



# PRESS RELEASE

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## ■ Repo rate left unchanged at 2 per cent

*At its meeting on Wednesday, 28 April, the Executive Board of the Riksbank decided to leave the repo rate unchanged at 2 per cent. This decision, which will apply from Wednesday, 5 May, is based on the picture of inflation prospects presented in the Riksbank's March Inflation Report and on an assessment of the economic data received since then.*

Economic activity in the United States and the euro area is developing on the whole largely in line with the assessment in the March Inflation Report. In other parts of the world, growth appears to be somewhat more robust than previously assumed. In the years ahead growth in the world economy and thereby also in Swedish export markets is expected to be in line with the forecasts in the Inflation Report.

After a mild economic downturn the recovery in the Swedish economy has proceeded largely as expected. This year somewhat stronger international demand points to slightly higher exports. Domestic demand can be expected to increase somewhat faster as well due to the most recent repo rate cut of 0.5 percentage points. The Government's Spring Fiscal Policy Bill includes proposals that are judged also to stimulate demand during the forecast period. Despite this, labour market conditions are anticipated to be somewhat weaker than the forecast in the Inflation Report. In all, GDP growth in the years ahead is expected on average to be somewhat higher than the forecast in the March Inflation Report.

Inflation rose somewhat in March compared with February. The rise was slightly larger than anticipated. As resource utilisation picks up in Sweden and abroad, inflation is judged to rise in the period ahead. Owing to continued weakness in the labour market and favourable cost conditions, the increase in domestic inflation will be relatively moderate. Compared with the assessment in the March Inflation Report, inflation is expected to be somewhat higher due to the stronger GDP growth.



■ In all, inflation is judged to be in line with the Riksbank's target towards the end of the forecast period. Against this background the Executive Board of the Riksbank decided to leave the repo rate unchanged at 2 per cent.

The repo rate is low in historical terms. This indicates that it will need to be raised in the longer term. However, the future direction for monetary policy will as usual depend on new information on economic developments in Sweden and abroad and the effects this may have on inflation in Sweden.

The minutes of the Executive Board's monetary policy discussion from yesterday's meeting will be published on 12 May.