

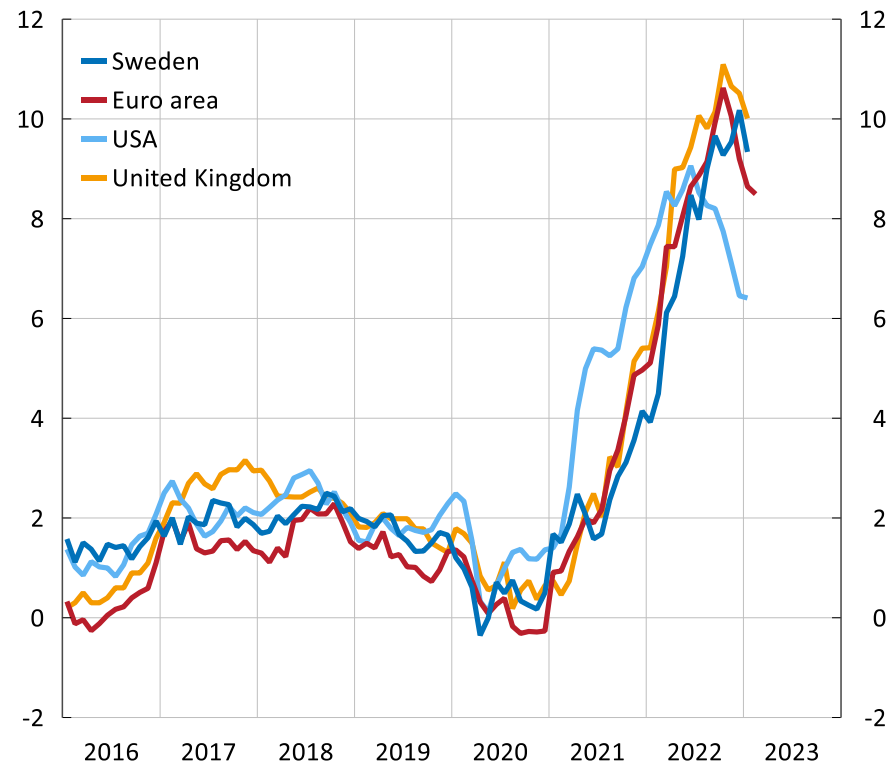
# What to expect of the macroeconomic environment?

