

Inflationary pressures consistent with inflation of around 2 per cent, signs of economic rebound

Monetary policy, January 2025

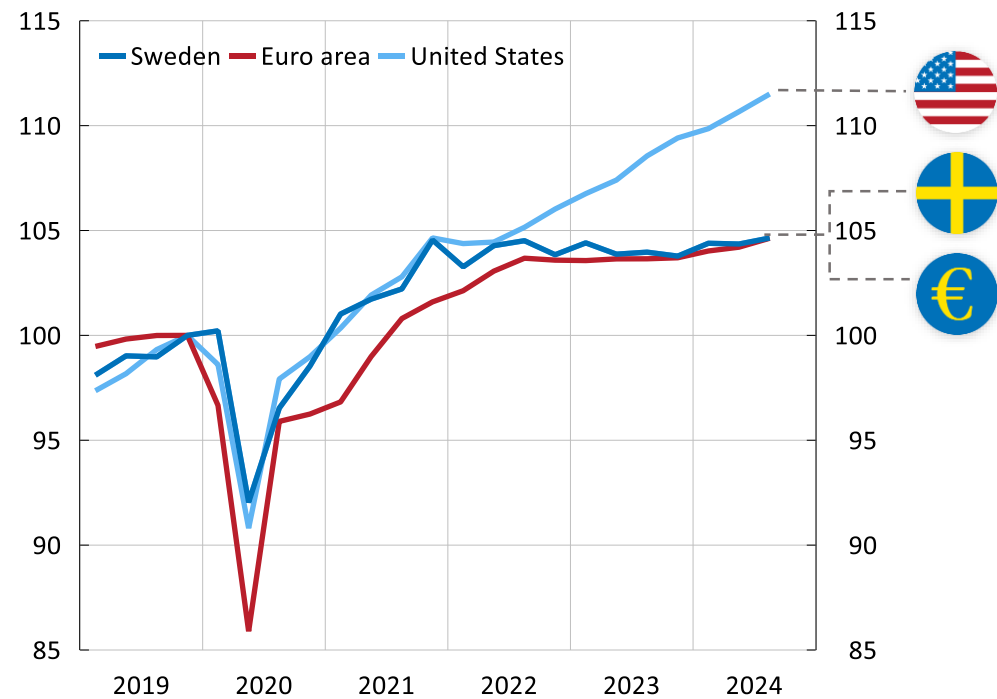
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- Policy rate **cut by 0.25** percentage points to 2.25 per cent
- **The forecast** for the policy rate essentially holds
- The policy rate has been cut by 1.75 percentage points since May, but the cuts have **not yet reached full impact**

