

# Monetary policy decision

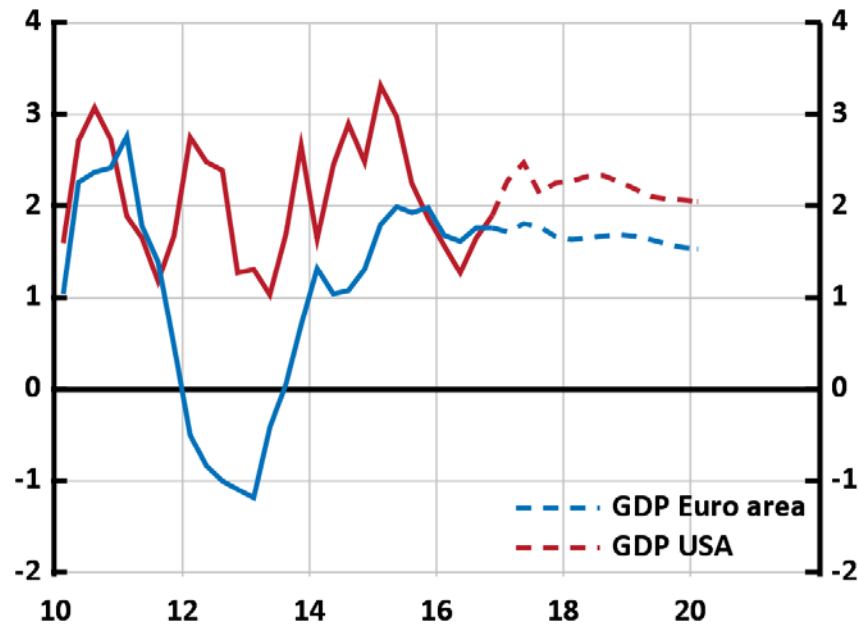
February 2017

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

To stabilise inflation around 2%  
continued expansionary monetary policy is needed

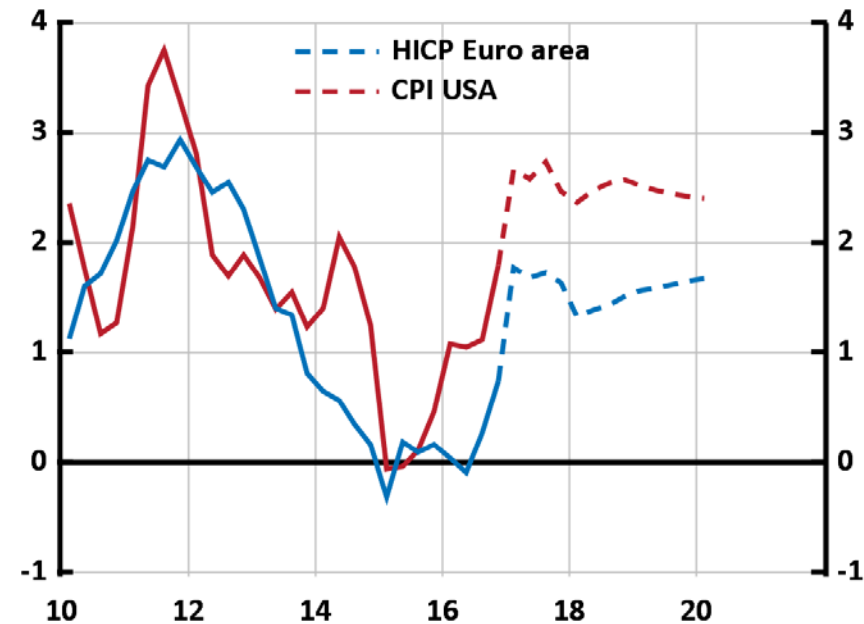
# Recovery abroad proceeding largely as expected

## Economic activity strengthening



Annual percentage change.

