

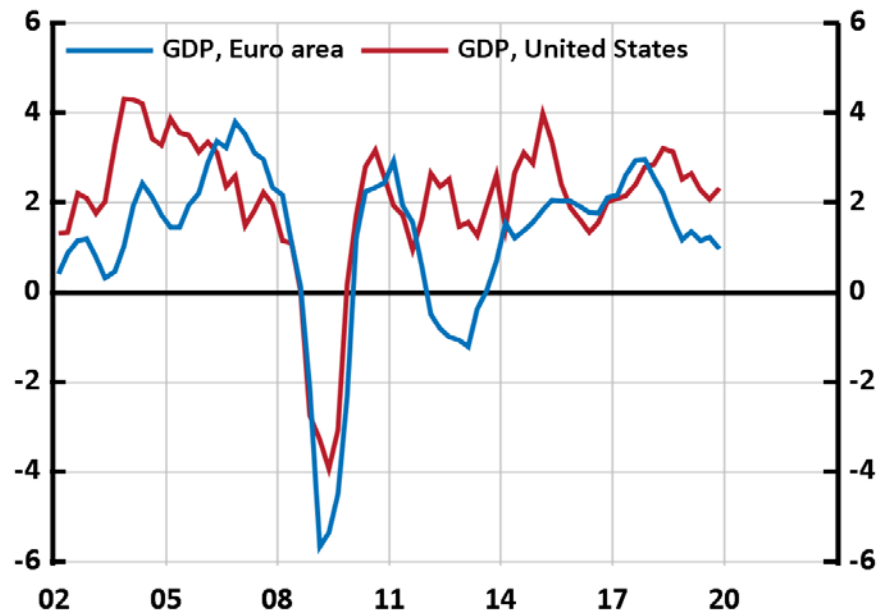
Monetary policy decision

February 2020

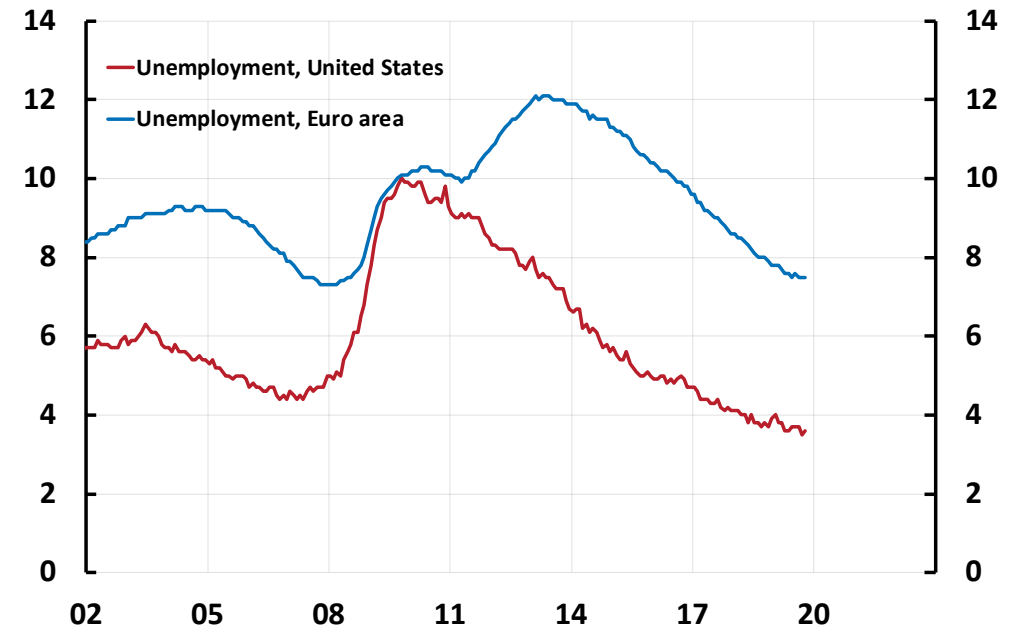
Low interest rate for a long time
to ensure close-to-target inflation

