Monetary policy report
July 2015

SVERIGES RIKSBANK

HINC ROBUR ET SECURITAS

Chapter 1

Figure 1:1. Repo rate with uncertainty bands

Per cent

Legend: 50 % · 75 % · 90 %

Source: The Riksbank

Figure 1:2. GDP with uncertainty bands

Annual percentage change, seasonally-adjusted data

Figure 1:3. CPIF with uncertainty bands
Annual percentage change

Legend: 50 % | 75 % | 90 %

Figure 1:4. CPI with uncertainty bands

Annual percentage change
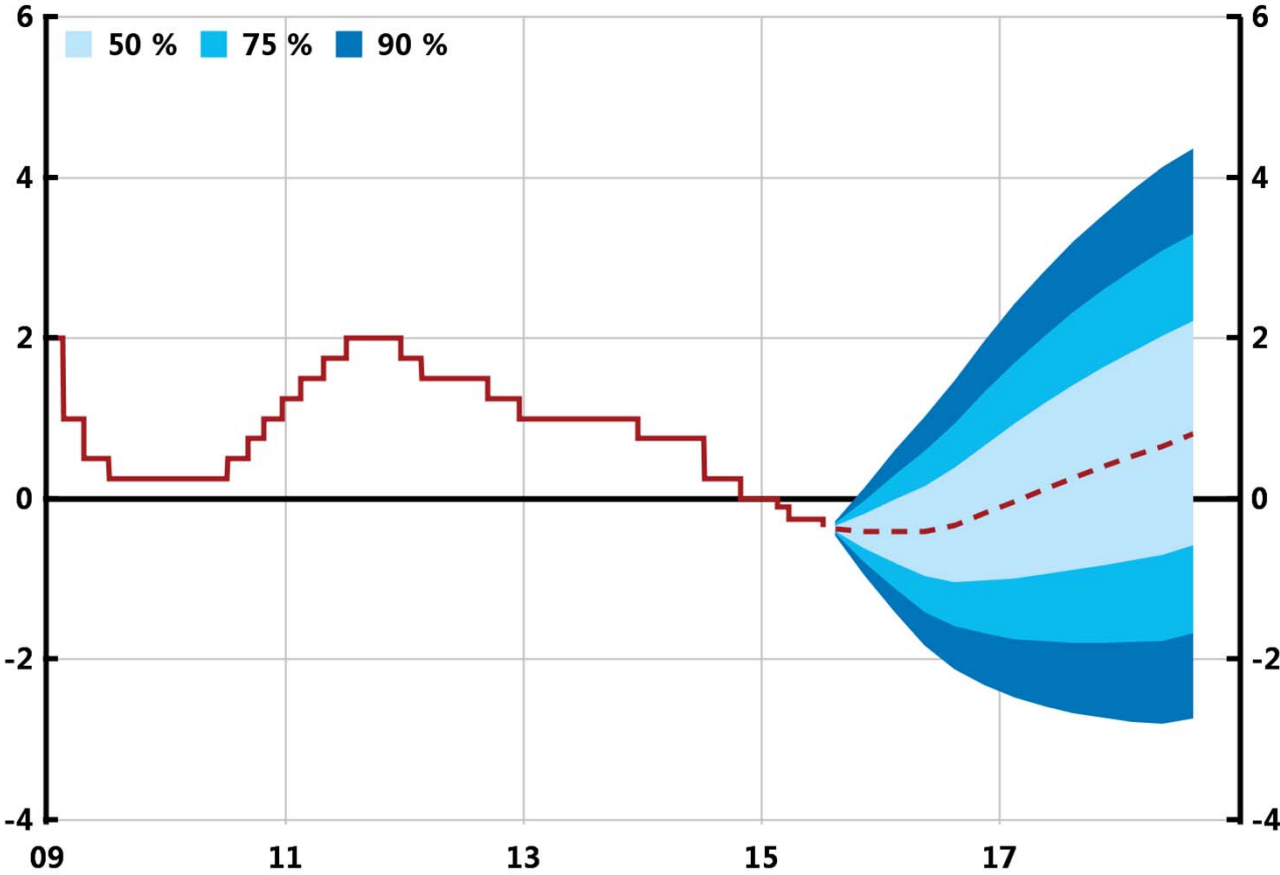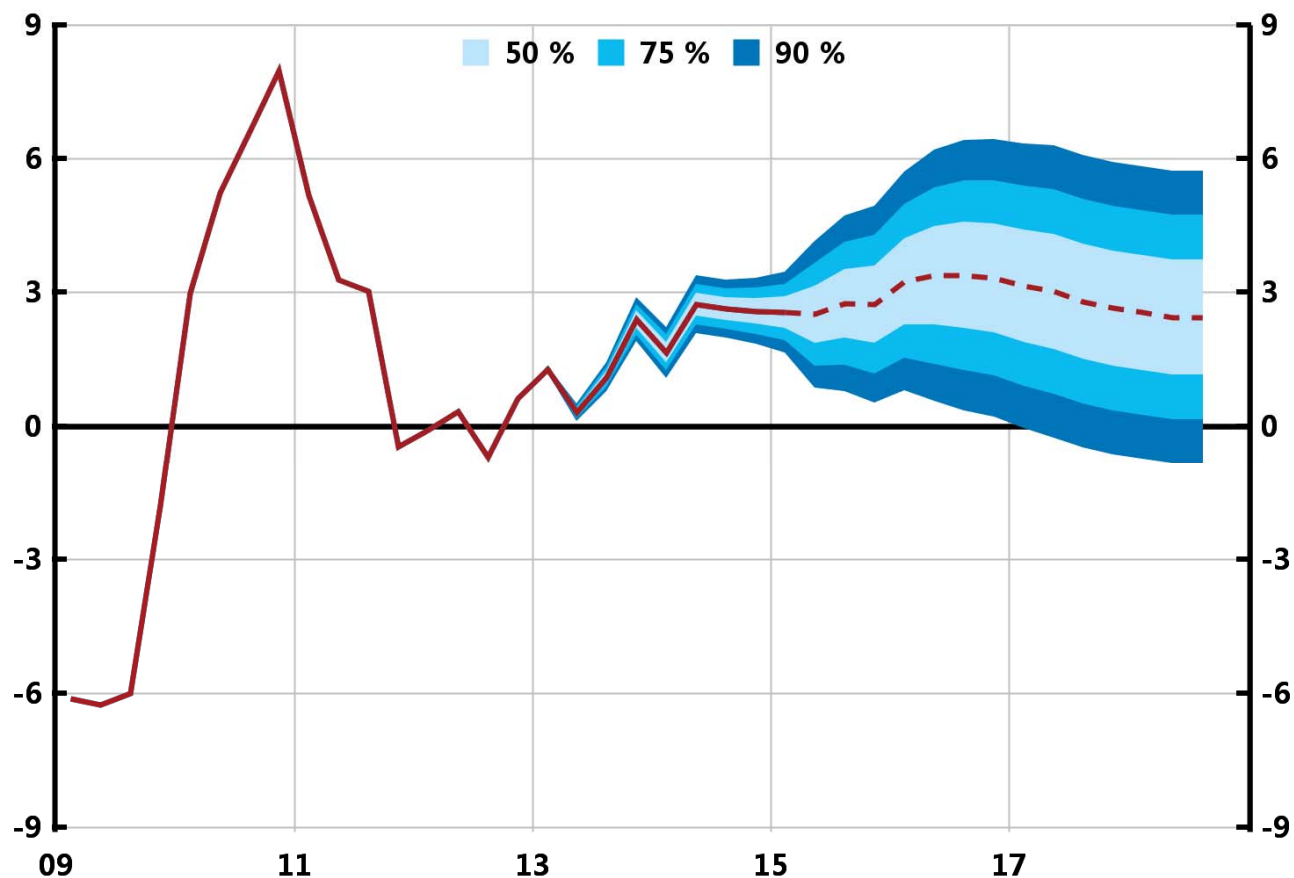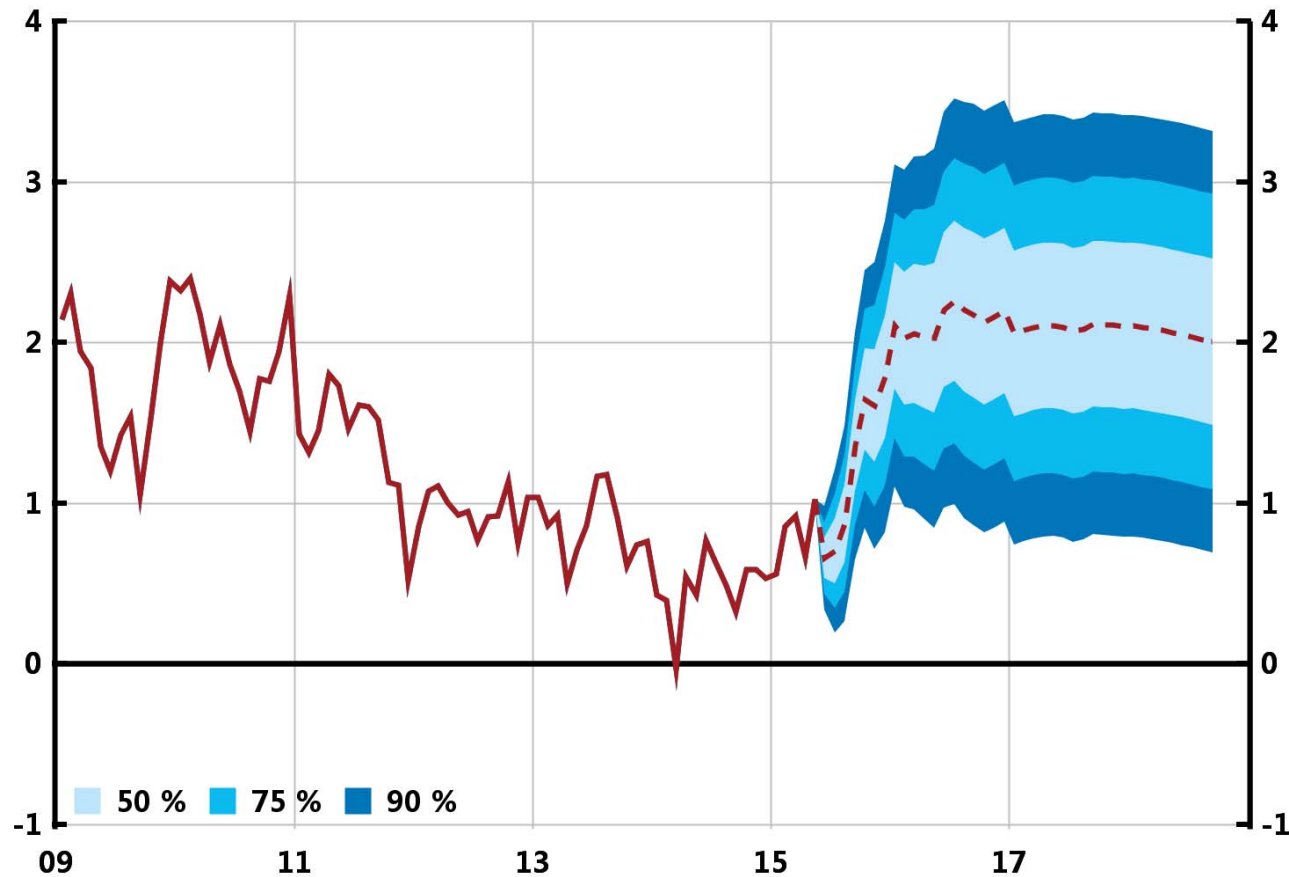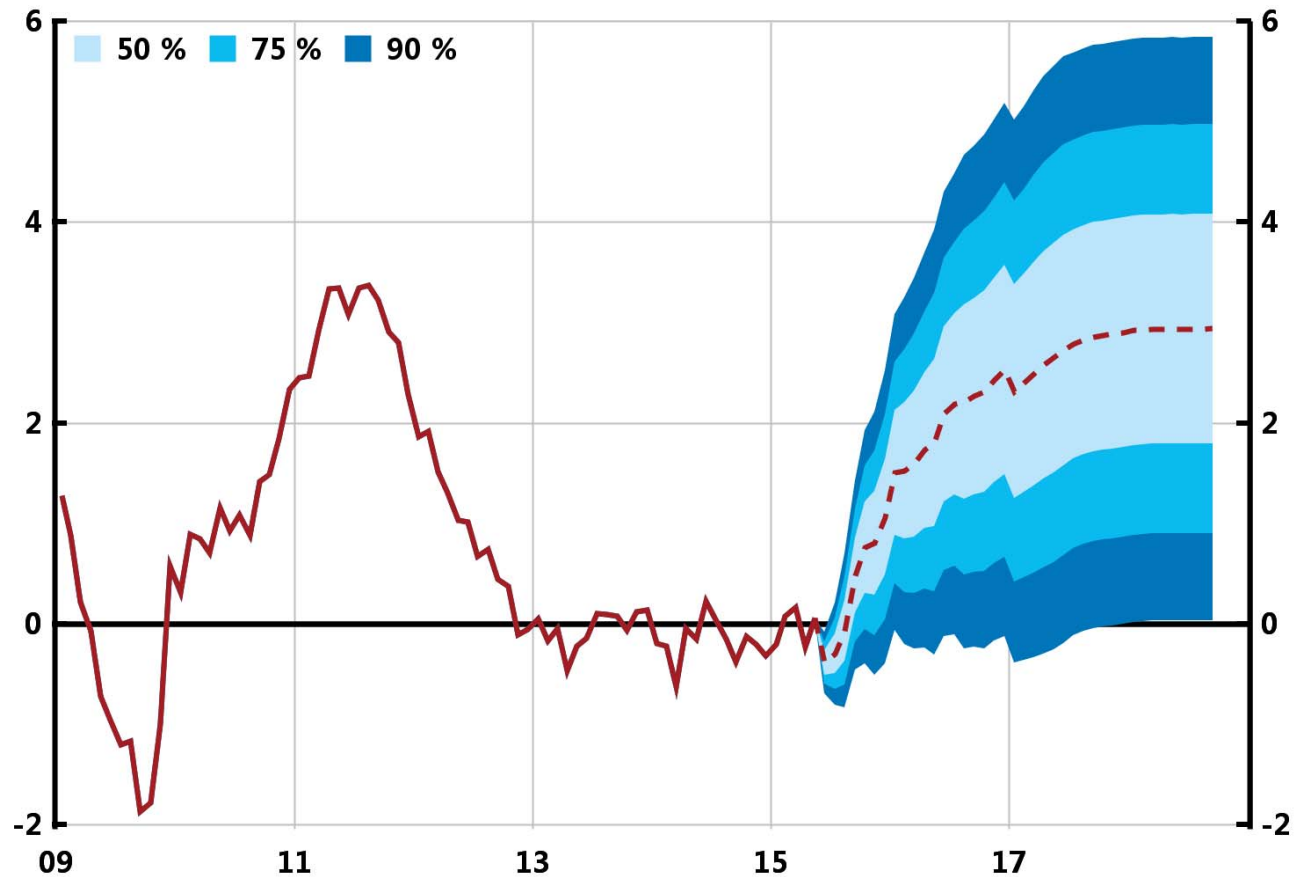
Note. The uncertainty bands are based on the Riksbank's historical forecasting errors.

Sources: Statistics Sweden and the Riksbank

Figure 1:5. CPIF excluding energy
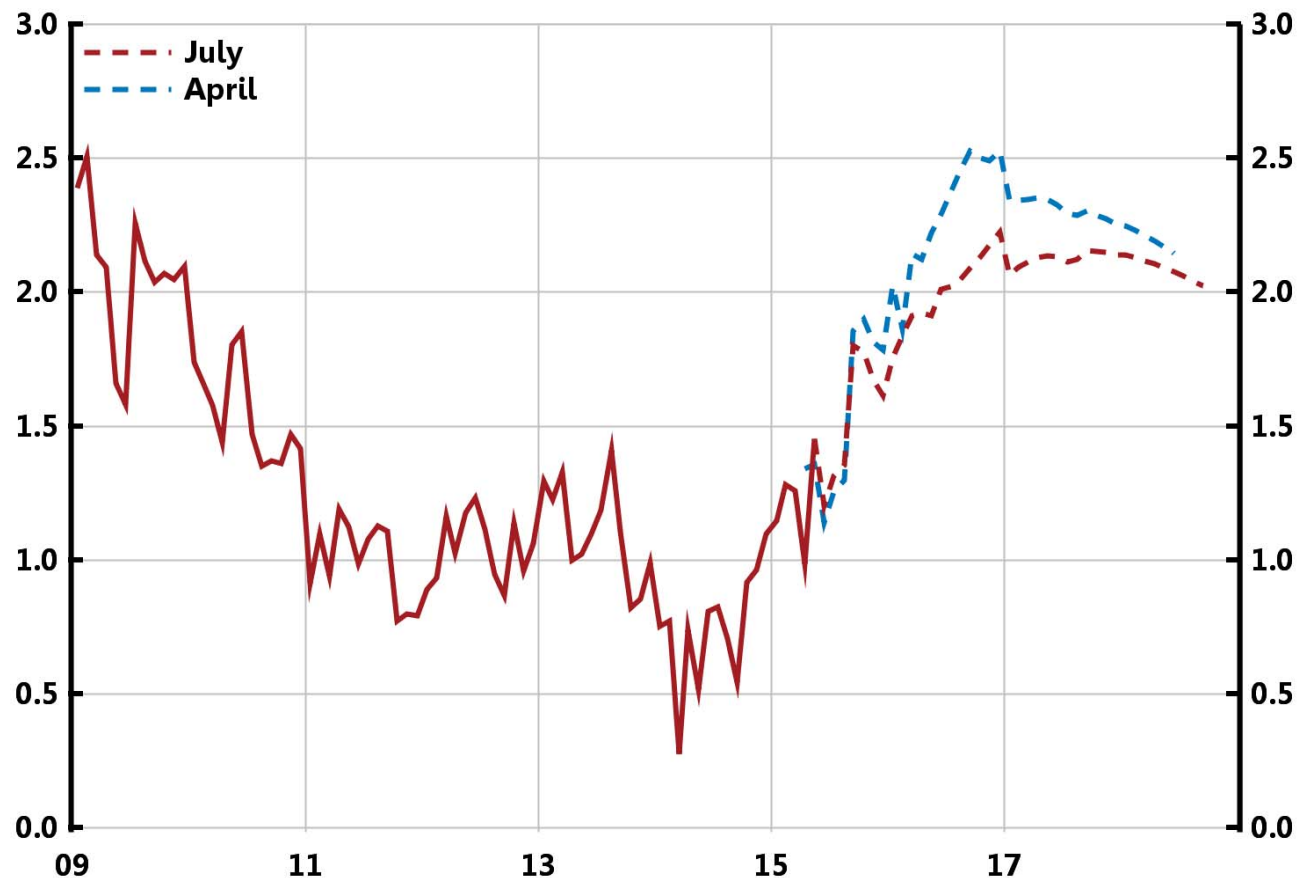
Annual percentage change

Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank

Figure 1:6. CPIF
Annual percentage change
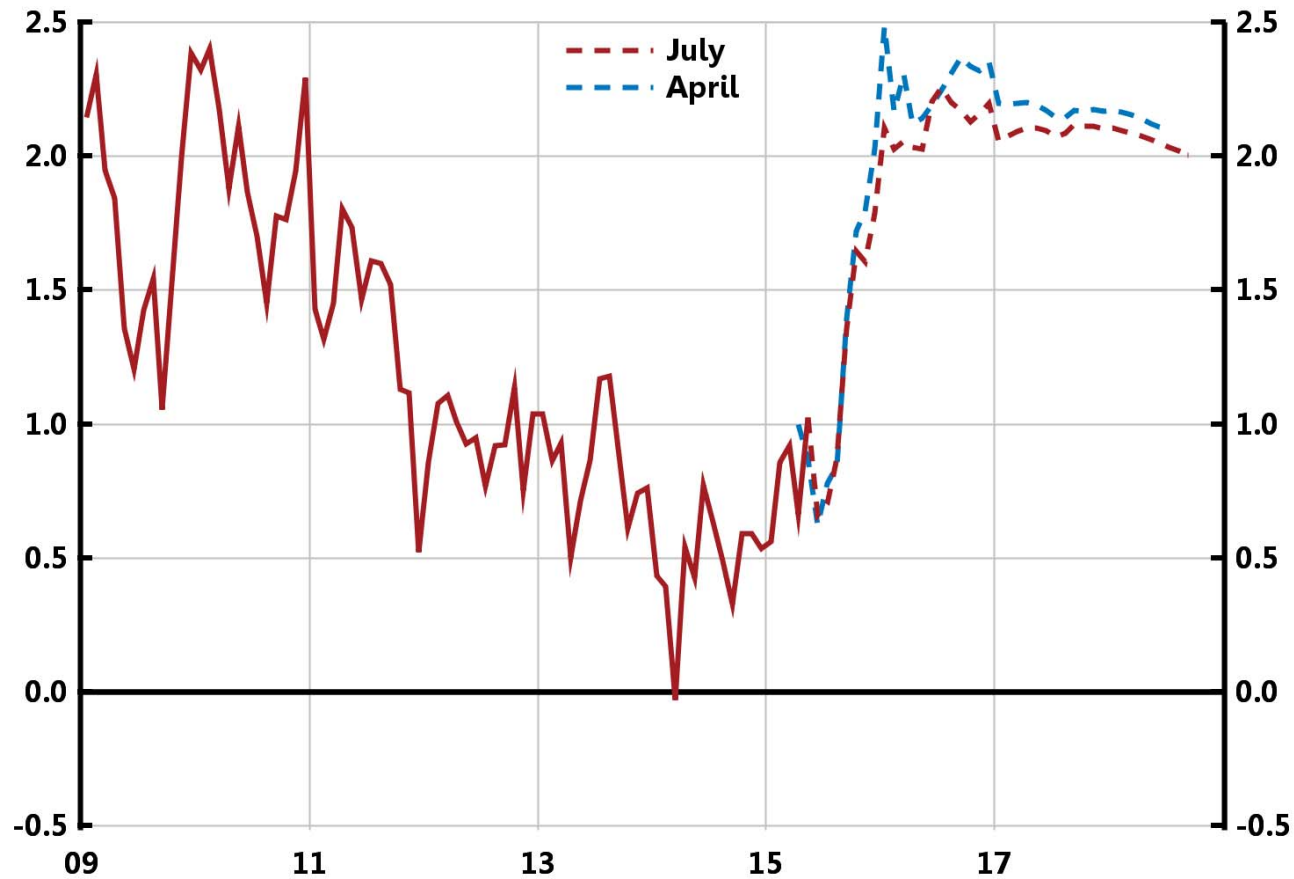
Legend: July (red dashed), April (blue dashed)

