

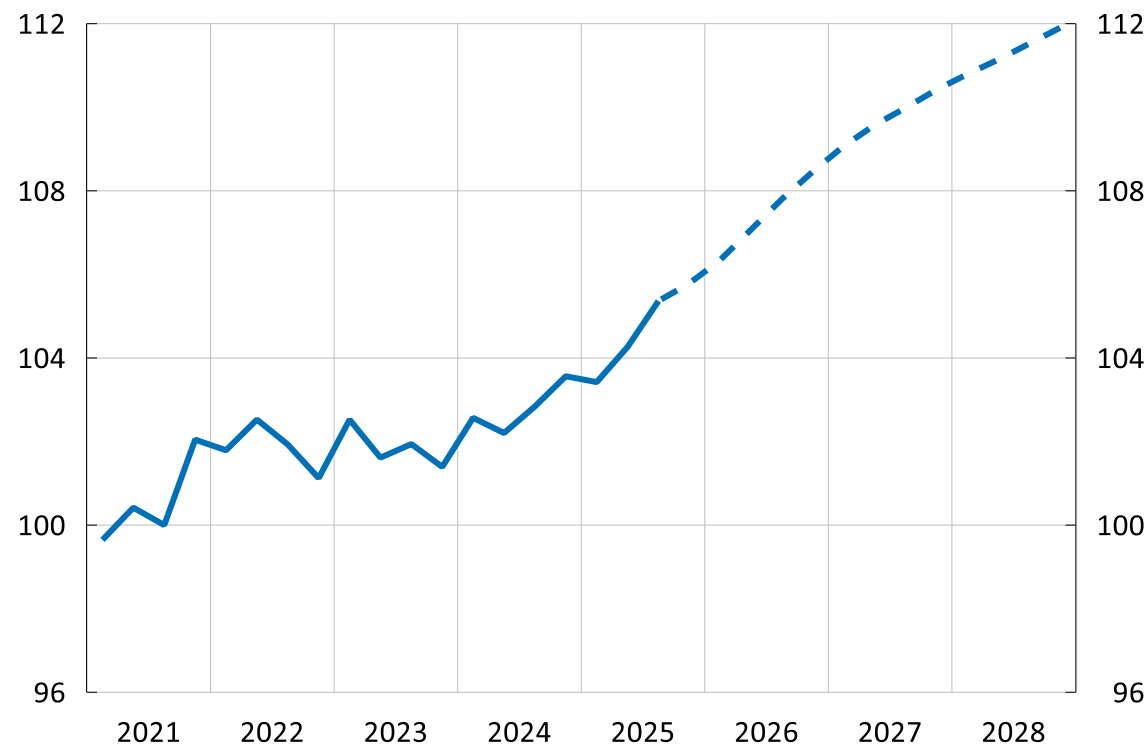
Weak consumption and the housing market: causes and lessons learnt

Erik Thedéen, Governor

Stockholm Chamber of Commerce, 16 January 2026

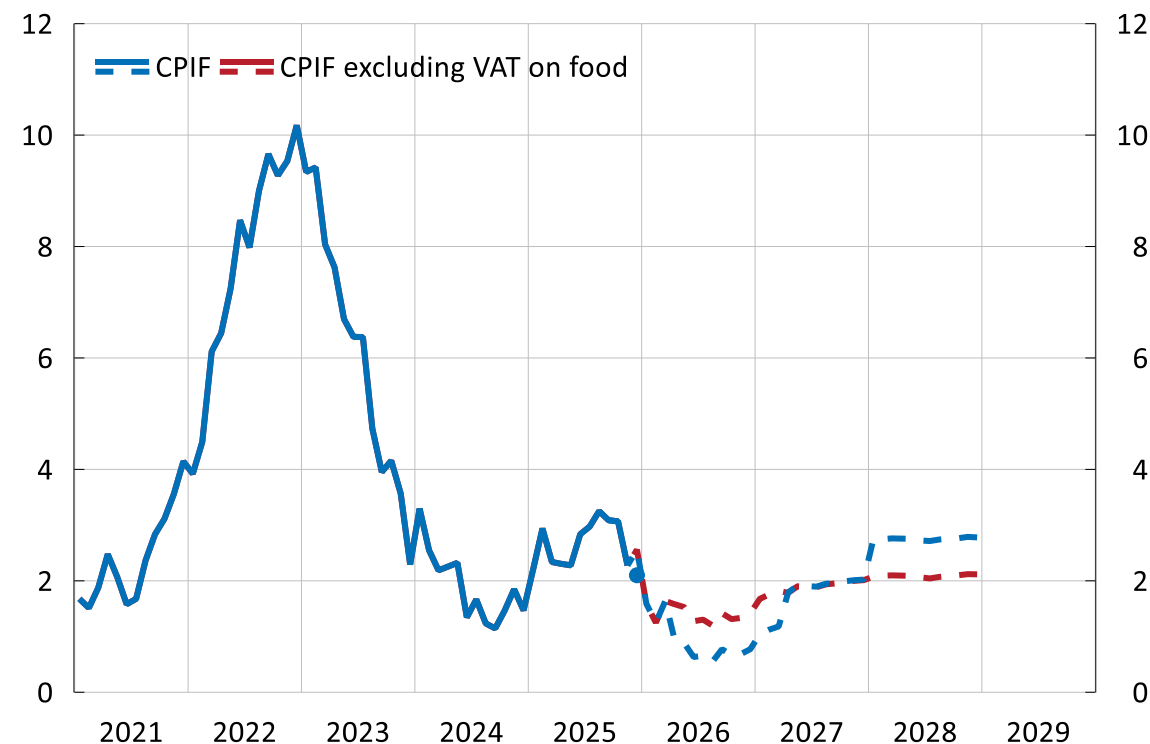
Higher growth and inflation close to the target

GDP



Index, 2021 Q3 = 100. Dashed line represents the Riksbank's forecast. Seasonally adjusted data.
Sources: Statistics Sweden and the Riksbank.

