

# Low inflation at the outset, but the war in the Middle East can rapidly change the picture.

Monetary policy, May 2026



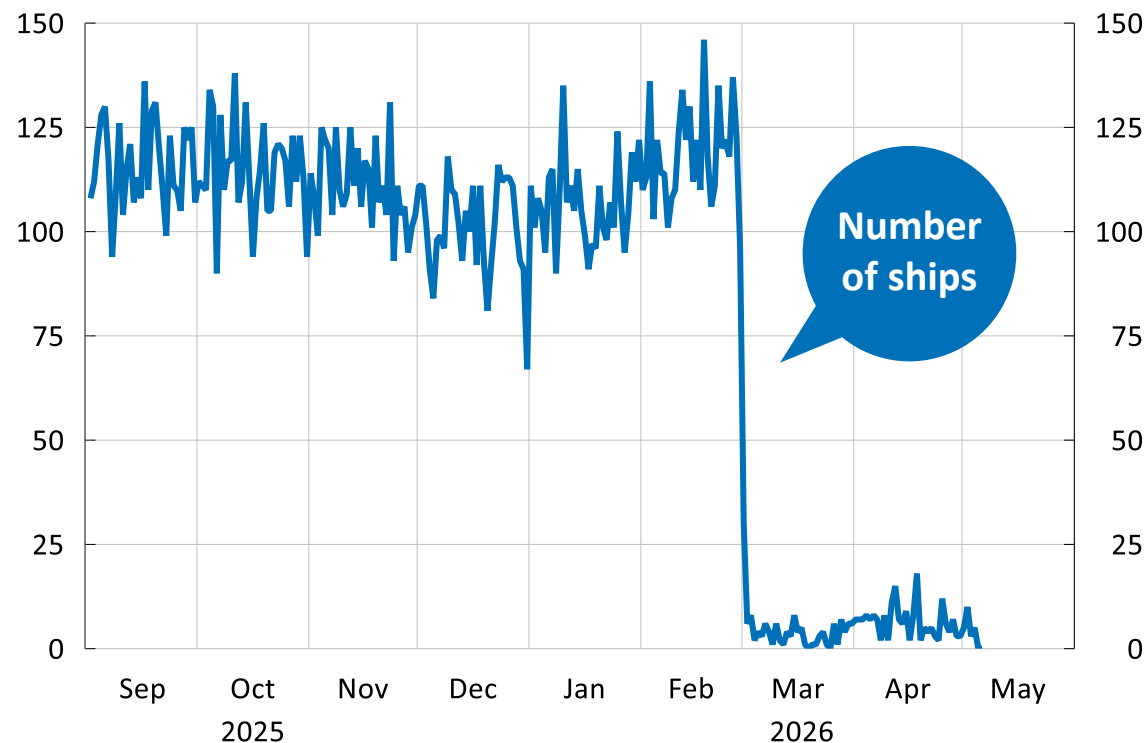
# Monetary policy decision, May 2026



- Policy rate **unchanged** at 1.75 per cent.
- Good **initial position** if monetary policy needs to be adjusted to safeguard the inflation target.

