

Monetary policy decision

December 2019

From strong to more normal economic activity

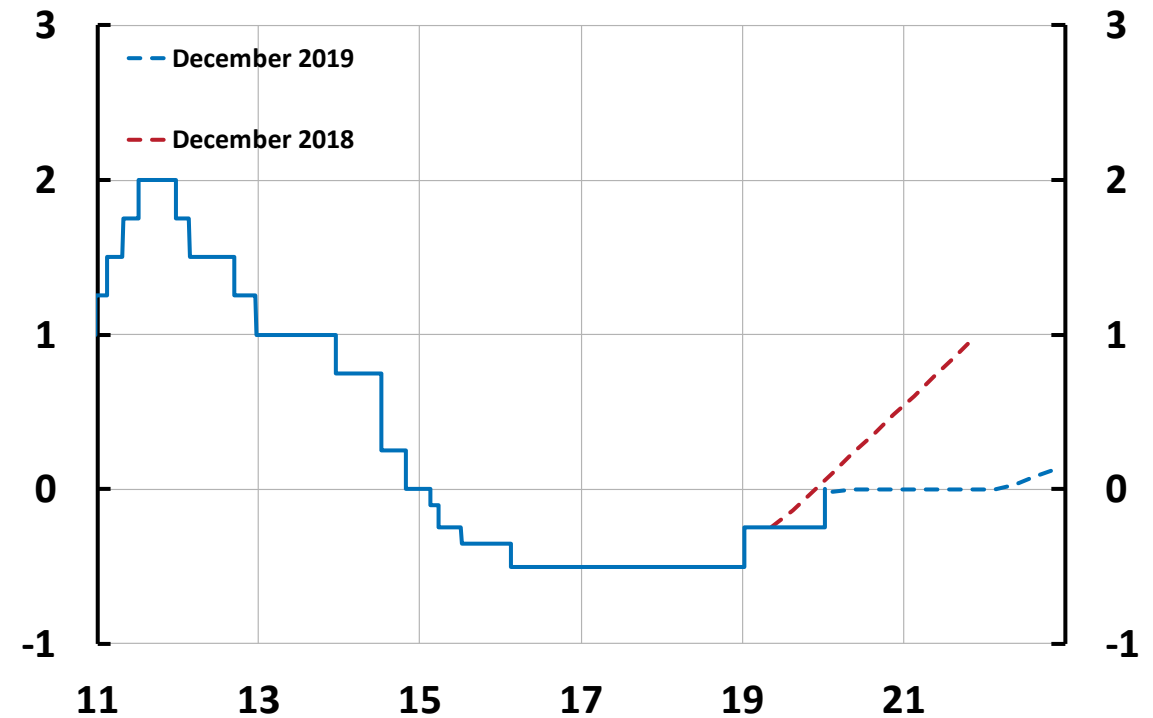
Inflation on target

Monetary policy needs to proceed cautiously

Long period of too low inflation

Important to anchor inflation at target level

