

A photograph of a forest with many trees and white flowers on the ground. The text is overlaid on the image.

Policy rate unchanged, great uncertainty over economic outlook and inflation prospects

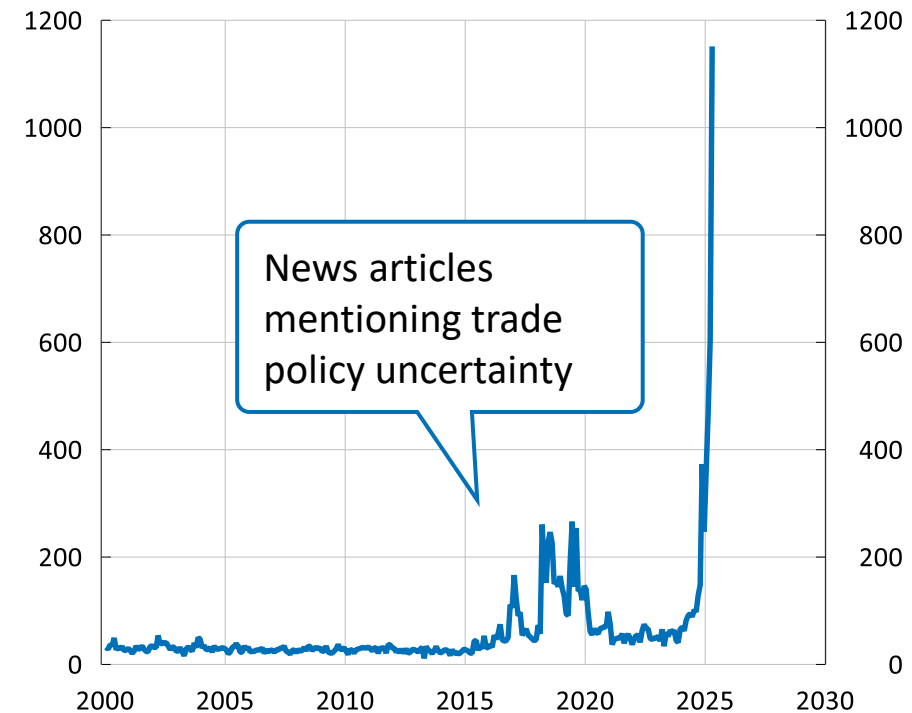
Monetary policy, May 2025

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- Policy rate **unchanged** at 2.25 per cent.
- Monetary policy is currently assessed as **well-balanced**.
- It is somewhat more probable that inflation will be lower rather than higher than in the March forecast.
- **More information** is needed to gain a clearer view of the outlook.

