

Monetary policy decision

September 2017

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

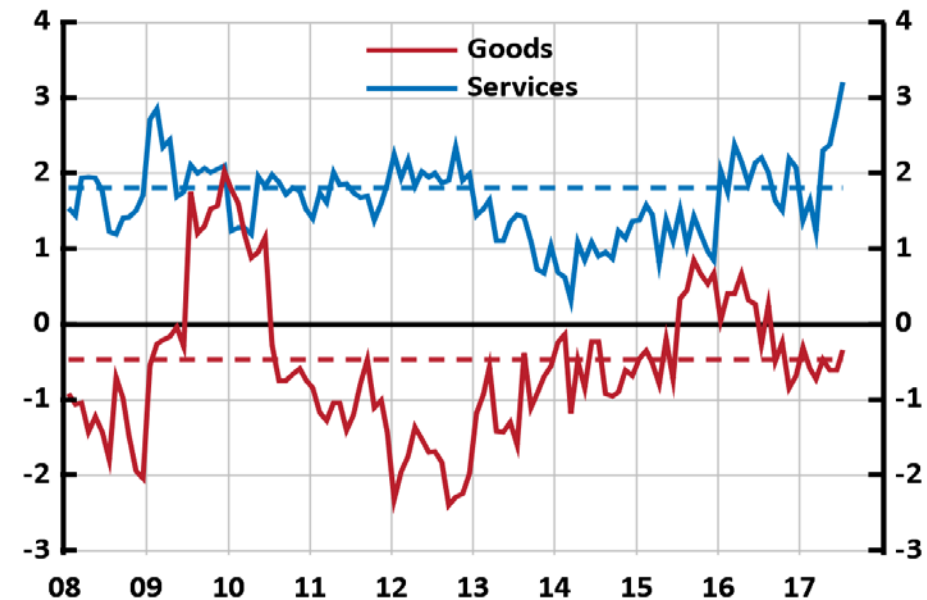
Continued expansionary monetary policy
for inflation close to the target

Supported by monetary policy, inflation has risen towards the target

Inflation close to 2 per cent



Service prices making an increasing contribution

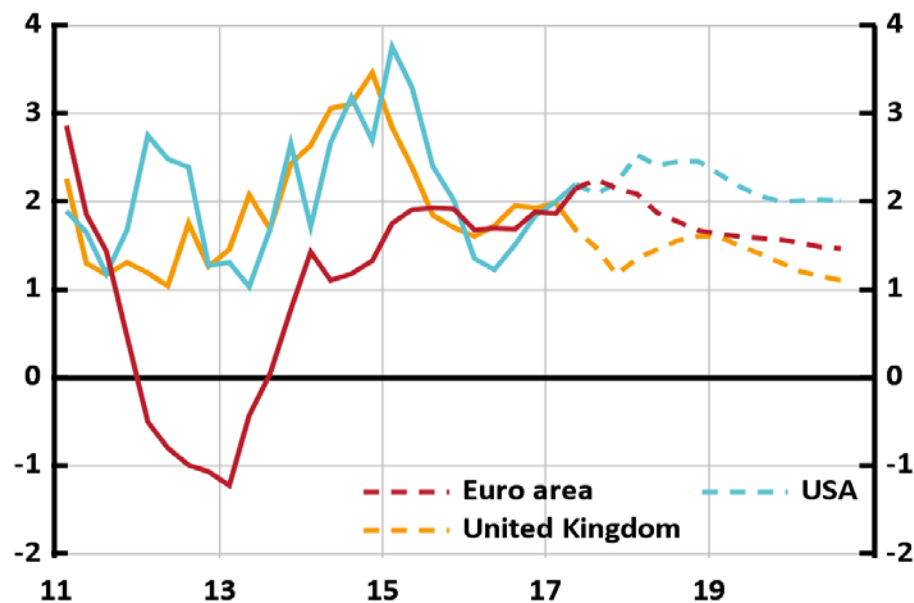


Annual percentage change. The broken lines refer to the average for the period 2000 to the latest outcome.

