



# Faster interest rate cuts are strengthening household finances and helping the recovery

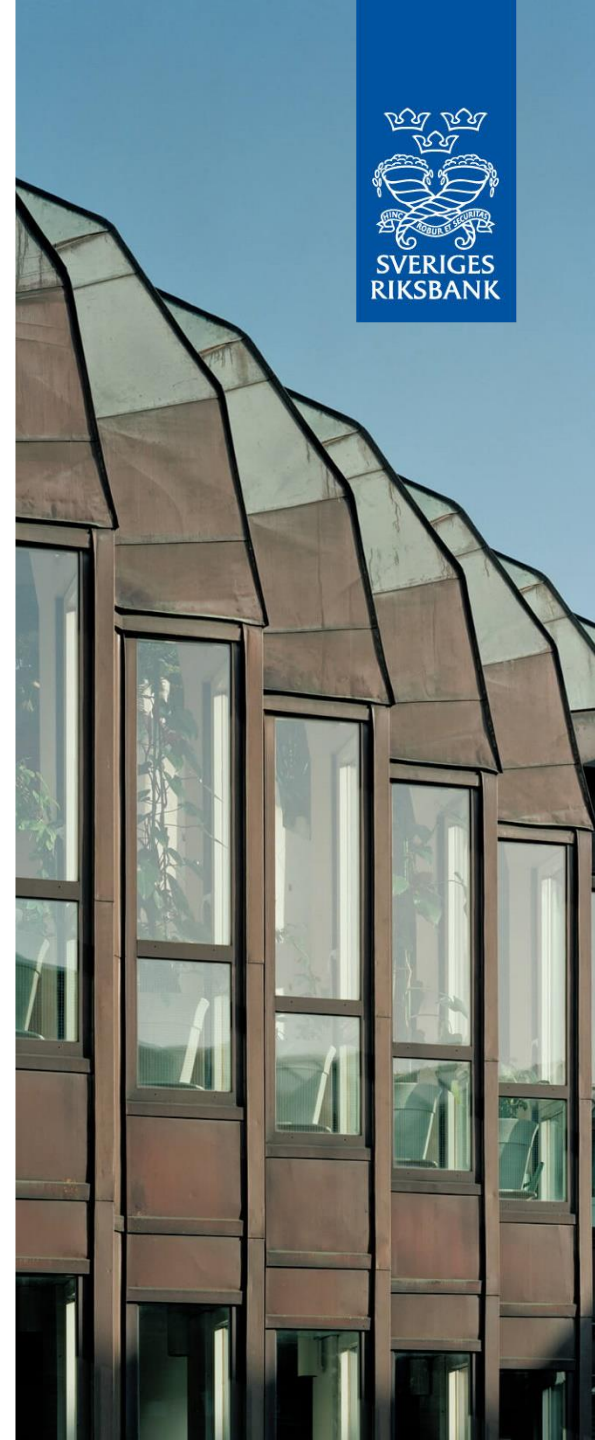
Monetary policy September 2024

# Monetary policy is being eased in several stages

- **Policy rate cut** by 0.25 percentage points to 3.25 per cent

*If the outlook for inflation and economic activity remains unchanged:*

- The rate will be cut again in **November and December** and a cut of 0.5 percentage points may be possible
- One or two more cuts in the **first six months of next year**



