

# Hearing on monetary policy

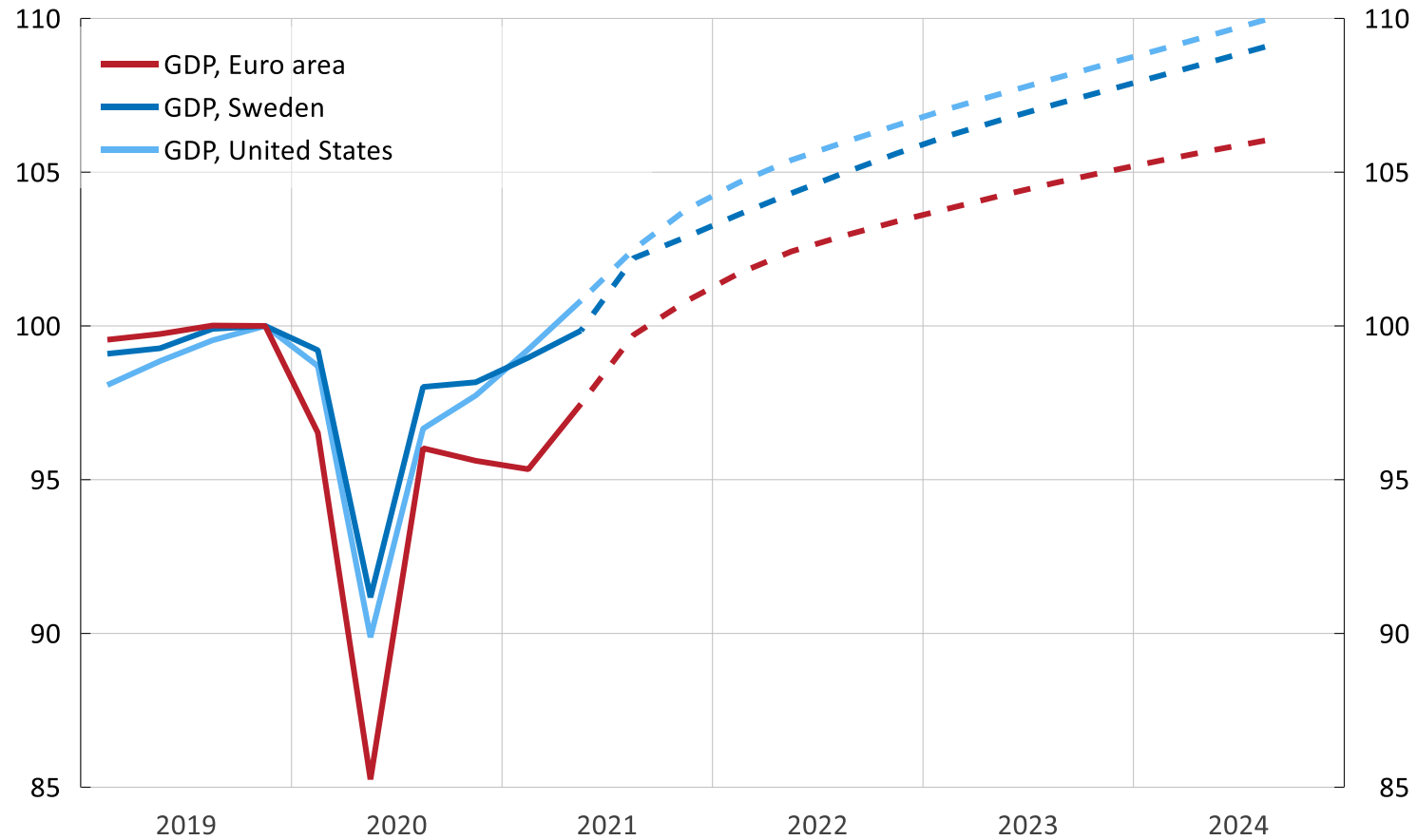
Riksdag Committee on Finance  
19 October 2021

