Monetary Policy Report

April 2015

Figure 1.1. Repo rate with uncertainty bands
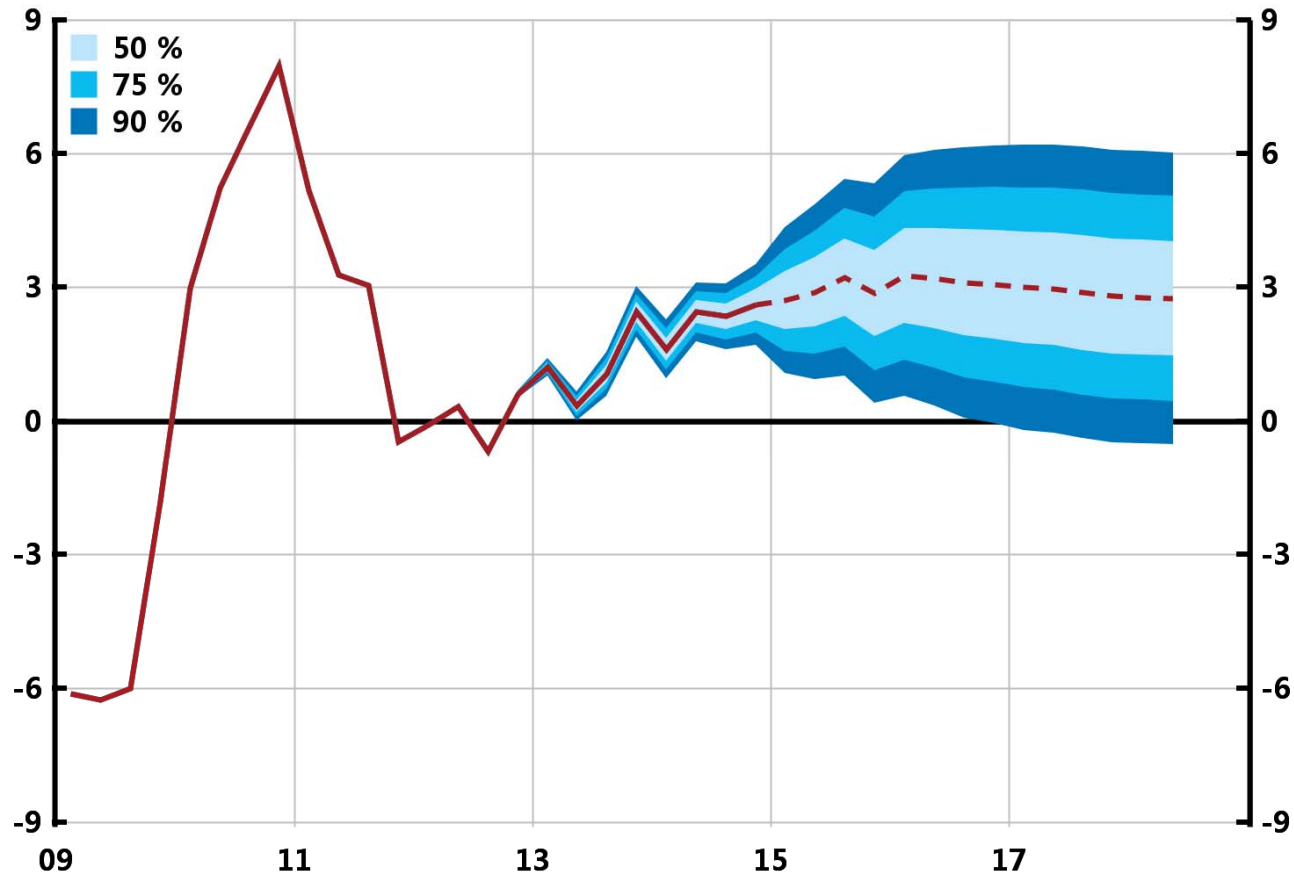**Per cent**
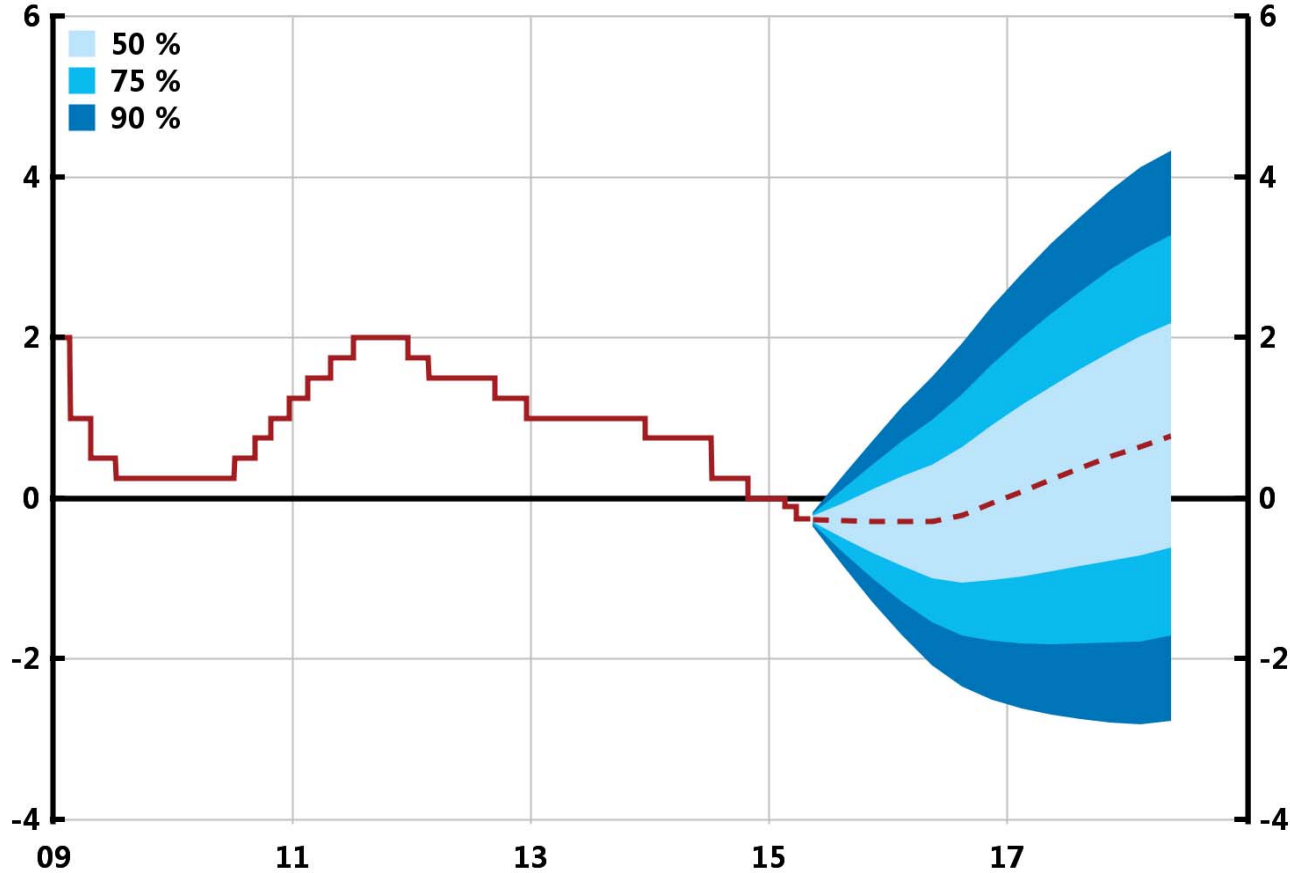
Legend:
- 50 %
- 75 %
- 90 %

Source: The Riksbank

Figure 1.2. GDP with uncertainty bands

Annual percentage change, seasonally-adjusted data

Legend:
- 50 %
- 75 %
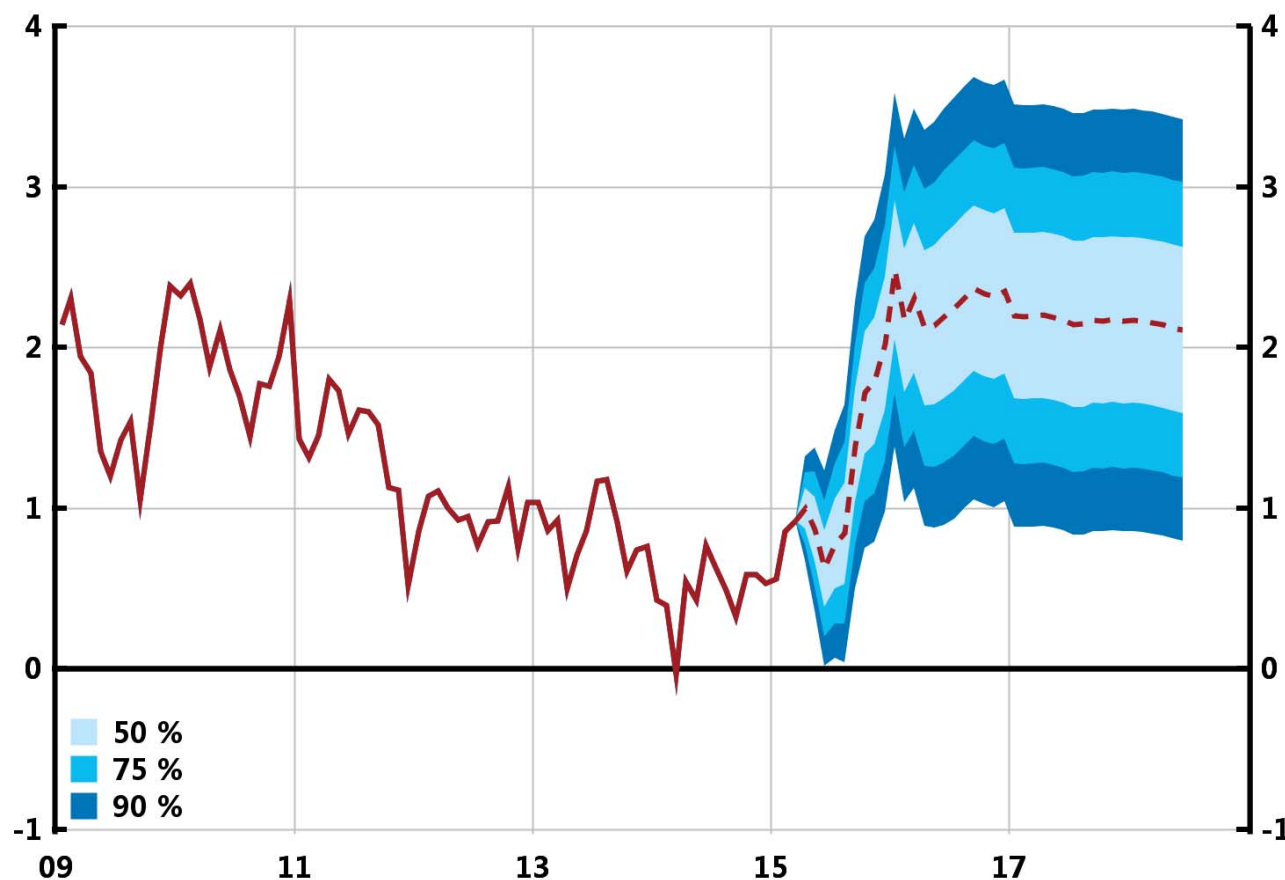- 90 %

Note. The uncertainty bands are based on the Riksbank's historical forecasting errors. There is also uncertainty for the outcomes for GDP, as the figures in the National Accounts are revised several years after the preliminary publication.

Sources: Statistics Sweden and the Riksbank

Figure 1.3. CPIF with uncertainty bands

Annual percentage change

Legend:
- 50 %
- 75 %
- 90 %

Figure 1.4. CPI with uncertainty bands

Annual percentage change
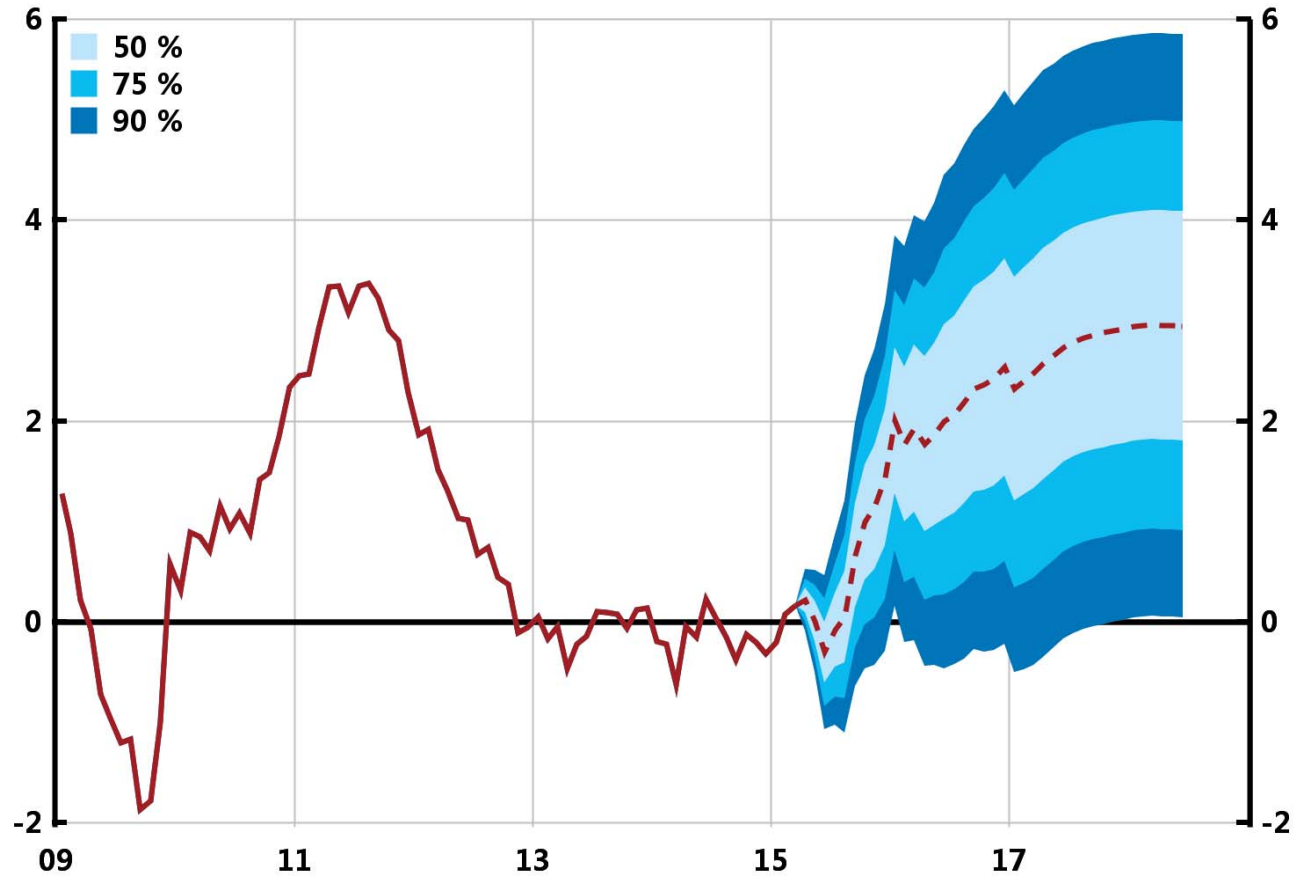
Note. The uncertainty bands are based on the Riksbank's historical forecasting errors.

Sources: Statistics Sweden and the Riksbank

Figure 1.5. Repo rate
Per cent
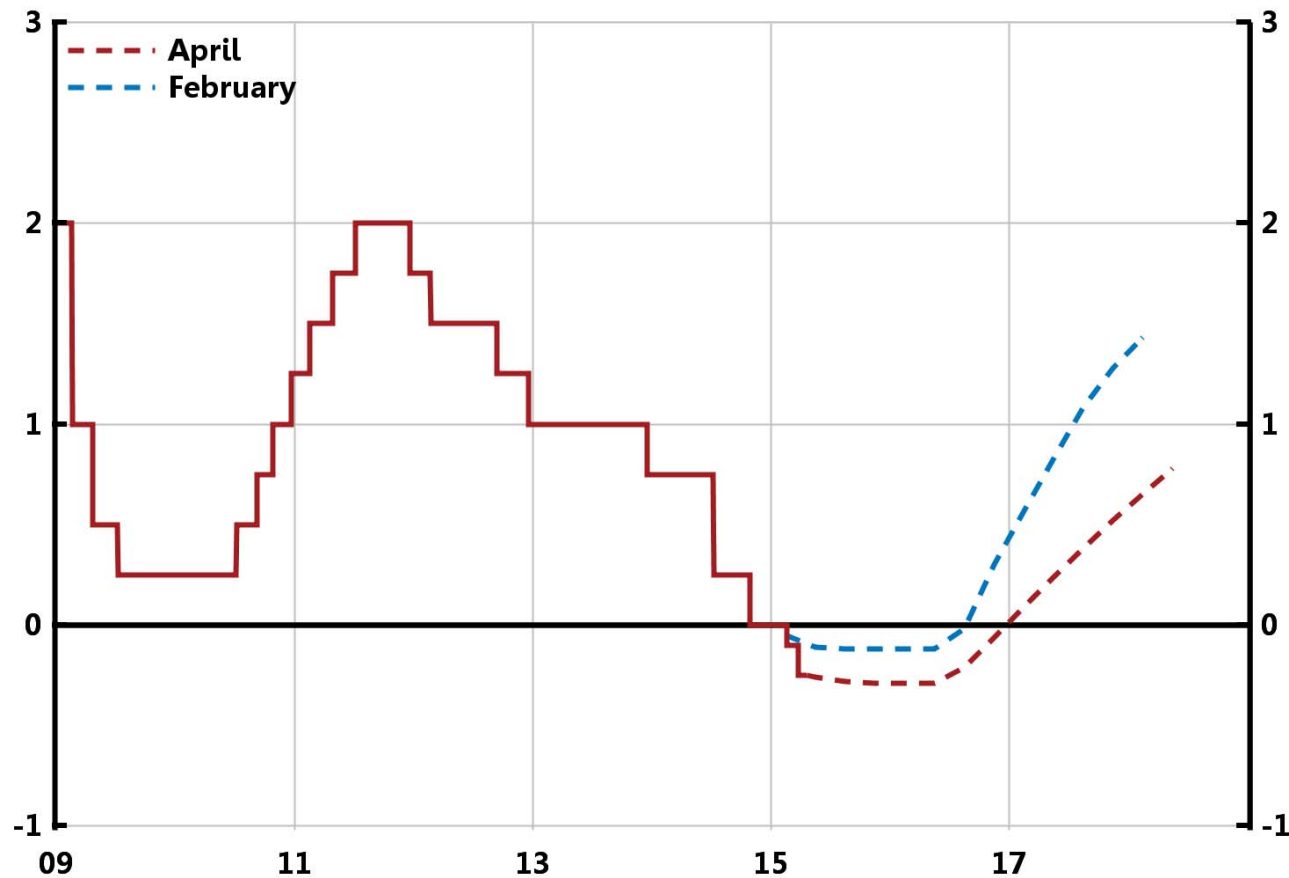
Note. Outecomes are daily data and the forecasts refer to quarterly averages.

Source: The Riksbank

Figure 1.6. Real repo rate
Per cent, quarterly averages

Legend:
- - - April
- - - February
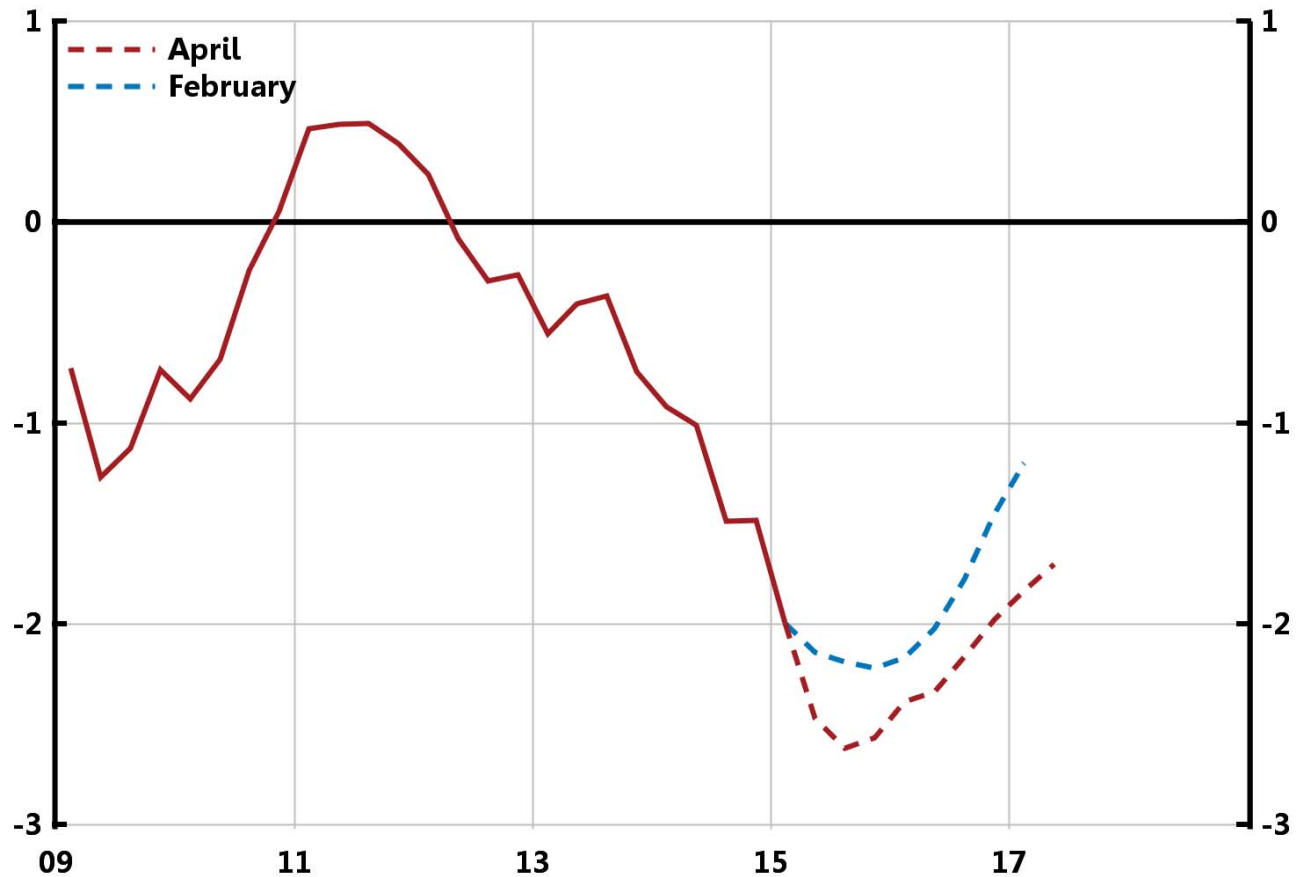
Note. The real repo rate is a mean value of the Riksbank's repo rate forecast for the year ahead minus the inflation forecast (CPIF) for the corresponding period.

