



The Economic Situation

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2015-11-26

Deputy Governor Cecilia Skingsley

Agenda

- The Riksbank's tasks
- The economic situation and monetary policy



The Riksbank's tasks

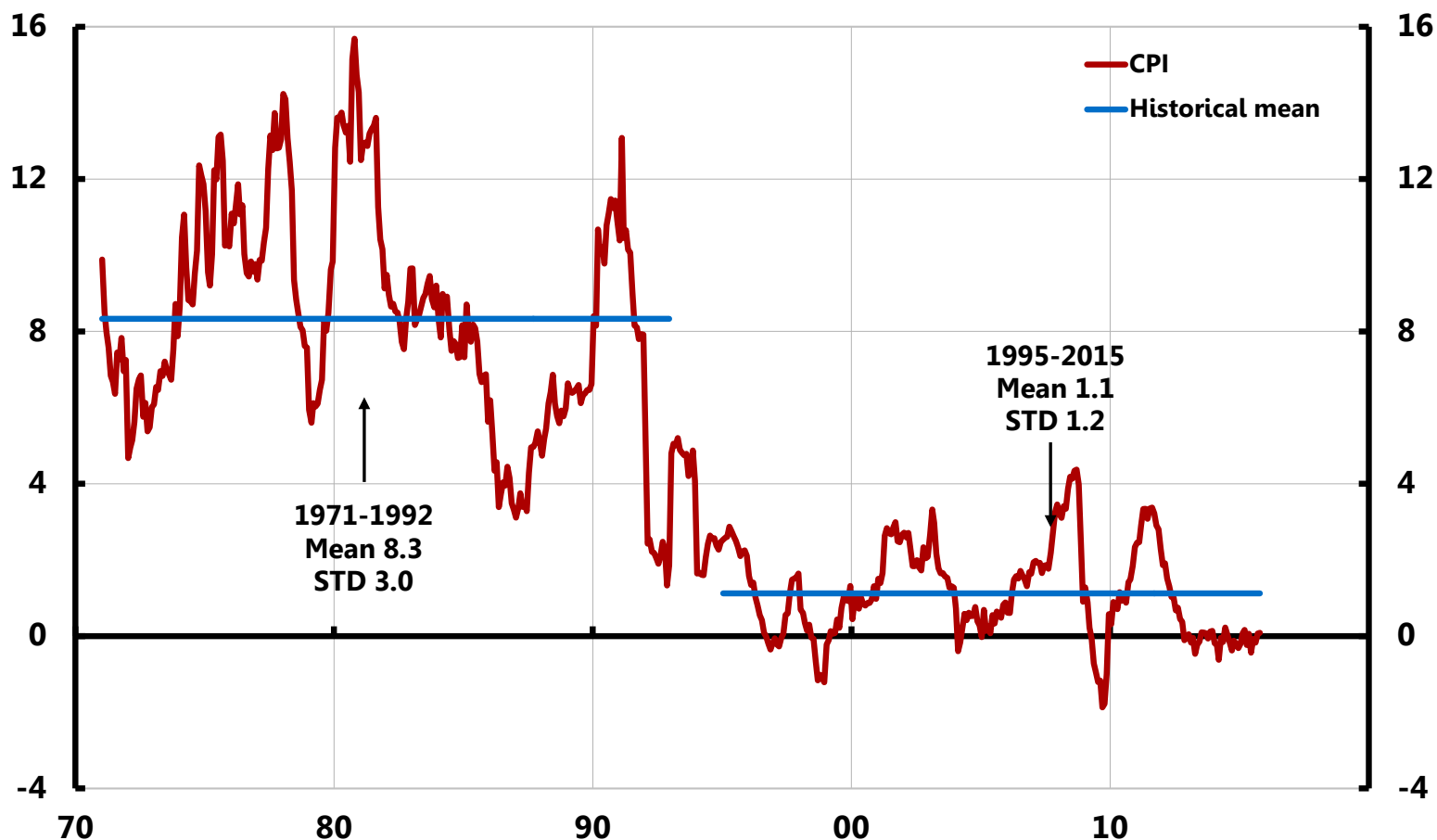


**Maintain
price stability**

**Promote a
safe and efficient
payment system**

