



The Swedish Economy
December 2023

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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 the 14th of December 2023.

Stockholm, December 20, 2023

Albin Kainelainen
Director-General

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The Swedish Economy, December 2023

The Swedish economy is operating below full capacity, and the output gap will widen in 2024. High inflation and higher interest rates have hit rate-sensitive households and homebuilding activity hard. The weak demand has resulted in a decline in employment during the autumn, and the labour market is set to deteriorate further. Unemployment will continue to rise in 2024 and peak at 8.5 per cent at the end of the year. CPIF inflation has come down from more than 10 per cent last year to 3.6 per cent in November, as a result of lower energy prices and lower global commodity prices. The krona has rallied since September and will continue to strengthen. Inflation will fall and will be well below the Riksbank's target in the second half of 2024. The Riksbank will therefore commence a series of rate cuts next summer. Inflation will pick up again in 2025 due to a stronger economy and looser monetary policy. Fiscal policy will also be made more expansionary in 2025.

Sweden's GDP fell from the second quarter to the third (see Diagram 1). This second consecutive quarter of economic contraction was mainly a result of extensive destocking, primarily in the retail trade, but household consumption and investment also fell. Strong growth in exports of services pulled the other way.

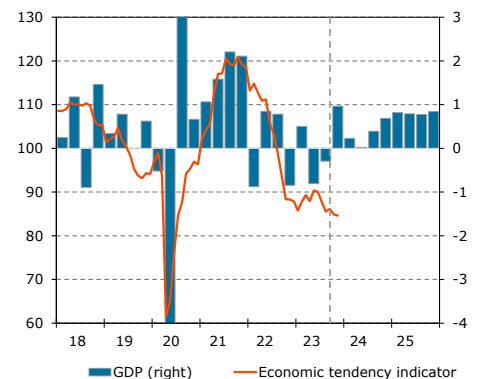
CPIF inflation – the increase in the consumer price index with a fixed interest rate – has fallen gradually in 2023 (see Diagram 2). Although inflation has eased, prices are almost 15 per cent higher than they were two years ago, and high prices and high interest rates are weighing on both households and firms. According to the Economic Tendency Survey, consumers remain pessimistic, especially about their personal finances (see Diagram 3). There is also widespread pessimism in large parts of the business sector, especially in retail trade where demand is weak. Along with falling housing prices, recent years' increases in inflation and interest rates have put pressure on profitability in the construction sector. The decline in housing investment will therefore continue in the coming quarters before easing. Demand abroad has been weak, but exporters have nevertheless had a relatively good year.

The Swedish economy as a whole will begin to grow again from 2024, but slowly. The output gap will, however, widen. Inflation will fall further and will be well below the Riksbank's target in the second half of the year.

The weak economy has begun to make its mark on the labour market, which had long defied the low levels of demand in the economy. In the third quarter, however, employment fell and unemployment rose. There are still shortages of labour in parts of the economy, but not to the same extent as before. The outlook for the labour market is subdued, with negative

Diagram 1 Economic tendency indicator and GDP

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

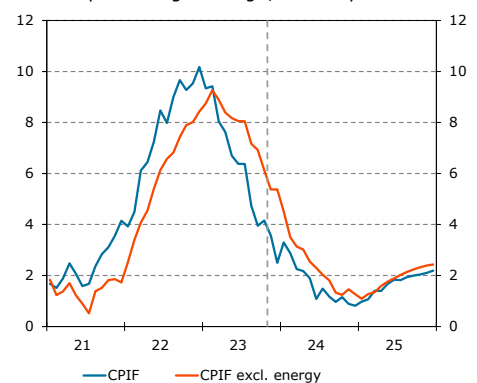


Note. The GDP growth in the second quarter of 2020 was -7.9 percent, and in the third quarter of 2020, it was 7.2 percent.

Sources: Statistics Sweden and NIER.

Diagram 2 Consumer prices

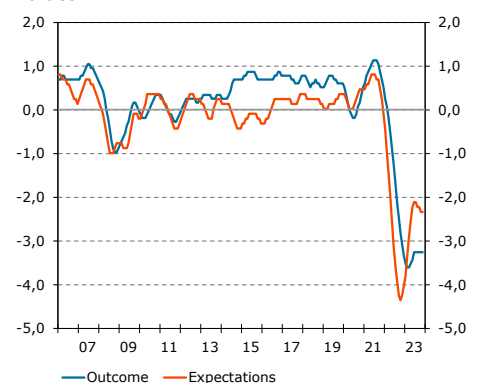
Annual percentage change, monthly values



Sources: Statistics Sweden and NIER.

Diagram 3 Households' view of their own economy

Standardised deviations from mean, monthly values



Source: NIER.

employment plans in all parts of the business sector other than manufacturing (see Diagram 4). The number of people in employment will fall gradually in 2024 in the wake of the economic downturn. The decline will not, however, be as severe as in previous economic downturns, as firms will to some extent be labour hoarding so that they can quickly meet demand once the economy turns. Unemployment will rise and peak at 8.5 per cent in the fourth quarter of 2024 (see Diagram 5).

Real wage growth will turn positive in 2024 as wages outpace prices. Together with a lower policy rate, this will enable households and firms to consume and invest more, and the economy will begin to grow again, albeit at a modest rate.

Government net lending will be close to neutral in 2023, but the weak economy will bring deficits in both 2024 and 2025. Local government net lending will improve slightly in 2024 but remain weak. Central government net lending will turn negative in 2024, due mainly to a capital injection of SEK 80 billion into the Riksbank. Fiscal space is estimated at around SEK 140 billion for the period 2025-2028.

As ever, there is uncertainty about the outlook. There is a risk that inflation will not fall as quickly as expected, for example if prices for services continue to rise rapidly or if firms' pricing behaviour changes. On the other hand, inflation in the euro area and Sweden has recently fallen faster than expected, which could mean that price pressures ease more quickly than assumed. When it comes to employment, there is uncertainty about how much labour employers will hoard. Households have reduced their spending in six of the past seven quarters, and consumption growth is expected to be modest for much of 2024. However, consumption could grow more slowly or more quickly than forecast.

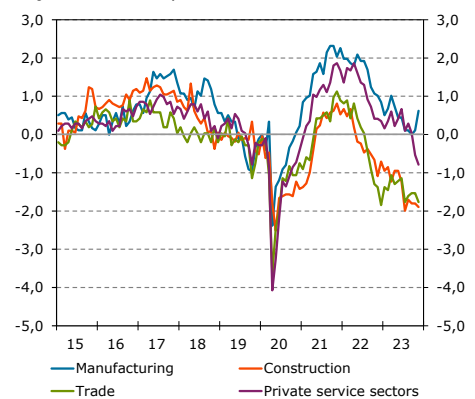
SUBDUED GLOBAL ECONOMIC OUTLOOK

High central bank policy rates, slow world trade and weak sentiment among both consumers and firms have adversely affected the global economy. Growth in many countries has slowed during the year, and most confidence indicators point to further weakness in the near term. PMIs have long pointed to weak manufacturing sentiment, and there has also been a clear downturn in services recently (see Diagram 6).

Growth has varied considerably between countries. For example, the third quarter brought strong growth in the US and China, but weaker growth in the euro area and the Nordic economies. American GDP grew rapidly by historical standards, driven mainly by strong consumer spending but also by government consumption and stockbuilding. The euro area has significantly underperformed the US. GDP in the euro area is on a par with a year ago (see Diagram 7). In Germany, the largest economy in the bloc, growth is being held back by weak consumption and investment.

Diagram 4 Hiring plans

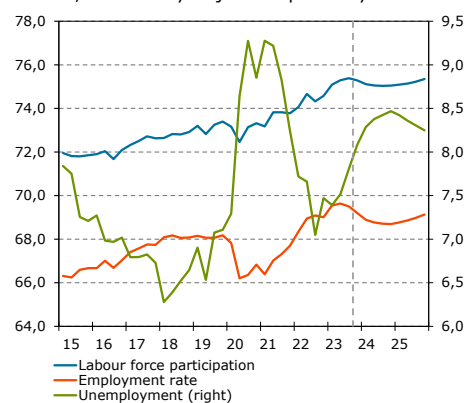
Standardised deviations from mean, seasonally adjusted monthly values



Source: NIER.

Diagram 5 Labour market situation

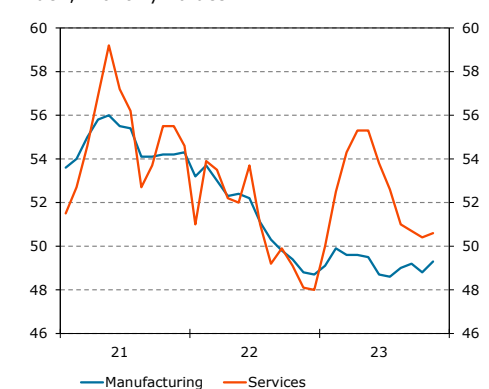
Per cent of the population and labour force, age 15-74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 6 Global purchasing manager index

Index, monthly values



Sources: S&P Global and Macrobond.

INFLATION ABROAD HAS SLOWED

Central bank policy rates in many countries have been raised rapidly since the middle of 2022 to curb inflation. The Federal Reserve is believed to have completed its hiking cycle at 5.50 per cent during the summer (see Diagram 8). The ECB’s policy rate is also expected to have peaked.

High policy rates have had an impact on both inflation and growth worldwide. Inflation has slowed significantly in most countries in 2023 (see Diagram 11), although some prices are still rising comparatively quickly. Inflation will continue to ease and will drop below central banks’ targets in 2024. Both the Federal Reserve and the ECB are therefore expected to begin to lower their policy rates again in the second quarter of 2024 (see Diagram 8). If inflation falls more slowly than expected, interest rates will come down later.

LABOUR MARKET HAS BEGUN TO WEAKEN IN MANY COUNTRIES

The labour market has been resilient to date in many countries, with unemployment still very low in the US and the euro area (see Diagram 9). In both cases, however, unemployment is now expected to increase as a result of weak economic growth. The rise in joblessness will be moderate by historical standards. The deterioration in the labour market will also put a damper on wage growth.

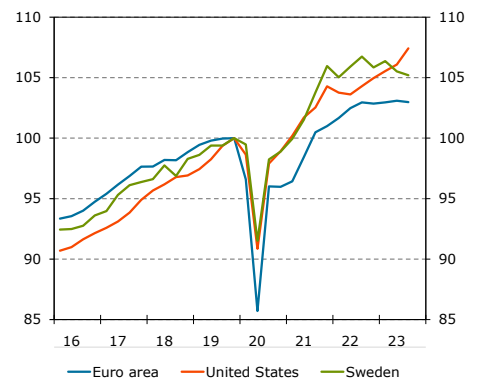
FURTHER WEAK GDP GROWTH FOR KEY TRADING PARTNERS IN 2024

GDP growth for Sweden’s most important trading partners – the KIX countries – will be comparatively weak in 2023 and 2024 (see Table 1). It will then pick up in 2025, thanks partly to interest rates having fallen further. Growth in Sweden’s export market has also slowed significantly in 2023, but will increase somewhat in 2024 and 2025 (see Diagram 10).

The global economy still faces considerable risks from geopolitical tensions, for example between the US and China, which could have consequences for world trade and global growth.

Diagram 7 GDP in selected countries and regions

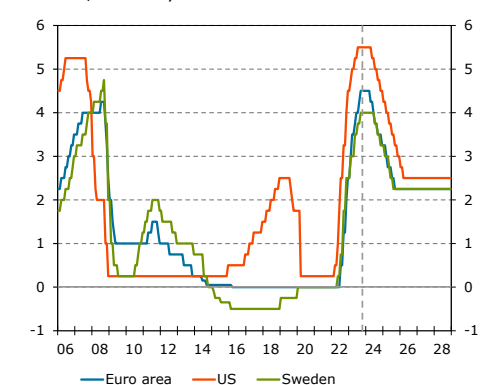
Index 2019 quarter 4=100, constant prices, seasonally adjusted quarterly values



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

Diagram 8 Policy rates

Percent, monthly values

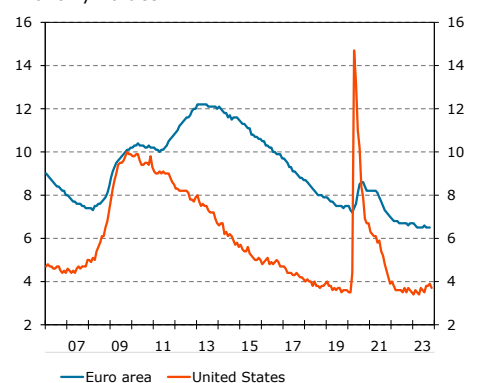


The ECB’s policy rate refers to the refinancing rate. The Federal Reserve’s policy rate refers to the upper bound of the federal funds rate range.

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

Diagram 9 Unemployment

Per cent of labour force, seasonally adjusted monthly values



Sources: Eurostat and Bureau of Labor Statistics.

