



Account of monetary policy 2022

Riksdag Committee on Finance
30 May 2023

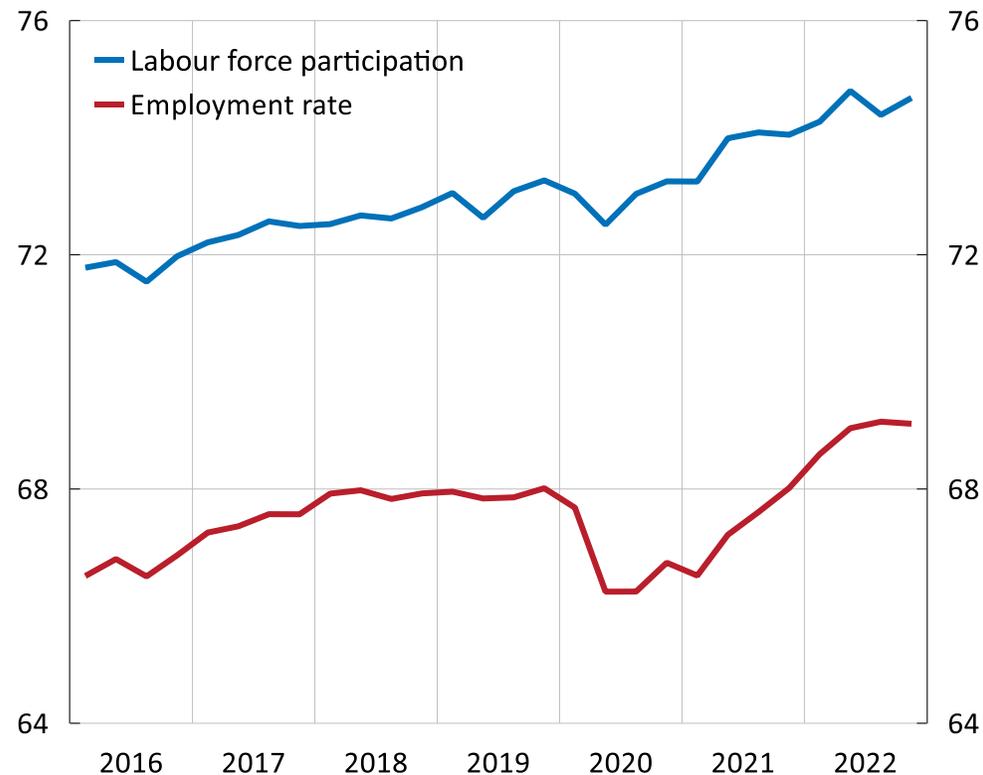
S V E R I G E S R I K S B A N K



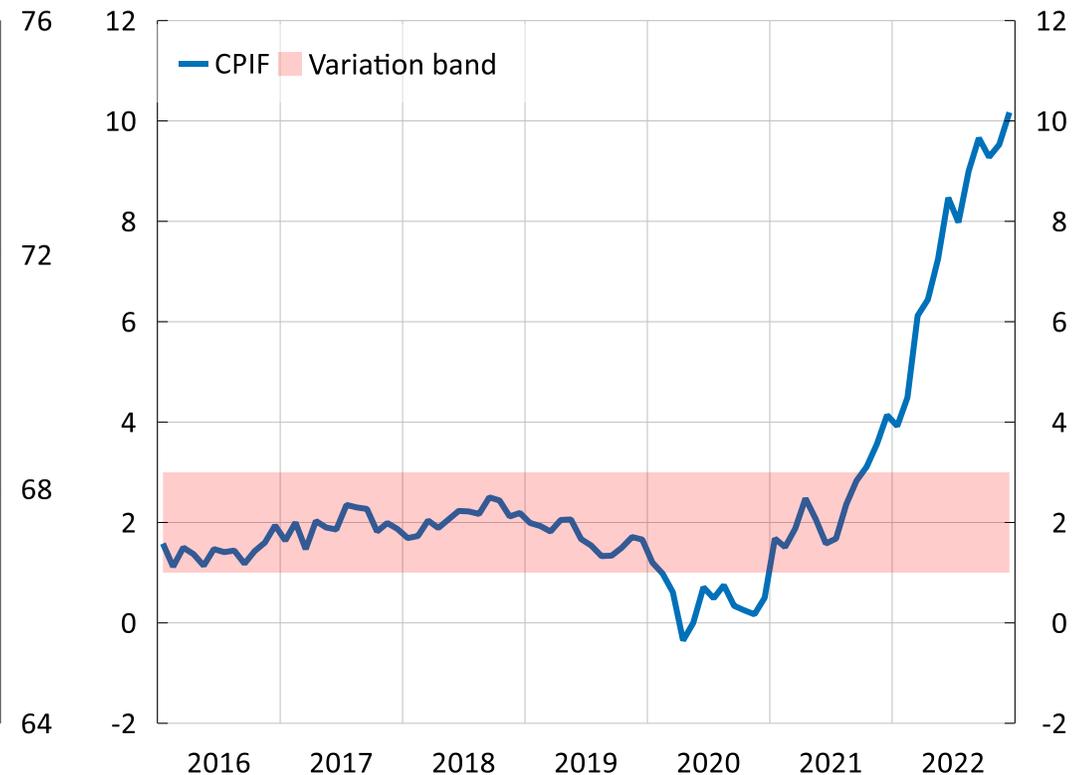
Erik Thedéen
Governor of the Riksbank

Favourable economic development but historically high inflation

Labour market



CPIF inflation

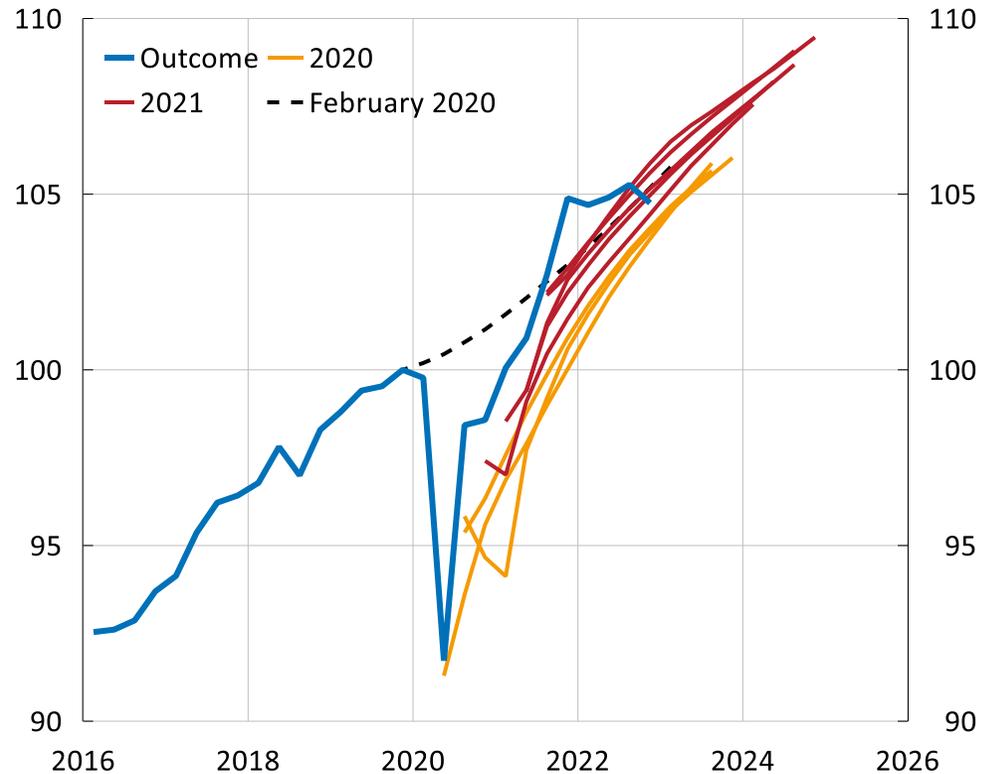


Note. Percentage of the population aged 15-74 Series are linked to adjust for the time series break in the LFS January 2021. The pink area shows the Riksbank's variation band and covers about three-quarters of the CPIF outcomes since January 1995. The variation band is a means of showing whether the deviation from the inflation target is unusually large.

