

Current monetary policy

Committee on Finance,
17 October 2023

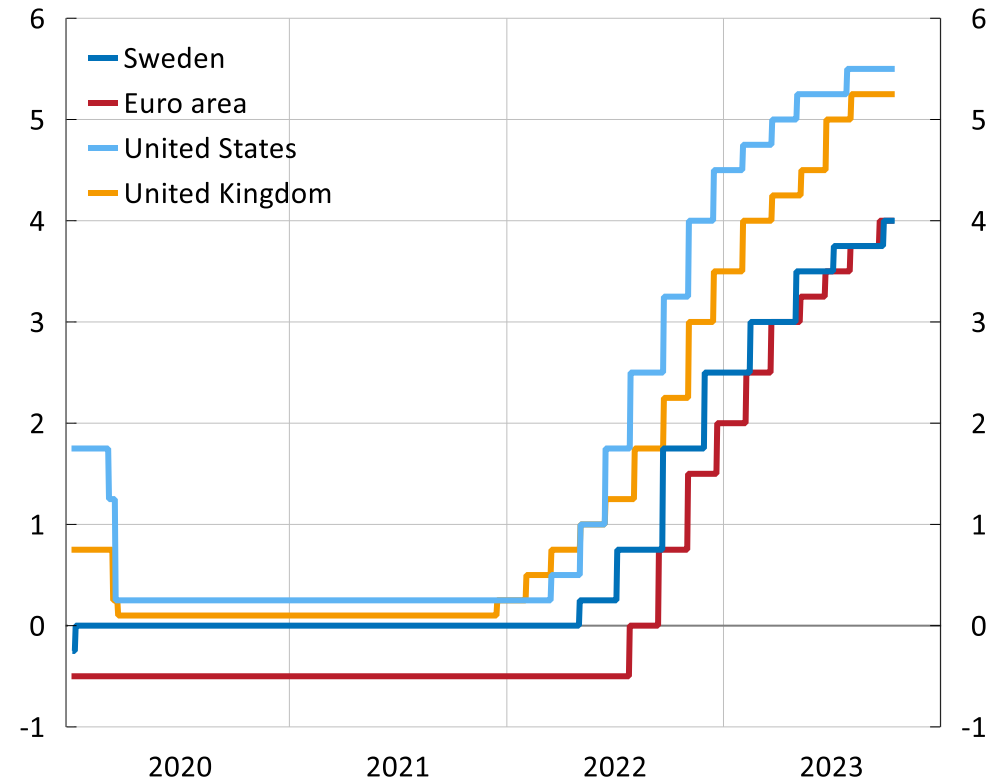
S V E R I G E S R I K S B A N K

Erik Thedéen,
Governor of the Riksbank

The inflation problem is still very present

- The interest rate increases are having an effect, global economic activity is weakening and inflation is falling.
- But many domestic prices are increasing too rapidly.
- Risk that inflation will not fall sufficiently fast and stabilise at the target of 2 per cent.

