



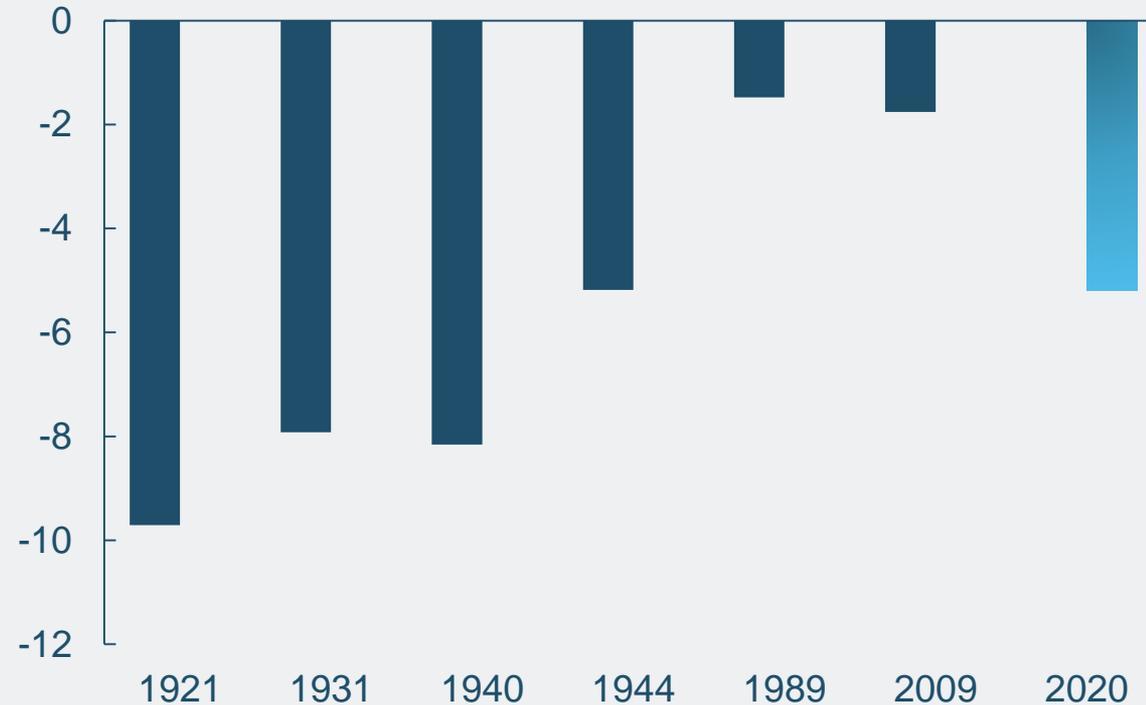
THE CONDUCT OF MONETARY POLICY

GOVERNOR ØYSTEIN OLSEN

19 May 2020

A historically deep decline

Growth in mainland GDP.¹⁾ Percent

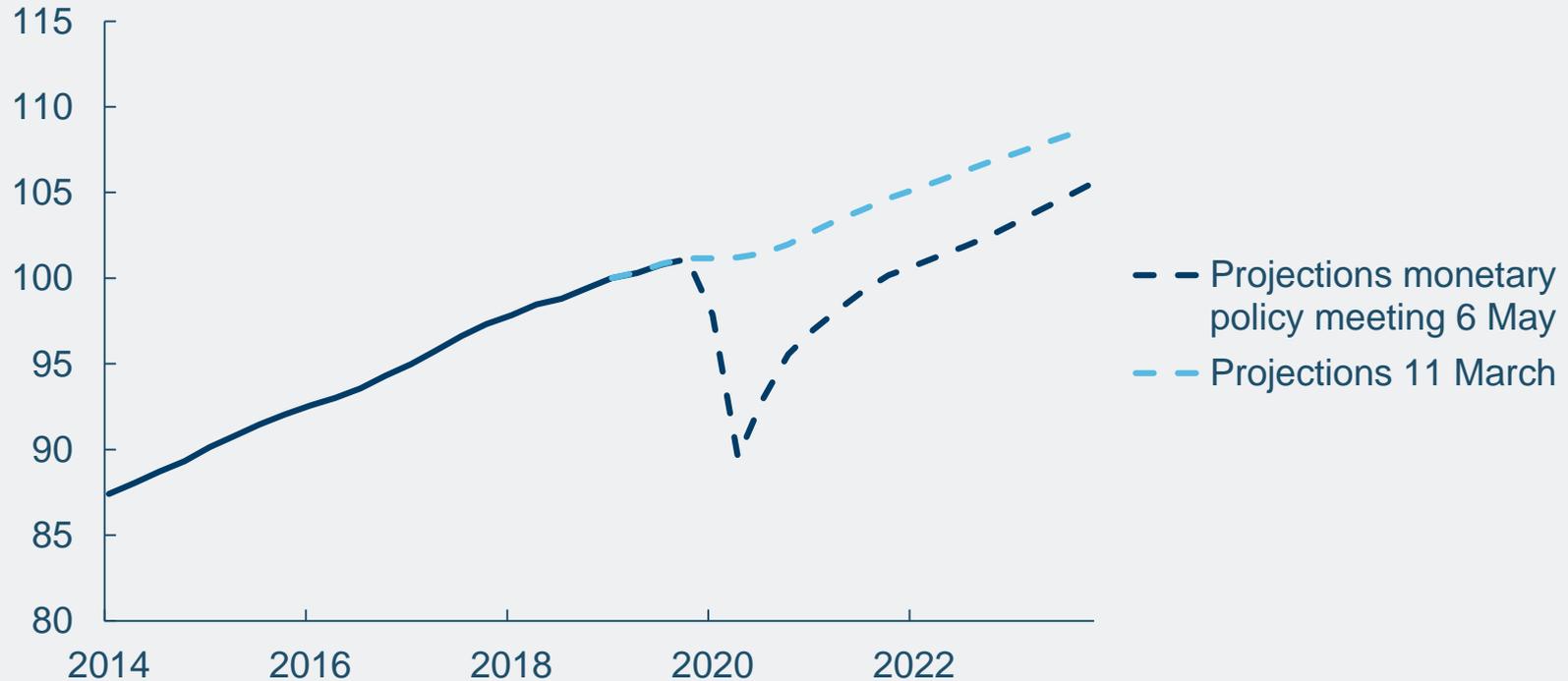


1) Projections for 2020 from *Monetary Policy Update, May 2020*.
Sources: Statistics Norway and Norges Bank



