The Swedish Economy
June 2023

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Preface

Ylva-Hedén Westerdahl, director of the forecasting division, has led the work to produce this forecast. The forecast is based on available statistics published up to the 16th of June 2023.

Stockholm, June 2023

Albin Kainelainen
Director-General

Contents

The Swedish Economy, June 2023

The Swedish economy will operate below capacity both this year and next. Sweden's rate-sensitive households have been hit hard by high inflation and higher interest rates, as has residential constructions, which is now falling fast. Together with a slow-down in exports, this means that GDP will decrease slightly in the coming quarters. Demand for labour is still strong, however, and there are no signs yet of the labour market deteriorating. The downturn in the economy is expected to be short-lived and mainly takes the form of lower productivity than normal in the business sector. It will have only a limited impact on the labour market, and unemployment will rise much less than in previous downturns. CPIF inflation will continue to fall and will be well below the Riksbank's inflation target in the second half of 2024. The Riksbank will therefore commence a series of rate cuts in the second quarter of next year. Fiscal policy will also be reori-ented to support the economic recovery. The central government budget for 2024 is assumed to contain unfunded measures of SEK 45 billion, of which SEK 25 billion will target households. However, monetary policy will play the lead role in stabilising the economy in the coming years.

## GLOBAL SERVICE SECTOR MORE POSITIVE

Sweden's most important trading partners have seen subdued growth in recent quarters, mainly as a result of strong inflation and rising interest rates. China is the exception as its economy have expanded rapidly on the back of strong consumption of services following the lifting of Covid-19 restrictions at the end of 2022.

US GDP grew by 0.3 per cent in the first quarter, while the euro area moved in the opposite direction, with GDP decreasing slightly for a second successive quarter (see Diagram 1). Growth in the US was driven primarily by a strong increase in household consumption, which also meant that stockbuilding was weak and held back GDP growth. In the euro area, there was weak spend-ing in a number of countries, including Germany and Spain. GDP growth was, however, positive in the other Nordic coun-tries, which are important trading partners for Sweden.

The global Purchasing Manager Index (PMI) point to better growth in the second quarter in many countries (see Diagram 2). The global index has picked up to well above 50 in recent months, which indicates economic expansion. The improvement has been driven by a strong service sector, while the index for the manufacturing sector remains comparatively low (see Dia-gram 3).
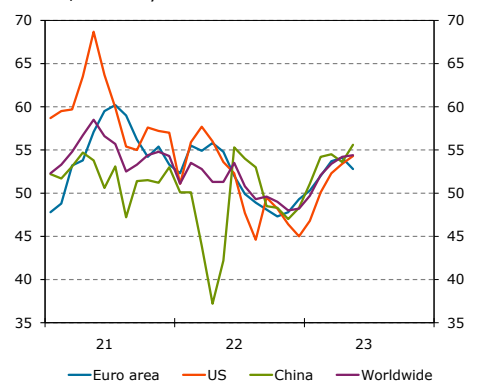
Diagram 1 GDP
Index 2019 quarter 4=100, constant prices, seasonally adjusted quarterly values
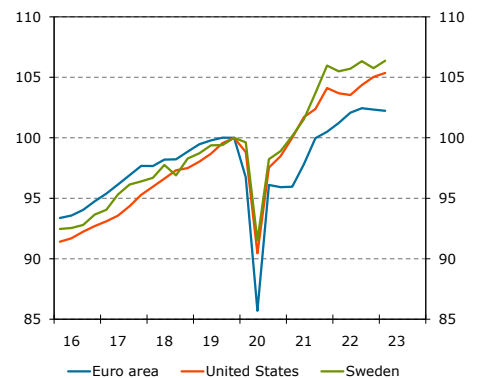
Sources: Eurostat, Bureau of Economic Analysis and Statistics Sweden.

Diagram 2 Weighted purchasing manager index in selected countries and regions
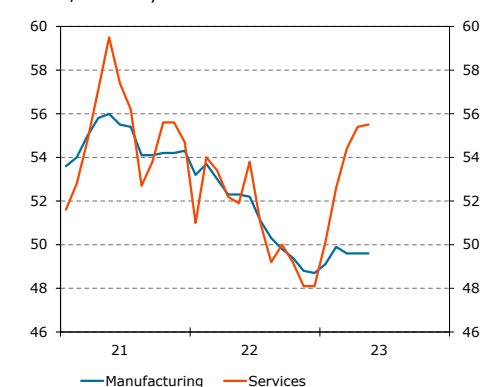Index, monthly values

Source: S&P Global, J.P. Morgan and Macrobond.

Diagram 3 Global purchasing manager index
Index, monthly values

Source: S&P Global.

GLOBAL INFLATION DAMPENS

Inflation abroad remains high (see Diagram 4) but has decreased in recent months. The decrease in inflation mainly relates to lower energy prices, but also to reduced supply chain disruption. Higher interest rates have also begun to affect inflation by dampening demand. Inflation has peaked in most countries, but core rates are still high. This is partly because prices for services are still rising relatively quickly, and partly because wage growth has accelerated. Inflation will continue to fall but will not be back around central banks' target levels until 2024 (see Table 1).

LABOUR MARKET STILL STRONG IN MANY COUNTRIES

The labour market has continued to perform strongly in both the US and the euro area, and unemployment has remained comparatively low (see Diagram 5). Wages have risen relatively quickly in recent months. Wages in the US began to climb almost two years ago, while wages in the euro area have recently risen to a similar extent.

Central bank policy rates in many countries have been raised rapidly to curb inflation. The Federal Reserve increased its policy rate to 5.25 per cent in May and is now expected to be done with rate hikes. The ECB, on the other hand, still has slightly further to go. Both banks are expected to begin to cut rates at the beginning of 2024 (see Diagram 6).

SUBDUED GDP GROWTH FOR SWEDEN'S MOST IMPORTANT TRADING PARTNERS

GDP growth for Sweden's most important trading partners (KIX-weighted) will be relatively weak both this year and next (see Table 1). Uncertainty in the forecast relates mainly to the outlook for inflation and interest rates. With inflation, there is a risk that strong inflation and accelerating wage growth will generate an upward wage-price spiral, but inflation could also come down more quickly than forecasted. With interest rates, the uncertainty relates partly to how far and for how long central banks will continue to raise rates, and partly to when they will begin to lower them again. There is also uncertainty about the size of the effects that previous hikes will have.

World trade dipped in late 2022 and early 2023. Growth in Sweden's export markets will be much lower in 2023 than in 2022 (see Table 1). It will pick up again in 2024 but remain subdued in a historical perspective.

Diagram 4 Consumer prices in selected countries and regions
Annual percentage change, monthly values
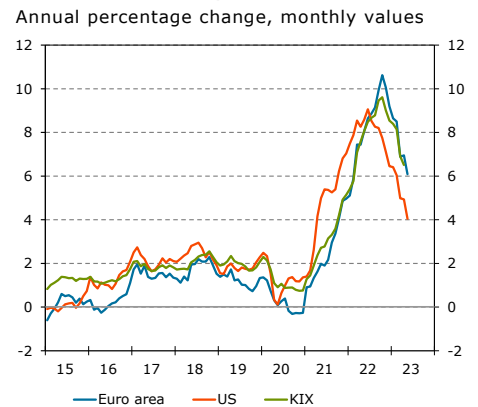
Sources: Eurostat, Bureau of Labor Statistics, OECD, The Riksbank and NIER.

Diagram 5 Unemployment
Per cent of labour force, seasonally adjusted monthly values
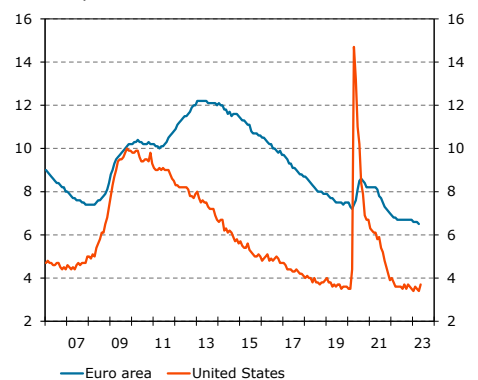
Sources: Eurostat and Bureau of Labor Statistics.

Diagram 6 Policy rates
Per cent, monthly- and daily values

Note. US policy rate refers to the upper bound of the target rate for the Federal funds rate.
Sources: Bank of England, Bank of Japan, ECB, Federal Reserve, Norges Bank, Macrobond and NIER.

Table 1 GDP and consumer prices

Percentage change

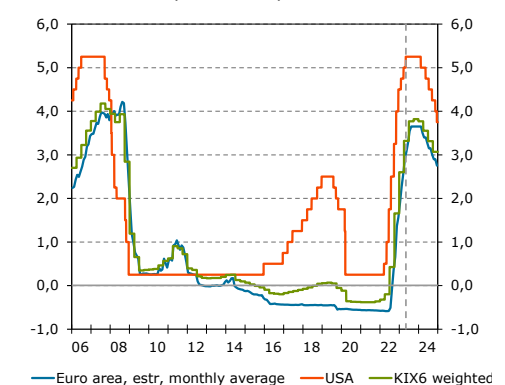|		Forecast		Scenario		
	2022	2023	2024	2025	2026	2027
Sweden's Export Market[1]	7,7	1,0	3,0	3,2	3,2	3,2
GDP[2]						
World	3,4	2,8	2,8	3,1	3,1	3,0
KIX-weighted[3]	3,1	1,3	1,7	2,1	2,1	2,0
Euro Area	3,5	0,5	1,2	1,6	1,5	1,5
US	2,1	1,4	0,7	1,6	2,0	2,0
China	3,0	5,6	5,0	5,1	4,8	4,7
Sweden	2,8	−0,2	1,4	3,5	2,5	1,7
CPI[4]						
KIX-weighted[3]	8,1	5,5	3,1	2,4	2,3	2,3
Euro Area	8,4	5,4	2,5	2,2	2,0	2,0
US	8,0	4,0	2,4	2,3	2,3	2,3
China	2,0	1,1	2,3	2,7	3,0	3,0
Sweden	7,7	6,1	1,8	1,9	2,0	2,0

[1] Export market growth refers to total import demand in the 32 countries that are Sweden's most important trading partners, each country is weighted according to its share of Swedish goods exports. [2] The figures for GDP are the calendar-adjusted change expressed in constant prices. The global aggregate is calculated using time-varying purchasing power parity GDP weights from the IMF. [3] KIX-weighted GDP and CPI is an aggregate calculated using the Riksbank's KIX weights, which cover Sweden's 32 most important trading partners. [4] The aggregate for the euro area has been calculated using consumption weights from Eurostat. For Sweden the CPIF-index is shown.

Sources: Eurostat, IMF, OECD, Macrobond, the Riksbank and NIER.

STOCKBUILDING AND EXPORTS BRING UP SWEDISH GDP IN THE FIRST QUARTER

After a weak ending of the fourth quarter last year, Swedish GDP grew 0.6 per cent in the first quarter this year compared to the last quarter 2022 (see Diagram 7). Exports increased strongly, and stockbuilding made a substantial contribution to GDP growth. Domestic final demand was weak, however, with household consumption falling more than 1 per cent. In the forecast, stockbuilding continue to grow in 2023, but more slowly than in the first quarter. This is one of the reasons why GDP is expected to fall in the coming quarters (see Diagram 7). The downturn will be relatively short-lived, however, and GDP will grow at slightly above the trend rate next year.

HOUSING INVESTMENT CONTINUES TO FALL

Gross fixed capital formation will weigh on GDP growth in the coming quarters. Housing investment began to fall in the third quarter last year and has seen a substantial decline (see Diagram 8). High financing and building costs and last year's drop in housing prices are putting pressure on residential builders'
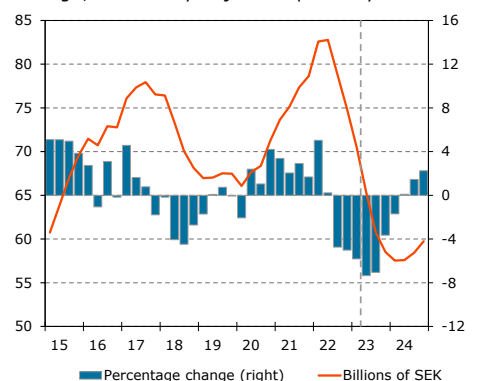
Diagram 7 GDP

Billions of SEK, constant prices and percentage change, seasonally adjusted quarterly values
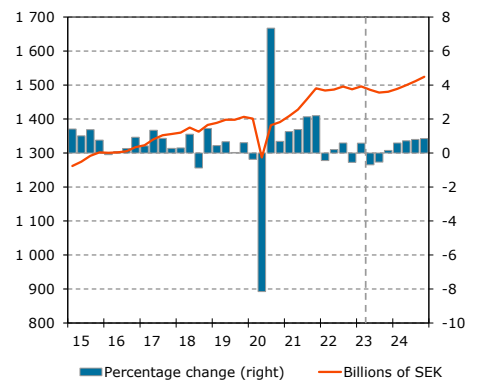
Sources: Statistics Sweden and NIER.

Diagram 8 Gross fixed capital formation, housing

Billions of SEK, constant prices and percentage change, seasonally adjusted quarterly values

Sources: Statistics Sweden and NIER.

margins. The slide in housing investment will continue this year and early next year before turning around in the second half of 2024. The overall decrease of 20 per cent for 2023 is the largest since 1995.

Investments in the manufacturing sector fell noticeably in the first quarter and will fall further in the coming quarters. Next year, it will grow again and return to normal levels in relation to value added. Manufacturing investment has been comparatively strong in recent years, and capacity utilisation is still high in parts of the sector. The green transition, for example, is generating investment in new production capacity.

Table 3 Domestic economy

Percentage change, constant prices

| | 2022 | Forecast | | Scenario | | |
		2023	2024	2025	2026	2027
Household Consumption Expenditure	1,9	−1,5	2,6	3,9	2,8	2,2
General Government Consumption Expenditure	0,1	1,3	1,5	1,2	1,7	1,7
Gross Fixed Capital Formation	6,1	−1,8	−0,6	4,6	4,8	3,1
Domestic Demand Excl. Stockbuilding	*2,6*	*−0,8*	*1,4*	*3,4*	*3,1*	*2,3*
Stockbuilding[1]	1,1	−0,6	−0,3	0,0	0,0	0,0
Total Domestic Demand	*3,7*	*−1,4*	*1,0*	*3,4*	*3,0*	*2,3*
Exports	7,0	2,4	2,5	3,5	3,8	3,1
Total Demand	*4,8*	*−0,1*	*1,6*	*3,4*	*3,3*	*2,6*
Imports	9,4	0,5	1,9	3,5	4,7	3,9
Net Exports	*−0,6*	*1,0*	*0,4*	*0,2*	*−0,3*	*−0,3*
GDP	**2,8**	**−0,4**	**1,4**	**3,4**	**2,6**	**1,9**
GDP, calendar adjusted	2,8	−0,2	1,4	3,5	2,5	1,7
GDP per Capita	2,1	−1,0	0,8	2,8	2,1	1,4
Current Account[2]	4,8	5,9	5,8	5,5	4,9	4,3

[1] Change in per cent of GDP the previous year. [2] Per cent of GDP, current prices.

Sources: Statistics Sweden and NIER.

Investment in the service sector excluding housing will increase this year, but less quickly than last year. All in all, gross fixed capital formation in the business sector will decline in the last three quarters of 2023 before staging a tentative recovery in the course of next year.

Government investment is set to grow strongly after a clear decrease during the pandemic (see Diagram 9). As many construction projects were put on hold, local government investment fell, leading to a pent-up need to invest in school buildings, retirement homes and the water and wastewater networks.

