

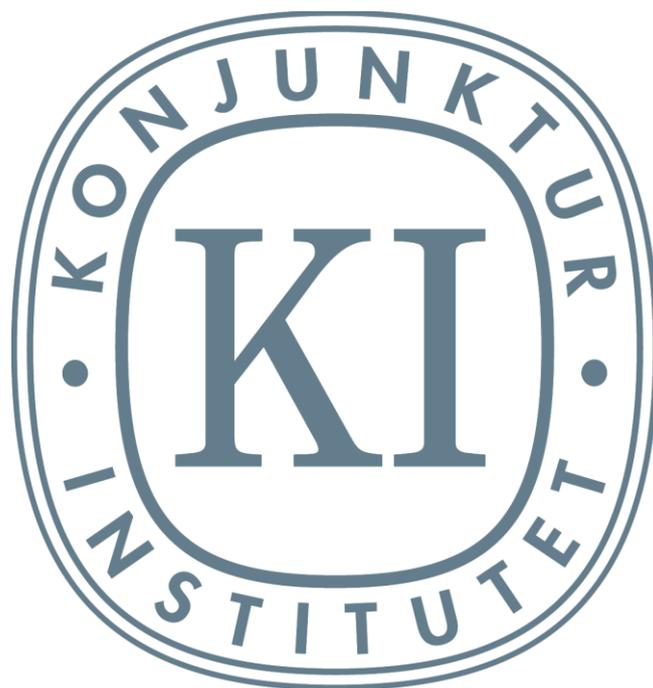
The Swedish Economy

August 2016



National Institute of Economic Research





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Summary of the forecast

The Swedish economy is booming and will strengthen somewhat further next year. Recovery elsewhere will be sluggish, with Brexit putting a damper on activity in Europe. The Swedish labour market is performing strongly, with falling unemployment and growing shortages of labour. Inflation is rising slowly, and CPI inflation will not hit 2 per cent until 2018. The Riksbank will leave the repo rate unchanged until late 2017 when a series of rate hikes will begin. Structural net lending in the government sector will deteriorate somewhat in 2016–2017, meaning that fiscal policy will be somewhat procyclical. Net lending is also below the proposed new surplus target. Tighter fiscal conditions in 2017, and at the very least full funding for new measures in the government budget, would be a more appropriate policy.

After a very strong 2015, output growth in Sweden slowed in the first half of this year (see Diagram 1). GDP increased by a modest 0.3 per cent in the second quarter, due mainly to falling exports, although investment and household consumption also rose more slowly than in the first quarter.

SLUGGISH RECOVERY IN THE OECD

Growth in the OECD countries slowed in the first half of the year, and economic conditions did not improve at the same rate as in 2015. Consumer and business confidence indicators in most countries are nevertheless at levels that point to slightly stronger growth ahead. The overall impression is of continued but leisurely economic recovery.

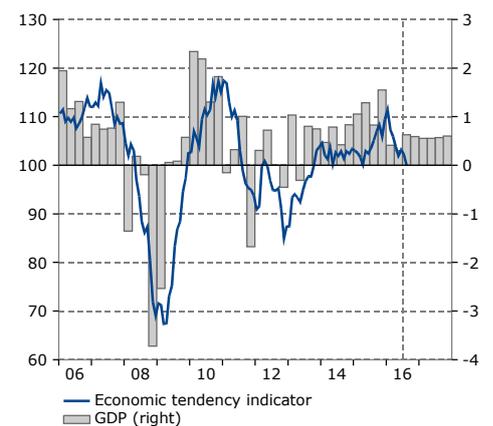
The picture in emerging markets is more positive, with further strong growth in China and India and a gentler decline in GDP in Brazil and Russia. All in all, we expect global GDP to rise by 3.1 per cent this year (see Table 1 and Diagram 2). Next year, growth will be somewhat stronger in both the OECD countries and emerging markets, resulting in global GDP growth of 3.4 per cent.

BREXIT TO DAMPEN EUROPEAN GROWTH

The British voted in June to leave the EU. Although formally the referendum is only advisory, all the indications are that the UK will indeed exit the EU. It is uncertain, however, how quickly this will happen and what kind of agreement will be reached with the EU. The initial reaction to the vote in financial markets was strong, with plummeting share prices, a weaker pound and lower bond yields. Stock markets soon recovered, but growth in the UK is nevertheless expected to slow to a modest 0.8 per cent next year. It is mainly investment that is expected to suffer as a result of the uncertainty about the UK's future relations with the rest of the world.

Diagram 1 Economic tendency indicator and GDP

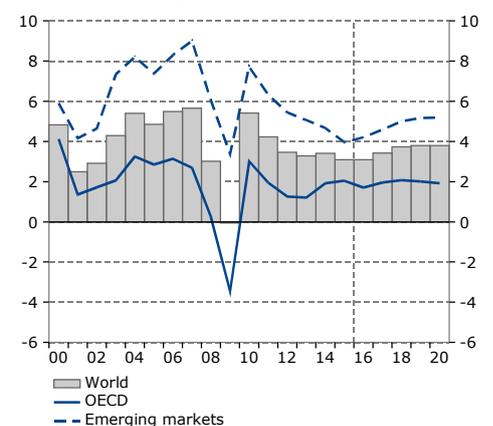
Index mean=100, monthly values and percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 2 GDP world-wide, in OECD and emerging markets

Percentage change

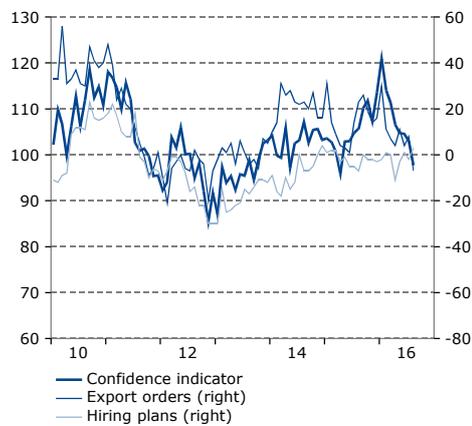


Note. Emerging markets here refers to all non-OECD member countries.

Sources: OECD, IMF, Macrobond and NIER.

Diagram 3 Business tendency survey for manufacturing

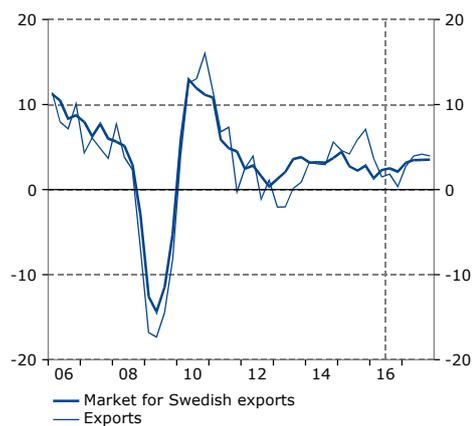
Index mean=100 and balances, seasonally adjusted monthly values



Source: NIER.

Diagram 4 Swedish export market and exports

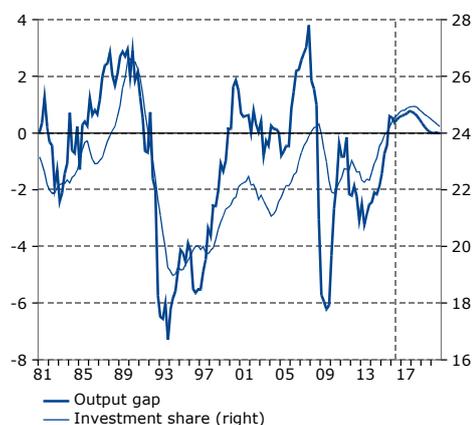
Annual percentage change, seasonally adjusted quarterly values



Sources: OECD, IMF, Statistics Sweden and NIER.

Diagram 5 Output gap and investment share

Per cent of potential GDP and per cent of GDP, quarterly values



Sources: Statistics Sweden and NIER.

This weak GDP growth in the UK is expected to put a damper on exports from the euro area and the rest of Europe, resulting in slightly lower GDP growth there too. The consequences could, however, be substantially greater if Brexit leads to major political instability or financial market turmoil.

HIGHER GDP GROWTH IN SWEDEN DURING THE REST OF THE YEAR

After weak growth in the first half of the year, confidence surveys and developments abroad point to stronger expansion in Sweden in the second half. Although the NIER's economic tendency indicator has dropped back to its historical average with consumer and manufacturing confidence in particular at low levels (see Diagram 1), household consumption has increased at a rate close to the historical average, driven most likely by low interest rates, rapidly rising housing and stock wealth, and healthy income growth. Consumption is expected to continue to rise at a similar rate over the next year.

The signals from manufacturing in the NIER's *Economic Tendency Survey* are mixed, with dwindling new orders and an overall confidence indicator below the historical average, but stronger recruitment plans than normal (see Diagram 3). The market for Swedish exports grew more quickly than exports in the second quarter and shows no signs of weakening (see Diagram 4). Export growth is therefore expected to accelerate gradually. We believe that industrial production, including in the automotive industry, has dipped only temporarily and will bounce back later in the year.

CYCLICALLY HIGH INVESTMENT IN SWEDEN

Investment activity in Sweden has increased strongly since 2014 and has been a key driver of GDP growth. Both housing investment and other business investment have risen rapidly. As a share of GDP, investment is now at a high level, as is normal during an economic boom (see Diagram 5). High levels of investment in the business sector mean rapid growth in the real capital stock, and so investment growth will normally then slow after a while. Our expectation is that investment growth will begin to decelerate next year.

Housing investment has also risen rapidly to relatively high levels. Demand for housing remains brisk, as reflected in soaring prices. Limits on the amount of available building land and labour mean, however, that homebuilding will grow more slowly going forward.

LABOUR MARKET STILL PERFORMING STRONGLY

Although GDP growth fell sharply in the first half of 2016, employment has continued to climb by around 0.5 per cent per quarter. Firms' recruitment plans in the *Economic Tendency Survey* and vacancies reported to the Swedish Public Employment Ser-

vice indicate that employment will rise slightly more slowly over the next year. Job growth will then slow more appreciably due to weaker demand growth and to both firms and public bodies finding it harder to source staff with the required skills.

Table 1 Selected indicators

Percentage change, unless otherwise indicated

	2014	2015	2016	2017	2018	2019	2020
GDP, market prices	2.3	4.2	3.3	2.0	1.9	1.5	2.1
GDP per capita	1.3	3.1	2.0	0.5	0.6	0.4	0.9
GDP, calendar-adjusted	2.4	3.9	3.0	2.3	2.0	1.5	1.9
GDP, world	3.4	3.1	3.1	3.4	3.7	3.8	3.8
Current account balance ¹	4.2	4.8	4.4	4.7	4.6	4.4	4.2
Hours worked ²	1.8	1.0	2.2	1.4	0.9	0.2	0.3
Employment	1.4	1.4	1.8	1.3	0.8	0.4	0.4
Unemployment rate ³	7.9	7.4	6.7	6.3	6.2	6.4	6.7
Labour market gap ⁴	-1.1	-1.1	0.2	0.6	0.8	0.4	0.1
Output gap ⁵	-2.1	-0.5	0.5	0.7	0.6	0.2	0.0
Hourly earnings ⁶	2.8	2.5	2.8	3.2	3.4	3.3	3.3
Hourly labour costs ²	1.8	4.2	3.7	3.3	3.4	3.3	3.3
Productivity ²	0.5	2.6	0.7	1.0	1.1	1.3	1.6
CPI	-0.2	0.0	1.0	1.4	2.7	3.4	3.1
CPIF	0.5	0.9	1.4	1.7	2.0	2.4	2.2
Repo rate ^{7,8}	0.00	-0.35	-0.50	-0.25	0.50	1.50	2.50
Ten-year government bond rate ⁷	1.7	0.7	0.5	0.8	1.6	2.3	2.9
Effective krona exchange rate index (KIX) ⁹	106.8	112.6	110.2	109.2	107.3	105.8	104.3
Government net lending ¹	-1.6	-0.1	-0.6	-0.3	0.2	0.6	0.5
Structural net lending ¹⁰	-0.8	-0.2	-0.5	-0.8	-0.3	0.3	0.5
Maastricht debt ^{1, 8}	44.8	43.4	41.7	40.2	39.1	37.7	36.4

¹ Per cent of GDP. ² Calendar-adjusted. ³ Per cent of labour force. ⁴ Difference between actual and potential hours worked in per cent of potential hours worked. ⁵ Difference between actual and potential GDP in per cent of potential GDP. ⁶ According to the short-term earnings statistics. ⁷ Per cent. ⁸ At year-end. ⁹ Index 18 November 1992=100. ¹⁰ Per cent of potential GDP.

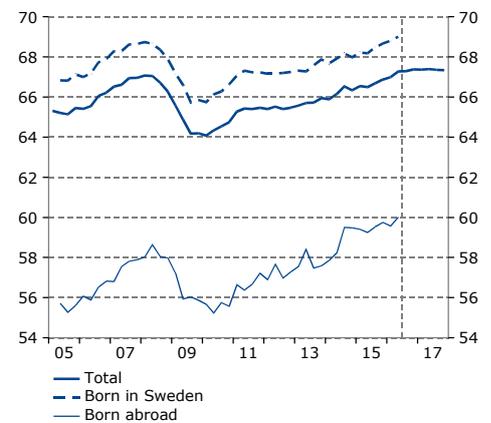
Sources: IMF, Statistics Sweden, National Mediation Office, Sveriges Riksbank, Macrobond and NIER.

The employment rate, defined as the number of people employed as a percentage of the population aged 15–74, has gained around 2 percentage points since the end of 2012 and is expected to climb slightly further again (see Diagram 6). It has risen in both the Swedish born and foreign born populations, and particularly the latter group, but is still much lower among those born outside Sweden.

As the labour force participation rate, defined as the labour force as a percentage of the population aged 15–74, has also

Diagram 6 Employment rate

Per cent of labour force, age 15–74, seasonally adjusted quarterly values

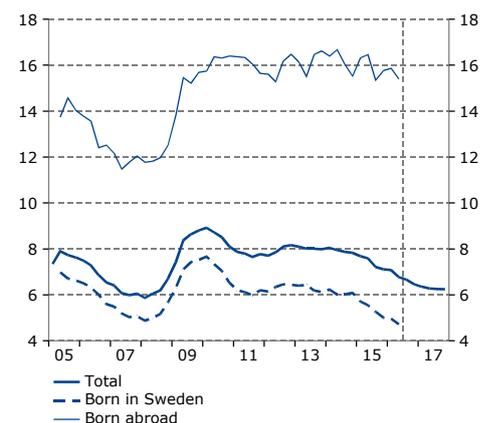


Note. NIER does not forecast employment for Swedish born and foreign born separately.

Sources: Statistics Sweden and NIER.

