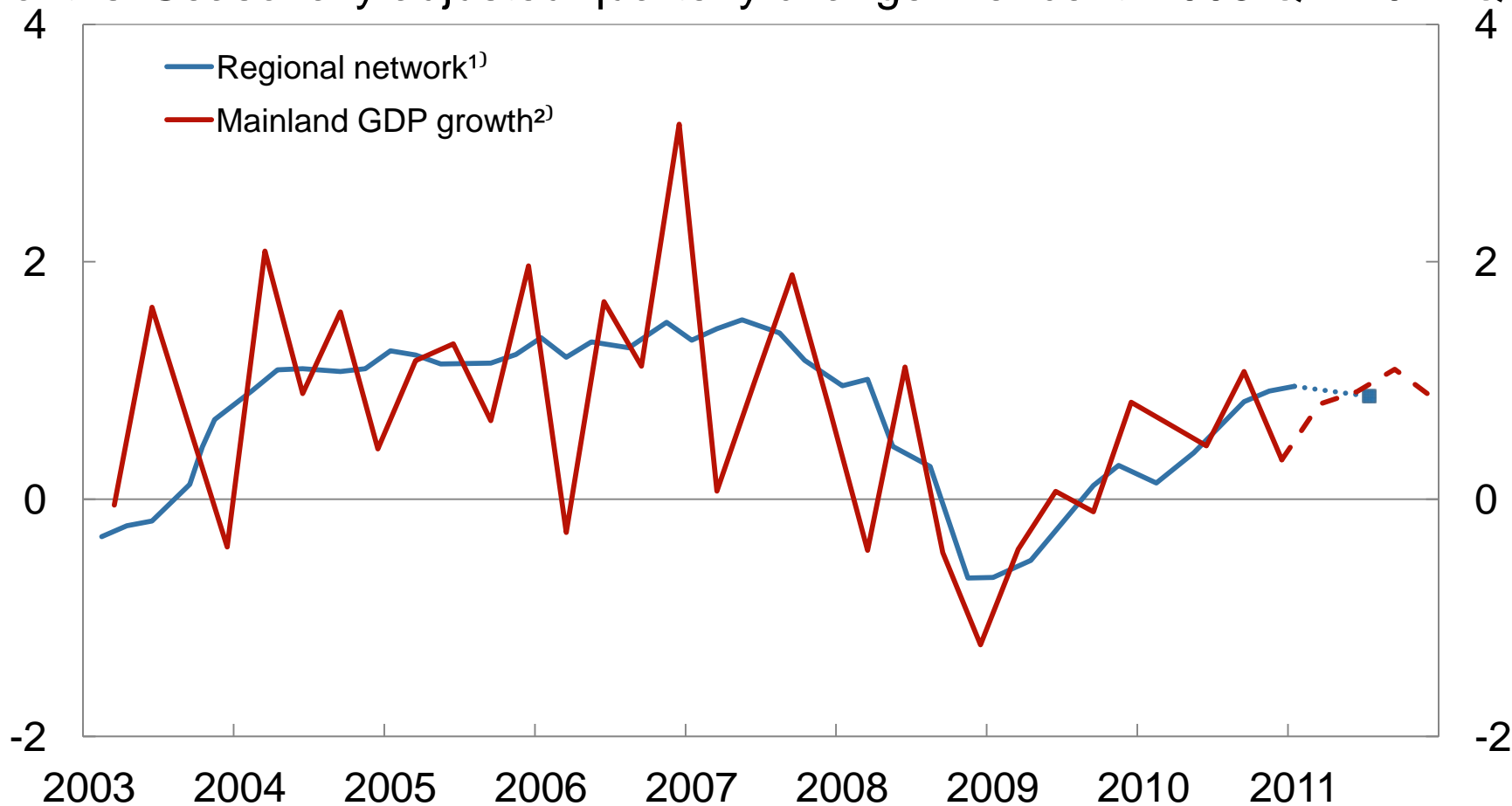
1) Thin lines show estimated forward rates at 18 May 2011. Forward rates are based on Overnight Indexed Swap (OIS) rates

2) Daily figures from 1 January 2008 and quarterly figures as at 18 May 2011

Sources: Bloomberg L.P. and Norges Bank

Output

GDP mainland Norway and Norges Bank's regional network indicator of changes in output past three months and expected change in output next six months. Seasonally adjusted quarterly change. Per cent. 2003 Q1–2011 Q4



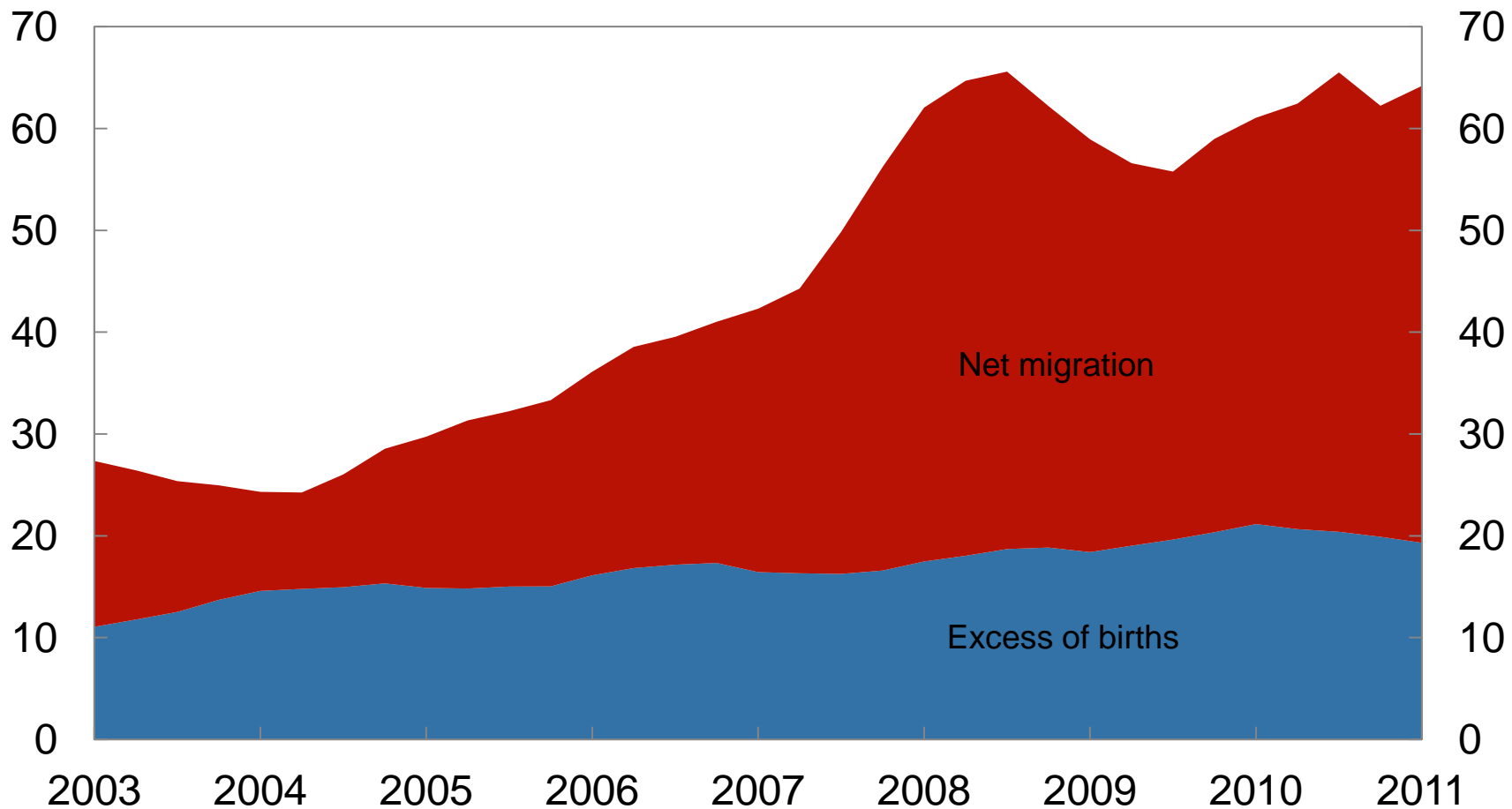
1) Projections 6 months ahead from January 2011