Risk and Return  
Grand Hotel Stockholm  
9 March 2023

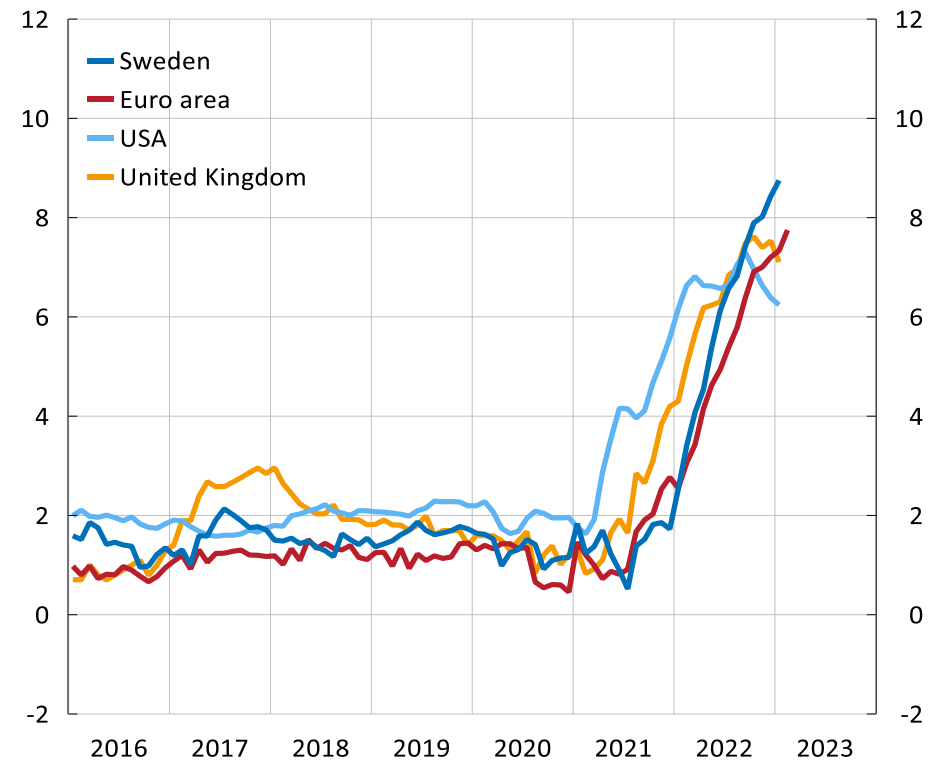
Aino Bunge  
Deputy Governor

# Inflation is too high in Sweden and abroad

HICP/CPIF



HICP/CPIF ex energy

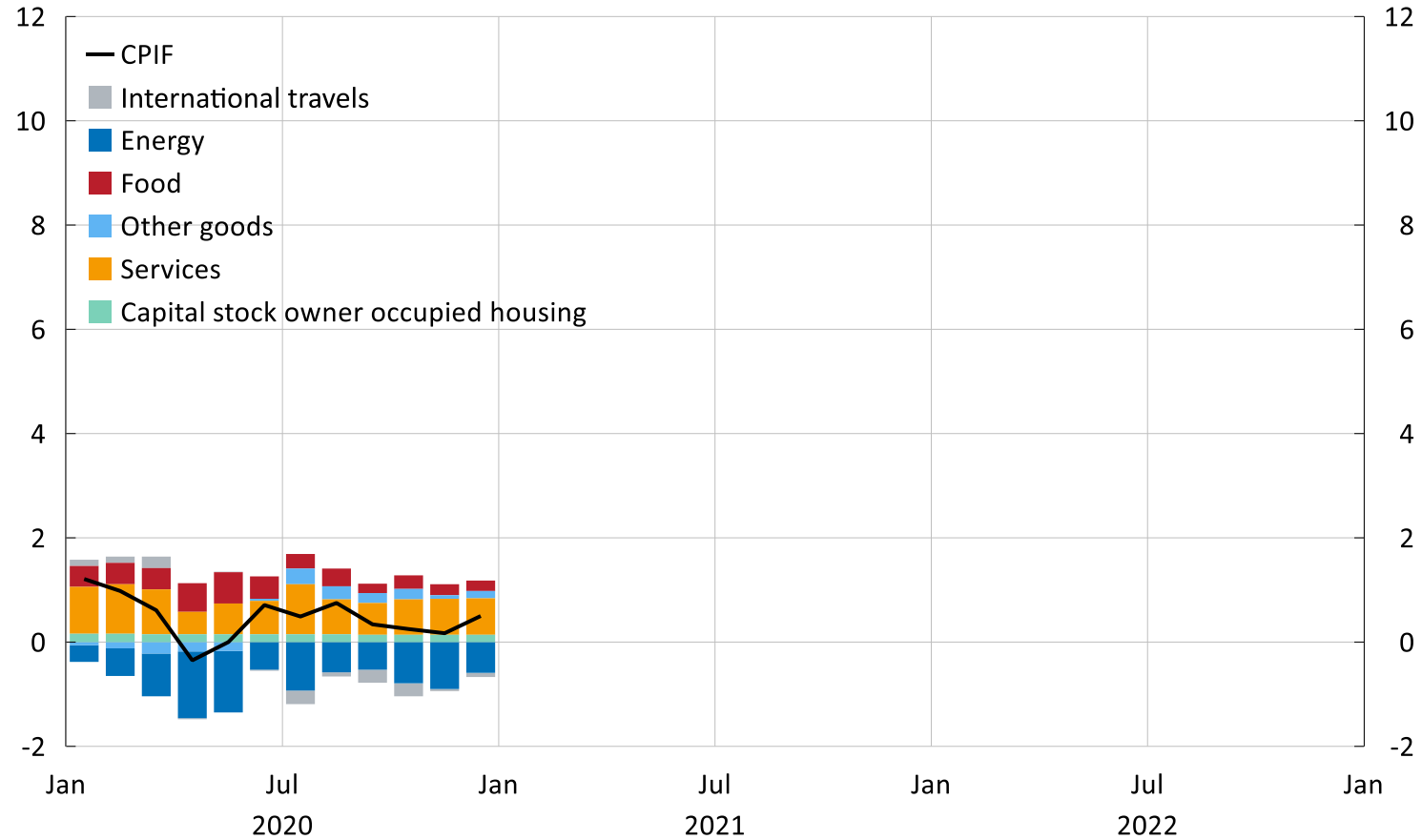


Note. Annual percentage change. Refers to the CPIF for Sweden, the HICP for the euro area, core CPI for the UK and the CPI for the United States.

Sources: Eurostat, Statistics Sweden, UK Office for National Statistics and the US Bureau of Labor Statistics.

# Inflation has risen broadly and rapidly

CPIF contributions

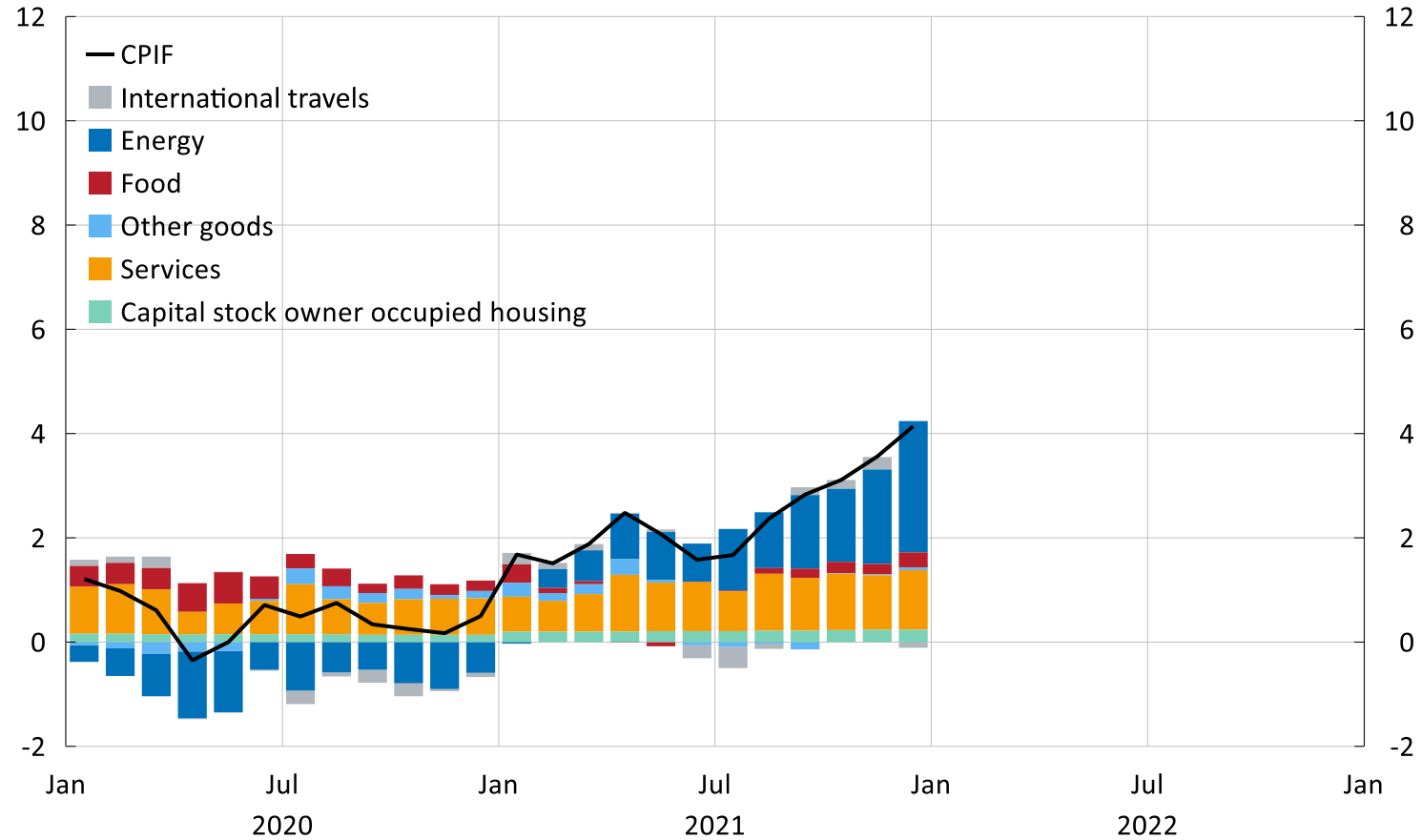


Note. Annual percentage change (CPIF) and percentage points (others)

