mni

All Signal, No Noise

MARKET ANALYSIS

MNI Riksbank Preview: September 2025

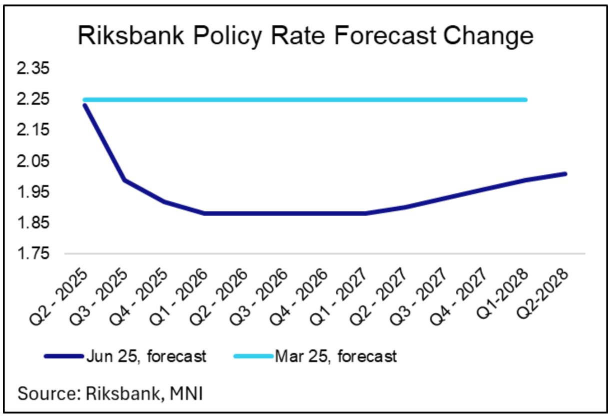
Statement / Monetary Policy Report release: 08:30BST / 09:30CET, Tuesday 23 September 2025
Press conference (in Swedish): 10:00BST / 11:00CET, Tuesday 23 September 2025

MNI Point of View – The Case For An Insurance Cut (Or Not)

Contents

22 September 2025, by Emil Lundh

The Riksbank's September decision will be a very close call between a hold at 2.00% and a 25bp cut to 1.75%. There are credible reasons to motivate either decision, and this is reflected in a split analyst consensus. We suspect the Board will be equally split (but don't necessarily think that will be reflected in any formal dissents), with some members advocating for a form of insurance cut given a still-weak labour market and signs that the recent inflation uptick was temporary, and others preferring to wait for more data before determining if another cut is necessary. **On balance, we lean slightly in favour of a cut given the dovish signals from some members in the August meeting minutes and recent inflation outturns, but have little conviction in this view.**



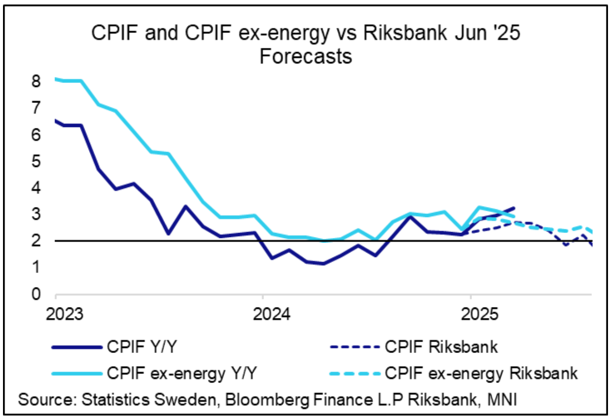
The September decision includes an updated MPR and rate path projection. **If a cut is delivered, we don't expect the September rate path to assign any more than a small (e.g. 1bp / 2bp) implied probability of another rate cut.** Meanwhile, the policy statement guidance will likely suggest that this is the last cut of the cycle barring an unexpected deterioration in the data. On the other hand, a hold would see the current Q4 2025 rate path of 1.92% remain broadly appropriate, with the policy statement also re-iterating that the Board "still sees some probability of a further interest rate cut this year". Further out, we expect the rate path to slope upwards on a somewhat steeper trajectory than in June, possibly to around 2.10-2.15% by 2028 (i.e. slowly trending towards the neutral rate anchor of 2.25%). This would reflect the expansionary impact of the 2026 budget bill. However, as usual, the back-end of the path should not be considered a policy signal, with only the first three quarters representing the Executive Board's view and the rest an output of staff models.

