

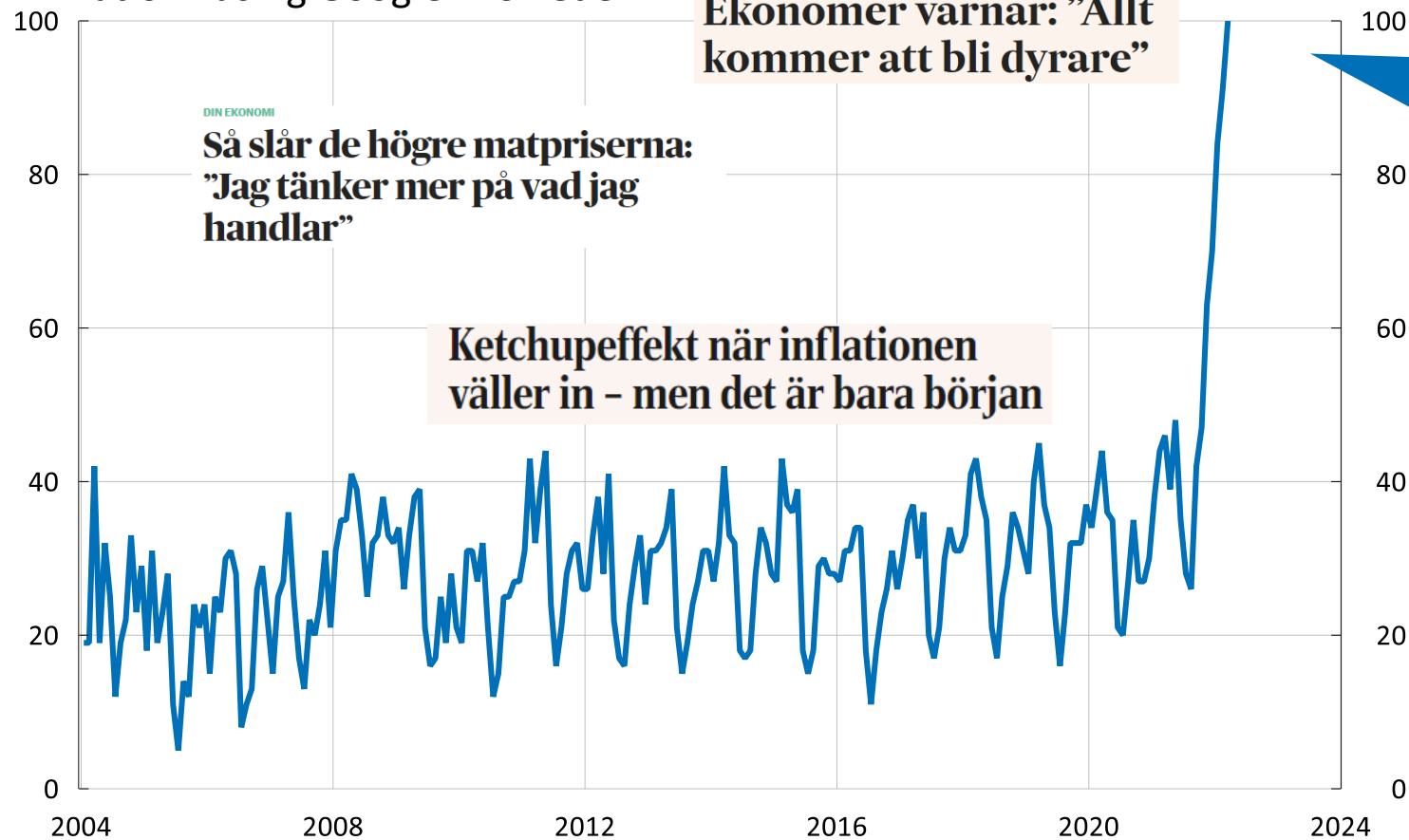
# Inflation and monetary policy in the shadow of war

23 March 2022

Anna Breman  
Deputy Governor

# Inflation in focus

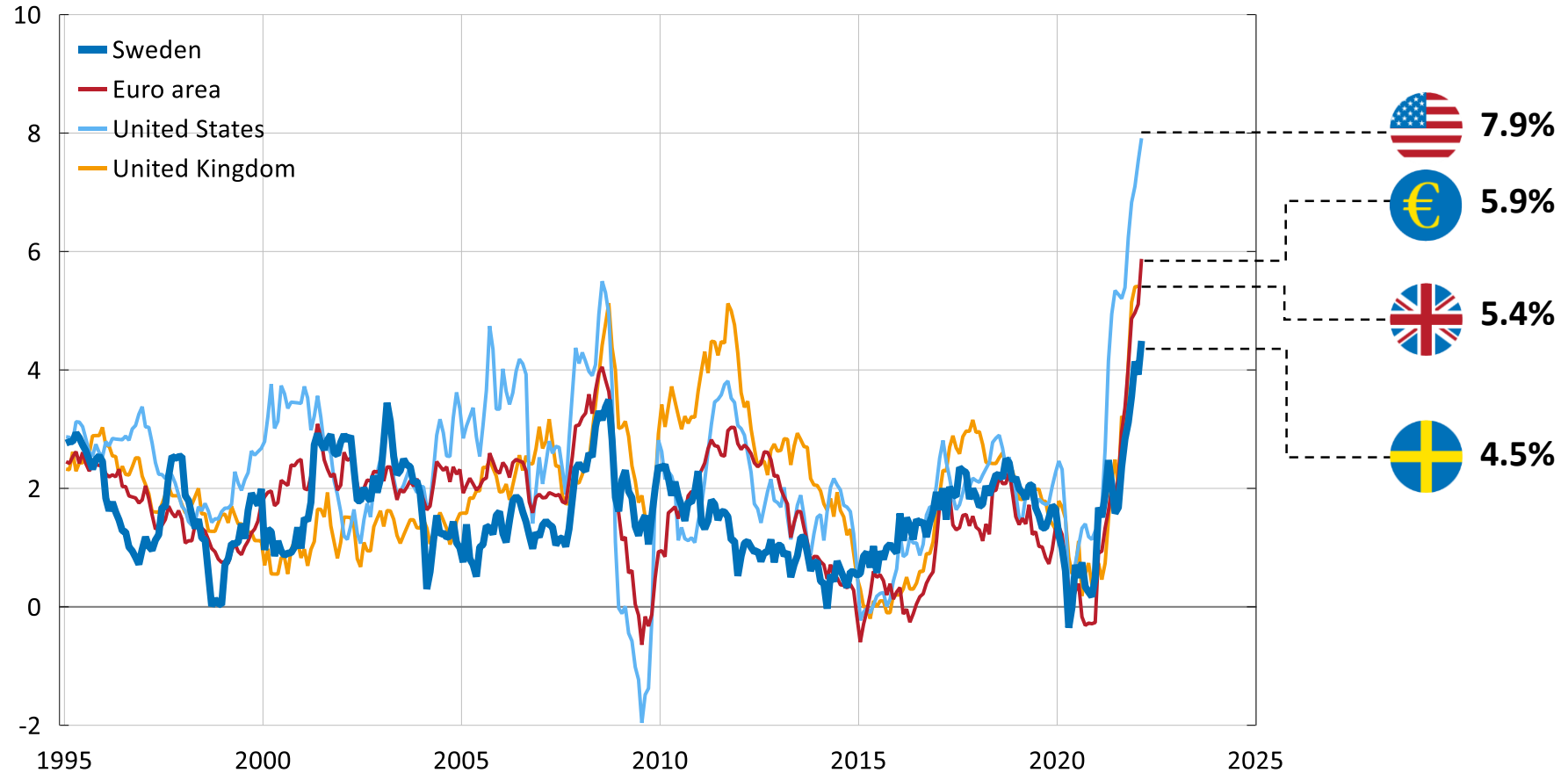
Searches for “inflation” using Google in Sweden



