

Important to return to low and stable inflation

Monetary policy February 2023

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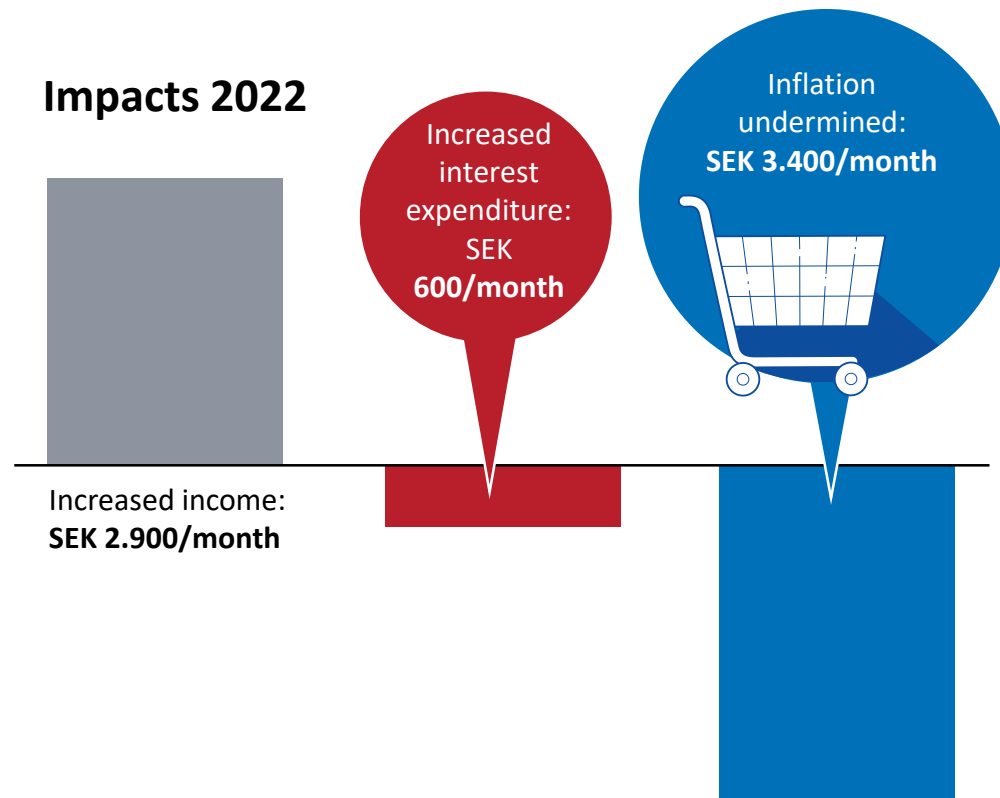
- Policy rate raised by 0.5 percentage points to 3.0 per cent
- The policy rate is expected to be raised further during the spring
- Sales of government bonds, starting in April



Rising interest rates, but above all high inflation has a significant impact on many households

Average household (2.3 personer) 2021

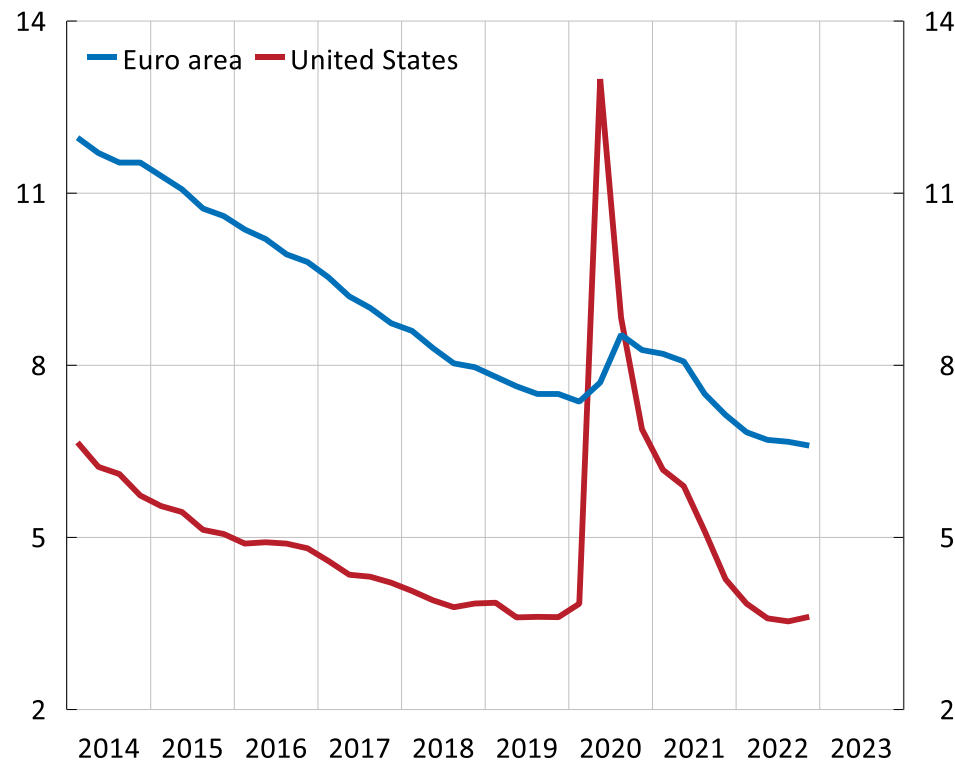
Disposable income: SEK 44.700/month
Mortgage: SEK 1.3 million



