

Introduction on monetary policy

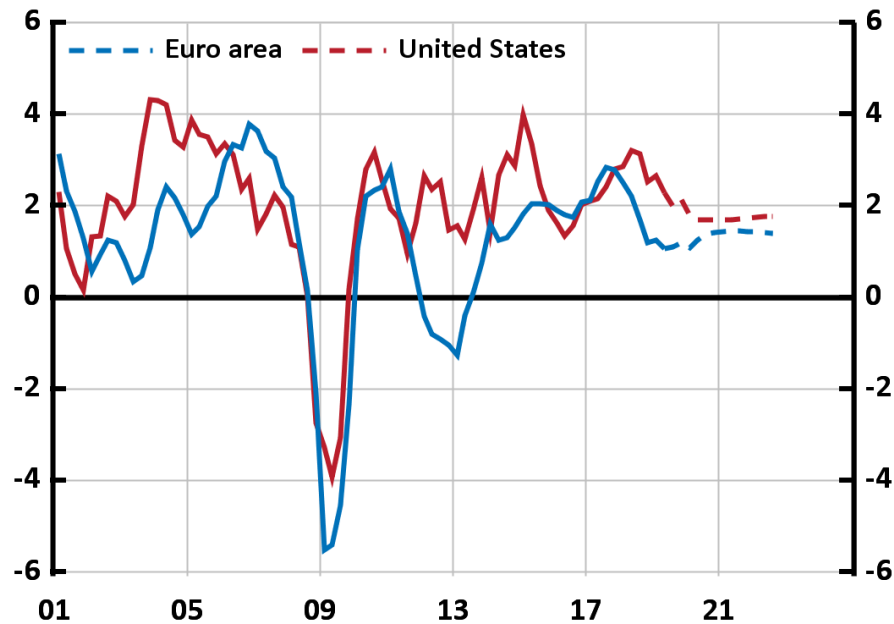
Riksdag Committee on
Finance
24 September 2019

Stefan Ingves

Governor of the Riksbank

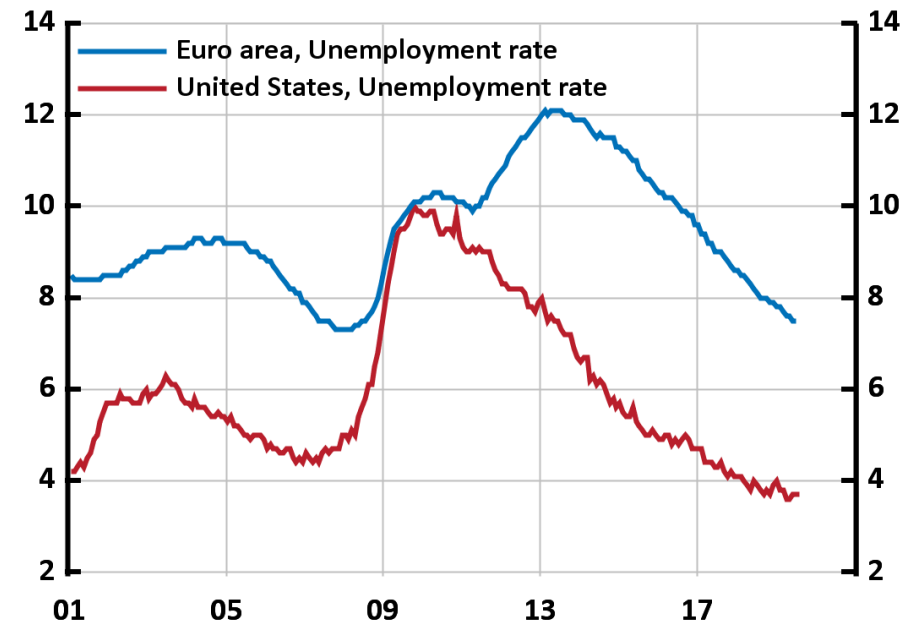
Global economic activity slowing down

More normal growth



Annual percentage change where broken lines are our forecast, and per cent of the labour force respectively.

Strong labour market



Sources: Bureau of Economic Analysis, Eurostat and OECD

Several dark clouds

Continued trade conflict US - China

Brexit getting closer...

