

Number 12 2023

Sweden's economy

Statistical perspective

Swedish economy in recession

**Unemployment is
increasing for the native-**

**Strongest employment
development in the north**

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About Sweden's economy - statistical perspective

The main goal of the journal is to provide an overall picture of the economy based on economic statistics. This is supplemented by in-depth studies in various areas as well as an international outlook.

Publication takes place monthly, with a break in July.

We are happy to receive comments and can help to produce data if necessary.

Contact us via e-mail at ekstat@scb.se.

[Statistics Sweden's business cycle clock](#) is available here. It provides an interactive presentation of the state of the economy and the direction of the Swedish economy.

More charts with [economic indicators can be found here](#).

Monthly overview October 2023

Indicators	Compared to the previous month (percent)1)	Compared with corresponding month last year (percent)2)	Compared to the previous month	Compared with corresponding month last year
GDP indicator month	1.0	0.2		
Business life				
Business production	-0.5	-2.1		
Industry production	-0.3	-1.1		
Industry order intake	-4.8	-0.4		
Service production	-1.7	-2.4		
Trade and consumption				
Household consumption	0.1	-0.2		
Retail sales	1.4	-1.0		
Foreign trade				
Export of goods3)	1.6	9.8		
Import of goods3)	0.8	-1.2		
Prices				
Consumer Prices (CPIF)	0.1	4.2		
Producer prices	-0.6	-3.7		
Labor market				
Employment rate4)	0.0	0.2		
The unemployment rate5)	0.1	0.3		
Hours worked6)	0.1	-1.4		

1) Calendar corrected and seasonally adjusted (not for foreign trade, prices and labor market)

2) Calendar corrected (not for foreign trade, prices and labor market)

3) Current prices, uncorrected. Monthly change refers to trend.

4) Employment as a proportion of the population aged 15–74 . Change in percentage points. Monthly change is based on seasonally adjusted and smoothed data. Annual change is based on original values.

5) Unemployment as a proportion of the labor force aged 15–74 . Change in percentage points. Monthly change is based on seasonally adjusted and smoothed data. Annual change is based on original values. Symbols are indicated in reverse.

6) Hours worked 15–74 years (including employed abroad). Monthly change is based on seasonally adjusted and smoothed data. Annual change is based on calendar-corrected data.

The symbols mean:

- Increase (Change rate higher than 0.2 percent)
- Unchanged (Change rate -0.2–0.2 percent)
- Decrease (Change rate lower than -0.2 percent)



The state of the economy

Swedish economy in recession

Although the GDP indicator for October showed an increase, the Swedish economy is in recession. The high inflation and high interest rates contribute to holding down consumption and housing investment.

The effects of recent austerity monetary policy is increasingly evident in the Swedish economy. GDP growth has been subdued since the beginning of 2022, and in the third quarter of this year, GDP declined for the second quarter in a row. Annually, GDP decreased by 1.4 percent, calendar adjusted. It is above all, weak domestic demand which led to the Swedish economy shrinking. The high inflation and the ever-higher mortgage interest rates have forced households to reduce their consumption, at the same time as falling housing prices and a sharp increase in construction costs have caused housing investment to rage.

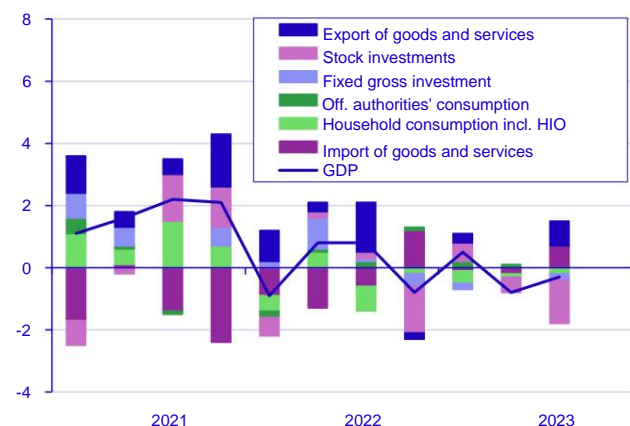
"It is above all weak domestic demand that has led to the Swedish economy shrinking"

In the third quarter, however, it was inventory investments that accounted for the biggest drop seasonally adjusted GDP growth. After a long period of build-up, inventory investment turned from a weak build-up in the second quarter to a strong wind-down in the third quarter. It was first the time since the second quarter of 2021 that inventories actually shrank.

Foreign trade counteracted the decline in GDP and net exports made a positive contribution to GDP growth. It was a consequence of declining imports of goods and services and increased exports of goods and services during the third quarter of the year. The export of services was particularly strong, where the demand for above all data and business services grew.

Widespread decline in the economy in the third quarter of 2023

Seasonally adjusted GDP growth in percentage and contribution to growth in percentage points



Source: National accounts (SCB)

Housing investments continue to decline

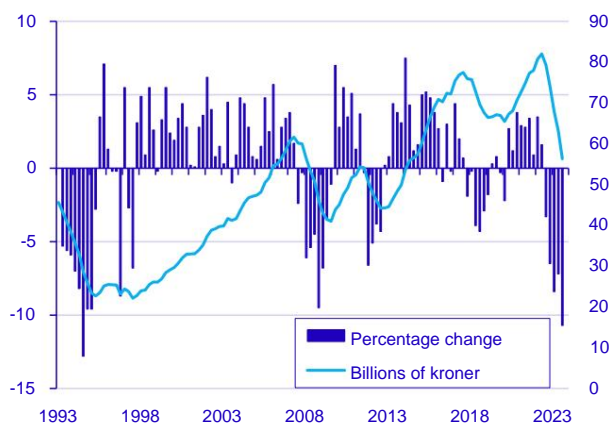
The weak trend for housing investment continued in the third quarter with a decline of 10.7 percent, seasonally adjusted and compared to the previous quarter. It was the biggest decline in housing construction since the 1990s crisis.

Housing investment has thus decreased in the last five quarters and largely explains the decline in total gross fixed investment since the fourth quarter of last year.

Housing investments back at 2014 level

Percentage change from the previous quarter (we) and billions of kroner in fixed prices, reference year 2022 (high).

Seasonally adjusted quarterly values



Source: National accounts (SCB)

Housing investments mostly consist of new construction of single-family houses and apartment buildings respective extension and reconstruction of these homes. In one year, the new construction of housing has decreased by 44 percent in actual numbers, where the construction of both new single-family houses and apartment buildings has decreased sharply. The decline in new housing construction increased in the third quarter compared to the previous quarters. Investments in additions and renovations have also decreased in recent quarters, but not at all at the same pace as new construction.

-44%

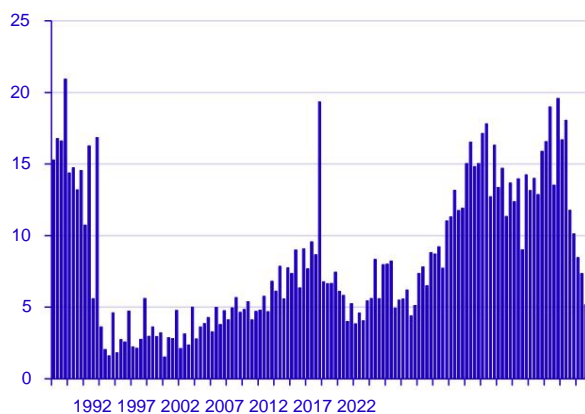
Investments in new homes have declined sharply in the past year

The number of construction starts plummets to low levels

The number of housing starts has decreased sharply in 2023. During the first three quarters, the construction of just under 21,000 apartments was started, according to preliminary data. This is more than half as many as the corresponding period last year and the lowest number of construction starts since 2013.

Tvarnit for housing construction

Number of apartments started in newly built houses per quarter. Thousand



Note: The figures for 2023 are listed by 10 percent, which is the lag in reporting for the corresponding period in the last year.

Source: Building permit, new construction and remodeling (SCB)

The start statistics of newly built dwellings are the main source of the new construction investments in the national accounts. The weak development in housing investments thus reflects the development in the number of housing starts, but with a certain lag. Although

housing investments only account for around 4 percent of Sweden's GDP, the rapid decline in new construction has nevertheless left a clear impression on the economy. In the third quarter of this year, housing investment pulled down seasonally adjusted GDP growth by 0.5 percentage points.