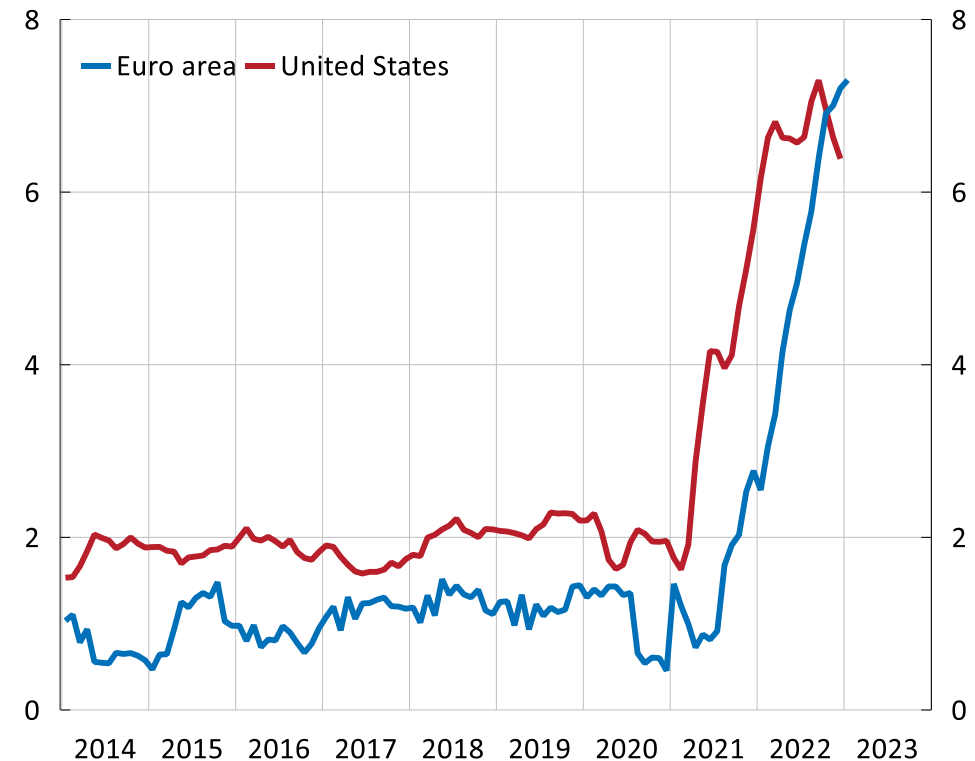
Sources: Statistics Sweden and the Riksbank.

