

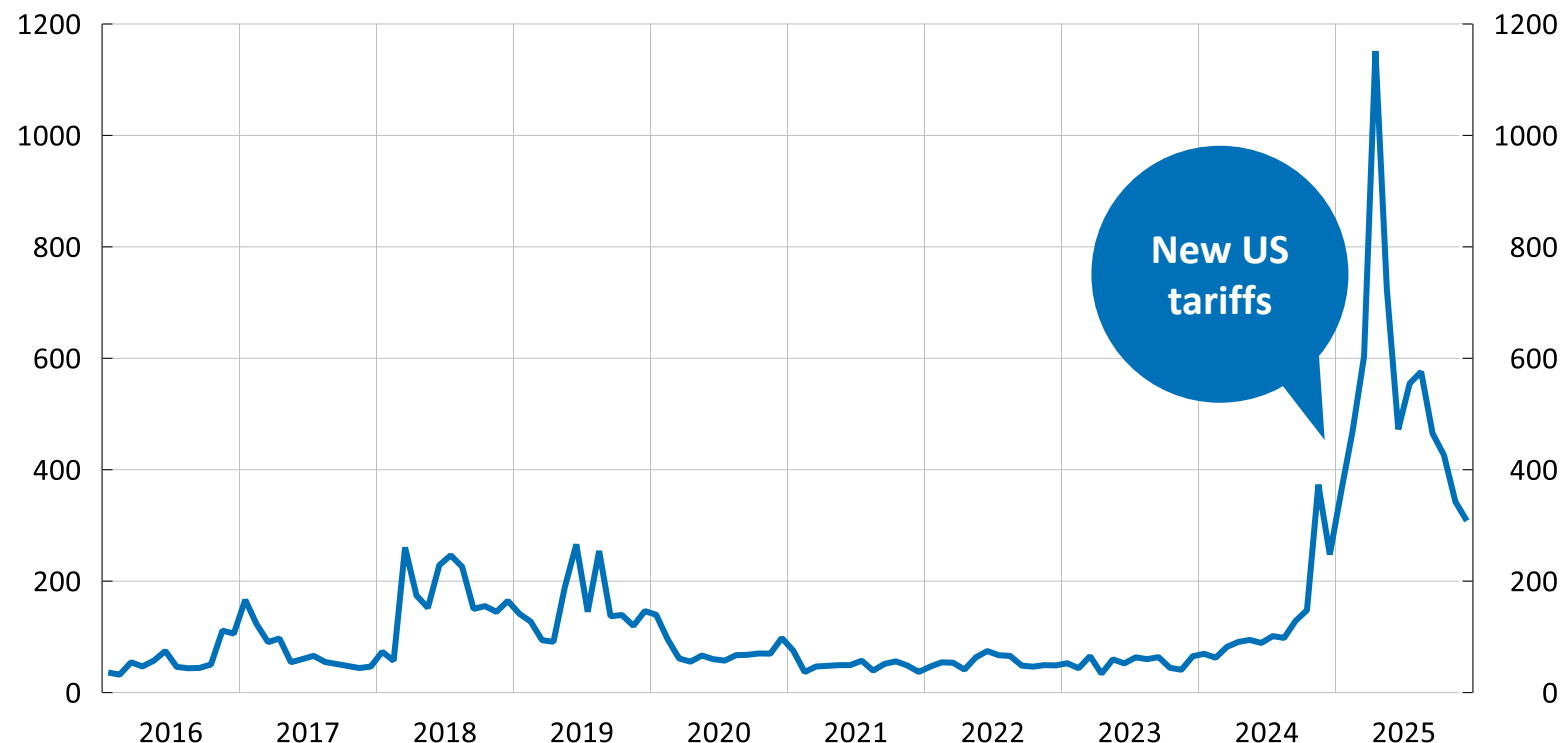
Account of Monetary Policy 2025

Committee on Finance, 26 May 2026

Erik Thedéen, Governor of the Riksbank

2025 was a dramatic year in the world

Trade Policy Uncertainty Index



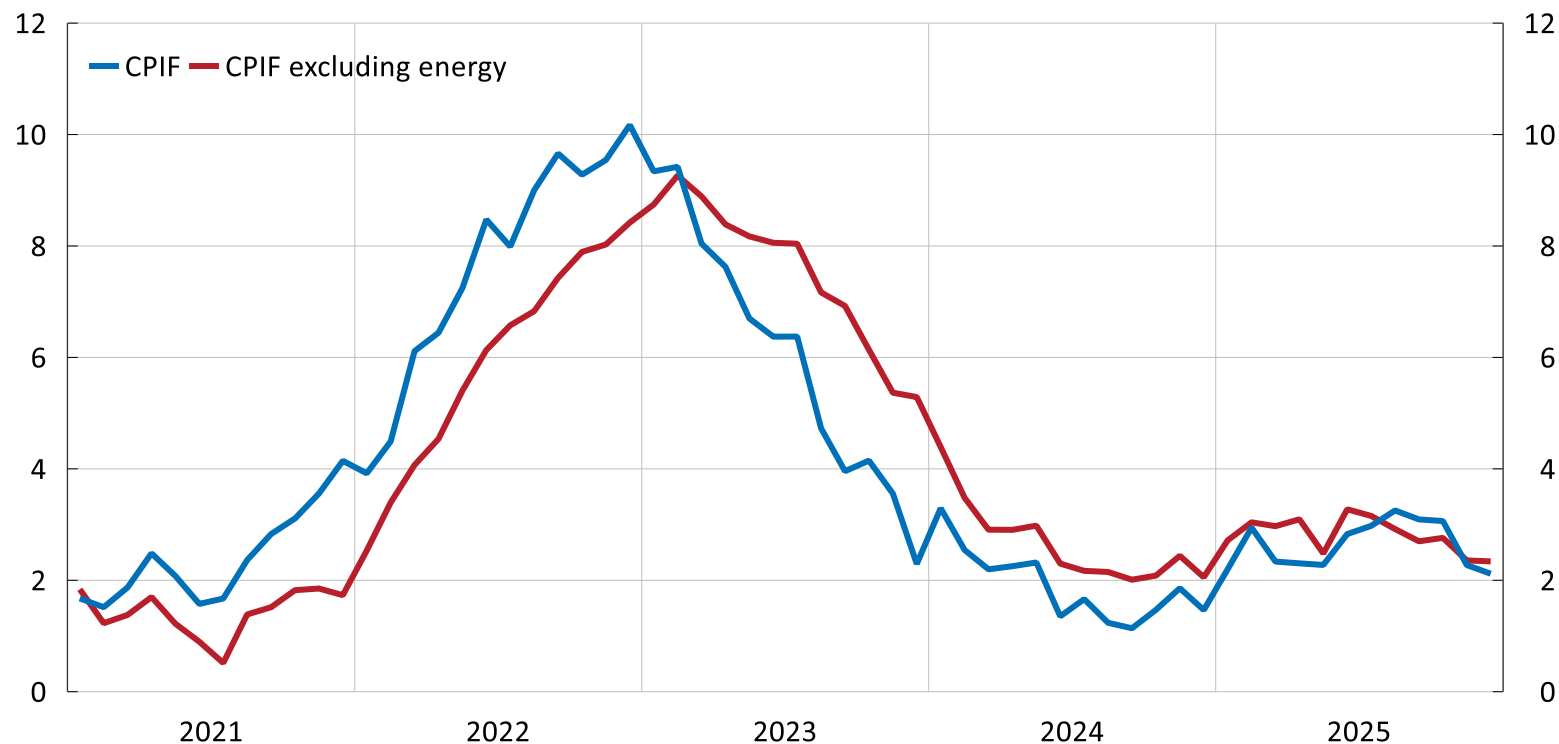
Monetary policy went through three phases in 2025:

- Calm start to the year
- Tariff turbulence
- Some greater clarity

Note. Trade Policy Uncertainty is a normalised index of the number of news articles in the United States mentioning trade policy uncertainty. 100 means that 1 per cent of the articles concern trade policy uncertainty. Source: Economic Policy Uncertainty.

Elevated inflation in 2025

The CPIF and the CPIF excluding energy



Note. Annual percentage change. Source: Statistics Sweden.

- Inflation rose at the beginning of 2025.
- Important and difficult question to assess whether the elevated inflation was due to transitory factors.
- Underlying inflationary pressures were in line with the target.

The krona strengthened in 2025

Development of the krona against the dollar and the euro

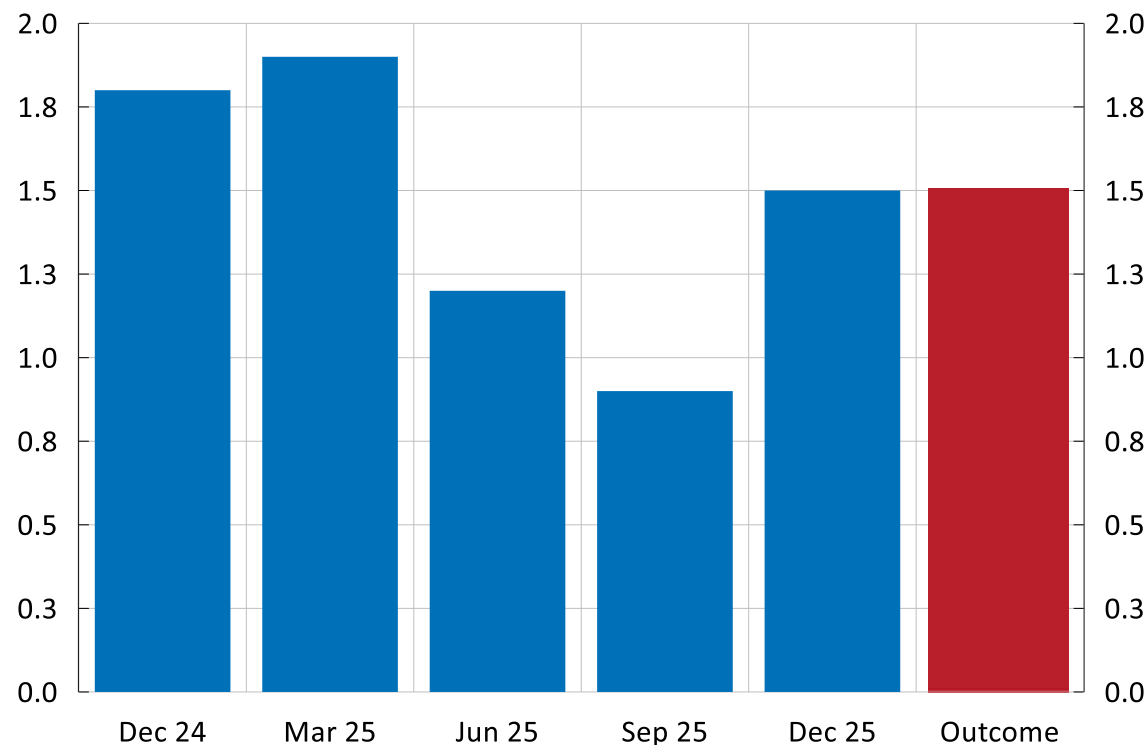


- The krona strengthened particularly against the dollar, but also to some extent against the euro.
- Decreased interest in US assets and increased interest in Swedish assets may have played a role

Note. A lower value indicates a stronger exchange rate.
Source: The Riksbank.

