



PREVIEW: Riksbank Policy Announcement due Thursday, 19th March at 08:30GMT

- Expected to maintain the policy rate at 1.75%.
- Focus will be on how the MPR is adjusted given recent cooler-than-expected inflation outturns alongside the Middle East energy price shock.
- At this point, the Riksbank is likely to keep its optionality open and await further insight on how lasting the energy, and associated inflation, shock is.

OVERVIEW: The Riksbank is widely expected to keep rates steady at 1.75%, in-fitting with recent guidance which suggested that the "policy rate is expected to remain at this level for some time to come". Focus will also be on the updated MPR, which currently shows some chance of a hike by end-2026 and sees the policy rate rising to 1.94% by end-2027. SEB believes policymakers will remove any chance of a hike in 2026 and lower the rate path in 2027, reflecting the downward trend in inflation. After the policy announcement, a press conference will be held from 10:00GMT.

DATA: Inflation has undershot the target for a number of months, with both headline and core measures in February coming in cooler than expected. Pertinently, Core CPIF Y/Y was 1.4% (prev. 1.7% Y/Y), cooler than the Riksbank's forecast of 1.76%. On the growth front, GDP in Q4 was revised slightly higher and broadly in line with the Bank's forecast. The labour market remains volatile, but continues to show signs of improvement.

ANALYST COMMENTARY: SEB and Nordea both believe the recent Gulf war is likely to keep policymakers cautious about materially adjusting policy or guidance, given the potential inflationary implications. However, Nordea said that if the war ends "soon", the focus would return to persistently low inflation, raising the odds of a rate cut this year. Elsewhere, Goldman Sachs sees a lower chance of a near-term cut after the latest spike in energy prices, with analysts instead expecting the Bank to remain on hold until H2 2027.

MPR: Q1'26 1.75% (exp. 1.75%), Q2'26 1.75% (exp. 1.75%), Q3'26 1.75% (exp. 1.75%), Q4'26 1.77% (exp. 1.75%), Q4'27 1.94% (exp. 1.93%). *exp. via SEB*

PREVIOUS MEETING: In January, the Bank kept rates on hold, as expected. On the data front, the Bank summed up inflation as "lower than expected", and close to the 2% target. On the economy, it highlighted that it is proving to be resilient and described it as "somewhat stronger than expected", though it highlighted that the labour market remains weak. Nonetheless, the Bank is seeing signs of improvement. In conclusion, the outlook for inflation and economic activity from December remained largely unchanged.

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