



# Monetary policy and wage formation

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National Mediation Office  
12 October

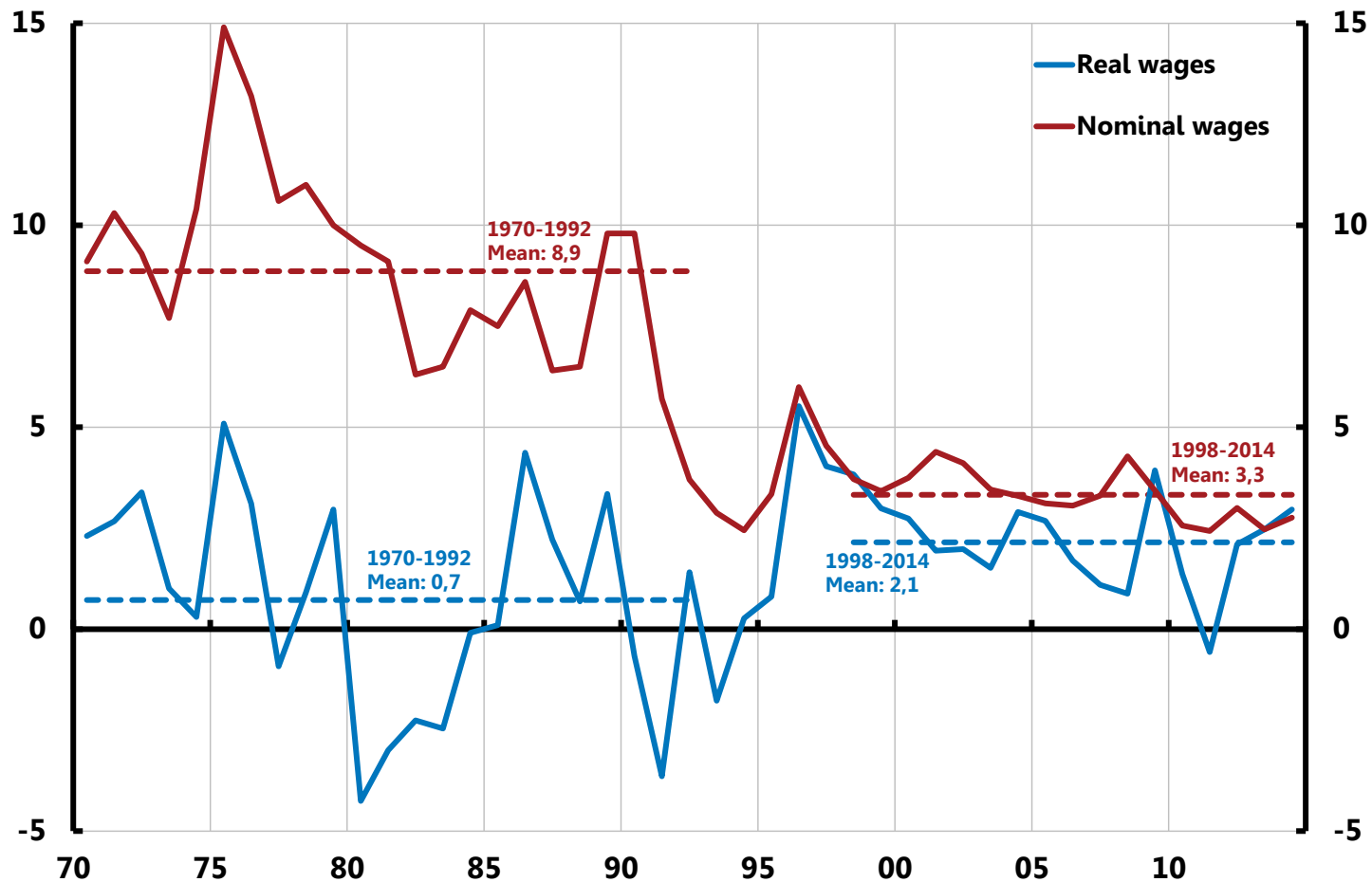
Deputy Governor Henry Ohlsson

- The Riksbank is responsible for monetary policy
