Monetary Policy Report

March 2026

Monetary Policy Report

Regularly or upon request, the Riksbank shall submit an account of monetary policy operations to the Riksdag's Committee on Finance (Chapter 11, Section 1, Sveriges Riksbank Act [2022:1568]). These accounts are presented both in specific material for assessing monetary policy and in the Monetary Policy Reports and Updates.

The Riksbank's Monetary Policy Report is published four times a year. The purpose of the report is to summarise the basis for the monetary policy decisions and the assessments made by the Executive Board of the Riksbank. The report describes the deliberations made by the Executive Board when deciding on an appropriate monetary policy[1]. The report includes a description of the future prospect for inflation and economic activity based on the monetary policy that the Executive Board currently considers to be well-balanced.

Through the Monetary Policy Reports, the Riksbank also informs the general public about monetary policy, which makes it easier for external parties to follow, understand and evaluate the Riksbank's actions.

The Executive Board made a decision on the Monetary Policy Report on 18 March 2026.

[1] See "Monetary policy in Sweden – The Riksbank's strategy" on the next page for a description of the monetary policy strategy and what can be regarded as an appropriate monetary policy.

Monetary policy in Sweden – the Riksbank's strategy

- According to the Sveriges Riksbank Act, the overriding objective of monetary policy is to maintain permanently low and stable inflation. The Riksbank has defined the objective as a target of 2 per cent for the annual change in the consumer price index with a fixed interest rate (the CPIF). The inflation target should function as a benchmark for price- and wage-setting in the economy.
- Without neglecting the inflation target, the Riksbank shall moreover contribute to a balanced development of production and employment. The Riksbank thus conducts a policy of flexible inflation targeting. In connection with each monetary policy decision, the Executive Board assesses which monetary policy is well-balanced. If inflation deviates from the inflation target, it is normally a question of finding a balance between how rapidly it shall be brought back to target and the effects on real economic developments.
- It is neither possible nor desirable to conduct a monetary policy that always keeps inflation at exactly 2 per cent. Changes occur constantly in the economy that make inflation vary in a way that cannot be predicted with sufficient precision, or counteracted in the short term. The important thing is that households and companies have confidence in the target. Prolonged deviations from the target risk affecting expectations of the normal level of inflation in the economy.
- As it takes time for monetary policy to impact fully on inflation and the real economy, monetary policy is guided by economic forecasts. There is no general answer to the question of how quickly the Riksbank aims to bring inflation back to 2 per cent if it deviates from the target. Too rapid a return may in some situations have very negative effects on production and employment, while too slow a return may weaken the credibility of the inflation target.
- The Riksbank can weigh risks linked to developments in the financial markets into its monetary policy decisions as long as confidence in the inflation target is clearly anchored, and expected and overall target achievement regarding inflation, production and employment is improved when viewed over a longer horizon. With regard to preventing an unbalanced development of asset prices and indebtedness, however, it is of prime importance that there is an efficient financial regulatory framework and effective supervision.
- The Riksbank's main monetary policy tool is the policy rate. When necessary, this can be supplemented with other measures, including purchases or sales of government securities, for example to ensure that monetary policy impacts effectively on the interest rates faced by households and companies. The Riksbank may buy and sell assets other than government securities if there are exceptional grounds. Such exceptional grounds may arise during times of financial turmoil or crisis, for example.
- The Riksbank strives for open and clear communication. This makes it easier for economic agents to make sound economic decisions and monetary policy will also be easier to evaluate. The Riksdag's Committee on Finance, the National Audit Office and the General Council of the Riksbank monitor and evaluate the conducted monetary policy in different ways within their respective remits.
- The Executive Board normally holds eight monetary policy meetings a year. After four of these meetings, a Monetary Policy Report with forecasts will be published. At the other four meetings, the Executive Board's assessments and motives for its monetary policy decisions are described in a shorter document, a Monetary Policy Update. Just under a week after each monetary policy meeting, minutes from the meeting are published, which set forth the reasoning of the different Executive Board members

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Monetary policy considerations

Recent international developments have been very dramatic. The war in the Middle East has caused major movements in energy prices and in financial markets, including a rise in short-term market interest rates. The US dollar has strengthened, including against the Swedish krona. It is still unclear what the more long-term consequences will be, in both geopolitical and economic terms, and conditions can change rapidly.

In Sweden, there are fundamentally favourable conditions for the economic recovery to continue. Underlying inflation has been unexpectedly low in recent outcomes. The war in the Middle East is expected to dampen growth somewhat in the near term and push up CPIF inflation as a result of higher energy prices. These are also expected to be passed on to some extent to other prices.

The Riksbank has decided to leave the policy rate unchanged at 1.75 per cent. The Riksbank's main scenario, which is highly uncertain this time, assumes that the war has moderate effects on inflation and the economic recovery. It is still too early to be able to see clearly how the war is affecting the outlook. At present, the Riksbank assesses that the current level of the policy rate and an unchanged forecast compared with December is a well-balanced monetary policy. This contributes to strengthening the economy, and to more underlying inflation being in line with 2 per cent at around the turn of the year. CPIF inflation will reach the target in 2029 when the temporary effects of energy prices and VAT adjustments will have ebbed out.

It is important to be prepared for a different course of events. One possible scenario is that the war has significantly greater effects on the global economy and leads to a broader and more persistent upturn in inflation. The Riksbank would then have to raise the policy rate, even though economic activity in this case would be significantly lower. Another possible scenario is that the negative effects on demand become more significant at the same time as inflationary pressures become weaker. The Riksbank would then have to cut the policy rate to stimulate demand and thereby stabilise inflation at the target.

The developments call for vigilance. Beyond the war in the Middle East, there are also several other risks, and the range of potential outcomes for what can happen going forward is wide. The Riksbank monitors

developments closely and will adjust monetary policy if the outlook for inflation and economic activity so requires.

International developments

The war in the Middle East has significantly worsened the security situation. At the end of February, the US and Israel launched air strikes on Iran. Iran has responded by attacking Israel as well as other countries in the region where there are US military bases. The deteriorating security situation is reflected in large upturns in measures of geopolitical risk.

The war has caused major movements in energy prices and in financial markets, as well as other supply disruptions. Energy production has been shut down in several countries in the Middle East. The security situation has also meant that shipping through the Strait of Hormuz, through which a large proportion of the world's energy transports pass, has essentially ceased. The impact on the global economy so far has been a dramatic rise in the price of oil and natural gas, but with considerable volatility. The upturn has in turn led to relatively large increases in the prices of some other input goods, including chemical fertiliser. Global stock markets have also been characterised by high volatility and have fallen overall, market interest rates have risen and the dollar has strengthened.

The situation is difficult to assess. How the war will affect the global economy is largely linked to how long and to what extent it affects energy production and transport. It is therefore too early to determine how large and long-term the economic effects will be and this makes it difficult to gain a clear picture of the outlook. The direct impact of higher energy prices will vary across countries, depending, among other things, on whether they are oil importers or exporters. Compared to other EU countries, Sweden's imports and consumption of oil products and natural gas are relatively small.

The war has affected expectations of central banks around the world. As a result of the war in the Middle East and rising energy prices, expectations for policy rates have shifted upwards. Market participants' expectations indicate one interest rate cut by the Federal Reserve this year, rather than two to three cuts as expected before the war in the Middle East. The ECB is now expected to make one to two hikes this year.

Before the outbreak of the war, inflation had fallen in both the United States and the euro area. Global growth was still good at the end of last year. Indicators for the labour market in February point to continued stable development in the euro area at the beginning of 2026, but a somewhat more subdued development in the United States. Inflation in February was slightly above 2 per cent in the United States and just under 2 per cent in the euro area. The higher energy prices will push up inflation worldwide, but current pricing on the futures market indicates a relatively short-term upturn.

There are major risks linked to the global economic outlook. There is considerable uncertainty about how the ongoing situation in the Middle East will affect both the economic and inflation outlook. The high volatility in financial prices could lead to broader disruptions in the financial markets. Import tariffs have decreased somewhat on average, but the United States' unpredictable trade policy and foreign policy stance remain a risk factor, as before. In addition, the war in Ukraine continues. Additional risk factors include the very high equity valuations of US technology companies, and the risks associated with the sustainability of public finances in several countries.

Developments in Sweden

Before the war broke out, the Swedish economy was continuing to recover and inflationary pressures were subdued. It is unclear both how the war in the Middle East has affected the economy so far and what the longer-term effects will be. The Riksbank's main scenario, which is very uncertain this time, is based on the assumption that the sharp rise in energy prices and other supply disruptions caused by the war will be relatively short-lived and that the effects on confidence will be limited. The war is thus expected to have a moderate impact on inflation and the economic recovery.

GDP growth was in line with the forecast in the fourth quarter of 2025. Growth was largely driven by government spending on defence, which contributed to a sharp increase in public consumption. Household consumption has continued to increase. On the other hand, net exports made a negative contribution to growth. As in previous quarters last year, growth was driven primarily by domestic demand.

Overall, the view is that GDP will increase at a normal pace during the first quarter. Signals from economic indicators before the war broke out have weakened somewhat; for example, Statistics Sweden's GDP indicator pointed to a decline in economic activity in January. At the same time, monthly indicators suggest that household consumption has continued to increase. The National Institute of Economic Research's Economic Tendency Survey indicated that business sentiment was approximately normal in February. Sentiment among households improved but was still being held back by a pessimistic view of their personal finances.

The war in the Middle East is hampering the near-term economic outlook somewhat. Higher energy prices reduce households' scope for other consumption and increase companies' production costs. In addition, heightened uncertainty is expected to somewhat dampen the willingness of businesses to invest and household sentiment in the near term. Overall, however, the recovery in the Swedish economy is still expected to continue.

Growth is driven by domestic demand going forward. Rising real disposable incomes are expected to lead to consumption continuing to increase at a solid pace. Moreover, increased defence spending is expected to continue contributing to GDP growth in the coming years. Business sector investment excluding housing is expected to pick up this year and housing investment is also expected to rise, albeit from low levels.

The labour market situation will gradually improve. The weak labour market started to improve towards the end of 2025. Employment rose more than expected in the fourth quarter and has increased further in early 2026. Several statistical sources also show that unemployment has fallen. Corporate recruitment plans remain positive, although they fell back slightly in February.

The krona has depreciated recently. After trending upwards in 2025, the krona started to weaken against the US dollar in February, and the recent turmoil has led to a further depreciation. The exchange rate is forecast to remain broadly unchanged.

Sharply rising electricity prices have pushed up inflation at the beginning of the year. The cold weather meant that electricity prices increased more after the turn of the year than in the Riksbank's December forecast. In February, CPIF inflation amounted to 1.7 per cent, to be compared with a forecast of 1.3 per cent. Since then, developments in the Middle East have led to a significant increase in oil and natural gas prices. Futures indicate that energy prices will fall in the period ahead, but to slightly higher levels than in the December forecast.

Underlying inflation has been unexpectedly low at the beginning of the year. When adjusted for energy prices, inflation was 1.4 per cent in February, significantly lower than in the Riksbank's forecast. Service prices, in particular certain administratively set prices, increased more slowly than expected. In line with the December forecast, goods price increases were subdued, partly explained by the stronger exchange rate having affected import prices.

Inflationary pressures rise during the forecast period. Indicators point to inflationary pressures being subdued in the near term, but rising with effect from next year as a result of the krona no longer holding back inflation to the same extent, while economic activity becomes increasingly stronger. Some pass-through of higher energy prices to other prices is also expected to contribute to the upturn. Longer-term inflation expectations are well anchored around the target.

Despite higher energy prices, inflation falls temporarily this year. The government's reduction in VAT on food in April, together with the effects of last year's sharp appreciation of the krona, will contribute to pushing down inflation measured by both the CPIF and the CPIF excluding energy this year. In April 2027, the CPIF excluding energy will rise again to close to 2 per cent, when the effect of the VAT cut no longer affects the inflation rate. The higher energy prices have led to an upward revision of the forecast for CPIF inflation in 2026, while the forecast for 2027 has been revised downwards.

There is considerable uncertainty about the outlook for the Swedish economy. In addition to the war in the Middle East, there are also other risks that could affect developments. The Swedish economy has so far proved resilient to unfavourable events abroad, but household and business sentiment can deteriorate rapidly. There are also risks to the inflation forecast linked to energy prices, the development of the krona, the reduction in VAT on food, and companies' pricing behaviour.

Policy rate left unchanged at 1.75 per cent

Inflationary pressures are subdued but energy prices have risen significantly. In recent months, inflation excluding energy has been lower than in the Riksbank's December forecast. Service prices in particular have increased more slowly than expected. At the same time, a cold winter has caused electricity prices to rise significantly, pushing up CPIF inflation. In addition, the war in the Middle East has led to a sharp rise in oil and natural gas prices. The prices of other key input goods have also risen.

The economic recovery has continued. GDP growth in the fourth quarter of 2025 was in line with the Riksbank's December forecast. Since the decision in January, indicators have moderated somewhat but overall point to normal growth in the first quarter. Although unemployment remains high, the labour market situation has gradually improved.

There are fundamentally favourable conditions for a continued recovery, but the war in the Middle East makes the outlook uncertain. In the main scenario, household finances are expected to improve in line with rising real disposable incomes, and consumption is projected to continue growing at a healthy pace going forward. However, the war in the Middle East is expected to hamper growth somewhat in the near term.

Although inflation is still expected to be low this year, higher energy prices will drive it up slightly, albeit temporarily. Excluding the effects of energy prices and the change in VAT on food, inflation is expected to be close to 2 per cent by the end of the year. However, it is important in this situation to take into account the risk of indirect effects from increased energy prices, even if these are assessed to be small in the Riksbank's main scenario (see the Fact Box "No single measure of underlying inflation is best in all situations"). Production and employment are assessed to reach normal levels next year.

The Riksbank has decided to leave the policy rate unchanged at 1.75 per cent. The Riksbank's main scenario, which is highly uncertain this time, assumes that the war in the Middle East has moderate effects on inflation and the recovery. It is still too early to determine how large and long-term the effects of the war will be and it is therefore difficult to gain a clear view of how the war will affect the outlook. At present, the Riksbank assesses that the current level of the policy rate and an unchanged forecast compared with December is a well balanced monetary policy (see Figure 1). This will help strengthen the economy, and contribute to more underlying inflation will be in line with 2 per cent at around the turn of the year. CPIF inflation will reach the target in 2029 when the temporary effects of energy prices and VAT adjustments will have ebbed out.

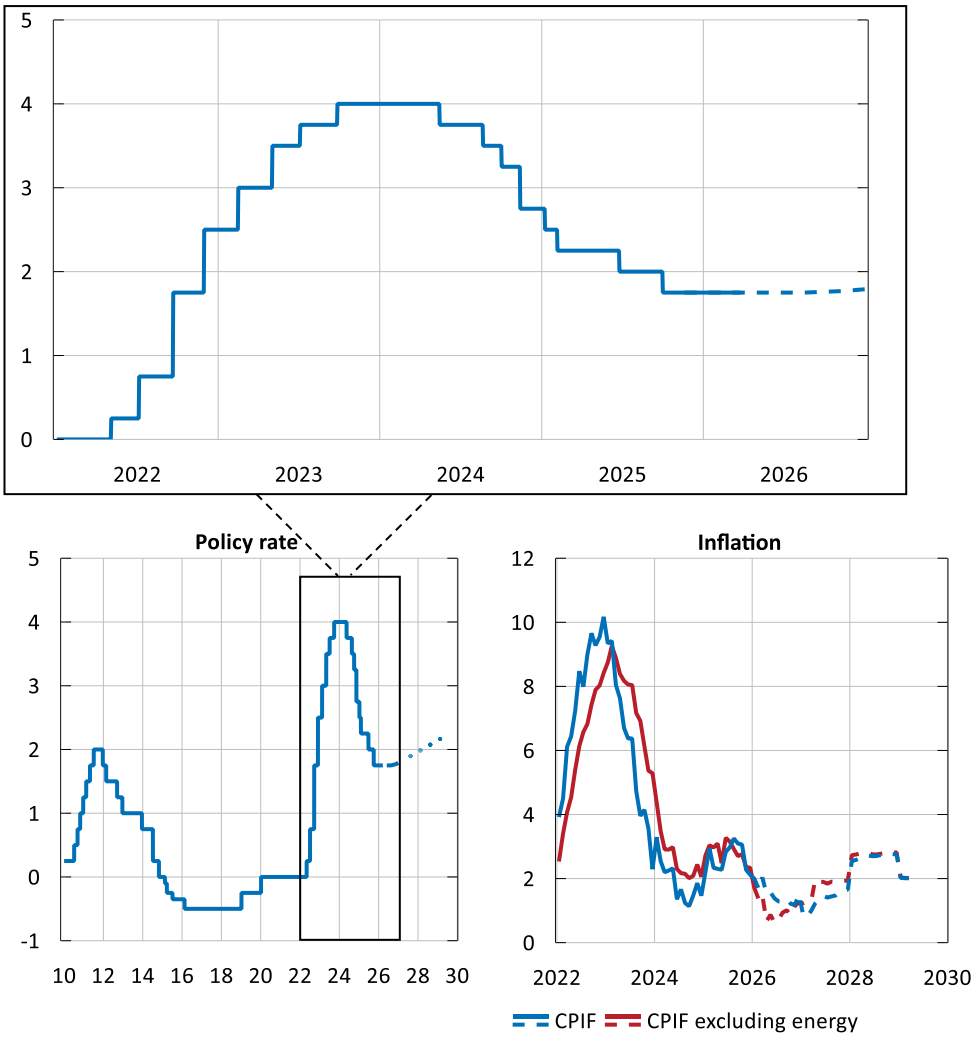
It is important to be prepared for a different course of events. One possible scenario is that the war has significantly greater effects on the global economy and leads to a broader and more persistent upturn in inflation. The Riksbank would then have to raise the policy rate, even though this would dampen economic activity (see Figure 2 and 3, and Chapter 3). Another possible scenario is that the negative effects on

demand become more significant at the same time as inflationary pressures become weaker. The Riksbank would then have to cut the policy rate to increase demand and thereby stabilise inflation at the target.

The developments call for vigilance. The risks associated with the war in the Middle East are significant, but there are also several other risks, and the range of potential outcomes going forward is wide. The Riksbank monitors developments closely and will adjust monetary policy if the outlook for inflation and economic activity so requires. By maintaining confidence in the inflation target, the Riksbank contributes to stability in the economy.

Figure 1. Swedish policy rate and inflation

Per cent and annual percentage change respectively (lower right)

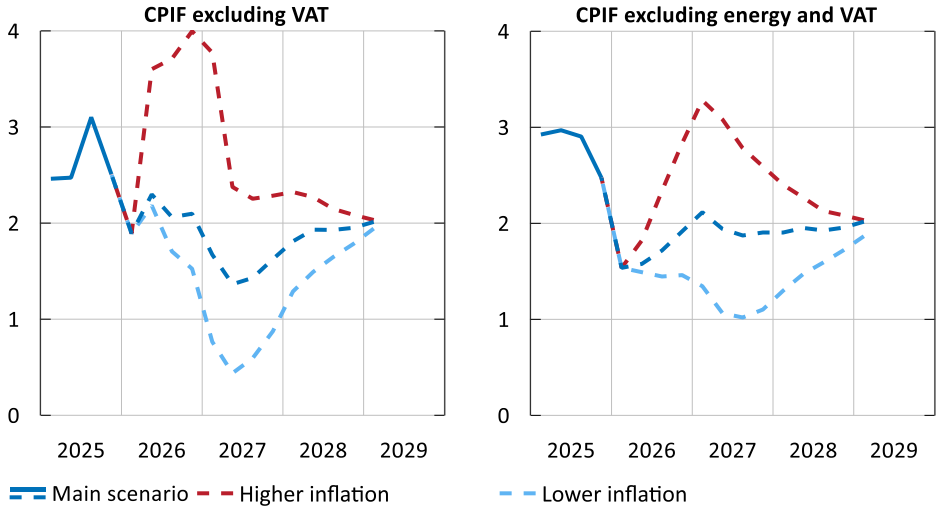


Note. Solid line refers to outcome, dashed/dotted lines refers to the Riksbank's forecast. Outcomes for the policy rate are daily data and the forecasts refer to quarterly averages. The upper image shows the forecast for the policy rate in the short run and is based on the long-term policy rate path in the lower left figure. The dotted line illustrates the fact that the forecast for the policy rate in the longer run is very uncertain, which is discussed further in Chapter 3. The inflation forecast is based on the forecast for the policy rate.

Sources: Statistics Sweden and the Riksbank.

Figure 2. Forecast and alternative scenarios for CPIF and CPIF excluding energy and the direct effect of change in VAT on food

Annual percentage change

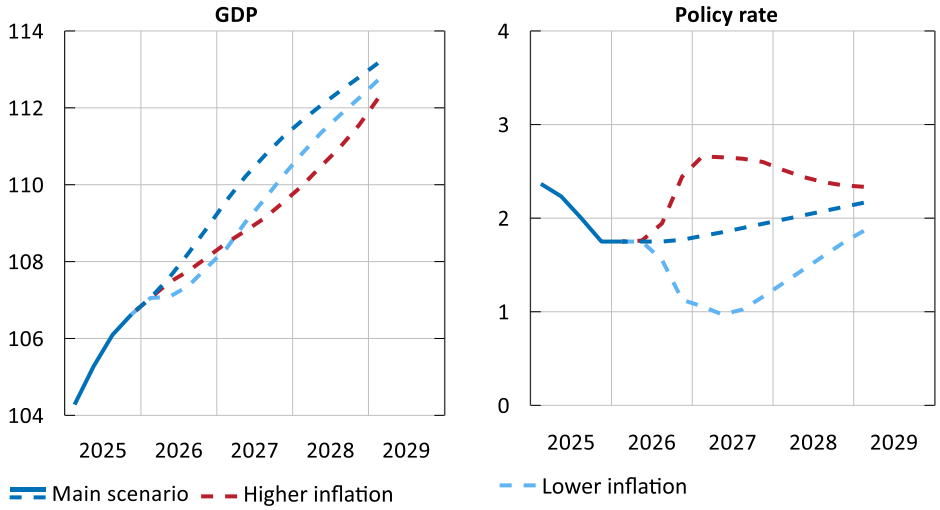


Note. Quarterly averages. Seasonally adjusted data. In the forecast and alternative scenarios for the CPIF and the CPIF excluding energy, the direct effect on the price level from the cut in VAT on food has been excluded. Solid lines show outcome and dashed lines show forecasts and scenarios.

Sources: Statistics Sweden and the Riksbank.

Figure 3. Forecast and alternative scenarios for GDP and the policy rate

Index, 2019 Q4 = 100 (left) and per cent (right)



Note. Quarterly averages. Seasonally adjusted data (left). For the figure to the right, the deviations from the forecast in the alternative scenarios are not necessarily symmetrical, as they illustrate the monetary policy response to specific shocks to the economy. Any asymmetry should therefore not necessarily be interpreted as the Riksbank seeing the risks surrounding the policy-rate forecasts as unbalanced. Solid lines show outcome and dashed lines show forecasts and scenarios.

Sources: Statistics Sweden and the Riksbank.

FACT BOX – No single measure of underlying inflation is best in all situations

According to the Sveriges Riksbank Act, the overriding objective of the Riksbank is to maintain sustainably low and stable inflation. The Riksbank has set the inflation target to 2 per cent and specified that the target variable should be formulated in terms of CPIF inflation. However, it is not unusual for CPIF inflation to be affected by temporary price changes that are of less significance for developments in the long term. The Riksbank therefore calculates and publishes various measures of underlying inflation. The aim is to obtain a picture of how high the more persistent part of the measured inflation rate is by removing temporary price changes.[2] At the same time, too much should not be removed, as this risks missing signs of spillover effects to other prices.

No single measure of underlying inflation is considered to provide the best picture of inflationary pressures in all situations, and different measures of underlying inflation may be useful at different times or periods. At present, rising energy prices and a temporary reduction in VAT on food are two factors that will contribute to significant fluctuations in CPIF inflation in the coming years.[3] Monetary policy affects the economy with a lag and is therefore based on a forecast for inflation. As long as the changes in energy prices and VAT do not spread and affect other prices and/or confidence in the inflation target, they will not affect the inflation forecast in the medium term.

