



# Monetary policy in an uncertain economic policy landscape

West Sweden Chamber of  
Commerce

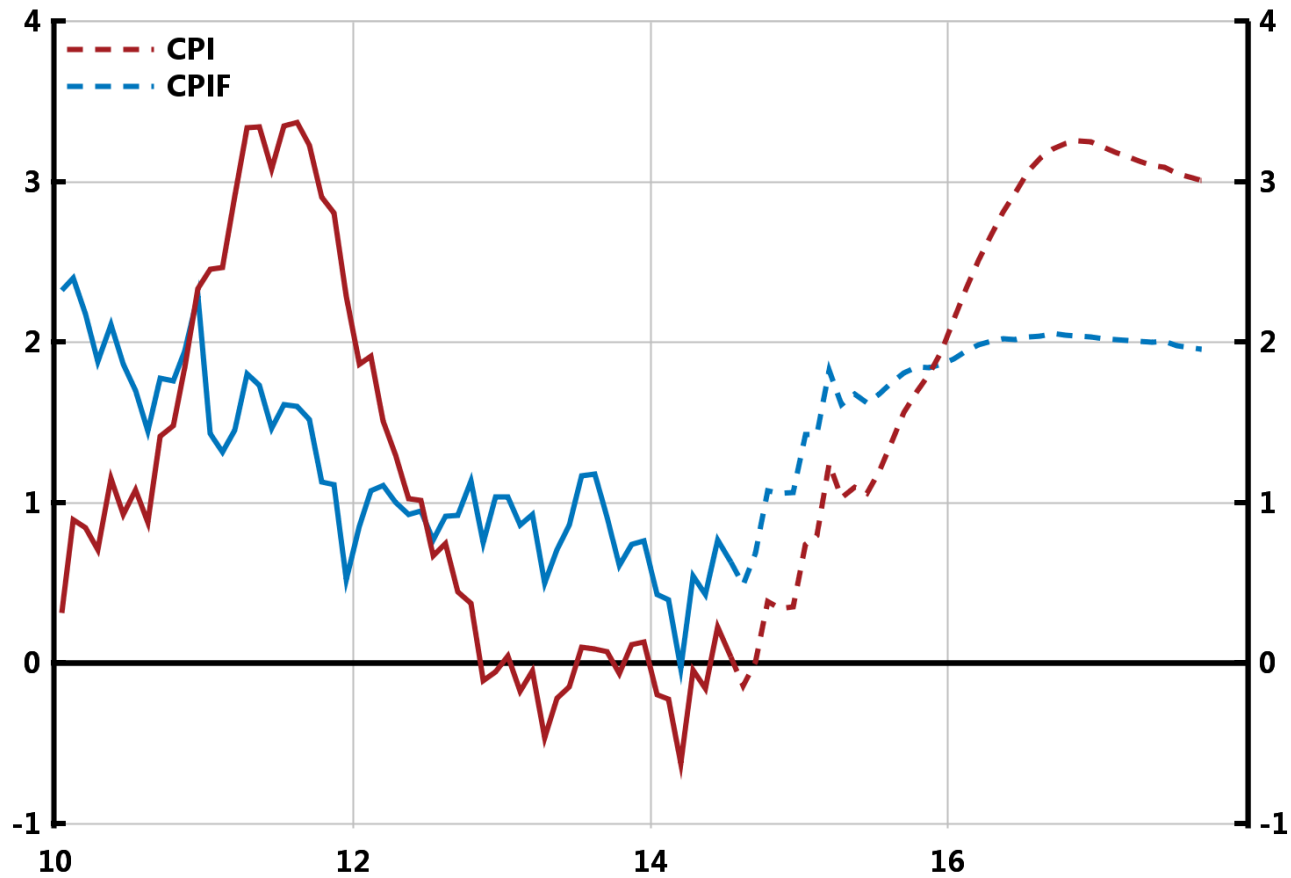
14 October 2014

Governor Stefan Ingves

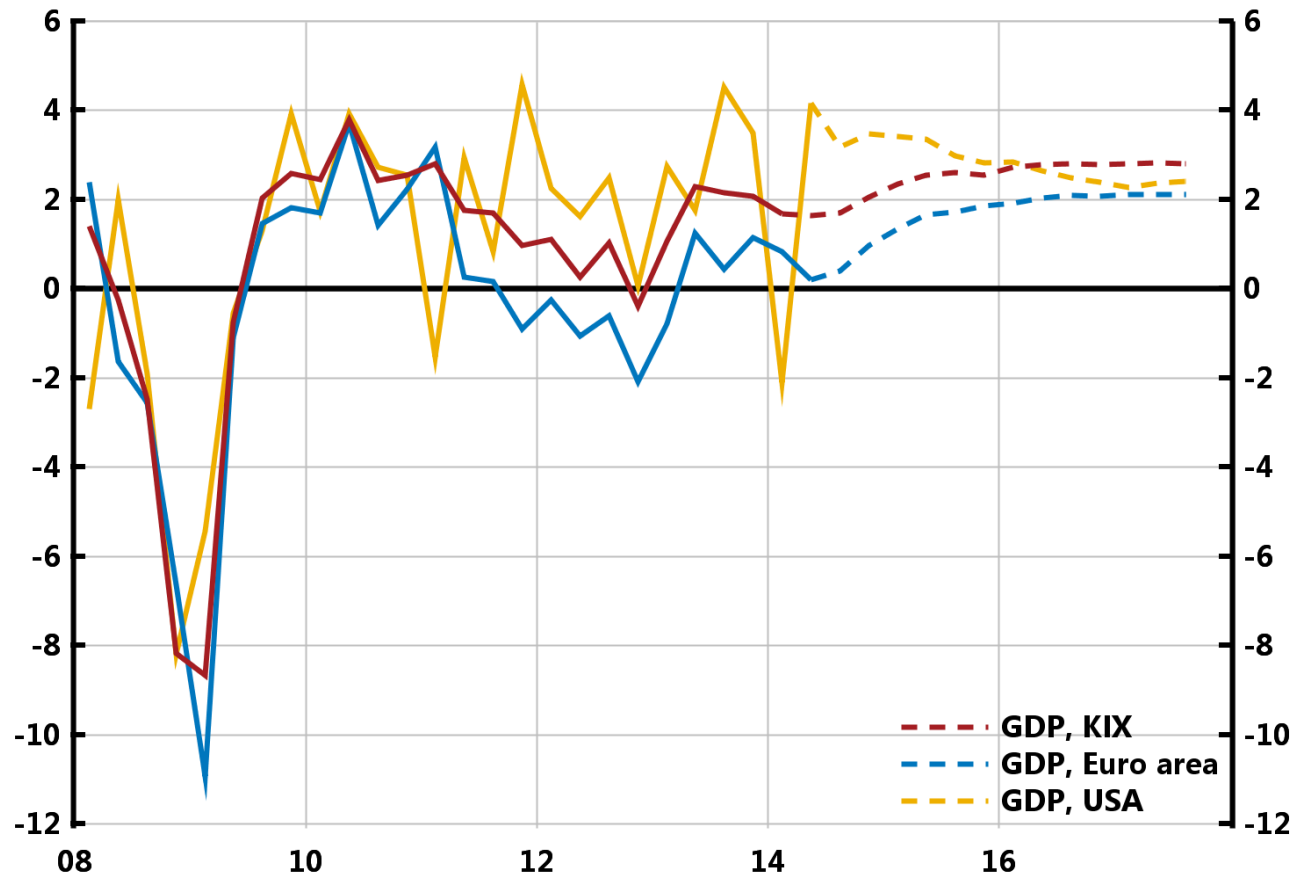
# Agenda

- The development of the Swedish economy in the years ahead
  - Why the forecast is so uncertain
  - How one should conduct monetary policy in the light of this uncertainty
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# Low inflation in Sweden