Global demand has slowed down in recent years

Calmer GDP growth



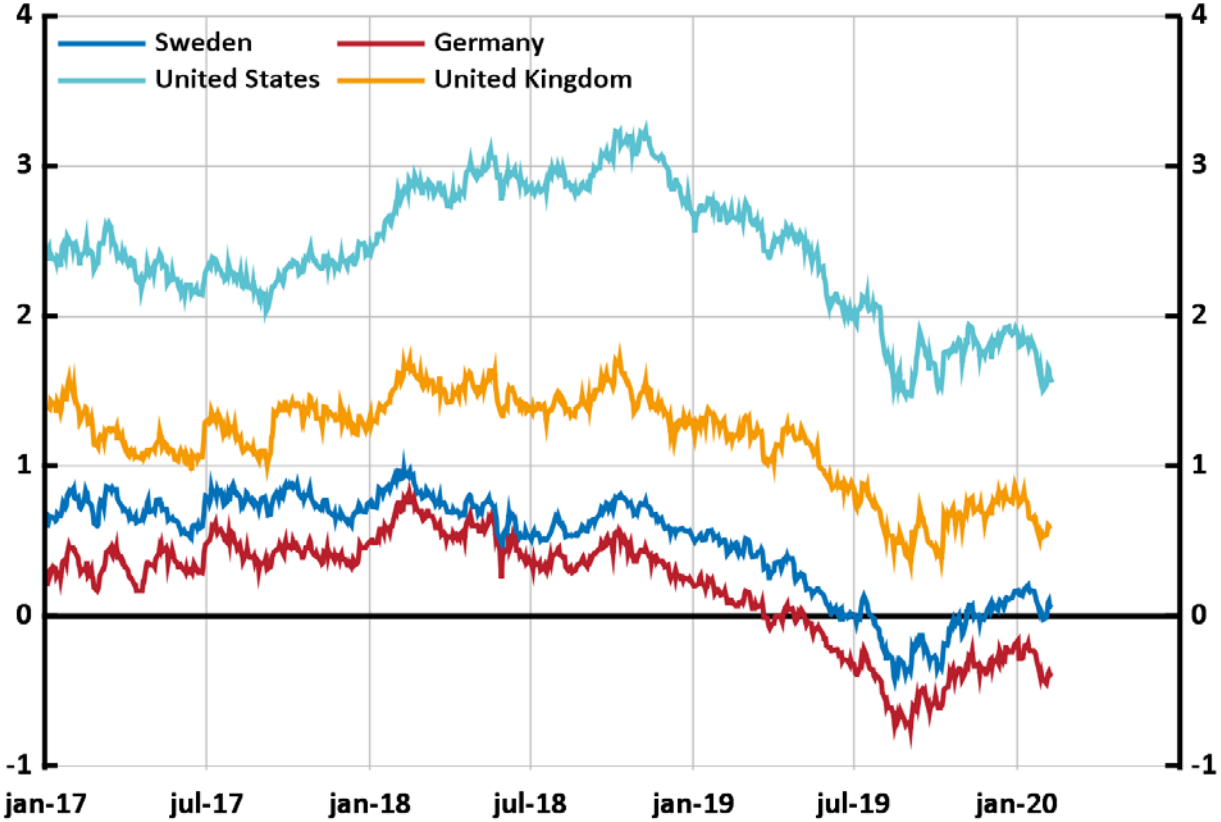
But strong labour market



Annual percentage change, seasonally adjusted data and share of labour force.