Table 1 GDP and consumer prices

Percentage change

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Sweden's Export Market ¹	0.4	2.1	3.2	3.3	3.2	3.2
GDP²						
World	3.0	2.7	2.9	3.0	2.9	2.8
KIX-weighted ³	1.4	1.4	2.1	2.1	2.0	1.9
Euro Area	0.5	0.6	1.7	1.7	1.5	1.4
US	2.4	1.4	1.6	2.1	2.0	2.0
China	5.3	4.4	4.3	4.2	4.1	4.0
Sweden	0.0	1.0	2.8	3.2	2.1	1.7
CPI⁴	-0.2	1.0	2.6	3.2	2.2	1.6
KIX-weighted ³						
Euro Area	5.5	2.9	2.4	2.3	2.3	2.3
US	5.4	2.2	1.9	2.0	2.0	2.0
China	4.1	2.5	2.3	2.3	2.3	2.3
Sweden	0.3	1.4	2.0	2.6	3.0	3.0

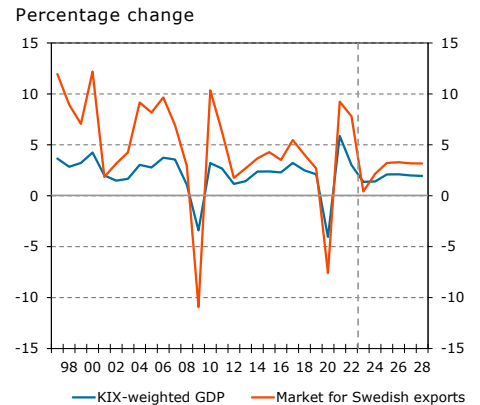
¹ Export market growth refers to total import demand in 32 of Sweden's most important trading partners, each country is weighted according to its share of Swedish goods exports. ² The figures for GDP are the calendar-adjusted change expressed in constant prices. The global aggregate is calculated using time-varying purchasing power parity GDP weights from the IMF. ³ KIX-weighted GDP and CPI is an aggregate calculated using the Riksbank's KIX weights, which cover 32 of Sweden's most important trading partners. ⁴ The aggregate for the euro area has been calculated using consumption weights from Eurostat. For Sweden the CPIF-index is shown.

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

SWEDISH GDP FALLS FURTHER IN THE THIRD QUARTER

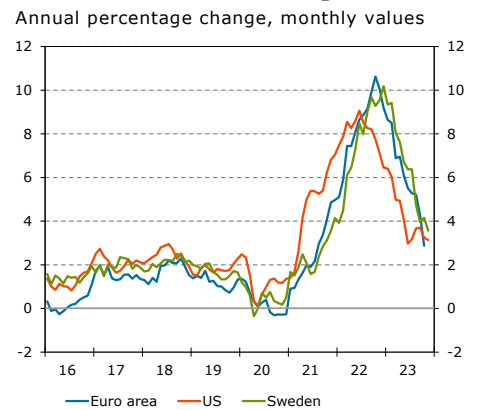
Swedish GDP fell 0.3 per cent from the second quarter to the third (see Diagram 12). This second consecutive quarter of economic contraction was mainly a result of extensive destocking, especially in the retail trade, but household consumption and investment also fell. Exports of services, on the other hand, climbed strongly. Destocking has continued in the fourth quarter, but at a much lower rate than in the third, and this will make a major positive contribution to GDP growth. With exports of goods also growing strongly, GDP is forecast to climb 1 per cent from the third quarter to the fourth. These movements are temporary, however, and GDP growth will drop back at the beginning of next year before staging a recovery from the third quarter of 2024.

Diagram 10 KIX-weighted GDP and market for Swedish exports



Sources: National sources, Macrobond and NIER.

Diagram 11 Consumer prices in selected countries and regions

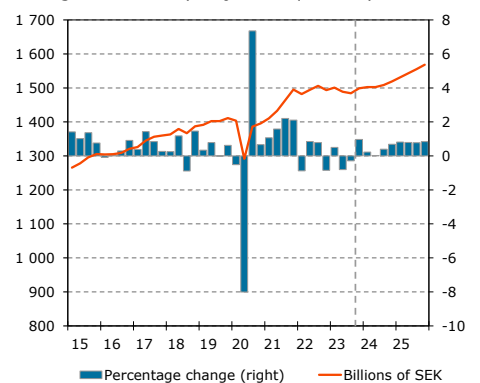


Note. CPI for US, HICP for Euro area and CPIF for Sweden.

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

Diagram 12 GDP

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



Sources: Statistics Sweden and NIER.

Table 2 Domestic economy

Percentage change, constant prices

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Household Consumption Expenditure	-2.4	1.2	3.8	3.9	2.7	2.6
General Government Consumption Expenditure	2.0	1.6	1.5	1.3	1.1	0.8
Gross Fixed Capital Formation	-1.3	-0.8	1.8	4.9	4.2	2.0
<i>Domestic Demand Excl. Stockbuilding</i>	-0.9	0.7	2.6	3.5	2.7	1.9
Stockbuilding ¹	-1.2	0.1	0.3	0.1	0.0	0.0
<i>Total Domestic Demand</i>	-2.2	0.8	2.9	3.6	2.7	1.9
Exports	2.7	1.9	3.1	4.0	3.3	2.2
<i>Total Demand</i>	-0.5	1.2	3.0	3.7	2.9	2.0
Imports	-1.0	1.7	3.8	4.6	4.3	3.0
<i>Net Exports</i>	1.9	0.2	-0.2	-0.1	-0.4	-0.3
GDP	-0.2	1.0	2.6	3.2	2.2	1.6
GDP, calendar adjusted	0.0	1.0	2.8	3.1	2.0	1.7
GDP per Capita	-0.8	0.4	2.0	2.7	1.7	1.1
Current Account ²	6.5	6.7	6.2	5.5	4.9	4.3

¹ Change in per cent of GDP the previous year. ² Per cent of GDP, current prices.

Sources: Statistics Sweden and NIER.

STRONG MANUFACTURING INVESTMENT

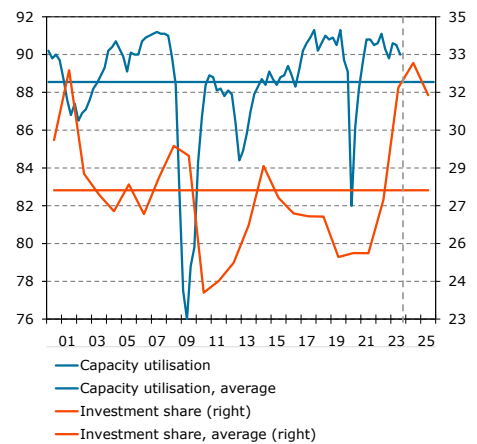
Manufacturing investment continued to grow rapidly in the third quarter and is strong by historical standards in relation to output. Capacity utilisation in the sector is nevertheless relatively high, which points to a need for further investment (see Diagram 13). Manufacturing investment will therefore increase further as a share of output in 2024 before edging down in 2025.

Housing investment is performing much less well. The sharp decline that began in the third quarter of 2022 accelerated in the third quarter of 2023 (see Diagram 14). Higher financing costs and weak housing prices are putting pressure on homebuilders' profitability. The decline will therefore continue in the coming quarters. A recovery will begin late in 2024.

Government investment was weak in the third quarter but has otherwise grown steadily since the middle of 2022 (see Diagram 15). The weakness was due primarily to a decrease in local government investment. Central government reported net divestments in the first quarter of 2023 as a result of Sweden selling weapon systems to the UK as part of its support for Ukraine. Looking ahead, the recent upward trend in defence investment will accelerate, taking it back towards the levels seen before the heavy cuts of the 2000s.

Diagram 13 Industry capacity utilisation and investment share

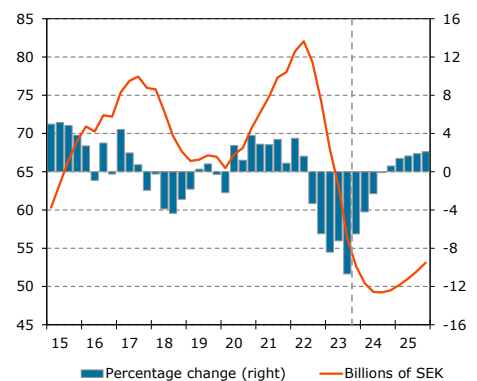
Per cent, seasonally adjusted quarterly values and per cent of value added, current prices



Sources: Statistics Sweden and NIER.

Diagram 14 Gross fixed capital formation, housing

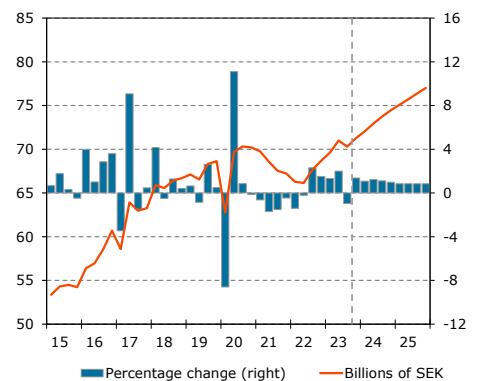
Billions of SEK, constant prices and percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 15 Public investments

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



Sources: Statistics Sweden and NIER.

EXPORT GROWTH TO SLOW AFTER ENDING 2023 STRONGLY

Exports grew rapidly in the third quarter of 2023. Exports of raw materials and services climbed very strongly, while exports of manufactured goods fell slightly. Exports of services have been growing strongly for three years, and this is an important reason why Swedish exports have outpaced growth in the export market in recent years.

The foreign trade statistics indicate that exports of goods will rise rapidly in the fourth quarter. The rate of growth will then be much lower. According to the Economic Tendency Survey, new orders are at low levels and have been there for some time, with firms' view of their order books falling from very high levels in 2022 to normal levels by historical standards (see Diagram 16). Export market growth will pick up in 2024 and accelerate further in 2025 after a weak 2023, but will remain subdued by historical standards (see Diagram 17). Given the state of demand, Sweden's exporters have had a good year in 2023, but export growth will slow to relatively low levels in 2024 and 2025.

FURTHER STRONG GROWTH IN GOVERNMENT CONSUMPTION

Government consumption will grow comparatively strongly in 2023-2025 (see Diagram 18). The rate of growth will be strongest in 2023, due primarily to defence expansion and increased spending on the police and the justice system. There has also been an increase in local government spending as a result of more pupils in schools and more recipients of elderly care.

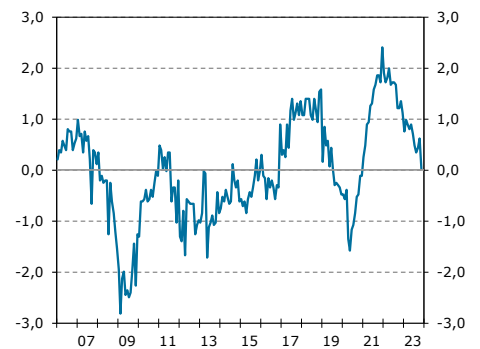
Government consumption will continue to grow in 2024 and 2025, but somewhat more slowly than in 2023. Growth will still be driven mainly by central government through increased expenditure on defence, the police and the justice system. Local government spending will also rise, due mainly to a greater number of elderly people increasing the need for health and social care, but will be constrained by the sector's financial position, which is expected to require some savings. These savings are expected to be made primarily by reducing expenditure on staff and intermediates. The cutbacks in spending will therefore be seen mainly in the number of workers and the quantity of resources, such as new learning materials in schools or new equipment for health and elderly care. Spending in volume terms is expected to be affected less, however, because volumes are driven mainly by need (number of school-age children, number of sick, number of elderly, etc).

HOUSEHOLD CONSUMPTION WILL REMAIN RESTRAINED

Rising prices and interest rates have continued to weigh on household consumption in the third quarter, with spending down 0.6 per cent on the second quarter (see Diagram 19). This was the fifth consecutive quarter of negative growth, for the first time since the economic crisis of the early 1990s. The decrease

Diagram 16 Export order stock, assessment of the industry

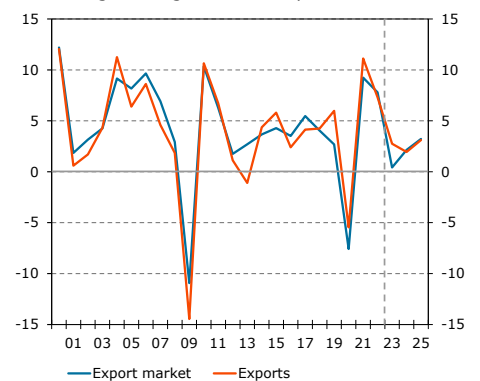
Standardised deviations from mean, seasonally adjusted monthly values



Source: NIER.

Diagram 17 Export market and exports

Percentage change, constant prices

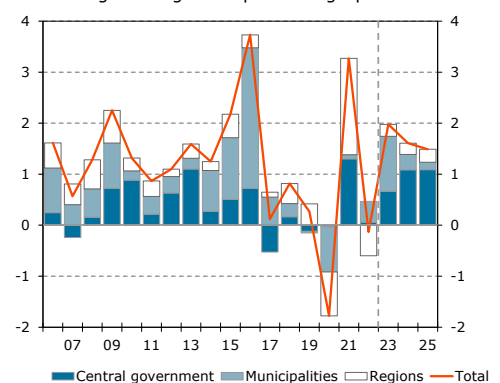


Note. The export market is estimated using Swedish export weights.

Sources: Statistics Sweden and NIER.

Diagram 18 Contribution to public consumption growth

Percentage change and percentage points



Sources: Statistics Sweden and NIER.

was broad, but spending on durable goods and consumption abroad fell particularly sharply. Consumption of both non-durables and durables in the third quarter was around 5 per cent lower than in the same quarter last year.

The consumer confidence indicator headed back up in November but is still at very low levels (see Diagram 19). Retail sales increased in October, and consumer spending is expected to start to grow slightly in the fourth quarter of 2023 (see Diagram 19). Consumption will be higher in 2023 than in 2022 in value terms, but the erosion of households' purchasing power by inflation means that it will be lower in terms of volume (see Diagram 20).

