

Current monetary policy

Riksdag Committee on Finance hearing
21 October 2025



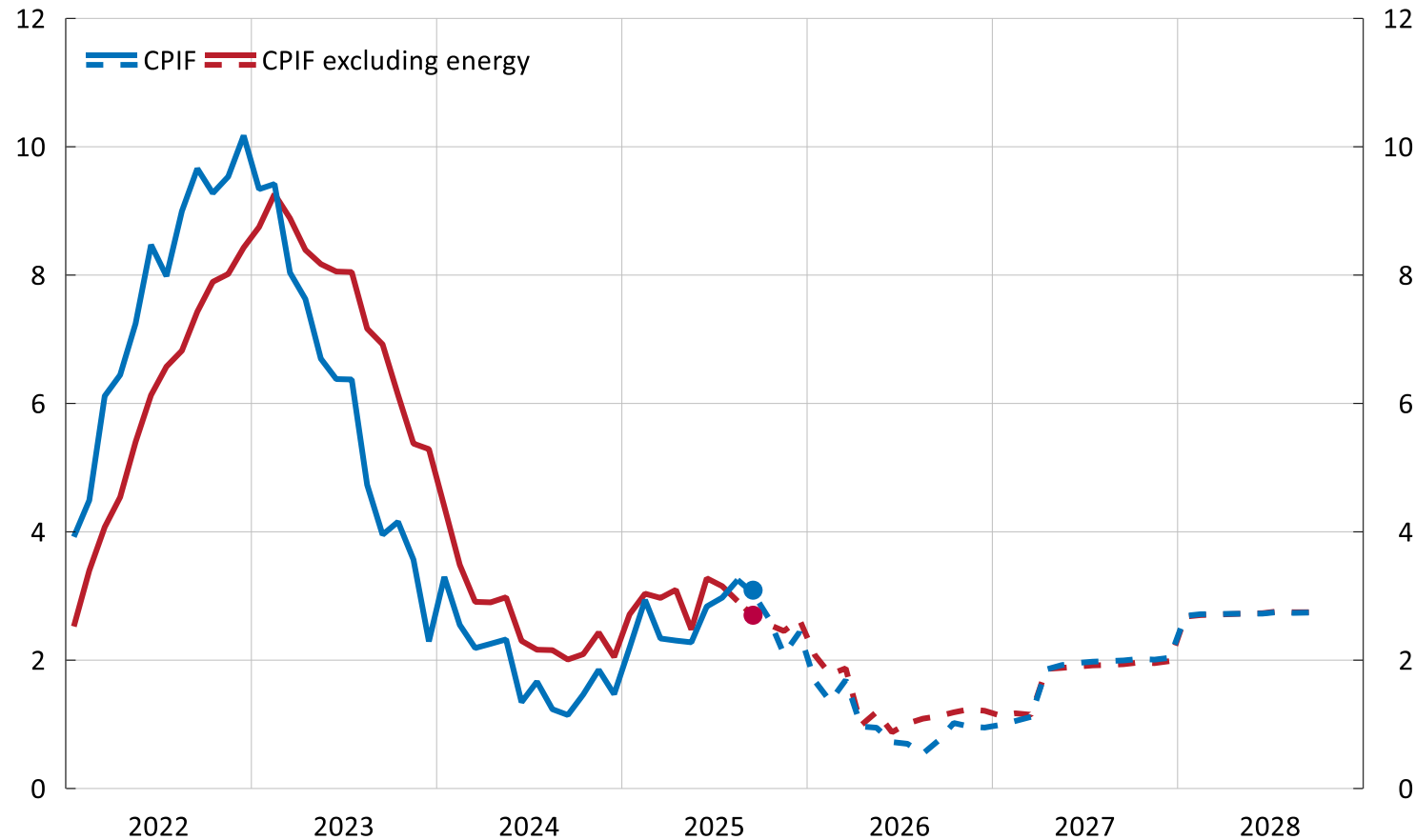
S V E R I G E S R I K S B A N K

Monetary policy September 2025

- The policy rate was **cut by 0.25 percentage points** to 1.75 per cent.
- If the outlook holds, the policy rate is expected to **remain at this level** for some time to come.



