

PRESS RELEASE

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Policy rate cut by 0.25 percentage points to 3.5 per cent

Inflation is in the process of stabilising at the target and economic activity is weak. The Executive Board has decided to cut the policy rate by 0.25 percentage points to 3.5 per cent. If the inflation outlook remains the same, the policy rate can be cut two or three more times this year, which is somewhat faster than the Executive Board assessed in June.

Inflation has continued to fall and the prospects for inflation being in line with the target going forward are good. Long-term inflation expectations are signalling strong confidence in the target and wage increases are moderate.

Inflation has developed as expected and economic activity is weak. The Executive Board has therefore decided to cut the policy rate by 0.25 percentage points to 3.5 per cent, in line with the June forecast.

Over the year, inflation has deviated less and less from the target of 2 per cent. At the same time, various indicators, such as producer prices and company pricing plans, have continued to imply that inflationary pressures are compatible with the target. All of this reinforces the picture of inflation stabilising close to the target and indicates that the risk of inflation becoming too high again has declined significantly. Moreover, new information since the Monetary Policy Report in June indicates that the growth outlook in Sweden and abroad is somewhat weaker than in the most recently published forecast.

In light of this, the Executive Board assesses that the policy rate can be cut somewhat faster than was assessed in June. If the inflation outlook remains the same, the policy rate can be cut two or three more times this year.

However, the outlook for inflation and economic activity is uncertain. There are risks linked, for instance, to the geopolitical situation, economic activity in Sweden and abroad, and the krona exchange rate that can lead to a different outcome for inflation and thereby a different monetary policy.

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

The decision on the policy rate will apply with effect from 21 August. The minutes of the Executive Board's monetary policy meeting will be published on 26 August. A press conference with Governor Erik Thedéen and Åsa Olli Segendorf, Head of the Monetary Policy Department, will be held today at 11.00 at the Riksbank. Press cards or the equivalent are required to participate. The press conference will be broadcast live on riksbank.se.

About the Monetary Policy Update

A Monetary Policy Update is published in connection with the policy rate decision, containing the Executive Board's assessment of how new information affects the economic outlook and monetary policy. The update does not contain any new forecasts. The next Monetary Policy Report containing forecasts will be published on 25 September.