

PRESS RELEASE

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Policy rate cut by 0.25 percentage points to 2.5 per cent

To provide further support to the economy and help inflation stabilise at the target, the Executive Board has decided to cut the policy rate by 0.25 percentage points to 2.5 per cent. If the outlook for inflation and economic activity remains unchanged, the policy rate may be cut once again during the first half of 2025.

Over the course of the year, inflation has fallen and inflationary pressures have stabilised in line with the target. At the same time, growth has been weak. The Riksbank has cut the policy rate gradually but at a rapid pace. Lower inflation and lower interest rates contribute to stronger purchasing power for households and support economic activity.

Despite some signs that economic activity is on its way to recovery, it remains weak. A stronger economy is important in its own right, but it is also a necessary condition for inflation to stabilise close to the target. The policy rate was cut in a larger step in November and the Executive Board assess that it is appropriate to cut the rate further to support the economic recovery.

The Executive Board has therefore decided to cut the policy rate by 0.25 percentage points to 2.5 per cent. This means that the policy rate has been cut by a total of 1.5 percentage points since May.

The interest rate has been reduced rapidly and monetary policy affects the economy with a lag. This argues for a more tentative approach when monetary policy is formulated going forward. The Riksbank will therefore carefully evaluate the need for future interest rate adjustments, in light of the effect of earlier cuts and shifts in the risk profile regarding the outlook for inflation and economic activity. If the outlook remains unchanged, the policy rate may be cut once again during the first half of 2025.

S V E R I G E S R I K S B A N K

The outlook for inflation and economic activity remains uncertain. There are several factors that could lead to a different economic development and monetary policy than those reflected in the Riksbank's forecast. There is particular uncertainty regarding developments abroad, for instance with regard to the geopolitical tensions, lack of clarity regarding trade policy and the governmental crises arising in Europe. There are also risks linked to the recovery in the Swedish economy and the krona exchange rate. New information, and how it is expected to affect the outlook for the economy and inflation, will be decisive in determining how monetary policy is formulated.

Forecasts for Swedish inflation, GDP, unemployment and the policy rate

Annual percentage change, annual and quarterly averages

	2024	2025	2026	2027	2027 Q4
CPI	2.9 (2.7)	0.7 (0.4)	1.8 (1.7)	2.0	2.0
CPIF	1.9 (1.7)	2.0 (1.6)	1.9 (1.9)	2.0	2.0
GDP	0.6 (0.8)	1.8 (1.9)	2.6 (2.5)	2.1	1.7
Unemployment, per cent	8.4 (8.4)	8.4 (8.4)	8.0 (8.0)	7.7	7.6
Policy rate, per cent	3.6 (3.7)	2.3 (2.4)	2.3 (2.3)	2.3	2.3

Note. The assessment in the September 2024 Monetary Policy Report is shown in brackets. For Q4 2027 a calendar-adjusted GDP growth and seasonally-adjusted LFS unemployment are shown.

Sources: Statistics Sweden and the Riksbank

Policy rate forecast

Per cent, quarterly averages

	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2026 Q4	2027 Q4
Policy rate	2.99 (3.11)	2.44 (2.61)	2.26 (2.38)	2.25 (2.30)	2.25 (2.25)	2.25

Note. The assessment in the September 2024 Monetary Policy Report is shown in brackets.

Source: The Riksbank

The decision on the policy rate will apply with effect from 8 January. The minutes of the Executive Board's monetary policy meeting will be published on 2 January. A press conference with Governor Erik Thedén and Åsa Olli Segendorf, Head of the Monetary Policy Department, will be held today at 11.00 at the Riksbank. Press cards or the equivalent are required to participate. The press conference will be broadcast live on riksbank.se.