### DANMARKS NATIONALBANK

### MACROECONOMIC POLICY UNDER UNCERTAINTY - LESSONS FROM THE CRISIS

by Director Niels Lynggård Hansen, Danmarks Nationalbank, 5 December 2014



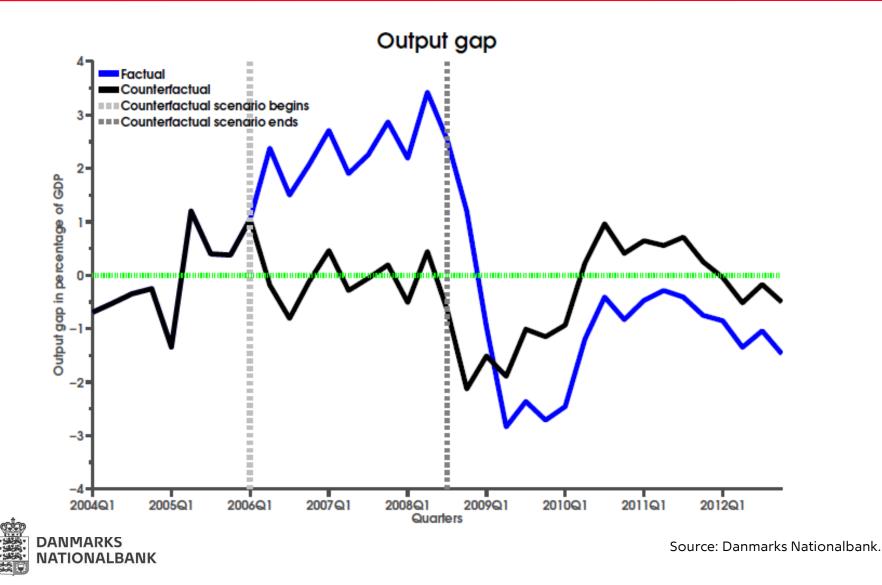


Disclaimer: Views expressed are my own, not necessarily those of Danmarks Nationalbank.

# Sound fiscal policy is important to safeguard macroeconomic stability



### A TAYLOR RULE FOR FISCAL POLICY IN A FIXED EXCHANGE RATE REGIME

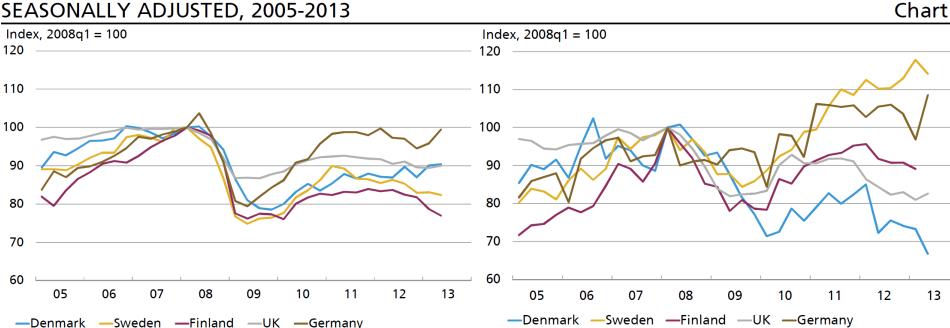


# No single monetary-policy regime has outperformed others during the crisis



# **Experiences from the Nordic countries after the financial crisis**

#### MANUFACTURING VOLUME (LEFT), AND CONSTRUCTION COLUME (RIGHT), SEASONALLY ADJUSTED, 2005-2013



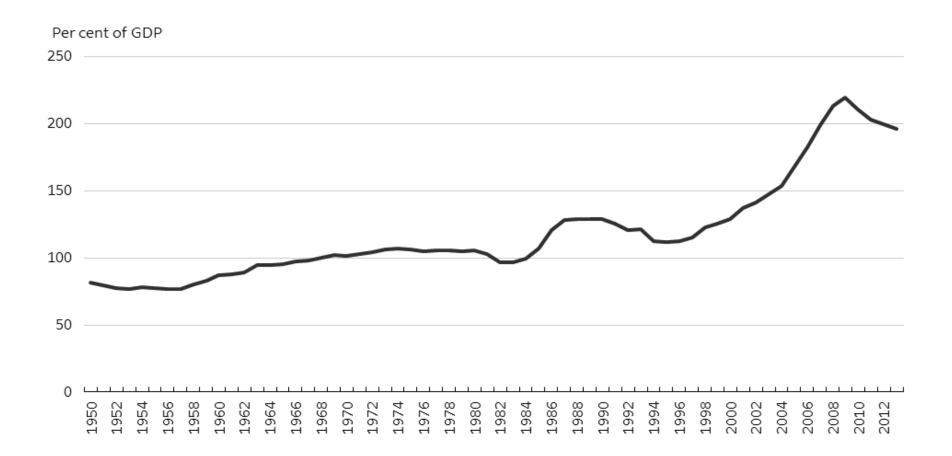


Source: Anders Møller Christensen and Niels Lynggård Hansen, What scope for monetary policy? Experiences from the Nordic countries after the financial crisis, forthcoming in Torben M. Andersen, Michael Bergman and Svend E. Hougaard Jensen (2014), Reform Capacity and Macroeconomic Performance in the Nordic Countries, Oxford University Press.

