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All Signal, No Noise

MARKET ANALYSIS

MNI Riksbank Preview: November 2025

Statement / Monetary Policy Update release: 08:30GMT / 09:30CET, Wednesday 5 November 2025
Press conference (in Swedish): 10:00GMT / 11:00CET, Wednesday 5 November 2025

MNI Point of View – No Fireworks This Time

3 November 2025, by Emil Lundh

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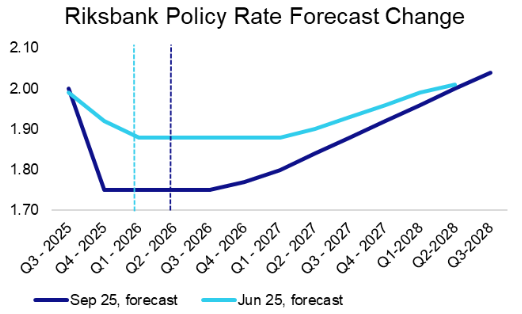


Source: Riksbank, MNI. Note: Rate path left of dashed line is "owned" by the Executive Board. Right of dashed line is "owned" by Riksbank staff.

The Riksbank is almost certain to remain on hold at 1.75% on Wednesday, while reiterating that the policy rate "is expected to remain at this level for some time to come". Since September, there have been several datapoints suggesting an economic recovery is underway, supported by accommodative monetary policy, an anticipated expansion of fiscal policy and declining trade policy uncertainty. However, **we don't think these developments are enough to shift the Board from its clearly signalled path, particularly at an interim meeting with no updated MPR and rate path projection** (only a concise Monetary Policy Update document will be presented). Soft signals from the Riksbank's Business Survey and a lack of improvement in hard labour market data should guard against the Board sending too hawkish a signal in November.

We currently think the risk of a hike back to 2.00% in the next 6-12 months is greater than the risk of another cut. While not likely to be endorsed directly in November, the Board could opt to reflect this risk in the December MPR rate path projection. A reminder that the first three quarters of the Riksbank's rate path is "owned" by the Executive Board, with the rest of the path an output of staff models. As such, the path mechanically trends back towards the neutral anchor of 2.25% over time. In September, the first three quarters of the rate path suggested the Board expect an unchanged policy rate of 1.75% through Q2 2026. In December, we think the Board may opt to send a policy signal by incorporating a small implied probability of a rate hike in Q3 2026 (or potentially even Q2 2026), as the latter quarter will be "owned" by the Board at that meeting.

Following Anna Breman's departure to become the new RBNZ Governor, the Executive Board is comprised of just four members for the time being. In the case of a tied vote, Governor Thedéen has the deciding say. However, **we expect the Board to be unanimous in favouring a hold at 1.75%.** Although Deputy Governor Seim dissented in favour of a hold at 2.00% in September, we doubt she would vote to hike the policy rate this time round.

Analysts are unanimous in expecting no changes to the policy rate or guidance in November. The vast majority of baseline forecasts see the Riksbank on hold through 2026, though some flag downside risks in the first half of next year. Several analysts have pencilled in one or two hikes starting in early 2027.

SEK FX options markets are well positioned for a straightforward Riksbank decision, with no material uptick in 1-week EURSEK implied vols since last Wednesday. Meanwhile, the 1-year SWESTR OIS swap prices just 2bps of hikes at present. With no expectations for meaningful guidance changes in November, this pricing feels fair for now. However, the risks over the next few months appear skewed in favour of moderate hawkish repricing.

There's a chance of the Riksbank tweaking its secondary rates in November, following a speech from Governing Thedéen on Swedish money markets and bank funding/liquidity in September (see below for a summary of the proposed tweaks). However, we think December is the more likely stage for these changes.

Macro Update – Activity Signals Improving, But Caution Warranted

Since September, **Swedish activity signals have been improving, suggesting a long-forecasted recovery is finally getting underway.** That said, these signals still need to be confirmed in more reliable hard data. Meanwhile, labour market developments remain an area of concern.