Figure 1:7. CPI
Annual percentage change

Sources: Statistics Sweden and the Riksbank
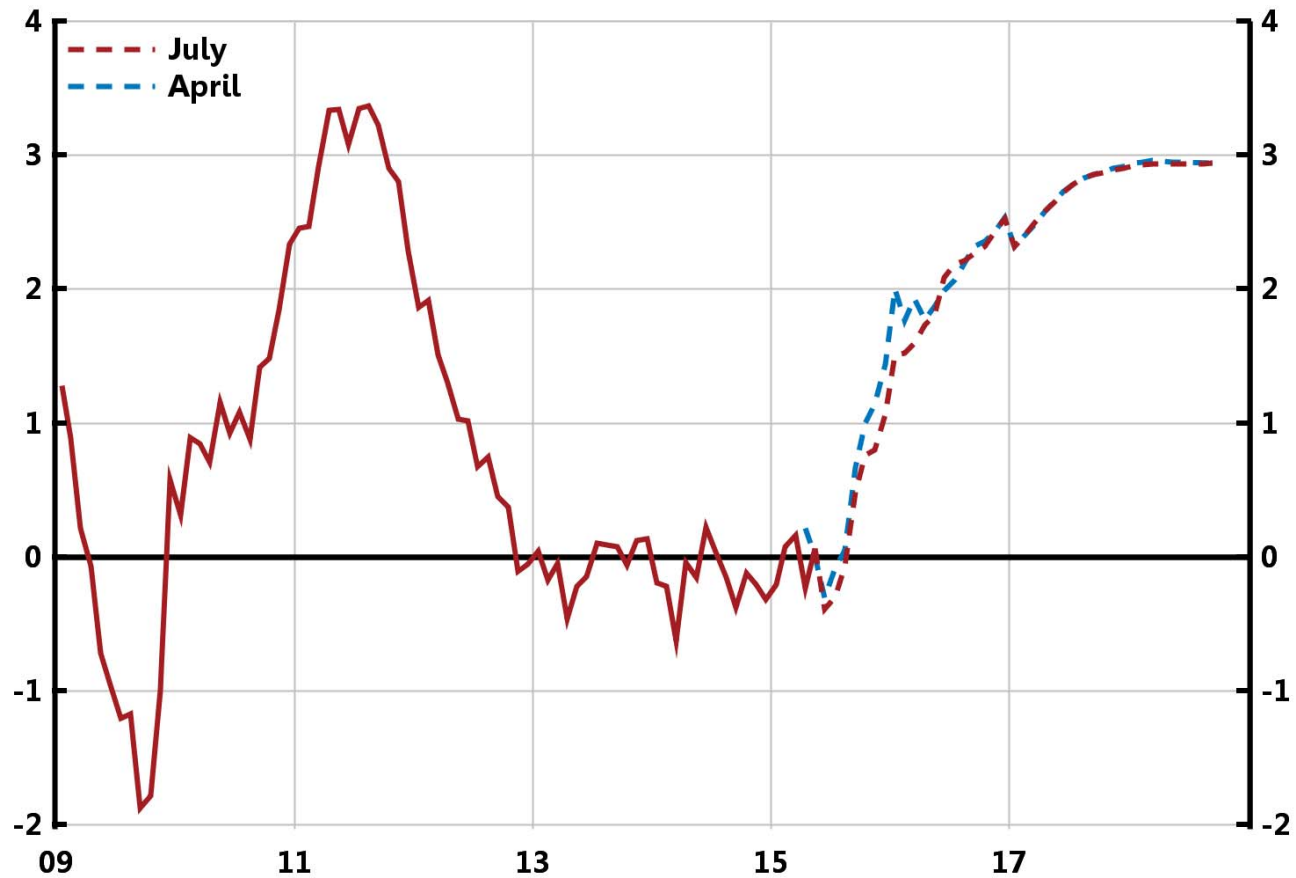
Figure 1:8. Repo rate
Per cent
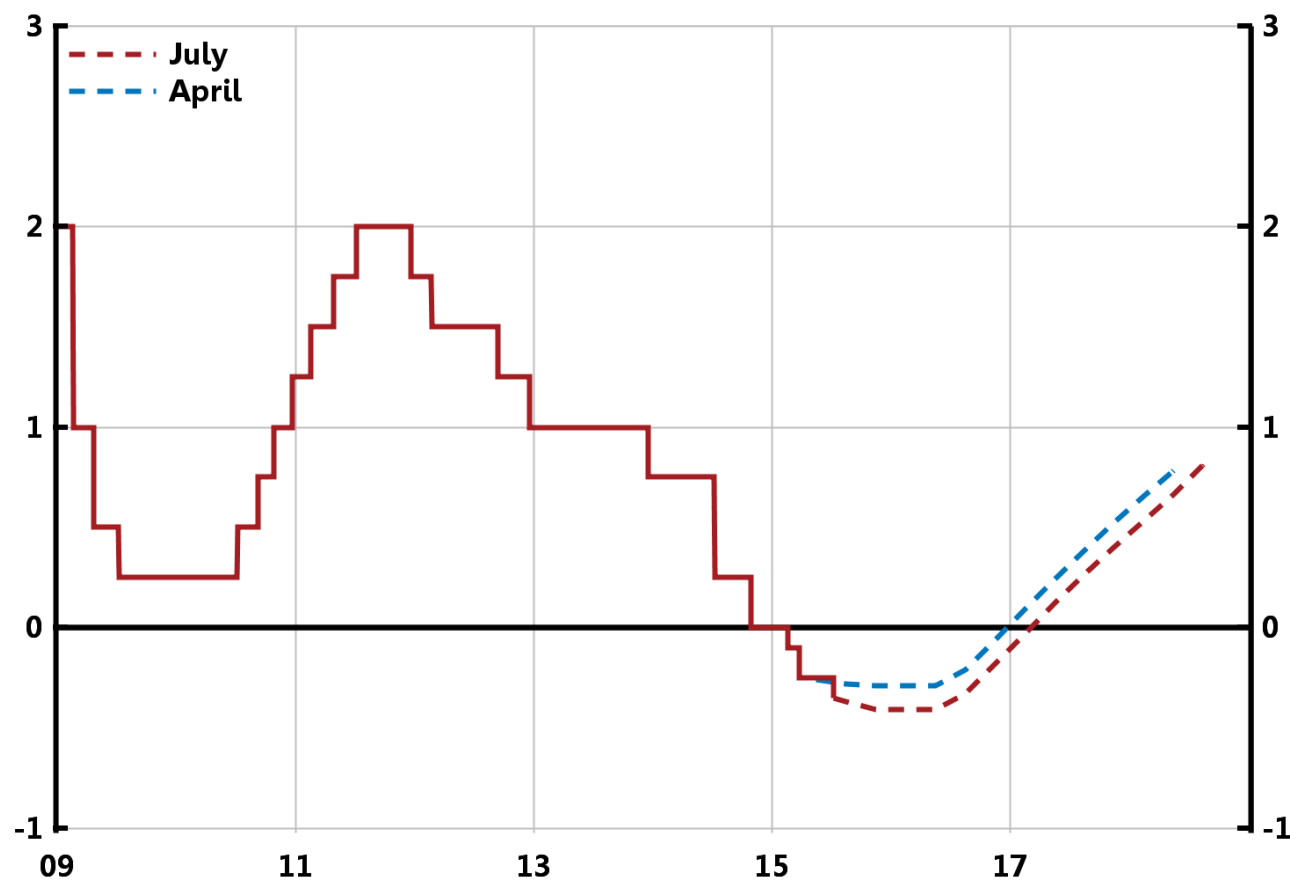
Note. Outcomes are daily data and the forecasts refer to quarterly averages.

Source: The Riksbank

Figure 1:9. Real repo rate

Per cent, quarterly averages
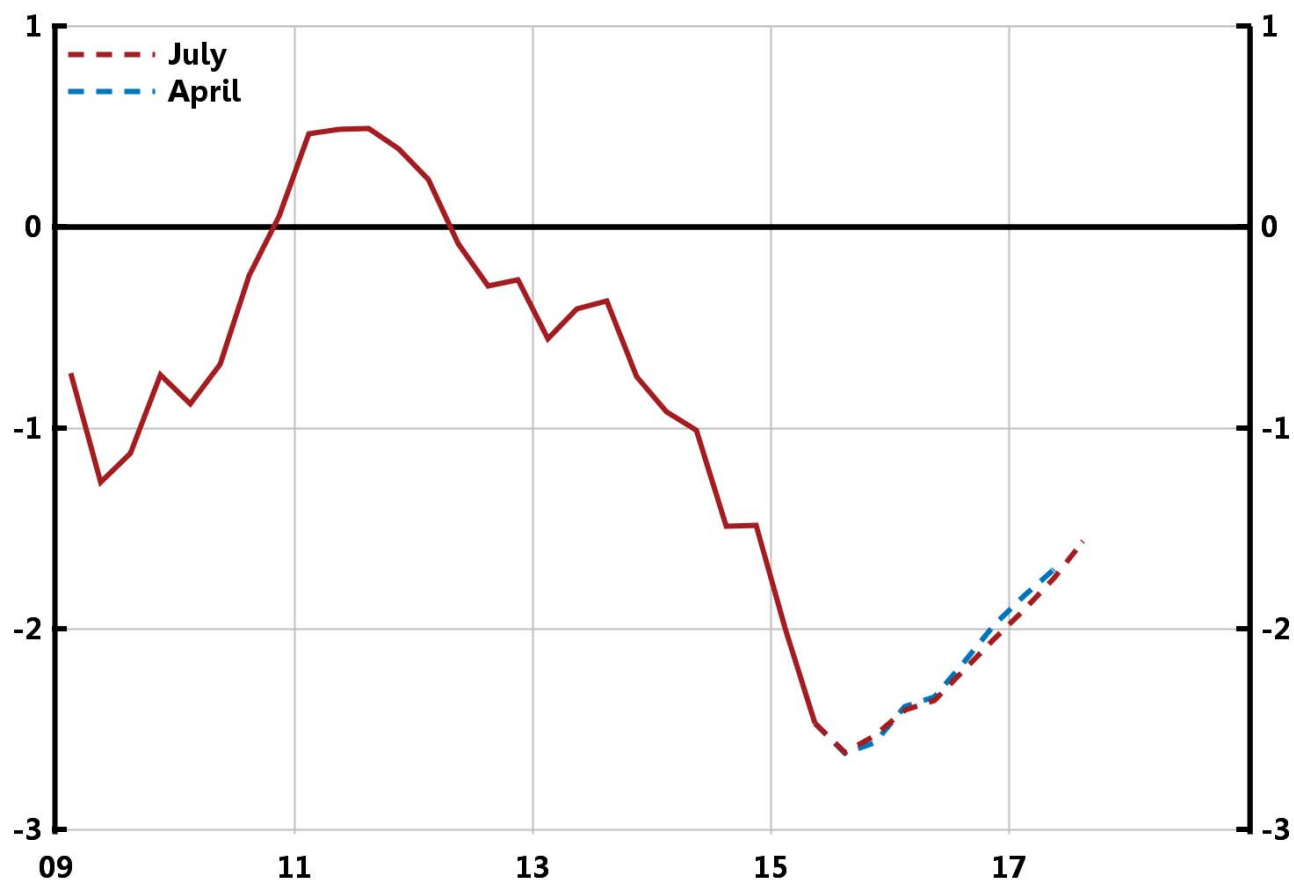
Note. The real repo rate is a mean value of the Riksbank's repo rate forecast for the year ahead minus the inflation forecast (CPIF) for the corresponding period.

Sources: Statistics Sweden and the Riksbank

Figure 1:10. Household debt ratio

Per cent of disposable income
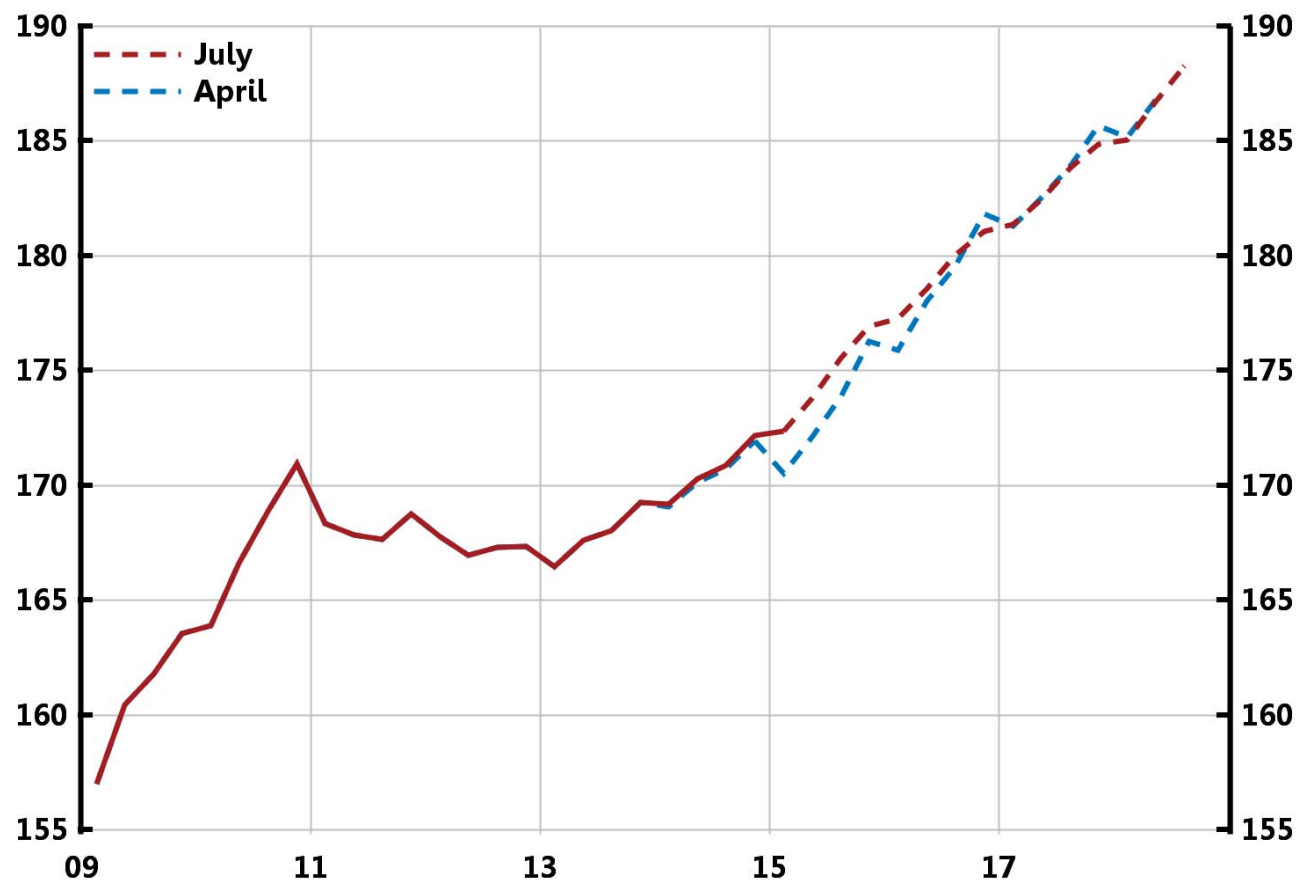
Legend: July, April

Chapter 2

Figure 2:1. Policy rates and rate expectations according to forward rates

Per cent
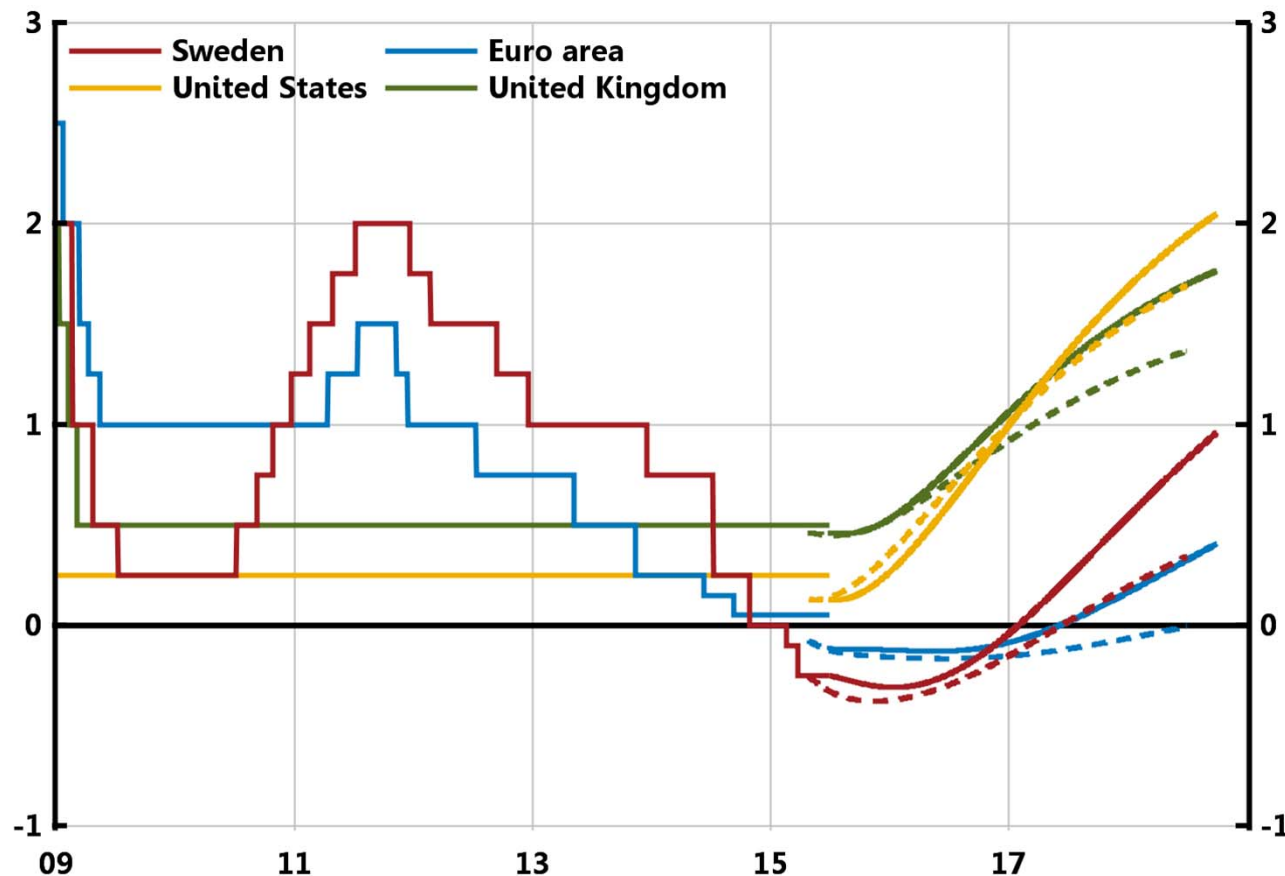
Note. Forward rates describe the expected overnight rate, which does not always correspond to the official policy rate. Unbroken lines are estimated 29 June 2015, broken lines 28 April 2015.