Sources: Statistics Sweden and the Riksbank.

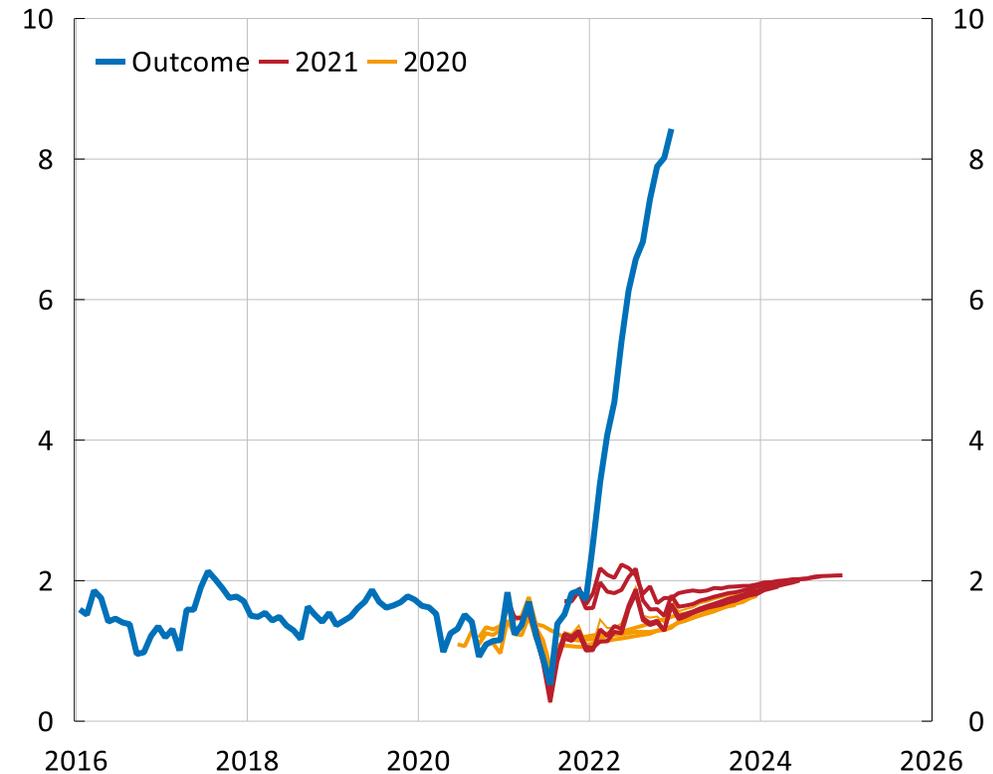
Inflation much higher in 2022 than the Riksbank's forecasts from 2020 and 2021

GDP, outcomes and forecasts



Note. Index, 2019 Q4=100, seasonally adjusted data. 2020 refers to the forecasts made from July onwards that year. The February 2020 forecast is shown for comparison.