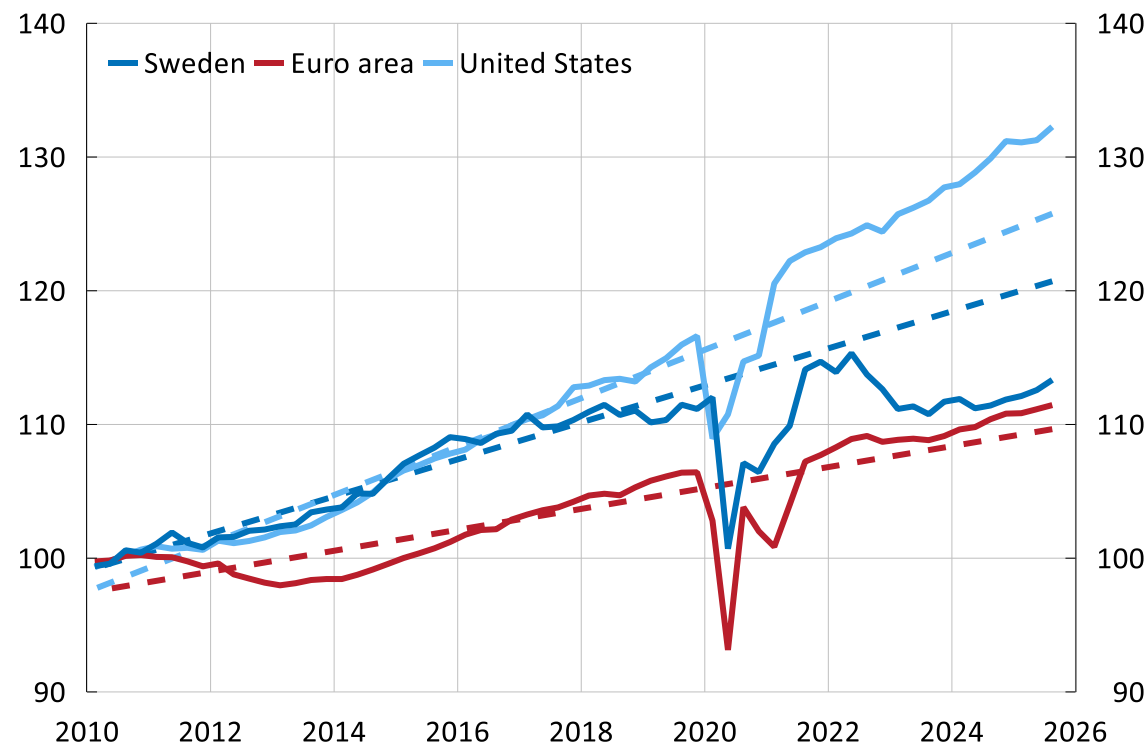
Inflation



Annual percentage change. Solid lines refer to outcomes, dashed lines to the Riksbank's forecasts.
Blue dot refers to the outcome for CPIF in December.
Sources: Statistics Sweden and the Riksbank.

Weak consumption after the rise in inflation

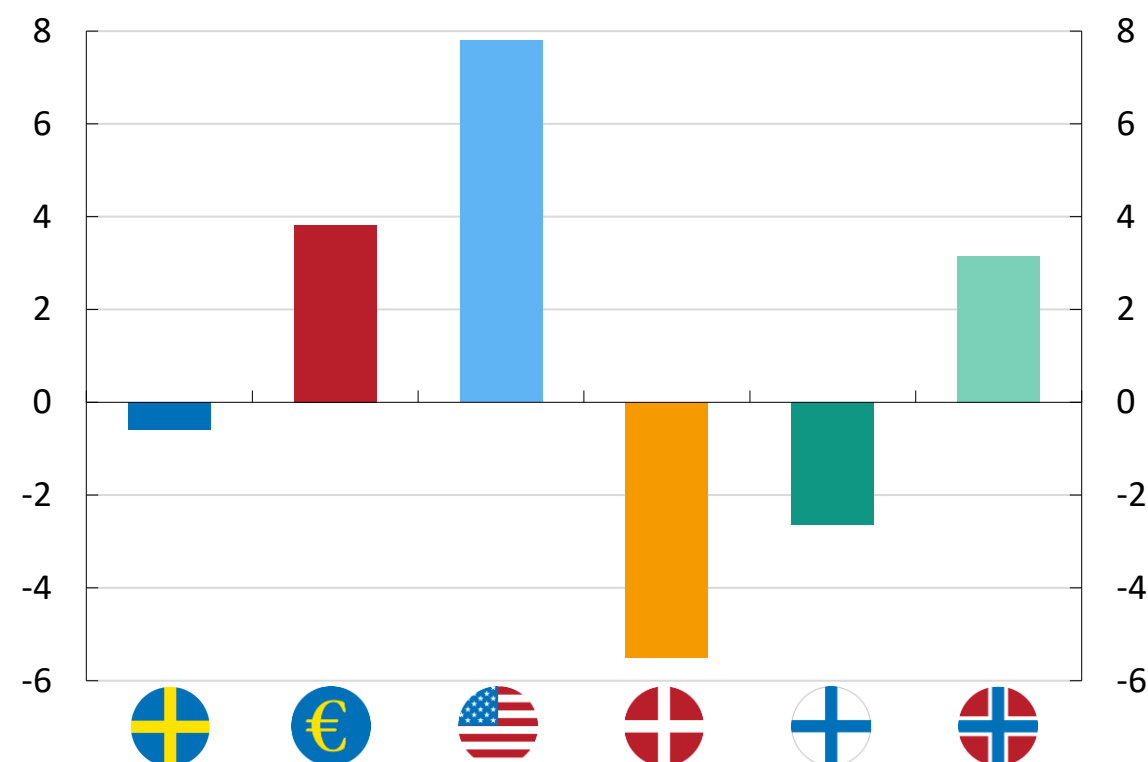
Household consumption



Index, 2010 = 100. Refers to per capita. Dashed lines refer to trend for the period 2010-2019. Seasonally adjusted data.

