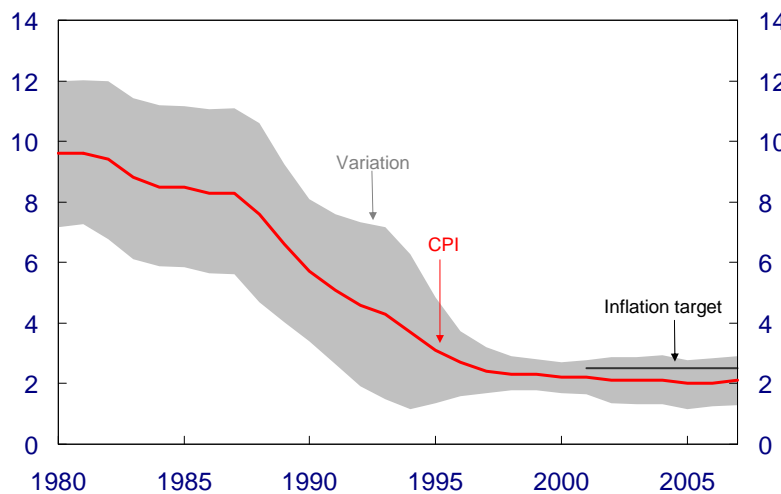


The conduct of monetary policy

Introductory statement by Governor Svein Gjedrem
at the hearing before the Standing Committee on
Finance and Economic Affairs of the Storting,
Oslo, 22 May 2008

Inflation

Moving 10-year average¹⁾ and variation²⁾ in CPI. Per cent. 1980 - 2007³⁾



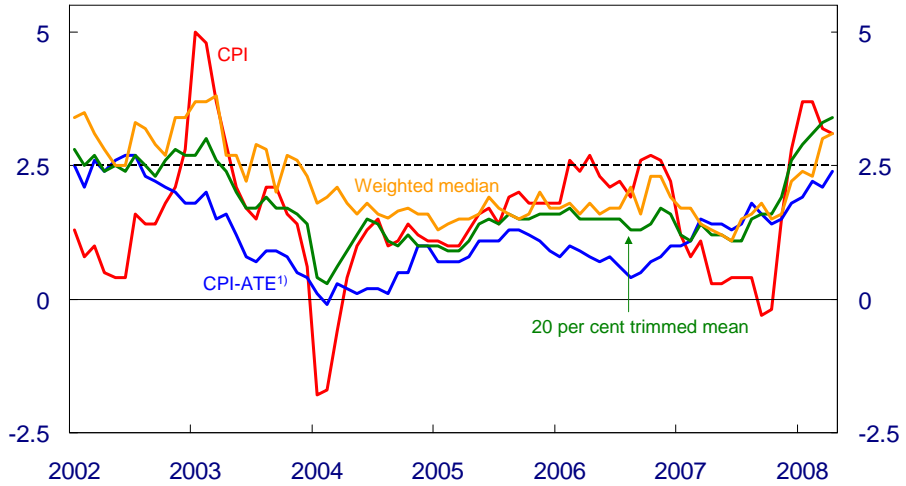
¹⁾ The moving average is calculated 7 years back and 2 years ahead.

²⁾ The band around 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⁾ Projections for 2008 and 2009 from MPR 1/08 form the basis for this estimate.

Sources: Statistics Norway and Norges Bank ²

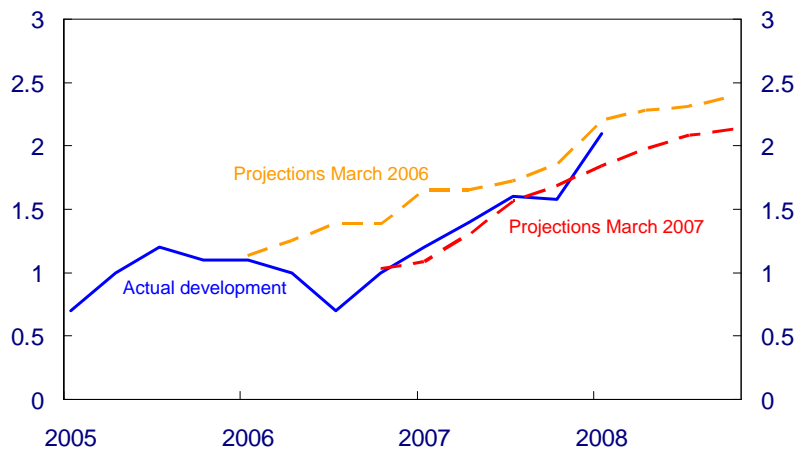
Inflation indicators 12-month change. Per cent