Inflation lower and less variable after introduction of target

Annual percentage change

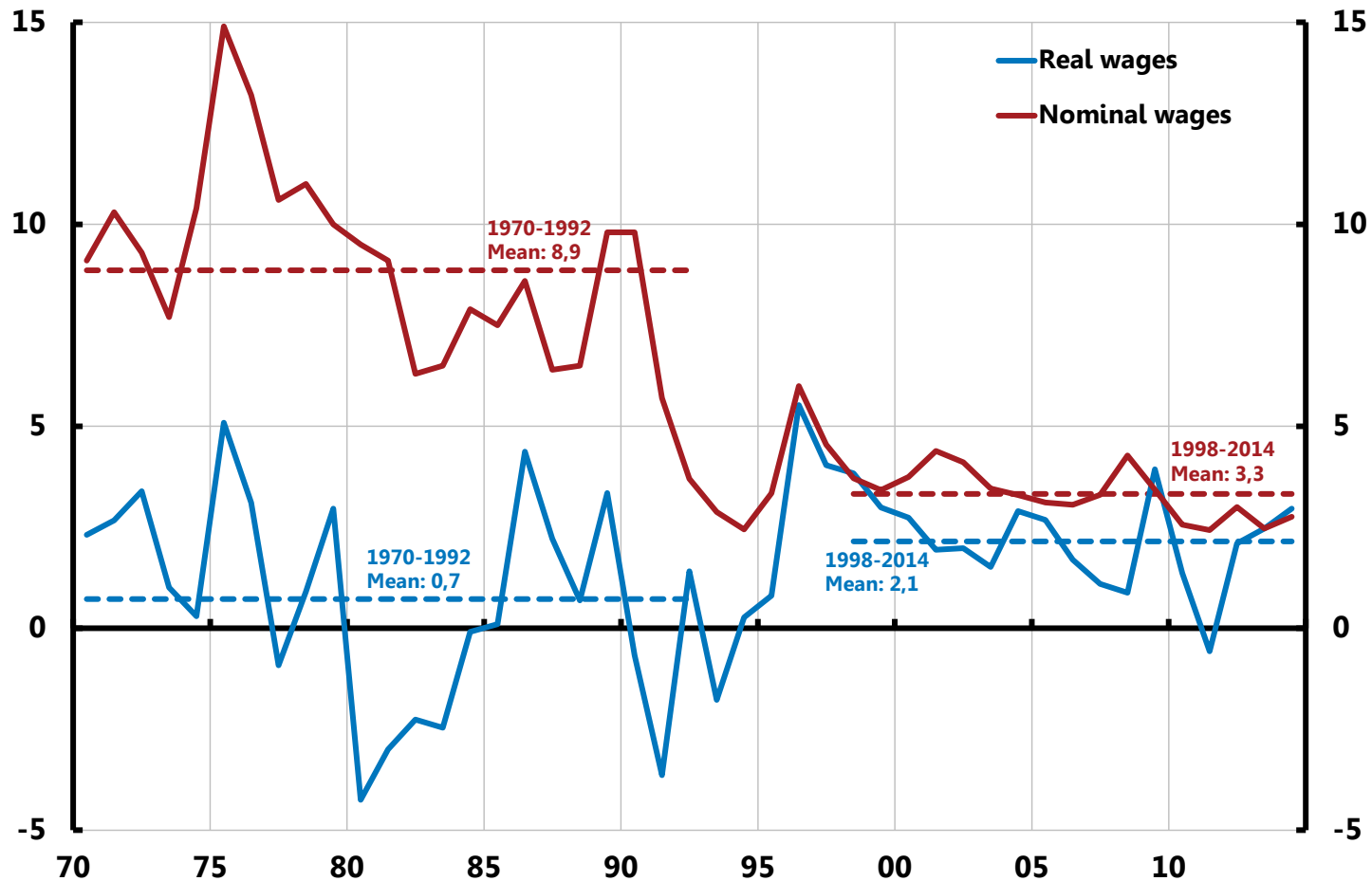


Note. CPI inflation does not refer to real-time data, but is calculated using the current method. The average for the period from 1995 is therefore two tenths of a percentage point lower than with real-time data.

