

Inflation is still far too high

Monetary policy April 2023

Monetary policy spring 2023

- **Policy rate raised** by 0.5 percentage points to 3.5 per cent
- The rate **will likely be raised** by an additional 0.25 percentage points in June or September



Information since the February decision

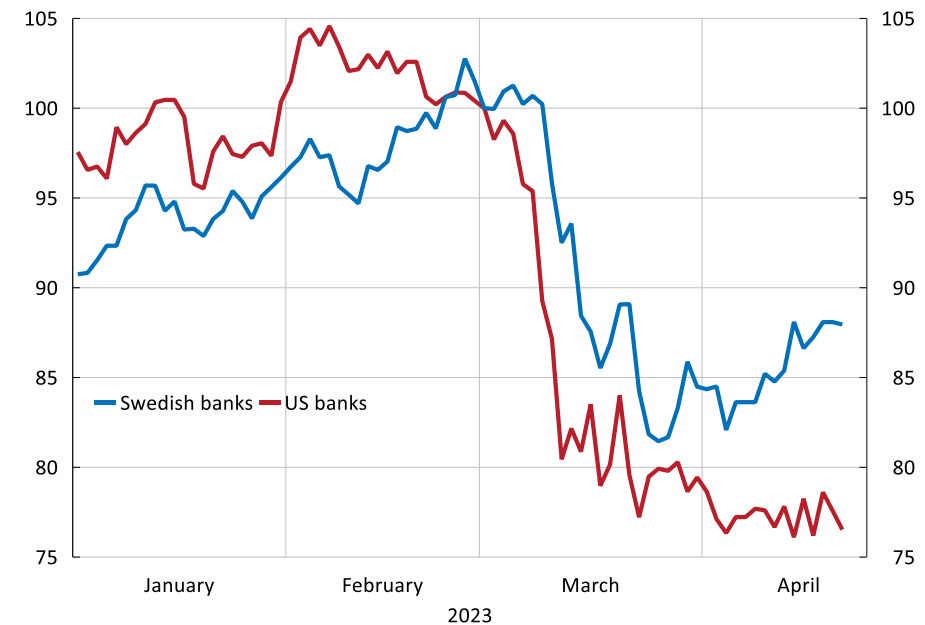
- Three inflation outcomes that have been higher than expected
- Relatively favourable economic activity in Sweden and abroad
- Industrial agreement
- Stable inflation expectations
- Problems in some US and European banks



Problems in some US and European banks

- Large movements in financial markets
- Measures have stabilised the situation
- Swedish banks are highly resilient
- We are monitoring developments closely

