

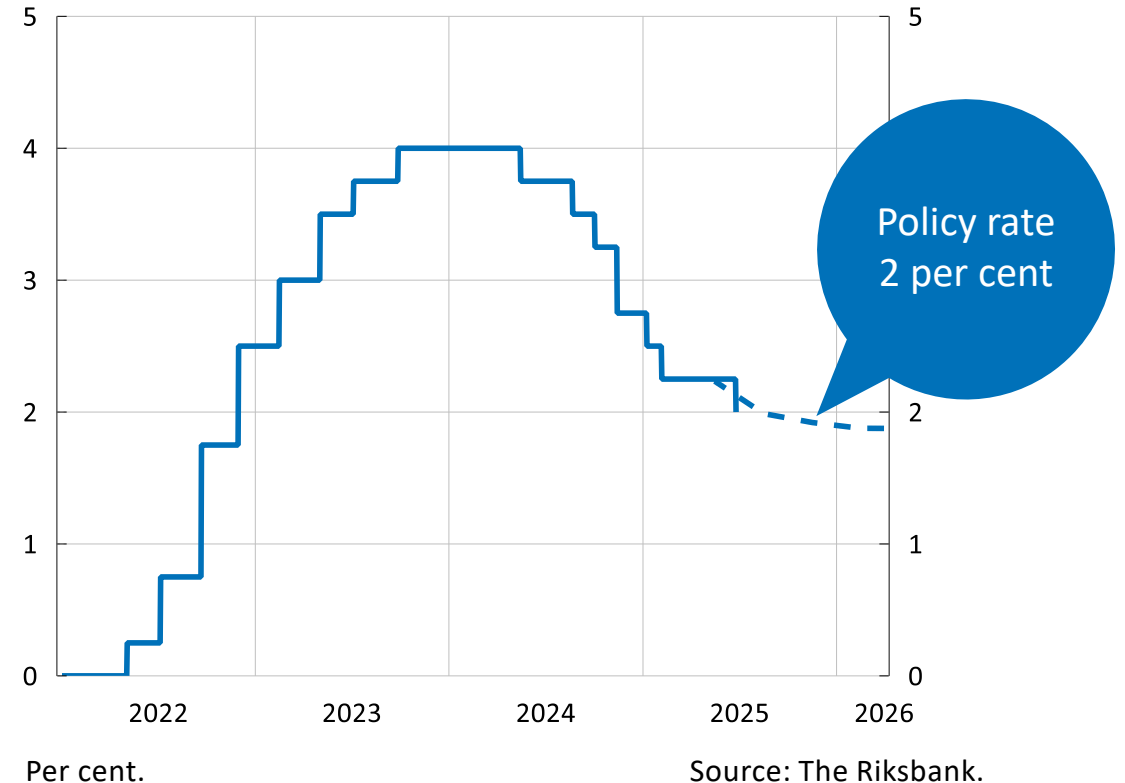
# Lower interest rate stabilises inflation at the target and supports economic activity

Monetary policy June 2025



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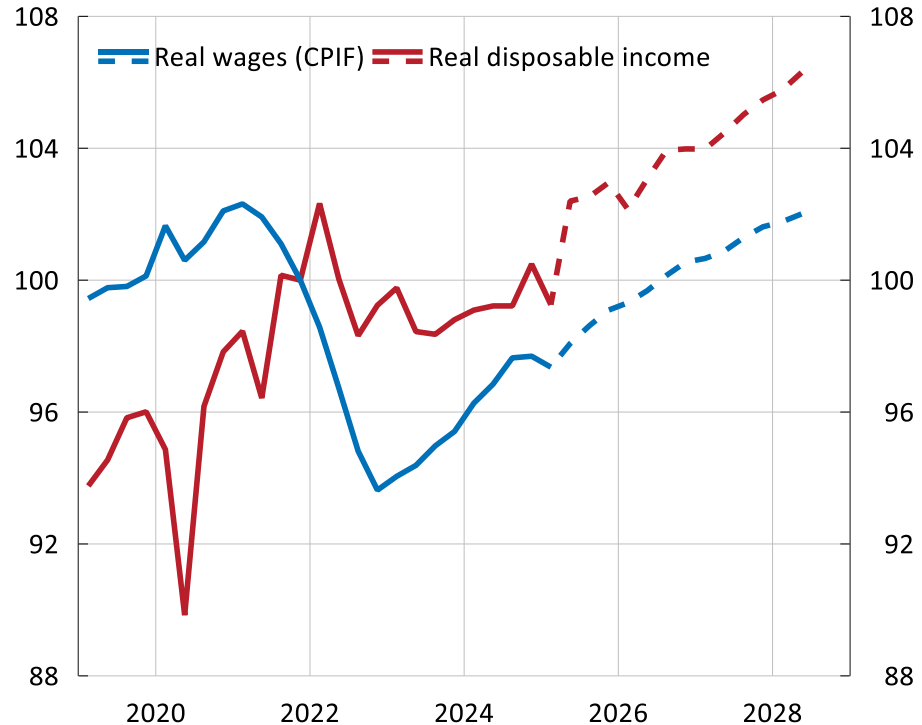
- The policy rate is cut by 0.25 percentage points to 2 per cent.
- Some probability of a another cut this year.
- The outlook for inflation and economic activity will determine how monetary policy is designed.