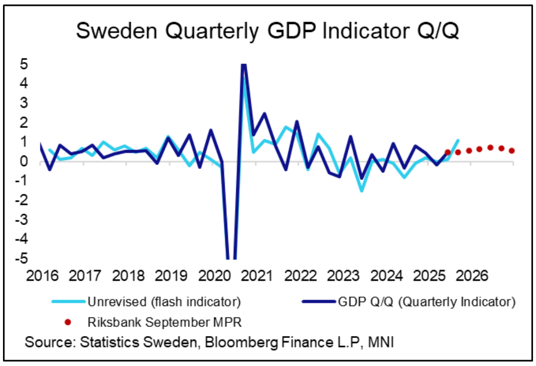
The flash Q3 GDP indicator rose 1.1% Q/Q, well above consensus of 0.7% and the Riksbank's 0.5% September MPR projection. Monthly data up to August had pointed to solid household consumption and private sector production trends, so an outperformance of the Riksbank's projections had been expected. However, as always, the flash GDP indicator should be taken with a generous pinch (perhaps a handful) of salt. It can be very revision prone and is often not a reliable guide for final GDP outcomes. The final Q3 GDP read will be released at the end of this month.

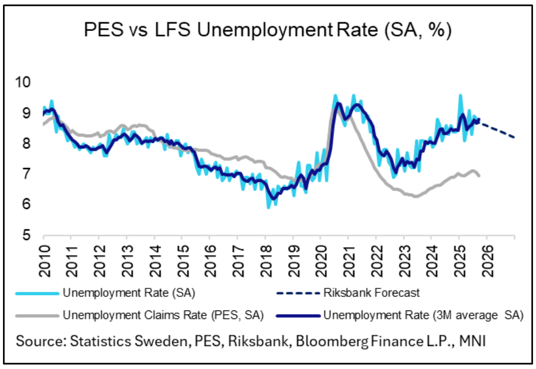
The Economic Tendency Indicator moved above 100 for the first time in over three years in October (100.8 vs three analyst estimates ranging from 97.5-99.0). All business subsectors and consumer confidence rose relative to September, but the standout was retail sentiment (114.4 vs 107.7 prior). The quarterly indicator on whether insufficient demand is a factor limiting production ticked down to 57 (vs 59 prior), indicative of recovering domestic demand. While a positive signal, we caution that the Riksbank's Q3 Business Survey (often looked at more closely by the Board) was weaker. From the report: "Sweden's major companies describe the economic situation as a long and protracted slump that has not improved since the spring"…"Households are still perceived to be cautious and keeping a tight grip on their wallets".

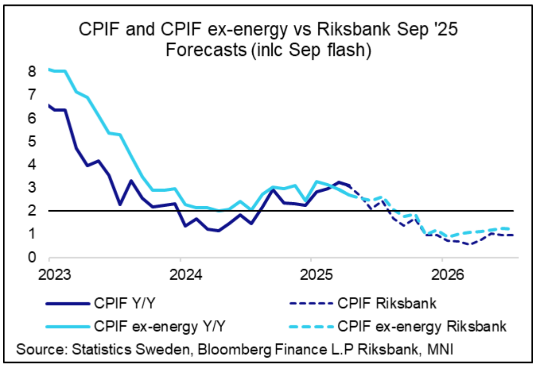
The LFS unemployment rate fell a tenth to 8.7% in September, in line with analyst consensus. On a 3mma basis, that left the Q3 unemployment rate at 8.8%, a tenth above the Riksbank's September MPR projection. September's decline in the unemployment rate was also for the "wrong" reasons, with the participation rate falling two tenths and employment growth down 0.1% M/M. The Riksbank expects labour market conditions to improve from the start of 2026, so a stabilisation in Q3/Q4 is a necessary first step. September data from the Public Employment Service has provided some early evidence of this dynamic, but the LFS data does not corroborate yet.

