

MNI Riksbank Review: March 2026

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

Key Dates:

- March meeting minutes: March 25, 2026
- March Economic Tendency Indicator: March 25, 2026
- March flash inflation: April 7, 2026 (final April 14)
- April Economic Tendency Indicator, Q1 Flash GDP: April 29, 2026
- Next monetary policy decision (not including MPR): May 7, 2026

MNI Point of View – Ready to Act If Needed

20 March 2026, by Emil Lundh

The Riksbank held the policy rate at 1.75% in a unanimous decision. Guidance re-iterated that the rate is likely to remain at this level “for some time to come” (a moderate surprise versus our **expectations**), but uncertainty around the baseline projections was stressed throughout.

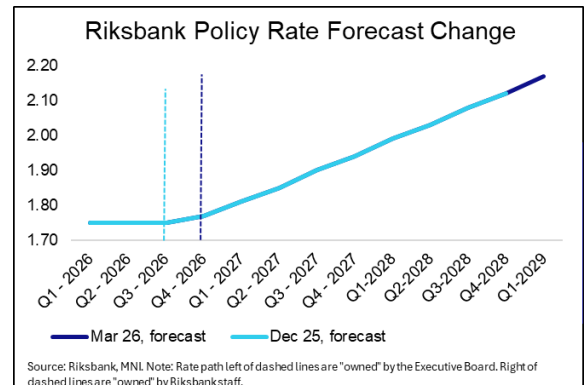
The March MPR rate path was unchanged relative to December, with the Riksbank noting that it was too early to see how the Iran war was affecting the outlook. In that light, the two alternative scenarios presented are worth particular attention.

- A hawkish stagflationary scenario, where prolonged disruptions in the Strait of Hormuz lead to higher energy prices and strong second round effects. Here, **the Riksbank delivers almost 100bps of hikes despite the negative growth impact of the shock.**
- A more dovish demand shock scenario, where the Strait of Hormuz closure is short-lived, and the primary fallout of the Iran war is weaker domestic demand. Here, **the Riksbank delivers aggressive cuts to support the economy and push underlying inflation higher.**

Clearly, the stagflationary scenario is most important in the current context, and Governor Thedeen noted in the press conference that we are already starting to move away from the “short lived” shock scenario. **If the Board gains confidence that this scenario is playing out, we don’t think it would hesitate in raising rates.** From the MPR:

- “Even with a balanced risk outlook, the Riksbank may under certain circumstances have to give particular consideration to risks that could damage confidence in the inflation target”.
- “A possible alternative monetary policy would be to delay policy rate increases but this would entail a risk of more severe tightening further ahead, resulting in larger costs for households and companies”
- Additionally, the MPR noted that “the more energy prices rise and the more prolonged the increase, the greater the risk of spillover effects. In such a situation, changes in energy prices should be considered more as part of underlying inflation”.
- **We think company price plans in the Economic Tendency Indicator will be a particularly important indicator to monitor in the coming months, probably more so than spot inflation outcomes.**

That said, we think the bar to Riksbank hikes is higher than that of the ECB. In particular, we note the stagflationary scenario envisages rate hikes starting only in “summer 2026”, suggesting June is the earliest possible time for such a move (though of course that is not a promise). At the March decision, the Riksbank noted that:



- “Compared to other EU countries, Sweden’s imports and consumption of oil products and natural gas are relatively small”.
- “Several indicators point to there still being ample spare capacity, not least on the labour market, and to resource utilisation in the Swedish economy therefore being lower than normal”