Sources: Eurostat and the OECD

Lower interest rates in wake of increased economic unease



Yields on 10-year government bonds

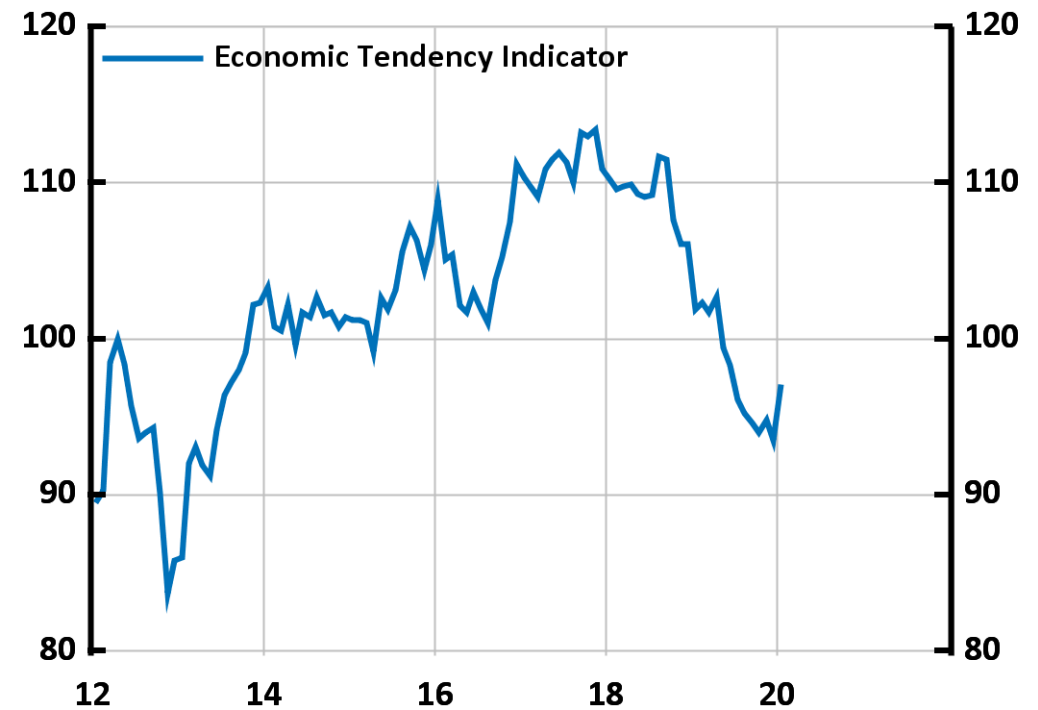
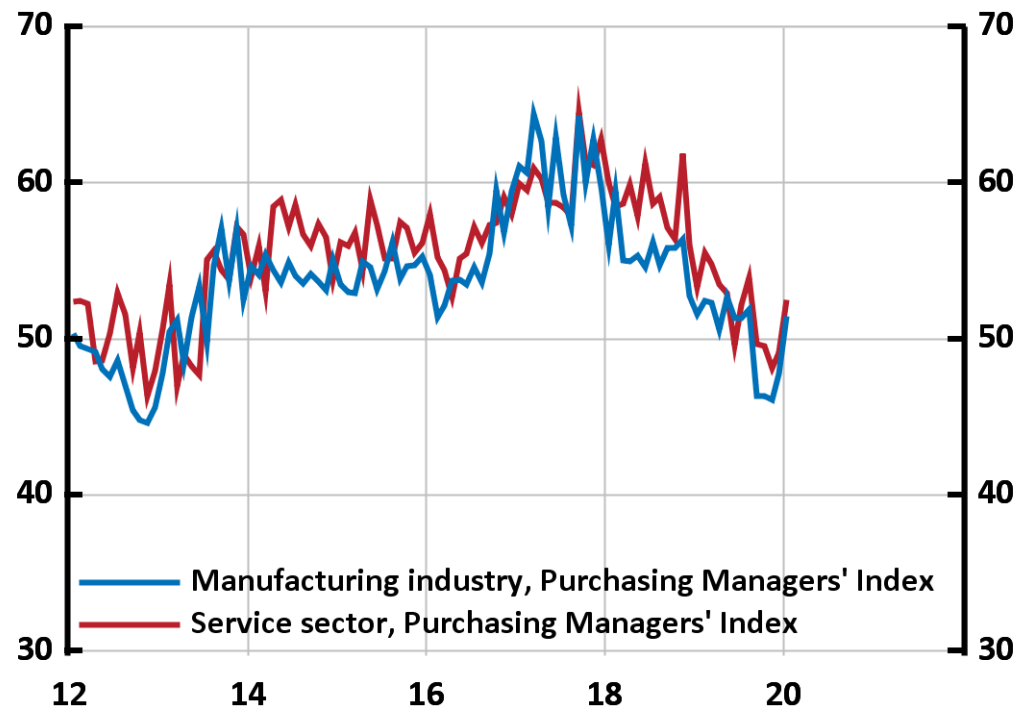
Sources: National central banks, US Treasury and the Riksbank

