



The Riksbank's monetary policy

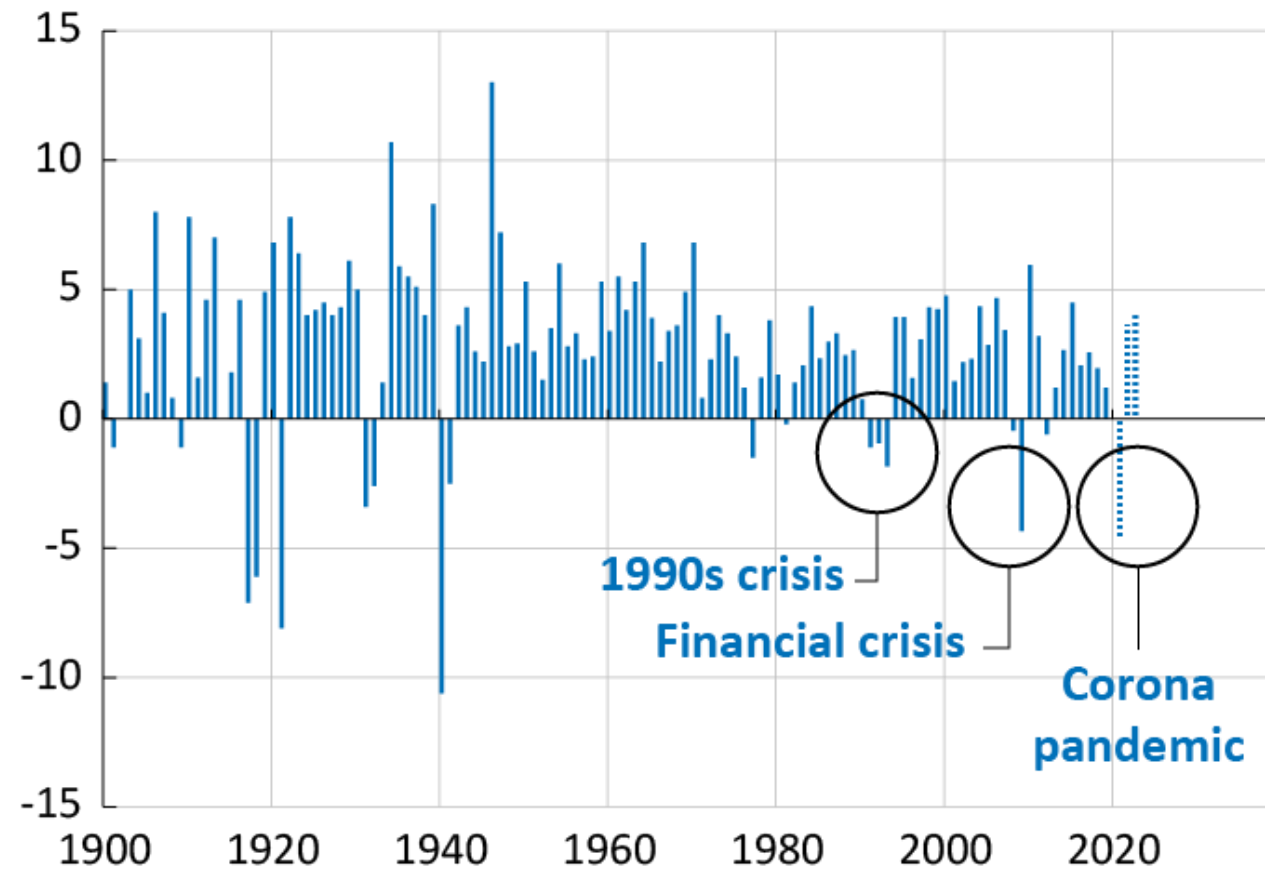
1 July 2020

S V E R I G E S R I K S B A N K

Sharp fall in the Swedish economy

The Riksbank's measures are keeping interest rates low
in order to help the economy recover