The economic picture changed during the year

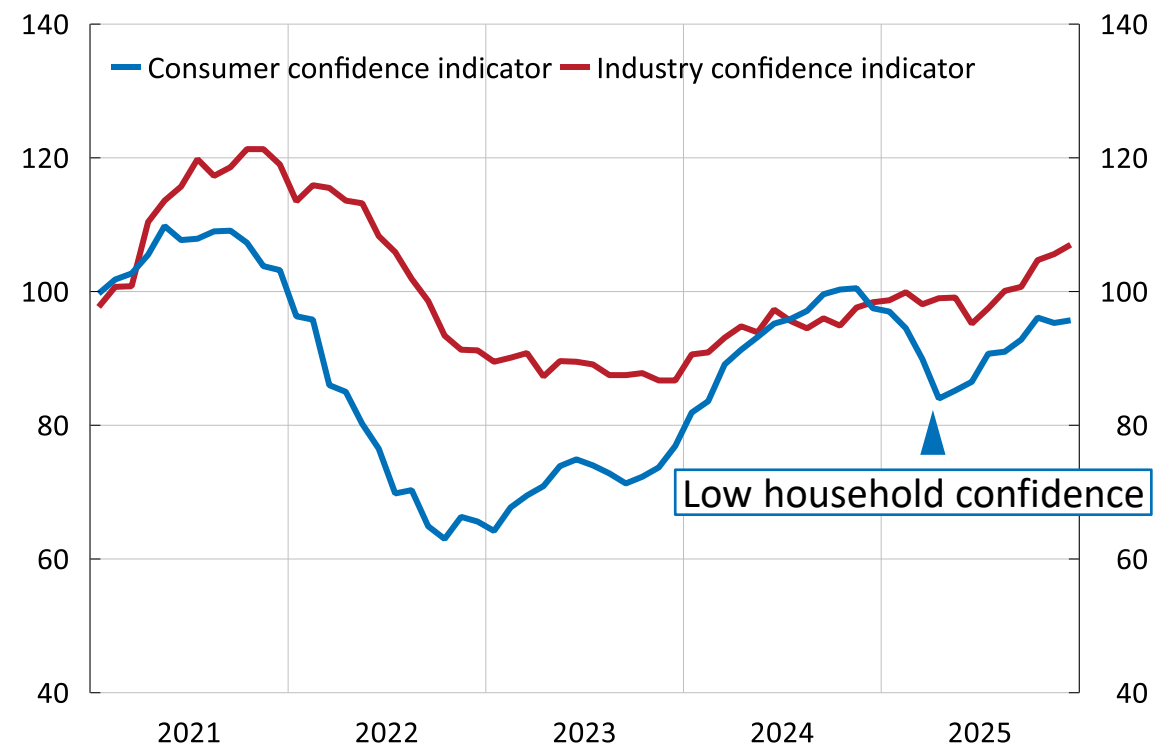
The Riksbank's forecasts for GDP 2025



Note. Annual percentage change. Refers to forecasts and outcomes for actual GDP (non-calendar adjusted values) for the whole year 2025.

Sources: Statistics Sweden and the Riksbank.

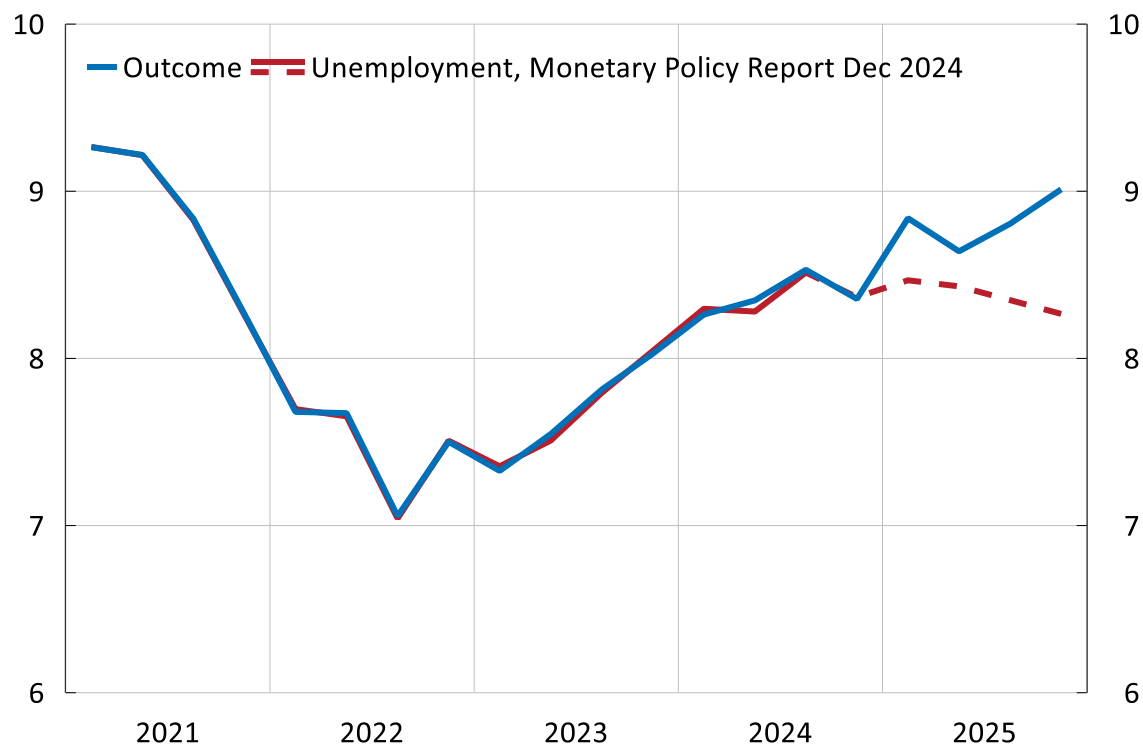
Confidence indicators in the Economic Tendency Survey



Note. Index, average = 100, standard deviation = 10. Seasonally adjusted data. The confidence indicators are calculated as the mean value of net figures for a number of questions concerning the current economic situation and future prospects. Source: National Institute of Economic Research.

