

Inflation in the process of stabilising at the target, policy rate cut

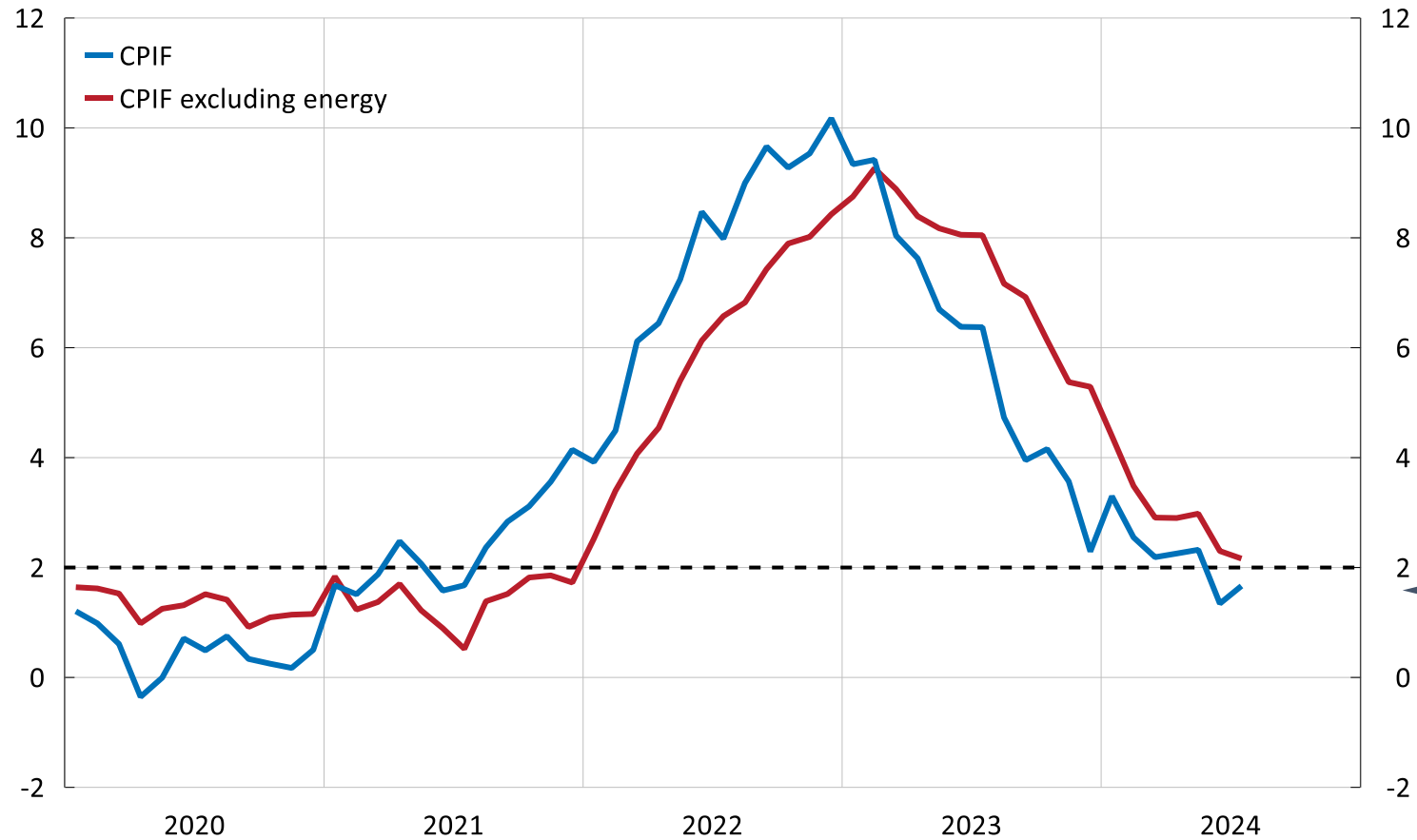
Monetary policy August 2024



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- **Policy rate cut** by 0.25 percentage points to 3.5 per cent
- The rate can be cut **two or three more times this year**

