

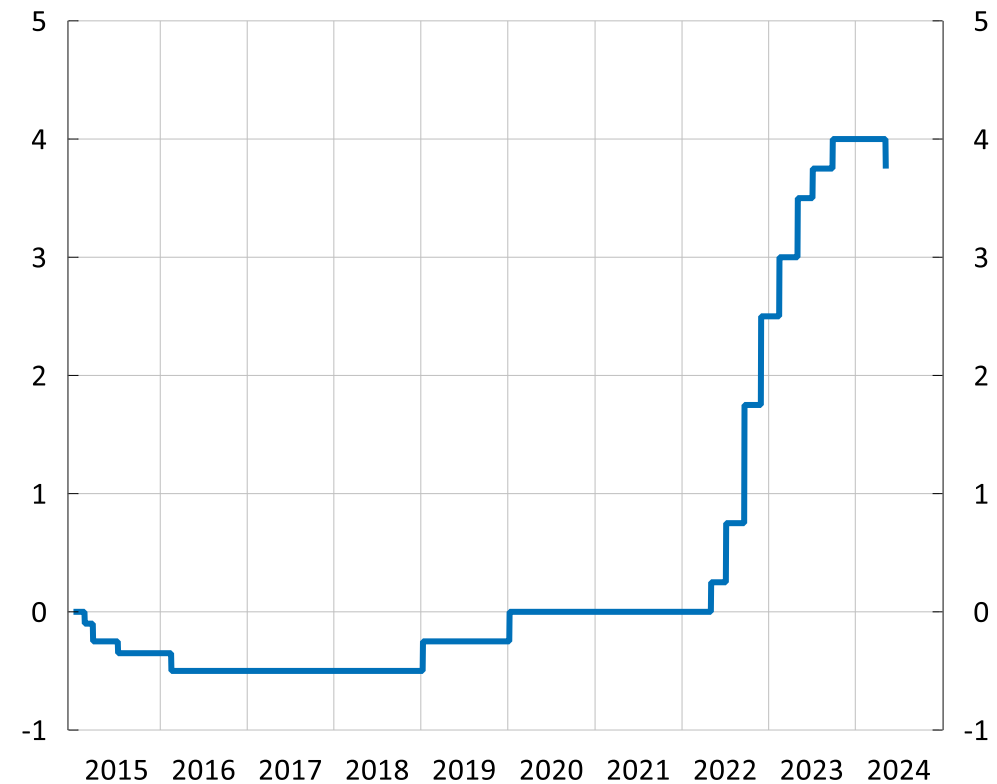


# Inflation close to target, policy rate cut

Monetary policy, May 2024

# Monetary policy spring 2024

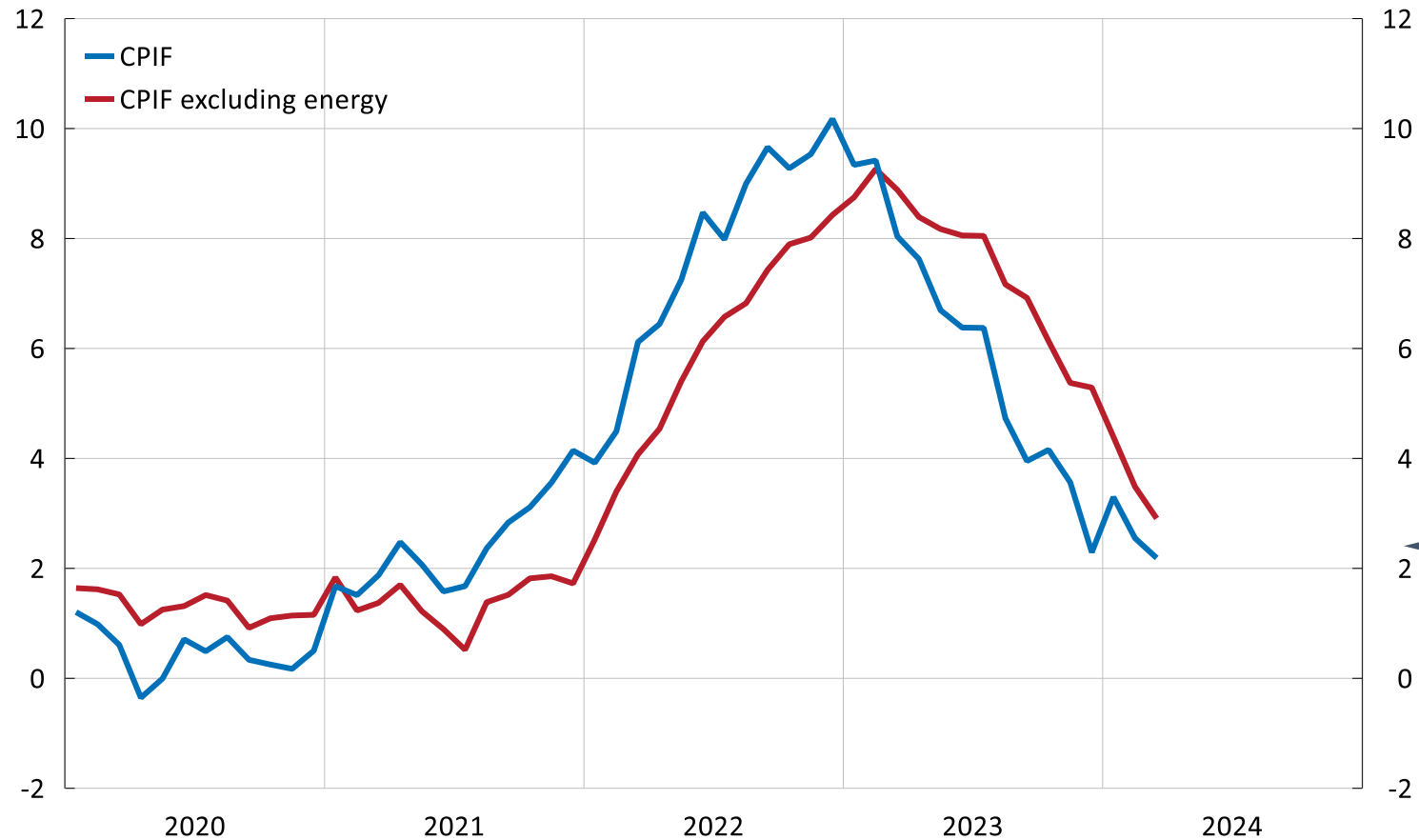
- **Policy rate cut** by 0.25 percentage points to 3.75 per cent
