

Sweden's Riksbank jumps ahead of the pack and raises the Policy rate

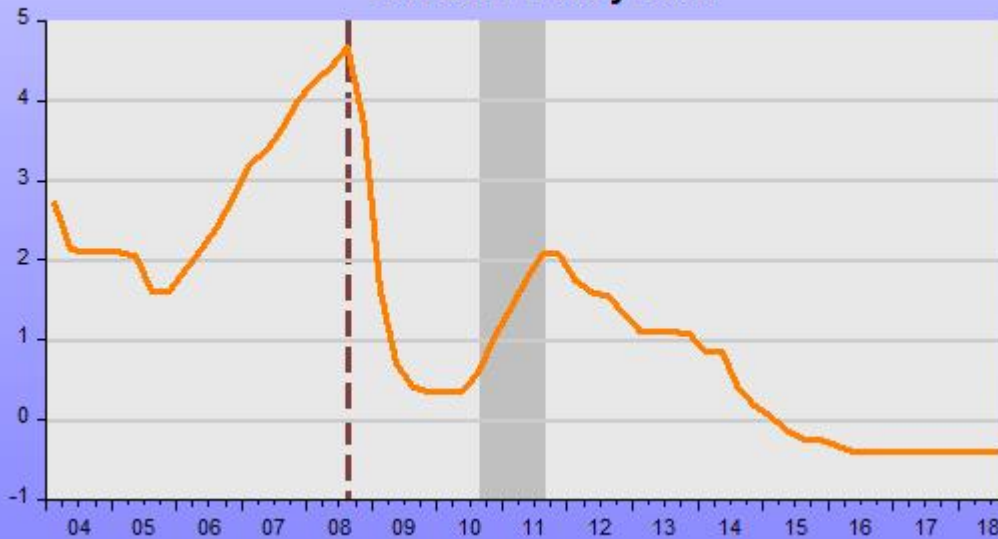
The last time they took the lead in raising rates was in 2010-11. The stated reason was they were worried about high asset (house) prices.

Today, they "innovated":

The Riksbank said that its decision follows an assessment that **"the employment rate is historically high**, companies are reporting major shortages of labor and cost pressures are rising."

As the charts show, in 2010-11 the damage was big. Aggregate nominal spending (NGDP) was on the "road to Nirvana", but the Riksbank raising rates aborted the process.

Sweden: Policy Rate



Sweden: NGDP & Trend



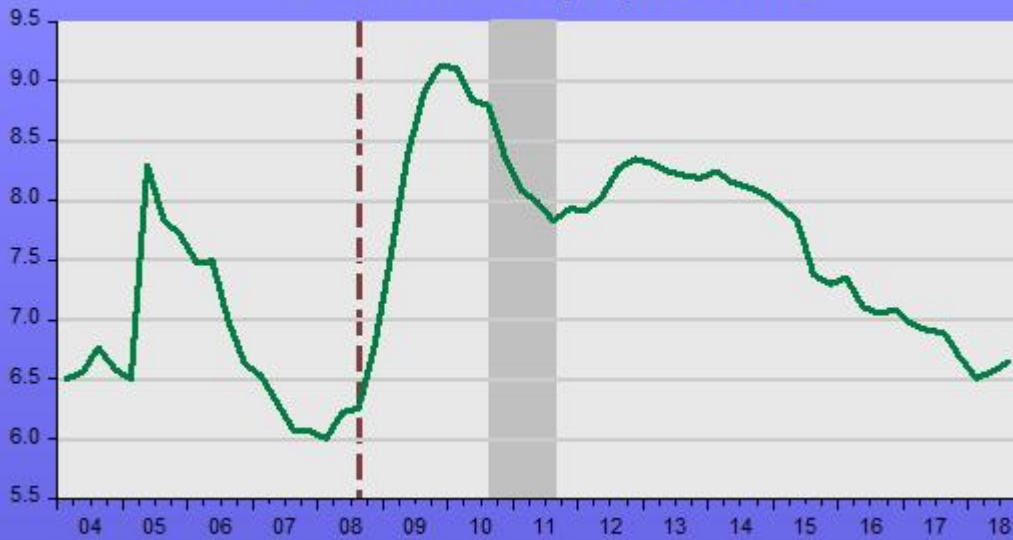
Note that currently, NGDP has flattened. Maybe the Riksbank wants it to come down a bit!

Reflecting the flattening of NGDP, the employment rate has lost steam, while the unemployment rate ticked up.

Sweden: Employment Rate



Sweden: Unemployment Rate



No matter where they operate, central bankers are proving to be quite incompetent!
