Monetary policy decision
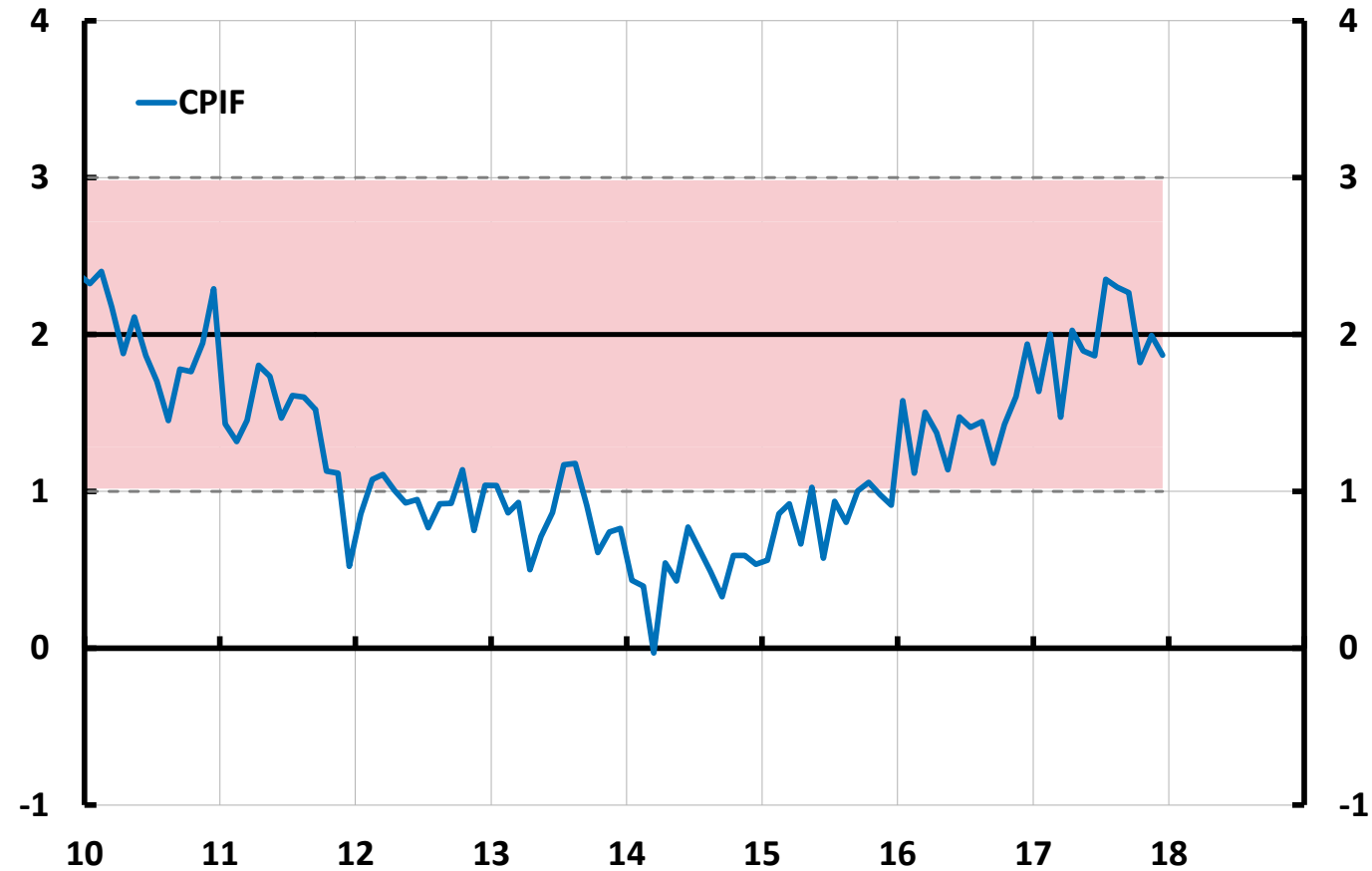
February 2018

Inflation close to target
with an expansionary monetary policy