Source: Statistics Sweden

Greater purchasing power and more stable wage formation

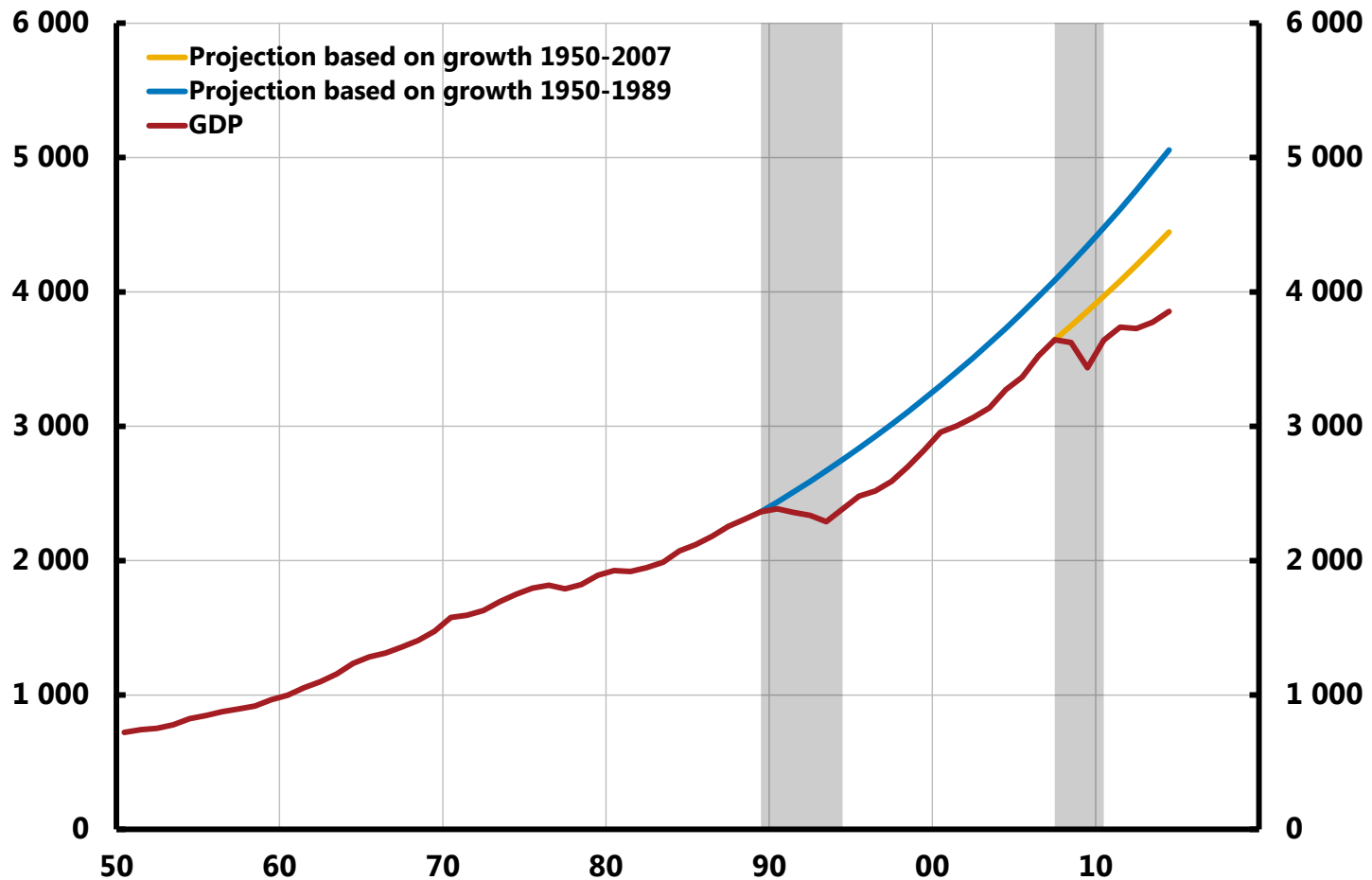
Annual percentage change



Note. According to short-term wage statistics after 1993 and wage structure statistics prior to 1993. Real wages are calculated as the difference between the annual percentage change in nominal wages and the annual percentage change in the CPI.

