

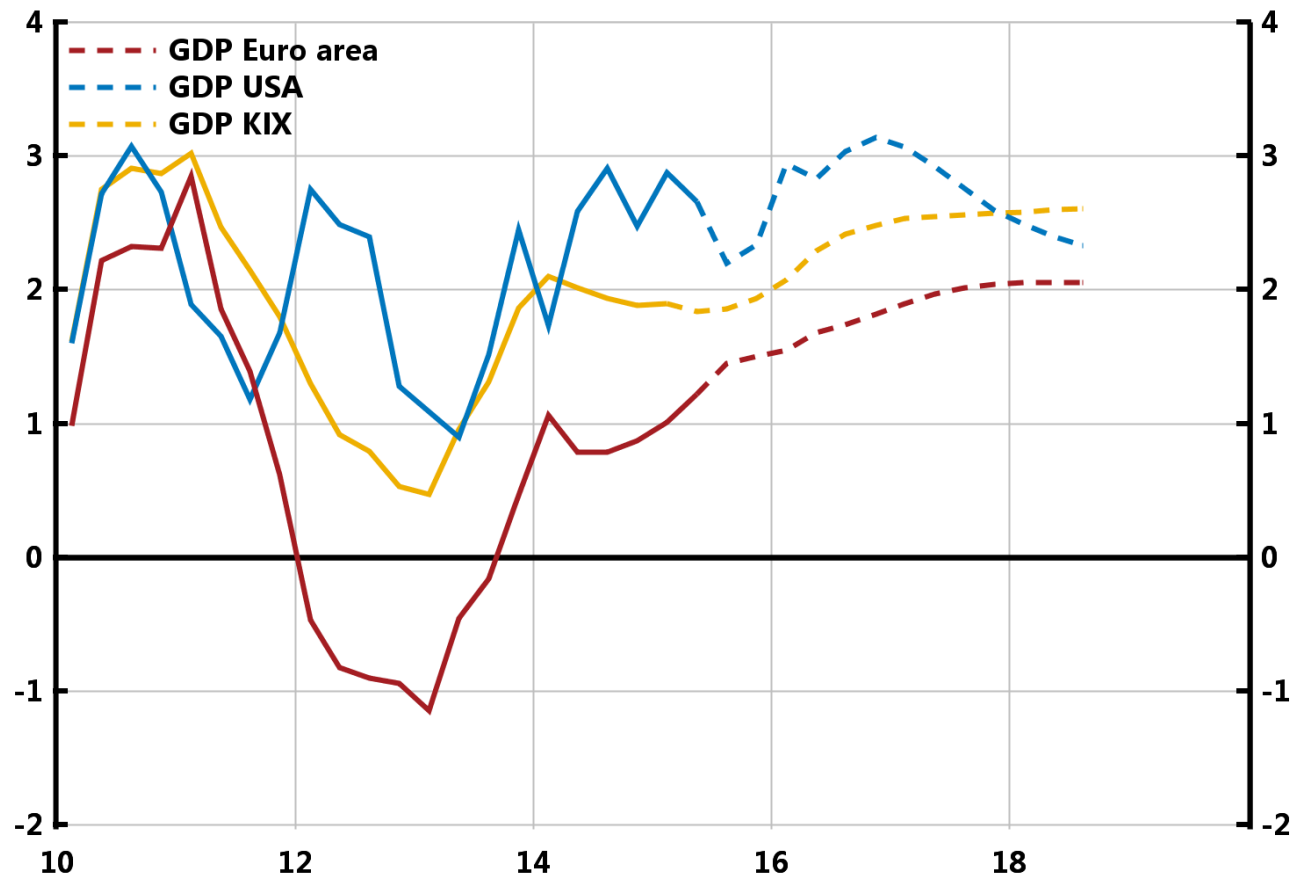


The Riksbank's Monetary Policy Report

Deutsche Bank, London
4 September 2015

Deputy Governor Cecilia Skingsley

Recovery abroad despite some causes for concern

