



# PRESS RELEASE

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## ■ Some reflections on the current situation

*"At the latest monetary policy meeting the Executive Board agreed on a great deal – that economic activity is weakening, that inflation is declining and that it will be possible to reduce the interest rate in the period ahead. But we made different assessments of the strength of the processes and of how much monetary policy must help to reduce inflation," said Barbro Wickman-Parak in a speech at Handelsbanken today.*

"The conclusion I came to was that inflation in the period ahead will move towards the target at a satisfactory rate without the need to increase the interest rate. I therefore voted to leave the repo rate unchanged. Nor did I support the repo rate path presented in the Monetary Policy Update. The force of the economic downswing may easily make it necessary to reduce the interest rate more than is indicated in the interest rate path.

Since we made our interest rate decision a lot of statistics have been published. The revised GDP figures, for example, confirm that there has been a downturn in the rate of growth and this supports the picture that could be discerned already at the time of the monetary policy meeting.

Now let me say a few words about events over the last few days. A new wave of unrest is sweeping over the financial markets. It will take time for the uncertainty to abate and for the situation to stabilise.

The Riksbank's assessment is, however, that the unrest on the Swedish financial markets is not affecting financial stability. The Swedish banks have made very good profits in recent years and are financially robust. However, if the banks were to experience liquidity problems that could threaten financial stability we are ready to take measures to provide liquidity assistance."