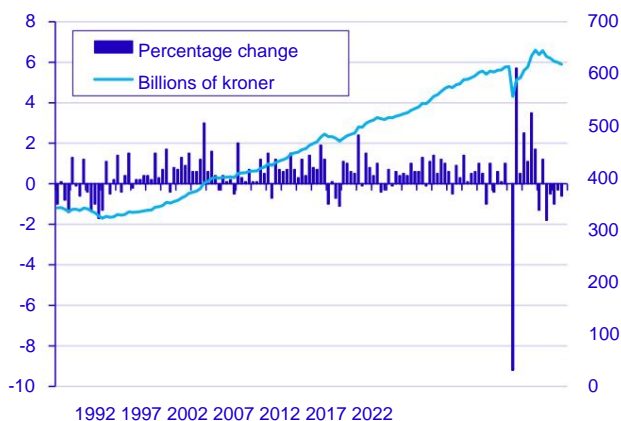
Consumption fell for the fifth consecutive quarter

Household consumption also continued to decline. It was the fifth quarter in a row that consumption fell in constant prices, and you have to go back to the early 1990s to find an equally prolonged period of decline. Then consumption fell, among other things, as a result of the major tax reform in 1990/1991 and the prevailing high interest rates. Interest deductions were limited and households' interest costs for housing loans increased sharply. This forced households to hold down other expenses and consumption decreased. At the same time, unemployment rose to a high and persistent level, which dampened consumption further.

From the fourth quarter of 1991 to the first quarter of 1993, consumption decreased by almost 6 percent in volume, but even before that, consumption had decreased individual quarters. In modern times, the decline has not been as great. Since the second quarter of last year, household consumption has decreased by just over 4 percent.

Household consumption back to the level before the pandemic

Percentage change from the previous quarter (we) and billions of kroner in fixed prices, reference year 2022 (high). Seasonally adjusted quarterly values



Source: National accounts (SCB)

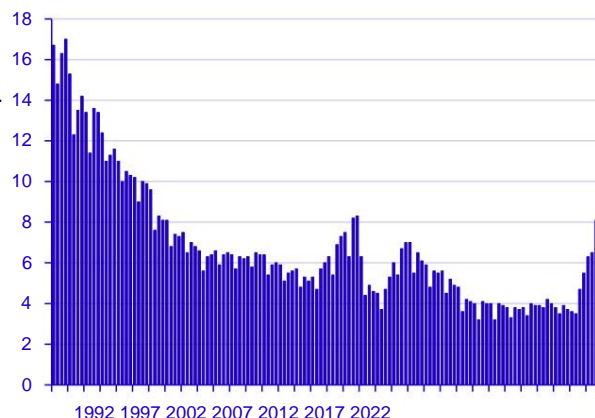
The high inflation has led to both goods and services becoming significantly more expensive than just a couple of years ago. In current prices, consumption has continued to tick upwards, but in volume, i.e. adjusted for price increases, consumption has decreased and households are getting less for their money. In October, household consumption remained largely at the same level as the month before, according to the monthly consumption indicator.

Household interest costs are rising

Just as 30 years ago, households' interest costs have increased sharply recently, but this time as a result of a higher policy rate. In the third quarter, the interest rate, i.e. interest costs as a proportion of disposable income, amounted to 8.1 percent. It is the highest interest rate since the fourth quarter of 2008. In the early 1990s, the interest cost as a share of disposable income was twice as high.

The highest interest rate since the 2008 financial crisis

Household interest expenditure, gross, as a share of disposable income, net. Percent



Source: National accounts (SCB)

Consumer loans are increasing

The high interest rate situation continues to push down growth for household mortgages to record low levels. Home loans from monetary financial institutions, which accounted for just over four fifths of households' total loans, had an annual growth rate of 0.8 in October percent. For consumer loans, on the contrary, lending has increased somewhat in the last four months. In October, the annual growth rate of consumer loans was 1.8 percent. This despite the fact that the interest rate for consumer loans is usually higher than for housing loans.

The growth of household housing loans continues to slow

Household housing loans and consumption loans from monetary financial institutions. Annual growth rate, percent



Source: Financial market statistics (SCB)

In October, the average interest rate on a consumer loan was 9.03 percent. The average interest rate for households' new and renegotiated mortgages was 4.78 percent.

The Swedish economy grew in October

Economic activity increased during the beginning of the fourth quarter. The GDP indicator, which gives an early picture of growth in the economy, increased by 1.0 percent in October, seasonally adjusted and compared to the previous month. It was a reversal to the upside after a weaker outcome in September. Behind the upturn was above all a stronger net goods from growing exports and declining imports. The rise in October does not change the picture that the Swedish economy is in recession. In Statistics Norway's economic clock, the GDP indicator was below the long-term trend in October, which indicates a weak economic situation.

Increased goods exports lifted GDP growth in October

The GDP indicator. Index 2011=100, seasonally adjusted monthly values (hay). Economic condition=the deviation of the short-term trend from the long-term trend, standardized with mean=0 from January 2000 (we).



Source: National accounts and the Economic Clock (SCB)

Reduced production in business

After three consecutive months of weak gains fell business production slightly in October. The largest decline was in the service industries, but also in industry, the production volume fell slightly. A strong rise in construction production held up against a sharper decline. However, the development in the construction industry has been weak for large parts of 2023. Since the beginning of the year, the production volume in construction has decreased significantly and was clearly lower in October than in January.

Weak services production in October

Production value index 2015=100, seasonally adjusted monthly values

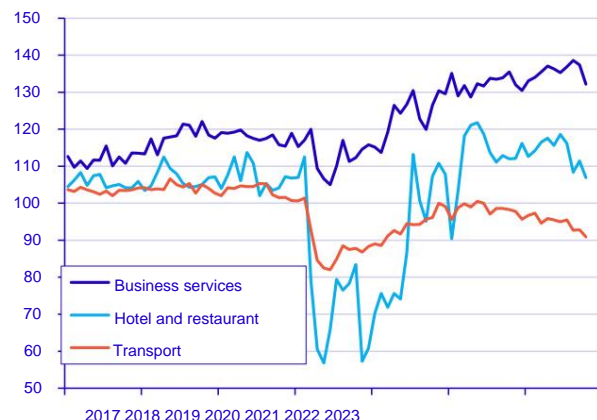


Source: Production value index (SCB)

Business services and the information and communication industry are two industries that have had a favorable development since the pandemic. In October, production decreased in both industries, which contributed to the weak growth for the service sector. The largest decline was in business services. Production also fell in the hotel and restaurant and transport industries in October. For the latter, the decline meant a strengthening of the downward trend since the beginning of last year. Despite both the Swedish economy and the world economy recovering from the pandemic, the transport industry has not returned to previous levels.

The hotel and restaurant industry has lost weight in recent months

Production value index 2015=100, seasonally adjusted monthly values

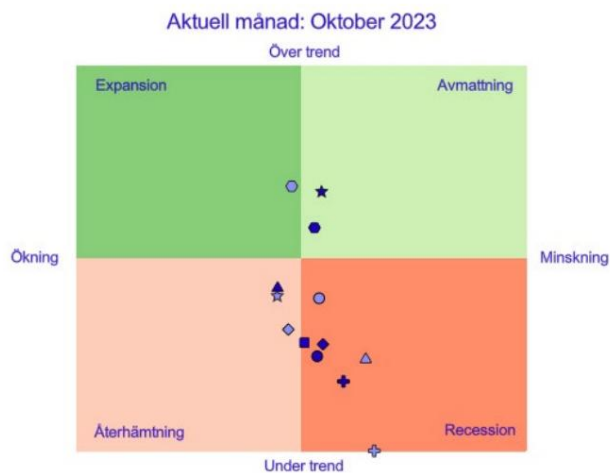


Source: Production value index (SCB)

Weaker economic situation than normal

In October, ten out of thirteen indicators in Statistics Sweden's business cycle clock were below their long-term trend. This means that the situation is weaker than normal. The differences are small compared to a month earlier and a majority of the indicators are still in the recession phase. Just as before, the retail trade of durable goods is far below its long-term trend, but also for the household consumption indicator, the situation is clearly weaker than normal. Both of these indicators have been in the recessionary phase throughout 2023.