  - The social partners determine wages
  - Natural to have discussions with the social partners
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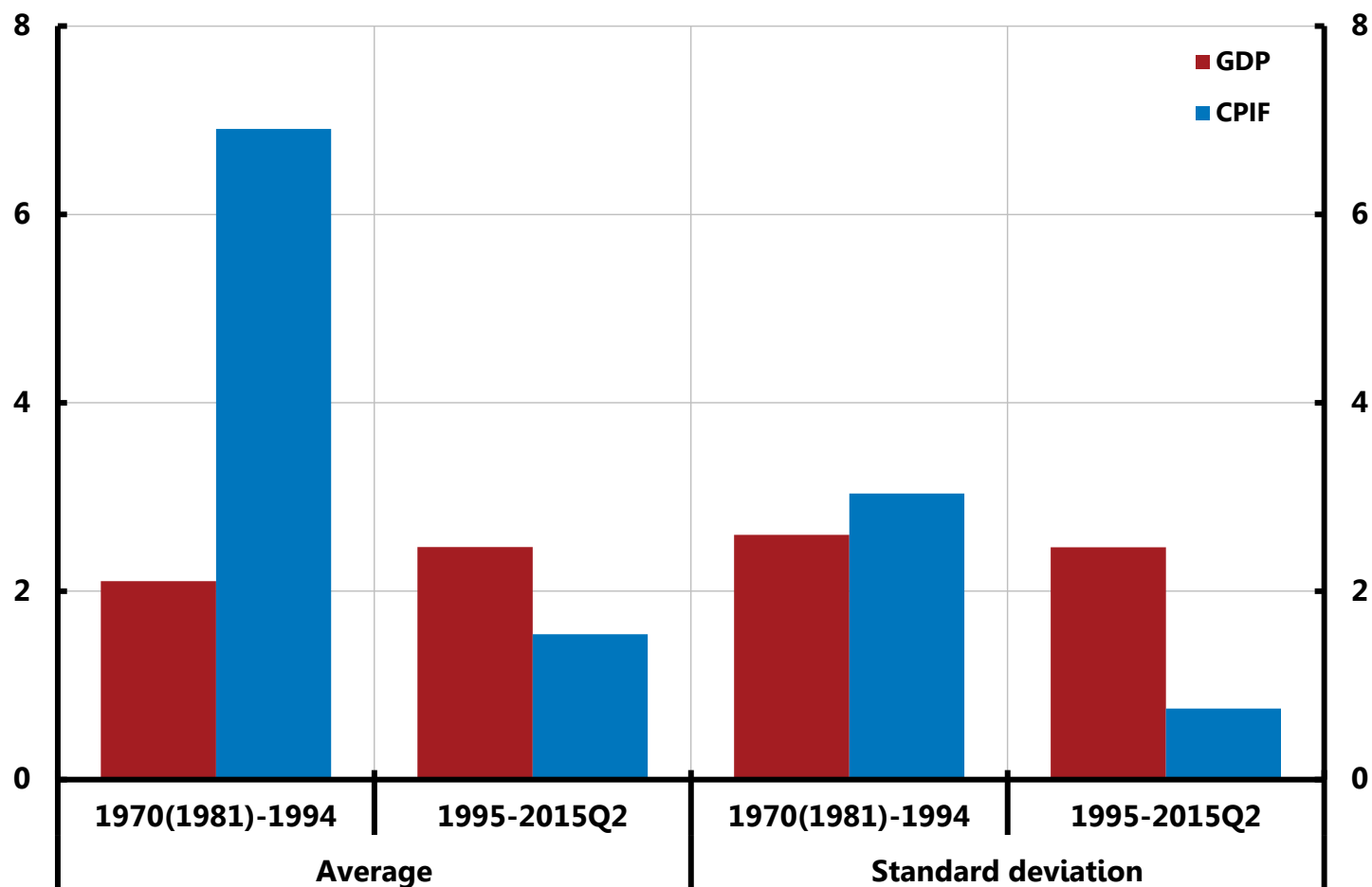
# The inflation target is important

