

## No change today at the Riksbank, but tensions are building

Policy unchanged but divisions on the committee continue to grow as one member votes for increasing rates



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As widely expected, the Riksbank left policy unchanged today, with rates remaining at -0.50% and the policy rate forecast indicating the first hike in the third quarter.

However, there was a subtle change in the language: from a first hike 'in the middle of 2018' in the December statement to 'in the second half of the year' today, which hints at the potential for a delay in the first rate hike into the fourth quarter. Set against that, Deputy Governor Ohlsson entered a surprising dissent against today's decision, instead of calling for a hike to 0.25%.

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Elsewhere, the CPIF inflation forecast was revised down slightly to 1.8% and 1.9% in 2018 and 2019

respectively (from 2.0% for both years previously), while growth forecasts are effectively unchanged and the unemployment forecast has been revised down slightly. House price data out today have supported the Riksbank's assumption of a soft landing in the housing market, with prices rising 3.4% MoM, though that is partly due to seasonal effects.

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Ohlsson's vote for a hike today means he will be pushing for a hike from now on. Fellow hawk Floden may join him in April or July. But the balance of the committee sits with Governor Ingves and we expect that his more cautious approach will win out in the end, with the Riksbank postponing the first hike into Q4 and possibly even early 2019.