



Monetary policy  
July 2021

# Monetary policy summer 2021



Vaccination and eased restrictions. Mutations creating uncertainty.

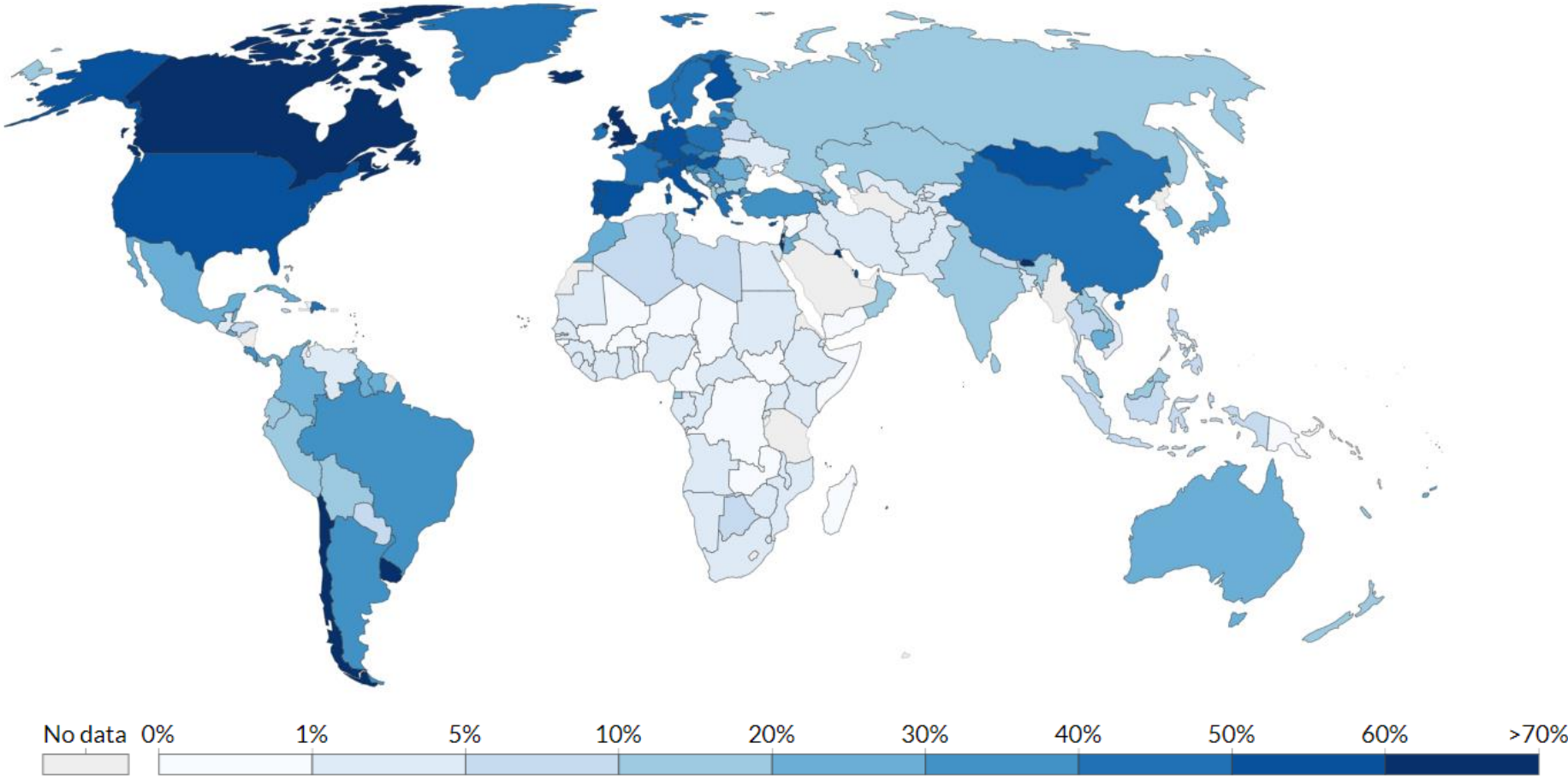


Rapid recovery in GDP but moderate inflationary pressures.



Expansionary monetary policy for inflation to be more persistently close to target.

# Increasing number have been vaccinated but major differences between countries, mutations create uncertainty



Percentage of total population that has received at least one vaccine dose against COVID-19, as of 26 June.