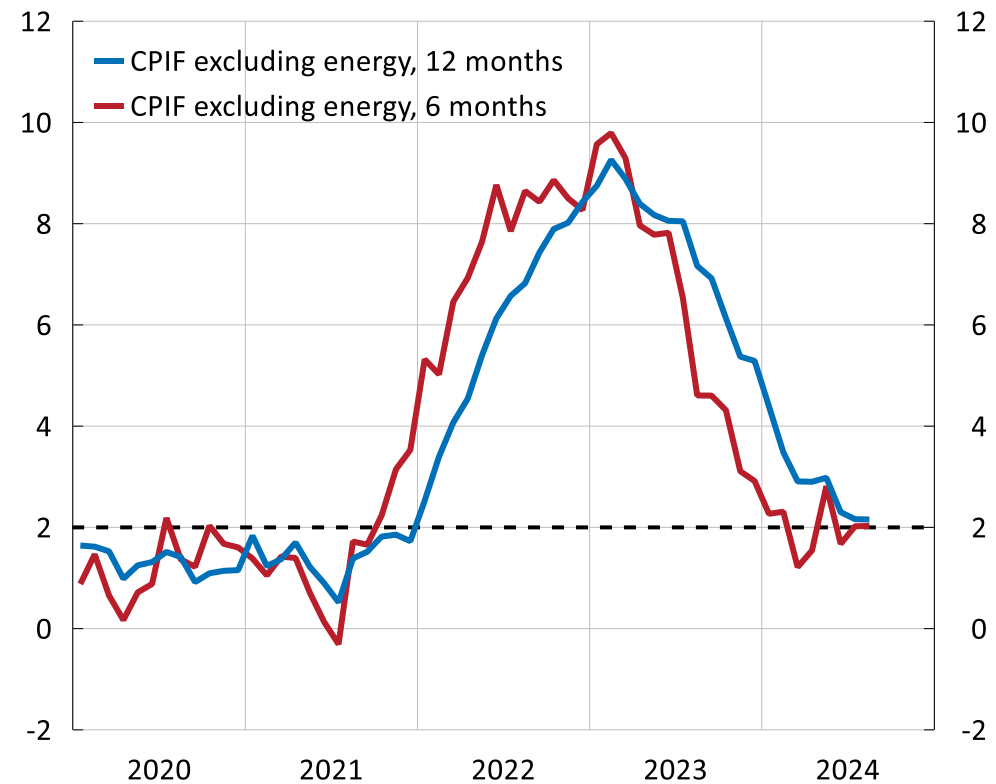
# Inflation again close to 2 per cent

Risk of high inflation has decreased markedly.

Clear change in monetary policy over the year.

The recovery is proceeding slightly more slowly than expected.

Monetary policy is contributing to stronger economic activity and inflation in line with the target.

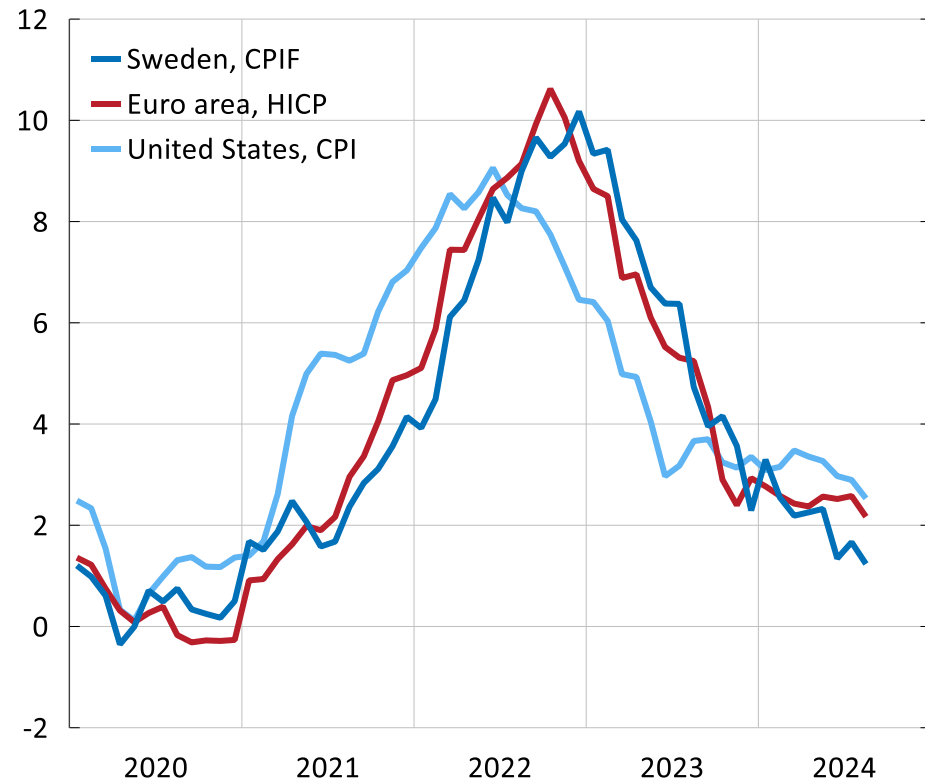


Percentage change calculated in annualised terms.

