

# Fast Comment Sweden

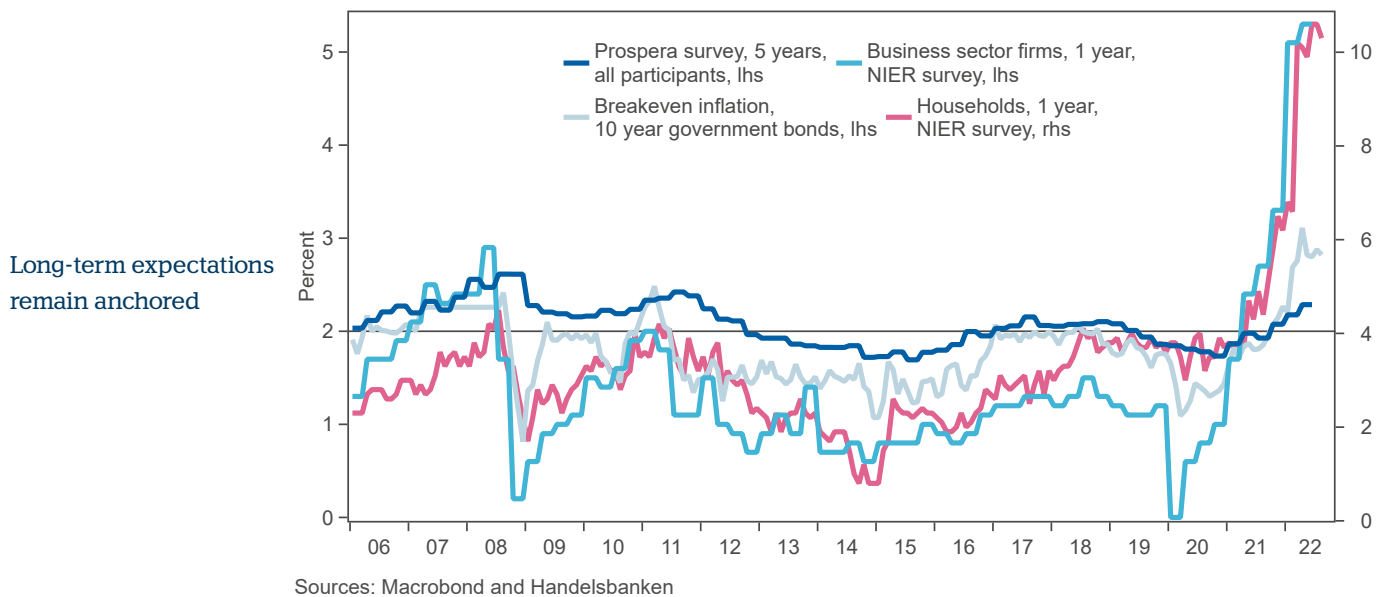
## Inflation expectations confirm Riksbank's uphill battle; We change November forecast to 75bp rate raise

- Medium-term expectations rising, now 3.6 percent inflation in 2 years' time
- But Prospera outcome could have been worse; Long-term expectations not un-anchoring
- We stick to 75bp Riksbank hike in September, but change from 50bp to 75bp in November