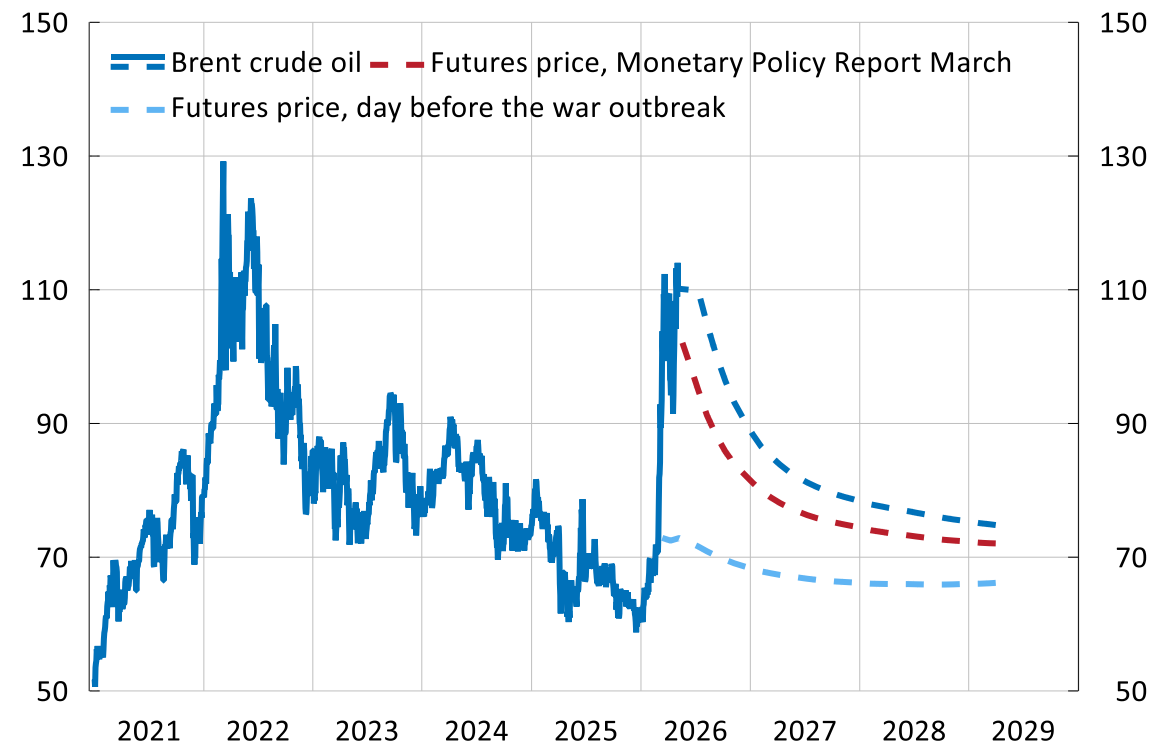
# The war in the Middle East is still creating considerable uncertainty

## The Strait of Hormuz is closed



Number of ships that have passed the Strait of Hormuz from both west and east. Latest outcome refers to 5 May. Source: Bloomberg.

## The market is expecting the oil price to fall this year



Dollar per barrel. Solid line refers to daily outcome and dashed lines represent futures pricing. Latest outcome refers to 5 May. Source: Intercontinental Exchange.