Sources: Statistics Sweden and the Riksbank

# Inflation has risen broadly and rapidly

CPIF contributions

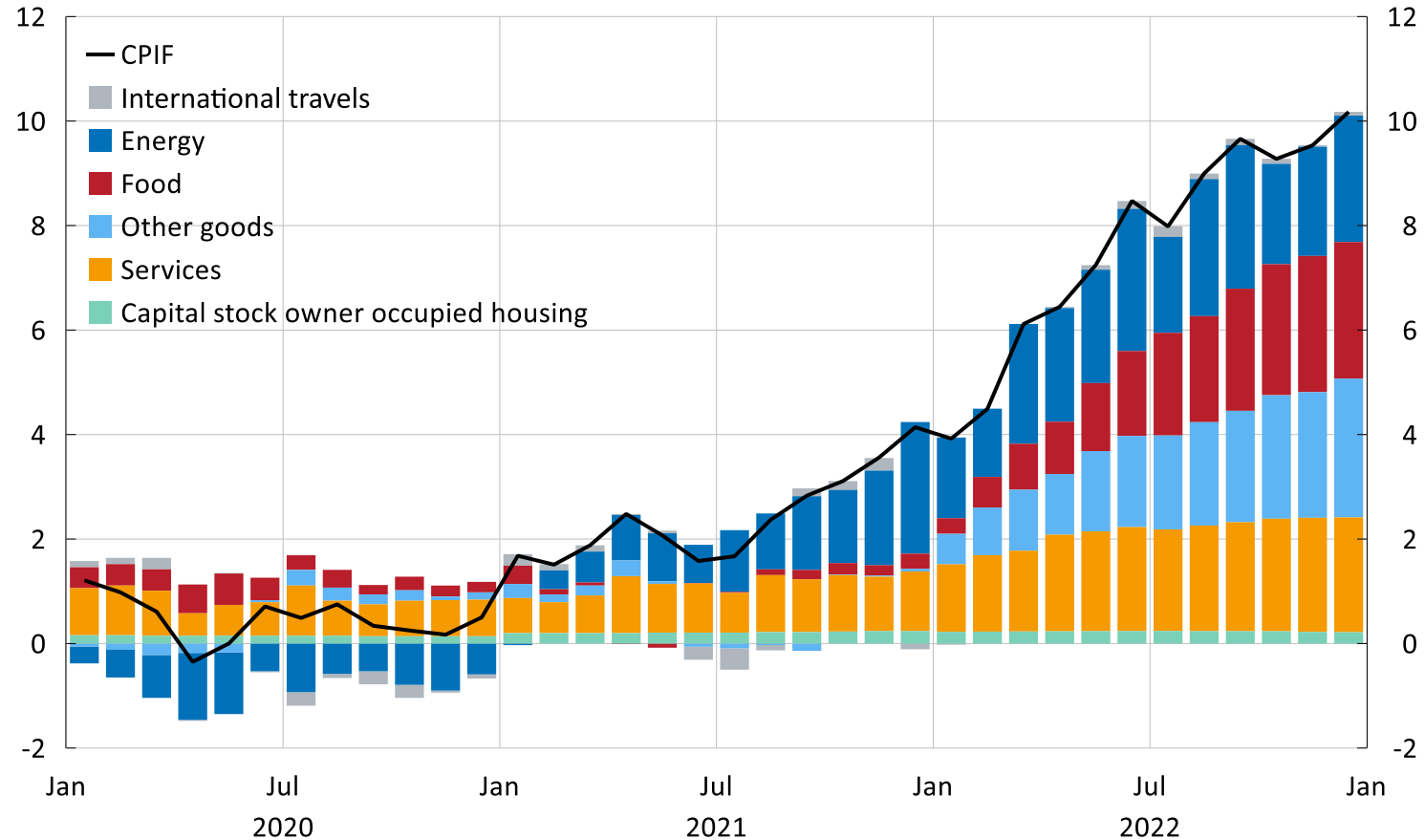


Note. Annual percentage change (CPIF) and percentage points (others)