Abrupt and deep decline in the global economy

GDP trading partners.¹⁾ Index. 2019 Q1 = 100

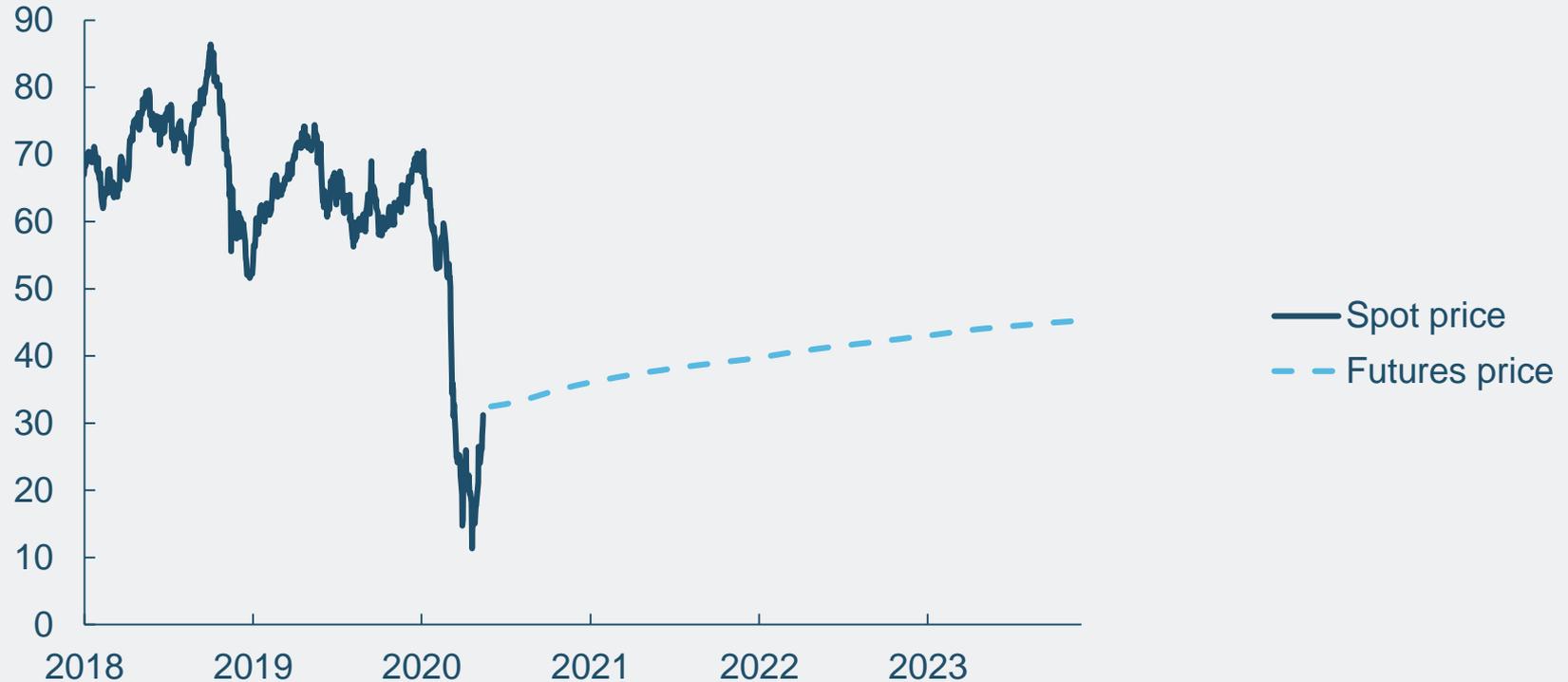


1) Projections from *Monetary Policy Report 1/20* and *Monetary Policy Update*, May 2020.
Sources: Refinitiv Datastream and Norges Bank



Marked fall in oil prices

USD per barrel. Futures price at 15 May 2020



Substantial krone depreciation

Import-weighted exchange rate index (I-44)

