

Monetary Policy Update

November 2026

Monetary Policy Update

The Executive Board normally holds eight monetary policy meetings a year. In connection with each of the meetings, a monetary policy decision is published, along with the motives for the decision. In connection with four of the meetings, a Monetary Policy Report is published, which describes the considerations behind the Riksbank's assessment of an appropriate monetary policy. The report includes a forecast of the outlook for inflation and economic activity three years ahead, based on the monetary policy that the Riksbank currently considers to be well-balanced. A shorter Monetary Policy Update is published after the other four meetings. This describes the considerations made by the Riksbank and economic developments in relation to the Riksbank's most recent forecast.

The Riksbank informs the general public about monetary policy through the Monetary Policy Reports and Updates, which makes it easier for external parties to follow, understand and evaluate the Riksbank's actions.

Regularly or upon request, the Riksbank shall submit an account of its monetary policy operations to the Riksdag Committee on Finance, pursuant to Chapter 11, Article 1 of the Sveriges Riksbank Act (2022:1568). These accounts are presented both in specific material for assessing monetary policy and in the Monetary Policy Reports and Updates.

The monetary policy decisions and accompanying Report or Update can be downloaded as PDF files on the Riksbank's website, www.riksbank.se

No new forecasts are produced for the Monetary Policy Updates. Monetary Policy Report no. 4 2026 will be published on 16 December 2026.

Monetary policy considerations

Global inflationary pressures remain elevated due to supply disruptions linked to the war in the Middle East. Energy prices have risen further and inflation abroad has increased. In Sweden, CPIF inflation was 1.5 per cent in September, in line with the Riksbank's latest forecast. Inflation is still being held back by direct effects of temporary fiscal policy measures. Excluding these, CPIF inflation was 3 per cent. The measure that currently best reflects the more underlying inflation, which also excludes energy prices, amounted to 1.6 per cent. This was slightly lower than expected. At the same time, indicators point to cost pressures still being above normal. According to preliminary statistics, GDP increased during the third quarter and employment rose, both in line with the forecast. Sentiment among households declined in October, but among companies it rose further.

Overall, recent developments have largely been in line with the Riksbank's forecast, which implies that economic conditions are strengthening further and will become normal next year. The labour market is also expected to continue to improve. The combination of stronger economic activity, cost increases due to supply disruptions and a weaker krona this year is expected to contribute to both CPIF inflation and underlying inflation rising above 2 per cent next year.

The Riksbank has therefore decided to raise the policy rate by 0.25 percentage points to 2 per cent. If the outlook for inflation and economic activity holds, the Riksbank assesses that it is likely that the policy rate will be raised further in the coming year, in line with the policy rate forecast in September. With this monetary policy, inflation is expected to stabilise around the target of 2 per cent after some time.

There are several risks that could affect the outlook. The causes of supply disruptions remain, which increases the risk that inflation will be too high. The upturn in economic activity has gained momentum and it cannot be ruled out that the economy will grow faster than expected. Despite signs of improvement, there is nevertheless uncertainty regarding the strength of the recovery in the labour market. There are also risks of weaker demand linked to the global economy, such as geopolitical uncertainty, concerns about AI investments, and weak public finances in certain countries. As always, the Riksbank evaluates the

outlook for inflation and economic activity in the light of new information and adjusts monetary policy accordingly.

International developments

Global cost pressures remain elevated. The flow of crude oil from the Middle East has approached a normal level, but spot and futures prices for oil have still increased and freight rates have risen sharply (see Figure 1). Markets for refined oil products remain strained and prices are high. In Europe, prices for electricity and natural gas have also increased since September. The development of energy prices has led to higher prices for inputs. At the same time, large AI investments have pushed up prices for certain electronic products.

Rising energy prices contributed to inflation increasing in both the euro area and the United States in September. As expected, HICP inflation in the euro area rose to 3.8 per cent and CPI inflation in the United States to 3.7 per cent (see Figure 2). Even excluding energy prices, inflation increased somewhat: to 2.3 per cent in the euro area and 2.6 per cent in the United States. So far, the indirect effects on consumer prices, excluding energy, have been relatively small. Producer prices, on the other hand, have increased at a faster pace, even excluding energy (see Figure 2).

The global economy has developed roughly in line with the Riksbank's assessment in September. According to preliminary statistics, household consumption contributed to strong GDP growth in the United States in the third quarter (see Figure 3). Euro area GDP increased at a slower rate in the third quarter than in the second. In both the United States and the euro area, indicators such as the Purchasing Managers' Index provide positive signals for growth going forward (see Figure 3).

Financial markets continue to expect more restrictive monetary policy abroad. Both the ECB and the Federal Reserve left their policy rates unchanged at their meetings at the end of October, but according to market pricing, there is a high probability that both will raise them in December. Currently, the market expects that both central banks will then raise their policy rates one to two times more next year (see Figure 4).

