

# The Swedish Economy

October 2017



National Institute of Economic Research







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# Summary

**The Swedish economy is in an upward spiral, with rising demand and production reinforcing one another. Next year, stronger growth abroad and expansionary fiscal policy at home will bring an even larger output gap. The NIER believes that the surplus target will not be met next year, and so fiscal policy will need to be tightened in 2019 to get back on target. Unemployment will fall towards 6 per cent at the end of 2018, and the shortage of labour with the required skills will increase further. Despite the strong labour market, wage growth will not pick up notably, and inflation, which has climbed above 2 per cent in recent months, will fall back again next year. The Riksbank will not begin to raise the repo rate until next autumn.**

The strong GDP growth in the second quarter this year was in line with that implied by the NIER's Economic Tendency Indicator (see Diagram 1). This marked a break with the pattern in previous quarters of strong confidence indicators but only normal rates of growth. Monthly data and strong indicators suggest that growth will remain higher than normal in the near term, albeit not quite as high as in the second quarter. The very strong rise in employment in late 2016 and early 2017 slowed in the second quarter (see Diagram 2). Monthly data and indicators suggest that employment will increase at around the same rate as in the second quarter for the rest of this year. Unemployment will therefore continue to fall, and the output gap will widen further.

## GLOBAL ECONOMIC UPSWING WIDENS

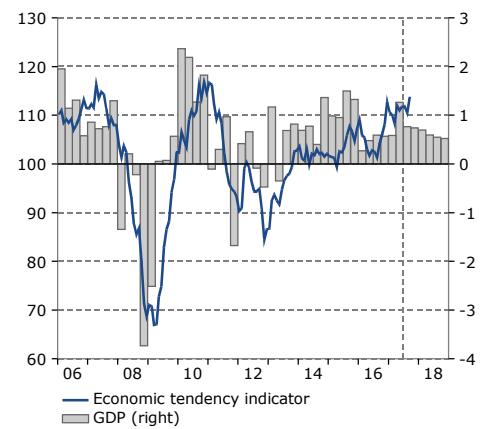
The Swedish economy is benefiting from an ever stronger global economy. After eight years with a negative output gap, the recovery from the financial crisis is now more or less complete in the OECD countries as a whole. GDP growth was strong in many countries in the second quarter this year, and the outlook is relatively bright. Most survey-based confidence indicators are above their historical averages, including in the manufacturing industry (see Diagram 3), and point to relatively strong growth in the near term.

In many OECD countries, demand growth both this year and next will be driven primarily by a cyclical recovery in investment. The investment climate is being buoyed by low interest rates, both directly and indirectly via the stimulating effect on demand. Not least in the euro area, investment is still depressed in the wake of the financial and debt crises, so there is a major need to replace ageing equipment and expand production capacity.

In China, GDP growth will slow somewhat this year and next as a result of less expansionary economic policy. The recessions in Russia and Brazil are over, however, and GDP growth

**Diagram 1 Economic tendency indicator and GDP**

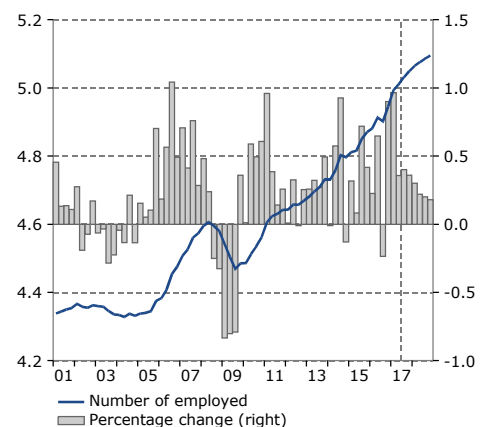
Index mean=100, monthly values and percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

**Diagram 2 Employment**

Millions and percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

**Diagram 3 Confidence indicators for manufacturing**

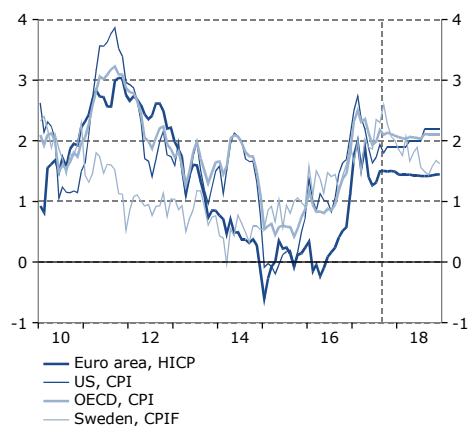
Standardised deviations from mean, seasonally adjusted monthly values



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

**Diagram 4 Consumer prices**

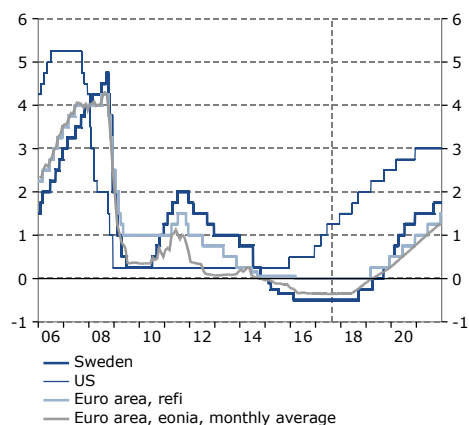
Annual percentage change, monthly values



Sources: OECD, Macrobond and NIER.

**Diagram 5 Policy rates**

Per cent, daily and monthly values

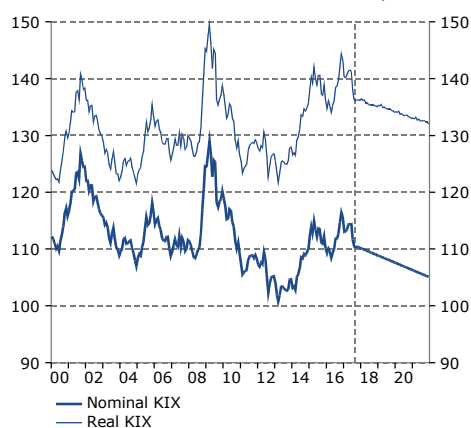


Note. US policy rate refers to upper bound of the target range for the federal funds rate.

Sources: ECB, Federal Reserve, Sveriges Riksbank, Macrobond and NIER.

**Diagram 6 Effective exchange rate of the Swedish krona (KIX)**

Index 18 November 1992=100, monthly values



Note. KIX is a trade-weighted index based on currencies from all OECD-countries, as well as China, India, Brazil and Russia. A higher index implies a weaker krona.

Sources: Sveriges Riksbank, Macrobond and NIER.

in emerging markets will therefore accelerate somewhat this year. All in all, global GDP will grow much more quickly this year and next than in 2016 (see Table 1).

#### FURTHER SUBDUED WAGE GROWTH IN OECD COUNTRIES

Although a number of countries are now leaving the economic downturn behind them, inflation is not expected to shoot up. In most OECD countries, wage growth is still subdued, and there are few signs of it picking up, even in countries like Germany where unemployment is now low. Although inflation has risen markedly since 2015 (see Diagram 4), this has been partly a result of rising energy prices. Energy prices have slowed recently, however, and their contribution to inflation has begun to decline. On the other hand, core inflation is picking up slightly due to the stronger economy. Inflation in the OECD countries will therefore be more or less unchanged next year after climbing to just over 2 per cent this year.

The US is ahead of the euro area in the business cycle, and it is almost two years since the Federal Reserve began to take monetary policy in a less expansionary direction (see Diagram 5). Slow wage growth and relatively low inflationary pressures mean that the hiking cycle will be more protracted than is normally the case. In the euro area, inflation will hold well below 2 per cent during all of next year, and a first increase in the policy rate will not come until 2019, although the Eonia interbank rate, which is currently negative, will begin to rise in late 2018.

#### STILL SOME CLOUDS ON THE HORIZON

The bright global outlook is still marred by some lingering risks. Although European bank stocks have generally rallied over the past year, there is still concern about the state of the European banking sector. Some banks, especially in southern Europe, still have high levels of bad loans. If the situation deteriorates, there is a risk of a reduction in the credit supply, which would hamper economic growth.

The unconventional monetary policies of recent years have helped push up prices for assets such as shares the world over. There is a risk that the rise in prices has been disproportionate, and that there will be a correction, which would put a damper on consumption and investment through decreased wealth and increased caution. There is also a risk of an abrupt slowdown in the Chinese economy, due partly to high and growing indebtedness and weak balance sheets in parts of the banking system.

#### SWEDISH EXPORTS A STRONGER GROWTH ENGINE

Sweden's low interest rate policy has contributed to a weak krona in real terms in recent years (see Diagram 6). This has favoured Swedish exports, but they still did not grow particularly fast last year. The strong investment climate in the euro area and the US is now having more appreciable benefits for Swedish



exporters. After a weak first quarter, exports grew strongly in the second. In manufacturing, export orders are well above the historical average (see Diagram 7) and there is considerable optimism. Exports are therefore expected to continue to improve for the rest of this year and next, despite the recent appreciation of the krona. They will therefore make a much greater contribution to GDP growth next year than this (see Diagram 8), with the result that GDP growth slows only marginally in 2018.

The bright outlook and already high capacity utilisation in manufacturing mean that investment in the industry will continue to rise relatively rapidly in the near term. Overall business investment excluding housing will increase slightly as a share of GDP both this year and next (see Diagram 9), which is the normal pattern in a booming economy. On the other hand, the rise in housing investment will slow in 2018 after a few years of strong growth. Taken together, this means that the contribution to GDP growth from investment will decrease next year (see Diagram 8).

The recent years' surge in housing investment is the result of a major shortage of housing and a rapid rise in property prices. These higher prices have meant, in turn, that household indebtedness has increased sharply. Households now have far more interest-bearing liabilities than interest-bearing assets. The low level of interest rates therefore means that household disposable income is higher than would be the case with more normal interest rates. As households expect higher interest rates ahead and are keen to even out their consumption over time, it is natural for them to have stepped up their saving in recent years' climate of very low interest rates (see Diagram 10).

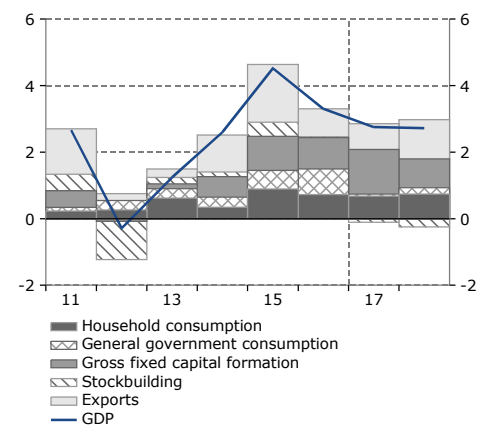
Strong employment growth (see Table 1) means that household real disposable income will increase at a normal rate this year despite slow wage growth. Next year, real disposable income will rise much more quickly, partly as a result of the tax cuts and increased transfer payments proposed by the government. Households can therefore increase their consumption relatively quickly this year and next without cutting back on their saving. In the years after 2018, rising interest rates and tight fiscal policy will rein in disposable income. Rising interest rates will put a damper on consumption, but households will then cut back on their elevated savings to some extent and increase their consumption at around the normal rate.

**Diagram 7 The manufacturing industry's assessment of export orders**  
Standardised deviations from mean, seasonally adjusted monthly values



Source: NIER.

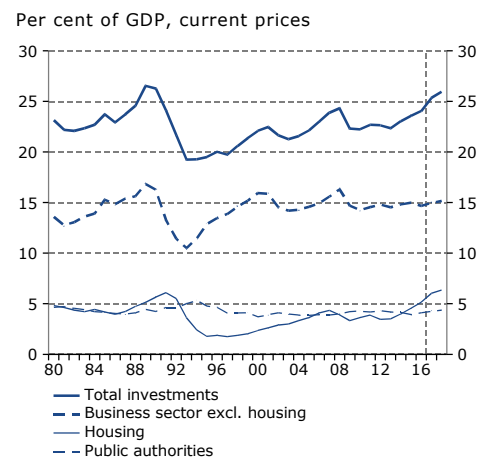
**Diagram 8 Contributions to GDP growth, adjusted for import content**  
Percentage change and percentage points



Note. The contribution from stockbuilding is calculated without adjustment for the import content.

Sources: Statistics Sweden and NIER.

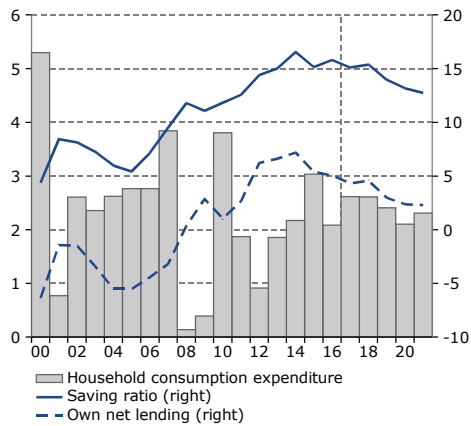
**Diagram 9 Gross fixed capital formation**  
Per cent of GDP, current prices



Sources: Statistics Sweden and NIER.

**Diagram 10 Household consumption, saving ratio and own saving**

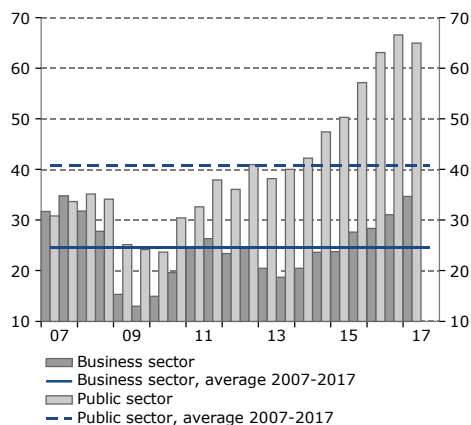
Percentage change, calendar-adjusted values and per cent of disposable income



Sources: Statistics Sweden and NIER.

**Diagram 11 Labour shortage**

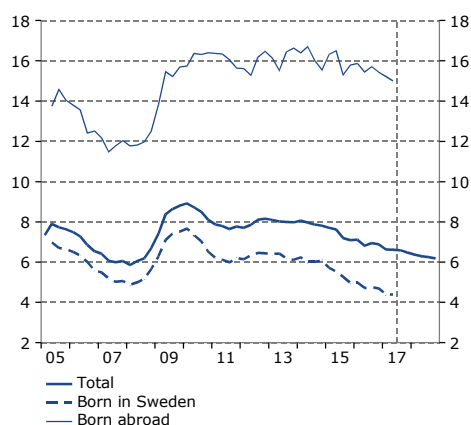
Number of workplaces with recruiting problems, per cent, semi-annual values



Source: Arbetsförmedlingen.

**Diagram 12 Unemployment**

Per cent of labour force, seasonally adjusted quarterly values



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

Sources: Statistics Sweden and NIER.

