

# Monetary policy decision

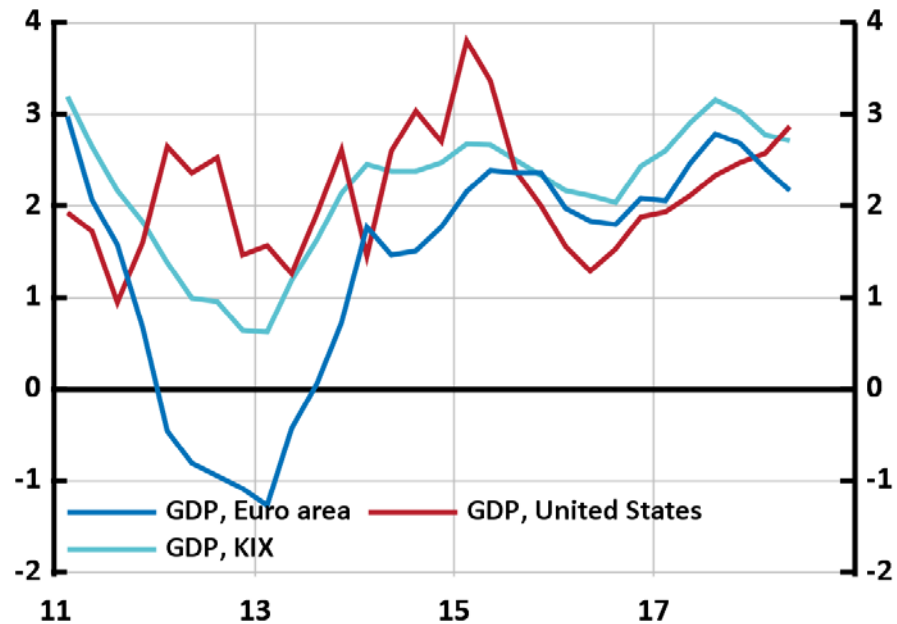
October 2018

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

**If inflation prospects hold up,  
it will soon be appropriate to raise the repo rate**

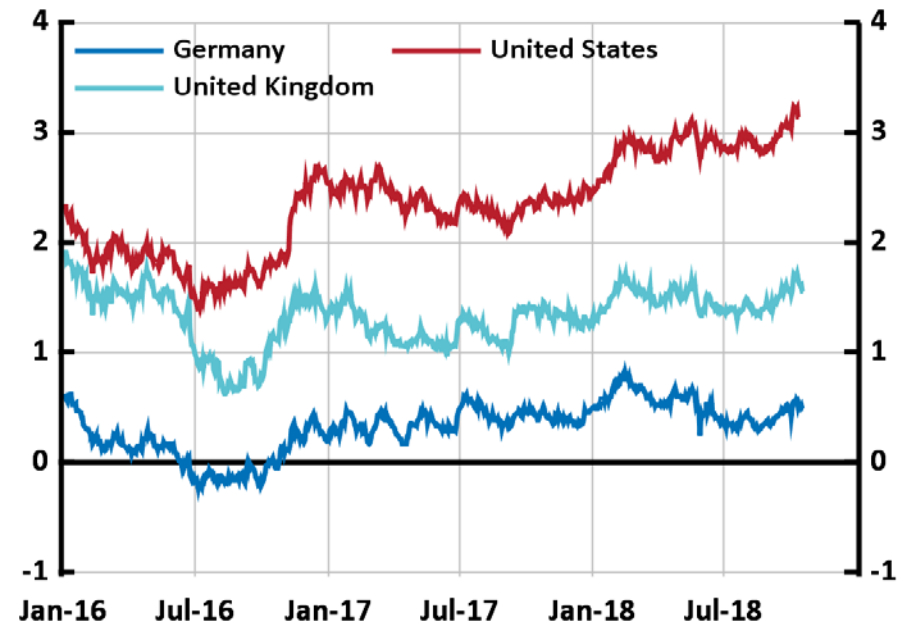
# Favourable international economic activity with gradually rising interest rates

Good GDP growth



Annual percentage change and per cent.  
Zero coupon yields calculated from 10-year government bonds.

