

PRESS RELEASE

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Policy rate cut by 0.25 percentage points to 3.25 per cent

The Executive Board has decided to cut the policy rate by 0.25 percentage points to 3.25 per cent. If the outlook for inflation and economic activity remains unchanged, the policy rate may also be cut at the two remaining monetary policy meetings this year. A cut of 0.5 percentage points is possible at one of these meetings. Moreover, the forecast indicates one or two further rate cuts during the first half of 2025. The policy rate is thus expected to be cut at a clearly faster pace than was previously communicated, which contributes to stronger economic activity and an inflation rate close to the target.

Inflationary pressures have fallen over the year and are now assessed to be compatible with an inflation rate of around 2 per cent. The Riksbank has gradually eased its monetary policy over the year, by both cutting the policy rate and communicating that further cuts can be expected. Low and stable inflation and falling interest rates are contributing to a recovery in the economy.

Since last spring there has been an evident shift in the balance of risks for the outlook for inflation and economic activity. The risk of inflation becoming too high has gradually declined. At the same time, the recovery appears to be proceeding somewhat more slowly than expected. It is important in itself that economic activity strengthens, but it is also a necessary condition for inflation to stabilise close to the target. Consequently, it is assessed that the policy rate can be cut at a faster pace than the Riksbank has previously communicated.

The Executive Board has decided to cut the policy rate by 0.25 percentage points to 3.25 per cent. If the outlook for inflation and economic activity remains unchanged, the policy rate may also be cut at the two remaining monetary policy meetings in November and December this year. The forecast for the policy rate reflects that a

cut of 0.5 percentage points at one of the coming meetings is possible. It also indicates that one or two further cuts may be made during the first half of 2025. Together, these changes imply a relatively large shift of monetary policy in a more expansionary direction, which will improve households' finances and make it easier for companies to invest.

However, the prospects for inflation and economic activity are uncertain. There are risks linked, for instance, to the recovery in the Swedish economy, the geopolitical unease, and the krona exchange rate that can lead to a different outcome for inflation and the stance of monetary policy.

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

Annual percentage change, annual and quarterly averages

	2023	2024	2025	2026	2027 Q3
CPI	8.5 (8.5)	2.7 (3.1)	0.4 (1.3)	1.7 (1.6)	2.0
CPIF	6.0 (6.0)	1.7 (2.0)	1.6 (1.8)	1.9 (1.9)	2.0
GDP	-0.3 (-0.2)	0.8 (1.1)	1.9 (1.7)	2.5 (2.4)	1.7
Unemployment, per cent	7.7 (7.7)	8.4 (8.5)	8.4 (8.3)	8.0 (8.0)	7.6
Policy rate, per cent	3.5 (3.5)	3.7 (3.7)	2.4 (2.9)	2.3 (2.7)	2.3

Note. The assessment in the Monetary Policy Report from June 2024 is shown in brackets. For Q3 2027 a calendar-adjusted GDP growth and seasonally-adjusted LFS unemployment are shown.

Sources: Statistics Sweden and the Riksbank

Policy rate forecast

Per cent, quarterly averages

	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2026 Q3	2027 Q3
Policy rate	3.64 (3.67)	3.11 (3.33)	2.61 (3.08)	2.38 (2.94)	2.25 (2.64)	2.25

Note. The assessment in the Monetary Policy Report from June 2024 is shown in brackets.

Source: The Riksbank

The decision on the policy rate will apply with effect from 2 October. The minutes of the Executive Board's monetary policy meeting will be published on 1 October. 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.