Sources: Statistics Sweden and the Riksbank

Figure 1.7. Stock market movements

Index, 2 January 2009 = 100

Sources: Macrobond, Morgan Stanley Capital
International, Standard & Poor's and STOXX
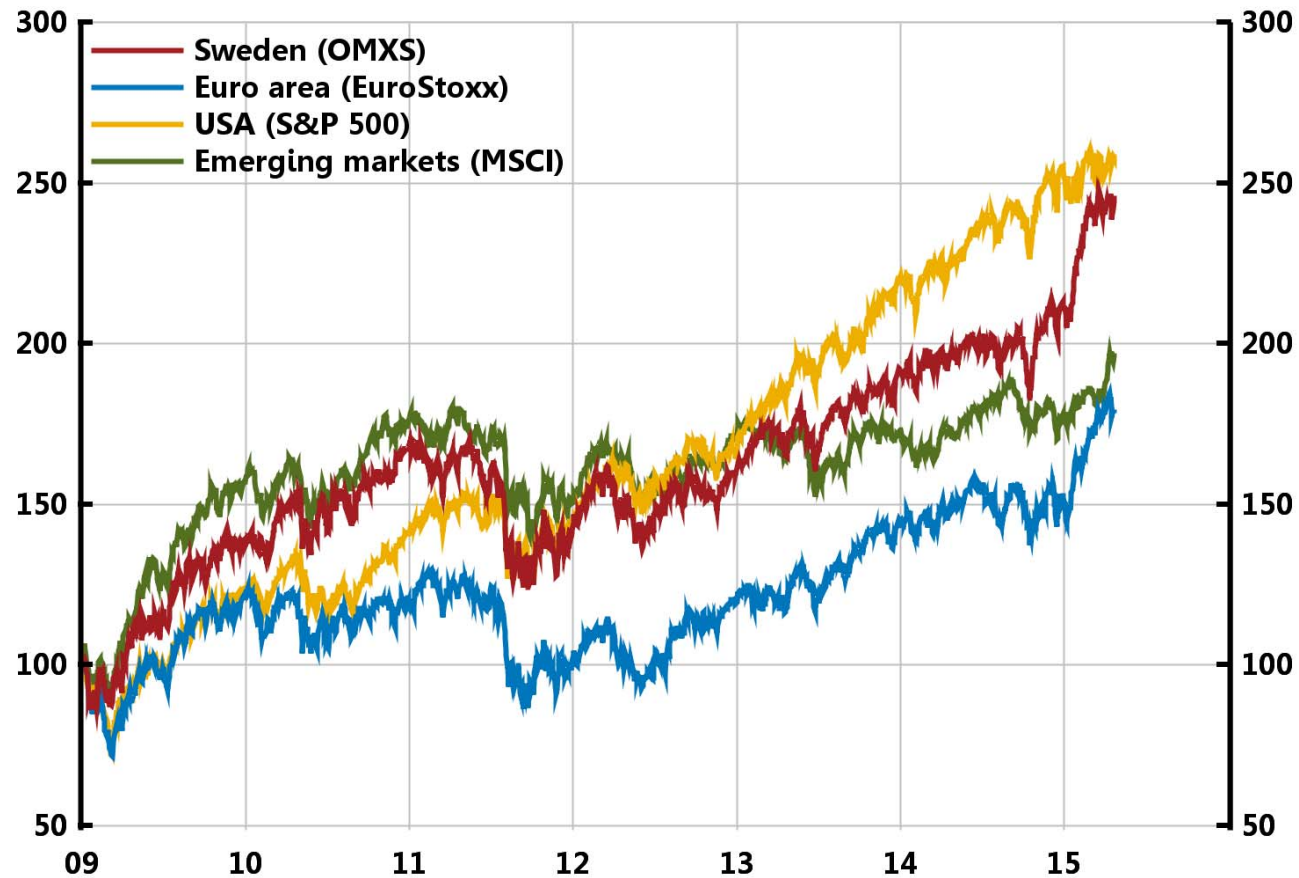
Figure 1.8. Housing prices
Annual percentage change

Source: Valueguard

Figure 1.9. KIX-weighted nominal exchange rate

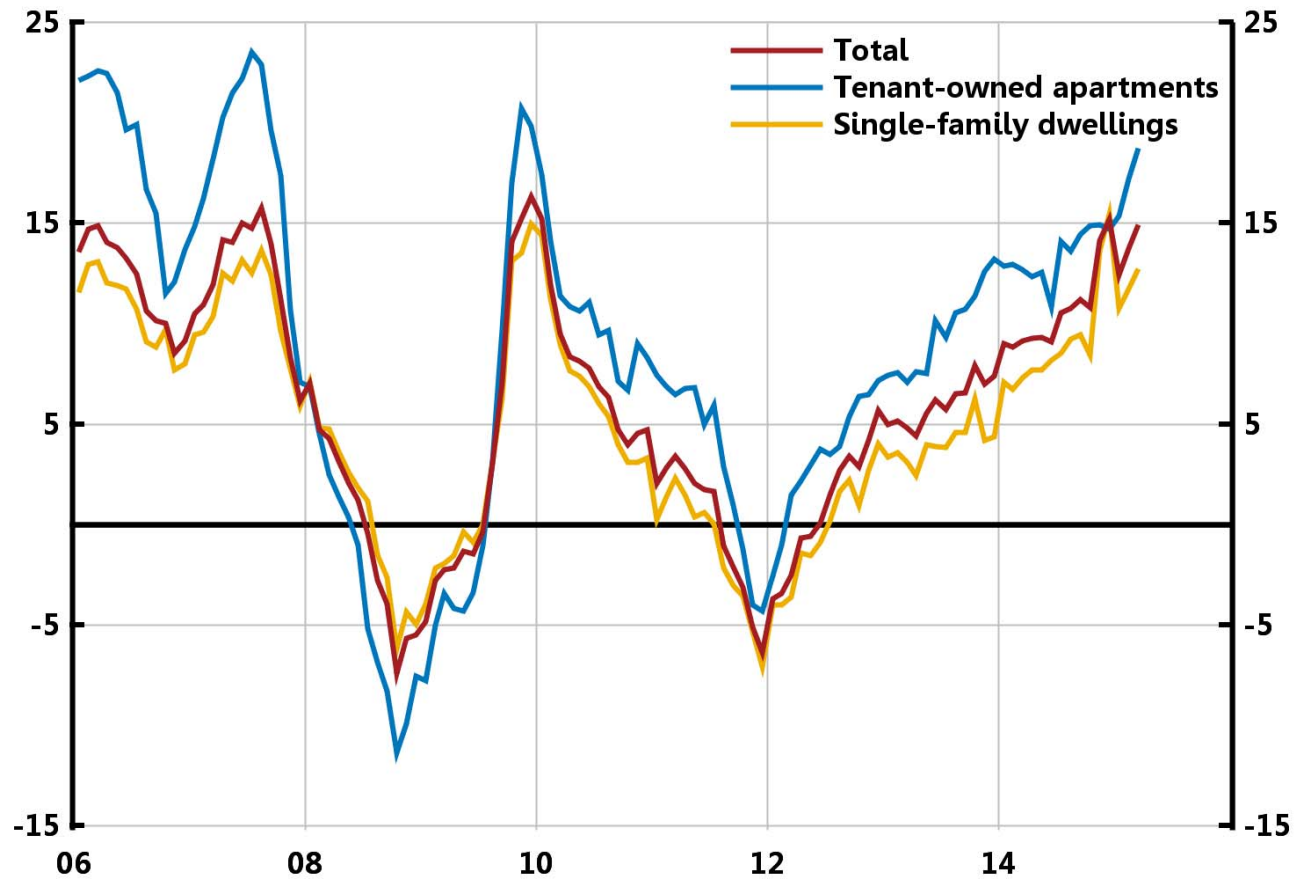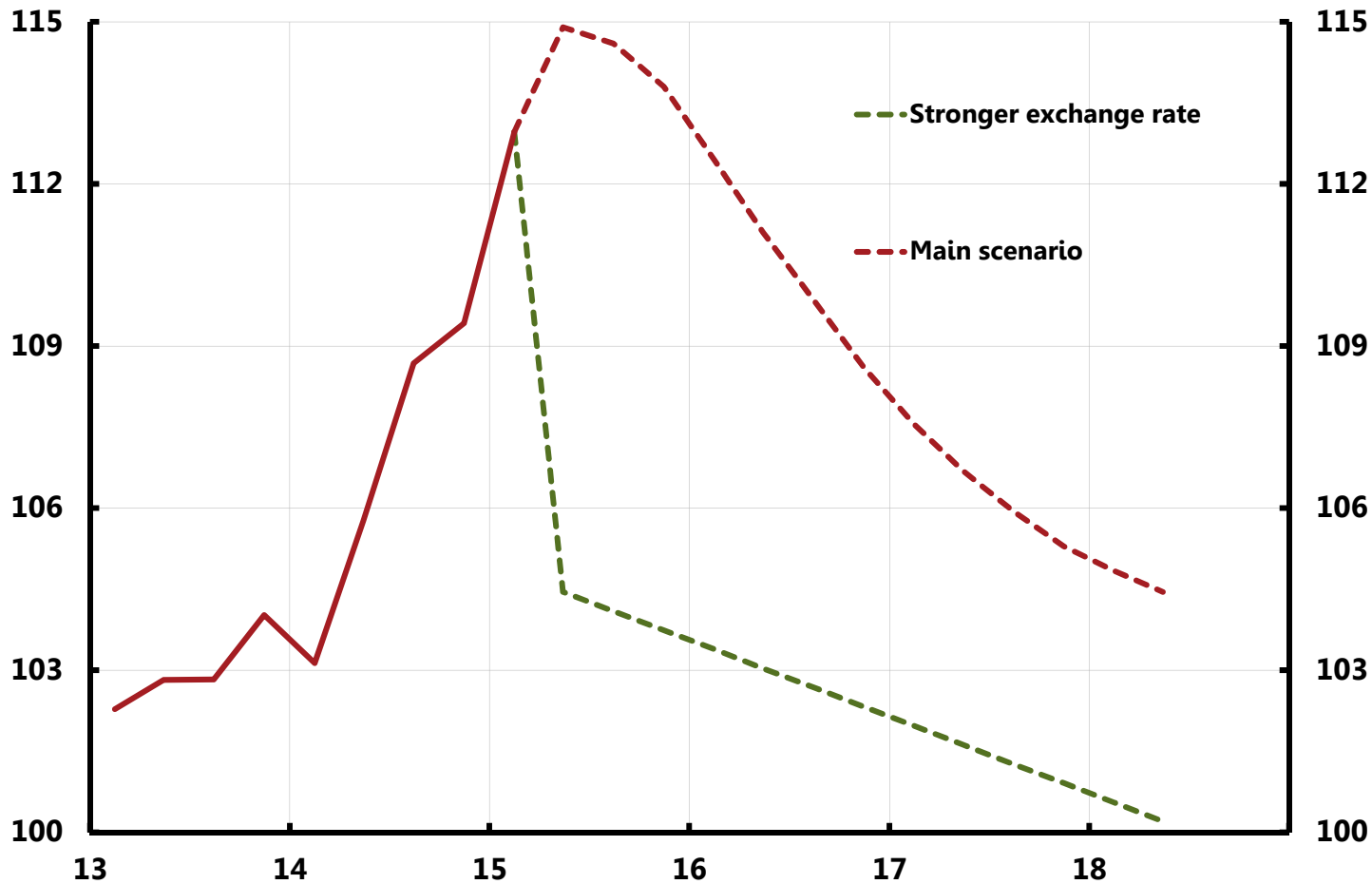**Index, 18 November 1992 = 100, quarterly averages**

Note. KIX is an aggregate of the countries that are important to Sweden's international transactions.

Source: The Riksbank

Figure 1.10. CPIF

Annual percentage change, quarterly averages
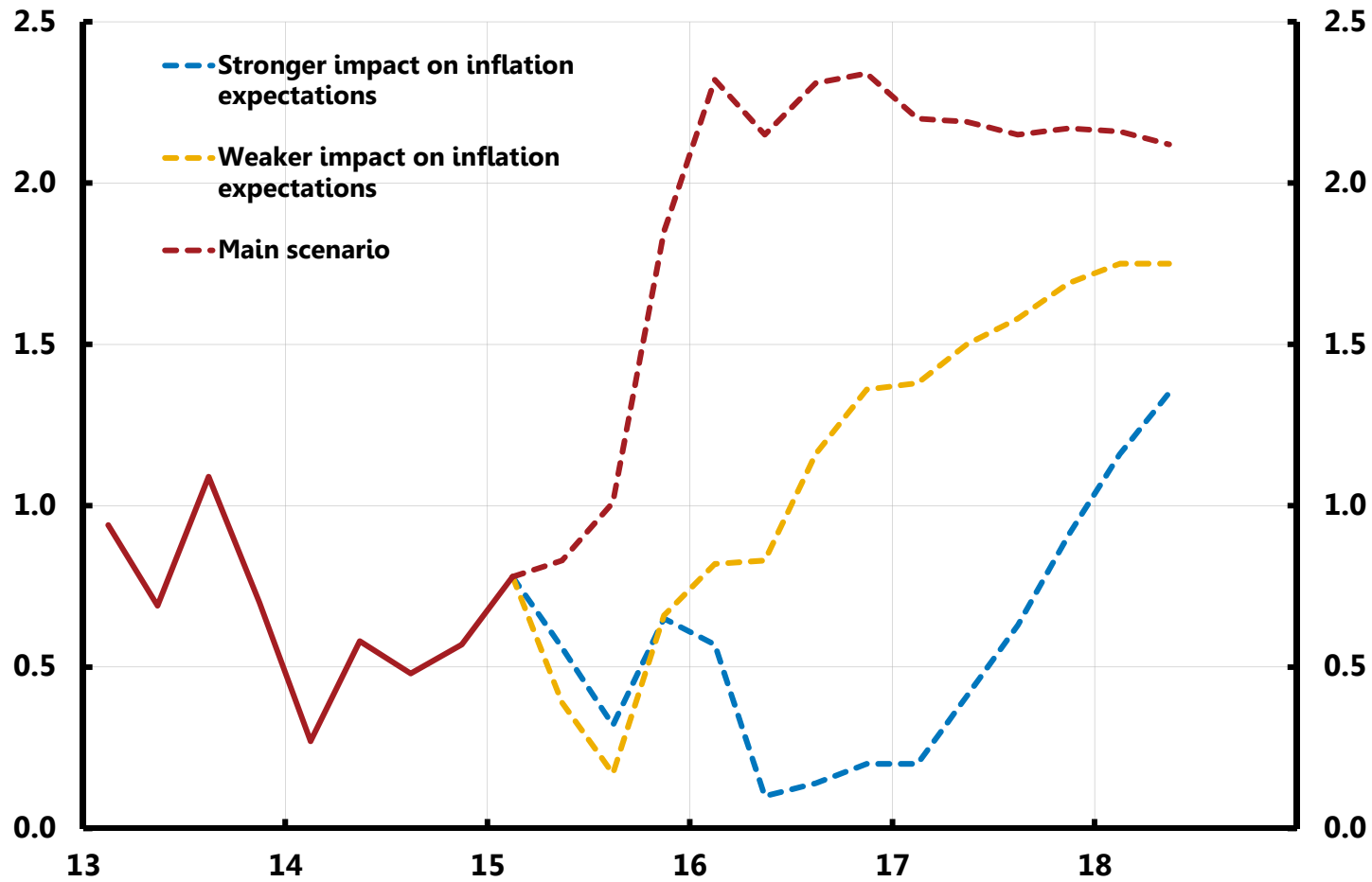
Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank

Figure 2.1. Policy rates and rate expectations according to forward rates

Per cent
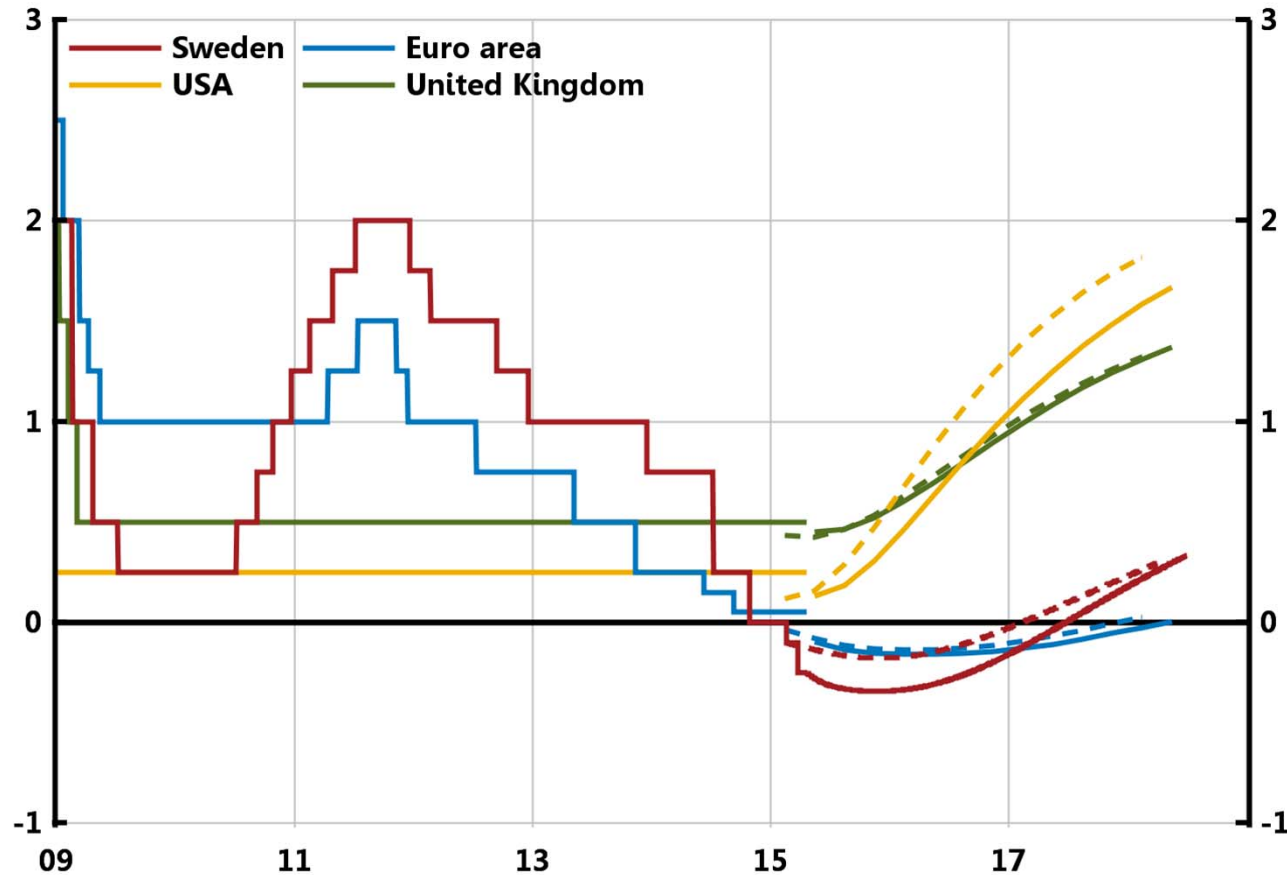
Note. Forward rates describe the expected overnight rate, which does not always correspond to the official policy rate. Unbroken lines are estimated 17 April 2015, broken lines 11 February 2015.