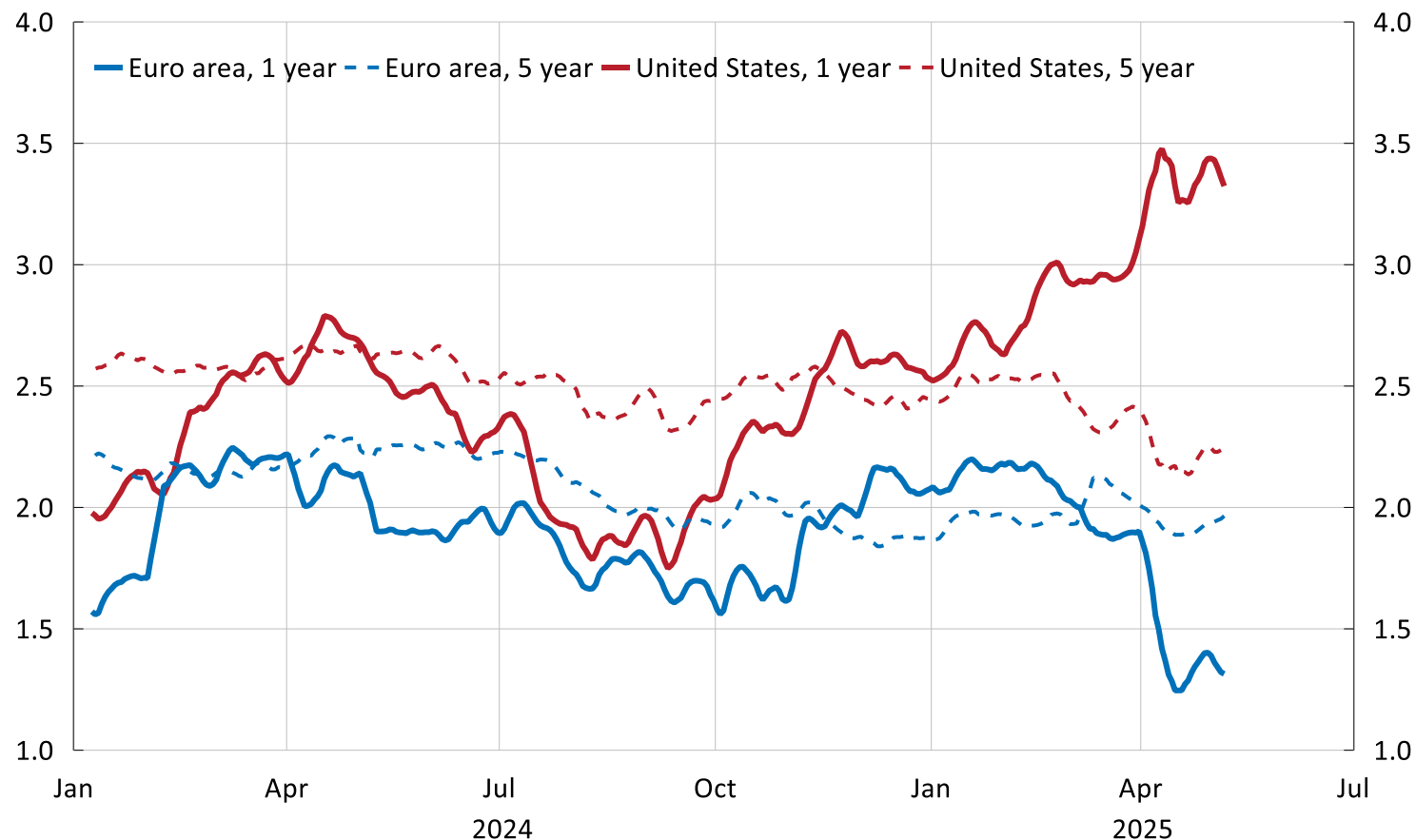
Significantly higher uncertainty since the last monetary policy meeting

- Sharp shifts in US trade policy, geopolitical uncertainty
- Large movements in the equity and fixed-income markets
- Clear weakening of the dollar



Trade Policy Uncertainty Index. Source: Economic Policy Uncertainty.

Weaker growth outlook, inflation may be affected differently in the US and Europe



