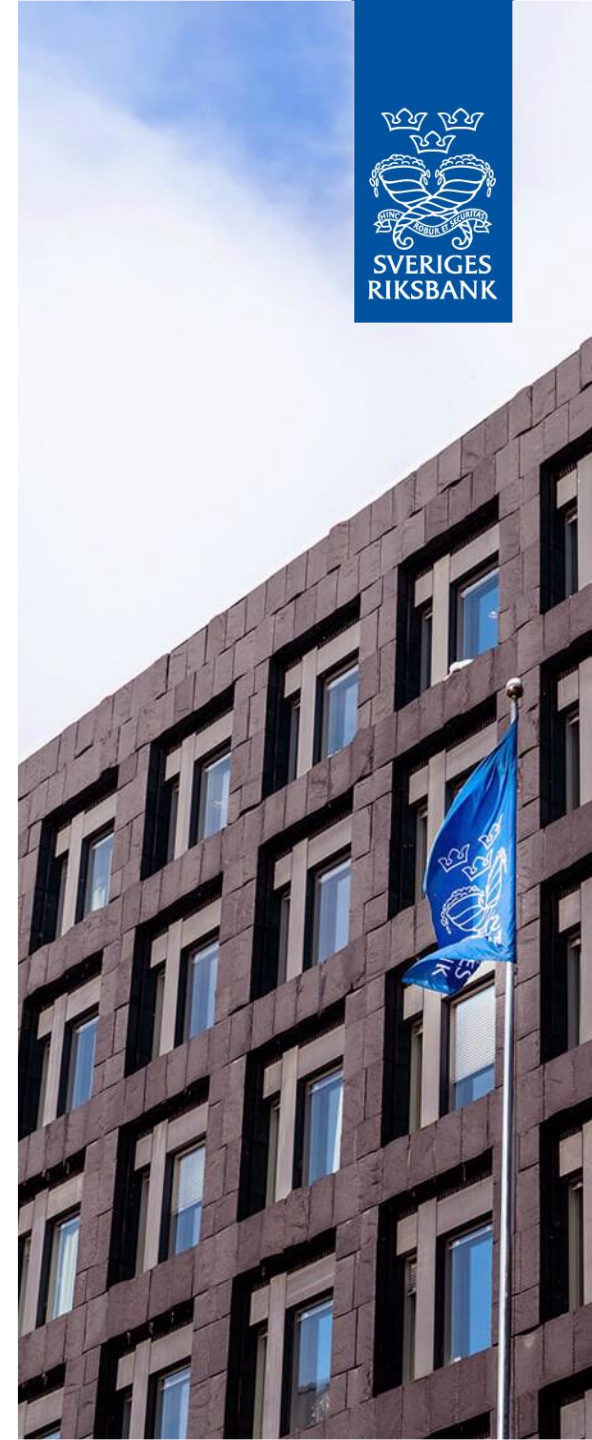


Inflation in the process of stabilising close to the target

Monetary policy March 2024

Monetary policy March 2024

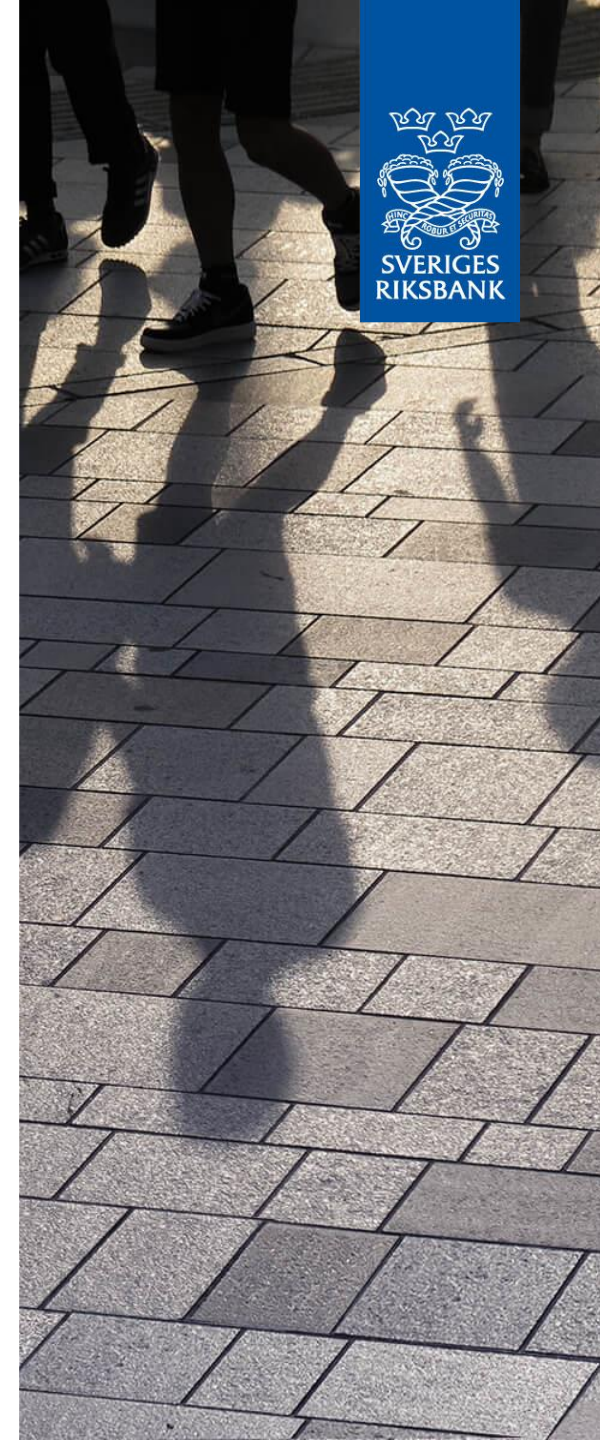
- Policy rate **unchanged** at 4 per cent
- If the prospects for inflation remain favourable, the policy rate will **probably be cut in May or June**