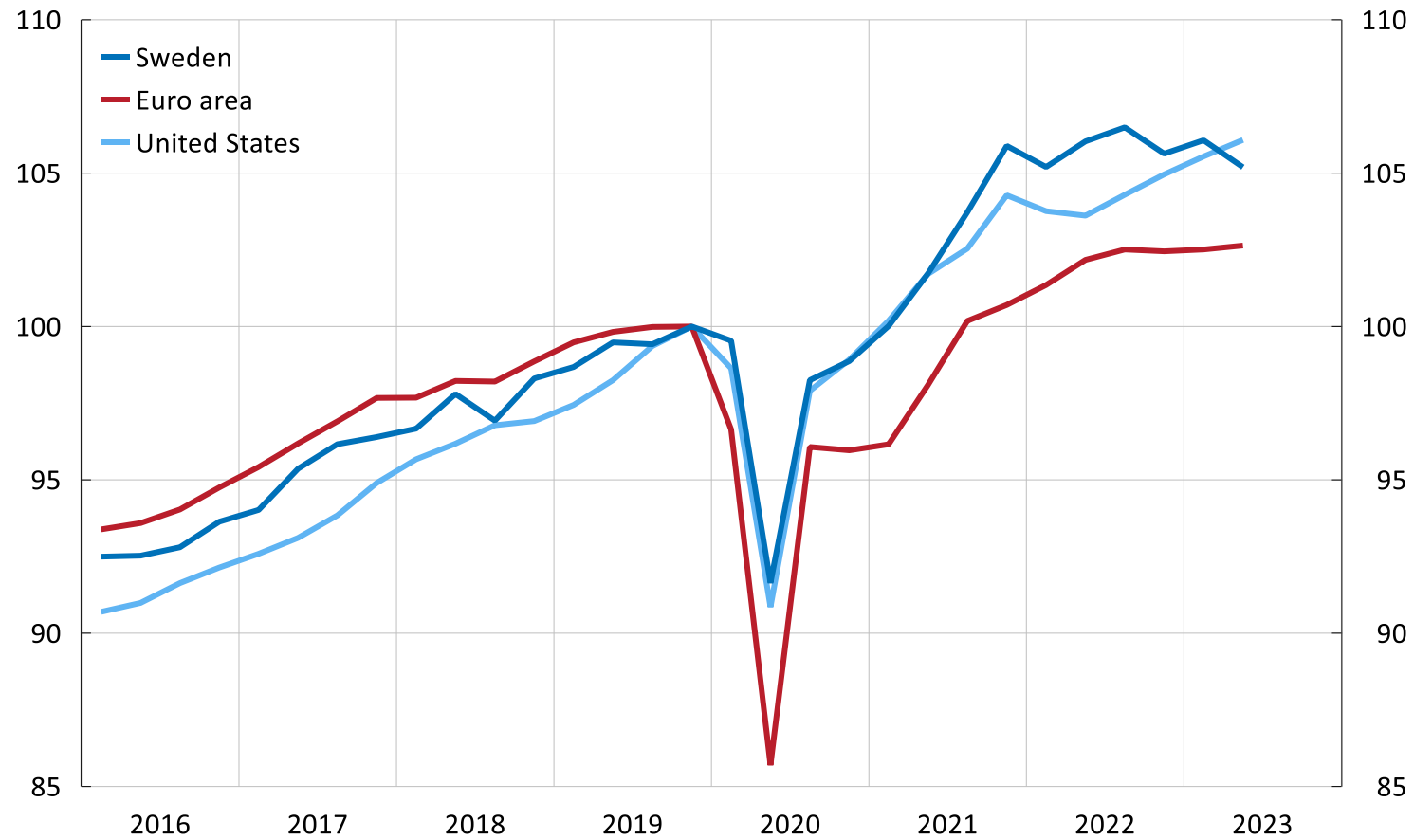
Global tightening of monetary policy



Note: Per cent.

Sources: The respective central banks and the Riksbank.