Diagram 7 Unemployment

Per cent of labour force, seasonally adjusted quarterly values

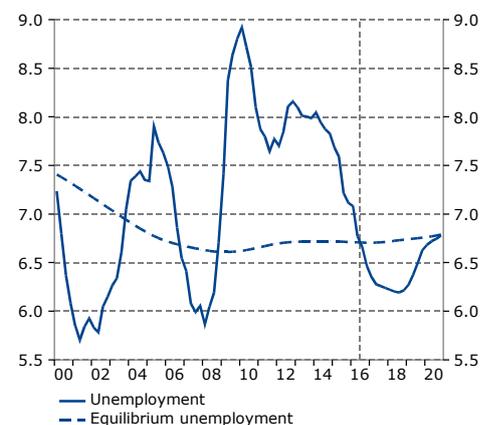


Note. NIER does not forecast employment for Swedish born and foreign born separately.

Sources: Statistics Sweden and NIER.

Diagram 8 Unemployment and equilibrium unemployment

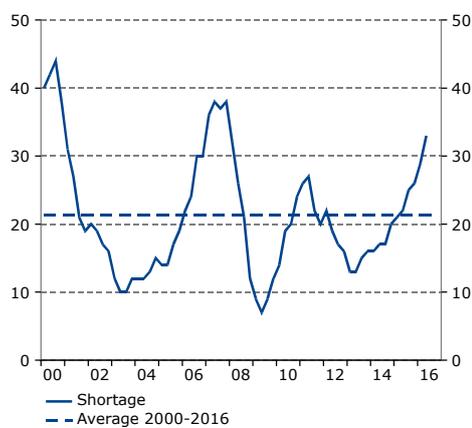
Per cent of labour force, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 9 Business sector labour shortage

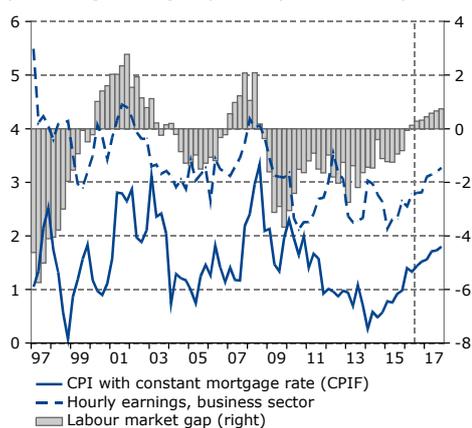
Per cent, seasonally adjusted quarterly values



Source: NIER.

Diagram 10 Labour market gap, hourly earnings and CPIF

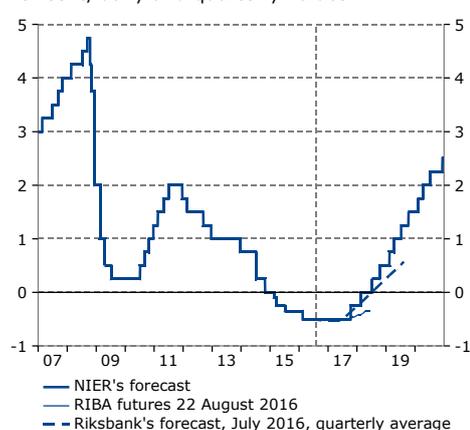
Per cent of potential hours worked and annual percentage change, quarterly values, respectively



Sources: Statistics Sweden, National Mediation Office and NIER.

Diagram 11 Repo rate

Per cent, daily and quarterly values



Sources: Nasdaq OMX, the Riksbank, Macrobond and NIER.

risen, unemployment has not fallen as far as the rise in the employment rate would otherwise indicate (see Diagram 7). The participation rate has increased mainly in the immigrant population, which is why unemployment is still close to 16 per cent in this group. The growth in the labour force will now slow, and so unemployment will fall further. The NIER does not produce separate employment forecasts for the Swedish born and foreign born populations, but the longer the economy operates above capacity, the better the chances of unemployment also falling in groups with a lower job-finding rate, such as the low-skilled and those born abroad. Unemployment will bottom out in 2018 and then return to the estimated equilibrium level of 6.7 per cent in 2020 (see Diagram 8).

TIGHTER LABOUR MARKET PUSHING UP WAGES

The proportion of firms reporting shortages of labour has risen in recent years and is now approaching the levels of the previous boom in 2007 (see Diagram 9). Labour shortages are one reason why job growth will slow next year – firms are simply unable to source the skills they need as quickly as before.

These figures for labour shortages are consistent with higher resource utilisation in the labour market, as illustrated by the NIER's measure for the labour market gap having edged into positive territory (see Diagram 10). Wages normally rise more quickly as the labour market gap improves, but with a certain lag. This is also expected to happen in 2017, but wage growth will be somewhat slower relative to the labour market gap than in previous economic booms. This is due mainly to weaker underlying productivity growth and to low inflation expectations after a long period of low inflation.

INFLATION HIGHER BUT STILL BELOW RIKSBANK TARGET

Inflation as measured by the CPIF (consumer price index with a fixed interest rate) has risen to an average of 1.4 per cent so far this year (see Diagram 10). This is much higher than in 2014 and 2015 but still a fair way short of the 2 per cent target. The rise in inflation is due largely to the depreciation of the krona in 2014–2015 and higher excise duties, with falling energy prices and low rent increases pulling in the other direction. Looking ahead, inflation will climb slowly as a result of faster growth in labour costs, but the rise will be tempered by a slightly stronger krona and further low rent increases next year.

At its most recent monetary policy meeting, the Riksbank decided to postpone a first increase in the repo rate to the second half of 2017 (see Diagram 11). This is in line with signals over the summer from a number of other central banks looking to relax monetary policy in the aftermath of the Brexit vote. The NIER's forecast assumes that the repo rate will start to rise in late 2017 and climb gradually towards 2.5 per cent at the end of 2020.

FALLING STRUCTURAL NET LENDING IN AN ECONOMIC BOOM

Active fiscal policy decisions for 2016 were fully funded, but structural net lending in the government sector will still deteriorate (see Diagram 12), due mainly to increased spending on refugee reception. The finance minister announced at a press meeting at Harpsund on 24 August that, as the NIER understands it, the government plans to propose unfunded measures of around SEK 11 billion in the budget bill for 2017. These unfunded measures, combined with a rapid increase in government consumption and investment expenditure, mean that the structural deficit will widen somewhat further next year.

Structural net lending is set to decline from -0.2 per cent of GDP in 2015 to -0.8 per cent in 2017, while resource utilisation will be high and rising (see Diagram 13). This means that fiscal policy will be procyclical. Structural net lending will also be below the proposed new reduced surplus target of one-third of a percent of GDP.¹ Given the strength of the economy and the need to move back towards the surplus target, it would have been more expedient to tighten fiscal policy in 2017 and so reduce the need for more acute tightening in 2018 and beyond when, for natural reasons, the economic climate is more uncertain. In this light, it would, at the very least, have been appropriate for new expansionary measures in the 2017 budget to be fully funded.

Forecast revisions

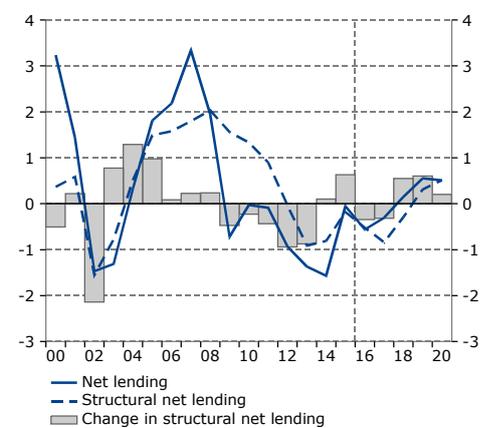
The economic outlook has not changed greatly since June, and the revisions of the forecasts for 2016 and 2017 are generally minor (see Table 2).

- The referendum on EU membership in the UK had an unexpected outcome. The country's exit from the EU and the uncertainty that will prevail during the negotiations are expected to significantly reduce growth in the UK (see Diagram 14).
- This weaker growth in the UK will result in slightly lower growth in 2017 in the euro area and most other European countries, including Sweden.
- US growth was surprisingly subdued in the second quarter, and the forecast for 2016 as a whole has been revised down. The labour market is still performing well, however, and economic conditions are improving.

¹ The parliamentary committee reviewing the target for government net lending proposed in June that a revised surplus target be applied with effect from 2019. The recommended level is one-third of a per cent of GDP, compared with the current target of 1 per cent. The proposal has the support of seven of the eight parliamentary parties. See also the special analysis "A new surplus target".

Diagram 12 General government net lending and structural net lending

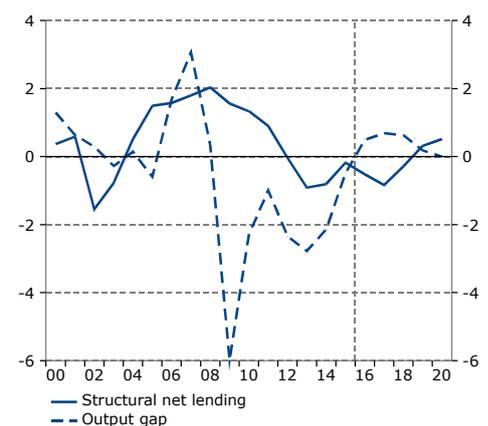
Per cent of GDP and per cent of potential GDP



Sources: Statistics Sweden and NIER.

Diagram 13 General government structural net lending and output gap

Per cent of potential GDP



Source: NIER.

Diagram 14 GDP in the UK

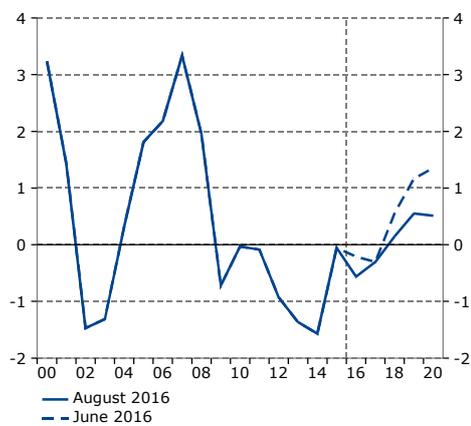
Percentage change



Sources: Office for National Statistics, Macrobond and NIER.

Diagram 15 General government net lending

Per cent of GDP



Sources: Statistics Sweden and NIER.

- GDP growth was also unexpectedly slow in Sweden in the second quarter, and the forecast for the year as a whole has been revised down by 0.3 percentage points. It is mainly export demand that is now expected to be weaker.
- A number of central banks have signalled looser monetary policy following the UK referendum, contributing to falling government bond yields. The Riksbank is expected to postpone a first increase in the repo rate until late 2017.
- Government net lending is now expected to be slightly weaker in 2016 than in our previous forecast (see Diagram 15). This is due partly to a downward revision of the forecast for tax revenue and to Sweden's EU rebate now being expected to apply in 2017 rather than 2016. Net lending in the longer term is also expected to be weaker than forecast in June, as a result of the surplus target being cut from 1.0 per cent to one-third of a per cent of GDP.

Table 2 Current forecast and revisions compared to the June 2016 forecast

Percentage change, unless otherwise indicated

	2016		2017	
	August 2016	Diff.	August 2016	Diff.
Global economy				
GDP, world	3.1	0.0	3.4	-0.1
GDP, OECD	1.7	-0.1	2.0	-0.2
GDP, euro area	1.6	0.0	1.5	-0.3
GDP, US	1.5	-0.3	2.2	0.0
GDP, China	6.5	0.0	6.0	0.0
Federal funds target rate ^{1,2}	0.75	-0.25	1.25	-0.50
ECB refi rate ^{1,2}	0.00	0.00	0.00	0.00
Oil price ³	44.3	-1.1	50.5	-1.6
CPI, OECD	1.1	0.0	2.0	0.0
Domestic economy				
GDP, calendar-adjusted	3.0	-0.3	2.3	-0.1
GDP	3.3	-0.3	2.0	-0.1
Household consumption	3.0	0.0	2.2	0.0
Government consumption	3.3	-0.3	1.7	-0.4
Gross fixed capital formation	6.1	-0.2	3.2	0.3
Stockbuilding ⁴	0.3	0.2	-0.2	-0.1
Exports	2.2	-1.2	3.3	-0.3
Imports	4.1	-0.3	3.5	-0.4
Labour market, inflation, interest rates etc.				
Hours worked ⁵	2.2	0.1	1.4	-0.1
Employment	1.8	0.1	1.3	-0.1
Unemployment ⁶	6.7	-0.1	6.3	-0.1
Labour market gap ⁷	0.2	0.1	0.6	0.0
Output gap ⁸	0.5	-0.2	0.7	-0.2
Productivity ⁵	0.7	-0.5	1.0	0.1
Hourly earnings ⁹	2.8	-0.1	3.2	-0.1
CPI	1.0	0.0	1.4	0.1
CPIF	1.4	0.0	1.7	0.0
Repo rate ^{1,2}	-0.50	0.00	-0.25	-0.25
Ten-year government bond rate ¹	0.5	-0.4	0.8	-1.0
Effective krona exchange rate index (KIX) ¹⁰	110.2	1.1	109.2	1.3
Current account balance ¹¹	4.4	-0.5	4.7	0.3
Government net lending ¹¹	-0.6	-0.4	-0.3	0.0

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 2016 forecast. A positive value denotes an upward revision.

Source: NIER.

FÖRDJUPNING

A new surplus target

Sweden's surplus target is set to be revised following broad political agreement in this area. The new target for general government net lending is one-third of a percent of GDP averaged over a business cycle. A debt anchor is also to be introduced, giving government gross debt a more prominent role in the fiscal policy framework than before. The NIER believes that the new surplus target furthers the fiscal policy objectives of sustainable public finances and safety buffers to allow active stabilisation policies. Giving debt a more prominent role will strengthen the connection to these fundamental objectives. The breadth of the political support, combined with stronger follow-up, will also help maintain the credibility of the fiscal policy framework.

Revision of the framework

BROAD AGREEMENT TO REVISE THE FRAMEWORK

In March 2015, the government announced its intention to replace the surplus target with a balanced-budget target and commissioned the NIER to examine the consequences of such a change.⁷⁶ At the request of the opposition, an all-party parliamentary committee was then set up to look into changes to the fiscal policy framework.

The committee's terms of reference require it to "assess whether there are grounds to change the target level of net lending and, if so, propose a new level" and to "consider whether the current fiscal policy framework [...] should be supplemented with more components to ensure sustainable public finances; and consider [...] strengthened ongoing evaluation of fiscal policy."⁷⁷

The committee is not due to submit its final report until 1 October 2016, but it was communicated on 30 June that the committee had reached an agreement between seven out of

The surplus target – background

The current surplus target is for net lending in the general government sector of 1 per cent of GDP on average over a business cycle.

A target for general government net lending over a business cycle was first formulated in the 1997 spring fiscal policy bill. After a transition period, a target for net lending of 1 per cent of GDP has applied since the year 2000. The target was originally 2 per cent of GDP over a business cycle, but it then also included net lending in the premium pension system, equivalent to around 1 per cent of GDP. When Eurostat decided that net lending in the premium pension system should be classified as household net lending in the national accounts from 2007 onwards, the target was adjusted to 1 per cent of GDP over a business cycle. The standing of the target was bolstered in 2010, with the government now being required by law to submit a proposal to parliament on a target for general government net lending (the surplus target).