Source: Statistics Sweden.

# Falling inflation and moderate growth prospects abroad

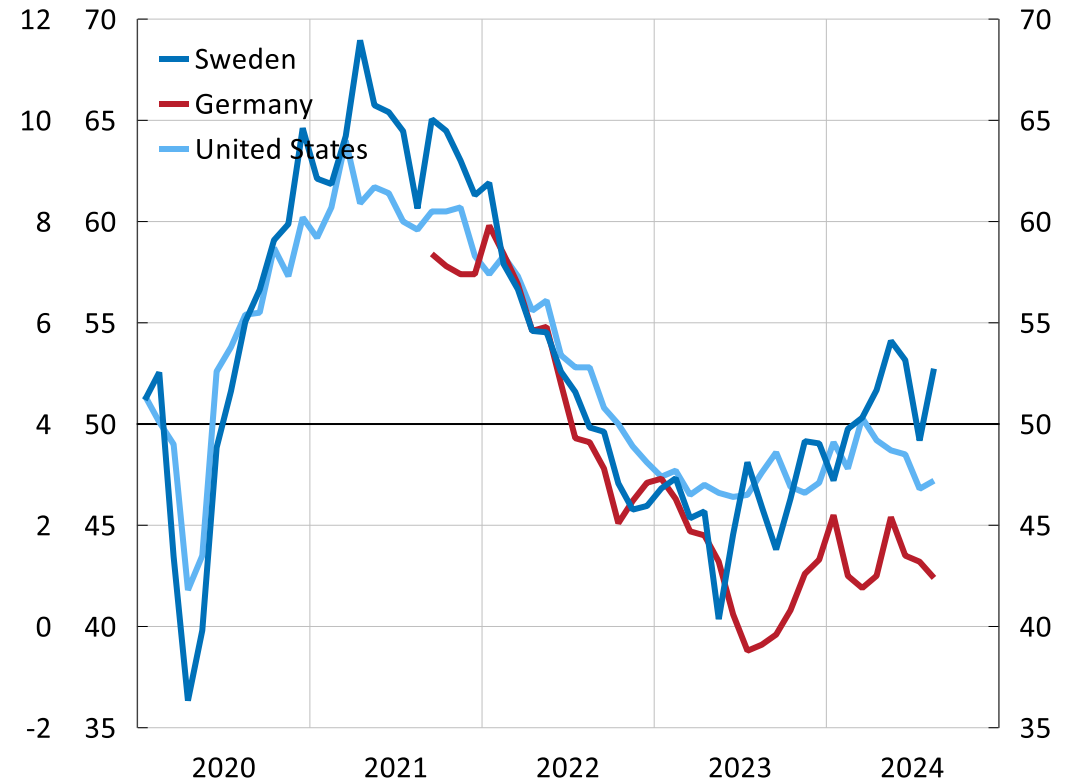
Inflation has fallen faster in Sweden



Annual percentage change (left).

Purchasing Managers' Index in manufacturing sector (right).