Long-term interest rates are at roughly the same high levels as in September. The fact that long-term interest rates have increased this year reflects, among other things, expectations of higher inflation and stronger economic activity going forward (see Figure 5). An increased supply of corporate bonds and large public deficits also contribute to the rise in interest rates. However, the reasons vary between countries. Long-term interest rates have risen particularly sharply in France, where increased concern about the sustainability of public finances means that investors are demanding higher returns as compensation for what they assess to be a higher credit risk.

Global financial conditions have tightened somewhat since September. Long-term interest rates are at a high level, risk appetite has decreased slightly, and credit spreads have increased. Overall, however, global financial conditions are still somewhat expansionary. Many companies continue to make large profits, but technology

shares have been affected by concerns about whether the high expectations for future AI-related profits can be realised.

Uncertainty surrounding the outlook for the global economy is high. High and volatile interest rates on government bonds, especially for countries with large debts and budget deficits, are contributing to this uncertainty. An underlying vulnerability is that global economic activity is heavily dependent on large investments in, among other things, data centres, by a small number of interlinked technology companies whose indebtedness is increasing ever more. As before, there is also significant geopolitical uncertainty, not least associated with the war in the Middle East and the war in Ukraine following Russia's invasion. At the same time, there is considerable uncertainty regarding the political situation in several economies, including France and the United States.

Developments in Sweden

New information supports the view that the Swedish economy is strengthening and approaching normal economic conditions. According to preliminary statistics, GDP rose in line with the September forecast in the third quarter compared with the previous quarter, 0.4 per cent (see Figure 6).[1] Household consumption developed strongly during the same quarter. Several indicators show that resource utilisation in the economy is now approaching a normal level (see Figure 7). Sentiment among companies has continued to improve, but it fell among households in October (see Figure 8). Overall, sentiment remains stronger than normal. Economic activity is assessed to strengthen further going forward, in line with the September forecast.

Data and indicators suggest that the labour market will improve going forward. Both unemployment and employment developed in line with the Riksbank's forecast in the third quarter (see Figure 9). The number of registered unemployed with the Swedish Public Employment Service decreased in September and the number of redundancy notices is close to a normal level. Companies' recruitment plans have continued to increase and are now close to a historical average (see Figure 9). There is still spare capacity in the labour market, but the situation is expected to continue to improve.

Inflation in September rose in line with the Riksbank's forecast. The CPIF-inflation was 1.5 per cent (see Figure 10). Energy prices rose faster than expected, but excluding energy, CPIF inflation was 0.5 per cent, which was lower than forecast. It was mainly prices for services and food that rose more slowly than expected. Inflation is still being held back by direct effects of temporary fiscal policy measures. Excluding these, CPIF inflation was significantly higher in September: 1.6 per cent excluding energy and 3 per cent including energy (see Figure 11).

Indicators of inflationary pressures remain above normal. Companies' costs have increased due to large price increases for, among other things, oil products. But even when energy is excluded producer prices have risen at a fast pace. In the Economic

[1] The preliminary statistics are based on a smaller amount of data than the National Accounts, and should therefore be interpreted with caution.

Tendency Survey, more companies than usual state that they will raise their prices. Several other indicators confirm that cost pressures are higher than normal for Swedish companies (see Figure 12). Stronger domestic economic activity and the weakening of the krona so far this year are also expected to contribute to higher consumer prices. Overall, the Riksbank's assessment is that inflation will rise going forward but stabilise at the target after some time.

Financial conditions in Sweden have tightened somewhat but remain expansionary. As in the case abroad, credit spreads in Sweden have increased recently. Interest rates on Swedish government bonds increased during the summer, in line with the rise in foreign bond yields, but are about the same as in September (see Figure 5). Households and companies still have good lending conditions and credit growth has risen to levels that are currently assessed to be roughly normal. Overall, the krona has strengthened since September, particularly against the euro (see Figure 13).

Uncertainty regarding the outlook for the Swedish economy is still high. The risk of inflation becoming too high in the wake of supply disruptions remains. The development of the krona also poses a risk for inflation. Further, risks can interact and reinforce one another. If the exchange rate develops weakly and demand becomes increasingly strong, supply disruptions may have larger effects on prices, especially if companies change their pricing behaviour. There is also uncertainty about when and how much the stronger demand will affect the labour market and how future fiscal policy will be designed in relation to the fiscal policy framework.

Policy rate raised by 0.25 percentage points to 2 per cent

In September, the Riksbank assessed that the policy rate should be raised this year if the outlook holds. The forecast was that the labour market situation would improve and that economic conditions would become normal next year. The combination of stronger economic activity and cost increases due to supply disruptions was expected to contribute to inflation continuing to rise. In addition, the krona had weakened. To stabilise inflation around 2 per cent, the Riksbank assessed that increases in the policy rate should begin this year.