Inflation prospects are looking increasingly good

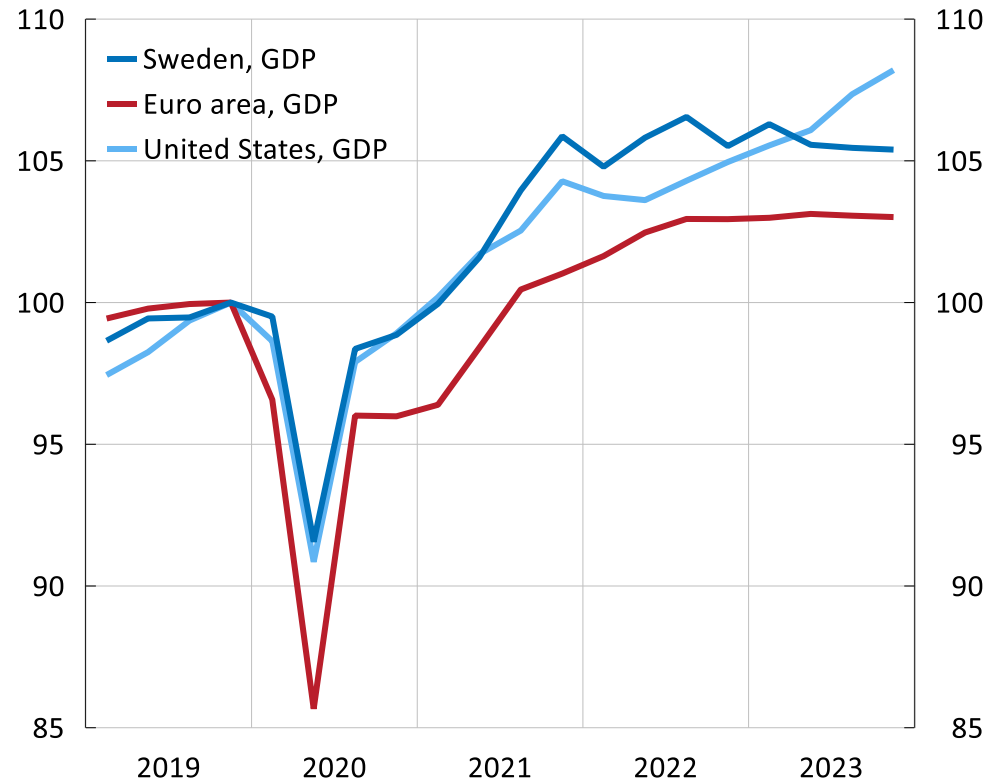
- Rate increases and eased supply shocks have contributed to **lower inflationary pressures**.
- **Reduced risk** of inflation becoming entrenched at a too high level.
- But inflationary pressures are still somewhat **elevated**.
- **Uncertain** whether the high inflation has affected companies' pricing.

Want further confirmation that inflation will stabilise close to the target.