...and political uncertainty in several countries

Risk of a faster slowdown abroad



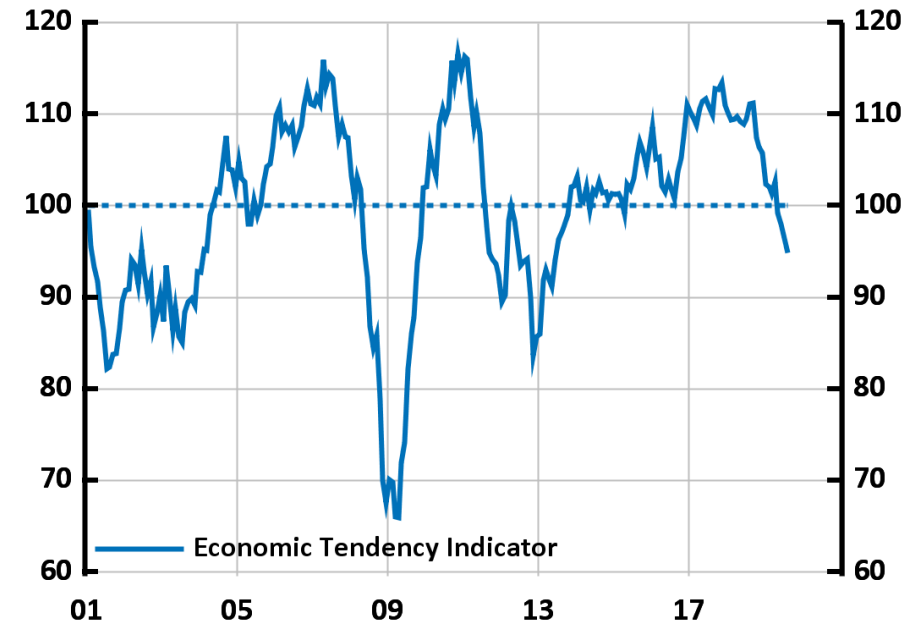
Swedish economy also in a slower phase

Resource utilisation is still higher than normal



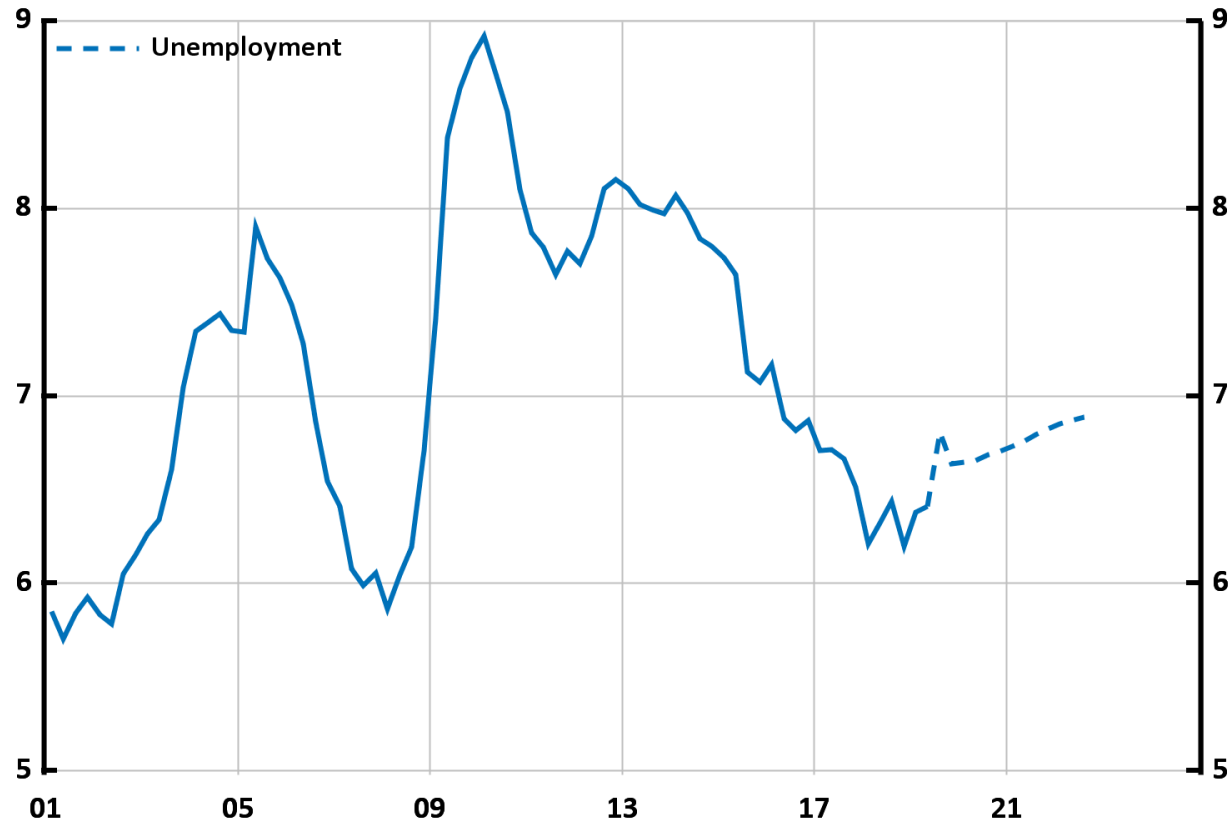
Index with mean = 100, standard deviation = 10 and broken lines are a mean value and percentage deviation from trend respectively.