- A common aim provides stable ground rules
    - Lays the foundation for efficient price-setting and wage formation
    - Makes it easier for households and companies to make sound financial decisions
    - Creates the right conditions for good economic growth
  - The inflation target has become a cornerstone of economic policy
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# Greater purchasing power and more stable wage formation



# Macroeconomy better since inflation target introduced

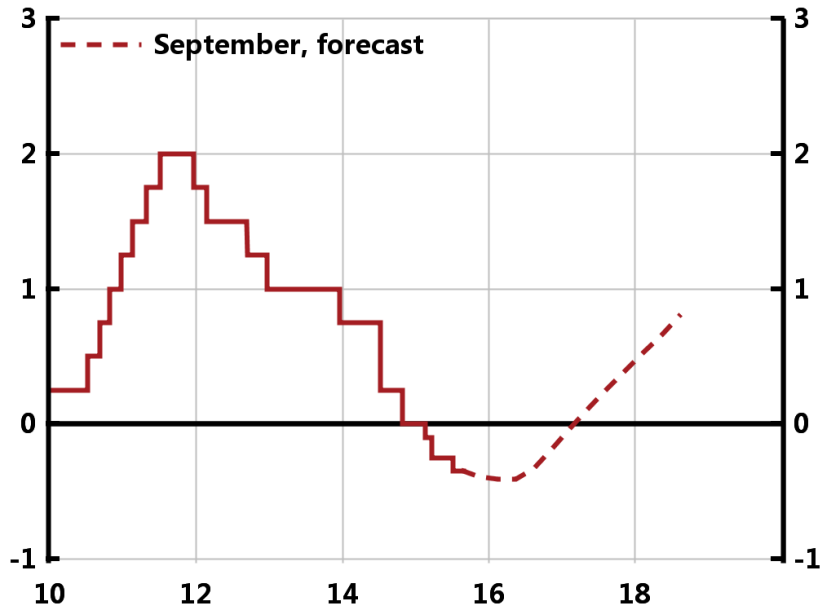


Note. CPIF refers to the period 1981–1994. CPIF is CPI with a fixed mortgage rate.

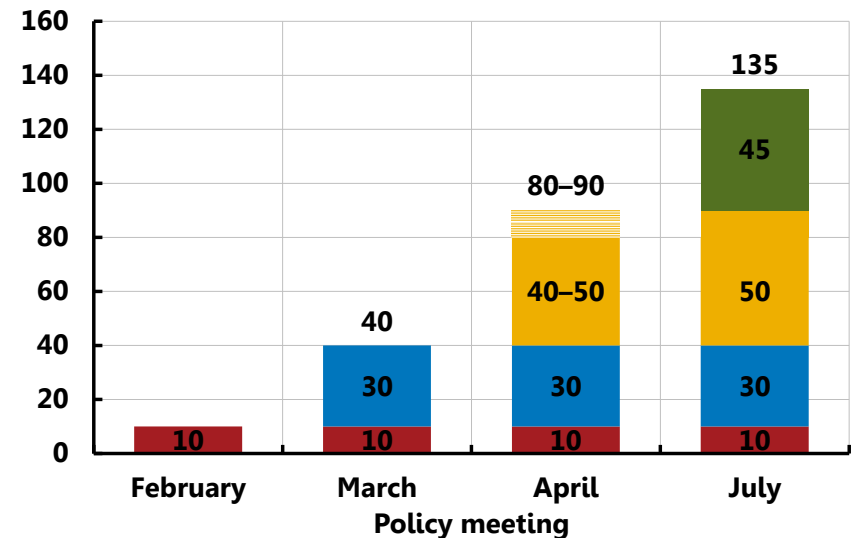
Sources: Statistics Sweden and the Riksbank

