Minutes of the Monetary Policy Meeting

January 2026

MONETARY POLICY MINUTES

Executive Board, No. 1

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PRESENT:	Erik Thedéen, Chair Aino Bunge Per Jansson Anna Seim --- Bo Broman, Chair, General Council of the Riksbank Tomas Eneroth, Vice Chair, General Council of the Riksbank --- Björn Andersson Irina Andone Rosén Lena Arfalk Charlotta Edler Mattias Erlandsson Susanna Grufman Ellen Kockum Anders Kvist David Lööv Hilkka Nyberg Åsa Olli Segendorf Annica Sandberg Olof Sandstedt Anna Sjulander Maria Sjödin Anna Österberg --- Joel Birging (§1-3a) Maria Johansson (§1- 3a)

It was noted that Maria Sjödin and Anna Österberg would prepare the minutes of the monetary policy meeting.

§3 Monetary policy review

§3a Economic developments

Market developments since the last monetary policy meeting

Joel Birging, senior market economist at the Markets Department, began by presenting developments in the financial markets since the last monetary policy meeting in December.

Overall, financial markets have been characterised by low volatility, even if new US announcements of higher import tariffs, and the upcoming election in Japan led to a temporary uptick in volatility and risk aversion. The credit market can be described as strong, with high activity in the primary market and spreads at historically low levels. Equity markets have continued to perform strongly, with global indices reaching new record highs, partly supported by monetary and fiscal policies along with high risk appetite among investors. Equities related to emerging markets and small caps have had a strong start to the year.

Commodity prices have risen significantly, with spot price indices reaching their highest levels since 2022. The increase has been mainly driven by higher metal and energy prices, while price developments for agricultural commodities have been more subdued. The gold price has traded above USD 5,000 per troy ounce and the overall increase in January is set to be the largest since 1980.

Yields on two-year government bonds have remained relatively stable since December. Market pricing suggests that expectations regarding the Federal Reserve and the European Central Bank (ECB) are fairly stable. The Federal Reserve is expected to cut the policy rate 1–2 times this year, while the ECB is expected to keep its policy rate unchanged. Notably, Japanese government bonds have seen heightened volatility in response to the announced general election, with significant movements in longer-dated yields in particular.

The US dollar has broadly weakened, and movements where among other things influenced by speculation that an intervention in the Japanese yen may be imminent. The Swedish krona, by contrast, has strengthened and is now trading at its lowest level in KIX terms since 2021. The krona has been supported by solid growth prospects and assumptions that the Riksbank will not cut the policy rate further. In the near term, both market participants and analysts are expecting the Riksbank to hold the policy rate unchanged. Any potential raise is regarded as coming towards the end of the year, at the earliest.

Financial stability – current situation and risks

Olof Sandstedt, Head of the Financial Stability Department, described the situation in the financial system.

Risks to financial stability in Sweden remain in an uncertain world. The risk picture is impacted by the US administration's unpredictable trade and foreign policy. Recent developments – including renewed US claims regarding Greenland and trade policy pressures – have increased this uncertainty. Despite some volatility and a weakened US dollar, financial markets have, thus far, reacted only moderately, and financial system participants have not been significantly affected. However, these developments have widened the range of potential outcomes going forward, both for macroeconomic and financial stability.

Ongoing trade developments and geopolitical tensions could lead to abrupt shifts in market sentiment, resulting in heightened volatility and rising risk premiums. In an environment of high risk appetite and elevated asset prices, such corrections could be more severe and transmit widely through an interconnected global financial system. High and rising public debt levels in several major economies as well as a growing non-bank sector may further amplify these effects. However, the major Swedish banks remain well-positioned to manage disruptions and strained market conditions. Their currently strong profitability and margins – relative to prevailing capital and liquidity requirements – provide the ability to maintain credit provision to the real economy.

Credit growth to households and non-financial companies remains relatively moderate, although lending has picked up slightly. At present, there are few signs of a build-up of cyclical systemic risks related to private sector credit. At the same time, new savings in funds remained very strong in 2025, with the second-largest net inflows ever. This contributed to total fund assets reaching a new all-time high. Pricing in the money market has showed elevated rates on a few occasions at the start of the year, as reflected in both SWESTR and 3-month STIBOR. A greater ability and willingness among monetary policy counterparties to make use of the overnight market and the Riksbank's lending facilities would promote better balancing of liquidity among banks and help reduce volatility in short-term market rates.