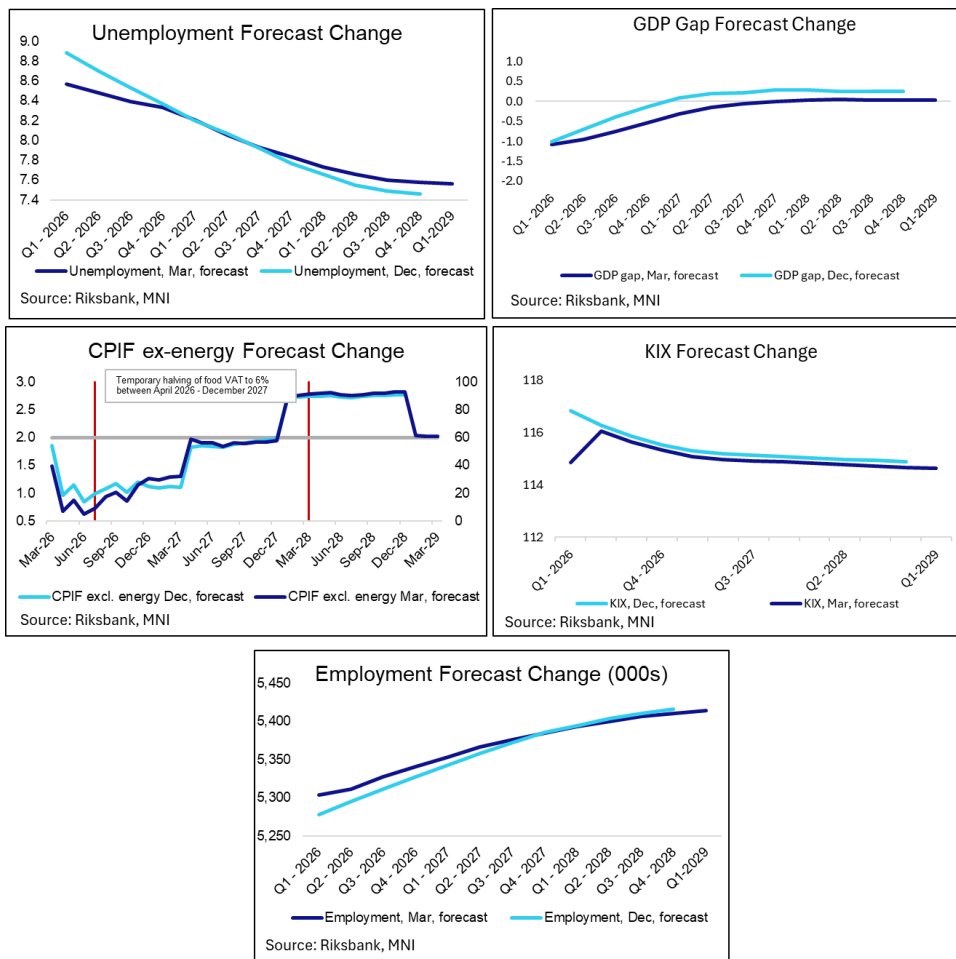
These factors, alongside lower than expected underlying inflation leading up to the March decision and the expected impact of the temporary food VAT cut, may contain the persistence of near-term headline inflation rises to some extent. The economy is clearly more insulated from an inflationary spike compared to the 2022 Russia/Ukraine shock. The March meeting minutes will provide more insight into Board members views on these risks.

The only analyst forecast change we have seen following the March decision has been Morgan Stanley, who now expect a single rate hike in June. Note also the Danske Bank do not rule out a move in May if energy market pressures remain acute.

Market reactions following the decision were limited, with Swedish rates impacted more by movements in foreign rates on the day. At the time of writing, the Dec26-Mar27 FRA is at 2.62%, 55bps above the 3m STIBOR rate. This seems quite aggressive given the starting position for the Swedish economy, but it is difficult to have confidence in fading the move while the Iran war continues flaring.

Baseline Forecast Changes Versus December

- Note: “Energy prices are assumed to follow forward pricing. The energy price forecast is based on a 5-day average for the oil price and electricity price futures calculated up to and including 16 March 2026.”



