Wage Formation in Sweden
2016

A summary of
Lönebildningsrapporten 2016

Summary

This year's round of collective bargaining saw the renegotiation of agreements covering almost 3 million employees. The manufacturing settlements set the tone, and agreements in the business sector were concluded for just one year. Ahead of next year's round, the labour market is relatively tight and profitability in the business sector is about normal. There are divisions in the labour market, however, with unemployment much higher among the unskilled than in other groups. The social partners can contribute to economically favourable developments in the labour market in a number of ways. They can create stable conditions for wage formation and ensure that wages do not accelerate unduly during the current economic boom. They can also help lower the thresholds for entry into the labour market by adjusting minimum wages. It is also important that they continue to reach agreements that retain the Swedish labour market's cyclical wage flexibility.

Wage Formation in Sweden 2016 presents the economic background to wage formation in the coming round of collective bargaining. The aim of the report is to assist the social partners and the National Mediation Office with high-quality analysis. The NIER expresses no overall opinion on how wages and salaries should develop. Its analyses focus on the relationship between wage formation and employment and take less account of other relevant aspects.

The report begins with a chapter reviewing the economic background to next year's round of wage bargaining. This is followed by a chapter looking at Sweden's international competitiveness, a chapter on the outcome of the 2016 round, and a chapter illustrating the functioning of the labour market and the differences between various groups in the labour market. Finally there is an empirical analysis of the cyclical relationship between regional unemployment and wage formation.

The economic background to the 2017 round of wage bargaining

In next year's wage bargaining process, the prevailing economic climate will be a key determining factor for growth in labour costs. This chapter and the associated special analyses aim to provide the social partners with the economic background they need for the 2017 negotiations. In the NIER's conceptual

Figure 1 Conceptual framework for business sector labour cost development
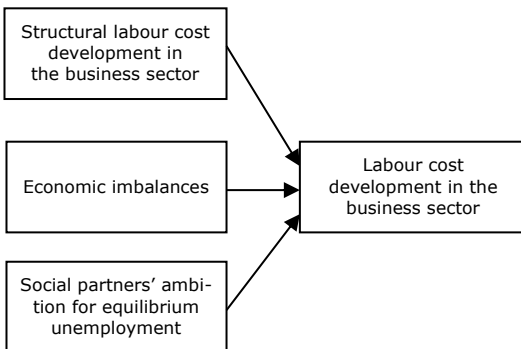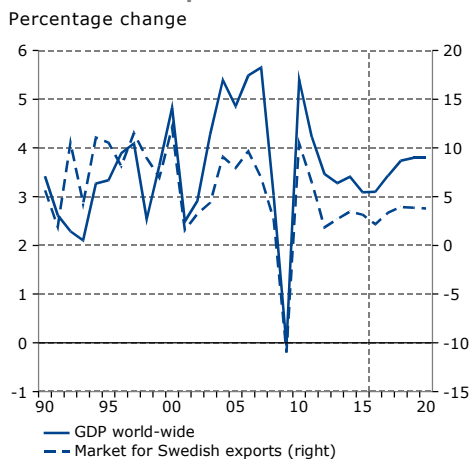

framework for growth in labour costs in the business sector, actual growth in labour costs is determined by structural growth in labour costs, any imbalances in the economy and the social partners' ambitions for equilibrium unemployment (see Figure 1).

CONDITIONS ABROAD GRADUALLY IMPROVING, SWEDISH ECONOMY BOOMING

Growth in the OECD countries has improved since 2013, and GDP will continue to rise by around 2 per cent annually over the next few years. There is considerable uncertainty about future global political and economic developments, however, and there are major variations in the outlook from country to country. Global GDP growth is expected to accelerate somewhat (see Diagram 1), but Sweden's export market will grow relatively slowly.

The Swedish economy is booming. After a strong 2015, GDP growth has slowed this year, and the NIER's Economic Tendency Indicator has fallen (see Diagram 2). Demand for labour is strong, but there are considerable variations in unemployment between groups. Indicators and other available statistics suggest that output will move somewhat further above trend in 2017 and that unemployment will fall. Equilibrium unemployment is estimated at a little below 7 per cent in 2016−2020 (see the special analysis "Parterna kan påverka arbetslösheten varaktigt" [Social partners can have lasting impact on unemployment]). The social partners, at both local and central level, can influence equilibrium unemployment via wage formation.

Diagram 1 GDP world-wide and market for Swedish exports
Percentage change

GDP world-wide
- - Market for Swedish exports (right)

Sources: OECD, Statistics Sweden, Macrobond and NIER.

DOMESTIC DEMAND AN IMPORTANT DRIVER

Firms' assessments of the current state of demand in the NIER's Economic Tendency Survey are generally more positive than normal. This is reflected in more positive recruitment plans than normal in both manufacturing and the retail and service sectors. The assessment of profitability is also slightly more positive than normal in much of the business sector (see Diagrams 3 and 4).

Subdued market growth and a slight strengthening of the krona mean that Swedish export growth will remain relatively weak in the coming years. The rapid growth in domestic demand will shift down a gear in 2017, but the positive output gap will continue to widen. Further improvements in the labour market and high existing savings mean that households will continue to increase their consumption relatively quickly in the coming years. Investment is high relative to GDP and will grow more slowly in the time ahead.

Diagram 2 Economic tendency indicator and GDP
Index mean=100, monthly values and percentage change, seasonally adjusted quarterly values

Economic tendency indicator
GDP (right)

Sources: Statistics Sweden and NIER.

INDUSTRIAL STRUCTURE AFFECTS PROFIT SHARE

Swedish firms generally consider their profitability to be satisfactory, even though their adjusted profit share is below the historical average since 1993 (see Diagram 3). This may seem contradictory, but the decline in the profit share since the mid-1990s can to a great extent be explained by a shift in the industrial structure in favour of industries with less capital-intensive production and so a lower profit share (see the special analysis "Strukturomvandling bakom nedgång i vinstandelen" [Structural change behind decline in profit share]). This change in the industrial structure occurred mainly before 2003. Low interest rates also mean that firms' financing costs are low, which can reasonably be expected to have a negative effect on profit share. Low interest rates are an international phenomenon, and low financing costs are probably also affecting the business sector's profit share in competitor countries.

LOWER PRODUCTIVITY GROWTH THAN NORMAL IN THE YEARS AHEAD

Productivity growth has been weak since the financial crisis erupted, both in Sweden and in many other OECD countries. Although productivity in the Swedish business sector increased relatively quickly last year, it will slow again this year (see Diagram 5). In line with many international forecasters, the NIER expects low, albeit rising, growth in potential productivity in the business sector in the coming years, averaging just under 1.8 per cent annually in the period 2017−2020. This can be compared with average actual productivity growth in 1980−2015 of 2.1 per cent, which is also the NIER's estimate of long-term productivity growth in the business sector.

WAGES AND INFLATION SET TO CLIMB

Resource utilisation in the labour market increased rapidly last year and will climb further in 2016−2018. When resource utilisation in the labour market rises, it is normal for wages to grow more quickly, albeit with a slight lag, as it becomes harder for firms to recruit workers with the desired skills. Hourly wages and hourly labour costs are forecast to rise by 3.5 per cent in 2020 (see Diagram 6). This is only marginally below the NIER's estimate of long-term labour cost growth of 3.6 per cent (see the special analysis "Strukturell utveckling av arbetskostnaderna" [Structural growth in labour costs]).

The NIER has performed an analysis of how the economy would be affected if wages were to grow either more quickly or more slowly than in the scenario for 2016−2020. Given the

Diagram 3 Profitability in the business sector
Per cent, annual values and balances, seasonally adjusted quarterly vlaues

Profitability assessment
Profitability assessment, average 2003-2016
Adjusted profit share (right)
Adjusted profit share, average 1993-2015 (right)
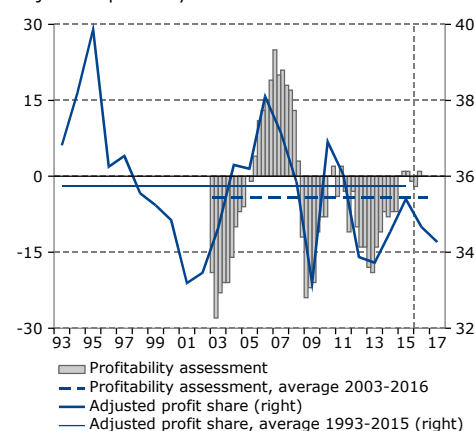
Sources: Statistics Sweden and NIER.

Diagram 4 Profitability in the manufacturing industry, trade and the private service sector
Standardised deviations from mean, seasonally adjusted quarterly values

Manufacturing industry
Trade
Private service sector

Source: NIER.

Diagram 5 Actual and potential productivity in the business sector
Percentage change, calendar-adjusted values

Actual
Potential
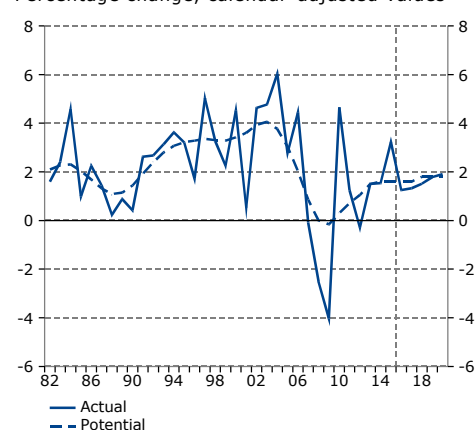
Sources: Statistics Sweden and NIER.