New information confirms the picture that economic activity has strengthened. Both economic activity and employment increased in the third quarter, in line with the forecast. Sentiment among companies has continued to improve, but among households it fell in October. Overall, sentiment remains stronger than normal. The economy is expected to continue to strengthen and approach normal economic conditions. At the same time, the labour market is expected to continue to improve.

At the same time, the causes of the supply disruptions remain, and energy prices have risen further. Additionally, producer prices excluding energy have recently risen rapidly. Excluding the direct effects of temporary fiscal policy measures, CPIF inflation was 3 per cent in September. If energy prices are also excluded — the measure that currently best reflects underlying inflation — inflation was 1.6 per cent. However,

several indicators of inflationary pressures remain above normal, supporting the assessment that both CPIF inflation and underlying inflation will rise above 2 per cent next year.

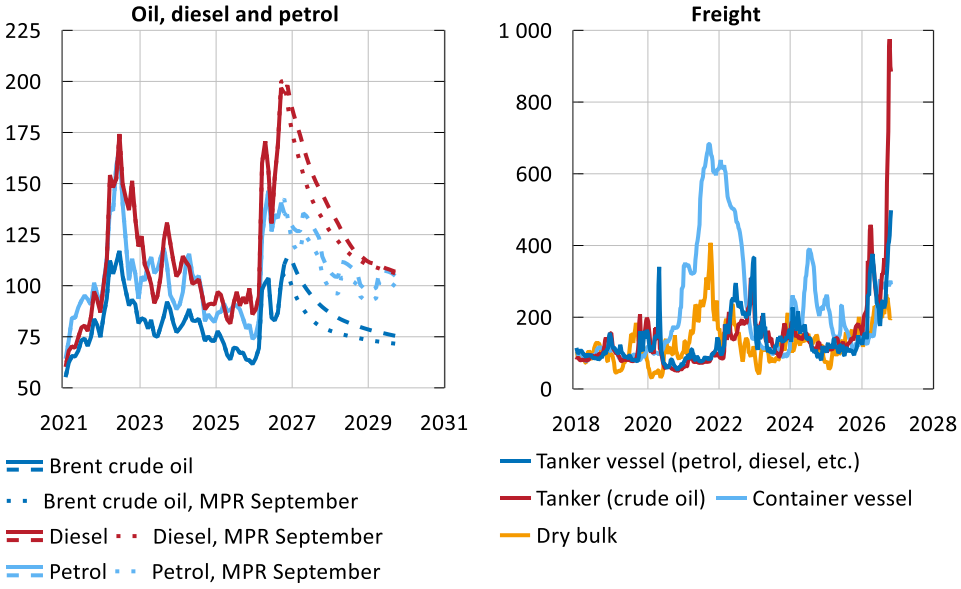
The Riksbank has therefore decided to raise the policy rate by 0.25 percentage points to 2 per cent. If the outlook for inflation and economic activity holds, the Riksbank assesses that it is likely that the policy rate will be raised further in the coming year, in line with the policy rate forecast in September. With this monetary policy, inflation is expected to stabilise around the target of 2 per cent after some time.

There are several risks that could affect the outlook. The causes of supply disruptions remain, which increases the risk that inflation will be too high. The upturn in economic activity has gained momentum and it cannot be ruled out that the economy will grow faster than expected. Despite signs of improvement, there is nevertheless uncertainty regarding the strength of the recovery in the labour market. There are also risks of weaker demand linked to the global economy, such as geopolitical uncertainty, concerns about AI investments, and weak public finances in certain countries. As always, the Riksbank evaluates the outlook for inflation and economic activity in the light of new information and adjusts monetary policy accordingly.

Figures

Figure 1. Prices of oil, diesel and petrol and freight prices

USD per barrel (left) and index, 2018 = 100 (right)

