

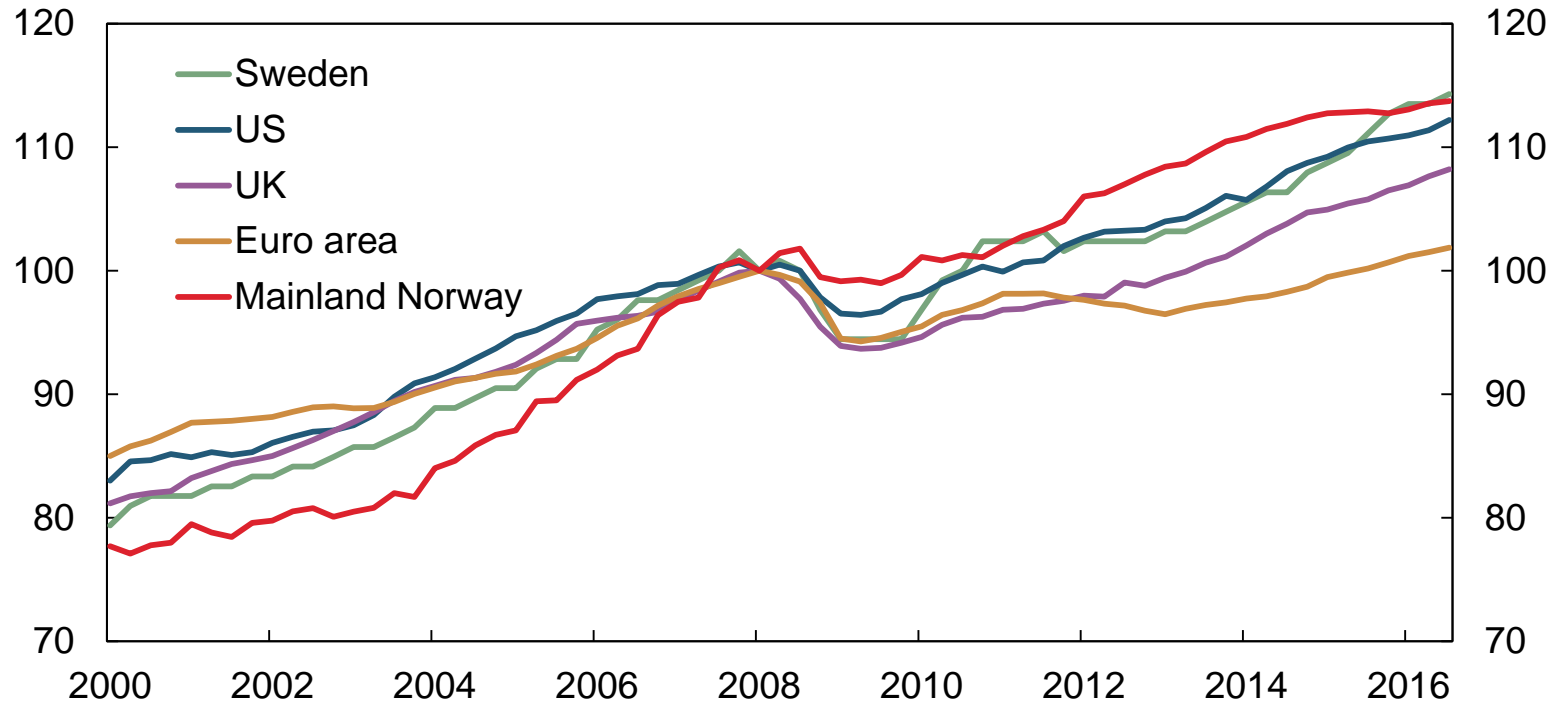


# CONVENTION 2017

DEPUTY GOVERNOR JON NICOLAISEN  
CENTRE FOR REAL ESTATE LEARNING  
OSLO, 12 JANUARY 2017

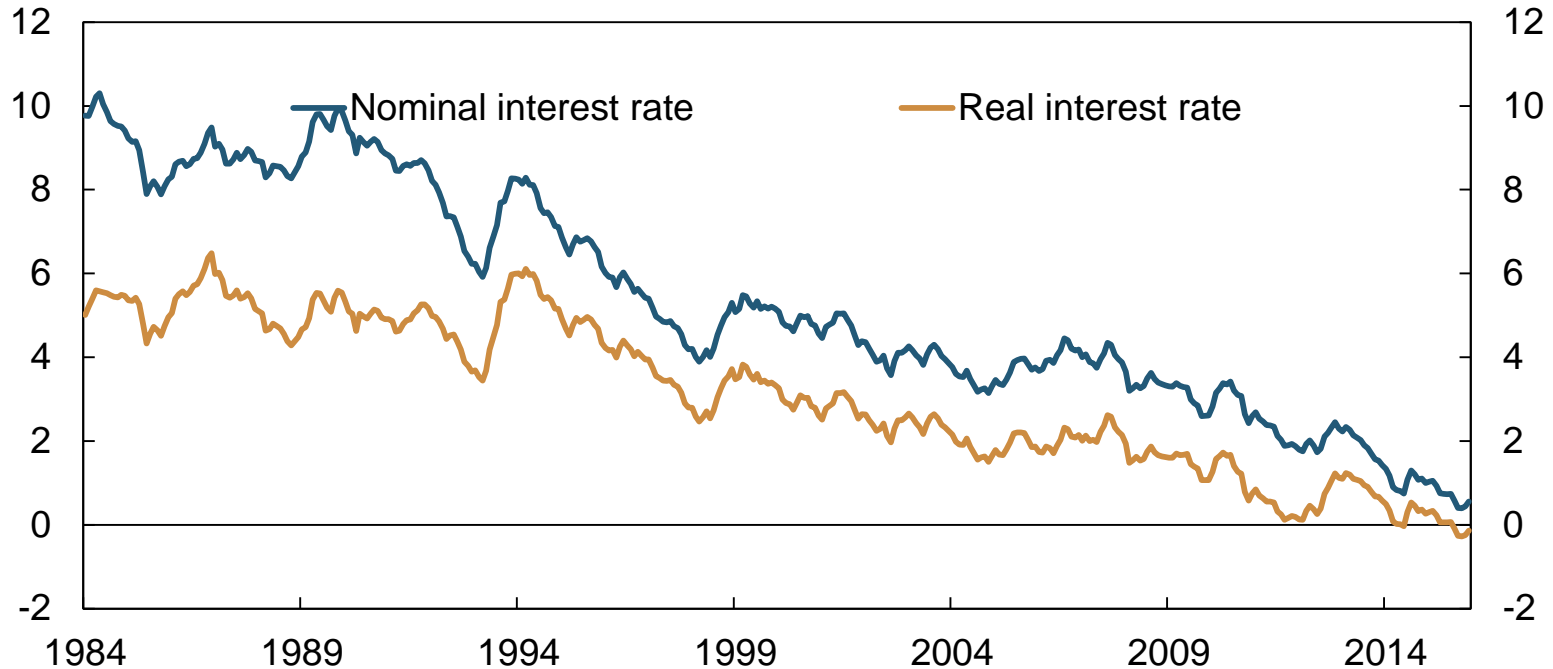
# Weak growth abroad

GDP. Seasonally adjusted volume index. 2008 Q1 = 100



