

Sweden January 2024 Inflation Preview

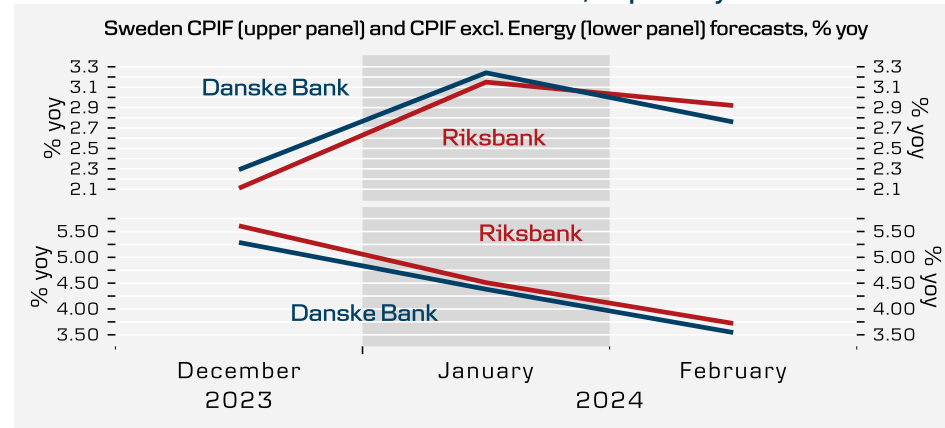
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We forecast January core CPIF just below Riksbank's forecast – with significant uncertainty

- We expect Swedish January inflation data (released Feb 19th) to show an increase in CPIF inflation to 3.2 % yoy, while core inflation (CPIF excl. Energy) continues to fall to 4.4 % mom. This means CPIF would be at Riksbank's forecast and core inflation a tenth of a percentage point below.
- Prices usually decline in January as clothing, furniture and household appliances and electronics are on sale. This time we have assumed somewhat bigger clothing sales than last year as prices were hiked in December 2023. Airline tickets and charter packs are also assumed to show big declines after much higher prices for December holiday trips. Food prices are likely to increase slightly. Rents and tenant-owner apartment fees are set to show a significant jump on the back of record high rent agreements and a need to cover higher common (interest) costs. Finally, electricity costs are being boosted by operators hiking grid fees. This is to some extent mitigated by a sharp drop primarily in diesel prices as an effect of slashing the green diesel content from 30% to 6%. District heating may have added to a higher energy print.
- Needless to say, January prints always carry the extra risk of the impact from new weights and the so called "basket effect", the latter most often pulling inflation slightly lower as consumers substitutes for cheaper goods and services.
- Supposedly, risks probably remain tilted to the upside.

Inflation to remain below Riksbank forecast, especially core CPIF

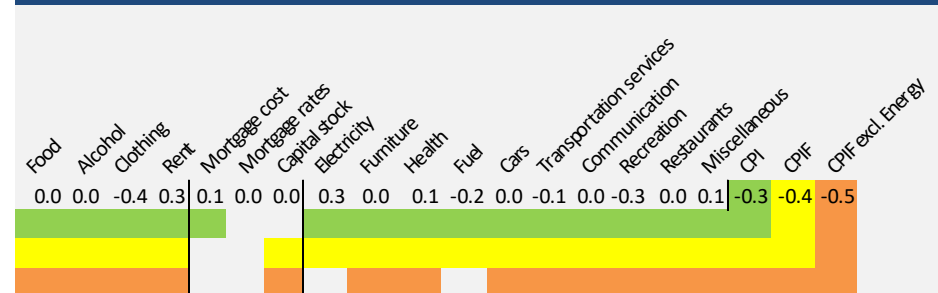


Source: SCB, Danske Bank, Riksbank

Danske Bank Forecast details

	CPI	%mom	%y/y	CPIF	%mom	%y/y	CPIFxEn	%mom	%y/y
jan-24	411.93	-0.34	5.22	259.64	-0.39	3.24	242.89	-0.49	4.38

Contribution to mom inflation



Source: Danske Bank

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