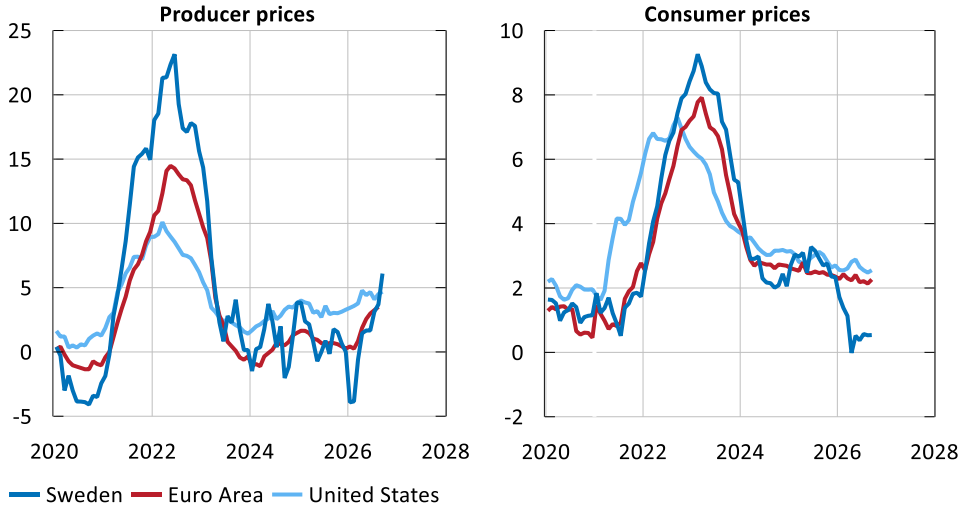


Note. Futures prices are calculated as five-day moving averages of daily data, converted into a monthly average. Solid lines refer to outcomes and dashed/dotted lines represent futures prices. Outcome and current futures prices up to and including 2 November 2026. Futures prices at the time of the Monetary Policy Report (MPR) in September are up to and including 16 September 2026 (left). Refers to freight prices in US dollars. Dry cargo refers to, for example, coal, iron ore and agricultural products (right).

Sources: Baltic Exchange, Drewry Shipping Consultants Ltd, Intercontinental Exchange and the Riksbank.

Figure 2. Producer prices and consumer prices excluding energy

Annual percentage change

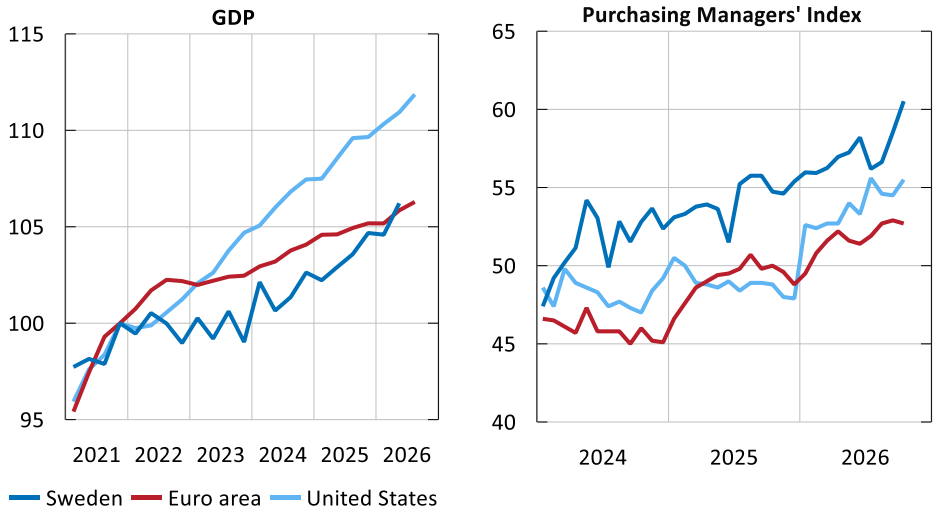


Note. Producer prices are measured using the Producer Price Index (PPI) for all countries (left). Refers to the CPIF for Sweden, the HICP for the euro area and the CPI for the United States (right).

Sources: Statistics Sweden, U.K. Office for National Statistics and US Bureau of Labor Statistics.

Figure 3. GDP and Purchasing Managers' Index in the manufacturing industry

Index, 2021 Q4 = 100 (left) and index (right)

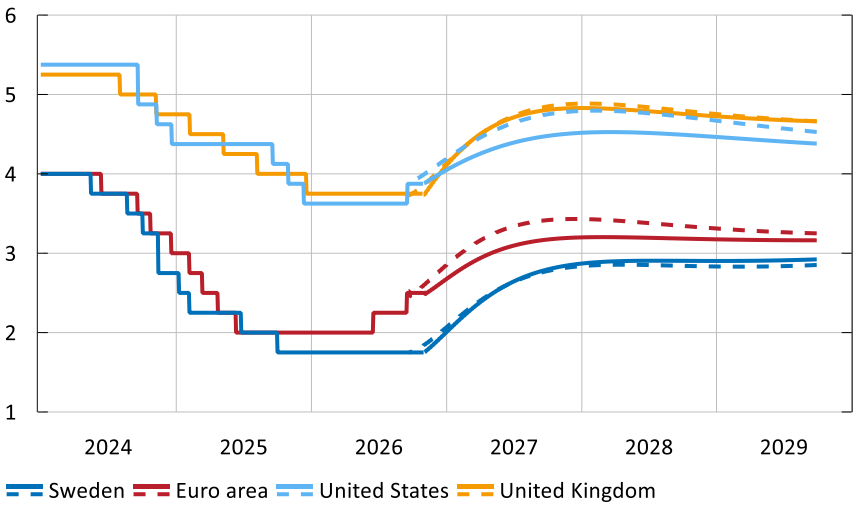


Note. Seasonally adjusted data. Purchasing Managers' Index is an indicator of economic activity where an index figure above 50 indicates growth, while a figure below 50 indicates a downturn (right).