Sources: Macrobond and the Riksbank

Figure 2.2. Yield curves in Sweden

Per cent

Legend:
- Treasury bond curve
- Mortgage bond curve
- Corporate bonds (investment grade)
- Mortgage rate to households

Figure 2.3. Government bond rates with 10 years left to maturity

Per cent
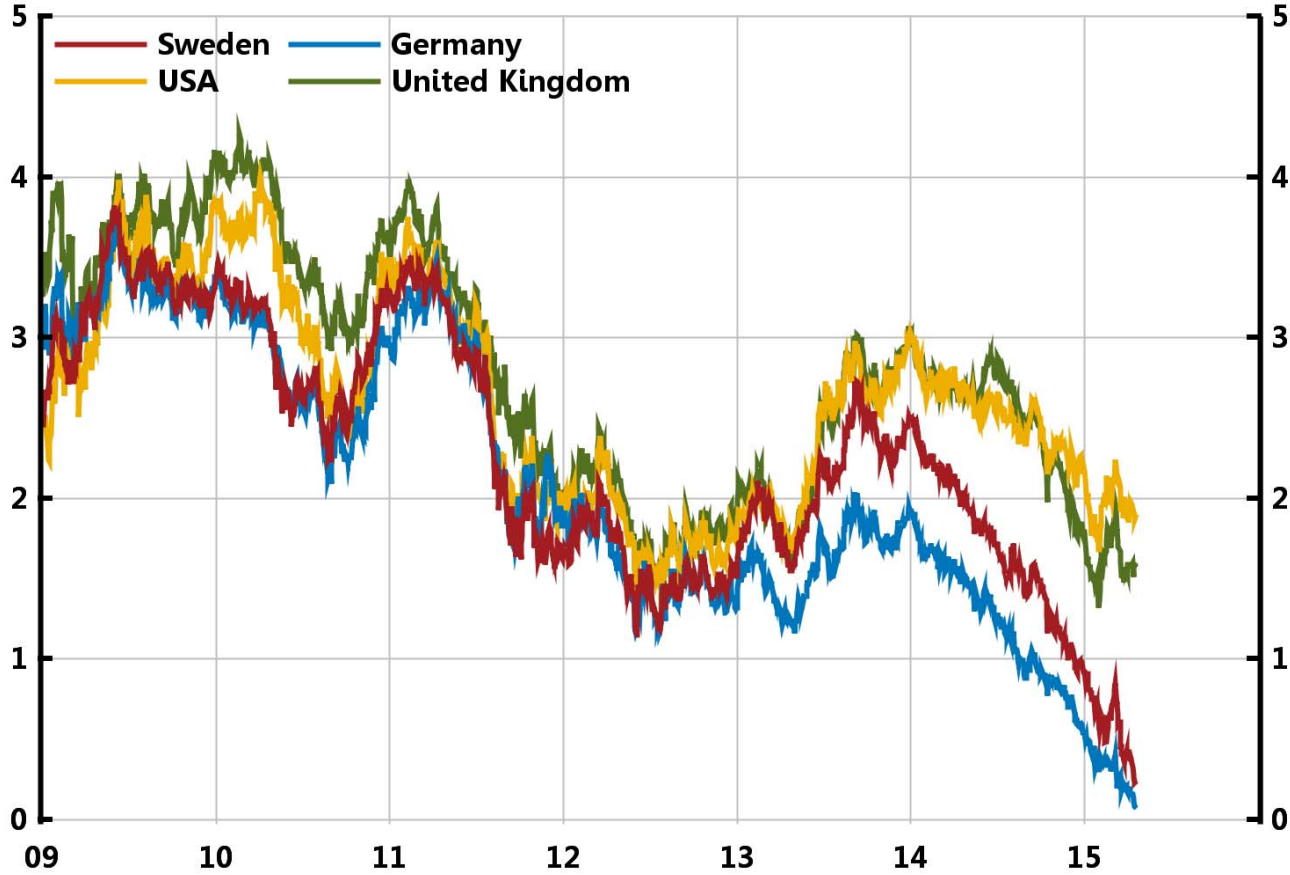
Source: Macrobond

Figure 2.4. Yield curves in Sweden and Germany

Per cent

— Germany
— Sweden

Figure 2.5. Development of the krona against the euro and the dollar

SEK per foreign currency

Source: Macrobond
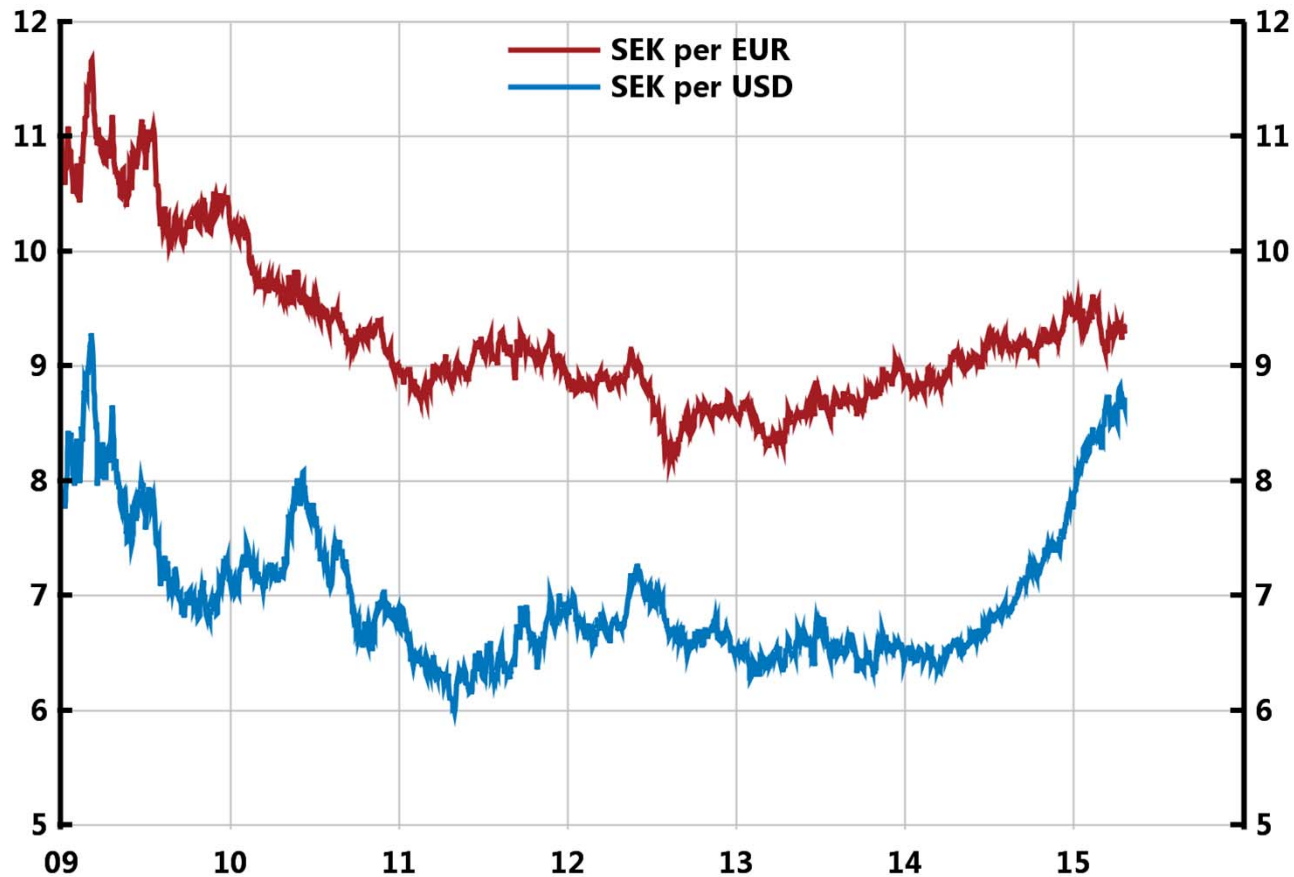
Figure 2.6. Lending to households and companies

Annual percentage change
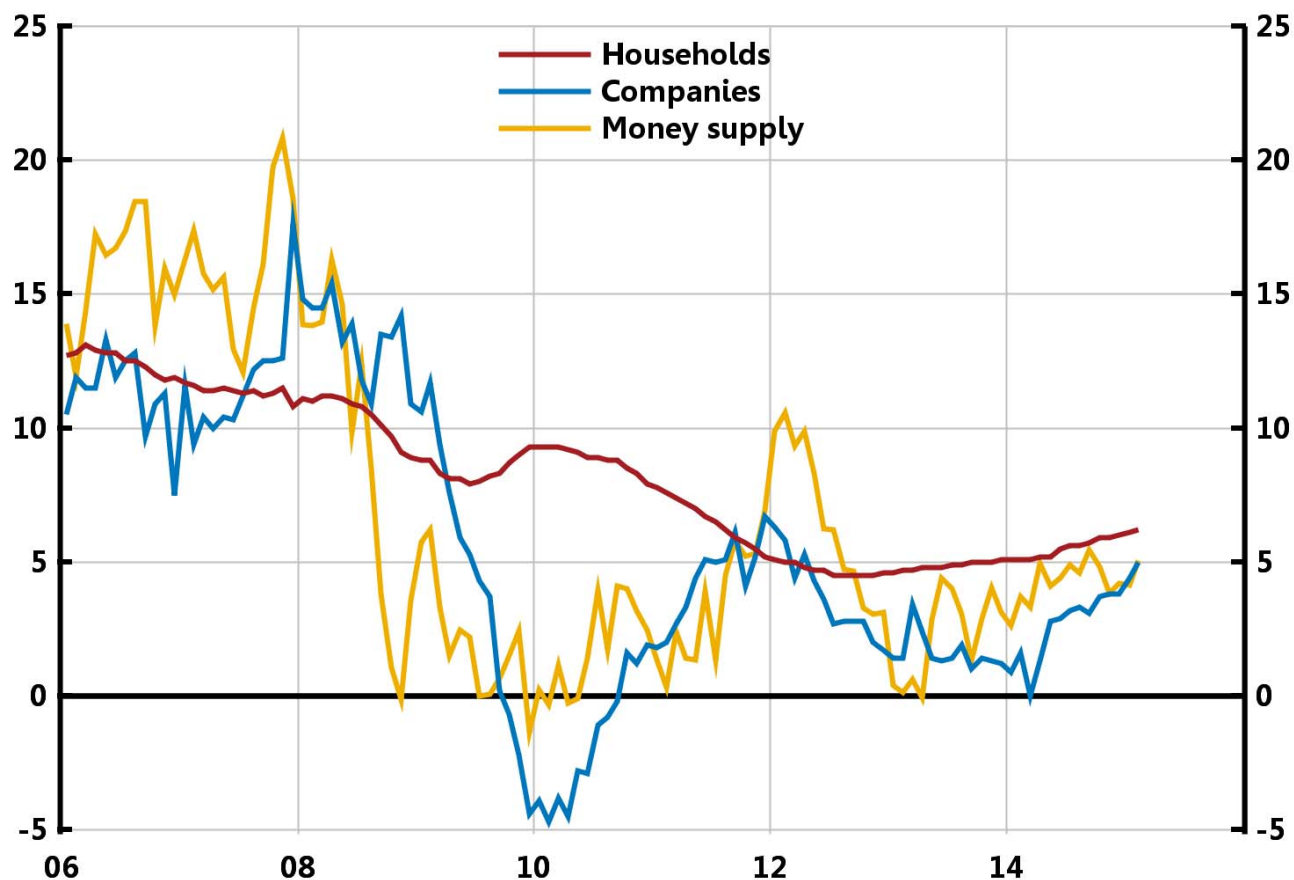
Note. MFIs' lending to households and non-financial companies according to financial market statistics adjusted for reclassifications and traded loans since 2006. Money supply is M3 outstanding amount.

Source: Statistics Sweden

Figure 2.7. Interest rates to households and businesses, new contracts

Per cent
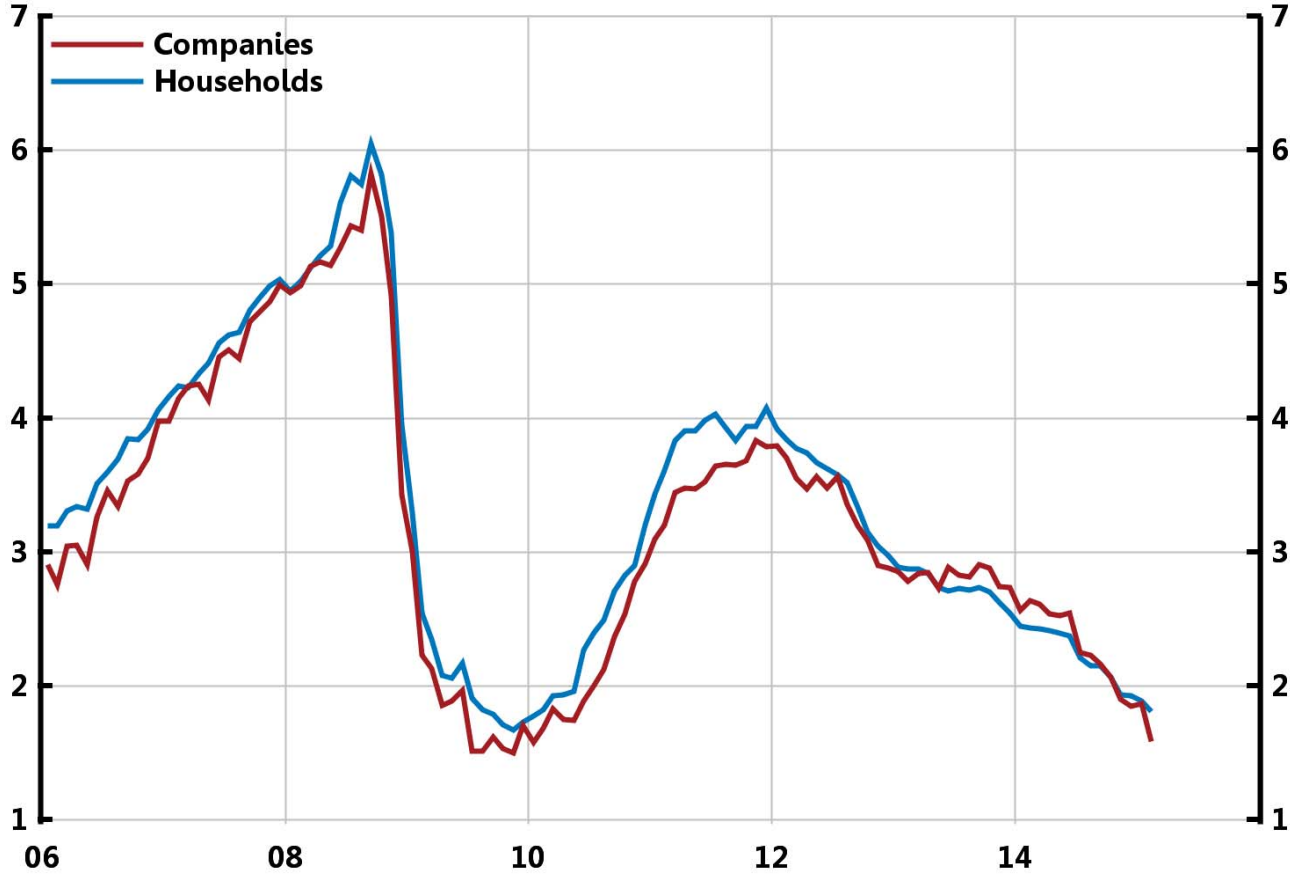
Note. Interest rates on loans from MFIs to households with housing as colletaral and to non-financial companies.

Source: Statistics Sweden

Figure 3.1. CPI, CPIF and CPIF excluding energy

Annual percentage change

Legend:
- CPI
- CPIF
- CPIF excluding energy
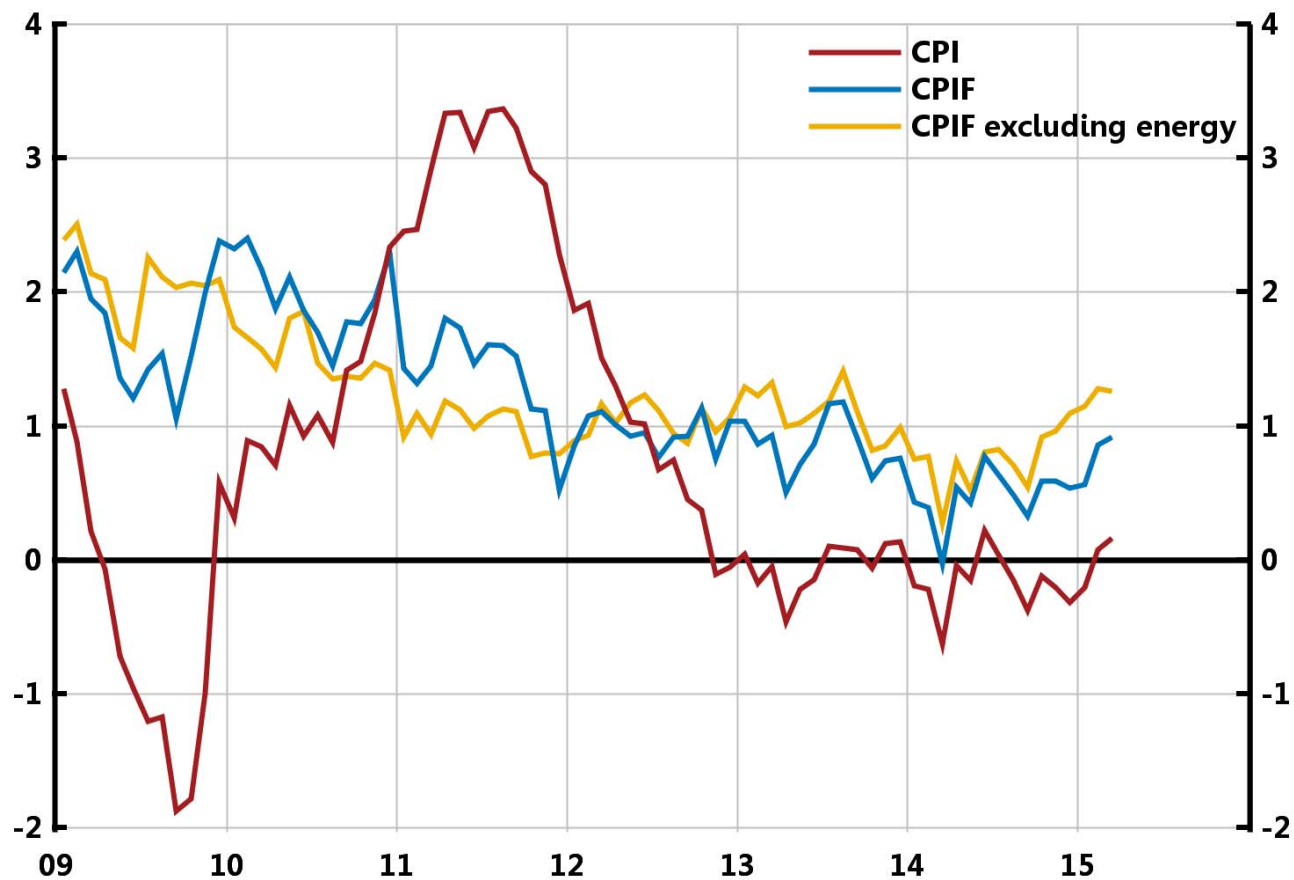
Note. The CPIF is the CPI with a fixed mortgage rate.

Source: Statistics Sweden

Figure 3.2. Food, goods and service prices

Annual percentage change
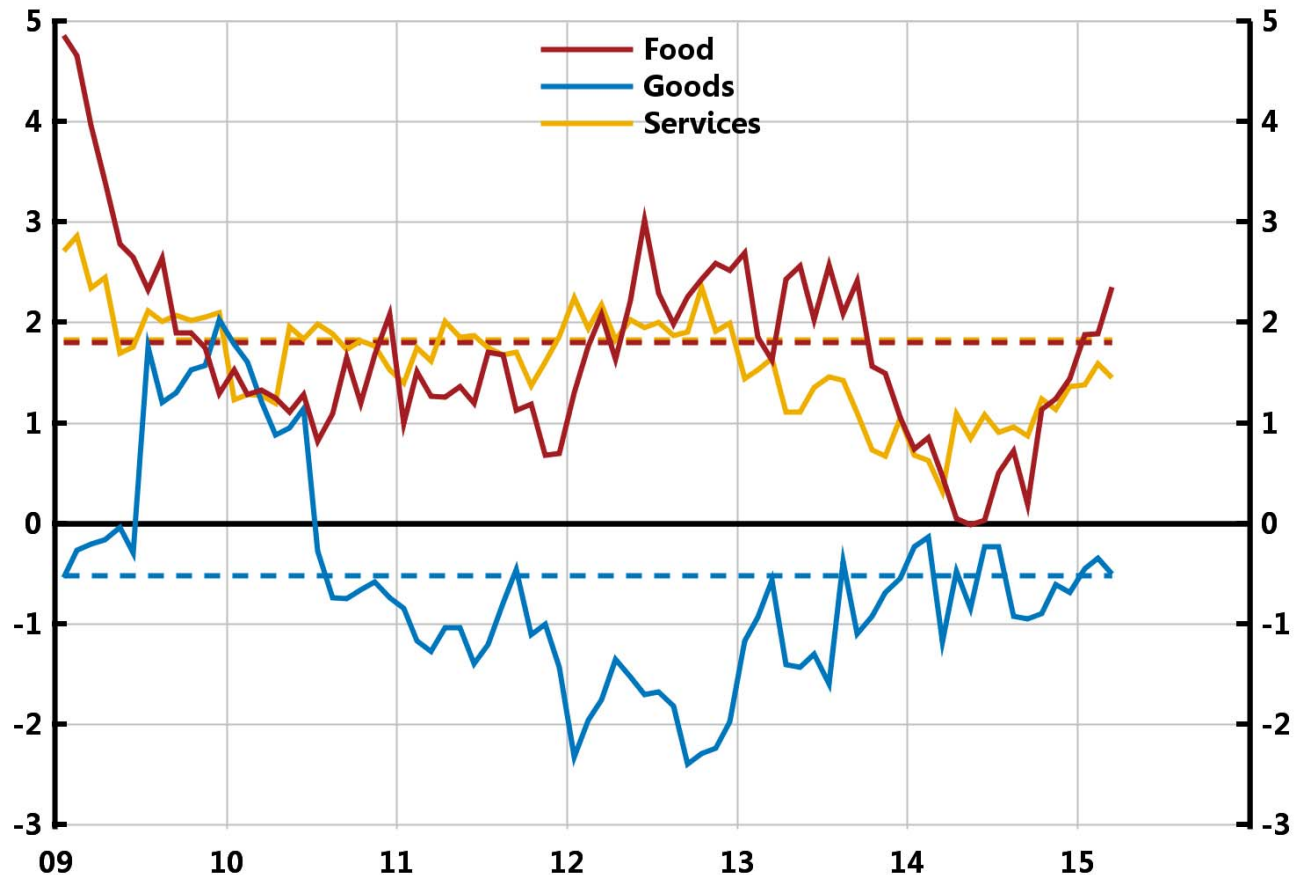
Note. The broken lines represent the average for the period 2000 to the latest outcome. The line showing the average for food overlaps the line showing the average for services.

