

PRESS RELEASE

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Policy rate raised by 1 percentage point

Inflation is too high. It is undermining households' purchasing power and making it more difficult for both companies and households to plan their finances. Monetary policy now needs to be tightened further to bring inflation back to the target. The Executive Board has therefore decided to raise the policy rate by 1 percentage point to 1.75 per cent. The forecast for the policy rate is that it will continue to be raised in the coming six months. The development of inflation going forward is still difficult to assess and the Riksbank will adapt monetary policy as necessary to ensure that inflation is brought back to the target.

Inflation rising rapidly

Inflation has risen rapidly and is high both in Sweden and abroad. To bring down the high rate of price increase, central banks worldwide have raised their policy rates at a rapid pace. Several factors have contributed to driving up inflation. During the pandemic, global imbalances arose between supply and demand. Russia's war in Ukraine has pushed up prices even further on several important commodities and created serious disruptions on the energy markets in Europe, which has caused electricity and gas prices to rise to very high levels.

The impact from abroad is not the only reason for consumer prices in Sweden becoming so high – the good economic activity in Sweden has also contributed. The combination of substantial international cost increases, the effects of high energy prices on other prices and relatively strong Swedish economic activity has meant that CPIF inflation rose to 9.0 per cent in August, the highest level since 1991.

Tighter monetary policy for inflation at target

Inflation has become higher than in the Riksbank's previous forecast in June, and it is expected to rise further during the year. The Executive Board assesses that monetary policy now needs to be tightened more than was anticipated in June to bring inflation back to the target. The Executive Board has therefore decided to raise the policy rate by 1 percentage point to 1.75 per cent. The forecast indicates that the policy rate will be raised further in the coming six months. There is considerable uncertainty



regarding the development of inflation, and the Riksbank will adapt monetary policy in the way necessary to ensure that inflation is returned to the target.

The Riksbank's asset purchases will continue in accordance with the decision in June but are expected to cease at the end of the year. The asset holdings will thus gradually decrease through maturities and halve during the forecast period.

Important that monetary policy acts when inflation is too high

Rising prices and higher interest costs are being felt by households and companies, and many households will have significantly higher living costs. However, it would be even more painful for households and the Swedish economy in general if inflation remained at the current high levels. By raising the policy rate more now, the risk of high inflation in the longer term is reduced, and thereby the need for greater monetary policy tightening further ahead.

Forecast for Swedish inflation, GDP, unemployment and the policy rate

Annual percentage change, annual and quarterly averages respectively

	2021	2022	2023	2024	2025 Q3*
CPI	2.2 (2.2)	8.6 (7.6)	8.5 (7.1)	2.2 (2.7)	1.7
CPIF	2.4 (2.4)	7.8 (6.9)	5.1 (4.2)	1.6 (2.0)	2.0
GDP	5.1 (5.1)	2.7 (1.8)	-0.7 (0.7)	1.1 (1.3)	1.9
Unemployment, per cent	8.8 (8.8)	7.5 (7.5)	7.9 (7.7)	8.2 (7.9)	8.2
Policy rate, per cent	0.0 (0.0)	0.7 (0.6)	2.5 (1.9)	2.5 (2.0)	2.4

Note. The assessment in the Monetary Policy Report from June 2022 is shown in brackets.

*Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2025 Q3.

Sources: Statistics Sweden and the Riksbank

Forecast for the policy rate

Per cent, quarterly mean values

	2022 Q3	2022 Q4	2023 Q3	2024 Q3	2025 Q3
Policy rate	0.82 (0.76)	1.90 (1.36)	2.53 (1.94)	2.47 (2.01)	2.35

Note. The assessment in the Monetary Policy Report from June 2022 is shown in brackets.

Source: The Riksbank

The decision on the policy rate will apply with effect from 21 September. The minutes from the Executive Board's monetary policy meeting will be published on 29 September. A press conference with Governor Stefan Ingves and Jesper Hansson, Head of the Monetary Policy Department, will be held today at 11:00 am at the Riksbank, but pre-registered journalists can also participate and ask questions via Zoom. Press cards or the equivalent must be shown to attend. The press conference will be broadcast live on riksbank.se. Journalists who wish to participate and ask questions via Zoom must pre-register with the press office, either by telephone 08-787 0200 or by e-mail to susanne.meyer@riksbank.se, no later than 10.00 am on 20 September.