

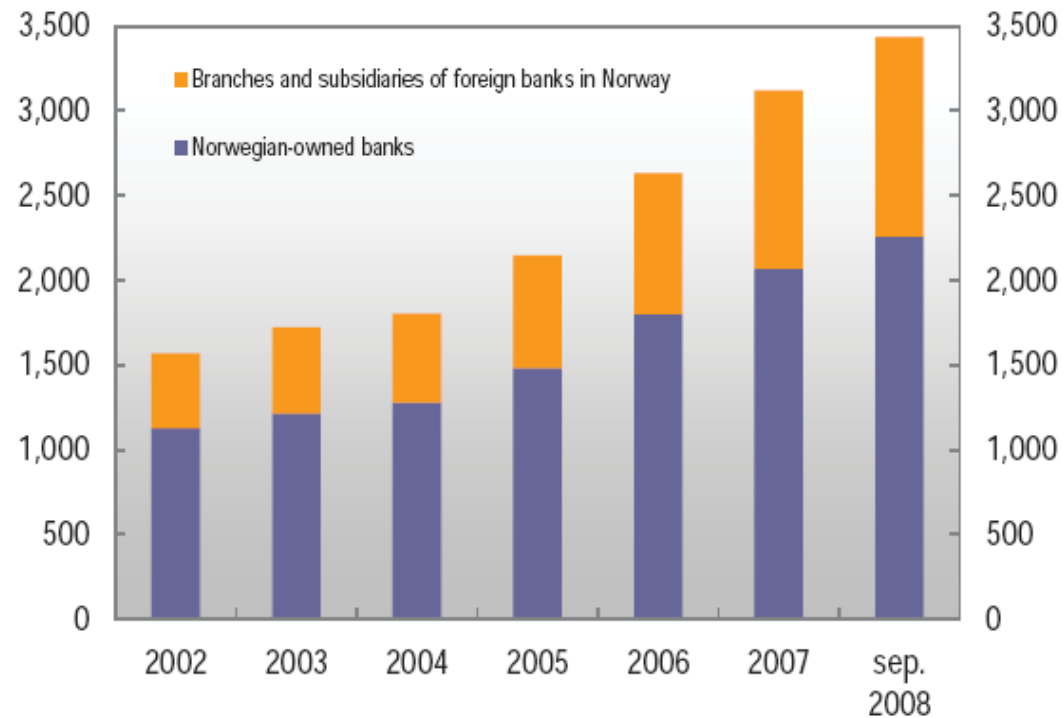
Economic outlook

Chief economist Elisabeth Holvik

16. April 2009

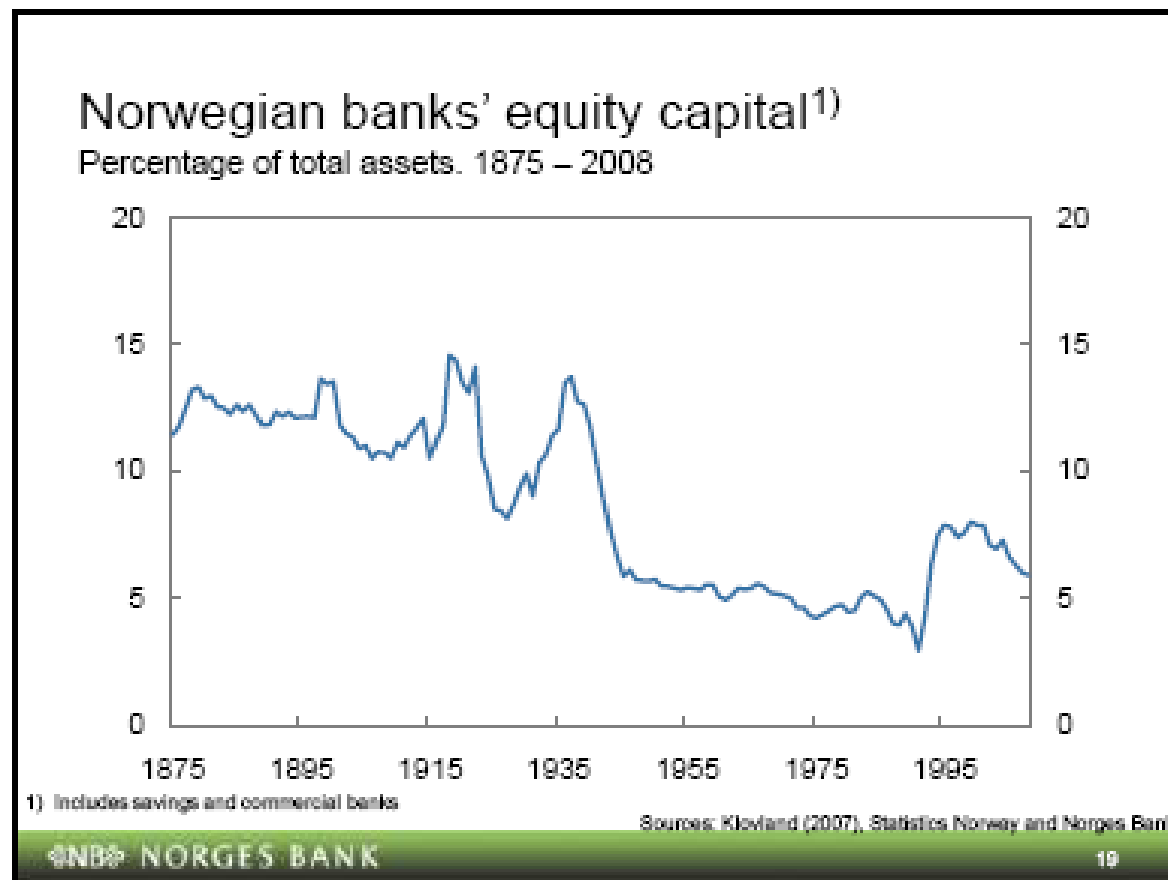
Strong growth in bank lending

Chart 2.8 Total assets for the banking sector in Norway. In billions of NOK.
Year-end 2002 – 2007 and September 2008

