



PRESS RELEASE

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■ Sveriges Riksbank Economic Review 2004:3

The Riksbank's quarterly journal *Economic Review* contains articles on subjects related to central banking. This year's third issue is published today and contains three articles:

How should the Riksbank's financial stability work develop?

The Riksbank has been an innovator among central banks with regard to financial stability issues; it was the first to publish a separate financial stability review in 1997. In addition, the Riksbank has been at the forefront of putting in place procedures to deal with a crisis. Now that these innovations are well established, it seems an opportune time to ask how the Riksbank's financial stability work should develop going forward.

In their report "Assessment of the Riksbank's Work on Financial Stability Issues", presented at the Riksbank on 26 August, Frank Allen, University of Pennsylvania; Lennart Francke, Svenska Handelsbanken; and Mark W. Swinburne, the International Monetary Fund, make ten recommendations for improvements regarding the Riksbank's work on financial stability.

Cash-supply efficiency

Since the 1980s the structure of the cash supply in Sweden has changed in several respects. Early in 2004 the Riksbank gave a project group the task of drafting principles for the nature of the Riksbank's role in supplying cash and of proposing how the Bank can influence the conditions for enhancing other aspects of the cash market's efficiency. Sonja Daltung, adviser at the Riksbank's Research Division, and Mithra Ericson, economist at the Riksbank's General Secretariat, discuss in their article how the supply of cash should be organised and what role the Riksbank should have in ensuring an efficient cash supply.



■ Inflation and relative-price changes in the Swedish economy

Shocks to diverse markets cause some prices to rise and others to fall. If all prices were perfectly flexible, such price movements would largely cancel each other out. If it entails costs, price adjustments will occur quickly only in the event of large shocks. The positively skewed distribution of relative-price changes then results in a temporary increase in inflation. This explains a large part of the short-run fluctuations in inflation in Sweden over the past quarter-century, writes Bengt Assarsson, economist at the Riksbank's Monetary Policy Department and at the Department of Economics at Uppsala University.

The journal can be downloaded as a PDF file from the Riksbank's website by clicking on the links Published/Publications/Economic Review, where it is also possible to order single copies and/or to subscribe to the journal. *Economic Review* can also be ordered by e-mail, forradet@riksbank.se or fax +46 8 787 05 26.