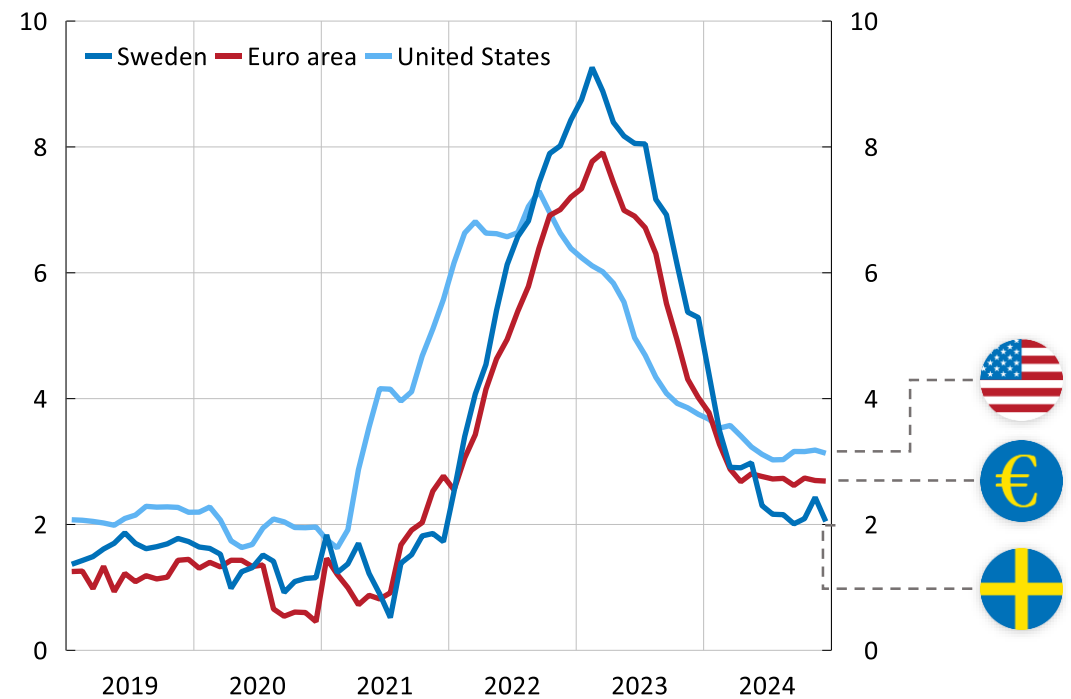


Substantial differences between USA and Europe

Strong GDP growth in USA, weaker in Europe



Higher inflation in the USA



Index, 2019 Q4 = 100 (left), and annual percentage change (right). Right-hand figure refers to CPIX excluding energy for Sweden, HICP excluding energy for the euro area and CPI excluding energy for the United States.

Sources: Eurostat, US Bureau of Labor Statistics and Statistics Sweden.

Uncertainty surrounding global interest and exchange rates

- Rising long-term interest rates
- The dollar has appreciated against several currencies
- Economic policy is unclear
- Emphasises the importance of a tentative approach

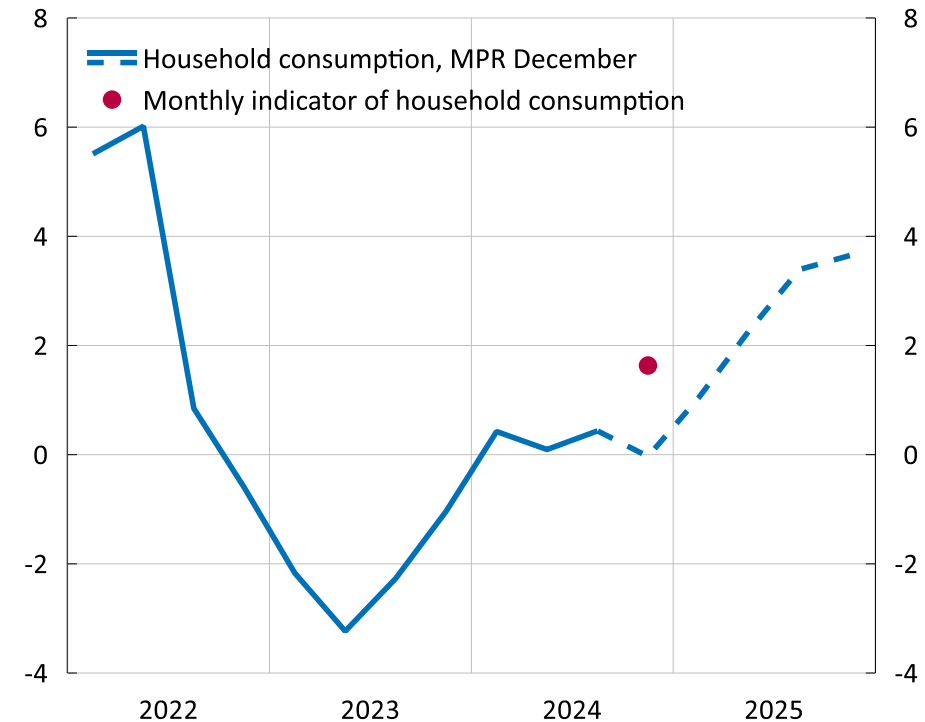


Per cent. US government bond yields,
10-year maturity.

Source: U.S. Department
of Treasury.