Under the assumptions made in the Riksbank's main scenario, inflation measures that exclude the direct effects of changes in energy prices and the change in food VAT are therefore currently considered to provide the most accurate picture of underlying inflation. However, the more energy prices rise and the more prolonged the increase, the greater the risk of spillover effects. In such a situation, changes in energy prices should be considered more as part of underlying inflation. An example of this is illustrated in one of the Riksbank's alternative scenarios in this report (see Figures 2 and 3 and Chapter 3).

[2] See the article "Why measures of core inflation?" in Monetary Policy Report, October 2018, Sveriges Riksbank.

[3] See the analysis 'Rising energy prices will lead to higher inflation this year' in this report.

1 The economic situation

The war in the Middle East has entailed sharply rising and volatile prices on oil and natural gas, as well as considerable uncertainty in the global economy. This has led to turbulence on financial markets, with heavy falls on stock markets around the world, rising market rates and a stronger dollar.

Statistics and indicators of economic developments prior to the outbreak of war at the end of February show that growth abroad remained solid at the end of last year. Indicators for the labour market in February point to a somewhat more subdued development in the United States, but a stable development in the euro area at the beginning of 2026. Inflation in February was just below 2 per cent in the euro area and just over 2 per cent in the United States.

Last year the Swedish real economy began to recover and GDP growth the fourth quarter was in line with the Riksbank's forecast. Before the war broke out, the Swedish economy was continuing to recover. Overall, the indicators support the view of a normal growth rate in the near term. The labour market situation has also improved. Employment rose more than expected in the fourth quarter and has increased further in early 2026.

At the beginning of the year, inflationary pressures were subdued. When adjusted for energy prices, inflation was 1.4 per cent in February, significantly lower than the Riksbank’s forecast. Service prices, in particular certain administratively set prices, increased more slowly than expected. Sharply rising electricity prices have pushed up inflation at the beginning of the year. In February, CPIF inflation amounted to 1.7 per cent. Since the war broke out, the price of oil and natural gas has risen tangibly. Forward pricing indicates that energy prices will fall in the period ahead, but to slightly higher levels than in the December forecast.

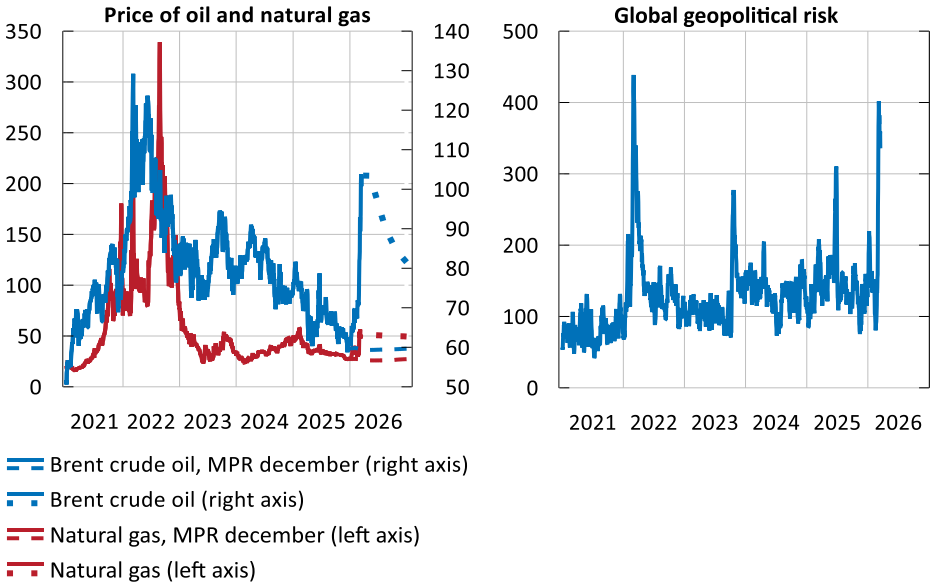
1.1 War in the Middle East

The geopolitical situation has deteriorated further in that the United States and Israel have attacked Iran, which has responded by taking action against Israel and other countries with US military bases. The immediate effect on the global economy so far has been a dramatic rise in the price of oil and natural gas, but with considerable volatility (see Figure 4). Since the war began, the price of oil has risen by 44 per cent

and the price of natural gas by 58 per cent, but the prices are still below the levels in 2022. The upturn in oil and natural gas prices has in turn entailed relatively large price increases on some other intermediate goods, including fertilisers. The deteriorating security situation is reflected in a large upturn in measures of geopolitical risk (see Figure 4).[4]

The way the war in the Middle East will affect the global economy will depend on to what extent and how long the volumes and provision of oil and natural gas to the rest of the world are affected. It also depends on how the war affects the production of other types of intermediate goods.

Figure 4. The price of oil and natural gas and the index for geopolitical risk
Dollars per barrel (oil) and EUR/Mwh (natural gas) and index (right)



Note. Solid lines refer to outcome and dashed/dotted lines refers to forward pricing. MPR is an abbreviation of Monetary Policy Report (left). Caldara and Iacoviello's geopolitical risk index (1985-2019 = 100) is calculated by counting the number of articles related to adverse geopolitical events in ten major newspapers as a share of the total number of news articles. One week moving average (right).

Sources: Caldara and Ioacoviello (2022) and Intercontinental Exchange.

The war has created considerable turmoil in the financial markets

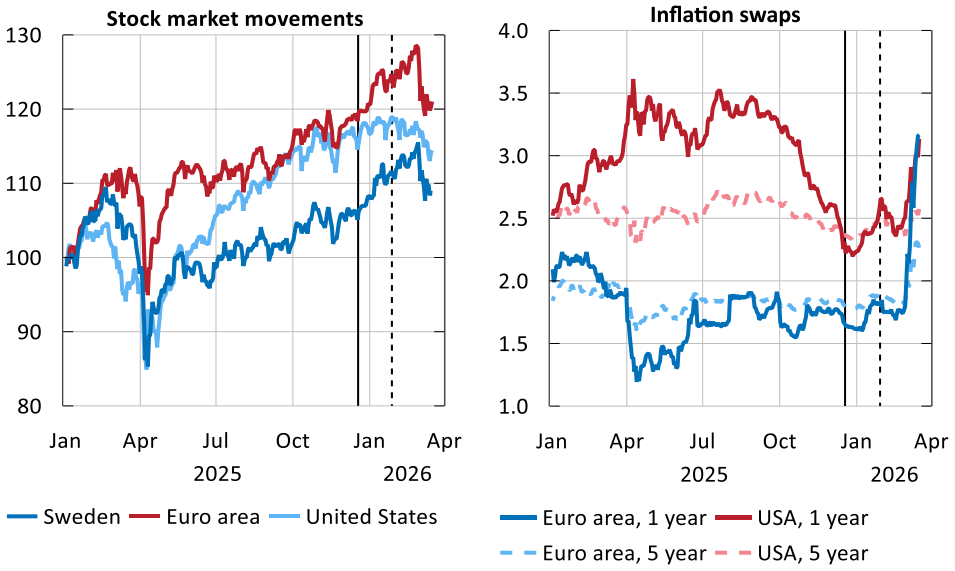
The effects of the war in the Middle East are so far mainly visible in the financial markets. Financial conditions have been favourable for a fairly long period, both internationally and in Sweden, and have been gradually improving. This situation has now changed. The war in the Middle East has created substantial volatility on the financial markets, and there is considerable uncertainty over how the war will affect financial conditions going forward.

[4] For a more detailed description of the measure, see Caldara, Davide and Matteo Iacoviello (2022), "Measuring Geopolitical Risk", American Economic Review, 112 (4), pp. 1194–1225.

The outbreak of the war lead to substantial falls on stock markets around the world (see Figure 5). These falls are due to the rapidly rising oil prices increasing investors' concerns over a global energy crisis that could also rapidly push up inflation. This is reflected, for instance, in market-based measures of inflation expectations (see Figure 5).[5] Compared with the tariff announcements in April 2025, the stock market falls have so far been smaller.

Figure 5. Stock market movements and inflation swaps

Index, 2 January 2025 = 100 (left) and per cent (right)



Note. Stock exchange indices refer to OMXS for Sweden, STOXX for the euro area and S&P 500 for the United States (left). Inflation expectations are based on 1-year and 5-year inflation swaps linked to HICP in the euro area and CPI in the USA (right). The solid and dashed lines mark the period immediately prior to the monetary policy meetings in December and January respectively.

Sources: Bloomberg Finance LP, Nasdaq OMX Nordic, S&P Global and STOXX.

The war has also caused market rates to rise again, both in Sweden and abroad (see Figure 6). The upturn in government bond yields is partly connected to expectations of higher inflation and thus tighter monetary policy. As a result of this, the slope of the yield curve has flattened as yields on government bonds with relatively short maturities have risen more than yields on government bonds with longer maturities. One interpretation of this is that market participants see somewhat lower growth prospects going forward.

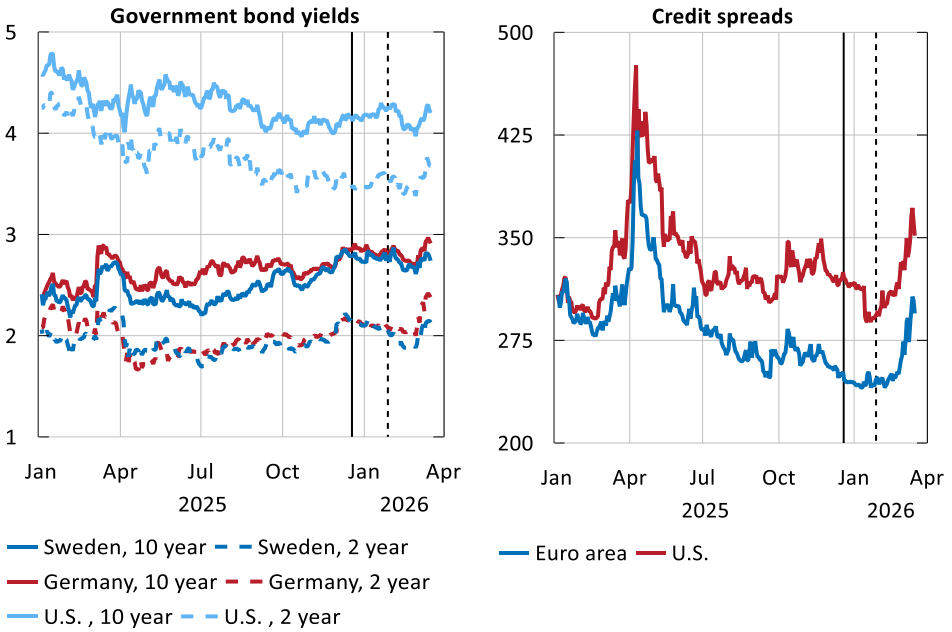
Credit spreads in the euro area and the United States have risen substantially recently, which indicates somewhat tighter financing conditions for companies (see

[5] Market-based measures of inflation expectations refer to inflation swaps. An inflation swap is a financial contract whereby two parties exchange payments over a set period of time. One party pays a fixed percentage (representing the expected average inflation over the period), while the other party pays the actual inflation realised during the period.

Figure 6). The uncertain geopolitical situation can lead to credit spreads continuing to rise going forward.

Figure 6. Government bond yields and credit spreads

Per cent (left) and basis points (right)



Note. Spread against swap. Euro area credit spreads are measured using the iTraxx Xover index, which consists of 75 equally weighted credit default swaps (CDS) for companies with low/medium credit ratings. CDS in the United States refers to 100 North American companies divided into BB and B ratings (right). The solid and dashed lines mark the period immediately prior to the monetary policy meetings in December and January respectively.

Sources: Bloomberg Finance LP and Macrobond Financial AB.

The war has also affected expectations about central banks abroad

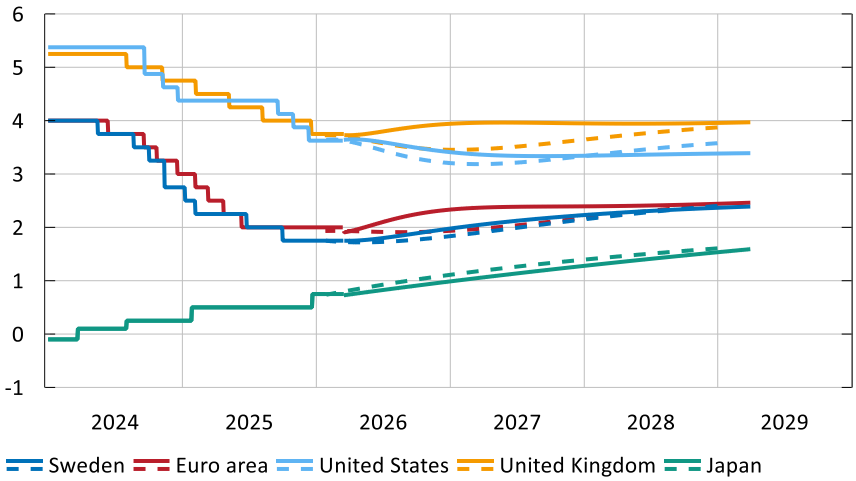
As the market now assesses that the war can lead to higher inflation, expectations have increased that some central banks may need to raise their policy rates during the year. With regard to the ECB, expectations have changed clearly in relation to the period prior to the outbreak of the war. The market is now expecting that the policy rate will be raised one to two times which would give a deposit rate of 2.3 per cent at the end of the year (see Figure 7). The ECB held its policy rate unchanged at its most recent meeting in February.

In the United States, the Federal Reserve left its policy rate unchanged in the range of 3.5–3.75 per cent at its most recent meeting in January. It was emphasised in the following communication that the labour market is still relatively stable, at the same time as inflation remains above the target of 2 per cent. Prior to the outbreak of the war in the Middle East, market participants were expecting two to three cuts by the Federal Reserve over the course of the year. Forward pricing now instead indicates expectations of one cut during the year. The market unease concerning the composition of the central bank's deciding body (the Federal Open Market

Committee, FOMC) appears to have declined somewhat after the US President nominated a new chair. However, it is still uncertain what direction monetary policy in the United States will take in the period ahead.

Figure 7. Market expectations of policy rates

Per cent



Note. The figure shows policy rates and market-based expectations according to forward pricing. Solid lines represent expectations on 17 March 2026. Dashed lines represent expectations immediately prior to the monetary policy meeting in January.

Sources: National central banks and the Riksbank.

Some central banks were already moving in the direction of a tighter monetary policy before the war broke out. In February, the Reserve Bank of Australia raised its policy rate by 0.25 percentage points, with reference to both high inflation and a strong development in the economy. A surprisingly high inflation outcome in Norway in January led expectations for policy rates to shift upwards. In Japan, market participants expected that the Bank of Japan would raise the policy rate twice during the year even before the war broke out.

1.2 Real economy and inflation abroad

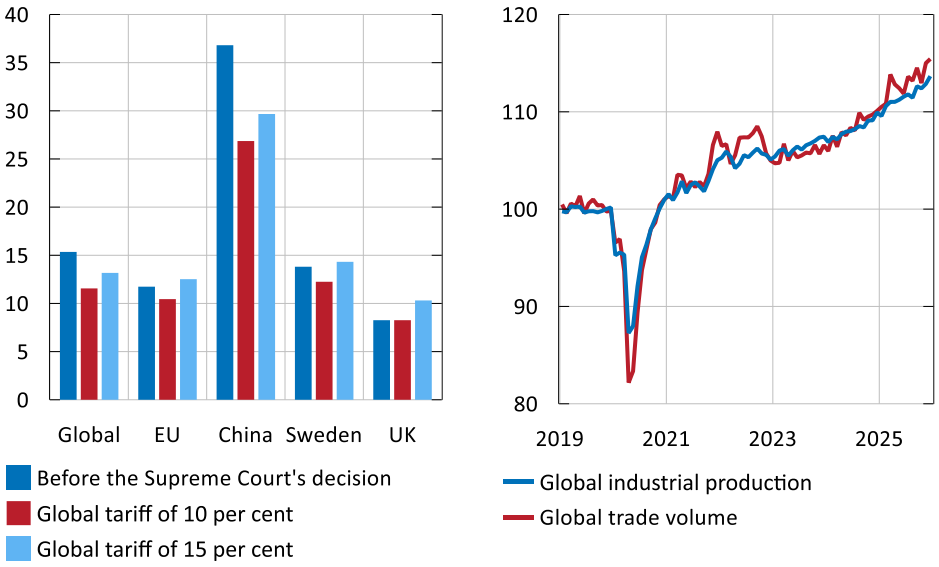
Changed US tariffs

Last year, the extensive tariff increases on US imports created considerable uncertainty regarding global economic developments. There have been some changes in trading patterns to avoid the US tariffs. But the total volume of global trade has developed well so far, and increased faster than global industrial production in 2025 (see Figure 8). The tariffs were particularly high on imports from China, which means that US imports from China declined substantially. However, this was counteracted by China increasing its exports to other parts of the world, including the EU – see the Fact Box “Resilient exports from China last year”.

The US Supreme Court has established that the administration did not have legal support to decide on most of its tariffs.[6] Instead, the President has introduced with other legal support a general tariff on imports of 10 per cent, which is expected to be increased to 15 per cent.[7] This change means that US tariffs towards other countries have decreased. If the tariff rate is set at 15 per cent, however, the difference will be minor for many countries. The tariff on imports from China will be much lower, however (see Figure 8).

Figure 8. New and old tariffs and developments in world trade

Per cent (left) and index (right)



Note. Global refers to average global tariffs for goods exports to the United States (left). Seasonally adjusted data (right).

Sources: Global Trade Alert and Netherlands Bureau for Economic Policy Analysis.

Indications of a more subdued labour market in the USA

Studies indicate that the US tariffs have largely meant that US importers have had to pay higher prices, rather than that companies in other countries have lowered their export prices. This means that the cost of the import tariffs has probably mostly fallen on companies and households in the United States.[8] The calculations indicate that the impact of the tariffs on prices in the United States has increased gradually and that

[6] More specifically it applies to the tariffs that were introduced on imports from specific countries with the support of the International Emergency Economics Power Act, which gives the President the power to regulate trade in response to extraordinary threats to the US national security, foreign policy or economy.

[7] New information on the tariffs has been promised in the coming months. It is not clear when and to what extent the fees paid by US importers will be repaid. Such repayments will probably be preceded by legal processes that may be long drawn out.

[8] See M. Amiti, C. Flanagan, S. Heise and D. Weinstein (2026), "Who Is Paying for the 2025 U.S. Tariffs?," Federal Reserve Bank of New York Liberty Street Economics, February 12 and J. Hinz, A. Lohmann, H. Mahlkow and A. Vorwig (2026), "America's Own Goal: Who Pays the Tariffs?", Kiel Policy Brief 201, Kiel Institute.

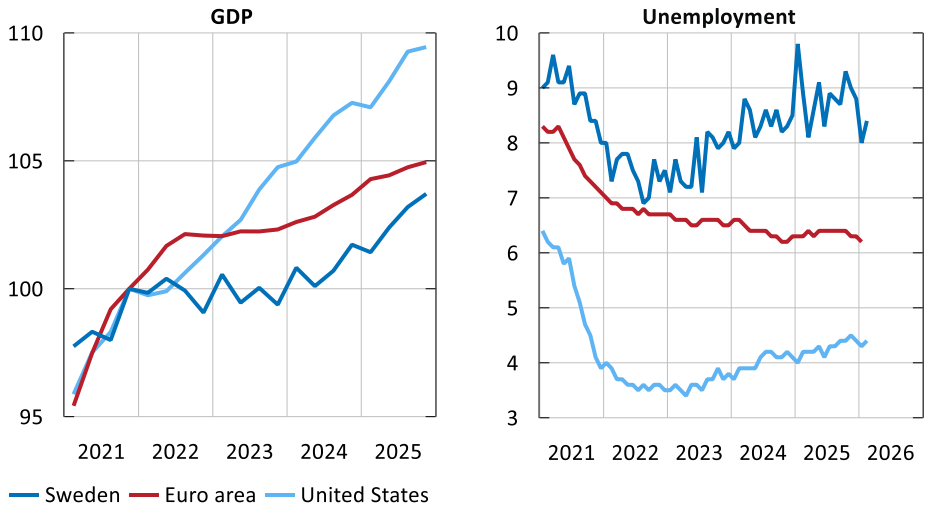
inflation in recent months has been 0.6–0.9 percentage points higher than without the tariffs.[9]

However, domestic demand in the US economy has remained strong. GDP in the United States increased rapidly during much of 2025, with strong household sector consumption as one of the motors in the economy (see Figure 9). Large AI-related investments have also pushed up GDP growth, but the net effect on GDP is subdued by the investments at the same time requiring imports, for instance of hardware. However, demand slowed down towards the end of 2025, even though it was mainly the federal shutdown in the fourth quarter that held back growth temporarily. Exports showed weak development and contributed to lower growth.

At the beginning of 2026, consumption will probably be kept up by an expansionary fiscal policy, but household sentiment remains subdued. Unemployment has risen somewhat during 2025 (see Figure 9). The number of employed increased strongly in January 2026, but revisions to the statistics for previous years indicated at the same time that the number of employed had increased less than was reported earlier. In February, the number of employed declined and the outcomes for December and January were adjusted down somewhat, which reinforces the picture of more subdued developments.

Figure 9. GDP and unemployment abroad

Index, 2021 Q4 = 100 (left) and percentage of labour force (right)



Note. Seasonally and calendar-adjusted data (left). Unemployment among those aged 15-74 for Sweden and the euro area, and those aged 16 and older for the United States. Seasonally adjusted data (right).

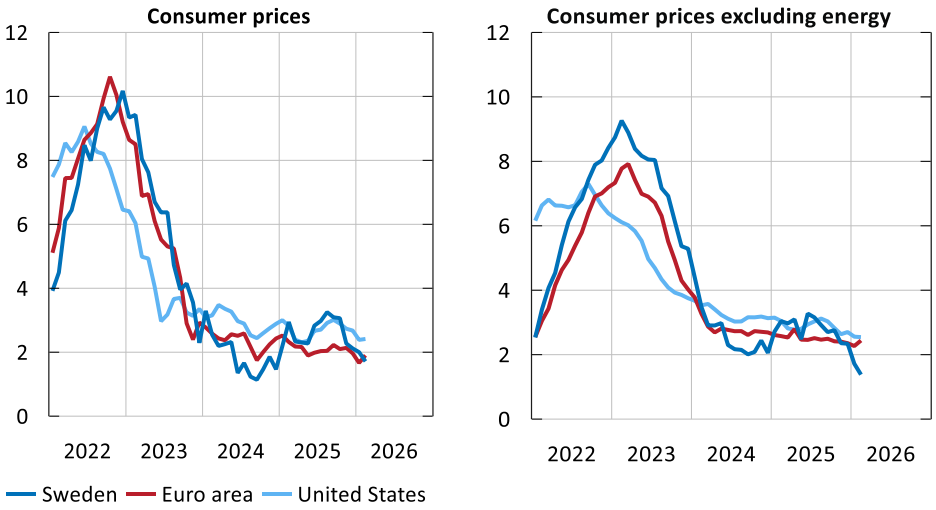
Sources: Eurostat, Statistics Sweden, US Bureau of Economic Analysis and US Bureau of Labor Statistics.

[9] See A. Cavallo, P. Llamas and F. Vazquez (2025), ”Tracking the Short-Run Price Impact of U.S. Tariffs”, NBER Working Paper 34496, National Bureau of Economic Research, and updated calculations at www.pricinglab.org/tariff-tracker.

The Federal shutdown in the United States in autumn 2025 meant that the statistics authorities were not gathering information on prices during a period of time. This has meant that the statistics on the development of inflation have become less reliable since then.[10] The most recent outcomes have been lower than expected and in January CPI inflation fell to just over 2 per cent and remained there in February (see Figure 10). However, goods prices continued to increase more than their historical average, probably because the prices of imported goods rose as a result of higher import tariffs and a weaker dollar. Inflation measured as the change in the PCE, which is the measure the Federal Reserve prefers, has been just below 3 per cent since autumn 2025.