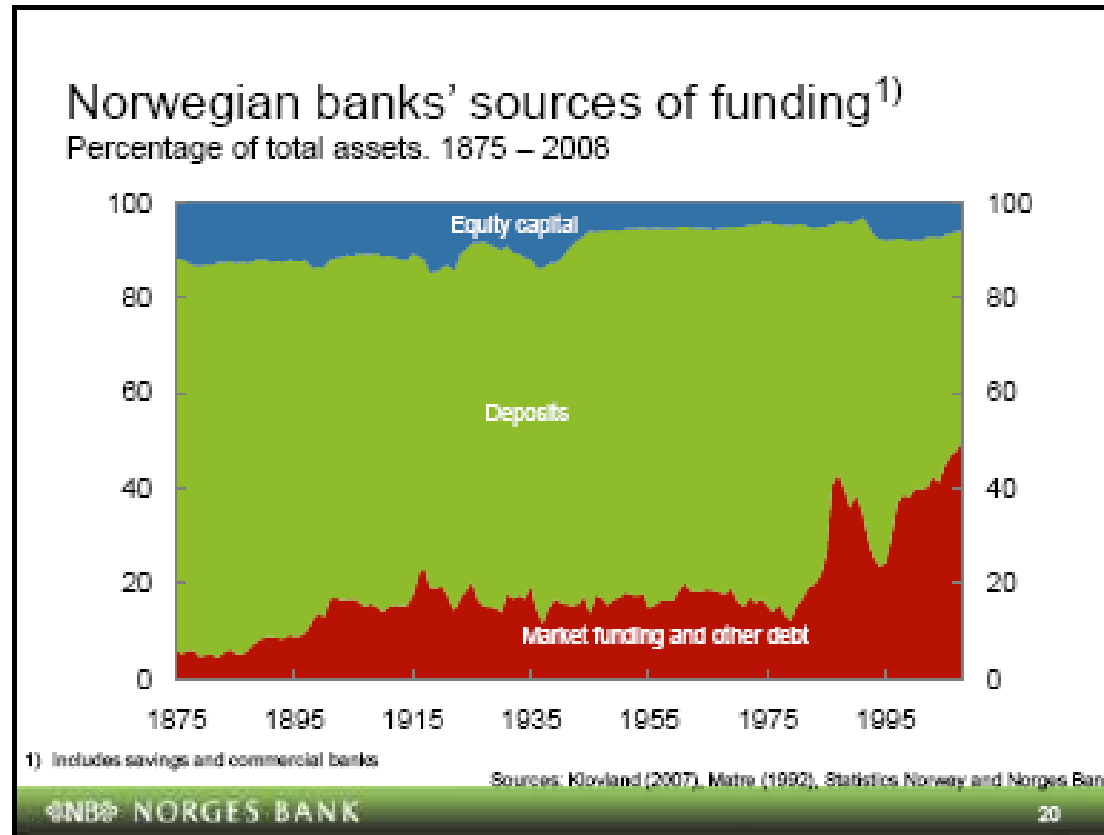


Sources: Norges Bank

Declining equity capital in banks

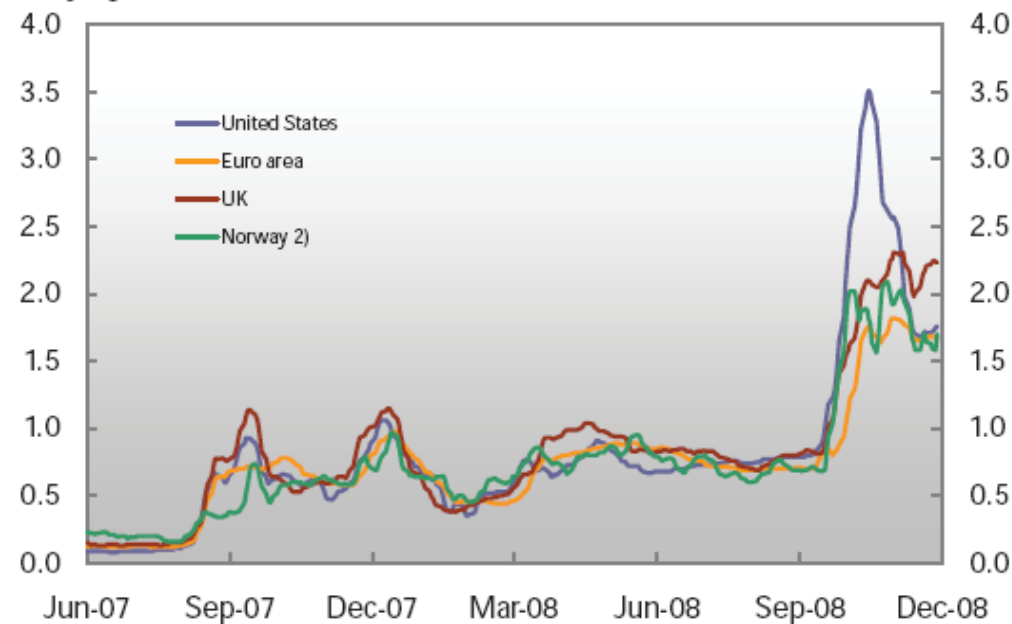


Increasing dependence on market funding



Foreign market funding scarce and expensive since September 2008

Chart 1 Spread between money market rates and expected key policy rates¹⁾.
3-month maturity. 5-day moving average. Percentage points.
Daily figures. 1 Jun 07 – 28 Nov 08