**Table 1 Selected indicators**

Percentage change, unless otherwise indicated

|  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|-------|-------|-------|-------|-------|-------|-------|
| GDP, market prices                                     | 4.5   | 3.3   | 2.8   | 2.7   | 1.8   | 1.5   | 1.5   |
| GDP per capita   | 3.4   | 2.0   | 1.4   | 1.6   | 0.8   | 0.5   | 0.5   |
| GDP, calendar-adjusted                                 | 4.3   | 3.1   | 3.0   | 2.8   | 1.8   | 1.3   | 1.4   |
| GDP, world   | 3.4   | 3.1   | 3.7   | 3.6   | 3.6   | 3.6   | 3.6   |
| Current account balance <sup>1</sup>                   | 4.8   | 5.1   | 4.5   | 4.3   | 4.1   | 3.8   | 3.6   |
| Hours worked <sup>2</sup>                              | 0.9   | 2.1   | 1.4   | 1.6   | 1.0   | 0.3   | 0.0   |
| Employment   | 1.4   | 1.5   | 2.3   | 1.2   | 0.5   | 0.3   | 0.2   |
| Unemployment rate <sup>3</sup>                         | 7.4   | 6.9   | 6.6   | 6.3   | 6.2   | 6.3   | 6.5   |
| Labour market gap <sup>4</sup>                         | -1.3  | -0.1  | 0.5   | 1.3   | 1.6   | 1.2   | 0.6   |
| Output gap <sup>5</sup>                                | -0.7  | 0.7   | 1.6   | 2.3   | 1.9   | 1.1   | 0.4   |
| Hourly earnings <sup>6</sup>                           | 2.4   | 2.4   | 2.7   | 3.0   | 3.5   | 3.6   | 3.7   |
| Hourly labour costs <sup>2</sup>                       | 3.6   | 2.9   | 3.1   | 2.9   | 3.5   | 3.6   | 3.7   |
| Productivity <sup>2</sup>                              | 3.2   | 0.7   | 1.7   | 1.3   | 0.8   | 1.0   | 1.4   |
| CPI  | 0.0   | 1.0   | 1.9   | 1.7   | 2.3   | 3.2   | 2.5   |
| CPIF   | 0.9   | 1.4   | 2.0   | 1.7   | 1.9   | 2.1   | 2.0   |
| Repo rate <sup>7,8</sup>                               | -0.35 | -0.50 | -0.50 | -0.25 | 0.50  | 1.50  | 1.75  |
| 10-year government bond yield <sup>7</sup>             | 0.7   | 0.5   | 0.6   | 1.1   | 1.7   | 2.2   | 2.7   |
| Effective krona exchange rate index (KIX) <sup>9</sup> | 112.6 | 111.7 | 112.2 | 109.5 | 108.2 | 106.9 | 105.7 |
| Government net lending <sup>1</sup>                    | 0.2   | 1.1   | 1.0   | 0.6   | 1.3   | 1.0   | 0.8   |
| Structural net lending <sup>10</sup>                   | -0.1  | 0.6   | 0.5   | 0.0   | 0.5   | 0.5   | 0.5   |
| Maastricht debt <sup>1, 8</sup>                        | 44.2  | 42.2  | 39.0  | 37.4  | 35.4  | 34.0  | 32.9  |

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

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

## MAJOR SHORTAGE OF LABOUR WITH THE RIGHT SKILLS

The labour market's strong performance in recent years has come hand-in-hand with a growing shortage of labour with the required skills (see Diagram 11). The continued improvement in the economy means that employment will rise rapidly this year. Next year, employment growth will slow, due partly to even greater recruitment problems, but unemployment will still fall further to just over 6 per cent at the end of 2018 (see Diagram 12).

These substantial labour shortages indicate that resource utilisation in the labour market is now higher than normal, making it easier for immigrants and other groups with a weak position in the labour market to find work. Unemployment in the foreign-born population is still very high, however, despite improving

somewhat in recent years (see Diagram 12). In the native-born population, unemployment is now low by historical standards and probably cannot be brought down much further. The expected fall in unemployment is therefore due mainly to rising employment in the foreign-born population.

### BUDGET WITH FEW STRUCTURAL REFORMS

The government's budget bill for 2018 is heavily underfunded and will take structural net lending down to 0.0 per cent of GDP based on the NIER's estimates (see Diagram 13). In our view, net lending will therefore be lower next year than is consistent with the surplus target. The expansionary budget will drive growth in GDP and employment next year. However, only a small part of the SEK 40 billion in new measures can be viewed as structurally meaningful in the sense of permanently enhancing the Swedish economy's production potential. In order for the relatively low unemployment rate of recent years to become permanent instead of climbing back towards 7 per cent as in the NIER's scenario (see Table 1), the functioning of the labour market will need to be improved. Permanently lower unemployment would improve public finances and reduce the need for fiscal tightening in the coming years.

The NIER believes that public finances will need to be tightened significantly in 2019 for the surplus target to be achieved. If the public sector commitment to welfare is to be kept at 2018 levels, funding increases of around SEK 30 billion will be required in 2019. If the government's stated plans for additional reforms in 2019 materialise, the need for funding increases will be even greater.

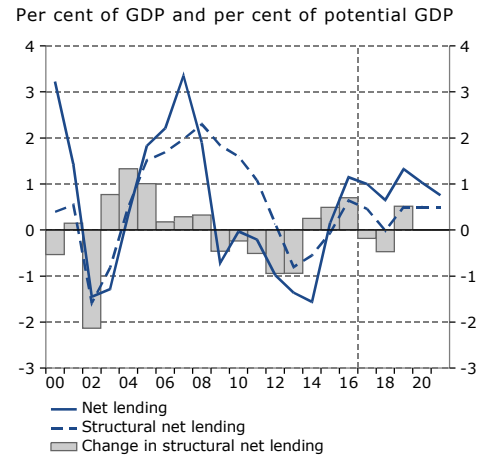
### INFLATION TEMPORARILY ABOVE 2 PER CENT

CPIF inflation – the rise in the consumer price index with a fixed interest rate – has risen rapidly in the past year and is now above 2 per cent (see Diagram 14). The increase is partly the result of increased energy prices over the past year. Energy prices are now set to rise much more slowly, and a stronger krona will put a damper on import prices. Although the scarcity of labour with the right skills will bring slightly higher wage growth next year, pay rises will still be relatively low considering the strength of the labour market. Cost pressures in the business sector will not therefore increase particularly much next year. At the same time, a larger proportion of firms than normal consider profitability to be good (see Diagram 15). Taken together, this means that CPIF inflation will drop back during the course of next year and will not return to the target level on a more permanent basis until 2020.

### RIKSBANK ON HOLD UNTIL NEXT AUTUMN

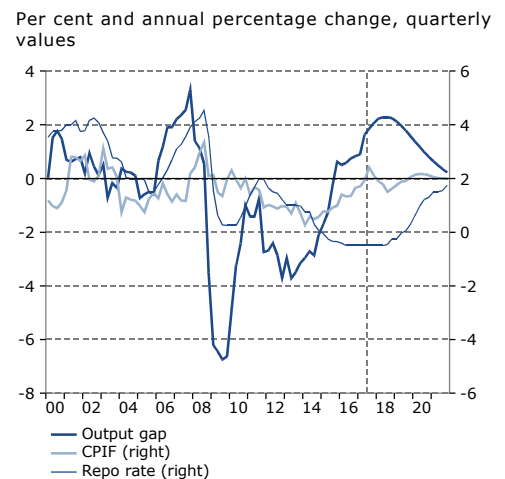
The Riksbank has left the repo rate unchanged at -0.50 per cent for more than 18 months (see Diagram 14). The NIER forecasts

**Diagram 13 General government net lending and structural net lending**  
Per cent of GDP and per cent of potential GDP



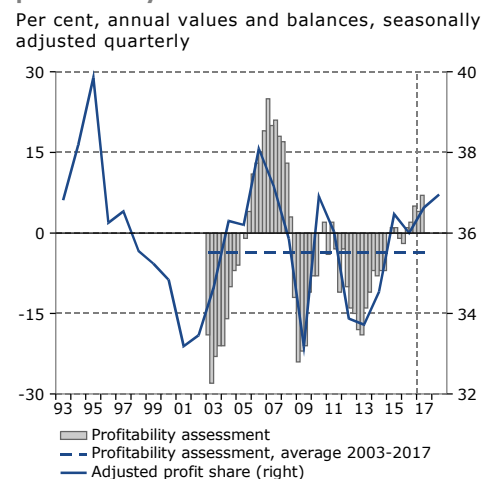
Sources: Statistics Sweden and NIER.

**Diagram 14 Output gap, CPIF and repo rate**  
Per cent and annual percentage change, quarterly values



Sources: Statistics Sweden, Sveriges Riksbank and NIER.

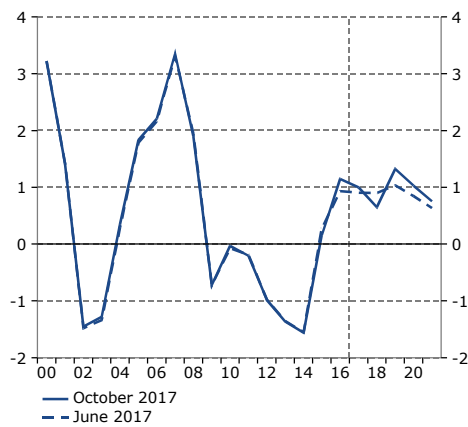
**Diagram 15 Business sector profitability**  
Per cent, annual values and balances, seasonally adjusted quarterly



Sources: Statistics Sweden and NIER.

**Diagram 16 General government net lending**

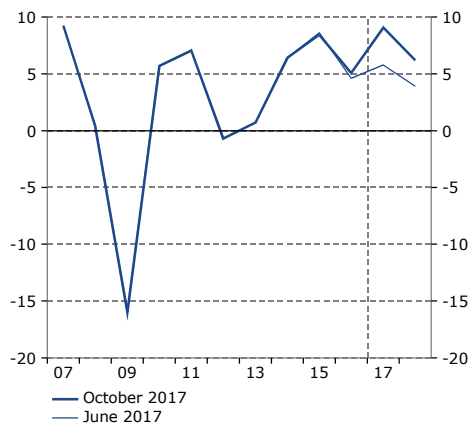
Per cent of GDP



Sources: Statistics Sweden and NIER.

**Diagram 17 Gross fixed capital formation, business sector**

Percentage change



Sources: Statistics Sweden and NIER.

**Diagram 18 Unemployment**

Per cent of labour force, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

a first increase in the repo rate in autumn 2018, which is in line with both market expectations, as measured by RIBA futures, and the Riksbank's own projections. By then, resource utilisation will be high, and CPIF inflation will again be headed upwards. Despite a strong economy, the hiking cycle will be protracted, with the repo rate not hitting 1.75 per cent until the end of 2021. The real repo rate will then still be negative, reflecting a very low real equilibrium interest rate during the period.

## Forecast revisions 2017-2018

New information since the June forecast means that resource utilisation is now expected to be much higher in 2018 than foreseen in June.

- The government's proposed budget for 2018 means that fiscal policy will be much more expansionary next year, with around SEK 40 billion in unfunded measures. This is much more than anticipated in the NIER's June forecast. Government net lending will therefore fall to 0.6 per cent of GDP, rather than being unchanged from 2017 as forecast in June (see Diagram 16).
- Gross fixed capital formation in the business sector has risen much more quickly in the year to date than anticipated in June, especially when it comes to housing investment. The surprisingly strong demand growth and high capacity utilisation mean that investment will continue to rise somewhat more quickly than expected in the near term. The rate of growth in business investment has therefore been revised up appreciably both 2017 and 2018 (see Diagram 17).
- Unexpectedly strong data for business investment and household consumption mean that GDP growth in 2017 has been adjusted up 0.3 percentage points.
- Surprisingly expansionary fiscal policy means that household real disposable income will rise much more quickly next year than envisaged in the June forecast. Together with the upward revision of gross fixed capital formation, this has prompted a 0.4 percentage point increase in the GDP growth forecast for 2018.
- The upward revision of GDP growth also means that the labour market will perform more strongly than anticipated in June. Unemployment will therefore fall faster in 2018 than predicted in June (see Diagram 18) and has been revised down by 0.2 percentage points for the year as a whole.
- Inflation has climbed further in recent months than predicted in the June forecast, due partly to rising energy prices. The forecast for CPIF inflation for 2017 has therefore been adjusted up by 0.2 percentage points to 2.0 per cent.

**Table 2 Current forecast and revisions compared to the June 2017 forecast**

Percentage change, unless otherwise indicated

|   | 2017     |       | 2018     |       |
|---|----------|-------|----------|-------|
|   | Oct 2017 | Diff. | Oct 2017 | Diff. |
| <b>Global economy</b>                                   |          |       |          |       |
| GDP, world  | 3.7      | 0.1   | 3.6      | 0.0   |
| GDP, OECD   | 2.2      | 0.2   | 2.1      | 0.0   |
| GDP, euro area  | 2.1      | 0.3   | 1.8      | 0.1   |
| GDP, US   | 2.1      | 0.0   | 2.2      | -0.2  |
| GDP, China  | 6.7      | 0.2   | 6.3      | 0.1   |
| Federal funds target rate <sup>1,2</sup>                | 1.50     | 0.00  | 2.00     | 0.00  |
| ECB refi rate <sup>1,2</sup>                            | 0.00     | 0.00  | 0.00     | 0.00  |
| Oil price <sup>3</sup>                                  | 53.4     | 2.0   | 55.3     | 4.6   |
| CPI, OECD   | 2.2      | -0.1  | 2.1      | -0.2  |
| <b>Domestic economy</b>                                 |          |       |          |       |
| GDP, calendar-adjusted                                  | 3.0      | 0.3   | 2.8      | 0.4   |
| GDP   | 2.8      | 0.3   | 2.7      | 0.4   |
| Household consumption                                   | 2.5      | 0.6   | 2.6      | 0.4   |
| Government consumption                                  | 0.3      | -0.6  | 1.0      | 0.3   |
| Gross fixed capital formation                           | 8.6      | 3.1   | 6.1      | 2.1   |
| Stockbuilding <sup>4</sup>                              | -0.1     | 0.1   | -0.2     | -0.2  |
| Exports   | 3.0      | -0.4  | 4.6      | 0.5   |
| Imports   | 4.4      | 1.3   | 5.0      | 0.9   |
| <b>Labour market, inflation, interest rates etc.</b>    |          |       |          |       |
| Hours worked <sup>5</sup>                               | 1.4      | -0.1  | 1.6      | 0.3   |
| Employment  | 2.3      | -0.1  | 1.2      | 0.2   |
| Unemployment <sup>6</sup>                               | 6.6      | 0.0   | 6.3      | -0.2  |
| Labour market gap <sup>7</sup>                          | 0.5      | 0.0   | 1.3      | 0.4   |
| Output gap <sup>8</sup>                                 | 1.6      | 0.3   | 2.3      | 0.7   |
| Productivity <sup>5</sup>                               | 1.7      | 0.3   | 1.3      | 0.1   |
| Hourly earnings <sup>9</sup>                            | 2.7      | 0.0   | 3.0      | 0.1   |
| CPI   | 1.9      | 0.2   | 1.7      | 0.1   |
| CPIF  | 2.0      | 0.2   | 1.7      | 0.0   |
| Repo rate <sup>1,2</sup>                                | -0.50    | 0.00  | -0.25    | 0.00  |
| 10-year government bond yield <sup>1</sup>              | 0.6      | 0.0   | 1.1      | 0.0   |
| Effective krona exchange rate index (KIX) <sup>10</sup> | 112.2    | -1.7  | 109.5    | -3.1  |
| Current account balance <sup>11</sup>                   | 4.5      | -0.7  | 4.3      | -0.8  |
| Government net lending <sup>11</sup>                    | 1.0      | 0.1   | 0.6      | -0.2  |

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

Note. The difference is between the current forecast and the June 2017 forecast. A positive value denotes an upward revision.

Source: NIER.



