

## DECISION

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DEPARTMENT: Monetary Policy Department  
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# Policy-rate decision (to be announced on 23 September 2025 at 9:30 am)

## The Riksbank's decision

1. The Riksbank sets the policy rate at 1.75 per cent, which means that it is cut by 0.25 percentage points. The policy rate decided on shall apply as from 1 October 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 22 September 2025 shall be published on 29 September 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 1.75 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 policy rate decision in August, the Riksbank communicated that there is some probability of a further policy rate cut in 2025, in line with the Riksbank's forecast in June.

After the August decision, the global economy has continued to be marked by geopolitical tensions and uncertainty for both companies and households, but the outlook for global growth remains largely unchanged. In Sweden, inflation remained elevated in August, but excluding energy, inflation decreased somewhat and approached the forecast in June. New information has given further confidence in the assessment that the high inflation is temporary. For instance, companies' pricing plans have fallen, and the krona has strengthened. Furthermore, the tax cuts announced by the government are expected to dampen inflation temporarily next year, though they are not expected to affect inflationary pressures to any great extent. The conditions for stronger economic activity going forward still remain, and there are some signs that they have improved recently. However, growth has been weak for a long time, and the timing of the expected recovery has been gradually pushed forward. The turnaround on the labour market also looks set to take longer than expected. To further support the recovery and to stabilise inflation at the target in the medium term, the Riksbank's assessment is that the policy rate should now be cut.

As part of attaining the price stability target, the Riksbank 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 by 0.25 percentage points to 1.75 per cent.<sup>1</sup> 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.

If the outlook for inflation and economic activity holds, the policy rate is expected to remain at 1.75 per cent for some time to come.

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<sup>1</sup> 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.

Deputy Governor Anna Seim has entered a reservation against the decision.

## Reservation

Deputy Governor Anna Seim entered a reservation against the decision to cut the policy rate and instead advocated an unchanged policy rate at today's meeting, together with a policy rate path signalling some probability of a further cut later this year. She argued that a vulnerable supply side, combined with an expansionary fiscal policy in 2026, implies that inflation could surprise on the upside.