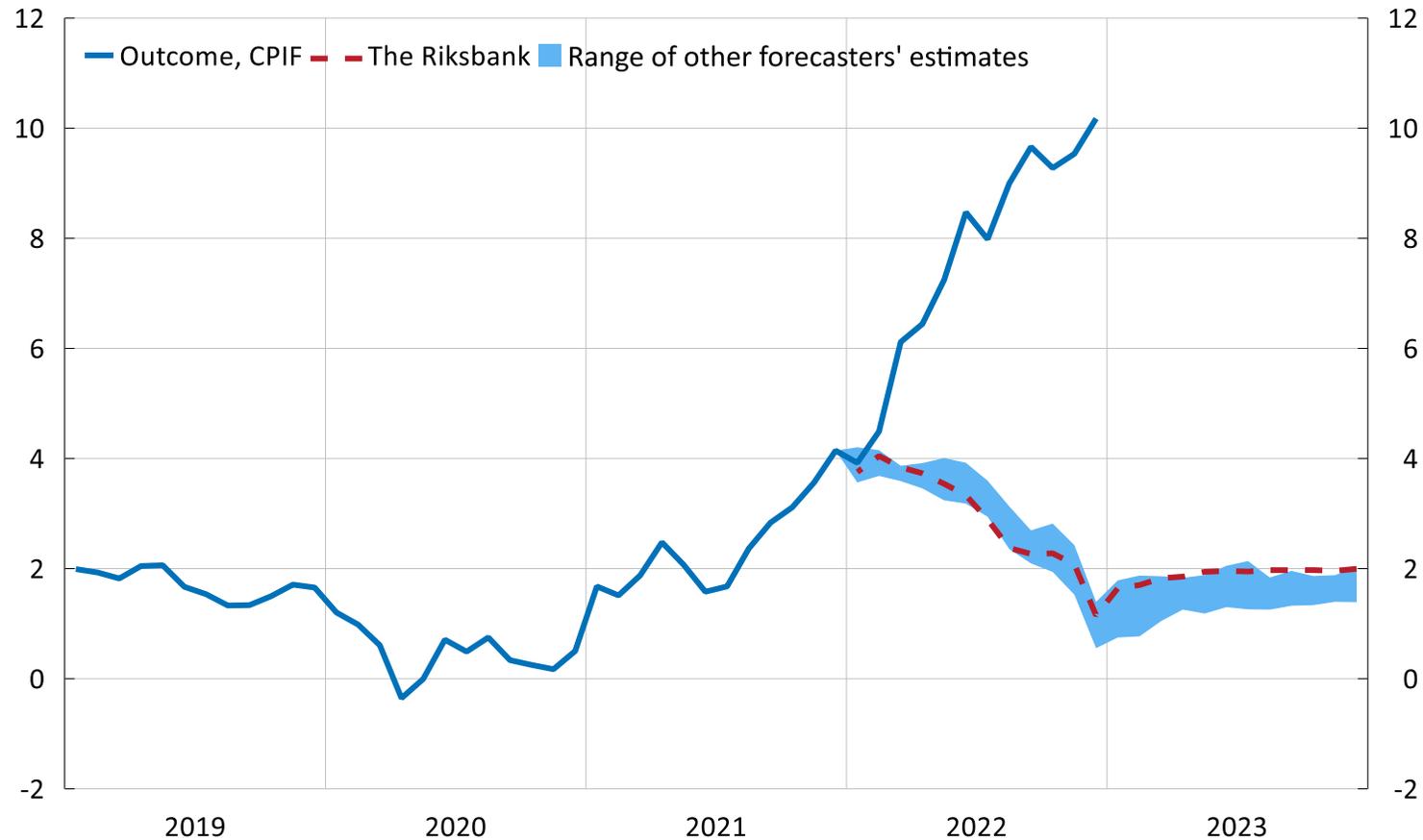
CPIF excluding energy, outcomes and forecasts



Note. Annual percentage change. 2020 refers to the forecasts made from July onwards that year.

Sources: Statistics Sweden and the Riksbank.

