THE CONDUCT OF MONETARY POLICY
GOVERNOR Øystein Olsen
19 May 2020
A historically deep decline
Growth in mainland GDP.¹) Percent

Sources: Statistics Norway and Norges Bank
Abrupt and deep decline in the global economy
GDP trading partners.¹) Index. 2019 Q1 = 100

Sources: Refinitiv Datastream and Norges Bank
Marked fall in oil prices
USD per barrel. Futures price at 15 May 2020

Source: Refinitiv Datastream
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

Sources: Bloomberg og Norges Bank
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.

Source: Norges Bank
Activity will pick up gradually
Quarterly mainland GDP.\textsuperscript{1)} In billions of NOK

\textbf{Projections monetary policy meeting 6 May}
\textbf{Projections 11 March}

Sources: Statistics Norway and Norges Bank
Unemployment is expected to decline
Registered fully unemployed as share of the labour force. ¹) Percent

Prospects for low wage growth

Annual change.¹) Percent


Sources: Statistics Norway and Norges Bank
Temporary higher inflation

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

Projections monetary policy meeting 6 May
Projections 11 March
Inflation target

Sources: Statistics Norway and Norges Bank
THE CONDUCT OF MONETARY POLICY

GOVERNOR ØYSTEIN OLSEN

19 May 2020