

# Monetary policy decision

December 2018

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

Strong economic activity creating conditions  
for inflation to remain close to target going forward.  
Appropriate to slightly reduce support from monetary policy.

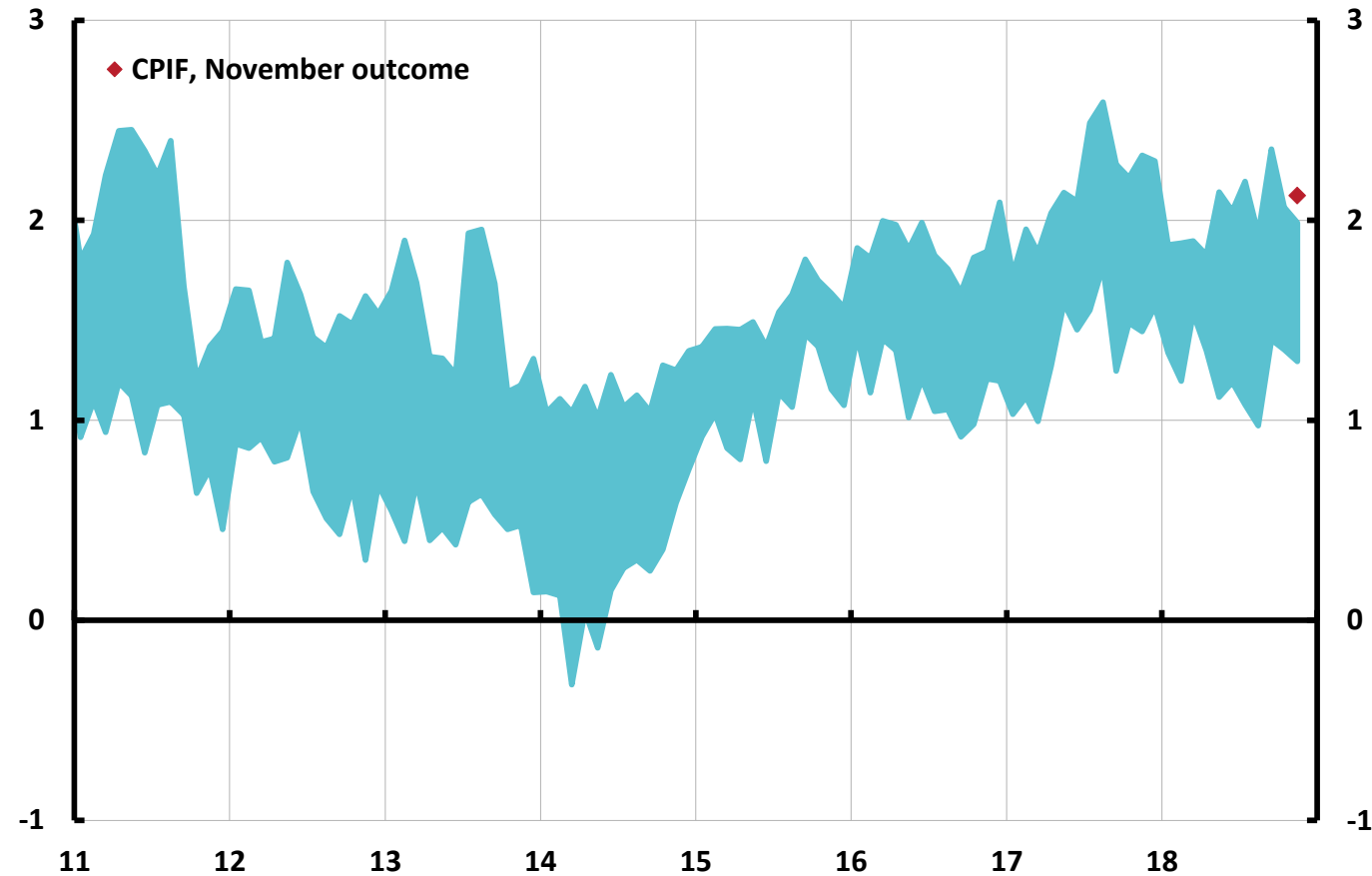
# Inflation at 2 per cent and stronger confidence in the target



Annual percentage change.