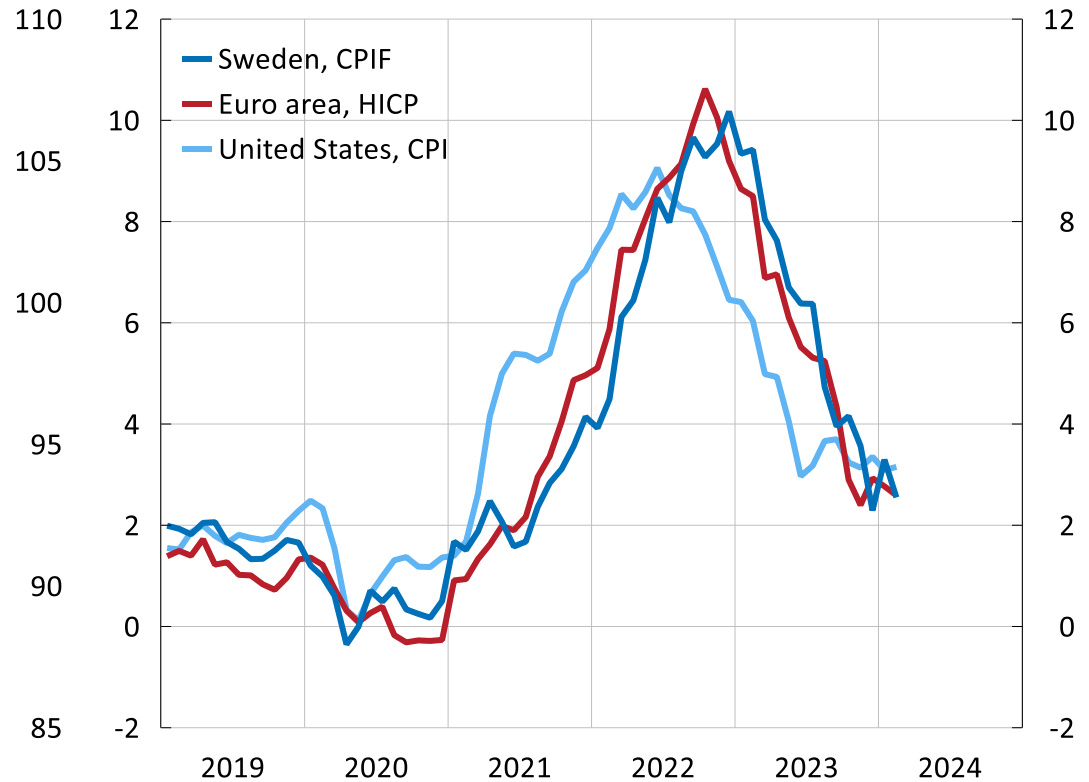
International developments more divided

Stronger growth in the U.S., weaker in euro area



Seasonally-adjusted data, index 2019 Q4 = 100 (left).
Annual percentage change (right).

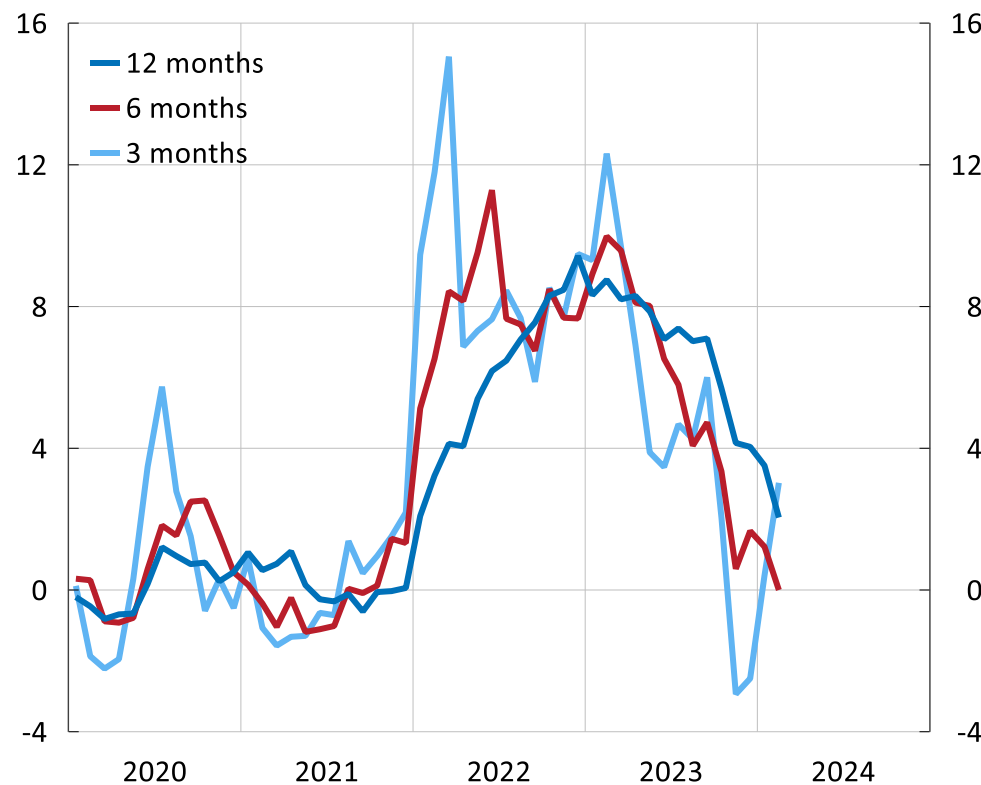
Inflation falling, but more slowly in the U.S.



