

MNI Riksbank Preview: May 2026

Statement / Monetary Policy Update release: 08:30BST / 09:30CET, Thursday 7 May 2026

Press conference (in Swedish): 10:00BST / 11:00CET, Thursday 7 May 2026

MNI Point of View – Favourable Starting Point

6 May 2026, by Emil Lundh

The Riksbank is expected to hold the policy rate at 1.75% on Thursday, while reiterating a patient but vigilant stance with respect to upside inflation risks.

We think the Board will have enough confidence to note that the rate is expected to “remain at this level for some time to come”, with the June decision (where an updated rate path forecast and MPR will be presented) a more appropriate time to consider any revisions.

Domestic economic developments since the March decision have reinforced our view that, absent the Iran war, the Riksbank may have needed to cut rates in H1 2026. **In the current environment, that suggests that the bar to hiking is higher for the Riksbank than the ECB.** Underlying inflation pressures remain low for now, and momentum in Sweden’s rate sensitive economy has been fading.

That doesn’t mean a small adjustment later this year can be ruled out, though. We think the March MPR commentary was fairly explicit that if the Board gains confidence that the stagflationary scenario could be playing out, it won’t hesitate to raise rates (even if that would weigh on the growth outlook; the scenario has higher rates embedded within it). **The current policy stance is slightly accommodative, meaning there is a fairly low cost to bringing the policy rate up to a more neutral stance of 2.00% / 2.25% if needed.**

Executive Board commentary through April suggests policymakers aren’t in a rush to raise rates, with Thedeen and Seim (who we consider to be on the hawkish end of the spectrum) advocating for patience. Thedeen’s speech was important, in our view. He outlined three potential responses to the Iran war in a similar fashion to ECB President Lagarde. **We think the third “option” is the most likely landing point this year – but current inflation pressures suggest the Board isn’t in a rush to get there.** A no-hike “option” is also still in play if a durable Iran war ceasefire deal is reached and the Strait of Hormuz is reopened in the near future.

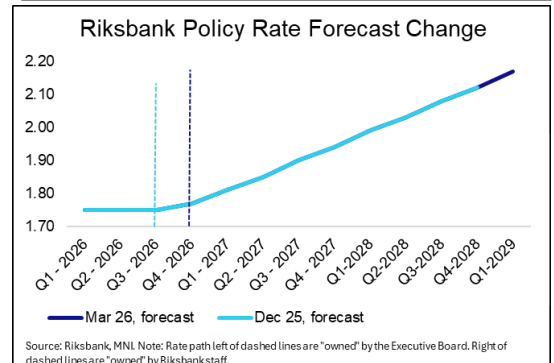
1. **“One option is to ‘wait and see’.** This seems a fairly reasonable approach if uncertainty is high and the duration of the supply disruption is still unclear”.
2. **“Another option is to raise interest rates relatively sharply as a precautionary measure.”**.... “One problem with this strategy is that if the shock has already subsided and inflation has begun to fall back before the interest rate increase has an impact, there is a risk that monetary policy will be sharply contractionary in a situation where the economy instead needs support.”
3. **“A third option is to raise the interest rate, but to a relatively limited extent.** This gives the central bank room to manoeuvre to assess how the economy is reacting, both to the shock itself and to the interest rate adjustment, before taking the next step.”.... “In practice, the difference between this approach and the ‘wait and see’ strategy is not very large. It is mostly a question of how quickly and how clearly the central bank signals that it is ready to act, given the uncertainty regarding the size and duration of the shock”

If the policy statement and press conference suggest this third “option” is a plausible base case, the decision will probably be characterised as a slightly hawkish hold. However, it may not be enough to shift market pricing considerably. There are currently just over 30bps of hikes currently priced through year-end (following a significant dovish repricing post-April flash CPI). This strikes a fair balance between inflation vigilance and subdued initial conditions, in our view.

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Analysts are unanimous in expecting rates to remain on hold at 1.75% in May, but there is a big dispersion of expectations around the timing of the first (if any) hike. Bank of America, Danske Bank and Morgan Stanley expect a hike in June, but a number of others see the Riksbank on hold through 2026, with hikes only forecasted in 2027 on the back of a stronger economic outlook.