The current monetary policy drafting process

Irina Andone Rosén, senior economist at the Monetary Policy Department, presented the current assessment of macroeconomic developments and the proposal for a monetary policy decision that the Monetary Policy Department assesses will gain majority support in the Executive Board at today’s meeting.

The background material for today’s policy-rate decision has been discussed with the Executive Board on 19 and 20 January, and the draft Monetary Policy Update was reviewed at the drafting meeting on 22 January.

At the Monetary Policy Meeting in December, the Riksbank decided to leave the policy rate unchanged, at 1.75 per cent. The Executive Board judged that keeping the policy rate at this level for some time to come would help support domestic demand and create the conditions for inflation to stabilise around the target in the medium term.

A key question in this drafting process has been whether the inflation and economic outlook remains the same. Particular attention has been paid to whether the geopolitical turbulence at the start of the year has materially shifted the risk picture for inflation to any significant degree.

Developments abroad in early 2026 have been dramatic, contributing to increased uncertainty surrounding the inflation and economic outlook. The US administration's claims regarding Greenland have heightened tensions between the United States and Europe. Russia’s ongoing war of aggression against Ukraine, protests and violence in Iran and US actions in Venezuela and statements directed at other countries have further added to the uncertainty. These geopolitical tensions risk having significant implications for both the global and the Swedish economy. However, it is still too early to assess what the more lasting consequences will be, or how they may influence Swedish monetary policy. Given this, the risk picture for inflation is not judged to have shifted in any particular direction. What is clear, however, is that the range of potential outcomes, both for economic activity and inflation, has widened.

The krona has continued to strengthen at the beginning of the year and is now around 3 per cent stronger than projected in December, expressed in KIX terms. Nonetheless, financial conditions in Sweden are considered favourable, with good loan terms for households and companies.

As outlined in the draft update, inflation in December was close to target but lower than expected. Measured by the CPIF and the CPIF excluding energy, prices rose by 2.1 and 2.3 per cent respectively as an annual percentage change. Energy prices increased more slowly than anticipated, but a broad-based decline in goods prices also contributed to the forecasting error. The weak growth in goods prices in recent months may suggest that the sharp appreciation of the krona over the past year is having a somewhat faster and larger dampening effect on inflation than the Riksbank previously expected. Services prices were also somewhat weaker than estimated in December. Taken together, these developments may indicate that inflationary pressures could be somewhat weaker for some time going forward than in the Riksbank’s December forecast. At the same time, companies' pricing plans remain at normal levels and long-term inflation expectations are well anchored close to 2 per cent. In the slightly longer term, the stronger economic activity is expected to lead to a normalisation of inflationary pressures in line with the assessment in December. Overall, the outlook for inflation remains broadly the same.

Indicators point to somewhat stronger-than-expected growth in the Swedish economy. According to Statistics Sweden's monthly GDP indicator, activity in the Swedish economy increased in November. Sentiment in the business sector has improved further, according to indicators, and it is now higher than normal. Employment increased significantly in the fourth quarter, although the labour market remains weak, and unemployment rose to 9.1 per cent. At the same time, companies continued to expand their recruitment plans and the number of newly registered job openings also increased. Overall, the assessment of the economic outlook made in December still holds fairly well.

The proposal for a monetary policy decision that the Monetary Policy Department assesses will gain a majority in the Executive Board at today's meeting is described in Annex A to the minutes. The proposal entails holding the policy rate unchanged at 1.75 per cent. The policy rate is expected to remain at this level for some time to come, in line with the December forecast.

§3b The economic situation and monetary policy

Deputy Governor Per Jansson:

Since our last monetary policy meeting in December, international developments have, to say the least, been turbulent. We have seen new and significantly aggravated geopolitical conflicts, with the US administration also threatening several countries with sharply higher tariffs on their exports to the United States. At times, the severity of these geopolitical conflicts has even raised questions about whether NATO can continue to exist in its current form. As noted in the draft Monetary Policy Update, the concrete and more lasting consequences of these events remain unclear. One way to express this is that the effects are, as yet, not quantifiable in economic terms. I will return to this shortly, but my interpretation is that the economic assessments presented in the draft update have, in principle, not been affected by these developments, which remain hard to take stock of.