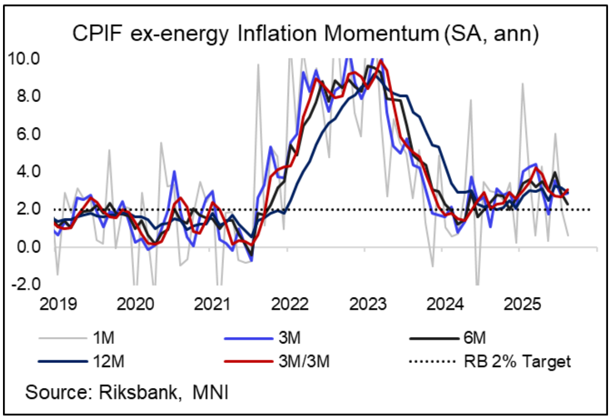
Analyst consensus for the September decision is very split: Of the 16 analyst previews we have seen, 10 expect a cut to 1.75%, with the remaining 6 looking for a hold at 2.00%. On the other hand, 9 of the forecasts submitted to Bloomberg expect a cut, while 13 expect a hold. Looking at the six main Scandinavian banks, three expect a cut (SEB, Handelsbanken, Swedbank) and three expect a hold (Nordea, DNB, Danske). Of those who express a view on the September MPR rate path, consensus broadly aligns with our expectations noted above. The most dovish forecast we have seen is Swedbank, who expect cuts in both September and November to a terminal of 1.50%. Meanwhile, DNB continue to expect two hikes to 2.50% "indicatively starting in early 2027".

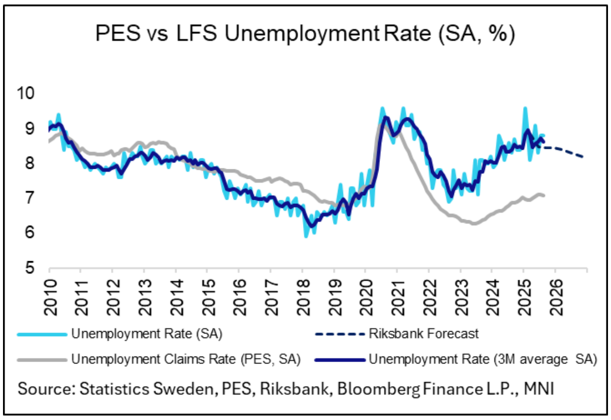
Markets price just under a 50% implied probability of a cut in September, with a full 25bp cut discounted across the next 6 months. The close call nature of the decision has seen EURSEK overnight ATM implied vols move to the highest since June. The persistence of any knee-jerk reaction following the rate decision will depend on the policy statement guidance, rate path and Governor Thedéen's press conference tone.

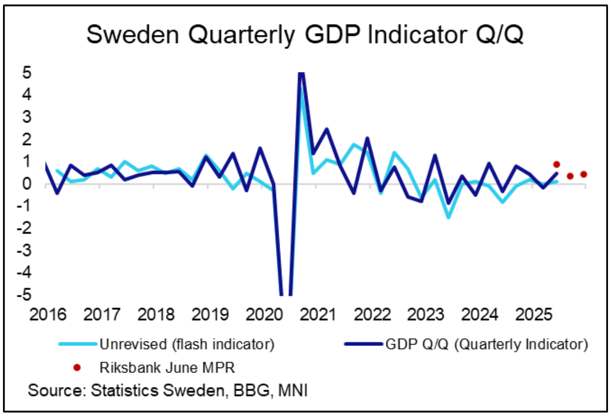
The case for a cut:

