

# PRESS RELEASE



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## ■ Sveriges Riksbank Economic Review 2005:2

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

### **Thoughts on how to develop the Riksbank's monetary policy work**

"Most people would agree that inflation-targeting has worked well. Nevertheless there is always good reason to consider how monetary policy can be developed and improved", says Governor Lars Heikensten. In his article he provides a fundamental discussion of the Riksbank's monetary policy framework, its monetary policy analysis and the possibilities to improve the material underpinning the Bank's decisions. The newly undertaken changes to the Riksbank's methods are also described. It should, however, be stressed that this is not a question of changing the Bank's monetary policy strategy.

### **Basel II – the new framework for bank capital**

On 1 January 2007 the new framework governing banks' capital requirements, Basel II, will come into force in Sweden and the other EU countries. "A lot of descriptive and analytical material has already been written on the technical aspects of Basel II, but the introduction of Basel II will have noticeable effects even for those of us who are not risk experts," says Göran Lind, adviser to the Executive Board of the Riksbank. In his article, Mr Lind provides a short guide to the main issues in the new framework.

### **Monetary policy expectations and forward premia**

"Monetary policy expectations – the market's expectations regarding the future level of the repo rate – can be measured in various ways. One is to use survey data; another approach is to use the rates for treasury paper to calculate the forward interest rate curve. As the different measures have their particular advantages and drawbacks, there is something to be said for combining them." That is concluded in this article by Jan Alsterlind and Hans Dillén, both of whom work at the Riksbank's Monetary Policy Department.

## ■ **The Riksbank's management of interest rates – monetary policy in practice**

How does the Riksbank steer interest rates? In this article, Annika Otz, economist at the Riksbank's Market Operations Department, describes how the Riksbank's monetary policy is implemented in practice. The article also clarifies the connection between the steering of interest rates and the Riksbank's payment system.

The journal is available as a PDF-file on the Riksbank's website ([www.riksbank.se](http://www.riksbank.se), under the links Published/Publications). It can also be ordered by e-mail ([forradet@riksbank.se](mailto:forradet@riksbank.se)), fax (+46 8 787 05 26) or telephone (+46 8 787 00 00).

The Swedish version *Penning- och valutapolitik* was published on the website on 16 June and can also be ordered as above.