Monetary Policy Report April 2018

SVERIGES RIKSBANK

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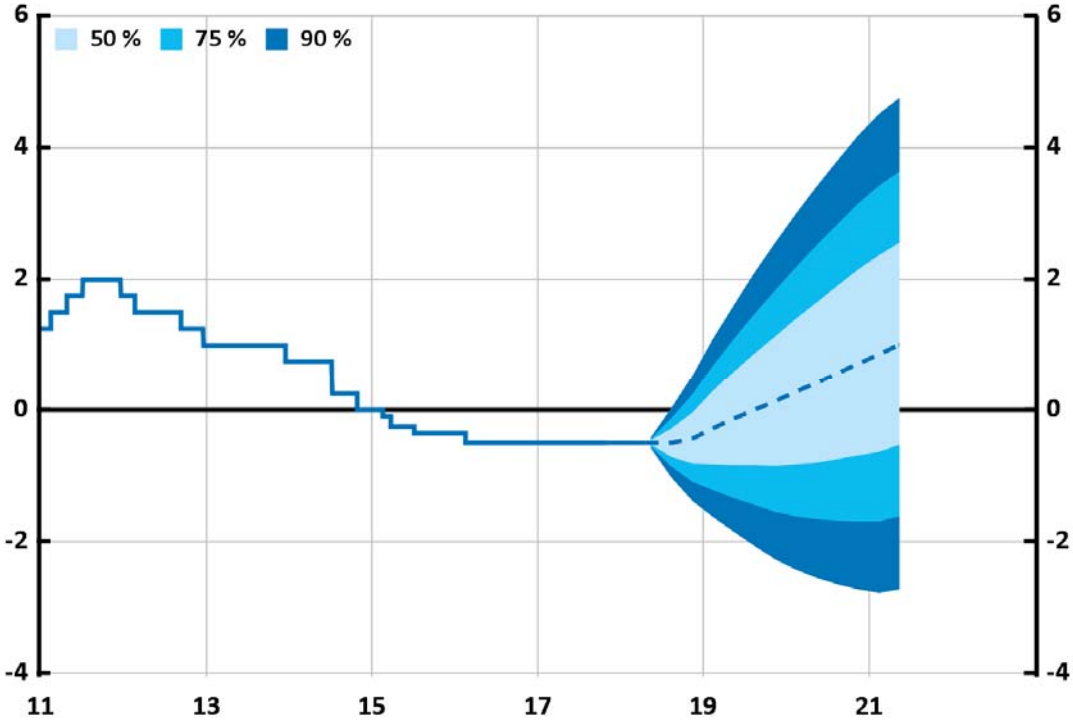
1668 2018 350

Chapter 1

SVERIGES RIKSBANK

Figure 1.1. Repo rate with uncertainty bands

Per cent

Source: The Riksbank

Figure 1.2. GDP with uncertainty bands
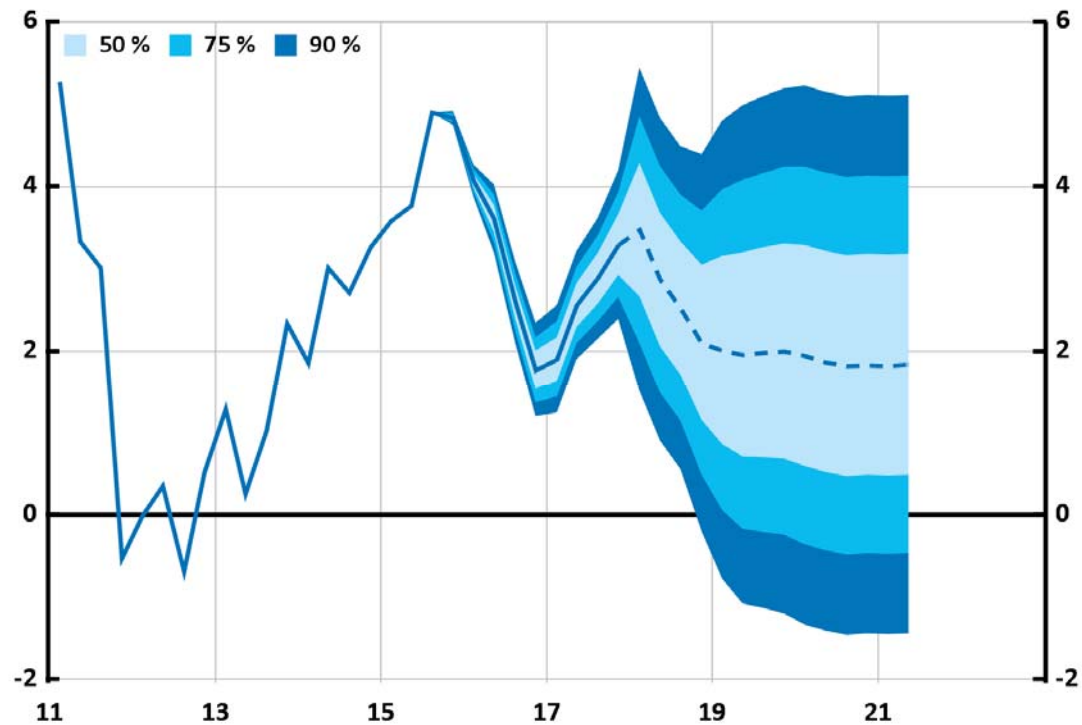
Annual percentage change, seasonally-adjusted data

Figure 1.3. CPIF with uncertainty bands
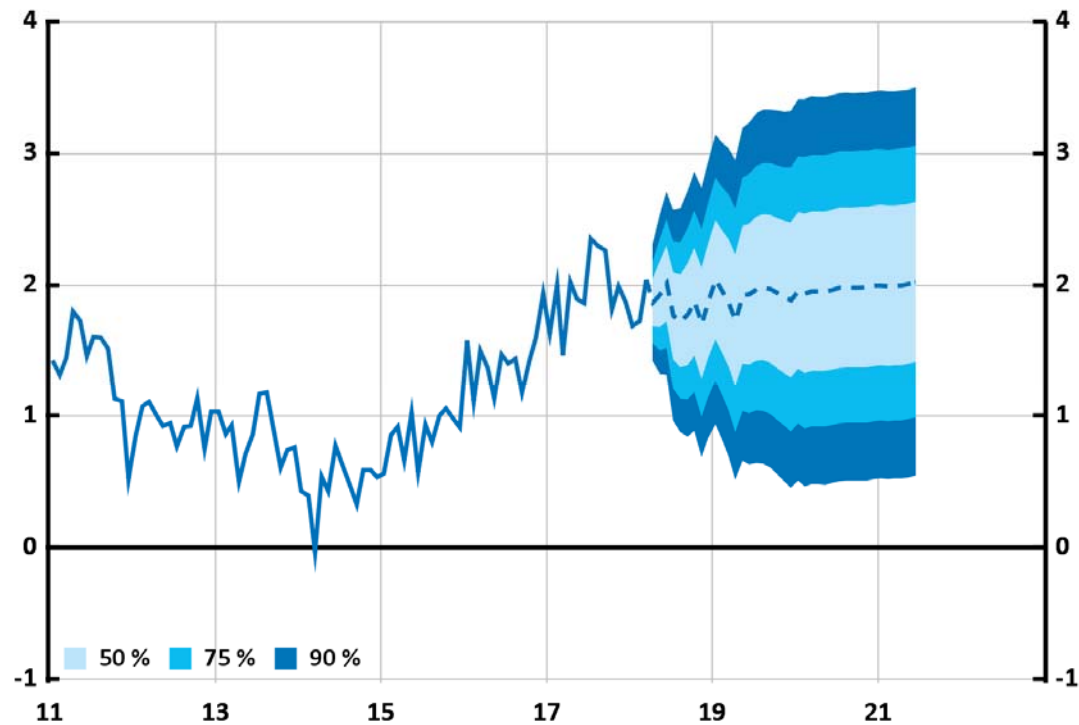
Annual percentage change

Figure 1.4. Competition-weighted nominal exchange rate, KIX

Index, 1992-11-18 = 100
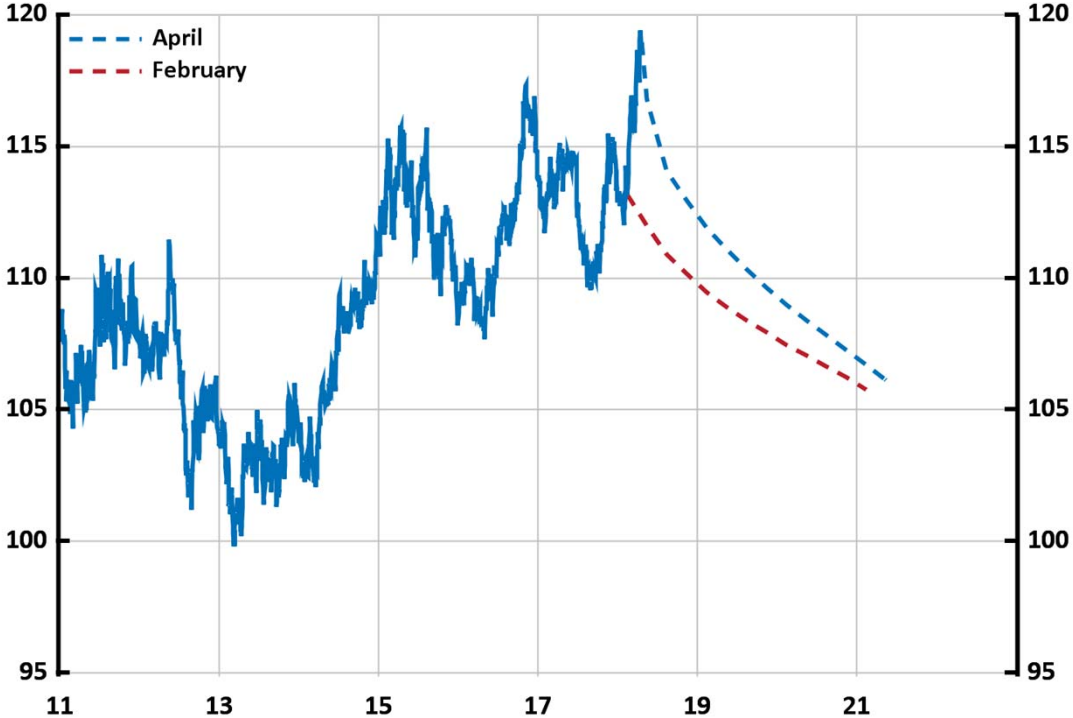
Note. Outcomes are daily rates and forecasts refer to quarterly averages. KIX refers to an aggregate of countries that are important for Sweden's international transactions.

Sources: National sources and the Riksbank

Figure 1.5. CPIF

Annual percentage change
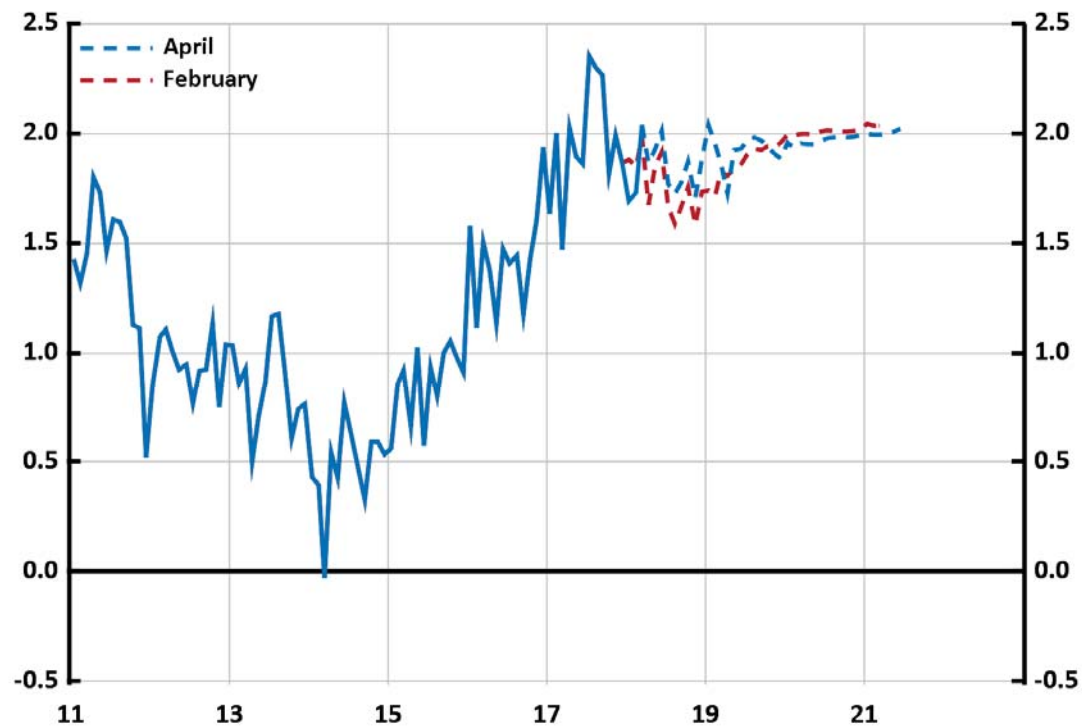
Sources: Statistics Sweden and the Riksbank

Figure 1.6. CPIF excluding energy

Annual percentage change
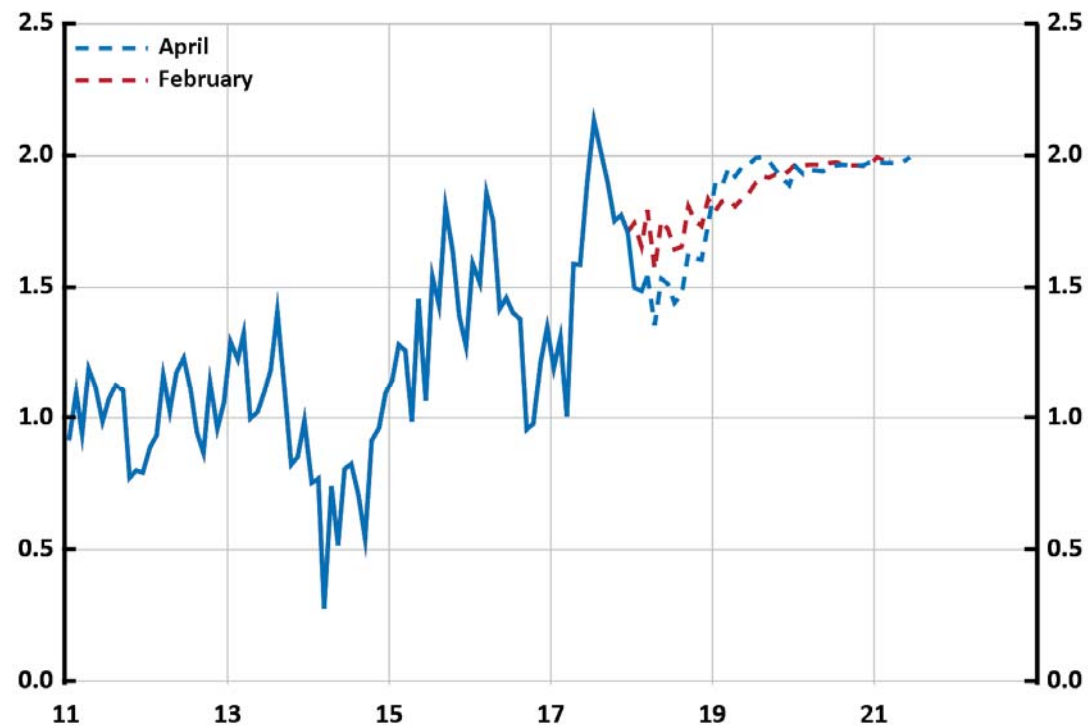
Figure 1.7. Repo rate

Per cent
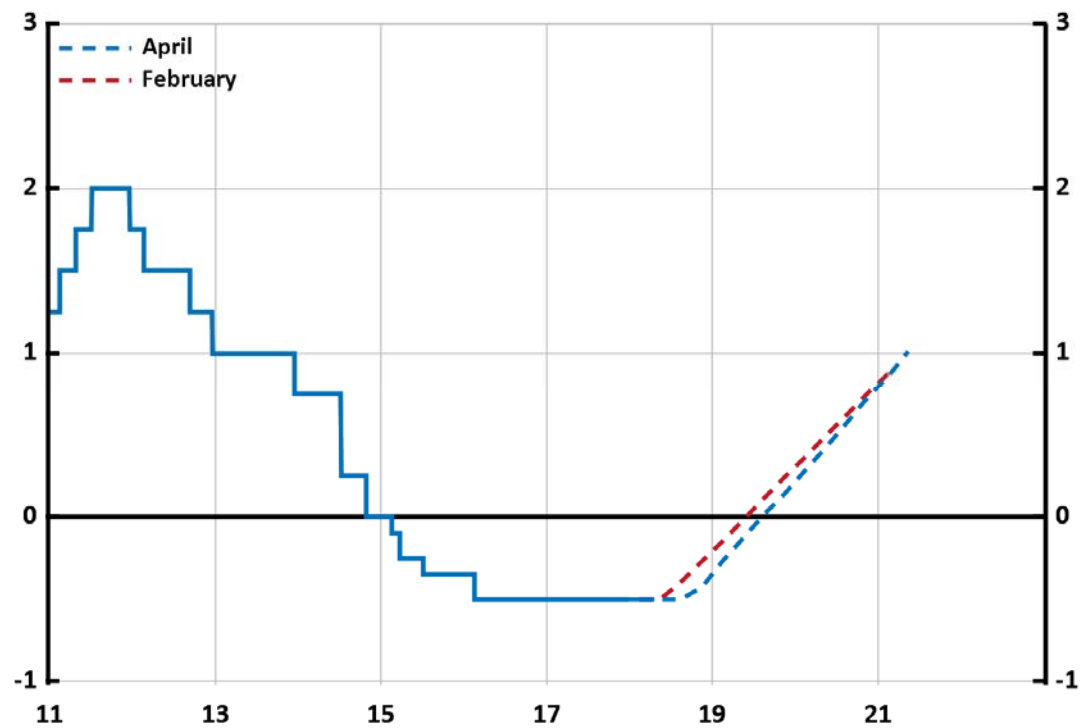
Note. Outcomes are daily data and the forecasts refer to quarterly averages.