Global economy on slightly firmer ground

- Confidence in the manufacturing industry has stabilised
- Some of the uncertainty weighing on developments has declined
 - Trade agreement between the USA and China
 - The UK has left the EU
- But difficult to estimate the consequences of the new coronavirus



Signs of stabilisation in the Swedish economy too

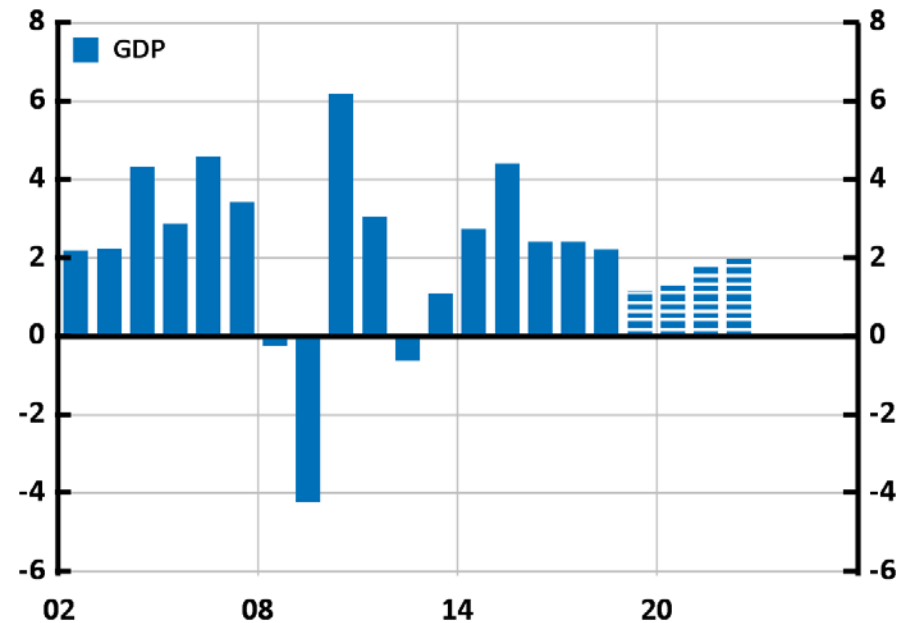


Index, average = 100, standard deviation = 10, seasonally adjusted figures. The purchasing managers' index is a diffusion index in which values above 50 indicate growth.

