MNI Riksbank Review: January 2026

Key Links: Policy Statement | Monetary Policy Update | Press conference (in Swedish)

Key Dates:

- January meeting minutes: February 4, 2026
- January Flash CPI: February 6, 2026 (final February 20, 2026)
- Q4 GDP: February 27, 2026
- Next Monetary Policy Decision (including MPR): March 19, 2026

MNI Point of View – Guidance Unchanged, But Slight Dovish Tweaks

29 January 2026, by Emil Lundh

The Riksbank held the policy rate at 1.75% as expected, with key guidance that the policy rate will remain at this level for "some time to come" unchanged.

There weren't many surprises in the policy statement, but recent increases in geopolitical uncertainty were acknowledged to have "widened the range of potential outcomes for what can happen going forward". Taken alongside some dovish passages on inflation and the exchange rate in the Monetary Policy Update (detailed below), we think the near-term risk of a cut has risen a little relative to before the meeting. However, **the bar to a move in either direction this year is still high** – as noted by Governor Thedeen in the press conference, the current combination of low inflation and strengthening growth is a "good mix" for monetary policy.

SEK weakened slightly following the rate announcement, building on the weaker-than-expected Q4 flash GDP report earlier in the morning (0.2% Q/Q vs 0.5% cons, 1.1% prior). There were marginal declines in 2-year SEK swap rates, but nothing to materially shift the market implied rate outlook.

The press conference was very short. Governor Thedéen re-iterated that the December rate path broadly still stands. When asked what could push the Riksbank to change rates again, he unsurprisingly suggested it would require a material deviation of inflation from forecasts.

Monetary Policy Update Highlights

Exchange Rate: The Riksbank no longer suggests that the krona is expected to strengthen in the period ahead. The January Monetary Policy Update notes that "it is assessed that the krona will have a gradually declining effect on inflation going forward, as the krona appreciation is expected to wane". This isn't too surprising given the broad-based SEK strength seen in 2025 and the start of 2026. The updated wording provides an (uncertain) view of the krona outlook and its impact on inflation. It could be a precursor to the Riksbank revising its assessment of whether the exchange rate is undervalued relative to long-term determinants in the March MPR. Overall, this is a dovish tweak, as continued SEK strength would apply further downward pressure to the inflation outlook beyond the Riksbank's current forecasts.

For context, relevant excerpts on the krona in previous MPR/MPU's were:

- Dec 2025: "The Riksbank's assessment is that the krona will appreciate somewhat further in the period ahead. This contributes to dampening inflation."… "The Riksbank still assesses the krona to be slightly undervalued"
- Nov 2025: "The Riksbank assesses that the krona will continue to strengthen somewhat going forward and contribute to dampening inflation."
- Sep 2025: "The Riksbank's assessment is that the krona exchange rate will continue to strengthen somewhat in the coming period. This is expected to have a dampening effect on inflation."…. "The Riksbank still assesses that the krona is somewhat undervalued"

Economic Activity/Labour Market - No big surprises. We noted that the labour market is showing tentative signs of recovery in our preview:

- "Overall, the assessment of the outlook for the economy remains largely unchanged from December. Household finances will improve during the year, partly supported by an expansionary economic policy, which paves the way for a stable increase in consumption. Indicators point to the economic recovery continuing and the labour market improving"

Inflation – Marginally dovish on near-term inflationary pressures, but the medium/long-term outlook is unchanged. This suggests the bar to another cut is still quite high.

- "The [December inflation] outcome could be a sign that inflationary pressures will be somewhat lower for some time to come than the Riksbank's earlier assessment. However, the new information does not change the picture of inflationary pressures being in line with the target in the slightly longer term".

Risk Assessment - Not surprising to see recent geopolitical developments get a mention, given Sweden's sensitivity to global economic developments. This inclusion is marginally dovish given the latest US tariff threats on Sweden have been walked back. Elsewhere, uncertainty stemming from the krona and domestic fiscal policy (especially the upcoming food VAT cut) is unchanged.

- "It is clear that the range of potential outcomes for what might happen in the future has widened, both in terms of economic activity and inflation. The Riksbank is vigilant with regard to developments and is prepared to adjust monetary policy if the outlook changes"

MNI Policy Team Exclusives

Riksbank Governor Erik Thedeen tells MNI about the krona, fund repatriation, hedging ratios and inflation expectations. -- On MNI Policy MainWire now, for more details please contact sales@marketnews.com