Regarding development tendencies in Swedish inflation and the real economy, new outcomes and indicators suggest that these have remained broadly stable since late last year. It is a fact that inflation is falling – and doing so somewhat faster than expected. For my part, however, I have also, since our meeting in

November, highlighted the growing risk of inflationary pressures becoming too weak going forward. I believe this development tendency has also continued since our December meeting. At the same time, the recovery in the real economy is on an increasingly solid footing. However, as before, I see little risk that this will eventually lead to unmanageably high demand-driven inflation. The fact that macroeconomic development tendencies have shifted only marginally gives me scope in my contribution today to focus more deeply on the potential monetary policy implications of these developments – something I began to do at the November meeting and in particular at the meeting in December. But now, at least in my view, is the time to start taking these possible consequences more seriously.

I would like to start by emphasising that I fully support the proposal in the draft update to now leave the policy rate unchanged at 1.75 per cent. However, I am more hesitant as to whether the communication around the future policy rate should remain the same as at our last meeting in December.

As mentioned, the risks of inflationary pressures being too weak going forward have, in my view, gradually increased in recent months. At our December meeting, I noted that a large number of measures of underlying inflation – measured over one-, three- and six-month horizons – which I started to monitor regularly during the period of high inflation, had never, since inflation started to rise in early 2022, conveyed such a consistent picture of below-target inflationary pressures going forward. An update of the measures, incorporating the new inflation outcome for December, shows that this picture has, if anything, become even more pronounced.

A reasonable hypothesis is that the substantial appreciation of the krona exchange rate, which started at the beginning of last year, has gradually become an increasingly important factor behind this development. Since shortly after the publication of our monetary policy decision in December alone, the krona has strengthened by just over 5 per cent against the US dollar and by slightly more than 3 per cent against the euro. If the same comparison is made from shortly after the publication of our first monetary policy decision in 2025, on 29 January, the appreciation amounts to around 20 per cent against the dollar and approximately 8 per cent against the euro.

It is, of course, not possible for monetary policy to fully offset the inflationary effects resulting from this type of very strong exchange-rate appreciation. Doing so would probably require unrealistically large adjustments to interest-rate policy – particularly given that the underlying trend in the krona's appreciation seems to be driven by factors and circumstances unrelated to developments in Sweden.

This does not mean, of course, that the best monetary policy response to these developments is to give up and not react at all. Even if the effects cannot be fully offset, a looser monetary policy stance is likely to make deviations from the inflation target less persistent than they would otherwise be. This is because an easier monetary policy – even if it cannot fully eliminate the effects of the stronger exchange rate – nevertheless emphasises our clear focus on the inflation target and our commitment to avoiding large and more persistent deviations from it. In this way, we continue to do what we can to minimise the risk of the inflation target's role as an anchor in price-setting and wage formation being unduly weakened.

As I noted at the outset, it is currently not possible to quantify the economic effects of the turbulent international developments. Just over a week ago, the prospect of a full-scale tariff war between the US and the EU appeared to be a real possibility. Such a development would, of course, be a real game changer and fundamentally redraw the economic playing field for Sweden and many other countries. Fortunately, negotiations and talks in recent days now seem to have reduced the risk of such a scenario. However, developments are characterised by abrupt changes and are, in principle, completely unpredictable – which is precisely why their economic implications cannot yet be quantified.

While it is still not possible to estimate the economic effects of these developments, they are certainly not improving sentiment and reducing uncertainty among businesses and households. On the contrary, the turbulence is only thickening the fog of uncertainty. And if the concrete and more lasting effect is essentially even greater uncertainty, this, in line with our earlier reasoning, only further increases the risks of inflationary pressures being too weak in the future, in this case through softer demand.

It is worth emphasising in this context that relatively early action in monetary policy can have its advantages here. Delaying a response risks creating a need for even greater monetary policy easing further down the line and, if policy falls significantly behind the curve, could once again force a return to policy-rate levels that feel uncomfortably low.

That said, as I noted at the outset, I support the proposal to leave the policy rate unchanged at 1.75 per cent. One reason why I think it is a little premature to cut the interest rate at today's meeting is that it would come as a major surprise to market participants. I do not think that this argument always plays a major role, but in this situation – where we on the Executive Board have repeatedly and quite unanimously communicated our plan to hold the policy rate unchanged at its current level for some time to come – it is a factor that I think is of significance. For my part, I have for some time discussed the growing downside risks to inflationary pressures and the need for us to be prepared to quickly rethink monetary policy if warranted. However, these arguments have not, thus far, been sufficiently strong and clear to justify supporting a rate cut at today's meeting.

