

DANMARKS NATIONALBANK

MACROECONOMIC POLICY UNDER UNCERTAINTY - LESSONS FROM THE CRISIS

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



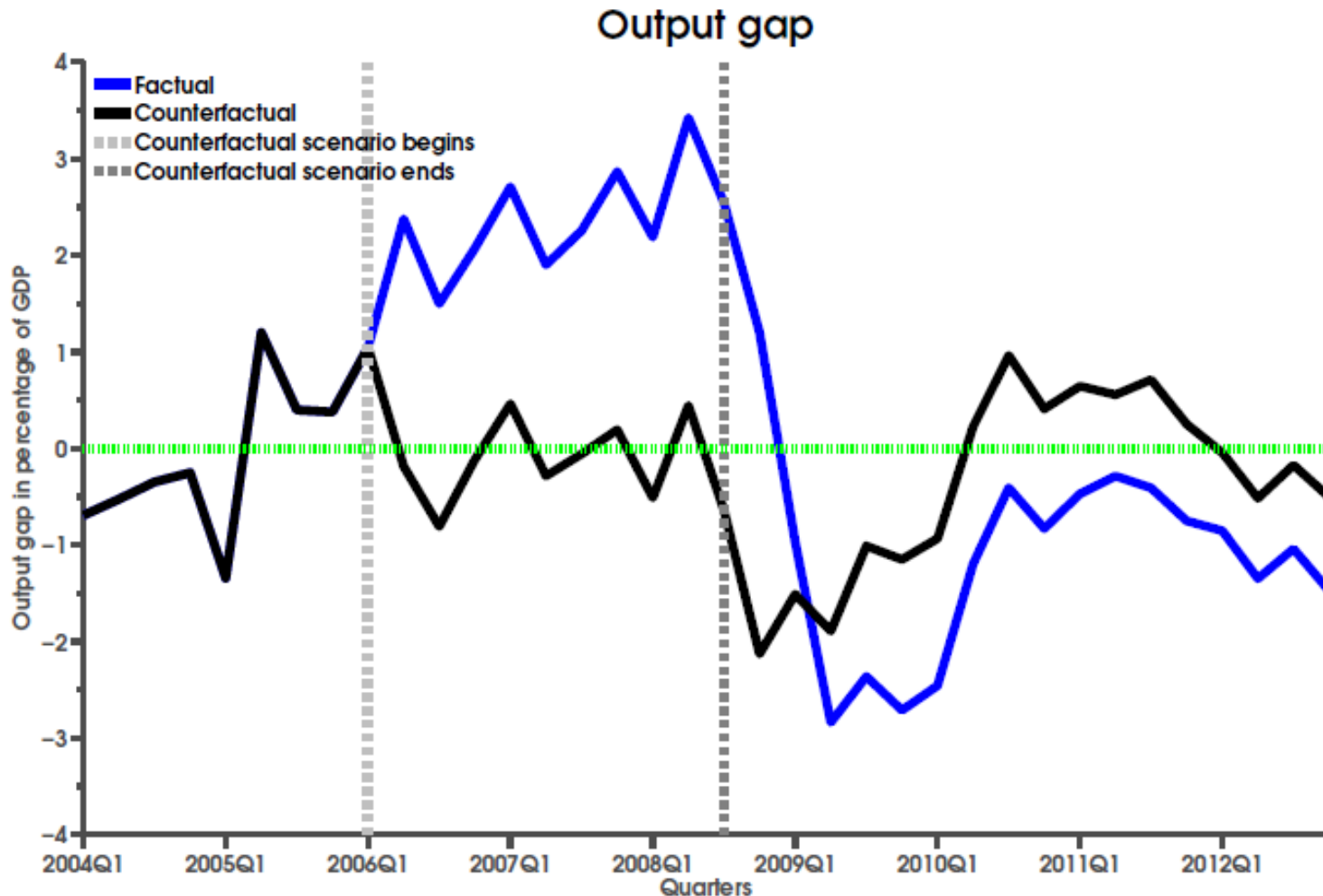
Disclaimer: Views expressed are my own, not necessarily those of Danmarks Nationalbank.

