

MNI Riksbank Preview: December 2025

Statement / Monetary Policy Report release: 08:30BST / 09:30CET, Thursday 18 December 2025
Press conference (in Swedish): 10:00BST / 11:00CET, Thursday 18 December 2025

MNI Point of View – No Policy Pivot Yet

16 December 2025, by Emil Lundh

The Riksbank is expected to hold the policy rate at 1.75% on Thursday, in a quarterly decision which includes an updated MPR and rate path projection. **We expect the policy statement to re-iterate that the policy rate will be kept at 1.75% for “some time”.**

The main focus should be on the first three quarters of the updated rate path. This is the part of the curve that is “owned” by the Executive Board, and therefore constitutes a policy signal (beyond that is a staff forecast). In September, the path was flat at 1.75% for the first three quarters – a clear signal for steady rates ahead.

We expect the rate path to remain at 1.75% in Q1 and Q2, as muted inflation developments and a stubbornly high LFS unemployment rate guard against a hawkish revision. **However, we think it is likely that the Q3 2026 point will be revised up by two or three basis points**, owing to strengthening activity momentum, supportive monetary policy and the anticipated expansion of fiscal policy from next year.

Such a revision to the Q3 point would be an acknowledgement from the Board that the risk of a hike to 2% is marginally greater than the risk of another cut in H2 2026. However, we don't expect this to provide a meaningful hawkish impulse to markets, which have moved to almost fully price in a hike by the end of 2026 over the past few weeks.

Instead, the risk to market pricing is probably skewed in a dovish direction, in a scenario where the Board holds the first three quarters of the path at 1.75%. We note that this scenario is the current consensus amongst analysts, even if not endorsed by SEK rates markets.

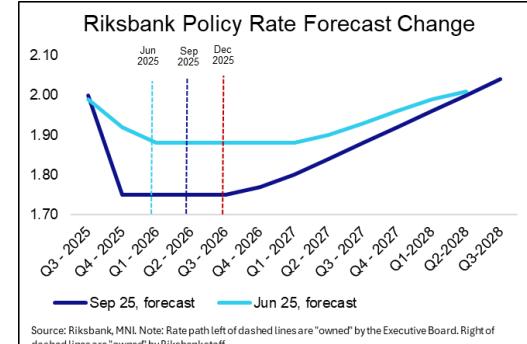
Beyond the first three quarters, as we note above the rate path is an output of staff models and should naturally trend back to the neutral anchor of 2.25% over time. We anticipate the slope of the path will be steeper than that presented in September, owing to the ongoing cyclical recovery. We don't think markets should take any material signal from revisions beyond the first three quarters.

Analysts are unanimous in expecting the Riksbank to hold rates at 1.75% in December and generally expect unchanged guidance in the policy statement. The next move is expected to a hike, but not until December 2026 (or more likely, 2027).

Other points of interest worth monitoring at the December decision are (i) operational changes to the Riksbank's secondary rates and/or details of the SEK20bln long-term nominal SGB portfolio (see page 3 for more details) and (ii) any announcement on the vacant fifth Executive Board member seat, after Anna Breman left to lead RBNZ in Q4.

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Activity

Growth signals have clearly improved since the September decision. The combination of supportive monetary policy and an expected expansion of fiscal policy has buoyed sentiment, and this is already being reflected in some hard data. This should push the December MPR rate path higher relative to September – even if output is still considered to be below potential.

Q3 GDP rose 1.1% Q/Q, well above the Riksbank's 0.5% projection. Q2 GDP was also revised up to 0.8% Q/Q from 0.5% initial. Details were solid too, with positive contributions from all major sub-components and a negative contribution from inventories. There was some payback in the October monthly activity data, with GDP falling 0.3% M/M. However, 3m/3m momentum remains positive, and we remain cognizant that the monthly readings are volatile and revision prone.

Soft data has also strengthened, with the Economic Tendency Indicator currently above the neutral 100 figure for the first time in three years. Services and manufacturing PMIs are also comfortably in expansionary territory.

Note that the December MPR will be the first to fully incorporate the expansionary policies announced in the Government's 2026 budget bill. The loosening of fiscal policy is being funded through increased debt issuance, with strengthening household consumption a key focus area.