# The war also affects access and the price of other input goods in the world

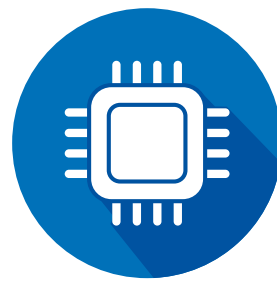
## Tangible effects now



**Petrol and diesel**



**Jet fuel**



**Helium**  
is an important  
component  
in semiconductor  
production

## Risk of shocks



**Petrochemical  
products**



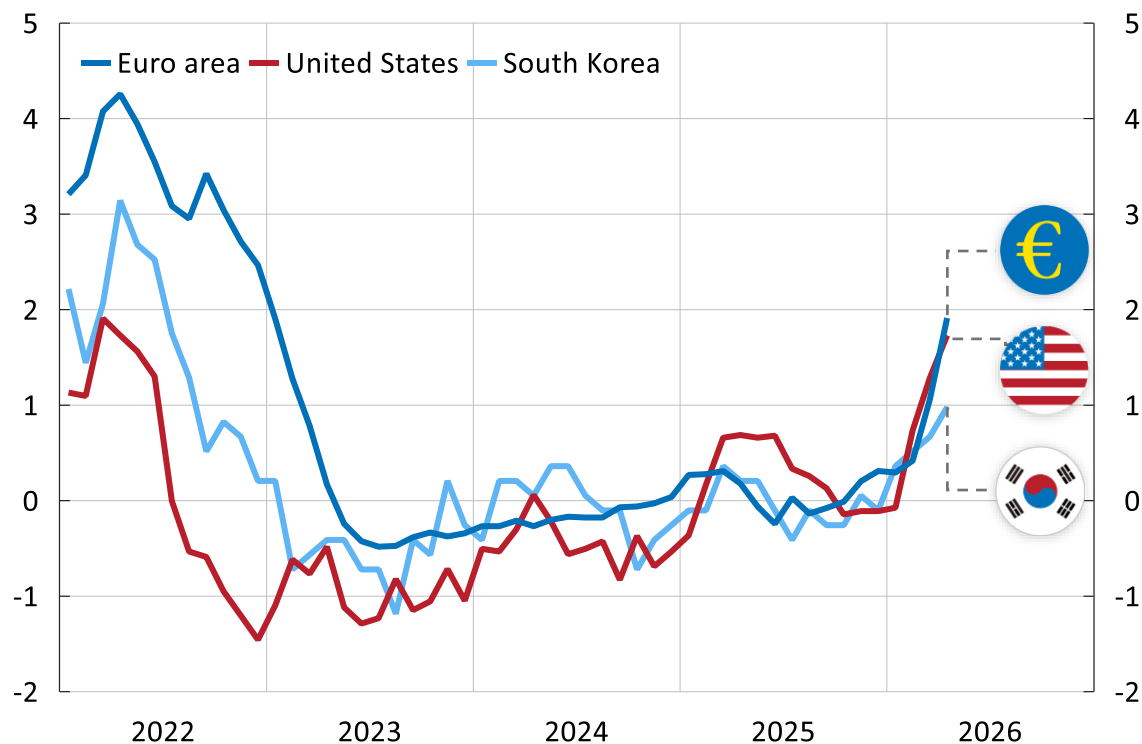
**Aluminium**



**Nitrogen-based  
fertilisers**

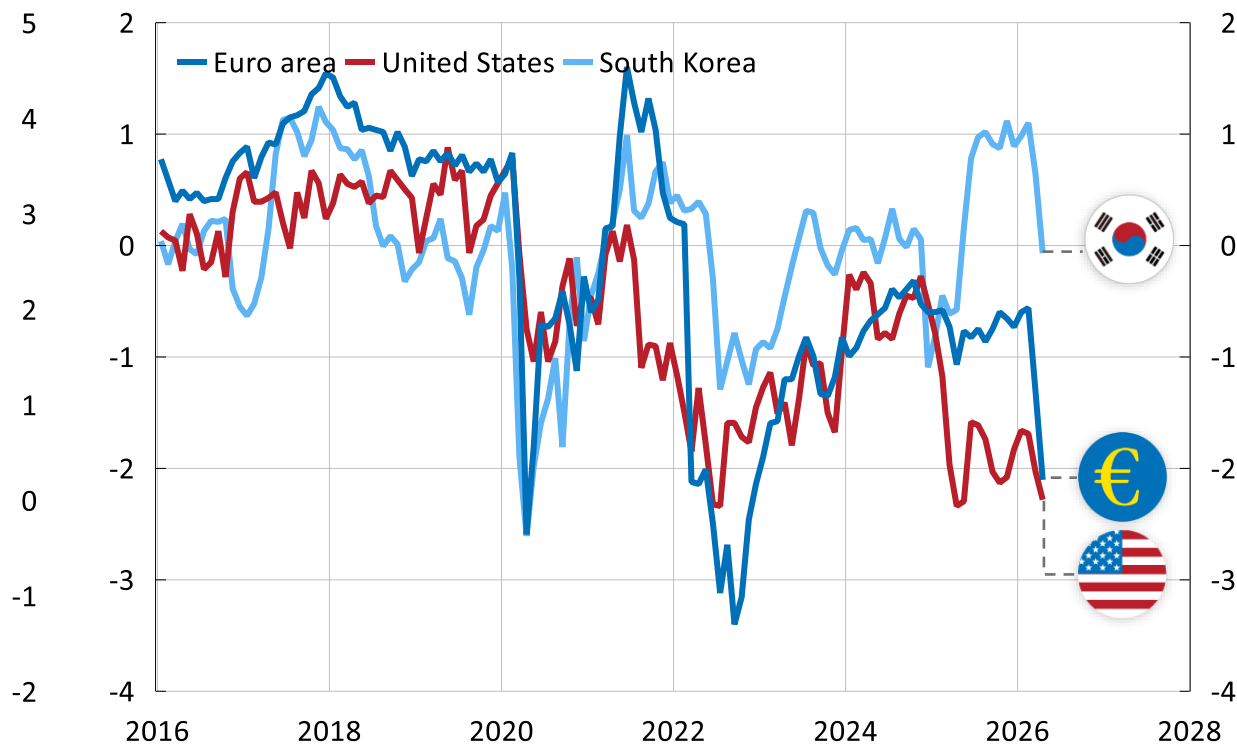
# Higher inflation and lower growth abroad

