



The Swedish Economy
June 2024

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Preface

Ylva Hedén Westerdahl, director of the forecasting division, has led the work to produce this forecast. The forecast is based on available statistics published up to June 14, 2024.

Stockholm, June 20, 2024

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Director-General

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The Swedish Economy, June 2024

There was strong GDP growth in Sweden in the first quarter, but this is expected to have been temporary. Household consumption will remain weak in the near term but pick up clearly in the fourth quarter. This will help the economy bottom out this year, but it will continue to operate below capacity next year. Unemployment is continuing to climb and will peak at 8.5 per cent. Inflation has fallen back rapidly and is expected to be below the 2 per cent target in the second half of this year and next year. The Riksbank will therefore continue to lower its policy rate. We assume that the policy rate will be brought down to 3.0 per cent at the end of 2024 and 2.25 per cent in May 2025. We estimate fiscal space of around SEK 120 billion for 2025-2028, of which around SEK 40 billion will be used in 2025.

Higher GDP growth for Sweden's most important trading partners

Global growth is still weak, but some signs are emerging of a better performance by Sweden's most important trading partners. For example, PMIs in many countries suggest stronger growth in the second quarter this year (see Diagram 1). PMIs in the euro area, the US and China have all been above 50 for several months, pointing to economic expansion.

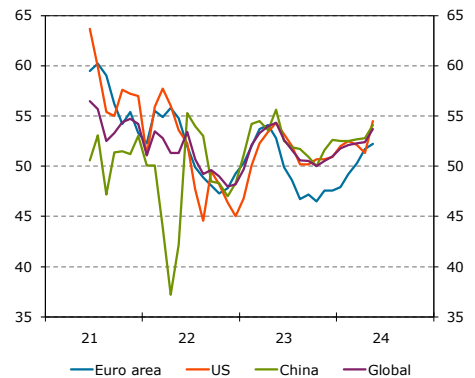
Performance has varied considerably between these markets. In China, GDP grew more quickly again in the first quarter, and growth will reach the official target of "around 5 per cent" this year despite the property market remaining weak. In the US, GDP growth slowed in the first quarter, but domestic demand continued to expand relatively strongly. The US economy appears to be avoiding a major slowdown despite recent years' strong rise in interest rates. The euro area has performed much less well than the US, and GDP has not increased appreciably since the beginning of 2022 (see Diagram 2). Growth will remain subdued in the euro area this year but will pick up next year as spending and investment improve. Germany, the largest economy in the euro area, will still face headwinds from dwindling car exports and a structural shortage of labour. The other Nordic countries are a mixed bag, with recession in Finland, continued inflationary pressures in Norway, and a very strong performance in Denmark thanks mainly to the country's successful pharmaceutical industry.

All in all, GDP among Sweden's most important trading partners (KIX-weighted GDP) will remain rather weak this year but gain a little more momentum next year as growth improves in the euro area (see Table 1).

World trade remains subdued (see Diagram 3), due partly to increased trade barriers and changes to trade flows in the wake

Diagram 1 Weighted purchasing manager index in selected countries and regions

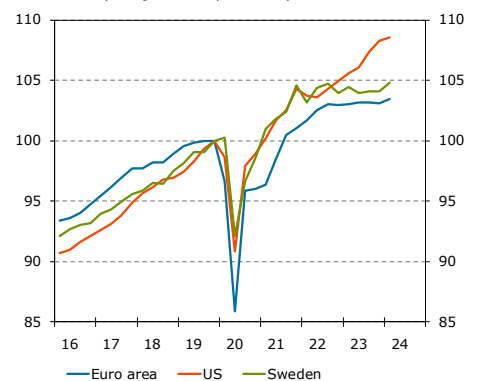
Index, monthly values



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

Diagram 2 GDP in selected countries and regions

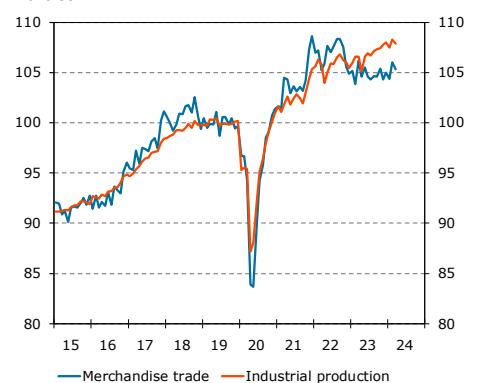
Index 2019 quarter 4=100, constant prices, seasonally adjusted quarterly values



Sources: Eurostat, Bureau of Economic Analysis, Statistics Sweden and Macrobond.

Diagram 3 Global merchandise trade and industrial production

Index 2019=100, seasonally adjusted monthly values



Sources: CPB Netherlands Bureau for Economic Policy Analysis and Macrobond.

of greater geopolitical tensions. Trade is expected to pick up, however, meaning that Sweden's export market will grow more quickly in the coming years (see Table 1). Export market growth will nevertheless remain weak by historical standards.

Services inflation still high in US and euro area

Inflation has slowed considerably in the US and the euro area since peaking in 2022 (see Diagram 4). The main reason is a sharp fall in goods inflation, thanks partly to reduced supply chain disruption, lower energy prices and restrictive monetary policy. Services inflation, on the other hand, has been stickier, especially in the US. Inflation will continue to ease, however, and will drop below central bank targets in most markets in 2024.

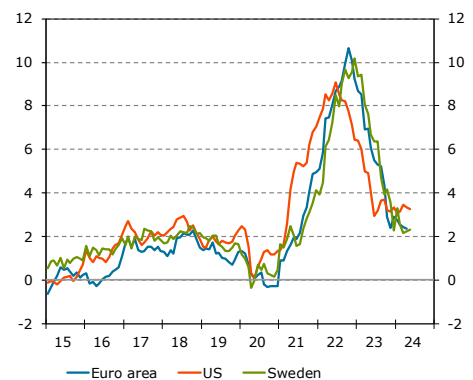
Weak growth and clear disinflation in the euro area prompted the ECB to move earlier than the Federal Reserve and lower its policy rate in June. A strong economy and somewhat slower disinflation mean that the Federal Reserve will not begin to cut interest rates until the autumn. Both central banks will then continue to lower their policy rates towards neutral levels (see Diagram 5).

Uncertainty about global economy

There is still great uncertainty about the outlook for the global economy, due partly to recent years' extraordinary economic events and the abrupt tightening of monetary policy in the US and the euro area after many years of low interest rates. On the one hand, fresh supply disruptions, changes in pricing behaviour, tight labour markets and strong household balance sheets may mean that inflation becomes entrenched above central bank target levels in the US and the euro area, which would cause rate cuts to be postponed. On the other, previous rate increases may still have further delayed effects, which could result in weaker global growth and so lower inflation. There are also still considerable geopolitical risks in the global economy, and increased tensions could have greater consequences for world trade and global growth than we assume in our forecast.

Diagram 4 Consumer prices in selected countries and regions

Annual percentage change, monthly values

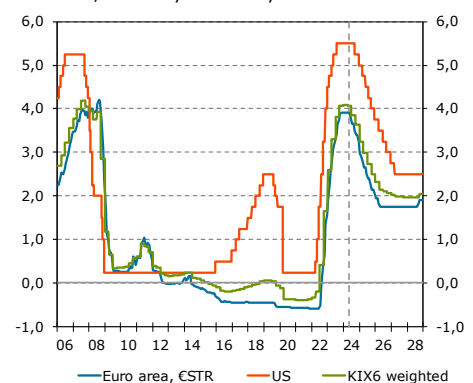


Note. CPI for US, HICP for Euro area and CPIF for Sweden.

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

Diagram 5 Policy rates

Per cent, monthly and daily values



Note. The US policy rate refers to the upper bound of the target rate for the Federal funds rate.

Sources: Bank of England, Bank of Japan, ECB, Federal Reserve, Norges Bank, Macrobond and NIER.

Table 1 GDP and consumer prices

Percentage change

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Swedish export market ¹	0.6	1.5	3.1	3.2	3.1	3.1
GDP²						
World	3.2	3.1	2.9	3.0	2.9	2.8
KIX weighted ³	1.4	1.6	2.1	2.0	2.0	1.9
Euro Area	0.6	0.8	1.6	1.5	1.6	1.4
US	2.5	2.3	1.7	2.0	1.8	1.8
China	5.5	5.1	4.3	4.3	4.1	4.0
Sweden	0.1	1.0	2.4	2.8	1.8	1.7
CPI⁴						
KIX weighted ³	5.5	3.0	2.4	2.4	2.3	2.3
Euro Area	5.4	2.3	1.9	2.0	2.0	2.0
US	4.1	3.1	2.4	2.3	2.3	2.3
China	0.2	0.6	1.7	2.6	3.0	3.0
Sweden	6.0	1.8	1.6	2.0	2.0	2.0

¹ Sweden's export market is defined as total import demand in the 32 countries included in the KIX index, with each country weighted according to its share of Swedish goods exports. ² The figures for GDP are the calendar adjusted change expressed in constant prices. The global aggregate is calculated using time-varying purchasing power parity GDP weights from the IMF. ³ KIX-weighted GDP and KIX-weighted CPI are aggregates constructed using the Riksbank's KIX weights. The KIX index consists of Sweden's 32 most important trading partners. ⁴ The aggregate for the euro area has been calculated using consumption weights from Eurostat. The figures for Sweden are for CPI inflation.

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

STOCKBUILDING DROVE SWEDISH GDP GROWTH IN FIRST QUARTER

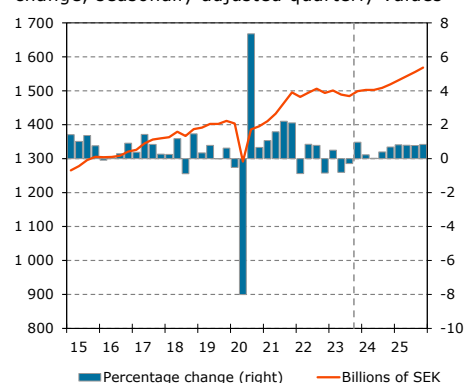
Sweden's GDP grew by 0.7 per cent in the first quarter, which is the highest rate of growth since the second quarter of 2022 (see Diagram 6). The greatest contribution came from stockbuilding, however, while other components grew relatively weakly, and household consumption fell. Stockbuilding will make a much smaller contribution in the second and third quarters, and gross fixed capital formation will fall sharply. GDP growth will therefore slow again (see Diagram 6) despite stronger export growth. Growth will then recover gradually to just over 2 per cent for 2025 as a whole (see Table 2), which is in line with the average for the period 2000-2023.¹ The strongest contributions² to growth in 2025 will come from household consumption and exports, but the upswing will be broad-based.

¹ Average annual GDP growth in the period 2000-2023 was 2.1 per cent.

² Import-adjusted.

Diagram 6 GDP

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



Note. The GDP growth was -8.1 per cent during the second quarter of 2020 and 4.9 per cent during the third quarter of 2020.

Sources: Statistics Sweden and NIER.

New statistics and benchmark revision affect level of GDP

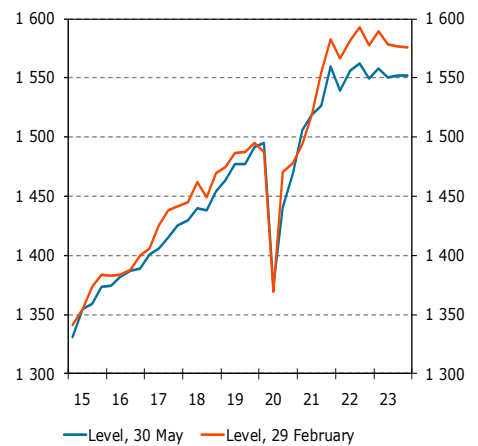
National Accounts data published on 30 May included a downward revision of GDP, especially in recent years (see Diagram 7). Quarterly growth rates were also adjusted.

The downward revision from the previous publication amounts to 1.5 per cent at the end of 2023. This comes as a result of the benchmark revision³ of the National Accounts that Statistics Sweden carries out periodically, and the inclusion of new statistics in the full-year calculations for 2022.

The changes have affected the components of GDP in different ways. The biggest change is to gross fixed capital formation, which has been revised down by almost 7 per cent at the end of 2023. Household consumption and imports, on the other hand, have been revised up and are much higher at the end of 2023 than in the previous publication. This means, for example, that household consumption is no longer considered to have fallen as far in 2023 as previously reported.

Diagram 7 GDP

Billions of SEK, constant prices, seasonally adjusted quarterly values



Note. Outturn data published on 29 February has been adjusted for the change in reference year to 2023 between the publications of 29 February and 30 May.

Sources: Statistics Sweden and NIER.

³ See Statistics Sweden, [Benchmark revision of the National Accounts 1993-2021](#).

Table 2 Domestic economy

Percentage change, constant prices

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Household consumption expenditure	-2.3	0.6	2.9	3.4	2.0	1.8
General government consumption expenditure	1.0	1.1	1.3	1.1	1.0	0.9
Gross fixed capital formation	-1.3	-1.3	1.8	5.2	4.4	3.2
<i>Domestic demand excl. stockbuilding</i>	-1.2	0.3	2.2	3.2	2.4	1.9
Stockbuilding ¹	-1.3	0.0	0.2	0.1	0.0	0.0
<i>Total domestic demand</i>	-2.5	0.3	2.4	3.3	2.4	1.9
Exports	3.3	2.1	2.6	3.4	2.7	1.9
<i>Total demand</i>	-0.5	1.0	2.5	3.3	2.5	1.9
Imports	-1.0	0.9	3.1	3.9	3.5	2.7
<i>Net exports</i> ¹	2.3	0.7	-0.1	-0.1	-0.3	-0.3
GDP	-0.2	1.0	2.2	3.0	2.0	1.5
GDP, calendar adjusted	0.1	1.0	2.4	2.8	1.8	1.7
GDP per capita	-0.6	0.7	1.9	2.8	1.7	1.3
Current account ²	6.1	7.0	6.4	5.7	5.3	4.7

¹ Per cent of last year's GDP. ² Per cent of GDP, current prices.

Sources: Statistics Sweden and NIER.

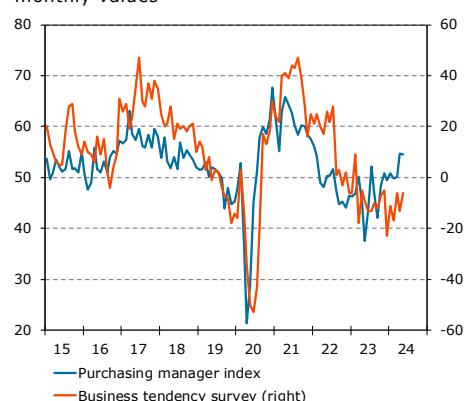
EXPORTS OF SERVICES STILL STRONG

Exports increased marginally in the first quarter of 2024. Strong growth in exports of manufactured goods and even stronger growth in exports of services were largely cancelled out by a sharp drop in exports of raw materials. There was a particularly steep fall in exports of iron ore due to problems with the rail line serving mines in the far north of Sweden, but recent years' strong growth in services exports continued.

The index for new export orders received by manufacturers has performed poorly in recent years, but has now begun to rise again, suggesting that the downturn has come to an end (see Diagram 8). The foreign trade statistics also indicate that goods exports will rise rapidly in the second quarter. Stronger growth in demand abroad means that exports of goods will grow at a normal rate by historical standards for the rest of 2024 and in 2025. Services exports will also grow, but the rate of growth is expected to slow. All in all, export growth will accelerate in 2025 but remain slightly below the historical average.⁴

⁴ The historical averages for both goods exports and total exports are for the period 2000-2023.**Diagram 8 Export order index in the manufacturing industry**

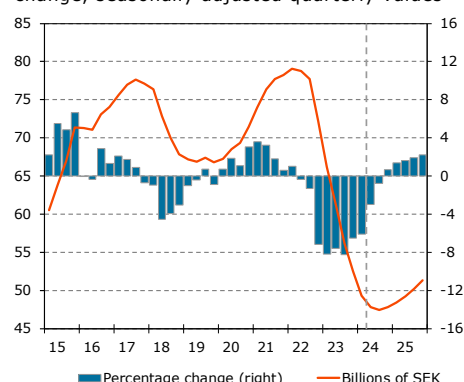
Diffusion index and balances, seasonally adjusted monthly values



Sources: Swedbank/SILF, Macrobond and NIER.