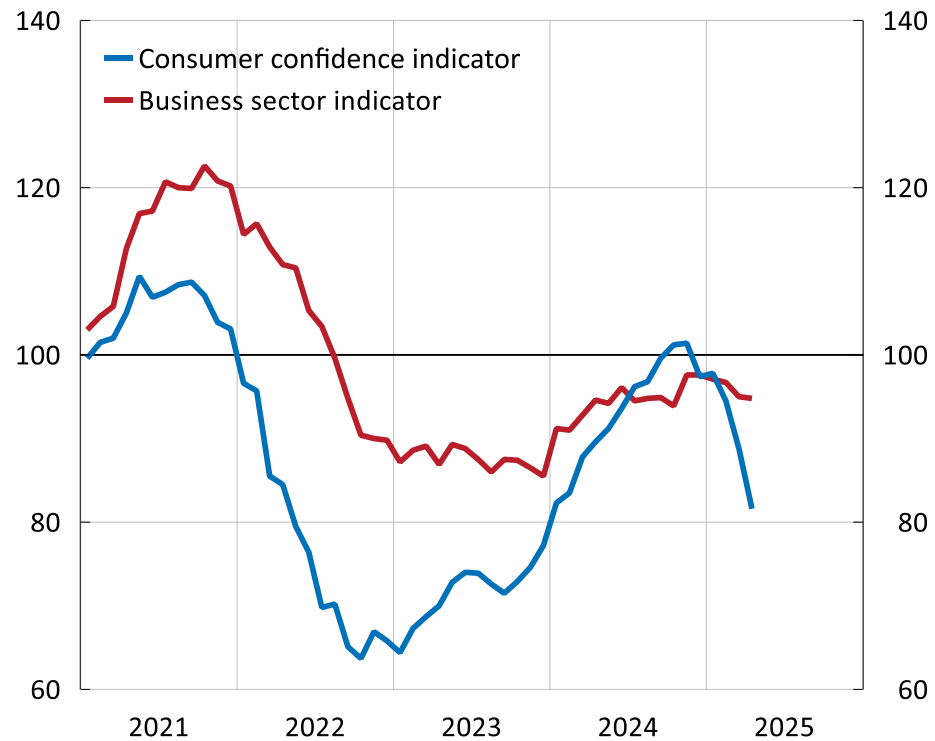
➔ **Rising** inflation expectations in the US in the *short term*

➔ **Falling** inflation expectations in the euro area in the *short term*

Annual percentage change, 5-day moving average. Market expectations of inflation, excluding tobacco, in one and five years, respectively, calculated on the pricing of 1-, 4- and 5-year inflation swaps.

Sources: Bloomberg and the Riksbank.

Slightly weaker economic outlook



Index, average = 100, standard deviation = 10.
The confidence indicators are calculated as the mean value of net figures for a number of questions concerning the current economic situation and future prospects.

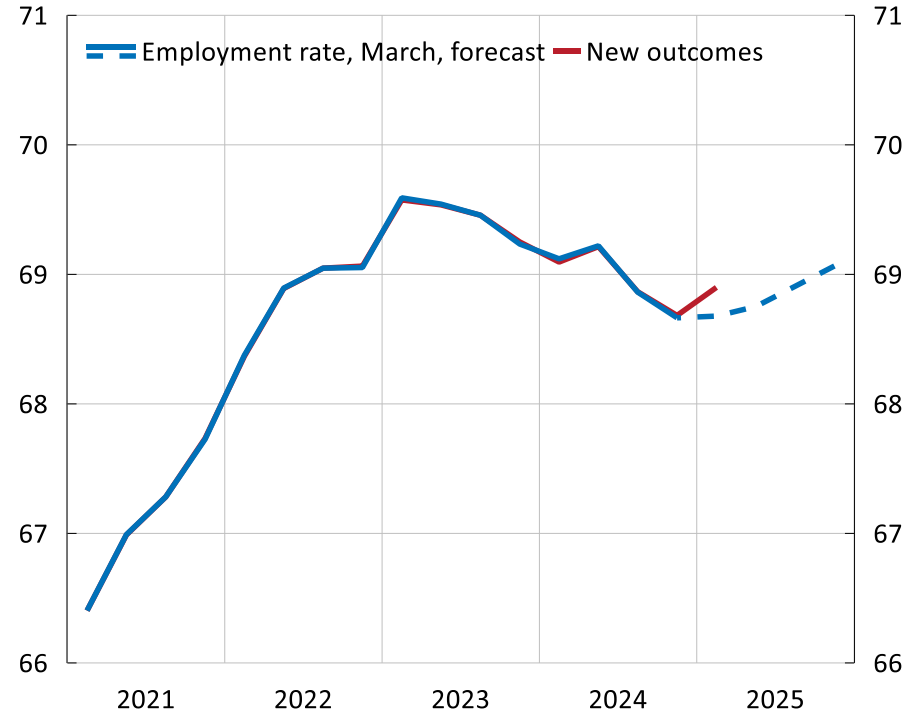
Source: National Institute of Economic Research.