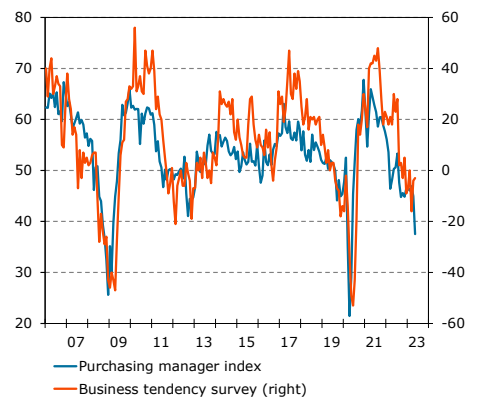**Diagram 9 Public investments**

Billions of SEK, constant prices and percentage change, seasonally adjusted quarterly values
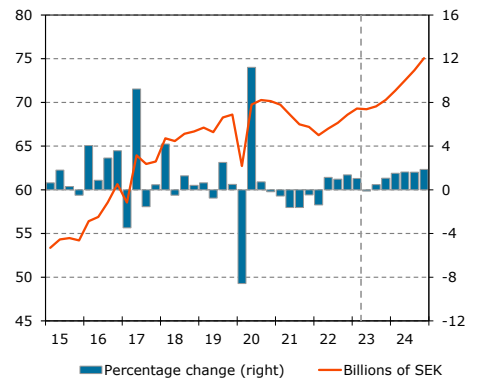
Sources: Statistics Sweden and NIER.

Diagram 10 Export order index in the manufacturing industry

Diffusion index and balances, seasonally adjusted monthly values

Sources: Swedbank/SILF, Macrobond and NIER.

Defence, in particular, will drive growth in central government investment in the longer term.

SWEDISH EXPORTS TO SLOW IN NEAR TERM

Although exports grew in the first quarter, the market for Swedish exports has deteriorated recently, and new export orders have been sluggish (see Diagram 10). Exports of goods decreased somewhat in April.[1] Exports of services are also estimated to have fallen and total exports are expected to see a slight decline in the second and third quarters after the strong first quarter. The outlook in the slightly longer term is brighter. The climate and energy transition worldwide and increased defence spending in Europe will favour many Swedish exporters. We forecast export growth of 2.5 per cent in 2024. By historical standards, however, both market growth and export growth will be fairly slow (see Diagram 11).

**DEFENCE TO PROP UP GOVERNMENT CONSUMPTION**

Government consumption will grow relatively strongly both this year and next (see Diagram 12). This year, a substantial increase in hours worked means that the production of collective[2] services – such as local and central government administration, defence, the police and the courts – will grow strongly. The increase in hours worked is due partly to growth in the workforce, and partly to sickness and holiday absence falling in the first quarter this year and now approaching normal levels after being elevated during the pandemic. Next year, spending on defence in particular, but also the judicial system, will prop up government consumption.

In local government, the number of schoolchildren is rising, as is the number of elderlies in the population who require elderly care and health care. On aggregate, demographic developments mean that consumption of individual services will increase. The local government sector will, however, come under pressure from rapidly rising costs, especially for intermediates and temporarily high pension contributions. Along with stronger wage growth, this means that local government finances will be very tight, and the sector will report a deficit for 2023 (see Diagram 13). To return to a surplus of around 2 per cent in line with the objective of sound financial management, the sector will make cutbacks that will rein in spending growth, primarily in 2024. Our forecast also assumes that central government allocates an additional SEK 15 billion to local government in 2024,

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[1] According to the foreign trade statistics, with own deflation and seasonal adjustment.

[2] Government consumption consists mostly of government production. In the national accounts, the volume of government production of collective services is calculated on the basis of inputs of labour (hours) plus volumes of intermediate consumption and depreciation. The production of individual services is calculated on the basis of outputs, such as the number of pupils in schools, hours of home care or number of hospital admissions.

Diagram 11 World market and Swedish exports
Percentage change, constant prices
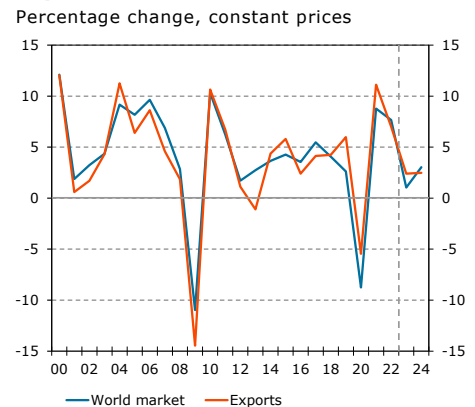
Note. The world market is calculated with Swedish export weights.
Sources: Statistics Sweden and NIER.

Diagram 12 Contributions to the public consumption growth
Percentage change and percentage points
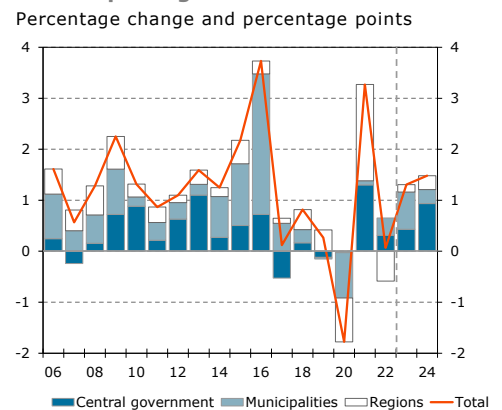
Sources: Statistics Sweden and NIER.

Diagram 13 Net lending and results in the municipal sector
Per cent of GDP
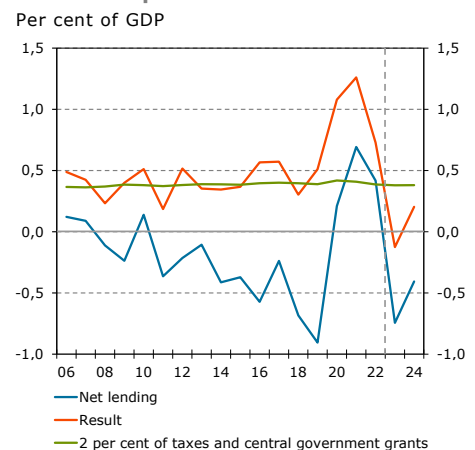
Sources: Statistics Sweden and NIER.

and that municipalities and regions draw on their equalisation re-serves, thus reducing the need for spending cuts.

TAX CUTS AND HIGHER INCOMES WILL SUPPORT SPENDING

After growing quickly in 2021, household consumption de-creased in three of the four quarters of 2022. Strong inflation and rising interest rates continued to put a damper on spending at the beginning of 2023. Consumption fell 1.3 per cent in the first quarter (see Diagram 14), due mainly to lower spending on goods. Consumption of both durables and non-durables was around 8 per cent down on the first quarter of 2023 compared to the same quarter last year. Pent-up demand for travel follow-ing the pandemic has meant that households have defied both a weak krona and strong inflation abroad to send foreign spending 20 per cent higher in the first quarter than in the fourth quarter of 2019 before the pandemic erupted.

Consumer confidence is still at record-low levels and points to further weak spending growth (see Diagram 14). There has, however, been a slight improvement in the indicator since the beginning of the year. This is mainly a result of consumers being less negative about the future, while they continue to report that they are worse off than a year ago (see Diagram 15). Both retail sales and the consumption indicator climbed in April, and spending is forecast to recover somewhat in the second quarter (see Diagram 14). Late 2022 and early 2023 were so weak, how-ever, that consumption this year will be lower than last year (see Diagram 16).

The strong labour market means that disposable income has increased. However, high prices and comparatively low wage growth have meant that real disposable income has deteriorated, and the savings rate has fallen despite lower spending. Con-sumption will, however, be boosted this year by fiscal policy propping up household disposable income. Households are also expected to be bolstered by fiscal policy next year, with tax cuts of SEK 25 billion and a further power price subsidy of SEK 13 billion (see the box "Assumptions about bottleneck revenue and power price subsidies"). The high rate of inflation this year means that indexed benefits in the social insurance systems will rise rapidly again next year due to the time lag in their implemen-tation. This means that transfer payments to households will rise relatively strongly next year.

In 2024, inflation will slow rapidly and the policy rate will head back down, while wage growth will still be comparatively strong, which means that real disposable income will grow rela-tively quickly. This will enable households to increase their spending considerably while also slightly increasing their saving (see Diagram 16). There is considerable uncertainty about the outlook for household consumption, however. Particularly un-certain is saving behaviour, which could lead to household

Diagram 14 Household confidence indicator and consumption expenditure
Index mean=100, seasonally adjusted monthly values and percentage change, seasonally adjusted quarterly values

Household consumption expenditure (right)
Household confidence indicator
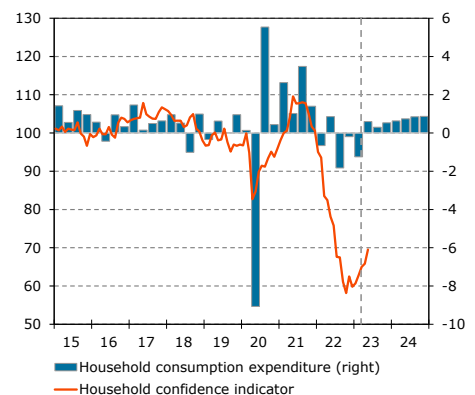
Sources: Statistics Sweden and NIER.

Diagram 15 Households view on their own economy
Standardised deviations from mean, monthly values

Outcome
Expectations
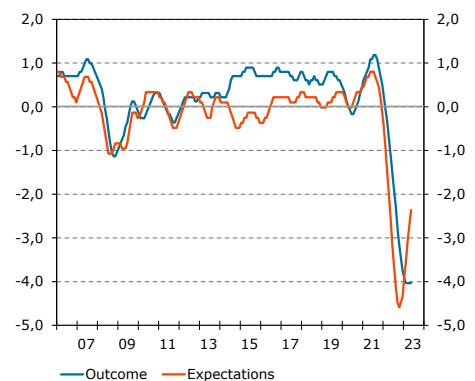
Source: NIER.

Assumptions about bottleneck revenue and power price subsidies

Owing to large differences in pricing between Sweden's different power price zones, grid opera-tor Svenska kraftnät has generated large amounts of so-called bottleneck revenue in re-cent years. This revenue amounted to SEK 68 bil-lion in 2022, and we estimate that there will be a further SEK 26 billion in 2023 and SEK 21 billion in 2024.

A number of different power price subsidies funded with this bottleneck revenue are being paid to households and firms in 2023. We esti-mate that the total amount of subsidy this year will be around SEK 54 billion, split more or less equally between households and firms. Our fore-cast assumes a similar subsidy programme in 2024 of SEK 26 billion, divided evenly between households and firms.

consumption growing either more quickly or more slowly than forecast.

LOWER PRODUCTION AFTER STRONG START OF THE YEAR

Growth in business sector production slowed in 2022 after a strong performance in 2021 (see Diagram 17). The slowdown was due partly to weaker demand from households and supply issues. After picking up in the first quarter this year, we expect production to fall again in the second and third quarters.

A decline in new orders is being reflected in manufacturing production, which has fallen for the past two quarters and will continue to decrease for the next two. Firms' production expectations have begun to pick up again in recent confidence surveys (see Diagram 18), which suggests that the downturn could be only temporary. Stronger demand abroad will help turn things around in 2024, and manufacturing production will grow again.

Despite stressed household finances and negative growth in retail production, production in the service sector held up in 2022, thanks mainly to strong growth in business services. Weaker demand from manufacturing means that business services will also begin to decline from the second quarter this year, resulting in an overall decrease in production in the service sector. It will then gradually accelerate again from the beginning of next year, thanks largely to business services beginning to grow again as production in the rest of the business sector starts to recover.

Expectations in the construction sector have been deteriorating since mid-2022. The indicator for residential builders has turned negative, while builders of non-residential construction and civil engineering are still positive (see Diagram 19). Despite a sharp drop in housing investment, overall construction activity has not yet begun to come down, thanks to resilience in non-residential construction and civil engineering. The sector's view of its order books has deteriorated since the end of 2022, and this will be reflected in decreased production from the second quarter this year. Production will continue to decline during the remainder of 2023 and the first quarter of 2024, before beginning to pick up again as interest rates come down and housing prices head back up.

Diagram 16 Household consumption, real disposable income and saving

Percentage change and per cent of disposable income plus collective savings

Household consumption
Real disposable income
Own financial saving (right)

Note. Savings is defined as household's total savings incl. savings in premium and occupational pension. Own financial savings are defined as household savings excluding real savings and savings in premium and occupational pensions. Both measures are put in relation to household's disposable income plus savings in premium and occupational pensions.
Sources: Statistics Sweden and NIER.

Diagram 17 Production in business sector

Billions of SEK, constant prices and percentage change, seasonally adjusted quarterly values
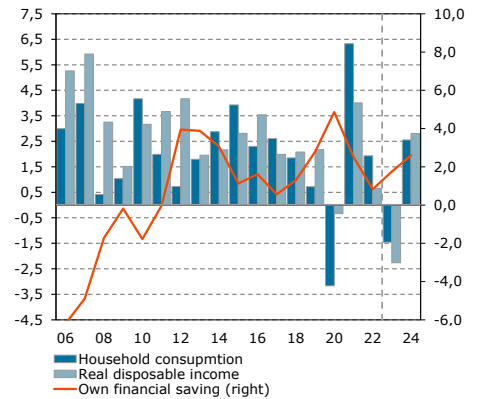

Percentage change (right)   Level
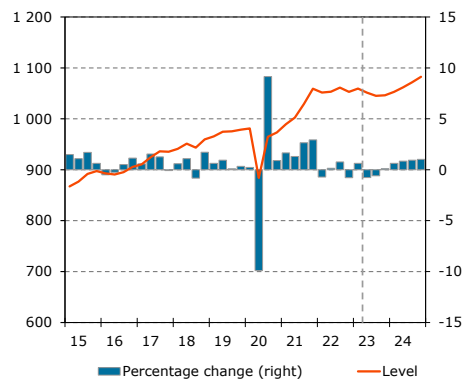
Sources: Statistics Sweden and NIER.

Diagram 18 Production volume in the manufacturing industry

Balances, seasonally adjusted monthly values

Outcome   Expectations
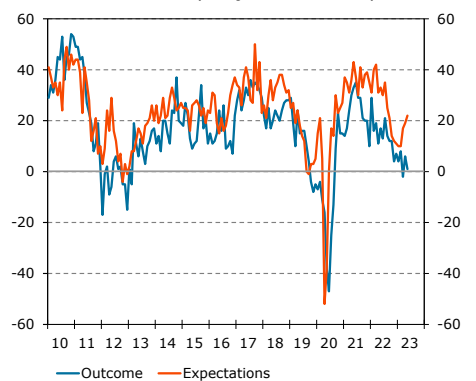
Source: NIER.

Table 4 Production

Percentage change, calendar-adjusted values

		Forecast		Scenario		
	2022	2023	2024	2025	2026	2027
Business Sector	3,3	–0,3	1,6	4,2	2,9	1,9
Goods Producers	1,9	–2,2	0,8	…	…	…
Of which: Industry	2,2	–2,6	1,7	…	…	…
Construction	2,7	–1,7	–0,9	…	…	…
Service Producers	4,0	0,7	2,0	…	…	…
General Government	0,8	1,6	0,9	1,1	0,8	0,9
Total Economy[1]						
GDP at Basic Prices	2,8	0,1	1,4	3,6	2,5	1,7
GDP at Market Prices	2,8	–0,2	1,4	3,5	2,5	1,7

[1] Including production in non-profit institutions serving households.

Note. Production refers to value added.

Sources: Statistics Sweden and NIER.

EMPLOYMENT TO DEFY ECONOMIC DOWNTURN

Despite firms reporting a downturn in demand in the Economic Tendency Survey, employment grew rapidly in the first quarter of 2023. The increase was particularly great among foreign-born men and women, where both the participation rate and the employment rate are at record highs according to the Labour Force Survey (see Diagram 20).[3] The strength of the labour market during the spring was confirmed in May by the number of people registered as unemployed with the Swedish Public Employment Service hitting its lowest level since March 2009.

The Economic Tendency Survey indicates that firms plan to continue to expand their workforce, especially in business services. Demand for labour will also be underpinned by a comparatively optimistic manufacturing industry (see Diagram 21). The picture of the labour market currently defying the economic downturn is supported by the number of job vacancies according to both Statistics Sweden and the Public Employment Service continuing at very high levels (see Diagram 22). The number of redundancies was also in line with the historical average during the spring. Employment is therefore expected to grow in the second and third quarters this year, but the downturn in the economy will have some effect on the labour market towards the end of the year, causing employment to fall somewhat. The decline in employment will continue at the beginning of next year, driven mainly by construction and retail. Employment in business services will continue to grow, but will decelerate as production in the sector decreases.