Source: The Riksbank

Figure 1.8. The Riksbank's holdings of government bonds

Nominal amounts, SEK billion
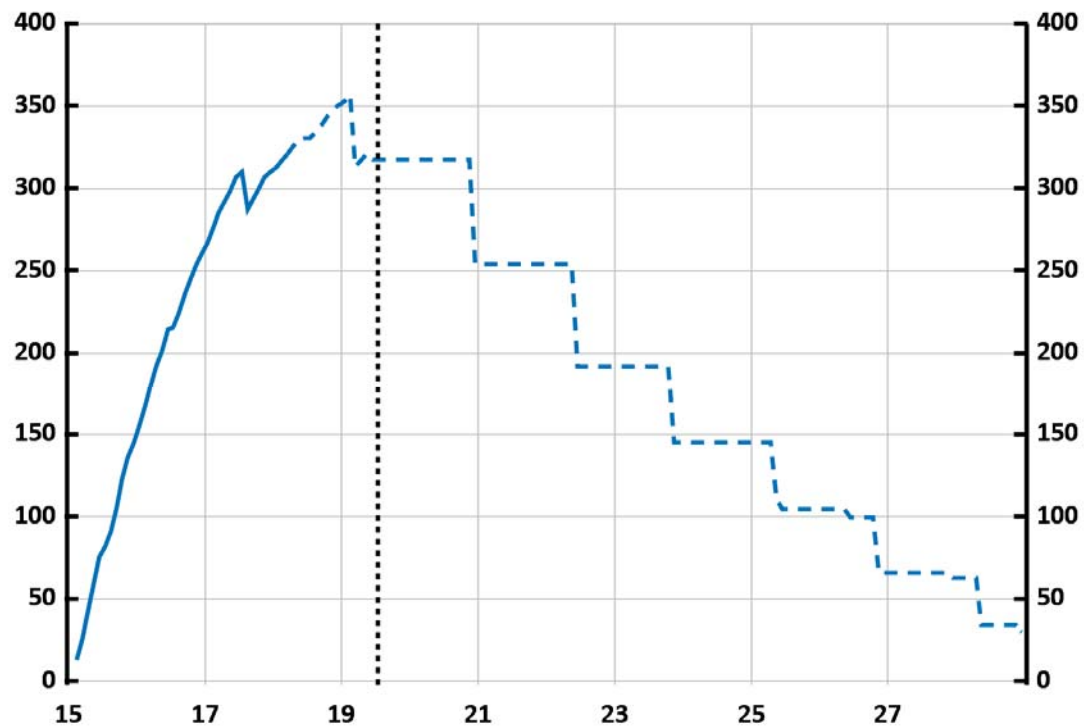
Figure 1.9. The Riksbank's purchases and reinvestments

Nominal amounts, SEK billion
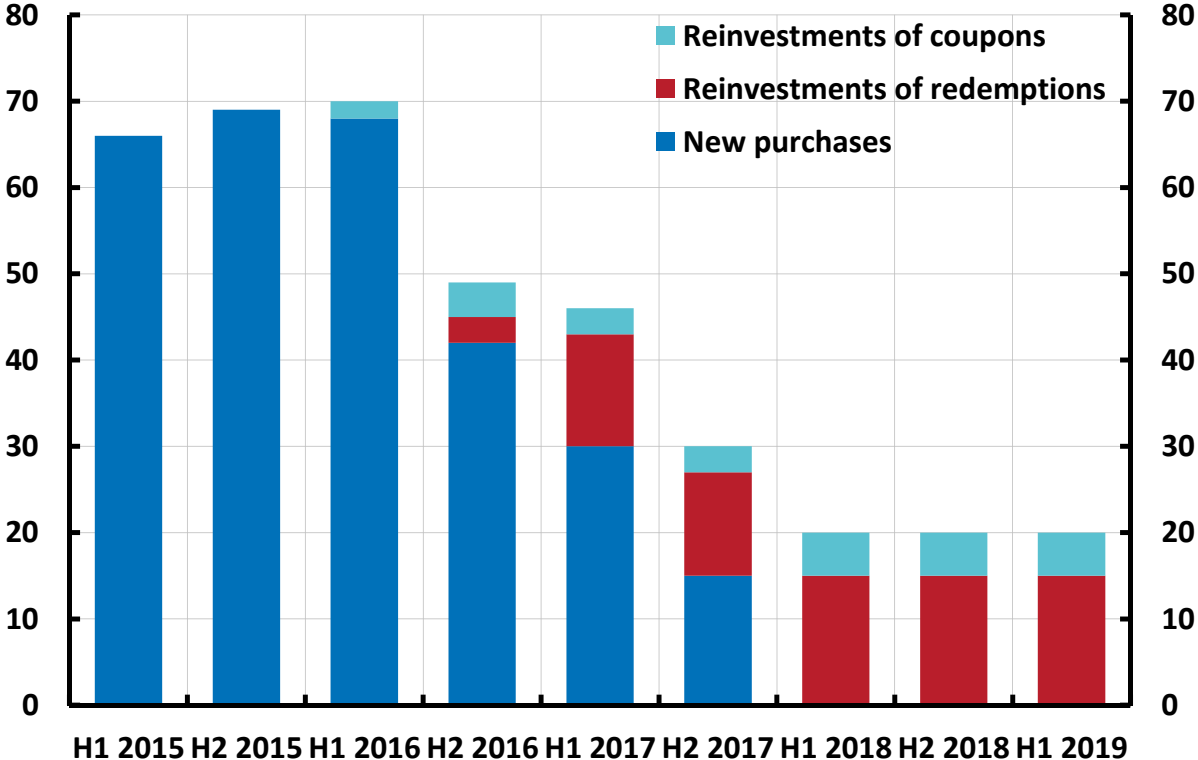
Note. The development for reinvestments from 2018 onwards is a forecast and refers to nominal amounts. The final amounts will depend on prevailing market prices.

Source: The Riksbank

Figure 1.10. Real repo rate

Per cent, quarterly averages
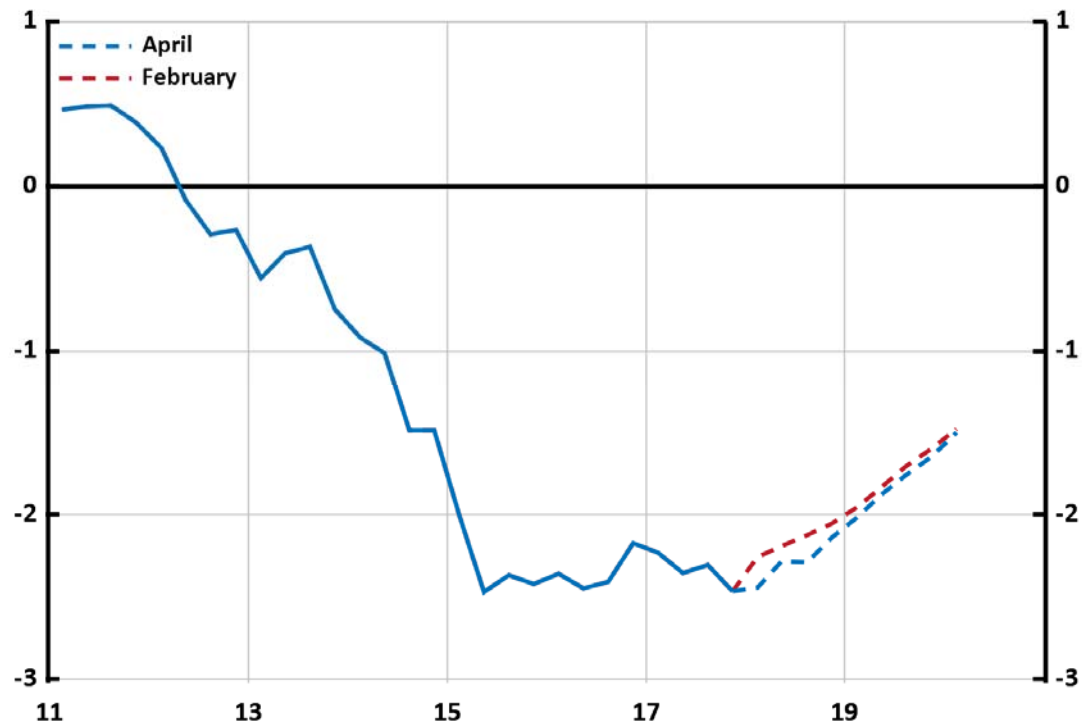
Figure 1.11. House prices according to HOX Sweden

Per cent
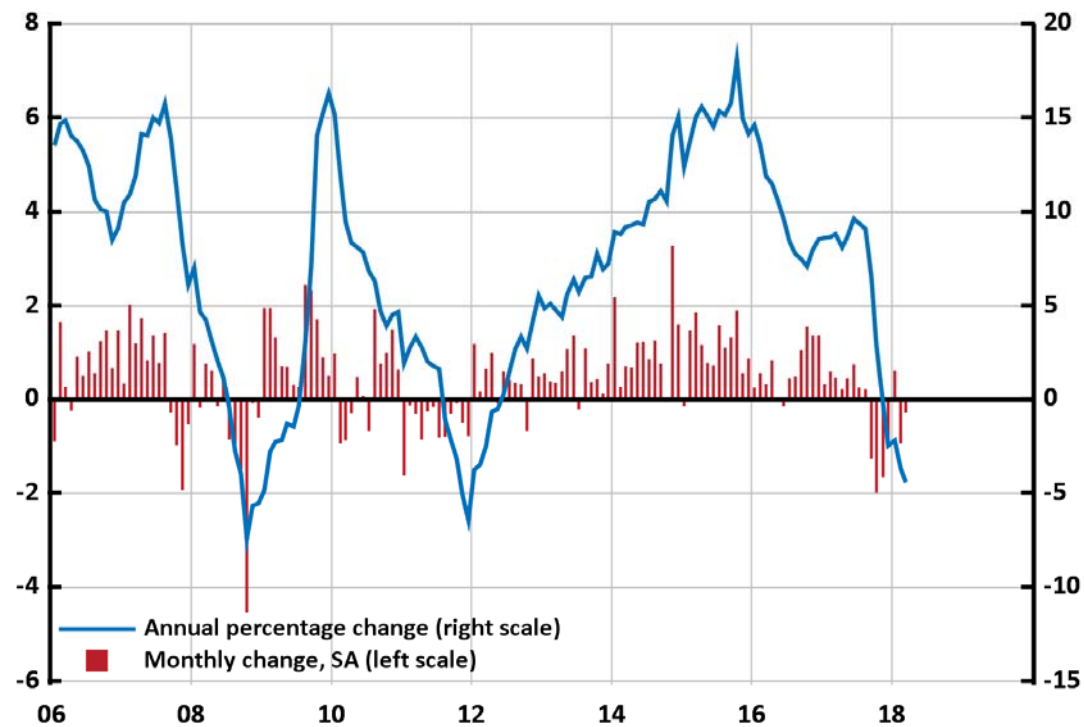
Sources: Valueguard and the Riksbank

Figure 1.12. Housing prices and lending to households

Annual percentage change

Lending to households

Real estate price statistics for one- or two-dwelling buildings

HOX Sweden
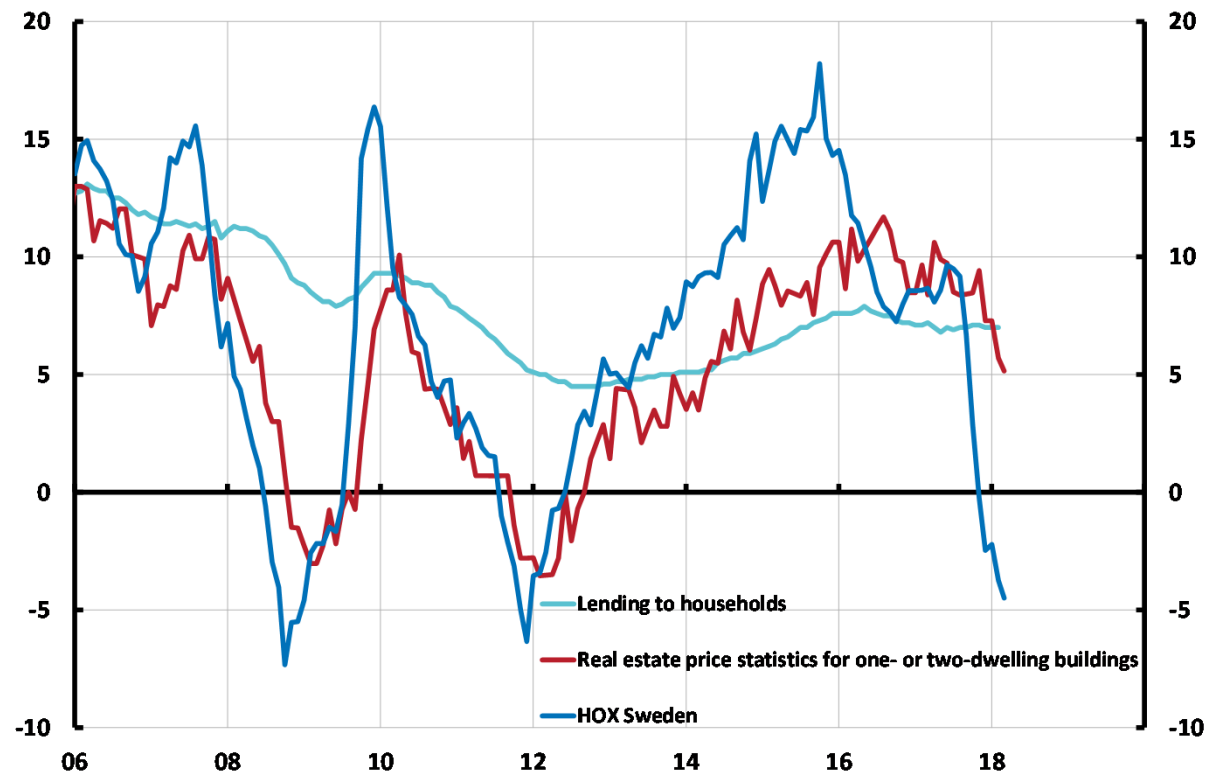
Sources: Statistics Sweden, Valueguard and the Riksbank

Figure 1.13. Household debt ratio

Per cent of yearly disposable income
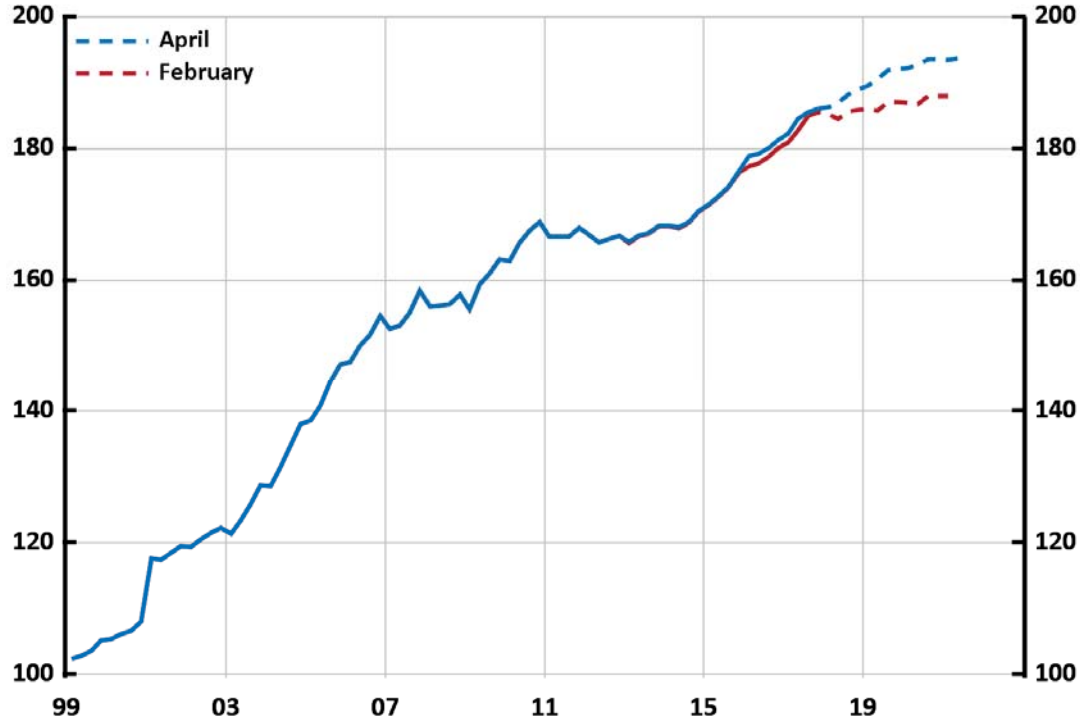
Note. Households' total debts as a share of their disposable income totalled over the past four quarters.