The surplus target has its origins in the problems with central government finances that arose with the economic crisis of the early 1990s. Government net lending fell from 4 per cent of GDP in 1990 to -11 per cent in 1993. Central government debt spiralled to more than 70 per cent of GDP for much of the second half of the decade, which meant that interest payments on this debt rose as high as 5 per cent of GDP. The idea behind the surplus target was to promote lower central government debt and a balance between assets and liabilities in the general government sector – i.e. financial net wealth of close to zero. This was partly because liabilities were considered to be too high in the first place, and partly because there was now a chance to "top up the coffers" in the early 2000s ahead of an anticipated increase in the demographic dependency ratio.

⁷⁶ See Löfven, S., M. Andersson and P. Bolund, "Bättre framtidsutsikter utan åtstramande överskottsmål" [Better outlook without restrictive surplus target], *Dagens Nyheter*, 3 March 2015. The NIER's analysis was published in "Konsekvenser av att införa ett balansmål för finansiella sparande i offentlig sektor" [Consequences of introducing a balanced-budget target for government net lending], *Occasional Studies* 45, 2015.

⁷⁷ The committee is also to carry out various consequence analyses, etc., see Terms of Reference 2015:63 "A review of the target for general government net lending".

Fiscal policy targets

Targets for general government net lending and other similar fiscal targets are intermediate in nature. This means that they do not have any intrinsic value but are intended to make it easier to achieve the more fundamental objectives of fiscal policy. These fundamental objectives are set out in the document Skr. 2010/11:79 "The Swedish fiscal policy framework", which specifies that fiscal policy is to promote long-term sustainable public finances, economic efficiency and uniform distribution of resources between generations. Fiscal policy should also be designed in such a way as to generate the safety buffers needed for active stabilisation policies.

Long-term sustainable public finances can be interpreted as government net wealth stabilising as a share of GDP, i.e. not trending downwards. This also means that general government debt does not trend upwards as a share of GDP.

In the context of fiscal policy, **economic efficiency** is largely about funding government expenditure efficiently. Such an analysis often leads to the conclusion that tax rates should vary as little as possible over time so that the economic losses caused by taxation are minimised.

Uniform distribution of resources between generations can be facilitated by consistent taxation and stable net wealth as a share of GDP. If expenditure is constant relative to GDP, consistent tax rates generating revenue that matches expenditure will result in no redistribution of resources between generations. Constant net wealth as a share of GDP means that each generation leaves behind the same financial resources as it inherited from previous generations. In practice, demographic changes will mean that expenditure varies even if personnel density in the provision of publicly funded services and replacement rates in the transfer systems are unchanged. Where demographic variations of this kind occur, it may be justified, in terms of intergenerational equity, for net wealth to vary, with large generations to some extent pre-financing their age-related costs.

Safety buffers and space for active fiscal policy measures depend on debt levels not being excessive and on an absence of large budget deficits. Otherwise the risk premiums on Swedish government bonds may increase. It is ultimately a matter of credibility. If active stabilisation policies that increase deficits in a downturn are perceived as temporary, the risk of negative effects on risk premiums, etc. will be reduced.

eight parliamentary parties.⁷⁸ The agreement contains proposals for a new target for net lending over a business cycle and an extension of the framework to include a debt anchor. Stronger follow-up is also proposed.

NEW LEVEL FOR THE SURPLUS TARGET FROM 2019

The committee's proposal is to lower the target for government net lending over a business cycle to one-third of a percent of GDP from 2019 onwards. The target still applies to the entire government sector, i.e. central government, local government and the old-age pension system. Net lending in the local government sector is largely determined by the balanced-budget requirement and guidelines on sound financial management, while net lending in the pension system depends on macroeconomic and demographic developments. In practice, this means that meeting the target is a matter of adjusting central government net lending in the light of developments in the local government sector and the pension system.

INTRODUCTION OF A DEBT ANCHOR

The agreement also means that the fiscal policy framework will be supplemented with a debt anchor for general government consolidated gross debt, or Maastricht debt, of 35 per cent of GDP (see box in margin later in the analysis for definitions of Maastricht debt and other terms). The idea is that fiscal policy should be pursued in such a way that Maastricht debt moves towards the debt anchor. Should debt deviate from the anchor by more than 5 per cent of GDP, the government will be required to explain to parliament why this has happened and what action it plans to take.

The introduction of this debt anchor gives Maastricht debt a more prominent role in the fiscal policy framework. This will enhance the framework's credibility through a stronger connection to the fundamental objectives of fiscal policy, in particular those concerning sustainability and safety buffers (see box in margin). There is also, however, a risk that the debt anchor could act as an operational target, which is problematic. Mechanical targeting of the debt anchor would mean that exchange rate movements, changes in accounting policies and other events beyond the government's control trigger unfounded changes in

⁷⁸ See "Kommitténs förslag om nytt överskottsmål, skuldankare och förstärkt uppföljning" [The committee's proposal for a new surplus target, debt anchor and stronger follow-up], press release from the Committee for the Review of the Target for General Government Net Lending, 30 June 2016.

taxation or expenditure.⁷⁹ The relatively soft rules proposed for deviations from the debt anchor should therefore be viewed as a strength rather than a weakness. There may be grounds for the committee to make it even clearer that Maastricht debt is not to become an operational target.

HANDLING OF DEVIATIONS FROM TARGET CLARIFIED

The agreement states that follow-up of the surplus target is to be enhanced by defining what constitutes a deviation from the target. It defines a deviation as structural net lending “departing clearly from the target level”. The agreement also states that, in such a situation, a return towards the target level is to commence in the following fiscal year or, in a severe economic downturn, when resource utilisation in the economy begins to recover. According to the committee, the return to target should, under normal circumstances, take place at a rate corresponding to the automatic strengthening of structural net lending that normally occurs in the absence of active fiscal policy decisions.⁸⁰ The NIER estimates that this automatic tightening can be expected to amount to 0.4–0.5 per cent of GDP per year on average.

The committee’s communication does not specify what exactly is to be considered “departing clearly from the target level”. If there is to be scope for active stabilisation policies, however, even structural net lending must be allowed to vary with economic conditions. To a certain extent, the EU rules on a medium-term objective (MTO) for the structural balance limit how far structural net lending can fall during an economic downturn, although there are exceptions. Other than in an exceptionally severe economic downturn, structural net lending is limited to Sweden’s MTO of –1 per cent of GDP. If the whole of this MTO is used up, and a return to target commences when resource utilisation bottoms out, the return to target can be expected to take around three years. In a downturn with an output gap not exceeding –2 per cent, this should be long enough for structural net lending to be back on target when the economy returns to capacity, which the committee’s communication gives as the norm. In a more serious crisis, when structural net lending may be even weaker, the return to target may take longer or require active austerity measures. If the target is to be met on average over a business cycle, both actual and structural net lending will need to exceed the target level during boom periods.

⁷⁹ See also the section “Management of deviations from the debt anchor” below.

⁸⁰ The committee defines a normal situation as one where the output gap is between –1.5 and +1.5 per cent of potential GDP.

More generally, the rules for evaluating performance against the target are a double-edged sword. On the one hand, the flexible formulation of the target “over a business cycle” opens the door to differing interpretations, which could undermine the target and so warrant some clarification of what constitutes a deviation from the target and how it should be managed. On the other hand, overly strict rules could trigger inappropriate policies which damage the credibility of the target in the longer run. In this light, the committee’s decision not to propose especially rigid rules for how deviations are to be defined and managed appears to be a judicious one. A little more precision than before to facilitate follow-up of the target is, however, justified.⁸¹

NEW PROCEDURE FOR REVIEW OF TARGETS

One problem with the existing surplus target is that it was formulated without clearly specifying how it should be revisited in the future. This has not helped the process leading up to the imminent revision of the target. The committee is now proposing the introduction of scheduled reviews every eight years. This model resembles that set out by the NIER in its analysis of the consequences of introducing a balanced-budget target. The idea is to combine the fundamental fiscal objectives, which have more to do with debt and wealth levels, with an operational target for net lending that supports these objectives. For this to be done, regular reviews need to be performed in the light of developments in government finances and demographics. These reviews should be neither too frequent nor too infrequent. Every eight years appears to be a reasonable interval, and it is probably an advantage that this is to be co-ordinated with the electoral cycle.

BROAD SUPPORT ENHANCES CREDIBILITY

A surplus target has no intrinsic value but serves only to support more fundamental objectives. A surplus target can also enhance the credibility of fiscal policy. This is beneficial in terms of both the performance of government finances and space for stabilisation policies, and also benefits general economic growth by increasing the predictability of economic policy.

The credibility that has been achieved through the surplus target and the fiscal policy framework is worth preserving. The fact that the committee has reached such a broad agreement across political divides bodes well for the target’s credibility and

⁸¹ See also section 5 of “Konsekvenser av att införa ett balansmål för finansiellt sparande i offentlig sektor” [Consequences of introducing a balanced-budget target for government net lending], *Occasional Studies* 45, NIER, 2015.

more predictable fiscal policy than would be the case with a less widely supported target.

Consequences of the new target through to 2040

STRUCTURAL NET LENDING SHOULD EXCEED TARGET WHEN ECONOMIC CONDITIONS ARE NORMAL

The new surplus target, like the existing one, is formulated as an average level of government net lending over a business cycle. In the committee's communication, however, *structural* net lending is highlighted as an appropriate measure for use in guiding policy and defining deviations from target. The NIER shares the view that structural net lending – which, by definition, should not vary automatically with the economy – is a better rudder for policy than actual net lending. However, it is actual net lending that affects Maastricht debt and government net wealth. It is therefore important to assess whether structural net lending can be expected to deviate *systematically* from the actual level. This depends to a great extent on whether business cycles are asymmetrical.

Historically, business cycles have featured longer periods with the economy operating below capacity than above capacity: on average, the output gap has been negative. Business cycles can be expected to have a similar asymmetrical pattern in the future, which means that the cyclical effects on government net lending will be negative on average.

The NIER assumes that the output gap will average -0.5 per cent in future business cycles. The output gap's effect on government net lending (budget elasticity) has been 0.4 in recent years, according to the NIER's calculations. The expected average cyclical effect on net lending is therefore $(-0.5 \cdot 0.4) = -0.2$ per cent of GDP.

This means that actual net lending can be expected to be 0.2 per cent of GDP less than structural net lending on average over a business cycle. So, if actual net lending is required to average one-third of a percent of GDP, structural net lending will need to be around 0.5 per cent of GDP. If policy is designed and evaluated on the basis of structural net lending, it would therefore be reasonable for structural net lending of 0.5 per cent of GDP to be the norm for the new surplus target.

Definitions of government net lending and debt

General government net lending is the difference between (accrued) income and expenditure in the government sector during the course of a year. The general government sector can be subdivided into central government, local government (municipalities and county councils) and the old-age pension system.

General government primary net lending excludes capital income and capital costs (in practice, mainly interest costs).

Structural net lending is an estimate of what government net lending would be with the economy operating at capacity. The difference between structural and actual net lending corresponds to the automatic stabilisers and non-recurring items (such as repayments of insurance premiums to municipalities).

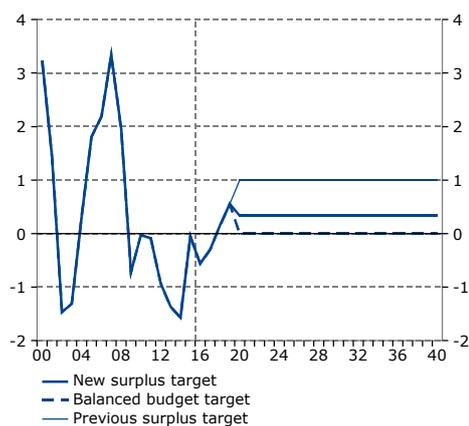
General government consolidated gross debt, or Maastricht debt, is the sum of the liabilities that central government, municipalities, county councils and the old-age pension system have to lenders outside the government sector. It is consolidated in the sense that liabilities within the government sector are eliminated.

Central government debt consists of central government's liabilities to other sectors of the economy. It is published monthly by the Swedish National Debt Office based on guidelines issued at EU level. The government, the Swedish National Financial Management Authority (ESV) and the NIER report central government debt in consolidated form, which means that liabilities between central government entities are eliminated.

General government net (financial) wealth consists of the government sector's financial assets less its liabilities. Net wealth is computed in Statistics Sweden's financial accounts, which recognise liabilities and financial assets at market value rather than nominal value.

Diagram 133 General government net lending

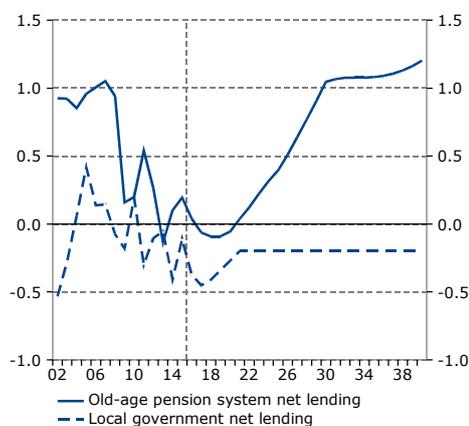
Per cent of GDP



Sources: Statistics Sweden and NIER.

Diagram 134 Old-age pension system and local government net lending

Per cent of GDP



Sources: Statistics Sweden and NIER.

POLICY SHOULD BE BASED ON THE NEW TARGET STARTING FROM THE 2017 BUDGET BILL

The new surplus target is to apply from 2019. The question, then, is how fiscal policy should be orientated in the intervening period. One of the main reasons for formulating the surplus target as an average over a business cycle is to avoid chopping and changing of policy. This is also one reason why a debt target has not previously been considered useful. The model with a debt anchor has been designed to avoid abrupt changes in policy. For these reasons, the NIER believes that it is most expedient in light of the new target from 2019 for policy to focus on this target straight away. In practice, this means a gradual strengthening of government net lending through to 2019. The NIER believes that net lending is currently off-target relative to both the existing target and the new one. Switching policy from the old (formally the current) to the new surplus target in a very short period would result in unnecessarily abrupt policy changes. From a stabilisation policy perspective, how quickly fiscal policy should be adjusted to the new target is a matter of debate. Given the expected boom in the economy over the next couple of years, the bulk of the adjustment should take place in 2017 and 2018.