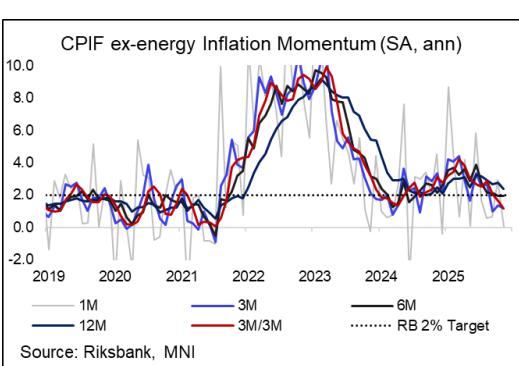
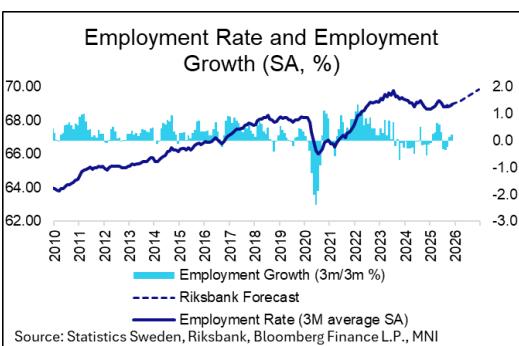
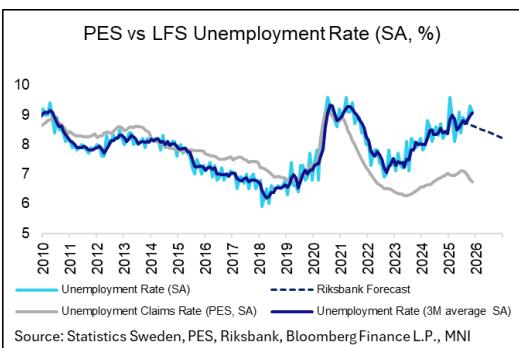
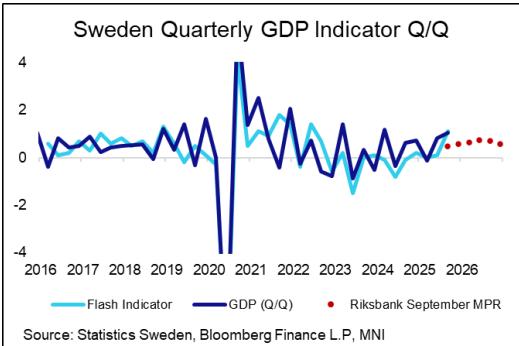
Despite these positive signals, a stubbornly high LFS unemployment rate should prevent the Riksbank from making too hawkish a pivot in December. The LFS unemployment rate was 9.1% in November, with the 3mma still tracking above the Riksbank's September MPR projections. That said, the employment rate is in line with the Riksbank's projections, and trends in the Public Employment Service's labour market data and the Economic Tendency Indicator's expected employment series suggest the LFS unemployment rate should start to ease in the coming months.

Inflation

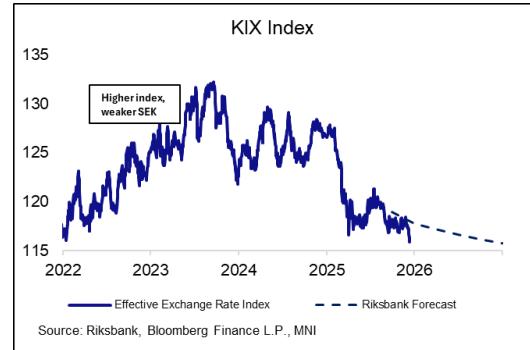
Underlying inflation pressures appear muted, offering another incentive for the Riksbank to maintain its prior guidance and avoid providing too much endorsement of current market pricing.