Sources: Macrobond and the Riksbank

Figure 2:2. Yield curves in Sweden

Per cent

- Government bond curve
- Mortgage bond curve
- Corporate bonds (investment grade)
- Mortgage rate to households

Sources: Macrobond, Thomson Reuters and the Riksbank

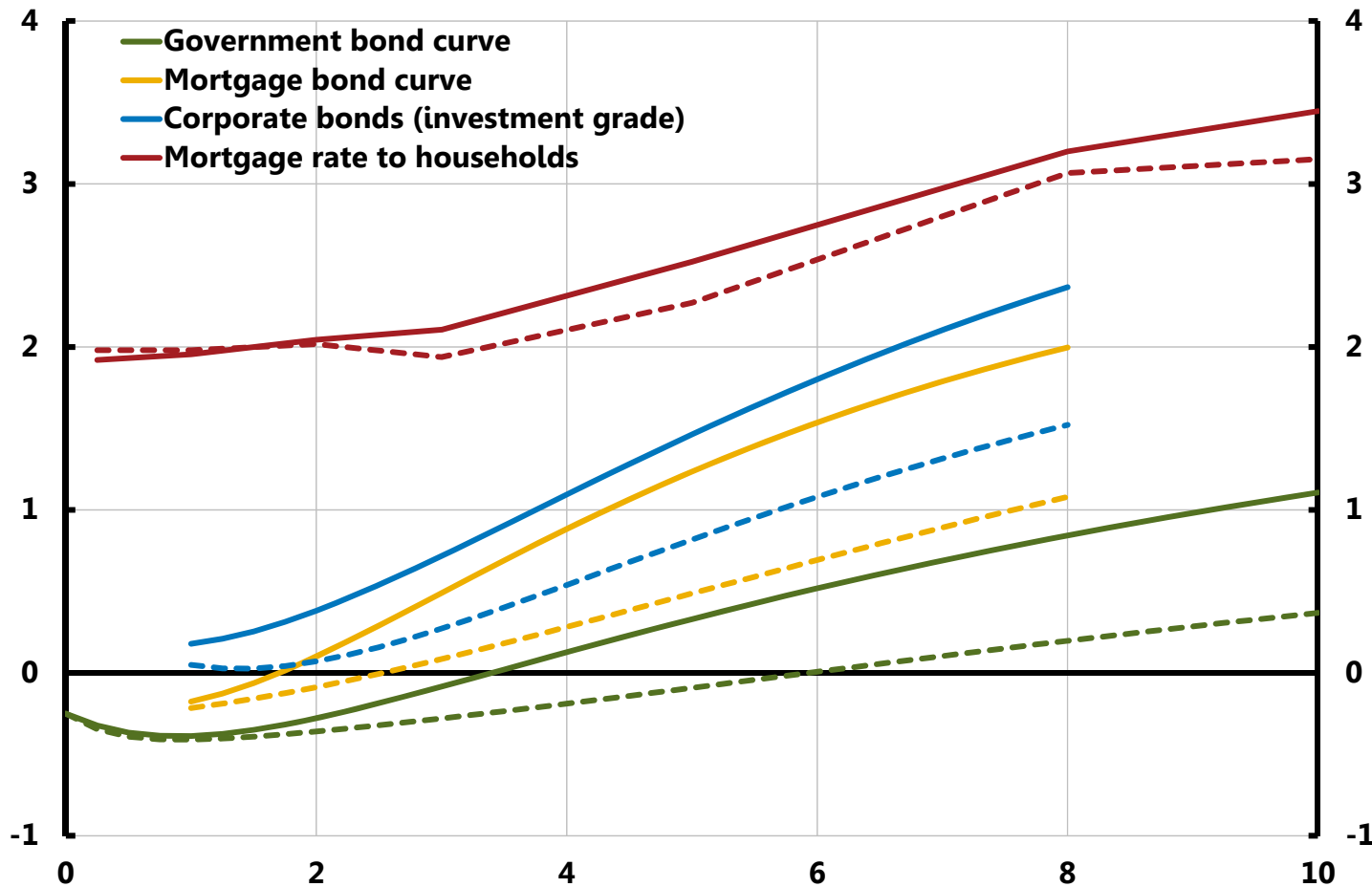Note. Horizontal axis shows maturities in years. The government-, mortgage- and corporate-bond curves are zero coupon yields interpolated from bond prices using the Nelson-Siegel method. For mortgage and corporate bonds, only yields with a maturity up to 8 years are shown, which reflects the maturities for the bonds used for the interpolation. Mortgage rates for households are an average of mortgage rates listed by Swedish banks and mortgage institutions. Unbroken lines are estimated 29 June 2015, broken lines 28 April 2015.

Figure 2:3. Government bond rates with 10 years left to maturity
Per cent

Source: Macrobond
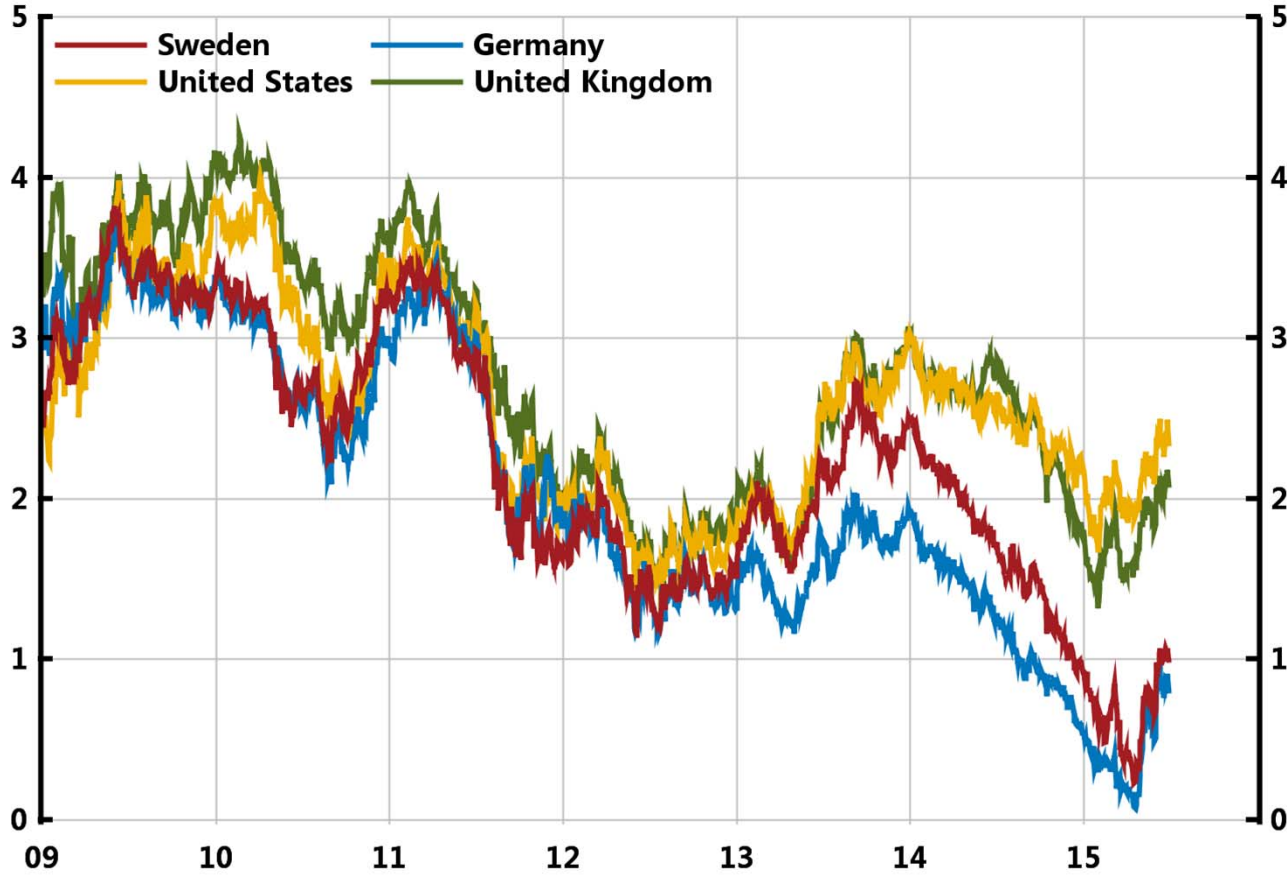
Figure 2:4. Yield curves in Sweden and Germany

Per cent
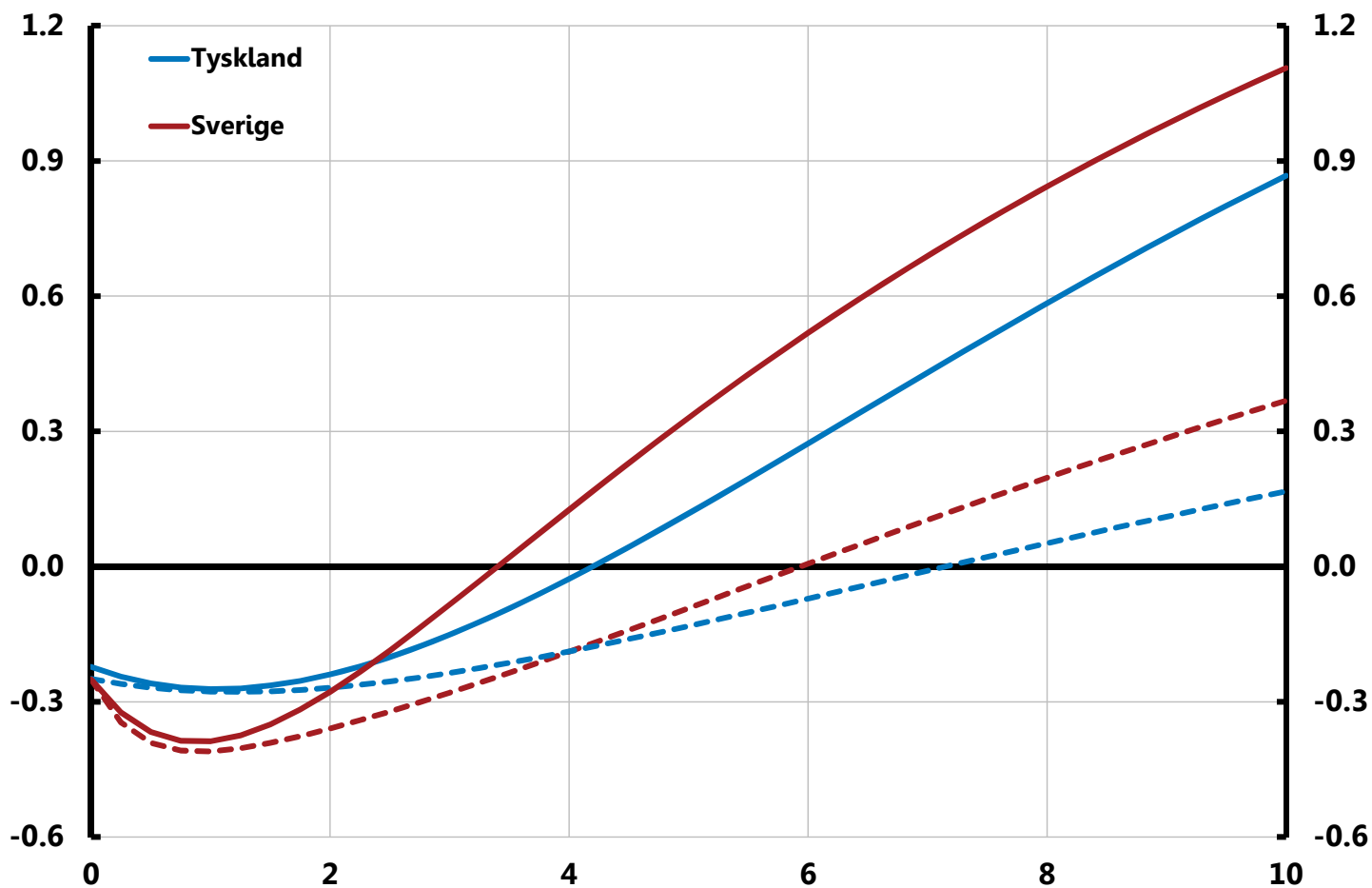
Note: Horizontal axis shows maturities in years. The Yield curve is zero coupon yields interpolated from bond prices in accordance with the Nelson-Siegel method. Unbroken lines are estimated 29 June 2015, broken lines 28 April 2015.

Source: Deutsche Bundesbank, Thomson Reuters and the Riksbank

Figure 2:5. KIX-weighted nominal exchange rate

Index, 18 November 1992 = 100

Figure 2:6. Development of the krona against the euro and the dollar

SEK per foreign currency

SEK per EUR
SEK per USD

Figure 2:7. Bank lending to households and companies

Annual percentage change

Figure 2:8. Interest rates to households and businesses, new contracts

Per cent
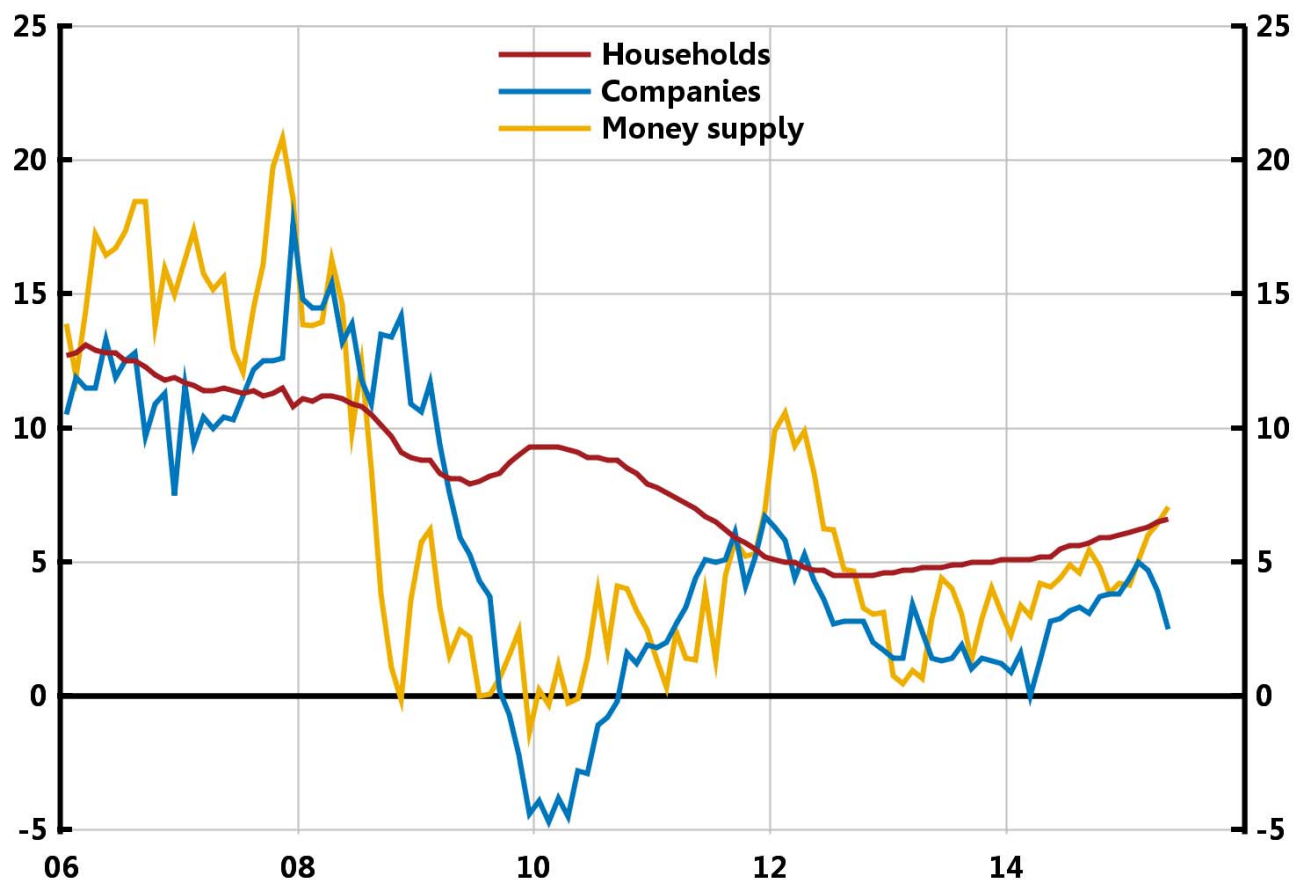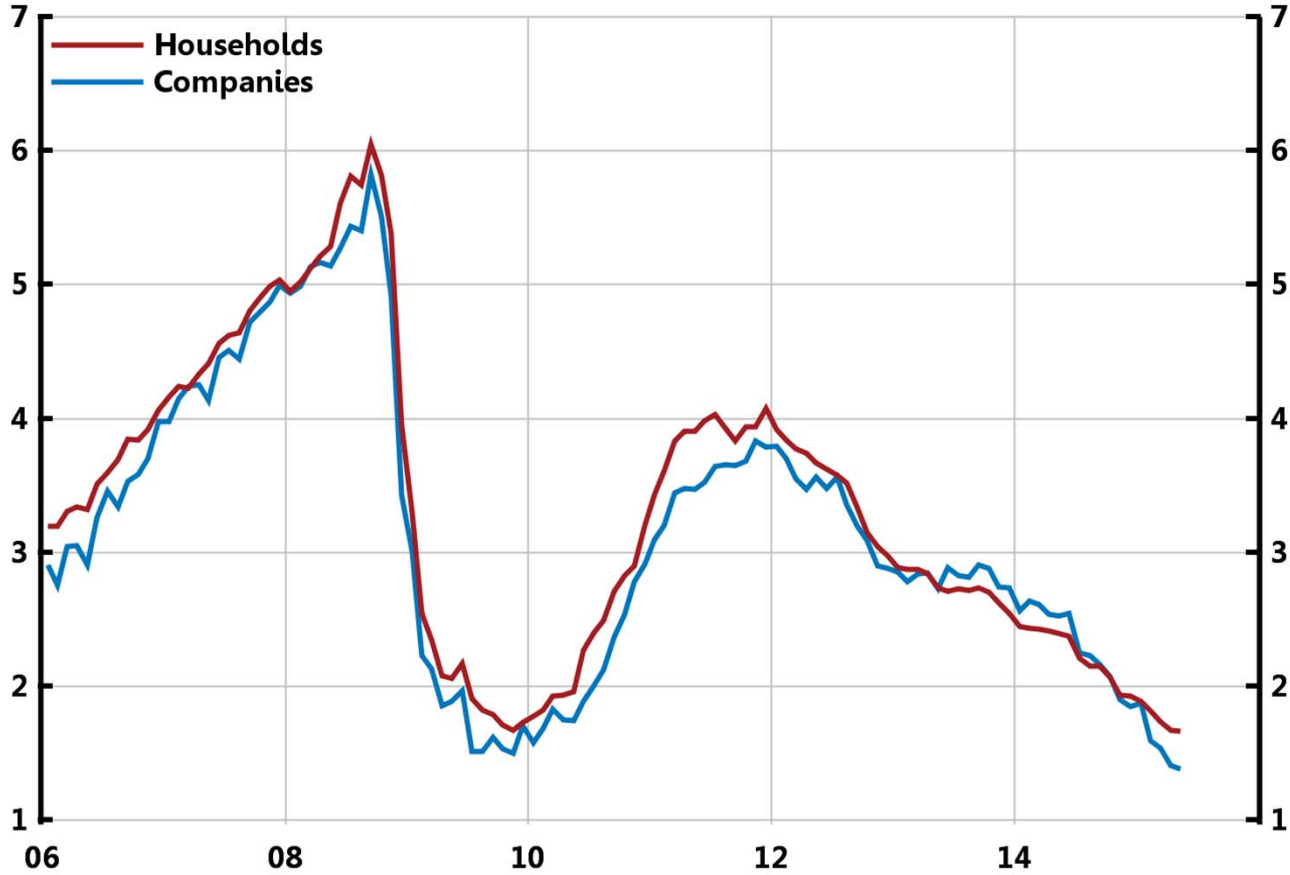
Note. Interest rates on loans from MFIs' to households with housing as collateral and to non-financial companies.

