

Perspectives on monetary policy

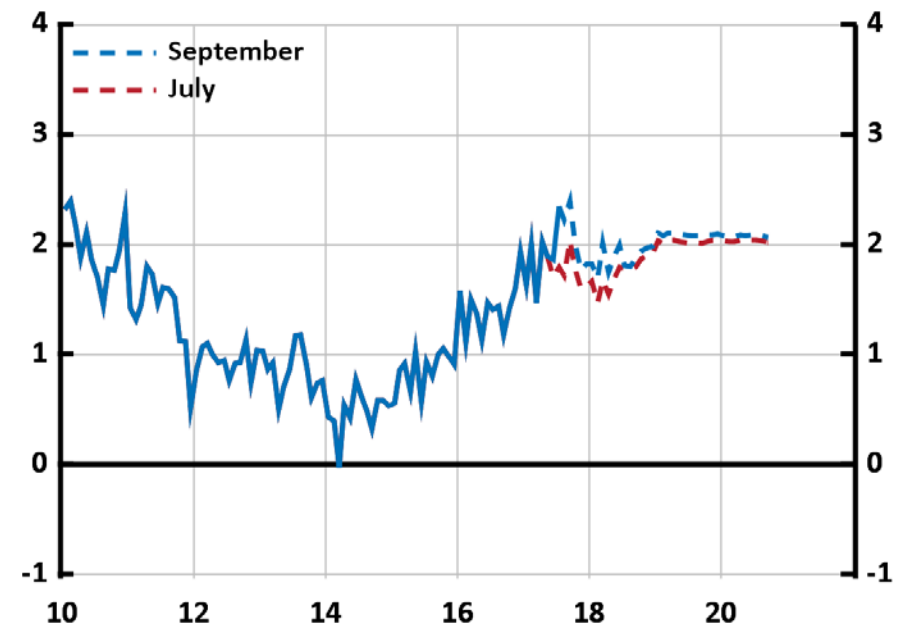
Riksdag Committee on Finance
28 September 2017

Martin Flodén
Deputy Governor

Inflation close to 2 per cent

- Strong GDP and inflation outcomes over the summer
- Inflation forecast has therefore been revised up
- The forecast is now close to 2 per cent in the coming years ...
- ... conditional on continued expansionary monetary policy

Higher inflation forecast



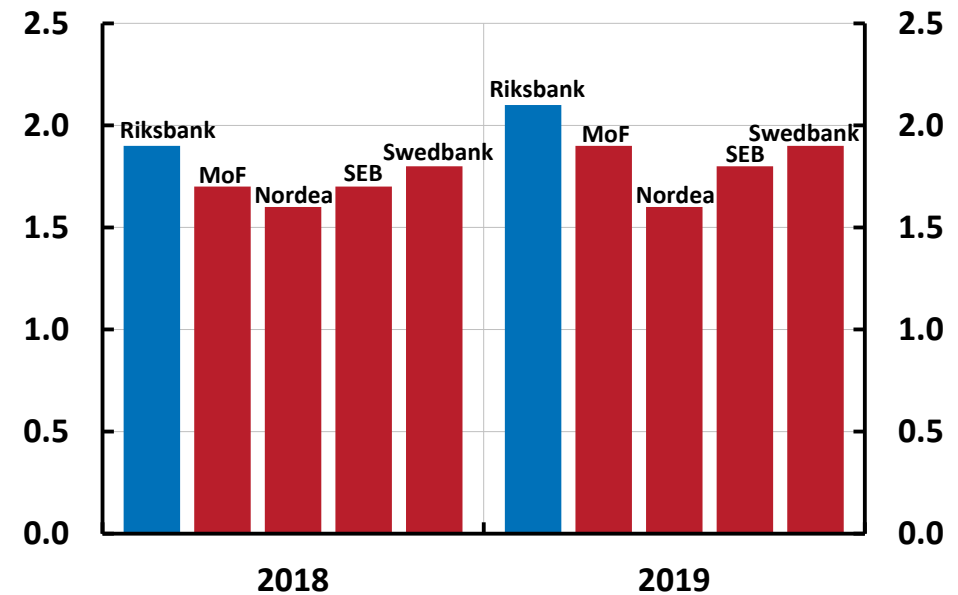
CPI inflation. Annual percentage change.

Sources: Statistics Sweden and the Riksbank

Little risk of runaway inflation

- The Riksbank's inflation forecast is a little higher than those of other analysts
- Inflation risks can scarcely justify a different monetary policy plan
- Other overheating risks?

