



# Riksdag Committee on Finance

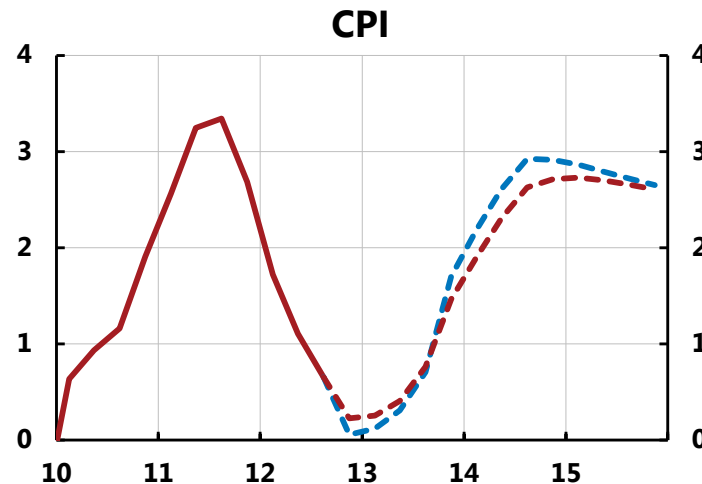
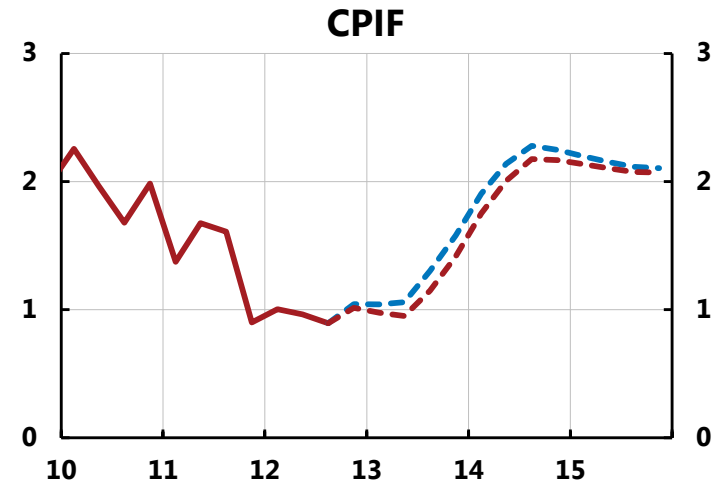
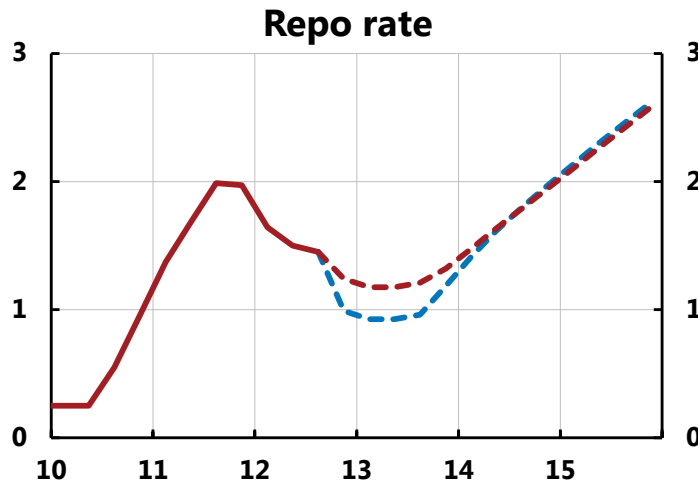
Deputy Governor Per Jansson