Rising government bond yields



Sources: Bureau of Economic Analysis, Eurostat, national sources, the Office for National Statistics and the Riksbank

# Increased uncertainty surrounding international prospects



Escalated trade conflict between the United States and China

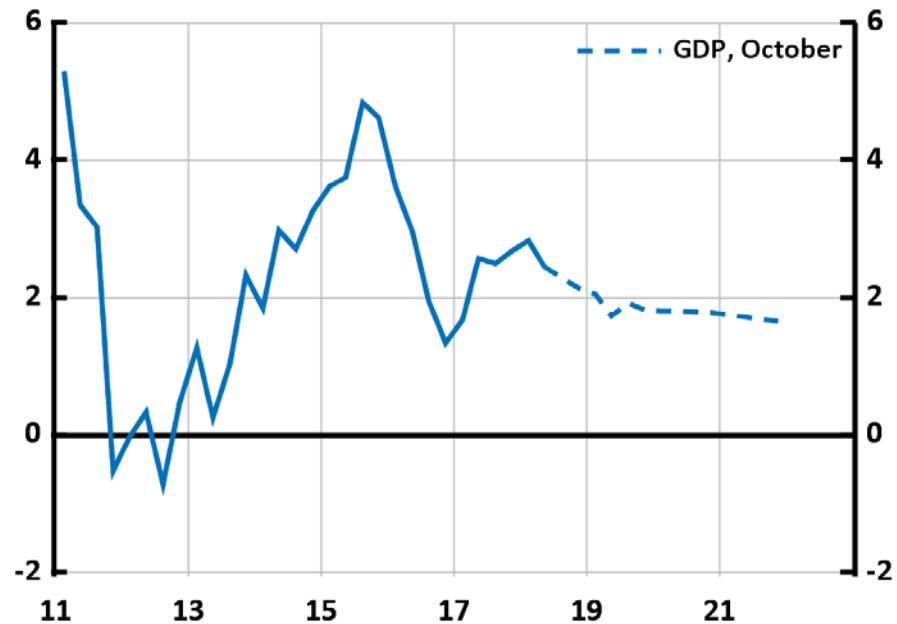
Economic policy situation in Italy

Brexit

Unease in some emerging market economies