Spending growth will remain weak in the first part of 2024, due primarily to increases in costs at the start of the year such as rents and service charges (see Diagram 19). Rapidly falling inflation, lower interest rates and comparatively strong wage growth mean that real disposable income will grow in 2024 for the first time in two years. Spending will therefore pick up in the second half of the year and grow further in 2025, and households will also save more (see Diagram 21). There is, however, uncertainty about this forecast. Particularly uncertain is saving behaviour, which could lead to spending growing more quickly or more slowly than we are forecasting.

WIDE VARIATIONS IN OUTLOOK FOR FIRMS

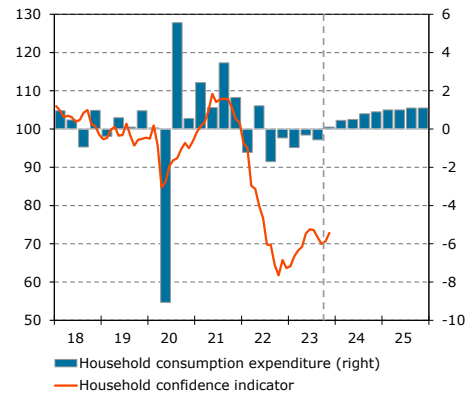
Despite challenging conditions abroad and dwindling household consumption, production in the Swedish business sector has been unchanged in 2023 (see Diagram 22). However, there have been considerable variations between different parts of the sector. Rising production in services has offset weaker performance elsewhere, especially in manufacturing.

Manufacturing production fell in the third quarter for a fourth consecutive quarter. It is unusual to see such a long continuous decline.¹ Although the decline will come to an end in the fourth quarter, a recovery will not begin until the second half of 2024. High levels of investment and a slower decrease in hours worked than in production indicate that manufacturing will be in a strong position once demand picks up, with production able to increase relatively quickly.

Services account for around two-thirds of production in the Swedish business sector and include industries with very different outlooks. Tighter household budgets have particularly affected retail, transport and hospitality. As households begin to spend more again, the position of these industries will improve, and production there will increase steadily in 2024 (see Diagram 23). Business services have performed much better over the past year and will continue to grow strongly relative to the rest of the business sector.

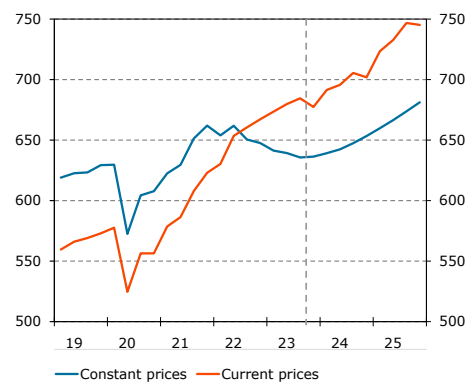
¹ It has happened three times since 1981 (1991Q1-1992Q2, 2008Q1-2009Q2 and 2011Q4-2012Q4).

Diagram 19 Household confidence indicator and consumption expenditure
Index mean=100, seasonally adjusted monthly values and percentage change, seasonally adjusted quarterly values



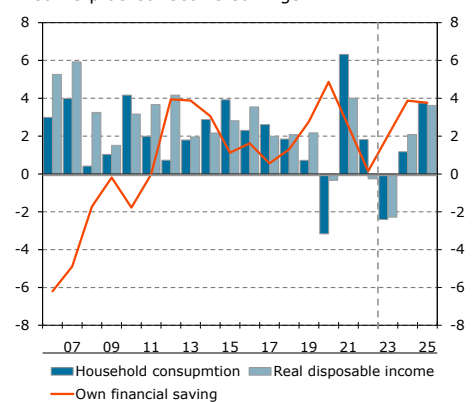
Sources: Statistics Sweden and NIER.

Diagram 20 Household consumption
Billions of SEK, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 21 Household consumption, real disposable income and savings
Percentage change or percentage of disposable income plus collective savings



Note. Savings is defined as household's total savings incl. savings in premium and occupational pension. Own financial savings are defined as household savings excluding real savings and savings in premium and occupational pensions. Both measures are put in relation to households' disposable income plus savings in premium and occupational pensions.
Sources: Statistics Sweden and NIER.

Expectations in construction have been increasingly pessimistic since the middle of 2022, especially among homebuilders (see Diagram 24). Housing investment has fallen sharply over the same period, while production in the construction sector as a whole has been largely unchanged. A downturn in civil engineering means that production will slow in 2024, falling in three of the year's four quarters. As the policy rate comes down and housing prices head back up, production will begin to increase again in late 2024 and continue to grow in 2025.

Table 3 Production

Percentage change, calendar-adjusted values

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Business Sector	0.0	1.1	3.1	3.7	2.4	2.0
Goods Producers	-2.7	0.7	3.2	...	...	...
Of which: Industry	-4.3	0.7	4.4	...	...	...
Construction	0.3	0.2	1.7	...	...	...
Service Producers	1.5	1.4	3.0	...	...	...
General Government	0.8	1.2	1.3	0.4	0.4	0.5
Total Economy¹						
GDP at Basic Prices	0.2	1.1	2.7	3.0	2.0	1.7
GDP at Market Prices	0.0	1.0	2.8	3.1	2.0	1.7

¹ Including production in non-profit institutions serving households.

Note. Production refers to value added.

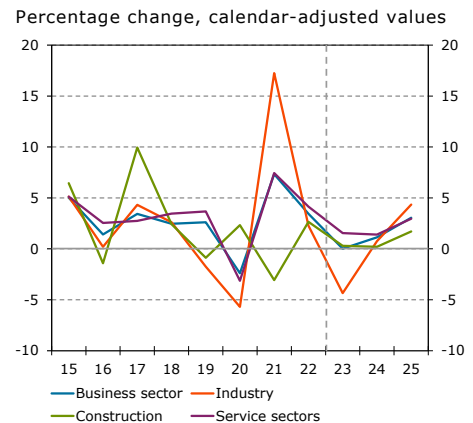
Sources: Statistics Sweden and NIER.

ECONOMIC DOWNTURN WEIGHS ON LABOUR MARKET

Employment continued to grow relatively quickly in the first half of 2023. The whole of the increase in the number of people in work was in the foreign-born population, with both women and men contributing.² In the third quarter, however, the trend reversed, and the number of employed fell for the first time since the beginning of 2021. Unemployment also continued to climb in the third quarter, and more quickly than in the second. The rise was mainly a result of jobseekers who does not study full-time and seek an extra job (see Diagram 25). The number of people registered as unemployed with the Swedish Public Employment Service has continued to increase through to November 2023, confirming the picture of an appreciably weaker labour market. The monthly LFS data also point to a clear downshift in employment, the likes of which have been seen only a few times

² Employment in the foreign-born population has increased considerably since the pandemic, which can only partly be explained by a favourable demographic profile for this group.

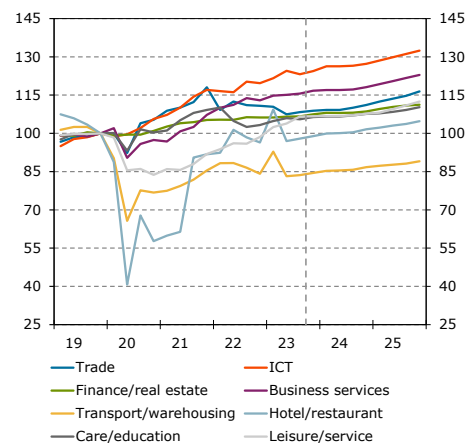
Diagram 22 Production in business sector



Sources: Statistics Sweden and NIER.

Diagram 23 Production in service sectors

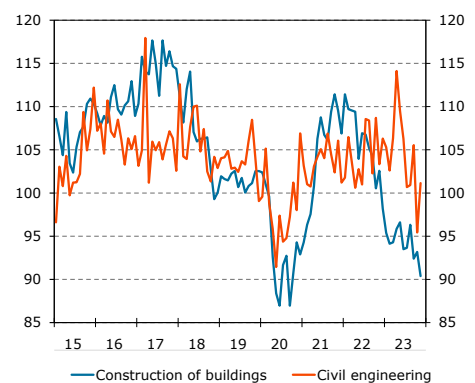
Index 2019 quarter 4=100, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 24 Confidence indicator for the construction sector

Index mean=100, seasonally adjusted monthly values



Source: NIER.

since 2001, for example during the financial crisis and the pandemic. The number of permanent employees has also fallen.³

Indicators such as employment plans and labour shortages in the business sector in the Economic Tendency Survey have continued to decline (see Diagram 26). As at November 2023, the Economic Tendency Survey was showing negative employment plans in all parts of the business sector other than manufacturing. It is particularly worth noting that employment plans in the service sector were negative in October and November 2023 (see Diagram 27). Manufacturing accounts for only 11 per cent of employment, while services account for 48 per cent.

Our forecast is for employment to increase in 2023 as a whole. Next year, however, the number of people in work will gradually fall as a consequence of the weaker economy, with the decline in household consumption in 2023 acting as a drag on employment in 2024. Above all, employment will fall in construction, household services such as hospitality, and retail. Employment in the government sector will increase over the year as a whole and so cushion the overall decline. One reason why we do not expect employment to fall too far is that firms will to some extent hoard labour so that they can quickly meet demand once the economy turns.⁴ It is uncertain how strong this effect will be, however, and this presents both an upside and a downside risk to our forecast.

In 2025, the economy will grow more quickly and firms will need to recruit, which means that employment will rise (see Diagram 29). However, the employment rate will still be slightly lower at the end of 2025 than at the end of 2023.

The weaker labour market means that more people than before will leave the labour force. Unemployment will nevertheless rise in 2024 and peak at 8.5 per cent at the end of the year. By the end of 2025, unemployment will have dropped back to 8.2 per cent, due to employment growing faster than the labour force (see Table 4).

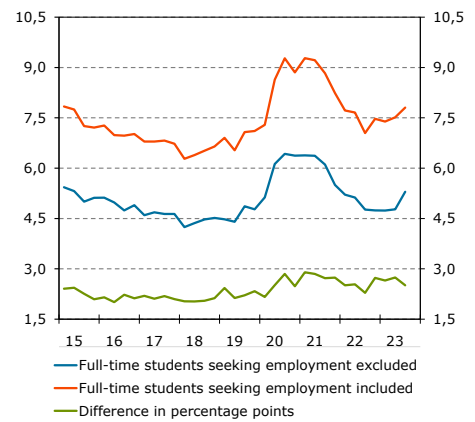
FURTHER LOW RESOURCE UTILISATION

The Swedish economy will operate below full capacity with a clearly negative output gap in 2023, 2024 and 2025. Resource utilisation in the economy is currently weak and falling, as captured by a negative resource utilisation indicator (see Diagram 28).

Resource utilisation in the labour market will be lower in the coming years, and the labour market gap will be negative (see Diagram 30). The productivity gap, which measures resource utilisation in the business sector, will remain negative in 2023 and 2024, but will close in 2025.

Diagram 25 Unemployment except students, age 15-74.

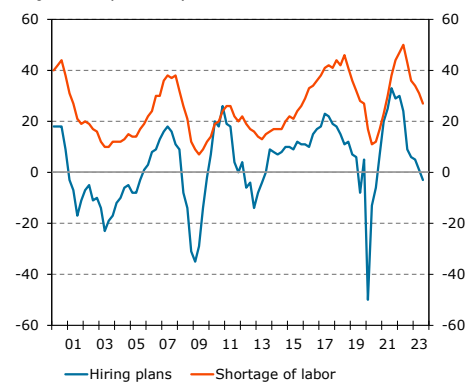
Per cent of labour force, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 26 Hiring plans and labor shortage in business sector

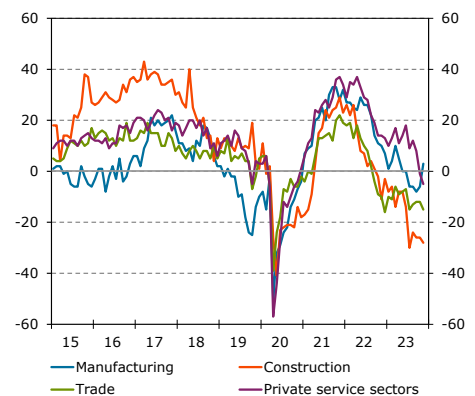
Balances and share of yes responses, seasonally adjusted quarterly values



Source: NIER.

Diagram 27 Hiring plans

Balances, seasonally adjusted monthly values



Source: NIER.

³ The LFS results for November 2023 have not been taken into account in this forecast but are consistent with the picture on which the forecast is based.

⁴ Labour hoarding is where firms retain more staff than are currently needed for production.

Table 4 Labour market

Percentage change and per cent, respectively

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
GDP at Basic Prices ¹	0.2	1.1	2.7	3.0	2.0	1.7
Productivity, Total Economy ¹	-1.3	1.0	1.5	1.4	0.9	1.2
Productivity, Business Sector ¹	-1.5	1.3	1.8	1.7	1.1	1.6
Hours Worked ¹	1.5	0.2	1.2	1.6	1.1	0.5
Average Hours Worked per Person Employed ¹	0.1	0.7	0.4	-0.1	0.0	0.0
Number of Employed	1.4	-0.5	0.8	1.6	1.1	0.5
Employment Rate ²	69.5	68.8	68.9	69.7	70.1	70.2
Labour Force	1.6	0.2	0.7	1.0	0.5	0.5
Labour Force Participation Rate ²	75.3	75.1	75.2	75.6	75.6	75.7
Unemployment ³	7.7	8.4	8.3	7.8	7.3	7.3
Population Aged 15-74	0.5	0.5	0.5	0.5	0.5	0.4
Productivity Gap, Business Sector ⁴	-0.7	-0.2	0.4	...	...	...
Labour Market Gap ⁵	-0.4	-1.3	-1.1	-0.5	0.0	0.0
GDP Gap ⁶	-1.1	-1.8	-1.0	-0.1	0.0	0.0

¹ Calendar-adjusted values. ² Per cent of population aged 15-74. ³ Per cent of labour force. ⁴ Difference between actual and potential productivity in per cent of potential productivity in the business sector. ⁵ Difference between actual and potential hours worked in per cent of potential hours worked. ⁶ Difference between actual and potential GDP in per cent of potential GDP.