CONSEQUENCE ANALYSIS IN A SIMPLIFIED SCENARIO

To estimate the long-term consequences for Maastricht debt and government net wealth, we use a simplified scenario for the Swedish economy in 2020–2040.⁸² The calculations are based on actual government net lending. It is assumed throughout that the surplus target is met. The new target is compared with the existing target (net lending equivalent to 1 per cent of GDP) and a balanced-budget target. The calculations assume no cyclical variations, so net lending corresponds to the respective targets every year from 2020 onwards (see Diagram 133). Greatly simplified calculations are used for the local government sector and the old-age pension system. Local government net lending is assumed to be -0.2 per cent of GDP, which is deemed consistent with unchanged debt in the sector as a share of GDP and with the guidelines on sound financial management in the sector (see Diagram 134). For the old-age pension system, we use the Swedish Pensions Agency's model to estimate the sector's primary expenditure, i.e. pension payments. Primary revenue, like in-

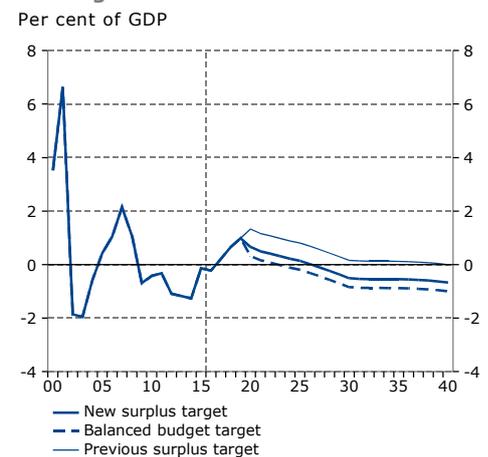
⁸² Macroeconomic developments through to 2025 are the same as in the scenario in the present edition of *The Swedish Economy*. For 2026–2040, we use the NIER's model for long-term macroeconomic projections (KAVEL) – see Appendix 2 to "The long-term sustainability of Sweden's public finances", *Occasional Studies* 43, NIER, 2015, for a description of the model's construction.

vestment income, is estimated using the NIER's model-based macroeconomic scenario. The return on the pension system's assets, which are considerable, is assumed to be 4.5 per cent per year in the long run, which is slightly higher than long-term average GDP growth in current prices. The outcome of these calculations is net lending in the old-age pension system of close to zero through to 2020, after which a surplus builds up to around 1 per cent of GDP in the 2030s. The reason for this surplus is an increase in primary net lending in the pension system for demographic reasons.

NEW TARGET REQUIRES CENTRAL GOVERNMENT SURPLUSES

Although the surplus target is defined for the government sector as a whole, it is, in practice, central government net lending that needs to be managed in such a way that the target is met. This is because net lending in the old-age pension system and the local government sector is determined by other factors. For given developments in the pension system and the local government sector it can thus be calculated what is required of central government for the target to be met. For much of the first decade of the new millennium, net lending in the old-age pension system was around 1 per cent of GDP (see Diagram 134). Local government net lending, meanwhile, had a balanced budget on average during the period. The implicit target for central government net lending was therefore close to zero in 2000–2010. Net lending in the pension system has now fallen and is expected to be close to zero on average in 2019–2025. It is also reasonable to assume that local government will be slightly in deficit, and the calculations assume net lending of -0.2 per cent of GDP (see above). Taken together, this means that central government net lending will probably need to be positive if the surplus target is to be met in the early 2020s (see Diagram 135). In terms of the implicit target for central government net lending, the new target is therefore more ambitious some way into the 2020s in comparison to the implicit target for central government finances derived from the existing target in 2000–2010. In the longer term, it is very uncertain what path net lending in the old-age pension system will take. The NIER's rough calculations, based partly on the Pensions Agency's model, suggest growing surpluses in the pension system from the mid-2020s. This is consistent with central government net lending decreasing to an equivalent degree and turning negative after 2025.

Diagram 135 Central government net lending



Sources: Statistics Sweden and NIER.

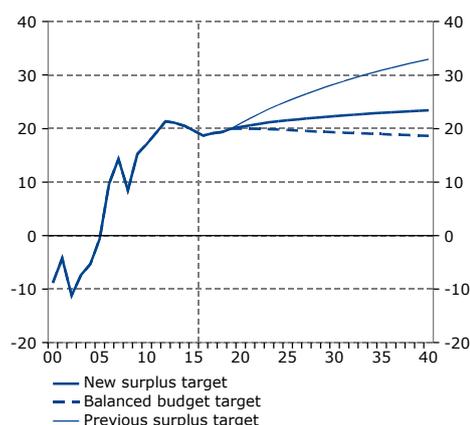
Movements in government net wealth

General government financial net wealth will increase in absolute terms if net lending is positive or if there are positive value changes. **Value changes** are all changes in net wealth that are not included in net lending. This might mean changes in the value of shares, sales of assets above or below their book value, and pure accounting adjustments that affect the value of assets or liabilities but not net lending.

General government financial net wealth will increase as a share of GDP if the sum of net lending as a share of GDP and value changes as a share of GDP exceeds GDP growth (in current prices) multiplied by the previous year's net wealth as a share of GDP.

Diagram 136 General government financial net wealth

Per cent of GDP



Sources: Statistics Sweden and NIER.

GOVERNMENT NET WEALTH CONTINUES TO RISE

Positive net lending in the government sector means that its financial net wealth will increase in absolute terms. As GDP will also rise, this does not necessarily mean that financial net wealth will increase as a share of GDP. With positive net wealth in the government sector equivalent to 20 per cent of GDP, which roughly corresponds to the current situation, GDP growth of 4 per cent in current prices will cause an annual decrease in net wealth as a share of GDP of around 0.8 percentage points. With net lending of one-third of a percent of GDP, net wealth would then decrease, initially by around 0.5 per cent per year. As wealth decreases, the negative contribution from GDP growth is reduced. In the long run, net wealth stabilises at around 8 per cent of GDP under these conditions. At this point of balance, the erosion of wealth due to GDP growth ($-0.04 \cdot 8 = -1/3$) corresponds exactly to net lending.

In practice, however, financial net wealth is also affected by value changes that are not included in net lending (see box in margin). These value changes have accounted for the bulk of the increase in government net wealth as a share of GDP since the year 2000.⁸³ The NIER expects value changes to continue to occur in the future, not least because the old-age pension system's shareholdings can be expected to produce a return over and above dividend income (which is included in net lending). Under the assumption that non-interest-bearing assets (mainly shares) in the central government sector and the pension system rise in value by around 2 per cent per year, net wealth will grow slightly through to 2040 even with the new surplus target (see Diagram 136).⁸⁴ The increase would have been greater with the existing surplus target, and wealth would have stabilised around current levels as a share of GDP with a balanced-budget target. Whichever target is applied, net wealth development remains healthy from a sustainability perspective.

MAASTRICHT DEBT DROPS TOWARDS DEBT ANCHOR BUT MAY BEGIN TO CLIMB IN LATE 2020s

Another measure of sustainability, which also reflects the safety buffers ahead of future crises, is Maastricht debt (see definitions in box in margin earlier in this analysis). Movements in Maastricht debt are determined largely by net lending in the central

⁸³ See also section 2 of "Konsekvenser av att införa ett balansmål för finansiellt sparande i offentlig sektor" [Consequences of introducing a balanced-budget target for government net lending], *Occasional Studies* 45, NIER.

⁸⁴ The total return is assumed to be 4.5 per cent, comprising 2 per cent capital appreciation and 2.5 per cent dividend income.

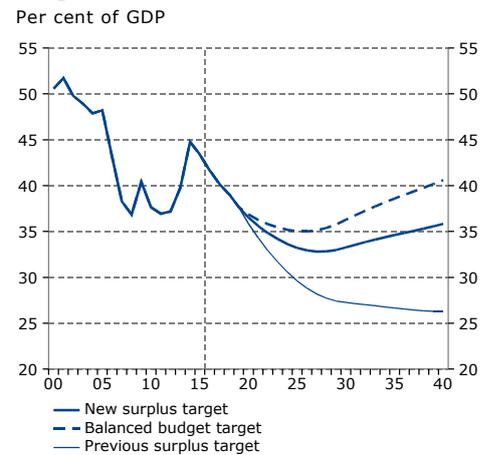
and local government sectors. When it comes to Maastricht debt as a share of GDP, movements in GDP also play a role. The assumptions applied in this analysis are based on local government debt being unchanged as a share of GDP, which means that Maastricht debt is determined largely by central government net lending and GDP growth. The old-age pension system has almost no liabilities, and any variations in its net lending are dealt with on the asset side of the accounts. Developments in the pension system do, however, have an indirect effect. Because the surplus target is formulated for the whole of the government sector, net lending in the old-age pension system and net lending in the central government sector are communicating vessels, given that the target is met. If net lending increases in the pension system, net lending in the central government sector will fall, resulting in higher debt than would otherwise have been the case. Similarly, lower net lending in the pension system will result in higher central government net lending and reduced debt.

GDP growth and slightly positive central government net lending on average in 2019–2025 mean that Maastricht debt falls as a share of GDP (see Diagram 137). The level of the debt anchor is reached early in the 2020s, and Maastricht debt then holds relatively close to the anchor through to 2040. The new surplus target and the debt anchor can therefore be seen as mutually compatible.

Towards the end of the 2020s, however, Maastricht debt begins to climb again, due to central government deficits after 2025. The reason for this is that net lending then begins to increase in the old-age pension system, gradually reducing central government net lending so that general government net lending is one-third of a percent of GDP. Net lending in the pension system is, however, very uncertain that far ahead, and different authorities have come up with very different estimates.⁸⁵ This uncertainty complicates assessments of the long-run impact of the surplus target on Maastricht debt. It is important to look more closely at how these differences in estimates have arisen, and this needs to be done in good time before the target is next due to be reviewed in 2026. If surpluses materialise in the pension system, consideration could be given to raising the surplus target so that Maastricht debt remains around the level of the debt anchor.

Even if Maastricht debt increases slightly after 2025 as a share of GDP, it will still be low relative to the EU ceiling of 60 per cent and so provide a substantial safety buffer. Government

Diagram 137 Maastricht debt



Sources: Statistics Sweden and NIER.

⁸⁵ See section 5 of "Swedish fiscal policy", Swedish Fiscal Policy Council, 2015.

finances can therefore be considered sustainable by a good margin by this measure as well.

Management of deviations from the debt anchor

HOW DEVIATIONS FROM THE DEBT ANCHOR SHOULD BE MANAGED DEPENDS ON THEIR CAUSE

The communication from the parliamentary committee proposes that the government be required to explain to parliament the reasons for any deviation from the debt anchor of more than 5 percentage points and what the government plans to do about it. The NIER would stress that how such a deviation should be managed will depend on why it has occurred. The following provides a few examples of how deviations from the debt anchor might be handled. The examples are based on events of recent years that have impacted on Maastricht debt and are by no means an exhaustive list of what could occur in the future. In general, the NIER believes that each deviation must be assessed on the basis of a detailed analysis of the specific event and its consequences for current and future levels of net wealth and Maastricht debt. This is one of the aims of the model with regular evaluation and review of the surplus target.

HIGH DEBT DUE TO FAILURE TO MEET SURPLUS TARGET SHOULD RESULT IN A HIGHER FUTURE TARGET

If the surplus target has not been met, and this leads to higher Maastricht debt than indicated by the debt anchor, it would, in principle, be reasonable to revise the target upwards for the following period to compensate for this and restore Maastricht debt to the desired level. Previous undershoots of the surplus target should not result in upward revision of the debt anchor, partly because such a principle would unjustifiably reduce the “cost” of deviating from the surplus target.

INCREASES IN DEBT WITHOUT DEVIATIONS FROM THE TARGET SHOULD BE MANAGED ACCORDING TO CAUSE

There are at least three situations that could cause Maastricht debt to deviate from the debt anchor even if the surplus target is met:

Revised accounting definitions and other technical factors

Central government debt, Maastricht debt and government net wealth are all defined statistically at EU level, as are government net lending and GDP. The NIER believes that having the target variable (general government net lending) and the debt anchor defined on the basis of internationally agreed rules enhances the credibility of fiscal policy. These rules, however, are revised from time to time. The question, then, is whether such revisions should lead to changes in the surplus target, the debt anchor, both or neither.

It is not possible to draw a general conclusion here. Some examples can, however, illustrate the kind of reasoning that might be applied in a situation where Maastricht debt deviates from the anchor. In the mid-2000s, the definition of the government sector in the national accounts was revised, with the result that the surplus target was lowered from 2 to 1 per cent of GDP over a business cycle (see box in margin on the first page of this analysis). This was appropriate when the goal was a certain level of debt relative to GDP, because the premium pension system, being fully funded, did not impact on government debt. Should similar redefinitions of government net lending be made in the future, this would therefore point to revision of the surplus target rather than the debt anchor.

Another example concerns behavioural changes within given statistical frameworks. At the end of 2014, some government bodies revised their procedures for repos at the turn of the year. This meant that Maastricht debt increased by around 1.5 per cent of GDP at the end of 2014. In such a situation, there is no reason to adjust the surplus target. The change did not affect net wealth, nor could it reasonably be considered to have reduced the government's borrowing capacity or, therefore, its safety buffers. In such a situation, it can be argued that the debt anchor rather than the surplus target should be raised, given that the change is permanent. In the short term, for a given debt anchor, such an event should not normally trigger changes to fiscal policy.

Higher debt due to higher currency reserves

The Riksbank has enlarged its currency reserves in recent years. In 2013, for example, the Swedish National Debt Office borrowed around SEK 100 billion of foreign currency and lent it on to the Riksbank. This gave the National Debt Office a claim on the Riksbank, which also pays interest corresponding to the National Debt Office's borrowing costs for the loan.

In accounting terms, this meant that the central government sector's interest-bearing assets and liabilities both increased by around SEK 100 billion. Net wealth was not therefore affected by the additional lending to the Riksbank. Both central government debt and Maastricht debt, however, increased by SEK 100 billion. This risks decreasing central government borrowing capacity in a crisis – one of the most important safety buffers. Other things being equal, an expansion of currency reserves in this way would therefore point to a higher surplus target and an unchanged debt anchor to keep the safety buffers intact. At the same time, the Riksbank's enlarged currency reserves provide increased an safety buffer in the event of a bank crisis, for example. Whether, and by how much, the aggregate safety buffers are reduced by an increase in lending to the Riksbank is therefore difficult to gauge.

Lower debt due to sell-offs of assets

Both central government debt and Maastricht debt can be affected without there being any effect on net lending or net wealth, such as when central government sells off assets. This has happened historically. From 2000 to 2014, sell-offs of shares lowered central government debt by around 7 per cent of GDP.⁸⁶ Such a change in the composition of the government sector balance sheet can to some extent result in increased safety buffers, because – depending on the liquidity of the assets – it may be better to have borrowing capacity than illiquid financial assets when the safety buffers are put to the test. At the same time, assets are reduced. It is problematic if the targets set for gross debt are met by selling off assets. Sometimes, however, sell-offs may be associated with gross debt decreasing while net wealth increases, e.g. if central government assets are sold for more than their book value.⁸⁷ If the overall position of the government sector is better than expected as a result of this, it may motivate a lower surplus target. Similarly, there may be reason to revise up the surplus target if the government sector has increased its assets through debt-financed corporate acquisitions, etc.