#### Money, credit and asset prices are back in focus



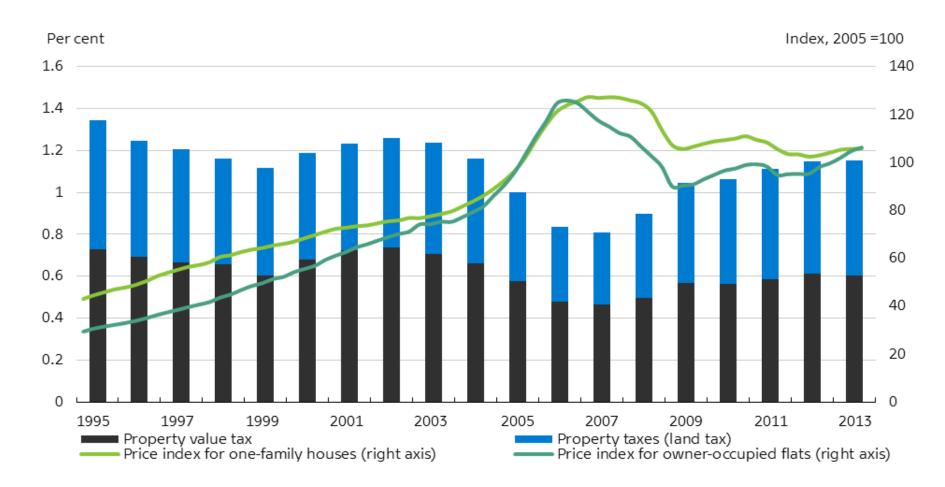
## Domestic credit 1950-2013





Note: Domestic non-bank credit granted by deposit banks and mortgage banks. Source: Danmarks Nationalbank og Danmarks Statistik.

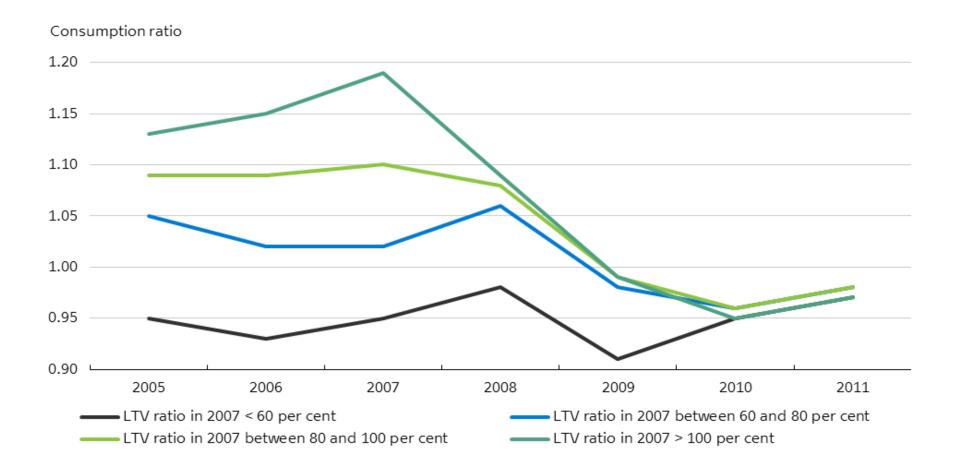
## **Effective housing taxes**





Source: Own calculations based on data from from Statistics Denmark and Danmarks Nationalbank.

# Development in Danish families' consumption ratios, broken down by LTV ratio in 2007



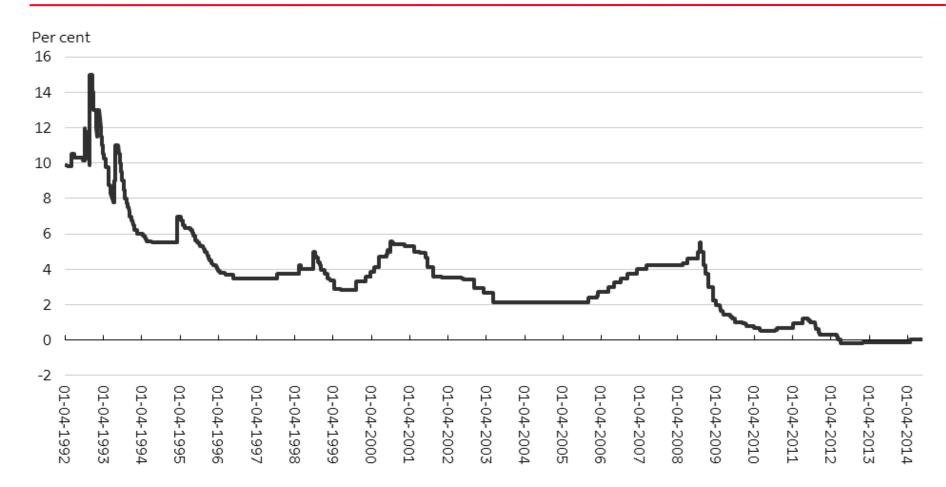


Source: Own calculations on the basis of register data from Statistics Denmark.

# There is a lower bound to the nominal interest rate, but it is not zero



# Danmarks Nationalbank's nominal rate of interest on certificates of deposit





Source: Danmarks Nationalbank.