The focus is still on the recession phase



- A1 – BNP-indikator månad
- B1 – Näringslivets produktion
- ⊕ C1 – Hushållens konsumtion
- D1 – Nyregistrerade personbilar
- ▲ E1 – Varuexport
- ★ F1 – Sysselsättning
- ◆ G1 – Näringslivets efterfrågan
- A2 – BNP kvartal
- B2 – Industrins orderingång
- ⊕ C2 – Detaljhandel sällanköpsvaror
- D2 – Nyregistrerade lastbilar
- ▲ E2 – Varuimport
- ★ F2 – Arbetade timmar
- ◆ G2 – Hushållens konfidensindikator

The economic clock

Statistics Sweden's business cycle clock consists of 14 economic indicators, of which 13 are updated monthly and one is updated quarterly.

The state of the economy is calculated by estimating the deviation of the short-term trend from the long-term trend.

Here you can read more about [Statistics Sweden's economic clock](#)

In the [visualization tool](#), you can follow how the various indicators move over time. During a business cycle, they move one turn in the business clock and then pass through four business phases.

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Recess

Unemployment is increasing for the native-born

Despite the economic slowdown and the weak economic situation, the Swedish labor market has proven to be resilient.

Unemployment has continued to decrease in 2023 but is increasing among certain groups. In August and September, the relative unemployment rate for the domestically born was higher than in the same months last year. For those born abroad, unemployment was still lower than a year ago.

Unemployment is a key economic indicator which provides information on how efficiently the workforce is used. The indicator is used to evaluate and describe the economic development and economic situation. Rising unemployment may be due to an underutilization of resources,

matching problems and a decrease in economic activity.

Statistics on unemployment and how it develops for different groups also provide important data for designing labor market policy measures. This article is based on statistics from the Population Labor Market Status (BAS).

Labor market status of the population (BAS)

BAS is a new statistical product published by Statistics Sweden since May 2022. The purpose of BAS is to use administrative data to describe the supply of labor in Sweden.

In BAS, a person is classified as unemployed if the person has no employment and is registered as a job seeker (openly unemployed or applicant in a program with activity support) at the Employment Service (AF).

BAS and the Labor Force Survey (AKU) are two statistical products at Statistics Norway that both report official statistics on the labor supply. The surveys have different prerequisites and there are differences between them. BAS, for example, measures the registered unemployed, while AKU measures the people who lack but want to work. Another difference is that BAS is reported on the basis of administrative registers, while AKU is a sample survey.

Numerically, unemployment in BAS is lower than in AKU. This is mainly explained by the fact that the person must be registered as a job seeker to be classified as unemployed in BAS.

The incentive to register as unemployed is to be able to take part in and use the efforts and programs that AF provides or to be able to take part in unemployment insurance.

Young unemployed people are underrepresented in BAS as they often lack incentive to register with AF because they do not meet the criteria required to use AF's efforts and receive unemployment benefits.

The advantage of BAS is the possibility to break down unemployment into smaller groups, regional divisions and follow groups over time. The statistics in BAS can, for example, provide a deeper understanding of the reasons why people lack work and are unemployed.

The disadvantages are that the time series is short, the statistics are only available from the year 2020. The definition of unemployed in BAS also differs from the international unemployment definition and the statistics are published with a slightly longer delay than in AKU.

This article even uses statistics

September 2023. The basis is limited to the age group 16–64 years.

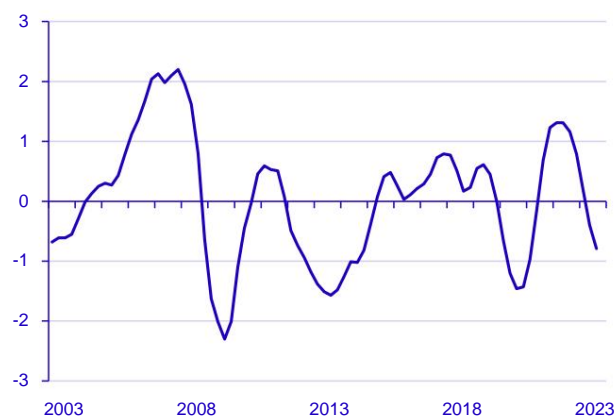
The number of unemployed increased in September

The labor supply, which consists of employed and unemployed, has continued to grow during the year and has been primarily driven by the fact that more foreign-born people have found work. At the same time as employment is increasing, the number of unemployed people has decreased in the recent period the period. It is only during September that the number of unemployed increases, compared to the corresponding month a year earlier. Despite the increase in the number of unemployed, the relative unemployment rate, the percentage of unemployed in relation to the labor force, remained unchanged between September 2022 and September 2023. This is explained by more people entering the labor force.

The general level of unemployment remains low despite the fact that economic development has been weak in recent times. Statistics Sweden's economic clock indicates that Sweden is in recession, as the short-term trend for GDP is below the long-term trend.

The economy is weakening more and more

Economic situation according to quarterly GDP. The state of the economy is estimated by taking the deviation of the short-term trend from the long-term trend. Standardized with mean=0 from January 2000



Source: The Economic Clock (SCB)

Despite a weaker economic situation, relative unemployment has not been affected to any great extent. However, it is normal for the labor market to be affected later in the business cycle than production and consumption.

The relative unemployment at the same level as a year ago

Proportion of unemployed people in the labor force aged 16–64, percent



Source: Labor market status of the population (SCB)

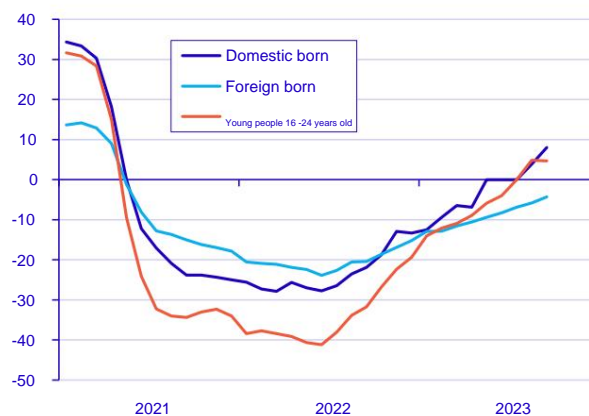
The relative unemployment figure was 4.7 percent in September, according to BAS. Among the domestically-born, unemployment was 2.7 percent and among the foreign-born 11.2 percent. The recent development of relative unemployment shows an increase among young people and domestically born.

In August and September, the relative unemployment rate for the domestically born was higher than in the same months last year. At the same time, relative unemployment continues to decrease among foreigners born and above all among women born abroad.

This means that the unemployment gap between the foreign- and domestic-born is decreasing, even if it is still there relatively large.

Continued reduction in unemployment for those born abroad

Percentage change in relative unemployment compared to the corresponding month of the previous year



Source: Labor market status of the population (SCB)

4.7%

Share of the workforce that was unemployed in September 2023

There are different types of unemployment

Unemployment varies over time and is affected by a number of factors. Unemployment that is affected by cyclical changes, such as variation in demand and investment, is sometimes described as cyclical unemployment.

Unemployment that is due to extensive changes such as technological development, relocation and where the unemployed person's qualifications are not in demand on the labor market is usually described as structural unemployment. This type of unemployment is often long-term.

Another type of unemployment that sometimes occurs is frictional unemployment and is due to the fact that there is a friction, it takes time before the skills of the job seeker are matched against the employer's demand.

People with different conditions, experiences and skills do not necessarily end up unemployed at the same time. They are affected in different phases of the economy.

Unemployment is also affected by regional differences and differences in industry composition.

In the normal case, an economic downturn leads, with some lag, to a slowdown in the labor market through reduced employment and increased unemployment. The reverse applies in the event of an economic upswing.

In the economic downturn that Sweden is now in, the trend among the unemployed has not yet taken off in the direction that can be expected. On the other hand, an increase in unemployment is seen in certain groups much earlier than the statistics on an overall level show. There is thus value in breaking down the group of unemployed in order to find an early indication and use unemployment as an indicator of the direction in which the economy is heading.

The fact that unemployment remains low can be explained, among other things, by the fact that companies want to retain competent personnel for as long as possible. It is an experience after the pandemic when many employers had difficulty re-recruiting. It can also be explained by the fact that production and turnover in current prices remained high due to sharply increased prices which meant that the companies were able to retain labour.

