

PRESS RELEASE

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Policy rate unchanged at 2.25 per cent

Despite the substantial global turbulence, the outlook for inflation and economic activity in Sweden is expected to remain broadly intact. The recovery of the Swedish economy has begun, but activity is still weak. Inflation is expected to be between 2 and 3 per cent this year, and then to fall and stabilise close to the target. The Executive Board has decided to hold the policy rate unchanged at 2.25 per cent and assesses that the rate will remain at this level going forward. The Riksbank monitors developments closely and will act if the outlook for inflation and economic activity so requires.

Global developments since the monetary policy meeting in January have been dramatic. It is primarily the reshaping of trade policy and the strong increase in defence expenditure in Europe in the wake of the changed security situation that are significant to economic developments. This turn of events has some impact on the Riksbank's forecasts, but there is considerable uncertainty.

CPIF inflation has become higher than expected and is assessed to remain at between 2 and 3 per cent for the rest of the year. This is mainly due to an unusually large contribution from the so-called CPI basket effect and because certain food prices have risen rapidly. A more normal CPI basket effect, lower price increases on food, a stronger krona and stable inflation expectations will contribute to inflation stabilising close to 2 per cent next year. The Swedish economy is in a recovery phase, but the rebound in the labour market will take a little longer. Overall, the outlook for inflation and economic activity remains largely intact. This suggests following the previously communicated monetary policy plan.

The Executive Board has therefore decided to leave the policy rate unchanged at 2.25 per cent. The forecast for the policy rate is unchanged since December, which means that the policy rate is expected to remain at the current level.

Several factors could affect the outlook for inflation and economic activity and thereby also monetary policy going forward. There are risks linked to developments abroad as well as to Swedish economic activity and the krona exchange rate, which could lead to inflation becoming higher or lower than expected. The upturn in inflation at the beginning of the year is assessed as temporary. However, the Executive Board is vigilant regarding contagion effects that could lead to inflation not falling back as expected. Uncertainty abroad is unusually high due to the escalating trade conflict and the rapidly changed security situation. There is also significant uncertainty surrounding domestic demand, including household consumption, corporate investment and the impact on the economy of increased defence spending.

The Riksbank contributes to economic stability by holding inflation close to 2 per cent and by maintaining confidence in the inflation target. This is not least important in turbulent times and the inflation targeting framework supports a sound real economic development in Sweden. Monetary policy is forward-looking, but guided by a tentative approach. The Riksbank monitors developments closely and will act if the outlook for inflation and economic activity so requires.

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

Annual percentage change, annual and quarterly averages

	2024	2025	2026	2027	2028 Q1
CPI	2.8 (2.9)	1.0 (0.6)	1.8 (1.8)	2.1 (2.0)	2.1
CPIF	1.9 (1.9)	2.5 (2.0)	1.9 (1.9)	2.0 (2.0)	2.1
GDP	1.0 (0.6)	1.9 (1.8)	2.4 (2.6)	2.2 (2.1)	1.7
Unemployment, per cent	8.4 (8.4)	8.7 (8.4)	8.1 (8.0)	7.7 (7.7)	7.6
Policy rate, per cent	3.6 (3.6)	2.3 (2.3)	2.3 (2.3)	2.3 (2.3)	2.3

Note. The assessment in the December 2024 Monetary Policy Report is shown in brackets. Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2028 Q1.

Sources: Statistics Sweden and the Riksbank

Policy rate forecast

Per cent, quarterly averages

	2025 Q1	2025 Q2	2025 Q3	2026 Q1	2027 Q1	2028 Q1
Policy rate	2.37 (2.44)	2.25 (2.26)	2.25 (2.25)	2.25 (2.25)	2.25 (2.25)	2.25

Note. The assessment in the December 2024 Monetary Policy Report is shown in brackets.

Source: The Riksbank

The decision on the policy rate will apply with effect from 26 March. The minutes of the Executive Board's monetary policy meeting will be published on 26 March. A press conference with Governor Erik Thedén, 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. Advance registration is required, to press officer Susanne Meyer, susanne.meyer@riksbank.se no later than 10.00 on 20 March. The press conference will be broadcast live on riksbank.se.