Another reason is that I believe it is prudent to wait for Statistics Sweden's publication of the January inflation outcome. In connection with this outcome, Statistics Sweden will make a number of methodological changes, some of which could have a material impact on measured inflation. I am thinking in particular of the annual update to the consumption weights used in the calculation of the consumer-price index. This so-called basket effect typically contributes to a drop in the index as consumers try to replace relatively more expensive items with cheaper alternatives. Last year, however, the basket effect made a surprising contribution to higher inflation. The reversal compared to 2024 was particularly pronounced, as the basket effect that year was more negative than usual. Against this backdrop, the uncertainty around how the basket effect will influence this year's measured inflation in January is unusually high.

It is worth emphasising that the update to the consumption weights in the consumer-price index, although a methodological change, is of substantial and genuine importance for Swedish inflation. Given that the new weights adequately reflect changes in consumption patterns, the update relates directly to the purchasing power of Swedish consumers. It is also important to note that the basket effect in January will affect inflation in terms of annual percentage change in all months of the year. These aspects make it more than just a technical change that can be considered relatively unimportant.

A further reason why I believe it is too early to cut the interest rate now is linked to the future development of the krona. As noted in the draft update, it is possible that the appreciation of the krona has now peaked, and that the impact on inflation going forward will therefore gradually diminish. As the draft update points out, the development of the krona is "notoriously difficult to predict" and I myself am certainly no better at assessing the exchange rate's future trajectory than all our skilled economists in the Monetary Policy Department. As I have hopefully made clear, I am certainly concerned that the appreciation of the krona seen so far could soon lead to problematically low inflationary pressures. And this problem would of course only get worse were the krona to strengthen further. But the significant uncertainty around the effects and future development of the krona, in my view, argues in favour of waiting a little longer before cutting the policy rate.

Based on the considerations I have outlined above, it cannot be ruled out that I may vote for a rate cut at our next monetary policy meeting on 18 March. The key question for me at today's meeting is then whether I should formally enter a reservation against the proposed communication on the future policy rate in the draft update or whether the arguments I have presented here are sufficient. After some consideration, I have decided to opt for the latter.

The main reason for refraining from a formal reservation is that we have not made a new forecast for the policy rate and any reservation would therefore relate to a communication linked to a forecast made over a month ago. I think that is simply not a sufficient basis for a formal reservation. Nor can I see that it would in any way make the positions I have set out here today any clearer than they already are.

Deputy Governor Anna Seim

I support the proposal to leave the policy rate unchanged at 1.75 per cent and the considerations discussed in the draft Monetary Policy Update.

At previous meetings I have argued that a strong domestic demand spurred by expansionary fiscal and monetary policy, together with a fragile supply side might create inflationary risks on the upside going forward. At today's meeting, I would like to comment on whether, and if so how, this view has changed since our decision in December.

Global developments are characterised by tumultuous events and escalating geopolitical tensions. Focus quickly shifts from one continent to another, the tone is sharp, and the stakes are high. There is genuine uncertainty and a wide range of potential outcomes.

The Swedish economy has proven resilient in this environment. Growth is now more sustained, the labour market is showing increasingly clear signs of improvement, and, for a period of time, the krona has appreciated substantially against several currencies, in particular the US dollar.

As at the monetary policy meeting on 7 May last year, following the tariff announcements by the US administration in April, I expect the dramatic shifts abroad to primarily give rise to two effects: (i) weaker demand as a result of the increased uncertainty and (ii) an even greater risk of supply shocks if, for instance, the announced trade barriers are actually implemented.

However, the situation today differs from that of last spring, in several respects. Let me mention two of them. Firstly, we have learnt that what is said and what is then implemented by the US administration does not always coincide. Secondly, a critical question is whether the abrupt changes this last year have affected the global economy's ability to adapt. It is often said that the economy has been resilient, but this has hardly been costless. My assessment is, for example, that the supply side is more fragile than last spring, as companies affected by tariffs have been forced to make adjustments that have squeezed their profit margins and redirected trade flows. Even if we do not see signs of supply-chain disturbances in the data, I perceive them to be under greater strain and more opaque than before, and there is a risk that a disruption somewhere could be quickly reinforced in complex production networks where there are no longer any margins to speak of.

