

## Swedish inflation: As you were

Inflation came at 1.7%, in line with consensus but below the Riksbank's forecast, which suggests the Swedish central bank will retain its dovish tilt



Swedish inflation for February stands at 1.7% on the Riksbank's preferred CPIF measure (and 1.6% on the CPI measure). That's unchanged from January, and in line with consensus expectations. Core CPIF inflation stands at 1.5%, also unchanged. In terms of the individual price components, there was relatively little change. Clothing prices bounced back strongly after a very weak January, which is a slight positive.

Both headline and core inflation remain below the Riksbank's latest forecast, which suggests the central bank may well have to revise down its forecasts again when it publishes its next set in April. However, the current weakness of the krona will support inflation in the second half of the year, suggesting a major downwards revision will not be required - at least not if the Riksbank pushes down its currency forecast as well.

Even with the benefit of a weaker currency, a lower inflation forecast would most likely mean also shifting the interest rate forecast back to indicate a later lift-off for rates. We continue to believe the Riksbank will hold off on raising rates until the end of the year.