Sources: Statistics Sweden and the Riksbank

Chapter 2

SVERIGES RIKSBANK

Figure 2.1. Policy rates and rate expectations according to forward rates

Per cent
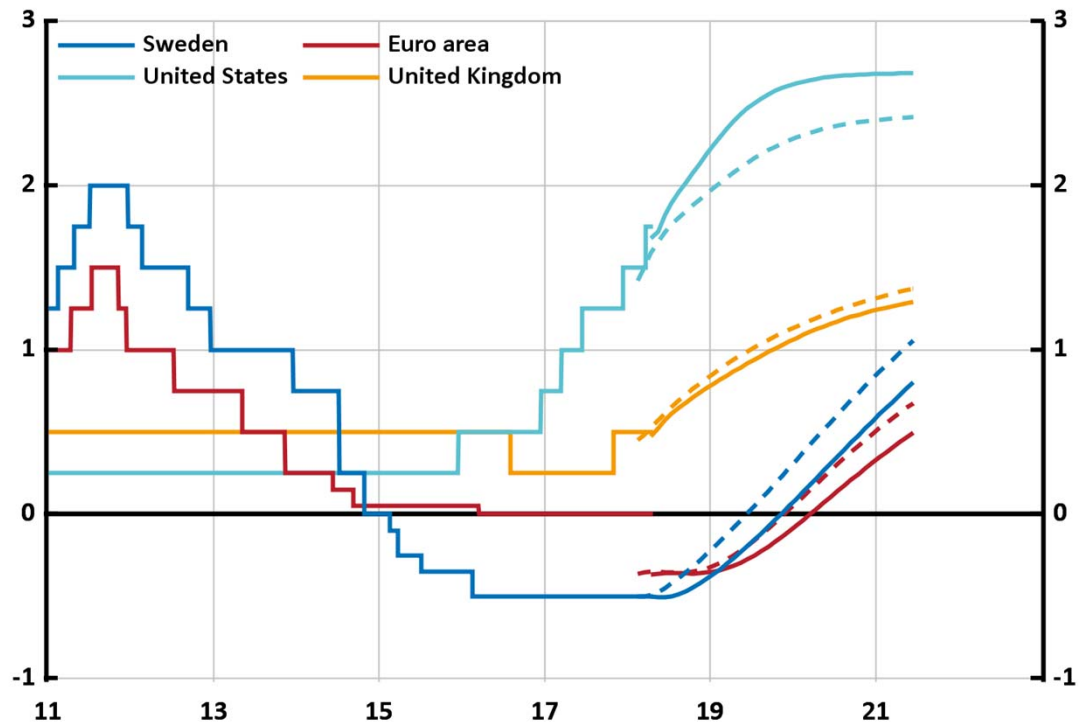
Note. Forward rates describe the expected overnight rate, which does not always correspond to the policy rate (the main refinancing rate for the euro area). Unbroken lines are estimated on 24 April 2018, broken lines are estimated on 9 February 2018.

Sources: The national central banks, Macrobond and the Riksbank

Figure 2.2. Government bond yields with 2 years to maturity

Per cent

Figure 2.3. Government bond yields with 10 years to maturity

Per cent

Figure 2.4. Stock market movements in local currency

Index, 4 January 2016 = 100

Note. The vertical line indicates the Monetary Policy Meeting in February.

Sources: Macrobond and the Riksbank

Figure 2.5. Volatility Indices

Per cent and index respectively
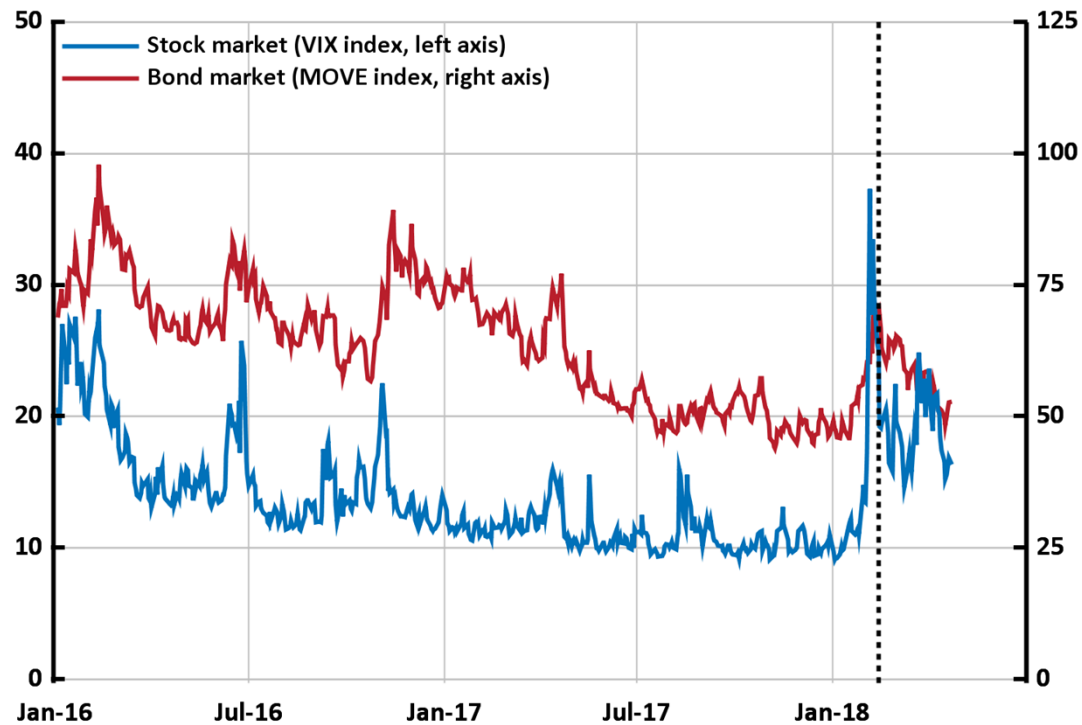
Note. Volatility Index (VIX) shows the expected volatility on the US stock market based on options prices. Merrill Lynch Option Volatility Estimate (MOVE) Index is a measure of the expected volatility of US government bonds based on options prices. The vertical line indicates the Monetary Policy Meeting in February.

Sources: Chicago Board Operations Exchange and Merrill Lynch

Figure 2.6. Trade-weighted exchange rates

Index, 2018-01-01=100
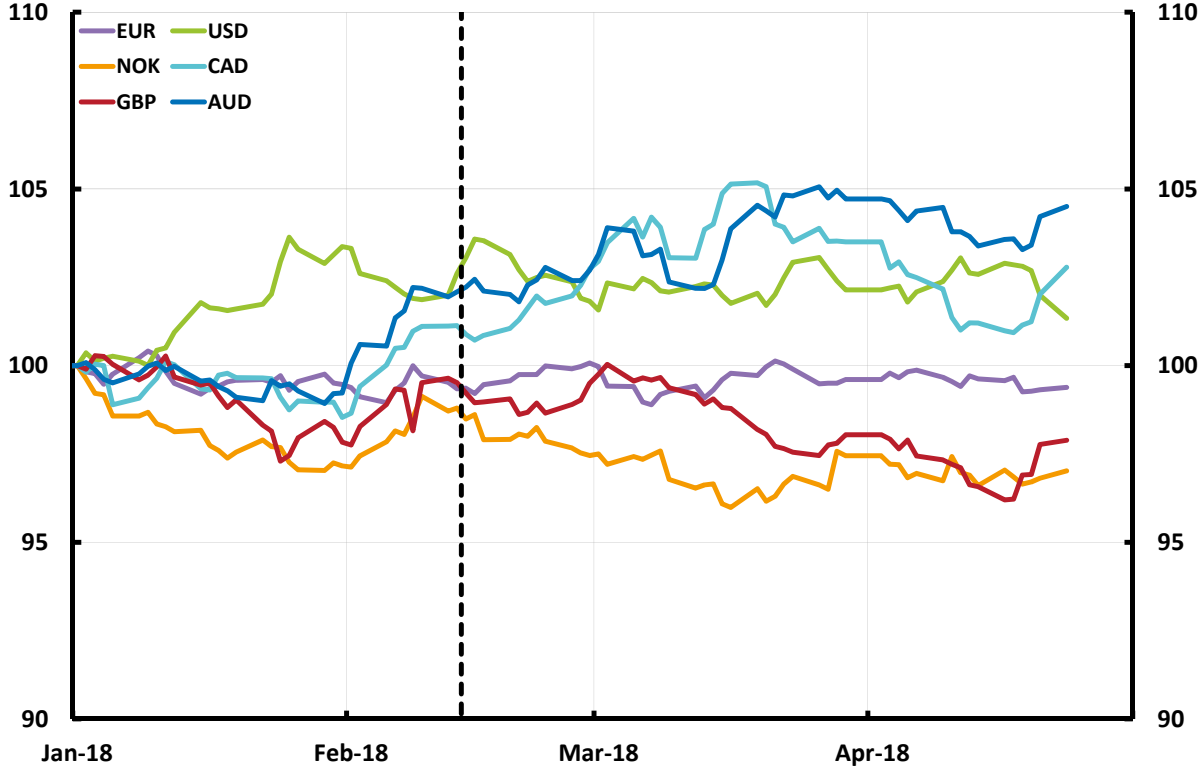
Note. A value higher than 100 indicates a weaker exchange rate. The vertical line indicates the Monetary Policy Meeting in February.

Sources: Bank of England and Riksbanken

Figure 2.7. Repo rate and market expectations

Per cent, average
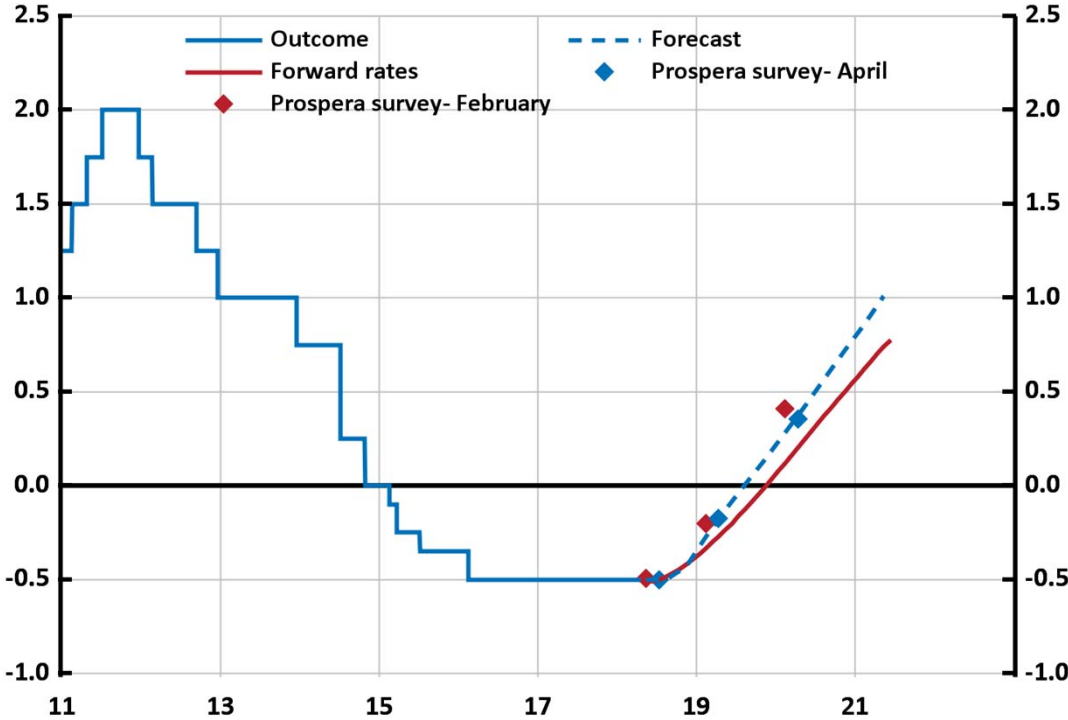
Note. The forward rate is estimated on 2018-04-24 and is a measure of the expected repo rate. The survey responses show the average for money market participants 2018-01-31 respectively 2018-03-27.

Sources: Macrobond, TNS Sifo Prospera and the Riksbank

Figure 2.8. Yield spread between mortgage bonds and government bonds

Percentage points
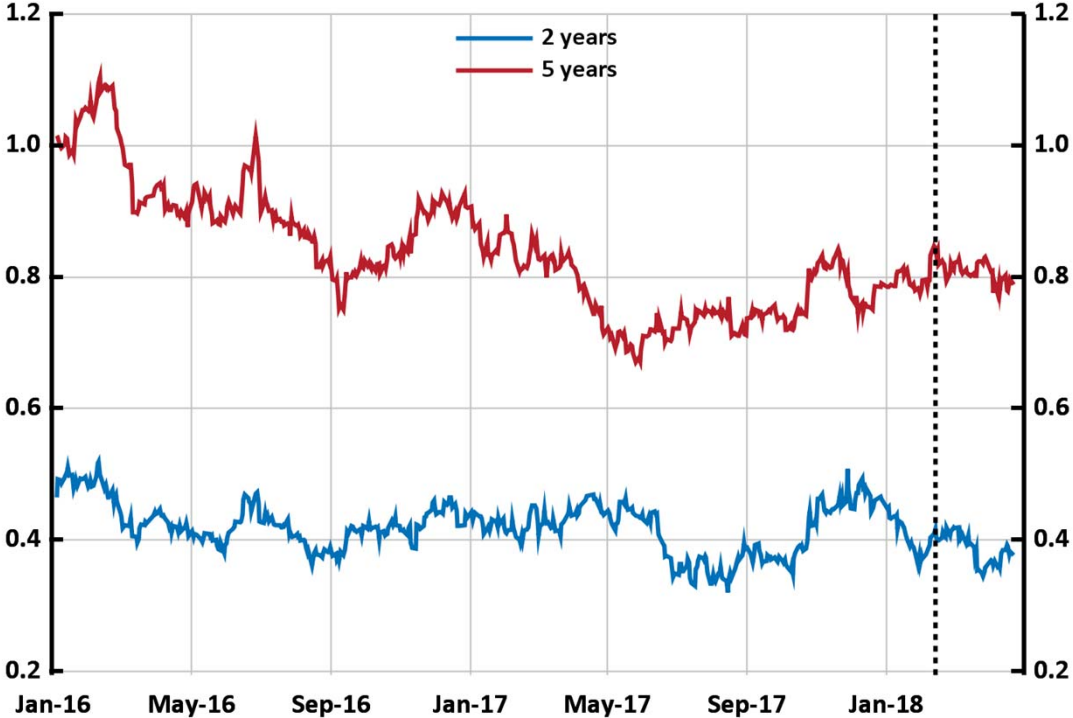
Note. Yields on mortgage bonds and government bonds are zero coupon yields calculated using the Nelson-Siegel method. The vertical line indicates the Monetary Policy Meeting in February.

Sources: Macrobond and the Riksbank

Figure 2.9. Bank lending to households and companies

Annual percentage change
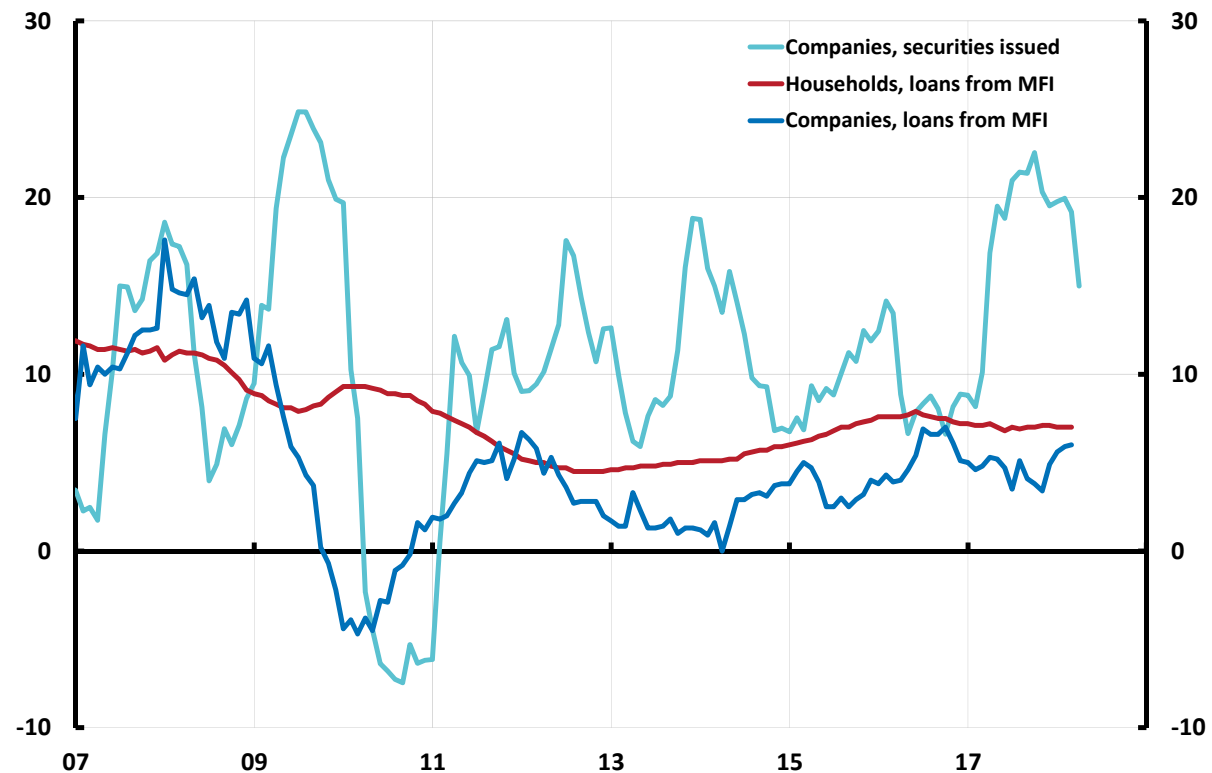
Note. Lending by Monetary financial institutions (MFI) to households and non-financial corporations adjusted for reclassifications and bought and sold loans, according to financial market statistics. The data extends until the end of February 2018. Securities issued by non-financial corporations have been adjusted for currency impact and extend until the end of February 2018.