Elevated inflation expected to fall back

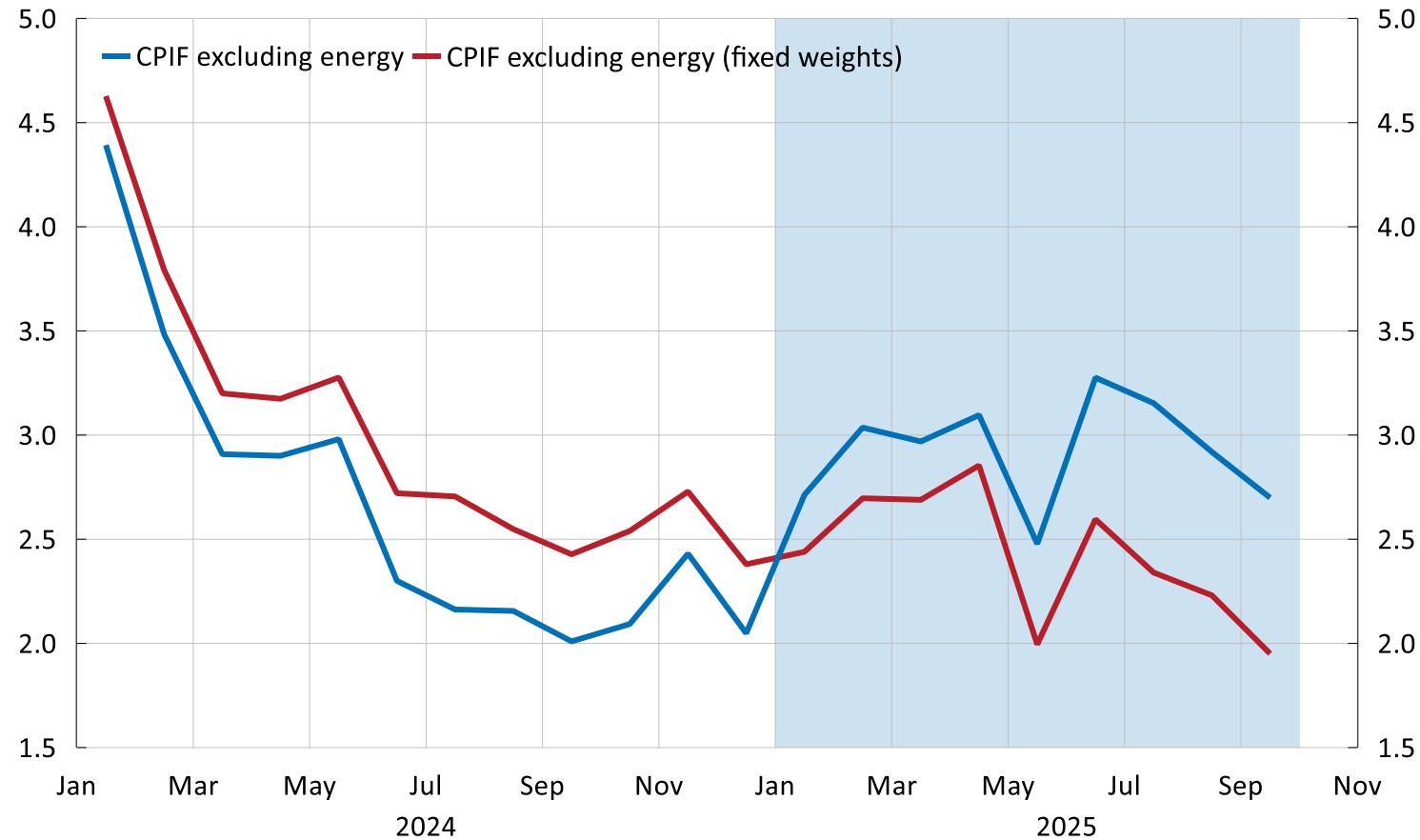


INFLATION
TARGET, CPIF:
2%

Annual percentage change. Solid and dashed lines refer to outcome and forecast respectively at the September monetary policy meeting. Dots refer to outcomes for September.

Sources: Statistics Sweden and the Riksbank.

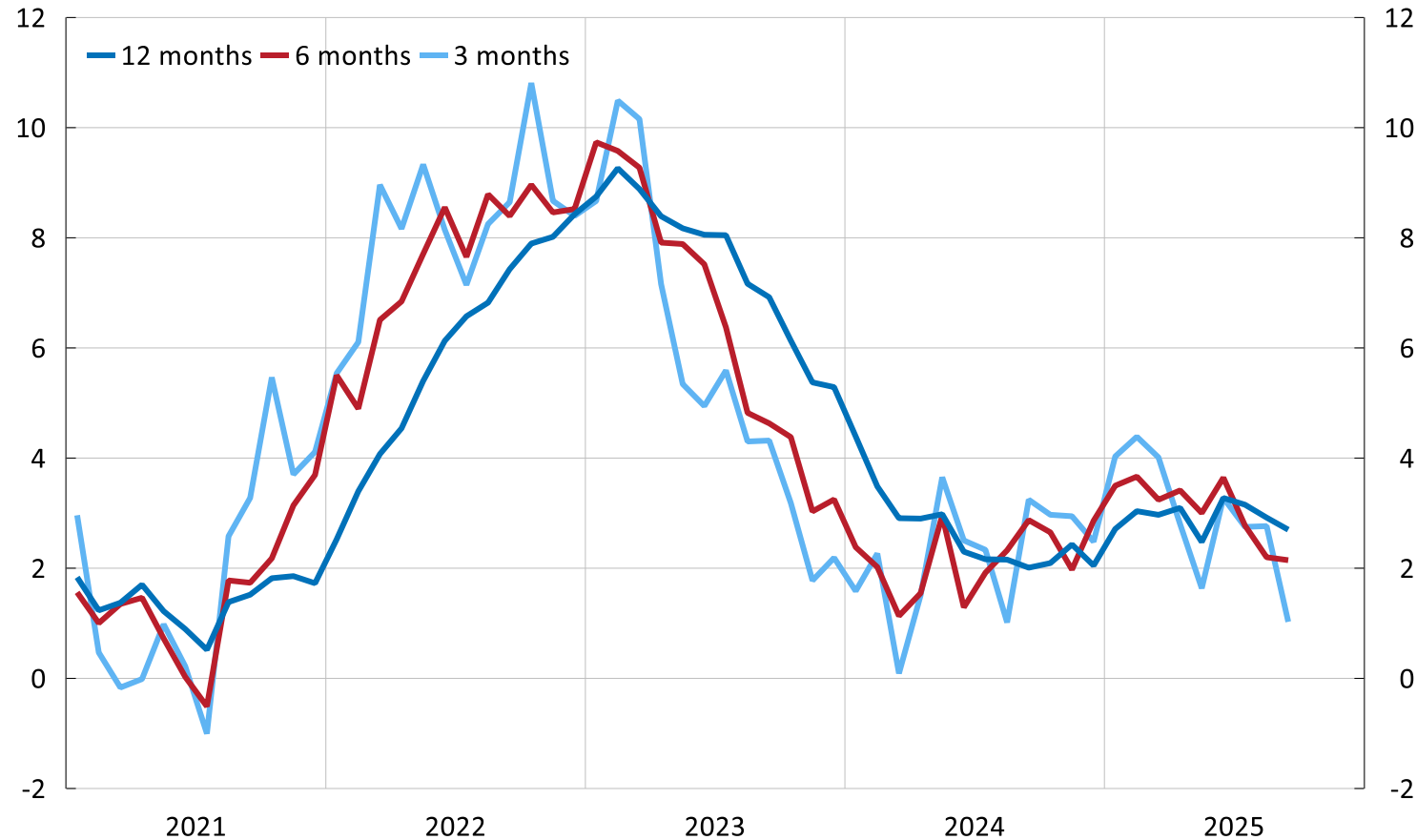
Weight changes an important explanation for higher inflation