## Inflation rising



Sources: Bureau of Economic Analysis, Bureau of Labour Statistics, Eurostat, and the Riksbank

# But major uncertainty over international policy

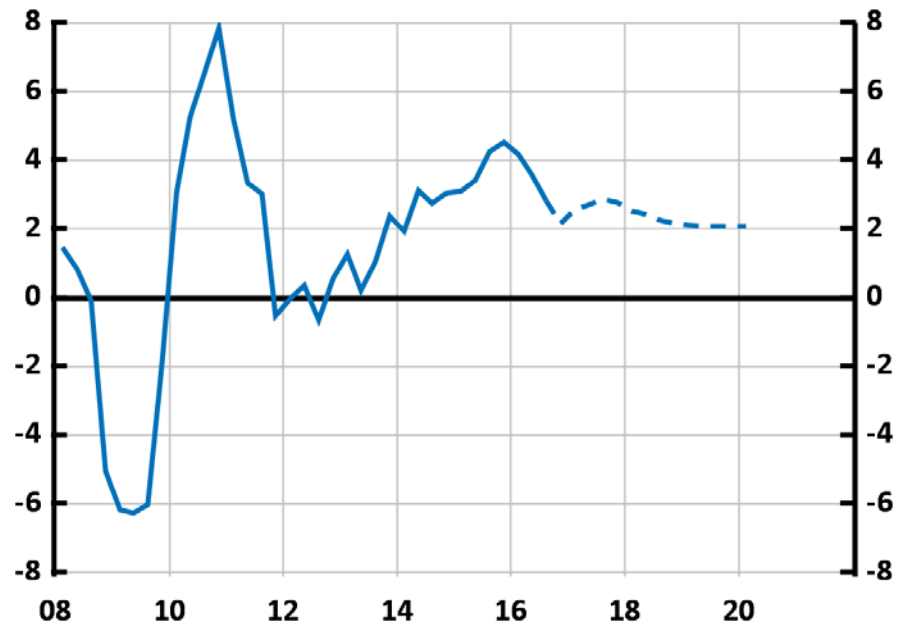
E.g.

- US policy
- The United Kingdom's withdrawal from the EU
- Problems in euro area banks

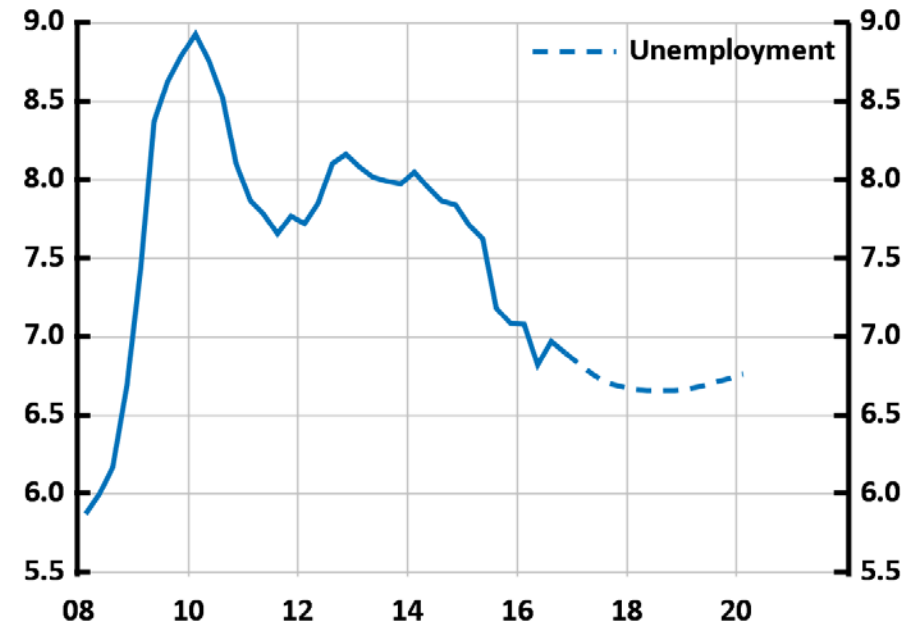


# Strong Swedish economy

## Good GDP growth



## Increasing number have jobs



Annual percentage change and percentage of labour force, 15–74 years. Calendar-adjusted and seasonally adjusted data.

