

The Riksbank makes no changes, as expected

The Riksbank states that the economic development in Sweden, and globally, has been in line with their expectations. Therefore they have decided to keep the policy rate unchanged at 0.00%, as expected. Their forecast is unchanged.

Assessment: The Riksbank viewed the economic outlook for Sweden to be in line with their forecast from December. Even if inflation is likely to be a little lower than they forecasted in the short term, due to a fall in electricity prices, they assess price growth to be close to their target of 2%. The decision is in line with our assessment from earlier this week, where we pointed out that recent development has been roughly in line with their expectation.

The interest rate unchanged as expected: The Riksbank decided to keep the policy rate unchanged at 0.00%. The interest rate will be effective from February 19.

The rate path was unchanged since last time, underlining that the Riksbank's assessment is that recent developments are in line with their expectation from December.

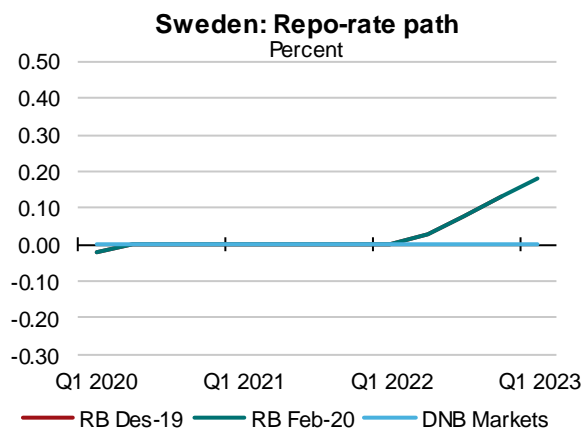
Asset purchases to continue as planned: *"The Riksbank will purchase government bonds for a nominal amount of SEK 45 billion from July 2019 to December 2020".*

The inflation (CPIF) forecasts adjusted for 2020. The Riksbank's new forecast for CPIF in 2020 is lower than in December. The Riksbank expects CPIF to be approximately 0.5%-point lower during the spring. CPIF will reach its bottom in November before gradually rising in the beginning of 2021 to re-join the old inflation path.

From the press release: *"The strong economic activity in Sweden has slowed and become more balanced. Both the global and the Swedish economies have developed in line with the Riksbank's forecasts in December and the prospects for inflation and economic activity are largely unchanged. Although falling energy prices are expected to dampen inflation this year, it is the Riksbank's assessment that it will thereafter be close to the target of 2 per cent. The Executive Board has therefore decided to hold the repo rate unchanged at zero per cent. The forecast for the repo rate is the same as in December. The repo rate is expected to remain at zero per cent during almost the entire forecast period, which will contribute to good economic development and close-to-target inflation."*

Market reactions: EURSEK roughly unchanged at release.

Oddmund Berg, DNB Markets



Source: Riksbanken/Refinitiv Datastream/DNB Markets

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