Lesson 1:

**Sound fiscal policy is important to safeguard
macroeconomic stability**



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



Lesson 2:

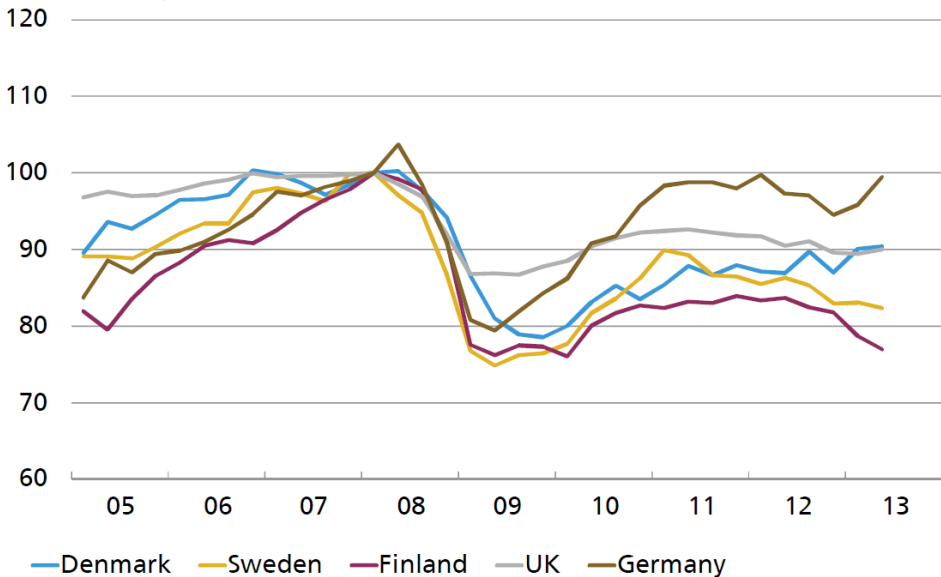
No single monetary-policy regime has outperformed others during the crisis

Experiences from the Nordic countries after the financial crisis

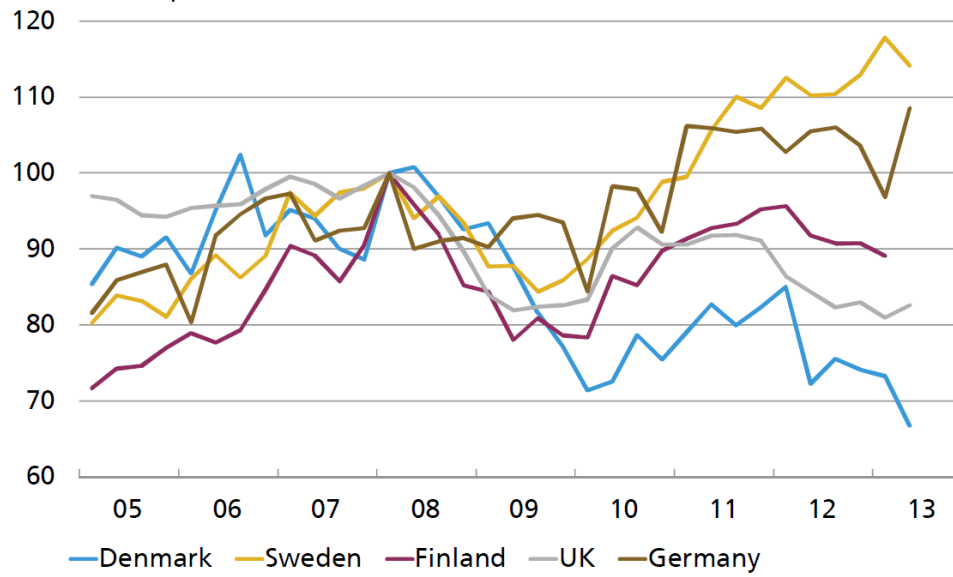
MANUFACTURING VOLUME (LEFT), AND CONSTRUCTION COLUME (RIGHT), SEASONALLY ADJUSTED, 2005-2013