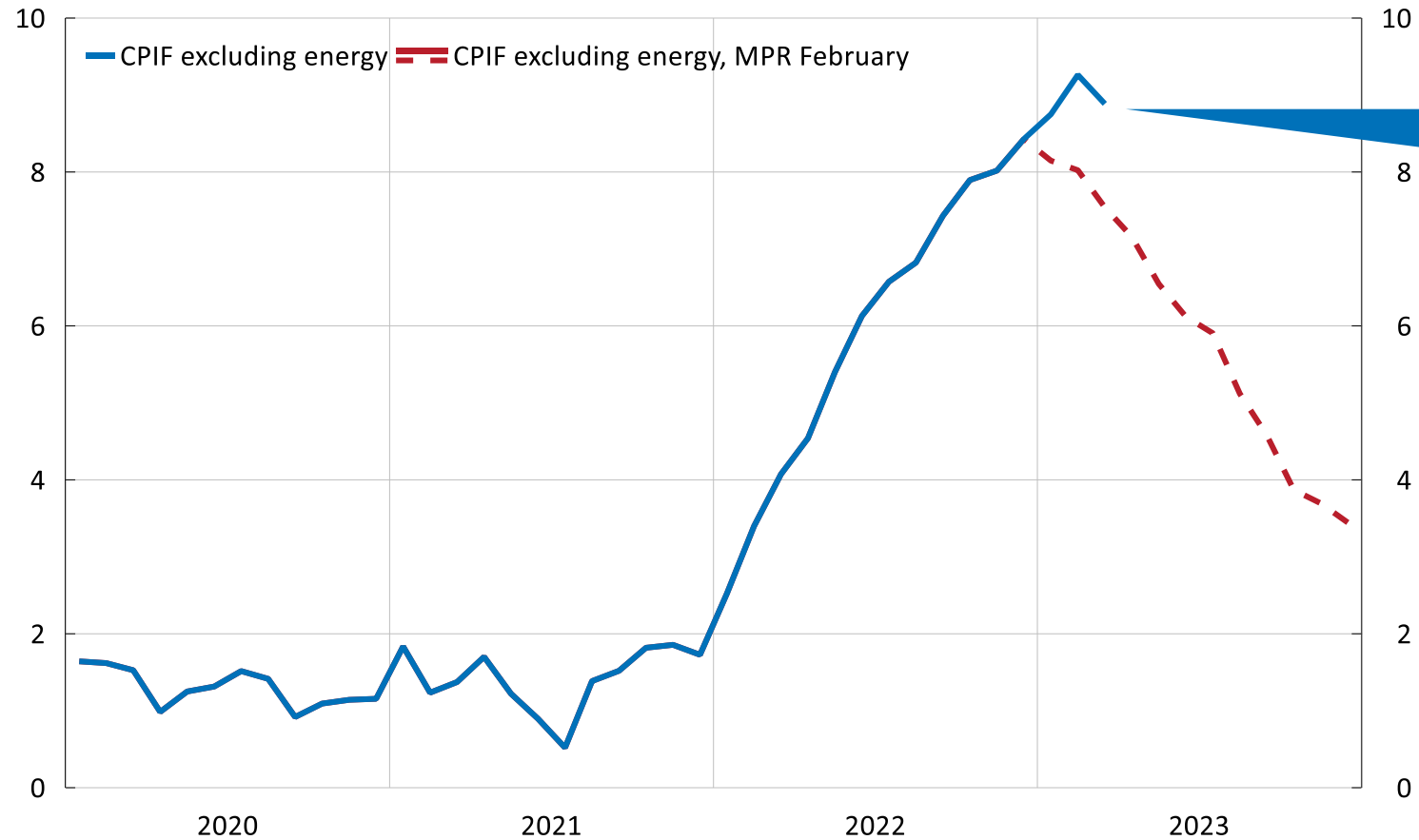
Bank shares



Index, 1 March 2023=100. Refers to OMX Stockholm Banks PI for Sweden and KBW Bank Index for the United States.

Sources: Bloomberg and Macrobond.