Source: Statistics Sweden

Figure 2.10. Repo rate together with the average deposit and lending rate to households and companies, new contracts

Per cent

Legend:
- Lending rate, households for house purchase
- Lending rate, non-financial companies
- Deposit rate, households
- Deposit rate, non-financial companies
- Repo rate
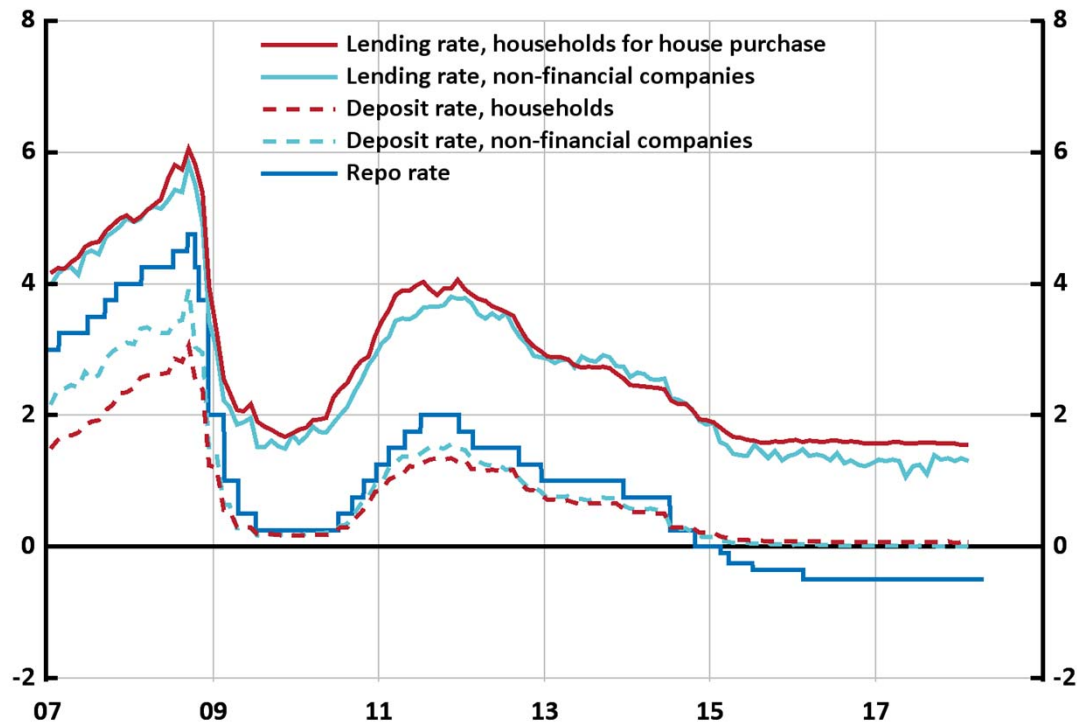
Note. MFIs' average deposit and lending rates are a weighted average of all interest rates for different maturities.

Chapter 3

Figure 3.1. CPIF and variation band

Annual percentage change
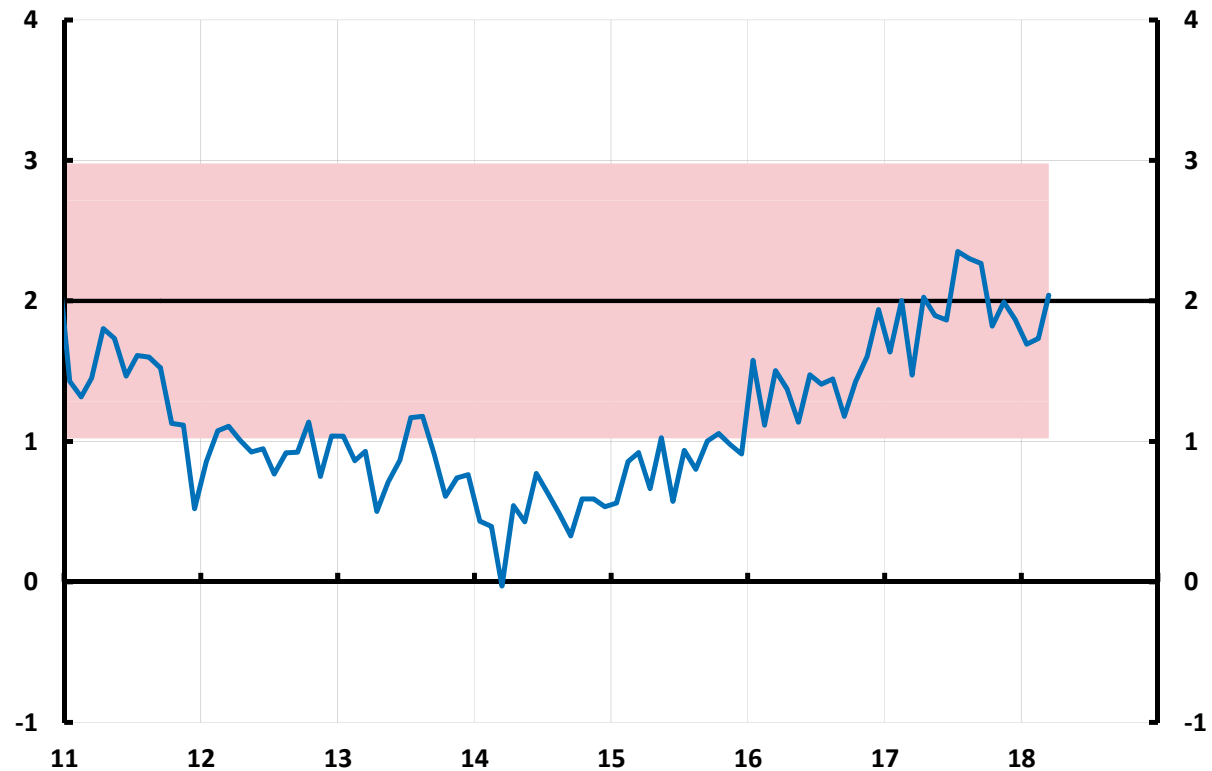
Sources: Statistics Sweden and the Riksbank

Figure 3.2. Prices of goods and services in the CPI

Annual percentage change
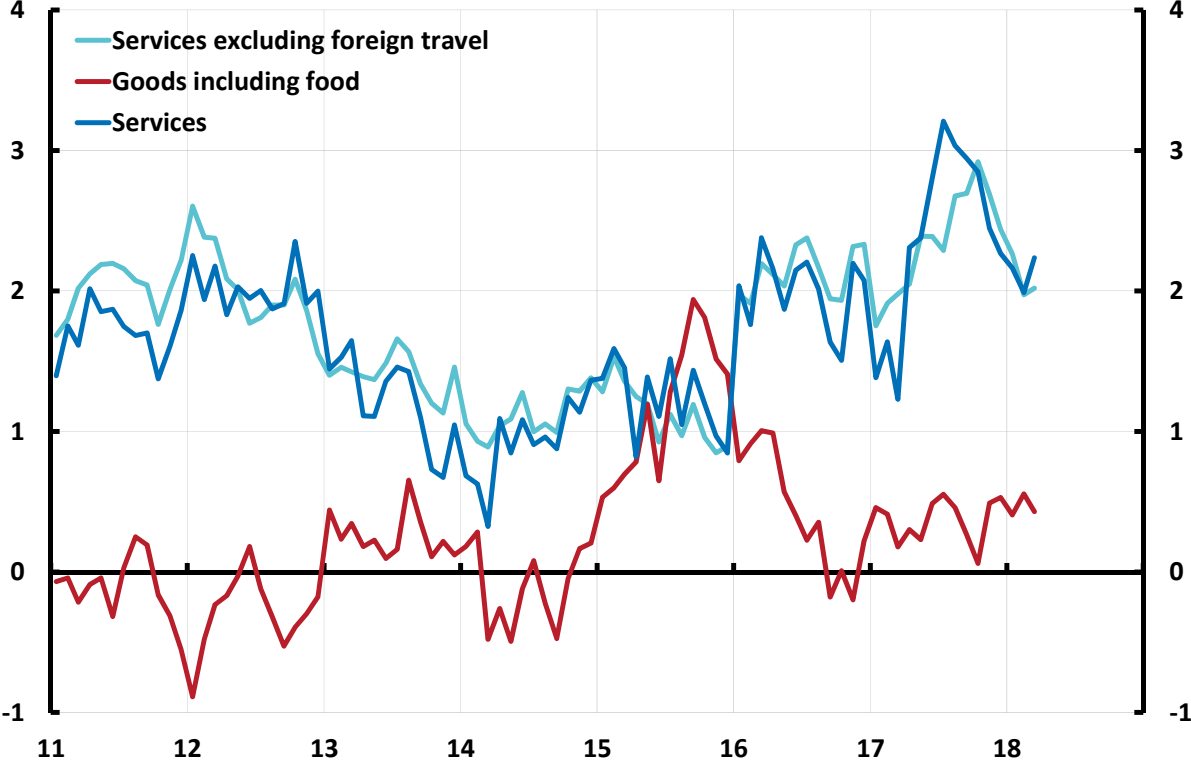
Note. Goods including food is a combination of the aggregate goods and food in the CPI. Together, these account for 45 per cent of the CPI. Service prices account for 45 per cent of the CPI.

Sources: Statistics Sweden and the Riksbank

Figure 3.3. The CPIF and different measures of underlying inflation

Annual percentage change

Sources: Statistics Sweden and the Riksbank

Figure 3.4. CPIF excluding energy, model forecast with uncertainty bands

Annual percentage change
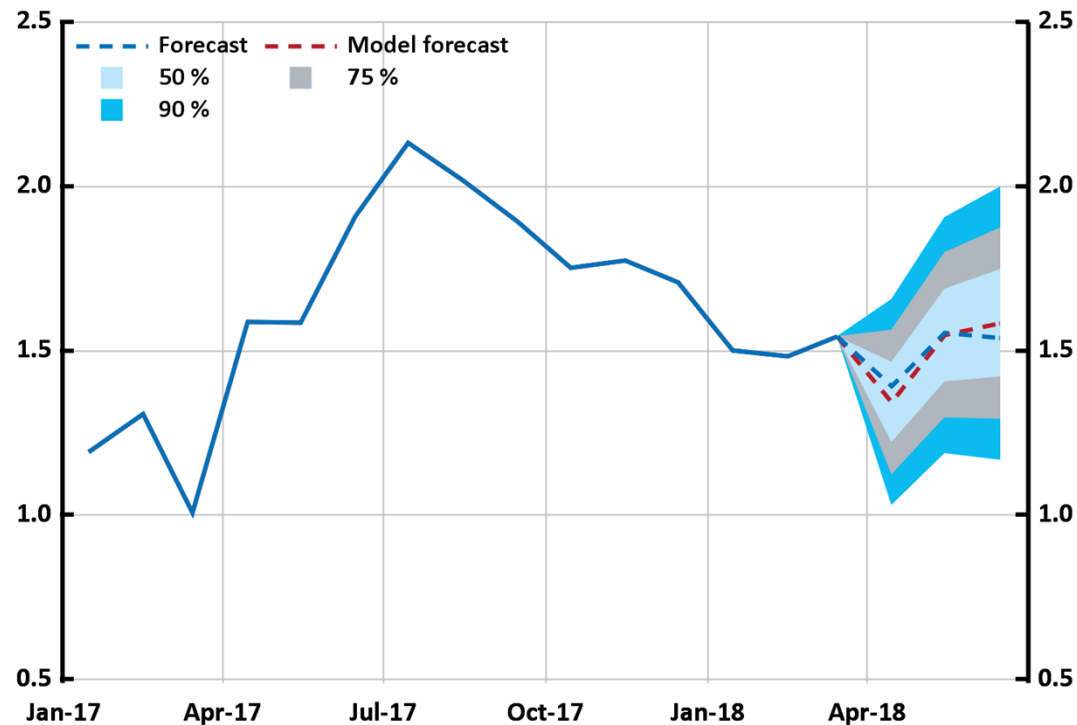
Note. The uncertainty bands are based on the models' historical forecast errors. The model forecasts are adjusted with regard to the new seasonal pattern following on from method changes in the calculation of the price index for package holidays.

Sources: Statistics Sweden and the Riksbank

Figure 3.5. Inflation expectations among money market participants

Per cent, mean value
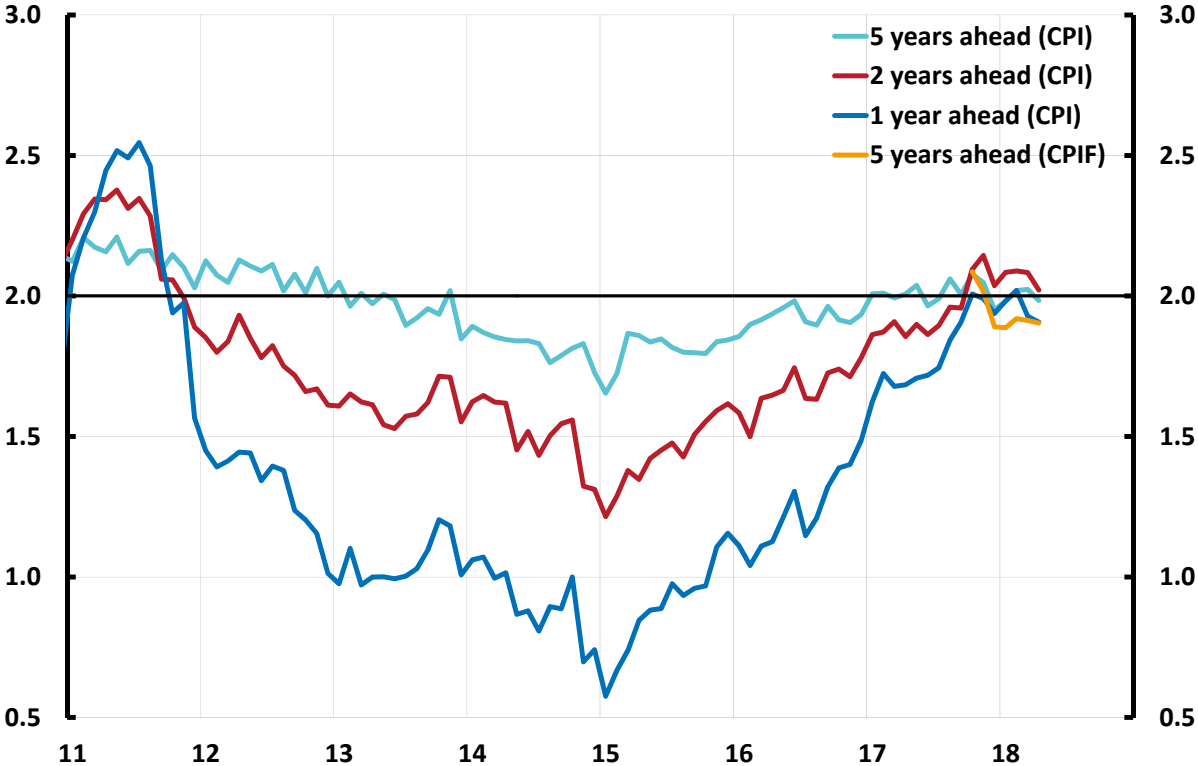
Source: TNS Sifo Prospera

Figure 3.6. Underlying inflation abroad

Annual percentage change
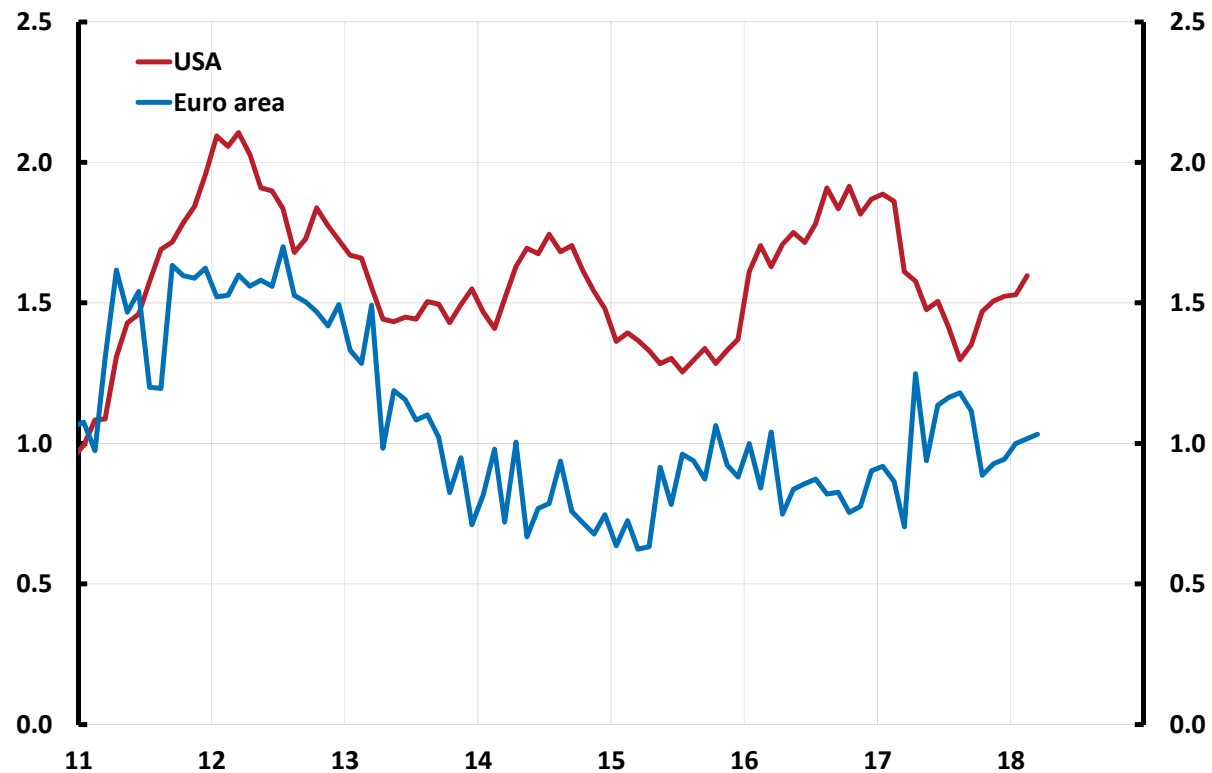
Note. HICP excluding energy, food, alcohol & tobacco is shown for the euro area. Deflator for PCE excluding energy and food is shown for the United States.

