

# Inflation falling but still far too high

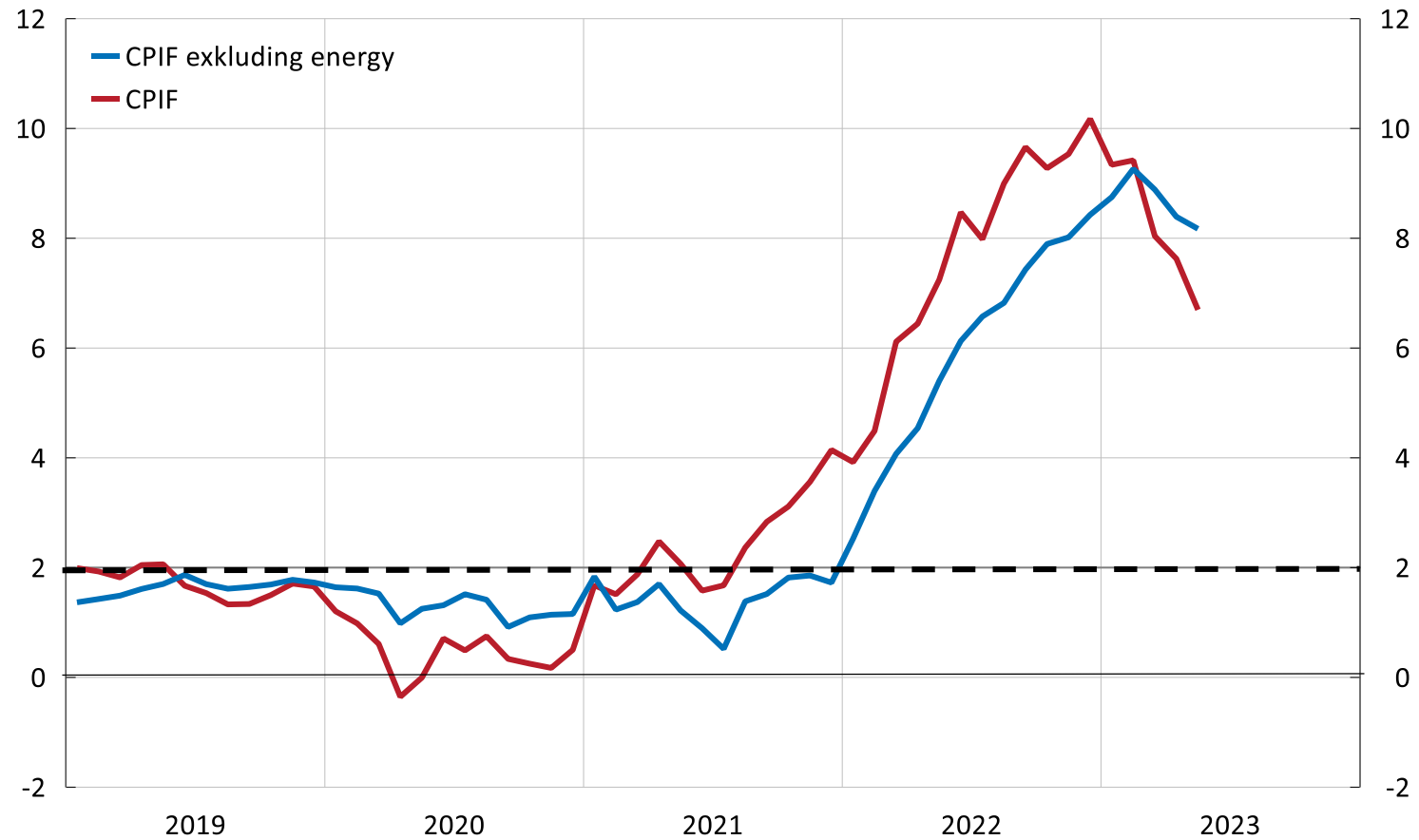
Monetary policy June 2023

# Monetary policy June 2023

- Policy rate raised by 0.25 percentage points to 3.75 per cent
- The forecast is for the rate to be increased at least one more time this year
- Increasing the pace of government bond sales