Good economic activity and high inflation abroad

Low unemployment



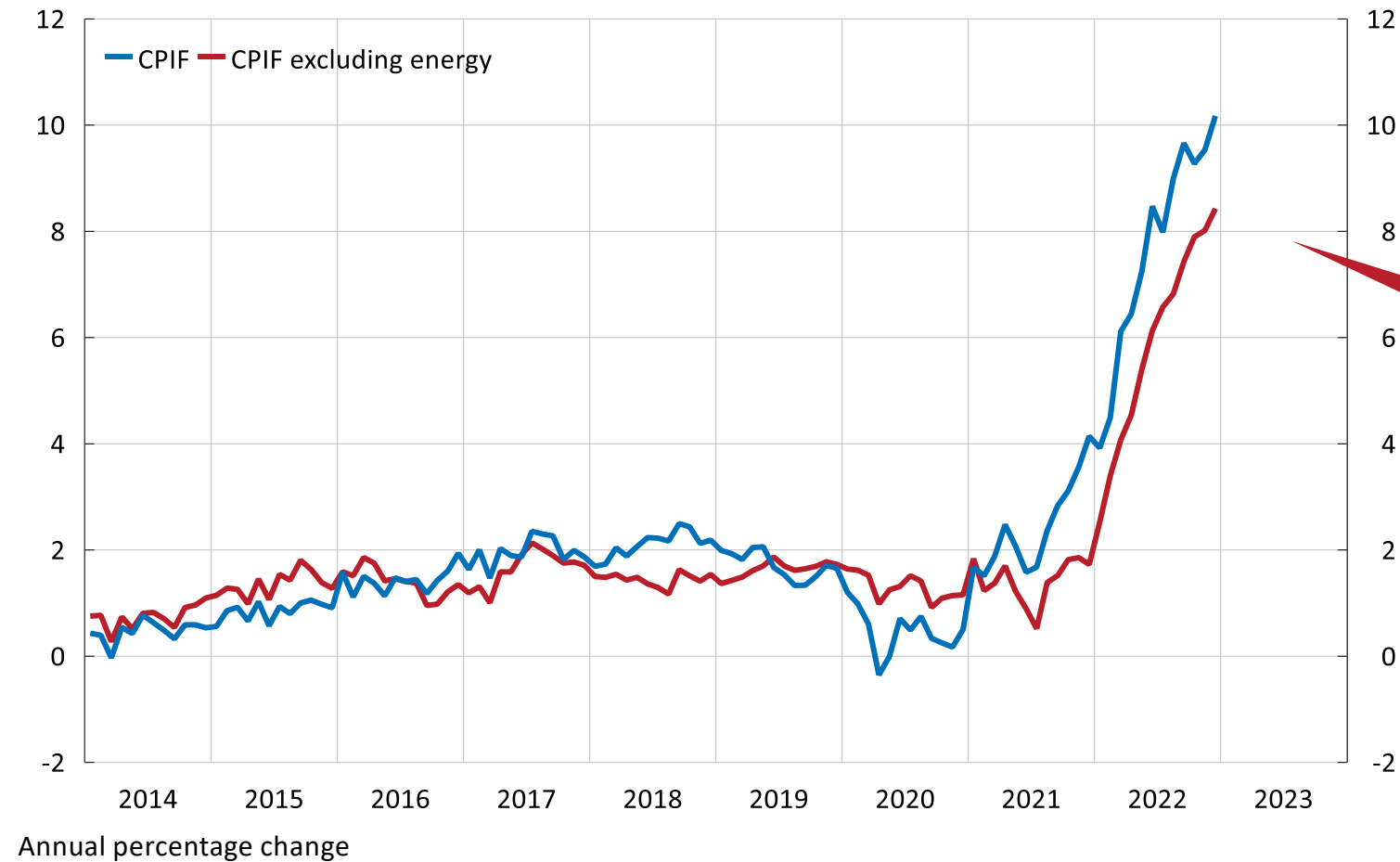
High underlying inflation



Percentage of the labour force and annual percentage change.
Underlying inflation refer to the HICP excluding energy for the Euro area and the CPI excluding energy for the United States.

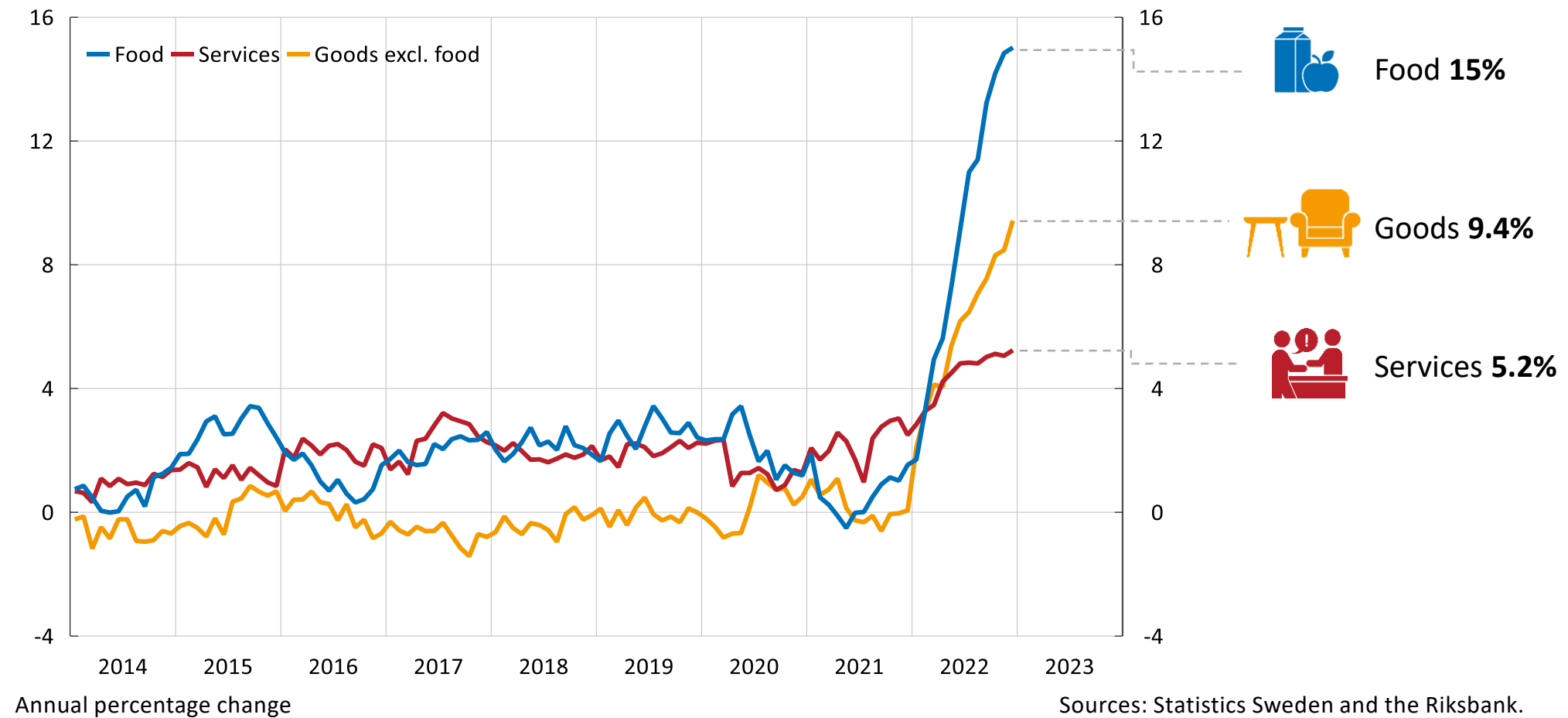
Sources: Eurostat and U.S. Bureau of Labor Statistics.