Figure 10. Consumer prices abroad

Annual percentage change



Note. Prices measured in terms of the CPIF for Sweden, the HICP for the euro area and the CPI for the United States.

Sources: Eurostat, Statistics Sweden and US Bureau of Labor Statistics.

Stable labour market in the euro area

GDP in the euro area was weak during the fourth quarter of 2025, but this was largely due to a negative contribution from Ireland (see Figure 9).[11] GDP growth for other countries in the euro area was greater during the fourth quarter in relation to the previous quarter. For instance, GDP growth in Germany strengthened.

In the euro area as a whole, the Commission's confidence survey for the business sector was still somewhat below its historical average in February. Confidence fell both in the manufacturing sector and the service sector, but improved somewhat in

[10] See, for instance, M. Almuzara and G. Mesters (2026), "Seeing Through the Shutdown's Missing Inflation Data," Federal Reserve Bank of New York Liberty Street Economics, February 17.

[11] GDP statistics in the euro area are greatly affected by developments in Ireland, despite the country's economy comprising a relatively small part of the entire euro area. This is because many multinational corporations have subsidiaries in Ireland, where they have located patents and trademarks. Profits based on these immaterial rights are registered in Ireland, which has a large impact on both Ireland's and the euro area's GDP.

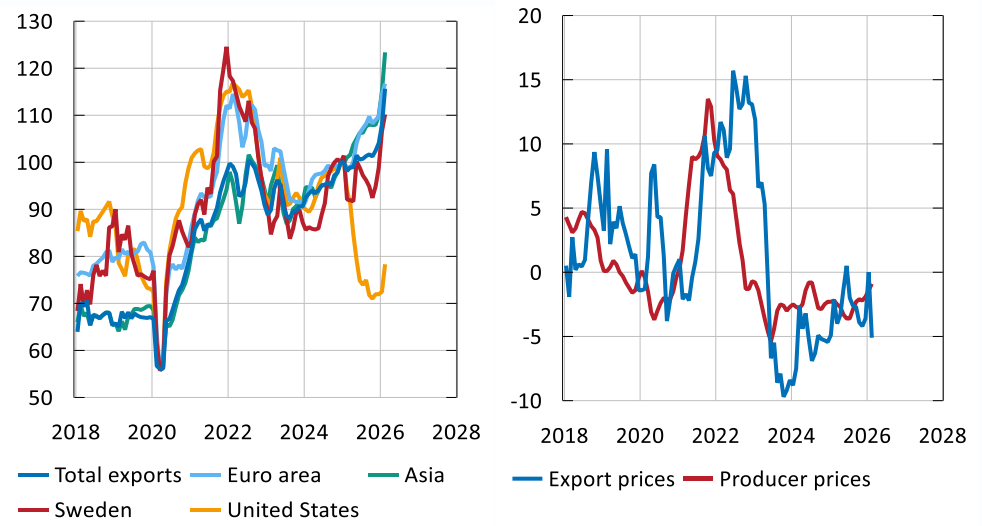
the household sector. The labour market has been stable and unemployment has remained around a level just over 6 per cent since the middle of 2025 (see Figure 9). Inflation in the euro area has been around 2 per cent for a longer period of time and was 1.9 per cent in February (see Figure 10). Energy prices in the same month, that is, prior to the outbreak of war in the Middle East, were lower than in February last year.

FACT BOX – Resilient exports from China

Despite the United States raising tariffs on imports from China substantially, Chinese exports continued to increase last year. A large decline in exports to the United States has been counteracted by increased exports to other countries (see Figure 11). The increase was largest to the rest of Asia, but there are signs that some of the goods were then sent on to the United States.[12] Exports to the rest of the world have also been strong, and exports to the EU increased by more than 8 per cent.

Figure 11. China's exports and Chinese export prices and producer prices

Index, December 2024 = 100 (left), and annual percentage change (right)



Note. Export value. Seasonally adjusted data, three-month moving average (left).

Sources: China General Administration of Customs, China National Bureau of Statistics, Macrobond Financial AB and the Riksbank.

The exports have been supported by several factors. Extensive government support and investment in the manufacturing industry has contributed to a surplus capacity, where the volume of goods produced exceeds domestic demand.[13] Producers have then cut their prices to maintain sales, resulting in producer and export prices falling for almost three years (see Figure 11).[14] At the same time, the exchange rate has remained weak. Despite some appreciation against the dollar during the second half of last year, the real exchange rate continued to weaken overall against both the dollar and other currencies during 2025.[15]

The high exports have coincided with Chinese imports declining somewhat in recent years, both as a result of weak demand and because China has made strategic

[12] See, for instance, R. Brooks (2025), "China's transshipment of goods to the US" at Brookings, 20 June.

[13] See, D. Garcia-Macia et al. (2025) "Industrial Policy in China: Quantification and Impact on Misallocation", *IMF working paper*, that estimates the cost of the industrial policy as 4 per cent of GDP.

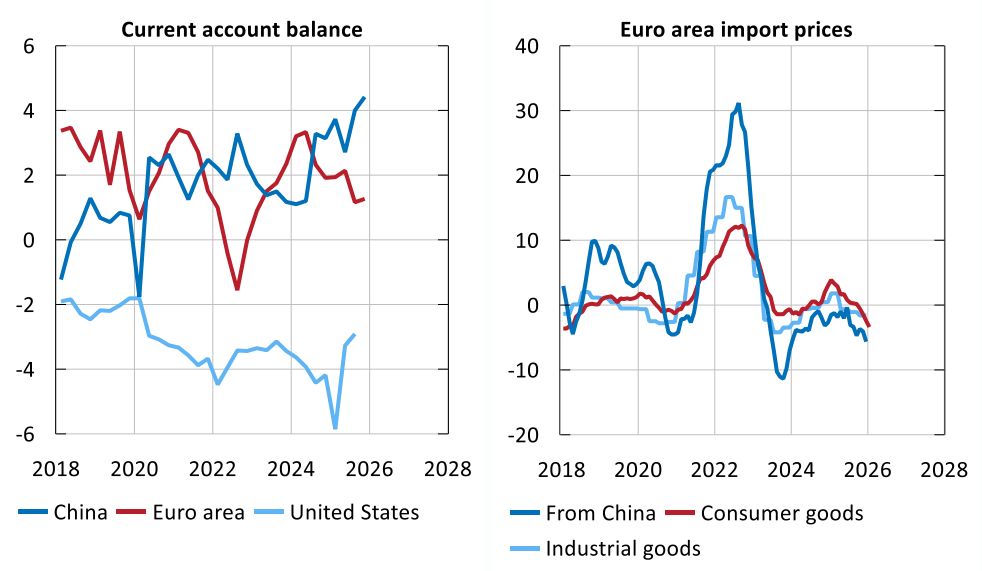
[14] See Al-Haschimi et al. (2025), "China's growing trade surplus: why exports are surging as imports stall", *ECB Bulletin,* Issue 7/25 which shoes that export growth has been higher in the sectors where domestic sales have been weak.

[15] See, for instance, "Beijing urged to let renminbi strengthen" in Financial Times, 8 January 2026.

investments to promote self-sufficiency which reduce the need to import.[16] This development has led to an increase in China's current account surplus (see Figure 12).

Figure 12. Current account balance and import prices

Per cent of GDP (left) and annual percentage change (right)



Note. Seasonally adjusted data. Import price from China is three-month moving average.

Sources: China General Administration of Customs, China National Bureau of Statistics, ECB, Eurostat, State Administration of Foreign Exchange of China, US Bureau of Economic Analysis and the Riksbank.

The growing imbalances have become an increasingly large political question, where European leaders have raised concerns that China's policy leads to an unsustainable inflow of Chinese goods to the EU.[17] Lower import prices from China can benefit European companies through lower purchasing costs, which can be passed on to consumers (see Figure 12). But this also entails increased competition on the domestic market and export market.[18] Some countermeasures have been taken to meet the distorted competition. In 2024, the EU raised tariffs on electric vehicles, in July tariffs on small packages will be introduced and higher import tariffs on steel have been proposed.[19] Studies show that the effect on inflation in the euro area of cheaper Chinese imports leads to at most 0.15-0.2 percentage points lower inflation

[16] This includes the strategy "Made in China 2025" which was presented in 2015 and aims to make the country a leading light in high-tech manufacturing and to reduce dependence on imports.

[17] See, for instance, the opinion piece "We urgently need to rebalance EU-China relations" by French President Emmanuel Macron in the Financial Times, 16 December 2025.

[18] D. de Soyres et al. (2025) "The sectoral evolution of China's Trade" shows that China is importing less of the goods that advanced economies are exporting and that its exports are to a greater extent competing with theirs.

[19] See the Fact box "China's exports and the western world's increased trade tariffs" in the *Monetary Policy Report*, June 2024 and the ECB's press release "Council gives final green light to new customs duty rules for small parcels" on 11 February 2026. On 1 January the Carbon Border Adjustment Mechanism (CBAM) also came into force, which means that carbon dioxide-intensive goods imported into the EU are priced in the same way as goods produced within the EU.

over the coming two years, but this is a development that needs continued monitoring.[20]

1.3 Financial conditions[21]

The stock market decline follows a period of strong stock market performance

Until the outbreak of war, stock market performance had been strong this year (see Figure 5). The favourable developments on the Swedish equity market can be partly explained by the growth in the defence industry and the fact that Swedish mining companies benefit from high metal prices. The development of the US stock market has been volatile since the turn of the year. The fluctuations partly reflect concerns regarding many highly valued AI companies, as well as a sector rotation driven by expectations of how AI can fundamentally change various industries. One example of this sector rotation is that certain established consulting firms have seen weaker stock market performance in connection with several large AI companies presenting new advances. This reflects concerns that AI technology may eventually replace some of the tasks currently performed by such consulting firms.

Falling interest rates for Swedish households and stable credit growth

The policy rate has had a good impact on the interest rates faced by households and companies. Households have short interest-rate fixation periods for their mortgages and the changes in the Riksbank's policy rate have therefore had a rapid impact on them (see Figure 13). Moreover, the premiums on covered bonds fell before the war broke out, which reduced the banks' funding costs and thus contributed to lower mortgage rates. The deposit rates offered to households are still at low levels.

Credit growth to households continues to increase, but much suggests that it will not be as high as before the pandemic (see Figure 13).[22] This can be seen as an adjustment to a more long-term sustainable rate of growth. Households are mainly demanding credit for mortgages, and one can see parallel with this that the housing market is cooler, with lower price increases. Corporate credit growth and investment are increasing somewhat faster than household credit growth and in line with historical patterns. Low credit spreads and information from the Economic Tendency Survey indicate that companies have good access to funding and that they are facing favourable lending conditions.

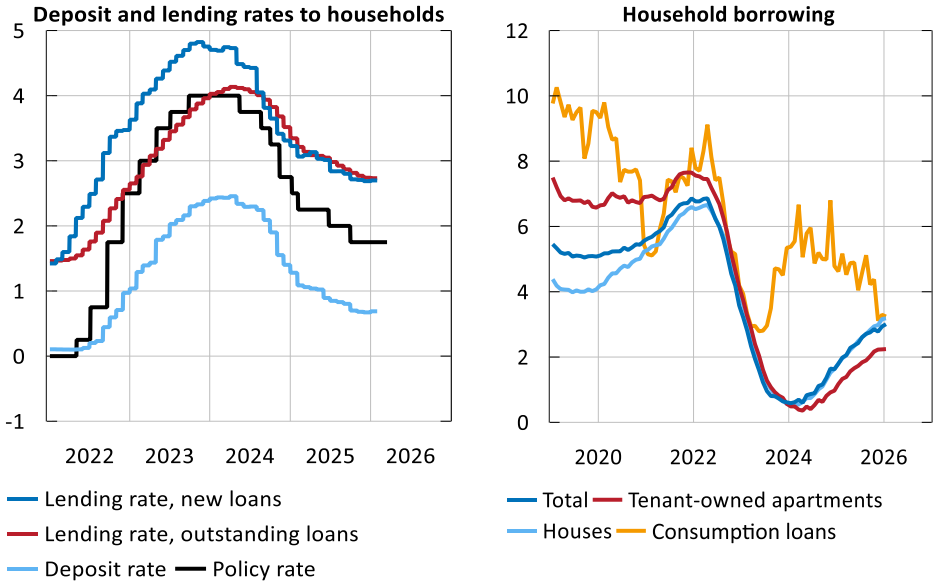
[20] Se L. Boeckelmann et al. (2025), "China-US trade tensions could bring more Chinese exports and lower prices to Europe", The ECB blog, 30 July and F. Corsello et al. (2025), "The Great Wall of Chinese goods: The effect of tariff-induced re-rerouting on euro area consumer prices" VoxEU Column, 12 June. J. Camacho and C. Flodberg (2025), "Imports from China and effects of changes in trade patterns", *Economic Commentaries* no. 8, Sveriges Riksbank show that the Swedish import share from China is lower than the EU's, and the effects are probably more limited.

[21] Developments in the financial markets since the start of the war in the Middle East are described on page 14.

[22] The decline in credit growth for unsecured loans may be related to the abolition of the tax relief on interest payments for unsecured loans at the turn of the year.

Figure 13. Average lending and deposit rates to households and household borrowing

Per cent (left) and annual percentage change (right)



Note. Volume-weighted averages of lending and deposit rates at all maturities. Refers to interest rates on loans from monetary financial institutions, housing credit institutions and alternative investment funds. Lending rate refers to loans for housing purposes. New loans also include renegotiated loans (left). Refers to lending by monetary financial institutions to households adjusted for reclassifications and bought and sold loans (right).

Sources: Statistics Sweden and the Riksbank.

The krona strengthened significantly last year

Following the outbreak of the war in the Middle East, the krona has weakened at the same time as the dollar has strengthened. The krona's exchange rate has fluctuated during the war and currently stands at the same level as in December. However, the krona has strengthened by around 9 per cent since the beginning of 2025.[23] The strengthening has been particularly pronounced against the US dollar. The krona has strengthened against the dollar by around 16 per cent (see Figure 14).

The krona's development is driven by an interplay of various factors, which makes it difficult to predict. Historically, it has tended to strengthen when global financial conditions improve. The fact that the financial conditions have been favourable, at the same time as the dollar has weakened substantially, can explain why the krona has strengthened in recent years. But the krona also strengthened in connection with the financial turbulence in April 2025, which deviated from the historical pattern. Increased global uncertainty usually leads to a weaker krona exchange rate.

The development of the krona last year needs to be seen in the light of the US dollar's development. The weakening of the dollar in 2025 was probably a reaction to the unpredictable US policy. Investors assessed that the risks in the US economy had

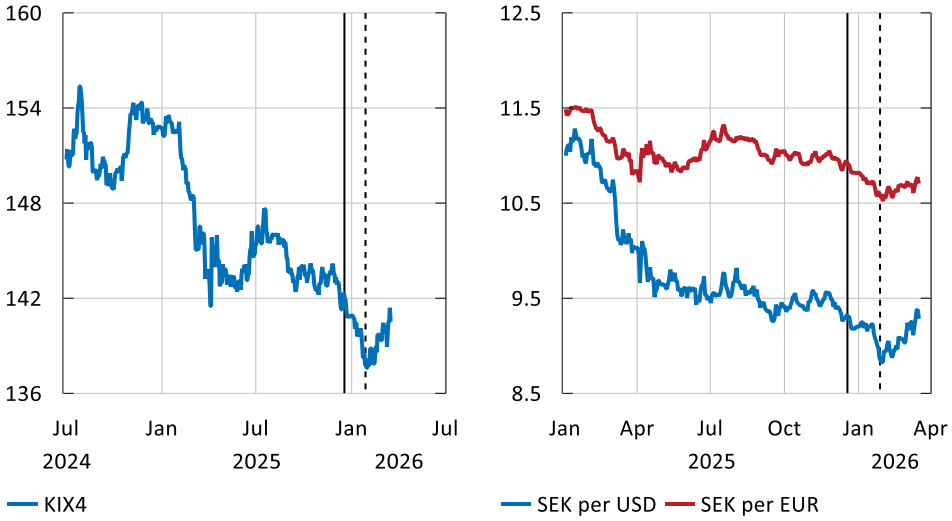
[23] According to KIX (the krona index), which aggregates the development of the krona against 31 bilateral exchange rates.

increased and therefore reduced their exposures to US assets. This meant that capital sought its way to other currencies to a greater extent, including to the Swedish krona. The dollar weakening was probably also due to expectations of a more expansionary monetary policy in the US than in other countries.

Another factor that may have been contributing to the increased interest in Swedish assets is that Sweden has strong public finances and a growing defence and mining industry in a more uncertain security policy situation. The fact that the krona also strengthened against the euro and other currencies indicates that such domestic factors may have played a role, in addition to the dollar depreciation (see Figure 15).

Figure 14. Nominal exchange rate against KIX4, the US dollar and the euro

Index, 18 November 1992 = 100 (left) and kronor (right)

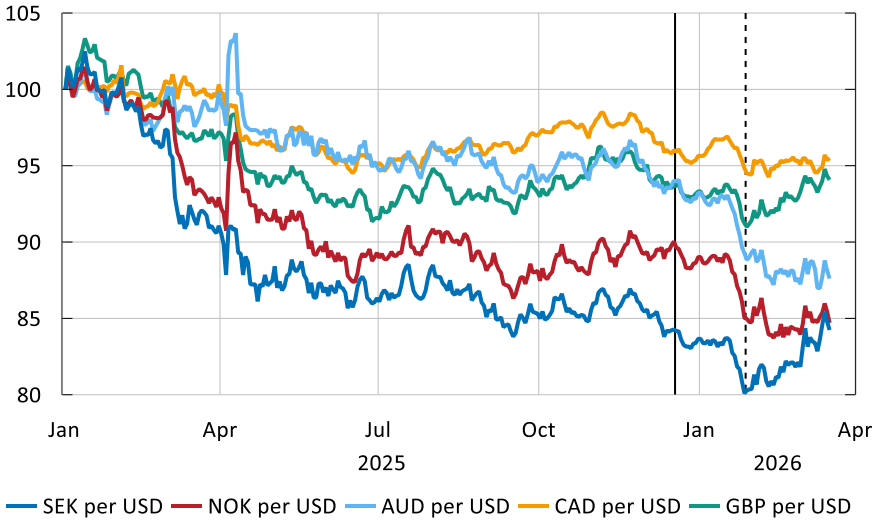


Note. A lower value indicates a stronger exchange rate. The KIX4 (krona index) is a weighted average against the US dollar, euro, pound sterling and Norwegian krone. The solid and dashed lines mark the period immediately prior to the monetary policy meetings in December and January respectively.

Sources: Macrobond Financial AB and the Riksbank.

Figure 15. Development of the dollar against a number of currencies

Index, 1 January 2025 = 100



Note. Movements downwards (upwards) signify a stronger (weaker) exchange rate against the US dollar. The solid and dashed lines mark the period immediately prior to the monetary policy meetings in December and January respectively.

Source: Macrobond Financial AB.

1.4 Swedish real economy

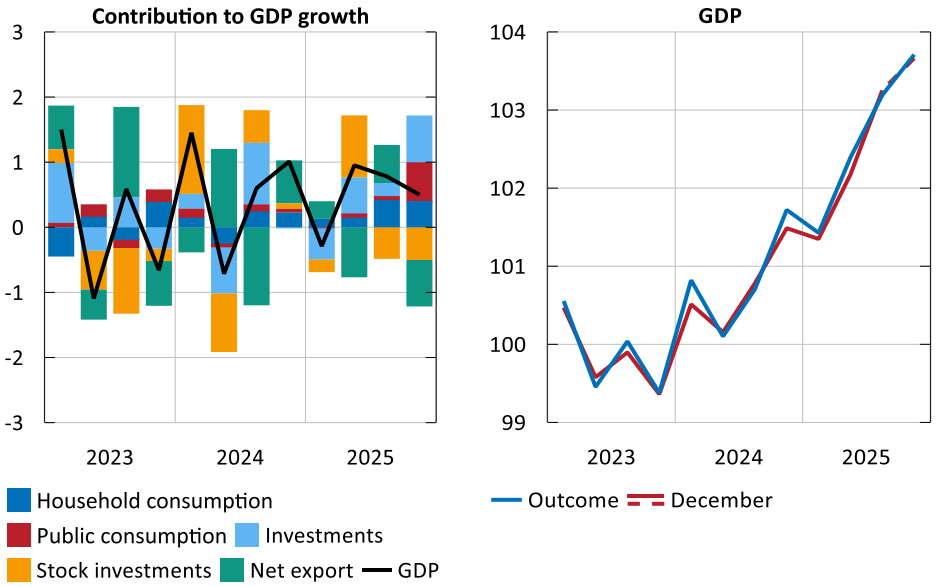
The economic recovery has so far been driven by domestic demand

Last year, the Swedish real economy began to recover, after a long period of weak development. For the full year, GDP growth amounted to 1.5 per cent. The GDP outcome the fourth quarter was in line with the Riksbank's forecast from December and the recovery in 2025 was driven by domestic demand (see Figure 16). Despite the uncertainty abroad, household consumption increased in 2025 and has now risen for six consecutive quarters.[24] Business investment was weak during the year, while net exports did not contribute to higher demand at all. Increased government defence spending contributed to the growth in public consumption and public investment increased particularly strongly in the fourth quarter. Housing investment also increased towards the end of the year.

[24] Following the publication of the National Accounts, Statistics Sweden has discovered an error in the calculation of household consumption for the fourth quarter, which means that it has been overestimated by approximately SEK 3 billion in fixed prices. Household consumption and thus GDP are therefore estimated to be slightly lower initially than the published results show. For further information, see the footnote in the statistics database “GDP: expenditure approach (ESA2010) by type of use”, Statistics Sweden (scb.se).

Figure 16. GDP growth

GDP as a percentage change, quarterly rate and contributions to GDP growth in percentage points (left) and index, 2021 Q4 = 100 (right)



Note. Solid lines refer to outcomes and the dashed line represents the Riksbank's forecast from December (right). Seasonally adjusted data.

Sources: Statistics Sweden and the Riksbank.

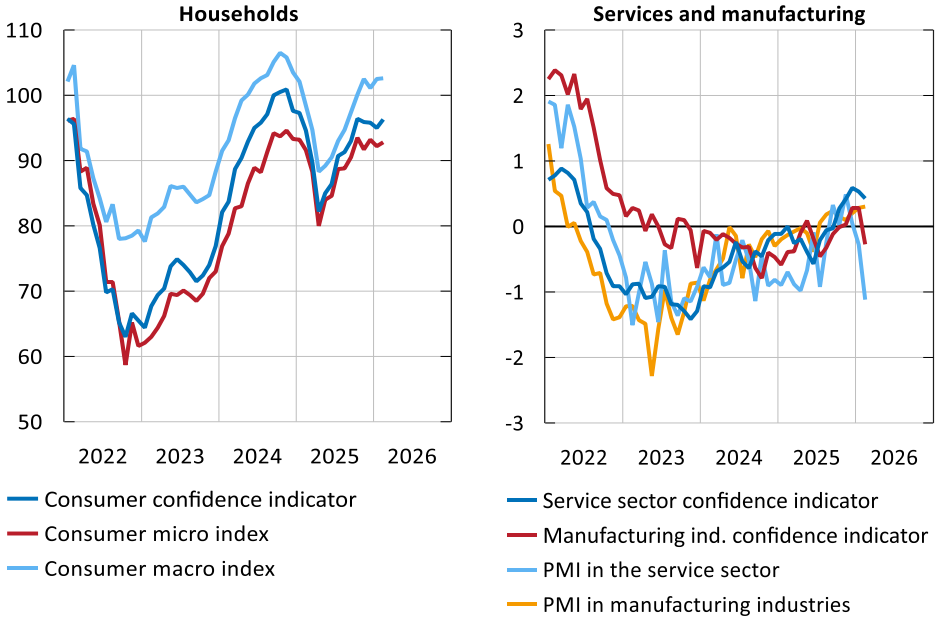
Indicators point overall to a normal growth rate at the start of the year

There are no measurements made after the outbreak of war in the Middle East, which makes it difficult to assess the current situation. Signals from economic indicators before the war broke out have weakened somewhat; for example, Statistics Sweden's GDP indicator pointed to a decline in economic activity in January. Indicators of the current situation in the Swedish economy point overall to GDP increasing at a normal pace during the first quarter. The National Institute of Economic Research's Economic Tendency Survey fell in February, but shows overall a normal sentiment in the Swedish economy. It is the manufacturing industry that is the main explanation for the downturn in the Survey, although the confidence indicator for the services sector also fell somewhat (see Figure 17). The indicator for the manufacturing industry is now close to normal levels, but their production plans were clearly dampened and are now below the historical average. The most recent purchasing managers' index for the manufacturing industry was still at a relatively strong level, however, while the purchasing managers' index for the services sector instead showed a tangible fall and is lower than normal.