"On average, roughly 300,000 people have been unemployed every month since January 2020"

Increased unemployment for people with a strong foothold in the labor market

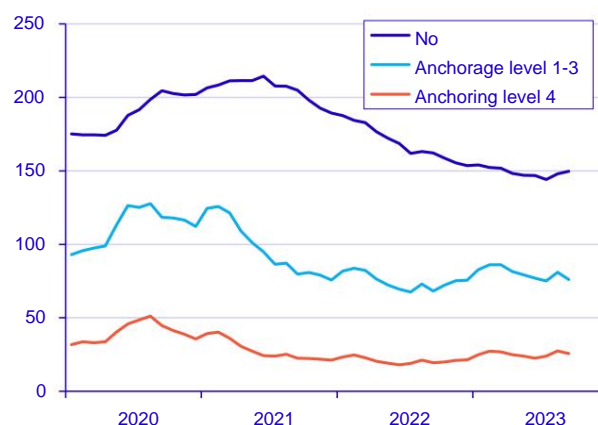
On average, roughly 300,000 people have been unemployed every month since January 2020. Approximately 60 percent of these people have had no work-related income in the last 12 months and thus lack an anchor in the labor market.

Approximately 30 percent have had an average work-related income of less than SEK 18,000 per month (anchoring level 1–3) and approximately 10 percent have had work-related income corresponding to SEK 18,000 or more per month.

last 12 months (anchoring level 4). This means that around 10 percent of the unemployed have a relatively high level of anchorage in the labor market.

Unemployment has decreased most in recent years for people without an anchor in the labor market

Number of unemployed, in thousands, divided by anchoring level (last 12 months) on the labor market



Source: Labor market status of the population (SCB)

Anchoring in the labor market

As a measure of a person's anchoring in the labor market, the work-related income in the most recent period is used 12 months. The article uses these levels

Anchoring level 1-3: Income corresponding to 1-3 income base amounts (IBB). For this period between SEK 1 and approx. SEK 18,000 per month in the last 12 months.

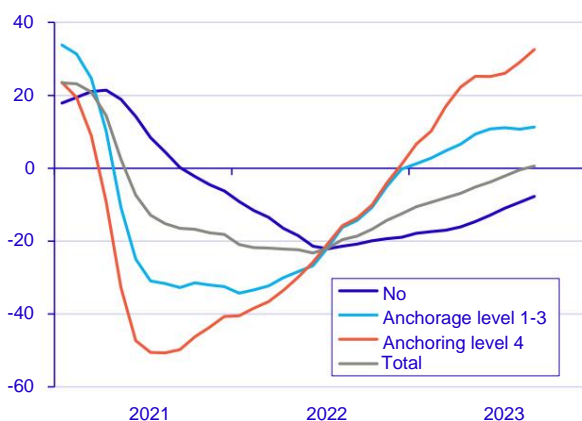
Anchoring level 4: Income corresponding to more than 3 IBB. For this period, more than SEK 18,000 per month in the last 12 months.

At the same time as the economy has slowed down, several groups of unemployed people have continued to leave unemployment. It is about the unemployed who have had no work-related income for at least 12 months and thus have a weak anchorage in the labor market. Unemployment among people who are anchored in the labor market has instead increased throughout 2023 and thus more closely follows the expected development of unemployment in a recession.

This breakdown of the unemployed also shows that people who are further away from the labor market and can thus be assumed to belong to structural unemployment tend to be affected later in the economic cycle.

Unemployment increases for the highly entrenched

Percentage development compared to the corresponding month in the previous year of the number of unemployed distributed by anchoring level (last 12 months)



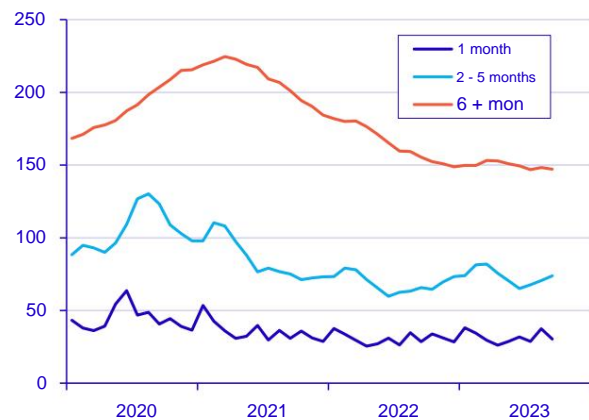
Source: Labor market status of the population (SCB)

The number of long-term unemployed continues to decrease

People who have been unemployed for 6 months or more in a row are usually classified as long-term unemployed. In some cases, it may also be interesting to follow other sub-groups of the unemployed who have been unemployed significantly longer. A deep understanding of the people who tend to end up in long-term unemployment is important in order to direct resources around labor market policy effectively.

Three fifths of the unemployed are long-term unemployed

Number of unemployed distributed by number of months in unemployment, age 16-64 years



Source: Labor market status of the population (SCB)

The number of long-term unemployed continues to decrease even if the trend has slowed. In September, the number decreased by 8,300 people compared to September 2022. The number of long-term unemployed corresponds to three fifths of all unemployed. About the same number of men and women have been unemployed for 6 months or more. 63 percent of the long-term unemployed are people born outside Sweden.

The flow is an important component for analyzing the labor market

The flow describes the dynamics of the labor market. Following flows is important and the statistics in BAS provide more conditions than previously available statistics to understand, analyze and evaluate interventions for people who end up in and get stuck in unemployment.

Some groups have more variation than others. This includes, among other things, young individuals who tend to be unemployed for a shorter period of time.

Even seasonal workers have a high dynamism and are

more common in certain industries. Older people usually have lower flows than younger people. The elderly become unemployed to a lesser extent, but at the same time often have a tougher path back to work than younger people.

In September 2023, roughly 30,000 people were added as unemployed. This corresponds to 12 percent of all unemployed people and corresponds to the average since January 2020. At the same time, roughly 34,000 people, 13 percent, left unemployment between August and September. The net flow of the number of unemployed was thus negative and the number of unemployed was just over 4,000 fewer.

Just over 60 percent of the inflow to unemployment in September 2023 came from people who were employed the month before and just under 40 percent from people outside the labor force (from labor market status students, sick, pensioners and the group others). Slightly more of those who left unemployment, an average of 70 percent, went into employment.

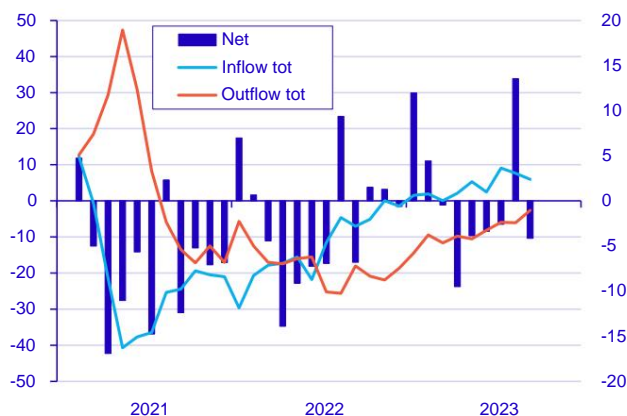
"In September 2023, roughly 30,000 people were added as unemployed"

The flows to and from unemployment vary over the year.

The diagram below shows that even in periods of declining unemployment there are months when the net flow is positive. Positive net flows tend to come at the beginning of the year and after the summer.

The inflow to unemployment higher in 2023 than in 2022

Annual development in percentage of inflow and outflow to and from unemployment (left scale) and the net flow from the previous month to and from unemployment in thousands of people (right scale)



Source: Labor market status of the population (SCB)

More people became unemployed in the construction industry than got jobs there in September

In September 2023, the flow from unemployed to employed was greatest in the business services industry. Approximately one fifth started working in the industry where the sub-sectors of staffing and employment were most common. At the same time, many left jobs in corporate services and went into unemployment. However, the net flow within business services was negative and means that the number of people who started working in the industry was more than the number who left.

The same pattern was also found in the sectors of health care and education. Together with business services, they had the largest net deficit and were the industries that contributed the most to the decrease in the number of unemployed in September. In the care and social care industry, most of the unemployed found work in home care and daycare centers. In the education system, employment increased within primary schools and pre-school classes.

Trade and hotels and restaurants are two other industries that have a high dynamic but which in themselves did not affect the net flow to any great extent. The industries that stand out in terms of high flows are often also common as entry-level industries, i.e. industries that have high staff turnover and are usually of a simpler nature.