November flash CPIF ex-energy inflation was two tenths below consensus on a rounded basis and one-tenth below the Riksbank's September MPR forecasts at 2.36% Y/Y (vs 2.45% Riksbank). That's notable given underlying inflation was tracking two tenths above the September projections in October. On a seasonally adjusted basis using the X-13 methodology, we estimate sequential CPIF ex-energy inflation at 0.00% M/M, an eleven-month low. That pulled 3m/3m annualised inflation down to a multi-year low of 1.17% (vs 1.66% prior). The proportion of CPI subcomponents with annual inflation rates below 1% increased to 52%, the most since 2016.

Softness in spot inflation pressures come in advance of CPIF ex-energy inflation being mechanically pulled lower by a temporary cut to food VAT from next year. This is relevant because of its potential downward impact on long-term inflation expectations, which can be sensitive to spot developments. For now, long-term inflation expectations in Origo Group's (formerly Prospera) survey remain well anchored around the 2% target. The Executive Board likely hopes that the economic recovery will push against any downside risks to long-term inflation expectations.



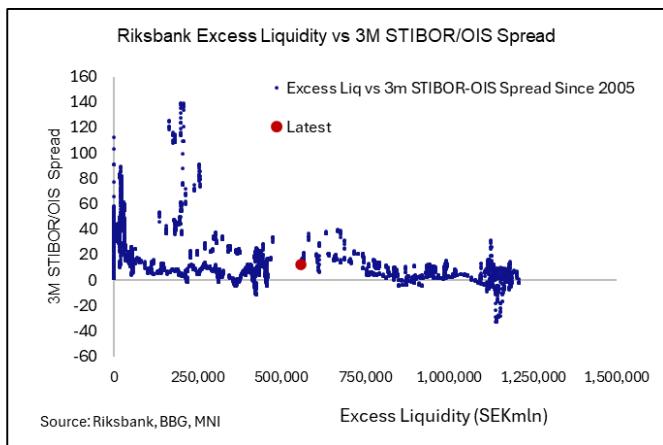
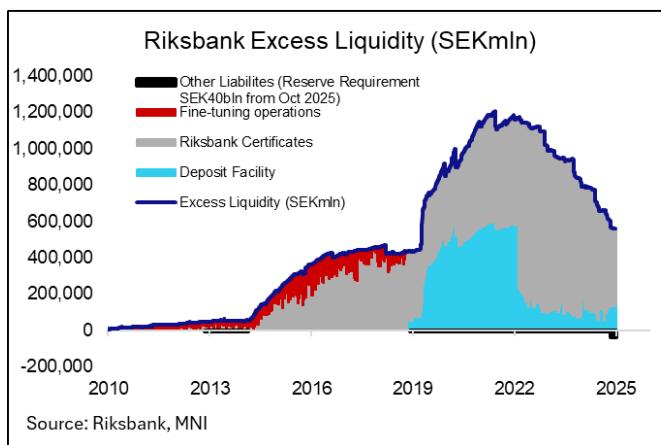
The KIX effective exchange rate has fallen almost 9% through this year, corresponding to a significant SEK strengthening. The index is now below (i.e. SEK is stronger) the Riksbank's September MPR projection, which should have a modest downward influence on the December MPR rate path. The stronger exchange rate already seems to be filtering into core goods inflation, which has been negative for the last three months.



Potential Operational Framework/Balance Sheet Announcements Eyed

Markets are still on the lookout for any updates to the Riksbank's operational framework following a speech by Governor Thedéen in September. The Riksbank wants to promote more activity in the interbank market, and is considering whether to widen the interest rate corridor between its deposit and lending rates (currently +/- 10bps versus the policy rate) and/or reduce the rate for use of its supplementary liquidity facility (SLF, currently 75bps above the policy rate).

- Although that speech suggested an announcement could come before year-end (e.g. at the December decision), Governor Thedéen's recent interview with the MNI Policy Team suggested the Riksbank are not bound by this timeline: "We don't have a fixed timetable. We're heavily involved now in internal research ...[and] also interacting with market participants."
- The Riksbank is cognizant that its decisions could increase volatility in funding markets. If the interest rate corridor is widened, this would increase the attractiveness of Riksbank Certificates relative to the deposit facility. If more excess liquidity is then tied up in Riksbank Certificates, and banks are hesitant to tap Riksbank facilities or the interbank market for liquidity, this could increase pressure and volatility in funding markets.
- Excess liquidity is currently just above SEK558bln, down from SEK610bln at the end of September and SEK970bln at the start of this year.
- After trending higher through the first 9 months of 2025, the 3m Stibor/OIS spread has moderated a little the past 8 weeks. The 5-day average of the spread is currently at ~12bps. It remains broadly at a level one would expect given the current amount of excess liquidity in the system.
- Notably, the introduction of the SEK40bln reserve requirement in October has not have much impact on the Stibor/OIS spread. We assume that's because the requirement has been absorbed by lower Certificate take-up, instead of a drain of deposit facility funds.