Sources: National Institute of Economic Research and Swedbank/Silf

Balanced economic situation in Sweden

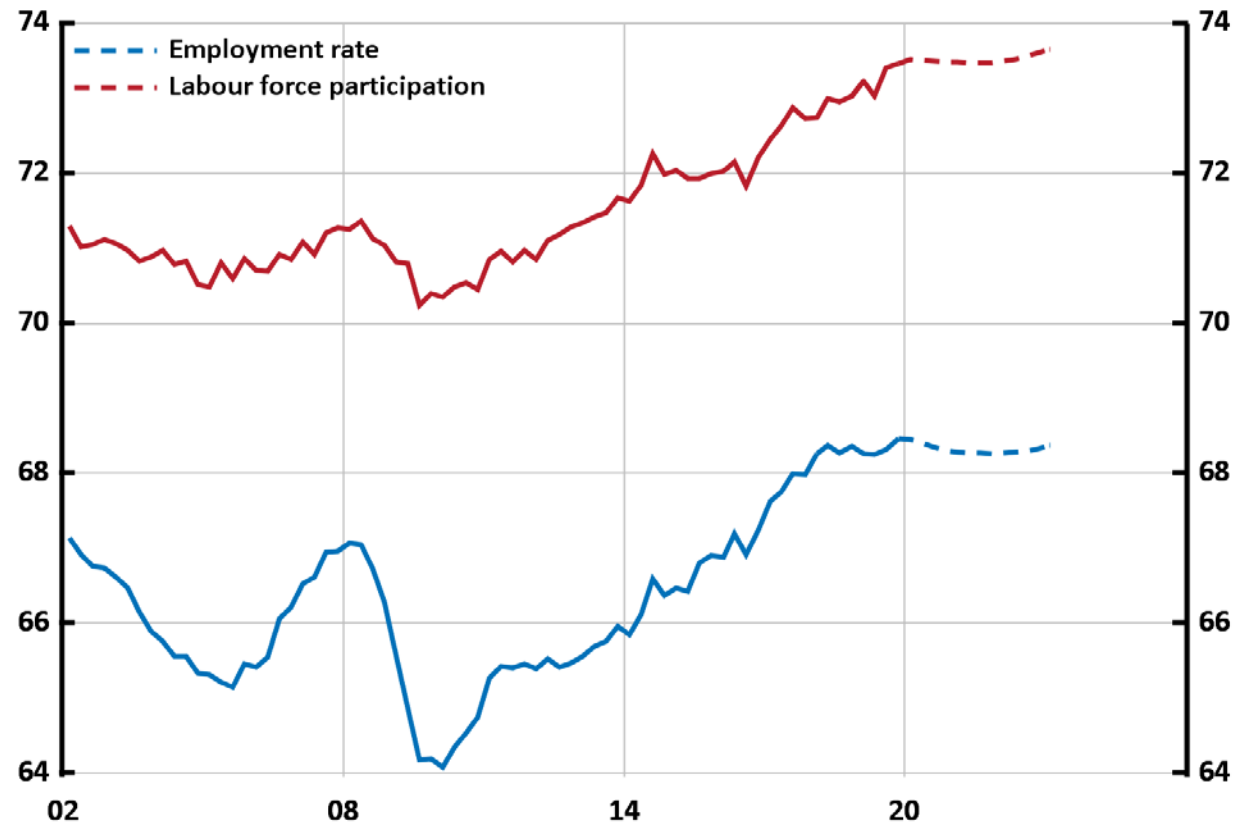
- Moderate growth since middle of 2018
- Signs that growth will rise from end of 2020
 - Stabilisation abroad
 - Housing construction increasing
 - Household consumption rising



