



The Swedish Economy
December 2024

The National Institute of Economic Research (NIER) is a Swedish government agency accountable to the Ministry of Finance. We produce forecasts to support decisions on economic policy in Sweden, analyse economic developments and conduct economic research.

Published four times a year, our report *Konjunkturläget* contains a forecast for the Swedish and global economies as well as more in-depth special analyses of relevant economic topics. *The Swedish Economy* is an English translation of the summary and selected special analyses from *Konjunkturläget*.

All our reports can be downloaded from our website at www.konj.se/english. The forecast reports are available at www.konj.se/swedisheconomy and data can be found at www.konj.se/english/datasets.

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 December 16, 2024.

Stockholm, December 20, 2024

Albin Kainelainen
Director-General

Content

The Swedish Economy.....	6
Forecast revisions 2024-2025.....	23

BOXES

Assumptions regarding the incoming US administration’s policies and their impacts	7
New target for general government net lending.....	21
Economic Policy should Support the Recovery in 2025	22

DETAILED ANALYSES

The Budget Bill for 2025.....	25
-------------------------------	----

TABLES

Tables	28
--------------	----

The Swedish Economy

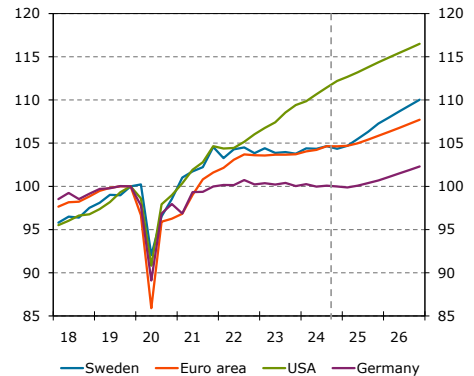
The Swedish recession continues to deepen, with an upward turn not expected until the second quarter of 2025. The recession persists even into 2026. The downturn has resulted in increased unemployment, which is forecasted to remain at current levels throughout 2025. Weak economic growth in the Eurozone during 2025 is restraining Swedish export growth. A significant factor behind the sluggish growth is that Swedish households continue to be cautious regarding their consumption. Recent years' rapid price increases and interest rate hikes have eroded household real disposable incomes. Inflation has been slightly below 2 per cent for some time, and in our forecast the Riksbank will gradually lower the policy rate to 1.50 per cent by June 2025. Lower interest rates are expected to stimulate both corporate investments and household consumption. However, by the end of 2025, resource utilization in the economy remains well below normal, and unemployment persists at an elevated level.

WEAK DEVELOPMENT IN EUROPE

The global economy has continued to grow at a moderate pace during the autumn, though the economic outlook remains mixed (see Diagram 1). The eurozone has experienced weak performance, with confidence indicators staying at low levels, whereas developments in the United States are more robust (see Diagram 2). American households have continued to increase consumption at a rapid rate (see Diagram 3). Data on incomes and household savings indicate that the risk of a sudden decline in consumption is lower than previously assessed. Although the US labour market has become slightly less tight during 2024, unemployment remains at historically low levels (see Diagram 4). Growth in the eurozone is hindered by weak consumption and low investments. The European economy is weighed down by, among other things, challenges in Germany's manufacturing sector (see Diagram 5). For example, the German automotive industry, important for the country's economy, is struggling due to high production costs and weak demand from abroad. Uncertainty also surrounds the potential effects of the incoming Trump administration's policies on the global economy (see the box "Assumptions regarding the incoming US administration's policies and their impacts").

Diagram 1 GDP in selected countries

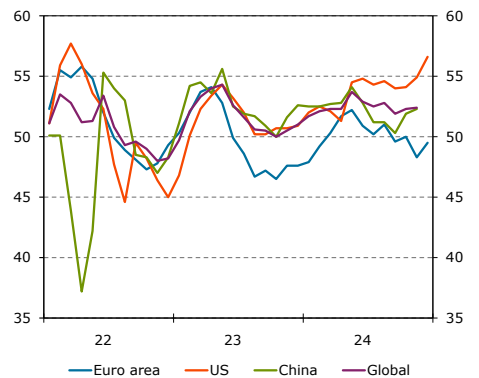
Index 2019 quarter 4=100, constant prices, seasonally adjusted quarterly values



Sources: National sources and NIER.

Diagram 2 Composite Purchasing Managers' Index

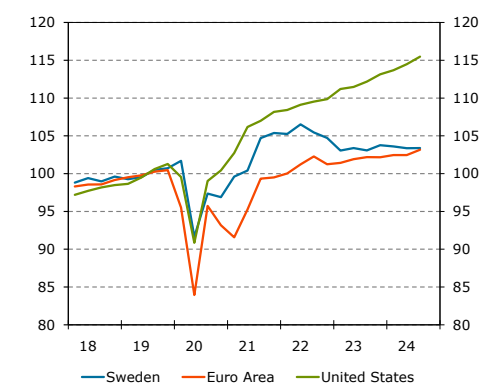
Index, monthly values



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

Diagram 3 Household Consumption in Selected Countries and Regions

Index 2019=100, seasonally quarterly values



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

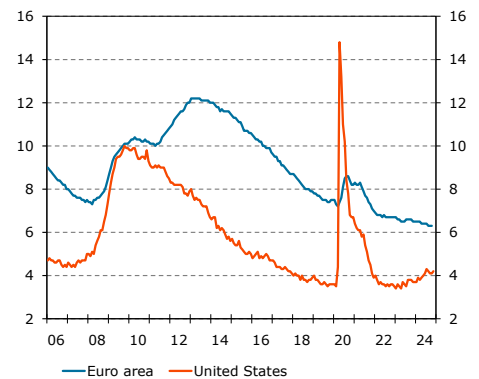
Assumptions regarding the incoming US administration's policies and their impacts

During the election campaign, the incoming President Donald Trump promised higher import tariffs, significant tax cuts, and reduced net immigration. While the extent to which these pledges will become reality remains unclear, the forecast assumes the following. US tariff increases will primarily target China, with limited tariffs imposed on Europe affecting only a few industries. Tax cuts from Trump's first term, scheduled to expire at the end of 2025, will be extended, and there will be some additional tax cuts that are partially unfunded. A tightening of immigration policies will slightly reduce net migration to the US. The higher tariffs on Chinese imports and the corresponding retaliatory measures are expected to slightly reduce American GDP and increase inflation. Limited tariffs on Europe and the subsequent European countermeasures are not expected to have a significant direct impact, but the uncertainty about trade policy will have a negative effect, particularly for Europe. Tax reductions will bolster the US economy in 2026, with a modest rise in GDP and inflation, while expectations of deregulation and further tax cuts will support sentiment as early as 2025. Reduced net migration is expected to slightly lower US GDP while marginally raising inflation. Higher inflation driven by these policies is likely to cause the Federal Reserve to slow its pace of interest rate cuts, which in turn will dampen growth somewhat in 2026. China is expected to partially off-set the impact of US tariffs through additional stimulus measures and increased exports to other countries. These assumptions are on the whole similar to those of other institutions.¹

Overall, the effects of Trump's policies on the global business cycle are limited in the forecast. The economic risks are significant due to the high uncertainty surrounding the policies. Extensive American tariffs against Europe and European countermeasures could severely impact growth in both the US and Europe. The large tax cuts add to the already substantial American budget deficit at a time when the US economy is strong, thereby increasing the risk of overheating the economy with higher inflation and financial imbalances as a result. Finally, the more expansive fiscal policy and higher interest rates deteriorate the sustainability of American public finances, posing risks especially in the long term.

Diagram 4 Unemployment

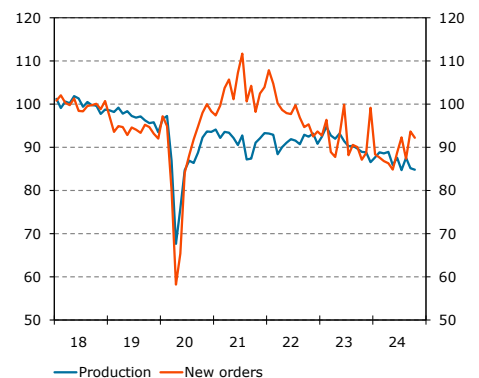
Percentage of the labour force, seasonally adjusted monthly values



Sources: Eurostat and Bureau of Labor Statistics.

Diagram 5 Production and Order Intake in Germany's Manufacturing Industry

Index 2018=100, seasonally adjusted monthly values



Sources: German Federal Statistical Office and Macrobond.

¹ The IMF, Peterson Institute and Oxford Economics, amongst others.

EUROPEAN INFLATION UNDER CONTROL

Global inflation has declined significantly since its peak in 2022 and is now largely close to central banks’ targets (see Diagram 6). In the Eurozone, service prices have risen slowly in recent months. Coupled with weak consumer demand and lower wage agreements for the coming year, this indicates that the risk of a price-wage spiral is now considered negligible. In the US, service prices continue to rise rapidly, which prolongs the decline in US inflation. US inflation is expected to decrease further due to a less tight labour market and consequently slower wage growth, and is at the target rate by 2026.

Lower inflation has led nearly all major central banks to initiate interest rate cuts. The weak growth outlook and subdued inflation mean that the European Central Bank (ECB) will lower interest rates at a fast pace. In contrast, the higher price pressures in the US will lead the Federal Reserve to reduce interest rates more gradually and to a higher level (see Diagram 7).

