

DECISION

DATE: 17 June 2025
DEPARTMENT: Monetary Policy Department
DOCUMENT REGISTRATION NUMBER (DNR): 2025-00852
DOCUMENT CLASSIFICATION: RB OPEN

Policy rate decision (to be notified on 18 June at 09.30)

The Riksbank's decision

1. The Riksbank sets the policy rate at 2 per cent, which means that it is cut by 0.25 percentage points. The policy rate decided on shall apply as from 25 June 2025.
2. The Riksbank adopts the Monetary Policy Report, annex Monetary Policy Report.

As the Riksbank decided earlier (ref.no. 2024-01029), the minutes from the monetary policy meeting on 17 June 2025 shall be published on 25 June 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 is cut to 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 2.25 per cent in January this year. In the latest decision in May, the Riksbank assessed that it was somewhat more likely for inflation to be lower than for it to be higher than projected in the monetary policy report from March. The uncertain state of the world made it still deemed appropriate to leave the policy rate unchanged and await more information about the Swedish economic and inflation outlook.

Since the May decision financial markets have fluctuated slightly less and US import tariffs are expected to be lower than was announced at the beginning of April. The conditions for stronger economic activity going forward are good, partly due to rising real wages for households. However, the recovery is proceeding more slowly than expected and new information shows that growth in the Swedish economy is weak, at the same time as unemployment remains high. Furthermore, the major uncertainty regarding developments abroad is expected to inhibit the recovery also in the near term. In addition, inflation has fallen since the upturn at the beginning of the year, and in recent months has developed in line with the Riksbank's forecast in March. However, the weaker demand is expected to contribute to lower inflation going forward than in the March forecast. There is still a risk of the trade conflict leading to higher inflation, but it is assessed to have declined.

Against this background, the Riksbank considers that the inflation and economic outlook now clearer than before provides an argument for a slightly looser monetary policy. A lower policy rate contributes to stabilising inflation at the target and strengthens economic activity. 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 cut the policy rate to 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. The forecast for the policy rate entails some probability of a further cut this year.

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

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