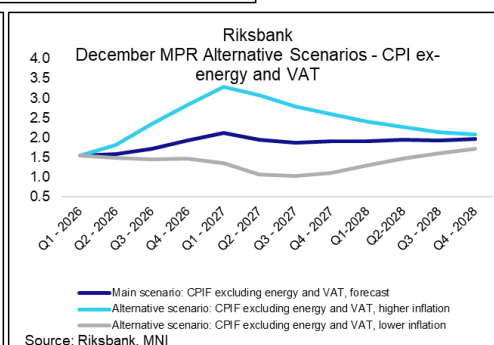
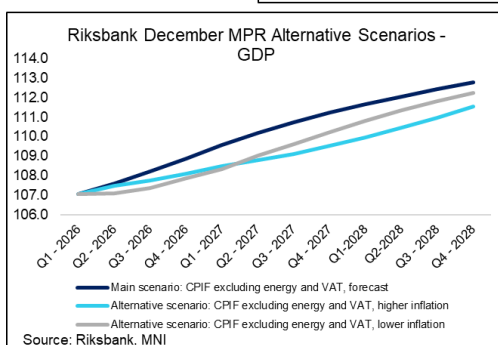
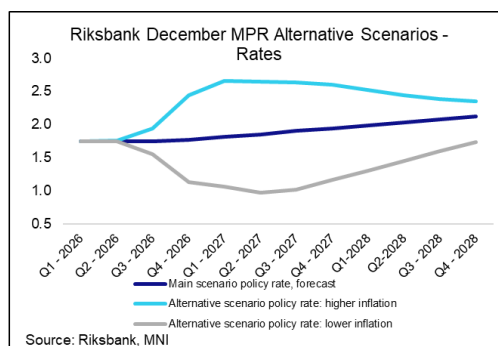
Alternative Scenarios

“Broader and more persistent upturn in inflation due to the war in the Middle East”

- “The stoppage of traffic in the Strait of Hormuz lasts a long time in this scenario, and energy production in the region is limited further, and for a longer period of time. The closure also affects the supply of a broader group of goods.”
- “The turmoil leads global investors to place their investments in what are traditionally seen as less risky assets. This causes the krona to weaken, which also contributes to higher inflation”.
- “Demand is also negatively affected by the situation, via weaker sentiment in the global economy and higher uncertainty over future development as the inflationary pressures in this alternative scenario are much higher and more lasting, the Riksbank needs to adjust its monetary policy in the summer of 2026 and begins a series of policy rate increases that continues during the autumn.... When the Riksbank sees that inflation is starting to fall back, it starts to normalise the policy rate, which is gradually lowered over the rest of the forecast period”.
- “A possible alternative monetary policy would be to delay policy rate increases but this would entail a risk of more severe tightening further ahead, resulting in larger costs for households and companies”

Alternative scenario: Weaker demand in the wake of the war in the Middle East leads to lower inflation

- This scenario shares the assumptions in the main scenario regarding developments in energy prices and it is assumed that the closure of the Strait of Hormuz will be fairly short-lived. At the same time, the war is assumed to have significantly larger effects on global demand than those assumed in the main scenario
- Similarly to events in 2025, however, it is assumed that the krona appreciates in this scenario. The stronger krona leads both to the exchange rate not functioning as a buffer for the Swedish economy, making the fall in GDP even greater, as well as to lower import prices, contributing to lower domestic cost pressures
- The weak resource utilisation and low inflationary pressures, visible in both outcome data and forward-looking indicators, lead the Riksbank to change its monetary policy and initiate a series of policy rate cuts starting in the summer of 2026
- A normalisation of the policy rate is begun in mid-2027, when the outlook for inflation is better, and the policy rate is gradually raised during the remainder of the forecast period.



Supplementary Liquidity Facility Rate Change

The Riksbank has also lowered the rate on the supplementary liquidity facility from 0.75pp above the policy rate to 0.30pp above this level.

- A change to this rate has been foreshadowed in recent months, though the timing was uncertain.
- The Riksbank wants to encourage banks to actively manage their liquidity via the interbank market as central bank excess liquidity declines, while also being able to borrow from central bank facilities when the need requires without stigma.
- The Riksbank notes that "The interest rate on the facilities shall be sufficiently high for the banks to manage liquidity on the market in the first instance, and borrow from the Riksbank in the second instance. The change in the interest rate mark-up on loans in the supplementary liquidity facility reduces the threshold for the banks to use the facility when needed. This creates the conditions for well-functioning liquidity management between the banks and thus money market rates can come close to the policy rate."
- One other change that had been considered was a widening of the deposit and lending rate corridor from the current 20bp level. The Riksbank has seemingly avoided this option, presumably because such a move could have generated unnecessarily volatility in money markets (by tying up more liquidity in Riksbank certificates, for example). However, Governor Thedeen did not rule out a change to the corridor in the future in his interview with the MNI Policy Team.
- Additionally from the announcement: "If the banks want to borrow from the Riksbank, they must pledge collateral. Until now, there has been a limit that entails the collateral for loans not amounting to more than 60 per cent in covered bonds. This limit has applied to both overnight loans and to borrow in the supplementary liquidity facility. The limit is now being removed to make the facility more accessible"

