

PRESS RELEASE

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Policy rate unchanged at 2 per cent

Inflation has risen more than expected over the summer, and is somewhat above the target. However, the upturn is assessed to be due to temporary factors. At the same time, economic activity remains weak. Although developments have deviated somewhat from the Riksbank's forecast in June, the Executive Board assesses that the outlook remains largely the same. The Executive Board has therefore decided to leave the policy rate unchanged at 2 per cent, and still sees some probability of a further interest rate cut this year.

During the summer, international developments have been marked by continued geopolitical tension and negotiations with the United States on tariff levels. Economic developments have been largely as expected.

Inflation in Sweden has risen more than expected, according to recent outcomes, and is somewhat above the target. However, the upturn is assessed to be due to temporary factors, and several indicators support the view that inflation will fall back to 2 per cent going forward. At the same time, economic activity is weak. New information indicates that growth is still low. Households are still cautious with regard to their spending, and the labour market is not yet showing any clear sign of improving.

There are favourable conditions for stronger economic activity going forward, partly due to the Riksbank's interest rate cuts and to rising real wages for households. In addition, business confidence is close to normal levels. But the recovery is sluggish. At the same time, the unexpectedly high inflation calls for vigilance.

The Executive Board has decided to leave the policy rate unchanged at 2 per cent. Although developments in inflation and economic activity during the summer have deviated somewhat from the forecast in June, the Executive Board assesses

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that the outlook remains largely the same. There is thus still some probability of a further interest rate cut this year, in line with the June forecast.

However, new information can affect both the outlook for inflation and economic activity, as well as monetary policy going forward. There are risks regarding, for instance, the recovery in the Swedish economy, companies' price-setting behaviour and how long inflation will remain elevated. Uncertainty regarding international developments also remains high, not least given US economic policy, the war in Ukraine and developments in the Middle East.

The decision on the policy rate will apply from 27 August 2025. The minutes from the Executive Board's monetary policy meeting will be published on 26 August 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 20 August 2025. The press conference will be broadcast live on riksbank.se.

About the 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 23 September 2025.