Diagram 9 Gross fixed capital formation, housing

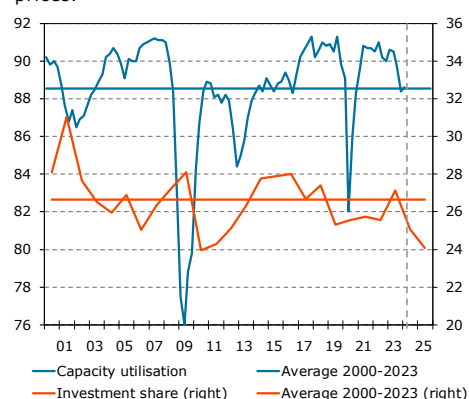
Billions of SEK, constant prices and percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 10 Industrial capacity utilisation and investment share

Per cent, seasonally adjusted quarterly values and per cent of capacity utilisation, current prices.



Sources: Statistics Sweden and NIER.

HOUSING INVESTMENT CONTINUED TO FALL IN THE FIRST QUARTER

Housing investment fell for an eighth consecutive quarter in the first quarter of 2024 (see Diagram 9). High financing costs and an abundant supply of housing are putting pressure on builders' profitability, and the decline is expected to continue in the second and third quarters. A recovery will then begin at the end of the year, supported by lower interest rates and higher housing prices.

Industrial investment also fell in the first quarter. Capacity utilisation has continued to decline and is now back to normal levels after being unusually high for a couple of years after the pandemic (see Diagram 10). Industrial investment will continue to fall for the rest of this year. It will grow again next year, but the investment rate will continue to fall to low levels by historical standards.

Government investment edged down in the first quarter (see Diagram 11). After increasing in the fourth quarter last year, local government investment fell in the first quarter, mainly as a result of lower investment in buildings and facilities. Central government investment in defence helped offset this. Looking ahead, local government investment will perform less well after growing strongly after the pandemic. On the other hand, central government investment will be fuelled by defence expansion, with the result that investment in the government sector as a whole grows more quickly than the historical average.

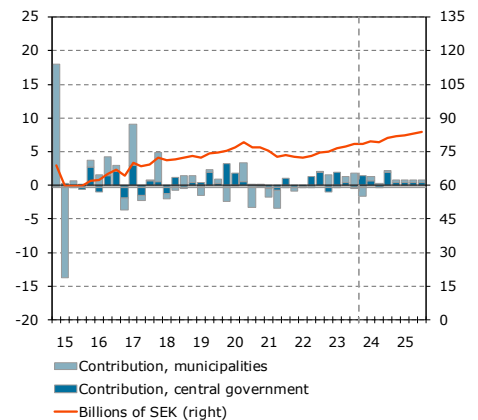
GOVERNMENT SPENDING TO GROW DESPITE CUTBACKS IN THE REGIONS

Government consumption increased by 1 per cent in 2023 and will grow at around the same rate in 2024 and 2025 (see Diagram 12). This is mainly a result of central government expenditure on defence expansion and increased spending on the police and the courts. Spending will also increase in the local government sector, due to there being more and more elderly requiring health and care services. Municipal spending will be reined in slightly by the lower number of births in recent years, which will, for example, reduce the need for preschool places.

The regions' financial position will come under pressure in 2024 from the recent period of high inflation, especially from the cost of inflation protection for employee pensions. This situation is expected to lead to some savings being made, primarily by reducing expenditure on staff and intermediates. Spending is only likely to be affected to a limited extent, however, as it is driven primarily by the need for health services, in other words the number of patients and the types of care they need. Next year, the regions' pension costs will fall, and their financial position will improve, but they are still expected to make some savings to meet the requirement for sound financial management in the longer term. All in all, the regions are expected to make cost

Diagram 11 Public investments

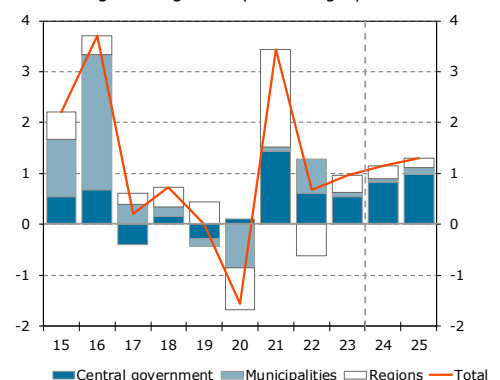
Billions of SEK, fixed prices, contribution in per cent, seasonally adjusted quarterly values.



Sources: Statistics Sweden and NIER.

Diagram 12 Contribution to the public consumption growth

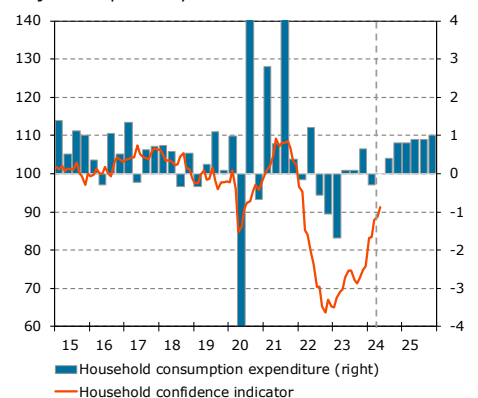
Percentage change and percentage points



Sources: Statistics Sweden and NIER.

Diagram 13 Household confidence indicator and consumption expenditure

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



Note. The growth in consumption was -9.9 per cent during the second quarter of 2020, 6.4 per cent during the third quarter of 2020 and 4.6 per cent during the third quarter of 2021.

Sources: Statistics Sweden and NIER.

savings of around SEK 8 billion in 2024 and 2025.⁵ This corresponds to 1.8 per cent of their spending in 2025.

HOUSEHOLD CONSUMPTION TO RISE AGAIN IN 2024

Household consumption fell by 2.3 per cent from 2022 to 2023 and fell another 0.3 per cent in the first quarter this year (see Diagram 13). Consumers mainly reduced their spending on cars and energy. Spending on groceries surprised to the upside, probably as a result of Easter falling in the first quarter this year.

The consumer confidence indicator continued to rise in May but remains low by historical standards (see Diagram 13). This means that households have become less pessimistic. It is mainly expectations for their own finances over the coming year that have improved in the first part of 2024 (see Diagram 14). Expectations in this regard are now slightly above the historical average, which means that more people than normal expect their personal finances to have improved in 12 months' time. On the other hand, many more households than normal believe that the Swedish economy is in a worse state than it was 12 months ago, although the number is smaller than in 2023.

There is still uncertainty about the balance that households will strike between spending and saving in the time ahead. In the NIER's tendency survey, more households than the historical average responded that they are saving money (see Diagram 15). However, the level is not unusually high by the standards of the past decade. Households' saving behaviour could lead to consumption growing more quickly or more slowly than we are forecasting.

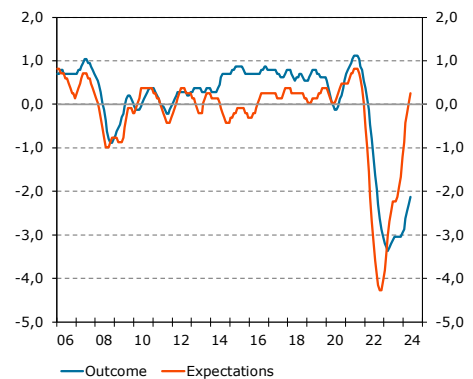
Many households are still battling with recent years' sharp rise in prices and interest rates. On the other hand, real disposable incomes will grow in 2024, and housing prices have begun to climb. All in all, we believe that households will not spend all of the increase in real disposable income, and so the household saving will rise slightly this year. Spending is expected to grow in the third quarter, with relatively strong growth following in the fourth. The outlook brightens further in 2025, with interest rates falling further and real disposable income rising more quickly. This means that household consumption will grow at above the historical average⁶ in 2025, while the household saving rate will level off (see Diagram 16). Consumption of services and durable goods will contribute most to the increase in consumption in 2024 and 2025.

⁵ Relative to a purely demographic projection of consumption.

⁶ The historical average refers to the period 2000-2023.

Diagram 14 Households' assessment of their own economy

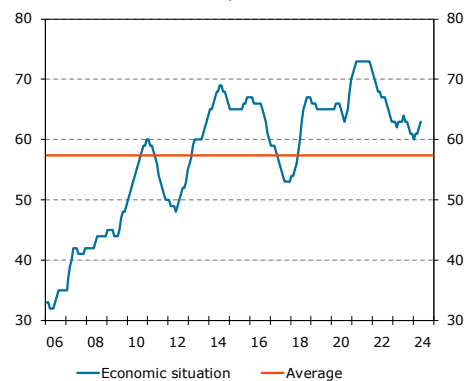
Standardised deviations from the mean, smoothed monthly values



Note. Outcome – households' current economic situation compared to households' economic situation 12 months ago. Expectations – households' economic situation in 12 months. Source: NIER.

Diagram 15 Household savings

Net, smoothed monthly values

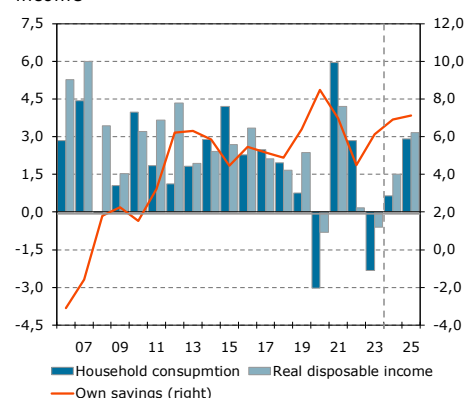


Note. The question in the questionnaire is "Which of the following statements describes the current economic situation of your household in the best way (save – put ourselves in debt)?" The average value is calculated for the whole period 2006m1-2024m5.

Source: NIER.

Diagram 16 Household consumption, real disposable income and own savings

Percentage change and per cent of disposable income



Note. Own savings are defined as households' total (financial and real) savings in relation to households' disposable income. Savings in contractual pensions are excluded.

Sources: Statistics Sweden and NIER.

BUSINESS VALUE ADDED TO PICK UP THIS YEAR

Subdued growth for many of Sweden's most important trading partners and falling household consumption meant that value added in the Swedish business sector decreased somewhat in 2023. However, there were considerable variations between different parts of the sector: increasing value added in services and construction helped counteract weak value added in manufacturing (see Diagram 17).

Value added in industry increased in the first quarter this year despite a sharp drop in mining production. The increase was driven by a strong performance from manufacturers. Manufacturing will shift down a gear over the next two quarters, but value added in industry as a whole will remain strong in the second quarter as mining production increases again. Idle resources (in the form of both capital and labour) mean that industry will be ready to increase production more quickly once demand gains momentum further ahead. This means that growth in value added will be strong in 2025 (see Diagram 17).

Value added in construction grew strongly in 2023, due largely to builders reducing costs for intermediates by more than the decrease in production⁷ (see Diagram 18). The relationship between production and intermediate consumption is expected to reverse to some extent in the coming quarters. Value added will therefore decrease in the second half of 2024 and the first half of 2025.

Services outperformed industry in 2023, but growth was still below the historical average for the sector. Growth will improve in 2024 and gain real momentum in 2025. The bright outlook for large parts of the service sector is due partly to strong growth in household consumption and a strong manufacturing outlook.

Diagram 17 Added value in the private sector

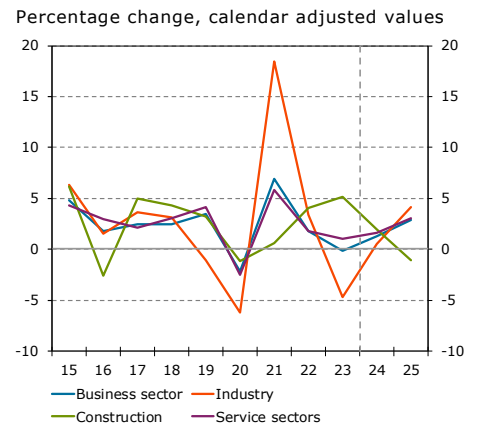
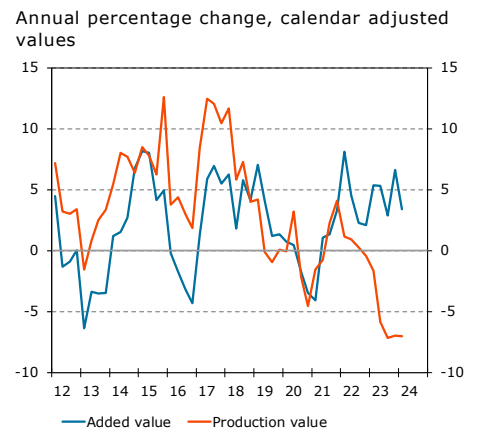


Diagram 18 Added value and production value in the construction sector



⁷ For a more detailed explanation, see the box "Produktion, förädlingsvärde och förbrukning i byggbranschen" [Production, value added and consumption in the construction industry] in the Swedish edition of *The Swedish Economy*, March 2024.

Table 3 Production

Percentage change, calendar-adjusted values

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Business sector	-0.1	1.3	2.9	3.5	2.2	2.0
Goods producers	-2.1	0.7	2.6	...	...	...
Of which: Industry	-4.7	0.5	4.1	...	...	...
Construction	5.2	2.0	-1.1	...	...	...
Service producers	1.0	1.6	3.0	...	...	...
General government	1.4	0.4	0.6	0.2	0.2	0.4
Total economy¹						
GDP at basic prices	0.2	1.1	2.4	2.8	1.8	1.7
GDP at market prices	0.1	1.0	2.4	2.8	1.8	1.7

¹ Including production in non-profit institutions serving households.

Note. Production refers to value added.

Sources: Statistics Sweden and NIER.

EMPLOYMENT FELL IN THE FIRST QUARTER

Employment continued to fall in the first quarter this year. The number of people in the labour force increased despite a decrease in the working-age population (aged 15-74). Taken together, this meant that unemployment climbed from 8.0 to 8.3 per cent in seasonally adjusted terms.

The decrease of 8,000 in the number of employed was mainly in the core labour force (aged 25-54), and the employment rate also fell furthest in this age group. Most of the decrease in the number of employed was in the Swedish-born population, but the employment rate fell further in the foreign-born population (see Diagram 19). This ended the strong growth in the employment rate in the foreign-born population seen since the pandemic.

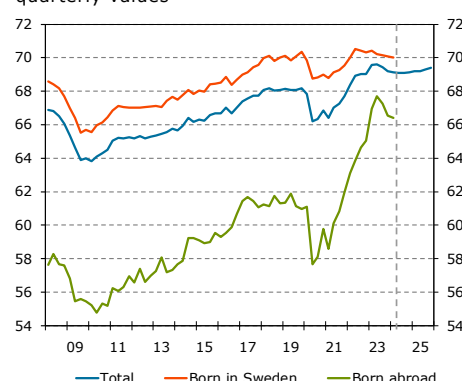
GRADUAL RECOVERY IN THE LABOUR MARKET NEXT YEAR

Employment increased in April after falling since the middle of 2023. On the other hand, firms' employment plans in the NIER's tendency survey have moved sideways in recent months. The gap between the share of firms planning to recruit and those reporting that they have recruited in the past three months is also relatively wide by historical standards (see Diagram 20). The number of new vacancies at the Swedish Public Employment Service fell again in May. All in all, employment seems to be moving sideways in the second quarter after falling for three successive quarters.

