



Current monetary policy

Committee on Finance
14 March 2023

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



Deputy Governor Aino Bunge

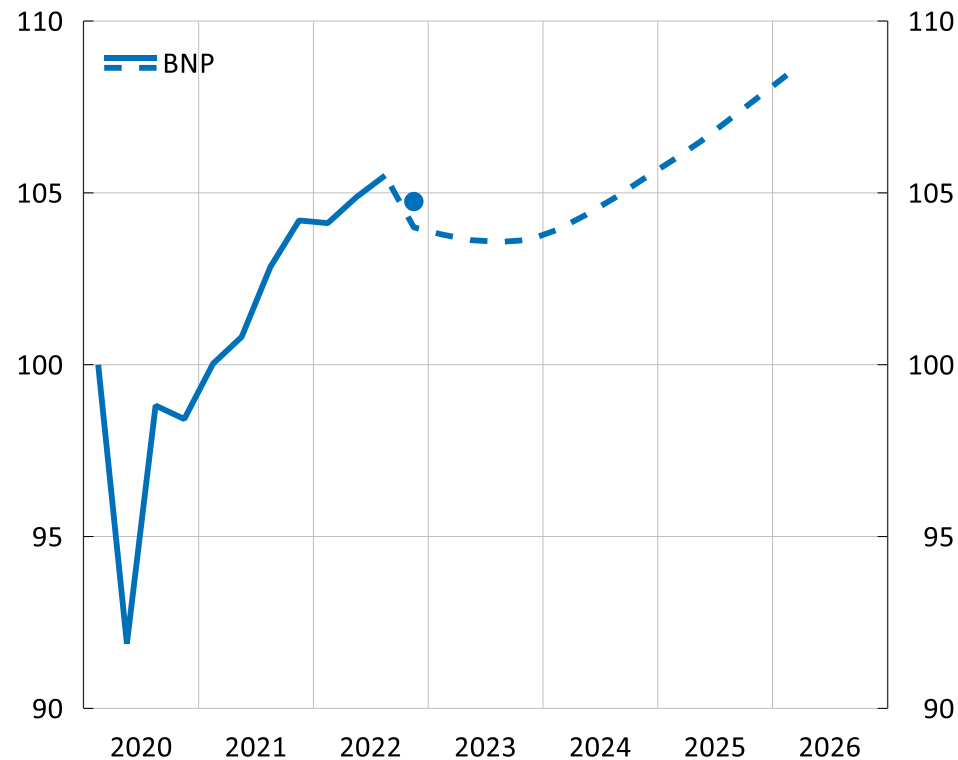
So what does the new Riksbank Act mean for monetary policy?

- The objective is low and stable inflation. Today, the inflation target is 2 per cent – a proposal from the Riksbank and approval by the Riksdag are required to change the target
- Monetary policy shall also consider the real economy
- Requirement for exceptional grounds when trading assets other than government securities
- Justify monetary policy/financial stability
- The principle of proportionality