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

Stefan Ingves

Governor of the Riksbank

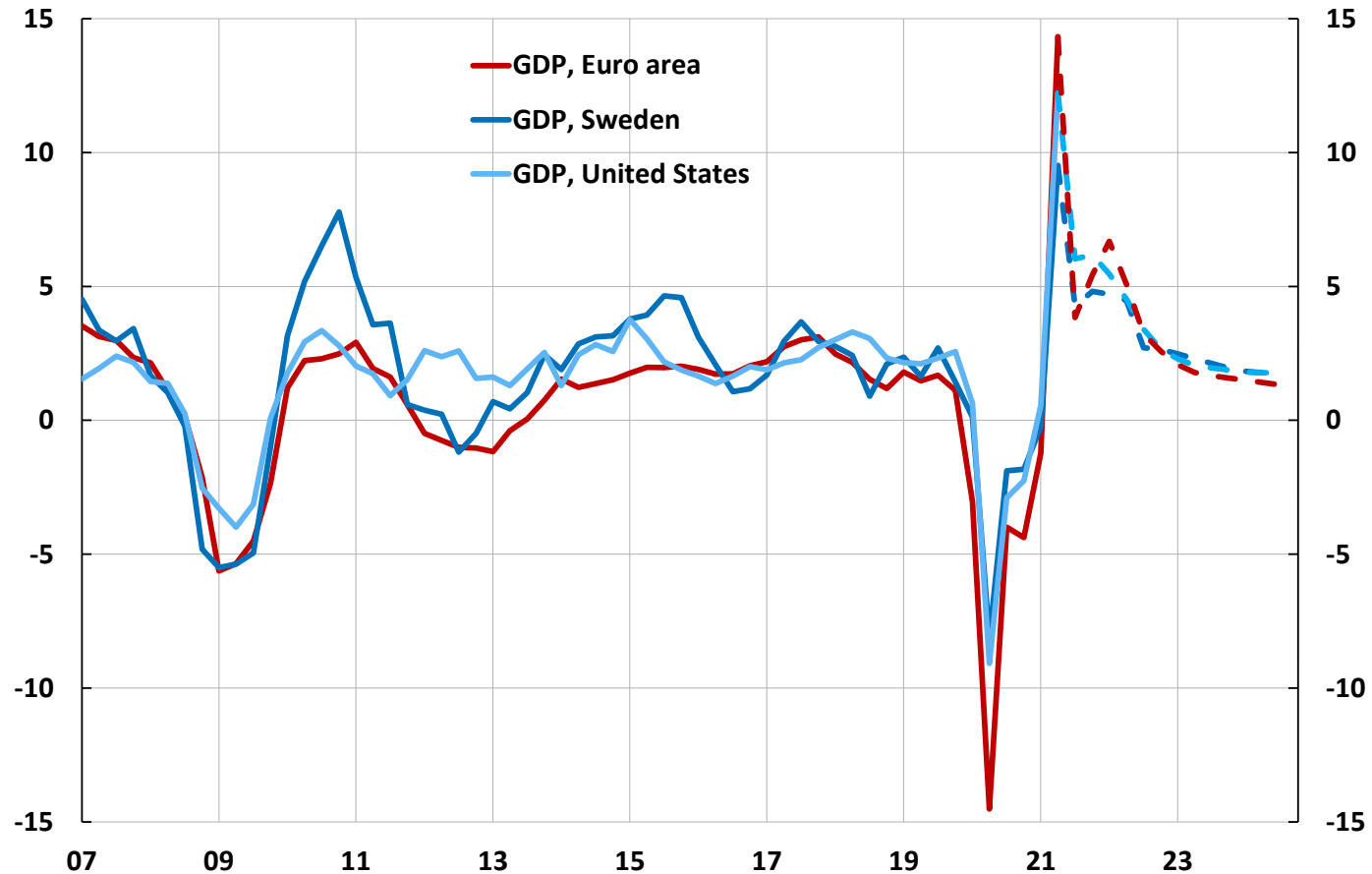
# Strong recovery



Note. Index , 2019 Q4 = 100, seasonally adjusted data.

Sources: Eurostat, national sources, Statistics Sweden, U.S. Bureau of Economic Analysis and the Riksbank.

# More normal growth rates going forward

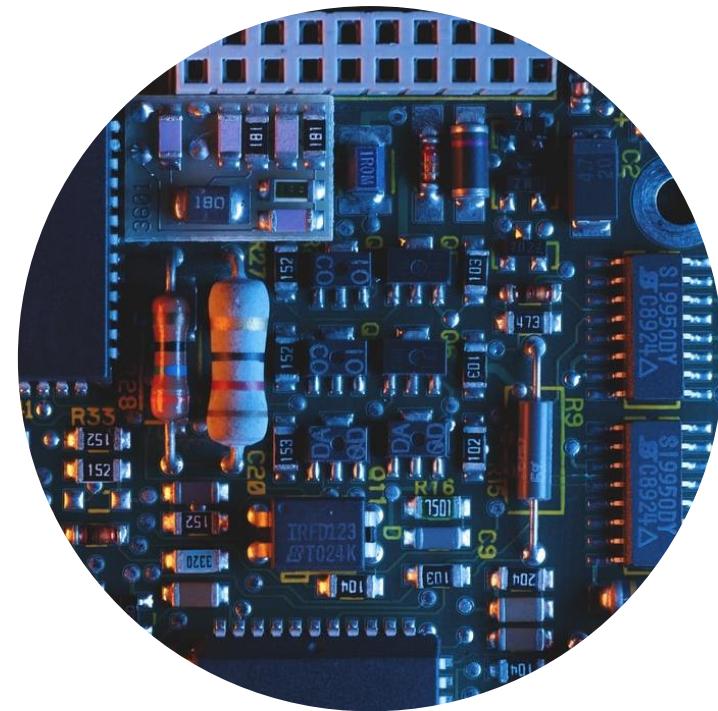


Note. Annual percentage change.