At the same time as strained value chains and production networks make the global supply side vulnerable, Swedish companies dependent on imported intermediate goods are helped by the strong krona. The krona appreciation contributes to weaker cost pressures for importing companies and less of a need to raise prices. As we point out in the draft update, there are signs that the impact from the exchange rate on inflation has been somewhat stronger than normal. If the krona appreciates further, inflation may become lower going forward than we have previously assumed. But although I think it is possible to understand the development of the krona with hindsight, it is very difficult to forecast. This is because it is determined by supply and demand for the Swedish krona in relation to other currencies, and therefore by drivers of financial flows across national borders.[1] In the constantly changing world of the recent year, demand for Swedish assets has led to an inflow of capital and nominal appreciations that have held back inflation. Over the past year, we have learnt not to take anything for granted and that things can change rapidly. A sudden return to accepted norms and stability in the US economy could lead to a recoil in the development of the dollar and a weakening of smaller currencies. However, at present I deem such a development unlikely.

To summarise, I assess that the increased uncertainty reduces the risk of demand-driven inflation in Sweden somewhat, at the same time as the strong krona leads to lower costs and dampens inflationary pressures. My concern regarding inflation risks on the upside has therefore subsided somewhat, but one should be aware that conditions can change rapidly.

In this international environment in constant flux, it is reassuring that the recovery in the Swedish real economy is now on firmer ground, that there are signs of optimism in the labour market, that the policy rate is at a level I judge to be expansionary but close to neutral, and that our economic policy framework has helped us build up resilience to unexpected outcomes.

We will return with a full set of forecasts in March and have every opportunity to adjust our monetary policy if this should prove warranted.

[1] See Seim, A. (2025), "Driving forces behind the development of the krona", speech, 14 November 2025.

First Deputy Governor Aino Bunge

I support both the proposal to leave the policy rate unchanged at 1.75 per cent at this meeting, and the assessments made in the draft Monetary Policy Update. In a nutshell, these assessments mean that the outlook for inflation and the economy from the monetary policy meeting in December remain broadly the same.

We are living in a time of great upheaval in world politics. Since our last meeting, developments have been dramatic, particularly regarding Greenland, Venezuela and Iran. And it is now almost four years since the war in Ukraine broke out and it is continuing with unabated intensity. As the draft update describes, recent geopolitical events have mainly increased uncertainty and the range of potential outcomes for future events. But the concrete effects on the economy and monetary policy in Sweden are hard to assess and partly depend on which of the many announcements from the US administration on tariffs and other measures are ultimately implemented.

But let me start at home with the current view of Swedish inflation and economic activity.

We have only received one new outcome for inflation since the last meeting, and I do not want to overemphasise its significance. But it surprised on the downside, both as regards the CPIF and the CPIF excluding energy. We expect inflation, as of April this year, to be pushed down by the reduced VAT on food (see Figure 7 in the draft update). But the latest outcome also signals that inflation in the near term may be low even disregarding the change in VAT. Rates of price increases over a shorter period than 12 months are now clearly below 2 per cent. In particular, goods prices surprised on the downside in December, which is likely connected to the stronger krona. The krona strengthened sharply last year and has continued to do so through the start of this year. This is lowering costs for many importers and lowers overall inflationary pressures. It is also visible in falling producer prices. Our earlier analysis has shown that the effects of a *weaker* krona, like other cost increases, could be particularly strong when inflation was high.[2] Now inflation has been close to the target for some time, which could mean a more limited impact. However, as the draft update describes, there are signs that the impact has become faster and stronger. We will probably have to monitor both whether the strengthening of the krona continues and its impact on prices. Our business survey and micro database may be of help in this.[3]

[2] See for example "The pass-through of the krona to inflation appears to have been larger than usual" in the Monetary Policy Report, November 2023.

[3] See for example "Microdata gives insights into how companies adjust their prices" in the Monetary Policy Report, September 2024.