It is evident from the Riksbank's Business Survey that companies consider the economic situation to be weak, although they are experiencing some improvement since the previous survey in September (see the Fact Box "The Riksbank's Business Survey, February 2026").

Figure 17. Household confidence indicators and sentiment in the service sector and manufacturing industry

Index, average = 100 and standard deviation = 10 (left) and standard deviation (right)



Note. The confidence indicators are calculated as the mean value of net figures for a number of questions concerning the economic situation and future prospects. Microindex summarises households' views of their own finances. Macroindex summarises households' views of the development of the Swedish economy (left). PMI refers to Purchasing Managers' Index. The series are standardised from the year 2000 so that the mean value is 0 and the standard deviation is 1 (right).

Sources: National Institute of Economic Research and Swedbank

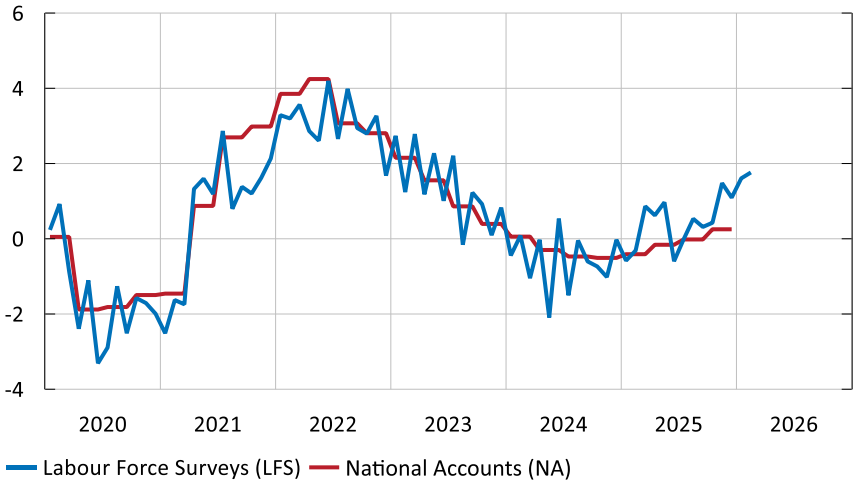
The Economic Tendency Survey's confidence indicator for households is still weaker than normal, but increased somewhat in February as a result of households having a slightly more positive view of both their own finances and Sweden's economy at present. According to the Economic Tendency Survey, sentiment in retail trade fell, as a result of weaker sales volumes. At the same time, Statistics Sweden's monthly figures for household consumption point to continued growth. Household sector sentiment is also reflected in developments in the housing market. Overall, housing prices were roughly unchanged in 2025 but the turnover on the market was relatively good. The supply of housing for sale is still at high levels as a result of long times to sale, but expectations point to rising prices going forward.

A recovery has begun on the labour market

It is normal for the labour market to improve with some time lag in relation to development in GDP. It is becoming increasingly noticeable that the situation on the Swedish labour market has also improved. During the fourth quarter of last year and the beginning of this year, employment measured by the Labour Force Survey (LFS) increased more than expected. The view of rising employment is also supported by the National Accounts, even though the rate of increase has been much more modest according to this source (see Figure 18).

Figure 18. Employment

Annual percentage change



Note. Seasonally adjusted data. The LFS refers to persons aged 15–74 and the NA refers to all ages. Employment according to the NA is based on register data from BAS (the population labour market status).

Source: Statistics Sweden.

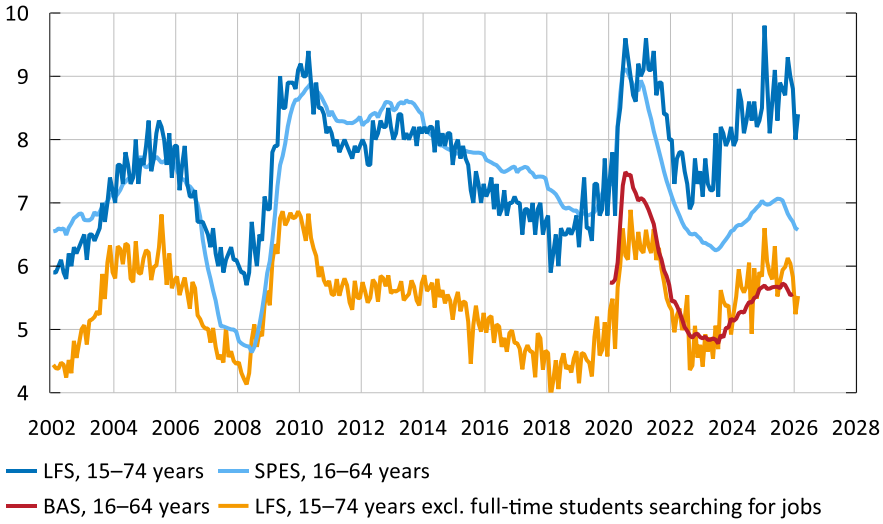
It is not only employment statistics that are difficult to interpret; the same applies to statistics on unemployment (see the Fact Box "Different measures of unemployment"). The Riksbank follows several different measures of unemployment when analysing the labour market. During 2025 and the beginning of 2026, unemployment according to the LFS has been very volatile. Strong variations in the outcome make seasonal adjustment difficult and as always the monthly outcomes should be interpreted with caution.[25] However, the picture from the LFS, that unemployment has begun to decline, is also supported by the register-based statistics from the Public Employment Service and BAS (see Figure 19).

Companies' recruitment plans according to the Economic Tendency Survey declined somewhat in February, but are still positive. Newly-registered vacancies have shown weak development recently, however, and the number of redundancy notices, which is an important signal of how unemployment will develop, has been at a somewhat elevated level at the beginning of the year. Overall, however, the indicators still point to a continued improvement in the labour market.

[25] When publishing the January outcome, Statistics Sweden highlighted the measurement problem "The decrease in unemployment between January 2025 and January 2026 may be overestimated due to the unusually high estimation of unemployment in January 2025." See statistical news "Labour Force Surveys – January 2026", February 2026, Statistics Sweden. Labour Force Surveys January 2026 | SCB (scb.se)

Figure 19. Unemployment according to different measures

Percentage of labour force



Note. Seasonally adjusted data. LFS refers to Statistics Sweden's labour force surveys, SPES refers to the number registered as unemployed with the Swedish Public Employment Service (SPES) and BAS refers to the population's labour market status. The Public Employment Service's measure refers to the age group 16–64 years up to end of 2022, 16–65 years in 2023–2025 and 16–66 with effect from 2026.

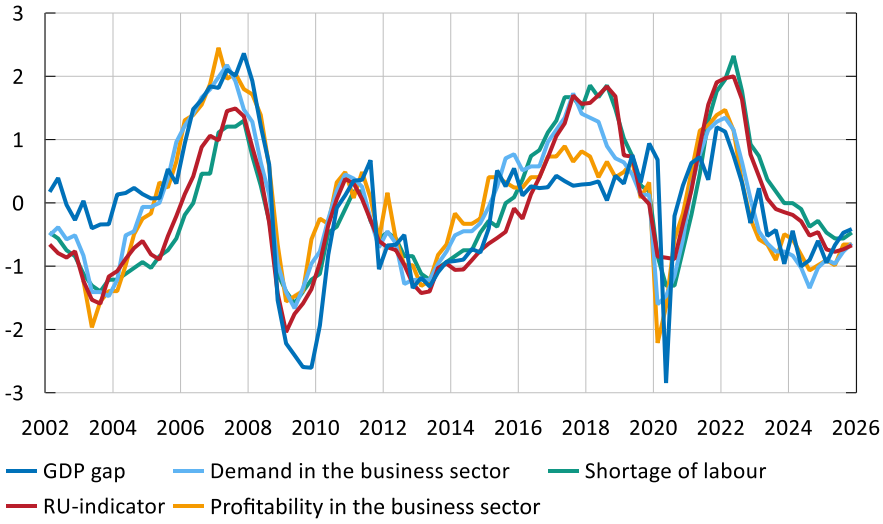
Sources: Swedish Public Employment Service (SPES) and Statistics Sweden.

Resource utilisation lower than normal

There is no single measure that provides a complete picture of how much spare capacity there is in the economy. The Riksbank therefore uses many different indicators of resource utilisation. During the second half of last year, GDP grew faster than the assessed potential growth, which means that resource utilisation measured as the GDP gap has begun to rise from a low level (see Figure 20). Overall, several indicators point to there still being ample spare capacity, not least on the labour market, and to resource utilisation in the Swedish economy therefore being lower than normal.

Figure 20. Indicators of resource utilisation

Standard deviation



Note. Seasonally adjusted data. The GDP gap refers to the deviation of GDP from the Riksbank's assessed trend. The RU indicator is a statistical measure of resource utilisation. The series are standardised so that the mean value is 0 and the standard deviation is 1.

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

FACT BOX – The Riksbank's Business Survey, February 2026[26]

The companies are experiencing some improvement in economic activity since the previous survey in September, but they consider that the recovery is both slow and hesitant: "It's not an obvious recovery, but we see it happening anyway." They point out that the uncertain global environment has noticeably affected household consumption and companies' willingness to invest. This affects their view of economic developments in the coming six months. The following quotation summarises the companies' views: "There have been a few times when we were heading towards positive outcomes, but then comes a geopolitical shock".[27]

Companies selling goods and services to households say that households' willingness to consume has strengthened and that this can be seen in sales volumes. Sales are increasing, but not at the pace they would like. The companies perceive that households are still price-conscious and selective in their consumption. This is reflected in households continuing to focus on campaigns and low prices. Companies believe this behaviour will remain for some time to come and that sales will therefore continue to have a moderate pace of development.

Among manufacturing companies, the view of the economy is more divided than usual. Parts of the manufacturing industry are doing well, including those that sell to the defence industry, and they are experiencing good demand from all markets. In

[26] For further information, see the full report, "*The Riksbank's Business Survey February 2026*"

[27] The interviews were held before the Israeli and US attack on Iran.

contrast, the parts of the forestry, steel and automotive industries continue to struggle and are instead experiencing weaker global demand. The most recent appreciation of the krona against the US dollar is having a negative impact on export companies' earnings, but it is above all fluctuations in the exchange rate that are perceived as challenging.

"There is one labour market before and one after AI"

Almost all companies use some form of AI in their operations. Most of them say that they are at an early stage and are using AI to a limited extent so far. So far, therefore, the impact of AI on operations is relatively small. However, there are companies that have come further in integrating AI into their operations and they are already seeing tangible effects. Among these companies, the use of AI has in some cases led to the reduction of a small number of positions. But the main consequence is rather that they have been able to increase productivity and quality at the same time as keeping their workforce unchanged.

Overall, the companies say that the purpose of using AI is not to reduce their workforce. Rather, AI is seen as a tool that enables employees to spend more of their time on more value-adding tasks. However, several believe that more widespread use of AI will lead to changes in the labour market. This is partly as the need for some skills will decline whereas the need for others will increase.

FACT BOX – Different measures of unemployment

Statistics Sweden's labour force surveys (LFS) are the official measure of unemployment in Sweden, and the measure the Riksbank forecasts. But also those registered unemployed at the Swedish Public Employment Service (PES) and those unemployed according to Population by labour market status (BAS) are used as measures of unemployment. The measures complement one another and have different advantages and disadvantages. Which measure works best depends on the purpose. It is important for the Riksbank to use the measure that provides a good picture of resource utilisation, as the amount of spare capacity affects the development of prices and wages. Variations in unemployment should also reflect economic activity. However, unemployment is only one measure of resource utilisation and the Riksbank also tracks a number of other indicators.[28]

Unemployed in LFS are people without jobs who are seeking and can take jobs

The LFS is a sample survey that describes the situation and developments in the labour market for the population aged 15–74. The sample covers 17,000 individuals per month and the survey is made in the form of telephone interviews, where individuals answer questions on their labour market status during a specific reference

[28] See also the analysis "Ample spare capacity in the labour market" in *Monetary Policy Report*, December 2025, Sveriges Riksbank.

week. Persons who have worked at least one hour during the reference week or been temporarily absent from their work are counted as employed in the LFS. Persons are counted as unemployed if they have been without work during the reference week but have looked for work during the preceding four weeks and been able to work during the reference week or to start work within 14 days of the end of the reference week.[29] On average, just over one third of the unemployed in the LFS are full-time students who and have sought and been available for work.

LFS is the only measure that captures the entire labour supply, even latent job seekers. One disadvantage is that the non-response rate in the survey is relatively high, which means that there is considerable uncertainty in the level estimate and a risk for bias. However, Statistics Sweden uses different types of register data as an aid to reduce the distorting effects of non-responses. LFS provides information on labour market developments both quarterly and monthly, but the monthly outcomes are very volatile. An important advantage of the LFS is that there are long time series available and that linked series are published when there is a break in the time series. The LFS outcomes are also published relatively quickly, normally 17 days after the reference period. The LFS is also the most internationally comparable statistic.

Register-based measures are based on registered unemployed at the PES

As of 2020, Statistics Sweden also publishes register-based statistics, BAS. Persons are registered as employed in BAS if they have received a payment that forms a base for social security contributions during the reference month.[30] Persons are counted as unemployed if they are not employed and have at some time during the reference month been registered as unemployed at the PES. BAS measures unemployment for the age group that can register at the PES, currently 16–66 years. The fact that BAS has only existed for a short time makes it more difficult to use the statistics for forecasts and economic assessments. BAS is also published with longer time lag than other measures. Preliminary statistics are published after two months, and the final statistics at the end of November in the year following the reference year.

The PES has its own measure for unemployment, which is based on the authority's operational statistics and covers all those registered as unemployed on the last day of the month. One advantage with the PES is that the statistics are published with a short time lag, around 8–10 working days after the end of the month. The PES also captures well the individuals for whom unemployment entails long-term livelihood problems. The largest difference in relation to BAS is that people can be counted as unemployed according to the PES even if they have a job, for instance a part-time job. The measure is also affected by changes in unemployment insurance and the authority's way of working. Nor are any links made to correct data for time series breaks, which also affects the unemployment figure in BAS. When calculating the

[29] Also people who have got a job that starts within three months, and who would have been able to work during the reference week or to start within 14 days of the end of the reference week are counted as unemployed.

[30] However, there is no information on when the work was carried out and BAS can therefore measure employment during the wrong time period.

registered unemployment rate PES uses the labour force (the sum of employed and unemployed) from BAS.

Important to include full-time students when the purpose is to measure resource utilisation

As the measures define unemployment in different ways, the level of unemployment also differs between the measures (see Figure 19). However, LFS and the register-based measures have often developed relatively similarly over time. The major differences in the level are due to full-time students, most of whom are young (15–24 years old). As they usually lack the right to unemployment benefit, they have no incentive to register at the PES. Moreover, young people have increased as a share of the population in recent years, which increases the difference between the measures.

After the changes to the LFS in January 2021, more young people seem to be classified as unemployed, especially in the age range 15–19 years. This is partly due to the broadening of the definition of job seeker. The Riksbank has taken this into account in its assessment of equilibrium unemployment.[31] But the increased youth unemployment is also due to the economic situation. Young people are affected more than other age groups by cyclical variations and unemployment therefore varies more among the young. When demand declines, companies usually cut back on new recruitment first, which affects those entering the labour market. In a recession, more young people also choose to study to avoid being registered as unemployed.[32] It is therefore important to include full-time students who want to work when the purpose is to measure resource utilisation.[33] A forecast evaluation does not show that measures of unemployment that exclude full-time students are better at forecasting underlying inflation than the total LFS unemployment.[34] In addition, the effects of AI on the labour market are still unclear, but young people may initially be affected the most.[35] This is further indication of the importance of using unemployment measures that include young people.

[31] The assessment of potential GDP is thus not affected by more young people being classified as unemployed.

[32] Unemployment can be regarded as a negative signal by employers and it has relatively lasting effects on labour income. See, for instance, M. Engdahl and M. Nybom (2021), ”Arbetsmarknadseffekter av konjunkturnedgångar” (labour market effects of economic recessions), IFAU report 2021:8, about how young people are affected by recessions.

[33] On the other hand, full-time students seeking work are not usually those hit hardest by unemployment or in need of labour market policy measures. Other measures may therefore be more suitable for other purposes.

[34] The evaluation method is described in C. Flodberg, M. Hesselman and M. Löf (2022), “Can inflation forecasts be improved by using alternative measures of labour market slack?”, *Staff Memo*, November, Sveriges Riksbank.

[35] See M. Lodefalk, L. Löthman, M. Koch and E. Engberg (2026), ”Same Storm, Different Boats: Generative AI and the Age Gradient in Hiring”, working paper *2*/2026, Örebro University.

1.5 Swedish inflation

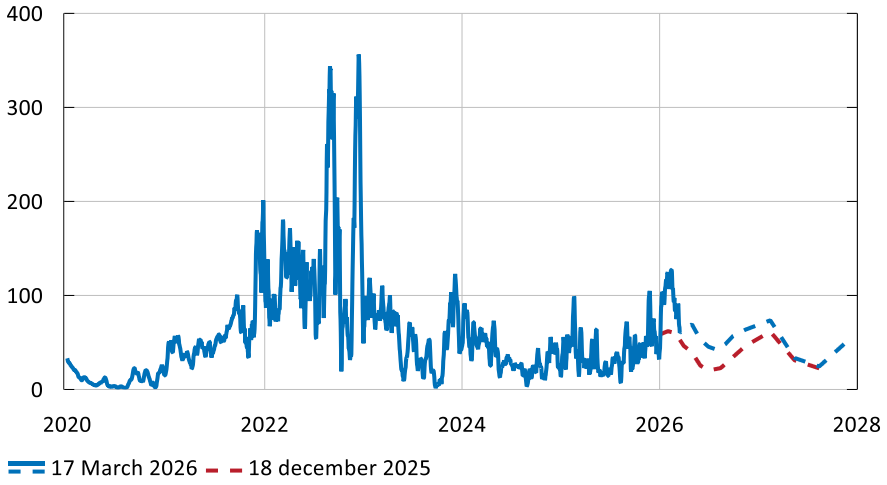
Inflation is held up by rising energy prices

Inflation has fallen significantly in recent months. In January, CPIF inflation fell to 2.0 per cent, and after that to 1.7 per cent in February. Inflation was higher than expected in both January and February, as energy prices rose faster than expected.

The cold weather during the first months of the year contributed to the sharply rising electricity prices. In January, the upturn was almost 21 per cent compared with December, and electricity prices remained high in February. This is a rate of price increase on a par with winter 2023, but lower than the record-high electricity price increases during the energy crisis in 2022 (see Figure 21). The recent dramatic developments with war in the Middle East have pushed up the price of oil and natural gas, which in turn affects the developments of fuel prices and electricity prices. So far, forward pricing indicates that the upturn in electricity prices will be short-lived (see Figure 21).

Figure 21. Electricity price

EUR/MWh

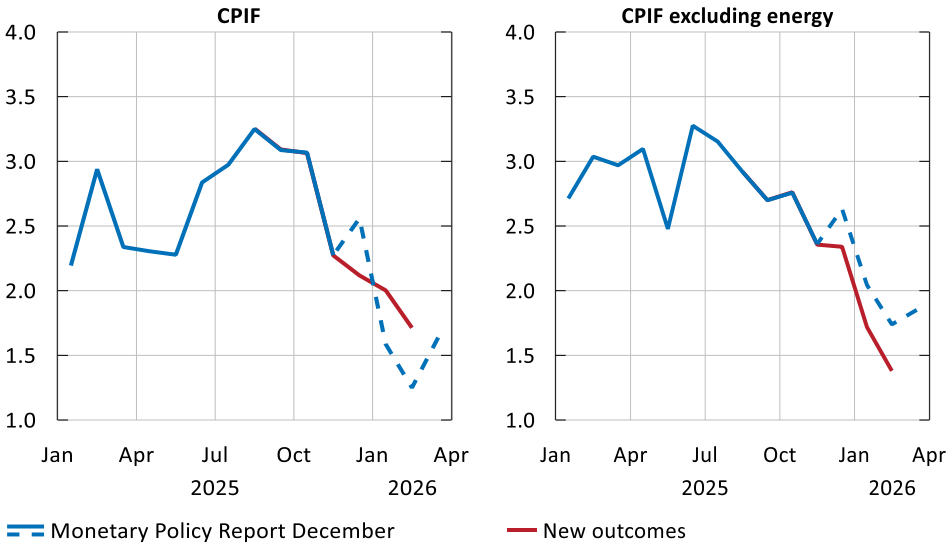


Note. Solid blue line refers to outcome and dashed blue line shows forward price for electricity immediately prior to the monetary policy meeting in March. The dashed red line shows the forward price at the time of the monetary policy meeting in December.

Sources: Nasdaq OMX Nordic and Nord Pool.

Figure 22. CPIF and CPIF excluding energy

Annual percentage change



Note. Solid and dashed blue lines refer to outcome and forecast respectively at the December monetary policy meeting. Red lines refer to new outcomes since then.

Sources: Statistics Sweden and the Riksbank.

When adjusted for energy prices, inflation was 1.7 per cent in January and 1.4 per cent in February. The outcomes were clearly lower than the forecast in December (see Figure 22). The krona showed an appreciation trend in 2025, which was one of the reasons why underlying inflation was expected to fall this year. In January and February, goods prices increased slowly as a result of the krona appreciation, but roughly in line with the forecast. Food prices also increased in line with the forecast in January and February. The government has commissioned the Swedish Consumer Agency and the National Institute of Economic Research to monitor how food prices develop and analyse whether the temporary reduction in food VAT leads to lower food prices for consumers. The first interim report shows no sign of deviating price movements on food prior to the cut in VAT on 1 April.[36]

On the other hand, services prices increased much more slowly than expected. One explanation for the lower rate of increase is that administratively set prices showed weaker development than expected. These prices are normally sluggish but even if the rate of price increase was expected to fall back, the downturn was larger than expected. This is primarily explained by the effects of the higher national dental care subsidy for the elderly, which was introduced at the start of the year, having a larger than expected impact on dental care prices. Prices of other services also increased more slowly than expected. The rate of increase for prices that usually vary a lot, such as international travel and rental cars, fell from an elevated to a more normal level.

