

ARTICLE – The Riksbank's development work

The focus of the Riksbank's monetary policy development work in 2021 was on analysing the rise in inflation and the effects of new monetary policy tools. One question that required analysis was how inflation was affected by high energy prices and bottlenecks in production chains, and to what extent these factors could be expected to have a lasting impact on inflation. With regard to the effects of monetary policy tools, an important issue was to examine in greater detail the consequences of the extensive purchases of securities made by the Riksbank during the coronavirus crisis. In addition, the Riksbank has analysed, among other things, the ECB's new monetary policy framework, developments in the Swedish labour market and how climate change can affect the economy.

Focus on inflation and the effects of monetary policy measures

In 2021, inflation rose sharply both in Sweden and the rest of the world. Several factors contributed to this: freight costs, bottlenecks in production chains and energy prices. In various publications, the Riksbank has tried to investigate the effects of these factors on inflation both in Sweden and abroad. In addition, the Riksbank has analysed and described the strategies of various central banks for dealing with rising inflationary pressures.

As the Riksbank has introduced a number of monetary policy tools during the coronavirus crisis, it has been of the utmost importance to analyse their effects on the economy. An important issue has been the side effects on the economy that may arise from the purchase of assets, including the effects on the distribution of income and wealth. The Riksbank has also analysed the purchases of government bonds made prior to the coronavirus crisis, to gain a better general understanding of how asset purchases affect the economy.

The Riksbank's other development work during the year with a bearing on monetary policy includes describing and analysing the consequences of the ECB's changed monetary policy framework, how the Swedish labour market is to be assessed in the light of the changeover in Statistics Sweden's statistics, the development of the krona and the effects of climate change on inflation and the real economy.

Table 3. Monetary policy-related studies conducted in 2021.

Year of publication 2021, unless otherwise specified

Articles in Monetary Policy Reports
"Changed consumption during the pandemic affects inflation", February.
"Alternative scenarios for the economic recovery", February.
"Changes in the LFS and the Riksbank's analysis of the labour market", February.
"Development of the Riksbank's securities holdings", February.
"Rapidly rising housing prices despite the coronavirus crisis", April.
"Alternative scenarios for the recovery", April.
"How are higher commodity prices and freight costs affecting inflation in Sweden?", July.
"Expansionary fiscal policies abroad are contributing to the recovery", July.
"Foreign central banks' plans for a gradually less expansionary monetary policy", September.
"Different methods of measuring housing costs in the consumer price index", September.
"New monetary policy strategy in the euro area", September.
"Are low global real interest rates set to continue?", November.
"Higher inflation – temporary or persistent?", November.
Economic Commentaries
I. Häkkinen Skans, "The corona crisis and the labour market – effects in the short and the long term", No. 1.
P. Di Casola, "What does research have to say about the effects of central banks' balance sheet policies?", No. 2.
M. Löf, "Cyclically sensitive and exchange rate sensitive prices", No. 5.
J. Alsterlind, "Why have US long-term yields risen?", No. 6.
G. Lundgren, "Survey-based inflation expectations", No. 7.
H. Erikson and D. Vestin, "Pass-through of negative policy rates", No. 9.
B. Andersson, M. Apel and I. Häkkinen Skans, "10 questions and answers about the distributional effects of monetary policy", No. 11.
D. Hansson and J. Birging, "The Riksbank's asset purchases during the coronavirus pandemic", No. 12.
J. Alsterlind, "The development of risk premiums on covered bonds during the coronavirus pandemic", No. 13.
E. Bylund and M. Jonsson, "An overview of the economic consequences of the NGFS climate scenarios", No. 14.

Sveriges Riksbank Economic Review

P. Bacchetta and P. Chikani, "On the weakness of the Swedish krona", No. 1.

M. Gislén, I. Hansson and O. Melander, "Dollar liquidity from the Federal Reserve to other central banks – why and how?", No. 1.

P. Gustafsson and T. von Brömsen, "The coronavirus pandemic: The Riksbank's monetary policy and financial developments in spring and summer 2020", No.1.

O. Melander, "Effects of the Riksbank's purchases of government bonds on the financial markets", No. 1.

C.-J. Belfrage, "The development of the Swedish krona in a longer perspective", No. 2.

S. Laséen, "How lasting are the economic consequences of pandemics? 220 years of Swedish experiences", No. 2.

K. Kladićko and P. Österholm, "Can households predict where the macroeconomy is headed?", No. 2.

Staff Memo

J. Camacho and A. Lindström, "Exchange rate and balance of payments – a correlation that got lost?", April.

A.M. Ceh, J. Manfredini, O. Melander and S. Wollert, "Equity market valuation in light of low interest rates", November.

H. Erikson, "Central bank bond purchases and premiums – the Swedish experience", December.

Working Paper series

C. Bertsch, I. Hull and X. Zhang, "Narrative Fragmentation and the Business Cycle", no. 401.

M. Blix Grimaldi, A. Crosta and D. Zhang, "The Liquidity of the Government Bond Market – What Impact Does Quantitative Easing Have? Evidence from Sweden", no. 402.

N. Amberg, T. Jansson, M. Klein and A. Rogantini Picco, "Five Facts about the Distributional Income effects of Monetary Policy", no. 403.

P. Di Casola and P. Stockhammar, "When domestic and foreign QE overlap: evidence from Sweden", no. 404.

C. Olovsson, K. Walentin and A. Westermark, "Dynamic Macroeconomic Implications of Immigration", no. 405.

O. Faryna, M. Jonsson and N. Shapovalenko, "The cost of disinflation in a small open economy vis-à-vis a closed economy", no. 407.