Sources: Statistics Sweden and the Riksbank

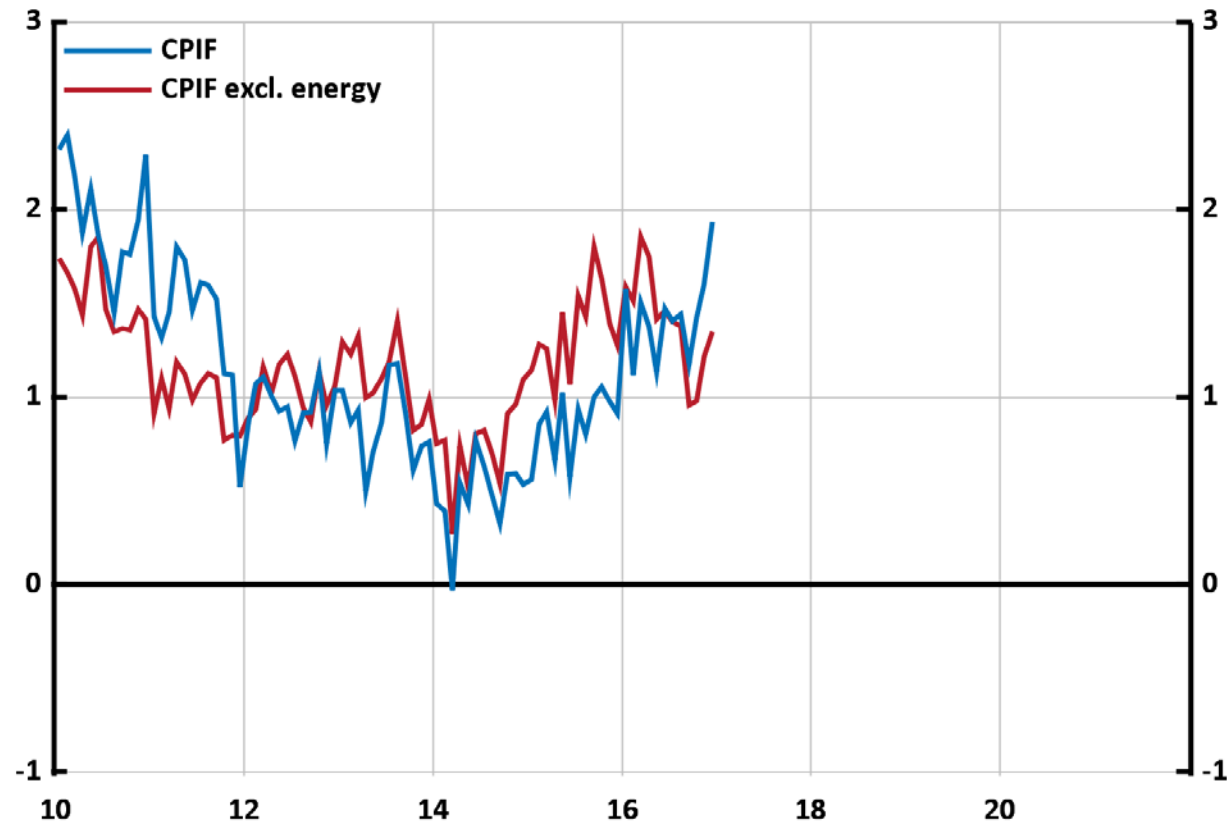
# Inflation rising



The CPIF is the CPI with a fixed mortgage rate.