Sources: Statistics Sweden and NIER.

WAGE GROWTH TO SLOW IN 2024

Wage growth in the business sector has accelerated in 2023. Preliminary wage data from the Swedish National Mediation Office suggest positive wage drift in the third quarter (see Diagram 31). However, the rate of wage growth in the business sector is still somewhat below the average for the euro area.⁵

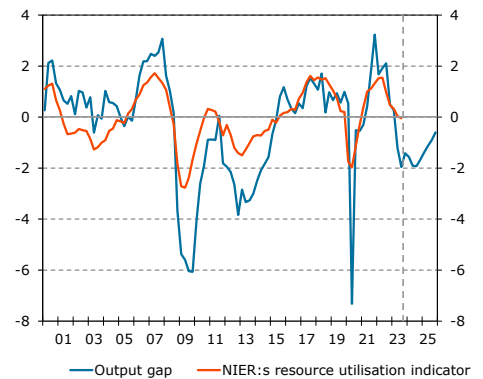
Wage growth has also accelerated in the government sector since the second quarter of 2023. Given the pressure on local government finances, however, wage increases will not match the benchmark set in manufacturing during the first year of the settlement.

The weaker labour market means decreased labour mobility, which will put a damper on wage drift in late 2023 and throughout 2024. This means that wage growth in the business sector will be slower in 2024 than in 2023 (see Table 5), even allowing for central settlements. Although wage growth will be slower in 2024, it will still be high by the standards of the past decade.

⁵ Calculated on the basis of wage and salary costs (WAG) in the Labour Cost Index for European countries for the second quarter of 2023.

Diagram 28 Output gap and resource utilisation indicator

Per cent of potential GDP and normalised seasonally adjusted quarterly values

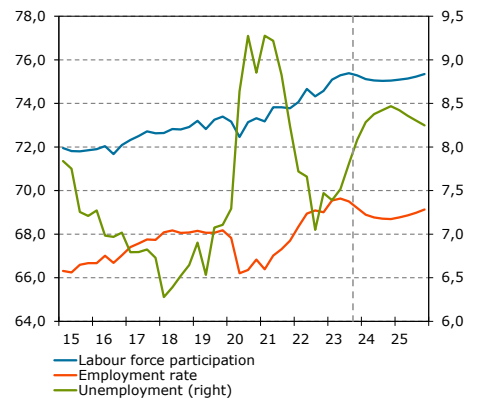


Note. The output gap is defined as actual GDP deviation from potential GDP.

Source: NIER.

Diagram 29 Labour market situation

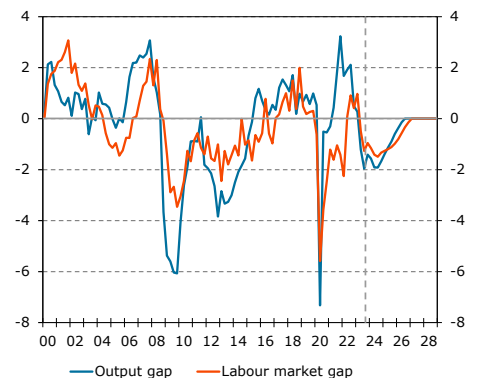
Per cent of the population and labour force, age 15-74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 30 Output gap and labour market gap

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



Source: NIER.

As the labour market recovers in 2025, wage growth is expected increase, and the annual rate is forecast to be around 3.6 per cent at the end of the year.

This wage growth, together with falling inflation, means that real wages will start to grow again from the first quarter of 2024 (based on CPIF inflation and the monthly wage statistics) (see Diagram 32). At the end of 2025, real wages – and so purchasing power for those in work – will be on a par with the end of 2018.

RAPID GROWTH IN UNIT LABOUR COSTS WILL SLOW

There has been a comparatively large increase in unit labour costs in 2023, due to a combination of falling productivity and rising labour costs (see Diagram 33). The increase is partly a consequence of firms recruiting for most of the year. As productivity recovers in 2024 and 2025, unit labour costs will fall.

The profit share in the business sector has remained high in 2023 and is well above the historical average. The high profit share can be explained to a great extent by some industries benefiting from high world market prices and a weak krona. As a result of labour costs rising faster than output, the profit share in the business sector as a whole will fall in 2024 and 2025. The decline will be limited, however, and the profit share will still be high by historical standards at the end of 2025.

Table 5 Hourly wages and labour costs

Percentage change and per cent, respectively

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Hourly Earnings, Total Economy ¹	3.8	3.7	3.5	3.9	3.8	3.8
Hourly Earnings, Business Sector ¹	4.0	3.8	3.6	3.8	3.8	3.8
Hourly Labour Costs, Business Sector ²	3.5	3.5	3.6	3.9	3.8	3.8
Productivity, Business Sector ²	-1.6	1.3	1.8	...	...	...
Adjusted Unit Labour Cost, Business Sector ³	4.8	3.5	1.5	...	...	...
Adjusted Profit Share, Business Sector ⁴	41.1	40.4	40.0	39.5	39.0	38.8

¹ According to the Short-Term Earnings Statistics. ² According to the National Accounts, calendar-adjusted values. Excluding one- and two-family houses and secondary homes. ³ Excluding one- and two-family houses and secondary homes, and adjusted for the number of hours worked by the self-employed. ⁴ Excluding one- and two-family houses and secondary homes, and adjusted for the number of hours worked by the self-employed, not calendar-adjusted values. Calculated at factor price.

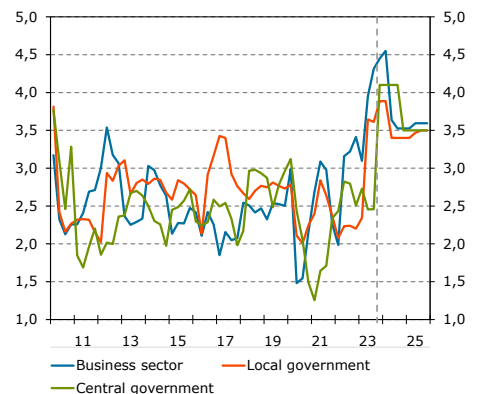
Sources: Statistics Sweden and NIER.

INFLATION WILL BOTTOM OUT NEXT WINTER

Inflation has dropped back sharply in 2023. After peaking at more than 10 per cent in December 2022, CPIF inflation slowed to 3.6 per cent in November 2023 (see Diagram 34). Inflation will continue to fall in 2024, even when energy prices are

Diagram 31 Hourly earnings

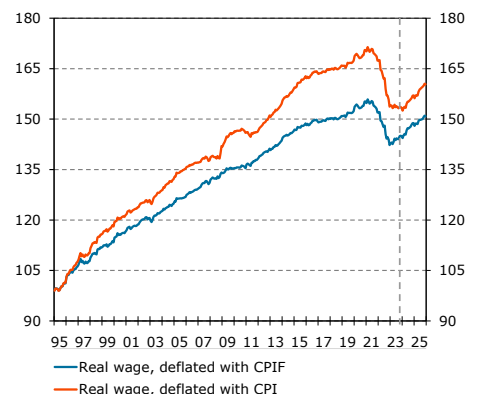
Percentage change, quarterly values



Sources: National Mediation Office and NIER.

Diagram 32 Real wage

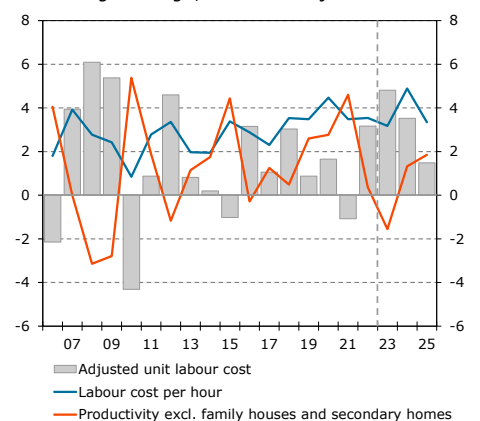
Index 1995=100, monthly values



Sources: National Mediation Office, Statistics Sweden and NIER.

Diagram 33 Adjusted unit labour cost in the business sector

Percentage change, calendar-adjusted values



Note. The unit labour cost is adjusted for the number of hours worked by the self-employed and excludes one- and two-family houses and secondary homes.

excluded (see Diagram 35). The main reason for inflation continuing to come down in 2024 is a gradual easing of cost pressures stemming from the Covid-19 pandemic and Russia’s full-scale invasion of Ukraine in 2022. Instead, consumer prices will increasingly reflect the effects of lower energy and freight prices and the improved supply chain situation. The shift from rising to falling supply chain costs will gradually make its mark on inflation in 2024, most clearly towards the end of the year. Subdued demand in the wake of tight monetary policy both at home and abroad will also help ease inflationary pressures. It will take time for changes in commodity prices, supply chains, global demand and a stronger krona to have their full impact on consumer prices in Sweden. This effect is therefore expected to pull inflation down gradually throughout 2024.

Table 6 Consumer prices, interest rates and exchange rates

Percent, percentage change and index, respectively. Annual average unless otherwise indicated

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
CPI	8.6	2.9	1.2	1.8	2.1	2.0
Interest Costs, Interest Rate ¹	66.2	18.5	-7.5	-2.7	1.2	0.6
CPIF	6.0	1.7	1.7	2.0	2.0	2.0
Goods	8.6	0.3	0.6	...	...	...
Services	7.6	4.0	2.8	...	...	...
Housing ex Mortgage Interest Costs and Energy ²	5.1	4.4	3.1	...	...	...
Energy	-10.8	-7.9	-1.0	...	...	...
Interest Costs, Capital Stock ¹	5.6	3.6	3.3	3.4	3.4	3.4
CPIF ex Energy	7.5	2.3	1.9	...	...	...
HICP	5.9	1.7	1.8	...	...	...
Repo Rate ³	4.00	3.25	2.25	2.25	2.25	2.25
Ten-Year Government Bond Yield	2.5	2.3	2.5	2.8	2.9	2.9
Effective Krona Exchange Rate Index (KIX) ⁴	127.5	123.4	121.4	119.2	117.0	115.6

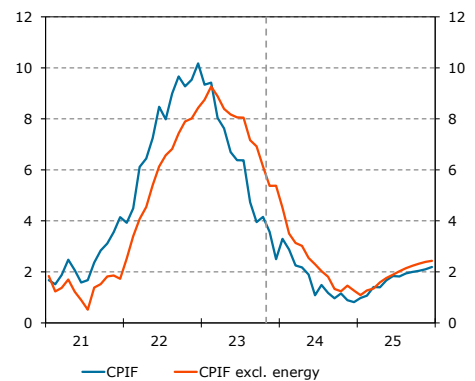
¹ The CPI’s mortgage interest cost component is the product of the capital stock and interest rate components. Energy denotes costs for electricity, gas, heating and fuel. ² Rent, repair costs, depreciation (renovation costs), ground rent and property tax, insurance, water, sewage, cleaning and chimney sweeping. ³ At year-end. ⁴ Effective exchange rate index based on the Riksbank’s KIX weights for 32 countries with a base of 100 at 18 November 1992. A higher index corresponds to a weaker krona.

Source: Statistics Sweden and NIER.

Inflation will begin to pick up again in 2025 as demand improves and monetary policy becomes less contractionary. A return to more normal rates of increase in global commodity prices and supply chain costs will also help push up inflation. The

Diagram 34 Consumer prices

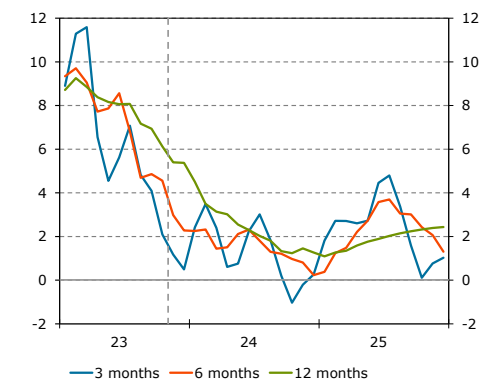
Annual percentage change, monthly values



Sources: Statistics Sweden and NIER.

Diagram 35 CPIF excl. energy

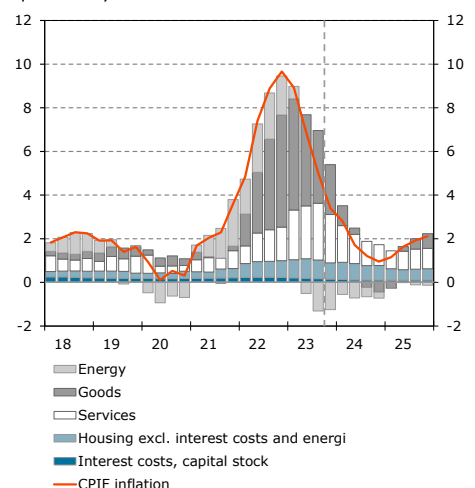
Annualised rate of change, seasonally adjusted monthly values



Sources: Statistics Sweden and NIER.