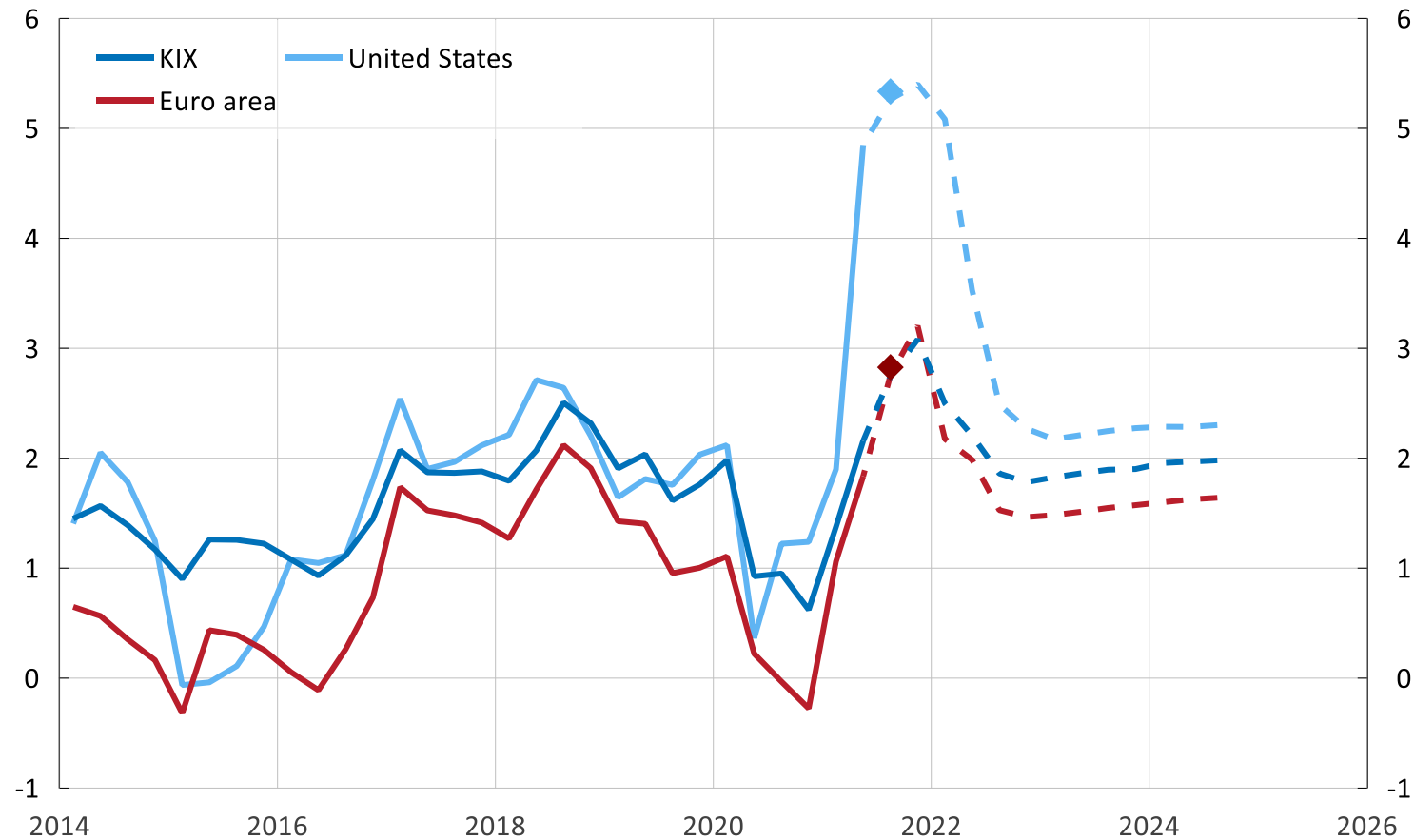
Sources: Eurostat, national sources, Statistics Sweden, U.S. Bureau of Economic Analysis and the Riksbank.