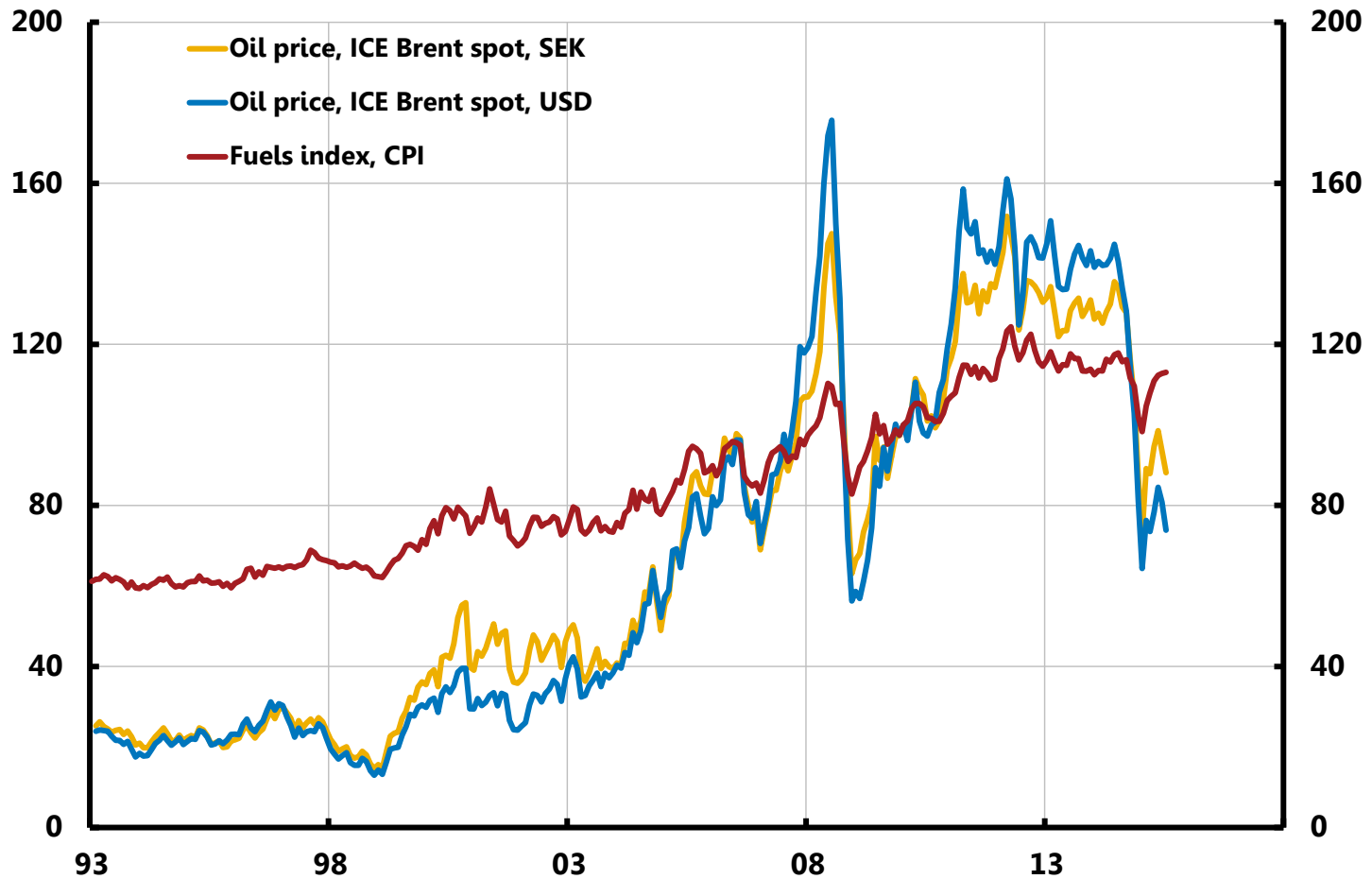


Annual percentage change, seasonally-adjusted data. KIX is an aggregate of the countries that are important to Sweden's international transactions.