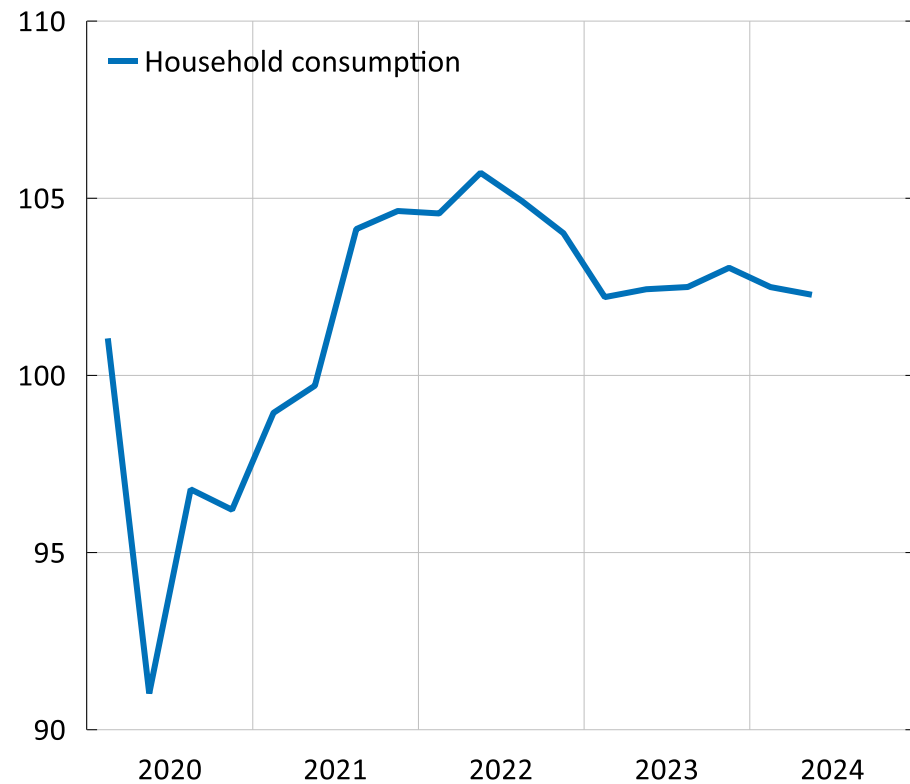
Weaker economic signals from abroad



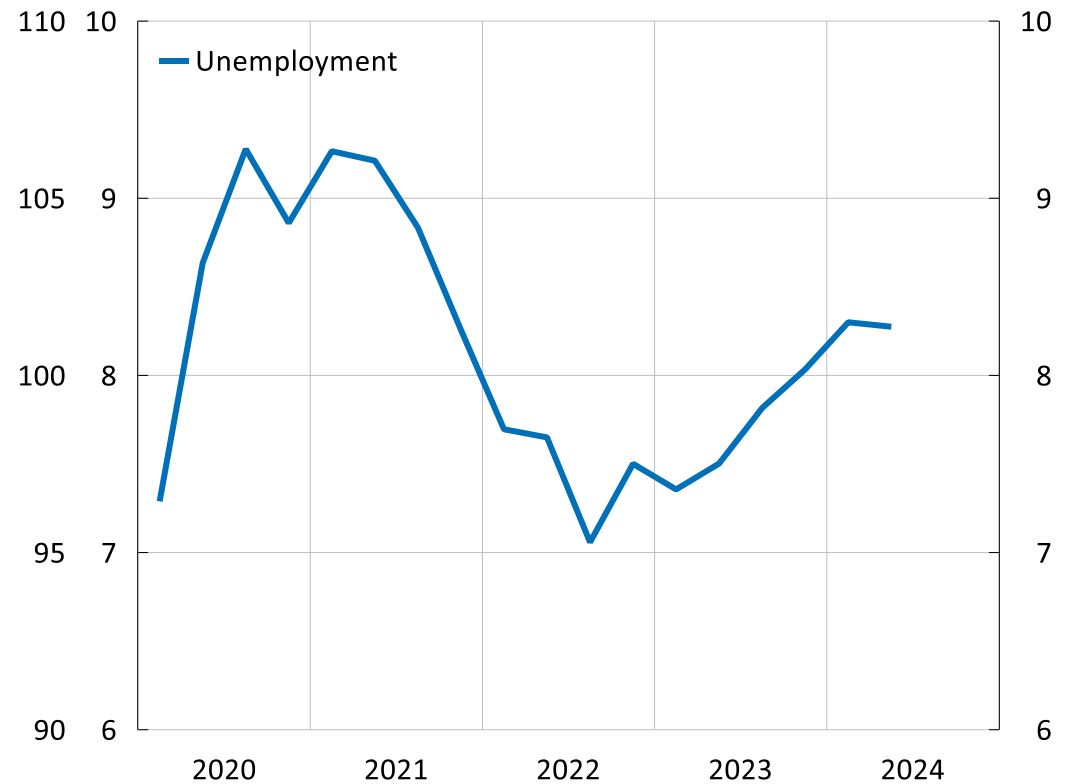
Sources: Institute for Supply Management, S&P Global and Swedbank.

