Monetary Policy Update September 2013

SVERIGES RIKSBANK

HINC ROBUR ET SECURITAS

Figure 1. Repo rate with uncertainty bands

Per cent

Figure 2. GDP with uncertainty bands

Annual percentage change, seasonally-adjusted data

Legend:
- 90%
- 75%
- 50%
- Outcome
- Forecast
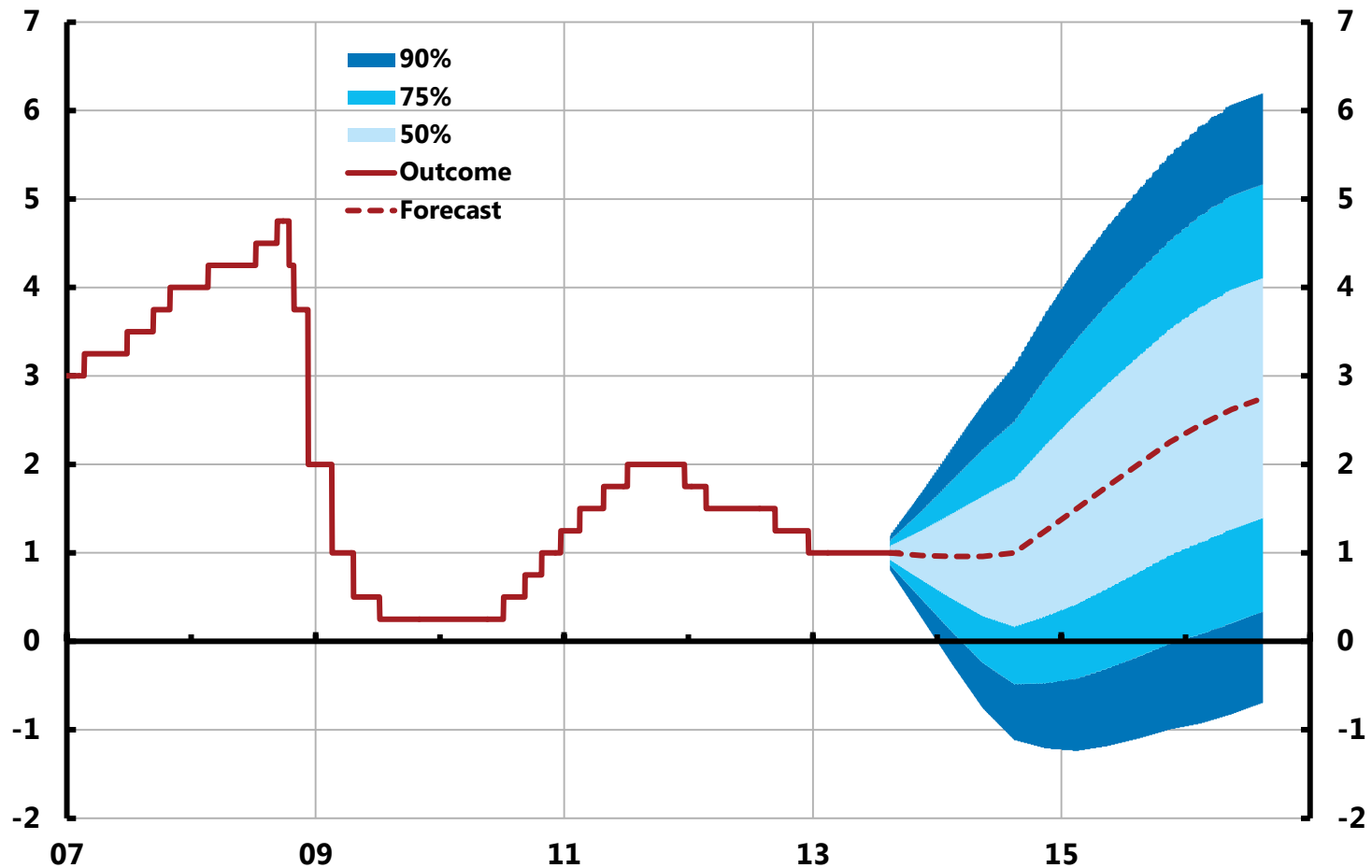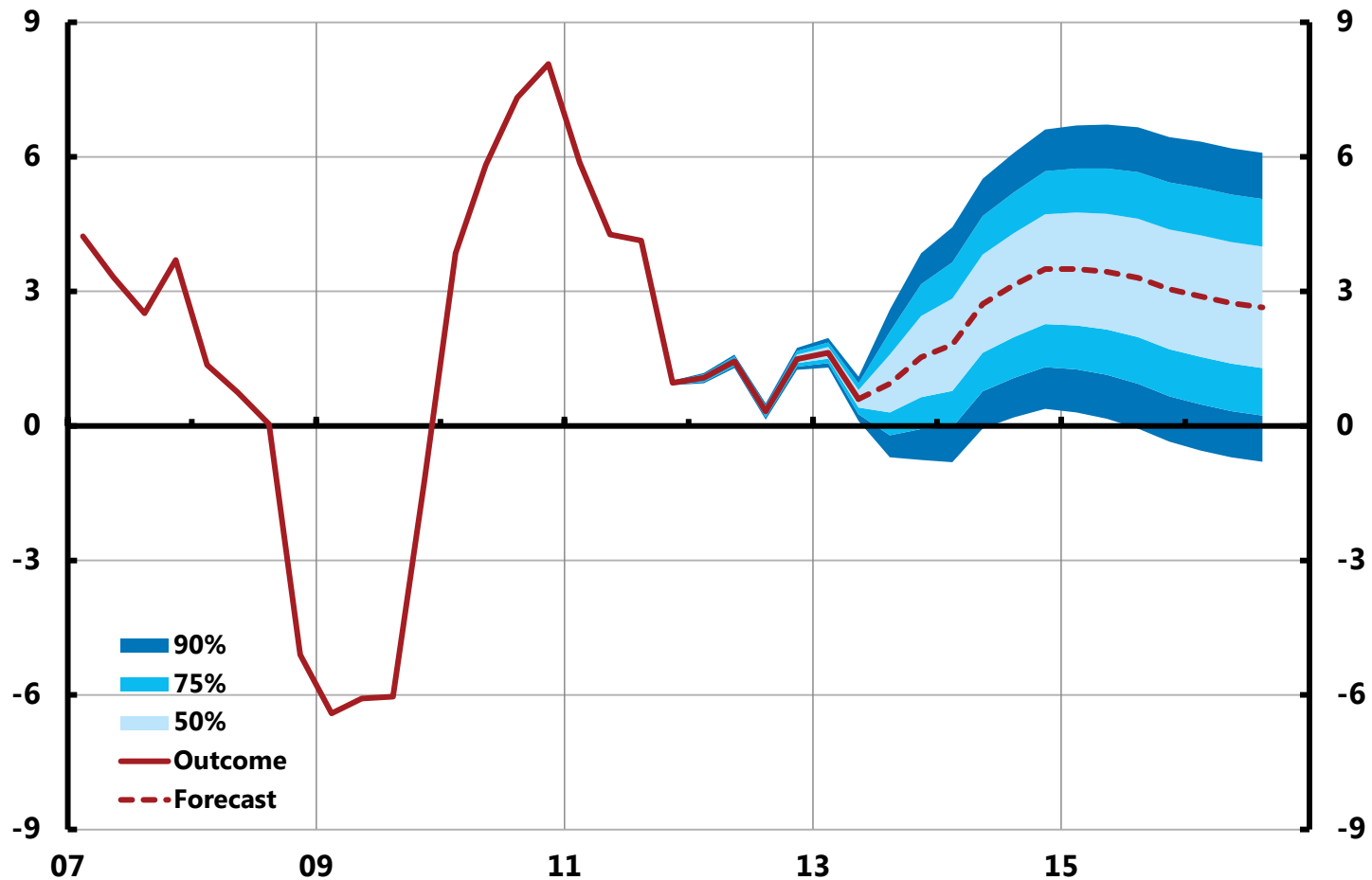
Note. The uncertainty bands are based on the Riksbank's historical forecasting errors. There is also uncertainty for the outcomes for GDP, as the figures in the National Accounts are revised several years after the preliminary publication.

