

## In-depth analysis in 2025

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Over the year, the Riksbank has continued to strengthen its analytical capacity in several areas important to monetary policy. An important focus has been to increase understanding of the evolution of inflation targeting.<sup>23</sup> Various analyses highlighted, among other things, how inflation targeting has changed over three decades, how practical policy design has often preceded theoretical developments, and how institutional factors affect policy credibility.

Alternative scenarios, the attribution of individual Board members' statements and forecasts for the policy rate remain key tools in the Riksbank's communication. During the year, analyses in this area have focused on how these tools are used internationally and what lessons can be learnt for the Riksbank's own communication, based on research contributions and international presentations.

Another important theme was gathering the lessons learnt from the high inflation period of 2022–2023. Here, the Monetary Policy Department continued to analyse the underlying drivers of both supply and demand shocks, as well as the extent to which available models and data made it possible to predict developments. This analysis also provided the basis for recommendations on how to develop the forecasting work in the future, including through better utilisation of high-frequency data and micro-data.

The interaction between monetary and fiscal policy was another area that was given greater analytical attention. The increased international focus on debt developments and fiscal sustainability has highlighted the need to better understand how fiscal policy regulations work in practice and how they affect monetary policy. Analyses during the year included both long-term trends in public debt and how fiscal tightening or expansion in other countries might affect the Swedish economy.

In addition to these broad themes, a large number of studies were carried out in Economic Commentaries and Staff Memos. The studies included analyses of the effects of trade policy on inflation and growth, how geopolitical risk affects Swedish inflation, changes in the interest rate sensitivity of consumption, matching efficiency in the Swedish labour market and how banks set their mortgage rates in response to changes in the policy rate.

The Riksbank also analysed issues linked to the climate transition, including how the pricing of emissions can affect credit risks and how the green transition can affect the long-term interest rate level in the economy. The Riksbank's Working Paper Series published studies of the monetary policy transmission mechanism, including exchange rate dynamics, signalling effects of fiscal policy announcements, time lags in macroeconomic relationships and unconventional monetary policy measures, including quantitative easing in small open economies.

During the year the Monetary Policy Department published eight analysis articles in the Monetary Policy Report, seven Economic Commentaries, 13 Staff Memos, five articles in the Riksbank's Economic Review and seven research reports.

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<sup>23</sup> This work was linked to the international research conference on inflation targeting organised by the Riksbank in spring 2024.