

# PRESS RELEASE

DATE: 10 February 2021  
NO: 3  
CONTACT: Press Office, tel. +46 (0)8-7870200



SVERIGES RIKSBANK  
SE-103 37 Stockholm  
(Brunkebergstorg 11)

Tel +46 8 787 00 00  
Fax +46 8 21 05 31  
registratorn@riksbank.se  
www.riksbank.se

## Asset purchases and zero interest rate providing support to the recovery and inflation

*The Swedish economy has withstood the second wave of infection relatively well, supported by extensive economic policy measures. Vaccinations are now underway in many countries and despite continued uncertainty, the conditions for a rise in demand will be favourable when the spread of infection and restrictions are reduced. To facilitate the recovery and help inflation rise towards the target, monetary policy needs to remain expansionary. The Riksbank is therefore continuing to purchase assets within the envelope of SEK 700 billion. The repo rate is being left unchanged at zero per cent.*

### **Economy more resilient to second wave of the pandemic**

The pandemic has not released its grip on economic developments. In Sweden, as in other countries, several service industries are still under severe pressure as households have not consumed as normal during the crisis. Overall, however, the economy has been more resilient to the second wave of the pandemic than to the first. Vaccinations are now underway. As soon as the spread of infection decreases and restrictions are lifted, households are expected to return to more normal patterns of consumption, which will create favourable conditions for a rise in demand. However, the extent of the crisis means that it will take until 2023 before inflation is close to the target of 2 per cent more permanently.

Economic developments in 2021 will be largely determined by how quickly and effectively vaccinations reduce the pandemic.

### **Monetary policy needs to be sustained**

The measures taken by the Riksbank since the outbreak of the crisis have mitigated the economic downturn, stabilised the financial conditions and helped keep down interest rates to households and companies in a time of uncertainty. Without the Riksbank's measures, the crisis would have been both deeper and more prolonged. However, extensive monetary policy support is still needed to facilitate the recovery and help inflation rise towards the target. The Riksbank is therefore continuing to purchase assets within the envelope of SEK 700 billion and to offer liquidity within all the programmes launched in 2020. The Executive Board has now decided how the purchases will be distributed among the various assets during the second quarter of 2021. The Executive Board's current assessment is that the envelope for asset



purchases will be fully utilised by the end of 2021 and that the size of the holdings will be maintained on this level at least during 2022. The Executive Board has also decided to hold the repo rate at zero per cent and it is expected to remain at this level in the years to come.

### Extensive economic policy support for a long time

Extensive economic policy support will be needed for a long time, from both fiscal and monetary policy. The Riksbank will continue to formulate monetary policy so that it supports the recovery and inflation as long as necessary. Asset purchases and measures to promote lending in the economy will continue to be important tools. It is also entirely possible to cut the repo rate, particularly if confidence in the inflation target were under threat. The combination of appropriate monetary policy measures is constantly evaluated and adjusted to economic developments.

### Forecast for Swedish inflation, GDP, unemployment and the repo rate

Annual percentage change, annual and quarterly averages respectively

	2020	2021	2022	2023	2024Q1*
CPI	0.5 (0.4)	1.3 (0.8)	1.3 (1.2)	1.8 (1.8)	2.1
CPIF	0.5 (0.4)	1.5 (0.9)	1.3 (1.2)	1.7 (1.7)	2.0
GDP	-2.8 (-4.0)	3.0 (2.6)	3.9 (5.0)	2.4 (2.2)	2.3
Unemployment, per cent	8.3 (8.4)	8.5 (9.4)	7.9 (8.5)	7.4 (7.7)	7.1
Repo rate, per cent	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)	0.0

Note. Assessment in the Monetary Policy Report in November 2020 in brackets.

\*Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2024Q1.

Sources: Statistics Sweden and the Riksbank

### Forecast for the repo rate

Per cent, quarterly mean values

	2020Q4	2021Q1	2021Q2	2022Q1	2023Q1	2024Q1
Repo rate	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00

Note. Assessment in the Monetary Policy Report in November 2020 in brackets.

Source: The Riksbank

The decision on the repo rate will apply with effect from 17 February. The minutes from the Executive Board's monetary policy meeting will be published on 19 February. Further information on the asset purchases can be found in the annex to the minutes at [www.riksbank.se](http://www.riksbank.se).

A digital press meeting with Governor Stefan Ingves will be held today at 11.00. The press conference will be broadcast live on [riksbank.se](http://riksbank.se). Preregistered journalists will be able to ask questions via Zoom. Press cards or similar are required. For registration, contact Susanne Meyer of the press office by telephone on +46 (0)8-787 0200 or by email at [susanne.meyer@riksbank.se](mailto:susanne.meyer@riksbank.se) no later than 10.00 on 10 February.