Sources: National Mediation Office and Statistics Sweden

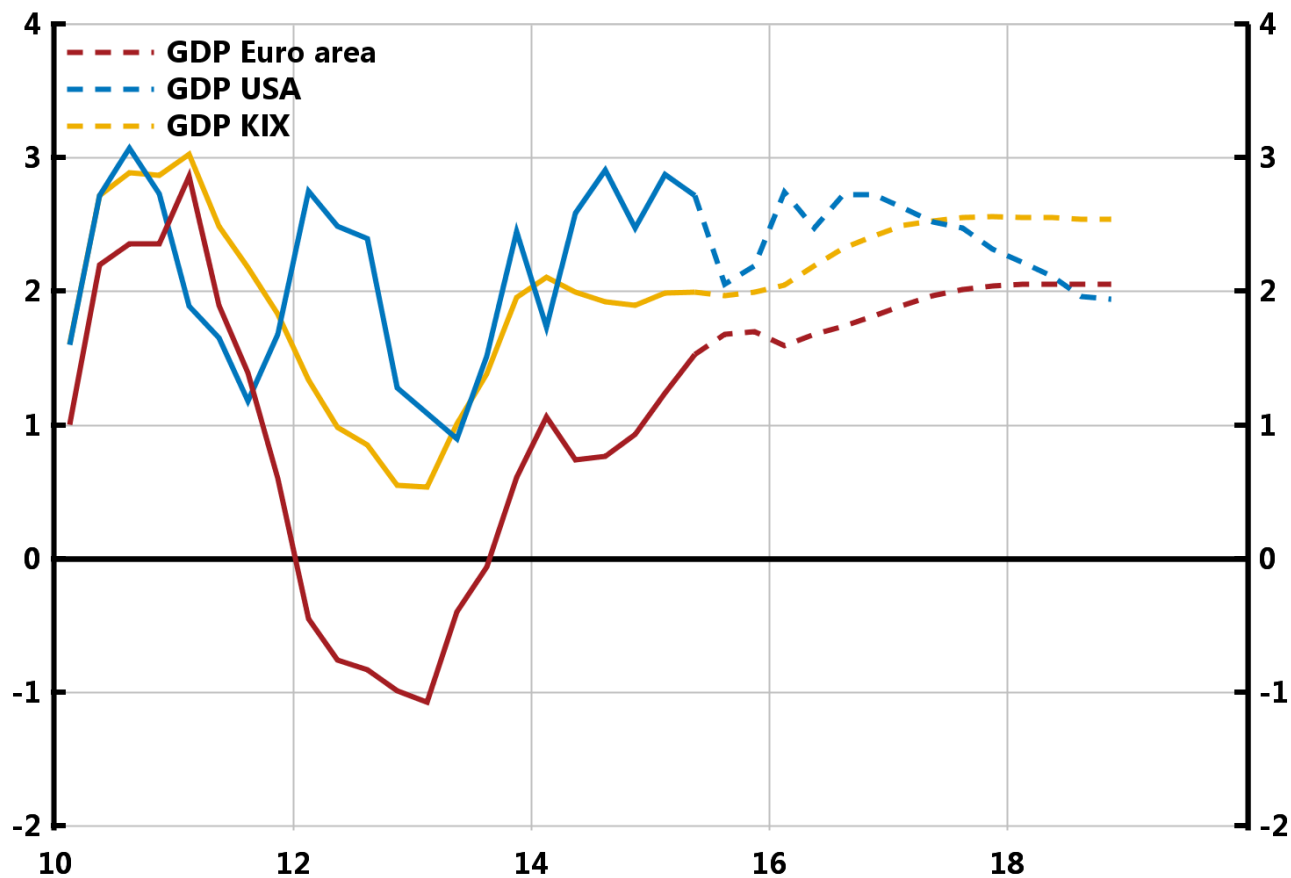
Financial crises are expensive!



Note. SEK billion. Development of Sweden's GDP before and after a financial crisis. The grey areas represent the 1990s crisis and the 2008-2009 financial crisis.

Sources: The National Institute of Economic Research and the Riksbank

The recovery abroad is continuing



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

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

Low interest rates are contributing to the relatively strong Swedish economy



Good GDP growth



Unemployment is falling



Note. Annual percentage change and percentage of labour force, 15–74 years, seasonally-adjusted data.