Production in the business sector will begin to recover in the fourth quarter this year. The recovery will have a slightly delayed

[3] The time series for the current definitions in the Labour Force Survey date back to 2005.

Diagram 19 Confidence indicator for house building and construction

Index mean=100, seasonally adjusted monthly values

Source: NIER.

Diagram 20 Employment rate, age 25–54

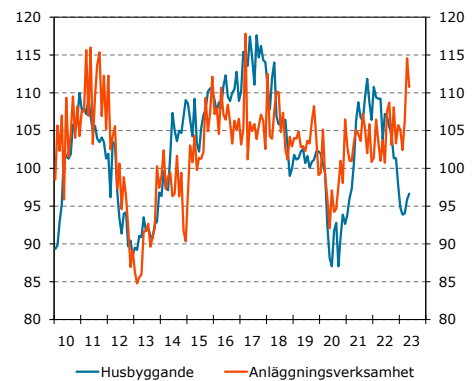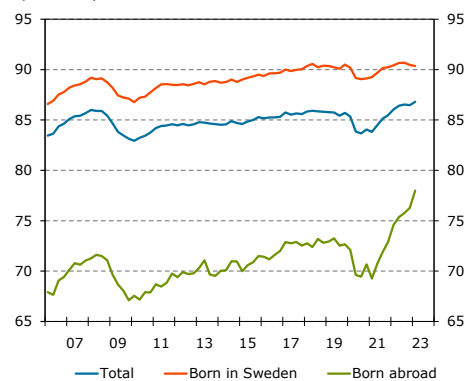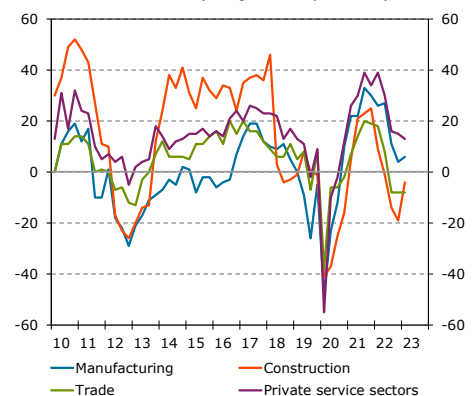Per cent of population, seasonally adjusted quarterly values

Sources: Statistics Sweden and NIER.

Diagram 21 Hiring plans

Balances, seasonally adjusted quarterly values
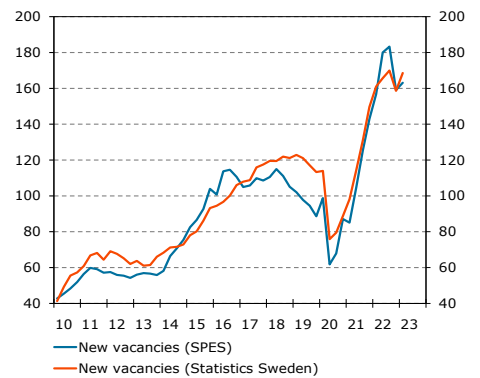

Source: NIER.

effect on employment, which will begin to grow again in the second quarter of 2024, albeit modestly.

Government production will grow slowly both this year and next, which will be reflected in weak employment growth.

Unemployment has continued to come down this year and is close to the estimated equilibrium rate (see Diagram 23). The labour force has expanded rapidly, but employment has grown even faster, resulting in lower unemployment. Since the fourth quarter of 2022, unemployment has stabilised at comparatively low levels in the Swedish-born population but continued to fall in the foreign-born population (see Diagram 24). The number of people registered as unemployed with the Public Employment Service for long periods is continuing to fall. The number registered as unemployed for more than 12 months was around 14 per cent lower in May than a year earlier. As the labour force continues to expand and the job-finding rate declines, however, unemployment will rise in the second half of this year and peak at 8.2 per cent in the third quarter next year (see Diagram 25). The forecast assumes that employers retain more staff than normal during an economic downturn, partly because the downturn is expected to be short-lived and partly because there are still substantial shortages of labour with the required skills in parts of the business sector. This means that the decrease in production will not be fully reflected in unemployment. The size of this effect is uncertain, meaning that unemployment could turn out higher or lower than forecast.

Diagram 22 New vacancies
Thousands, seasonally monthly- and quarterly values

Sources: Swedish Public Employment Service, Statistics Sweden and NIER.

Diagram 23 Unemployment and equilibrium unemployment
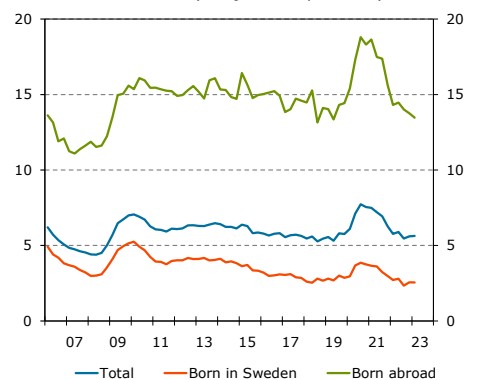Per cent of labour force, seasonally adjusted quarterly values

Sources: Statistics Sweden and NIER.

Diagram 24 Unemployment, age 25−54
Per cent, seasonally adjusted quarterly values

Sources: Statistics Sweden and NIER.

Table 5 The labour market

Percentage change and per cent, respectively

		Forecast		Scenario		
	2022	**2023**	**2024**	**2025**	**2026**	**2027**
GDP at Basic Prices[1]	2,8	0,1	1,4	3,6	2,5	1,7
Productivity, Total Economy[1]	0,5	−2,6	1,4	2,3	1,4	1,2
Productivity, Business Sector[1]	0,2	−2,8	1,6	2,7	1,7	1,6
Hours Worked[1]	2,3	2,7	0,1	1,3	1,0	0,5
Average Hours Worked per Person Employed[1]	−0,4	1,2	0,2	0,3	−0,1	0,0
Number of Employed	2,7	1,5	−0,1	1,0	1,2	0,5
Employment Rate[2]	69,0	69,6	69,1	69,4	69,9	69,9
Labour Force	1,2	1,5	0,6	0,7	0,6	0,5
Labour Force Participation Rate[2]	74,5	75,2	75,3	75,4	75,4	75,5
Unemployment[3]	7,5	7,5	8,1	7,9	7,3	7,3
Population Aged 15–74	0,3	0,6	0,5	0,5	0,5	0,5
Productivity Gap, Business Sector[4]	2,2	−1,7	−1,2	…	…	…
Labour Market Gap[5]	−0,4	0,1	−0,6	−0,3	0,0	0,0
GDP Gap[6]	1,3	−1,4	−1,6	−0,5	0,0	0,0

[1] Calendar-adjusted values. [2] Per cent of population aged 15-74. [3] Per cent of labour force. [4] Difference between actual and potential productivity in per cent of potential productivity in the business sector. [5] Difference between actual and potential hours worked in per cent of potential hours worked. [6] Difference between actual and potential GDP in per cent of potential GDP.

Sources: Statistics Sweden and NIER.

Diagram 25 Labour market situation
Per cent of population and labour force age 15–74, seasonally adjusted quarterly values
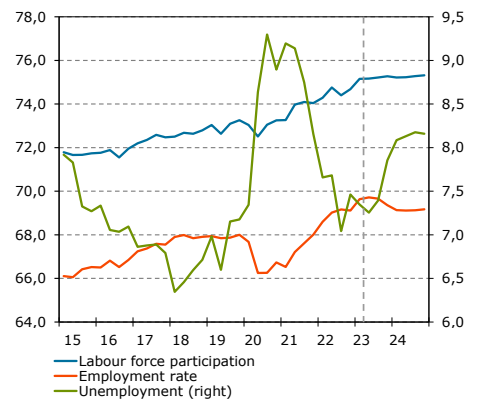
Sources: Statistics Sweden and NIER.

Diagram 26 Output gap and labour market gap
Per cent of potential GDP and potential hours worked, seasonally adjusted quarterly values

Source: NIER.

SWEDISH ECONOMY BELOW CAPACITY IN 2023

Weaker demand at home and abroad will weigh on GDP in the coming quarters, and resource utilisation in the Swedish economy as measured by the output gap will deteriorate in both 2023 and 2024 (see Diagram 26). The downturn is expected to be relatively short-lived and mainly take the form of lower productivity than normal in the business sector. The economy will return to full capacity in 2025.

The strong demand for labour that arose when the economy bounced back from the outbreak of the pandemic has meant that idle resources in the labour market have rapidly been taken into use. There has also been a sharp increase in the participation rate, and so resource utilisation in the labour market has not risen to much higher levels than normal (see Diagram 26). Resource utilisation in the labour market will begin to fall in the second quarter next year, and unemployment will be 8.1 per cent in 2024. As firms will retain a relatively large proportion of their workforce during the economic downturn, resource utilisation in the labour market will deteriorate less than in previous downturns.

WAGE GROWTH TO PICK UP IN SECOND QUARTER

Wages in the economy as a whole grew by 2.7 per cent in 2022, a much lower rate than seen abroad. This was partly because the central settlements from 2020 applied until the end of the first quarter of 2023. From the second quarter, new central settlements apply, meaning that wage growth will accelerate (see the box "New central settlements spell stronger wage growth").

Wage growth this year will be higher in manufacturing relative to others in the business sector, as a result of manufactur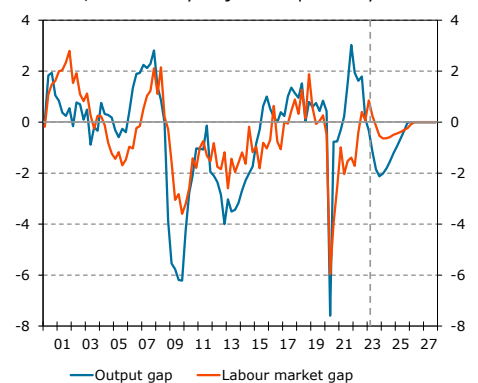ers having experienced a long period of labour shortages and comparatively strong profitability. In the second half of this year, unemployment will rise and the labour market as a whole will weaken. Together with the front-loaded structure of this year's central settlements, this means that wage growth in the business sector will shift up a gear this year before slowing again in 2024 (see Table 5, Diagram 27 and the box "New central settlements spell stronger wage growth").

Despite wage growth accelerating from the second quarter this year, real wages will continue to fall as a result of prices outpacing wages. So far, Swedish employees have lost the equivalent of a decade of real wage growth (based on the monthly wage statistics and CPIF inflation), meaning that their purchasing power was back at 2013 levels in March 2023 (see Diagram 28). Real wages will fall this year (based on CPIF inflation) but will grow again next year (see Table 5).

New central settlements spell stronger wage growth

Most central pay deals in the business sector expired on 31 March 2023, including the manufacturing settlement which serves as a benchmark for the rest. The new manufacturing settlement provides for wage growth of 7.4 per cent over two years, divided into 4.1 per cent in the first year and 3.3 per cent in the second. The breakdown between pay increases and other benefits will vary slightly between the different agreements.

The new benchmark settlement means that wage growth will accelerate from the second quarter of 2023. Wages in the business sector are estimated to rise by an average of 4.4 per cent in the first year of the settlement (up to and including the first quarter next year) and by 3.7 per cent during the remainder of 2024. As wage growth was lower in the first quarter of 2023 due to the previous settlement still applying, the full-year increase for 2023 is lower than it would have been if the new deal had applied to the whole of this year (see Table 5 and Diagram 27). There is also a pay review in the central government sector in October, which means that wage growth there will pick up from the fourth quarter.

Diagram 27 Hourly earnings
Percentage change, quarterly values
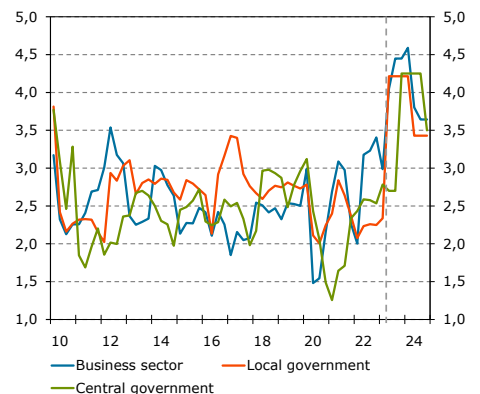
Sources: National Mediation Office and NIER.

Diagram 28 Real wage
Index 1995=100, monthly values
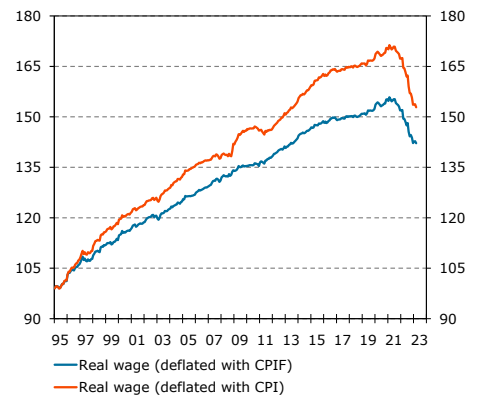
Sources: National Mediation Office, Statistics Sweden and NIER.

Diagram 29 Adjusted unit labour cost in the business sector
Percentage change, calendar-adjusted values
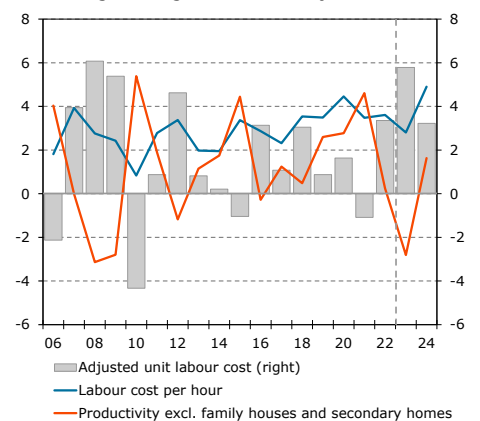
Note. The unit labour cost is adjusted for the number of hours worked by the self-employed and excludes one- and two-family houses and secondary homes.
Sources: Statistics Sweden and NIER.

UNIT LABOUR COSTS TO RISE SHARPLY IN 2023

Labour costs per hour will rise more slowly than wages in 2023. This is due to hourly wages in the national accounts not rising as quickly as hourly wages in the monthly wage statistics (see the box "Differences between wage measures"), and to lower employer contributions as a share of total wages. The latter results from the income base amount rising more quickly than wages in 2023.[4] Unit labour costs will nevertheless increase considerably this year as a consequence of low productivity growth in the business sector (see Table 5 and Diagram 29).

The profit share in the business sector has risen in recent years and was much higher than normal in 2022 (see Diagram 30). There are variations between industries, however, and a large part of the increase has been at firms that export much of their production and have been favoured by price movements abroad. The weak krona has enhanced this effect. The profit share in the business sector as a whole will decrease in 2023 as a result of the rapid rise in unit labour costs and will fall further in 2024 when inflation is back to more normal levels. The profit share will then be largely in line with the average since 2006 (see Diagram 30).

Differences between wage measures

Historically, hourly wages in the national accounts and hourly wages in the monthly wage statistics have mirrored each other fairly closely (see Diagram 31). During the pandemic years of 2020-2022, however, hourly wages in the national accounts rose an average of 1.3 percentage points more per year than hourly wages in the monthly statistics. The latter measure is based on agreed wages, while the former reflects the actual amount paid out in a given period (including sick pay, bonuses and overtime). Hourly wages in the national accounts are calculated as total wages divided by hours worked, making this measure more sensitive to fluctuations in hours worked. Hours worked fell sharply during the pandemic as a result of high sickness absence and short-time working. Firms also kept their employees, which meant that average working hours fell.

