

Ida Wolden Bache: Policy rate kept unchanged

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, 22 January 2026.

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[Presentation](#) accompanying the speech

Chart 1: Policy rate kept unchanged

Norges Bank's Monetary and Financial Stability Committee decided to keep the policy rate unchanged at 4 percent. If the economy evolves broadly as currently envisaged, the policy rate will be reduced further in the course of the year.

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.

In response to the inflation surge in 2022, we raised the policy rate sharply and rapidly, and in recent years the tightening of monetary policy has contributed to cooling down the Norwegian economy and to dampening inflation. Last year, we began a cautious normalisation of monetary policy and reduced the policy rate from 4.5 percent to 4 percent.

We are not in a hurry to reduce the policy rate further. The job of tackling inflation has not been fully completed, and if the policy rate is lowered too quickly, inflation could remain above target for too long. On the other hand, we do not want to restrain the economy more than needed.

Let me say a few words about what the Committee emphasised this time.

The current geopolitical situation is tense and is causing uncertainty, including about the economic outlook. The US threatened at the weekend to raise tariffs on goods from Norway and other countries that have had military personnel in Greenland. Yesterday evening, after the Committee took its monetary policy decision, it was announced that the tariff increases would not be imposed. The Committee's assessment is that the announced tariff increases would likely have had a limited impact on the Norwegian economy.

Chart 2: Inflation is still too high

Inflation is still too high. Inflation excluding energy prices has been close to 3 percent since autumn 2024. In December, underlying inflation was broadly as projected in the previous *Report*. It is primarily the rapid rise in prices for food and many services that is contributing to keeping inflation elevated. The strong growth in business costs over the past years will likely restrain disinflation ahead, but lower wage growth is expected to push down inflation further out.

Chart 3: Unemployment has increased somewhat in recent years

Unemployment has increased somewhat in recent years, and the employment rate has decreased a little. New labour market information points in slightly different directions. Registered unemployment has declined a bit and been slightly lower than projected in December, while employment growth appears to be a little weaker than projected.

Chart 4: We do not expect a large decrease in the policy rate

The interest rate forecast we presented in December was consistent with one to two rate cuts in the course of 2026. The geopolitical situation is causing uncertainty, but the Committee's current assessment is that the interest rate outlook has not changed materially since December.

The future path of the policy rate will depend on economic developments. The Committee will have received more information about economic developments ahead of its next monetary policy meeting in March, when new forecasts will be presented.