Sources: Statistics Sweden and the Riksbank

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Figure 3. CPI with uncertainty bands

Annual percentage change

Legend:
- 90%
- 75%
- 50%
- Outcome
- Forecast

X-axis: 07, 09, 11, 13, 15

Y-axis: -2 to 6

Figure 4. CPIF with uncertainty bands

Annual percentage change

Legend:
- 90%
- 75%
- 50%
- Outcome
- Forecast

Figure 5. Repo rate
Per cent

Legend: July, September
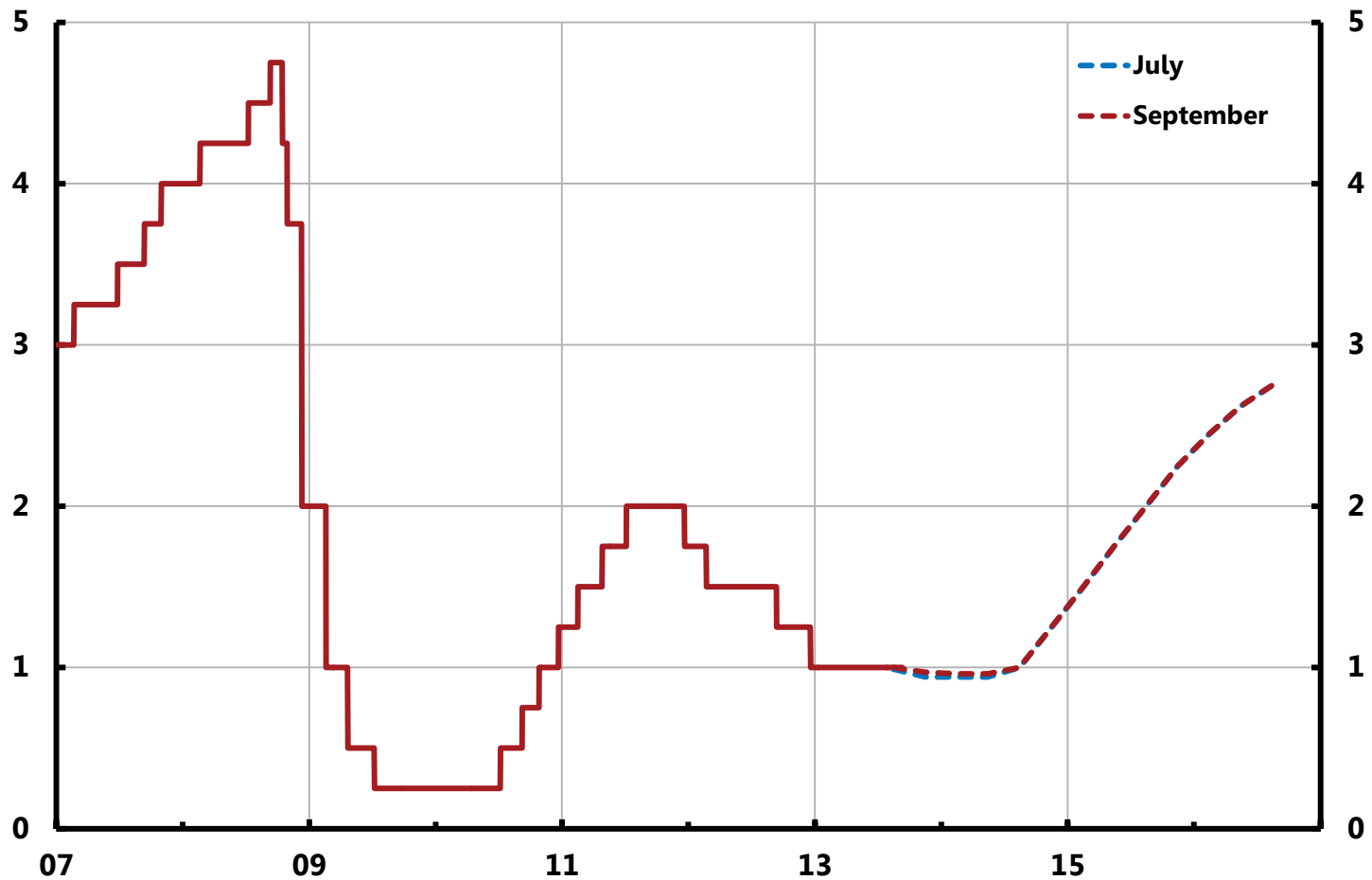
Note. Outcome data are daily rates and forecasts are quarterly averages.   Source: The Riksbank

Figure 6. Real repo rate

Per cent, quarterly averages
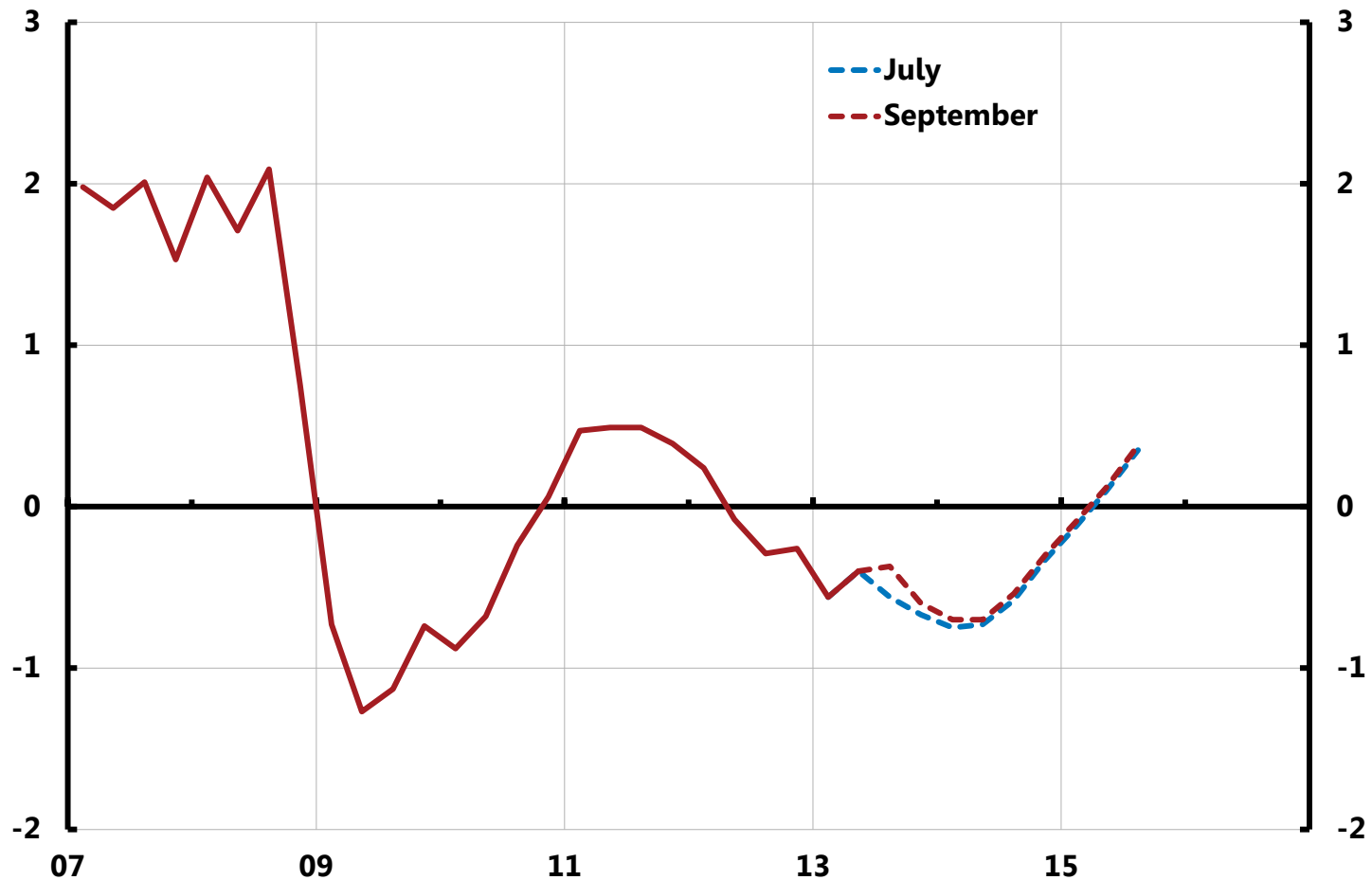
Note. The real repo rate is calculated as an average of the Riksbank's repo rate forecasts for the coming year minus the inflation forecast (CPIF) for the corresponding period.