# Rapid recovery has created bottlenecks

- Logistics problems and shortages of intermediate goods
- Industrial production is being obstructed
- Rapidly rising freight and commodity prices
- Supply is expected to adjust once demand stops increasing so rapidly



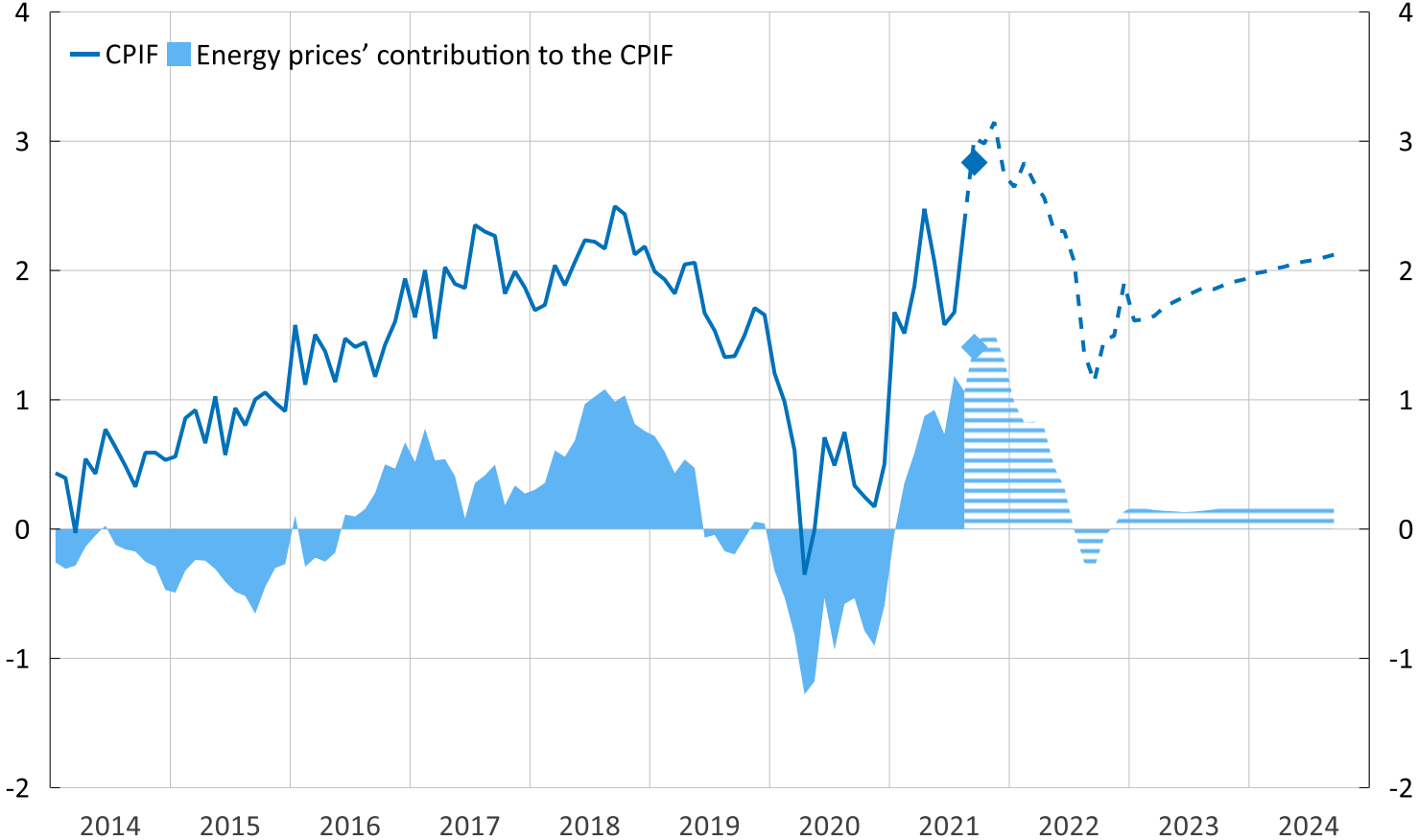
# High inflation in several countries



Note. Annual percentage change. The red and blue diamonds refer to the outcome for the third quarter. KIX is an aggregate of the countries that are important to Sweden's international trade.

Sources: Eurostat, national sources, Statistics Sweden, U.S. Bureau of Economic Analysis and the Riksbank.