Diagram 36 Contribution to CPIF inflation

Percentage points and annual percentage change, quarterly values



contribution to inflation from goods prices will therefore turn positive again in 2025 (see Diagram 36 and Diagram 37). This means that inflation will end up fairly close to the 2 per cent target at the end of 2025, but will be lower viewed over the year as a whole (see Table 6).

THE ECONOMY NORMALISES IN SCENARIO FOR 2026-2028

In our scenario, Swedish GDP growth moves up a gear in 2026 (see Diagram 38). Household consumption rises rapidly due to falling interest rates in 2024 and 2025, rising employment and a recovery in real wages. Lower interest rates also help gross fixed capital formation to grow strongly, as does a structural need for investment in the climate transition, energy supply and defence. A normalised global economy means that Swedish exporters benefit from increased demand, which drives export growth. As in Sweden, investment will grow rapidly abroad, and this will provide additional support for Swedish exporters, which are to a great extent producers of capital goods and intermediates. Government consumption rises, partly as a result of high defence spending and a growing number of elderly pushing up demand for health and elderly care.

All in all, this increased economic activity means that resource utilisation in the Swedish economy gradually normalises, and the output gap closes in 2026 (see Diagram 39). The increased economic activity also means that firms' demand for labour grows, and so unemployment falls in 2026 (see Diagram 40).

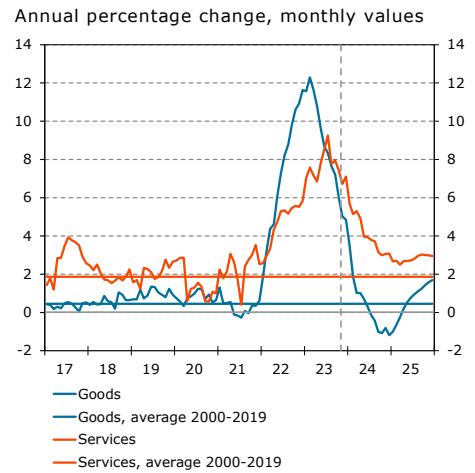
In 2027 and 2028, when the output gap is neutral, GDP growth is around the historical average, and unemployment is at its equilibrium level of just over 7 per cent.

CPI inflation begins the scenario at the Riksbank's target level of 2 per cent and remains there throughout the period as a result of the balanced economy. Wage growth is relatively high in the scenario, with annual pay increases close to 4 per cent. Together with lower inflation, this means that real wages continue to grow healthily after falling in 2022 and 2023, and return to 2021 levels in 2027. The strong wage growth also means a comparatively rapid rise in firms' labour costs. As real wage costs are relatively low at the beginning of the scenario, most firms are able to absorb this without raising prices more than normal, and so the rise in labour costs does not push inflation above the Riksbank's target.

POLICY RATE WILL HEAD BACK DOWN FROM SUMMER 2024

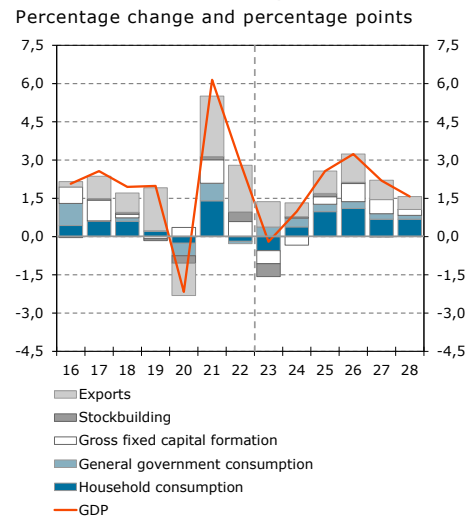
The Riksbank has raised its policy rate from zero to 4.00 per cent since April 2022, but is expected to leave it unchanged for the next two quarters. Inflation will continue to come down in 2024 (see Table 6). A series of rate cuts will begin during the summer and continue through to the third quarter of 2025, taking the policy rate to 2.25 per cent. These cuts will boost

Diagram 37 Goods and services inflation



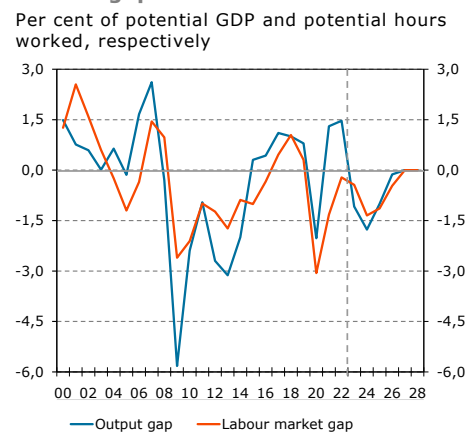
Note. Refers to goods and services excluding energy and consumption related to housing.

Diagram 38 Import-adjusted contributions to GDP growth



Sources: Statistics Sweden and NIER.

Diagram 39 Output gap and labour market gap



Source: NIER.

economic activity in the years after 2024 and help keep inflation close to the target level. Our forecast for the policy rate is close to market expectations as reflected in RIBA futures (see Diagram 41).

The krona exchange rate has strengthened since September but is still weaker than the equilibrium exchange rate assumed to prevail at the end of our scenario. This means that the exchange rate will strengthen gradually in 2025-2028 (see Table 6 and Diagram 42).

DEFICITS IN PUBLIC FINANCES

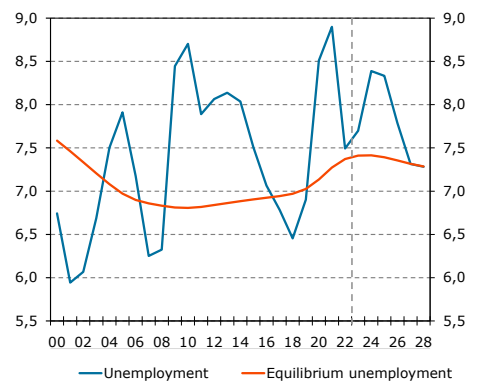
Government net lending will be close to neutral in 2023, but the economic downturn will bring deficits in both 2024 and 2025 (see Diagram 43 and Table 7). In the local government sector, rising costs for intermediates and higher pension provisions mean substantial deficits in 2023 (see Diagram 45). This will be offset by surpluses in the central government sector and the old-age pension system.

In 2024, local government net lending will improve slightly but remain weak. The improvement will come from higher grants from central government, an average 0.13 percentage point increase in the municipal tax rate, and various savings and efficiencies. Some municipalities and regions are expected to use resources from their equalisation reserves to fund deficits, while others are expected to cite special circumstances, meaning that they do not need to make up a deficit in subsequent years. Central government net lending will turn negative in 2024, mainly as a result of the SEK 80 billion needing to be injected into the Riksbank (see box “Riksbank will require capital injection from central government in 2024”). Tax revenue will be weak for cyclical reasons. Highly taxed tax bases such as durable goods, wages and housing investment will be affected more by the economic downturn and fall as a share of GDP, putting a damper on tax revenue. The weak economy will continue to weigh on public finances in 2025, but net lending will be slightly stronger than the year before. Municipalities and regions are then expected to meet the balanced-budget requirement. The central government deficit will also narrow as tax revenue increases.

Structural net lending, which excludes cyclical and non-recurring effects, will be positive in 2024 (see Diagram 43). In the absence of decisions on new fiscal measures in the years after 2024, structural net lending will exceed the surplus target of one-third of a percent of GDP. This will create an estimated SEK 140 billion of fiscal space in the central government budget for the period 2025-2028. Our forecast assumes that the government introduces unfunded measures corresponding to this fiscal space. This means that structural net lending will be slightly below the surplus target in 2025 but meet the target in 2026.

Government debt as measured by Maastricht debt will increase in 2024, due mainly to the capital injection into the

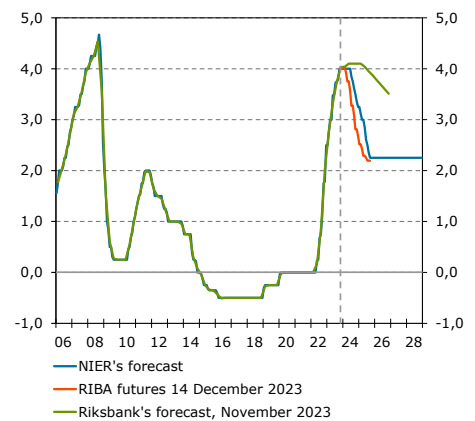
Diagram 40 Unemployment and equilibrium unemployment
Per cent of labour force



Sources: Statistics Sweden and NIER.

Diagram 41 Policy rate

Per cent, monthly- and quarterly values

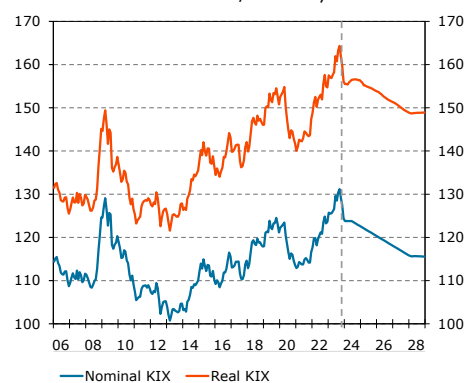


Note. RIBA are forward contracts based on the future average policy rates between the forward settlement days. The settlement days are the third Wednesday in March, June, September and December respectively. The Riksbank's forecast refers to quarterly values.

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

Diagram 42 Effective exchange rate of the Swedish krona (KIX)

Index 1992-11-18=100, monthly values



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

Sources: The Riksbank, Macrobond and NIER.

Riksbank. Debt will remain low, however, and will then be relatively stable above the lower bound (30 per cent of GDP) of the debt anchor in the fiscal policy framework (see Table 7).

Table 7 Government finances

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

	Forecast			Scenario		
	2023	2024	2025	2026	2027	2028
Revenue ¹	2 994	3 038	3 170	3 355	3 517	3 668
Per cent of GDP	47.3	46.8	47.0	47.2	47.3	47.5
Expenditure ²	3 000	3 155	3 184	3 325	3 455	3 594
Per cent of GDP	47.4	48.6	47.2	46.7	46.5	46.6
Technical Transfer to Households ³	0	0	35	15	36	40
Net Lending	-6	-117	-49	15	26	33
Per cent of GDP	-0.1	-1.8	-0.7	0.2	0.4	0.4
Structural Net Lending	67	56	-6	24	25	25
Per cent of potential GDP	1.0	0.9	-0.1	0.3	0.3	0.3
Maastricht Debt	1 971	2 100	2 217	2 305	2 392	2 481
Per cent of GDP	31.2	32.3	32.9	32.4	32.2	32.1

¹ Excludes EU taxes. The forecasts for taxes and duties are based on rules in place in the year 2022. ² The forecasts for transfer payments are based on rules in place in the year 2022. ³ These are the amounts that need to be transferred between households and government to achieve the forecast path for structural net lending. A positive value means that there is scope for measures that have a positive effect on household disposable income.

Source: NIER.

Riksbank will require capital injection from central government in 2024

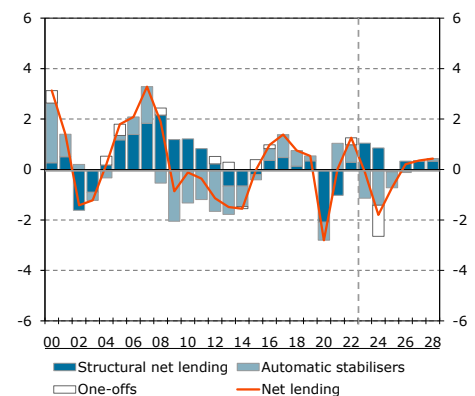
The Riksbank made a loss following a drop in the value of its holdings of government bonds purchased as part of its quantitative easing programme. This was a consequence of the Riksbank raising the policy rate to combat inflation. To restore its equity, the Riksbank will require a capital injection from central government in 2024, provisionally estimated at SEK 80 billion.⁶ This is equivalent to 1.2 per cent of 2024 GDP and will pull down central government net lending.⁷ Given the one-off nature of this cost, we have chosen to treat it as a non-recurring effect in our estimate of structural net lending. This means that the level of structural net lending in 2024 will be unaffected, and that the capital injection will have no bearing on an assessment of

⁶ The Riksbank's estimate of the amount needed is only provisional. A formal request for a capital injection based on the central bank's financial statements for 2023 will be submitted to the government in March 2024.

⁷ The Riksbank is treated as part of the business sector in the National Accounts, and so the injection will be accounted for as a transfer from the central government sector to the business sector. It will therefore reduce both central government net lending and government net lending as a whole.

Diagram 43 Net lending in general government

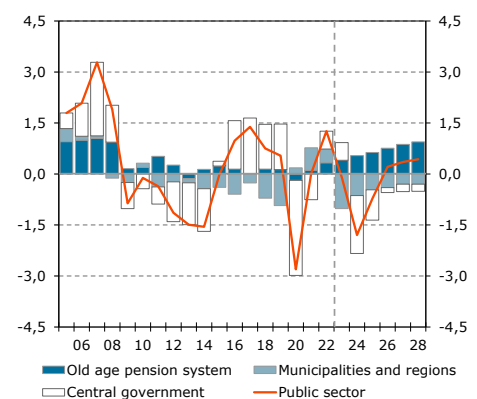
Per cent of GDP and per cent of potential GDP



Sources: Statistics Sweden and NIER.

