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19 March 2025

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## No full ceasefire in Ukraine but a German stimulus package and today focus on the Fed

### Global key stories

After two days of gains, the stock markets turned down again yesterday in the US. The S&P -1.1% and the Nasdaq as much as -1.7% after technology stocks in particular weighed in cautious trading ahead of the Fed's interest rate announcement today and increased geopolitical unrest. BofA's monthly survey of global fund managers for February showed that investors reduced their holdings in US stocks more than ever (FT pay link [here](#)) – another piece of the puzzle in explaining the weak performance of US stock indices recently. European stock markets responded positively to Germany's vote for a loosening of the debt brake (more below) where the German Dax rose by 1.0% and the Euro Stoxx 50 by 0.7%. In Asia, there is a bit of a mixed development today. As expected, the Bank of Japan left interest rates unchanged at 0.5% at its interest rate meeting last night and the yen continued its recent days weakening. The EUR/USD continued higher and closed for the first time above its the day before the US presidential election last autumn. Oil prices turned lower again after two days of gains and are trading this morning at USD 70.37 per barrel.

**Today's agenda** includes Swedish inflation expectations (more below), a new economic forecast from [the Swedish Ministry of Finance](#) (13:30) but above all a new interest rate announcement from the Fed (more below).

**No ceasefire but a 30-day pause on attacks on energy plants.** Russian President Vladimir Putin yesterday did not agree to the 30-day ceasefire proposed by the United States and which Ukraine had previously said it was willing to agree to. However, Russia agreed to a ceasefire on energy infrastructure, which Ukraine has also said it supports. The United States has already announced that further negotiations will begin immediately specifically with a focus on a ceasefire on the Black Sea.

**The German Parliament approved the stimulus package.** The majority that was needed was secured and the Bundestag thus voted yesterday through the proposal for an infrastructure fund of 500 billion euros over 10 years and an adjustment of the debt brake that, among other things, enables rapidly increased defense appropriations. The legislation still has to go to the upper house of the Bundesrat on Friday, but it does not seem that it will be a problem if it is approved there. The decision is positive for German and European growth and future defense capabilities, and we write more about this in today's Eye "German growth boost as fiscal policy gears up" ([in Swedish here](#)).

**The Fed leaves interest rates unchanged and continues to forecast two cuts in 2025.** We, the economist collective and the market (based on pricing) are in agreement that the Fed will not change the interest rate at its rate announcement today **at 19.00 CET**. As for quantitative tightening, they may be able to slow down slightly or pause due to debt ceiling issues. We expect the Fed to continue signaling that policy is data-dependent and that Fed Chair Jerome Powell will lift growth risks from tariffs, but not enough to signal a cut at the next meeting in May. FOMC members' median forecasts are expected to continue signaling two cuts in each and one of the years 2025 and 2026 and we expect

only small changes in their growth and inflation estimates. We do not believe that the interest rate announcement in itself will have a major impact on the market, but the market's focus will be on what is said about growth going forward. Read more in our Fed Preview [here](#).

## Nordic key stories

**Our usual survey in the trading room prior to the Riksbank's interest rate announcement** shows that all respondents expect to leave the policy rate unchanged at 2.25% at their meeting in March. Most (94%) expect the policy rate path to continue to signal that the policy rate will remain at 2.25% in 2025, in line with the rate path from December. Market reactions are expected to be very small if the Riksbank leaves the policy rate and the interest rate path unchanged. Read more [here](#).

**Rising Swedish inflation expectations.** In the morning, Swedish inflation expectations are published, this time the larger quarterly survey that also includes labour market organisations. We believe that expectations have risen compared with December, in line with the monthly surveys among money market participants, as well as higher actual inflation. Money market expectations in the short term are also likely to rise in the wake of higher actual inflation. Expectations for 5 years ahead are expected to remain close to the target, in line with the historical average.

## Today's key events

For graphs and analysis of the week's most important data, click [here](#)

Time	Country	Event	Period	SEB forecast	Consensus	Last
08:00	SWE	<b>Origo group inflation exp 1y   2y   5y</b>	<b>Mar</b>	<b>2.1   2.2   2.1</b>	<b>---</b>	<b>1.7   2.0   2.0</b>
11:00	EA	Labour costs yoy	4Q		---	4.6
11:00	EA	CPI   core yoy	Feb F		0.5/2.4   2.6	0.5/2.5   2.6
19:00	US	<b>FOMC rate decision (lower bound)   (upper bound)</b>	<b>Mar-19</b>	<b>---</b>	<b>4.25   4.50</b>	<b>4.25   4.50</b>
19:00	US	Fed interest on reserve balances rate	Mar-20		---	4.4
19:00	US	FOMC median rate forecast: this y   next y   +2y   long-run	Mar-19		---	4.375   3.875   3.875
21:00	US	Net long-term TIC flows   total	Jan		---	USD 72.0bn   87
22:45	NZD	GDP qoq/yoy	4Q		0.4/-1.4	-1/-1.5

**Auctions:** SWE to sell bills (11:00), NOR to sell bonds (11:00), GER to sell bonds (11:30), EU to sell bills (12:00), US to sell bills (16:30). **Speeches:** ECB's Villeroy/Centeno/Guindos/Elderson (11:45/12:30/13:00/14:00). **Other:** Tripartite Social Summit (13:00). **Riksbank monetary policy meeting (09:00).** Swedish Finance Minister Sventesson presents new economic forecasts (13:00). **UK:** Prime Minister Starmer presents new economic forecasts (13:00). **Other:** White Paper on the Future of European Defence.

## Market data

Equities	Index	FX		Commodities	
S&P 500	-1.07%	EUR/SEK	10.99	Brent fut \$/bl	70.31
NASDAQ	-1.71%	USD/SEK	10.06	Gold fut \$/oz	3037
Estoxx 50	+0.64%	NOK/SEK	0.9506		
OMX 30	+0.01%	EUR/NOK	11.56		
Nikkei 225	+0.04%	EUR/USD	1.0932		
Shanghai	-0.03%	USD/CNY	7.24		

*US and Europe indices are change at yesterday's close*

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