- If the outlook for inflation still holds, the policy rate can be **cut two more times** during the second half of the year



Per cent.

Source: The Riksbank.

# Inflation is close to the target



CPIF MARCH:  
**2.2%**

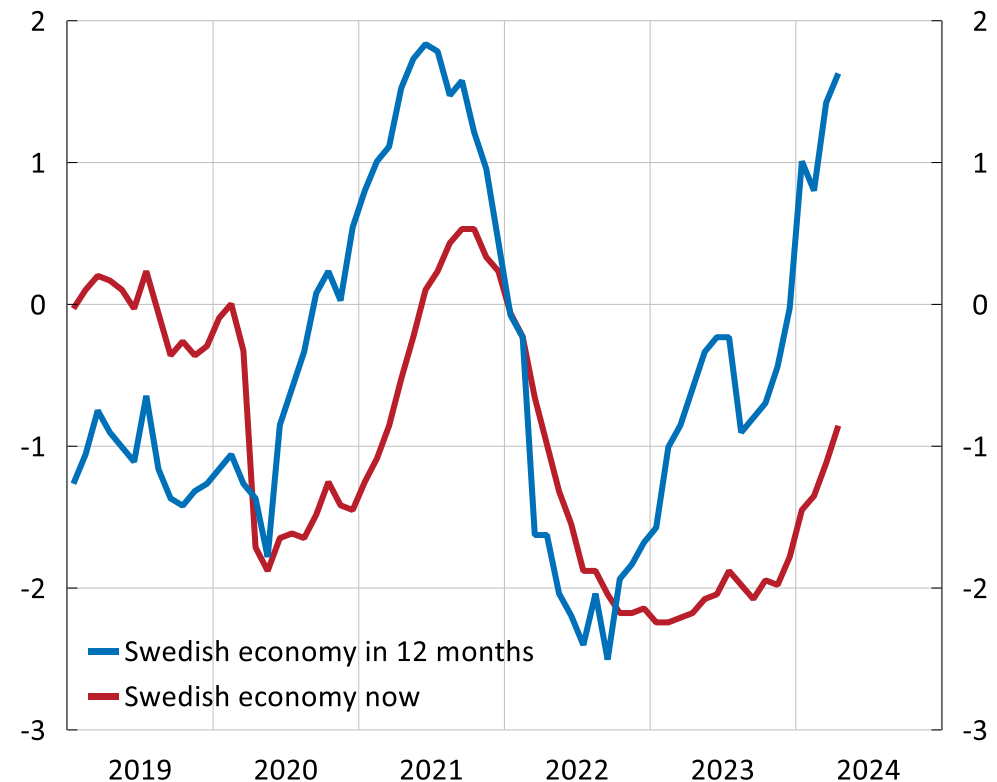
Annual percentage change.