# Conditions for stronger economic activity

- Inflation close to 2 per cent.
- Households' real wages and disposable income are rising.
- Economic recovery started last year.

Index, 2021 Q4 = 100. Real wages are calculated as the ratio between the nominal wage level and the CPIF. Real disposable income is income adjusted for changes in the deflator of household consumption expenditure, which usually increases at the same rate as the CPIF.



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

# Economic recovery has lost momentum

- Weak growth at beginning of the year.
- Households are pessimistic about the situation, but indicators point to rising consumption.
- Corporate sector confidence is close to normal levels.
- Global uncertainty weighs on the outlook.

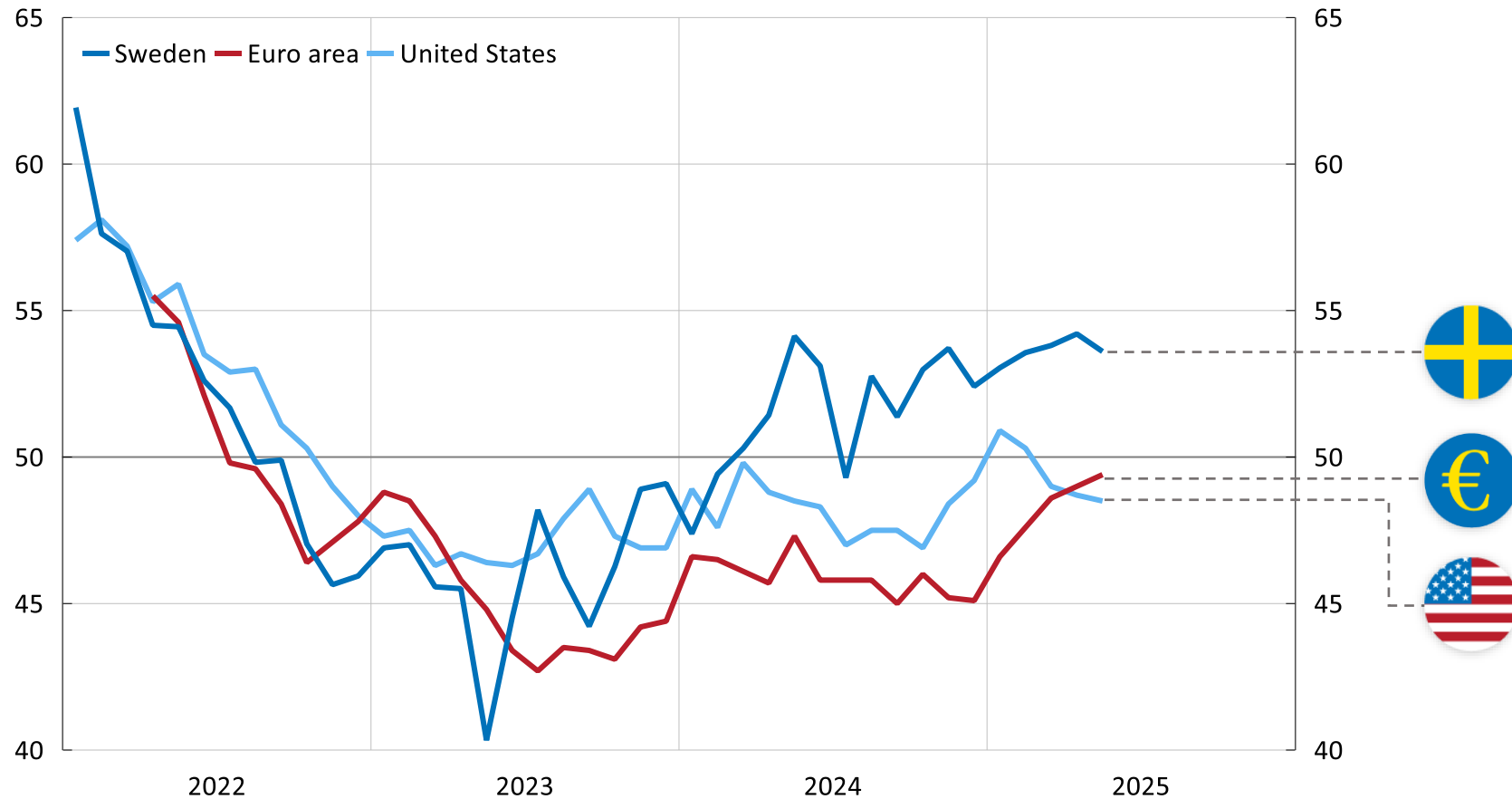
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*“Things that were moving in the right direction have fizzled out”*