Diagram 6 Consumer prices and earnings
Annual percentage change, quarterly and annual values

— CPI with constant mortgage rate (CPIF)
-- Hourly earnings
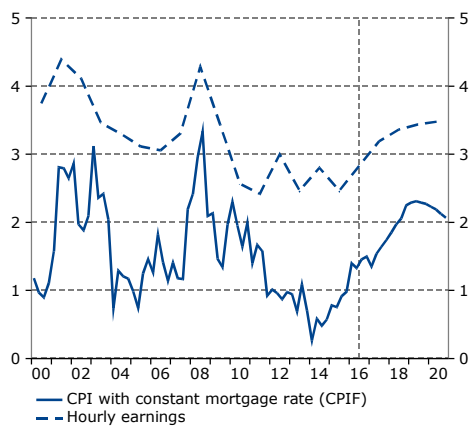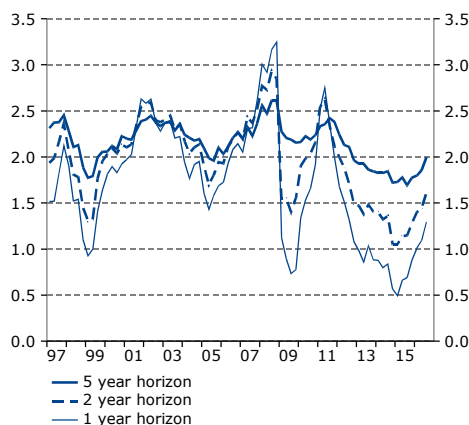
Sources: Statistics Sweden, National Mediation Office and NIER.

Diagram 7 Inflation expectations
Per cent, quarterly values

— 5 year horizon
-- 2 year horizon
— 1 year horizon

Note. Average, all respondent categories.
Sources: TNS Sifo Prospera and Macrobond.

limited room for manoeuvre at the Riksbank, it is most likely that unexpectedly low aggregate wage growth would not result in lower unemployment in the short term. On the other hand, there is a risk of unexpectedly high wage growth leading to higher unemployment. How much higher would depend on how seriously the Riksbank views the risks of inflation significantly overshooting the inflation target (see the special analysis "Makroekonomisk utveckling vid alternativ löneutveckling" [Macroeconomic developments with alternative levels of wage growth].

INFLATION EXPECTATIONS RISING, INFLATION TO HIT 2 PER CENT IN 2018

CPIF inflation – the rise in the consumer price index with a fixed mortgage interest rate – picked up in 2015 and has continued to rise this year, due partly to the delayed effect on import prices of the sharp fall in the krona in 2014 and early 2015. This effect has faded over the past six months, but economic developments suggest that inflation will continue to climb in the next few years. As the economy strengthens further, and wages rise faster, firms will also raise their prices more rapidly.

Inflation expectations one to two years ahead are low but have picked up somewhat recently (see Diagram 7). The Riksbank has come in for criticism from economists and business leaders in recent years who believe that monetary policy has been excessively expansionary in terms of financial stability, but both employers and employees have much to gain from inflation being returned to the 2 per cent target. The risks associated with low interest rates must not be overlooked, but they must also be weighed against the significant benefits of stable inflation expectations and a credible inflation target (see the special analysis "Ett trovärdigt inflationsmål gagnar företag och löntagare" [A credible inflation target benefits both employers and employees]).

Labour costs and international competitiveness

One widely debated issue is whether the so-called "European norm" should guide wage negotiations in Sweden, namely that wages here should move in line with those in selected other European countries. This chapter aims to help the social partners gain perspective on this issue and illustrates why the European norm is useful only in special circumstances. The analysis of relative labour cost shares, and of the NIER's Economic

Tendency Survey and various macroeconomic indicators, suggests that Swedish firms' international competitiveness is relatively good. For example, the assessment of profitability in the Economic Tendency Survey is currently above the historical average in manufacturing, retail and services (see Diagram 4). Other indicators pointing to healthy competitiveness are a high ratio of business investment (excluding housing) to GDP and large foreign trade surpluses. It is therefore important for the social partners to focus on productivity and prices in Sweden when discussing how aggregate wage increases will impact on employment and growth.

NO CLEAR TREND IN THE LABOUR COST SHARE IN MANUFACTURING

Manufacturing accounts for a large part of the Swedish export sector and is particularly exposed to international competition. Developments in the labour cost share in the manufacturing industry are therefore a more important indicator of international competitiveness than those in the labour cost share for the economy as a whole.

Unlike in the economy as a whole, the labour cost share in manufacturing has not shown any trend since 1995 (see Diagram 8). Developments abroad over the same period have been highly divergent.

Diagram 9 shows how the labour cost share in the Swedish manufacturing industry has moved relative to the trade-weighted (KIX) share for the euro area, Denmark, Norway and the UK. The relative labour cost share was 2 per cent higher on average in 2005−2015 than in 1995−2005, but the considerable fluctuations mean that it is very uncertain whether there is an upward trend in the data or not. It is important to note that the value for 2015 is below the average for 2005−2015 and only marginally above the lower average for 1995−2005. Taken together, there is no clear indication that the return on productive capital in the Swedish manufacturing industry has trended downwards relative to the outside world since 1995.

The 2016 pay settlements in review

This year's round of collective bargaining saw the renegotiation of agreements covering almost 3 million employees. This chapter looks back at its key features. As in previous rounds since 1997, the manufacturing settlements set the tone. This was despite LO's member unions negotiating independently without any formal coordination. The new agreements in the business

Diagram 8 Labour cost share in manufacturing
Index 2005=100
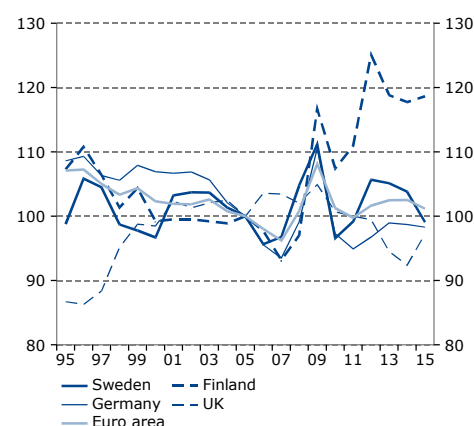
Sources: Eurostat, Macrobond and NIER.

Diagram 9 Relative labour cost share in manufacturing
Index 2005=100
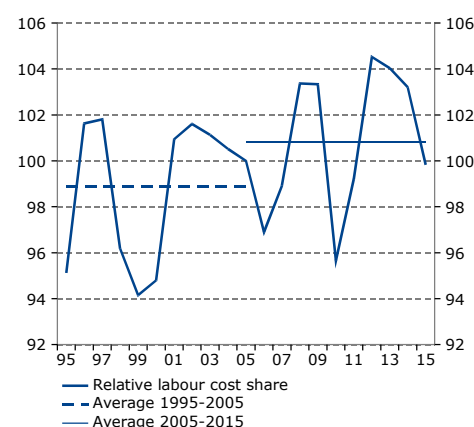
Sources: Eurostat, Macrobond and NIER.

sector were concluded for just one year, which means that there will be another round of collective bargaining in 2017. The local government agreements were for three years and included a special focus on auxiliary nurses' pay. Minimum wages in the retail sector are continuing to rise in line with the generally agreed increase in wages, but those in the hotel/restaurant and local government sectors are rising more slowly.

Developments in the Swedish labour market and wage formation

The labour force participation rate and the employment rate are high in Sweden relative to other countries, but unemployment and the average duration of unemployment are also high in some groups. This chapter looks at the state of the labour market with a special focus on the integration of immigrants. The reason for this is both that there has been a major increase in the foreign-born population over a long period, and that those born abroad have a weaker attachment to the labour market, on average, than those born in Sweden. This fact needs to be addressed through both wage formation and labour market policy, as well as other policy areas such as tax and education.

Diagram 10 Unemployment by region of birth, age group 16–64
Per cent

- Born in Sweden, men
- Born in Sweden, women
- Born in Europe (excl. Nordic countries), men
- Born in Europe (excl. Nordic countries), women
- Born outside Europe, men
- Born outside Europe, women

Source: Statistics Sweden.

Diagram 11 Employment ratio for refugees received by municipalities, by duration of residence
Per cent

Duration of residence, years

- All
- Men
- Women

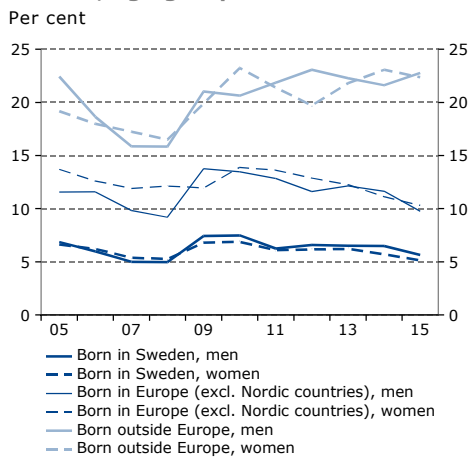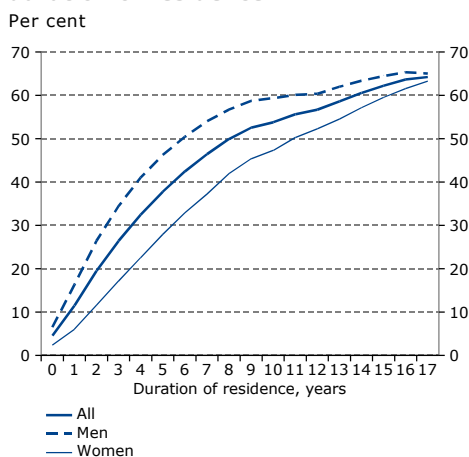Sources: Statistics Sweden and NIER.

BIG DIFFERENCE IN UNEMPLOYMENT BETWEEN THOSE BORN IN SWEDEN AND THOSE BORN OUTSIDE EUROPE

The population has expanded rapidly in recent years, due mainly to immigration from outside Europe. Unemployment in this group is high, especially among the poorly educated and the newly arrived (see Diagram 10). The job-finding rate – the probability of going from unemployment to employment – and average duration of unemployment therefore vary widely between different groups. The probability of being in employment rises with the length of time spent in Sweden (see Diagram 11). In the long term, the growing population means an increase in the supply of labour and an increase in employment. In the short term, however, unemployment will normally rise when there are large inflows into the labour force, as it takes time for new entrants to find work. This process takes even longer if the new entrants lack the skills that employers require.