Source: Statistics Sweden.

# Weak economic activity, but with green shoots

- Given the high inflation and rate increases – moderate economic downturn in recent years
- Weak GDP growth at beginning of year
- Unemployment rising further
- Increasing optimism supports view of economic activity bottoming out this year

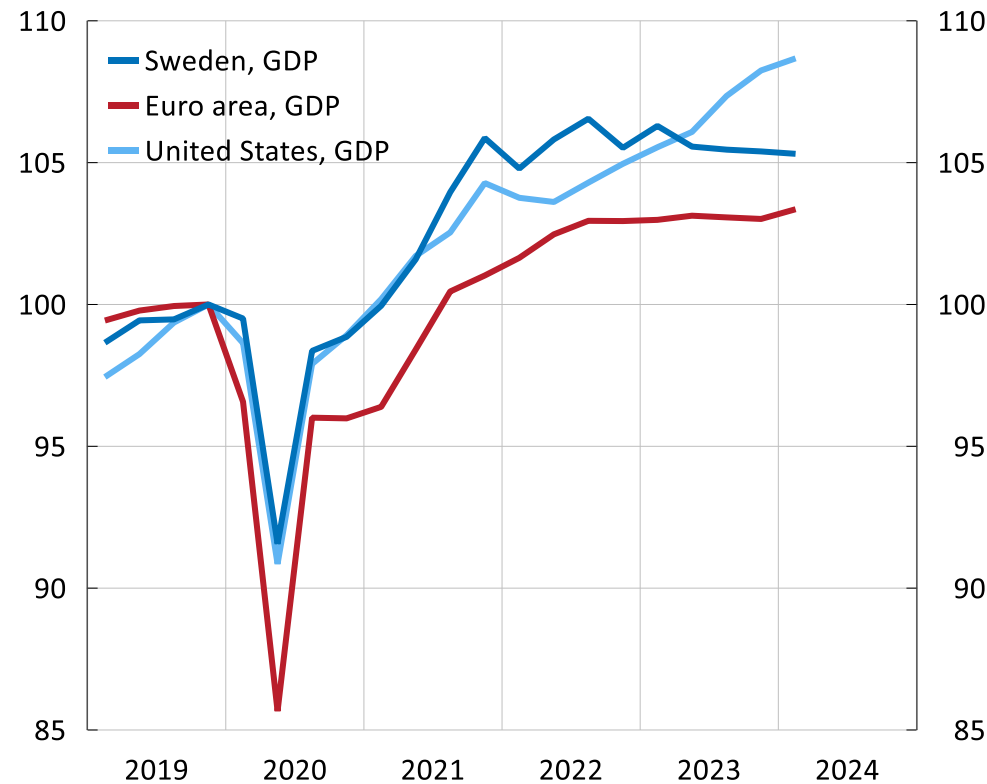
## Households believe in better times ahead



Household barometer. Standardised values. Most recent outcomes April.  
Source: National Institute of Economic Research.