Sources: Bureau of Economic Analysis and Eurostat

Figure 3.7. Confidence indicators

Index, average = 100, standard deviation = 10, seasonally-adjusted data

Economic Tendency Indicator
Consumer Confidence Indicator
Confidence Indicator, Total Business Sector
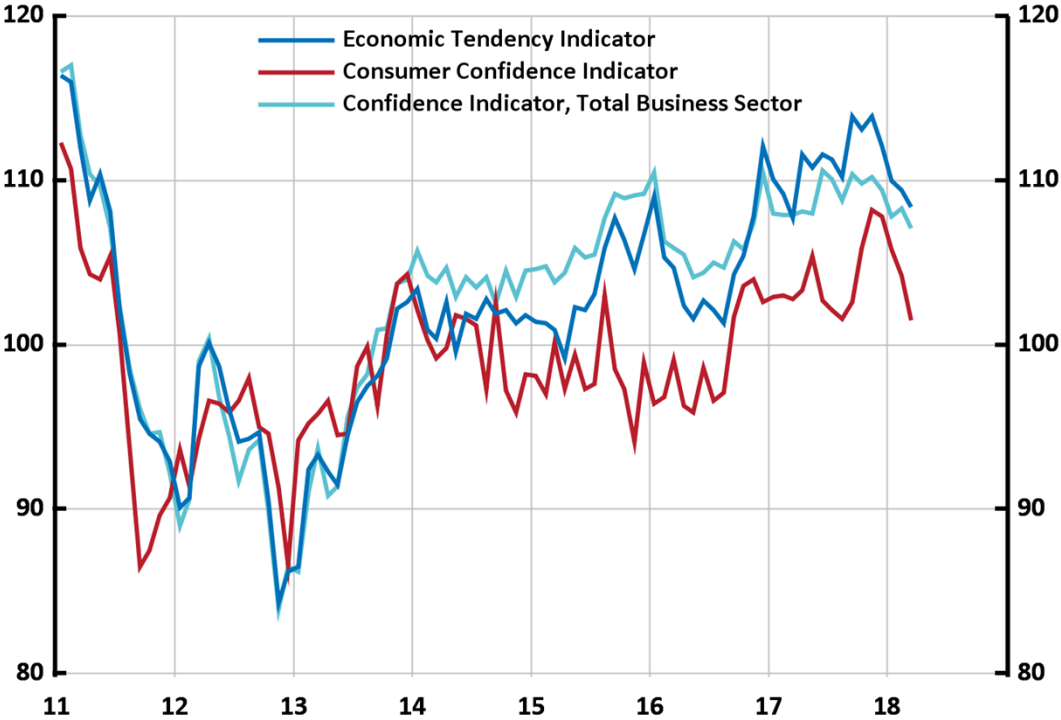
Source: National Institute of Economic Research

Figure 3.8. GDP, model forecast with uncertainty bands

Quarterly change in per cent, calculated as an annual percentage change, seasonally-adjusted data
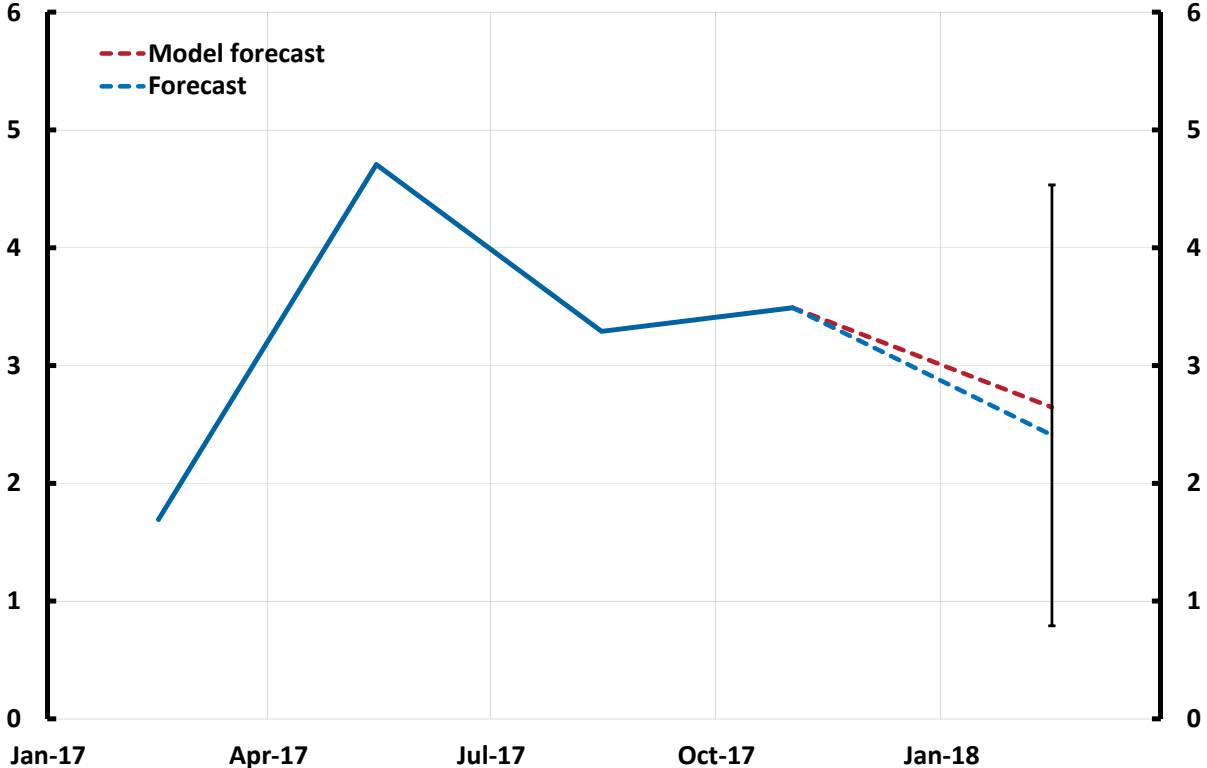
Note. The model forecast is an average of forecasts from different statistical models. The vertical line refers to a 50 per cent uncertainty band based on the models' historical forecast errors.

Sources: Statistics Sweden and the Riksbank

Figure 3.9. Monthly indicators for production

Annual percentage change, calendar-adjusted data
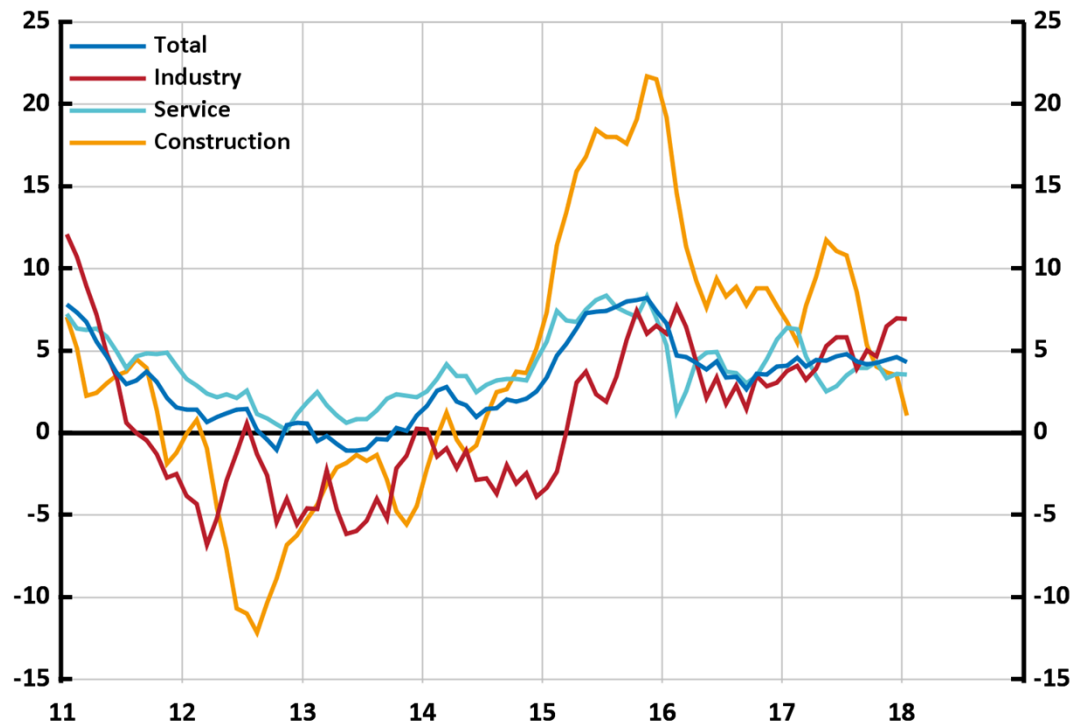
Note. Production value index with three-month moving average

Source: Statistics Sweden and the Riksbank

Figure 3.10. Total unemployment, and unemployment among Swedish-born and foreign-born

Per cent of the labour force, 15-74 years
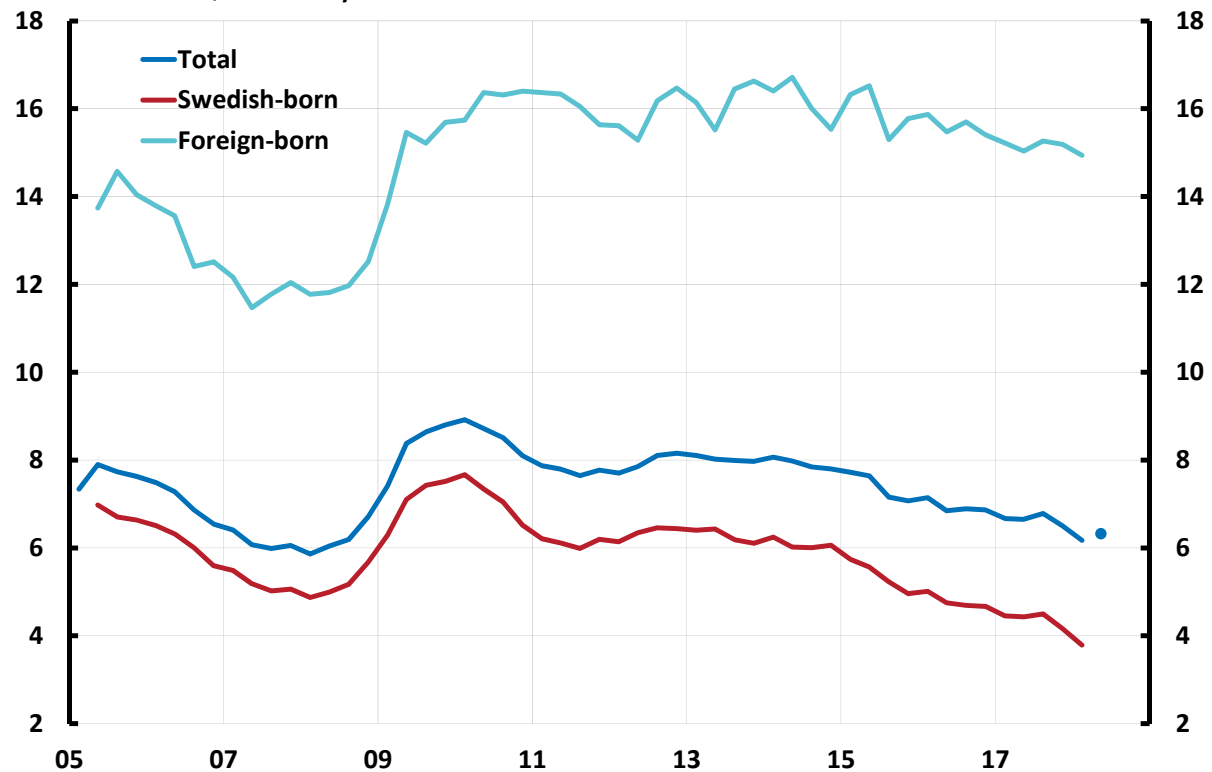
Note. The dot refers to the forecast for unemployment.

Sources: Statistics Sweden and the Riksbank

Figure 3.11. Employment and recruitment plans

Annual percentage change and net figures respectively, seasonally-adjusted data

— Employment (left scale)
— Recruitment plans (right scale)
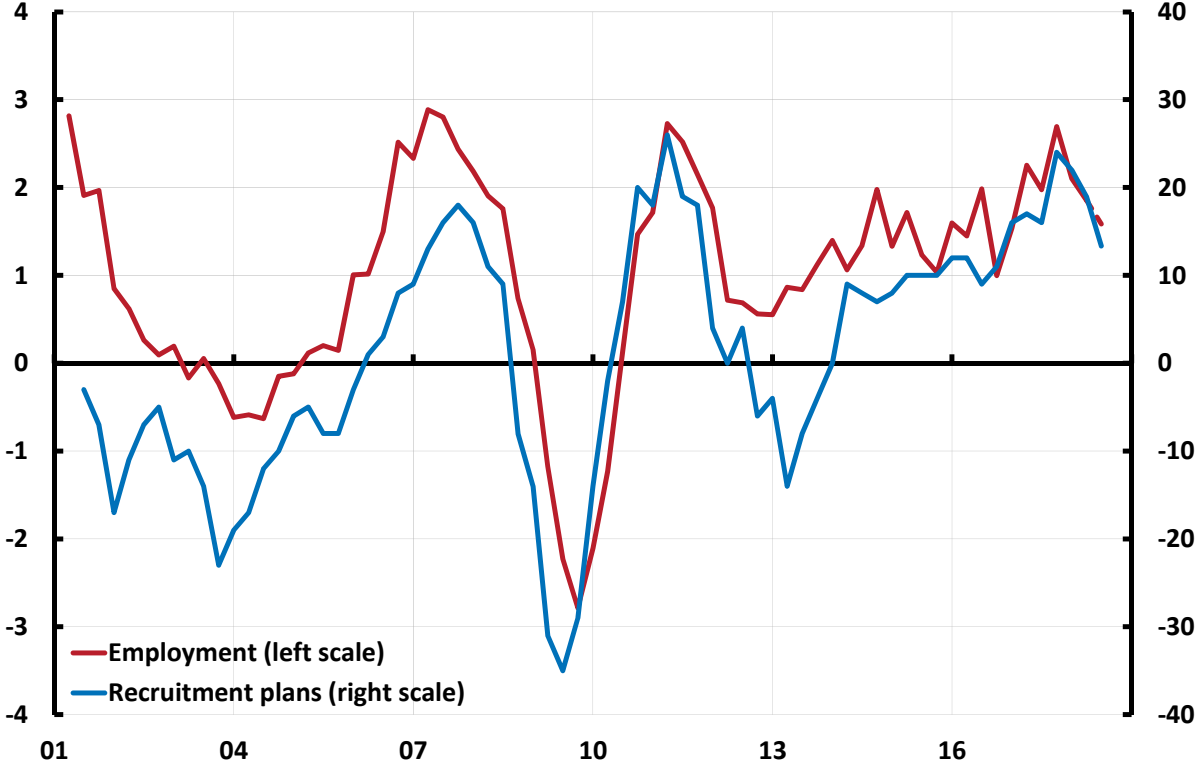
Note. Recruitment plans refer to expectations of the number of employed in the business sector three months ahead, moved forward one quarter. Recruitment plans for Q1 2018 refer to an average of the monthly outcomes for January-March 2018.

Sources: National Institute of Economic Research, Statistics Sweden and the Riksbank

Figure 3.12. Capacity utilisation in manufacturing industry

Per cent
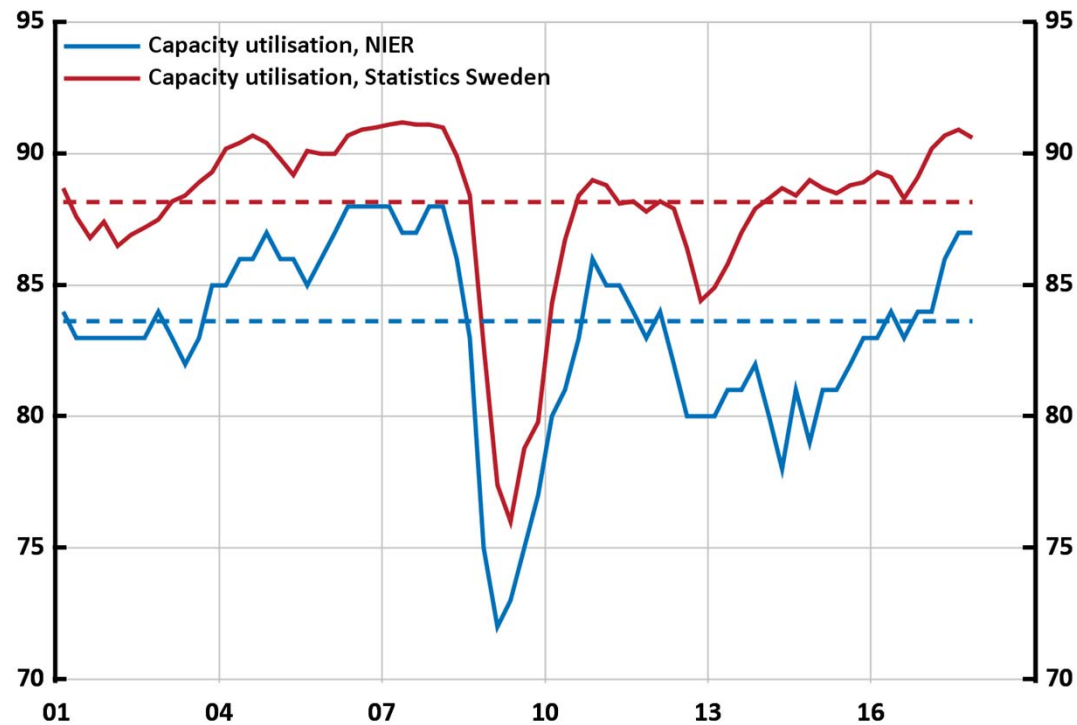
Note. Both the NIER's and Statistics Sweden's measure of capacity utilisation is seasonally adjusted. With regard to Statistics Sweden, the series is also calendar-adjusted. The mean value since 1996.

