

## Ida Wolden Bache: Policy rate kept unchanged at 4 percent

Introductory statement by Ms Ida Wolden Bache, Governor of Norges Bank (Central Bank of Norway), at the press conference following Norway's announcement of the policy rate, Oslo, 6 November 2025.

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[Presentation](#) accompanying the speech

The Monetary Policy and Financial Stability Committee has decided to keep the policy rate unchanged at 4 percent.

Norges Bank is tasked with keeping inflation low and stable. The operational target is inflation of close to 2 percent over time. We are also mandated to help keep employment as high as possible and to promote economic stability.

*Chart 2: We do not envisage a large decrease in the policy rate ahead*

In response to the inflation surge in 2022, we raised the policy rate sharply and rapidly. The tightening of monetary policy has contributed to cooling down the Norwegian economy and to dampening inflation. In June, we began a cautious normalisation of monetary policy. The policy rate was also reduced at our previous monetary policy meeting in September, but we did not envisage a large decrease in the policy rate ahead. The forecast we presented was consistent with one rate cut per year in the coming three years.

The Committee's current assessment is that no new information has come in that indicates a material change to the outlook for the Norwegian economy since September. The Committee judges that a restrictive monetary policy is still needed. If the economy evolves broadly as currently envisaged, the policy rate will be reduced further in the course of the coming year.

*Chart 3: Domestic prices are still rising rapidly*

Inflation is still too high. The latest data show that consumer price inflation is running at 3.6 percent. Excluding the volatile component energy prices, inflation has been close to 3 percent over the past year. Import price inflation is low for many goods, while high services inflation is contributing to a continued rapid rise in domestic prices. The sharp rise in business costs over the past years will likely restrain domestic disinflation ahead. At the same time, we expect lower wage growth to push down inflation further out.

*Chart 4: Registered unemployment is close to pre-pandemic levels*

Unemployment has increased from its lowest level three years ago. According to last week's data, registered unemployment now stands at 2.2 percent. While registered unemployment is back at its pre-pandemic level, the Labour Force Survey indicates that unemployment has risen somewhat more. The employment ratio is nevertheless higher than in 2019. Since the previous monetary policy meeting, employment appears to have been somewhat lower than projected, while unemployment has been a little higher.

*Chart 5: Inflation down to target without a marked increase in unemployment*

The job of tackling inflation has not been fully completed, and we are not in a hurry to reduce the policy rate. If the policy rate is lowered too quickly, inflation could remain above target for too long. On the other hand, an overly tight monetary policy stance could restrain the economy more than needed to bring inflation back to target. With the policy rate path we envisaged in September, the outlook suggests that inflation will return to target without a large increase in unemployment.

But the outlook is uncertain. The future path of the policy rate will depend on how the economy evolves. Our objectives stand firm. We will finish the job and ensure that inflation is brought all the way back to 2 percent.