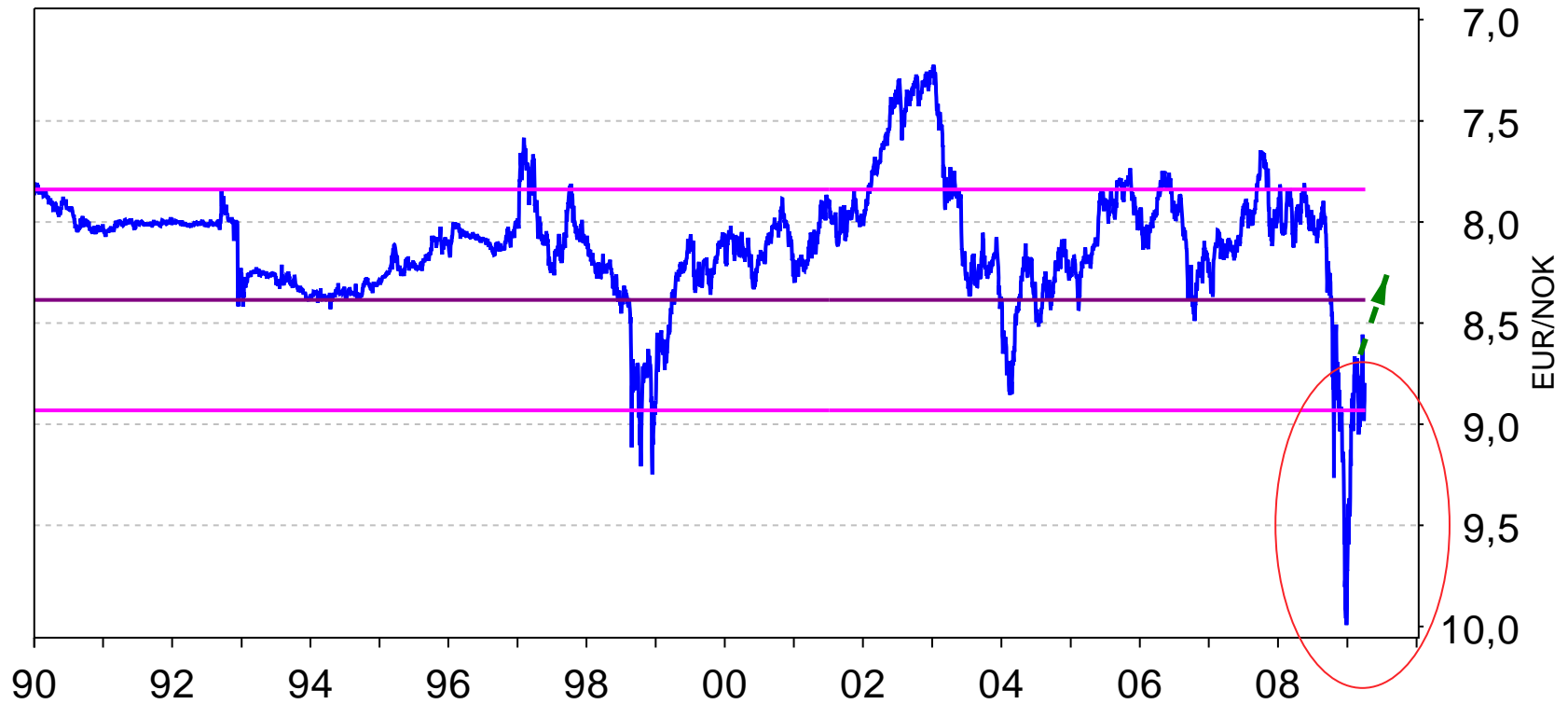


¹⁾ Expected key rates are measured by Overnight Indexed Swaps (OIS)