Source: Statistics Sweden

Figure 2:9. Housing prices
Annual percentage change

Source: Valueguard
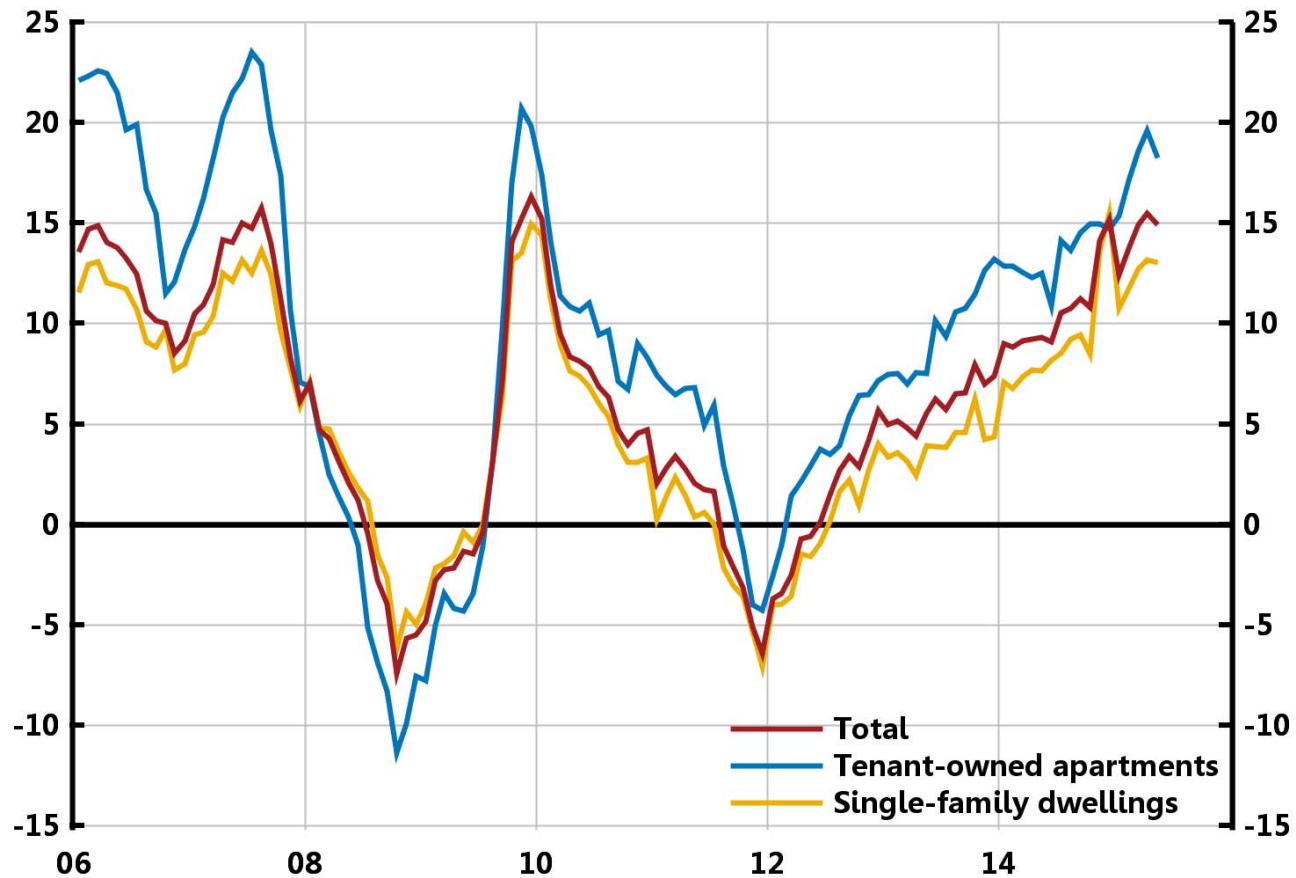
Figure 2:10. Negative rates on several markets

Per cent

Sources: Macrobond and the Riksbank
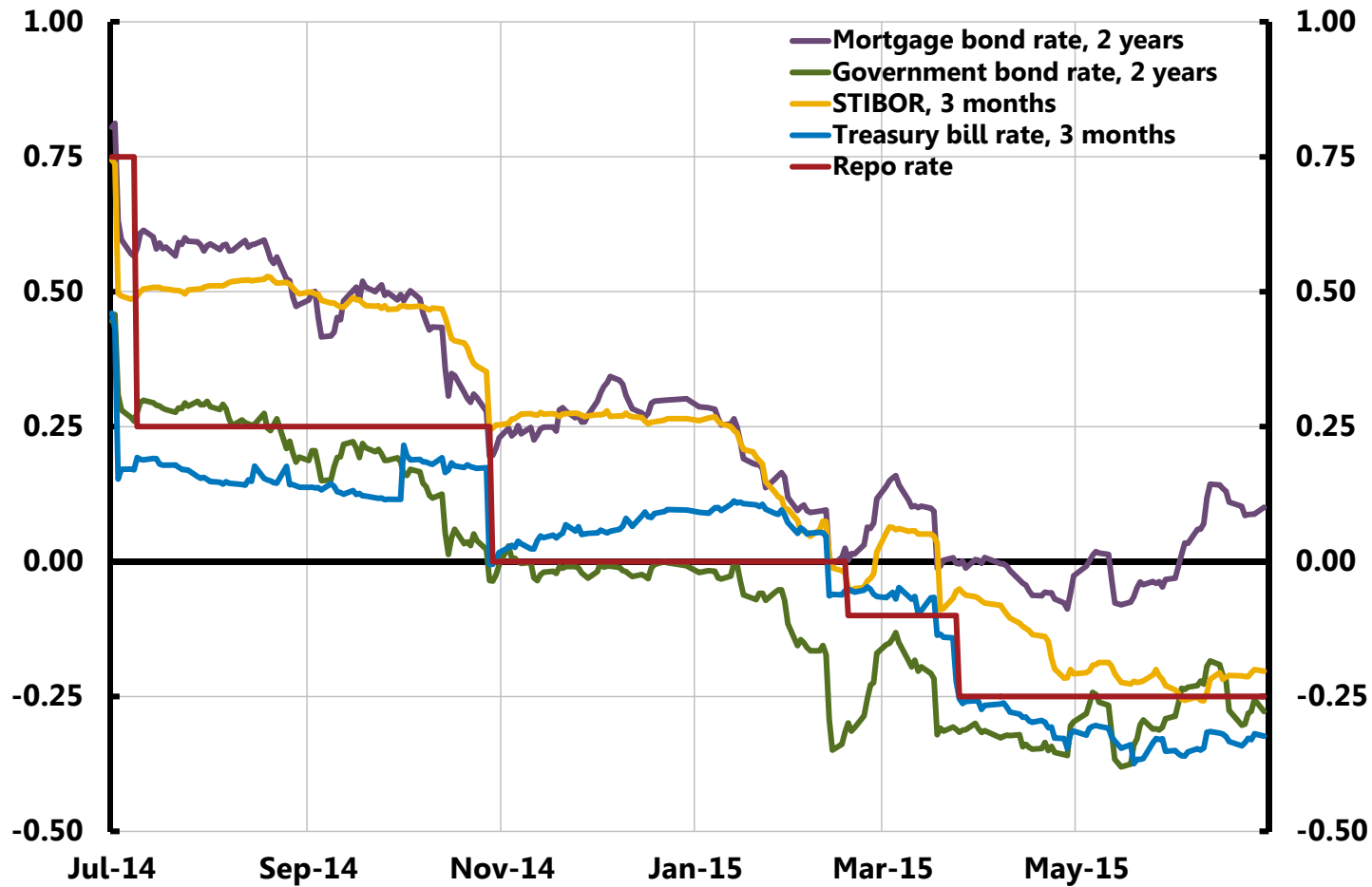
Figure 2:11. Government bond yield movements when the Riksbank's measures were announced

Percentage points

Legend:
- 2 years (dark red)
- 5 years (blue)
- 10 years (yellow)

X-axis: 12-Feb, 18-Mar, 29-Apr
Y-axis: -0.2 to 0.1

Sources: Thomson Reuters and the Riksbank
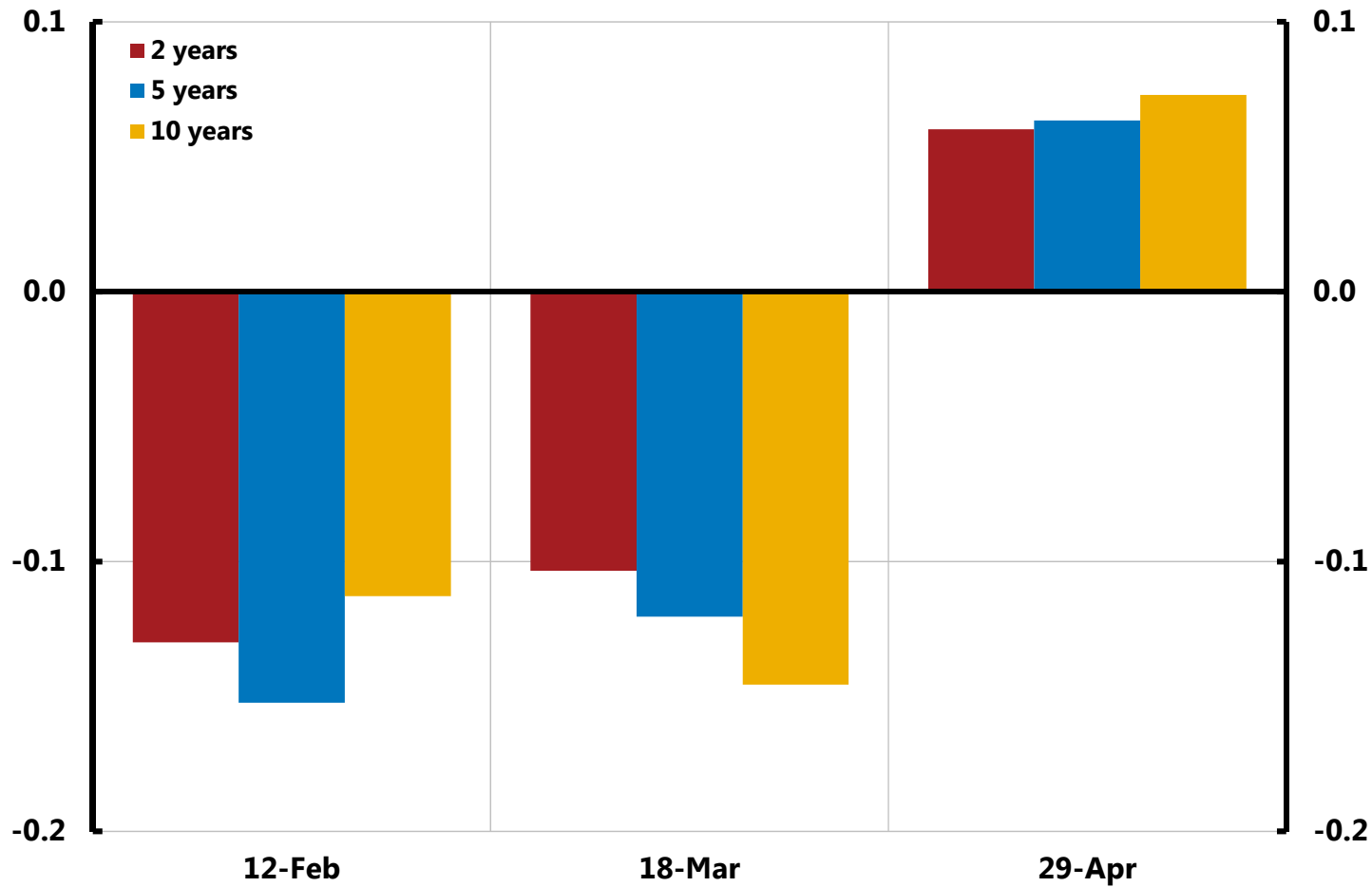
Chapter 3

Figure 3:1. CPI, CPIF and CPIF excluding energy

Annual percentage change
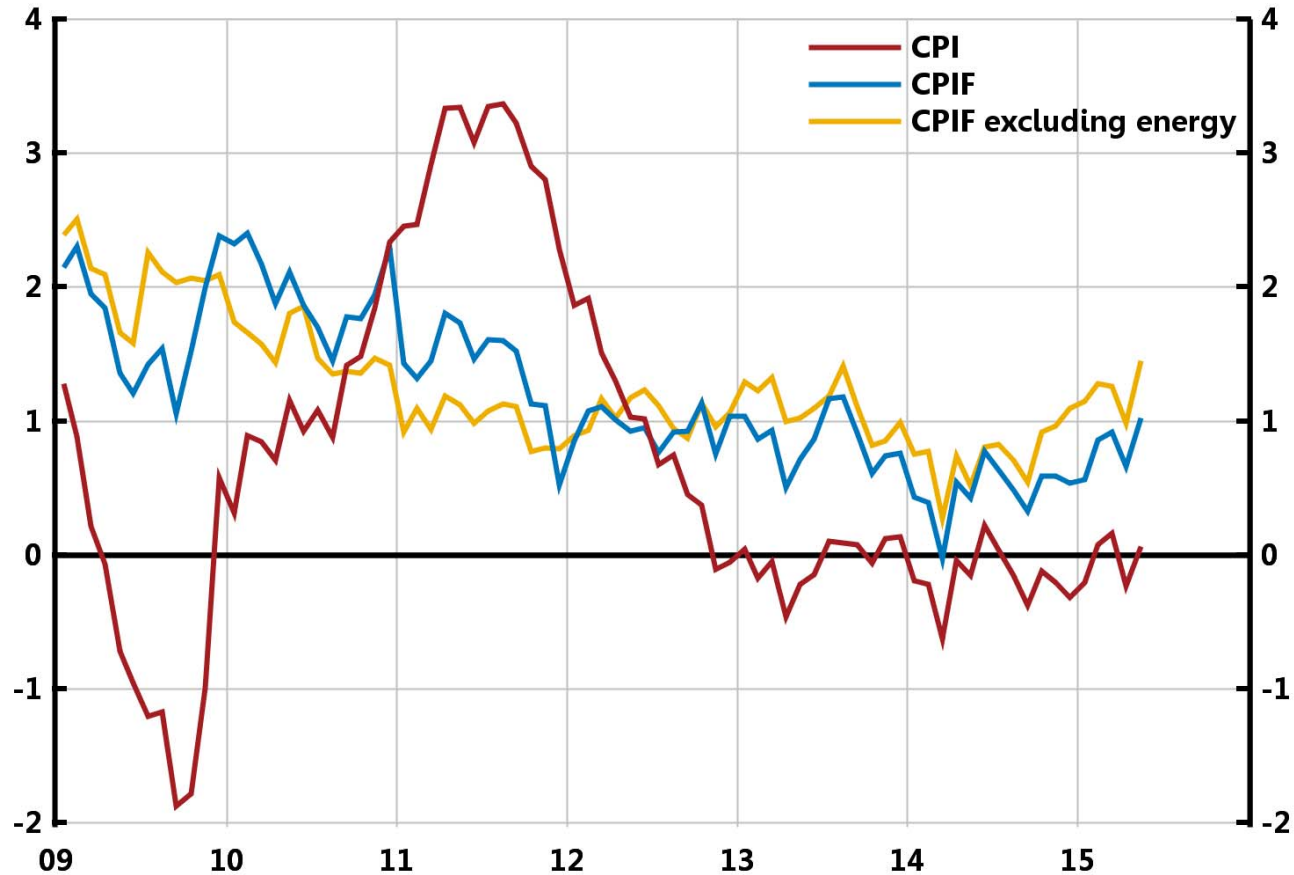
Note. The CPIF is the CPI with a fixed mortgage rate.

Source: Statistics Sweden

Figure 3:2. Measures of underlying inflation

Annual percentage change, three months moving average

Legend:
- Und 24
- Trim 85
- CPIF excluding energy
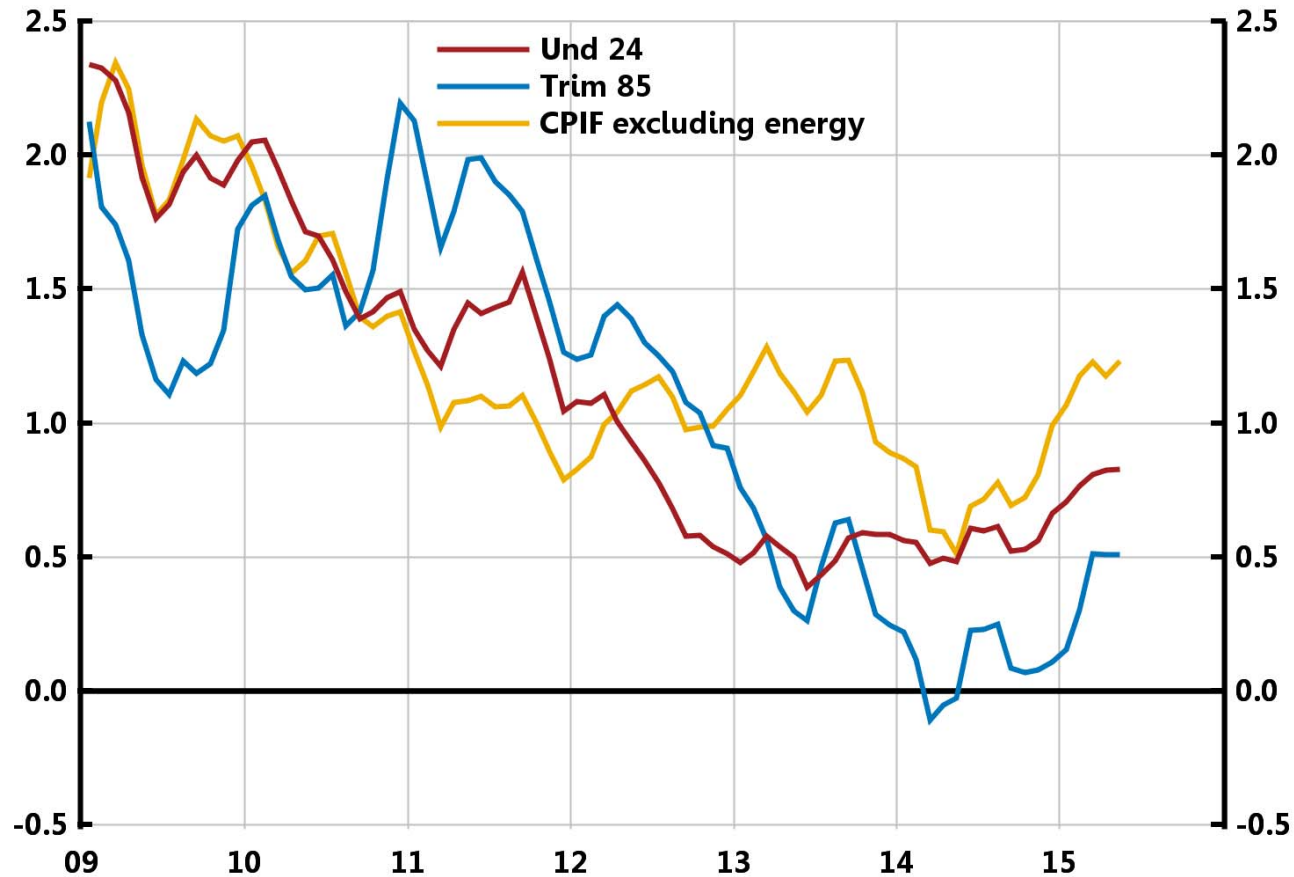
Note. Und 24 and Trim 85 are statistical measures calculated on the basis of the CPI divided into approximately 70 subgroups. Und 24 is weighted and adjusted for the historical standard deviation. In Trim 85 the 7.5 per cent highest and the 7.5 lowest yearly price changes have been excluded.

Sources: Statistics Sweden and the Riksbank

Figure 3:3. Import price index for consumer goods with contributions from clothes and food

Annual percentage change and percentage points

Legend:
- Other goods
- Clothes, shoes and textiles
- Food (including beverages and tobacco)
- Consumer goods
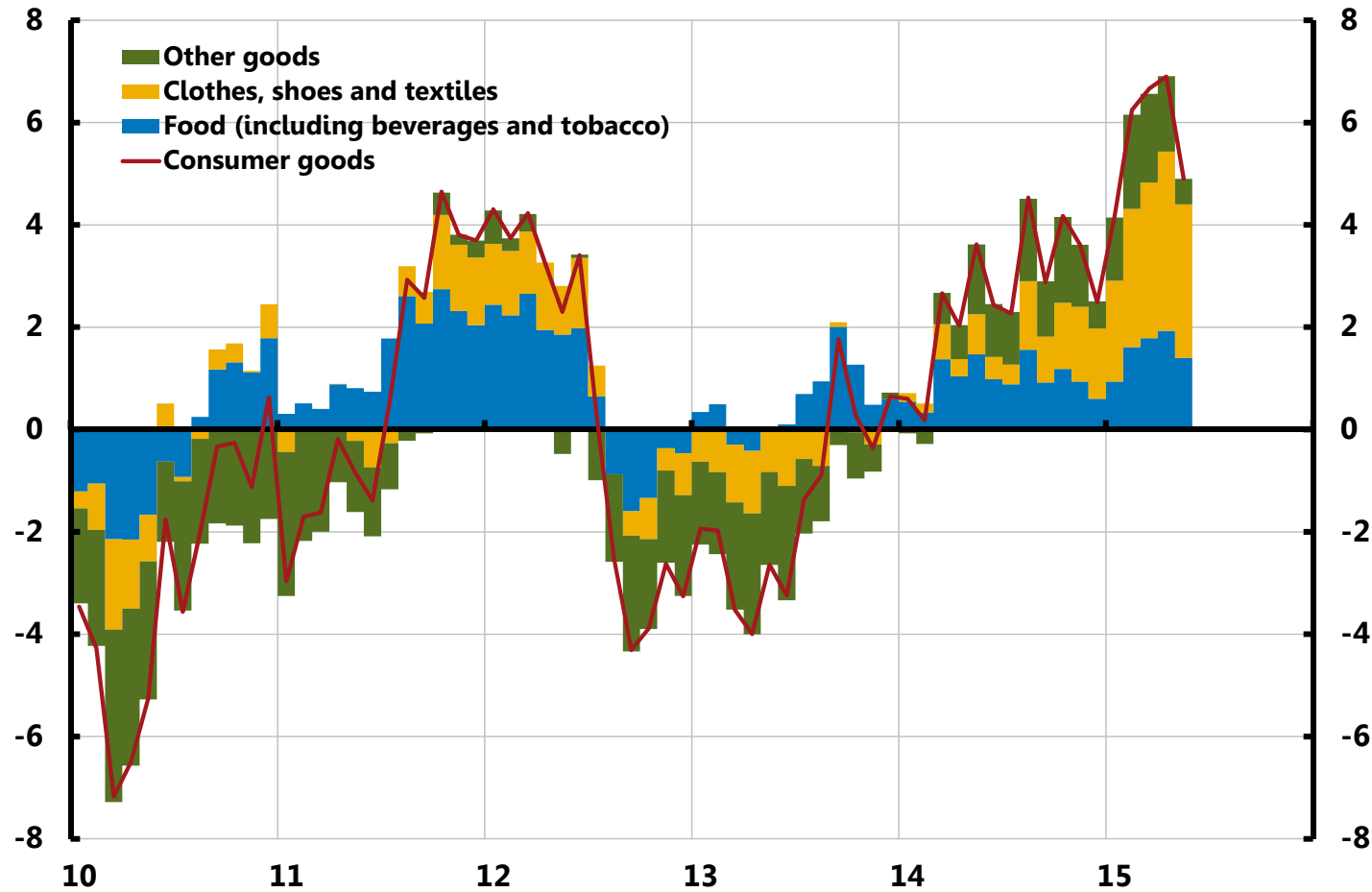
Figure 3:4. Monthly development in CPIF excluding energy

