

DECISION

DATE: 19 August 2025
DEPARTMENT: Monetary Policy Department
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Policy rate decision (to be notified on 20 August at 9.30 am)

The Riksbank's decision

1. The Riksbank sets the policy rate at 2 per cent, which means that it is held unchanged. The policy rate decided on shall apply as from 27 August 2025.
2. The Riksbank adopts the Monetary Policy Update, annex Monetary Policy Update.

As the Riksbank decided earlier (ref.no. 2024–01029), the minutes from the monetary policy meeting on 19 August 2025 shall be published on 26 August 2025 at 9.30 am.

Grounds for the decision

Legal basis

Under Chapter 2, Section 1 of the Sveriges Riksbank Act (2022:1568), the overriding objective of the Riksbank is to maintain low and stable inflation (the price stability objective). Without prejudice to the price stability target, the Riksbank shall also contribute to a balanced development of production and employment (consideration for the real economy). The Riksbank has defined the price stability objective as a target of 2 per cent for the annual increase in the consumer price index with a fixed interest rate (the CPIF) (doc. reg. no. 2017–00691).

The Riksbank's main monetary policy tool for achieving the price stability objective is the policy rate. The Riksbank shall determine the policy rate for its

deposits, its credits and its repurchase agreements in financial instruments (Chapter 2, Section 4, second paragraph of the Sveriges Riksbank Act).

Policy rate held unchanged at 2 per cent

To stabilise inflation close to the target, in May 2024 the Riksbank began a series of policy rate cuts, from 4 per cent to 2 per cent in June this year. In the latest decision in June, the Riksbank communicated that there is some probability of a further policy rate cut in 2025.

During the summer, international developments have been marked by continued geopolitical tension and negotiations with the United States regarding tariff levels, and economic outcomes have been largely as expected. However, inflation in Sweden has risen more than expected, according to recent outcomes, and in July it was slightly above the target of 2 per cent. This upturn is assessed to be due to temporary factors, though, and several indicators support the view that inflation will fall back towards the target going forward. At the same time, economic activity is weak.

The Riksbank assesses that the conditions for stronger economic activity are favourable going forward, partly due to the Riksbank's interest rate cuts and to rising real wages for households. However, the rebound is progressing slowly, at the same time as the unexpectedly high inflation calls for vigilance. The Riksbank considers that the outlook remains largely unchanged, even though inflation and economic activity have deviated somewhat during the summer from the Riksbank's forecast in June.

As part of attaining the price stability target, the Riksbank therefore assesses that under the prevailing circumstances, and taking into account the consequences for the real economy and the functioning of the financial markets, a well-balanced decision is to hold the policy rate unchanged at 2 per cent.¹ The effects of the monetary policy decision are also considered to be in reasonable proportion to the costs and risks that the decision entails for the finances of the Riksbank and the State. The Riksbank therefore considers that the decision is compatible with the principle of proportionality in Chapter 1, Section 8 of the Sveriges Riksbank Act.

In line with the forecast in June, the Riksbank assesses that there is still some probability of a further interest rate cut this year.

This decision has been taken by the Executive Board (Governor Erik Thedéen, First Deputy Governor Anna Breman and Deputy Governors Per Jansson, Aino Bunge and Anna Seim) following a presentation by Senior Economist Jakob Almerud. The

¹ This is developed further in the Monetary Policy Update, see enclosure.

Head of the Monetary Policy Department Åsa Olli Segendorf and General Counsel Annica Sandberg took part in the final processing work.