Sources: Statistics Sweden and the Riksbank

# Inflation has risen broadly and rapidly

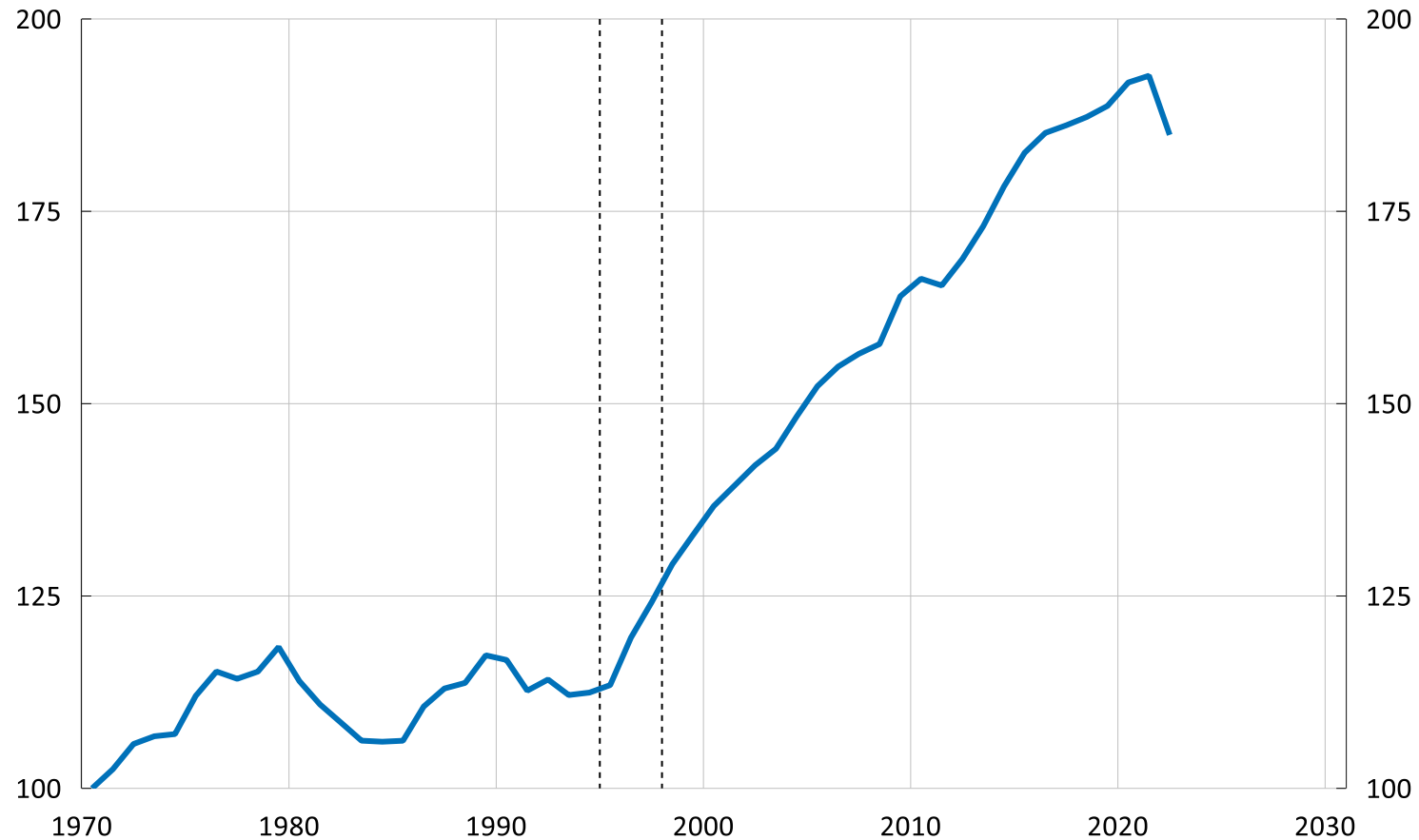
## CPIF contributions



Note. Annual percentage change (CPIF) and percentage points (others)

Sources: Statistics Sweden and the Riksbank

# Strong and stable real wage development since the introduction of the inflation target

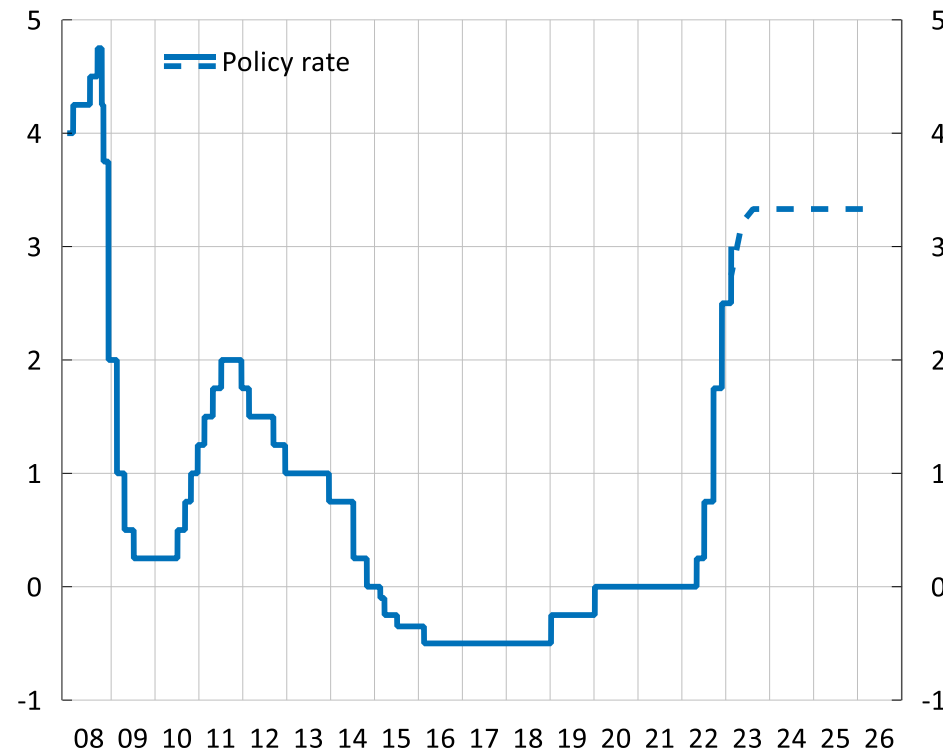


Note. Index, 1970 = 100. Broken line to the left marks 1995, the year when the inflation target was introduced, and broken line to the right marks 1998, the year when the Industrial Agreement was introduced.