Annual percentage chage
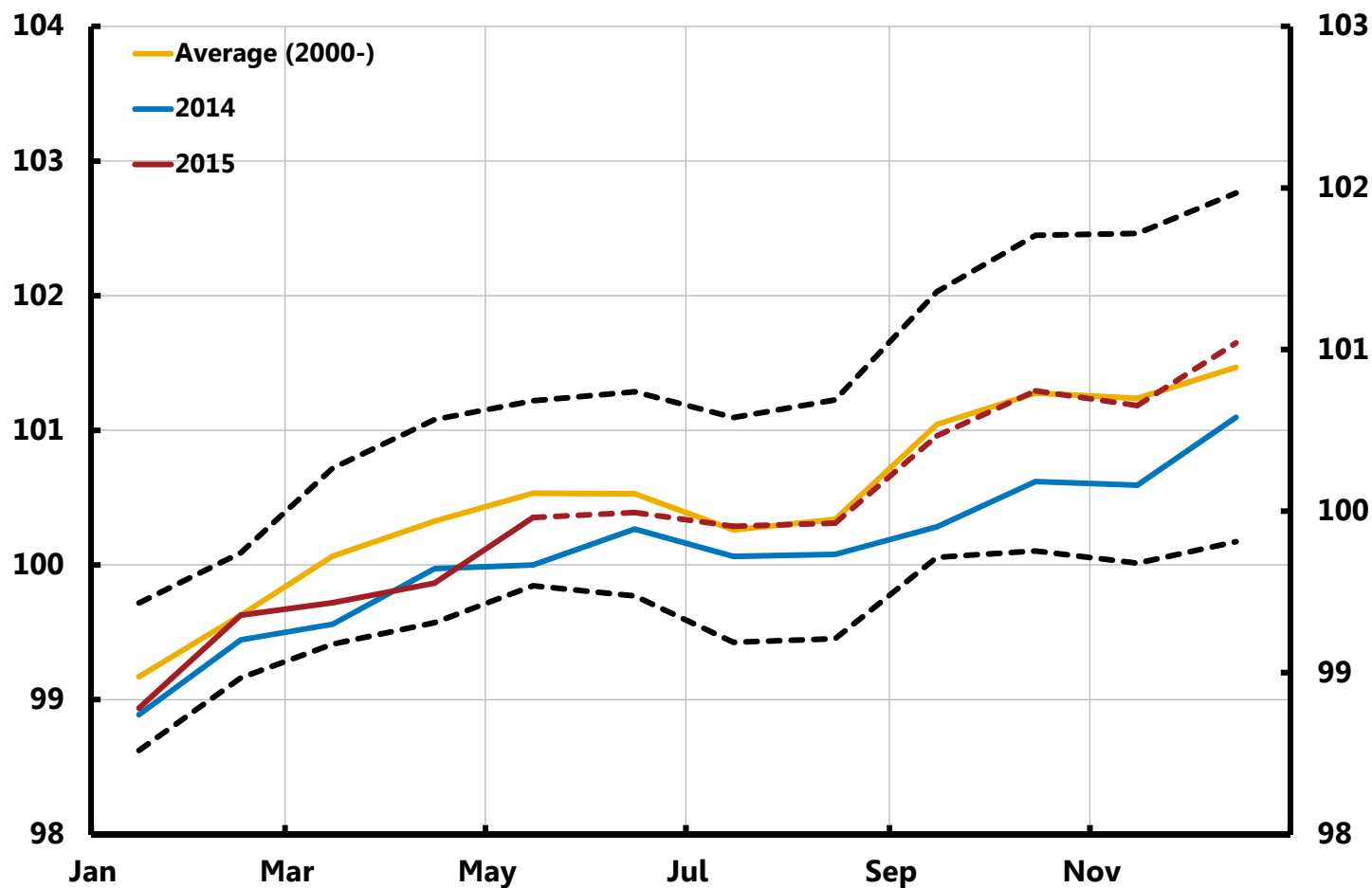
Note. Black dotted lines refers to 95 per cent confidence interval around the average.

Sources: Statistics Sweden and the Riksbank

Figure 3:5. Model forecast CPIF including energy

Annual percentage chage
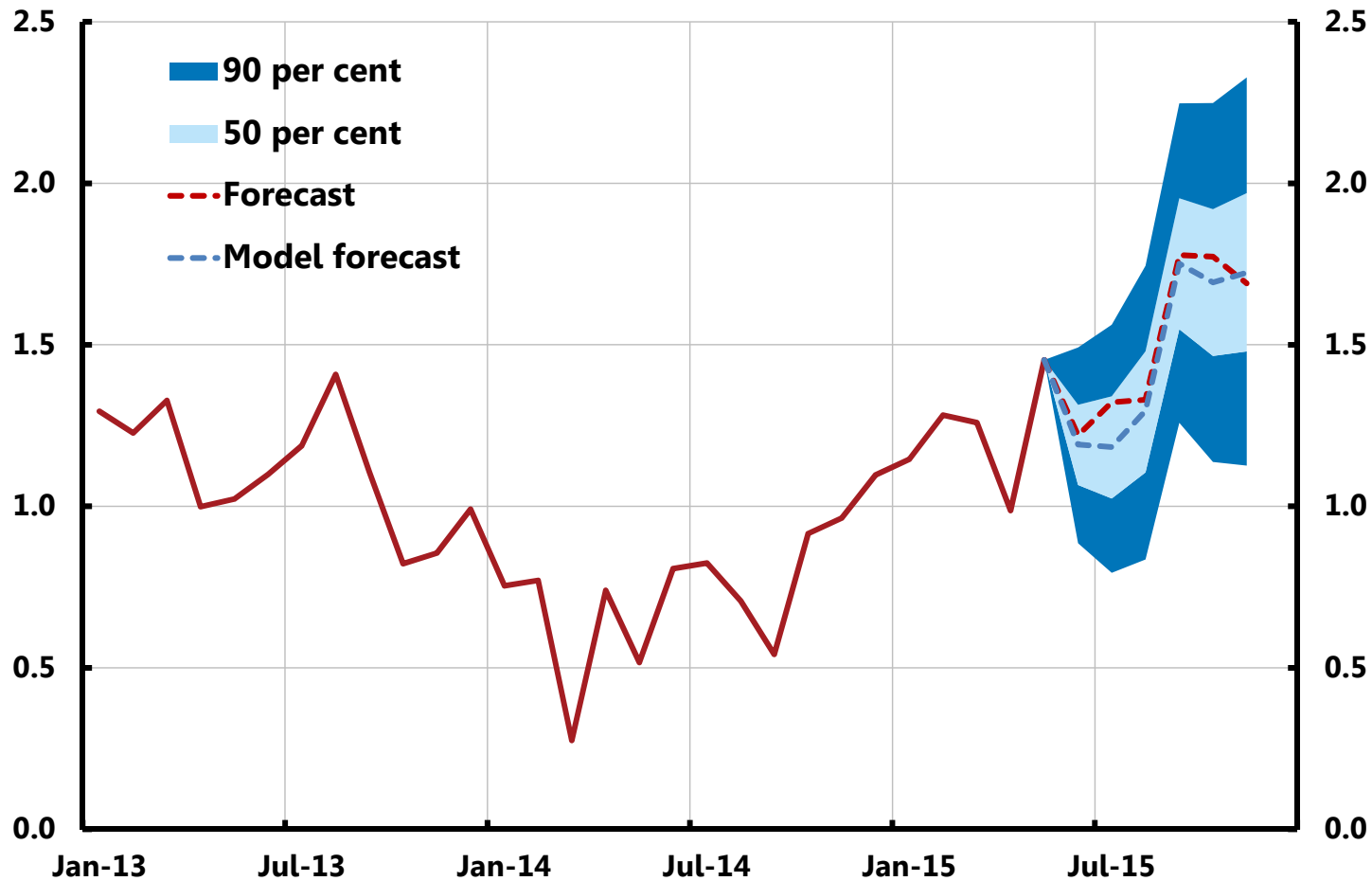
Legend:
- 90 per cent
- 50 per cent
- Forecast
- Model forecast

Note. The CPIF is the CPI with a fixed mortgage rate.

Sources: Statistics Sweden and the Riksbank

Diagram 3:6. Demand indicators

Index, 2007 = 100, seasonally-adjusted data
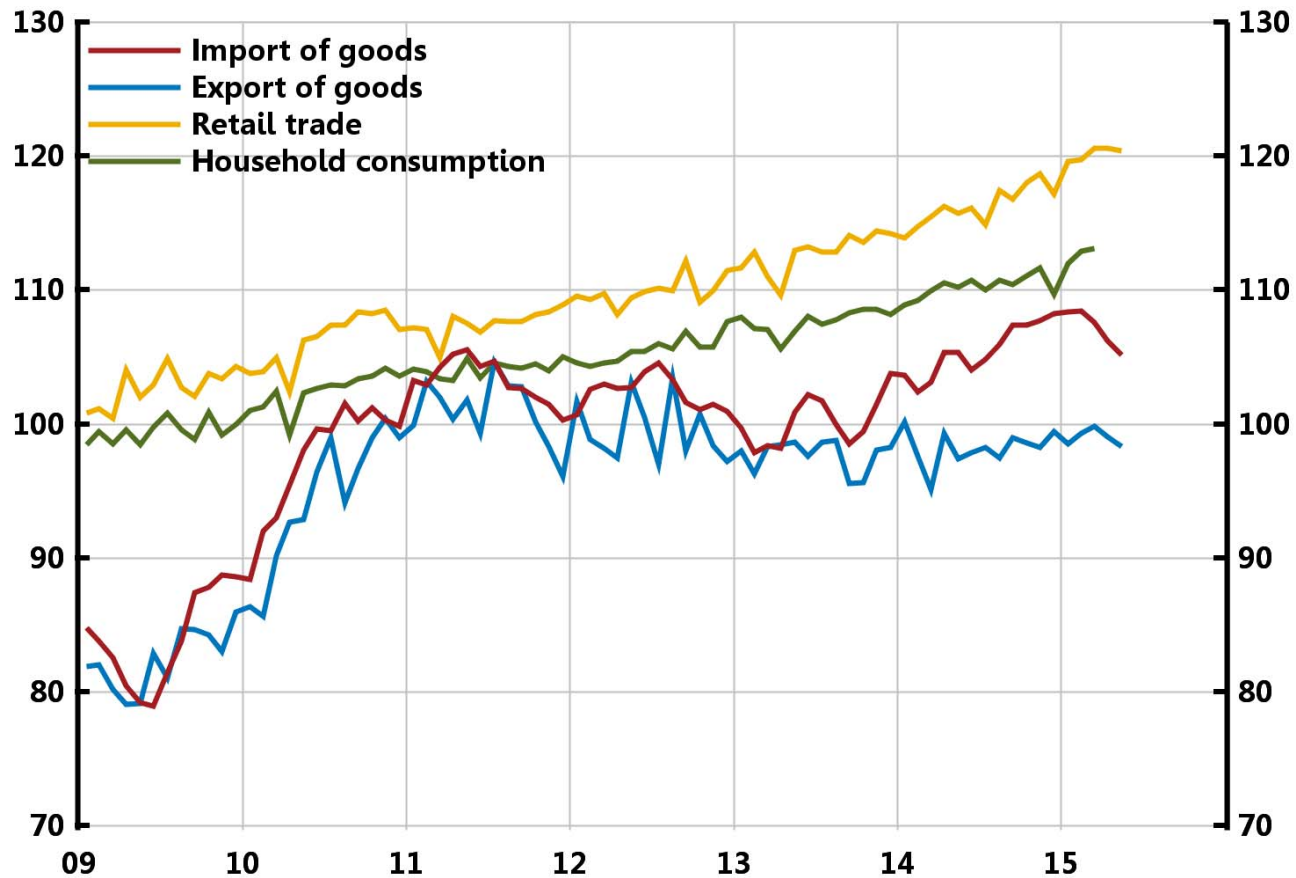
Note. The Riksbank's revision of data on exports and imports of goods.   Sources: Statistics Sweden and the Riksbank

Figure 3:7. Labour market indicators

Thousands, seasonally-adjusted data

Legend:
- Vacancies, SCB (left scale)
- New vacancies, ES (left scale)
- Redundancy notices, ES (right scale)
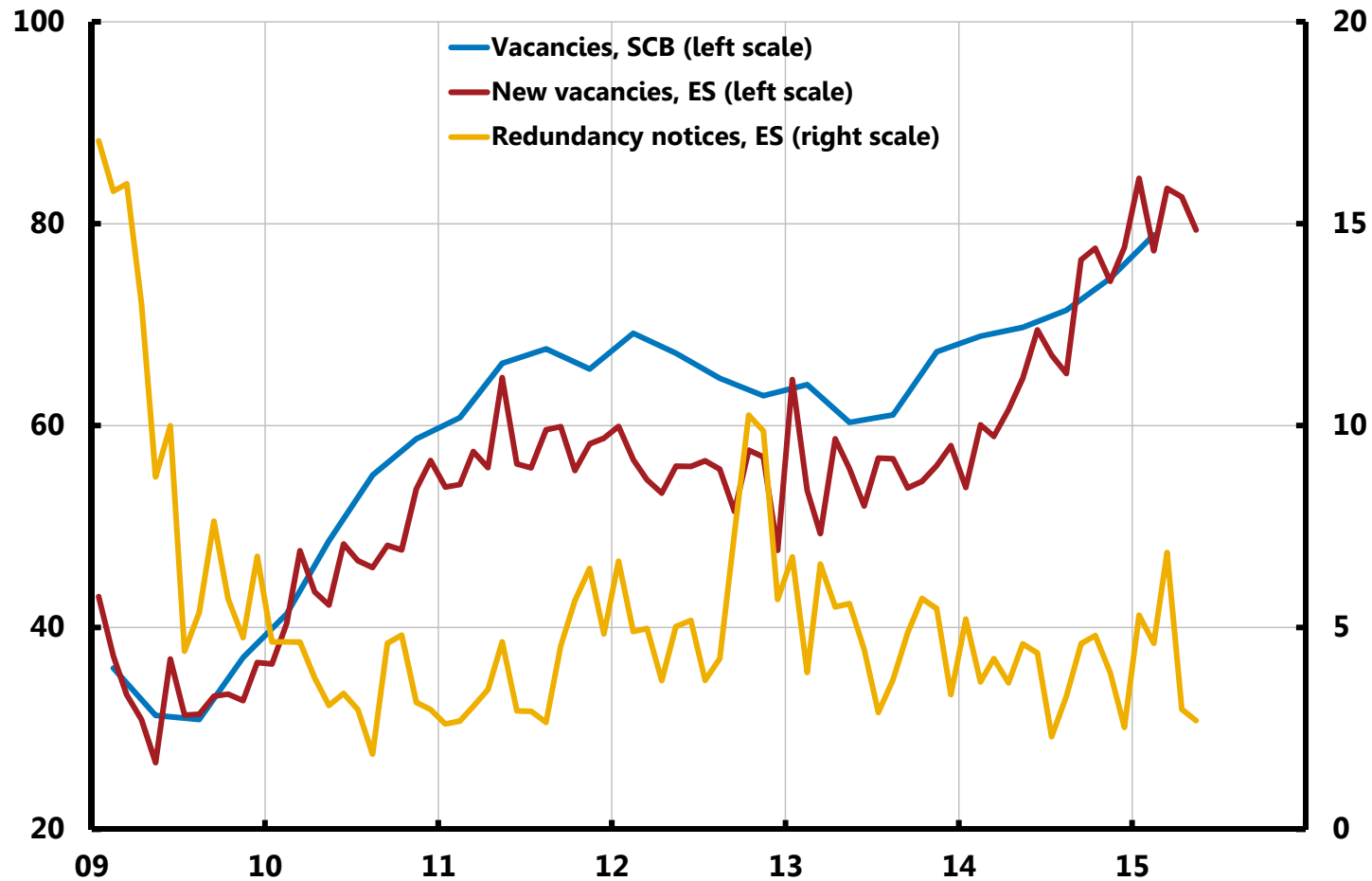
Note. Vacancies on quarterly frequency, others on monthly.

Sources: Employment Service (ES) and Statistics Sweden (SCB)

Diagram 3:8. RU indicator

Standard deviation
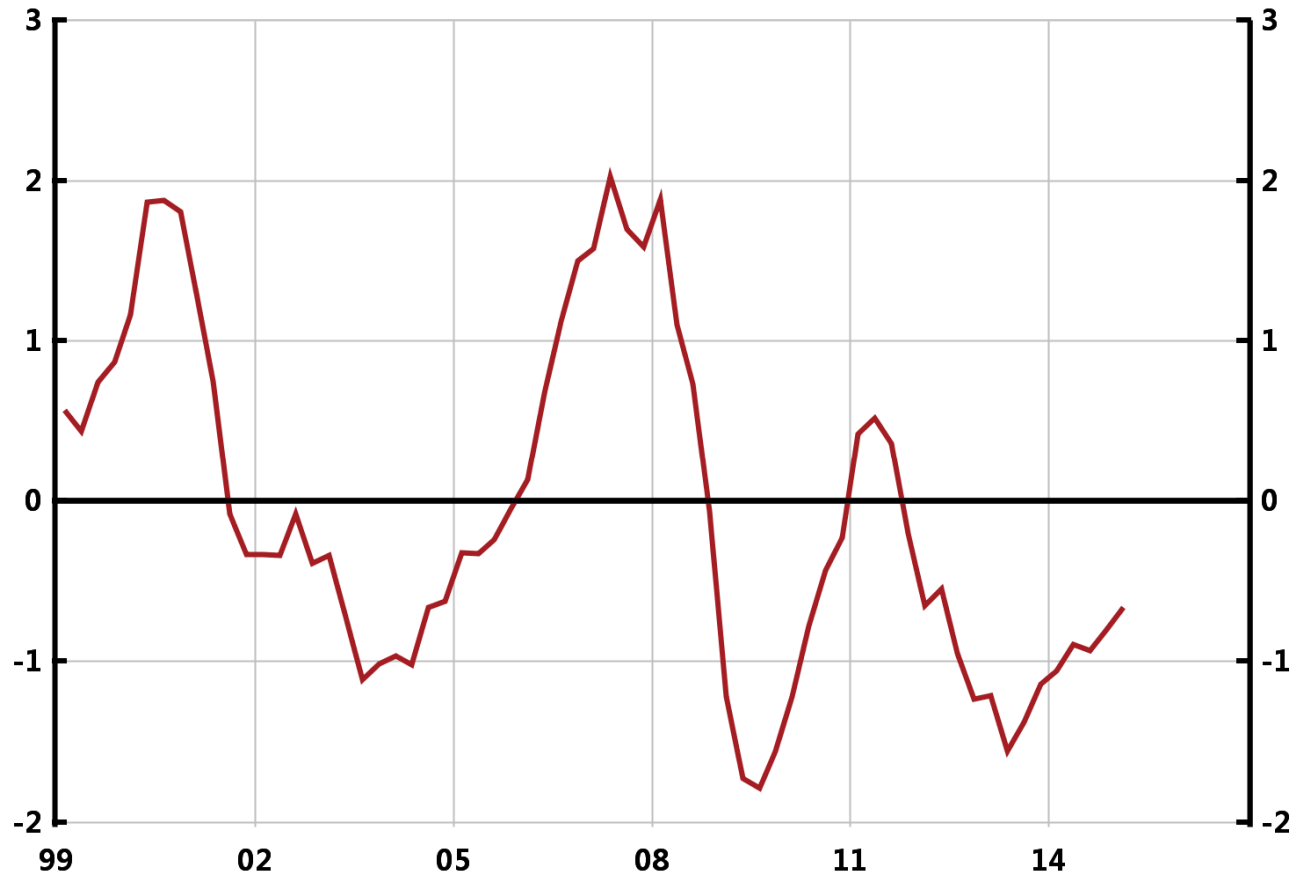
Note. The RU indicator is a measure of resource utilisation. It is normalised so that the mean value is 0 and the standard deviation is 1.

Source: The Riksbank

Chapter 4

Figure 4:1. Oil price and futures price

USD per barrel
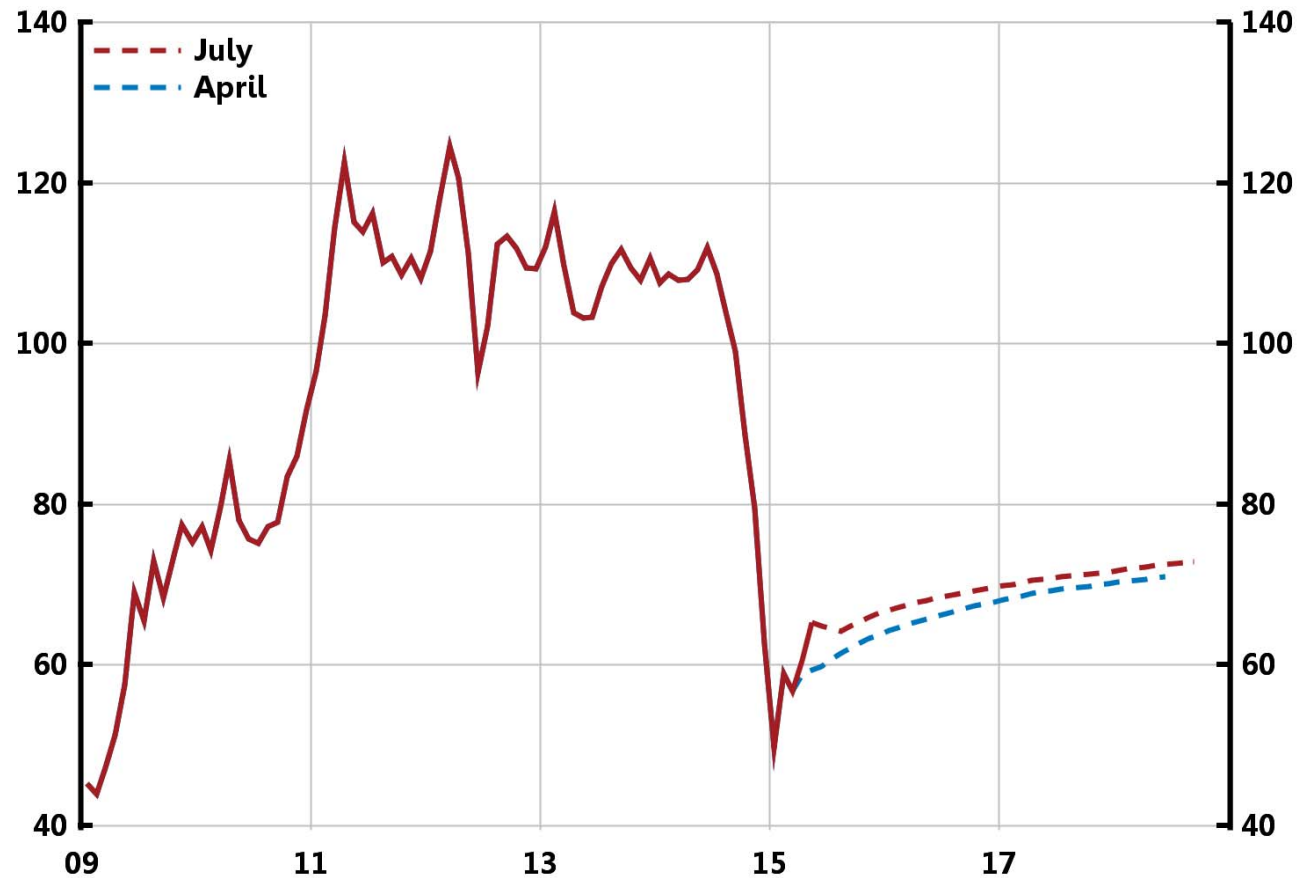
Note. Brent oil, futures are calculated as a 15-day average. Outcomes represent monthly averages of spot prices.