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

The oil price has also fallen in SEK

Index 2010 = 100



Economic activity in Sweden strengthening

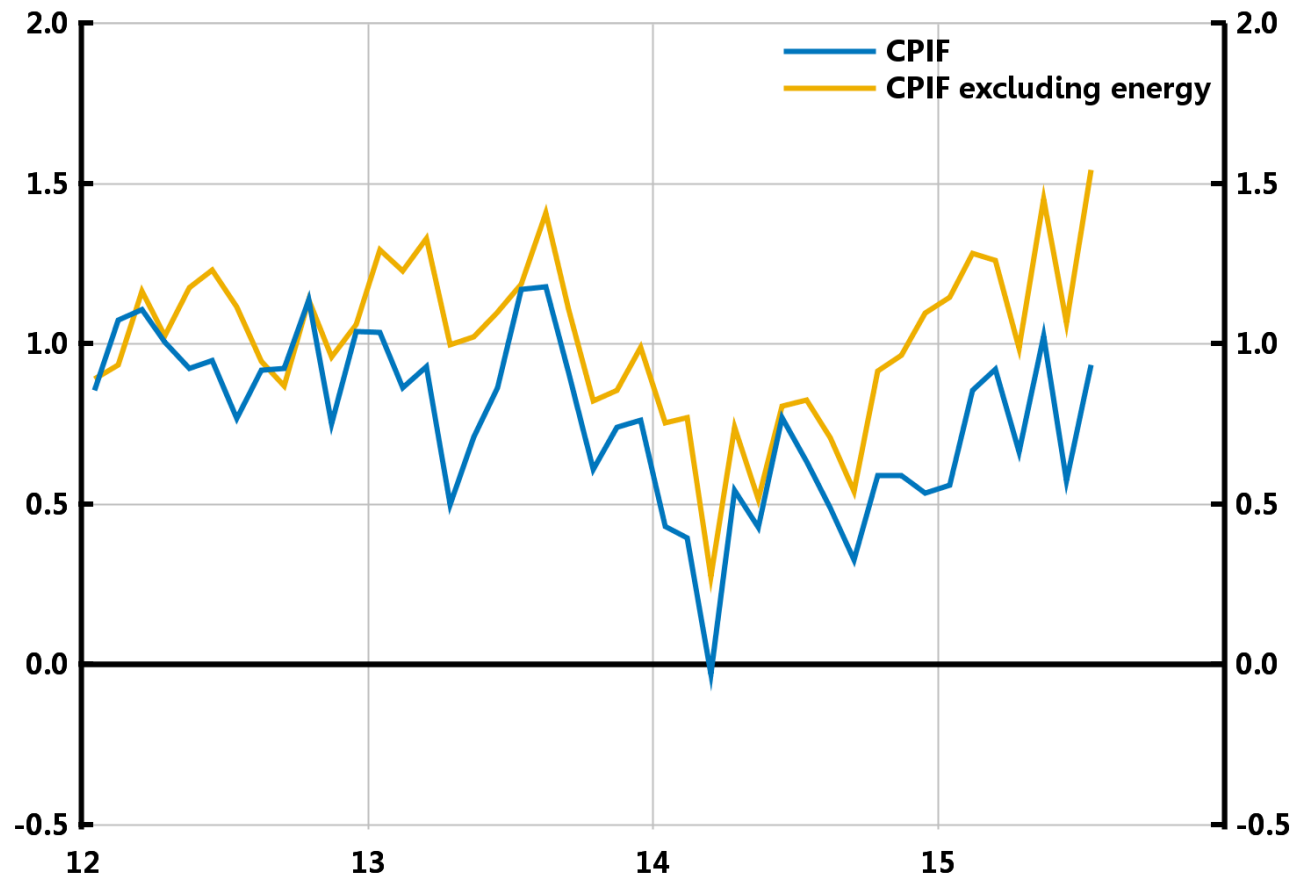
Stable GDP growth



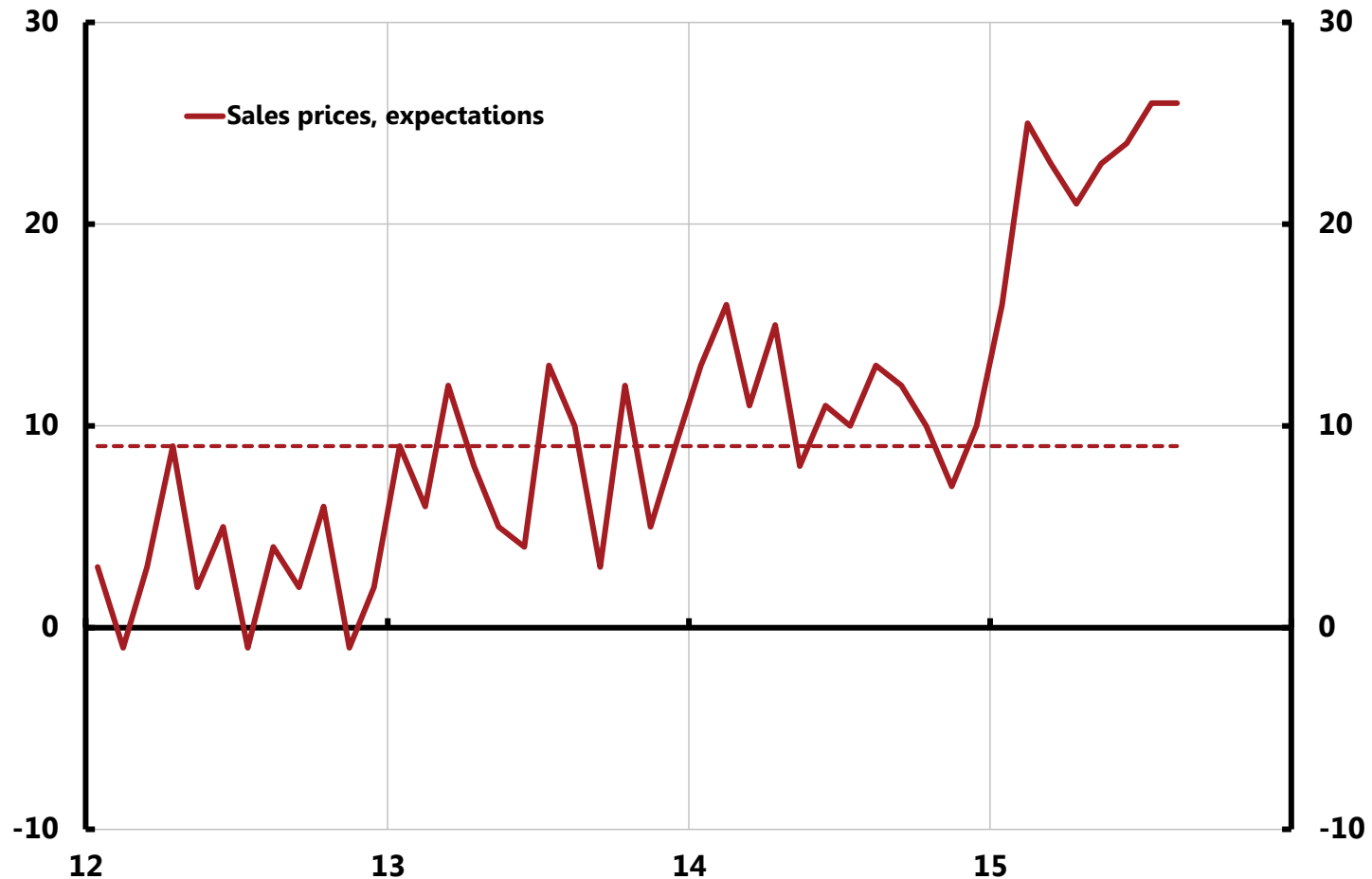