Annual percentage change

Sources: Statistics Sweden and the Riksbank

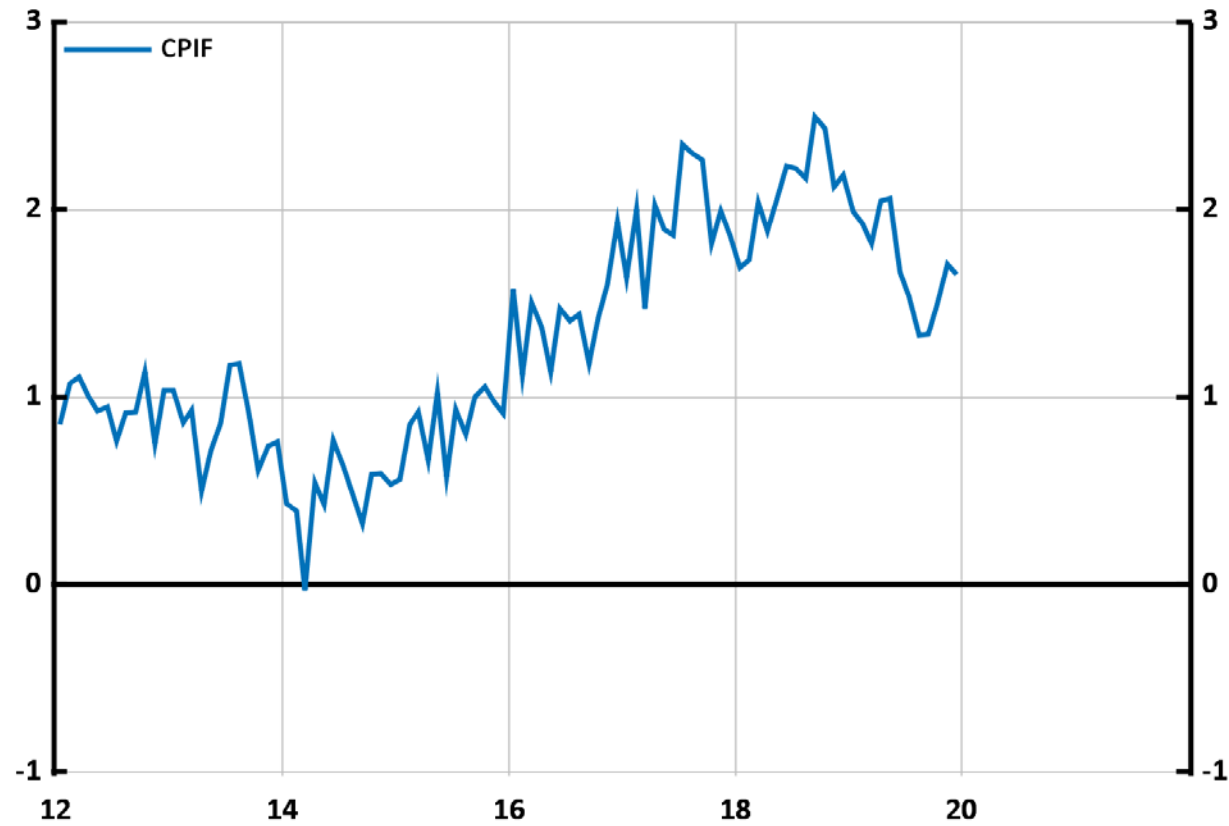
Employment increasing but at slower pace



Percentage of population, 15-74 years, seasonally adjusted data.