Sources: Macrobond and the Riksbank

Figure 4:2. Fiscal policy in the euro area and the United States

Common currency, change in percentage points

- United States
- Euro area
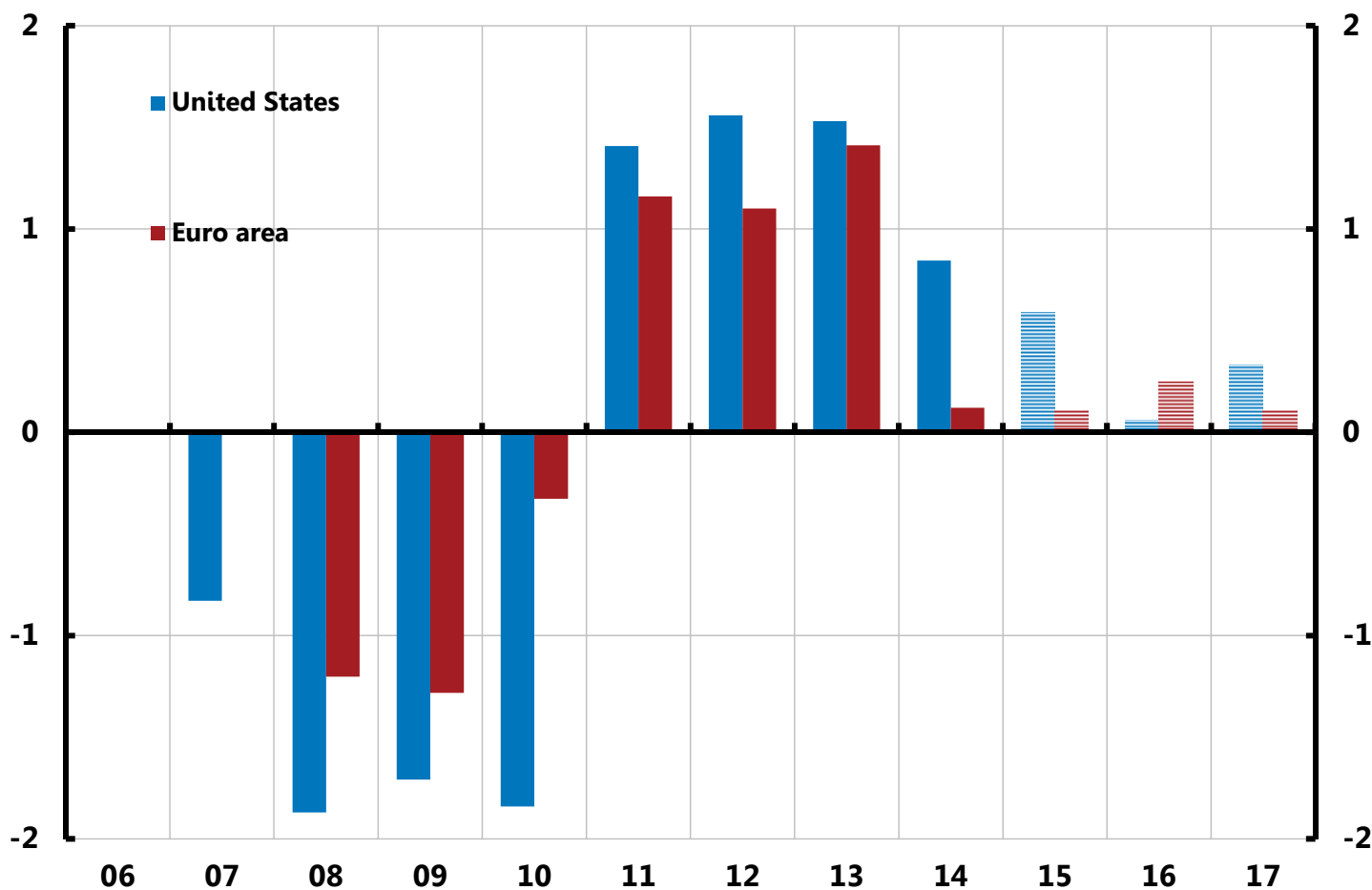
Note. Cyclically-adjusted budget balance as a percentage of potential GDP. A positive value refers to fiscal policy tightening.

Figure 4:3. Lending to households and companies in the euro area

Annual percentage change

Source: ECB

Figure 4:4. Growth in various countries and regions
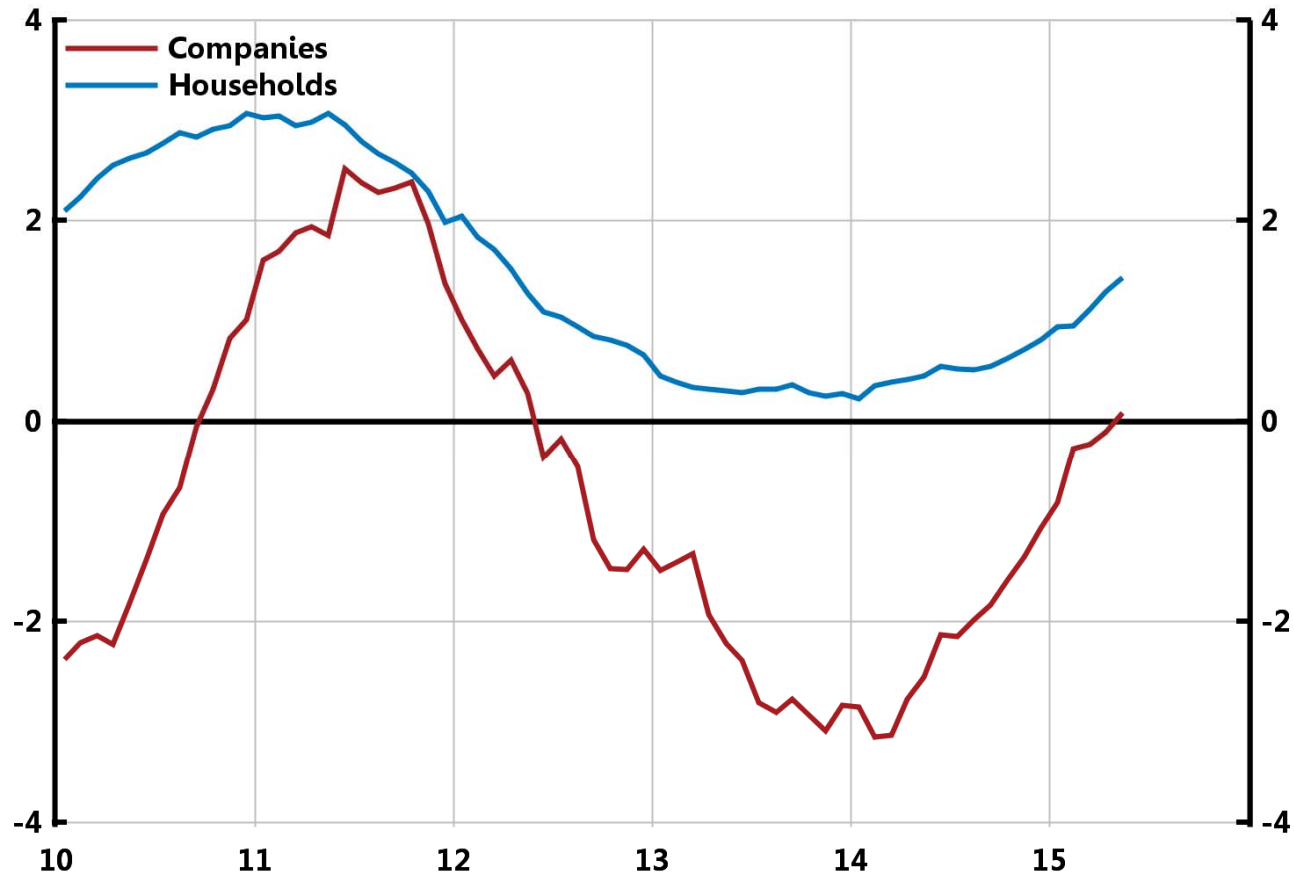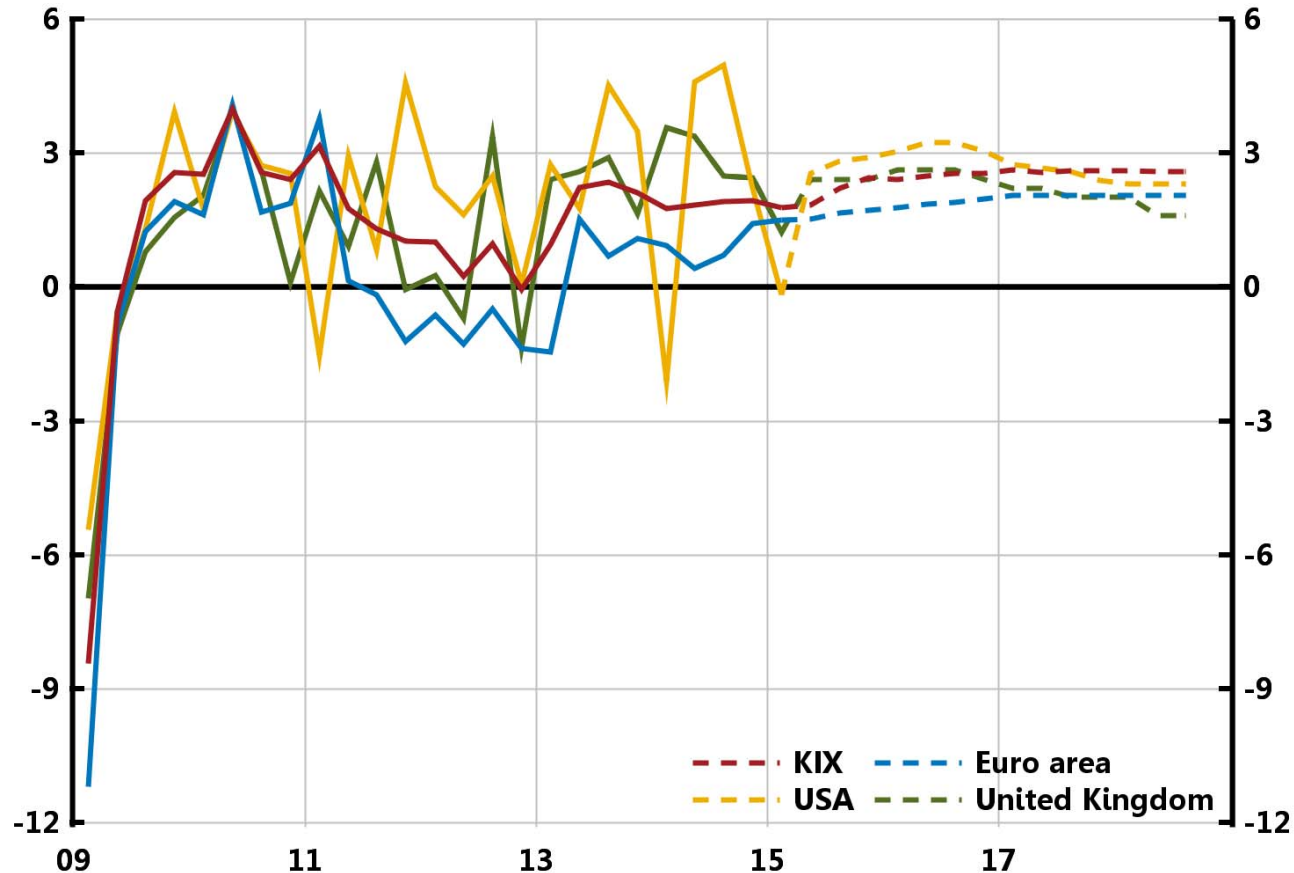
Quarterly change in per cent, calculated as an annual percentage change, seasonally-adjusted data
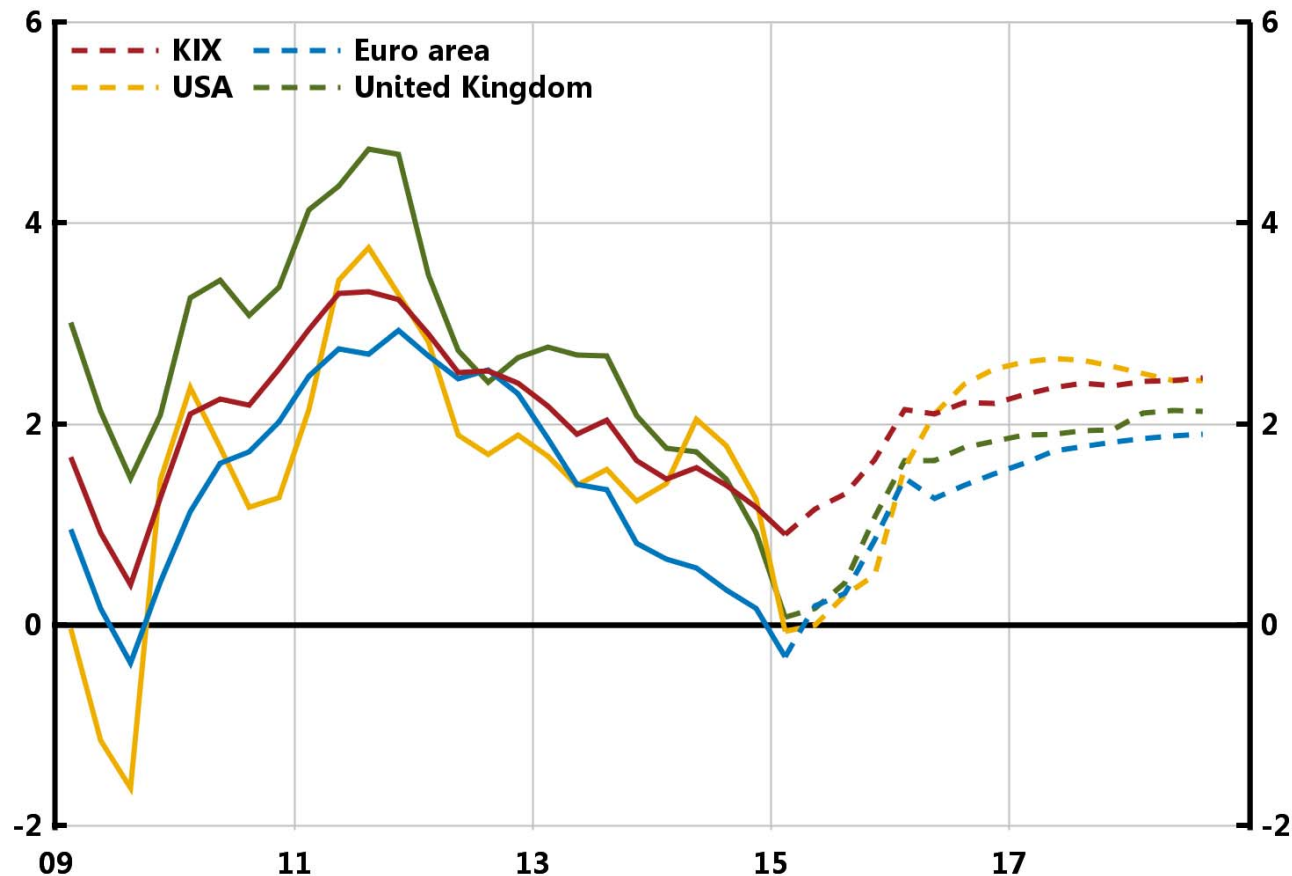

Note. KIX is an aggregate of the countries that are important to Sweden's international transactions.

Sources: Bureau of Economic Analysis, Eurostat, national sources, Office for National Statistics and the Riksbank

Figure 4:5. Inflation in various countries and regions

Annual percentage change

Note. KIX is an aggregate of the countries that are important to Sweden's international transactions. When calculating KIX-weighted inflation, the HICP is used for the euro area and the CPI for other countries. Inflation for the euro area is shown measured using the HICP and for the United States and the United Kingdom measured using the CPI.

Sources: The Bureau of Labor Statistics, Eurostat, national sources, Office for National Statistics and the Riksbank

Figure 4:6. KIX-weighted nominal exchange rate

Index, 18 November 1992 = 100
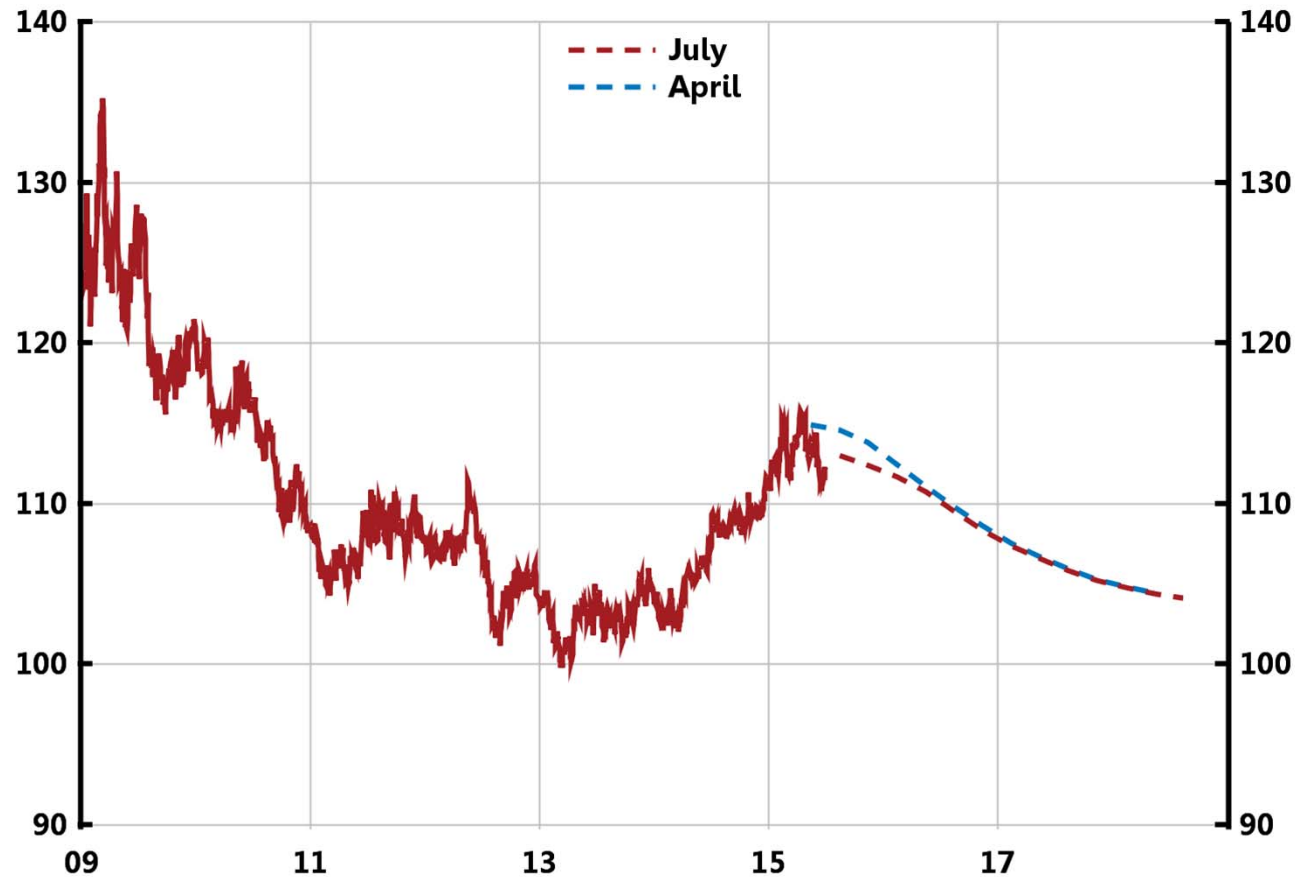
Note. Outcomes are daily rates and forecasts refer to quarterly averages. KIX is an aggregate of the countries that are important to Sweden's international transactions.