¹) CPI-ATE: CPI adjusted for tax changes and excluding energy products.

Source: Statistics Norway 3

CPI-ATE¹) 4-quarter change. Per cent

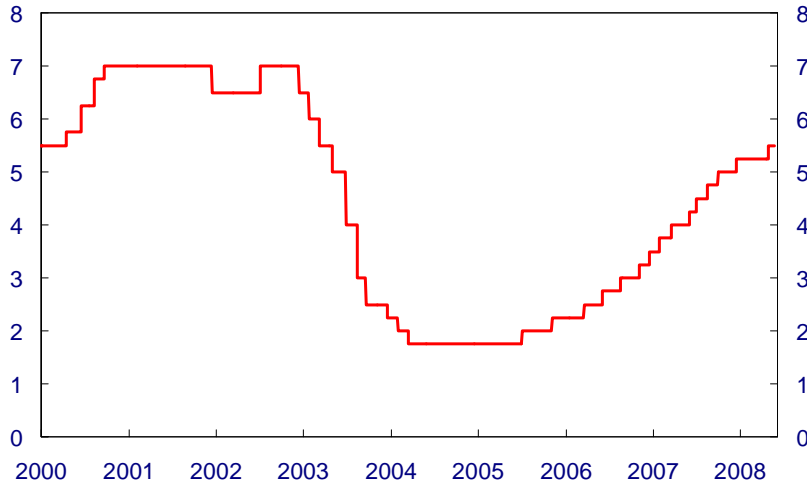


¹) CPI-ATE: CPI adjusted for tax changes and excluding energy products.

Sources: Statistics Norway and Norges Bank 4

Norges Bank's key policy rate

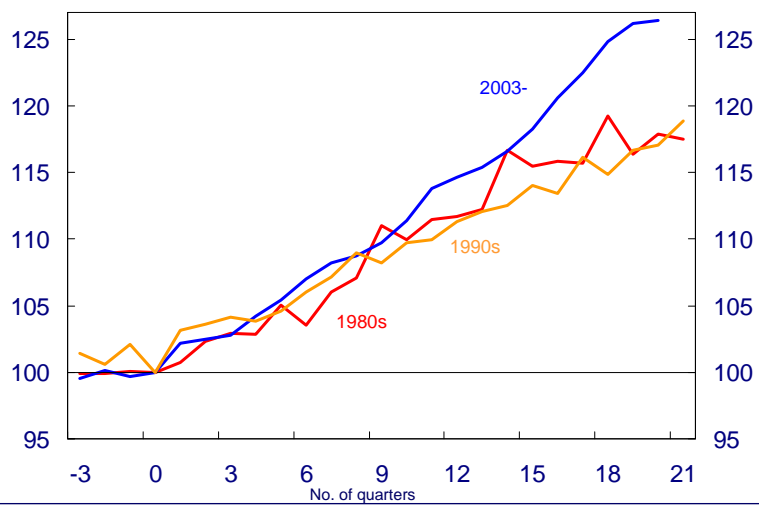
Per cent



Source: Norges Bank 5

Mainland GDP

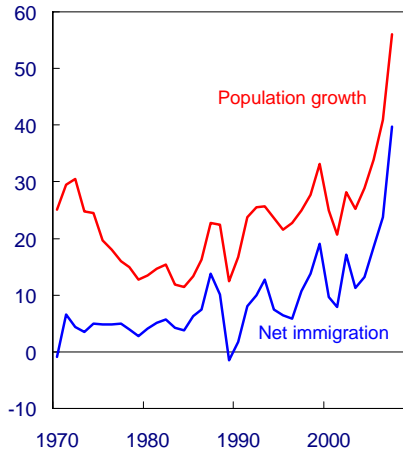
Developments after the start of a cyclical upturn. Seasonally adjusted. Index. Quarter 0=100