Source: Statistics Sweden

# Core inflation has been lower



Annual percentage change. The field shows the highest and lowest outcome among different measures of core inflation.

Sources: Statistics Sweden and the Riksbank

# Rising prices in the short term



Companies expecting higher prices



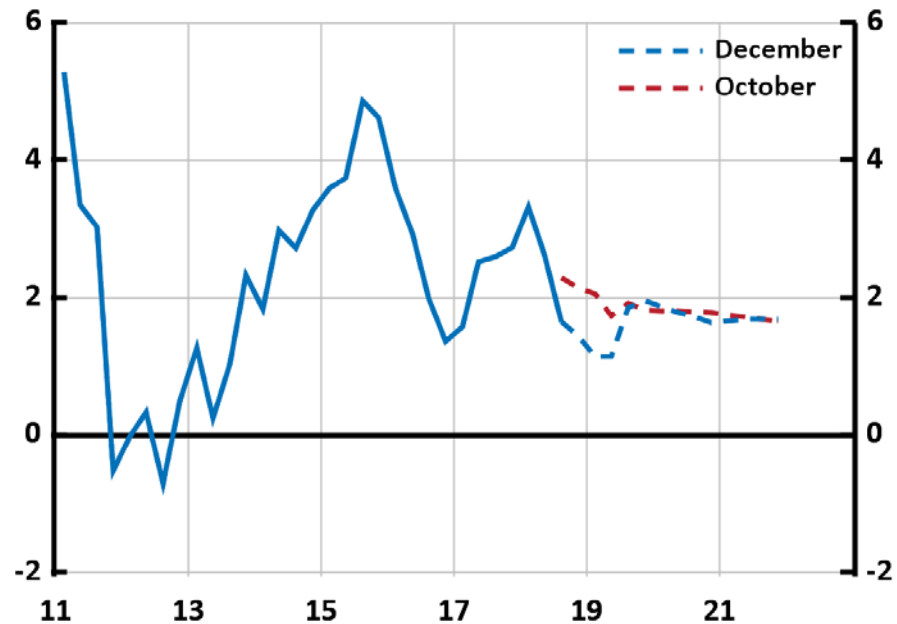
New agreements indicate higher rents in 2019



Summer drought causing higher food prices

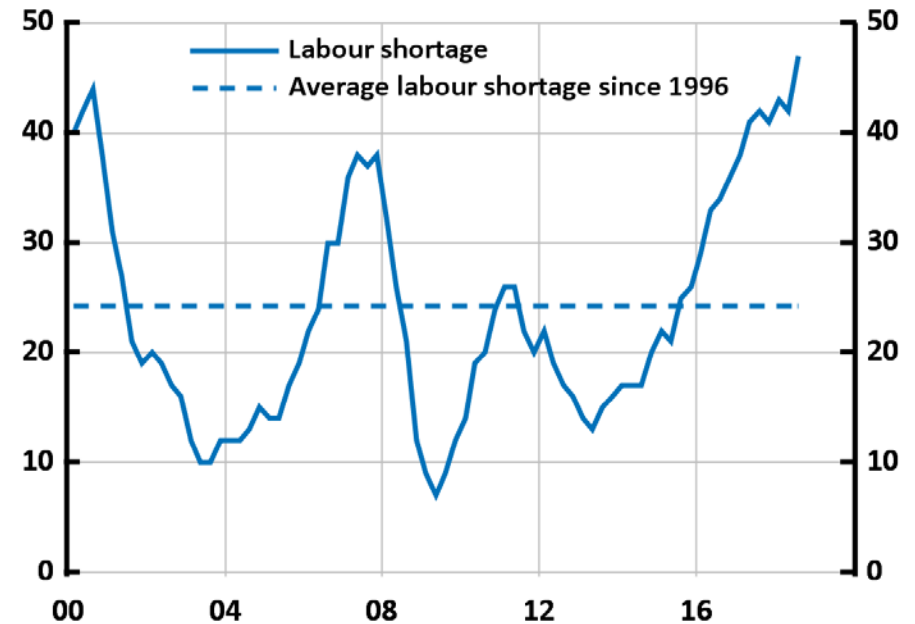
# Continued strong economic activity in Sweden

Growth has slowed



Annual percentage change and net figures respectively.