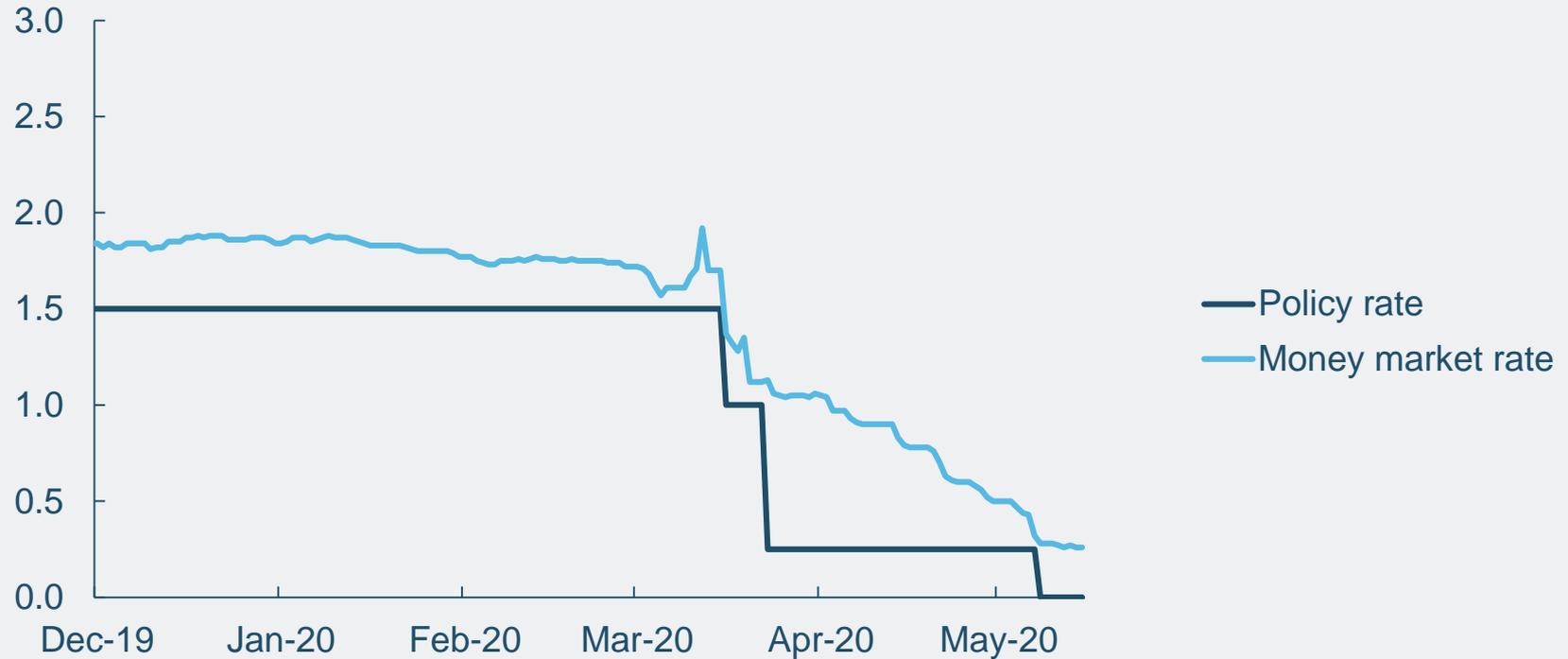


Source: Norges Bank



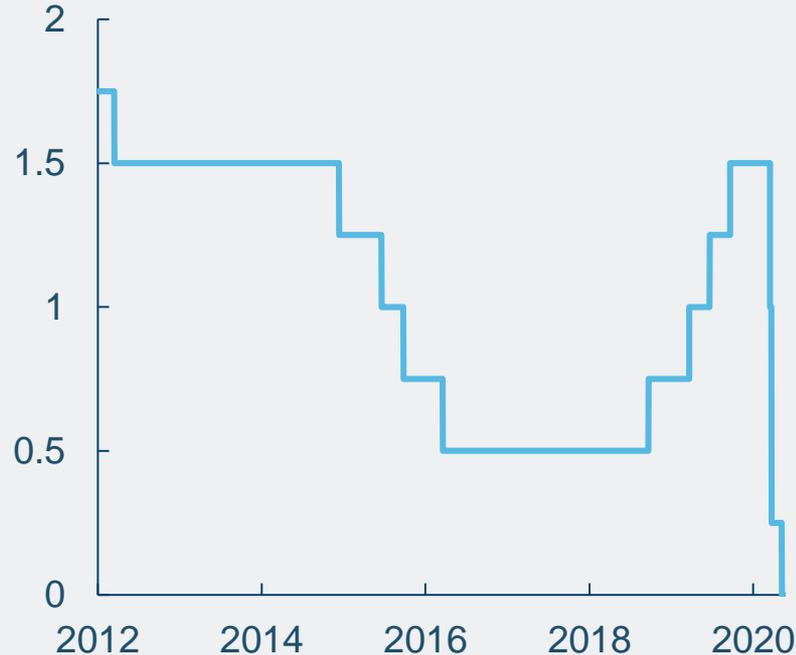
Money market turbulence

Money market rate (three-month Nibor) and policy rate. Percentage points



Policy rate reduced to zero

Norges Bank's policy rate



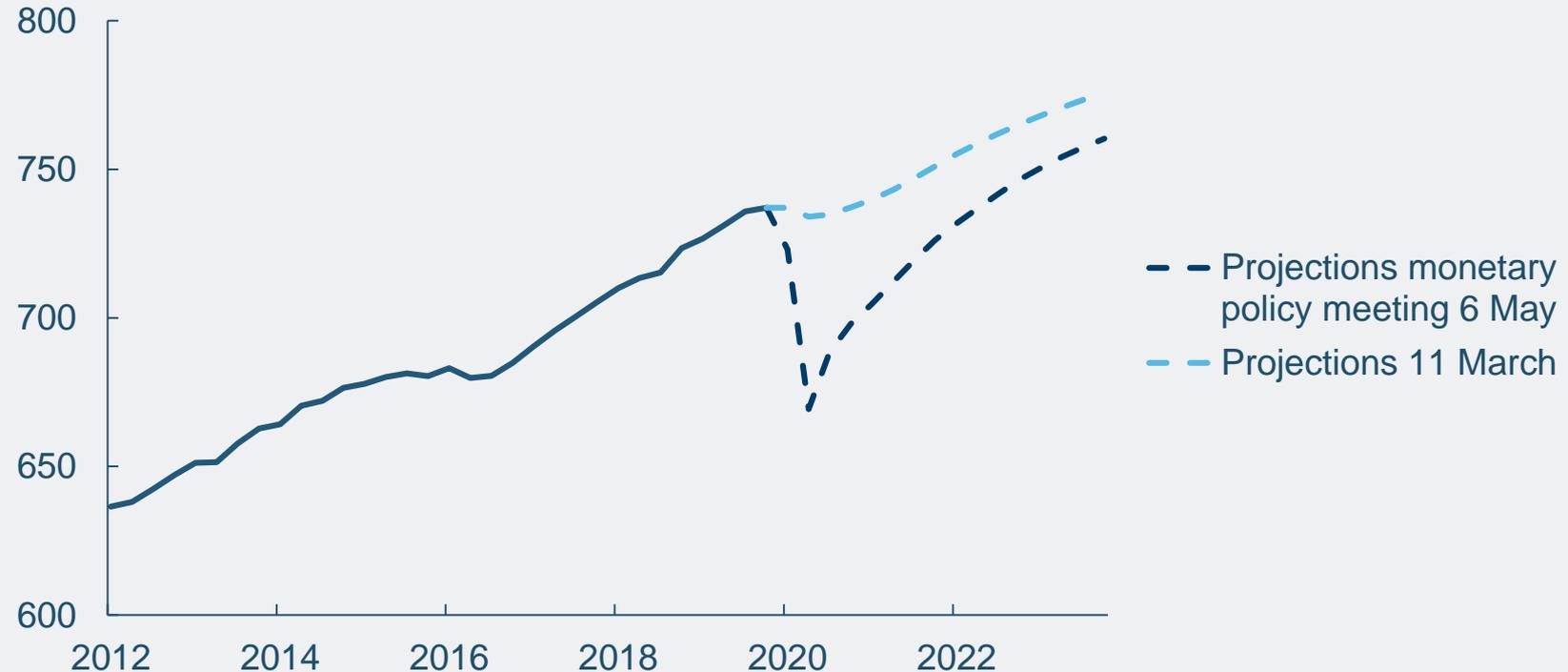
Monetary policy meeting, 6 May

- The outlook and the balance of risks imply a very expansionary monetary policy stance
- The policy rate is reduced to zero percent and will most likely remain at today's level for some time ahead
- The Committee does not envisage making further policy rate cuts