We expect employment to fall by 0.3 per cent in 2024 as a whole and then grow by 0.8 per cent in 2025. Employment will strengthen as the economy picks up, but some of the improvement will be a statistical effect in the LFS as a result of people from Ukraine seeking temporary protection in Sweden being

Diagram 19 Employment rate, age 15–74

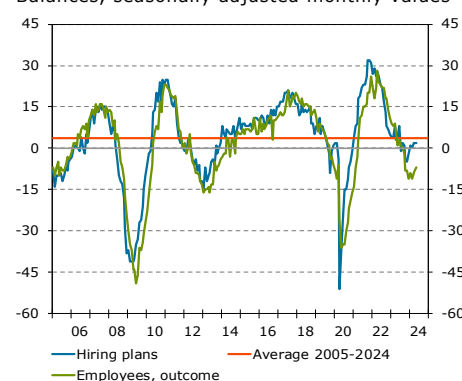
Per cent of population, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 20 Hiring plans in the private sector

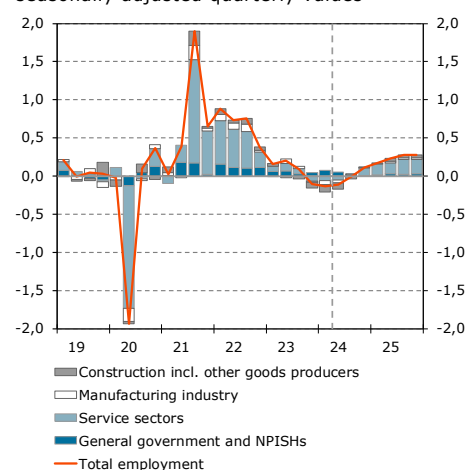
Balances, seasonally adjusted monthly values



Source: NIER.

Diagram 21 Contributors to employment growth

Percentage change and percentage points, seasonally adjusted quarterly values



Note. NPSIH - Household non-profit organisations

Sources: Statistics Sweden and NIER.

registered in the population with effect from November 2024.⁸ The rise in employment⁹ in 2025 will be mainly in the service sector (see Diagram 21).

The labour force will grow by 0.5 per cent this year and 0.6 per cent next year (see Table 4). Here too, the registration of Ukrainian refugees will boost the figures. Unemployment will peak at 8.5 per cent in the second and third quarters this year, or 1 percentage point above our estimate of the equilibrium rate, before heading down in 2025 as employment grows.

Table 4 Labour market

Percentage change, unless otherwise specified.

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
GDP at basic prices ¹	0.2	1.1	2.4	2.8	1.8	1.7
Productivity, total economy ¹	-1.2	1.0	1.5	1.5	0.9	1.3
Productivity, business sector ¹	-1.5	1.2	1.9	1.9	1.1	1.6
Hours worked ¹	1.4	0.2	0.9	1.3	0.8	0.4
Average hours worked per person employed ¹	0.1	0.4	0.0	0.2	0.0	0.0
Number of Employed	1.4	-0.3	0.8	1.0	0.9	0.4
Employment rate ²	69.4	69.1	69.5	69.9	70.3	70.3
Labour force	1.6	0.5	0.6	0.6	0.4	0.4
Labour force participation rate ²	75.2	75.5	75.7	75.8	75.9	75.9
Unemployment ³	7.7	8.4	8.2	7.8	7.4	7.3
Population ⁴	0.5	0.2	0.6	0.4	0.4	0.4
Productivity gap, business sector ⁵	-0.7	-0.5	0.2	0.5	0.0	0.0
Labour market gap ⁶	-0.3	-1.2	-1.2	-0.5	0.0	0.0
Output gap ⁷	-0.9	-1.7	-1.1	-0.1	0.0	0.0

¹ Calendar-adjusted values. ² Per cent of population according to LFS aged 15-74.

³ Per cent of labour force according to LFS aged 15-74. ⁴ According to LFS aged 15-74. ⁵ Difference between actual and potential productivity in the business sector in per cent of potential productivity in the business sector. ⁶ Difference between actual and potential hours worked in per cent of potential hours worked. ⁷ Difference between actual and potential GDP in per cent of potential GDP.

Source: NIER.

⁸ See the draft proposal "Förbättrade levnadsvillkor för utlänningar med tillfälligt skydd" [Improved living conditions for foreigners with temporary protection] from the Ministry of Justice.

⁹ According to the National Accounts, which now have a new data source, see the box "Population by labour market status – new register-based labour market statistics".

Population by labour market status – new register-based labour market statistics

Since September 2023, new official statistics for both employment and unemployment have been available in the form of new register-based statistics on the “population by labour market status” (BAS). The NIER produces forecasts for the number of employed as measured by both the Labour Force Survey (LFS) and the National Accounts (NA). NIER’s employment forecast using the NA definition is also broken down by sector. From the first quarter of 2024, Statistics Sweden has changed its principal source for the calculation of labour inputs in the NA.¹⁰ They are now based on the number of employed according to the BAS statistics rather than the LFS.

Diagram 22 shows the number of employed as reported in the LFS and the NA. As can be seen, the number of employed is higher in the NA than in the LFS, which is to be expected given the differences in definitions. One reason why the gap has widened over time is an increase in the number of older people (aged 75+) in work. On average, the rates of growth have not differed appreciably between the two sources since 2010, although NA employment has performed less negatively than LFS employment since the second quarter of 2023.

The NIER’s forecasts for unemployment are for the number of unemployed according to the LFS. In periods of divergence between LFS unemployment and the number registered as unemployed with the Swedish Public Employment Service (SPES), we have had to analyse why the estimates in the two sets of statistics differ.¹¹

Unemployment in the BAS statistics is based on the number of people registered with SPES as unemployed. Although both the number of unemployed in the BAS statistics and the number registered as unemployed from SPES are based on SPES’s unemployment register, there are differences in the definitions which mean that the levels of these estimates differ.¹² The number of unemployed in the BAS statistics is lower than in the SPES and LFS statistics. To date, the number of unemployed and relative unemployment according to the BAS statistics have been close to the levels in the LFS once full-time student

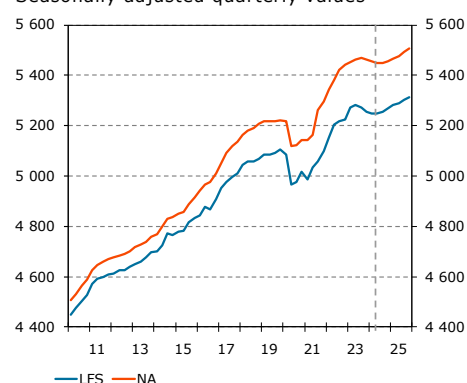
¹⁰ For further information, see Statistics Sweden, [Sveriges ekonomi, Statistiskt perspektiv 5/24](#).

¹¹ See, for example, the box “Why are more out of work but fewer registered as unemployed with the Swedish Public Employment Service?” in the Swedish edition of *The Swedish Economy*, June 2021.

¹² For further information, see Statistics Sweden, [A numerical explanation of the relationship between BAS and the Public Employment Service statistics](#).

Diagram 22 Employed, aged 15–74 and 15–89 according to LFS and the National Accounts

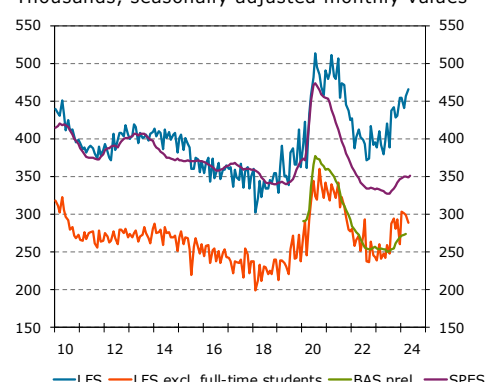
Seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 23 Unemployment, age 16–64

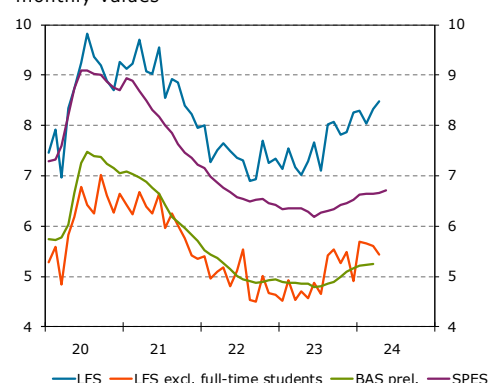
Thousands, seasonally adjusted monthly values



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

Diagram 24 Unemployment rate, age 16–64

Per cent of labour force, seasonally adjusted monthly values



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

jobseekers are excluded (see Diagram 23 and Diagram 24¹³).

SWEDISH ECONOMY BELOW CAPACITY IN 2024 AND 2025

The output gap will be negative in 2024 and 2025, meaning that the Swedish economy will be operating below capacity. The resource utilisation indicator continued to fall in the first quarter of 2024 (see Diagram 25), which is in keeping with our overall view of the economy.

Resource utilisation in the labour market is low, but there are indications that the downturn in the labour market will not worsen further. This is reflected in the labour market gap leveling off this year (see Diagram 26). Compared to the output gap, the labour market gap will bottom out at a somewhat higher level. This means that the labour market has proved resilient in the current economic downturn.

Firms' resource utilisation is reflected in the business productivity gap (see Diagram 27). Once the economy bottoms out this year, firms will bring idle resources back into use as production grows more quickly. Business productivity will therefore recover in 2024, and the sector's productivity gap will close in 2025.

New population projections from Statistics Sweden

Over the long term, demographic developments are very important for Sweden's economic growth. Each spring, Statistics Sweden publishes population data for the previous year and a set of population projections. The latest figures show the population growing significantly more slowly than in last year's projections (see Diagram 28).

There are three main reasons for the slower population growth in the new projections. First, the Swedish Tax Agency has carried out a housekeeping exercise to remove people from the population register who are not actually in Sweden. The figures for emigration in 2023 have been revised up considerably as a result of this. Second, fewer babies are being born in Sweden. The total fertility rate in 2023 was less than 1.5 children per woman, which is the lowest ever in Sweden.¹⁴ Fertility fell throughout the 2010s as part of a global trend following the financial crisis in 2008. The decline in fertility during this period was mainly among women with a relatively short education.¹⁵ In

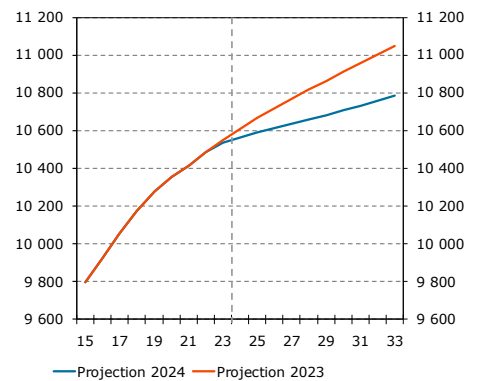
¹³ Age 16-64 for each source and the time series for the LFS show greater variation than both AF and BAS. The LFS is a sample survey, and its estimates are uncertain.

¹⁴ See Statistics Sweden, <https://www.scb.se/pressmeddelande/historiskt-lagt-bar-nafodande-och-lagsta-folkokningen-pa-22-ar>

¹⁵ Comolli, C. et al. (2021). "Beyond the economic gaze: Childbearing during and after recessions in the Nordic countries." *European Journal of Population*, 37(2), 473-520.

Diagram 28 Population

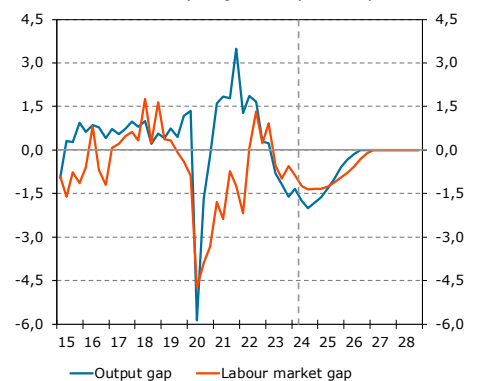
Thousands, yearly averages



Sources: Statistics Sweden and NIER.

Diagram 26 Output gap and labour market gap

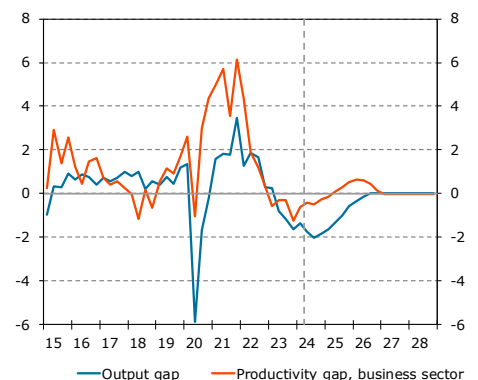
Per cent of potential GDP and potential hours worked, seasonally adjusted quarterly values



Source: NIER.

Diagram 27 Output gap, productivity gap for the private sector

Per cent of potential GDP and potential productivity in the private sector, seasonally adjusted quarterly values.



Source: NIER.

Sweden, women who work and women with higher incomes have more children than those who do not work and women with lower incomes, which is consistent with the decline in the fertility rate since 2008 being most pronounced among women with a relatively short education. The average age of first-time mothers is rising, generally reducing the window for having children. This means that fewer women are having three or more children. We are also seeing a clear decline in fertility in the foreign-born population, reflecting a convergence towards the fertility rate among Swedish-born women.

The third reason for slower population growth is that immigration will be lower than in the period since 2000. Despite the downward revision of immigration in Statistics Sweden's population projections, total immigration will still be relatively high in comparison with levels before the turn of the millennium. The foreign-born population has also grown as a share of the total population over the same period and is now just over 20 per cent (see Diagram 29).

Sweden's population fell in the first quarter this year, which is unusual. According to Statistics Sweden's projections, population growth is set to slow but will remain positive over 2024 as a whole. The slow start to 2024 means that it is possible that the population does not grow as much as in Statistics Sweden's projections.

LOWER WAGE GROWTH NEXT YEAR

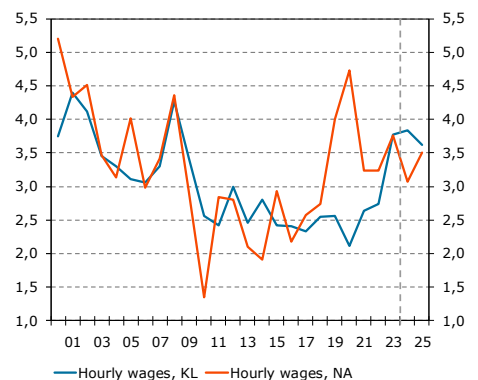
The pay deals struck in spring 2023 between the social partners in industry have served as a benchmark for wage formation. Preliminary data show that wages were around 4.2 per cent higher in the first quarter this year than in the first quarter last year. Wage growth was much higher in the business sector than in the government sector in the first quarter of 2024, a pattern which has been seen for the past year (see Diagram 30).

The rate of wage growth will fall somewhat from April this year, mainly because the collectively agreed rise in labour costs is lower in the second year of the central settlements than in the first. The weak labour market has also put a damper on local wage formation. Wage drift will therefore be less in the second year of the settlements than the first.

Next year, hourly wages in the business sector will increase by 3.6 per cent (see Table 5). This is a comparatively high rate of growth by historical standards (see Diagram 31) but needs to be seen in the light of a period where labour costs have grown less than productivity and prices in the business sector taken together (see Diagram 32). This means that real wages will rise by 2.0 per cent this year and 2.1 per cent next year. At the end of 2025, real wages will be on a par with 2018 levels, based on CPIF inflation (see Diagram 33).

Diagram 31 Hourly wages according to KL and NA

Percentage change

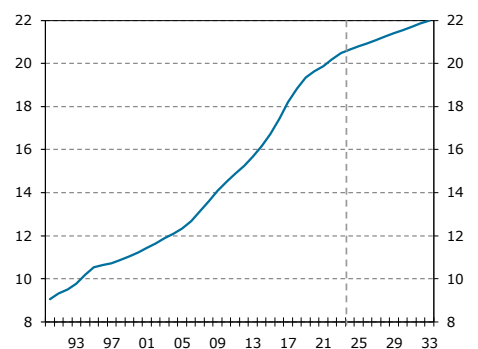


Note. KL refers to wages according to the National Mediation Office, NA refers to the national accounts.

Sources: National Mediation Office, Statistics Sweden and NIER.