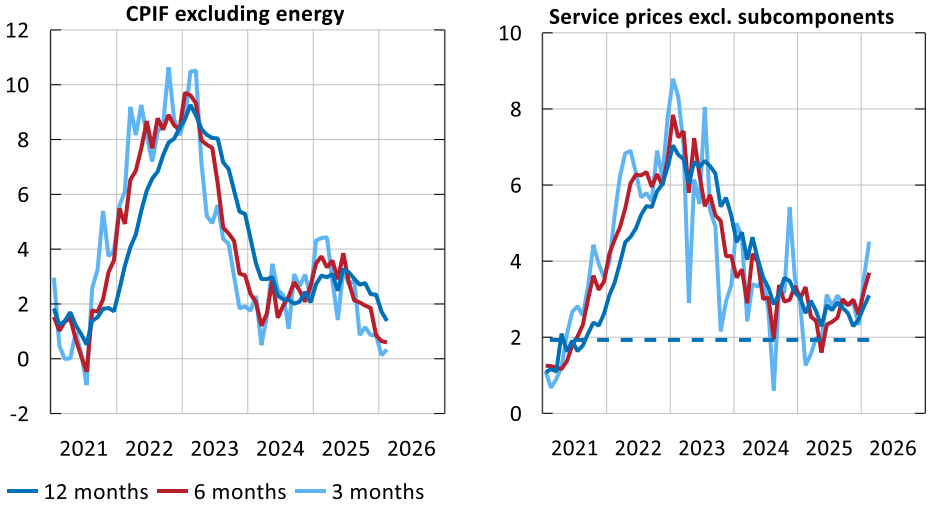
Measures of price changes over a shorter period than 12 months provide an idea of inflation here and now. These measures have fallen back and when measured as the

[36] Redovisningsrapport 2026:6 Analys av livsmedelsprisernas utveckling – Swedish Consumer Agency, February, 2026 (publikationer.konsumentverket.se) (in Swedish)

CPIF excluding energy over the past 3 months and 6 months the price increases are now clearly lower than 2 per cent (see Figure 23). When looking at a measure for services prices that excludes prices that change less frequently, rents and volatile prices for travel, there is no downturn visible for shorter time periods. For this measure the rate of price increase has remained over its historical average (see Figure 23).

Figure 23. CPIF excluding energy and service prices excluding various sub-components

Annual percentage change and three-month and six-month percentage change, calculated as an annual rate



Note. Seasonally adjusted data. Excluded components refer to foreign travel, rents and other prices that rarely change. The dashed line represents the average for the period 2000–2026 (right).

Sources: Statistics Sweden and the Riksbank.

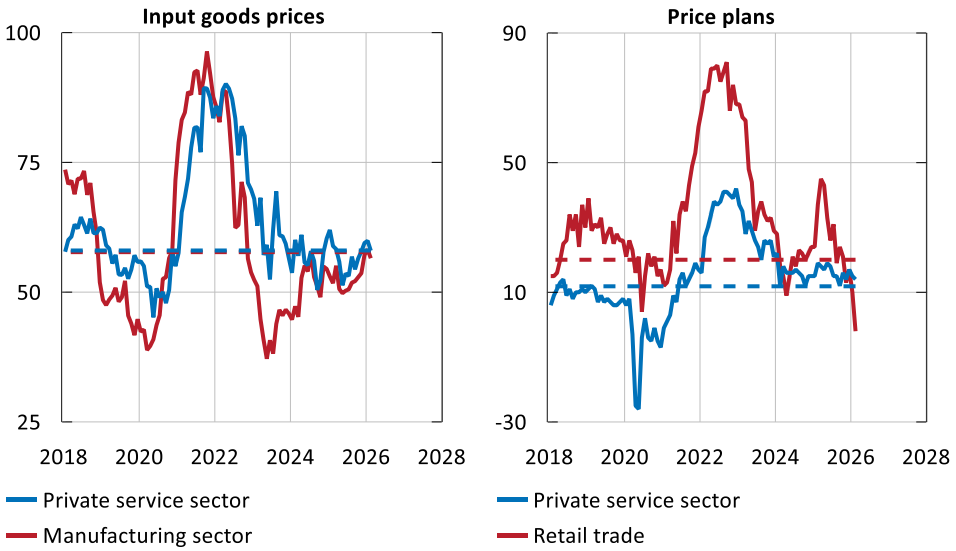
Inflation indicators that are affected by the exchange rate are subdued, others point to normal inflationary pressure

Global market prices on food have fallen, at the same time as energy prices and the price of other important intermediate goods have risen. Indicators of price changes in earlier channels than the consumer channel so far provide a picture indicating it is primarily the krona appreciation that has dampened inflationary pressures. In January, the rate of price increase was still low for goods in the producer channel that are imported. For goods produced and consumed in Sweden, on the other hand, the rate of price increase has continued to rise.

Prior to the outbreak of war, the purchasing managers' index pointed to the rate of increase in companies' costs for intermediate goods being close to normal levels (see Figure 24). Service companies' pricing plans in the Economic Tendency Survey were also close to normal levels, while the retail trade reported plans for price cuts. This is probably linked to the coming cut in VAT on food - with regard to other non-durable goods the companies reported that they will raise their prices. Another factor significant to companies' cost situation, in addition to the krona appreciation, is the

fact that resource utilisation has been low for a long time and that unit labour costs have increased slowly in recent quarters.

Figure 24. Input goods prices and price plans
Index (left) and net figures (right)



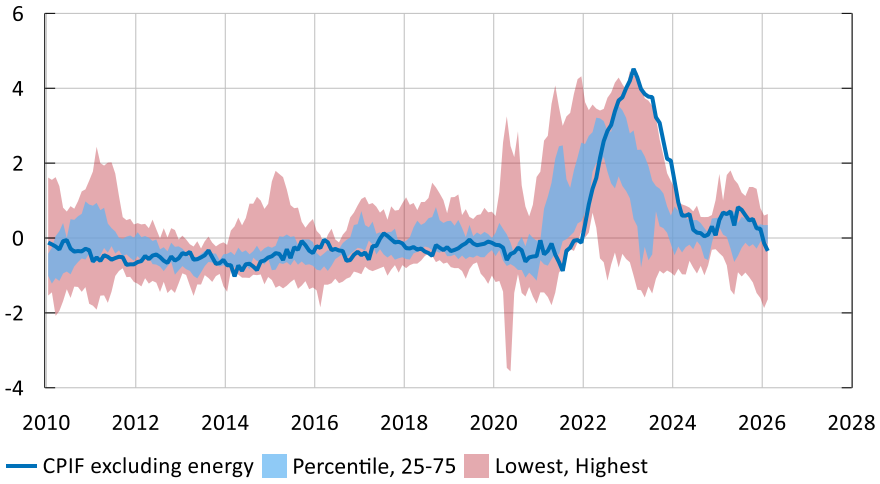
Note. Purchasing managers' assessment of how prices of intermediate goods have changed in recent months. An index figure above 50 indicates growth, while an index figure below 50 indicates a downturn (left). Net balances for how many companies responded that they plan to increase their prices compared with how many plan to reduce them in the coming three months according to the Economic Tendency Survey (right). The dashed lines represent the average for the period 2005–2026. Seasonally adjusted data.

Sources: National Institute of Economic Research and Swedbank.

Overall, a broad set of indicators point to inflationary pressures at present being somewhat below normal (see Figure 25). It is mainly indicators affected by the krona appreciation that indicate low inflationary pressures.

Figure 25. CPIF excluding energy with indicators

Standard deviation



Note. The red field shows the range between the highest and lowest standardised value for the following indicators: households' inflation expectations, pricing plans in the retail trade, consumer goods sector, producer price index for consumer goods (ITPI, IMPI and HMPI), the CPI excluding energy in the United States, the HICP excluding energy in the euro area, the KIX, the Economist's commodity index and the Global Supply Chain Pressure Index. The light-blue area shows the indicators in the 25th and 75th percentiles. The price index is expressed as an annual percentage change.

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

2 Outlook for the coming years

In the Riksbank's main scenario, which is highly uncertain the rise in energy prices and the considerable uncertainty surrounding the geopolitical situation in the Middle East hold back economic development and lead to higher inflation. But the overall impact is assessed to be limited. Despite the high level of uncertainty, global GDP growth is expected to remain relatively stable in the coming years and inflation abroad is expected to fall in the medium term.

The war entails that the economic recovery in Sweden is slowing down somewhat in the short term, but there are essentially good conditions for it to continue. Domestic demand is expected to continue to drive growth in the Swedish economy in the coming years. At the same time, the improvement in the labour market is expected to continue.

Despite higher energy prices, inflation falls temporarily this year. The government's reduction in VAT on food in April, together with the effects of last year's sharp appreciation of the krona, will contribute to pushing down inflation measured by both the CPIF and the CPIF excluding energy this year. Energy prices are also expected to have some indirect effects on underlying inflation, for example through rising costs for companies and higher imported inflation. However, in the main scenario these effects are assessed to be relatively small. In April 2027, the CPIF excluding energy will rise again to close to 2 per cent, when the effect of the VAT cut no longer affects the inflation rate.

In the Riksbank's main scenario, the economic effects of the war in the Middle East are assessed to be limited

In a short period of time, the war in the Middle East has increased the uncertainty surrounding the inflation and economic outlook. Developments can change rapidly and it is still too early to determine how large and long-term the effects of the war will be, and it is therefore difficult to gain a clear view of how developments should affect the forecasts.

A clear impact of the outbreak of war is that energy prices have been very volatile and risen rapidly. All countries are thus facing higher energy prices. The size of the effects on economic developments varies between countries. The effect of the higher energy prices is partly due to how large a share of the energy supply consists of oil and natural gas. The larger the share, the larger the effect on inflation and growth. Another factor is to what extent a country is an importer or exporter of oil and natural gas. Countries such as Norway and the United States, which have their own oil and

natural gas resources can to some extent benefit from higher export income, while countries that are dependent on both imported oil and natural gas are affected more negatively. Compared to other EU countries, Sweden's imports and consumption of oil products and natural gas are relatively small. The share of oil and natural gas imports from the Gulf region also varies between countries. In this respect, the Asian economies are generally more dependent than European countries, for example.

The ongoing attacks against oil producers and suppliers mean that there is considerable uncertainty about the development of energy prices and potential disruptions to global value chains. In the Riksbank's main scenario, the forecast for energy prices is based on a five-day average of forward pricing. It indicates that energy prices will not be persistently high, although they are assumed to be slightly higher in the coming year compared with the December forecast. The interpretation is that the disruptions in the supply of oil and natural gas from the Gulf States are expected to be short-lived.

The rise in energy prices and the high degree of uncertainty surrounding the geopolitical situation in the Middle East are expected to have consequences for supply and demand conditions, but as these are assumed to be limited, the impact on the global outlook is also relatively small. Economic growth will be held back and inflation will be higher. But the overall impact on the global economy will be limited. Inflation rises temporarily in the near term but there are no major knock-on effects on other prices or on inflation expectations.

In Sweden, too, higher energy prices lead to an increase in production costs for companies and a reduction in households' scope for other consumption. In the near term, the heightened uncertainty is expected to somewhat dampen both companies' willingness to invest and overall household sentiment. Overall, this will slow down the economic recovery in the short term. But Swedish companies have demonstrated an ability to adapt to new conditions.[37] Despite global turmoil and subdued sentiment among households last year, consumption increased. As the economic effects of the war in the Middle East are relatively short-lived and limited, no effects on potential GDP are expected.

Higher energy prices are driving up CPIF inflation but are also expected to have some indirect effects leading to higher underlying inflation, for example as a result of rising costs for companies and higher imported inflation. However, in the main scenario these effects are assessed to be relatively small. This assessment is supported by the weak initial level of demand in the economy and subdued inflationary pressures. When energy prices soared in the wake of Russia's invasion of Ukraine in 2022, both resource utilisation and inflationary pressures were already relatively high. However, the fact that many conditions are different today does not rule out the possibility of disruptions in the energy markets leading to an upturn in inflation that is not foreseen in the Riksbank's main scenario.

[37] In the Riksbank's Business Survey in May 2024, a majority of companies stated that they had taken measures to increase their resilience to shocks following the extensive disruptions that occurred during the pandemic.

Assumptions about the effects of the war are critical to the forecast. It is therefore important to emphasise that there are alternative scenarios in which the war in the Middle East has a more clearly negative impact on economic developments – see also Chapter 3.

Key assessments and assumptions in the forecast

- The forecast period stretches until the end of the first quarter of 2029.
- The US Supreme Court's decision to invalidate certain import tariffs is expected to have limited economic effects.
- Energy prices are assumed to follow forward pricing. The energy price forecast is based on a 5-day average for the oil price and electricity price futures calculated up to and including 16 March 2026.
- Resource utilisation in the Swedish economy is now deemed to be lower than normal.
- The change in VAT on food is not expected to affect underlying inflation to any great extent. The VAT is assumed to be restored in January 2028.
- Fiscal policy is expected to be expansionary in 2026 and somewhat contractionary in 2027 and 2028 when it will be adjusted so that general government net lending increases. The 'new' defence spending is expected to be financed via borrowing in the coming years before gradually moving towards being financed within the budget after 2030.[38]
- The long-term neutral policy rate is expected to be between 1.5 and 3 per cent.

  Forecast for monetary policy: The policy rate is left unchanged. Furthermore, the forecast means that the policy rate is expected to stay unchanged until the last quarter of 2026, when it will begin to be raised slowly towards the midpoint of the interval currently assessed by the Riksbank to be the long-term level of the policy rate.

2.1 The economic outlook abroad

Global growth close to historical average despite high uncertainty

Global GDP growth is expected to remain relatively stable in the coming years. Investment linked to AI and defence spending continues to drive growth in many parts of the world, while fiscal policy provides support to households. In the longer term, however, weak public finances and structural factors, such as unfavourable demographic developments in many economies, are holding back growth, which is expected to be slightly below its historical average in the coming years. The experience of last year showed that there has been an adaptability and resilience in the world economy that meant that the sharp increase in US tariffs had a less

[38] 'New' defence spending refers to spending decided on after the defence policy bill in autumn 2024 (2024/25:35). See the Swedish Fiscal Policy Council's report *Swedish Fiscal Policy 2026*, Chapter 2 (Not yet available in English).

negative impact on trade than many had expected. Therefore, if tariffs remain roughly at their current level, the negative impact is expected to remain limited going forward.

In the United States, households are expected to be supported by a more expansionary fiscal policy in the near term. Continued high investment is also contributing positively to the US economy, although it is weighed down by reduced immigration. Overall, the US economy is expected to grow by 2.1 per cent on average in the coming years. In the euro area, consumption is expected to be stimulated by a robust labour market and a mildly expansionary fiscal policy with increased defence spending and investments in infrastructure. Growth in the euro area is expected to average 1.2 per cent in the coming years, which is close to a historically normal level (see Table 1).

After rising this year, inflation is expected to fall in both the US and the euro area

There are strong indications that the pass-through of US tariffs to inflation in the US has increased gradually, and the tariffs are expected to push up inflation slightly further this year. Energy prices will also contribute to the rise in 2026. However, the effects are assessed to be transitory and inflation falls in 2027. The economic situation slows down somewhat compared with this year, and wages do not rise as much as before, which also contributes to the decline in inflation.

Although the situation regarding tariffs has changed somewhat, tariffs in line with the agreement negotiated by the US and the EU last year will likely characterise trade in the period ahead. As the EU does not impose equivalent tariff measures under the agreement, import prices and thus inflation in the euro area will not be affected to the same extent as in the US.[39] The fact that the euro strengthened against the dollar in 2025, together with lower import prices for Chinese goods, means that goods prices will slow down underlying inflation in the euro area this year. Overall, inflation is assessed to be close to the ECB's inflation target from 2027 onwards (see Table 1).

[39] Since December, the EU has concluded a free trade agreement with India. The EU has also reached an agreement on a trade deal with the South American customs union Mercosur, a deal which is now before the Court of Justice of the European Union for review. Both agreements include the reduction of tariffs on trade between the areas. Given that this trade is relatively limited at present, the agreements are likely to have minor macroeconomic impact in the near future.

Tabell 1. International key performance indicators

Annual percentage change, unless otherwise specified. The figures in brackets are from the forecast from the previous Monetary Policy Report.

	2025	2026	2027	2028
GDP, euro area	1.5 (1.4)	1.2 (1.2)	1.3 (1.4)	1.2 (1.2)
GDP, United States	2.1 (1.9)	2.2 (1.8)	2.0 (1.9)	2.1 (1.9)
HICP, euro area	2.1 (2.1)	2.5 (1.8)	1.9 (1.8)	2.0 (2.0)
CPI, United States	2.6 (2.8)	3.3 (2.9)	2.5 (2.3)	2.3 (2.3)

Sources: Eurostat, US Bureau of Economic Analysis, US Bureau of Labor Statistics and the Riksbank.

2.2 The economic outlook in Sweden

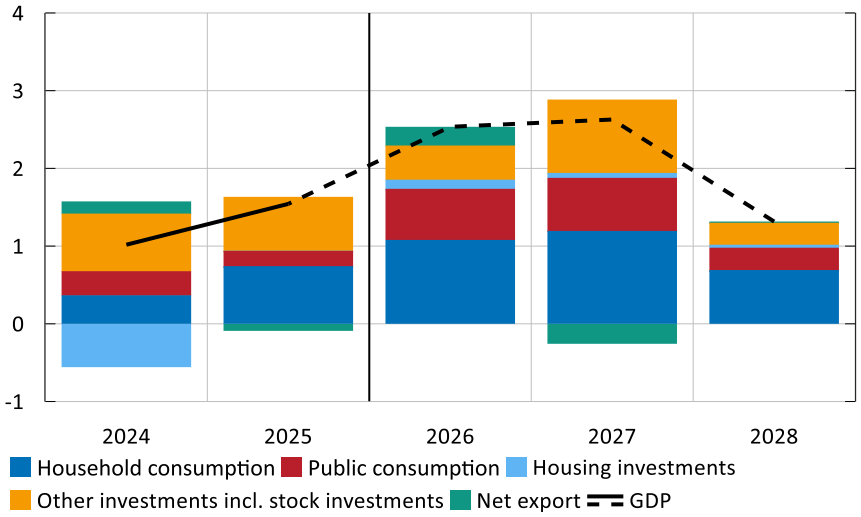
Fundamentally favourable conditions for a continued recovery

The war in the Middle East is hampering the Swedish economic outlook somewhat in the near term. Despite the considerable uncertainty, however, the Riksbank estimates that the recovery will continue and in the main scenario Swedish GDP grows by an average of 2.6 per cent in 2026 and 2027 and then slows down (see Figure 26). Growth is primarily driven by domestic demand.

Household purchasing power has been strengthened by rising real wages since 2023 (see Figure 27). The improvement in household finances is expected to continue this year, as a result of both stronger labour market conditions and government measures targeting households. In the main scenario, household consumption is expected to increase against the backdrop of continued growth in real disposable income and a slight decline in savings going forward (see Figure 27). The changes in mortgage rules from 1 April this year are assessed to have relatively minor effects on domestic demand (see the Fact Box “Small effects on the real economy from changes in macroprudential policy”).

Figure 26. Contribution to GDP growth

Per cent (GDP) and percentage points (GDP contribution)



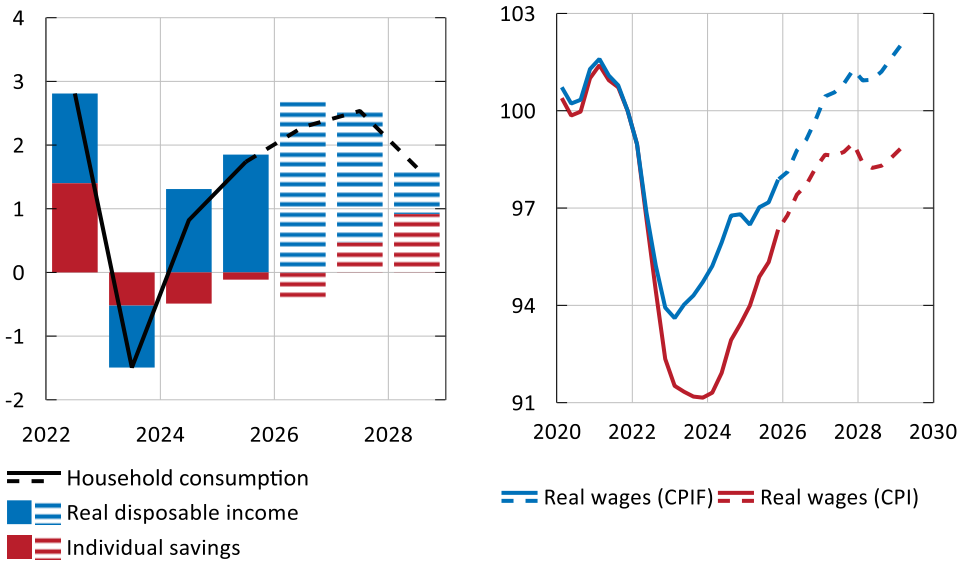
Note. Contribution to annual percentage change in GDP in fixed prices. Vertical solid line marks the start of the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

Increased government defence spending contributed significantly to the growth in public consumption and investment last year, particularly in the fourth quarter. In the Riksbank's forecast, public consumption and investment continue to rise relatively rapidly. Business sector investment excluding housing, which was weak in 2025, is expected to pick up this year and housing investment is also expected to rise from low levels. However, demographic trends are holding back demand for housing, as population growth is lower than before. This means that the increase in housing investment is expected to be moderate. Exports are expected to grow in line with export market growth in the forecast years and foreign trade is expected to make a marginal contribution to GDP growth (see Figure 26).

Figure 27. Contribution to household consumption and real wages

Annual percentage change and percentages (left) and index, 2021 Q4 = 100 (right)



Note. Household consumption is shown as the annual percentage change and the contributions of real disposable income and households' individual savings are shown as percentage points. Real disposable income is calculated as the ratio between disposable income and the household consumption deflator, which usually increases at the same rate as the CPIF (left). Real wages are calculated as the ratio between the nominal wage level and the CPIF and CPI respectively. Seasonally adjusted data (right). Solid lines/bars show outcome and dashed lines/bars show the Riksbank's forecast.

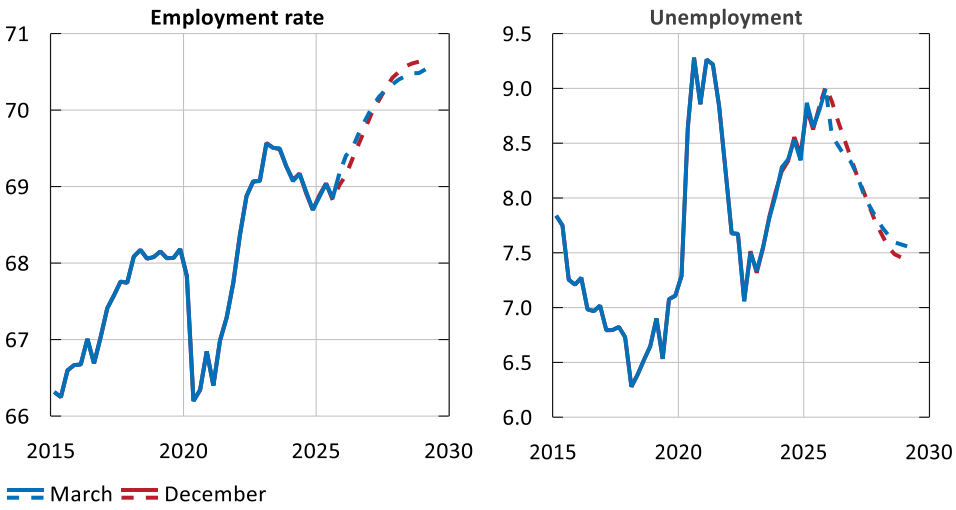
Sources: National Mediation Office, Statistics Sweden and the Riksbank.

Brighter labour market this year

Demand in the Swedish economy grew significantly in 2025 and, with some lag, has also led to an increase in the demand for labour. The labour market has started to improve, and this year unemployment is expected to fall back and the employment rate to continue rising. Unemployment is expected to be around 7.5 per cent at the end of the forecast period (see Figure 28).

Figure 28. Employment rate and unemployment

Percentage of population (left) and percentage of labour force (right)



Note. Seasonally adjusted data. Refers to persons aged 15–74. Solid lines refer to outcome and dashed lines refer to the Riksbank's forecast.