Sharp fall in Swedish GDP

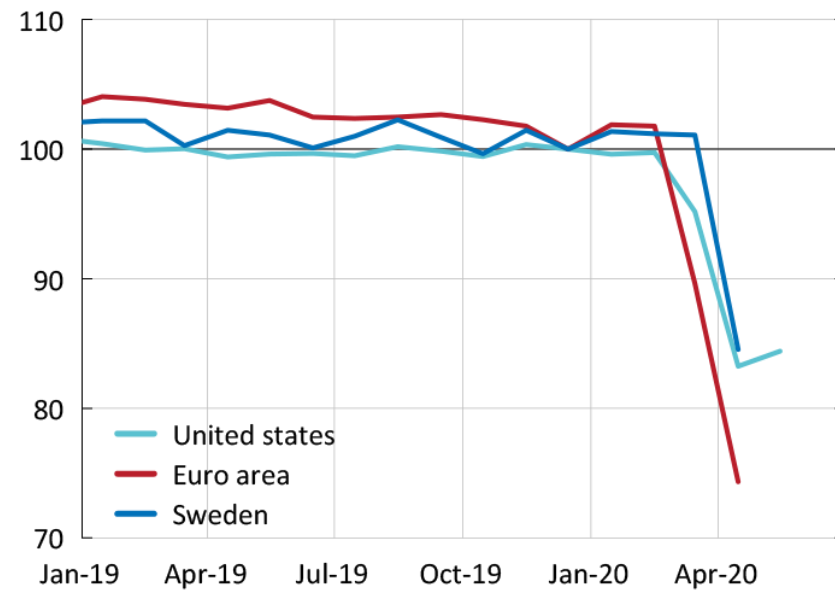


Annual percentage change

Sources: Statistics Sweden and the Riksbank

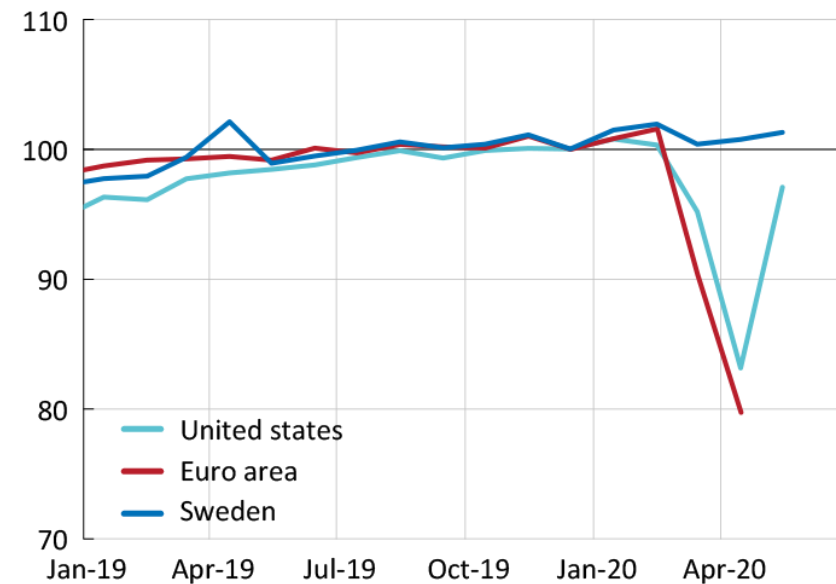
Major economic consequences of the pandemic

Industrial output



Index December 2019 = 100. Retail sales in current prices for the US and in fixed prices for Sweden and the euro area.