# Long period of falling interest rates

Long-term rates. 14 OECD countries<sup>1)</sup>. Percent



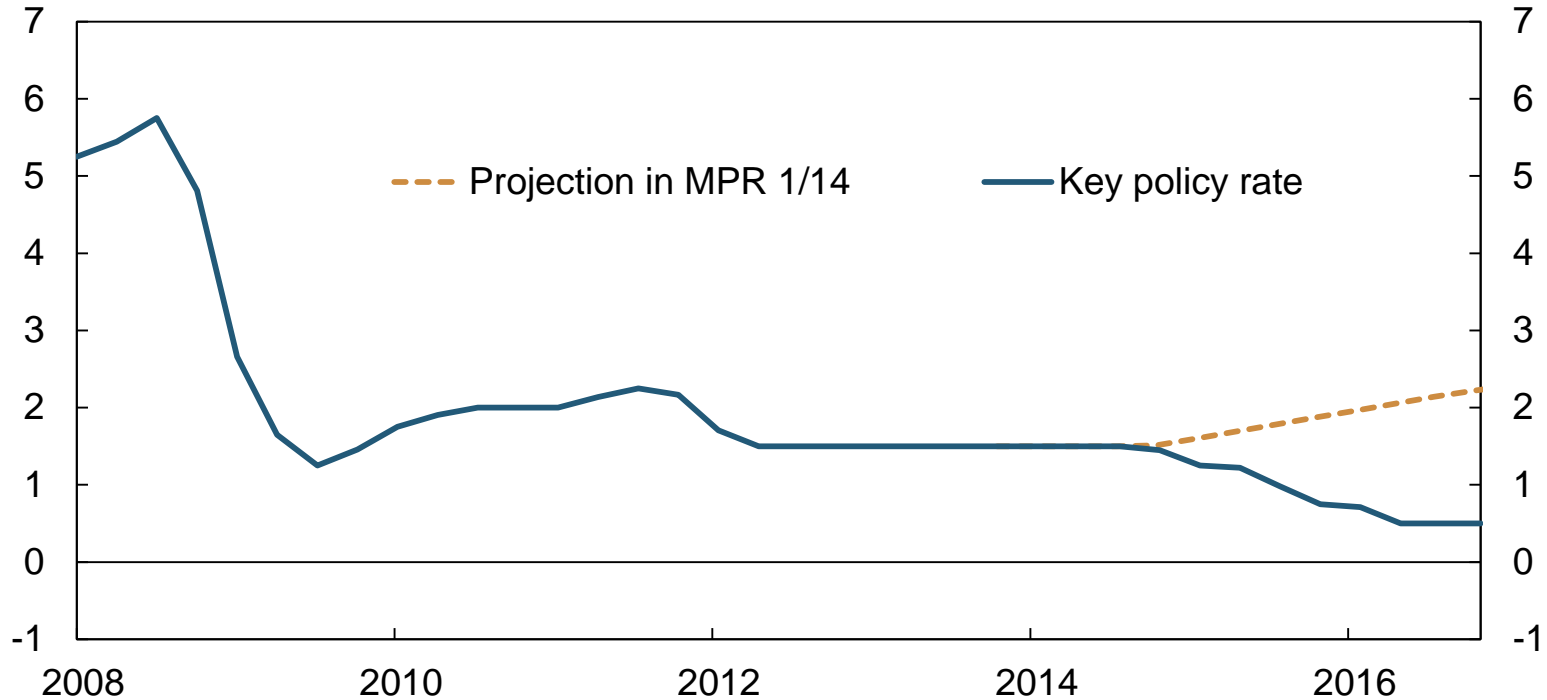
1) US, Germany, France, Italy, UK, Japan, Netherlands, Austria, Belgium, Sweden, Denmark, Canada, Switzerland, Norway.