Sources: Eurostat, Institute for Supply Management, S&P Global, Statistics Sweden, Swedbank and US Bureau of Economic Analysis.

Figure 4. Market expectations of policy rates

Per cent

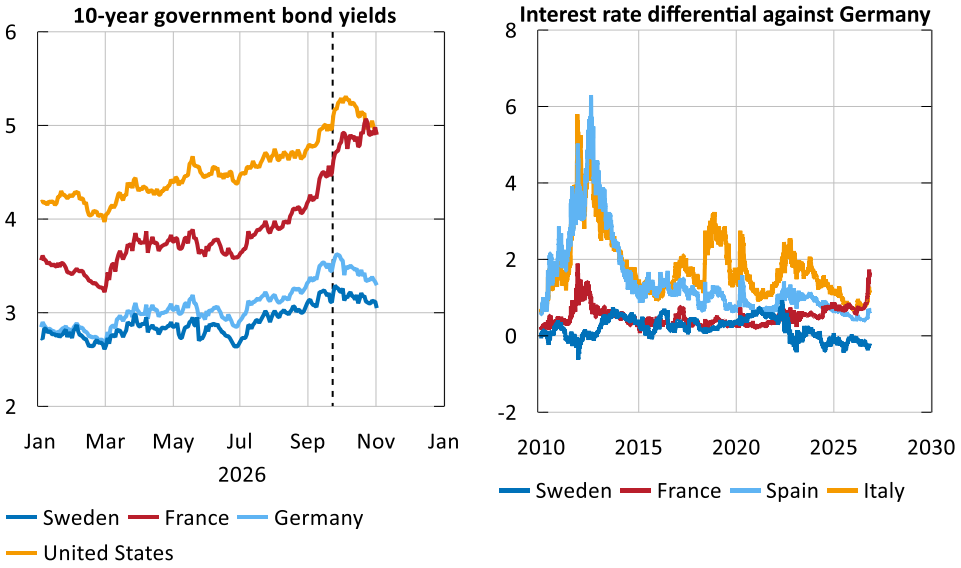


Note. The figure shows policy rates and market-based expectations according to futures pricing. Solid lines represent expectations on 2 November 2026. Dashed lines represent expectations immediately prior to the monetary policy meeting in September.

Sources: National central banks and the Riksbank.

Figure 5. Government bond yields and yield spreads against Germany

Per cent (left) and percentage points (right)

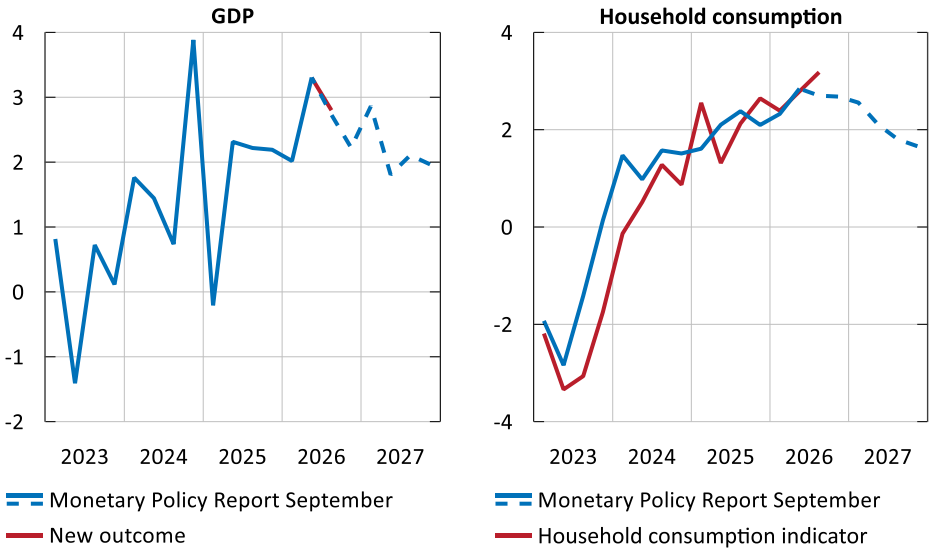


Note. Dashed vertical line marks the time of the monetary policy meeting in September (left). Refers to the difference between yields on Swedish, French, Italian and Spanish government bonds compared to German (right).

Sources: Macrobond Financial AB and US Department of Treasury.