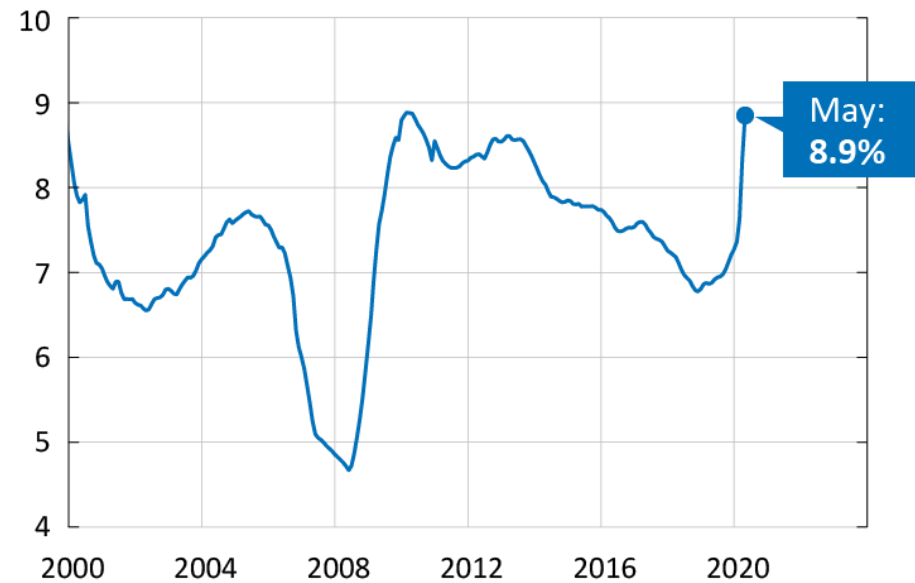
Retail trade



Sources: U.S. Census Bureau, Eurostat , Federal Reserve and Statistics Sweden

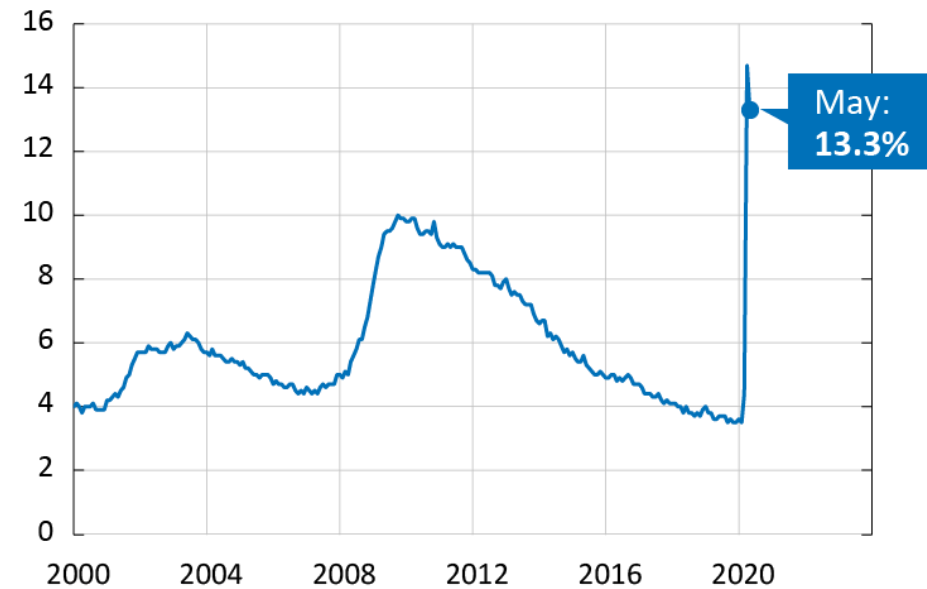
Many people losing their jobs

Unemployment, Sweden



Percentage of the labour force aged 16–64 and percentage of the labour force over 16 years old. Seasonally adjusted data.