2) Projections for 2011 Q1–2011 Q4 from *Monetary Policy Report 1/11* (broken line)

Sources: Statistics Norway and Norges Bank

Population growth

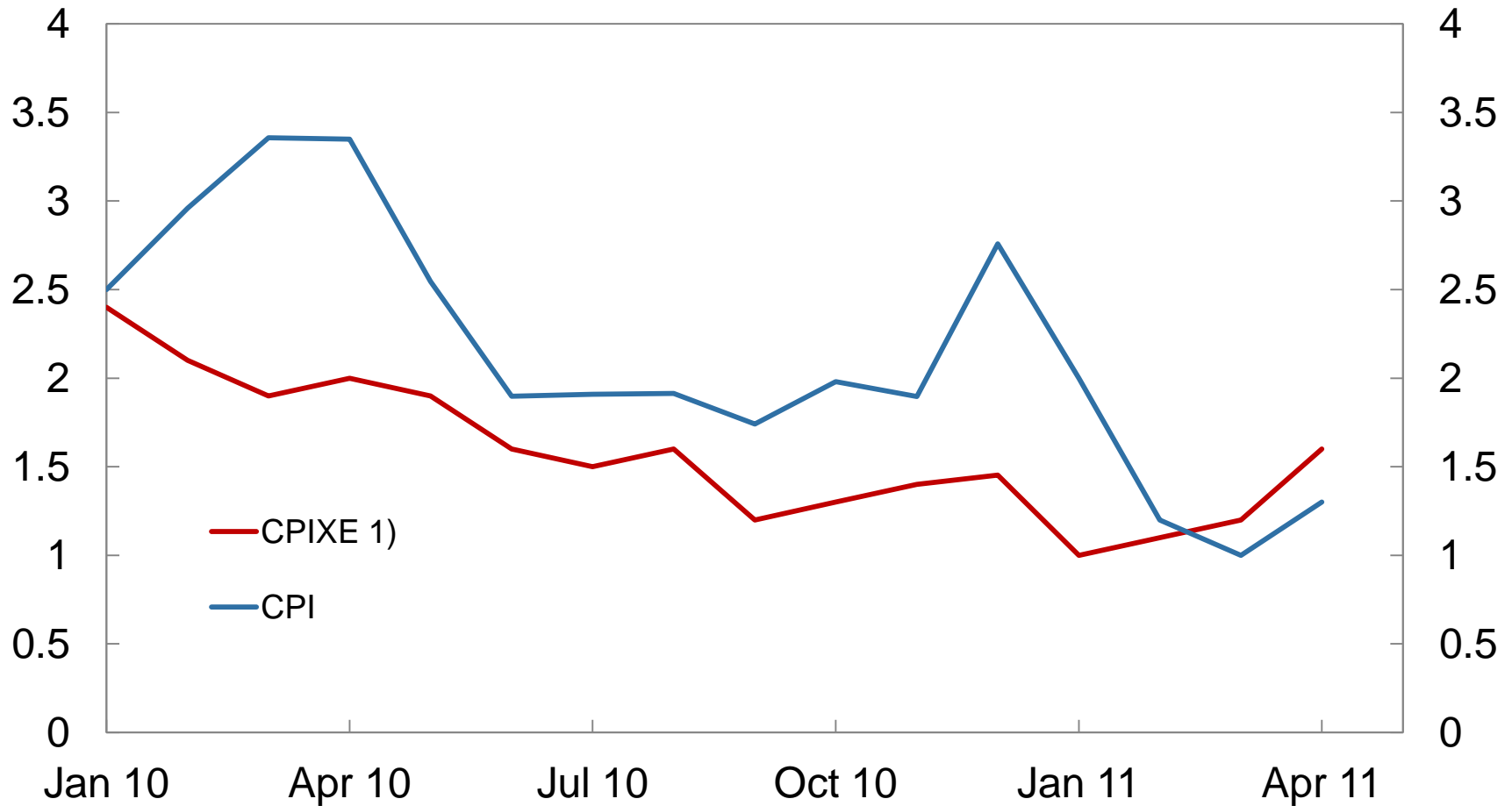
Sum of four previous quarters. 1000 persons. 2003 Q1–2011 Q1