The industries construction and manufacturing and extraction had a positive net flow and were the industries where the inflow to unemployment was as

largest. This applies both to the flow from August to September and to the average throughout 2023.

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Recess

Strongest employment development in north

The Swedish labor market is in a slowdown phase, but the picture is fragmented. Industry in the north hires and drives employment growth, while several regions in southern Sweden slow down and the labor market there is instead in a recessionary phase.

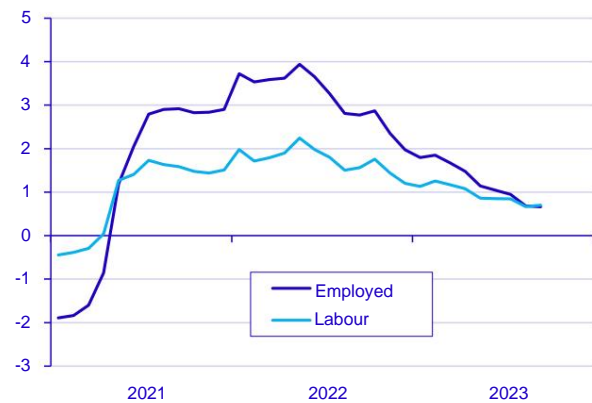
The economic environment is characterized by high interest rates, high inflation, eroded purchasing power among households and a general uneasy outlook due to the tense geopolitical situation in the outside world. The Swedish economy is in recession. At the same time, the number of people employed in the economy continues to increase, but the increase has slowed down and is weaker than before.

According to statistics from the Population's Labor Market Status (BAS), the number of people employed was 0.7 percent higher in September 2023 than September

2022. At the same time, it is the first time since the employment recovery in the spring of 2021 that the labor force is now growing more than employment, which means that a larger proportion now goes to unemployment than before.

Slowdown in employment growth

Number employed and number in the workforce, annual percentage development



Source: Labor market status of the population (SCB)

Although September's year-on-year change was the same as August's, employment has shown a trend decline of an average of 0.2 percentage points per month since the growth peak in May 2022. Job vacancies peaked shortly thereafter, but since the fourth quarter of last year, vacancies have jobs decreased and company margins fell, partly as a result of nominal wages rising. The increase in nominal wages in August 2023

compared to August last year was 4 percent.

Employment trends vary greatly between industries

Even though demand on the labor market has slowed down, the number of people employed grew in 13 industries and decreased in six industries during September compared to September last year. The industries that showed the highest increase and decrease respectively were water supply with an increase of 6.0 percent and rental and more with a decrease of 2.1 percent. Of the larger industries, the employment development was strongest in finance and insurance operations, public administration and business services. These three industries accounted for just over two-thirds of the total employment increase in September.

The labor market is cooling down

Seasonal variations can negatively affect the number of people employed between the months of August and September.

This negative effect is influenced by the fact that fewer students are employed in September compared to August.

This year's negative seasonal variation was more evident in four industries compared to the previous year, namely construction, manufacturing, hotels and restaurants and letting.

Viewed across all industries, the decline was as great this year as last year.

Thirteen industries had positive annual growth in September 2023

Number of employees, development in percent

Industry	2022/2023 Sep/Sep	2023 Sep/Aug	2022 Sep/Aug
Other service operations	-0.4	-0.5	-1.1
Construction activities	0.1	-0.5	-0.1
Real estate business	-1.0	-2.6	-3.5
Finance and insurance	3.3	0.2	0.1
Energy	-1.4	0.0	-0.4
Trade	0.5	-1.9	-1.9
Hotel and restaurant	1.4	-3.8	-3.6
Information and communication	2.7	0.2	0.7
Agriculture, hunting and forestry	-0.7	-2.2	-2.8
Culture, fun and leisure	2.6	-0.5	-1.0
Public Administration	2.9	0.2	0.2
Manufacturing	0.0	-0.8	-0.5
Transportation and warehousing	-0.6	-0.5	-0.6
Training	0.2	2.2	1.8
Rental etc	-2.1	-0.5	0.3
Extraction of minerals	3.1	-1.2	-1.8
Water supply	6.0	-1.4	-1.7
Business services	3.0	0.5	0.1
Health and social care	0.6	-1.3	-1.3
Total	0.7 -0.6		-0.6

Source: Labor market status of the population (SCB)

The month before, between July and August 2023, almost all industries showed a weaker development compared to the corresponding period the year before. Finance and

instead, insurance operations, energy and the extraction of minerals had a stronger development.

The labor market is growing strongest in northern Sweden

From a regional perspective, there are significant variations in employment development between the counties. The largest increase was in Västerbotten County, where the number of employed persons increased by 2.0 percent at an annual rate in September.

2%

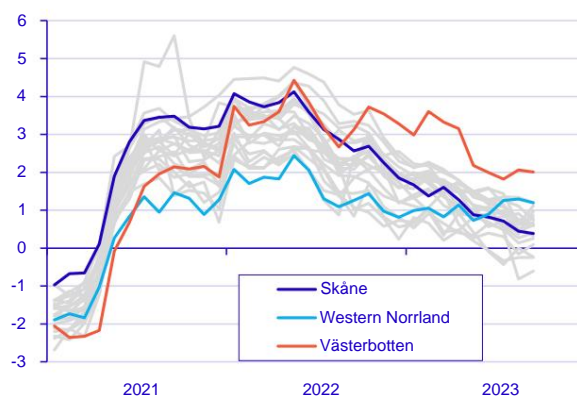
That's how big the employment increase was in Västerbotten County in September at an annual rate

Next came the counties of Västernorrland and Östergötland, with growth of 1.2 percent. These three counties make up relatively small labor markets in Sweden with 142,000, 118,000 and 232,000 employees respectively.

Among the three metropolitan counties, in one year's time, it was Skåne that, in percentage terms, reduced growth the most.

Västerbotten is the beacon among the counties

Number of employees per county, annual percentage development



Source: Labor market status of the population (SCB)

Employment growth in both Västerbotten County and Västernorrland County is primarily driven by the industries of manufacturing, education and business services. These three industries accounted for between

60 and 70 percent of the employment increase in September 2023. Something that separates the two counties is the development in construction and trade. IN Västerbotten County increased employment in these industries, while the development was the opposite in Västernorrland County.

Local labor market regions show more clearly where the growth is

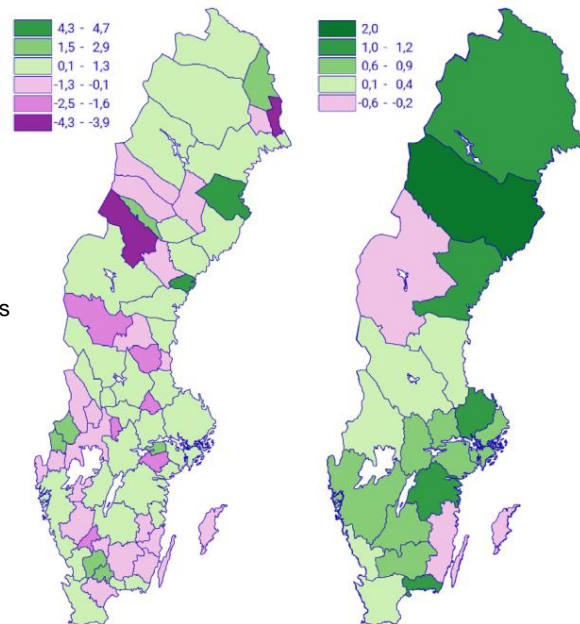
Both counties and municipalities are made up of administrative boundaries that do not take into account how people commute between home and workplace. Therefore is employment growth in so-called local labor markets, where municipalities around a commuting municipality are put together to form a local labor market, a natural complement to administrative units. For more information on local labor markets see the fact box at the end of

the article. Local labor markets are broken down at finer levels than counties and thus provide a more nuanced picture of the geographical development. In northern Sweden, significant growth is seen in the local labor markets bordering the Baltic Sea, from Hudiksvall upwards, than those close to the Norwegian border. The explanation is partly that the larger cities, the so-called dense environments, are located on the coastline, and partly that the so-called green the restructuring within the industry is concentrated there.