Unemployment, USA



Sources: Swedish Public Employment Service and the US Bureau of Labor Statistics

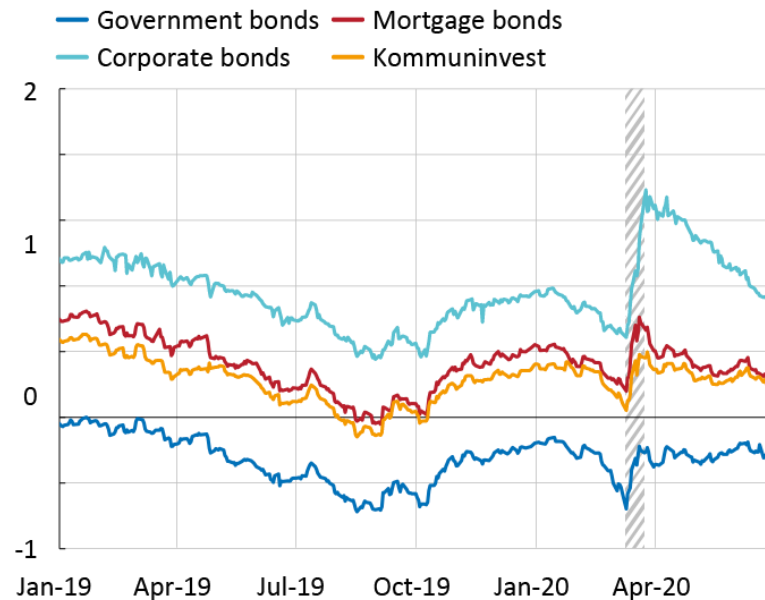
Companies: “The direction gives reason for hope”

- Extensive economic policy measures
- Restrictions have been eased
- Weekly statistics indicate a cautious upturn
- Confidence indicators have risen slightly from low levels
- But companies think it will take time before the situation becomes more normal



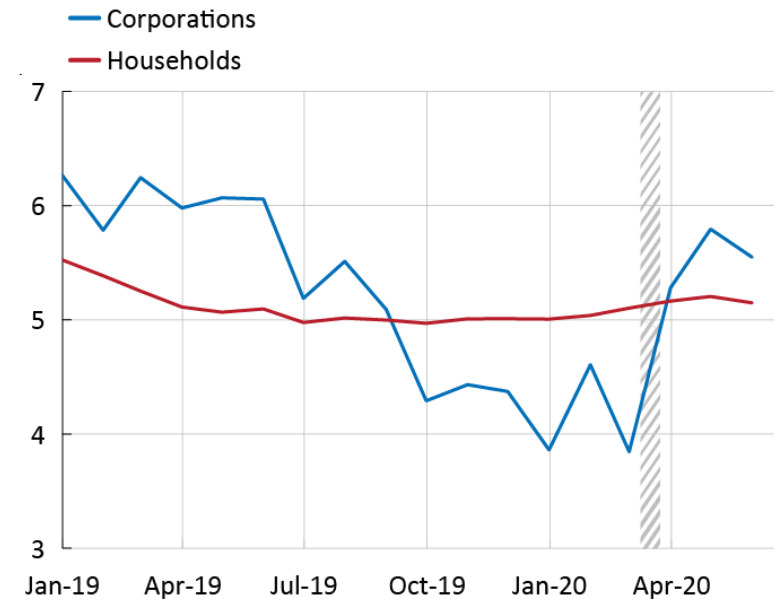
The Riksbank's measures have pushed down interest rates and facilitated credit supply

Market rates have come down



Yields on 5-year bonds, per cent, and annual growth rate respectively.

Lending to households and companies has been sustained



Sources: Macrobond, Statistics Sweden and the Riksbank

Further measures to keep interest rates low and maintain access to low-cost funding