Figure 6. GDP and household consumption

Annual percentage change

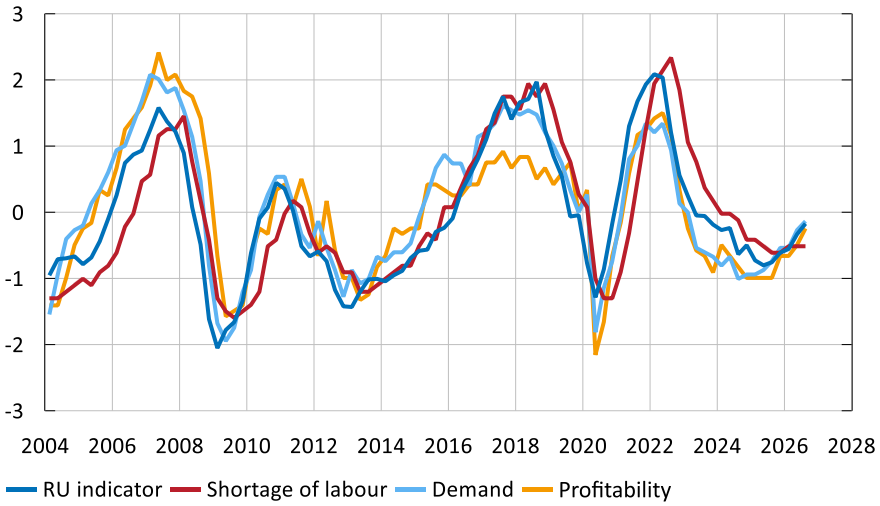


Note. Calendar-adjusted quarterly data. Solid and dashed blue lines refer to outcome and forecast respectively at the monetary policy meeting in September. The most recent outcome for GDP refers to the GDP indicator (left).

Sources: Statistics Sweden and the Riksbank.

Figure 7. Indicators of resource utilisation in the business sector

Standard deviation

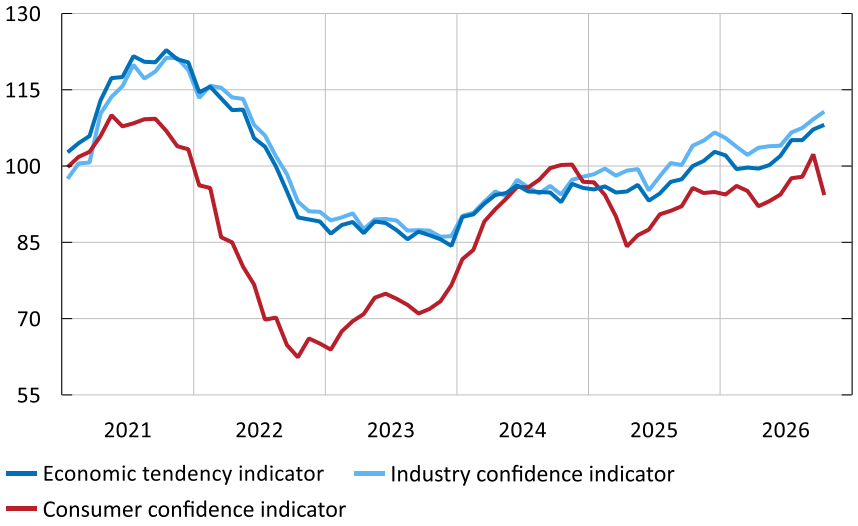


Note. Seasonally adjusted data. The RU indicator is an aggregate of different survey data that measure resource utilisation. Shortage of labour is the number of companies that report having experienced a labour shortage. The series are standardised so that the mean value is 0 and the standard deviation is 1.

Sources: National Institute of Economic Research and the Riksbank.

Figure 8. Confidence indicators in the Economic Tendency Survey

Index, average = 100, standard deviation = 10

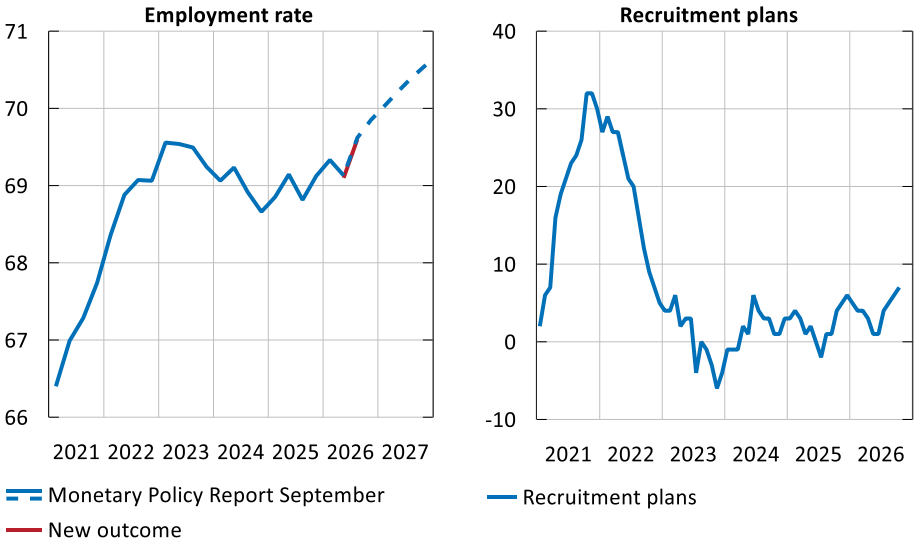


Note. The confidence indicators are calculated as the mean value of net figures for a number of questions concerning the economic situation and future prospects.