Sources: National Institute of Economic Research, Statistics Sweden and the Riksbank

Chapter 4

Figure 4.1. GDP in various countries and regions
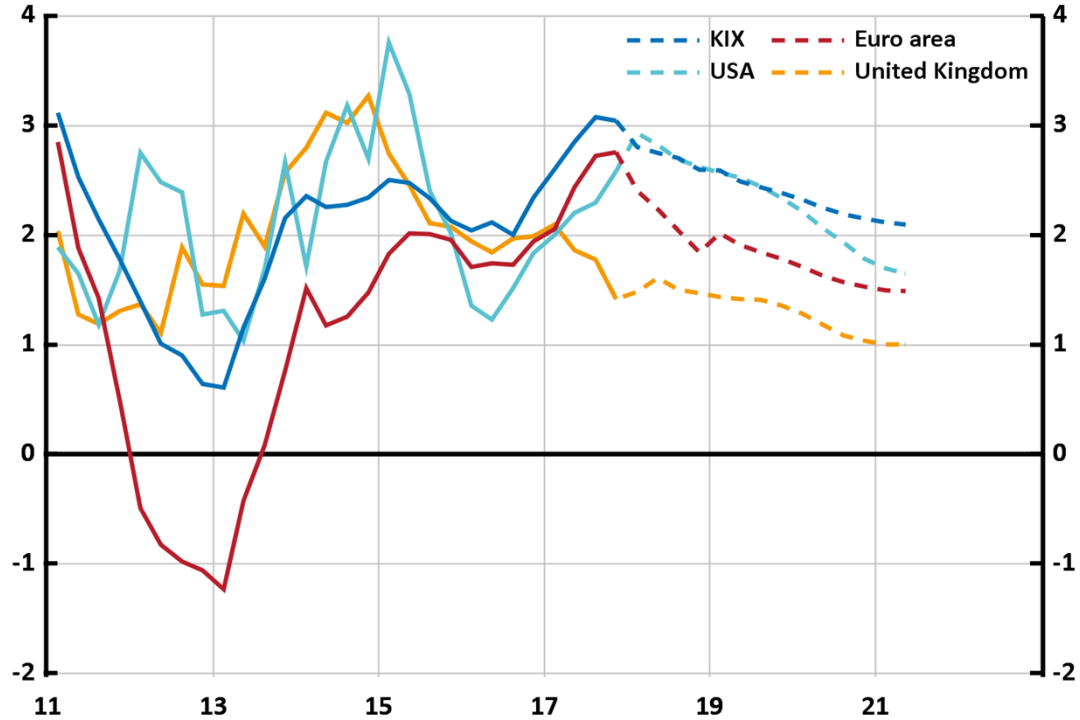
Annual percentage change

Note. KIX is an aggregate of the countries that are important to Sweden's international transactions.

Sources: Bureau of Economic Analysis, Eurostat, national sources, the Office for National Statistics and the Riksbank

Figure 4.2. Unemployment abroad

Per cent of labour force
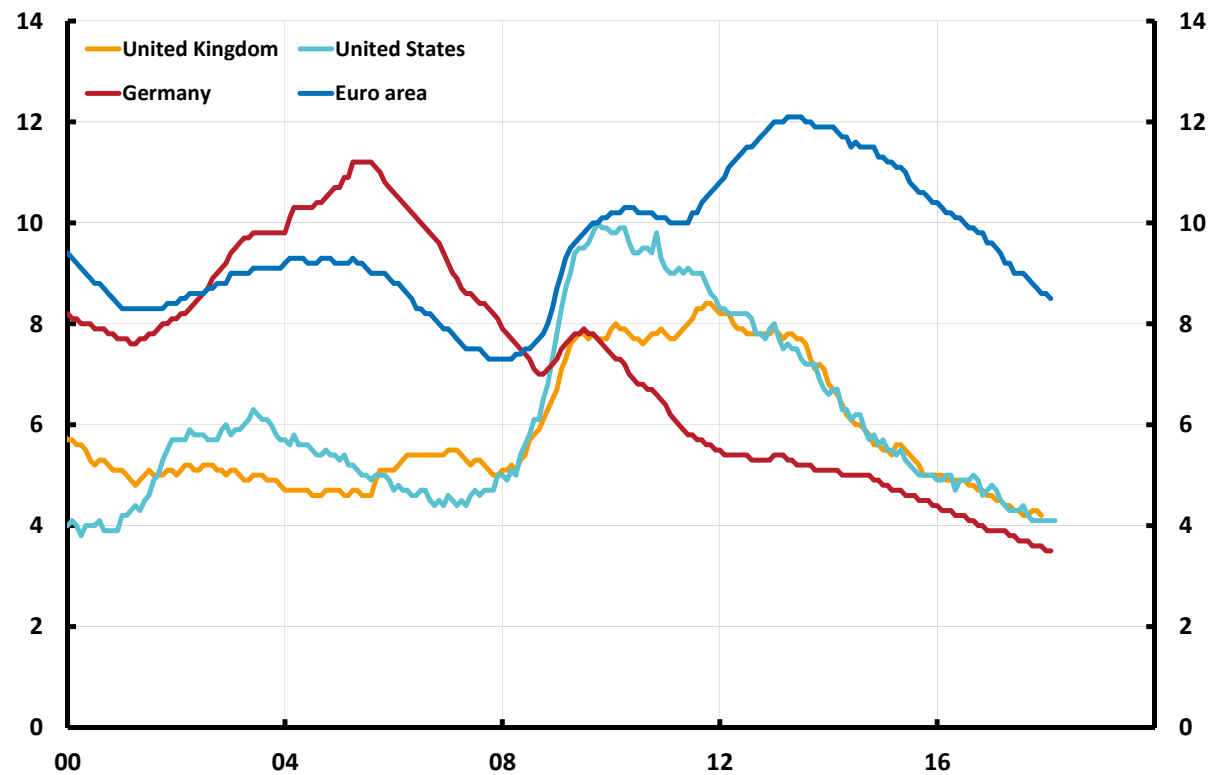
Source: OECD

Figure 4.3. Wages abroad

Annual percentage change
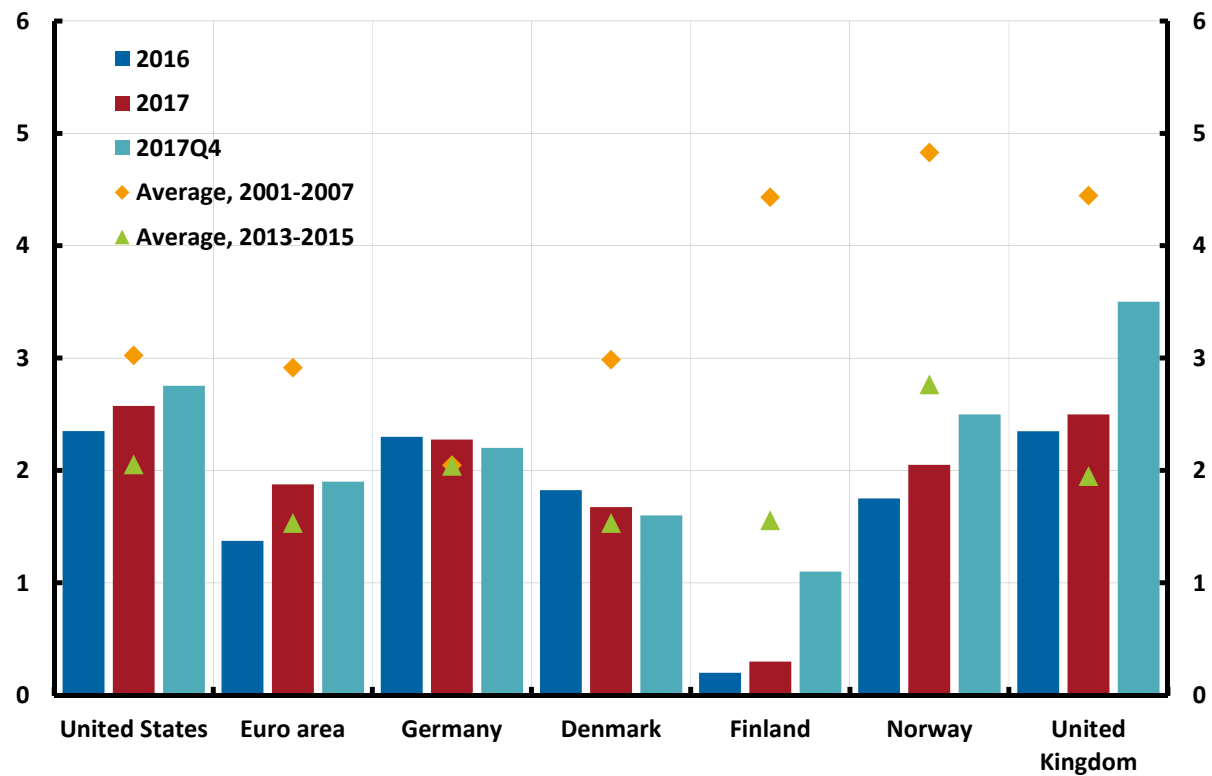
Note. Refers to wages per hour in the business sector.

Sources: The Bureau of Economic Analysis and Eurostat

Figure 4.4. Price of crude oil

USD per barrel, Brent oil
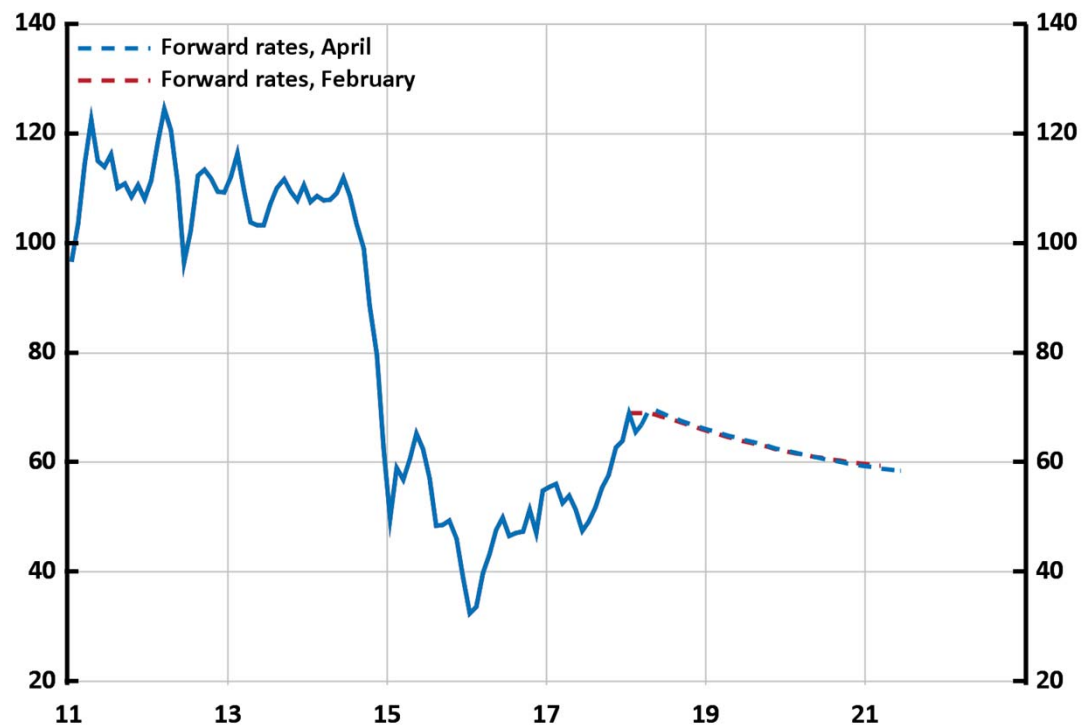
Figure 4.5. Inflation in various countries and regions

Annual percentage change

Note. KIX is an aggregate of the countries that are important to Sweden's international transactions.

Figure 4.6. Real and nominal exchange rate, KIX

Index, 18 November 1992 = 100

Real exchange rate, April
Real exchange rate, February
Nominal exchange rate, April
Nominal exchange rate, February
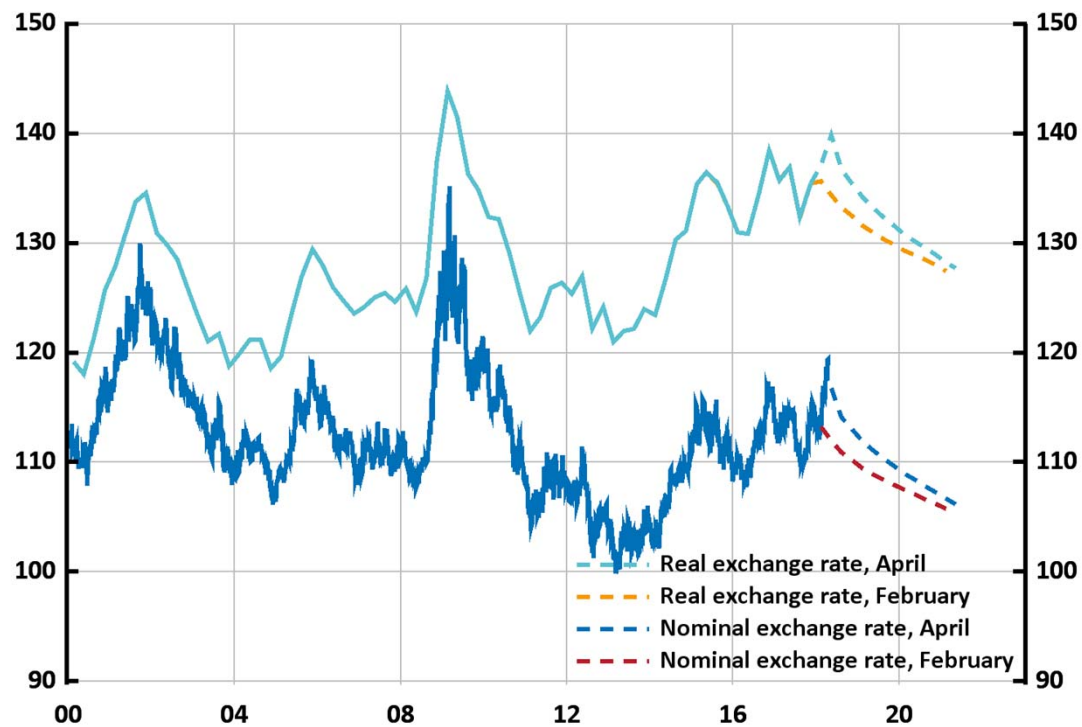
Note. The real exchange rate is calculated using the CPIF for Sweden and the CPI for the rest of the world. Outcomes are daily data for the nominal exchange rate, outcomes for the real exchange rate and forecasts refer to quarterly averages. The KIX is an aggregate of 32 countries that are important for Sweden's international transactions.

Sources: National sources, Statistics Sweden and the Riksbank

Figure 4.7. GDP per inhabitant of working age, 15-74 years

Annual percentage change, calendar-adjusted data

Legend:
- GDP per inhabitant of working age
- Average, 2000-2017
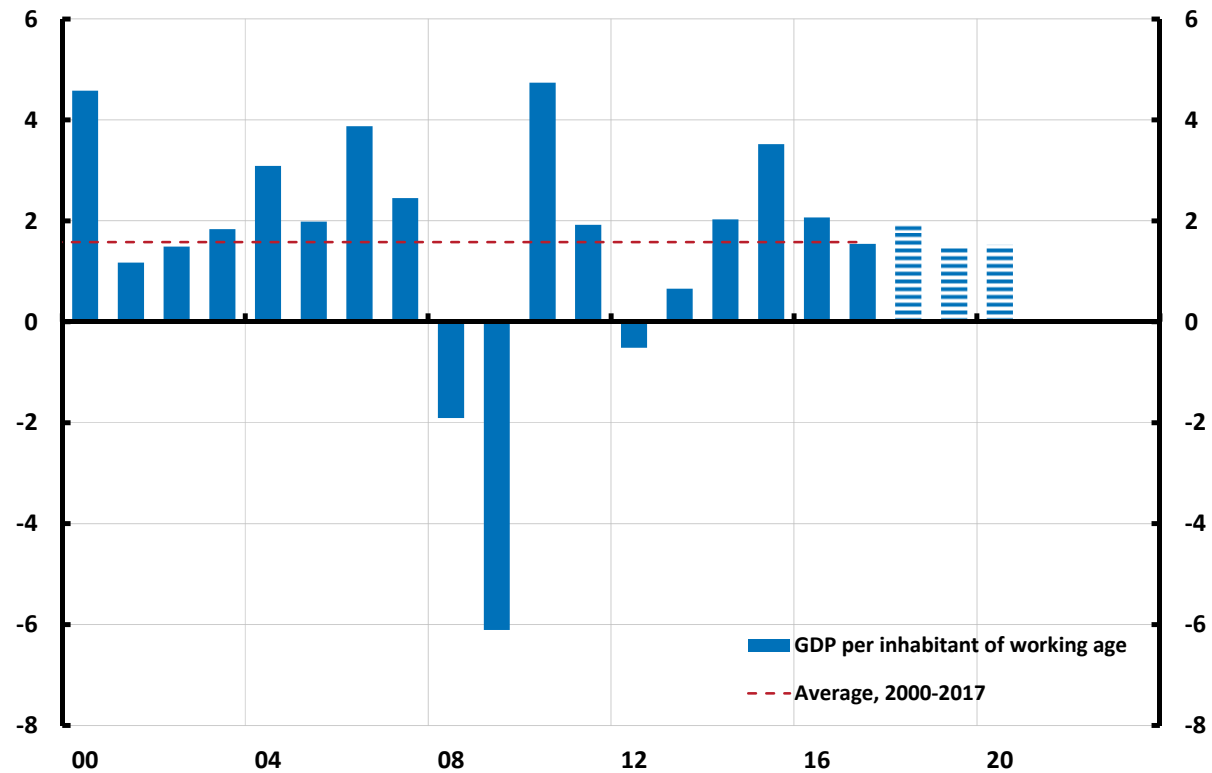
Sources: Statistics Sweden and the Riksbank