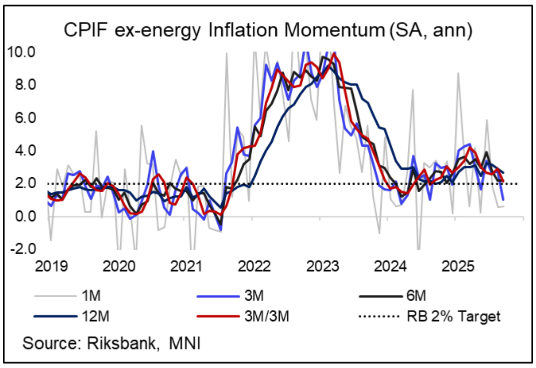
The underlying inflation outlook is consistent with unchanged policy rates going forward. A reminder that the Board intends to look through the mechanical decrease in inflation caused by the upcoming temporary reduction in food VAT. CPIF ex-energy inflation was in line with the Riksbank's September MPR projection at 2.70% Y/Y (vs 2.92% prior). Our estimate of seasonally adjusted CPIF ex-energy inflation for September was 0.05% M/M for the second consecutive month. That pulled 3m/3m annualised inflation momentum down to a 13-month low of 2.12%. There was another sharp pullback in food inflation in September, to 2.66% Y/Y (vs 3.94% in August, 4.26% in June and July). This was the lowest annual rate since January. Meanwhile, goods inflation pressures appeared soft. These trends were somewhat offset by stronger annual services inflation, but we caveat that familiar volatile categories were at play.

Expected prices in the Economic Tendency indicator remain at relatively contained levels. Meanwhile, the Board is unlikely to be concerned by the small increase in Origo Group's (formerly Prospera) 5-year ahead money market participant CPIF inflation expectations in October (2.2% vs 2.1% in Sep, the highest since April).









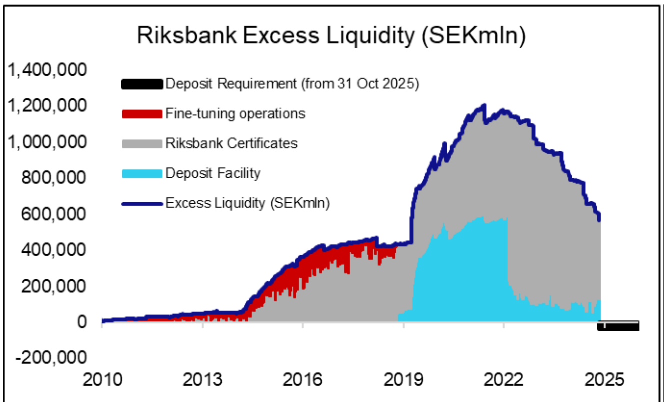
Thedéen Speech Sets The Stage For Rate Tweaks Later This Year

An interesting and important speech from Riksbank Governor Thedéen in September set the stage for a number of secondary rate tweaks later this year. These proposed tweaks concern the lending rate, deposit rate and supplementary liquidity facility (SLF) rate. The speech is **here.**

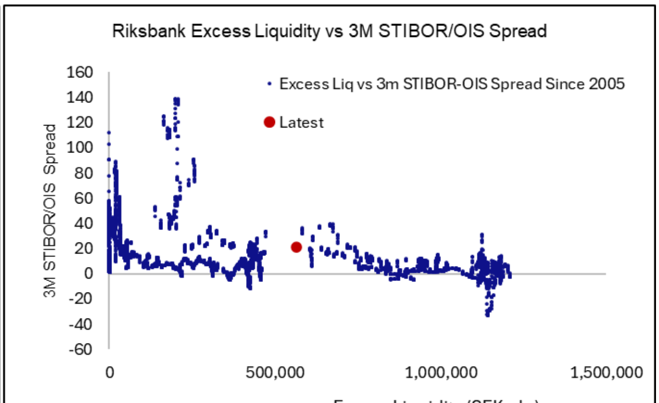
- The deposit rate is currently set 10bps below the policy rate, with the lending rate set 10bps above (creating a 20bp wide corridor within which the monetary stance is managed). The SLF rate, which allows banks to borrow funds using lower grade collateral than required by the lending rate, is set at 75bps above the policy rate.
- With excess liquidity continuing to decrease, the Riksbank wants to promote more active liquidity management in the interbank market without stigmatizing the use of its liquidity facilities when banks require.
- To facilitate such a shift, Thedéen suggested the Riksbank is considering (i) widening the deposit/lending rate corridor (to support more interbank activity) and (ii) lowering the interest rate premium for use of the SLF (to make sure banks are not afraid to access CB liquidity if needed).
- SEB believe the proposed policy changes could "could lead to more short-end volatility, higher demand for short-dated SGBs/T-bills and [a] wider Stibor/OIS spread".
- Thedéen noted that "if we decide to proceed with one or more of these points, we will first send the proposal out for consultation to the relevant market participants". We don't rule out such tweaks at the November or December meetings.