## SPECIAL ANALYSIS

### The 2018 budget bill

According to the NIER's calculations, the measures set out in the government's budget bill for 2018 will increase expenditure by SEK 36 billion and decrease revenue by SEK 4 billion relative to previously decided policies (see Table 3). Taken together, this means that the budget will reduce net lending for the public sector by SEK 40 billion.

#### **INCREASED FUNDING FOR EDUCATION, HEALTH CARE, DEFENCE, POLICE AND CLIMATE TO PUSH UP EXPENDITURE BY SEK 36 BILLION**

The budget bill contains SEK 40 billion in measures on the expenditure side. The proposed increases in allocations total SEK 46 billion. Of this, SEK 4 billion consists of higher central government grants to the municipal sector to compensate for a tax cut for the over-65s which will reduce municipal tax revenue. Adjusted for this, allocation increases impacting on public finances come to SEK 42 billion. The government also proposes reductions in allocations in a number of areas totalling SEK 6 billion. Taken together, this means that expenditure will increase by SEK 36 billion (see Table 3).

Almost 60 per cent of the reforms on the expenditure side – just over SEK 21 billion – relate to government consumption. Of this, SEK 14 billion concerns the municipal sector, mainly central government grants for specific initiatives in the health sector<sup>1</sup> (SEK 7.5 billion) and primary school<sup>2</sup> (SEK 3.5 billion).

Municipal adult education is to receive just over SEK 1 billion to increase the number of places. Municipalities and county councils that hire people with a weak position in the labour market through the Extra Jobs scheme will also receive additional central government grants of SEK 0.5 billion, partly to improve opportunities for mentoring in the workplace.

When it comes to central government consumption, measures amounting to SEK 8 billion are proposed. The largest measures concern the armed forces and the police and legal

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<sup>1</sup> The health sector is to receive SEK 2 billion to improve the working environment and SEK 1 billion to reduce waiting lists (the "Patient Billion"). An additional SEK 1 billion is earmarked for continued improvements in maternity care, and SEK 1.5 billion for an initiative in paediatric care. County councils are also to receive additional central government grants of almost SEK 3 billion as a result of the agreement on sharing the cost of prescription medicines reached in spring 2017.

<sup>2</sup> It is proposed that schools in socio-economically exposed areas are allocated an additional SEK 1.5 billion to improve the working environment and their performance. There are also a variety of smaller school initiatives totalling almost SEK 2 billion, such as holiday tuition for underachievers, free public transport for school pupils, and various measures to support recent immigrants in primary and upper secondary education.

system. It is proposed that SEK 3 billion is awarded to the armed forces, which the NIER assumes consist of SEK 2 billion consumption and SEK 1 billion investment, while the police and legal system will receive additional funding of SEK 3 billion.

The government also proposes earmarking SEK 5 billion for various climate initiatives. The NIER estimates that SEK 3 billion of this will consist of various transfers to firms and households, comprising support for various projects in the business sector plus subsidies and premiums for environmentally friendly vehicles, electric bicycles and solar cells. Government investment will account for SEK 1 billion, while the remainder will take the form of government consumption.

One of the main proposals in the budget is an increase in the child allowance of SEK 200 per month, which will boost transfers to households by SEK 4 billion. It is also proposed that transfers to households are increased through higher disability pensions, a higher ceiling for sickness benefits, a higher housing supplement for pensioners, and higher student grants. Altogether, transfers to households will rise by SEK 10 billion.

Transfers to firms will increase by SEK 3 billion, due mainly to climate initiatives but also to increased funding for schemes supporting the employment of people with disabilities.

#### **PERMANENT REFORMS TO BE EXPANDED IN 2019 AND 2020**

The NIER's interpretation is that the bulk of these increases in expenditure are to be viewed as permanent. The government also plans to expand many of these reforms in 2019 and 2020, most notably the climate initiatives and grants to municipalities and county councils, pushing up expenditure by another SEK 15 billion in 2019 and a further SEK 13 billion in 2020. This includes the government's proposal to increase grants to municipalities and county councils by SEK 5 billion in 2019 and a further SEK 5 billion in 2020.

#### **IMPACT ON THE LABOUR MARKET**

The NIER's overall conclusion is that the new measures in the labour market area will have limited effects on employment and unemployment in the short term.

There is a considerable need for education and training following the recent influx of refugees. The NIER believes that it is a good idea to invest in vocationally-oriented education. More people in education will, however, mean fewer people in the labour force, and so both employment and unemployment will be somewhat reduced. That said, the NIER expects it to take



time to increase volumes in education. In the longer term, the effects will depend on how much this education improves job-finding rates, which is very difficult to estimate.

To assess what labour market effects more available places in education might have, they need to be considered in relation to the size of the target group and its needs.

Both the size of the target group and the average need for more education have increased as a result of the influx of refugees, many of whom do not have an upper secondary education. It is uncertain how much input would be required to take this target group to reach secondary level competence, for example. It is also hard to know what those participating in educational initiatives would have been doing otherwise.

The NIER's assessment is that increasing the number of places in education could bring down equilibrium unemployment. The NIER has taken account of the effects of these additional places in education on equilibrium unemployment by assuming constant levels of education in the population in its demographic projections of equilibrium unemployment. Without more places in education, in the current situation, the population's educational levels would fall, pushing up equilibrium unemployment through a deterioration in matching.

The government also proposes changes to employment subsidies. Simplifying these subsidies may make it easier for employers to make use of them. How the proposed changes will impact on employment and unemployment will depend primarily on the change in the total number of people on employment programmes. The number of people on these programmes is set to increase, mainly as a result of the introduction of the Extra Jobs scheme. The NIER's assessment is that volumes will not be affected by the proposed rule changes.

The proposed additional support for municipalities and county councils employing people on Extra Jobs is not expected to affect the rate of increase in the number of such jobs relative to the NIER's previous estimate. Instead, this support will enable municipalities and county councils to take better care of those employed through the Extra Jobs scheme.

#### **TAX CUTS OF SEK 4 BILLION**

The government proposes both tax cuts and tax increases. The cuts amount to SEK 9 billion, and the increases SEK 5 billion, giving a net decrease of SEK 4 billion (see Table 3).

The proposed cuts are mainly in the taxation of households. The single biggest is an increase in the basic allowance for those aged 65 and over, which will reduce direct household taxes by SEK 4.4 billion. The government also plans to raise the basic

allowance further for the over-65s in 2019 and 2020. In addition, the government proposes to reintroduce the tax credit for union dues from 1 July 2018. This entails a tax reduction of SEK 1.3 billion for households in 2018 and then again in 2019, as the 2019 credit will apply to union dues for the full year. On the other hand, households will see increases in vehicle tax and the tax on investment savings accounts. All in all, household taxes will be lowered by SEK 4.6 billion (see Table 3).

The government proposes expanding the Growth Support scheme, which offers reduced employer contributions for a first employee, to encourage more one-person businesses to take on staff. This will decrease central government revenue from employer contributions by almost SEK 2 billion (see wage-related production taxes in Table 3).

The government also proposes a rise in the resolution fee payable by banks, which is classified as a production tax in the national accounts. This translates into a net increase in central government revenue of SEK 2 billion.

The budget includes a number of changes to energy and environmental taxes. Some are to be raised, others lowered, and new ones are to be added. Altogether, these changes spell an increase in central government revenue of SEK 0.4 billion. The single largest change is an airfare tax, which is expected to raise around SEK 1 billion in 2018.

Firms' taxes and duties will be affected indirectly by some of the changes in environmental and energy taxes, the expansion of the Growth Support scheme, and the change in the bank resolution fee. Firms will also be impacted directly by the introduction of a cap on interest deductions in line with an EU directive. This is combined with a proposed reduction in the corporate income tax rate from 22 to 20 per cent. The idea behind this change is to avoid increasing the tax burden on the business sector as a whole as the tax base widens, and so it does not appear in Table 3.

**Table 3 Fiscal measures in the budget bill for 2018 and their effect on general government net lending**

SEK billion

|   | 2018 budget bill |
|---|------------------|
| <b>Expenditure</b>  | <b>36.3</b>      |
| Government consumption  | 21.4             |
| <i>Central government consumption</i>                         | 7.8              |
| <i>Grants to municipalities to fund increased consumption</i> | 13.7             |
| Government investment   | 1.7              |
| Transfers to households                                       | 9.7              |
| Transfers to firms  | 2.8              |
| Transfers to abroad   | 0.6              |
| <b>Revenue</b>  | <b>-3.9</b>      |
| Direct household taxes  | -4.6             |
| <i>Municipal taxes</i>  | -4.4             |
| <i>Central government taxes</i>                               | -0.2             |
| Direct business taxes   | 0.0              |
| Direct taxes from abroad                                      | 0.4              |
| Production taxes  | 0.3              |
| <i>Wage-related</i>   | -1.7             |
| <i>Other production taxes<sup>1</sup></i>                     | 2.0              |
| Product taxes   | 0.1              |
| <i>Value-added tax</i>  | -0.3             |
| <i>Energy and environmental taxes</i>                         | 0.4              |
| <i>Other product taxes</i>                                    | 0.0              |

<sup>1</sup> Includes the change in the bank resolution fee, which is classified as a production tax in the national accounts. The government does not account for the change in the resolution fee in Table 6.30 or Table 1.1 of the budget bill, but it is included in its Table 9.1.

Note: Amounts denote the change in levels relative to decisions taken up to and including the 2017 spring fiscal policy bill.

Source: The Swedish government (2018 budget bill, Tables 6.30 and 8.14) and NIER.



# 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](http://www.konj.se/english/data-sets).

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## The global economy

**Table A1 Global output**

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

|                               | Weight<br>2016 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------|----------------|------|------|------|------|------|------|------|
| World                         |                | 3.5  | 3.4  | 3.5  | 3.4  | 3.1  | 3.7  | 3.6  |
| KIX weighted <sup>1</sup>     | 74.6           | 1.1  | 1.4  | 2.3  | 2.3  | 2.1  | 2.7  | 2.4  |
| OECD                          | 44.9           | 1.3  | 1.5  | 2.1  | 2.4  | 1.7  | 2.2  | 2.1  |
| US                            | 15.5           | 2.2  | 1.7  | 2.6  | 2.9  | 1.5  | 2.1  | 2.2  |
| Euro area                     | 11.8           | -0.8 | -0.2 | 1.4  | 1.9  | 1.8  | 2.1  | 1.8  |
| Germany                       | 3.3            | 0.7  | 0.6  | 1.9  | 1.5  | 1.9  | 2.1  | 1.9  |
| France                        | 2.3            | 0.2  | 0.6  | 1.0  | 1.0  | 1.1  | 1.7  | 1.6  |
| Italy                         | 1.9            | -2.9 | -1.7 | 0.2  | 0.7  | 1.0  | 1.3  | 1.0  |
| Spain                         | 1.4            | -2.9 | -1.7 | 1.4  | 3.2  | 3.2  | 3.0  | 2.5  |
| Finland                       | 0.2            | -1.4 | -0.8 | -0.6 | 0.0  | 1.9  | 2.6  | 1.7  |
| Japan                         | 4.4            | 1.5  | 2.0  | 0.2  | 1.1  | 1.0  | 1.5  | 1.1  |
| UK                            | 2.3            | 1.5  | 2.1  | 3.1  | 2.3  | 1.8  | 1.5  | 1.5  |
| Sweden                        | 0.4            | 0.1  | 1.2  | 2.7  | 4.3  | 3.1  | 3.0  | 2.8  |
| Norway                        | 0.3            | 2.5  | 1.1  | 2.1  | 1.8  | 1.0  | 1.9  | 1.8  |
| Denmark                       | 0.2            | 0.2  | 0.9  | 1.7  | 1.6  | 1.7  | 2.3  | 1.8  |
| Emerging markets <sup>2</sup> | 55.1           | 5.5  | 5.1  | 4.6  | 4.1  | 4.2  | 4.8  | 4.9  |
| China                         | 17.8           | 8.0  | 7.8  | 7.3  | 7.1  | 6.7  | 6.7  | 6.3  |
| India                         | 7.2            | 5.0  | 6.1  | 7.3  | 7.7  | 7.7  | 6.5  | 7.6  |
| Brazil                        | 2.6            | 1.9  | 3.0  | 0.5  | -3.8 | -3.6 | 0.6  | 1.8  |
| <b>GDP per capita</b>         |                |      |      |      |      |      |      |      |
| US                            |                | 1.5  | 1.0  | 1.8  | 2.1  | 0.8  | 1.3  | 1.5  |
| Euro area                     |                | -1.1 | -0.4 | 1.1  | 1.6  | 1.5  | 1.9  | 1.5  |
| Japan                         |                | 1.7  | 2.2  | 0.4  | 1.3  | 1.1  | 1.8  | 1.4  |
| <b>Market growth</b>          |                |      |      |      |      |      |      |      |
| World <sup>3</sup>            |                | 1.9  | 2.7  | 3.6  | 3.5  | 3.6  | 4.7  | 3.7  |

<sup>1</sup> KIX weighted GDP is the weighted average of GDP growth in the 32 countries included in the KIX effective krona exchange rate index. <sup>2</sup> Emerging markets are defined here as countries that are not members of the OECD. <sup>3</sup> 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

|                               | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------|------|------|------|------|------|------|------|------|
| OECD                          | 2.9  | 2.2  | 1.6  | 1.7  | 0.6  | 1.1  | 2.2  | 2.1  |
| US                            | 3.2  | 2.1  | 1.5  | 1.6  | 0.1  | 1.3  | 2.0  | 2.1  |
| Euro area                     | 2.7  | 2.5  | 1.3  | 0.4  | 0.0  | 0.2  | 1.6  | 1.4  |
| Germany                       | 2.5  | 2.1  | 1.6  | 0.8  | 0.1  | 0.4  | 1.7  | 1.5  |
| France                        | 2.3  | 2.2  | 1.0  | 0.6  | 0.1  | 0.3  | 1.2  | 1.3  |
| Italy                         | 2.9  | 3.3  | 1.3  | 0.2  | 0.1  | -0.1 | 1.4  | 1.3  |
| Spain                         | 3.1  | 2.4  | 1.5  | -0.2 | -0.6 | -0.3 | 2.1  | 1.6  |
| Finland                       | 3.3  | 3.2  | 2.2  | 1.2  | -0.2 | 0.4  | 1.0  | 1.2  |
| Japan                         | -0.3 | -0.1 | 0.3  | 2.8  | 0.8  | -0.1 | 0.5  | 0.9  |
| UK                            | 4.5  | 2.8  | 2.6  | 1.5  | 0.1  | 0.6  | 2.6  | 2.5  |
| Sweden                        | 1.4  | 0.9  | 0.4  | 0.2  | 0.7  | 1.1  | 2.0  | 1.5  |
| Norway                        | 1.2  | 0.4  | 2.0  | 1.9  | 2.0  | 3.9  | 2.0  | 1.8  |
| Denmark                       | 2.7  | 2.4  | 0.5  | 0.3  | 0.2  | 0.0  | 1.2  | 1.5  |
| Emerging markets <sup>1</sup> |      |      |      |      |      |      |      |      |
| China                         | 5.6  | 2.6  | 2.6  | 1.9  | 1.4  | 2.0  | 1.6  | 2.4  |
| India                         | 8.9  | 9.3  | 10.9 | 6.4  | 5.9  | 4.9  | 2.4  | 5.0  |
| Brazil                        | 6.6  | 5.4  | 6.2  | 6.3  | 9.0  | 8.7  | 3.8  | 4.3  |