Annual percentage change.

Sources: Statistics Sweden and the Riksbank.

Rates of price increase at shorter than 12 months have slowed down

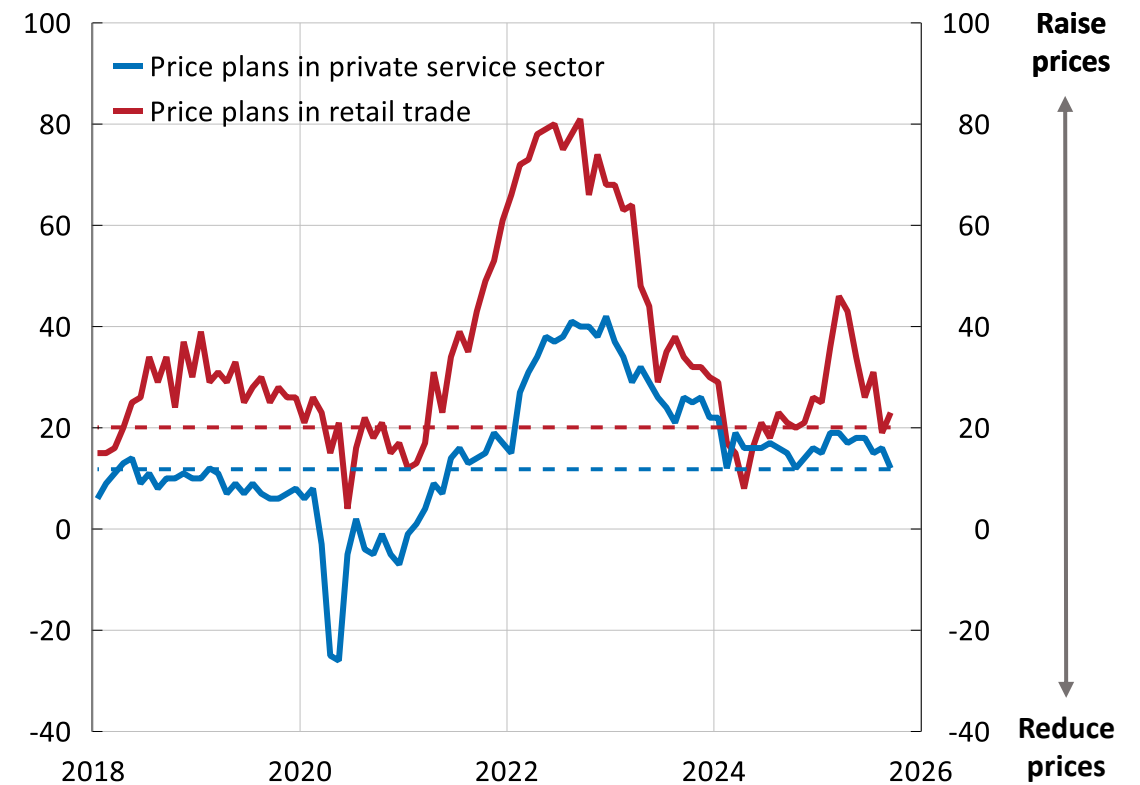


CPIF excluding energy. Seasonally adjusted data. Annual percentage change and three- and six-month change, annualised in percent.

Sources: Statistics Sweden and the Riksbank.