Inflation is significantly higher



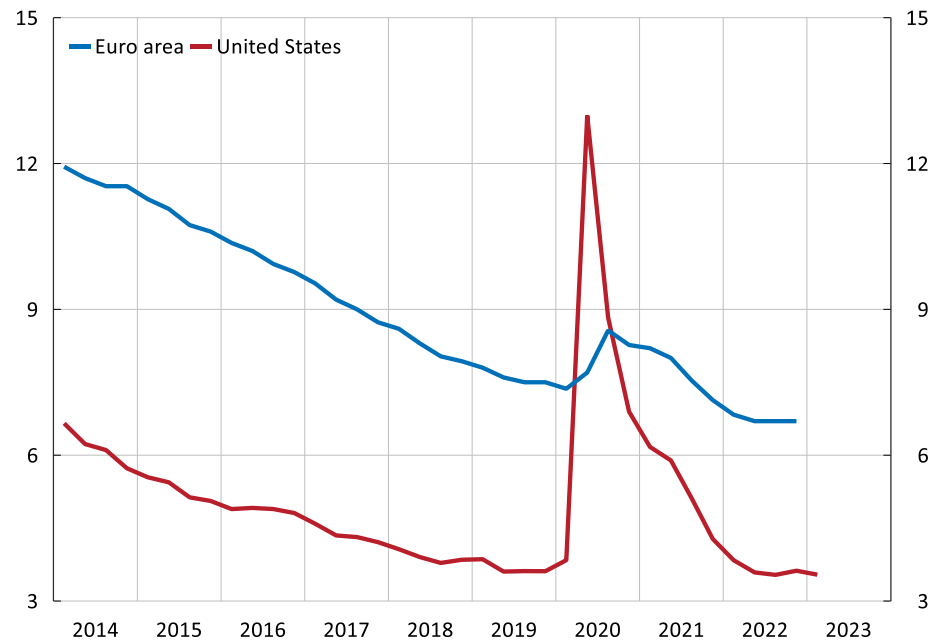
March 2023:
8.9 %

Annual percentage change

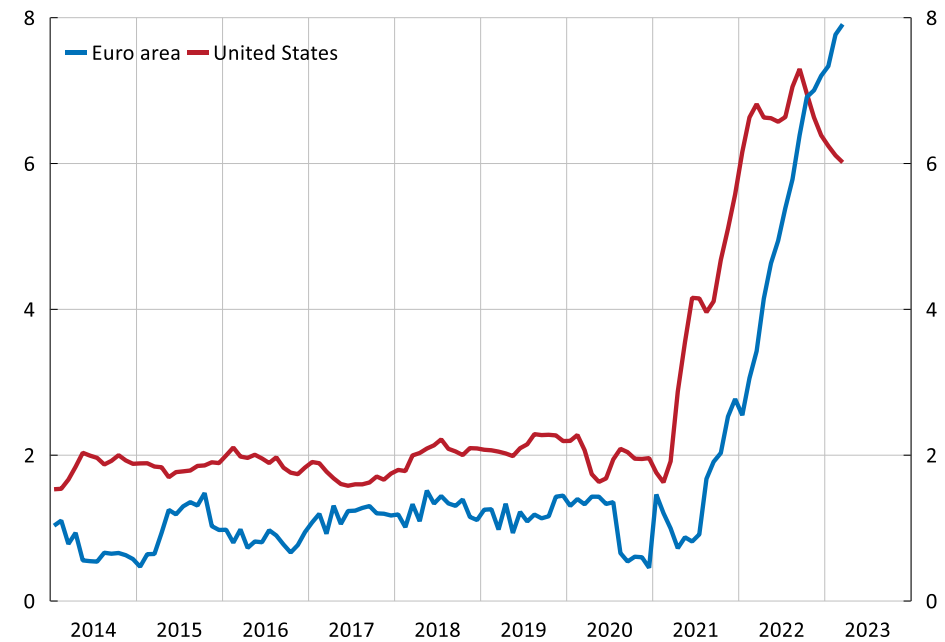
Sources: Statistics Sweden and the Riksbank