8 November 2012

# Current monetary policy

- The Monetary Policy Report provides a detailed description of the way in which the majority of the Executive Board views economic developments and monetary policy.
  - Today's discussion: Why are we not lowering the repo rate immediately?
  - My fundamental thoughts on monetary policy can be found in the speech "My view on inflation targeting"
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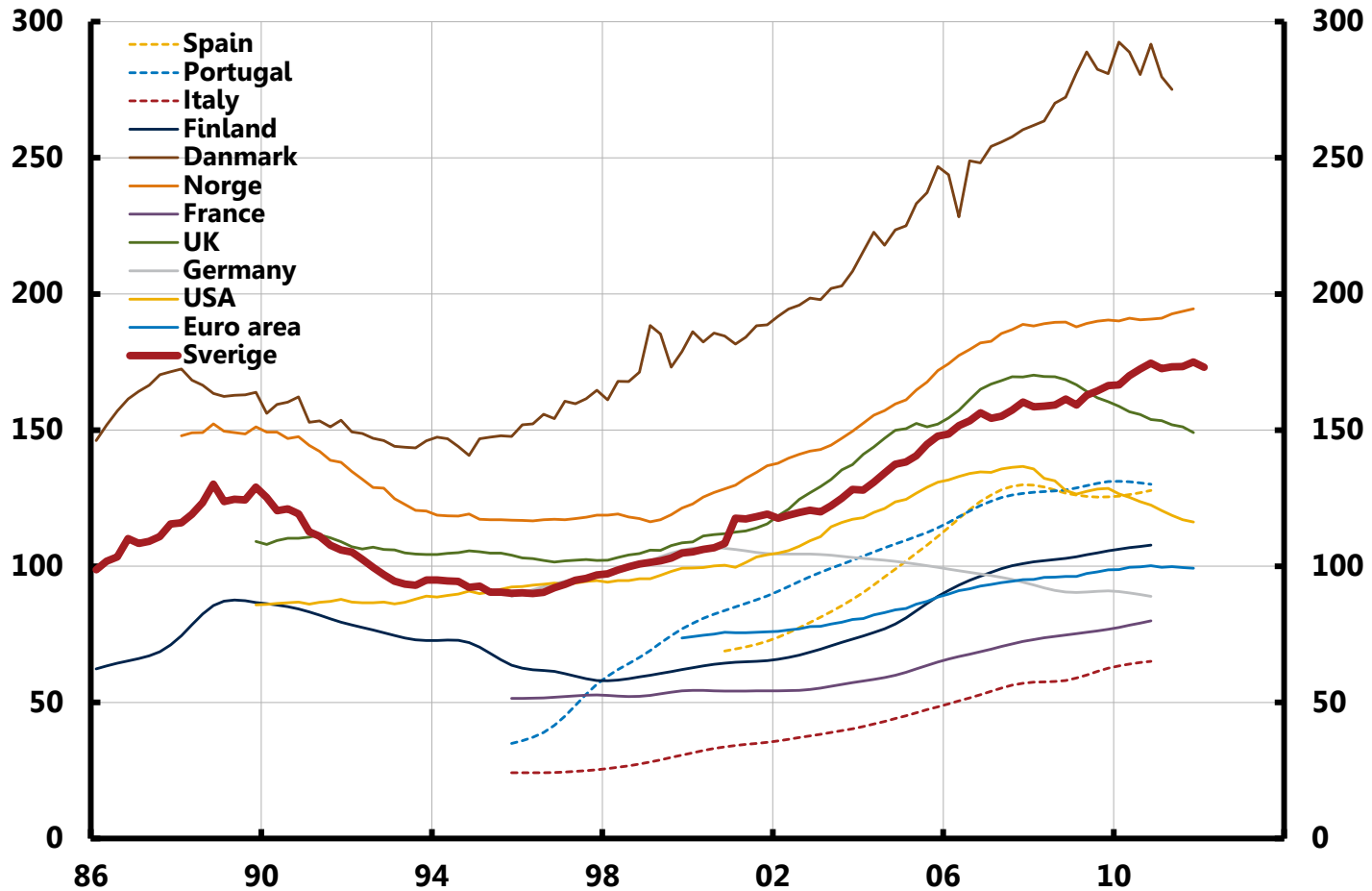
# Monetary policy influences inflation with a time lag