# Swedish inflation will be above 2 per cent over next year

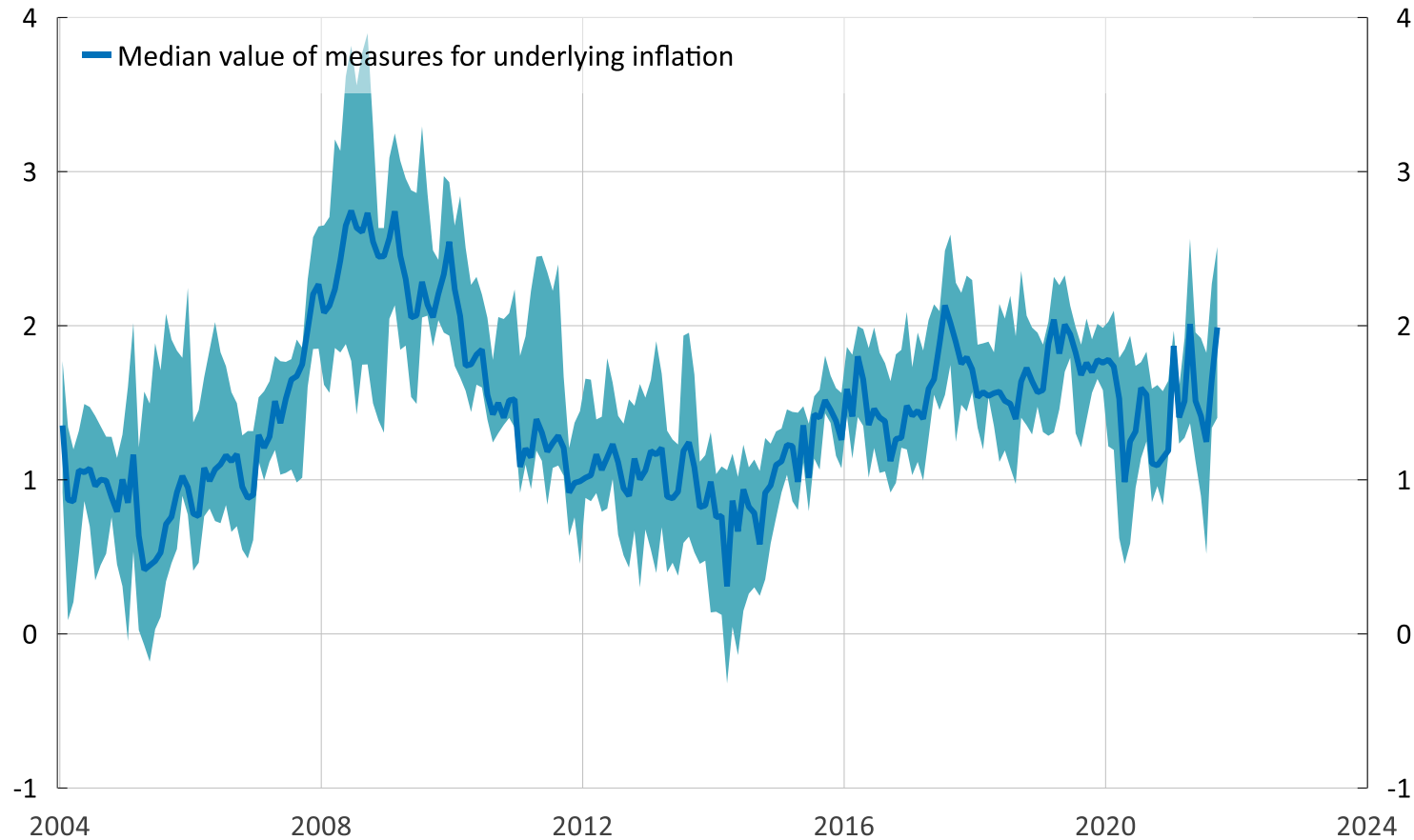


Note. Annual percentage change and percentage points respectively. The blue diamonds refer to the outcome for September.

Sources: Statistics Sweden and the Riksbank.