Other clear geographical differences are the southern border with Norway where employment in the labor market regions Strömstad and Dals-Ed declined in September, while the labor market in Årjäng and Eda respectively were hotter. Of all Sweden's municipalities, Markaryd showed the strongest employment development in September, which also drove development in the local labor market Ljungby. In September, the number of people employed in Markaryd grew by 7.8 percent at an annual rate. This was largely thanks to a higher demand for energy-smart climate solutions. In Västerbotten County, it was Skellefteå that had the strongest employment growth with an increase of 4.9 percent. It can be linked to the green transition.

Employment growth is moving like a train in the north

Number of employed, annual development in percentage for county and local labor markets, September 2023



Source: Labor market status of the population (SCB)

A labor market in the slowdown phase

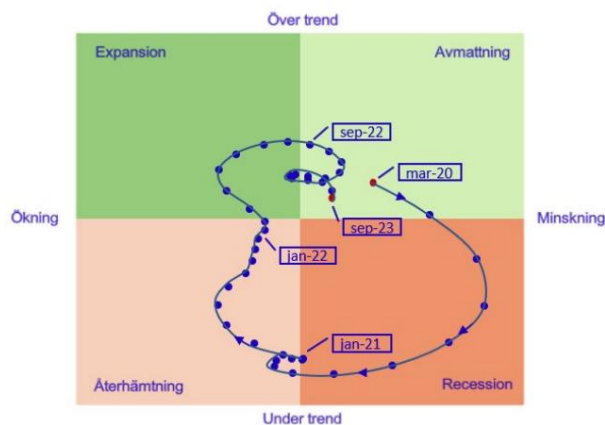
Another perspective from which to study labor market development is by following how employment development relates to its long-term trend. Here, the same method is used as in Statistics Norway's economic clock. The difference here is that only the number of employed persons according to BAS is used as cyclical variables. You can read more about the business cycle phases and the method in the fact box at the end of the article.

Seen from an economic perspective, the labor market, measured in the number of employed people, was in an economic slowdown phase in September.

The employment trend was still above the long-term trend, which indicates a stronger situation than normal. However, the short-term employment trend has turned down, which means that the labor market is in a slowdown phase. Apart from a short period between March and May 2023, the labor market has been in a slowing phase since September 2022.

The employment trend is currently in a slowing down phase

The state of the economy for the number of people employed, short-term trend deviation from long-term trend



Source: Population's labor market status and own calculations (SCB)

It is worth mentioning the impact of the pandemic at the beginning of 2020. The indicator for March and April 2020 shows that the labor market was in a slowdown, but when the effects of the imposed restrictions, in restaurants and sports and cultural events among others, hit, the labor market entered recession during the month of May 2020. Not until October 2021 will a clear recovery be seen. When the effects of the pandemic then subsided as a result of extensive vaccinations and the lifting of restrictions, the labor market entered an expansion phase in March 2022 that lasted until August of the same year.

The construction industry and the real estate industry are having a tough

time. From an industry perspective, the economic situation in September 2023 is very diffuse. The 19 industries analyzed in the article are spread over all economic phases. Four industries, including business services and finance and insurance, were in an expansionary phase of employment growth, while six industries, such as trade, culture and entertainment, manufacturing, and hotels and restaurants, were in

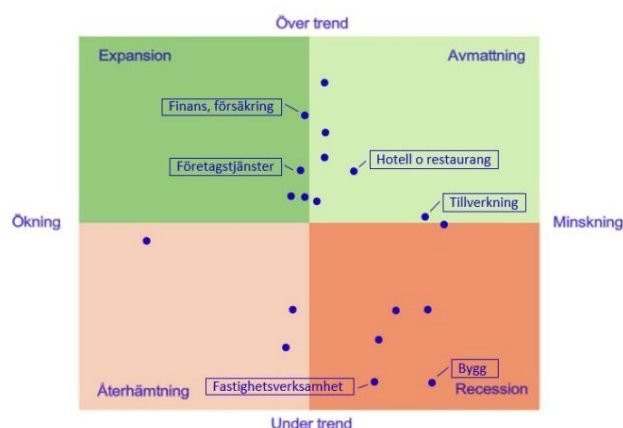
the deceleration phase.

Nine industries had an employment trend below its long-term trend, six of which were in the recessionary phase. Including care and social care, construction activities and information and communication activities.

The construction industry has suffered significant challenges in recent years as a result of the pressured situation of households with higher interest rates and other rising living costs. Property operations are also having a tough time with the high interest rates and, together with the construction industry, were well below their long-term trend in September.

A fragmented picture of the economic situation of the industries

The state of the economy for the number of employed, short-term trend deviation from long-term trend, September 2023, divided by 19 industries



Source: Population's labor market status and own calculations (SCB)

Three Norrland counties in expansion phase

The majority of all counties, 13 out of 21, were in the slowdown phase in September. The three northernmost counties, Västerbotten, Västernorrland and Norrbotten, did not belong to them but were instead in the expansion phase. An interesting phenomenon in these expansive labor market regions was that employment growth was primarily driven by people choosing to commute into the region for work.

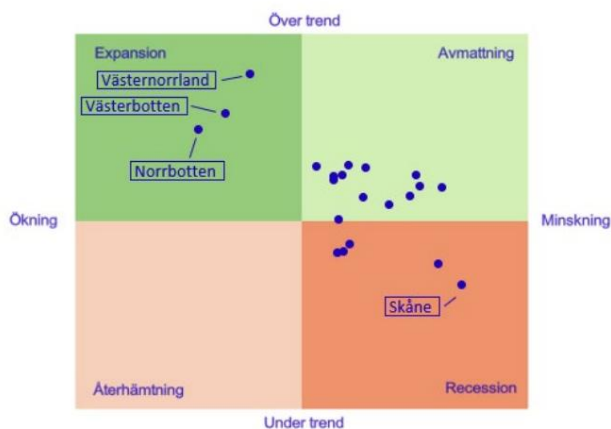
"The employment situation is weakest in Skåne"

In Stockholm County, the labor market went in the opposite direction. This means that companies/workplaces in the county had a lower employment increase than the employment increase for the residents of Stockholm County. One interpretation is that living in Stockholm county for a little commutes to other counties to a greater extent than before.

The labor market situation is weaker in the southern counties of Skåne, Kalmar, Gotland, Halland as well as in Jämtland counties where all were in the recessionary phase in September.

Over half of all counties are in a slowdown

The economic situation for the number of employed, short-term trend deviation from long-term trend, September 2023, divided by county



Source: Population's labor market status and own calculations (SCB)

What is driving employment growth in the North?

Previously, it was established that it was primarily three industries in Västerbotten and Västernorrland counties that accounted for the positive employment growth in Sweden. The cyclical perspective shows a more multifaceted picture than just studying employment trends.

In September 2023, four industries were in the expansion phase in these counties. These industries were finance and insurance, manufacturing, education and business services.

What drives growth in Västerbotten, Västernorrland and Norrbotten is the manufacturing industry, which is in an expansion phase. It can be compared to the kingdom where the manufacturing industry is in a slowdown phase. Other industries in these three counties had no clear economic development. The industries rental and more as well as extraction of minerals in Västerbotten

and Norrbotten was in recession. This is due, among other things, to a declining global economy for ore and steel, which are important components in growing economies.

An industry that is usually early in the business cycle is the construction industry. Only in

Norrbotten is the construction business in the expansion phase, while in Västernorrland it is in recession and in Västerbotten in recovery phase.

During the pandemic, the industry culture, entertainment and leisure was one of the industries that backed down the most in both turnover and employment. Now the situation for these industries in both Västernorrland and Västerbotten is different. Namely, they are judged to be in an expansive phase, while in Norrbotten and in the kingdom as a whole they show a slowdown.

