

PRESS RELEASE

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Policy rate increased by 0.5 percentage points to 0.75 per cent

Inflation has continued to rise rapidly and price increases are spreading through the economy. To ensure that inflation returns to the target and to counteract the high inflation becoming entrenched in price setting and wage formation, the Executive Board has decided to raise the policy rate from 0.25 per cent to 0.75 per cent. The Executive Board's forecast is that the policy rate will be raised further and that it will be close to 2 per cent at the start of next year. The Executive Board has also decided that, in the second half of the year, the Riksbank's asset holdings shall shrink faster than was decided in April.

High inflation spreading throughout the economy

Many economies recovered quickly last year. However, the imbalances arising when demand increased faster than supply have been reinforced by Russia's invasion of Ukraine and new pandemic-related restrictions in China. This has pushed up prices for energy, various input goods and food. The high rate of inflation in Sweden and abroad is affecting households and is undermining purchasing power. Central banks around the world are now tightening monetary policy to cool down economic activity and bring inflation down.

Just like in other countries, price rises in Sweden have now spread increasingly and prices for goods, food and services have been rising considerably faster than expected since the start of the year. Companies' costs have increased rapidly. The strong demand has made it possible to pass them on to consumer prices. There are also signs of changed price setting behaviour in that companies have raised prices unusually strongly in relation to how much costs have increased.

Policy rate increased to counter high inflation

Inflation has risen rapidly and is expected to remain above 7 per cent for the remainder of the year. The risk of the high inflation becoming entrenched in price setting and wage formation has thus increased. The Riksbank therefore needs to use monetary policy to ensure that inflation returns to target. This makes it clear to price- and wage-setters that the inflation target can continue to be used as a benchmark.



The Executive Board deems that monetary policy needs to be tightened more than was assessed in April, and has therefore decided to raise the policy rate from 0.25 to 0.75 per cent. The forecast for the policy rate has been revised upwards, and means the policy rate will be close to 2 per cent at the start of next year. The Executive Board has also decided that, in the second half of the year, the Riksbank's asset holdings shall shrink faster than was decided in April. During the second half of the year, the Riksbank will purchase bonds for SEK 18.5 billion instead of the earlier decided SEK 37 billion. With this monetary policy, inflation is expected to fall back next year and be close to 2 per cent from 2024.

There have been severe fluctuations in inflation and the inflation prospects are uncertain. The Riksbank will as always adapt its monetary policy to the developments in the economy and is prepared to raise the policy rate faster if this is needed to ensure that inflation returns to the target.

Forecast for Swedish inflation, GDP, unemployment and the policy rate

Annual percentage change, annual and quarterly averages respectively

	2021	2022	2023	2024	2025 Q2*
CPI	2.2 (2.2)	7.6 (6.0)	7.1 (5.0)	2.7 (2.8)	2.1 (2.3)
CPIF	2.4 (2.4)	6.9 (5.5)	4.2 (3.3)	2.0 (2.0)	2.0 (2.1)
GDP	5.1 (4.8)	1.8 (2.8)	0.7 (1.4)	1.3 (1.4)	1.8 (1.5)
Unemployment, per cent	8.8 (8.8)	7.5 (7.6)	7.7 (7.4)	7.9 (7.4)	8.0 (7.4)
Policy rate, per cent	0.0 (0.0)	0.6 (0.4)	1.9 (1.2)	2.0 (1.6)	2.1 (1.8)

Note. The assessment in the April 2022 Monetary Policy Report is shown in brackets.

*Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2025 Q2.

Sources: Statistics Sweden and the Riksbank

Forecast for the policy rate

Per cent, quarterly mean values

	2022 Q2	2022 Q3	2022 Q4	2023 Q2	2024 Q2	2025 Q2
Policy rate	0.16 (0.16)	0.76 (0.51)	1.36 (0.81)	1.90 (1.18)	1.99 (1.57)	2.06 (1.81)

Note. The assessment in the April 2022 Monetary Policy Report is shown in brackets.

Source: The Riksbank

The decision on the policy rate will apply with effect from 6 July. The minutes from the Executive Board's monetary policy meeting will be published on 11 July. Further information on the asset purchases can be found in the annex to the minutes at www.riksbank.se. A press conference with Governor Stefan Ingves and Mattias Erlandsson, Deputy Head of the Monetary Policy Department, will be held today at 11:00 am at the Riksbank, but pre-registered journalists can also participate and ask questions via Zoom. Press cards or the equivalent must be shown to attend. The press conference will be broadcast live on riksbank.se. Journalists who wish to participate and ask questions via Zoom must pre-register with the press office, either by telephone 08-787 0200 or by e-mail to susanne.meyer@riksbank.se, no later than 10.00 am on 30 June.