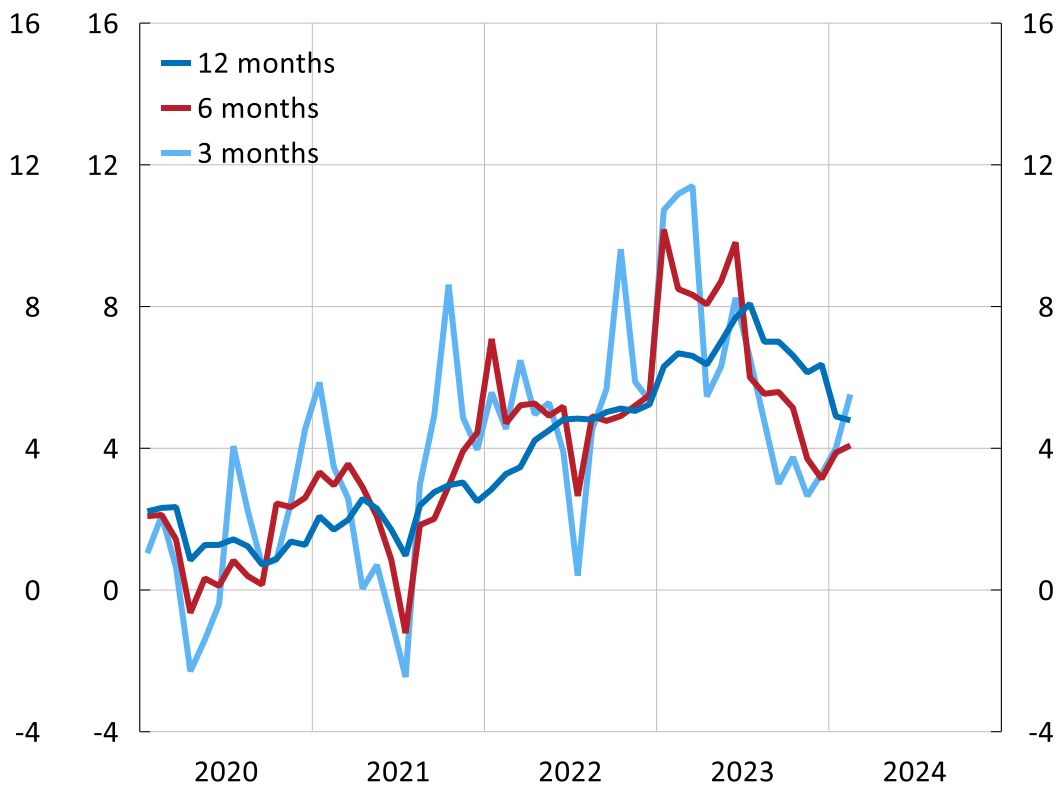
Sources: Statistics Sweden, Eurostat, the US Bureau of Labor Statistics
and U.S. Bureau of Economic Analysis.

Inflation has fallen, but services prices still increasing relatively rapidly

Goods prices (27% of CPI basket)



Services prices (47% of CPI basket)