Diagram 29 Share of foreign-born in the population

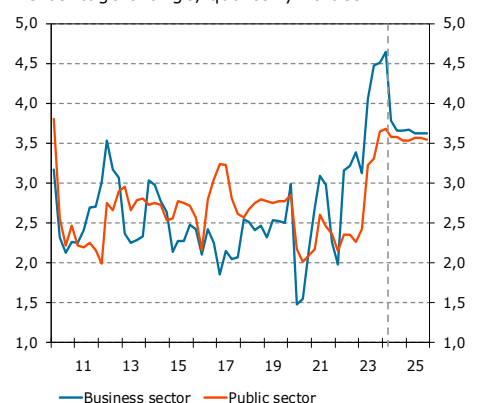
Per cent



Sources: Statistics Sweden and NIER.

Diagram 30 Hourly wages

Percentage change, quarterly values



Sources: National Mediation Office and NIER.

This year, according to the national accounts, labour costs will rise more quickly than wages in the business sector. The difference is because collectively agreed social security contributions will increase as a share of total wages from a temporarily low level last year. Next year, however, labour costs and hourly wages in the business sector will be more closely aligned. Despite labour costs rising at more than the historical average in both 2024 and 2025, the rate of growth in unit labour costs will fall (see Diagram 34). This is a result of productivity growth accelerating in 2025.

The profit share in the business sector is high by historical standards (see Diagram 35). However, Statistics Sweden's revision of the National Accounts means that the profit share in recent years now exceeds the (new) historical average to a lesser extent than it did before. The high profit share can be explained partly by some industries benefiting from high world market prices and a weak krona, but it is also high in other parts of the business sector. The profit share will be more or less unchanged in 2024. Next year, labour costs will outgrow value added, causing the profit share to fall, but it will still be high by historical standards (see Diagram 35).

Revision of the profit share

The most recently published National Accounts include a number of revisions that have affected the level of the profit share.¹⁶ The changes are a result of the benchmark revision of the National Accounts that Statistics Sweden carries out periodically, and the inclusion of new statistics in the full-year figures for 2022.¹⁷ In many cases, these revisions go a long way back in time. The most important revisions are as follows:

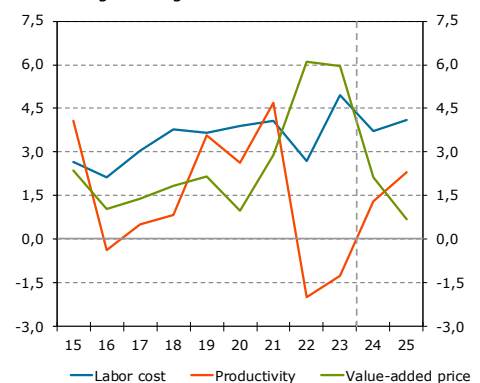
- Value added in the business sector has been revised down
- Value added in the business sector has been revised down
- Value added in one- and two-family homes and secondary homes has been revised up
- Labour costs in the business sector have been revised up
- Hours worked by the self-employed have been revised up

¹⁶ This is the adjusted profit share, defined as the profit share adjusted for value added in one- and two-family homes and secondary homes and for imputed labour costs for the self-employed. For a description of how the adjusted profit share is calculated, see Appendix 1 in "Utvecklingen av vinstandelar och enhetsvinster" [Developments in profit shares and unit profits], *NIER Occasional Studies*, December 2023.

¹⁷ See Statistics Sweden, <https://www.scb.se/en/finding-statistics/statistics-by-subject-area/national-accounts/national-accounts/national-accounts-quarterly-and-annual-estimates/pong/publications/benchmark-revision-of-national-accounts-1993-2021>.

Diagram 32 Labour cost, productivity and value-added price in the private sector

Percentage change

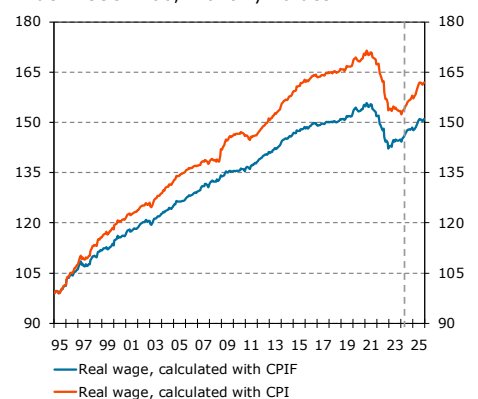


Note. Productivity and value-added price excl. single-family houses. Labour costs are per hours worked.

Sources: Statistics Sweden and NIER.

Diagram 33 Real wage

Index 1995=100, monthly values



Sources: National Mediation Office, Statistics Sweden and NIER.

All four revisions have served to reduce the profit share, and in all four cases the revision in recent years is greater than the revision in earlier years. This means that the historical average has come down,¹⁸ and that the profit share in recent years now exceeds the (new) historical average to a lesser extent than it did before the revisions (see Diagram 35).

Table 5 Hourly wages and labour costs

Percentage change and per cent, respectively

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Hourly wages, total economy ¹	3.8	3.8	3.6	3.6	3.5	3.5
Hourly wages, business sector ¹	4.0	3.9	3.6	3.6	3.5	3.5
Hourly labour costs, total economy	3.8	3.1	3.5	3.6	3.5	3.5
Real wages, total economy (CPIF)	-2.2	2.0	2.1	1.6	1.5	1.5
Unit labour cost, business sector ²	4.3	3.7	3.4	4.2	3.5	3.5
Productivity, business sector ²	-1.5	1.2	1.9	...	...	...
Adjusted unit labour cost, business sector ³	6.0	2.4	1.5	...	...	...
Adjusted profit share, business sector ⁴	36.3	36.4	35.7	35.4	35.1	35.1

¹ According to the monthly earnings statistics. ² According to the National Accounts, calendar-adjusted values. ³ Excluding one- and two-family homes and secondary homes and adjusted for the number of hours worked by the self-employed, calendar-adjusted values. ⁴ Excluding one- and two-family homes and secondary homes and adjusted for the number of hours worked by the self-employed, non-calendar-adjusted values. Calculated at factor prices.

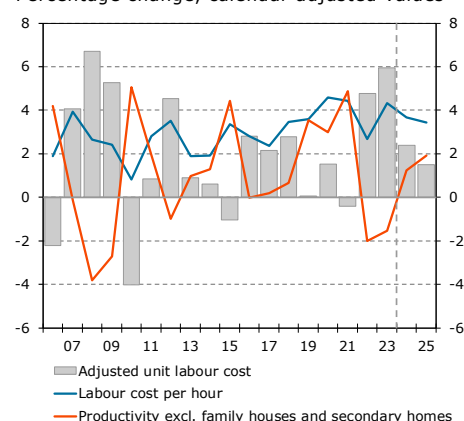
Sources: Swedish National Mediation Office, Statistics Sweden and NIER.

INFLATION SOON BELOW TARGET

CPIF inflation, the increase in the consumer price index with a fixed interest rate, was 2.3 per cent in May 2024 (see Diagram 36). Prices for services continue to climb, while goods inflation continues to fall. The retail trade's price expectations point to further subdued price increases in the near term. Food retailers' price expectations have fallen particularly sharply (see Diagram 37). Prices for many commodities fell sharply after peaking in 2022. The decline in energy and commodity prices is likely to be an important reason as to why goods inflation has come back down both in Sweden and abroad. The Riksbank's rate increases have also led to reduced demand from Swedish households, which has brought stiffer competition for customers and downward pressure on prices. Cost levels at many firms have also improved, thanks to lower prices for electricity and fuel during the spring. CPIF inflation will trend down for the rest of this year,

Diagram 34 Adjusted unit labour cost in the private sector

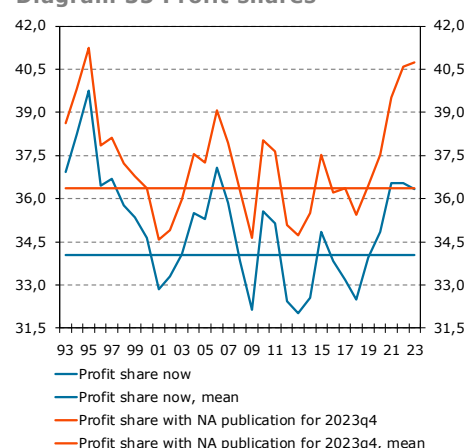
Percentage change, calendar adjusted values



Note. The profit share is adjusted for compensation to the self-employed and excludes owner-occupied dwellings.

Sources: Statistics Sweden and NIER.

Diagram 35 Profit shares

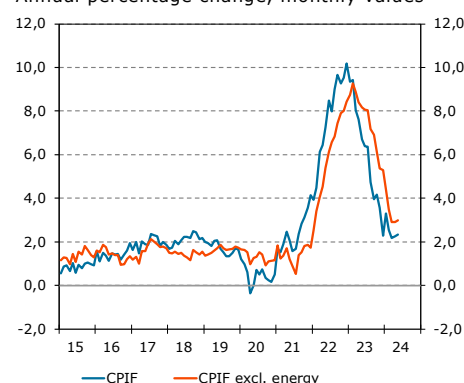


Note. Mean values are based on the years 2000-2019

Sources: Statistics Sweden and NIER

Diagram 36 Consumer prices

Annual percentage change, monthly values



Sources: Statistics Sweden and NIER.

¹⁸ The historical average has been calculated over the period 2000-2019.

driven largely by lower prices for electricity, fuel and food. CPIF inflation will fall to a low of 1.2 per cent at the end of 2024.

Table 6 Consumer prices, interest rates and exchange rates

Percentage change and per cent, respectively

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
CPI	8.5	2.8	0.4	1.8	2.0	2.0
Interest costs, interest rate ¹	66.2	12.5	-16.6	-3.6	0.4	0.2
CPIF	6.0	1.8	1.6	2.0	2.0	2.0
Goods	8.5	0.7	-0.1	...	...	...
Services	7.6	3.6	2.4	...	...	...
Housing excl. Mortgage interest costs and energy ²	5.2	4.5	3.2	...	...	...
Energy	-11.0	-7.1	3.2	...	...	...
Interest costs, capital stock ¹	5.6	4.0	3.8	3.7	3.6	3.6
CPIF excl. energy	7.5	2.4	1.5	...	...	...
HICP	5.9	2.0	1.6	...	...	...
Repo rate ³	4.00	3.00	2.25	2.25	2.25	2.25
Ten-year government bond yield	2.5	2.4	2.5	2.6	2.8	2.9
Effective exchange rate index (KIX) ⁴	127.5	124.6	122.8	121.2	119.6	118.6

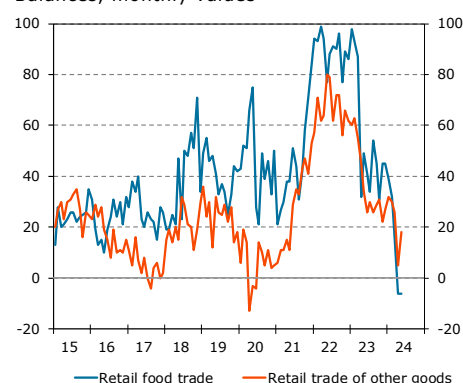
¹ The CPI's mortgage interest cost component is the product of capital stock and interest rate. Energy denotes costs for electricity, gas, heating and fuel. ² Rent, monthly service charges, repair costs, depreciation (renovation costs), ground rent and property tax, insurance, water, sewerage, cleaning and chimney sweeping. ³ At year-end. ⁴ Effective exchange rate index based on the Riksbank's KIX weights for 31 countries. 18 November 1992=100. A higher index corresponds to a weaker krona.

Sources: Statistics Sweden, Sveriges Riksbank and NIER.

Prices for many commodities have stabilised in recent months, and a slight recovery can be detected in some markets (see Diagram 38). Freight rates have also risen, due mainly to the missile attacks on shipping in the Red Sea. This will eventually feed into prices for consumer goods. New customs tariffs on electric vehicles imported from China could push inflation up marginally.¹⁹ In addition, wage costs will continue to rise relatively quickly next year (see Table 5). On the other hand, firms' profitability is generally good, and productivity is rising, which means that firms will be able to absorb part of these cost increases without needing to raise their prices. A stronger Swedish krona reduces the impact from prices of goods imported into Sweden. The current contractionary monetary stance combined with the weak economy will also put a damper on inflation. As monetary policy has a delayed effect, the price-damping effects of previous rate increases will persist into 2025. There will therefore be both

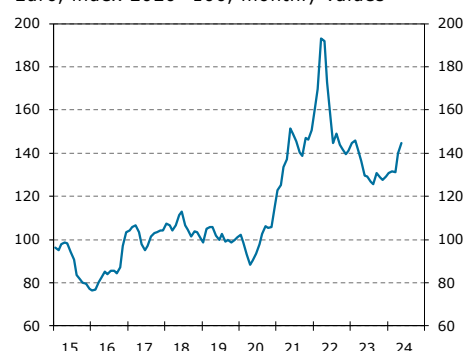
¹⁹ A rough estimate is that Chinese-manufactured electric vehicles accounted for just under 10 per cent of total sales of new cars in Sweden in 2023. Since new cars make up more than 2 per cent of the CPI basket, a 20 per cent increase in the price of cars covered by this tariff will push up the CPI by 0.04 per cent, all else equal.

Diagram 37 Business price expectations three months ahead
Balances, monthly values



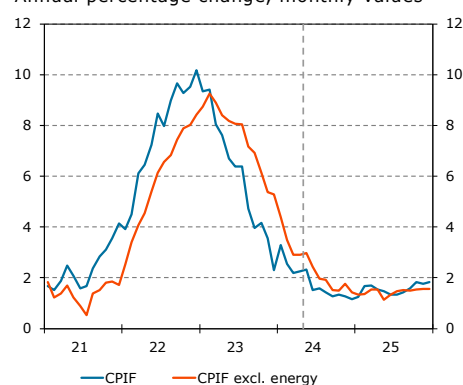
Source: NIER.

Diagram 38 Raw material price index
Euro, index 2020=100, monthly values



Note. Industrial raw materials index. For more information, see HWI.org
Sources: HWI and Macrobond.

Diagram 39 Consumer prices
Annual percentage change, monthly values



Sources: Statistics Sweden and NIER.

factors fuelling inflation and factors curbing inflation next year. All in all, we expect inflation to rise gently in 2025, with CPIF inflation excluding energy ending up just over 1.5 per cent at the end of the year (see Diagram 39). Energy prices will climb again in 2025 after falling in 2023 and 2024 (see Table 6). CPIF inflation including energy will therefore be closer to 1.8 per cent at the end of 2025.

Unlike CPIF inflation, CPI inflation is affected by movements in mortgage rates. CPI inflation will be low in 2025 as a result of falling mortgage rates. The value of the CPI in June each year determines the level of the “price base amount” used to set the levels of various central government transfers the following year. Falling interest rates mean that CPI inflation in June 2025 will be negative (see Diagram 40). The price base amount will therefore decrease by SEK 100 in 2026.

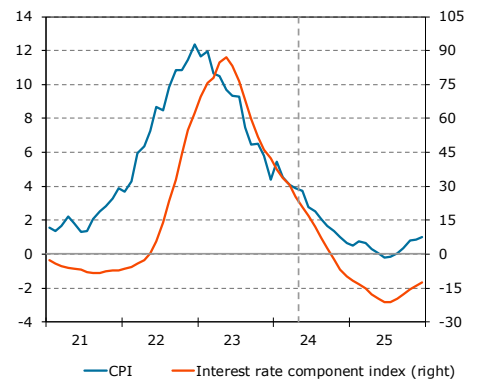
Drivers of inflation in Sweden, the euro area and the US

Since 2021, inflation has generally moved similarly in Sweden, the euro area and the US. The whole world was hit by supply disruptions due to the Covid-19 pandemic, with lockdowns reducing production, and bottlenecks in global logistics chains hampering the flow of goods. These supply problems led to substantial increases in freight rates and producer prices, which ultimately led to higher consumer prices. Russia’s full-scale invasion of Ukraine sparked further supply disruptions, leading to higher global energy and food prices. These supply issues, combined with highly expansionary fiscal and monetary policy to boost demand, caused inflation to surge in 2021 and 2022 in Sweden, the euro area and the US alike. Once many of the supply disruptions had eased, and monetary policy was tightened again, inflation began to come back down.