Sources: Statistics Sweden and the Riksbank

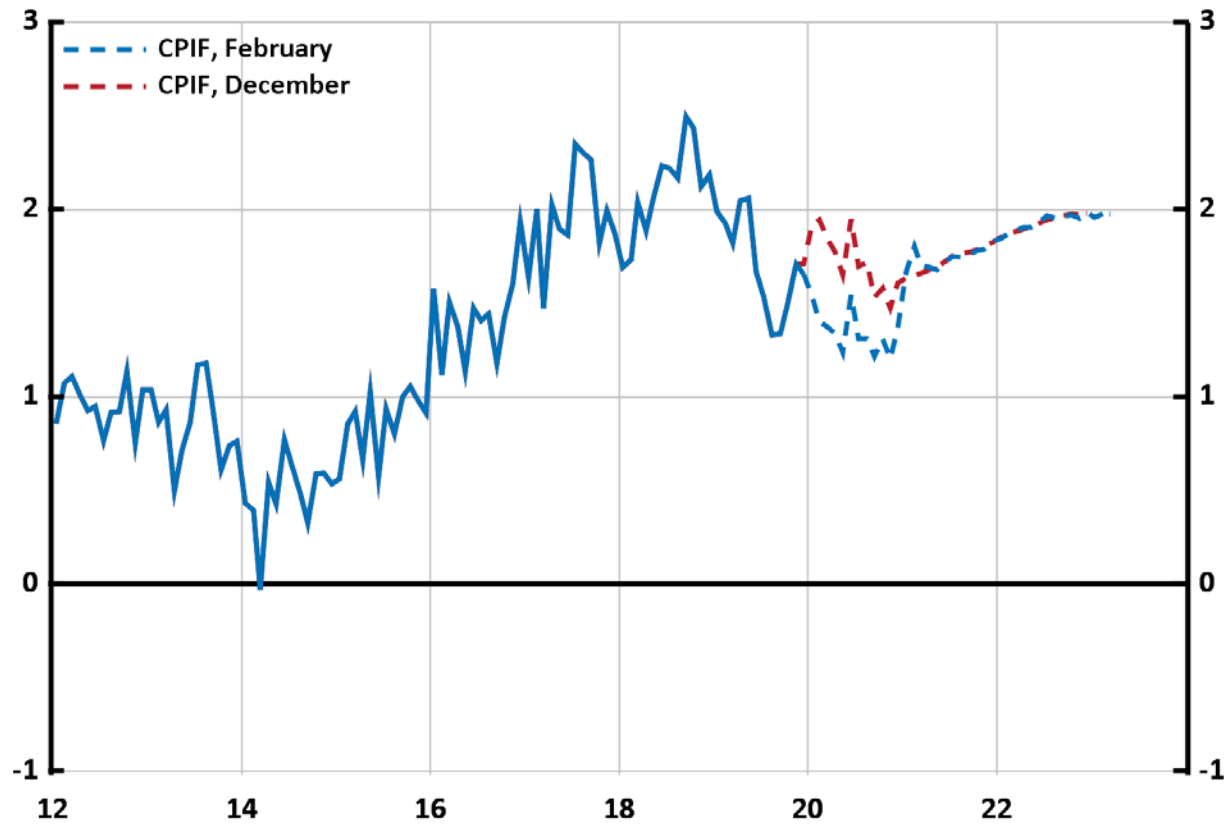
Inflation close to target in recent years



Annual percentage change

Source: Statistics Sweden

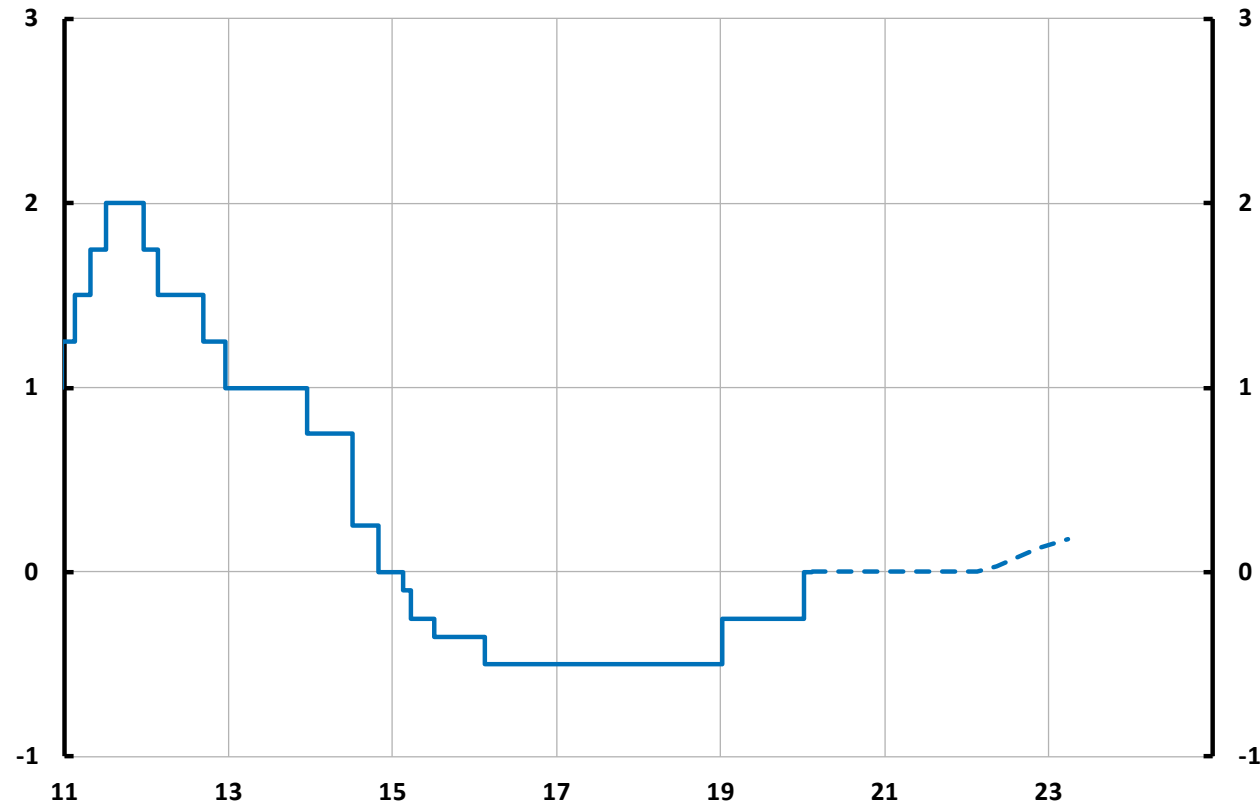
Inflation subdued this year as last year by low energy prices