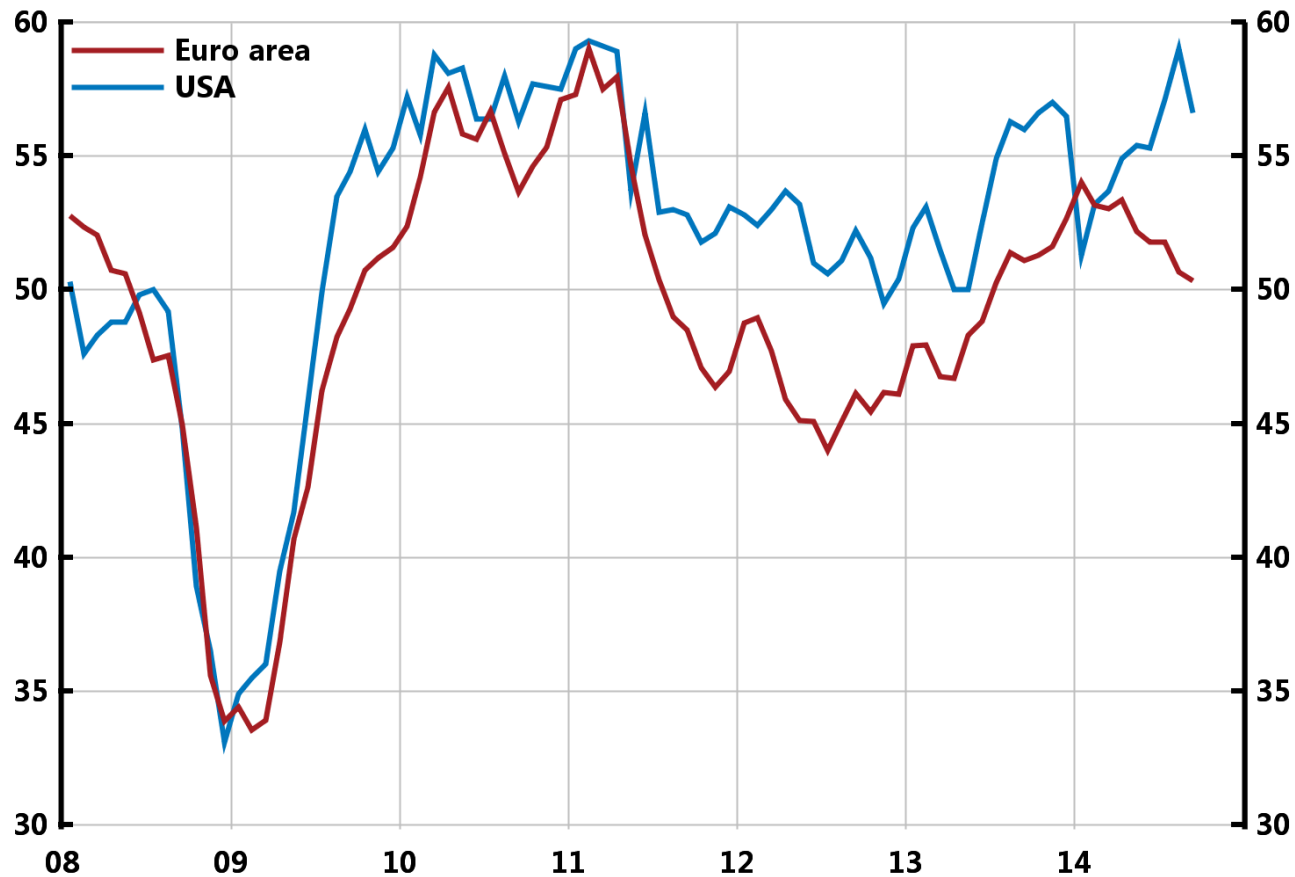
# International recovery despite some worrying factors



GDP, quarterly changes in per cent calculated as annual rate, seasonally-adjusted data. The KIX is an aggregate of the countries that are important to Sweden's international transactions.

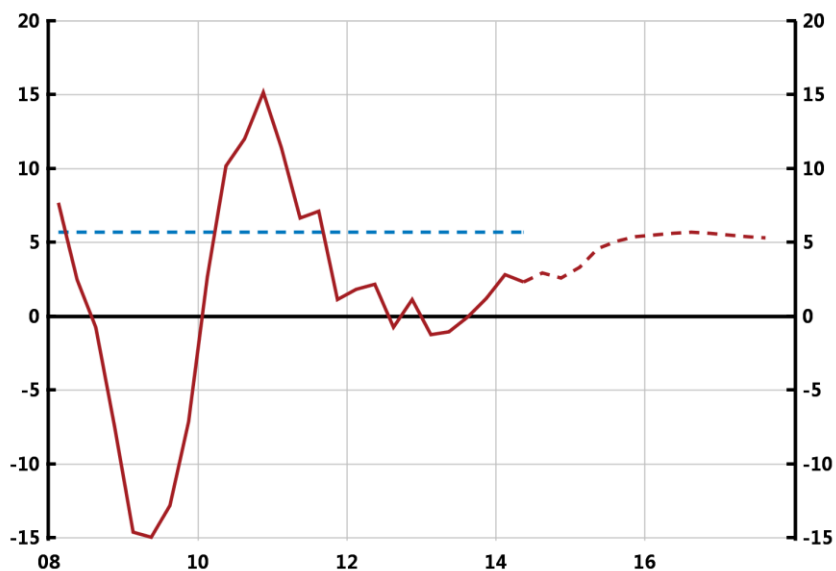
Sources: Bureau of Economic Analysis, Eurostat, national sources and the Riksbank