Note. The numbers indicate the search interest relative to the highest number on the figure for a given region and time. A value of 100 indicates the highest interest in the search query, 50 indicates that it is half as popular, and 0 indicates that there is not enough data for the search term.

# Inflation in various parts of the world

Annual percentage change



Note. According to the CPIF for Sweden, the HICP for the euro area and the CPI for the United States and United Kingdom.

Sources: Eurostat, Statistics Sweden, UK Office for National Statistics and US Bureau of Labor Statistics.

# Monetary policy will be adjusted

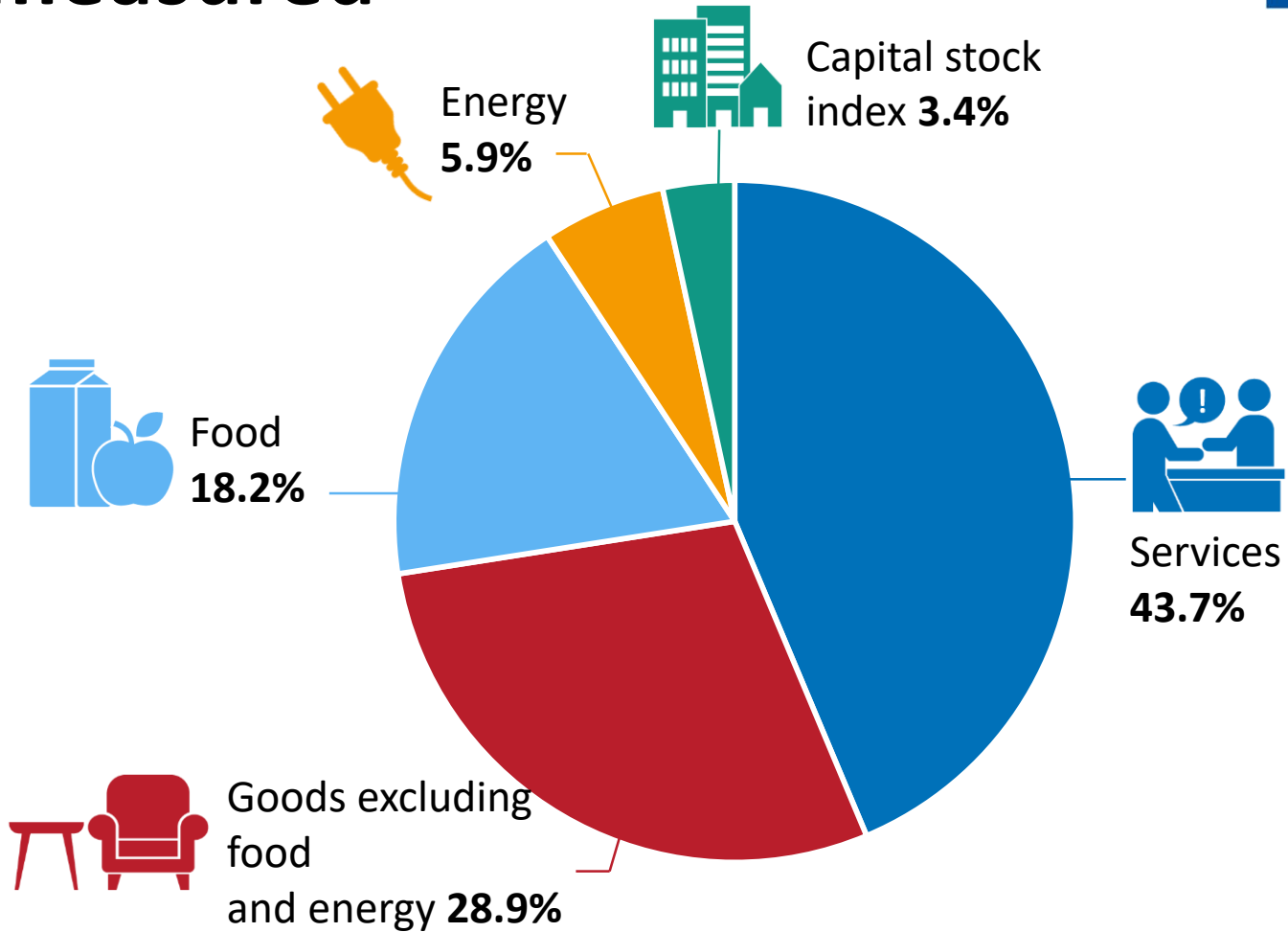
- Inflation will be significantly higher than in our latest forecast
- We cannot prevent rising inflation in the short term
- We can and will act to bring inflation close to the target in the medium term