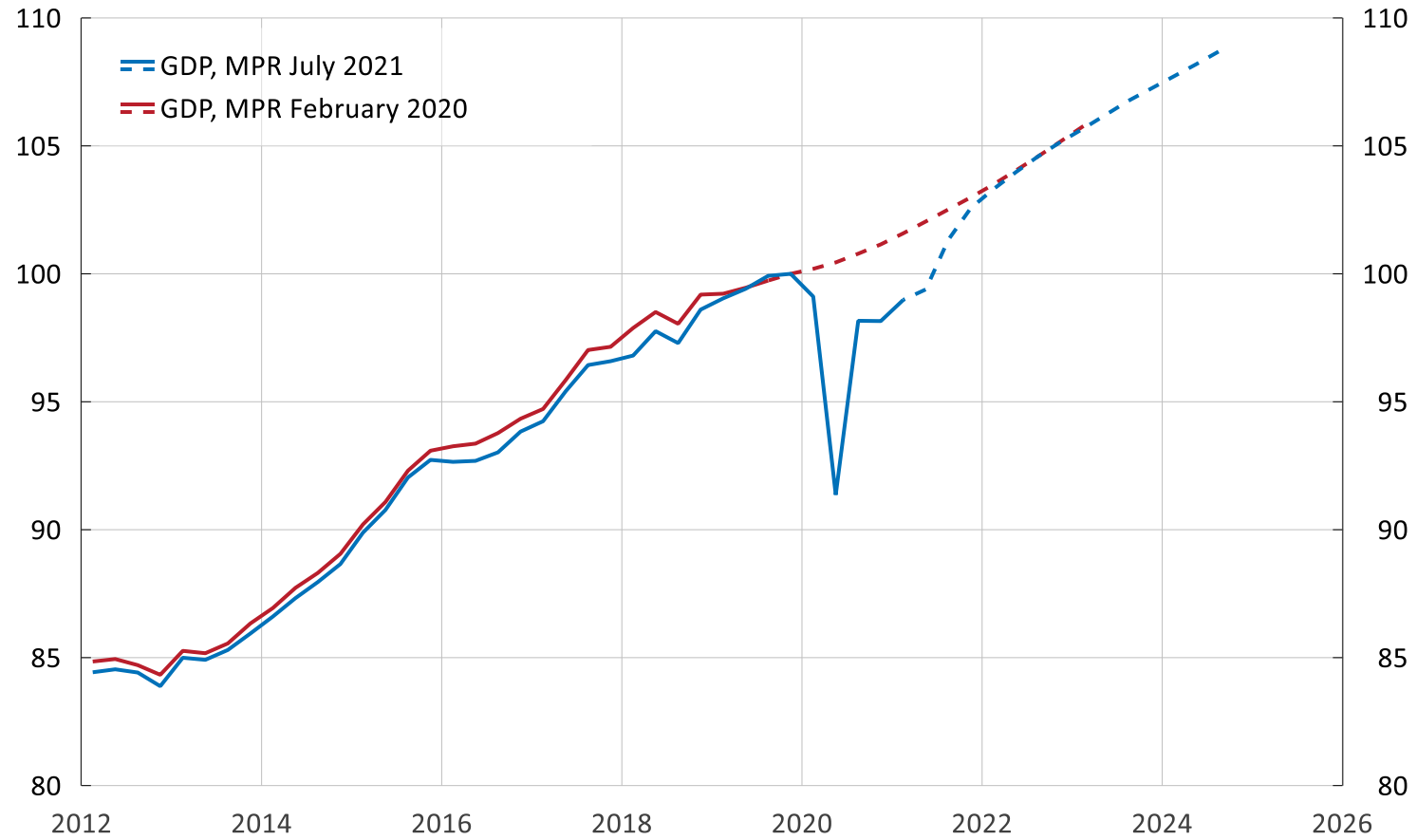
Source: Our world in data.

