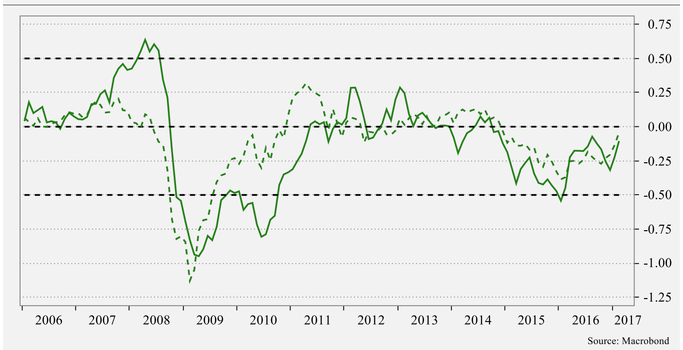
US Federal Reserve

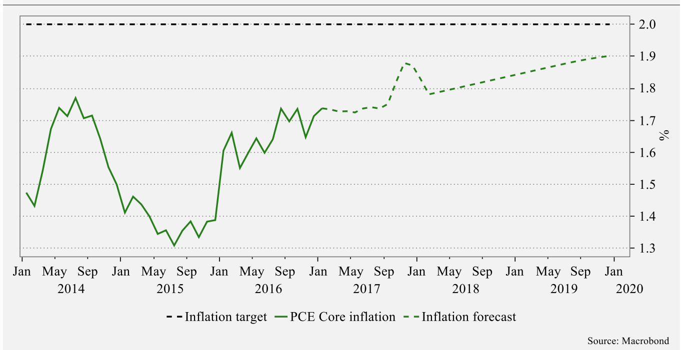
US monetary conditions have eased slightly, but still overall neutral

- US monetary conditions have ease slightly over the past year but remain within what we consider to be a broadly neutral monetary stance. Hence, our our composite indicator is close to zero. Financial markets developments – such as inflation expectations and the US stock markets – have eseentially been telling the same story.
- As US monetary conditions are broadly neutral the Federal Reserve should be on the way to more or less deliver on its 2% inflation target in the medium-term. We expect US inflation (PCE core) to be 1.8%, 1.8% and 1.9% in 2017, 2018 and 2018 respectively.
- *Broad money supply* (Disivia M4-) and *nominal demand* (private consumption expenditure) are presently growing more or less in line with what we believe to be consistent with 2% inflation in the medium-term.

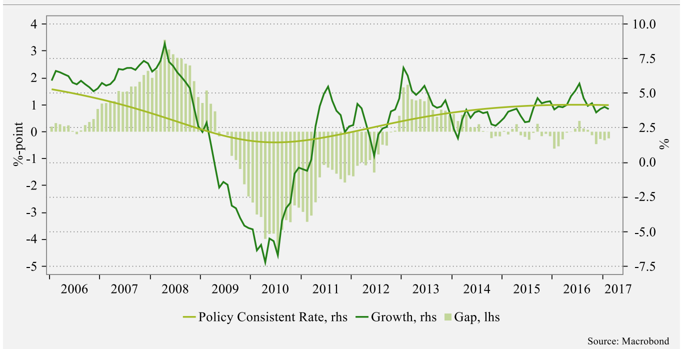
Composite indicator



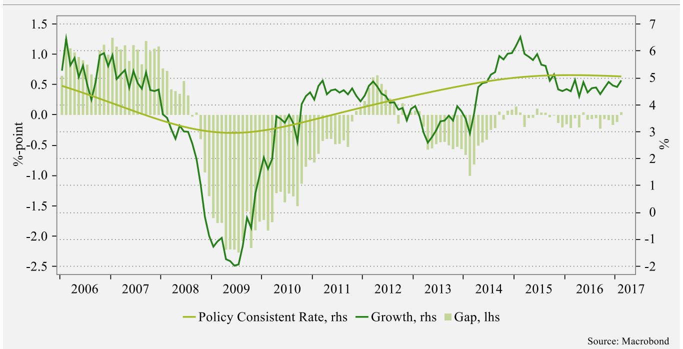
Inflation (%y/y)



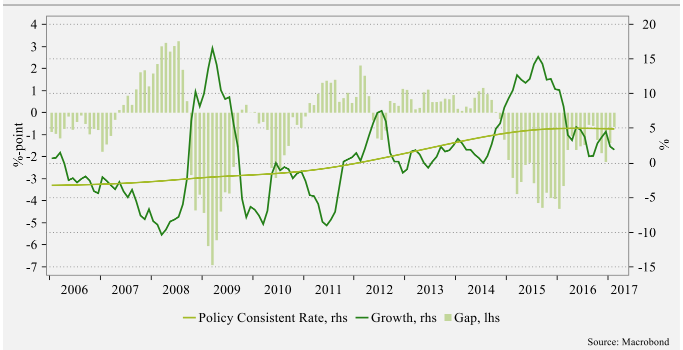
Broad money supply (%y/y)



Nominal demand (%y/y)



Exchange rate development (%y/y)



Key policy rate (%)