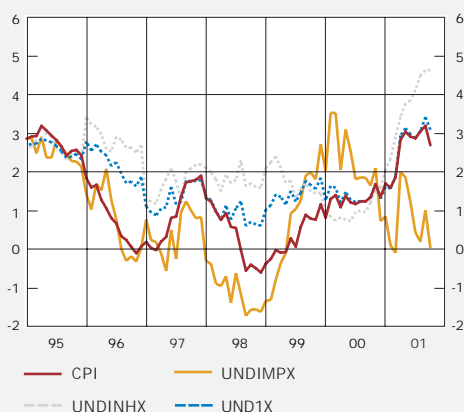
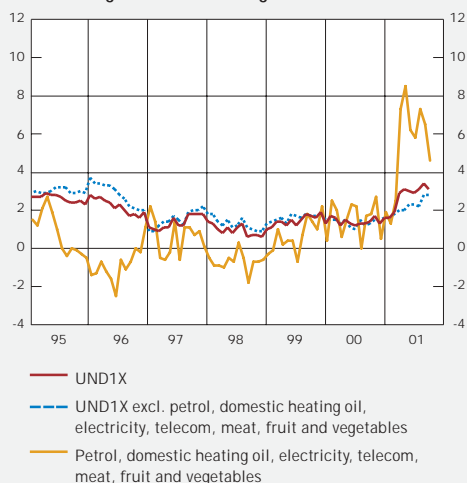


Figure B1. Inflation indexes.
Percentage 12-month change



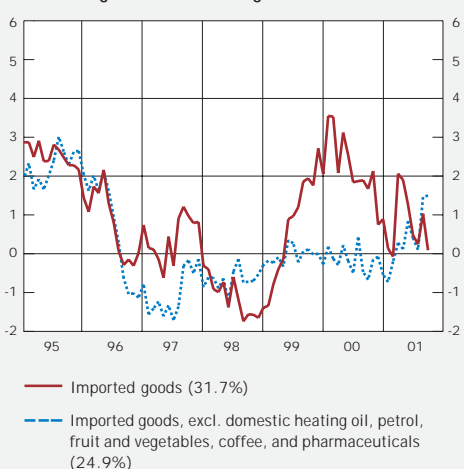
Sources: Statistics Sweden and the Riksbank.

Figure B2. UND1X with and without specified items.
Percentage 12-month change



Sources: Statistics Sweden and the Riksbank.

Figure B3. Imported inflation.
Percentage 12-month change



Sources: Statistics Sweden and the Riksbank.

RECENT INFLATION

In October the 12-month rate of CPI inflation was 2.7 per cent and UND1X inflation 3.1 per cent (Fig. B1). At 4.6 per cent, domestic inflation (UNDINHx) was high in October, while imported inflation excluding taxes was still low. Domestic inflation has followed the forecast in the October Report, while imported inflation (UNDIMPX) has been somewhat lower than anticipated.

Since the spring, inflation has been comparatively high and exceeded the forecasts in the course of last year. The October rate of UND1X inflation, for example, is as much as 1.4 percentage points higher than had been expected a year ago (Fig. B8, p. 38).

The main factors behind the unexpectedly high inflation are occasional supply shocks that have led to higher prices for electricity, meat, fruit, vegetables, petrol and domestic heating oil, for example. This assessment is supported both by signs that these price increases are beginning to slacken (Fig. B2) and by evidence that their recent movements are not primarily attributable to the state of demand (see the box on pp. 38–42). But even when these transitory price changes are excluded, during the past six months the increase in inflation somewhat exceeds expectations.

Table B1. Contributions to UND1X inflation in October 2001.
Percentage points

	12-month change	Contribution
Services excl. telephone charges	4.7	0.9
of which: Services priced administratively	3.3	0.2
Swedish goods excl. meat, fruit and vegetables	2.8	0.4
Meat, fruit and vegetables	7.6	0.4
Rents	2.6	0.4
Other housing expenditure	7.7	0.3
Electricity	18.1	0.4
Telephone charges	5.2	0.1
Domestic inflation (UNDINHx)	4.6	3.1
Imported manufactured goods	1.5	0.4
Petroleum products, coffee, imported fruit and vegetables, etc.	-4.5	-0.3
Imported inflation excluding taxes, total	0.0	0.0
UND1X	3.1	3.1

Sources: Statistics Sweden and the Riksbank.

OTHER IMPORTED GOODS AND SERVICES

After a long period with either a downward or just a slightly upward path, prices for manufactured imported goods rose in September and October at a 12-month rate of 1.5 per cent (Fig. B3). This may be a sign that effects of the weak exchange rate are now beginning to have some impact on consumer prices.

OTHER DOMESTIC GOODS AND SERVICES

Prices for other domestic goods and services rose in October at a 12-month rate of 3.5 per cent. The increase for goods was 2.8 per cent, which means that since the middle of last year, rising resource utilisation in the Swedish economy has been accompanied by some acceleration of price increases here (Fig. B4).

During the 1990s the price rise for services was low, partly on account of low resource utilisation and the exposure of parts of this sector to increased competition. This seems to have changed towards the end of last year, when prices started rising on a broader front. A disaggregated analysis suggests that rising prices for electricity, petroleum and food products have left their mark on transportation and restaurant prices. The relatively high resource utilisation is probably one reason why the rising costs could be passed through to consumers. Administratively determined prices for services, for example municipal tariffs and vehicle inspection charges, have also risen at an accelerating rate since the beginning of 1999 (Fig. B5).

During the past year, housing costs have risen increasingly rapidly. This is partly attributable to increased labour costs and rising electricity prices (Fig. B6).

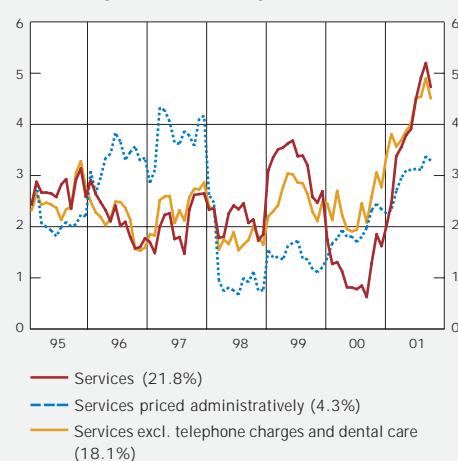
To sum up, the recent price movements can be explained comparatively satisfactorily by transitory supply shocks, the weak exchange rate and rising resource utilisation.

Figure B4. Swedish goods.
Percentage 12-month change



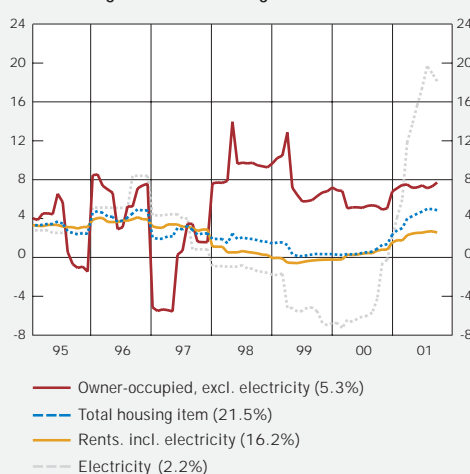
Sources: Statistics Sweden and the Riksbank.

Figure B5. Services.
Percentage 12-month change



Sources: Statistics Sweden and the Riksbank.

Figure B6. Housing.
Percentage 12-month change



Sources: Statistics Sweden and the Riksbank.