# Subdued confidence in the euro area

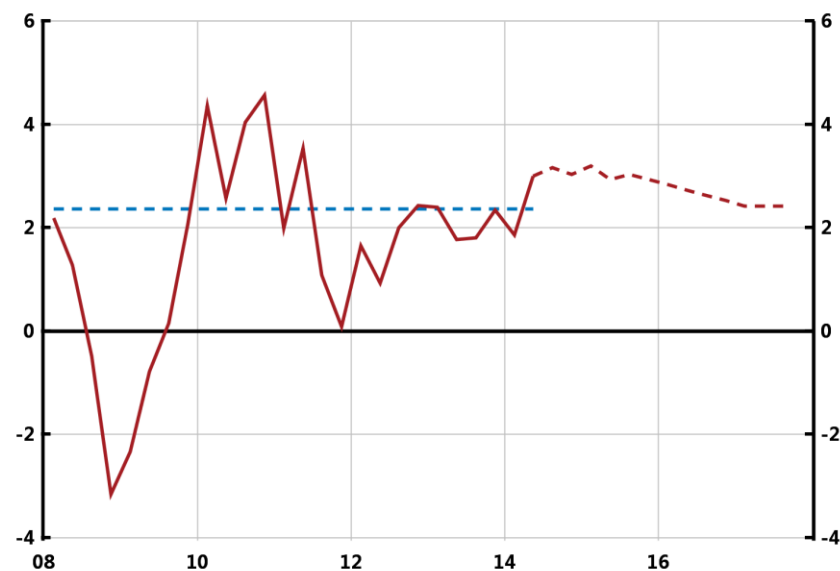


# Weak exports, but strong households in Sweden

## Exports



## Household consumption

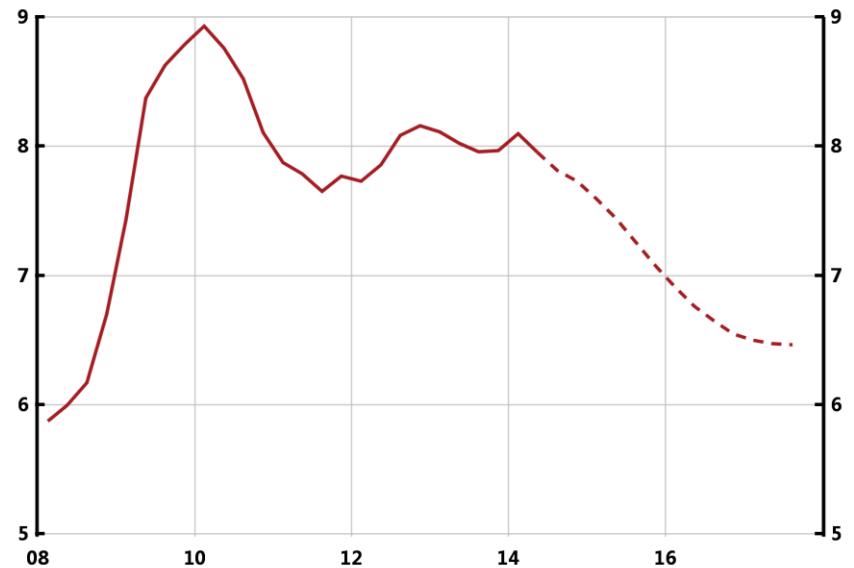


# Stronger Swedish labour market

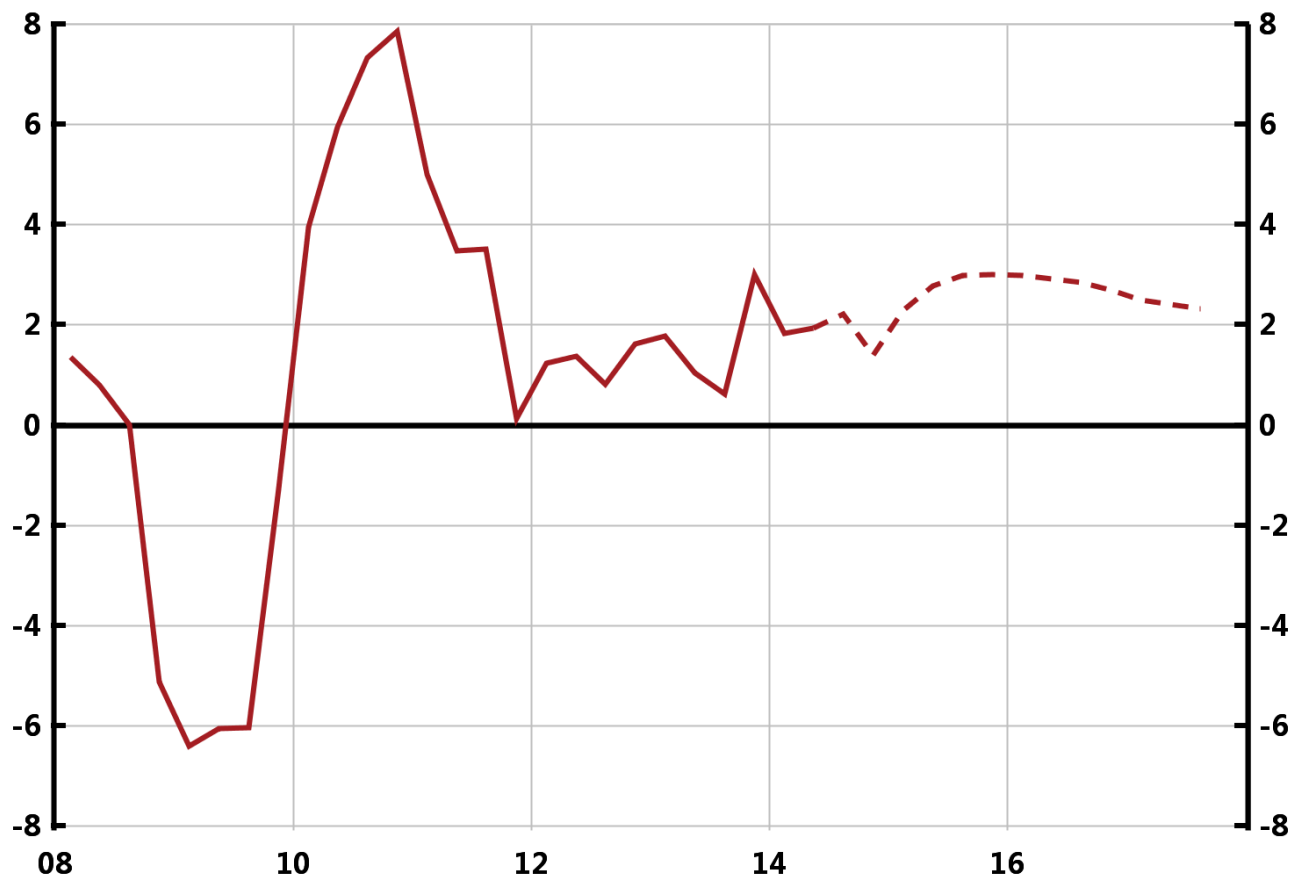
