

Monetary policy contributing to stability in a turbulent world

Monetary policy March 2025



S V E R I G E S R I K S B A N K

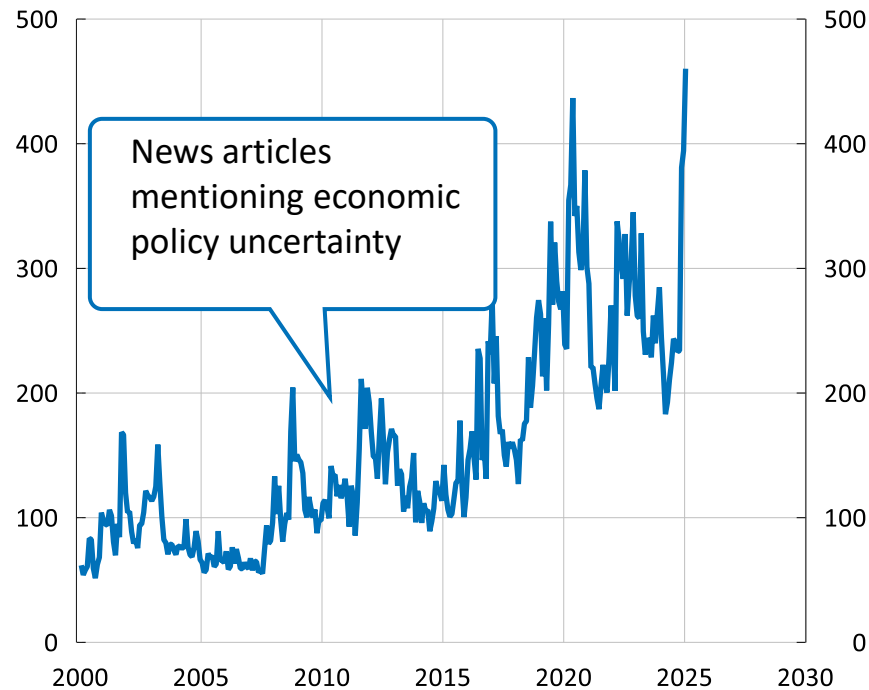
Monetary policy March 2025

- The **economic recovery** has begun, some **vigilance** regarding the rise in inflation
- Outlook for economic activity and inflation remains largely unchanged
- Policy rate **unchanged** at 2.25 per cent
- Monitoring developments **closely**, will **act** if the outlook so requires



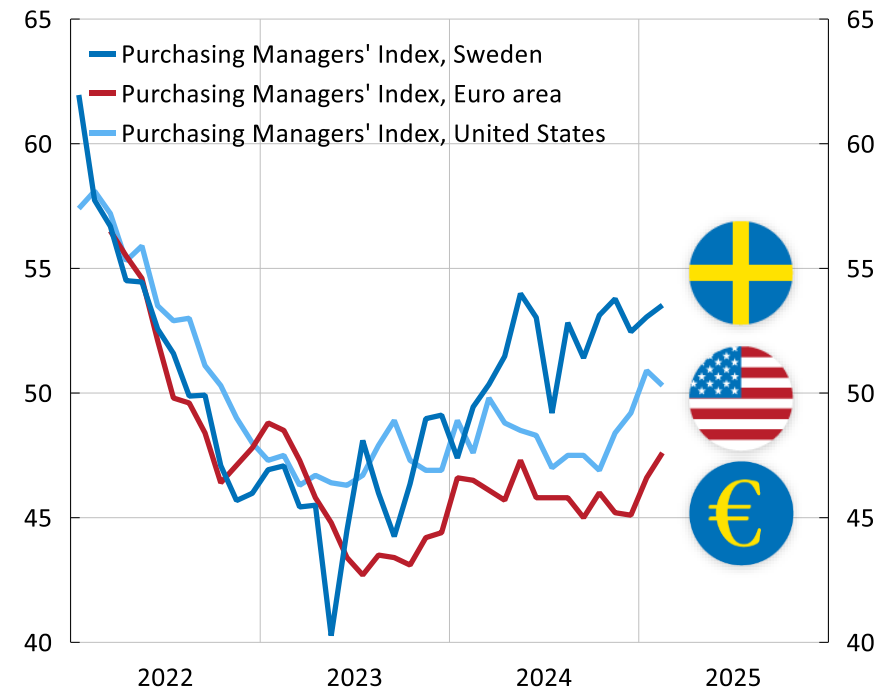
Major uncertainty regarding trade and security policy

Increased economic-policy uncertainty



Purchasing Managers' Index: Numbers above (below) 50 indicate growth (decline) (right).

