

PRESS RELEASE

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Policy rate unchanged at 1.75 per cent

The risk that the war in the Middle East will lead to higher inflation has increased somewhat. However, inflation is currently below the target and the recent outcomes have been clearly lower than the Riksbank's forecast in March. In addition, economic activity is weak. This means that there is scope to wait until there is a clearer picture of the effects of the war and the supply shocks it entails. The Executive Board has decided to leave the policy rate unchanged at 1.75 per cent. The current level of the policy rate gives the Riksbank a good initial position to adjust monetary policy if required to safeguard the inflation target.

The war in the Middle East is continuing to impact developments around the world and the longer it continues, the greater is the risk of inflation rising and negative effects on economic developments. The price of oil is still elevated and has varied substantially as a result of various actions by the parties in the war. Prices of other commodities have also been affected by the war and according to surveys, parts of the business sector are experiencing higher cost pressures. As expected, it is primarily higher fuel prices that have been the most tangible economic effect of the war so far. On the financial markets there is still an expectation that the oil price will fall back this year.

In March, the Riksbank assessed that there are fundamentally favourable conditions in place for stronger economic activity, but that the war is dampening the economic outlook somewhat in the near term. Since then, we have seen signs that growth was weaker than expected at the start of the year. In addition, the risk of higher inflation in the wake of the war is assessed to have increased somewhat. At the same time, inflation is currently below the target and the recent inflation outcomes have been clearly lower than the Riksbank's forecast both including and excluding energy prices. This together with the weak economic activity at the outset means that there is scope to wait until there is a clearer picture of the effects of the war and the supply shocks it entails.

S V E R I G E S R I K S B A N K

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There is considerable uncertainty and the developments call for vigilance. If the war were assessed to have large effects on the global economy and lead to a broad and persistent upturn in inflation, the Riksbank would need to raise the policy rate. At the same time, economic activity has been weaker than expected and domestic inflationary pressures are currently low. In addition to the war in the Middle East, there are also several other risks that could affect the outlook for inflation and economic activity. The range of potential outcomes for what can happen going forward is wide and the Riksbank is monitoring developments closely.

The decision on the policy rate will apply from 13 May 2026. The minutes from the Executive Board's monetary policy meeting will be published on 13 May 2026. A press conference with Governor Erik Thedén, and Åsa Olli Segendorf, Head of the Monetary Policy Department, will be held today at 11.00 at the Riksbank. Press cards or the equivalent are required to participate. Advance registration is required, to press officer Susanne Meyer, susanne.meyer@riksbank.se no later than 10.00 on 7 May 2026. The press conference will be broadcast live on riksbank.se.

About the Monetary Policy Update

A Monetary Policy Update is published in connection with the policy rate decision, containing the Executive Board's assessment of how new information affects economic prospects and monetary policy. The update does not contain any new forecasts. The next Monetary Policy Report containing forecasts will be published on 17 June 2026.