Increase securities purchases

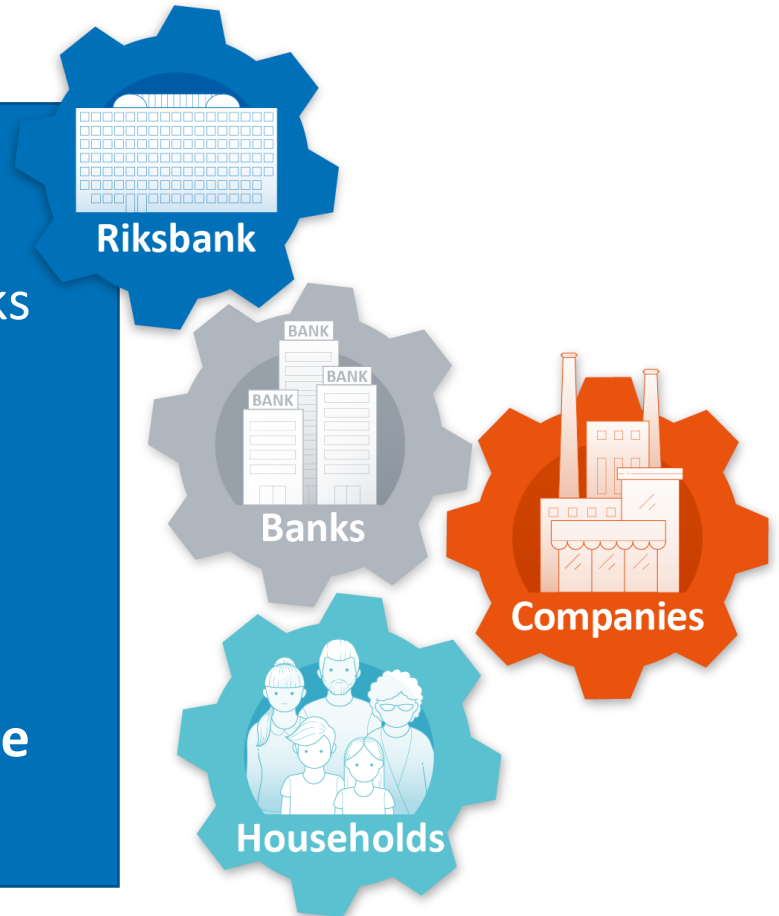
500
billion

Extend maturity period for lending to banks

4
years

Cut lending rates to banks

0%
interest rate



Further measures to keep interest rates low and maintain access to low-cost funding

Increase
securities
purchases

500
billion

- Increased from SEK 300 to SEK 500 billion
- Extended to end of first half of 2021
- Government, mortgage and municipal bonds and commercial paper
- Begin purchases of corporate bonds

Further measures to keep interest rates low and maintain access to low-cost funding