Sources: OECD and Norges Bank



# The key policy rate has been reduced

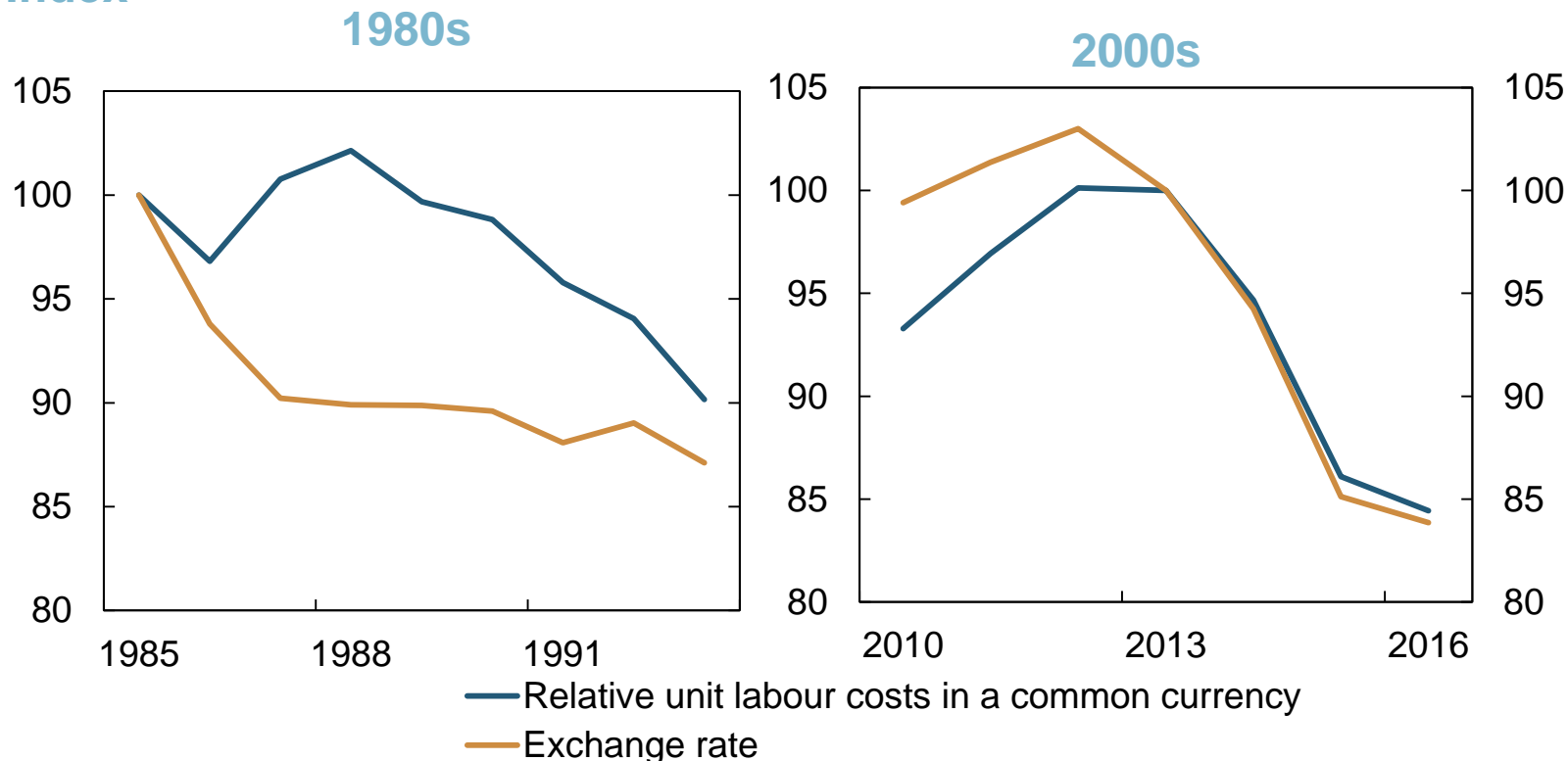
Percent



# Two oil price declines

## – NOK exchange rate