# How inflation is measured

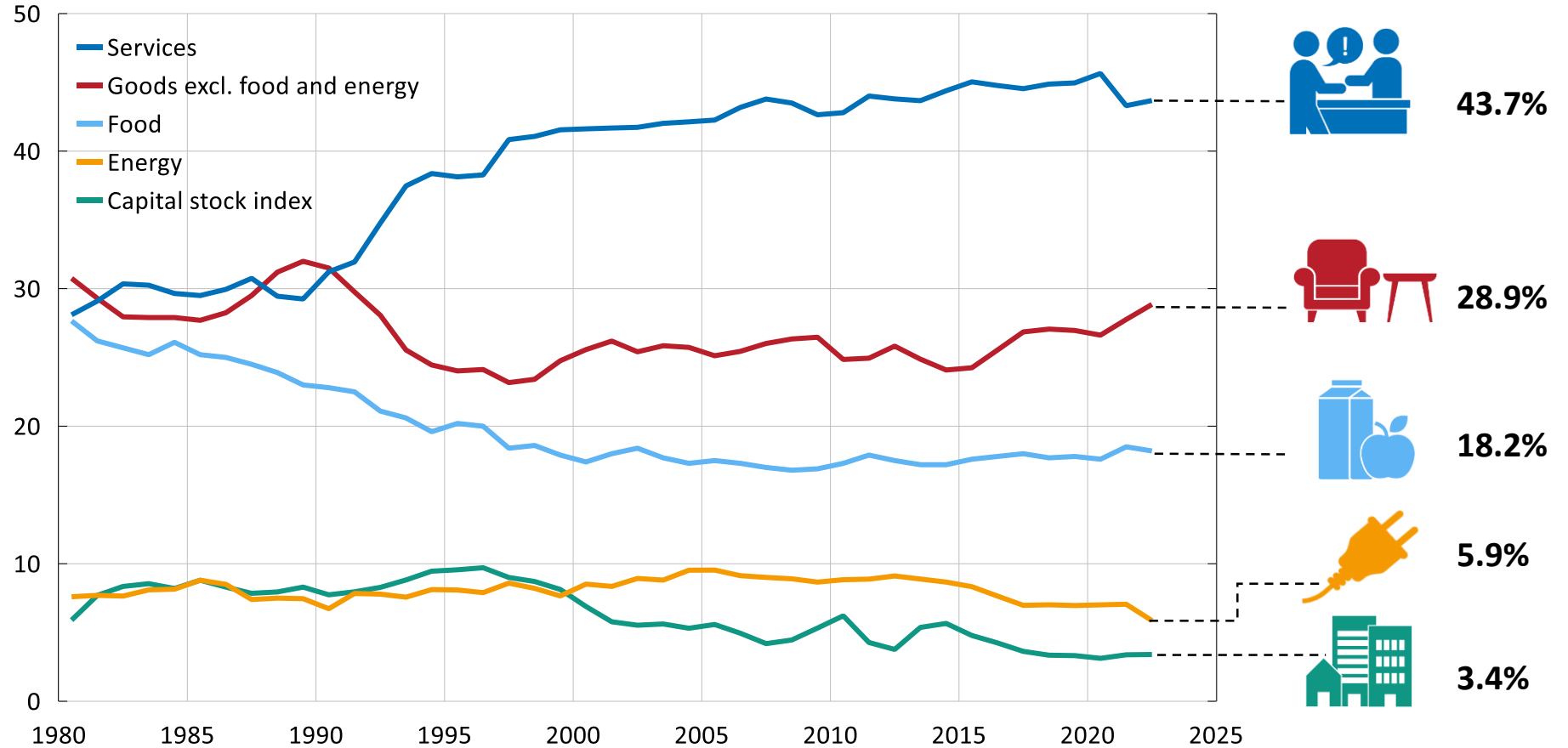
Weights in the CPIF



Source: Statistics Sweden.