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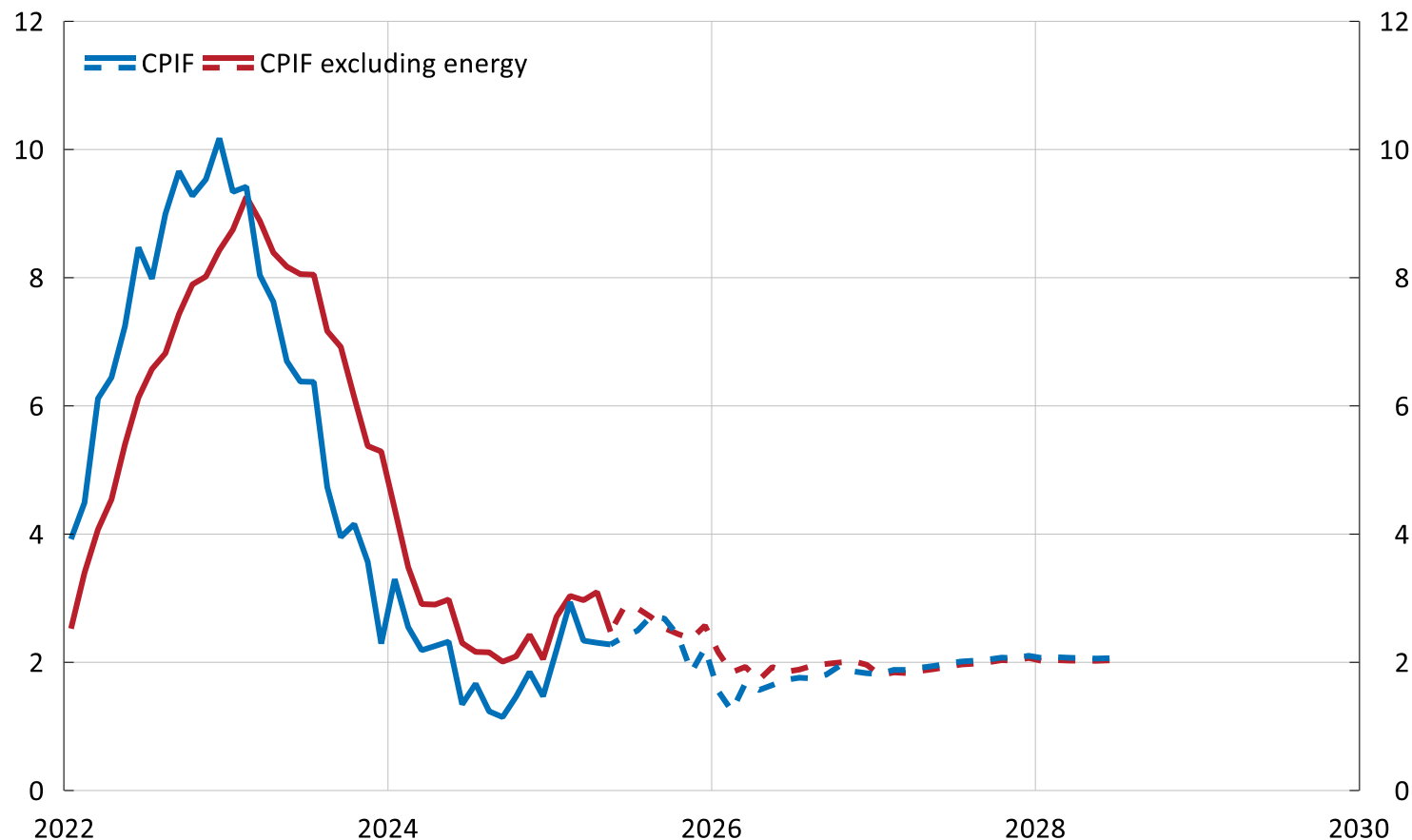
# Despite the uncertainty, corporate sector confidence has been maintained