Inflation again close to 2 per cent



CPIF JULY:
1.7%

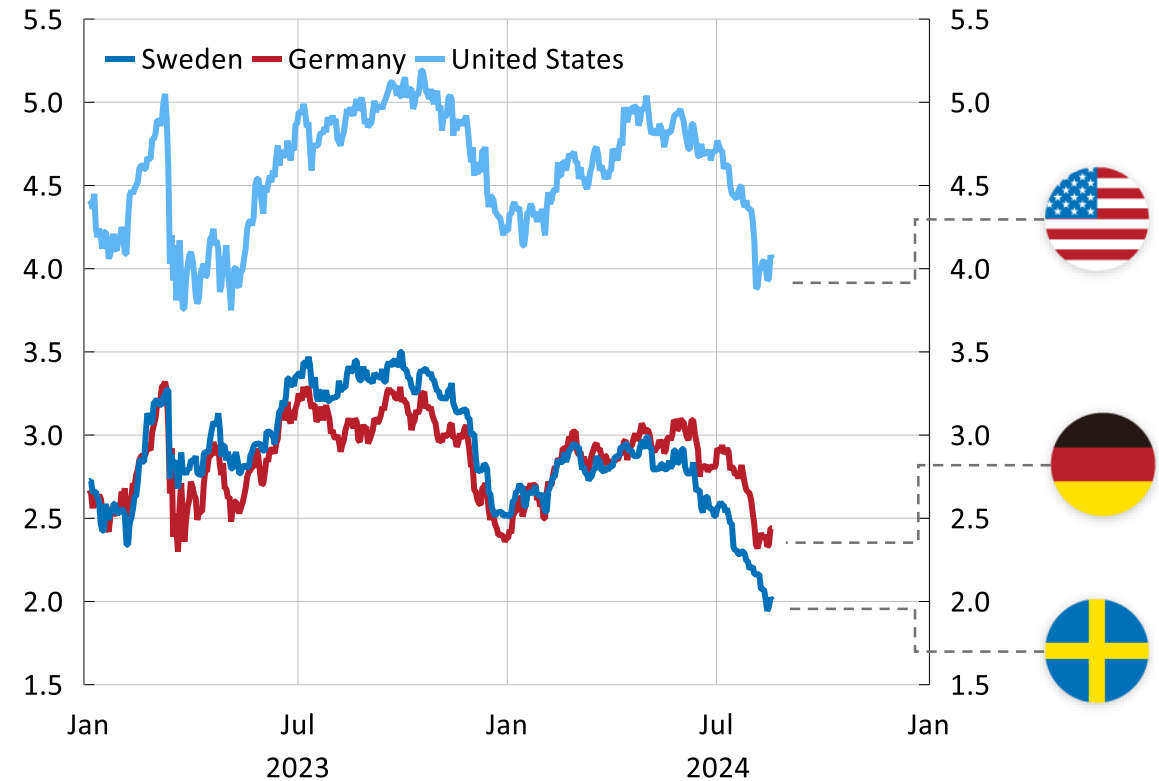
Annual percentage change.

Source: Statistics Sweden.

Interest rates have fallen clearly during the summer

- Weaker growth signals
- Major movements in the stock markets
- No signs of rising risk premiums
- Lower yields and policy rate expectations