In the first quarter of 2023, hours worked climbed sharply, thanks partly to reduced sickness absence, especially in the government sector. As sickness absence returns to pre-pandemic levels, hourly wages will rise more

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[4] The income base amount mainly affects premiums in the ITP1 occupational pension system, because much higher premiums are paid for earnings in excess of 7.5 times the income base amount. When the income base amount rises more quickly than wages, the share of earnings in excess of 7.5 times the multiplier will decrease, and so employers as a whole will not need to pay as much in employer contributions relative to total wages as they did in previous years. Even if employer contributions increase overall in absolute terms, they will fall as a share of total wages.

Diagram 30 Profitability in the business sector
Per cent, annual values and balances, seasonally adjusted quarterly values

Profitability assessment
Profitability assessment, average 2006-2022
Adjusted profit share (right)
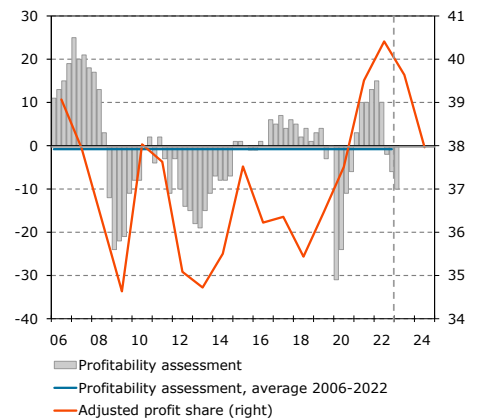
Sources: Statistics Sweden and NIER.

Diagram 31 Hourly wage according to KL and NR
Percentage change

KL-timlön   NR-timlön
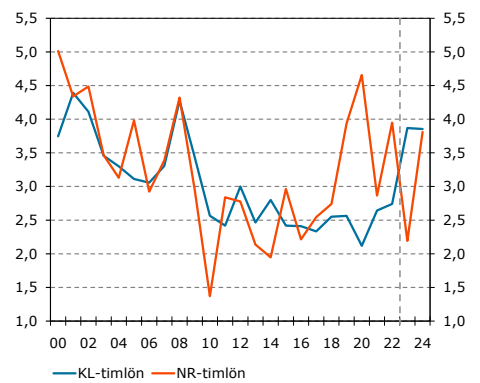
Sources: National Mediation Office, Statistics Sweden and NIER.

Diagram 32 Consumer prices
Annual percentage change, monthly values

CPIF   CPIF excl. energy

Sources: Statistics Sweden and NIER.

slowly in the national accounts than in the monthly statistics (see Diagram 31).

Table 6 Wages and labour costs

Percentage change and per cent, respectively

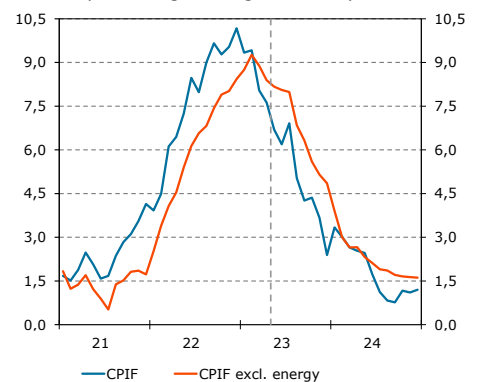|		Forecast		Scenario		
	2022	2023	2024	2025	2026	2027
Hourly Earnings, Total Economy[1]	2,7	3,9	3,9	3,9	3,9	3,7
Hourly Earnings, Business Sector[1]	3,0	4,0	3,9	3,9	3,9	3,7
Hourly Labour Costs, Business Sector[2]	-5,0	-2,2	2,0	…	…	…
Productivity, Business Sector[2]	2,7	3,9	3,9	3,9	3,9	3,7
Adjusted Unit Labour Cost, Business Sector[3]	3,0	4,0	3,9	3,9	3,9	3,7
Adjusted Profit Share, Business Sector[4]	-5,0	-2,2	2,0	…	…	…

[1] According to the Short-Term Earnings Statistics. [2] According to the National Accounts, calendar-adjusted values. Excluding one- and two-family houses and secondary homes. [3] Excluding one- and two-family houses and secondary homes, and adjusted for the number of hours worked by the self-employed. [4] Excluding one- and two-family houses and secondary homes, and adjusted for the number of hours worked by the self-employed, not calendar-adjusted values. Calculated at factor price.

Sources: Statistics Sweden and NIER.

INFLATION EX ENERGY IN LINE WITH RIKSBANK TARGET IN 2024

CPIF inflation – the increase in the consumer price index with a fixed interest rate – was 6.7 per cent in May 2023 (see Diagram 32). Prices for services climbed unexpectedly sharply from April to May, and the increase was broad-based. Hotel accommodation, fast food and rental cars were among the services that jumped in price during the month. Services will continue to make a strong contribution to inflation, due partly to higher pay increases. The contribution from goods, on the other hand, will fall (see Diagram 33 and Table 6). This is partly because global energy and freight prices have dropped back, and partly because global demand for goods has weakened.

The forecast assumes that the greenhouse gas reduction obligation for diesel (i.e. the amount of biofuel in diesel blends) will be lowered from 30.5 per cent to 6.0 per cent in January 2024. This means that diesel prices, which have already come down somewhat, will fall further in 2024 (see Diagram 34). Together with lower power prices (see Diagram 35), this will ease cost pressures on firms and in turn put a damper on consumer prices.

Diagram 33 Contribution to CPIF inflation
Percentage points and annual percentage change, quarterly values

Energy
Goods
Services
Housing excl. interest costs and energi
Interest costs, capital stock
CPIF inflation
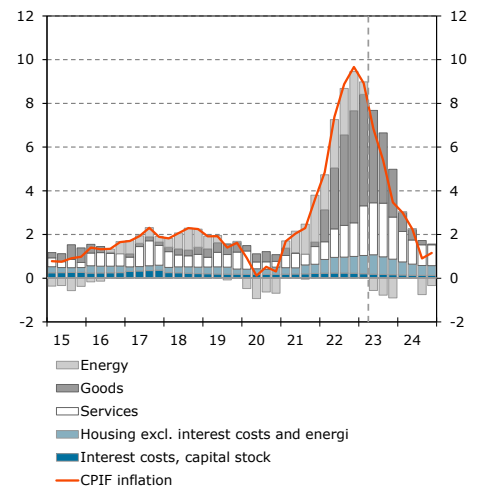
Diagram 34 Fuel prices
Kronor per liter, monthly values

Petrol (95-octane)   Diesel
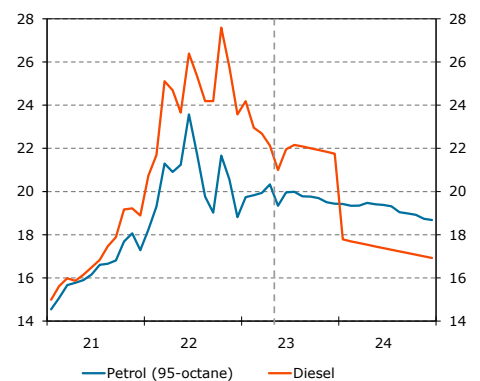
Anm. Avser riktpris vid bemannad mack.
Sources: OK-Q8 and Macrobond.

Diagram 35 Spot price for electricity in Sweden
Öre per kilowatt hour (kWh), monthly values
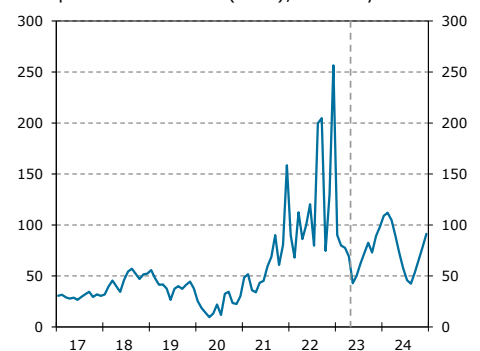
Note. Prices for four price areas have been weighted together by NIER on the basis of the geographical distribution of household electricity use.
Sources: Nordpool, Macrobond and NIER.

Table 7 Consumer prices, interest rates and exchange rates

Percent, percentage change and index, respectively. Annual average unless otherwise indicated.

		Forecast		Scenario		
	2022	2023	2024	2025	2026	2027
CPI	8,4	8,7	2,7	1,2	2,1	2,2
Interest Costs, Interest Rate[1]	17,8	67,2	12,6	−10,9	0,8	2,0
CPIF	7,7	6,1	1,8	1,9	2,0	2,0
Goods	7,3	8,5	0,9	…	…	…
Services	4,7	7,2	3,5	…	…	…
Housing ex Mortgage Interest Costs and Energy[2]	4,2	5,0	3,1	…	…	…
Energy	32,9	−7,3	−4,0	…	…	…
Interest Costs, Capital Stock[1]	6,9	5,7	4,3	4,0	3,5	3,4
CPIF ex Energy	5,9	7,3	2,2	…	…	…
HICP	8,1	6,1	1,9	…	…	…
Repo Rate[3]	2,50	3,75	2,25	1,75	1,75	1,75
Ten-Year Government Bond Yield	1,5	2,5	2,7	2,7	2,7	2,8
Effective Krona Exchange Rate Index (KIX)[4]	121,1	127,4	127,0	124,6	122,2	119,8

[1] The CPI's mortgage interest cost component is the product of the capital stock and interest rate components. Energy denotes costs for electricity, gas, heating and fuel. [2] Rent, repair costs, depreciation (renovation costs), ground rent and property tax, insurance, water, sewage, cleaning and chimney sweeping. [3] At year-end. [4] Effective exchange rate index based on the Riksbank's KIX weights for 32 countries with a base of 100 at 18 November 1992. A higher index corresponds to a weaker krona.

Source: Statistics Sweden and NIER.

The krona weakened during the spring, counteracting the effects of lower global freight and energy prices. All in all, the exchange rate fell more than 6 per cent from May 2022 to May 2023.[5] The sharp rise in prices over the past couple of years may be a sign that firms have become faster at passing on cost increases to their customers. The recent fall in the krona may therefore feed through to consumer prices more quickly than historically. The weak krona and higher wage growth mean that inflation will remain above 2 per cent until summer next year, but inflation will be below 2 per cent in the second half of 2024 even when the direct effects of energy prices are excluded (see Diagram 32). Note that our forecast for monthly inflation is roughly in line with the Riksbank's target from as early as the middle of this year (see Diagram 36 and the box "Monthly inflation").

As Sweden is a small, open economy, inflation is heavily influenced by price movements abroad. Our forecast allows for exchange rate effects, expected movements in import prices and other external factors. There is considerable uncertainty about the outlook for import prices and their impact on Swedish

[5] Calculated using the KIX6 index, an exchange rate index that includes the six most important regions for Sweden's foreign trade.

Diagram 36 CPIF

Percentage change, seasonally adjusted monthly values
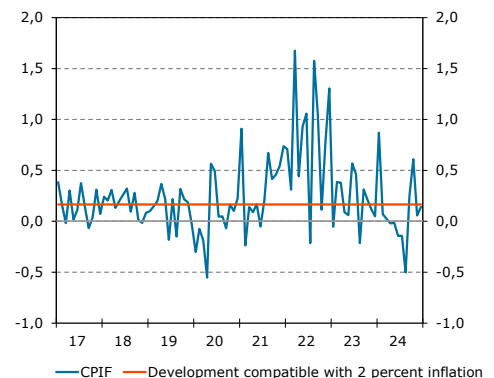
Sources: Statistics Sweden and NIER.

Diagram 37 CPIF excl. energy

Percentage change, seasonally adjusted monthly values
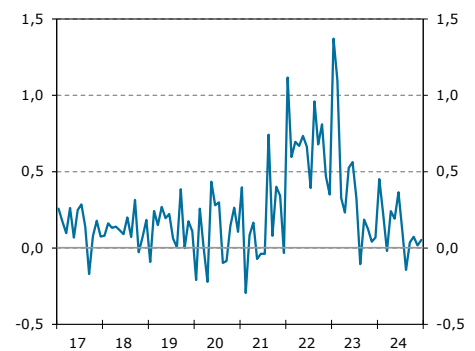
Sources: Statistics Sweden and NIER.

Diagram 38 Contribution to the monthly change in goods in CPI

Percentage points and percentage change, seasonally adjusted monthly values
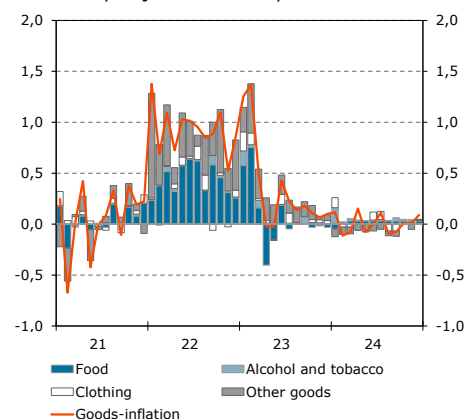
Sources: Statistics Sweden and NIER.

consumer prices over time. There is therefore also considerable uncertainty about the outlook for inflation.

Monthly inflation

Inflation is generally presented as an annual rate of change, i.e. the level of the price index relative to what it was a year earlier. Inflation is therefore affected by developments throughout the previous 12-month period. To obtain a picture of more recent developments, we can look instead at the monthly change in the price index (see Diagrams 36 and 37). This series is highly volatile, however, as it is affected by seasonal variations and other temporary fluctuations in prices. In our forecast, monthly inflation excluding energy is expected to be much lower than it was in 2022 and the beginning of 2023. The main reason for this is a lower rate of increase in prices for goods in the wake of lower energy prices, lower freight costs, larger stocks and weaker household demand both at home and abroad (see Diagram 38).[6]

Diagram 39 Import-adjusted contributions to GDP growth
Percentage change and percentage points

Sources: Statistics Sweden and NIER.

RESOURCE UTILISATION NORMALISES IN OUR SCENARIO FOR 2025-2027

In our scenario[7] for 2025-2027, Swedish GDP growth shifts up a gear from 2024 (see Diagram 39). Exports, household consumption and gross fixed capital formation all contribute to this stronger growth (see Diagram 39). A healthy global economy means that Swedish exporters encounter strong demand, which fuels export growth. Household consumption is favoured by rate cuts, rising employment and real wages rising again from 2024. These rate cuts also help gross fixed capital formation to recover. A normalisation of residential construction activity after the low levels of 2023 and 2024 also contributes to investment growth, as does a structural need for investment in the climate transition, the energy supply and defence. A demographically driven increase in demand for health care and elderly care in particular, as well as high defence spending, drives growth in government consumption in the scenario.

The stronger activity in the economy also means that firms' demand for labour increases. Unemployment therefore falls and

Diagram 40 Unemployment and equilibrium unemployment
Per cent of labour force

Sources: Statistics Sweden and NIER.

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[6] Seasonal adjustments of the product groups included are performed independently without the restriction that they are consistent with the sum, in other words that the seasonal adjustment factors for the different product groups sum to the seasonal adjustment factors for the aggregate. The contributions from the product groups to the total change are also estimated using a simplified formula which approximates the precise contributions to the CPI. This means that these contributions do not sum to the total change.

[7] We have not produced a forecast for the economy beyond 2024. Instead we have prepared a scenario which assumes that the economy moves towards capacity and that developments thereafter are determined by structural factors. Read more here: https://www.konj.se/var-verksamhet/sa-gor-vi-prognoser/skillnad-mellan-scenario-och-prognos.html.

is in line with the estimated equilibrium rate in 2026 (see Diagram 40).

Wage growth is relatively high during the period, with annual pay increases close to 4 per cent. Together with lower inflation, this strong wage growth means that real wages recover from their decline in 2022 and 2023 and return to 2021 levels in 2027. The relatively strong wage growth also means a comparatively rapid rise in firms' labour costs. As productivity growth is relatively strong in the scenario, firms are able to handle this situation without needing to raise prices more than normal, and so the rise in labour costs is not inflationary. CPIF inflation is around the Riksbank's 2 per cent target throughout the scenario (see Diagram 41).