There is much to indicate that inflation will fall back

- The prices that pushed up inflation last summer have fallen.
- Companies' price plans have been dampened.
- The krona has strengthened.
- Inflation expectations are firmly anchored.



Seasonally adjusted net figures. Number of companies planning to raise their prices compared with how many plan to reduce them in the coming three months. The dashed lines represent the average for the period 2005-2025.

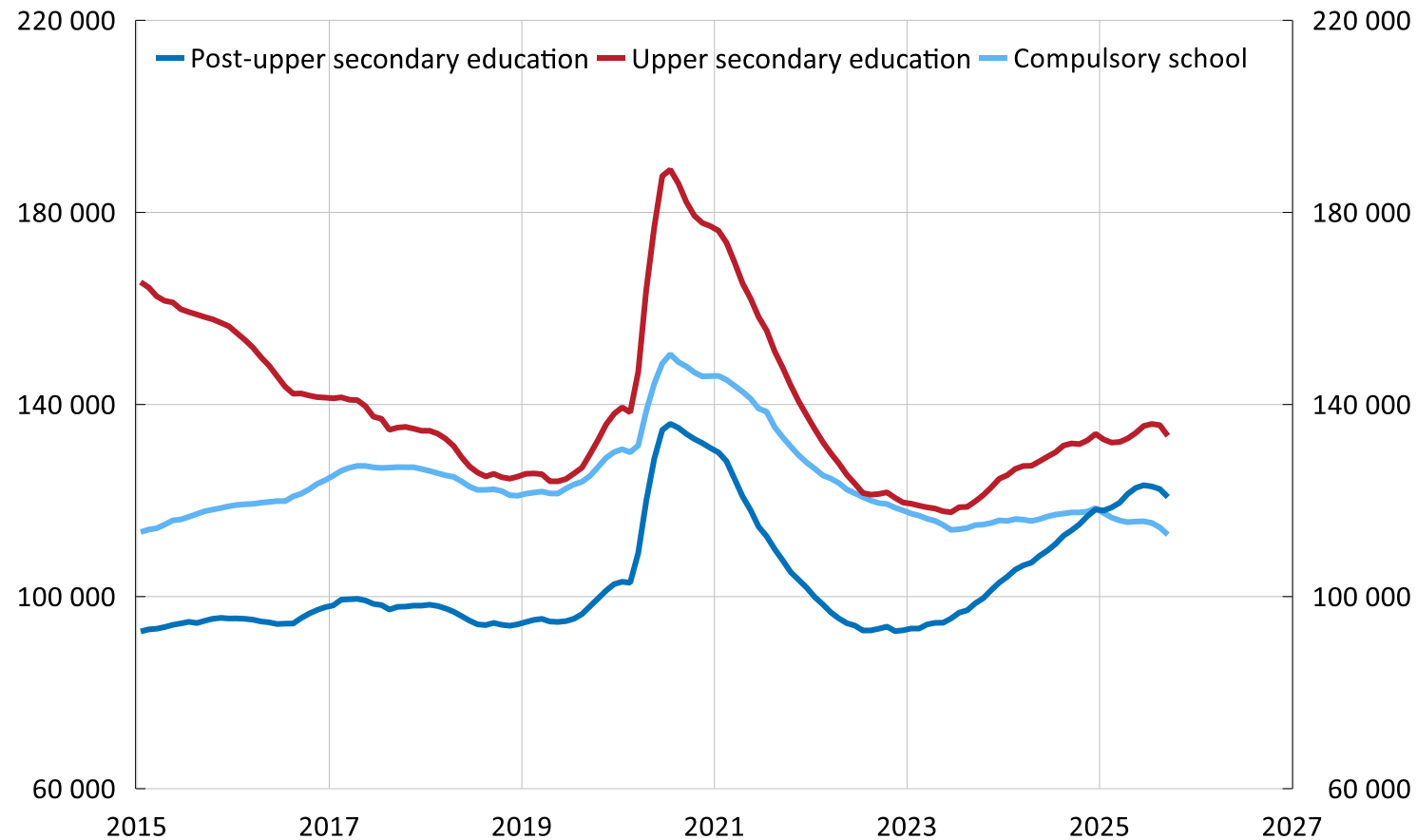
Source: National Institute of Economic Research.

Weak economic activity in the first half of the year

- Growth slightly lower than expected in the first half of the year.
- But signs of stronger growth recently:
 - Strong GDP growth in August.
 - Household consumption rising.
 - Corporate sector confidence is close to normal levels.
 - Production in the business sector has increased.
- The Swedish labour market remains sluggish.



