

# Fast Comment Sweden

## A long-expected CPIF pickup in the shadow of gathering global inflation clouds; October flash CPI print

- Headline CPIF inflation increases significantly to 1.5%, clearly above Riksbank's call
- CPIF excluding energy keeps signalling inflation around the 2-percent target
- Riksbank may need to turn focus back toward inflation after Trump victory

### Headline CPIF inflation increases, clearly above the Riksbank's call

The flash October CPI report indicates headline CPIF inflation increased significantly to 1.5% y-o-y from 1.1% in September. The outcome is clearly above the Riksbank's 1.1% call and the economist consensus forecast of 1.3%, but in line with our expectation. The flash estimate for CPIF excluding energy continues to signal that underlying inflation is landing at the Riksbank's 2-percent target. Today the y-o-y outcome was 2.1%, staying above the Riksbank's forecast. But at the same time, seasonally adjusted short-term price changes show inflation momentum hovering around a 2-percent annualised rate (graph below). The market impact was very muted, with EUR/SEK unchanged on impact.

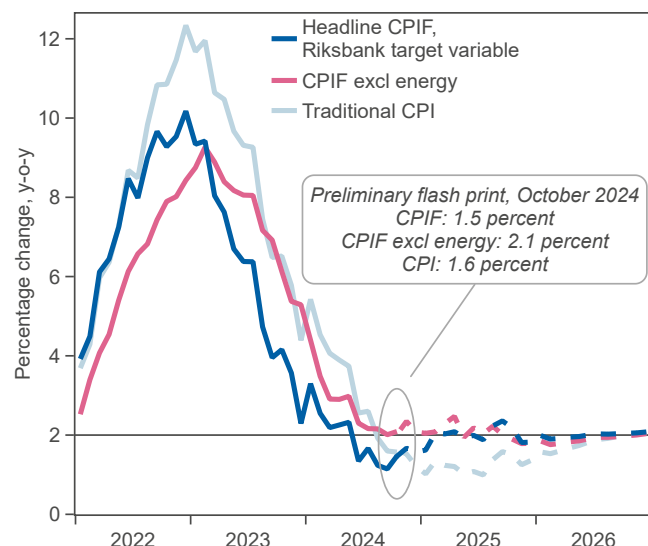
### Riksbank may need to turn focus back toward inflation after Trump victory

The Riksbank already made its November monetary policy decision yesterday, but when the announcement is delivered later this morning it will be interesting to see how the inflation outlook is communicated. On the one hand, inflation is higher than the Riksbank's forecast. On the other hand, headline CPIF inflation is below target – albeit only temporarily, in our view. And apart from today's long-expected CPIF pickup toward the higher underlying inflation, as rock-bottom electricity prices have started to normalise and the oil price has stopped falling and is trading close to the lower end of its multi-year range, new global inflation storm clouds are gathering. The US election victory of former president Donald Trump, and the near-certain republican "red sweep", bodes for more expansionary fiscal policy in an already booming US economy. Starting from today's positive GDP gap and low unemployment, the expected increase in US deficit spending will drive inflation, spilling over globally. On top of this, the incoming Trump administration's sweeping tariff rises will also likely be inflationary. Even considering the blow they could have to global growth via lower demand and geopolitical uncertainty. However, it will take time for Trump's policies to crystallise and for effects to show, and the Riksbank will not act prematurely. For now, it has Swedish growth worries in focus. That may change quickly, however. **Please use the full PDF version of this comment to access the chart pack and research appendix.**

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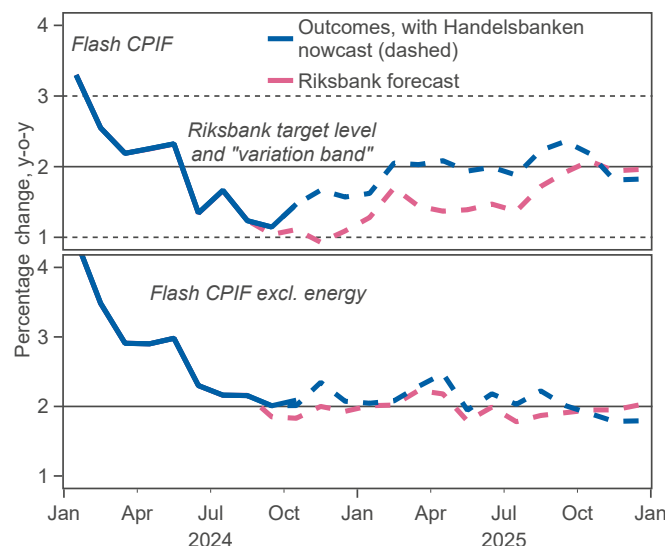
## Chart pack - Flash CPI report