HIGHER COSTS PULL DOWN GOVERNMENT NET LENDING

The economic downturn and high price increases will weigh on government finances. Both income taxes and revenue from value-added tax typically decrease in a downturn. The high rate of inflation will help prop up value-added tax revenue, however, and employment will decrease only slightly. This year, tax revenue will therefore move roughly in line with GDP in current prices, but total revenue will fall as a result of lower investment income (see Diagram 42).[8] The high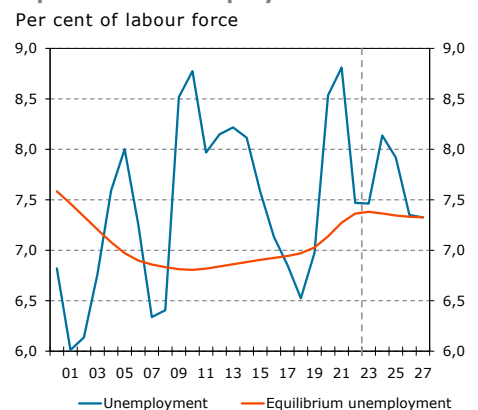 inflation will also impact government finances through the indexing of benefits in the social insurance systems, pension contributions and increased costs for government consumption, which means that total expenditure will rise and net lending will deteriorate both this year and next (see Diagram 43). Local government net lending will turn negative despite municipalities and regions being expected to make some cutbacks and receive increased central government grants. Part of this deficit can be reversed in 2024 by municipalities drawing on their equalisation reserves.

Structural net lending, which is adjusted for cyclical and non-recurring effects, will be positive this year, and this surplus will grow through to 2027 in the absence of new fiscal policy decisions. Calculated as the difference between structural net lending in 2027 and the surplus target of one third of a percent of GDP, there will be total fiscal space of around SEK 140 billion over the next four years, or an average of around SEK 35 billion per year. Our forecast assumes that SEK 45 billion of this is used in 2024, with the remainder distributed over the scenario period 2025-2027 in such a way that structural net lending is in line with the surplus target each year from 2025 onwards (see Diagram 44). Of the unfunded measures of SEK 45 billion for 2024, SEK 25 billion will target households and SEK 15 billion will take the form of grants to the local government sector, while central government consumption and investment will account for the remaining SEK 5 billion.

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[8] Temporary tax reductions will drop out of the data from 2022 to 2023, propping up the tax-to-GDP ratio.

Diagram 41 Inflation, CPIF
Per cent
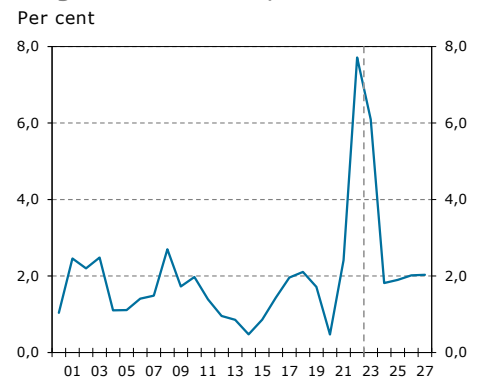
Sources: Statistics Sweden and NIER.

Diagram 42 Revenue and expenditure in general government
Per cent of GDP
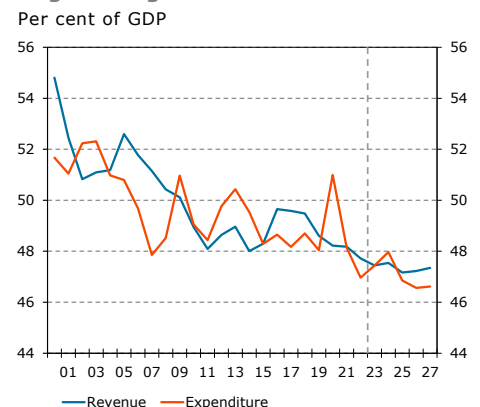
Sources: Statistics Sweden and NIER.

Diagram 43 Net lending in sub-sectors
Per cent of GDP
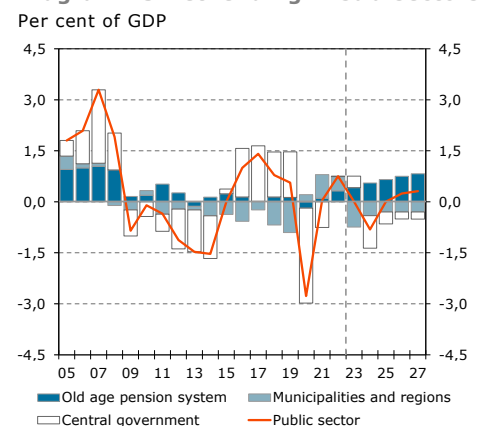
Sources: Statistics Sweden and NIER.

Government debt as measured by Maastricht debt is still low and will remain just above the lower bound of the debt anchor in the fiscal policy framework (30 per cent of GDP) throughout the period (see Table 7).

Tabell 2 General Government Finances

SEK billion, current prices, and percentage of GDP, respectively

		Forecast		Scenario		
	2022	2023	2024	2025	2026	2027
Revenue[1]	2 845	2 969	3 048	3 187	3 350	3 498
Per cent of GDP	47,7	47,4	47,5	47,2	47,2	47,3
Expenditure[2]	2 801	2 968	3 075	3 166	3 302	3 444
Per cent of GDP	47,0	47,4	48,0	46,9	46,6	46,6
Technical Transfer to Households[3]	0	0	25	21	30	31
Net Lending	45	1	–52	0	17	23
Per cent of GDP	0,8	0,0	–0,8	0,0	0,2	0,3
Structural Net Lending	19	72	9	22	23	24
Per cent of potential GDP	0,3	1,1	0,1	0,3	0,3	0,3
Maastricht Debt	1 955	1 974	2 062	2 145	2 232	2 317
Per cent of GDP	32,8	31,5	32,2	31,7	31,5	31,4

[1] Excludes EU taxes. The forecasts for taxes and duties are based on rules in place in the year 2022. [2] The forecasts for transfer payments are based on rules in place in the year 2022. [3] These are the amounts that need to be transferred between households and government to achieve the forecast path for structural net lending. A positive value means that there is scope for measures that have a positive effect on household disposable income.

Source: NIER.

THE RIKSBANK TO RAISE POLICY RATE TO 3.75 PER CENT

The Riksbank has raised its policy rate from 0 to 3.50 per cent since April 2022 and plans to continue to reduce its bond holdings. In the forecast, the bank raises the policy rate once more to 3.75 per cent in July 2023 and then commences a series of rate cuts in the second quarter of 2024. These cuts boost economic activity in the years after 2024 and help inflation to climb back towards the target level. In our scenario, the policy rate comes down to 1.75 per cent in the first half of 2025 and remains there for the rest of the period. Our forecast is close to market expectations almost a year ahead as reflected in RIBA futures (see Diagram 45).

The krona exchange rate is currently weaker than the equilibrium exchange rate assumed to prevail at the end of our scenario. This means that the exchange rate improves gradually in 2025-2027 (see Table 8 and Diagram 46).

Diagram 44 Public sector net lending
Per cent of GDP and per cent of potential GDP
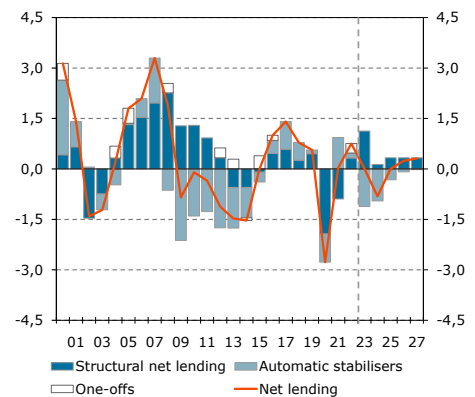
Sources: Statistics Sweden and NIER.

Diagram 45 Policy rate
Per cent, monthly- and quarterly values
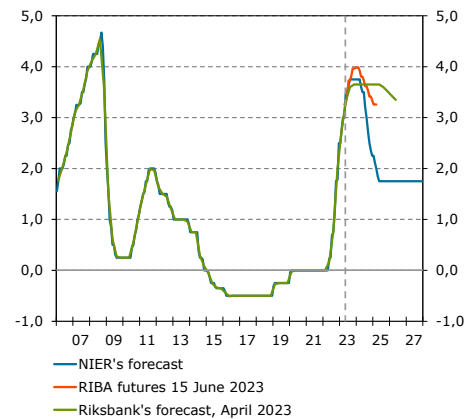
Note. RIBA are forward contracts based on the future average policy rates between the forward settlement days. The settlement days are the third Wednesday in March, June, September and December respectively. The Riksbank's forecast refers to quarterly values.
Sources: Nasdaq OMX, The Riksbank, Macrobond and NIER.

Diagram 46 Effective exchange rate of the Swedish krona (KIX)
Index 1992-11-18=100, monthly values

Note. KIX is a trade-weighted index based on currencies from all OECD countries as well as China, Brazil and Russia. A higher index corresponds to a weaker krona.
Sources: The Riksbank, Macrobond and NIER.

Further tricky balancing act for stabilisation policy in 2024

Since inflation began to soar, there has been a conflict of objectives between curbing inflation on the one hand and supporting production and lowering unemployment on the other. Going into 2024, we expect inflation to have slowed sharply and the economic downturn to have deepened, changing the challenges facing stabilisation policy.

As inflation comes down, the Riksbank can lower interest rates to ensure that inflation stabilises around target and resource utilisation returns to normal. Reducing the policy rate too quickly could, however, cause inflation to flare up again or stabilise at a level above the inflation target. On the other hand, lowering the policy rate too slowly could put an unnecessarily strong brake on the economy and push inflation below the inflation target. The level of the policy rate relative to policy rates in other countries is another factor. Lowering the policy rate more quickly than in the euro area, for example, could lead to the krona depreciating further, leading in turn to higher inflation.

For fiscal policy too, lower inflation and a deeper downturn in 2024 may entail a growing focus on supporting the economy and reducing unemployment. The downturn is not expected to be particularly deep, however, and the rise in unemployment is expected to be relatively limited. In these circumstances, monetary policy is considered best suited to taking the lead in stabilising the economy. Fiscal policy in this situation should mainly help stabilise the economy by allowing the automatic stabilisers to kick in, and by adjusting the number of places on job creation schemes and in the education system. Fiscal policy may also need to support groups which are hit particularly hard by the downturn and where interest rates are not an effective tool.

The government will present its budget bill for 2024 in September 2023, at which point inflation will still be high and there will still be considerable uncertainty about how quickly it will return to the target level. The government will need to take account of the uncertain situation and the risk of fiscal policy fuelling inflation and so working against monetary policy. The monetary policy pursued by the Riksbank should determine the orientation of overall stabilisation policy. The risks associated with overly expansionary fiscal policy are considered to be greater than those of overly restrictive fiscal policy. The unfunded measures of SEK 45 billion and power price subsidy programme for 2024 assumed in our forecast are not expected to impede monetary policy significantly.

Forecast revisions 2023-2024

The most significant revisions from the March edition of *The Swedish Economy* are summarised below (see Table 8).

- Inflation abroad (KIX-weighted) has been revised down by 0.4 percentage points for 2023, due largely to inflation in the euro area having come down more quickly than expected in recent months and being expected to continue to do so in the near term.

- As the krona has performed much more poorly in recent months than anticipated in our March forecast, the krona index (KIX) has been revised up by more than 2 percentage points for 2023 and even further for 2024 (see Diagram 47). The weaker krona is one reason why inflation in Sweden has not been revised down in line with inflation in the euro area.

- Growth in gross fixed capital formation in Sweden has been adjusted upwards by 3.2 percentage points for 2023, thanks mainly to surprisingly strong data for the first quarter, especially for the service sector. This surprisingly strong investment growth also meant that imports were much higher in the first quarter than anticipated in our March forecast, and so import growth for 2023 has been revised up by 2.1 percentage points.

- The number of people in employment grew much more than expected in the first quarter, and this strong performance is expected to continue in the coming quarters (see Diagram 48). Employment growth has therefore been revised up by 1.1 percentage points for 2023. This stronger employment growth means that unemployment will rise later and less in magnitude than anticipated in March (see Diagram 49).

- The output gap for 2023 is largely unchanged from our March forecast, but the nature of the downturn has been revised. In March, we expected a negative labour market gap this year. We now expect the downturn this year to consist entirely of low resource utilisation in the business sector, in other words cyclically low productivity.

Diagram 47 Effective exchange rate of the Swedish krona (KIX)
Index 1992-11-18=100, monthly values

Sources: The Riksbank, Macrobond and NIER.

Diagram 48 Employed
Thousands, seasonally adjused quarterly values
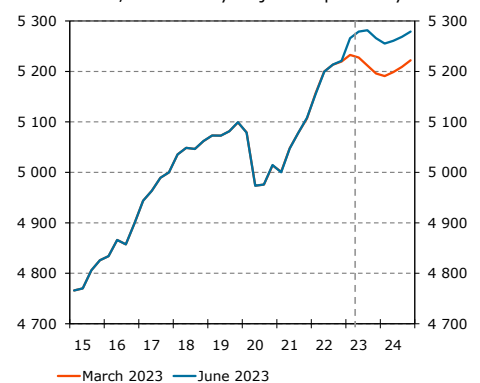
Sources: Statistics Sweden and NIER.

Diagram 49 Unemployment
Per cent of labour force, seasonally adjusted quarterly values

Sources: Statistics Sweden and NIER.

Table 2 Current Forecast and Revisions Compared to the March 2023 Forecast

Percentage change and percentage points respectively, unless otherwise indicated

	2023			2024		
	Jun	**Mar**	**Diff**	**Jun**	**Mar**	**Diff**
Global Economy						
GDP, World	2,6	2,2	0,5	2,9	2,9	0,0
GDP, KIX-weighted	1,1	0,7	0,4	1,8	1,9	−0,1
GDP, Euro Area	0,6	0,0	0,6	1,1	1,4	−0,3
GDP, US	1,3	0,6	0,6	0,9	1,0	−0,1
GDP, China	5,4	4,3	1,1	5,2	5,2	0,0
Federal Funds Target Rate[1,2]	5,00	4,75	0,25	4,00	4,00	0,00
ECB Refi Rate[1,2]	4,00	2,75	1,25	3,00	2,00	1,00
Oil Price[3]	74,6	81,1	−6,6	71,5	82,3	−10,8
CPI, KIX-weighted	5,9	6,1	−0,3	2,8	2,5	0,4
Domestic Economy		**0,0**			**0,0**	
GDP, Calendar-Adjusted	−0,5	−0,9	0,4	1,2	1,3	−0,1
GDP	−0,7	−1,1	0,4	1,2	1,3	−0,1
Household Consumption	−1,4	−1,0	−0,4	1,4	1,5	−0,1
Government Consumption	1,1	1,2	−0,1	1,4	1,7	−0,3
Gross Fixed Capital Formation	−5,0	−4,3	−0,7	0,3	−0,5	0,8
Stockbuilding[4]	−0,7	−1,0	−0,3	−0,2	−0,2	0,0
Exports	1,8	0,8	1,0	2,6	3,1	−0,5
Imports	−1,7	−1,9	0,2	2,0	2,2	−0,1
Labour Market, Inflation, Interest Rates, etc.		**0,0**			**0,0**	
Hours Worked[5]	0,8	0,6	0,2	0,2	0,9	−0,7
Employment	0,3	−0,4	0,7	−0,2	0,5	−0,8
Unemployment[6]	7,9	8,1	−0,2	8,3	8,1	0,1
Labour Market Gap[7]	−0,5	−0,9	0,4	−1,4	−1,0	−0,4
Output Gap[8]	−1,6	−1,8	0,2	−2,3	−2,6	0,2
Productivity[5]	−1,0	−1,4	0,4	1,1	0,4	0,7
Hourly Earnings[9]	3,6	3,5	0,1	3,4	3,3	0,0
CPI	8,9	7,6	1,3	2,2	1,7	0,5
CPIF	6,1	5,2	0,9	1,7	1,0	0,7
Policy Rate[1,2]	3,75	2,50	1,25	2,00	1,75	0,25
10-Year Government Bond Yield[1]	2,5	1,8	0,7	2,6	1,9	0,6
Effective Krona Exchange Rate Index (KIX)[10]	125,0	122,0	2,9	123,4	120,1	3,3
Current Account Balance[11]	6,3	5,5	0,8	6,7	5,3	1,4
Government Net Lending[11]	−0,2	0,1	−0,4	−0,7	−0,3	−0,4

[1] Per cent. [2] At year-end. [3] Brent crude, USD per barrel, annual average. [4] Change in per cent of GDP the previous year. [5] Calendar-adjusted. [6] Per cent of labour force. [7] Difference between actual and potential hours worked in per cent of potential hours worked. [8] Difference between actual and potential GDP in per cent of potential GDP. [9] According to the short-term earnings statistics. [10] Index, 18 November 1992=100. [11] Per cent of GDP.