<sup>1</sup> 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<br>2016 | 2012        | 2013        | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|---------------|-------------|-------------|------------|------------|------------|------------|------------|
| Household consumption expenditure          | 5 877         | -1.2        | -0.6        | 0.9        | 1.7        | 2.0        | 1.8        | 1.6        |
| General government consumption expenditure | 2 218         | -0.3        | 0.3         | 0.7        | 1.3        | 1.7        | 1.1        | 1.1        |
| Gross fixed capital formation              | 2 176         | -3.3        | -2.4        | 1.7        | 2.9        | 4.3        | 2.9        | 3.5        |
| Stockbuilding <sup>1</sup>                 | 13            | -0.9        | 0.1         | 0.3        | 0.0        | -0.1       | 0.0        | 0.0        |
| Exports                                    | 4 937         | 2.8         | 2.2         | 4.5        | 6.4        | 3.2        | 4.5        | 3.7        |
| Imports                                    | 4 455         | -0.7        | 1.4         | 4.7        | 6.7        | 4.6        | 4.1        | 3.9        |
| <b>GDP</b>                                 | <b>10 766</b> | <b>-0.8</b> | <b>-0.2</b> | <b>1.4</b> | <b>1.9</b> | <b>1.8</b> | <b>2.1</b> | <b>1.8</b> |
| HICP <sup>2</sup>                          |               | 2.5         | 1.3         | 0.4        | 0.0        | 0.2        | 1.6        | 1.4        |
| Unemployment <sup>3</sup>                  |               | 11.4        | 12.0        | 11.6       | 10.9       | 10.0       | 9.2        | 8.8        |
| Policy rate <sup>4</sup>                   |               | 0.75        | 0.25        | 0.05       | 0.05       | 0.00       | 0.00       | 0.00       |
| 10-year government bond yield <sup>5</sup> |               | 1.6         | 1.6         | 1.2        | 0.5        | 0.1        | 0.4        | 0.8        |
| USD/EUR <sup>6</sup>                       |               | 1.29        | 1.33        | 1.33       | 1.11       | 1.11       | 1.13       | 1.18       |

<sup>1</sup> Change in per cent of GDP the previous year. <sup>2</sup> Percentage change. <sup>3</sup> Per cent of labour force. <sup>4</sup> Refi rate level, per cent, at year-end. <sup>5</sup> Level, per cent, Germany. <sup>6</sup> 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<br>2016 | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|---------------|------------|------------|------------|------------|------------|------------|------------|
| Household consumption expenditure          | 12 821        | 1.5        | 1.5        | 2.9        | 3.6        | 2.7        | 2.6        | 2.2        |
| General government consumption expenditure | 2 658         | -0.9       | -2.4       | -0.5       | 1.3        | 1.0        | -0.1       | 0.4        |
| Gross fixed capital formation              | 3 632         | 6.4        | 3.1        | 4.8        | 3.5        | 0.6        | 3.7        | 4.4        |
| Stockbuilding <sup>1</sup>                 | 35            | 0.1        | 0.2        | -0.1       | 0.2        | -0.4       | -0.2       | 0.0        |
| Exports                                    | 2 215         | 3.4        | 3.5        | 4.3        | 0.4        | -0.3       | 3.2        | 3.4        |
| Imports                                    | 2 736         | 2.2        | 1.1        | 4.5        | 5.0        | 1.3        | 4.3        | 4.3        |
| <b>GDP</b>                                 | <b>18 624</b> | <b>2.2</b> | <b>1.7</b> | <b>2.6</b> | <b>2.9</b> | <b>1.5</b> | <b>2.1</b> | <b>2.2</b> |
| CPI <sup>2</sup>                           |               | 2.1        | 1.5        | 1.6        | 0.1        | 1.3        | 2.0        | 2.1        |
| Unemployment <sup>3</sup>                  |               | 8.1        | 7.4        | 6.2        | 5.3        | 4.9        | 4.5        | 4.3        |
| Policy rate <sup>4</sup>                   |               | 0.25       | 0.25       | 0.25       | 0.50       | 0.75       | 1.50       | 2.00       |
| 10-year government bond yield <sup>5</sup> |               | 1.8        | 2.4        | 2.5        | 2.1        | 1.8        | 2.3        | 2.5        |
| USD/EUR <sup>6</sup>                       |               | 1.29       | 1.33       | 1.33       | 1.11       | 1.11       | 1.13       | 1.18       |

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

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

**Table A5 Scenario for the global economy**

Percentage change and per cent, respectively

|                                   | 2014 | 2015 | 2016  | 2017  | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------|------|------|-------|-------|------|------|------|------|
| GDP, OECD                         | 2.1  | 2.4  | 1.7   | 2.2   | 2.1  | 2.0  | 1.8  | 1.8  |
| GDP, euro area                    | 1.4  | 1.9  | 1.8   | 2.1   | 1.8  | 1.5  | 1.3  | 1.3  |
| GDP, US                           | 2.6  | 2.9  | 1.5   | 2.1   | 2.2  | 2.2  | 1.8  | 1.7  |
| GDP, emerging markets             | 4.6  | 4.1  | 4.2   | 4.8   | 4.9  | 4.9  | 4.9  | 4.9  |
| GDP, global                       | 3.5  | 3.4  | 3.1   | 3.7   | 3.6  | 3.6  | 3.6  | 3.6  |
| HICP, euro area                   | 0.4  | 0.0  | 0.2   | 1.6   | 1.4  | 1.6  | 1.8  | 1.9  |
| CPI, US                           | 1.6  | 0.1  | 1.3   | 2.0   | 2.1  | 2.4  | 2.4  | 2.3  |
| Policy rate, euro area            | 0.05 | 0.05 | 0.00  | 0.00  | 0.00 | 0.50 | 1.00 | 1.50 |
| Policy rate, US                   | 0.25 | 0.50 | 0.75  | 1.50  | 2.00 | 2.50 | 3.00 | 3.00 |
| Policy rate, KIX6-weighted        | 0.16 | 0.02 | -0.14 | -0.04 | 0.20 | 0.57 | 1.04 | 1.54 |
| Overnight rate, euro area (Eonia) | 0.0  | -0.2 | -0.4  | -0.4  | -0.1 | 0.3  | 0.8  | 1.3  |

Note. Policy rates refer to year-end values. KIX6-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.



## The Swedish Economy 2017–2018

**Table A6 GDP by expenditure**

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

|  | Level<br>2016 | 2012        | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|---------------|-------------|------------|------------|------------|------------|------------|------------|
| Household consumption expenditure <sup>1</sup> | 1 950         | 0.8         | 1.9        | 2.1        | 3.1        | 2.2        | 2.5        | 2.6        |
| Goods  | 895           | 1.1         | 0.8        | 2.6        | 4.1        | 2.9        | 2.0        | 2.5        |
| Services excl. housing                         | 629           | 0.2         | 3.1        | 3.1        | 3.8        | 2.6        | 2.7        | 2.5        |
| Housing  | 376           | 0.4         | 1.3        | 2.1        | 1.7        | 2.8        | 3.6        | 2.9        |
| General government consumption expenditure     | 1 152         | 1.1         | 1.3        | 1.5        | 2.4        | 3.4        | 0.3        | 1.0        |
| Central government                             | 299           | 2.5         | 3.6        | 1.7        | 2.0        | 3.0        | -1.4       | 1.6        |
| Local government                               | 853           | 0.6         | 0.4        | 1.5        | 2.6        | 3.6        | 0.9        | 0.8        |
| Gross fixed capital formation <sup>2</sup>     | 1 059         | -0.2        | 0.6        | 5.5        | 6.9        | 5.6        | 8.6        | 6.1        |
| Business sector excl. housing                  | 647           | 2.3         | 0.7        | 4.2        | 5.9        | 2.3        | 5.3        | 5.8        |
| Industry                                       | 162           | -3.1        | 1.8        | 8.8        | -15.8      | -0.7       | 6.9        | 6.4        |
| Other goods producers                          | 101           | 4.7         | 1.4        | 3.1        | -0.1       | -1.2       | 13.5       | 3.7        |
| Service producers excl. housing                | 383           | 4.8         | -0.3       | 1.8        | 21.8       | 4.6        | 2.4        | 6.1        |
| Housing  | 227           | -11.8       | 0.9        | 15.6       | 18.0       | 14.2       | 20.0       | 7.3        |
| General government                             | 181           | 1.7         | -0.3       | 1.6        | 0.3        | 8.1        | 6.8        | 5.5        |
| Domestic demand excl. stockbuilding            | 4 161         | 0.6         | 1.4        | 2.7        | 3.8        | 3.4        | 3.5        | 3.1        |
| Stockbuilding <sup>3</sup>                     | 31            | -1.1        | 0.2        | 0.2        | 0.4        | 0.0        | -0.1       | -0.2       |
| Total domestic demand                          | 4 192         | -0.6        | 1.6        | 2.9        | 4.3        | 3.3        | 3.3        | 2.8        |
| Exports  | 1 950         | 1.0         | -0.8       | 5.3        | 5.7        | 3.3        | 3.0        | 4.6        |
| Exports of goods                               | 1 322         | 0.3         | -2.9       | 3.1        | 3.5        | 3.6        | 4.1        | 4.4        |
| Processed goods                                | 1 059         | -2.9        | -0.9       | 1.6        | 3.9        | 3.2        | 5.4        | 4.8        |
| Raw materials                                  | 264           | 12.2        | -9.4       | 8.6        | 2.2        | 4.8        | -1.4       | 2.4        |
| Exports of services                            | 628           | 3.0         | 5.0        | 10.4       | 10.7       | 2.7        | 0.8        | 5.2        |
| Total demand                                   | 6 142         | -0.1        | 0.8        | 3.6        | 4.7        | 3.3        | 3.2        | 3.4        |
| Imports  | 1 737         | 0.5         | -0.1       | 6.3        | 5.2        | 3.4        | 4.4        | 5.0        |
| Imports of goods                               | 1 203         | -0.8        | -1.7       | 4.6        | 5.4        | 5.0        | 4.2        | 5.0        |
| Processed goods                                | 901           | -2.9        | -0.1       | 4.8        | 6.1        | 4.8        | 5.6        | 6.1        |
| Raw materials                                  | 302           | 4.3         | -5.2       | 4.2        | 3.7        | 5.6        | -0.2       | 1.7        |
| Imports of services                            | 534           | 4.3         | 4.1        | 10.4       | 4.9        | -0.2       | 5.1        | 5.0        |
| Net exports <sup>3</sup>                       | 213           | 0.3         | -0.3       | -0.2       | 0.4        | 0.1        | -0.4       | 0.0        |
| <b>GDP</b>                                     | <b>4 405</b>  | <b>-0.3</b> | <b>1.2</b> | <b>2.6</b> | <b>4.5</b> | <b>3.3</b> | <b>2.8</b> | <b>2.7</b> |
| GDP per capita <sup>4</sup>                    | 444           | -1.0        | 0.4        | 1.6        | 3.4        | 2.0        | 1.4        | 1.6        |

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

Note. There is a break in the time series between 2014 and 2015 due to changes in the industry classification of Ericsson AB. At the aggregated level, more activities are therefore classified in the service sector (SNI 45-98) and fewer in the manufacturing industry (SNI 05-33).

Sources: Statistics Sweden and NIER.

**Table A7 Household income, consumption expenditure and saving**

SEK billion, current prices, and percentage change, respectively

|   | Level<br>2016 | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|
| Total earnings, adjusted for external transactions            | 1 735         | 4.1        | 4.7        | 4.4        | 4.6        | 4.5        | 3.9        | 3.7        |
| Hourly earnings (according to national accounts) <sup>1</sup> |               | 3.2        | 2.2        | 2.9        | 3.0        | 3.5        | 3.6        | 3.7        |
| Hours worked <sup>1,2</sup>                                   |               | 1.1        | 2.7        | 1.5        | 1.6        | 1.0        | 0.3        | 0.0        |
| Transfers from government sector, net                         | 612           | 2.6        | 3.1        | 2.3        | 3.1        | 3.6        | 3.4        | 3.7        |
| Property income, net  | 276           | 5.5        | 4.2        | 2.2        | 1.5        | -1.5       | 0.8        | 5.8        |
| Other income, net   | 311           | 2.0        | 8.7        | 5.4        | 4.4        | 5.1        | 5.3        | 5.2        |
| <b>Income before taxes<sup>3</sup></b>                        | <b>2 933</b>  | <b>3.7</b> | <b>4.7</b> | <b>3.9</b> | <b>4.0</b> | <b>3.9</b> | <b>3.7</b> | <b>4.0</b> |
| Direct taxes <sup>4</sup>                                     | 795           | -0.3       | -1.4       | 0.0        | 0.5        | -1.3       | -0.1       | 0.2        |
| <b>Disposable income</b>                                      | <b>2 138</b>  | <b>3.4</b> | <b>3.3</b> | <b>3.8</b> | <b>4.5</b> | <b>2.5</b> | <b>3.6</b> | <b>4.2</b> |
| Consumer prices <sup>5</sup>                                  |               | 0.9        | 1.0        | 1.9        | 1.5        | 1.8        | 2.1        | 2.0        |
| <b>Real disposable income</b>                                 | <b>2 138</b>  | <b>2.5</b> | <b>2.3</b> | <b>1.9</b> | <b>3.0</b> | <b>0.7</b> | <b>1.5</b> | <b>2.1</b> |
| Per capita <sup>6</sup>                                       | 215           | 1.4        | 1.0        | 0.5        | 1.9        | -0.3       | 0.4        | 1.1        |
| <b>Consumption expenditure<sup>7</sup></b>                    | <b>1 950</b>  | <b>3.1</b> | <b>2.2</b> | <b>2.5</b> | <b>2.6</b> | <b>2.4</b> | <b>2.2</b> | <b>2.3</b> |
| Saving <sup>8</sup>   | 366           | 15.1       | 15.8       | 15.1       | 15.4       | 14.0       | 13.2       | 12.7       |
| Own saving <sup>8</sup>                                       | 188           | 8.7        | 8.8        | 8.2        | 8.6        | 7.1        | 6.4        | 6.3        |
| Net lending <sup>8</sup>                                      | 286           | 12.1       | 12.3       | 11.5       | 11.6       | 10.1       | 9.4        | 9.1        |

<sup>1</sup> Calendar-adjusted values. <sup>2</sup> Employees only. <sup>3</sup> Growth in income before taxes is calculated as a weighted sum of the growth rates for total earnings, transfers, capital income and other income. <sup>4</sup> Change in per cent of income before taxes, with reverse sign. <sup>5</sup> Implicit price index for household consumption expenditure. <sup>6</sup> SEK thousand. <sup>7</sup> Constant prices, reference year 2015. <sup>8</sup> SEK billion, current prices, and per cent of disposable income, respectively. Own saving excludes occupational and premium pensions.

Sources: Statistics Sweden and NIER.

**Table A8 Current account and net lending**

SEK billion, current prices, and per cent, respectively

|                                | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net exports, goods             | 125        | 138        | 122        | 123        | 127        | 119        | 126        | 125        |
| Net exports, services          | 47         | 44         | 48         | 47         | 77         | 94         | 73         | 81         |
| Earnings, net                  | 17         | 18         | 17         | 18         | 14         | 11         | 11         | 12         |
| Investment income, net         | 52         | 61         | 63         | 63         | 45         | 56         | 66         | 67         |
| Transfers etc., net            | -54        | -56        | -58        | -62        | -64        | -54        | -67        | -77        |
| <b>Current account balance</b> | <b>187</b> | <b>205</b> | <b>192</b> | <b>190</b> | <b>200</b> | <b>226</b> | <b>210</b> | <b>209</b> |
| <i>Per cent of GDP</i>         | <i>5.1</i> | <i>5.6</i> | <i>5.1</i> | <i>4.8</i> | <i>4.8</i> | <i>5.1</i> | <i>4.5</i> | <i>4.3</i> |
| Capital transfers              | -6         | -6         | -9         | -5         | -8         | -3         | -4         | -5         |
| <b>Net lending</b>             | <b>181</b> | <b>199</b> | <b>183</b> | <b>184</b> | <b>192</b> | <b>223</b> | <b>206</b> | <b>204</b> |
| <i>Per cent of GDP</i>         | <i>5.0</i> | <i>5.4</i> | <i>4.9</i> | <i>4.7</i> | <i>4.6</i> | <i>5.1</i> | <i>4.5</i> | <i>4.2</i> |

Sources: Statistics Sweden and NIER.