Analyst Reviews



Summary of Analyst Views (Sorted A-Z)

Institution	Cuts	Hikes	Riksbank View (Bold if formal view change)
Danske Bank	x	Dec 2026 and Mar 2027	Had the Riksbank adjusted their international policy rate forecast to reflect this, that would likely have resulted in a clear upward revision of the Riksbank's policy rate path. Thus, what is important from here until the May and June meetings is the reaction and communication from the aforementioned central banks. While the Riksbank's main and alternative scenario seemingly rule out a hike in May, we would thus not completely rule it out (of course dependent on the developments in energy markets), as the risk picture seems asymmetric in our view.
DNB	x	Nov 2026 and two more in 2027	Given the highly unstable situation in the Middle East, the economic outlook may shift along with the appropriate monetary policy response. The most likely outcome is higher inflation and potentially weaker growth. At present, however, there is insufficient information to assess the magnitude with confidence. For now, we maintain our view that the next move will be a rate hike to 2.00% in November, followed by another in January 2027 and most likely a final hike in late 2027, taking the policy rate to 2.50%.
Goldman Sachs	x	Q3 2027	Given the Riksbank's cautious guidance and our commodity team's current baseline forecasts for oil and gas prices, we continue to expect the Riksbank to remain on hold until 2027H2. We expect rates to stay unchanged by end-2026 in the adverse scenario and would expect one hike this year in the very adverse energy price scenario. However, the reaction would importantly depend on the perceived duration and persistence of the shock, along with its effect on global growth, and domestic fiscal policy response.
JP Morgan	x	Q2 2027	With inflation still expected to run below 2% this year, the Riksbank has a degree of freedom to stay patient and is under less pressure to consider a hike than other central banks. Nevertheless, it is staying open minded given how quickly events are unfolding....We continue to expect rates on hold this year, although the risk balance has shifted a little more in the favour of a tightening over time.
Morgan Stanley	x	Jun-26	Monetary policy is accommodative at 1.75%. And the argument for accommodative policy in this environment is weakening. Taking into account the developments in commodity prices and geopolitics since March 16 (last day of assumption inputs), and our revised call for the ECB rate path (see here), we think the Riksbank will arrive at the June meeting with the intent to normalize rates. We now expect the Riksbank to deliver one risk management rate hike in June 2026, and bring the policy rate to 2.0%. Due to factors mitigating the second round effects (e.g. food VAT reduction, lack of wage pressures from 2-year wage agreement struck in 2025), we see the Riksbank remaining at 2.0% and not tightening further at this stage.
Nomura	x	End-2027	We think the next move will be a policy rate hike, but in our central forecast we do not expect it until late 2027. However, we view that the risk is for an earlier rate hike due to energy prices placing more upward pressure on inflation than we currently expect.
Nordea	x	Q4 2027	A rate cut is off the table for now. Rate hikes are possible if energy prices take off, but it is important to remember that inflationary pressure is currently low. This means that energy prices need to rise markedly from today's level before inflation becomes uncomfortably high. The ECB's policy matters but is not decisive. One rate hike from the ECB later this year, which can't be ruled out, doesn't necessarily mean that the Riksbank must hike rates too. We keep our forecast that the Riksbank will stay on hold at 1.75% throughout 2026.
SEB		Q4 2027	We stick to our forecast that the policy rate will remain at 1.75% until the end of next year but acknowledge that uncertainty has increased significantly. If energy prices decline, the currently very low trend for core inflation could come back into focus and in such a scenario a rate cut cannot be ruled out. On the other hand, a higher policy rate is possible if energy prices rise further and start affecting other prices. A very low starting point for core inflation suggest that risks for a near-term rate hike are low, even if headline inflation is likely to spike in the near term.
Swedbank	x	Sep-27	Conditional on energy prices falling roughly in line with current future prices, we maintain our forecast that the policy rate will not change until September of next year, when it is raised to 2%. However, the longer the conflict drags on, the greater the likelihood of rate hikes later this year.

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

MNI Policy Team Exclusive

Riksbank Governor Erik Thedeen talks to MNI about the policy lessons of '22 and the krona framework.- On MNI Policy MainWire now, for more details please contact sales@marketnews.com

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