Main scenario Lower interest rate

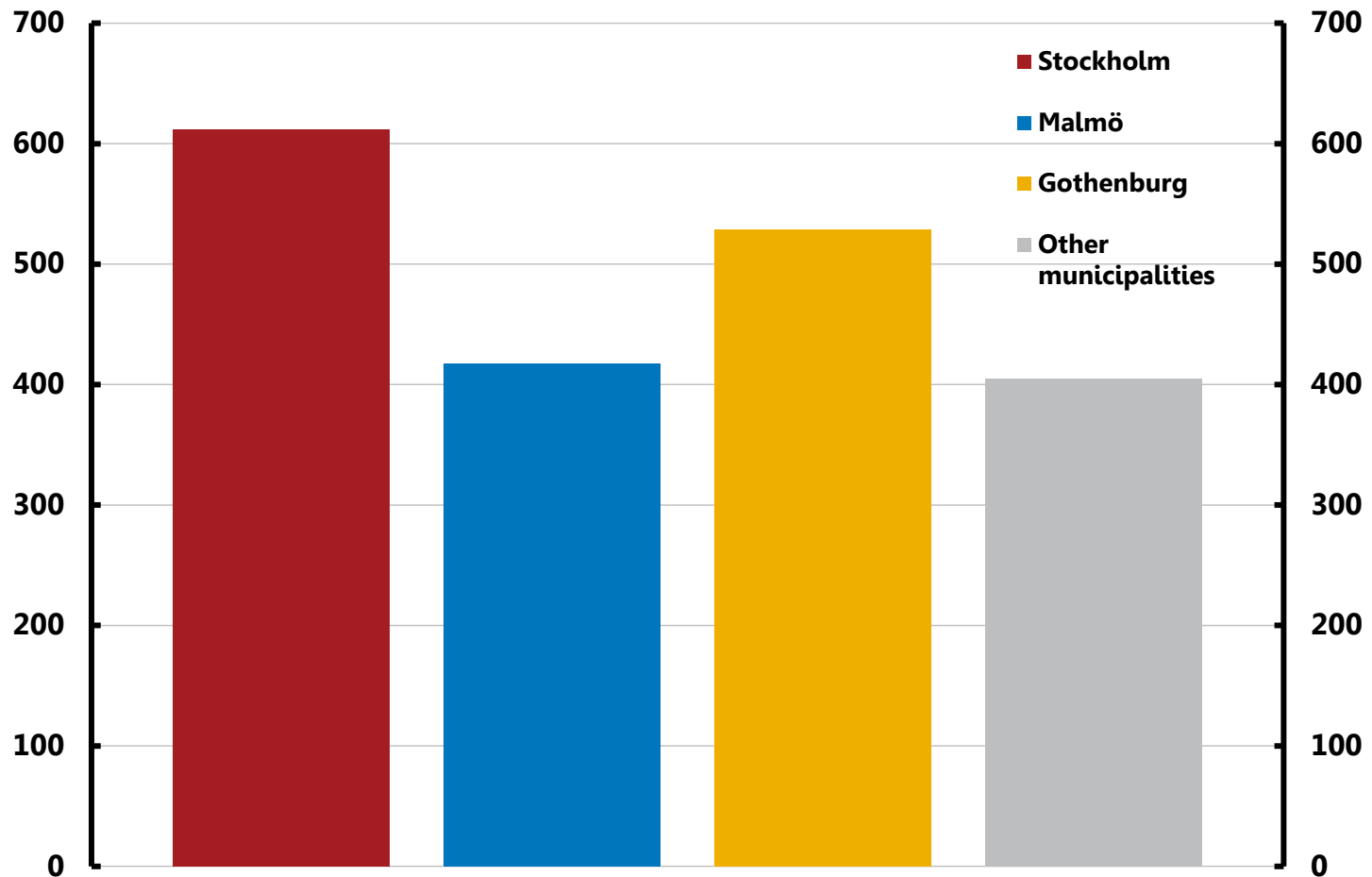
# Household debt ratios are comparatively high