Sources: Statistics Sweden and the Riksbank

Figure 3.3. Measures of underlying inflation

Annual percentage change, three months moving average
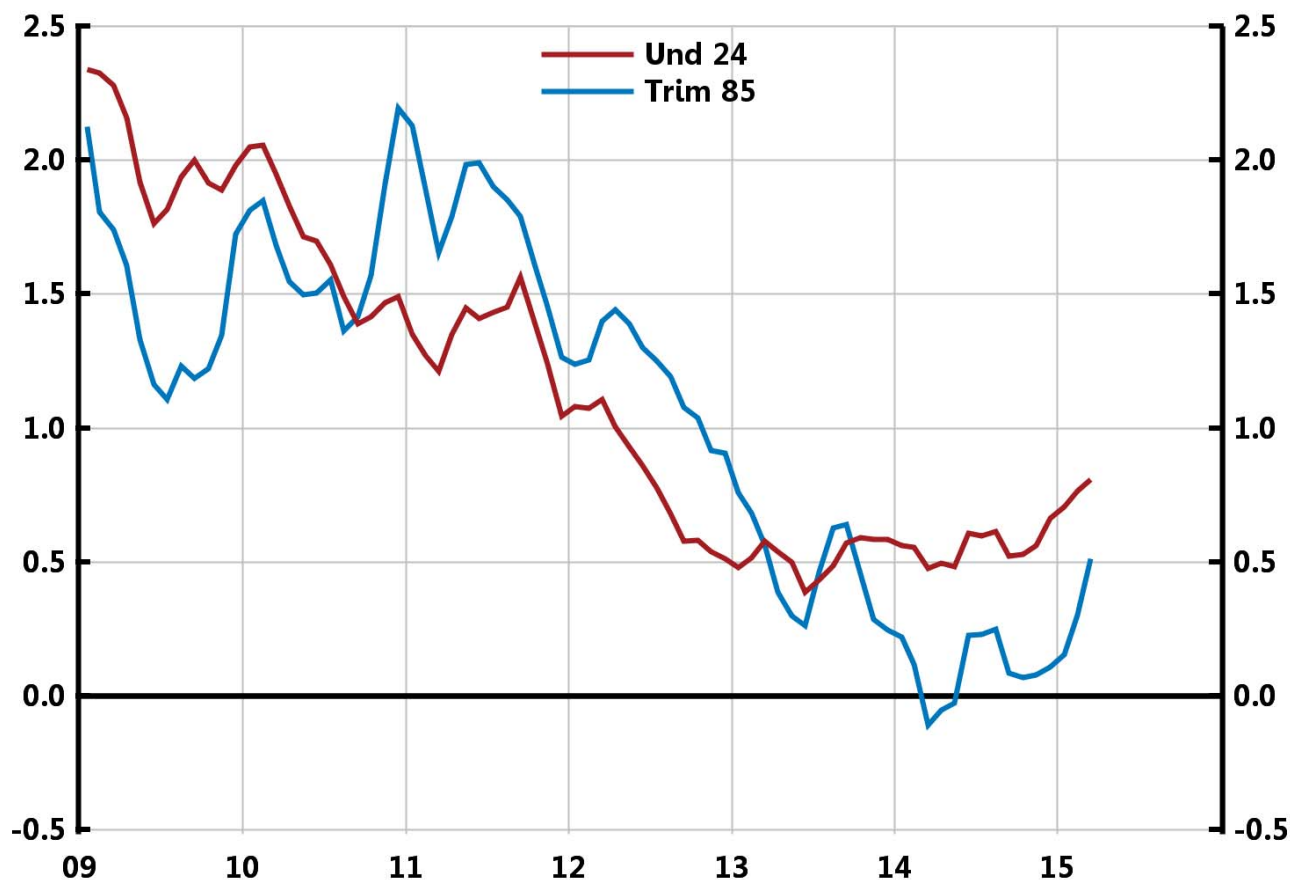
Figure 3.4. CPIF excluding energy and model forecast

Annual percentage change

Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistcs Sweden and the Riksbank
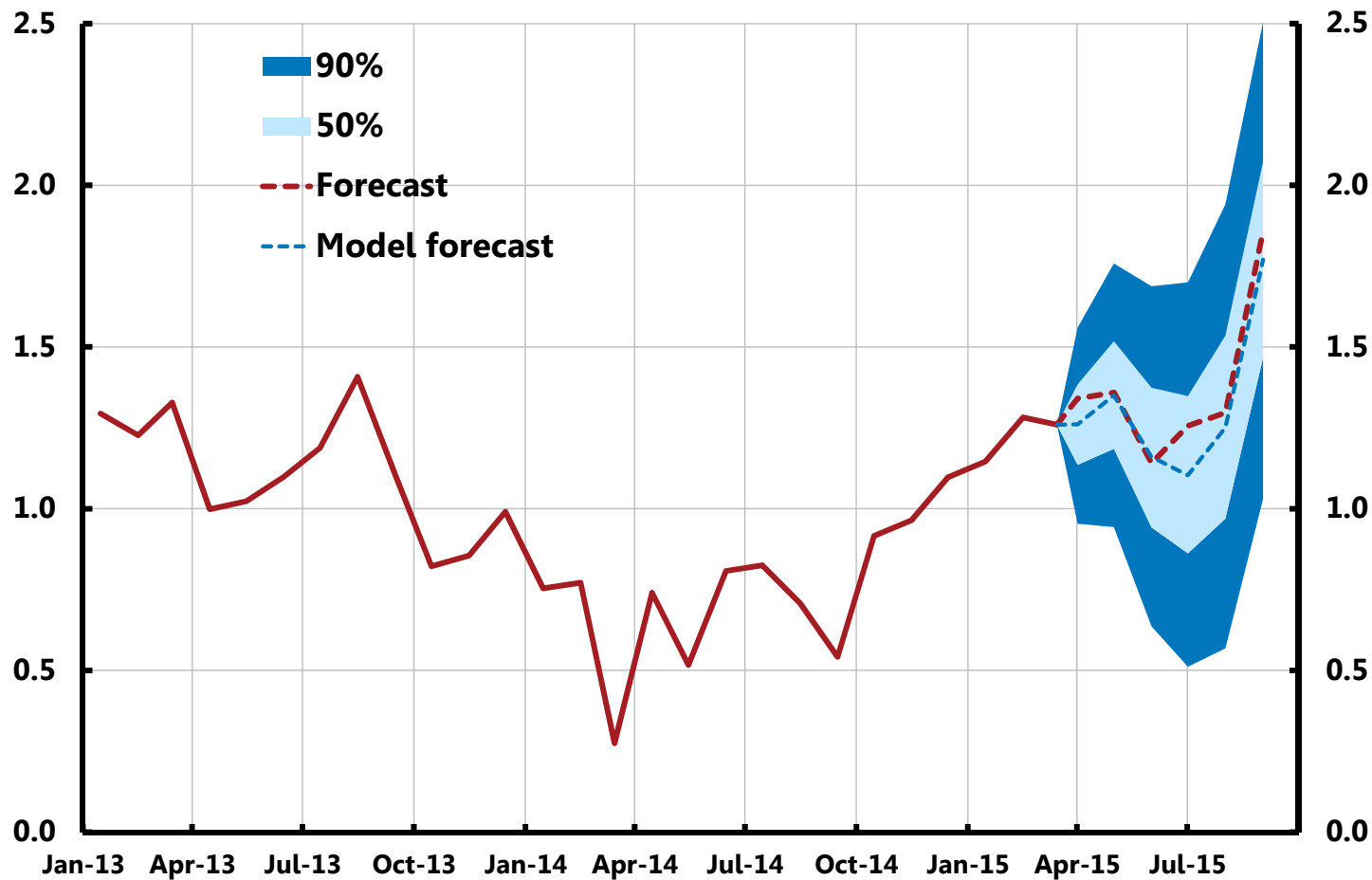
Figure 3.5. HICP in the EU countries and Norway

Annual percentage change
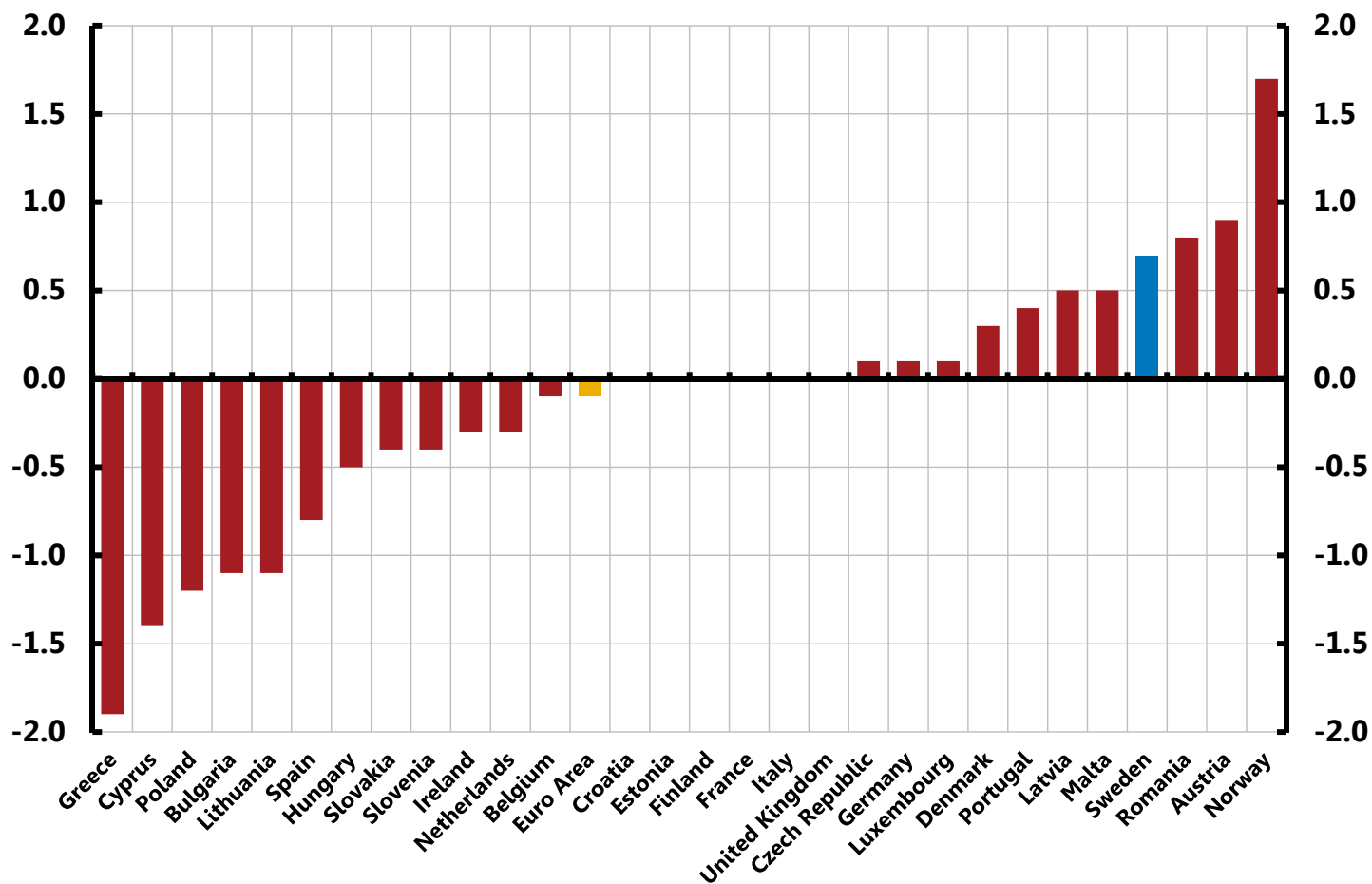
Note. The figure shows the percentage change in HICP between March 2015 and March 2014.

Source: Eurostat

Figure 3.6. Export of goods and services

Quarterly change in per cent, calculated as an annual percentage change, seasonally-adjusted data

Sources: Statistics Sweden and the Riksbank

Figure 3.7. Production in the business sector

Index, 2007 = 100

Sources: Statistics Sweden and the Riksbank
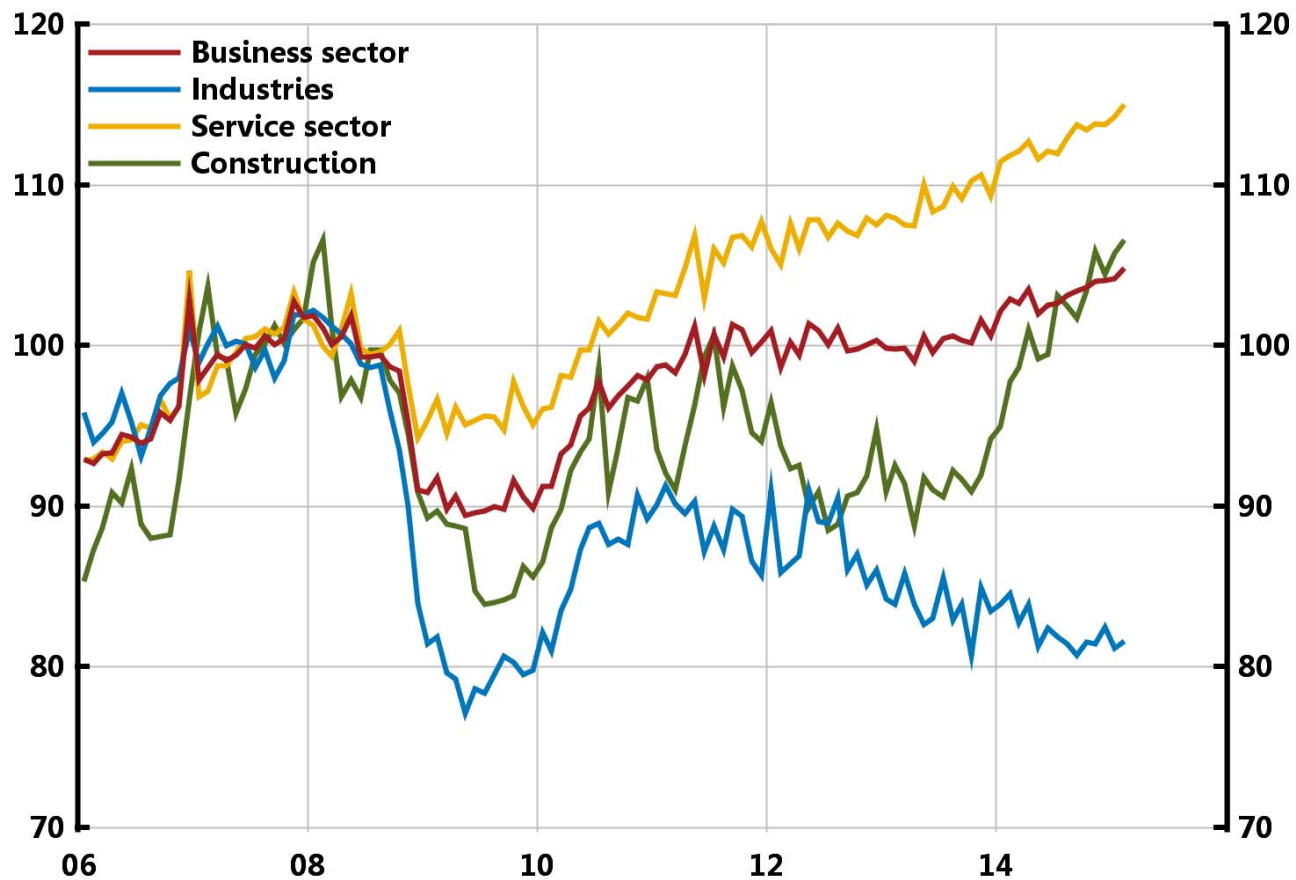
Figure 3.8. New and unfilled vacancies and redundancy notices

Number of, seasonally-adjusted data

Legend:
- New vacancies (left scale)
- Unfilled vacancies (left scale)
- Redundancy notices (right scale)
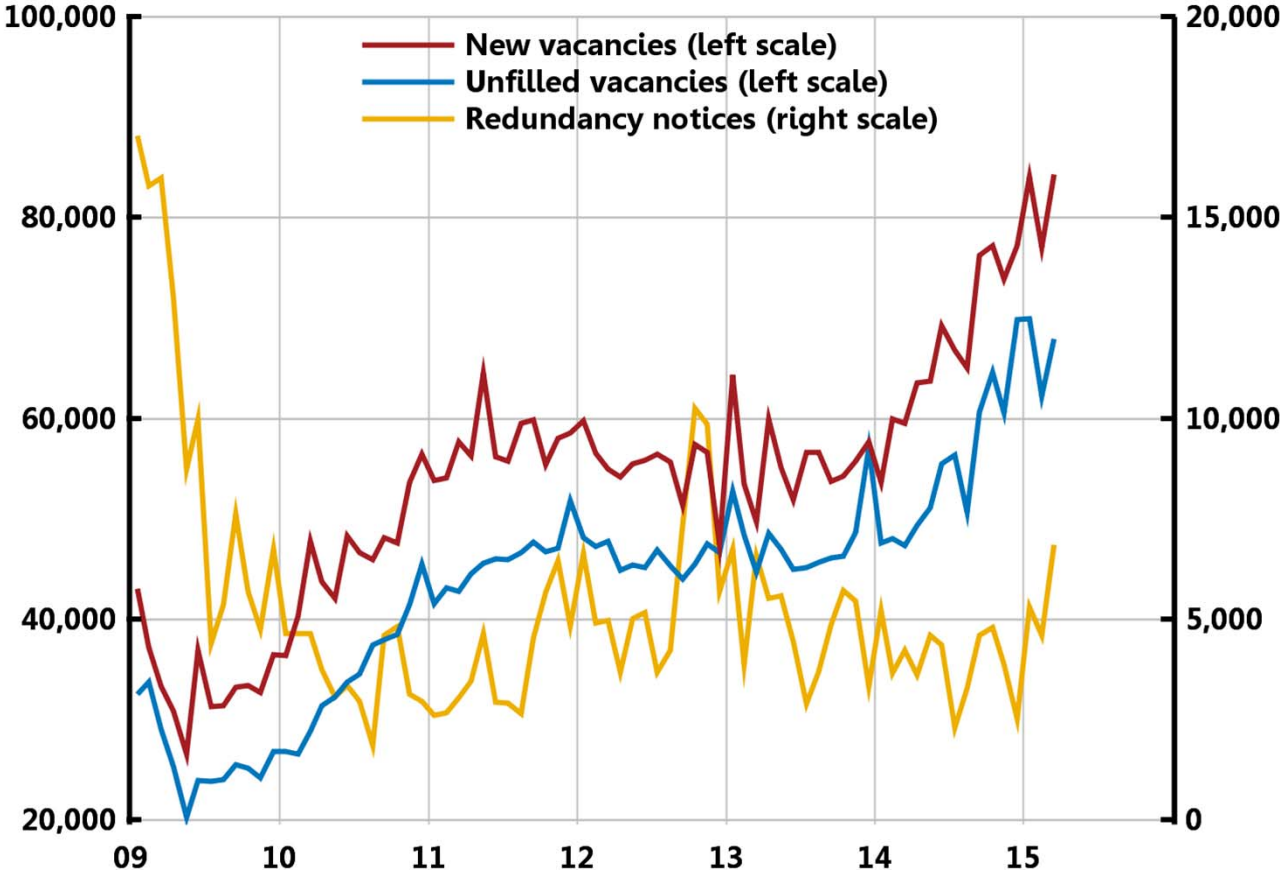
Figure 4.1. Oil price and futures price

USD per barrel
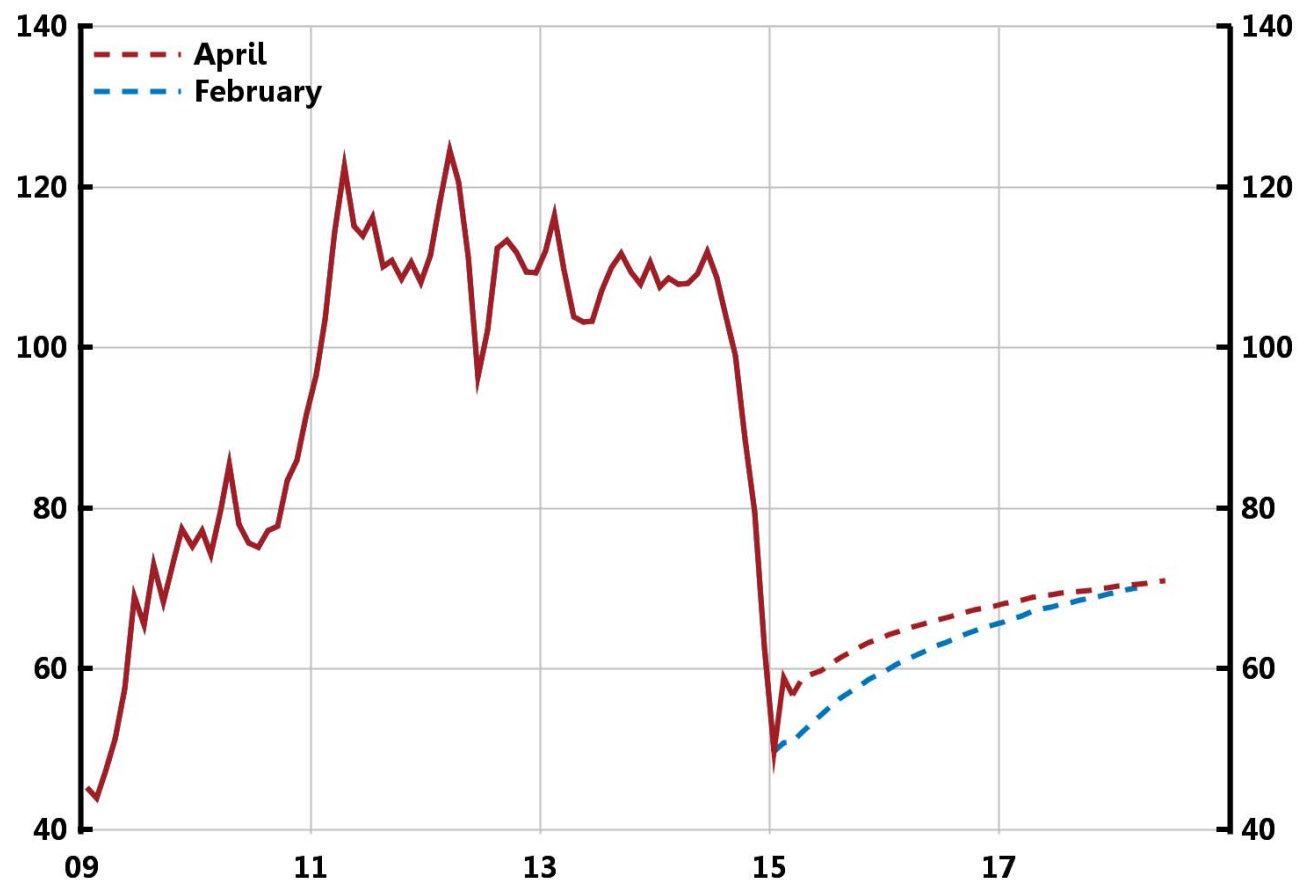
Note. Brent oil, futures are calculated as a 15-day average. Outcomes represent monthly averages of spot prices.