Not reflected in business confidence

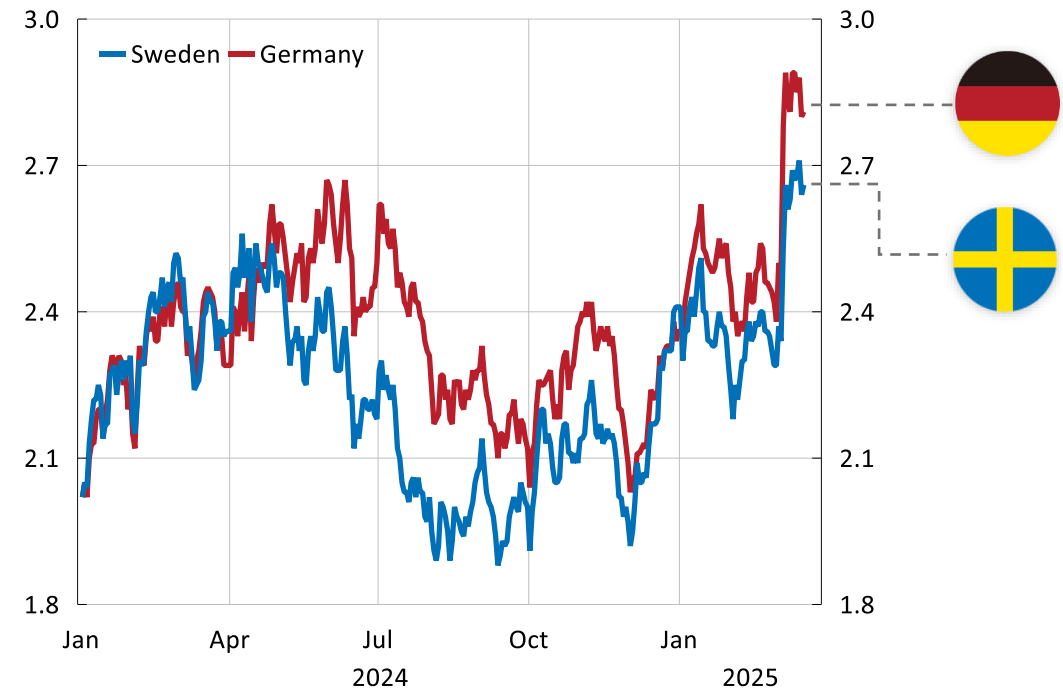


Sources: Economic Policy Uncertainty, Institute for Supply Management, S&P Global and Swedbank.

Large movements in the financial markets

- Shift in growth expectations between the US and Europe
- Sharp dollar depreciation
- Increased defence investment
- Rising European yields