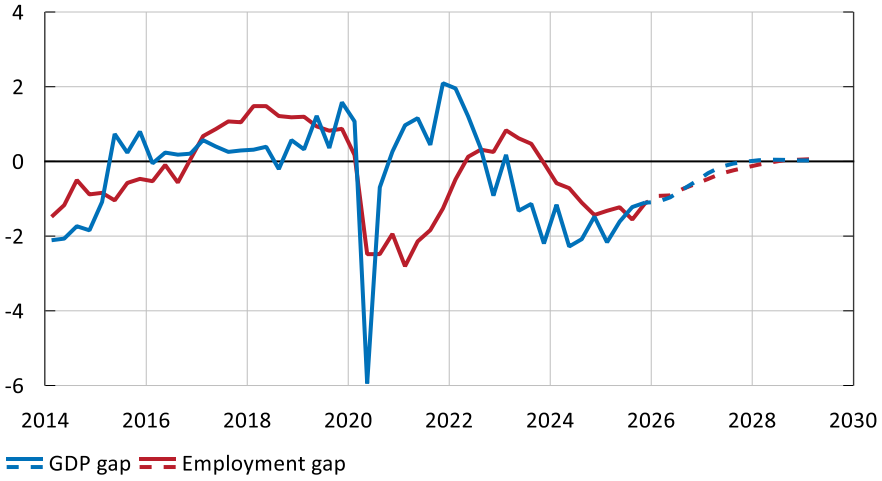
Sources: Statistics Sweden and the Riksbank.

Resource utilisation to normalise early next year

Resource utilisation measured in terms of the GDP gap has started to rise but it will take more time before the economy is expected to be in a normal cycle. Next year, resource utilisation measured by both the GDP gap and the employment gap will be close to normal again (see Figure 29).

Figure 29. Measures of resource utilisation

Per cent



Note. The gaps refer to the deviation in GDP and employment from the Riksbank's projected trends. Solid lines refer to outcome and dashed lines refer to the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

Tabell 2. Key performance indicators for Sweden

Annual percentage change, unless otherwise specified. The figures in brackets are from the forecast from the previous Monetary Policy Report.

	2025	2026	2027	2028
GDP*	1.8 (1.8)	2.2 (2.6)	2.3 (2.2)	1.6 (1.4)
Employed persons	0.4 (0.3)	1.1 (0.9)	0.9 (1.2)	0.6 (0.8)
Unemployment**	8.8 (8.8)	8.4 (8.6)	8.0 (8.0)	7.6 (7.5)
GDP gap***	-1.5 (-1.6)	-0.8 (-0.6)	-0.1 (0.2)	0.0 (0.3)
General government net lending****	-1.5 (-1.0)	-2.5 (-2.0)	-2.1 (-1.2)	-1.3 (-0.6)

*Calendar adjusted. **Per cent of labour force. ***Percentage deviation from the Riksbank's assessed potential levels. ****Per cent of GDP.

Sources: Statistics Sweden and the Riksbank.

FACT BOX – Small effects on the real economy from changes in macroprudential policy

From 1 April 2026, new mortgage rules will be introduced that affect how much households can borrow when buying a home. The changes mean, among other things, that the mortgage cap for the purchase of a new home will be raised from 85 per cent to 90 per cent of the home's market value. Extensions of existing mortgages – known as mortgage equity withdrawals – will only be allowed up to 80 per cent of the market value of the home and with more limited possibilities to revalue the property. In addition, the stricter amortisation requirement will be removed.[40]

The new mortgage rules allow households to take out larger mortgages, which can lead to higher housing prices. The inquiry on which the proposal was based estimated that prices could be around 5 per cent higher as a result of the changes it proposed.[41] As the amendments now adopted are more restrictive than those proposed by the inquiry, the Riksbank assesses that the effects will be somewhat smaller. Rising prices are also expected to lead to a corresponding increase in household indebtedness. The impact is expected to be greatest in segments where buyers have previously been constrained by the prevailing regulations, particularly in Stockholm and Gothenburg. During 2024, these regions accounted for around three quarters of the new mortgages subject to the stricter amortisation requirement.[42]

Mortgage rules affect the real economy directly through household cash flows and indirectly through price and wealth effects. In a first step, reduced amortisation payments lead to increased scope for household consumption. However, as only a small proportion of mortgagors are affected by the stricter amortisation requirement,

[40] In addition to these loan rules, there are more changes in the macroprudential area, such as the Riksbank taking over responsibility from Finansinspektionen for setting the countercyclical capital buffer, and mortgage caps and amortisation requirements being regulated by law.

[41] See SOU 2024:71, "Reglering av hushållens skulder" [Regulation of household debts].

[42] See "The Swedish mortgage market", April 2025, Finansinspektionen.

these effects are expected to be limited.[43] Rising house prices can also boost household consumption, as their wealth increases, and stimulate housing investment. In this way, changes in mortgage regulations may increase domestic demand in Sweden. As housing prices are expected to increase by only a few per cent and the scope for mortgage equity withdrawal is being limited, the overall impact on the real economy is expected to be small. However, the increased indebtedness expected to result from the new mortgage rules may lead to increased financial vulnerability among households. To counteract such a development, the Riksbank considers that an income-based tool, such as a loan-to-income (LTI) limit, should be introduced.[44]

2.3 Inflation outlook in Sweden

Low inflation in 2026

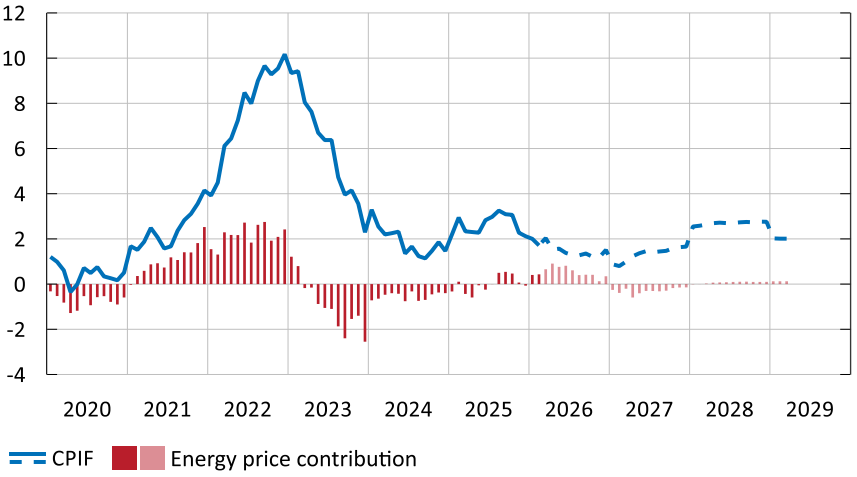
In recent months CPIF inflation has fallen back and is now close to 2 per cent. The war in the Middle East has pushed up prices of oil and natural gas in particular. According to forward pricing, which forms the basis for the Riksbank's forecast for energy prices, the upturn is largely temporary. The Riksbank's forecast for energy prices is based on a five-day average of forward prices. As a result, the development of energy prices will contribute to a higher rate of increase in CPIF inflation this year and then to its decline in 2027 (see Figure 30). Adjusted for the direct impact of energy prices, inflation is expected to be lower in 2026. However, the higher energy prices are also expected to have some indirect effects on underlying inflation, for example through rising costs for companies and higher imported inflation as energy prices also rise abroad.

[43] See the Fact Box "Eased mortgage restrictions", *Monetary Policy Report*, December 2024, Sveriges Riksbank.

[44] See the Analysis "More vulnerable households with new mortgage regulations", in *Financial Stability Report,* November 2025, Sveriges Riksbank.

Figure 30. CPIF and energy price contribution

Annual percentage change (CPIF) and percentage points (energy price contribution)

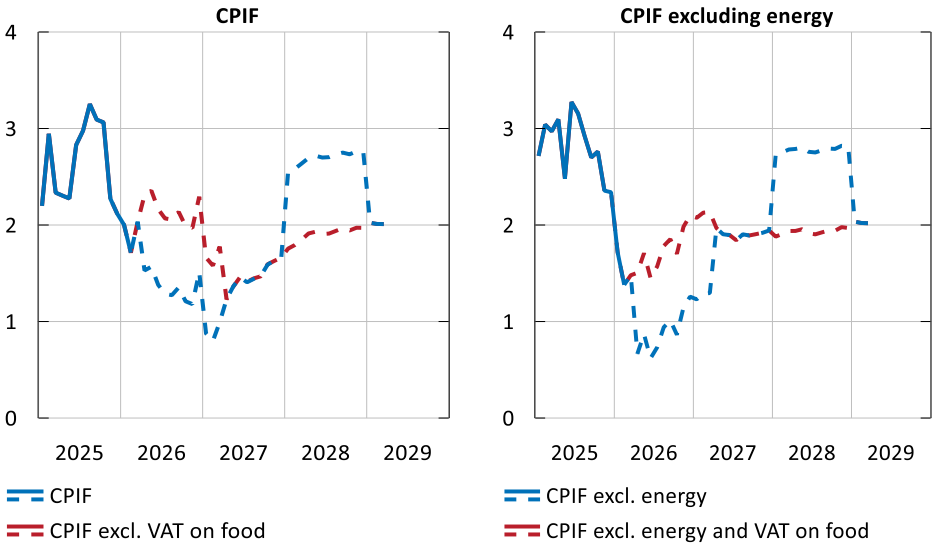


Note. Solid line/bar shows outcome and dashed line/bar show the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

On the other hand, the VAT changes on food are mainly expected to have direct and transitory effects on inflation and not to affect underlying inflation to any great extent. But the direct effects will be substantial this year. The 50-percent cut in the VAT on food that will enter into force in April will contribute to a sharp decline in inflation. According to the Riksbank's forecast, the CPIF is expected to fall to a low of 0.8 per cent in early 2027, while the CPIF excluding energy will reach a low of just over 0.6 per cent as early as this summer (see Figure 31). In April next year, the CPIF excluding energy is back close to 2 per cent again, when the effect of the VAT cut no longer affects the inflation rate. For the CPIF, energy prices are holding back the upturn, which means that it will take until the end of 2027 before that measure is closer to 2 per cent. With VAT on food returning to its current level in January 2028, inflation is expected to rise again. Both the CPIF and the CPIF excluding energy will be slightly below 3 per cent in 2028, before returning to target. The changes in VAT on food will no longer affect CPIF inflation from the start of 2029 onwards.

Figure 31. Inflation including and excluding the direct effect of changed VAT on food
Annual percentage change



Note. For the indices excluding VAT on food, the direct effect on the price level of the change in VAT on food has been excluded. Solid lines refer to outcome and dashed lines refer to the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

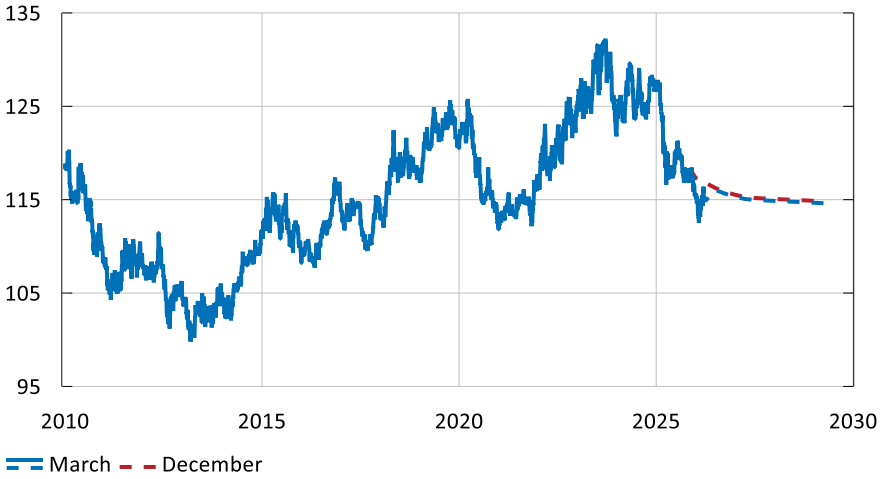
More underlying inflation close to 2 percent at around the turn of the year

Adjusted for the VAT changes, CPIF inflation is expected to be close to 2 per cent this year due to high energy prices, fall back next year and then be back close to 2 per cent from the beginning of 2028. When also adjusted for energy, the measure is lower this year but is expected to be close to 2 per cent from the end of 2026 (see Figure 31). Factors holding back inflation in 2026 will no longer do so to the same extent next year (see the analysis "Rising energy prices will lead to higher inflation this year").

For example, there was a strong appreciation of the krona exchange rate last year, which is also contributing to lower imported inflation and costs for businesses this year. The krona is at around the same level as in December, after having strengthened at the beginning of the year and then weakened recently. Looking ahead, the exchange rate is expected to be broadly unchanged (see Figure 32). From the middle of next year, the exchange rate will no longer hold back inflation in the Riksbank's forecast.

Figure 32. Nominal exchange rate

Index, 18 November 1992 = 100



Note. The KIX (krona index) is a weighted average of currencies in 32 countries important for Sweden's international trade. Since 28 March 2022, the index has been calculated against 31 countries following the exclusion of the Russian rouble. A lower value indicates a stronger exchange rate. Solid line refers to outcome and dashed lines refer to the Riksbank's forecast.

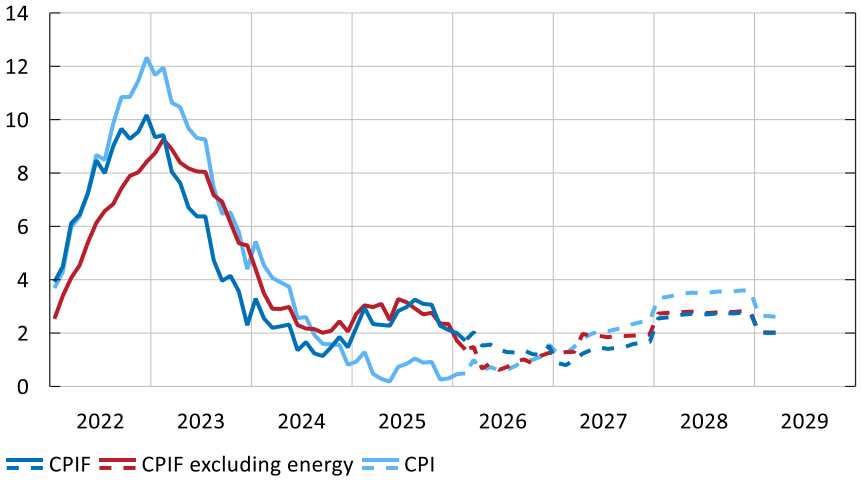
Source: The Riksbank.

Factors that affect inflation in the slightly longer term, in addition to the krona exchange rate, are resource utilisation and labour costs. Resource utilisation has already started to rise and is expected to be close to normal next year. This means that the low resource utilisation of recent years will stop subduing inflation. In the coming years, unit labour costs are expected to increase at a normal rate again, which reflects the fact that wages and productivity overall are rising at a rate consistent with an inflation rate close to 2 per cent.

All together this points to inflation in line with the target going forward (see Figure 33) The firm anchoring of more long-term inflation expectations at 2 per cent also contributes to the Riksbank's assessment that inflation will be close to the target in the medium term.

Figure 33. CPIF, CPIF excluding energy and CPI

Annual percentage change



Note. Solid lines refer to outcome and dashed lines refer to the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

ANALYSIS– Rising energy prices will lead to higher inflation this year

Energy prices have risen as a result of the war in the Middle East. In the main scenario, this is assumed to affect inflation in the coming months and is expected to lead to CPIF inflation being higher this year than in the Riksbank's forecast from December. At the same time, there are several factors holding inflation down. Resource utilisation is low, the krona has appreciated and several taxes with a direct impact on the CPIF, not least VAT on food, are being reduced. Thus, despite the rise in energy prices, inflation is not expected to exceed the target this year. However, the factors holding down inflation are expected to have a diminishing impact on inflation from next year onwards. At the same time, energy prices are not expected to continue rising, but to affect inflation mainly this year.

Rising energy prices to push up inflation this year

Energy prices have risen more than expected in the past few months. The war in the Middle East pushed the price of Brent crude oil to more than USD 100 per barrel in early March, from levels of around USD 65 per barrel in January and February.[45] Natural gas prices have also risen as a result of the war, as major producers of liquefied natural gas are located in the region. This has contributed to electricity prices rising at the beginning of March, primarily in southern Sweden.[46] These price increases will continue to affect inflation in the coming months and mean that CPIF inflation is expected to be higher this year than in the Riksbank's December forecast.

When energy prices rise, they have a direct impact on measured CPIF inflation, as motor fuels and household electricity prices are included in the CPIF. Together they account for just over 6 per cent of the CPIF, divided into approximately 3 per cent each. The prices of motor fuels and household electricity are closely linked to prices in energy commodity markets but vary much less, as the price paid by the consumer also includes, for example, taxes, network tariffs and mark-ups from different stages of the supply chain.[47] Figure 34 shows how CPIF inflation would develop if the direct effects of even higher energy prices were included in the CPIF. The dashed turquoise line

[45] Brent oil is a type of crude oil. It is used as a benchmark for oil prices in many parts of the world, especially in Europe.

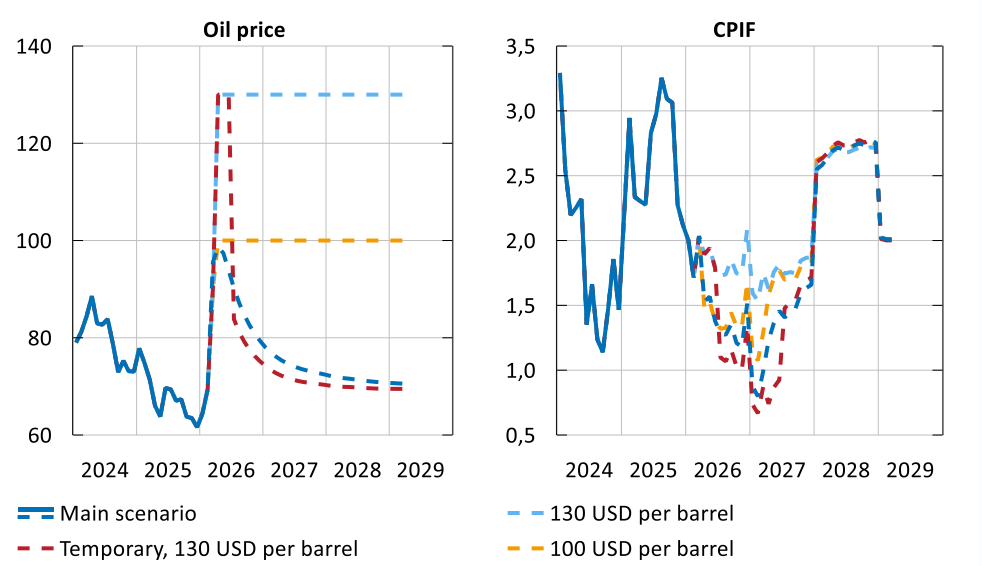
[46] Natural gas is used to produce electricity in Europe and higher natural gas prices therefore affect electricity prices. High prices in northern Europe usually spill over to southern Sweden in particular, as there are many electricity cables connecting southern Sweden to the continent. Prices in northern Sweden are not affected as much as there are limitations on how much electricity can be transported from northern to southern Sweden.

[47] Around 60 per cent of the price of fuel is normally tax. In the electricity price paid by the customer, network tariffs and taxes account for around 2/3 of the price. However, these shares depend on the commodity price of energy as the taxes are expressed as a percentage per unit. The higher the commodity price, the smaller the tax share.

shows, for example, that if the oil price were to rise to USD 130 per barrel and remain there, CPIF inflation would be around 1 percentage point higher than in the main scenario this year.

Figure 34. Oil price and CPIF in the main scenario and in various mathematical examples with direct effects of higher energy prices

USD per barrel (left) and annual percentage change (right)



Note. On the left, the oil price in USD is shown in the main scenario and in a few alternative scenarios. The right-hand side shows what CPIF inflation looks like in the main scenario and if direct effects on fuel prices from the oil price scenarios were to be included.

Sources: Intercontinental Exchange, Statistics Sweden and the Riksbank.

Energy prices also affect inflation with a lag

But energy prices also have lagged indirect effects on inflation because they affect business costs. In this way, they can also affect the CPIF excluding energy. An example of an indirect effect is when fuel prices rise and increase the costs of taxi companies, causing them to raise their fares. Another example is when higher electricity prices increase the cost of a bakery that compensates by increasing the price of its bread. In both cases, it is therefore a matter of companies eventually passing on higher costs to consumers. At the same time, rising natural gas prices in Europe can have spillover effects on Swedish inflation via rising prices for Swedish imports. But when energy prices rise, this can also affect inflation expectations, for example through higher wage demands from employees and by making companies more inclined to raise prices. These types of lagged effect on inflation are known as second-round effects.

The lagged effects are much more difficult to quantify than the direct effects, and depend on a variety of factors such as demand and competition in the industry in which the company operates. Their size also depends on how much energy prices rise and how long the change is expected to last. Monetary policy can mitigate the effects by ensuring that inflation expectations remain anchored around the target. If demand is weak, competition is high, inflation expectations are well anchored and the price

increase is expected to be short-lived, the lagged effects will be smaller, and vice versa.

The rising energy prices are expected to have some lagged effects on Swedish inflation. However, in the Riksbank's forecast, the lagged effects are still expected to be limited. The evidence in favour of this is that demand is subdued and that forward pricing indicates that the price increases are temporary, as prices a year from now and beyond will not have changed much. And at the same time, inflation expectations are well anchored. In addition, there are several other factors holding down inflation this year.

Inflation excluding energy prices has fallen in recent months

The rate of increase in the CPIF excluding energy has fallen in recent months. The fall in inflation from last year's slightly higher levels was predicted in the Riksbank's forecasts throughout last year. These forecasts were based, among other things, on the assumption that food prices would increase more slowly, that what is known as the basket effect would normalise and that the appreciation of the krona in 2025 would start to have an increasing pass-through to consumer prices. Now, after a few months of lower inflation, we can see that both the rate of increase in food prices and the basket effect have been roughly as expected in the forecasts made in 2025. The rate of increase in goods prices has also fallen roughly as expected relative to the forecasts made at the end of last year, suggesting that the pass-through of the krona appreciation to goods prices has been roughly as we expected. On the other hand, services prices have increased more slowly than expected.

The krona appreciation last year will drag down inflation this year

The appreciation of the krona in 2025 will help to dampen inflation this year. It is difficult to determine exactly how large an effect changes in the exchange rate have on inflation and the effect also varies over time. Among other things, the Riksbank bases its inflation forecasts on estimated models. In these, the exchange rate pass-through is often linear and based on historical relationships.[48]

There are many indications that the pass-through has been greater than normal in recent years. We have been in a "high inflation regime" where business costs and demand have fluctuated widely and companies have passed on higher costs to their selling prices to a greater extent than before. This also applies to changes in costs resulting from movements in the krona exchange rate.[49] When we have also included recent years in our inflation models, the estimated pass-through has thus gradually become somewhat larger.

[48] See the article "The impact of the exchange rate on inflation in *Monetary Policy Report*, December 2016, Sveriges Riksbank.

[49] See, for instance, S. Durakovic, J. Johansson and O. Tysklind (2025), "Lessons from the hyperinflationary period", Economic Review, 2025:2, Sveriges Riksbank; the article "The pass-through of the krona to inflation appears to have been larger than usual",*Monetary Policy Report,* November 2023, Sveriges Riksbank; and C. Borio, M. Lombardi, J. Yetman and E. Zakrajšek (2023), "The two-regime view of inflation", BIS papers No 133, Bank for International Settlements.

Over the course of last year, the krona appreciated by around 10 per cent and the Riksbank assesses that this has contributed to a fall in inflation in Sweden. However, it is difficult to say with certainty whether we are now back to a situation where the exchange rate pass-through is historically normal. However, the fact that goods prices have developed roughly as expected in the Riksbank's forecasts, which are based on historically estimated relationships, is an indication that the krona has had a roughly average pass-through in recent months.

Inflation excluding energy prices expected to be higher next year

There are several factors contributing to the expected rise in inflationary pressures over the coming year. In the Riksbank's forecast, the krona will remain at approximately its current level in the coming years. This means that the dampening effect of the exchange rate on inflation will gradually diminish and be almost non-existent from the middle of next year.

At the same time, the Riksbank assesses that the low resource utilisation of recent years will gradually stop holding down inflation. Resource utilisation has already started to increase and is expected to be close to normal next year. This means that it will also cease to dampen inflation, albeit with some lag.[50] The growth rate in unit labour costs is also expected to rise from the low levels of 2025 and to return to more normal levels from this year onwards. It also affects inflation with a slight lag.

