Monetary policy minutes

May 2026

MINUTES OF THE MONETARY POLICY MEETING

Executive Board, No. 3

DATE:	6 May 2026
TIME:	9:00
	Monetary policy minutes for meeting 14 2026
INFORMATION CLASS:	RB PUBLIC
PRESENT:	Erik Thedéen, Chair Aino Bunge Per Jansson Anna Seim Göran Hjelm --- Bo Broman, Chair, General Council --- Niklas Amberg Björn Andersson Lena Arfalk Charlotta Edler Mattias Erlandsson Caroline Flodberg Susanna Grufman Peter Gustafsson Ellen Kockum Anders Kvist Henrik Lundvall Hilkka Nyberg Åsa Olli Segendorf Annica Sandberg Olof Sandstedt Anna Sjulander Anne-Catherine Worth --- Robin Ahlén (§1-3a) Maria Johansson (§1-3a)

It was noted that Niklas Amberg and Björn Andersson would prepare the draft monetary policy minutes.

§3 Monetary policy review

§3a Economic developments

Market developments since the last monetary policy meeting

Robin Ahlén, Senior Market Economist at the Markets Department, began by presenting developments in financial markets since the previous monetary policy meeting in March.

The period since the previous monetary policy meeting has been marked by considerable geopolitical uncertainty, and the war in Iran remains the most dominant theme in the markets. The ceasefire between the United States and Iran has not led to a reopening of the Strait of Hormuz, and expectations of a normalisation of shipping traffic have gradually been pushed further into the future. Oil prices therefore remain elevated, and futures prices have continued to rise, with contracts towards the end of 2026 reaching new highs.

Although the ceasefire is fragile and tensions have risen over the past week, markets have taken some reassurance from the fact that talks are to some extent underway and that the situation has generally de-escalated over the past month, contributing to improved risk sentiment among investors. The pricing of certain equity options suggests that investors expect volatility to decline towards pre-war levels. At the same time, stock markets have risen to new, or close to earlier, record highs, supported by rising profit expectations and considerable optimism surrounding AI. Credit spreads are relatively low and therefore not signalling any broader concern among investors.

Market expectations regarding central bank policy rates have been closely interlinked with the inflation risks stemming from energy prices. Since the previous monetary policy meeting, market rates have risen in response to expectations of tighter monetary policy. However, most central banks have initially adopted a more cautious approach while assessing how the situation evolves and have therefore left policy rates unchanged. However, the ECB indicates that a policy rate increase could be undertaken next month. This is also in line with market pricing, which overall points to three rate increases this year. Some members of the Federal Reserve have shifted from signalling possible rate cuts to indicating that the risk outlook for monetary policy has become more balanced. Market pricing points to an unchanged policy rate in the United States throughout 2026. Shorter-term inflation expectations have continued to rise, while long-term expectations remain relatively stable in both the United States and Europe.

According to market pricing, the Riksbank is expected to leave the policy rate unchanged at today's meeting. Most analysts at the major banks do not expect any rate increase at today's meeting, or later this year. However, market pricing indicates 2–3 rate increases up until the end of 2026. The krona exchange rate, measured in terms of KIX, is broadly around the same level as at the previous monetary policy meeting.

After questions from several Executive Board members, Robin Ahlén also described the initial market reactions following Statistics Sweden's publication of the Flash CPI for April earlier that morning.

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 have been elevated for an extended period owing to the uncertain global situation, not least as a result of the US Administration's unpredictable trade and foreign policies. Since the outbreak of the war in the Middle East, global developments have been very dramatic, with periods of significant volatility in financial markets. So far, however, the Swedish financial system has remained resilient and key funding markets and infrastructure have also functioned well. However, the war makes the outlook for both the macroeconomy and the financial system uncertain, and conditions could change rapidly.

The scale and duration of the war in the Middle East will be decisive for its impact on financial stability both in Sweden and abroad. Market pricing suggests that participants currently expect the war not to become particularly prolonged. However, if it proves to be more extensive, investors could rapidly reduce their risk appetite and reallocate capital. This could lead to sharp declines in asset prices, rising risk premia and increased volatility in financial markets. In a tightly interconnected global financial system, such reactions could be amplified by existing vulnerabilities, including high and rising public debt in several major economies, high asset valuations and risks associated with the expanding non-bank sector. Such a development could also give rise to unforeseen events that may exacerbate the problems. Overall, this may test the resilience of the financial system, both globally and in Sweden.

