



PREVIEW: Riksbank Policy Decision on Wednesday, 17th June at 08:30 BST

- Riksbank is expected to keep rates on hold at 1.75%. However, a lift to the policy rate path is possible .
- Inflation in May rose from the prior, but remained beneath the Riksbank's own forecast .
- Data developments, combined with recent geopolitical progress, could see some policymakers consider a cut later this year .

OVERVIEW: Expected to keep its policy rate on hold at 1.75% in June, reflecting caution over the Iran conflict and despite weakness in the domestic economy. The Bank has been facing two-sided risks surrounding the Iranian conflict, but that appears to be resolved now, given it was "virtually" signed before an in-person signing on Friday. Therefore, this shifts the risks back towards the low and persistent inflation story, which may prompt some policymakers to consider cuts in the months ahead. Nonetheless, the Bank is likely to stress its dependence on inflation developments. Decision aside, focus will be on the updated MPR and then Governor Thedeen's presser at 10:00 BST.

DATA: Swedish inflation was hotter than expected in May. Headline CPIF rose on both a Y/Y and M/M basis from the previous month and by more than market had expected, though the metrics also remained below the Riksbank's own forecast. Elsewhere, weak labour market figures have further clouded the picture, while growth has recently rebounded.

MPR: Analysts at SEB and Nordea expect rates to remain on hold through 2026. However, SEB believes the Bank will raise its policy rate path hawkishly, a view also shared by analysts at UBS. Aside from the rate path, focus will also be on the updated projections, which are likely to show downward revisions to inflation and growth this year. Note, the mentioned analyst commentary was published before the latest Iran progress, therefore it is worth being attentive to the Bank's assumption cut-off date and any supplementary forecasts or official caveats. At the March meeting, the energy-price assumption cut-off date was two-days before the meeting itself; as such, it is possible that the MPR will account for the latest developments.

LAST MEETING: In May, the Bank maintained its Policy Rate at 1.75%, and said that recent economic and geopolitical developments will allow policymakers to "wait until there is a clear picture". It added that the "current level of the policy rate gives a good initial position to adjust monetary policy if required to safeguard the inflation target".

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