Indicators substantiating slower growth



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

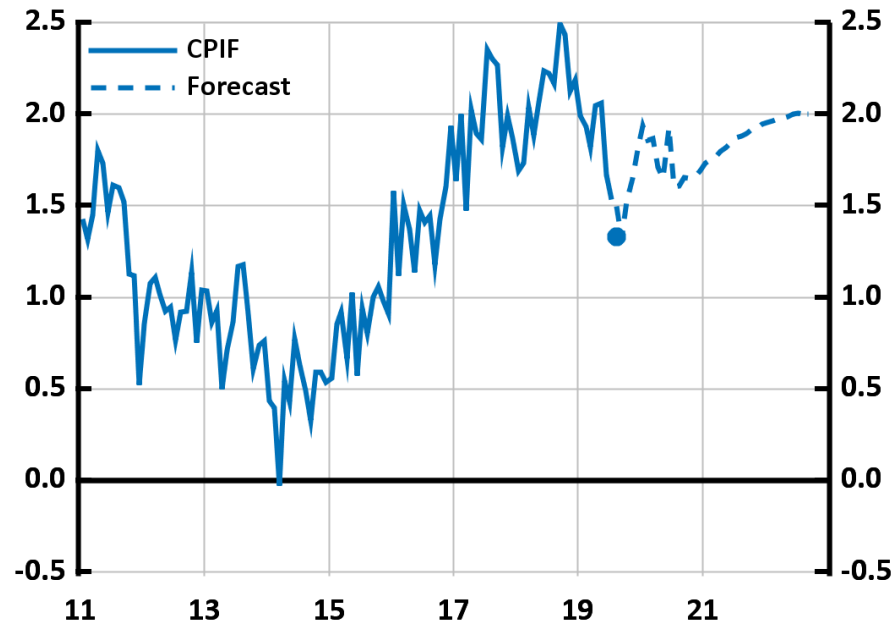
Strong labour market is slowing down



Percentage of labour force, 15-74 years, seasonally-adjusted data.