# Our consumption patterns change over time

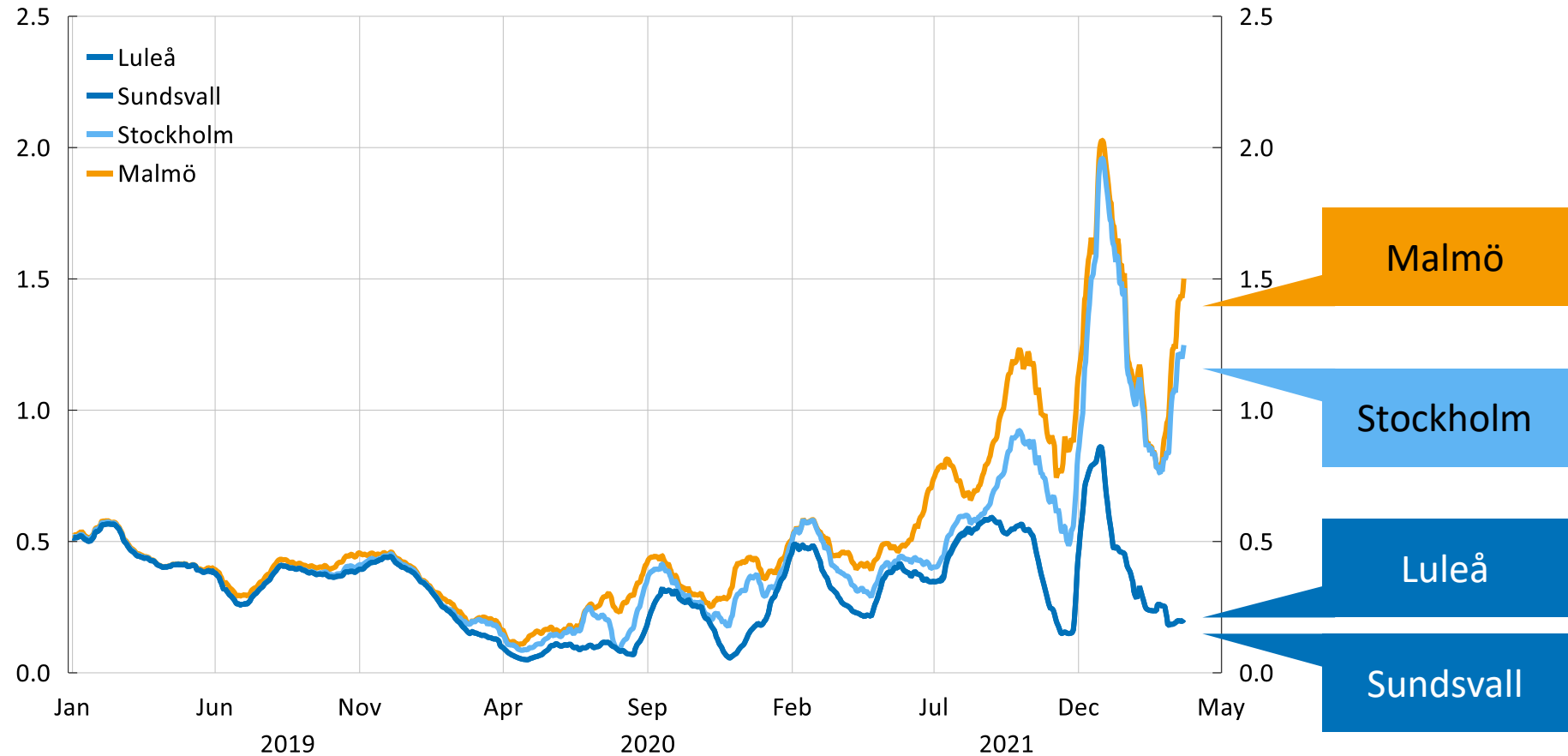
Weights in the CPIF



Source: Statistics Sweden.

# Electricity prices in different parts of Sweden

SEK/KWh



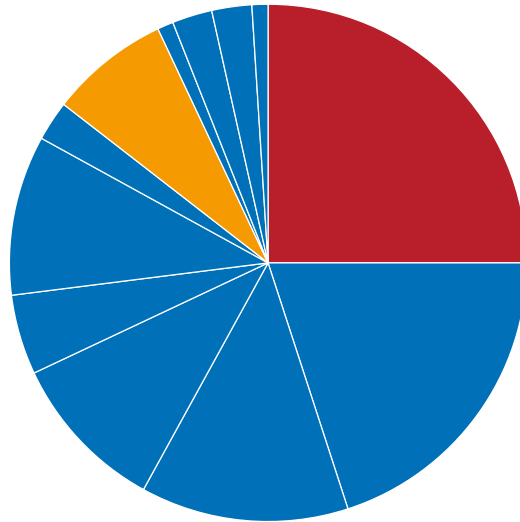
Note. 14-day moving average. Price curves for Luleå and Sundsvall are on the same level and appear in the diagram as one line.

Source: Nord Pool Spot.

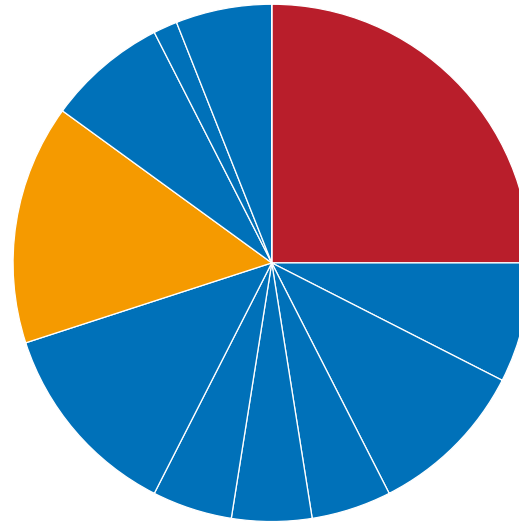
# Different households spend money on different things



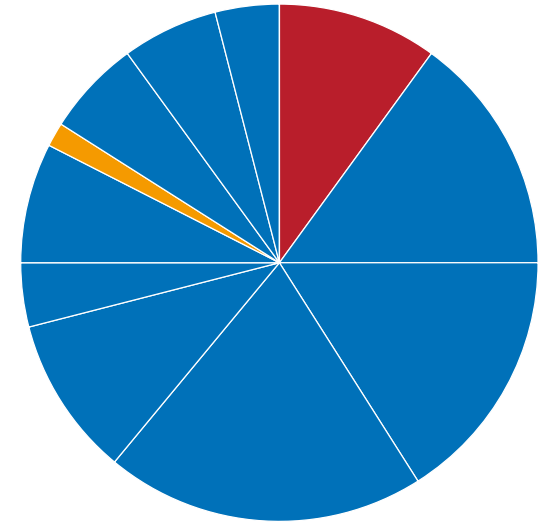
**Family**



**Student**



**Retired couple**



Clothes and shoes



Residence

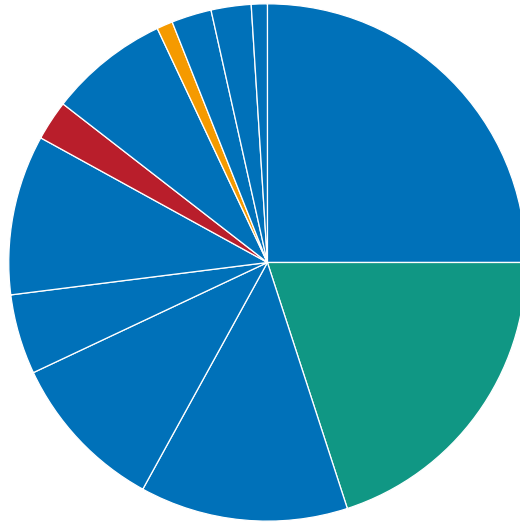
Source: Statistics Sweden.



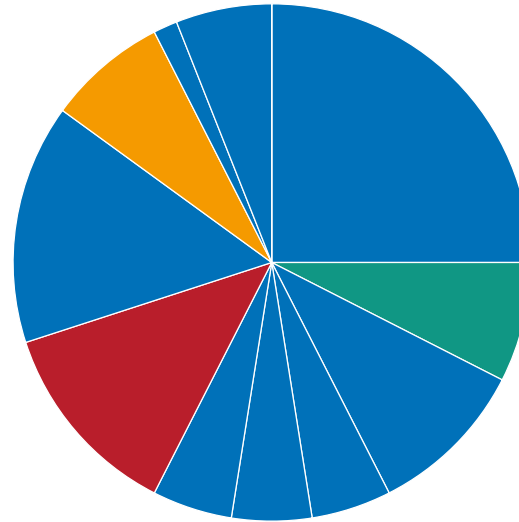
# Consumption of food and drink differs between households