Yields on 2-year government bonds

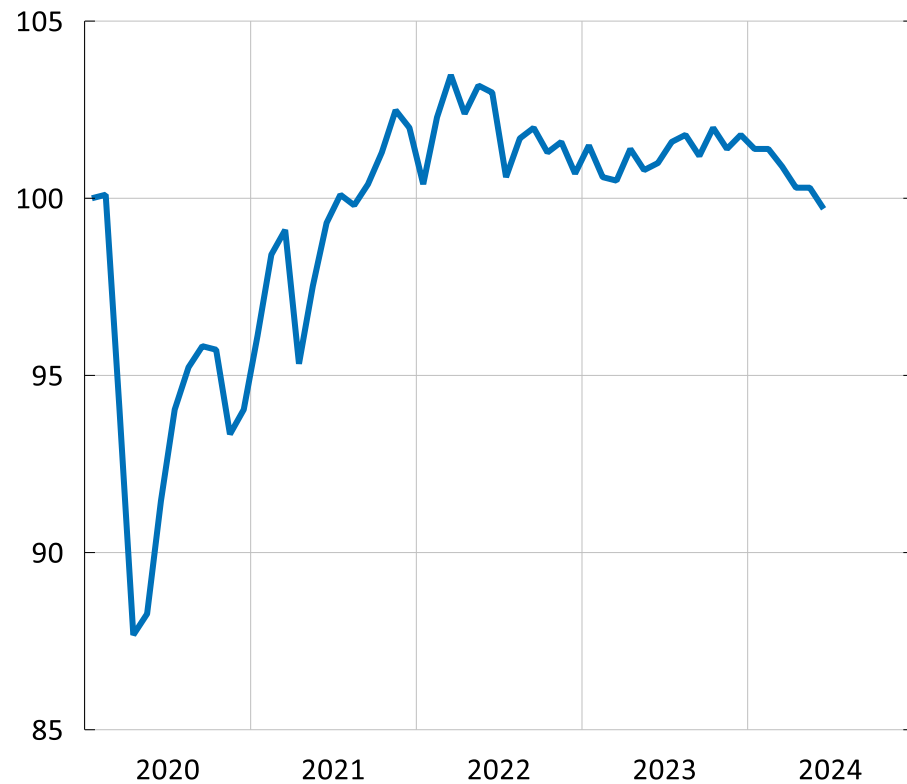


USA and Germany: yields for 2-year benchmark bonds.
Sweden: interpolated 2-year yield produced with NSS.

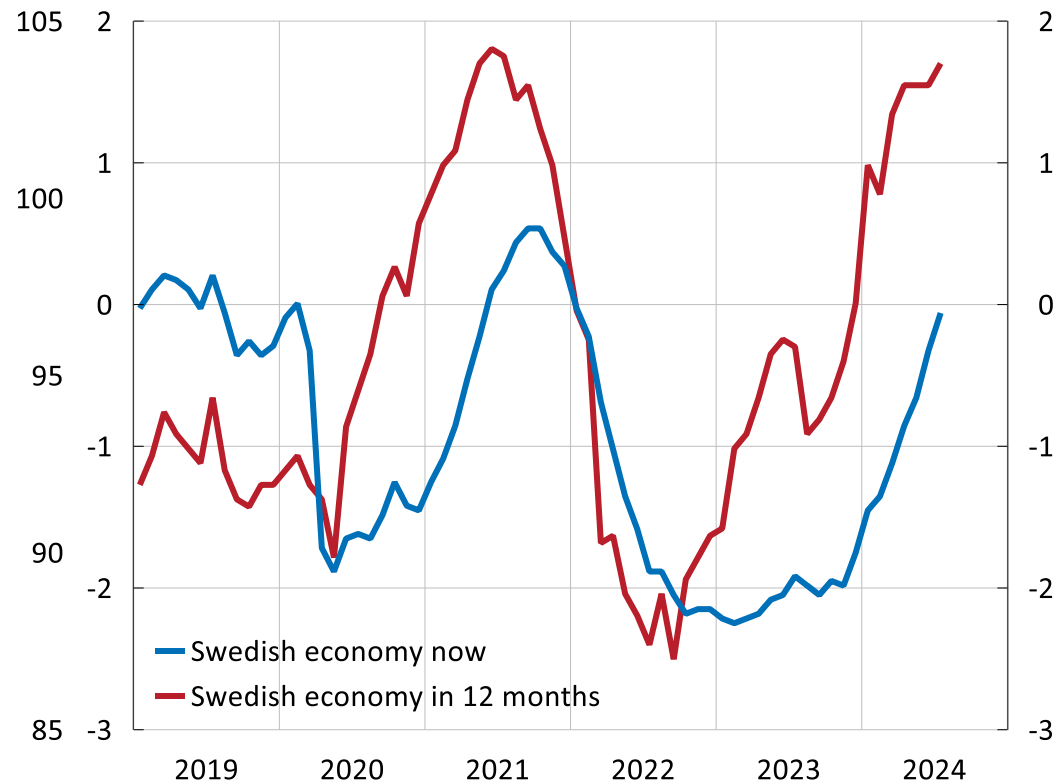
Sources: Macrobond, U.S. Treasury and the Riksbank.