Sources: Eurostat, US Bureau of Economic Analysis, OECD, Statistics Sweden and the Riksbank.

Household consumption

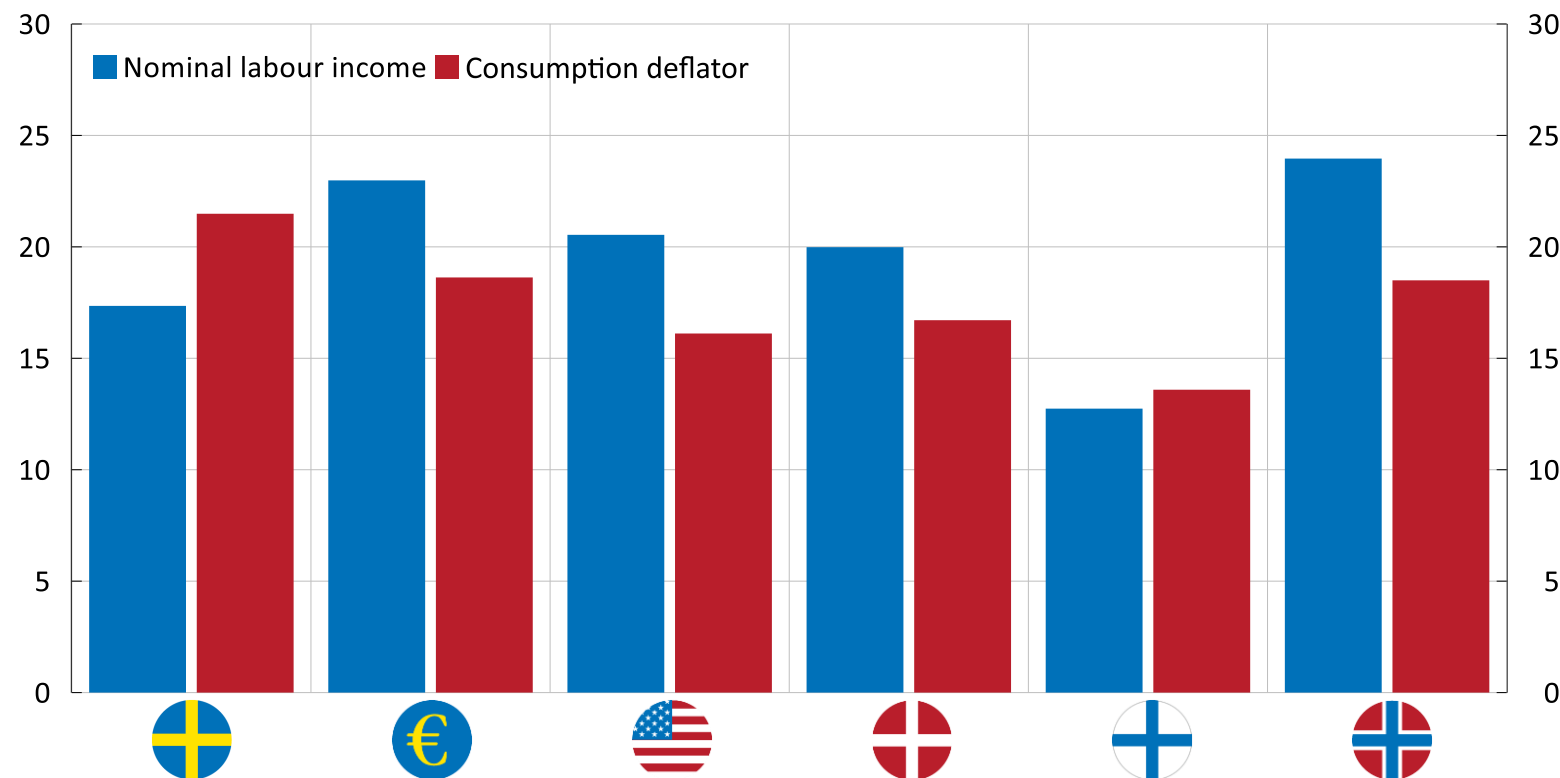


Per cent, change 2021Q3-2025Q3 (Norway up to 2025Q2). Refers to per capita. Seasonally adjusted data.

Sources: OECD, Statistics Sweden and the Riksbank.

Labour income has not kept pace with inflation in Sweden

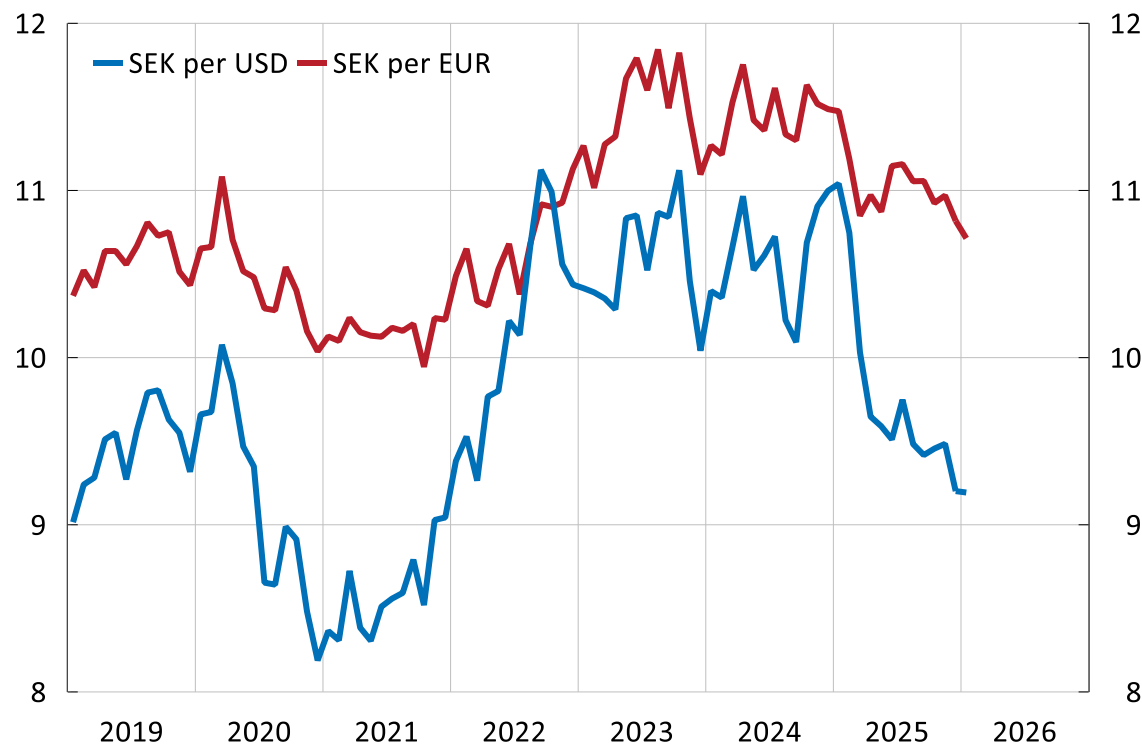
Labour income and the consumption deflator