**Table A9 GNI**

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

|  | Level<br>2016 | 2012        | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|---------------|-------------|------------|------------|------------|------------|------------|------------|
| GNI                                    | 4 474         | 1.0         | 2.3        | 4.4        | 5.9        | 5.0        | 5.3        | 4.6        |
| Deflator, domestic use                 |               | 1.1         | 1.1        | 1.7        | 1.7        | 1.5        | 2.4        | 1.8        |
| <b>Real GNI</b>                        |               | <b>-0.1</b> | <b>1.2</b> | <b>2.6</b> | <b>4.1</b> | <b>3.4</b> | <b>2.9</b> | <b>2.7</b> |
| Population <sup>1</sup>                | 9 923         | 0.7         | 0.9        | 1.0        | 1.1        | 1.3        | 1.4        | 1.1        |
| <b>Real GNI per capita<sup>2</sup></b> | <b>451</b>    | <b>-0.8</b> | <b>0.3</b> | <b>1.6</b> | <b>3.0</b> | <b>2.1</b> | <b>1.5</b> | <b>1.6</b> |

<sup>1</sup>Thousands. <sup>2</sup>SEK thousand.

Sources: Statistics Sweden and NIER.

**Table A10 Production**

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

|  | Level<br>2016 | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|---------------|------------|------------|------------|------------|------------|------------|------------|
| Goods producers                        | 1 003         | -3.8       | -1.8       | 0.9        | -2.3       | 2.5        | 4.4        | 3.3        |
| Of which: Industry                     | 610           | -6.6       | -1.1       | -0.5       | -5.5       | 2.6        | 3.4        | 3.7        |
| Construction                           | 232           | -5.5       | -3.8       | 3.0        | 5.3        | 4.1        | 10.0       | 3.6        |
| Service producers                      | 2 046         | 2.3        | 3.9        | 4.5        | 8.9        | 3.4        | 3.1        | 3.3        |
| Business sector                        | 3 049         | 0.0        | 1.8        | 3.2        | 5.0        | 3.1        | 3.5        | 3.3        |
| General government                     | 783           | 1.4        | -0.3       | 1.2        | 0.7        | 1.6        | 1.2        | 1.3        |
| <b>GDP at basic prices<sup>1</sup></b> | <b>3 884</b>  | <b>0.2</b> | <b>1.3</b> | <b>2.8</b> | <b>4.1</b> | <b>2.8</b> | <b>3.0</b> | <b>2.9</b> |
| Taxes/subsidies on products            | 510           | -1.3       | 0.5        | 2.2        | 5.5        | 4.9        | 2.8        | 2.4        |
| GDP at market prices                   | 4 394         | 0.1        | 1.2        | 2.7        | 4.3        | 3.1        | 3.0        | 2.8        |

<sup>1</sup>Including production in non-profit institutions serving households.

Note. Production refers here to value added. There is a break in the time series between 2014 and 2015 due to changes in the industry classification of Ericsson AB. At the aggregated level, more activities are therefore classified in the service sector (SNI 45-98) and fewer in the manufacturing industry (SNI 05-33).

Sources: Statistics Sweden and NIER.

**Table A11 Hours worked**

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

|                                  | Level<br>2016 | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|----------------------------------|---------------|------------|------------|------------|------------|------------|------------|------------|
| Goods producers                  | 1 877         | -0.6       | -0.6       | 0.3        | -2.1       | -0.1       | 1.2        | 1.0        |
| Of which: Industry               | 970           | -3.1       | -2.4       | -1.1       | -4.2       | -1.0       | 1.2        | 0.5        |
| Construction                     | 586           | 2.9        | 0.7        | 2.5        | 1.8        | 2.7        | 1.8        | 2.3        |
| Services producers               | 3 701         | 0.9        | 0.8        | 2.5        | 2.5        | 2.4        | 1.6        | 2.1        |
| Business sector                  | 5 578         | 0.3        | 0.3        | 1.7        | 0.9        | 1.5        | 1.5        | 1.8        |
| General government               | 2 154         | 1.6        | 0.6        | 2.1        | 0.7        | 3.6        | 1.1        | 1.1        |
| <b>Total economy<sup>1</sup></b> | <b>7 905</b>  | <b>0.7</b> | <b>0.4</b> | <b>1.8</b> | <b>0.9</b> | <b>2.1</b> | <b>1.4</b> | <b>1.6</b> |

<sup>1</sup>Including non-profit institutions serving households.

Note. There is a break in the time series between 2014 and 2015 due to changes in the industry classification of Ericsson AB. At the aggregated level, more activities are therefore classified in the service sector (SNI 45-98) and fewer in the manufacturing industry (SNI 05-33).

Sources: Statistics Sweden and NIER.

**Table A12 Productivity**

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

|                                  | Level<br>2016 | 2012        | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|----------------------------------|---------------|-------------|------------|------------|------------|------------|------------|------------|
| Goods producers                  | 534           | -3.2        | -1.2       | 0.5        | -0.2       | 2.6        | 3.2        | 2.3        |
| Of which: Industry               | 629           | -3.6        | 1.4        | 0.6        | -1.3       | 3.6        | 2.2        | 3.2        |
| Construction                     | 396           | -8.2        | -4.4       | 0.5        | 3.5        | 1.4        | 8.0        | 1.2        |
| Service producers                | 553           | 1.4         | 3.0        | 2.0        | 6.3        | 1.0        | 1.5        | 1.1        |
| Business sector                  | 547           | -0.3        | 1.5        | 1.5        | 4.1        | 1.6        | 2.0        | 1.5        |
| General government               | 363           | -0.3        | -1.0       | -0.9       | 0.0        | -2.0       | 0.1        | 0.1        |
| <b>Total economy<sup>1</sup></b> | <b>491</b>    | <b>-0.5</b> | <b>0.9</b> | <b>1.0</b> | <b>3.2</b> | <b>0.7</b> | <b>1.7</b> | <b>1.3</b> |

<sup>1</sup> Including production in non-profit institutions serving households.

Note. There is a break in the time series between 2014 and 2015 due to changes in the industry classification of Ericsson AB. At the aggregated level, more activities are therefore classified in the service sector (SNI 45-98) and fewer in the manufacturing industry (SNI 05-33).

Sources: Statistics Sweden and NIER.

**Table A13 The labour market**

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

|   | Level<br>2016 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|------|------|------|------|------|------|------|
| Hours worked <sup>1</sup>                         | 7 905         | 0.7  | 0.4  | 1.8  | 0.9  | 2.1  | 1.4  | 1.6  |
| Average hours worked<br>for employed <sup>2</sup> | 31.0          | 0.1  | -0.6 | 0.3  | -0.5 | 0.6  | -0.9 | 0.4  |
| Number of employed                                | 4 910         | 0.7  | 1.0  | 1.4  | 1.4  | 1.5  | 2.3  | 1.2  |
| Employment rate <sup>3</sup>                      |               | 65.5 | 65.7 | 66.2 | 66.7 | 67.1 | 67.8 | 68.2 |
| Labour force                                      | 5 277         | 0.9  | 1.1  | 1.3  | 0.8  | 1.0  | 1.9  | 0.8  |
| Labour force participation rate <sup>4</sup>      |               | 71.1 | 71.5 | 71.9 | 72.0 | 72.1 | 72.6 | 72.7 |
| Unemployment <sup>5</sup>                         | 366           | 8.0  | 8.0  | 7.9  | 7.4  | 6.9  | 6.6  | 6.3  |
| Population aged 15–74                             | 7 323         | 0.6  | 0.6  | 0.7  | 0.7  | 0.9  | 1.1  | 0.7  |

<sup>1</sup> Million hours, calendar-adjusted values. <sup>2</sup> Hours per week, calendar-adjusted values. <sup>3</sup> Number of employed in per cent of the population aged 15–74. <sup>4</sup> Number of people in the labour force in per cent of the population aged 15–74. <sup>5</sup> Per cent of labour force.

Sources: Statistics Sweden and NIER.

**Table A14 Hourly earnings according to the short-term earnings statistics**

Per cent and percentage change, respectively

|  | Weight<br>2016 | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|----------------|------------|------------|------------|------------|------------|------------|------------|
| Business sector                          | 68             | 3.2        | 2.3        | 2.9        | 2.3        | 2.3        | 2.4        | 2.9        |
| Industry                                 | 16             | 3.9        | 2.0        | 2.5        | 2.4        | 2.0        | 2.1        | 2.7        |
| Construction                             | 7              | 2.6        | 3.0        | 3.1        | 1.6        | 2.7        | 2.2        | 2.8        |
| Services                                 | 46             | 3.0        | 2.3        | 2.9        | 2.3        | 2.3        | 2.5        | 3.0        |
| Local government                         | 26             | 2.7        | 2.9        | 2.8        | 2.7        | 2.7        | 3.6        | 3.3        |
| Central government                       | 6              | 2.1        | 2.6        | 2.3        | 2.6        | 2.4        | 2.7        | 2.9        |
| <b>Total</b>                             | <b>100</b>     | <b>3.0</b> | <b>2.5</b> | <b>2.8</b> | <b>2.4</b> | <b>2.4</b> | <b>2.7</b> | <b>3.0</b> |
| Real hourly earnings (CPI) <sup>1</sup>  |                | 2.1        | 2.5        | 3.0        | 2.5        | 1.4        | 0.8        | 1.3        |
| Real hourly earnings (CPIF) <sup>2</sup> |                | 2.0        | 1.6        | 2.3        | 1.6        | 1.0        | 0.7        | 1.3        |

<sup>1</sup> Deflated by the CPI. <sup>2</sup> Deflated by the CPI with constant mortgage rates (CPIF).

Sources: National Mediation Office, Statistics Sweden and NIER.

**Table A15 Hourly earnings and labour costs in the business sector according to the national accounts**

SEK per hour, per cent and percentage change, respectively, calendar-adjusted values

|  | Level<br>2016 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|------|------|------|------|------|------|------|
| Hourly earnings  | 236           | 3.0  | 1.7  | 1.9  | 3.1  | 2.4  | 2.5  | 2.8  |
| Employers' social contributions <sup>1</sup><br>(per cent of earnings) |               | 41.0 | 41.4 | 41.4 | 42.0 | 43.2 | 43.6 | 43.3 |
| Hourly labour costs <sup>2</sup>                                       | 338           | 3.4  | 2.0  | 2.0  | 3.6  | 3.3  | 2.8  | 2.6  |
| Productivity <sup>3</sup>  |               | -0.6 | 1.2  | 1.4  | 3.8  | 0.8  | 1.9  | 1.5  |
| Unit labour costs  |               | 4.0  | 0.8  | 0.5  | -0.2 | 2.4  | 0.9  | 1.0  |

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

Sources: Statistics Sweden and NIER.

**Table A16 Supply and use price deflators**

Per cent and percentage change, respectively

|  | Weight<br>2016 | 2012       | 2013        | 2014       | 2015       | 2016       | 2017       | 2018       |
|--|----------------|------------|-------------|------------|------------|------------|------------|------------|
| GDP  | 71.7           | 1.1        | 1.1         | 1.8        | 2.1        | 1.5        | 2.4        | 1.8        |
| General government <sup>1,2</sup>          | 13.6           | 3.2        | 3.6         | 2.6        | 3.2        | 3.2        | 3.8        | 3.2        |
| Business sector <sup>2</sup>               | 49.8           | 0.5        | 0.4         | 1.7        | 1.9        | 1.1        | 2.0        | 1.5        |
| Product taxes, net                         | 8.3            | 0.9        | 0.8         | 0.9        | 1.0        | 1.3        | 2.6        | 1.6        |
| Imports                                    | 28.3           | -1.1       | -2.8        | 1.8        | 1.3        | -1.7       | 3.5        | -0.8       |
| Processed goods                            | 14.7           | -2.8       | -3.7        | 2.4        | 4.0        | -1.4       | 1.9        | -1.6       |
| Raw materials                              | 4.9            | 0.2        | -3.6        | -1.5       | -10.2      | -4.7       | 11.1       | -0.6       |
| Services                                   | 8.7            | 0.9        | -0.4        | 3.2        | 4.4        | -0.3       | 2.1        | 0.5        |
| <b>Supply/use<sup>3</sup></b>              | <b>100.0</b>   | <b>0.4</b> | <b>-0.1</b> | <b>1.8</b> | <b>1.8</b> | <b>0.6</b> | <b>2.7</b> | <b>1.1</b> |
| General government consumption expenditure | 18.8           | 2.6        | 2.6         | 2.4        | 2.9        | 2.5        | 3.6        | 3.2        |
| Household consumption expenditure          | 31.7           | 0.5        | 0.7         | 1.1        | 0.9        | 1.0        | 1.9        | 1.5        |
| Gross fixed capital formation              | 17.2           | 0.8        | 0.3         | 2.2        | 2.0        | 1.3        | 2.1        | 1.0        |
| Exports                                    | 31.8           | -1.0       | -2.5        | 2.0        | 2.1        | -1.3       | 3.4        | -0.5       |
| Processed goods                            | 17.2           | -1.2       | -3.3        | 2.8        | 4.4        | -1.3       | 1.7        | -1.6       |
| Raw materials                              | 4.3            | -3.1       | -2.7        | -0.4       | -8.1       | -3.5       | 13.9       | 0.7        |
| Services                                   | 10.2           | 0.9        | -0.9        | 1.8        | 3.2        | -0.3       | 2.1        | 0.9        |

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

Sources: Statistics Sweden and NIER.