# Inflation is far above the target



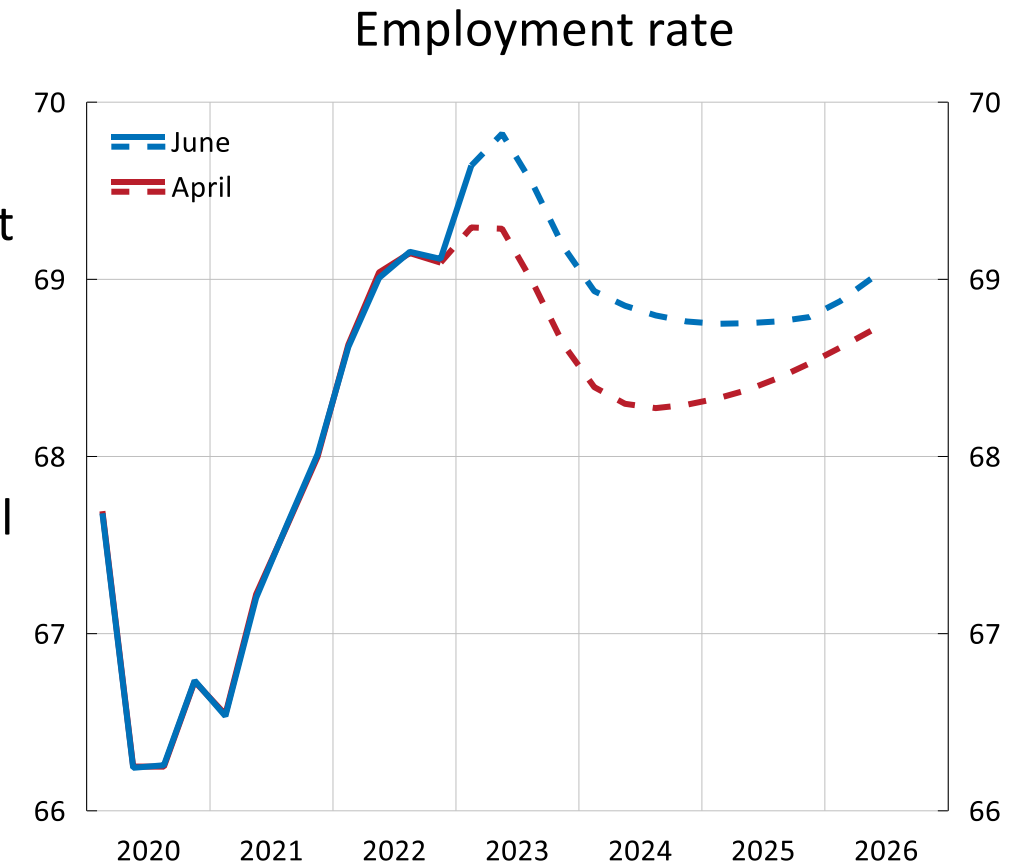
CPIF TARGET:  
**2%**

Annual percentage change

Source: Statistics Sweden.

# Stronger starting position in the Swedish economy, but major difference between sectors

- GDP growth revised up again
- Clear signs that the interest rate has an effect
- Housing investment falling and consumption declining
- Exports and other investment holding up well
- Labour market surprisingly strong