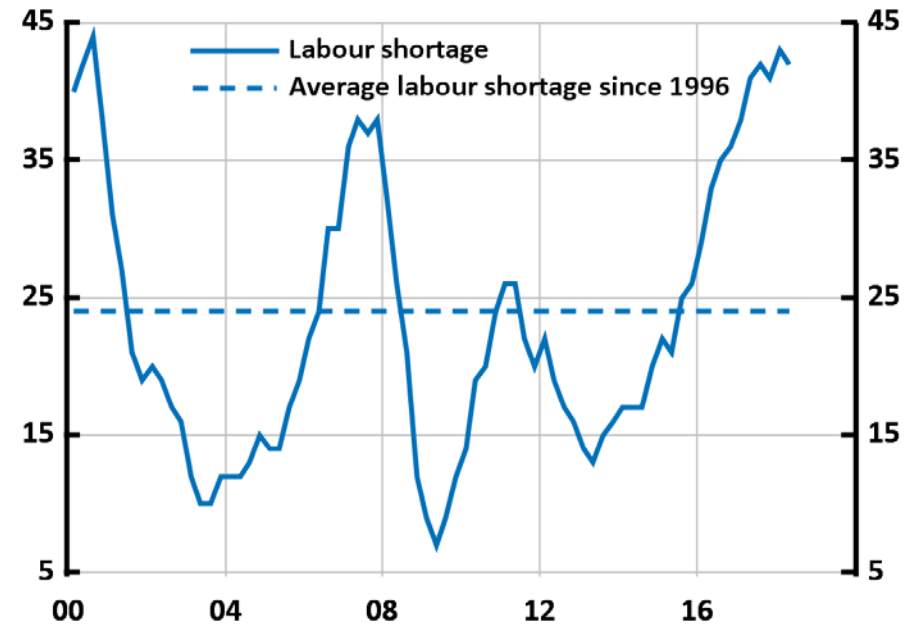
# Strong Swedish economic activity

Calmer GDP growth



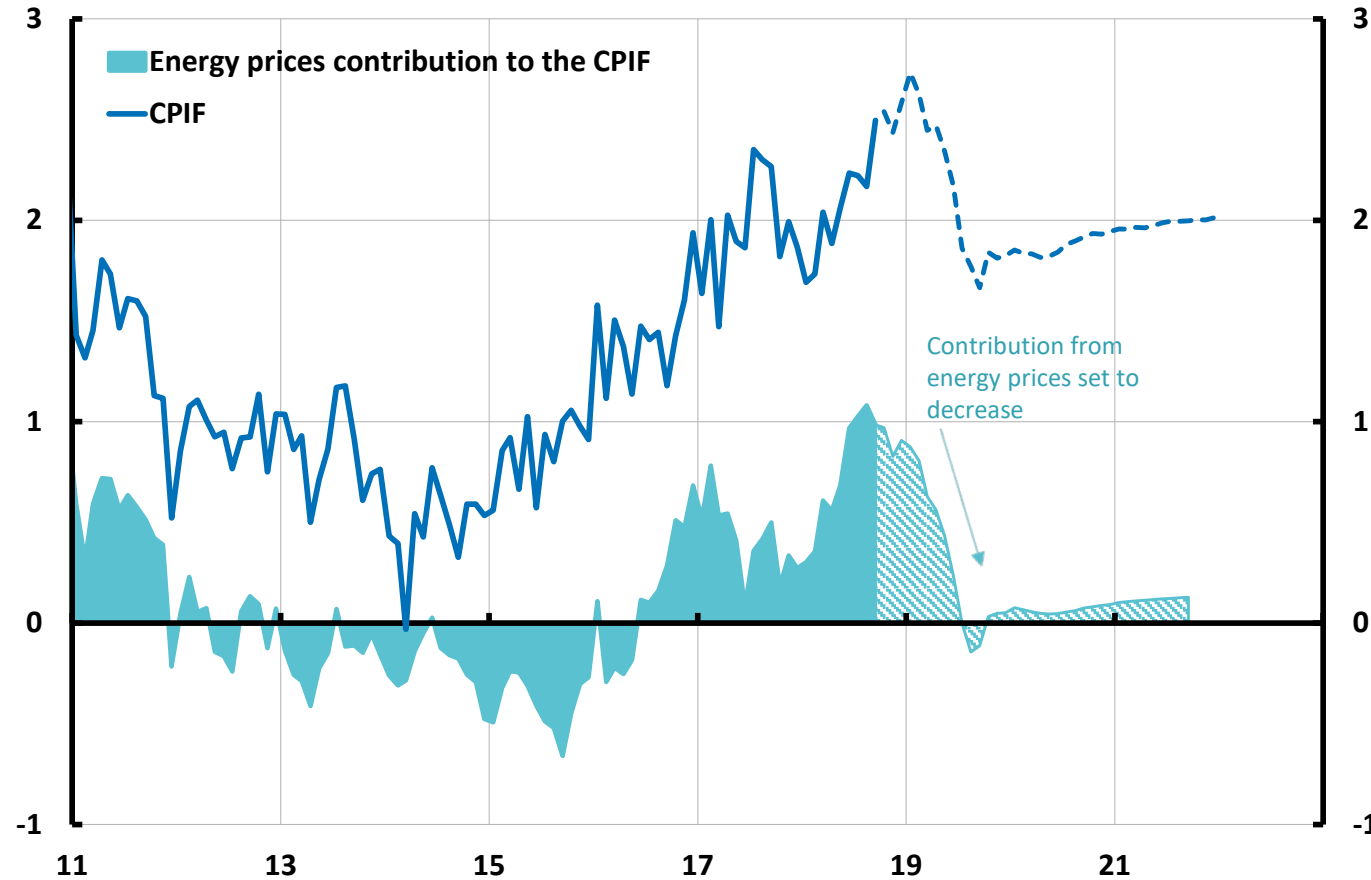
Annual percentage change and per cent

But continued high pressure on the labour market



Sources: Statistics Sweden, the NIER and the Riksbank

# Inflation on target, energy prices providing a boost

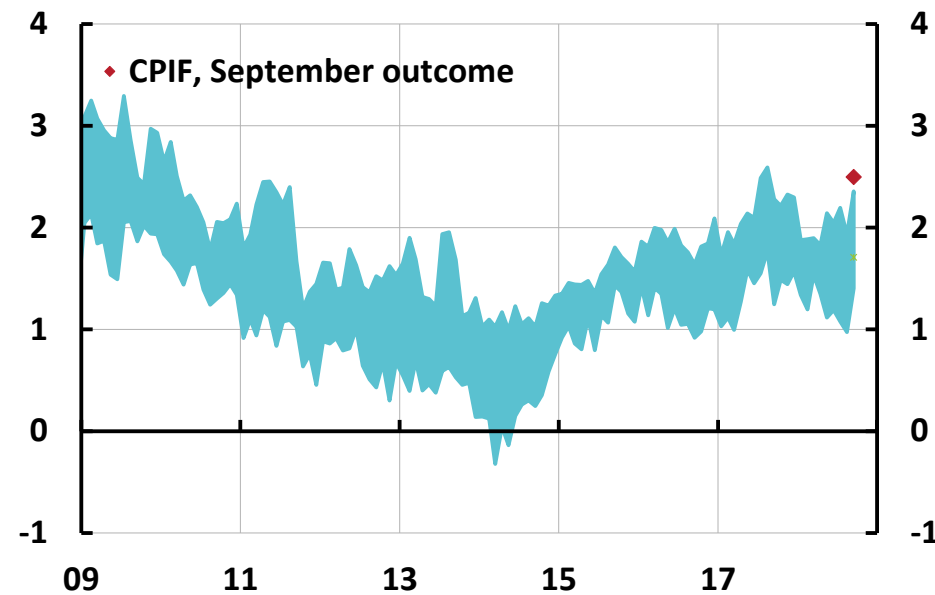