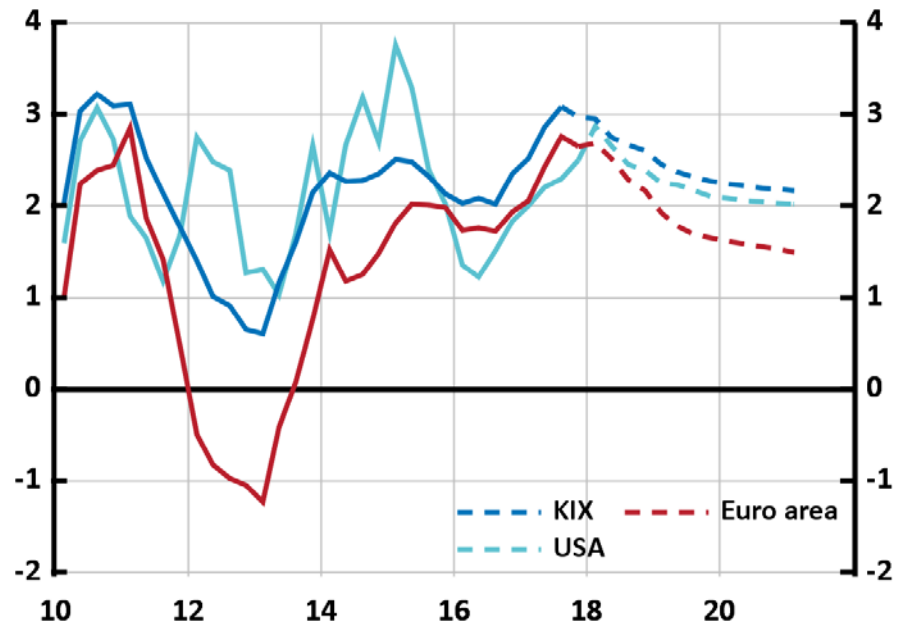# Inflation has risen towards 2 per cent
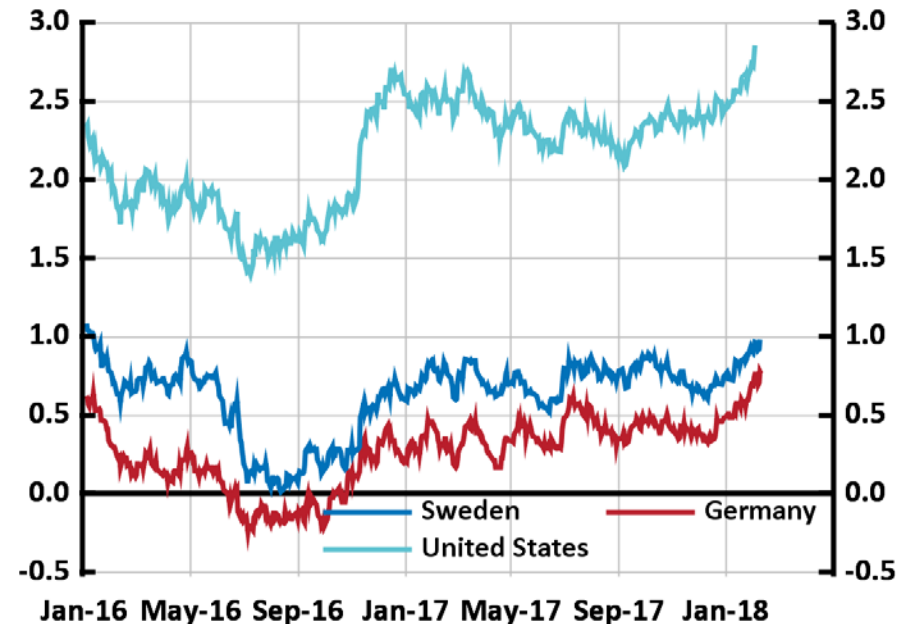

Annual percentage change.