The manufacturing industry is hotter in northern Sweden

Economic indicator for the counties with the most expansive labor markets and the country, September 2023

Industry	West-norrland	West-bottom	North-bottom	The kingdom
Other service activities	Recovery	Expansion	Slowdown	Expansion
Construction activities	Recession	Recovery	Expansion	Recession
Real estate business	Expansion	Recession	Recovery	Recession
Finance and insurance	Expansion	Expansion	Expansion	Expansion
Energy	Expansion	Recovery	Recovery	Recession
Trade	Recession	Slowdown	Slowdown	Slowdown
Hotel and restaurant	Slowdown	Slowdown	Expansion	Slowdown
Information and communication	Slowdown	Expansion	Expansion	Recession
Agriculture, hunting and forestry	Expansion	Recovery	Recession	Recovery
Culture, fun and leisure	Expansion	Expansion	Slowdown	Slowdown
Public Administration	Recession	Recession	Expansion	Slowdown
Manufacturing	Expansion	Expansion	Expansion	Slowdown
Transp. o storage	Recovery	Recession	Expansion	Expansion
Training	Expansion	Expansion	Expansion	Recovery
Rental etc	Expansion	Recession	Recession	Recession
Extraction of minerals	Expansion	Recession	Recession	Recovery
Water supply	Recession	Recovery	Slowdown	Slowdown
Business services	Expansion	Expansion	Expansion	Expansion
Health and social care	Recovery	Recovery	Recession	Recession
Total	Expansion	Expansion	Expansion	Slowdown

Source: Population's labor market status and own calculations (SCB)

- Expansion
- Slowdown
- Recession
- Recovery

Then the labor markets in Västerbotten, Västernorrland and Norrbotten are in one expansion phase, it is natural with low unemployment and a high employment rate. This applies to both domestic and foreign born. The pattern is clearest in Västerbotten and Norrbotten, not least for foreign-born women in Norrbotten County.

Västerbotten County and Norrbotten County have low relative unemployment and a high employment rate

Relative unemployment and employment rate in percent, September 2023

County	Relative unemployment	Employment rate
Stockholm County	4.7	77.2
Uppsala county	4.2	77.7
Södermanland county	6.7	76.7
Östergötland county	4.9	78.6
Jönköping County	3.9	81.2
Kronoberg county	5.3	78.6
Kalmar County	4.1	80.3
County of Gotland	2.7	81.7
Blekinge county	5.2	78.9
Skåne County	6.5	75.1
Halland County	3.5	82.0
Västra Götaland county	4.2	79.3
Värmland county	4.1	79.0
Örebro county	4.8	78.9
Västmanland county	5.8	77.5
Dalarna county	3.9	80.2
Gävleborg County	6.1	78.1
Västernorrland county	4.1	80.2
Jämtland County	3.0	81.9
Västerbotten County	2.6	82.1
Norrbotten county	2.8	82.3
The kingdom	4.7	78.3

Source: Population's labor market status and own calculations (SCB)

18 local labor market regions in the expansion phase

Of the 68 local labor market regions in Sweden 18 of these were in an expansion phase i

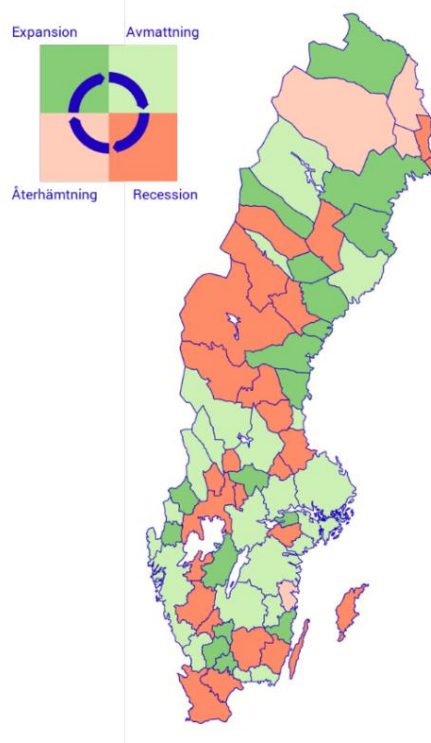
September 2023. In a geographical perspective low these labor markets spread all over Sweden. Everything from Småland's Älmhult to Norrland's Kiruna. A majority, 39 labor markets, were over trend while 29 labor markets were below the long-term trend. In other words, the situation in these labor market regions was weaker than normal.

"Local labor market regions in the expansion phase are spread all over Sweden"

Of the 29 labor markets under trend, only Västervik, Överkalix, Pajala and Gällivare were which showed an upward trend, i.e. they grew weaker than normal but with a higher growth than the month immediately preceding. It can be seen that they are in a recovery phase. What characterizes and unites above all Pajala and Gällivare is these regions' strong connection to the mining industry.

Most labor markets along the northern part of Bothnia the bays are expansive

Economic indicator for local labor markets, September 2023



Source: Population's labor market status and own calculations (SCB)

The labor market regions that were in an expansion phase had a higher proportion of employed within industry than labor market regions that were not in a cyclical expansion. It is also clear that it was employment growth within industry that was driving the expansive regions, as 72 percent of employment growth came from industry, compared to 53 percent in other regions.

"The industry driving for employment growth"

Normally, it is customary to talk about the so-called employment multiplier effect in the economy and especially in industry. Previously unpublished calculations (2015) at SCB show an employment multiplier effect of 1.96 for industry. That is, if an average subsector within the industry needs to increase the number of employees by 100 people as a response to increased demand, a further 96 people are expected to find employment in related activities such as consultants, in logistics and as subcontractors.

Kiruna and Skellefteå have difficulty recruiting to industry, which is reflected in higher daily wages

Distinctive for the local labor market Kiruna is that in September it had the lowest relative unemployment in Sweden of 1.4 percent for the core workforce, i.e. people aged 25 to 54.

"Low unemployment in Kiruna and high in Eskilstuna"

Another labor market region that is frequently discussed in the media is Skellefteås employment growth. But even if the labor market region Skellefteå had among the highest employment growth rates, it cannot quite match Kiruna when it comes to the low relative unemployment of the core workforce.

The low unemployment in Kiruna can be contrasted with Eskilstuna's unemployment, where every eleventh individual between the ages of 25 and 54 was unemployed in September. This can be compared to Kiruna, where one in 74 was unemployed at the same age.

According to theory, labor shortages drive up the price of labor in the form of higher wages. A comparison of the daily wage sums for new employees in industry shows that both Kiruna and Skellefteå are among the highest in Sweden.

Kiruna has the lowest relative unemployment

Local labor markets in expansion phase, September 2023, age 15–74 years

Local labor market region	Share busy-put in industry	Daily wage for new hires the industry	Industry's share of the employment change	Relative unemployment
Kiruna	29	1,060	47	1.5
Skellefteå	21	1,040	54	2.2
Ludvika	32	950	80	5.1
Eskilstuna	12	880	39	8.8
Sundsvall	9	860	24	4.3
Hudiksvall	15	800	35	3.6
Örnsköldsvik	20	800	57	3.4
Älmhult	14	790	50	5.7
Bengtsfors-Dals-Ed	20	780	59	4.8
Luleå	10	780	35	3.0
Kramfors	21	700	95	4.6
Ljungby	32	700	124	4.1
Skövde-Crowd	18	680	53	3.6
Big man	8	660	32	2.3
Värnamo	24	660	315	3.2
Oskarshamn	26	620	101	4.4
Arvika	19	560	72	3.0
Donkey	9	410	26	4.4
The kingdom	11	760	41	4.7

Source: Population's labor market status and own calculations (SCB)

Note: Relative unemployment refers to age 16–64. Other measurements refer to people aged 15–74.

Facts: Labor market status of the population

This article is based on statistics from the [Population Labor Market Status \(BAS\) \(scb.se\)](#). Some data can be found in the Statistics Database, others are own calculations made for this article.

Relative unemployment is the percentage of unemployed in relation to workforce of the same age. Where labor is the sum of employed and unemployed. In a geographical perspective, individuals who are registered in the same geographical area are analysed.

Employment rate is the proportion of employed individuals in relation to the population of the same age.

You can find more information about local labor markets here:

[Local labor markets \(LA\) \(scb.se\)](#)

The first half of this article is based on the change in the number of people employed. The second half of the article deals with the economic perspective. The cyclical perspective is based on the short-term trend of the number of employed compared to its long-term trend. The method for this calculation is the same as in Statistics Sweden's business cycle clock. Here you can find more information about Statistics Sweden's business cycle clock. _____

The difference between Statistics Norway's economic clock and the calculations produced for this article is that Statistics Norway's economic clock includes 13 indicators, including the number of employed people according to the LFS (15–74 years). In the calculations for this article, only one indicator is used, the number of employees according to BAS (15–74 years).