10-year government bond yields

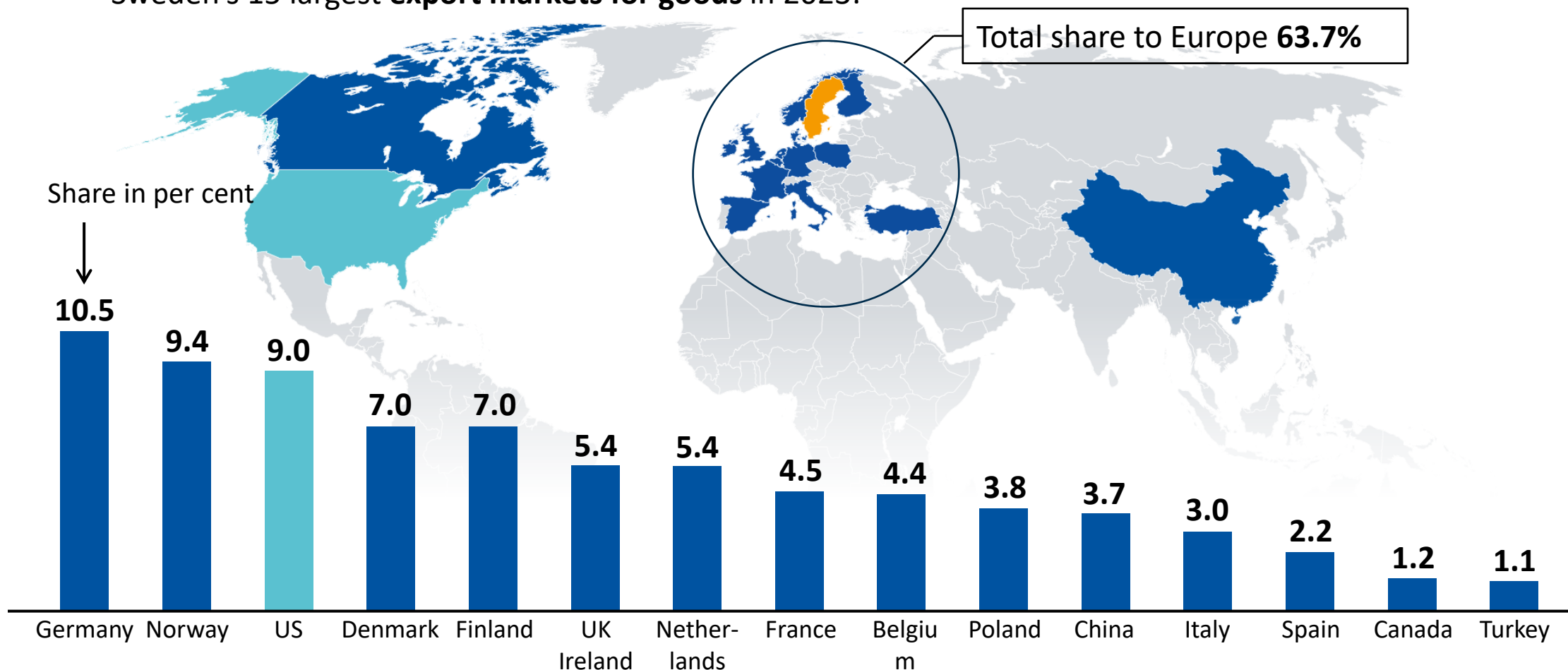


Per cent.

Source: Macrobond Financial AB.

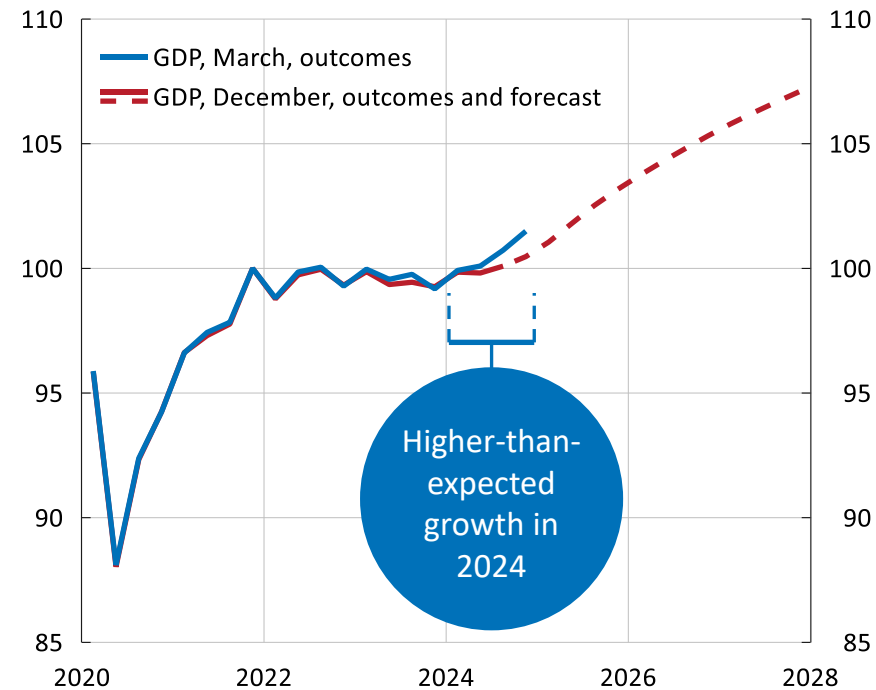
Tariffs will probably have moderate effects on the Swedish economy, but situation is difficult to assess

Sweden's 15 largest export markets for goods in 2023:



Source: Statistics Sweden.