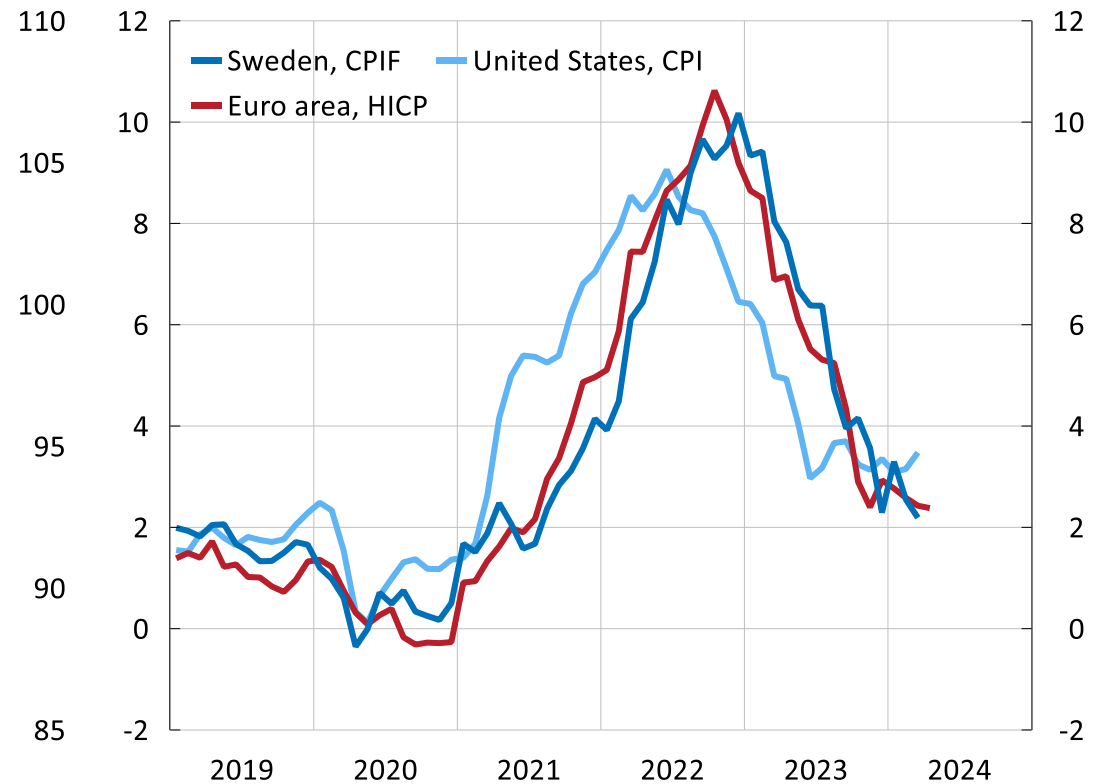
# Divided developments abroad

## Stronger growth in United States, weaker in euro area



Seasonally adjusted data, index 2019 Q4 = 100 (left).  
Annual percentage change (right).

## Inflation falling, but more slowly in United States

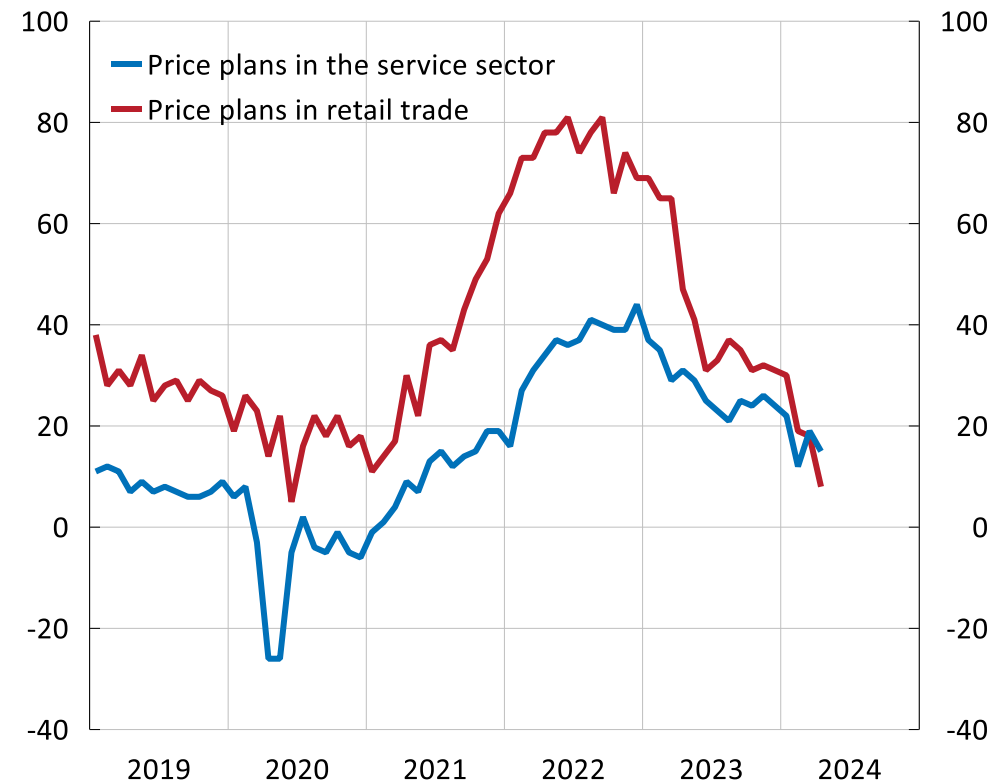


Sources: Statistics Sweden, Eurostat, the US Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.