Sources: Statistics Norway and Norges Bank

Consumer prices

12-month change. Per cent. January 2010–April 2011

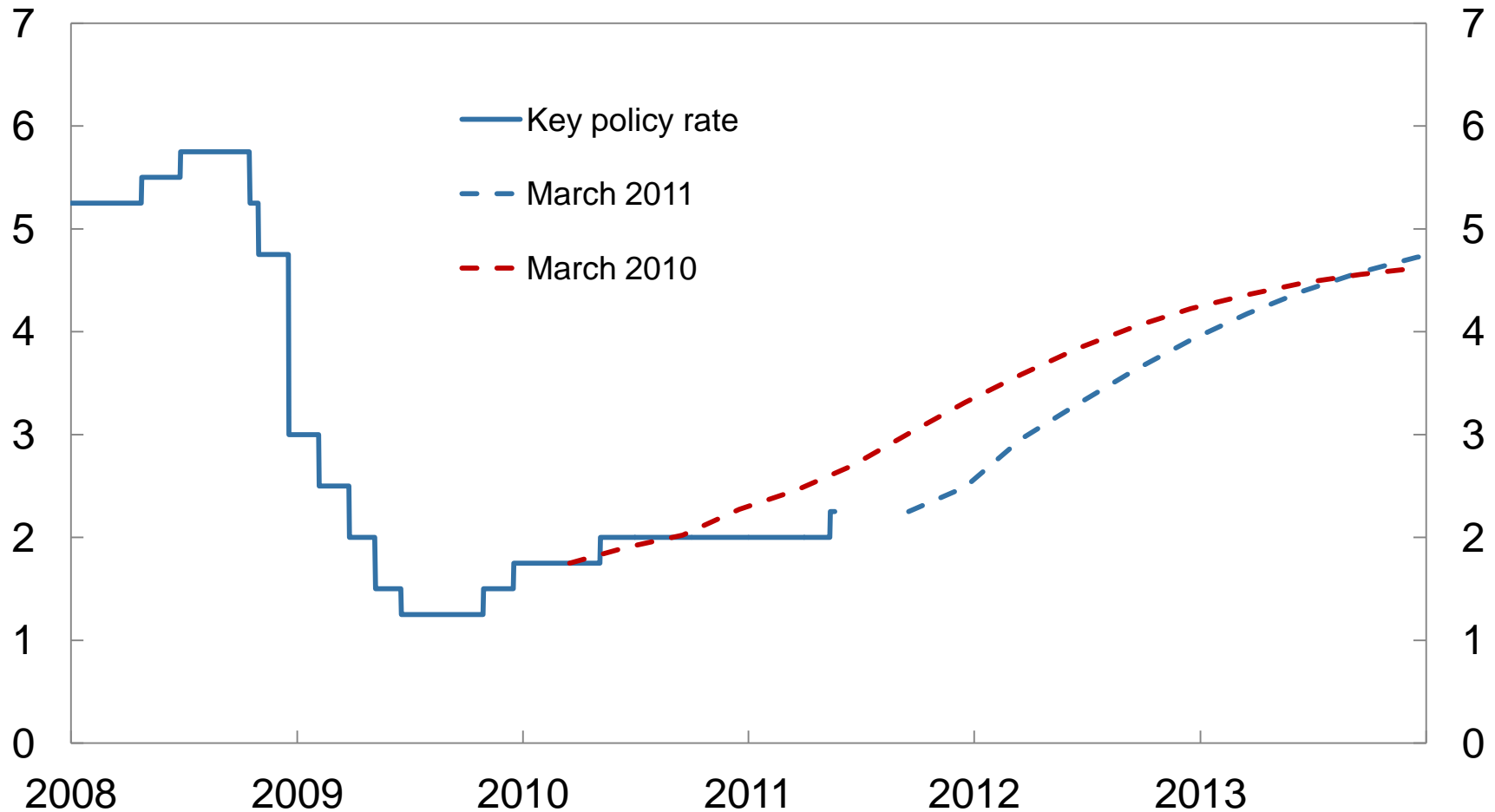


1) CPI adjusted for tax changes and excluding temporary changes in energy prices.

Sources: Statistics Norway and Norges Bank

Key policy rate. Actual and projected

Per cent. January 2008–December 2013

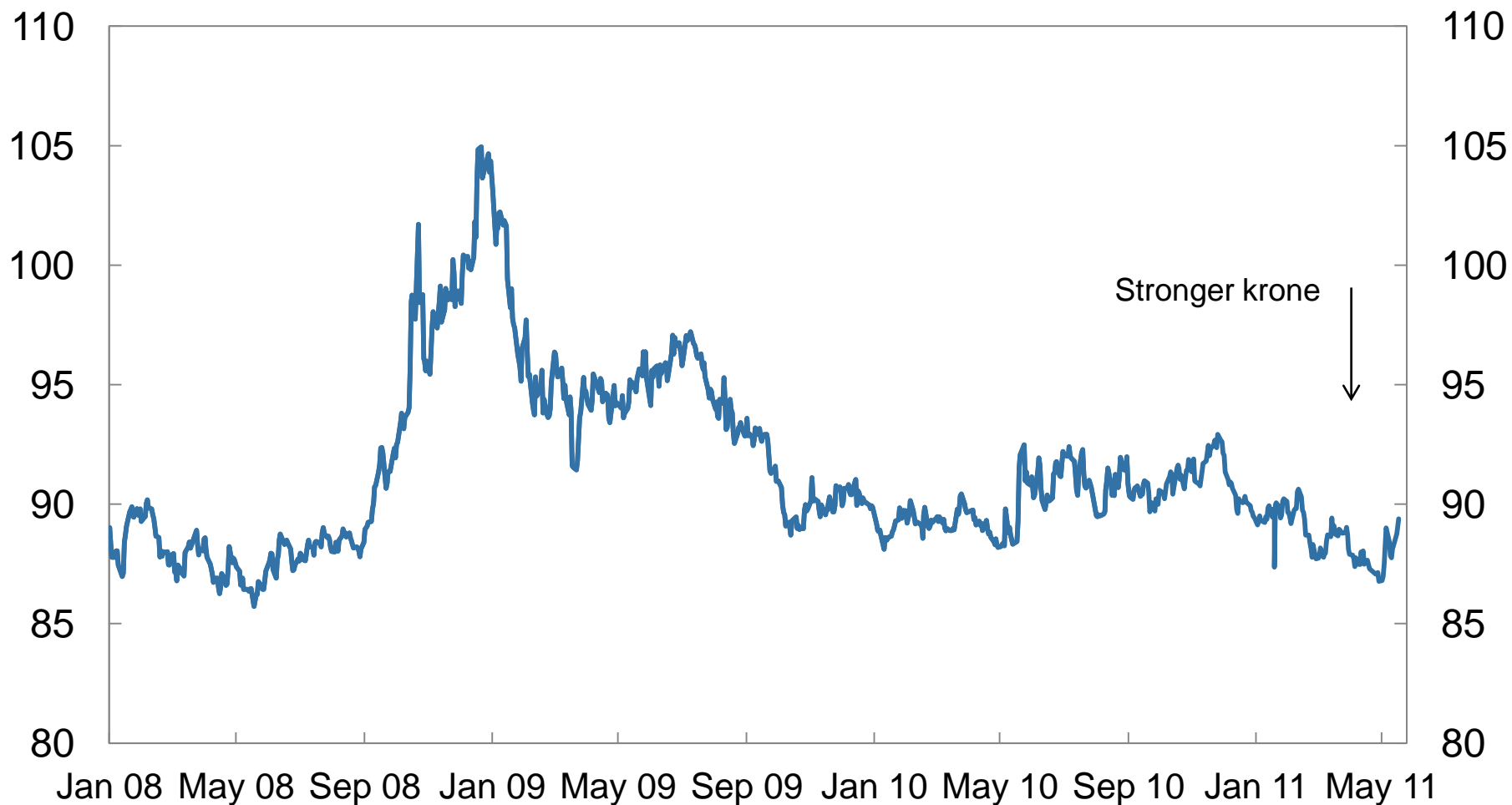


Source: Norges Bank

Krone exchange rate

The import-weighted exchange rate index (I-44)