Per cent, change 2021Q3-2025Q3 (Norway up to 2025Q2). Refers to nominal labour income per capita. Seasonally adjusted data.
Sources: OECD, US Bureau of Economic Analysis and the Riksbank.

A weaker krona contributed to Swedish goods prices rising more than abroad

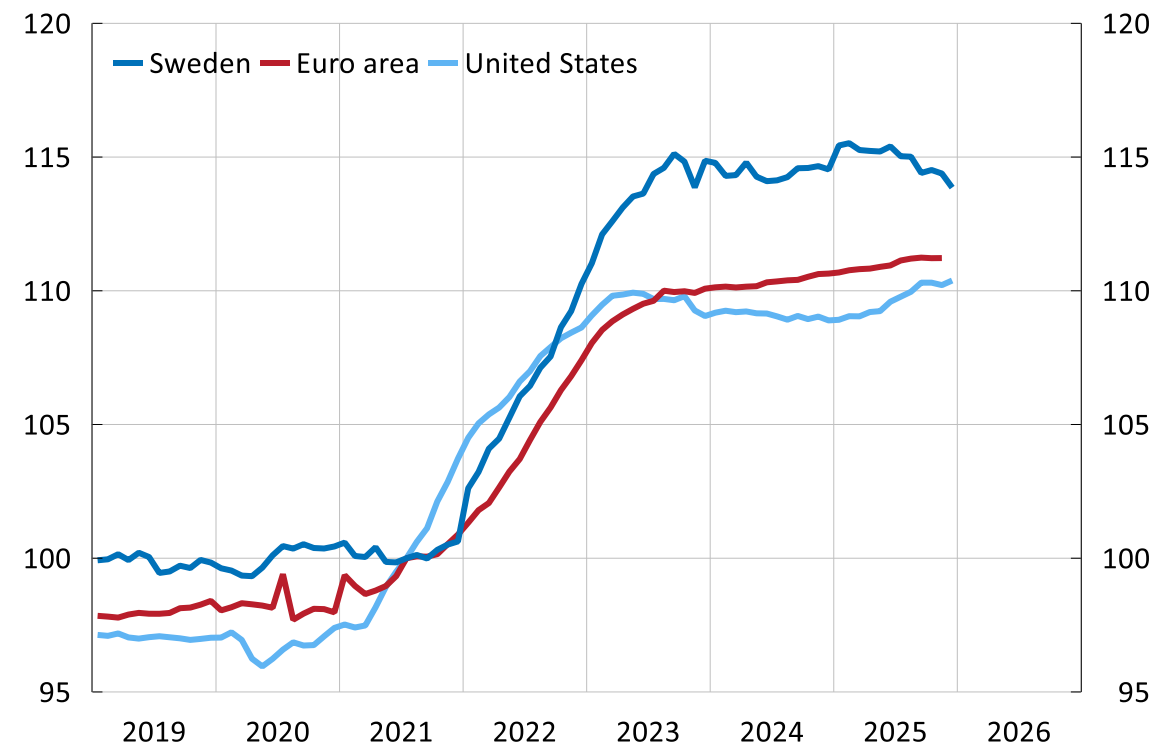
Nominal exchange rate



SEK. A higher value indicates a weaker exchange rate. Monthly data. Outcome for January 2026 refers to the latest daily outcome.

Source: The Riksbank.