Diagram 44 Net lending in sub-sectors

Per cent of GDP



Sources: Statistics Sweden and NIER.

whether or not fiscal policy is consistent with the surplus target. However, Maastricht debt and the government sector's net financial position will be negatively affected in 2024 via the effect on net lending. Increased debt means higher interest costs, which will impact future public finances.

Expansionary economic policy

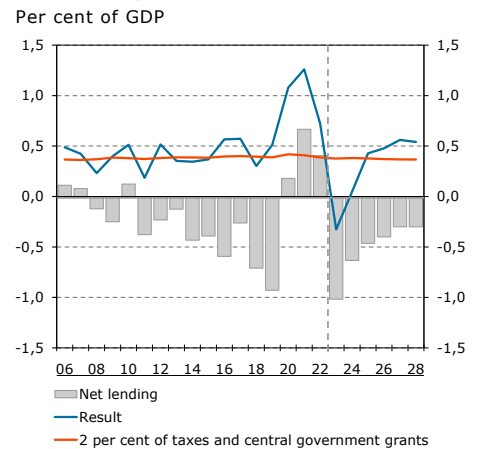
The stance of stabilisation policy in 2024 has largely been decided already by previous interest rate decisions and the central government budget for 2024. The focus for next year has been on helping bring inflation back down through tight monetary and fiscal policy. Given the still high rate of inflation in the second half of 2023 and the uncertainty about the outlook for inflation in 2024, we consider that this stabilisation policy stance for 2024 is well founded. Although restrictive stabilisation policy will have negative effects on resource utilisation in the short term, the long-term cost of not returning to low and stable inflation would be greater.

While forecasters underestimated inflation for a long time when it was on the way up, its recent decline has been largely as expected both in Sweden and in other countries. Although inflation still presents considerable risks, there is thus reason for economic policy to give less weight to the risk of negative inflation surprises and more weight to forecasts for inflation and resource utilisation.

It is therefore reasonable for economic policy to be taken in an expansionary direction in 2024. As was the case earlier in the inflation cycle, it will be monetary policy that determines the overall stance of economic policy. We expect the policy rate to come down earlier than in the Riksbank's own forecast.

As there will be scope to lower the policy rate, it should be monetary policy that has the main responsibility for making overall economic policy more expansionary. Because the decline in resource utilisation has largely stemmed from rate-sensitive household consumption and construction, a lower policy rate can be expected to have a relatively swift and balanced impact on resource utilisation. 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. In this situation, besides the automatic stabilisers, fiscal policy can contribute primarily through targeted measures in areas monetary policy cannot reach, but also to some extent by stimulating demand, given that we expect a relatively large amount of fiscal space in the coming years. The government's own forecasts, however, show much less fiscal space.

Diagram 45 Net lending and results in the municipal sector



Sources: Statistics Sweden and NIER.

Forecast revisions 2023–2024

The most significant revisions from the September 2023 edition of *The Swedish Economy* are summarised below (see Table 8).

- Our forecast for growth in the euro area has been lowered by 0.2 percentage points for 2024, due primarily to a weak performance by Germany and indicators pointing to slower growth.
- Inflation abroad (KIX-weighted) has been revised down by 0.3 percentage points for 2024, largely as a result of recent low inflation figures suggesting reduced cost pressures.
- The krona has performed much more strongly in recent months than anticipated in our September forecast, and so the krona index (KIX) has been revised down by 1 percentage point for 2023 and around 6 percentage points for 2024 (see Diagram 46). Our forecast for inflation for 2024 has been cut by 0.9 percentage points, due mainly to the stronger exchange rate and a much lower CPIF ex energy in November than anticipated. Other contributing factors include lower crude oil prices and inflation abroad falling more quickly than expected.
- Household consumption has performed worse than we forecast in September and has therefore been revised down by 0.8 percentage points for 2023 and 0.6 percentage points for 2024 (see Diagram 47). This can be explained largely by data since September being weaker than expected, which will also spill over into the beginning of next year.
- Government net lending has been revised down by 1.3 percentage points for 2024 (see Diagram 48). This is largely a result of the injection of capital into the Riksbank. Excluding this effect, net lending has been revised down by 0.1 percentage points. As this is a one-off item, it will not affect structural net lending.

Table 8 Current Forecast and Revisions Compared to the September 2023 Forecast

Percentage change and percentage points respectively, unless otherwise indicated

	2023			2024		
	Dec	Sep	Diff	Dec	Sep	Diff
Global Economy						
GDP, World	3.0	2.9	0.1	2.7	2.7	0.0
GDP, KIX-weighted	1.4	1.3	0.0	1.4	1.5	-0.1
GDP, Euro Area	0.5	0.5	0.0	0.6	0.8	-0.2
GDP, US	2.4	2.1	0.4	1.4	1.1	0.3
GDP, China	5.3	5.1	0.2	4.4	4.6	-0.2
Federal Funds Target Rate ^{1,2}	5.50	5.50	0.00	4.50	4.75	-0.25
ECB Refi Rate ^{1,2}	4.50	4.50	0.00	3.25	3.50	-0.25
Oil Price ³	82.4	84.9	-2.5	76.9	91.9	-15.0
CPI, KIX-weighted	5.5	5.7	-0.1	2.9	3.2	-0.3
Domestic Economy						
GDP, Calendar-Adjusted	0.0	-0.4	0.4	1.0	1.1	-0.1
GDP	-0.2	-0.6	0.4	1.0	1.0	0.0
Household Consumption	-2.4	-1.6	-0.8	1.2	1.8	-0.6
Government Consumption	2.0	1.9	0.1	1.6	1.5	0.1
Gross Fixed Capital Formation	-1.3	-2.1	0.8	-0.8	-0.3	-0.4
Stockbuilding ⁴	-1.2	-0.6	-0.6	0.1	-0.3	0.4
Exports	2.7	0.9	1.8	1.9	2.3	-0.4
Imports	-1.0	-0.7	-0.2	1.7	1.9	-0.2
Labour Market, Inflation, Interest Rates, etc.						
Hours Worked ⁵	1.5	1.8	-0.3	0.2	0.1	0.1
Employment	1.4	1.6	-0.2	-0.5	-0.3	-0.2
Unemployment ⁶	7.7	7.5	0.2	8.4	8.2	0.2
Labour Market Gap ⁷	-0.4	-0.3	-0.1	-1.3	-1.4	0.0
Output Gap ⁸	-1.1	-1.2	0.1	-1.8	-1.9	0.2
Productivity ⁵	-1.3	-2.0	0.7	1.0	1.0	-0.1
Hourly Earnings ⁹	3.8	3.9	-0.1	3.7	3.8	-0.1
CPI	8.6	8.6	0.0	2.9	4.1	-1.3
CPIF	6.0	6.0	0.0	1.7	2.5	-0.9
Policy Rate ^{1,2}	4.00	4.25	-0.25	3.25	3.50	-0.25
10-Year Government Bond Yield ¹	2.5	2.6	-0.1	2.3	3.0	-0.7
Effective Krona Exchange Rate Index (KIX) ¹⁰	127.5	128.7	-1.2	123.4	130.6	-7.2
Current Account Balance ¹¹	6.5	5.5	0.9	6.7	5.6	1.1
Government Net Lending ¹¹	-0.1	0.1	-0.2	-1.8	-0.5	-1.3

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

Note. The difference is between the current forecast and the September 2022 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

	Weight¹	2022	2023	2024	2025	2026	2027	2028
World ²	100.0	3.5	3.0	2.7	2.9	3.0	2.9	2.8
KIX Weighted ³	74.9	3.0	1.4	1.4	2.1	2.1	2.0	1.9
US	15.5	1.9	2.4	1.4	1.6	2.1	2.0	2.0
Euro Area	12.0	3.4	0.5	0.6	1.7	1.7	1.5	1.4
Japan	3.8	0.9	2.0	0.9	1.0	0.8	0.6	0.6
UK	2.3	4.3	0.5	0.5	1.5	1.6	1.6	1.6
Sweden	0.4	2.9	0.0	1.0	2.8	3.0	2.0	1.7
Norway	0.3	3.0	0.4	1.2	1.9	1.8	1.8	1.8
Denmark	0.3	2.7	1.1	0.9	1.9	1.6	1.6	1.6
China	18.4	3.0	5.3	4.4	4.3	4.2	4.1	4.0
Sweden's Export Market⁴	...	7.8	0.4	2.1	3.2	3.3	3.2	3.2

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

Per cent

	2021	2022	2023	2024	2025	2026	2027	2028
US	4.7	8.0	4.1	2.5	2.3	2.3	2.3	2.3
Euro Area	2.6	8.4	5.4	2.2	1.9	2.0	2.0	2.0
Japan	-0.2	2.5	3.3	2.3	1.8	1.5	1.5	1.5
UK	2.6	9.1	7.4	2.9	2.1	2.0	2.0	2.0
Sweden	2.4	7.7	6.0	1.7	1.7	2.0	2.0	2.0
Norway	3.9	6.3	5.7	2.5	2.1	2.0	2.0	2.0
Denmark	1.9	8.6	3.4	2.0	1.9	2.0	2.0	2.0
China	1.0	2.0	0.3	1.4	2.0	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	3.4	0.5	0.6	1.7	1.7	1.5	1.4
HICP	2.6	8.4	5.4	2.2	1.9	2.0	2.0	2.0
Policy Rate ²	0.00	2.50	4.50	3.25	2.25	2.25	2.25	2.25
Overnight Rate ³	-0.6	1.9	3.9	2.7	1.8	1.8	1.8	1.9
10-Year Government Bond Yield ⁴	-0.3	1.2	2.5	2.2	2.4	2.7	2.9	2.9
USD/EUR ⁵	1.18	1.05	1.08	1.09	1.10	1.11	1.13	1.13

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	2.4	1.4	1.6	2.1	2.0	2.0
CPI	4.7	8.0	4.1	2.5	2.3	2.3	2.3	2.3
Policy Rate ²	0.25	4.50	5.50	4.50	3.00	2.50	2.50	2.50
10-year Government Bond Yield ³	1.4	3.0	4.0	3.9	3.5	3.3	3.1	3.1
USD/EUR ⁴	1.18	1.05	1.08	1.09	1.10	1.11	1.13	1.13

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	3.25	2.25	2.25	2.25	2.25
Policy Rate. KIX6-Weighted ¹	-0.36	1.66	4.07	3.15	2.09	1.97	1.95	2.04
Annual Average								
Riksbank Policy Rate	0.00	0.75	3.46	3.78	2.64	2.25	2.25	2.25
5-Year Swedish Government Bond Yield	0.0	1.6	2.6	2.3	2.3	2.6	2.7	2.7
10-Year Swedish Government Bond Yield	0.3	1.5	2.5	2.3	2.5	2.8	2.9	2.9
Effective Krona Exchange Rate Index (KIX)	114.3	121.1	127.5	123.4	121.4	119.2	117.0	115.6
EUR Exchange Rate	10.14	10.63	11.47	11.15	10.98	10.78	10.59	10.48
USD Exchange Rate	8.58	10.11	10.61	10.20	9.96	9.68	9.41	9.25

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	2022	2023	2024	2025	2026	2027	2028
	2022							
Household Consumption Expenditure ¹	2 615	1.8	-2.4	1.2	3.8	3.9	2.7	2.6
Goods	1 259	-2.0	-5.7	0.9	4.7	...	...	...
Services Excl. Housing Services	810	8.3	1.3	2.0	3.4	...	...	...
Housing Services	459	2.0	1.8	2.2	1.4	...	...	...
General Government Consumption Expenditure	1 485	-0.1	2.0	1.6	1.5	1.3	1.1	0.8
Central Government	398	0.2	2.5	4.1	3.9	...	...	...
Local Government	1 088	-0.3	1.8	0.7	0.6	...	...	...
Gross Fixed Capital Formation ²	1 618	6.0	-1.3	-0.8	1.8	4.9	4.2	2.0
Business Sector Excl. Housing	1 023	8.5	4.5	1.7	0.8	...	...	...
Industry	232	10.3	12.2	3.2	-0.2	...	...	...
Other Goods Producers	191	12.2	10.5	4.7	1.0	...	...	...
Service Producers Excl. Housing	600	6.7	-0.4	0.0	1.2	...	...	...
Housing	317	4.8	-24.3	-17.3	4.0	...	...	...
General Government	269	-1.6	4.9	3.9	3.8	...	...	...
<i>Domestic Demand Excl. Stockbuilding</i>	<i>5 719</i>	<i>2.4</i>	<i>-0.9</i>	<i>0.7</i>	<i>2.6</i>	<i>3.5</i>	<i>2.7</i>	<i>1.9</i>
Stockbuilding ³	78	1.1	-1.2	0.1	0.3	0.1	0.0	0.0
<i>Total Domestic Demand</i>	<i>5 796</i>	<i>3.5</i>	<i>-2.2</i>	<i>0.8</i>	<i>2.9</i>	<i>3.6</i>	<i>2.7</i>	<i>1.9</i>
Exports	3 174	7.3	2.7	1.9	3.1	4.0	3.3	2.2
Goods	2 238	4.3	1.4	1.7	3.5	...	...	...
Processed Goods	1 680	4.6	1.5	1.6	4.0	...	...	...
Raw Materials	558	3.5	0.8	2.0	1.8	...	...	...
Services	936	14.6	6.1	2.5	2.3	...	...	...
<i>Total Demand</i>	<i>8 970</i>	<i>4.8</i>	<i>-0.5</i>	<i>1.2</i>	<i>3.0</i>	<i>3.7</i>	<i>2.9</i>	<i>2.0</i>
Imports	2 986	9.2	-1.0	1.7	3.8	4.6	4.3	3.0
Goods	2 000	2.1	-2.4	2.0	3.9	...	...	...
Processed Goods	1 401	3.0	-1.5	2.0	4.8	...	...	...
Raw Materials	599	0.2	-4.3	1.9	1.9	...	...	...
Services	985	25.0	1.9	1.3	3.6	...	...	...
<i>Net Exports</i> ³	<i>189</i>	<i>-0.5</i>	<i>1.9</i>	<i>0.2</i>	<i>-0.2</i>	<i>-0.1</i>	<i>-0.4</i>	<i>-0.3</i>
GDP	5 985	2.9	-0.2	1.0	2.6	3.2	2.2	1.6
GDP per Capita ⁴	571	2.2	-0.8	0.4	2.0	2.7	1.7	1.1