Annual percentage change

Sources: Statistics Sweden and the Riksbank

Expansionary monetary policy for inflation to be close to target

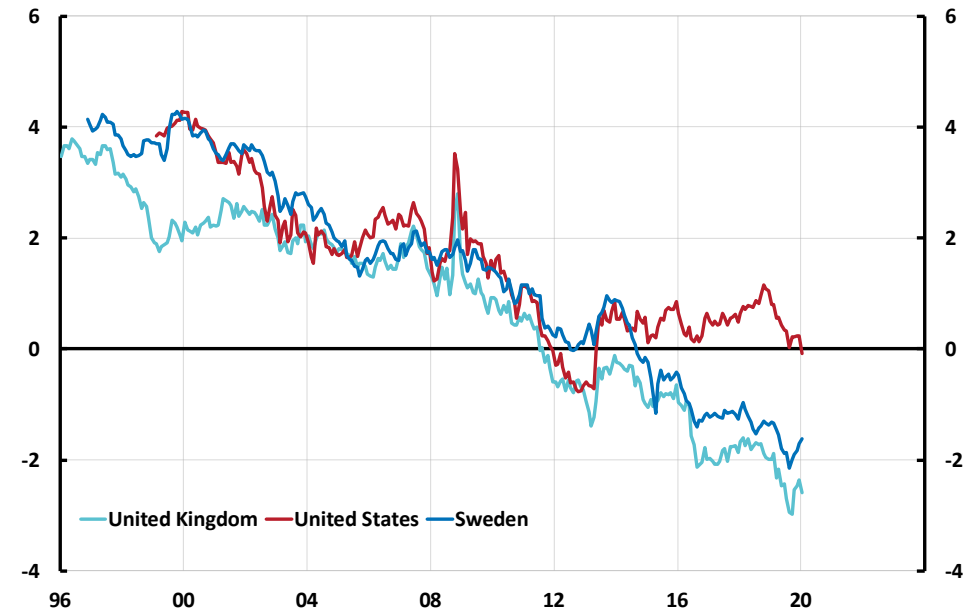


Per cent

Source: The Riksbank

Low interest rates over a long time

- Interest rates have fallen in recent decades
 - Ageing population contributes to increased saving
 - Lower productivity growth and investment
- Led to historically low policy rates
- Expectation that interest rates will be low for a long time
- The Riksbank has adjusted monetary policy to support the economy and inflation



Real government bond yields,
10-year maturity

Sources: National central banks
and the Riksbank

Low interest rate for a long time
to ensure close-to-target inflation