Goods prices

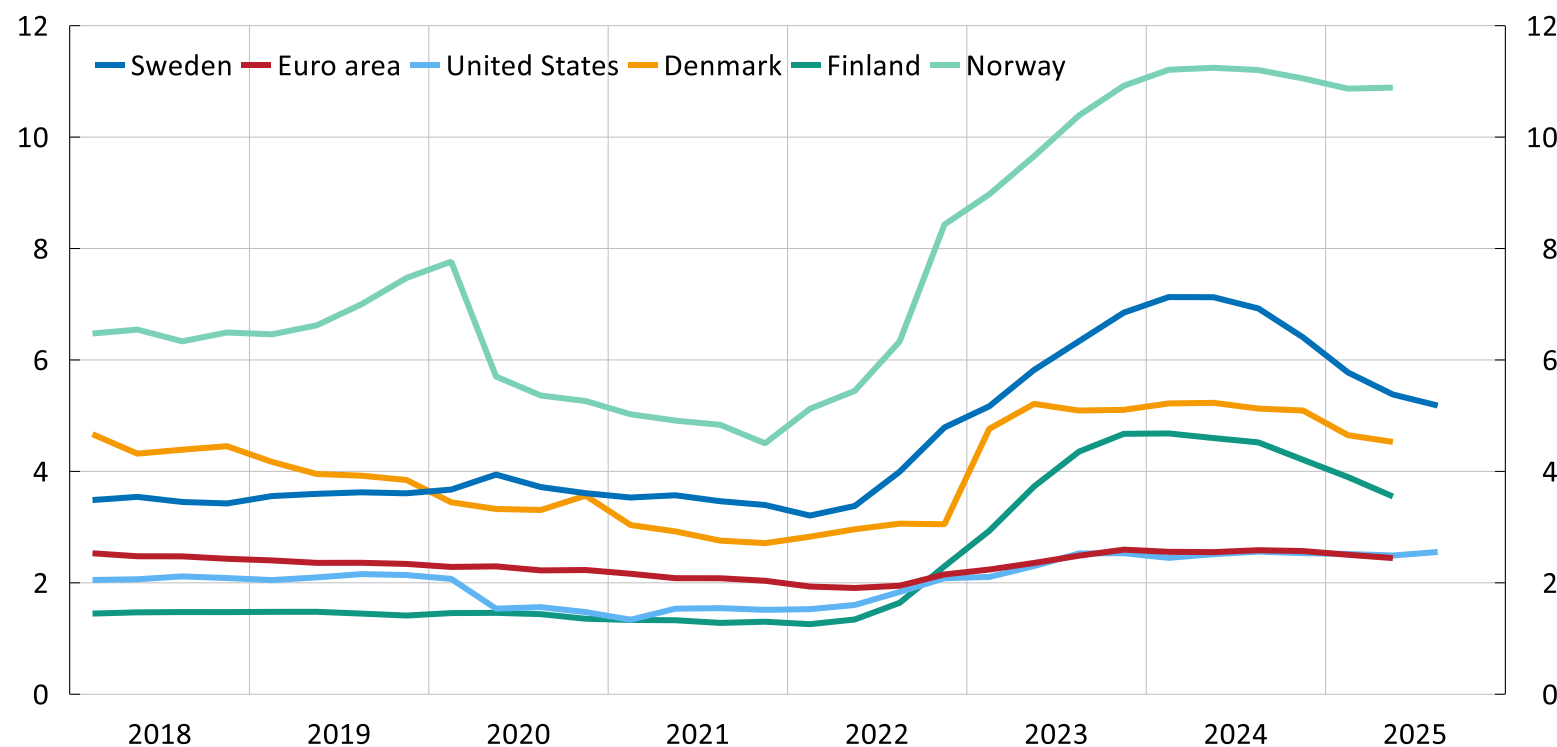


Index, 2021 Q3 = 100. Monthly data. Seasonally adjusted data.

Sources: Eurostat, SCB, US Bureau of Labor Statistics and the Riksbank.

Interest costs doubled in a short time

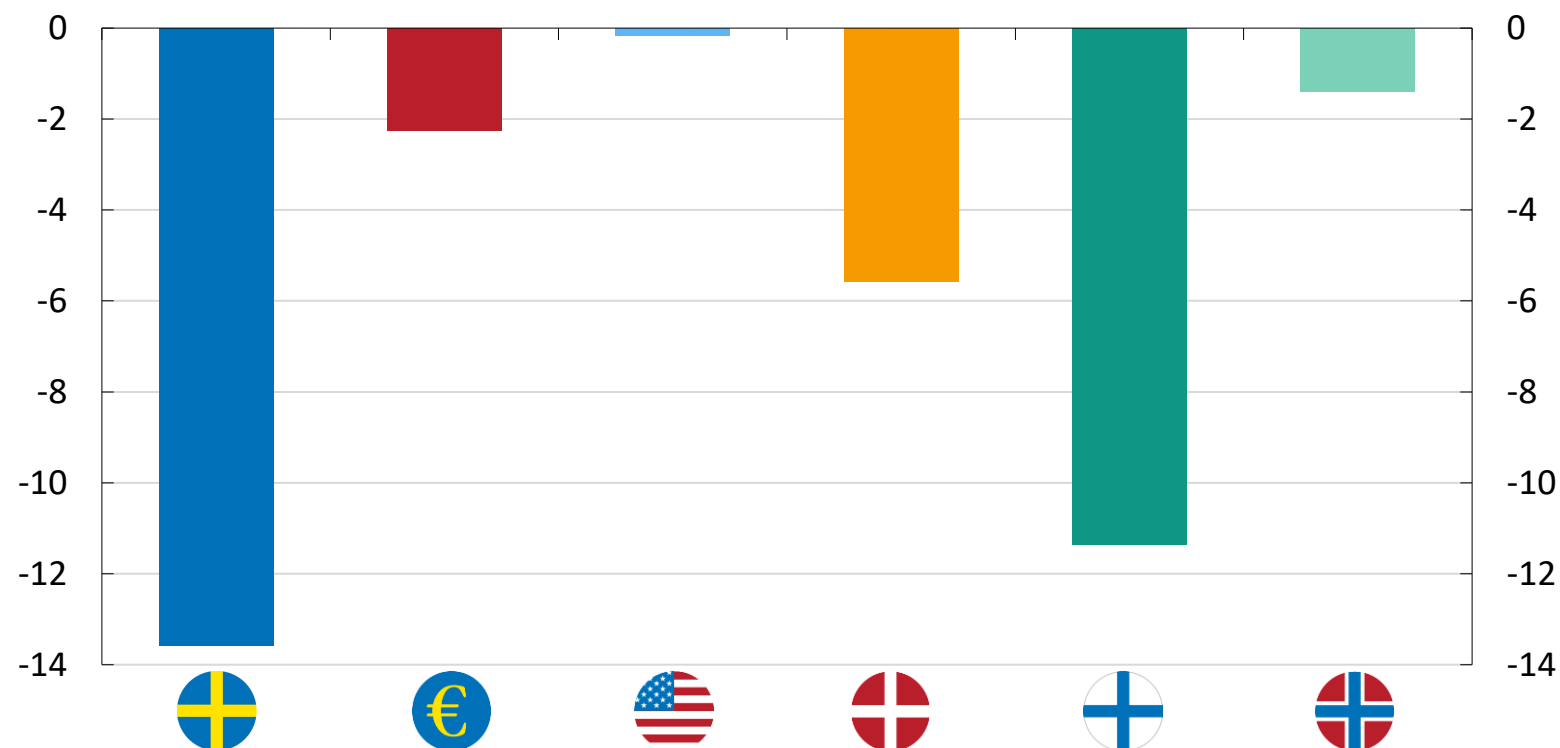
Interest-to-income ratio



Per cent. Interest costs before any interest deductions as a share of household disposable income. Seasonally adjusted data.
Sources: Eurostat, the Federal Reserve, Statistics Sweden, Statistics Norway and the Riksbank.