## Employment rate



## Unemployment

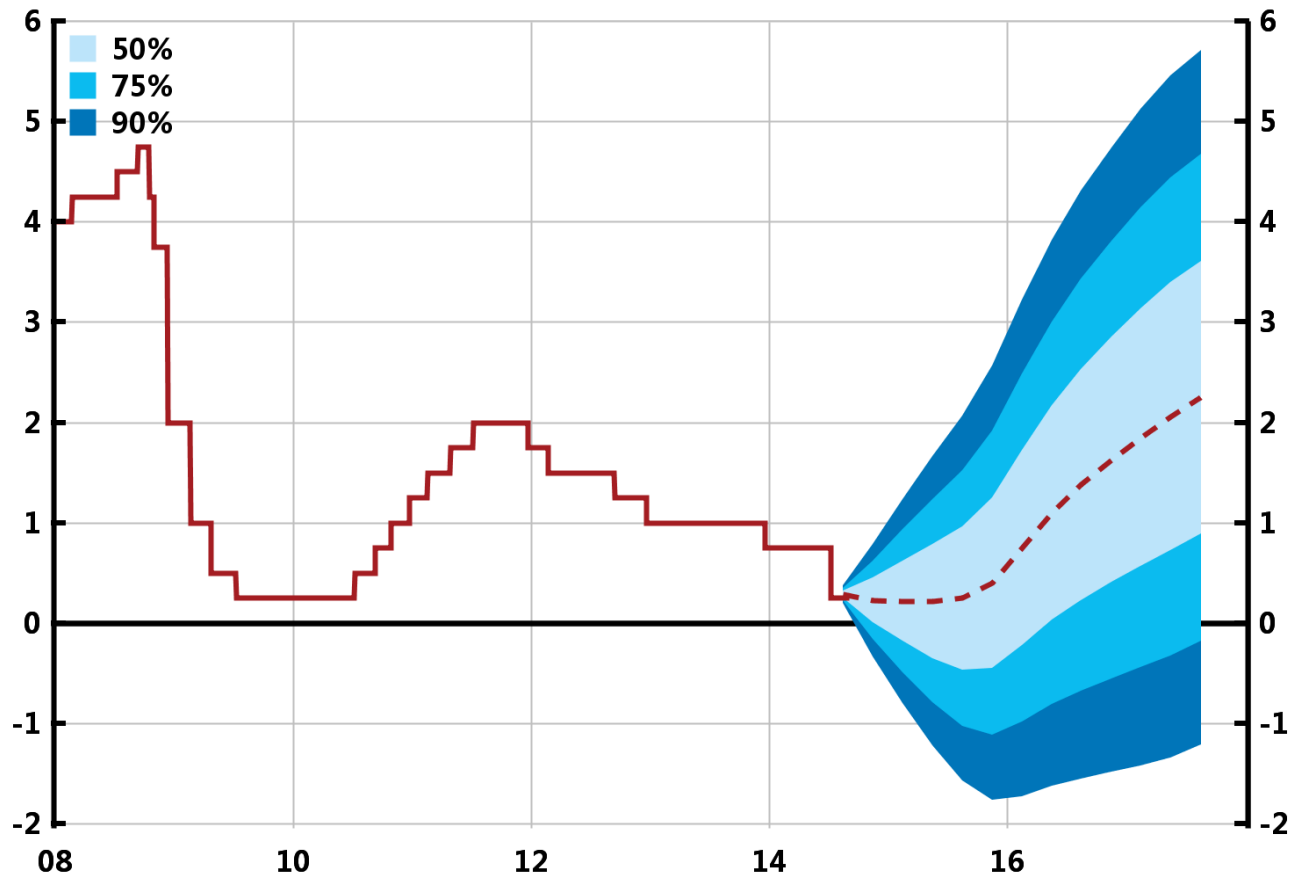


# The Swedish economy continues to strengthen

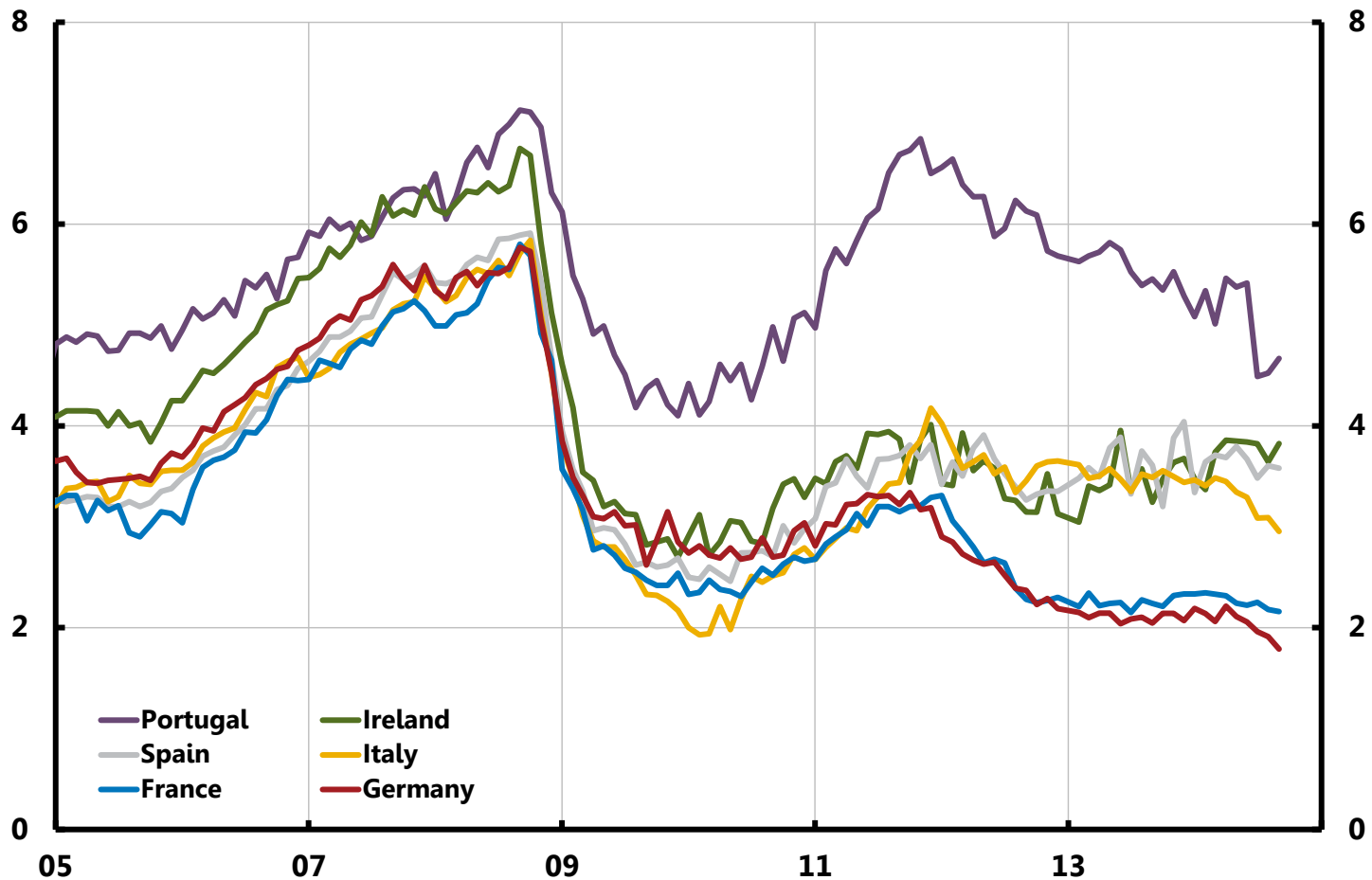




# Repo rate remains low

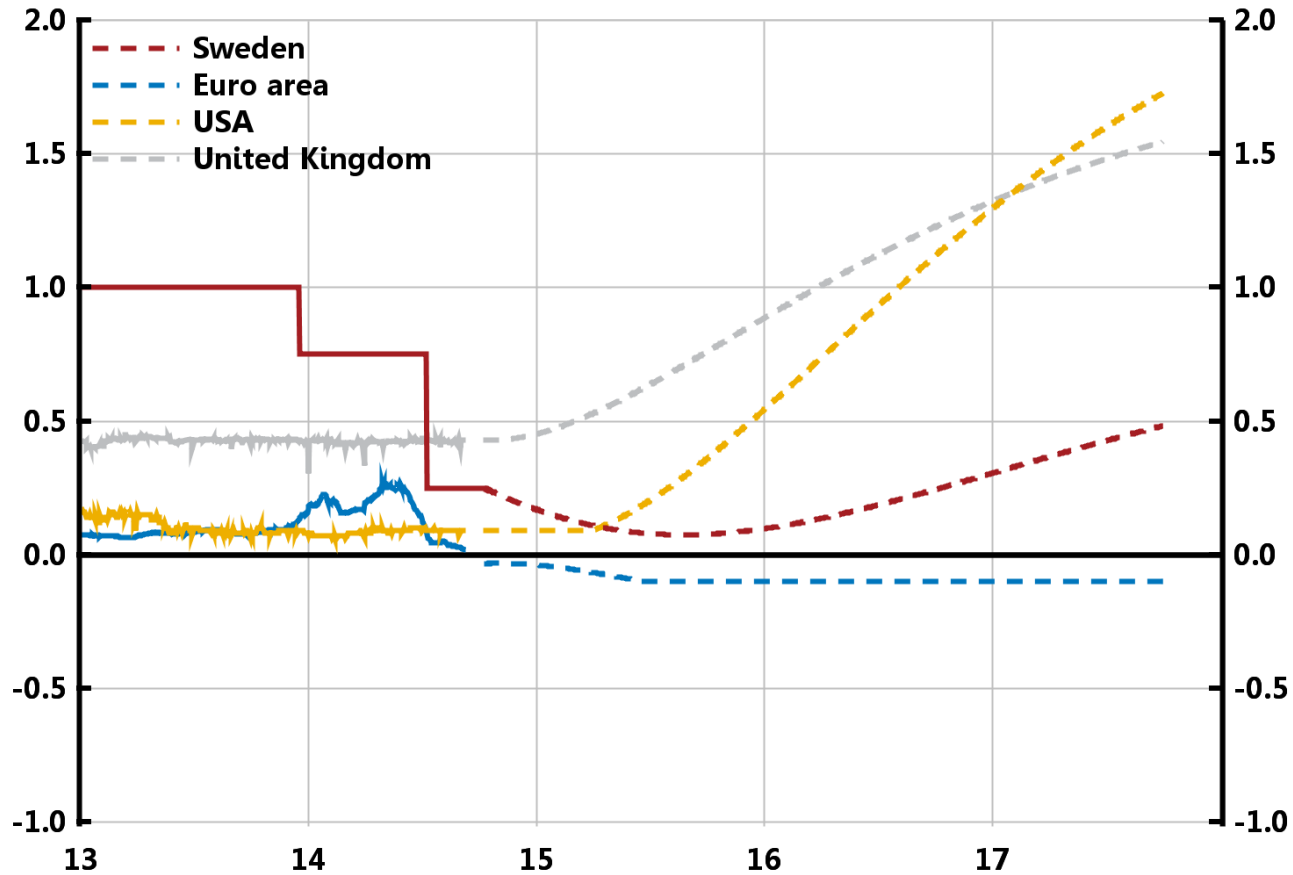


# Difficulties in the European banking sector lead to differences in corporate