and unit labour costs

Index

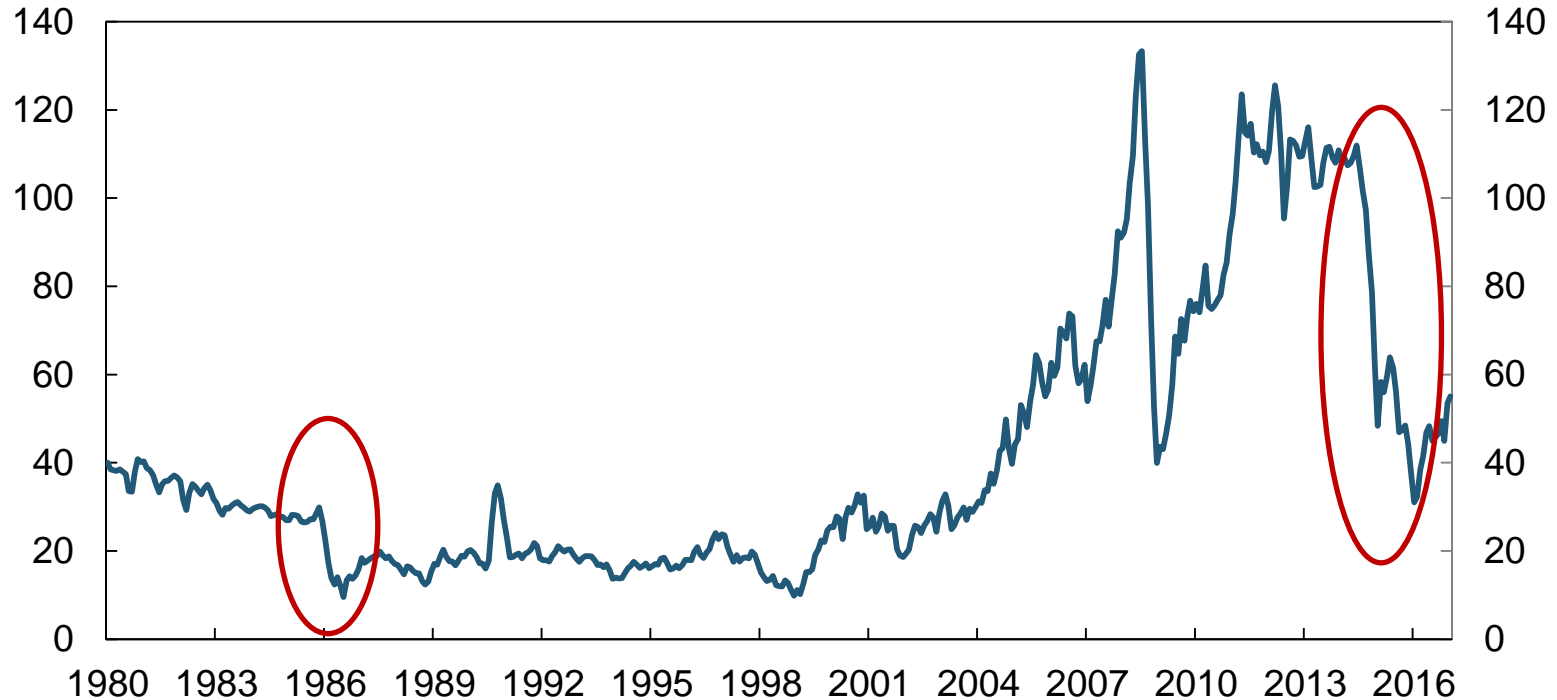


Sources: Norwegian Technical Calculation Committee for Wage Settlements (TBU) and Norges Bank