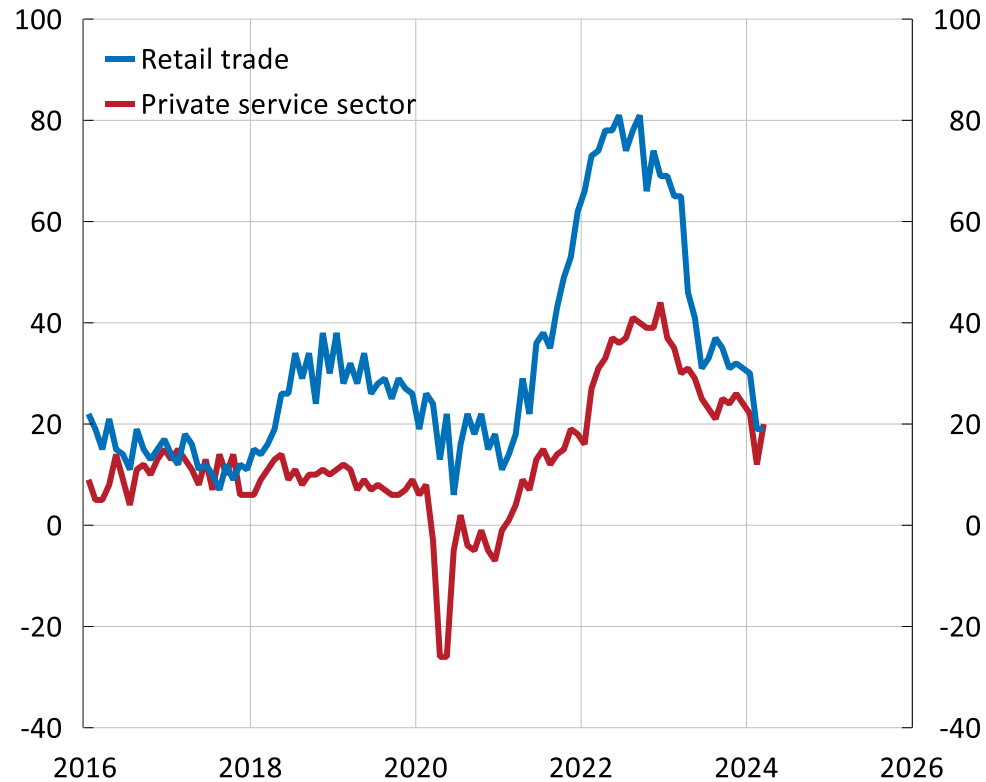


Annual percentage change and 6 and 3-monthly change respectively, annualised. Seasonally adjusted data.

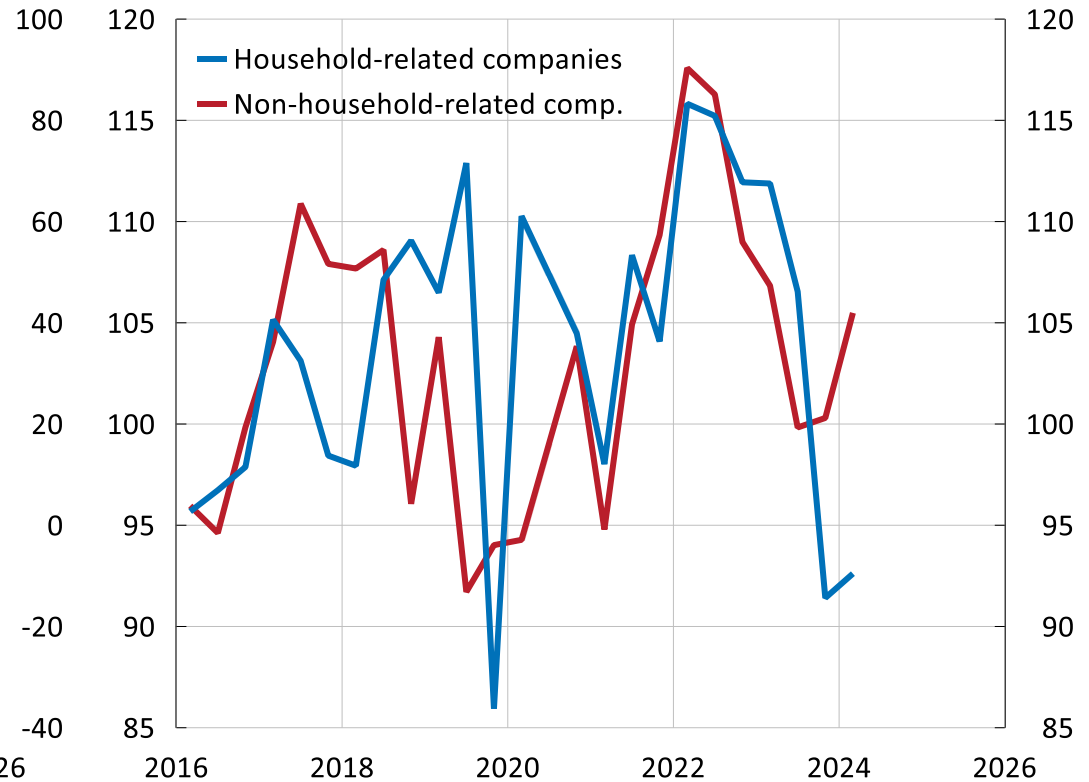
Sources: Statistics Sweden and the Riksbank.

