



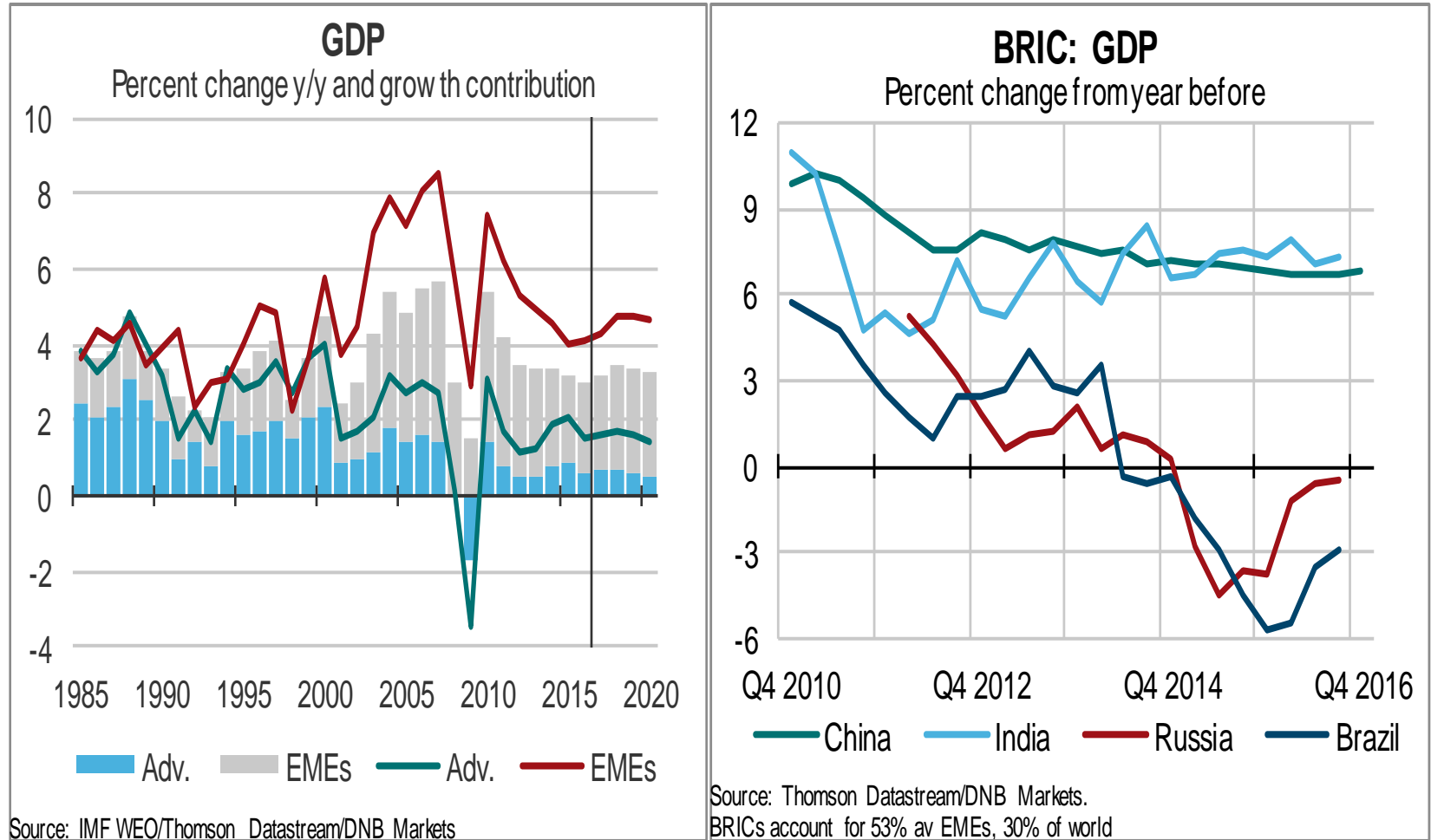
# Economic Outlook 1/2017

7 February 2017

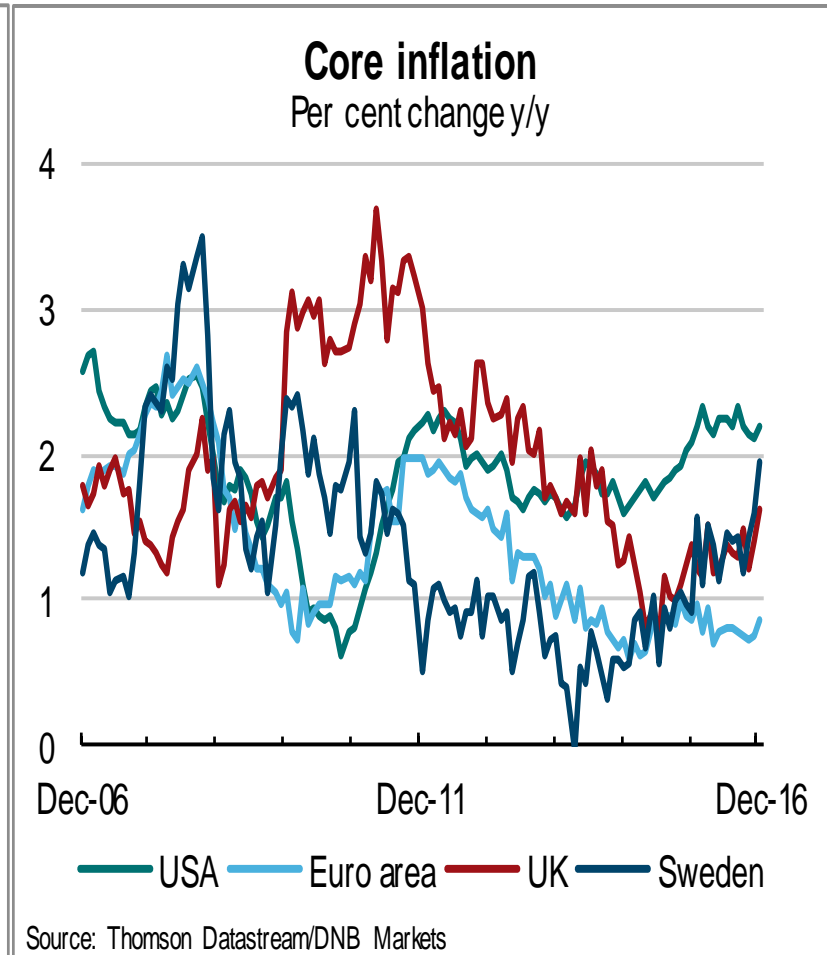
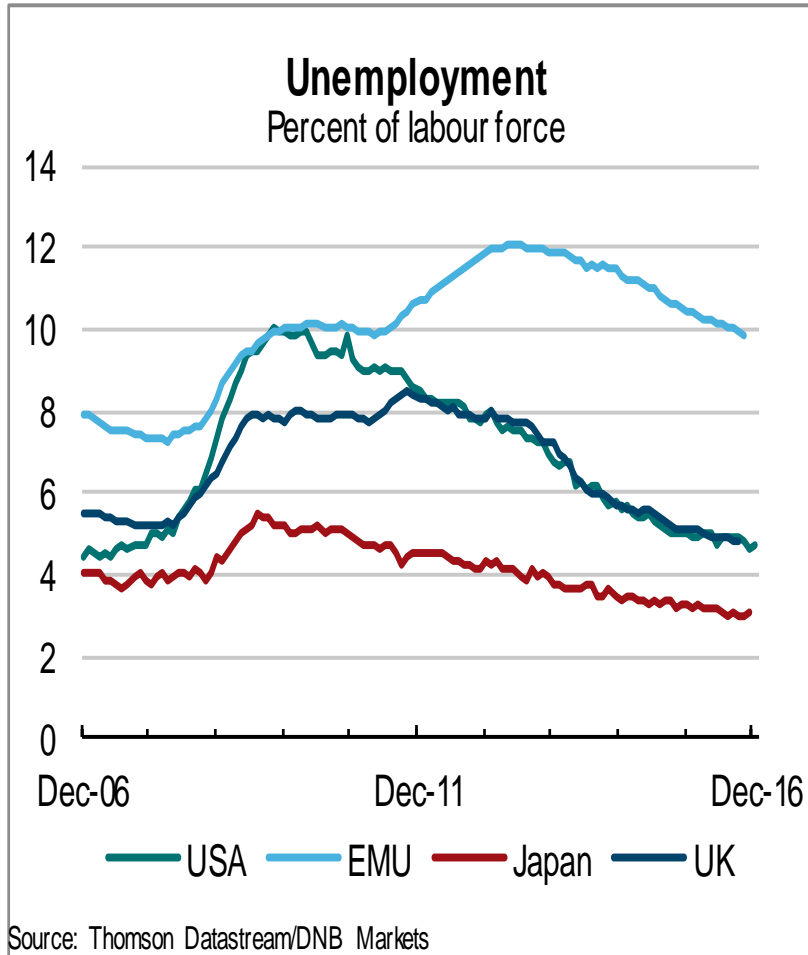
Analyst Jeanette Strøm Fjære