Table 1 GDP and consumer prices

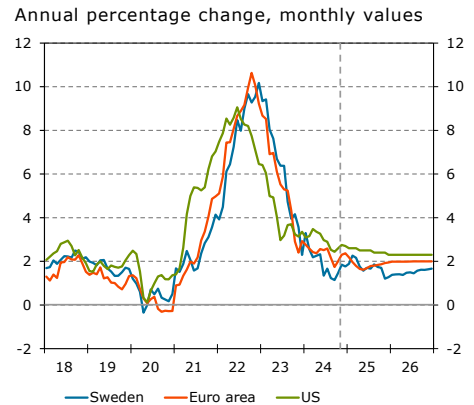
Percentage change

	Forecast			Scenario		
	2024	2025	2026	2027	2028	2029
Swedish export market ¹	1.6	2.4	3.1	3.1	3.1	3.1
GDP²						
World	2.8	2.8	3.0	2.9	2.8	2.8
KIX weighted ³	1.6	1.7	2.1	2.1	2.0	1.9
Euro Area	0.7	0.8	1.7	1.7	1.6	1.6
US	2.8	2.2	1.9	1.8	1.7	1.7
China	4.7	4.6	4.2	3.9	3.7	3.5
Sweden	0.5	1.4	2.9	2.5	1.9	1.7
CPI⁴						
KIX weighted ³	3.0	2.5	2.3	2.2	2.3	2.3
Euro Area	2.4	1.8	2.0	2.0	2.0	2.0
US	2.9	2.5	2.3	2.3	2.3	2.3
China	0.2	1.1	1.5	2.2	2.8	3.0
Sweden	1.9	1.7	1.5	1.9	2.0	2.0

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

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

Diagram 6 Consumer Prices in Selected Countries and Regions

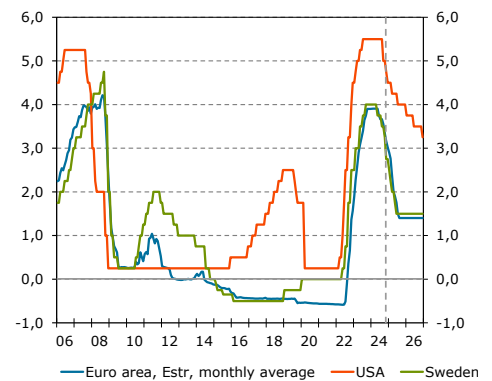


Note. CPI for the US, HICP for the Euro area and CPIX for Sweden.

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

Diagram 7 Policy Rates

Percentage change, and per cent, monthly values



Note. The US policy rate refers to the upper bound of the Federal reserve policy rate.

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

CONTINUED WEAK GROWTH IN SWEDISH EXPORT MARKETS THROUGH 2025

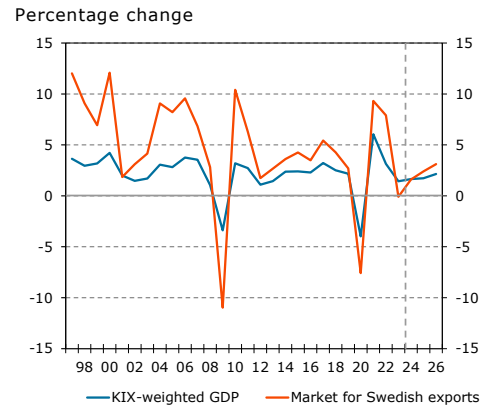
For Sweden's key trading partners, the KIX countries, GDP growth is expected to remain weak in 2024 and 2025. By 2026, growth is anticipated to accelerate somewhat, particularly in the Eurozone, as interest rates are reduced further.

Swedish export market growth is also expected to remain weak. However, the increasing GDP growth among Sweden's major trading partners will slightly strengthen market growth over the coming years (see Diagram 8), following no growth in 2023 and modest increases in 2024.

INVENTORY INVESTMENTS BOOSTED SWEDEN'S GDP IN THE THIRD QUARTER

Sweden's GDP grew by 0.3 per cent in the third quarter of 2024 (see Diagram 9). The most significant contribution came from inventory investments. The industrial sector's investments in intermediate goods were the largest recorded in a single quarter since at least 1993. A large part of this surge in intermediate goods inventories is believed to have been involuntary, caused for instance by production disruptions. Household consumption was stagnant and, apart from imports, the other components of the supply-use balance grew moderately. Despite further inventory investment growth in the fourth quarter, the pace is expected to slow significantly, creating a relatively large negative contribution to GDP growth. Total final demand will rise marginally, but overall, GDP is expected to decline in the fourth quarter. The Economic Tendency Indicator supports the view of a weak development in the fourth quarter (see Diagram 9).

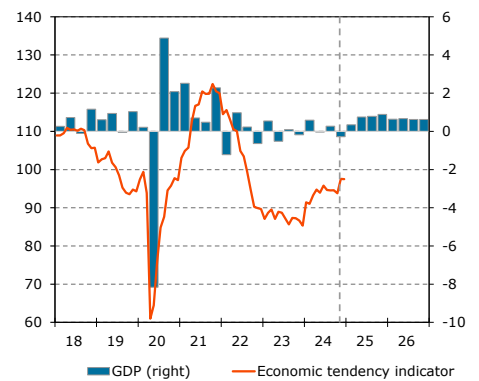
Diagram 8 KIX-Weighted GDP and Swedish Export Market



Sources: National sources, Macrobond, and NIER.

Diagram 9 Economic Tendency Indicator and GDP

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

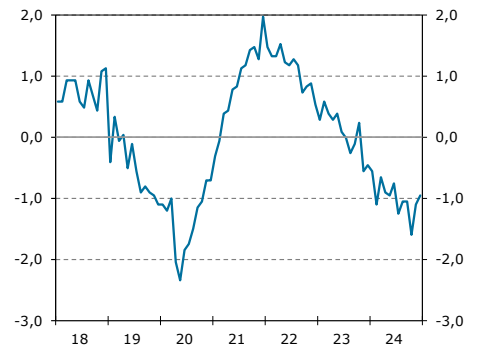


Note. GDP-growth was -8.2 per cent the second quarter 2020 and 4.9 per cent the third quarter 2020.

Sources: Statistics Sweden and NIER.

Diagram 10 Industry's Opinion on Export Order Backlog

Standardized deviations from average, seasonally adjusted monthly values



Source: NIER.

Table 2 Domestic economy

Percentage change, constant prices

	Forecast			Scenario		
	2024	2025	2026	2027	2028	2029
Household consumption expenditure	0.2	1.4	3.6	4.0	2.5	2.3
General government consumption expenditure	1.3	1.5	1.7	1.2	0.8	0.7
Gross fixed capital formation	-1.5	1.0	4.3	4.4	2.8	2.9
<i>Domestic demand excl. stock building</i>	<i>0.1</i>	<i>1.3</i>	<i>3.2</i>	<i>3.3</i>	<i>2.2</i>	<i>2.0</i>
Stockbuilding ¹	0.4	-0.2	0.1	0.0	0.0	0.0
<i>Total domestic demand</i>	<i>0.4</i>	<i>1.1</i>	<i>3.4</i>	<i>3.4</i>	<i>2.1</i>	<i>2.0</i>
Exports	2.0	2.6	3.6	2.8	1.9	2.2
<i>Total demand</i>	<i>1.0</i>	<i>1.6</i>	<i>3.5</i>	<i>3.2</i>	<i>2.0</i>	<i>2.1</i>
Imports	2.0	2.5	4.1	3.9	2.8	2.9
<i>Net exports¹</i>	<i>0.1</i>	<i>0.1</i>	<i>-0.1</i>	<i>-0.5</i>	<i>-0.4</i>	<i>-0.3</i>
GDP	0.5	1.2	3.1	2.7	1.7	1.7
GDP, calendar-adjusted	0.5	1.4	2.9	2.5	1.9	1.7
GDP per capita	0.2	1.0	2.9	2.5	1.4	1.4
Current account ²	6.8	6.0	5.3	4.8	4.2	3.8

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

Sources: Statistics Sweden and NIER.

EXPORT GROWTH REBOUNDS IN 2025

Despite the relatively weak international growth, Swedish exports have performed well in recent years, largely driven by a strong development in service exports. Import growth has also been supported by a robust rebound in the service sector after the pandemic.

During the third quarter of 2024, export growth slowed after a strong second quarter. Service exports continued to rise sharply, while exports of processed goods dropped significantly. Foreign trade statistics and industry sentiment regarding export order books indicate muted growth in goods exports in the near term (see Diagram 10 and Diagram 11).

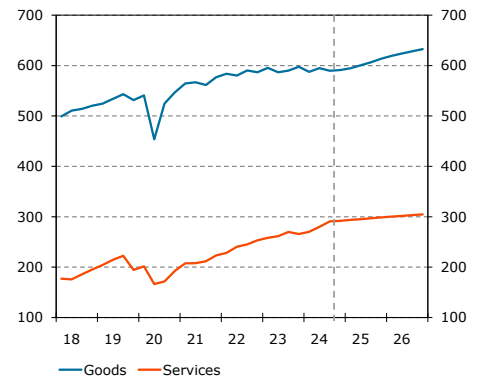
A sluggish outlook in Europe, particularly in Germany, contributes to the historically weak market growth forecast in the short term. However, the export market growth picks up slightly from mid-2025, which will benefit Swedish goods exports. Service export growth, on the other hand, is expected to be significantly lower than in recent years.

FIXED GROSS INVESTMENTS BEGIN TO RECOVER

Due to the weak economic conditions, fixed gross investments have slowed down in recent years. However, after nine consecutive quarters of declining housing investments, housing investments turned upward in the third quarter of 2024 (see Diagram 13). This increase is considered temporary but rising housing

Diagram 11 Export of Goods and Services

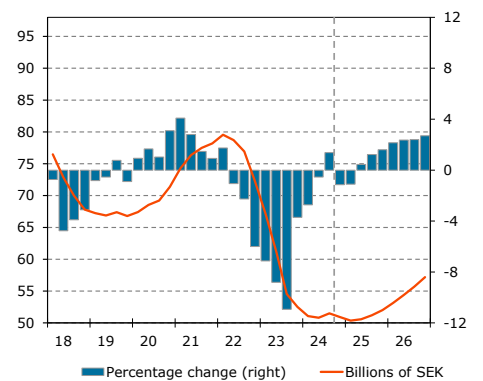
Billion SEK, constant prices, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 12 Fixed Gross Investments, Housing

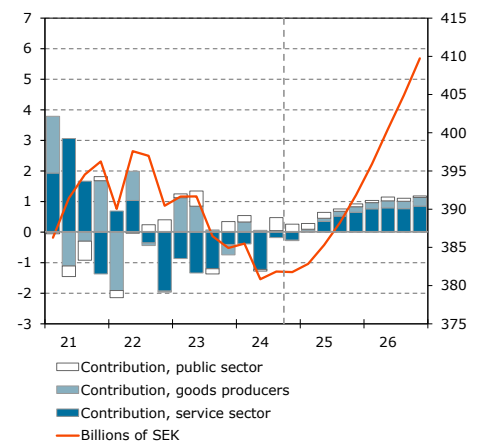
Billion SEK, constant prices, and percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 13 Fixed Gross Investments

Billion SEK, constant prices, contribution in percentage to quarterly growth, seasonally adjusted quarterly values



Note. Total gross fixed capital formation is the sum of gross fixed capital formation of goods producers, service providers (which together make up the business sector), public authorities and non-profit organisations.