Swedish inflation has continued to rise



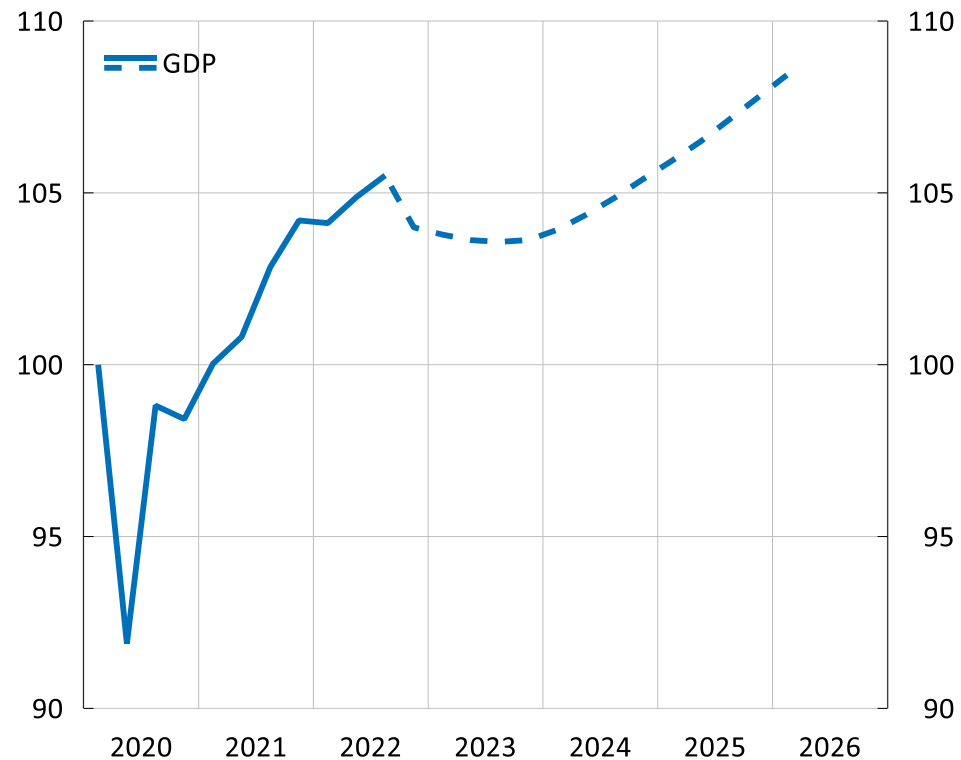
Source: Statistics Sweden

Inflation rising on a broad front and rapidly

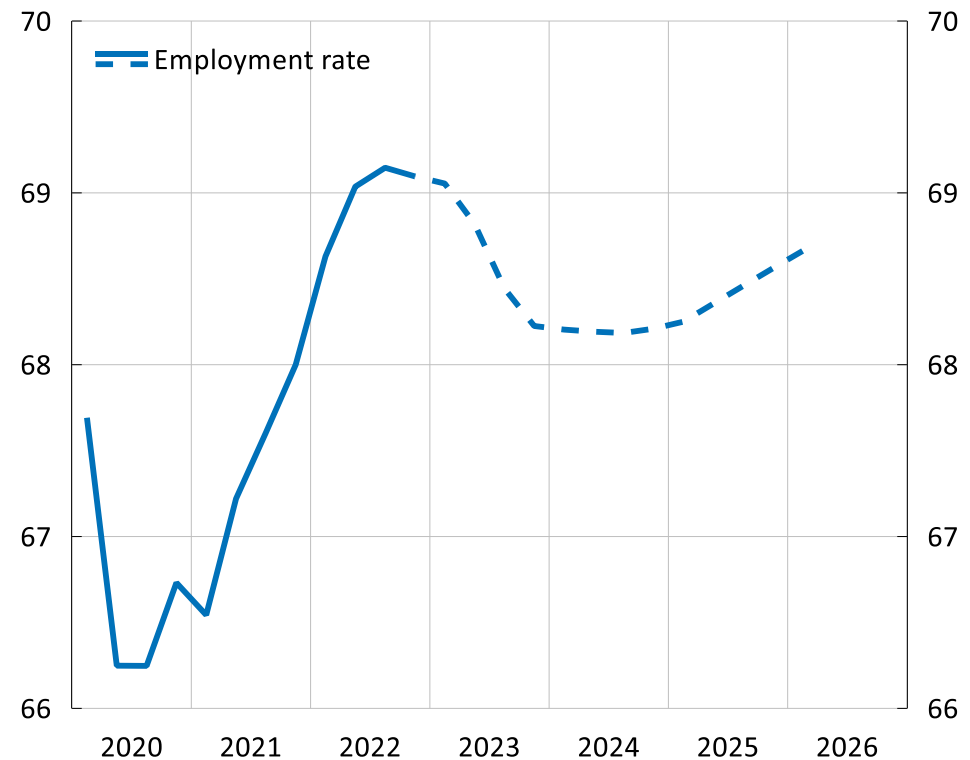


High inflation and higher interest rates cool the Swedish economy

Economic activity slowing down



Labour market cooling off

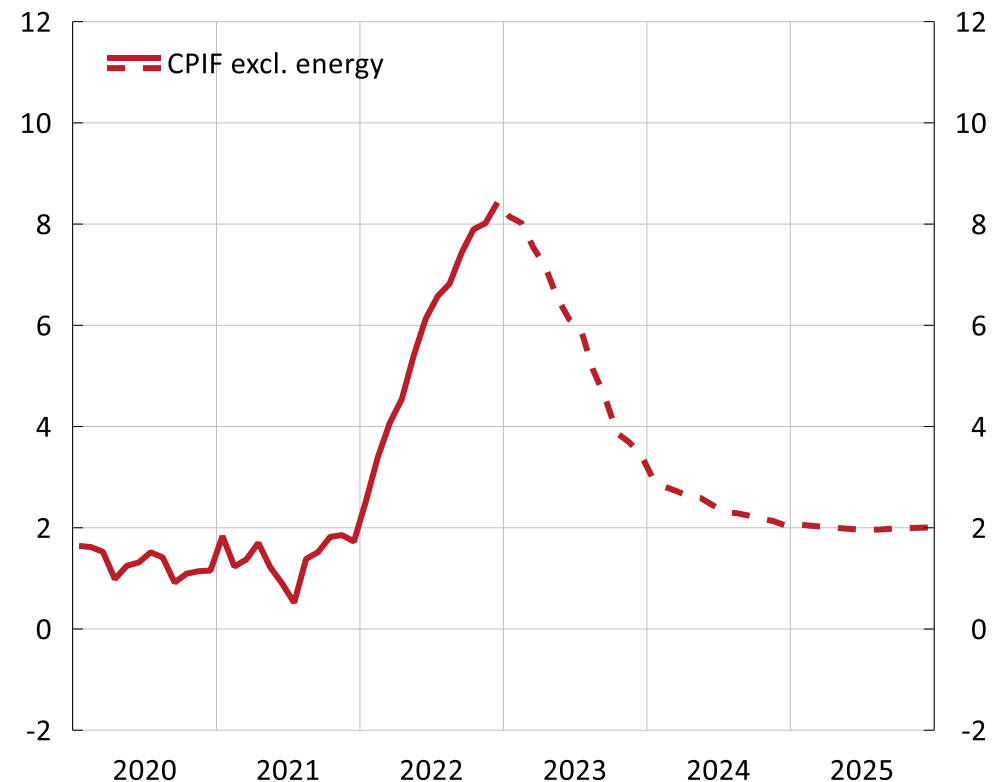


Index, 2019 Q4= 100 and percentage of population. Solid line refers to outcome, broken line represents the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

Inflation expected to fall back over the year

- Prices continuing to rise, but at a slower pace
- Pandemic and war-related supply shocks waning
- Economic activity slowing down