Sources: Swedish National Mediation Office and Statistics Sweden

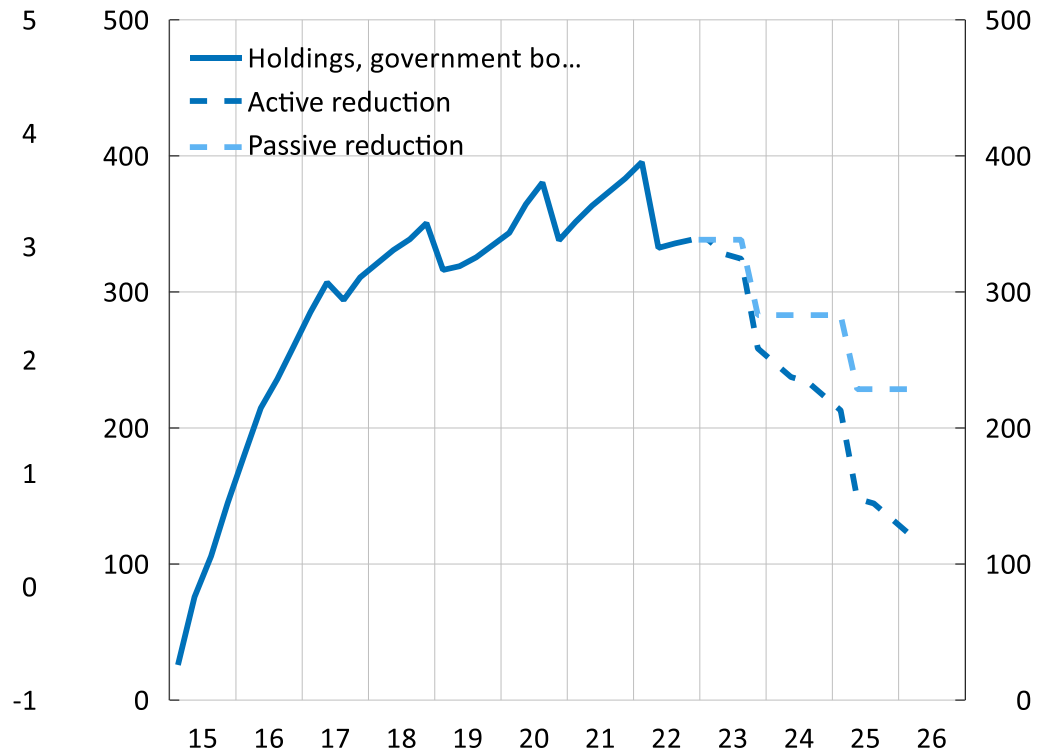
# Monetary policy mix tightened at February meeting

## Policy rate raised



Per cent and nominal amounts, SEK billion. "Active reduction" refer to the pace of sale of government bonds in accordance with the current decision.

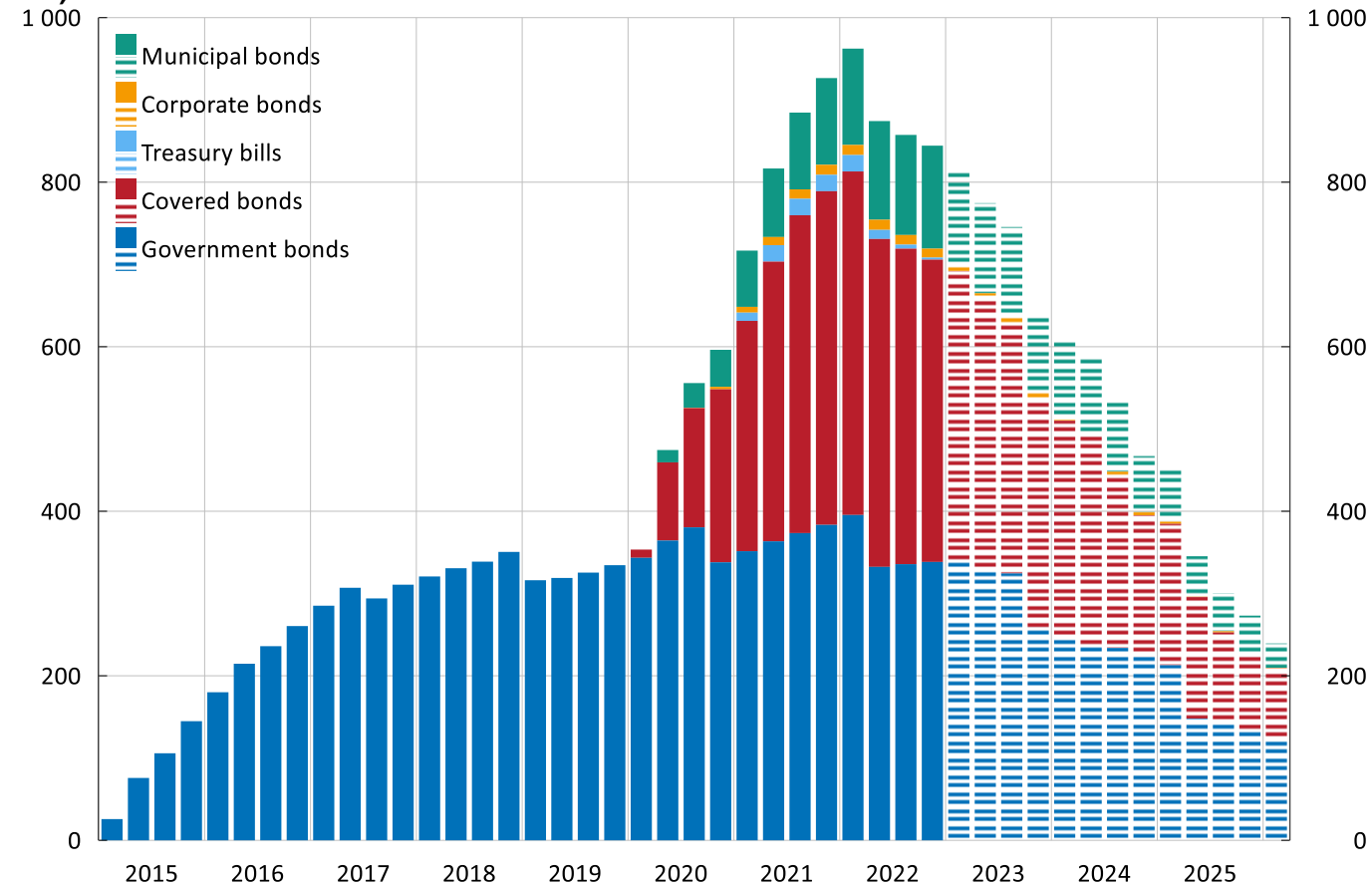
## Government bond holdings reduced faster