Companies no longer expecting as large price increases

Price plans in Economic Tendency Survey



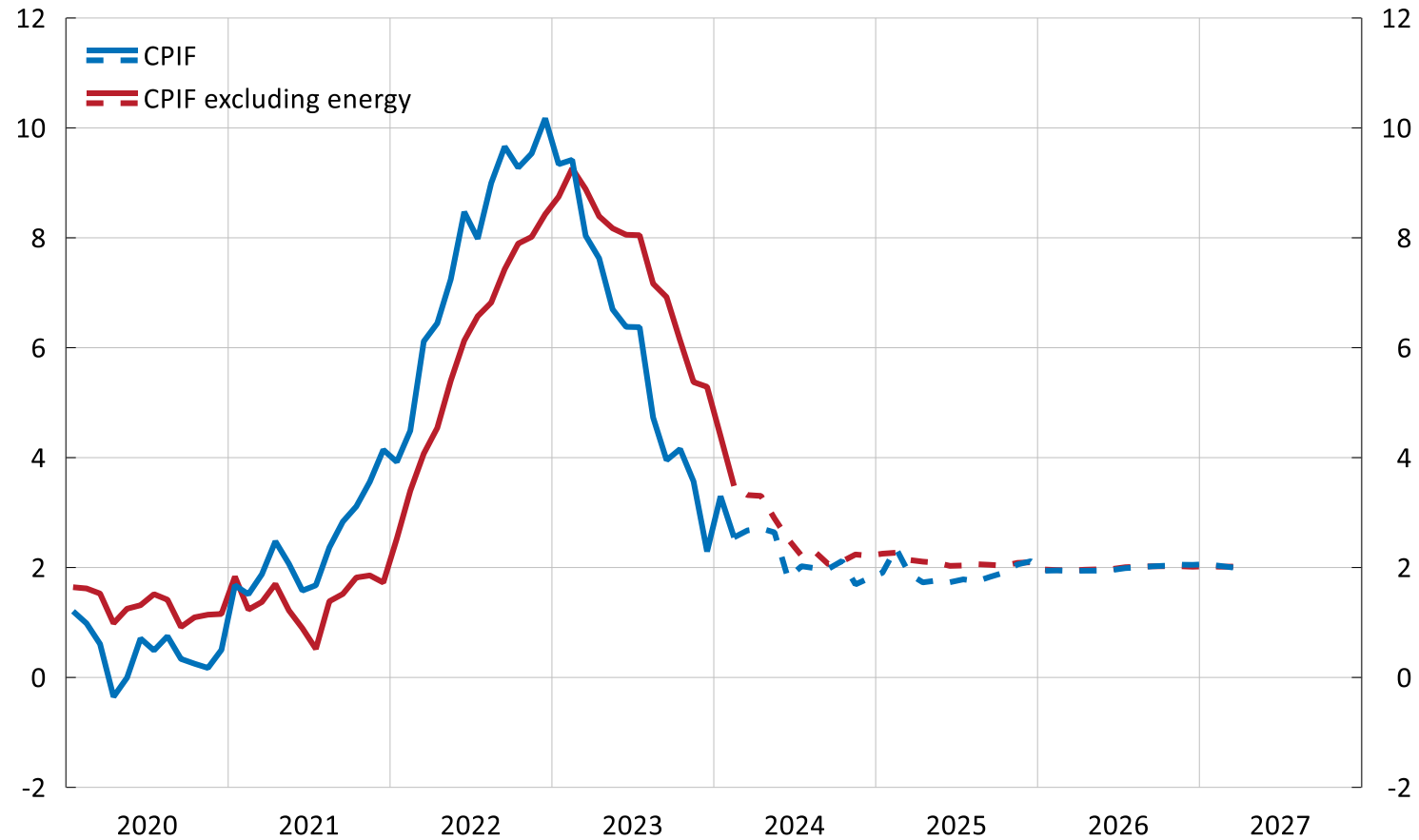
Price plans in Riksbank's Business Survey



Net figures, refer to coming three months (left) and coming twelve months (right). Mean value = 100 and standard deviation = 10 (right).

Sources: The National Institute of Economic Research and the Riksbank.