Continued weak labour market

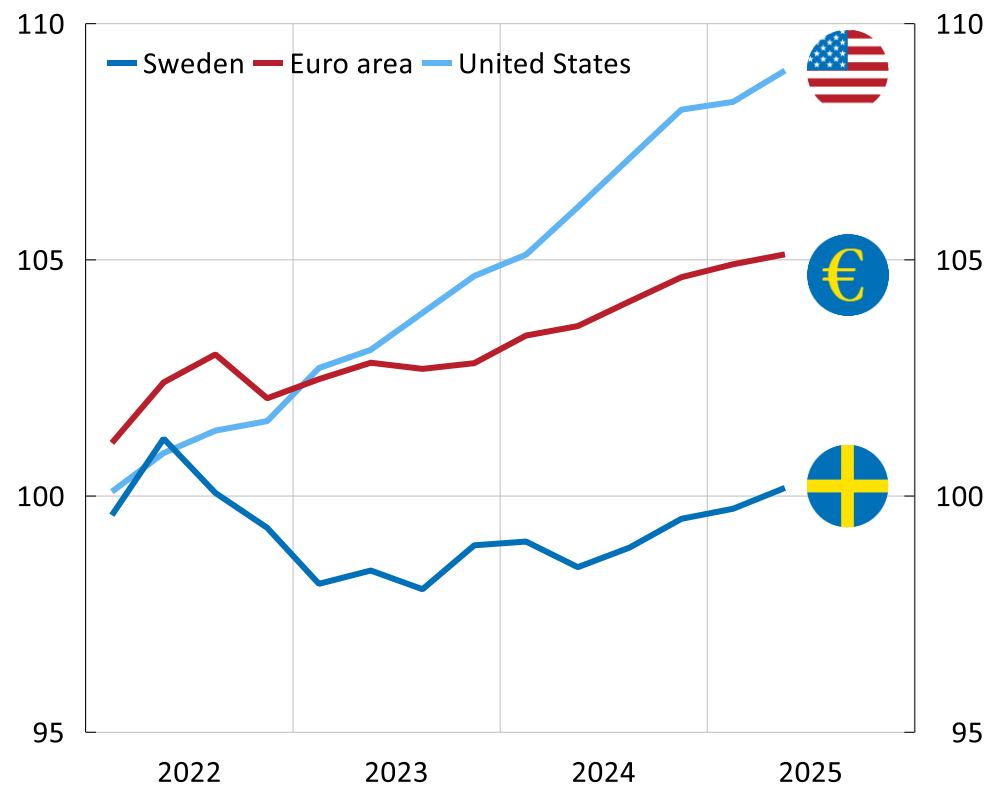


Number of people registered as unemployed according to educational level. Seasonally adjusted data. Latest outcome refers to September 2025.

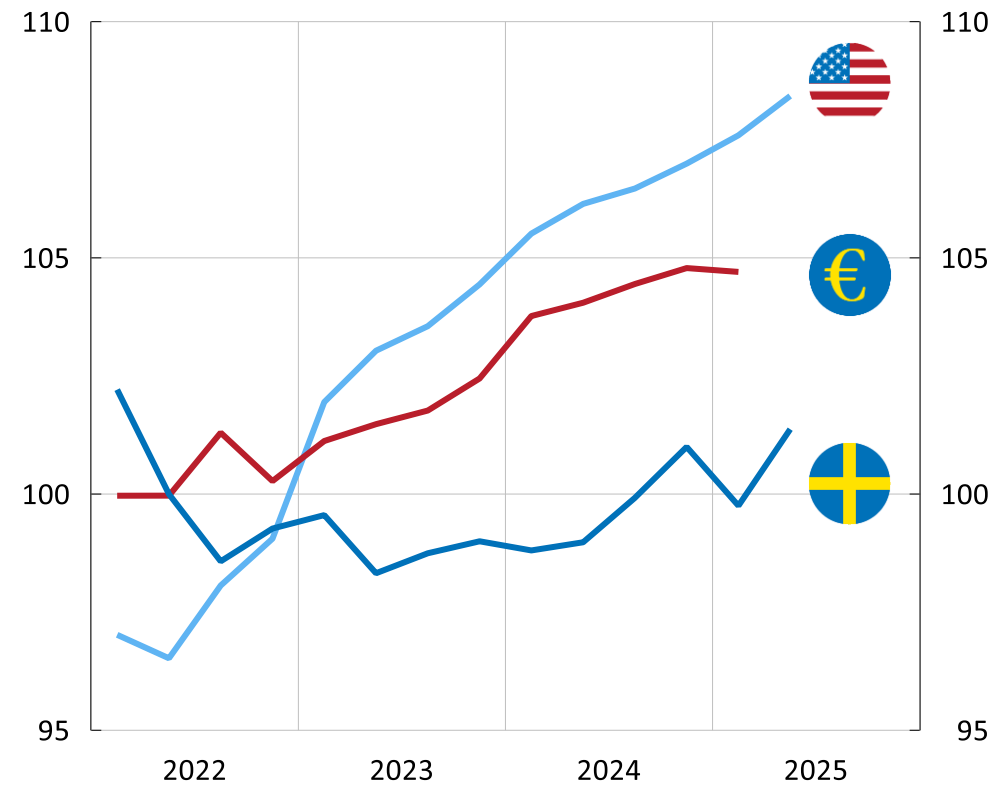
Sources: Swedish Public Employment Service and the Riksbank.

Moderate consumption growth in Sweden

Household consumption



Real disposable income



Index, 2021 Q4 = 100. Seasonally adjusted data. Real disposable income is income adjusted for changes in the deflator of household consumption expenditure.

Sources: Eurostat, OECD, US Bureau of Economic Analysis and the Riksbank.