Chart

Index, 2008q1 = 100



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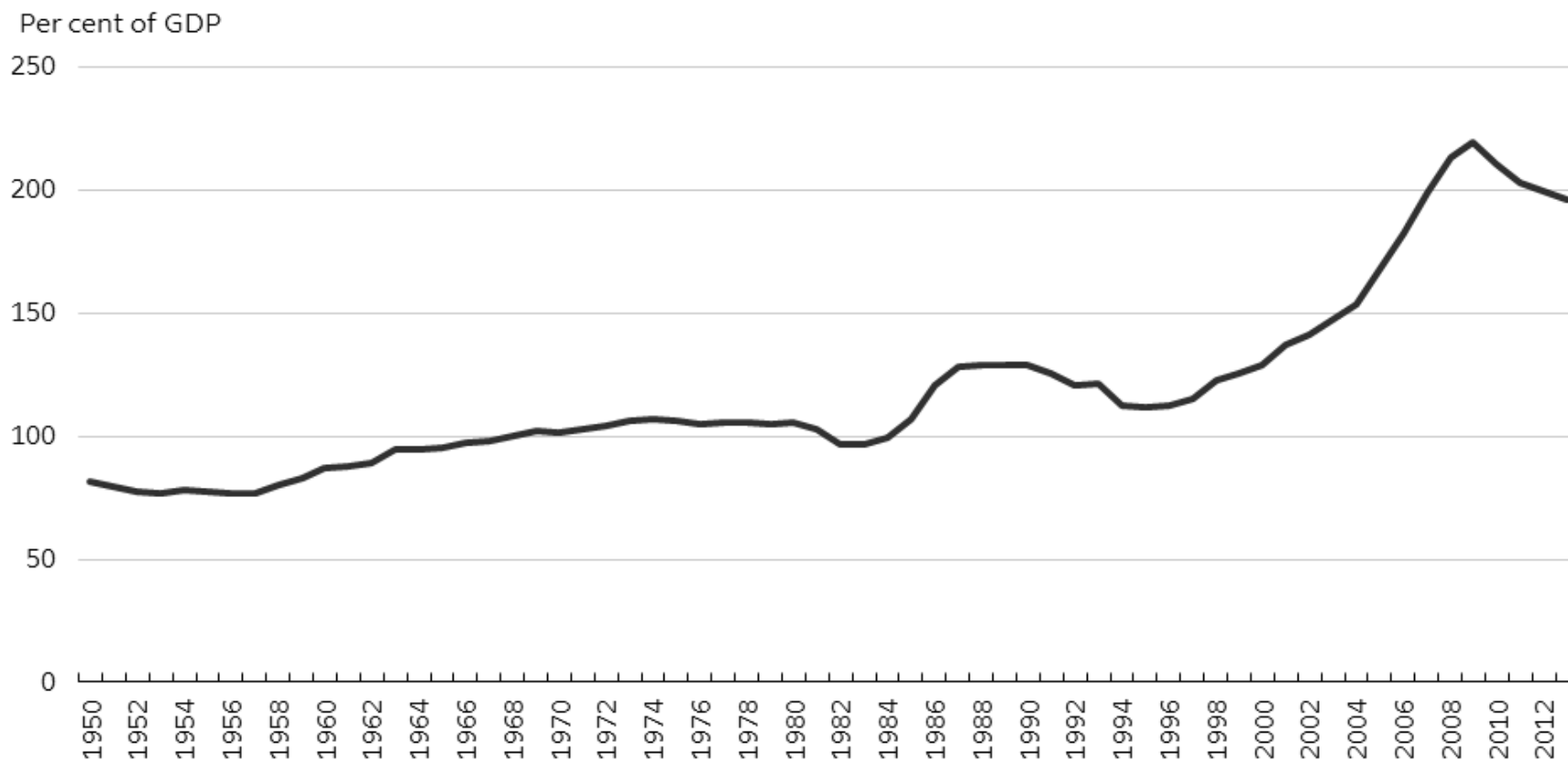
Lesson 3:

Money, credit and asset prices are back in focus

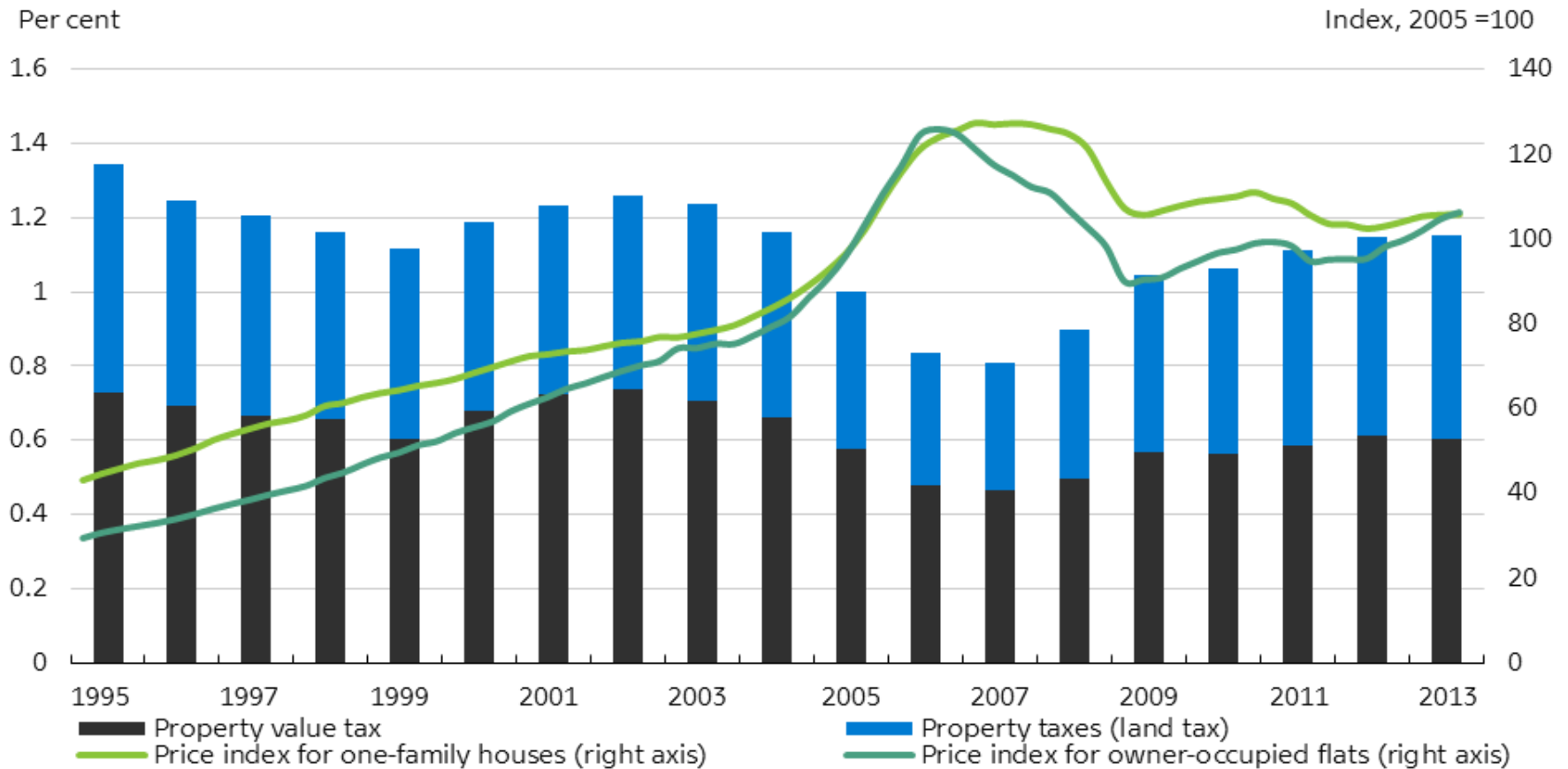


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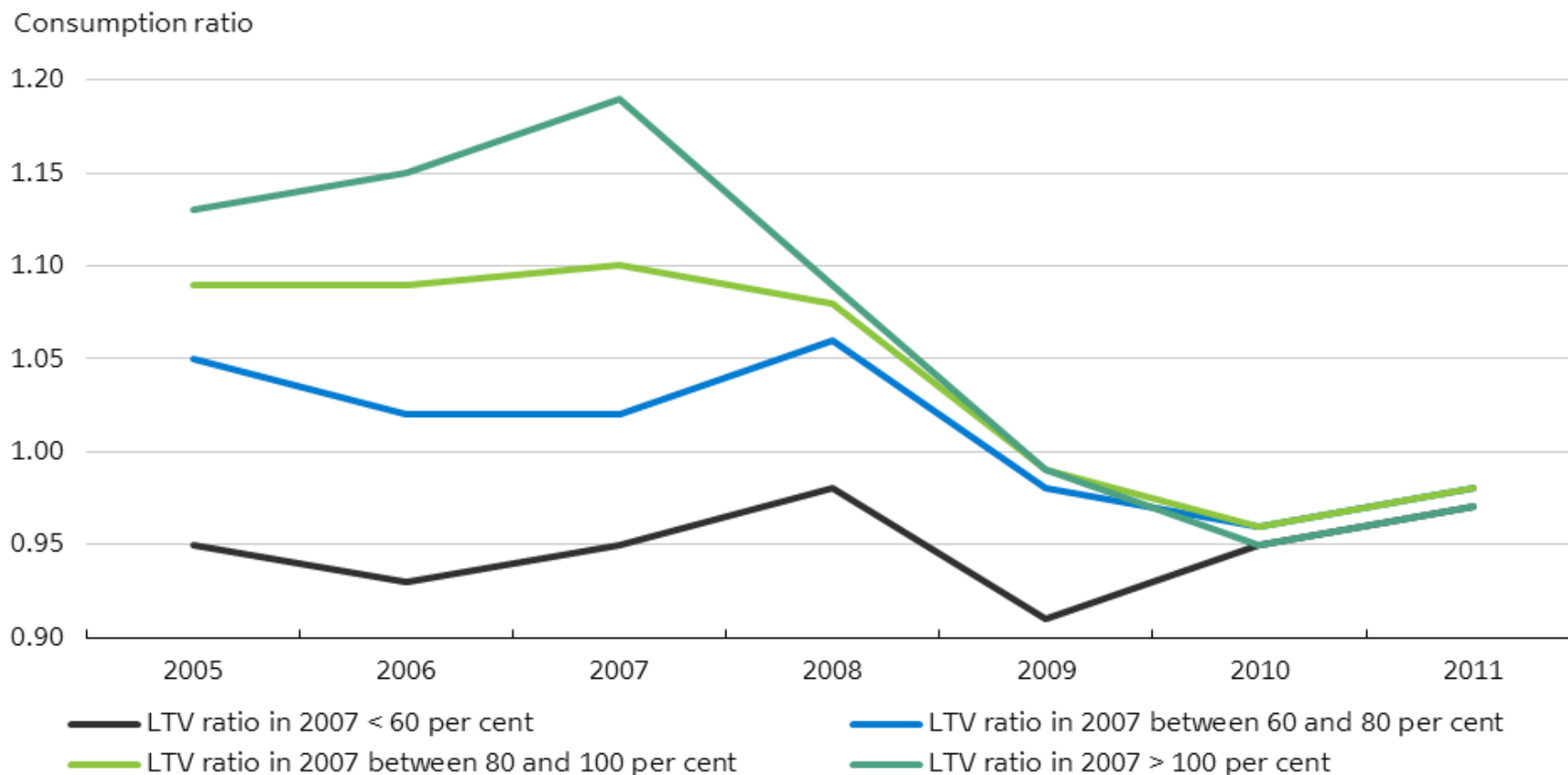
Domestic credit 1950-2013



Effective housing taxes



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



Lesson 4:

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