Housing prices fell sharply in Sweden in 2022

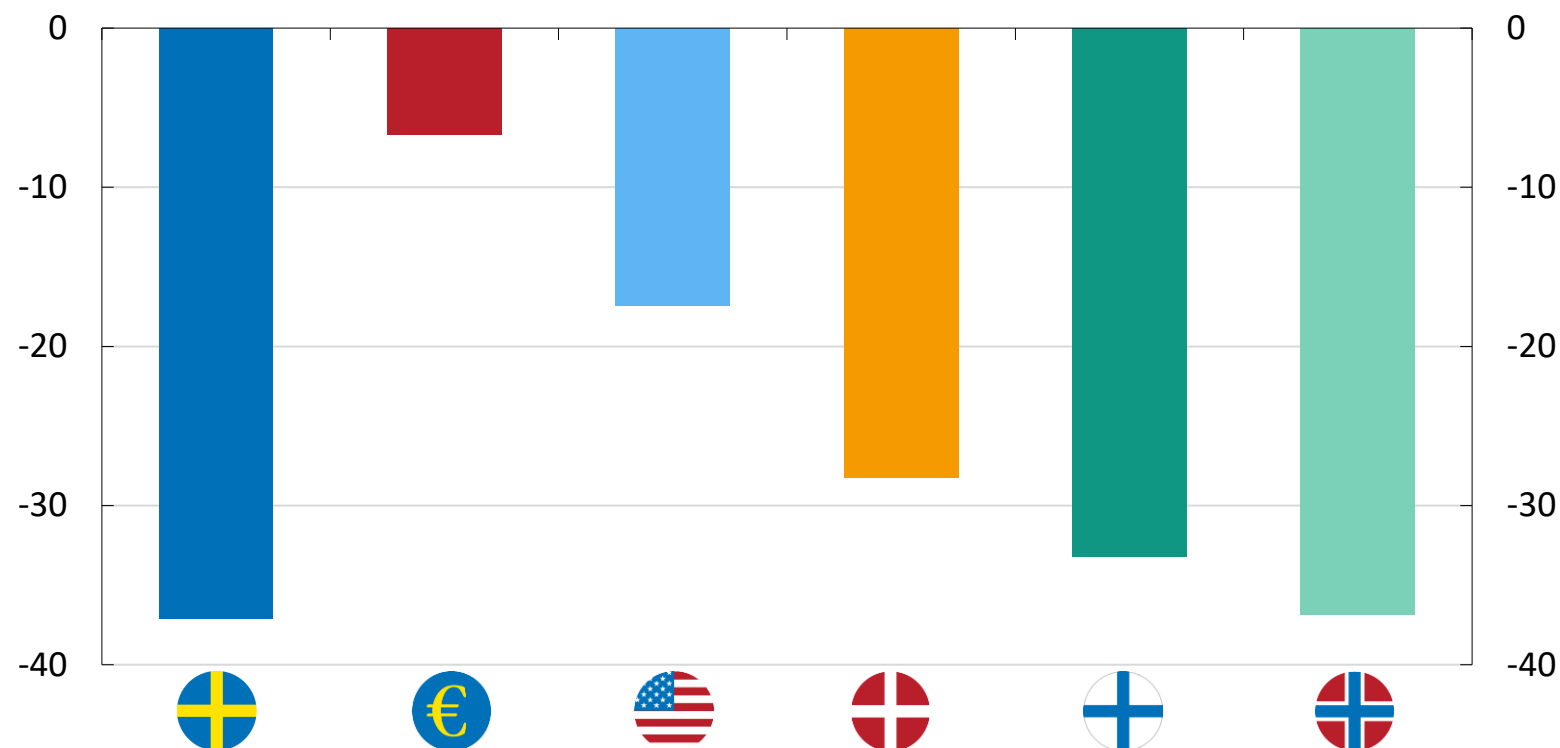
Housing prices



Per cent. Maximum decline after the third quarter of 2021. Seasonally adjusted data.
Sources: OECD, Valueguard and the Riksbank.