Activity will pick up gradually

Quarterly mainland GDP.¹⁾ In billions of NOK

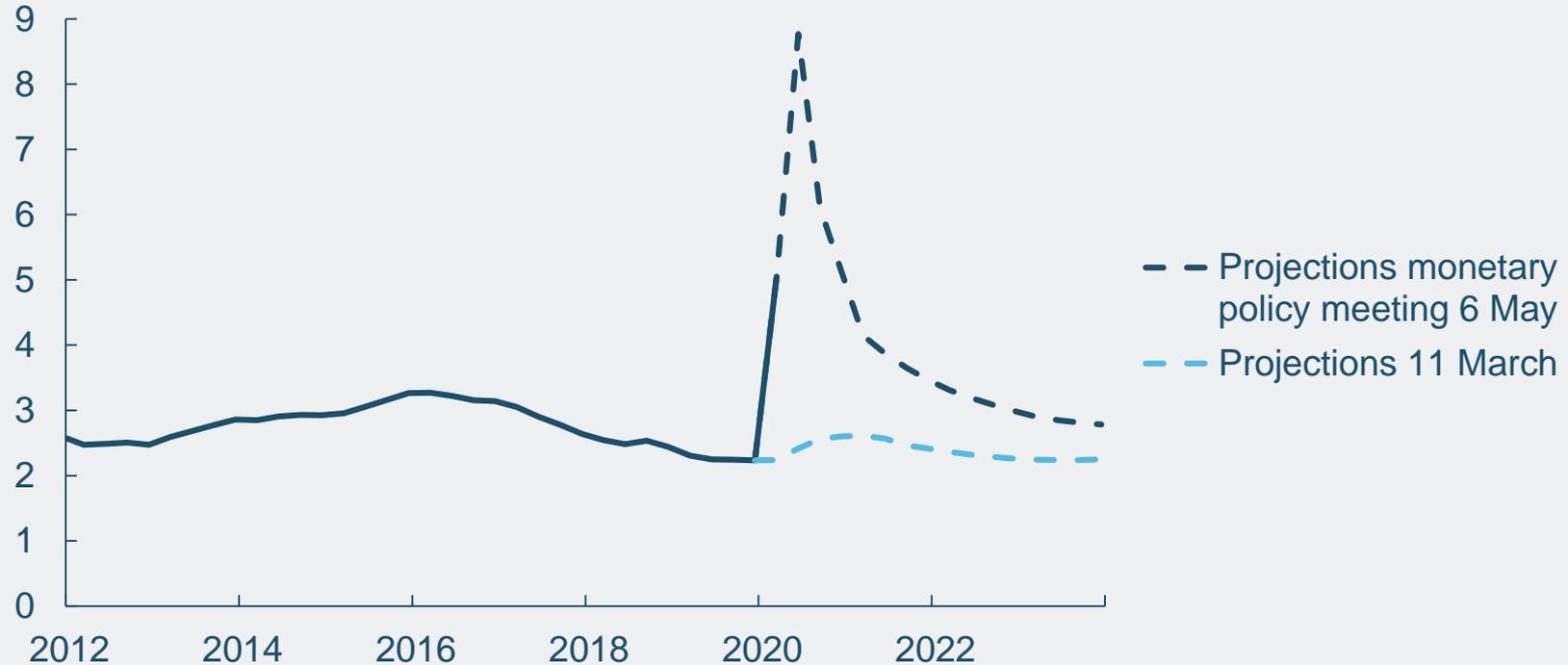


1) Projections from *Monetary Policy Report 1/20* and *Monetary Policy Update*, May 2020.
Sources: Statistics Norway and Norges Bank



Unemployment is expected to decline