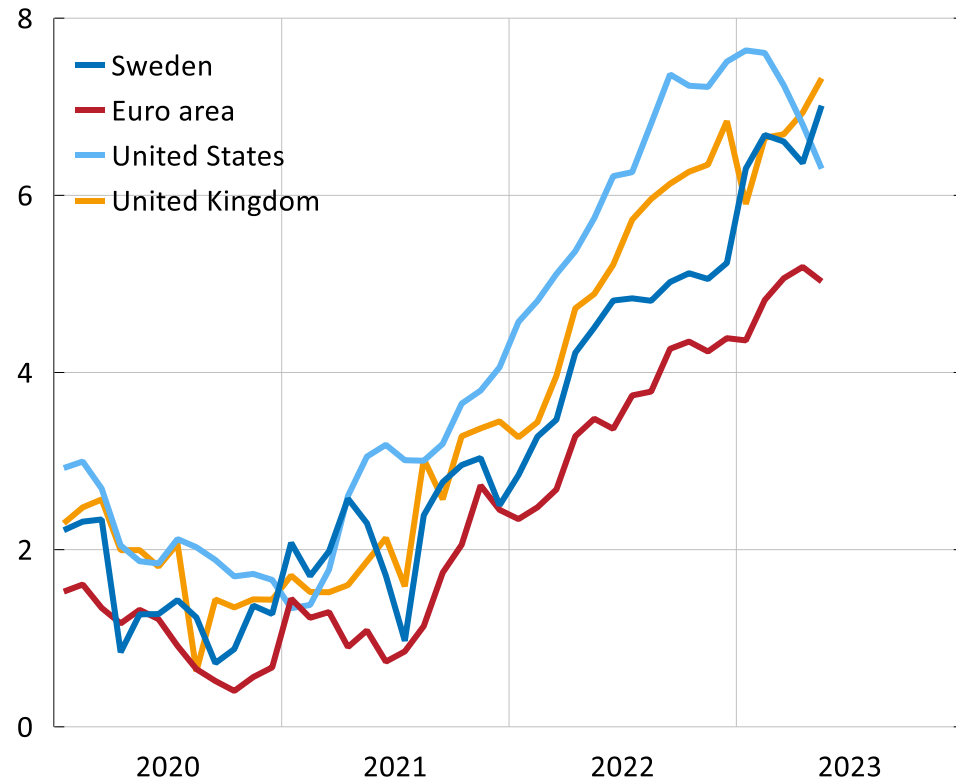


Percentage of population age 15–74

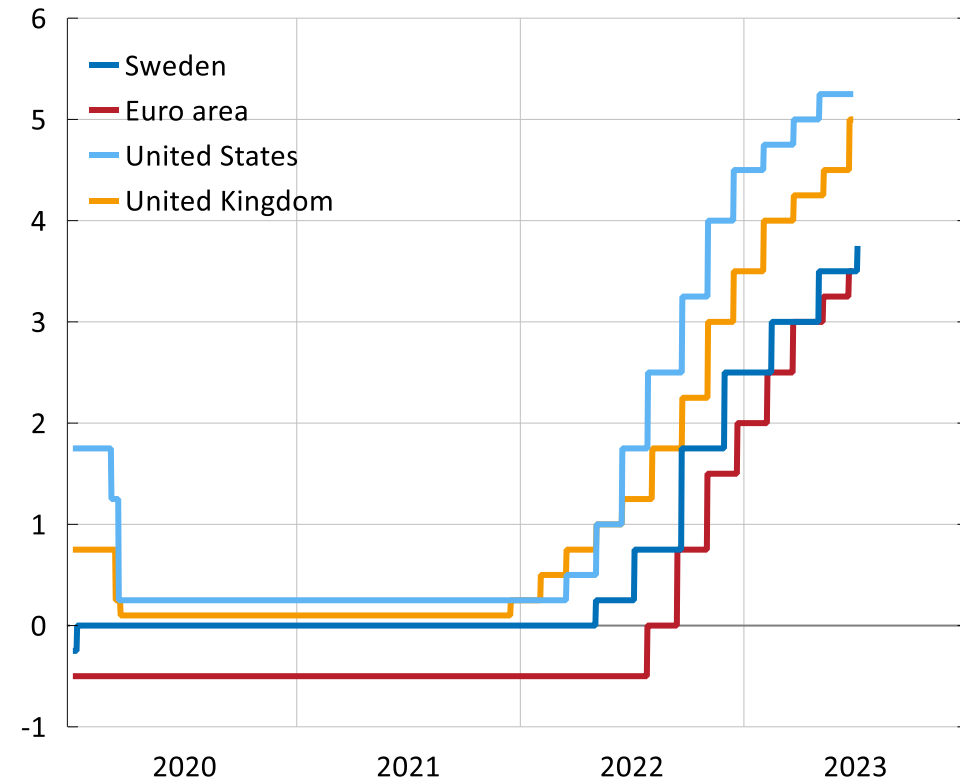
Sources: Statistics Sweden and the Riksbank

# Inflation abroad falling slowly

Services Prices



Policy rates



Annual percentage change, refers to services prices in the CPI for Sweden, in the HICP for the euro area and in the CPI for the United Kingdom and the United States.

Sources: Eurostat, the Riksbank, U.S. Bureau of Labor Statistics, U.K. Office for National Statistics.