Source: The Riksbank

# Government bond sales to start in April

Nominal amounts, SEK billion



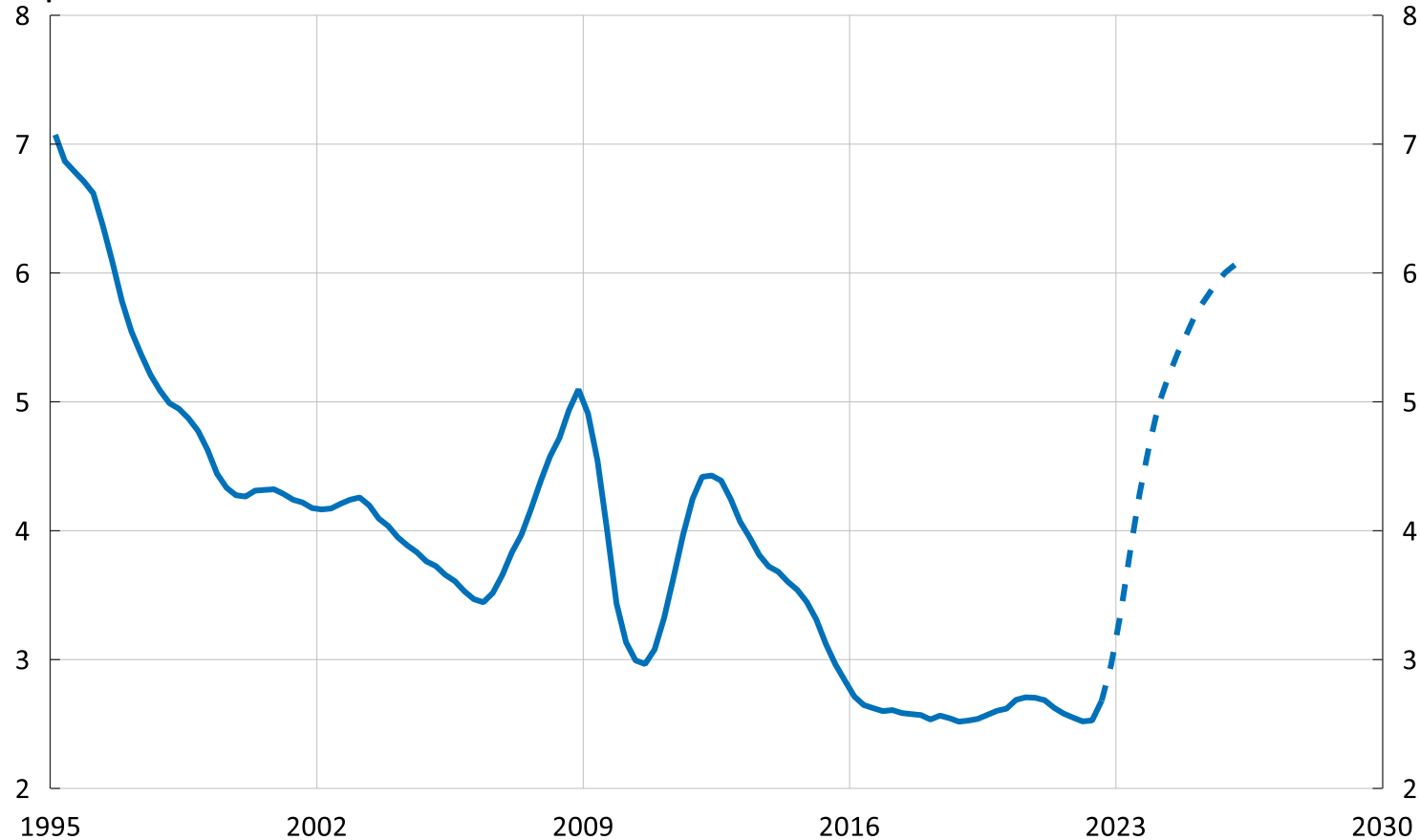
Note. The solid bars refer to executed and decided purchases, shaded ones to forecasts for the holdings (MPR Feb 2023). The forecast is based on no further asset purchases being made after 2022. Thereafter, the forecast includes the current decision to sell off government bonds, starting 1 April.

Source: The Riksbank.