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 2022	2022	2023	2024	2025	2026	2027	2028
Total Earnings, Adjusted for External Transactions	2 280	6.5	5.3	3.7	4.8	5.5	4.9	4.3
Hourly Earnings (according to national accounts) ^{1,2}	285	3.9	3.5	3.5	3.6	3.9	3.8	3.8
Hours Worked ^{1,3}	7 956	2.4	1.7	0.2	1.2	1.6	1.1	0.5
Transfers From Government Sector, Net	755	5.9	1.9	3.0	2.4	2.2	2.2	2.7
Property Income, Net	359	0.4	-5.7	0.9	5.6	10.8	4.7	4.5
Other Income, Net ⁴	360	9.5	7.7	4.6	13.0	1.3	9.9	5.8
Income Before Taxes⁵	3 754	6.1	3.8	3.4	5.2	4.8	4.9	4.2
Direct Taxes ⁶	980	0.7	0.1	0.5	0.1	-0.3	0.1	0.0
Disposable Income	2 774	6.8	3.9	3.9	5.3	4.5	5.1	4.2
Consumer Prices ⁷	...	7.0	6.4	1.7	1.6	2.0	2.1	2.1
Real Disposable Income	2 774	-0.3	-2.3	2.1	3.6	2.4	2.9	2.0
Per Capita ⁸	265	-0.9	-2.9	1.5	3.1	1.9	2.5	1.6
Consumption Expenditure⁹	2 615	1.8	-2.4	1.2	3.8	3.9	2.7	2.6
Saving ¹⁰	391	13.0	12.9	13.8	13.1	11.9	11.9	11.3
Net Saving in Negotiated Pension Funds ¹⁰	232	7.7	7.5	7.6	7.0	7.0	6.9	6.7
Own Saving ¹⁰	159	5.3	5.4	6.2	6.1	4.9	5.1	4.6
Net Lending ¹⁰	237	7.9	9.5	11.5	10.8	9.5	9.6	9.0

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 total 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	260	189	308	318	303	294	270	250
Goods	236	238	333	336	321	...	...	...
Services	25	-49	-24	-18	-18	...	...	...
Earnings, Net	8	10	13	12	12	12	12	12
Investment Income, Net	221	264	180	199	213	202	200	201
Transfers etc., Net	-100	-105	-93	-93	-107	-118	-122	-132
Current Account Balance	389	358	409	436	421	391	361	332
<i>Per cent of GDP</i>	<i>7.1</i>	<i>6.0</i>	<i>6.5</i>	<i>6.7</i>	<i>6.2</i>	<i>5.5</i>	<i>4.9</i>	<i>4.3</i>
Capital Transfers	0	4	3	2	2	2	2	2
Net Lending	389	361	412	438	423	392	363	334
<i>Per cent of GDP</i>	<i>7.1</i>	<i>6.0</i>	<i>6.5</i>	<i>6.7</i>	<i>6.3</i>	<i>5.5</i>	<i>4.9</i>	<i>4.3</i>

Sources: Statistics Sweden and NIER.

Table A9 Gross National Income (GNI)

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

	Level	2022	2023	2024	2025	2026	2027	2028
GNI	2022	6 261	9.5	4.2	2.8	4.0	5.1	4.3
Deflator, Domestic Use	2022	...	7.1	6.2	1.8	1.4	2.2	2.2
Real GNI	2022	...	2.2	-1.9	1.0	2.6	2.8	2.0
Population ¹	2022	10 487	0.7	0.6	0.6	0.5	0.5	0.5
Real GNI per Capita²	2022	597	1.5	-2.5	0.5	2.0	2.3	1.6

¹Thousands of people. ²SEK thousand.

Sources: Statistics Sweden and NIER.

Table A10 Production

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

	Level 2022	2022	2023	2024	2025	2026	2027	2028
Goods Producers	1 517	2.1	-2.7	0.7	3.2	...	...	...
Of Which: Industry	850	2.3	-4.3	0.7	4.4	...	...	...
Construction	349	2.7	0.3	0.2	1.7	...	...	...
Service Producers	2 721	4.1	1.5	1.4	3.0	...	...	...
Business Sector	4 239	3.4	0.0	1.1	3.1	3.7	2.4	2.0
General Government	1 014	0.8	0.8	1.2	1.3	0.4	0.4	0.5
GDP at Basic Prices¹	5 317	2.9	0.2	1.1	2.7	3.0	2.0	1.7
Taxes/Subsidies on Products	655	2.9	-1.2	-0.2	3.2	3.2	2.0	1.7
GDP at Market Prices	5 972	2.9	0.0	1.0	2.8	3.0	2.0	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 2022	2022	2023	2024	2025	2026	2027	2028
Goods Producers	1 918	1.2	0.9	-1.1	0.9	...	...	...
Of Which: Industry	967	0.6	0.5	-1.3	1.0	...	...	...
Construction	650	1.4	1.8	-1.7	1.1	...	...	...
Services Producers	3 919	4.1	1.9	0.3	1.4	...	...	...
Business Sector	5 837	3.1	1.6	-0.2	1.3	1.9	1.3	0.4
General Government	2 232	0.4	1.6	1.1	0.9	0.7	0.6	0.6
Total Economy¹	8 238	2.3	1.5	0.2	1.2	1.6	1.1	0.5

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 2022	2022	2023	2024	2025	2026	2027	2028
Goods Producers	8 238	2.3	1.5	0.2	1.2	1.6	1.1	0.5
Of Which: Industry	30.5	-0.7	0.1	0.7	0.4	-0.1	0.0	0.0
Construction	5 199	3.1	1.4	-0.5	0.8	1.6	1.1	0.5
Service Producers	...	68.8	69.5	68.8	68.9	69.7	70.1	70.2
Business Sector	5 620	1.5	1.6	0.2	0.7	1.0	0.5	0.5
General Government	...	74.4	75.3	75.1	75.2	75.6	75.6	75.7
Total Economy¹	421	7.5	7.7	8.4	8.3	7.8	7.3	7.3

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 2022	2022	2023	2024	2025	2026	2027	2028
Hours Worked ¹	8 238	2.3	1.5	0.2	1.2	1.6	1.1	0.5
Average Hours Worked for Employed ²	30.5	-0.7	0.1	0.7	0.4	-0.1	0.0	0.0
Number of Employed	5 199	3.1	1.4	-0.5	0.8	1.6	1.1	0.5
Employment Rate ³	...	68.8	69.5	68.8	68.9	69.7	70.1	70.2
Labour Force	5 620	1.5	1.6	0.2	0.7	1.0	0.5	0.5
Labour Force Participation Rate ⁴	...	74.4	75.3	75.1	75.2	75.6	75.6	75.7
Unemployment Rate ⁵	421	7.5	7.7	8.4	8.3	7.8	7.3	7.3
Population Aged 15–74 ⁶	7 553	0.5	0.5	0.5	0.5	0.5	0.5	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	7.4	7.4	7.4	7.3	7.3
Actual Unemployment ²	8.9	7.5	7.7	8.4	8.3	7.8	7.3	7.3
Potential Hours Worked	0.5	1.2	1.7	1.1	0.9	0.9	0.6	0.5
Of Which: Potential Employment	0.9	1.1	1.2	1.0	0.7	0.6	0.5	0.5
Actual Hours Worked ³	2.3	2.3	1.5	0.2	1.2	1.6	1.1	0.5
Labour Market Gap ⁴	-1.3	-0.2	-0.4	-1.3	-1.1	-0.5	0.0	0.0
Productivity								
Potential Productivity	2.0	1.5	0.9	0.6	1.0	1.2	1.3	1.2
Of Which: Potential Pro- ductivity. Business Sector	2.1	1.8	1.4	0.8	1.2	1.6	1.6	1.6
Actual Productivity ³	3.7	0.6	-1.5	0.8	1.6	1.4	0.9	1.2
Productivity Gap ⁵	2.7	1.8	-0.6	-0.4	0.1	0.3	0.0	0.0
GDP								
Potential GDP	2.5	2.8	2.6	1.7	2.0	2.1	1.9	1.7
Actual GDP ³	6.0	2.9	0.0	1.0	2.8	3.0	2.0	1.7
Output Gap ⁶	1.3	1.5	-1.1	-1.8	-1.0	-0.1	0.0	0.0

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	2022	2023	2024	2025	2026	2027	2028
	2022	2022	2023	2024	2025	2026	2027	2028
Business Sector	70	2.9	4.0	3.8	3.6	3.8	3.8	3.8
Goods Producers	21	2.7	3.8	3.7	3.5	...	...	...
Of Which: Industry	14	2.8	3.6	3.7	3.6	...	...	...
Construction	7	2.6	4.2	3.7	3.5	...	...	...
Service Producers	48	3.0	4.0	3.9	3.6	...	...	...
Local Government	24	2.2	3.4	3.5	3.5	...	...	...
Central Government	6	2.6	2.9	4.0	3.5	...	...	...
Total	100	2.7	3.8	3.7	3.5	3.9	3.8	3.8
Real Hourly Earnings (CPI) ¹	...	-5.6	-4.8	0.9	2.3	2.0	1.8	1.8
Real Hourly Earnings (CPIF) ²	...	-5.0	-2.2	2.1	1.8	1.9	1.9	1.8

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 and Labour Costs in the Business Sector

SEK per hour, per cent and percentage change, respectively

	Level	2022	2023	2024	2025	2026	2027	2028
	2022	2022	2023	2024	2025	2026	2027	2028
Not Calendar-Adjusted Values								
Hourly Earnings ¹	295	4.1	4.2	3.9	4.3	3.2	3.3	4.3
Employers' Social Contributions ² (per cent of earnings)	...	41.8	41.3	42.7	42.4	43.4	43.6	43.4
Hourly Labour Costs ³	418	3.6	3.8	4.9	4.0	3.9	3.4	4.2
Productivity ⁴	705	0.4	-1.2	1.4	2.3	...	...	...
Adjusted Unit Labour Costs ⁵	...	3.2	5.0	3.5	1.7	...	...	...
Calendar-Adjusted Values								
Hourly Earnings ¹	296	4.1	3.5	3.9	3.6	3.8	3.8	3.8
Hourly Labour Costs ³	420	3.5	3.2	4.9	3.3	4.4	3.8	3.8
Productivity ⁴	708	0.4	-1.6	1.3	1.8	...	...	...
Adjusted Unit Labour Costs ⁵	...	3.2	4.8	3.5	1.5	...	...	...

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							
	2022	2022	2023	2024	2025	2026	2027	2028
GDP	66.7	6.0	5.9	1.6	1.3	2.2	2.2	2.2
General Government ^{1,2}	12.1	4.1	9.1	1.5	2.2	4.0	3.8	4.1
Business Sector ²	47.3	6.9	5.6	1.8	1.0	1.7	1.8	1.8
Product Taxes, Net	7.3	3.8	2.7	0.5	1.5	...	...	...
Imports	33.3	19.3	5.5	-2.4	-2.2	-0.4	-0.5	0.4
Processed Goods	15.6	15.8	7.5	-1.7	-1.9	...	...	...
Raw Materials	6.7	48.3	-2.7	-8.4	-2.4	...	...	...
Services	11.0	11.0	7.4	-0.2	-2.6	...	...	...
Supply/Use³	100.0	10.1	5.8	0.3	0.1	1.3	1.3	1.6
General Government Consumption Expenditure	16.6	5.7	8.0	1.4	2.4	3.4	3.2	3.6
Household Consumption Expenditure	29.2	7.0	6.4	1.7	1.6	2.0	2.1	2.1
Gross Fixed Capital Formation	18.0	8.7	5.2	1.0	0.0	1.5	1.5	1.5
Exports	35.4	15.9	5.1	-2.3	-2.1	-0.4	-0.5	0.4
Processed Goods	18.7	13.7	9.3	-1.2	-2.5	...	...	...
Raw Materials	6.2	33.6	-9.2	-8.8	-2.3	...	...	...
Services	10.4	11.1	6.1	-0.9	-1.3	...	...	...