Sources: Statistics Sweden and NIER.

prices and decreasing construction and financing costs are expected to improve profitability for new construction going forward. Consequently, housing construction is forecasted to recover from the second quarter of 2025, with growth steadily increasing throughout the forecast period.

Industrial investments also rose in the third quarter of 2024, but lower capacity utilization and postponed investment plans for several major projects, primarily in northern Sweden, are expected to dampen industrial investment activity in 2025. However, there are signs of improvement in investments in service industries excluding housing construction. Overall, business investments are forecast to grow in 2025, but a significant acceleration in investment activity is not expected until 2026 (see Diagram 14).

Public sector investment contributed positively to investment growth during the third quarter and will continue to do so in the two following quarters. This is primarily due to defence investments. Subsequently public sector investment growth will be moderate.

DEFENCE SPENDING DRIVES GROWTH IN PUBLIC CONSUMPTION

In 2023, public consumption grew primarily due to a rapid increase in government consumption from defence spending and higher healthcare volumes in the regions, following suppressed levels during the pandemic. Expansion of the Swedish defence continues to contribute to relatively strong consumption growth through 2024–2026 (see Diagram 14).

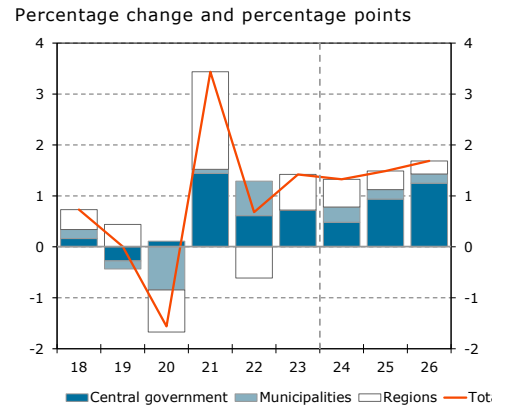
The Swedish regions also contribute to consumption growth in 2024 despite financial constraints. This is because an aging population increases the demand for healthcare services. Meanwhile, declining birth rates are expected to reduce consumption in municipalities, as the need for preschool and elementary school services diminishes.

HOUSEHOLDS BECOME LESS RESTRAINED IN 2025

Household consumption has shown weak development since inflation surged in 2022. During the third quarter of 2024, consumption growth stagnated after two consecutive quarters with negative growth (see Diagram 15). Spending on services and foreign consumption fell, while expenditures on cars increased sharply.² The household confidence indicator decreased in December after rising for 14 consecutive months, now falling below its historical average (see Diagram 15). For the past few years, there has been a significant gap between households’ assessments of their current financial situation and their expectations for their finances 12 months ahead. The current situation has been rated as poor, while optimism about the future has

² Refers to services excluding housing services.

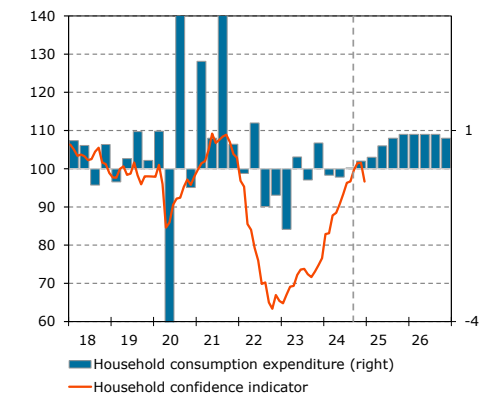
Diagram 14 Contributions to Public Consumption Growth



Sources: Statistics Sweden and NIER.

Diagram 15 Household Confidence Indicator and Household Consumption

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

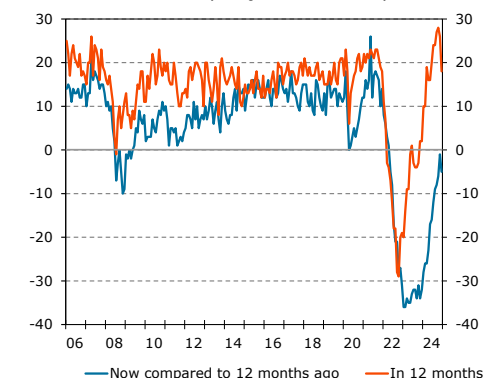


Note: Consumption growth was -9.9 per cent in the second quarter of 2020, 6.2 per cent in the third quarter 2020 and 4.3 per cent in the third quarter of 2021.

Sources: Statistics Sweden and NIER.

Diagram 16 Households’ View of Their Own Economy

Net totals, seasonally adjusted monthly values



Source: NIER.

been significantly higher. However, both measures dropped sharply in December (see Diagram 16).

It remains uncertain how households will balance saving and consumption in the future. The household saving ratio remains slightly above the decade-long average.³ Households have become somewhat less pessimistic about the risk of unemployment. Fewer expect the overall unemployment in Sweden to rise in the coming 12 months. This indicates a slight reduction in uncertainty, which, in turn, could increase households' willingness to consume.

The floating mortgage rate peaked at the end of 2023 and has since decreased by approximately one percentage point. Disposable household incomes continued to grow steadily in the fourth quarter 2024, while interest costs, measured as a share of disposable income, decline (see Diagram 17). These factors contribute to a modest increase in household consumption during the fourth quarter of 2024. In 2025, disposable incomes are expected to grow faster than in previous years, with declining interest rates having a more pronounced positive effect. Consumption is projected to recover to pre-inflation shock levels. However, households are likely to increase their consumption less than the rise in disposable income, resulting in a continued increase in the saving ratio. By 2026, household purchasing power is expected to strengthen further, leading to a reduction in the savings ratio for the first time since 2022.

BROAD RECOVERY IN BUSINESS SECTOR OUTPUT FROM MID-2025

Since the end of 2021, output in Sweden's business sector has stagnated (see Diagram 18).⁴ However, the development has varied across the different sectors (see Table 3). While industrial output has declined, service sector output has shown slight growth. The gradual strengthening of demand is expected to result in increased overall output in the business sector starting in the first quarter of 2025.

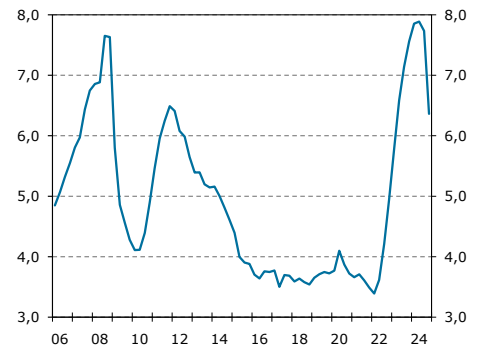
The recovery in output during 2025 will be driven primarily by the manufacturing industry and continued strong performance from business-related services. Weak demand for Swedish export goods will continue to affect the manufacturing industry negatively in the first quarter of 2025. The recovery is expected to gain momentum from the second quarter of 2025 and onwards when export growth picks up. The more business-related parts of the service sectors will respond positively to the uptick in industrial output.

³ Refers to the full year 2024. The household savings ratio refers to personal savings as a percentage of disposable income.

⁴ Output in this context refers to value added. Value added is the gross output minus intermediate consumption.

Diagram 17 Households' Interest Costs

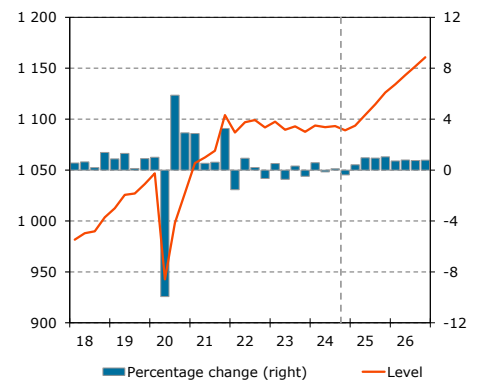
Percentage of disposable income, seasonally adjusted quarterly values



Note. The fourth quarter of 2024 is a forecast. Sources: Statistics Sweden and NIER.

Diagram 18 Production in the Business Sector

Billion SEK, constant prices, and percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 19 Sales Situation in Retail Trade

Net totals, seasonally adjusted monthly values



Source: NIER.

The confidence indicator⁵ for the retail trade sector, which constitutes a significant portion of total business sector output, has improved during 2024. However, this upturn is primarily based on higher future expectations, as the retail trade sector remains relatively dissatisfied with the current sales situation (see Diagram 19). Retail output is expected to increase during the second half of 2025 as household consumption starts increasing at a more rapid pace.

The construction sector continues to face challenges, with an overall pessimistic outlook on the current situation. Gross construction output has diminished on a year-on-year basis since early 2023 (see Diagram 20). However, according to the national accounts, construction output has increased. This apparent contradiction is attributed to firms reducing their use of intermediate goods and services more than the decline in gross output. The shift in construction activity towards infrastructure projects, which might have lower input requirements, could be a contributing factor.

Table 3 Production

Percentage change, calendar-adjusted values

	Forecast			Scenario		
	2024	2025	2026	2027	2028	2029
Business sector	0.1	1.6	3.4	3.1	2.3	2.1
Goods producers	-1.0	0.0	2.4	...	...	...
Of which: Industry	-1.8	0.7	4.8	...	...	...
Construction	0.9	-2.4	-3.1	...	...	...
Service producers	0.7	2.4	3.9	...	...	...
General government	2.4	0.7	0.6	0.5	0.4	0.3
Total economy¹						
GDP at basic prices	0.6	1.4	2.8	2.5	1.9	1.7
GDP at market prices	0.5	1.4	2.9	2.5	1.9	1.7

¹ Including production in non-profit institutions serving households.

Note. Production refers to value added.

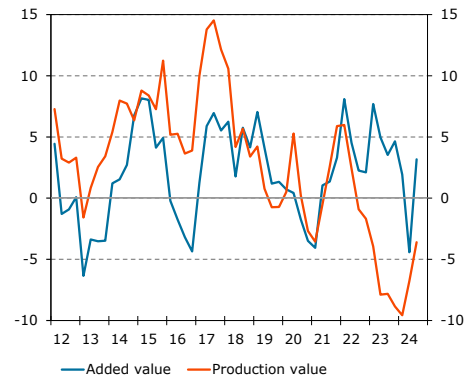
Sources: Statistics Sweden and NIER.