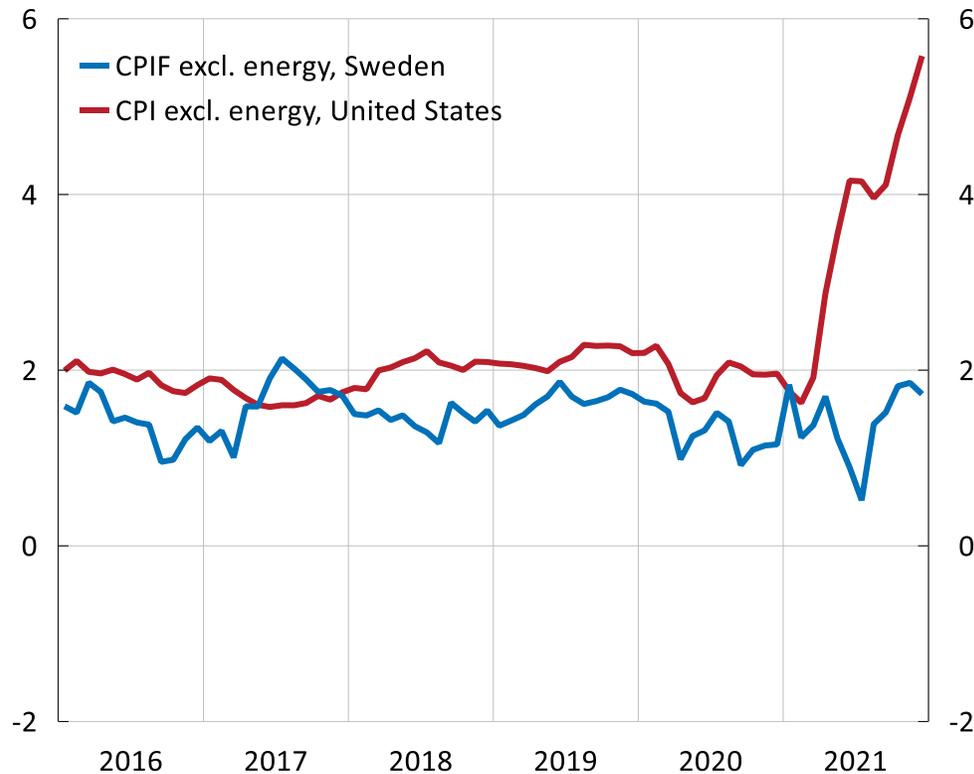
The development of CPIF inflation was different from that expected by the forecasters at the beginning of 2022



Note. Annual percentage change. Refers to forecasts based on outcomes for the CPIF to the end of December 2021. The Riksbank's forecast is the CPIF forecast in the Monetary Policy Report February 2022. The interval shows the spread between the highest and lowest projections made by other analysts.

Sources: Statistics Sweden, the respective forecasters and the Riksbank.

Situation at the time of our February meeting



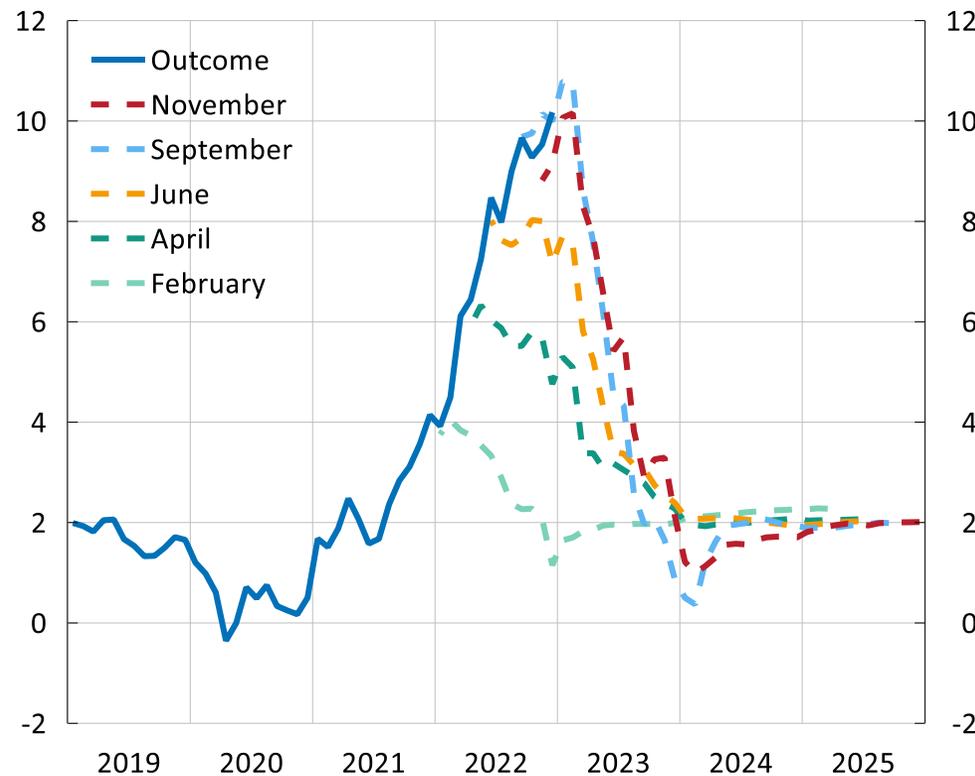
Note. Annual percentage change.