²⁾ Norges Bank's projection

Capital imbalance weakened the NOK

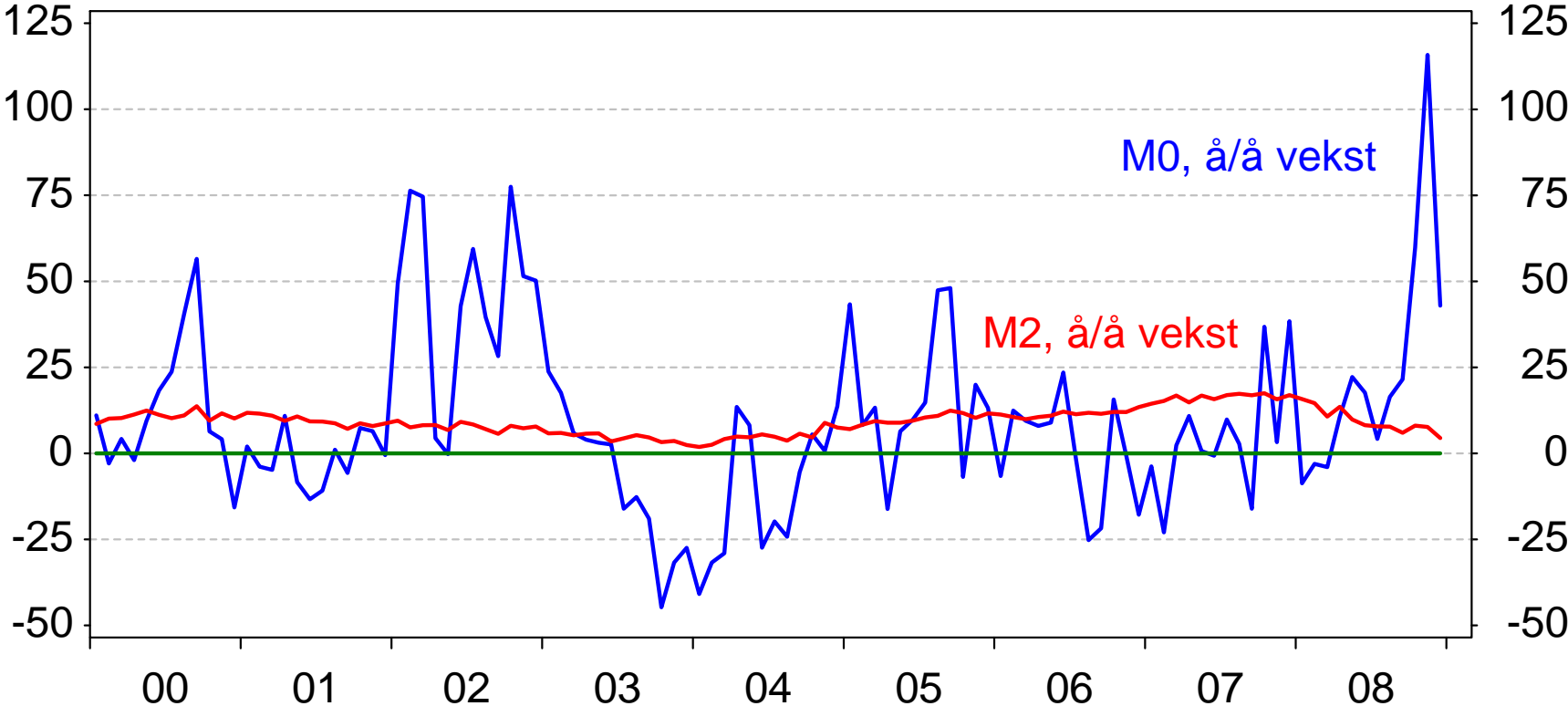
EUR/NOK, gjennomsnitt og 1 std



Source: Reuters EcoWin

Norges Bank increases monetary base – but it has little effect

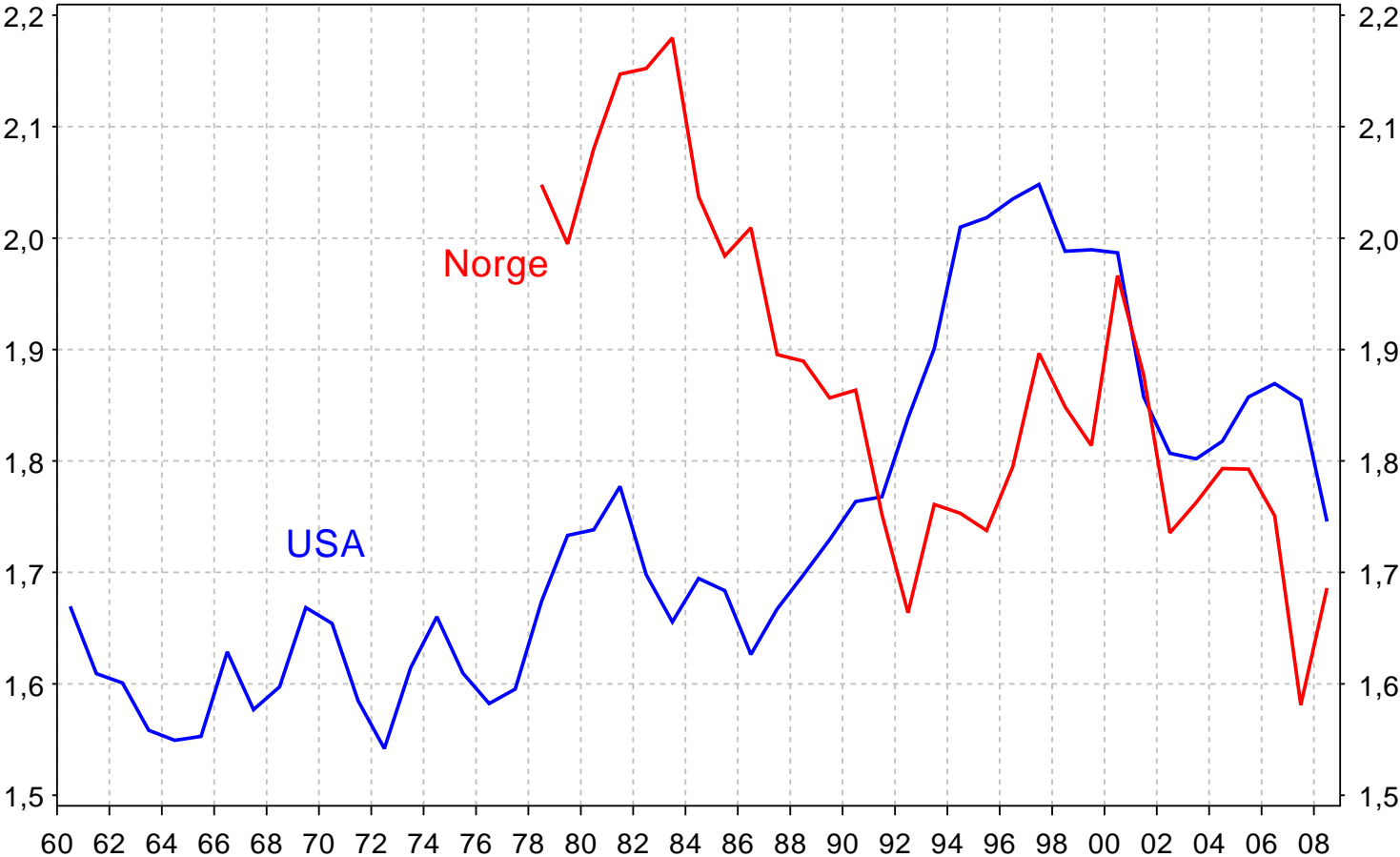
