

# Press Release

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5TH JUNE 1997 No. 30

## Picture of inflation unchanged

The Riksbank judges that the annual rate of CPI inflation will be about 1 per cent for 1997 and about 2 per cent for 1998. The underlying rate of inflation in 1997 and 1998 is estimated to be between 1.5 and 2 per cent. The assessments start from unchanged instrumental rates and some appreciation of the TCW exchange rate from the level of 122. These figures are taken from the inflation report which the Riksbank is presenting today, Thursday.

Compared with the March inflation report, the present estimates of CPI inflation in 1997 and 1998 are somewhat higher. This is mainly due to the recent months' weakening of the exchange rate but it also has to do with Statistics Sweden's revised calculations of the CPI item "house mortgage interest costs".

The GDP growth estimate is the same as in the Riksbank's March report. In round figures, GDP is expected to rise 2 per cent in 1997 and 3 per cent in 1998. The output gap is not expected to close in the coming two years.

In the main scenario in the March report the Riksbank considered that inflation in 1998 would be somewhat under 2 per cent. The tendencies since then have broadly followed the expected paths except that the exchange rate has been somewhat weaker than assumed in March. In the main scenario for the present report the rate of increase in both the CPI and underlying inflation in the coming two years is expected to be in line with the 2 per cent inflation target. With this assessment of the outlook for inflation the monetary stance is well balanced.

*A press conference on the Inflation Report, attended by Lars Heikensten, Claes Berg and Jonas Ahlander, will be held in the Riksbank at 10.30 a.m. Admission by press card from No. 7 Malmskillnadsgatan.*

*Copies of the Inflation Report can be ordered from the Riksbank's Information Centre, fax. no. +46 8 787 05 26, phone no. +46 8 787 01 00; they can also be collected from the Riksbank at either No. 7 Malmskillnadsgatan or No. 11 Brunkebergstorg.*

*The Inflation Report is also accessible on the Internet (<http://www.riksbank.se>) in HTML as well as PDF format; the latter can be downloaded electronically.*

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