

PRESS RELEASE



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Repo rate raised to 0.25 per cent

Inflation has risen to the highest level since the 1990s and will be high for some time. To counteract the high inflation from becoming entrenched in price and wage-setting, the Executive Board has decided to raise the repo rate from zero to 0.25 per cent. The Board's forecast is that the repo rate will be raised gradually going forward and that it will be somewhat below 2 per cent in three years' time. The Executive Board has also decided to reduce the pace of the Riksbank's asset purchases during the second half of the year, so that the holding starts to decrease, and that the Riksbank will cease purchasing treasury bills as of 28 April. In this way, monetary policy is adapted so that inflation returns to the target.

Increased uncertainty and rapidly rising prices

The global economy is still affected by the major disruption caused by the pandemic and continues to cause for instance in China. In addition, there is Russia's invasion of Ukraine. The war has caused great human suffering and led millions of people to flee. The economic consequences can be seen in new disruptions in global value chains, a worsening of delivery problems and increased uncertainty about access to several important commodities. This leads to higher energy and food prices, which pushes up inflation further in a situation where it is already high in many countries. Both the Swedish economy and the economies in the rest of the world are now entering a calmer phase of growth, but economic activity is nevertheless judged to remain good.

Swedish inflation now rising on a broad front

There have been unusually large fluctuations in inflation in Sweden. CPIF inflation was 6.1 per cent in March. The rise in inflation last year was largely due to rapid increases in energy prices. But since the turn of the year, inflation excluding energy has also risen rapidly and has been significantly higher than the Riksbank's forecast in February. The outcomes indicate that the upturn is now broad and prices of goods and food as well as services are rising unusually quickly.

Monetary policy to safeguard the inflation target

Monetary policy cannot affect the high international commodity and shipping prices. It is therefore inevitable that the rate of increase in consumer prices of, for example,



energy, food and certain other goods will remain high for some time yet. However, the Riksbank can conduct monetary policy to counteract the high inflation becoming entrenched in price-setting and wage-formation, and ensure that inflation returns to the target after some time.

The Executive Board has therefore decided to raise the repo rate to 0.25 per cent. The forecast is that the repo rate will be raised a further two to three times this year and will be somewhat below 2 per cent at the end of the three-year forecast period. The Riksbank's asset purchase programme, which was initiated in March 2020, came to an end at the turn of the year. This year, the Riksbank has purchased securities solely to compensate for maturities in the portfolio. The Executive Board has now decided to reduce the pace of these purchases during the second half of the 2022, so that the holdings begin to decline. The Riksbank will buy bonds for SEK 37 billion during the second half of the year, which is half the purchases made during the first half of the year. The Executive Board has also decided that the Riksbank will cease buying treasury bills with effect from 28 April.

With this monetary policy, inflation is expected to fall back next year and be close to 2 per cent from 2024. There have been large fluctuations in inflation and there is considerable uncertainty about inflation prospects. The Riksbank adapts its monetary policy to the developments in the economy and is prepared to raise the repo rate faster if needed to ensure that inflation returns to the target.

Forecast for Swedish inflation, GDP, unemployment and the repo rate

Annual percentage change, annual and quarterly averages respectively

	2021	2022	2023	2024	2025 Q2*
CPI	2.2 (2.2)	6.0 (2.9)	5.0 (2.0)	2.8 (2.4)	2.3
CPIF	2.4 (2.4)	5.5 (2.9)	3.3 (1.9)	2.0 (2.2)	2.1
GDP	4.8 (5.2)	2.8 (3.6)	1.4 (2.0)	1.4 (1.7)	1.5
Unemployment, per cent	8.8 (8.8)	7.6 (7.7)	7.4 (7.2)	7.4 (7.0)	7.4
Repo rate, per cent	0.0 (0.0)	0.4 (0.0)	1.2 (0.0)	1.6 (0.2)	1.8

Note. The assessment in the Monetary Policy Report in February 2022 is shown in brackets.

*Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2025 Q2.

Sources: Statistics Sweden and the Riksbank

Forecast for the repo rate

Per cent, quarterly mean values

	2022 Q1	2022 Q2	2023 Q2	2024 Q2	2025 Q2
Repo rate	0.00 (0.00)	0.16 (0.00)	1.18 (0.00)	1.57 (0.13)	1.81

Note. The assessment in the Monetary Policy Report in February 2022 is shown in brackets.

Source: The Riksbank

The decision on the repo rate will apply from 4 May. The minutes from the Executive Board's monetary policy meeting will be published on 6 May. Further information on the asset purchases can be found in the annex to the minutes at www.riksbank.se.



A press conference with Governor Stefan Ingves and Jesper Hansson, Head of the Monetary Policy Department, will be held today at 11:00 am at the Riksbank, but pre-registered journalists can also participate and ask questions via Zoom. Press cards or the equivalent must be shown to attend. The press conference will be broadcast live on riksbank.se. Journalists who wish to participate and ask questions via Zoom must pre-register with the press office either by telephone 08-787 0200 or by e-mail to susanne.meyer@riksbank.se, no later than 10.00 am on 28 April.