Labour market improving



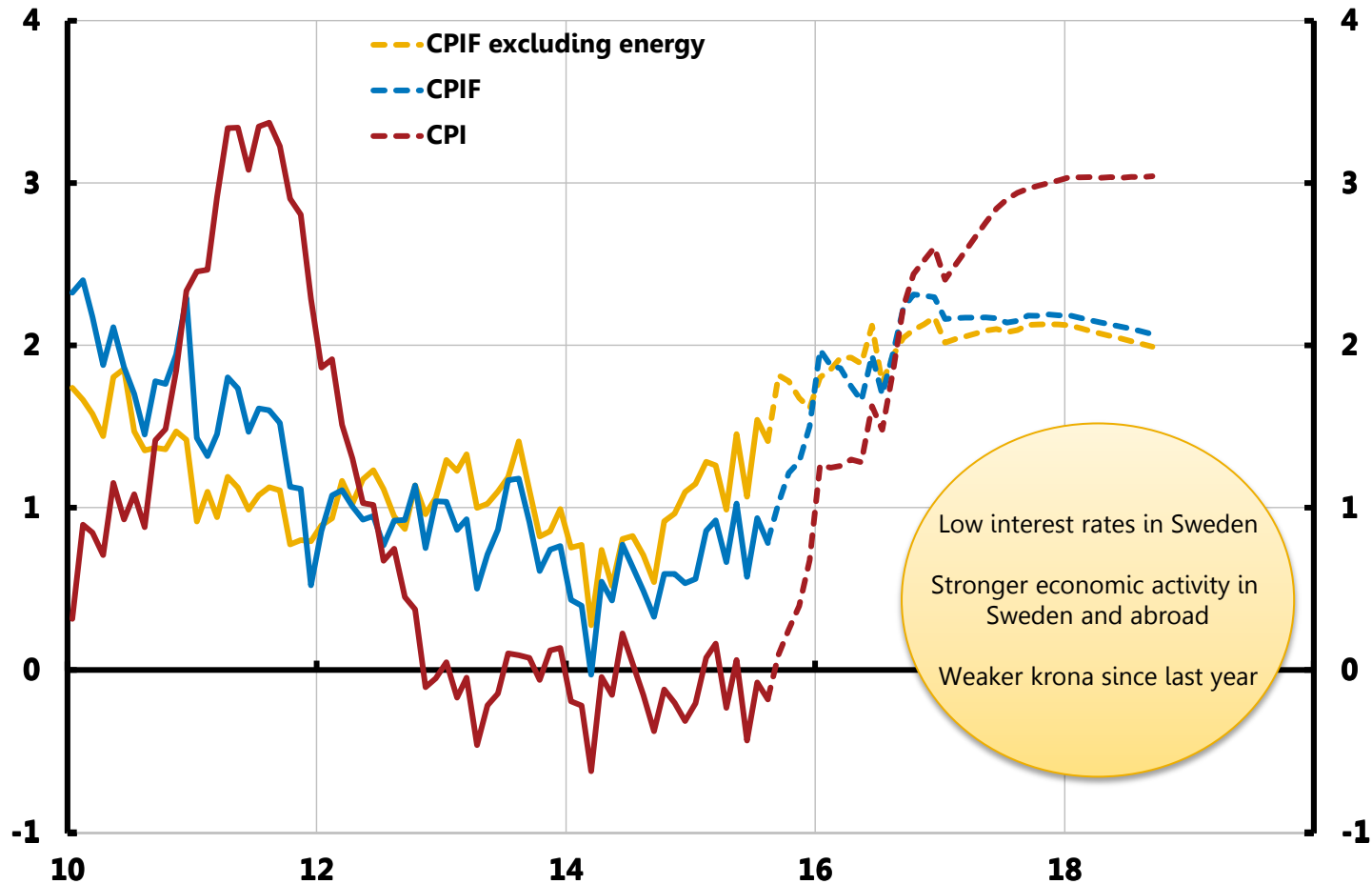
Monetary policy having an effect - inflation is rising