# Cost pressures in earlier stages of production have decreased



*Prices of freight and commodities*



*Prices of input goods*



*Prices to shops*



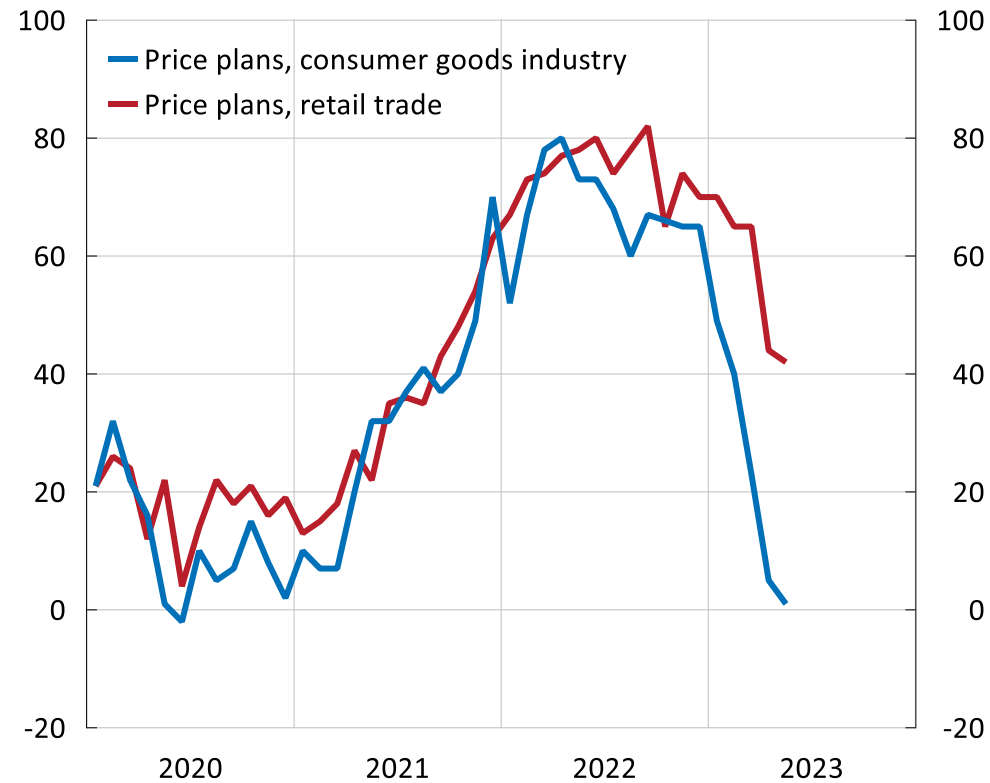
*Prices to consumers*

**Price pressures easing at earlier stages**



**Continued high pressure on consumer prices**

# Companies' price plans

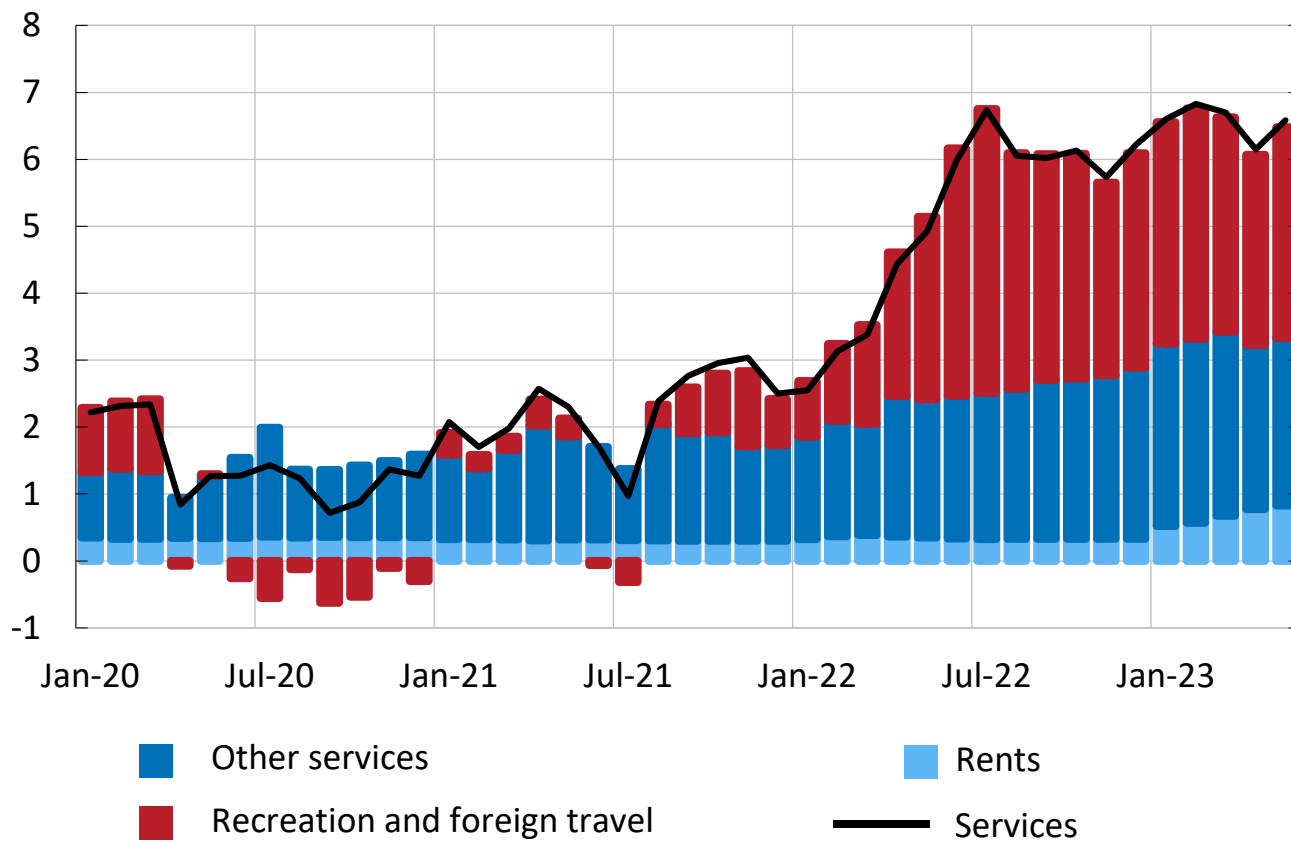


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*“We will try to raise our prices if possible”*

Quote from the Riksbank's Business Survey

# Service prices increase rapidly



Price increase  
(May 2022 – May 2023)