## Rising price plans for input goods in manufacturing



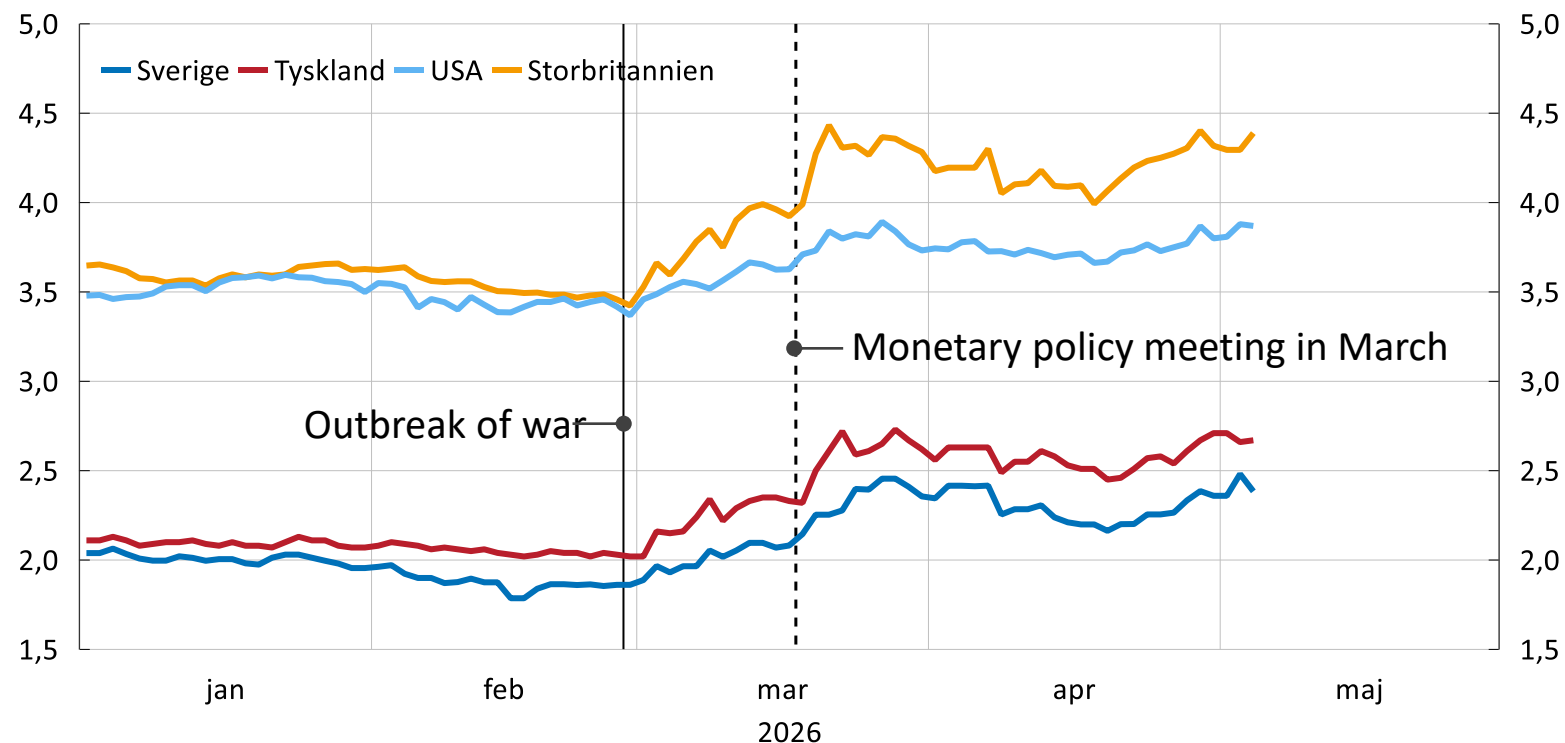
Standard deviation. Refers to standardised pricing plans for input goods in the manufacturing industry. Sources: Bank of Korea, European Commission and the Institute for Supply Management.