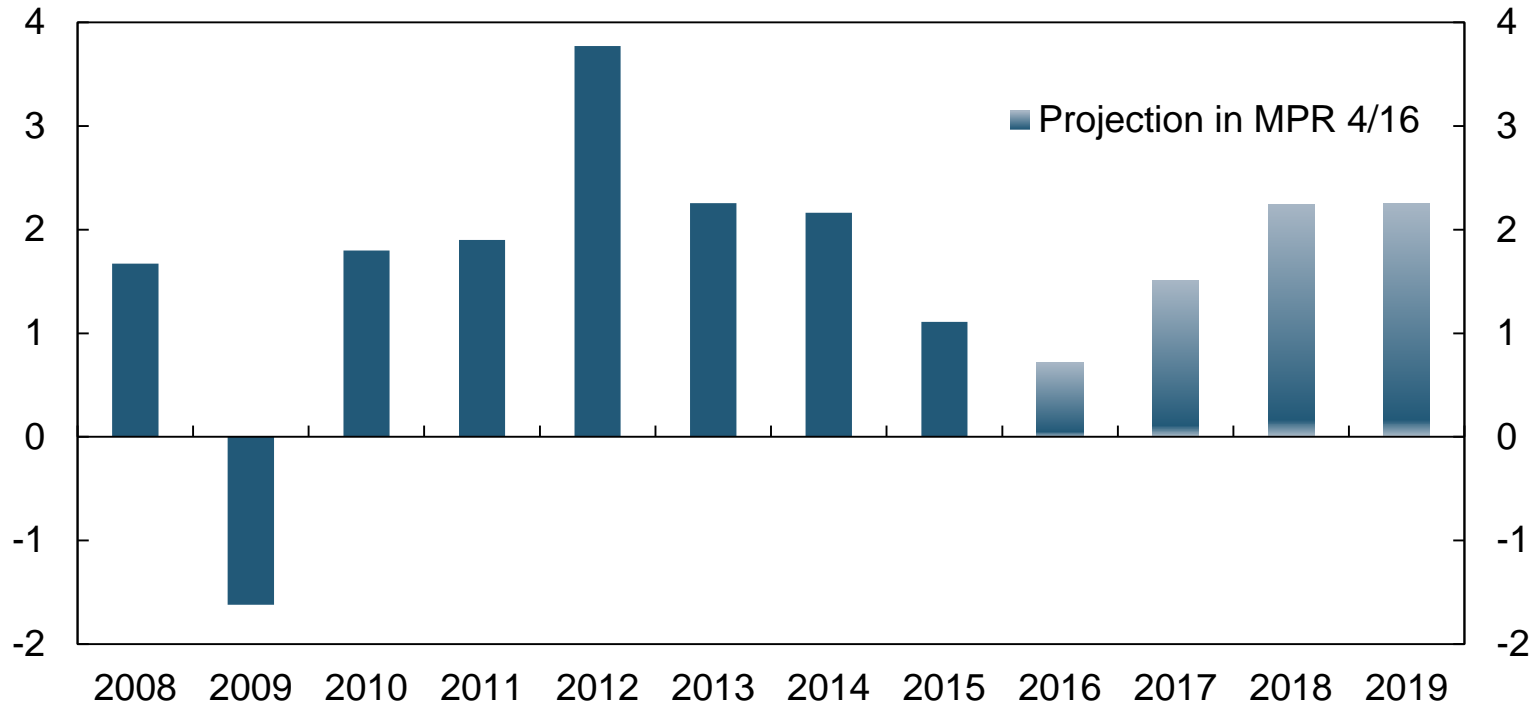
# Two oil price declines

Brent Blend. USD per barrel



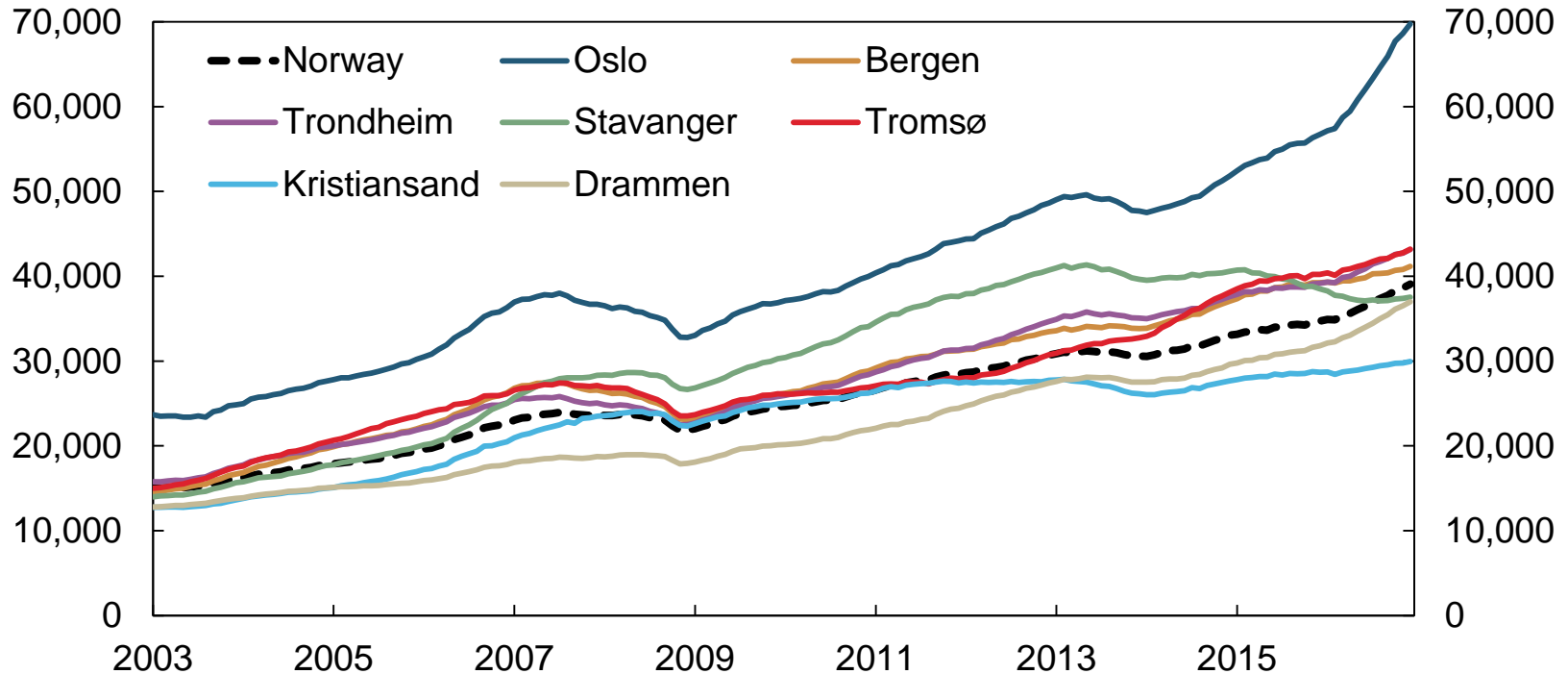
# The economy has turned the