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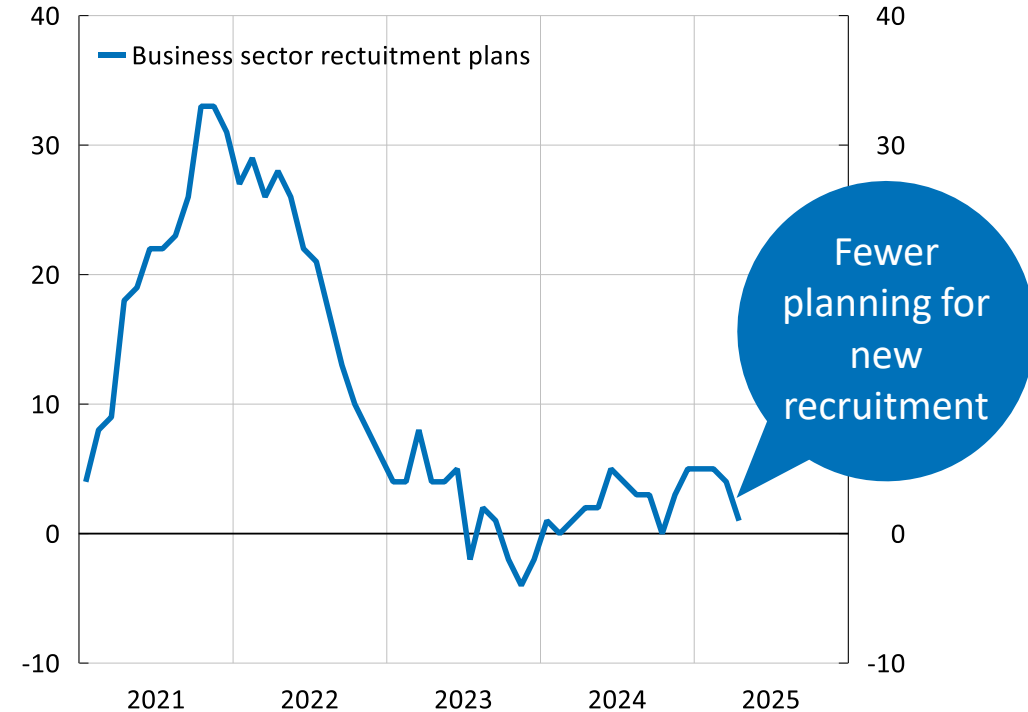
“It's becoming impossible to make decisions, we're losing momentum.”