## Household confidence has fallen



Standard deviation. Household confidence based on survey responses. Refers to Consumer Confidence Survey for the euro area, the Consumer Sentiment Survey for the USA and the Consumer Survey Index for South Korea. Sources: Bank of Korea, European Commission and University of Michigan.

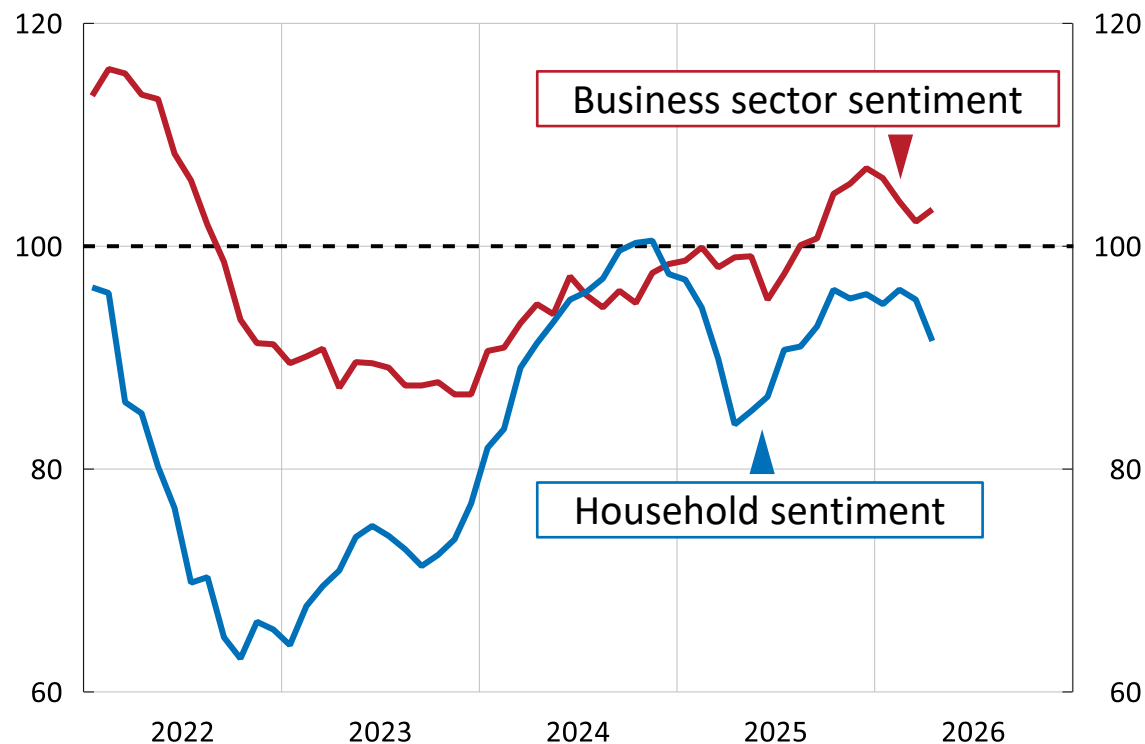
# Expectations of higher policy rates since the war began



Per cent. Two-year government bond yields, zero coupon rates. Latest outcome refers to 5 May.  
Sources: Bank of England, Bundesbank, Federal Reserve and the Riksbank.