Note. The difference is between the current forecast and the June 2022 forecast. A positive value denotes an upward revision.

Source: NIER.

Tables

Data for additional variables and longer time series can be found on the NIER's website at www.konj.se/english/data-sets.

CONTENT

The Global Economy

Table A1 Global Output

Per cent of global GDP at purchasing power parity and percentage change, constant prices, calendar adjusted values, respectively

	Weight[1] 2021	2021	2022	2023	2024	2025	2026	2027
World[2]	100,0	6,3	3,4	2,8	2,8	3,1	3,1	3,0
KIX Weighted[3]	74,9	5,4	3,1	1,3	1,7	2,1	2,1	2,0
US	15,6	5,9	2,1	1,4	0,7	1,6	2,0	2,0
Euro Area	12,0	5,3	3,5	0,5	1,2	1,6	1,5	1,5
Japan	3,8	2,2	1,0	1,3	1,0	0,8	0,7	0,6
UK	2,3	7,6	4,1	0,1	0,8	1,8	1,7	1,6
Sweden	0,4	6,0	2,8	−0,2	1,4	3,5	2,5	1,7
Norway	0,3	4,0	3,2	1,2	1,3	1,8	1,8	1,8
Denmark	0,3	4,9	3,8	0,6	1,2	1,7	1,6	1,6
China	18,5	8,9	3,0	5,6	5,0	5,1	4,8	4,7
Sweden's Export Market[4]	**...**	**8,8**	**7,7**	**1,0**	**3,0**	**3,2**	**3,2**	**3,2**

[1] The weights indicate each country or region's purchasing power-adjusted share of world GDP. [2] The table shows some of the countries that the NIER makes forecasts for. The world aggregate is calculated using time-varying purchasing power parity GDP weights from the IMF. [3] KIX weighted GDP is the weighted average of GDP growth in the 32 countries included in the KIX effective krona exchange rate index. [4] Sweden's export market refers to total import demand in the countries to which Sweden exports, each country weighted by its share of Swedish goods exports.

Sources: IMF, OECD, Eurostat, Macrobond, The Riksbank and NIER.

Table A2 Global Inflation

Percentage change

	2020	2021	2022	2023	2024	2025	2026	2027
US	1,2	4,7	8,0	4,0	2,4	2,3	2,3	2,3
Euro Area	0,3	2,6	8,4	5,4	2,5	2,2	2,0	2,0
Japan	0,0	−0,2	2,5	2,9	1,9	1,5	1,3	1,3
UK	1,0	2,5	7,9	6,4	2,9	2,1	2,0	2,0
Sweden	0,5	2,4	7,7	6,1	1,8	1,9	2,0	2,0
Norway	1,2	3,9	6,3	5,6	2,6	2,1	2,0	2,0
Denmark	0,3	1,9	8,6	4,3	2,3	2,0	2,0	2,0
China	2,4	1,0	2,0	1,1	2,3	2,7	3,0	3,0

Note. Values for the EU countries and Norway refer to harmonised indices of consumer prices (HICP), except Sweden which refers to CPIF. The OECD aggregate includes national CPI series only. Values for the United Kingdom refer to CPIH, including owner occupiers' housing costs. The aggregate for the euro area is weighted using consumption weights from Eurostat.

Sources: OECD, Eurostat, Macrobond and NIER.

Table A3 Selected Indicators for the Euro Area

Percentage change, constant prices, percent, and level

	2020	2021	2022	2023	2024	2025	2026	2027
GDP[1]	−6,2	5,3	3,5	0,5	1,2	1,6	1,5	1,5
HICP	0,3	2,6	8,4	5,4	2,5	2,2	2,0	2,0
Policy Rate[2]	0,00	0,00	2,50	4,25	3,25	2,25	2,25	2,25
Overnight Rate[3]	−0,6	−0,6	1,9	3,7	2,7	1,8	1,8	1,8
10-Year Government Bond Yield[4]	−0,5	−0,3	1,2	2,4	2,5	2,7	2,9	2,9
USD/EUR[5]	1,14	1,18	1,05	1,08	1,08	1,09	1,09	1,10

[1] Calendar-adjusted values. [2] Refi rate level, per cent, at year-end. [3] Per cent, at year-end. [4] Per cent, annual average. Refers to Germany. [5] Level.

Sources: ECB, Eurostat, Macrobond and NIER.

Table A4 Selected Indicators for the US

Percentage change, constant prices, percent, and level

	2020	2021	2022	2023	2024	2025	2026	2027
GDP[1]	−2,8	5,9	2,1	1,4	0,7	1,6	2,0	2,0
CPI	1,2	4,7	8,0	4,0	2,4	2,3	2,3	2,3
Policy Rate[2]	0,3	0,25	4,50	5,25	3,75	2,75	2,50	2,50
10-year Government Bond Yield[3]	0,9	1,4	3,0	3,6	3,4	3,2	3,2	3,1
USD/EUR[4]	1,14	1,18	1,05	1,08	1,08	1,09	1,09	1,10

[1] Calendar-adjusted values. [2] Upper limit of the target range of the Federal Funds rate, per cent, at year-end. [3] Per cent. [4] Level.

Sources: US Bureau of Economic Analysis, Federal Reserve, Macrobond and NIER.

Interest and Exchange Rates

Table A5 Interest and Exchange Rates

Per cent, index 18 November 1992=100 and SEK per currency unit, respectively

	2020	2021	2022	2023	2024	2025	2026	2027
At Year-End								
Riksbank Policy Rate	0,00	0,00	2,50	3,75	2,25	1,75	1,75	1,75
Policy Rate. KIX6-Weighted[1]	−0,38	−0,36	1,66	3,82	3,07	2,15	1,94	1,93
Annual Average								
Riksbank Policy Rate	0,00	0,00	0,75	3,39	3,16	1,85	1,75	1,75
5-Year Swedish Government Bond Yield	−0,3	0,0	1,6	2,5	2,4	2,3	2,4	2,5
10-Year Swedish Government Bond Yield	0,0	0,3	1,5	2,5	2,7	2,7	2,7	2,8
Effective Krona Exchange Rate Index (KIX)	118,5	114,3	121,1	127,4	127,0	124,6	122,2	119,8
EUR Exchange Rate	10,49	10,14	10,63	11,42	11,42	11,20	10,99	10,78
USD Exchange Rate	9,21	8,58	10,11	10,58	10,55	10,30	10,05	9,80

[1] Refers to an average of €str for the Euro Area and policy rates in the US, Norway, UK, Denmark and Japan. Denmark is here considered as a euro country.

Sources: The Riksbank, Macrobond and NIER.

The Swedish Economy

Table A6 GDP by Expenditure

SEK billion, current prices, and percentage change, constant prices, respectively

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Household Consumption Expenditure[1]	2 612	6,3	1,9	−1,5	2,6	3,9	2,8	2,2
Goods	1 259	9,2	−2,1	−5,7	2,4	…	…	…
Services Excl. Housing Services	810	4,0	8,7	1,4	3,3	…	…	…
Housing Services	459	0,4	1,9	2,9	2,2	…	…	…
General Government Consumption Expenditure	1 488	3,3	0,1	1,3	1,5	1,2	1,7	1,7
Central Government	402	5,1	1,2	1,6	3,5	…	…	…
Local Government	1 086	2,6	−0,3	1,2	0,7	…	…	…
Gross Fixed Capital Formation[2]	1 622	7,1	6,1	−1,8	−0,6	4,6	4,8	3,1
Business Sector Excl. Housing	1 022	8,2	8,5	3,0	−0,2	…	…	…
Industry	232	16,9	10,4	−0,9	−1,8	…	…	…
Other Goods Producers	189	−5,9	11,5	9,1	0,6	…	…	…
Service Producers Excl. Housing	600	9,7	6,8	2,6	0,1	…	…	…
Housing	320	11,5	5,1	−20,4	−8,6	…	…	…
General Government	270	−1,0	−1,2	3,1	5,1	…	…	…
Domestic Demand Excl. Stockbuilding	*5 722*	*5,7*	*2,6*	*−0,8*	*1,4*	*3,4*	*3,1*	*2,3*
Stockbuilding[3]	77	0,4	1,1	−0,6	−0,3	0,0	0,0	0,0
Total Domestic Demand	*5 799*	*6,1*	*3,7*	*−1,4*	*1,0*	*3,4*	*3,0*	*2,3*
Exports	3 152	11,1	7,0	2,4	2,5	3,5	3,8	3,1
Goods	2 230	10,7	3,9	1,9	2,8	…	…	…
Processed Goods	1 687	13,6	4,1	1,4	3,4	…	…	…
Raw Materials	543	−1,0	3,4	3,4	1,1	…	…	…
Services	922	12,1	14,6	3,7	1,7	…	…	…
Total Demand	*8 950*	*7,7*	*4,8*	*−0,1*	*1,6*	*3,4*	*3,3*	*2,6*
Imports	2 988	11,6	9,4	0,5	1,9	3,5	4,7	3,9
Goods	2 002	11,1	2,3	−0,7	2,1	…	…	…
Processed Goods	1 405	16,5	3,3	0,1	2,0	…	…	…
Raw Materials	598	0,5	0,1	−2,6	2,3	…	…	…
Services	985	12,7	25,1	2,9	1,5	…	…	…
Net Exports[3]	*164*	*0,3*	*−0,6*	*1,0*	*0,4*	*0,2*	*−0,3*	*−0,3*
GDP	**5 963**	**6,1**	**2,8**	**−0,4**	**1,4**	**3,4**	**2,6**	**1,9**
GDP per Capita[4]	569	5,5	2,1	−1,0	0,8	2,8	2,1	1,4

[1] Including non-profit institutions serving households and the net of household consumption abroad and foreign consumption in Sweden. [2] Including non-profit institutions serving households. [3] Change in per cent of GDP the previous year. [4] SEK thousand, current prices, and percentage change, constant prices, respectively.

Sources: Statistics Sweden and NIER.

Table A7 Household Income, Consumption Expenditure and Saving

SEK billion, current prices, and percentage change, respectively

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Total Earnings, Adjusted for External Transactions	2 280	5,9	6,5	5,2	3,9	5,1	5,0	4,2
Hourly Earnings (according to national accounts)[1,2]	285	2,9	3,9	2,2	3,8	3,9	3,9	3,7
Hours Worked[1,3]	7 957	3,1	2,4	2,9	0,1	1,3	1,0	0,5
Transfers From Government Sector, Net	755	2,1	5,9	2,1	5,8	0,5	1,8	2,7
Property Income, Net	371	29,4	4,4	−5,0	−3,6	15,7	4,8	4,4
Other Income, Net[4]	361	2,0	9,5	5,8	11,1	4,9	7,7	5,3
Income Before Taxes[5]	**3 767**	**6,6**	**6,5**	**3,6**	**4,3**	**5,1**	**4,6**	**4,0**
Direct Taxes[6]	974	−0,7	1,0	0,3	0,4	−0,1	0,1	0,0
Disposable Income	**2 793**	**5,9**	**7,5**	**4,0**	**4,7**	**5,0**	**4,7**	**4,0**
Consumer Prices[7]	...	1,8	6,8	6,4	1,8	2,0	2,1	2,1
Real Disposable Income	**2 793**	**4,0**	**0,7**	**−2,3**	**2,8**	**2,9**	**2,6**	**1,9**
Per Capita[8]	266	3,4	0,0	−2,9	2,2	2,4	2,1	1,4
Consumption Expenditure[9]	2 612	6,3	1,9	−1,5	2,6	3,9	2,8	2,2
Saving[10]	422	15,5	13,9	13,6	13,9	13,0	12,8	12,4
Net Saving in Negotiated Pension Funds[10]	242	8,5	8,0	8,4	8,5	8,4	8,3	8,2
Own Saving[10]	181	7,0	6,0	5,2	5,4	4,6	4,4	4,2
Net Lending[10]	267	11,0	8,8	10,1	11,1	10,2	9,9	9,5

[1] Calendar-adjusted values. [2] SEK per hour. [3] Employees only, million. [4] This also includes technical transfers to households through altered taxes and/or transfers, see table A20. [5] Growth in income before taxes is calculated as a weighted sum of the growth rates for total earnings, transfers, capital income and other income. [6] Direct taxes' contribution to the change in disposable income, expressed in percentage points. [7] Implicit price index for household consumption expenditure. [8] SEK thousand. [9] Constant prices. [10] The first column is in SEK billion, current prices. The following columns are savings as a percentage of the sum of disposable income and net savings in premium- and occupational pension schemes.

Sources: Statistics Sweden and NIER.

Table A8 Current Account and Net Lending

SEK billion, current prices, and per cent, respectively

	2020	2021	2022	2023	2024	2025	2026	2027
Net Exports	226	260	164	194	217	226	207	185
Goods	204	236	228	260	274	...	...	...
Services	22	25	−64	−65	−58	...	...	...
Earnings, Net	12	8	10	13	13	13	13	13
Investment Income, Net	168	206	216	255	246	242	241	242
Transfers etc., Net	−100	−97	−102	−93	−105	−108	−115	−119
Current Account Balance	**302**	**375**	**285**	**369**	**371**	**373**	**346**	**321**
Per cent of GDP	*6,0*	*6,8*	*4,8*	*5,9*	*5,8*	*5,5*	*4,9*	*4,3*
Capital Transfers	2	0	4	5	1	1	0	0
Net Lending	304	375	289	374	372	374	346	321
Per cent of GDP	*6,0*	*6,8*	*4,8*	*6,0*	*5,8*	*5,5*	*4,9*	*4,3*

Sources: Statistics Sweden and NIER.

Table A9 Gross National Income (GNI)

SEK billion, current prices, thousands, and percentage change, respectively

	Level 2021	2021	2022	2023	2024	2025	2026	2027
GNI	6 190	9,2	8,5	5,4	2,2	5,1	4,8	4,0
Deflator, Domestic Use	...	2,3	7,0	6,1	1,1	2,0	2,3	2,3
Real GNI	**...**	**6,7**	**1,4**	**−0,6**	**1,1**	**3,0**	**2,4**	**1,7**
Population[1]	10 487	0,6	0,7	0,6	0,6	0,5	0,5	0,5
Real GNI per Capita[2]	**590**	**6,1**	**0,7**	**−1,2**	**0,5**	**2,5**	**1,9**	**1,3**

[1] Thousands of people. [2] SEK thousand.

Sources: Statistics Sweden and NIER.

Table A10 Production

SEK billion, current prices, and percentage change, constant prices, respectively, calendar-adjusted values

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Goods Producers	1 508	7,1	1,9	−2,2	0,8	…	…	…
Of Which: Industry	845	17,3	2,2	−2,6	1,7	…	…	…
Construction	348	−3,1	2,7	−1,7	−0,9	…	…	…
Service Producers	2 709	7,4	4,0	0,7	2,0	…	…	…
Business Sector	4 217	7,3	3,3	−0,3	1,6	4,2	2,9	1,9
General Government	1 014	2,7	0,8	1,6	0,9	1,1	0,8	0,9
GDP at Basic Prices[1]	**5 295**	**6,3**	**2,8**	**0,1**	**1,4**	**3,6**	**2,5**	**1,7**
Taxes/Subsidies on Products	655	3,6	2,9	−2,1	1,1	3,4	2,5	1,7
GDP at Market Prices	5 950	6,0	2,8	−0,2	1,4	3,5	2,5	1,7

[1] Including production in non-profit institutions serving households.

Note. Production refers to value added.

Sources: Statistics Sweden and NIER.