Registered fully unemployed as share of the labour force.¹⁾ Percent

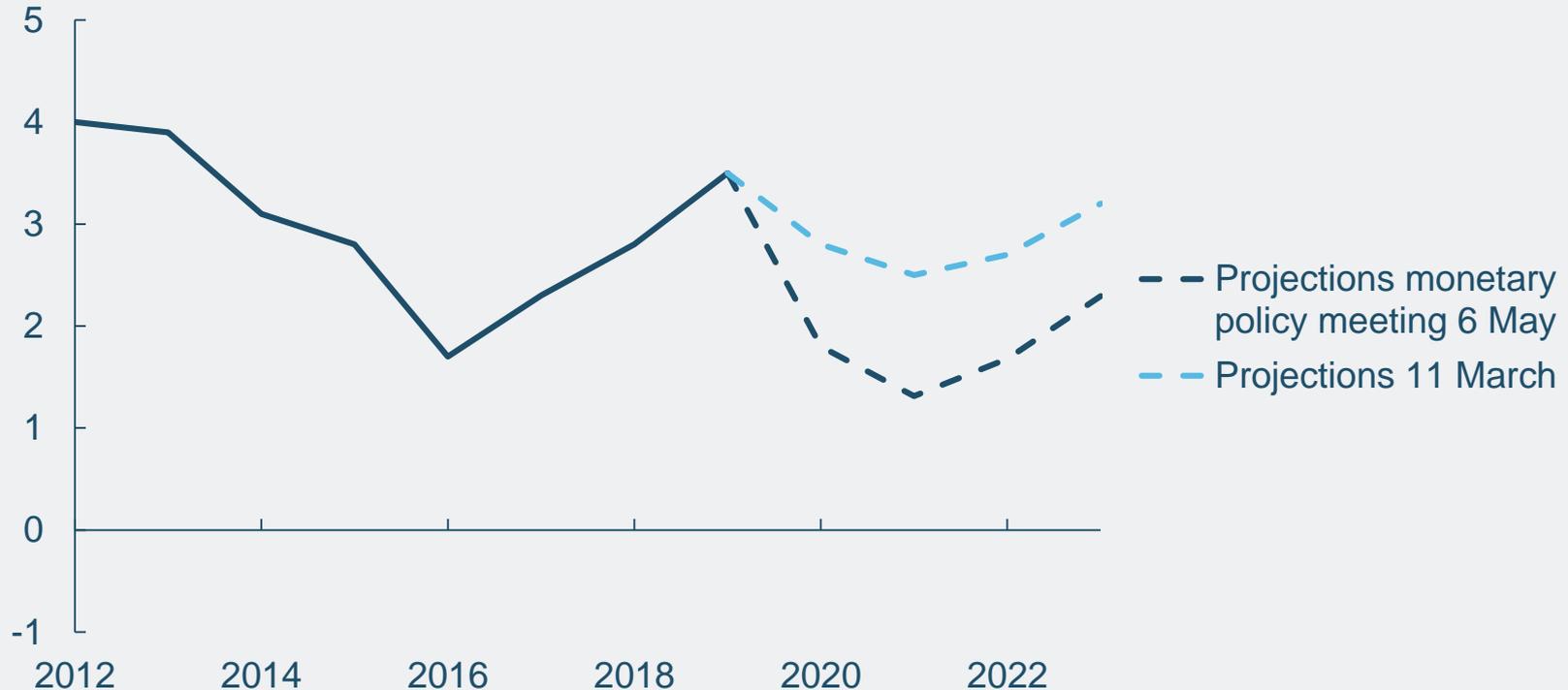


1) Projections from *Monetary Policy Report 1/20* and *Monetary Policy Update*, May 2020.
Sources: Norwegian Labour and Welfare Administration (NAV) and Norges Bank