Annual percentage change and percentage points. The contribution of energy prices to the CPIF in the forecast is calculated as the annual percentage change in energy prices multiplied by their current weight in the CPIF.

Sources: Statistics Sweden and the Riksbank

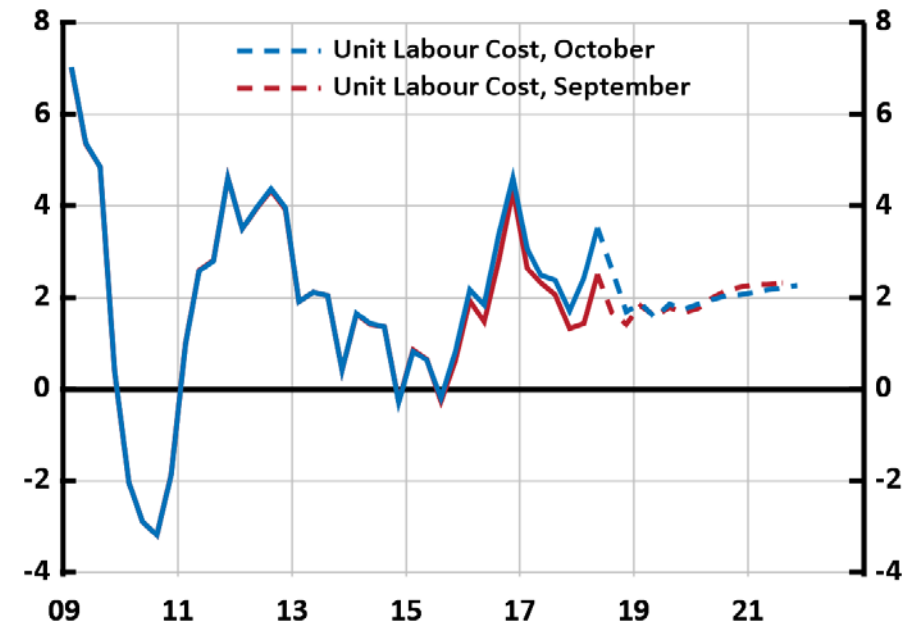
# Moderate inflationary pressures

## Core inflation lower than the CPIF



Annual percentage change.

