



NORGES BANK ORGANISATION

DEPUTY GOVERNOR JON NICOLAISEN

Oslo, 24 September 2019

New central bank act from 1 January 2020

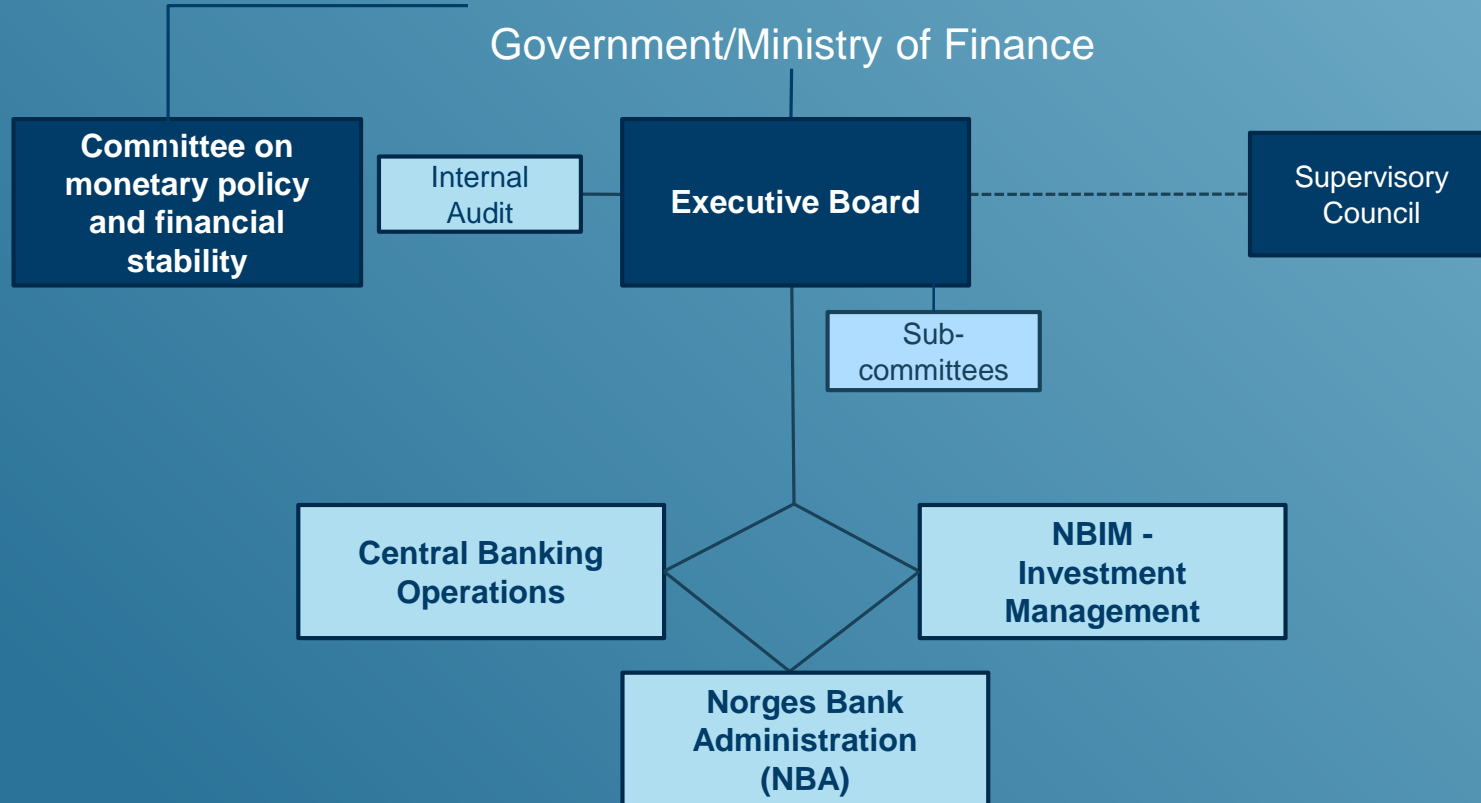
- Norges Bank will continue to manage the Government Pension Fund Global (GPF) on behalf of the Government
- A new governance structure
- Increased independence