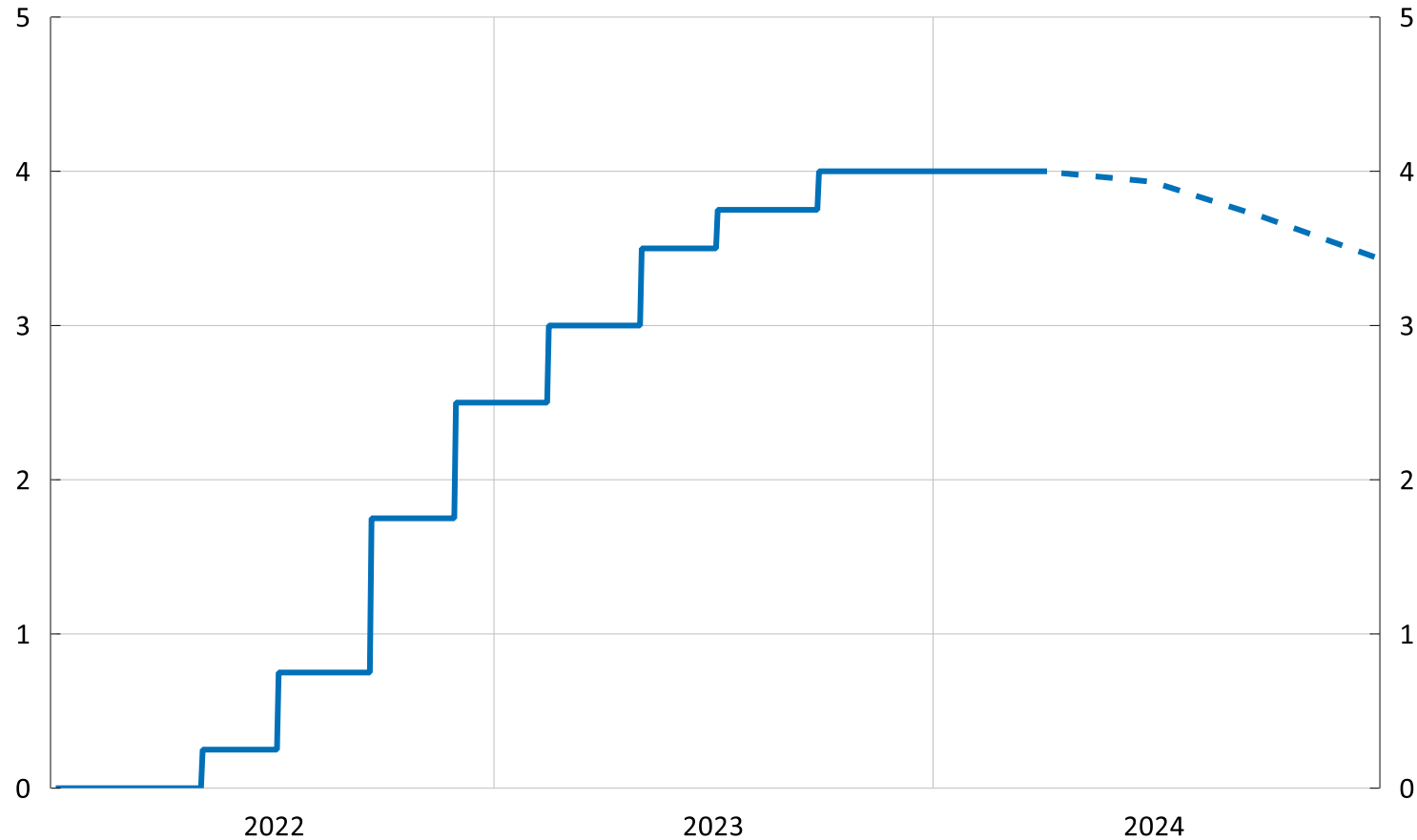
Conditions for low and stable inflation



Annual percentage change. Solid line refers to outcome, dashed line represents the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