Favourable economic activity and high inflation abroad

Low unemployment



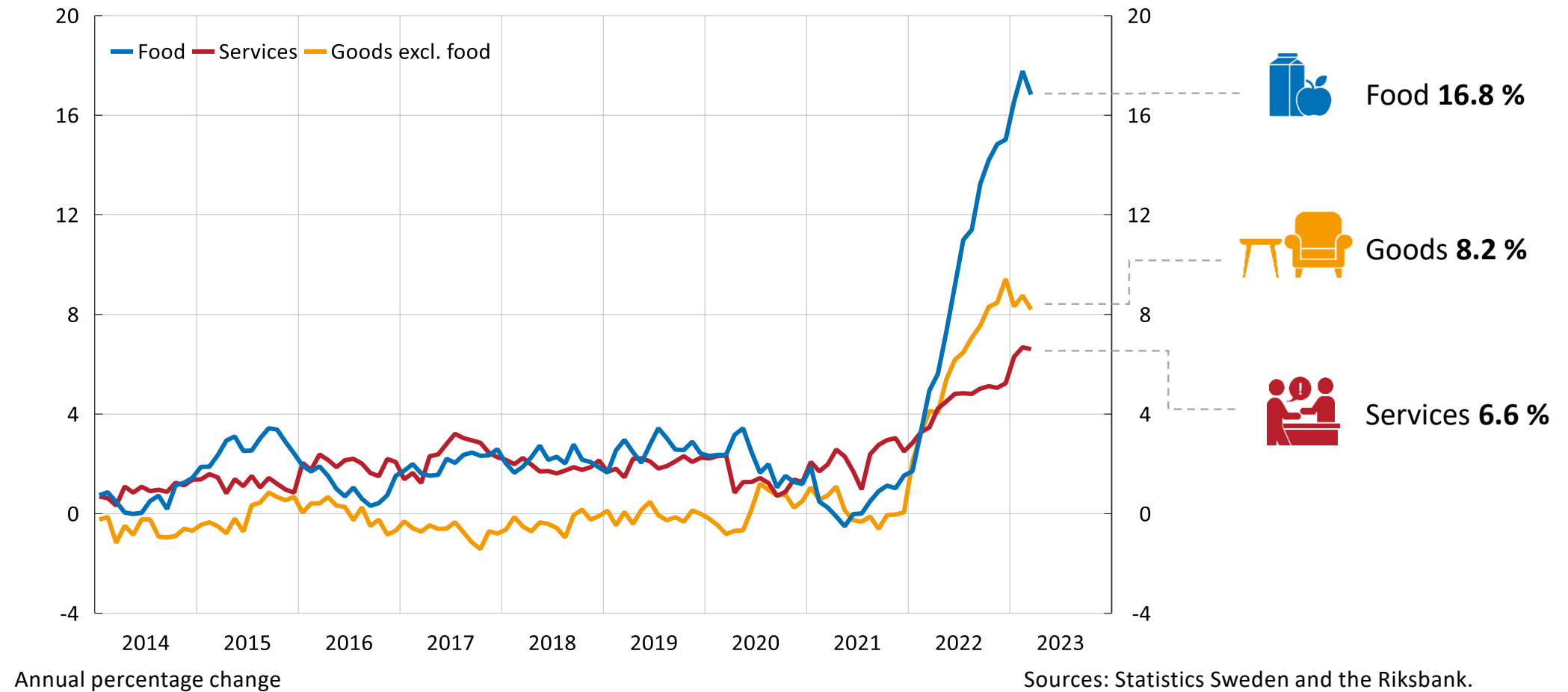
The US is ahead in the development of inflation



Per cent of labour force and annual percentage change. The right figure shows underlying inflation which here refers to the HICP excluding energy for the euro area and the CPI excluding energy for the US.

Sources: Eurostat and US Bureau of Labor Statistics.

Almost all prices are rising rapidly



Cost pressures in earlier stages of production have decreased



How quickly will consumer prices decrease?