Figure 7. GDP

Quarterly changes in per cent calculated in annualised terms, seasonally-adjusted data

Sources: Statistics Sweden and the Riksbank
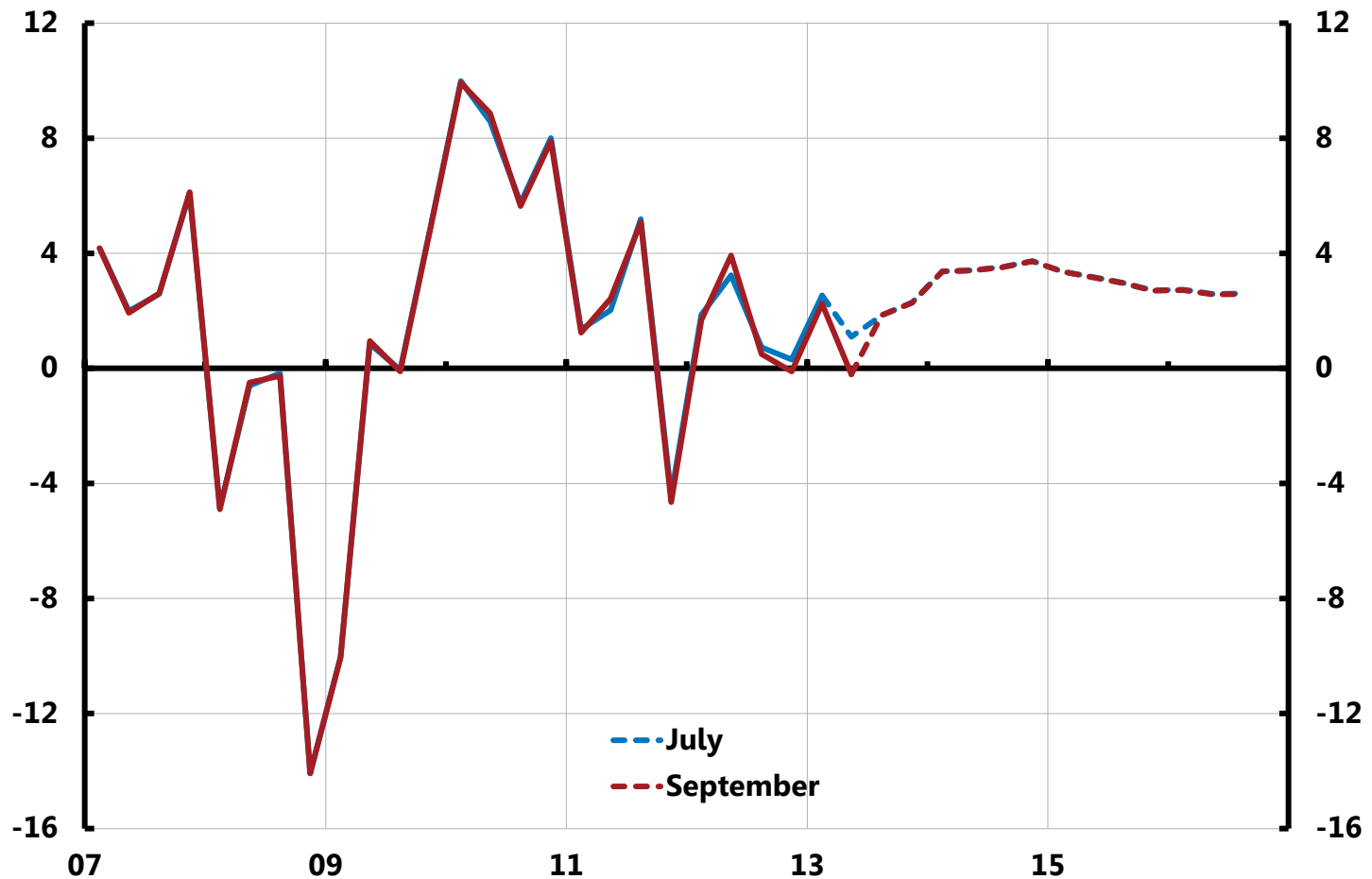
Figure 8. Unemployment

Per cent of the labour force, aged 15-74, seasonally-adjusted data

Legend:
- July
- September
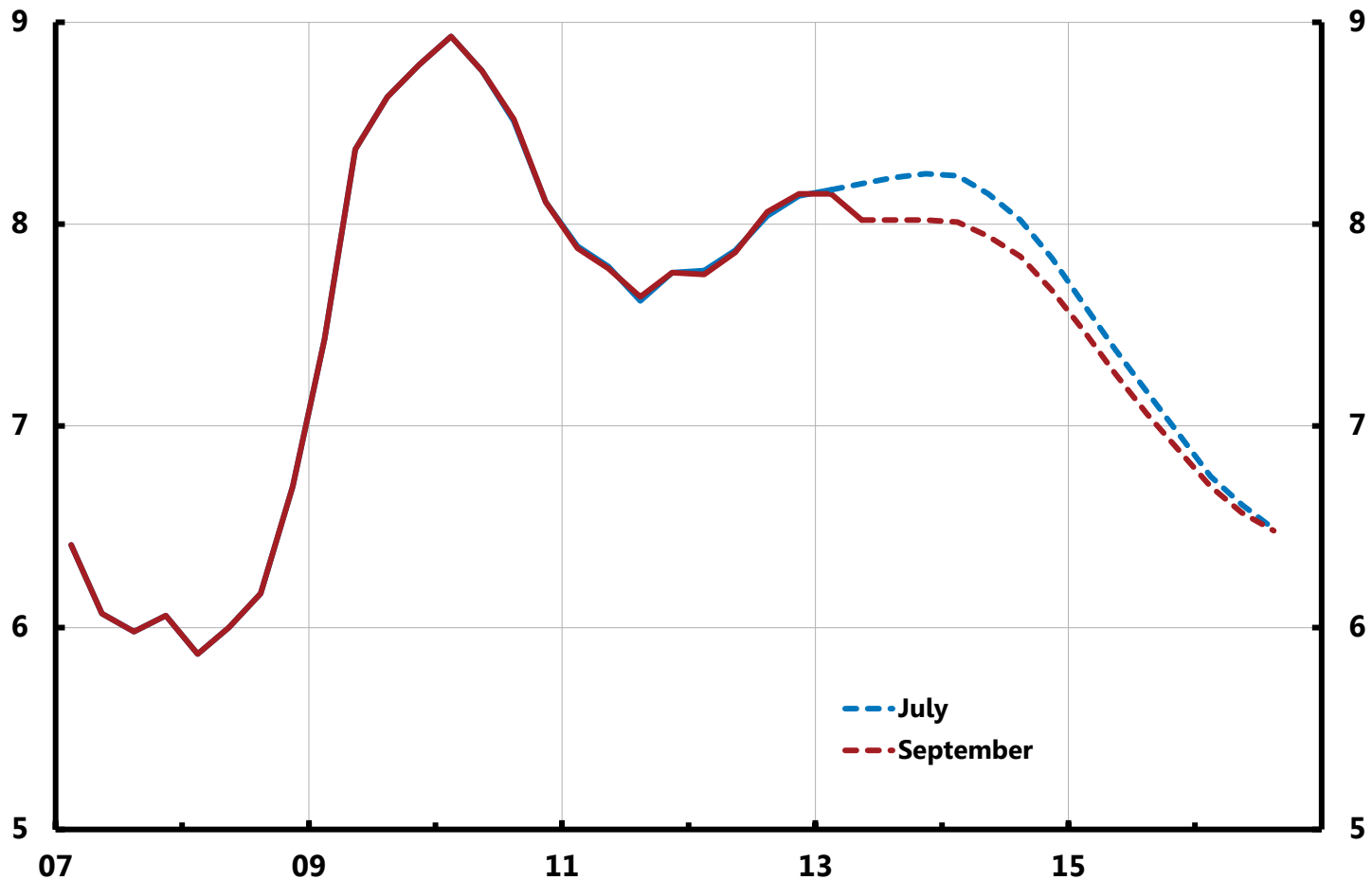
Figure 9. Labour force and number of employed