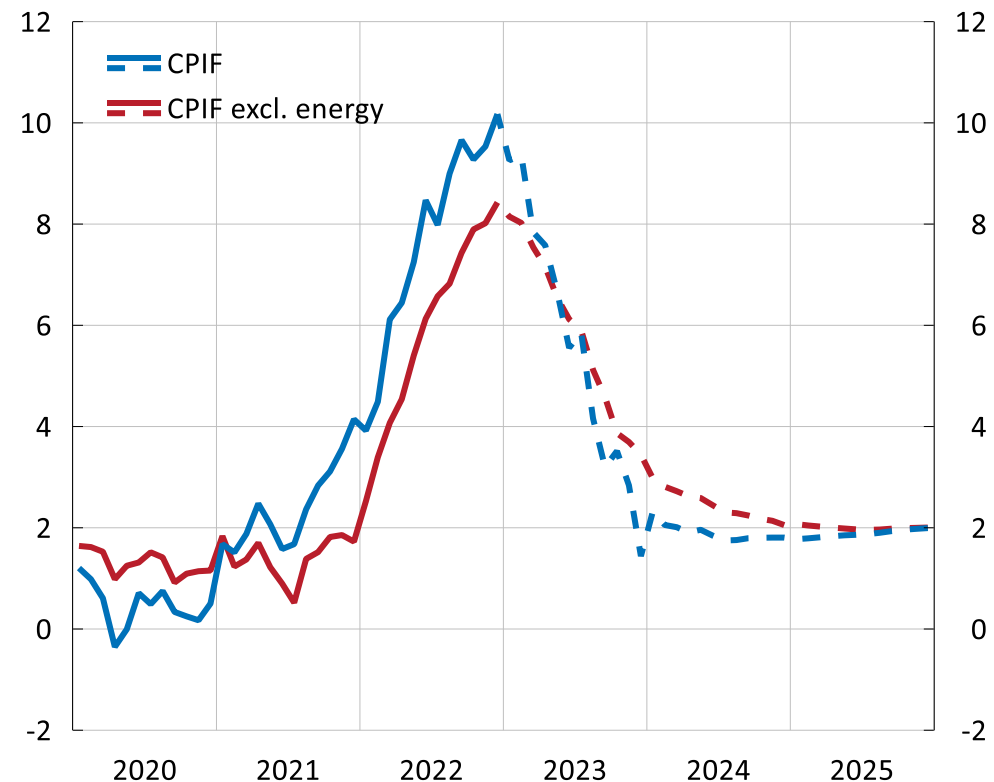


Annual percentage change

Sources: Statistics Sweden and the Riksbank.

Inflation expected to fall back over the year

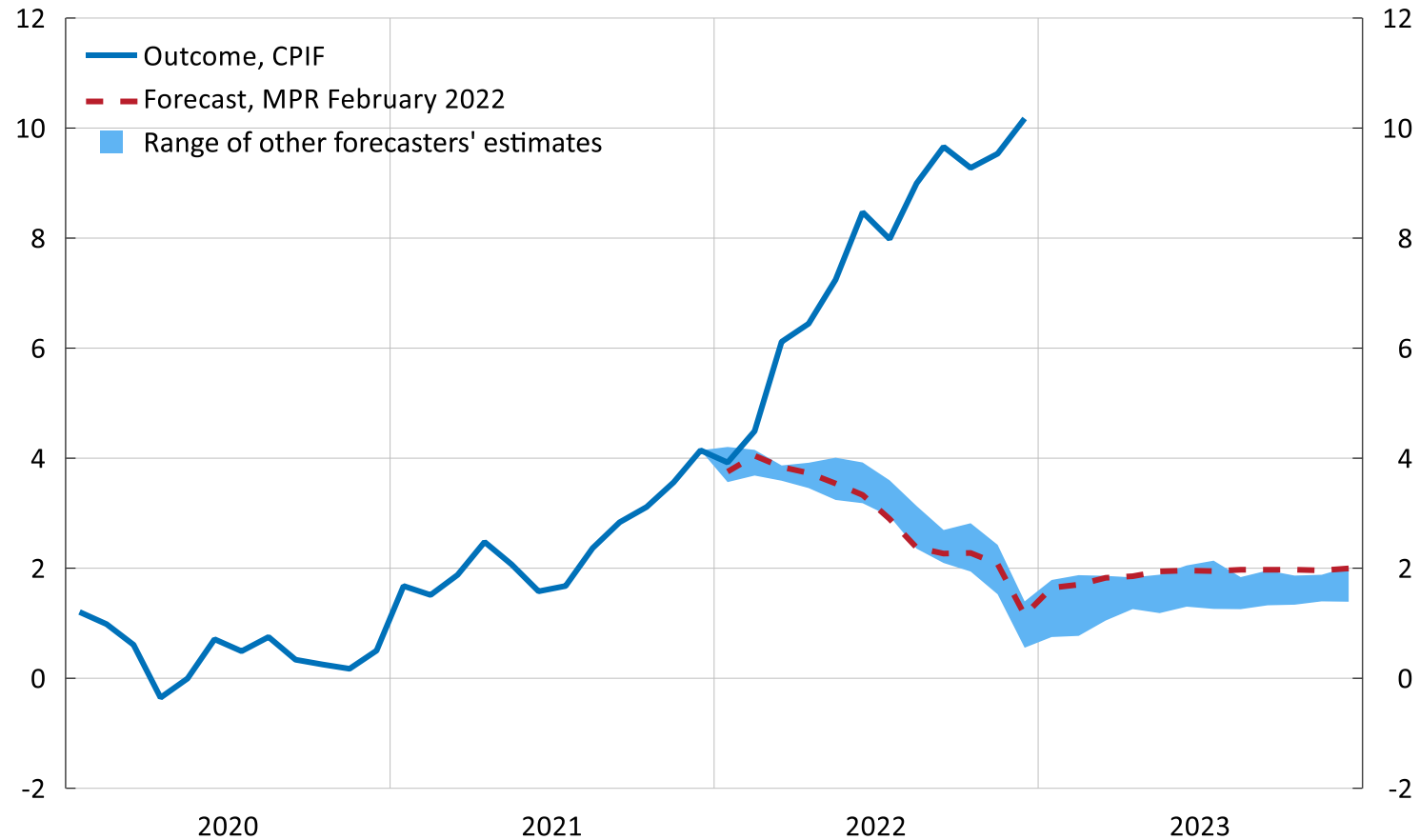
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Annual percentage change

Sources: Statistics Sweden and the Riksbank.