Sources: Statistics Norway and Norges Bank 6

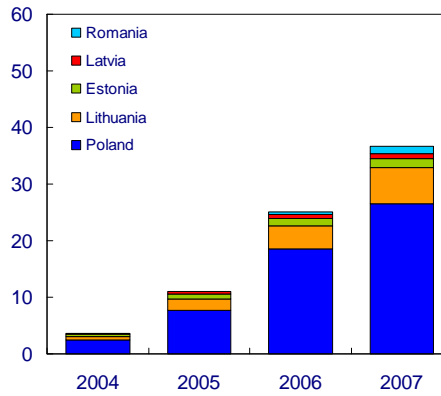
Population growth and net immigration

12-month change. In thousands



Registered employed from new EU countries

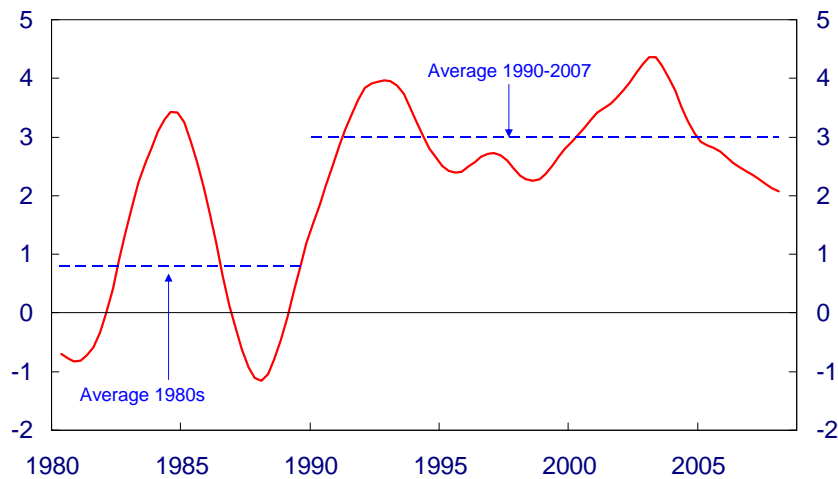
In thousands



Sources: Statistics Norway and the Central Office - Foreign Tax Affairs 7

Productivity growth¹⁾

Trend. Annual growth in per cent



¹⁾ The business sector in mainland Norway excl. the public sector, export industry, power supply and housing services.

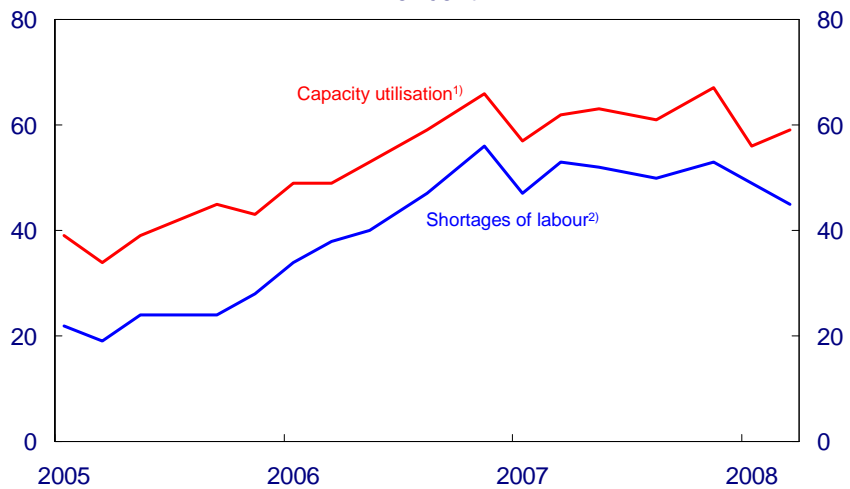
Sources: Statistics Norway and Norges Bank 8