Source: Statistics Sweden and the Riksbank

Global economy growing stronger

Good GDP growth

Rising long-term interest rates

Annual percentage change. The KIX is an aggregate of countries that are important for Sweden's international transactions. Zero coupon yields calculated from 10-year government bonds

Sources: Bureau of Economic Analysis, Eurostat, national central banks and the Riksbank

Good GDP growth in Sweden

More impetus from abroad

Household consumption and corporate investment growing steadily

Housing investment decreasing from high levels

Growth slowing to a more normal rate

2.8
2018

1.8
2019

2.1
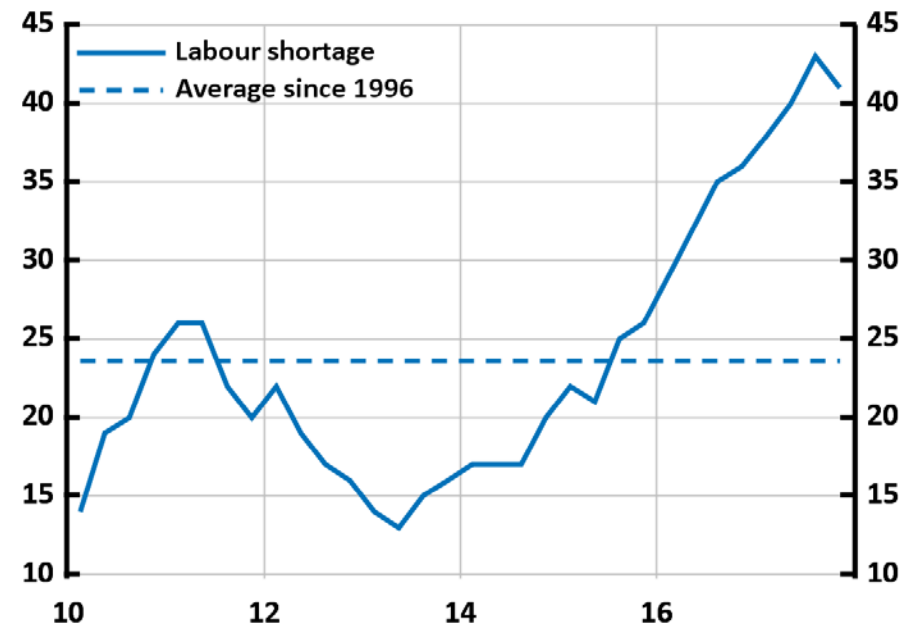2020

Forecast GDP growth, annual percentage change.

Continued strong labour market

Unemployment has fallen

Labour shortage

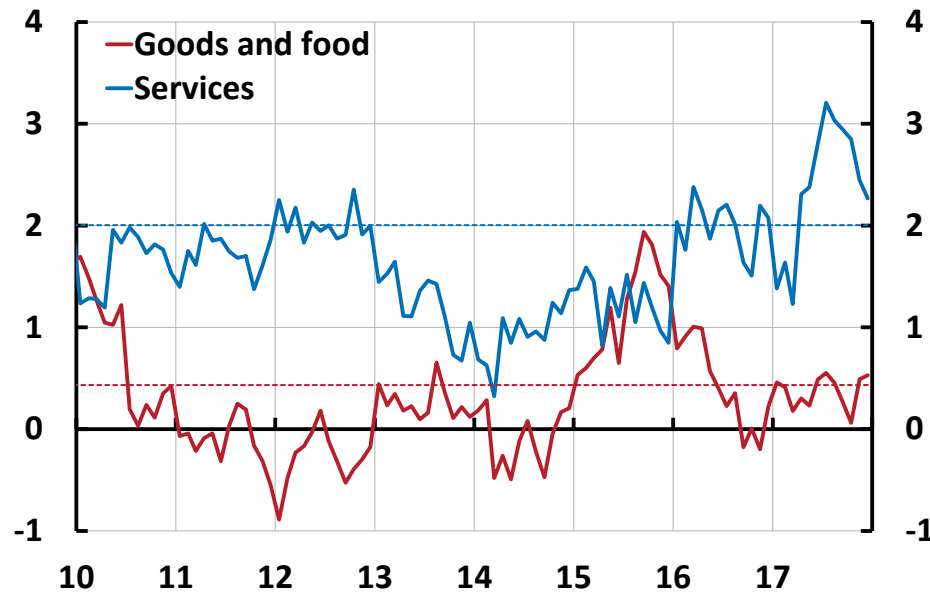Per cent of labour force, aged 15-74 and share of businesses, per cent, respectively.