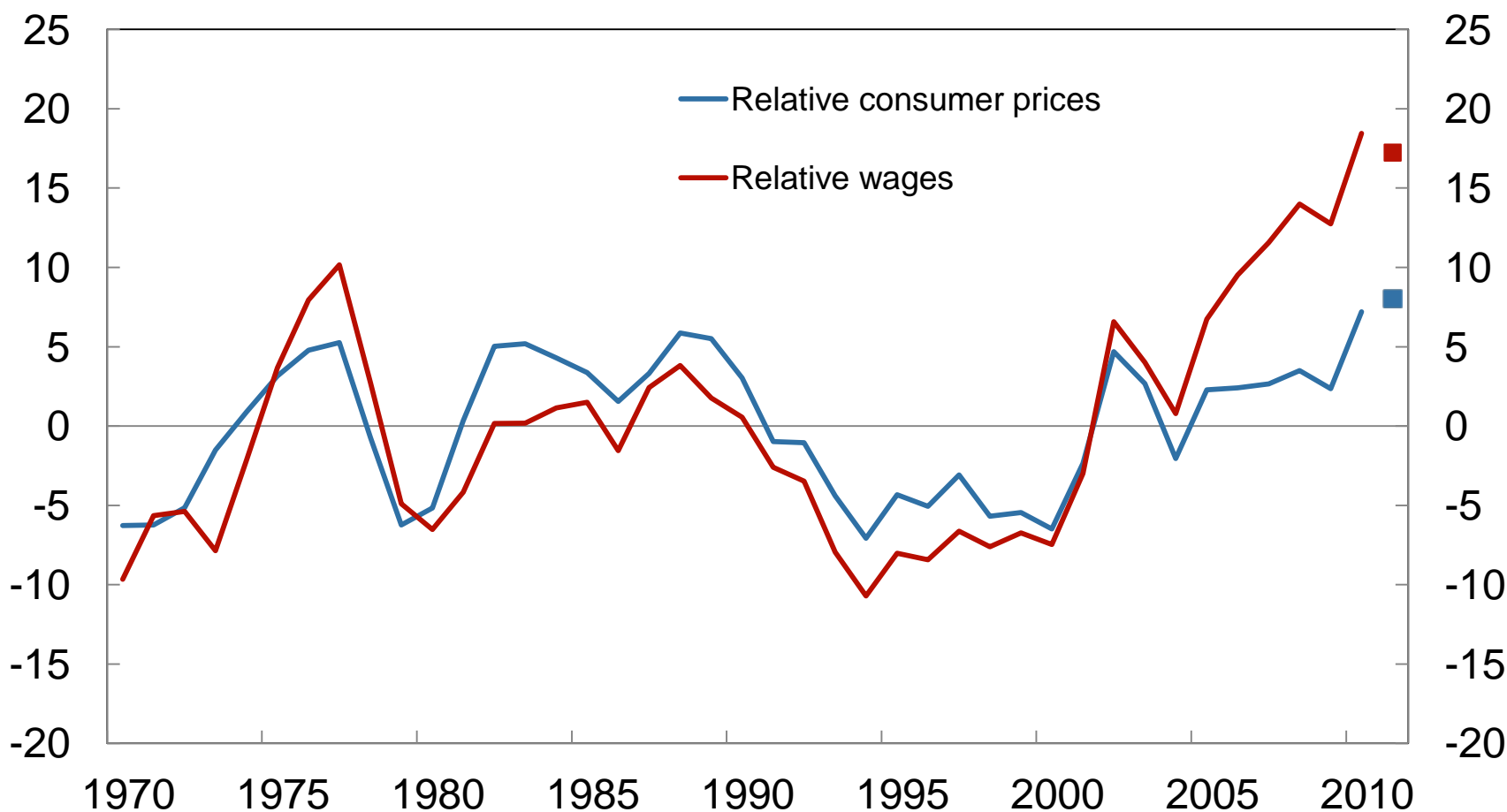
1 January 2008–18 May 2011



Source: Norges Bank

Price and cost levels relative to trading partners

Per cent. Deviation from mean over the period 1970–2010. 1970–2011¹⁾

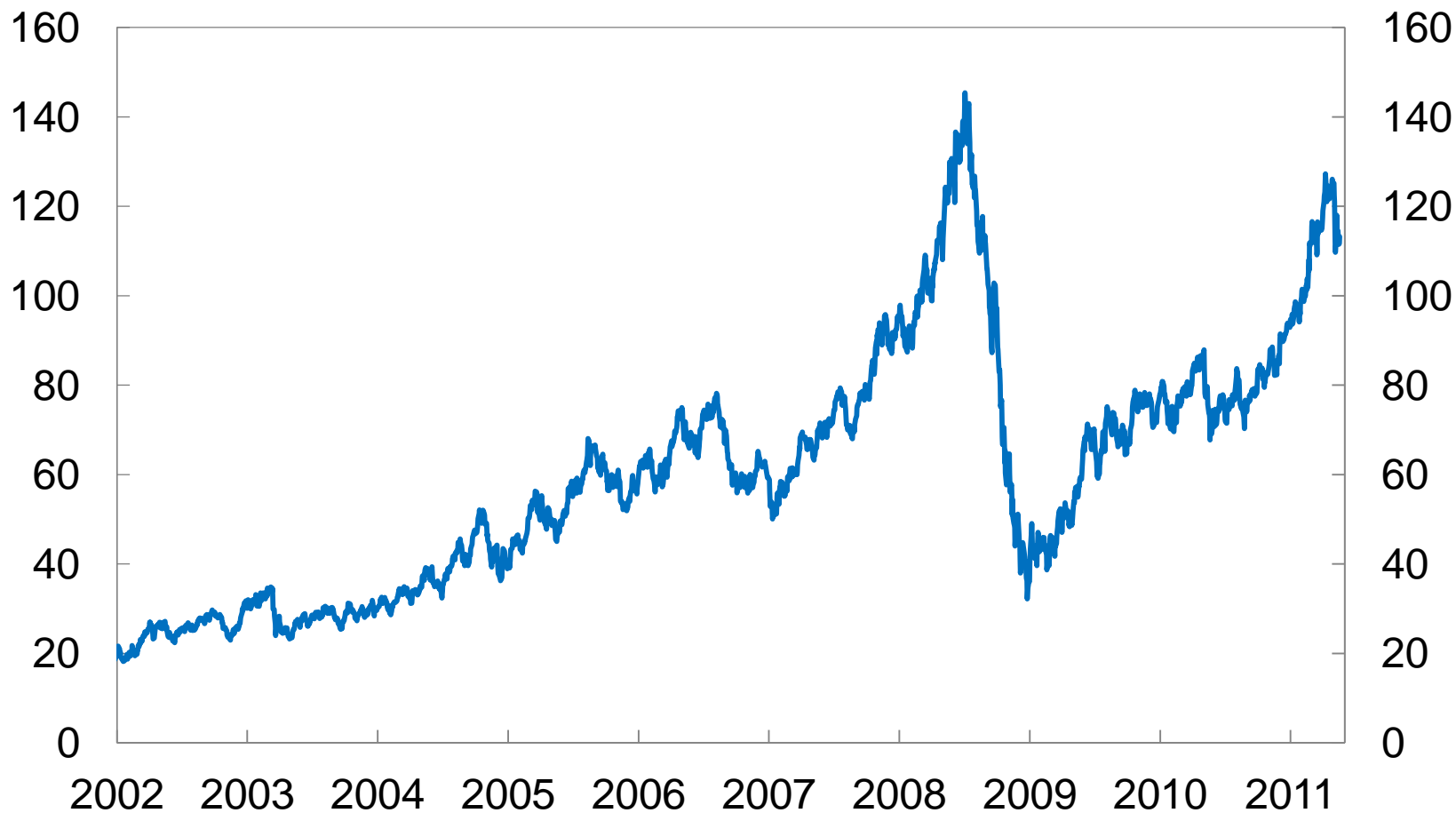