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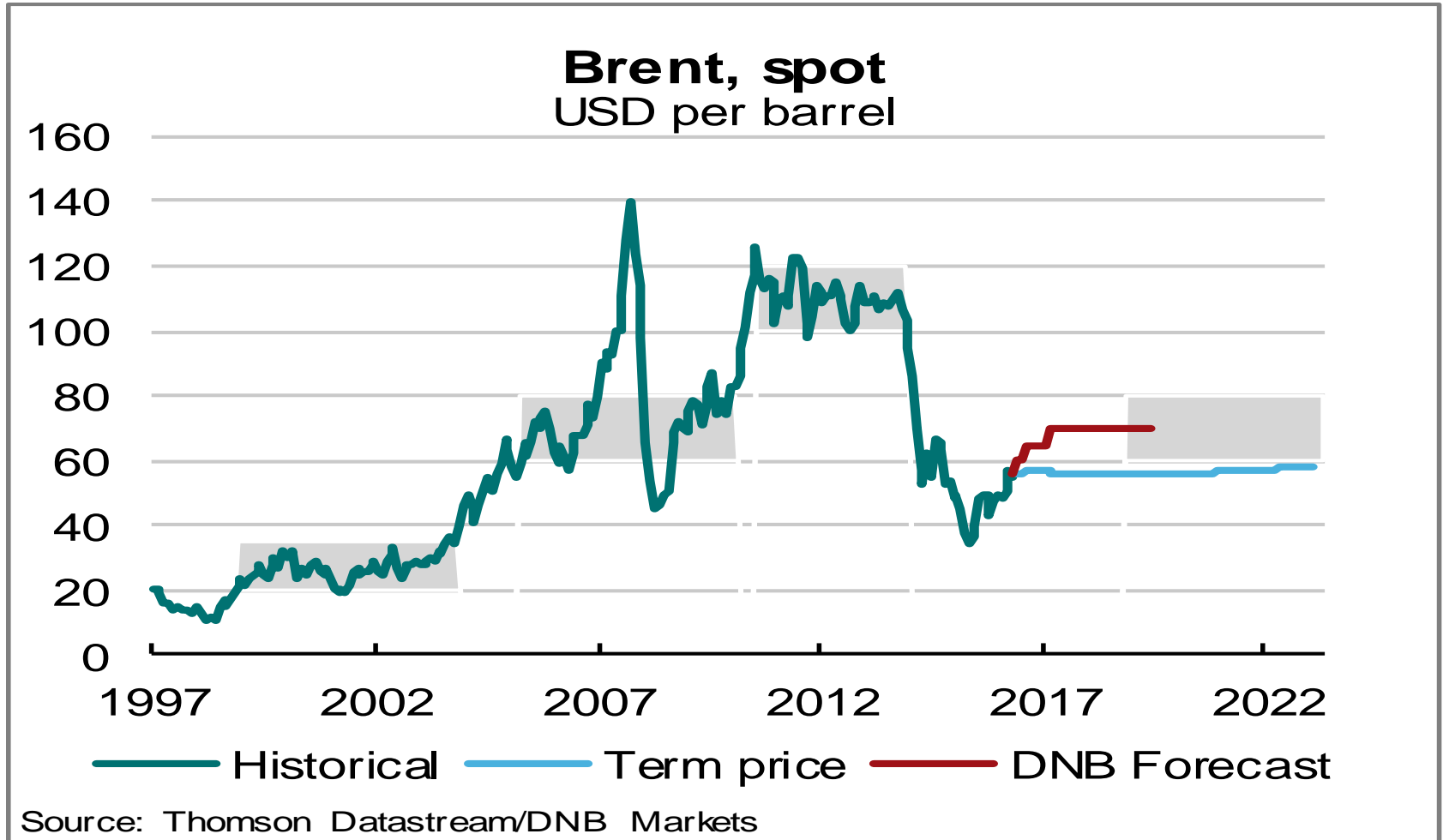
# Global growth edging higher, but risks increasing



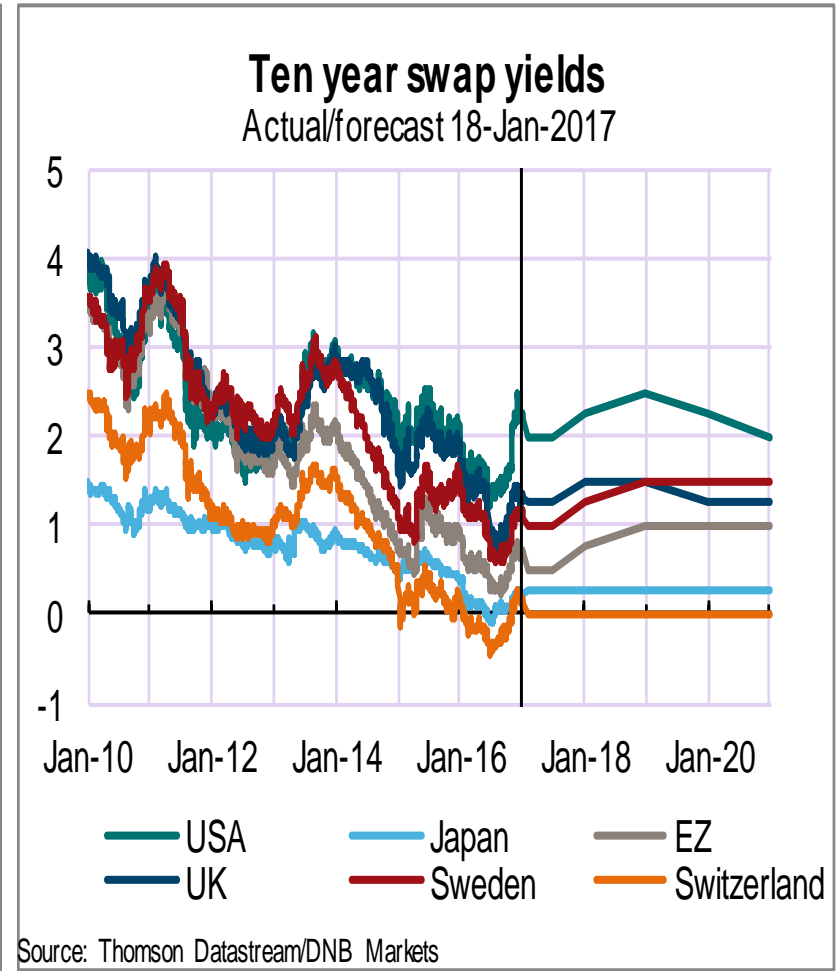
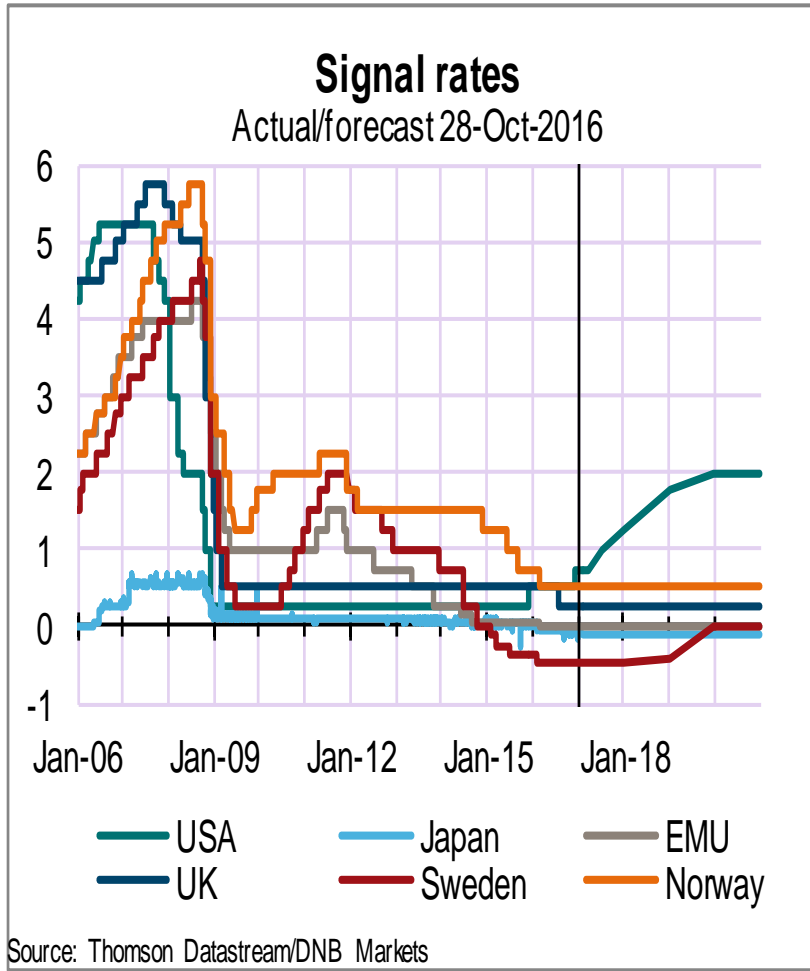
# Unemployment lower and deflation risk gone



# Oil market back in balance



# Still low (short and long) interest rates



## Political risk on the rise

### 1. Rate hikes in the US:

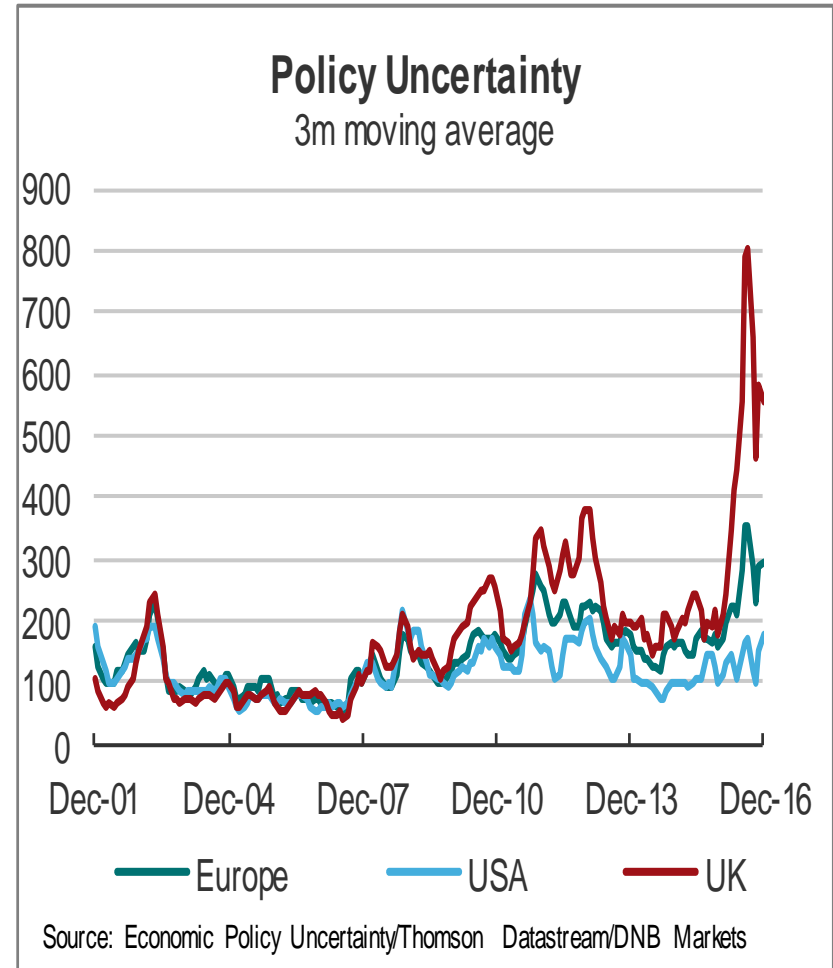
Overheating forces Fed to increase rates faster