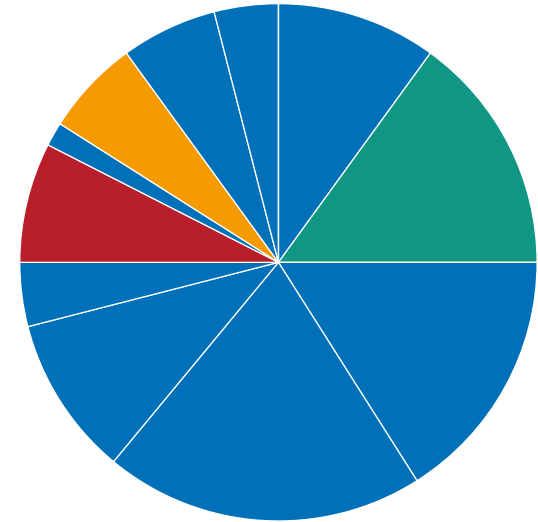
Family



Student



Retired couple



Alcohol and tobacco



Food

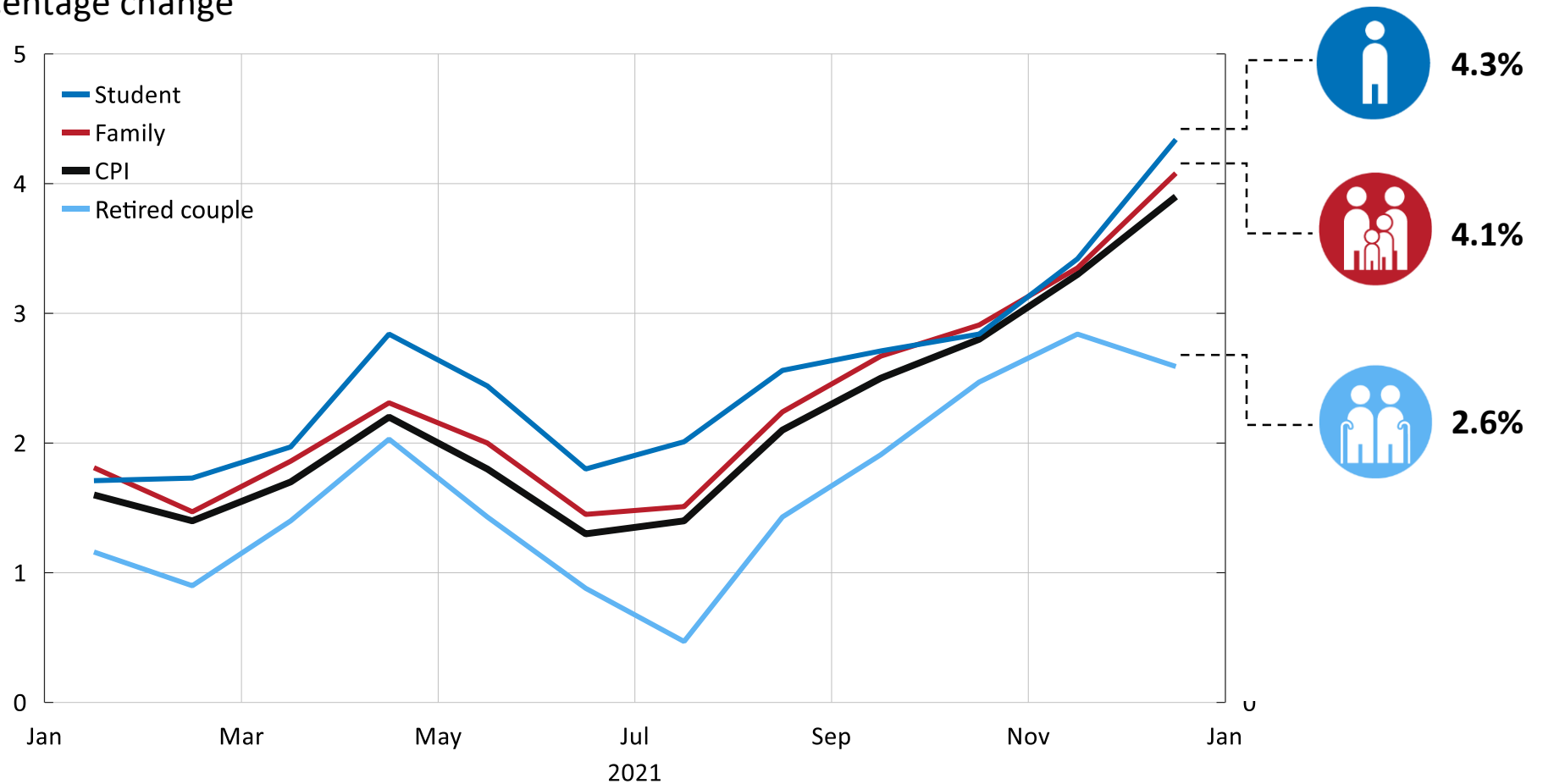


Restaurants  
and accommodation

Source: Statistics Sweden.