Per cent of disposable income



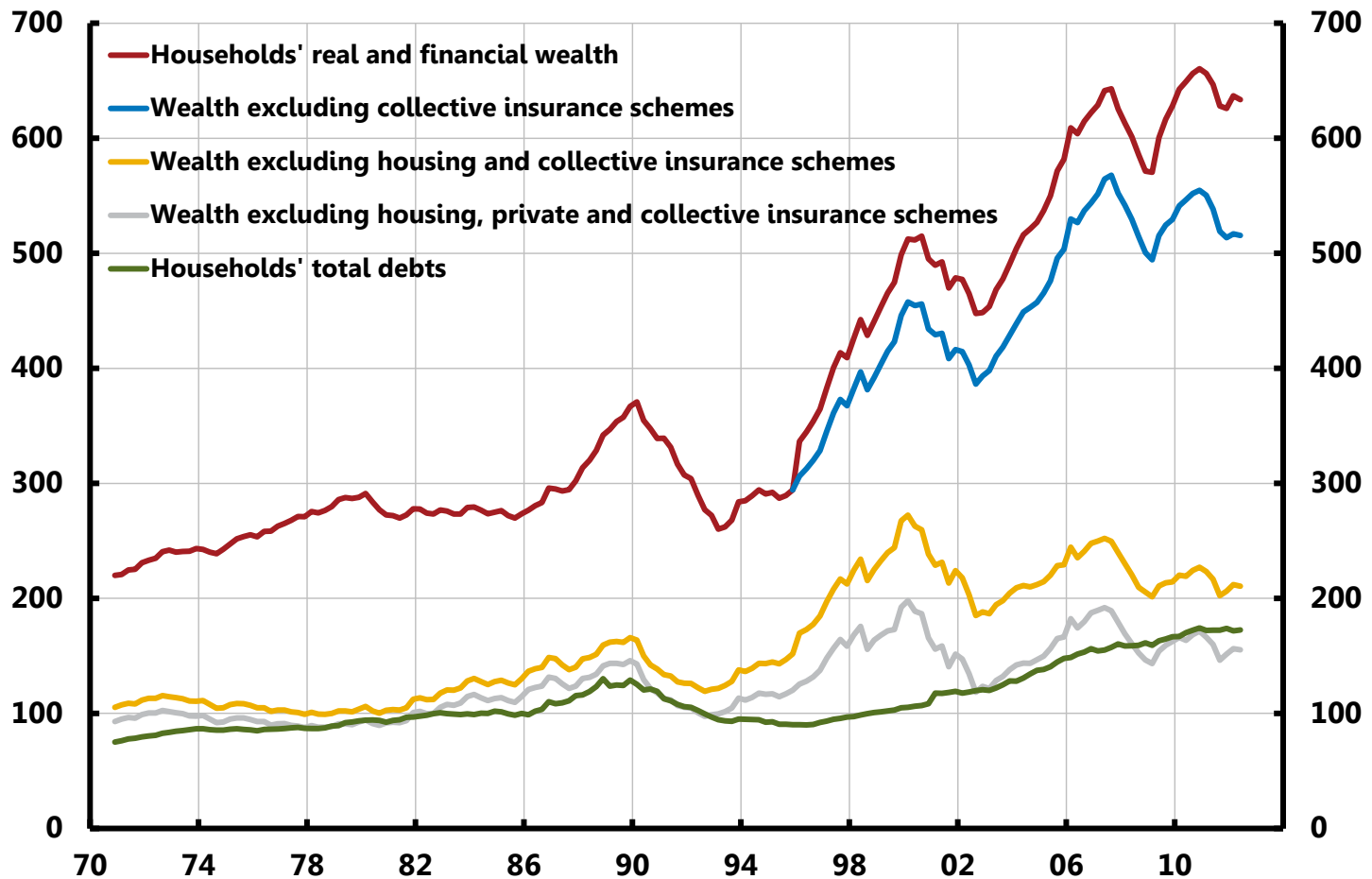
# New mortgage holders' debts in relation to disposable incomes