### 2. Protectionism (Trump)

Globalization already on its way back. Slower growth and higher inflation

### 3. Political uncertainty in Europe

Uncertainty and worst case: End of EU

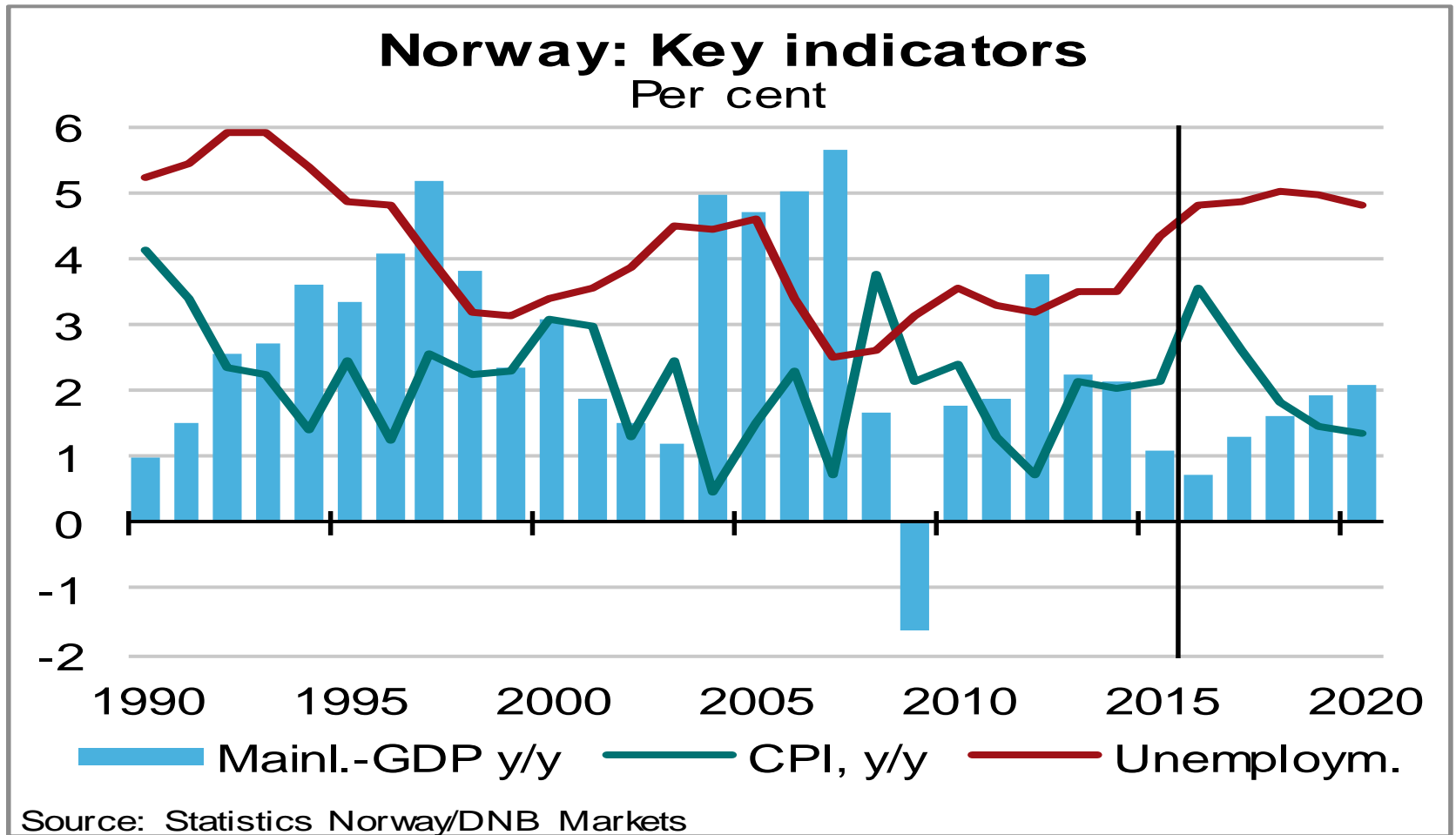




Norway: Is housing the new oil?

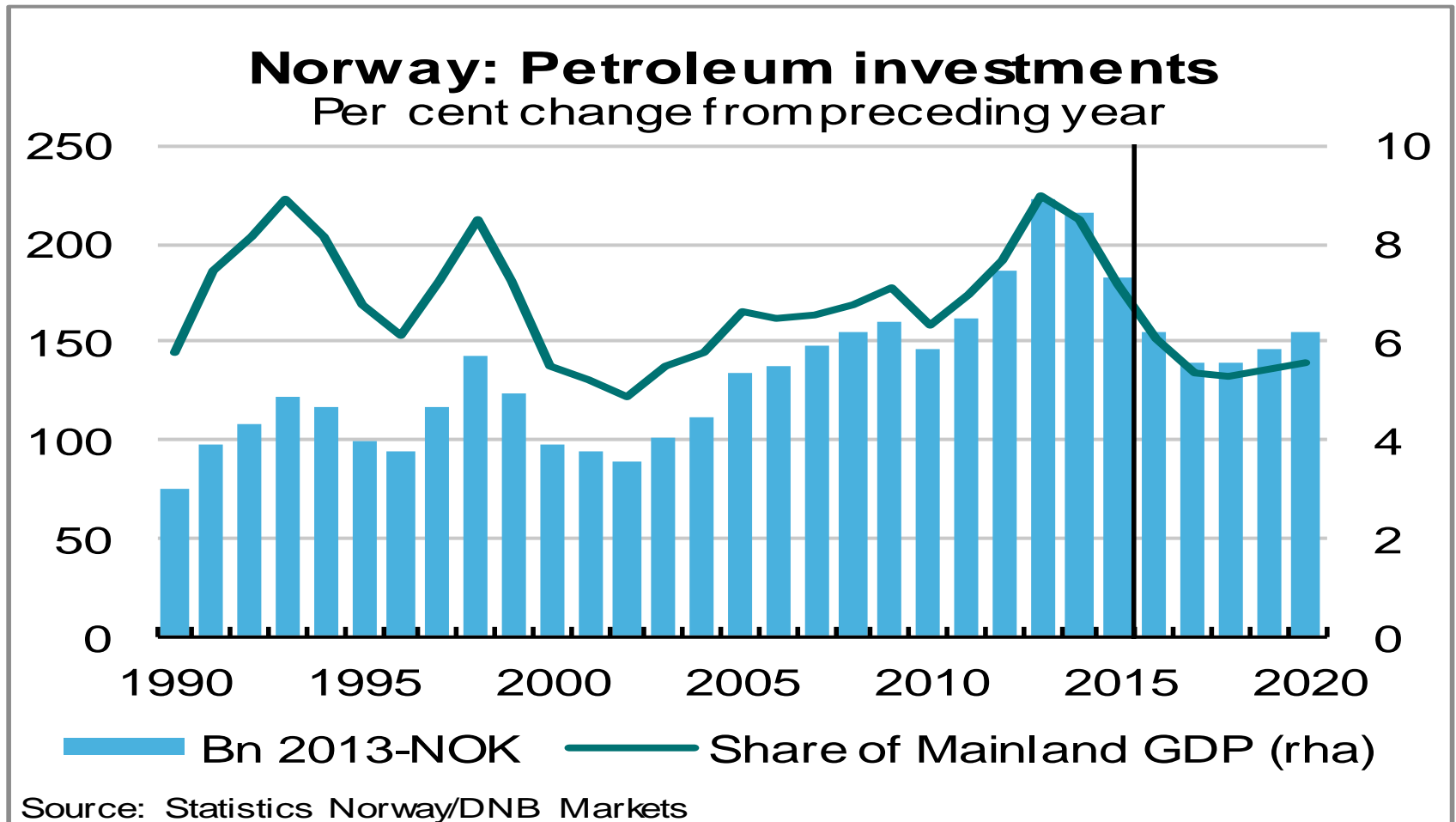
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# Growth increasing very slowly

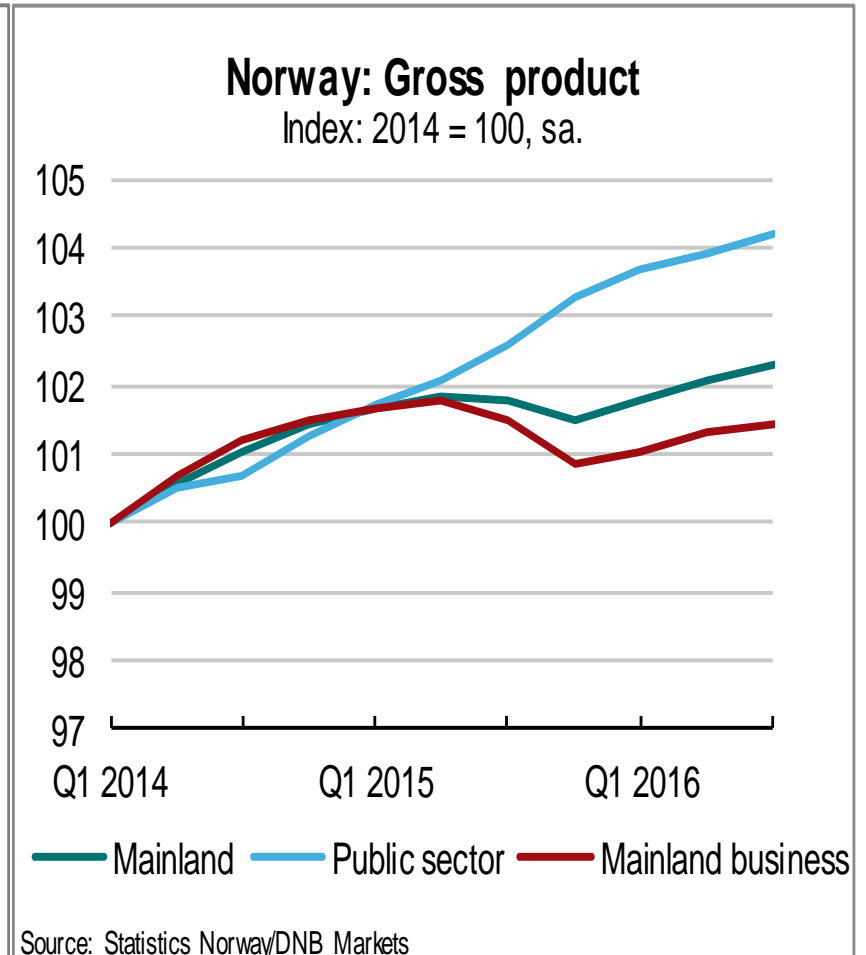
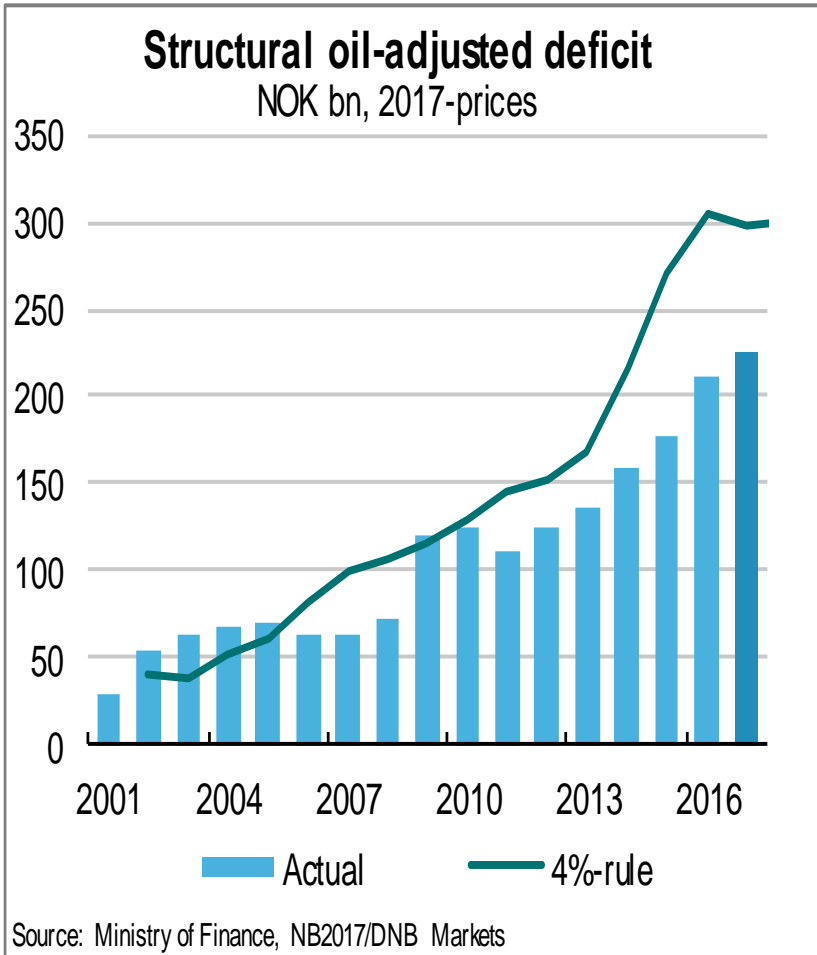