However, weighing on the other side of the scale is stronger than expected growth and consumption (see Figure 4 in the draft update). Households will experience strongly rising real incomes this year. The labour market usually recovers later in relation to growth. In recent outcomes, we can see both rising employment and a growing labour force, even though unemployment remains high. In our article on the labour market in the December report, we concluded that the high unemployment in Sweden is mainly structural but that the deterioration in the labour market we have seen in recent years is primarily cyclical and driven by weak demand.[4] The assessment was that there is plenty of spare capacity but, when demand recovers, it should result in increasing employment. And we can now see an improvement in recruitment plans (see Figure 6 in the draft update).

So how should we balance lower inflation and stronger economic activity in relation to our earlier forecast? One piece of the puzzle is our indicators, for example companies' price plans, which indicate inflation in line with the target going forward. In addition, inflation expectations in the longer term are close to 2 per cent. As inflationary pressures in the near future appear to be low due to the strengthening of the krona, I reach the conclusion that, if anything, the stronger economic activity is improving conditions for inflation to be close to target in the medium term.

To sum up then, ahead of us, I see the Swedish economy performing well. But we cannot disregard the increased global uncertainty, which could overturn this view. Over the autumn, we included a few words of warning in our Monetary Policy Reports and updates: "US trade policy has been marked by unpredictability under the new administration and could also change unexpectedly going forward." Unfortunately, this proved to be an accurate description. Tariffs are now being used repeatedly as threats in the security policy debate. It is not difficult to imagine scenarios in which new tensions lead to problems in international trade, supply shocks and rising inflation or, for that matter, increased uncertainty, weakened demand and falling inflation. Obviously, it is very difficult for companies to plan supply chains if decisions on future tariffs are changed from day to day. So far, however, world trade and companies, not least Swedish ones, have shown good resilience. And we also see positive steps such as the free trade agreements between the EU and MERCOSUR, and between the EU and India. Nevertheless, I am, on the whole, now slightly more worried that the uncertainty will again hamper economic activity and demand, with lower inflation as a result. We need to see a recovery in the economy to stabilise inflation in the medium

[4] See "Ample spare capacity in the labour market" in the Monetary Policy Report, December 2025.

term and to attain this we need confidence and investment, not more uncertainty caused by political announcements.

On the financial markets, since the last meeting, we have seen a continued weaker dollar, turbulence in the Japanese fixed income and foreign exchange markets and a gold priced that has sky-rocketed to over USD 5,000 per troy ounce. This is almost a doubling of the gold price since the start of 2025. Otherwise, it is noteworthy how limited the impact has been on the financial markets, for example on the stock market, where risk appetite seems to return rapidly after each shock. There is a risk that the reaction would be surprisingly strong if the threatened tariffs are not withdrawn as expected. To this can be added the already inflated valuations of AI companies, which could trigger a general correction going forward.

The increased uncertainty and risk outlook connected to geopolitics do not change my view of monetary policy in the current situation or the forecast for the period ahead. The Swedish economy is in a good initial position. But, once again, this points to the need for vigilance and preparedness.

Governor Erik Thedéen

Since our most recent monetary policy meeting, we have received some new economic information supporting the view that inflation will be low this year, primarily due to temporary factors, and that the economic recovery continues. In December, CPIF inflation was 2.1 per cent, while underlying inflation, measured as the CPIF excluding energy, was 2.3 per cent. Both outcomes were lower than expected. A large part of the surprise in the reading on underlying inflation was due to unexpectedly low goods prices, something that is probably partly linked to the krona appreciation. In recent weeks, the krona has strengthened even further, suggesting that, going forward, goods inflation may be dampened more than we earlier assumed.

At the same time, energy prices have risen somewhat since December, as have expectations of future energy prices. The net effect of the higher energy prices and the lower goods inflation points to somewhat lower CPIF inflation this year. Adjustments are likely to be small, but the combination of inflation outcomes and a stronger krona indicates that our inflation forecast from December will more likely need to be revised down rather than up.

Given the circumstances, there is reason now to also monitor different measures of underlying service price inflation, which is affected less than goods inflation by fluctuations in the exchange rate and is thereby more relevant to our objective of stabilising inflation in the somewhat longer term. This applies, for instance, to the rate of price increases on services excluding foreign travel, administrative prices and rents, which has remained relatively stable close to 2 per cent over the past year. Thus, this measure does not show any clear sign of falling inflationary pressures. Therefore, my overall view is that CPIF inflation, and also the CPIF excluding energy, may be somewhat lower than we earlier assessed, but that this is not a sign of any clear change in the underlying inflationary pressures.