Governance

The Storting (parliament)

Government/Ministry of Finance





MONETARY POLICY – SOME CHALLENGES AND LESSONS

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Oslo, 24 September 2019

Agenda

- Challenges in the global arena
- Norway – a small open economy
- Lessons learned

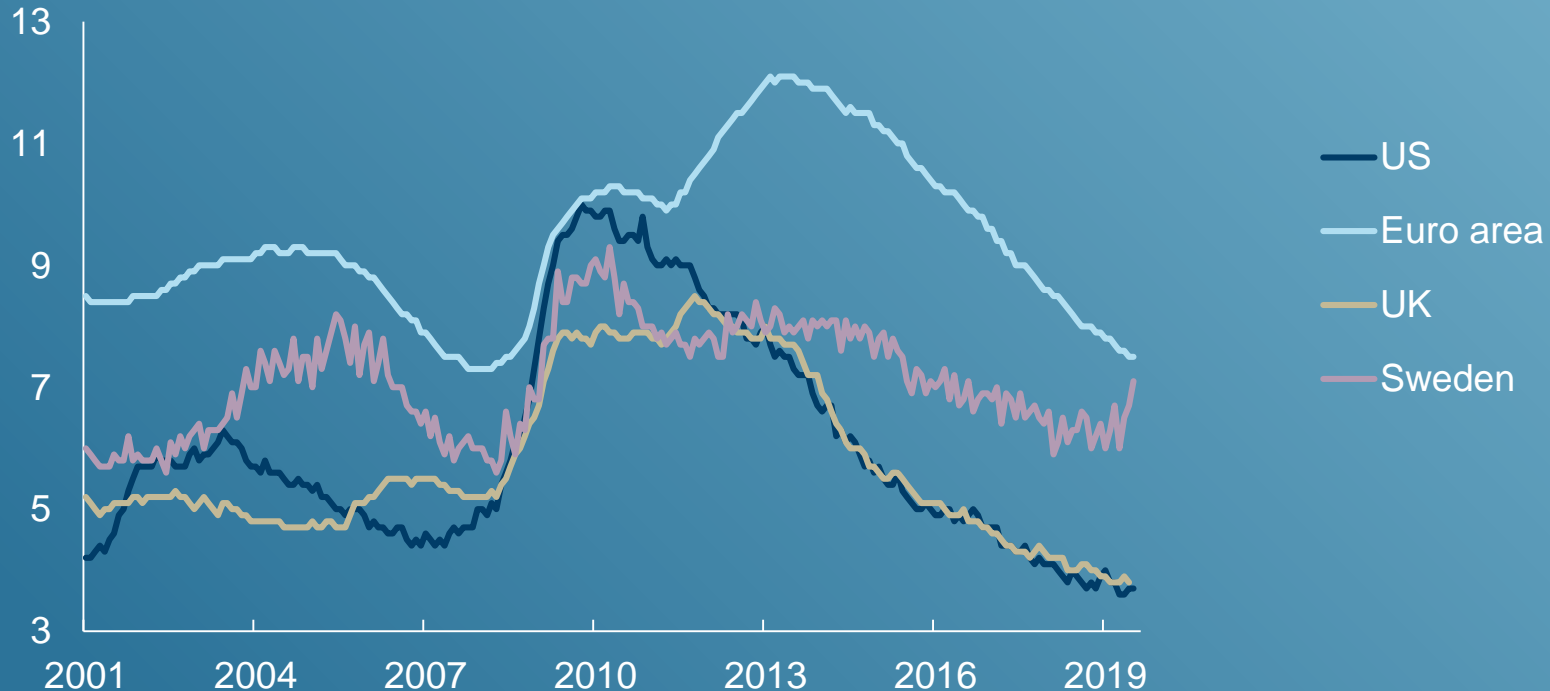


CHALLENGES IN THE GLOBAL ARENA



Unemployment¹⁾ has come down in major economies...

Seasonally adjusted. Percent.