Sources: Macrobond and the Riksbank

Figure 4.2. Growth in various countries and regions

Quarterly change in per cent, calculated as an annual percentage change, seasonally-adjusted data

Legend:
- KIX
- Euro area
- USA
- United Kingdom

Figure 4.3. Inflation in various countries and regions

Annual percentage change
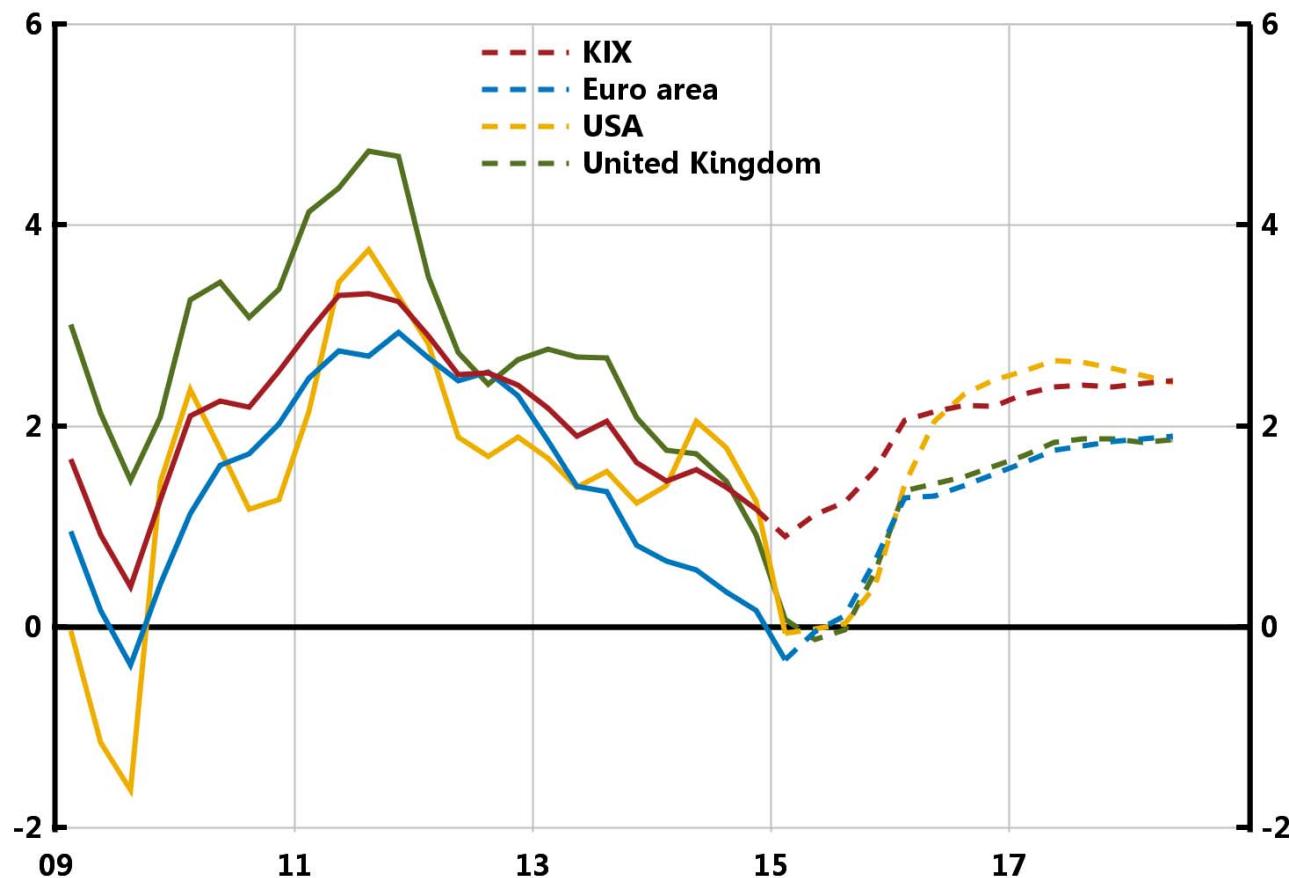
Note. KIX is an aggregate of the countries that are important to Sweden's international transactions. When calculating KIX-weighted inflation, the HICP is used for the euro area and the CPI for other countries. Inflation for the euro area is shown measured using the HICP and for the United States and the United Kingdom measured using the CPI.

Sources: The Bureau of Labor Statistics, Eurostat, national sources, Office for National Statistics and the Riksbank

Figure 4.4. KIX-weighted nominal exchange rate

Index, 18 November 1992 = 100
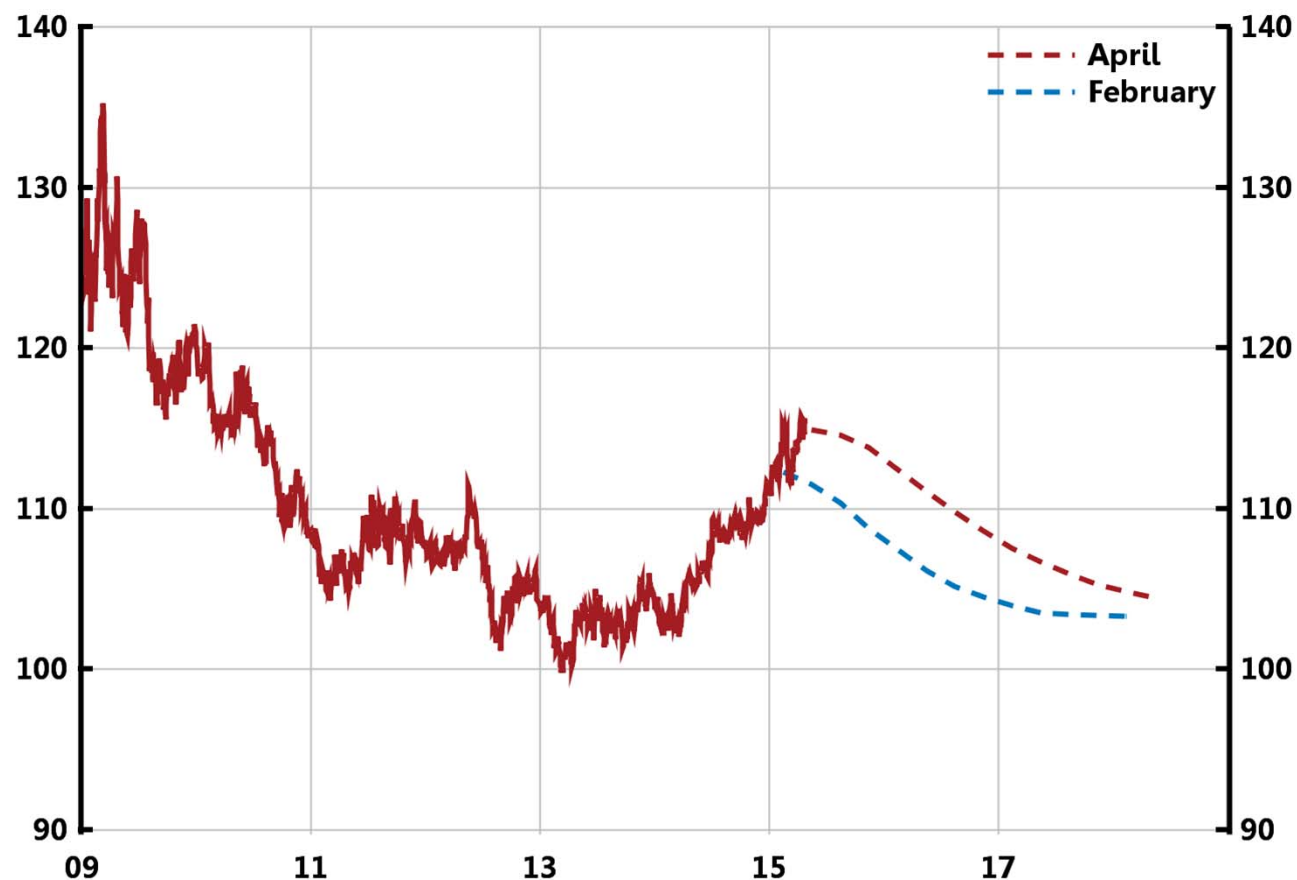
Note. Outcomes are daily rates and forecasts refer to quarterly averages. KIX is an aggregate of the countries that are important to Sweden's international transactions.

Source: The Riksbank

Figure 4.5. KIX-weighted real exchange rate

Index, 18 November 1992 = 100, quarterly averages
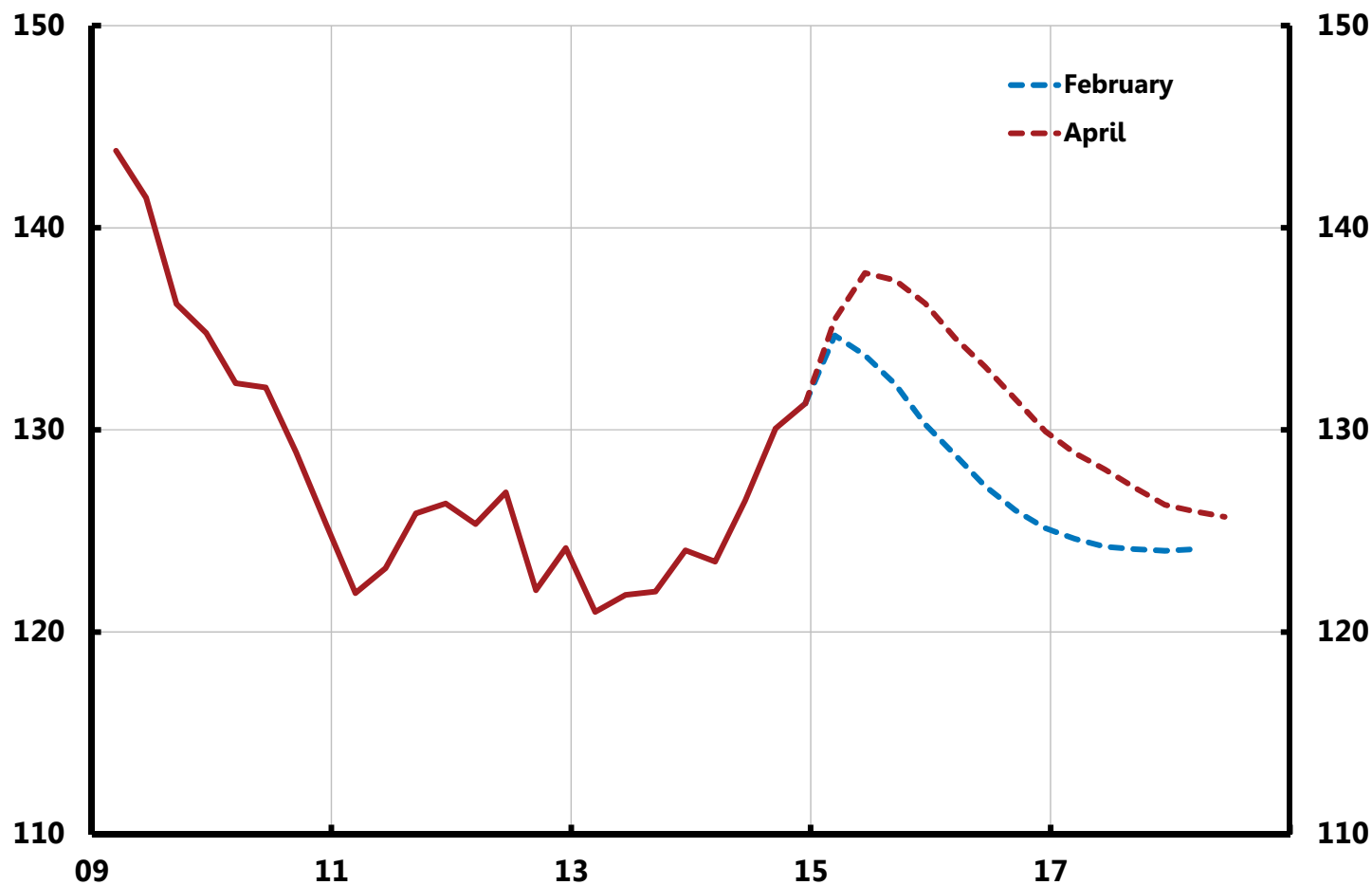
Note. The real exchange rate has been deflated with the CPIF for Sweden and the CPI for the rest of the world. The CPIF is the CPI with a fixed mortgage rate. KIX is an aggregate of the countries that are important to Sweden's international transactions.

Sources: National sources, Statistics Sweden and the Riksbank

Figure 4.6. Households' real disposable incomes, consumption and saving ratio

Annual percentage change and per cent of disposable income
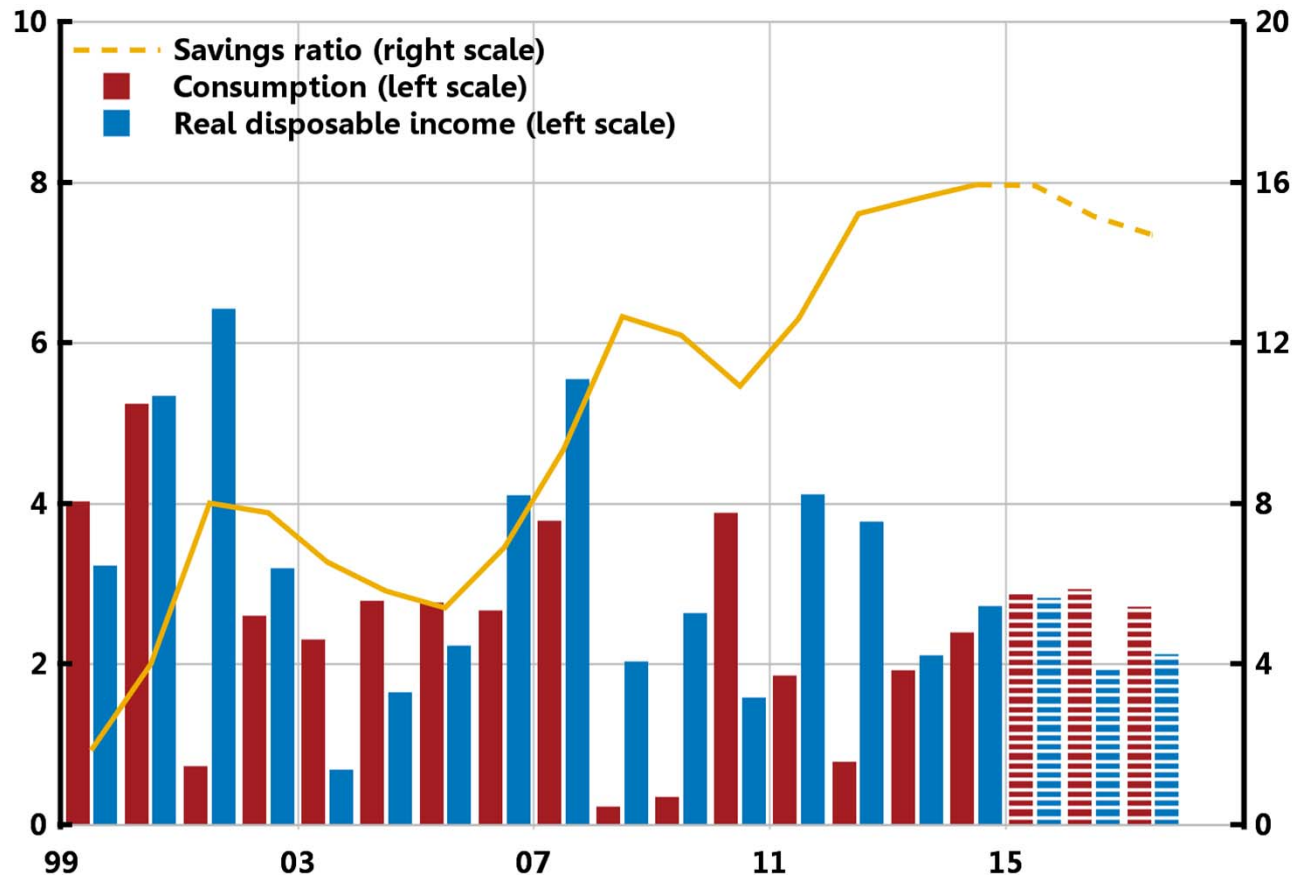
Note. The savings ratio includes collective insurance schemes. Disposable income has been deflated using the household consumption deflator.

Sources: Statistics Sweden and the Riksbank

Figure 4.7. Exports and the Swedish export market

Annual percentage change, calendar-adjusted data
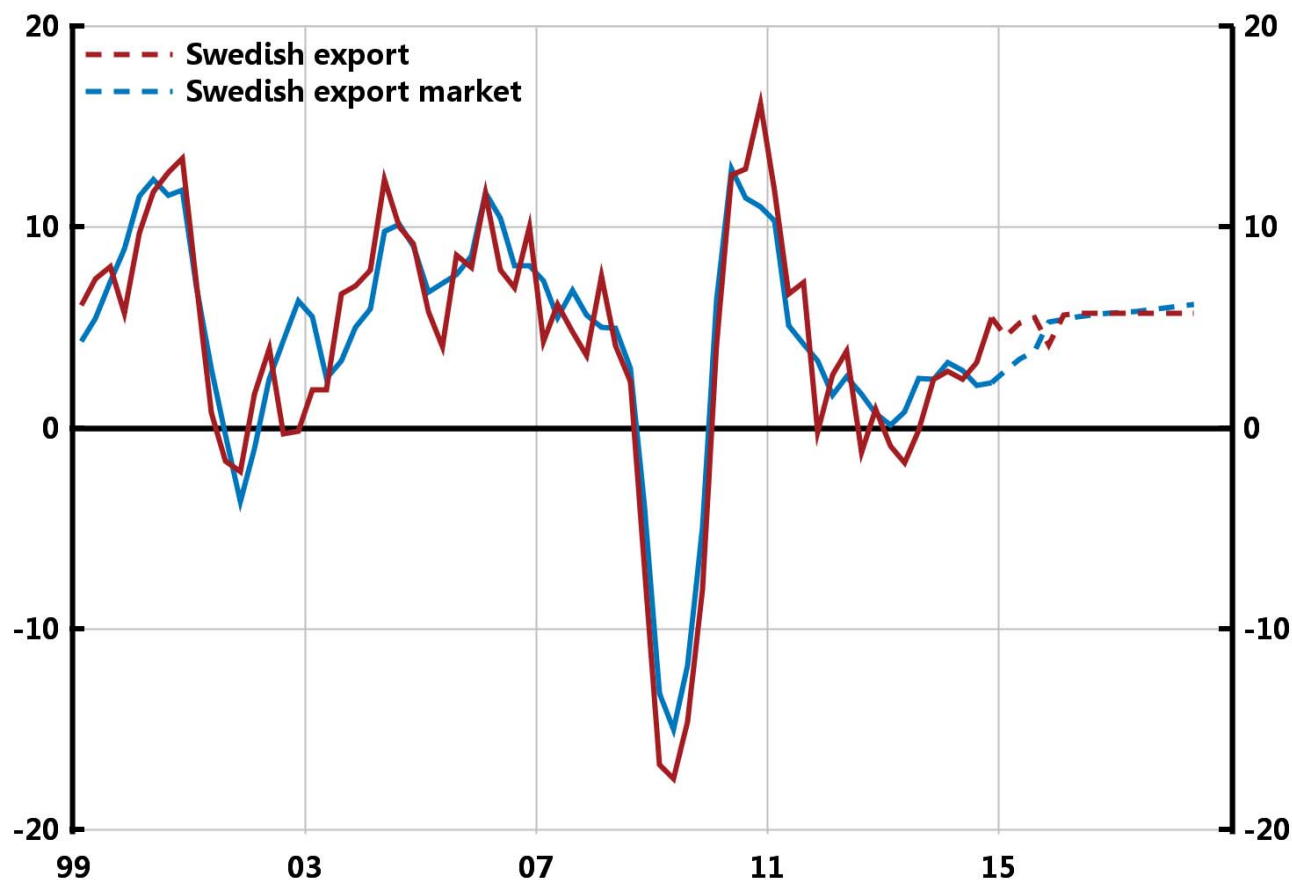
Note. The Swedish export market index aims to measure import demand in the countries to which Sweden exports. This is calculated by aggregating 32 countries and covers around 85 per cent of the total Swedish export market.