Sources: Statistics Sweden and the Riksbank

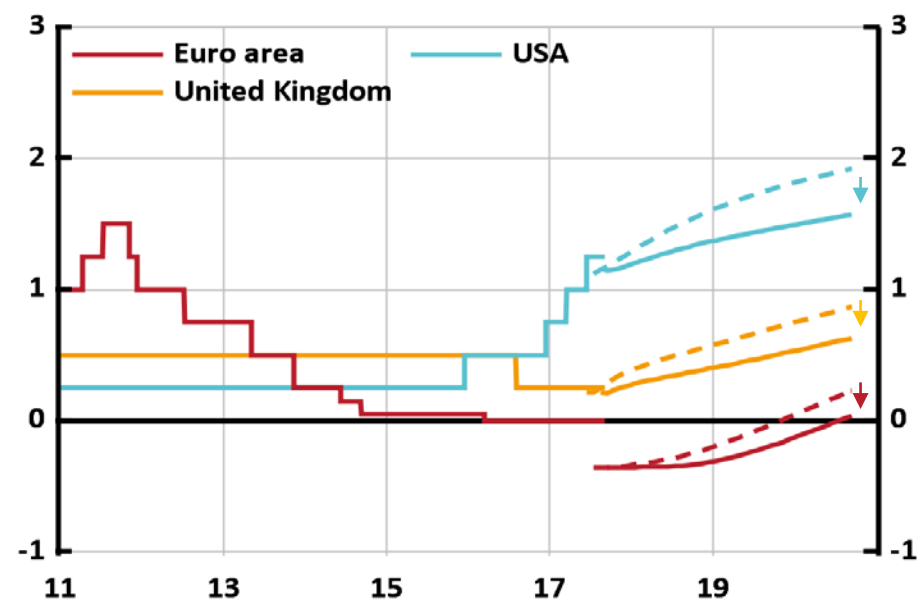
International developments an important condition for Sweden's economy

Increasingly strong international economic activity



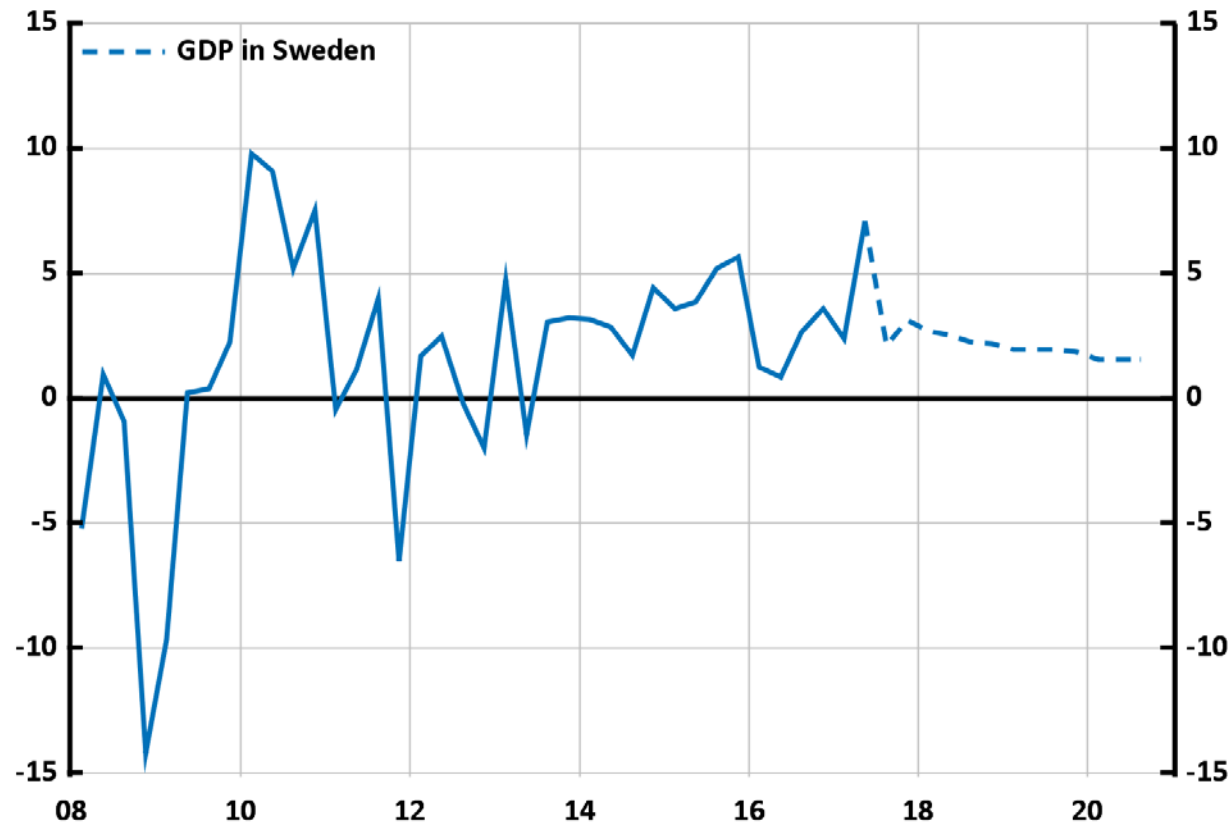
Forward rates describe the expected overnight rate, which does not always correspond to the policy rate (the refi rate in the euro area). Unbroken lines are estimated on 31 Aug 2017, broken lines on 3 July 2017.