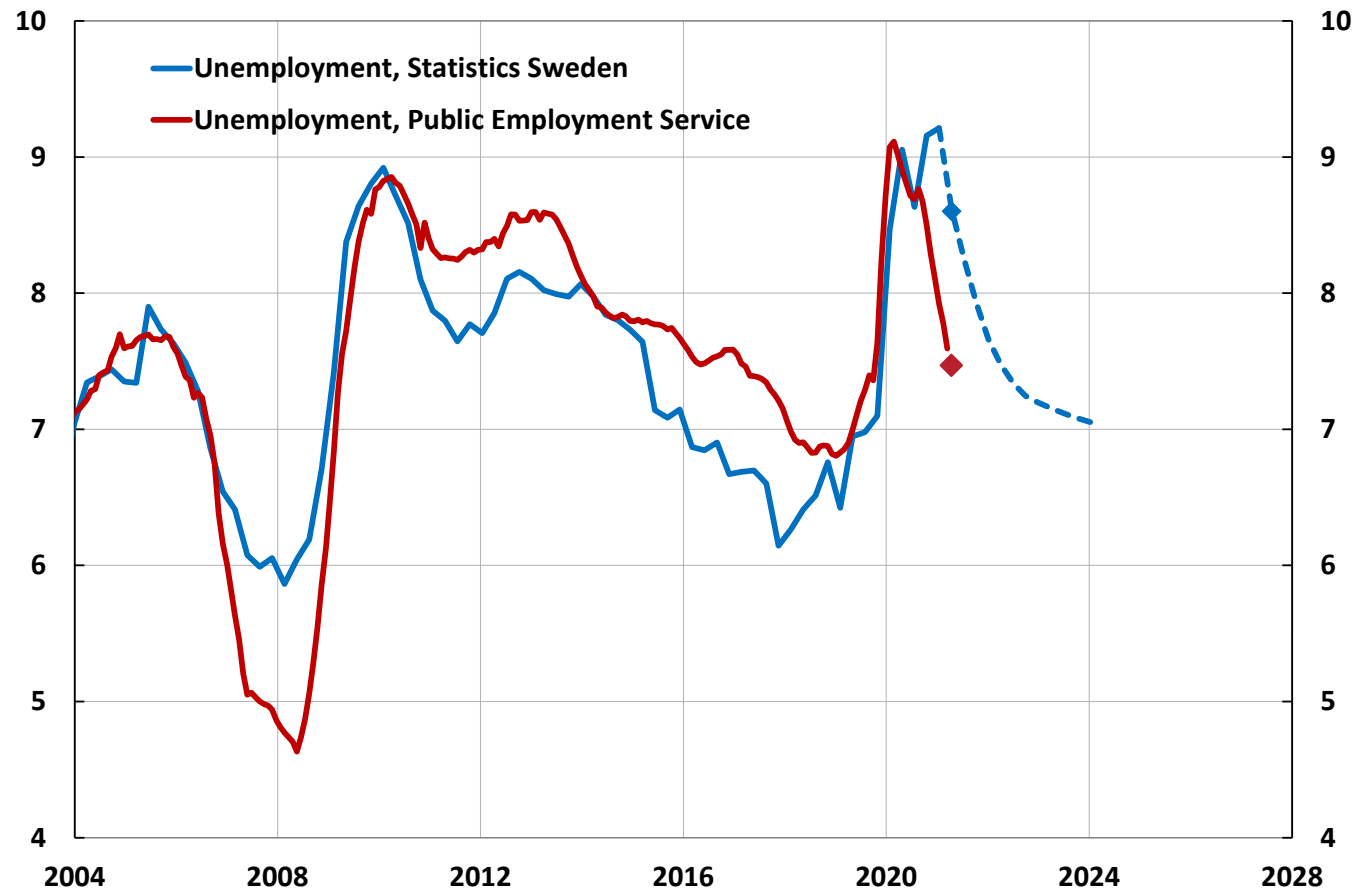
# Underlying inflation signalling no obvious upturn in the longer term



Note. Annual percentage change.

Sources: Statistics Sweden and the Riksbank.

# The labour market has started to recover



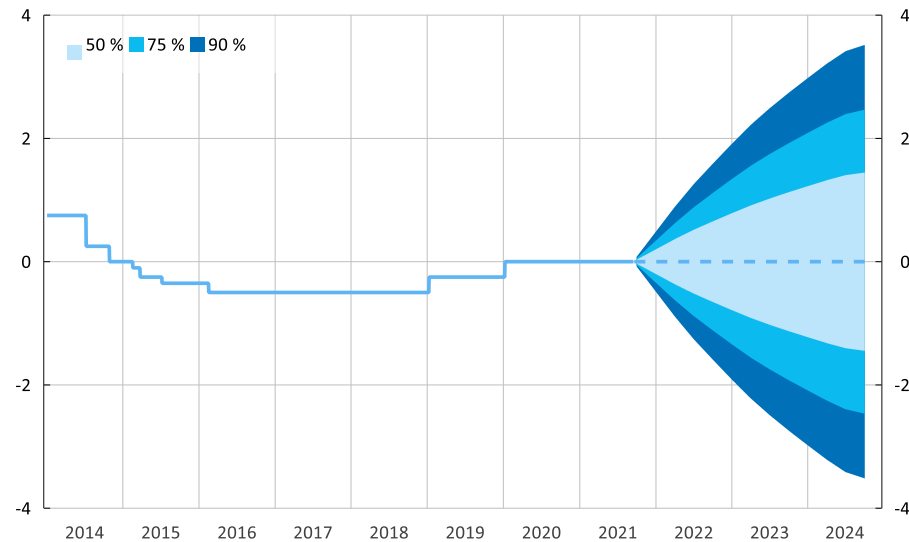
Note. Per cent of labour force. The blue diamond refers to average unemployment in June and August according to Statistics Sweden and the red diamond refers to the unemployment in September according to Public Employment Service.