# International recovery

- Eased restrictions
- Strong support from economic policy
- Rapid GDP growth in near term
- Inflation temporarily high in USA and euro area
- Vaccination decisive factor



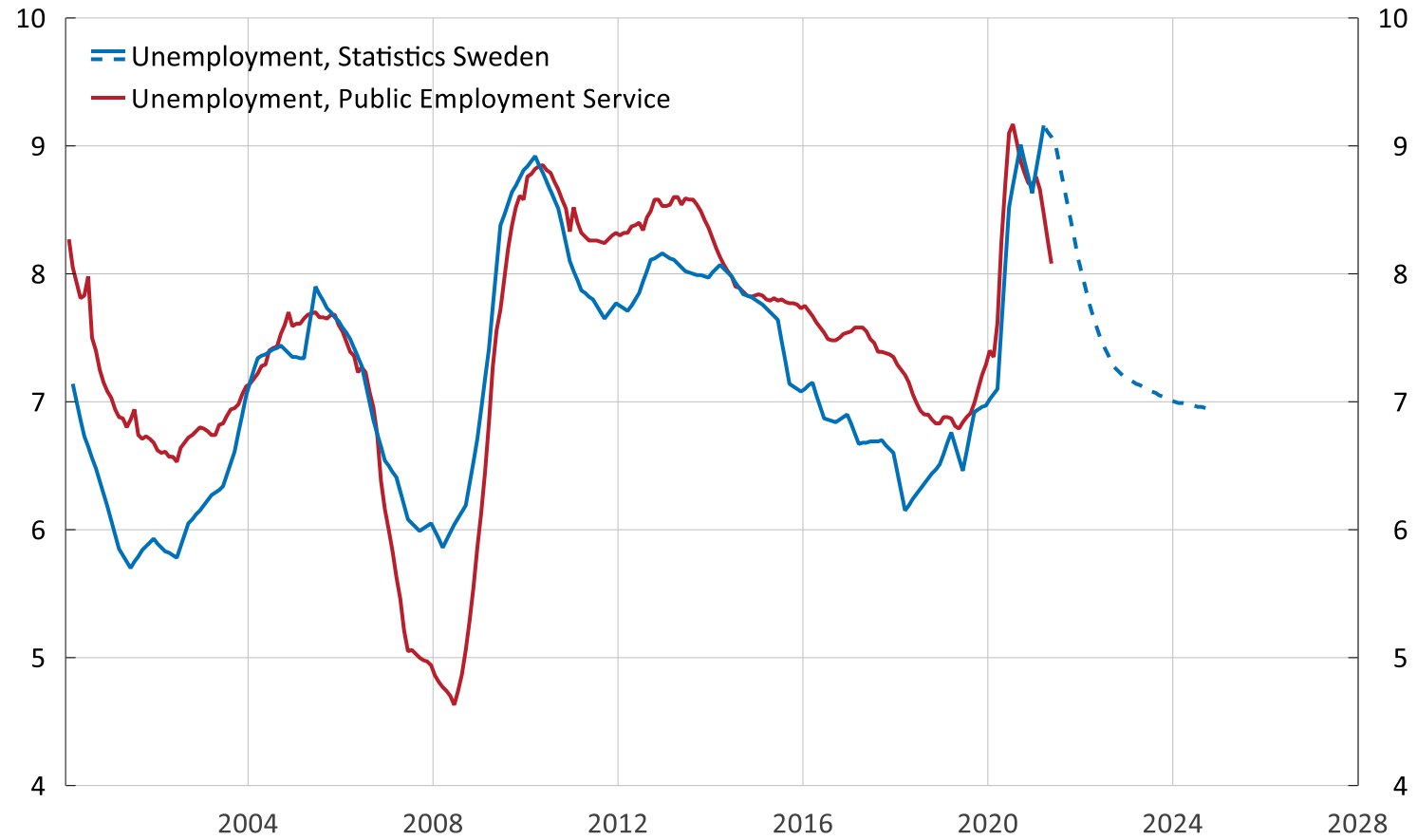
# Eased restrictions and substantial economic policy support mean that Swedish economy will accelerate



Index, 2019 Q4 = 100, seasonally adjusted data.

Sources: Statistics Sweden and the Riksbank.