Sources: Statistics Sweden and the Riksbank

Conditions for on-target inflation



Underlying inflation close to 2 per cent

Resource utilisation is higher than normal

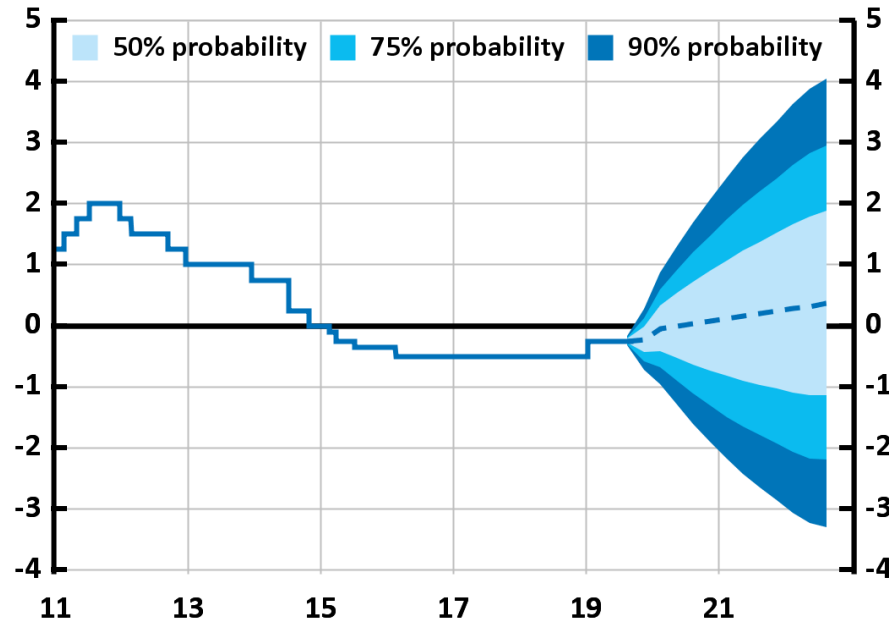
Earlier krona depreciations

Rising food prices

Annual percentage change. The dot is the outcome for CPIF in August.

Sources: Statistics Sweden and the Riksbank

September decision: Rate increases at a slower pace



Per cent

Source: The Riksbank.

Outcomes largely in line with the forecast

Global economy in a slower phase

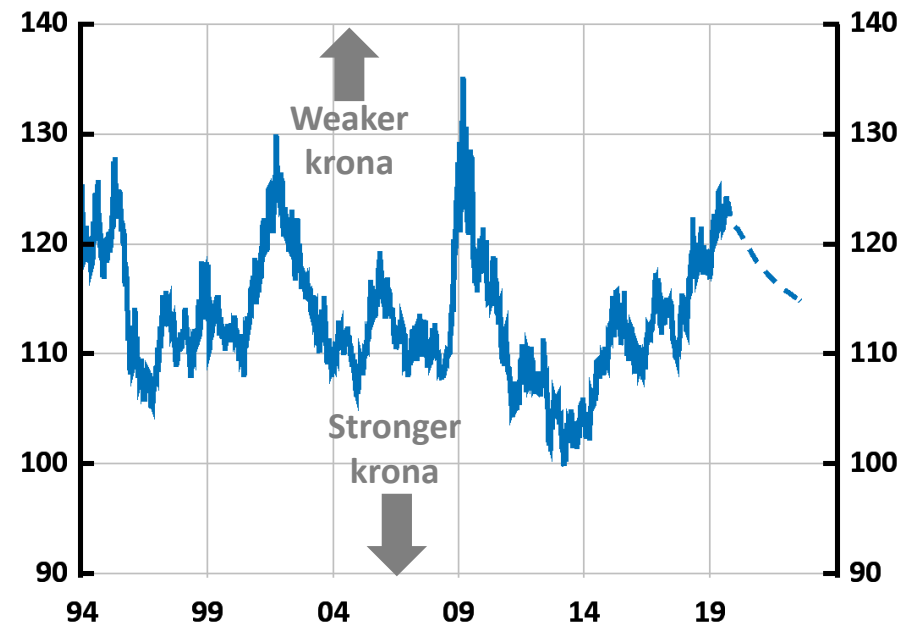
Inflation on target

Risks with worsened sentiment in the global economy

Low interest rates for a longer time

Rate increases at a slower pace

Expansionary monetary policy and the exchange rate



Expansionary monetary policy to safeguard the inflation target

The krona has weakened...

.. but should strengthen in time

Ongoing work to improve the analyses of the exchange rate

Outcomes are daily data and forecasts refer to quarterly averages. The KIX is an aggregate of countries that are important for Sweden's international transactions.

Source: The Riksbank.

Remaining challenges...

High indebtedness among households

The housing market sets limits

The labour market is divided