WEAK EMPLOYMENT GROWTH IN 2025

The sluggish economic performance has impacted the labour market, with employment decreasing—except for one quarter—since late 2023. This trend continued in the third quarter of 2024, with employment falling overall in the business sector but rising in public administration and other goods-related industries. Unemployment increased to 8.5 per cent in the third quarter, affecting both full-time students and non-students (see Diagram 21).

⁵ According to the Economic tendency survey from NIER.

Diagram 20 Value Added and Gross Production in the Construction Sector
Annual percentage change, calendar-adjusted values

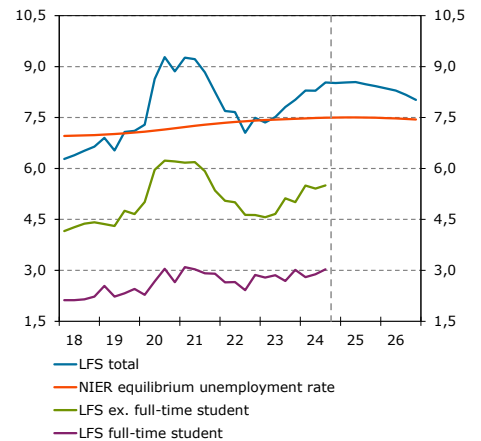


Note. Construction refers to industries covered by SNI code F. Gross output according to Production value index (PVI).

Sources: Statistics Sweden and NIER.

Diagram 21 Unemployment and Equilibrium Unemployment

Seasonally adjusted quarterly values

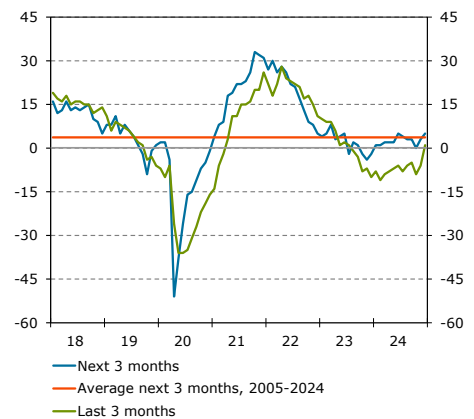


Note. The LFS refers to the age group 15–74.

Sources: Statistics Sweden and NIER.

Diagram 22 Employment in the Business Sector

Net totals, seasonally adjusted monthly values



Source: NIER.

As of November, survey data from the Labour Force Survey (LFS) indicates that the upward trend in unemployment is continuing, albeit at a slower pace. The number of registered unemployed individuals with the Public Employment Service has also risen slightly. Nevertheless, hiring plans for the next three months in the business sector improved slightly in December, according to the Economic Tendency Survey (see Diagram 21).

Employment is expected to decline further in the fourth quarter of 2024, resulting in an overall reduction in employment for the year.

The weak economic situation continues to weigh heavily on the Swedish labour market, with unemployment expected to stabilise at 8.5 per cent in early 2025 before declining slightly toward the end of the year. Employment is projected to grow marginally in 2025, driven by increased economic activity. However, the rise in employment will be restrained initially as companies utilise existing labour reserves built up during the recession. The number of people in the labour force is expected to grow as the economy begins to recover, further contributing to the slow decline in unemployment.

In 2026, employment is expected to grow more significantly, supported by the creation of new jobs in the service sectors. Unemployment will then decline to 8.2 percent. Nonetheless, this unemployment rate is still above its equilibrium level.⁶

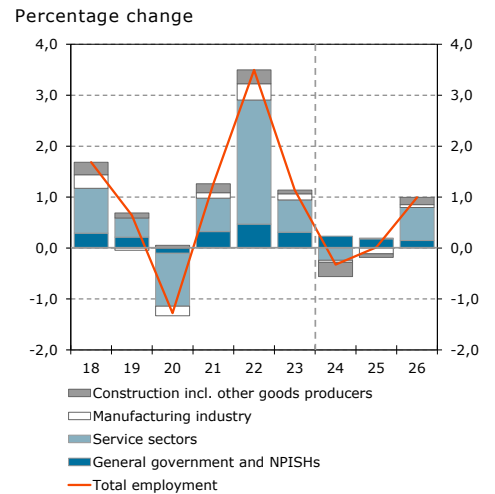
RECESSION IN 2025 AND 2026

The Swedish economy will remain in a recession throughout 2025 and 2026. This is illustrated by the negative output gap, which persists during both years (see Diagram 24). Resource utilisation in the economy will remain low, as indicated by the resource utilisation indicator which has steadily declined since 2022 (see Diagram 24).

The productivity gap in the business sector, which reflects how effectively firms utilise their workforce, is expected to close during 2025 as businesses increase their productivity (see Diagram 24).

Resource utilisation in the labour market remains low and continues to decline. This is reflected in the labour market gap, which measures the difference between actual and potential hours worked. The labour market gap remains negative throughout 2025 and 2026, bottoming out later than the productivity gap (see Diagram 24). This trend aligns with a typical economic cycle, where businesses first increase productivity before expanding their workforce.

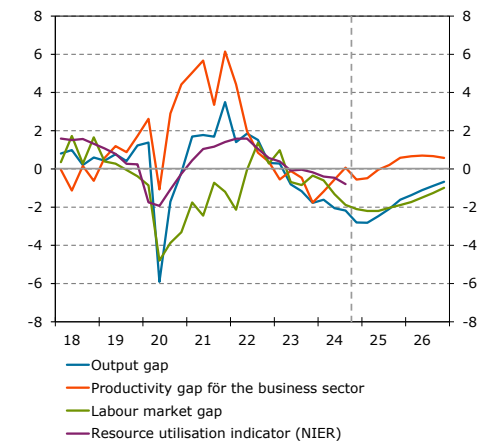
Diagram 23 Contributions to Employment Growth



Note. NPISH are non-profit institutions serving households. Sources: Statistics Sweden and NIER.

Diagram 24 GDP Gap, Productivity Gap for the Business Sector, Labor Market Gap, and Resource Utilization Indicator

Per cent of potential GDP, potential productivity for the business sector, and potential hours worked, seasonally adjusted quarterly values



Note. The resource utilization indicator shows seasonally adjusted and normalized quarterly values. Source: NIER.

⁶ For a discussion on unemployment, see the chapter "The Swedish Labour Market in an International Perspective" in the *Wage Formation Report 2024* (Only available in Swedish).

Table 4 Labour market

Percentage change, unless otherwise specified.

	Forecast			Scenario		
	2024	2025	2026	2027	2028	2029
GDP at basic prices ¹	0.6	1.4	2.8	2.5	1.9	1.7
Productivity, total economy ¹	1.0	1.4	1.6	1.0	1.1	1.3
Productivity, business sector ¹	1.4	1.9	1.9	1.1	1.4	1.6
Hours worked ¹	-0.4	0.0	1.2	1.5	0.7	0.5
Average hours worked per person employed ¹	0.1	-0.2	0.1	0.2	0.0	0.0
Number of Employed	-0.5	0.1	1.0	1.3	0.7	0.5
Employment rate ²	69.0	68.8	69.2	70.0	70.2	70.3
Labour force	0.2	0.2	0.7	0.7	0.5	0.4
Labour force participation rate ²	75.3	75.1	75.4	75.7	75.8	75.8
Unemployment ³	8.4	8.5	8.2	7.6	7.3	7.3
Population ⁴	0.1	0.5	0.4	0.4	0.4	0.4
Productivity gap, business sector ⁵	-0.6	0.1	0.7	0.2	0.0	0
Labour market gap ⁶	-1.5	-2.1	-1.4	-0.3	0.0	0.0
Output gap ⁷	-2.2	-2.2	-1.0	-0.1	0.0	0.0

¹ Calendar-adjusted values. ² Per cent of population according to LFS aged 15-74. ³ Per cent of labour force according to LFS aged 15-74. ⁴ According to LFS aged 15-74. ⁵ Difference between actual and potential productivity in the business sector in per cent of potential productivity in the business sector. ⁶ Difference between actual and potential hours worked in per cent of potential hours worked. ⁷ Difference between actual and potential GDP in per cent of potential GDP.

Source: NIER.

WAGE GROWTH SLOWS IN 2025

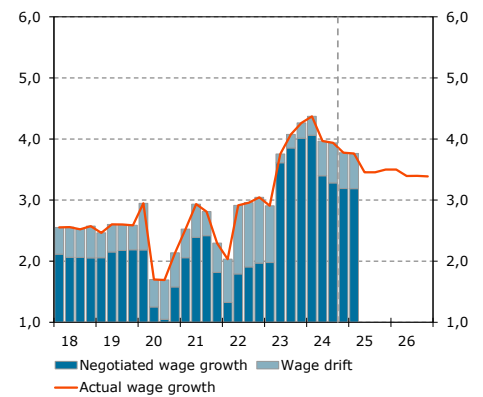
In the third quarter of 2024, wages in the entire economy increased by 3.9 per cent year-on-year. This growth rate is similar to that of the previous quarter but represents a deceleration compared to earlier in 2024. However, negotiated wage increases have slowed more than actual wages due to a slight increase in wage drift, despite reduced resource utilisation in the labour market (see Diagram 25).

In 2025, most collective agreements in the Swedish labour market will be renegotiated. For the industrial sector, which sets the benchmark for wage formation, profit shares and assessments of profitability have declined during 2024, but profit shares remain high by historical standards (see Diagram 26). At the same time, Sweden is in a recession, and there is uncertainty about future international demand, economic conditions, and labour market developments, complicating this round of negotiations.

Further weakening of the labour market is expected to contribute to a slowdown in wage growth from 2025 and on-wards. Still, wage increases will remain higher than their historical averages. This is line with wage expectations of both employer and employee organisations (see Diagram 27). **Fel! Hittar inte**

Diagram 25 Wage Growth Rate in the Entire Economy

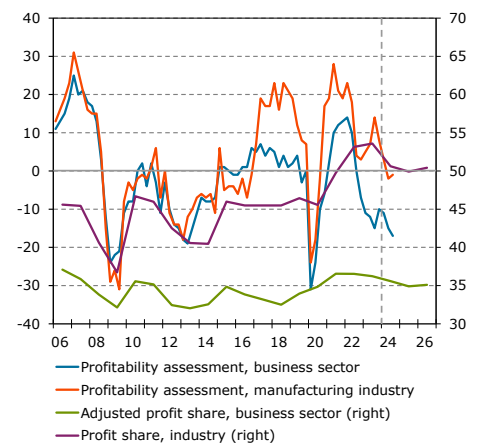
Calendar-adjusted annual rate



Sources: The National Mediation Office and NIER.