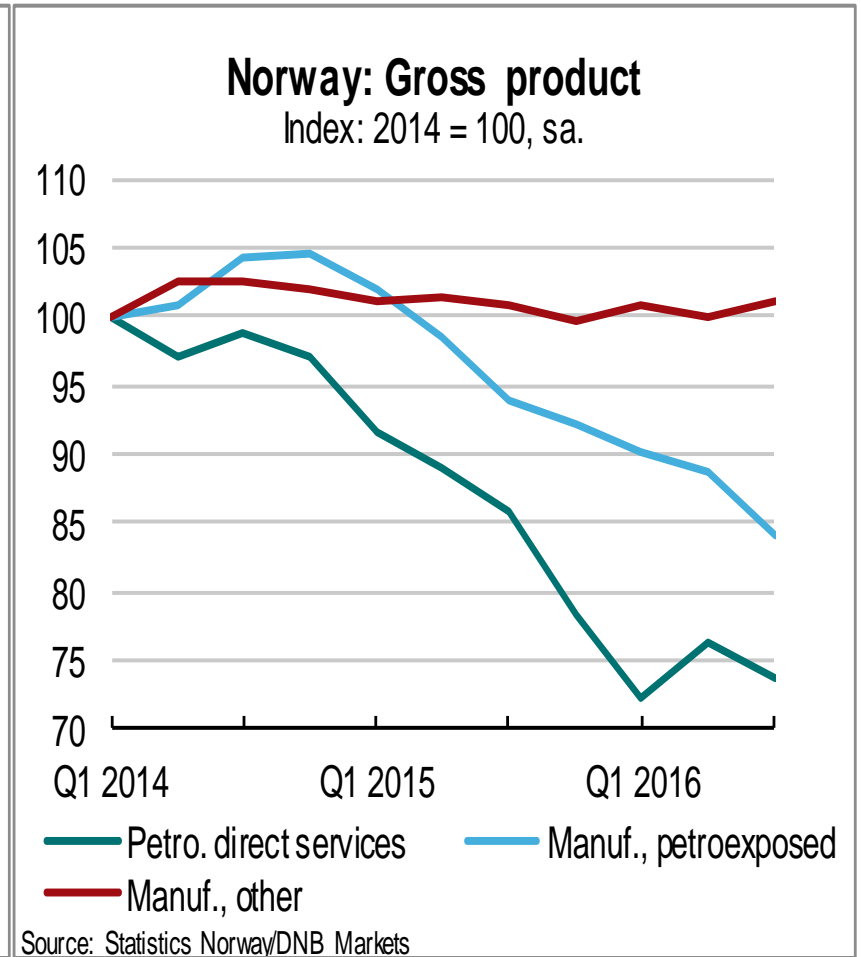
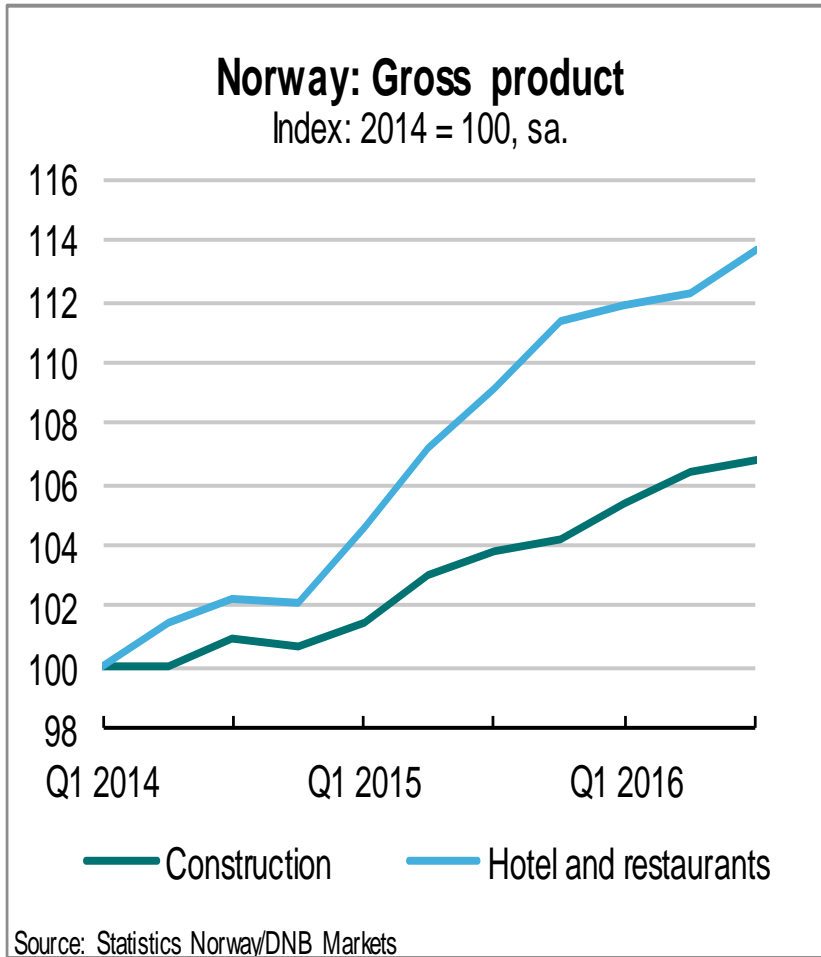
# Oil sector still negative drag to growth



# Public demand prevent GDP from falling



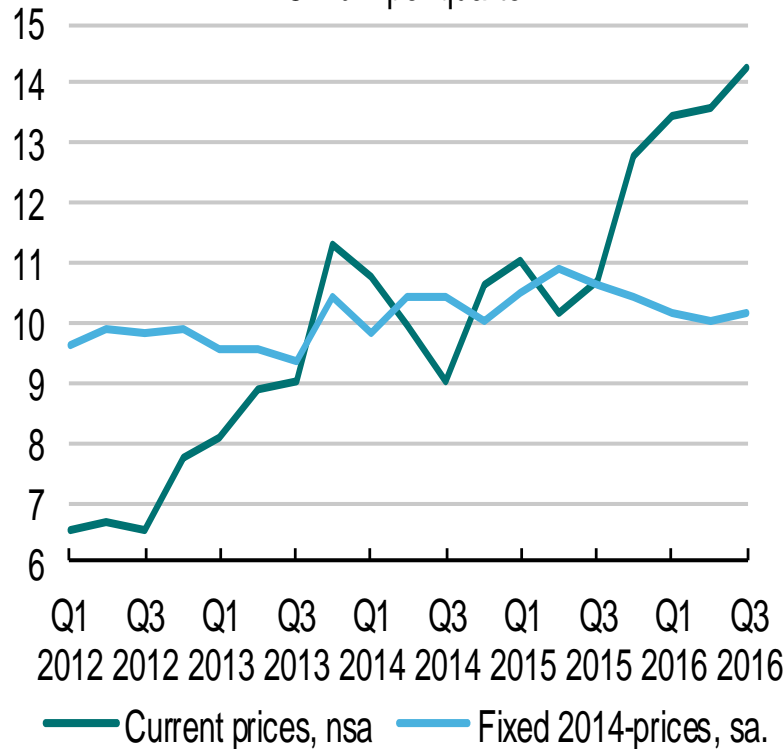
# Construction and tourism stimulated by low rates