A slight weakening of the labour market is expected

Higher employment at the start of the year



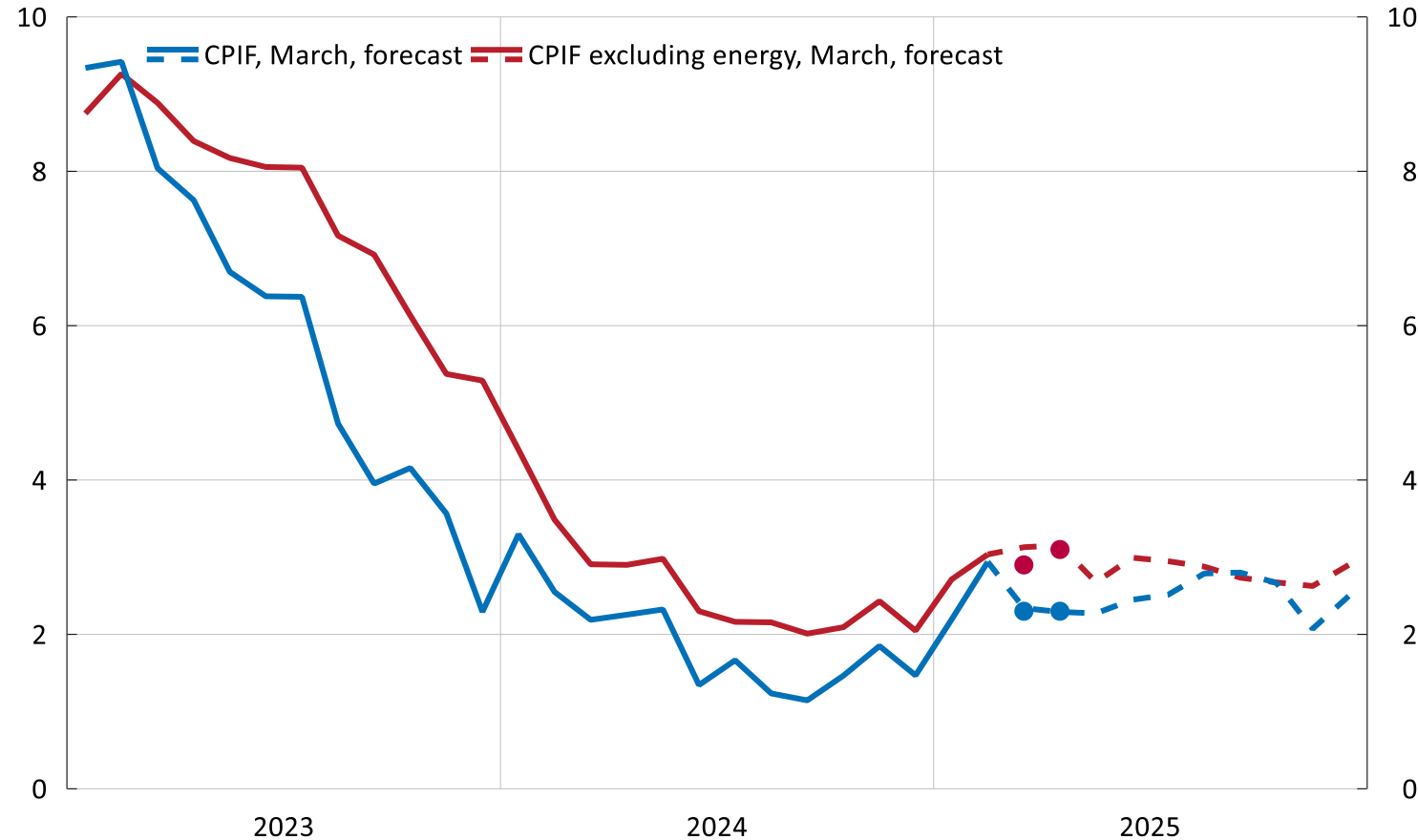
Lower recruitment plans



Percentage of the population, refers to persons aged 15–74 (left). The right-hand figure shows net figures of how many companies responded that they plan to increase employee numbers compared with how many plan to reduce employee numbers in the coming 3 months. Seasonally adjusted data.

Sources: National Institute of Economic Research, Statistics Sweden and the Riksbank.

Inflation somewhat elevated this year, but is assessed to be temporary



Annual percentage change. Solid and dashed blue lines refer to outcome and forecast respectively at the monetary policy meeting in March. Dots refer to ordinary outcome for March and preliminary outcome for April.

Sources: Statistics Sweden and the Riksbank.

Inflation development is difficult to assess

- Weaker economic activity may lead to lower inflation in the slightly longer run.
- But it is also possible that disruptions in the supply chains and increased protectionism could make inflation higher than in the March forecast.
- More information is needed to gain a clearer view.



Monetary policy in a good starting position to manage developments

- It is somewhat more probable that inflation will be lower rather than higher than in the March forecast.
- Could suggest a slight easing of monetary policy going forward.
- But the abrupt shifts abroad are creating great uncertainty.

Maintaining confidence in the inflation target encourages the favourable development of the economy.



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