Recreation and  
foreign travel  
**9,8%**



Rents  
**4,0%**



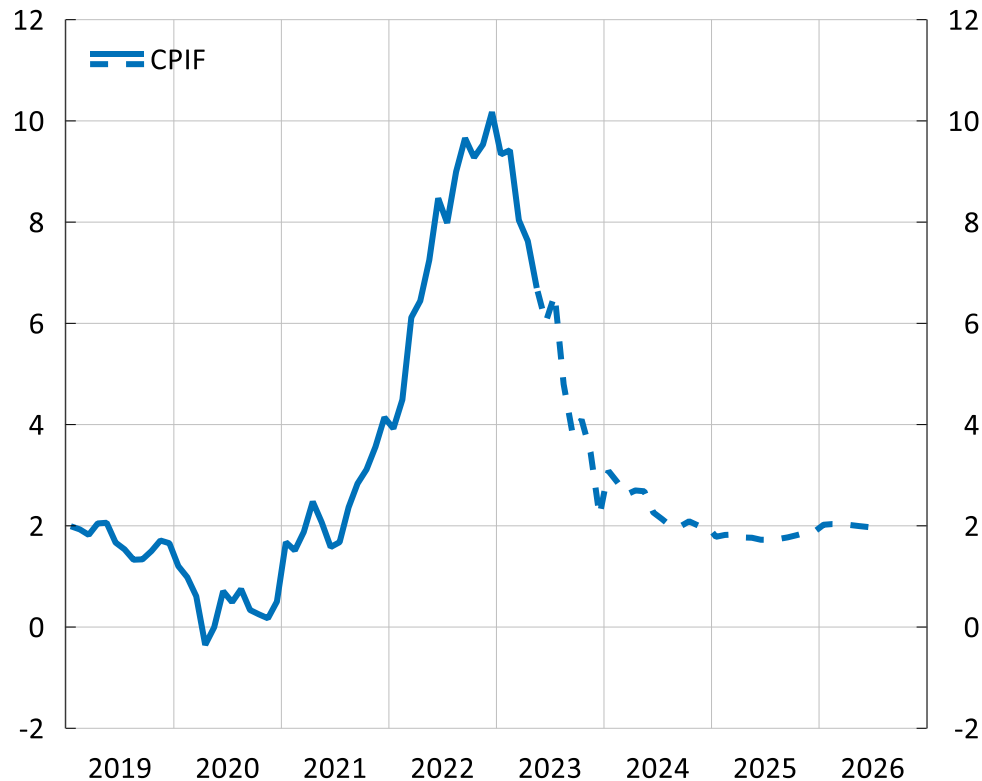
Other services  
**5,3%**

Contribution to change in service prices, percentage points and annual percentage change, based on adjusted indices where the year-to-month