

PRESS RELEASE

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The Riksbank raises the policy rate by 0.25 percentage points and increases the pace of government bond sales

Inflation is falling but is still far too high. New information, such as service prices rising unexpectedly rapidly and a weaker krona, indicates that inflation is declining more slowly than expected. The Riksbank's policy rate increases are having an effect, but for inflation to return to the target of 2 per cent within a reasonable period of time, monetary policy needs to be tightened further. The Executive Board has therefore decided to raise the policy rate by 0.25 percentage points to 3.75 per cent. The forecast is for the policy rate to be increased at least one more time this year. The Executive Board has also decided to increase the pace of government bond sales from SEK 3.5 billion to 5 billion per month with effect from September this year.

Inflation abroad falling slowly

After last year's rapid upswing, global inflation has started to fall back, but slowly and from high levels. To bring inflation down to the target, many central banks are therefore continuing to tighten monetary policy.

Inflation in Sweden is falling but is still far too high

In Sweden, as abroad, inflation is still far from the inflation target. Measured as the CPIF, it was 6.7 per cent in May. Although CPIF inflation declined slightly more in April and May than in the Riksbank's forecast, this was largely due to the surprisingly large fall in energy prices. Excluding energy prices, inflation is declining slowly and is slightly higher than expected. This is primarily due to service prices increasing unexpectedly rapidly, which may reflect that demand pressures remain high in parts of the Swedish economy. The weak krona is also contributing to keeping inflation up, and there is a risk that the pass-through of the krona to price increases is larger in the current situation of high inflation.

Important that inflation becomes low and stable again

The high inflation is being felt by households with small margins in particular, but is also problematic for the economy as a whole. It is therefore of the utmost importance that inflation falls back to the target of 2 per cent within a reasonable period of time.



For this to happen, the Executive Board assesses that monetary policy now needs to be tightened further.

The Executive Board has therefore decided to raise the policy rate by 0.25 percentage points to 3.75 per cent. The forecast is for the policy rate to be increased at least one more time this year.

The Riksbank began selling government bonds in April as part of the normalisation of its balance sheet. The sales have functioned well, with high demand from the market. The Executive Board has now decided to expand the sales from SEK 3.5 billion to 5 billion per month with effect from September this year. This may contribute to a stronger krona and improve the Riksbank's capacity to reduce inflation. The Riksbank is not planning to sell its holding of non-government bonds. If monetary policy needs to be tightened further, policy rate rises are the main and most effective tool. Sales of government bonds should be characterised by predictability and contribute to a gradual normalisation of the Riksbank's balance sheet.

It is still uncertain how much monetary policy tightening will be required for inflation to fall back and stabilise close to the target of 2 per cent. But the Riksbank will do what is needed. New information, and how it is expected to affect the economic outlook and inflation prospects, will be decisive in determining the design of monetary policy going forward.

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 (8.9)	4.3 (4.0)	2.3 (2.3)	1.9 (1.9)
CPIF	7.7 (7.7)	5.9 (5.9)	2.4 (2.3)	1.8 (1.8)	2.0 (2.0)
GDP	2.8 (2.6)	-0.5 (-0.7)	0.0 (0.2)	1.8 (1.8)	2.7 (2.6)
Unemployment, per cent	7.5 (7.5)	7.5 (7.8)	8.2 (8.5)	8.3 (8.4)	7.9 (8.1)
Policy rate, per cent	0.8 (0.8)	3.5 (3.3)	4.1 (3.7)	4.0 (3.6)	3.8 (3.4)

Note. The assessment in the April 2023 Monetary Policy Report 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

	2023Q1	2023Q2	2023Q3	2024Q2	2025Q2	2026Q2
Policy rate	2.75 (2.75)	3.32 (3.32)	3.75 (3.60)	4.05 (3.65)	4.05 (3.65)	3.75 (3.35)

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

Source: The Riksbank

The decision on the policy rate will apply with effect from 5 July. The minutes from the Executive Board's monetary policy meeting will be published on 10 July. Further information on the Executive Board's decision can be found in an annex to the minutes at riksbank.se. 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 wishing 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 29 June.