However, Sweden is well equipped to manage a deterioration in economic conditions. Sweden's stable public finances provide better conditions for managing such a situation than in many other countries. Overall, the Swedish financial system is judged to be well placed to withstand and manage shocks. The major Swedish banks remain highly profitable and maintain substantial margins relative to regulatory capital and liquidity requirements, which gives them ample capacity to maintain credit supply to the real economy even in the event of a shock. The major banks also continue to have good access to US dollars, as well as limited exposures to both the Middle East and energy-intensive companies. At the same time, threats related to cyberattacks have increased in light of the uncertain geopolitical situation. This underlines the need for strengthened operational preparedness among all key participants in the financial system.

The current monetary policy drafting process

Peter Gustafsson, Adviser at the Monetary Policy Department, presented the current assessment of macroeconomic developments and the proposed monetary policy decision that the Monetary Policy Department judged would gain majority support in the Executive Board at today's meeting.

The background material for today's policy-rate decision was discussed with the Executive Board on 27 April, and the draft Monetary Policy Update was discussed at the preparatory meeting on 28 April. In addition to these meetings, the Executive Board has been kept regularly informed about developments relating to the war in the Middle East.

At the monetary policy meeting in March, the Riksbank left the policy rate unchanged at 1.75 per cent. Although the conditions for a continued economic recovery and inflation close to target were judged to be favourable, the uncertainty and need for vigilance were emphasised, as it was still too early to draw clear conclusions about the economic consequences of the war in the Middle East.

In preparing this decision, the key questions have continued to concern the development of the war and its consequences for the outlook for inflation and economic activity in Sweden and globally. Other important issues have been how the risk outlook has changed since the previous monetary policy decision and how monetary policy should respond to the high degree of uncertainty surrounding future developments.

The war in the Middle East has continued, and, despite a ceasefire and intermittent negotiations, the prospects for a swift resolution remain unclear. The longer the war continues, the greater the risk that supply disruptions will become more significant, affect more countries and lead to higher inflation and weaker economic activity. Oil prices have risen further, prices of other commodities have increased, and parts of the business sector are now experiencing higher cost pressures.

Financial markets have periodically been volatile. Financial conditions tightened towards the end of March but have since eased as prices of riskier assets have risen. Despite this, pricing in financial markets now indicates greater monetary policy tightening in many economies than at the time of the Riksbank's meeting in March.

In Sweden, long-term inflation expectations remain well anchored and the underlying conditions for a continued economic recovery are still favourable. The somewhat increased risk of a broad rise in inflation needs to be weighed against new information indicating somewhat weaker domestic economic signals at the beginning of the year and significantly lower-than-expected inflation at the outset. Overall, several factors suggest that the Swedish economy is now in a more favourable position to manage supply shocks than during the inflation surge in 2022.

Given the considerable uncertainty surrounding the development of the war and its impact, monetary policy may need to be adjusted to safeguard the inflation target going forward. In addition to the war, there are several other risks which, if realised, would affect the conditions for monetary policy. The monetary policy proposal that the Monetary Policy Department judges will gain majority support in the Executive Board at today's meeting is set out in Annex A to the minutes. The proposal entails leaving the policy rate unchanged at 1.75 per cent.

§3b The economic situation and monetary policy

Deputy Governor Anna Seim:

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

Every day that passes without a lasting solution to the war in the Middle East increases the risk that the war will have more far-reaching effects on the Swedish economy. At today's meeting I would like to clarify (i) why I see increasing risks that the war will lead to higher inflation in Sweden, (ii) my thoughts on the trade-offs we then face and (iii) why I favour leaving the policy rate unchanged at present.

Open economies are closely interlinked through global value chains and a disruption somewhere in the system can have far-reaching consequences. It is easy to understand that high energy prices or increased transportation costs can spread widely through the global economy and that a shortage of inputs can have severe, sometimes unexpected, consequences in complicated production networks. I currently assess the risks of this type of supply shocks as very high. One well-known example is the shortage of fertiliser, which risks having a broad impact on harvests and global food supply. Another is the shortage of helium, which is needed for, for instance, the production of microchips and thereby the continued development and implementation of AI. The rising price of naphtha, which is shown in Figure 2 of the draft Update, affects the price of plastic, for instance, which can feed into the prices of a very large number of goods. Higher cost pressures are also affecting an international trade network that has been forced to make considerable adjustments over the past year. My assessment is that US trade policy has led to a costly restructuring of global value chains and that we cannot rule out the possibility that the initial situation is more strained than normal.[1] A global company that has been forced to find alternative trading partners and markets over the past year may now face squeezed profit margins that force it to increase prices when costs rise.