Weak economic activity in Sweden, signs of a rebound

- Good conditions for higher growth
- Signs of stronger consumption
- Slowdown in orders among export companies
- Indicators support the picture of higher growth this year



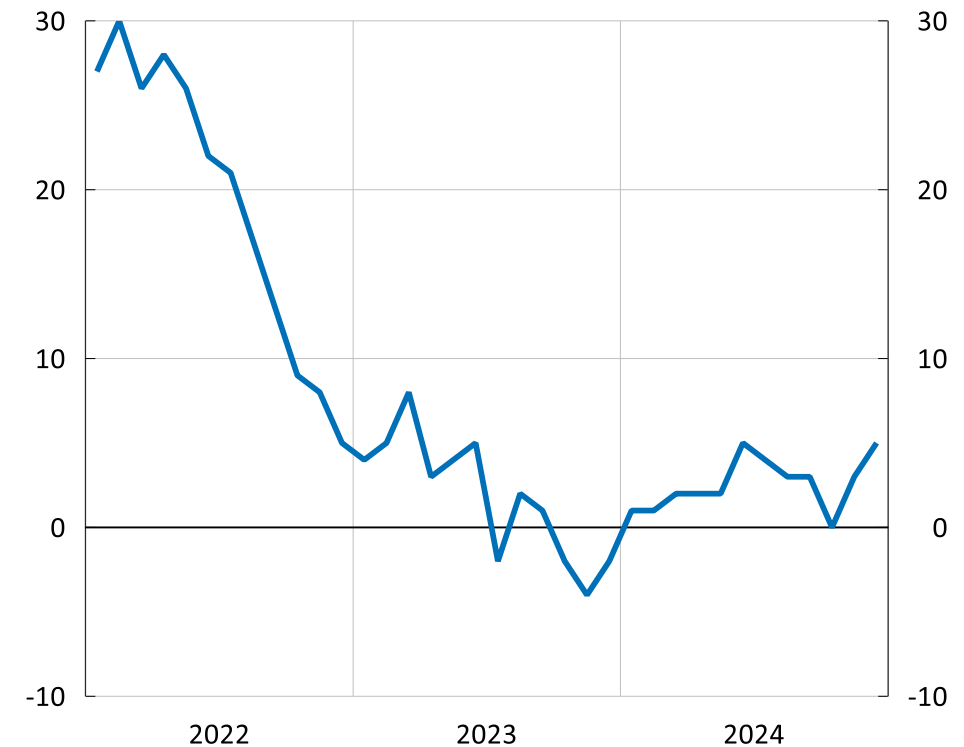
Annual percentage change. Solid and dashed blue line refer to outcome and forecast respectively from the Monetary Policy Report (MPR) in December. The dot refers to the outcome for Statistics Sweden's monthly indicator of household consumption for November 2024.

Sources: Statistics Sweden and the Riksbank.

Tendencies towards improvement in the labour market

- Continued elevated redundancy notices, but some slowdown
- Increasing recruitment plans
- The labour market will not rebound until later in the year