Sources: Statistics Sweden and the Riksbank

Figure 4.8. GDP

Quarterly change in per cent, calculated as an annual percentage change, seasonally-adjusted data
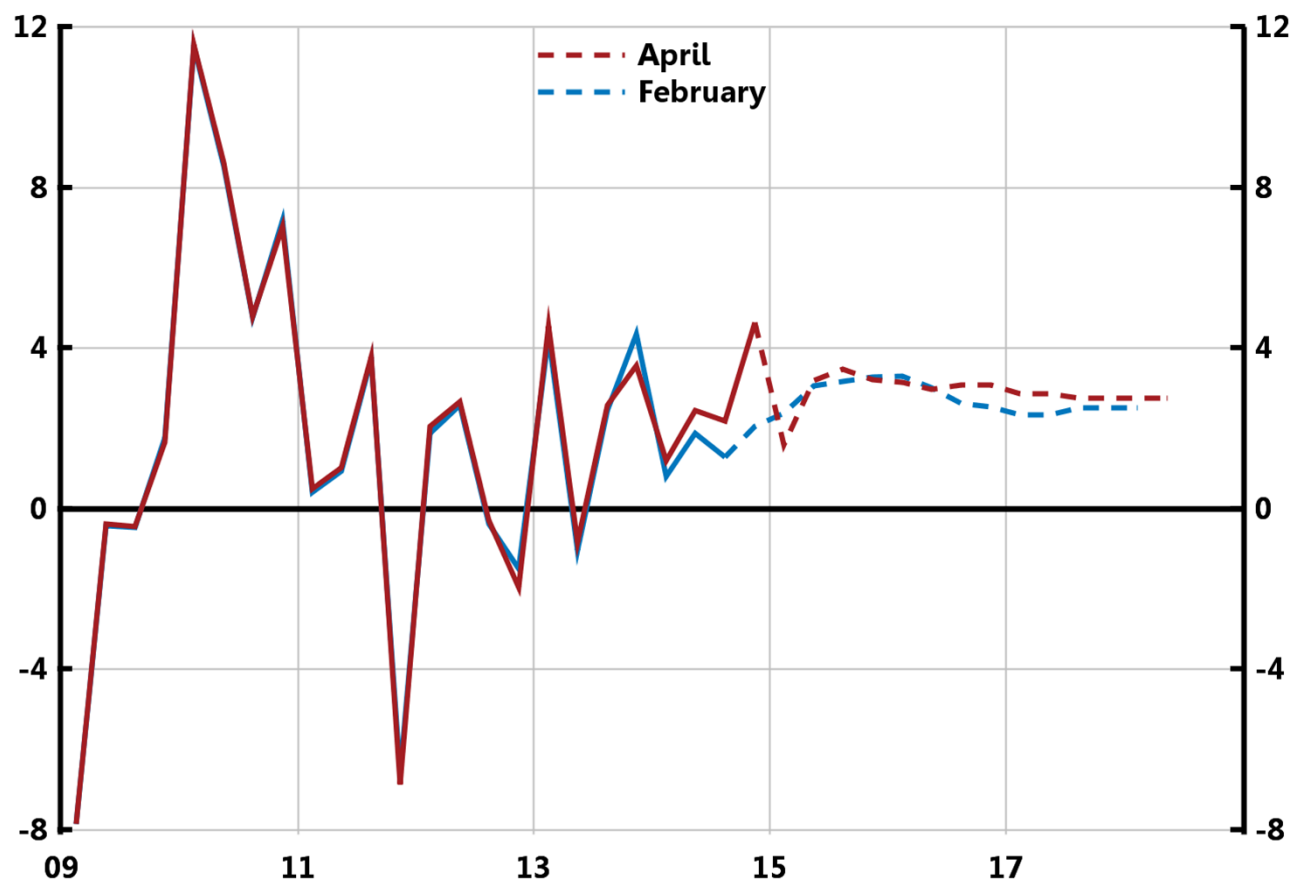
Figure 4.9. Current account and net lending in different sectors
Per cent of GDP

Sources: Statistics Sweden and the Riksbank
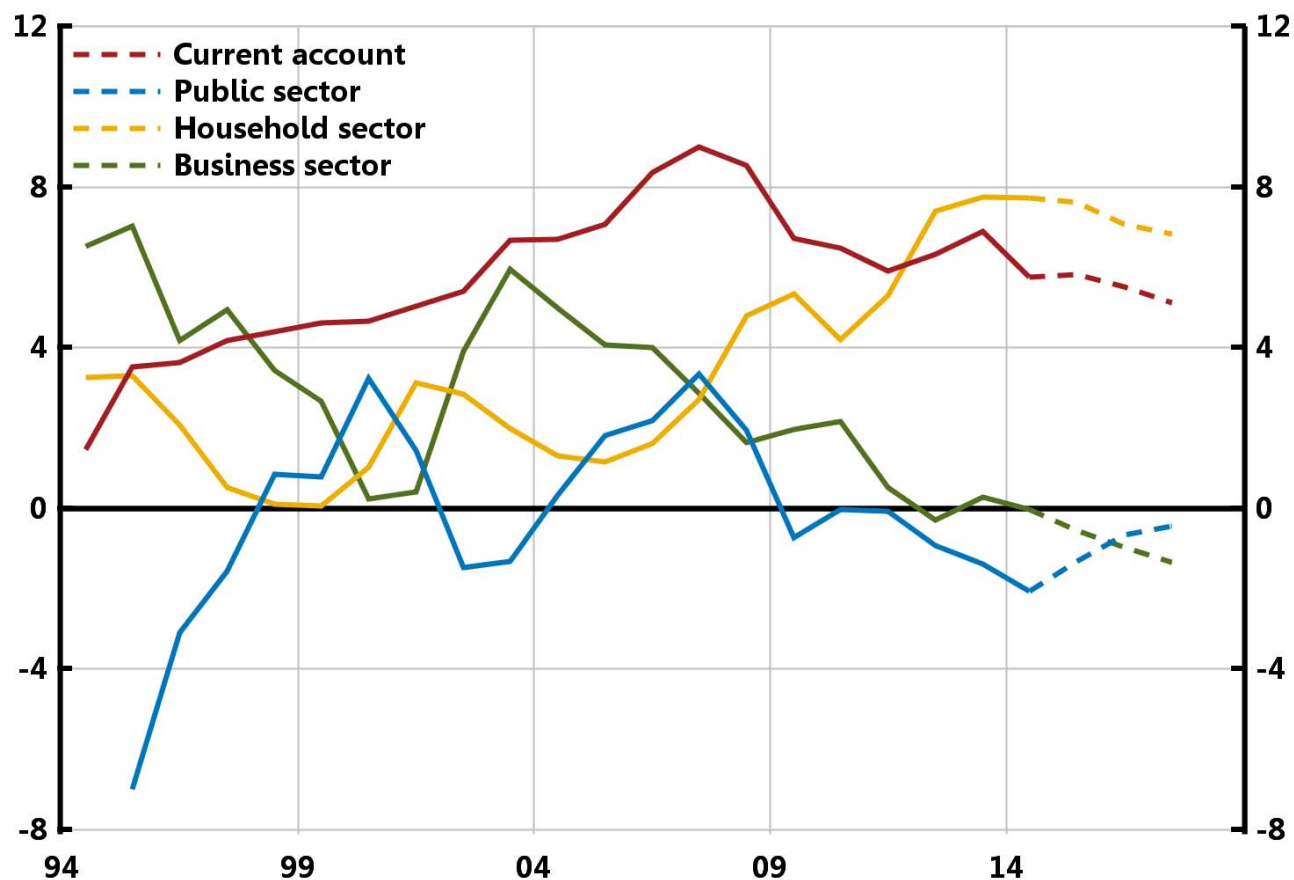
Figure 4.10. Household debt ratio

Per cent of disposable income
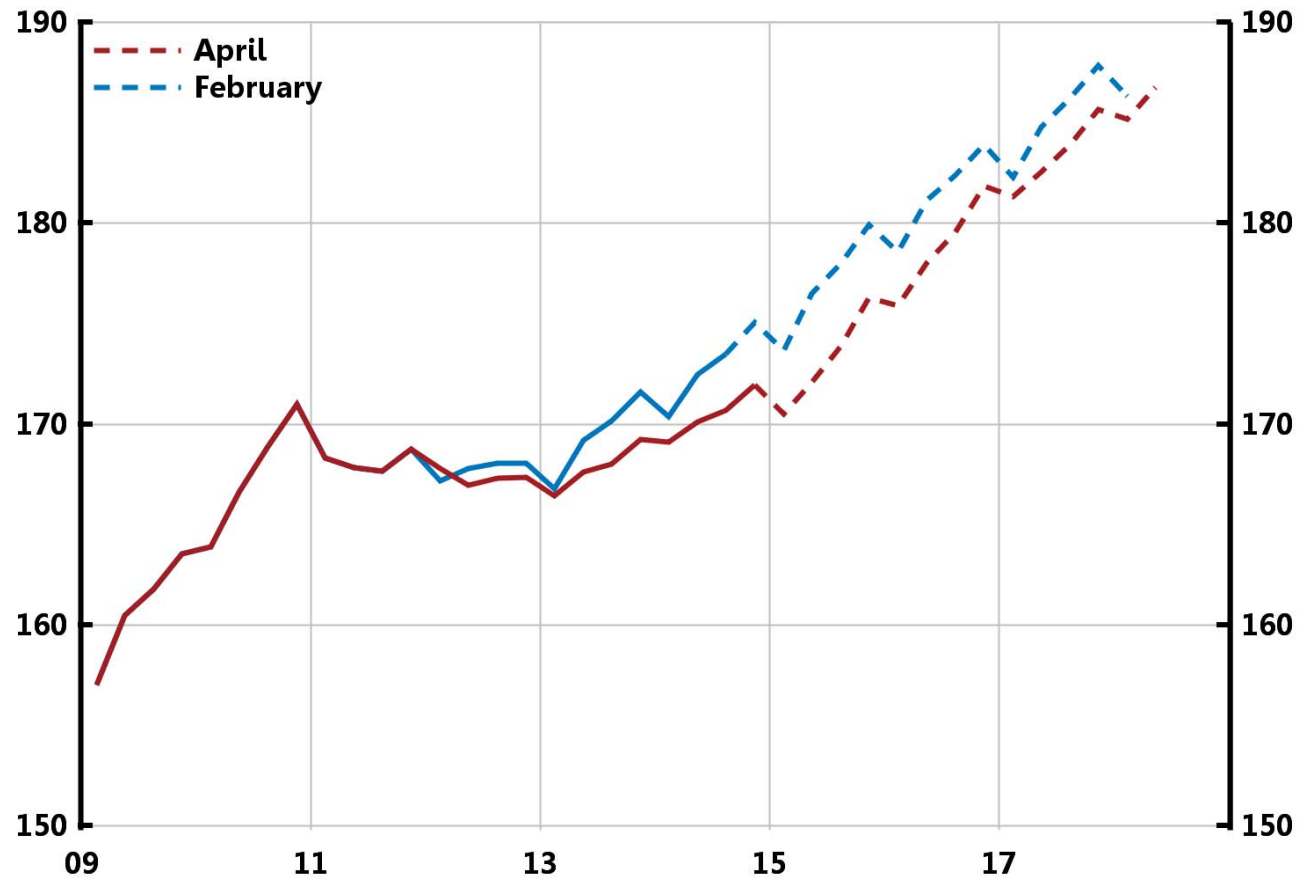
Note. Households' total debts as a share of their disposable incomes totalled over the past four quarters.

Sources: Statistics Sweden and the Riksbank

Figure 4.11. Employment rate and labour force participation

Employment and labour force as percentage of the population, aged 15–74, seasonally-adjusted data

Legend:
- Employment rate, April
- Employment rate, February
- Labour force participation, April
- Labour force participation, February

Sources: Statistics Sweden and the Riksbank
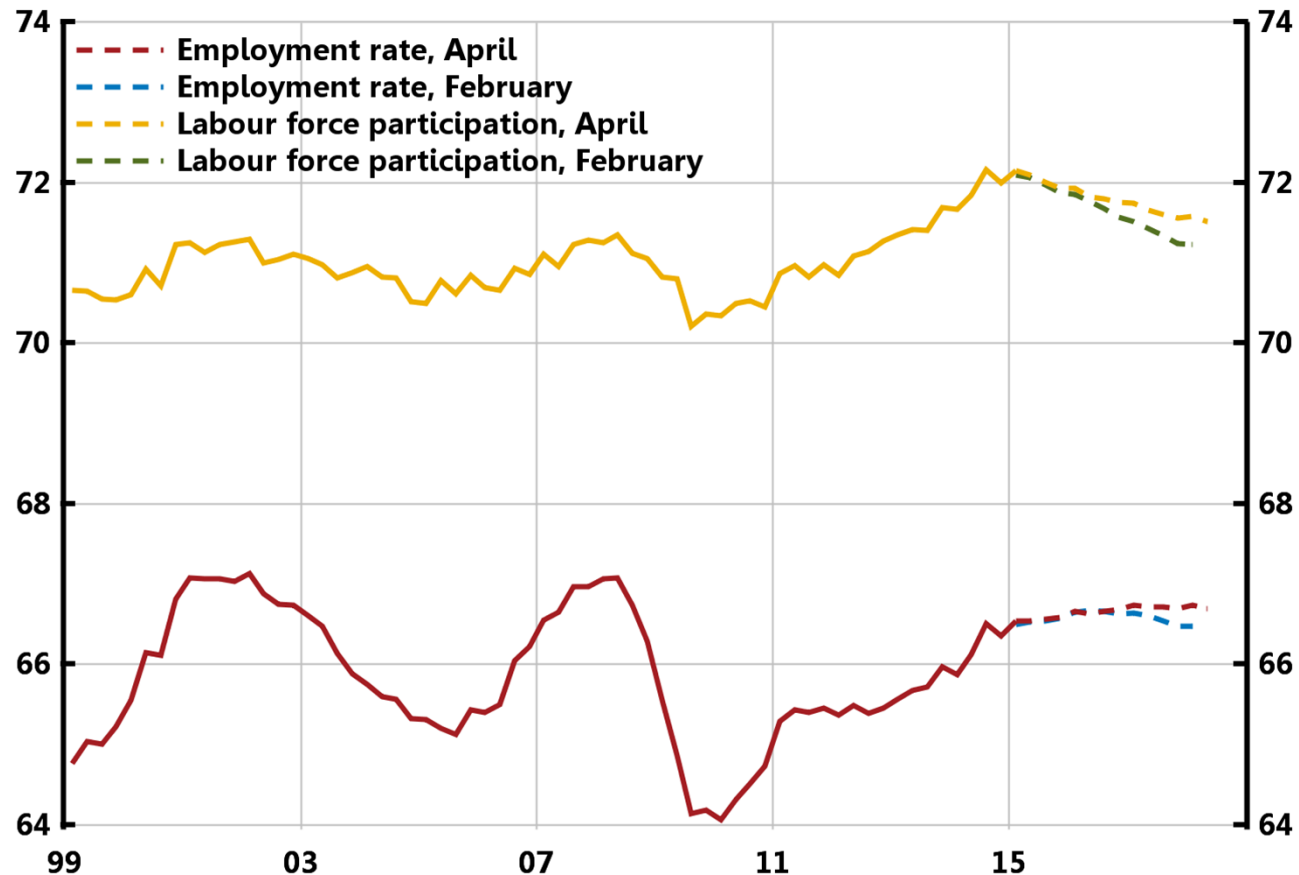
Figure 4.12. Unemployment
Per cent of the labour force, 15–74 years, seasonally-adjusted data

Sources: Statistics Sweden and the Riksbank
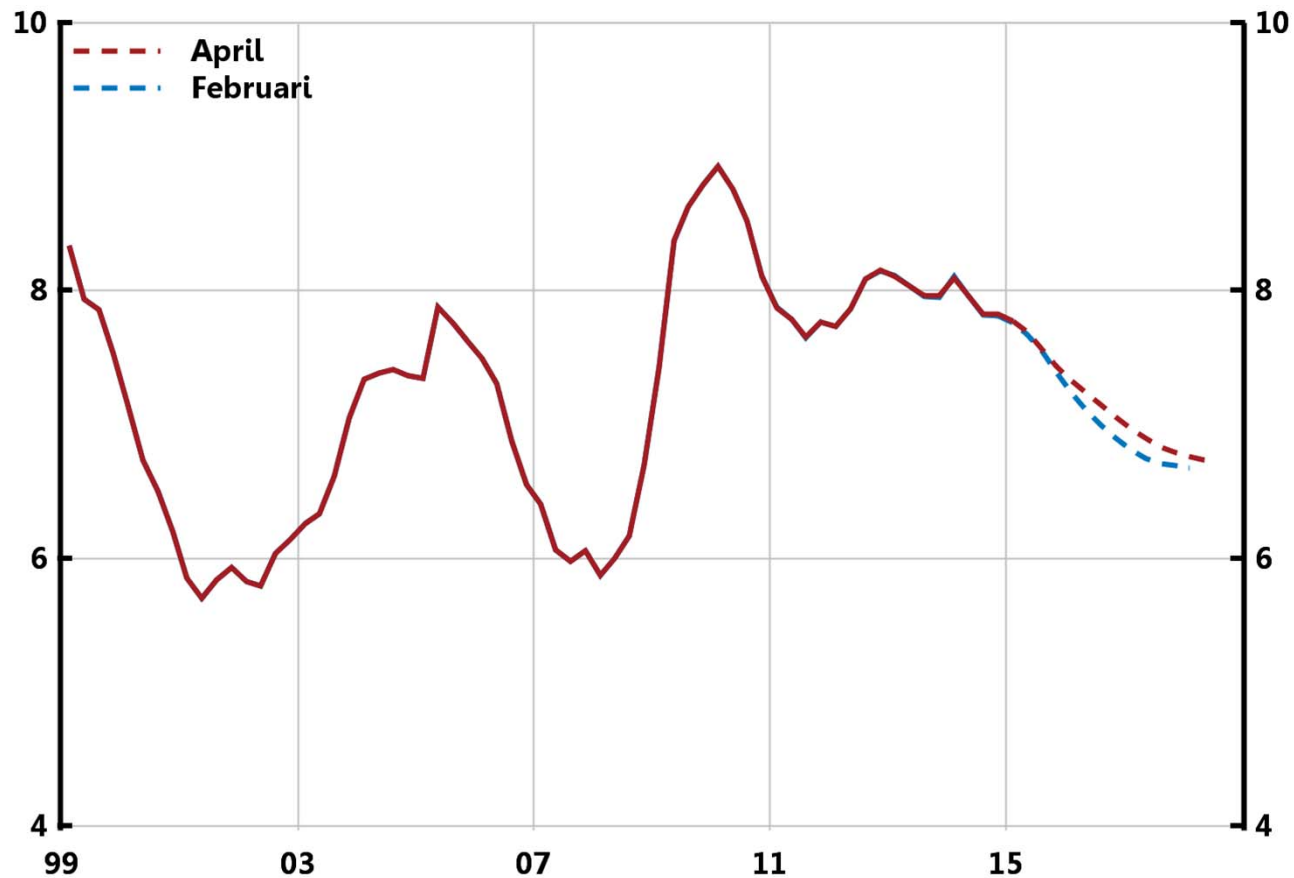
Figure 4.13. Cost pressures in the economy as a whole

Annual percentage change

Sources: Statistics Sweden and the Riksbank
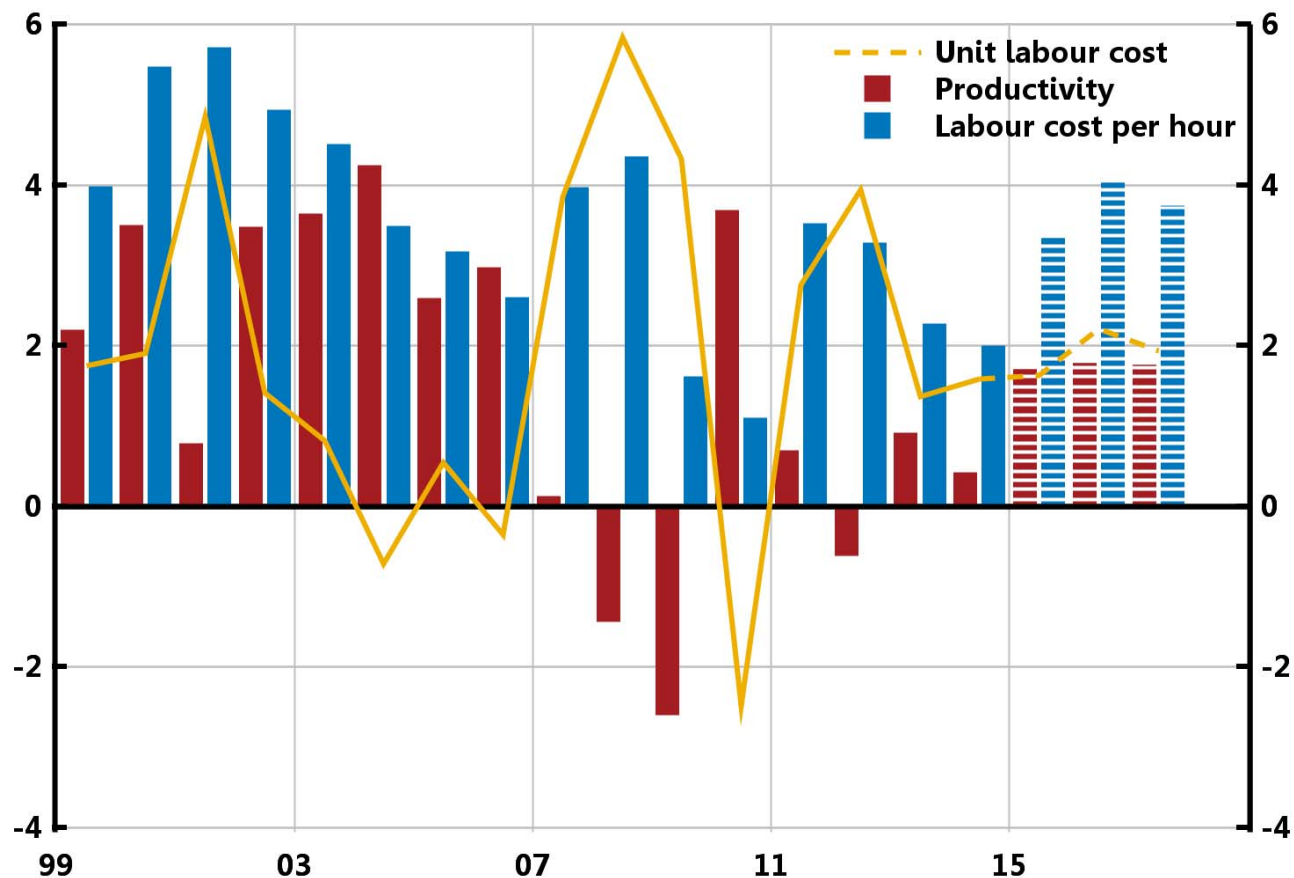
Figure 4.14. Money market players' expectations of inflation