At our meeting in March, I compared the current situation to the twin peaks of inflation in the 1970s and highlighted the risk that the high inflation in 2022/2023 might have affected, for instance, companies' pricing behaviour and made inflation expectations more variable. In recent years, it appears to have become more common, for example, for companies to introduce indexation mechanisms and contractual clauses that make it easier to pass on costs to prices.[2] The National Institute of Economic Research's Economic Tendency Survey also points to a slight increase in companies' pricing plans over the coming three months.

Qualitatively I am convinced that the arguments above are relevant. To what extent they become *quantitatively* important for Swedish inflation depends critically on how quickly the war in the Middle East is resolved, and this is difficult to assess at present. However, research indicates that global shocks have become increasingly more important for monetary policy decisions over time and the reasons provided above help us understand why.[3]

The shocks now affecting the global economy entail a risk of a potential stagflation scenario, where supply-driven inflation coincides with economic stagnation. As we can neither affect oil prices, the supply of helium nor the production of semiconductors in Asia, there are good reasons for looking through a shock that is likely to have only temporary effects on inflation. But if the shock risks leading to wider and more persistent effects on inflation, we should restrain

---

[1] For a model of how tariffs force adjustments in global value chains, see G. Grossman, E. Helpman, and S. Redding (2024), "When Tariffs Disrupt Global Supply Chains", *American Economic Review*, 114(4), 988-1029.

[2] There is some evidence in the company interviews carried out by the Riksbank in April that such clauses have become more common. For a discussion of how the design of contracts affects the size of the impact, see for instance C. Bonnet, S.B. Villas Boas and D. Klapper (2013), "Empirical Evidence on the Role of Nonlinear Wholesale Pricing and Vertical Restraints on Cost Pass-Through", *The Review of Economics and Statistics*, 95 (2), 500–515.

[3] See, for instance, K. Forbes, J. Ha and M.A. Kose (2026), "Heaven or Earth? The Evolving Role of Global Shocks for Domestic Monetary Policy", NBER Working Paper No 34806, February 2026.

demand appropriately, so that inflation stabilises on target in the longer run and functions as the nominal anchor the economy needs.

If we are convinced that inflation will rise in a more problematic manner, an early response could reduce the risk that more forceful measures will be required at a later stage. And as monetary policy operates with a lag, we must always be forward-looking. It takes time for the economy to readjust and the decisions we make now will have their full impact in one to two years. By the time clear inflationary effects are visible in the data, it will most likely be too late, and my assessment is therefore that we may need to act before clear signs of more persistent inflation appear in incoming statistics.

Although I see significant upside risks to inflation going forward and believe that there are tangible costs associated with responding too late, I am not advocating an increase in the policy rate at today's meeting. My reasons for this are: (i) that I consider an unchanged policy rate a robust policy that in this changeable environment will give rise to acceptable outcomes even if the economy takes a new direction, (ii) that underlying inflation is low at the outset, a picture reinforced by the preliminary inflation outcome published this morning, (iii) that domestic demand pressures still appear subdued, (iv) that inflation expectations remain well-anchored and (v) that the social partners have signalled that they will again use the inflation target as a benchmark in the coming wage bargaining rounds. Points (iv) and (v) illustrate the importance of a high level of credibility of the inflation target and imply that we as a central bank have greater scope to wait than many others. However, even though Sweden starts from a favourable initial position, we are by no means immune, and the arguments (ii) and (iii) above could quickly become irrelevant. For the reasons I have already outlined, a rapid rise in cost pressures could cause inflation to accelerate significantly. Domestic demand pressures could also be reinforced as the expansionary fiscal policy feeds through into the economy. At the same time, it is also possible to envisage a scenario in which uncertainty, higher costs and diminished purchasing power lead to weaker economic activity.

We will return with a full round of forecasts in June. It appears highly unlikely that uncertainty will have subsided by then. However, it is possible that we will feel more certain about in which direction the economy is heading and my view is that this could be sufficient to justify a change in the policy rate. Time will tell whether this proves to be the case.

Deputy Governor Göran Hjelm

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

I will begin by outlining my general view of the role of monetary policy in the face of the supply shocks we are currently experiencing. Against that background, I will then outline my assessment of the current situation and my thoughts on forthcoming monetary policy decisions, particularly in light of how the war unfolds and its effects.