Economic recovery started last year



Index, 2021 Q4 = 100.

Source: Statistics Sweden and
The Riksbank.

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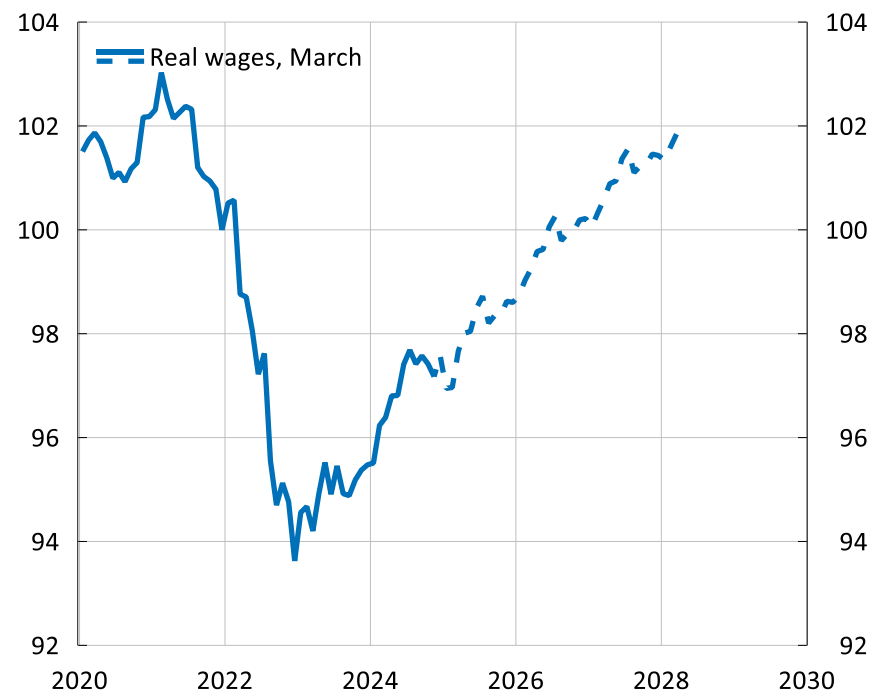
*“There is no strong
wind in our sails”*

Quote from the Riksbank's Business Survey

Conditions for stronger economic activity

- Lower interest expenditure and rising real wages increase purchasing power
- More expansionary fiscal policy
- Higher growth in Europe