Figure 4.8. Contribution to GDP growth

Annual percentage change and contribution to annual GDP growth

Legend:
- Import
- Export
- Investments excl. housing
- Housing investments
- Changes in inventories
- Government consumption
- Private consumption
- GDP
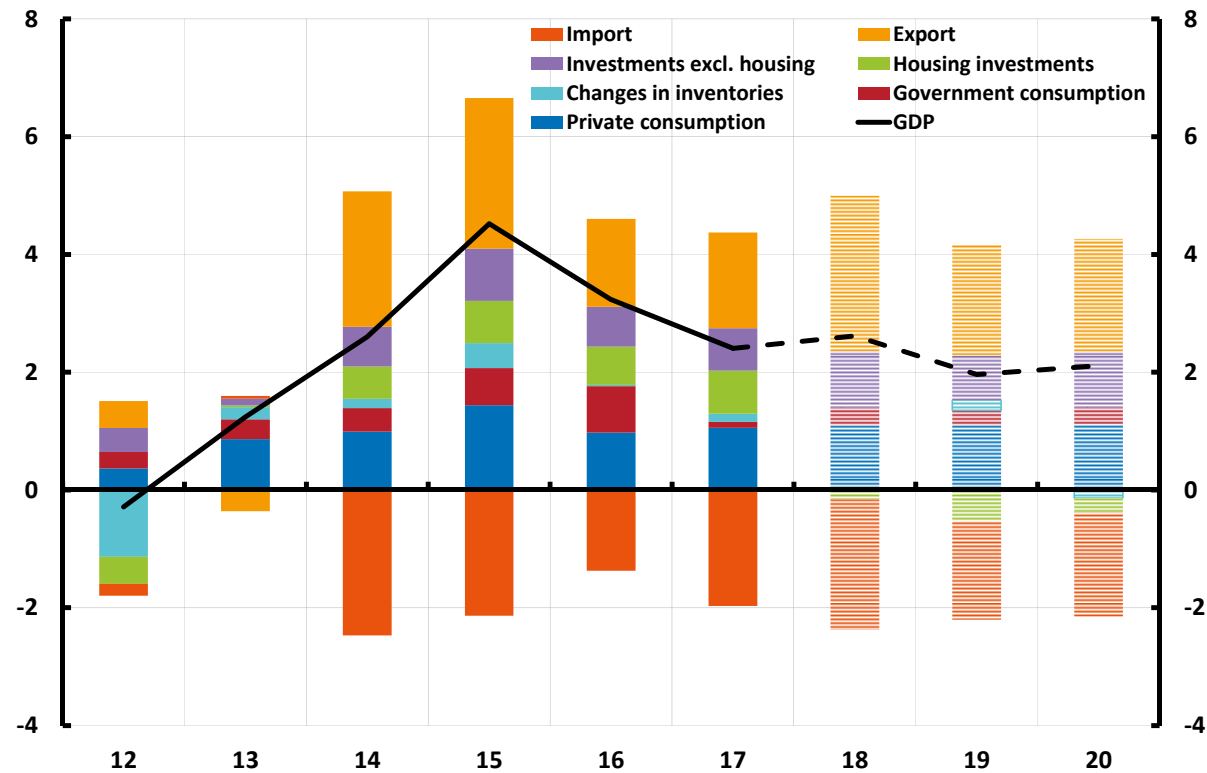
Figure 4.9. Exports and the Swedish export market

Annual percentage change, calendar-adjusted data
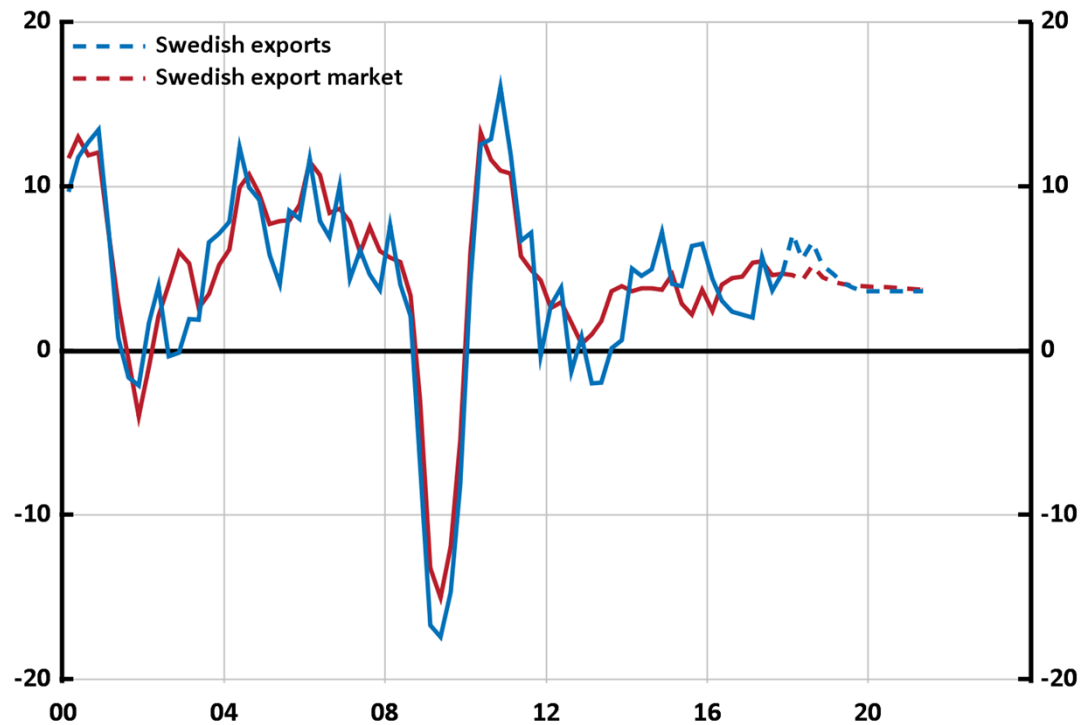
Note. The Swedish export market index aims to measure import demand in the countries to which Sweden exports. This is calculated by aggregating imports in the countries included in KIX and covers around 85 per cent of the total Swedish export market.

Sources: Statistics Sweden and the Riksbank

Figure 4.10. Household savings ratio with and without collective insurance savings

Percentage of disposable income
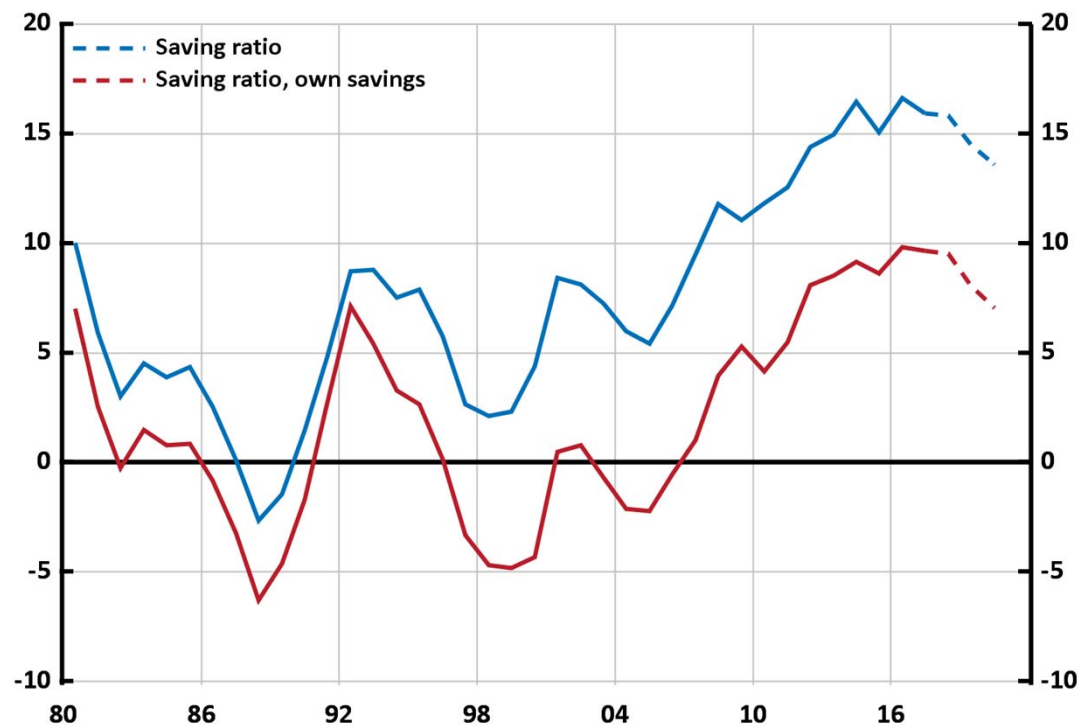
Note. Total household savings include collective insurance savings. The former definition, which is here termed 'total household saving', excluded collective insurance savings and the savings are the difference between income and consumer expenditure.

Sources: Statistics Sweden and the Riksbank

Figure 4.11. Labour force participation rate among Swedish-born and foreign-born persons, 25-54 years

Per cent of the population

Foreign-born

Swedish-born
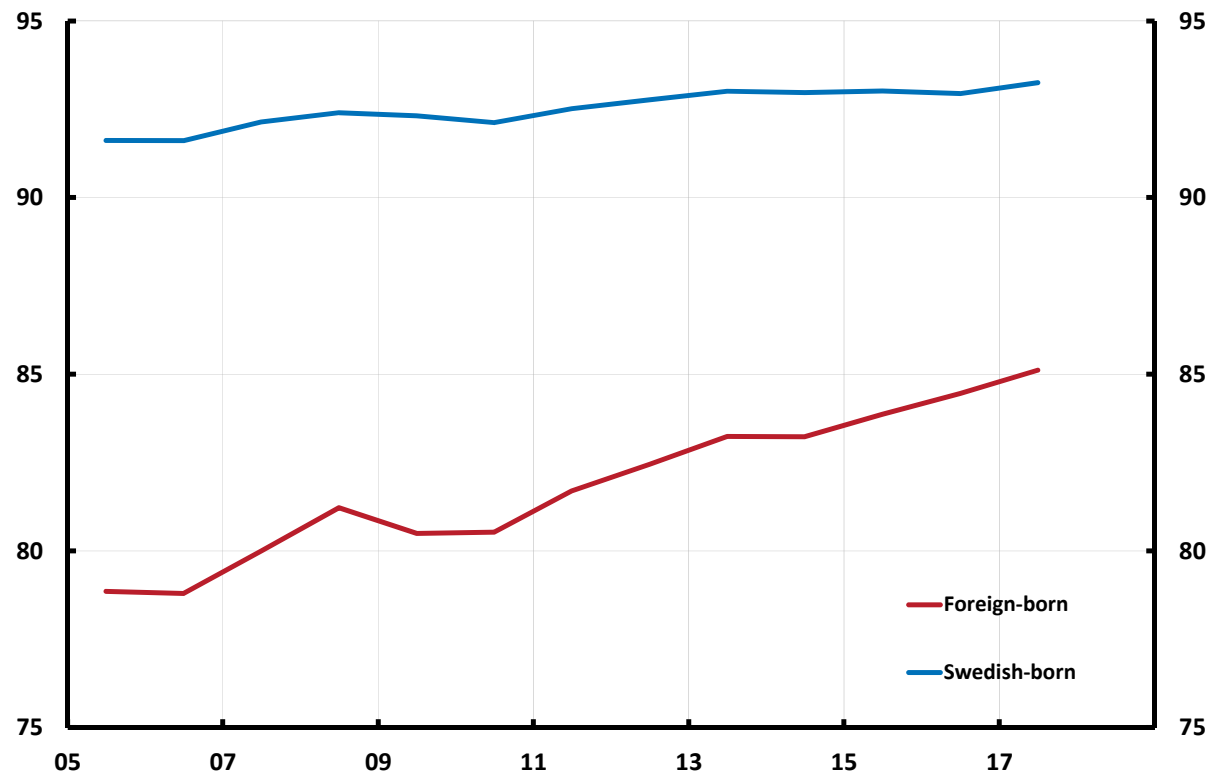
Source: Statistics Sweden

Figure 4.12. Working-age population, 15–74 years

Annual percentage change
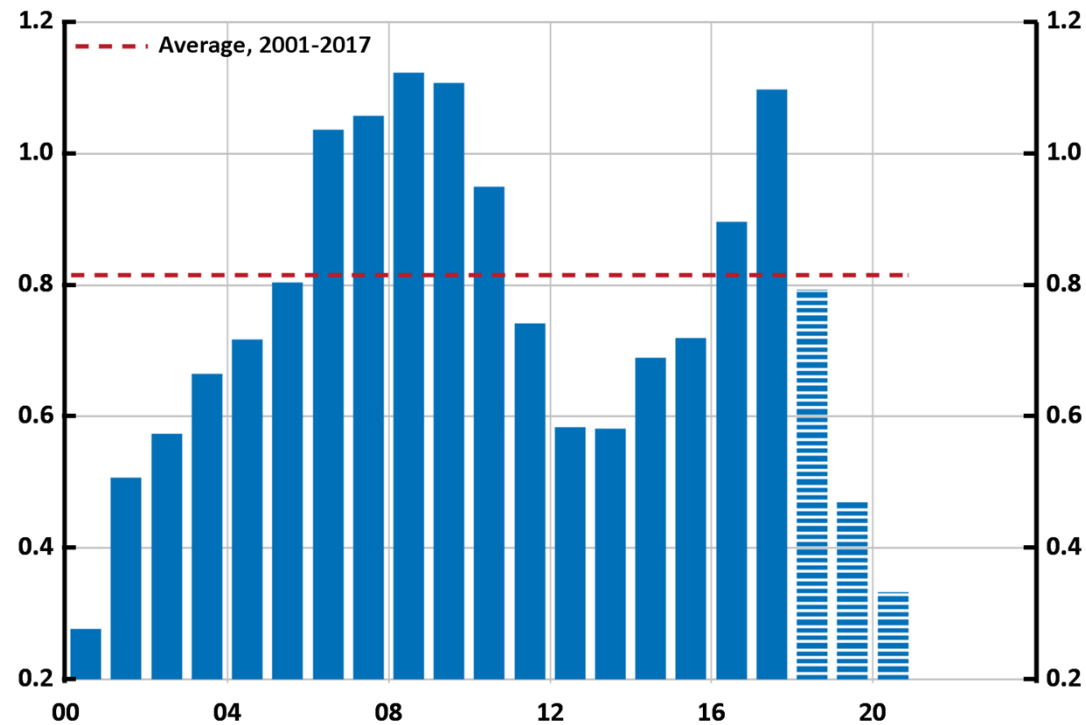
Sources: Statistics Sweden and the Riksbank

Figure 4.13. Employment rate and unemployment

Percentage of population and labour force respectively, aged 15-74 years, seasonally-adjusted data

- Employment rate, April (left scale)
- Employment rate, February (left scale)
- Unemployment rate, April (right scale)
- Unemployment rate, February (right scale)
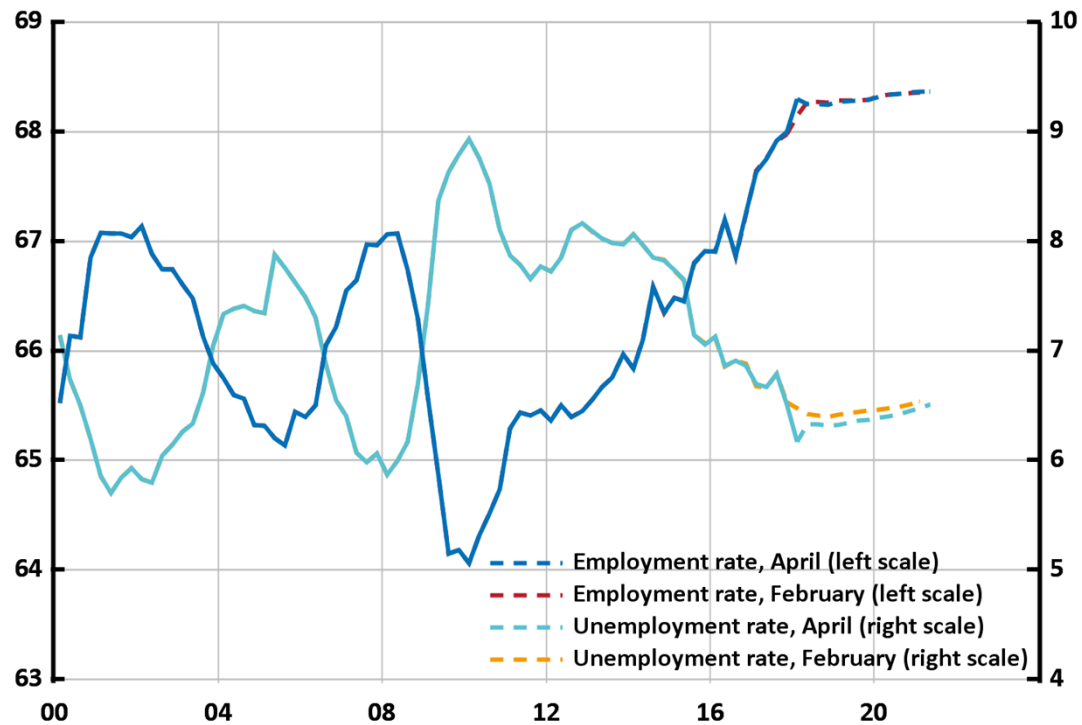
Sources: Statistics Sweden and the Riksbank

Figure 4.14. GDP gap, employment gap and hours gap

Per cent
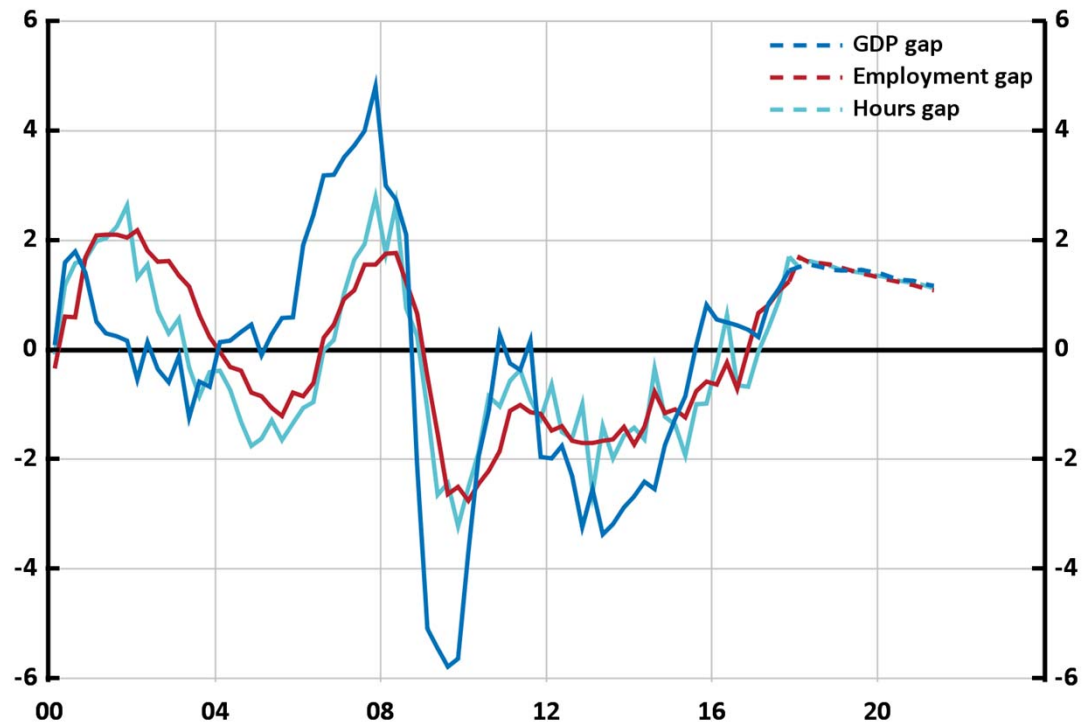
Note. The gaps refer to the deviation in GDP, the number of those employed and the number of hours worked from the Riksbank's assessed trends.