Meanwhile, Riksbank nominal bond QT has now concluded. Once the 1.00% Nov-26 SGB 1059 redeems, nominal SGB holdings should be at the Riksbank's SEK20bln long-term target. These holdings will be permitted to fluctuate in a SEK18-22bln range. It's probably too early to make any decisions around the structure of the (small) nominal bond portfolio, but we wouldn't rule out a confirmatory announcement that this topic will be debated through the course of next year.

Sell Side Previews (A-Z)

Analysts are unanimous in expecting the Riksbank to hold rates at 1.75% in December, and generally expect unchanged guidance in the policy statement. Of those who expressed a view on the December MPR rate path, most expect the first three quarters to remain unchanged at 1.75%, with only modest upward revisions further out the curve. The next move is expected to a hike, but not until December 2026 (and more likely 2027).

Summary of Analyst Views (Sorted A-Z)



Institution	Cuts	Hikes	Riksbank View
Bank of America	x	x	A small rates recalibration (e.g., from 1.75% to 2.00%) cannot be ruled out, if growth surprises to the upside in a clear/persistent way and the labour market recovery puts 2027 inflation on a higher trajectory than we expect. But, for now, we would consider that to be a risk for the path of 2027 policy rates and not for next year
Danske Bank		2x25bp in December 2026 and March 2027	While we expect the Riksbank to hike in December 2026 and March 2027, we do not foresee any significant shift in communication at this point."
DNB	x	2x25bp in Early 2027	We expect the rate to remain at 1.75% over the coming year before beginning to rise to 2.25% in early 2027
Goldman Sachs	x	x	We continue to expect the Riksbank to remain on hold at the December meeting next week and until H2 2027
Handelsbanken	x	x	"We expect the Riksbank to remain on hold throughout 2026"
JP Morgan	x	25bp in June 2027	In 2027, we look for a hike in June, as core inflation moves up above target and growth has been running above potential for an extended period
Morgan Stanley	x	x	"The encouraging, yet fragile, recovery will therefore likely reinforce the sentiment that while rates have been lowered enough to stir up the recovery, the economy needs to be given more time and space to solidify its recovery momentum. Maintaining the rate at 1.75% would support this"
Nomura		H2 2027	Another rate cut seems unlikely, as inflation remains above target and GDP growth is accelerating. We believe the next move is likely to be a rate hike, though with the labour market still loose and inflation set to slow in 2026, we do not expect policymakers to raise the policy rate until H2 2027
Nordea	x	3x25bp in 2027	Against the backdrop of an increasingly strong economy, we expect three rate hikes during 2027, with the first hike early in the year
SEB		25bp in December 2027	Our forecast is that the Riksbank will keep rates unchanged for a long time, but a rate cut during the spring or summer can still not be ruled out if growth momentum falters and inflation fall more than expected". SEB pencil in a 25bp rate hike in December 2027.
Swedbank	x	x	Swedbank expect the policy rate at 1.75% through 2027.
UBS	x	2x25bp in Late-26 and mid-27	We forecast a normalisation of policy with two 25bp rate hikes between late 2026 and mid-2027

Source: Analyst reviews, MNI

Bank of America

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “Unchanged guidance and a path still showing next year's policy rate on hold and only rising very slowly afterwards - a slightly higher path in 2027/28 is possible but wouldn't be our base case”
- **Rate Outlook:** “A small rates recalibration (e.g., from 1.75% to 2.00%) cannot be ruled out, if growth surprises to the upside in a clear/persistent way and the labour market recovery puts 2027 inflation on a higher trajectory than we expect. But, for now, we would consider that to be a risk for the path of 2027 policy rates and not for next year.”