Statistics Sweden's indicators for GDP and for household consumption suggest that GDP growth in the fourth quarter was somewhat stronger than expected. New statistics on companies' orders supports the view that economic activity is continuing to improve. The higher growth has not yet had any tangible impact on unemployment, which remains high. However, despite a substantial number of redundancy notices from Ericsson, most labour market indicators are pointing to demand for labour increasing, which should result in a continued rise in employment.

At present, economic activity looks to be somewhat higher than we expected, implying that growth will probably be somewhat stronger in 2026 than we assessed in December. So far, however, we see fairly small surprises and few data points. I do not presently envisage any major revisions to the growth forecast.

To a large degree, the outlook for both inflation and economic activity remain unchanged and I therefore see few reasons to adjust the direction of monetary policy. I still expect the policy rate to remain at its current level for some time to come and I assess that monetary policy will thus contribute to CPIF inflation stabilising at 2 per cent in the somewhat longer term. I therefore support the proposal to leave the policy rate unchanged at 1.75 per cent today, and I support the assessments made in the draft Monetary Policy Update.

So, under what conditions might cutting the policy rate further be considered? A major setback in the economic upturn would be one such condition, but one could also imagine that this question would arise if we were once again surprised by unexpectedly low inflation outcomes. In such a situation it would be important to take into consideration the outlook for economic activity, not least because, in the somewhat longer term, this also affects inflation.

At present, growth in the Swedish economy is instead somewhat stronger than we expected. The risk that inflation might fall clearly below the target of 2 per cent for a period of time needs to be balanced against the risk that the growth outlook would simultaneously strengthen so much that the economy might eventually overheat. While I consider this to be less likely, the probability would increase if we were to cut the policy rate further now to counteract inflation being temporarily low this year. As I see it, further relief would be appropriate chiefly if both economic activity and inflationary pressures were weaker than expected.

Before I discuss the significance of the exchange rate, I would also like to briefly comment on the geopolitical events of recent weeks, when we have witnessed the US government using threats of new tariffs on imports from several countries as an instrument for its foreign and security policy. The Greenland crisis has created renewed uncertainty regarding the rules that will apply to our economic exchanges with the United States. However, my assessment is that the likelihood of very restrictive trade barriers is nevertheless limited.

The United States' new foreign and trade policies nevertheless affect the security policy map and in the long run changes in trade patterns, localisation of investment and in international capital flows could become substantial. This can also affect the foreign exchange markets and the position of the US dollar, signs of which may already be visible. Just studying the short-term effects of the political changes in the United States can give rise to a deceptive calm. In the long run, the situation may be completely different.

I would also like to comment on the role of the Swedish krona in our considerations. As already stated, a stronger krona might imply that, for a period of time, goods inflation is dampened more than we previously envisaged. However, as we have earlier looked through factors that temporarily push up inflation, I think we now have good reasons to focus on the more long-term determinants of inflation, such as the forecasts for resource utilisation and wages and the long-term inflation expectations.

A rapid, large and persistent appreciation of the krona from today's level could complicate the monetary policy deliberations. It could mean that import prices were pushed down sufficiently far that they would have a broader impact on companies' costs and thus their pricing behaviour. In such a scenario, where it is also conceivable that the long-term inflation expectations will fall below 2 per cent, there is probably good reason to ease monetary policy. But this scenario does not appear to be the most likely at present.

To summarise, my assessment is that our most recently published forecast for the policy rate still holds, and that the risks are well-balanced. The forecast is uncertain, however, and there are several different scenarios, like those I just mentioned, that could create a need to adjust monetary policy. We always maintain preparedness for such changes. But at present I assess that monetary policy is following a stable and reasonable course, and we can tolerate minor deviations in data outcomes without immediately needing to adjust the course we have set.

§3c Discussion

The Executive Board raised the question of the effects of demand and the exchange rate on inflation, and called for a more in-depth analysis, for instance in the form of scenarios, with regard to this in the preparations for the next monetary policy decision in March.

§4. Monetary policy decisions

The Executive Board decided

- in accordance with Annex A to the minutes Policy rate decision (including the annex Monetary Policy Update).

This paragraph was confirmed immediately.

Minutes taken by

Maria Sjödin Anna Österberg

Verified by

Erik Thedéen Aino Bunge

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