Per cent

Legend:
- 1 year ahead
- 2 years ahead
- 5 years ahead

Source: TNS Sifo Prospera
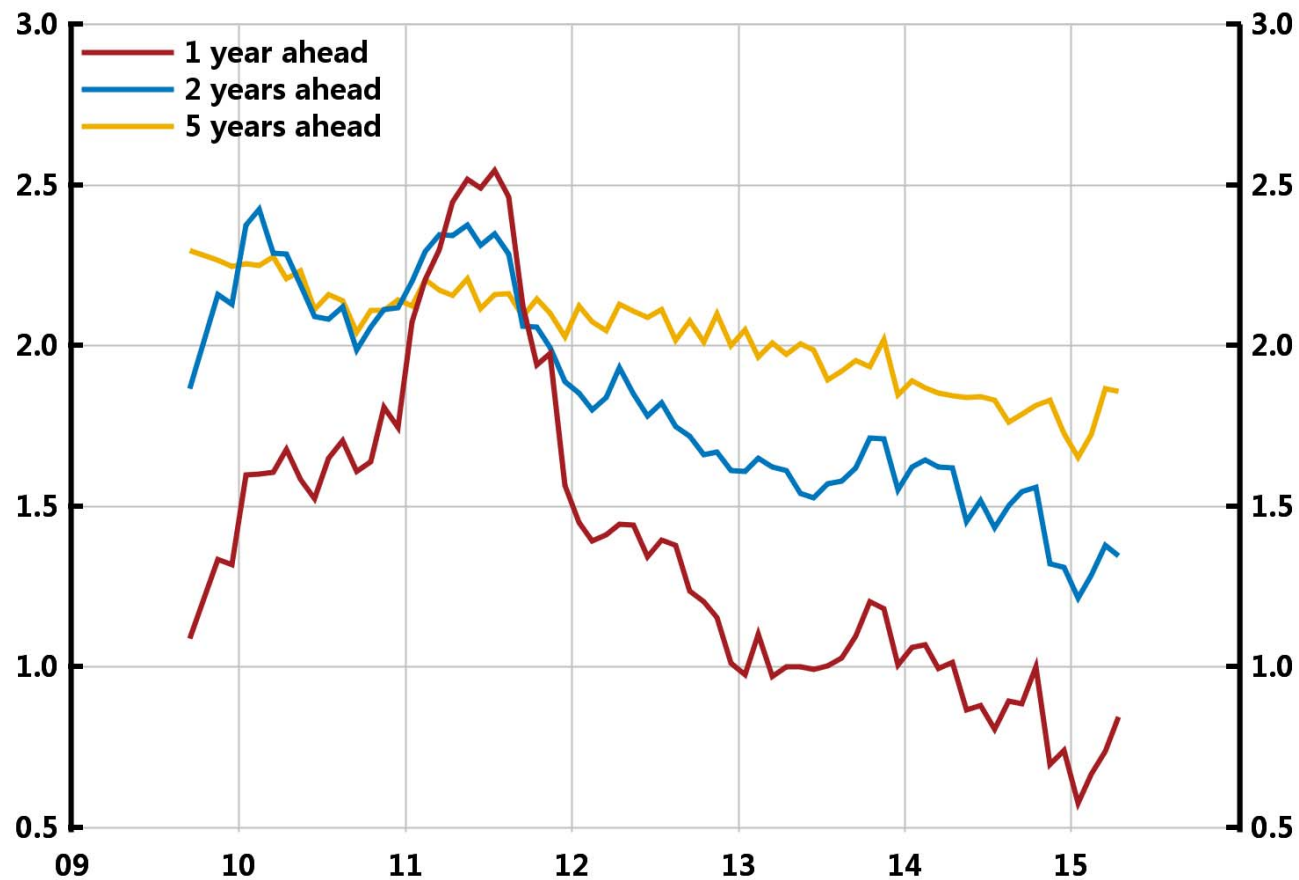
Figure 4.15. CPIF excluding energy
Annual percentage change
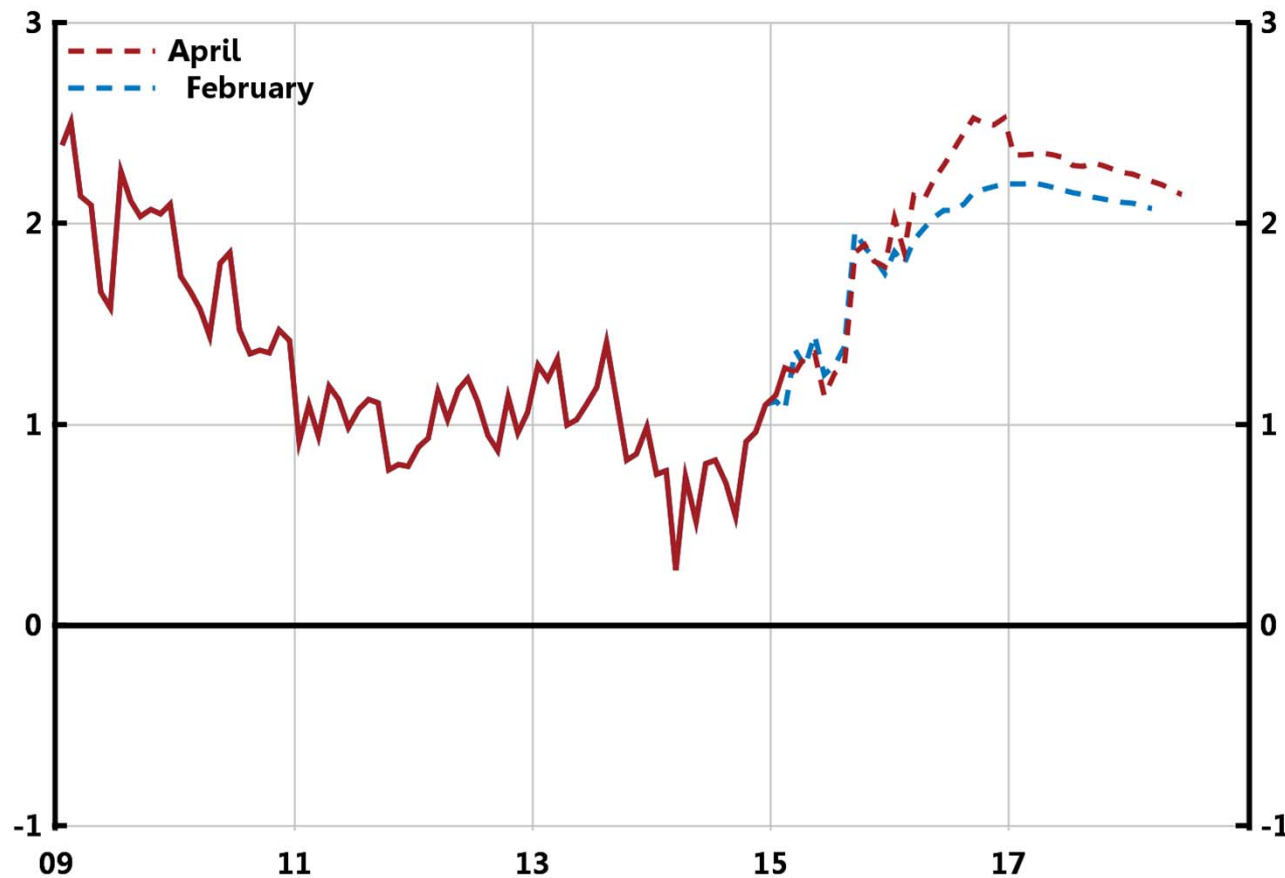
Note. The CPIF is the CPI with a fixed mortgage rate.   Sources: Statistics Sweden and the Riksbank

Figure 4.16. Monthly development in CPIF excluding energy

Index, December previous year= 100
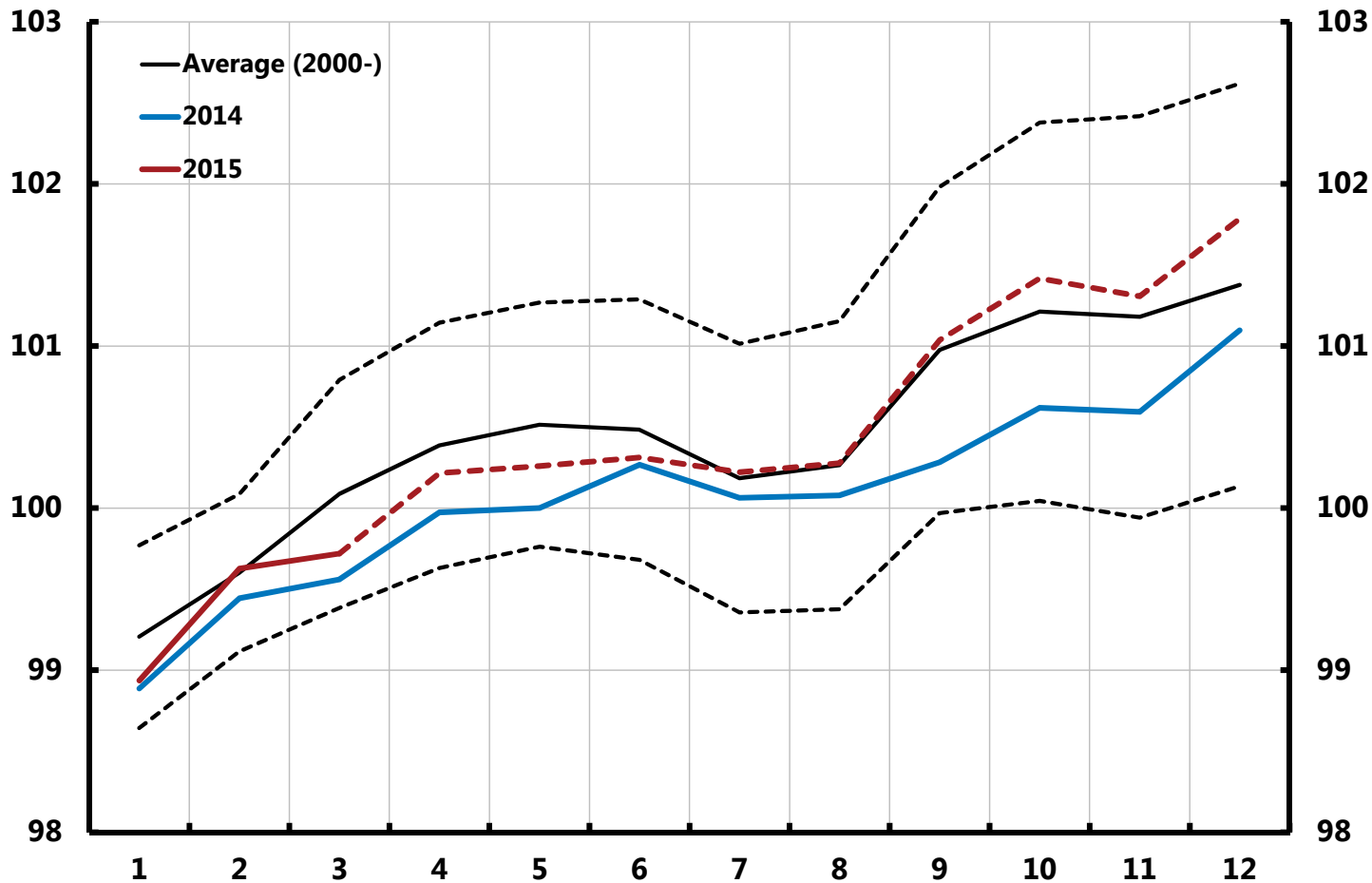
Note. Black dotted lines refers to confidence interval.

Sources: Statistics Sweden and the Riksbank

Figure 4.17. CPIF
Annual percentage change
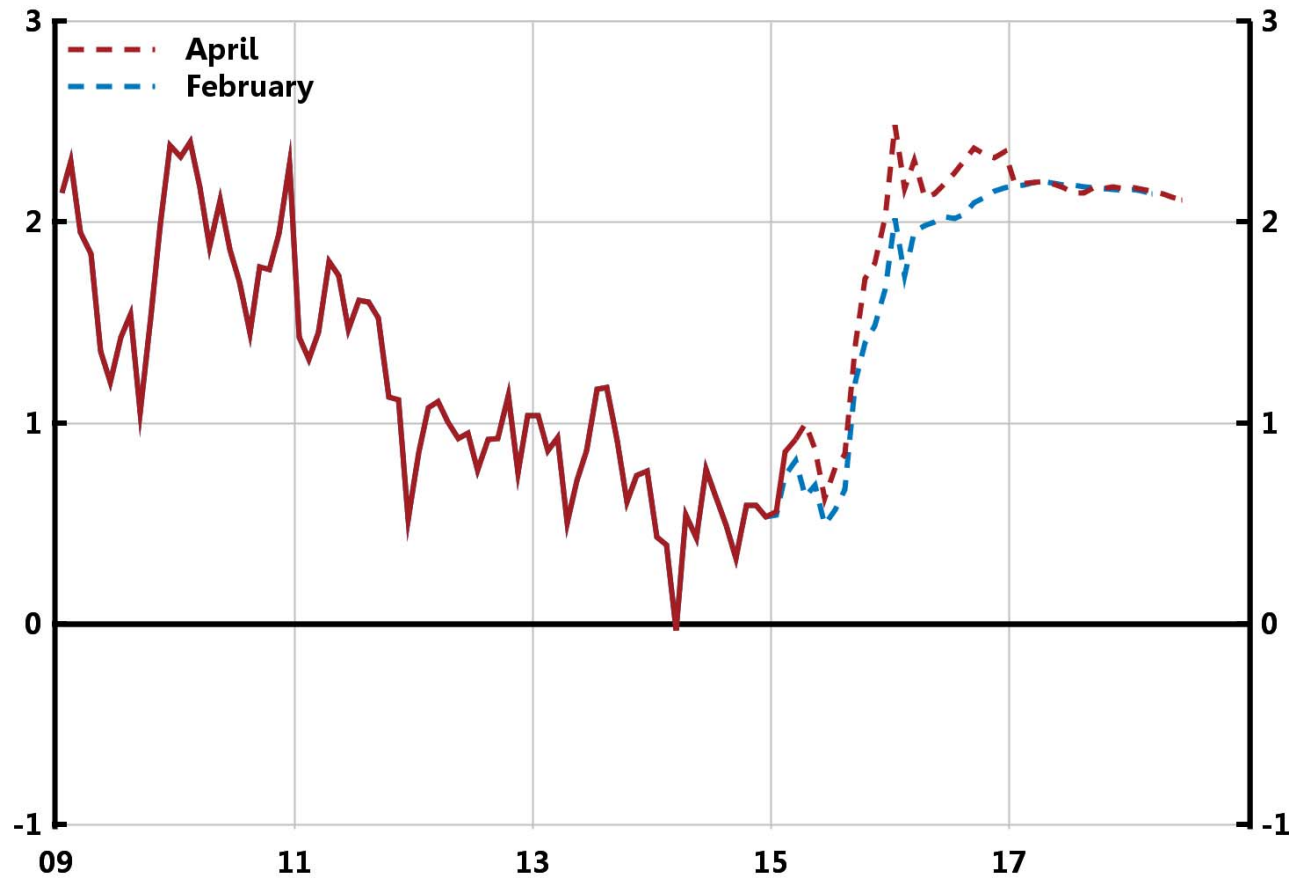
Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank

Figure 4.18. CPI, CPIF and CPIF excluding energy
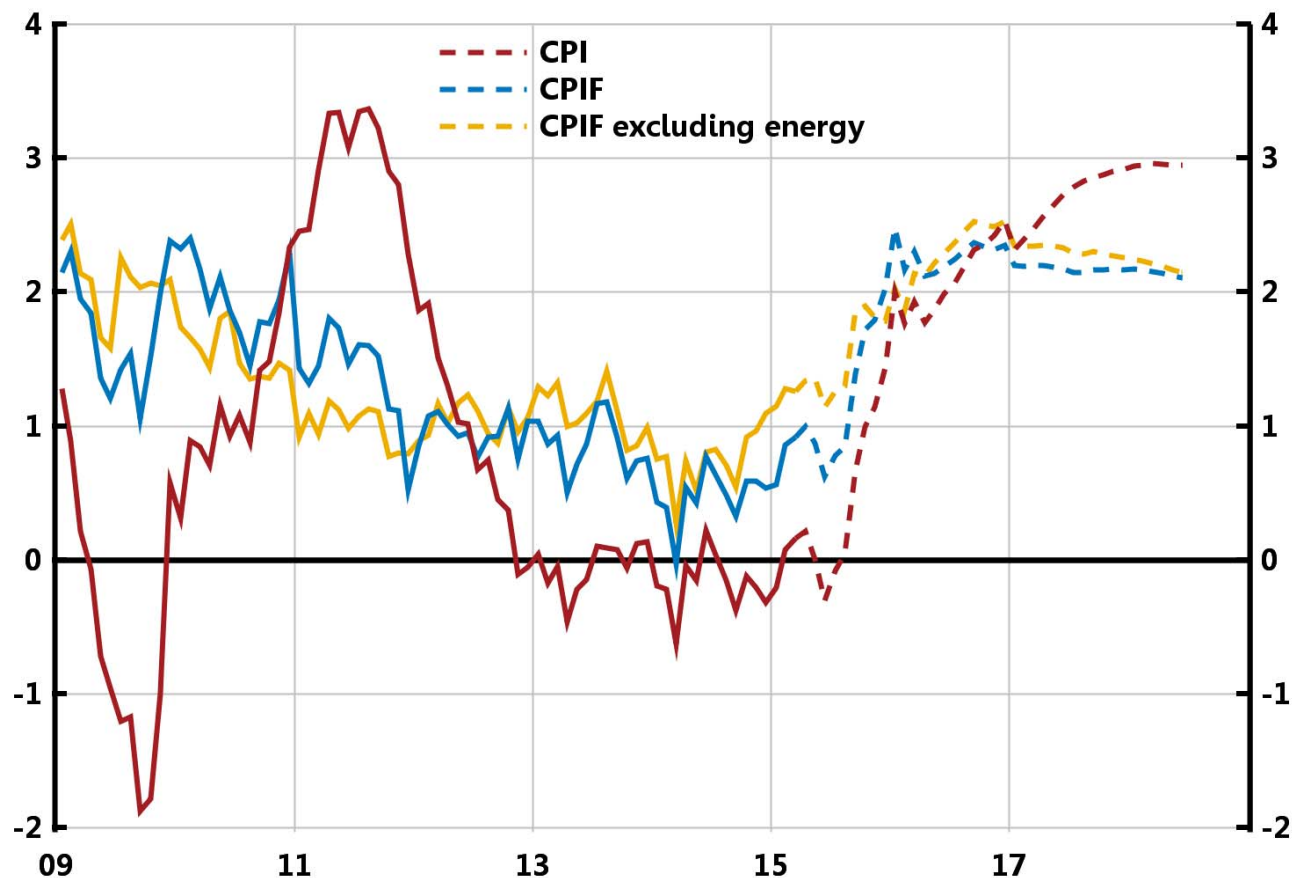
Annual percentage change

Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank

Figure 4.19. CPI
Annual percentage change

Sources: Statistics Sweden and the Riksbank
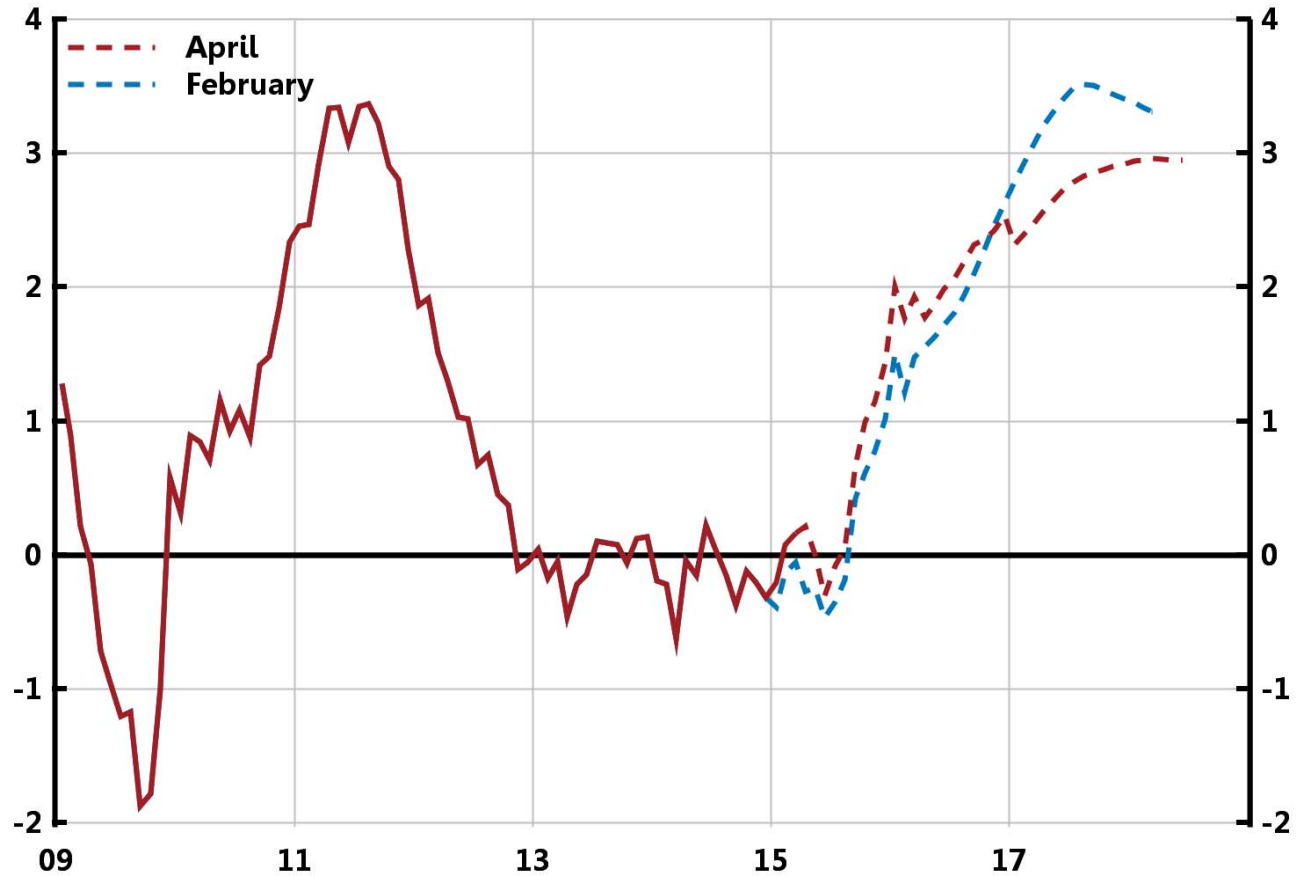
Figure 4.20. Investments in Sweden 1993-2014