Sources: Statistics Sweden and the Riksbank

We need to take events in the rest of the world into account

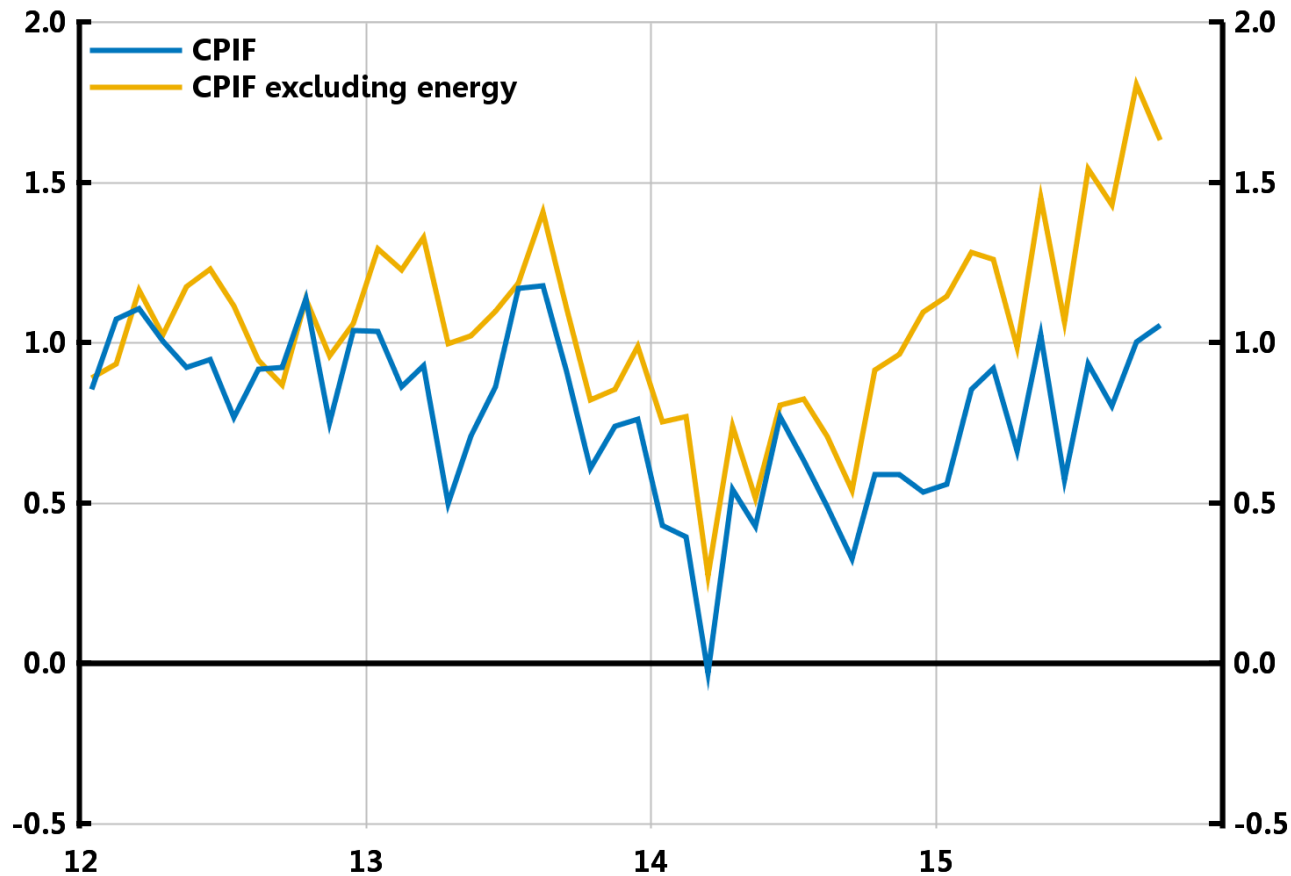


Monetary policy in other countries

Slowdown in China

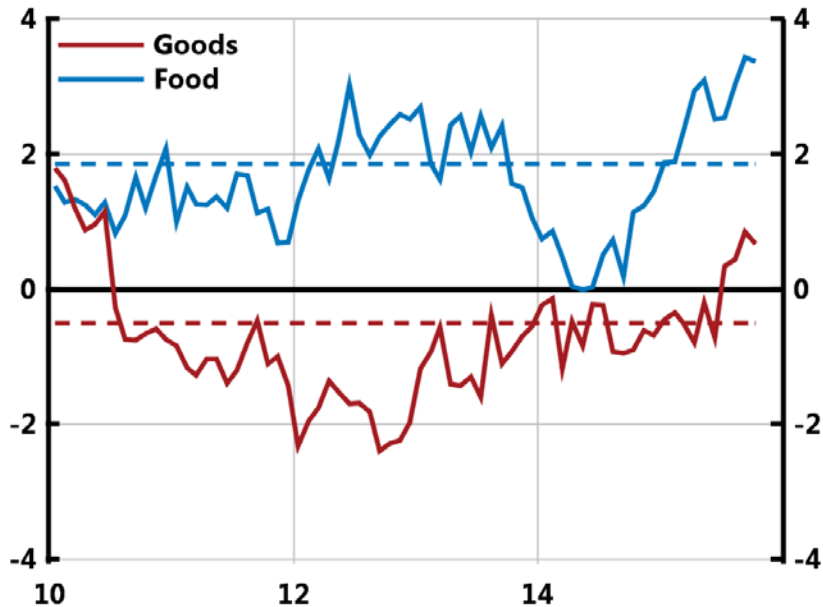
Concern about emerging market economies

Clear rise in inflation

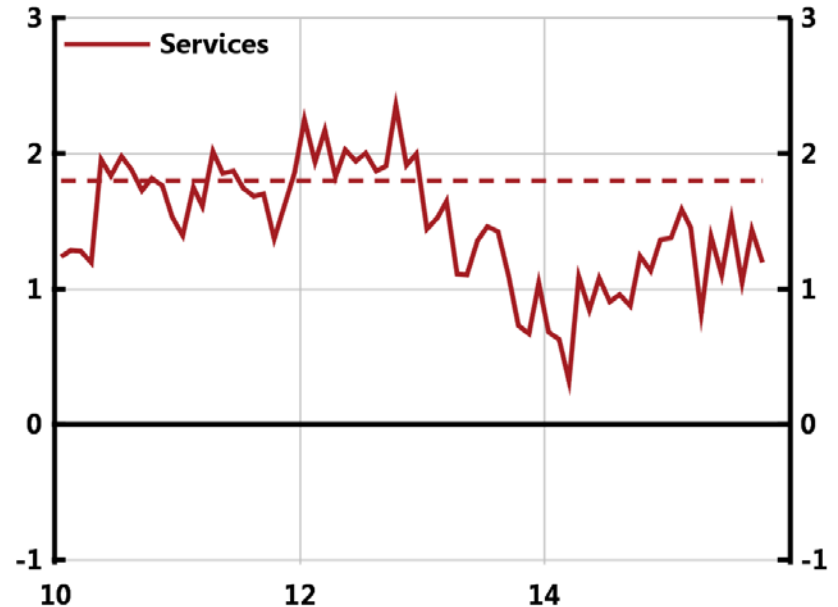


