

Riksbanken lowers rate path

- The policy rate was kept unchanged at -0.5%, as widely expected. Ohlsson voted for a 25bp hike
- The rate path was lowered by 16bp at the most and indicates a first rate hike in Q4-18 or Q1-19
- We expect the first hike to come in December, but see a risk of a later hike

Assessment: As expected, Riksbanken lowered the rate path and now signals a rate hike towards the end of the year (compared to “during the second half of this year” in February). This message supports our view of a December-hike, but we now also see an increased risk of a later hike, as the rate path also leaves open the possibility that the first hike comes in February 2019.

About the decision: The key policy rate was kept unchanged at -0.5%, as expected by us and consensus. Vice Governor Ohlsson voted against the decision and for a 25bp hike (he also voted for a hike at the previous meeting in February).

The rate path was lowered by up to 16bp in 2018 and 12bp in 2019 to indicate a first rate hike in Q4 2018 or Q1 2019. At the end of the forecast period (Q2 2021) the key policy rate is expected at 1.01%.

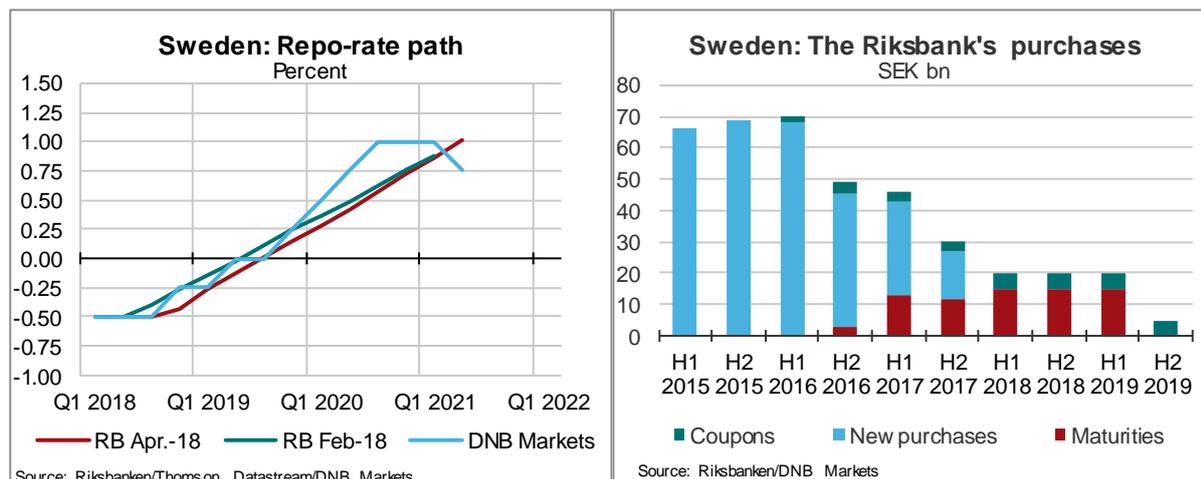
The plan for reinvestment of bonds of 20bn SEK in H1 2018 and 20bn in H2 2018 continues as announced in December 2017.

The inflation forecast (CPIF) was increased by 0.1%-points to 1.9% in 2018 due to a weaker SEK. The forecast for 2019 and 2020 was unchanged at 1.9% and 2.0%. CPIF excluding energy was forecasted 0.1%-point down at 1.6% in 2018. The GDP forecast was lowered 0.2%-points to 2.7% (calendar adjusted) in 2018, while increased by 0.1%-points to 2.0% and 1.9% in 2019 and 2020.

The press conference starts at 11:00 CET and is available from Riksbanken’s [home page](#) (the conference is in Swedish).

Market reactions: SEK depreciated on the decision with EURSEK up 4 øre to 10.43.

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