Terms of trade Index, 1995 = 100



Sources: Statistics Norway and Norges Bank 9

Capacity utilisation – Norges Bank's regional network Per cent

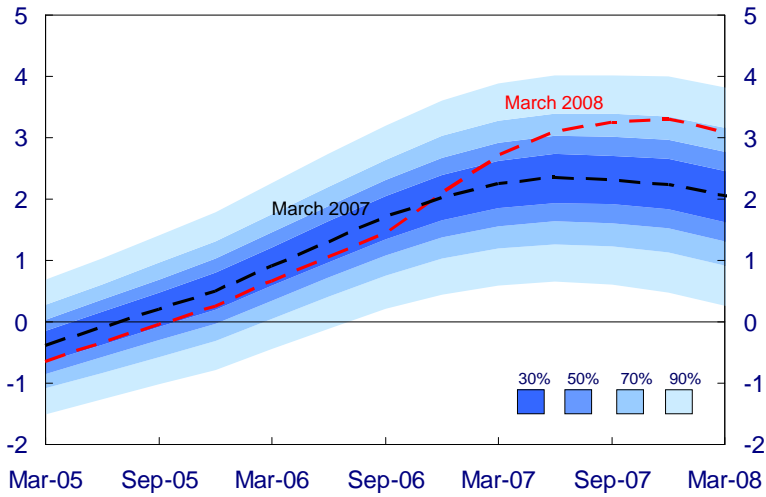


¹⁾ Share reporting that they would have some or considerable difficulty in accommodating an increase in demand.
²⁾ Share who respond that the supply of labour will be a limiting factor for output/turnover.

Source: Norges Bank 10

Capacity utilisation – the output gap

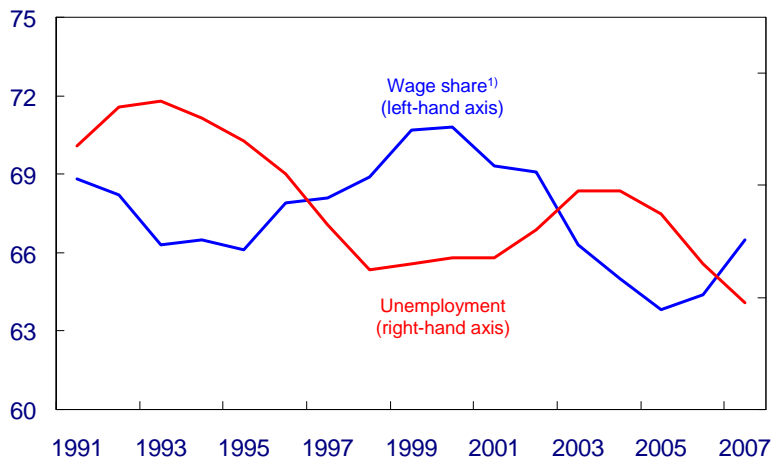
Fan charts as of March 2007. Per cent



Source: Norges Bank ¹¹

The labour market

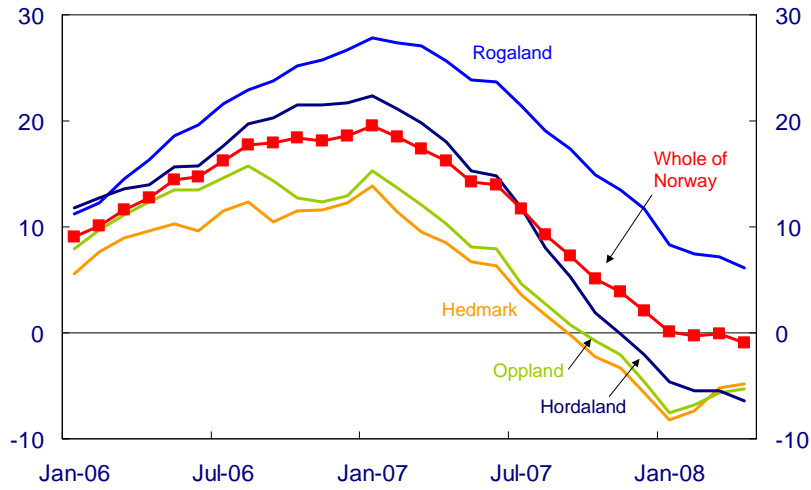
Per cent



¹⁾ Wages as a share of factor income in market-oriented mainland enterprises.