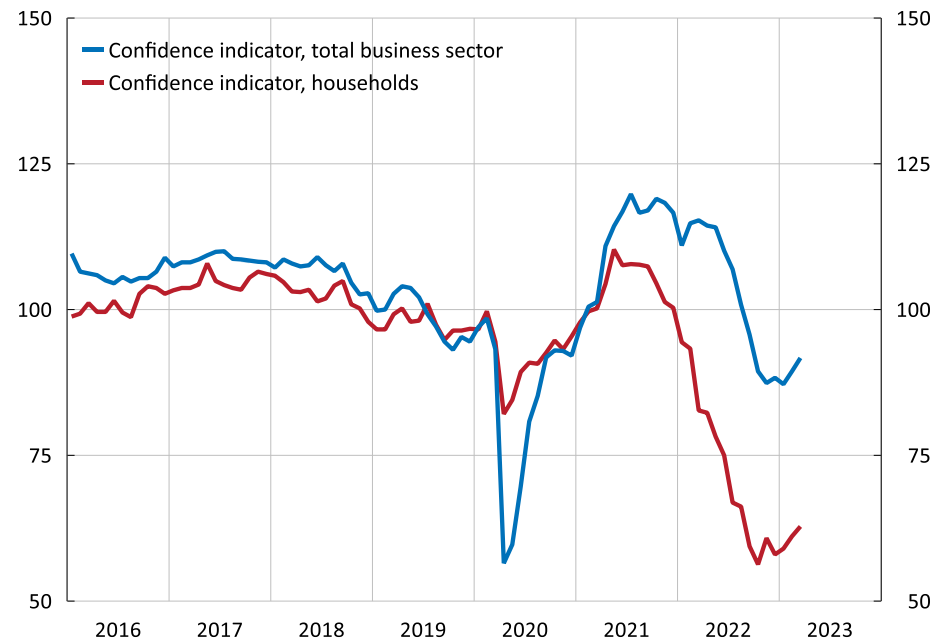


The net figures show how many companies are planning to increase their prices minus how many are planning to reduce them in the next three months.

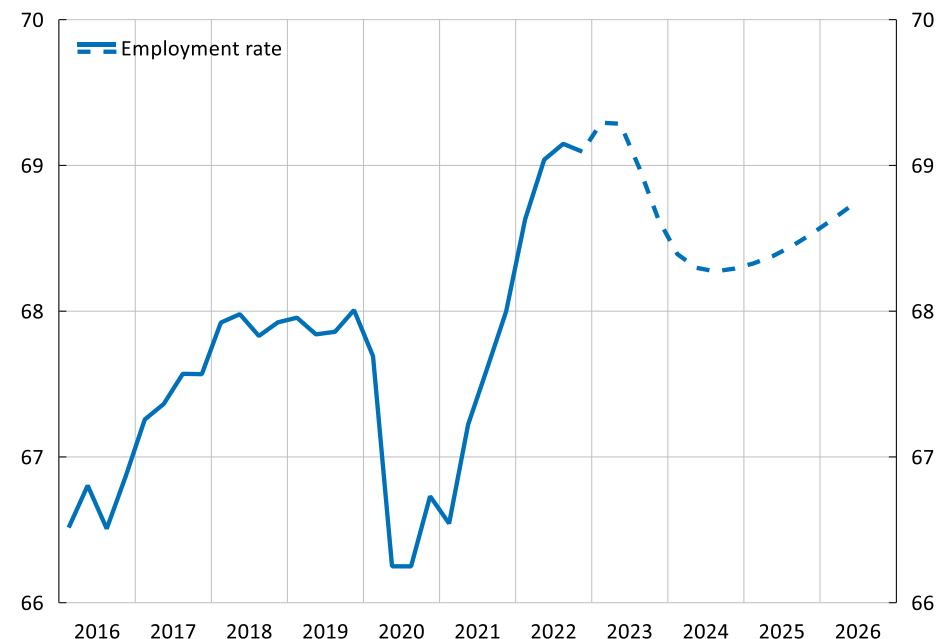
Source: National Institute of Economic Research