# Weak economic activity in Sweden

## Subdued consumption



## Labour market reflects the weak situation



Index, 2019 Q4=100, seasonally adjusted data (left).

Per cent of labour force aged 15-74. Seasonally-adjusted data (right).

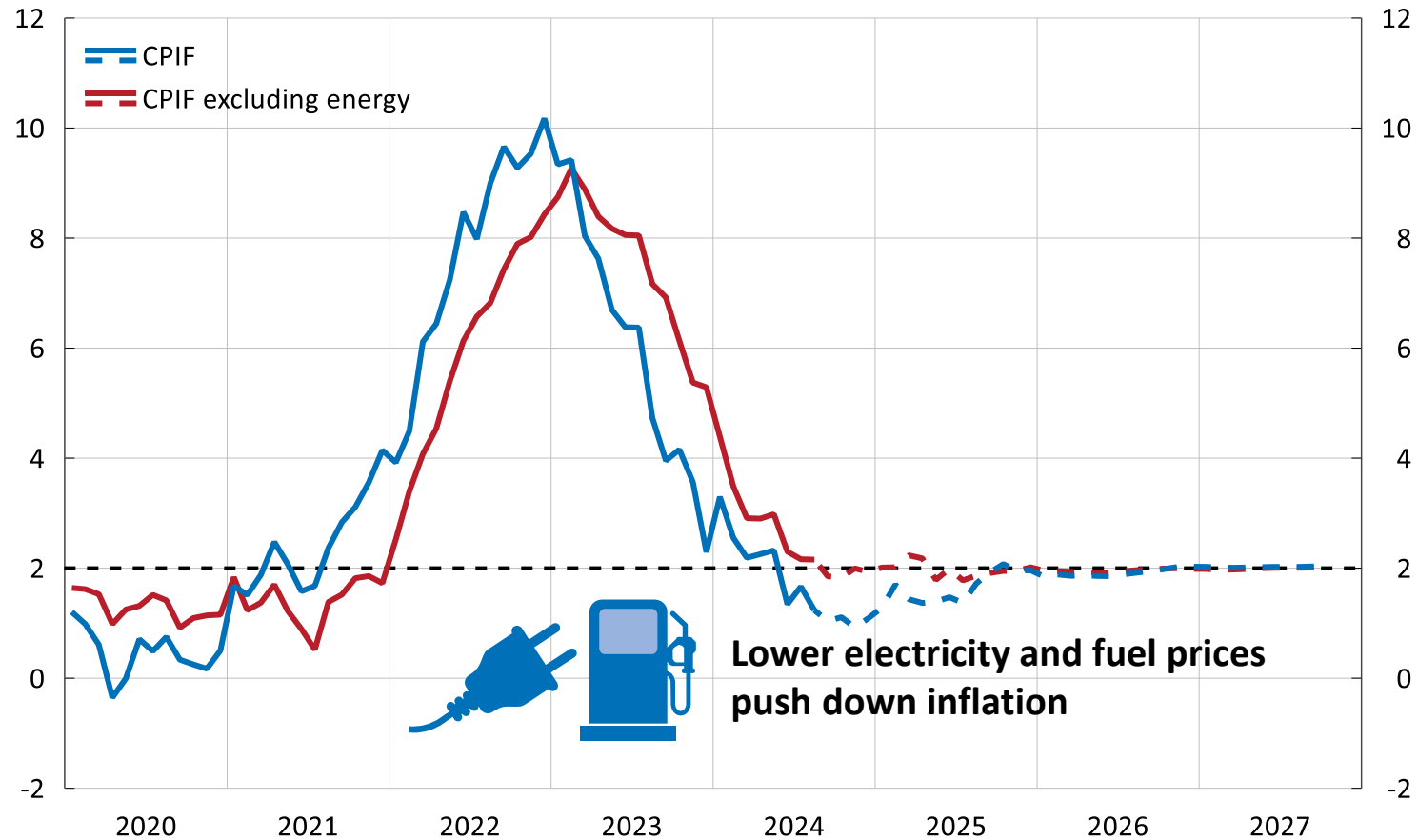
Source: Statistics Sweden.