**Table A17 Business sector prices, costs and profits**

SEK billion, percentage change and per cent, respectively

|   | Level<br>2016 | 2012        | 2013        | 2014        | 2015        | 2016        | 2017        | 2018        |
|---|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Value added, constant prices <sup>1</sup> |               | -0.4        | 1.8         | 3.1         | 5.3         | 3.4         | 3.3         | 3.2         |
| Value-added deflator                      |               | 0.5         | 0.4         | 1.7         | 1.9         | 1.1         | 2.0         | 1.5         |
| Value added, current prices <sup>2</sup>  | 3 051         | 0.1         | 2.1         | 5.0         | 7.1         | 4.4         | 5.3         | 4.8         |
| Hours worked, employees                   |               | -0.3        | 0.6         | 1.5         | 1.9         | 3.0         | 1.0         | 1.5         |
| Hourly labour costs <sup>3</sup>          | 336           | 4.3         | 2.0         | 2.3         | 2.9         | 2.6         | 3.5         | 2.8         |
| Total labour costs <sup>4</sup>           | 1 756         | 4.0         | 2.6         | 3.8         | 4.8         | 5.6         | 4.5         | 4.4         |
| Gross profit                              | 1 295         | -4.9        | 1.4         | 6.6         | 10.3        | 2.7         | 6.3         | 5.3         |
| <b>Profit share</b>                       |               | <b>41.5</b> | <b>41.2</b> | <b>41.9</b> | <b>43.1</b> | <b>42.4</b> | <b>42.9</b> | <b>43.1</b> |
| Adjusted profit share <sup>5</sup>        |               | 33.9        | 33.7        | 34.5        | 36.5        | 36.0        | 36.6        | 37.0        |

<sup>1</sup> Calculated at basic prices. <sup>2</sup> Calculated at factor prices. <sup>3</sup> SEK. <sup>4</sup> Including wage-related other taxes on production for employees. <sup>5</sup> 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 A18 Consumer prices**

Per cent and percentage change, respectively

|   | Weight<br>2017 | 2012       | 2013       | 2014        | 2015       | 2016       | 2017       | 2018       |
|---|----------------|------------|------------|-------------|------------|------------|------------|------------|
| <b>CPI</b>  | <b>100</b>     | <b>0.9</b> | <b>0.0</b> | <b>-0.2</b> | <b>0.0</b> | <b>1.0</b> | <b>1.9</b> | <b>1.7</b> |
| Mortgage interest costs,<br>mortgage interest rate  |                | -0.5       | -14.7      | -11.5       | -20.8      | -13.1      | -2.9       | -0.1       |
| <b>CPIF</b>   | <b>100</b>     | <b>1.0</b> | <b>0.9</b> | <b>0.5</b>  | <b>0.9</b> | <b>1.4</b> | <b>2.0</b> | <b>1.7</b> |
| Goods   | 44             | -0.3       | 0.2        | -0.1        | 1.2        | 0.4        | 0.5        | 0.6        |
| Services  | 30             | 1.7        | 0.8        | 0.5         | 1.1        | 2.0        | 3.0        | 2.4        |
| Housing excl. mortgage<br>interest costs and energy | 15             | 2.6        | 2.0        | 1.7         | 1.5        | 1.9        | 1.4        | 1.5        |
| Energy  | 7              | 0.2        | -1.8       | -2.5        | -4.9       | 1.3        | 5.5        | 2.8        |
| Mortgage interest costs,<br>capital stock           | 4              | 5.9        | 5.2        | 5.0         | 5.4        | 5.8        | 9.4        | 7.3        |
| <b>CPIF excl. energy</b>                            | <b>93</b>      | <b>1.0</b> | <b>1.1</b> | <b>0.7</b>  | <b>1.4</b> | <b>1.4</b> | <b>1.8</b> | <b>1.6</b> |
| HICP  |                | 0.9        | 0.4        | 0.2         | 0.7        | 1.1        | 2.0        | 1.5        |
| Crude oil (Brent) <sup>1</sup>                      |                | 111.8      | 108.8      | 99.6        | 53.5       | 45.1       | 53.4       | 55.3       |

<sup>1</sup> 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.

## Scenario for the Swedish economy 2019–2021

**Table A19 Resource utilisation**

Percentage change, calendar-adjusted values, unless otherwise indicated

|   | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|------|------|
| <b>Labour market</b>                              |      |      |      |      |      |      |      |      |
| Equilibrium unemployment <sup>1</sup>             | 6.7  | 6.7  | 6.7  | 6.8  | 6.9  | 6.9  | 7.0  | 6.9  |
| Actual unemployment <sup>2</sup>                  | 7.9  | 7.4  | 6.9  | 6.6  | 6.3  | 6.2  | 6.3  | 6.5  |
| Potential hours worked                            | 1.0  | 1.0  | 0.9  | 0.7  | 0.8  | 0.8  | 0.7  | 0.6  |
| Of which: Potential employment                    | 1.0  | 1.0  | 1.0  | 0.9  | 0.7  | 0.5  | 0.5  | 0.6  |
| Actual hours worked                               | 1.8  | 0.9  | 2.1  | 1.4  | 1.6  | 1.0  | 0.3  | 0.0  |
| Labour market gap <sup>3</sup>                    | -1.2 | -1.3 | -0.1 | 0.5  | 1.3  | 1.6  | 1.2  | 0.6  |
| <b>Productivity</b>                               |      |      |      |      |      |      |      |      |
| Potential productivity                            | 1.0  | 1.2  | 0.8  | 1.3  | 1.4  | 1.4  | 1.4  | 1.5  |
| Of which: Potential productivity, business sector | 1.6  | 1.6  | 1.6  | 1.7  | 1.8  | 1.8  | 1.8  | 1.9  |
| Actual productivity                               | 0.9  | 3.3  | 0.9  | 1.6  | 1.2  | 0.8  | 1.0  | 1.4  |
| Productivity gap <sup>4</sup>                     | -1.5 | 0.6  | 0.8  | 1.1  | 0.9  | 0.3  | -0.1 | -0.2 |
| <b>GDP</b>  |      |      |      |      |      |      |      |      |
| Potential GDP                                     | 2.0  | 2.2  | 1.7  | 2.0  | 2.2  | 2.2  | 2.1  | 2.1  |
| Actual GDP  | 2.7  | 4.3  | 3.1  | 3.0  | 2.8  | 1.8  | 1.3  | 1.4  |
| Output gap <sup>5</sup>                           | -2.7 | -0.7 | 0.7  | 1.6  | 2.3  | 1.9  | 1.1  | 0.4  |

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

|                                     | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|------|------|------|------|------|------|------|------|
| Population                          | 1.0  | 1.1  | 1.3  | 1.4  | 1.1  | 1.0  | 1.0  | 1.1  |
| Population aged 15–74               | 0.7  | 0.7  | 0.9  | 1.1  | 0.7  | 0.5  | 0.5  | 0.5  |
| GDP <sup>1</sup>                    | 2.7  | 4.3  | 3.1  | 3.0  | 2.8  | 1.8  | 1.3  | 1.4  |
| GDP per capita <sup>1</sup>         | 1.7  | 3.2  | 1.8  | 1.6  | 1.7  | 0.8  | 0.3  | 0.3  |
| Hours worked <sup>1</sup>           | 1.8  | 0.9  | 2.1  | 1.4  | 1.6  | 1.0  | 0.3  | 0.0  |
| Productivity                        | 1.0  | 3.2  | 0.7  | 1.7  | 1.3  | 0.8  | 1.0  | 1.4  |
| Labour force                        | 1.3  | 0.8  | 1.0  | 1.9  | 0.8  | 0.4  | 0.4  | 0.4  |
| Employment                          | 1.4  | 1.4  | 1.5  | 2.3  | 1.2  | 0.5  | 0.3  | 0.2  |
| Employment rate <sup>2</sup>        | 66.2 | 66.7 | 67.1 | 67.8 | 68.2 | 68.2 | 68.1 | 67.8 |
| Unemployment <sup>3</sup>           | 7.9  | 7.4  | 6.9  | 6.6  | 6.3  | 6.2  | 6.3  | 6.5  |
| Hourly earnings <sup>4</sup>        | 2.8  | 2.4  | 2.4  | 2.7  | 3.0  | 3.5  | 3.6  | 3.7  |
| Hourly labor cost <sup>1</sup>      | 1.9  | 3.6  | 2.9  | 3.1  | 2.9  | 3.5  | 3.6  | 3.7  |
| Unit labour cost                    | 1.0  | 0.6  | 2.7  | 1.6  | 1.6  | 2.7  | 2.6  | 2.3  |
| CPI                                 | -0.2 | 0.0  | 1.0  | 1.9  | 1.7  | 2.3  | 3.2  | 2.5  |
| CPIF                                | 0.5  | 0.9  | 1.4  | 2.0  | 1.7  | 1.9  | 2.1  | 2.0  |
| Government net lending <sup>5</sup> | -1.6 | 0.2  | 1.1  | 1.0  | 0.6  | 1.3  | 1.0  | 0.8  |
| Structural net lending <sup>6</sup> | -0.6 | -0.1 | 0.6  | 0.5  | 0.0  | 0.5  | 0.5  | 0.5  |

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

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

**Table A21 GDP and demand**

Percentage change, constant prices, calendar-adjusted values

|  | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Household consumption expenditure          | 2.2        | 3.0        | 2.1        | 2.6        | 2.6        | 2.4        | 2.1        | 2.3        |
| General government consumption expenditure | 1.7        | 2.1        | 3.0        | 0.7        | 1.1        | 1.0        | 1.3        | 1.5        |
| Gross fixed capital formation              | 5.6        | 6.6        | 5.2        | 9.0        | 6.2        | 2.7        | 0.4        | 0.0        |
| <i>Domestic demand excl. stockbuilding</i> | 2.8        | 3.7        | 3.1        | 3.7        | 3.2        | 2.1        | 1.4        | 1.5        |
| Stockbuilding <sup>1</sup>                 | 0.2        | 0.4        | 0.0        | -0.1       | -0.2       | -0.1       | 0.0        | 0.0        |
| <i>Total domestic demand</i>               | 3.0        | 4.0        | 3.1        | 3.6        | 2.9        | 2.0        | 1.4        | 1.5        |
| Exports                                    | 5.5        | 5.3        | 2.9        | 3.5        | 4.8        | 3.7        | 3.5        | 3.4        |
| <i>Total demand</i>                        | 3.8        | 4.4        | 3.0        | 3.5        | 3.5        | 2.6        | 2.1        | 2.1        |
| Imports                                    | 6.5        | 4.8        | 2.9        | 4.9        | 5.2        | 4.4        | 4.0        | 3.6        |
| <i>Net exports<sup>1</sup></i>             | -0.2       | 0.4        | 0.1        | -0.4       | 0.1        | -0.1       | -0.1       | 0.0        |
| <b>GDP</b>                                 | <b>2.7</b> | <b>4.3</b> | <b>3.1</b> | <b>3.0</b> | <b>2.8</b> | <b>1.8</b> | <b>1.3</b> | <b>1.4</b> |

<sup>1</sup> 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

|   | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>At year-end</b>                        |       |       |       |       |       |       |       |       |
| Repo rate                                 | 0.00  | -0.35 | -0.50 | -0.50 | -0.25 | 0.50  | 1.50  | 1.75  |
| <b>Annual average</b>                     |       |       |       |       |       |       |       |       |
| Repo rate                                 | 0.5   | -0.3  | -0.5  | -0.5  | -0.4  | 0.0   | 1.0   | 1.6   |
| 5-year government bond yield              | 0.9   | 0.2   | -0.2  | 0.0   | 0.5   | 1.3   | 2.0   | 2.5   |
| 10-year government bond yield             | 1.7   | 0.7   | 0.5   | 0.6   | 1.1   | 1.7   | 2.2   | 2.7   |
| Effective krona exchange rate index (KIX) | 106.8 | 112.6 | 111.7 | 112.2 | 109.5 | 108.2 | 106.9 | 105.7 |
| EUR exchange rate                         | 9.1   | 9.4   | 9.5   | 9.6   | 9.4   | 9.3   | 9.2   | 9.1   |
| USD exchange rate                         | 6.9   | 8.4   | 8.6   | 8.5   | 8.0   | 7.9   | 7.9   | 7.9   |

Sources: Sveriges Riksbank, Macrobond and NIER.



## Public finances

**Table A23 General government finances**

SEK billion and percentage of GDP, respectively, current prices

|                                     | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                      | <b>1 904</b> | <b>2 047</b> | <b>2 182</b> | <b>2 266</b> | <b>2 351</b> | <b>2 476</b> | <b>2 574</b> | <b>2 678</b> |
| <i>Per cent of GDP</i>              | 48.4         | 48.7         | 49.5         | 48.9         | 48.5         | 49.2         | 49.3         | 49.5         |
| Taxes and duties                    | 1 671        | 1 803        | 1 934        | 2 013        | 2 087        | 2 198        | 2 280        | 2 365        |
| <i>Per cent of GDP</i>              | 42.4         | 42.9         | 43.9         | 43.4         | 43.1         | 43.7         | 43.7         | 43.7         |
| <i>Tax-to-GDP ratio<sup>1</sup></i> | 42.6         | 43.1         | 44.0         | 43.6         | 43.2         | 43.8         | 43.8         | 43.8         |
| Property income                     | 62           | 62           | 66           | 65           | 66           | 73           | 82           | 93           |
| Other revenue                       | 172          | 182          | 182          | 189          | 197          | 205          | 213          | 221          |
| <b>Expenditure</b>                  | <b>1 966</b> | <b>2 041</b> | <b>2 131</b> | <b>2 220</b> | <b>2 319</b> | <b>2 409</b> | <b>2 521</b> | <b>2 638</b> |
| <i>Per cent of GDP</i>              | 49.9         | 48.6         | 48.4         | 47.9         | 47.8         | 47.9         | 48.3         | 48.7         |
| Consumption expenditure             | 1 032        | 1 087        | 1 152        | 1 197        | 1 247        | 1 297        | 1 359        | 1 424        |
| Transfers                           | 730          | 750          | 767          | 791          | 826          | 856          | 886          | 918          |
| Households                          | 588          | 604          | 624          | 638          | 658          | 682          | 705          | 731          |
| Corporations                        | 73           | 74           | 82           | 82           | 86           | 89           | 93           | 97           |
| Abroad                              | 69           | 71           | 61           | 70           | 82           | 85           | 88           | 91           |
| Capital formation                   | 171          | 178          | 187          | 207          | 223          | 231          | 239          | 248          |
| Property expenditure                | 33           | 26           | 26           | 24           | 23           | 26           | 36           | 47           |
| <b>Net lending</b>                  | <b>-61</b>   | <b>7</b>     | <b>50</b>    | <b>46</b>    | <b>32</b>    | <b>67</b>    | <b>54</b>    | <b>41</b>    |
| <i>Per cent of GDP</i>              | -1.6         | 0.2          | 1.1          | 1.0          | 0.6          | 1.3          | 1.0          | 0.8          |
| <b>Primary net lending</b>          | <b>-90</b>   | <b>-29</b>   | <b>11</b>    | <b>6</b>     | <b>-12</b>   | <b>20</b>    | <b>8</b>     | <b>-5</b>    |
| <i>Per cent of GDP</i>              | -2.3         | -0.7         | 0.2          | 0.1          | -0.2         | 0.4          | 0.2          | -0.1         |
| <b>Maastricht debt</b>              | <b>1 793</b> | <b>1 855</b> | <b>1 859</b> | <b>1 807</b> | <b>1 812</b> | <b>1 783</b> | <b>1 774</b> | <b>1 782</b> |
| <i>Per cent of GDP</i>              | 45.5         | 44.2         | 42.2         | 39.0         | 37.4         | 35.4         | 34.0         | 32.9         |
| GDP, current prices                 | 3 937        | 4 200        | 4 405        | 4 634        | 4 848        | 5 033        | 5 220        | 5 411        |
| Potential GDP, current prices       | 4 044        | 4 227        | 4 376        | 4 560        | 4 741        | 4 941        | 5 164        | 5 388        |
| Net financial wealth                | 773          | 798          | 995          | 1 147        | 1 172        | 1 284        | 1 385        | 1 473        |
| <i>Per cent of GDP</i>              | 19.6         | 19.0         | 22.6         | 24.7         | 24.2         | 25.5         | 26.5         | 27.2         |