Purchasing Managers' Index in manufacturing sector. An index figure above (below) 50 indicates growth (decline).

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

# Inflation slightly elevated this year, but expected to fall back

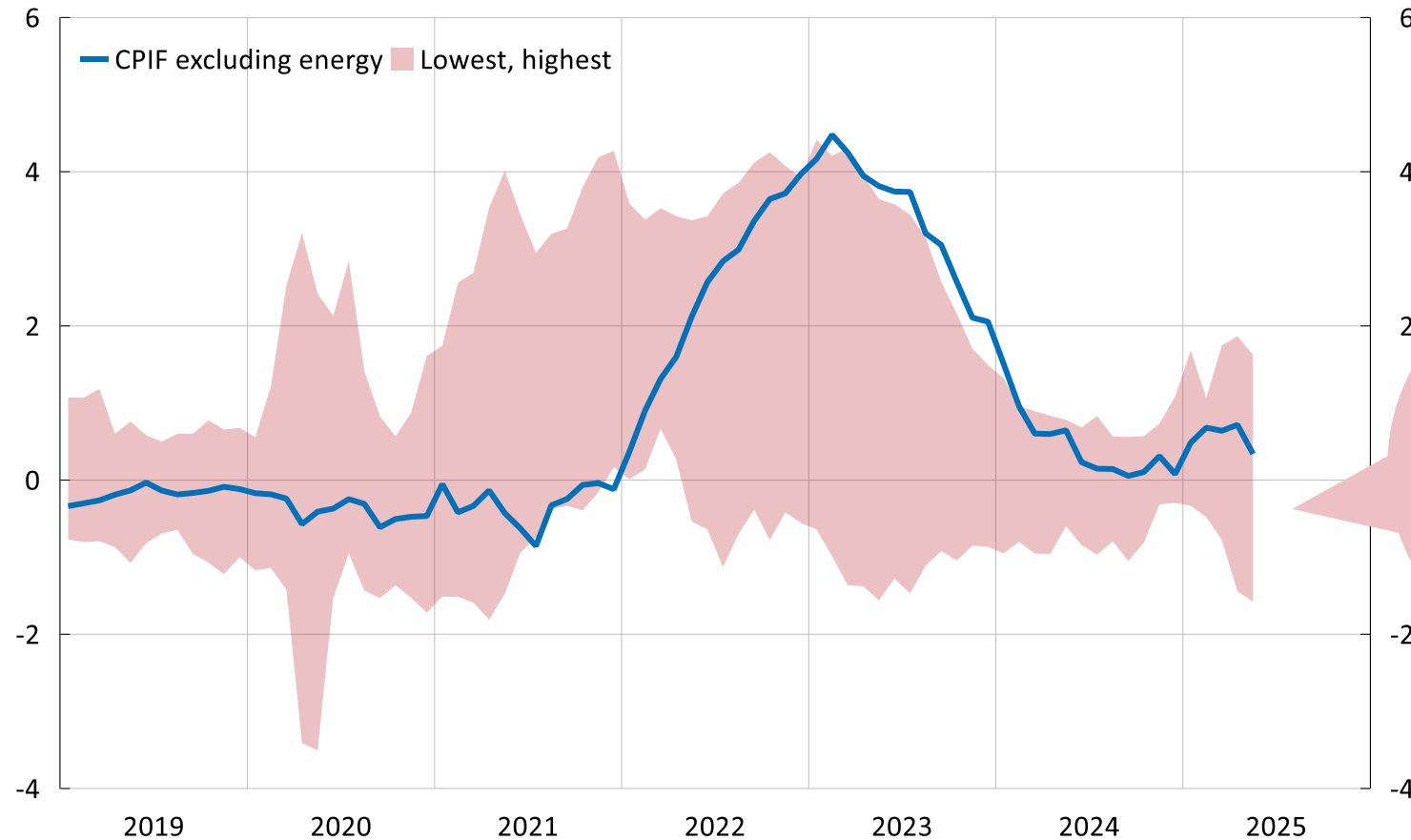


INFLATION  
TARGET, CPIF:  
**2 %**

Annual percentage change. Solid and dashed lines refer to outcome and forecast respectively at the June monetary policy meeting.

Sources: Statistics Sweden and the Riksbank.

# Indicators point to inflation in line with the target



**More indicators point to lower, rather than higher, inflation ahead**

The field shows the span between the highest and lowest standardised value for various indicators of inflation.

Sources: The Economist, Eurostat, Federal Reserve, National Institute of Economic Research, Statistics Sweden, Swedbank, US Bureau of Labor Statistics and the Riksbank.

# Escalated conflict in the Middle East

- Oil price has risen from low levels.
- Limited effect on inflation outlook so far.
- But contributing to uncertainty over international developments.