Riksbank QT has been progressing steadily over the past few years, with the current active sales pace of SEK5.7bln/month of nominal SGBs and SEK0.8bln/month of linkers set to continue until year-end.

- This balance sheet rundown has seen excess liquidity fall from a high of SEK1.2trln SEK in May 2022 to SEK565bln SEK today. According to Governor Thedéen, liquidity is expected to reach SEK400bln by 2030.
- So far, the reduction in excess liquidity has been reflected in a slightly wider 3M STIBOR/OIS spread. The 5d average spread is currently 21bps, up from ~10bps around the start of this year. Those levels are still in the range you'd expect when plotting the spread against excess liquidity going back to 2005.
- Note that as of October 31, the Riksbank has implemented a SEK40bln (interest free) deposit requirement. This change is meant to help the Riksbank continue to fund itself, and avoid the need for a capital injection from the Government as was seen in 2024.
- Following the conclusion of active bond sales, the Riksbank's portfolio of nominal SGBs will be on track to passively reach the long-term target of SEK20bln by late 2026.
- The Riksbank is expected to continue to passively run down its holdings of covered, corporate and municipal bonds during this period.



Source: Riksbank, MNI



Source: Riksbank, BBG, MNI

Sell Side Previews (A-Z)

Summary of Analyst Views (Sorted A-Z)

Institution	Riksbank View
Bank of America	We think the Riksbank is done with rate cuts, but some downside risks remain, if households continue to be very prudent over the next two quarters. We keep our rates path fixed at 1.75% in 2026/27E, and struggle to see the Riksbank hiking rates.
CIBC	Stronger than expected data and improving sentiment suggests that the Riksbank has finished its easing cycle and is entering a period of an extended pause. It will take some time for the economy to recover – with the unemployment rate set to slowly fall into 2026. The next rate move will be a hike, but that may not come until 2027.
Citi	We expect rates on hold at the trough of 1.75% with a relatively hawkish message given the strength in recent growth data
Danske Bank	Data since the Riksbank's September meeting (where they cut to 1.75%) can be summed up as having been in line with their recent forecasts and pointing towards the expected gradual recovery. Again, with the Riksbank's main scenario is to stay on hold for some time, and data confirming this view, there is little reason to expect anything but an unchanged policy rate for some time ahead. We expect them to express their contentment with recent developments and reiteration of their September MPR assessment for an unchanged policy rate stance going forward.
DNB	We see a policy adjustment at next week's meeting as highly unlikely. We continue to expect the next move to be a tightening, likely in early 2027.
Goldman Sachs	The combination of an ongoing recovery, set to gain further momentum in 2026, supported by expansionary monetary and fiscal policy, and lingering upside risk to inflation argues against additional rate cuts. We maintain our view that the policy rate will remain at 1.75% through 2026, with the next move to be a tightening—two rate hikes, indicatively starting in early 2027
Handelsbanken	The Riksbank is expected to keep its interest rate unchanged at 1.75 percent. As is well known, the Riksbank cut the interest rate to 1.75 percent at its meeting in September, ending a cut cycle of 225 basis points. They indicated that it will take some time before there are any changes and the interest rate is therefore expected to remain at this level for quite some time to come.
ING	The risks that rates will be lowered again in Sweden are even lower than in the eurozone, as the growth outlook continues to improve and the Riksbank already took rates below 2% in September. We don't expect any new guidance at this meeting, and the krona's outlook remains good into 2026
JP Morgan	We expect no change to the forward guidance that the policy rate will remain on hold "for some time". While some recent activity data could warrant a hawkish tilt, we think the Board will say that risks are balanced. We still expect no policy rate change within our forecast horizon (end-2026), but risk is skewed towards a lower rate in 2026.
Morgan Stanley	We expect the forward guidance to remain unchanged. The statement should reiterate Riksbank's intention to hold rates at this level for some time to come, if the outlook for inflation and economic activity holds. We see the Riksbank on hold within our forecast horizon.
Nomura	We expect the Riksbank to leave its policy rate on hold at 1.75%. Another rate cut seems unlikely due to guidance from the Riksbank and evidence that economic growth is starting to accelerate, though the labour market remains a key area of weakness. Looking ahead, we expect the Riksbank to leave its policy rate on hold until late-2027, when we believe a 25bp hike is likely, because we expect inflation to rise again and the economic recovery to become well established.
Nordea	The Riksbank is likely to reiterate the message from September that the policy rate will be kept on hold for some time ahead. The inflation outlook is intact, while the economic outlook has improved. The improvement in the economy is still not enough to affect the monetary policy stance in the near term. We maintain our forecast that the policy rate will remain unchanged both for the remainder of this year and next year. The assessment of the Riksbank's policy rate this year is rock-solid. Something drastic must happen for the Riksbank to change the policy rate in December. The forecast for next year is obviously more uncertain. Over the next six months, the likelihood of lower inflation is high, which means a rate cut cannot be ruled out in the first half of next year. At the same time, the economic outlook has improved, which suggests that the Riksbank will keep the policy rate unchanged after all and shift the risk assessment towards a possible rate hike in the latter part of 2026.
SEB	We predict that the board will reiterate that the policy rate is likely to be unchanged at 1.75% at least until the end of next year and that risks are balanced. While our rate forecast is in line with the Riksbank's, risks are skewed to the downside next year and a rate cut during the spring or summer cannot be ruled out.
UBS	We believe the accommodative monetary policy stance and a generous fiscal package will accelerate the growth recovery. Accordingly, we are not forecasting further rate cuts. Instead, we think the next rate change will be a hike to raise interest rates back to a neutral level (around 2.25%), possibly as soon as late 2026.

