

REASSESSING THE EFFECTIVENESS AND

# TRANSMISSION OF MONETARY POLICY



Jackson Hole Economic Policy Symposium  
Federal Reserve Bank of Kansas City  
August 22-24, 2024

# Handout with charts

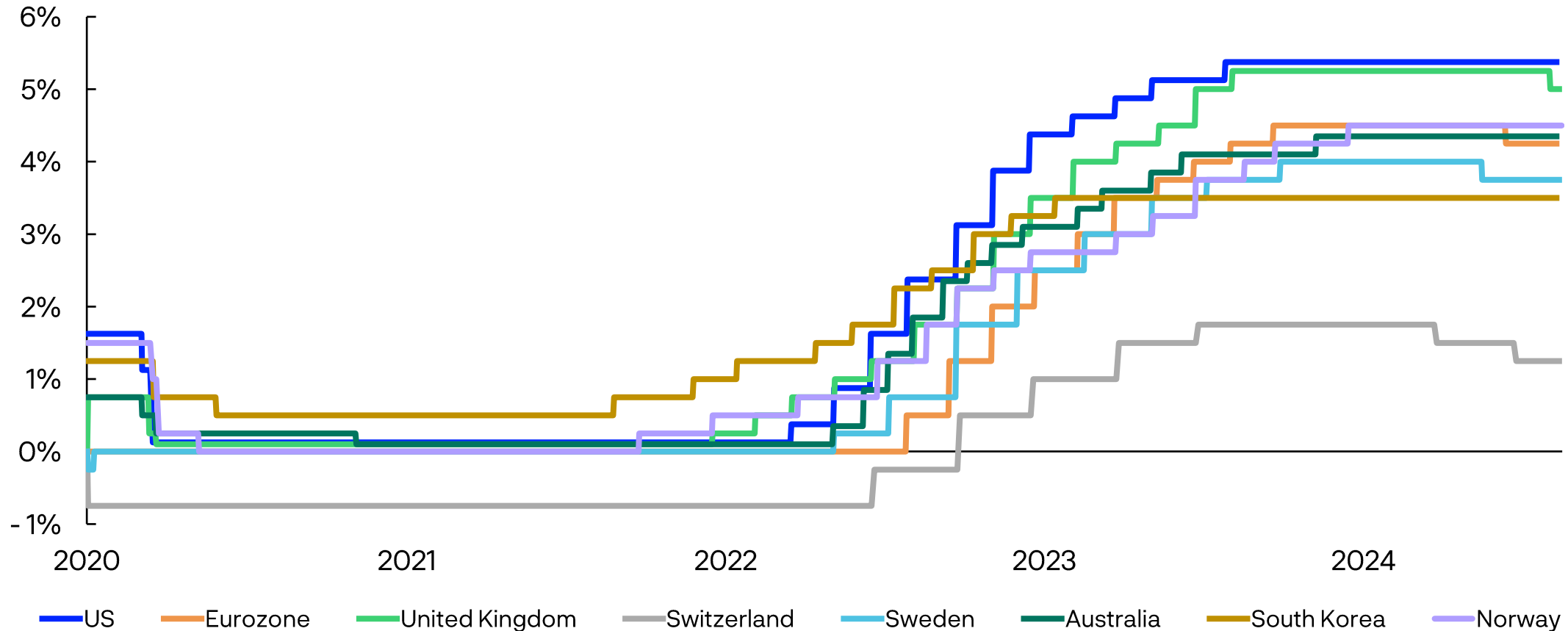
Governor Ida Wolden Bache, Norges Bank  
Remarks at the 2024 Jackson Hole Economic Policy Symposium  
August 24, 2024