⁸⁶ See Table 4 in "Konsekvenser av att införa ett balansmål för finansiellt sparande i offentlig sektor" [Consequences of introducing a balanced-budget target for government net lending], *Occasional Studies* 45, NIER, 2015.

⁸⁷ Assuming that assets are correctly valued in the financial accounts to begin with, net wealth will not be affected by their sale. Historically, however, some central government assets have been undervalued in the financial accounts, which has led to central government net wealth increasing following sell-offs, see Höglin, E., E. Jonasson, and U. Robling, "Den offentliga sektorns skulder och finansiella tillgångar" [The government sector's liabilities and financial assets], *Studier i finanspolitik* 2014/4, Swedish Fiscal Policy Council.

Higher debt due to larger surpluses in the old-age pension system

If net lending in the old-age pension system is higher than expected, central government net lending can be lower and the surplus target still met. Maastricht debt will then normally be higher than expected, while government net wealth will be in line with expectations. The pension system's financial position will be stronger, and central government's weaker. This could motivate a higher surplus target for the following period, and an unchanged debt anchor, because increased wealth in the pension system does not to any real extent contribute larger safety buffers. The reverse, of course, applies if net lending in the pension system is less than expected.

If there is an unexpectedly large accumulation of wealth in the old-age pension system, it might also be appropriate to adjust the pension system itself rather than the fiscal policy framework. There is currently a "brake" in the system to ensure its solvency, but no "accelerator" to return unexpected surpluses in the system to pensioners. Such a debate could materialise if surpluses of the size indicated by the NIER's calculations do occur. An alternative might be to transfer to the treasury any accumulation of wealth beyond that needed for pension payments.

Tables and graphs

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

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The global economy 2016–2017

Table A1 Global output

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

	Weight 2015	2011	2012	2013	2014	2015	2016	2017
World		4.2	3.5	3.3	3.4	3.1	3.1	3.4
KIX weighted ¹	74.3	2.7	1.1	1.3	2.1	2.0	1.9	2.0
OECD	45.2	2.0	1.3	1.2	1.9	2.0	1.7	2.0
US	15.8	1.6	2.2	1.7	2.4	2.6	1.5	2.2
Euro area	11.9	1.6	-0.8	-0.3	0.9	1.6	1.6	1.5
Germany	3.4	3.7	0.7	0.6	1.6	1.5	1.8	1.4
France	2.3	2.1	0.2	0.6	0.7	1.2	1.4	1.3
Italy	1.9	0.7	-2.9	-1.8	-0.3	0.6	0.8	0.9
Spain	1.4	-1.0	-2.6	-1.7	1.4	3.2	3.0	2.3
Finland	0.2	2.6	-1.4	-0.8	-0.7	0.2	0.7	1.0
Japan	4.3	-0.4	1.7	1.4	-0.1	0.6	0.5	1.0
UK	2.4	1.5	1.3	1.9	3.1	2.2	1.8	0.8
Sweden	0.4	2.7	0.1	1.2	2.4	3.9	3.0	2.3
Norway	0.3	1.1	2.6	1.1	2.2	1.7	0.7	1.1
Denmark	0.2	1.2	-0.1	-0.2	1.3	1.0	1.0	1.5
Emerging markets ²	54.8	6.3	5.4	5.1	4.7	4.0	4.2	4.6
China	17.1	9.9	7.7	7.7	7.3	6.9	6.5	6.0
India	7.0	7.0	5.1	6.5	7.1	7.4	7.4	7.5
Brazil	2.8	3.9	1.9	3.0	0.1	-3.9	-3.4	0.8
GDP per capita								
US		0.8	1.5	0.9	1.6	1.8	0.7	1.4
Euro area		1.3	-1.1	-0.5	0.7	1.3	1.4	1.2
Japan		-0.6	2.0	1.5	0.1	0.7	0.8	1.4
Market growth								
World ³		6.4	1.8	2.7	3.3	3.0	2.1	3.4

¹ KIX weighted GDP is the weighted average of GDP growth in the 32 countries included in the KIX effective krona exchange rate index. ² Emerging markets are defined here as countries that are not members of the OECD. ³ World market growth refers to total import demand in the countries to which Sweden exports, each country weighted by its share of Swedish goods exports.

Note. The figures for GDP are the calendar-adjusted change expressed in constant prices. The aggregates are calculated using time-varying purchasing power parity GDP weights from the IMF.

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

Table A2 Global inflation

Percentage change in CPI

	2010	2011	2012	2013	2014	2015	2016	2017
OECD	1.9	2.9	2.3	1.6	1.7	0.6	1.1	2.0
US	1.7	3.2	2.1	1.5	1.6	0.1	1.2	2.1
Euro area	1.6	2.7	2.5	1.3	0.4	0.0	0.2	1.2
Germany	1.1	2.5	2.1	1.6	0.8	0.1	0.3	1.4
France	1.7	2.3	2.2	1.0	0.6	0.1	0.3	1.1
Italy	1.6	2.9	3.3	1.2	0.2	0.1	0.0	1.0
Spain	2.0	3.0	2.4	1.5	-0.2	-0.6	-0.5	1.1
Finland	1.7	3.3	3.2	2.2	1.2	-0.2	0.3	1.2
Japan	-0.7	-0.3	0.0	0.4	2.7	0.8	-0.1	0.8
UK	3.3	4.5	2.8	2.6	1.5	0.1	0.7	2.0
Sweden	1.9	1.4	0.9	0.4	0.2	0.7	1.1	1.5
Norway	2.3	1.3	0.4	2.0	1.9	2.0	3.3	2.2
Denmark	2.2	2.7	2.4	0.5	0.4	0.2	0.3	1.5
Emerging markets ¹								
China	3.1	5.6	2.6	2.6	2.0	1.4	2.4	2.6
India	12.0	8.9	9.3	10.9	6.4	5.9	5.7	5.3
Brazil	5.1	6.6	5.4	6.2	6.3	9.0	8.7	6.2

¹ Emerging markets are defined here as countries that are not members of the OECD.

Note. The CPI values for the EU countries and Norway refer to harmonised indices of consumer prices (HICP). The OECD aggregate includes national CPI series only. The aggregate for the euro area is weighted using consumption weights from Eurostat and the OECD aggregate using consumption weights from the OECD.

Sources: OECD, Eurostat, Macrobond and NIER.

Table A3 Selected indicators for the euro area

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Household consumption expenditure	5 739	0.0	-1.3	-0.6	0.8	1.7	1.6	1.4
General government consumption expenditure	2 169	-0.1	-0.2	0.2	0.8	1.3	1.2	0.7
Gross fixed capital formation	2 055	1.7	-3.1	-2.5	1.3	2.7	3.3	3.1
Stockbuilding ¹	-20	0.5	-1.0	0.1	0.0	-0.1	0.2	0.0
Exports	4 765	6.7	2.8	2.2	4.1	5.1	2.6	3.3
Imports	4 305	4.4	-0.8	1.3	4.5	5.9	3.9	3.6
GDP	10 403	1.6	-0.8	-0.3	0.9	1.6	1.6	1.5
HICP ²		2.7	2.5	1.3	0.4	0.0	0.2	1.2
Unemployment ³		10.2	11.4	12.0	11.6	10.9	10.1	9.7
Policy rate ⁴		1.00	0.75	0.25	0.05	0.05	0.00	0.00
Interest rate, ten-year government bond ⁵		2.6	1.6	1.6	1.2	0.5	0.1	0.5
USD/EUR ⁶		1.39	1.29	1.33	1.33	1.11	1.11	1.09

¹ Change in per cent of GDP the previous year. ² Percentage change. ³ Per cent of labour force. ⁴ Refi rate level, per cent, at year-end. ⁵ Level, per cent, Germany. ⁶ Level.

Sources: ECB, Eurostat, Macrobond and NIER.

Table A4 Selected indicators for the US

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Household consumption expenditure	12 284	2.3	1.5	1.5	2.9	3.2	2.6	2.4
General government consumption expenditure	2 605	-2.7	-0.9	-2.4	-0.7	1.6	0.8	1.0
Gross fixed capital formation	3 577	3.7	6.4	3.1	4.3	3.7	0.6	3.3
Stockbuilding ¹	93	-0.1	0.1	0.2	-0.1	0.2	-0.4	0.1
Exports	2 264	6.9	3.4	3.5	4.3	0.1	0.1	3.2
Imports	2 786	5.5	2.2	1.1	4.4	4.6	0.9	4.3
GDP	18 037	1.6	2.2	1.7	2.4	2.6	1.5	2.2
CPI ²		3.2	2.1	1.5	1.6	0.1	1.2	2.1
Unemployment ³		8.9	8.1	7.4	6.2	5.3	4.9	4.7
Policy rate ⁴		0.25	0.25	0.25	0.25	0.50	0.75	1.25
Interest rate, ten-year government bond ⁵		2.8	1.8	2.4	2.5	2.1	1.7	2.2
USD/EUR ⁶		1.39	1.29	1.33	1.33	1.11	1.11	1.09

¹ Change in per cent of GDP the previous year. ² Percentage change. ³ Per cent of labour force. ⁴ Federal Funds target rate level, per cent, at year-end. ⁵ Level, per cent. ⁶ Level.

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

The Swedish Economy 2016–2017

Table A5 GDP by expenditure

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Household consumption expenditure	1 879	1.9	0.8	1.9	2.2	2.7	3.0	2.2
Goods	854	-0.2	1.1	0.8	3.0	3.6	3.3	1.2
Services excl. housing	601	4.5	0.2	3.1	2.6	2.9	3.6	3.3
Housing	365	2.1	0.4	1.3	2.2	2.6	2.4	2.7
General government consumption expenditure	1 084	0.8	1.1	1.3	1.3	2.6	3.3	1.7
Central government	289	0.7	2.5	3.6	1.0	2.5	2.0	-0.2
Local government	795	0.9	0.6	0.4	1.5	2.6	3.8	2.4
Gross fixed capital formation	1 007	5.7	-0.2	0.6	7.5	7.0	6.1	3.2
Business sector	833	7.1	-0.7	0.7	8.8	8.3	6.3	2.6
Industry	198	8.8	-3.1	1.8	3.9	8.3	1.6	1.8
Other goods producers	109	-0.2	4.7	1.4	4.1	6.5	3.4	-2.3
Service producers ¹	334	8.1	4.8	-0.3	8.2	4.7	5.7	3.2
Housing	192	8.0	-11.8	0.9	19.8	16.6	14.1	4.8
General government	169	-0.2	1.7	-0.3	2.4	1.4	5.0	6.5
<i>Domestic demand excl. stockbuilding</i>	<i>3 970</i>	<i>2.5</i>	<i>0.6</i>	<i>1.4</i>	<i>3.2</i>	<i>3.7</i>	<i>3.8</i>	<i>2.3</i>
Stockbuilding ²	15	0.5	-1.1	0.2	0.1	0.2	0.3	-0.2
<i>Total domestic demand</i>	<i>3 984</i>	<i>3.0</i>	<i>-0.6</i>	<i>1.6</i>	<i>3.4</i>	<i>3.9</i>	<i>4.1</i>	<i>2.1</i>
Exports	1 878	6.1	1.0	-0.8	3.5	5.9	2.2	3.3
Exports of goods	1 282	6.8	0.3	-2.9	2.3	3.3	3.4	3.2
Processed goods	1 027	8.3	-2.9	-0.9	1.1	3.7	3.0	3.5
Raw materials	256	1.4	12.2	-9.4	6.6	1.8	5.0	2.0
Exports of services	596	4.0	3.0	5.0	6.3	12.1	-0.3	3.3
<i>Total demand</i>	<i>5 862</i>	<i>4.0</i>	<i>-0.1</i>	<i>0.8</i>	<i>3.4</i>	<i>4.6</i>	<i>3.5</i>	<i>2.5</i>
Imports	1 704	7.3	0.5	-0.1	6.3	5.5	4.1	3.5
Imports of goods	1 164	8.7	-0.8	-1.7	4.6	5.4	5.6	3.5
Processed goods	870	12.2	-2.9	-0.1	4.5	6.2	5.2	4.0
Raw materials	294	-0.2	4.3	-5.2	4.9	3.4	6.7	2.1
Imports of services	540	3.7	4.3	4.1	10.3	5.6	1.0	3.6
<i>Net exports²</i>	<i>174</i>	<i>-0.2</i>	<i>0.3</i>	<i>-0.3</i>	<i>-0.9</i>	<i>0.4</i>	<i>-0.7</i>	<i>0.0</i>
GDP	4 159	2.7	-0.3	1.2	2.3	4.2	3.3	2.0
GDP per capita ³	424	1.9	-1.0	0.4	1.3	3.1	2.0	0.5

¹ Excluding housing. Housing is, however, included in the business sector total. ² Change in per cent of GDP the previous year.

³ SEK, thousand, current prices, and percentage change, constant prices, respectively.

Sources: Statistics Sweden and NIER.

Table A6 Household income, consumption expenditure and saving

SEK billion, current prices, and percentage change, respectively

	Level 2015	2014	2015	2016	2017	2018	2019	2020
Total earnings, adjusted for external transactions	1 660	3.7	4.3	5.6	4.6	4.2	3.5	3.6
Hourly earnings (according to national accounts) ¹		1.7	3.2	3.0	3.2	3.4	3.3	3.3
Hours worked ^{1,2}		1.9	1.2	2.5	1.4	0.9	0.2	0.3
Transfers from government sector, net	591	1.6	2.0	2.8	3.3	4.3	3.8	3.7
Property income, net	238	5.6	12.6	5.8	3.6	10.9	4.4	-2.1
Other income, net	283	4.6	5.1	5.3	4.0	5.4	5.4	5.5
Income before taxes³	2 773	3.5	4.6	5.0	4.2	4.9	3.8	3.3
Direct taxes ⁴	737	-0.6	-0.9	-0.8	-0.3	-0.9	-0.6	0.1
Disposable income	2 036	2.9	3.7	4.1	3.9	4.0	3.3	3.4
Consumer prices ⁵		0.7	1.0	1.1	1.6	2.4	2.4	2.2
Real disposable income	2 036	2.2	2.7	3.0	2.3	1.6	0.8	1.2
Per capita ⁶	208	1.1	1.6	1.8	0.8	0.3	-0.3	0.0
Consumption expenditure	1 879	2.2	2.7	3.0	2.2	2.4	2.5	3.0
Saving ⁷	351	15.2	15.7	15.9	15.9	15.1	13.6	11.8
Own saving ⁷	156	7.7	7.7	7.7	7.8	7.1	5.6	3.9
Net lending ⁷	290	12.9	13.0	13.2	13.2	12.4	10.9	9.2

¹ Calendar-adjusted. ² For employees. ³ Growth in income before taxes is calculated as a weighted sum of the growth rates for total earnings, transfers, capital income and other income. ⁴ Change in per cent of income before taxes, with reverse sign. ⁵ Implicit price index for household consumption expenditure. ⁶ SEK thousand. ⁷ SEK billion, current prices, and per cent of disposable income, respectively. Own saving excludes occupational and premium pensions.