corner

Mainland GDP. Volume. Annual change. Percent



# House prices are rising rapidly

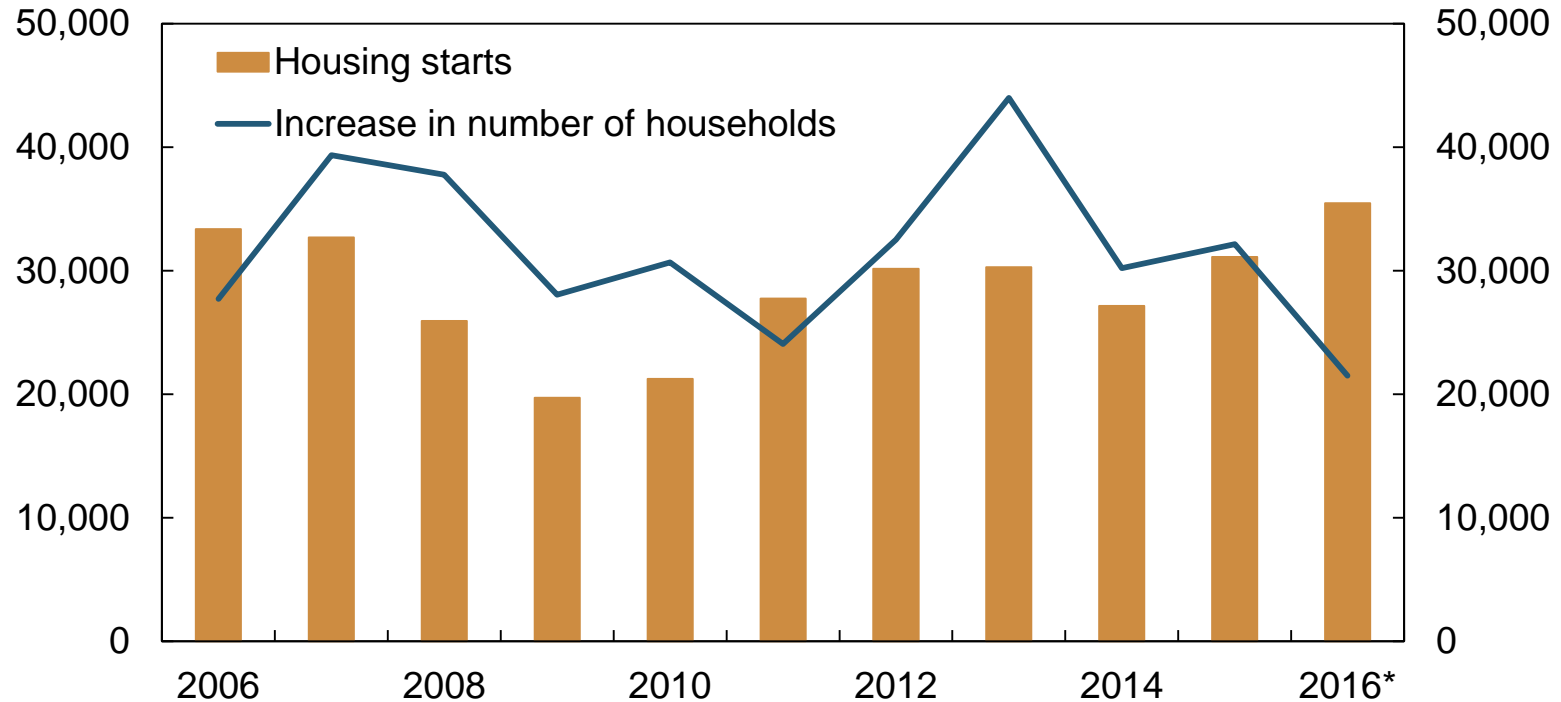
Prices per square metre. In NOK