<sup>1</sup> 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

|                                     | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                      | <b>974</b>   | <b>1 066</b> | <b>1 156</b> | <b>1 193</b> | <b>1 234</b> | <b>1 305</b> | <b>1 344</b> | <b>1 385</b> |
| Taxes and duties                    | 839          | 927          | 1 012        | 1 051        | 1 088        | 1 152        | 1 183        | 1 215        |
| Property income                     | 24           | 22           | 24           | 21           | 22           | 24           | 27           | 30           |
| Other revenue                       | 112          | 116          | 119          | 121          | 123          | 129          | 134          | 139          |
| <b>Expenditure</b>                  | <b>1 023</b> | <b>1 053</b> | <b>1 087</b> | <b>1 128</b> | <b>1 175</b> | <b>1 221</b> | <b>1 276</b> | <b>1 335</b> |
| Transfers                           | 632          | 656          | 677          | 708          | 736          | 766          | 797          | 829          |
| Old-age pension system <sup>1</sup> | 22           | 23           | 25           | 24           | 22           | 23           | 23           | 23           |
| Local government sector             | 203          | 219          | 247          | 269          | 271          | 284          | 298          | 314          |
| Households                          | 295          | 301          | 300          | 301          | 313          | 325          | 336          | 348          |
| Corporations                        | 47           | 45           | 48           | 48           | 52           | 54           | 56           | 58           |
| Abroad                              | 66           | 68           | 57           | 67           | 78           | 81           | 84           | 86           |
| Consumption expenditure             | 275          | 286          | 296          | 304          | 316          | 329          | 343          | 358          |
| Capital formation                   | 88           | 89           | 93           | 97           | 105          | 109          | 114          | 119          |
| Property expenditure                | 27           | 22           | 21           | 19           | 18           | 18           | 22           | 29           |
| Of which                            |              |              |              |              |              |              |              |              |
| interest expenditure                | 23           | 17           | 16           | 14           | 12           | 12           | 16           | 23           |
| <b>Net lending</b>                  | <b>-49</b>   | <b>12</b>    | <b>69</b>    | <b>65</b>    | <b>59</b>    | <b>84</b>    | <b>68</b>    | <b>50</b>    |
| <i>Per cent of GDP</i>              | <i>-1.2</i>  | <i>0.3</i>   | <i>1.6</i>   | <i>1.4</i>   | <i>1.2</i>   | <i>1.7</i>   | <i>1.3</i>   | <i>0.9</i>   |
| Central government debt             | 1 347        | 1 352        | 1 292        | 1 216        | 1 190        | 1 134        | 1 096        | 1 075        |
| <i>Per cent of GDP</i>              | <i>34.2</i>  | <i>32.2</i>  | <i>29.3</i>  | <i>26.2</i>  | <i>24.5</i>  | <i>22.5</i>  | <i>21.0</i>  | <i>19.9</i>  |
| Net financial wealth                | -428         | -431         | -303         | -209         | -165         | -61          | 27           | 98           |
| <i>Per cent of GDP</i>              | <i>-10.9</i> | <i>-10.3</i> | <i>-6.9</i>  | <i>-4.5</i>  | <i>-3.4</i>  | <i>-1.2</i>  | <i>0.5</i>   | <i>1.8</i>   |

<sup>1</sup> 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

|  | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Revenue</b>                                     | <b>264</b>  | <b>279</b>  | <b>292</b>  | <b>302</b>  | <b>312</b>  | <b>325</b>  | <b>337</b>  | <b>351</b>  |
| Social insurance contributions                     | 214         | 224         | 234         | 244         | 255         | 266         | 277         | 287         |
| Central government's old-age pension contributions | 22          | 23          | 25          | 24          | 22          | 23          | 23          | 23          |
| Property income                                    | 27          | 30          | 31          | 33          | 33          | 34          | 35          | 38          |
| Other revenue                                      | 1           | 1           | 2           | 2           | 2           | 2           | 2           | 2           |
| <b>Expenditure</b>                                 | <b>260</b>  | <b>270</b>  | <b>288</b>  | <b>302</b>  | <b>310</b>  | <b>321</b>  | <b>333</b>  | <b>345</b>  |
| Income pensions                                    | 255         | 265         | 282         | 296         | 304         | 315         | 326         | 338         |
| Property expenditure                               | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Other expenses                                     | 5           | 5           | 6           | 6           | 6           | 6           | 7           | 7           |
| <b>Net lending</b>                                 | <b>4</b>    | <b>8</b>    | <b>3</b>    | <b>0</b>    | <b>2</b>    | <b>3</b>    | <b>4</b>    | <b>5</b>    |
| <i>Per cent of GDP</i>                             | <i>0.1</i>  | <i>0.2</i>  | <i>0.1</i>  | <i>0.0</i>  | <i>0.0</i>  | <i>0.1</i>  | <i>0.1</i>  | <i>0.1</i>  |
| Net financial wealth                               | 1 200       | 1 246       | 1 347       | 1 418       | 1 422       | 1 444       | 1 467       | 1 492       |
| <i>Per cent of GDP</i>                             | <i>30.5</i> | <i>29.7</i> | <i>30.6</i> | <i>30.6</i> | <i>29.3</i> | <i>28.7</i> | <i>28.1</i> | <i>27.6</i> |

Sources: Statistics Sweden and NIER.

**Table A26 Local government finances**

SEK billion and percentage of GDP, respectively, current prices

|   | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                                      | <b>903</b>   | <b>957</b>   | <b>1 018</b> | <b>1 073</b> | <b>1 109</b> | <b>1 163</b> | <b>1 226</b> | <b>1 291</b> |
| Taxes   | 603          | 636          | 671          | 700          | 727          | 761          | 801          | 842          |
| Municipal property tax                              | 16           | 16           | 16           | 17           | 18           | 18           | 19           | 20           |
| Central government grants<br>incl. VAT compensation | 202          | 218          | 242          | 264          | 267          | 279          | 293          | 308          |
| Property income                                     | 13           | 11           | 11           | 11           | 11           | 15           | 20           | 25           |
| Other revenue                                       | 70           | 76           | 77           | 81           | 87           | 89           | 92           | 95           |
| <i>Average municipal tax rate<sup>1</sup></i>       | <i>31.86</i> | <i>31.99</i> | <i>32.10</i> | <i>32.12</i> | <i>32.17</i> | <i>32.24</i> | <i>32.61</i> | <i>33.00</i> |
| <b>Expenditure</b>                                  | <b>919</b>   | <b>971</b>   | <b>1 040</b> | <b>1 091</b> | <b>1 138</b> | <b>1 184</b> | <b>1 244</b> | <b>1 305</b> |
| Transfers   | 76           | 80           | 88           | 87           | 88           | 90           | 93           | 96           |
| Households  | 41           | 41           | 43           | 44           | 44           | 45           | 46           | 48           |
| Other   | 35           | 38           | 45           | 43           | 44           | 45           | 47           | 49           |
| Consumption expenditure                             | 753          | 797          | 853          | 890          | 927          | 964          | 1 012        | 1 061        |
| Capital formation                                   | 83           | 89           | 94           | 110          | 118          | 121          | 125          | 129          |
| Property expenditure                                | 8            | 5            | 5            | 5            | 5            | 8            | 14           | 18           |
| <b>Net lending</b>                                  | <b>-16</b>   | <b>-14</b>   | <b>-22</b>   | <b>-18</b>   | <b>-29</b>   | <b>-20</b>   | <b>-18</b>   | <b>-15</b>   |
| <i>Per cent of GDP</i>                              | <i>-0.4</i>  | <i>-0.3</i>  | <i>-0.5</i>  | <i>-0.4</i>  | <i>-0.6</i>  | <i>-0.4</i>  | <i>-0.3</i>  | <i>-0.3</i>  |
| Net financial wealth                                | 1            | -17          | -50          | -62          | -85          | -98          | -109         | -117         |
| <i>Per cent of GDP</i>                              | <i>0.0</i>   | <i>-0.4</i>  | <i>-1.1</i>  | <i>-1.3</i>  | <i>-1.7</i>  | <i>-2.0</i>  | <i>-2.1</i>  | <i>-2.2</i>  |

<sup>1</sup> Per cent.

Sources: Statistics Sweden and NIER.

**Table A27 General government revenue**

Per cent of GDP

|   | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Direct household taxes                        | 15.2        | 15.4        | 15.9        | 15.7        | 15.3        | 15.9        | 16.0        | 16.0        |
| Direct business taxes                         | 2.6         | 3.0         | 2.9         | 2.7         | 2.7         | 2.7         | 2.7         | 2.7         |
| Employers' social contributions <sup>1</sup>  | 11.8        | 11.7        | 12.0        | 12.0        | 11.9        | 12.0        | 12.1        | 12.1        |
| VAT   | 9.0         | 9.0         | 9.2         | 9.3         | 9.3         | 9.4         | 9.4         | 9.4         |
| Excise  | 2.3         | 2.3         | 2.2         | 2.1         | 2.1         | 2.0         | 2.0         | 2.1         |
| Other taxes                                   | 1.8         | 1.7         | 1.8         | 1.8         | 1.8         | 1.7         | 1.7         | 1.7         |
| <b>Tax-to-GDP ratio<sup>2</sup></b>           | <b>42.6</b> | <b>43.1</b> | <b>44.0</b> | <b>43.6</b> | <b>43.2</b> | <b>43.8</b> | <b>43.8</b> | <b>43.8</b> |
| EU taxes <sup>3</sup>                         | -0.1        | -0.1        | -0.1        | -0.1        | -0.1        | -0.1        | -0.1        | -0.1        |
| Other revenue <sup>4</sup>                    | 4.4         | 4.3         | 4.1         | 4.1         | 4.1         | 4.1         | 4.1         | 4.1         |
| <b>General government<br/>primary revenue</b> | <b>46.8</b> | <b>47.3</b> | <b>48.0</b> | <b>47.5</b> | <b>47.1</b> | <b>47.7</b> | <b>47.7</b> | <b>47.8</b> |
| Property income                               | 1.6         | 1.5         | 1.5         | 1.4         | 1.4         | 1.4         | 1.6         | 1.7         |
| <b>Total revenue</b>                          | <b>48.4</b> | <b>48.7</b> | <b>49.5</b> | <b>48.9</b> | <b>48.5</b> | <b>49.2</b> | <b>49.3</b> | <b>49.5</b> |

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

Sources: Statistics Sweden and NIER.

**Table A28 General government expenditure**

Per cent of GDP

|  | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government consumption expenditure | 26.2        | 25.9        | 26.2        | 25.8        | 25.7        | 25.8        | 26.0        | 26.3        |
| Transfers                                  | 18.5        | 17.8        | 17.4        | 17.1        | 17.0        | 17.0        | 17.0        | 17.0        |
| Households                                 | 14.9        | 14.4        | 14.2        | 13.8        | 13.6        | 13.5        | 13.5        | 13.5        |
| Corporations                               | 1.9         | 1.8         | 1.9         | 1.8         | 1.8         | 1.8         | 1.8         | 1.8         |
| Abroad                                     | 1.8         | 1.7         | 1.4         | 1.5         | 1.7         | 1.7         | 1.7         | 1.7         |
| Gross fixed capital formation              | 4.3         | 4.2         | 4.2         | 4.5         | 4.6         | 4.6         | 4.6         | 4.6         |
| General government primary expenditure     | 49.1        | 48.0        | 47.8        | 47.4        | 47.4        | 47.3        | 47.6        | 47.9        |
| Property expenditure                       | 0.8         | 0.6         | 0.6         | 0.5         | 0.5         | 0.5         | 0.7         | 0.9         |
| <b>Total expenditure</b>                   | <b>49.9</b> | <b>48.6</b> | <b>48.4</b> | <b>47.9</b> | <b>47.8</b> | <b>47.9</b> | <b>48.3</b> | <b>48.7</b> |

Sources: Statistics Sweden and NIER.

**Table A29 Transfers from general government to households**

Per cent of GDP

|                                     | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Pensions <sup>1</sup>               | 8.1         | 7.8         | 7.8         | 7.6         | 7.5         | 7.4         | 7.4         | 7.4         |
| Of which income pension             | 6.4         | 6.2         | 6.4         | 6.3         | 6.2         | 6.2         | 6.2         | 6.2         |
| Labour market <sup>2</sup>          | 0.8         | 0.8         | 0.7         | 0.7         | 0.6         | 0.6         | 0.6         | 0.6         |
| Illness and disability <sup>3</sup> | 2.0         | 1.9         | 1.8         | 1.7         | 1.7         | 1.6         | 1.6         | 1.6         |
| Family and children <sup>4</sup>    | 1.8         | 1.7         | 1.7         | 1.6         | 1.7         | 1.7         | 1.8         | 1.8         |
| Education <sup>5</sup>              | 0.4         | 0.3         | 0.3         | 0.3         | 0.3         | 0.4         | 0.4         | 0.3         |
| Social assistance <sup>6</sup>      | 0.3         | 0.3         | 0.3         | 0.3         | 0.2         | 0.2         | 0.3         | 0.3         |
| Other <sup>7</sup>                  | 1.6         | 1.6         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         |
| <b>Transfers to households</b>      | <b>14.9</b> | <b>14.4</b> | <b>14.2</b> | <b>13.8</b> | <b>13.6</b> | <b>13.5</b> | <b>13.5</b> | <b>13.5</b> |

<sup>1</sup> Income pension, supplementary pension, guaranteed pension, survivor's pension, general government occupational pensions and housing supplement for pensioners. <sup>2</sup> Unemployment benefits, labour market training benefits, introduction benefit and salary guarantee. <sup>3</sup> Sickness and rehabilitation benefit, activity and sickness compensation, work injury compensation and disability allowance. <sup>4</sup> Parental benefit, child allowance, care allowance and housing allowance. <sup>5</sup> Student grants and other study allowance. <sup>6</sup> Welfare benefits. <sup>7</sup> 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

|   | 2014        | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|
| Income index                              | 0.5         | 2.1        | 2.0        | 3.7        | 1.1        | 3.4        | 3.5        | 3.6        |
| Balance index                             | -1.1        | 2.5        | 5.9        | 4.4        | 2.1        | 3.4        | 3.5        | 3.6        |
| Balance ratio <sup>1,2</sup>              | 0.984       | 1.004      | 1.038      | 1.007      | 1.013      | 1.010      | 1.014      | 1.013      |
| <b>Nominal income pension<sup>3</sup></b> | <b>-2.7</b> | <b>0.9</b> | <b>4.2</b> | <b>2.8</b> | <b>0.5</b> | <b>1.8</b> | <b>1.9</b> | <b>2.0</b> |

<sup>1</sup> Level. <sup>2</sup> 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. <sup>3</sup> 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

|   | 2014         | 2015         | 2016         | 2017         | 2018         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Budget balance</b>                                 | <b>-72.2</b> | <b>-32.6</b> | <b>85.3</b>  | <b>44.6</b>  | <b>20.5</b>  |
| Adjustments to net lending                            | 2.2          | 10.9         | 19.1         | 14.6         | 11.8         |
| Sales of shares etc.                                  | -0.3         | 0.0          | -0.2         | 0.0          | 0.0          |
| Extra dividends                                       | -2.1         | -11.3        | -2.1         | 0.0          | 0.0          |
| On-lending  | 30.3         | 16.6         | 27.0         | 17.5         | 18.0         |
| Other adjustments                                     | -25.7        | 5.6          | -5.6         | -2.9         | -6.2         |
| Accruals  | 23.2         | 32.7         | -37.6        | 6.0          | 26.9         |
| Of which: Tax accruals                                | 25.8         | 33.6         | -28.5        | 15.2         | 22.9         |
| Interest accruals                                     | -5.4         | -2.7         | -8.3         | -6.5         | 4.0          |
| Other   | -2.0         | 1.3          | 2.2          | -0.6         | -0.6         |
| <b>Central government net lending</b>                 | <b>-48.7</b> | <b>12.3</b>  | <b>69.0</b>  | <b>64.6</b>  | <b>58.6</b>  |
| Central government borrowing requirement <sup>1</sup> | 72.2         | 32.6         | -85.3        | -44.6        | -20.5        |
| Stock-flow adjustments, central government debt       | 38.8         | -27.3        | 25.0         | -31.8        | -5.4         |
| Central government debt, change                       | 111.0        | 5.3          | -60.3        | -76.4        | -25.9        |
| <b>Central government debt</b>                        | <b>1 347</b> | <b>1 352</b> | <b>1 292</b> | <b>1 216</b> | <b>1 190</b> |
| <i>Per cent of GDP</i>                                | <i>34.2</i>  | <i>32.2</i>  | <i>29.3</i>  | <i>26.2</i>  | <i>24.5</i>  |

<sup>1</sup> The central government borrowing requirement is equal to the budget balance with the sign reversed.