1. **Inflation:** August CPIF ex-energy was two tenths below analyst projections at 2.92% Y/Y (vs 3.15% in July), though remains comfortably above the June MPR projection of 2.71%. A lot of the August disinflation looked to be an unwind of the summer (predominantly June) uptick in package holidays and car rentals, supporting the Riksbank's view that the recent acceleration is likely to be temporary. Our estimates of seasonally adjusted CPIF ex-energy inflation also indicate a soft 0.05% M/M rise in August.
    a. Additionally, expected price metrics from the Economic Tendency Survey continue to ease and long-term inflation expectations according to Origo Group (formerly Prospera) remain close to the 2% target.
2. **Labour Market:** The labour market remains weak. In August, the seasonally adjusted LFS unemployment rate was 8.8%, and on a 3mma basis continues to track above the Riksbank's June MPR projections. Employment actually rose 0.5% M/M in August after -0.4% in July, but 3m/3m employment growth has been -0.3% for two consecutive months now. The 3mma employment rate is below the Riksbank's June projection. PES unemployment claims and vacancies data also shows no material signs of improvement, while the Economic Tendency Indicator's expected employees series remains close to year-to-date lows.
3. **Activity:** Q2 GDP was upwardly revised to 0.5% Q/Q (vs 0.1% flash), but was still below the Riksbank's 0.9% projection from the June MPR. The details of the report were mixed, with positive contributions from consumption and investment, a significant positive contribution from inventories and a negative contribution from net trade. Monthly activity data for July saw household consumption grow 0.2% M/M, which implies a sluggish 0.1% 3m/3m clip. The Swedish seasonally adjusted household net saving rate rose to 16.2% in Q2, up from 14.9% in Q1 for the highest since Q2 2024 (and before that, Q1 2021). Even though disposable income growth is extending further into positive territory, and past Riksbank rate cuts have reduced the burden of interest payments, households remain cautious.
4. **Riksbank August Minutes/Riksbank Speak:** In the August meeting minutes, three members of the Executive Board clearly leant in favour of further easing this year. While these comments came before news around the Swedish autumn budget was announced (see next section for more), we sense that the lagged nature of the announced fiscal policies (i.e. coming into effect from 2026 onwards) would not stand in the way of a cut for these members of the Board. A reminder that Sweden's high proportion of floating rate mortgages means a rate cut transmits to the real economy much quicker than in other developed markets.
    a. First Deputy Governor Breman was most direct, noting that "It is important in itself that economic activity picks up, but weak demand could also lead to inflation falling below the target in the medium term. In that case, one or







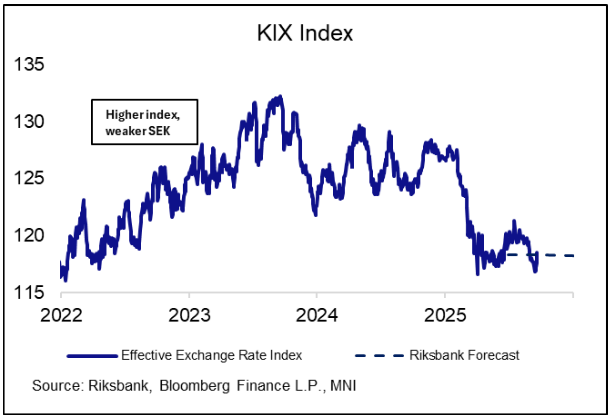


more further interest rate cuts might be necessary during the autumn".

b. Deputy Governor Jansson similarly said that "it is probably desirable even at this stage to give a little more support to economic activity and we should of course not wait longer than necessary to contribute to this" (though we caveat that he was a little less dovish in subsequent comments in September).
c. Finally, Deputy Governor Bunge said that "it looks as though further monetary policy easing may be needed this year. A decisive factor will be whether we see clearer signs of a turnaround in economic activity and that we retain the forecast that the elevated inflation rate is temporary".
d. It's worth remembering that throughout this easing cycle, the Thedéen board has generally had a dovish lean and has followed through on dovish guidance.

The case for a hold:

1. **Inflation:** While the August report suggests the summer inflation uptick was temporary, some Riksbank Board members may prefer to see additional inflation readings to confirm this view, particularly with CPIF ex-energy inflation still tracking above the June projections. Policymakers (not just at the Riksbank, but generally) often warn against over-interpreting single-month inflation readings, and with CPIF and CPIF ex-energy still comfortably above target, the option value of waiting for a few more months of data may be quite high.
2. **Fiscal Policy:** The main macro development since the August decision has been the government's 2026 budget bill (outlined in full **here**). A total of SEK80bln of unfunded reforms have been presented (in addition to increased spending on defence/Ukraine aid). Governor Thedéen noted in a recent interview that the Riksbank had assumed SEK50-60bln of reforms in its June MPR projection. As such, the announced amount should have a net hawkish impact on the September MPR rate path. However, the estimate of the growth impulse will depend crucially on estimates of fiscal multipliers, and the lag with which they have an impact on GDP – this is an area of uncertainty.
   a. The most significant unfunded reforms include a temporary reduction in food VAT (SEK15.9bln in 2026), a reduced tax on work and pensions (SEK21.4bln in 2026), a reduced electricity tax (SEK6.5bln in 2026) and a temporary reduction in employer contributions for the hiring of young people (SEK6.1bln in 2026).
   b. The changes to food/electricity taxes will have a direct impact on inflation rates next year. However, Thedéen played down the impact this will have on the central bank's reaction function: "These are prices down one year and prices up another. Then it is reasonable to see it through"…."That said, we need to keep an eye on any second-hand effects, for example Via indexation, rent negotiations and other things. That could at the margin also bring down the underlying inflation. But I think that the effects are quite small".
3. **Exchange Rate:** SEK has been the G10 outperformer through this year. While this may have a disinflationary impact on imported inflation, we anticipate that it is already incorporated into the Riksbank's projections. The current level of the KIX effective exchange rate index is also slightly weaker than projected in June, on both a quarterly average and spot basis. Note that Governor Thedéen still views the current level of the exchange rate as "slightly weak".



4. **Sentiment:** The Economic Tendency Indicator has moved away from its June trough, printing at 96.0 in August (vs 94.3 in July, 93.1 in June). One driver behind this uptick has been a recovery in consumer sentiment. Riksbank Board members will be hoping that this improvement in confidence will start to be reflected in real activity metrics in the coming months, which would negate the need for another rate cut to stimulate the economy further.
5. **Riksbank August Minutes/Riksbank Speak:** While the August meeting minutes were dovish on net, Governor Thedéen and Deputy Governor Seim came across as more cautious around the need for another rate cut relative to their three colleagues. Seim in particular appears happy to keep rates at current levels. Our Policy Team's work this year has highlight Thedéen as a consensus building governor. We sense that Seim's opposition to another rate cut may be greater than Breman/Bunge/Jansson's opposition to a September hold. As such, Thedéen could placate the Board by holding rates at 2.00% in September but keeping the guidance/rate path open to another rate cut later this year if warranted.

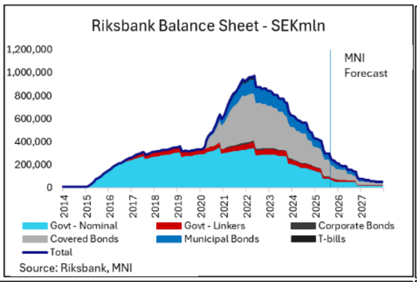
Thedéen Speech Sets The Stage For Rate Tweaks Later This Year

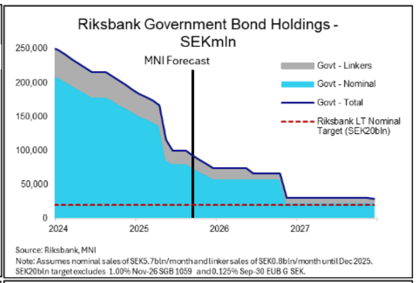
An interesting and important speech from Riksbank Governor Thedéen last week set the stage for a number of secondary rate tweaks later this year. While the policy rate is unsurprisingly the primary point of interest for most Riksbank watchers, these proposed tweaks concern the lending rate, deposit rate and supplementary liquidity facility (SLF) rate. The speech is **here.**

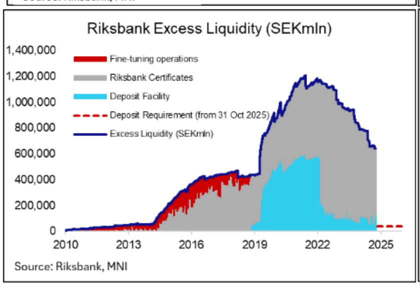
- The deposit rate is currently set 10bps below the policy rate, with the lending rate set 10bps above (creating a 20bp wide corridor within which the monetary stance is managed). The SLF rate, which allows banks to borrow funds using lower grade collateral than required by the lending rate, is set at 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".
- These changes certainly won't be made at the September decision. Thedéen notes 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". However, we wouldn't rule out such tweaks at the November or December meetings.