Upturn in inflation divided up

Clear in prices with more import content

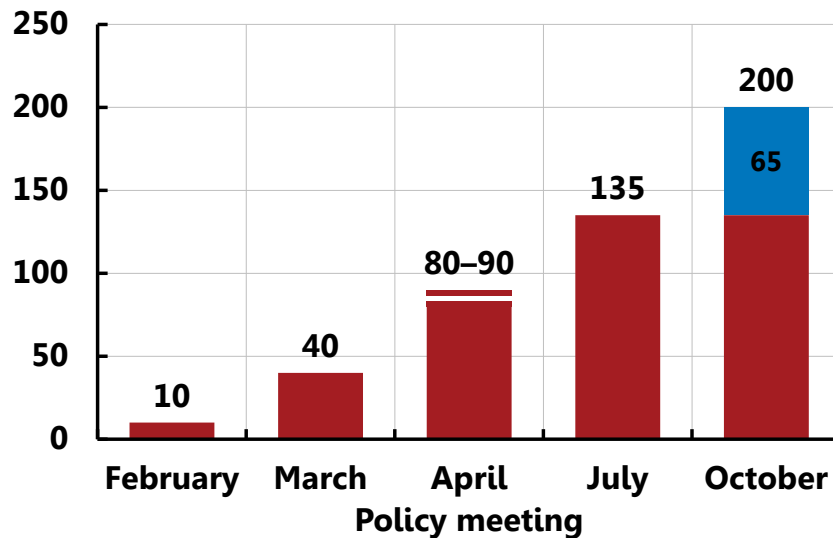


Cautious in more domestic prices

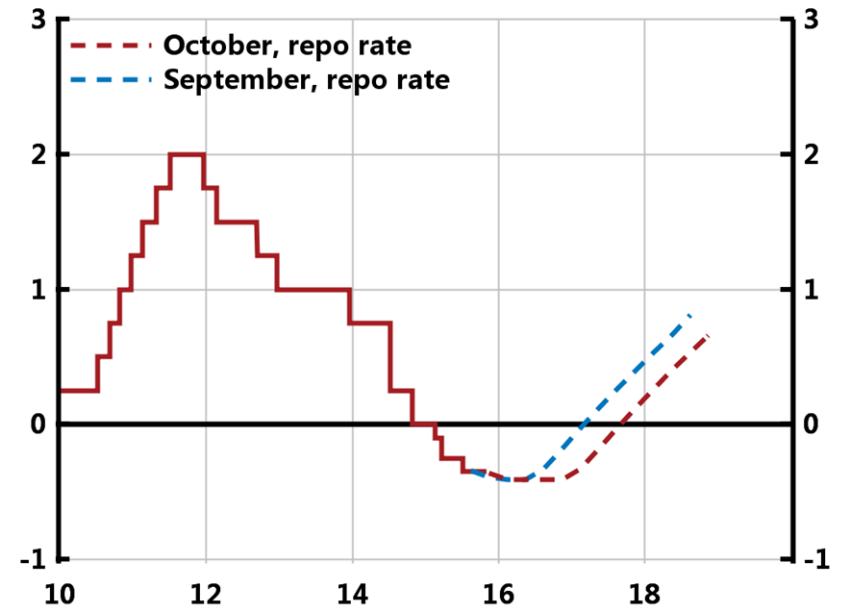


So that the positive trend continues

Extending purchases of government bonds

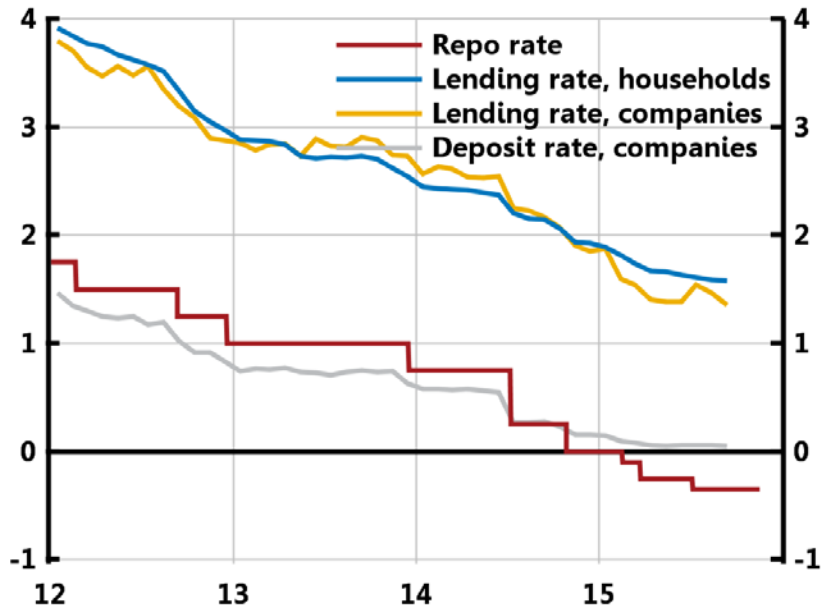


Deferring increases