Extend maturity
period for lending
to banks

4
years

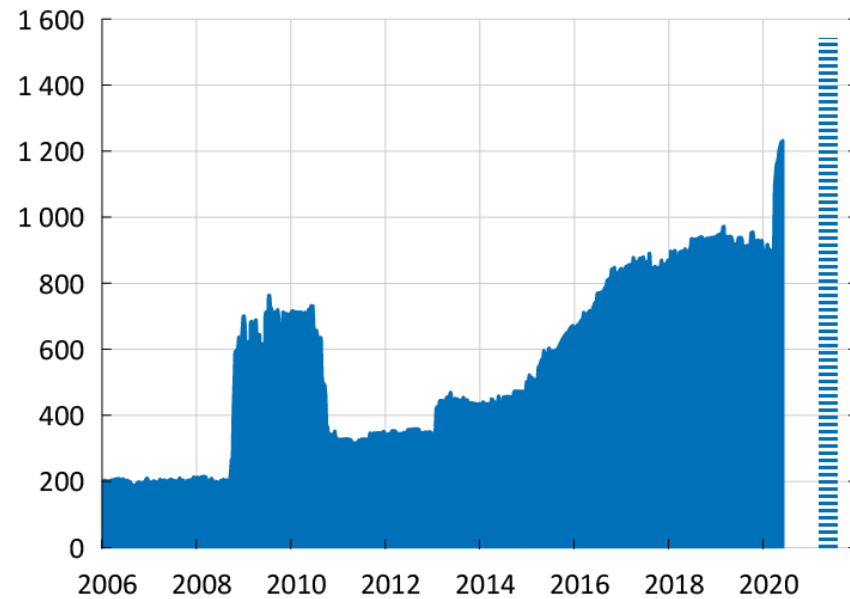
Cut lending
rates to banks

0%
interest rate

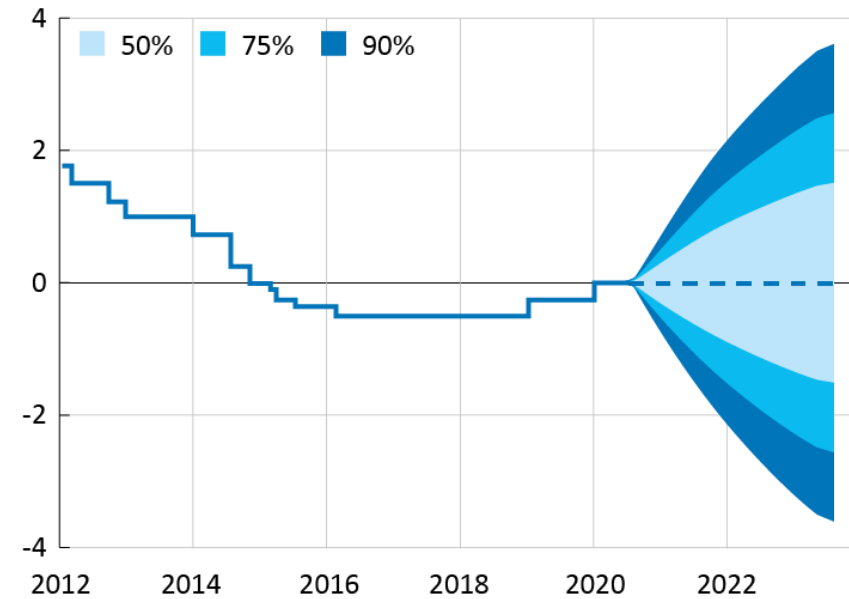
- Banks can borrow from 3 months up to 4 years at zero interest rate
- Ensures there is funding available at low cost

Monetary policy supporting the recovery and inflation

Sharp increase in balance sheet



Zero interest rate

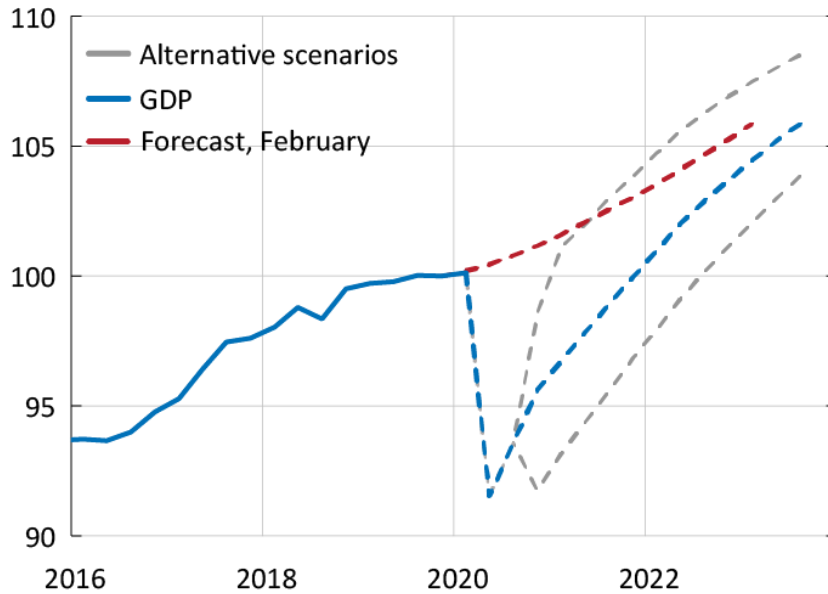


SEK billion and per cent.