Macro Update

Underlying Inflation Pressures Low, But Price Plans Require Vigilance

Riksbank Board members have emphasised that the starting point for the Swedish economy ahead of the Iran war is one of weak underlying inflation pressures. Overall, the risk of material second-round effects seems low at this stage, but that doesn't mean that increasing business price plans do not require vigilance in the coming months.

April CPIF ex-energy inflation was -0.01% Y/Y, well below the Riksbank's 0.67% Y/Y March MPR projection. CPIF ex-energy inflation is partly being dragged down by the Government's temporary food VAT cut, but underlying pressures in services and goods ex-food also appear very low.

The aggregate business sector's next 3-month expected prices series saw a fairly contained increase in the April Economic Tendency Indicator (net balance of 16 vs 14 in March, 12 in Feb). This reflected a pullback in services expected prices (12 vs 17 March), offset by a sharper rise in manufacturing (25 vs 10 prior) and retail (25 vs 4 March) expected prices. Note that retail expected prices had been mechanically depressed in the March survey by the food VAT cut which had already happened by the time of the April survey. Quarterly firm 12-month ahead inflation expectations data from the same survey rose to 2.6% (vs 1.7% in the prior quarter). These expectations have historically been a good predictor of actual inflation, so upside inflation risks still need to be appreciated in the months ahead.

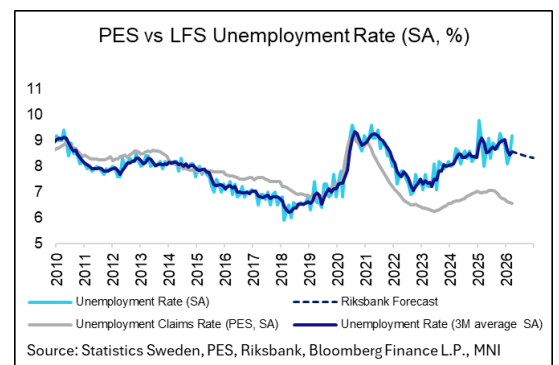
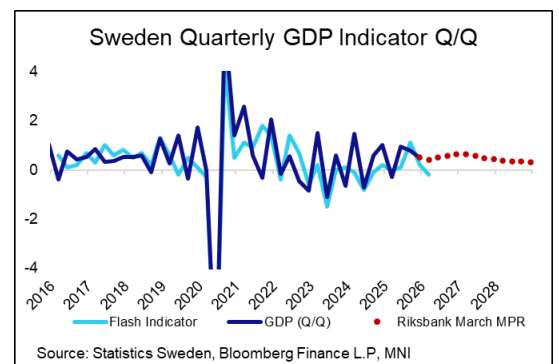
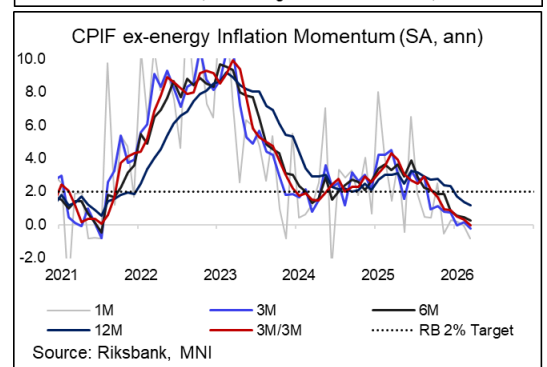
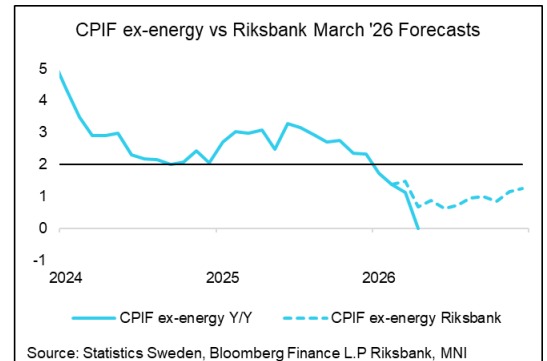
Origo group's 5-year ahead money market player CPIF expectations ticked up to 2.2% in April (vs 2.1% prior), but we think the Riksbank will be more interested in business price plans described above.

One point worth remembering is that labour unions struck a 2-year wage agreement last year, with 2026 wage growth agreed at 3.0% Y/Y. The Swedish Trade Union Confederation's Chief Economist also said earlier this month that "the risk of a price-wage spiral in Sweden is close to zero"... "We are not chasing short-term profits, but long-term good real wages. It is important that the Riksbank is also clear that it understands this".

