



**SVERIGES
RIKSBANK**

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Press Release

POSSIBILITY OF ATTAINING THE INFLATION TARGET REMAINS GOOD

The conditions for attaining the 2 per cent inflation target in 1996 and 1997 are considered to be good, according to this year's second Inflation Report from the Riksbank, which is being presented today.

Inflation has gone on falling during 1996 and the rate in April was 1.3 per cent, which was somewhat lower than expected. The downward inflation tendency this spring has been primarily a consequence of the krona's appreciation and lower house mortgage rates. The domestic inflation trend in recent years has been around 2 per cent.

Economic activity to date in 1996 has been weak. Development has been poor for exports in particular, which has to do with the slowdown in international demand. Activity in the domestic market has also been subdued.

In the main scenario, outlined in the report, activity in the economy picks up in the autumn of 1996. Conditions for a recovery in the export sector are evident, while domestic demand will probably remain relatively subdued. Overall economic growth during 1996 and 1997 is likely to be below the potential rate, so that full capacity utilisation will not be reached even in 1997.

A development in line with the main scenario provides some room for a further easing of the monetary stance. Some room for this will also exist if the economy turns out to be weaker, while signs of a stronger tendency work in the opposite direction.

A press conference on the Inflation Report, with Lars Heikensten, Claes Berg and Jonas Ahlander, will be held at 10.00 hours in the Riksbank, admission at No. 7, Malmskillnadsgatan. Press card required.

Copies of the Inflation Report may be ordered from the Riksbank's Information Centre, fax. no. Int. + 46 8 787 05 26, phone no. Int. + 46 8 787 01 00, or collected from the Riksbank entrance at No. 7, Malmskillnadsgatan.

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