Sweden's economy relatively strong throughout and after the pandemic

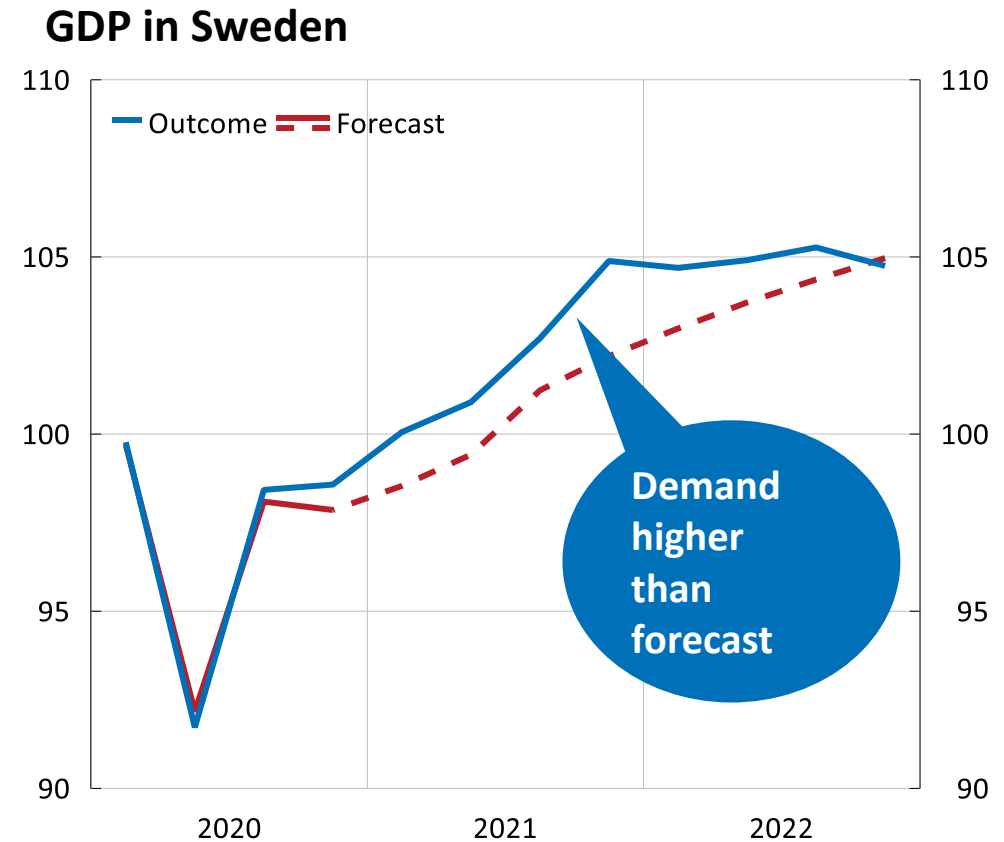


Index, 2019 Q4 = 100, seasonally adjusted data.

Sources: National sources and the Riksbank.

Difficult to assess situation with accelerating inflation

- Sharp shifts in demand and supply disruptions interacted
- Costs could be passed on to consumers
- Changed pricing behaviour
- Price increases have spread widely throughout the economy



Note: Index, 2019 Q4 = 100. Forecast from April 2021.

Source: The Riksbank.