Sources: Statistics Sweden and NIER.

Table A7 Current account and net lending

SEK billion, current prices, and per cent, respectively

	2010	2011	2012	2013	2014	2015	2016	2017
Net exports, goods	150	125	138	122	115	119	98	100
Net exports, services	42	47	44	48	29	56	48	48
Earnings, net	19	17	18	17	18	16	17	18
Investment income, net	78	85	96	78	64	76	98	105
Transfers etc., net	-55	-53	-56	-59	-61	-66	-69	-56
Current account balance	234	221	239	207	164	202	192	214
<i>Per cent of GDP</i>	6.7	6.0	6.5	5.5	4.2	4.8	4.4	4.7
Capital transfers	-5	-6	-6	-9	-4	-8	-7	-7
Net lending	230	215	233	198	160	194	185	207
<i>Per cent of GDP</i>	6.5	5.9	6.3	5.2	4.1	4.7	4.2	4.6

Sources: Statistics Sweden and NIER.

Table A8 GNI

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
GNI	4 255	3.9	1.0	1.8	3.5	6.2	5.2	4.1
Deflator, domestic use		1.7	1.1	1.1	1.5	1.6	1.5	2.0
Real GNI		2.2	-0.1	0.6	2.0	4.6	3.6	2.1
Population ¹	9 799	0.8	0.7	0.9	1.0	1.1	1.2	1.5
Real GNI per capita²	434	1.5	-0.8	-0.2	1.0	3.5	2.4	0.6

¹Thousands. ²SEK thousand.

Sources: Statistics Sweden and NIER.

Table A9 Production

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Goods producers	1 025	2.4	-3.7	-1.8	2.4	4.7	1.0	2.1
Of which: Industry	633	4.1	-6.6	-1.1	-0.6	3.5	-0.6	2.4
Construction	236	-2.2	-5.3	-3.8	12.3	9.3	5.5	2.7
Service producers	1 857	4.8	2.2	3.9	3.0	4.3	4.2	2.6
Business sector	2 882	3.9	0.0	1.8	2.8	4.4	3.1	2.4
General government	746	-0.5	1.4	-0.3	0.9	0.7	2.4	2.3
GDP at basic prices¹	3 678	3.0	0.3	1.3	2.3	3.6	2.9	2.4
Taxes/subsidies on products	481	0.6	-1.3	0.5	2.8	6.3	3.7	1.4
GDP at market prices	4 159	2.7	0.1	1.2	2.4	3.9	3.0	2.3

¹Including production in non-profit institutions serving households.

Note. Production refers here to value added.

Sources: Statistics Sweden and NIER.

Table A10 Hours worked

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Goods producers	1 928	2.4	-0.7	-0.6	0.5	0.3	0.0	0.3
Of which: Industry	1 010	1.5	-3.2	-2.4	-1.3	-0.9	-0.6	-0.2
Construction	565	2.6	2.8	0.7	1.1	2.1	3.1	1.5
Services producers	3 576	2.7	0.8	0.8	2.3	1.5	3.1	1.6
Business sector	5 504	2.6	0.3	0.3	1.6	1.1	2.0	1.2
General government	2 079	0.4	1.6	0.6	2.2	0.6	2.9	2.0
Total economy¹	7 752	2.0	0.7	0.4	1.8	1.0	2.2	1.4

¹Including non-profit institutions serving households.

Sources: Statistics Sweden and NIER.

Table A11 Productivity

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Goods producers	532	-0.1	-3.0	-1.2	1.9	4.4	1.1	1.8
Of which: Industry	627	2.6	-3.5	1.4	0.7	4.5	0.0	2.6
Construction	418	-4.7	-7.9	-4.4	11.1	7.0	2.3	1.2
Service producers	519	2.1	1.4	3.0	0.7	2.7	1.1	0.9
Business sector	524	1.2	-0.3	1.5	1.1	3.3	1.0	1.2
General government	359	-0.9	-0.2	-1.0	-1.3	0.1	-0.4	0.3
Total economy¹	474	0.9	-0.4	0.9	0.5	2.6	0.7	1.0

¹ Including production in non-profit institutions serving households.

Sources: Statistics Sweden and NIER.

Table A12 The labour market

Thousands of people and percentage change, respectively, unless otherwise indicated

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Hours worked ¹	7 752	2.0	0.7	0.4	1.8	1.0	2.2	1.4
Average hours worked for employed ²	30,8	-0.3	0.0	-0.6	0.4	-0.4	0.5	0.1
Number of employed	4 837	2.3	0.7	1.0	1.4	1.4	1.8	1.3
Employment rate ³		65.4	65.5	65.7	66.2	66.7	67.2	67.4
Labour force	5 223	1.4	0.9	1.1	1.3	0.8	1.0	0.8
Labour force participation rate ⁴		70.9	71.1	71.5	71.9	72.0	72.1	71.9
Unemployment ⁵	386	7.8	8.0	8.0	7.9	7.4	6.7	6.3
Population aged 15–74	7 257	0.7	0.6	0.6	0.7	0.7	0.9	1.1

¹ Million hours, calendar-adjusted. ² Hours per week, calendar-adjusted. 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 labour force.

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

Table A13 Hourly earnings according to the short-term earnings statistics

Per cent and percentage change, respectively

	Weight 2015	2011	2012	2013	2014	2015	2016	2017
Business sector	68	2.5	3.2	2.3	2.9	2.4	2.7	3.2
Industry	16	2.5	3.9	2.0	2.5	2.5	2.9	3.1
Construction	7	3.1	2.6	3.0	3.1	1.7	3.0	3.3
Services	46	2.4	3.0	2.3	2.9	2.4	2.6	3.2
Local government	25	2.3	2.7	2.9	2.8	2.8	3.1	3.3
Central government	6	1.9	2.1	2.6	2.3	2.5	2.7	3.1
Total	100	2.4	3.0	2.5	2.8	2.5	2.8	3.2
Real hourly earnings (CPI) ¹		-0.5	2.1	2.5	3.0	2.5	1.9	1.7
Real hourly earnings (CPIF) ²		1.0	2.0	1.6	2.3	1.6	1.4	1.5

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

Sources: National Mediation Office, Statistics Sweden and NIER.

Table A14 Hourly earnings and labour costs in the business sector according to the national accounts

Per cent and percentage change, respectively, calendar-adjusted values

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Hourly earnings	230	3.3	3.1	1.7	1.9	3.1	2.9	3.2
Employers' social contributions ¹ (per cent of earnings)		40.6	41.0	41.4	41.4	43.1	44.3	44.4
Hourly labour costs ²	329	3.3	3.4	2.0	1.9	4.4	3.8	3.3
Productivity ³		0.7	-0.6	1.2	1.0	2.9	0.6	1.2
Unit labour costs		2.6	4.0	0.8	0.9	1.4	3.1	2.1

¹ Employers' social contributions and payroll taxes. ² Earnings and employers' social contributions. ³ Value added divided by hours worked by employees.

Sources: Statistics Sweden and NIER.

Table A15 Supply and use price deflators

Per cent and percentage change, respectively

	Weight 2015	2011	2012	2013	2014	2015	2016	2017
GDP	70.9	1.2	1.1	1.1	1.6	1.9	1.5	1.9
General government ^{1,2}	13.6	3.6	3.2	3.6	2.9	3.1	3.1	2.8
Business sector ²	49.2	0.5	0.5	0.4	1.5	1.7	1.3	1.6
Product taxes, net	8.2	1.4	0.9	0.8	0.2	0.6	0.2	2.9
Imports	29.1	-0.2	-1.1	-2.8	1.7	0.9	-2.5	1.0
Processed goods	14.8	-3.7	-2.8	-3.7	2.2	3.9	-1.9	0.4
Raw materials	5.0	9.2	0.2	-3.6	-1.6	-12.2	-7.6	5.5
Services	9.2	0.0	0.9	-0.4	3.1	4.6	-0.5	-0.3
Supply/use³	100.0	0.8	0.4	-0.1	1.6	1.6	0.3	1.7
General government consumption expenditure	18.5	3.0	2.6	2.6	2.5	2.4	3.2	2.8
Household consumption expenditure	32.1	1.7	0.5	0.7	0.7	1.0	1.1	1.6
Gross fixed capital formation	17.2	0.3	0.8	0.3	1.8	2.0	1.0	1.5
Exports	32.0	-1.0	-1.0	-2.5	2.0	1.7	-2.3	1.0
Processed goods	17.5	-3.2	-1.2	-3.3	2.8	3.8	-2.0	0.9
Raw materials	4.4	5.2	-3.1	-2.7	-0.3	-8.0	-7.1	4.6
Services	10.2	0.5	0.9	-0.9	1.9	2.7	-0.6	-0.4

¹ Including non-profit institutions serving households. ² Value added price deflator calculated at basic prices. ³ Including stockbuilding.

Sources: Statistics Sweden and NIER.

Table A16 Business sector prices, costs and profits

SEK billion, percentage change and per cent, respectively

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Value added, constant prices ¹		3.9	-0.4	1.8	2.6	4.7	3.3	2.2
Value-added deflator		0.5	0.5	0.4	1.5	1.7	1.3	1.6
Value added, current prices ²	2 883	4.5	0.1	2.1	4.3	6.3	4.6	3.9
Hours worked, employees		3.2	-0.3	0.6	1.5	2.1	3.1	0.6
Hourly labour costs ³	329	3.3	4.3	2.0	2.2	3.7	3.1	4.0
Total labour costs ⁴	1 678	6.6	4.0	2.6	3.7	5.9	6.3	4.6
Gross profit	1 206	1.9	-4.9	1.4	5.1	7.0	2.3	2.8
Profit share		43.7	41.5	41.2	41.6	41.8	40.9	40.5
Adjusted profit share ⁵		36.0	33.9	33.7	34.3	35.1	34.4	34.0

¹ Calculated at basic prices. ² Calculated at factor prices. 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 A17 Consumer prices

Per cent and percentage change, respectively

	Weight 2016	2011	2012	2013	2014	2015	2016	2017
CPI	100	3.0	0.9	0.0	-0.2	0.0	1.0	1.4
Mortgage interest costs, mortgage interest rate		36.6	-0.5	-14.7	-11.5	-20.8	-13.4	-5.5
CPIF	100	1.4	1.0	0.9	0.5	0.9	1.4	1.7
Goods	43	-0.1	-0.3	0.2	-0.1	1.2	0.4	0.5
Services	29	1.3	1.7	0.8	0.5	1.1	2.4	2.3
Housing excl. mortgage interest costs and energy	16	2.3	2.6	2.0	1.7	1.5	1.9	1.5
Energy	8	5.2	0.2	-1.8	-2.5	-4.9	0.0	4.2
Mortgage interest costs, capital stock	4	6.5	5.9	5.2	5.0	5.4	5.9	6.3
CPIF excl. energy	92	1.0	1.0	1.1	0.7	1.4	1.5	1.5
HICP		1.4	0.9	0.4	0.2	0.7	1.1	1.5
Crude oil (Brent) ¹		110.9	111.8	108.8	99.6	53.5	44.3	50.5

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: Intercontinental Exchange, Statistics Sweden, Macrobond and NIER.

Macroeconomic scenario and economic policy 2016–2020

Table A18 Scenario for the global economy

Percentage change and per cent, respectively

	2013	2014	2015	2016	2017	2018	2019	2020
GDP, OECD	1.2	1.9	2.0	1.7	2.0	2.1	2.0	1.9
GDP, euro area	-0.3	0.9	1.6	1.6	1.5	1.6	1.6	1.6
GDP, US	1.7	2.4	2.6	1.5	2.2	2.3	2.1	2.0
GDP, emerging markets	5.1	4.7	4.0	4.2	4.6	5.0	5.2	5.2
GDP, global	3.3	3.4	3.1	3.1	3.4	3.7	3.8	3.8
HICP, euro area	1.3	0.4	0.0	0.2	1.2	1.3	1.5	1.7
CPI, US	1.5	1.6	0.1	1.2	2.1	2.2	2.3	2.4
Policy rate, euro area	0.25	0.05	0.05	0.00	0.00	0.25	1.00	1.75
Policy rate, US	0.25	0.25	0.50	0.75	1.25	2.00	3.00	3.75
Policy rate, KIX-weighted	0.25	0.15	0.01	-0.16	-0.09	0.14	0.88	1.63
Overnight rate, euro area (Eonia)	0.2	0.0	-0.2	-0.3	-0.3	-0.1	0.7	1.4

Note. Policy rates refer to year-end values. KIX-weighted policy rate refers to an average of Eonia (for the euro area) and policy rates in the US, Norway, UK, Denmark and Japan. Other aggregates are calculated using the IMF's purchasing power parity GDP weights.

Sources: IMF, OECD, Macrobond and NIER.

Table A19 Resource utilisation

Percentage change, calendar-adjusted values, unless otherwise indicated

	2013	2014	2015	2016	2017	2018	2019	2020
Labour market								
Equilibrium unemployment ¹	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.8
Actual unemployment ²	8.0	7.9	7.4	6.7	6.3	6.2	6.4	6.7
Potential hours worked	0.9	1.0	0.9	1.0	1.0	0.7	0.5	0.6
Of which: Potential employment	1.1	1.0	1.0	0.8	0.8	0.7	0.6	0.7
Actual hours worked	0.4	1.8	1.0	2.2	1.4	0.9	0.2	0.3
Labour market gap ³	-2.0	-1.1	-1.1	0.2	0.6	0.8	0.4	0.1
Productivity								
Potential productivity	0.8	0.7	1.3	1.1	1.1	1.4	1.4	1.4
Of which: Potential productivity, business sector	1.3	1.4	1.5	1.4	1.6	1.8	1.8	1.8
Actual productivity	0.8	0.6	2.9	0.8	0.9	1.1	1.3	1.6
Productivity gap ⁴	-0.8	-1.0	0.6	0.3	0.1	-0.2	-0.2	-0.1
GDP								
Potential GDP	1.7	1.7	2.2	2.0	2.1	2.1	2.0	2.0
Actual GDP	1.2	2.4	3.9	3.0	2.3	2.0	1.5	1.9
Output gap ⁵	-2.8	-2.1	-0.5	0.5	0.7	0.6	0.2	0.0

¹ Level, per cent of potential labour force. ² Level, per cent of labour force. ³ Difference between actual and potential hours worked in per cent of potential hours worked. ⁴ Difference between actual and potential productivity in per cent of potential productivity. ⁵ Difference between actual and potential GDP in per cent of potential GDP.

Sources: Statistics Sweden and NIER.