links are adjusted using 2023 weights in 2022–2024.

Sources: Statistics Sweden and the Riksbank



# Inflation falling, but from historically high levels

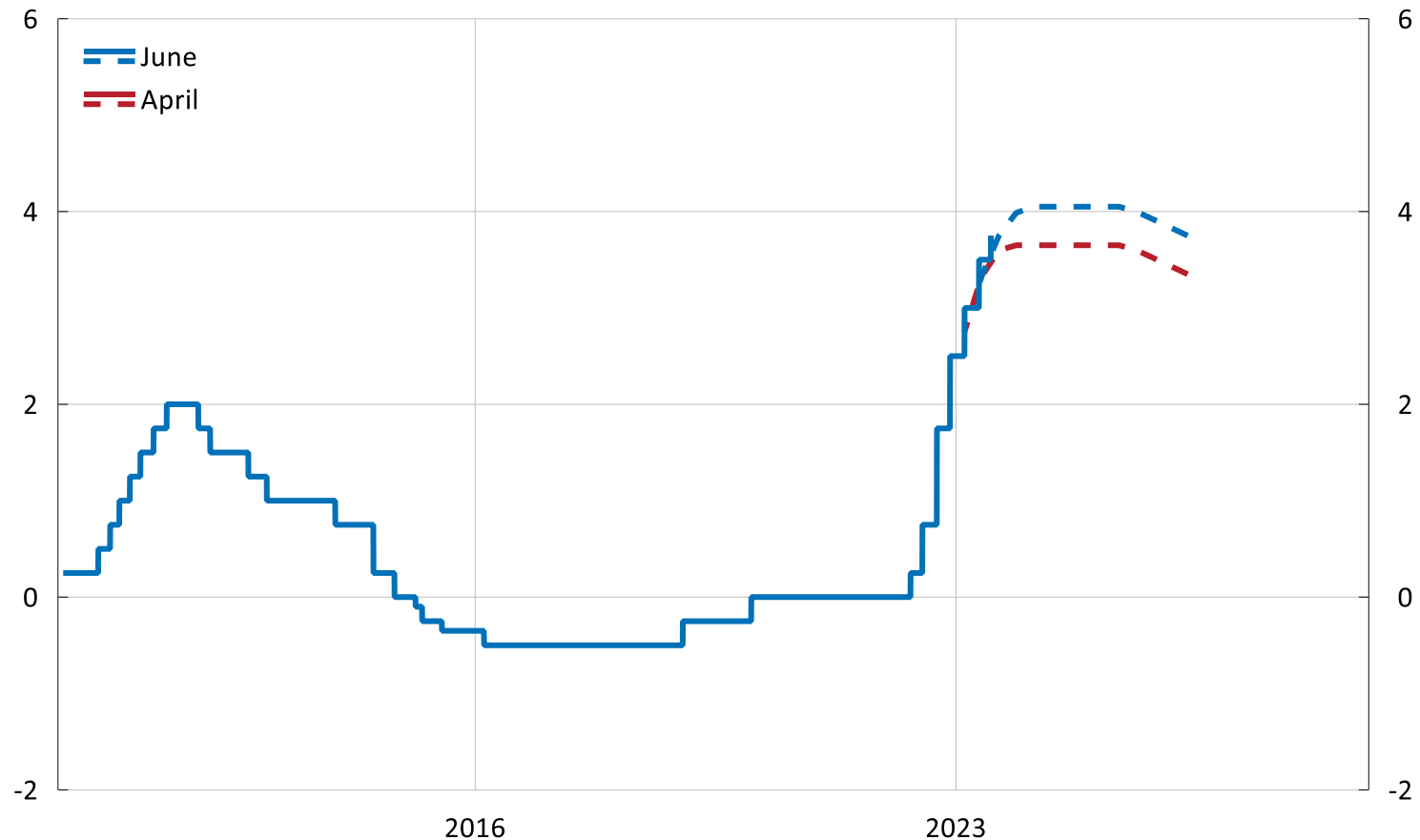


There are favourable conditions for inflation to continue falling.