In the event of supply shocks, it is well established that monetary policy should focus on maintaining the credibility of the inflation target whilst limiting the costs to the real economy. When supply shocks push the target variables – that is, price stability and real economic developments – in different directions, it is appropriate to respond less forcefully than in the case of demand-driven inflation. Studies based on US data also show that the policy rate is raised four times as much if elevated inflation is demand-driven.[4] When monetary policy, either wholly or in part, 'looks through' supply-driven inflation, the absence of tightening needs to be replaced by clear communication explaining why a period of elevated inflation is being tolerated, in order to counter rising inflation expectations.

Clear communication is aided by distinguishing between direct, indirect and second-round effects on inflation. When supply shocks lead to materially higher costs in certain sectors, it is reasonable to expect relative price changes, be they temporary or permanent. This applies to both direct and indirect effects. Whether monetary policy needs to be tightened in response to these price increases depends on the scale of the shocks, a point I will return to. Second-round effects arise if cost-driven price changes cause even businesses whose costs are not significantly affected to raise their prices as well, or if the higher inflation affects wage development. Where there is a risk of second-round effects, monetary policy should always take action.

The option of adopting a 'look-through' strategy is influenced by three main factors: the credibility of the inflation target, the scale of the shocks, and situation-specific factors. As far as credibility is concerned, it is high at the outset but is naturally influenced by how inflation develops, combined with how successfully the Riksbank justifies a temporary deviation from the target.

As regards the scale of the shocks – that is, an overall assessment of their magnitude, breadth and persistence – this is, of course, of great significance for the monetary policy trade-off. If the shocks are sufficiently widespread, cost-driven direct and indirect price rises will cause inflation to rise to such an extent that the credibility of the inflation target is put at risk. In such circumstances, monetary tightening is needed to avoid a broad and persistent rise in inflation. The cumulative supply shocks that preceded the surge in inflation in 2022 were of such a magnitude that they necessitated a significant tightening of monetary

[4] B. Hofmann et al. (2024), "Targeted Taylor rules: some evidence and theory", BIS Working Paper No. 1234.

policy. For example, the import price index rose by as much as 40 per cent between the summer of 2021 and the summer of 2022. The Riksbank's tightening of monetary policy helped ensure that overall price increases in the business sector were in line with the significant cost increases caused by the shocks.[5] The policy-rate increases weakened real activity, but this was necessary to maintain the credibility of the inflation target.

Against this background, I believe there are two key issues in today's decision and in future decisions, as long as developments in the Middle East continue to have a significant impact on actual and expected commodity prices; firstly, to assess the extent to which inflation may rise as businesses facing significantly higher costs raise their prices; and secondly, to what extent it is possible to 'look through' these price rises without risking a broad rise in inflation. Given that the shocks stem from a war, the risk of severely adverse outcomes cannot be dismissed. It is easy to see that if the current high price levels for key commodities were to persist for a prolonged period, there would be a significant risk of a broad rise in inflation. However, I do not believe it is appropriate at present to attach greater weight to severely adverse outcomes than is implied by currently available commodity futures prices, particularly given the high credibility of the inflation target. Given present futures prices, I judge that the current shocks are, on the whole, more limited than they were at the start of the rise in inflation in 2022. I also judge that it is possible to 'look through' the cost-driven, direct and indirect effects that current futures prices may result in, a view that is reinforced by several situation-specific factors, which I shall now turn to.

Even relatively modest supply shocks may need to be addressed with a tightening of monetary policy if situation-specific factors risk amplifying the impact on inflation. This is not the case, however. In many ways, the current situation is the reverse of what led to the rise in inflation in 2022. We are currently in a recession, underlying inflation is low, the exchange rate has strengthened over the past year, and the policy rate is likely close to a normal level. This enhances the ability to 'look through' the direct and indirect inflationary impulses arising from the supply shocks.

That said, I do not rule out the possibility that monetary policy may need to be tightened going forward owing to the risk of inflation becoming too high, even if supply-driven. I am concerned about the duration of the war and the fact that so many commodities are being affected. The import price index rose by over 6 per cent in March, mainly due to higher fuel costs. The coming months will provide more information about how price increases in other products affect costs and prices in Sweden. If, on the other hand, the war were to come to a credible end in

---

[5] National Institute of Economic Research (2023). Pris- och kostnadsutvecklingen 2019–2023: Analys med en prismodell [Price and cost developments 2019–2023: Analysis using a pricing model]. In Swedish only.

the near future, an updated analysis of the direction monetary policy should then take would be required.