There were also some one-off effects in the inflation outcomes at the beginning of the year, which will fall out of the 12-month comparisons from next year. Around 0.2 percentage points of the decline in the rate of increase in the CPIF excluding energy in January was due to an increase in dental subsidies. This has a temporary effect on measured inflation in 2026 that will no longer affect inflation after one year. This will contribute to an increase in inflation of 0.2 percentage points in January 2027.

The Riksbank assesses that the reduction in VAT on food will also have temporary direct effects on inflation. The VAT will be reduced from 12 to 6 per cent during the period April 2026 until the end of December 2027. As a result, the measured inflation rate, as measured by the annual percentage change in the CPIF and the CPIF excluding energy, will be held down over the period April 2026 to March 2027. Thereafter, the annual percentage change is not affected until VAT is increased again, driving up inflation in 2028. If the VAT cut has full pass-through, which is assumed in the Riksbank's forecast, it will hold down the measured inflation rate by 0.8 percentage points from April this year and one year ahead.

Overall, then, there are reasons to believe that inflation will not exceed the target this year, despite the rapid rise in energy prices, but that it will be close to target from the middle of next year. However, as described in the alternative scenarios, developments may also turn out to be significantly different.

[50] See, for example, C. Flodberg, M. Hesselman and M. Löf (2022), "Can inflation forecasts be improved by using alternative measures of labour market slack?", *Staff memo*, November 2022, Sveriges Riksbank for an illustration of the correlation between different measures of resource utilisation and inflation.

3 Monetary policy analysis

Recent international developments have been very dramatic. It is still unclear what the more long-term consequences of the war in the Middle East will be, in both geopolitical and economic terms, and conditions can change rapidly.

The war has brought heavily rising global energy prices. The upturn in energy prices is expected to make an impression, albeit a limited one, on the more underlying driving forces for inflation. At the same time, the recovery of the Swedish economy has continued and the labour market is gradually improving. Conditions for a continuing economic recovery are fundamentally sound but the war in the Middle East is expected to restrain growth somewhat in the near term.

The Riksbank has decided to leave the policy rate unchanged at 1.75 per cent. A policy rate of 1.75 per cent and an unchanged forecast for the policy rate are expected to contribute to a strengthening the economy and to more underlying inflation being in line with 2 per cent at around the turn of the year. CPIF inflation will reach the target in 2029 when the temporary effects of energy prices and VAT adjustments have ebbed out. It is still too early to be able to see clearly how the war is affecting the outlook. At present, the Riksbank assesses that the current level of the policy rate and an unchanged forecast compared with December is a well-balanced monetary policy.

The Riksbank's main scenario, which is highly uncertain this time, assumes that the war in the Middle East has moderate effects on inflation and the economic recovery. It is important to be prepared for a different course of events. One possible scenario is that the war has significantly greater effects on the global economy and leads to a broader and more persistent upturn in inflation. The Riksbank would then have to raise the policy rate, even though economic activity in this case would be significantly lower. Another possible scenario is that the negative effects on demand become more significant at the same time as inflationary pressures become weaker. The Riksbank would then have to cut the policy rate to stimulate demand and thereby stabilise inflation at the target. The Riksbank monitors developments closely and will adjust monetary policy if the outlook for inflation and economic activity so requires.

Monetary policy is forward-looking

Monetary policy acts with a lag and must therefore be based on forecasts of future economic developments. The forecasts are in turn influenced by the assumptions made about monetary policy, that is, how it is assumed the policy rate and the Riksbank's other monetary policy tools will develop. This chapter discusses the assumptions about monetary policy that, in the Riksbank's assessment, will provide a desirable target fulfilment for inflation, taking into account the effects on the development of the real economy.

A basic condition for inflation to be close to the target over time, however, is that households and companies have confidence in any deviations from the target not lasting too long. It is easier to make long-term plans when inflation is stable and economic agents all have a common view of how prices will develop in the future. This in turn creates conditions for favourable economic growth over time.

3.1 Monetary policy in Sweden

The Riksbank's policy rate cuts, the most recent in September 2025, have contributed to the recovery of the Swedish economy beginning in 2025. At the same time, the prospects for inflation being stable around the target in the medium term have been good. In the December forecast, the policy rate was expected to be 1.75 per cent for some time to come. At the Monetary Policy Update in January, the policy rate was also held unchanged because the outlook for inflation and economic activity was expected to remain largely unchanged.

Several factors, including forward prices for oil and natural gas, currently indicate that the effect of the war in the Middle East on Swedish economic and inflation prospects will be limited. But developments can change quickly. For a more detailed discussion of what could cause a clear shift in the Riksbank's monetary policy due to the war in the Middle East, see section 3.2, which discusses conceivable alternative scenarios.

The market's expectations of policy rates have shifted upwards in the wake of the war. Market participants are now expecting the US Federal Reserve to make one cut in the Federal Funds rate, while the policy rate in the euro area is expected to be raised once or twice during the year. The forecast for interest rates abroad, measured as a trade-weighted index, is now slightly higher than in the Monetary Policy Report from December.

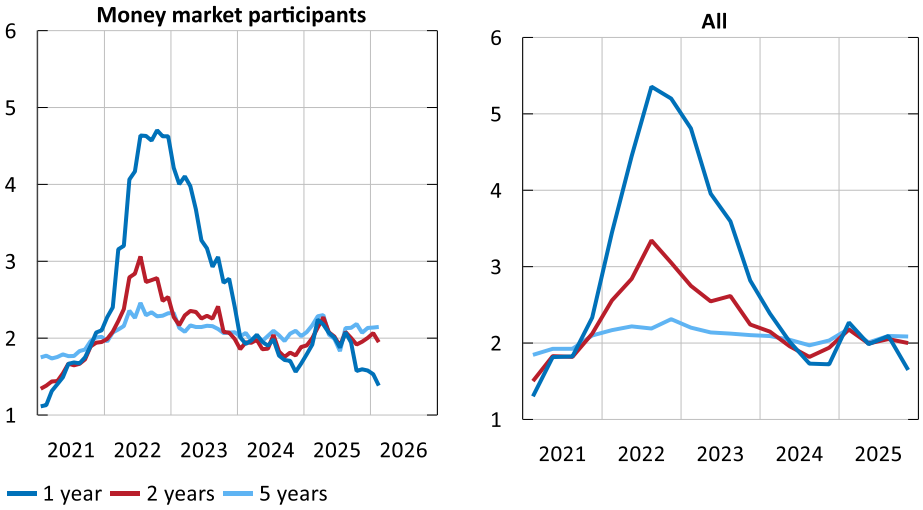
At the same time, the economic recovery in Sweden has continued. Since the decision in January, indicators have moderated somewhat but do overall point to normal growth in the first quarter. GDP for the fourth quarter of 2025 was in line with the Riksbank's forecast and the continued recovery in the period ahead is expected to be driven by domestic demand. The labour market situation is improving in step with the development of GDP, albeit with the usual lag. Resource utilisation in the economy is deemed to have started to rise but development in the period ahead is burdened partly by the war in the Middle East. Production and employment are assessed to reach normal levels next year.

The recent rise in energy prices is expected to contribute to inflation measured as the CPIF becoming higher this year compared with the assessment made in December (see the Fact Box “How the Riksbank’s forecasts have changed since the previous report”). Forward prices for oil and natural gas do however indicate that the market is expecting lower energy prices in the period ahead (see Figure 4). The recent strong rise in energy prices is expected to make a certain impression, albeit a limited one, in the more underlying driving forces for inflation, partly through companies to a certain extent transferring increased energy-related costs to the consumer.

Inflation is expected to be low this year, primarily due to the effects of the temporarily cut VAT and last year’s strong appreciation of the krona. The low rate of inflation is also reflected in inflation expectations 1 year ahead (see Figure 35). However, inflation expectations in the longer term, which are central to the inflation target functioning as a nominal anchor, are assessed to be well anchored close to 2 per cent. Indicators point to a restrained inflationary pressure in the near term (see Figure 25). From next year, however, they are expected to rise as a result of the krona no longer dampening inflation to the same extent, at the same time as the economy grows ever stronger. Inflation will vary somewhat over the forecast period. This will primarily occur due to the direct effects on the price level from the forthcoming temporary VAT cut on food. However, the VAT cut is not expected to affect the more underlying inflation to any great extent. Even so, it is important for the Riksbank to carefully follow and, if necessary, act to ensure that the inflation target is considered credible by households and companies.

Figure 35. Inflation expectations

Per cent



Note. The lines in the figure show the expectations at the time of measurement of different agents about CPIF inflation 1, 2 and 5 years ahead. Monthly data (left) and quarterly data (right).

Source: Origo Group.

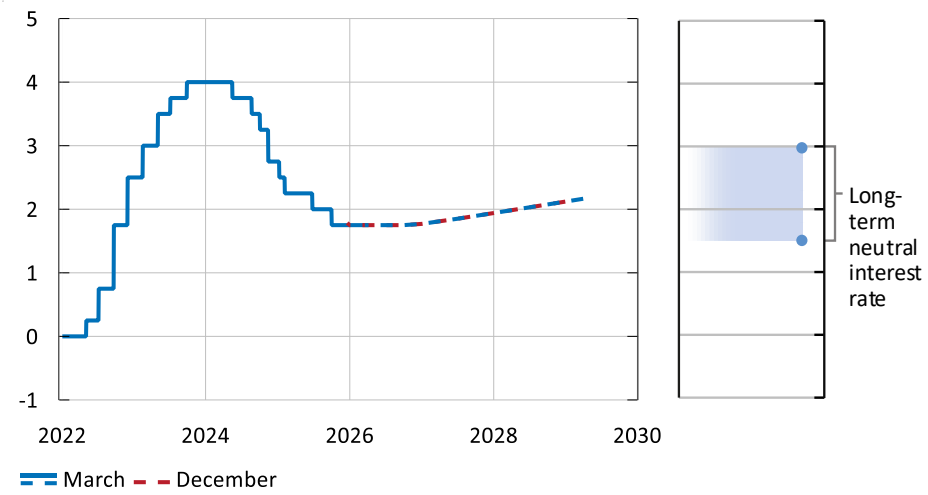
The Riksbank has decided to leave the policy rate unchanged at 1.75 per cent

The war in the Middle East is expected to restrain GDP growth somewhat in the period ahead but the conditions for the economy to continue to recover are fundamentally favourable. Inflation is being pushed up temporarily by higher energy prices and these are also expected to be passed on to other prices to some extent. The Riksbank's main scenario, which is highly uncertain this time, assumes that the war in the Middle East has moderate effects on inflation and the recovery. It is still too early to be able to see clearly how the war is affecting the outlook. At present, the Riksbank assesses that the current level of the policy rate and an unchanged forecast compared with December is a well-balanced monetary policy. A policy rate of 1.75 per cent and an unchanged forecast for the policy rate are expected to contribute to a strengthening economy and to more underlying inflation being in line with 2 per cent at around the turn of the year. CPIF inflation will reach the target in 2029 when the temporary effects of energy prices and VAT adjustments have ebbed out. In the Riksbank's forecast, the policy rate remains at 1.75 per cent for some time (see Figure 36). The policy rate then rises gradually and moves towards the midpoint of the interval assessed by the Riksbank to be the long-term level of the policy rate, in an economic environment with increasing resource utilisation and inflation close to 2 per cent.

It is important to be prepared for a different course of events. Depending on developments, inflationary pressures could be either higher or lower going forward. By limiting more lasting deviations from the inflation target, the Riksbank can maintain the public's confidence in the inflation target and thereby contribute to stability in the economy.

Figure 36. Forecast for the policy rate

Per cent



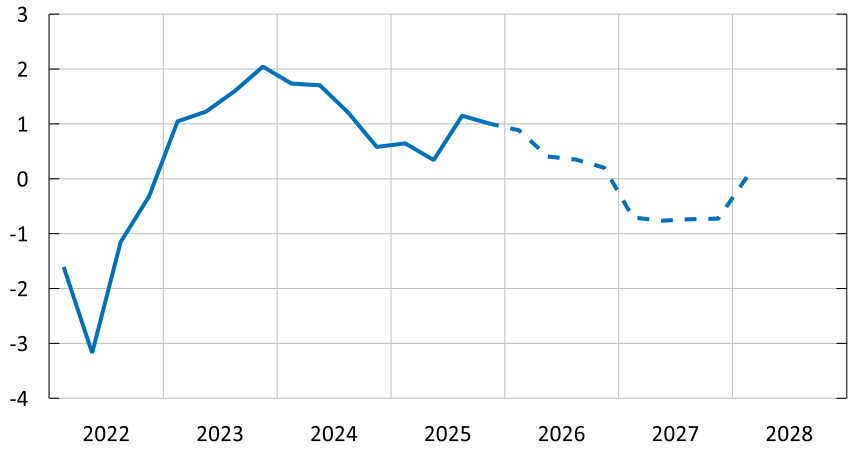
Note. Outcomes are daily rates and forecasts are quarterly averages. Shaded area shows the estimated interval for the long-term neutral policy rate. Solid line refers to outcome and dashed lines refer to the Riksbank's forecast.

Source: The Riksbank.

The policy rate forecast suggests a real policy rate that will fall slightly over the forecast period (see Figure 37). The development of the real interest rate is assessed to be compatible with economic activity that is approaching balance and an inflation that is close to the target in the medium term.[51]

Figure 37. Forecast for the real policy rate

Per cent



Note. The real policy rate is calculated as a quarterly average of the Riksbank's forecast for the policy rate one year ahead minus the forecast for CPIF inflation for the corresponding period. The forecast therefore only extends to the first quarter of 2028. As the real policy rate is forward-looking, outcomes are calculated using the latest published forecasts at the time.

Source: The Riksbank.

The Riksbank's sales of nominal government bonds have been concluded

The Riksbank concluded its sales of nominal government bonds at the end of last year to subsequently maintain a long-term holding of SEK 20 billion in line with the decision of November 2024.[52] However, the balance sheet continues to normalise as bonds mature and the Riksbank continues to sell inflation-linked government bonds in accordance with the decision of January 2024 (see Figure 38).[53] The Riksbank's sales are assessed to have had a limited impact on the exchange rate and the interest rates faced by households and companies, but to have helped improve the functioning of the bond market and reduced the interest rate risk on the Riksbank's balance sheet.

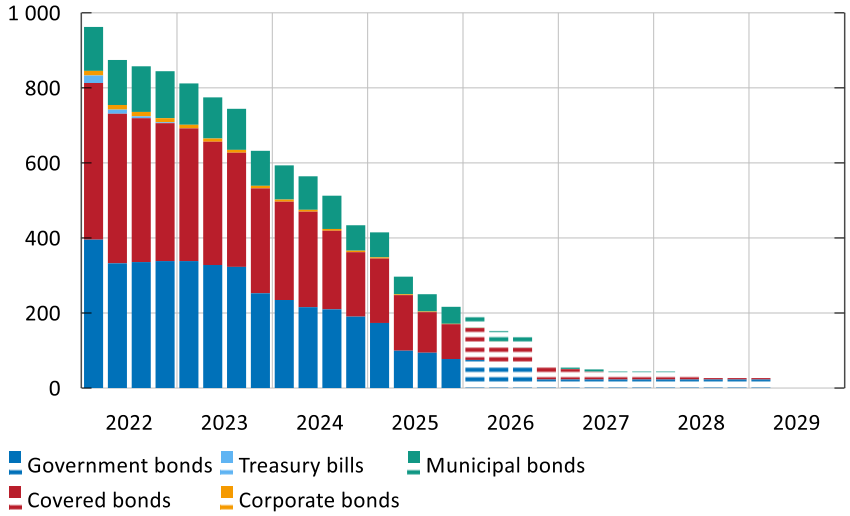
[51] The development of the real policy rate is affected to a certain extent by inflation varying from year to year due to the volatile energy prices and the temporary cut in VAT on food. There is reason to believe that the actors in the economy will see through large parts of these effects, assuming that they are temporary.

[52] See decision on trading in Swedish nominal government bonds, Annex B to the minutes, Ref. no. 2024–01249, 6 November 2024. In September 2025, an addendum was added allowing the holdings to fluctuate within an interval of SEK 18–22 billion for short periods; see decision on the Riksbank's securities portfolio in Swedish kronor, Annex B to the minutes, Ref. no. 2025–01116, 22 September 2025.

[53] See policy rate decision and government bond sales, Annex A to the minutes, Ref. no. 2024–00138, 31 January 2024.

Figure 38. The Riksbank's asset holdings

Nominal amounts, SEK billion



Note. The striped bars are a projection of the Riksbank's securities holdings. The projection is based on maturities and the monthly sale of real government bonds for a nominal value of SEK 0.8 billion. The series in the figure end in the first quarter of 2029, which is the final quarter of the Riksbank's three-year forecast horizon.

Source: The Riksbank.

3.2 Uncertainty, risks and alternative scenarios

The economy is regularly exposed to shocks that change the conditions for monetary policy. Moreover, the effects of monetary policy on inflation and the real economy are uncertain and may vary over time. Households and companies therefore need to plan their finances on the basis that the policy rate may be either higher or lower than in the Riksbank's forecast.

In December, the Riksbank described, in two alternative scenarios, how monetary policy could be affected if the economy were not to develop in line with the Riksbank's forecast. In one scenario, household demand rose faster than expected at the same time as geopolitical developments gave rise to supply shocks, with higher inflation as a consequence. Despite supply shocks on global energy markets due to the war in the Middle East, the main scenario in this report assumes that inflation prospects in the medium term will stay the same. The other scenario instead assumed global development would be significantly weaker than in the main scenario, as a result of an AI-related stock market fall and some credit tightening. Growth abroad has been stable in recent months. The scenarios from December overlap to a certain extent those described in this report, where negative supply shocks and confidence effects in the wake of the ongoing war in the Middle East form central elements.

The increased risks that surround the Riksbank's forecasts in light of recent developments have complicated the monetary policy assessment. The Riksbank normally seeks to ensure that the risk outlook is balanced regarding prospects for inflation. However, this is more difficult when the conditions for monetary policy

change rapidly as a result of a widened range of outcomes for both inflation and the real economy. The risk of lastingly higher energy prices has increased. At the same time, it is difficult to predict which will be the effects of the war in the Middle East on the real economy and what the effects on inflation will be in the slightly longer term, as well as how the krona will be affected.

Even with a balanced risk outlook, the Riksbank may under certain circumstances have to give particular consideration to risks that could damage confidence in the inflation target. In the main scenario, the Riksbank does not need to give such consideration. At the same time as it is important, in a highly uncertain situation, for monetary policy to be predictable and to contribute to stability, the uncertainty calls for a high level of vigilance to ensure that confidence in the inflation target is retained.

The section below discusses the main risks surrounding the Riksbank's forecast.

Very uncertain international developments

There are major risks linked to the war in the Middle East, which are discussed in greater detail in the alternative scenarios below. Apart from the war in the Middle East, other geopolitical risks remain high, including those following from Russia's war against Ukraine. How the ongoing war in the Middle East will affect international political dynamics also remains to be seen.

Over the last year, the US administration's actions have been capricious. The unpredictability of US foreign and trade policies also remains a risk factor for the global economy. The tariffs introduced in April 2025 have been confirmed as illegal by the US Supreme Court but new tariffs have already been introduced in their place. Uncertainty over how long the new tariff rates will apply has increased, however, as the new tariffs have been introduced under different legislation. In addition, since December, the US administration has shown a tendency to use trade policy tools as leverage to a greater extent than before, thus increasing unpredictability. Despite the higher tariffs, world trade and global demand developed relatively strongly in 2025. How global trade and international relations develop in the future will play a major role in various supply and demand conditions, and this is therefore a possible source of higher or lower inflationary pressures than in the Riksbank's forecast.[54]

Uncertainty over developments in the United States is also high domestically. This is partly because the combination of a high level of debt and large federal budget deficits calls into question the sustainability of the country's public finances. And partly because the monetary policy framework is being tested by statements made, for some time now, by representatives of the US administration indicating a desire to place monetary policy under greater political control. If economic actors were to begin to doubt the independence of the Federal Reserve and its willingness and ability to keep inflation under control, it could have far-reaching negative consequences for both the US economy and the global economy. The nomination of the new FED chair

[54] For a more detailed review of what effects on the policy rate may arise from potential developments linked to US trade policy, see *Monetary Policy Report*, June 2025, Sveriges Riksbank.

in January seems to have been interpreted by the financial markets as that the risk of reduced independence has declined.

The deterioration in the security situation in Europe has led to increased defence spending, but its future effects on the economy are difficult to assess. It is not unthinkable that the spending will contribute to stronger demand and higher inflation than in the Riksbank's forecast. At the same time, several countries, for example France, Italy and the United Kingdom, have high public debt levels at the outset and expected deficits, which means that debt as a share of GDP will probably grow further going forward. Consolidation may be necessary sooner or later, but would require fiscal policy tightening, resulting in weaker demand and lower inflation, and would probably also affect the Swedish economy.

There are also economic risks linked to the development of AI. Companies active in this sector are making major investments, including in the form of data centres, which to an increasing extent are being funded through the bond market. If the technology fails to meet investors' expectations or if the companies that have issued these bonds find it difficult to capitalise on the investments, this could lead to sharp falls in stock markets and to turbulence in the financial markets.[55] And even if the technology meets investors' expectations, there is still uncertainty over how developments will affect productivity, the labour market and ultimately monetary policy.[56]

As Sweden is a small, open economy, the krona exchange rate is an important determining factor for Swedish inflation. However, it is notoriously difficult to predict the development of the krona, and a clear deviation from the Riksbank's forecast may affect the inflation outlook. Several of the risks discussed in this section can also affect the development of the krona. Depending on which risks are realised, the krona can under certain circumstances contribute to strengthening unfavourable changes in inflationary pressures.

Uncertainty surrounding inflation dynamics in Sweden

There are also risks more closely linked to domestic developments. One such risk is that it is difficult to know exactly how large the effect on the Swedish economy will be of the fiscal policy stimulation measures, which are unusually extensive in 2026. If the effect is greater or comes earlier than expected, or both, the economy will improve faster than the Riksbank has anticipated. The opposite applies if the effect is smaller or comes later than expected. There is also a lack of clarity regarding how Swedish defence spending is to be financed beyond the near term. At present, parts of it are debt-financed. How the financing will ultimately be designed, and when the plan for financing will be communicated, has significance not only for economic developments but also for confidence in Swedish fiscal policy. Changes to macroprudential policy also have uncertain effects, which could be greater than the Riksbank's forecast

[55] For a more detailed review of the effects an AI-linked stock market decline could have on the policy rate, see the alternative scenario with lower inflation in the *Monetary Policy Report*, December 2025, Sveriges Riksbank.

[56] For details of Swedish companies' AI usage, see the article "There is one labour market before and one after AI" in the *Riksbank's Business Survey*, February 2026, Sveriges Riksbank.

assumes (see the Fact Box “Small effects on the real economy from changes in macro-prudential policy”). The extent to which rapidly rising demand affects inflation depends partly on whether it occurs in an environment where problems arise with bottlenecks on the supply side. The inflation effect would be reinforced in such an environment.

Another risk linked to fiscal policy is that the direct effect of the reduced VAT on food on measured inflation will cause CPIF inflation to be very low in 2026. There is a risk that the temporarily low inflation will become more persistently low through second-ary effects, for example if longer-term inflation expectations are pushed down.

It is also very difficult to determine how the trade conflicts now taking place will evolve going forward, and what the consequences will be for the Swedish economy. A lasting fragmentation of trade risks dampening production growth through reduced specialisation, weakened competition and reduced knowledge-sharing. For a small, open economy such as Sweden – with an export sector concentrated on capital goods and industrial input goods – exposure towards such shocks is substantial.

Two alternative scenarios are described below. The scenarios aim to illustrate how some of the risks surrounding the main scenario could affect the Swedish economy and monetary policy going forward. It deserves to be pointed out that the scenarios can in practice occur in either a stronger or weaker form than described, and also to some extent as a combination of both. This emphasises the fact that the potential range of outcomes is currently large.