# Inflation in 2021 for different household types

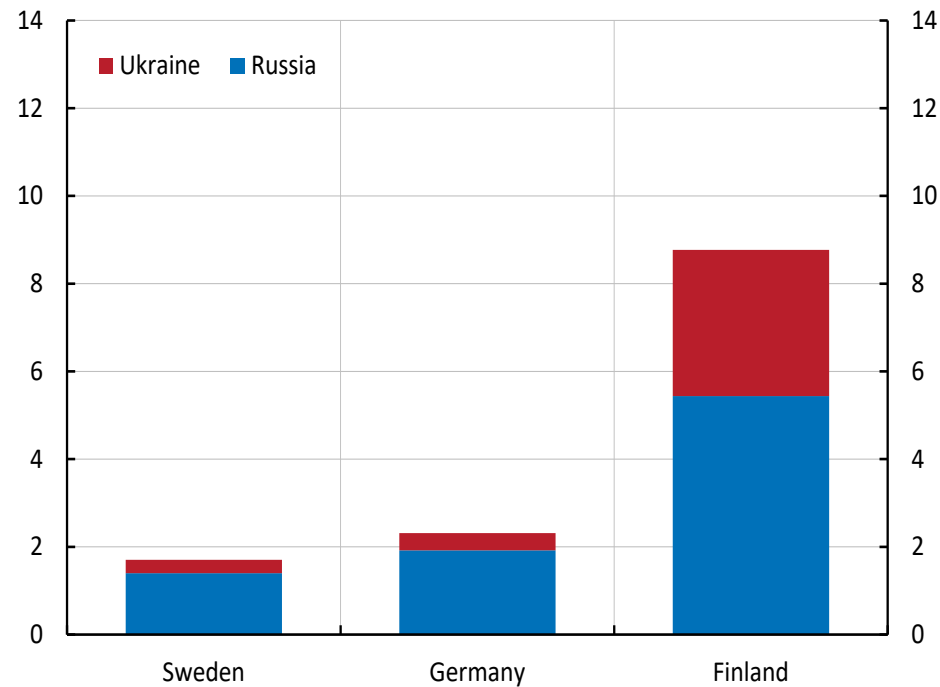
Annual percentage change



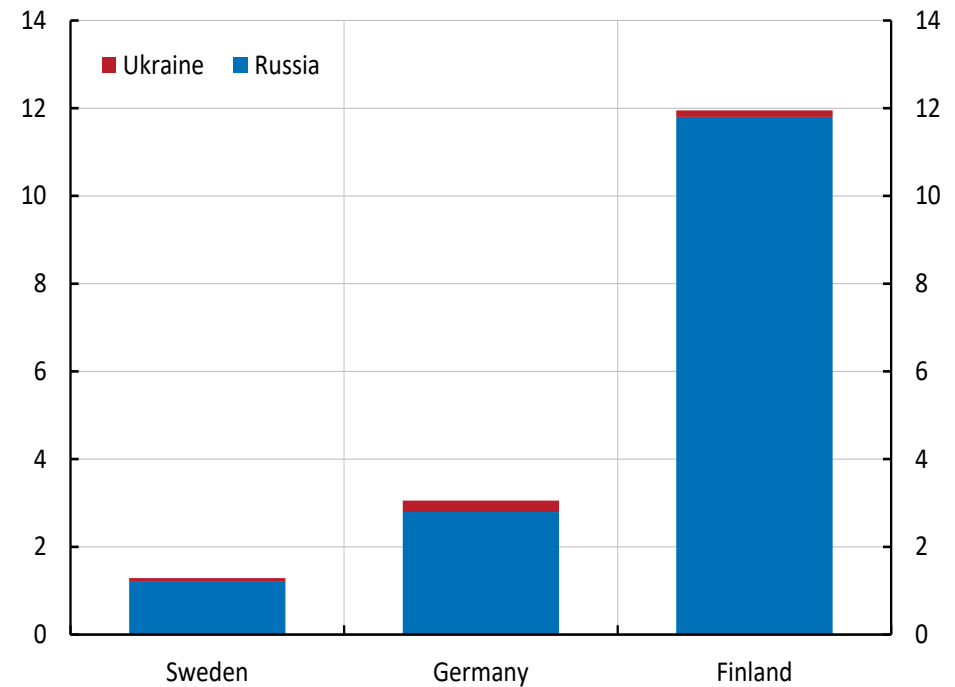
Source: Statistics Sweden.

# The war is affecting the Swedish economy

## Exports to Russia and Ukraine



## Imports from Russia and Ukraine

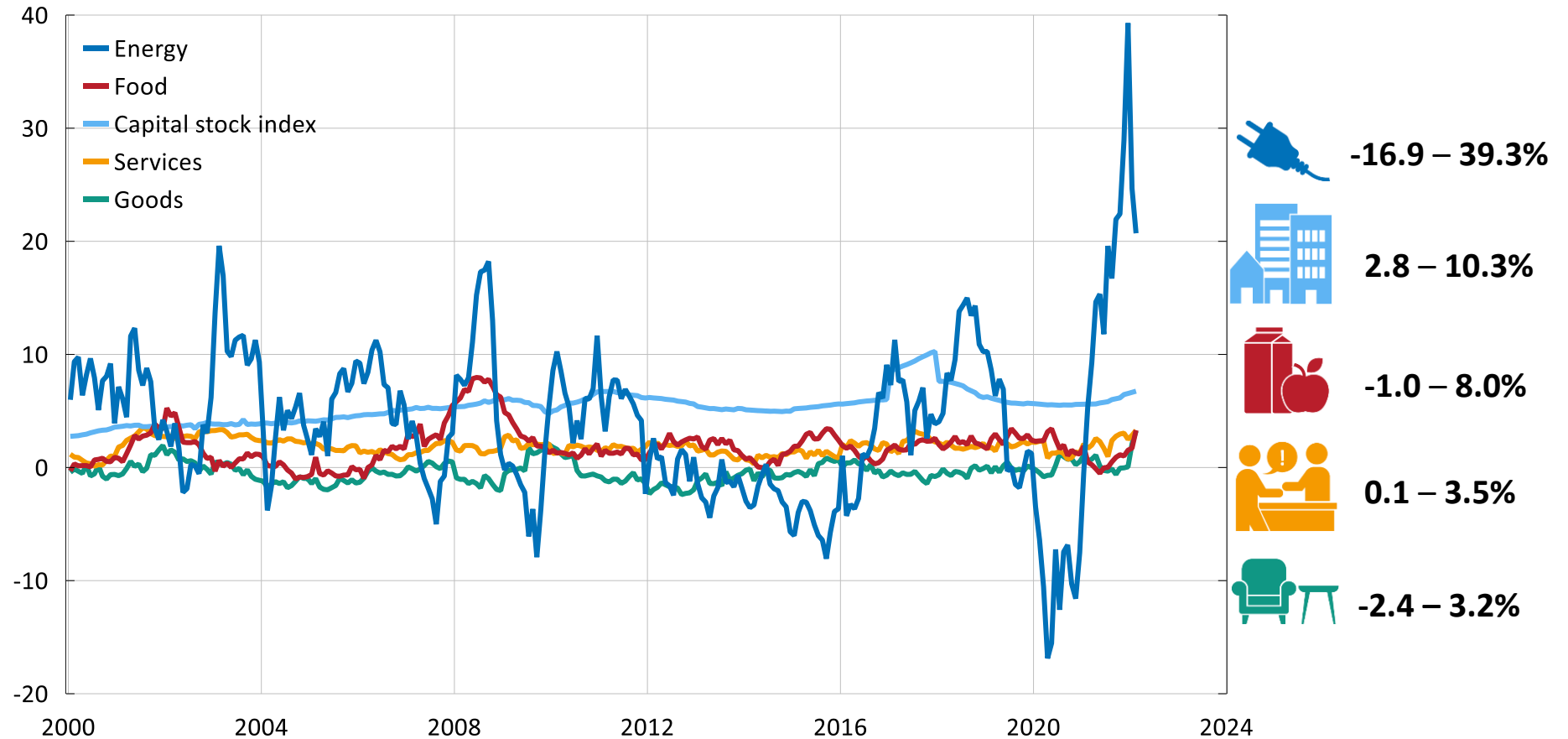


Note. Share of total exports/ imports.