Weak economic activity in Sweden, expected to strengthen going forward

Weak consumption



But households believe in better times ahead

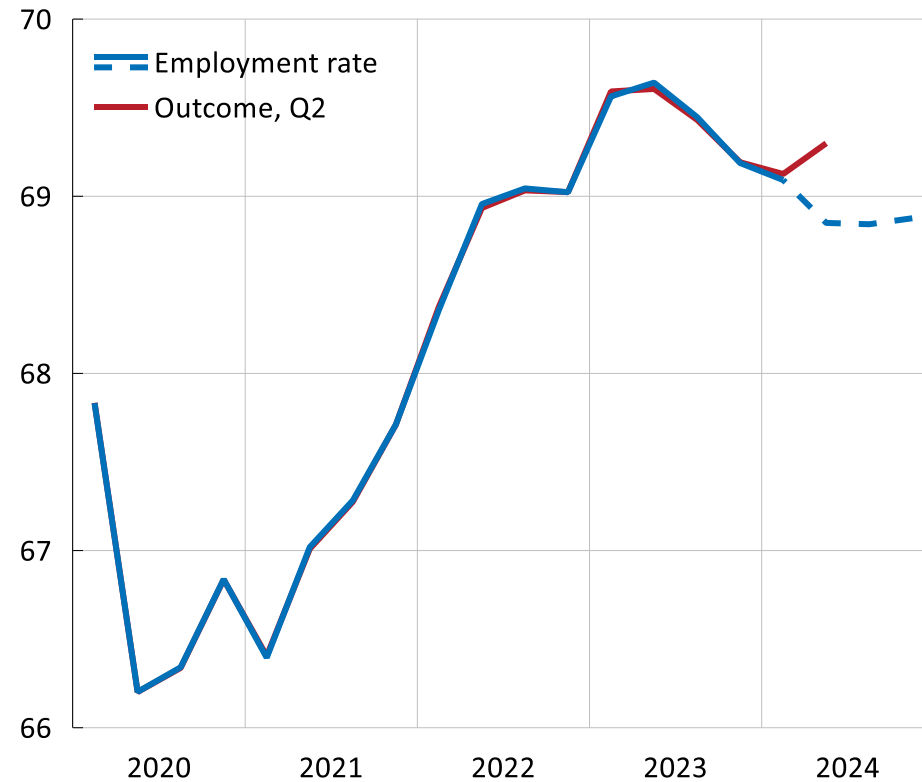


Household consumption according to HUKO. Index, 1 January 2020=100, fixed prices, seasonally adjusted data (left). Household barometer. Standardised values. Most recent outcome (left) and July (right).

Sources: Statistics Sweden and the National Institute of Economic Research.