# Economic activity set to improve next year

- Lower inflation and falling interest rates will improve household and corporate finances.
- Housing investment will rise modestly.
- Unemployment will fall gradually.



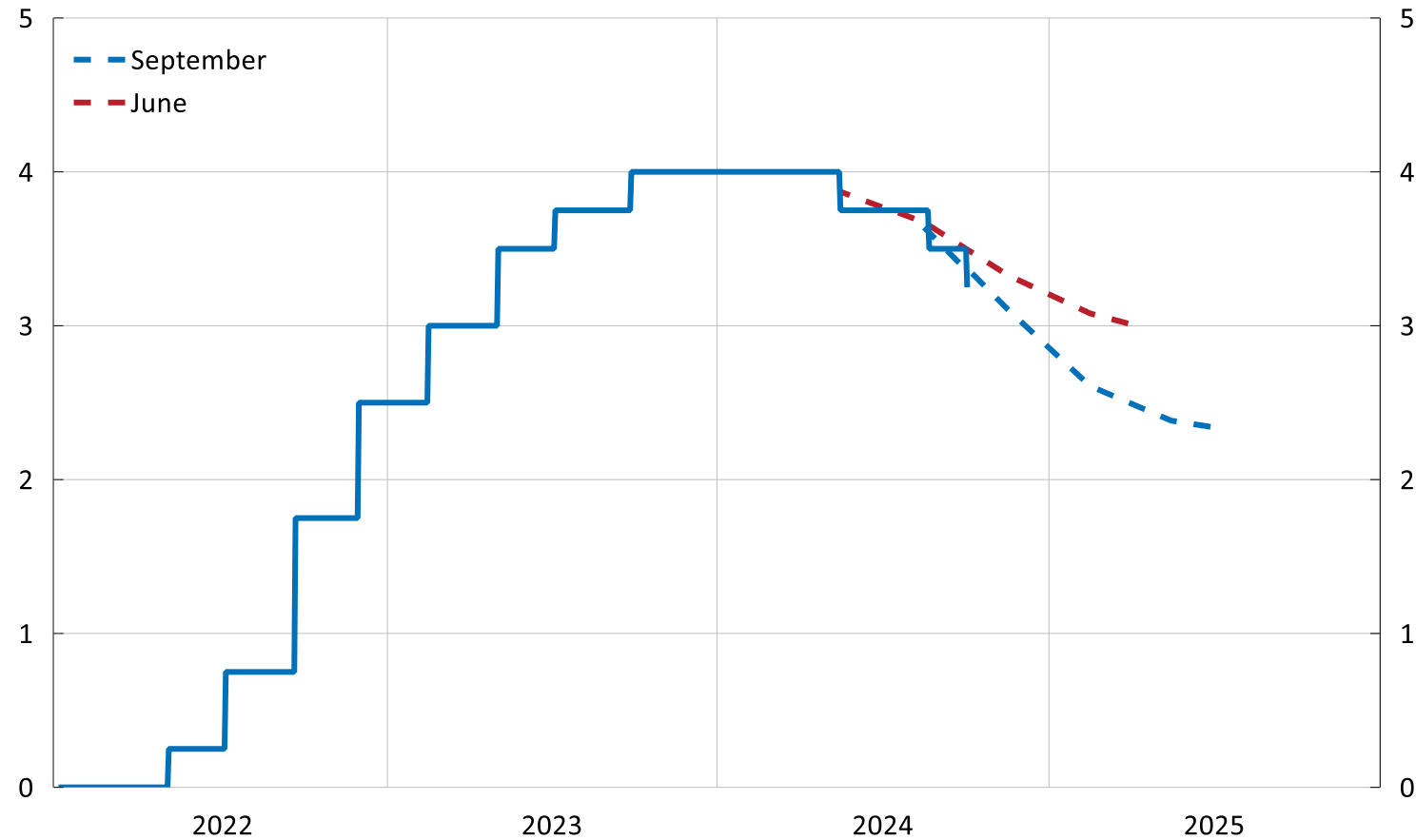
# Conditions for inflation close to target



Annual percentage change.