Expectations of a more expansionary monetary policy



Sources: Bureau of Economic Analysis, Eurostat, national sources, Office for National Statistics, Macrobond and the Riksbank

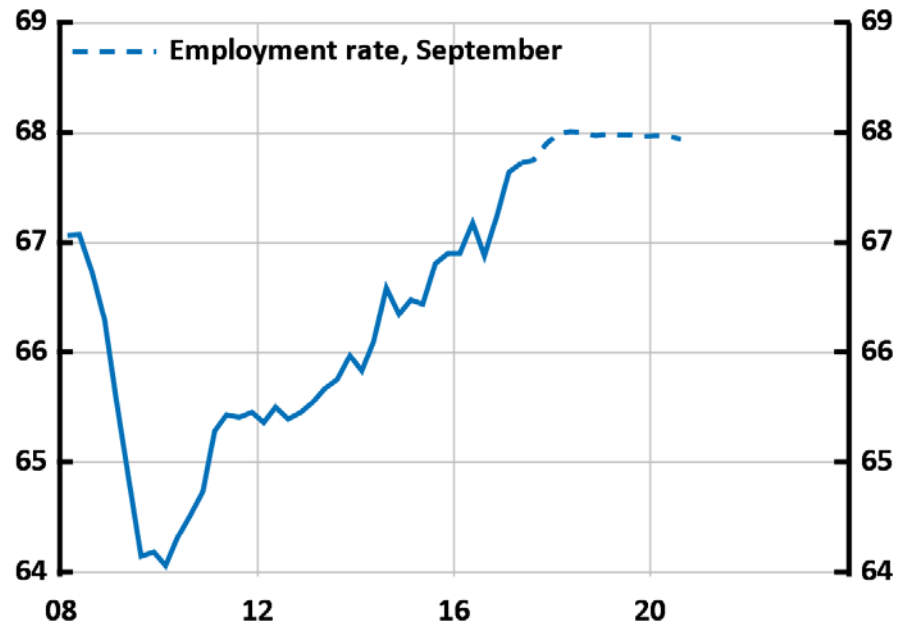
Strong Swedish economic activity



Quarterly changes in per cent calculated as an annual rate.