Diagram 26 Profitability in the Business Sector

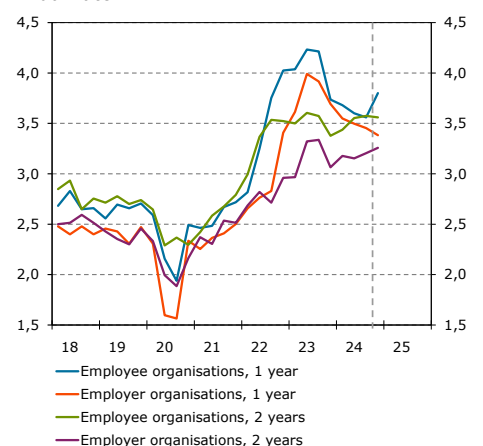
Percentage, annual values, and net totals, seasonally adjusted quarterly values



Note. The profit share is adjusted for sole proprietors' income and excludes the imputed production of the owner-occupied housing sector. Sources: Statistics Sweden and NIER.

Diagram 27 Wage Expectations Among Labor Market Parties

Annual rate



Sources: Kantar Sifo, Macrobond and NIER.

referensskälla.). Real wages, adjusted for inflation using CPIF, are expected to increase by nearly 2 per cent annually in 2025 and 2026, as nominal wage growth outpaces inflation.

Table 5 Hourly wages and labour costs

Percentage change and per cent, respectively

	Forecast			Scenario		
	2024	2025	2026	2027	2028	2029
Hourly wages, total economy ¹	4.0	3.5	3.4	3.4	3.4	3.4
Hourly wages, business sector ¹	4.2	3.6	3.5	3.4	3.4	3.4
Hourly labour costs, total economy	4.0	3.4	3.4	3.4	3.4	3.4
Real wages, total economy (CPIF)	2.1	1.8	1.9	1.4	1.3	1.3
Unit labour cost, business sector ²	5.1	3.6	3.4	3.9	3.4	3.4
Productivity, business sector ²	1.4	2.0	2.0	...	...	...
Adjusted unit labour cost, business sector ³	3.7	1.6	1.4	...	...	...
Adjusted profit share, business sector ⁴	35.6	34.9	35.1	34.6	34.5	34.6

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

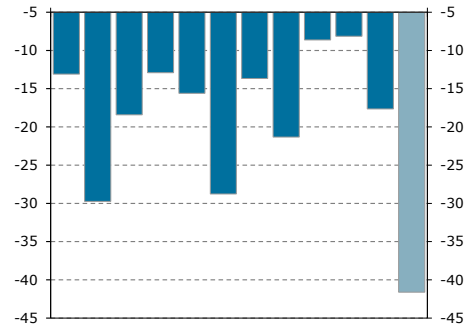
Sources: Swedish National Mediation Office, Statistics Sweden and NIER.

INFLATION NEAR THE TARGET

CPIF inflation was 1.8 per cent in November 2024. Fuel prices are lower now than they were 12 months ago. As a monthly averages, electricity prices are also lower compared to 2023, despite occasional spikes in electricity prices in December 2024. Consequently, energy prices have had a dampening effect on CPIF inflation (see Diagram 28). Energy prices therefore reduce total CPIF inflation (see Diagram 29). Inflation excluding energy (CPIF-XE) stood at 2.4 per cent in November and is expected to remain around 2 per cent until mid-2025. After that, inflation for CPIF-XE is projected to decrease, reaching approximately 1.6 per cent by the end of 2026. Including energy, CPIF inflation is also forecasted to be around 1.6 per cent by the end of 2026 (see Diagram 30). Monthly inflation figures will primarily be influenced by weather-dependent electricity prices.

Diagram 28 Spot price of electricity 2024

Monthly average, difference compared to the corresponding month of the previous year. Öre per kWh

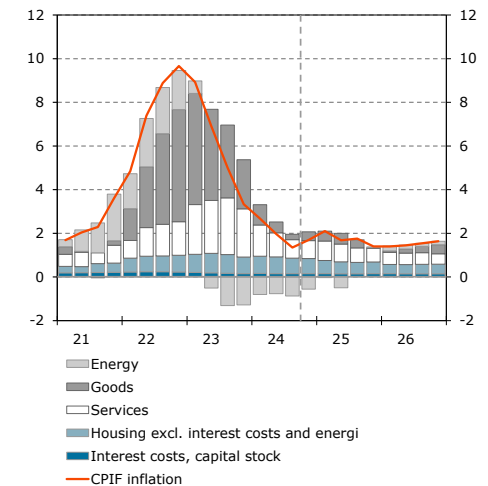


Note. The average for December is calculated up to and including the 16:th of December both in 2023 and 2024.

Sources: Nordpool Group and Macrobond.

Diagram 29 Contributions to CPIF Inflation

Percentage points and annual percentage change, quarterly values

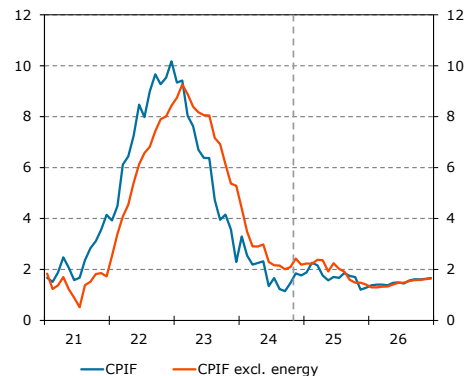


Note. The contributions are approximately calculated.

Sources: Statistics Sweden and NIER.

Diagram 30 Consumer Prices

Annual percentage change, monthly values



Sources: SCB and Konjunkturinstitutet.

Table 6 Consumer prices, interest rates and exchange rates

Percentage change and per cent, respectively

	Forecast			Scenario		
	2024	2025	2026	2027	2028	2029
CPI	2.9	-0.4	1.0	2.4	2.8	2.4
Interest costs, interest rate ¹	12.6	-29.9	-9.2	8.9	15.2	7.0
CPIF	1.9	1.7	1.5	1.9	2.0	2.0
Goods	1.2	0.8	0.6	...	...	...
Services	3.5	2.5	1.7	...	...	...
Housing excl. Mortgage interest costs and energy ²	4.6	3.5	2.7	...	...	...
Energy	-9.2	-1.4	2.2	...	...	...
Interest costs, capital stock ¹	4.0	3.8	3.8	3.5	3.4	3.5
CPIF excl. energy	2.7	1.9	1.5	...	...	...
HICP	2.0	1.8	1.5	...	...	...
Repo rate ³	2.75	1.50	1.50	2.00	2.50	2.50
Ten-year government bond yield	2.2	2.1	2.3	2.6	2.7	2.9
Effective exchange rate index (KIX) ⁴	126.0	126.9	124.8	122.4	120.0	118.5

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

Sources: Statistics Sweden, Sveriges Riksbank and NIER.

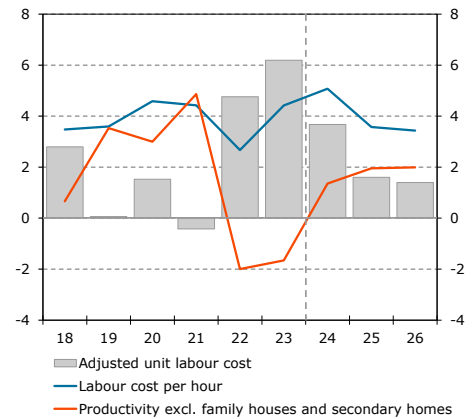
The drivers of inflation are mixed going forward. In 2025, inflation is kept up by rising housing costs, with rents and housing association fees continuing to increase at a relatively fast pace. Certain food prices are also expected to rise significantly due to constrained supply. Additionally, the weak Swedish krona will contribute to keeping inflation elevated. However, companies' unit labour costs are expected to grow relatively slowly, due to increased productivity growth, despite labour costs per hour worked rising by 3.6 per cent in 2025 in the business sector (see Diagram 31). Weak overall demand will also limit firms' ability to raise prices, exerting downward pressure on inflation.

In 2026, demand is expected to recover further, leading to a gradual increase in goods prices. Furthermore, the European Union's climate tariffs on products like steel and fertilisers are to be introduced in 2026. This, together with cost increases from the EU's emissions trading system, is also expected to push up goods prices somewhat.⁷ Meanwhile, cost pressures in the service sector are forecast to remain low in 2025 and 2026, with only modest increases in rents, fuel costs, and input prices.

⁷ See the box "Assessing the Impact of Climate Change Transition Policies on Growth and Inflation" in *Euro system Staff Macroeconomic Projections*, ECB, December 2024.

Diagram 31 Adjusted Unit Labor Cost in the Business Sector

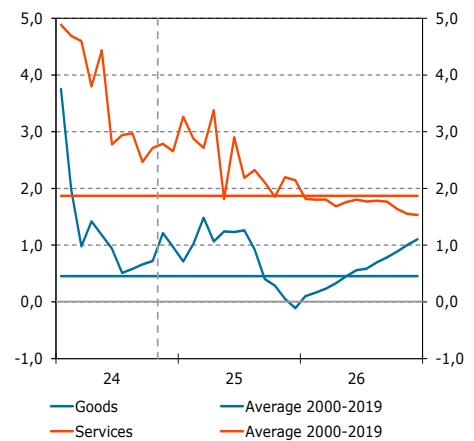
Percentage change, calendar-adjusted values



Note. The profit share is adjusted for sole proprietors' income and excludes the imputed production of the owner-occupied housing sector. Sources: Statistics Sweden and NIER.