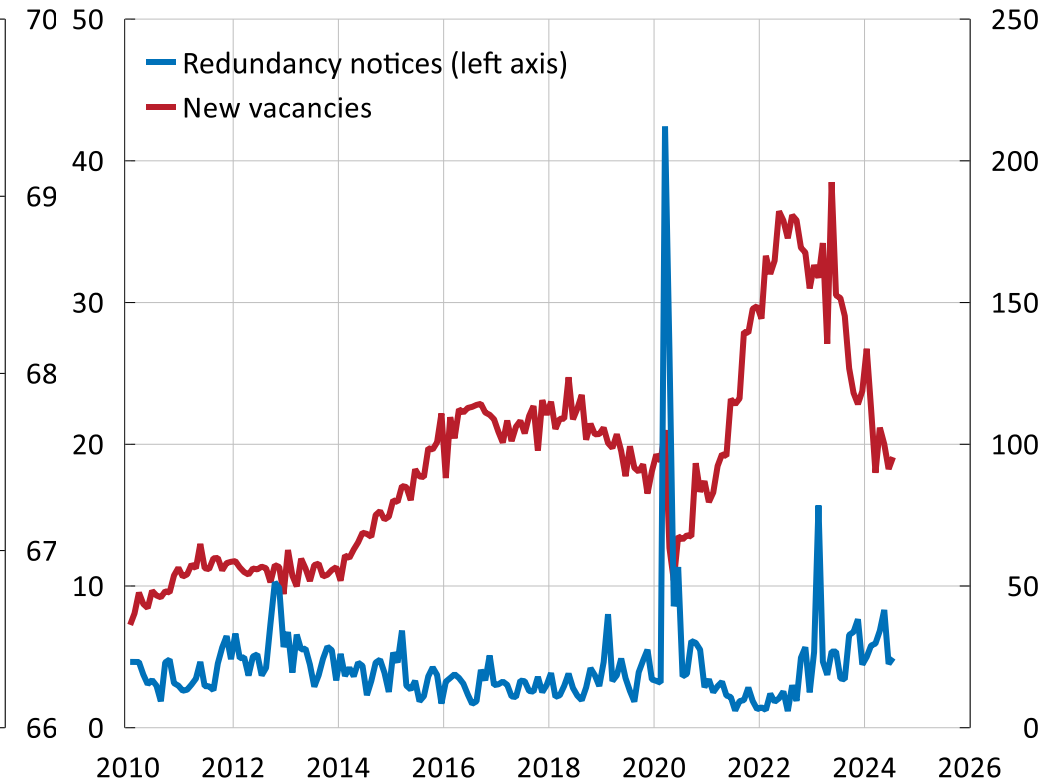
Labour market is subdued

Employment rate



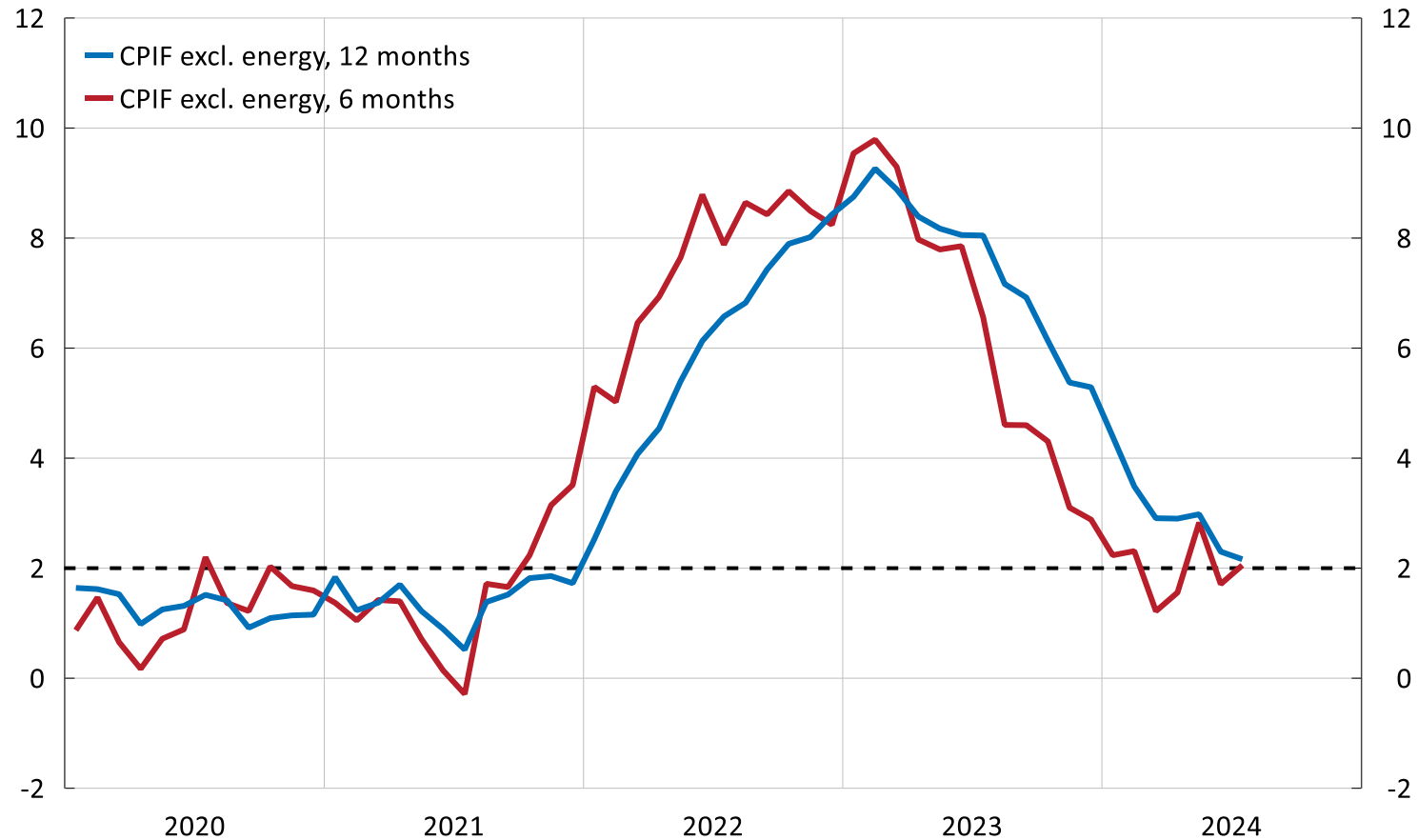
Percentage of population , 15-74 years. The broken line represents the Riksbank's forecast in June (left). Thousands (right).

Redundancy notices and newly-registered vacancies



Sources: Statistics Sweden, Swedish Public Employment Service and the Riksbank.