WIDE-RANGING LABOUR MARKET POLICIES AND HIGH MINIMUM WAGES

Sweden has a long tradition of active labour market policies to permanently increase employment by preventing individuals

from being shut out of the labour market (see Diagram 12). For example, central government can subsidise jobs or improve the skills of the unemployed through training and education. There are differences in the effects of wage subsidies and lower minimum wages. For example, wage subsidies are often only for limited periods, present an administrative burden for the employer and can be seen as stigmatising for the employee. Active labour market policies also result in costs for central government.

Minimum wages are high in Sweden. The NIER's interpretation of the empirical literature on how employment is affected by minimum wages is that the employment effect of an increase in minimum wages in the short term is negative but relatively limited. On the other hand, the existing research probably underestimates the long-term negative employment effects of high minimum wages.

BOTH WAGE FORMATION AND LABOUR MARKET POLICY INFLUENCE UNEMPLOYMENT

In the current labour market, many of the jobless have little chance of finding work. Equilibrium unemployment is estimated at just under 7 per cent (see Diagram 13). For a significant proportion of these people to find employment, the NIER believes that a range of structural measures are needed both from the social partners and at a political level. The social partners can reach settlements that help reduce equilibrium unemployment to the extent that differences in labour costs between groups and individuals do not reflect differences in skills. High minimum wages contribute to higher equilibrium unemployment as a result of people whose skills do not match the minimum wage not being offered work. There is a conflict of interests between an even distribution of income between workers and high employment. The spread of skills in the labour force has increased, which means that more people are struggling to become established in the labour market with the current level of minimum wages.

The relationship between unemployment and wages

Monetary policy has prime responsibility for stabilising economic fluctuations, but wage formation can also help dampen variations in employment and unemployment over the business cycle. If wages adjust to cyclical variations, there is a reduced risk that

Diagram 12 Labour market programmes
Thousand participants, seasonally adjusted monthly values

— Total
-- Education and training programmes
— Employment programmes
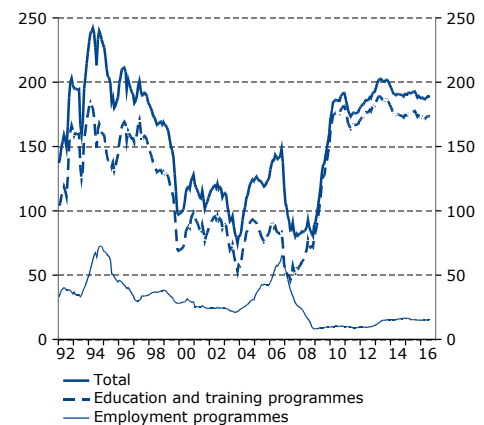
Source: Arbetsförmedlingen.

Diagram 13 Unemployment and equilibrium unemployment
Per cent of labour force, seasonally adjusted quarterly values

— Unemployment
-- Equilibrium unemployment
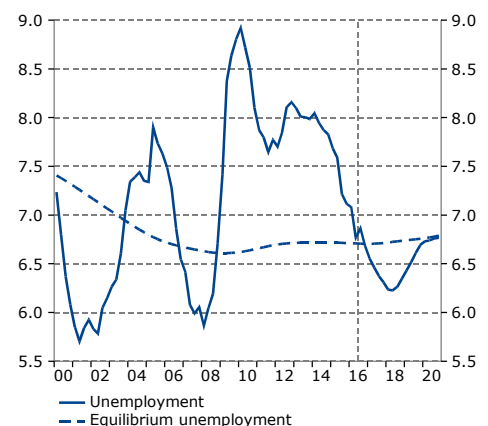
Sources: Statistics Sweden and NIER.

periods of weak demand will lead to lasting negative effects on the labour market and higher equilibrium unemployment. This wage flexibility means that the costs of fluctuations in the economy are distributed more evenly across the labour force than where adjustment is solely through unemployment.

This chapter analyses wage flexibility in the Swedish labour market by studying how both average wages and wages in different groups reacted to variations in regional labour market conditions in the period 1999−2013. Regional unemployment is used as an indicator of local labour market conditions, and the analysis also takes account of regional wages being affected by structural and cyclical changes in the composition of the workforce.

REGIONAL LABOUR MARKET CONDITIONS AFFECT WAGE LEVELS

The empirical results show that regional unemployment affects wage levels in the private sector. A doubling of unemployment in a county, for example from 4 to 8 per cent, will lead to roughly 3 per cent lower wage levels in the county in the short term. The total wage adjustment process takes more than one year. After a few years, wage levels in the county will be around 7−9 per cent lower with a doubling of unemployment. This finding is in line with the results for comparable countries.

There are some signs of wages reacting less to unemployment when more of the jobless are long-term unemployed. This applies particularly to wage adjustment for men in the private sector. Men's wages in the private sector react more to regional unemployment than women's wages do. Long-term wage flexibility in the private sector is more than twice as high for men as for women.

LOWER WAGE FLEXIBILITY IN THE PUBLIC SECTOR

The results also show that wages in the public sector adjust much less to regional labour market conditions than do those in the private sector. A doubling of unemployment in the county reduces wages in the public sector by around 1 per cent in the short term, equivalent to just one-third of the wage flexibility in the private sector. The long-term elasticity in the public sector with a doubling of unemployment is around 5 per cent.

Wages in the public sector can be expected to be less cyclically sensitive because employment in this sector is driven mainly by demand for public services and political decisions. Demand for public services is influenced more by the population structure (e.g. the proportions of young and elderly in the population) than by short-term cyclical variations.

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.

CONTENTS

The global economy 2016−2017

Table A1 Global output

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

	Weight 2015	2011	2012	2013	2014	2015	2016	2017
World		4.2	3.5	3.3	3.4	3.1	3.1	3.4
KIX weighted[1]	74.3	2.7	1.1	1.3	2.1	2.1	1.9	2.1
OECD	45.2	2.0	1.3	1.2	1.9	2.0	1.7	2.0
US	15.8	1.6	2.2	1.7	2.4	2.6	1.4	2.2
Euro area	11.9	1.6	−0.8	−0.2	1.1	1.9	1.6	1.5
Germany	3.4	3.7	0.7	0.6	1.6	1.5	1.8	1.5
France	2.3	2.1	0.2	0.6	0.7	1.2	1.3	1.3
Italy	1.9	0.7	−2.9	−1.8	−0.3	0.6	0.9	1.0
Spain	1.4	−1.0	−2.6	−1.7	1.4	3.2	3.1	2.4
Finland	0.2	2.6	−1.4	−0.8	−0.7	0.2	0.8	1.0
Japan	4.3	−0.4	1.7	1.4	−0.1	0.6	0.6	1.0
UK	2.4	1.5	1.3	1.9	3.1	2.2	1.9	0.9
Sweden	0.4	2.7	0.1	1.2	2.7	3.9	3.1	2.3
Norway	0.3	1.1	2.6	1.1	1.9	1.6	0.9	1.2
Denmark	0.2	1.2	−0.1	−0.2	1.3	1.0	1.0	1.5
Emerging markets[2]	54.8	6.3	5.4	5.1	4.7	4.0	4.2	4.6
China	17.1	9.9	7.7	7.7	7.3	6.9	6.6	6.0
India	7.0	7.0	5.1	6.5	7.1	7.4	7.4	7.5
Brazil	2.8	3.9	1.9	3.0	0.1	−3.9	−3.4	0.8
GDP per capita								
US		0.8	1.5	0.9	1.6	1.8	0.6	1.3
Euro area		1.3	−1.1	−0.4	0.9	1.6	1.4	1.3
Japan		−0.6	2.0	1.5	0.1	0.7	1.0	1.3
Market growth								
World[3]		6.5	1.8	2.7	3.5	3.1	2.2	3.4

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

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

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

Table A2 Global inflation

Percentage change in CPI

	2010	2011	2012	2013	2014	2015	2016	2017
OECD	1.9	2.9	2.3	1.6	1.7	0.6	1.0	1.9
US	1.7	3.2	2.1	1.5	1.6	0.1	1.2	2.1
Euro area	1.6	2.7	2.5	1.3	0.4	0.0	0.2	1.2
Germany	1.2	2.5	2.1	1.6	0.8	0.1	0.3	1.4
France	1.7	2.3	2.2	1.0	0.6	0.1	0.3	1.1
Italy	1.6	2.9	3.3	1.3	0.2	0.1	0.0	1.0
Spain	2.0	3.1	2.4	1.5	−0.2	−0.6	−0.5	1.1
Finland	1.7	3.3	3.2	2.2	1.2	−0.2	0.3	1.2
Japan	−0.7	−0.3	−0.1	0.3	2.8	0.8	−0.2	0.7
UK	3.3	4.5	2.8	2.6	1.5	0.1	0.6	2.0
Sweden	1.9	1.4	0.9	0.4	0.2	0.7	1.1	1.4
Norway	2.3	1.2	0.4	2.0	1.9	2.0	3.5	2.3
Denmark	2.2	2.7	2.4	0.5	0.3	0.2	0.2	1.5
Emerging markets[1]								
China	3.1	5.6	2.6	2.6	2.0	1.4	2.4	2.6
India	12.0	8.9	9.3	10.9	6.4	5.9	5.8	5.3
Brazil	5.1	6.6	5.4	6.2	6.3	9.0	8.7	6.2

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

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

Sources: OECD, Eurostat, Macrobond and NIER.