Gradual adjustment of monetary policy to calmer economic activity

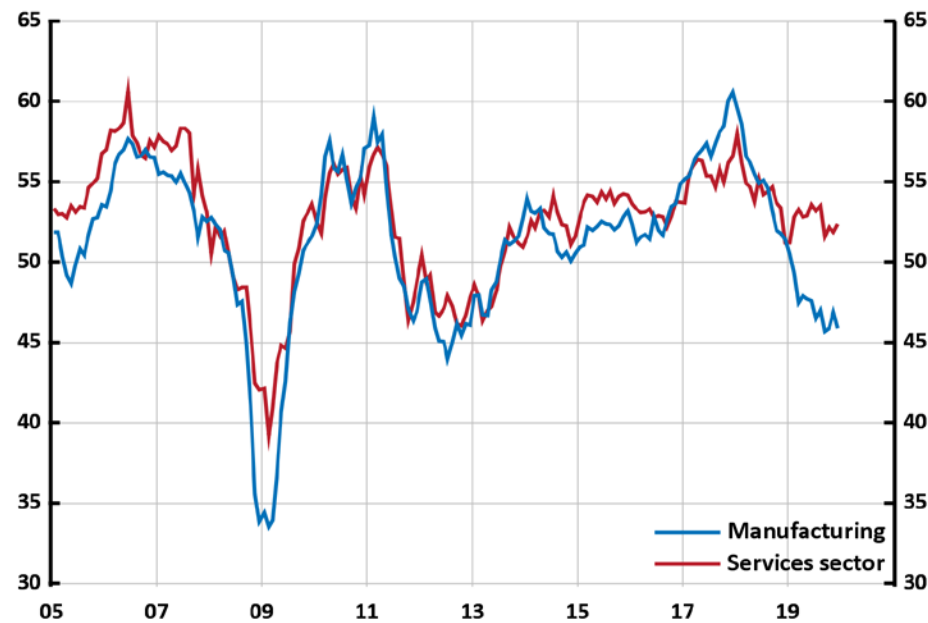


Per cent

Source: The Riksbank

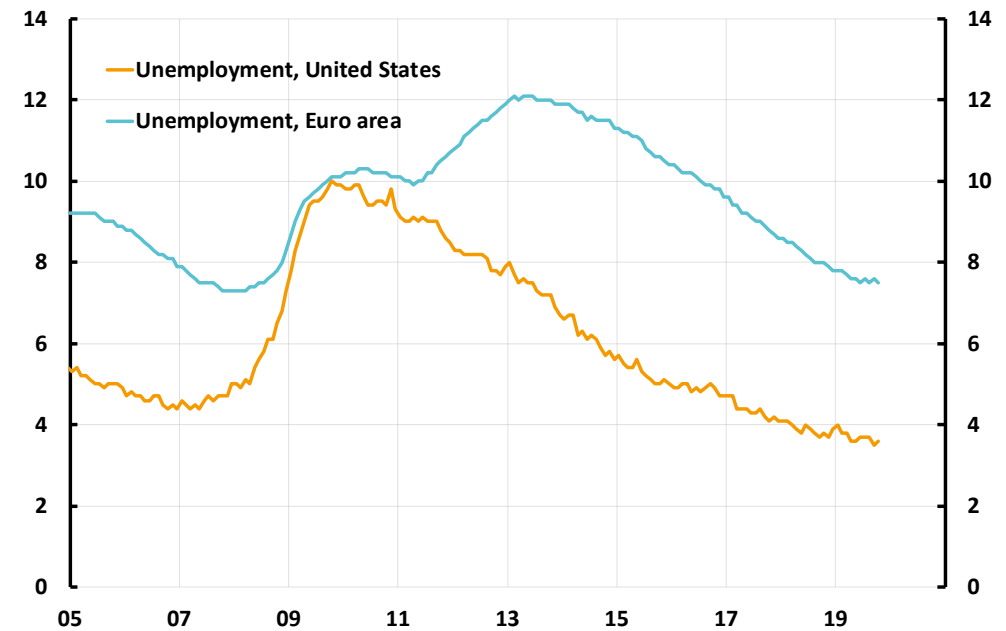
Global economic activity as expected in a calmer phase