Table A20 Scenario for the Swedish economy

Percentage change unless otherwise indicated

	2013	2014	2015	2016	2017	2018	2019	2020
Population	0.9	1.0	1.1	1.2	1.5	1.3	1.1	1.2
Population aged 15–74	0.6	0.7	0.7	0.9	1.1	0.9	0.6	0.7
GDP ¹	1.2	2.4	3.9	3.0	2.3	2.0	1.5	1.9
GDP per capita ¹	0.4	1.4	2.8	1.8	0.8	0.7	0.4	0.6
Hours worked ¹	0.4	1.8	1.0	2.2	1.4	0.9	0.2	0.3
Productivity	0.9	0.5	2.6	0.7	1.0	1.1	1.3	1.6
Labour force	1.1	1.3	0.8	1.0	0.8	0.7	0.6	0.7
Employment	1.0	1.4	1.4	1.8	1.3	0.8	0.4	0.4
Employment rate ²	65.7	66.2	66.7	67.2	67.4	67.3	67.1	66.9
Unemployment ³	8.0	7.9	7.4	6.7	6.3	6.2	6.4	6.7
Hourly earnings ⁴	2.5	2.8	2.5	2.8	3.2	3.4	3.3	3.3
Unit labour cost	1.5	1.3	1.8	3.3	2.4	2.2	2.0	1.7
CPI	0.0	-0.2	0.0	1.0	1.4	2.7	3.4	3.1
CPIF	0.9	0.5	0.9	1.4	1.7	2.0	2.4	2.2
Government net lending ⁵	-1.4	-1.6	-0.1	-0.6	-0.3	0.2	0.6	0.5
Structural net lending ⁶	-0.9	-0.8	-0.2	-0.5	-0.8	-0.3	0.3	0.5

¹ Calendar-adjusted values. ² Per cent of population aged 15–74 ³ Per cent of labour force. ⁴ According to the short-term earnings statistics. ⁵ Per cent of GDP. ⁶ Per cent of potential GDP.

Sources: National Mediation Office, the Riksbank, Statistics Sweden and NIER.

Table A21 GDP and demand

Percentage change, constant prices, calendar-adjusted values

	2013	2014	2015	2016	2017	2018	2019	2020
Household consumption expenditure	1.9	2.3	2.6	2.9	2.3	2.4	2.5	2.9
General government consumption expenditure	1.3	1.5	2.3	2.9	2.1	1.2	0.8	1.2
Gross fixed capital formation	0.6	7.7	6.7	5.8	3.5	2.3	0.9	1.1
<i>Domestic demand excl. stockbuilding</i>	<i>1.4</i>	<i>3.3</i>	<i>3.6</i>	<i>3.6</i>	<i>2.6</i>	<i>2.0</i>	<i>1.6</i>	<i>2.0</i>
Stockbuilding ¹	0.2	0.1	0.1	0.3	-0.2	-0.1	0.0	0.0
<i>Total domestic demand</i>	<i>1.6</i>	<i>3.5</i>	<i>3.7</i>	<i>3.9</i>	<i>2.3</i>	<i>2.0</i>	<i>1.6</i>	<i>2.0</i>
Exports	-0.8	3.7	5.5	1.8	3.7	4.0	3.7	3.7
<i>Total demand</i>	<i>0.8</i>	<i>3.5</i>	<i>4.3</i>	<i>3.2</i>	<i>2.8</i>	<i>2.6</i>	<i>2.3</i>	<i>2.5</i>
Imports	-0.1	6.5	5.0	3.7	4.0	4.1	4.1	4.1
<i>Net exports¹</i>	<i>-0.3</i>	<i>-1.0</i>	<i>0.4</i>	<i>-0.7</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>
GDP	1.2	2.4	3.9	3.0	2.3	2.0	1.5	1.9

¹ Change in per cent of GDP the previous year.

Sources: Statistics Sweden and NIER.

Table A22 Interest and exchange rates

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

	2013	2014	2015	2016	2017	2018	2019	2020
At year-end								
Repo rate	0.75	0.00	-0.35	-0.50	-0.25	0.50	1.50	2.50
Annual average								
Repo rate	1.0	0.5	-0.3	-0.5	-0.4	0.1	1.1	2.0
Five-year government bond rate	1.6	0.9	0.2	-0.3	0.3	1.2	2.1	2.8
Ten-year government bond rate	2.1	1.7	0.7	0.5	0.8	1.6	2.3	2.9
Effective krona exchange rate index (KIX)	103.0	106.8	112.6	110.2	109.2	107.3	105.8	104.3
EUR exchange rate	8.7	9.1	9.4	9.3	9.2	9.1	9.1	9.0
USD exchange rate	6.5	6.9	8.4	8.5	8.5	8.2	7.9	7.6

Sources: The Riksbank, Macrobond and NIER.

Public finances 2016–2020

Table A23 General government finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	1 861	1 904	2 033	2 122	2 212	2 337	2 452	2 554
<i>Per cent of GDP</i>	49.4	48.6	48.9	48.7	48.8	49.4	49.9	49.8
Taxes and duties	1 612	1 672	1 792	1 889	1 976	2 088	2 184	2 264
<i>Per cent of GDP</i>	42.8	42.7	43.1	43.3	43.6	44.1	44.4	44.2
<i>Tax-to-GDP ratio</i> ¹	42.9	42.8	43.2	43.5	43.7	44.3	44.6	44.3
Property income	72	62	60	56	53	59	71	84
Other revenue	177	170	182	177	182	190	198	206
Expenditure	1 913	1 966	2 036	2 147	2 225	2 330	2 425	2 528
<i>Per cent of GDP</i>	50.7	50.2	48.9	49.3	49.1	49.3	49.3	49.3
Transfers	718	729	747	774	784	829	861	894
Households	583	590	602	618	638	665	691	716
Corporations	67	72	74	81	84	88	92	96
Abroad	67	68	71	74	62	76	79	82
Consumption expenditure	993	1 031	1 084	1 155	1 208	1 258	1 306	1 359
Capital formation etc.	166	172	178	189	205	213	221	230
Property expenditure	36	33	27	29	29	30	36	45
Net lending	-52	-61	-2	-24	-14	7	27	26
<i>Per cent of GDP</i>	-1.4	-1.6	-0.1	-0.6	-0.3	0.2	0.6	0.5
Primary net lending	-88	-90	-35	-52	-38	-23	-8	-13
<i>Per cent of GDP</i>	-2.3	-2.3	-0.8	-1.2	-0.8	-0.5	-0.2	-0.3
Maastricht debt	1 499	1 755	1 805	1 817	1 823	1 848	1 851	1 863
<i>Per cent of GDP</i>	39.8	44.8	43.4	41.7	40.2	39.1	37.7	36.4
GDP, current prices	3 770	3 918	4 159	4 358	4 533	4 731	4 915	5 126
Potential GDP, current prices	3 878	4 004	4 179	4 337	4 502	4 702	4 907	5 126
Net financial wealth	794	804	816	815	867	915	983	1 051
<i>Per cent of GDP</i>	21.1	20.5	19.6	18.7	19.1	19.3	20.0	20.5

¹ The tax-to-GDP ratio is calculated by dividing total taxes, including EU taxes, by GDP.

Sources: Statistics Sweden and NIER.

Table A24 Central government finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	955	975	1 050	1 096	1 135	1 207	1 267	1 311
Taxes and duties	807	839	912	961	1 001	1 066	1 116	1 148
Property income	35	24	22	19	16	17	22	28
Other revenue	113	112	117	116	119	124	129	134
Expenditure	999	1 025	1 056	1 106	1 126	1 176	1 219	1 268
Transfers	612	633	657	686	695	733	757	785
Old-age pension system ¹	20	22	23	25	24	24	25	26
Local government sector	192	204	220	239	254	262	268	277
Households	292	296	301	300	307	319	331	343
Corporations	44	47	46	51	53	56	58	61
Abroad	64	65	68	71	58	72	75	78
Consumption expenditure	269	275	285	301	303	313	324	335
Capital formation etc.	89	89	90	94	103	108	113	118
Property expenditure	29	28	23	25	24	22	26	30
<i>Of which</i>								
<i>interest expenditure</i>	25	24	18	20	19	17	20	24
Net lending	-44	-49	-6	-10	10	31	48	43
<i>Per cent of GDP</i>	<i>-1.2</i>	<i>-1.3</i>	<i>-0.1</i>	<i>-0.2</i>	<i>0.2</i>	<i>0.7</i>	<i>1.0</i>	<i>0.8</i>
Central government debt	1 236	1 347	1 352	1 332	1 307	1 306	1 285	1 274
<i>Per cent of GDP</i>	<i>32.8</i>	<i>34.4</i>	<i>32.5</i>	<i>30.6</i>	<i>28.8</i>	<i>27.6</i>	<i>26.1</i>	<i>24.9</i>
Net financial wealth	-278	-386	-410	-400	-360	-310	-243	-181
<i>Per cent of GDP</i>	<i>-7.4</i>	<i>-9.9</i>	<i>-9.8</i>	<i>-9.2</i>	<i>-7.9</i>	<i>-6.6</i>	<i>-5.0</i>	<i>-3.5</i>

¹ Central government's old-age pension contributions.

Sources: Statistics Sweden, National Debt Office and NIER.

Table A25 Old-age pension system finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	254	264	278	290	299	312	324	337
Social insurance contributions	208	215	225	236	246	257	266	275
Central government's old-age pension contributions	20	22	23	25	24	24	25	26
Property income	24	27	29	28	28	30	31	34
Other revenue	1	1	1	1	1	2	2	2
Expenditure	259	260	270	288	302	317	328	340
Income pensions	254	255	265	282	296	310	322	333
Property expenditure	0	0	0	0	0	0	0	0
Other expenses	5	5	6	6	6	6	7	7
Net lending	-5	4	8	2	-3	-4	-4	-3
<i>Per cent of GDP</i>	<i>-0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>0.0</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>
Net financial wealth	1 069	1 201	1 246	1 246	1 274	1 287	1 300	1 314
<i>Per cent of GDP</i>	<i>28.4</i>	<i>30.6</i>	<i>30.0</i>	<i>28.6</i>	<i>28.1</i>	<i>27.2</i>	<i>26.4</i>	<i>25.6</i>

Sources: Statistics Sweden and NIER.

Table A26 Local government finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	876	902	959	1 010	1 065	1 116	1 166	1 222
Taxes	582	603	639	676	712	748	784	821
Municipal property tax	15	16	16	16	17	18	18	19
Central government grants incl. VAT compensation	190	203	220	238	253	261	267	276
Property income	14	13	10	10	10	14	19	24
Other revenue	74	68	74	69	73	75	78	81
<i>Average municipal tax rate¹</i>	31.73	31.86	31.99	32.10	32.21	32.39	32.73	33.04
Expenditure	878	918	964	1 027	1 085	1 135	1 183	1 236
Transfers	72	75	76	77	78	81	84	87
Households	40	41	39	38	38	39	41	43
Other	32	34	38	38	40	41	43	45
Consumption expenditure	721	753	795	850	900	942	979	1 019
Capital formation etc.	77	83	88	95	101	105	108	112
Property expenditure	8	7	5	5	6	8	12	17
Net lending	-2	-16	-5	-16	-20	-19	-17	-14
<i>Per cent of GDP</i>	<i>-0.1</i>	<i>-0.4</i>	<i>-0.1</i>	<i>-0.4</i>	<i>-0.5</i>	<i>-0.4</i>	<i>-0.3</i>	<i>-0.3</i>
Net financial wealth	2	-11	-21	-32	-48	-62	-73	-82
<i>Per cent of GDP</i>	<i>0.1</i>	<i>-0.3</i>	<i>-0.5</i>	<i>-0.7</i>	<i>-1.1</i>	<i>-1.3</i>	<i>-1.5</i>	<i>-1.6</i>

¹ Per cent.

Sources: Statistics Sweden and NIER.

Table A27 General government revenue

Per cent of GDP

	2013	2014	2015	2016	2017	2018	2019	2020
Direct household taxes	15.1	15.2	15.3	15.7	15.9	16.4	16.7	16.4
Direct business taxes	2.7	2.7	3.0	2.4	2.4	2.4	2.4	2.4
Employers' social contributions ¹	11.9	11.8	11.8	12.3	12.4	12.4	12.3	12.2
VAT	9.0	9.0	9.1	9.1	9.1	9.1	9.2	9.2
Excise	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Other taxes	1.9	1.8	1.8	1.8	1.7	1.7	1.7	1.7
Tax-to-GDP ratio²	42.9	42.8	43.2	43.5	43.7	44.3	44.6	44.3
EU taxes ³	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Property income	1.9	1.6	1.4	1.3	1.2	1.3	1.4	1.6
Other revenue ⁴	4.7	4.3	4.4	4.0	4.0	4.0	4.0	4.0
Total revenue	49.4	48.6	48.9	48.7	48.8	49.4	49.9	49.8

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.

Sources: Statistics Sweden and NIER.

Table A28 General government expenditure

Per cent of GDP

	2013	2014	2015	2016	2017	2018	2019	2020
Transfers	19.0	18.6	18.0	17.8	17.3	17.5	17.5	17.4
Households	15.5	15.0	14.5	14.2	14.1	14.1	14.1	14.0
Corporations	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9
Abroad	1.8	1.7	1.7	1.7	1.4	1.6	1.6	1.6
General government consumption expenditure	26.3	26.3	26.1	26.5	26.6	26.6	26.6	26.5
Gross fixed capital formation	4.4	4.4	4.3	4.3	4.5	4.5	4.5	4.5
Property expenditure	1.0	0.8	0.7	0.7	0.6	0.6	0.7	0.9
Total expenditure	50.7	50.2	48.9	49.3	49.1	49.3	49.3	49.3

Sources: Statistics Sweden and NIER.

Table A29 Transfers from general government to households

Per cent of GDP

	2013	2014	2015	2016	2017	2018	2019	2020
Pensions ¹	8.4	8.1	7.8	7.8	7.8	7.8	7.8	7.7
Of which income pension	6.7	6.5	6.3	6.4	6.5	6.5	6.5	6.4
Labour market ²	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Illness and disability ³	2.0	2.0	1.9	1.9	1.8	1.8	1.8	1.8
Family and children ⁴	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.8
Education ⁵	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Social assistance ⁶	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other ⁷	1.6	1.7	1.6	1.4	1.5	1.5	1.5	1.5
Transfers to households	15.5	15.0	14.5	14.2	14.1	14.1	14.1	14.0

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 and disability allowance. 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.

Sources: Statistics Sweden and NIER.

Table A30 Income index, balance index, income pensions and balance ratio

Percentage change, unless otherwise indicated

	2013	2014	2015	2016	2017	2018	2019	2020
Income index	3.7	0.5	2.1	2.0	3.4	3.2	3.4	3.3
Balance index	5.8	-1.1	2.5	5.9	4.1	4.3	3.4	3.3
Balance ratio ^{1, 2}	1.020	0.984	1.004	1.038	1.007	1.011	1.007	1.005
Nominal income pension³	4.1	-2.7	0.9	4.2	2.4	2.7	1.7	1.7

¹ Level. ² Starting with 2017 entries refer to the dampened balance ratio according to the Swedish Pensions Agency, expressing the pension system's assets in relation to its liabilities two years before the current year. ³ Percentage change of balance index minus 1,6 percentage points.