# Chart 1: The tightening was synchronized across countries

Source: LSEG Datastream

Nominal policy rates 2020-2024

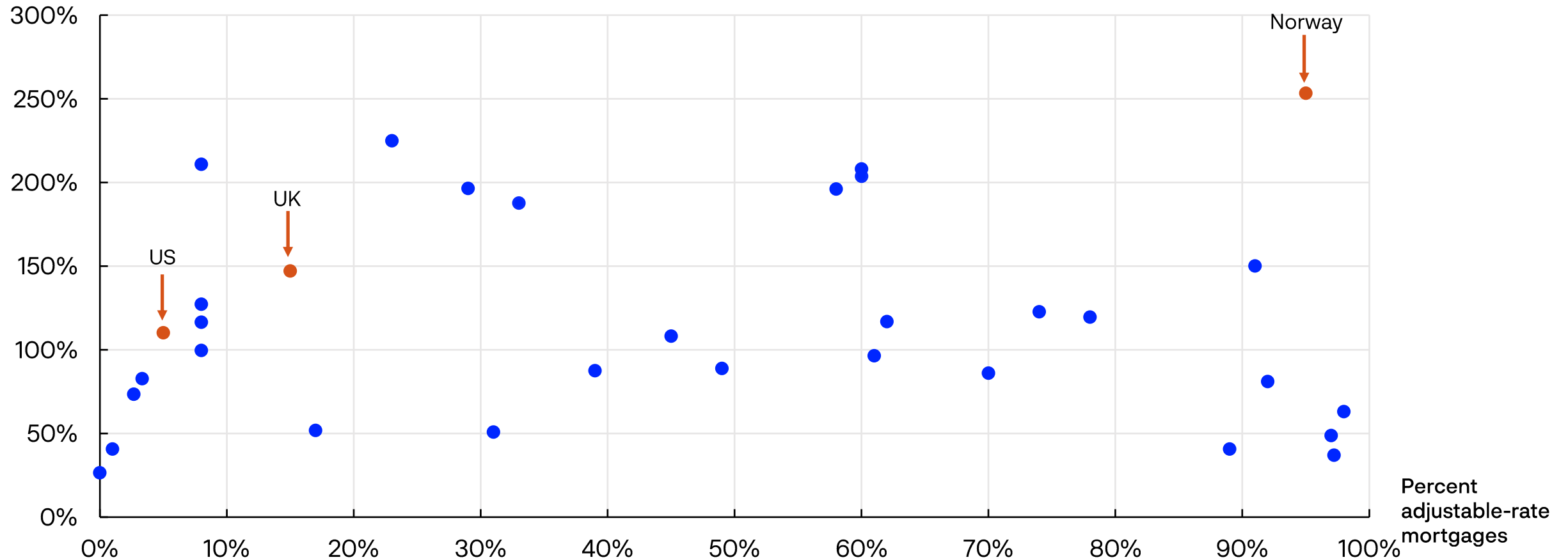


# Chart 2: Large differences in pass-through of monetary policy to disposable income

Sources: OECD, IMF and national statistical agencies

Household debt/disposable income and fraction adjustable-rate mortgages, by country