Source: The Riksbank

Figure 4:7. GDP

Quarterly change in per cent, calculated as an annual percentage change, seasonally-adjusted data

Sources: Statistics Sweden and the Riksbank
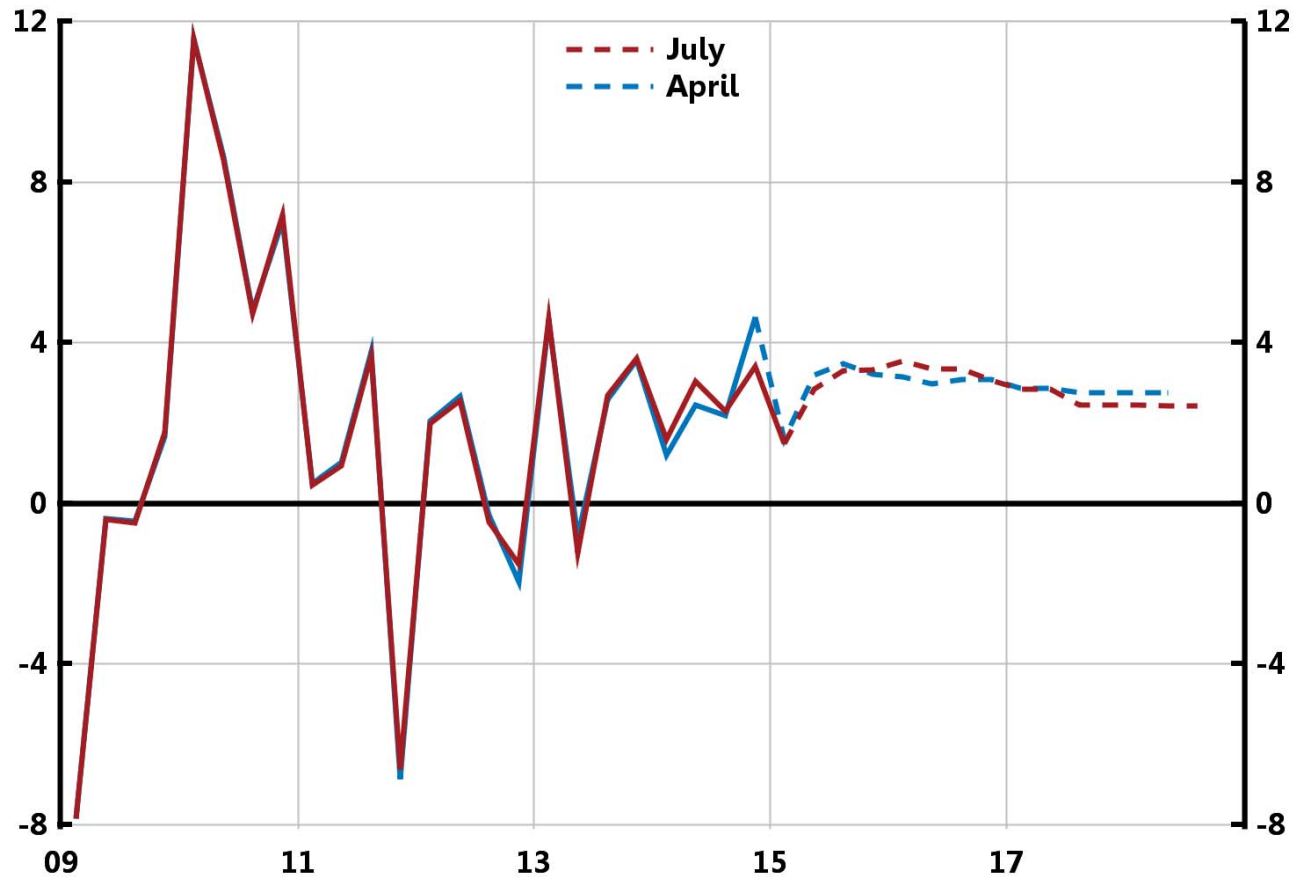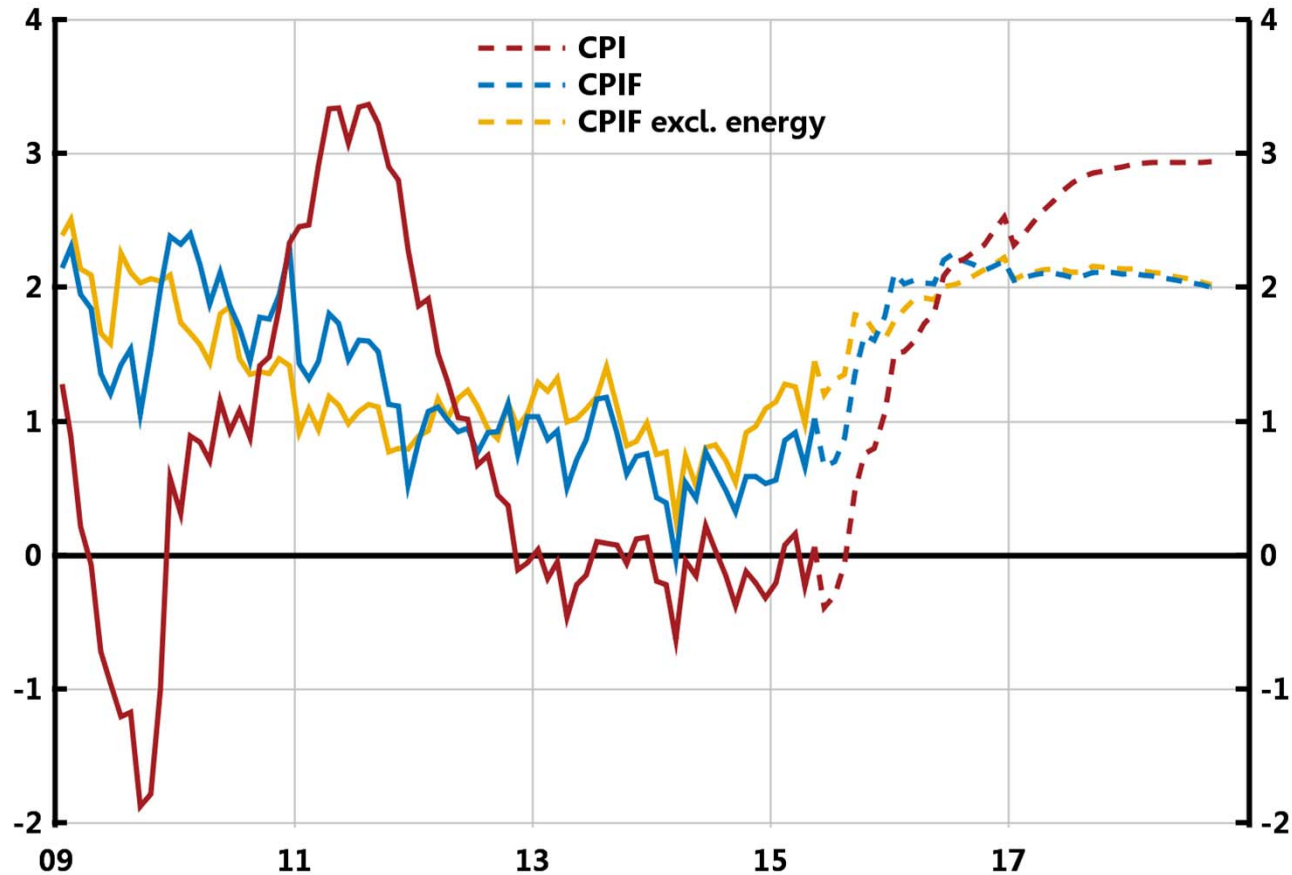
Figure 4:8. CPI, CPIF and CPIF excluding energy

Annual percentage change
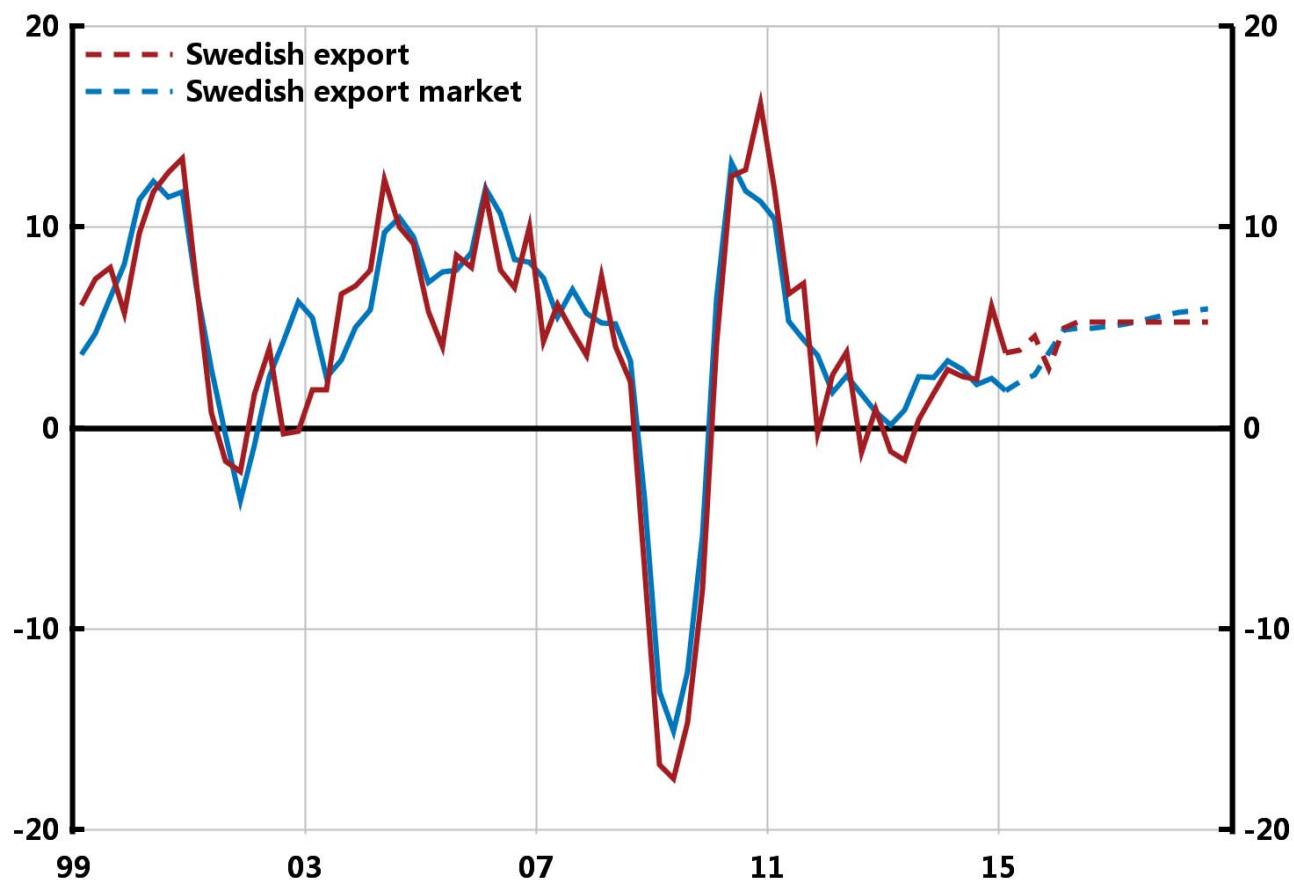

Note. The CPIF is the CPI with a fixed mortgage rate.   Sources: Statistics Sweden and the Riksbank

Figure 4:9. Exports and the Swedish export market

**Annual percentage change, calendar-adjusted data**

Note. The Swedish export market index aims to measure import demand in the countries to which Sweden exports. This is calculated by aggregating 32 countries and covers around 85 per cent of the total Swedish export market.

Sources: Statistics Sweden and the Riksbank

Figure 4:10. Households' real disposable incomes, consumption and savings ratio

Annual percentage change and per cent of disposable income
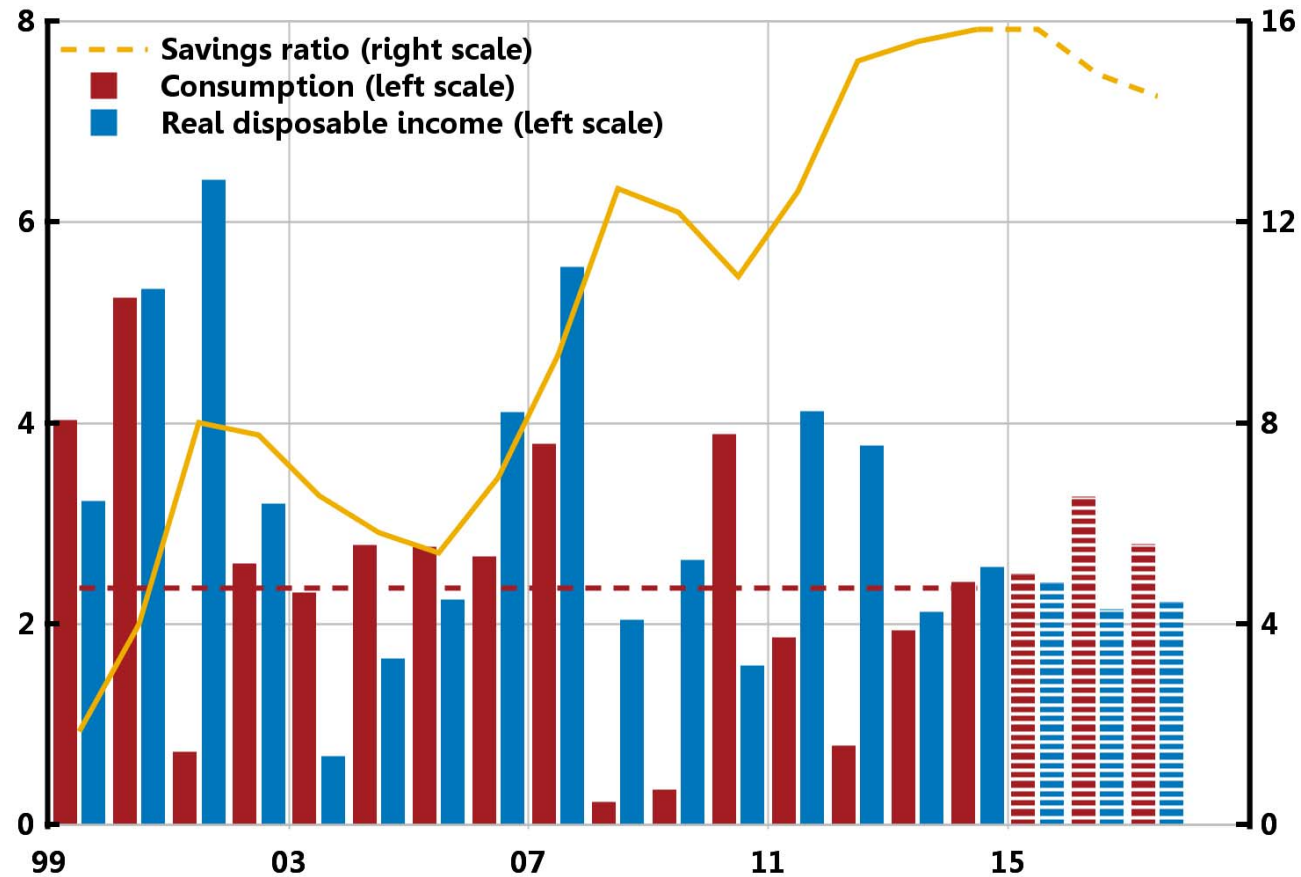
Note. The savings ratio includes collective insurance schemes. Disposable income has been deflated using the household consumption deflator. The broken red line represent the average consumption between 1994 and 2014.

Sources: Statistics Sweden and the Riksbank

Figure 4:11. Employment rate and labour force participation

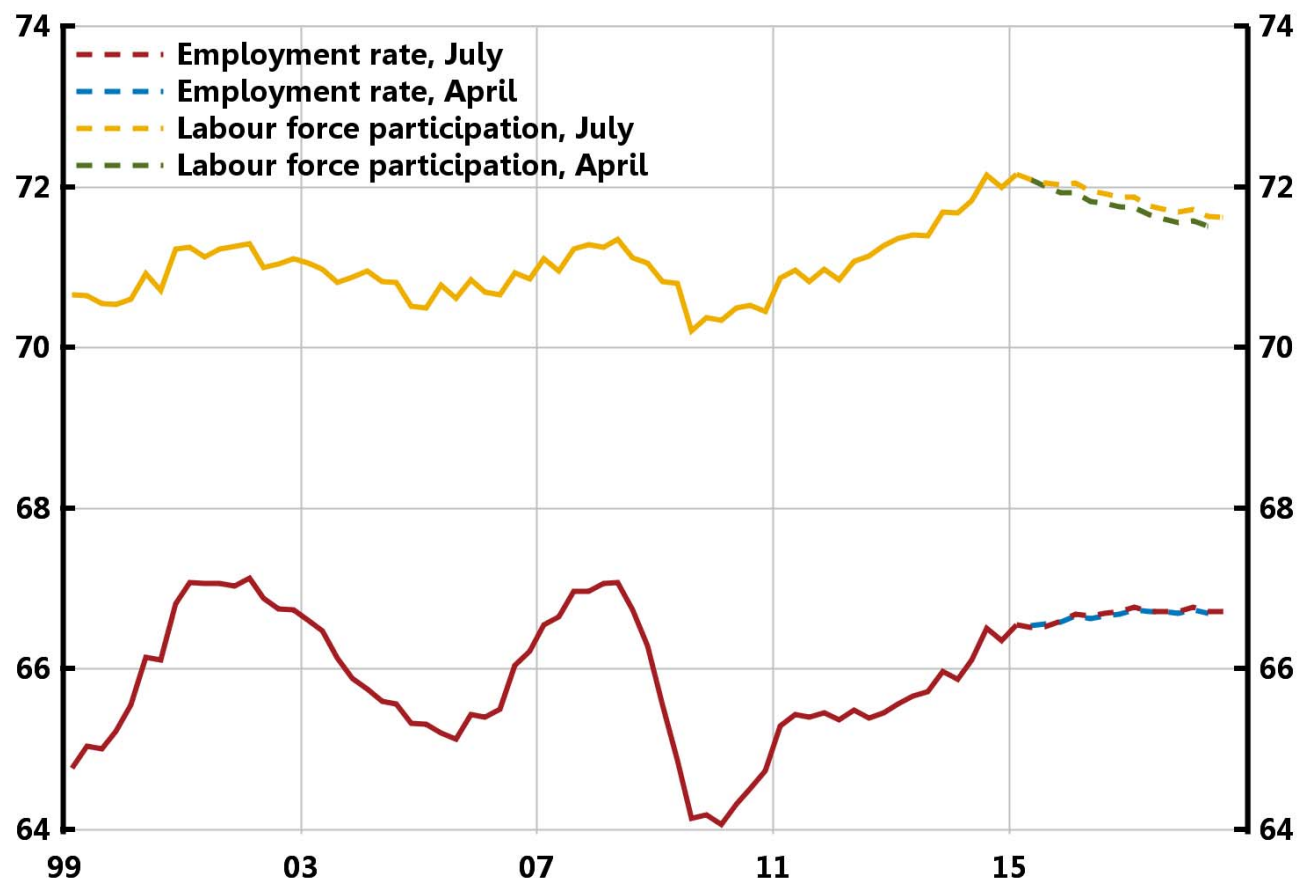**Employment and labour force as percentage of the population, aged 15–74, seasonally-adjusted data**

Legend:
- Employment rate, July
- Employment rate, April
- Labour force participation, July
- Labour force participation, April