Table A3 Selected indicators for the euro area

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Household consumption expenditure	5 742	−0.1	−1.2	−0.5	0.8	1.7	1.6	1.4
General government consumption expenditure	2 164	−0.1	−0.3	0.2	0.6	1.4	1.7	0.8
Gross fixed capital formation	2 068	1.7	−3.2	−2.4	1.5	2.9	2.3	2.9
Stockbuilding[1]	0	0.5	−0.9	0.1	0.2	−0.2	0.0	0.0
Exports	4 822	6.7	2.8	2.3	4.4	6.1	2.5	3.3
Imports	4 345	4.6	−0.7	1.5	4.8	6.1	2.6	3.5
GDP	**10 450**	**1.6**	**−0.8**	**−0.2**	**1.1**	**1.9**	**1.6**	**1.5**
HICP[2]		2.7	2.5	1.3	0.4	0.0	0.2	1.2
Unemployment[3]		10.2	11.4	12.0	11.6	10.9	10.1	9.7
Policy rate[4]		1.00	0.75	0.25	0.05	0.05	0.00	0.00
Interest rate, ten-year government bond[5]		2.6	1.6	1.6	1.2	0.5	0.1	0.5
USD/EUR[6]		1.39	1.29	1.33	1.33	1.11	1.11	1.10

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

Sources: ECB, Eurostat, Macrobond and NIER.

Table A4 Selected indicators for the US

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Household consumption expenditure	12 284	2.3	1.5	1.5	2.9	3.2	2.7	2.4
General government consumption expenditure	2 605	−2.7	−0.9	−2.4	−0.7	1.6	0.8	1.0
Gross fixed capital formation	3 577	3.7	6.4	3.1	4.3	3.7	0.6	3.3
Stockbuilding[1]	93	−0.1	0.1	0.2	−0.1	0.2	−0.4	0.0
Exports	2 264	6.9	3.4	3.5	4.3	0.1	0.0	3.1
Imports	2 786	5.5	2.2	1.1	4.4	4.6	0.9	4.3
GDP	**18 037**	**1.6**	**2.2**	**1.7**	**2.4**	**2.6**	**1.4**	**2.2**
CPI[2]		3.2	2.1	1.5	1.6	0.1	1.2	2.1
Unemployment[3]		8.9	8.1	7.4	6.2	5.3	4.9	4.7
Policy rate[4]		0.25	0.25	0.25	0.25	0.50	0.75	1.25
Interest rate, ten-year government bond[5]		2.8	1.8	2.4	2.5	2.1	1.7	2.2
USD/EUR[6]		1.39	1.29	1.33	1.33	1.11	1.11	1.10

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

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

The Swedish Economy 2016−2017

Table A5 GDP by expenditure

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Household consumption expenditure	1 884	1.9	0.8	1.9	2.1	2.7	2.5	2.3
Goods	852	−0.2	1.1	0.8	2.6	3.7	3.7	1.2
Services excl. housing	602	4.5	0.2	3.1	3.1	2.9	2.5	3.3
Housing	370	2.1	0.4	1.3	2.1	2.5	2.2	2.8
General government consumption expenditure	1 085	0.8	1.1	1.3	1.5	2.5	3.6	1.9
Central government	288	0.7	2.5	3.6	1.7	2.2	3.5	0.3
Local government	797	0.9	0.6	0.4	1.5	2.6	3.7	2.5
Gross fixed capital formation	991	5.7	−0.2	0.6	5.5	7.2	7.4	3.2
Business sector	821	7.1	−0.7	0.7	6.4	8.6	7.5	2.7
Industry	208	8.8	−3.1	1.8	8.8	8.4	5.9	1.9
Other goods producers	108	−0.2	4.7	1.4	3.1	6.4	4.0	−1.0
Service producers[1]	318	8.1	4.8	−0.3	1.8	5.5	6.2	3.3
Housing	187	8.0	−11.8	0.9	15.6	16.1	13.6	4.7
General government	165	−0.2	1.7	−0.3	1.6	0.7	7.1	5.5
Domestic demand excl. stockbuilding	*3 959*	*2.5*	*0.6*	*1.4*	*2.7*	*3.7*	*4.0*	*2.4*
Stockbuilding[2]	23	0.5	−1.1	0.2	0.2	0.3	0.2	−0.3
Total domestic demand	*3 982*	*3.0*	*−0.6*	*1.6*	*2.9*	*4.0*	*4.2*	*2.1*
Exports	1 906	6.1	1.0	−0.8	5.3	5.6	3.0	3.3
Exports of goods	1 292	6.8	0.3	−2.9	3.1	3.3	3.1	3.1
Processed goods	1 032	8.3	−2.9	−0.9	1.6	3.7	2.7	3.4
Raw materials	261	1.4	12.2	−9.4	8.6	2.1	4.9	2.0
Exports of services	614	4.0	3.0	5.0	10.4	10.9	2.8	3.5
Total demand	*5 888*	*4.0*	*−0.1*	*0.8*	*3.6*	*4.5*	*3.8*	*2.5*
Imports	1 708	7.3	0.5	−0.1	6.3	5.5	4.9	3.4
Imports of goods	1 167	8.7	−0.8	−1.7	4.6	5.6	5.8	3.2
Processed goods	870	12.2	−2.9	−0.1	4.8	5.9	5.4	3.4
Raw materials	296	−0.2	4.3	−5.2	4.2	4.8	6.9	2.3
Imports of services	541	3.7	4.3	4.1	10.4	5.3	3.1	4.0
Net exports[2]	*198*	*−0.2*	*0.3*	*−0.3*	*−0.2*	*0.3*	*−0.6*	*0.1*
GDP	**4 181**	**2.7**	**−0.3**	**1.2**	**2.6**	**4.1**	**3.4**	**2.1**
GDP per capita[3]	427	1.9	−1.0	0.4	1.6	3.0	2.1	0.6

[1] Excluding housing. Housing is, however, included in the business sector total. [2] Change in per cent of GDP the previous year.
[3] SEK, thousand, current prices, and percentage change, constant prices, respectively.

Sources: Statistics Sweden and NIER.

Table A6 Household income, consumption expenditure and saving

SEK billion, current prices, and percentage change, respectively

	Level 2015	2014	2015	2016	2017	2018	2019	2020
Total earnings, adjusted for external transactions	1 662	3.8	4.3	5.6	4.6	4.3	3.6	3.8
Hourly earnings (according to national accounts)[1]		1.9	3.2	3.0	3.2	3.4	3.4	3.5
Hours worked[1,2]		1.8	1.3	2.5	1.4	0.9	0.2	0.3
Transfers from government sector, net	594	1.3	2.6	2.8	3.4	4.0	3.8	3.8
Property income, net	266	14.2	14.2	−0.1	3.0	6.6	4.1	−1.6
Other income, net	282	4.9	4.8	8.0	3.7	5.3	5.3	5.5
Income before taxes[3]	**2 804**	**4.2**	**4.9**	**4.7**	**4.1**	**4.5**	**3.9**	**3.5**
Direct taxes[4]	749	−0.3	−1.3	−0.5	−0.4	−0.6	0.2	0.0
Disposable income	**2 055**	**3.9**	**3.6**	**4.2**	**3.7**	**3.9**	**4.1**	**3.5**
Consumer prices[5]		1.1	1.0	1.2	1.5	2.1	2.3	2.1
Real disposable income	**2 055**	**2.8**	**2.6**	**3.0**	**2.2**	**1.8**	**1.8**	**1.3**
Per capita[6]	210	1.7	1.5	1.7	0.7	0.5	0.7	0.1
Consumption expenditure	**1 884**	**2.1**	**2.7**	**2.5**	**2.3**	**2.5**	**2.7**	**2.9**
Saving[7]	368	15.9	16.4	16.6	16.6	15.9	14.9	13.4
Own saving[7]	171	8.4	8.3	8.7	8.6	8.0	7.1	5.6
Net lending[7]	314	14.0	13.9	14.2	14.2	13.5	12.5	11.0

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

Sources: Statistics Sweden and NIER.

Table A7 Current account and net lending

SEK billion, current prices, and per cent, respectively

	2010	2011	2012	2013	2014	2015	2016	2017
Net exports, goods	150	125	138	122	123	126	99	102
Net exports, services	42	47	44	48	47	73	73	74
Earnings, net	19	17	18	17	18	16	17	17
Investment income, net	78	57	67	63	63	75	87	96
Transfers etc., net	−55	−54	−56	−58	−62	−65	−67	−53
Current account balance	**234**	**192**	**210**	**192**	**190**	**224**	**208**	**237**
Per cent of GDP	*6.7*	*5.3*	*5.7*	*5.1*	*4.8*	*5.4*	*4.7*	*5.2*
Capital transfers	−5	−6	−6	−9	−5	−8	−7	−7
Net lending	**229**	**186**	**204**	**183**	**184**	**216**	**201**	**230**
Per cent of GDP	*6.5*	*5.1*	*5.5*	*4.9*	*4.7*	*5.2*	*4.6*	*5.0*

Sources: Statistics Sweden and NIER.

Table A8 GNI

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
GNI	4 274	3.2	1.0	2.1	4.3	6.2	5.0	4.1
Deflator, domestic use		1.7	1.1	1.1	1.7	1.6	1.5	1.9
Real GNI		**1.5**	**−0.1**	**1.0**	**2.6**	**4.5**	**3.5**	**2.2**
Population[1]	9 799	0.8	0.7	0.9	1.0	1.1	1.2	1.5
Real GNI per capita[2]	**436**	**0.7**	**−0.8**	**0.2**	**1.6**	**3.4**	**2.2**	**0.7**

[1] Thousands. [2] SEK thousand.

Sources: Statistics Sweden and NIER.

Table A9 Production

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Goods producers	1 021	2.4	−3.7	−1.8	0.9	4.8	1.5	2.2
Of which: Industry	644	4.1	−6.5	−1.1	−0.4	3.9	0.3	2.3
Construction	218	−2.2	−5.3	−3.8	3.1	9.2	5.9	2.8
Service producers	1 883	4.8	2.3	3.9	4.5	4.2	4.1	2.7
Business sector	2 904	3.9	0.0	1.8	3.2	4.4	3.2	2.5
General government	746	−0.5	1.4	−0.3	1.2	0.6	2.3	2.3
GDP at basic prices[1]	**3 700**	**3.0**	**0.3**	**1.3**	**2.8**	**3.6**	**3.0**	**2.4**
Taxes/subsidies on products	481	0.6	−1.3	0.5	2.2	6.1	4.0	1.6
GDP at market prices	4 181	2.7	0.1	1.2	2.7	3.9	3.1	2.3

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

Note. Production refers here to value added.