Largest decline in residential investment since the 1990s crisis

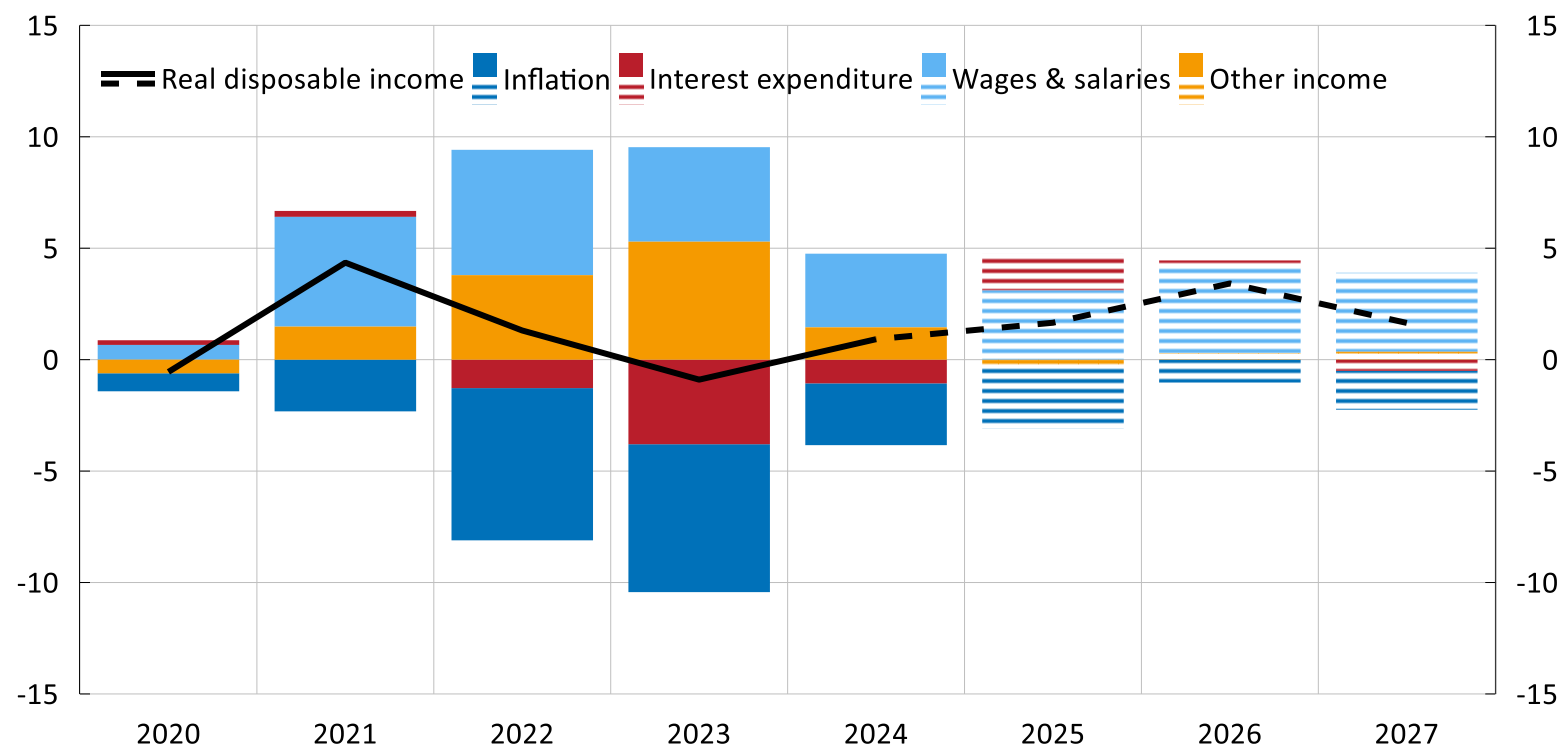
Residential investment



Per cent, change 2021Q3-2025Q3 (Norway up to 2025Q2). Refers to per capita. Seasonally adjusted data.
Sources: OECD, Statistics Sweden and the Riksbank.

Rising real incomes ahead

Contribution to real disposable income growth

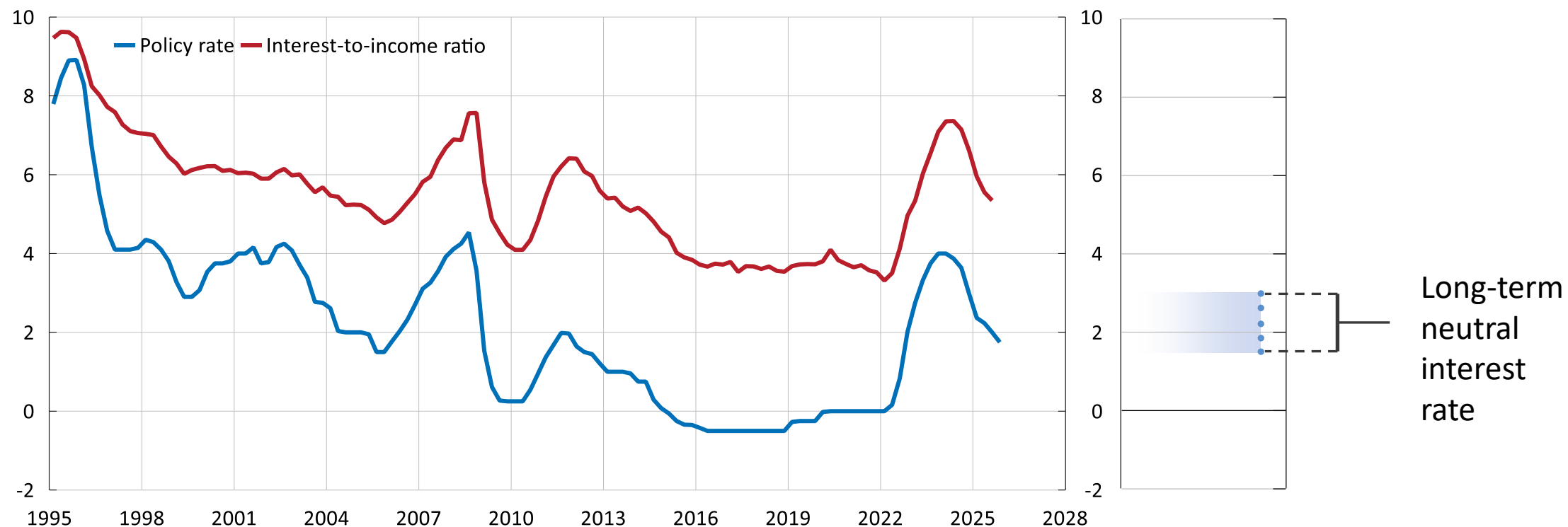


Annual percentage change and percentage points Contribution to annual percentage change of real disposable income. Dashed line and striped bars represent the Riksbank's forecasts.

Sources: Statistics Sweden and the Riksbank.

