Agenda

- Oil prices putting a brake on growth
  - The economy has turned the corner in Norway…
  - … and in other countries?

- How far have the structural adjustments come?
Norway: The economy has turned the corner

GDP mainland Norway. ¹ Volume. Annual growth. Percent

¹) Projections for 2017-2020 from MPR 1/17.
Sources: Statistics Norway and Norges Bank
Oil investment and petroleum revenue spending

In billions of 2016 NOK. Average annual change

Sources: Ministry of Finance, Statistics Norway and Norges Bank
Less room for growth in petroleum revenue spending

Constant 2017 prices. In billions of NOK

Sources: Ministry of Finance and Norges Bank
Monetary policy has also made a contribution

Key policy rate. Percent

Projection, March 2017
Projection, March 2014
Key policy rate

Source: Norges Bank
Oil price and krone exchange rate

Oil price\(^1\) and import-weighted exchange rate index\(^2\)

1) Brent blend, USD/barrel.
2) A positive slope denotes a stronger krone exchange rate.
Sources: Thomson Reuters and Norges Bank
Improved competitiveness

Norwegian labour costs, relative to trading partners’ labour costs\(^1\). Index\(^2\)

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**Sources:** Statistics Norway, Norwegian Technical Calculation Committee for Wage Settlements (TBU) and Norges Bank

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1) Hourly labour costs in manufacturing.
2) Index 1995 = 100.
Investment in mainland Norway picking up

Constant 2014 prices.\(^1\) In billions of NOK

1) Projections for 2017-2020 from MPR 1/17.
Sources: Statistics Norway and Norges Bank
Moderate growth internationally

Global GDP and GDP for Norway’s trading partners. ¹) Annual change. Percent. ²)

1) Purchasing power parity weights are used for global GDP growth. Export weights are used for trading partners.
2) Projections for 2016-2020 from PPR 1/17.
Sources: IMF, Thomson Reuters and Norges Bank
Have rates abroad reached bottom?
Money market rates and forward rates for trading partners. 1) Percent

1) At 28 March 2017.
Sources: Thomson Reuters and Norges Bank
Norwegian exports on the rise...

Annual change. Percent.

Exports from mainland Norway

Imports to Norway's trading partners

Sources: Statistics Norway, Thomson Reuters and Norges Bank
... but remains weak for oil services

Annual change. Percent

Sources: Statistics Norway, Thomson Reuters and Norges Bank
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Structural adjustments
Changes in employment between 2014 Q3 and 2016 Q4. In thousands of persons

Oil-related industries
-40

Hotel and restaurant
-30

Construction
-20

Public sector
-10

Other sectors
0

Sources: Statistics Norway and Norges Bank
Activity and employment in Norwegian industries

Percentage change between 2014 Q3 and 2016 Q4

- Shipbuilding and engineering industry
- Food, beverages and tobacco industry
- Primary industry without refining
- Other industries
- Industry in total

1) Volume. 2) Number of persons.
Source: Statistics Norway
Investment in Norwegian industries

Percentage change between 2014 Q3 and 2016 Q4. Volume

- Shipbuilding and engineering industry
- Food, beverages and tobacco industry
- Primary industry without refining
- Other industries
- Industry in total

Source: Statistics Norway
**Productivity growth**

GDP per hour worked. Percent

Sources: Statistics Norway, The Conference Board *Total Economy Database™* and Norges Bank
Productivity growth in Norway

GDP per hour worked. Percent

Sources: Statistics Norway and Norges Bank
Productivity growth in Norway
GDP per hour worked. Percent

Sources: Statistics Norway and Norges Bank
Productivity growth in Norway
GDP per hour worked. Percent

Sources: Statistics Norway and Norges Bank