Table A11 Hours Worked

Million hours and percentage change, respectively, calendar-adjusted values

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Goods Producers	1 918	1,8	1,2	1,3	−1,0	…	…	…
Of Which: Industry	967	4,7	0,6	1,6	−0,4	…	…	…
Construction	650	2,1	1,4	2,4	−2,3	…	…	…
Services Producers	3 919	3,4	4,1	3,1	0,4	…	…	…
Business Sector	5 837	2,8	3,1	2,5	0,0	1,5	1,1	0,3
General Government	2 232	0,9	0,4	3,4	0,2	0,7	0,8	0,8
Total Economy[1]	**8 239**	**2,3**	**2,3**	**2,7**	**0,1**	**1,3**	**1,0**	**0,5**

[1] Including non-profit institutions serving households.

Sources: Statistics Sweden and NIER.

Table A12 Productivity

SEK per hour (basic prices), and percentage change, constant prices, respectively, calendar-adjusted values

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Goods Producers	786	5,3	0,8	−3,4	1,8	…	…	…
Of Which: Industry	875	12,0	1,6	−4,1	2,1	…	…	…
Construction	534	−5,0	1,3	−3,9	1,4	…	…	…
Service Producers	691	3,9	−0,1	−2,3	1,6	…	…	…
Business Sector	722	4,4	0,2	−2,8	1,6	2,7	1,7	1,6
General Government	454	1,8	0,3	−1,7	0,7	0,3	0,0	0,1
Total Economy[1]	**643**	**3,9**	**0,5**	**−2,6**	**1,4**	**2,3**	**1,4**	**1,2**

[1] Including production in non-profit institutions serving households.

Note. Refers to value added calculated at basic prices per hours worked.

Sources: Statistics Sweden and NIER.

Table A13 The Labour Market

Thousands of people and percentage change, respectively

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Hours Worked[1]	8 239	2,3	2,3	2,7	0,1	1,3	1,0	0,5
Average Hours Worked for Employed[2]	30,5	1,3	−0,4	1,2	0,2	0,3	−0,1	0,0
Number of Employed	5 197	0,9	2,7	1,5	−0,1	1,0	1,2	0,5
Employment Rate[3]	…	67,3	69,0	69,6	69,1	69,4	69,9	69,9
Labour Force	5 617	1,3	1,2	1,5	0,6	0,7	0,6	0,5
Labour Force Participation Rate[4]	…	73,8	74,5	75,2	75,3	75,4	75,4	75,5
Unemployment Rate[5]	419	8,8	7,5	7,5	8,1	7,9	7,3	7,3
Population Aged 15–74[6]	7 536	0,0	0,3	0,6	0,5	0,5	0,5	0,5

[1] Million hours, calendar-adjusted values. [2] Hours per week, calendar-adjusted values. [3] Number of employed in per cent of the population aged 15–74. [4] Number of people in the labour force in per cent of the population aged 15–74. [5] Per cent of the labour force. [6] According to the LFS definition of the population, population forecast excluding Ukrainian refugees.

Sources: Statistics Sweden and NIER.

Table A14 Resource Utilisation

Per cent and percentage change

	2020	2021	2022	2023	2024	2025	2026	2027
Labour Market								
Equilibrium Unemployment[1]	7,1	7,3	7,4	7,4	7,4	7,3	7,3	7,3
Actual Unemployment[2]	8,5	8,8	7,5	7,5	8,1	7,9	7,3	7,3
Potential Hours Worked	−0,4	0,5	1,2	2,1	0,8	1,0	0,7	0,5
Of Which: Potential Employment	0,8	0,9	1,0	1,1	1,0	0,7	0,6	0,5
Actual Hours Worked[3]	−3,8	2,3	2,3	2,7	0,1	1,3	1,0	0,5
Labour Market Gap[4]	−3,2	−1,5	−0,4	0,1	−0,6	−0,3	0,0	0,0
Productivity								
Potential Productivity	0,9	2,0	1,4	0,4	0,9	1,3	1,3	1,3
Of Which: Potential Pro-ductivity. Business Sector	2,0	2,1	1,7	1,1	1,1	1,5	1,6	1,6
Actual Productivity[3]	1,5	3,7	0,5	−2,8	1,3	2,2	1,4	1,2
Productivity Gap[5]	1,1	2,7	1,8	−1,5	−1,1	−0,1	0,0	0,0
GDP								
Potential GDP	0,5	2,5	2,7	2,5	1,7	2,3	2,0	1,7
Actual GDP[3]	−2,4	6,0	2,8	−0,2	1,4	3,5	2,5	1,7
Output Gap[6]	−2,2	1,1	1,3	−1,4	−1,6	−0,5	0,0	0,0

[1] Level, per cent of potential labour force. [2] Level, per cent of labour force. [3] Calendar adjusted values. [4] Difference between actual and potential hours worked in per cent of potential hours worked. [5] Difference between actual and potential productivity in per cent of potential productivity. [6] Difference between actual and potential GDP in per cent of potential GDP.

Note. The potential variables are also adjusted for calendar effects, in the sense that they reflect the calendar adjusted level that would have been observed in the absence of business cycle effects.

Sources: Statistics Sweden and NIER.

Table A15 Hourly Earnings According to the Short-Term Earnings Statistics

Per cent and percentage change, respectively

	Weight 2021	2021	2022	2023	2024	2025	2026	2027
Business Sector	69	2,8	3,0	4,0	3,9	3,9	3,9	3,7
Goods Producers	21	2,7	2,7	4,3	3,9	...	...	...
Of Which: Industry	14	2,7	2,8	4,4	4,0	...	...	...
Construction	7	2,5	2,6	4,0	3,8	...	...	...
Service Producers	48	2,8	3,0	3,8	3,9	...	...	...
Local Government	25	2,6	2,2	3,7	3,6	...	...	...
Central Government	6	1,7	2,5	3,1	4,1	...	...	...
Total	**100**	**2,6**	**2,7**	**3,9**	**3,9**	**3,9**	**3,9**	**3,7**
Real Hourly Earnings (CPI)[1]	...	0,5	−5,6	−4,8	1,2	2,7	1,9	1,5
Real Hourly Earnings (CPIF)[2]	...	0,2	−5,0	−2,2	2,0	2,0	1,9	1,7

[1] Deflated by the CPI. [2] Deflated by the CPI with constant mortgage rates (CPIF).

Sources: National Mediation Office, Statistics Sweden and NIER.

Table A16 Hourly Earnings and Labour Costs in the Business Sector According to the National Accounts

SEK per hour, per cent and percentage change, respectively

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Not Calendar-Adjusted Values								
Hourly Earnings[1]	294	2,3	4,1	3,0	3,9	4,5	3,3	3,1
Employers' Social Contributions[2] (per cent of earnings)	...	42,6	41,9	42,6	44,1	44,5	44,8	45,1
Hourly Labour Costs[3]	418	3,1	3,6	3,4	4,9	4,9	3,5	3,3
Productivity[4]	701	4,4	0,2	−2,4	1,7	...	...	...
Adjusted Unit Labour Costs[5]	...	−1,2	3,4	6,0	3,2	...	...	...
Calendar-Adjusted Values								
Hourly Earnings[1]	296	2,7	4,1	2,4	3,8	3,9	3,9	3,7
Hourly Labour Costs[3]	420	3,5	3,6	2,8	4,9	4,4	3,9	3,7
Productivity[4]	704	4,6	0,2	−2,8	1,6	...	...	...
Adjusted Unit Labour Costs[5]	...	−1,1	3,4	5,8	3,2	...	...	...

[1] Calculated with only employees' hours worked. [2] Employers' social contributions and payroll taxes. [3] Earnings and employers' social contributions. [4] Excluding one- and two-family houses and secondary homes. [5] Refers to total business sector excluding one- and two-family houses and secondary homes, and adjusted for the number of hours worked by the self-employed.

Sources: Statistics Sweden and NIER.

Table A17 Supply and Use Price Deflators

Per cent and percentage change, respectively

	Weight 2021	2021	2022	2023	2024	2025	2026	2027
GDP	66,6	2,6	5,7	5,3	1,1	2,0	2,3	2,2
General Government[1,2]	12,1	2,3	4,1	7,1	2,4	3,7	3,8	3,4
Business Sector[2]	47,2	2,4	6,4	4,9	0,6	1,5	1,9	1,9
Product Taxes, Net	7,3	4,6	3,8	5,1	1,6	...	...	...
Imports	33,4	3,5	19,3	4,4	−3,2	−0,3	−0,6	−0,6
Processed Goods	15,7	0,8	15,8	7,8	−3,4	...	...	...
Raw Materials	6,7	21,0	47,9	−4,0	−5,1	...	...	...
Services	11,0	−0,2	11,0	4,5	−2,0	...	...	...
Supply/Use[3]	**100,0**	**2,9**	**9,9**	**5,0**	**−0,4**	**1,2**	**1,3**	**1,3**
General Government Consumption Expenditure	16,6	2,3	5,7	7,3	2,2	2,9	3,4	3,1
Household Consumption Expenditure	29,2	1,8	6,8	6,4	1,8	2,0	2,1	2,1
Gross Fixed Capital Formation	18,1	3,6	8,8	4,5	−1,3	1,4	1,6	1,6
Exports	35,2	3,9	15,5	3,2	−3,1	−0,3	−0,5	−0,6
Processed Goods	18,9	−0,4	14,8	7,5	−3,5	...	...	...
Raw Materials	6,1	32,7	30,0	−11,6	−4,9	...	...	...
Services	10,3	0,3	9,4	4,1	−1,5	...	...	...

[1] Including non-profit institutions serving households. [2] Value added price deflator calculated at basic prices. [3] Including stock-building.

Sources: Statistics Sweden and NIER.

Table A18 Business Sector Prices, Costs and Profits

SEK billion current prices, percentage change and per cent, respectively

	Level 2021	2021	2022	2023	2024	2025	2026	2027
Value Added[1]	4 208	9,2	8,5	4,1	2,1	5,6	5,0	4,1
Hours Worked, Employees[2]	5 588	4,5	3,3	2,1	−0,1	0,8	1,8	0,9
Hourly Labour Costs[3]	418	3,1	3,6	3,4	4,9	4,9	3,5	3,3
Total Labour Costs[4]	2 336	7,8	7,0	5,6	4,9	5,8	5,3	4,2
Gross Profit	1 872	11,1	10,5	2,3	−1,5	...	...	...
Profit Share	**...**	**43,7**	**44,5**	**43,7**	**42,2**	**42,1**	**41,9**	**41,8**
Adjusted Profit Share[5]	...	39,5	40,4	39,6	38,0	37,9	37,7	37,6

[1] Calculated at factor prices. [2] Million hours. [3] SEK. [4] Including wage-related other taxes on production for employees. [5] Excluding one- and two-family houses and secondary homes, and adjusted for the number of hours worked by the self-employed.

Sources: Statistics Sweden and NIER.

Table A19 Consumer Prices

Per cent and percentage change, respectively

	Weight 2023	2021	2022	2023	2024	2025	2026	2027
CPI	**100,0**	**2,2**	**8,4**	**8,7**	**2,7**	**1,2**	**2,1**	**2,2**
Mortgage Interest Costs, Mortgage Interest Rate	...	−6,5	17,8	67,2	12,6	−10,9	0,8	2,0
CPIF	**100,0**	**2,4**	**7,7**	**6,1**	**1,8**	**1,9**	**2,0**	**2,0**
Goods	43,1	0,3	7,3	8,5	0,9	...	...	...
Services	31,3	2,3	4,7	7,2	3,5	...	...	...
Housing Excl. Mortgage Interest Costs and Energy	16,1	2,1	4,2	5,0	3,1	...	...	...
Energy	6,3	17,0	32,9	−7,3	−4,0	...	...	...
Mortgage Interest Costs, Capital Stock	3,2	5,9	6,9	5,7	4,3	4,0	3,5	3,4
CPIF Excl. Energy	**93,7**	**1,4**	**5,9**	**7,3**	**2,2**	**...**	**...**	**...**
HICP	...	2,7	8,1	6,1	1,9	...	...	...
Crude Oil (Brent)[1]	...	70,7	100,8	77,3	74,3	75,1	76,3	78,6

[1] Dollars per barrel, annual average.

Note. The CPI's mortgage interest cost component is the product of the mortgage interest rate and the capital stock.

Sources: U.S. Energy Information Administration, Statistics Sweden, Macrobond and NIER.

Public Finances

Table A20 General Government Finances

SEK billion, current prices, and percentage of GDP, respectively

	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	**2 430**	**2 643**	**2 845**	**2 969**	**3 048**	**3 187**	**3 350**	**3 498**
Per cent of GDP	*48,2*	*48,2*	*47,7*	*47,4*	*47,5*	*47,2*	*47,2*	*47,3*
Taxes and Duties	2 132	2 329	2 461	2 576	2 642	2 758	2 897	3 020
Per cent of GDP	*42,3*	*42,5*	*41,3*	*41,2*	*41,2*	*40,8*	*40,9*	*40,9*
Tax-to-GDP Ratio[1]	*42,4*	*42,6*	*41,4*	*41,3*	*41,4*	*41,0*	*41,0*	*41,0*
Property Income	68	65	103	91	104	112	123	133
Other Revenue	230	249	282	302	302	317	329	345
Expenditure	**2 569**	**2 641**	**2 801**	**2 968**	**3 075**	**3 166**	**3 302**	**3 444**
Per cent of GDP	*51,0*	*48,1*	*47,0*	*47,4*	*48,0*	*46,9*	*46,6*	*46,6*
Consumption Expenditure	1 332	1 407	1 488	1 618	1 678	1 747	1 837	1 927
Transfers	968	962	984	995	1 033	1 032	1 056	1 088
Households	711	725	768	784	829	833	848	871
Corporations	164	140	123	124	110	102	107	111
Abroad	93	97	94	86	94	97	101	105
Capital Formation[2]	246	251	288	304	317	327	339	350
Property Expenditure	23	21	40	52	48	59	70	79
Technical Transfer to Households[3]	**0**	**0**	**0**	**0**	**25**	**21**	**30**	**31**
Net Lending[4]	**−140**	**2**	**45**	**1**	**−52**	**0**	**17**	**23**
Per cent of GDP	*−2,8*	*0,0*	*0,8*	*0,0*	*−0,8*	*0,0*	*0,2*	*0,3*
Primary Net Lending[5]	**−184**	**−42**	**−17**	**−38**	**−108**	**−53**	**−36**	**−31**
Per cent of GDP	*−3,7*	*−0,8*	*−0,3*	*−0,6*	*−1,7*	*−0,8*	*−0,5*	*−0,4*
Structural Net Lending	**−100**	**−48**	**19**	**72**	**9**	**22**	**23**	**24**
Per cent of potential GDP	*−1,9*	*−0,9*	*0,3*	*1,1*	*0,1*	*0,3*	*0,3*	*0,3*
Maastricht Debt	**2 007**	**1 996**	**1 955**	**1 974**	**2 062**	**2 145**	**2 232**	**2 317**
Per cent of GDP	*39,8*	*36,4*	*32,8*	*31,5*	*32,2*	*31,7*	*31,5*	*31,4*
GDP, Current Prices	5 039	5 487	5 963	6 257	6 411	6 757	7 093	7 388
Potential GDP, Current Prices	5 154	5 425	5 886	6 344	6 518	6 790	7 093	7 388
Net Financial Wealth	1 404	1 861	1 708	1 878	1 926	2 004	2 099	2 199
Per cent of GDP	*27,9*	*33,9*	*28,7*	*30,0*	*30,0*	*29,7*	*29,6*	*29,8*

[1] The tax-to-GDP ratio is calculated by dividing total taxes, including EU taxes, by GDP. [2] Fixed gross investments, inventory investments and acquisition/disposal of land, etc. [3] Technical transfer to households in the form of changes to taxes and/or transfer payments. Refers to the amounts that in the coming years need to be transferred between households and the general government in order to achieve the forecast path for structural net lending. A negative number means a need for austerity measures in the general government, i.e. measures are taken with a negative effect on households' disposable income, and a positive number means room for expansive measures. [4] Net lending is calculated as income minus the sum of expenses and transfers to households. [5] Primary net lending is calculated as net lending minus net capital income. Net capital income is capital income minus capital expenditures.