Confidence stronger in service sector than manufacturing industry



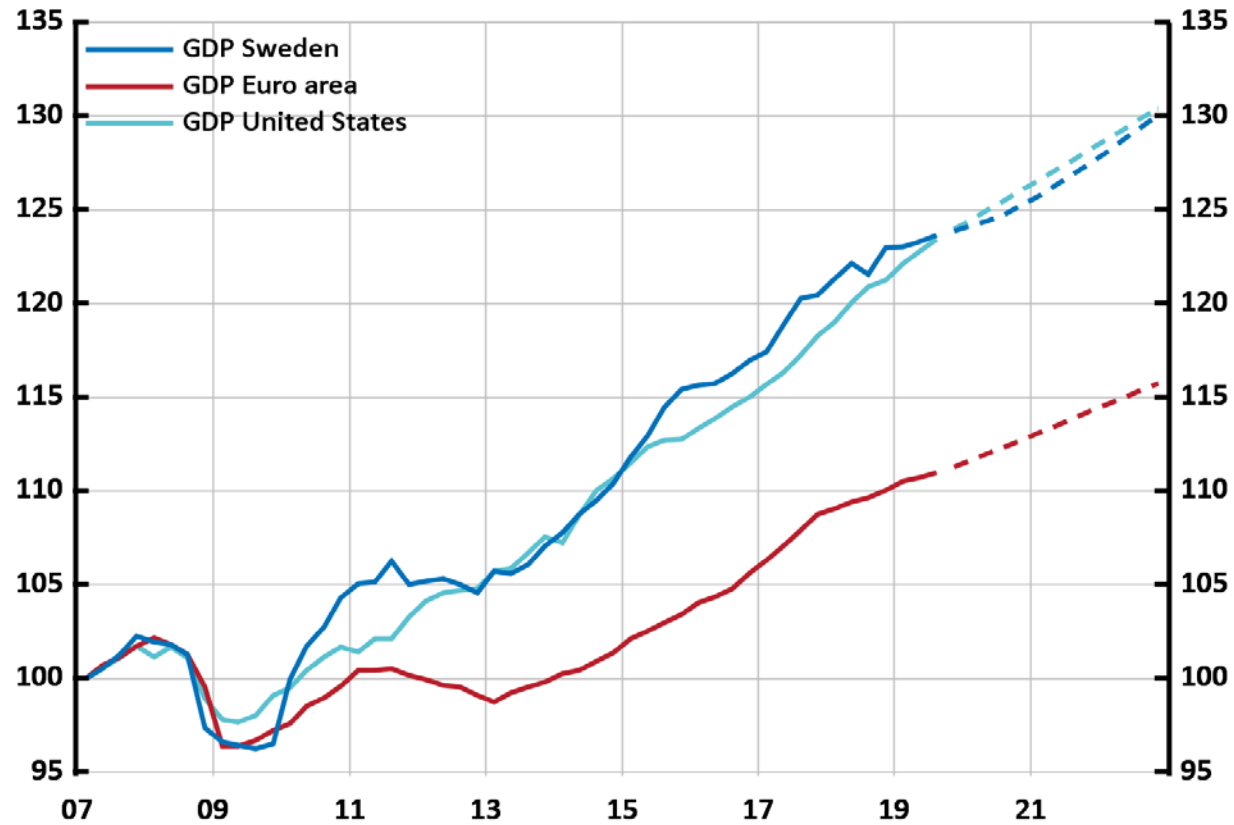
Purchasing Managers' Index in the euro area and per cent of labour force respectively.

Strong labour market



Sources: Markit Economics and the OECD

International growth nevertheless good



Index, 2007 Q1 = 100

Sources: Bureau of Economic Analysis, Eurostat, Statistics Sweden and the Riksbank

Major Swedish companies on economic situation



“So far, we don’t expect any sharp economic downturn”



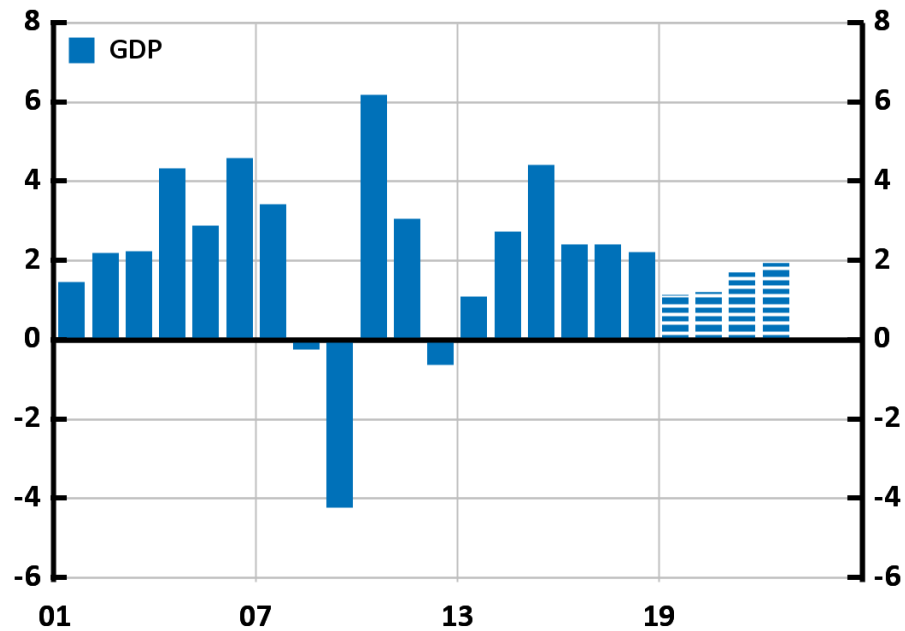
“It is not bad but not the same frantic pressure as before”