Difficult to predict inflation last year – still considerable uncertainty

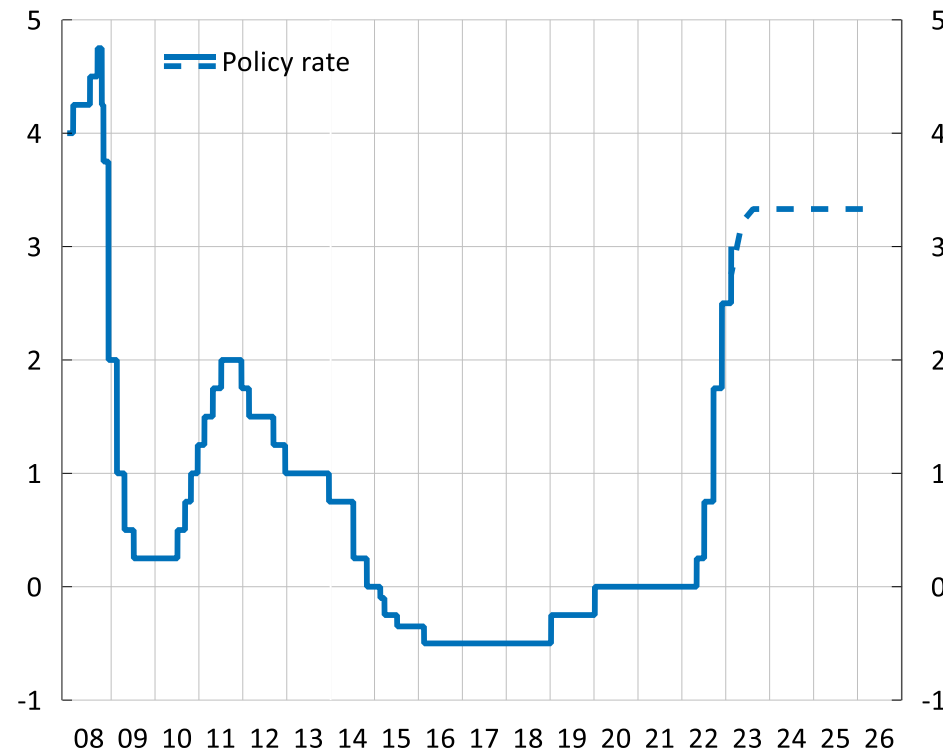


Annual percentage change. Refers to forecasts based on outcomes for the CPIF up to and including December 2021. The range shows the dispersion between highest and lowest estimates of other forecasters.

Sources: Statistics Sweden, respective forecasters and the Riksbank.

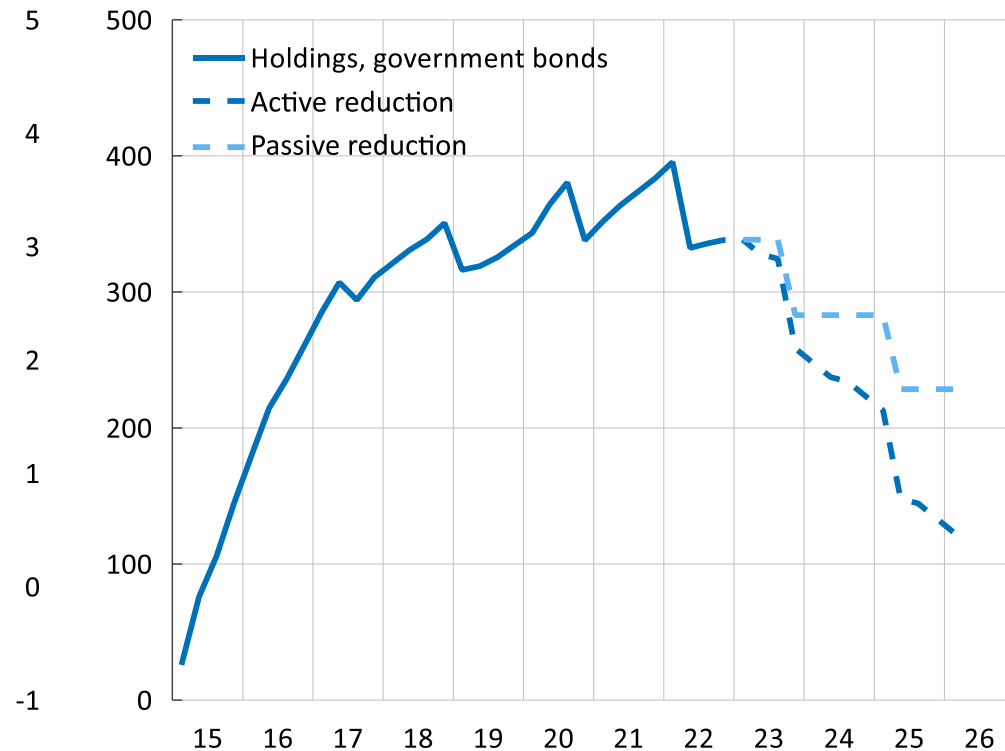
Monetary policy tightened so inflation will be low and stable again

