

PRESS RELEASE

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Policy rate is cut to 2 per cent

The economic recovery that began last year has lost momentum, and inflation is expected to be somewhat lower than in the previous forecast. The Executive Board has therefore decided to cut the policy rate by 0.25 percentage points to 2 per cent. The forecast for the policy rate entails some probability of another cut this year. The lower interest rate will stabilise inflation at the target and contribute to strengthening economic activity.

Geopolitical conflicts and announcements on tariffs are continuing to shape developments abroad. Although financial markets have exhibited slightly less variation recently, and the import tariffs are expected to be lower than was announced at the beginning of April, growth is expected to be hampered in the short term. There is still considerable uncertainty over future developments, not least because of the escalating conflict in the Middle East.

There are favourable conditions for stronger economic activity in Sweden going forward, partly due to rising real wages for households. However, the recovery is proceeding more slowly than expected. New information shows that growth in the Swedish economy is weak, at the same time as unemployment remains high. The substantial uncertainty is also expected to hamper the recovery in the near term.

Inflation has fallen since the upturn at the beginning of the year and has, in recent months, developed in line with the forecast in March. The weaker demand is expected to contribute to inflation being lower going forward than in the most recent forecast. Overall, the outlook for inflation and economic activity suggests some easing of monetary policy.

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probability of another cut this year. The lower interest rate will stabilise inflation at the target and contribute to strengthening economic activity.

However, the outlook for inflation and economic activity is uncertain. There are substantial risks linked to trade policy and the geopolitical tensions, not least as a result of the escalating conflict in the Middle East, which could affect economic developments abroad. These risks and the questions about the strength of domestic demand mean that it is uncertain how quickly the Swedish economy will recover. New information, and how it is expected to affect the outlook for inflation and economic activity, will determine how monetary policy is designed going forward.

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

Annual percentage change, annual and quarterly averages

	2024	2025	2026	2027	2028 Q2
CPI	2.8 (2.8)	0.7 (1.0)	1.6 (1.8)	2.1 (2.1)	2.2
CPIF	1.9 (1.9)	2.4 (2.5)	1.7 (1.9)	2.0 (2.0)	2.1
GDP	1.0 (1.0)	1.2 (1.9)	2.4 (2.4)	2.3 (2.2)	1.6
Unemployment, per cent	8.4 (8.4)	8.5 (8.7)	8.3 (8.1)	7.9 (7.7)	7.5
Policy rate, per cent	3.6 (3.6)	2.1 (2.3)	1.9 (2.3)	1.9 (2.3)	2.0

Note. Assessment in the Monetary Policy Report in March 2025 in brackets. Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2028 Q2.

Sources: Statistics Sweden and the Riksbank

Forecast for the policy rate

Per cent, quarterly averages

	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2027 Q2	2028 Q2
Policy rate	1.99 (2.25)	1.92 (2.25)	1.88 (2.25)	1.88 (2.25)	1.90 (2.25)	2.01

Note. Assessment in the Monetary Policy Report in March 2025 in brackets.

Source: The Riksbank

The decision on the policy rate will apply from 25 June 2025. The minutes from the Executive Board's monetary policy meeting will be published on 25 June 2025. 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. Advance registration is required, to press officer Susanne Meyer, susanne.meyer@riksbank.se no later than 10.00 on 18 June. The press conference will be broadcast live on riksbank.se.