Thousands, aged 15-74, seasonally-adjusted data

Sources: Statistics Sweden and the Riksbank
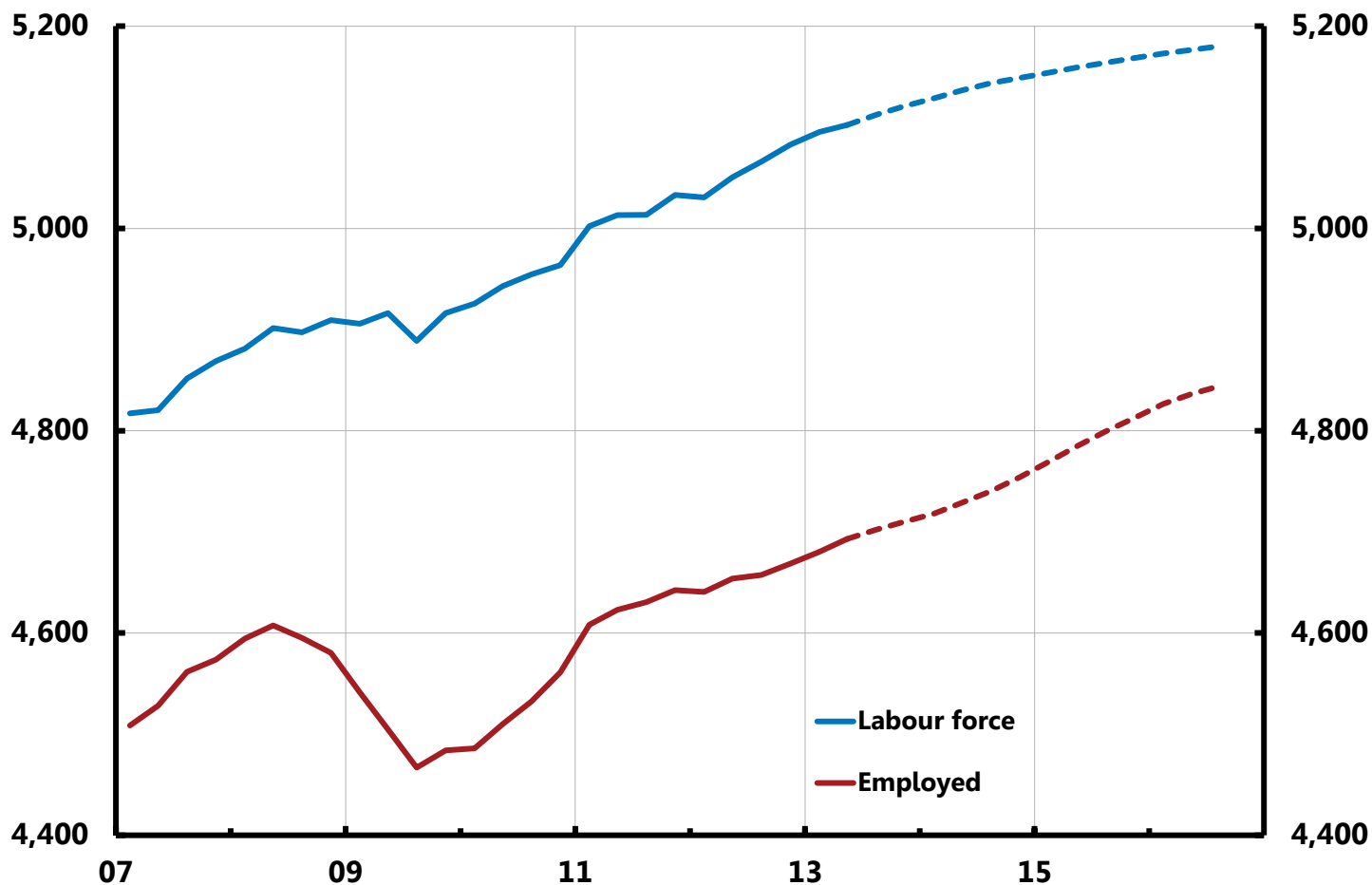
Figure 10. CPI
Annual percentage change

Sources: Statistics Sweden and the Riksbank
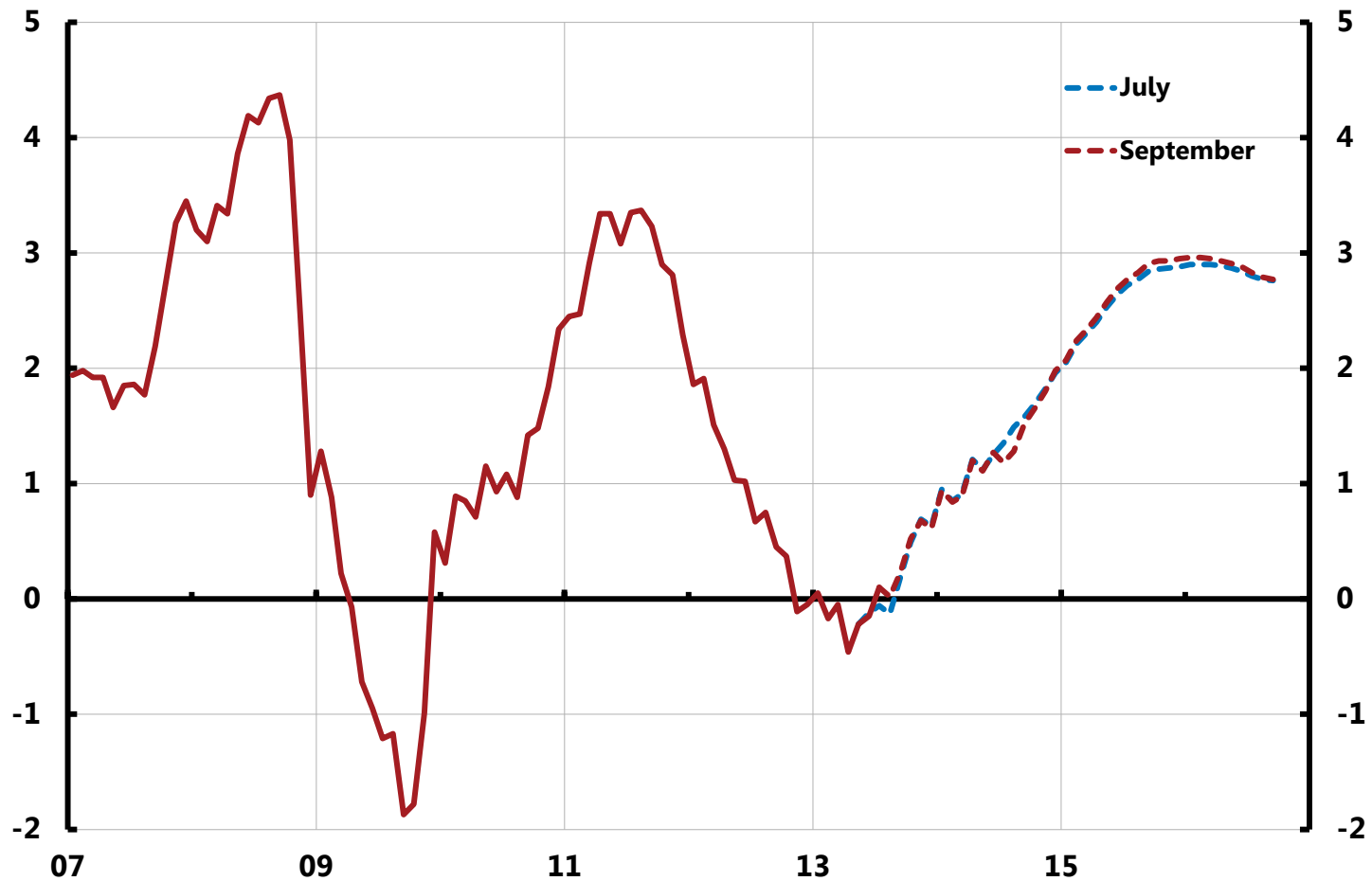
Figure 11. CPIF