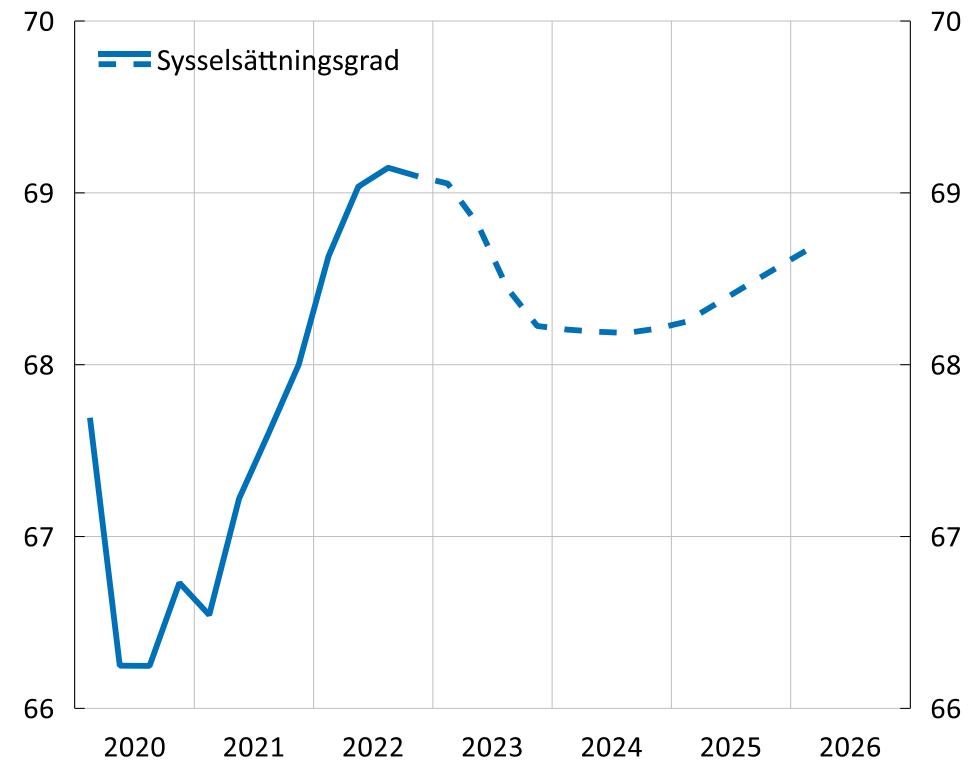


High inflation and higher interest rates cool the Swedish economy

Economic activity slowing down



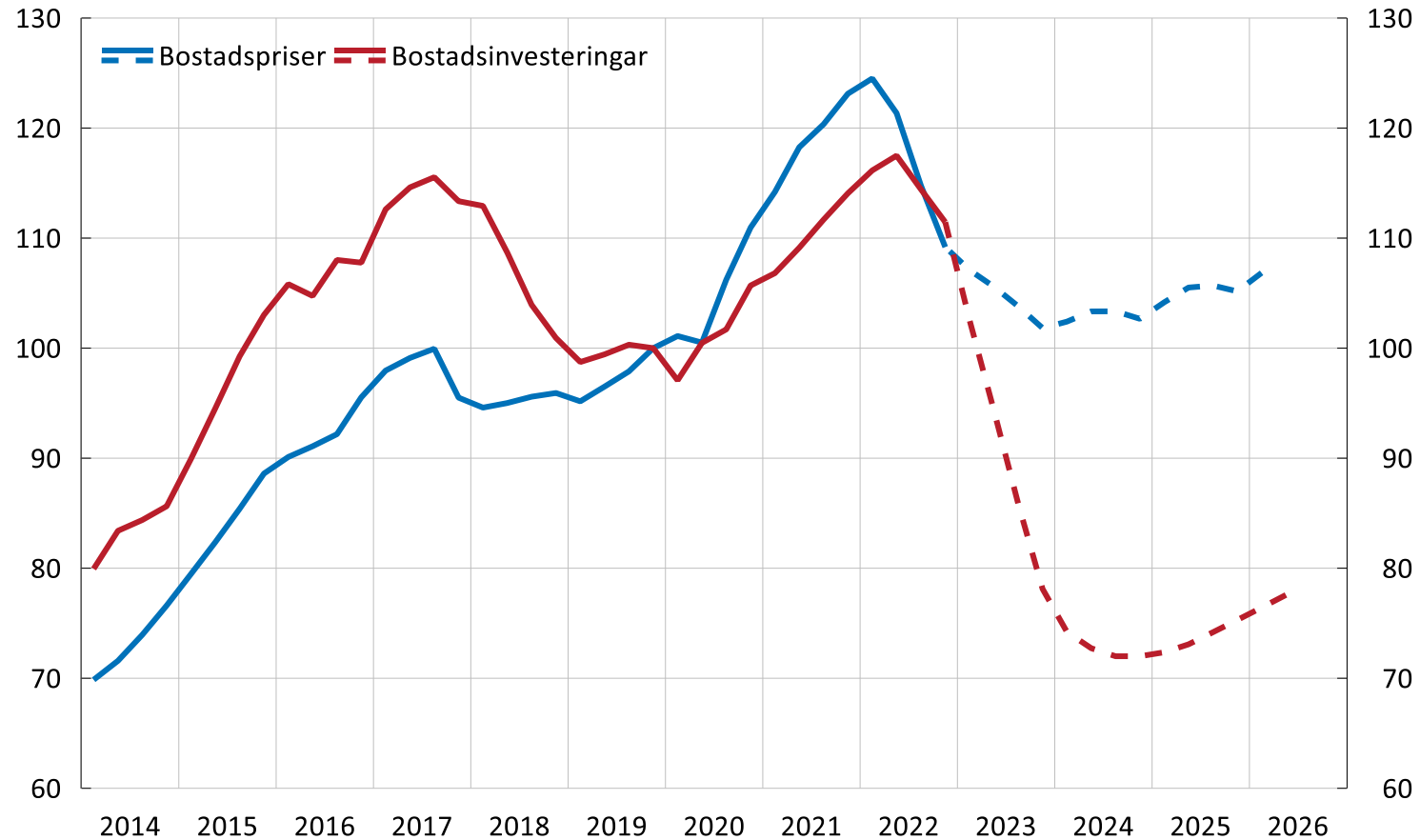
Labour market cooling off



Note: Index, 2019 Q4=100, and percentage of labour force. Solid line refers to outcomes, dashed line to the forecast. Dot refers to the outcome after February MPR.

Sources: Statistics Sweden and the Riksbank.

Lower housing prices and sharply falling housing investments



Note: Index, 2019 Q4=100. Housing prices refer to HOX Sweden price index for tenant-owned apartments and houses, the broken line refers to the Riksbank's forecast.

Sources: Statistics Sweden, Valueguard and the Riksbank.

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

- The 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



Important that inflation becomes low and stable again

Monetary policy, February 2023