Sources: Statistics Sweden and NIER.

Table A10 Hours worked

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Goods producers	1 926	2.4	−0.7	−0.6	0.3	0.4	0.1	0.3
Of which: Industry	1 013	1.5	−3.1	−2.4	−1.1	−0.8	0.1	0.0
Construction	572	2.6	2.8	0.7	2.5	2.1	1.5	1.2
Services producers	3 581	2.7	0.8	0.8	2.4	1.5	2.9	1.6
Business sector	5 507	2.6	0.3	0.3	1.7	1.1	1.9	1.1
General government	2 077	0.4	1.6	0.6	2.1	0.6	3.0	1.9
Total economy[1]	**7 748**	**2.0**	**0.7**	**0.4**	**1.8**	**1.0**	**2.2**	**1.3**

[1] Including non-profit institutions serving households.

Sources: Statistics Sweden and NIER.

Table A11 Productivity

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Goods producers	530	−0.1	−3.0	−1.2	0.6	4.4	1.3	1.9
Of which: Industry	636	2.6	−3.5	1.4	0.7	4.8	0.2	2.4
Construction	380	−4.7	−7.9	−4.4	0.6	6.9	4.3	1.6
Service producers	526	2.1	1.4	3.0	2.0	2.6	1.2	1.0
Business sector	527	1.2	−0.3	1.5	1.5	3.2	1.3	1.3
General government	359	−0.9	−0.2	−1.0	−0.9	0.0	−0.6	0.4
Total economy[1]	**477**	**0.9**	**−0.4**	**0.9**	**1.0**	**2.5**	**0.8**	**1.1**

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

Sources: Statistics Sweden and NIER.

Table A12 The labour market

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Hours worked[1]	7 748	2.0	0.7	0.4	1.8	1.0	2.2	1.3
Average hours worked for employed[2]	30,8	−0.3	0.0	−0.6	0.3	−0.4	0.7	0.0
Number of employed	4 837	2.3	0.7	1.0	1.4	1.4	1.5	1.3
Employment rate[3]		65.4	65.5	65.7	66.2	66.7	67.1	67.2
Labour force	5 223	1.4	0.9	1.1	1.3	0.8	0.9	0.8
Labour force participation rate[4]		70.9	71.1	71.5	71.9	72.0	72.0	71.8
Unemployment[5]	386	7.8	8.0	8.0	7.9	7.4	6.8	6.4
Population aged 15−74	7 257	0.7	0.6	0.6	0.7	0.7	0.9	1.1

[1] Million hours, calendar-adjusted. [2] Hours per week, calendar-adjusted. [3] Number of employed in per cent of the population aged 15−74. [4] Number of people in the labour force in per cent of the population aged 15−74. [5] Per cent of labour force.

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

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

Per cent and percentage change, respectively

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

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

Sources: National Mediation Office, Statistics Sweden and NIER.

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

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

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Hourly earnings	230	3.3	3.1	1.7	2.0	3.0	2.9	3.2
Employers' social contributions[1] (per cent of earnings)		40.6	41.0	41.4	41.4	43.0	44.1	44.4
Hourly labour costs[2]	329	3.3	3.4	2.0	2.0	4.2	3.8	3.4
Productivity[3]		0.7	−0.6	1.2	1.4	2.8	0.8	1.3
Unit labour costs		2.6	4.0	0.8	0.5	1.3	2.9	2.1

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

Sources: Statistics Sweden and NIER.

Table A15 Supply and use price deflators

Per cent and percentage change, respectively

	Weight 2015	2011	2012	2013	2014	2015	2016	2017
GDP	71.0	1.2	1.1	1.1	1.8	2.0	1.4	1.9
General government[1,2]	13.5	3.6	3.2	3.6	2.6	3.3	2.8	2.9
Business sector[2]	49.3	0.5	0.5	0.4	1.7	1.9	1.2	1.5
Product taxes, net	8.2	1.4	0.9	0.8	0.9	0.6	0.5	2.5
Imports	29.0	−0.2	−1.1	−2.8	1.8	1.0	−3.0	1.1
Processed goods	14.8	−3.7	−2.8	−3.7	2.4	3.9	−1.9	0.3
Raw materials	5.0	9.2	0.2	−3.6	−1.5	−12.1	−7.4	5.6
Services	9.2	0.0	0.9	−0.4	3.2	4.9	−2.3	−0.2
Supply/use[3]	**100.0**	**0.8**	**0.4**	**−0.1**	**1.8**	**1.7**	**0.1**	**1.6**
General government consumption expenditure	18.4	3.0	2.6	2.6	2.4	2.6	2.8	2.8
Household consumption expenditure	32.0	1.7	0.5	0.7	1.1	1.0	1.2	1.5
Gross fixed capital formation	16.8	0.3	0.8	0.3	2.2	1.9	1.0	1.5
Exports	32.4	−1.0	−1.0	−2.5	2.0	1.8	−2.8	1.0
Processed goods	17.5	−3.2	−1.2	−3.3	2.8	3.9	−2.1	0.8
Raw materials	4.4	5.2	−3.1	−2.7	−0.4	−8.0	−6.9	4.7
Services	10.4	0.5	0.9	−0.9	1.8	3.0	−2.1	−0.2

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

Sources: Statistics Sweden and NIER.

Table A16 Business sector prices, costs and profits

SEK billion, percentage change and per cent, respectively

	Level 2015	2011	2012	2013	2014	2015	2016	2017
Value added, constant prices[1]		3.9	−0.4	1.8	3.1	4.6	3.4	2.2
Value-added deflator		0.5	0.5	0.4	1.7	1.9	1.2	1.5
Value added, current prices[2]	2 902	4.5	0.1	2.1	5.0	6.3	4.6	3.9
Hours worked, employees		3.2	−0.3	0.6	1.5	2.1	3.0	0.5
Hourly labour costs[3]	329	3.3	4.3	2.0	2.3	3.6	3.2	4.1
Total labour costs[4]	1 677	6.6	4.0	2.6	3.8	5.8	6.2	4.6
Gross profit	1 225	1.9	−4.9	1.4	6.6	7.1	2.5	2.8
Profit share		**43.7**	**41.5**	**41.2**	**41.9**	**42.2**	**41.3**	**40.9**
Adjusted profit share[5]		36.0	33.9	33.7	34.5	35.4	34.7	34.3

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

Sources: Statistics Sweden and NIER.

Table A17 Consumer prices

Per cent and percentage change, respectively

	Weight 2016	2011	2012	2013	2014	2015	2016	2017
CPI	**100**	**3.0**	**0.9**	**0.0**	**−0.2**	**0.0**	**1.0**	**1.3**
Mortgage interest costs, mortgage interest rate		36.6	−0.5	−14.7	−11.5	−20.8	−13.2	−5.4
CPIF	**100**	**1.4**	**1.0**	**0.9**	**0.5**	**0.9**	**1.4**	**1.6**
Goods	43	−0.1	−0.3	0.2	−0.1	1.2	0.5	0.6
Services	29	1.3	1.7	0.8	0.5	1.1	2.2	2.1
Housing excl. mortgage interest costs and energy	16	2.3	2.6	2.0	1.7	1.5	1.9	1.5
Energy	8	5.2	0.2	−1.8	−2.5	−4.9	−0.1	2.3
Mortgage interest costs, capital stock	4	6.5	5.9	5.2	5.0	5.4	5.9	6.2
CPIF excl. energy	**92**	**1.0**	**1.0**	**1.1**	**0.7**	**1.4**	**1.5**	**1.5**
HICP		1.4	0.9	0.4	0.2	0.7	1.1	1.4
Crude oil (Brent)[1]		110.9	111.8	108.8	99.6	53.5	44.2	50.3

[1] Dollars per barrel, annual average.

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

Sources: Intercontinental Exchange, Statistics Sweden, Macrobond and NIER.

Macroeconomic scenario and economic policy 2016−2020

Table A18 Scenario for the global economy

Percentage change and per cent, respectively

	2013	2014	2015	2016	2017	2018	2019	2020
GDP, OECD	1.2	1.9	2.0	1.7	2.0	2.1	2.0	1.9
GDP, euro area	−0.2	1.1	1.9	1.6	1.5	1.6	1.6	1.5
GDP, US	1.7	2.4	2.6	1.4	2.2	2.3	2.1	2.0
GDP, emerging markets	5.1	4.7	4.0	4.2	4.6	5.0	5.2	5.2
GDP, global	3.3	3.4	3.1	3.1	3.4	3.7	3.8	3.8
HICP, euro area	1.3	0.4	0.0	0.2	1.2	1.3	1.5	1.7
CPI, US	1.5	1.6	0.1	1.2	2.1	2.2	2.3	2.4
Policy rate, euro area	0.25	0.05	0.05	0.00	0.00	0.25	1.00	1.75
Policy rate, US	0.25	0.25	0.50	0.75	1.25	2.00	3.00	3.75
Policy rate, KIX6-weighted	0.25	0.15	0.01	−0.14	−0.08	0.15	0.89	1.63
Overnight rate, euro area (Eonia)	0.2	0.0	−0.2	−0.3	−0.3	−0.1	0.7	1.4

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

Table A19 Resource utilisation

Percentage change, calendar-adjusted values, unless otherwise indicated

	2013	2014	2015	2016	2017	2018	2019	2020
Labour market								
Equilibrium unemployment[1]	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.8
Actual unemployment[2]	8.0	7.9	7.4	6.8	6.4	6.3	6.6	6.7
Potential hours worked	0.9	1.0	0.9	1.0	0.9	0.7	0.6	0.6
Of which: Potential employment	1.1	1.0	0.9	0.8	0.7	0.7	0.7	0.7
Actual hours worked	0.4	1.8	1.0	2.2	1.3	0.9	0.2	0.3
Labour market gap[3]	−2.0	−1.2	−1.1	0.1	0.5	0.7	0.3	0.0
Productivity								
Potential productivity	0.9	1.1	1.2	1.1	1.3	1.3	1.4	1.4
Of which: Potential pro-ductivity, business sector	1.5	1.6	1.6	1.6	1.6	1.8	1.8	1.8
Actual productivity	0.8	1.0	2.8	0.9	1.0	1.1	1.4	1.4
Productivity gap[4]	−0.8	−1.0	0.6	0.5	0.2	0.0	−0.1	0.0
GDP								
Potential GDP	1.8	2.0	2.1	2.1	2.2	2.0	2.0	2.0
Actual GDP	1.2	2.7	3.9	3.1	2.3	2.0	1.6	1.8
Output gap[5]	−2.8	−2.1	−0.5	0.6	0.7	0.7	0.2	0.0

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

Sources: Statistics Sweden and NIER.