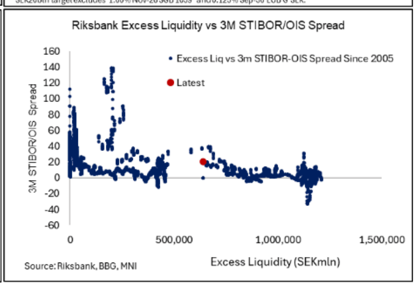
Riksbank QT has been progressing steadily over the past few years, with the current active sales pace of SEK5.7bln/month of nominal SGBs and SEK0.8bln/month of linkers set to continue until year-end.

- This balance sheet rundown has seen excess liquidity fall from a high of SEK1.2trln SEK in May 2022 to SEK642bln 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 comfortably 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 will implement 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.









Sell Side Previews (A-Z)

Bank of America

- **September Rate Decision**: Cut to 1.75%
    - “An additional cut "one and done", to nudge the gradual recovery would make sense for risk management purposes. Risks of a persistent inflation undershoot are much higher than risks of entrenched high inflation. However, we acknowledge that on the external front, the Riksbank is pulled to the hawkish side by 1) a hawkish ECB and 2) just limited market pricing of a cut (and we know they look at markets closely)”.

Danske Bank

- **September Rate Decision**: Hold at 2.00%
- **September Guidance**: “We expect an unchanged policy rate at 2.00% but that it will keep the door open for further easing, which we expect to be delivered in November (25bp cut to 1.75%). We would expect the rate path to suggest around 10-15bp of additional cuts, with some front-loading near term”
- **Rate Outlook**: “We expect the rate to be unchanged at 2.00% in September (but 25bp cut in Nov)”

DNB

- **September Rate Decision**: Hold at 2.00%
- **Rate Outlook**: “The combination of a gradual recovery in the Swedish economy, inflation not yet being durably contained, and the recent announcement of a record-large fiscal stimulus package further reduces the likelihood of additional policy rate cuts. We therefore maintain our previous forecast that the policy rate will remain at 2.00% through 2026, with the next adjustment expected to be a tightening, consisting of two hikes indicatively starting in early 2027”.

Goldman Sachs

- **September Rate Decision**: Cut to 1.75%
- **Rate Outlook**: “Given the Riksbank’s openness to further easing, continued weakness of the labour market, and more signs that the summer uptick in inflation is transitory, with growing risks of an undershoot ahead, we stick with our call for a 25bp cut to 1.75% next week. We expect the cut in September to conclude the Riksbank’s easing cycle but see risks as skewed towards more easing later in the year. At the same time, uncertainty remains high, especially with regard to the macroeconomic effects of 2026 budget (presented on Monday, September 22) and the growth outlook ahead”.

Handelsbanken

- **September Rate Decision**: Cut to 1.75%
- **September Guidance**: “We expect the Riksbank to present a flat rate path that begins to slope upwards in the first quarter of 2027 – the same timing as in the June projection. The arguments against signalling a bias towards further cuts are essentially the same as those for keeping rates unchanged”
    - “Should the Riksbank decide to remain on hold in September, we would expect the rate path to continue signalling a probability of a cut, broadly in line with its June rate path”.
    - “If economic momentum gathers too much pace next summer, driven by the combined force of monetary and fiscal policy, the Riksbank retains the option to ease off the accelerator (or apply the brakes, depending on where one places the neutral rate). The risk of an inflation spiral next year is further reduced by the halving of food VAT”
- **Rate Outlook**: “The decision is clouded by high inflation and upcoming fiscal stimulus, but the timing for a September cut looks appropriate. This move would mark the end of the current cycle”.

ING

- **September Rate Decision**: Hold at 2.00%
- **September Guidance**: “It’s likely that the Riksbank will keep its rate path unchanged, signalling a 1.88% average rate ahead, which embeds some chance of another cut and should prevent large hawkish repricing”.
- **Rate Outlook**: “The recent uptick in headline inflation and growing signs that the European Central Bank’s cutting cycle may be over reduce the pressure on the Riksbank to lower rates further. We're not expecting any further cuts from here”.