Source: Statistics Sweden

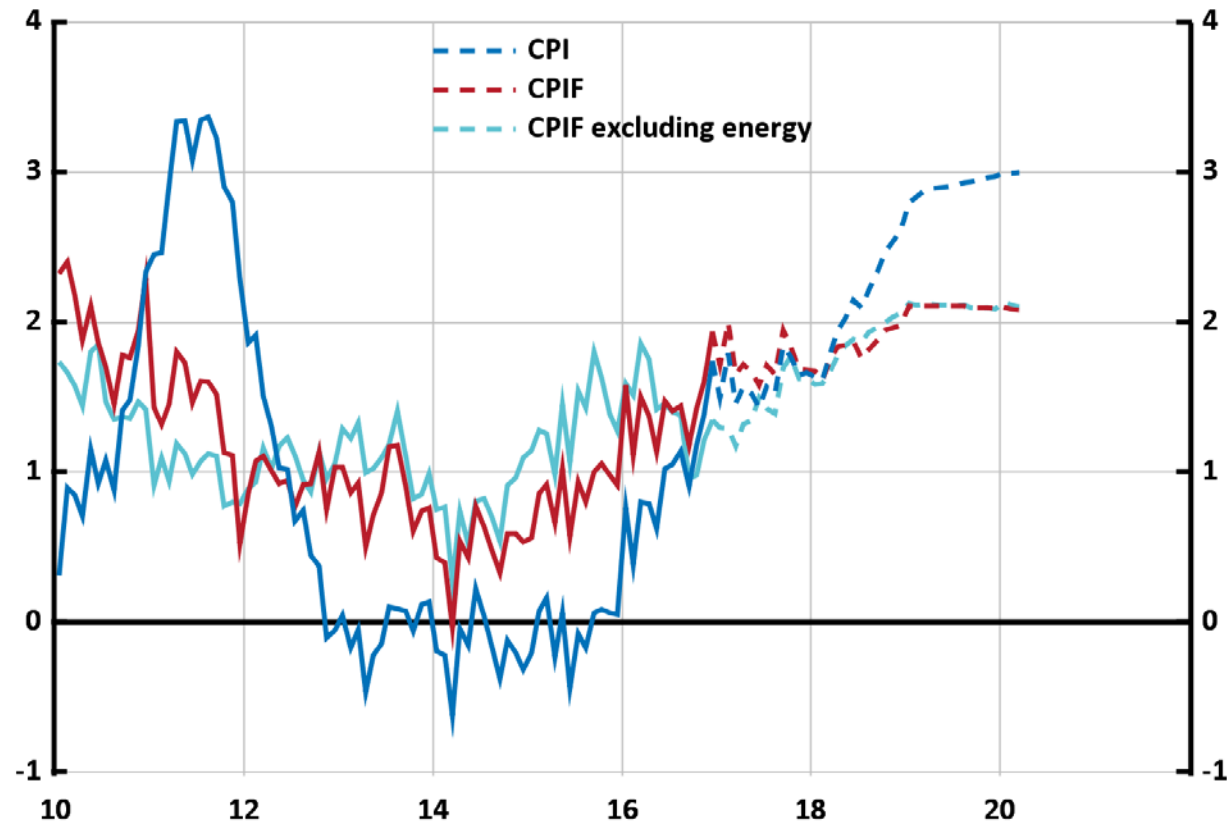
# Weak performance for underlying inflation



The CPIF is the CPI with a fixed mortgage rate.