Sources: Swedish Pensions Agency and NIER.

Table A31 Central government budget balance and debt

SEK billion and percentage of GDP, respectively

	2013	2014	2015	2016	2017
Budget balance	-130.9	-72.2	-32.6	36.1	9.6
Adjustments to net lending	56.8	0.7	11.9	15.0	3.9
Sales of shares etc.	-20.6	-0.3	0.0	0.0	0.0
Extra dividends	-4.6	-2.1	-11.3	-1.3	0.0
On-lending	94.4	29.4	17.8	20.1	14.7
Other adjustments	-12.4	-26.3	5.4	-3.7	-10.8
Accruals	30.4	23.1	20.7	-60.4	-3.4
Of which: Tax accruals	20.8	25.8	21.6	-45.8	-1.4
Interest accruals	9.6	-5.4	-2.7	-11.0	-2.0
Other	-0.6	-1.0	-5.7	-0.6	-0.6
Central government net lending	-44.3	-49.4	-5.6	-9.9	9.5
Central government borrowing requirement ¹	130.9	72.2	32.6	-36.1	-9.6
Stock-flow adjustments, central government debt	-7.9	38.8	-27.6	16.5	-16.0
Central government debt, change	123.0	111.0	5.0	-19.6	-25.6
Central government debt	1 236	1 347	1 352	1 332	1 307
<i>Per cent of GDP</i>	32.8	34.4	32.5	30.6	28.8

¹The 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 A32 Central government expenditure ceiling

SEK billion unless otherwise indicated

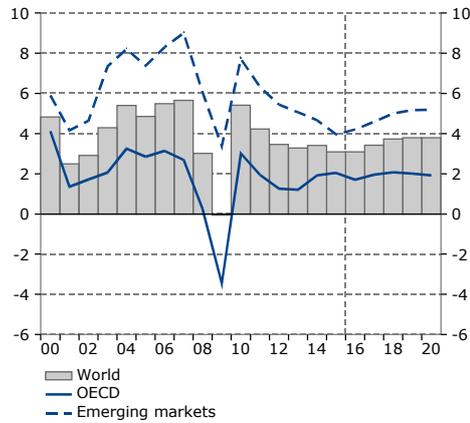
	2013	2014	2015	2016	2017	2018
Central government expenditure ceiling	1 095	1 107	1 158	1 215	1 274	1 332
<i>Per cent of potential GDP</i>	28.2	27.6	27.7	28.0	28.3	28.3
Capped expenditure	1 067	1 096	1 135	1 193	1 233	1 290
<i>Per cent of potential GDP</i>	27.5	27.4	27.2	27.5	27.4	27.4
Budgeting margin	28	11	23	22	41	42
<i>Per cent of capped expenditure</i>	2.6	1.0	2.0	1.8	3.4	3.2

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

Selected Graphs

Diagram 138 GDP – world, OECD and emerging markets

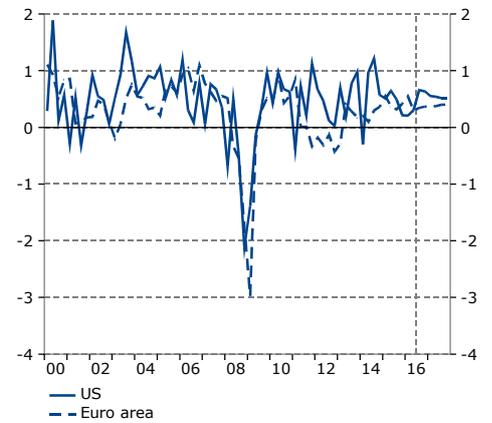
Percentage change



Note. Emerging markets are defined here as countries that are not members of the OECD.
Sources: OECD, IMF, Macrobond and NIER.

Diagram 139 GDP in the US and the euro area

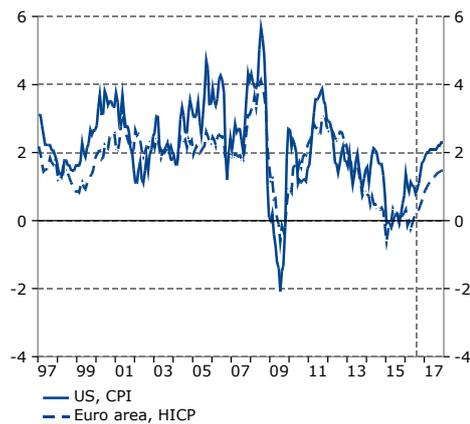
Percentage change, seasonally-adjusted quarterly values



Sources: Bureau of Economic Analysis, Eurostat, Macrobond and NIER.

Diagram 140 Inflation in the US and the euro area

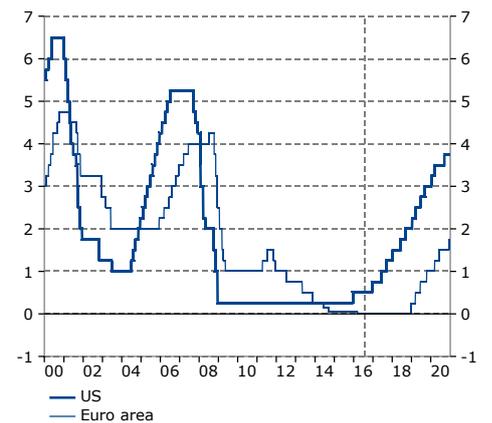
Annual percentage change, monthly values



Sources: Bureau of Labor Statistics, Eurostat, Macrobond and NIER.

Diagram 141 Central bank policy rates

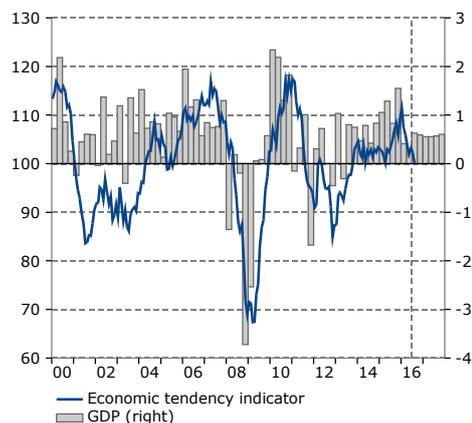
Per cent, daily values



Sources: Federal Reserve, ECB, Macrobond and NIER.

Diagram 142 Economic tendency indicator and GDP

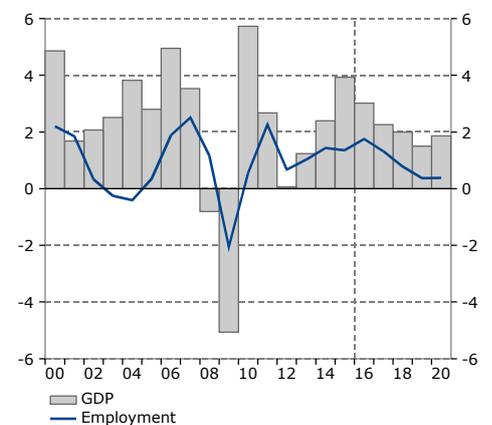
Index mean=100, monthly values, and percentage change, seasonally-adjusted quarterly values, respectively



Sources: Statistics Sweden and NIER.

Diagram 143 GDP and employment

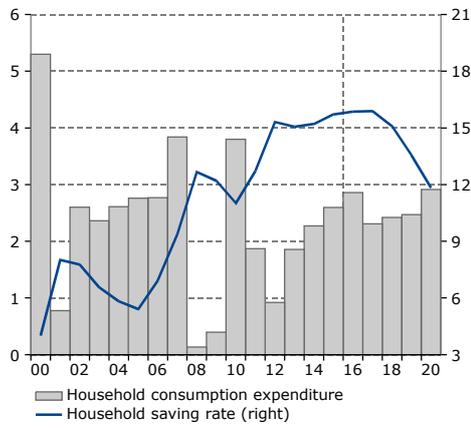
Percentage change, calendar-adjusted values



Sources: Statistics Sweden and NIER.

Diagram 144 Household consumption and saving rate

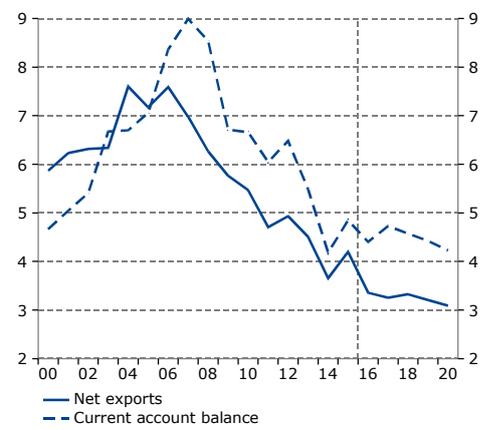
Percentage change, calendar-adjusted values, and percentage of disposable income, respectively



Sources: Statistics Sweden and NIER.

Diagram 145 Net exports and current account balance

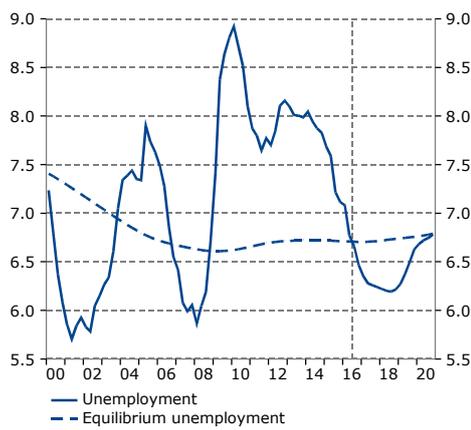
Per cent of GDP, current prices



Sources: Statistics Sweden and NIER.

Diagram 146 Unemployment and equilibrium unemployment

Per cent of labour force, seasonally-adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 147 Consumer prices

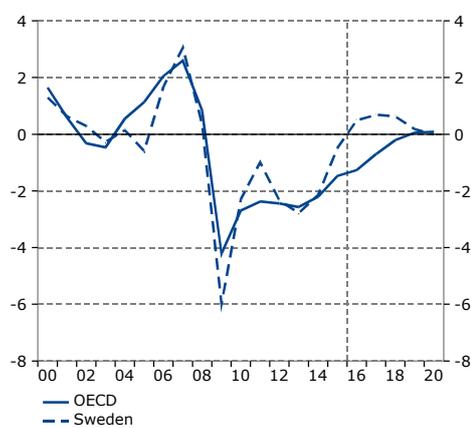
Annual percentage change, quarterly values



Sources: Statistics Sweden and NIER.

Diagram 148 Output gap in the OECD and Sweden

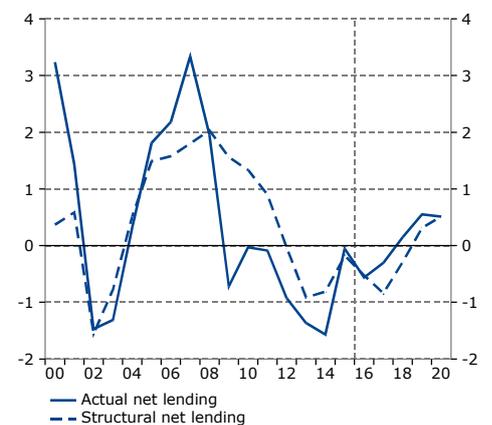
Per cent of potential GDP



Sources: OECD, Statistics Sweden, Macrobond and NIER.

Diagram 149 Actual and structural net lending

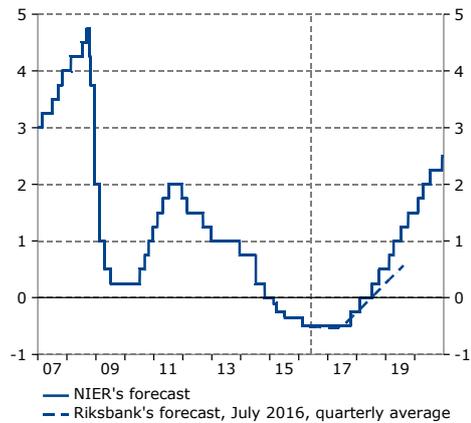
Per cent of GDP and per cent of potential GDP, respectively



Sources: Statistics Sweden and NIER.

Diagram 150 Repo rate

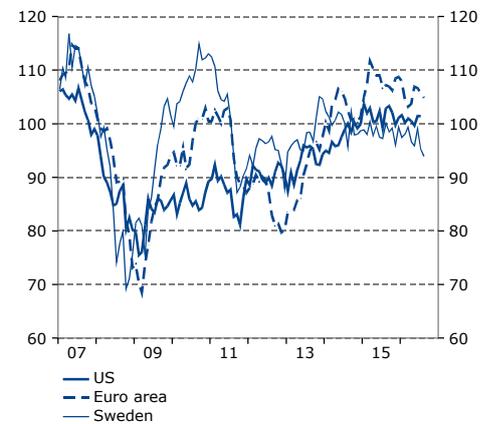
Per cent, daily values



Sources: The Riksbank, Macrobond and NIER.

Diagram 151 Consumer confidence in the US, the euro area and Sweden

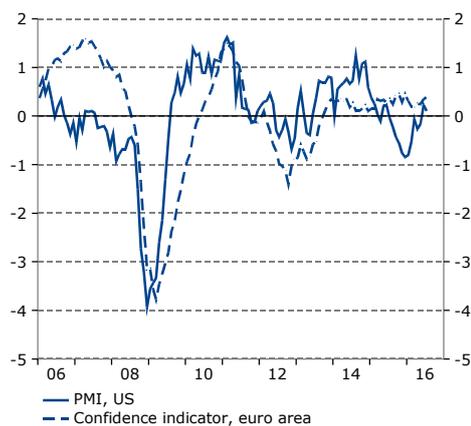
Index mean=100, monthly values



Sources: Conference Board, Eurostat, Macrobond and NIER.

Diagram 152 Confidence indicators for manufacturing

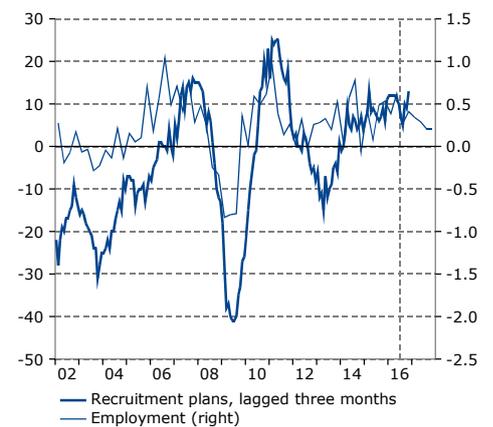
Standardised deviation from mean, seasonally-adjusted monthly values



Sources: Institute for Supply Management, European Commission, Macrobond and NIER.

Diagram 153 Recruitment plans in the business sector and employment

Net balance, seasonally-adjusted monthly values, and percentage change, seasonally-adjusted quarterly values, respectively



Sources: Statistics Sweden and NIER.

Diagram 154 Confidence indicators for the business sector

Index, mean=100, seasonally-adjusted monthly values



Source: NIER.

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