# Rise in housing construction

Increase in the number of households and housing starts per year



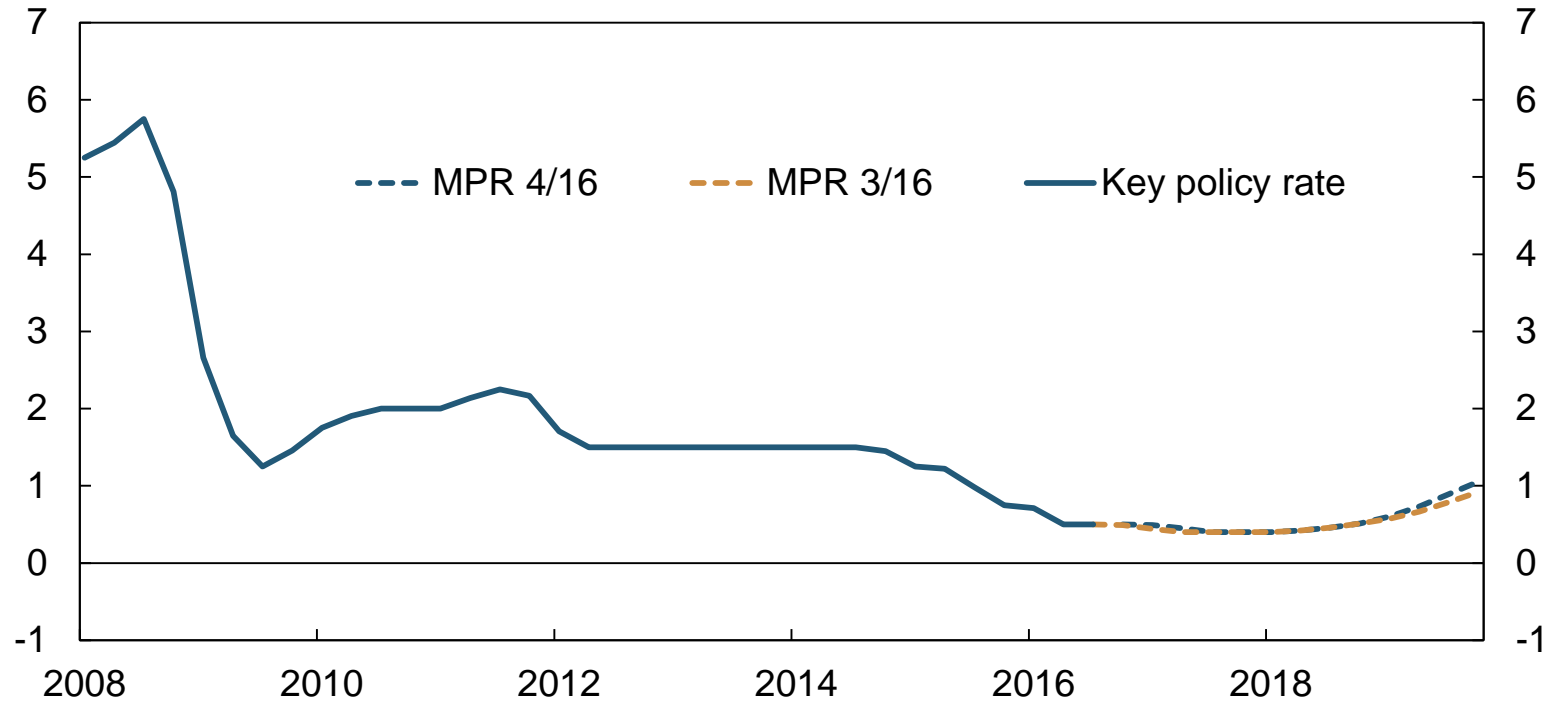
\* Estimate for 2016.