There have, however, been some differences between the three markets in terms of how inflation has moved and why. In the US, fiscal policy during the pandemic was much more expansionary than in the euro area and Sweden, leading to stronger demand from consumers and hence an earlier rise in inflation, especially in goods inflation (see Diagram 41). Reduced flows of Russian gas to the EU ahead of and during Russia’s full-scale invasion of Ukraine meant that electricity and gas prices played a greater role in the rise in inflation in Sweden and the euro area than in the US. Further highly expansionary fiscal policy and households’ comparatively low interest rate sensitivity has contributed to persistently strong demand in the US, with the result that inflation (as measured by the CPI) has been just over 3 per cent since summer 2023. In the euro area, and above all Sweden, higher prices and the interest rate increases of 2022-2023 have put a clear damper

Diagram 40 CPI and CPI interest rate component index

Percentage change, monthly values

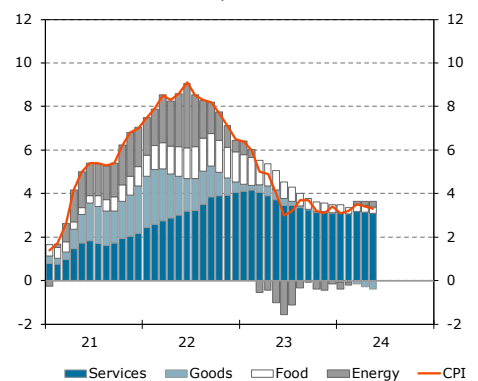


Note. The development in the interest rate index reflects the development of the average interest rate in the mortgage stock.

Sources: Statistics Sweden and NIER.

Diagram 41 Contribution to inflation in the US

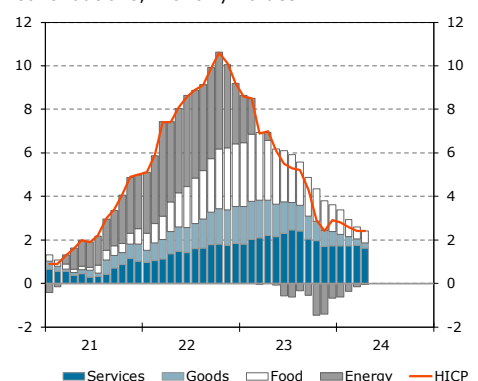
Annual percentage change in CPI and contributions, monthly values



Sources: U.S Bureau of Labor Statistics and Macrobond.

Diagram 42 Contribution to inflation in the euro area

Annual percentage change in HICP and contributions, monthly values



Sources: Eurostat and Macrobond.

on demand, and inflation has continued to drop back towards the central bank target level of 2 per cent (see Diagram 42 and Diagram 43). The big drop in European energy prices from their peak in 2022 has also played a role in the faster rate of disinflation in the euro area and Sweden.

These differences between the drivers of inflation also provide clues as to how inflation will now move in these markets. Demand remains very strong in the US, where the government is still running substantial deficits and the average interest rate in the mortgage stock has barely risen. In Sweden, and above all the euro area, energy prices may instead continue to pull down inflation as the effects of the energy price shock in 2022 continue to fade. All in all, this could point to inflationary pressures remaining lower in Sweden and the euro area than in the US.

RIKSBANK TO CONTINUE TO LOWER POLICY RATE

The Riksbank lowered its policy rate by 25 basis points in May to 3.75 per cent. This was the first cut since the upward cycle of 2022-2023. In our forecast, the Riksbank continues to lower the policy rate to 2.25 per cent in the second quarter next year (see Diagram 44). This will help keep inflation around the target level in 2026-2028 (see Table 6). Our forecast for the policy rate is lower than market expectations as reflected in RIBA futures (see Diagram 44).

The krona exchange rate is currently weaker than the equilibrium exchange rate assumed to prevail at the end of our scenario. The krona is therefore expected to strengthen gradually in 2025-2028 (see Table 6).

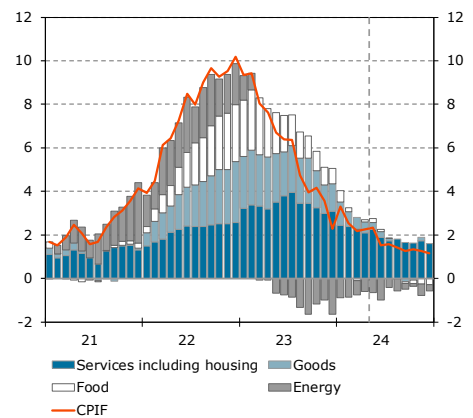
NORMALISED RESOURCE UTILISATION AND STABLE INFLATION IN OUR SCENARIO FOR 2026-2028

In our scenario, Swedish GDP growth is comparatively strong in 2026 (see Diagram 45). One contributing factor is the Riksbank's rate cuts in 2024 and 2025, which boost household consumption and business investment. Economic growth is also bolstered by a structural need for investment in the climate transition, energy supply and defence. A normalised global economy also brings a robust expansion of demand for Swedish export goods. As in Sweden, investment grows rapidly abroad, and this provides additional support for Swedish exporters, which are to a great extent producers of capital goods and intermediates. Finally, government consumption rises, partly as a result of high defence spending and a growing number of elderly pushing up demand for health and care services.

The relatively strong growth in economic activity means that resource utilisation in the Swedish economy as measured by the output gap normalises in 2026 (see Diagram 46). The higher

Diagram 43 Contribution to inflation in Sweden

Annual percentage change in CPIF and contributions, monthly values

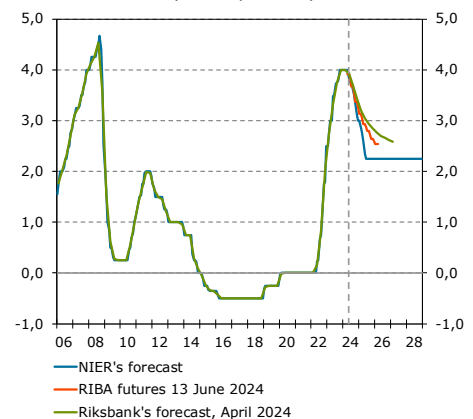


Note. The calculation of the contributions is approximate.

Sources: Statistics Sweden and NIER.

Diagram 44 Policy rate

Per cent, monthly and quarterly values

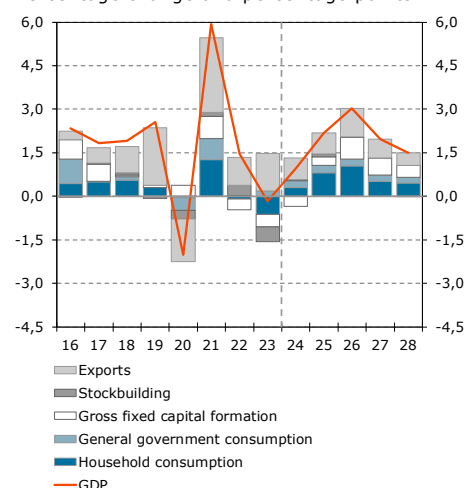


Note. RIBA are forward contracts based on the future average policy rates between the forward settlement days. The settlement days are the third Wednesday in March, June, September and December respectively. The Riksbank's forecast refers to quarterly values.

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

Diagram 45 Import-adjusted contributions to GDP growth

Percentage change and percentage points



Sources: Statistics Sweden and NIER.

resource utilisation also means that demand for labour in the business sector increases, causing unemployment to fall in 2026.

In 2027 and 2028, when the output gap is neutral, GDP growth is around the historical average, and unemployment is at its equilibrium level of just over 7 per cent.

As a result of the normalised economy, inflation as measured by the CPIF is stable around the Riksbank's 2 per cent target during the scenario (see Diagram 47). With wage growth around 3.5 per cent per year, this means that Swedish real wages increase and are back to 2021 levels in 2027.

DEFICITS IN GOVERNMENT FINANCES IN 2023-2025

The government sector ran a deficit in 2023 (see Diagram 48 and Table 7). This was due primarily to the local government sector, which saw substantial increases in costs for materials, equipment and pension provisions as a result of inflation (see Diagram 49). The old-age pension system, on the other hand, reported a surplus (see Diagram 50).

Local government net lending will remain negative this year despite higher central government grants, higher municipal taxes, and savings and efficiencies. This negative net lending is largely a result of further high pension provisions. Central government net lending will also be negative this year due to the capital injection of SEK 25 billion into the Riksbank, and to the weak economy having a negative impact on revenue.²⁰ In addition, the government has presented changes since the budget bill for 2024, both in the spring amending budget and in other amending budgets, which will together reduce net lending by around SEK 22 billion.²¹ All in all, net lending in the government sector will be weak in 2024 and comparable with the levels in 2013-2014 during the euro area debt crisis.

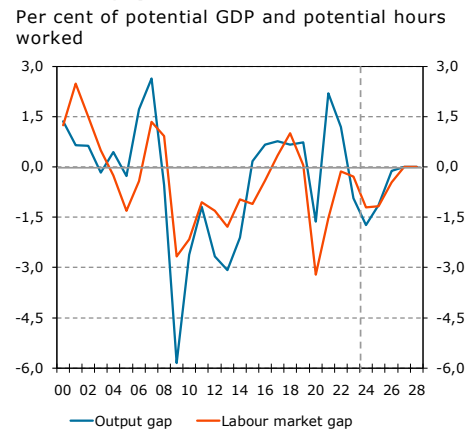
The weak economy will continue to weigh on government finances in 2025, but net lending will be stronger than this year. Municipal and regional finances will improve as pension provisions fall. The central government deficit will also come down.

Structural net lending will be positive this year (see Diagram 48). This means that net lending would have been positive had it not been for the weak economy and the capital injection into the Riksbank. In the absence of decisions on new fiscal measures after 2024, structural net lending will exceed the surplus target of one-third of a percent of GDP. This will help create an estimated SEK 120 billion of fiscal space in the central government budget for the period 2025-2028. Our forecast assumes unfunded measures in 2025-2028 corresponding to this fiscal space

²⁰ In accordance with the parliamentary finance committee's response (2023/24:FiU28) to the Riksbank's request for a capital injection to restore its equity to the minimum required by Act 2022:1568. Given the uncertainty around any further injection in 2025, no capital injection in 2025 is assumed in the forecast.

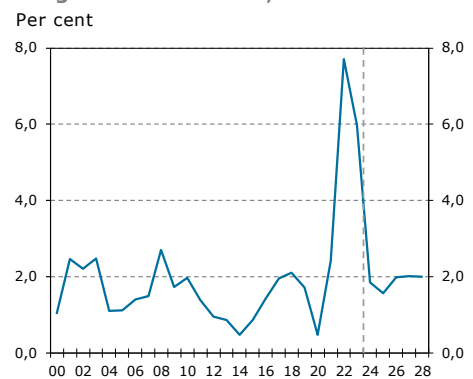
²¹ Bills 2023/24:99, 2023/24:76, 2023/24:134 and 2023/24:155.

Diagram 46 Output gap and labour market gap in Sweden



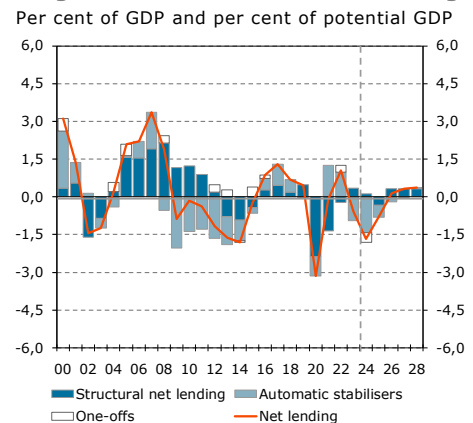
Source: NIER.

Diagram 47 Inflation, CPIF



Sources: Statistics Sweden and NIER.

Diagram 48 Public sector net lending



Sources: Statistics Sweden and NIER.

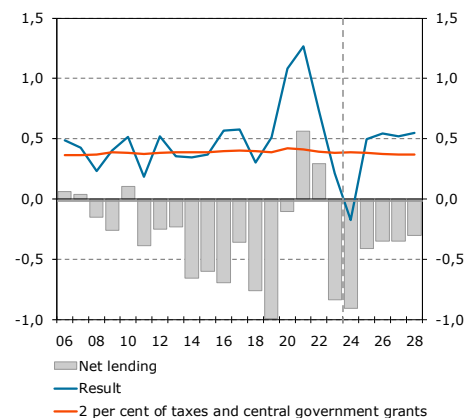
(see also the box “Military aid package for Ukraine”). These include around SEK 40 billion in defence expenditure, reflecting the defence committee’s recommendations, but this is subject to future budget decisions. Our forecast means that structural net lending is negative in 2025, but we assume a level consistent with the surplus target in 2026 based on our principles for the correction of departures from the surplus target.

Government debt as measured by Maastricht debt will grow in 2024 and 2025, mainly due to the capital injection into the Riksbank, but also higher municipal debt (see Diagram 50). Municipal debt has trended up since the turn of the millennium and now makes up around 40 per cent of the total Maastricht debt. This is due partly to high investment volumes. The Maastricht debt is nevertheless low by historical standards and below the debt anchor in the fiscal policy framework (see Diagram 51).

Military aid package for Ukraine

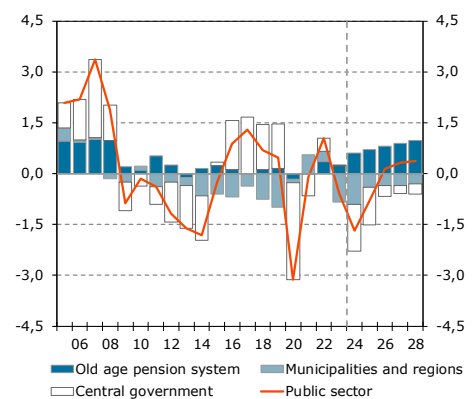
The Swedish government has announced a military aid package for Ukraine for the period 2024-2026. The government writes that the package permits a departure from the budget surplus target so that support for Ukraine does not come at the cost of other fiscal measures. The package announced amounts to SEK 25 billion per year, or almost 0.4 per cent of GDP per year. What form this military aid will take, and so what effects it will have on government finances in each year, is not yet clear. Depending on the type of aid, the package may impact government finances not only in the years in question but also after 2026. For example, military aid could take the form of donations of existing equipment from the Swedish armed forces, financial contributions or economic support for purchases of equipment. To some extent, these will be accounted for differently in the government accounts. As the details of the package have not yet been announced, our forecast for government finances only takes account of the impact on the central government budget and net lending in 2024 of the previous support packages 15 and 16, or around SEK 8 billion. Use of the new aid package may therefore mean that net lending and structural net lending will become somewhat weaker than in our forecast, affecting how the achievement of the surplus target will be evaluated.

Diagram 49 Net lending and net income in the local government sector
Per cent of GDP



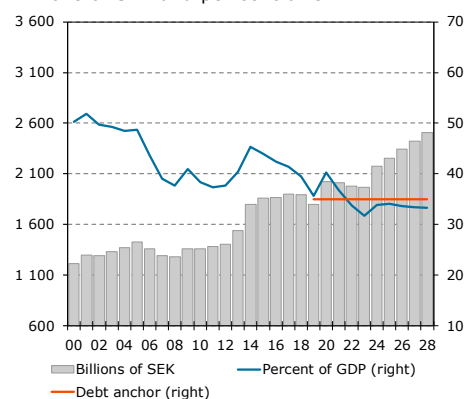
Sources: Statistics Sweden and NIER.

Diagram 50 Net lending in sub-sectors
Per cent of GDP



Sources: Statistics Sweden and NIER.

Diagram 51 Maastricht debt
Billions of SEK and per cent of GDP



Sources: Statistics Sweden and NIER.

Table 7 Government finances

SEK billion and per cent of GDP, constant prices

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Revenue¹	2 954	3 024	3 147	3 297	3 455	3 593
<i>Percent of GDP</i>	47.6	47.0	47.5	47.3	47.6	47.7
Expenditure	2 991	3 132	3 180	3 304	3 429	3 558
<i>Percent of GDP</i>	48.2	48.7	48.0	47.4	47.3	47.3
Technical transfer to households²	0	0	20	-16	2	6
Net lending	-37	-108	-53	10	23	28
<i>Percent of GDP</i>	-0.6	-1.7	-0.8	0.1	0.3	0.4
Structural net lending	22	8	-22	23	24	25
<i>Percent of potential GDP</i>	0.3	0.1	-0.3	0.3	0.3	0.3
Maastricht debt	1 966	2 174	2 255	2 344	2 424	2 510
<i>Percent of GDP</i>	31.7	33.8	34.1	33.7	33.4	33.4

Note. Forecasts of taxes, fees and transfers are based on the regulations in place in 2024.