Pengemengdevekst, M0 og M2



Source: Reuters EcoWin

Reduced velocity of money

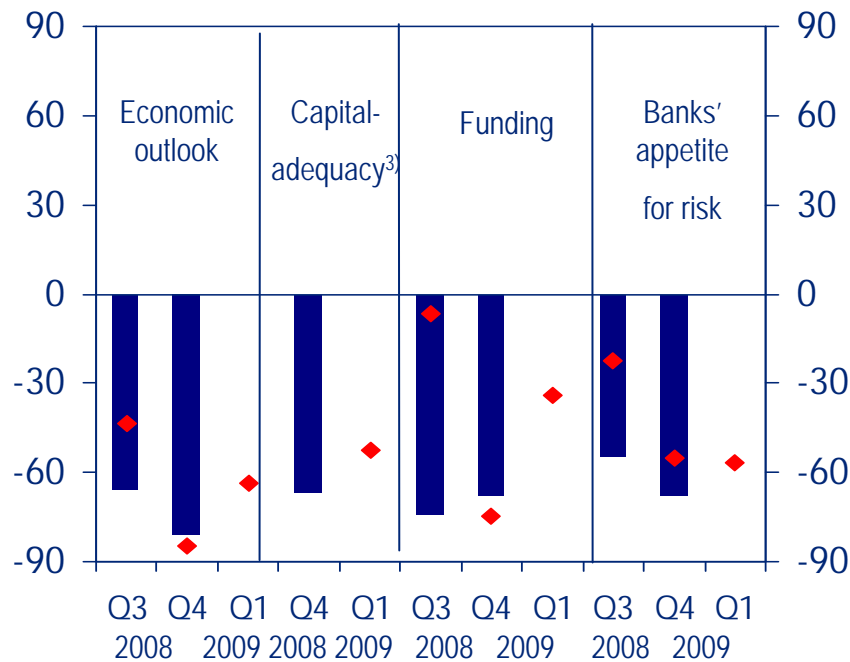
Omløpshastighet for penger (velocity of money = GDP/M2)



Source: Reuters EcoWin

Banks more reluctant to lend