Debt, percent of disposable income

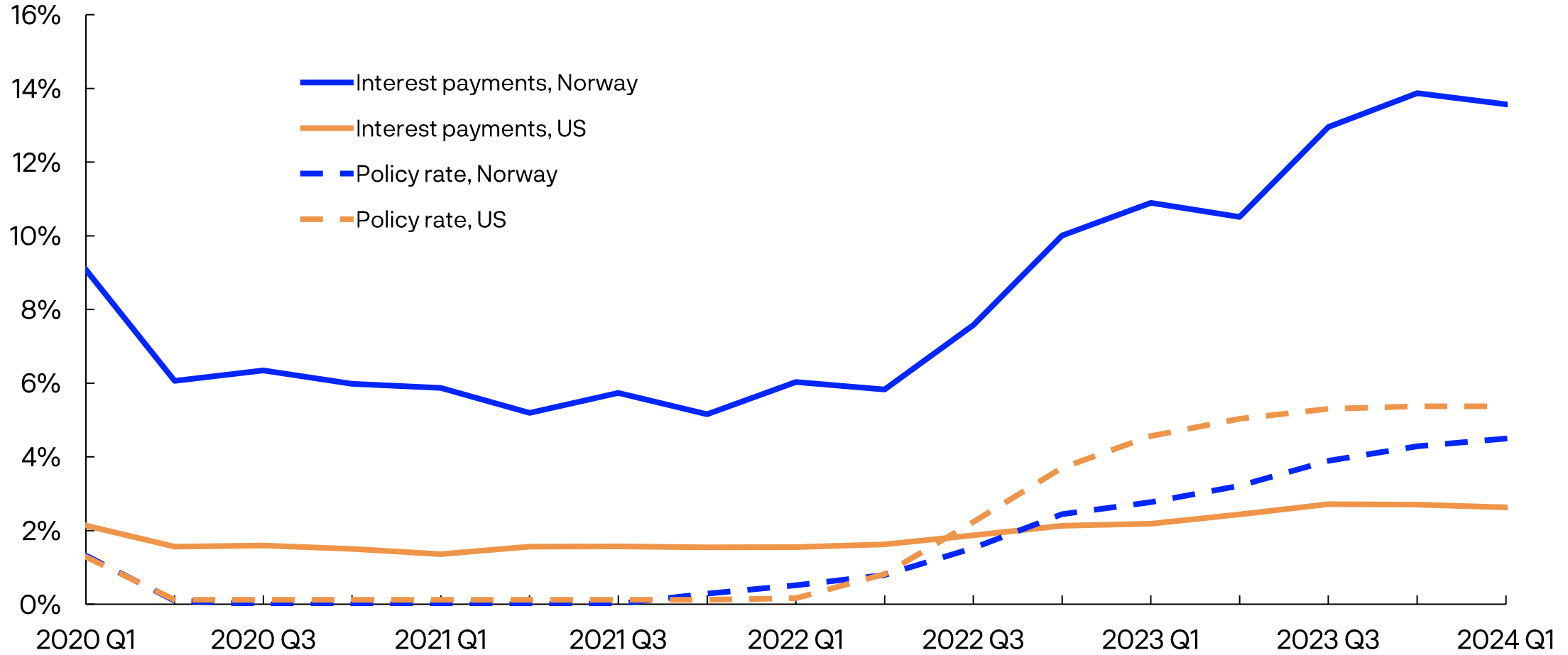


Selected countries based on data availability, mostly OECD members. Data from 2022 and 2023. For most countries, mortgages defined as fixed-rate if > 12 months residual fixation period (see IMF World Economic Outlook April 2024, chapter 2).

# Chart 3: Faster pass-through to interest payments in Norway than in US

Sources: Norges Bank, Statistics Norway and Bureau of Economic Analysis

Policy interest rates and personal interest payments in percent of disposable income

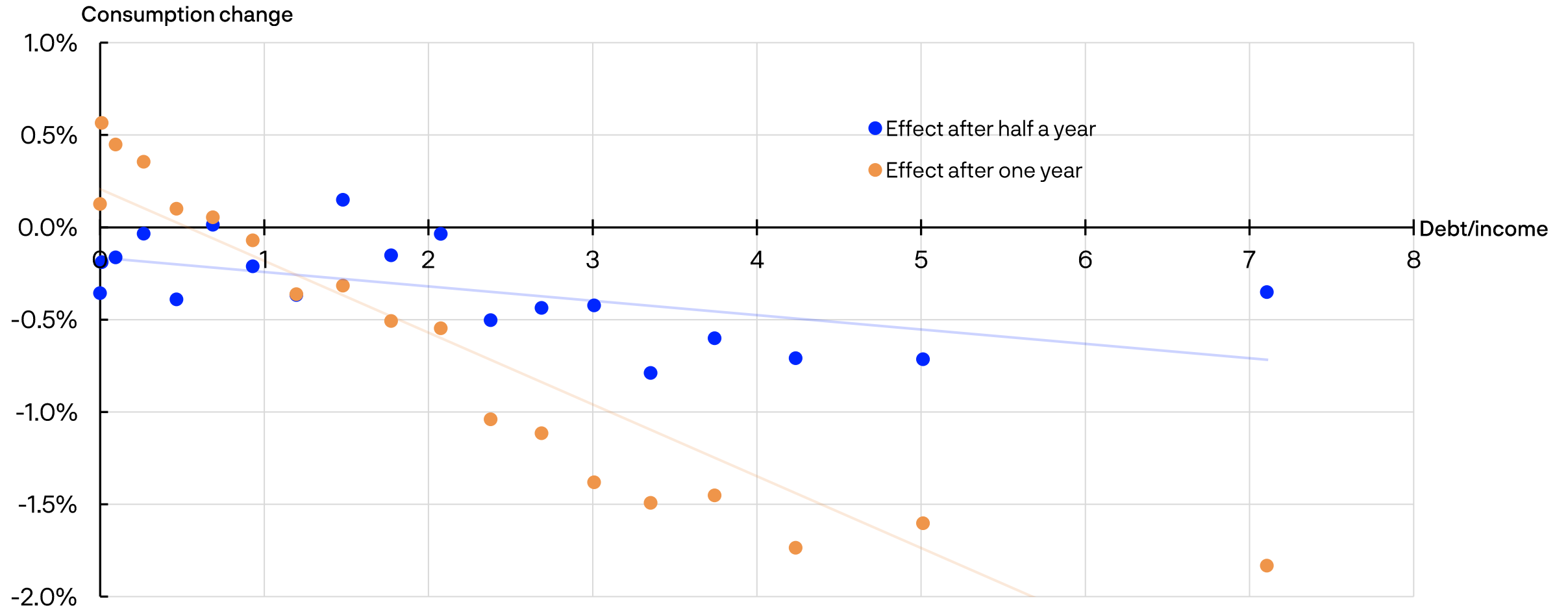


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# Chart 4: More indebted households respond more strongly to interest rate