Policy rate raised



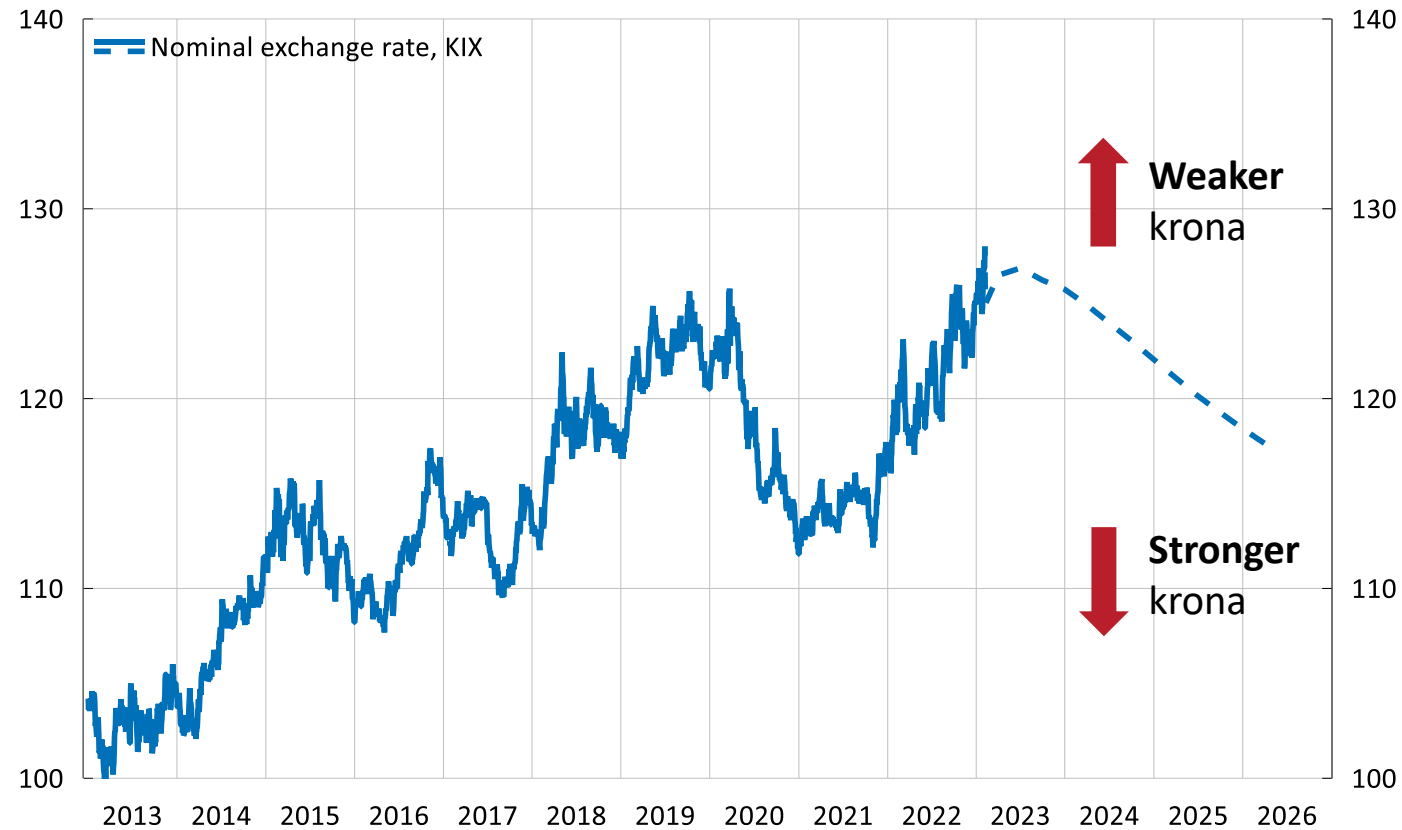
Per cent and nominal amounts, SEK billion. "Active reduction" refer to the pace of sale of government bonds in accordance with the current decision.

Government bond holdings reduced faster



Source: The Riksbank

Krona expected to appreciate going forward



Index, 18 November 1992 = 100. Outcomes are daily rates and forecasts refer to quarterly averages. Unbroken line refers to outcomes, broken line to the Riksbank's forecast.

Source: The Riksbank

We will do what is necessary to bring down inflation within a reasonable period of time

- CPIF expected to fall back but considerable uncertainty over price pressures
- Low tolerance for high inflation
- Incoming data will determine future shaping of monetary policy



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