Swedish economy slowing down

Two-tier development



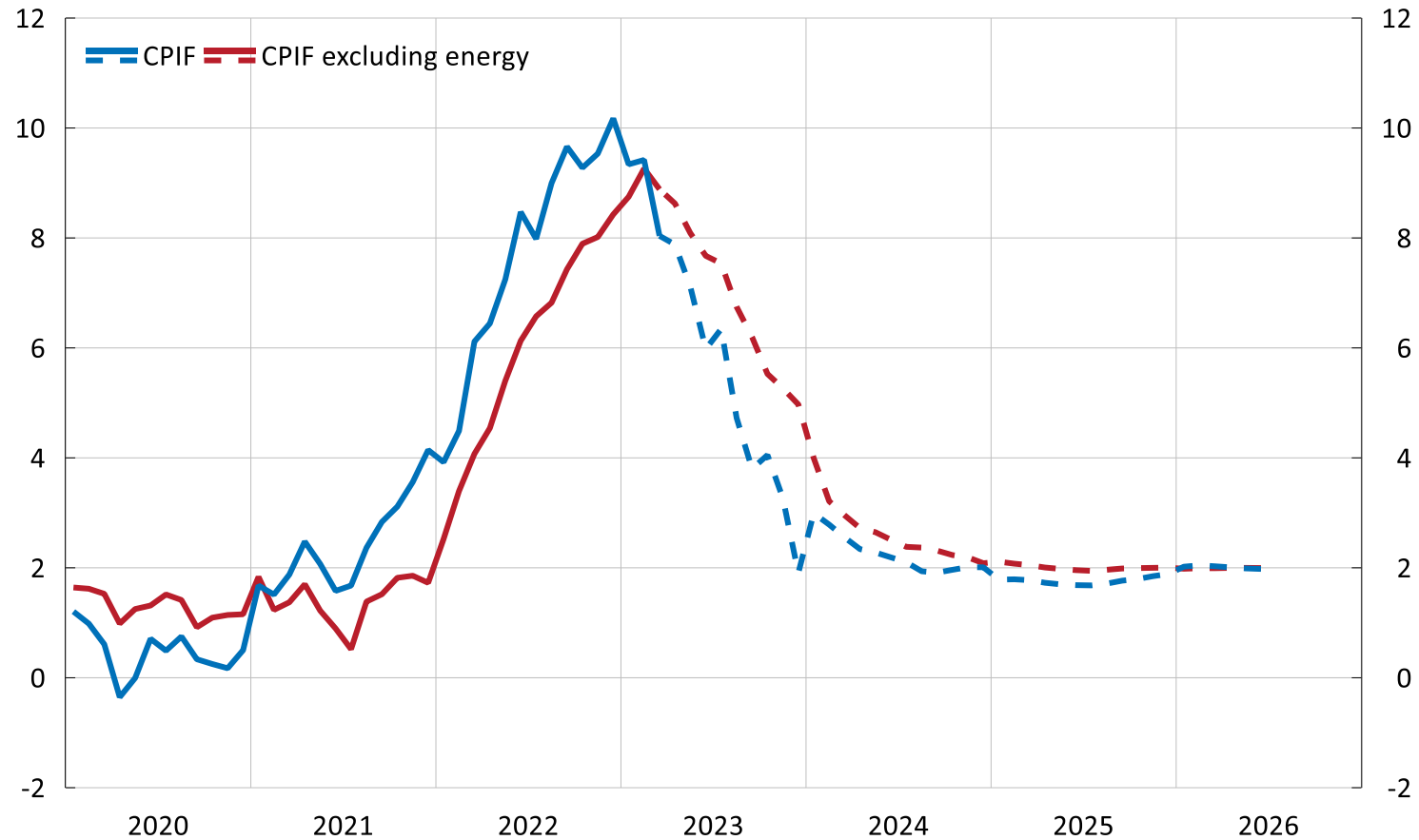
Labour market cooling off



Index and percentage of the population aged 15-74 respectively. Solid line refers to outcomes, dashed line to the forecast.