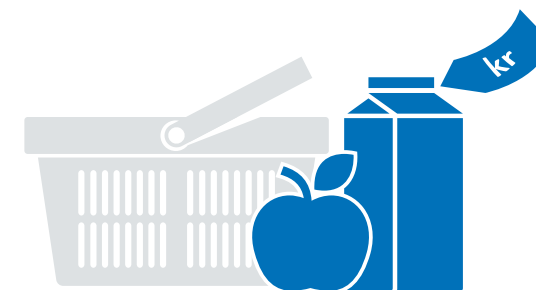
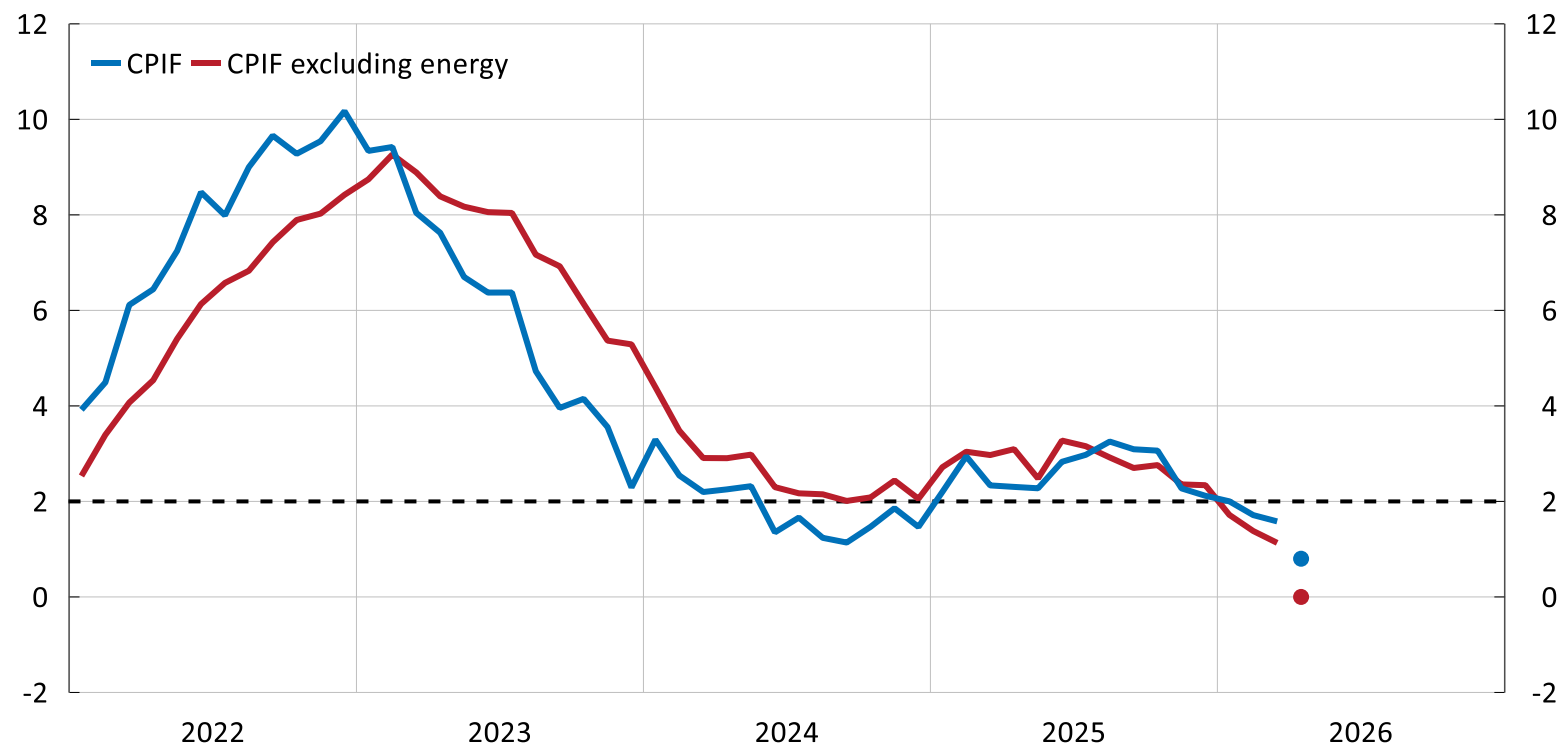
# Tendencies towards weaker economic activity in Sweden