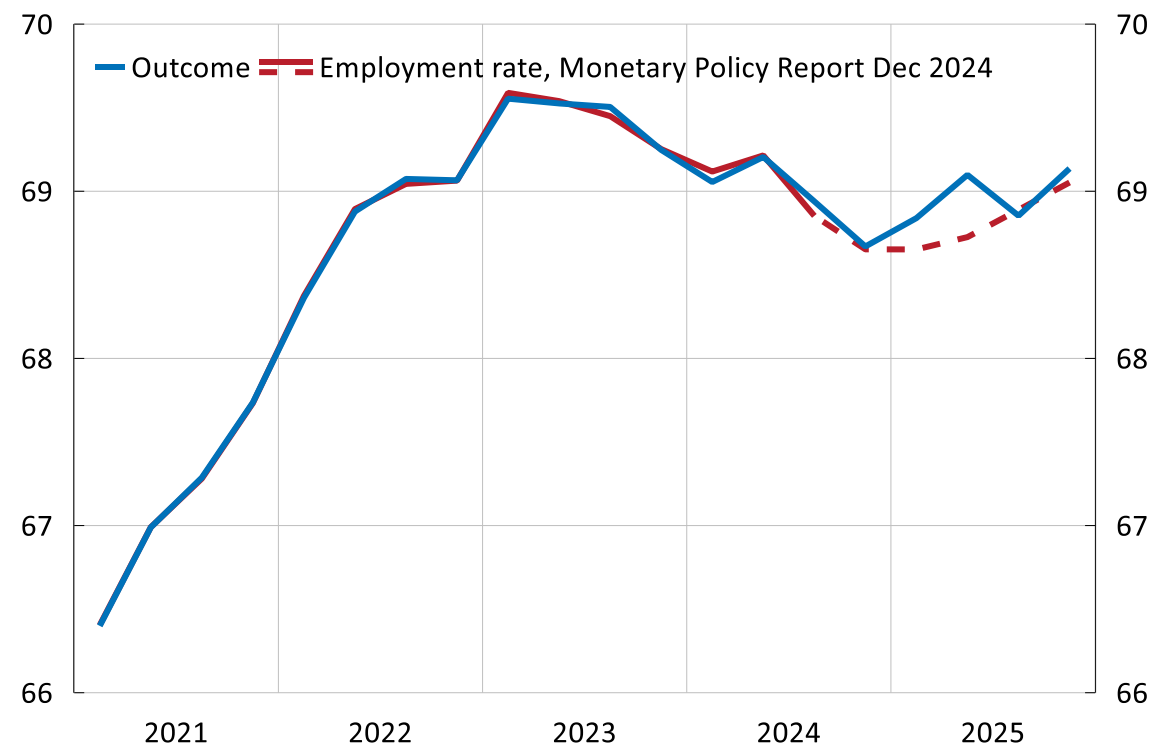
Labour market performance was weak

Unemployment



Note. Per cent of labour force. Seasonally adjusted data. Refers to persons aged 15–74. Solid line refers to outcome and dashed line refers to the Riksbank's forecast in December 2024.
Source: Statistics Sweden and the Riksbank.