Growth Momentum Softening

Swedish growth momentum looks to have softened in recent months, with the Economic Tendency Indicator moving back below the long-term average of 100. Meanwhile, the Q1 flash GDP indicator (which needs to be treated with considerable caution given its volatile and revision-prone nature) was -0.2% Q/Q, well below consensus of 0.2% and the Riksbank's 0.4% March MPR forecast. While these indicators do not point to imminent recession fears, we think weakness in aggregate demand, and Sweden's sensitivity to interest rates and global economic conditions, will contribute to a less aggressive Riksbank stance relative to peers such as the ECB.

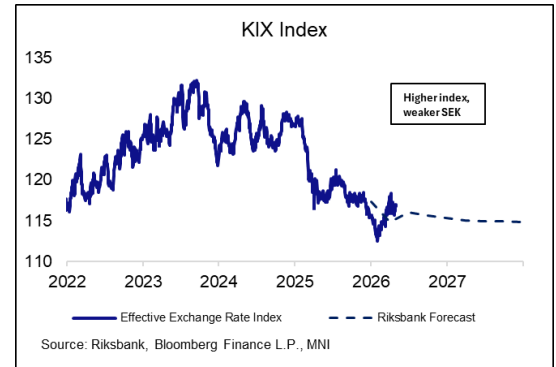
Although the Labour Force Survey is volatile, the jump in the March unemployment rate to 9.2% (vs 8.5% consensus) is another reason for the Riksbank to stay patient on rates. The expected employees series in the March economic tendency indicator has also been softening slowly for some months, while vacancy growth in public employment services data remains negative on a Y/Y basis.



The fiscal stance is more expansionary than it was in 2022, which Governor Thedeen noted could factor into second-round inflation risks. The Spring budget included measures worth SEK7.7bln, which included support for households in response to higher energy prices, coming on top of the expansionary measures outlined last year.

Weaker SEK Unlikely To Be A Big Consideration

The KIX effective exchange rate index has risen since the Iran war started, but remains below early April highs (currently ~117 vs a 118.4 high). While a weaker krona has previously been relevant to the Riksbank's policy stance, we don't think it will play a significant role in upcoming policy decisions. The level of the effective krona remains well below (i.e. stronger) than in 2022-2024.



Sell Side Previews (A-Z)

Summary of Analyst Views (Sorted A-Z)

Institution	First Hike	Riksbank View
Bank of America	June	"A June move remains highly conditional on energy market and geopolitical developments and could easily be delayed. Should geopolitical tensions ease, and energy prices normalise faster than we expect, the Riksbank could then remain on hold for longer, adopting a wait and see" stance"
Danske Bank	June	"We maintain our view that the Riksbank will hike in June and August, to 2.25%, which is aligned with our ECB call for two hikes (June and July). Current pricing is pointing towards around 50bp of hikes for the year"
DNB	November	"We maintain our call for a first policy rate hike in November, followed by two additional hikes in 2027, lifting the policy rate to 2.50% by the end of the year. However, uncertainty is significantly higher than usual."
Goldman Sachs	2026Q4	"We, however, do not expect the hikes to start before 2026Q4 as the Executive Board will need to see evidence of an energy shock starting to generate broader and more persistent inflationary pressures before warranting earlier tightening"
Handelsbanken	2027Q1	"We believe that the Riksbank must receive much clearer signals of rising prices than so far in order to raise the interest rate in a situation where the Strait of Hormuz has opened"
ING	2027Q1	"We currently expect the next Riksbank rate hike only in the first half of next year. The longer energy prices remain elevated, the higher the chances of an insurance hike in 2026. Our Riksbank call is also partly tied to our ECB call. Our eurozone macro team currently expects only one ECB hike, but risks are rising of two increases to 2.50%"
JP Morgan	September	We recently pushed back our call for a hike to September, which partly reflected news of a ceasefire together with a desire to wait for more information. Events since then have deteriorated, with the Strait closed and the risk of a much larger rise in oil. This should keep the Riksbank on alert and willing to tighten should the inflation threat ramp up. That could involve hiking in June. But for the time being we expect it will stay patient and require more evidence to hike than the ECB
Morgan Stanley	June	"We expect the Riksbank to deliver a rate hike in June"
Nomura	2027Q4	Looking ahead, we expect no change in the policy rate this year, and a hike at the end of 2027, as we expect the economic recovery to have taken hold and cause upside risks for inflation by that point. A rate rise would also take the policy rate closer to the middle of the Riksbank's estimate of the neutral range (1.50%-3.00%)
Nordea	-	For each day that the Strait of Hormuz remains closed, inflation risks and the probability for a rate hike increase. We are not there yet, and for Sweden the starting point is unusually favourable. We maintain our forecast of an unchanged policy rate at 1.75% next week and throughout the remainder of 2026
SEB	2027Q4	"We think that the probability for a rate hike this year is low, especially if ECB hikes rates only once, in line with our forecast. We stick with our forecast for an unchanged policy rate at 1.75% until the end of next year"
Swedbank	2027Q3	Will probably also reaffirm the rate path from March, which means an unchanged policy rate through next year. The Riksbank is likely to stress its readiness to raise rates at the first sign that inflation is spreading beyond what is motivated by higher energy prices alone
UBS	2027Q2	Our baseline remains that the Riksbank will remain on hold at 1.75% in 2026, while we emphasize elevated risks around this baseline