## NIER's Business Tendency Survey



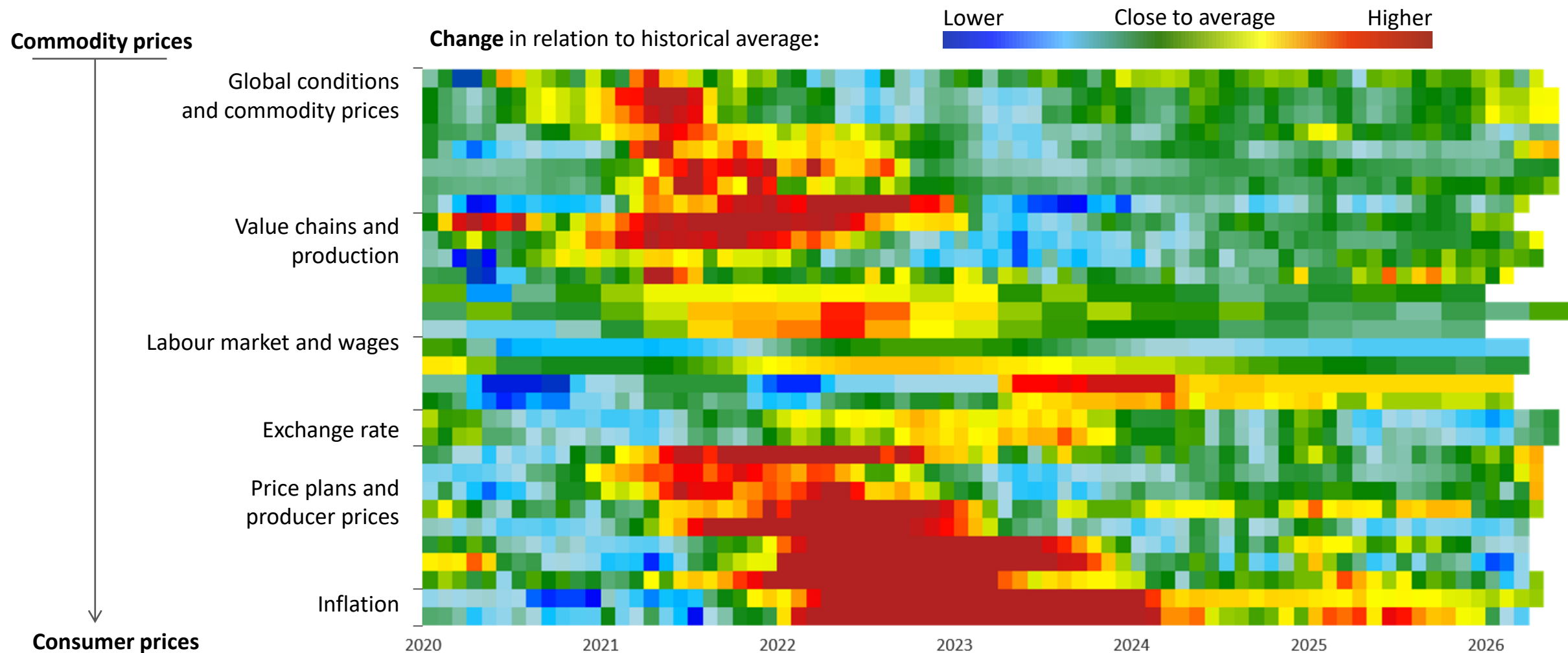
- Weaker growth than expected at beginning of year.
- Households have become less optimistic.
- Resilient and flexible companies.
- There are fundamental conditions in place for stronger economic activity going forward.

