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■ The Riksbank to phase out the CPIX inflation measure

"Our target variable is the CPI. We want to be clear about this. Our strategy and our inflation target stand firm. Over the years, another measure of inflation, the CPIX, has played a prominent role alongside the CPI. The Riksbank has previously assumed that the CPI and the CPIX will converge in the long-term. We no longer believe that this will be the case. The CPIX will be phased out, but this will not have a tangible effect on future interest rate decisions." These comments were made by Deputy Governor Barbro Wickman-Parak in a speech held at Swedbank today.

The way we communicate our policy and the various measures of inflation that we use in our analyses have changed over time. The focus has often been on the measure that we refer to as the CPIX. The CPIX excludes mortgage interest expenditure and effects of indirect taxes and subsidies from the CPI. It has been an important instrument, above all for analysing and illustrating the direct effects of our interest rate changes on inflation. The CPIX has therefore had a special status compared to other alternative measures of inflation. This will not be the case in the future.

The Riksbank has previously assumed that the CPI and the CPIX will converge in the long term. Ensuring that the rate of increase in the CPIX is reasonably close to 2 per cent has therefore meant ensuring that the same applies to the rate of increase in the CPI, the Riksbank's target variable. This has changed. The Riksbank now anticipates that there will be a lasting difference between the rate of increase in the CPI and in the CPIX. This is mainly because the sharp rise in house prices in recent years will affect mortgage interest expenditure for a long time to come. The CPIX will therefore be phased out.

"We will continue to use different measures to illustrate what drives the development of inflation at different times, including the direct effects of our own interest rate changes. But the focus will be on our target variable, the CPI. This change will hopefully lead to greater clarity in the way we conduct monetary policy," concluded Barbro Wickman-Parak.