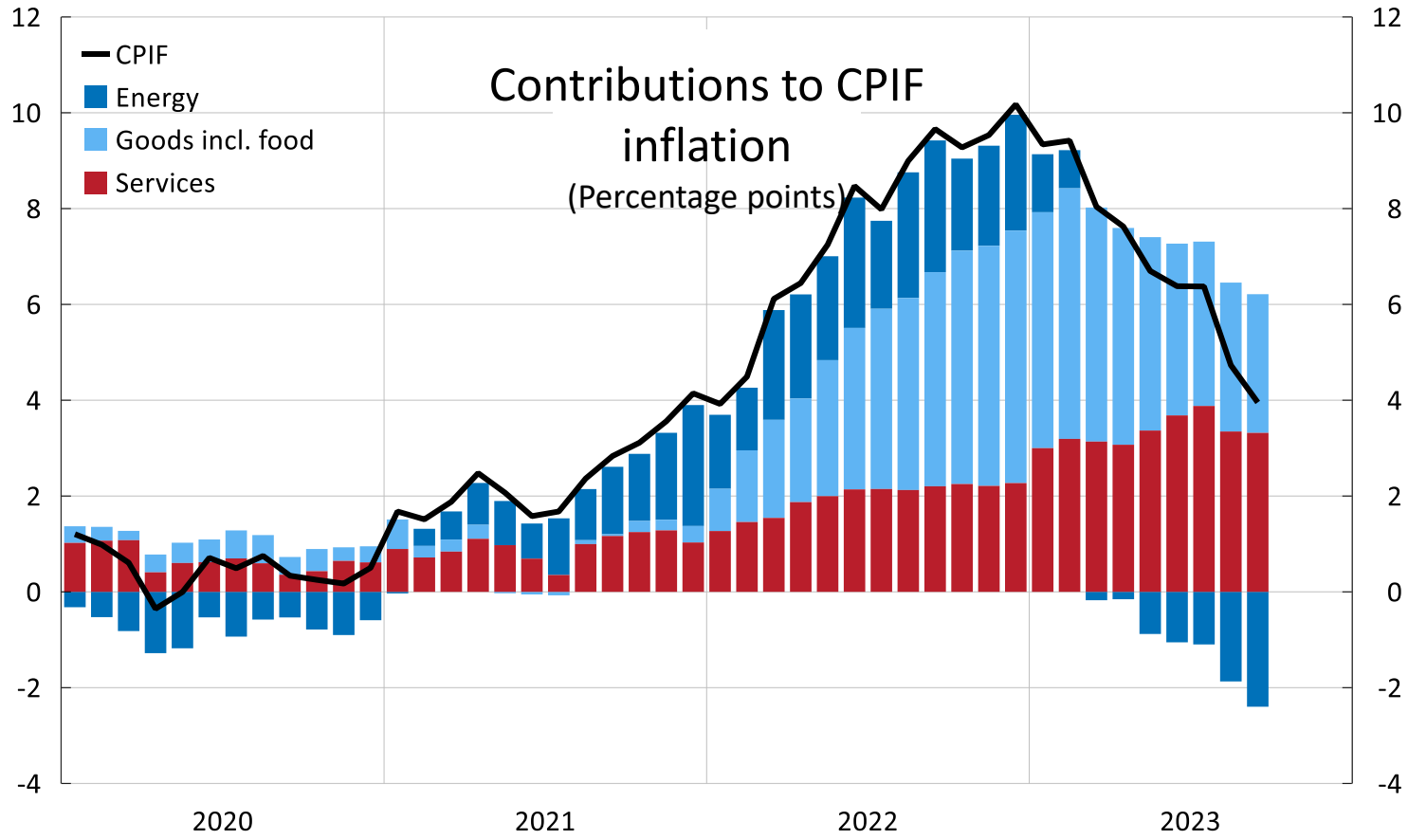
The weak krona has also contributed to the upturn in inflation



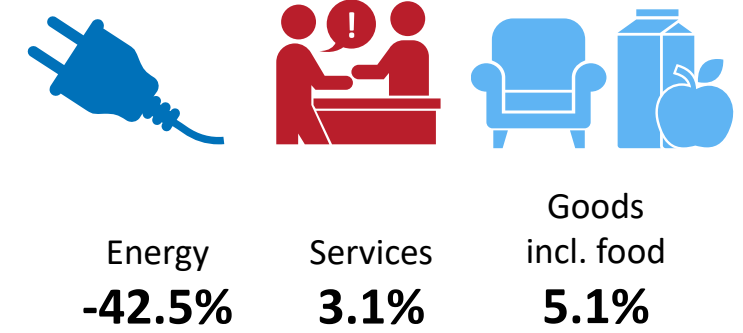
Note: KIX4-weighted exchange rate. Index, 18 November 1992 = 100.
These currencies are EUR, USD, NOK and GBP.

Source: The Riksbank.