# New information indicates inflation is close to the target

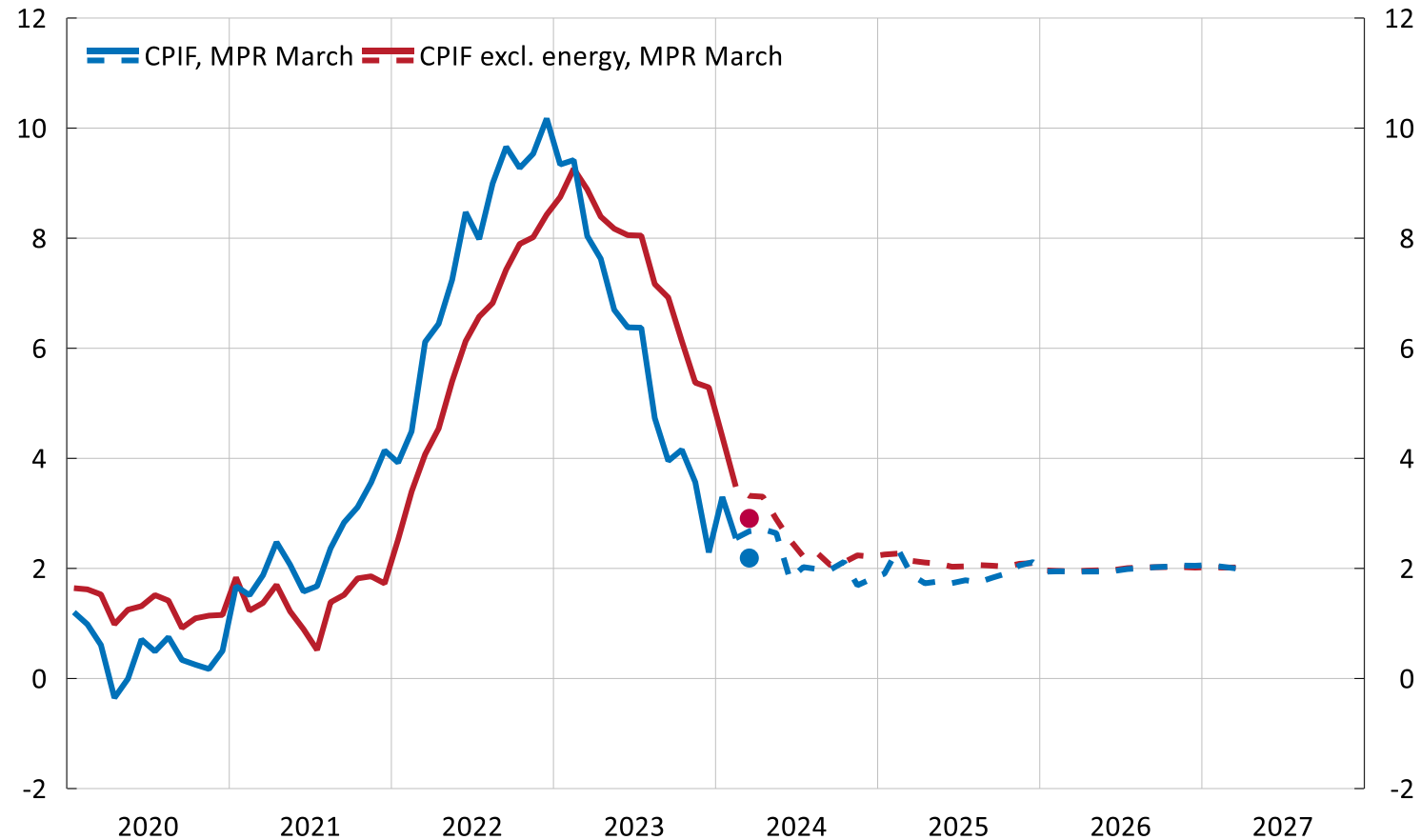
- Domestic demand is weak
- Price plans have decreased
- Wage increases are moderate



Net figures. Seasonally adjusted data. Most recent outcome April.

Source: National Institute of Economic Research.