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							
	2022	2022	2023	2024	2025	2026	2027	2028
Value Added ¹	4 231	9.1	5.4	3.4	3.9	5.7	4.5	3.7
Hours Worked, Employees ²	5 588	3.3	1.2	-0.3	0.6	2.6	1.9	-0.1
Hourly Labour Costs ³	418	3.6	3.8	4.9	4.0	3.9	3.4	4.2
Total Labour Costs ⁴	2 334	6.9	5.0	4.7	4.7	6.6	5.4	4.1
Gross Profit	1 897	11.9	6.0	1.8	2.9	...	...	...
Profit Share	...	44.8	45.1	44.4	44.0	43.4	43.0	42.7
Adjusted Profit Share ⁵	...	40.8	41.1	40.4	40.0	39.5	39.0	38.8

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							
	2022	2022	2023	2024	2025	2026	2027	2028
CPI	100.0	8.4	8.6	2.9	1.2	1.8	2.1	2.0
Mortgage Interest Costs, Mortgage Interest Rate	...	17.8	66.2	18.5	-7.5	-2.7	1.2	0.6
CPIF	100.0	7.7	6.0	1.7	1.7	2.0	2.0	2.0
Goods	43.1	7.3	8.6	0.3	0.6	...	...	...
Services	31.3	4.7	7.6	4.0	2.8	...	...	...
Housing Excl. Mortgage Interest Costs and Energy	16.1	4.2	5.1	4.4	3.1	...	...	...
Energy	6.3	32.9	-10.8	-7.9	-1.0	...	...	...
Mortgage Interest Costs, Capital Stock	3.2	6.9	5.6	3.6	3.3	3.4	3.4	3.4
CPIF Excl. Energy	93.7	5.9	7.5	2.3	1.9	...	...	...
HICP	...	8.1	5.9	1.7	1.8	...	...	...
Crude Oil (Brent) ¹	...	100.8	82.4	76.9	76.3	77.1	79.4	82.0

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	2 643	2 876	2 994	3 038	3 170	3 355	3 517	3 668
<i>Per cent of GDP</i>	48.2	48.1	47.3	46.8	47.0	47.2	47.3	47.5
Taxes and Duties	2 329	2 491	2 599	2 631	2 749	2 904	3 040	3 169
<i>Per cent of GDP</i>	42.5	41.6	41.1	40.5	40.7	40.8	40.9	41.1
<i>Tax-to-GDP Ratio¹</i>	42.6	41.8	41.2	40.7	40.9	41.0	41.1	41.2
Property Income	65	105	92	99	101	123	136	146
Other Revenue	249	280	303	308	321	327	340	352
Expenditure	2 643	2 801	3 000	3 155	3 184	3 325	3 455	3 594
<i>Per cent of GDP</i>	48.2	46.8	47.4	48.6	47.2	46.7	46.5	46.6
Consumption Expenditure	1 407	1 485	1 636	1 685	1 752	1 834	1 914	1 998
Transfers	962	987	994	1 085	1 037	1 066	1 094	1 131
Households	725	768	782	809	825	843	862	886
Corporations	140	126	127	193	116	122	127	131
Abroad	97	94	85	82	96	100	105	113
Capital Formation ²	251	286	311	325	337	349	361	372
Property Expenditure	22	41	60	60	58	76	86	93
Technical Transfer to Households³	0	0	0	0	35	15	36	40
Net Lending⁴	1	75	-6	-117	-49	15	26	33
<i>Per cent of GDP</i>	0.0	1.3	-0.1	-1.8	-0.7	0.2	0.4	0.4
Primary Net Lending⁵	-42	12	-39	-155	-92	-32	-24	-20
<i>Per cent of GDP</i>	-0.8	0.2	-0.6	-2.4	-1.4	-0.4	-0.3	-0.3
Structural Net Lending	-55	17	67	56	-6	24	25	25
<i>Per cent of potential GDP</i>	-1.0	0.3	1.0	0.9	-0.1	0.3	0.3	0.3
Maastricht Debt	2 000	1 965	1 971	2 100	2 217	2 305	2 392	2 481
<i>Per cent of GDP</i>	36.5	32.8	31.2	32.3	32.9	32.4	32.2	32.1
GDP, Current Prices	5 487	5 985	6 326	6 492	6 745	7 114	7 430	7 716
Potential GDP, Current Prices	5 416	5 898	6 395	6 609	6 814	7 123	7 430	7 716
Net Financial Wealth	1 853	1 781	1 805	1 876	1 930	2 023	2 130	2 243
<i>Per cent of GDP</i>	33.8	29.8	28.5	28.9	28.6	28.4	28.7	29.1

¹The 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	1 398	1 541	1 583	1 574	1 639	1 735	1 815	1 892
Taxes and Duties	1 219	1 316	1 367	1 354	1 411	1 498	1 568	1 635
Property Income	25	52	30	31	32	39	42	44
Other Revenue	154	172	185	188	195	197	205	213
Expenditure	1 440	1 510	1 550	1 684	1 654	1 708	1 760	1 819
Transfers	923	929	919	1 014	943	953	971	996
Old-Age Pension System ¹	27	27	27	28	29	29	30	31
Local Government Sector	363	357	357	374	366	365	369	373
Households	345	373	371	385	387	391	397	405
Corporations	96	82	84	149	70	73	76	79
Abroad	92	90	80	78	91	95	100	108
Consumption Expenditure	366	394	429	458	491	516	537	560
Capital Formation ²	136	156	169	180	188	195	203	211
Property Expenditure	15	31	33	33	32	43	49	53
<i>Of which interest expenditure</i>	9	25	27	26	25	36	41	44
Technical Transfer to Households³	0	0	0	0	45	37	71	88
Net Lending	-42	31	33	-111	-60	-10	-16	-16
<i>Per cent of GDP</i>	<i>-0.8</i>	<i>0.5</i>	<i>0.5</i>	<i>-1.7</i>	<i>-0.9</i>	<i>-0.1</i>	<i>-0.2</i>	<i>-0.2</i>
Central Government Debt	1 145	1 031	974	1 071	1 164	1 206	1 249	1 289
<i>Per cent of GDP</i>	<i>20.9</i>	<i>17.2</i>	<i>15.4</i>	<i>16.5</i>	<i>17.3</i>	<i>17.0</i>	<i>16.8</i>	<i>16.7</i>
Net Financial Wealth	-46	49	13	-57	-126	-104	-86	-67
<i>Per cent of GDP</i>	<i>-0.8</i>	<i>0.8</i>	<i>0.2</i>	<i>-0.9</i>	<i>-1.9</i>	<i>-1.5</i>	<i>-1.2</i>	<i>-0.9</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 on the basis of 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	346	374	394	412	432	459	483	505
Social Insurance Contributions	283	301	318	330	346	364	382	398
Central Government's Old Age Pension Contributions	27	27	27	28	29	29	30	31
Property Income	32	42	44	49	52	60	65	70
Other Revenue	3	4	4	5	5	5	5	6
Expenditure	340	354	368	377	390	405	418	432
Income Pensions	332	345	358	366	379	394	406	420
Property Expenditure	1	0	0	0	0	0	0	0
Other Expenses	8	9	9	10	10	11	11	12
Net Lending	6	20	26	35	43	54	65	73
<i>Per cent of GDP</i>	<i>0.1</i>	<i>0.3</i>	<i>0.4</i>	<i>0.5</i>	<i>0.6</i>	<i>0.8</i>	<i>0.9</i>	<i>0.9</i>
Net Financial Wealth	2 035	1 853	1 968	2 140	2 284	2 376	2 481	2 596
<i>Per cent of GDP</i>	<i>37.1</i>	<i>31.0</i>	<i>31.1</i>	<i>33.0</i>	<i>33.9</i>	<i>33.4</i>	<i>33.4</i>	<i>33.6</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	1 300	1 356	1 413	1 466	1 506	1 567	1 629	1 687
Taxes	806	852	891	922	966	1 015	1 062	1 107
Municipal Property Tax	21	22	22	24	25	27	28	29
Central Government Grants incl. VAT Compensation	360	355	355	372	364	362	366	370
Property Income	8	11	18	19	17	25	30	33
Other Revenue	104	116	127	129	134	138	143	148
<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	1 263	1 332	1 478	1 507	1 547	1 618	1 687	1 758
Transfers	103	103	107	112	116	118	121	124
Households	49	50	53	58	59	59	59	61
Other	54	53	53	55	56	59	61	63
Consumption Expenditure	1 037	1 088	1 203	1 223	1 256	1 313	1 371	1 433
Capital Formation ²	115	130	141	144	150	154	158	161
Property Expenditure	7	11	26	28	26	33	37	41
Technical Transfer to Households³	0	0	0	0	-10	-22	-36	-48
Net Lending⁴	37	24	-64	-41	-31	-28	-22	-23
<i>Per cent of GDP</i>	<i>0.7</i>	<i>0.4</i>	<i>-1.0</i>	<i>-0.6</i>	<i>-0.5</i>	<i>-0.4</i>	<i>-0.3</i>	<i>-0.3</i>
Net Financial Wealth	-136	-121	-176	-207	-228	-249	-265	-286
<i>Per cent of GDP</i>	<i>-2.5</i>	<i>-2.0</i>	<i>-2.8</i>	<i>-3.2</i>	<i>-3.4</i>	<i>-3.5</i>	<i>-3.6</i>	<i>-3.7</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 on the basis of 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	14.1	13.8	13.7	13.9	13.9	13.9	14.0
Direct Business Taxes	3.5	3.6	3.5	3.5	3.4	3.4	3.4	3.4
Employers' Social Contributions ¹	11.6	11.3	11.6	11.7	11.7	11.7	11.8	11.8
VAT	9.1	9.2	8.8	8.6	8.7	8.8	8.8	8.8
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	1.6	1.6	1.6	1.6	1.6
Tax-to-GDP Ratio²	42.6	41.8	41.2	40.7	40.9	41.0	41.1	41.2
EU Taxes ³	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Other Revenue ⁴	4.5	4.7	4.8	4.8	4.8	4.6	4.6	4.6
Primary Revenue	47.0	46.3	45.9	45.3	45.5	45.4	45.5	45.6
Property Income	1.2	1.8	1.5	1.5	1.5	1.7	1.8	1.9
Total Revenue	48.2	48.1	47.3	46.8	47.0	47.2	47.3	47.5

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	25.7	24.8	25.9	26.0	26.0	25.8	25.8	25.9
Transfers	17.5	16.5	15.7	16.7	15.4	15.0	14.7	14.7
Households	13.2	12.8	12.4	12.5	12.2	11.9	11.6	11.5
Corporations	2.6	2.1	2.0	3.0	1.7	1.7	1.7	1.7
Abroad	1.8	1.6	1.3	1.3	1.4	1.4	1.4	1.5
Capital Formation ¹	4.6	4.8	4.9	5.0	5.0	4.9	4.9	4.8
Primary Expenditure	47.8	46.1	46.5	47.7	46.3	45.7	45.3	45.4
Property Expenditure	0.4	0.7	0.9	0.9	0.9	1.1	1.2	1.2
Total Expenditure	48.2	46.8	47.4	48.6	47.2	46.7	46.5	46.6

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	7.0	7.1	7.1	7.1	7.0	6.9	6.8
Of Which Income Pension	6.0	5.8	5.7	5.6	5.6	5.5	5.5	5.4
Labour Market ²	0.8	0.6	0.5	0.6	0.6	0.5	0.5	0.4
Illness and Disability ³	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.3
Family and Children ⁴	1.6	1.5	1.4	1.4	1.4	1.3	1.3	1.3
Education ⁵	0.4	0.3	0.3	0.4	0.3	0.3	0.3	0.3
Social Assistance ⁶	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other ⁷	1.5	1.9	1.4	1.3	1.2	1.2	1.2	1.2
Total Transfers to Households	13.2	12.8	12.4	12.5	12.2	11.9	11.6	11.5

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	58.8	59.5	60.6	61.8
Increased Price Base Amount	48.6	49.3	53.5	58.5	60.0	60.7	61.8	63.1
Income-related Base Amount	68.2	71.0	74.3	76.2	78.6	81.8	85.0	88.3

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	3.1	4.1	3.9	3.8
Balance Index	2.2	4.1	4.6	2.6	3.1	4.1	3.9	3.8
Balance Ratio ¹	1.027	1.028	1.040	1.043	1.039	1.046	1.051	...
Nominal Income Pension²	0.5	2.5	3.0	1.0	1.5	2.5	2.2	2.2

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	34	-89	-100
Adjustments to Net Lending	-85	-102	-10	-30	5
Sales of Shares etc.	0	-1	-1	0	0
Extra Dividends	-7	-8	-3	-1	0
On-Lending	-73	-102	-10	8	16
Other Adjustments	-4	9	4	-38	-11
Accruals	-25	-36	15	2	24
Of Which: Tax Accruals	-14	-9	22	3	7
Interest Accruals	-10	-10	-7	-2	17
Other	-10	5	-6	7	12
Central Government Net Lending	-42	31	33	-111	-60
Central Government Borrowing Requirement ¹	-78	-164	-34	89	100
Stock-Flow Adjustments, Central Government Debt	5	50	-23	8	-7
Central Government Debt, Change	-73	-114	-56	97	93
Central Government Debt	1145	1031	974	1071	1164
<i>Per cent of GDP</i>	<i>20.9</i>	<i>17.2</i>	<i>15.4</i>	<i>16.5</i>	<i>17.3</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	1 634
<i>Per cent of Potential GDP</i>	<i>27.7</i>	<i>26.0</i>	<i>26.4</i>	<i>26.8</i>	<i>26.2</i>	<i>27.7</i>
Capped Expenditure	1 559	1 603	1 675	1 740	1 791	1 559
<i>Per cent of Potential GDP</i>	<i>26.4</i>	<i>25.1</i>	<i>25.3</i>	<i>25.5</i>	<i>25.1</i>	<i>26.4</i>
Budgeting Margin	75	62	72	87	75	75
<i>Per cent of Capped Expenditure</i>	<i>4.8</i>	<i>3.8</i>	<i>4.3</i>	<i>5.0</i>	<i>4.2</i>	<i>4.8</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	22	48	41	31	142
Expenditure measures in general government concerning consumption and investment	16	40	20	26	102
Transfer to households in the form of changes to taxes or transfer payments	35	-20	21	4	40
Structural net lending ¹	-0.09	0.33	0.33	0.33	

Note. The amounts refer to change compared to the previous year.

¹ Per cent of potential GDP.

Source: NIER.