Inflation can be found in large parts of the economy



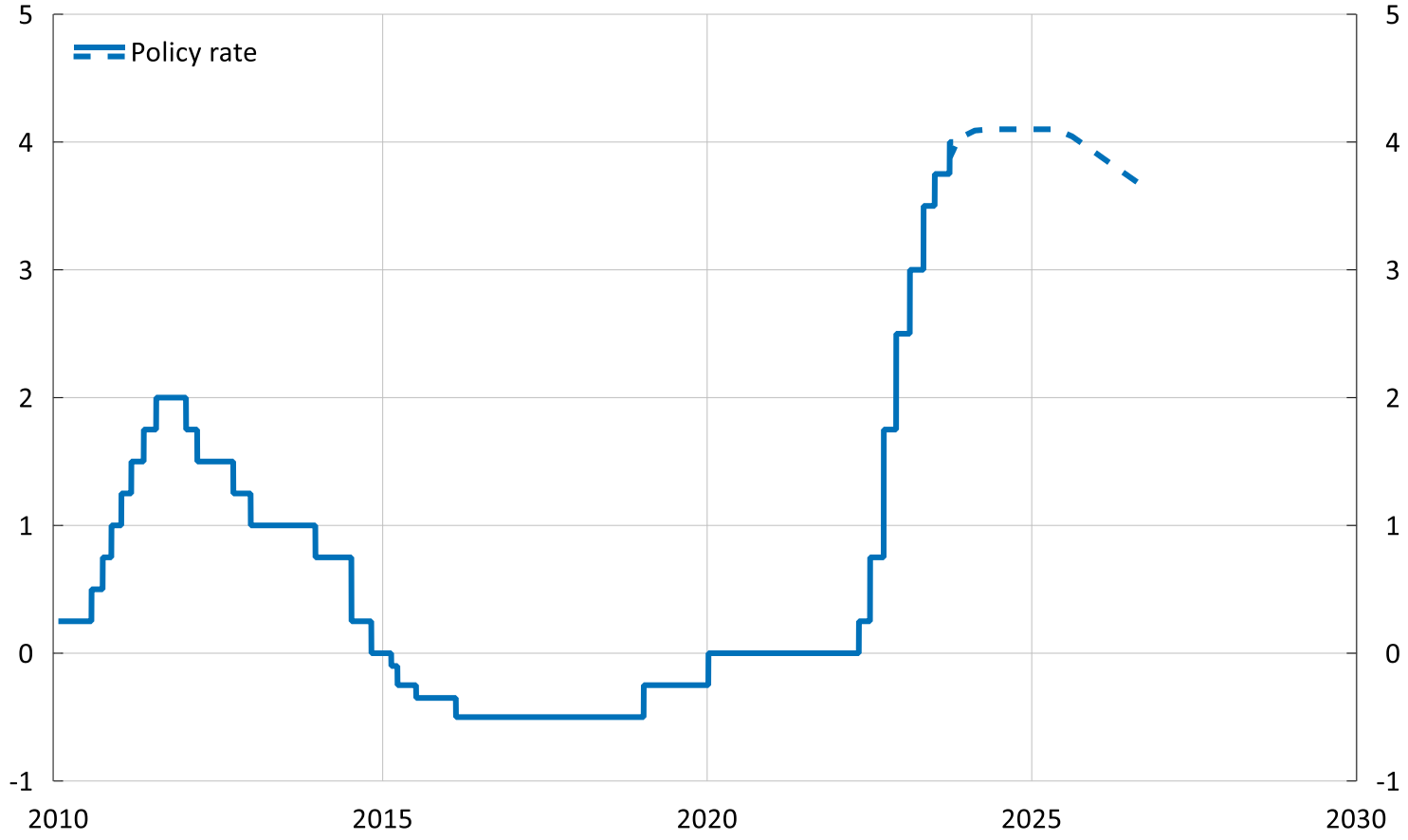
Price change
(Three-month change calculated as an annual rate)



Note: Annual percentage change and percentage points.

Sources: Statistics Sweden and the Riksbank.