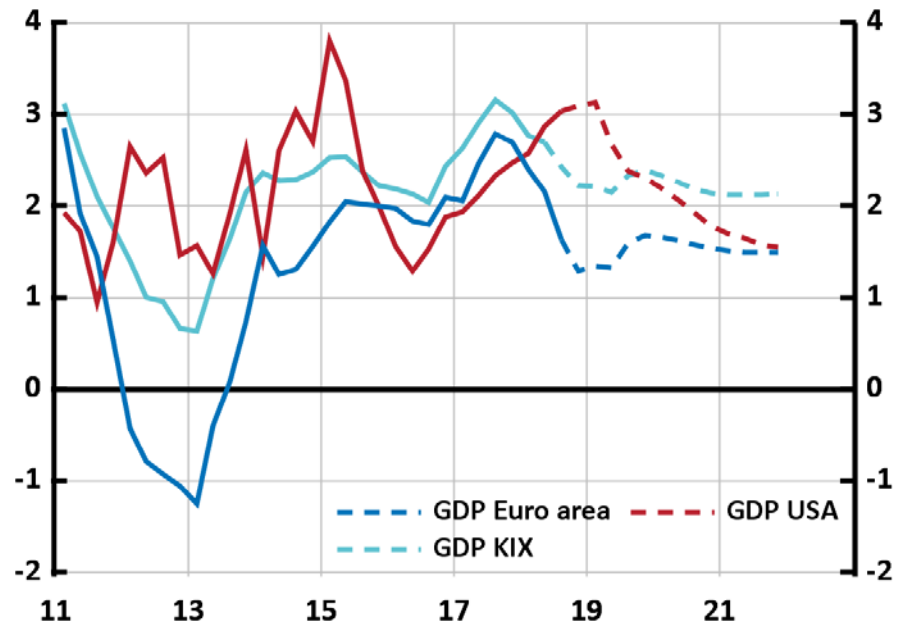
High pressure on the labour market



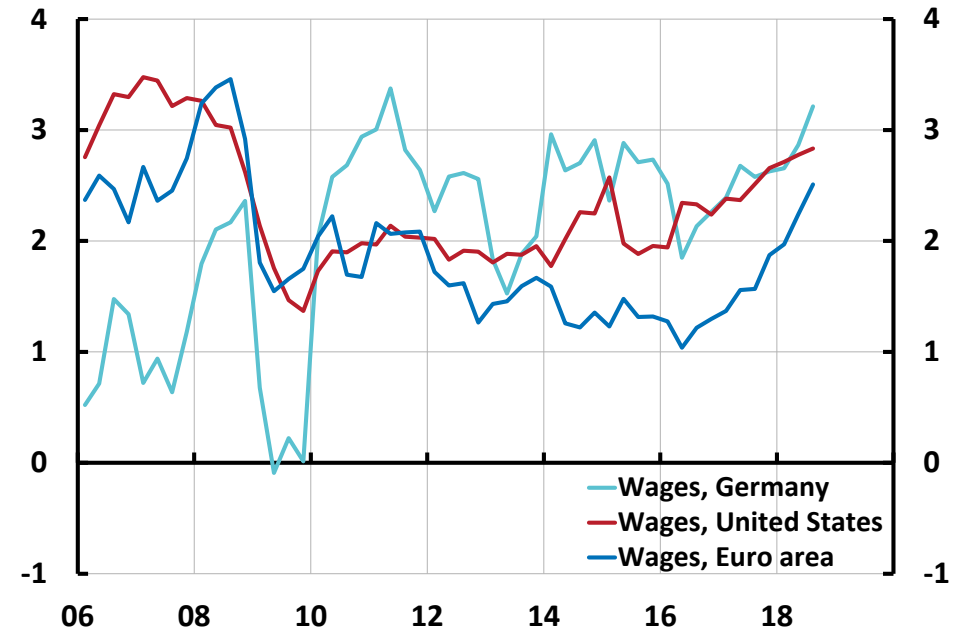
Sources: National Institute of Economic Research, Statistics Sweden and the Riksbank