Sources: National Institute of Economic Research, Statistics Sweden and the Riksbank

Slightly lower inflationary pressures

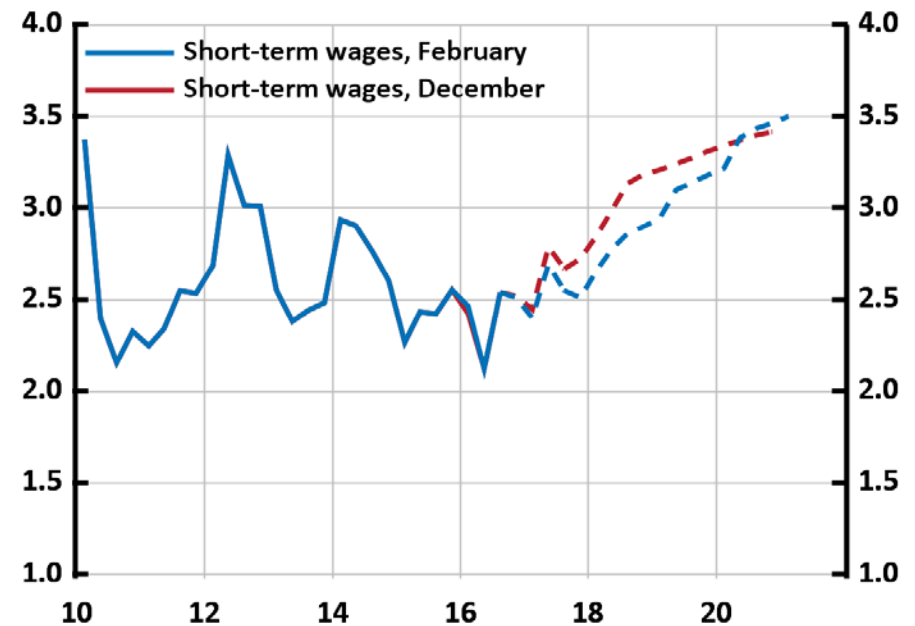## Service prices have slowed

Weaker wage development

Annual percentage change. Broken lines refer to the average from 1995 onwards.
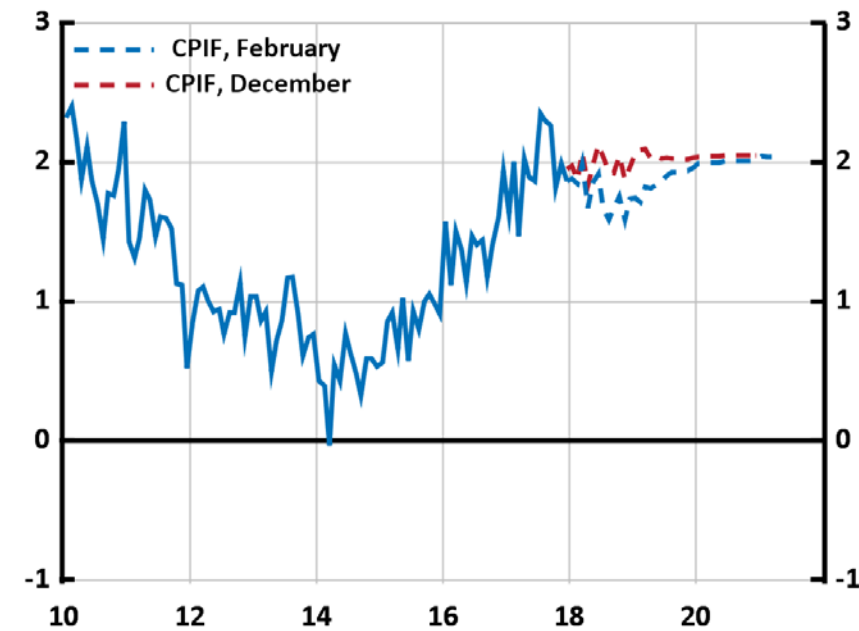Wages according to short-term wage statistics.