Sources: U.S. Bureau of
Labor Statistics and the
SCB.

- High wage growth and expansionary fiscal policy in the US
- In February we had received Swedish inflation figures up until the end of December
- No clear sign of broader upturn in inflation in Sweden
- We had had a long period of too low inflation
- Omicron and rapid spread of infection
- Geopolitical tensions

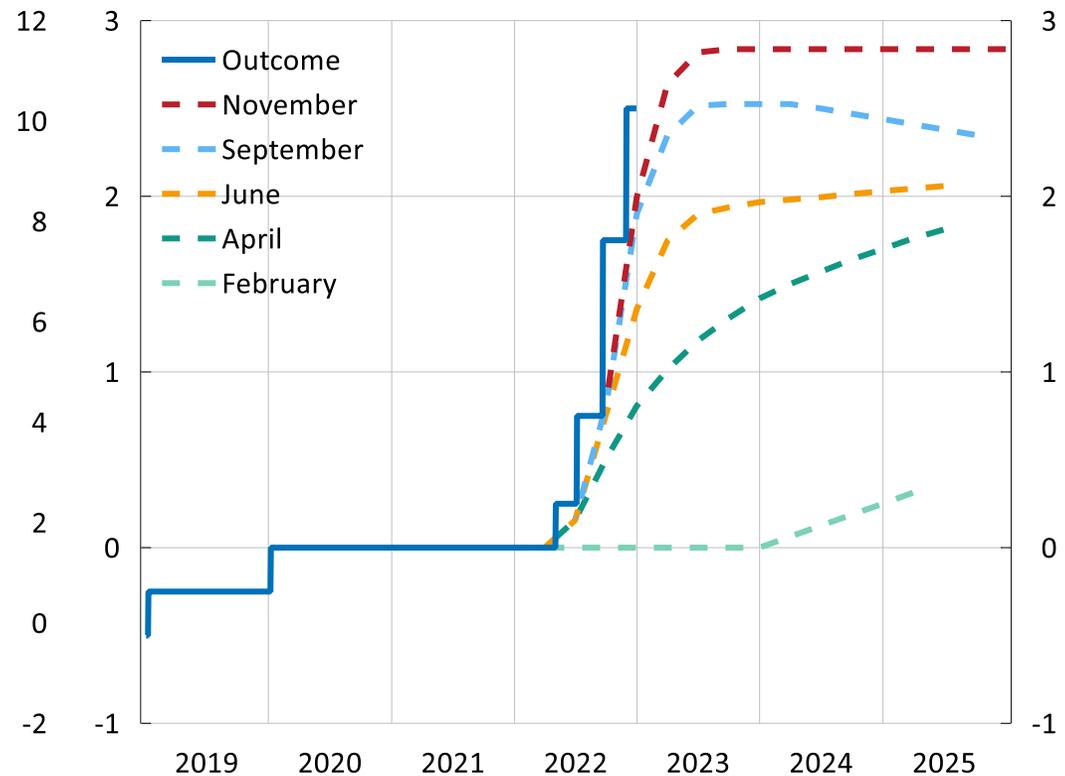
Monetary policy tightened

CPIF forecasts 2022



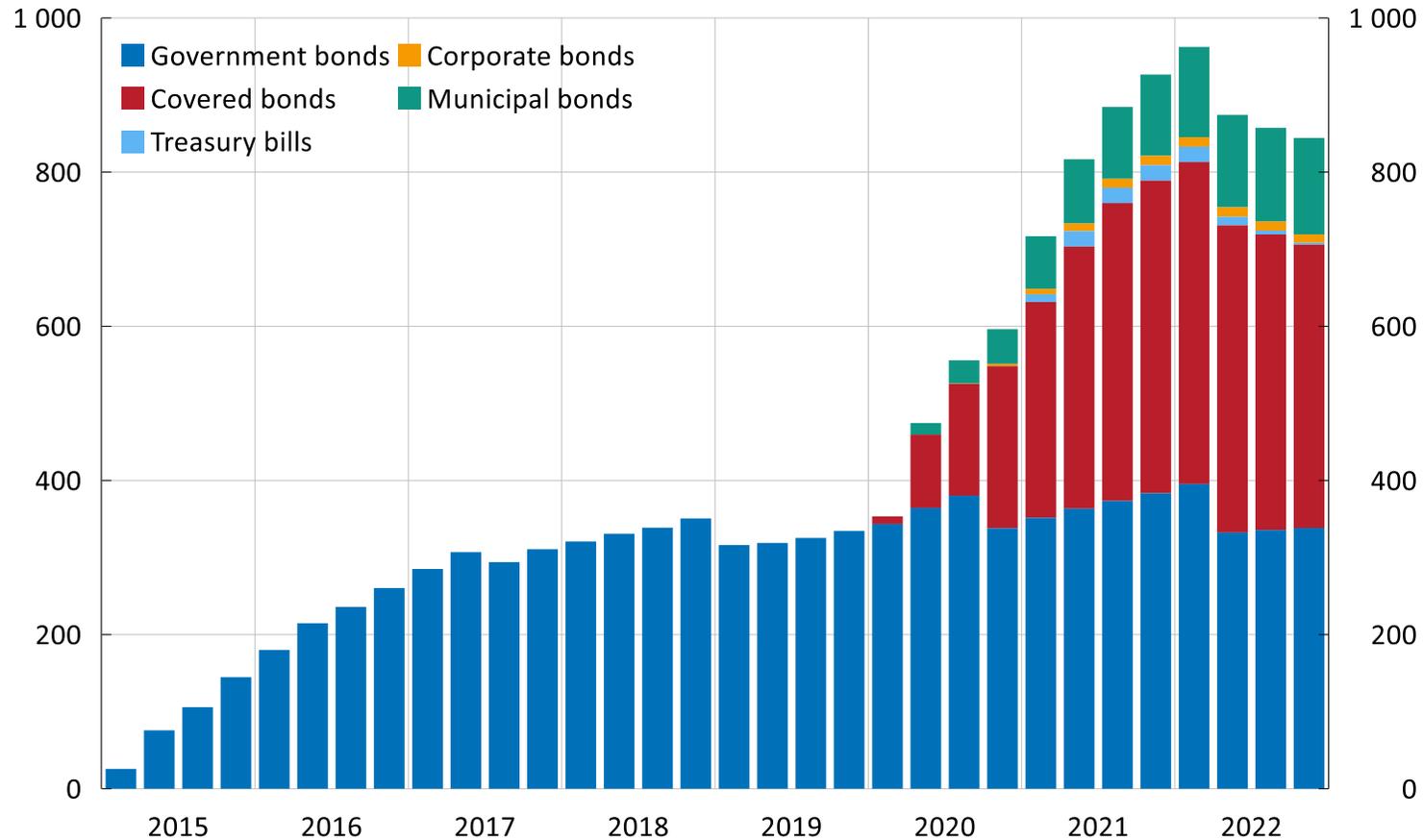
Note. Per cent.

Policy rate 2022



Sources: Statistics Sweden and the Riksbank.