# Good global economy, but with political uncertainty

GDP growth abroad



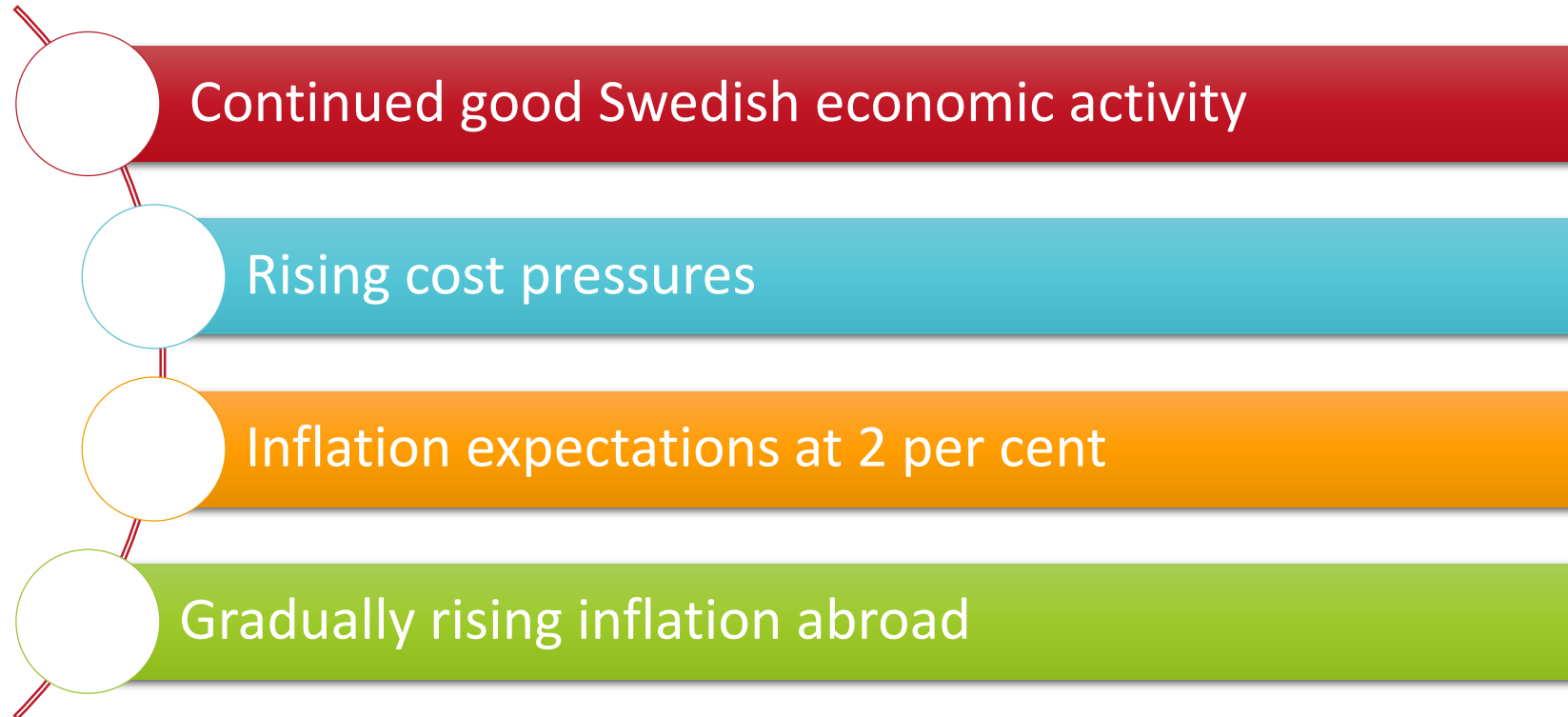
Gradually rising cost pressures



Annual percentage change. The KIX is an aggregate of countries that are important for Sweden's international transactions. The right-hand figure shows labour cost per employee.