# Weak NOK increases profits but not production

## Norway: Exports of fish and agri.

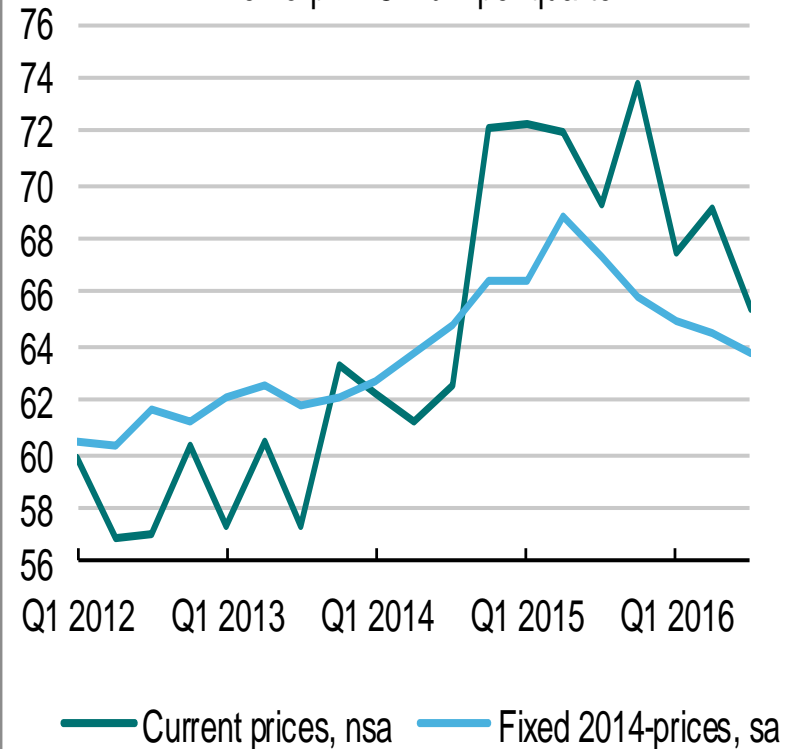
NOK bn. per quarter



Source: Statistics Norway/DNB Markets

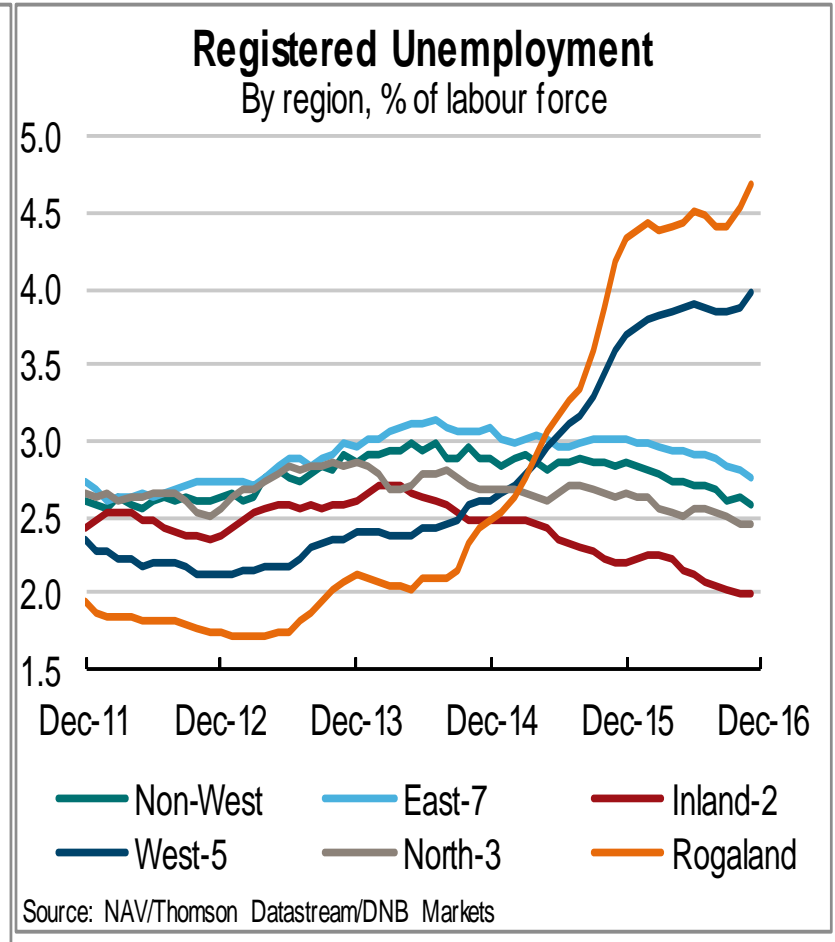
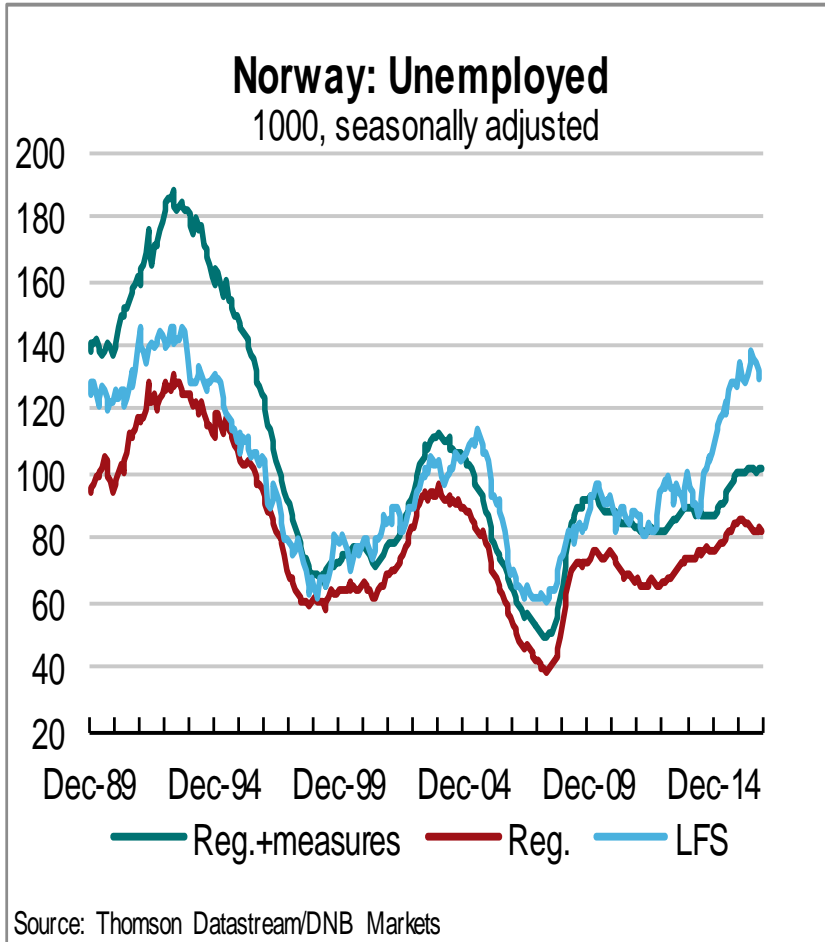
## Norway: Export manufacturing

x ref. oilpr. NOK bn. per quarter

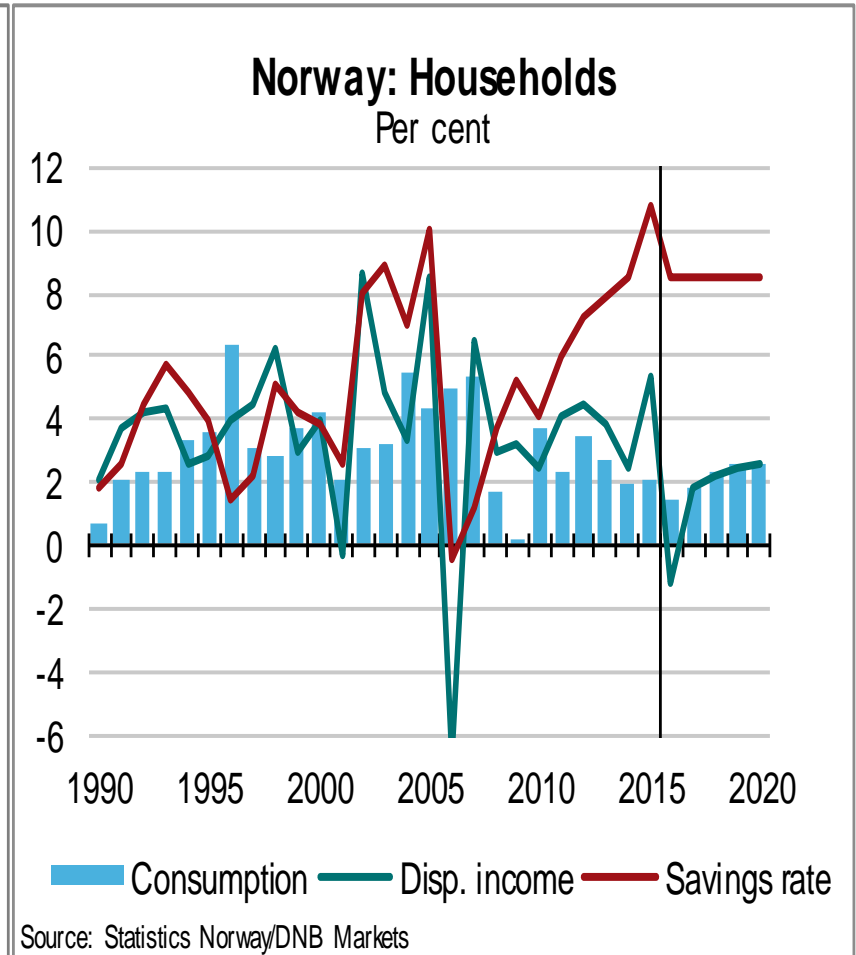


Source: Statistics Norway/DNB Markets

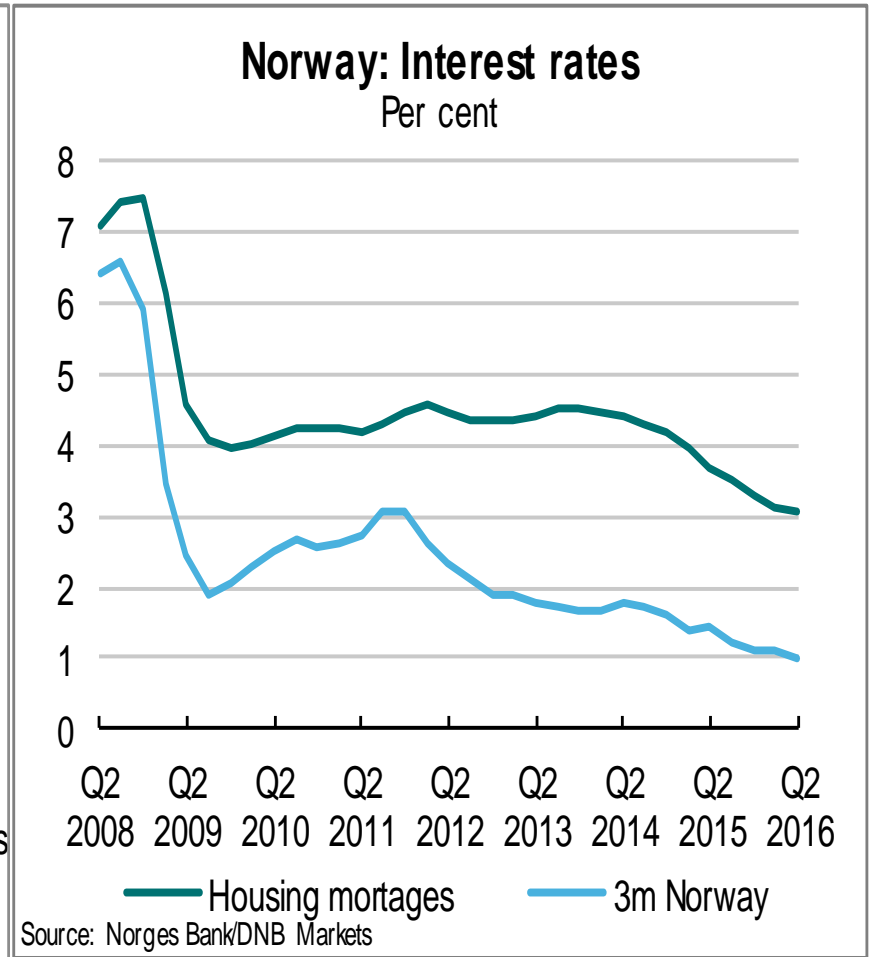
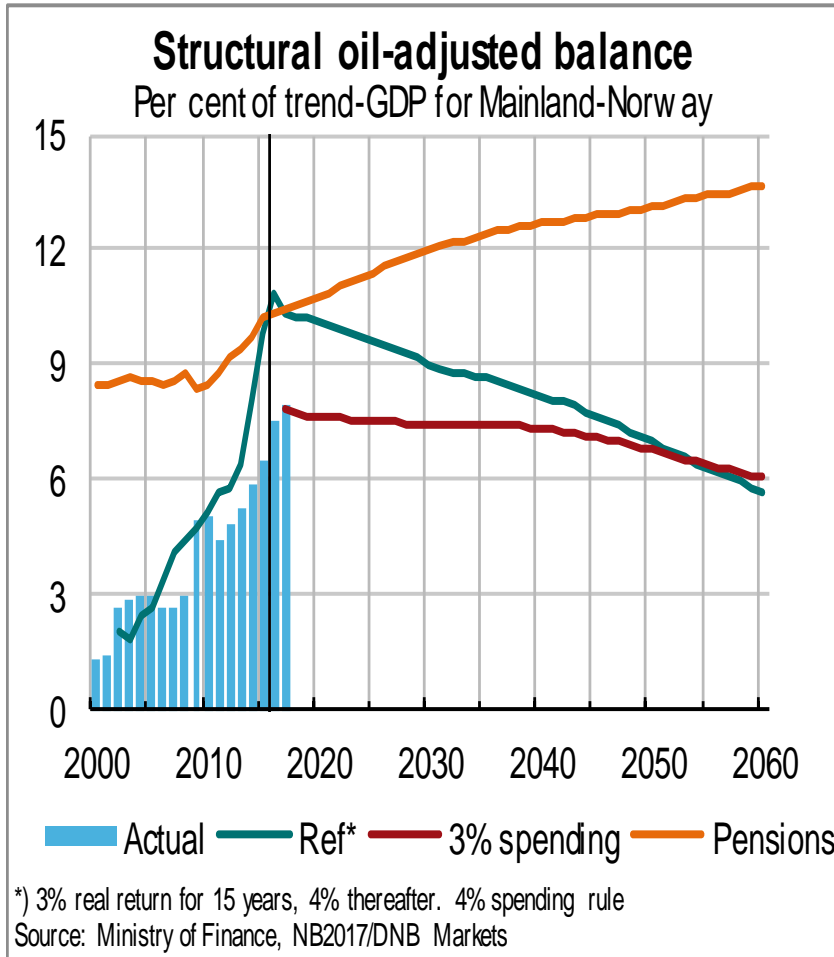
# Unemployment is stabilizing, regional differences