I will be monitoring three areas particularly closely going forward: indicators of credibility and the extent of the shocks, as well as incoming data. When it comes to credibility, the social partners' inflation expectations are key. In addition, in order to identify signs of second-round effects, it is important to monitor price developments and companies' pricing plans in sectors that are not clearly affected by rising costs. As I have indicated, I believe that futures prices are a reasonable starting point for assessing the extent of the shocks. When it comes to data, large supply shocks can disrupt global supply chains, which may be an early sign of increased cost pressures. There are several indicators in this area that are important to monitor.[6] Furthermore, indices of commodity prices and international and Swedish producer prices are early indicators of rising cost pressures. In addition, exchange rate movements are important and may be influenced by the course of the war and the actions of other central banks.

Let me conclude. In the event of supply shocks of the kind we are currently experiencing, the guiding principle for monetary policy should be to limit the costs to the real economy, whilst ensuring that the credibility of the inflation target is maintained. The impact of the war on the real economy and inflation is currently highly uncertain. Thanks to high credibility and favourable situation-specific factors, we are in a position to wait for further information. This credibility also makes it possible, where necessary, to 'look through' a temporary rise in supply-driven inflation, a capability reinforced by the experience gained from the responsible conduct of fiscal policy and wage-setting when inflation was high. Overall, this context affords greater policy flexibility, which should be used to achieve better economic outcomes. However, this flexibility comes with a responsibility. Should my assessment of the extent of the shocks change and there be a risk of a broad and more protracted rise in inflation, monetary policy should be tightened. This entails a real economic cost in the short term, but the cost will be even greater if the Riksbank needs to raise interest rates sharply at a later stage in order to restore confidence in the inflation target.

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 presented in the draft Monetary Policy Update.

As at our previous meeting in March, development of the global economy hangs in the balance. This depends to a large extent on which scenarios for the ongoing

[6] See the New York Fed's Global Supply Chain Pressure Index and A. Merendino and T. Monacelli (2026), "Supply chain uncertainty, energy prices, and inflation", Working paper, revised 10 April 2026, Bocconi University.

war in the Middle East that may materialise. In Sweden, inflation is currently below target and economic activity is weak. Today's inflation outcome, like that for March, surprised on the downside. However, we need to analyse the details, and it does not capture future effects of the war. I therefore share the conclusion in the draft Update that there is scope to wait a little longer to gain a clearer picture of the effects of supply disruptions caused by the war before we adjust monetary policy. Compared with our previous monetary policy meeting in March, upside risks to inflation have increased somewhat precisely because no resolution to the conflict has yet emerged.

I would like to begin by outlining how I view the monetary policy strategy in the current situation.

At the last meeting, I said that one key issue for monetary policy was maintaining the credibility of the inflation target in uncertain times. Monetary policy cannot, for understandable reasons, prevent supply shocks caused by a war in the Middle East. But it is our task to prevent them from leading to more persistent deviations from the inflation target, for instance by seeking to ensure that inflation expectations over the medium term remain close to target. When we do this, we must also seek to avoid creating unnecessary costs for the real economy. This is important in and of itself to maintain the public's confidence in the inflation target and constitutes the foundation of flexible inflation targeting.

The difficulty in the current situation is that we need to consider very different scenarios also over the near term, depending on how the war evolves. In my view, the risk of responding too late to a rapid rise in inflation, and subsequently having to tighten policy more aggressively, needs to be weighed against the risk of overreacting to factors that may diminish in importance relatively quickly. This is in a situation in the Swedish economy where inflation is low and economic activity is weak. I believe there is little to gain by responding pre-emptively to the supply shocks we are currently observing. The inflation target has a high level of credibility and remains firmly anchored among the social partners, which is a significant advantage. My conclusion is that a robust and appropriate monetary policy in the current situation is to await further information while making clear that we stand ready to act if necessary.

Let me now turn to the information we have received about the economy since March. As I noted earlier, inflation is currently low, even disregarding the effects of reduced VAT on food. However, the Strait of Hormuz remains closed and as described in the draft Update, this means supply disruptions affecting oil and other production inputs from the region, such as urea and helium, are likely to continue. So far, the supply disruptions have had an impact in the form of direct price increases on the goods affected, such as oil, gas, jet fuel and fertilisers. But every day that the war continues increases the risk of further indirect effects on other prices, and thereby of a broader upturn in prices. At the same time, these are complex value chains, and companies are working hard to assess what adjustments they can make to mitigate the effects.

