



DECISION

DATE: 28 January 2025
DEPARTMENT: Monetary Policy Department
DNR: 2025-00129
DOCUMENT CLASSIFICATION: RB PUBLIC

Policy rate decision

The Riksbank's decision

1. The Riksbank sets the policy rate at 2.25 per cent, which means that it is cut by 0.25 percentage points. The new level of the policy rate shall apply as from 05 February 2025.
2. The Riksbank adopts the Monetary Policy Update, annex Monetary Policy Update.
3. This decision will be published at 09:30 on 29 January 2025.
4. The minutes of the monetary policy meeting on 28 January 2025 will be published at 09:30 on 4 February 2025.

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 2.25 per cent

During 2024, the Riksbank cut the policy rate by a total of 1.5 percentage points, to 2.5 per cent, and in connection with the monetary policy decision in December, the Riksbank communicated that the policy rate could be cut on a further occasion during the first half of 2025.

For some time, inflationary pressures have been deemed consistent with inflation of around two per cent. There are signs that an economic rebound is on the way, but activity remains weak. Last year's interest rate cuts have made a positive impact on households' and companies' finances, but they have yet to reach full impact on interest expenses and demand in the economy. New information since December indicates that the outlook for inflation and economic activity remains largely the same. Given that the risk of inflation becoming too high is limited, at the same time as economic activity is weak, the Riksbank assesses that it is appropriate to cut the policy rate now. 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 2.25 per cent.¹ 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.

The Riksbank assesses that the lower interest rate will gradually provide an increasingly positive contribution to demand in the Swedish economy. The forecast in December of an unchanged policy rate of 2.25 per cent going forward essentially holds.

This 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 Economist Jakob Almerud. The Head of the Monetary Policy Department Åsa Olli Segendorf and General Counsel Annica Sandberg took part in the final processing work.

¹ This is developed further in the Monetary Policy Update, see enclosure.