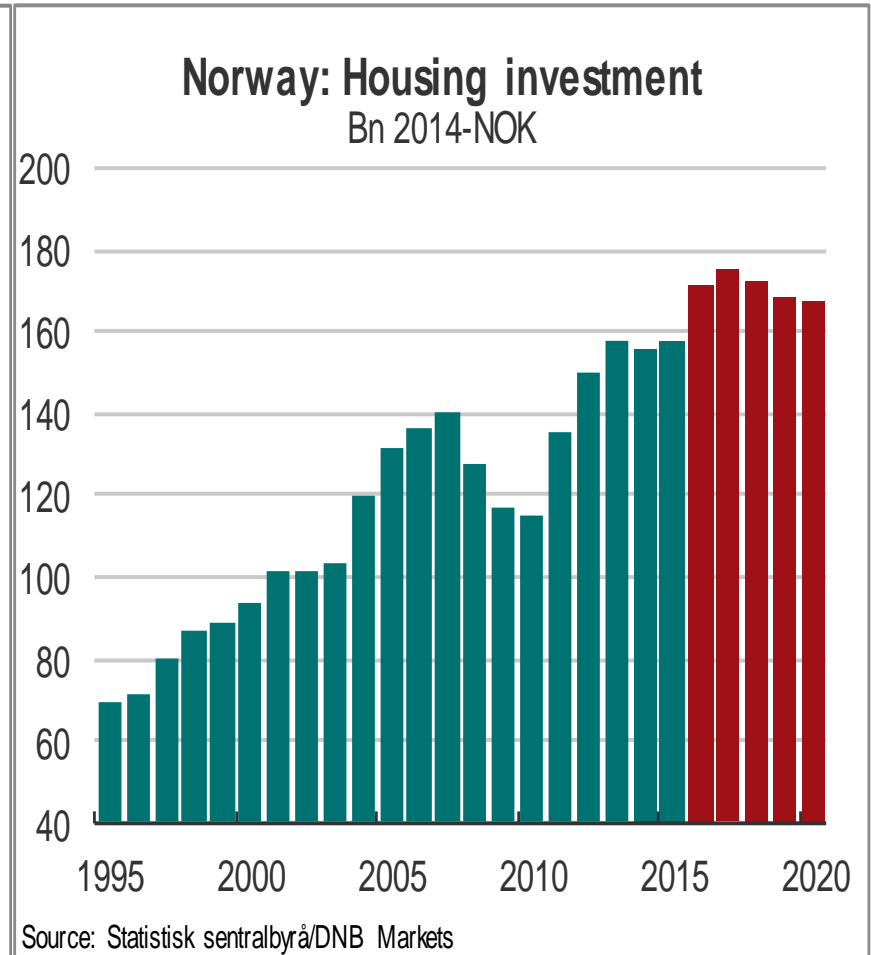
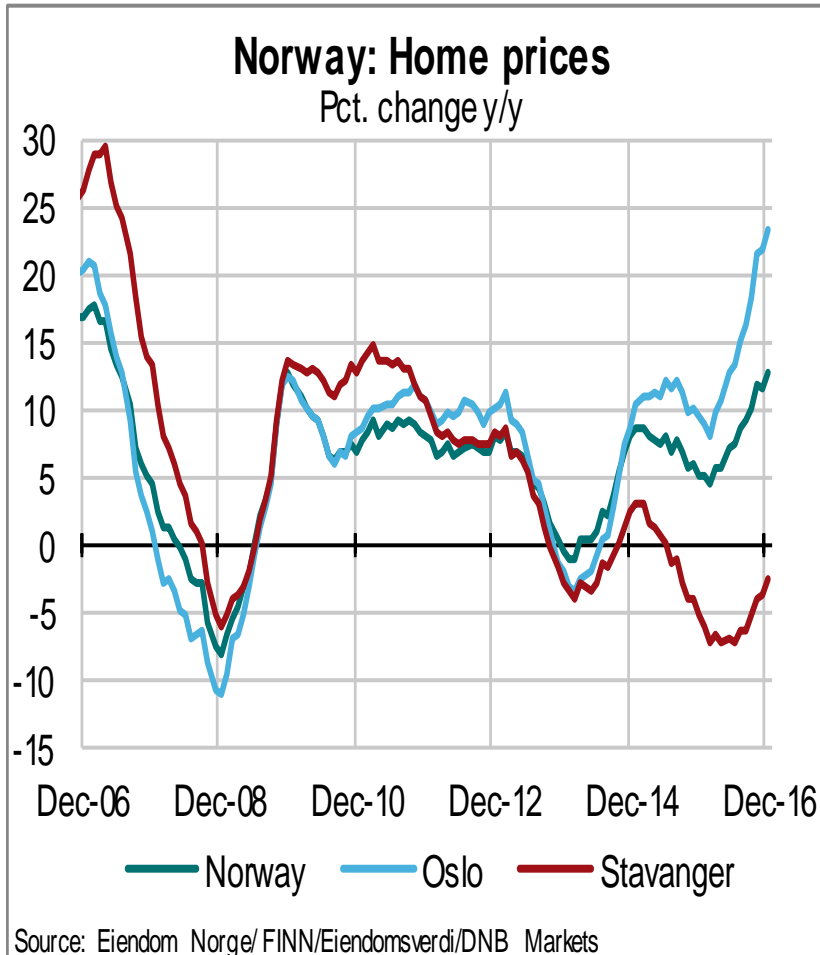
# Lower inflation lifts consumption