# Inflation is low at the outset



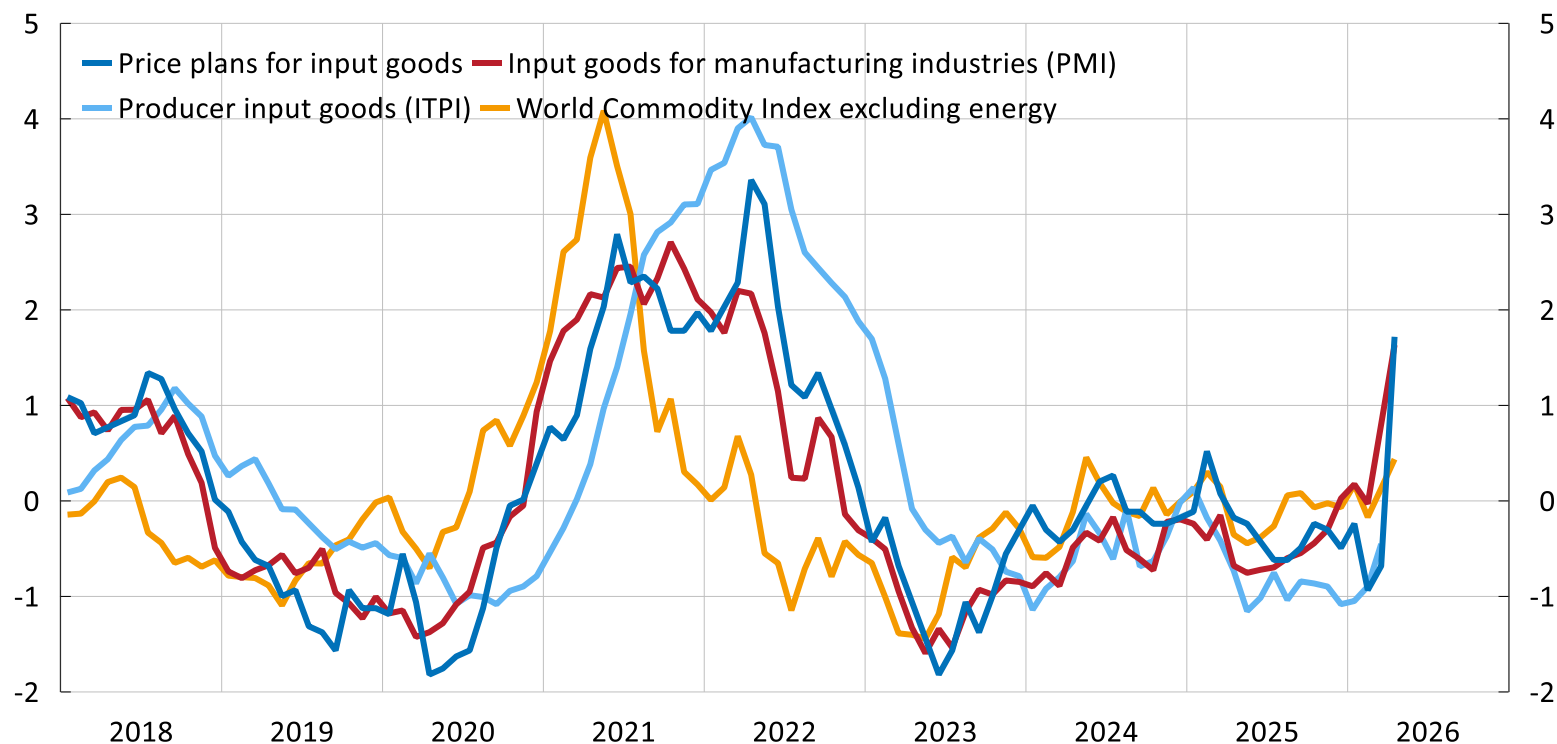
Annual percentage change. Dots refer to preliminary outcomes for April. Source: Statistics Sweden.

# Indicators point to normal inflationary pressures



Deviation from average development since year 2000. See numerical data for Monetary Policy Update for more details regarding indicators and sources.

# Signs of rising cost pressures for companies



- Higher fuel prices.
- So far few indirect effects on consumer prices.
- But producer prices and price plans have risen.

Standard deviation. Input goods in manufacturing industry refers to Purchasing Managers' Index (PMI). Input goods in manufacturing industry and commodity price index are measured as annual percentage change, Purchasing Managers' Index as an index and pricing plans as net figures. Standardised values since the year 2000. Sources: The Economist, National Institute of Economic Research, Statistics Sweden and Swedbank.

# Developments call for vigilance

- Low inflation and signs of **weaker economic activity**.
- The risk of **higher inflation** is assessed to have increased somewhat in the wake of the war.
- It is still **unclear** how the war affects the outlook.
- Monetary policy **will be adjusted** if required to safeguard confidence in the inflation target.



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