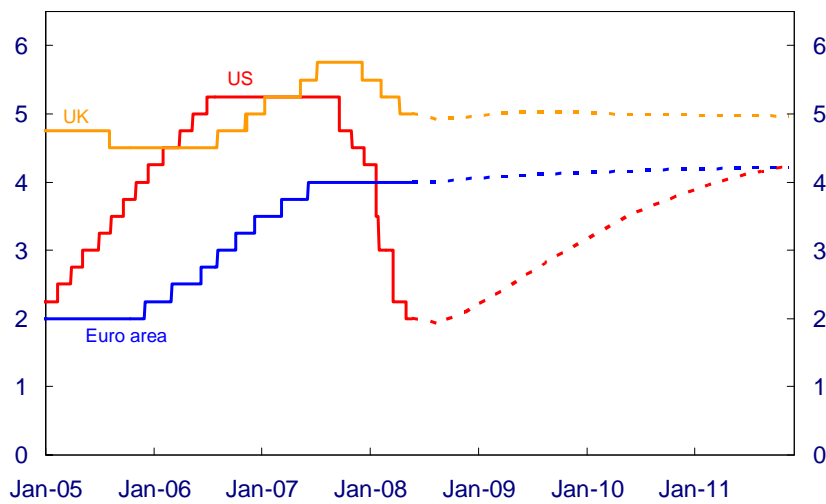
Sources: Norwegian Labour and Welfare Administration (NAV), Technical Reporting Committee on Income Settlements (TBU) and Norges Bank ¹²

Regional house prices 12-month rise. Per cent



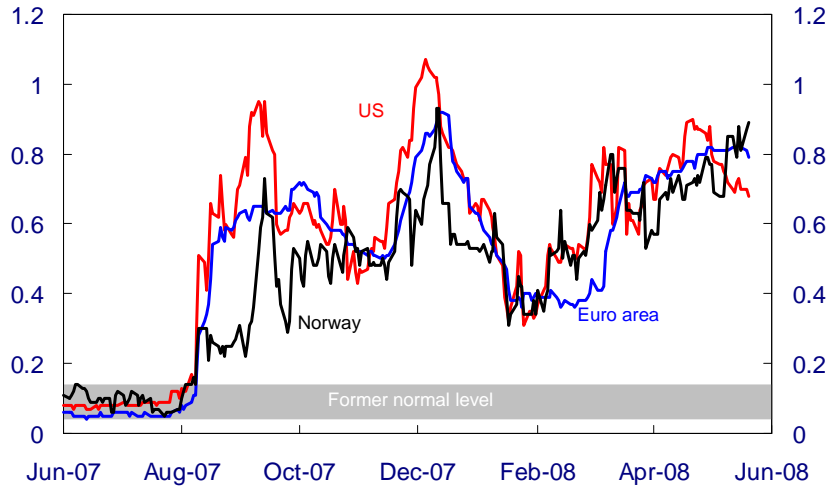
Sources: Norwegian Association of Real Estate Agents, Association of Real Estate Agency Firms, FINN.no, ECON Pöyry, Statistics Norway and Norges Bank ¹³

Policy rates and estimated forward rates at 20 May 2008. Per cent



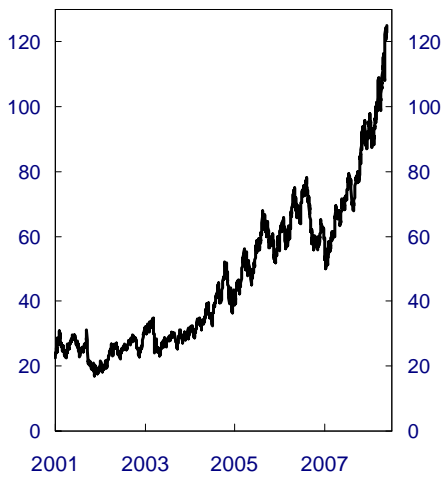
Sources: Thomson Reuters and Norges Bank ¹⁴