Companies expecting higher prices



Inflation rising towards the target

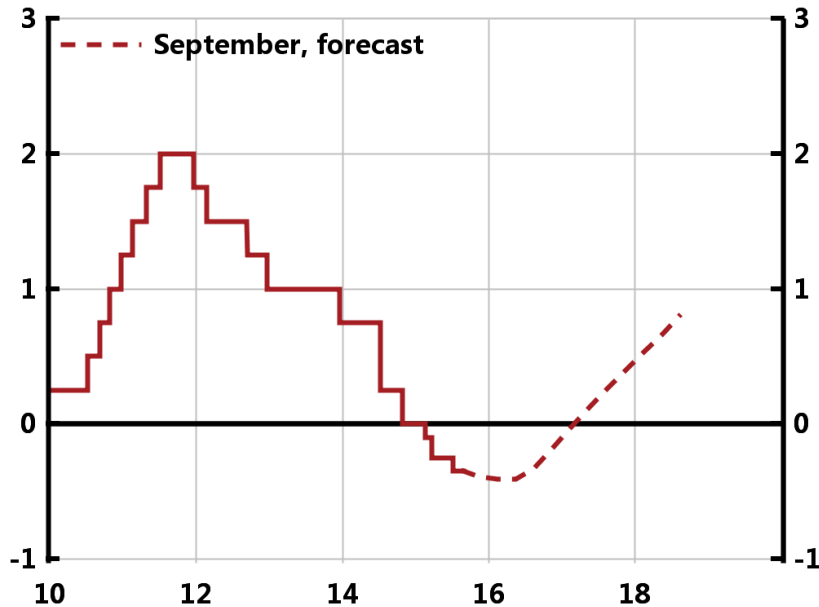


Annual percentage change. The CPIF is the CPI with a fixed mortgage rate.

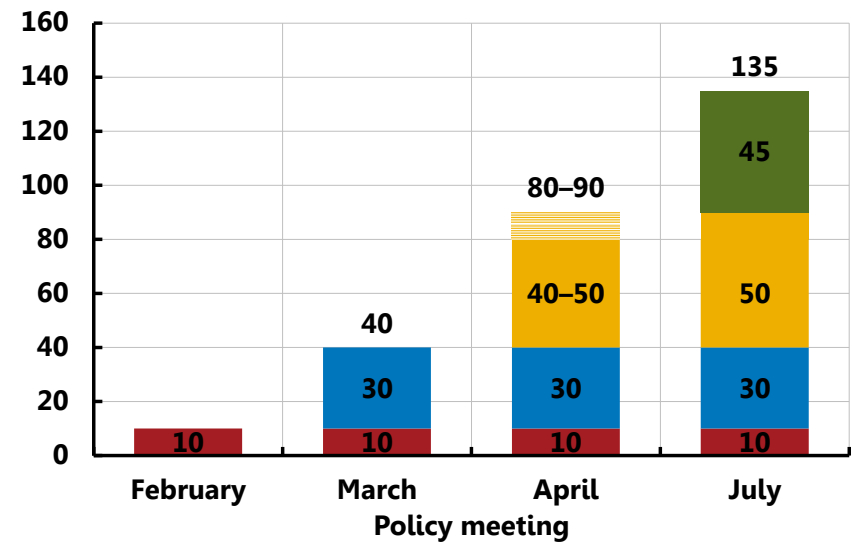
Sources: Statistics Sweden and the Riksbank