Danske Bank

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “We expect that the front-end of the rate path will remain flat at 1.75%. Towards the end of 2026, we expect some upward adjustments to the rate path, including a higher endpoint compared to September's path. While such a shift would fall short of market pricing, we assume that the market reaction will be limited. A more dovish response is likely if the full rate path mirrors September's projection”.
- **Rate Outlook:** “While we expect the Riksbank to hike in December 2026 and March 2027, we do not foresee any significant shift in communication at this point.”

DNB

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “However, we foresee a somewhat clearer tightening signal at the long end of the rate path. Since what we view as an unnecessary rate cut in September, the Swedish economy has demonstrated notable strength and solid growth prospects, making a rate path reaching just above two percent difficult to justify”
- **Rate Outlook:** “We expect the rate to remain at 1.75% over the coming year before beginning to rise to 2.25% in early 2027”

Goldman Sachs

- **December Rate Decision:** Hold at 1.75%
- **Rate Outlook:** “Given the Riksbank's guidance, broadly improving activity data and underlying inflationary pressure consistent with target, we continue to expect the Riksbank to remain on hold at the December meeting next week and until H2 2027”.
 - “While we do not expect any major policy-relevant catalyst to appear until next year, inflation prints during the first months of 2026 (January-April), and the development of the labour market ahead will be crucial for assessing the monetary policy outlook...”we see risks to our unchanged rate forecast as slightly skewed to the downside and consider that market pricing overstates the probability of hikes next year”.

Handelsbanken

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “At the December meeting, we believe the unexpectedly strong GDP development weighs heaviest, which we expect to result in a cautious upward revision of the rate path. However, this should not be interpreted to mean that a rate hike is imminent. The continued high unemployment constitutes a significant counterweight and suggests that a first hike is still likely to be delayed. Given that there are still spare resources in the labour market, we do not assess that the probability of a hike during 2026 has changed significantly; it remains around 25 percent.”
- **Rate Outlook:** “We expect the Riksbank to remain on hold throughout 2026”

JP Morgan

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “We anticipate the rate path to be flat for the first three quarters (which “are set by the Board”). Only thereafter do we look for a gradual increase, at a marginally faster pace than in September (more below). Such a rate path would most likely imply that the Riksbank in its statement will conclude that the outlook “remains largely unchanged”.
 - “At the press conference, the Governor is likely to highlight the improved growth picture, but we expect a pushback against this potentially leading to much more demand-driven inflation”.

- **Rate Outlook:** “In terms of our policy rate forecast, we expect no change in 2026. Contrary to market expectations, we see risk skewed to the downside in 1H26, reflecting the large drop in inflation and a sluggish labor market recovery. In 2027, we look for a hike in June, as core inflation moves up above target and growth has been running above potential for an extended period”

Morgan Stanley

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “We would expect the 3Q26 entry to show a policy rate at 1.75%. We think this will be done to send a clear signal that the Riksbank is expecting to remain on hold for the foreseeable future.”
- **Rate Outlook:** “The encouraging, yet fragile, recovery will therefore likely reinforce the sentiment that while rates have been lowered enough to stir up the recovery, the economy needs to be given more time and space to solidify its recovery momentum. Maintaining the rate at 1.75% would support this”

Nomura

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “In light of the two-sided risks to inflation, we expect unchanged Riksbank guidance that “the policy rate is expected to remain at this level for some time to come”. The current rate of 1.75% is at the low-end of the neutral range, so we think it will continue to support an economic recovery that has yet to feed through to the labour market. We expect the new policy rate projection to remain at around 1.75% for the next year before gradually rising”.
- **Rate Outlook:** “Another rate cut seems unlikely, as inflation remains above target and GDP growth is accelerating. We believe the next move is likely to be a rate hike, though with the labour market still loose and inflation set to slow in 2026, we do not expect policymakers to raise the policy rate until H2 2027”.