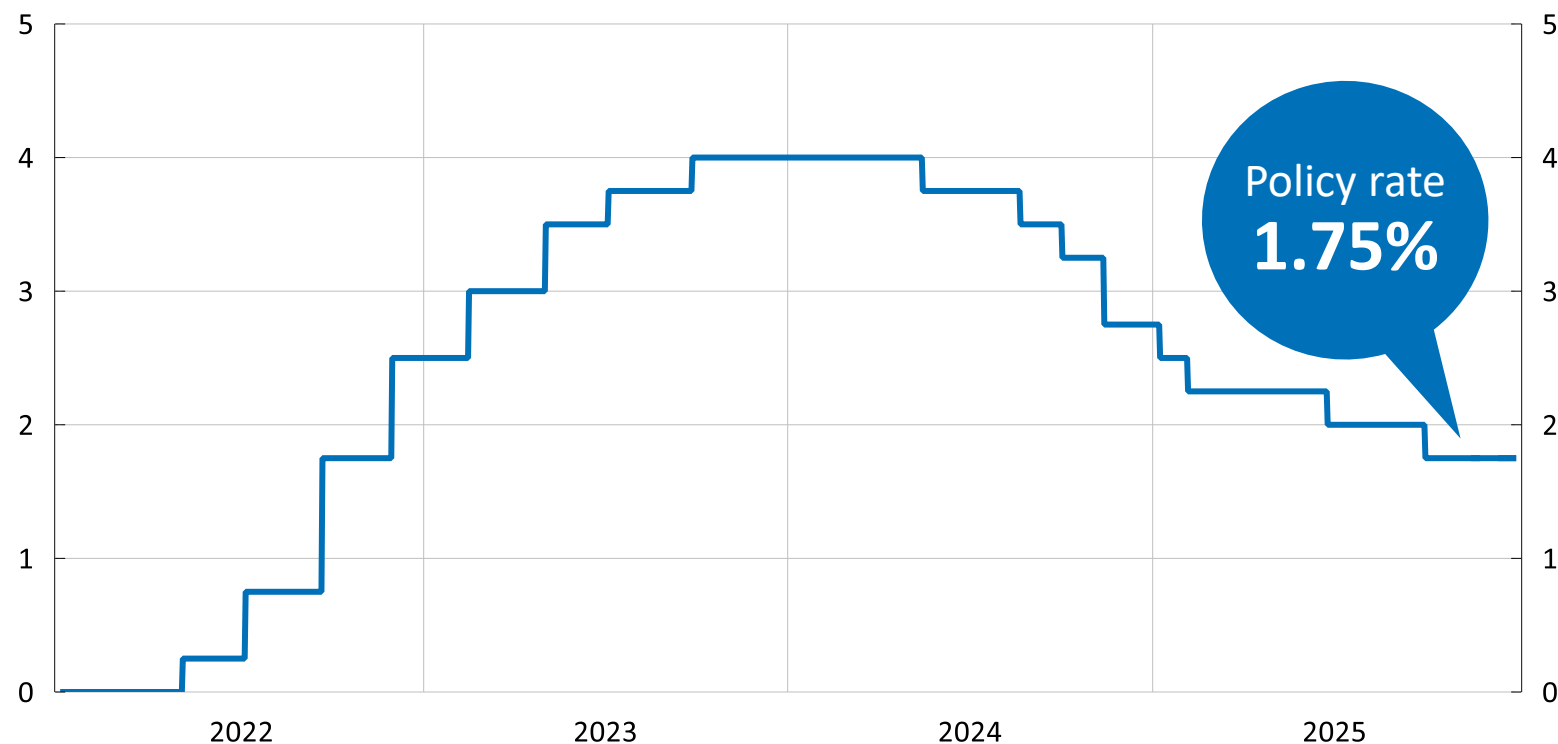
Employment rate



Note. Per cent of the population. Seasonally adjusted data. Refers to persons aged 15–74. Solid line refers to outcome and dashed line refers to the Riksbank's forecast in December 2024.
Sources: Statistics Sweden and the Riksbank.

The Riksbank gradually eased monetary policy

Policy rate

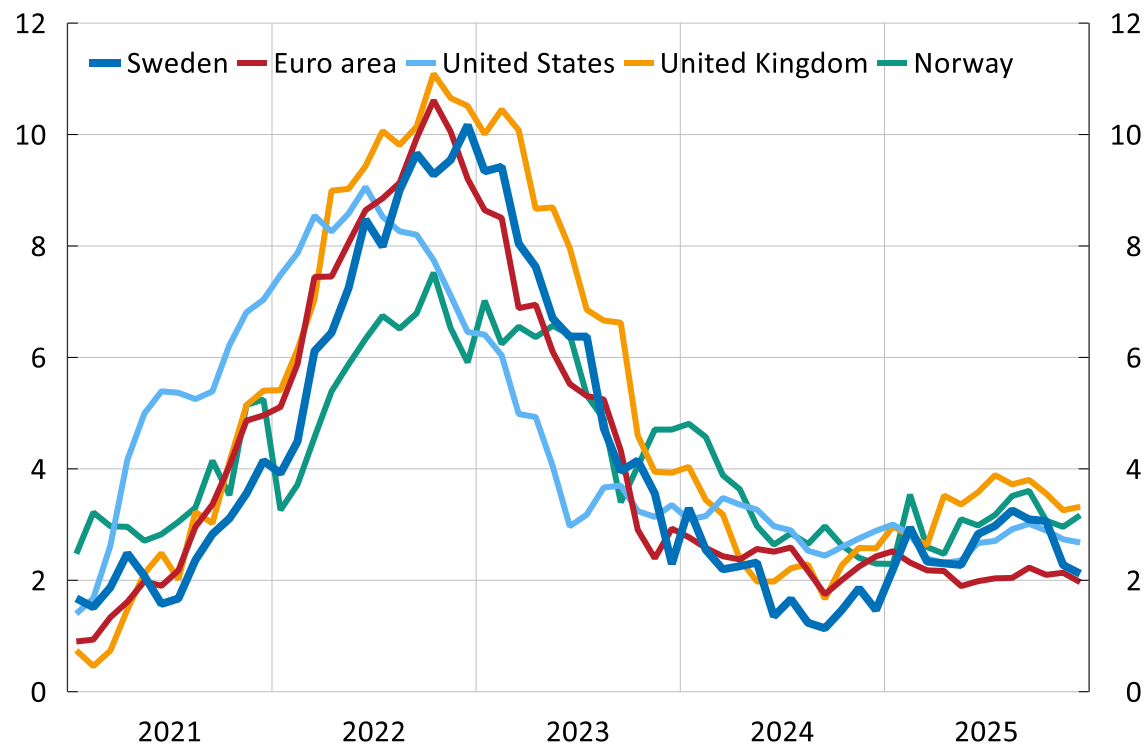


The Riksbank **cut the policy rate three times**

- Temporary rise in inflation
- Monetary policy was forward-looking and maintained a steady course.

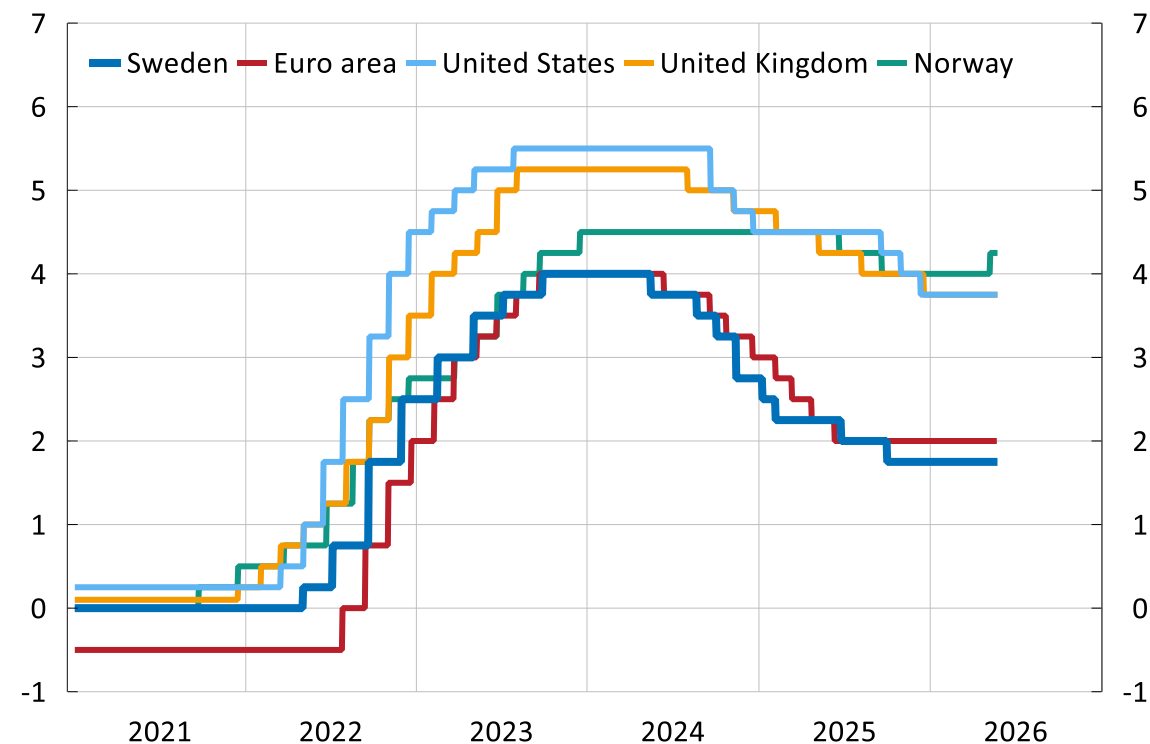
Inflation back on target at the end of the year