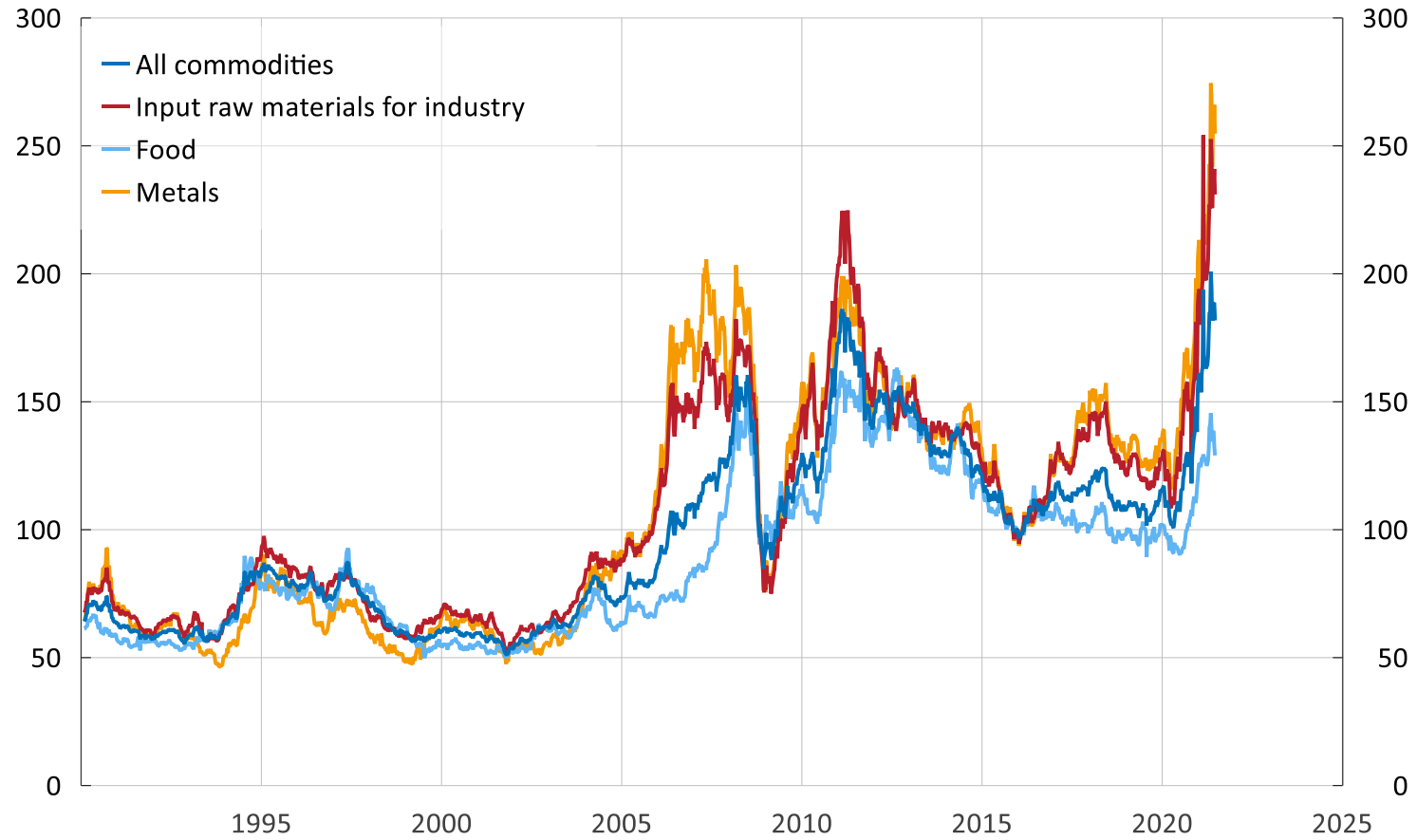
# High unemployment



Per cent of labour force.

Sources: Swedish Public Employment Service,  
Statistics Sweden and the Riksbank.

