

3 May 2018  
Snap

## Norges Bank stays firm

No major shift from the Norwegian central bank, which means it remains on track for a rate hike in September

Today's meeting was an 'interim' meeting with no new forecast or press conference. Policy rates were kept unchanged, with the key rate at 0.5%. The policy statement shows limited changes to the central bank's outlook relative to the previous meeting in March. The NB acknowledged slightly softer domestic inflation and growth momentum among trading partners but sees positive news from higher oil prices. Overall, "the outlook and the balance of risks do not appear to have changed substantially since the March report".

This largely unchanged statement should be read as relatively hawkish. That's because the news since March has arguably been a bit negative, and could plausibly have led the NB to signal less conviction in its tightening plans. Other central banks – the European Central Bank and Riksbank last week, and likely the Bank of England next week – have taken a markedly softer tone in response to the moderation in growth momentum. But the Norwegians look like they're staying the course.

We think this means a September rate hike remains the best bet. There is still time for softer data to blow the NB off course, and the next policy meeting in June will see a more thorough assessment from the NB. The global outlook and trade tensions are probably the most significant risk.

But as long as the oil market holds up, the Norwegian central bank looks more likely to follow through on tightening policy than its counterparts across western Europe. That's because higher oil prices are an unambiguously positive story for the Norwegian economy, and to some extent give the NB a buffer from the growth concerns that are causing doubts at other central banks.

**Jonas Goltermann**

Developed Market Economist

+44 20 7767 6909

[jonas.goltermann@ing.com](mailto:jonas.goltermann@ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("**ING**") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group NV and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. The producing legal entity ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is subject to limited regulation by the Financial Conduct Authority (FCA). ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.