

## DECISION

DATE: 6 November 2024  
DEPARTMENT: Monetary Policy Department  
DNR: 2024-01205  
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# Policy rate decision

## The Riksbank's decision

1. The Riksbank sets the policy rate at 2.75 per cent, which means that it is cut by 0.5 percentage points. The new level of the policy rate shall apply as from 13 November 2024.
2. The Riksbank adopts the Monetary Policy Update, annex Monetary Policy Update.
3. This decision will be published at 09:30 on 7 November 2024.
4. The minutes of the monetary policy meeting on 6 November 2024 will be published at 09:30 on 13 November 2024.

## Grounds for the decision

### Legal basis

Under Chapter 2, Section 1 of the Sveriges Riksbank Act (2022:1568), the overriding objective of the Riksbank is to maintain low and stable inflation (the price stability objective). Without neglecting the price stability objective, the Riksbank shall also contribute to a balanced development of production and employment (consideration for the real economy). The Riksbank has defined the price stability objective as a target of 2 per cent for the annual increase in the consumer price index with a fixed interest rate (the CPIF) (doc. reg. no. 2017-00691).

The Riksbank's main monetary policy tool for achieving the price stability objective is the policy rate. The Riksbank shall determine the policy rate for its deposits, its credits and its repurchase agreements in financial instruments (Chapter 2, Section 4, second paragraph of the Sveriges Riksbank Act).

## **Policy rate is cut to 2.75 per cent**

Over the year, the Riksbank has gradually eased monetary policy, by cutting the policy rate in May, August and September. This, as inflation has fallen, the risk of inflation becoming too high has declined and economic activity has remained weak. The Riksbank has also communicated that further rate cuts can be expected going forward.

Despite an expectation among economic agents of better times ahead, there are still few clear signs of a recovery. There is also uncertainty regarding demand on important Swedish export markets. There is a risk that the recovery in the Swedish economy will take longer than expected. To further support economic activity, the policy rate needs to be cut a little faster than was indicated in the policy rate forecast in September. It is important in itself that economic activity strengthens, but it is also a necessary condition for inflation to stabilise close to the target. As part of attaining the price stability target, the Riksbank assesses that under the prevailing circumstances and taking into account the consequences for the real economy and the functioning of the financial markets, a well-balanced decision is to cut the policy rate to 2.75 per cent.<sup>1</sup> The effects of the monetary policy decision are also considered to be in reasonable proportion to the costs and risks that the decision entails for the finances of the Riksbank and the State. The Riksbank therefore considers that the decision is compatible with the principle of proportionality in Chapter 1, Section 8 of the Sveriges Riksbank Act.

If the outlook for inflation and economic activity remains unchanged, the policy rate may be cut again at the next monetary policy meeting in December and during the first half of 2025, in line with what was communicated in September. But there are risks regarding the outlook for inflation and economic activity that could lead to a different monetary policy stance.<sup>2</sup>

The decision has been taken by the Executive Board (Governor Erik Thedéen, First Deputy Governor Anna Breman and Deputy Governors Per Jansson, Aino Bunge and Anna Seim) following a presentation by senior advisor Mattias Erlandsson. Head of Department Åsa Olli Segendorf and acting General Counsel Carolina Backert took part in the final processing work.

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<sup>1</sup> This is developed further in the Monetary Policy Update, see annex.

<sup>2</sup> This is described further in the Monetary Policy Update, see annex.