Diagram 32 Goods and Services Price Inflation

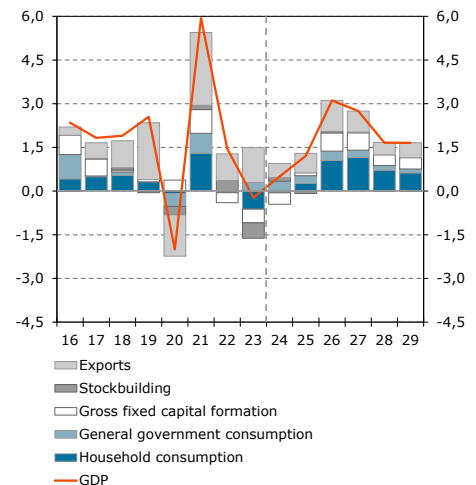
Annual percentage change, monthly values



Note. refers to goods and services excluding energy and consumption related to housing. Sources: SCB och Konjunkturinstitutet.

Diagram 33 Import-Adjusted Contribution to GDP Growth

Percentage change and percentage points



Sources: Statistics Sweden and NIER.

Consequently, service prices are anticipated to increase modestly in 2026 (see Diagram 32).

Unlike the CPIF, the traditional CPI measure of inflation incorporates changes in mortgage rates. Falling interest rates are expected to result in negative CPI inflation for 2025, and 1.0 per cent in 2026 (see Table 6).

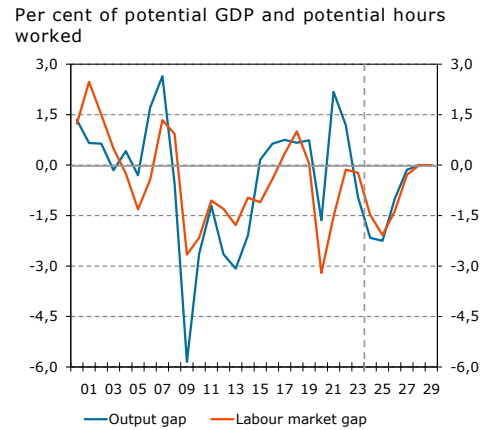
BALANCED ECONOMIC CONDITIONS IN THE SCENARIO FOR 2027–2029

The scenario for the years 2027–2029 is based on the National Institute of Economic Research's forecast for the years up to and including 2026. At the beginning of the scenario, the economy is emerging from a recession, and Swedish GDP grows relatively strongly in 2027 (see Diagram 33). An important explanation is the interest rate cuts implemented by the Riksbank in 2024 and 2025, which stimulate both household consumption and corporate investments. At the same time, the structural investment needs in climate transition, energy supply, and defence continue to contribute to economic activity. As in Sweden, there is a rapid increase in investments in many other countries, which benefits the Swedish export industry with its relatively strong focus on investment and intermediate goods.

The stronger economic activity means that resource utilisation, measured by the GDP gap, normalises in 2027 (see Diagram 34), after which GDP grows in line with its potential. The improved economic situation leads to increased demand for labour, which causes unemployment to fall during the scenario period towards the equilibrium level of just over 7 percent.

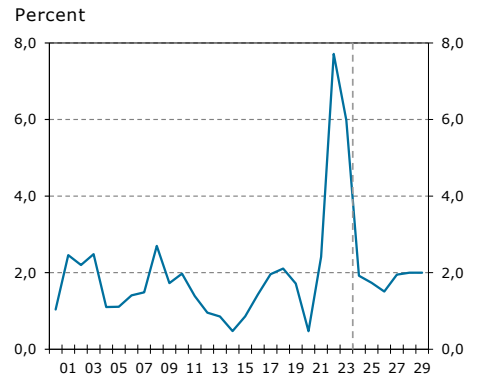
Inflation, measured by CPIF, is stable and close to the Riksbank's target of 2 per cent in the scenario (see Diagram 34). Annual wage growth is around 3.4 per cent during the period, which means that real wages continue to increase and recover to the 2021 level by 2027.

Diagram 34 GDP Gap and Labor Market Gap in Sweden



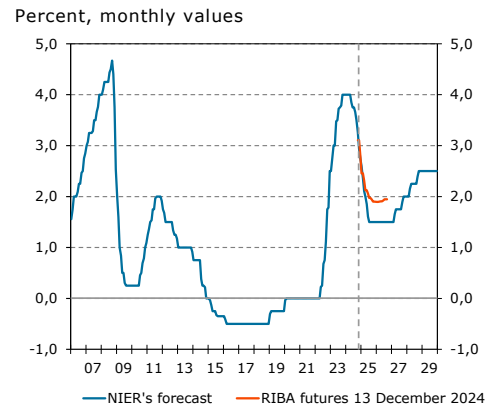
Source: NIER.

Diagram 35 Inflation, CPIF



Sources: Statistics Sweden and NIER.

Diagram 36 Policy Rate



Note. RIBA are futures contracts based on the average policy rate between specific dates. These dates are the third Wednesday of March, June, September and December respectively.

Sources: Nasdaq OMX, Macrobond and NIER.

THE RIKSBANK WILL LOWER THE POLICY RATE TO 1.50 PERCENT

The Riksbank has lowered the policy rate since May 2024 and continues to lower the policy rate by 0.25 percentage points at each regular monetary policy meeting from December 2024 to June 2025, down to 1.50 per cent (see diagram 36). The policy rate is then kept unchanged until the first half of 2027. The lower policy rate facilitates economic recovery and keeps inflation close to the inflation target in 2026–2027 (see Table 6). The National Institute of Economic Research's forecast implies that the policy rate will be lowered more in 2025 than market expectations according to so-called RIBA futures and more than the Riksbank's announced rate path (see diagram 36). In 2027, the Riksbank begins to gradually raise the policy rate to balance inflation at the inflation target in the years after 2027.

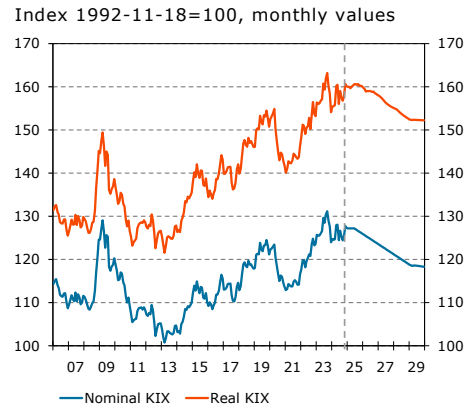
The krona has weakened by about 4 per cent since the end of 2023, measured by the krona index KIX, and is now weaker than the equilibrium exchange rate at the end of the scenario period. The krona is therefore expected to gradually strengthen in 2026–2029 (see Diagram 37 and Table 6).

CONTINUED DEFICIT IN GOVERNMENT FINANCES

The general government sector is running a deficit in 2024 (see Diagram 38 and Table 7). Central and local government sectors show deficits, while there is a surplus in the pension system (see Diagram 39). The local government sector faces continued high provisions to secure the value of pensions, due to the previously high inflation. This contributes to low net lending, despite favourable developments in income from municipal taxes and implemented cost savings and efficiencies. In the central government, the capital injection to the Riksbank contributes to the deficit, while the economic downturn results in weaker tax revenue growth.⁸ In the pension system, income from pension fees is growing faster than paid-out pensions, while capital income boosts net lending.

The economic downturn continues to weigh on the government finances in 2025–2026. However, net lending is strengthened in 2025 compared to 2024. The strengthening is largely explained by significantly improved net lending in the local government sector as pension provisions decrease (see Diagram 40). The Budget Bill for 2025 includes overall unfunded fiscal measures that reduce central government net lending (see the in-depth section "Budget Bill for 2025"). In 2026, government finances are further strengthened. Central government revenue increases slightly faster than expenditures, which, together with a larger surplus in the pension system, contributes to a smaller

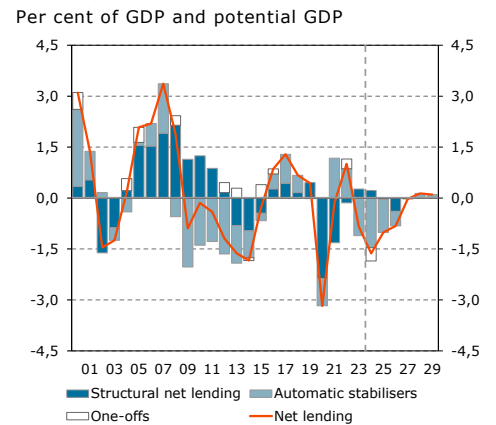
Diagram 37 Effective Exchange Rate for the Swedish Krona (KIX)



Note. KIX is a trade-weighted index based on exchange rates between the Swedish krona and the currencies of 31 of Sweden's trading partners. A higher index corresponds to a weaker krona.

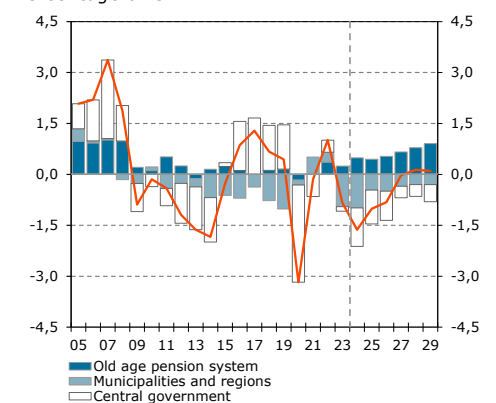
Sources: Riksbanken, Macrobond, and NIER.

Diagram 38 General government net lending



Sources: Statistics Sweden and NIER.

Diagram 39 Net lending in sub-sectors



Sources: Statistics Sweden and NIER.

⁸ The capital injection to the Riksbank is treated as a non-recurring effect in the estimate of structural net lending and structural net lending is therefore unaffected.

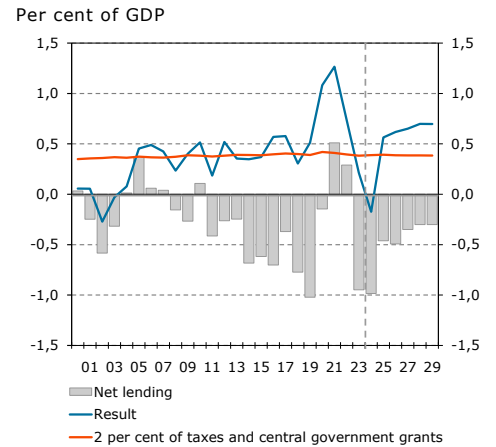
deficit in the general government sector. However, net lending remains negative in both central and local government sectors.

Structural net lending, which is the general government net lending adjusted for cyclical and non-recurring effects, is close to zero in 2025 and negative in 2026 (see Diagram 41). Thus, net lending falls below both the current surplus target level of 1/3 per cent of GDP and the proposed future balanced net lending target (see the box "New target for general government net lending").