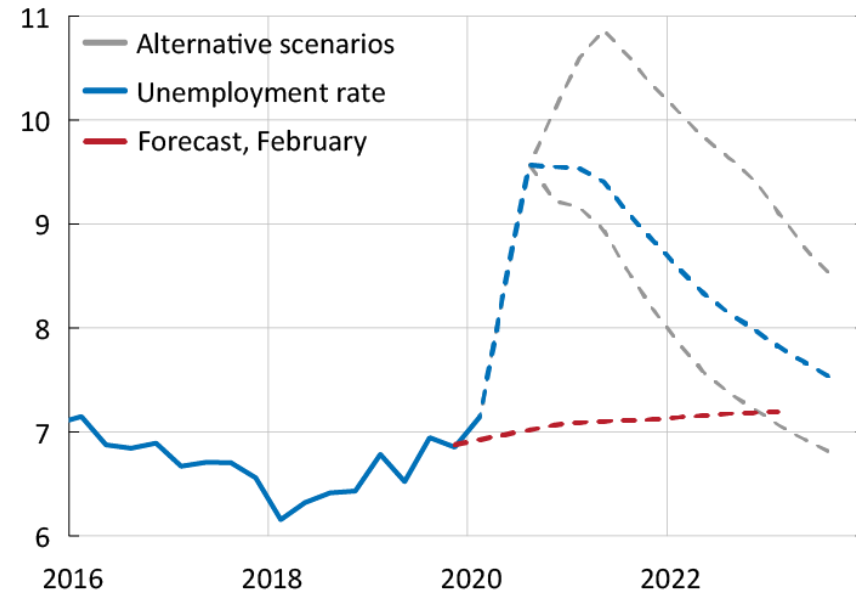
Source: The Riksbank

Slow recovery in Swedish economy

Sharp fall in GDP



Rapidly rising unemployment

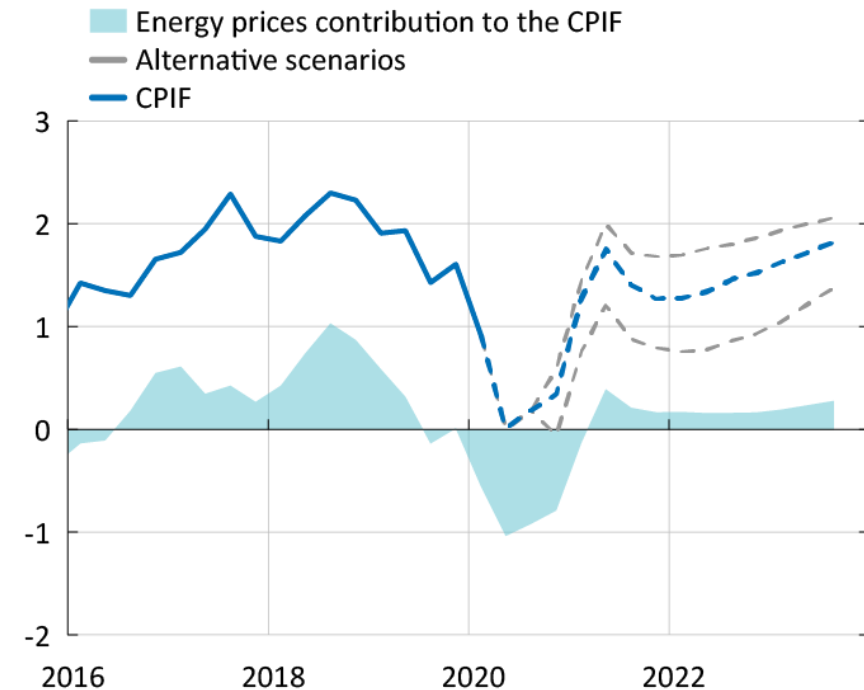


Index 2019 Q1=100 and percentage of labour force respectively.

Sources: Statistics Sweden and the Riksbank

The crisis and temporary effects keeping inflation down

- Significant impact of the corona crisis and falling energy prices
- Unusually uncertain statistics in the months ahead
- Inflation rising slowly towards the target
- Effects of the pandemic on inflation in the long term are uncertain



Annual percentage change and percentage points.

Sources: SCB and the Riksbank

Interplay between different policy areas most effective to alleviate the effects of the crisis

- Effective impact when policy areas collaborate
- Deep crisis requires extensive economic policy support
- The Riksbank ready to do more if and when necessary



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