Expansionary monetary policy having an effect in different ways

Lending rates have fallen



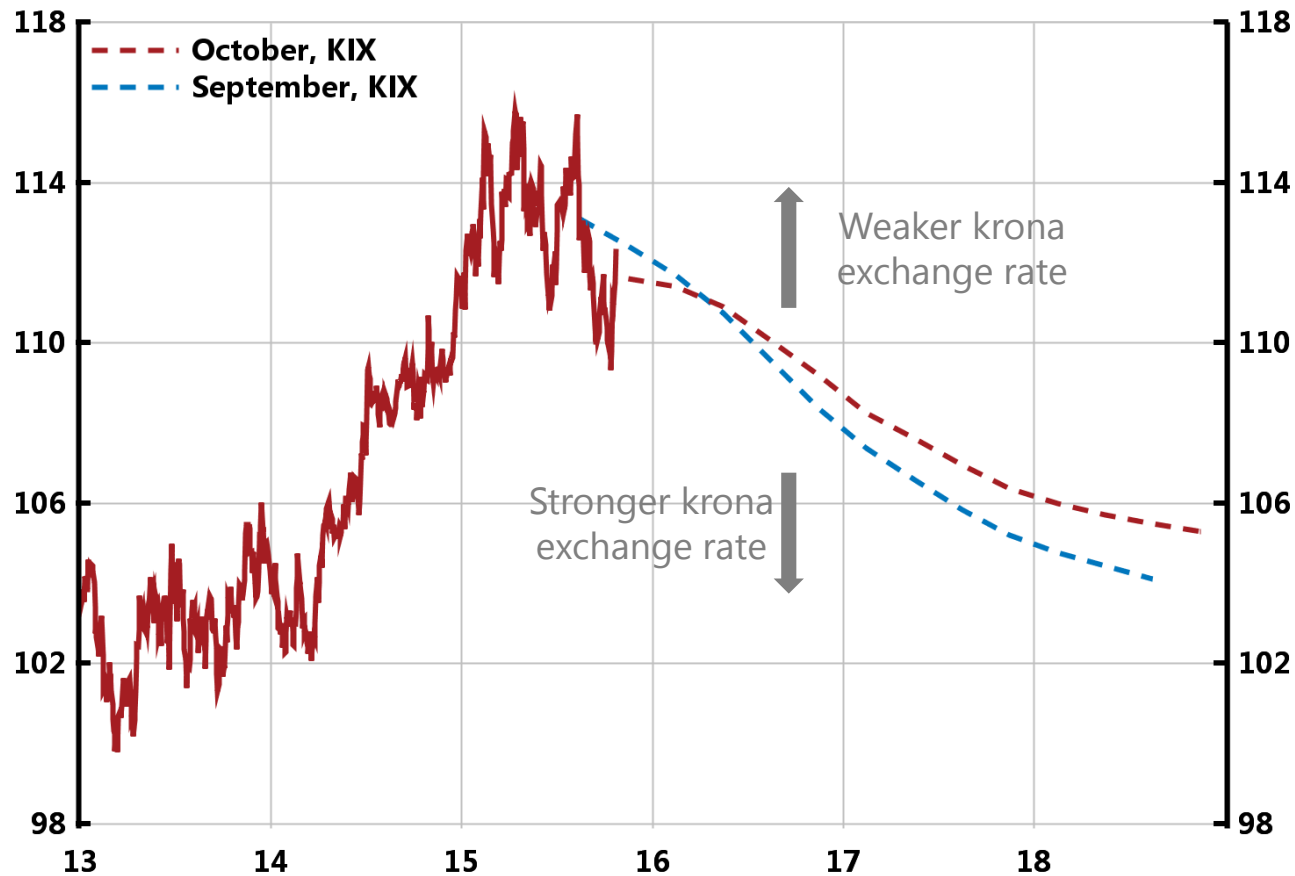
The Swedish krona has weakened



Note. Lending and deposit rates are in per cent. KIX is an aggregate of the countries that are important to Sweden's international transactions. Index, 18 Nov 1992 = 100.