At the same time, pricing of oil futures illustrate that market participants have a clear end to the war in sight (see Figure 1 in the draft Update). As described in the draft Update, the war has not yet resulted in commodity shortages at a global level. However, the degree of impact differs, with many Asian countries having substantial imports from the Persian Gulf and therefore being more severely affected. Sweden is affected to a much lesser extent owing to its low dependency on oil, which we described in the March Monetary Policy Report.[7] However, we also noted that the indirect effects, for example more expensive taxi journeys when fuel prices rise, are considerably more uncertain. In addition, there is a risk of second-round effects through inflation expectations and companies' pricing behaviour being impacted.

Against this background, an important task for us going forward will be to monitor early indicators of potential spillover effects on prices beyond those already observed. This includes input prices, companies' pricing plans and information from companies. So far, there are some signs of rising prices, for example in the form of higher input costs in manufacturing and higher pricing plans in the National Institute of Economic Research's Economic Tendency Survey.

However, indicators of inflationary pressures are not at the levels seen at the beginning of 2022, which is illustrated in Figure 11 of the draft Update. The cost increases resulting from the war are also occurring in a Swedish macro-economic context that differs from 2022. Growth has been weak since the start of the year, and household confidence in particular appears to have been negatively affected, probably as a result of the war. However, real incomes are rising and confidence in the manufacturing sector has so far been maintained, so the picture is not unequivocally negative. Demand conditions will be important for companies' ability and willingness to raise prices.

Our target relates to inflation in Sweden, but it is important not to overlook Sweden's considerable international dependency. Higher inflation abroad also affects inflation in Sweden, not only directly but also indirectly. The expected shift in monetary policy abroad is having clear effects on financial conditions. It will therefore be important to monitor international developments to assess the risks to inflation in Sweden this time as well. The krona exchange rate has remained relatively stable during the turbulence. In trade-weighted terms, KIX 4, it is at approximately the same level as at the time of the previous monetary policy

[7] See the analysis "Rising energy prices will lead to higher inflation this year", *Monetary Policy Report*, March 2026, Sveriges Riksbank.

meeting in March (see Figure 8 in the draft Update). The development of the krona exchange rate going forward could either reinforce or dampen the effect of rising global prices.

Let me conclude. My overall assessment is that the effects of the war observed so far will result in higher inflation than would otherwise have been the case. That said, the Swedish economy starts from a favourable position, with low inflation and ample spare capacity in the economy. However, the future is very uncertain. I therefore consider it appropriate to leave the policy rate unchanged at this meeting and not to signal any change in the monetary policy stance, while at the same time being prepared to act if necessary.

Deputy Governor Per Jansson

I support the economic and monetary policy assessments presented in the draft Monetary Policy Update. This means that I support the proposed decision to leave the policy rate unchanged at 1.75 per cent. I continue to judge that a wait-and-see approach is for now the best strategy for monetary policy.

The key question that all monetary policy-makers are currently grappling with is how large the effects of the war-related supply disruptions will be. I still have not given up hope that the impact might be relatively limited, especially here in Sweden.

Compared with the period of high inflation in 2021–2023, Sweden, like many other countries, now has the advantage that demand to begin with is not nearly as strong as it was back then. This should provide some protection against a significant and widespread rise in inflation. It is also important to note that policy rates are now higher in most countries than they were at the start of the high-inflation years. And this is, of course, one of the factors contributing to the fact that, this time around, we are starting from a position where demand is less likely to drive inflation. However, it also means that, should the need arise, central banks can much more quickly tighten policy to levels that would curb a more serious rise in inflation.

Looking more specifically at Sweden, there is another key factor that differs from the starting point of the previous period of high inflation, namely the current inflation situation. Admittedly, excluding energy prices, inflation remained low for quite some time even back then. However, it is now even lower – 0 per cent in April according to Statistics Sweden's flash CPI reading – and few indicators suggest that a significant upturn is on the horizon. Even when energy prices are taken into account, Swedish inflation is still very low, at 0.8 per cent in April according to the flash CPI. Certainly, the reduction in VAT on food has a significant impact on the April outcomes. However, even taking this into account, price rises in Sweden are clearly subdued.

It is worth emphasising that the inflation situation abroad also in general is still more favourable than it was at the start of the previous period of high inflation. However, in many countries, rising energy prices have now begun to have a clear impact on overall consumer price developments. In several developed countries, recent inflation outcomes have been just below, or even slightly above, 3 per cent. It is worth noting in this context that, in several cases, price increases after the high-inflation period did not adjust down fully but tended to remain a notch above target.