# Long-term inflation outlook mainly unchanged



Annual percentage change.

Dots indicate outcomes since the March Monetary Policy Report.

Sources: Statistics Sweden and the Riksbank.

# Inflation falling towards target, but risks remain

- Inflation in the process of stabilising at the target

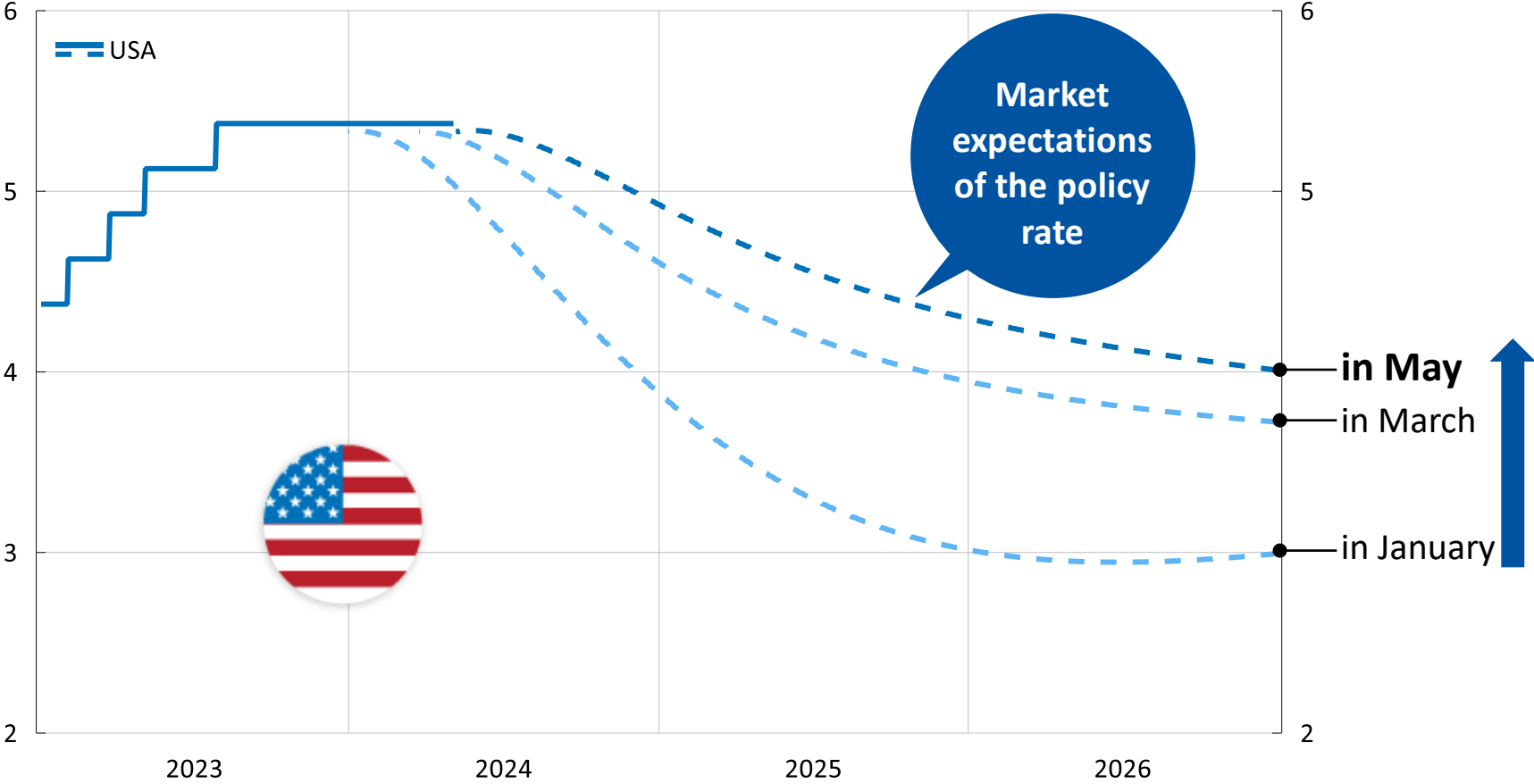
## **Risk of inflation rising again**

- Geopolitical tensions
- Strong growth and higher inflation in USA
- Krona exchange rate