## Signs of higher cost pressures



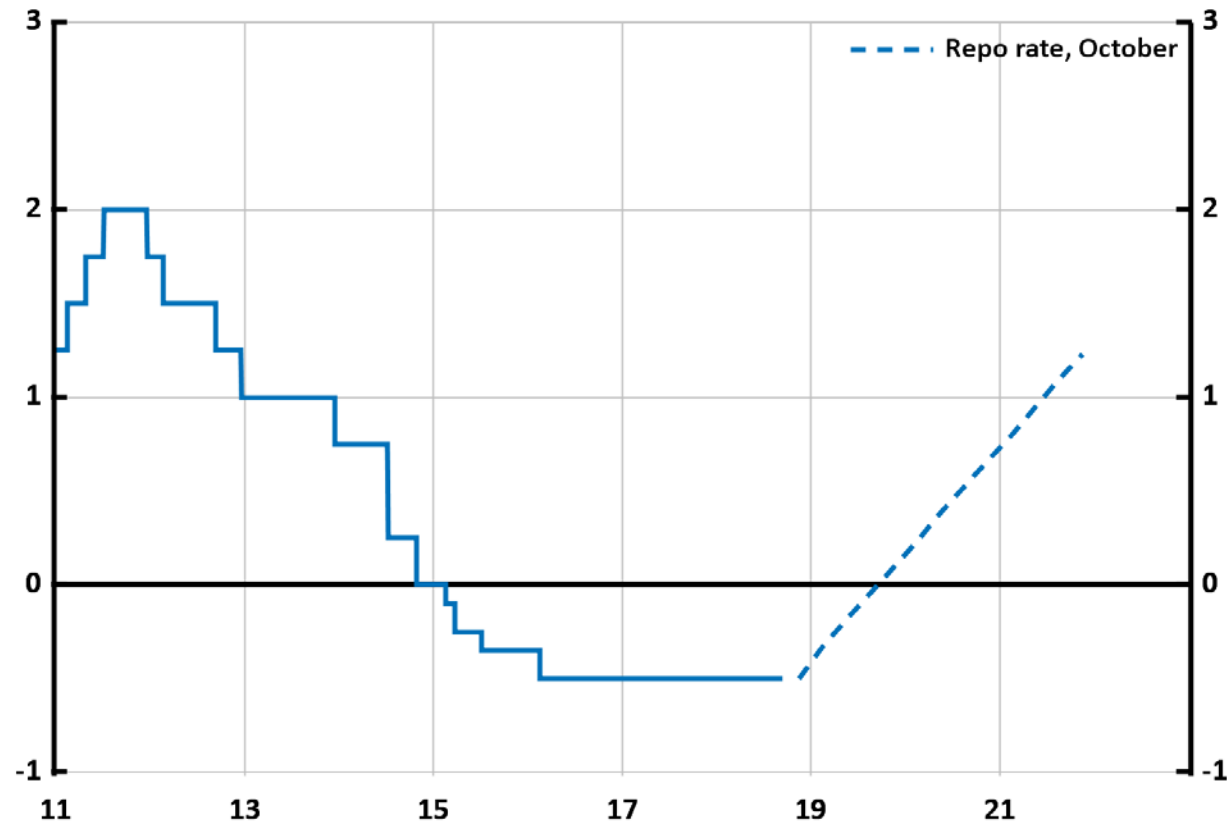
Sources: Statistics Sweden and the Riksbank