# Less room for fiscal and monetary policy

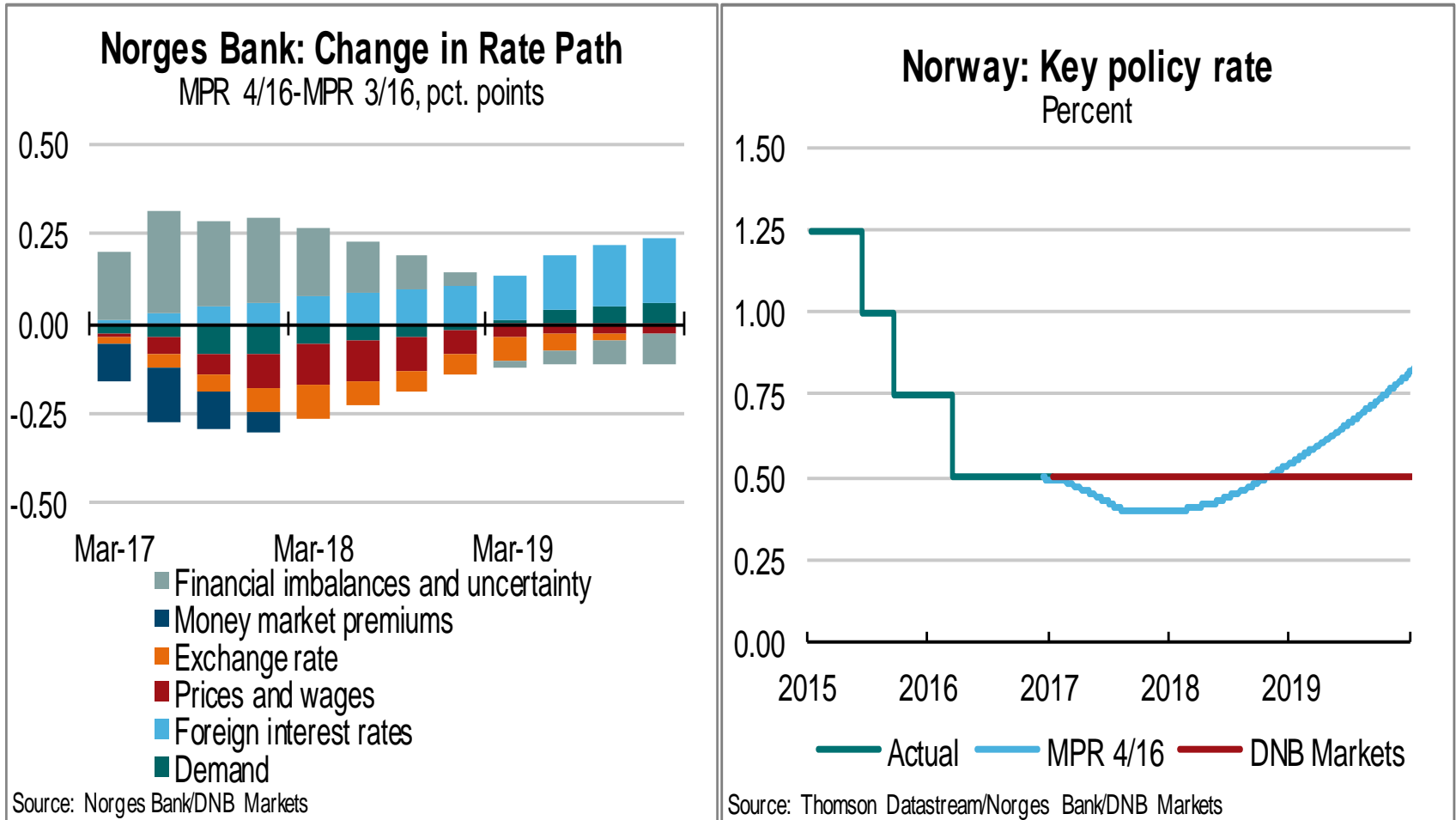


# Housing market lifts GDP, but also a risk factor

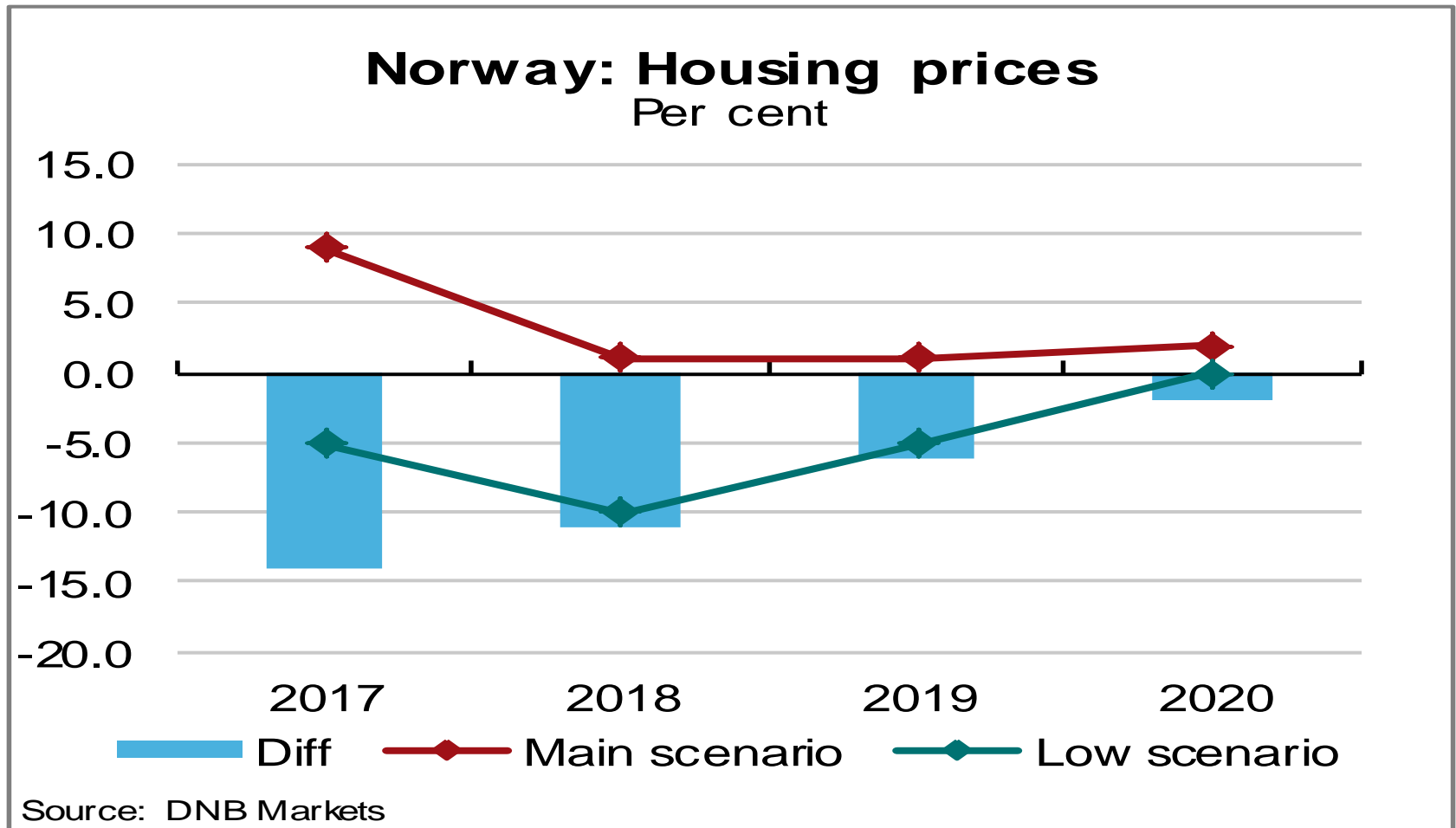




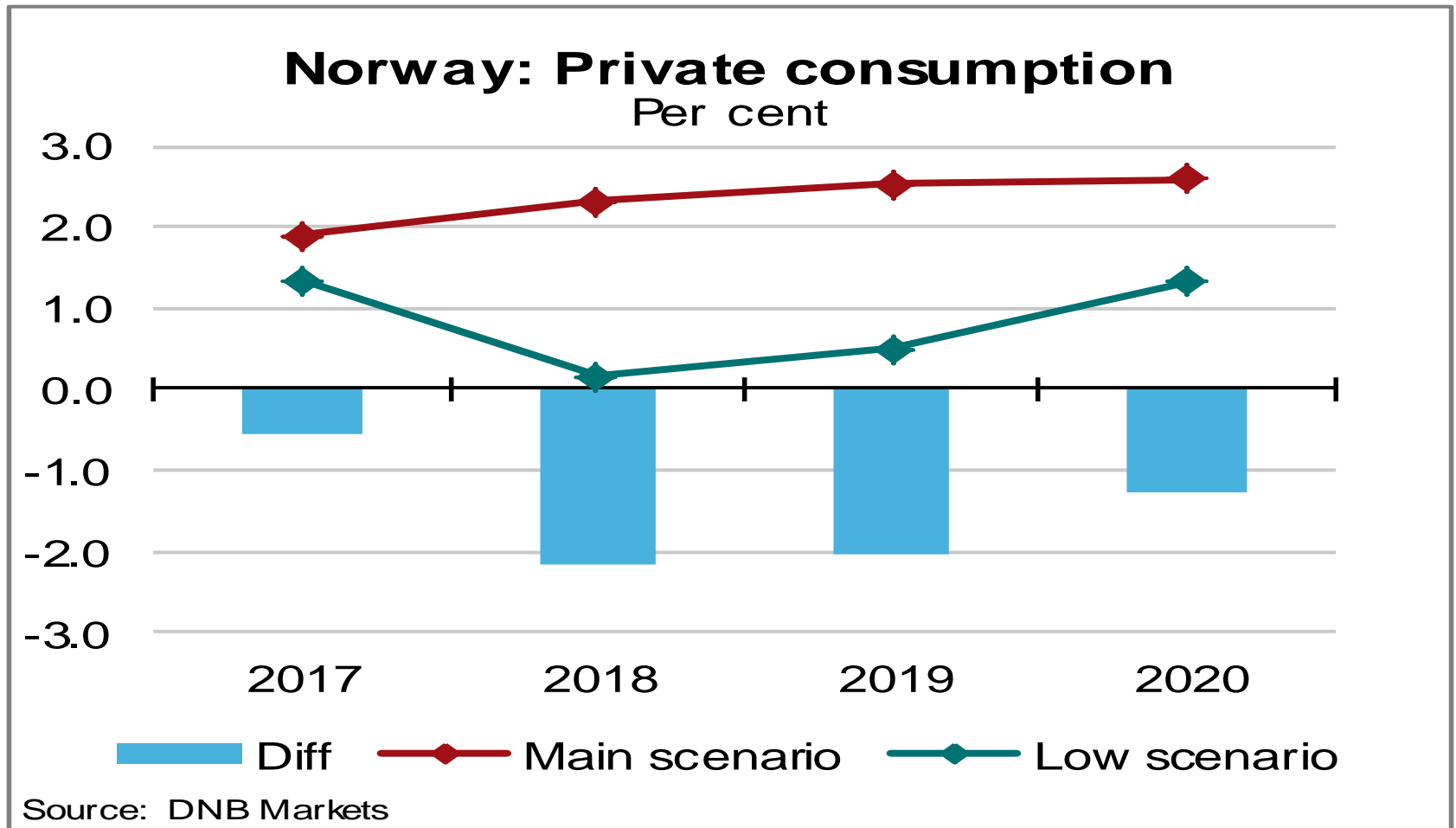
# ...and has stopped Norges Bank's easing cycle



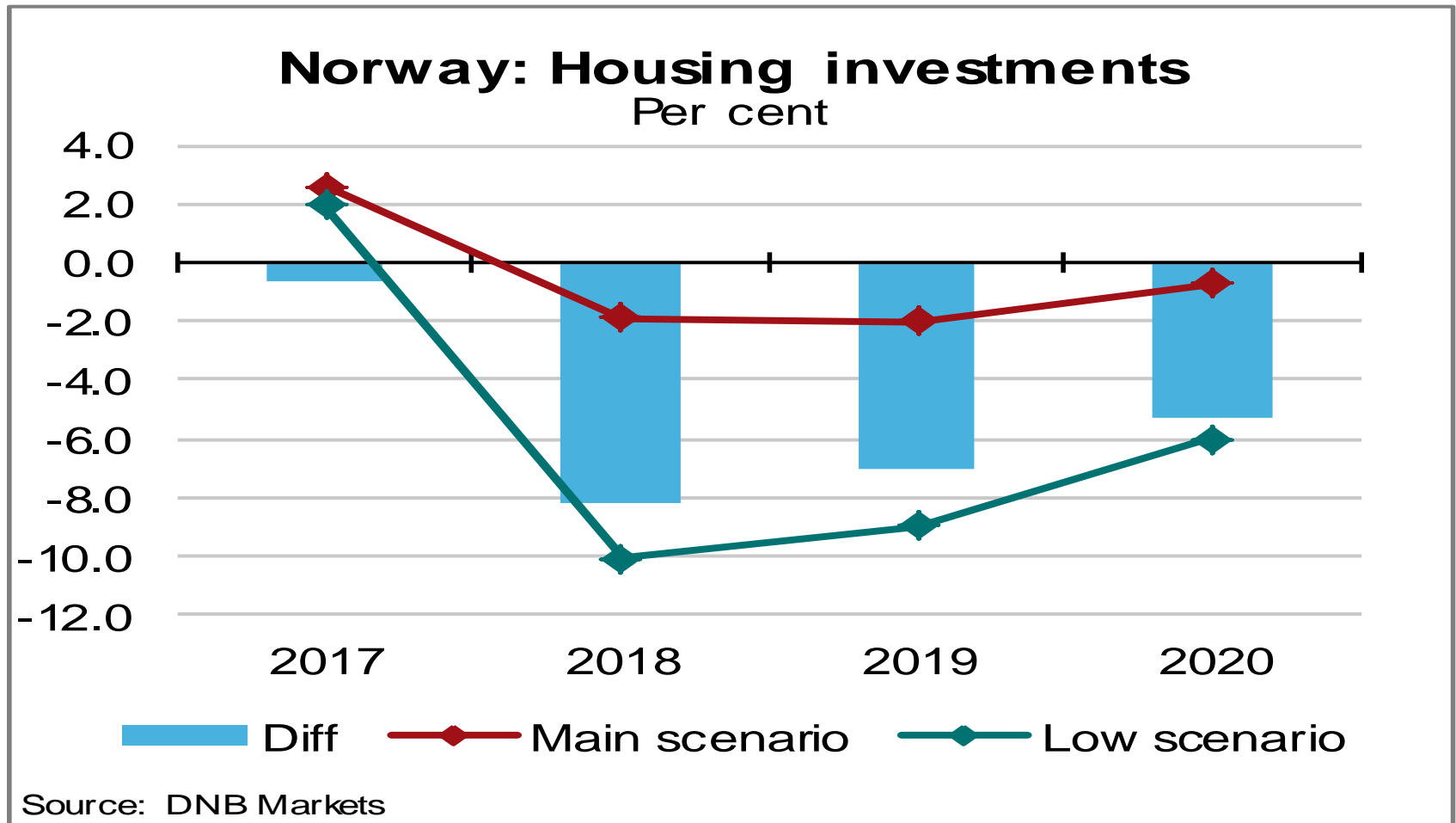
# But what if housing prices drop by 20 per cent?