interest rates

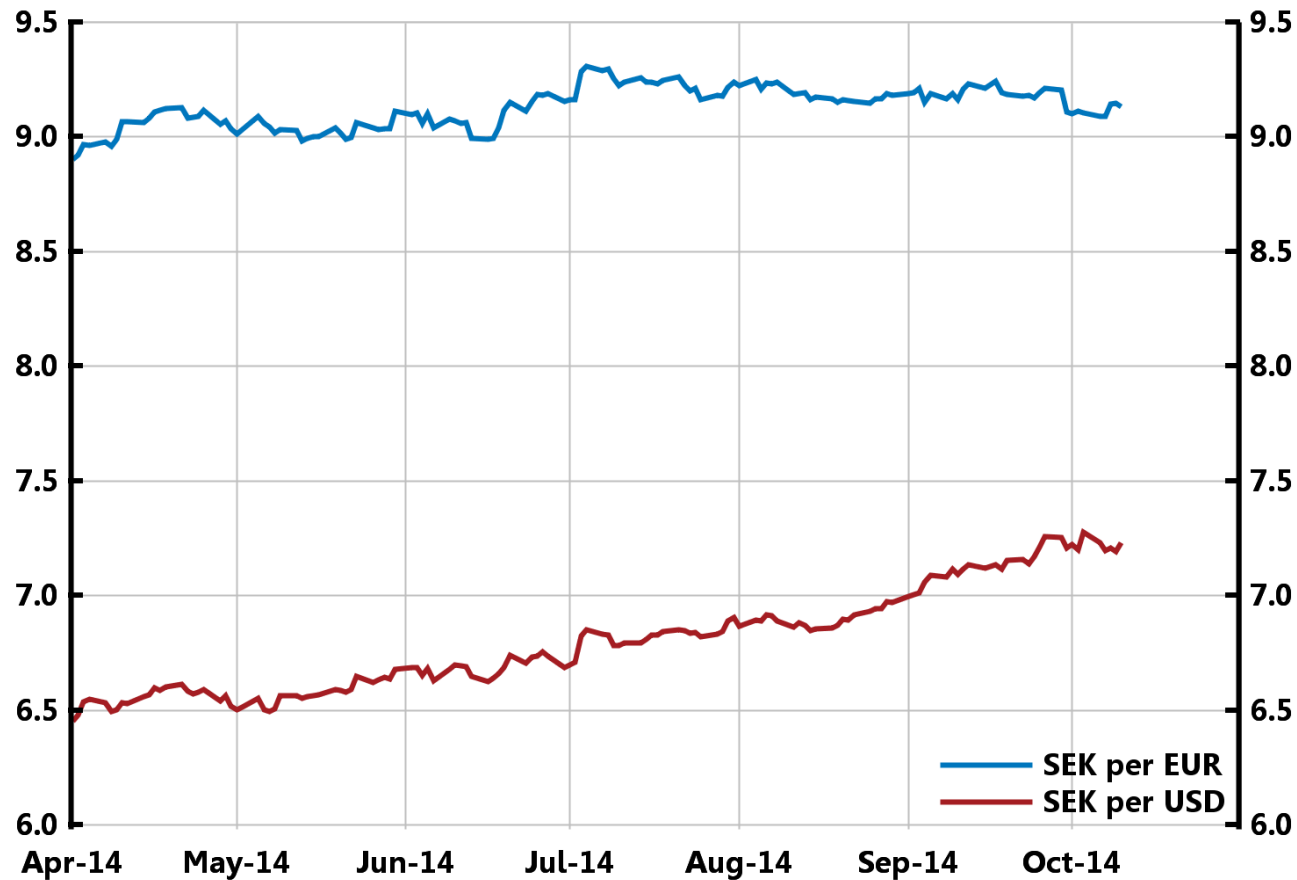


# Monetary policy abroad out of step

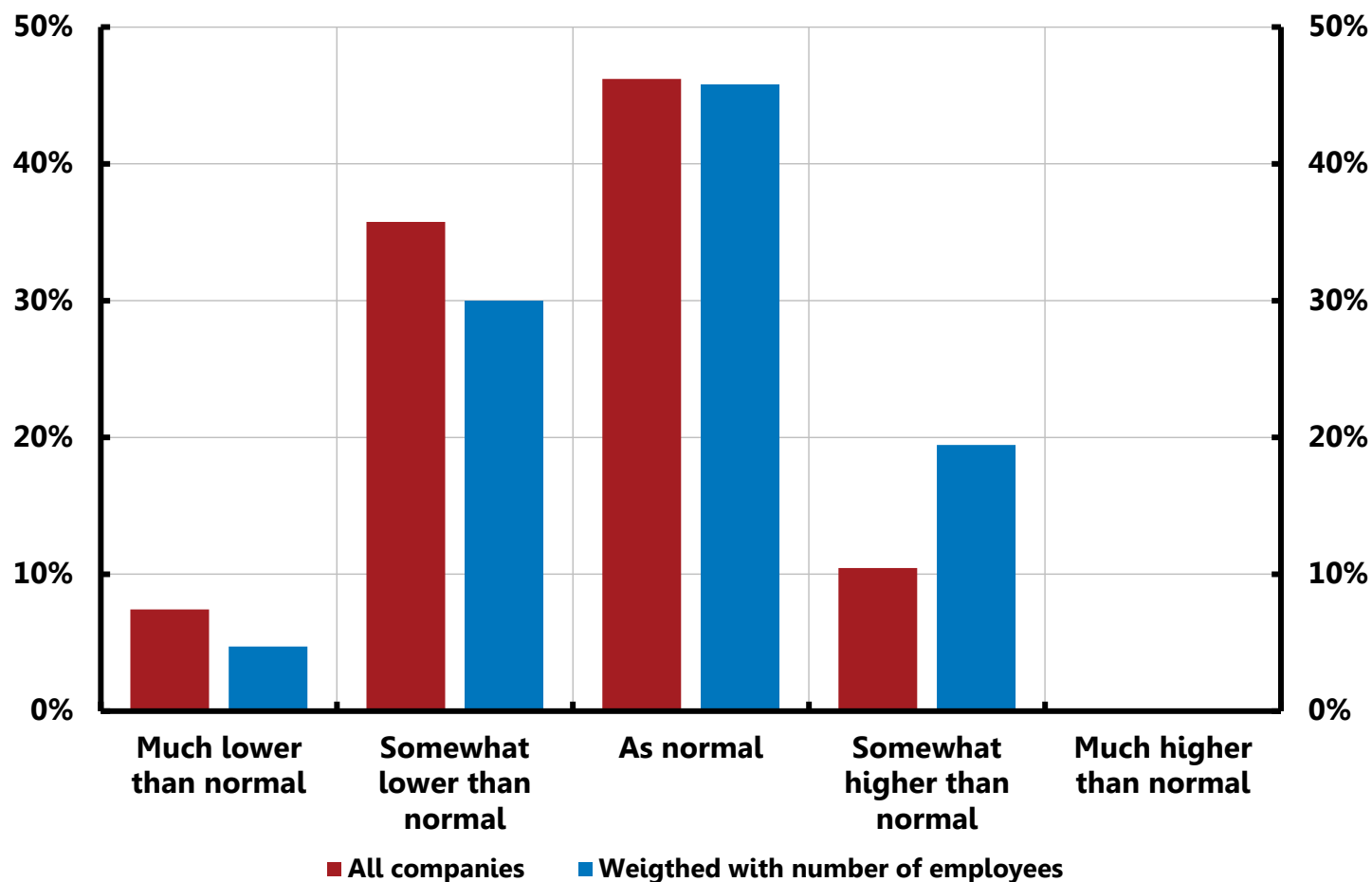
Forward rates, per cent



# Monetary policy abroad affects the krona

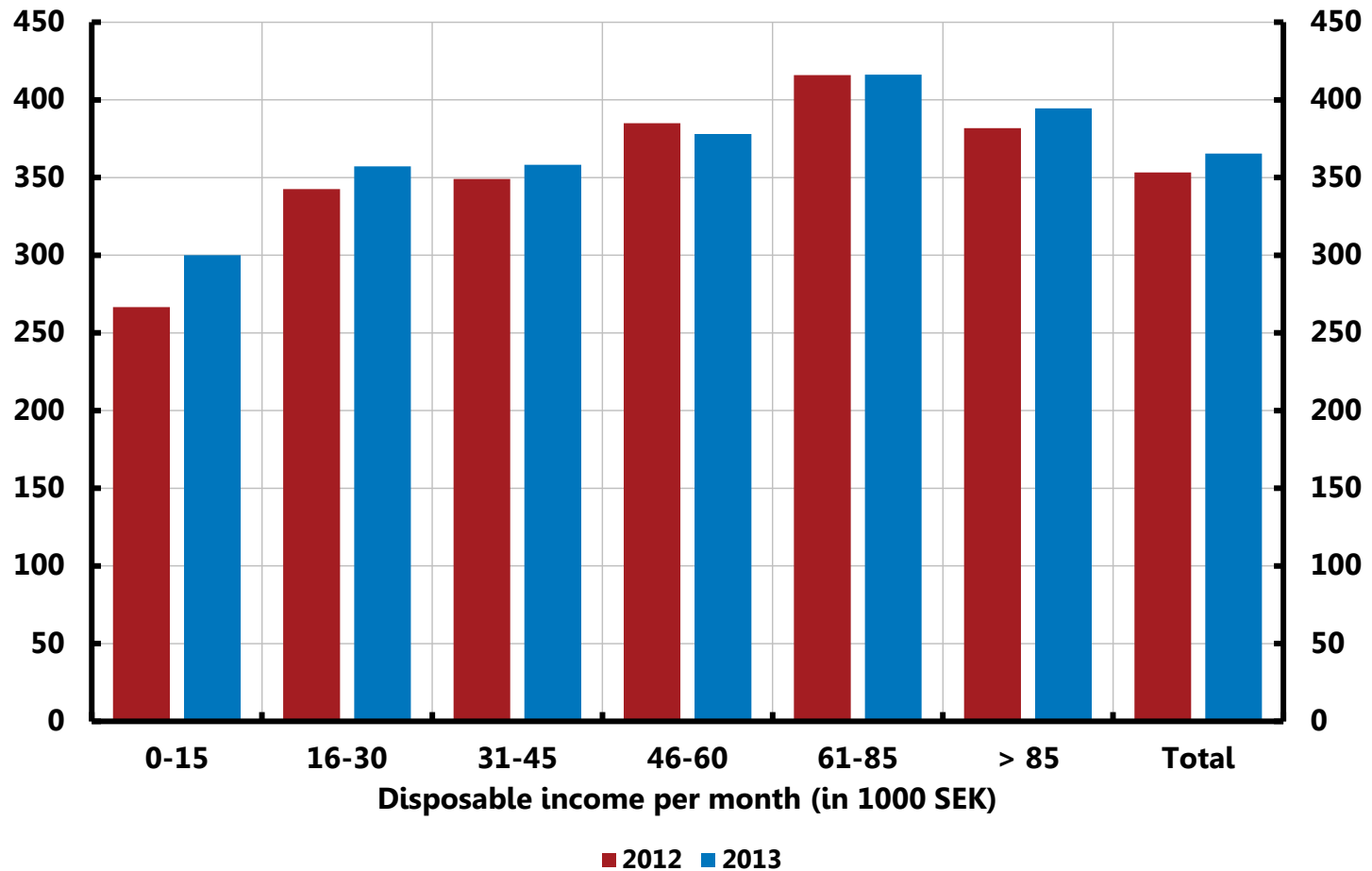


# Weak and uncertain demand and increasing competition have