# Good conditions for inflation close to 2 per cent going forward





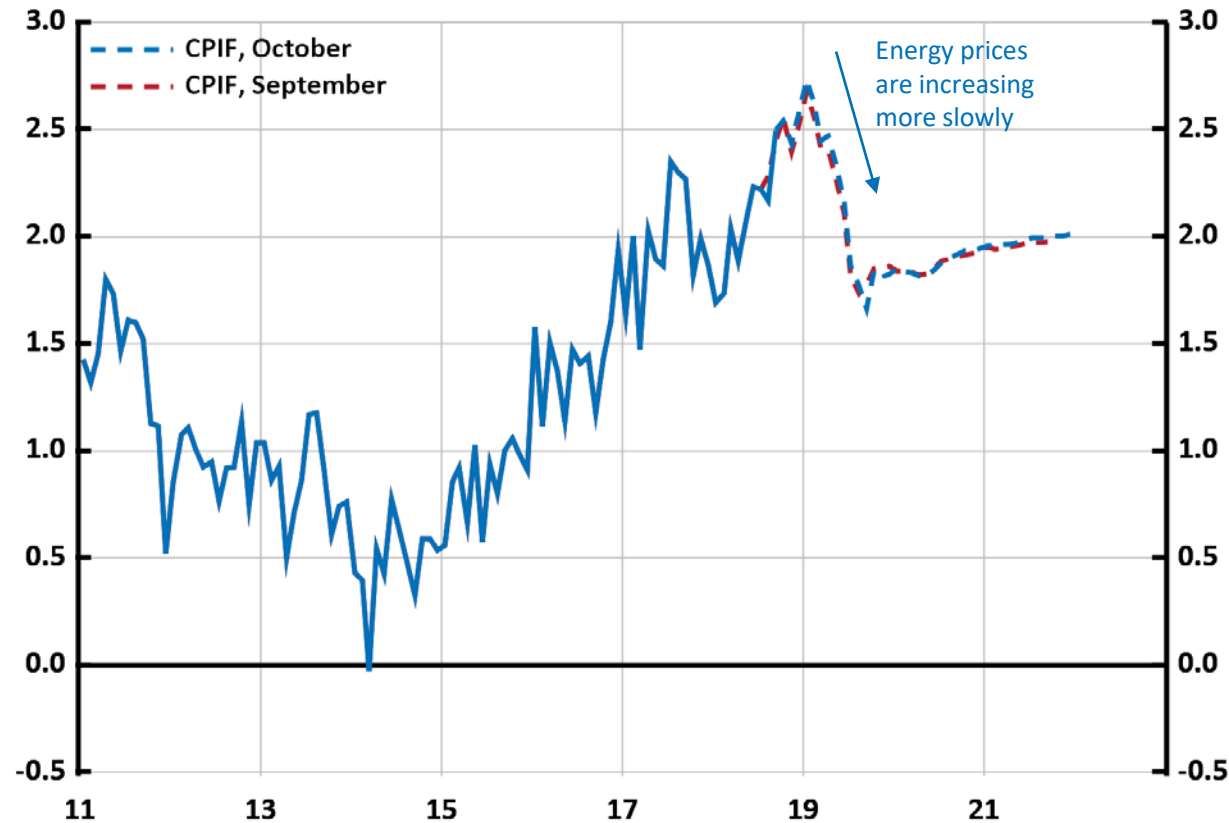
# If inflation prospects hold up, it will soon be appropriate to slowly raise the repo rate



Per cent

Source: The Riksbank

# The inflation forecast is based on the repo rate being raised slowly in the period ahead



Annual percentage change.

Sources: Statistics Sweden and the Riksbank

# Monetary policy needs to proceed cautiously

Higher interest rates likely in the period ahead

Inflation has been low for a long period, need to be vigilant about inflationary pressures

Krona exchange rate continues to be important factor

**Monetary policy is adjusted according to prospects for inflation**

**If inflation prospects hold up,  
it will soon be appropriate to raise the repo rate**