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

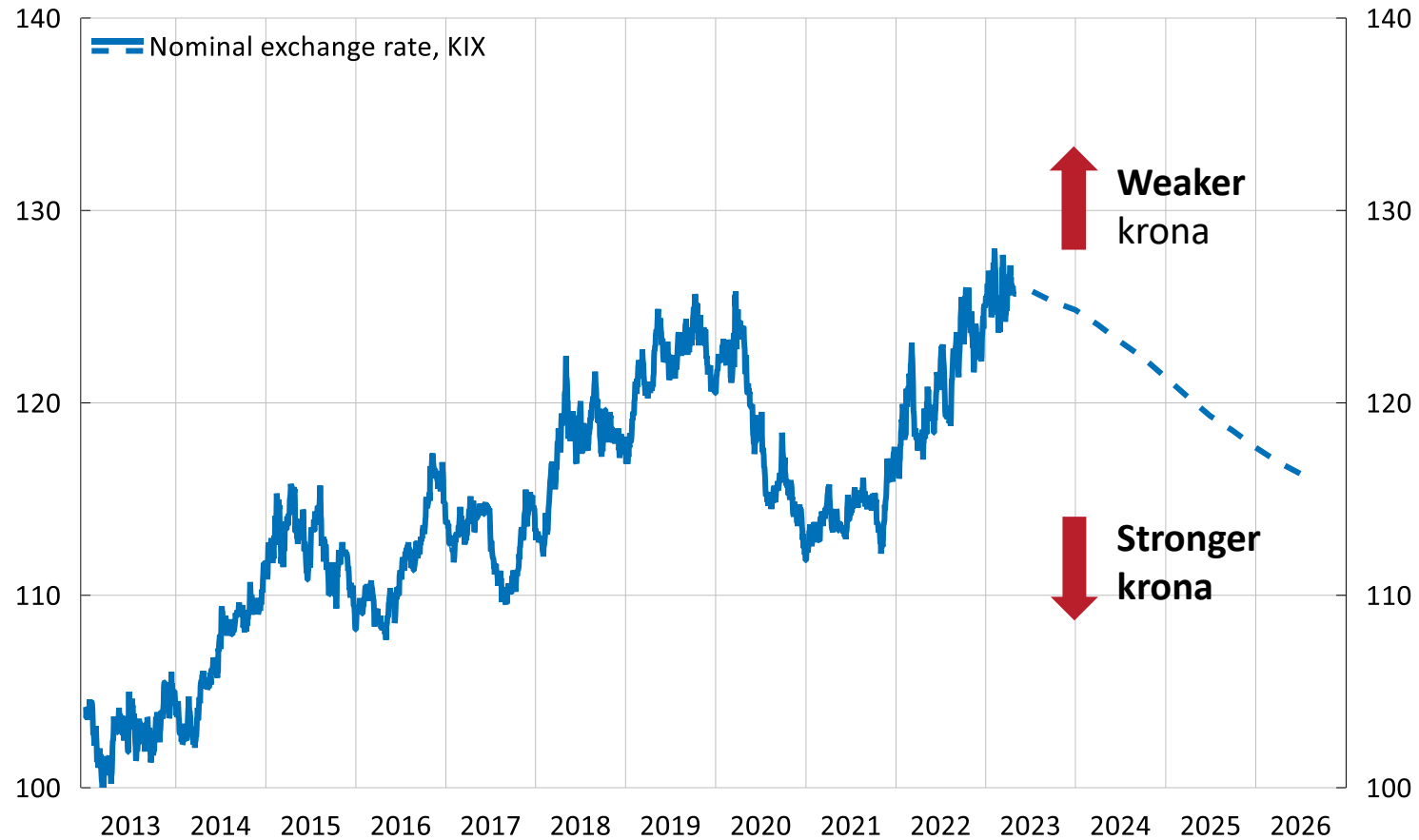
Inflation expected to fall significantly this year



Annual percentage change.