1) The squares show the average so far in 2011. A rising curve indicates weaker competitiveness

Sources: Statistics Norway, Technical Reporting Committee on Income Settlements, Ministry of Finance and Norges Bank

Oil price (Brent Blend)

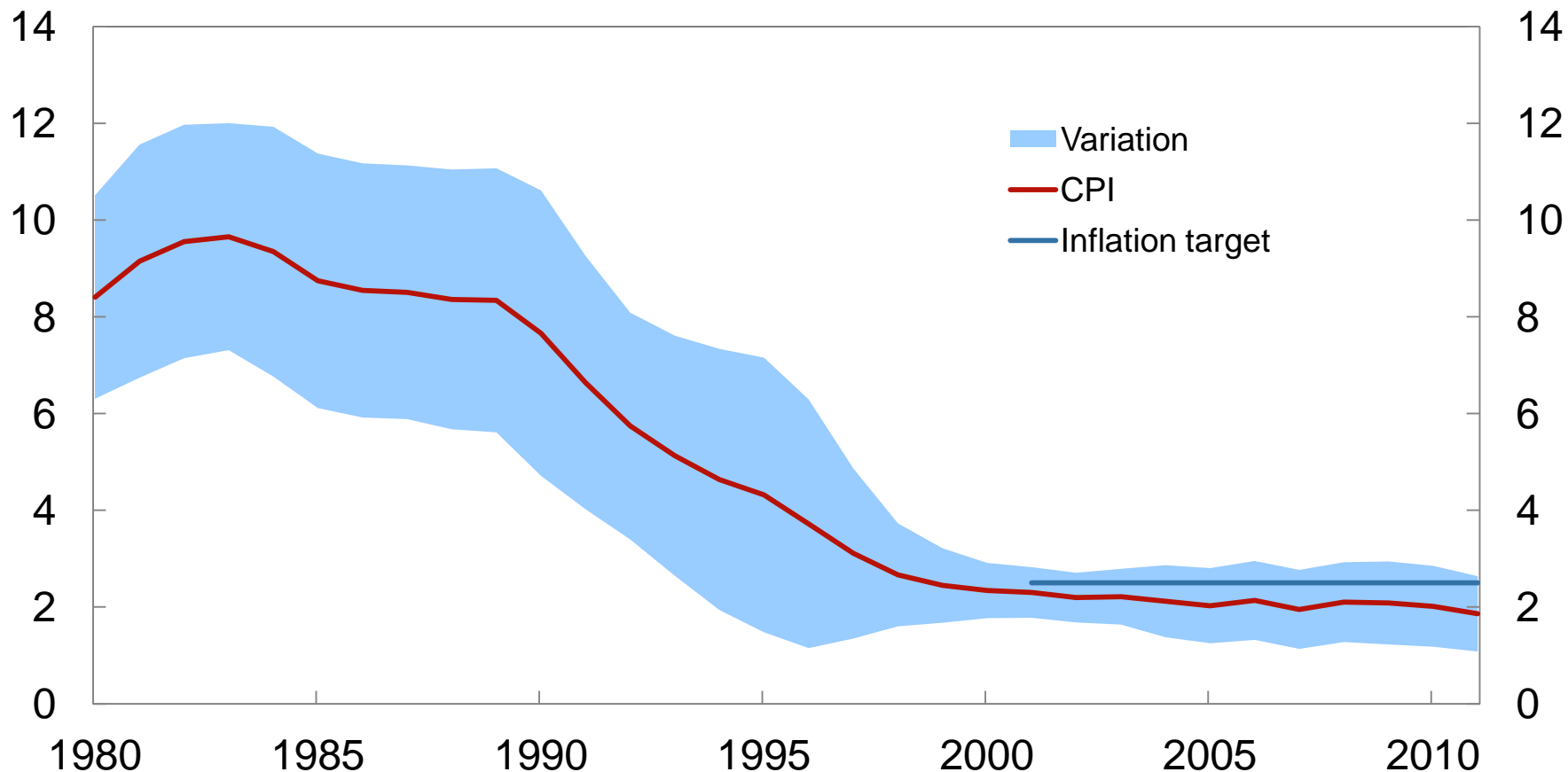
USD/barrel. Daily figures. 1 January 2002–18 May 2011