# To ensure the trend of rising inflation continues

## Very low repo rate



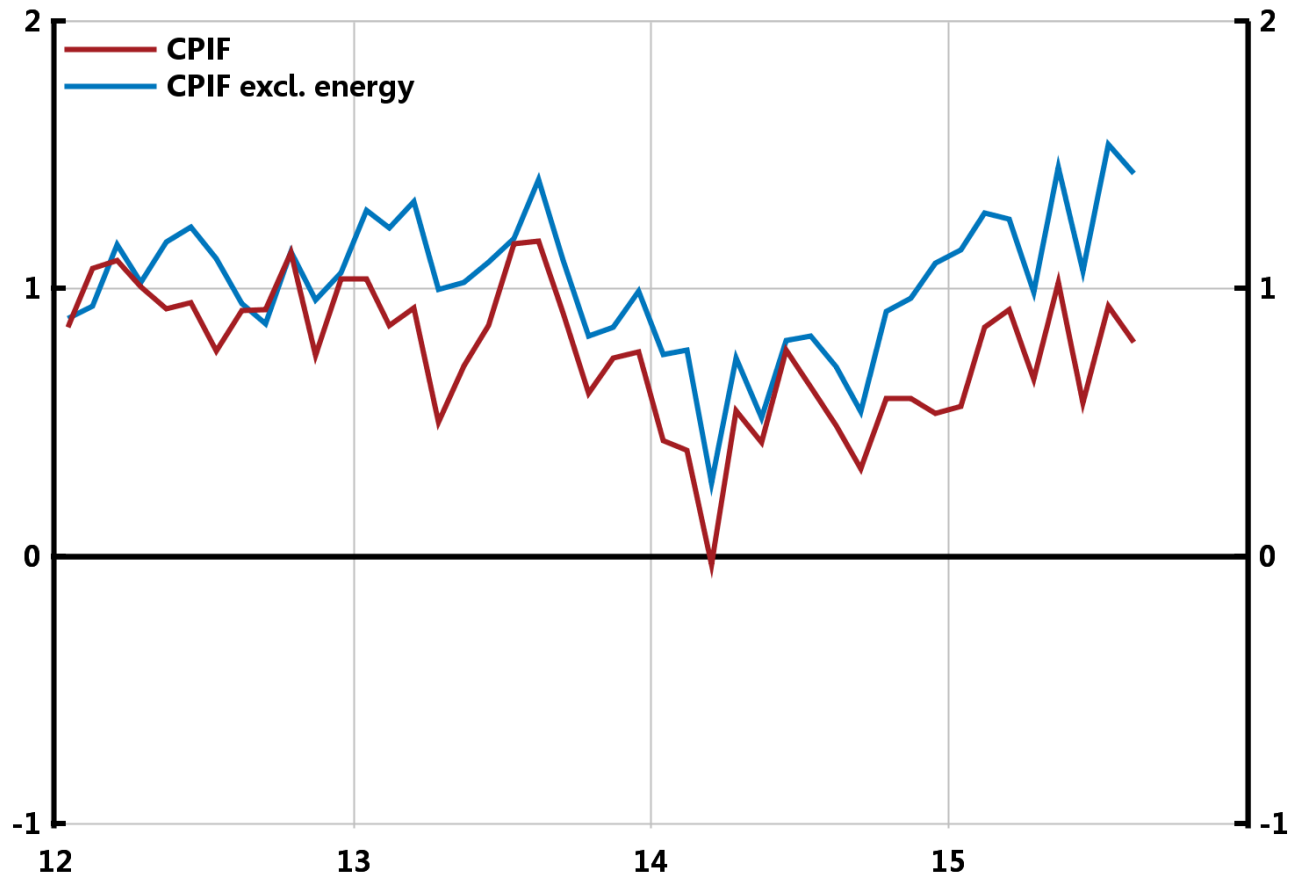
## Purchases of government bonds



# Monetary policy is having an effect

- There has been a clear rise in underlying inflation over the past year
  - Market rates have fallen across the board, giving households and companies greater scope for consumption and investment
  - A weaker exchange rate has contributed to healthy growth in the Swedish economy, despite a slowdown internationally
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# Inflation is rising





# **Inflation towards the target – in an orderly manner**



# The low interest rate is necessary

- The inflation target contributes to better economic growth
  - Not to change the target owing to where inflation is at the moment
  - Low interest rates internationally
  - Monetary policy having an effect - inflation is rising
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Thank you!