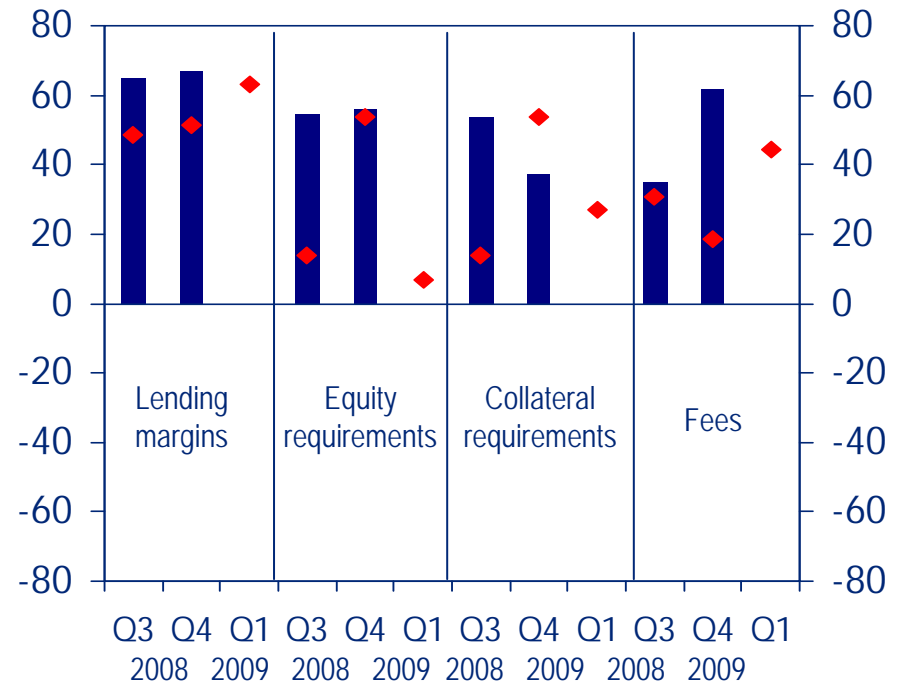
Chart 6 Factors affecting credit standards for approving loans to non-financial corporations. Net percentage balances ²⁾



²⁾ Negative net percentage balances indicate that the factor has contributed to tighter credit standards

