



**SVERIGES
RIKSBANK** No 2420 June 1996

Press Release

THE RIKSBANK LOWERS THE DEPOSIT AND LENDING RATES

The governing board of the Riksbank has today decided to lower the deposit and lending rates by 0.75 percentage point each. The deposit rate is set at 5.25 percent and the lending rate at 6.75 percent. The decision comes into effect on Wednesday, June 26 1996.

The decision is based on the assessment that inflationary pressures in the Swedish economy remain subdued. Inflation is now at its lowest level in several decades and inflationary expectations have declined. The strengthening of the krona and lower interest rates on housing loans have contributed to the fall in inflation.

So far this year economic activity has been relatively weak. Conditions for renewed economic growth during the fall are good. Still, inflationary pressures are expected to remain subdued during 1997 as well, since the economy is not expected to reach full capacity utilization. All in all, the analysis that was presented in the Inflation Report of June 5 is still valid.

The future room for manoeuvre for monetary policy will be determined by the development of the factors outlined above and of the confidence in economic policy.

Urban Bäckström, the Governor, will be available to answer questions between 12.00-13.00. Please contact Kerstin Alm, phone +46 8 787 01 02.

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