Sources: Statistics Sweden, Swedish National Mediation Office and the Riksbank

Inflation close to 2 per cent from 2019

Stronger economic activity abroad

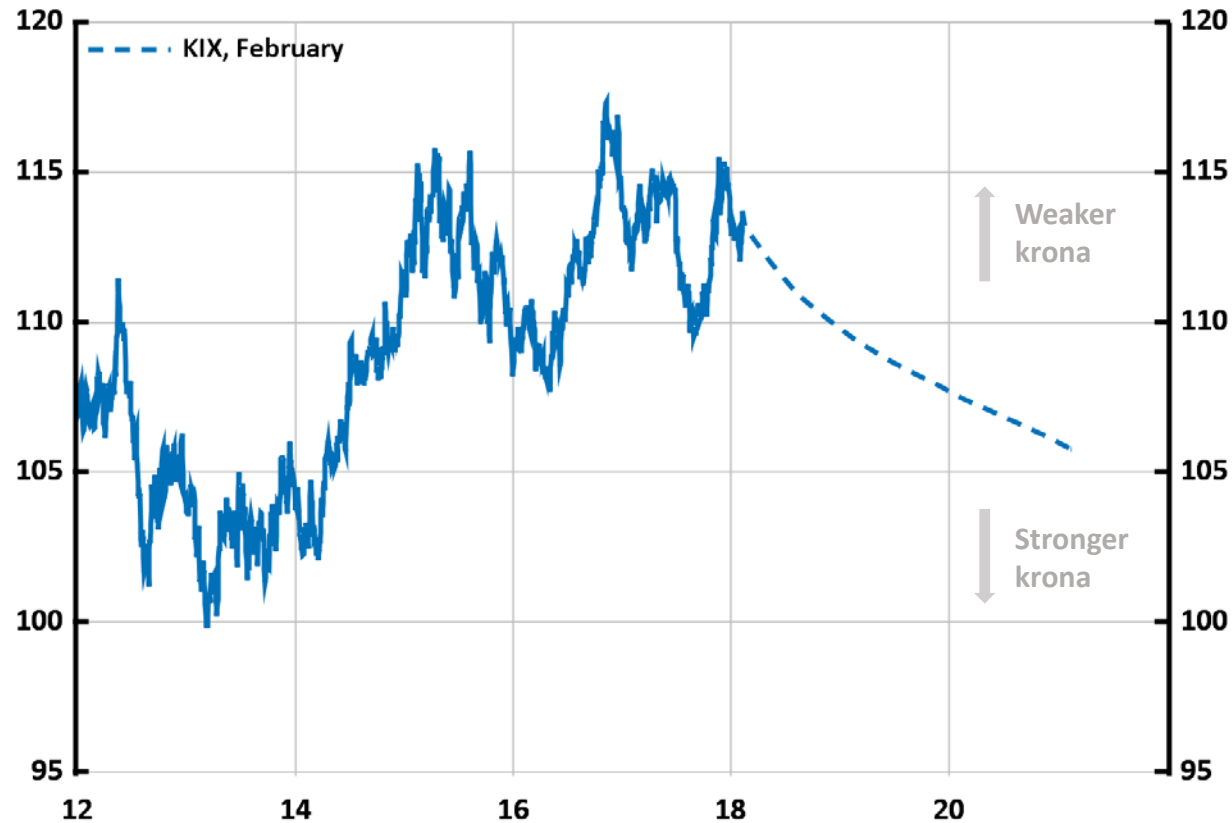High resource utilisation

Inflation expectations at 2%

Annual percentage change.

Source: Statistics Sweden and the Riksbank

The krona is important for the development of inflation

Outcomes are daily data and forecasts refer to quarterly averages. The KIX is an aggregate of countries that are important for Sweden's international transactions.