Consumer prices



Note. Annual percentage change. Refers to the CPI for Sweden, the HICP for the euro area and the CPI for the United States, the United Kingdom and Norway. Sources: Statistics Sweden, Eurostat, US Bureau of Labor Statistics, UK Office for National Statistics and Statistics Norway.

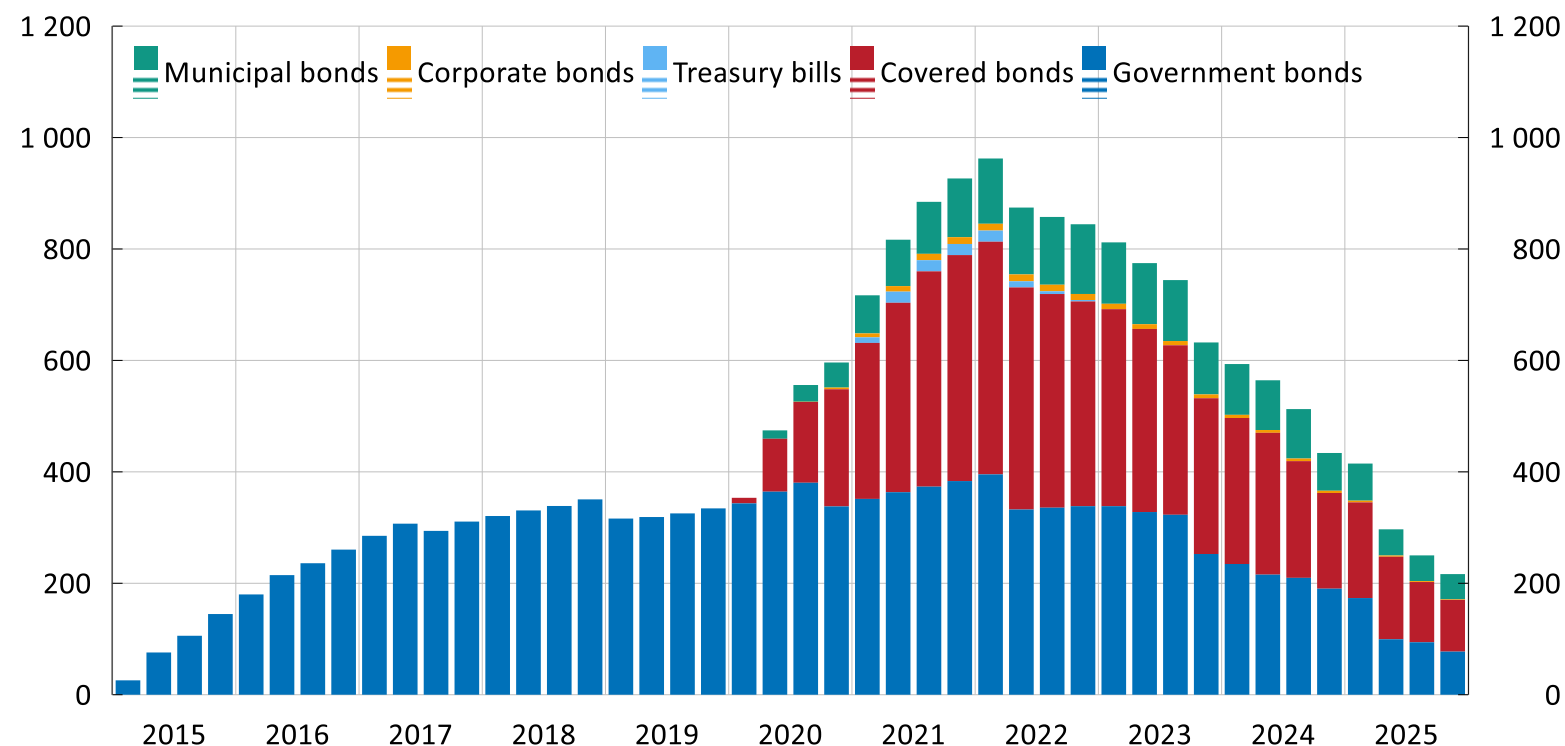
Policy rates



Note. Per cent. Sources: National central banks and the Riksbank.