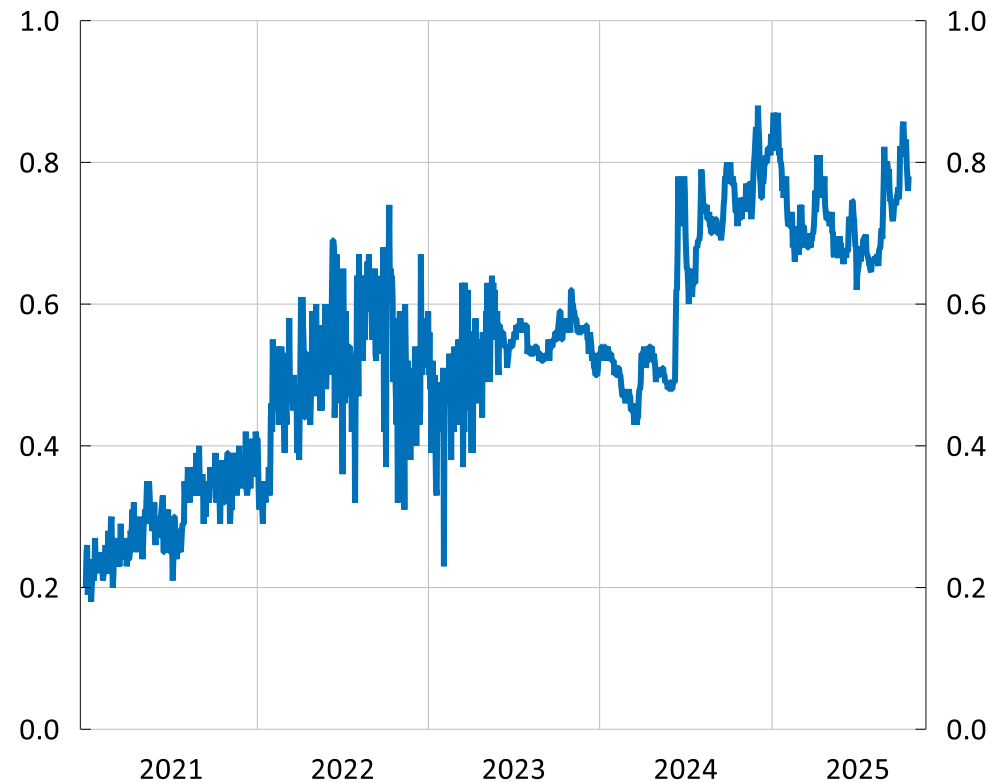
Continued uncertainty abroad



- Geopolitical conflicts
- US economic policy
- Weak public finances in several large countries

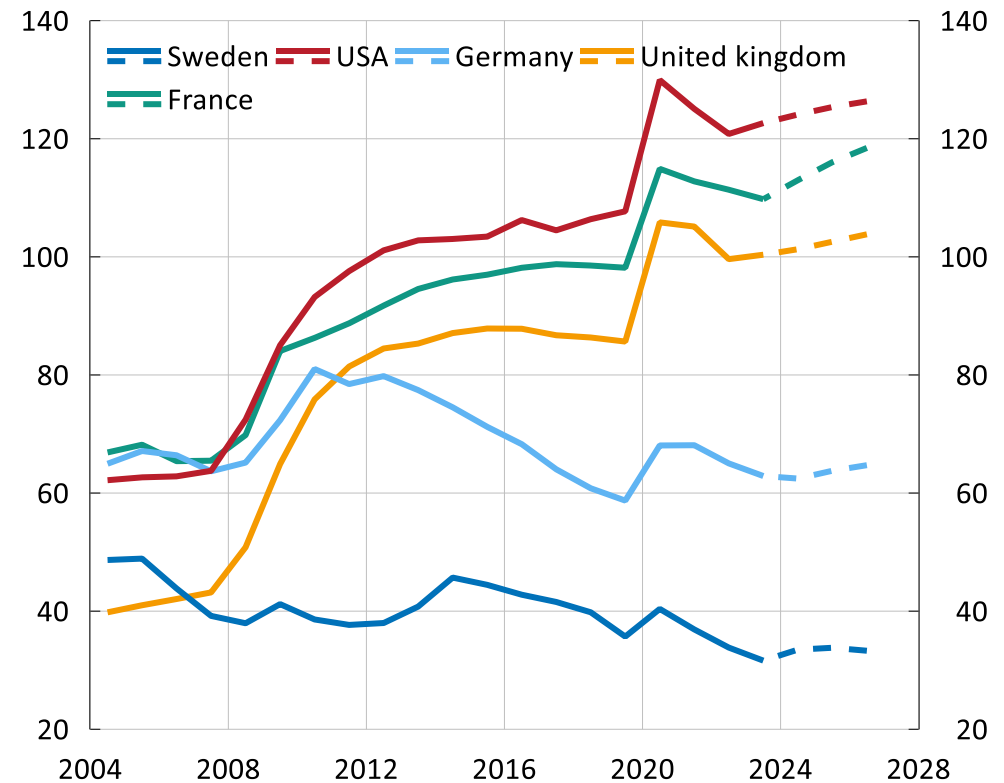
Weak government finances lead to higher government borrowing rates