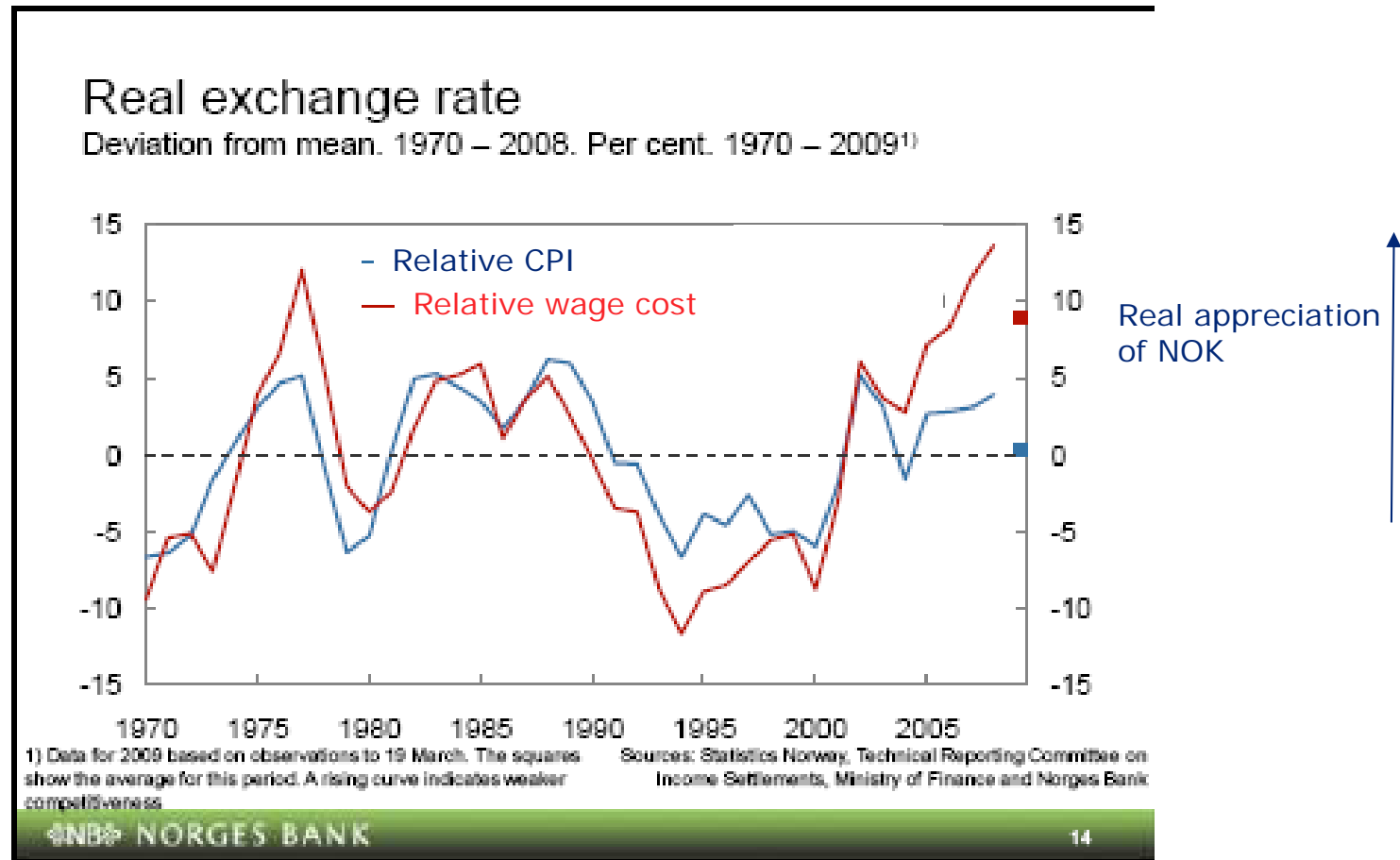
³⁾ A new factor introduced in Q4 2008

Chart 7 Change in loan conditions for non-financial corporations. Net percentage balances ²⁾



²⁾ Positive net percentage balances for lending margins indicate higher lending margins. Positive net percentage balances for lending margins, equity requirements, collateral requirements and fees indicate tighter credit standards

Reduced competitiveness



Long term external balance

Norges Bank

Historical real foreign exchange rate and long-term analysis