The Riksbank's asset holdings continued to decline

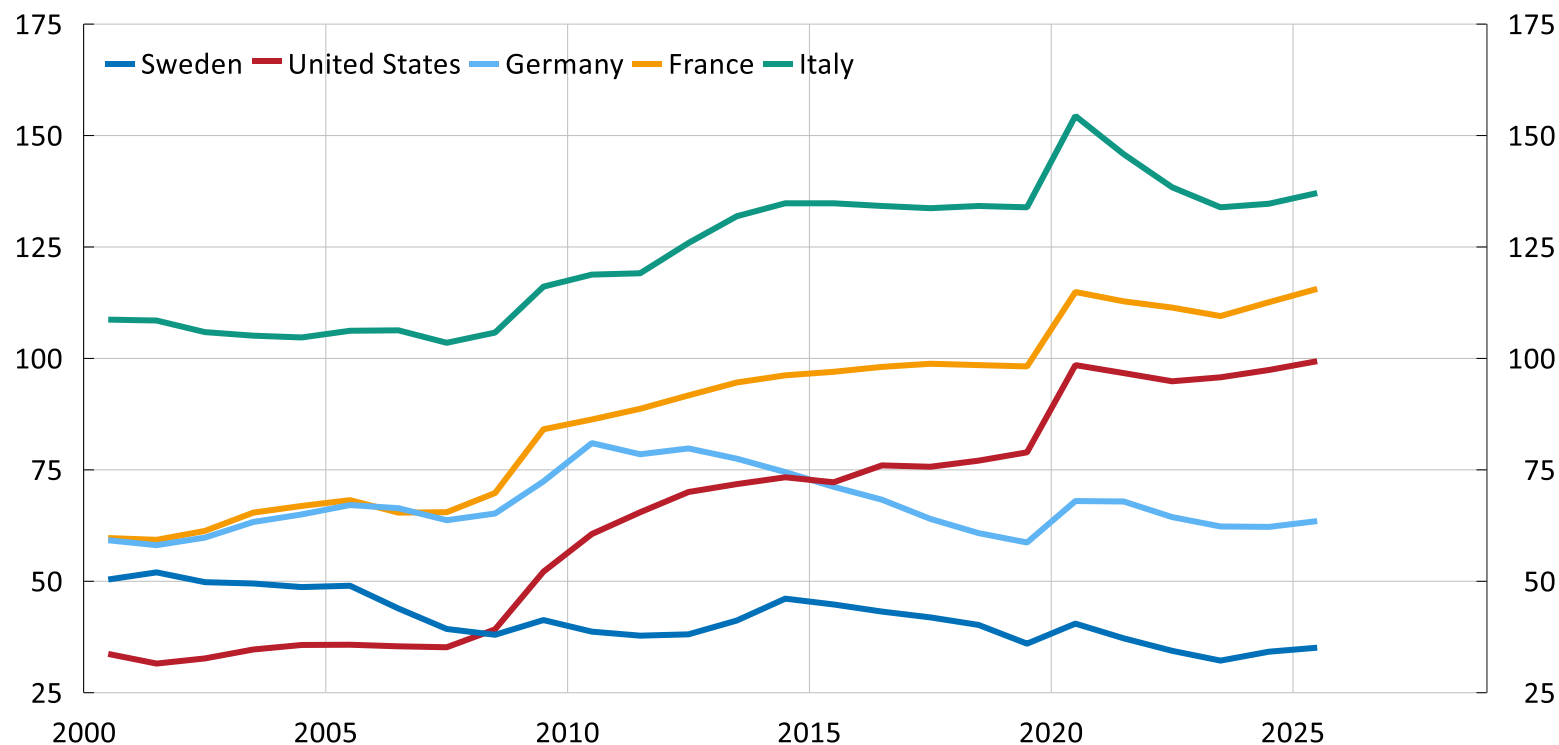
The Riksbank's asset holdings



Note. Nominal amounts, SEK billion. Source: The Riksbank.

Increased focus on central bank independence

High public debt in several countries



- Firm support for the monetary policy framework and for the Riksbank to make independent decisions.
- Sweden has good control over its public finances – it is important that this is maintained.

Note. Per cent of GDP. For the USA it refers to the federal government debt and for other countries it refers to the Maastricht debt.
Sources: Bundesbank, Eurostat, French National Institute of Statistics and Economic Studies and US Congressional Budget Office.

Monetary policy was forward-looking

- Relatively good target fulfilment with moderate deviations of inflation from the target.
 - The elevated inflation was due to temporary factors.
 - Long-term inflation expectations were stable.
- Economic activity remained weak but picked up during the year.
- The Riksbank cut the policy rate to provide support to the recovery and so that inflation would attain the target beyond the near term.



Comments on the evaluators' remarks



- Scenarios are a valuable tool, especially in periods of high uncertainty.
- The Riksbank is developing methods for taking the effects of fiscal policy into account in its forecasting work.
- Monetary policy needs to consider exchange rate developments, despite high uncertainty.

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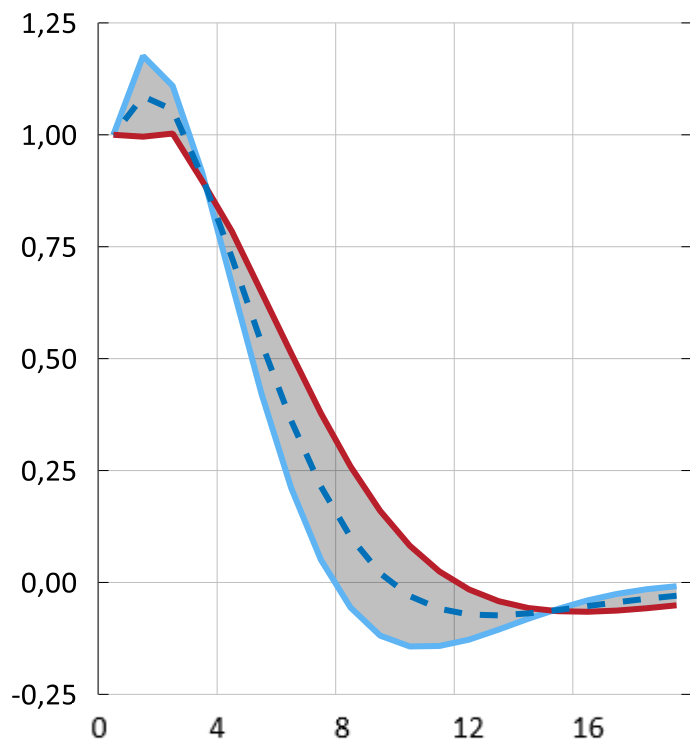
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Meeting-by-meeting table (see Account of Monetary Policy)