To ensure the trend of rising inflation continues

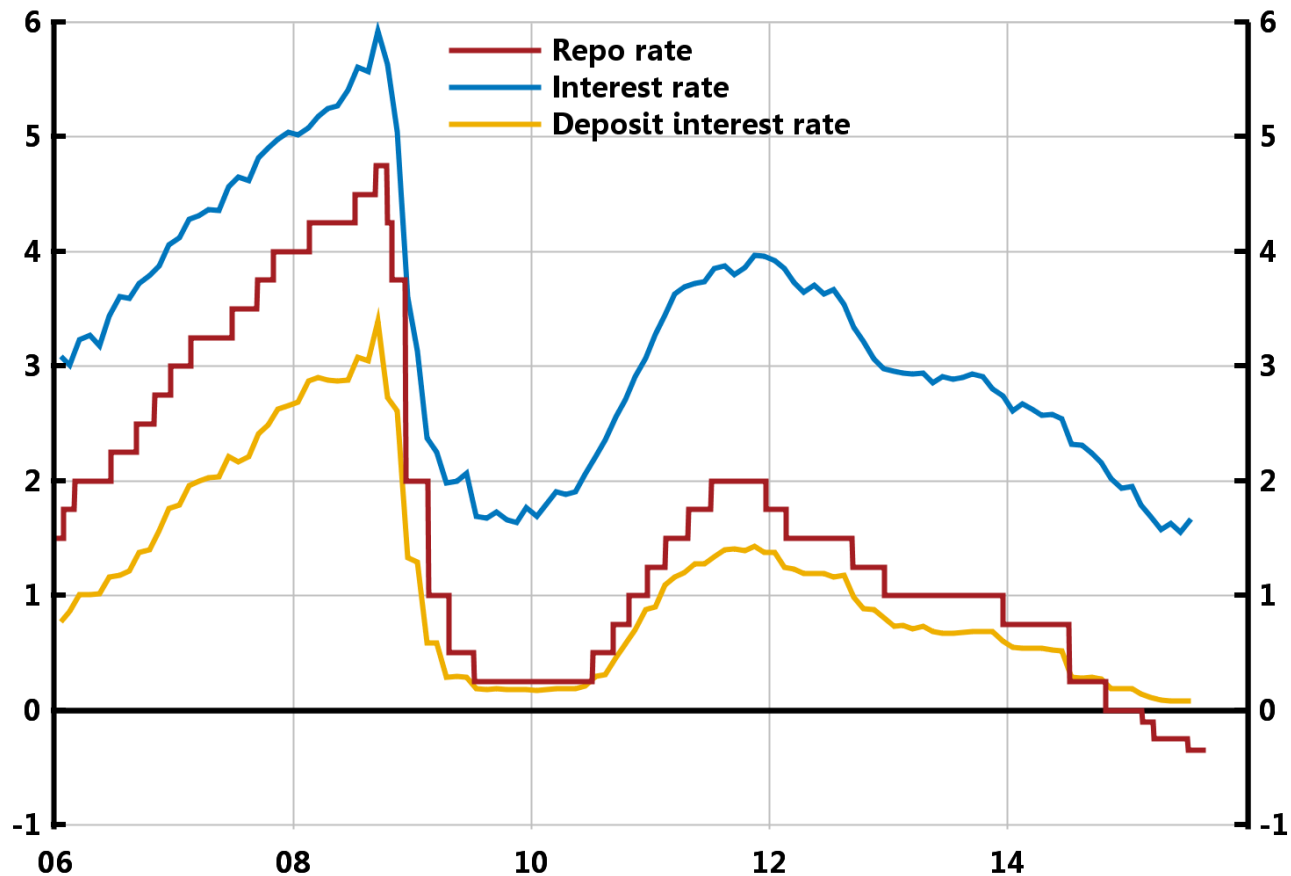
Very low repo rate



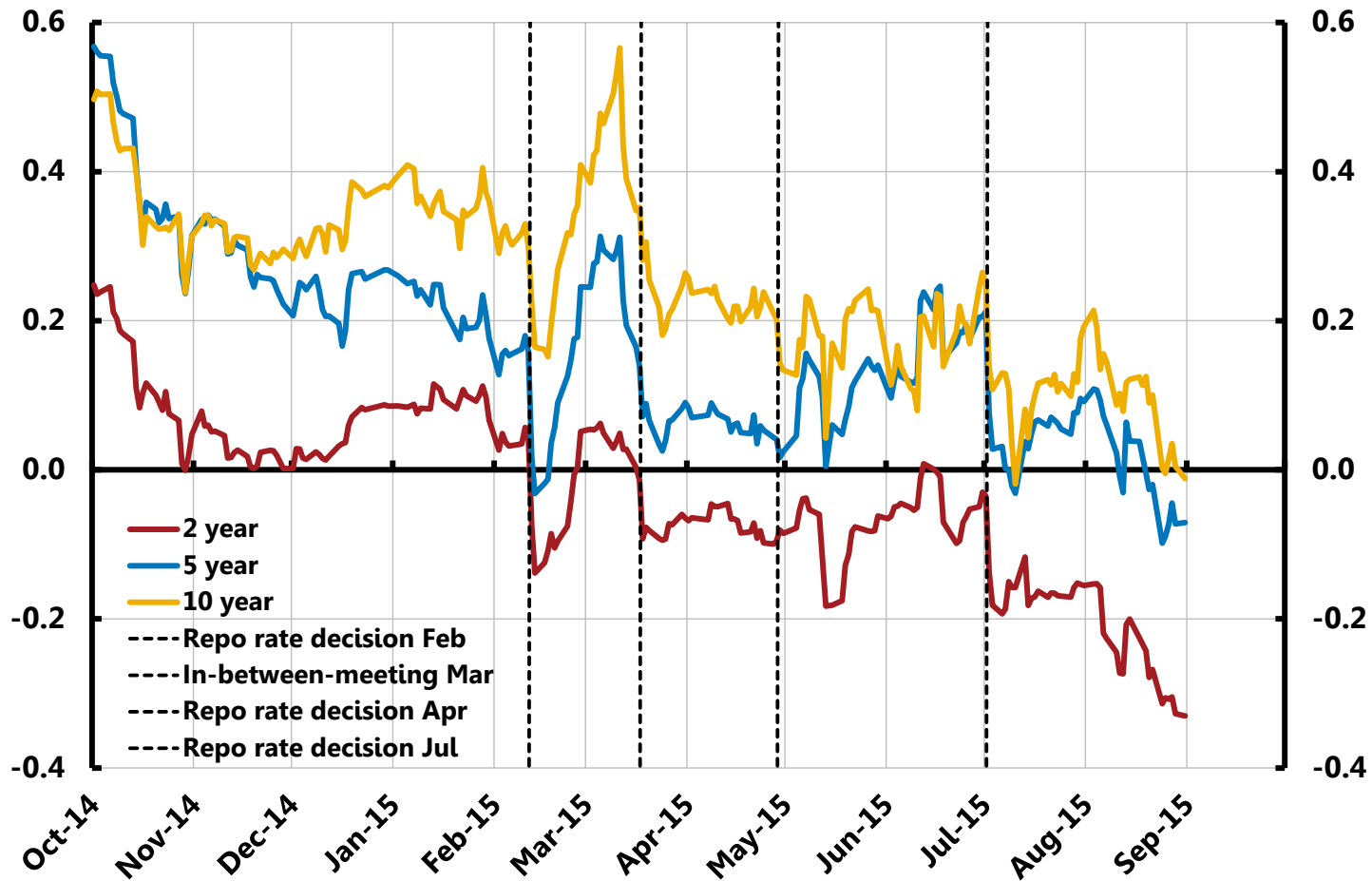
Purchases of government bonds



Lending rates follow the repo rate – The transmission mechanism is working



Monetary policy and global developments affect interest rate differentials



Interest rate differentials, Sweden and Germany. Zero coupon yields, per cent. The zero coupon yield has been estimated using the extended Nelson-Siegel method. Closing rates Monday 31 August.

Sources: Macrobond and the Riksbank

Risks to the rise in inflation

**Low inflation
for a long time**

How quickly will
inflation rise?

**Concerns in emerging
economies**

Fall in oil price

**Central banks
out of step**

Rapid appreciation of
the krona - a risk to the
rise in inflation

Continued high level of preparedness

- Important that the upward trend in inflation continues
- Ready to act even between ordinary meetings
 - Cut the repo rate
 - Buy more government bonds
 - Intervene on the foreign exchange market
 - Lend to companies via banks



The low interest rate is necessary

- The inflation target contributes to better economic development
- Not to change the target owing to where inflation is at the moment
- Low interest rates internationally
- Monetary policy having an effect - inflation is rising

But

- Low interest rates can lead to exaggerated risk-taking
 - The risks associated with household debt and the housing market
 - Other government agencies, the Riksdag and the Government have the tools - high time to use them!
-

Inflation is rising
Monetary policy providing necessary support