Table A20 Scenario for the Swedish economy

Percentage change unless otherwise indicated

	2013	2014	2015	2016	2017	2018	2019	2020
Population	0.9	1.0	1.1	1.2	1.5	1.3	1.1	1.2
Population aged 15−74	0.6	0.7	0.7	0.9	1.1	0.9	0.6	0.7
GDP[1]	1.2	2.7	3.9	3.1	2.3	2.0	1.6	1.8
GDP per capita[1]	0.4	1.7	2.8	1.9	0.9	0.7	0.5	0.5
Hours worked[1]	0.4	1.8	1.0	2.2	1.3	0.9	0.2	0.3
Productivity	0.9	1.0	2.5	0.8	1.1	1.1	1.4	1.4
Labour force	1.1	1.3	0.8	0.9	0.8	0.8	0.6	0.7
Employment	1.0	1.4	1.4	1.5	1.3	0.9	0.3	0.5
Employment rate[2]	65.7	66.2	66.7	67.1	67.2	67.2	67.1	66.9
Unemployment[3]	8.0	7.9	7.4	6.8	6.4	6.3	6.6	6.7
Hourly earnings[4]	2.5	2.8	2.5	2.8	3.2	3.4	3.4	3.5
Unit labour cost	1.5	1.0	1.8	3.3	2.3	2.2	2.0	2.0
CPI	0.0	−0.2	0.0	1.0	1.3	2.7	3.3	3.1
CPIF	0.9	0.5	0.9	1.4	1.6	2.0	2.3	2.2
Government net lending[5]	−1.4	−1.6	0.2	0.0	0.2	0.5	0.5	0.5
Structural net lending[6]	−1.0	−0.7	−0.1	0.0	−0.3	0.1	0.3	0.5

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

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

Table A21 GDP and demand

Percentage change, constant prices, calendar-adjusted values

	2013	2014	2015	2016	2017	2018	2019	2020
Household consumption expenditure	1.9	2.2	2.6	2.4	2.4	2.5	2.7	2.8
General government consumption expenditure	1.3	1.7	2.1	3.2	2.3	1.4	0.8	1.2
Gross fixed capital formation	0.6	5.6	6.8	7.1	3.6	2.5	1.2	1.1
Domestic demand excl. stockbuilding	*1.4*	*2.8*	*3.5*	*3.8*	*2.7*	*2.2*	*1.8*	*1.9*
Stockbuilding[1]	0.2	0.1	0.2	0.2	−0.3	−0.1	0.0	0.0
Total domestic demand	*1.6*	*3.0*	*3.7*	*3.9*	*2.3*	*2.1*	*1.8*	*1.9*
Exports	−0.8	5.5	5.2	2.6	3.7	3.7	3.4	3.5
Total demand	*0.8*	*3.8*	*4.2*	*3.5*	*2.8*	*2.6*	*2.3*	*2.4*
Imports	−0.1	6.5	5.0	4.5	3.9	4.0	4.1	3.9
Net exports[1]	*−0.3*	*−0.2*	*0.3*	*−0.6*	*0.1*	*0.0*	*−0.1*	*−0.1*
GDP	**1.2**	**2.7**	**3.9**	**3.1**	**2.3**	**2.0**	**1.6**	**1.8**

[1] Change in per cent of GDP the previous year.

Sources: Statistics Sweden and NIER.

Table A22 Interest and exchange rates

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

	2013	2014	2015	2016	2017	2018	2019	2020
At year-end								
Repo rate	0.75	0.00	−0.35	−0.50	−0.25	0.50	1.50	2.50
Annual average								
Repo rate	1.0	0.5	−0.3	−0.5	−0.4	0.1	1.1	2.0
Five-year government bond rate	1.6	0.9	0.2	−0.2	0.3	1.3	2.2	2.9
Ten-year government bond rate	2.1	1.7	0.7	0.5	0.8	1.6	2.3	2.9
Effective krona exchange rate index (KIX)	103.0	106.8	112.6	110.5	109.5	107.7	106.0	104.4
EUR exchange rate	8.7	9.1	9.4	9.4	9.2	9.1	9.1	9.0
USD exchange rate	6.5	6.9	8.4	8.4	8.4	8.2	7.9	7.6

Sources: The Riksbank, Macrobond and NIER.

Public finances 2016−2020

Table A23 General government finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	**1 863**	**1 905**	**2 046**	**2 147**	**2 233**	**2 353**	**2 450**	**2 556**
Per cent of GDP	*49.4*	*48.4*	*48.9*	*49.0*	*49.0*	*49.6*	*49.7*	*49.7*
Taxes and duties	1 613	1 671	1 802	1 905	1 988	2 090	2 169	2 255
Per cent of GDP	*42.8*	*42.4*	*43.1*	*43.5*	*43.6*	*44.0*	*44.0*	*43.9*
Tax-to-GDP ratio[1]	42.9	42.6	43.3	43.6	43.8	44.1	44.1	44.0
Property income	72	62	62	63	60	71	81	93
Other revenue	178	173	183	179	185	192	200	208
Expenditure	**1 915**	**1 967**	**2 039**	**2 145**	**2 225**	**2 330**	**2 425**	**2 530**
Per cent of GDP	*50.8*	*50.0*	*48.8*	*48.9*	*48.8*	*49.1*	*49.2*	*49.2*
Transfers	719	731	750	775	786	829	861	895
Households	584	589	605	622	643	669	694	720
Corporations	68	73	74	81	84	88	91	96
Abroad	67	69	71	73	59	73	76	79
Consumption expenditure	993	1 032	1 085	1 155	1 210	1 261	1 309	1 364
Capital formation etc.	166	171	178	190	203	211	219	227
Property expenditure	37	34	26	25	26	29	36	45
Net lending	**−52**	**−63**	**8**	**2**	**8**	**23**	**25**	**26**
Per cent of GDP	*−1.4*	*−1.6*	*0.2*	*0.0*	*0.2*	*0.5*	*0.5*	*0.5*
Primary net lending	**−87**	**−90**	**−27**	**−36**	**−26**	**−19**	**−20**	**−23**
Per cent of GDP	*−2.3*	*−2.3*	*−0.7*	*−0.8*	*−0.6*	*−0.4*	*−0.4*	*−0.4*
Maastricht debt	**1 499**	**1 755**	**1 805**	**1 792**	**1 783**	**1 798**	**1 808**	**1 825**
Per cent of GDP	*39.8*	*44.6*	*43.2*	*40.9*	*39.1*	*37.9*	*36.7*	*35.5*
GDP, current prices	3 770	3 937	4 181	4 384	4 558	4 749	4 932	5 138
Potential GDP, current prices	3 878	4 023	4 201	4 360	4 528	4 716	4 920	5 138
Net financial wealth	783	787	801	841	915	981	1 048	1 118
Per cent of GDP	*20.8*	*20.0*	*19.2*	*19.2*	*20.1*	*20.6*	*21.3*	*21.8*

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

Sources: Statistics Sweden and NIER.

Table A24 Central government finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	**955**	**974**	**1 064**	**1 115**	**1 150**	**1 217**	**1 263**	**1 315**
Taxes and duties	808	839	927	976	1 012	1 070	1 109	1 150
Property income	34	24	22	24	20	24	27	32
Other revenue	113	112	115	115	118	123	128	133
Expenditure	**999**	**1 025**	**1 054**	**1 104**	**1 132**	**1 185**	**1 229**	**1 279**
Transfers	612	633	658	690	704	741	765	795
Old-age pension system[1]	21	22	23	25	24	24	25	26
Local government sector	191	203	220	245	266	274	281	291
Households	292	296	301	301	307	319	332	345
Corporations	44	47	46	50	52	54	56	59
Abroad	64	66	68	69	55	69	72	74
Consumption expenditure	269	275	284	299	303	314	326	338
Capital formation etc.	89	88	89	93	104	108	113	117
Property expenditure	29	28	23	22	22	22	25	29
Of which interest expenditure	*25*	*24*	*18*	*17*	*17*	*17*	*20*	*24*
Net lending	**−44**	**−51**	**9**	**11**	**17**	**32**	**35**	**36**
Per cent of GDP	*−1.2*	*−1.3*	*0.2*	*0.2*	*0.4*	*0.7*	*0.7*	*0.7*
Central government debt	1 236	1 347	1 352	1 311	1 278	1 274	1 267	1 262
Per cent of GDP	*32.8*	*34.2*	*32.3*	*29.9*	*28.0*	*26.8*	*25.7*	*24.6*
Net financial wealth	−294	−409	−420	−389	−341	−291	−238	−183
Per cent of GDP	*−7.8*	*−10.4*	*−10.1*	*−8.9*	*−7.5*	*−6.1*	*−4.8*	*−3.6*

[1] Central government's old-age pension contributions.