Inflation forecasts

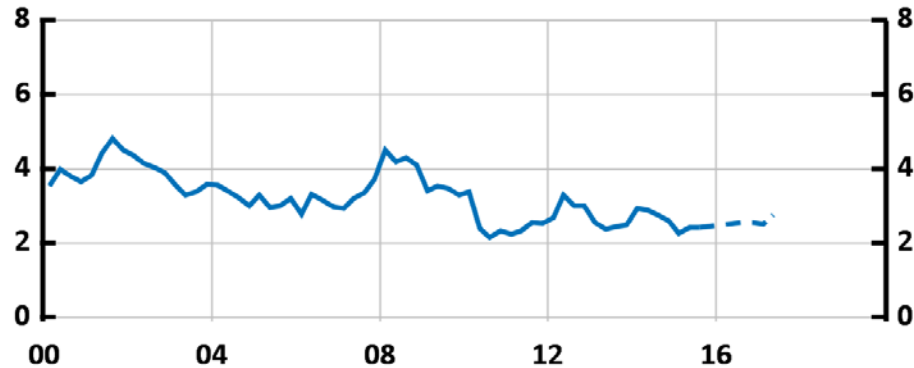


Forecasts for CPIF inflation

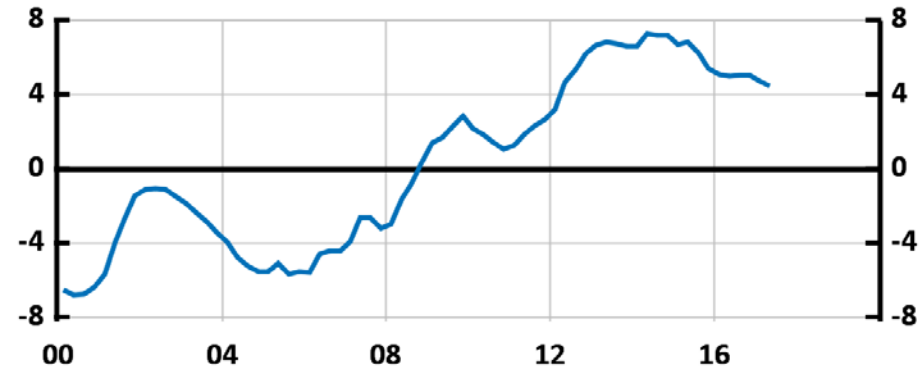
Sources: Respective analyst

Unclear risks of overheating

Moderate wage increases



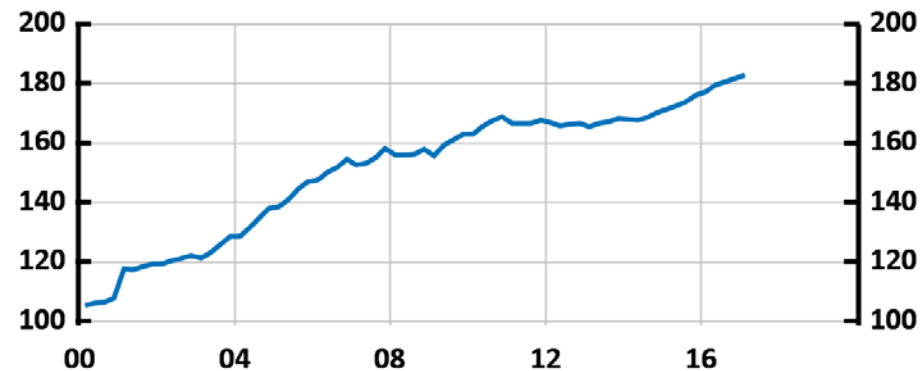
High level of household saving



Current account surplus



Household debts cause concern



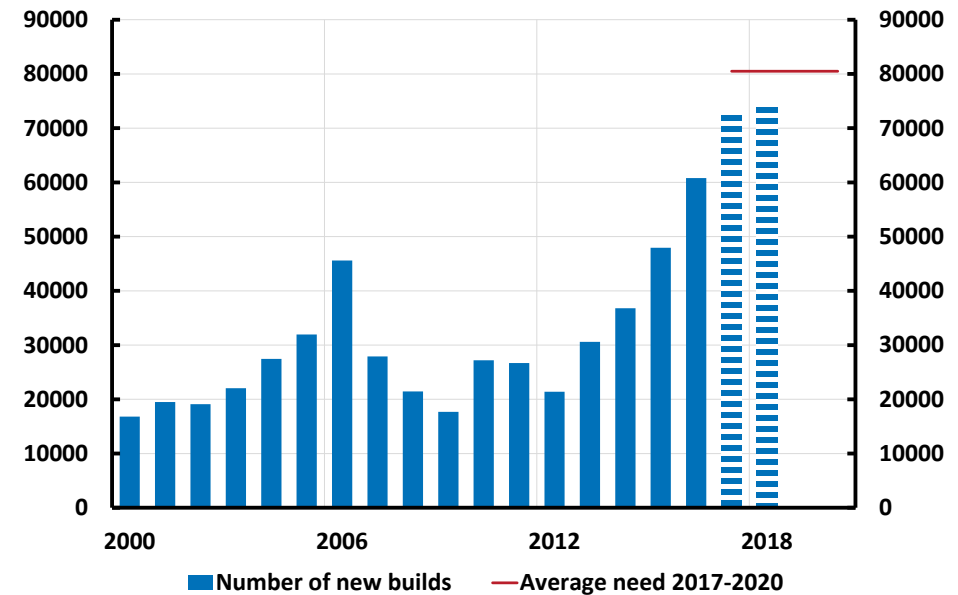
Upper row: wages according to short-term wage statistics, annual percentage change; savings ratio, own financial savings, percentage of disposable income. Lower row: percentage of GDP; debts as a percentage of disposable incomes.

Sources: National Mediation Office, Statistics Sweden and the Riksbank

Construction has increased

- Investment in housing is the GDP component that has most clearly contributed to the recent high growth
- Substantial need after decades of low construction levels
- But also real economic risk with large fluctuations in activity levels in the sector

New builds



Outcome from Statistics Sweden. Forecast for 2017 and 2018 according to the National Board of Housing, Building and Planning's indicators, May 2017. The red line refers to the National Board of Housing, Building and Planning's forecast in July 2017 for the average construction need in 2017-2020. Sources: The National Board of Housing, Building and Planning and Statistics Sweden.