

# *Flash comment Riksbank – 25bp hike and small revisions to path*

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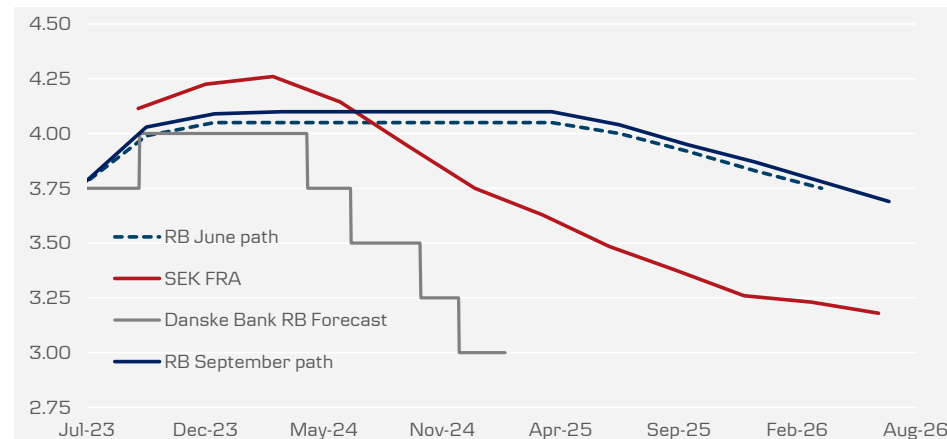
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## Flash comment Riksbank

- Overview:** The rate hike was as expected with a 25bp hike to 4.00%. The rate path signals that the door is open for another hike in November (10bp). Changes to the macro picture were overall small. **We see no reasons to change our call on the Riksbank that this was the final hike of this cycle**, although the risk to our call is admittedly still on the upside.
- Inflation/macro forecast:** Riksbank (RB) makes quite small adjustments to the macro outlook. In essence, it lifts the inflation forecasts for both CPIF and CPIF excl. Energy by 0.1 p.p. for 2023 and 2024. They note that food and energy prices have dampened markedly but emphasize that services prices (supposedly outside the housing sector) and the weak krona continue to be main risks for keeping inflation higher than forecasted. The RB now expects CPIF to print below the 2% target in January 2025 with CPIF excl. Energy at 2.2 % yoy at that time. On the real economic outlook the GDP forecast is reduced slightly, primarily this year and marginally for 2024. They point to interest sensitive sectors such as household consumption and housing construction. Unemployment is actually reduced for 2023 and a tad higher for 2024, but they note that one explanation for the strong labour market may be “labor hoarding”
- Policy rate path:** The rate path revisions were on the dovish side to our expectations, where the signals are for another 10bp hike in November (we expected 10-15bp). On a granular level, the only significant change in the rate path is the adjustment for today’s outcome, where the June path signalled a 20bp probability. The rate path now peaks at 4.1% and is kept flat throughout 2024 and gradual cuts not until mid 2025
- Balance sheet/QT:** No changes in QT volumes. The Riksbank will therefore continue to sell SEK 5bn/month of government bonds. The monetary policy report states that if “*monetary policy were to need tightening further, policy rate hikes are the main and most effective tool.*” They stress the importance of predictability with regards to balance sheet adjustments. We judge the probability for an announcement of QT volume changes by November to have diminished.
- SEK comment:** The Riksbank announced that it will start hedging parts of the FX reserves from Monday next week amounting to USD8bn and EUR2bn. The duration of the hedging program is 4-6 months, which corresponds to EUR70-EUR100M per day on average. Part of the hedging may be achieved by means of the Riksbank exchanging EU payments and adjusted for that, the estimated exchanges will be within the interval of 55-85M euros per day. The decision is in line with our expectations of a relatively frontloaded period of 3-6 months, see [Reading the Markets Sweden, 15 September](#). The rationale is to lock in unrealised profits on the FX reserves and does not have a monetary policy purpose, that is, it is NOT a currency intervention. The announcement of a frontloaded hedging strategy is supportive of our call for a near-term correction lower in EUR/SEK.
- 8 meetings per year:** The RB will in 2024 increase the number of meetings from 5 per year to 8, where every second meeting will contain a larger monetary policy report - see calendar.

### New Riksbank rate path – small revisions to June path



Source: Danske Bank, Riksbank Note: Past performance is not a reliable indicator of future results

### Riksbank macro forecasts\* - overall small revisions

#### Meeting calendar

Date	Meeting type
1-Feb-24	Monetary Policy Update
27-Mar-24	Monetary Policy Report
8-May-24	Monetary Policy Update
27-Jun-24	Monetary Policy Report
20-Aug-24	Monetary Policy Update
25-Sep-24	Monetary Policy Report
7-Nov-24	Monetary Policy Update
19-Dec-24	Monetary Policy Report

Source: Riksbank, Danske Bank

	2023	2024	2025	2026 Q3**
CPIF	5,9 (5,9)	2,5 (2,4)	1,8 (1,8)	2,0
CPIF excl. Energy	7,5 (7,4)	2,9 (2,8)	2,1 (2,0)	
GDP	-0,8 (-0,5)	-0,1 (0,0)	1,9 (1,8)	2,6
Unemployment, per cent	7,4 (7,5)	8,3 (8,2)	8,3 (8,3)	8,0

Annual percentage change, annual and quarterly averages respectively. Note. The assessment in the Monetary Policy Report from June 2023 is shown in brackets.  
\*\* Calendar-adjusted GDP growth and seasonally adjusted LFS unemployment in 2026 Q3.  
Source: Riksbank, Danske Bank

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