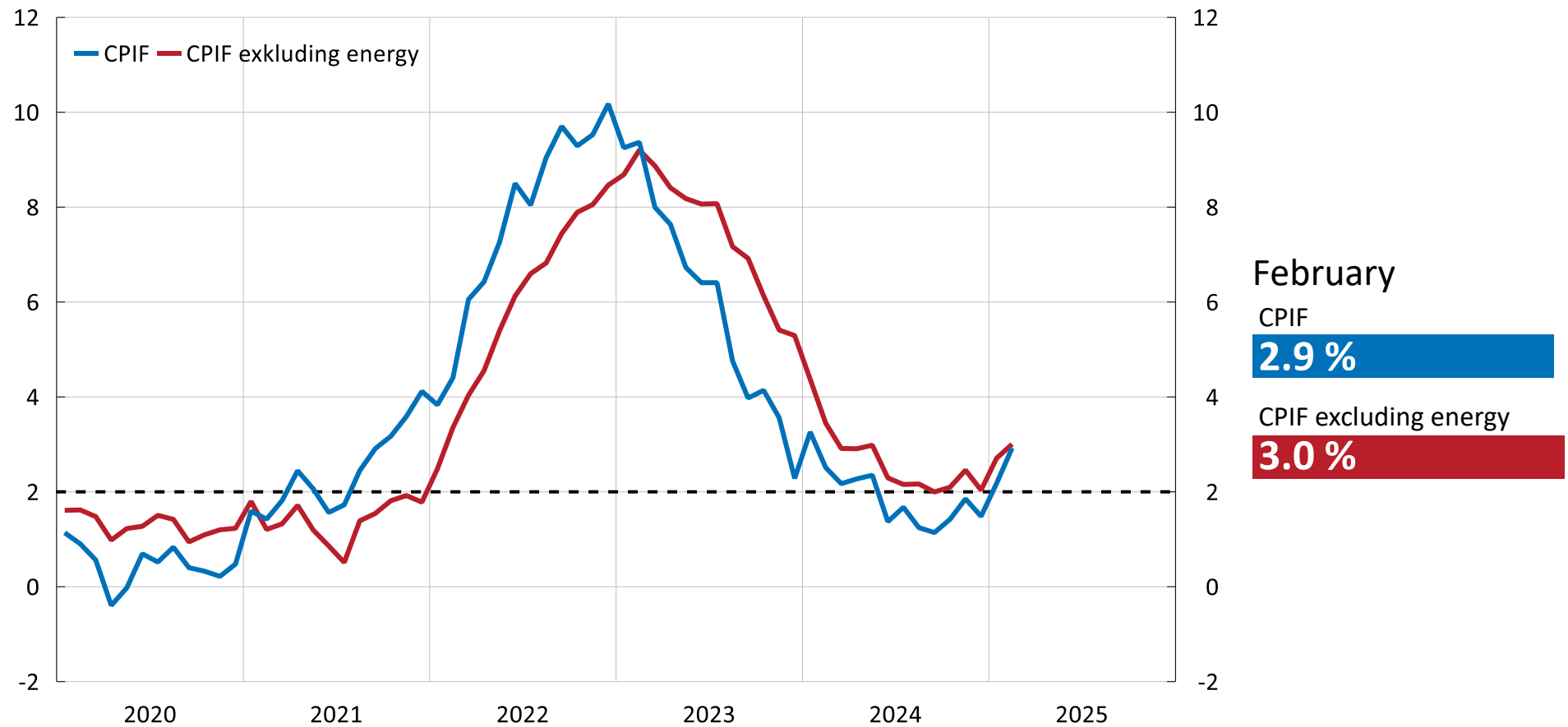
Households receiving support from rising real wages



Index, December 2021 = 100. Real wages are calculated as the ratio between the wage index and the CPIF.

Sources: Statistics Sweden, the National Mediation Office and the Riksbank.

Inflation has risen

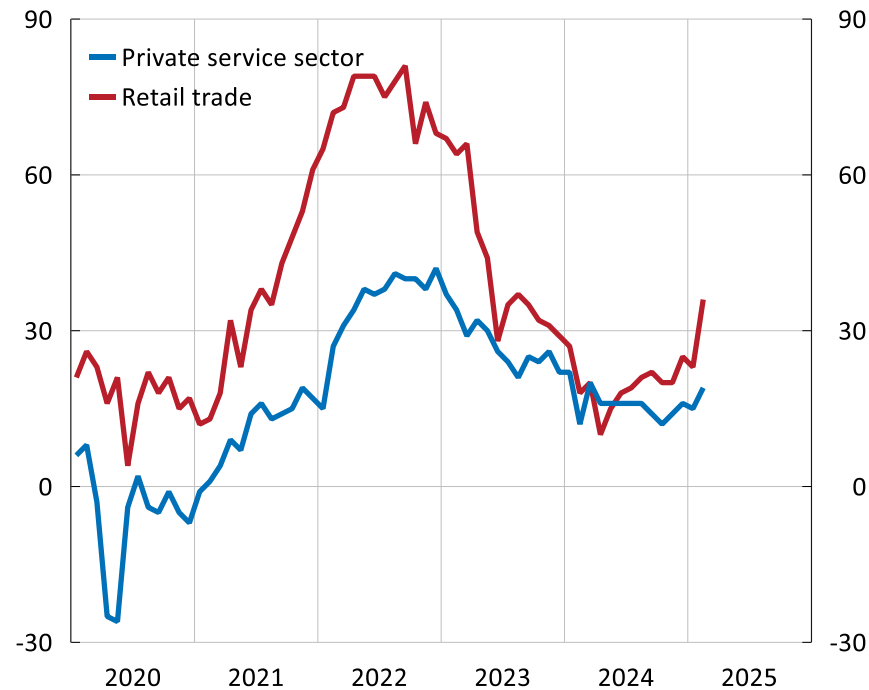


Annual percentage change.