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International outlook

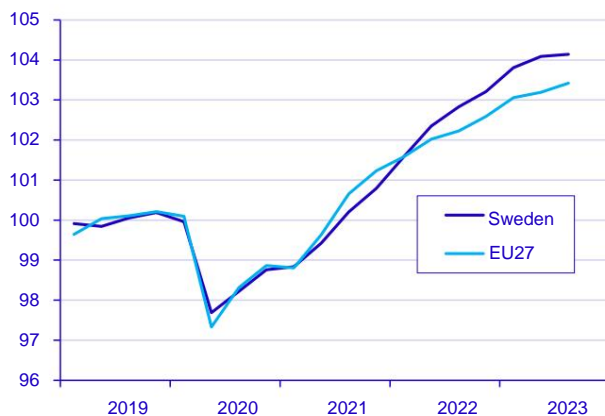
Employment increases more slowly

In the second quarter of 2020, employment decreased significantly in the EU countries as a result of the pandemic. Since then, the number of people employed has increased pretty much every quarter. However, the rate of increase has fallen in recent quarters, both in Sweden and in the EU.

The number of people employed in EU countries also rose in the third quarter of 2023, seasonally adjusted and compared to the previous quarter. This means that employment, according to the national accounts' definition, has increased in all but one quarter since the sharp decline in the second quarter of 2020 in connection with the outbreak of the pandemic.

Employment has increased faster in Sweden than in the EU as a whole

Number of people employed (according to the national accounts). Index 2019=100, seasonally adjusted values.



Source: Eurostat

The decline and recovery in connection with the pandemic were similar for the Swedish labor market as for the EU as a whole. This despite the fact that the Swedish labor market only makes up 2.5 percent of the entire EU. During 2022, however, employment in Sweden increased faster than in the EU. In the last two quarters, the rise has lost momentum in both Sweden and the EU.

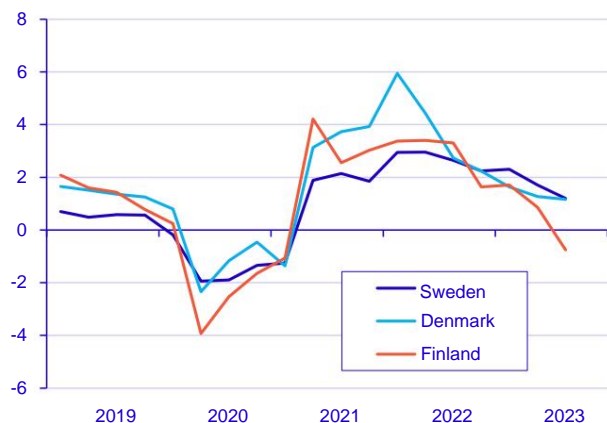
By far the largest labor market in the EU is the German one, which employed 46 million people during the third quarter. This corresponds to 21 percent of all employed people in the EU countries. However, German employment was largely unchanged between the second and third quarters according to seasonally adjusted figures.

Reduced employment in Finland

At an annual rate, third quarter 2023 compared to third quarter 2022, employment increased by 1.2 percent in Sweden. It was the same rate of increase as in the EU but also in Denmark. The employment decline in Denmark was roughly the same as in Sweden in 2020, but the rise thereafter was stronger in Denmark.

High employment growth in Denmark in 2022

Number of people employed (according to the national accounts). Percentage development compared to the corresponding quarter of the previous year



Source: Eurostat

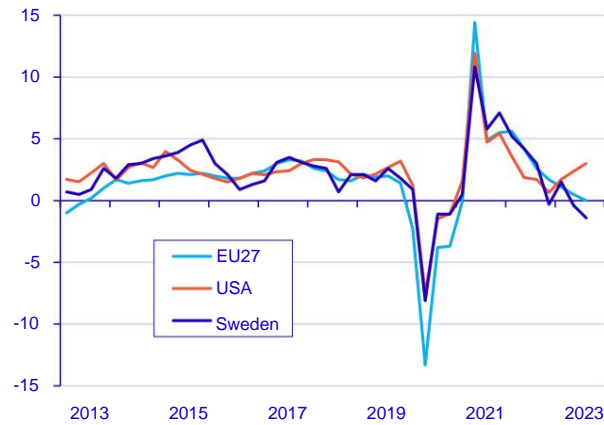
Four of the 27 EU countries had lower employment in the third quarter of 2023 than in the corresponding quarter last year. Finland had the weakest development. There, employment was 0.8 percent lower than in the third quarter of 2022.

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Indicators for Sweden, the EU and the USA

The Swedish economy is shrinking, while the US is going strong

GDP growth in percentage compared to the corresponding quarter of the previous year

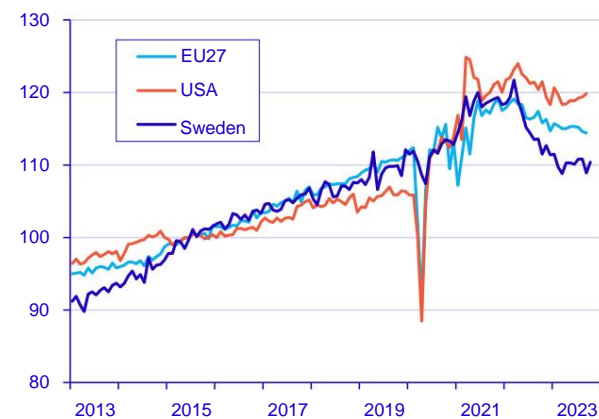


Source: Eurostat and OECD

- Sweden's GDP fell by 1.4 percent at an annual rate in the third quarter of 2023. • Only a few countries in Europe had weaker development than that.
- For the EU as a whole, GDP was at the same level as third quarter last year.
- In the United States, GDP growth was 3.0 percent at an annual rate.

American retail trade is increasing weakly

Retail sales, 2015=100, seasonally adjusted

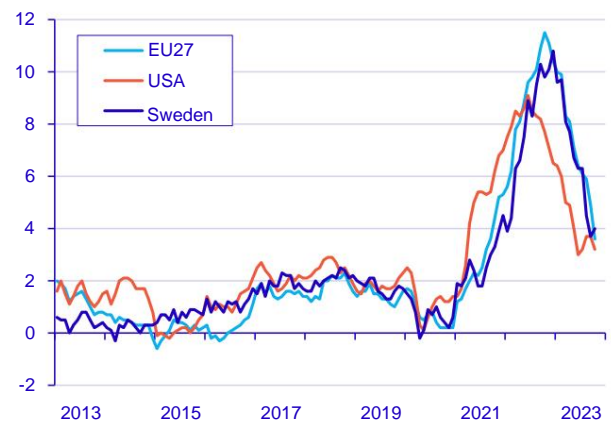


Source: OECD

- Sales in the Swedish retail trade are at the same level as before the pandemic.
- In the EU and the US, the level is higher than before the pandemic.
- In the US, trade has an upward trend, while that of the EU is slightly downward.

Inflation fell sharply in the EU countries in October

HIKP for Sweden and EU27, CPI for the USA, annual change in percentage

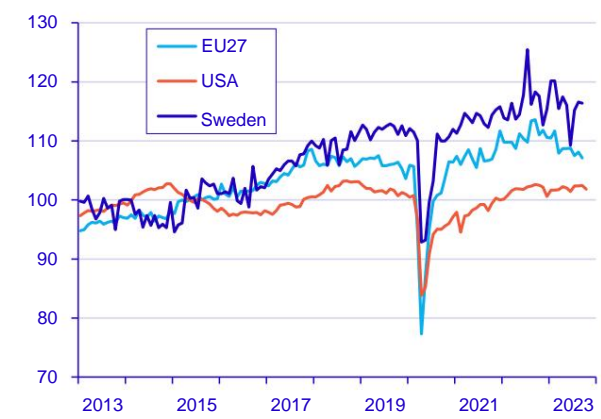


Source: Eurostat and US Bureau of Labor Statistics

- Inflation has fallen significantly since the peak at the end of 2022 in both Sweden, the EU and the USA.
- In the United States, inflation fell again in October after rising slightly during July-September.
- In the EU, inflation fell sharply in October and was lower than in Sweden, which had a small increase compared to September, according to the HIKP measure.

Industrial production in the EU is falling

Industrial production index 2015=100, seasonally adjusted



Source: OECD

- Swedish industrial production has varied a lot lately but was almost unchanged between August and September.
- In the EU, production has a downward trend.
- American industry is going sideways.

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