JP Morgan

- **September Rate Decision**: Cut to 1.75% (“We attach a 60% probability to a cut”).
- **September Guidance**: “In our base case scenario of a cut next week, we expect the rate path to indicate a small likelihood of another cut in November (~15%) and around 20% for December (and further out). For the first three quarters—which are based on the Board’s assessment (remaining quarters “belong” to staff)—we expect the following: 4Q25: 1.73%, 1Q26: 1.70%, and 2Q26: 1.70%”
    - “Beyond the near term, we expect a small probability of a hike to be included from 1Q27, one quarter earlier than in June. We envisage the new end-point (3Q28) to be just above 2%, with risk skewed to the upside. This would not have much signal value, however. The Governor said a few months ago that there was too much focus on the long-term forecast”.
- **Rate Outlook**: “We expect no cut beyond September. If the policy rate is on hold next week, we think the door might be closed for more easing (at least in 2026). However, such a view is contingent on the Bank’s economic forecast, which have tended to be very optimistic over the past year”.

Morgan Stanley

- **September Rate Decision**: Cut to 1.75%
- **September Guidance**: “We expect the Board to give more weight to the weak economic developments in 1H25 and encouraging inflation outlook, and deliver more easing to the economy. However, due to high uncertainty around the impact from the 2026 Budget bill, and the potential preference to see a couple more inflation prints converging back towards the target, we think there is a significant risk that the Board will decide to remain on hold and delay the last rate cut to 4Q25”.
    - “After September, we think the focus of the Board will shift to a wait-and-see mode once again. The baton will be passed to the fiscal authority to support the consumer, and we believe the Riksbank will stay put to observe the impact of its additional easing and the Budget bill in the hard data. We would therefore expect the policy rate path to remain at 1.75% until the end of the forecast horizon”.
- **Rate Outlook**: Morgan Stanley expect a terminal rate of 1.75%

Nomura

- **September Rate Decision**: Hold at 2.00%
- **September Guidance**: “New Riksbank projections will likely continue to signal some possibility of a policy rate cut, but settling back at 2.00% in the medium-term”.
- **Rate Outlook**: “Our view that economic activity will continue to rise means that even as inflation slows, we believe higher output will mean any further policy rate cuts are not necessary”.

Nordea

- **September Rate Decision**: Hold at 2.00%
- **September Guidance**: “The new rate path will be 9 points lower than the current policy rate level in contrast to 12 points lower in the June report. In other words, the door to rate cuts is slowly closing and, in our view, it will be fully shut by the December meeting”.
- **Rate Outlook**: “We stick to our view that the Riksbank is done cutting rates”.

SEB

- **September Rate Decision**: Cut to 1.75%
- **September Guidance**: “The policy rate forecast is predicted to indicate 20% probability (5bps) of another rate cut over the coming three quarters, meaning that the path reaches 1.70% by mid-2026”.
    - “The recovery the Riksbank has been projecting since late last year has once again been postponed and remains uncertain”.
    - “We predict that the board wants to contain expectations for rate cuts after September by sending a slightly hawkish message in the rate path. Our main scenario is that the board will signal a slight downside bias in the rate path, but a completely flat rate path is also possible”.
- **Rate Outlook**: SEB expect a 1.75% terminal rate this cycle, while currently pencil in a 25bp hike back to 2% in June 2027.
- **Surveys:**

  - SEB's investor survey noted that "A majority of respondents (64%) expect that the Riksbank will keep the policy rate unchanged at 2.00% in September. The remaining (36%) expect that the rate will be cut by 25bps to 1.75%".
  - SEB's trading room survey noted that "a slight majority (52%) expect a rate cut to 1.75% at the upcoming Riksbank meeting"

