



PREVIEW: Riksbank policy announcement due Thursday 20th March 2025

- The Riksbank is expected to keep rates unchanged at 2.25%; markets currently assign a 95% chance of such a move.
- A SEB survey indicates that all respondents predict that the Bank will keep rates steady until June; there is some divergence in views within that month, 17% see a 25bps cut whilst a smaller minority predict a hike.
- Analysts highlight that the Bank may signal some probability of a hike this year, given recent hotter-than-expected inflation developments. However, growth and unemployment metrics will keep the Bank wary.

Overview: The Riksbank is expected to keep rates unchanged at 2.25%; focus for this meeting will be on any indication of the Bank's view on the terminal rate and on the accompanying rate path. It is interesting to note that whilst analysts at Nordea stick with their forecast for a hold at this meeting; some see the possibility of the Bank keeping the door open for a hike in the future, citing recent inflation developments. Similarly, SEB suggests that the Bank may say it stands ready to act should inflation be less transitory than expected.

Last Meeting: As a reminder, the Riksbank delivered a 25bps cut at the last meeting and steered clear from explicitly sending strong signals regarding the next rate cut; it did highlight that an economic rebound is on the way, but remains weak. The Minutes of that meeting highlighted the variety of views held by members at the Bank; Governor Thedeen suggested that rates are sufficiently restrictive; the likes of Bunge and Bremen kept the door open for more cuts in March or May – though recent inflation developments may have muddied that view.

Data: Headline CPIF Y/Y came in hot, printing at 2.9% (exp. 2.7%, prev. 2.2%, Riksbank view 2.4%); the core figure also printed above expectations – following this, analysts at SEB changed their view and expect the Bank to be on hold for the next two meetings (prev. saw a cut in May). Inflation aside, GDP in Q4 was stronger-than-expected (though household consumption remained weak) and unemployment continues to rise; factors which may keep the Riksbank wary of explicitly guiding a hike.

SEK: Finally, the SEK is well off its worst levels and as such has fallen out of the Bank's main focus over the past couple of meetings. The SEK has strengthened around 5% since the last meeting.

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