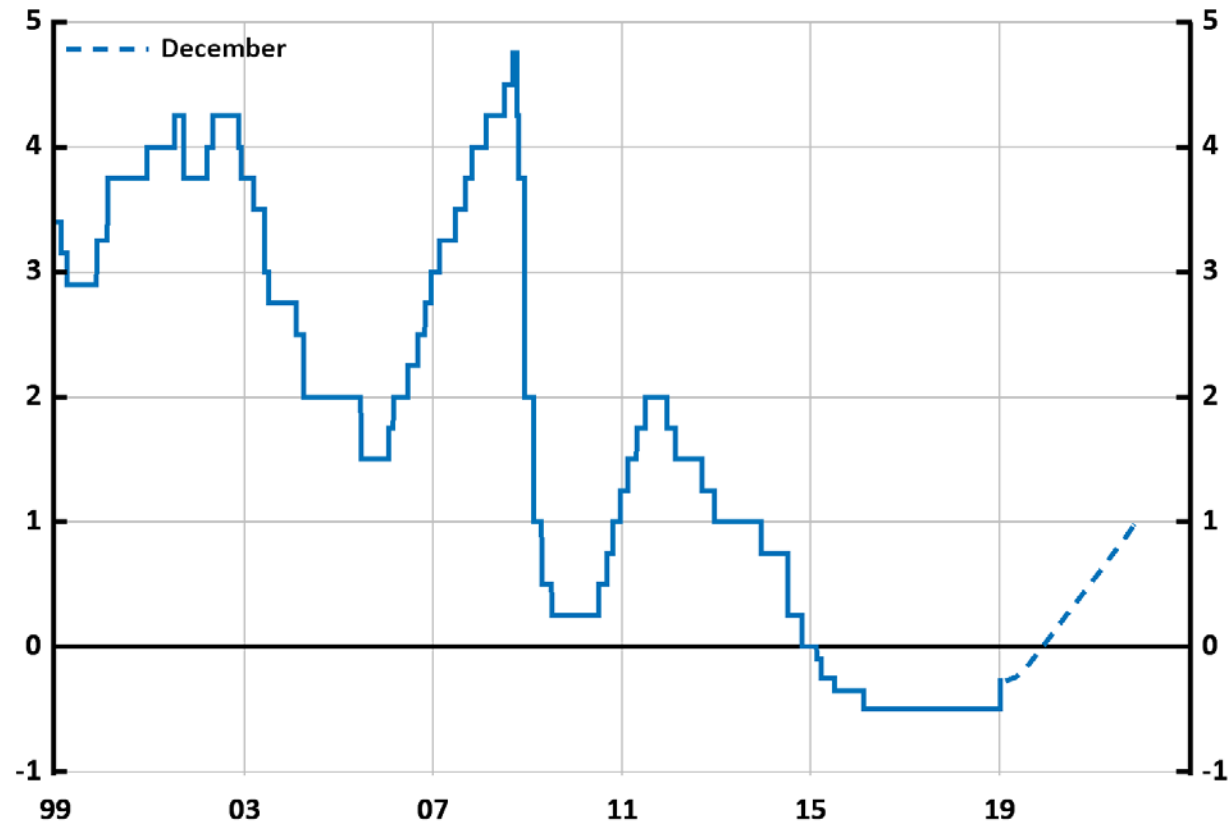
Sources: Bureau of Economic Analysis, Bureau of Labour Statistics, Eurostat and the Riksbank