Swedbank

- **September Rate Decision**: Cut to 1.75%
- **September Guidance**: "Uncertainty is high, however, and if the Riksbank loses confidence in its own inflation analysis, or if it has an optimistic interpretation of growth indicators, including the expansionary government budget for 2026, the cut could be moved up to later this autumn"
  - We also think that the rate path will contain around a 30% probability of another cut in 2025. The risk of weaker real economic development is likely to dominate the debate in the near term, and it is hard to be worried about inflation later this autumn if you have already concluded in September that it has only temporarily been high. However, the executive board will try to temper expectations of a cut by letting the rate path bottom just below 1.75%. In the longer term, after 2026, we think the rate path will tilt upwards, indicating a long-term normal policy rate just above 2%"
- **Rate Outlook:** "From Quarterly Outlook: The Riksbank will cut the policy rate twice more this year, down to 1.50 per cent [September and November]. The cuts will be important to get the economy going. If growth picks up speed, the Riksbank could hike the rate in 2027"

TD Securities

- **September Rate Decision**: Hold at 2.00%
- **September Guidance**: "Governor Thedeen recently acknowledged gradual economic improvement, and inflation has picked up over the summer, suggesting that the downside risks have given way to a more balanced outlook".

UBS

- **September Rate Decision**: Cut to 1.75%
- **September Guidance**: "If the Riksbank delivers the expected 25bp rate cut, we believe the policy rate path will not indicate further easing but show 1.75% as the low point of the cycle. As this would be in accommodative territory, we would also expect to see a more pronounced upward trend back to neutral (c.2.25%) towards the end of the forecast horizon".
- **Rate Outlook**: UBS expect a cut to a terminal of 1.75%, with a move back towards neutral (2.25%) in late 2026/early 2027. (Note: Forecast taken from image within UBS Riksbank preview)

UniCredit

- **September Rate Decision**: Cut to 1.75%
  - **"**We expect the Riksbank to focus on supporting weak economic growth and see it cutting rates by 25bp to 1.75% at next week meeting".

Wells Fargo

- **September Rate Decision**: Cut to 1.75%
  - **"**The recent mix of data releases since the last meeting combined with the central bank's previous dovish guidance give us enough reason to expect the Riksbank to cut its policy rate by 25 bps to 1.75% at its monetary policy meeting next week".

MNI Policy Team View

MNI RIKSBANK WATCH: Sept Cut A Close Call As Inflation Rises

By David Robinson

Sep 19, 2025

LONDON - The Riksbank's Executive Board faces a finely balanced call over whether to make one further 25-basis-point cut at its September meeting next week, after having already cut the policy rate to the middle of its neutral range estimate at 2.0% and as both inflation and unemployment edge higher.

The Riksbank's August guidance was vague, stating that there was some probability of a further rate cut this year, and Governor Erik Thedeen and his colleagues have been careful not to provide any clear signal about September's likely outcome. Under Thedeen's leadership the five board members have typically united behind a decision despite differences of emphasis beforehand.

Recent activity and inflation data can be interpreted as either compatible with, or tilting against, a cut. The target inflation measure, CPIF, rose to 3.3% in August from 3.0% in July but at the August policy meeting Thedeen suggested that statistical effects, due to a change in weightings, meant that the data may be overstated. The probability of lastingly high inflation was low with some clearly temporary effects, said Thedeen, who reaffirmed this view in a recent interview in Dagens Industri.

Similarly, while growth is expected to rise, recent data have been soft and unemployment has picked up, pointing to more spare capacity.

Asked in the interview about divided market expectations ahead of the September policy meeting, the governor noted that the decision would be complicated by factors pointing in different directions. (See MNI INTERVIEW: CB Independence Jackson Hole Topic-Riksbank Gov)

BOARD DIFFERENCES

August's minutes did show nuanced differences between members. Deputy Governor Anna Seim seemed to tilt against a near-term cut, saying that while she agreed that there was some probability of another cut this year, for it to happen she would "like to feel confident that the [upside] inflation risks .... will not be realised."

Her colleague Aino Bunge highlighted weaknesses in the labour market and said that further easing may be needed, while First Deputy Governor Anna Breman talked about the risks of weak demand eventually dragging inflation below target, and that if this risk materialises "one or more further interest rate cuts might be necessary during the autumn."

Board members could split next week, but Thedeen may still be able to preserve unity on the committee if he argues that with the policy rate already low there is benefit in waiting to see if inflation starts to head downwards.

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