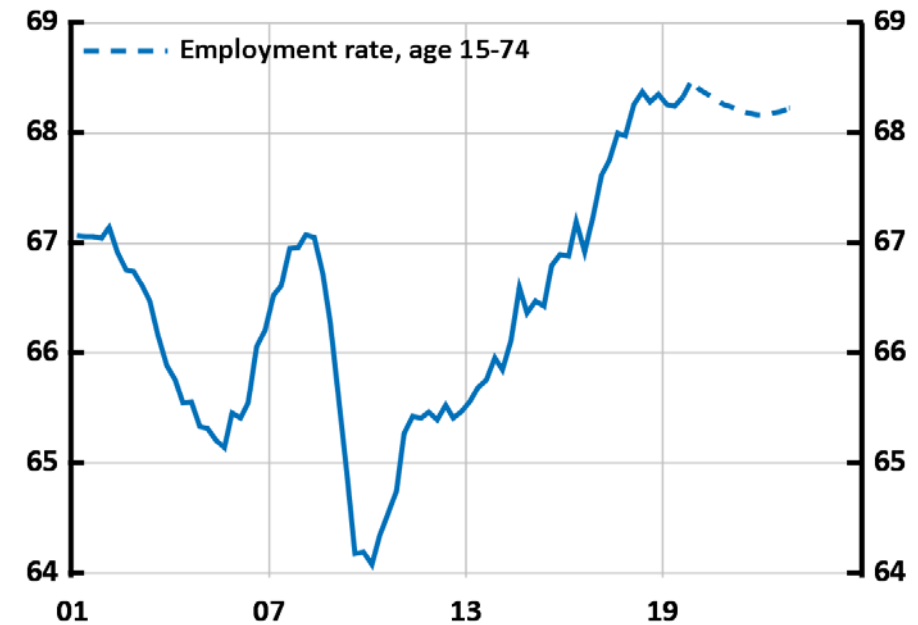
“More difficult than ever before to judge where things are heading”.