Prospects for low wage growth

Annual change.¹⁾ Percent

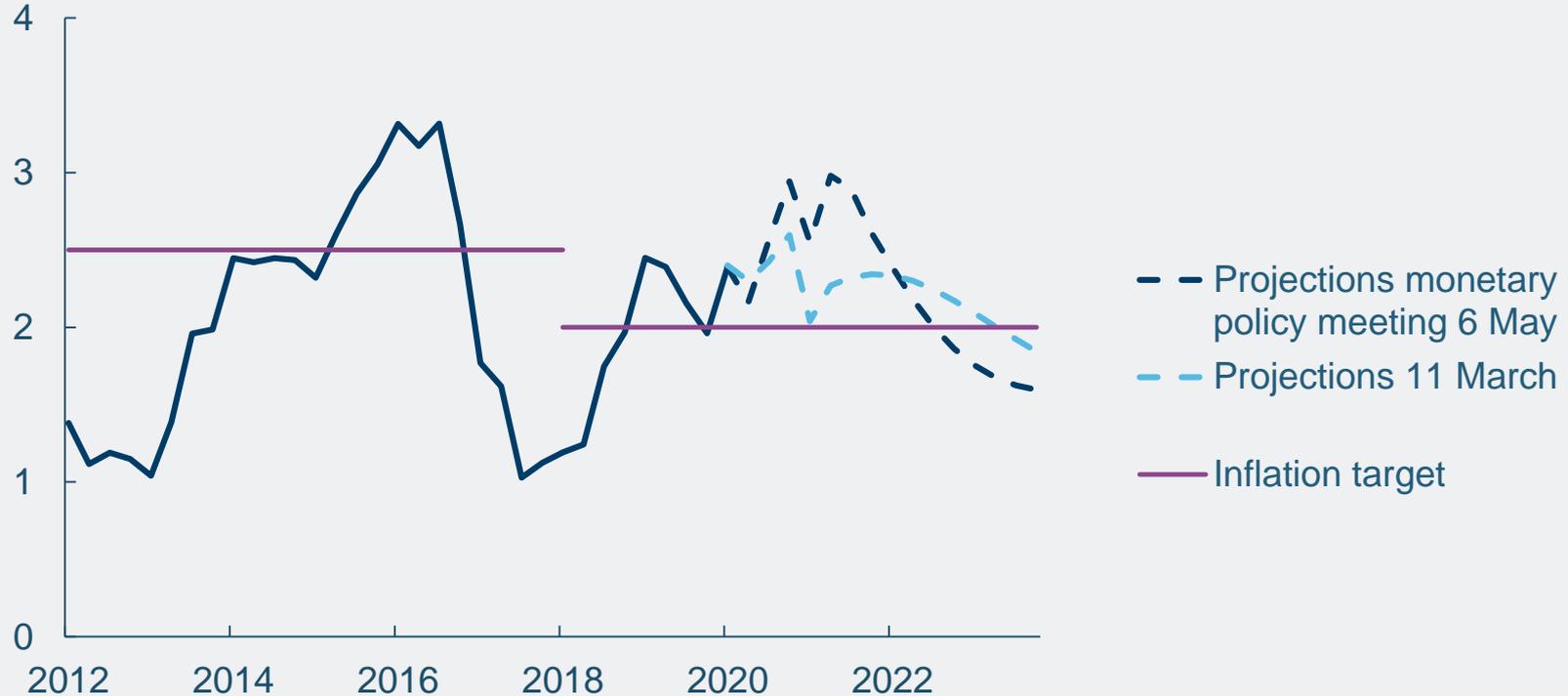


1) Projections from *Monetary Policy Report 1/20* and *Monetary Policy Update*, May 2020.
Sources: Statistics Norway and Norges Bank



Temporarily higher inflation

CPI-ATE.¹⁾ Four-quarter change. Percent



1) Projections from *Monetary Policy Report 1/20* and *Monetary Policy Update*, May 2020.
Sources: Statistics Norway and Norges Bank





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