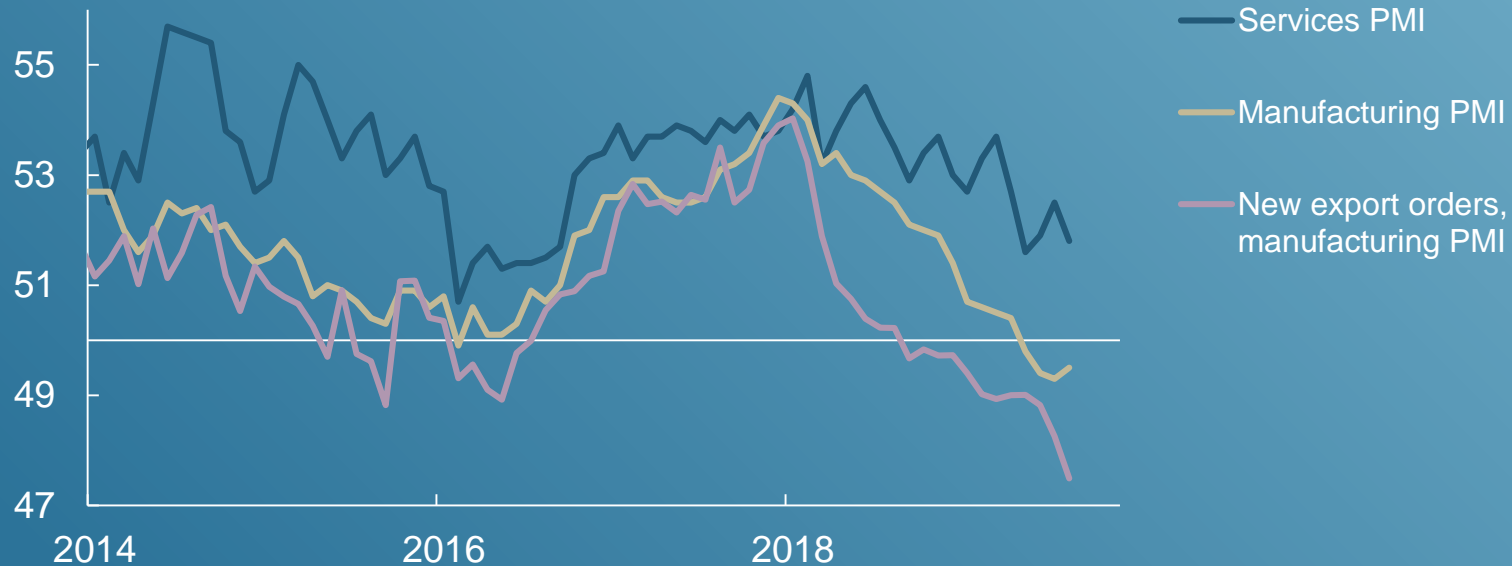


1) Unemployment as a share of the labour force
Source: Thomson Reuters



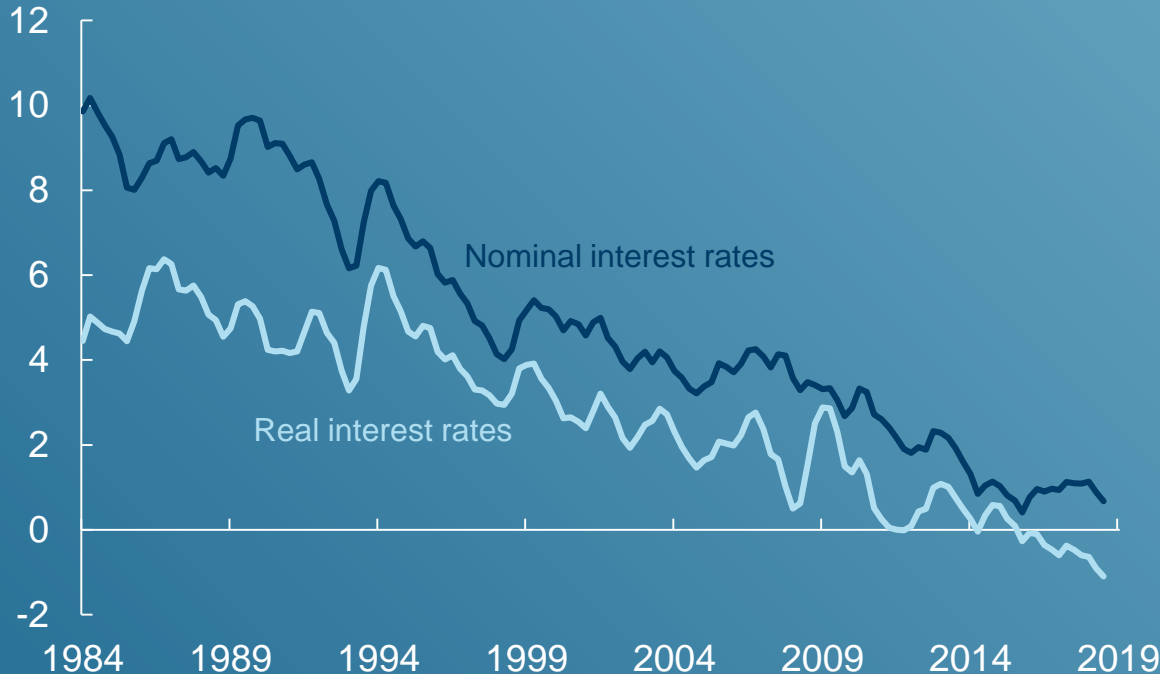
... but uncertainty going forward due to trade tensions, Brexit,...

Global PMI



Low global interest rates