led to low markups

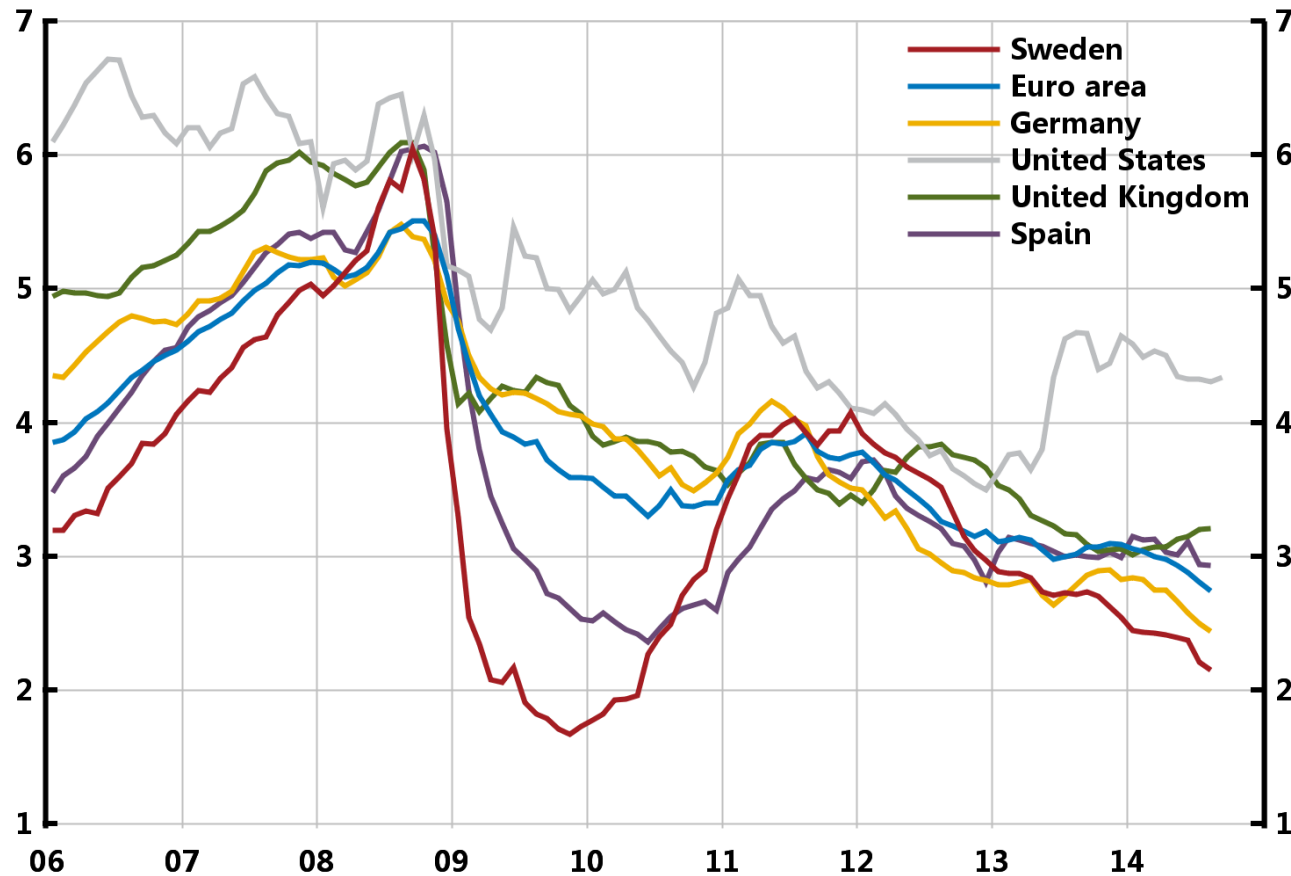


# New mortgage lenders take on high debts...

Percentage of disposable income

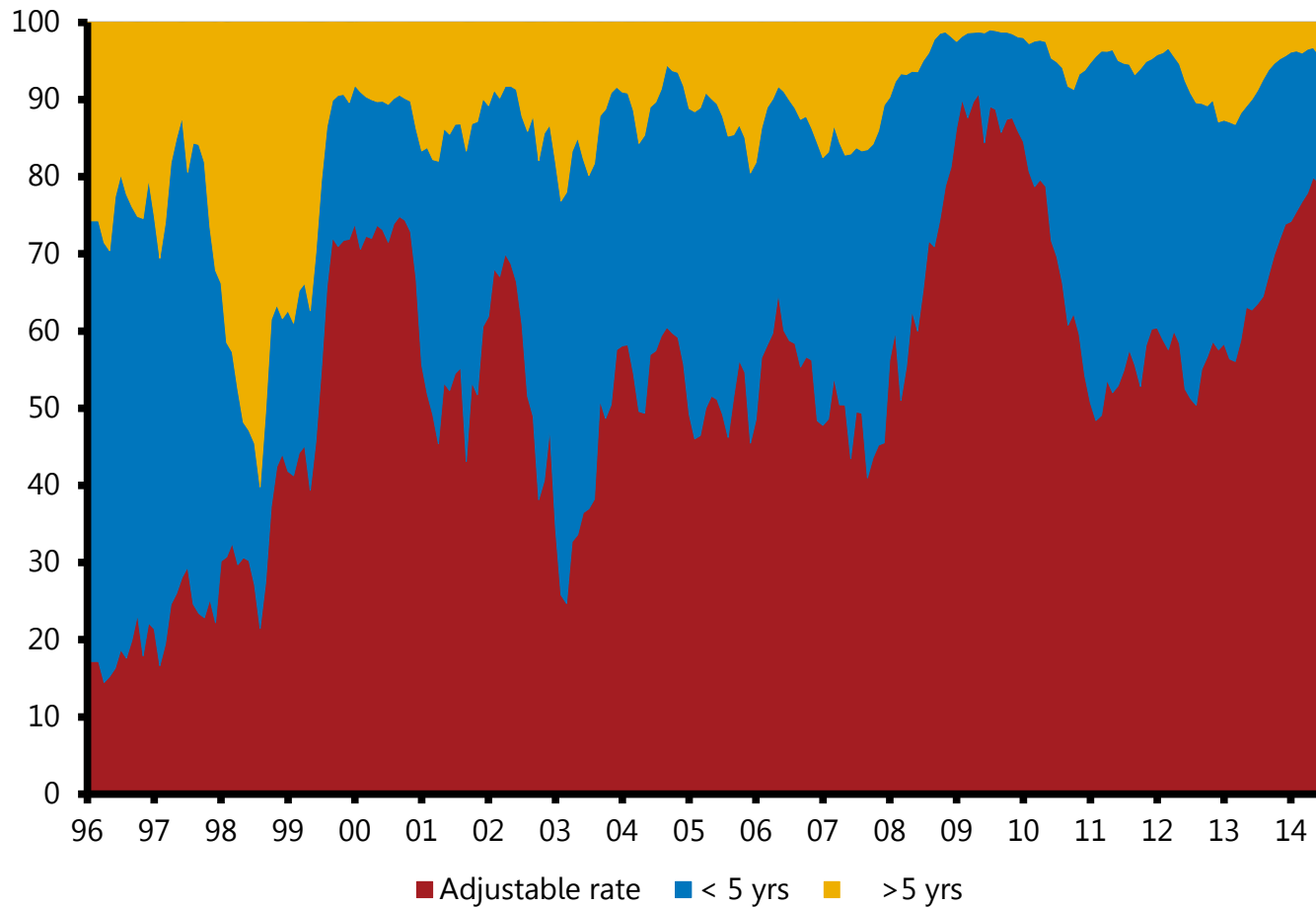


# ... and currently pay very low interest rates



# New mortgages usually taken at variable rates

Per cent





# Measures to combat the build-up of debt

- What measures will be taken?
  - What effects will they have on household consumption and ultimately on inflationary pressures in the Swedish economy?
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# Monetary policy in an uncertain economic policy landscape



- Economic activity in Sweden is now improving...  
  
...but our forecasts are highly uncertain, especially a couple of years ahead
  - There are important sources of uncertainty both at home and abroad
  - But monetary policy decisions need to be made
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