# Household interest-to-income ratio to rise sharply going forward – reaching a level last seen in the 1990s

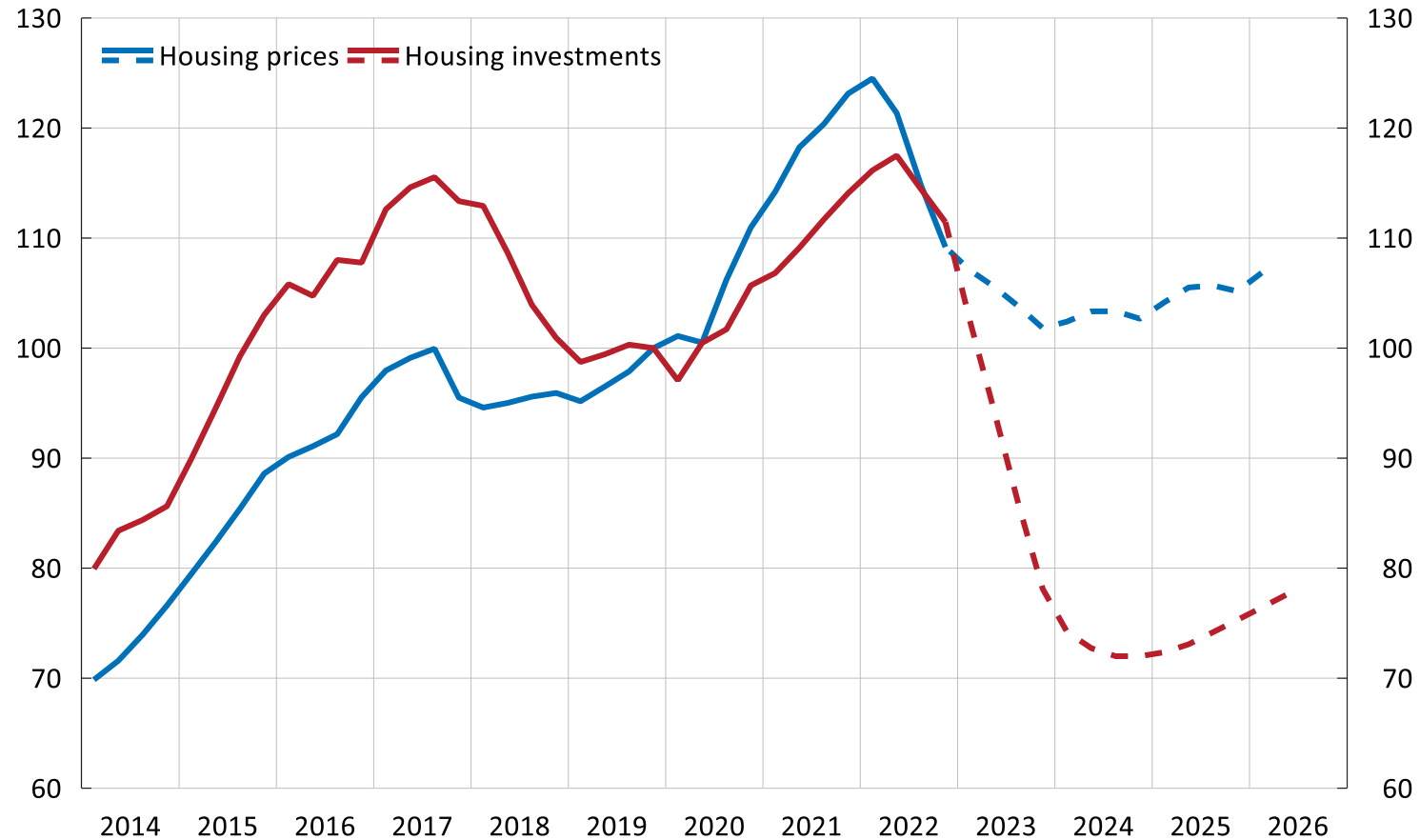
Per cent of disposable income



Note. The solid line refers to outcomes, the dashed line refers to the Riksbank forecast (MPR Feb 2023).

Sources: Statistics Sweden and the Riksbank

# Lower housing prices and rapidly falling housing investments

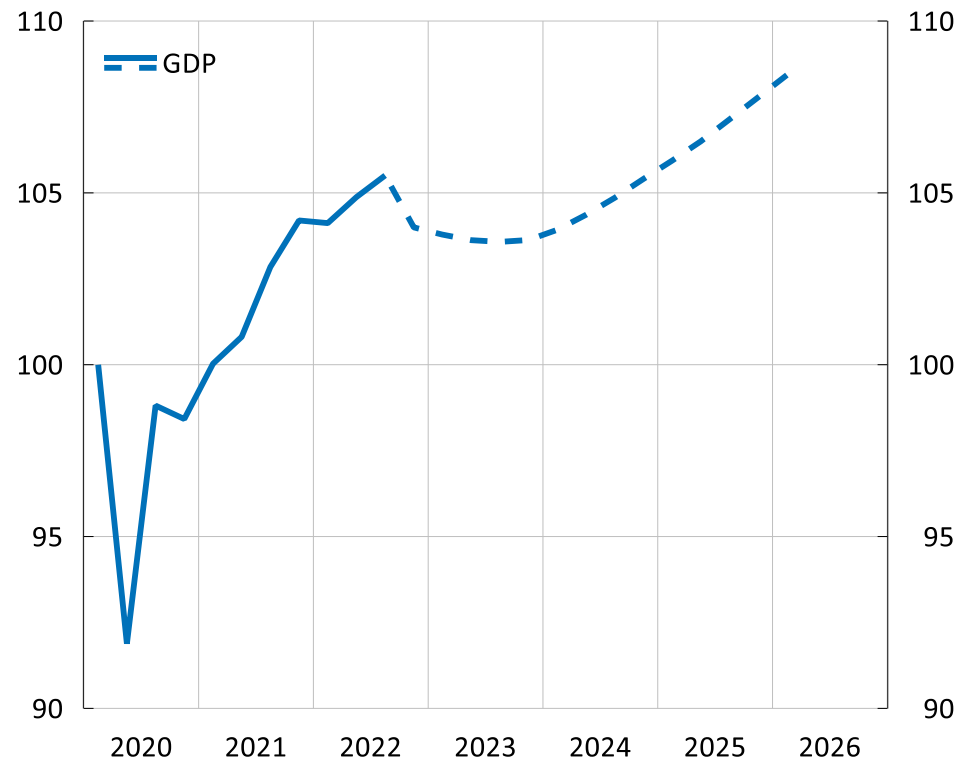


Note. Index 2019 Q4 = 100. Housing prices according to HOX Sweden price index. Dashed lines refer to the Riksbank's forecast (MPR Feb 2023).