Sources: Statistics Sweden and the Riksbank.

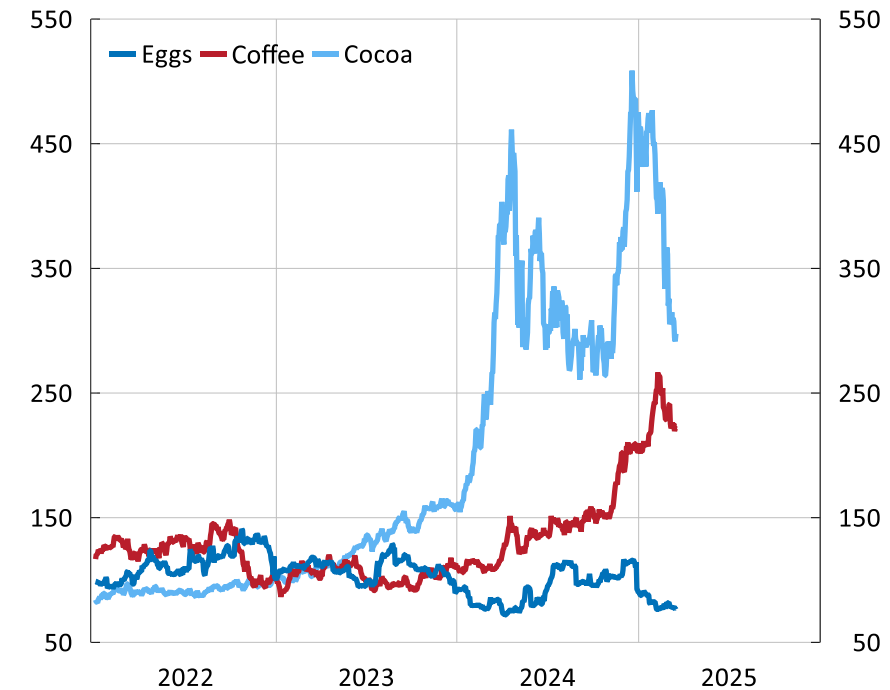
No broad increase in inflation

Higher price plans, but mostly in retail



Seasonally adjusted net figures. Number of companies planning to increase their prices compared with how many plan to reduce them in the coming three months (left). Prices in SEK. Index, 1 January 2023 = 100 (right).