¹ Excludes EU taxes. ² Via changes to taxes and/or transfer payments. These are the amounts that need to be transferred between households and government to achieve the forecasted path for structural net lending. A positive value means that there is scope for transfers from the government sector to households.

Sources: Statistics Sweden and NIER.

Less contractionary economic policy over next couple of years

The Swedish economy is operating below capacity, and the output gap is set to widen in 2024, leading to rising unemployment. This means that economic policy needs to be made less contractionary in 2024 and 2025.

Our view is that monetary policy should continue to determine the stance of stabilisation policy and should account for the bulk of the shift in economic policy in both 2024 and 2025. This is partly because there is scope to lower the policy rate, and partly because the output gap is not expected to be wide enough to warrant any special fiscal stimulus. Lower interest rates are also expected to have a relatively swift and balanced impact on resource utilisation in the economy.

The Riksbank lowered its policy rate in May and is expected to continue cutting interest rates so that inflation stabilises around the target level in about a year's time and so that the output gap closes. The tempo of these rate cuts will continue to be something of a balancing act. Too slow and too small a reduction in the policy rate could mean an unnecessarily sharp slowdown in the economy and cause inflation to drop below the target level for an unnecessarily long period. It is not, however, desirable to return to the previous very low levels of interest rates, as they bring a

risk of long-term distortions in the economy and reduced monetary policy leeway. The Riksbank also needs to continue to allow for the risk of inflation stabilising above the target or flaring up again. The risk of a fresh surge in inflation is, however, linked mainly to movements in international prices and the exchange rate.

In our forecast, inflation is below target in 2025, which would support a swifter reduction in the policy rate in 2024 than assumed in our forecast.

Fiscal policy for 2024 has largely already been decided. The government will present its budget bill for 2025 in September. By then, inflation is expected to be below the target level, while unemployment will be high. However, the economic downturn is expected to be mild, and the rise in unemployment is expected to slow and reverse during the autumn. In such a situation, we believe that fiscal policy should mainly help stabilise the economy by allowing the automatic stabilisers to act. Given the economic climate, however, it is more appropriate for fiscal policy to be slightly expansionary than contractionary. Our forecast assumes unfunded fiscal measures of around SEK 40 billion in the budget bill for 2025. We believe this to be consistent with the economic situation, the surplus target and our forecast for monetary policy.

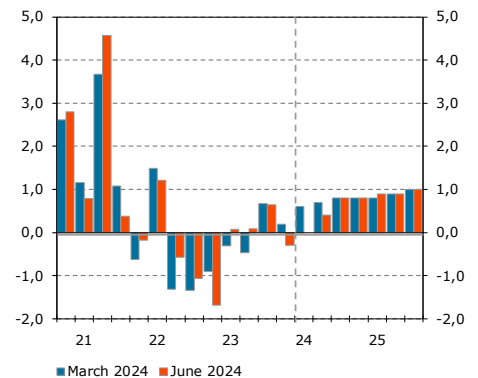
Forecast revisions 2024-2025

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

- Growth in household consumption for 2024 has been revised down by 0.8 percentage points to 0.6 per cent. This substantial downward adjustment can be explained by households reducing their spending in the first quarter. Consumption will remain weak in the second quarter, after which it will gain more momentum. This contrasts with our March forecast, when we expected consumption to increase slightly in the first quarter and accelerate in the second (see Diagram 52).
- Growth in industrial investment for 2024 has been revised down substantially (see Diagram 53). This is mainly a result of revisions of the quarterly data for 2023.
- Export growth for 2024 has been revised up sharply (see Table 8). This is chiefly because exports grew slightly in the first quarter, whereas our March forecast had exports falling by more than 1%. The stronger export growth this year has contributed to the current account surplus for 2024 being adjusted up by 0.5 per cent of GDP.
- The number of employed has risen slightly more quickly so far this year than we anticipated in March. Despite this, unemployment has risen faster than expected (see Diagram 54). The higher unemployment is a result of the labour force growing more than we forecast in March.
- Structural net lending in the government sector for 2024 has been revised down by 0.5 percentage points to 0.1 per cent of potential GDP (see Table 8). This is due primarily to a new estimate of pension provisions in the municipal sector, and to Statistics Sweden's recent benchmark revision of the National Accounts.

Diagram 52 Household consumption

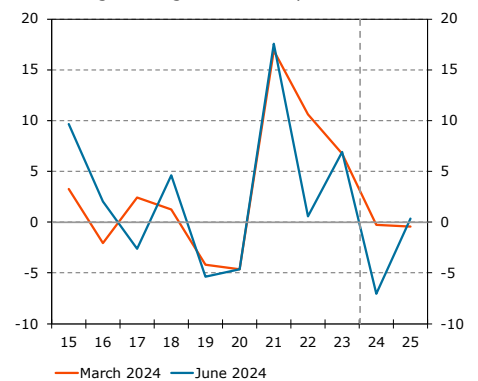
Percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 53 Industrial investments

Percentage change, constant prices



Sources: Statistics Sweden and NIER.

Diagram 54 Unemployment rate

Per cent of labour force, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Table 8 Current forecast and revisions compared to the March 2024 forecast

Percentage change and percentage points, unless otherwise indicated

	2024			2025		
	Jun	Mar	Diff	Jun	Mar	Diff
Global economy						
GDP, World	3,1	2,9	0,2	2,9	3,0	-0,1
GDP, KIX-weighted ¹	1,6	1,5	0,1	2,1	2,1	0,0
GDP, Euro Area	0,8	0,5	0,3	1,6	1,7	-0,1
GDP, US	2,3	2,2	0,1	1,7	1,7	0,0
GDP, China	5,1	4,9	0,2	4,3	4,5	-0,2
Federal funds target rate ^{2,3}	5,00	4,75	0,25	3,75	3,25	0,50
ECB MRO rate ^{2,3}	3,75	3,50	0,25	2,50	2,25	0,25
Oil price ⁴	82,7	84,2	-1,5	79,7	82,6	-2,8
CPI, KIX-weighted ¹	3,0	2,9	0,1	2,4	2,4	0,0
Domestic economy						
GDP, calendar-adjusted	1,0	0,8	0,2	2,4	2,7	-0,3
GDP	1,0	0,8	0,2	2,2	2,5	-0,3
Household consumption	0,6	1,4	-0,8	2,9	3,2	-0,2
Government consumption	1,2	1,8	-0,6	1,3	1,7	-0,4
Gross fixed capital formation	-1,3	-2,4	1,2	1,8	1,7	0,0
Stockbuilding ⁵	0,0	0,3	-0,3	0,2	0,1	0,1
Exports	2,1	0,8	1,3	2,6	3,6	-1,0
Imports	0,9	0,7	0,2	3,1	3,7	-0,6
Labour market, inflation, interest rates, etc.						
Hours worked ⁶	0,2	0,4	-0,3	0,9	1,0	-0,2
Employment	-0,3	-0,4	0,1	0,8	0,8	0,0
Unemployment ⁷	8,4	8,3	0,2	8,2	8,2	0,0
Labour market gap ⁸	-1,2	-1,4	0,2	-1,2	-1,2	0,0
Output gap ⁹	-1,7	-1,6	-0,1	-1,1	-1,0	-0,2
Productivity ⁶	1,0	0,4	0,5	1,5	1,6	-0,1
Hourly earnings ¹⁰	3,8	3,9	0,0	3,6	3,6	0,0
CPI	2,8	2,8	0,0	0,4	0,3	0,1
CPIF	1,8	1,9	-0,1	1,6	1,5	0,1
Policy rate ^{2,3}	3,00	3,00	0,00	2,25	2,25	0,00
10-year government bond yield ²	2,4	2,4	0,0	2,5	2,5	0,0
Effective exchange rate index (KIX) ¹¹	124,6	125,0	-0,3	122,8	123,2	-0,4
Current account ¹²	7,0	6,5	0,5	6,4	6,2	0,2
Structural net lending ¹³	0,1	0,6	-0,4	-0,3	-0,2	-0,1

¹ Aggregate values. 32 of Sweden's main trading partners are included in KIX. ² Per cent. ³ At year-end. ⁴ Brent, dollars per barrel, annual average. ⁵ Percentage change in GDP in the previous year. ⁶ Calendar-adjusted values. ⁷ Percentage of the labour force.

⁸ The difference between actual and potential hours worked expressed as a percentage of potential hours worked. ⁹ The difference between actual and potential GDP expressed as a percentage of potential GDP. ¹⁰ According to the cyclical wage statistics.

¹¹ SEK, index 1992-11-18=100. ¹² Percentage of GDP. ¹³ Percentage of potential GDP.

Note. The difference is between the current forecast and the June 2023 forecast. A positive value denotes an upward revision.

Source: NIER.

Tables

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

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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, calendar adjusted values, respectively

	Weight ¹ 2023	2022	2023	2024	2025	2026	2027	2028
World ²	100.0	3.5	3.2	3.1	2.9	3.0	2.9	2.8
KIX Weighted ³	75.0	3.1	1.4	1.6	2.1	2.0	2.0	1.9
US	15.6	1.9	2.5	2.3	1.7	2.0	1.8	1.8
Euro Area	11.7	3.5	0.6	0.8	1.6	1.5	1.6	1.4
Japan	3.7	1.0	1.8	0.2	1.2	0.7	0.6	0.6
UK	2.2	4.3	0.1	0.6	1.2	1.5	1.6	1.6
Sweden	0.4	1.5	0.1	1.0	2.4	2.8	1.8	1.7
Norway	0.3	3.0	0.7	1.5	1.6	1.8	1.8	1.8
Denmark	0.3	2.7	1.9	1.0	2.0	1.6	1.6	1.6
China	18.7	3.0	5.5	5.1	4.3	4.3	4.1	4.0
Sweden's Export Market⁴	..	7.9	0.6	1.5	3.1	3.2	3.1	3.1

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

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

Table A2 Global Inflation

Percentage change

	2021	2022	2023	2024	2025	2026	2027	2028
US	4.7	8.0	4.1	3.1	2.4	2.3	2.3	2.3
Euro Area	2.6	8.4	5.4	2.3	1.9	2.0	2.0	2.0
Japan	-0.2	2.5	3.2	2.5	2.1	1.8	1.5	1.5
UK	2.6	9.1	7.3	2.7	2.1	2.0	2.0	2.0
Sweden	2.4	7.7	6.0	1.8	1.6	2.0	2.0	2.0
Norway	3.9	6.3	5.7	3.1	2.1	2.0	2.0	2.0
Denmark	1.9	8.6	3.4	1.7	1.9	2.0	2.0	2.0
China	1.0	2.0	0.2	0.6	1.7	2.6	3.0	3.0

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

Sources: OECD, Eurostat, Macrobond and NIER.

Table A3 Selected Indicators for the Euro Area

Percentage change, percent, and level, respectively

	2021	2022	2023	2024	2025	2026	2027	2028
GDP ¹	5.9	3.5	0.6	0.8	1.6	1.5	1.6	1.4
HICP	2.6	8.4	5.4	2.3	1.9	2.0	2.0	2.0
Policy Rate ²	0.00	2.50	4.50	3.75	2.50	2.25	2.25	2.25
Overnight Rate ³	-0.6	1.9	3.9	3.2	2.0	1.8	1.8	1.9
10-Year Government Bond Yield ⁴	-0.3	1.2	2.4	2.5	2.6	2.8	2.9	2.9
USD/EUR ⁵	1.18	1.05	1.08	1.08	1.09	1.10	1.11	1.12

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

Sources: ECB, Eurostat, Macrobond and NIER.

Table A4 Selected Indicators for the US

Percentage change, percent, and level, respectively

	2021	2022	2023	2024	2025	2026	2027	2028
GDP ¹	5.8	1.9	2.5	2.3	1.7	2.0	1.8	1.8
CPI	4.7	8.0	4.1	3.1	2.4	2.3	2.3	2.3
Policy Rate ²	0.25	4.50	5.50	5.00	3.75	2.75	2.50	2.50
10-year Government Bond Yield ³	1.4	3.0	4.0	4.3	3.9	3.5	3.2	3.1
USD/EUR ⁴	1.18	1.05	1.08	1.08	1.09	1.10	1.11	1.12

¹ Calendar-adjusted values, constant prices. ² Upper limit of the target range of the Federal Funds rate, per cent, at year-end.

³ Level, per cent. ⁴ Level.

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

Interest and Exchange Rates

Table A5 Interest and Exchange Rates

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

	2021	2022	2023	2024	2025	2026	2027	2028
At Year-End								
Riksbank Policy Rate	0.00	2.50	4.00	3.00	2.25	2.25	2.25	2.25
Policy Rate. KIX6-Weighted ¹	-0.36	1.66	4.07	3.63	2.51	2.06	1.97	2.06
Annual Average								
Riksbank Policy Rate	0.00	0.75	3.46	3.66	2.44	2.25	2.25	2.25
5-Year Swedish Government Bond Yield	0.0	1.6	2.6	2.4	2.4	2.5	2.6	2.7
10-Year Swedish Government Bond Yield	0.3	1.5	2.5	2.4	2.5	2.6	2.8	2.9
Effective Krona Exchange Rate Index (KIX)	114.3	121.1	127.5	124.6	122.8	121.2	119.6	118.6
EUR Exchange Rate	10.14	10.63	11.47	11.30	11.16	11.03	10.91	10.85
USD Exchange Rate	8.58	10.11	10.60	10.46	10.27	10.03	9.79	9.64

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

Sources: The Riksbank, Macrobond and NIER.

The Swedish Economy

Table A6 GDP by Expenditure

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

	Level 2023	2022	2023	2024	2025	2026	2027	2028
Household Consumption Expenditure ¹	2 782	2.8	-2.3	0.6	2.9	3.4	2.0	1.8
Goods	1 272	-1.7	-5.2	0.7	2.5	..	..	..
Services Excl. Housing Services	920	9.8	-0.6	0.9	4.3	..	..	..
Housing Services	506	2.8	1.7	1.2	1.6	..	..	..
General Government Consumption Expenditure	1 621	0.7	1.0	1.1	1.3	1.1	1.0	0.9
Central Government	429	2.3	2.1	3.2	3.6	..	..	..
Local Government	1 192	0.1	0.6	0.4	0.4	..	..	..
Gross Fixed Capital Formation ²	1 555	0.3	-1.3	-1.3	1.8	5.2	4.4	3.2
Business Sector Excl. Housing	1 007	1.1	4.4	1.3	0.7	..	..	..
Industry	252	0.6	6.9	-7.1	0.4	..	..	..
Other Goods Producers	182	-5.3	8.6	10.5	1.3	..	..	..
Service Producers Excl. Housing	573	3.4	2.1	2.0	0.7	..	..	..
Housing	236	0.6	-23.3	-18.5	3.5	..	..	..
General Government	307	-1.9	4.7	3.7	4.0	..	..	..
<i>Domestic Demand Excl. Stockbuilding</i>	<i>5 959</i>	<i>1.6</i>	<i>-1.2</i>	<i>0.3</i>	<i>2.2</i>	<i>3.2</i>	<i>2.4</i>	<i>1.9</i>
Stockbuilding ³	0	1.2	-1.3	0.0	0.2	0.1	0.0	0.0
<i>Total Domestic Demand</i>	<i>5 958</i>	<i>2.8</i>	<i>-2.5</i>	<i>0.3</i>	<i>2.4</i>	<i>3.3</i>	<i>2.4</i>	<i>1.9</i>
Exports	3 425	6.2	3.3	2.1	2.6	3.4	2.7	1.9
Goods	2 370	3.1	1.1	1.0	2.9	..	..	..
Processed Goods	1 848	3.0	0.9	2.1	2.6	..	..	..
Raw Materials	522	3.4	1.7	-2.9	4.1	..	..	..
Services	1 055	13.8	8.8	4.6	1.9	..	..	..
<i>Total Demand</i>	<i>9 383</i>	<i>3.9</i>	<i>-0.5</i>	<i>1.0</i>	<i>2.5</i>	<i>3.3</i>	<i>2.5</i>	<i>1.9</i>
Imports	3 177	9.7	-1.0	0.9	3.1	3.9	3.5	2.7
Goods	2 032	2.9	-3.4	0.0	3.2	..	..	..
Processed Goods	1 472	3.8	-3.9	-1.3	3.7	..	..	..
Raw Materials	560	0.4	-2.2	3.5	2.1	..	..	..
Services	1 145	23.7	3.8	2.6	2.9	..	..	..
<i>Net Exports</i> ³	<i>248</i>	<i>-1.2</i>	<i>2.3</i>	<i>0.7</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.3</i>	<i>-0.3</i>
GDP	6 206	1.5	-0.2	1.0	2.2	3.0	2.0	1.5
GDP per Capita ⁴	589	0.8	-0.6	0.7	1.9	2.8	1.7	1.3

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

Sources: Statistics Sweden and NIER.