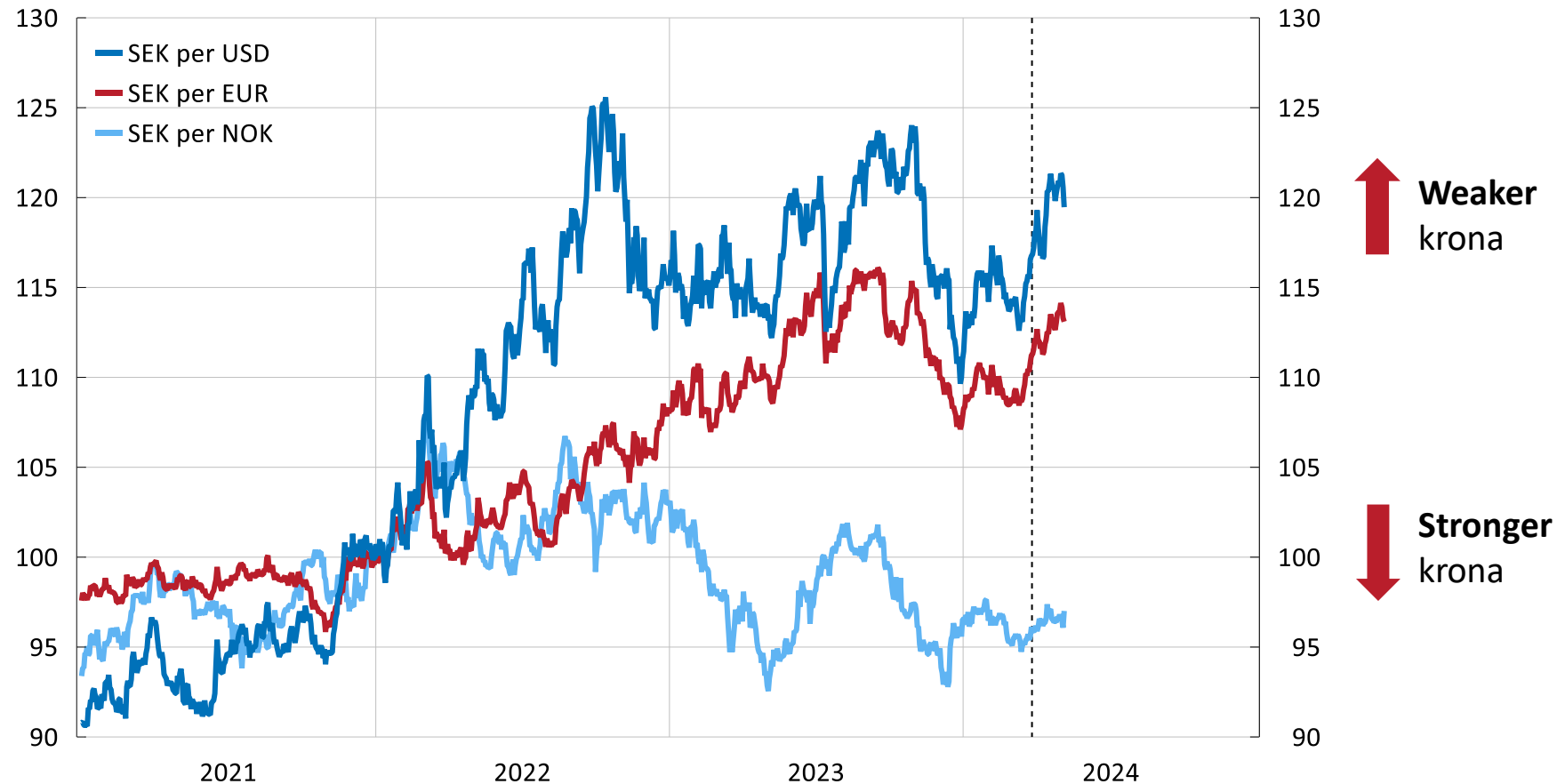
# Large shift in expectations of US economy



Per cent.

Sources: Federal Reserve and the Riksbank.

# The dollar has appreciated against several currencies



Index, 01 January 2022=100. Vertical line marks the date of the monetary policy meeting in March.

Source: Macrobond Financial AB.

# Monetary policy needs to be cautious

- **Conditions are right** for inflation close to the target also going forward, but there are risks
- If the outlook still holds, the policy rate could be **cut two more times** during the second half of the year, in line with the forecast in March





# Inflation close to target, policy rate cut

Monetary policy, May 2024