

PRESS RELEASE

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Policy rate raised by 0.5 percentage points to 3.5 per cent

Inflation is still far too high and underlying inflation has been much higher than expected during the first months of the year. For inflation to fall and stabilise at the target within a reasonable period of time, the Executive Board has decided to raise the Riksbank's policy rate by 0.5 percentage points to 3.5 per cent. The forecast indicates that the policy rate will probably be raised further by 0.25 percentage points in June or September.

Inflation is still far too high

After a year of rapid interest rate hikes, monetary policy in many countries is contractionary. This has led to lower growth in global demand and this, combined with supply disruptions declining last year, indicates that global inflation will fall back this year. The concern regarding certain international banks has declined, but is contributing to somewhat tighter credit conditions, primarily in the United States. This further subdues economic activity somewhat.

In Sweden, as abroad, inflation is still far too high and far from the target. CPIF inflation has fallen somewhat in recent months, roughly in line with the Riksbank's most recent forecast, but this is due to energy prices having fallen. Disregarding energy prices, inflation has been much higher than expected during the first months of the year. The krona has not been a decisive factor behind the substantial rise in inflation, but it has contributed to somewhat higher inflation. A stronger krona would be desirable in this situation.

The two-year collective wage agreements signed in the labour market create greater predictability regarding company costs and contribute to reducing the risk of a wage-price spiral. However, the settlement includes a clear expectation that the Riksbank will continue to adjust monetary policy to bring down inflation in the fairly near future, so that real wages can begin to increase again.

Tighter monetary policy to reach inflation target within a reasonable time

The high inflation affects in particular households that have small margins to begin with, but the development is negative for the whole economy. Low and stable inflation is a necessary condition for good economic development. It is important for confidence in the inflation target that inflation falls clearly this year. To ensure that this happens, the policy rate needs to be raised further.



The Executive Board has decided to raise the policy rate by 0.5 percentage points to 3.5 per cent. The forecast indicates that the policy rate will probably be raised further by 0.25 percentage points in June or September. With the monetary policy conducted, inflation is expected to fall back this year and to stabilise close to 2 per cent during 2024.

Following the rapid policy rate hikes over the past year, monetary policy has a tightening effect on the economy and the Executive Board assesses that after the April meeting there will be scope to adjust the policy rate in smaller steps. However, there is still considerable uncertainty regarding inflation developments. New information and how it is assessed to affect the economic outlook and inflation prospects will be decisive in determining the monetary policy conducted.

Forecast for Swedish inflation, GDP, unemployment and the policy rate

Annual percentage change, annual and quarterly averages respectively

	2022	2023	2024	2025	2026 Q2*
CPI	8.4 (8.4)	8.9 (8.6)	4.0 (3.6)	2.3 (2.4)	1.9
CPIF	7.7 (7.7)	5.9 (5.5)	2.3 (1.9)	1.8 (1.9)	2.0
GDP	2.6 (2.5)	-0.7 (-1.1)	0.2 (0.9)	1.8 (1.9)	2.6
Unemployment, per cent	7.5 (7.5)	7.8 (8.0)	8.5 (8.4)	8.4 (8.4)	8.1
Policy rate, per cent	0.8 (0.8)	3.3 (3.2)	3.7 (3.3)	3.6 (3.3)	3.4

Note: The assessment in the Monetary Policy Report in February 2023 is shown in brackets.

*Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2026 Q2.

Sources: Statistics Sweden and the Riksbank

Forecast for the policy rate

Per cent, quarterly mean values

	2023 Q1	2023 Q2	2024 Q2	2025 Q2	2026 Q2
Policy rate	2.75 (2.75)	3.32 (3.21)	3.65 (3.33)	3.65 (3.33)	3.35

Note: The assessment in the Monetary Policy Report in February 2023 is shown in brackets.

Source: The Riksbank

First Deputy Governor Anna Breman and Deputy Governor Martin Flodén entered reservations against the decision to raise the policy rate by 0.5 percentage points and against the forecast for the policy rate. They advocated an increase in the policy rate of 0.25 percentage points and an interest rate path that indicates a high probability of further increases in June and/or September. Against the backdrop of well-anchored inflation expectations, the moderate wage increases and the weak and downward-revised forecast for domestic demand, they argued that the monetary policy tightening should now proceed gradually to keep the door open for alternative courses of action later in the year, including a return to larger increases if inflationary pressures do not slow down sufficiently quickly.

The decision on the policy rate will apply from 3 May. The minutes from the Executive Board's monetary policy meeting will be published on 9 May. A press conference with Governor Erik Thedéen and Mattias Erlandsson, acting Head of the



Monetary Policy Department, will be held today at 11:00 at the Riksbank, but pre-registered journalists can also participate and ask questions via Zoom. Press cards or the equivalent are required to participate. The press conference will be broadcast live at riksbank.se. Journalists who wish to participate and ask questions via Zoom must pre-register with the press office, either by telephone 08-787 0200 or by e-mail to susanne.meyer@riksbank.se, no later than 10:00 on 26 April.