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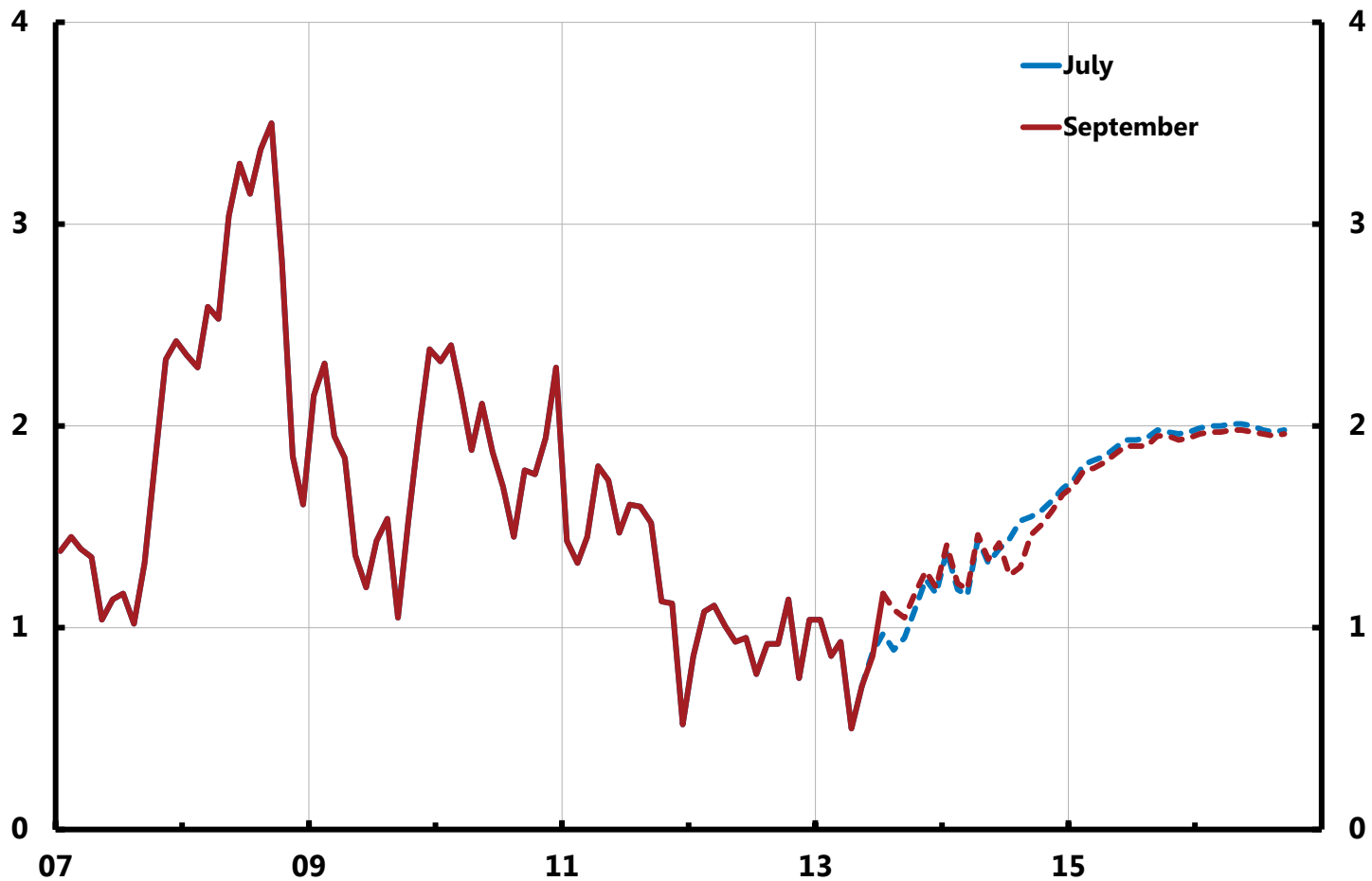
Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank

Figure 12. CPIF excluding energy

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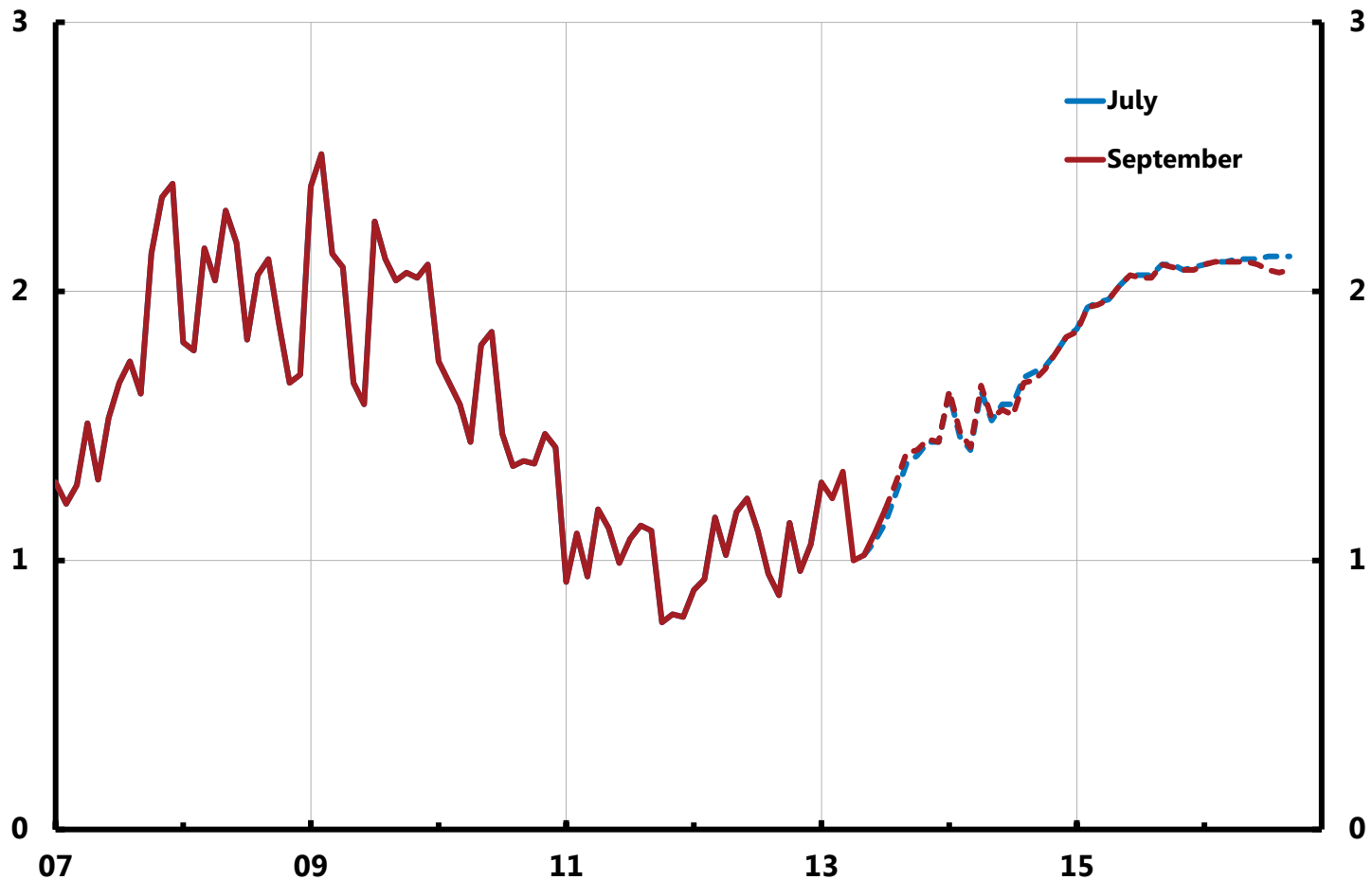
Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank

Figure 13. GDP gap, hours gap and employment gap

Per cent
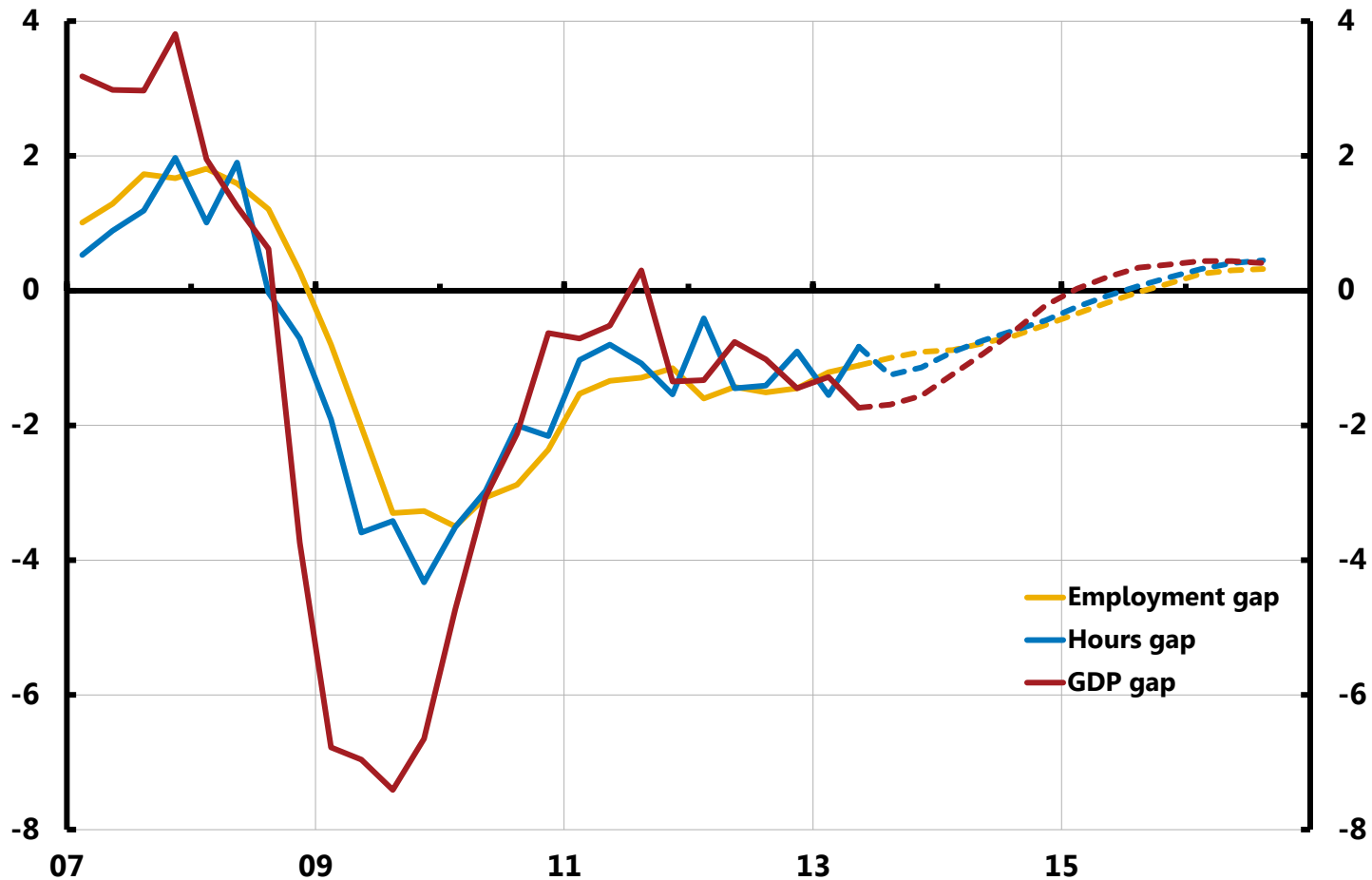
Note. GDP gap refers to the deviation from trend in GDP calculated using a production function. The hours gap and the employment gap refers to the deviation in the number of hours worked and the number of those employed from the Riksbank's assessed trend.

Sources: Statistics Sweden and the Riksbank

Figure 14. KIX-weighted nominal exchange rate

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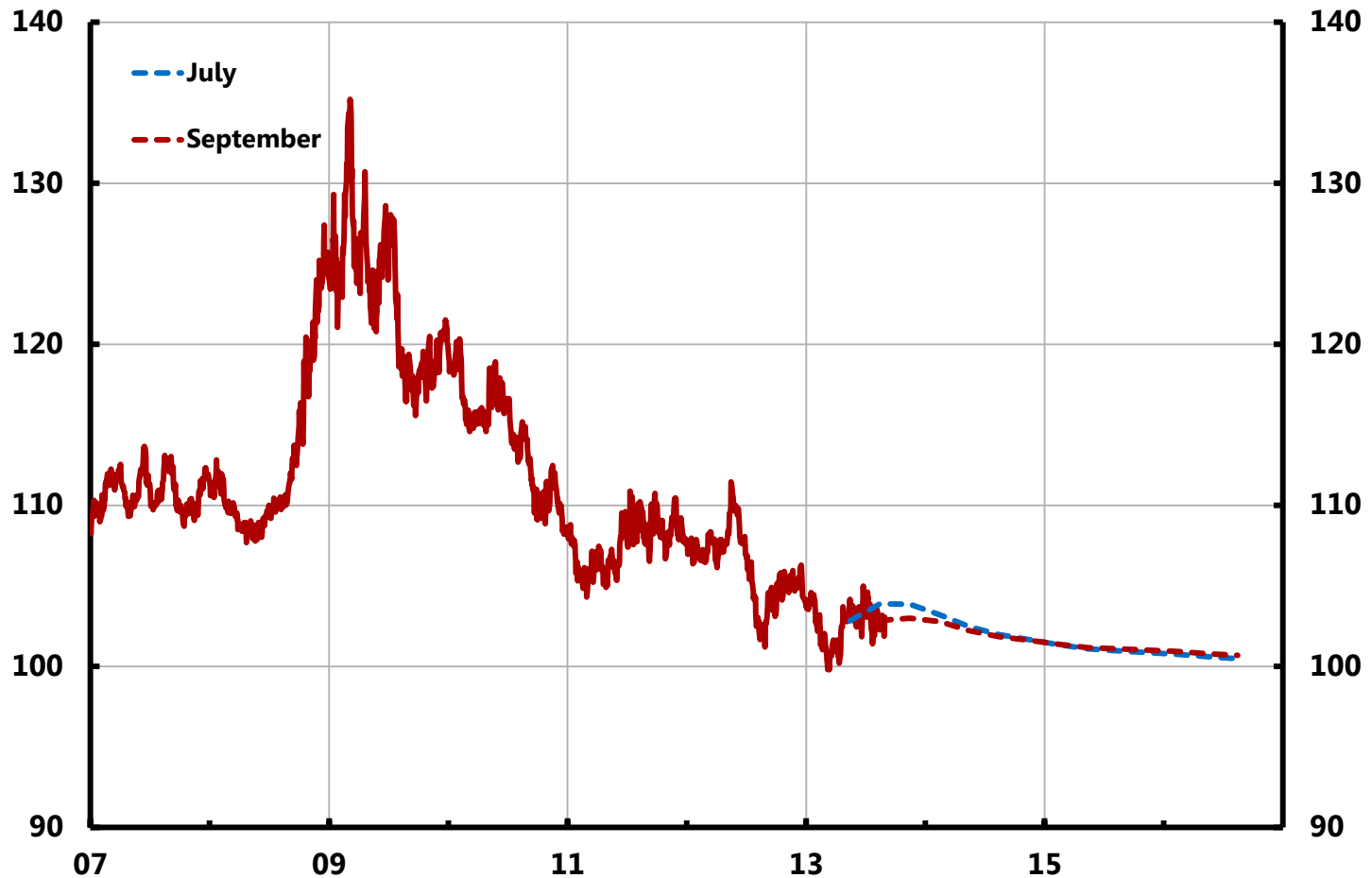
Note. Outcomes are daily rates and forecasts refer to quarterly averages. KIX is an aggregate of countries that are important for Sweden's international transactions.