Source: National sources.

# How do households perceive inflation when prices are fluctuating sharply?

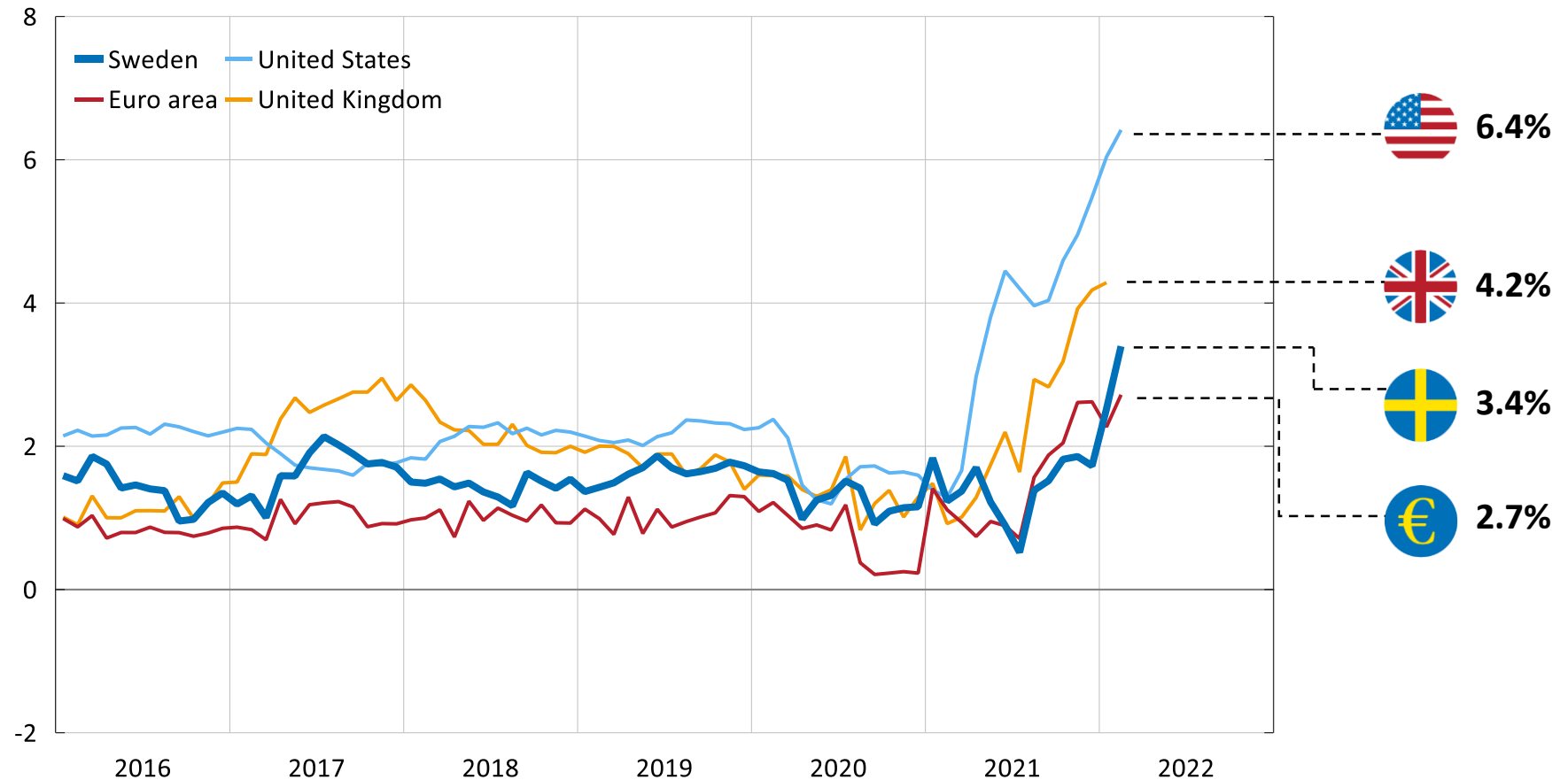
Annual percentage change in different subgroups in the CPIF



Source: Statistics Sweden.

# Underlying inflation - "What's the point of an inflation index that doesn't take into account that you need to eat and heat your home?"