### Medium-term expectations rising, but outcome could have been worse

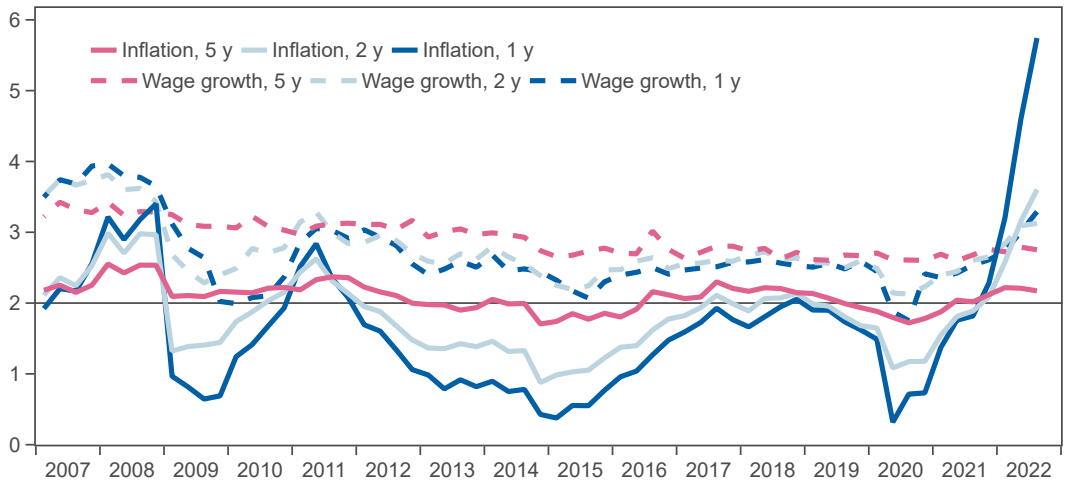
The Q3 Kantar Prospera inflation expectations survey alone should not add fuel to the speculation about a 100bp policy rate rise from the Riksbank at next week's September meeting. All told, we stick to the view that the Executive Board will opt for a 75bp hike. However, because today's report clearly confirms that Sweden too runs the risk of entrenched inflation, we change our forecast for the Riksbank's November meeting, from 50bp to a 75bp hike. This also puts our forecast rate path more in line with Governor Ingves' comments that the Riksbank's previous policy rate guidance is obsolete. On September 21, the day after the Riksbank's decision, we will publish our new Global Macro Forecast report with a full update on, not least, the Riksbank.

Inflation expectations



**Sweden: Inflation and wage expectations, mean of employee's and employers' organisations**

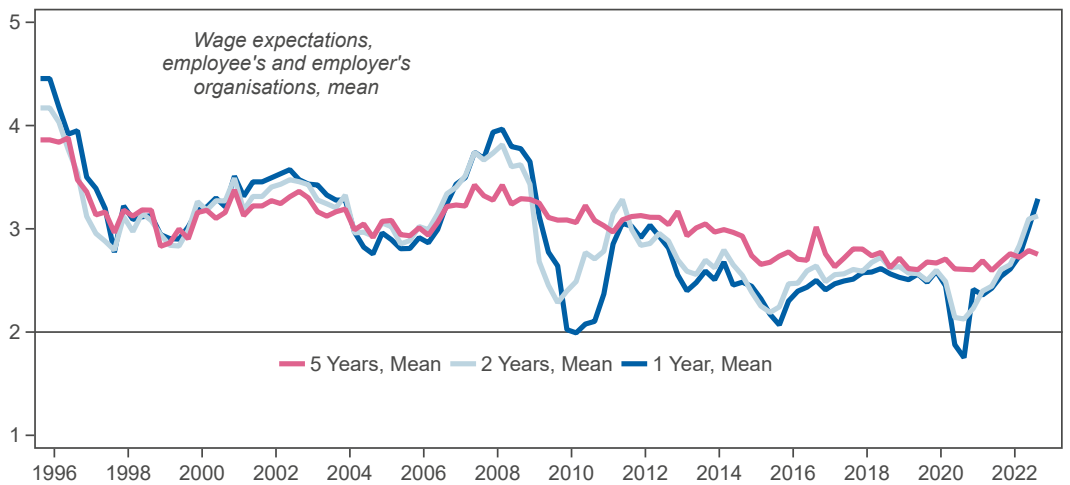
2 year inflation expectations a worry for Riksbank



Sources: Macrobond, Kantar Prospera and Handelsbanken

**Sweden: Wage expectations**

Employees expect higher wages next year, employers do not



Sources: Macrobond, Kantar Prospera and Handelsbanken

Johan Löf

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