Source: The Riksbank

Figure 15. GDP in different regions and countries

Quarterly changes in per cent calculated in annualised terms, seasonally-adjusted data
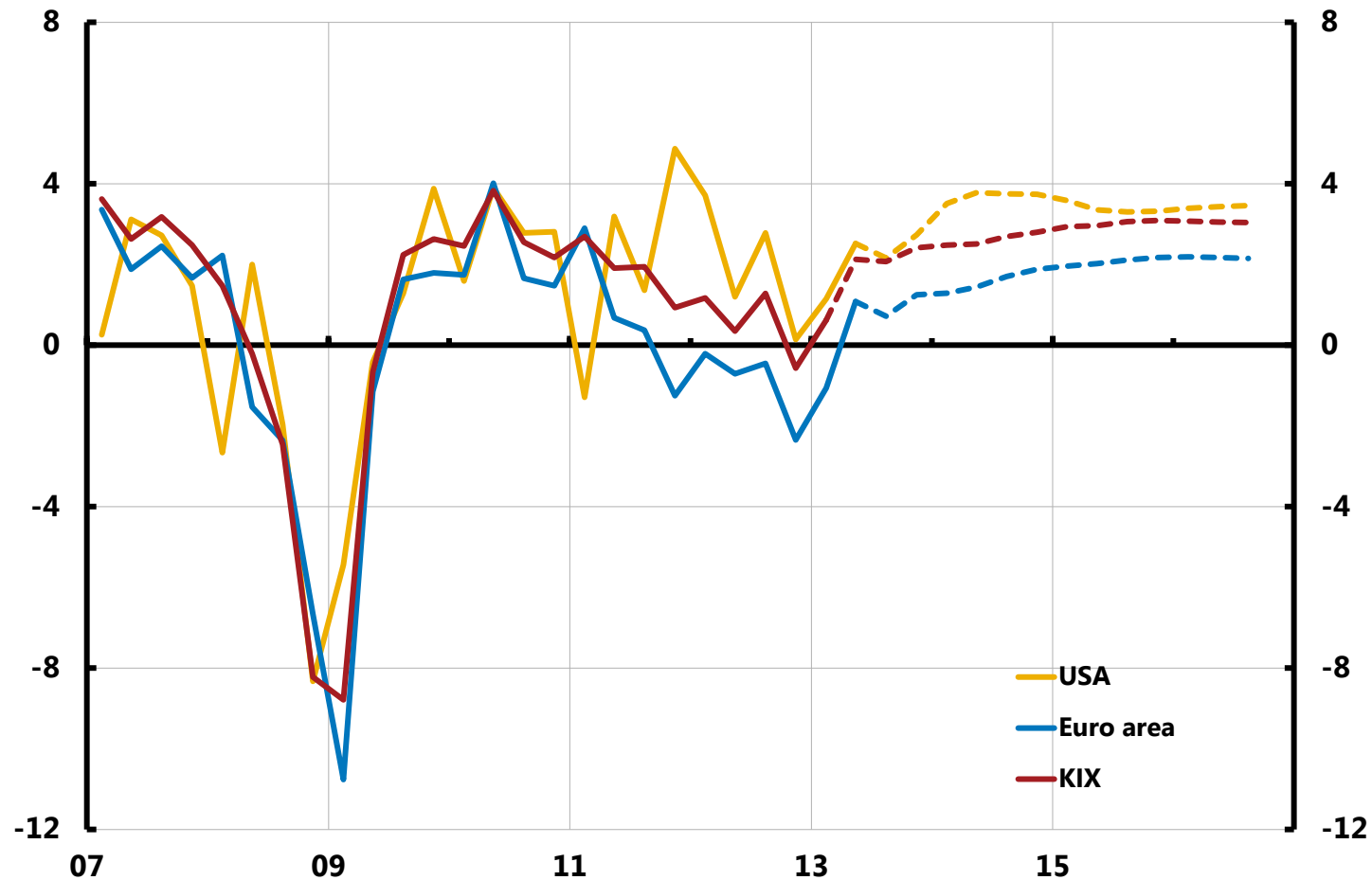
Note. KIX is an aggregate of countries that are important for Sweden's international transactions.

Figure 16. Household debt

Per cent of disposable income

Legend: July, September

Sources: Statistics Sweden and the Riksbank
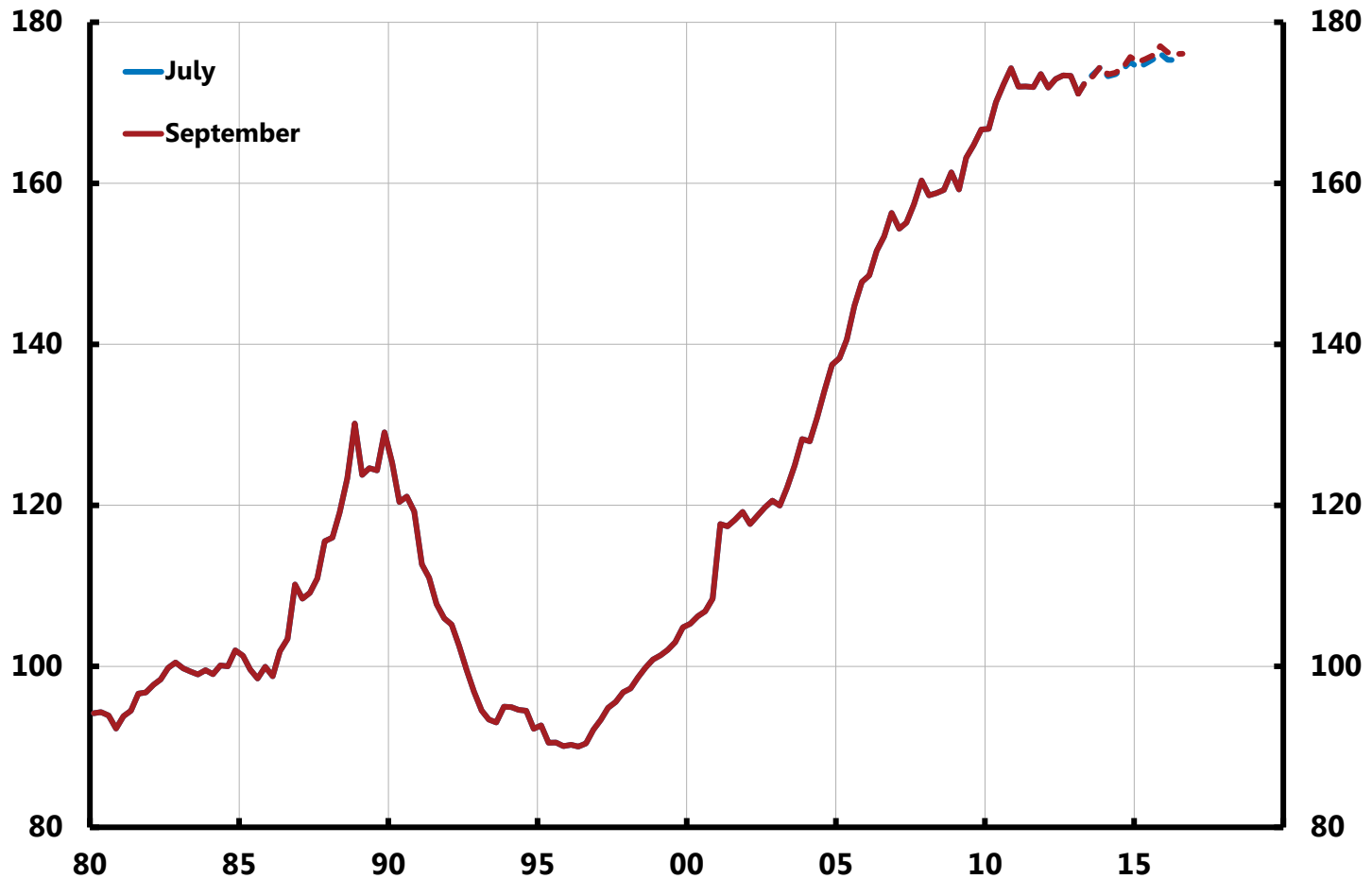
Tables