Long-term interest rates. 14 OECD countries.¹⁾ Percent



“Ten years after the financial crisis, monetary policymakers face a range of challenges as they pursue their mandates.”

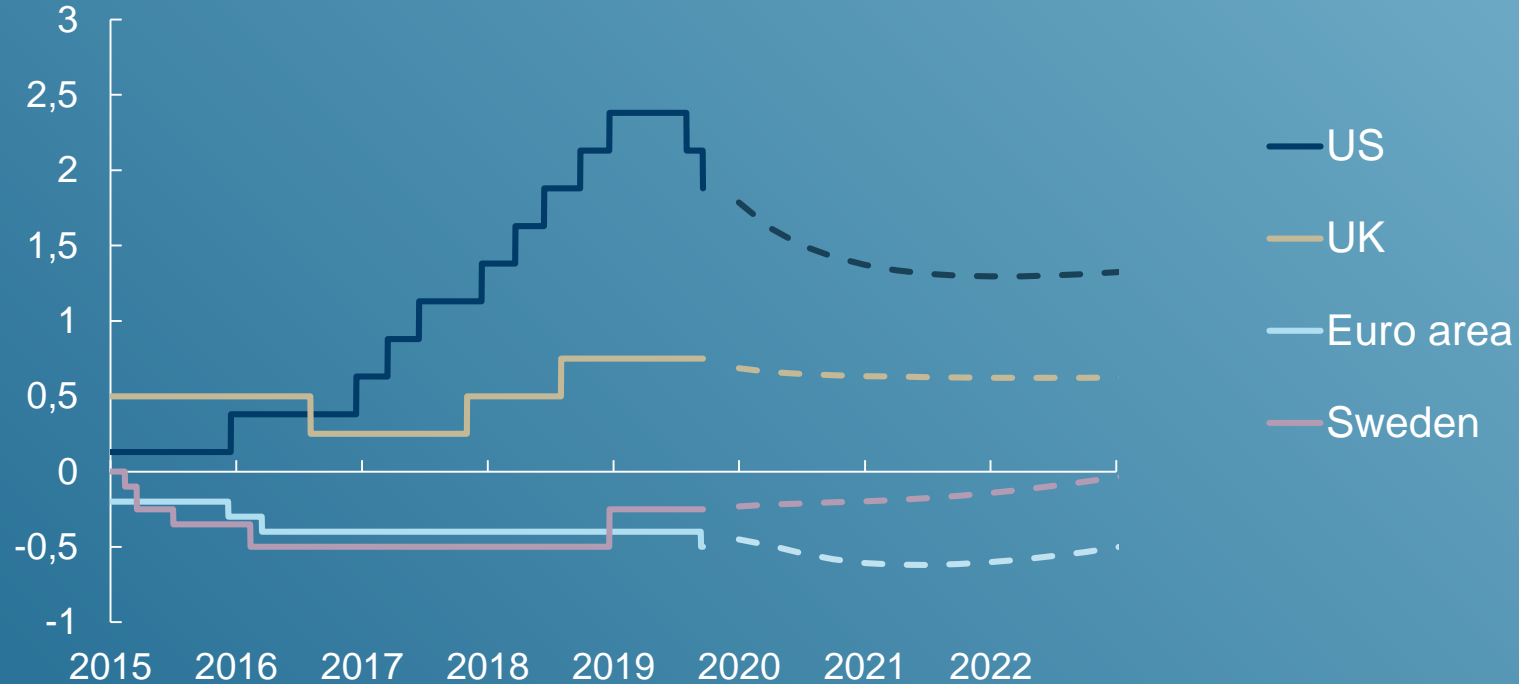
Federal Reserve Bank of Kansas
City, Jackson Hole 2019