The point of the argument I am putting forward here is certainly not to dismiss the risk that supply disruptions may lead to more serious inflationary problems, either in Sweden or in other countries. On the contrary, I agree with the conclusion reached in the draft update that this risk has increased somewhat since our last monetary policy meeting in March. The more favourable inflation situation we currently see could, in an adverse scenario, soon be a thing of the past. In early 2022, inflation rose by a couple of percentage points in just a few months. That is a lesson we absolutely must not forget now.

What I am instead trying to say here is that, for my part, I do not see it as inevitable that we are heading towards a period of very high inflation and severe monetary tightening. My view, therefore, is that the jury is still out. Given that the current debate often gives the impression that an economic meltdown is simply a matter of time, I think it is worth pointing out that the outlook is not uniformly negative.

I would like to conclude with a comment on monetary policy. On this occasion, we have chosen not to comment on, or in other words, provide guidance on, the future policy-rate path. It is perhaps not so surprising that we do not do this for the longer term. However, the fact that we are also refraining from commenting on how the policy-rate forecast from March holds up in the near term is probably something that many find a little more surprising. In fact, this is the first time this has happened since the monetary policy updates were introduced in February 2024.

The aim of providing forward guidance of this kind is, of course, to provide economic agents with useful information about which monetary policy decisions are most likely in the future. I myself recently gave a speech on this subject in which I highlight the importance of this type of communication, and that it is regrettable that several central banks have lately chosen to largely refrain from providing such guidance.[8] In the speech, I particularly emphasise that forward guidance is valuable in turbulent times.

At first glance, it may therefore seem strange that I am content to support a draft update that explicitly avoids providing such guidance. However, it is of course important to note that any attempt to provide guidance on the future policy-rate path requires a reasonably clear view of how the rate is likely to develop. In certain extreme situations, such as the current environment of significantly elevated uncertainty, it can be difficult to hold such a view. And in our case at the Riksbank, it must also be a view on future rate developments that at least a majority of the Executive Board can support.

I myself already reflected on these kinds of difficulties at our meeting in March, when I pointed out that, at that moment, I felt the uncertainty was so great that, of all the possible ways forward, I actually found it difficult to identify a clear baseline scenario. The fact that we, in this instance with a monetary policy update, have neither produced a new baseline scenario nor have access to new alternative scenarios naturally does not make it easier to provide forward guidance.

That said, there is just over a month until the next decision, when we will publish a Monetary Policy Report with an updated baseline and new alternative scenarios. As usual, it will set out the policy-rate path supported by a majority of the Executive Board.

Governor Erik Thedéen

The conflict in the Persian Gulf and the closure of the Strait of Hormuz have now been ongoing for more than two months and have caused one of the most severe oil supply shocks in history. The supply of fertilisers, natural gas, aluminium and chemical inputs is also being affected, and global market prices for several of these products have risen sharply. Higher input prices will, to varying degrees, be passed on to consumers, thereby putting upward pressure on consumer prices.

The conflict is creating considerable uncertainty about the outlook for economic activity and inflation, both globally and in Sweden. The likely outcome will be weaker growth and higher inflation, but it is currently very difficult to quantify these effects. In its latest Commodity Markets Outlook, the World Bank expects shipping through the strait to return to normal levels only in the fourth quarter of this year.[9] This is premised on the acute phase of disruptions coming to an end in May. However, there is a clear risk that the process will be protracted and that

---

[8] P. Jansson (2026), "Monetary policy communication at a crossroads", speech on 13 February, Sveriges Riksbank.

[9] World Bank (2026), "Commodity Markets Outlook", World Bank Group Report, April.

the supply shocks will therefore prove more persistent. The longer the disruptions last, the greater the risk of significant negative effects on the global economy.

In March, we judged that a policy rate of 1.75 per cent, coupled with a forecast that the policy rate would remain at this level for some time to come, would help to strengthen economic activity and contribute to underlying inflation rising to 2 per cent around the turn of the year.[10] Since then, we have been surprised by low rates of price increases in March and April and by relatively weak growth in the first quarter. At the same time, I now judge that the risks of higher inflation in the period ahead have increased as a result of developments in the Middle East.