Source: The Riksbank

Increasing numbers in employment but modest wage development

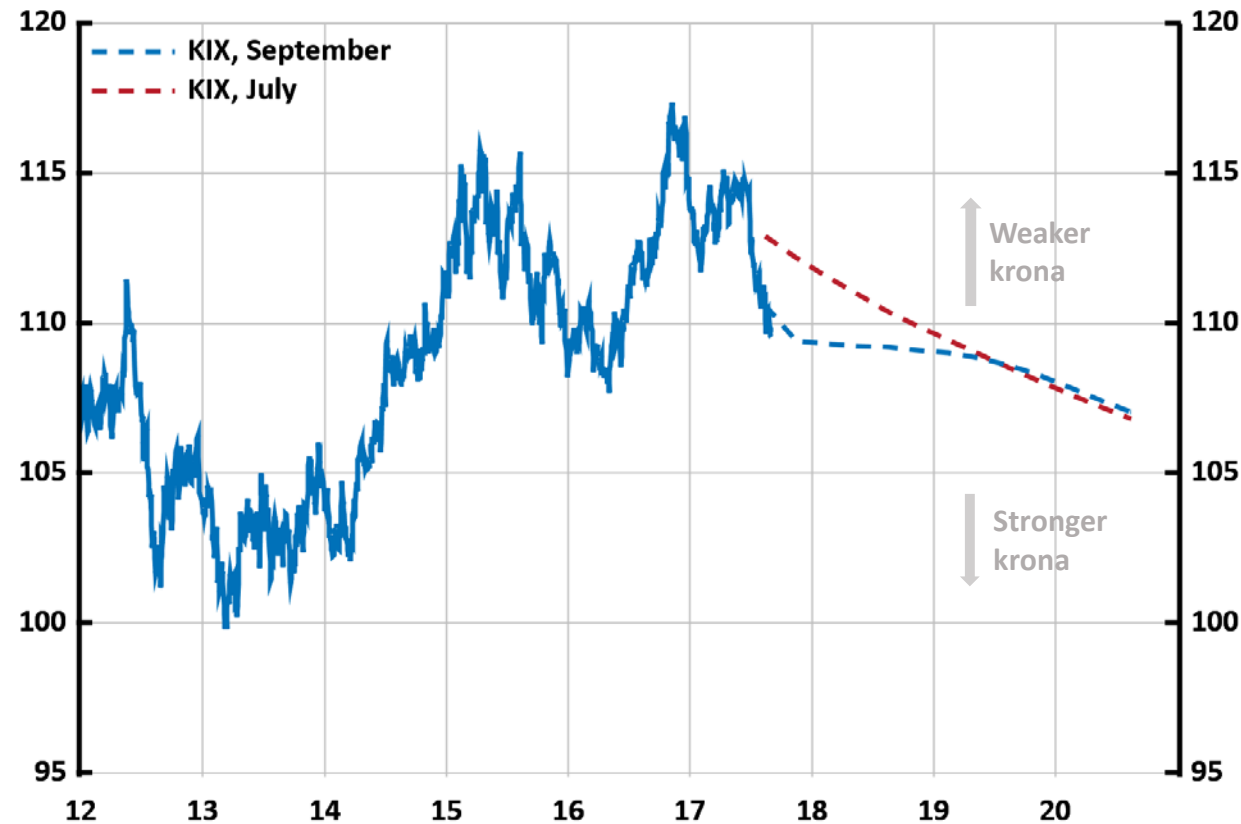


Per cent of population and annual percentage change respectively. Wages according to short-term wage statistics for the economy as a whole.



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

The krona has strengthened



Index, 28 Nov 1992 = 100. The KIX is an aggregate of countries important to Sweden's international transactions. Outcomes refer to daily data up to and including 31 August 2017.

Sources: National sources and the Riksbank

Too early to make monetary policy less expansionary

Strong economic activity and inflation close to 2 per cent could argue for less expansionary monetary policy

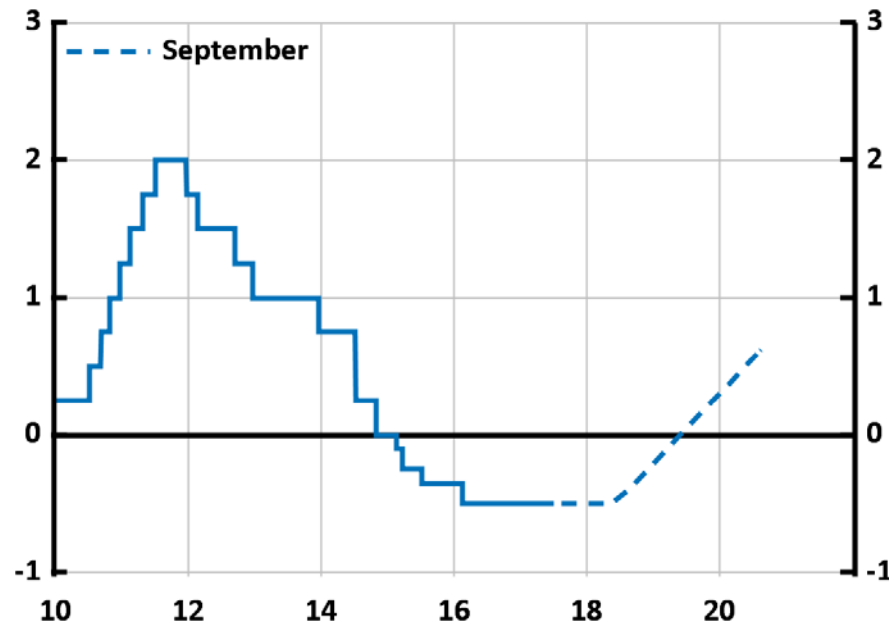
But it is too early

- Cost pressures are weak, economic activity needs to continue to impact prices
- Important that the krona does not appreciate too quickly
- Inflation has been low for a long time, expectations may be more sensitive than normal