Sources: Statistics Sweden, National Debt Office and NIER.

Table A25 Old-age pension system finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	**254**	**264**	**279**	**292**	**301**	**315**	**326**	**340**
Social insurance contributions	208	214	224	236	246	257	266	277
Central government's old-age pension contributions	21	22	23	25	24	24	25	26
Property income	25	27	29	29	30	32	33	36
Other revenue	1	1	1	1	1	2	2	2
Expenditure	**259**	**260**	**270**	**288**	**303**	**316**	**328**	**340**
Income pensions	254	255	265	282	297	310	321	333
Property expenditure	0	0	0	0	0	0	0	0
Other expenses	5	5	5	6	6	6	6	7
Net lending	**−5**	**4**	**8**	**3**	**−2**	**−1**	**−2**	**1**
Per cent of GDP	*−0.1*	*0.1*	*0.2*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*
Net financial wealth	1 071	1 201	1 246	1 261	1 288	1 305	1 321	1 340
Per cent of GDP	*28.4*	*30.5*	*29.8*	*28.8*	*28.3*	*27.5*	*26.8*	*26.1*

Sources: Statistics Sweden and NIER.

Table A26 Local government finances

SEK billion and percentage of GDP, respectively, current prices

	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	**877**	**904**	**959**	**1 022**	**1 083**	**1 131**	**1 178**	**1 230**
Taxes	582	603	635	677	713	745	776	809
Municipal property tax	15	16	16	16	17	18	18	19
Central government grants incl. VAT compensation	190	202	219	245	265	274	280	290
Property income	14	13	12	12	12	16	22	28
Other revenue	76	70	77	73	76	79	82	85
Average municipal tax rate[1]	31.73	31.86	31.99	32.10	32.21	32.26	32.37	32.44
Expenditure	**880**	**919**	**969**	**1 034**	**1 090**	**1 138**	**1 186**	**1 240**
Transfers	73	76	79	81	83	85	88	92
Households	40	41	41	41	41	42	44	46
Other	33	35	37	40	41	43	45	46
Consumption expenditure	721	753	797	852	903	942	979	1 021
Capital formation etc.	77	83	89	96	100	103	106	110
Property expenditure	9	8	5	5	5	8	12	17
Net lending	**−3**	**−15**	**−10**	**−12**	**−7**	**−7**	**−8**	**−10**
Per cent of GDP	*−0.1*	*−0.4*	*−0.2*	*−0.3*	*−0.2*	*−0.2*	*−0.2*	*−0.2*
Net financial wealth	6	−5	−25	−31	−32	−33	−35	−39
Per cent of GDP	*0.2*	*−0.1*	*−0.6*	*−0.7*	*−0.7*	*−0.7*	*−0.7*	*−0.8*

[1] Per cent.

Sources: Statistics Sweden and NIER.

Table A27 General government revenue

Per cent of GDP

	2013	2014	2015	2016	2017	2018	2019	2020
Direct household taxes	15.1	15.2	15.4	15.7	15.9	16.3	16.2	16.1
Direct business taxes	2.7	2.6	3.0	2.5	2.4	2.4	2.5	2.5
Employers' social contributions[1]	11.9	11.8	11.8	12.2	12.3	12.3	12.3	12.2
VAT	9.0	9.0	9.1	9.1	9.1	9.2	9.2	9.3
Excise	2.4	2.3	2.3	2.2	2.2	2.2	2.3	2.3
Other taxes	1.9	1.8	1.8	1.8	1.8	1.7	1.7	1.7
Tax-to-GDP ratio[2]	**42.9**	**42.6**	**43.3**	**43.6**	**43.8**	**44.1**	**44.1**	**44.0**
EU taxes[3]	−0.1	−0.1	−0.2	−0.1	−0.1	−0.1	−0.1	−0.1
Property income	1.9	1.6	1.5	1.4	1.3	1.5	1.6	1.8
Other revenue[4]	4.7	4.4	4.4	4.1	4.1	4.0	4.1	4.0
Total revenue	**49.4**	**48.4**	**48.9**	**49.0**	**49.0**	**49.6**	**49.7**	**49.7**

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

Sources: Statistics Sweden and NIER.

Table A28 General government expenditure

Per cent of GDP

	2013	2014	2015	2016	2017	2018	2019	2020
Transfers	19.1	18.6	17.9	17.7	17.2	17.5	17.5	17.4
Households	15.5	15.0	14.5	14.2	14.1	14.1	14.1	14.0
Corporations	1.8	1.9	1.8	1.8	1.8	1.8	1.9	1.9
Abroad	1.8	1.8	1.7	1.7	1.3	1.5	1.5	1.5
General government consumption expenditure	26.3	26.2	25.9	26.3	26.5	26.6	26.5	26.5
Gross fixed capital formation	4.4	4.3	4.3	4.3	4.5	4.4	4.4	4.4
Property expenditure	1.0	0.9	0.6	0.6	0.6	0.6	0.7	0.9
Total expenditure	**50.8**	**50.0**	**48.8**	**48.9**	**48.8**	**49.1**	**49.2**	**49.2**

Sources: Statistics Sweden and NIER.

Table A29 Transfers from general government to households

Per cent of GDP

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

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

Sources: Statistics Sweden and NIER.

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

Percentage change, unless otherwise indicated

	2013	2014	2015	2016	2017	2018	2019	2020
Income index	3.7	0.5	2.1	2.0	3.7	3.2	3.4	3.4
Balance index	5.8	−1.1	2.5	5.9	4.3	4.3	3.4	3.4
Balance ratio[1,2]	1.020	0.984	1.004	1.038	1.007	1.011	1.007	1.005
Nominal income pension[3]	**4.1**	**−2.7**	**0.9**	**4.2**	**2.7**	**2.7**	**1.7**	**1.8**

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

Sources: Swedish Pensions Agency and NIER.

Table A31 Central government budget balance and debt

SEK billion and percentage of GDP, respectively

	2013	2014	2015	2016	2017
Budget balance	**−130.9**	**−72.2**	**−32.6**	**57.5**	**17.3**
Adjustments to net lending	56.8	0.7	11.9	15.0	3.9
Sales of shares etc.	−20.6	−0.3	0.0	0.0	0.0
Extra dividends	−4.6	−2.1	−11.3	−1.3	0.0
On-lending	94.4	29.4	17.8	20.1	14.7
Other adjustments	−12.4	−26.3	5.4	−3.7	−10.8
Accruals	30.4	23.1	20.7	−61.2	−3.4
Of which: Tax accruals	20.8	25.8	21.6	−46.6	−1.4
Interest accruals	9.6	−5.4	−2.7	−11.0	−2.0
Other	−0.7	−2.3	9.4	−0.6	−0.6
Central government net lending	**−44.4**	**−50.7**	**9.5**	**10.7**	**17.2**
Central government borrowing requirement[1]	130.9	72.2	32.6	−57.5	−17.3
Stock-flow adjustments, central government debt	−7.9	38.8	−27.6	16.5	−16.0
Central government debt, change	123.0	111.0	5.0	−41.0	−33.3
Central government debt	**1 236**	**1 347**	**1 352**	**1 311**	**1 278**
Per cent of GDP	*32.8*	*34.2*	*32.3*	*29.9*	*28.0*

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

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

Table A32 Central government expenditure ceiling

SEK billion unless otherwise indicated

	2013	2014	2015	2016	2017	2018
Central government expenditure ceiling	**1 095**	**1 107**	**1 158**	**1 215**	**1 274**	**1 332**
Per cent of potential GDP	*28.2*	*27.5*	*27.6*	*27.9*	*28.1*	*28.2*
Capped expenditure	1 067	1 096	1 135	1 194	1 240	1 298
Per cent of potential GDP	*27.5*	*27.2*	*27.0*	*27.4*	*27.4*	*27.5*
Budgeting margin	**28**	**11**	**23**	**21**	**34**	**34**
Per cent of capped expenditure	*2.6*	*1.0*	*2.0*	*1.8*	*2.7*	*2.6*

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

Selected graphs

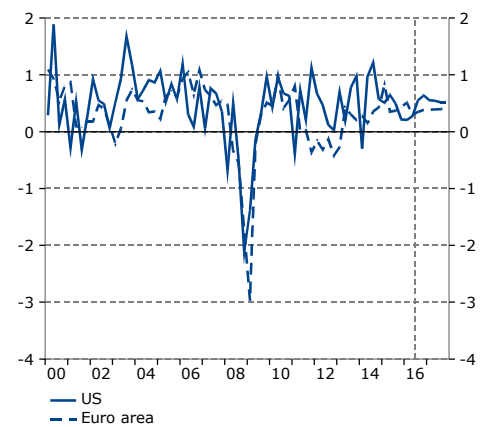**Diagram 117 GDP – world, OECD and emerging markets**

Percentage change
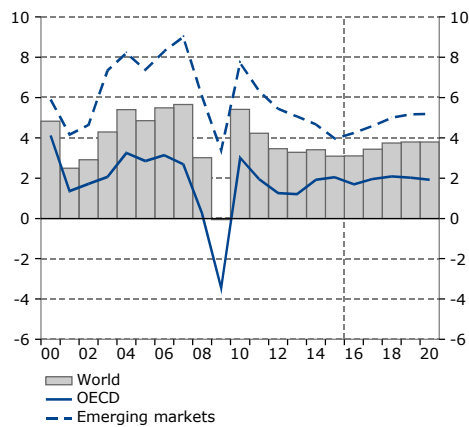
Note. Emerging markets are defined here as countries that are not members of the OECD.