Sources: Statistics Sweden and NIER.

Table A21 Central government finances

SEK billion and percentage of GDP, respectively, current prices

	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	**1 253**	**1 398**	**1 516**	**1 565**	**1 586**	**1 652**	**1 739**	**1 816**
Taxes and Duties	1 078	1 219	1 291	1 348	1 365	1 419	1 496	1 560
Property Income	31	25	52	31	37	38	41	42
Other Revenue	144	154	172	186	184	195	202	213
Expenditure	**1 394**	**1 440**	**1 515**	**1 544**	**1 602**	**1 621**	**1 674**	**1 738**
Transfers	912	923	928	921	943	919	925	945
Old-Age Pension System[1]	26	27	27	27	28	29	29	29
Local Government Sector	336	363	357	357	358	348	345	348
Households	338	345	373	373	401	394	397	405
Corporations	123	96	81	82	67	57	59	61
Abroad	89	92	90	82	89	92	96	100
Consumption Expenditure	338	366	398	425	452	482	513	545
Capital Formation[2]	127	136	157	167	177	185	193	200
Property Expenditure	17	15	31	31	29	36	43	49
Of which interest expenditure	*11*	*9*	*25*	*25*	*22*	*28*	*35*	*41*
Technical Transfer to Households[3]	**0**	**0**	**0**	**0**	**46**	**54**	**79**	**93**
Net Lending	**−141**	**−42**	**1**	**21**	**−61**	**−24**	**−14**	**−16**
Per cent of GDP	*−2,8*	*−0,8*	*0,0*	*0,3*	*−1,0*	*−0,3*	*−0,2*	*−0,2*
Central Government Debt	1 218	1 145	1 031	1 017	1 091	1 144	1 187	1 228
Per cent of GDP	*24,2*	*20,9*	*17,3*	*16,3*	*17,0*	*16,9*	*16,7*	*16,6*
Net Financial Wealth	−145	−42	−15	−53	−109	−100	−81	−62
Per cent of GDP	*−2,9*	*−0,8*	*−0,3*	*−0,9*	*−1,7*	*−1,5*	*−1,1*	*−0,8*

[1] Central government's old-age pension contributions. [2] Fixed gross investments, inventory investments and acquisition/disposal of land, etc. [3] Technical transfer to households in the form of changes to taxes and/or transfer payments. In this table, central government grants to the local government sector are estimated on the basis of unchanged rules. If these grants turn out to be higher than with unchanged rules, the technical transfer from the central government sector to households will decrease correspondingly, at the same time as the technical transfer from local government to the households will increase correspondingly via smaller increases in local government taxes (or larger transfer payments). The total technical transfer from the general government sector to households, reported in Table A20, is not affected.

Sources: Statistics Sweden, National Debt Office and NIER.

Table A22 Old Age Pension System Finances

SEK billion and percentage of GDP, respectively, current prices

	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	**325**	**346**	**374**	**394**	**416**	**436**	**458**	**479**
Social Insurance Contributions	269	283	301	318	331	348	365	380
Central Government's Old Age Pension Contributions	26	27	27	27	28	29	29	29
Property Income	27	32	42	45	51	55	59	64
Other Revenue	3	3	4	4	5	5	5	6
Expenditure	**334**	**340**	**355**	**368**	**380**	**392**	**405**	**418**
Income Pensions	326	332	345	358	369	380	393	406
Property Expenditure	1	1	1	1	1	1	1	1
Other Expenses	7	8	9	10	10	11	11	12
Net Lending	**−9**	**6**	**19**	**26**	**35**	**44**	**53**	**61**
Per cent of GDP	*−0,2*	*0,1*	*0,3*	*0,4*	*0,6*	*0,7*	*0,7*	*0,8*
Net Financial Wealth	1 718	2 035	1 853	2 097	2 218	2 299	2 390	2 491
Per cent of GDP	*34,1*	*37,1*	*31,1*	*33,5*	*34,6*	*34,0*	*33,7*	*33,7*

Sources: Statistics Sweden and NIER.

Table A23 Local Government Finances

SEK billion, current prices and percentage of GDP, respectively

	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	**1 224**	**1 300**	**1 350**	**1 405**	**1 444**	**1 487**	**1 538**	**1 593**
Taxes	766	806	847	887	921	965	1 010	1 052
Municipal Property Tax	19	21	21	22	24	26	27	28
Central Government Grants incl. VAT Compensation	333	360	355	355	355	346	342	346
Property Income	10	8	8	16	16	20	24	27
Other Revenue	95	104	118	125	126	131	135	140
Average municipal tax rate[1]	*32,28*	*32,27*	*32,24*	*32,24*	*32,24*	*32,24*	*32,24*	*32,24*
Expenditure	**1 213**	**1 262**	**1 325**	**1 451**	**1 491**	**1 541**	**1 609**	**1 677**
Transfers	98	103	101	106	111	115	117	120
Households	49	49	50	54	58	59	59	60
Other	50	54	51	52	53	56	58	60
Consumption Expenditure	990	1 037	1 086	1 188	1 221	1 261	1 319	1 377
Capital Formation[2]	119	115	130	137	139	142	146	150
Property Expenditure	6	6	8	21	19	23	26	30
Technical Transfer to Households[3]	**0**	**0**	**0**	**0**	**−21**	**−33**	**−49**	**−62**
Net Lending[4]	**11**	**38**	**25**	**−47**	**−26**	**−20**	**−21**	**−22**
Per cent of GDP	*0,2*	*0,7*	*0,4*	*−0,7*	*−0,4*	*−0,3*	*−0,3*	*−0,3*
Net Financial Wealth	−169	−132	−129	−166	−182	−195	−211	−230
Per cent of GDP	*−3,4*	*−2,4*	*−2,2*	*−2,7*	*−2,8*	*−2,9*	*−3,0*	*−3,1*

[1] Per cent. [2] Gross fixed capital formation, stock investments and acquisition/sale of land etc. [3] Technical transfer to households in the form of changes to taxes and/or transfer payments. In this table, central government grants to the local government sector are estimated on the basis of unchanged rules. If these grants turn out to be higher than with unchanged rules, the technical transfer from the local government sector to households will increase accordingly via smaller increases in local government taxes (or larger transfer payments). Since the technical transfer from the central government sector to households will decrease correspondingly, the total technical transfer from the general government sector to households, reported in Table A20, is not affected. [4] Net lending is calculated as income minus the sum of expenses and transfers to households.

Sources: Statistics Sweden and NIER.

Table A24 General Government Revenue

Per cent of GDP

	2020	2021	2022	2023	2024	2025	2026	2027
Direct Household Taxes	15,1	14,9	14,0	13,8	13,9	13,9	13,8	13,8
Direct Business Taxes	3,0	3,5	3,3	3,2	3,1	3,1	3,1	3,1
Employers' Social Contributions[1]	11,5	11,6	11,3	11,5	11,7	11,6	11,6	11,6
VAT	9,2	9,1	9,3	9,0	9,0	9,0	9,1	9,1
Excise	2,0	1,9	1,6	1,6	1,6	1,6	1,7	1,7
Other Taxes	1,6	1,6	2,0	2,3	2,1	1,7	1,7	1,7
Tax-to-GDP Ratio[2]	**42,4**	**42,6**	**41,4**	**41,3**	**41,4**	**41,0**	**41,0**	**41,0**
EU Taxes[3]	−0,1	−0,1	−0,2	−0,2	−0,2	−0,2	−0,2	−0,2
Other Revenue[4]	4,6	4,5	4,7	4,8	4,7	4,7	4,6	4,7
Primary Revenue	**46,9**	**47,0**	**46,0**	**46,0**	**45,9**	**45,5**	**45,5**	**45,5**
Property Income	1,3	1,2	1,7	1,5	1,6	1,7	1,7	1,8
Total Revenue	**48,2**	**48,2**	**47,7**	**47,4**	**47,5**	**47,2**	**47,2**	**47,3**

[1] Employers' social contributions, contributions from the self-employed and special payroll tax. [2] The tax-to-GDP ratio is defined as total taxes, including EU taxes, divided by GDP. [3] Taxes paid to the EU are included in the tax-to-GDP ratio but not in general government revenue. [4] Including transfers from abroad and from unemployment insurance funds.

Note. Refers to general government revenue with unchanged tax rules, that is, based on the regulations in the latest budget bill. Any phasing-out of temporary changes are considered.

Sources: Statistics Sweden and NIER.

Table A25 General Government Expenditure

Per cent of GDP

	2020	2021	2022	2023	2024	2025	2026	2027
Consumption Expenditure	26,4	25,7	25,0	25,9	26,2	25,9	25,9	26,1
Transfers	19,2	17,5	16,5	15,9	16,1	15,3	14,9	14,7
Households	14,1	13,2	12,9	12,5	12,9	12,3	12,0	11,8
Corporations	3,2	2,6	2,1	2,0	1,7	1,5	1,5	1,5
Abroad	1,8	1,8	1,6	1,4	1,5	1,4	1,4	1,4
Capital Formation[1]	4,9	4,6	4,8	4,9	4,9	4,8	4,8	4,7
Primary Expenditure	50,5	47,8	46,3	46,6	47,2	46,0	45,6	45,5
Property Expenditure	0,5	0,4	0,7	0,8	0,7	0,9	1,0	1,1
Total Expenditure	**51,0**	**48,1**	**47,0**	**47,4**	**48,0**	**46,9**	**46,6**	**46,6**

[1] Gross fixed capital formation, stock investments and acquisition/sale of land, etc.

Note. Refers to general government expenditure with maintained personnel density in the provision of publicly funded welfare services including an increased standard in intermediate consumption and unchanged rules for transfers.

Sources: Statistics Sweden and NIER.

Table A26 Transfers from General Government to Households

Per cent of GDP

	2020	2021	2022	2023	2024	2025	2026	2027
Pensions[1]	7,7	7,3	7,1	7,1	7,3	7,1	7,0	6,9
Of Which Income Pension	6,4	6,0	5,8	5,7	5,8	5,6	5,5	5,5
Labour Market[2]	0,9	0,8	0,6	0,5	0,5	0,5	0,5	0,4
Illness and Disability[3]	1,6	1,4	1,4	1,4	1,4	1,4	1,3	1,3
Family and Children[4]	1,7	1,6	1,5	1,4	1,4	1,4	1,3	1,3
Education[5]	0,4	0,4	0,3	0,3	0,4	0,4	0,3	0,3
Social Assistance[6]	0,3	0,2	0,2	0,2	0,2	0,2	0,2	0,2
Other[7]	1,6	1,5	1,9	1,5	1,7	1,4	1,4	1,3
Total Transfers to Households	**14,1**	**13,2**	**12,9**	**12,5**	**12,9**	**12,3**	**12,0**	**11,8**

[1] Income pension, supplementary pension, guaranteed pension, survivor's pension, general government occupational pensions and housing supplement for pensioners. [2] Unemployment benefits, labour market training benefits, introduction benefit and salary guarantee. [3] Sickness and rehabilitation benefit, activity and sickness compensation, work injury compensation, disability allowance and additional cost compensation. [4] Parental benefit, child allowance, care allowance and housing allowance. [5] Student grants and other study allowance. [6] Welfare benefits. [7] Assistance compensation, financial support for asylum seekers, income support for the elderly and other transfers to households, such as electricity price compensation.

Note. Refers to transfers from general government to households with unchanged regulations for transfers.

Sources: Statistics Sweden and NIER.

Table A27 Base Amounts

SEK thousand, current prices

	2020	2021	2022	2023	2024	2025	2026	2027
Price Base Amount	47,3	47,6	48,3	52,5	57,3	58,9	59,6	60,9
Increased Price Base Amount	48,3	48,6	49,3	53,5	58,5	60,1	60,8	62,1
Income-related Base Amount	66,8	68,2	71,0	74,3	77,2	79,9	83,0	86,3

Sources: Statistics Sweden and NIER.

Table A28 Income Index, Balance Index, Income Pensions and Dampened Balance Ratio

Percentage change

	2020	2021	2022	2023	2024	2025	2026	2027
Income Index	3,8	2,2	4,1	4,6	3,9	3,5	3,9	3,9
Balance Index	3,8	2,2	4,1	4,6	3,9	3,5	3,9	3,9
Balance Ratio[1]	1,017	1,027	1,028	1,040	1,043	1,038	1,036	...
Nominal Income Pension[2]	**2,1**	**0,5**	**2,5**	**3,0**	**2,3**	**1,9**	**2,2**	**2,3**

[1] Level. [2] Adjustment indexation, i.e. percentage change of income or balance index minus 1.6 percentage points.

Sources: Swedish Pensions Agency and NIER.

Table A29 Central Government Budget Balance and Debt

SEK billion and percentage of GDP, respectively

	2020	2021	2022	2023	2024
Budget Balance	**−221**	**78**	**164**	**1**	**−70**
Adjustments to Net Lending	34	−86	−101	−11	−33
Sales of Shares etc.	0	0	0	0	0
Extra Dividends	−3	−7	−8	−3	−1
On-Lending	34	−75	−102	−6	4
Other Adjustments	3	−4	10	−3	−36
Accruals	51	−23	−42	31	14
Of Which: Tax Accruals	44	−13	−32	39	13
Interest Accruals	7	−10	−10	−8	1
Other	−5	−11	−20	0	28
Central Government Net Lending	**−141**	**−42**	**1**	**21**	**−61**
Central Government Borrowing Requirement[1]	221	−78	−164	−1	70
Stock-Flow Adjustments, Central Government Debt	−57	5	50	−13	3
Central Government Debt, Change	164	−73	−114	−14	73
Central Government Debt	**1218**	**1145**	**1031**	**1017**	**1091**
Per cent of GDP	*24,2*	*20,9*	*17,3*	*16,3*	*17,0*

[1] The central government borrowing requirement is equal to the budget balance with the sign reversed.

Sources: Statistics Sweden, Swedish National Debt Office, Swedish National Financial Management Authority and NIER.

Table A30 Central Government Expenditure Ceiling

SEK billion, current prices

	2020	2021	2022	2023	2024	2025
Central Government Expenditure Ceiling	**1 743**	**1 695**	**1 634**	**1 665**	**1 745**	**1 825**
Per cent of Potential GDP	*33,8*	*31,2*	*27,8*	*26,2*	*26,8*	*26,9*
Capped Expenditure	1 501	1 551	1 559	1 589	1 663	1 711
Per cent of Potential GDP	*29,1*	*28,6*	*26,5*	*25,0*	*25,5*	*25,2*
Budgeting Margin	**242**	**144**	**75**	**76**	**82**	**114**
Per cent of Capped Expenditure	*16,1*	*9,3*	*4,8*	*4,8*	*4,9*	*6,7*

Sources: Swedish National Financial Management Authority, Ministry of Finance and NIER.

Table A31 Fiscal measures

SEK billion

	2024	2025	2026	2027	2024–2027
Fiscal space	**32**	**26**	**58**	**28**	**143**
Fiscal measures	**45**	**13**	**58**	**28**	**143**
Measures aimed at consumption and investment in the public sector	20	17	49	27	112
Government consumtion[1]	2	–2	22	15	37
Government investments[2]	2	0	4	4	10
Local government sector[3]	15	19	23	8	65
Measures aimed at households[4]	25	–4	9	1	31
Structural net lending[5]	0,1	0,3	0,3	0,3	

[1] Calculated as the difference between the expenditure level in the scenario and a projection with price and wage conversion (PLO). [2] Calculated as the difference between the expenditure level in the scenario and a projection with price base amounts. [3] Calculated as the income supplement needed in the municipal tax rate, to finance the expenses in scenario and at the same time achieve a result and financial savings on a par with good financial management. [4] Adjusted in the scenario so that the surplus target is reached. [5] Per cent of potential GDP.

Note. Every year, the Riksdag makes decisions on spending limits and income for two years after the budget year. In connection with the budget bill for 2023, decisions were made on frameworks for 2024 and 2025. These frameworks include fiscal policy measures relating to escalations and deesculations of various measures. These changes have been taken into account in the calculations of further fiscal policy measures in the NIER´s scenario.

Source: NIER.