# Good conditions for inflation close to target





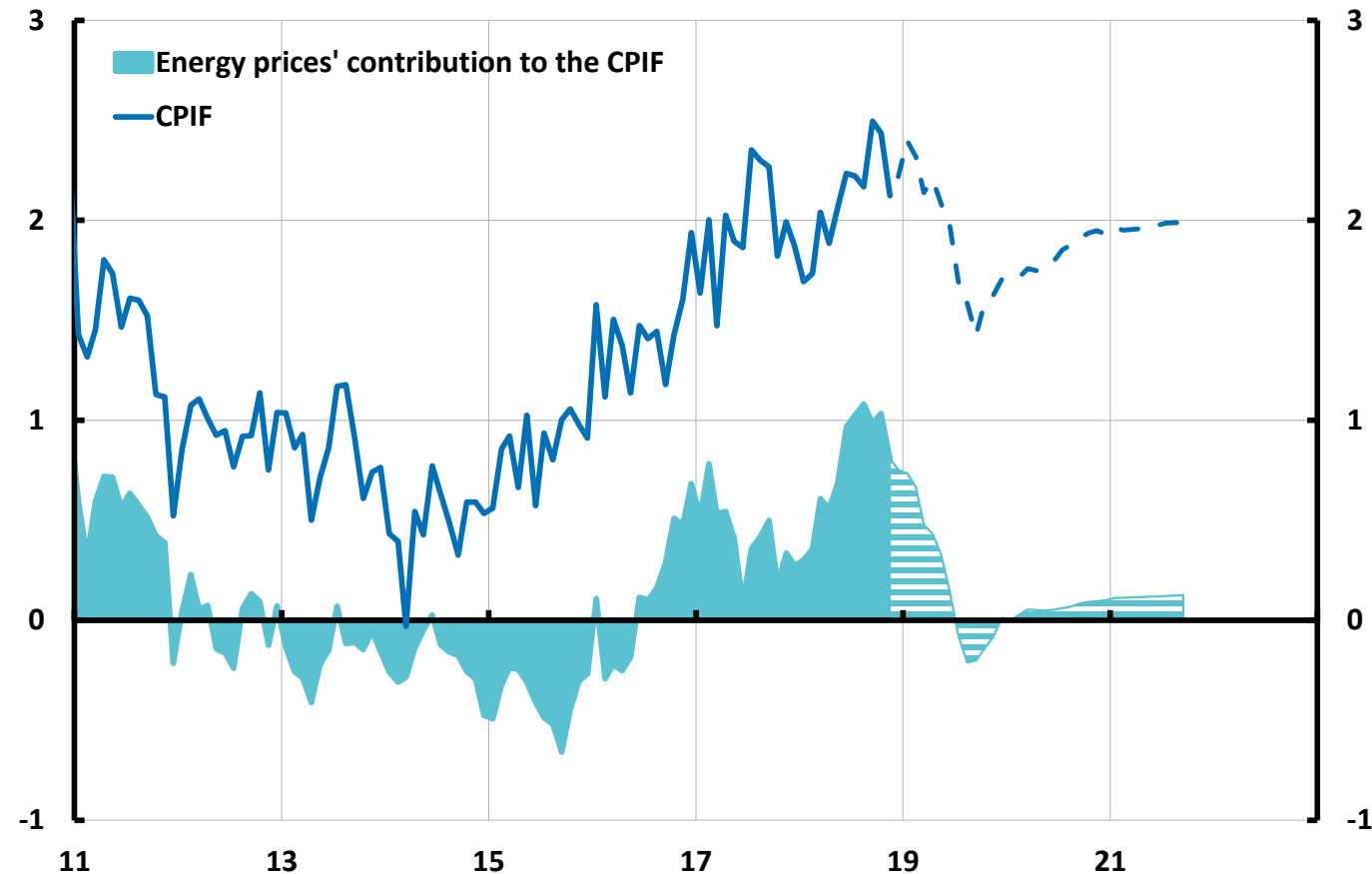
# Repo rate to be raised at a slow pace



Per cent.

Source: The Riksbank

# With slow rate increases, inflation will remain close to 2 per cent



Annual percentage change. The contribution of energy prices to the CPIF in the forecast is calculated as the annual percentage change in energy prices multiplied by their current weight in the CPIF.

Sources. Statistics Sweden and the Riksbank

# Monetary policy needs to proceed cautiously

- Risks and uncertainty abroad
- Need to remain vigilant about inflationary pressures
- Monetary policy to be adjusted according to the development of the economic outlook and inflation prospects

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