Table A7 Household Income, Consumption Expenditure and Saving

SEK billion, current prices, and percentage change, respectively

	Level 2023	2022	2023	2024	2025	2026	2027	2028
Total Earnings, Adjusted for External Transactions	2 436	6.8	5.5	3.4	4.4	4.9	4.4	3.9
Hourly Earnings (according to national accounts) ^{1,2}	296	3.2	3.8	3.1	3.5	3.6	3.5	3.5
Hours Worked ^{1,3}	8 210	3.3	1.5	0.3	0.9	1.3	0.8	0.4
Transfers From Government Sector, Net	763	5.0	1.9	4.1	2.2	1.2	1.8	2.2
Property Income, Net	402	5.0	7.6	-1.8	6.3	5.3	8.7	4.4
Other Income, Net ⁴	390	6.8	11.2	7.8	10.3	-2.5	9.6	5.8
Income Before Taxes⁵	3 990	6.3	5.5	3.4	4.7	3.5	4.9	3.9
Direct Taxes ⁶	1 026	0.7	0.3	-0.1	0.1	-0.2	0.1	0.0
Disposable Income	2 964	6.9	5.8	3.4	4.9	3.3	5.0	3.8
Consumer Prices ⁷	..	6.7	6.4	1.8	1.6	2.0	2.1	2.1
Real Disposable Income	2 964	0.2	-0.6	1.5	3.2	1.2	2.8	1.7
Per Capita ⁸	281	-0.5	-1.1	1.2	2.9	1.0	2.6	1.4
Consumption Expenditure⁹	2 782	2.8	-2.3	0.6	2.9	3.4	2.0	1.8
Saving ¹⁰	489	11.9	14.9	15.6	14.5	12.7	13.2	13.0
Net Saving in Negotiated Pension Funds ¹⁰	308	7.8	9.4	9.3	7.9	7.9	7.8	7.6
Own Saving ¹⁰	181	4.1	5.5	6.3	6.6	4.7	5.5	5.4
Net Lending ¹⁰	395	7.8	12.1	13.7	12.5	10.6	11.1	10.9

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

Sources: Statistics Sweden and NIER.

Table A8 Current Account and Net Lending

SEK billion, current prices, and per cent, respectively

	2021	2022	2023	2024	2025	2026	2027	2028
Net Exports	236	112	248	326	309	303	284	261
Goods	249	217	338	392	388	..	..	..
Services	-13	-105	-90	-66	-79	..	..	..
Earnings, Net	0	2	5	4	4	4	4	3
Investment Income, Net	224	251	226	208	220	206	220	221
Transfers etc., Net	-97	-103	-99	-88	-108	-118	-123	-132
Current Account Balance	363	262	379	451	425	394	385	354
<i>Per cent of GDP</i>	6.6	4.5	6.1	7.0	6.4	5.7	5.3	4.7
Capital Transfers	0	4	-2	-10	-2	-2	-2	-2
Net Lending	363	266	377	441	423	392	383	352
<i>Per cent of GDP</i>	6.6	4.5	6.1	6.9	6.4	5.6	5.3	4.7

Sources: Statistics Sweden and NIER.

Table A9 Gross National Income (GNI)

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

	Level 2023	2022	2023	2024	2025	2026	2027	2028
GNI	6 436	7.5	5.2	3.2	3.0	4.8	4.3	3.6
Deflator, Domestic Use	..	7.0	6.2	2.1	0.9	2.2	2.2	2.3
Real GNI	..	0.5	-1.0	1.1	2.1	2.6	2.0	1.3
Population ¹	10 537	0.7	0.5	0.3	0.2	0.2	0.2	0.2
Real GNI per Capita²	611	-0.2	-1.4	0.8	1.8	2.3	1.8	1.1

¹Thousands. ² SEK thousand.

Sources: Statistics Sweden and NIER.

Table A10 Production

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

	Level 2023	2022	2023	2024	2025	2026	2027	2028
Goods Producers	1 504	1.9	-2.1	0.7	2.6	..	..	..
Of Which: Industry	928	3.4	-4.7	0.5	4.1	..	..	..
Construction	371	4.0	5.2	2.0	-1.1	..	..	..
Service Producers	2 859	1.8	1.0	1.6	3.0	..	..	..
Business Sector	4 364	1.8	-0.1	1.3	2.9	3.5	2.2	2.0
General Government	1 120	1.0	1.4	0.4	0.6	0.2	0.2	0.4
GDP at Basic Prices¹	5 550	1.7	0.2	1.1	2.4	2.8	1.8	1.7
Taxes/Subsidies on Products	656	-0.2	-0.9	-0.2	2.5	3.0	1.8	1.7
GDP at Market Prices	6 206	1.5	0.1	1.0	2.4	2.8	1.8	1.7

¹ Including production in non-profit institutions serving households.

Note. Production refers here to value added.

Sources: Statistics Sweden and NIER.

Table A11 Hours Worked

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

	Level 2023	2022	2023	2024	2025	2026	2027	2028
Goods Producers	2 089	1.5	2.1	-1.5	0.6	..	..	..
Of Which: Industry	998	-1.3	1.3	0.7	0.4	..	..	..
Construction	742	5.5	2.9	-5.5	1.1	..	..	..
Services Producers	4 089	5.4	1.1	0.8	1.2	..	..	..
Business Sector	6 179	4.1	1.4	0.0	1.0	1.6	1.0	0.4
General Government	2 269	0.6	1.6	0.4	0.5	0.5	0.3	0.4
Total Economy¹	8 625	3.1	1.4	0.2	0.9	1.3	0.8	0.4

¹ Including non-profit institutions serving households.

Sources: Statistics Sweden and NIER.

Table A12 Productivity

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

	Level 2023	2022	2023	2024	2025	2026	2027	2028
Goods Producers	720	0.4	-4.1	2.2	1.9	..	..	..
Of Which: Industry	930	4.7	-6.0	-0.2	3.7	..	..	..
Construction	499	-1.4	2.2	7.9	-2.2	..	..	..
Service Producers	699	-3.4	-0.1	0.8	1.8	..	..	..
Business Sector	706	-2.1	-1.5	1.2	1.9	1.9	1.1	1.6
General Government	493	0.4	-0.2	-0.1	0.1	-0.2	-0.1	0.0
Total Economy¹	643	-1.4	-1.2	1.0	1.5	1.5	0.9	1.3

¹ Including production in non-profit institutions serving households.

Sources: Statistics Sweden and NIER.

Table A13 The Labour Market

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

	Level 2023	2022	2023	2024	2025	2026	2027	2028
Hours Worked ¹	8 625	3.1	1.4	0.2	0.9	1.3	0.8	0.4
Average Hours Worked for Employed ²	31.5	0.0	0.1	0.4	0.0	0.2	0.0	0.0
Number of Employed	5 270	3.1	1.4	-0.3	0.8	1.0	0.9	0.4
Employment Rate ³	..	68.8	69.4	69.1	69.5	69.9	70.3	70.3
Labour Force	5 710	1.5	1.6	0.5	0.6	0.6	0.4	0.4
Labour Force Participation Rate ⁴	..	74.4	75.2	75.5	75.7	75.8	75.9	75.9
Unemployment Rate ⁵	440	7.5	7.7	8.4	8.2	7.8	7.4	7.3
Population Aged 15–74 ⁶	7 589	0.5	0.5	0.2	0.3	0.4	0.4	0.4

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

Sources: Statistics Sweden and NIER.

Table A14 Resource Utilisation

Per cent and percentage change

	2021	2022	2023	2024	2025	2026	2027	2028
Labour Market								
Equilibrium Unemployment ¹	7.3	7.4	7.4	7.5	7.5	7.5	7.4	7.3
Actual Unemployment ²	8.9	7.5	7.7	8.4	8.2	7.8	7.4	7.3
Potential Hours Worked	0.6	1.7	1.5	1.1	0.8	0.5	0.4	0.4
Of Which: Potential Employment	0.9	1.1	1.1	0.9	0.7	0.5	0.4	0.4
Actual Hours Worked ³	2.3	3.1	1.4	0.2	0.9	1.3	0.8	0.4
Labour Market Gap ⁴	-1.5	-0.1	-0.3	-1.2	-1.2	-0.5	0.0	0.0
Productivity								
Potential Productivity	1.2	0.8	0.7	0.7	0.9	1.2	1.3	1.3
Of Which: Potential Productivity, Business Sector	1.5	1.0	1.0	1.0	1.2	1.6	1.6	1.6
Actual Productivity ³	3.4	-1.6	-1.3	0.8	1.5	1.5	0.9	1.3
Productivity Gap ⁵	3.8	1.4	-0.6	-0.5	0.0	0.3	0.0	0.0
GDP								
Potential GDP	1.8	2.5	2.2	1.8	1.8	1.8	1.6	1.7
Actual GDP ³	5.8	1.5	0.1	1.0	2.4	2.8	1.8	1.7
Output Gap ⁶	2.2	1.2	-0.9	-1.7	-1.1	-0.1	0.0	0.0
Potential GDP, current prices	4.8	8.4	8.1	4.4	2.3	4.2	4.1	3.7

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

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

Sources: Statistics Sweden and NIER.

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

Per cent and percentage change, respectively

	Weight 2023	2022	2023	2024	2025	2026	2027	2028
Business Sector	70	2.9	4.0	3.9	3.6	3.6	3.5	3.5
Goods Producers	21	2.7	3.8	3.9	3.7	..	..	..
Of Which: Industry	14	2.8	3.7	4.0	3.7	..	..	..
Construction	7	2.6	4.2	3.7	3.6	..	..	..
Service Producers	48	3.0	4.1	3.9	3.6	..	..	..
Local Government	24	2.2	3.2	3.5	3.5	..	..	..
Central Government	6	2.6	2.8	3.8	3.6	..	..	..
Total	100	2.7	3.8	3.8	3.6	3.6	3.5	3.5
Real Hourly Earnings (CPI) ¹	..	-5.6	-4.8	1.0	3.2	1.8	1.5	1.5
Real Hourly Earnings (CPIF) ²	..	-5.0	-2.2	2.0	2.1	1.6	1.5	1.5

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

Sources: National Mediation Office, Statistics Sweden and NIER.

Table A16 Hourly Earnings & Labour Costs in Business Sector by National Accounts

SEK per hour, per cent and percentage change, respectively

	Level 2023	2022	2023	2024	2025	2026	2027	2028
Not Calendar-Adjusted Values								
Hourly Earnings ¹	308	3.3	4.5	3.1	4.2	2.9	2.9	4.0
Employers' Social Contributions ² (per cent of earnings)	..	40.9	41.6	42.5	42.4	43.5	43.8	43.5
Hourly Labour Costs ³	437	2.7	5.0	3.7	4.1	3.8	3.1	3.9
Productivity ⁴	685	-2.0	-1.2	1.3	2.3	..	..	..
Adjusted Unit Labour Costs ⁵	..	4.8	6.3	2.4	1.8	..	..	..
Unit Labour Costs	..	5.3	6.4	2.6	1.8	2.3	2.3	1.9
Calendar-Adjusted Values								
Hourly Earnings ¹	308	3.3	3.9	3.0	3.5	3.6	3.5	3.5
Hourly Labour Costs ³	437	2.7	4.3	3.7	3.4	4.2	3.5	3.5
Productivity ⁴	685	-2.0	-1.5	1.2	1.9	..	..	..
Adjusted Unit Labour Costs ⁵	..	4.8	6.0	2.4	1.5	..	..	..
Unit Labour Costs	..	5.3	6.1	2.6	1.6	2.3	2.4	1.9

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

Sources: Statistics Sweden and NIER.

Table A17 Supply and Use Price Deflators

Per cent and percentage change, respectively

	Weight							
	2023	2022	2023	2024	2025	2026	2027	2028
GDP	66.1	5.8	6.0	2.6	0.7	2.1	2.2	2.2
General Government ^{1,2}	12.6	4.1	7.9	4.8	0.3	3.6	3.4	3.7
Business Sector ²	46.5	6.0	6.3	2.3	0.8	1.7	1.8	1.8
Product Taxes, Net	7.0	7.2	0.7	0.9	1.6	..	..	..
Imports	33.9	18.4	5.3	-2.0	-1.3	0.2	-0.3	1.1
Processed Goods	15.7	16.1	7.5	-2.4	-0.9	..	..	..
Raw Materials	6.0	48.1	-3.8	-4.0	-3.2	..	..	..
Services	12.2	8.6	7.4	-0.7	-0.9	..	..	..
Supply/Use³	100.0	9.8	5.7	1.0	0.1	1.5	1.3	1.8
General Government Consumption Expenditure	17.3	5.5	7.2	4.2	0.6	3.3	3.1	3.3
Household Consumption Expenditure	29.7	6.7	6.4	1.8	1.6	2.0	2.1	2.1
Gross Fixed Capital Formation	16.6	9.2	5.1	0.5	-0.1	1.5	1.6	1.5
Exports	36.5	15.1	4.9	-0.8	-1.5	0.2	-0.3	1.0
Processed Goods	19.7	14.9	9.3	-0.9	-1.8	..	..	..
Raw Materials	5.6	30.1	-8.6	-2.2	-1.1	..	..	..
Services	11.2	7.9	5.1	-0.1	-1.0	..	..	..

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

Sources: Statistics Sweden and NIER.

Table A18 Business Sector Prices, Costs and Profits

SEK billion, percentage change and per cent, respectively

	Level							
	2023	2022	2023	2024	2025	2026	2027	2028
Value Added ¹	4 346	6.6	5.9	4.0	3.4	5.5	4.3	3.7
Hours Worked, Employees ²	5 764	4.4	1.0	0.2	0.4	2.2	1.6	-0.1
Hourly Labour Costs ³	437	2.7	5.0	3.7	4.1	3.8	3.1	3.9
Total Labour Costs ⁴	2 516	7.2	6.0	3.9	4.5	6.1	4.8	3.7
Gross Profit	1 830	5.8	5.7	4.0	1.9	4.7	3.6	3.5
Profit Share	..	42.2	42.1	42.1	41.5	41.2	40.9	40.9
Adjusted Profit Share ⁵	..	36.5	36.3	36.4	35.7	35.4	35.1	35.1

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

Sources: Statistics Sweden and NIER.

Table A19 Consumer Prices

Per cent and percentage change, respectively

	Weight							
	2023	2022	2023	2024	2025	2026	2027	2028
CPI	100.0	8.4	8.5	2.8	0.4	1.8	2.0	2.0
Mortgage Interest Costs, Mortgage Interest Rate	..	17.8	66.2	12.5	-16.6	-3.6	0.4	0.2
CPIF	100.0	7.7	6.0	1.8	1.6	2.0	2.0	2.0
Goods	43.1	7.3	8.5	0.7	-0.1	..	..	..
Services	31.3	4.7	7.6	3.6	2.4	..	..	..
Housing Excl. Mortgage Interest Costs and Energy	16.1	4.2	5.2	4.5	3.2	..	..	..
Energy	6.3	32.9	-11.0	-7.1	3.2	..	..	..
Mortgage Interest Costs, Capital Stock	3.2	6.9	5.6	4.0	3.8	3.7	3.6	3.6
CPIF Excl. Energy	93.7	5.9	7.5	2.4	1.5	..	..	..
HICP	..	8.1	5.9	2.0	1.6	..	..	..
Crude Oil (Brent) ¹	..	100.8	82.5	82.7	79.7	79.7	83.0	85.9

¹ Dollars per barrel, annual average.