Table 1. Repo rate forecast

Per cent, quarterly averages

	Q2 2013	Q3 2013	Q4 2013	Q3 2014	Q3 2015	Q3 2016
Repo rate	1.0	1.0 (1.0)	1.0 (0.9)	1.0 (1.0)	2.0 (2.0)	2.8 (2.8)

Source: The Riksbank

Table 2. Inflation

Annual percentage change, annual average

	2012	2013	2014	2015
CPI	0.9 (0.9)	0.1 (0.1)	1.3 (1.3)	2.6 (2.6)
CPIF	1.0 (1.0)	1.0 (0.9)	1.4 (1.4)	1.9 (1.9)
CPIF excl. energy	1.0 (1.0)	1.3 (1.2)	1.6 (1.6)	2.0 (2.0)
HICP	0.9 (0.9)	0.6 (0.5)	1.4 (1.4)	1.9 (1.9)

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

	2012	2013	2014	2015
Repo rate	1.5 (1.5)	1.0 (1.0)	1.0 (1.0)	1.9 (1.9)
10-year rate	1.6 (1.6)	2.2 (2.1)	3.0 (2.9)	3.7 (3.6)
Exchange rate, KIX, 18 Nov. 1992 = 100	106.1 (106.1)	102.7 (103.2)	102.1 (102.3)	101.2 (101.1)
General government net lending*	-0.6 (-0.6)	-1.4 (-1.2)	-0.9 (-0.8)	0.1 (0.3)

* Per cent of GDP

Sources: Statistics Sweden and the Riksbank

Table 4. International conditions
Annual percentage change, unless otherwise stated

GDP	PPP-weights	KIX-weights	2012	2013	2014	2015
Euro area	0.14	0.47	-0.5 (-0.5)	-0.4 (-0.6)	1.3 (1.2)	1.9 (1.9)
USA	0.19	0.09	2.8 (2.2)	1.6 (1.8)	3.2 (3.2)	3.5 (3.5)
Japan	0.06	0.03	2.0 (1.9)	1.6 (1.8)	1.9 (1.9)	1.3 (1.2)
China	0.15	0.08	7.8 (7.8)	7.4 (7.6)	7.4 (7.6)	7.5 (7.6)
KIX-weighted	0.79	1.00	1.0 (1.0)	1.0 (1.0)	2.4 (2.4)	2.9 (2.9)
World (PPP-weighted)	1.00	-	3.1 (3.2)	3.0 (3.2)	3.9 (4.0)	4.2 (4.2)

Note. Calendar-adjusted growth rates. The PPP-weights refer to the global purchasing-power adjusted GDP-weights for 2012, according to the IMF. 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 2010 that are used for 2013, and on an assumption that the weights will develop according to the trend of the past five years in the coming forecast year.

CPI	2012	2013	2014	2015
Euro area (HICP)	2.5 (2.5)	1.5 (1.5)	1.5 (1.4)	1.6 (1.6)
USA	2.1 (2.1)	1.5 (1.5)	2.0 (2.0)	2.2 (2.7)
Japan	0.0 (0.0)	0.1 (0.1)	2.1 (2.3)	1.9 (2.0)
KIX-weighted	2.6 (2.6)	2.0 (2.0)	2.2 (2.1)	2.3 (2.3)

	2012	2013	2014	2015
Policy rates in the rest of the world, per cent	0.4 (0.4)	0.2 (0.2)	0.3 (0.2)	0.5 (0.5)
Crude oil price, USD/barrel Brent	112 (112)	109 (105)	105 (100)	99 (96)
Swedish export market	1.7 (1.6)	0.8 (1.2)	5.2 (5.3)	6.6 (6.6)

Note. The export market aims to measure demand for imports in the countries to which Sweden exports. This is calculated by aggregating the imports of 32 countries and covers around 85 per cent of the Swedish export market. The weights comprise the respective country's share of Swedish export of goods. 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

	2012	2013	2014	2015
Private consumption	1.5 (1.5)	2.0 (2.5)	3.1 (3.2)	3.3 (3.3)
Public consumption	0.7 (0.7)	0.9 (1.0)	0.7 (0.7)	1.1 (1.1)
Gross fixed capital formation	3.2 (3.2)	-2.7 (-3.6)	5.2 (5.1)	7.5 (7.5)
Inventory investment*	-1.1 (-1.1)	0.5 (0.3)	-0.1 (-0.1)	0.0 (0.0)
Exports	0.8 (0.8)	-2.2 (-0.8)	4.0 (4.5)	6.6 (6.6)
Imports	0.0 (0.0)	-2.5 (-2.0)	4.2 (4.7)	6.9 (6.9)
GDP	0.7 (0.7)	1.2 (1.5)	2.7 (2.8)	3.6 (3.6)
GDP, calendar-adjusted	1.1 (1.1)	1.2 (1.6)	2.8 (2.9)	3.3 (3.3)
Final figure for domestic demand*	1.5 (1.5)	0.7 (0.8)	2.6 (2.6)	3.3 (3.3)
Net exports*	0.4 (0.4)	0.0 (0.4)	0.2 (0.2)	0.3 (0.3)
Current account (NA), per cent of GDP	6.7 (6.7)	6.3 (6.4)	6.2 (6.3)	6.1 (6.2)

*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

	2012	2013	2014	2015
Population, aged 16-64	0.1 (0.1)	0.1 (0.2)	0.4 (0.4)	0.5 (0.5)
Potential hours worked	0.5 (0.5)	0.5 (0.5)	0.6 (0.6)	0.6 (0.6)
GDP, calendar-adjusted	1.1 (1.1)	1.2 (1.6)	2.8 (2.9)	3.3 (3.3)
Number of hours worked, calendar-adjusted	0.6 (0.6)	0.3 (-0.2)	1.2 (1.4)	1.3 (1.3)
Employed, aged 15-74	0.6 (0.6)	0.9 (0.7)	0.8 (0.7)	1.2 (1.2)
Labour force, aged 15-74	0.8 (0.8)	1.0 (1.0)	0.6 (0.5)	0.4 (0.4)
Unemployment, aged 15-74 *	8.0 (8.0)	8.1 (8.2)	7.9 (8.1)	7.2 (7.3)

* 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

	2012	2013	2014	2015
Hourly wage, NMO	3.0 (3.1)	2.6 (2.8)	2.8 (2.9)	3.2 (3.2)
Hourly wage, NA	3.2 (3.2)	2.8 (3.2)	3.1 (3.1)	3.5 (3.5)
Employers' contribution*	0.2 (0.2)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
Hourly labour cost, NA	3.4 (3.4)	2.8 (3.2)	3.1 (3.1)	3.5 (3.5)
Productivity	0.5 (0.5)	0.8 (1.7)	1.6 (1.4)	2.0 (2.0)
Unit labour cost	2.9 (2.9)	2.0 (1.4)	1.4 (1.7)	1.4 (1.4)

* 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, collective 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