Sweden’s Riksbank losing fight against inflation

Written by Staff reporter
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Sweden’s Riksbank looks for new ways to fight deflation. But a banker who once worked there says the likelihood it will succeed is looking increasingly remote, Bloomberg reports.

“I find it hard to believe that they will achieve the goal of weakening the krona to boost inflation,” Robert Bergqvist, chief economist at Scandinavia’s biggest currency-trading bank, SEB AB, and a former researcher at the Riksbank, told the news bureau.

Even after resorting to negative policy rates and quantitative easing to weaken the krona, the Riksbank has failed to rid Sweden of persistent bouts of deflation, the report said.

Consumer prices were up 0.2% annually in Sweden last month; far below the Riksbank’s 2% target.

Riksbank Governor Stefan Ingves said last week that a pick-up in growth and inflation in Europe would be positive for Sweden and the Riksbank will carefully watch developments in the European Central Bank's bond buying programme.