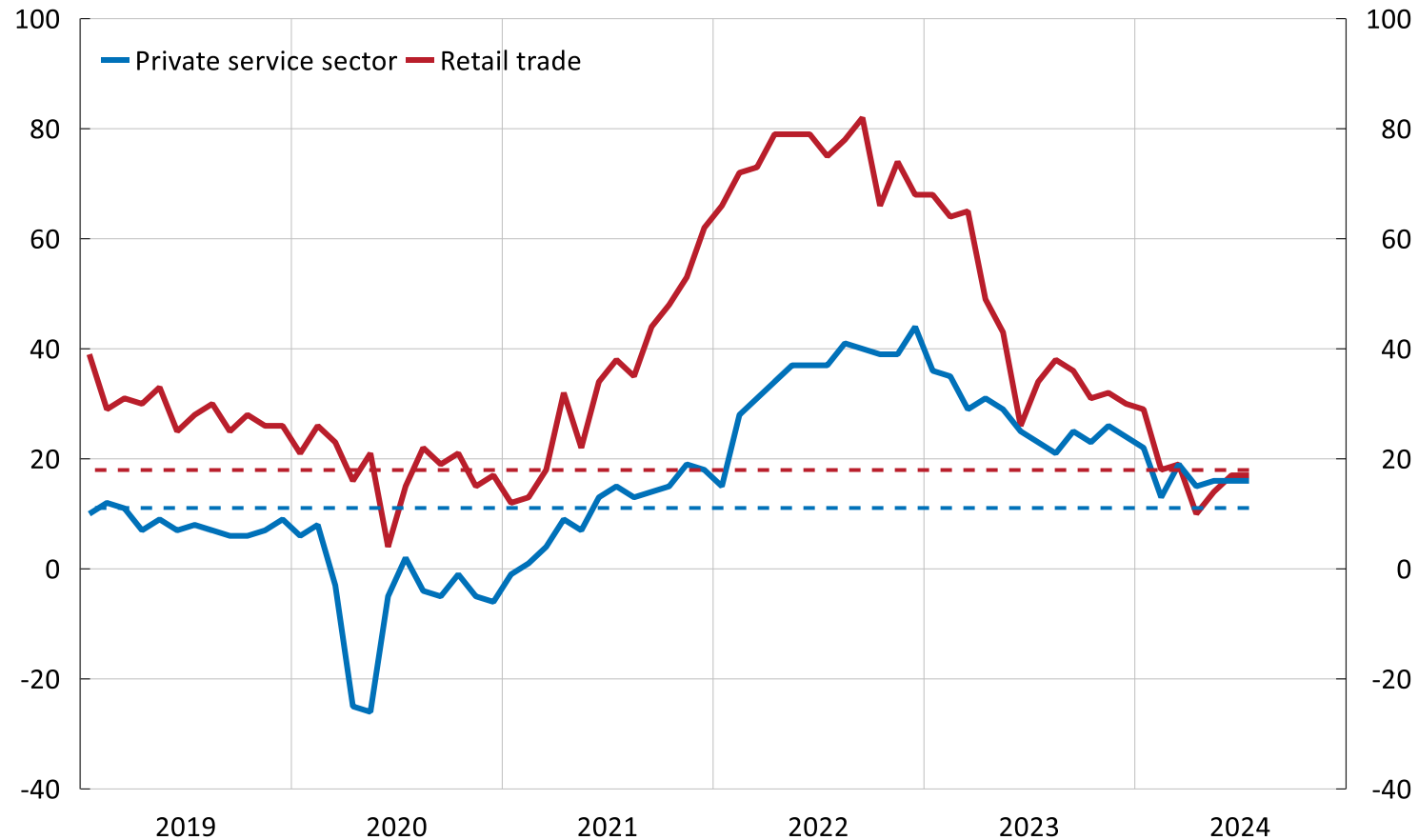
Inflation in the process of stabilising at the target



Annual percentage change and 6-month change calculated in annualised terms. Seasonally adjusted data. Black dashed line shows 2 per cent.

Sources: Statistics Sweden and the Riksbank.

Indicators pointing to price increases in line with the inflation target



Net balances, how many businesses planning to increase their prices compared with how many are planning to reduce them in the coming three months. Dashed lines represent average 2000-2024.

Source: National Institute of Economic Research.

Monetary policy adjusted gradually based on the inflation outlook

Inflation in the process of stabilising at the target

The rate can be cut faster, two or three more times this year

However, the outlook for inflation and economic activity is uncertain

- The geopolitical situation
- The krona
- Companies' pricing

*If the conditions change,
this may justify a higher or lower interest rate*



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