



# PRESS RELEASE

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## ■ Economic Review no. 1 2007

The Riksbank's journal Economic Review discusses subjects related to central banking. This year's first issue is published today and contains five articles:

### **Using international sound practices as a basis for banking reforms**

*Stefan Ingves and Göran Lind*

Many countries have already completed or are today in a transition from a thoroughly regulated financial system to one based on market principles. In the article, the authors describe some of the international sound practices that should be the foundation for financial reforms, in particular in the banking sector. The authors also discuss successful as well as some less successful experiences of countries in reforming their banking systems.

### **The role of academics in monetary policy: a study of Swedish inflation targeting**

*Mikael Apel, Lars Heikensten and Per Jansson*

The way in which monetary policy is conducted has changed considerably in recent decades. The process can be divided into two phases. The first involved changes in the general formation of policy (a change of regime), whereby low and stable inflation was given higher priority than before and central banks were made more independent. The second phase involved changes that in various respects resulted in further developments of the new regime. Starting from experience of the Swedish inflation-targeting regime, this article describes the role academic research has played for the way in which monetary policy is currently formed. The article also presents a picture of the interplay between researchers and practitioners in the course of this process of change.

### **Globalisation's effects on Sweden's labour market**

*Eleni Savvidou*

In the light of empirical research, this article looks at ways in which increased globalisation have affected Sweden's labour market. The effects on labour demand are of particular interest. Globalisation is discussed from three perspectives:



foreign trade, capital mobility in terms of direct investment, and cross-border labour mobility. The results of the empirical survey indicate that globalisation has not yet had any sizeable effects on labour demand in Sweden.

### **The Riksbank's new indicator procedures**

*Michael K. Andersson and Mårten Löv*

In the context of forecasting and analysis, central banks around the world have become increasingly interested in the use of formal models, both structural macro models and time series models. The Riksbank uses both these types of model in forecasting work, together with traditional expert assessments. This article aims to describe the latter type of model. Besides reviewing alternative model procedures, it presents an evaluation of forecasts. The results suggest that the indicator approaches presented here can contribute to forecasts that are more precise than those which are obtainable with simpler model specifications.

### **Inflation target remains, but methods can be further developed**

*The consultations response regarding the report of Giavazzi/Mishkin*

Both the Executive Board and the General Council are presenting their views on the report "An Evaluation of Swedish Monetary Policy between 1995 and 2005".

The journal is available as a PDF file on the Riksbank's website under the heading Published/Publications/Reports/Economic Review. It can also be ordered by e-mail, [forradet@riksbank.se](mailto:forradet@riksbank.se), fax +46-8-7870526 or telephone +46-8-7870000.