Sources: National sources and the Riksbank

Monetary policy deliberations

| Inflation on target | Expectations of monetary policy abroad | Weaker price and cost pressures | Lower inflation in the near term | The krona |

Unchanged repo rate and repo-rate path

It has taken a long time to bring up inflation

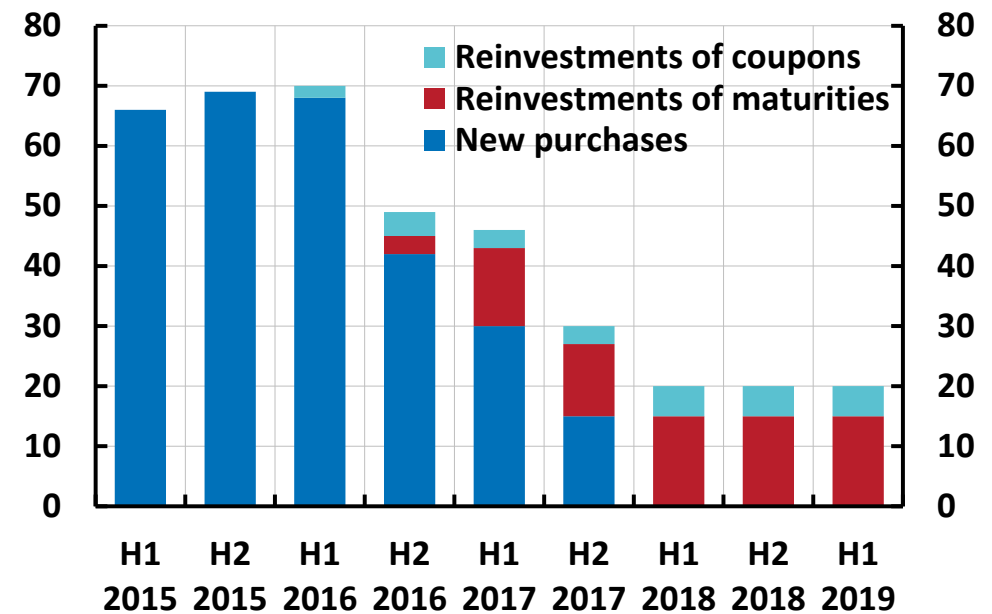Weaker inflationary pressures creating uncertainty

Monetary policy needs to proceed cautiously

Continued expansionary monetary policy

Repo rate -0.50 per cent
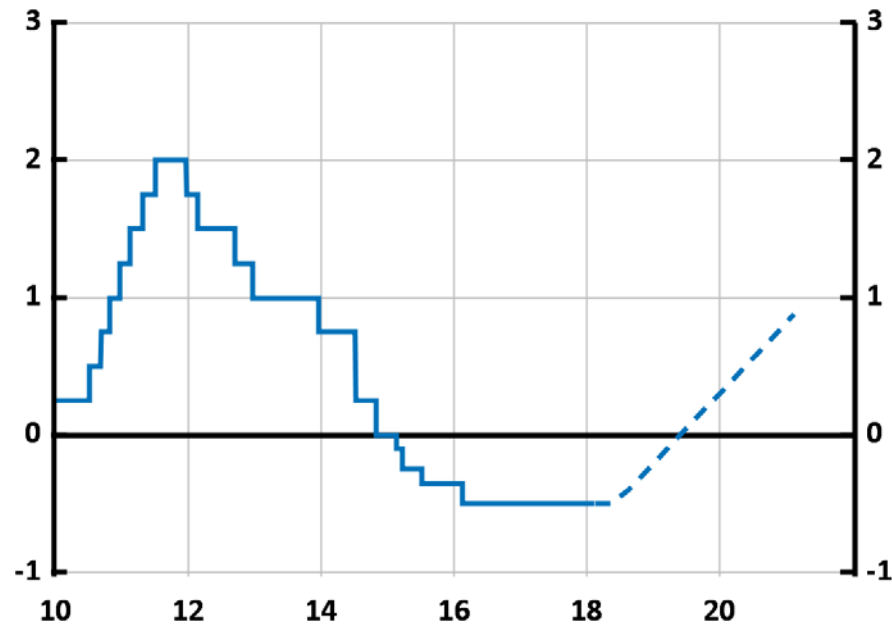
Purchases of government bonds

Per cent and nominal amount, SEK billion.

Source: The Riksbank

Inflation close to target
with an expansionary monetary policy