Interest rate difference France and Germany



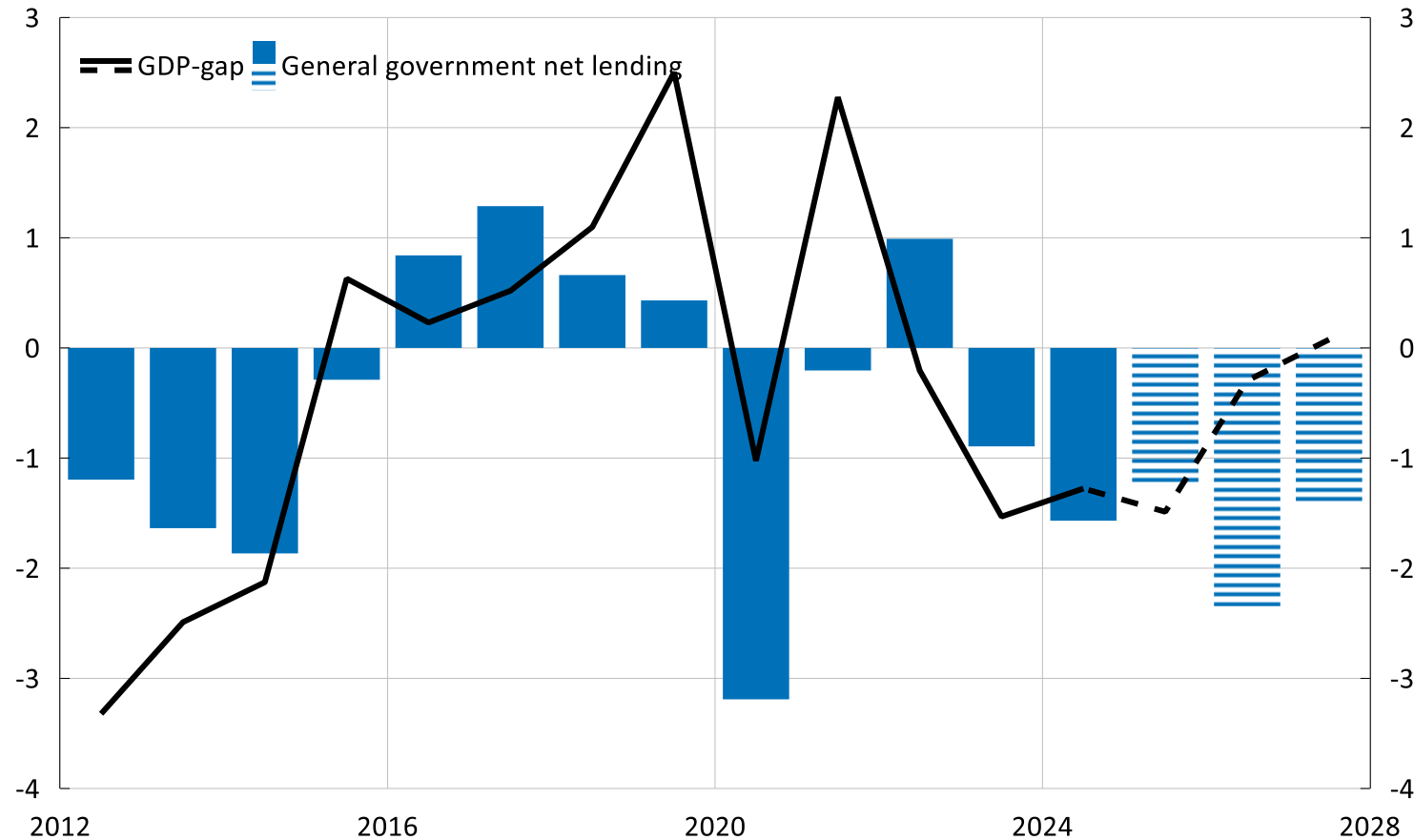
Percentage points (left) and per cent of GDP (right). 10-year government bond yield (left) and Maastricht debt (right).

Public debt



Sources: European Commission, Macrobond Financial AB and the Riksbank.

To preserve the credibility of the framework, fiscal policy should become less expansionary over time

