

PRESS RELEASE

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Policy rate cut by 0.25 percentage points to 3.75 per cent

Inflation is approaching the target while economic activity is weak. The Riksbank can therefore ease monetary policy. The Executive Board has decided to cut the policy rate by 0.25 percentage points to 3.75 per cent. If the outlook for inflation still holds, the policy rate is expected to be cut two more times during the second half of the year.

Monetary policy and fading supply shocks have contributed to inflation falling and now being close to the target. In March, CPIF inflation was 2.2 per cent, and excluding energy prices, inflation was 2.9 per cent. The outcomes were lower than the Riksbank's most recent forecast.

Information received since the Monetary Policy Report in March reinforces the outlook for inflation remaining close to the target also in the longer term. Inflation expectations are firmly anchored and wage increases are moderate.

When inflation approaches the target while economic activity is weak, monetary policy can be eased. The Executive Board has therefore decided to cut the policy rate by 0.25 percentage points to 3.75 per cent. If the outlook for inflation still holds, the policy rate is expected to be cut two more times during the second half of the year, in line with the forecast in March.

However, the outlook for inflation is uncertain. As inflation now falls from very high levels, there is uncertainty on both the upside and downside. The risks that may cause inflation in Sweden to rise again are primarily linked to the strong US economy, the geopolitical tension and the krona exchange rate. The adjustment of monetary policy going forward should therefore be characterised by caution, with gradual cuts to the policy rate.

The decision on the policy rate will apply from 15 May. The minutes from the Executive Board's monetary policy meeting will be published on 15 May. A press conference with Governor Erik Thedéen and Åsa Olli Segendorf, Head of the Monetary Policy Department, will be held today at 11.00 at the Riksbank. Press cards or the equivalent are required to participate. The press conference will be broadcast live on riksbank.se.

ABOUT Monetary Policy Update

A Monetary Policy Update is published in connection with the policy rate decision, containing the Executive Board's assessment of how new information affects economic prospects and monetary policy. The update does not contain any new forecasts. The next Monetary Policy Report containing forecasts will be published on 27 June.