Source: Statistics Sweden

# CPIF inflation will not stabilise around 2% until next year

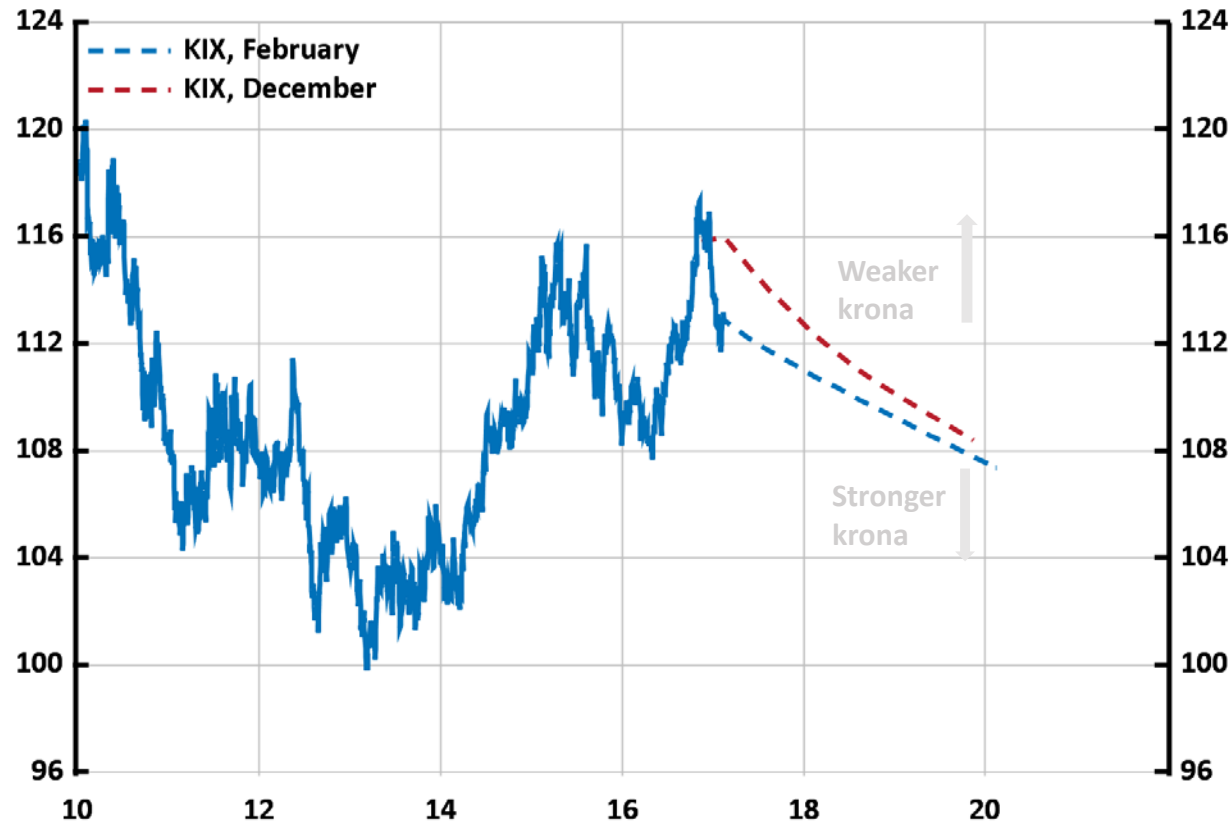


The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank



# Exchange rate important for the development of inflation



Index, 18 November 1992 = 100 The KIX is an aggregate of countries that are important for Sweden's international transactions.

Source: The Riksbank

# Continued expansionary monetary policy required to stabilise inflation around 2%

Inflation has risen and inflation expectations are close to 2%

But

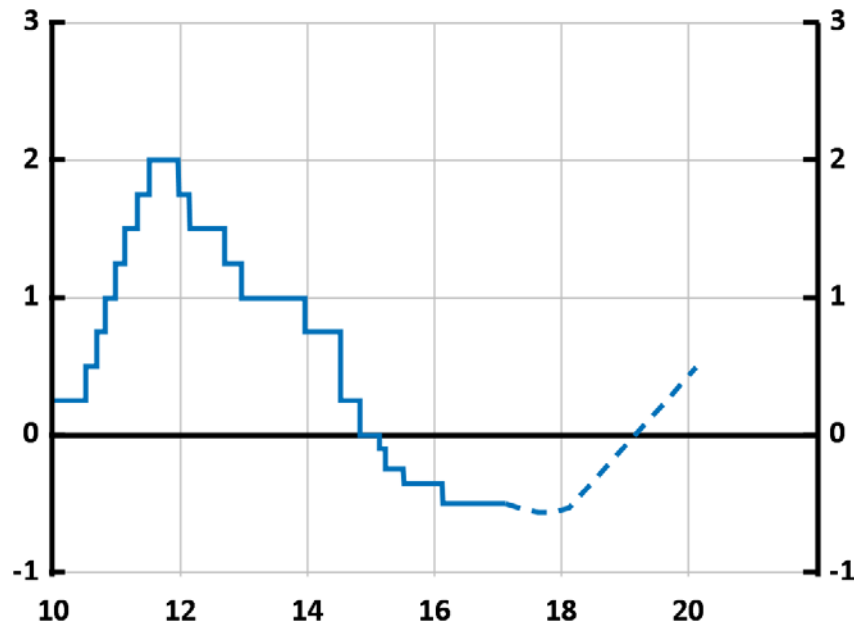
Without energy prices, inflation is still low