Sources: Statistics Norway and Norges Bank



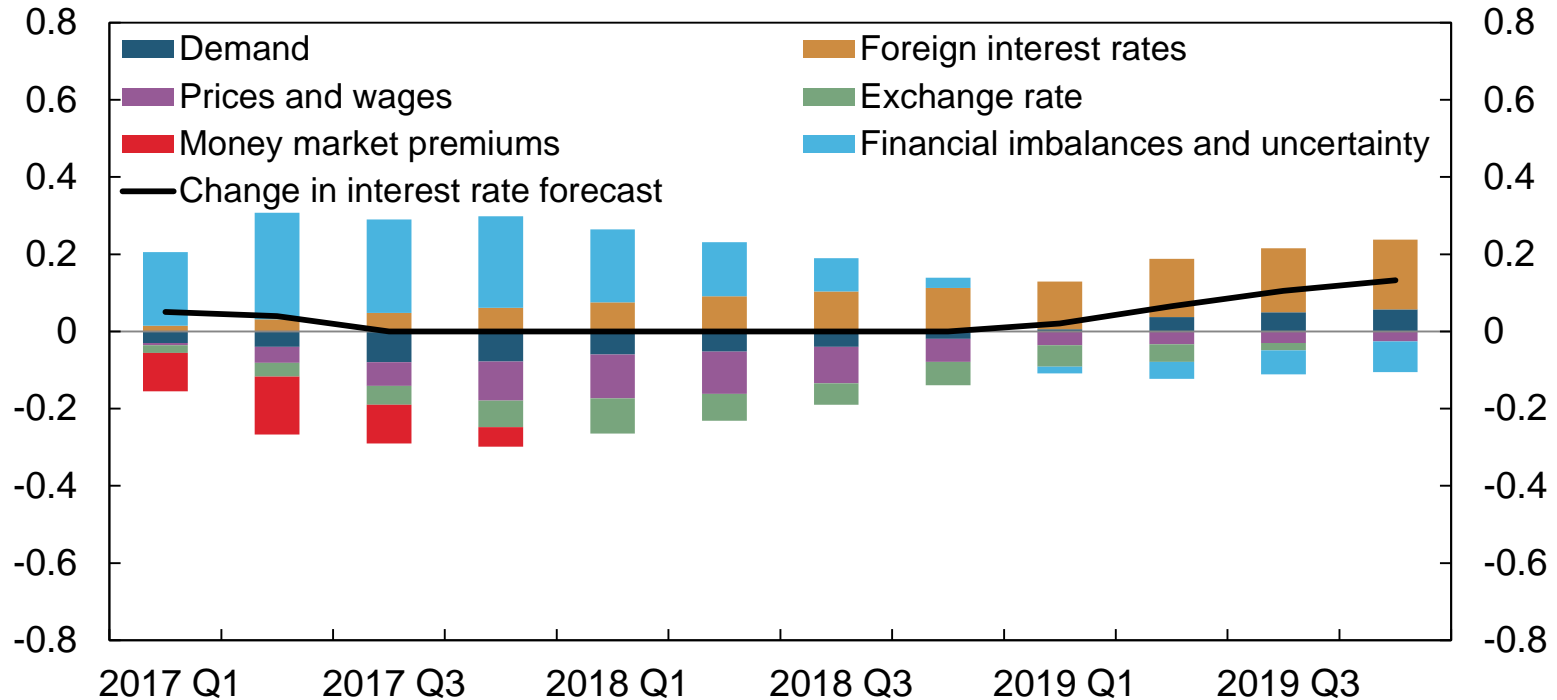
# Projected key policy rate

Percent



# Factors behind changes in the interest rate forecast

Percentage points



# Increased countercyclical capital buffer

- The Ministry of Finance has decided to increase the countercyclical capital buffer for banks from 1.5% to 2% effective from 31 December 2017, on the advice of Norges Bank.
- Norges Bank's assessment:
  - Household debt accumulation is high partly owing to the rapid rise in house prices. This heightens the risk of a sharp fall in demand and an increase in loan losses for banks further out.
  - High house price inflation and a continued rise in household debt ratios are signs that financial imbalances are building up further.
  - Higher bank capital ratios will better equip banks to cope with increased losses further ahead.





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