

Hearing on monetary policy

Riksdag Committee on Finance
8 November 2018

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



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Deputy Governor



Is it time to raise the interest rate?

- Inflation too low for a long time
 - Weakened confidence in the inflation target
 - Price-setting and wage formation affected
 - Not obvious that inflation will return to target
- Monetary policy has needed to focus on restoring confidence
 - Interest rate close to lower bound

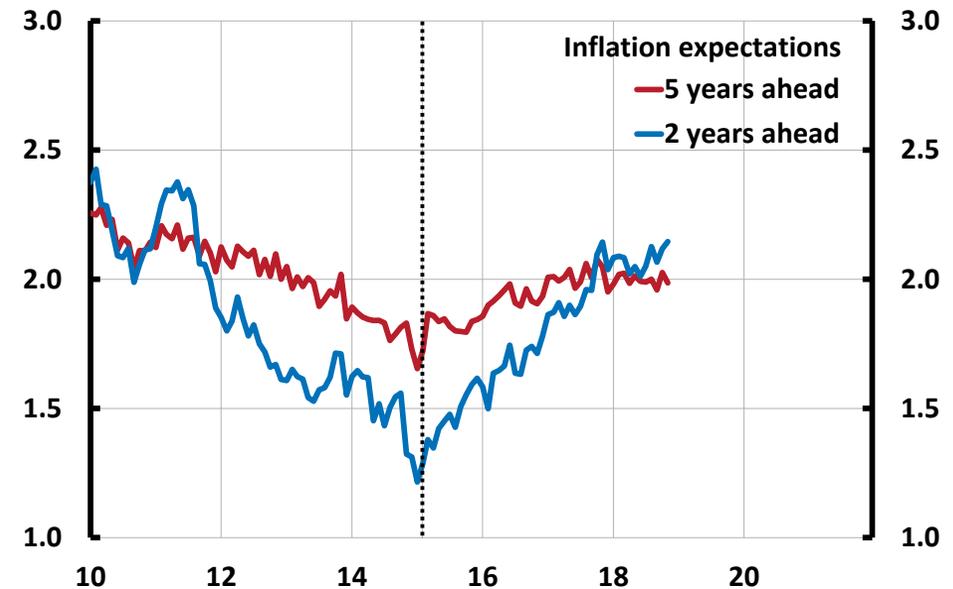
Monetary policy challenges have diminished

Inflation close to target



Annual percentage change. Inflation expectations refer to average for money market participants. Vertical broken line indicates when a negative repo rate was introduced and government bond purchases were initiated.

Confidence in the inflation target is stronger



Sources: Statistics Sweden and TNS Sifo Prospera

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 - Interest rate close to lower bound
- Monetary policy challenges have diminished
- Now possible to take a step away from the most expansionary monetary policy