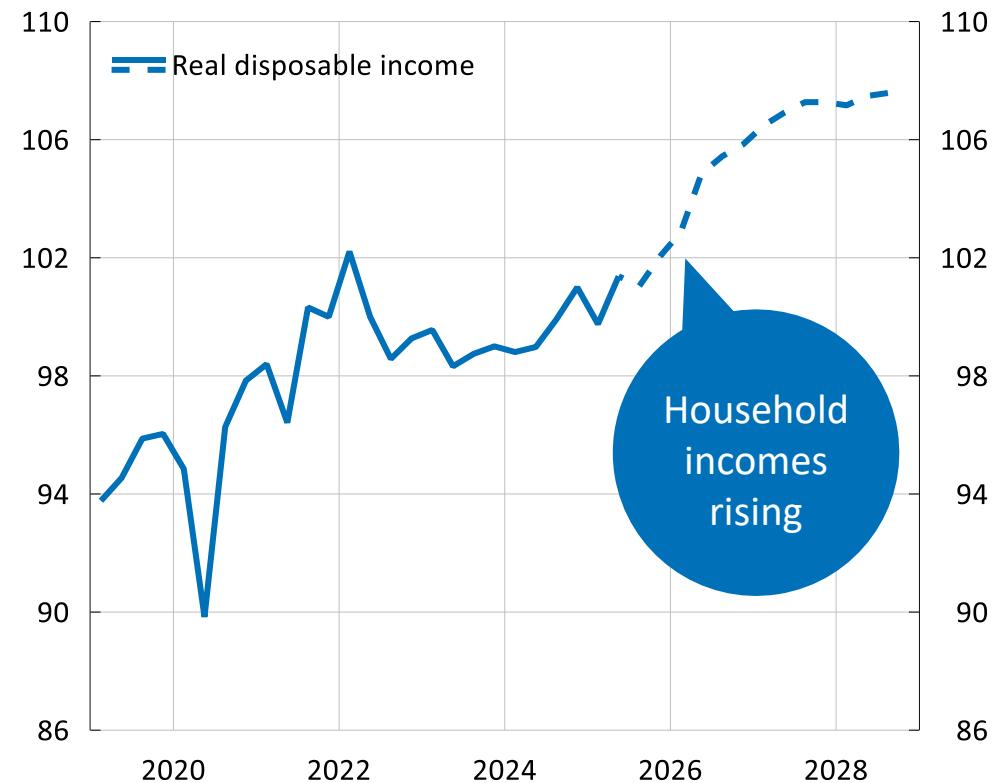


Deviation from the Riksbank's estimated trend (GDP gap) and per cent of GDP (general government net lending).

Sources: Statistics Sweden, the Government Offices and the Riksbank.

Conditions for stronger economic activity

- Some growth abroad.
- Lower interest costs.
- Rising real wages.
- Expansionary fiscal policy 2026.



Index, 2021 Q4 = 100. Real disposable income is income adjusted for changes in the deflator of household consumption expenditure, which usually increases at the same rate as the CPIF. Seasonally adjusted data.

Sources: Statistics Sweden and the Riksbank.

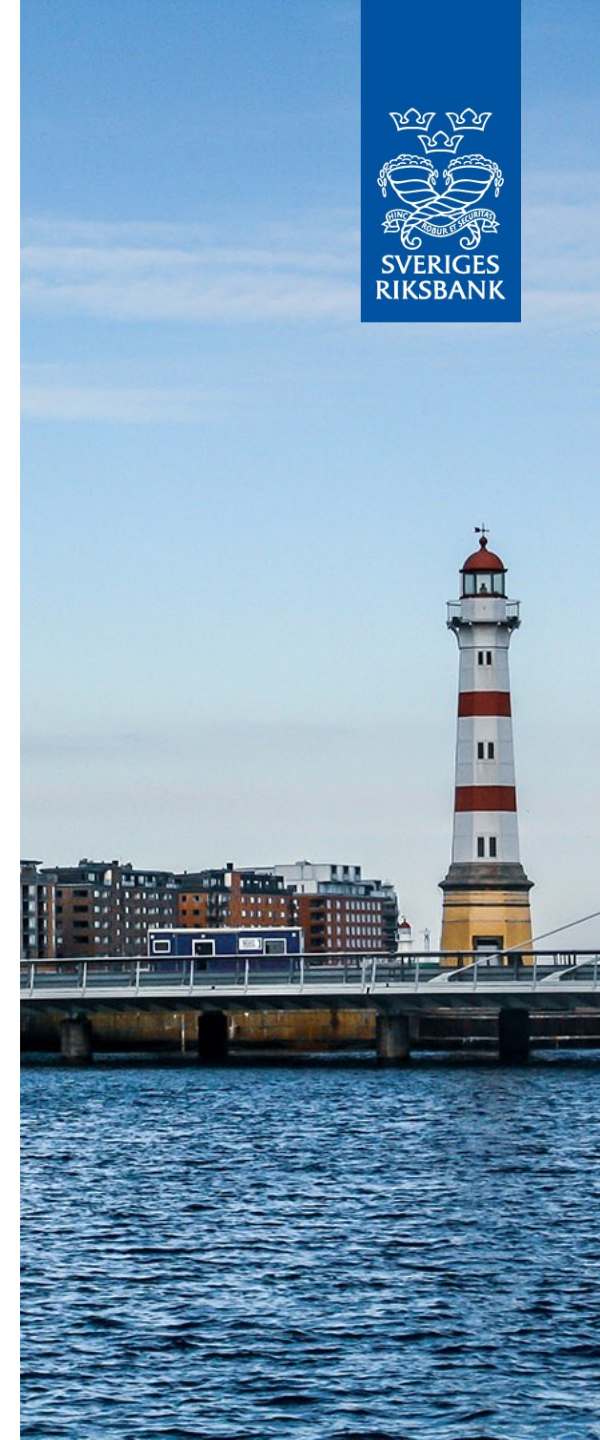
Monetary policy adapted according to the outlook for inflation and economic activity

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

But several factors can have an impact:

- The elevated inflation is expected to fall, but requires vigilance.
- The effects of fiscal policy on economic activity and inflation.
- International developments.

New information, and how it is expected to affect the outlook for inflation and economic activity, decisive for determining the design of monetary policy.



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