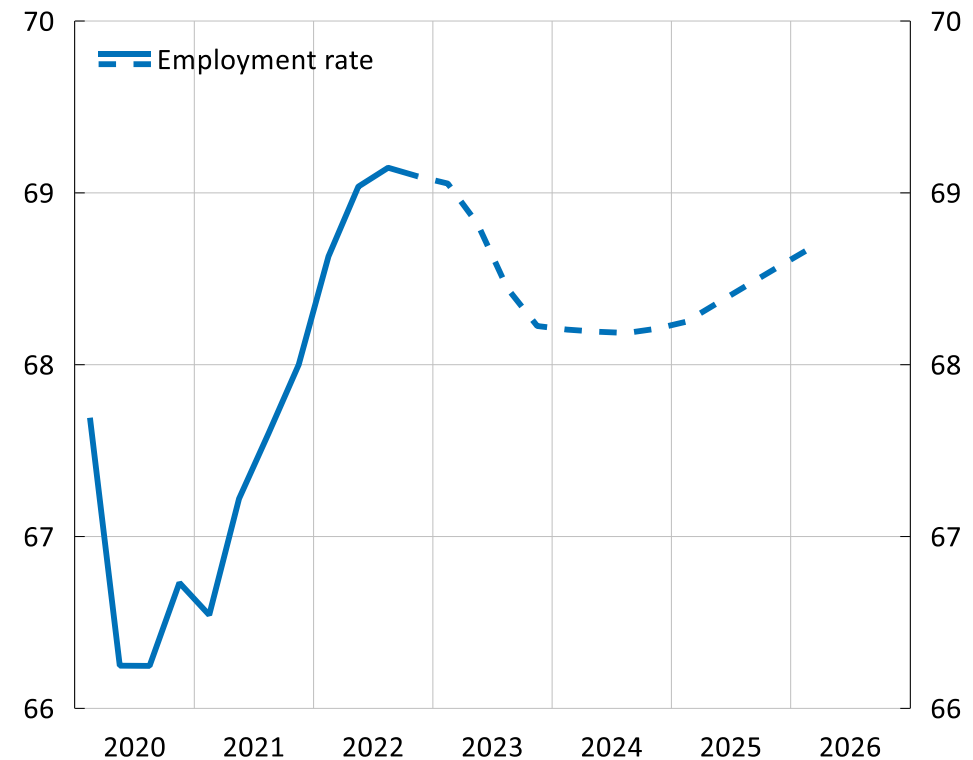
Sources: Statistics Sweden, Valueguard and the Riksbank.

# High inflation and higher interest rates cool the Swedish economy

## Economic activity slowing down



## Labour market cooling off

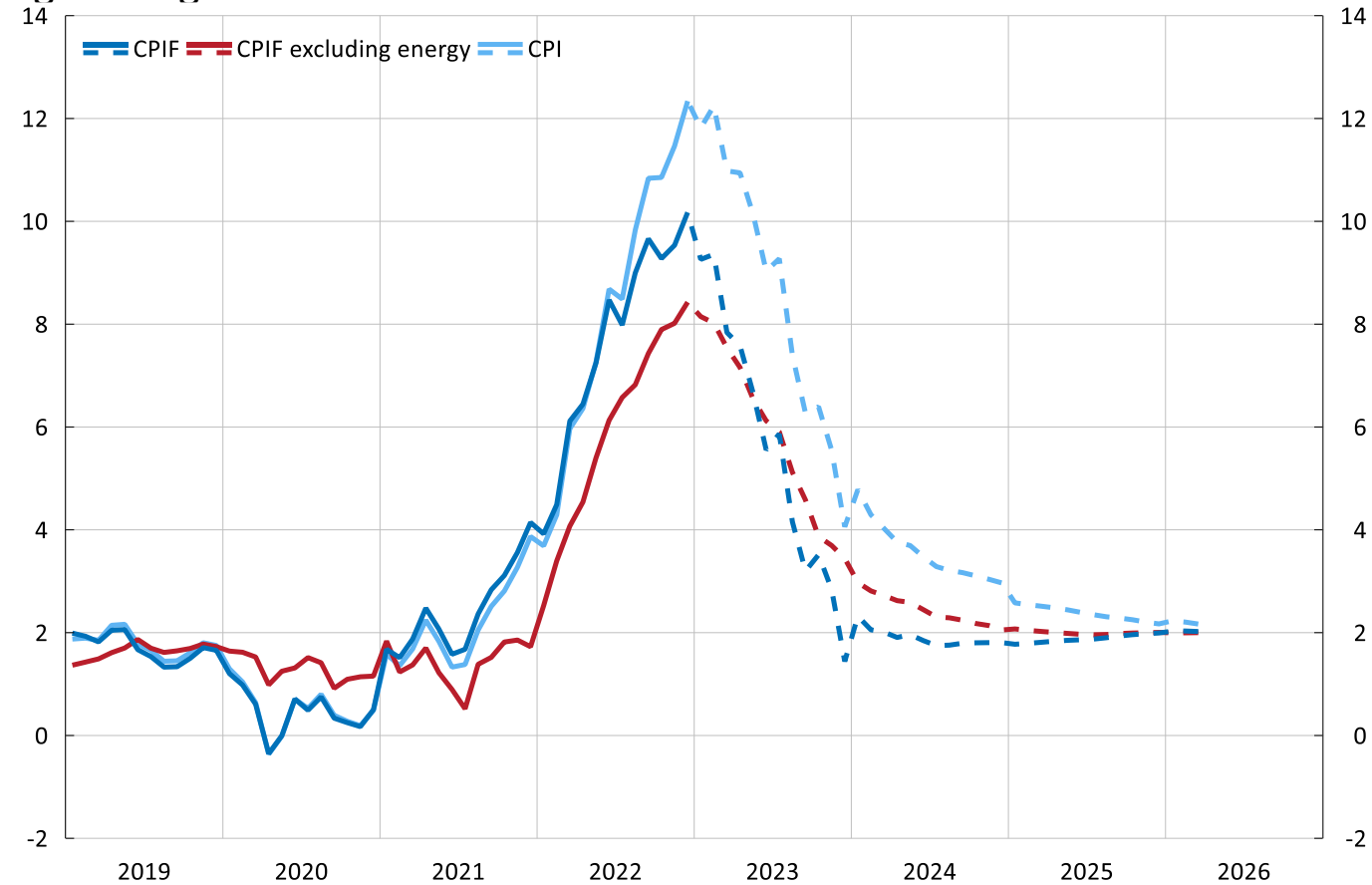


Index, 2019 Q4= 100 and percentage of population. Solid line refers to outcome, dashed line represents the Riksbank's forecast (MPR Feb 2023).

Sources: Statistics Sweden and the Riksbank.

# Inflation expected to fall back over the year

Annual percentage change



Note. Solid line refers to outcome, dashed line represents the Riksbank's forecast (MPR Feb 2023).

Sources: Statistics Sweden and the Riksbank.

# We will do what is necessary to bring down inflation within a reasonable period of time

- CPIF expected to fall back but considerable uncertainty over price pressures
- Low tolerance for high inflation
- Incoming data will determine future shaping of monetary policy