The uncertainty surrounding the scale and persistence of the supply shocks makes it difficult to quantify these risks and incorporate them into a coherent view of the economic outlook. I thus continue to see good reasons to refrain from adjusting monetary policy. I therefore support the proposal to leave the policy rate unchanged at 1.75 per cent today, and I support the assessments presented in the draft Monetary Policy Update.

As in March, I see merit in considering various scenarios for economic developments and monetary policy at this stage. Many different scenarios are conceivable, but today I will focus on two that help frame my thinking about the future direction of monetary policy.

In the more favourable of the two scenarios, the security situation around the Persian Gulf stabilises fairly soon. The region's exports of petroleum products and other inputs could then pick up and start to rise towards more normal levels, whilst global market prices for these products fall back. This scenario would imply a development similar to the forecast we published in March, with a continued recovery in the Swedish economy and low inflation this year, which will subsequently rise towards the 2 per cent target.

In the second scenario, the conflict drags on for longer, and the Strait of Hormuz remains closed to most ships. Prices for crude oil, natural gas, fertilisers and other key inputs remain high and may rise further. These supply disruptions would weaken economic activity both abroad and in Sweden. Higher prices for energy and other key inputs, and businesses having to raise their prices, reduce households' real purchasing power and thereby weaken demand. At the same time, upward pressure is exerted on inflation. The impact on demand could be amplified if households and businesses, in the current uncertain climate, choose to hold back on consumption and investment.

[10] This refers to inflation measured by the CPIF excluding energy and direct effects of change in VAT on food.

In the first scenario, it is probably appropriate to allow the policy rate to evolve broadly in line with the forecast we published in March. However, in the second scenario, there is a greater risk that inflation will persistently overshoot the target, and in that scenario monetary policy will likely need to be tightened, resulting in a policy rate that is higher than in the March forecast. If, in such a scenario, the Riksbank fails to take action to curb the inflationary tendencies, there is a risk that higher inflation will lead to expectations that inflation will be higher also in the longer term.

The low level of inflation at the outset gives us some respite and somewhat reduces the likelihood of inflation rising significantly above the target. However, in such a scenario, there are also factors suggesting that inflation is likely to be quite high. Sweden's extensive foreign trade means that high inflation in other countries is, to quite a significant extent, transmitted to the Swedish economy, regardless of how strong or weak domestic inflationary pressures are to begin with. Key factors will be how widely cost pressures are spread across businesses and the extent to which businesses then pass these costs on to consumers. The development of the Swedish krona could prove important. If the exchange rate were to weaken at a time when many businesses have already seen their costs increase due to rising prices for commodities and inputs, there is probably a significant risk that these price increases will propagate through the business sector. This would also increase the risk of a persistent rise in inflation.

The direction of monetary policy abroad will also be a key factor. Policy-rate expectations abroad have, in several economies, shifted significantly since the outbreak of the war at the end of February, for example in the euro area, the United States and the United Kingdom. Furthermore, expectations of higher policy rates have, in several cases, been reinforced by communication from various central banks. If policy rates abroad are raised whilst the Riksbank keeps its rate on hold, this could put downward pressure on the krona and thereby increase the risk of rising inflation in Sweden.

Let me summarise. If the supply shocks in the Persian Gulf prove to be persistent, these and other factors will need to be taken into account in order for us to assess how the outlook for inflation and economic activity in Sweden is affected, and what monetary policy would then be appropriate. The longer the supply shocks persist, the more likely is a scenario in which the policy rate will need to be raised. Our initial position with distinctly low inflation gives us some scope to await a clearer picture of the strength and persistence of the inflationary impulses. However, if inflation picks up more significantly, our favourable initial position will be of less importance. In that case, we will need to take action.

The main priority now is to assess the likelihood of inflation rising above the 2 per cent target on a sustained basis. The likelihood of the scenario involving reduced policy rates described at our last meeting is now quite low. The focus is on inflation risks, and we are therefore monitoring closely for signs of inflationary tendencies beginning to spread more widely throughout the economy. It is still too early to say whether a change of course is needed, but our preparedness to adjust the stance is high. We will act decisively if circumstances so require.

§3c Discussion

There was no ensuing discussion.

§4 Monetary policy decision

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

Niklas Amberg	Björn Andersson

Verified by

Erik Thedéen	Aino Bunge	Per Jansson
Anna Seim	Göran Hjelm	

SVERIGES RIKSBANK
SE-103 37 Stockholm
(Brunkebergstorg 11)

Tel +46 8 - 787 00 00
Fax +46 8 - 21 05 31
registratorn@riksbank.se
www.riksbank.se