Source: Thomson Reuters

Inflation

Moving 10-year average¹⁾ and variation²⁾ in CPI³⁾. Per cent. 1980–2011



1) The moving average is calculated 10 years back

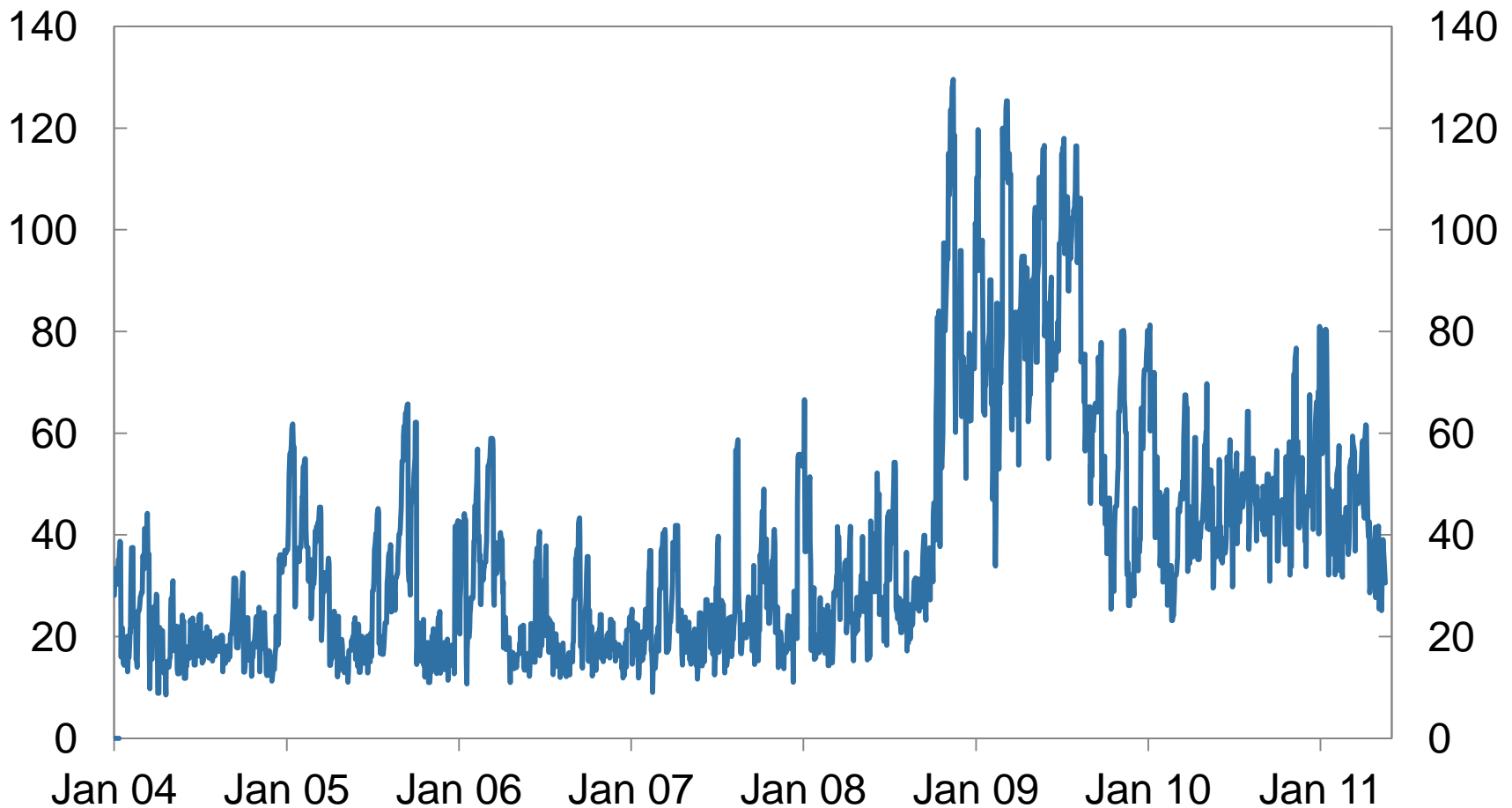
2) The band around the CPI is the variation in the CPI adjusted for tax changes and excluding energy products in the average period, measured by +/- one standard deviation

3) Estimate based on CPI projections from *Monetary Policy Report 1/11*

Sources: Statistics Norway and Norges Bank

Surplus liquidity in the banking system

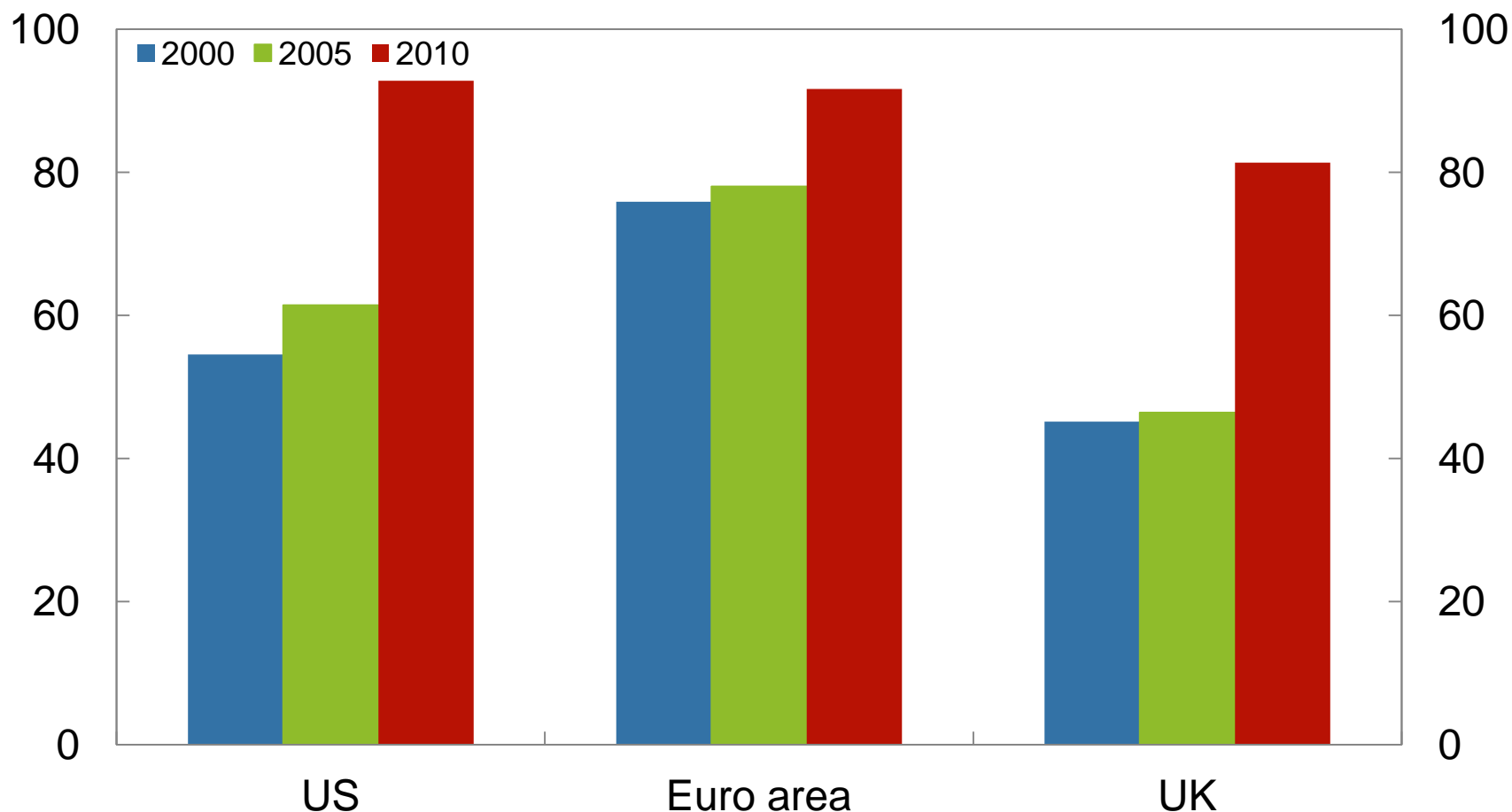
In billions of NOK. 1 January 2004–18 May 2011