1) Yields on 10-year government bonds. Unweighted average.
Sources: OECD and Norges Bank



Low policy rates

Policy rates and estimated forward rates¹⁾. 19 September 2019. Percent



1) OIS rates.

Sources: Bloomberg, Thomson Reuters and Norges Bank



NORWAY – A SMALL OPEN ECONOMY



The Executive Board's assessment and interest rate forecast



Source: Norges Bank



2014: The krone exchange rate tracked oil prices

USD per barrel Brent Blend and import-weighted exchange rate index¹⁾



1) A positive slope denotes a stronger krone exchange rate.
Sources: Thomson Reuters and Norges Bank



2019: The krone exchange rate is affected by global uncertainty

USD per barrel Brent Blend and import-weighted exchange rate index¹⁾

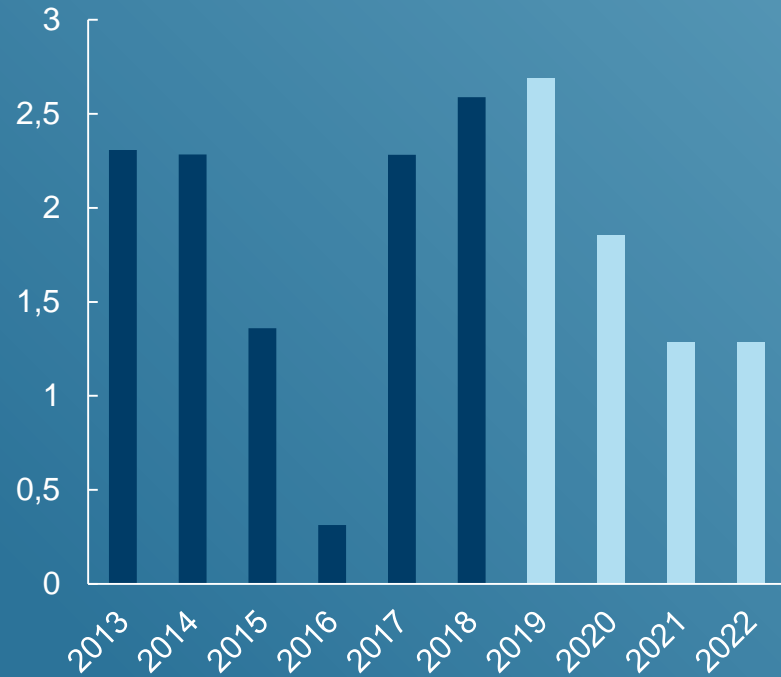


1) A positive slope denotes a stronger krone exchange rate.
Sources: Thomson Reuters and Norges Bank