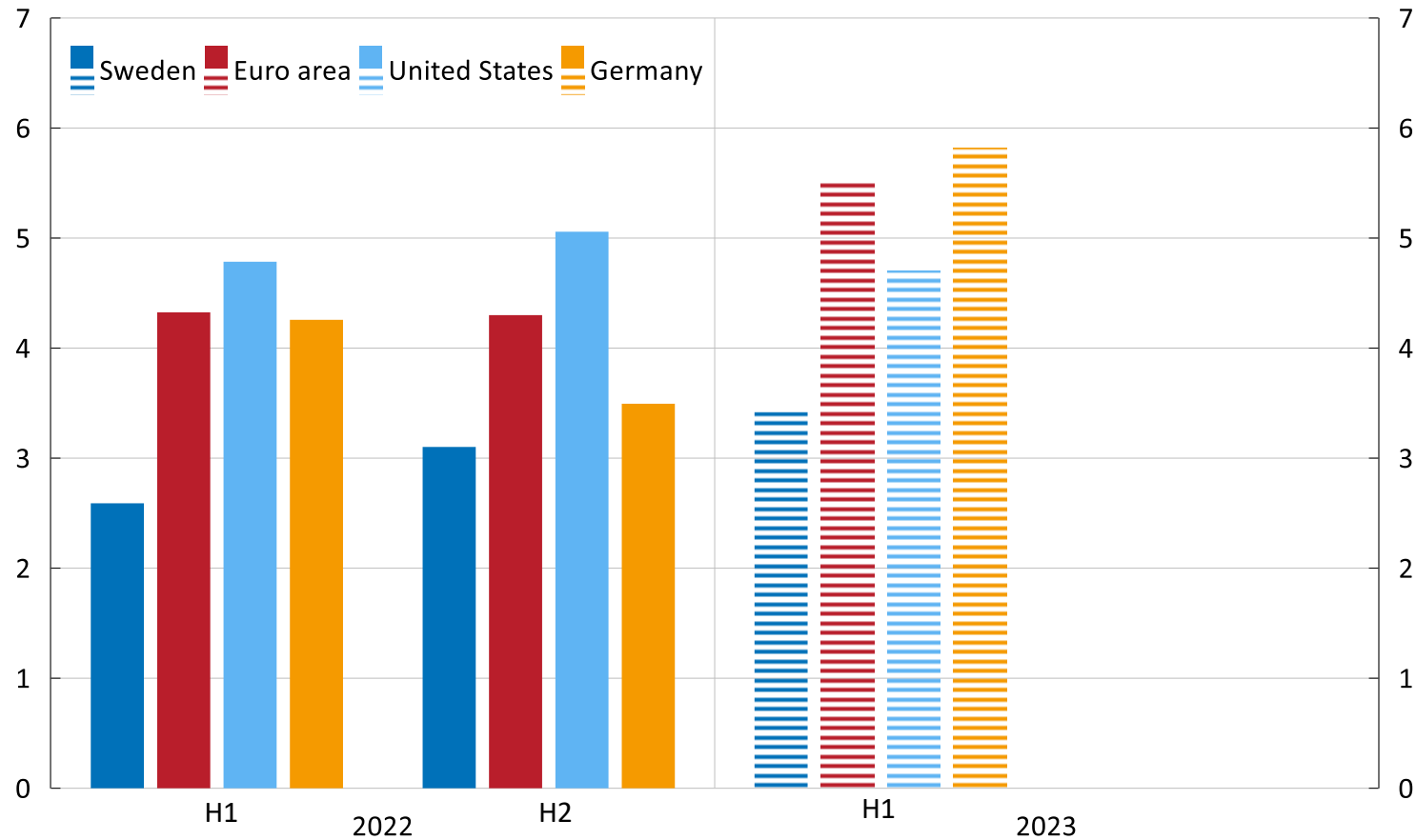
Contractionary monetary policy so inflation can reach target within a reasonable time



Note: Per cent.

Source: The Riksbank.

Modest wage increases so far



Note: Annual percentage change, wage growth measured as nominal remuneration per employee and total remuneration for United States.

Sources: Eurostat Sweden and US Bureau of Labor Statistics.

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

- **Considerable uncertainty** over how quickly inflation is falling, the risks are not over
- The policy rate **may need to be raised** further
- New information and how it affects the outlook for the economy and inflation determines the monetary policy stance
- In tough times, the **economic policy frameworks** are challenged

Eight monetary policy meetings per year

- Makes it easier to quickly adapt monetary policy
- Can more often provide an overall view of developments
- In line with international practice
- 4 meetings with a Monetary Policy Report and forecasts, 4 meetings with a shorter document and no forecasts