If inflation prospects remain favourable, the policy rate may be cut gradually

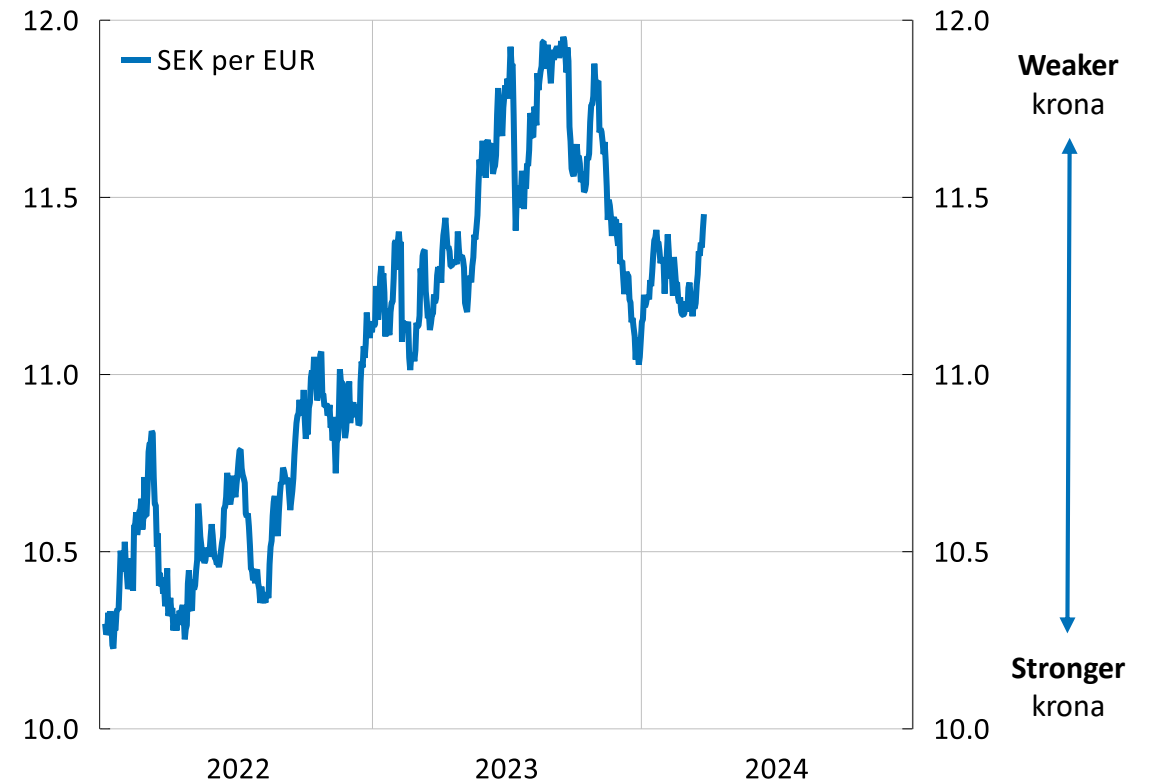


Solid line refers to outcome, dashed line represents the Riksbank's forecast.
Outcomes are daily rates and the forecasts refer to quarterly averages.

Source: The Riksbank.

Risk of inflationary pressures rising again

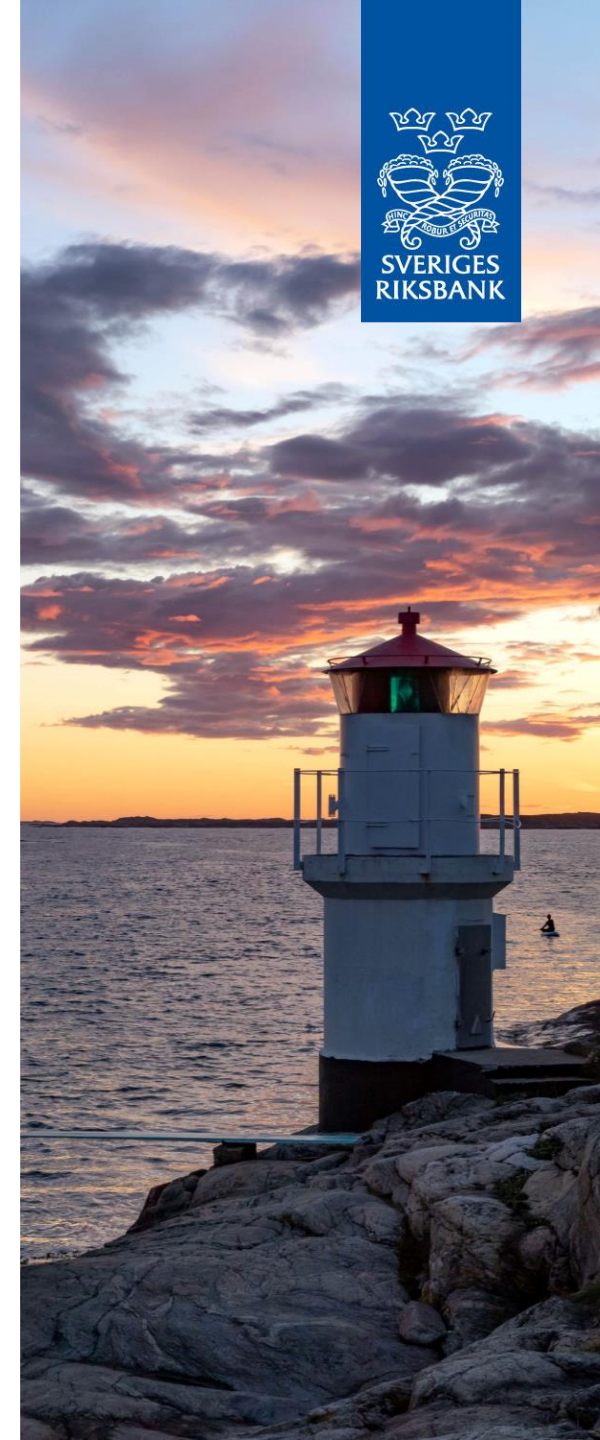
- **Geopolitical** uncertainty and new supply shocks
- Weaker **exchange rate**
- Companies' **pricing behaviour**
- Unexpectedly high **demand** after signals of lower interest rate




Source: Macrobond Financial AB.

Monetary policy needs to be cautious

- Going in the right direction, but there are **risks**.
- We need to take a **testing approach** and adapt the policy rate gradually going forward.
- **New information** and how it affects economic and inflation prospects is decisive in determining the monetary policy.



A silhouette of a man and a woman walking on a bridge, and a person riding a bicycle on the same bridge, with a cityscape and water in the background.

Inflation in the process of stabilising close to the target

Monetary policy March 2024