Sources: Statistics Sweden and the Riksbank

Figure 4:12. Population growth, 15–74 years

Annual percentage change

Sources: Statistics Sweden and the Riksbank
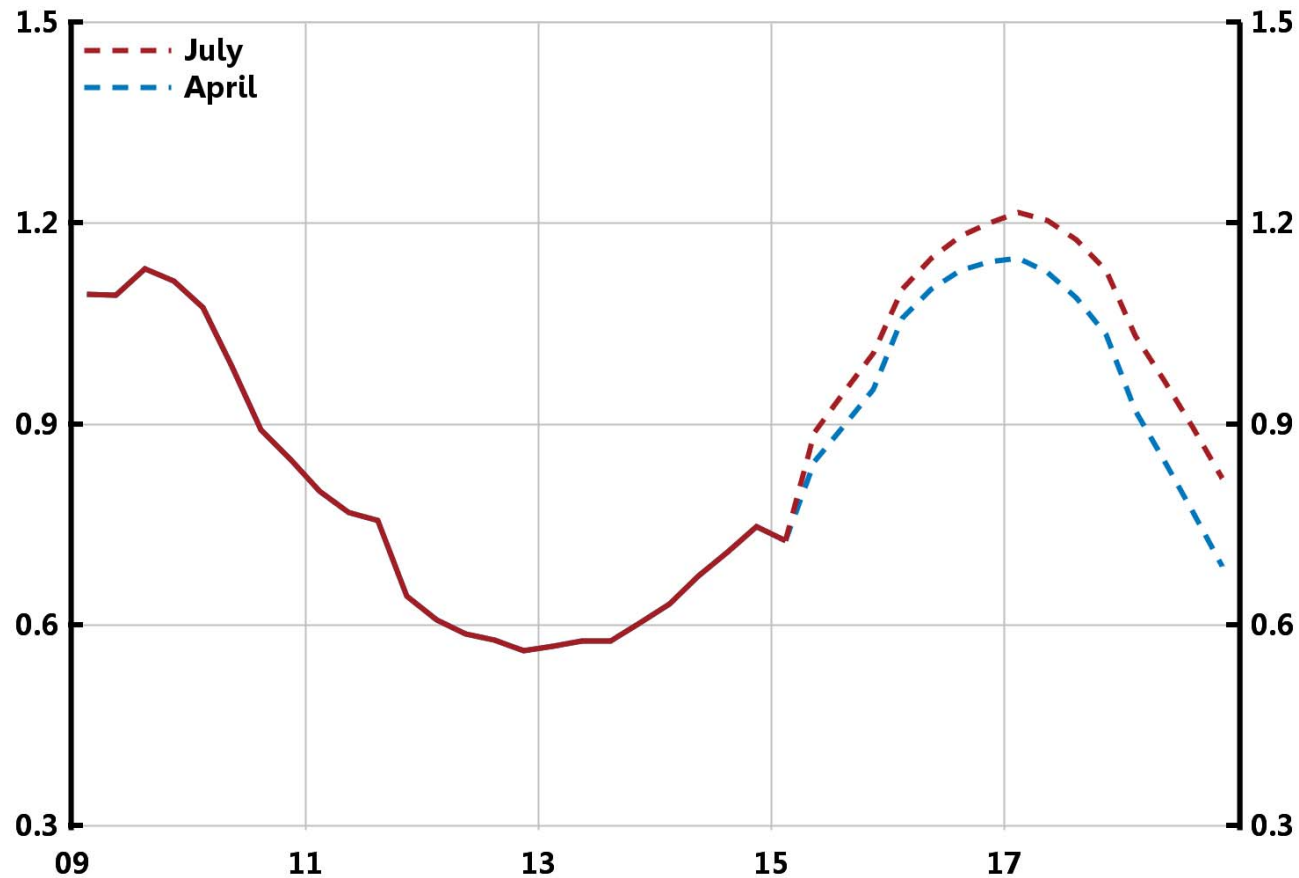
Figure 4:13. Unemployment

Per cent of the labour force, 15–74 years, seasonally-adjusted data

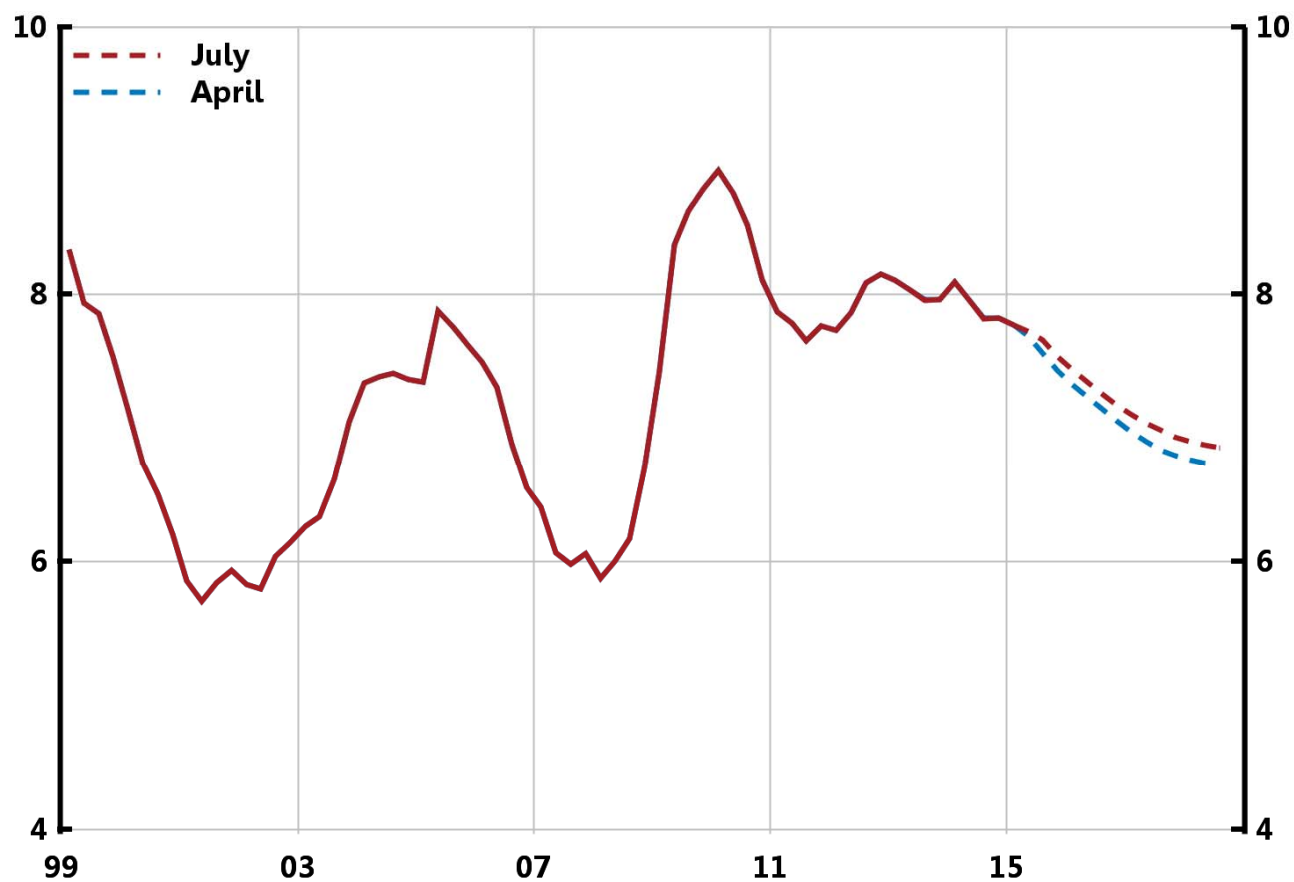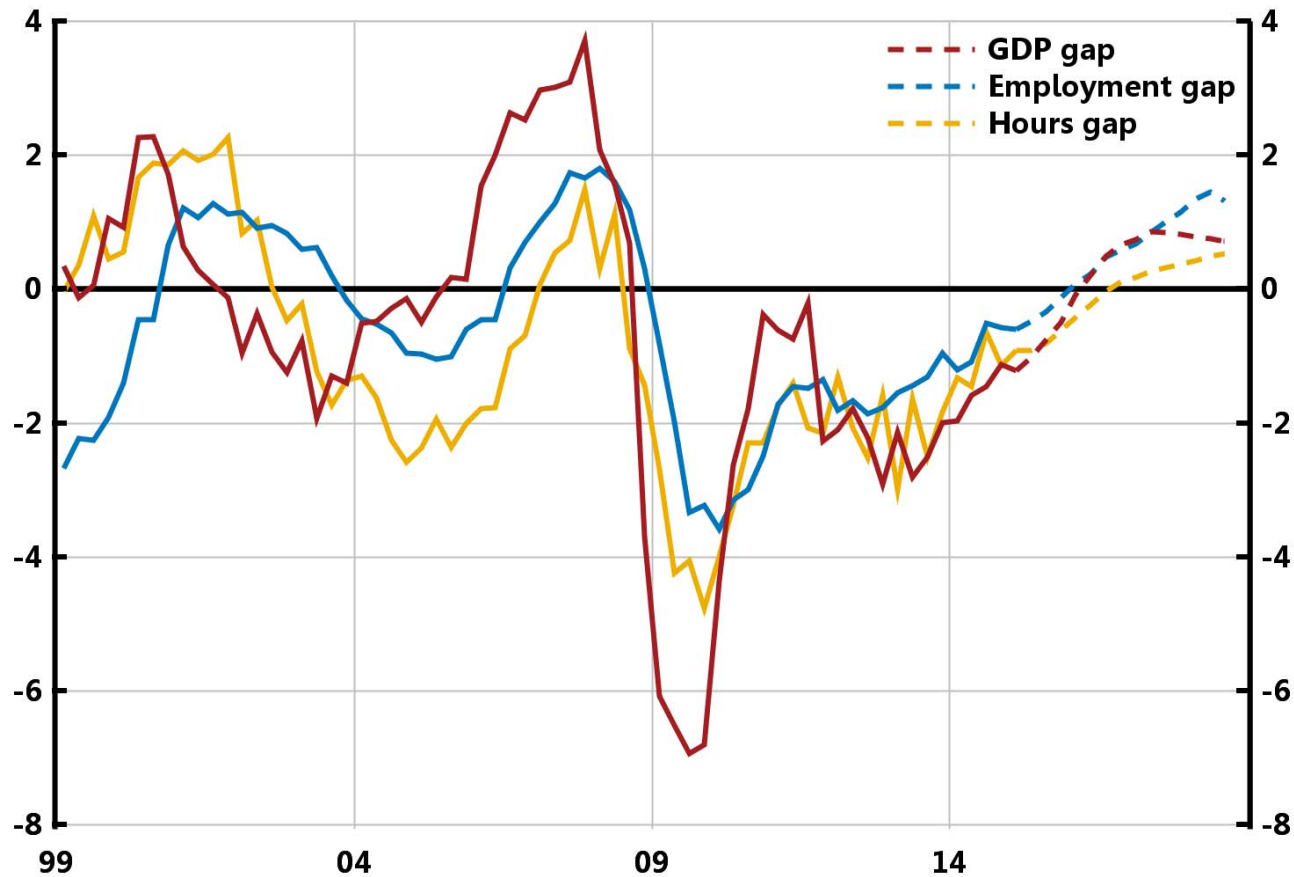Sources: Statistics Sweden and the Riksbank

# Figure 4:14. GDP gap, employment gap and hours gap

Per cent

Note. The GDP gap refers to the GDP deviation from trend, calculated using a production function. The hours gap and the employment gap refer to the deviation of the number of hours worked and the number of those employed from the Riksbank's assessed trends.

Sources: Statistics Sweden and the Riksbank

Figure 4:15. Nominal and real wages

Annual percentage change
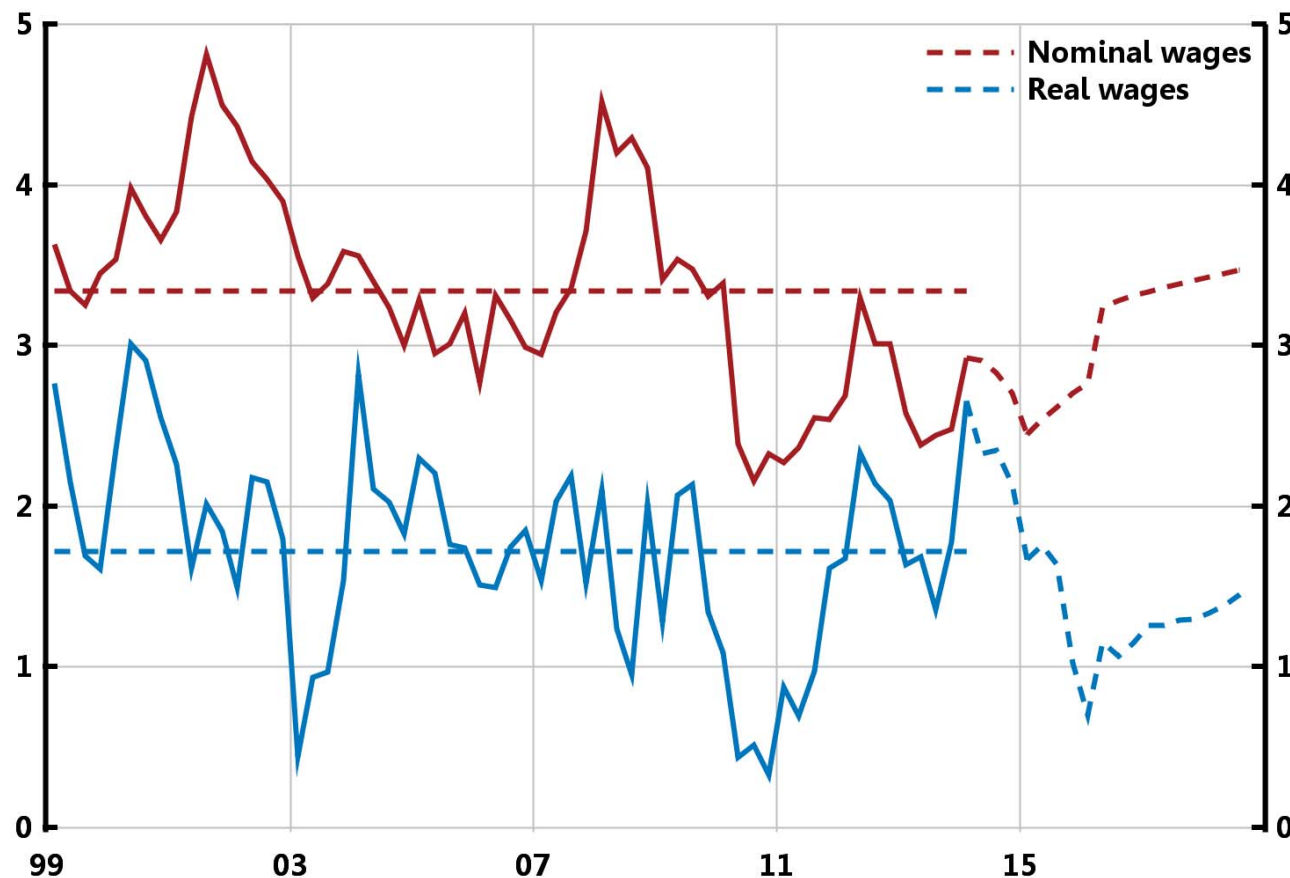
Note. Wages according to short-term wage statistics. Real wages are calculated by deflating nominal wages by the CPIF. Broken horizontal lines represent the average between 1999 and 2014.

Sources: Swedish National Mediation Office, Statistics Sweden and the Riksbank

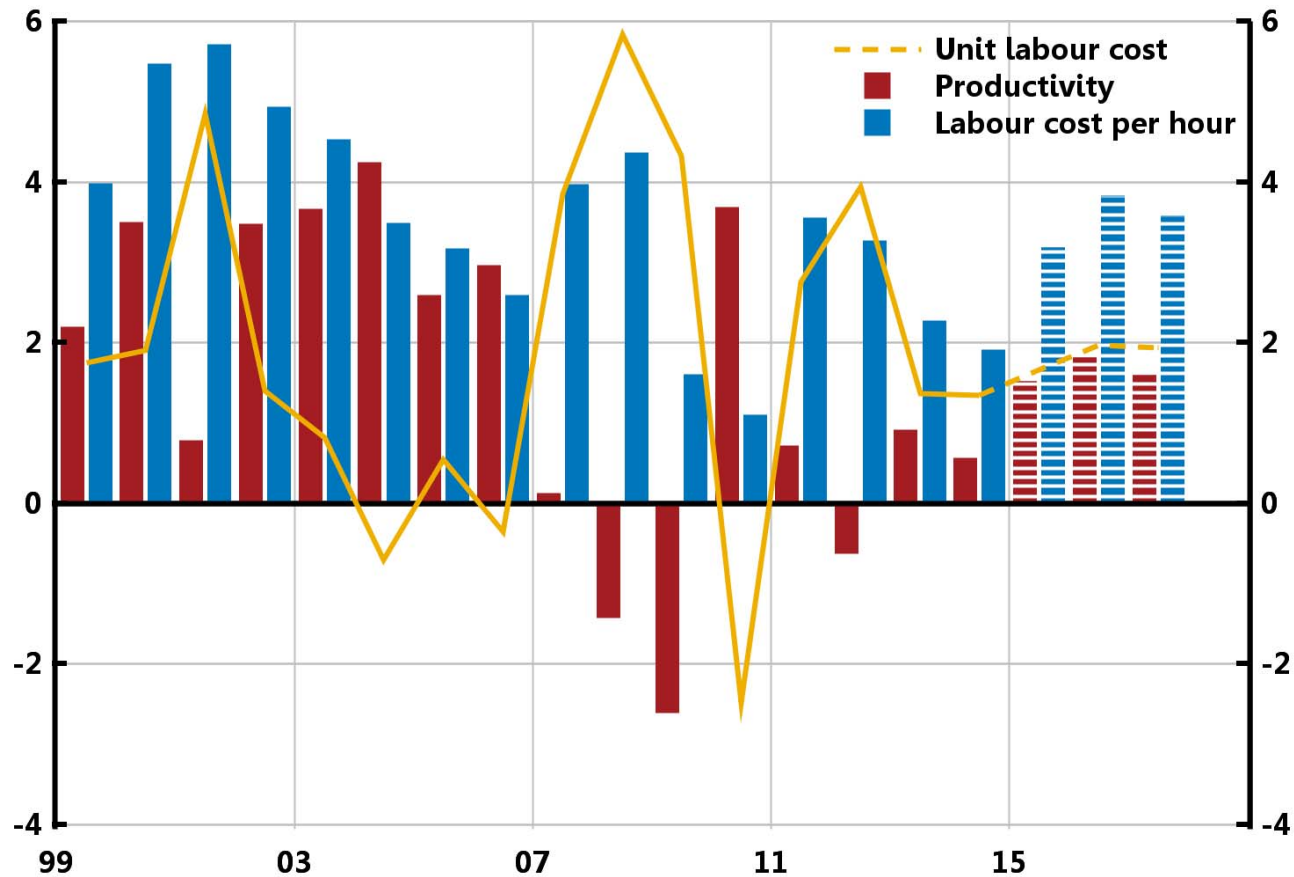# Figure 4:16. Cost pressures in the economy as a whole

Annual percentage change

Sources: Statistics Sweden and the Riksbank

Figure 4:17. Unit labour cost

Common currency, index, Q4 2011 = 100

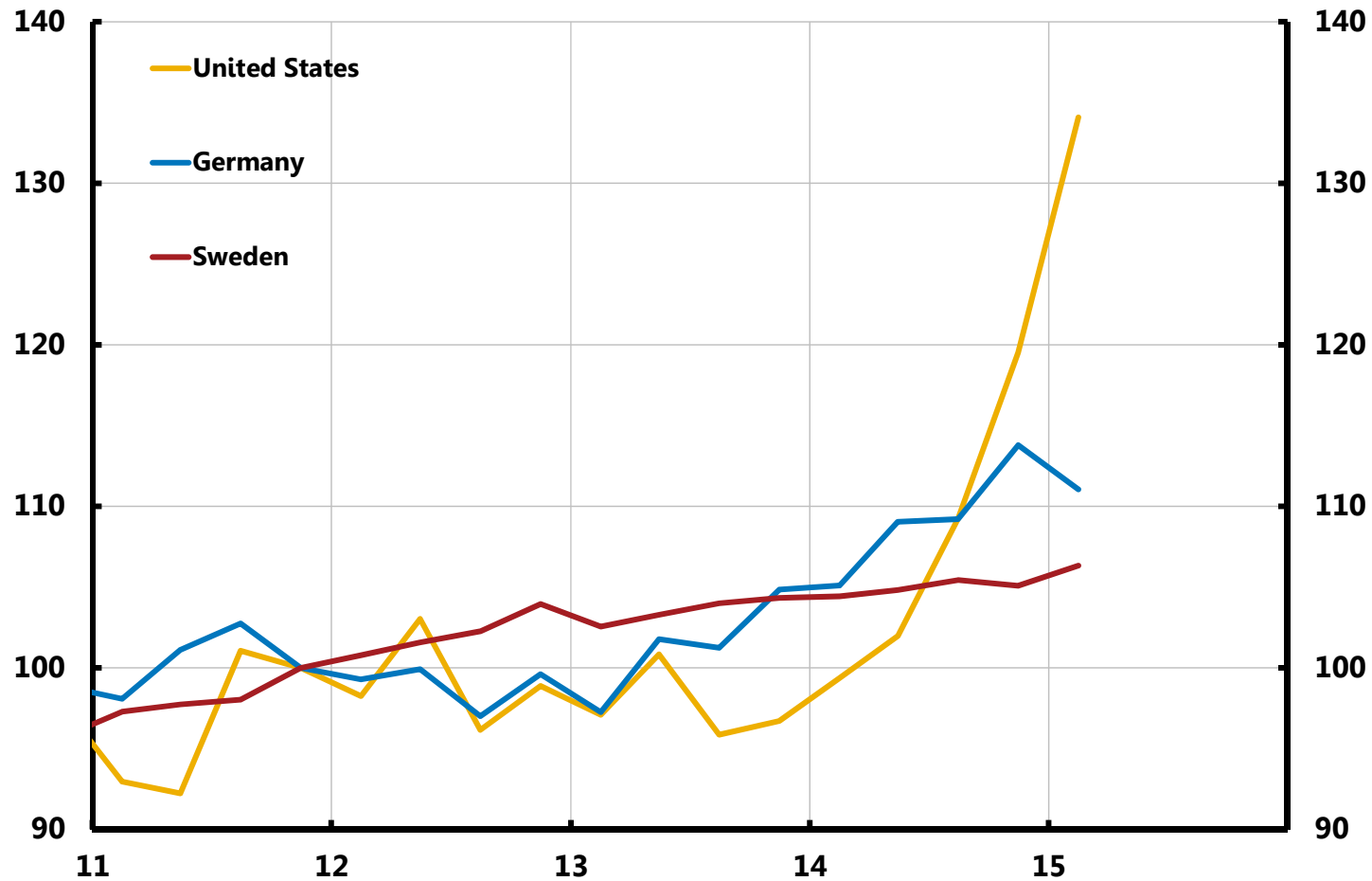Legend:
- United States
- Germany
- Sweden

Figure 4:18. Inflation expectations among all participants

Per cent