Interest rates are back to more normal levels

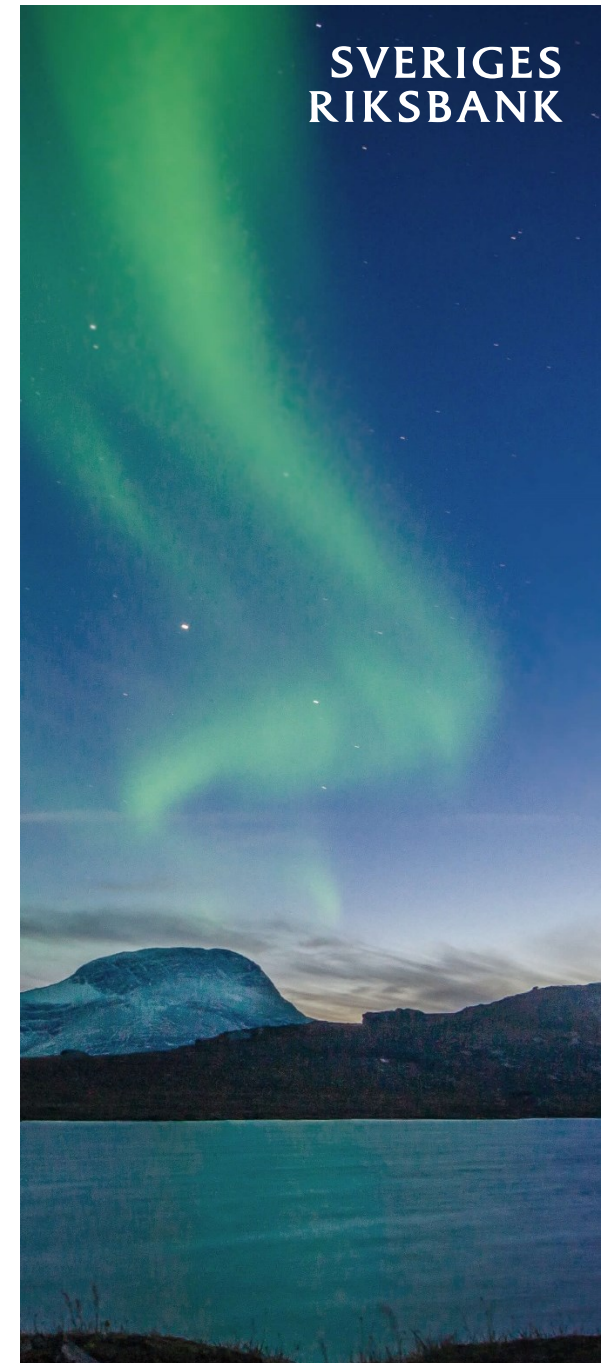
Policy rate and interest-to-income ratio



Per cent. Interest costs before any interest deductions as a share of household disposable income. Dashed lines represents the Riksbank's forecast. Shaded area shows the estimated interval for the long-term neutral policy rate. Seasonally adjusted data.
Sources: Statistics Sweden and the Riksbank.

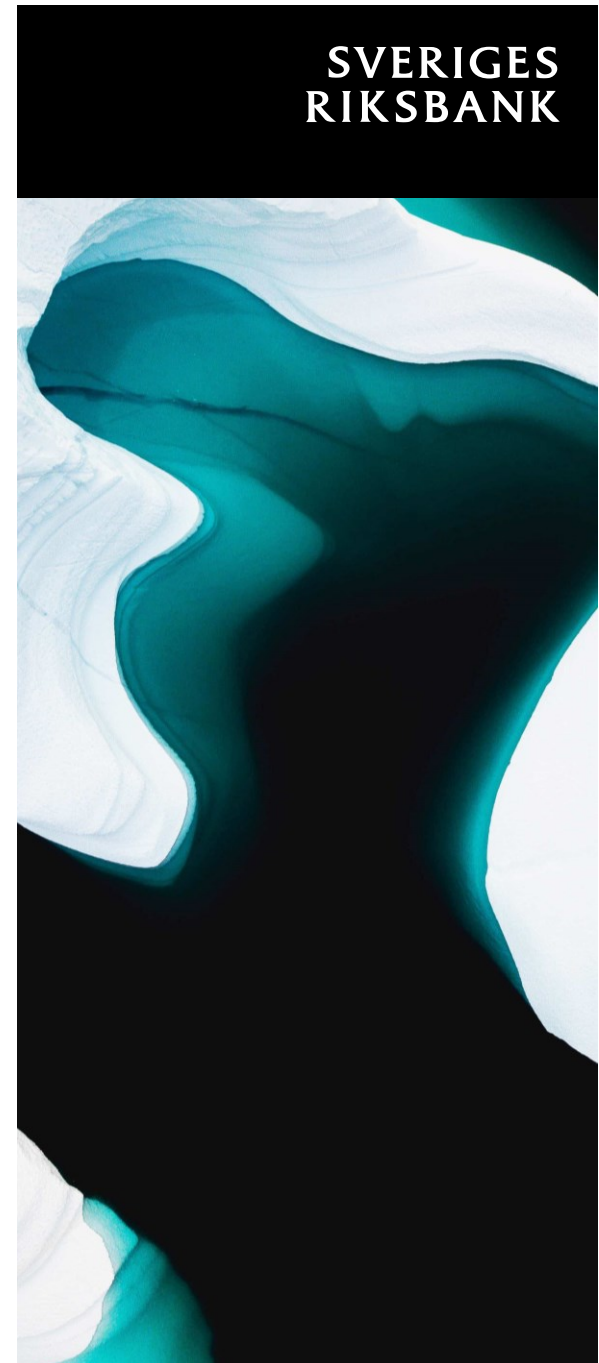
Sweden's larger decline in consumption is explained by several factors

- Growth in household labour income was subdued
- The weak krona contributed to higher inflation
- Household interest expenditure increased rapidly and a lot
- Housing prices fell by almost 15 per cent



Lessons from the high-inflation period

- Credibility of the inflation target confirmed
- The Riksbank needs to strengthen its forecasting capacity
- Household buffers must be protected
- Recognise that the krona may amplify inflationary impulses
- Housing construction needs to become less cyclical and more sustainable



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