Sources: : The National Institute of Economic Research, Swedish Public Employment Service, Statistics Sweden and the Riksbank.

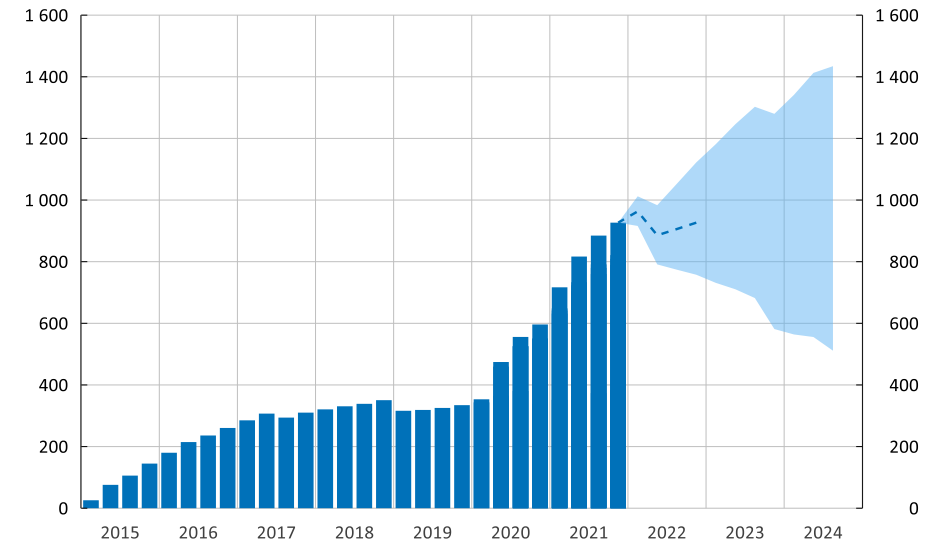


# Expansionary monetary policy bringing inflation close to target

## Repo rate at zero per cent



## Large holdings of securities




Per cent and nominal amounts (SEK billion) respectively.

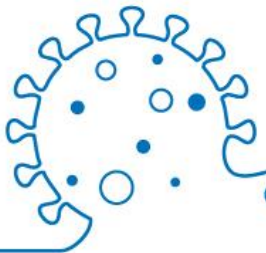
Source: The Riksbank.

# Crisis facilities to be concluded

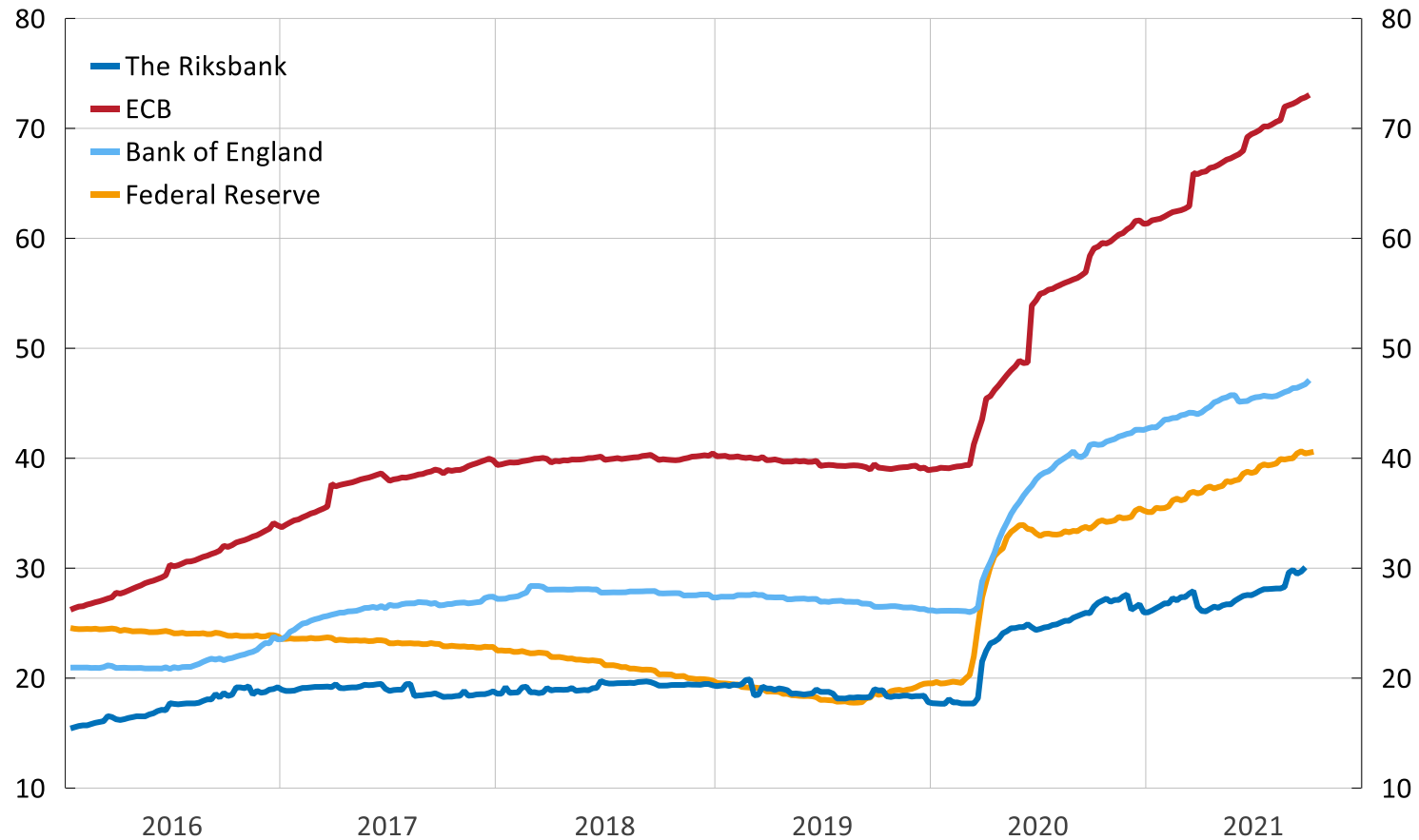
- Programme for corporate lending via banks
- Offer of loans in USD
- Lending in SEK for 3 and 6 months, respectively
- Eased collateral requirements