Business sector recruitment plans have increased

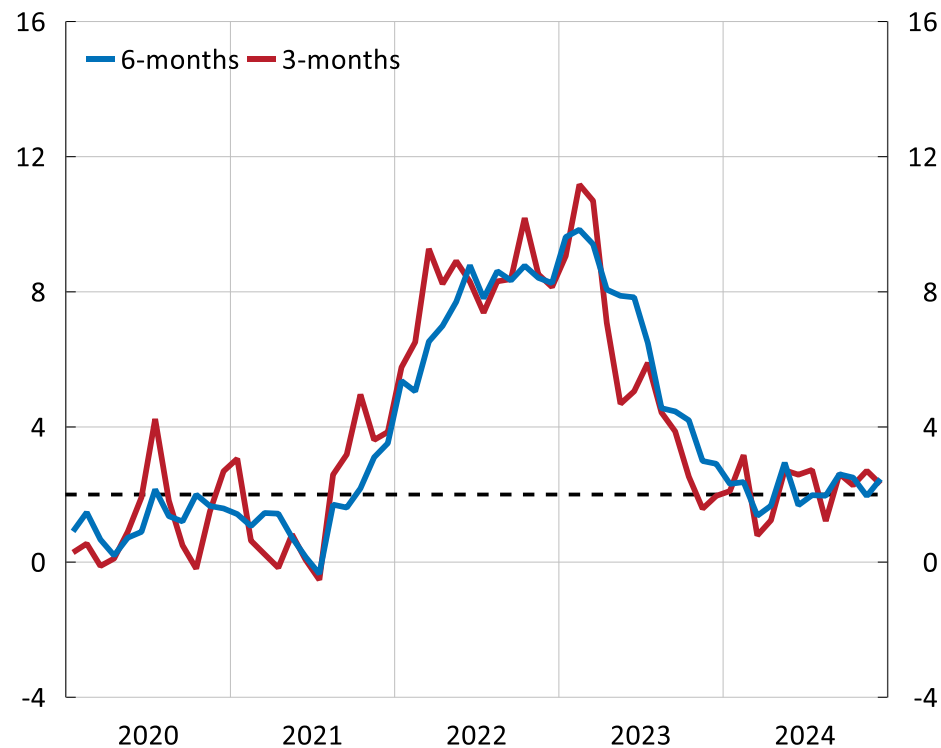


Net figures. Number of companies responding that they plan to increase the number of employees, compared with the number planning to reduce the number of employees in the coming 3 months. Seasonally adjusted data.

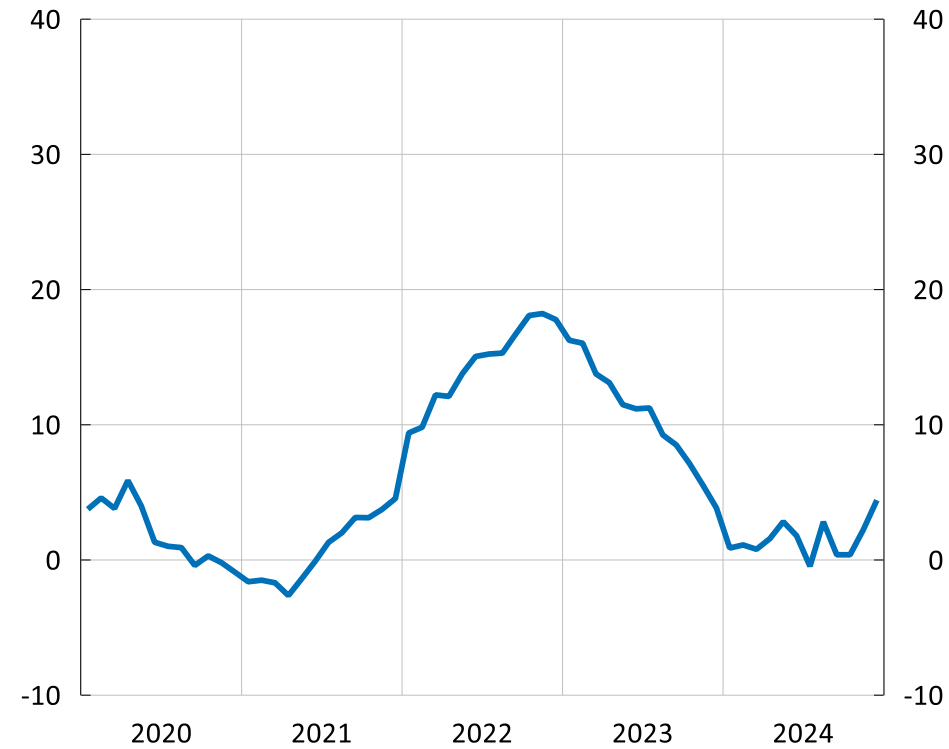
Source: National Institute of Economic Research.