Sources: Statistics Sweden and the Riksbank.

# Policy rate expected to be cut at a faster pace



Per cent.

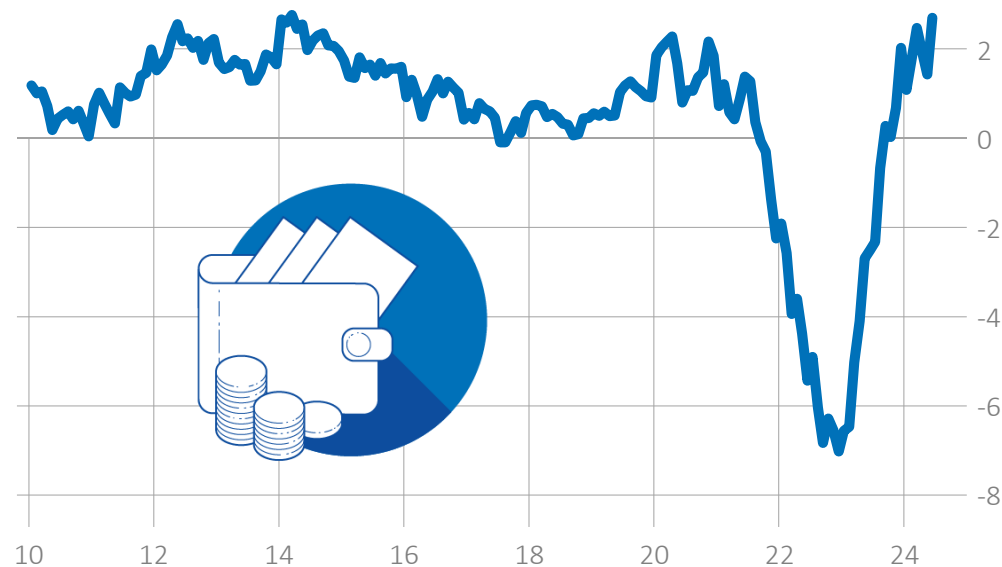
Source: The Riksbank.



# Distinct improvement in household purchasing power

## Real wages rising

Annual percentage change.