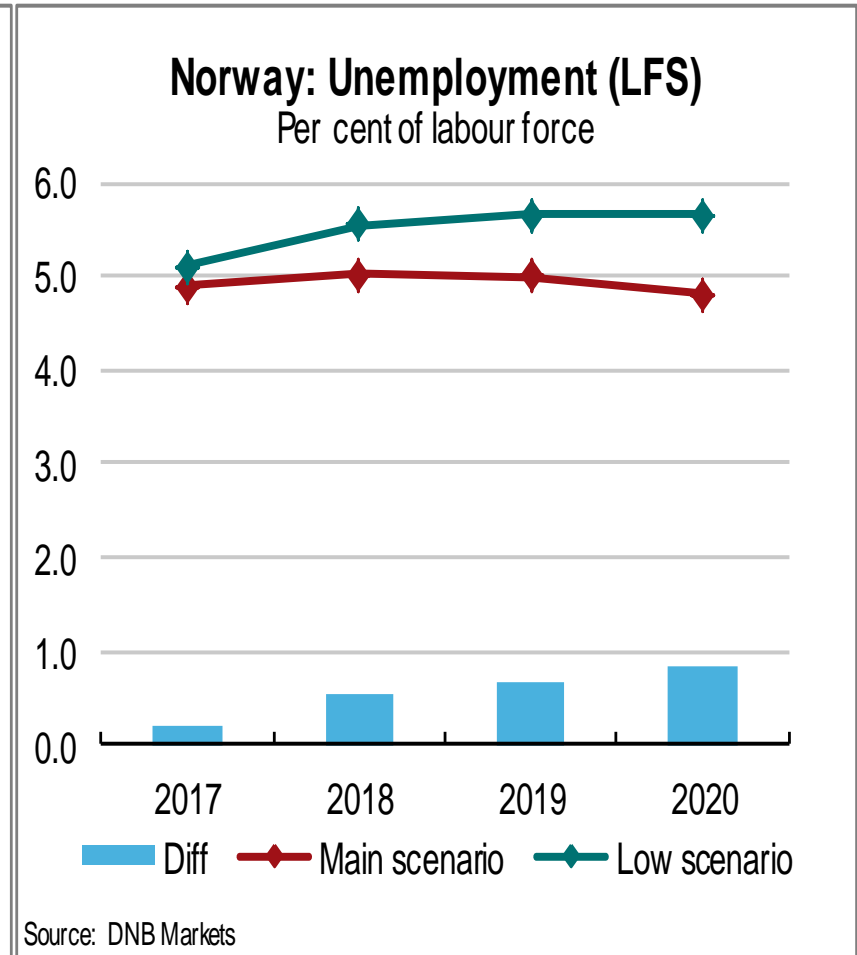
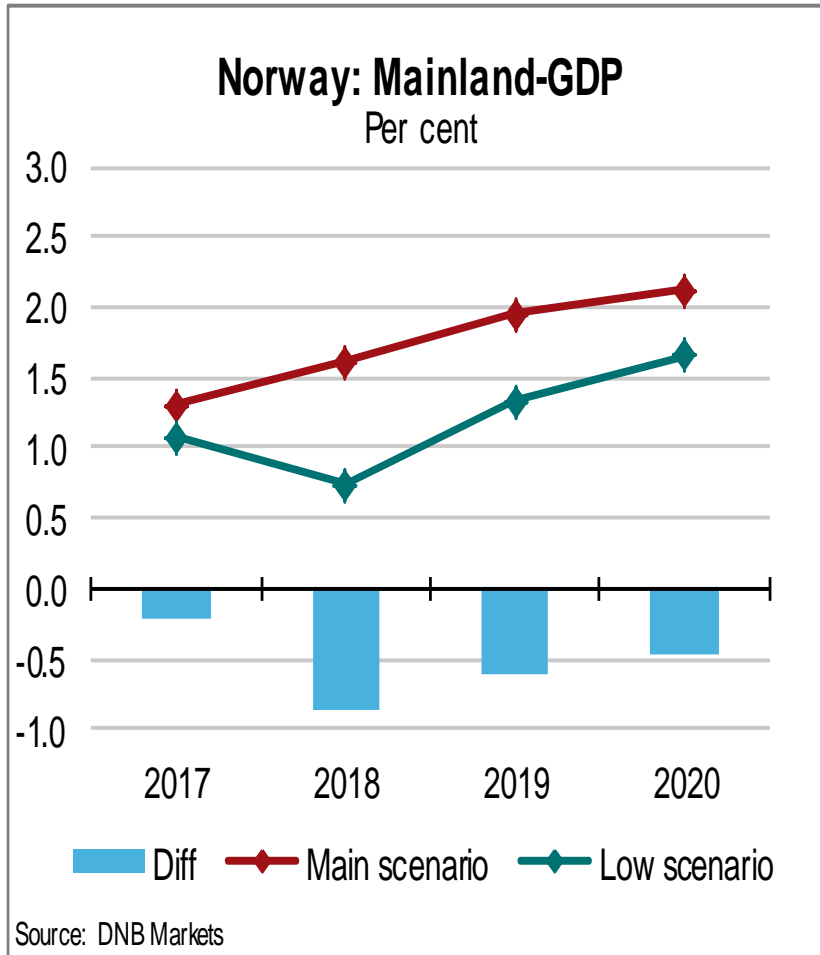
# Private consumption markedly lower



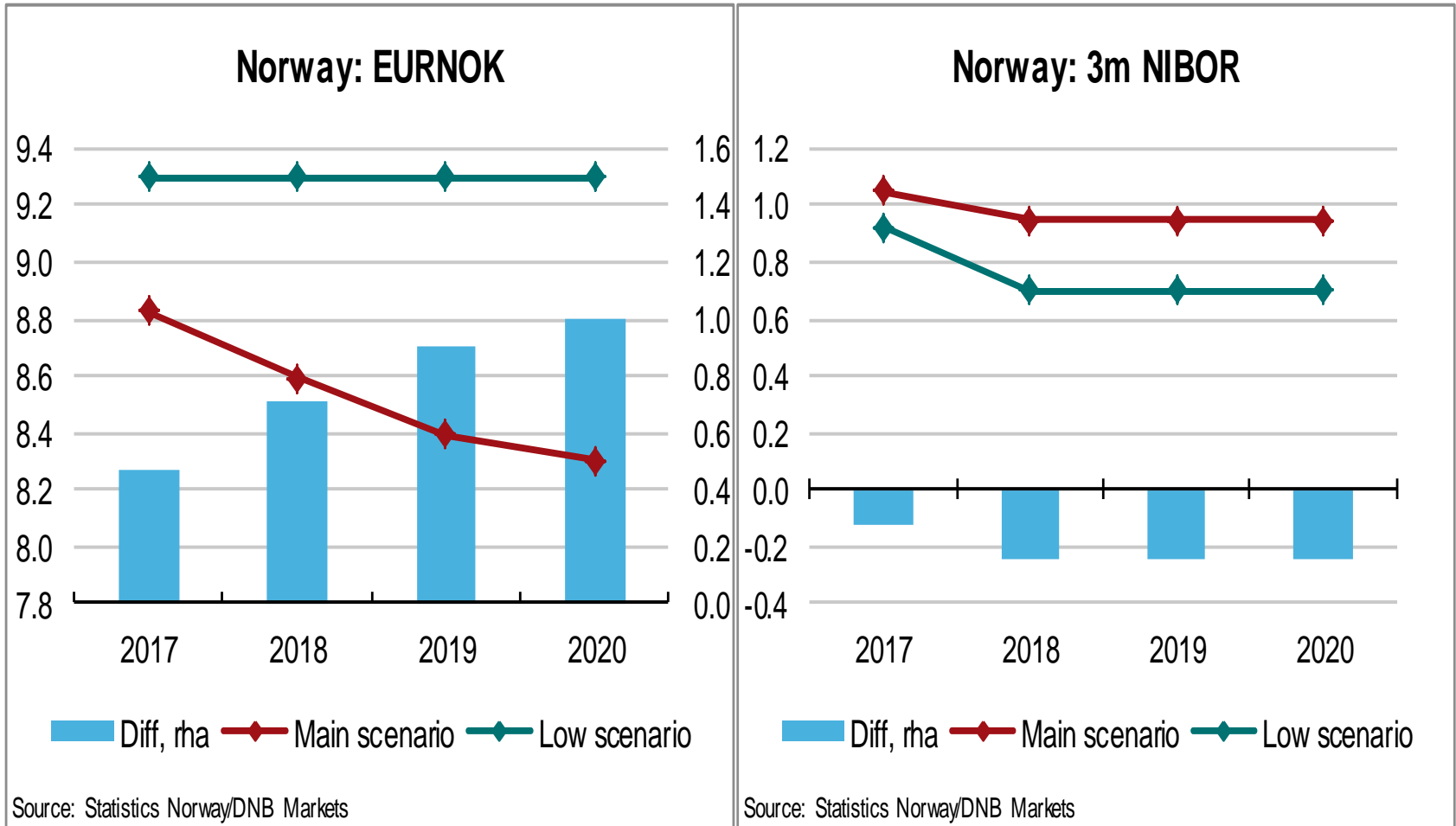
# Housing investments down by 25 per cent



# Lower growth and higher unemployment



# Some help from lower rates and fiscal stimulus





Thank you for your attention!  
Questions?

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