US monetary conditions have eased slightly, but still overall neutral

- US monetary conditions have eased slightly over the past year but remain within what we consider to be a broadly neutral monetary stance. Hence, our composite indicator is close to zero. Financial markets developments – such as inflation expectations and the US stock markets – have essentially been telling the same story.
- As US monetary conditions are broadly neutral the Federal Reserve should be on the way to more or less deliver on its 2% inflation target in the medium-term. We expect US inflation (PCE core) to be 1.8%, 1.8% and 1.9% in 2017, 2018 and 2019 respectively.
- *Broad money supply* (Disilvia M4-) and *nominal demand* (private consumption expenditure) are presently growing more or less in line with what we believe to be consistent with 2% inflation in the medium-term.

### Composite indicator

![Composite indicator chart](chart)

### Inflation (%y/y)

![Inflation chart](chart)

### Broad money supply (%y/y)

![Broad money supply chart](chart)

### Nominal demand (%y/y)

![Nominal demand chart](chart)

### Exchange rate development (%y/y)

![Exchange rate development chart](chart)

### Key policy rate (%)

![Key policy rate chart](chart)