Without new fiscal measures in the years after 2025, structural net lending would be higher (see diagram 40). From 2027, it exceeds the new net lending target level of 0 per cent of GDP, creating a fiscal space, which is estimated to total approximately SEK 130 billion for the period 2026–2029. The distribution of fiscal space per year is influenced by macroeconomic developments and previously announced increases and decreases in various fiscal measures and can therefore vary significantly between years.⁹ In the scenario, it is assumed that the Government implements unfunded fiscal measures corresponding to the total fiscal space.

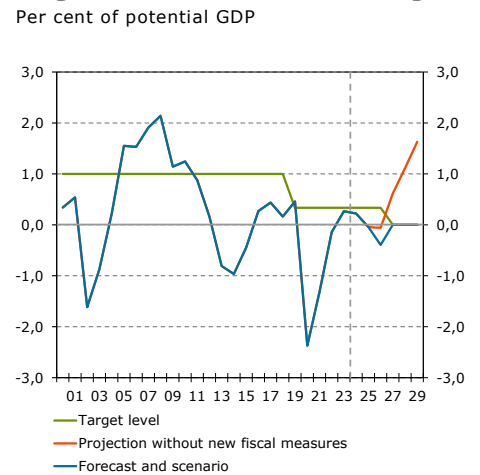
The Maastricht debt, which measures the consolidated debt of the general government, rises as a share of GDP in 2025 due to the deficit in the government finances (see Table 7). However, the debt ratio remains below the debt anchor in the fiscal policy framework (35 per cent of GDP +/- 5 percentage points). After 2025, general government net lending is strengthened while GDP grows at a faster pace, and the Maastricht debt therefore decreases as a share of GDP.

Diagram 40 Net lending and result in the local government sector



Sources: Statistics Sweden and NIER.

Diagram 41 Structural net lending



Sources: Statistics Sweden and NIER.

⁹ The Government has established a framework for the military support to Ukraine for the period 2024–2026, amounting to SEK 75 billion. There is uncertainty about how the support will be formulated. Therefore, only the parts of the framework that are currently specified have been taken into account in the forecast and the calculation of the fiscal space. That is, not the whole amount announced on the appropriation 1:14 in expenditure area 6 in the Budget Bill for 2025.

Table 7 Government finances

SEK billion and per cent of GDP, constant prices

	Forecast			Scenario		
	2024	2025	2026	2027	2028	2029
Revenue¹	3 045	3 109	3 234	3 412	3 567	3 706
<i>Per cent of GDP</i>	47.5	47.7	47.4	47.6	47.9	47.9
Expenditure	3 150	3 175	3 290	3 414	3 556	3 698
<i>Per cent of GDP</i>	49.2	48.7	48.2	47.6	47.7	47.8
Net lending	-105	-66	-56	-2	10	80
<i>Per cent of GDP</i>	-1.6	-1.0	-0.8	0.0	0.1	0.1
Structural net lending	15	-3	-27	0	0	0
<i>Per cent of potential GDP</i>	0.2	0.0	-0.4	0.0	0.0	0.0
Maastricht debt	2 151	2 208	2 299	2 385	2 470	2 571
<i>Per cent of GDP</i>	33.6	33.8	33.7	33.3	33.1	33.2

Note. Forecasts of taxes, fees and transfers are based on the regulations in place in 2025.

¹ Excludes EU taxes.

Sources: Statistics Sweden and NIER.

New target for general government net lending

The Government's fiscal policy is regulated, among other things, by the fiscal policy framework.¹⁰ A central part of the framework is the target for the general government net lending. A parliamentary committee has proposed changing the net lending target level from the current surplus target, equivalent to 1/3 per cent of GDP over a business cycle, to a balanced net lending target.¹¹ The balance target means that income and expenditure should be equal on average over a business cycle. The new balance target is proposed to replace the surplus target from 2027.

The change in the net lending target level affects the calculation of the fiscal space and the National Institute of Economic Research's fiscal policy scenario.¹² A balance target, all else being equal, means a larger fiscal space than a surplus target. In the fiscal policy scenario, it is assumed that the Government and the Riksdag will decide on new fiscal measures corresponding to the fiscal space, so that structural net lending is adjusted to the target. When the target level changes, it affects the fiscal space and fiscal measures for a given year. In the absence of new fiscal policy decisions, structural net lending exceeds the balance

Calculation Principles for the Fiscal Policy Scenario

The National Institute of Economic Research (NIER) creates a fiscal policy scenario for the years following the year of the most recent budget proposal. In this scenario, it is assumed that the Government and the Riksdag decide on new fiscal policy measures with a permanent impact on net lending, corresponding to the size of the fiscal space for the entire period. The distribution of fiscal measures over time and across various budget items is technical in nature and based on different calculation principles. It should not be interpreted as NIER's view on how the distribution should be structured. Deviations from the calculation principles are made in the first year, where the assessment is based on a presumed direction of the Government's policies.

In the scenario, it is assumed that fiscal policy aligns with the target for general government net lending. If structural net lending is initially above or below the target level, adjustments are made gradually, by a maximum of 0.5 percentage points per year. The trajectory of structural net lending influences how the fiscal policy measures are distributed across years.

The calculation principles for the distribution across budget items assume that funds are allocated to government agencies to ensure that government consumption and investments grow in line with population growth and potential GDP respectively. Local government sector is allocated central government grants to maintain approximately constant central government financing of the local government expenditures.

The remaining fiscal space is transferred to households, affecting their disposable income. Half of the transfer is recorded on the expenditure side as increased transfers, and the other half on the revenue side as a tax reduction. If the fiscal space is small and there is a need to finance other measures, the transfer to households can be negative.

¹⁰ See the Government Communication "The Swedish fiscal policy framework" (skr. 2017/18:207).

¹¹ Swedish Government Official Report "Från överskottsmål till balansmål" (SOU 2024:76).

¹² See the margin box "Calculation Principles for the Fiscal Policy Scenario".

target in 2027, creating fiscal space (see diagram 40). If the surplus target had been retained, the overall fiscal space for the period 2027–2029 would have been smaller. The transition to a balance target increases the fiscal space by approximately SEK 25 billion.

Economic Policy should Support the Recovery in 2025

The economic downturn deepened in 2024, and the economic bottom will not be reached until 2025. Therefore, the overall economic policy for 2025 should be expansionary to support economic recovery.

The primary goal of the Riksbank is the inflation target, and inflation has been below the target since the summer. Thus, there is no conflict between stabilizing inflation around the target and stimulating the economy.

Since monetary policy operates with a delay, the impact of monetary policy on demand in 2025 is largely already determined by policy rate decisions previously made. Despite the Riksbank gradually lowering the policy rate since May 2024, monetary policy is still considered contractionary.

Given that inflation is now below the target and the depth of the recession, monetary policy could at hindsight have been shifted in a more expansionary direction earlier. This would have contributed to a more robust economic recovery and a faster reduction in unemployment. To support the recovery in 2025 and 2026, it would be appropriate to lower the policy rate relatively quickly. The Riksbank should therefore proceed faster with rate cuts, even compared to what is assumed in this forecast. However, it is not desirable to return to the previously very low policy rate levels.

Fiscal policy should also support economic recovery. The government presented the Budget Bill for 2025 in the autumn, and thus the direction of fiscal policy for 2025 is already determined. According to the assessment of the National Institute of Economic Research, fiscal policy is mildly expansionary 2025. However, the leeway for fiscal policy is limited by the surplus target, and deviations in structural net lending from the target would need to be corrected.

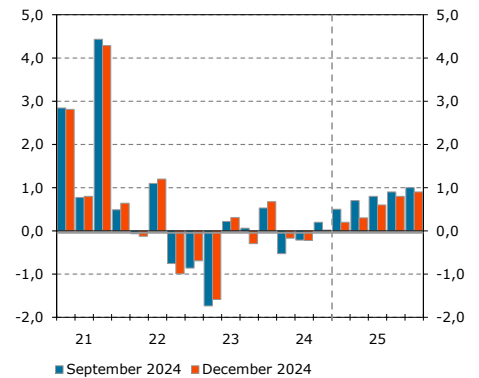
Forecast revisions 2024-2025

Below is a brief description of some of the more significant revisions compared to the previous forecasts from September 2024 (see Table 8).

- GDP growth in the United States has been revised upwards for both 2024 and 2025 by 0.2 and 0.5 percentage points, respectively. The upward revision is mainly due to GDP increasing significantly more in the third quarter of 2024 than anticipated in September and the continued strong performance in the fourth quarter.
- GDP growth in the Eurozone for 2025 has been revised down by 0.6 percentage points. The downward revision is partly explained by deteriorating prospects for the German economy.
- Growth in Swedish household consumption has been revised down for 2025 and is now expected to reach 1.4 per cent for the year. The unexpectedly weak development is already evident in the second half of 2024, and growth is revised down for all quarters of 2025 (see Diagram 42). The downward revision is mainly attributed to the prolonged impact of the previous significant price increases on household willingness to consume.
- The revision in household consumption growth is the main reason why GDP growth for 2025 has been revised down by 0.6 percentage points to 1.2 percent.
- Lower GDP growth in 2024 impacts the labour market, and employment is now expected to develop weaker than forecasted in September (see Diagram 43). This, in turn, leads to an increase in unemployment to 8.5 per cent in 2025, which is 0.3 percentage points higher than previously projected.
- CPIF inflation is revised up slightly in the near term but is expected to align with the September forecast by the end of 2025 (see Diagram 44).
- The deeper economic downturn and weak inflation outlook for 2026 mean that the Riksbank will gradually lower the policy rate to 1.50 per cent by June 2025, which is 0.25 percentage points lower than anticipated in September.

