

Press Release

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Repo rate to be unchanged at 2.90 per cent

At its meeting on Thursday, April 22nd, the Executive Board of the Riksbank decided to maintain the repo rate at 2.90 per cent. The background to the decision is the Riksbank's assessment of inflation in the latest Inflation Report and its analysis of subsequent economic developments.

In the Inflation Report it was judged that even when transitory effects are excluded, the rate of inflation one to two years ahead would be below the Riksbank's target. In connection with the publication of the Report on March 25th, the Riksbank therefore reduced the repo rate from 3.15 to 2.90 per cent.

Since the publication of the Inflation Report, international economic activity has developed broadly as the Riksbank had expected. There is possibly cause at present to be somewhat more optimistic.

International price pressure remains subdued. While there has recently been a marked increase in oil prices, the upward tendency for somewhat longer forward prices is less pronounced and differs only marginally from the assessment in the Inflation Report.

Growth prospects for the Swedish economy in 1999 and 2000 appear to be somewhat more positive. Investment and private consumption are supported, inter alia, by lower interest rates. In the Inflation Report the Riksbank considered that in two years time the economy would probably still have unutilised resources. That assessment is not substantially altered by more recent information, which points to a continuation of a subdued underlying inflationary pressure.

The Riksbank's next Inflation Report, scheduled for publication on June 3rd, will contain a comprehensive assessment of inflation prospects and the ensuing conclusions for the formation of monetary policy.

The minutes of the monetary policy discussion at the meeting of the Executive Board yesterday will be published on June 7th.

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