Source: Analyst previews, MNI. Hike forecasts taken from Bloomberg April survey if available and not detailed in preview

Bank of America

- **May decision:** Hold at 1.75%
- **May guidance:** “The Riksbank is very likely to stay on hold at the May meeting too - in wait-and-see mode. In next week’s statement, we would expect the central bank to flag some upside risks to the rate path.”
- **Rate outlook:** “We have limited conviction on the precise timing. We pencil in one hike in June, when 1) the persistence of the energy shock should be better reflected in the Riksbank’s forecasts, and 2) the ECB will likely have already delivered its first hike, with a second likely to follow in July. We doubt the Riksbank will want to diverge materially from the ECB’s path”...”That said, a June move remains highly conditional on energy-market and geopolitical developments and could easily be delayed. Should geopolitical tensions ease, and energy prices normalise faster than we expect, the Riksbank could then remain on hold for longer, adopting a wait-and-see” stance.

Danske Bank

- **May decision:** Hold at 1.75%
- **Rate outlook:** “We maintain our view that the Riksbank will hike in June and August, to 2.25%, which is aligned with our ECB call for two hikes (June and July). Current pricing is pointing towards around 50bp of hikes for the year”.

DNB

- **May decision:** Hold at 1.75%
- **May guidance:** “We therefore expect the policy rate to be left unchanged at 1.75% next week (May 7), alongside a clear signal that the policy stance could shift depending on how the situation evolves.”
- **Rate outlook:** “We maintain our call for a first policy rate hike in November, followed by two additional hikes in 2027, lifting the policy rate to 2.50% by the end of the year. However, uncertainty is significantly higher than usual.”

Goldman Sachs

- **May decision:** Hold at 1.75%
- **Rate outlook:** “Given the recent guidance, subdued activity data and weaker domestic price pressure now but clear upside inflation risk later, we continue to expect the Riksbank to stay on hold at the upcoming meetings and start raising the policy rate later this year to 2.25%... We, however, do not expect the hikes to start before 2026Q4 as the Executive Board will need to see evidence of an energy shock starting to generate broader and more persistent inflationary pressures before warranting earlier tightening”

Handelsbanken

- **May decision:** Hold at 1.75%
- **May guidance:** “Given that the development so far points in the wrong direction compared to the latest announcement, we believe that communication will have a hawkish overweight. Lack of forecasts can also increase the focus on risks, which can reinforce a hawkish tone.”...” At the same time, we do not believe that the Riksbank wants to signal an interest rate hike. Even if the peace negotiations are currently deadlocked, a lot can happen before mid-July. Thedéen can highlight that the Riksbank has a good starting position with low inflation and responsible wage formation.”
- **Rate outlook:** “We believe that the Riksbank must receive much clearer signals of rising prices than so far in order to raise the interest rate in a situation where the Strait of Hormuz has opened.”

ING

- **May decision:** Hold at 1.75%
- **May guidance:** “We see an increasing probability of a hawkish shift in the policy message, with particular concern about risks of the de-anchoring of long-term inflation expectations.”
- **Rate outlook:** “We currently expect the next Riksbank rate hike only in the first half of next year. The longer energy prices remain elevated, the higher the chances of an insurance hike in 2026. Our Riksbank call is also partly tied to our ECB call. Our eurozone macro team currently expects only one ECB hike, but risks are rising of two increases to 2.50%. That would add pressure on the Riksbank to hike as well: the ECB–Riksbank rate gap has never been wider than +50bp”.