Global market prices have fallen back



Cocoa



Coffee

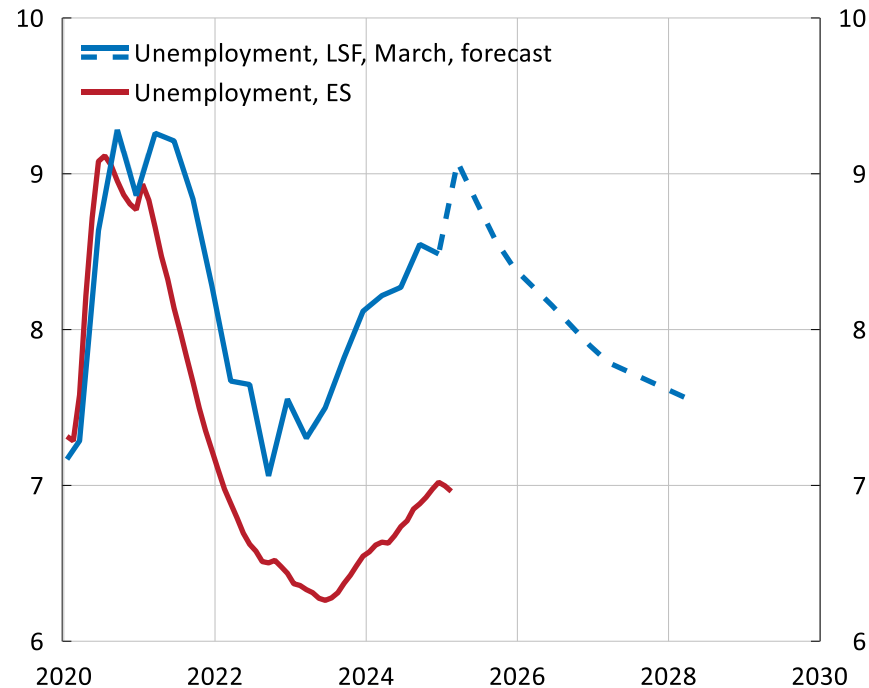


Eggs

Sources: National Institute of Economic Research, S&P Global and Dalian Commodity Exchange.

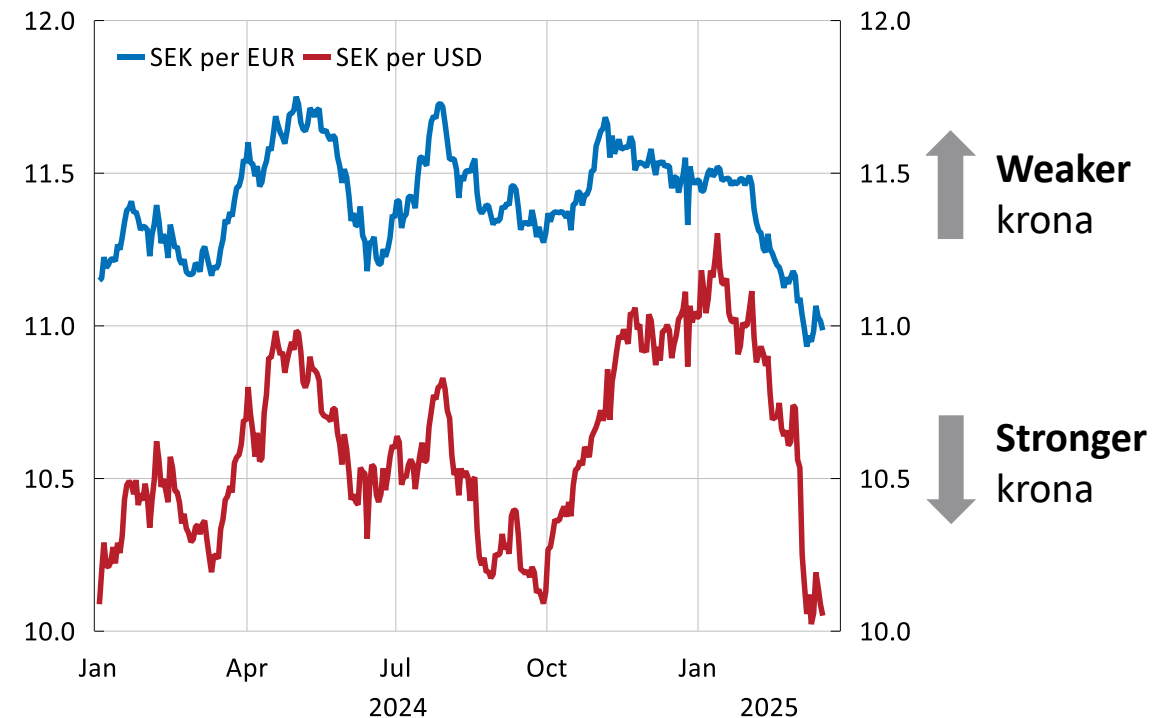
Inflationary pressures compatible with 2-percent inflation

Continued weak labour market



Per cent of labour force. Labour Force Survey (LFS) refers to persons aged 15-74 years, quarterly data. Swedish Public Employment service (ES) refers to 16-65 years, monthly data (left).

Clearly stronger krona



Sources: Statistics Sweden and Macrobond Financial AB.

