

PRESS RELEASE



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The Riksbank's measures programme and low interest rate support the recovery

The Swedish economy has now begun to recover after having fallen sharply in the spring. But the way back is long and fraught with uncertainty. To provide support to economic developments and help inflation to rise towards the target, the Riksbank is continuing its asset purchases and offering liquidity in all the programmes launched so far this year. The repo rate is held unchanged at zero per cent and is expected to remain at this level in the coming years. The programmes have had a calming effect on financial markets and helped to keep interest rates to households and companies low in the crisis.

Developments fraught with risks

The coronavirus pandemic has had a dramatic impact on the global economy and led to sharp falls in GDP in many countries around the world. With the support of extensive economic policy stimulation from governments and central banks, the economic recovery has now begun. But although the recovery will continue in the coming years, the effects of the pandemic on the global economy are expected to be prolonged, and future developments are fraught with risks of setbacks, in both the short and longer term.

From acute crisis to gradual recovery in the Swedish economy

The Swedish economy seems to have left the acute crisis situation of the spring and started to recover slightly faster than expected. But it is still a long way back, and the situation on the labour market is worrying, with high unemployment as a result of the sharp decline in economic activity in the spring. Although inflation has been slightly higher than expected in recent months, it is still projected to be low this year. In light of the severity of the crisis and the fact that demand will not be back at more normal levels any time soon, it is expected to take time before inflation is more permanently back close to the Riksbank's target of 2 per cent.



Monetary policy for continued low interest rates

Developments are still fraught with risks and stability on financial markets is dependent on support from central banks. Monetary policy therefore needs to continue to help maintain credit supply and keep general interest rates down over the coming years. The Executive Board assesses that the combination of measures taken by the Riksbank during the spring and summer is the most effective way of achieving this. The Riksbank will therefore continue to make asset purchases and offer liquidity within all of the programmes launched so far this year. The repo rate is held unchanged at zero per cent, and is expected to remain at this level in the coming years. Monetary policy is thereby creating conditions for a recovery in the Swedish economy and helping inflation rise towards the target of 2 per cent towards the end of the forecast period.

Economic policy support for a long time

Extensive economic policy support will be needed for a long time, from both fiscal and monetary policy. The Riksbank's measures mean that there will be comprehensive monetary policy stimulus in the form of low interest rates and a large amount of liquidity for the foreseeable future. But the combination of appropriate monetary policy measures is constantly being evaluated and will be adjusted to economic developments. The Riksbank is prepared to continue use the tools at its disposal to provide support to the economy and inflation. The repo rate can also be cut if this is assessed to be an effective measure, particularly if confidence in the inflation target were to be threatened.

Forecast for Swedish inflation, GDP, unemployment and the repo rate

Annual percentage change, annual and quarterly means respectively

	2019	2020	2021	2022	2023 Q3*
CPI	1.8 (1.8)	0.6 (0.5)	1.1 (1.4)	1.3 (1.4)	1.9 (1.9)
CPIF	1.7 (1.7)	0.5 (0.4)	1.2 (1.4)	1.3 (1.4)	1.8 (1.8)
GDP	1.3 (1.2)	-3.6 (-4.5)	3.7 (3.6)	3.7 (4.1)	2.2 (2.9)
Unemployment, per cent	6.8 (6.8)	8.6 (8.7)	9.2 (9.2)	8.4 (8.3)	7.6 (7.5)
Repo rate, per cent	-0.3 (-0.3)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)

Note. The assessment in the Monetary Policy Report in July 2020 is shown in brackets.

*Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2023 Q3.

Sources: Statistics Sweden and the Riksbank

Forecast for the repo rate and inflation

Per cent, annual percentage change and quarterly means respectively

	2020 Q2	2020 Q3	2020 Q4	2021 Q3	2022 Q3	2023 Q3
Repo rate	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

Note. The assessment in the Monetary Policy Report in July 2020 is shown in brackets.

Source: The Riksbank

The decision on the repo rate will apply with effect from 23 September. The minutes from the Executive Board's monetary policy meeting will be published on 1 October.



Read more about the Riksbank's measures programme on www.riksbank.se.

A press conference with Governor Stefan Ingves and Jesper Hansson, Head of the Monetary Policy Department, will be held today at 11.00 at the Riksbank. Press cards must be shown. The press conference will be broadcast live on riksbank.se. Owing to the coronavirus, the following applies to visitors to the Riksbank: You must be in good health and have been free of symptoms for at least two days. We have removed many of the seats from the press conference room, so a maximum of two people from each editorial office may attend.