Inflationary pressures in line with target

Underlying inflation close to 2 per cent over past year



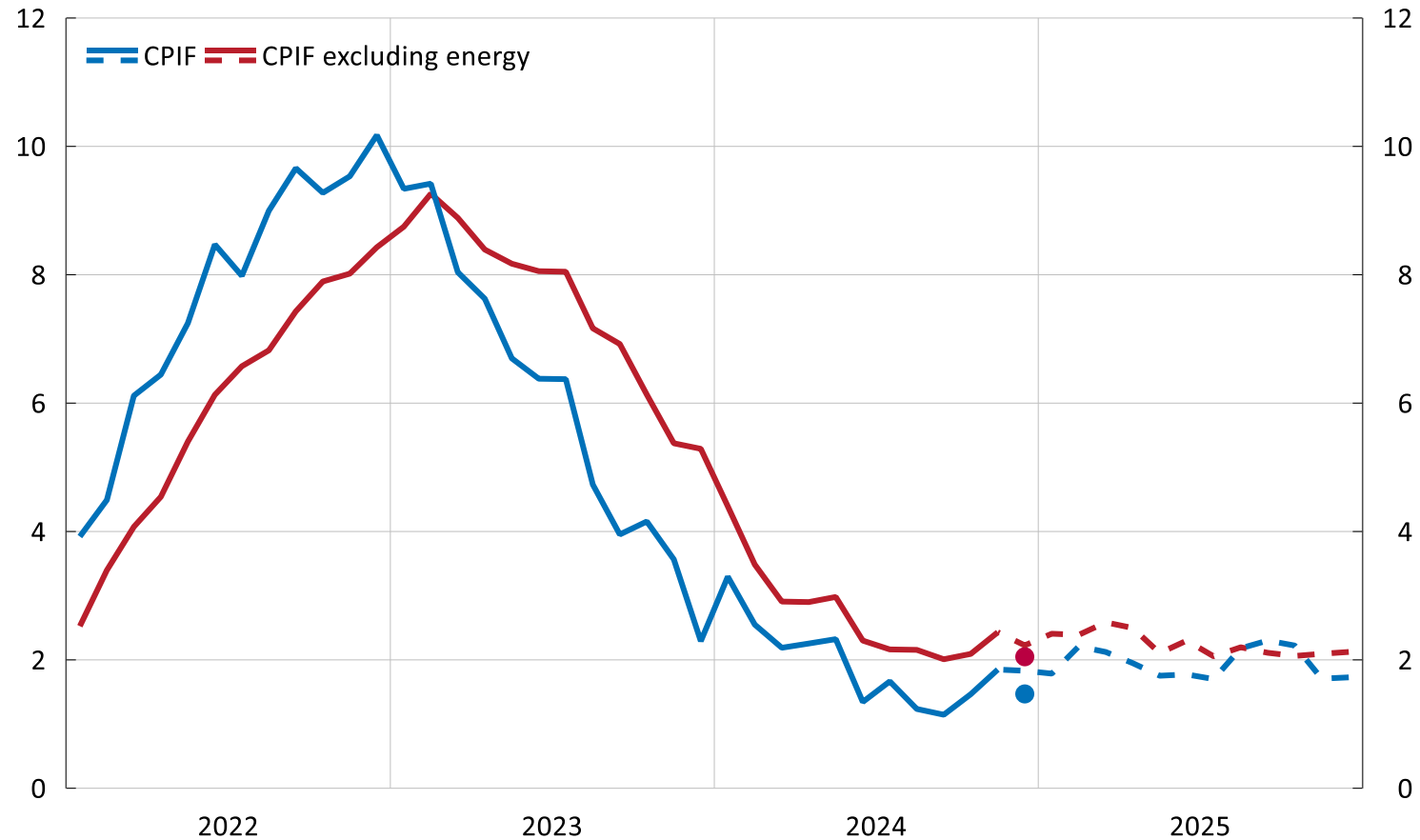
Some upturn in producer prices



CPIF excluding energy, 3 and 6 month change, calculated as an annual rate. Seasonally adjusted data (left). ITPI consumer goods, annual percentage change (right).

Sources: Statistics Sweden and the Riksbank.

Inflation prospects largely holding up



INFLATION
TARGET, CPIF:
2%

Annual percentage change. Solid and dashed line refer to outcome and forecast respectively at the December monetary policy meeting. Dots refer to new outcomes since then.

Sources: Statistics Sweden and the Riksbank.

Outlook for inflation and economic activity is uncertain

The forecast for the policy rate essentially holds


Several factors can affect the outlook for economic activity and inflation:

- Increased trade barriers, economic fragmentation
- The krona exchange rate
- Rebound in the Swedish economy

Monetary policy is forward-looking and guided by a tentative approach

The Riksbank is prepared to act if the outlook changes



A wide-angle photograph of a winter landscape. The foreground is a vast, flat, snow-covered field with subtle ripples and tracks. In the middle ground, a line of evergreen trees is visible on the left side. The background shows a horizon line under a sky with soft, golden light from a low sun, creating a warm glow. The overall scene is serene and expansive.

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