Sources: Statistics Sweden and the Riksbank

Figure 4.15. Wages and labour costs in the whole economy

Annual percentage change

Sources: Statistics Sweden and the Riksbank

Figure 4.16. Unit labour costs and profit share

Annual percentage change and per cent of added value respectively
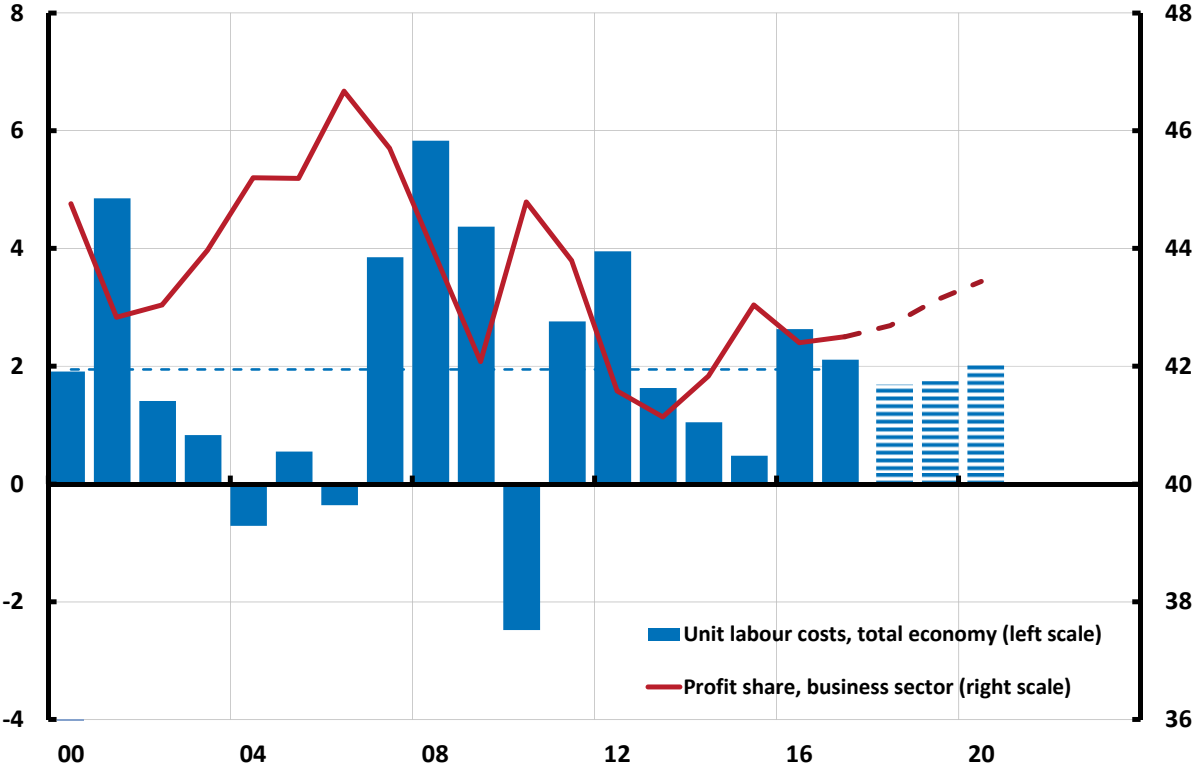
Note. Profit share refers to operating surplus as a percentage of total value added in the business sector. The broken line refers to the average rate of increase in unit labour costs (entire economy) since 1994.

Sources: Statistics Sweden, the NIER and the Riksbank

Figure 4.17. CPI, CPIF and CPIF excluding energy

Annual percentage change

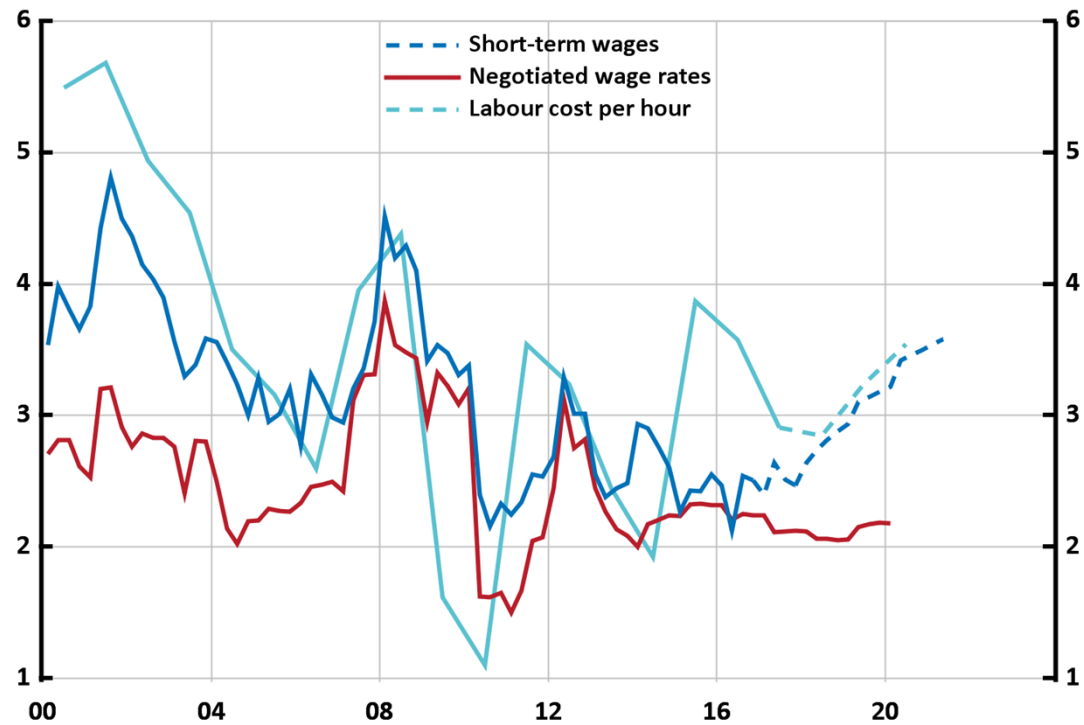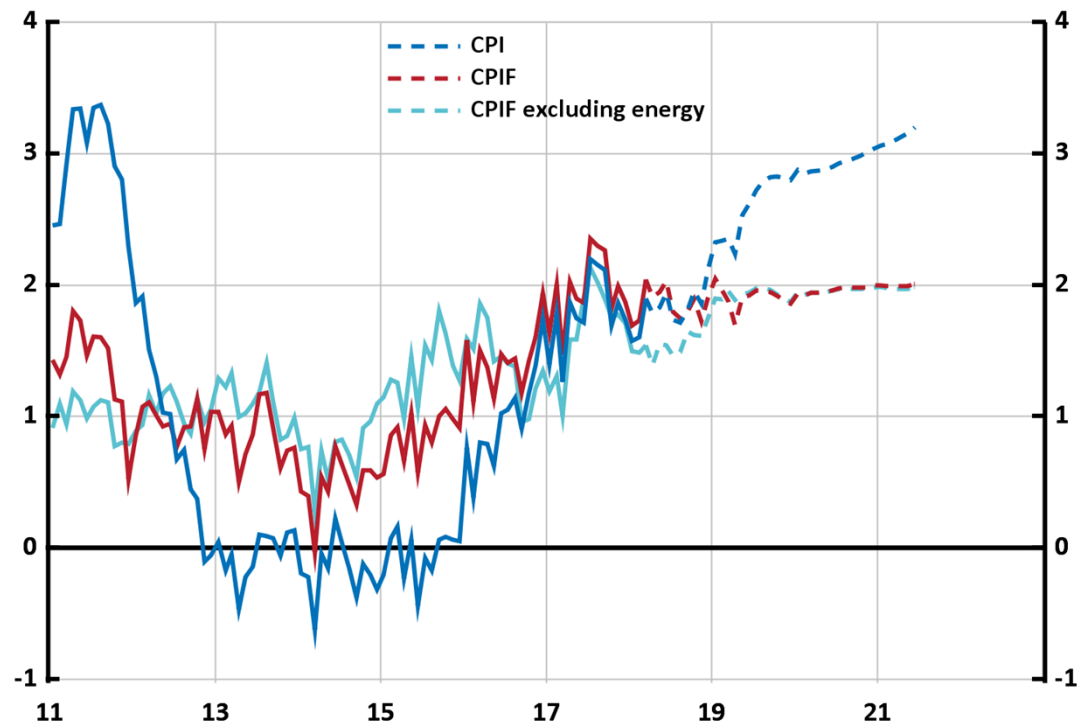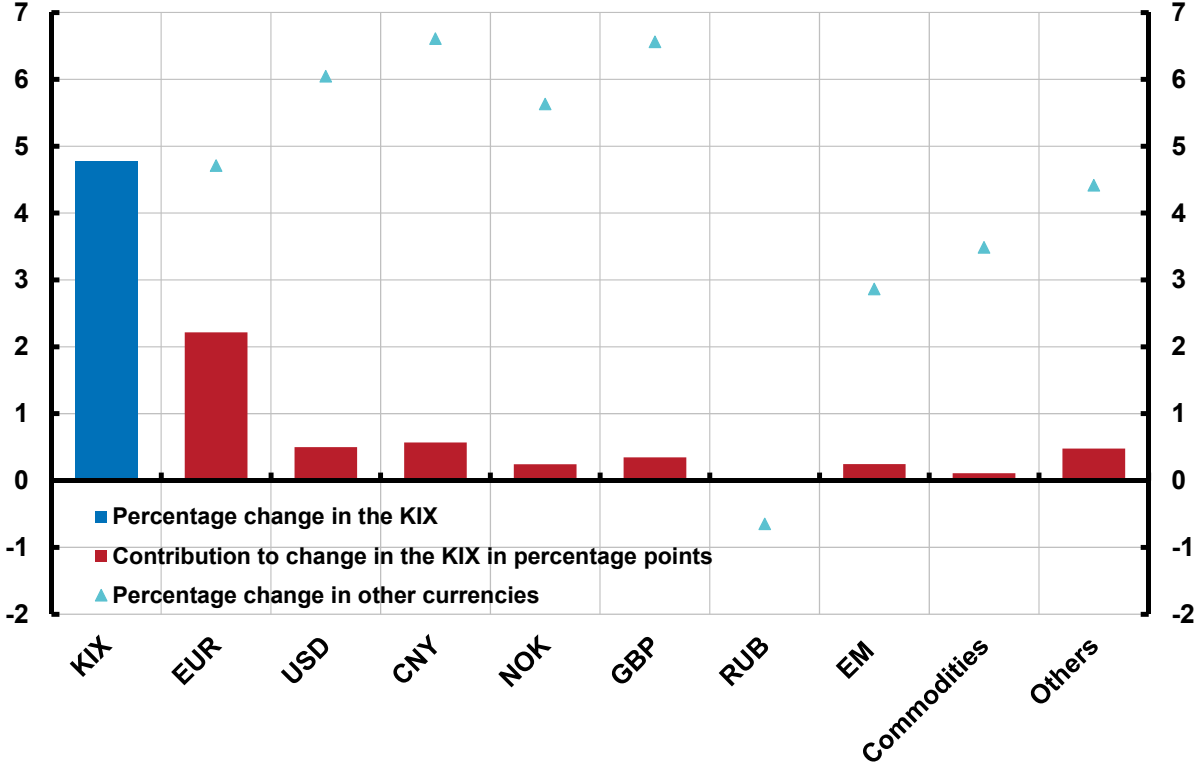Sources: Statistics Sweden and the Riksbank

Figure 4.18. Changes to KIX exchange rates

Per cent and percentage points

- ■ Percentage change in the KIX
- ■ Contribution to change in the KIX in percentage points
- ▲ Percentage change in other currencies

KIX   EUR   USD   CNY   NOK   GBP   RUB   EM   Commodities   Others
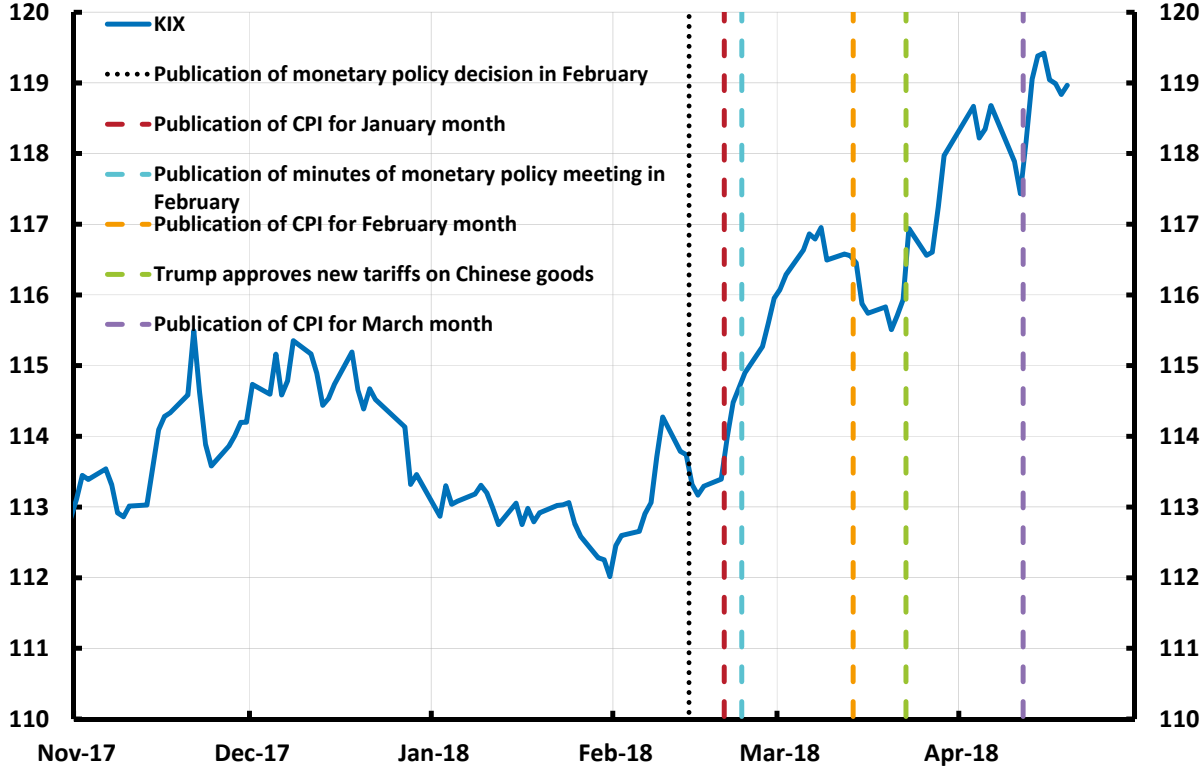
Note. The figure shows changes in KIX and contributions from different currencies between 14 February 2018 and 24 April 2018. EM refers to Brazil, Hungary, India, Mexico, Poland and Turkey. Commodities refer to Australia, Canada and New Zeeland. Other refers to Czech Republic, Denmark, Iceland, Japan, South Korea and Switzerland

Sources: Thomson Reuters and the Riksbank

Figure 4.19. Developments of the krona linked to some events

Index, 18 November 1992 = 100

Legend:
— KIX
···· Publication of monetary policy decision in February
– – Publication of CPI for January month
– – Publication of minutes of monetary policy meeting in February
– – Publication of CPI for February month
– – Trump approves new tariffs on Chinese goods
– – Publication of CPI for March month

Note. The KIX is an aggregate of the countries that are important to Sweden's international transactions.

Sources: National sources and the Riksbank