From high to more normal economic activity

Calmer growth



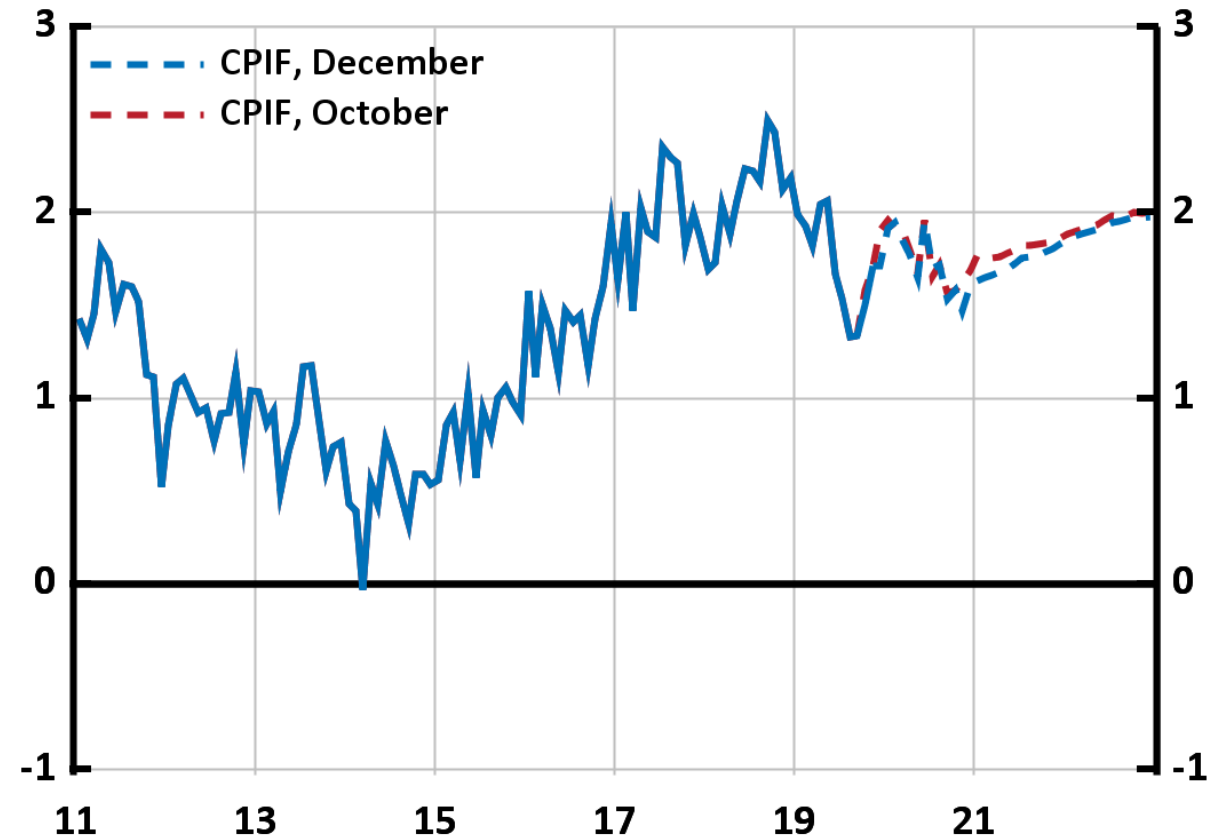
High employment rate



Annual percentage change and percentage of the population, 15–74 years, seasonally-adjusted data.