A less expansionary monetary policy could make inflation fall back again

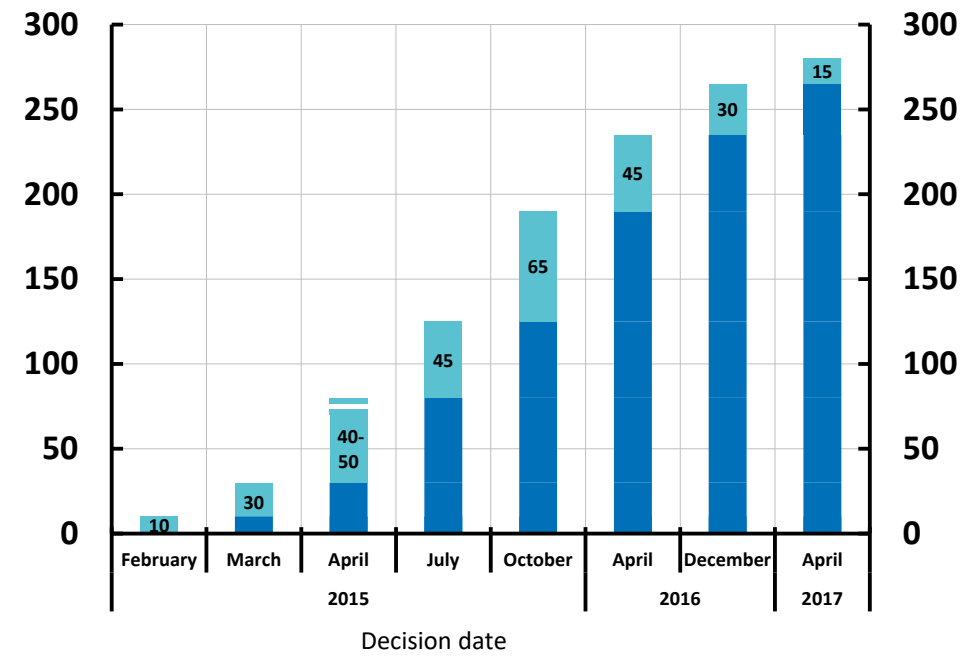
Continued support to the Swedish economy and inflation

