



# Memorandum

DATE: 6 September 2007  
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## ■ Proposal for a decision to change the number of monetary policy meetings and to publish the Riksbank's own interest rate forecasts

### 1. Publication of forecasts at each monetary policy meeting

When the Riksbank began to publish its own forecast for the repo rate in February 2007, the question arose as to how often this and other forecasts would be published. At present an explicit interest rate forecast is published three times a year in connection with the publication of the Riksbank's Monetary Policy Report. In addition to this, there is a qualitative discussion of the previous forecast on four occasions. This is when the Executive Board holds a monetary policy meeting but only publishes a press release.

The Riksbank aims to be as open and clear as possible and to meet the assessed needs for communication. One means of improving communication and supplying the need for further information is to publish forecasts for the repo rate path at all monetary policy meetings. It would also be appropriate to publish forecasts for some key variables, such as CPI, UN1X, GDP and employment, to explain the forecast for the repo rate path. Our assessment is that publishing these forecasts after each monetary policy meeting will make monetary policy more transparent. It will thus facilitate and improve communication.

### 2. Fewer ordinary monetary policy meetings a year

If the Riksbank publishes forecasts at each monetary policy meeting the question will arise as to how often forecasts should be made and thus how many times a year monetary policy meetings should be held. When determining the number of monetary policy meetings, one must take into account the value of new information and the amount of resources required. As the Riksbank does not usually give monetary policy messages at other times than immediately after the monetary policy meetings, the general public's need for information regarding monetary policy prospects must be considered.

The most important macro statistics are published quarterly but a lot of information is published monthly. The monthly statistics often show substantial variations and are in some cases subject to significant measurement errors. Moreover, several monthly

■ observations are often required for variables such as, for instance, inflation and employment before it is possible to detect an early break in trend. This indicates that new forecasts should not be made too often. At the same time, there is a need to hold monetary policy meetings sufficiently often to make it possible to conduct well-balanced monetary policy. Consideration should also be given to the fact that information on the Riksbank's views on economic developments should be provided to the general public on a regular basis.

Given this, the proposal put forward is to hold six ordinary monetary policy meetings a year. These should be evenly spread over the year. Giving consideration to the times when important new information is published, it is currently considered most appropriate to plan to hold these meetings in February, April, June, August, October and December. The proposal means that the Riksbank will continue to publish three Monetary Policy Reports a year, most appropriately in February, June and October.

Seen from an international perspective, this is a fairly small number of meetings. However, as a number of forecasts will be published at each monetary policy meeting, the assessment is that the flow of information from the Riksbank will nevertheless be considerable in comparison with that from other central banks.

### **3. Proposed decision:**

The proposed decision by the Executive Board is:

- to hold six ordinary monetary policy meetings a year,
- to continue to publish a Monetary Policy Report in connection with three of these,
- to publish forecasts for the repo rate and a small number of other key variables in connection with the other three meetings,
- and that these changes will apply with effect from December 2007.