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

**Table A32 Central government expenditure ceiling**

SEK billion unless otherwise indicated

|   | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Central government expenditure ceiling</b> | <b>1 107</b> | <b>1 158</b> | <b>1 215</b> | <b>1 274</b> | <b>1 337</b> | <b>1 397</b> |
| <i>Per cent of potential GDP</i>              | <i>27.4</i>  | <i>27.4</i>  | <i>27.8</i>  | <i>27.9</i>  | <i>28.2</i>  | <i>28.3</i>  |
| Capped expenditure                            | 1 096        | 1 135        | 1 184        | 1 229        | 1 287        | 1 337        |
| <i>Per cent of potential GDP</i>              | <i>27.1</i>  | <i>26.8</i>  | <i>27.1</i>  | <i>26.9</i>  | <i>27.1</i>  | <i>27.1</i>  |
| <b>Budgeting margin</b>                       | <b>11</b>    | <b>23</b>    | <b>31</b>    | <b>45</b>    | <b>50</b>    | <b>60</b>    |
| <i>Per cent of capped expenditure</i>         | <i>1.0</i>   | <i>2.0</i>   | <i>2.6</i>   | <i>3.7</i>   | <i>3.9</i>   | <i>4.5</i>   |

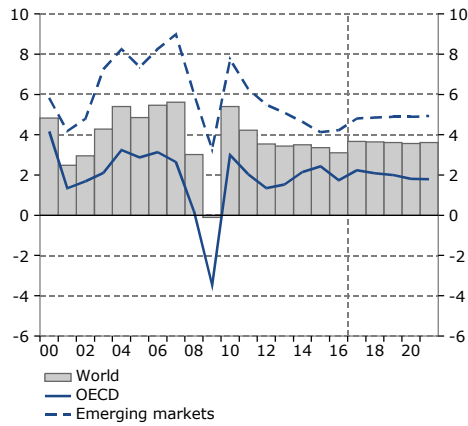
Sources: Swedish National Financial Management Authority, Ministry of Finance and NIER.



## Selected graphs

**Diagram A1 GDP – world, OECD and emerging markets**

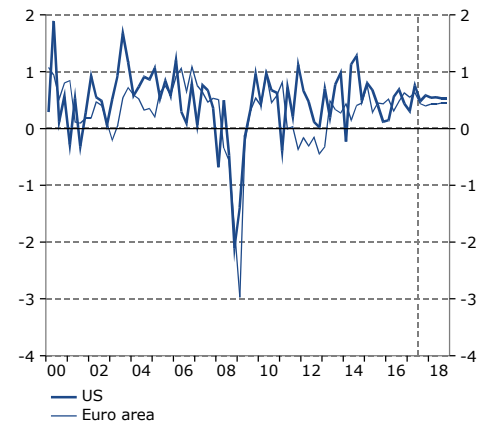
Percentage change



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

**Diagram A2 GDP in the US and the euro area**

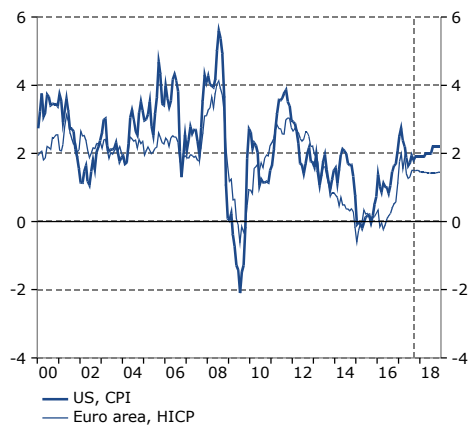
Percentage change, seasonally-adjusted quarterly values



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

**Diagram A3 Inflation in the US and the euro area**

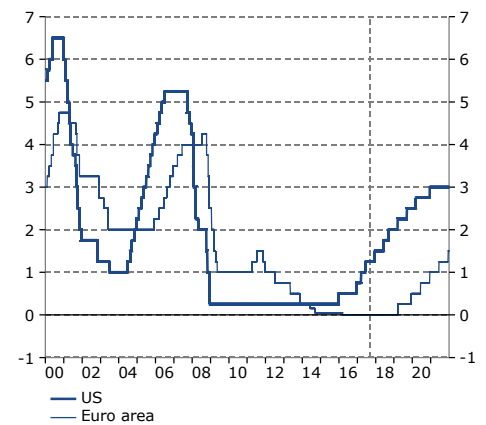
Annual percentage change, monthly values



Sources: Bureau of Labor Statistics, Eurostat and NIER.

**Diagram A4 Central bank policy rates**

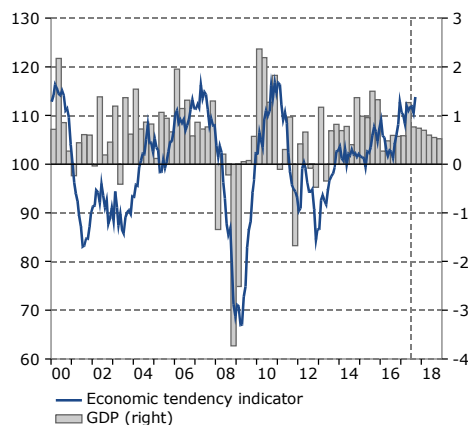
Per cent, daily values



Sources: Federal Reserve, ECB, Macrobond and NIER.

**Diagram A5 Economic tendency indicator and GDP**

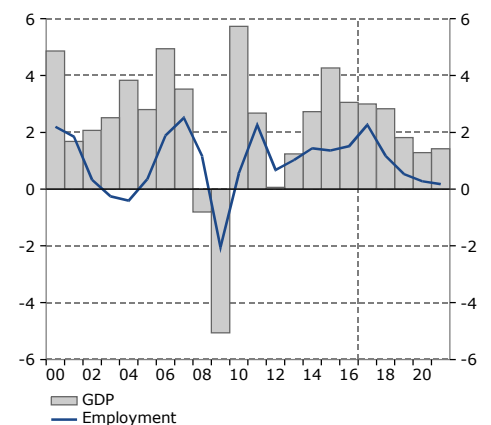
Index mean=100, monthly values, and percentage change, seasonally-adjusted quarterly values, respectively



Sources: Statistics Sweden and NIER.

**Diagram A6 GDP and employment**

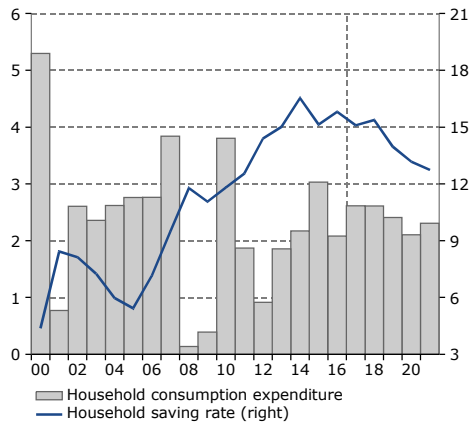
Percentage change, calendar-adjusted values



Sources: Statistics Sweden and NIER.

**Diagram A7 Household consumption and saving rate**

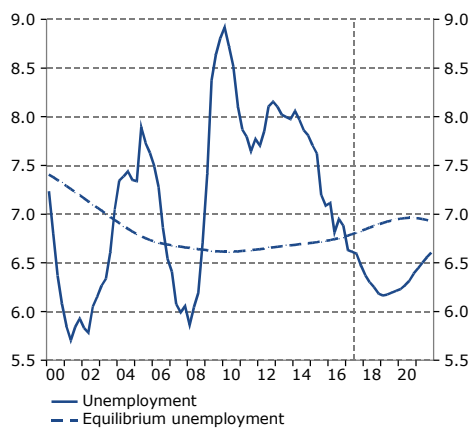
Percentage change, calendar-adjusted values, and percentage of disposable income, respectively



Sources: Statistics Sweden and NIER.

**Diagram A9 Unemployment and equilibrium unemployment**

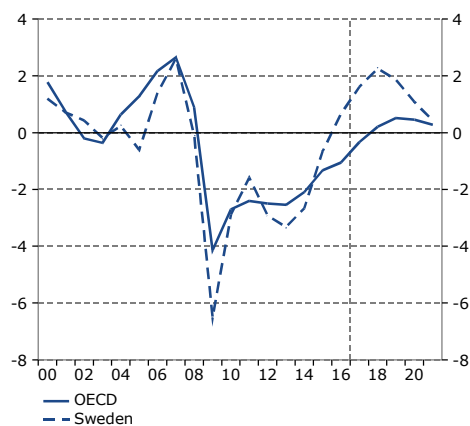
Per cent of labour force, seasonally-adjusted quarterly values



Sources: Statistics Sweden and NIER.

**Diagram A11 Output gap in the OECD and Sweden**

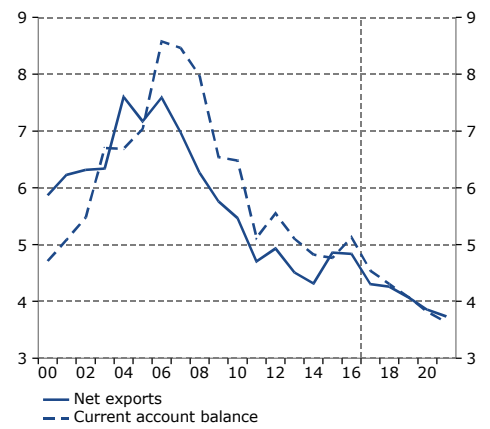
Per cent of potential GDP



Sources: OECD, Statistics Sweden, Macrobond and NIER.

**Diagram A8 Net exports and current account balance**

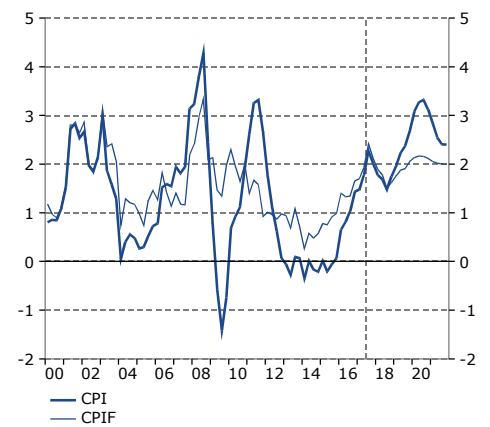
Per cent of GDP, current prices



Sources: Statistics Sweden and NIER.

**Diagram A10 Consumer prices**

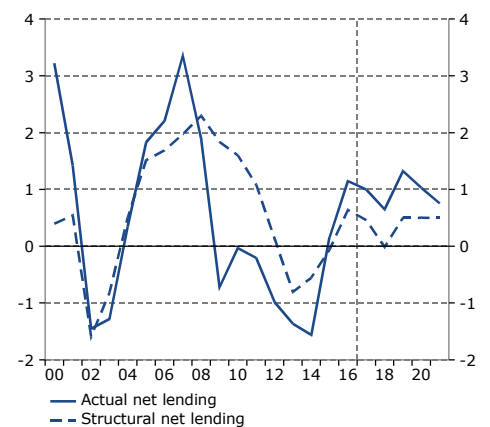
Annual percentage change, quarterly values



Sources: Statistics Sweden and NIER.

**Diagram A12 Actual and structural net lending**

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

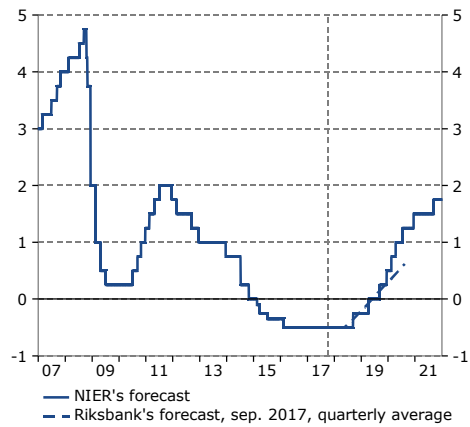


Sources: Statistics Sweden and NIER.



**Diagram A13 Repo rate**

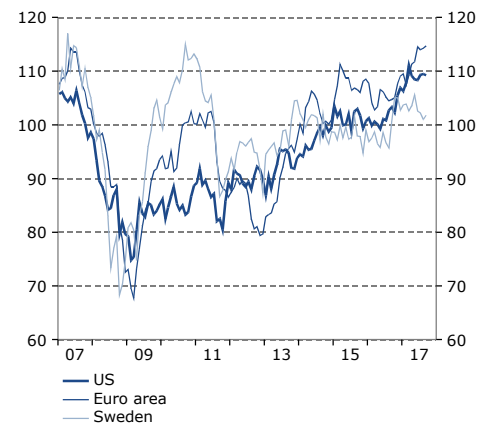
Per cent, daily and quarterly values



Sources: Sveriges Riksbank, Macrobond and NIER.

**Diagram A14 Consumer confidence in the US, the euro area and Sweden**

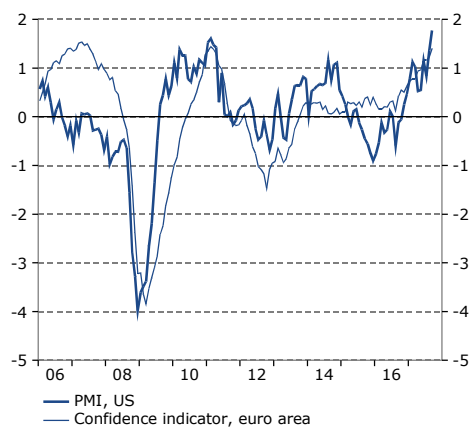
Index mean=100, monthly values



Sources: Conference Board, Eurostat, Macrobond and NIER.

**Diagram A15 Confidence indicators for manufacturing**

Standardised deviation from mean, seasonally-adjusted monthly values



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

**Diagram A16 Recruitment plans in the business sector and employment**

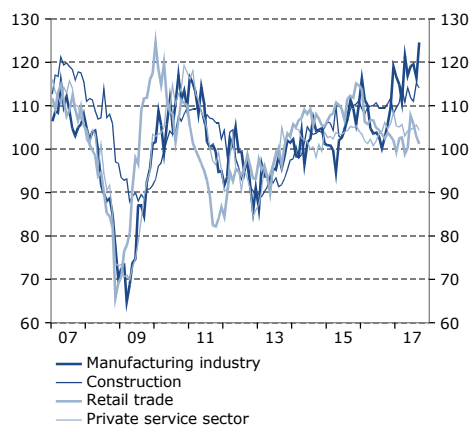
Net balance, seasonally-adjusted monthly values, and percentage change, seasonally-adjusted quarterly values, respectively



Sources: Statistics Sweden and NIER.

**Diagram A17 Confidence indicators for the business sector**

Index, mean=100, seasonally-adjusted monthly values



Source: NIER.

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ISSN 0023-3463, ISBN 978-91-86315-84-9