Sources: Statistics Sweden and the Riksbank

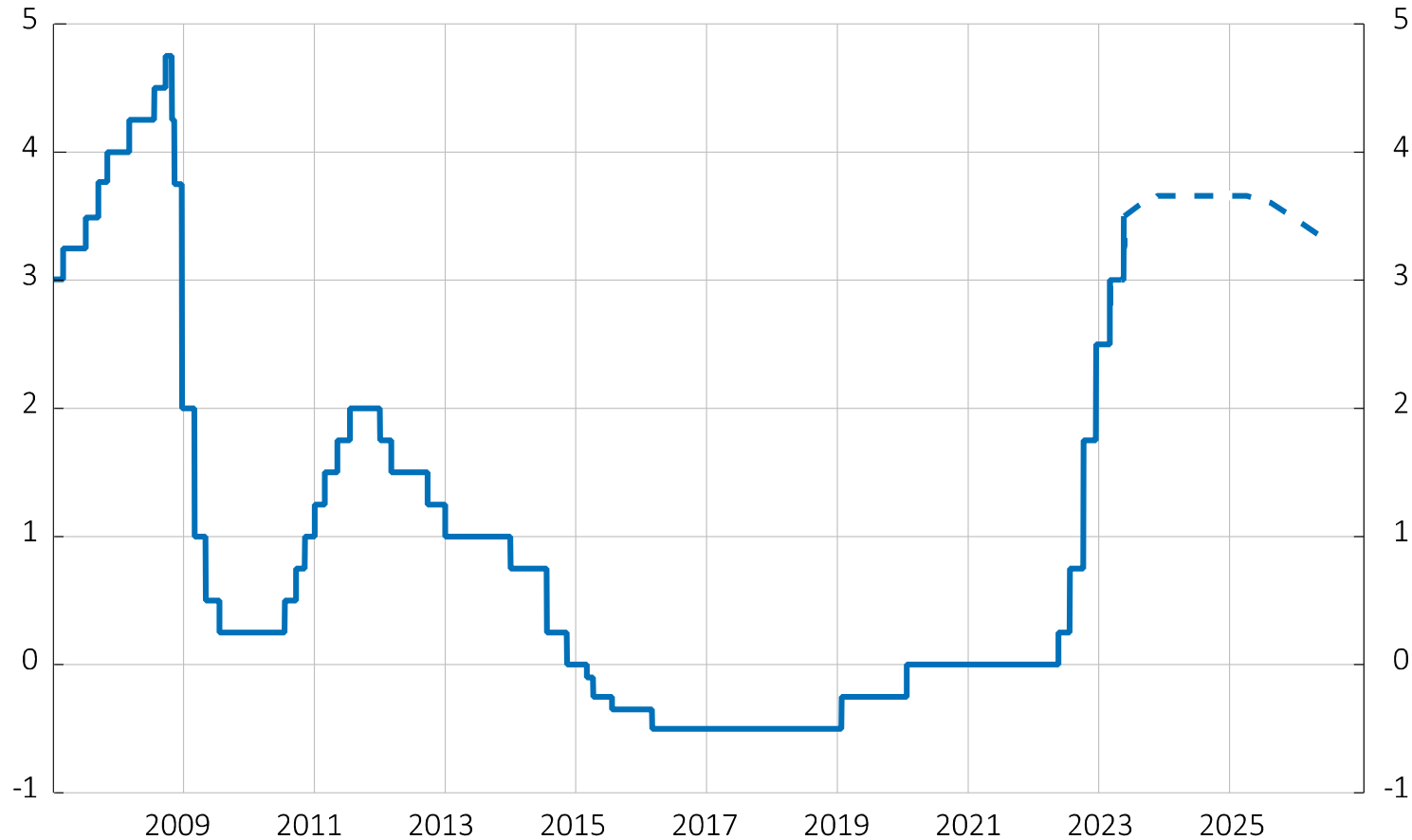
Krona expected to appreciate going forward



Index, 18 November 1992 = 100. Outcomes are daily data and forecasts refer to quarterly averages. Solid line refers to outcomes, dashed line to the forecast.

Source: The Riksbank

Policy rate raised to reach the inflation target within a reasonable time



Per cent

Source: The Riksbank

We are doing what is necessary to bring down inflation within a reasonable time

- **Major uncertainty** regarding the development of inflation
- Monetary policy needs to **remain contractionary**, scope for adjusting the policy rate in smaller steps
- **New information** and how it affects the outlook for inflation will be decisive for the conduct of monetary policy



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