Source: Analyst peviews, MNI

MNI Policy Team View

MNI RIKSBANK WATCH: Hold Likely, With High Bar To Another Cut

By David Robinson

Oct 31, 2025

LONDON - Sweden’s Riksbank looks near certain to leave its policy rate on hold at 1.75% when it announces its next decision on Nov 5, having set a high bar to further easing following its 25-basis-point September cut, its eighth in just over a year.

Thedeen told MNI following the September meeting that the next rate move could be up or down and that, while uncertainty was extreme, the Riksbank appeared to be at a turning point. The in-house rate path published in September signalled that, if things evolved as expected, the policy rate has troughed.

In a rare show of dissent on the five-member board under Governor Erik Thedeen's stewardship, Deputy Governor Anna Seim voted to keep policy on hold in September, and the meeting’s revealed that she envisaged the possibility of a rate hike down the line. Seim noted that Sweden's usually rule-bound fiscal policy was becoming more stimulative given that defence spending and Ukraine aid were excluded from the framework and that this, coupled with low interest rates, meant there was a risk that "the overall stabilisation policy at present will become too expansionary."

The majority view and central projection, however, pointed to a prolonged period of a flat policy rate. The view among analysts is that there will be no near-term change.

NO RECOVERY

Thedeen told lawmakers on Oct 21 that officials "feel more confident that inflation is coming back down," after its prolonged above-target run, and that while economic recovery has one again been delayed a number of factors support an acceleration in growth.

The Riksbank's business survey this month underlined the message that the hoped-for economic recovery has yet to take-off, with the Business Survey indicator continuing its decline since May and still below its historic average.

One potential change in the pipeline is to the Riksbank monetary framework. While the Bank of England and the European Central Bank are steering to demand-driven floor systems, meeting commercial banks and others participants desired level of reserves, the Riksbank operates a corridor system.

The Riksbank has been consulting with counterparties and in a speech Thedeen floated the possibility of widening the interest rate corridor, the gap between deposit and lending facilities, and lowering the rate premium on the supplementary liquidity facility. But the consultation is not scheduled to finish before the end of the year, and the Governor is sensitive to the risk of dislocation between policy and money market rates, so November may be too soon for any changes. (See MNI INTERVIEW: Riksbank Head -Equal Chance Next Move Cut, Hike)

For more information, please contact:

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