Per cent, autumn 2011



# Household wealth largely consists of illiquid resources

Per cent of disposable income

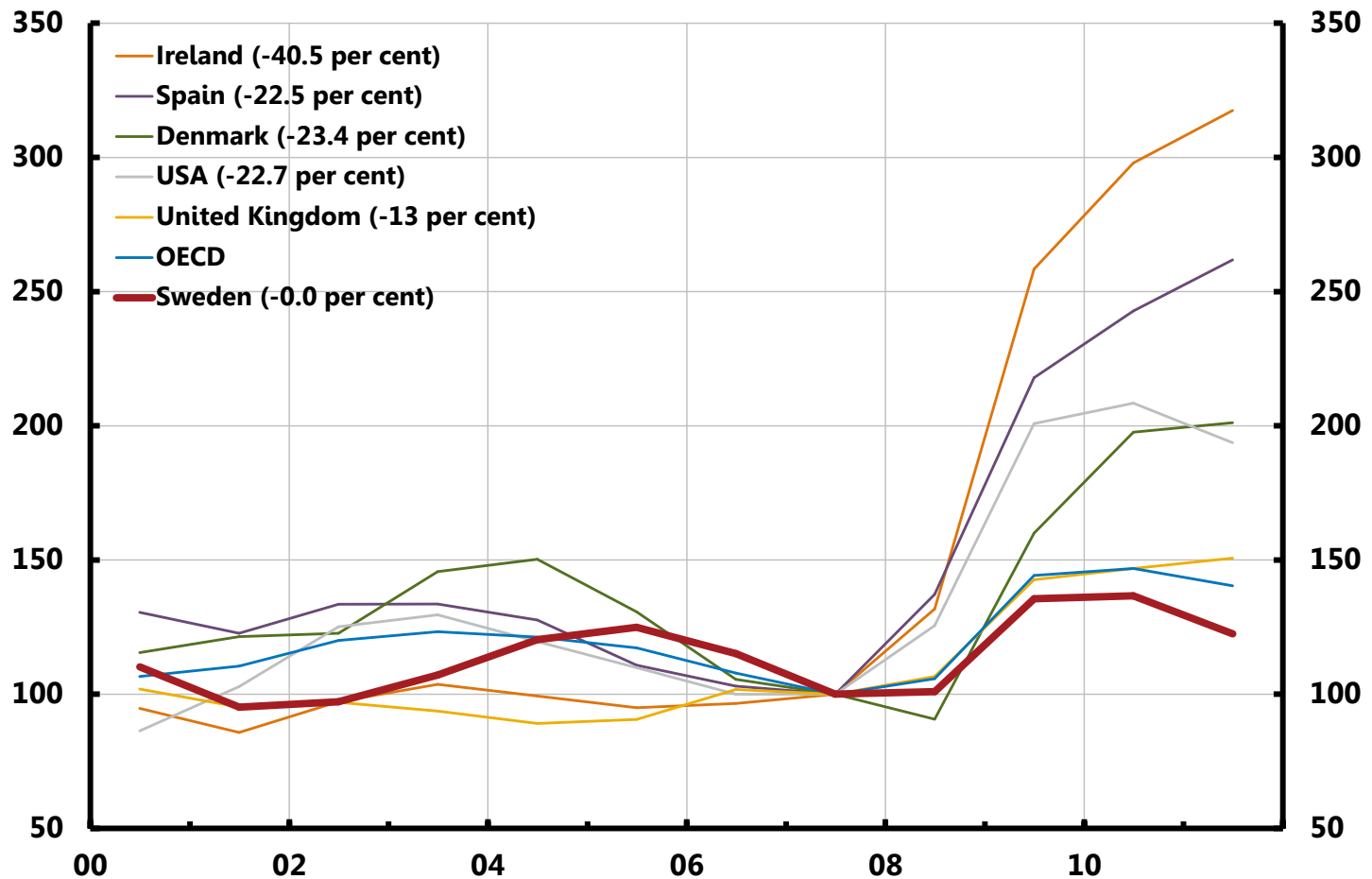


Note. Households' real and financial wealth refers to the Riksbank's estimate of the households' financial assets and housing assets.