Refers to the world market price for Brent crude per barrel in US dollars. The latest outcome refers to 16 June.

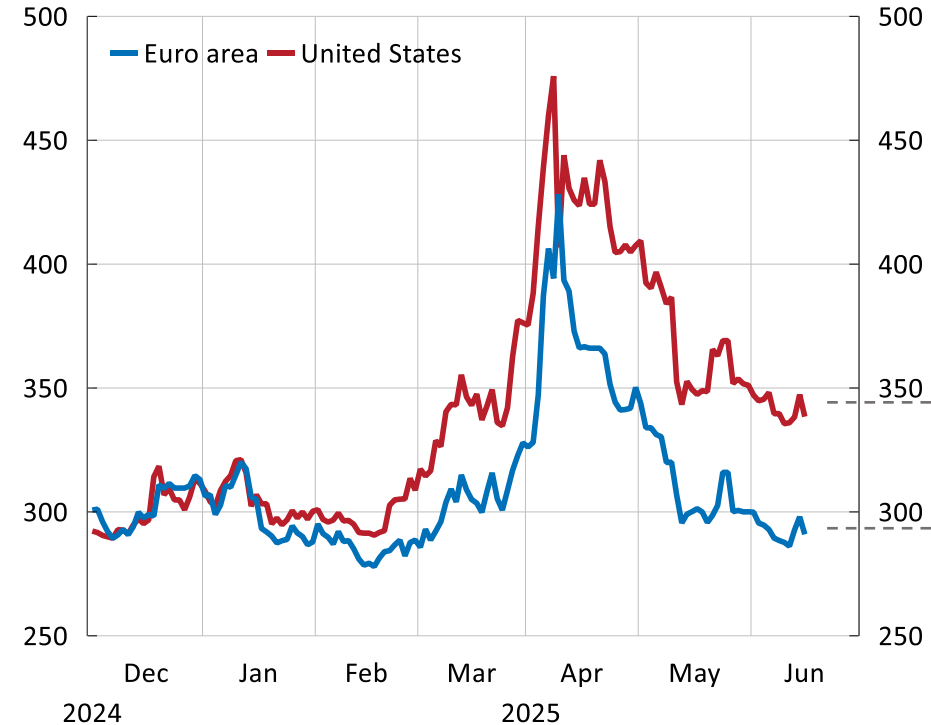
Source: Intercontinental Exchange.



# Slightly more stable financial markets, but continued uncertainty

- Equity and credit markets have recovered, dollar remains weak.
- Various measures of uncertainty have fallen.
- Continued risks surrounding geopolitics and trade policy abroad.

Lower price of risk



Index. Credit spreads in the USA and the euro area. The latest outcome refers to 16 June.

Source: Bloomberg.

# Monetary policy is adjusted to the outlook for inflation and economic activity

Some probability of another interest rate cut this year.

But several factors could affect developments:

- Increased trade barriers and supply disruptions
- Recovery in the Swedish economy

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*New information, and how it is expected to affect the outlook for inflation and economic activity, will determine how monetary policy is designed.*

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