Repo rate -0.50 per cent



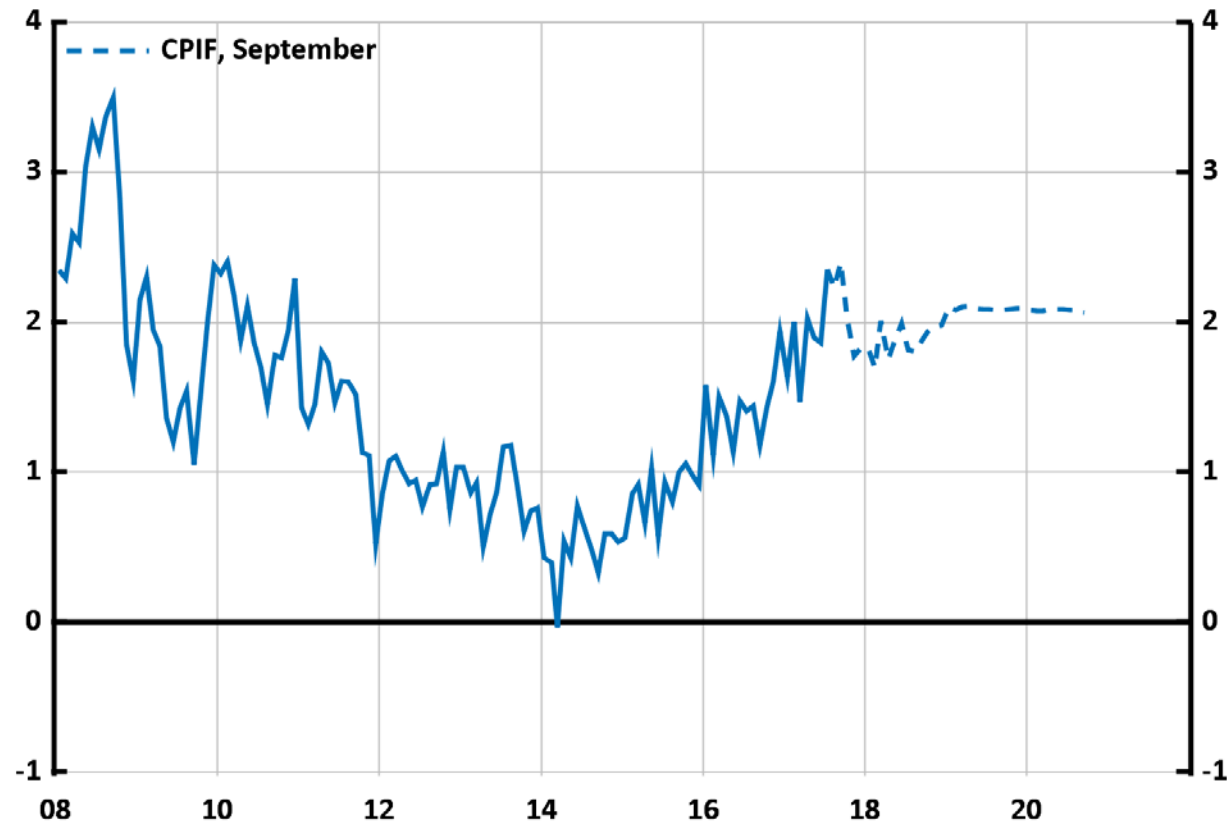
Per cent and SEK billion respectively

Purchases of government bonds during the second half of the year



Source: The Riksbank

The expansionary monetary policy is a prerequisite for inflation close to the target



Annual percentage change

Sources: Statistics Sweden and the Riksbank

High indebtedness is creating vulnerabilities

Swedish households have borrowed too much for a long time

Target measures are needed within housing and taxation policy areas

Tighter amortisation requirement is good



CPIF and variation band

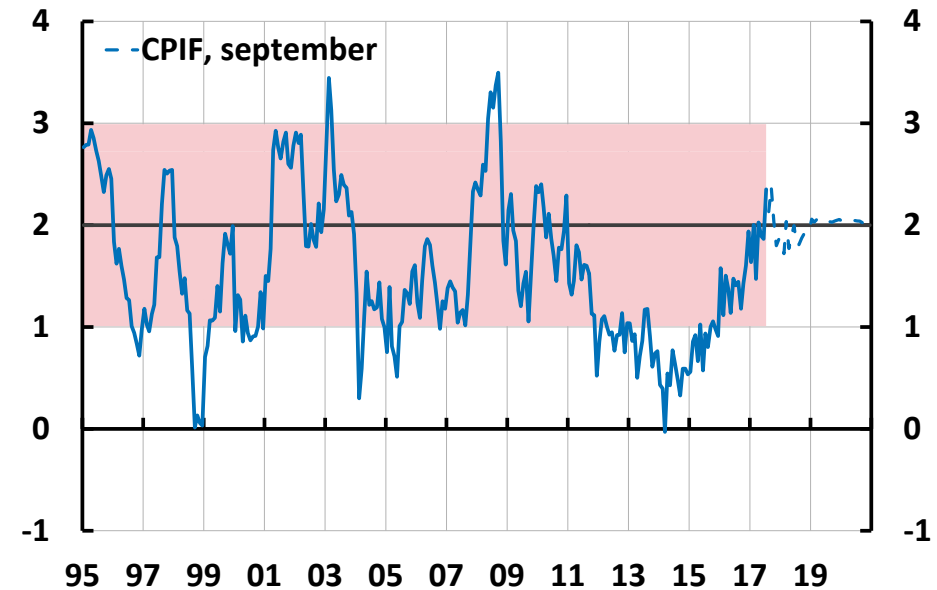
CPIF now also formal target variable

The CPI problematic as a target variable

Other measures of inflation have guided monetary policy, in recent years the CPIF

Does not imply any change to the monetary policy conducted

The band illustrates that inflation is not 2 per cent every single month



Annual percentage change

Sources: Statistics Sweden and the Riksbank

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for inflation close to the target