But higher inflation forecast 2024:

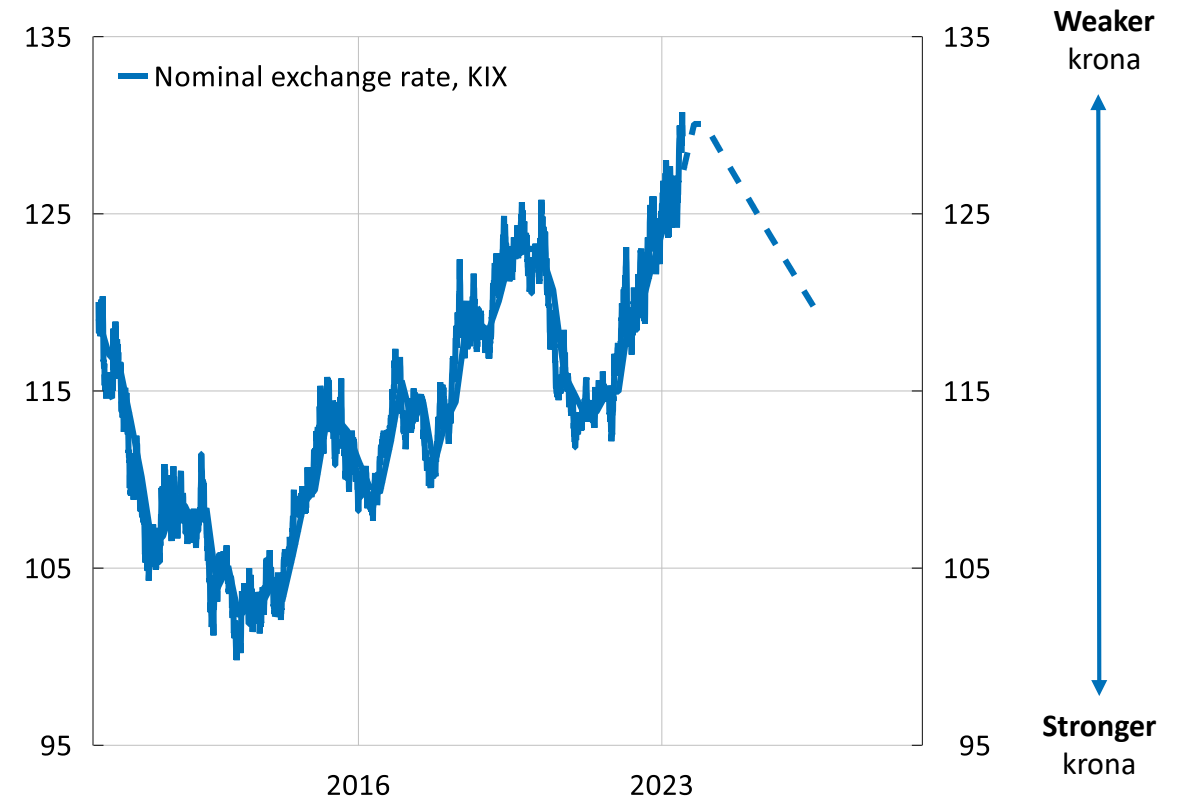
- Service prices increasing more rapidly than expected
- Stronger growth in the real economy
- Weaker krona

# Policy rate raised to reach the inflation target within a reasonable time



# Exchange rate impacts inflation

- Weak krona contributes to higher inflation
- Difficult to assess pass-through to inflation
- Floating exchange rate in Sweden - no target for the krona



The KIX (krona index) is a weighted average of the currencies important for Sweden's international trade.

Source: The Riksbank

# We are doing what is necessary to bring down inflation within a reasonable period of time

- Major uncertainty about the development of inflation and the monetary policy needed to stabilise inflation around the target
- New information and how it affects the outlook for the economy and inflation determines the design of monetary policy



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