Sources: OECD, IMF, Macrobond and NIER.
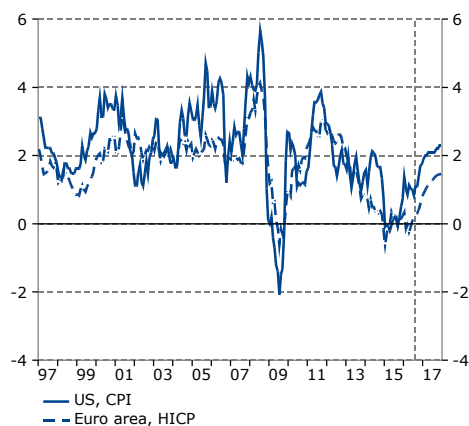
Diagram 119 Inflation in the US and the euro area

Annual percentage change, monthly values

Sources: Bureau of Labor Statistics, Eurostat, Macrobond and NIER.
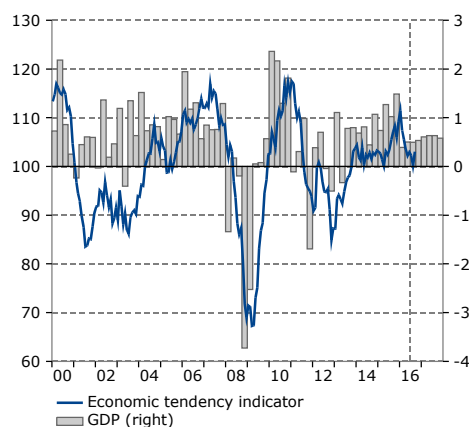
Diagram 121 Economic tendency indicator and GDP

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

Sources: Statistics Sweden and NIER.

Diagram 118 GDP in the US and the euro area

Percentage change, seasonally-adjusted quarterly values

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

Diagram 120 Central bank policy rates

Per cent, daily values
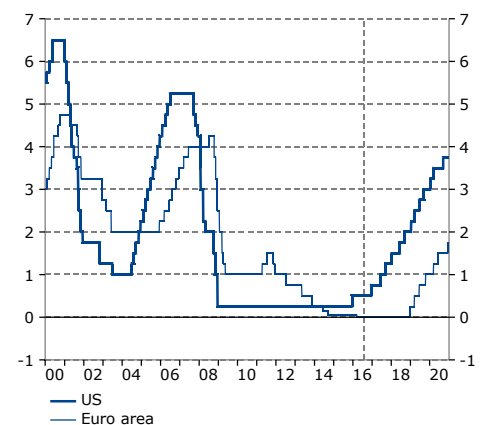
Sources: Federal Reserve, ECB, Macrobond and NIER.

Diagram 122 GDP and employment

Percentage change, calendar-adjusted values
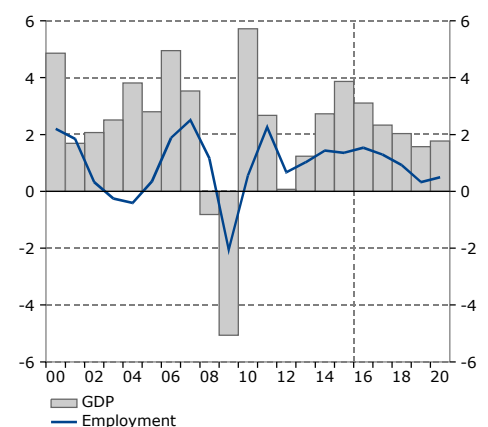
Sources: Statistics Sweden and NIER.

**Diagram 123 Household consumption and saving rate**

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

Household consumption expenditure
Household saving rate (right)

Sources: Statistics Sweden and NIER.

Diagram 124 Net exports and current account balance

Per cent of GDP, current prices

Net exports
Current account balance
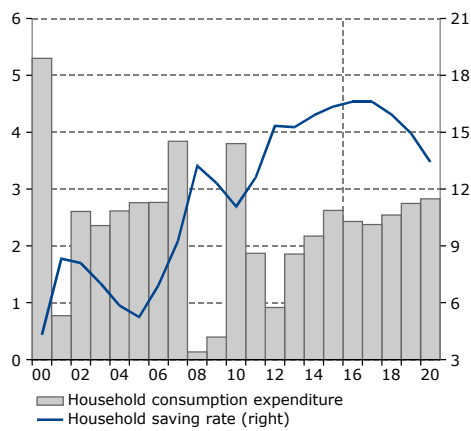
Sources: Statistics Sweden and NIER.

Diagram 125 Unemployment and equilibrium unemployment

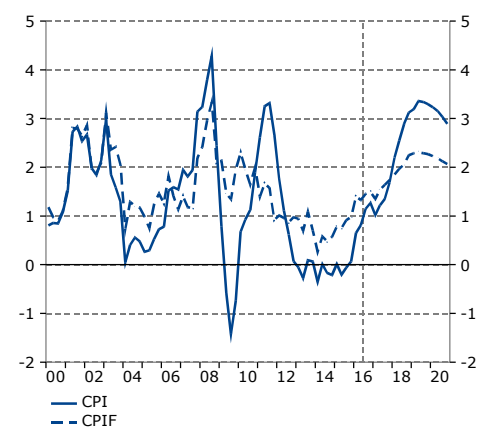Per cent of labour force, seasonally-adjusted quarterly values

Unemployment
Equilibrium unemployment

Sources: Statistics Sweden and NIER.

Diagram 126 Consumer prices

Annual percentage change, quarterly values

CPI
CPIF
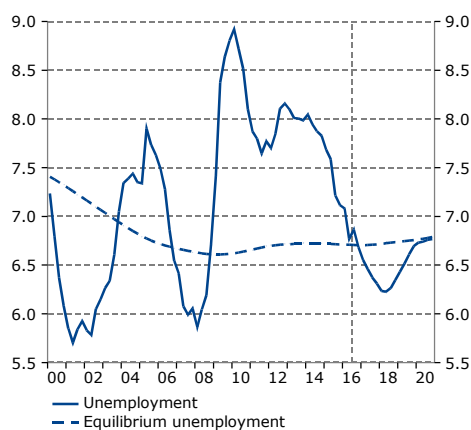
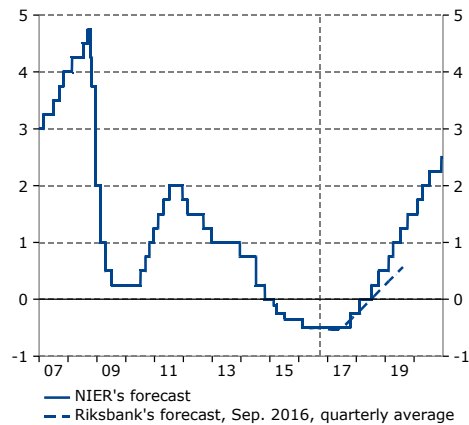Sources: Statistics Sweden and NIER.

Diagram 127 Output gap in the OECD and Sweden

Per cent of potential GDP

OECD
Sweden

Sources: OECD, Statistics Sweden, Macrobond and NIER.

Diagram 128 Actual and structural net lending

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

Actual net lending
Structural net lending
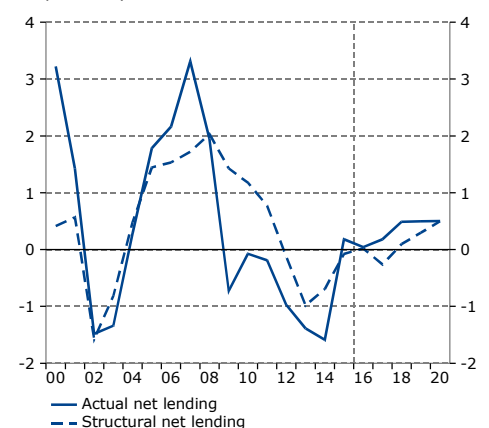
Sources: Statistics Sweden and NIER.

Diagram 129 Repo rate
Per cent, daily values

— NIER's forecast
- - Riksbank's forecast, Sep. 2016, quarterly average

Sources: The Riksbank, Macrobond and NIER.

Diagram 131 Confidence indicators for manufacturing
Standardised deviation from mean, seasonally-adjusted monthly values

— PMI, US
- - Confidence indicator, euro area
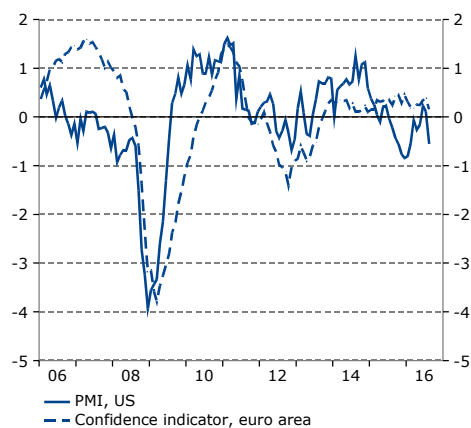
Sources: Institute for Supply Management, European Commission, Macrobond and NIER.

Diagram 133 Confidence indicators for the business sector
Index, mean=100, seasonally-adjusted monthly values

— Manufacturing industry
- - Construction
— Retail trade
- - Private service sector

Source: NIER.

Diagram 130 Consumer confidence in the US, the euro area and Sweden
Index mean=100, monthly values

— US
- - Euro area
— Sweden

Sources: Conference Board, Eurostat, Macrobond and NIER.
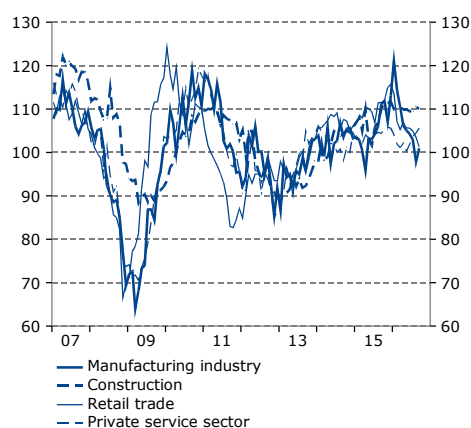
Diagram 132 Recruitment plans in the business sector and employment
Net balance, seasonally-adjusted monthly values, and percentage change, seasonally-adjusted quarterly values, respectively

— Recruitment plans, lagged three months
— Employment (right)

Sources: Statistics Sweden and NIER.