# Commodity prices have risen substantially

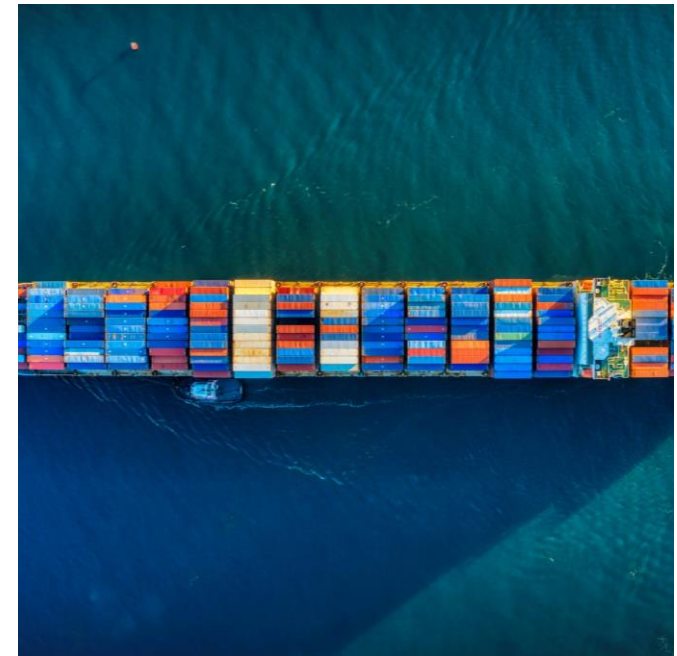


Index, 2015 week 52 = 100.

Source: The Economist.

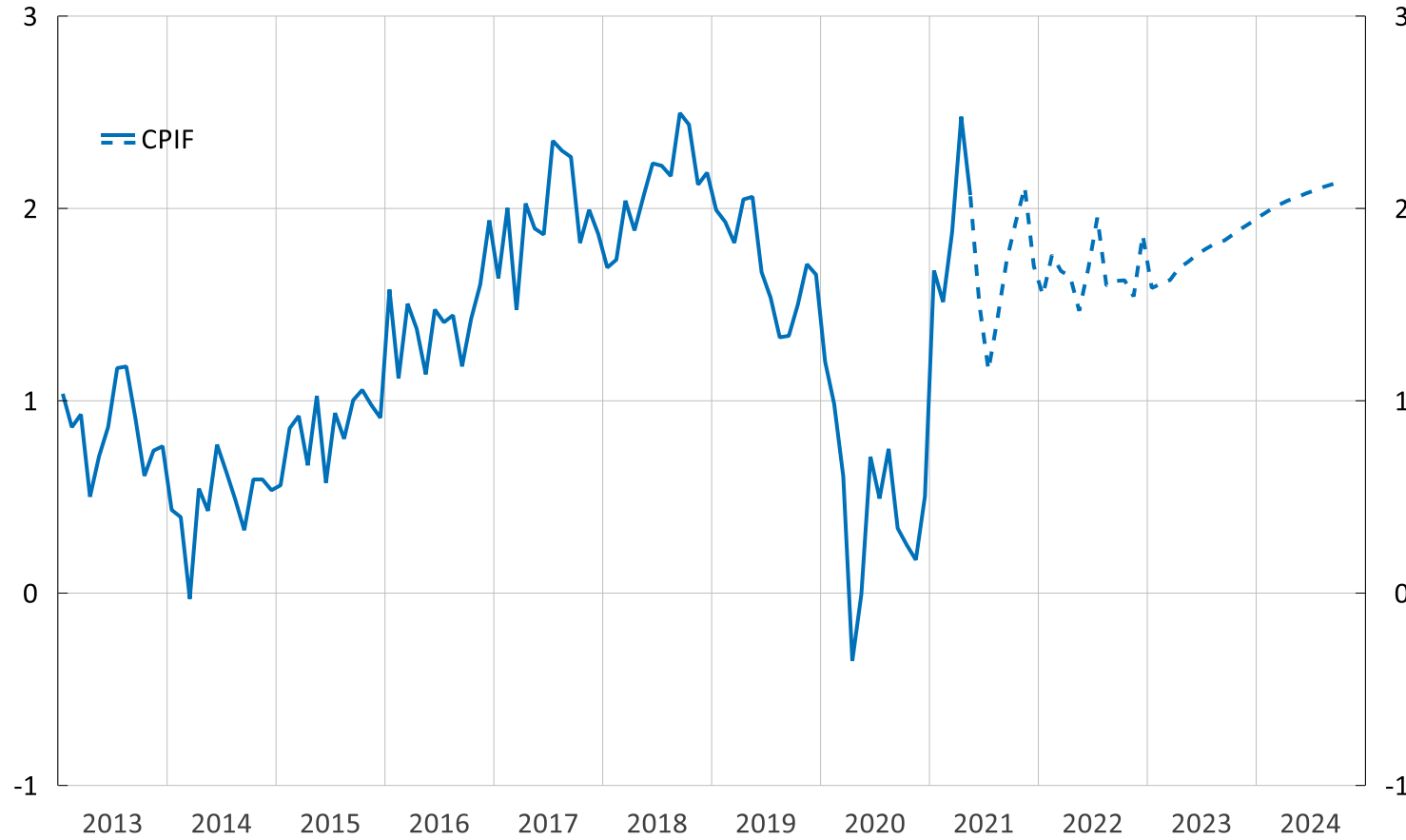
# Moderate effects on inflation

- Weak link between commodity prices, freight prices and inflation
- When production catches up, price pressures will be subdued
- No signs of rapid upturn in inflation expectations