Source: Norges Bank

General government gross debt

As percentage of GDP. 2000, 2005 and 2010¹⁾

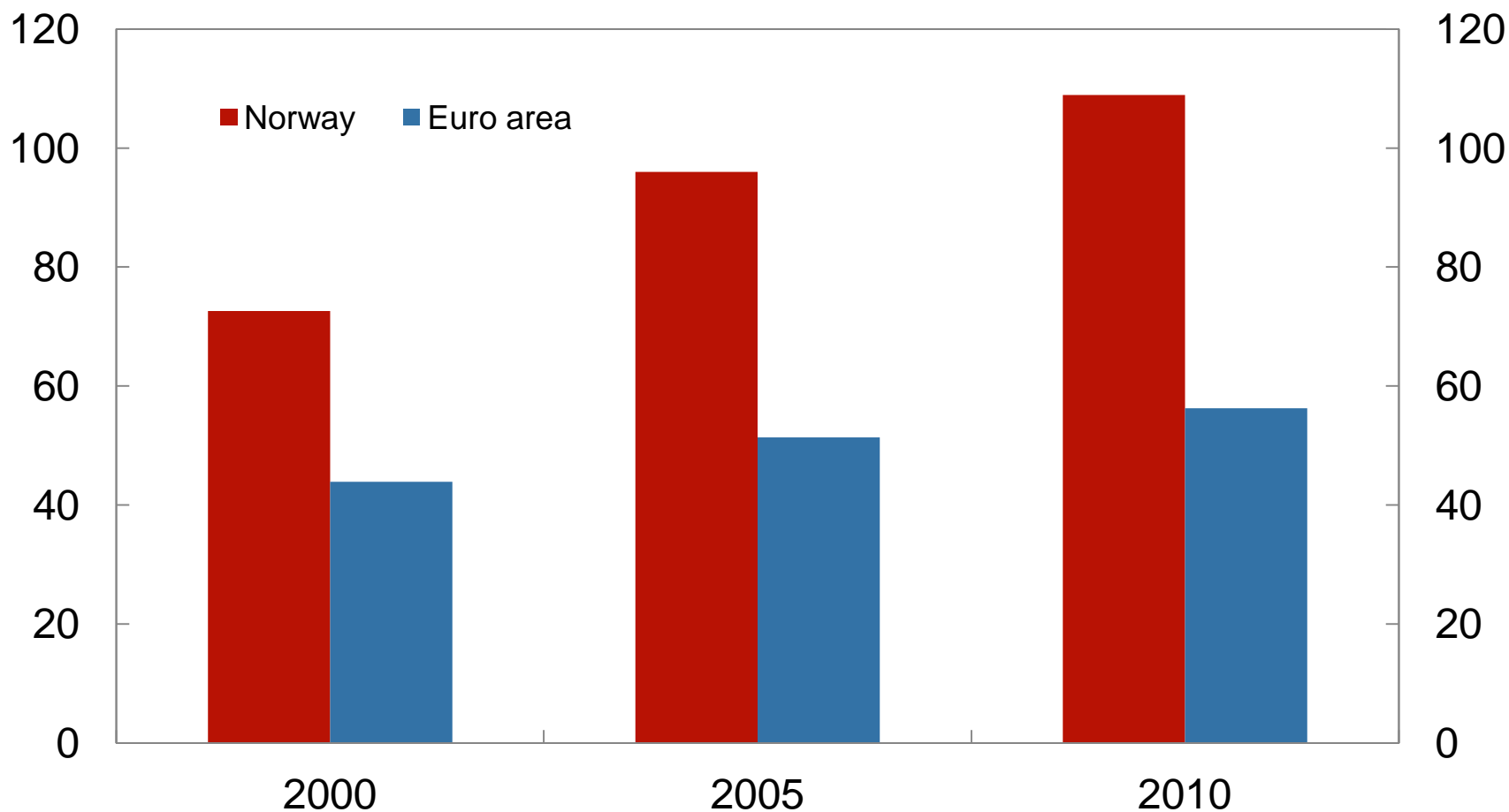


¹⁾ OECD projections for 2010

Source: OECD Economic Outlook 88

Household debt

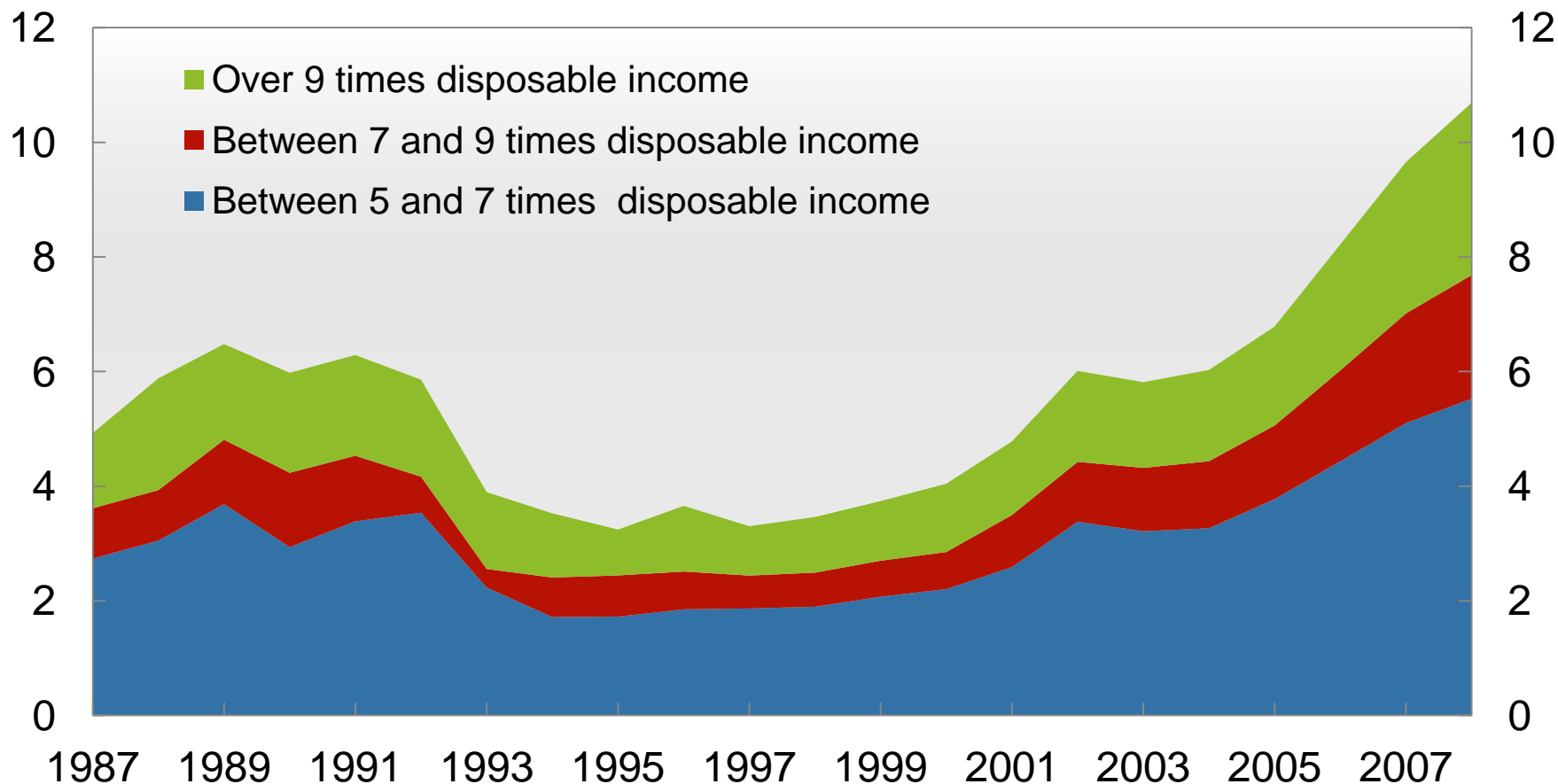
As percentage of GDP



Sources: ECB, Thomson Reuters, Statistics Norway and Norges Bank

Level of debt high for many households

Percentage of private households¹⁾ with net debt²⁾ over 5 times disposable income. Annual figures. 1987–2008



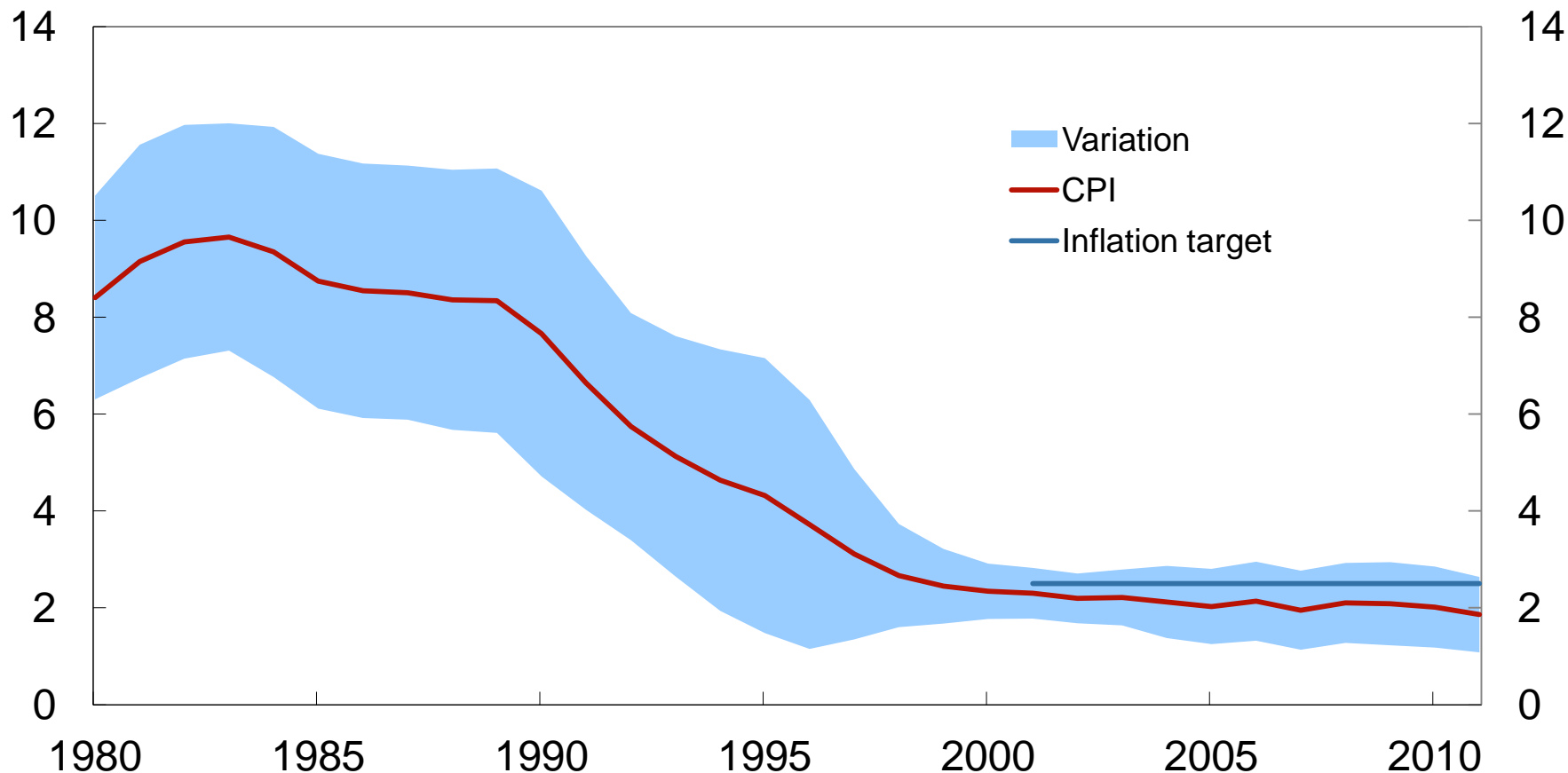
1) Excl. self-employed

2) Net debt equals debt minus bank deposits

Sources: Statistics Norway and Norges Bank

Inflation

Moving 10-year average¹⁾ and variation²⁾ in CPI³⁾. Per cent. 1980–2011



1) The moving average is calculated 10 years back

2) The band around the CPI is the variation in the CPI adjusted for tax changes and excluding energy products in the average period, measured by +/- one standard deviation

3) Estimate based on CPI projections from *Monetary Policy Report 1/11*

Sources: Statistics Norway and Norges Bank

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