Spread between money market rates and expected key policy rates 3-month maturity. Percentage points

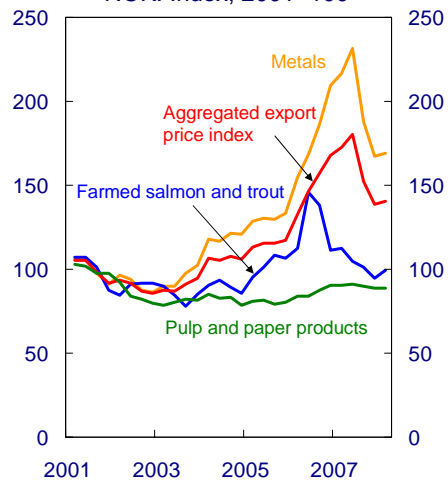


Sources: Bloomberg, Thomson Reuters 15 and Norges Bank

Oil price Brent Blend in USD per barrel



Price indices¹⁾ for Norwegian exports NOK. Index, 2001=100

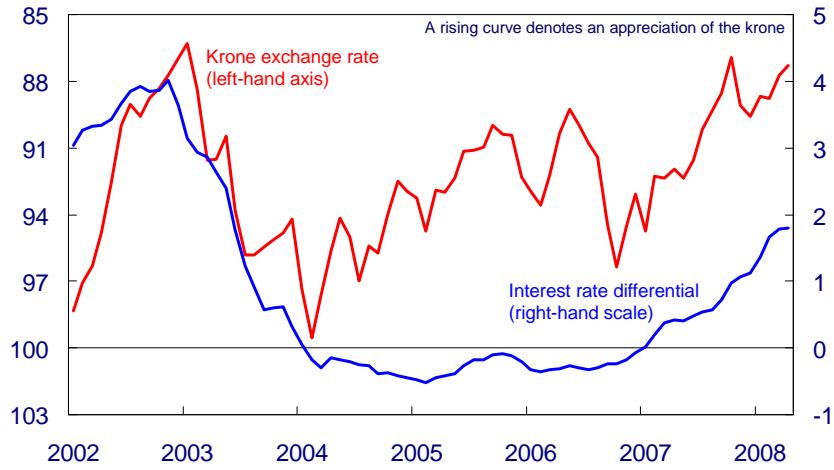


¹⁾ Norges Bank's estimates based on world market prices.

Sources: Thomson Reuters, Statistics Norway 16 and Norges Bank

Interest rate differential¹⁾ and krone exchange rate²⁾

Per cent and index

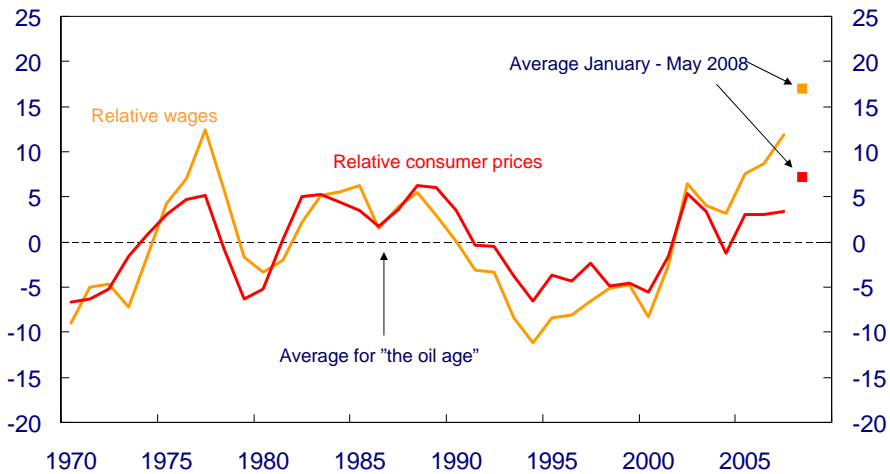


¹⁾ Three-month interest rate differential.
²⁾ Import-weighted index (I-44), 1995 = 100.