Inflation not expected to stabilise around 2% until next year

Uncertainty about policy abroad

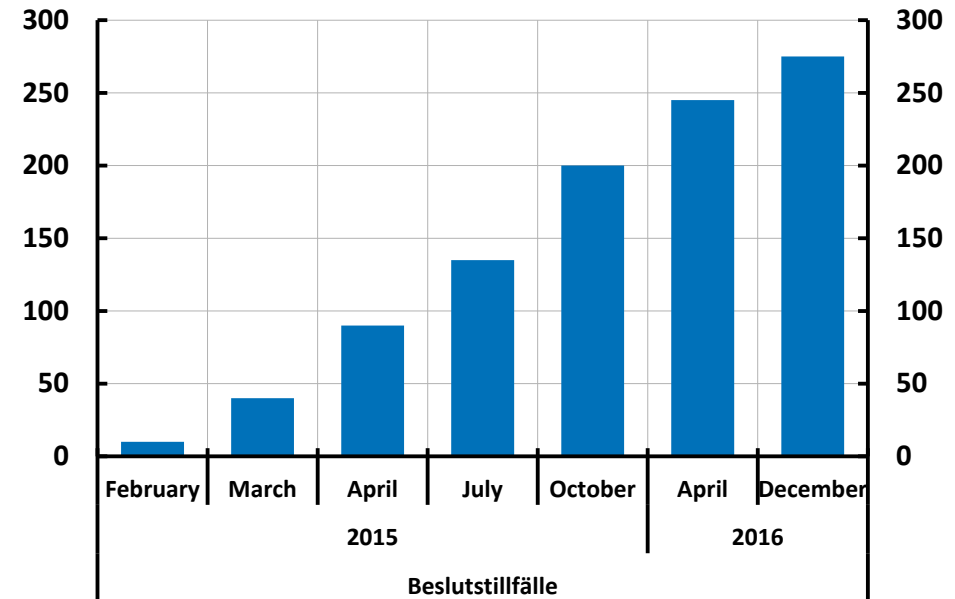
# Monetary policy supporting economic activity and inflation

Repo rate -0.50%



Per cent and SEK billion.

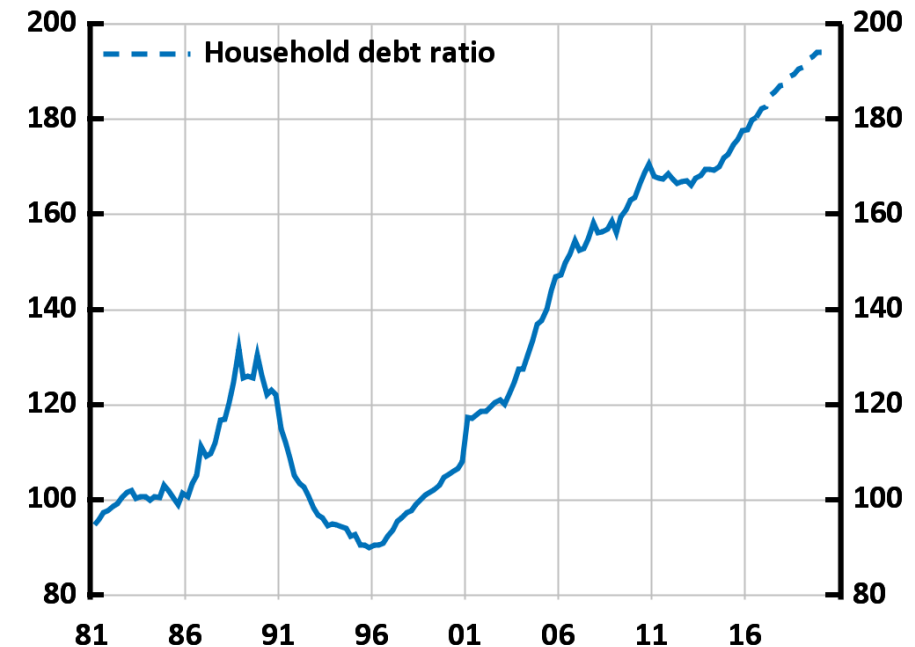
Purchases of government bonds



Source: The Riksbank

# Low interest rates needed – important to have measures aimed at housing market

- Household high and rising debt – a risk to the national economy
- Measures needed in the housing market, taxation policy and macroprudential policy



Total household debt  
as a share of disposable income.

Sources: Statistics Sweden  
and the Riksbank

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