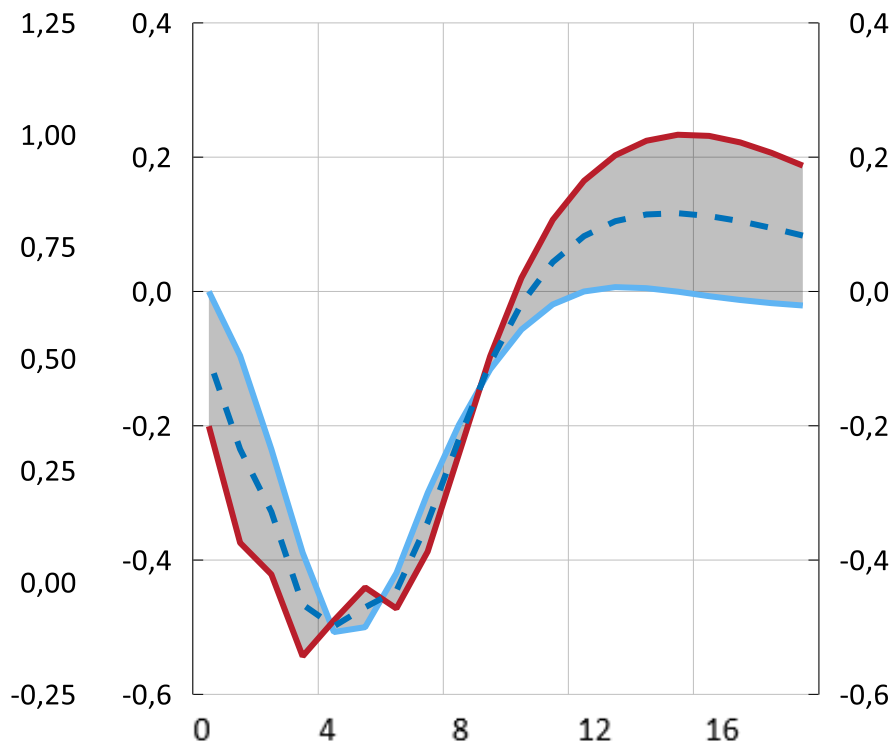
Meeting	Policy rate	Argument
28 January	Cut to 2.25 per cent.	Inflation was close to 2 per cent and was expected to remain so, while economic activity showed signs of improvement but remained weak.
19 March	Unchanged.	Inflation was expected to be 2-3 per cent in 2025 and then stabilise at the target, while the economy recovered but the labour market lagged behind.
7 May	Unchanged.	Inflation was slightly higher but was expected to fall, while global uncertainty dampened the economic outlook.
17 June	Cut to 2.0 per cent.	Inflation had fallen back and was expected to be close to target, while the economic recovery was slower than expected.
19 August	Unchanged.	Inflation rose more than expected but was expected to fall towards 2 per cent, while the recovery was sluggish but with brighter economic prospects ahead.
22 September	Cut to 1.75 per cent.	Inflation was elevated but was expected to fall back. Economic activity was weak and the turnaround on the labour market appeared to be taking longer.
4 November	Unchanged.	Inflation remained elevated but had started to fall back. Economic activity was now on the verge of recovery.
17 December	Unchanged.	Inflation had approached 2 per cent. The economic recovery had begun.

The impact of monetary policy on inflation and GDP

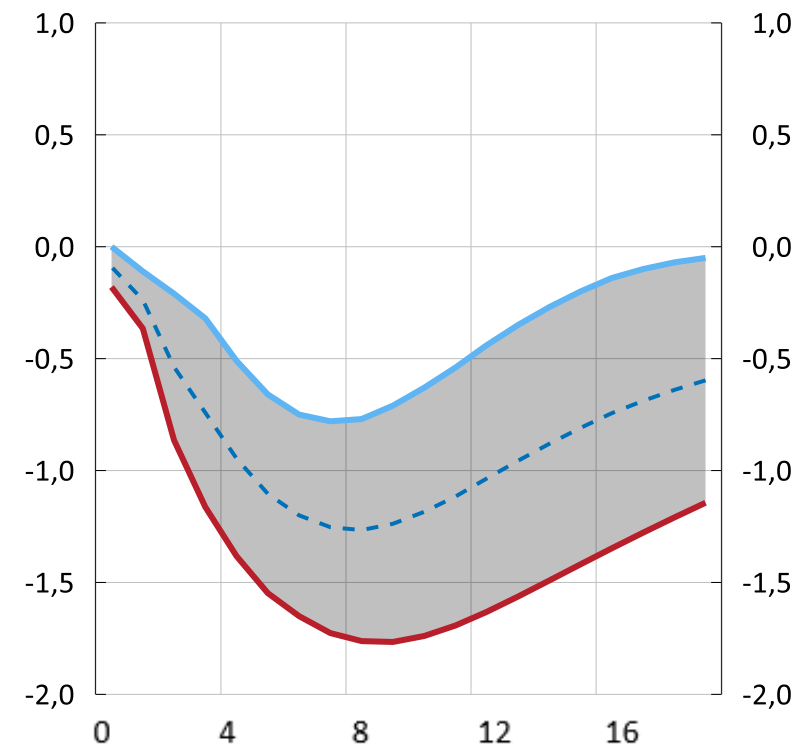
Policy rate



CPIF inflation



GDP



Note. Deviation from baseline, percentage points (policy rate and CPIF) and per cent (GDP). CPIF, annual percentage change. The curves in the different fields show the estimated effect of each variable over 20 quarters when the policy rate is raised unexpectedly in quarter 0. Dashed blue lines show the mean of estimates for two different VAR models (BVAR and Proxy-VAR). For more information, see Economic Commentary No. 16 2024. Source: The Riksbank.