Sources: Statistics Sweden and the Riksbank

# Large increase in unemployment after downturn on the housing market

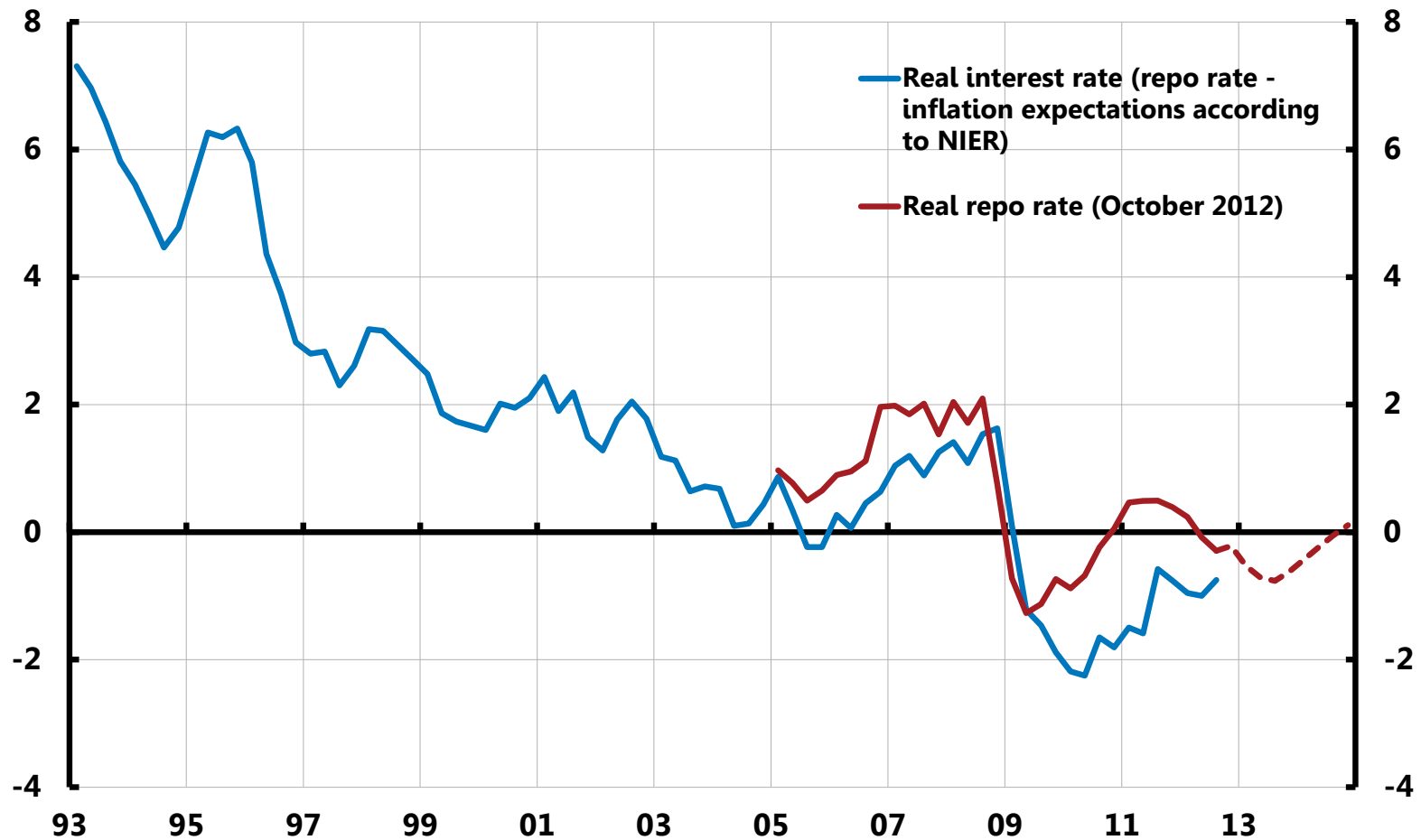
Unemployed as a share of the labour force, index 2007= 100



Note. The figures in brackets refer to the fall in real house prices from the peak to the trough.

Source: The OECD

# The real repo rate is at a low level



Note. The real repo rate is calculated as an average of the Riksbank's repo rate forecast for the year ahead minus the inflation forecast (CPIF) for the corresponding period.

Source: The Riksbank



# Relatively large revision of the repo-rate path



- Major revisions to the repo-rate path are not self-evident
- In addition to new outcomes, new assessments have been of great importance
  - Slower recovery on the labour market
  - International policy rates expected to be low for a longer period