Source: National Institute of Economic Research.

Figure 9. Employment rate and recruitment plans

Percentage of population (left) and net figures (right)

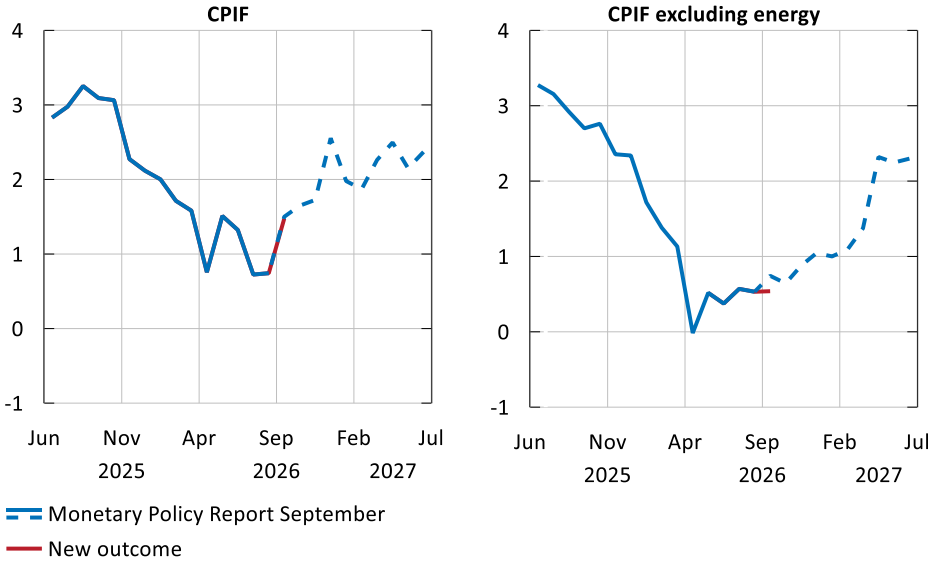


Note. Seasonally adjusted data. Refers to persons aged 15–74. Solid and dashed blue lines refer to outcome and forecast respectively at the monetary policy meeting in September. Red line refers to outcome for the third quarter (left). Net figures for number of companies responding that they plan to increase employee numbers compared with how many plan to reduce employee numbers in the coming three months (right).

Sources: National Institute of Economic Research, Statistics Sweden and the Riksbank.

Figure 10. CPIF and CPIF excluding energy

Annual percentage change

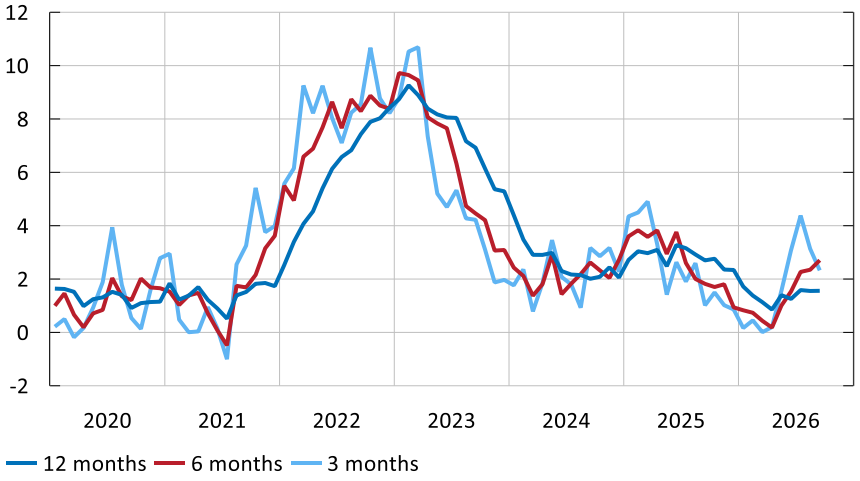


Note. Solid and dashed blue lines refer to outcome and forecast at the monetary policy meeting in September, respectively. Red lines refer to outcome for September.

Sources: Statistics Sweden and the Riksbank.

Figure 11. CPIF excluding energy and temporary fiscal policy measures

Annual percentage change and three-month and six-month percentage change, calculated as an annual rate.