Underlying inflation, annual percentage change

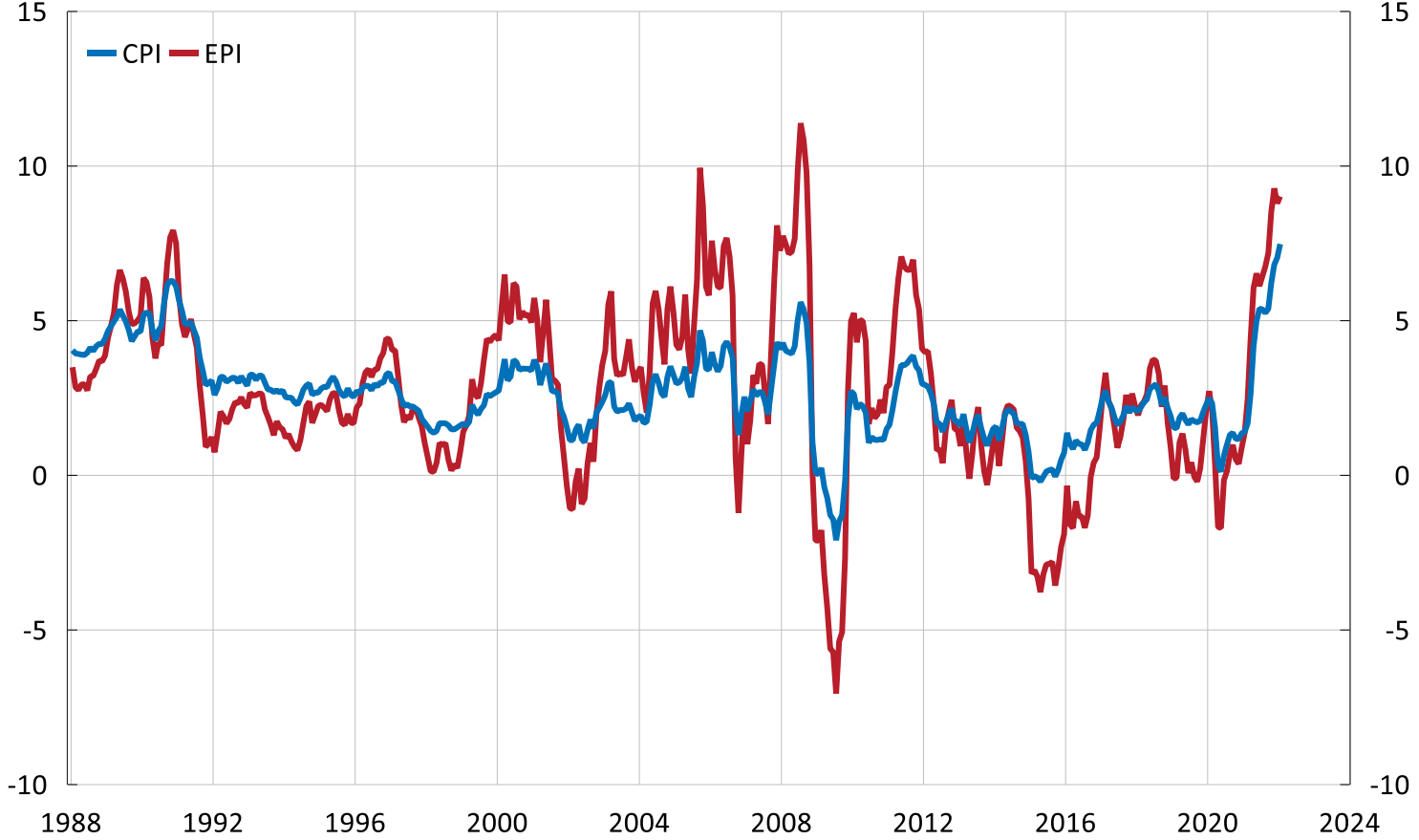


Note. Sweden: CPIF excl. energy, Euro area: HICP excl. energy, food, alcohol and tobacco, USA: CPI excl. energy and food, UK: CPI excl. energy and food.

Sources: Eurostat, Statistics Sweden, UK Office for National Statistics and US Bureau of Labor Statistics.

# Inflation in the United States according to the Everyday Price Index (EPI) and the Consumer Price Index (CPI)

Annual percentage change



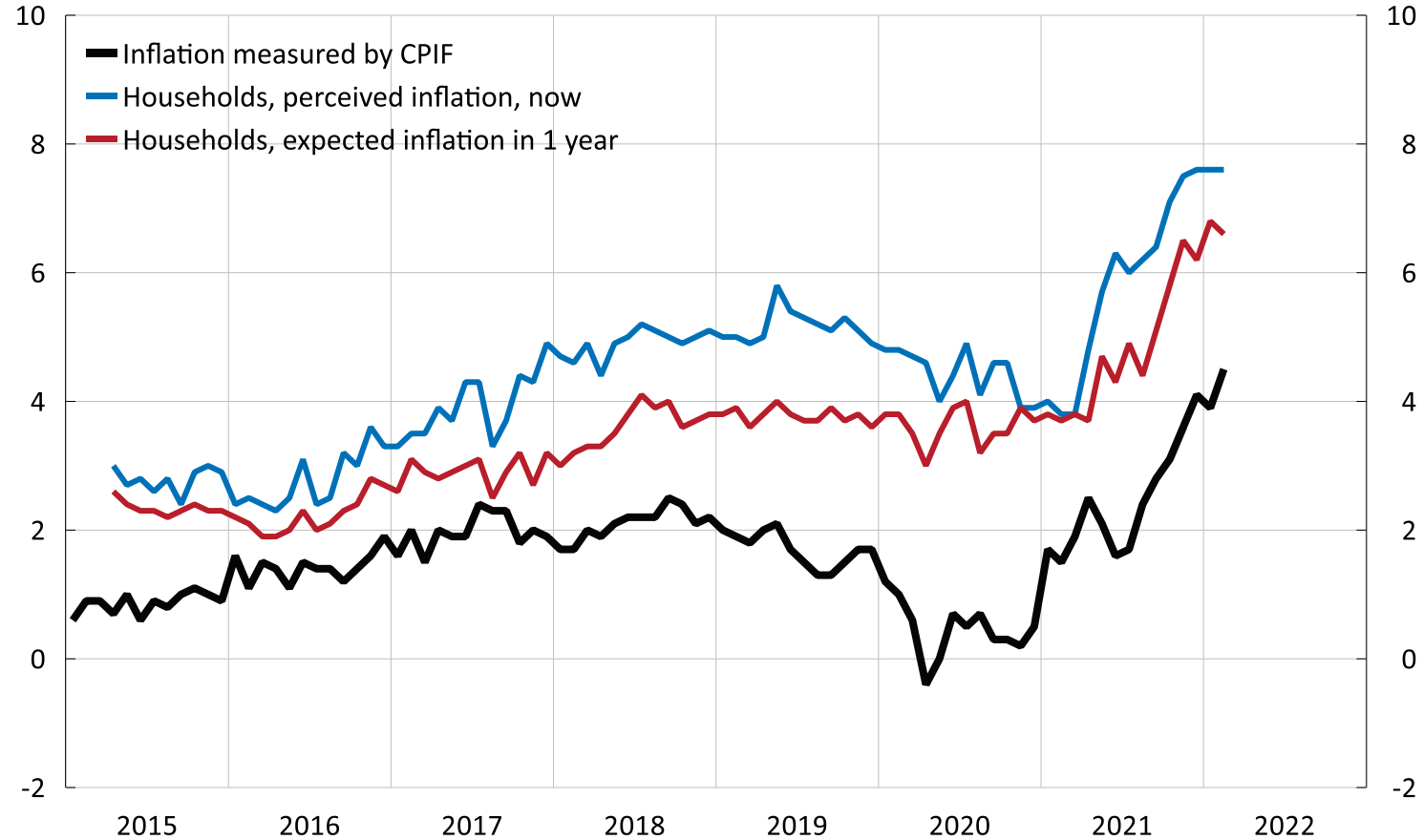
Sources: American Institute of Economic Research and Bureau of Labor Statistics.





# Expected and perceived inflation

Annual percentage change



Note. Households refer to the average excluding extreme values.

Sources: National Institute of Economic Research and Statistics  
Sweden.

# We will act

- Inflation will be significantly higher than in our latest forecast
- We cannot prevent rising inflation in the short term
- We can and will act to bring inflation close to the target in the medium term

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*New information in the run-up to the meeting on 27 April will determine which measure or measures will be most appropriate and when to implement them.*

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