# Large fluctuations in inflation, moderate cost pressures

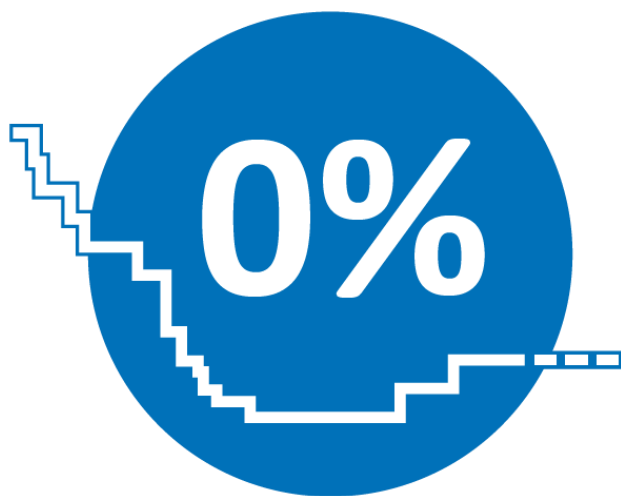


Annual percentage change.

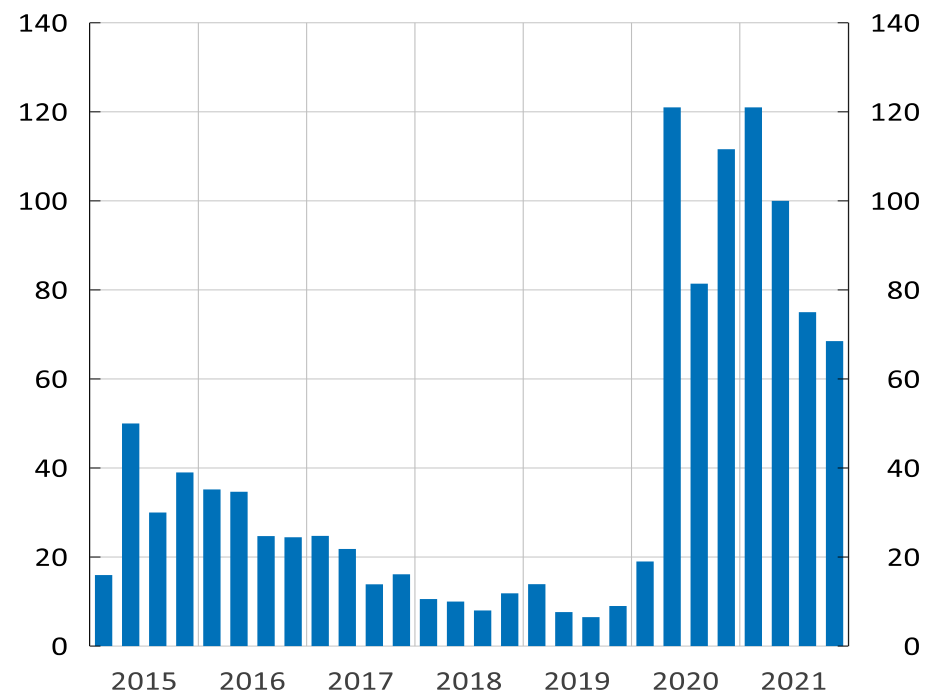
Sources: Statistics Sweden and the Riksbank.

# Expansionary monetary policy brings inflation close to target

## Repo rate at zero per cent



## Asset purchases, but at declining pace



Nominal amounts, SEK billion. Decided and implemented purchases of government, municipal, covered and corporate bonds and treasury bills. Source: The Riksbank.

# Monetary policy needs to be sustained

Rapid recovery in economy, but moderate inflationary pressures

Greater risk in reducing support too early than keeping it too long

Expansionary monetary policy a condition for inflation on target