Sources: Statistics Sweden and the Riksbank

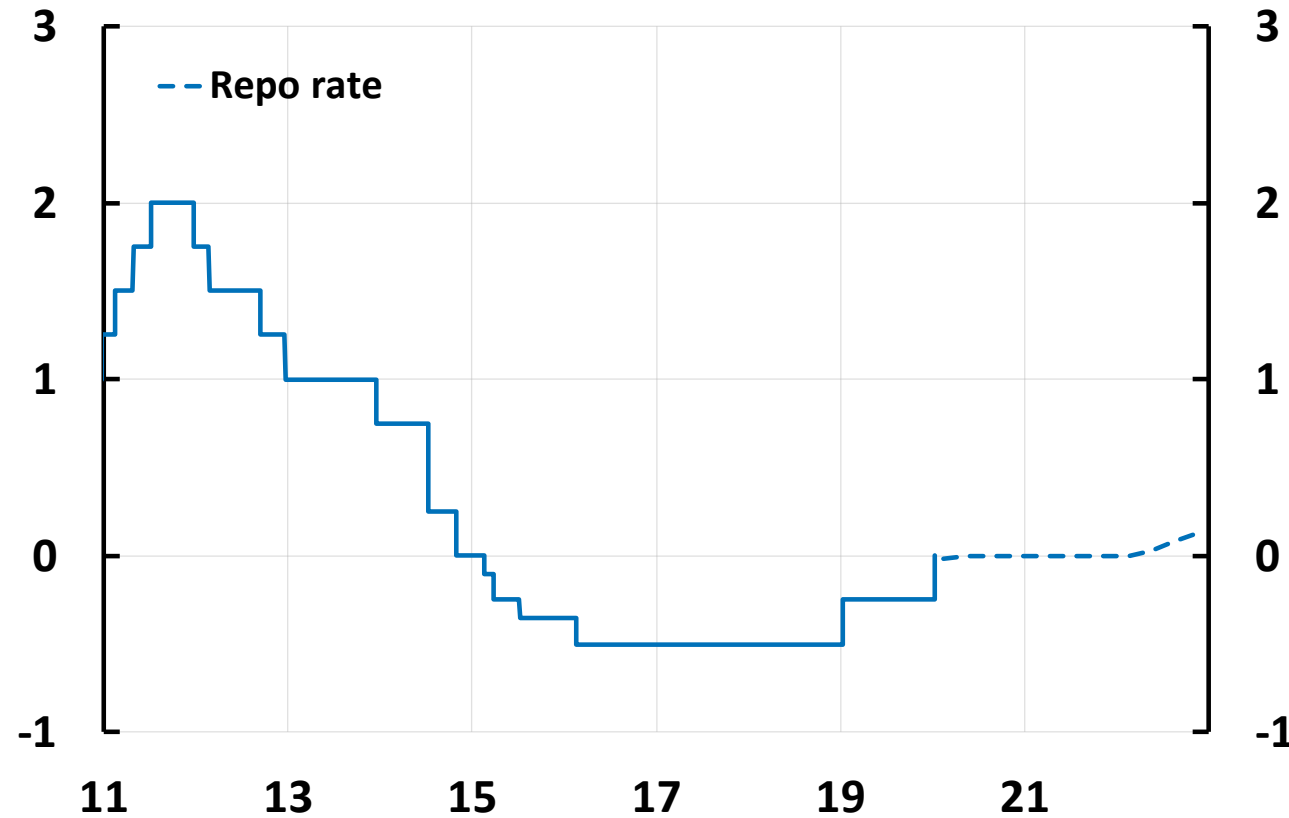
Inflation forecast still holds



Annual percentage change

Sources: Statistics Sweden and the Riksbank

Repo rate raised but monetary policy provides continued support



Per cent

Source: The Riksbank

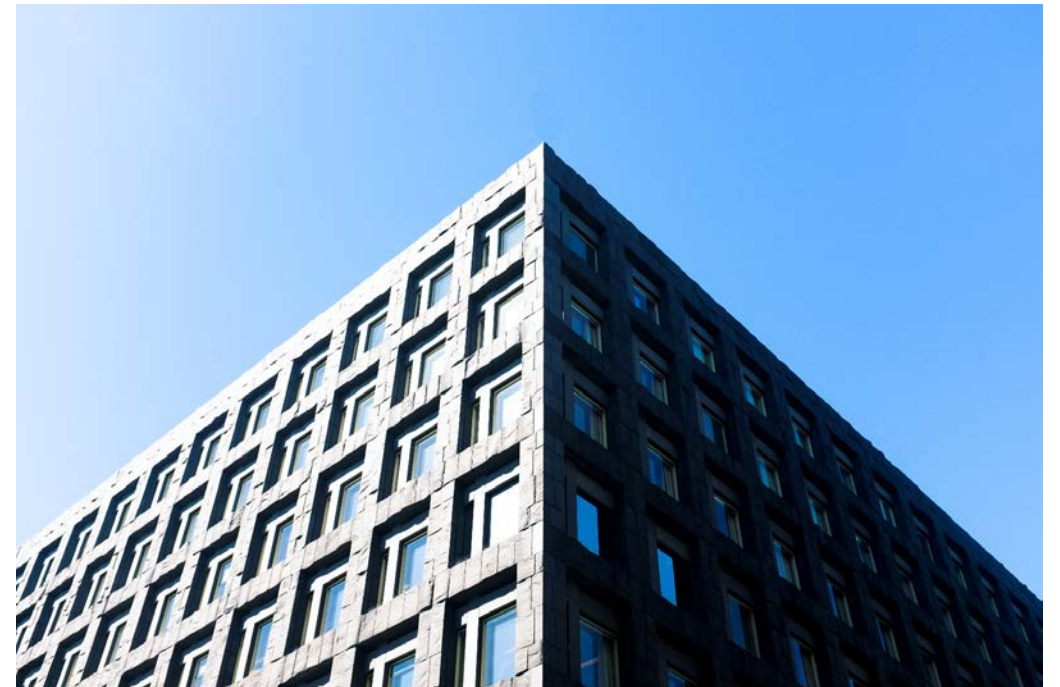
Negative repo rate has worked well

Had the expected impact

Contributed to strong economic activity and inflation close to target

Effects if this is perceived as more permanent?

In a world with low interest rates, the repo rate may periodically need to be negative



From strong to more normal economic activity

Inflation on target