Sources: Bloomberg, Thomson Reuters and Norges Bank 17

Real exchange rates

Deviation from mean 1970-2008. Per cent¹⁾

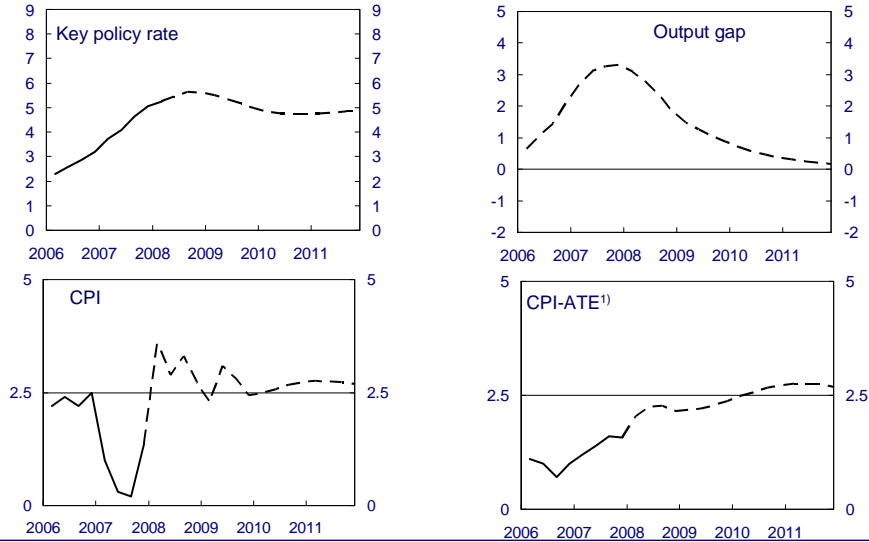


¹⁾ Data for 2008 are based on data up to 20 May.

Sources: Statistics Norway, Technical Reporting Committee on Income Settlements (TBU), Ministry of Finance and Norges Bank 18

Baseline scenario in MPR 1/08

Per cent

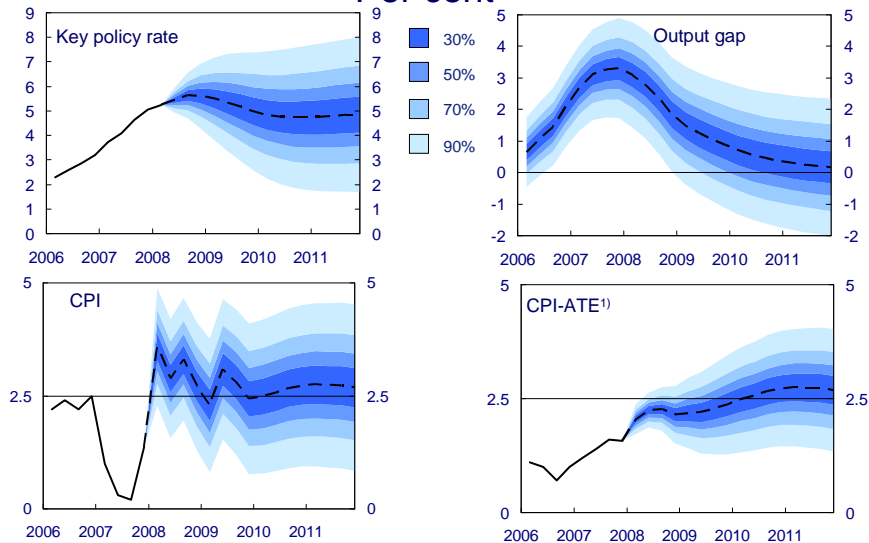


¹⁾ CPI-ATE: CPI adjusted for tax changes and excluding energy products.

Sources: Statistics Norway and Norges Bank 19

Baseline scenario in MPR 1/08

Per cent



¹⁾ CPI-ATE: CPI adjusted for tax changes and excluding energy products.

Sources: Statistics Norway and Norges Bank 20