Index, 2008 q1 = 100, seasonally-adjusted data

Public authorities

Business sector excluding housing

Housing

Sources: National Institute for Economic Research
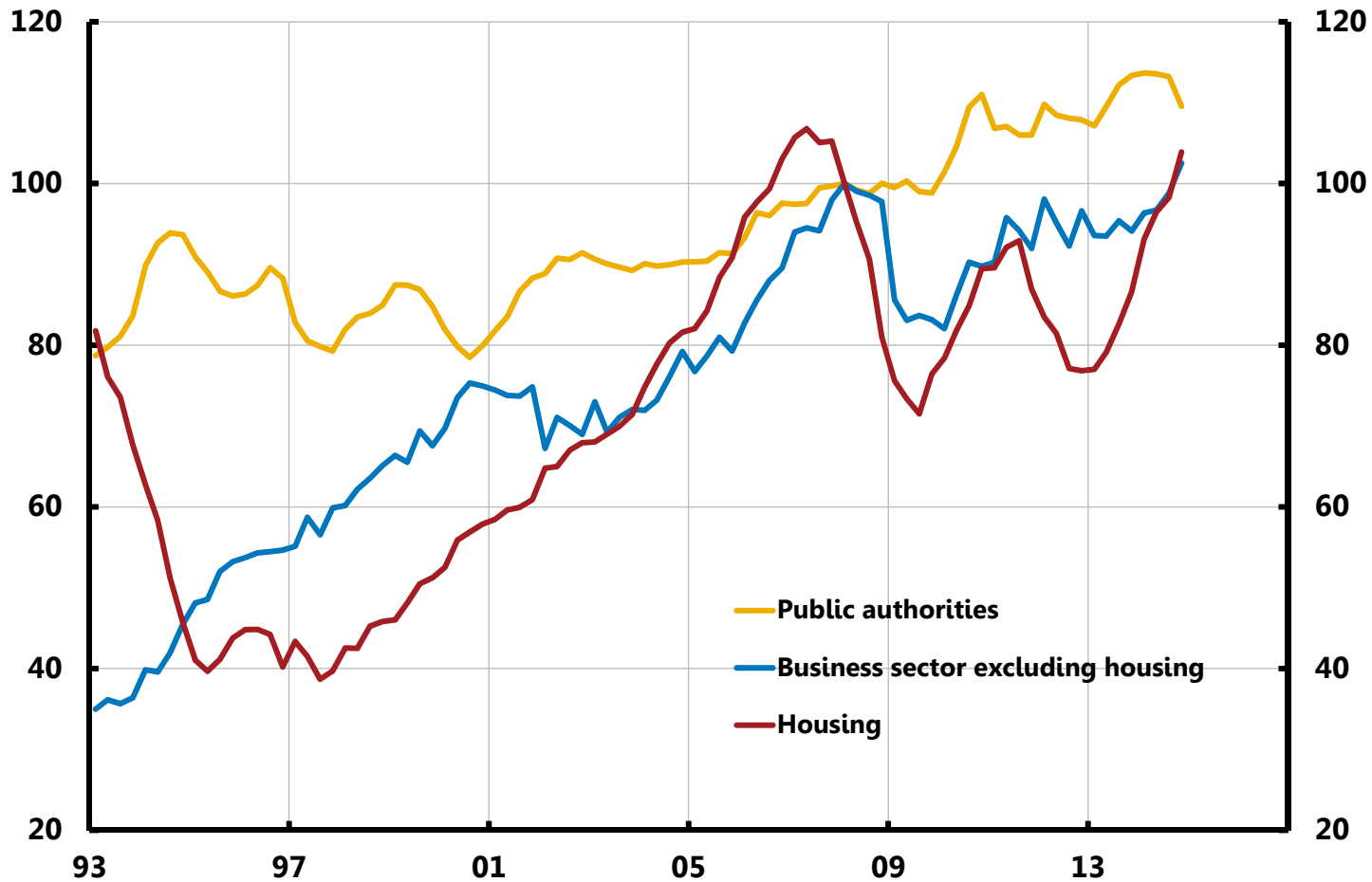
Figure 4.21. Investment ratio

Percentage of GDP in current prices, seasonally-adjusted data

Sources: Eurostat, Statistics Sweden and the Riksbank
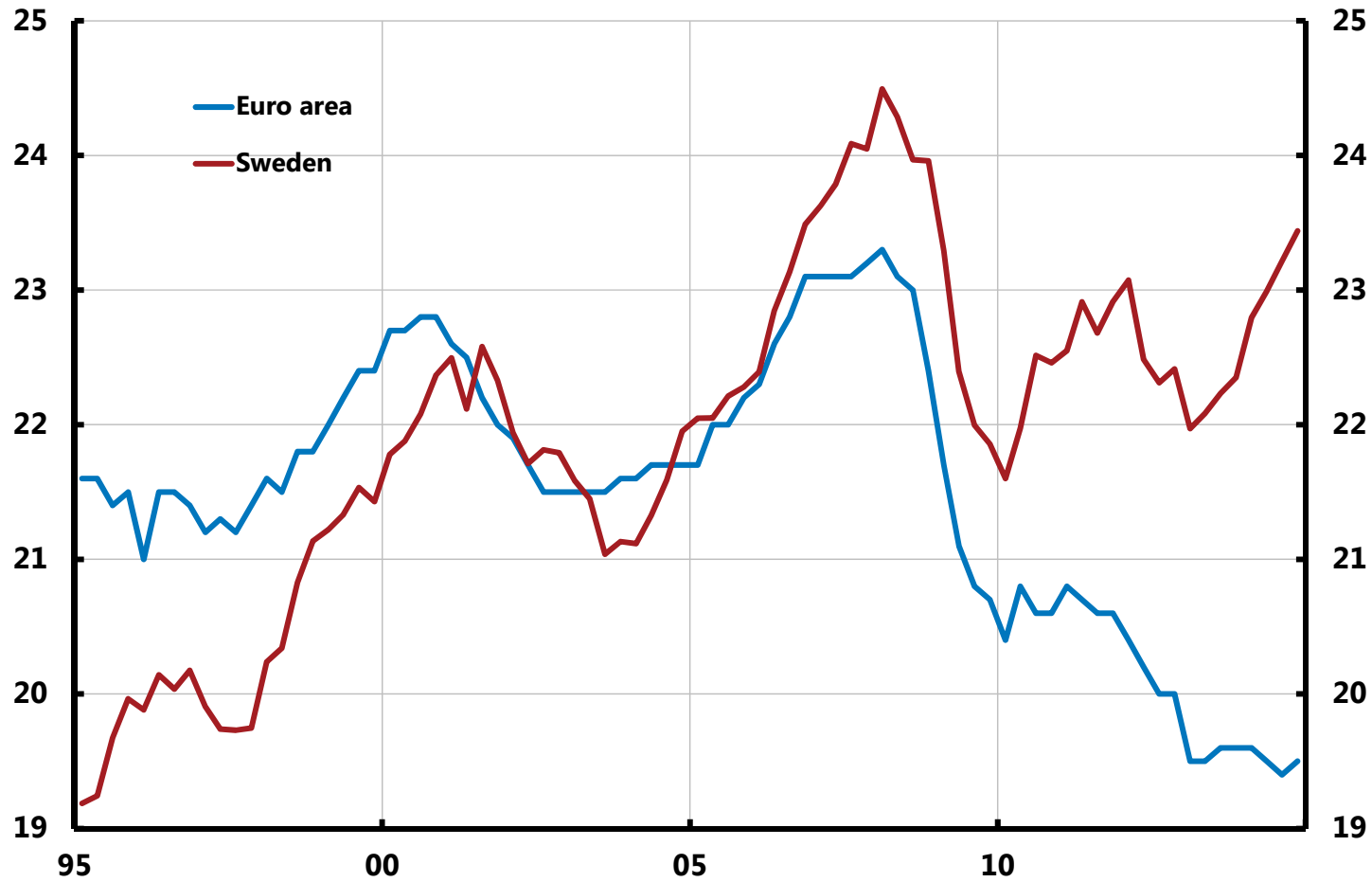
Figure 4.22. Investment in Sweden and the euro area compared with five of the most serious financial crises

Index, the year before the crisis broke out = 100

Legend:
- Big 5
- Euro area (2007=100)
- Sweden (2007=100)
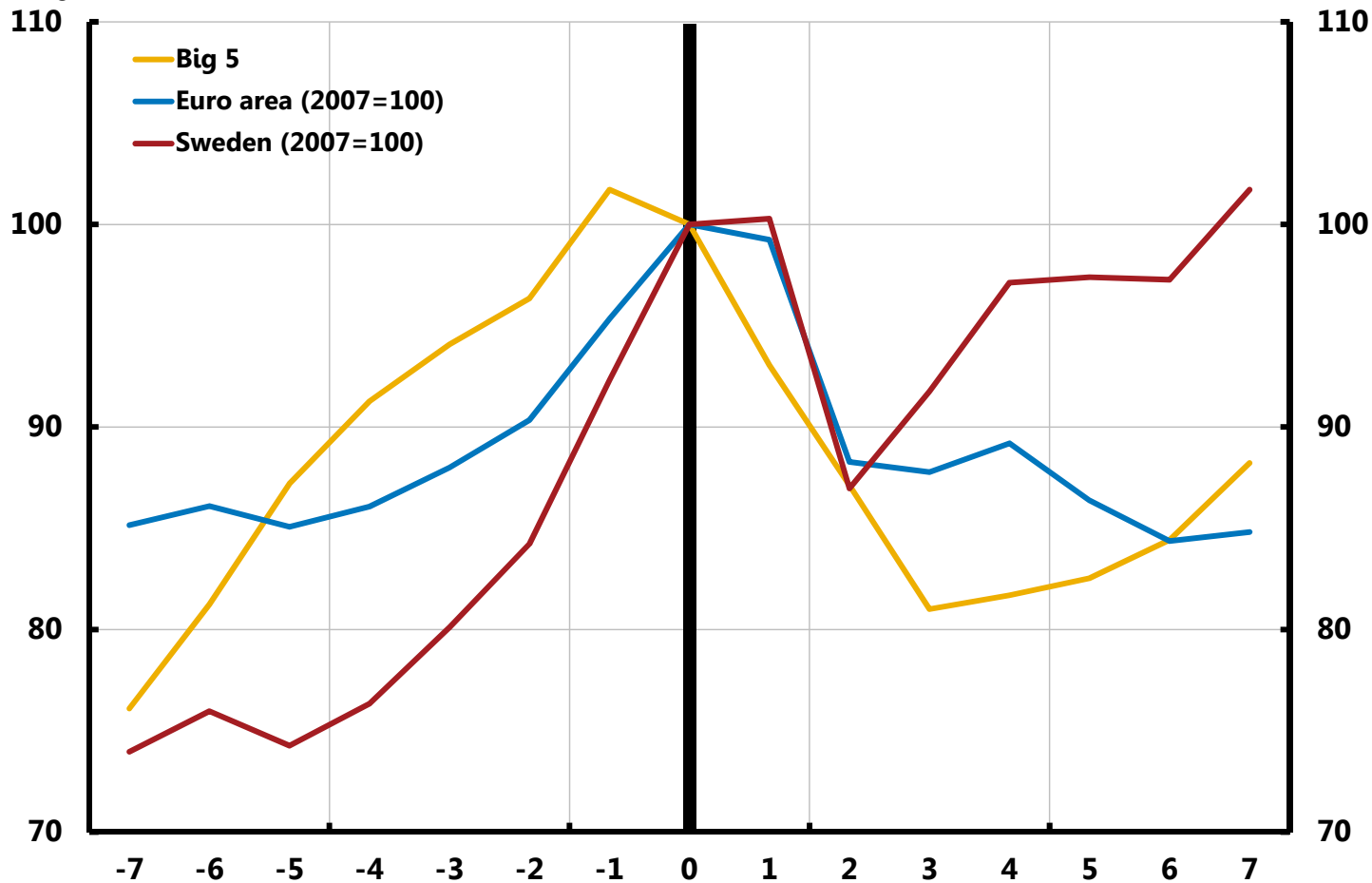
Note. "Big 5" are financial crises in Spain 1977, Norway 1987, Sweden 1991, Finland 1991 and Japan 1992. T=0 the year the crisis broke out.

Table 1. Repo rate forecast
Per cent, quarterly averages

	Q4 2014	Q1 2015	Q2 2015	Q2 2016	Q2 2017	Q2 2018
Repo rate	0.1	−0.1 (−0.1)	−0.3 (−0.1)	−0.3 (−0.1)	0.2 (0.8)	0.8

Source: The Riksbank

Table 2. Inflation
Annual percentage change, annual average

	2013	2014	2015	2016	2017
CPI	0.0	−0.2	0.3 (0.1)	2.1 (1.9)	2.7 (3.3)
CPIF	0.9	0.5	1.1 (0.9)	2.3 (2.0)	2.2 (2.2)
CPIF excl. energy	1.1	0.7	1.5 (1.5)	2.3 (2.0)	2.3 (2.2)
HICP	0.4	0.2	0.9 (0.9)	2.1 (2.0)	2.2 (2.1)

Note. The CPIF is the CPI with a fixed mortgage rate. HICP is an EU harmonised index of consumer prices.

Sources: Statistics Sweden and the Riksbank

Table 3. Summary of financial forecasts
Per cent, unless otherwise stated, annual average

	2013	2014	2015	2016	2017
Repo rate	1.0	0.5	−0.2 (−0.1)	−0.2 (0.0)	0.3 (0.9)
10-year rate	2.1	1.8	0.5 (0.8)	1.4 (1.8)	2.4 (2.8)
Exchange rate, KIX, 18 November 1992 = 100	103.0	106.7	114.1 (110.7)	110.5 (105.8)	106.4 (103.6)
General government net lending*	−1.4	−2.1 (−2.2)	−1.3 (−1.4)	−0.7 (−0.8)	−0.5 (−0.7)

* Per cent of GDP. The outcome for general government net lending in 2014 was revised in connection with Statistics Sweden's publication of the EDP statistics (figures on public saving and gross debt according to the EU's convergence criteria which are reported to the European Commission twice a year). In order for the statistics to be consistent with other forecast variables, the outcome relates to what was published in connection with the National Accounts.

Sources: Statistics Sweden and the Riksbank

Table 4. International conditions

Annual percentage change, unless otherwise stated

GDP	PPP-weights	KIX-weights	2013	2014	2015	2016	2017
Euro area	0.14	0.46	−0.4	0.9 (0.9)	1.4 (1.2)	1.8 (1.7)	2.1 (2.0)
USA	0.16	0.09	2.2	2.4	2.9 (3.6)	3.1 (3.3)	2.7 (2.5)
Japan	0.05	0.03	1.6	−0.1 (0.1)	0.4 (0.6)	0.8 (0.8)	0.4 (0.4)
China	0.15	0.08	7.8	7.5	6.5 (6.8)	6.5 (6.5)	6.3 (6.3)
KIX-weighted	0.75	1.00	1.2	2.0 (1.9)	2.0 (2.0)	2.4 (2.4)	2.6 (2.6)
World (PPP-weighted)	1.00	—	3.4	3.4 (3.3)	3.3 (3.6)	3.8 (3.9)	3.9 (3.9)

Note. Calendar-adjusted growth rates. The PPP-weights refer to the global purchasing-power adjusted GDP-weights for 2012, according to the IMF's forecasts. The National Institute of Economic Research updates the weights for the KIX krona index at the start of every year with a time lag of three years. The figures in the table are based on the new KIX weights for 2012 that are used for 2015, and on an assumption that the weights will develop according to the trend of the past five years in the coming forecast years.

CPI	2013	2014	2015	2016	2017
Euro area (HICP)	1.4	0.4	0.1 (−0.1)	1.4 (1.2)	1.8 (1.7)
USA	1.5	1.6	0.1 (−0.3)	2.1 (2.2)	2.6 (2.7)
Japan	0.4	2.7	0.9 (0.9)	1.5 (1.5)	2.1 (2.1)
KIX-weighted	1.9	1.4	1.2 (1.0)	2.2 (2.0)	2.4 (2.3)

	2013	2014	2015	2016	2017
Policy rates in the rest of the world, per cent	0.2	0.2	0.1 (0.1)	0.1 (0.2)	0.4 (0.5)
Crude oil price, USD/barrel Brent	108.8	99.6	59.8 (54.7)	66.2 (63.0)	69.3 (67.8)
Swedish export market	1.5	2.6 (3.0)	3.9 (4.8)	5.6 (5.3)	5.9 (5.7)

Note. Policy rates in the rest of the world refer to a weighted average of USA, the euro area, Norway and the United Kingdom.
Sources: Eurostat, IMF, Intercontinental Exchange, national sources, OECD and the Riksbank

Table 5. GDP by expenditure

Annual percentage change, unless otherwise stated

	2013	2014	2015	2016	2017
Private consumption	1.9	2.4 (2.5)	2.9 (2.7)	2.9 (2.8)	2.7 (2.3)
Public consumption	0.7	1.9 (1.5)	2.2 (1.9)	2.7 (1.9)	1.9 (1.3)
Gross fixed capital formation	−0.4	6.5 (4.7)	4.0 (4.7)	5.6 (5.5)	4.4 (3.7)
Inventory investment*	0.1	0.2 (0.2)	0.0 (0.1)	0.0 (0.0)	0.0 (0.0)
Exports	−0.2	3.3 (2.2)	5.3 (4.8)	6.1 (6.5)	5.3 (5.0)
Imports	−0.7	6.5 (5.1)	4.9 (5.8)	6.7 (6.5)	6.1 (5.6)
GDP	1.3	2.1 (1.8)	3.2 (2.7)	3.4 (3.3)	2.7 (2.2)
GDP, calendar-adjusted	1.3	2.3 (1.9)	2.9 (2.4)	3.2 (3.1)	2.9 (2.5)
Final figure for domestic demand*	1.0	3.0 (2.6)	2.8 (2.8)	3.4 (3.1)	2.8 (2.3)
Net exports*	0.2	−1.1 (−1.0)	0.3 (-0.2)	0.0 (0.2)	−0.1 (0.0)
Current account (NA), per cent of GDP	6.9	5.8 (5.4)	5.8 (4.8)	5.5 (4.7)	5.1 (4.4)

*Contribution to GDP growth, percentage points

Note. The figures show actual growth rates that have not been calendar-adjusted, unless otherwise stated. NA is the National Accounts.

Sources: Statistics Sweden and the Riksbank

Table 6. Production and employment

Annual percentage change, unless otherwise stated

	2013	2014	2015	2016	2017
Population, aged 15–74	0.6	0.7	0.9 (0.8)	1.1 (1.0)	1.1 (1.1)
GDP, calendar-adjusted	1.3	2.3 (1.9)	2.9 (2.4)	3.2 (3.1)	2.9 (2.5)
Number of hours worked, calendar-adjusted	0.3	1.8 (2.0)	1.2 (1.1)	1.4 (1.0)	1.1 (0.8)
Employed, aged 15–74	1.0	1.4	1.4 (1.3)	1.3 (1.2)	1.2 (0.9)
Labour force, aged 15–74	1.1	1.3	1.0 (0.9)	0.8 (0.6)	0.8 (0.6)
Unemployment, aged 15–74 *	8.0	7.9	7.6 (7.6)	7.2 (7.1)	6.9 (6.7)

* Per cent of the labour force

Note. Potential hours refer to the long-term sustainable level for the number of hours worked according to the Riksbank's assessment.

Sources: Statistics Sweden and the Riksbank

Table 7. Wages and labour costs for the economy as a whole

Annual percentage change, calendar-adjusted data unless otherwise stated

	2013	2014	2015	2016	2017
Hourly wage, NMO	2.5	2.9 (3.0)	2.9 (2.9)	3.4 (3.4)	3.5 (3.5)
Hourly wage, NA	2.1	1.8 (1.7)	3.0 (3.2)	3.5 (3.7)	3.7 (3.7)
Employers' contribution*	0.2	0.2 (0.0)	0.3 (0.0)	0.5 (0.0)	0.0 (0.0)
Hourly labour cost, NA	2.3	2.0 (1.7)	3.3 (3.2)	4.0 (3.7)	3.7 (3.7)
Productivity	0.9	0.4 (−0.1)	1.7 (1.3)	1.8 (2.0)	1.8 (1.7)
Unit labour cost	1.4	1.6 (1.8)	1.6 (1.9)	2.2 (1.6)	1.9 (2.0)

* Contribution to the increase in labour costs, percentage points

Note. NMO is the National Mediation Office's short-term wage statistics and NA is the National Accounts. Labour cost per hour is defined as the sum of actual wages, social-security charges and wage taxes divided by the seasonally adjusted total number of hours worked. Unit labour cost is defined as labour cost divided by seasonally-adjusted value added at constant prices.

Sources: National Mediation Office, Statistics Sweden and the Riksbank