Inflation expected to fall back, but vigilant about spillover effects

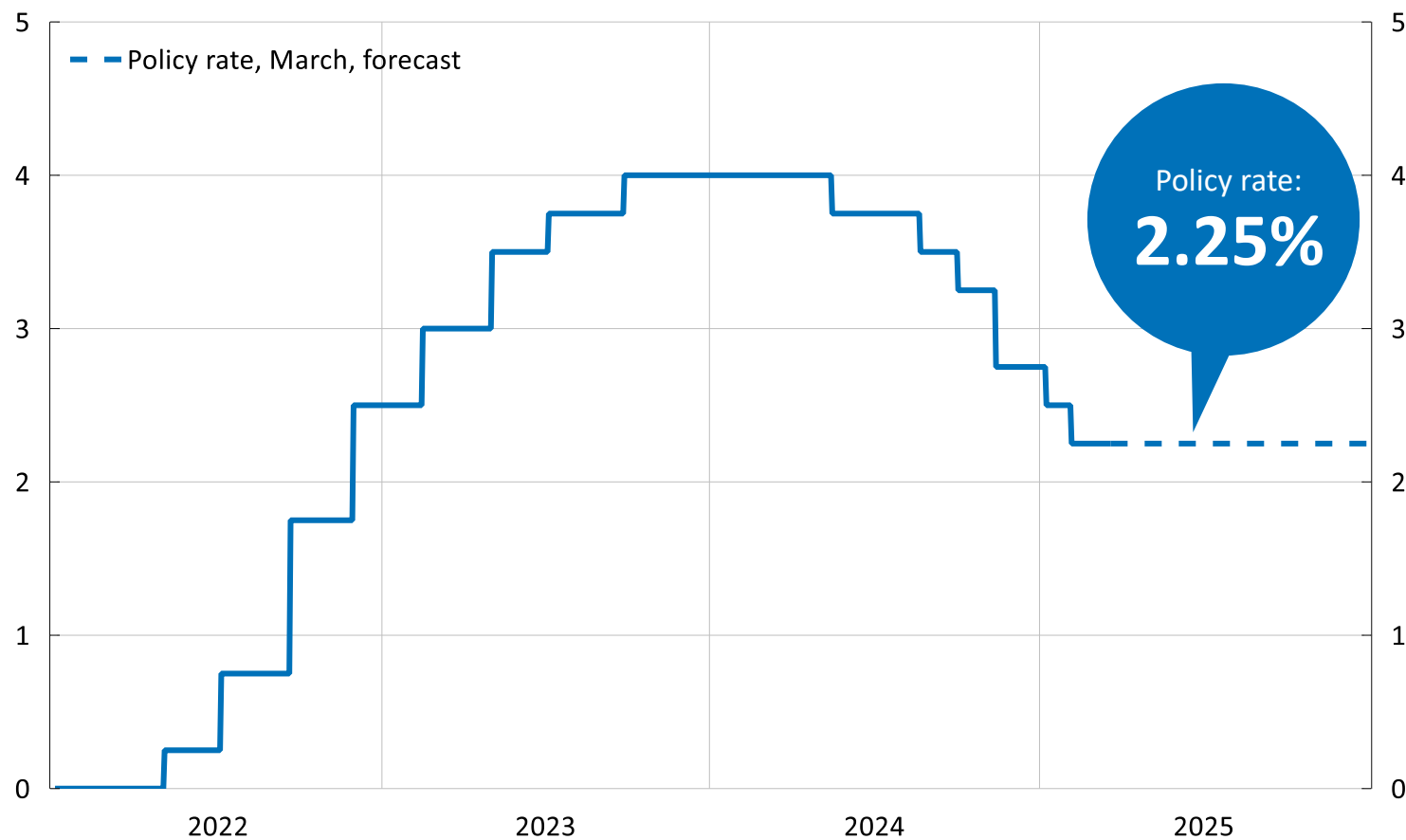


Annual percentage change.

Sources: Statistics Sweden and the Riksbank.

INFLATION
TARGET, CPIF:
2%

Unchanged policy rate



Per cent.

Source: The Riksbank.

Monetary policy is guided by a tentative approach

Substantial changes in the near-term risk outlook.

Several factors can affect the outlook for economic activity and inflation:

- Escalated trade conflict
- Sustainability in public finances in the US and certain euro countries
- Strength in Swedish economic activity

The Riksbank monitors the development closely and will act if the outlook for inflation and economic activity so requires.



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