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

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

Public Finances

Table A20 General Government Finances

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

	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	2 648	2 874	2 954	3 024	3 147	3 297	3 455	3 593
<i>Per cent of GDP</i>	48.5	49.0	47.6	47.0	47.5	47.3	47.6	47.7
Taxes and Duties	2 330	2 484	2 561	2 617	2 728	2 852	2 982	3 099
<i>Per cent of GDP</i>	42.6	42.4	41.3	40.7	41.2	40.9	41.1	41.2
<i>Tax-to-GDP Ratio¹</i>	42.8	42.5	41.4	40.8	41.3	41.1	41.2	41.3
Property Income	63	103	85	89	92	112	127	136
Other Revenue	255	287	308	318	327	334	346	358
Expenditure	2 653	2 813	2 991	3 132	3 180	3 304	3 429	3 558
<i>Per cent of GDP</i>	48.6	48.0	48.2	48.7	48.0	47.4	47.3	47.3
Consumption Expenditure	1 410	1 497	1 621	1 709	1 742	1 819	1 895	1 976
Transfers	958	977	992	1 033	1 037	1 058	1 082	1 114
Households	725	761	776	811	825	835	850	869
Corporations	136	121	121	133	110	115	120	124
Abroad	97	94	95	89	102	107	111	120
Capital Formation ²	262	297	324	334	348	358	369	380
Property Expenditure	23	42	54	56	54	69	83	89
Technical Transfer to Households³	0	0	0	0	20	-16	2	6
Net Lending⁴	-5	61	-37	-108	-53	10	23	28
<i>Per cent of GDP</i>	-0.1	1.0	-0.6	-1.7	-0.8	0.1	0.3	0.4
Primary Net Lending⁵	-45	-1	-67	-142	-92	-33	-21	-19
<i>Per cent of GDP</i>	-0.8	0.0	-1.1	-2.2	-1.4	-0.5	-0.3	-0.3
Structural Net Lending	-72	-13	22	8	-22	23	24	25
<i>Per cent of potential GDP</i>	-1.4	-0.2	0.3	0.1	-0.3	0.3	0.3	0.3
Maastricht Debt	2 013	1 980	1 966	2 174	2 255	2 344	2 424	2 510
<i>Per cent of GDP</i>	36.8	33.8	31.7	33.8	34.1	33.7	33.4	33.4
GDP, Current Prices	1 841	1 780	1 878	2 051	2 098	2 188.5	2 292.3	2 400.9
Potential GDP, Current Prices	33.7	30.4	30.3	31.9	31.7	31.4	31.6	31.9
Net Financial Wealth	5 465	5 865	6 206	6 429	6 618	6 964	7 255	7 525
<i>Per cent of GDP</i>	5 348	5 797	6 264	6 542	6 694	6 972	7 255	7 525

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

Sources: Statistics Sweden and NIER.

Table A21 Central government finances

SEK billion and percentage of GDP, respectively, current prices

	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	1 406	1 534	1 545	1 554	1 614	1 686	1 773	1 843
Taxes and Duties	1 226	1 309	1 332	1 336	1 393	1 456	1 529	1 590
Property Income	25	52	31	30	29	35	42	43
Other Revenue	155	174	182	188	192	195	202	210
Expenditure	1 441	1 511	1 545	1 642	1 658	1 703	1 752	1 814
Transfers	923	929	922	978	955	958	964	985
Old-Age Pension System ¹	27	27	27	29	30	29	29	30
Local Government Sector	363	357	350	378	366	363	359	362
Households	345	373	371	394	395	393	396	402
Corporations	95	82	82	92	68	71	74	76
Abroad	92	90	90	85	97	102	106	115
Consumption Expenditure	366	395	425	456	485	513	540	569
Capital Formation ²	137	158	165	177	187	194	202	209
Property Expenditure	15	30	33	32	31	38	47	50
Of which interest expenditure	9	24	26	25	23	31	39	41
Technical Transfer to Households³	0	0	0	0	30	6	37	52
Net Lending	-35	23	1	-88	-73	-22	-17	-22
<i>Per cent of GDP</i>	<i>-0.6</i>	<i>0.4</i>	<i>0.0</i>	<i>-1.4</i>	<i>-1.1</i>	<i>-0.3</i>	<i>-0.2</i>	<i>-0.3</i>
Central Government Debt	1 145	1 031	970	1 109	1 177	1 227	1 267	1 312
<i>Per cent of GDP</i>	<i>20.9</i>	<i>17.6</i>	<i>15.6</i>	<i>17.3</i>	<i>17.8</i>	<i>17.6</i>	<i>17.5</i>	<i>17.4</i>
Net Financial Wealth	-39	68	91	-11	-51	-40	-23	-10
<i>Per cent of GDP</i>	<i>-0.7</i>	<i>1.2</i>	<i>1.5</i>	<i>-0.2</i>	<i>-0.8</i>	<i>-0.6</i>	<i>-0.3</i>	<i>-0.1</i>

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

Sources: Statistics Sweden, National Debt Office and NIER.

Table A22 Old Age Pension System Finances

SEK billion and percentage of GDP, respectively, current prices

	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	339	375	384	413	433	456	477	497
Social Insurance Contributions	277	302	314	332	345	362	377	391
Central Government's Old Age Pension Contributions	27	27	27	29	30	29	29	30
Property Income	32	42	38	48	53	60	65	70
Other Revenue	3	4	4	5	5	5	6	6
Expenditure	340	354	369	375	386	400	412	424
Income Pensions	332	345	358	363	374	387	399	411
Property Expenditure	1	1	1	1	1	1	1	1
Other Expenses	8	9	10	10	11	11	12	12
Net Lending	0	21	14	39	47	56	65	73
<i>Per cent of GDP</i>	<i>0.0</i>	<i>0.4</i>	<i>0.2</i>	<i>0.6</i>	<i>0.7</i>	<i>0.8</i>	<i>0.9</i>	<i>1.0</i>
Net Financial Wealth	2 029	1 847	1 977	2 300	2 404	2 500	2 607	2 723
<i>Per cent of GDP</i>	<i>37.1</i>	<i>31.5</i>	<i>31.9</i>	<i>35.8</i>	<i>36.3</i>	<i>35.9</i>	<i>35.9</i>	<i>36.2</i>

Sources: Statistics Sweden and NIER.

Table A23 Local Government Finances

SEK billion and percentage of GDP, respectively, current prices

	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	1 303	1 360	1 414	1 474	1 505	1 557	1 604	1 655
Taxes	806	852	893	926	966	1 009	1 051	1 091
Municipal Property Tax	21	21	22	23	23	25	26	27
Central Government Grants incl. VAT Compensation	361	355	348	376	363	360	356	359
Property Income	6	10	16	12	10	17	21	23
Other Revenue	110	121	135	138	143	147	151	155
<i>Average municipal tax rate¹</i>	<i>32.27</i>	<i>32.24</i>	<i>32.24</i>	<i>32.37</i>	<i>32.37</i>	<i>32.37</i>	<i>32.37</i>	<i>32.37</i>
Expenditure	1 273	1 342	1 465	1 533	1 542	1 604	1 665	1 724
Transfers	99	93	95	104	107	109	111	114
Households	50	44	46	54	56	55	55	56
Other	50	49	48	50	51	54	56	58
Consumption Expenditure	1 041	1 099	1 192	1 248	1 252	1 301	1 350	1 401
Capital Formation ²	125	139	159	157	161	164	168	171
Property Expenditure	8	11	20	23	22	30	35	38
Technical Transfer to Households³	0	0	0	0	-10	-22	-35	-46
Net Lending⁴	31	17	-52	-58	-27	-24	-25	-23
<i>Per cent of GDP</i>	<i>0.6</i>	<i>0.3</i>	<i>-0.8</i>	<i>-0.9</i>	<i>-0.4</i>	<i>-0.4</i>	<i>-0.3</i>	<i>-0.3</i>
Net Financial Wealth	-148	-135	-189	-237	-254	-271	-292	-311
<i>Per cent of GDP</i>	<i>-2.7</i>	<i>-2.3</i>	<i>-3.1</i>	<i>-3.7</i>	<i>-3.8</i>	<i>-3.9</i>	<i>-4.0</i>	<i>-4.1</i>

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

⁴ Net lending is calculated as income minus the sum of expenses and transfers to households.

Sources: Statistics Sweden and NIER.

Table A24 General Government Revenue

Per cent of GDP

	2021	2022	2023	2024	2025	2026	2027	2028
Direct Household Taxes	14.9	14.4	13.8	14.0	14.3	14.1	14.1	14.2
Direct Business Taxes	3.6	3.6	3.4	3.3	3.3	3.3	3.3	3.3
Employers' Social Contributions ¹	11.6	11.5	11.7	11.7	11.9	11.8	11.9	11.9
VAT	9.1	9.4	8.9	8.7	8.8	8.9	8.9	8.9
Excise	1.9	1.6	1.6	1.5	1.5	1.5	1.5	1.5
Other Taxes	1.6	2.0	2.0	1.5	1.5	1.5	1.5	1.5
Tax-to-GDP Ratio²	42.8	42.5	41.4	40.8	41.3	41.1	41.2	41.3
EU Taxes ³	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Other Revenue ⁴	4.7	4.9	5.0	4.9	4.9	4.8	4.8	4.8
Primary Revenue	47.3	47.2	46.2	45.6	46.2	45.7	45.9	45.9
Property Income	1.2	1.8	1.4	1.4	1.4	1.6	1.7	1.8
Total Revenue	48.5	49.0	47.6	47.0	47.5	47.3	47.6	47.7

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.

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

Sources: Statistics Sweden and NIER.

Table A25 General Government Expenditure

Per cent of GDP

	2021	2022	2023	2024	2025	2026	2027	2028
Consumption Expenditure	25.8	25.5	26.1	26.6	26.3	26.1	26.1	26.3
Transfers	17.5	16.7	16.0	16.1	15.7	15.2	14.9	14.8
Households	13.3	13.0	12.5	12.6	12.5	12.0	11.7	11.6
Corporations	2.5	2.1	2.0	2.1	1.7	1.7	1.7	1.7
Abroad	1.8	1.6	1.5	1.4	1.5	1.5	1.5	1.6
Capital Formation ¹	4.8	5.1	5.2	5.2	5.3	5.1	5.1	5.1
Primary Expenditure	48.1	47.3	47.3	47.8	47.2	46.5	46.1	46.1
Property Expenditure	0.4	0.7	0.9	0.9	0.8	1.0	1.1	1.2
Total Expenditure	48.6	48.0	48.2	48.7	48.0	47.4	47.3	47.3

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

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

Sources: Statistics Sweden and NIER.

Table A26 Transfers from General Government to Households

Per cent of GDP

	2021	2022	2023	2024	2025	2026	2027	2028
Pensions ¹	7.3	7.2	7.2	7.2	7.2	7.0	6.9	6.9
Of Which Income Pension	6.0	5.9	5.8	5.7	5.7	5.6	5.5	5.5
Labour Market ²	0.8	0.6	0.6	0.6	0.6	0.6	0.5	0.5
Illness and Disability ³	1.4	1.4	1.4	1.5	1.5	1.4	1.4	1.4
Family and Children ⁴	1.6	1.5	1.4	1.4	1.4	1.3	1.3	1.2
Education ⁵	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Social Assistance ⁶	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other ⁷	1.5	1.8	1.4	1.3	1.2	1.2	1.1	1.1
Total Transfers to Households	13.3	13.0	12.5	12.6	12.5	12.0	11.7	11.6

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

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

Sources: Statistics Sweden and NIER.

Table A27 Base Amounts

SEK thousand, current prices

	2021	2022	2023	2024	2025	2026	2027	2028
Price Base Amount	47.6	48.3	52.5	57.3	58.9	58.8	59.9	61.1
Increased Price Base Amount	48.6	49.3	53.5	58.5	60.1	60.0	61.1	62.4
Income-related Base Amount	68.2	71.0	74.3	76.2	78.3	81.4	84.3	87.3

Sources: Statistics Sweden and NIER.

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

Percentage change

	2021	2022	2023	2024	2025	2026	2027	2028
Income Index	2.2	4.1	4.6	2.6	2.8	3.8	3.6	3.5
Balance Index	2.2	4.1	4.6	2.6	2.8	3.8	3.6	3.5
Balance Ratio ¹	1.027	1.028	1.040	1.043	1.040	1.050	1.047	..
Nominal Income Pension²	0.5	2.5	3.0	1.0	1.1	2.2	2.0	1.9

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

Sources: Swedish Pensions Agency and NIER.

Table A29 Central Government Budget Balance and Debt

SEK billion and percentage of GDP, respectively

	2021	2022	2023	2024	2025
Budget Balance	78	164	19	-124	-76
Adjustments to Net Lending	-89	-107	-27	8	-26
Sales of Shares etc.	0	-1	0	0	0
Extra Dividends	-7	-8	-3	-1	0
On-Lending	-78	-106	-26	16	10
Other Adjustments	-4	9	2	-8	-36
Accruals	-27	-43	3	26	21
Of Which: Tax Accruals	-16	-16	11	24	3
Interest Accruals	-10	-10	-6	1	18
Other	3	9	6	2	8
Central Government Net Lending	-35	23	1	-88	-73
Central Government Borrowing Requirement ¹	-78	-164	-19	124	76
Stock-Flow Adjustments, Central Government Debt	5	50	-42	16	-8
Central Government Debt, Change	-73	-114	-61	139	68
Central Government Debt	1 145	1 031	970	1 109	1 177
<i>Per cent of GDP</i>	<i>20.9</i>	<i>17.6</i>	<i>15.6</i>	<i>17.3</i>	<i>17.8</i>

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

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

Table A30 Central Government Expenditure Ceiling

SEK billion, current prices

	2021	2022	2023	2024	2025	2026
Central Government Expenditure Ceiling	1 634	1 665	1 747	1 827	1 866	1 935
<i>Per cent of Potential GDP</i>	<i>28.2</i>	<i>26.6</i>	<i>26.7</i>	<i>27.3</i>	<i>26.8</i>	<i>26.7</i>
Capped Expenditure	1 559	1 621	1 687	1 736	1 780	1 825
<i>Per cent of Potential GDP</i>	<i>26.9</i>	<i>25.9</i>	<i>25.8</i>	<i>25.9</i>	<i>25.5</i>	<i>25.2</i>
Budgeting Margin	75	44	60	91	86	110
<i>Per cent of Capped Expenditure</i>	<i>4.8</i>	<i>2.7</i>	<i>3.6</i>	<i>5.3</i>	<i>4.8</i>	<i>6.0</i>

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

Table A31 Fiscal forecast and scenario in general government

SEK billion

	2025	2026	2027	2028	2025–2028
Fiscal space	–4	35	57	35	123
Fiscal policy measures	40	–9	57	35	123
Expenditure measures in general government concerning consumption and investment	20	27	38	31	117
Central government consumption ¹	5	11	20	15	52
Central government investments ²	6	3	4	4	17
Local government sector ³	10	13	14	11	48
Measures aimed at households ⁴	20	–36	19	4	6
Structural net lending ⁵	–0.33	0.33	0.33	0.33	

¹ Calculated as the difference between expenditure in the scenario and a projection of expenditure using the price- and wage index calculation (the so called pris- och löneomräkning, PLO, in Swedish) ² Calculated as the difference between expenditure in the scenario and a projection of expenditure based on the development of the base price amount. ³ Calculated as the income supplement needed in the local government sector, at a given municipal tax rate, to finance the expenses in the scenario while simultaneously achieving a surplus (within the accounting framework) and net lending at a level consistent with sound financial management. ⁴ Adjusted in the scenario in such a way that the surplus target is reached. ⁵ Per cent of potential GDP.

Note. Every year, the Riksdag makes decisions on expenditure frameworks and revenues for years beyond the budget year. In connection with the budget proposal for 2024, decisions were made regarding the framework for 2025–2026. This framework includes fiscal policy measures related to escalations and de-escalations of various measures. These changes have been taken into account in the calculation of additional fiscal policy measures in NIER's scenario.

Source: NIER.