JP Morgan

- **May decision:** Hold at 1.75%
- **May guidance:** “On guidance, the Riksbank in March stated that the policy rate “is expected to remain at this level for some time to come”. This is consistent with the rate projection it published at the time, although feels like a strong statement to repeat again given the increasing risk that at least some tightening will be required. This part of the previous statement may hence be dampened somewhat, but with the same willingness “to adjust monetary policy if the outlook for inflation and economic activity so require”.”
- **Rate outlook:** “We recently pushed back our call for a hike to September, which partly reflected news of a ceasefire together with a desire to wait for more information. Events since then have deteriorated, with the Strait closed and the risk of a much larger rise in oil. This should keep the Riksbank on alert and willing to tighten should the inflation threat ramp up. That could involve hiking in June. But for the time being we expect it will stay patient and require more evidence to hike than the ECB.”

Morgan Stanley

- **May decision:** Hold at 1.75%
- **May guidance:** “While current inflation is weak, the indicators point towards inflation in 2027 printing higher than the Riksbank expected in March. We therefore expect the statement to note upside risks to its inflation projections. While the main focus will be on inflation, we think that the weaker economic activity at the start of the year will be referenced too.”
- **Rate outlook:** “We expect the Riksbank to deliver a rate hike in June”

Nomura

- **May decision:** Hold at 1.75%
- **May guidance:** We believe the Bank will maintain policy rate guidance that “the rate is expected to remain at this level for some time to come”.
- **Rate outlook:** “Looking ahead, we expect no change in the policy rate this year, and a hike at the end of 2027, as we expect the economic recovery to have taken hold and cause upside risks for inflation by that point. A rate rise would also take the policy rate closer to the middle of the Riksbank’s estimate of the neutral range (1.50%-3.00%).”.

Nordea

- **May decision:** Hold at 1.75%
- **May guidance:** “We expect the Riksbank to signal that the interest rate path in the March report – with an unchanged policy rate this year – remains the baseline scenario, while also signalling greater vigilance. No clear signal of a rate hike is expected ahead of the next monetary policy meeting on 17 June, but the Riksbank is likely to underline that it is ready to act swiftly if necessary. The Executive Board will likely be unanimous.”

- **Rate outlook:** “For each day that the Strait of Hormuz remains closed, inflation risks and the probability for a rate hike increase. We are not there yet, and for Sweden the starting point is unusually favourable. We maintain our forecast of an unchanged policy rate at 1.75% next week and throughout the remainder of 2026. However, a rate hike this year cannot be ruled out.”

SEB

- **May decision:** Hold at 1.75%
- **May guidance:** “We see a high probability that the Board will repeat the message from March and say that the policy rate will remain at 1.75% “for some time to come”, that policy will be adjusted if the outlook changes and that the risks to the outlook continue to be balanced.”
- **Rate outlook:** “As long as uncertainty about inflation remains and near-term rate hikes are expected from other central banks, the Riksbank is unlikely to consider a rate cut. Still, we think that the probability for a rate hike this year is low, especially if ECB hikes rates only once, in line with our forecast. We stick with our forecast for an unchanged policy rate at 1.75% until the end of next year. “

Swedbank

- **May decision:** Hold at 1.75%
- **May guidance:** “Will probably also reaffirm the rate path from March, which means an unchanged policy rate through next year. The Riksbank is likely to stress its readiness to raise rates at the first sign that inflation is spreading beyond what is motivated by higher energy prices alone. But its communication could also be a bit more dovish if it at the same time acknowledges that the downside risks to inflation have also increased. Given what Thedéen has said so far, it is more likely that he takes a tougher stance”

UBS

- **May decision:** Hold at 1.75%
- **May guidance:** “Overall, below-target inflation and the latest data should give the Riksbank little reason to adjust its communication in a more hawkish direction. We thus expect no change in policy rate or guidance in the meeting on 7 May.”
- **Rate outlook:** “Our baseline remains that the Riksbank will remain on hold at 1.75% in 2026, while we emphasize elevated risks around this baseline.”

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