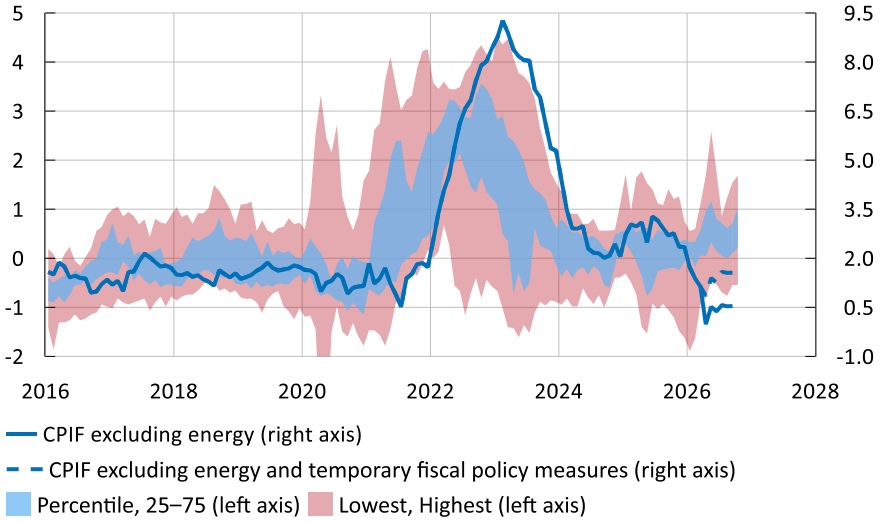


Note. Seasonally adjusted data. The direct effect on prices of temporary fiscal policy measures has been excluded. Temporary fiscal policy measures refer to the temporary tax reduction on food and the temporary price reduction on public transport implemented during 2026.

Sources: Statistics Sweden and the Riksbank.

Figure 12. CPIF excluding energy with indicators

Standard deviation

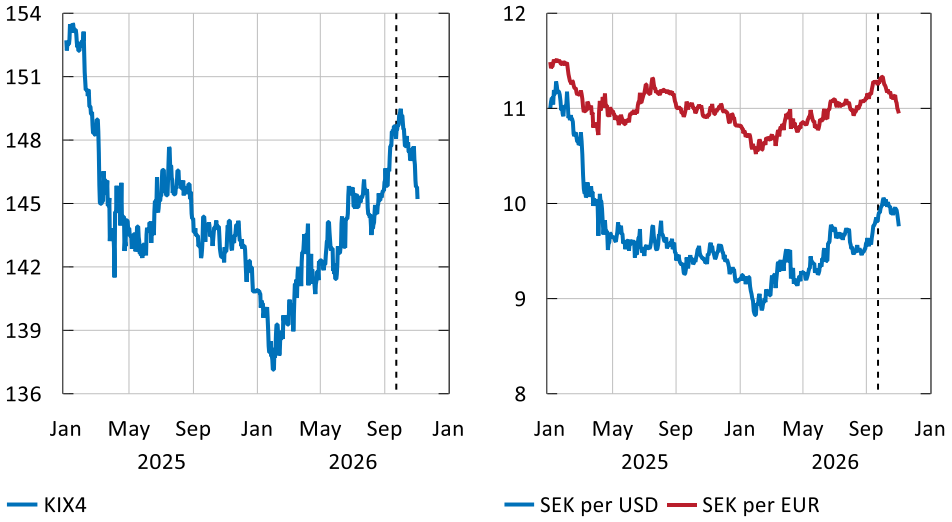


Note. The red field shows the range between the highest and lowest standardised value for the following indicators: households' inflation expectations, price plans in the retail trade sector, consumer goods sector and services sector, Purchasing Managers' Index for the services sector and manufacturing sector, producer price index for consumer goods (IMPI and HMPI), the CPI excluding energy in the United States, the HICP excluding energy in the euro area, the KIX, The Economist's commodity index and the Global Supply Chain Pressure Index. The light-blue area shows the indicators in the 25th and 75th percentiles. The price index is expressed as an annual percentage change. The series are standardised from the year 2000 so that the mean value is 0 and the standard deviation is 1.

Sources: Eurostat, Federal Reserve Bank of New York, National Institute of Economic Research, Statistics Sweden, Swedbank, The Economist, US Bureau of Labor Statistics and the Riksbank.

Figure 13. Nominal exchange rate for the Swedish krona against KIX4 and the dollar and euro

Index, 1992-11-18 = 100 (left) and kronor (right)



Note. The KIX4 (krona index) is a weighted average against the US dollar, the euro, pound sterling and the Norwegian krone. A lower value indicates a stronger exchange rate. Dashed vertical lines mark the time of the monetary policy meeting in September.

Source: The Riksbank.



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