Effect of 1 percentage point increase in interest rate on consumption, by debt/income of household

Source: Ahn, Galaasen & Mæhlum.  
2024. *The Cash-flow Channel of Monetary Policy: Evidence From Billions of Transactions*



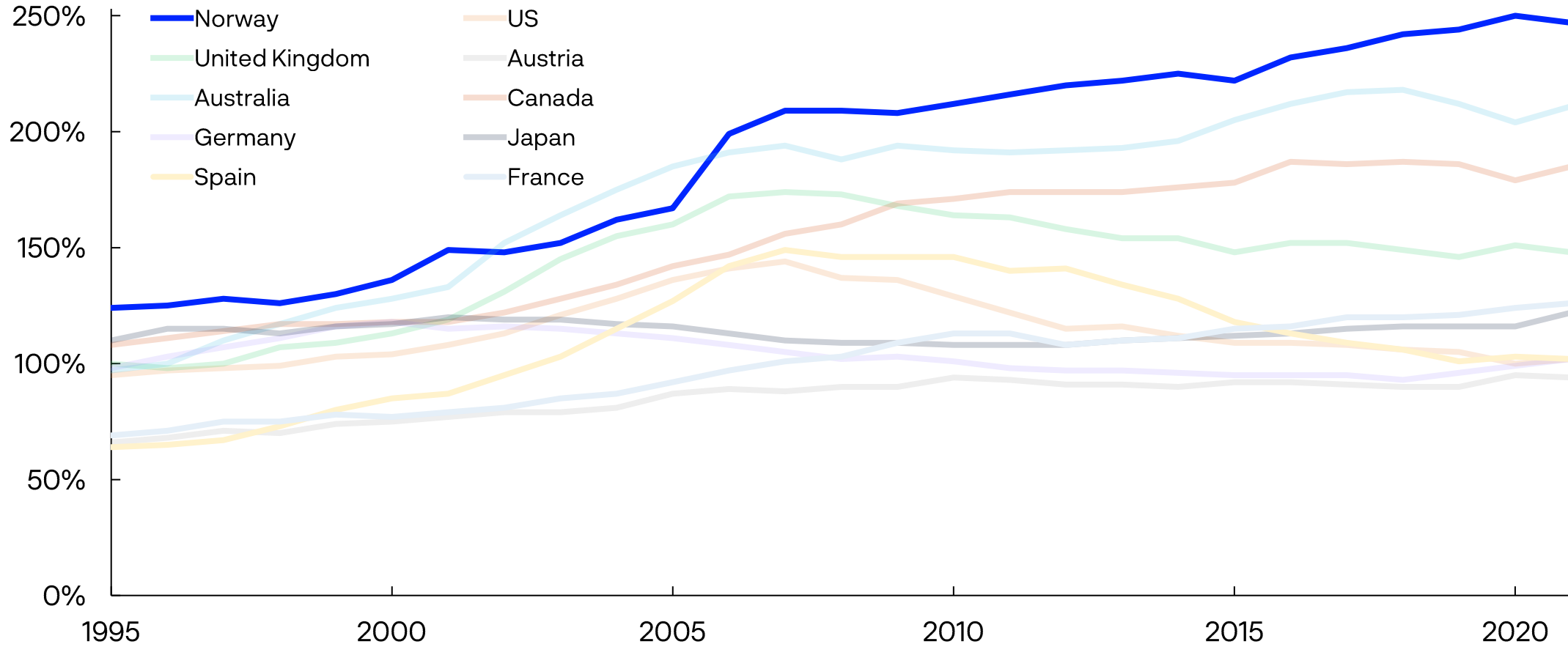
Short-run interest rate instrumented with high frequency monetary policy shocks. Separate regressions for 20 quantiles of debt/income. Effect in percent of after-tax income.



# Chart 5: Households around the world have become more indebted

Source: OECD

Household debt in percent of disposable income, 1995-2021



Selected OECD member countries



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