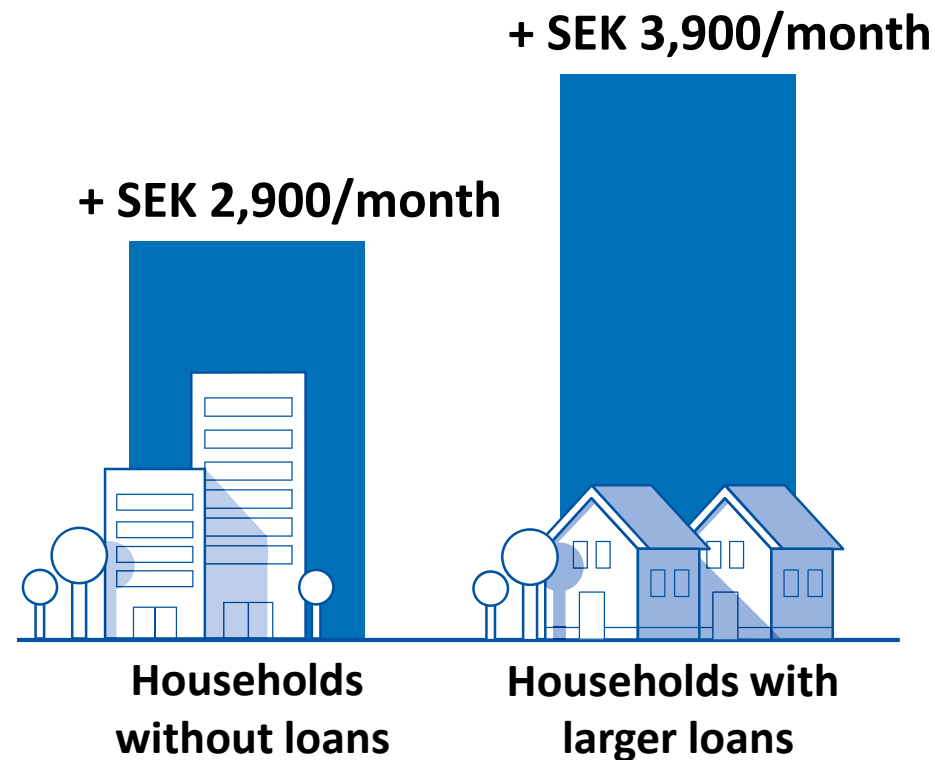


Real wages calculated as the difference between wage growth and the rate of increase in the CPIF.

Sources: The National Mediation Office, Statistics Sweden and the Riksbank.

## Change in real disposable income

2025 compared with 2023.



# Monetary policy adjusted to economic outlook and inflation prospects

Lower interest rate creates good conditions for stronger economic activity and inflation close to 2 per cent.

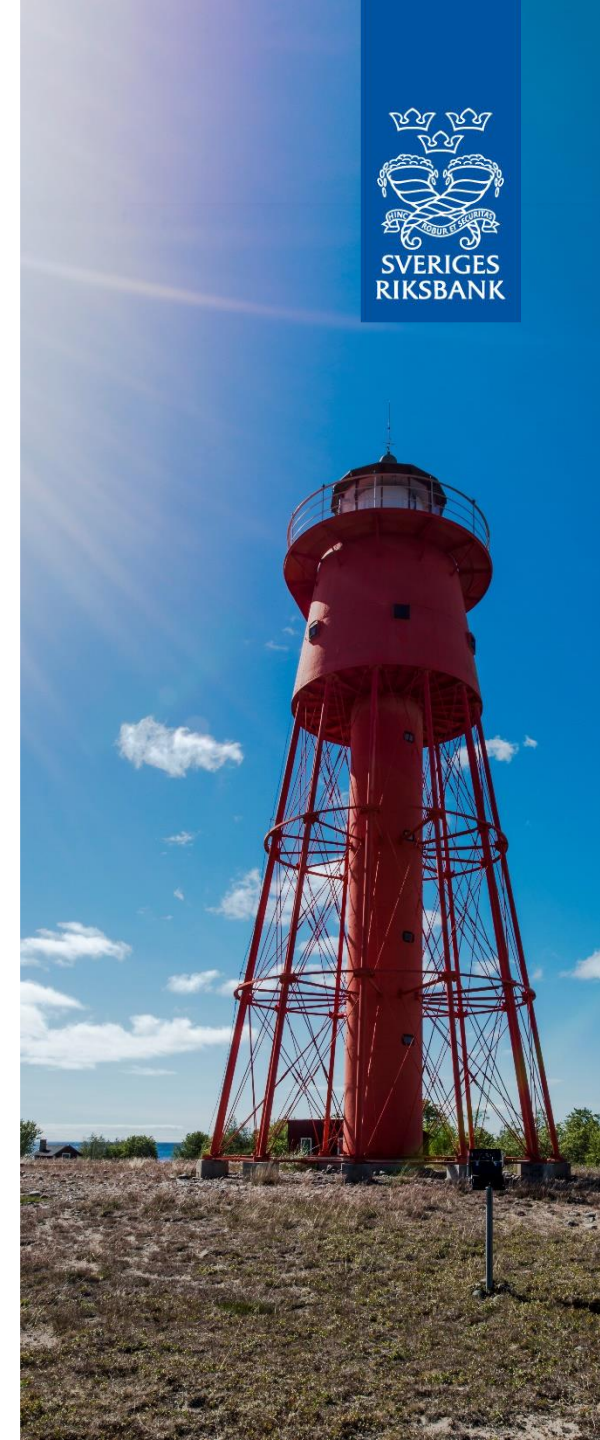
Outlook for inflation and economic activity is uncertain

- Economic recovery
- Geopolitical unease and economic policy abroad
- Krona exchange rate

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*If the conditions change,  
this may justify a higher or lower interest rate*

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