### Flash inflation print, outcome versus forecast



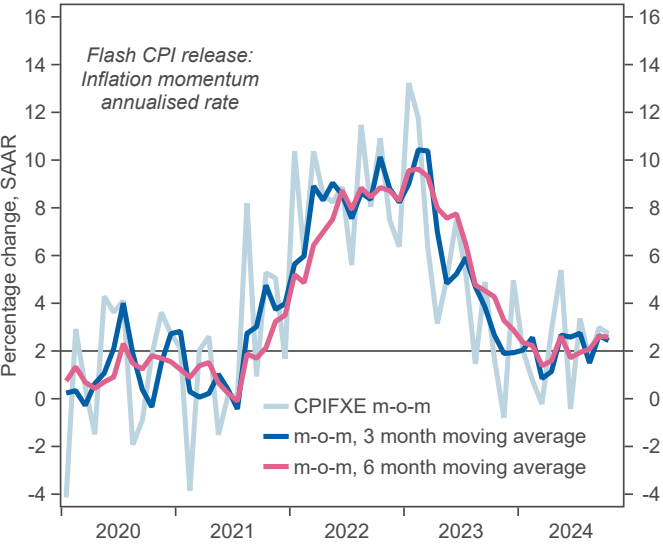
Sources: Macrobond, Statistics Sweden and Handelsbanken

### Inflation forecasts: Riksbank versus Handelsbanken



Sources: Macrobond, Riksbank, Statistics Sweden and Handelsbanken

Inflation momentum, CPIFXE



Sources: Macrobond, Statistics Sweden and Handelsbanken

## Appendix: Handelsbanken research on inflation and monetary policy

Global Macro Forecast report;

--- ([Swedish](#) / [English with international focus](#))

The Ins and Outs of Swedish Real Estate;

--- ([Swedish](#) / [English summary](#))

"Inflation passing its trough";

--- [September CPI report Sweden](#)

"Disappointing GDP and Riksbank's Business Survey signals weak outlook"

--- [Changed Riksbank forecast](#)

"Mixed messages as wording suggests 50bp cut coming next";

--- [September Riksbank monetary policy decision](#)

The most recent  
flagship reports and key  
regular comments

### Inflation

"Do not expect service price inflation to normalise and do not worry too much about it";

--- [Macro Comment](#), 14 December 2023

"Brave new nominal world";

--- September 2023 ([Swedish, p. 20-23 here](#) / [English, p. 9-12 here](#))

"The green transition will be inflationary";

--- January 2023 ([p. 13-14 here](#))

"What stops a new high-inflation regime";

--- September 2022 ([p. 15-17 here](#))

Key in-depth analyses

### Monetary policy and interest rates

"Rising  $r^*$  revisited – Phoenix or Icarus?" about the rise in the neutral interest rate;

--- [Macro Comment](#), 5 June 2024

"The Riksbank's asset purchases: Limited effect at high costs – Swedish National Audit Office";

--- [Fast Comment](#), 6 December 2023

"The krona's role in carry strategies";

--- FX Pilot, 17 November 2023 ([English](#) / [Swedish](#))

"Fed models support the case that the "bond vigilantes" are back";

--- [Macro Comment](#), 6 October 2023

"From QE to QT — Smooth transition or turbulent pivot?";

--- January 2023 ([p. 9 here](#))

"Time to pay the piper – The Riksbank's QE programme largesse is not a free government lunch";

--- [Macro Comment](#) predicting that the Riksbank would need a much bigger recapitalisation from the treasury than it initially signalled, 26 October 2022

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