Nordea

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “Following the pattern of the latest two monetary policy meetings, the Riksbank is expected to signal that the policy rate will hold steady throughout 2026. The rate path will thus likely be unchanged from the September report, except that the end point will be raised by 4bp to 2.08% as the path is extended by one quarter to Q4 2028”.
- **Rate Outlook:** “The outlook for next year is mixed with low inflation, but strong growth. Based on these considerations, much suggests that the Riksbank will leave its policy rate on hold for some time ahead. As a result of the rapidly improving economic situation and a content ECB, the Riksbank will leave its policy rate unchanged at 1.75% throughout 2026, despite low inflation. Against the backdrop of an increasingly strong economy, we expect three rate hikes during 2027, with the first hike early in the year”.

SEB

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “We predict that the board will reiterate that the policy rate is likely to remain at 1.75% at least until the end of next year and that risks are balanced”... “The Board is highly likely to keep both the policy rate and the rate path completely unchanged”
- **Rate Outlook:** “Our forecast is that the Riksbank will keep rates unchanged for a long time, but a rate cut during the spring or summer can still not be ruled out if growth momentum falters and inflation fall more than expected”.
 - SEB pencil in a 25bp rate hike in December 2027.

Swedbank

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** “As long as the inflation outlook is bright, there is no reason for the Riksbank to stifle the recovery, so it will reiterate its communication that the policy rate will be held unchanged until the end of 2027. We expect the rate path to stay at 1.75% through the third quarter of 2026 before then leaning upwards to 2.11% in the fourth quarter of 2026, marginally higher than the previous forecast”
- **Rate Outlook:** Swedbank expect the policy rate at 1.75% through 2027.

UBS

- **December Rate Decision:** Hold at 1.75%
- **December Guidance:** "We do not expect any changes to the policy rate path and think it will continue to show 1.75% as the low point of the cycle and a gradual upward trend to somewhat above 2% towards the end of the forecast horizon in 2028".
- **Rate Outlook:** "With growth running above trend in 2026/27 and inflation expected to rise again in 2027, accommodative policy may eventually not be needed anymore. We therefore forecast a normalisation of policy with two 25bp rate hikes between late 2026 and mid-2027."

MNI Policy Team View

MNI RIKSBANK WATCH: On Hold, But Eyes On Hike Signals

By David Robinson

Dec 15, 2025

LONDON - The Riksbank looks near certain to leave its policy rate unchanged at 1.75 percent at its December meeting with the focus on whether or not it tilts its rate path up, aligning it better with market pricing that the first hike could come at some point in 2026.

The December MPR could bring the timing of a hike forward, with recent growth data strong, but with inflation on the down path the more likely outcome in the face of elevated uncertainty will be to continue to signal a prolonged policy pause.

In its most recent Monetary Policy Report, the Riksbank put next to no weight on a hike next year, with the policy rate shown holding at the current 1.75% through the first three quarters and only nudging up to 1.77% by year end.

In November, Governor Erik Thedeen said that leaving the policy rate at 1.75% "for some time to come" reflected a reasonable trade-off between the risks of continued elevated inflation and of it falling below target.

GROWTH ACCELERATION

In an MNI interview following the November meeting, Thedeen said that the acceleration in growth was evidence that the central bank's policy setting was stimulating the economy. (see MNI INTERVIEW: Riksbank's Thedeen Sees Policy Rate Stimulative)

The data since September has shown even stronger growth in Q3 than the central bank expected, up 1.1% on the quarter compared to the Riksbank's 0.5% forecast. Inflation, however, has been heading downwards and the Riksbank has forecast that on its target CPIF measure it will be under 1% for large parts of 2026. The latest data showed that it fell to 2.3% in November, down from 3.1% in October.

The Riksbank Executive Board has started to fracture, with Deputy Governor Per Jansson stating in the November minutes that he was more worried about downside risks, while his colleague Anna Seim highlighted upside risks, with the divisions adding to uncertainty over the chosen rate path.

Policymakers are also looking to overhaul the operational framework, considering widening the interest rate corridor, between its standing deposit and marginal lending facilities, in order to boost interbank market activity.

The interbank market has been dominated by a small number of large banks in the region and Thedeen has said that recent market volatility has injected urgency into the proposed reforms, although it remains to be seen if he will be able to announce a clear timetable this month.

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