Solid growth and lower unemployment

GDP Mainland Norway. Annual growth. Percent



Registered unemployment rate. Percent



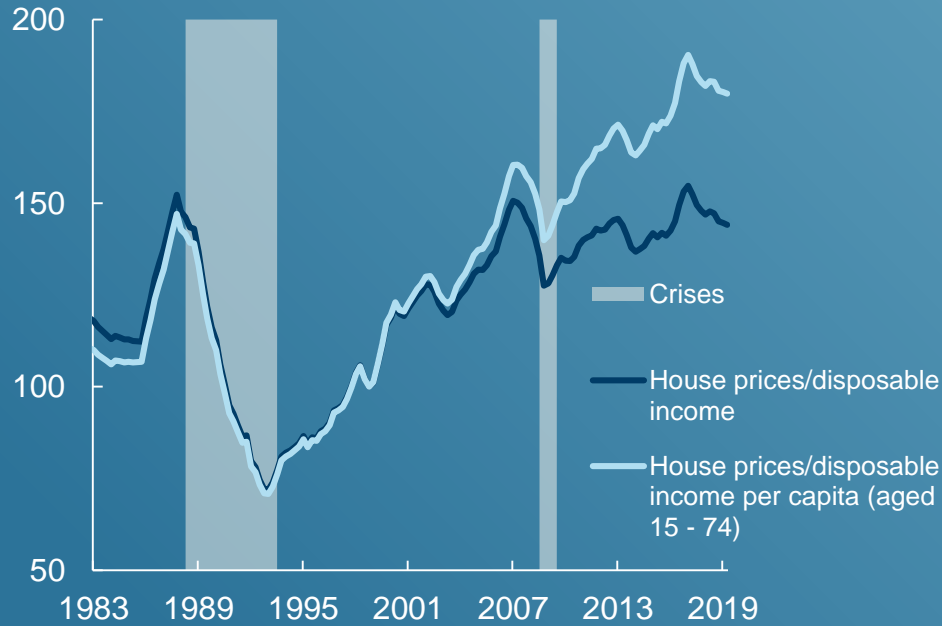
Inflation is close to the target

Twelve-month change. Percent

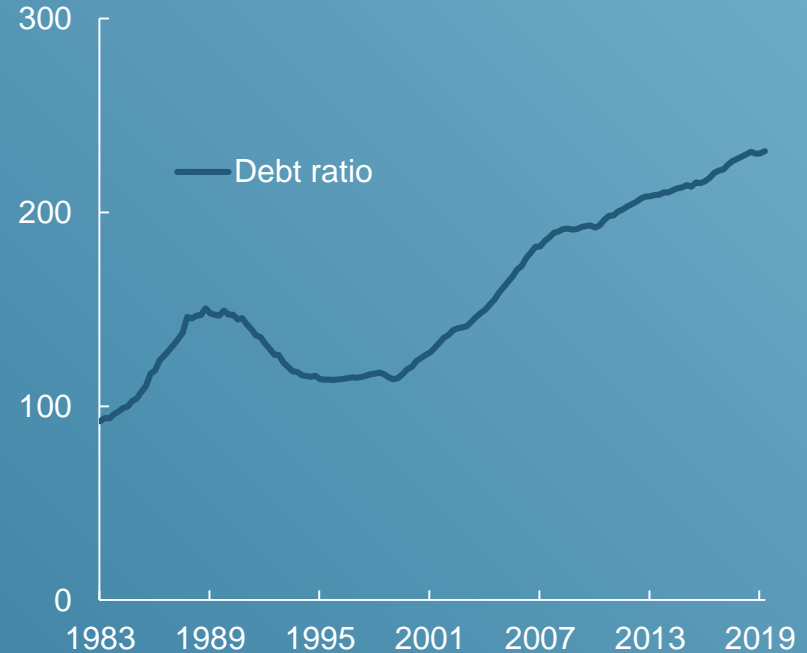


House prices and household debt – at high levels, but growth has slowed

House prices relative to disposable income



Household debt ratio



LESSONS LEARNED



Lessons learned

- Floating exchange rate – a shock absorber
- Financial stability considerations cannot be neglected
- Inflation targeting has to be flexible





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