Sources: Statistics Sweden and the Riksbank

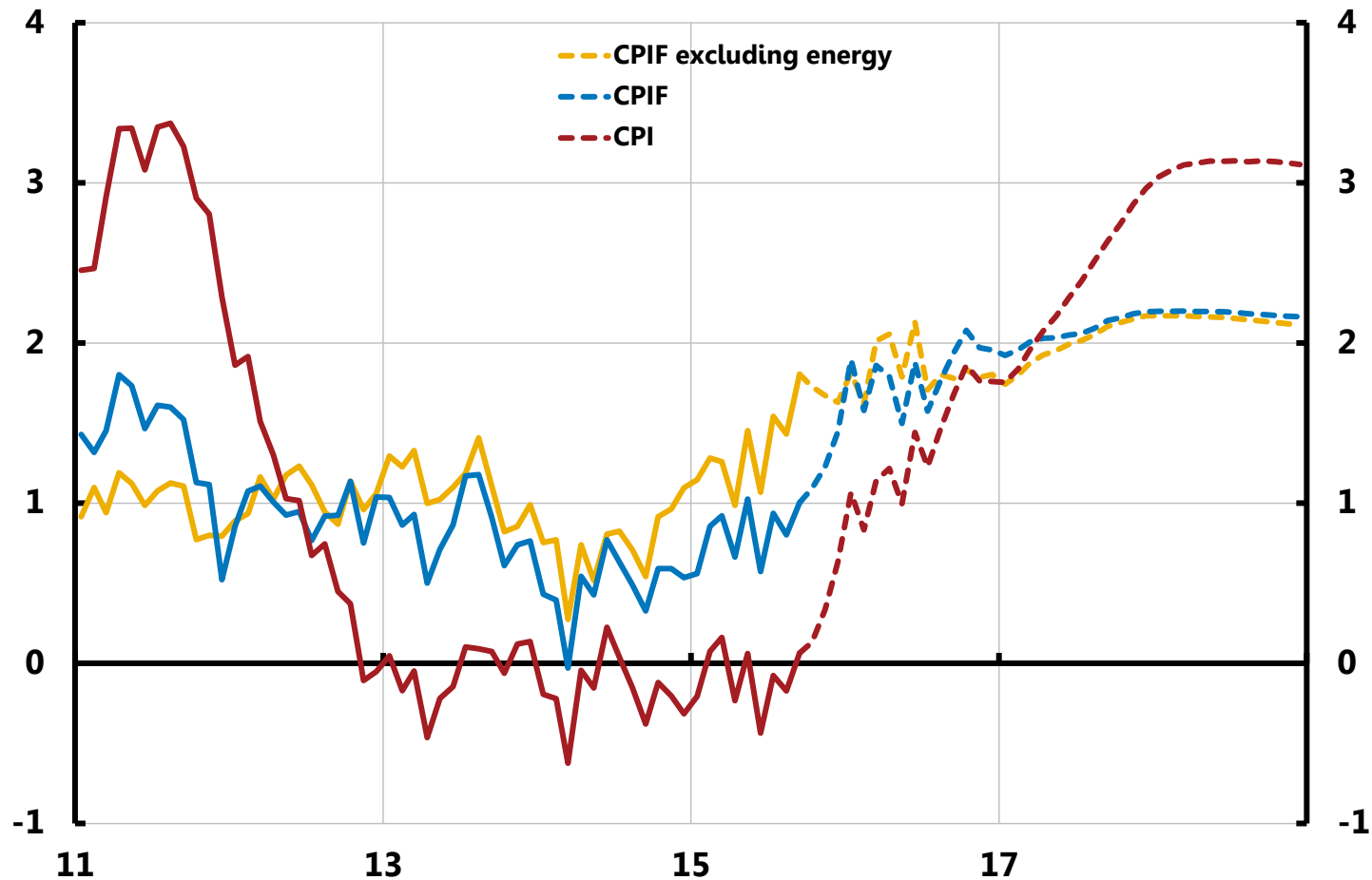
The krona important for the upturn in inflation



Note. Outcomes are daily data and forecasts refer to quarterly averages. The KIX is an aggregate of the countries that are important for Sweden's international transactions.

Source: The Riksbank

Inflation rising towards the target



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

Sources: Statistics Sweden and the Riksbank

The low interest rate is necessary

- The inflation target is worth defending
 - Stable expectations have created the conditions for favourable economic development
 - The Riksbank has the task and the tools to influence inflation
 - The risks of low interest rates
 - Low level of interest rates in Sweden and abroad can lead to excessive risk-taking
 - The housing market and high household indebtedness – measures urgently required
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