Measures for  
guaranteeing  
access to liquidity



# Central banks' balance sheet totals



Note. Per cent of GDP. GDP is calculated as the sum of the present quarter and the three previous quarters. For any quarter(s) that GDP has not yet been published, the most recently published GDP statistics are used.

Sources Bank of England, ECB, Federal Reserve, Macrobond and The Riksbank.

# Monetary policy needs to be sustained



Strong recovery in  
the Swedish economy



Temporarily  
high inflation

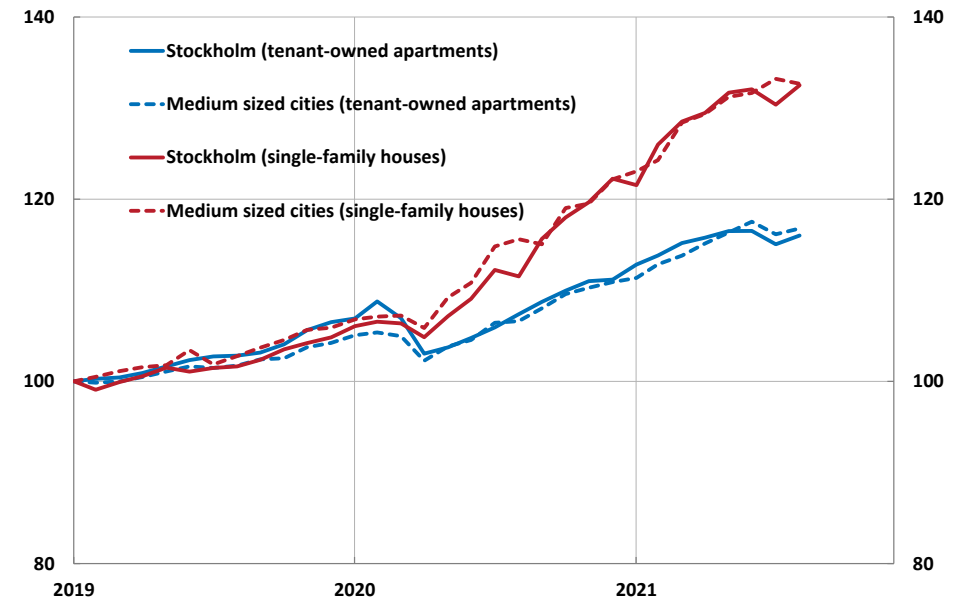


Expansionary  
monetary policy  
brings inflation more  
permanently close to  
target

# High household indebtedness and problems in the housing market need to be addressed

- Housing prices continue to rise but at a slower rate
- High housing prices and high household indebtedness make the financial system vulnerable and increase risks to the Swedish economy
- Important to consider tax and housing policy measures, but single targeted measures may not be enough

## Housing prices in Sweden



Note. The price development is indexed at January 2019 = 100.  
Seasonally adjusted prices.

Sources: Valueguard and the Riksbank.