Alternative scenario: Broader and more persistent upturn in inflation due to the war in the Middle East

In the main scenario, Swedish GDP grows at a relatively good pace in 2026, driven by domestic demand. In this alternative scenario, the recovery that started in 2025 is cut short when several negative supply shocks materialise due to the war in the Middle East. The stoppage of traffic in the Strait of Hormuz lasts a long time in this scenario, and energy production in the region is limited further, and for a longer period of time. The closure also affects the supply of a broader group of goods. For instance, the price of industrial metals such as aluminium is affected. In addition, the worsened geopolitical situation leads to an increased risk for other goods also becoming stuck in the affected region, which could hamper production that depends on these goods. In total, the disruptions push up costs for companies, which means that they raise the prices they charge consumers.

In the scenario, energy prices rise rapidly and sharply during the spring. Various indicators, such as forward prices for natural gas and oil indicate that the rise in prices will be long lasting, and that the likelihood of a rapid normalisation is low. Natural gas reserves in Europe are already low to start with, after the cold winter. This initial shortage means that energy prices increase more than they would have otherwise, and inflation in Sweden and abroad rises significantly.

At the same time, the shortfall in deliveries of several vital commodities leads to various halts in the production of goods higher up in the production chain and that

supply decreases more broadly. One example is that the shortage of natural gas reduces the production of fertiliser, which in turn reduces the supply of food. The supply limitations and cost increases mean that companies in Sweden and abroad increase their prices. Inflation excluding energy therefore rises, albeit with some time lag in relation to CPIF inflation. This occurs in a situation where companies' resilience has been under pressure, for example from trade conflicts over the past year.

Furthermore, the turmoil leads global investors to place their investments in what are traditionally seen as less risky assets. This causes the krona to weaken, which also contributes to higher inflation. The persistently higher in inflation is also reflected in the Riksbank's Business Survey, in corporate pricing plans and in various measures of inflation expectations. Figure 39 illustrates the development of inflation in the scenario, measured as CPIF and CPIF excluding energy, where both measures exclude the direct effect on prices of the cut in the VAT on food.

Demand is also negatively affected by the situation, via weaker sentiment in the global economy and higher uncertainty over future developments. The lower demand spills over onto the labour market and unemployment rises. While the potential in the economy becomes lower in relation to the main scenario due to the supply shocks, GDP is affected even more negatively by the weaker sentiment. The higher prices erode households' purchasing power and dampen consumption. Companies' profit margins come under pressure from higher purchasing costs and lower global demand, which contributes to companies postponing investments. All in all, the recovery is brought to a halt and the economic downturn deepens (see Figure 40).

If the high inflation had come from a one-off increase in energy prices, with small or non-existent indirect effects on other prices, the Riksbank, like other central banks, would have been able to see through it, as the outlook for inflation would then have nevertheless been favourable, as in the main scenario. But as the inflationary pressures in this alternative scenario are much higher and more lasting, the Riksbank needs to adjust its monetary policy in the summer of 2026 and begins a series of policy rate increases that continues during the autumn.[57] The monetary policy tightening breaks the trend and counteracts secondary effects arising.[58] Inflation peaks at a lower level than it otherwise would have and inflation again starts to fall in 2027. When the Riksbank sees that inflation is starting to fall back, it starts to normalise the policy rate, which is gradually lowered over the rest of the forecast period. A possible alternative monetary policy would be to delay policy rate increases but this would entail a risk of more severe tightening further ahead, resulting in larger costs for households and companies.

[57] This picture is not changed by the lowered VAT on food temporarily pushing down measured inflation: the more underlying inflation remains high. In an environment where inflation following the Covid-19 pandemic has turned out to be more volatile and unpredictable (than during the previous decade of low interest rates), it is particularly important to anchor inflation expectations and bring inflation back towards the target within a reasonable time frame.

[58] When the Riksbank tightens monetary policy, the initial weakening of the krona is counteracted. But as other central banks also raise their policy rates, the pressure on the krona to appreciate is limited.

Alternative scenario: Weaker demand in the wake of the war in the Middle East leads to lower inflation

There are also risks for lower inflation linked to the war in the Middle East. This scenario shares the assumptions in the main scenario regarding developments in energy prices and it is assumed that the closure of the Strait of Hormuz will be fairly short-lived. At the same time, the war is assumed to have significantly larger effects on global demand than those assumed in the main scenario. There are several channels through which the war may have a negative impact on global demand. Increased uncertainty and a deterioration in confidence can lead to lower demand when households increase their precautionary savings and companies postpone investments. Stock market falls reduce household wealth, thus impacting their willingness to consume, and also negatively affecting companies' willingness to invest.

In the scenario, demand through these channels is lower than in the main scenario. The global economy, including Sweden's, slows down. The uncertainty also affects financial markets, where risk appetite declines. This is followed by rising risk premiums and tighter credit terms, which restrain willingness to invest even more. Moreover, the weaker international demand has a negative effect on the Swedish export industry, which sells fewer goods and services to other countries.

Overall, GDP flatlines during the second quarter. The weak real economic development entails lower demand for labour and thereby higher unemployment. In other words, the recovery is brought to a halt. Resource utilisation weakens and the recession deepens.

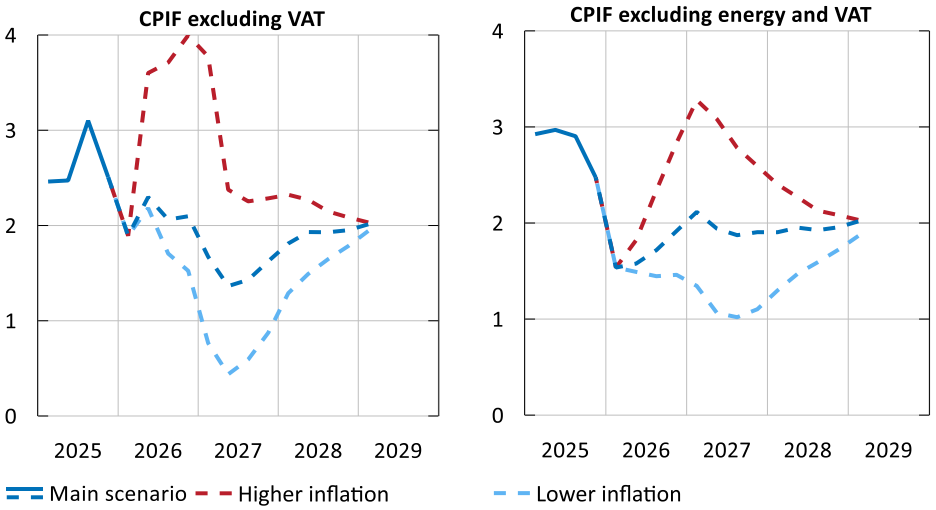
The krona normally depreciates in times of global unease. Similarly to events in 2025, however, it is assumed that the krona appreciates in this scenario. The stronger krona leads both to the exchange rate not functioning as a buffer for the Swedish economy, making the fall in GDP even greater, as well as to lower import prices, contributing to lower domestic cost pressures. Together with lower demand, the stronger krona leads to inflation measured both with CPIF and CPIF excluding energy becoming lower than in the Riksbank's main scenario.

The weak resource utilisation and low inflationary pressures, visible in both outcome data and forward-looking indicators, lead the Riksbank to change its monetary policy and initiate a series of policy rate cuts starting in the summer of 2026. Central banks abroad, which also meet a lower demand, shift their monetary policy to a more expansionary direction as well.

The fact that the Riksbank cuts the policy rate dampens the fall in demand and contributes to raising inflationary pressures in the economy. Inflation begins to rise back towards the target during 2027. A normalisation of the policy rate is begun in mid-2027, when the outlook for inflation is better, and the policy rate is gradually raised during the remainder of the forecast period.

Figure 39. Forecast and alternative scenarios for CPIF and the CPIF excluding energy and the direct effect of change in the VAT on food

Annual percentage change

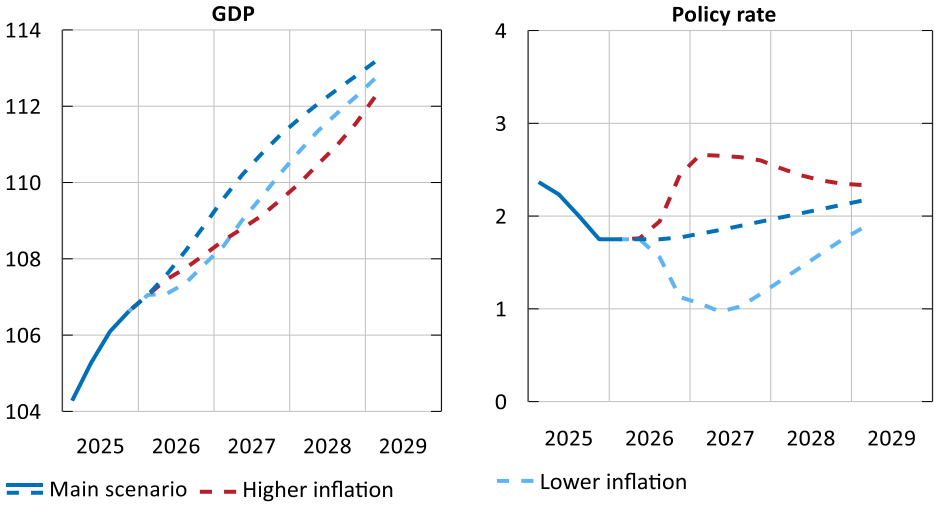


Note. Quarterly averages. Seasonally adjusted data. In the forecast and alternative scenarios for the CPIF and the CPIF excluding energy, the direct effect on the price level from the cut in VAT on food has been excluded. Solid lines show outcome and dashed lines show forecasts and scenarios.

Sources: Statistics Sweden and the Riksbank.

Figure 40. Forecast and alternative scenarios for GDP and the policy rate

Index, 2019 Q4 = 100 (left) and per cent (right)



Note. Quarterly averages. Seasonally adjusted data (left). For the figure to the right, the deviations from the forecast in the alternative scenarios are not necessarily symmetrical, as they illustrate the monetary policy response to specific shocks to the economy. Any asymmetry should therefore not necessarily be interpreted as the Riksbank seeing the risks surrounding the policy-rate forecasts as unbalanced. Solid lines show outcome and dashed lines show forecasts and scenarios.

Sources: Statistics Sweden and the Riksbank.

FACT BOX – How the Riksbank's forecasts have changed since the previous report

Between the Riksbank's monetary policy meetings, new information comes to light that is used to update its view of the economic situation and inflation. When the Riksbank formulates monetary policy, new information, together with new analyses of economic correlations and trends in the economy, are important pieces of the puzzle. However, a quantified forecast update is only done at four of the year's eight meetings, in conjunction with the Monetary Policy Reports. Figure 41 and Figure 42 describe how key forecasts have changed since the previous Monetary Policy Report in December.

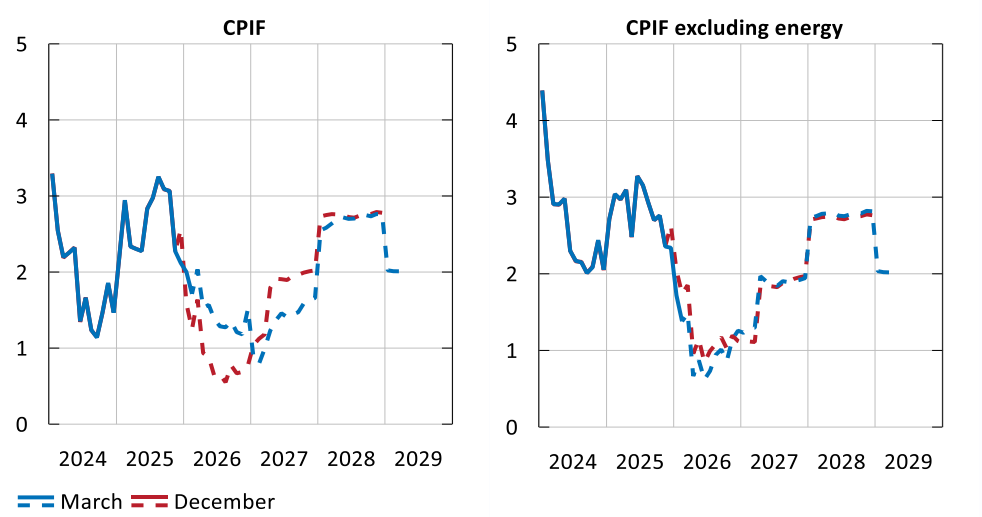
CPIF inflation has been slightly higher than expected in recent months. This is due to the temporary upturn in electricity prices that followed the cold winter, but the forecast in the near term also considers the strong rise in energy prices that has followed from the war in the Middle East. Even this upturn is also expected to be relatively short-lived, primarily affecting the annual percentage change over the next year before then temporarily dampening inflation prospects for 2027 when energy prices have fallen back, and the upturn falls out of the comparative figures (see Figure 41).

Unlike CPIF inflation, the outcome for CPIF inflation excluding energy was lower than expected in recent months. This means that the forecast for this measure will be lower in 2026. The downward revision is partly counteracted by indirect effects of energy price developments. The development of this measure of inflation is also affected by temporary factors and, when adjusted for the direct effects of the upturn in energy prices, the outlook for inflation beyond next year has only changed marginally (see Figure 41).

GDP grew in line with the December forecast in the fourth quarter of 2025 but growth is adjusted downwards slightly as a consequence of higher energy prices and weaker confidence due to the war in the Middle East. Overall, the GDP gap will close slightly later than in the December forecast. At the same time, the initial labour market situation is slightly stronger but follows the development of GDP and is somewhat weaker in 2027 (see Figure 42).

Figure 41. Forecasts for inflation

Annual percentage change

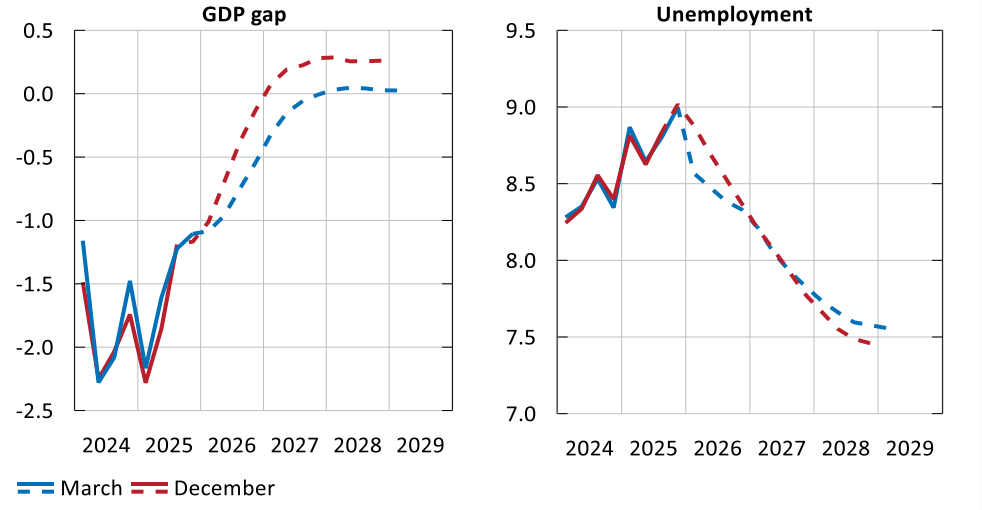


Note. Solid lines refer to outcomes and dashed lines refer to the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

Figure 42. Forecasts for real economic growth

Per cent



Note. GDP gap refers to the deviation from the Riksbank's assessed long-term trend. Unemployment refers to persons aged 15–74. Seasonally adjusted data. Solid lines refer to outcomes and dashed lines refer to the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank.

Forecast tables

The assessment in the previous Monetary Policy Report is given in brackets.

Tabell 3. Policy rate forecast

Per cent, quarterly averages

	2025Q4	2026Q1	2026kv2	2027Q1	2028kv1	2029kv1
Policy rate	1.75 (1.75)	1.75 (1.75)	1.75 (1.75)	1.81 (1.81)	1.99 (1.99)	2.17

Source: The Riksbank.

Tabell 4. Inflation

Annual percentage change, annual average

	2025	2026	2027	2028
CPIF	2.6 (2.7)	1.5 (0.9)	1.3 (1.7)	2.7 (2.8)
CPIF excl. energy	2.8 (2.8)	1.1 (1.3)	1.7 (1.7)	2.8 (2.7)
CPI	0.7 (0.7)	0.8 (0.6)	2.0 (2.1)	3.5 (3.2)
HICP	2.6 (2.7)	1.4 (1.0)	1.3 (1.7)	2.7 (2.8)

Note. The HICP is an EU-harmonised index for consumer prices.

Sources: Statistics Sweden and the Riksbank.

Tabell 5. GDP and demand

Annual percentage change unless otherwise specified

	2025	2026	2027	2028
Household consumption	1.6 (1.5)	2.4 (3.0)	2.6 (2.5)	1.5 (1.3)
Public consumption	0.7 (0.5)	2.5 (1.7)	2.6 (1.6)	1.1 (0.8)
Gross fixed capital formation	2.0 (1.0)	3.5 (4.0)	3.8 (3.3)	1.4 (1.2)
Stock investments*	0.2 (0.1)	-0.3 (0.0)	0.0 (0.0)	0.0 (0.0)
Exports	3.9 (5.2)	3.4 (4.2)	3.5 (3.6)	2.5 (2.5)
Imports	4.3 (4.7)	3.1 (4.3)	4.2 (3.7)	2.6 (2.5)
GDP	1.5 (1.5)	2.5 (2.9)	2.6 (2.5)	1.3 (1.2)
GDP, calendar-adjusted	1.8 (1.8)	2.2 (2.6)	2.3 (2.2)	1.6 (1.4)
Final domestic demand*	1.4 (1.1)	2.6 (2.8)	2.8 (2.4)	1.3 (1.1)
Net exports*	-0.1 (0.4)	0.2 (0.1)	-0.3 (0.0)	0.0 (0.1)
Current account (NA), percentage of GDP	5.2 (5.8)	5.4 (6.3)	5.3 (6.6)	5.7 (6.8)

* Contribution to GDP growth, percentage points

Note. The figures show actual growth rates that have not been calendar-adjusted, unless otherwise stated. NA is the National Accounts.

Sources: Statistics Sweden and the Riksbank.

Tabell 6. Production and employment

Annual percentage change unless otherwise specified

	2025	2026	2027	2028
Population, aged 15–74	0.4 (0.4)	0.2 (0.1)	0.1 (0.1)	0.2 (0.2)
Potential employment	0.7 (0.7)	0.6 (0.6)	0.4 (0.4)	0.3 (0.3)
Potential hours worked	0.9 (0.9)	0.7 (0.7)	0.5 (0.5)	0.4 (0.4)
Potential GDP	1.6 (1.6)	1.5 (1.5)	1.6 (1.4)	1.5 (1.4)
GDP, calendar-adjusted	1.8 (1.8)	2.2 (2.6)	2.3 (2.2)	1.6 (1.4)
Hours worked, calendar-adjusted	-0.4 (0.0)	1.3 (1.2)	1.5 (1.1)	0.7 (0.8)
Employed persons	0.4 (0.3)	1.1 (0.9)	0.9 (1.2)	0.6 (0.8)
Labour force	0.9 (0.8)	0.7 (0.6)	0.4 (0.5)	0.2 (0.3)
Unemployment*	8.8 (8.8)	8.4 (8.6)	8.0 (8.0)	7.6 (7.5)
Employment gap**	-1.3 (-1.4)	-0.8 (-1.1)	-0.3 (-0.4)	0.0 (0.1)
Hours gap**	-1.9 (-1.5)	-1.2 (-1.0)	-0.3 (-0.4)	0.0 (0.0)
GDP gap**	-1.5 (-1.6)	-0.8 (-0.6)	-0.1 (0.2)	0.0 (0.3)

* Per cent of labour force
**Percentage deviation from the Riksbank's assessed potential levels

Note. Potential hours worked and potential GDP refer to the long-run sustainable level according to the Riksbank's assessment.

Sources: Statistics Sweden and the Riksbank.

Tabell 7. Wages and labour costs for the economy as a whole

Annual percentage change, calendar-adjusted unless otherwise specified

	2025	2026	2027	2028
Hourly wage, NMO	3.7 (3.7)	3.4 (3.4)	3.2 (3.2)	3.1 (3.1)
Hourly wage, NA	3.4 (3.4)	3.4 (3.4)	3.2 (3.2)	3.1 (3.1)
Hourly labour cost, NA	2.1 (2.5)	3.4 (3.4)	3.2 (3.2)	3.1 (3.1)
Productivity	2.2 (1.8)	0.9 (1.4)	0.8 (1.0)	0.9 (0.6)
Unit labour cost	0.1 (0.8)	2.5 (2.0)	2.3 (2.1)	2.2 (2.5)

Note. NMO is the National Mediation Office's short-term wage statistics and NA is the National Accounts. Labour cost per hour is defined as the sum of actual wages, social-security charges and wage taxes (labour cost sum) divided by the number of hours worked by employees. Unit labour cost is defined as labour cost sum divided by GDP in fixed prices.

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

Tabell 8. International forecasts

Annual percentage change unless otherwise specified

GDP	PPP weights	KIX weights	2025	2026	2027	2028
Euro area	0.11	0.47	1.5 (1.4)	1.2 (1.2)	1.3 (1.4)	1.2 (1.2)
United States	0.15	0.10	2.1 (1.9)	2.2 (1.8)	2.0 (1.9)	2.1 (1.9)
China	0.20	0.09	5.0 (5.0)	4.4 (4.4)	4.2 (4.3)	4.1 (4.0)
KIX weighted	0.75	1.00	2.1 (2.0)	1.8 (1.9)	1.9 (2.0)	1.9 (1.9)
The World (PPP-	1	-	3.2 (3.2)	3.2 (3.1)	3.2 (3.2)	3.2 (3.2)

Note. Calendar-adjusted growth rates. PPP weights refer to purchasing-power adjusted GDP weights in the world for 2026, according to the IMF. KIX weights refer to weights in
the Riksbank's krona index (KIX) for 2026. The forecast for GDP in the world is based on the IMF's forecasts for PPP weights. The forecast for KIX-weighted GDP is based on an assumption that the KIX weights will develop in line with the trend during the latest five years.

CPI	2025	2026	2027	2028
Euro area (HICP)	2.1 (2.1)	2.5 (1.8)	1.9 (1.8)	2.0 (2.0)
United States	2.6 (2.8)	3.3 (2.9)	2.5 (2.3)	2.3 (2.3)
KIX weighted	2.7 (2.7)	2.8 (2.3)	2.3 (2.2)	2.3 (2.3)

	2025	2026	2027	2028
International policy rate, per cent	2.8 (2.8)	2.5 (2.5)	2.4 (2.4)	2.5 (2.5)
Crude oil price, USD/barrel Brent	68.0 (68.1)	85.3 (62.1)	74.5 (62.3)	71.4 (63.7)
Swedish export market	2.8 (1.6)	2.7 (1.8)	3.0 (3.1)	3.0 (2.9)

Note. The policy rate abroad is an aggregate of rates in the US, the euro area, Norway and the United Kingdom. In the euro area, the overnight rate ESTR has replaced EONIA as the reference rate since 1 January 2022.

Sources: Eurostat, IMF, Intercontinental Exchange, national sources, OECD and the Riksbank.

Tabell 9. Summary of financial forecasts

Per cent unless otherwise stated, annual average

	2025	2026	2027	2028
The Riksbank's policy rate	2.1 (2.1)	1.8 (1.8)	1.9 (1.9)	2.1 (2.1)
10-year rate	2.5 (2.5)	2.8 (2.9)	2.8 (2.9)	2.8 (2.9)
Exchange rate, KIX, 18 Nov 1992 = 100	119.7 (119.7)	115.5 (116.1)	115.0 (115.2)	114.7 (115.0)
General government net lending, per cent of GDP	-1.5 (-1.0)	-2.5 (-2.0)	-2.1 (-1.2)	-1.3 (-0.6)

Sources: Statistics Sweden and the Riksbank.

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