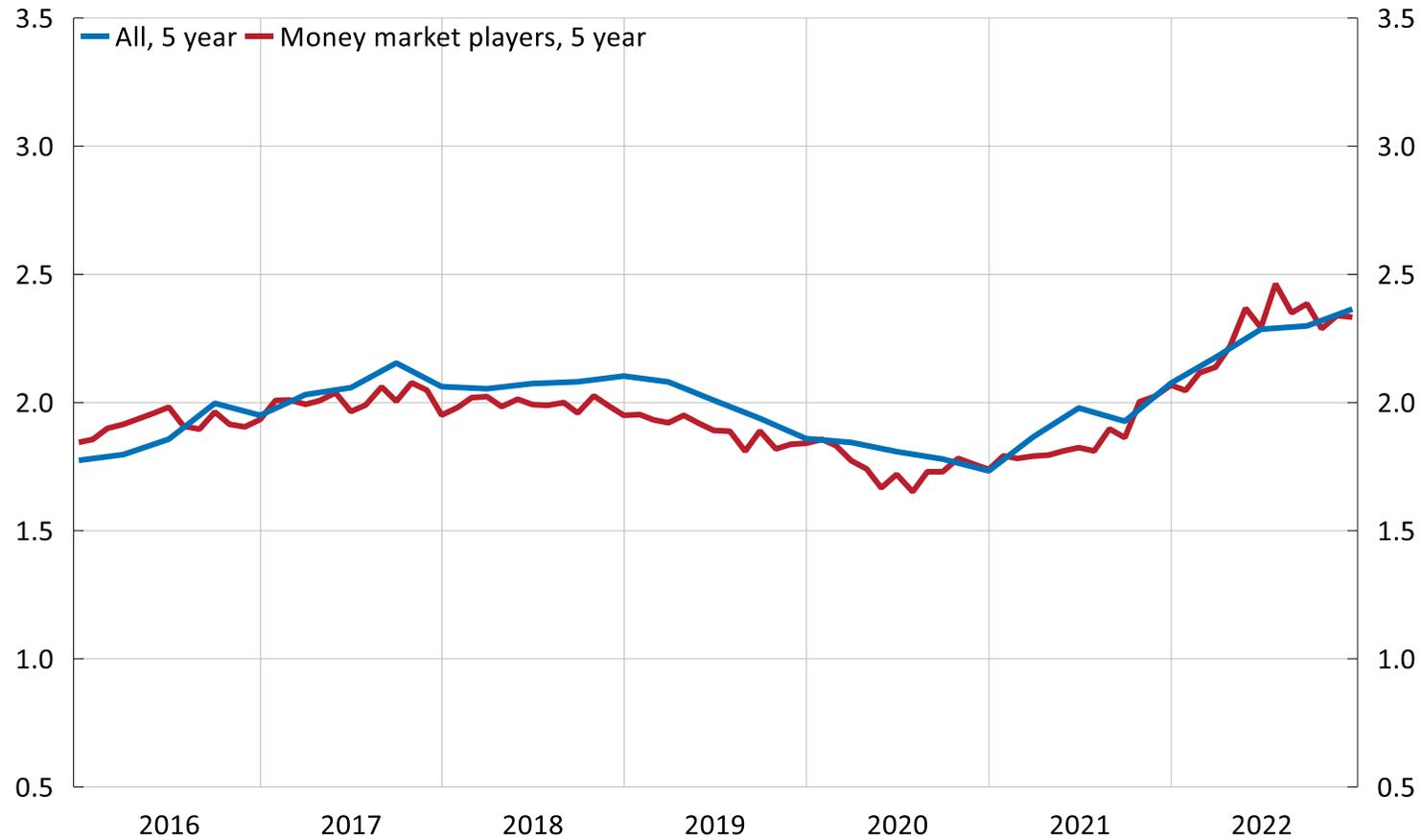
The Riksbank's asset holdings decreased in 2022



Note. Nominal amounts, SEK billion.

Source: The Riksbank

Long-term inflation expectations close to 2 per cent



Note. Per cent. Expectations refer to the CPI.

Source: Kantar Prospera.

Several lessons to learn from developments

- Changes in companies' pricing behaviour need to be followed very carefully
- More “fast data” may be needed to track consumer prices
- Show to a greater extent via scenarios that forecasts are uncertain

Historically high inflation and rapid tightening of monetary policy

May 2023