Diagram 42 Household Consumption

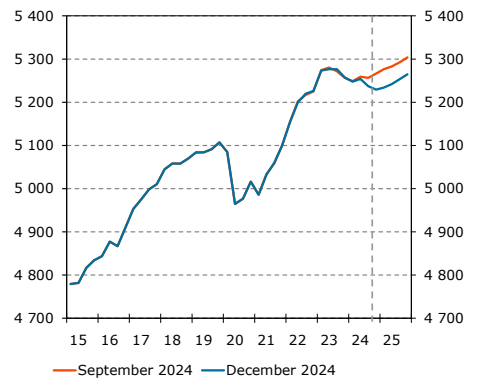
Percentage change, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 43 Employment

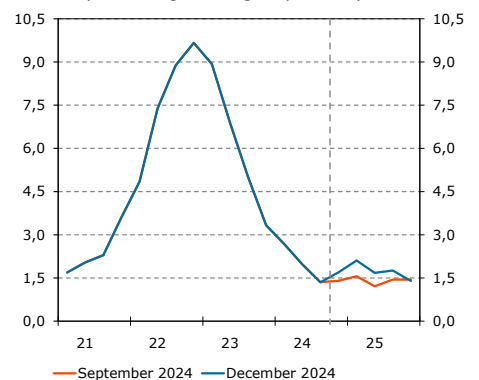
Thousands, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 44 CPIF

Annual percentage change, quarterly values



Sources: Statistics Sweden and NIER.

Table 8 Current Forecast and Revisions Compared to the September 2024 Forecast

Percentage change and percentage points respectively unless otherwise indicated

	2024			2025		
	Dec	Sep	Diff	Dec	Sep	Diff
Global Economy						
GDP, World	2.8	3.1	-0.4	2.8	3.0	-0.1
GDP, KIX-weighted ¹	1.6	1.7	0.0	1.7	2.0	-0.2
GDP, Euro Area	0.7	0.7	0.0	0.8	1.4	-0.6
GDP, US	2.8	2.6	0.2	2.2	1.7	0.5
GDP, China	4.7	4.8	-0.1	4.6	4.4	0.2
Federal Funds Target Rate ^{2,3}	4.5	4.5	0.0	4.0	2.5	1.5
ECB Refi Rate ^{2,3}	3.2	3.4	-0.3	1.7	1.9	-0.3
Oil Price ⁴	80.5	80.4	0.1	72.5	74.1	-1.7
CPI, KIX-weighted ¹	3.0	3.0	0.0	2.5	2.4	0.1
Domestic Economy						
GDP, Calendar-Adjusted	0.5	0.7	-0.2	1.4	2.0	-0.6
GDP	0.5	0.7	-0.2	1.2	1.8	-0.6
Household Consumption	0.2	0.0	0.1	1.4	2.4	-1.0
Government Consumption	1.3	1.2	0.1	1.5	1.4	0.1
Gross Fixed Capital Formation	-1.5	-2.2	0.7	1.0	1.4	-0.4
Stockbuilding ⁵	0.4	0.2	0.2	-0.2	0.1	-0.3
Exports	2.0	1.7	0.3	2.6	2.4	0.2
Imports	2.0	0.5	1.5	2.5	2.6	-0.2
Labour Market, Inflation, Interest Rates, etc.						
Hours Worked ⁶	-0.4	-0.1	-0.3	0.0	0.7	-0.7
Employment	-0.5	-0.2	-0.3	0.1	0.6	-0.5
Unemployment ⁷	8.4	8.3	0.1	8.5	8.2	0.3
Labour Market Gap ⁸	-1.5	-1.4	-0.1	-2.1	-1.4	-0.7
Output Gap ⁹	-2.2	-2.0	-0.2	-2.2	-1.6	-0.7
Productivity ⁶	1.0	1.0	0.0	1.4	1.3	0.1
Hourly Earnings ¹⁰	4.0	4.0	0.0	3.5	3.6	-0.1
CPI	2.9	2.8	0.1	-0.4	-0.3	-0.1
CPIF	1.9	1.8	0.1	1.7	1.4	0.3
Policy Rate ^{2,3}	2.75	3.00	-0.30	1.50	1.75	-0.25
10-Year Government Bond Yield ²	2.2	2.2	0.0	2.1	2.0	0.0
Effective Krona Exchange Rate Index (KIX) ¹¹	125.9	125.2	0.7	126.9	123.2	3.7
Current Account Balance ¹²	6.8	7.2	-0.4	6.0	6.9	-0.9
Government Net Lending ¹²	-1.6	-1.5	-0.2	-1.0	-0.6	-0.4
Structural net lending ¹³	0.2	0.4	-0.2	0.0	0.0	0.0

¹ KIX-weighted GDP and KIX-weighted CPI are aggregates using the Riksbank's KIX weights covering Sweden's 32 most important trading partners ² Per cent. ³ At year-end. ⁴ Brent crude, USD per barrel, annual average. ⁵ Change in per cent of GDP the previous year. ⁶ Calendar-adjusted. ⁷ Per cent of labour force. ⁸ The difference between actual and potential hours worked in per cent of potential hours worked. ⁹ The difference between actual and potential GDP in per cent of potential GDP. ¹⁰ According to the monthly wage statistics. ¹¹ Index 18 November 1992 = 100. ¹² Per cent of GDP. ¹³ Per cent of potential GDP.

Note: The difference is between the current forecast and the June 2024 forecast. A positive value denotes an upward revision.

Source: NIER.

DETAILED ANALYSES

The Budget Bill for 2025

The budget proposal includes new fiscal measures amounting to 58 billion kronor for 2025. The focus of the budget is on tax cuts and increased spending on defence and the judiciary. Several temporary measures from previous framework decisions will disappear in 2025. Overall, the measures in the budget and the previous framework decisions will weaken the net lending by 25 billion kronor between 2024 and 2025.

The budget presents unfunded measures that weaken net lending by 58 billion kronor for 2025 compared to the most recently decided frameworks (see the box "Funded or Unfunded Measures" in the margin). Table 9 shows the measures according to the national accounts classification (see the box "Government Budget Reported According to National Accounts" in the margin). In the national accounts, government expenditures are divided into consumption, transfers, and investments.

In the budget, expenditures increase by 35 billion kronor, of which 15 billion kronor come from increased government consumption, 2 billion kronor from government investments, and 18 billion from increased transfers (see Table 9, Column A). The increased government consumption mainly consists of higher expenditures for defence and the judiciary. The increased transfers largely consist of approximately 17 billion kronor in state grants to municipalities and regions.

Revenues decrease by 23 billion kronor, of which 18 billion kronor are reductions in direct taxes on households, including a higher basic deduction for the elderly, an increased earned income tax credit, and reduced tax on savings in investment savings accounts. The remaining 5 billion kronor are reductions in product taxes, mainly due to lower energy and fuel taxes.

The tax cuts for households in the 2025 budget are significantly larger than in the budgets for, for example, 2023 and 2024. Additionally, the increases in expenditures for government consumption are relatively large, while the increases in transfers to households are relatively small.

EARLIER ANNOUNCEMENTS AFFECT SAVINGS IN 2025

In addition to the proposals in the 2025 budget, there are already decided frameworks that include increases and decreases in expenditures and revenues (see margin note "Framework Decisions Affecting Savings Beyond the Budget Year"). The already decided frameworks result in a strengthening of net lending by 33 billion kronor for 2025 compared to 2024 (see Table 9,

Funded or Unfunded Measures

Each autumn, the government presents a budget proposal for the following year. This proposal includes both increases and decreases in appropriations as well as changes to regulations. An increase in an appropriation can be funded, for example, through a decrease in another appropriation or through a tax increase. However, individual measures are not defined as either funded or unfunded. The term *unfunded measures* instead describe the impact on the budget of all measures taken together.

If proposals result in expenditures rising more than revenues, net lending will weaken. In such cases, it can be said that the budget includes unfunded fiscal measures equivalent to the weakening of net lending.

In calculating the budget's impact, no consideration is given to potential indirect effects, such as a tax reduction leading to higher employment and, consequently, increased tax revenues.

The Central Government Budget Reported According to the National Accounts

The central government budget is organized based on expenditure areas and revenue items. However, NIER records the budget and forecasts for public finances according to the classifications used in the national accounts. Instead of expenditure areas, the national accounts present various components of the real economy, such as government consumption, investments, and transfers to different sectors. Similarly, instead of revenue items, taxes are categorized as product taxes, production taxes, and direct taxes from businesses and households.

Budget framework decisions influence savings beyond the budget year

A budget bill includes, in addition to proposals for expenditure and revenue adjustments for the budget year, proposals for expenditure ceilings for upcoming years. These ceilings may include announcements of various measures that increase or decrease financial savings. This means that the overall impact of fiscal policy on savings in a given year depends both on proposals in the budget bill for that year and on announcements made in previous budget bills.

Column B). This is mainly because just over 12 billion kronor in state grants and nearly 8 billion kronor in transfers to households were temporary in 2024 and will disappear in 2025. Among other things, temporary support to households, such as compensation to individuals born in 1957 for changes in the rules on the increased basic deduction, will disappear. Additionally, several targeted state grants to municipalities and regions will be removed.¹³

Together with the measures presented in the 2025 budget proposal, the previous decisions result in a weakening of net lending by 25 billion kronor between 2024 and 2025 (see Table 9, Columns A+B). Overall, the effect is also that state grants increase by a total of 5 billion kronor between 2024 and 2025, while transfers to households decrease by 7 billion kronor.

EFFECTS ON SAVINGS AFTER 2025

The 2025 budget includes measures that affect savings in subsequent years. Some measures in the budget are temporary and will disappear or be phased out in the following years, while others will be phased in. Overall, the announced measures, both previously and in the 2025 budget proposal, weaken savings by 7 billion kronor in 2026. For 2027, the announcements result in a weakening of savings by 13 billion kronor. The weakening of savings in 2026 and 2027 is mainly due to higher expenditures for defence, the judiciary, and communications.

‘

¹³ However, some of these measures reappear in the budget for 2025 and are included in the announced 58 billion kronor.

Table 9 Measures in the Budget Bill for 2025 and Effects on Net Lending in Central Government

SEK billion

	BP2025¹ (A)	Earlier Announced Measures² (B)	Total 2025 (A+B)
Expenditure	34.7	-31.7	3.0
Consumption Expenditure	14.9	-2.2	12.7
Transfers			
<i>Municipalities</i>	5.1	-7.7	-2.6
<i>Regions</i>	11.9	-4.6	7.3
<i>Households</i>	0.6	-7.6	-7.0
<i>Non-profit organizations</i>	0.1	-0.3	-0.3
<i>Corporations</i>	0.9	-5.2	-4.4
<i>Abroad</i>	-0.4	-5.5	-5.9
Capital Formation	1.6	1.4	3.1
Revenue	-23.3	1.2	-22.1
Direct Household Taxes to	-18.3	1.6	-16.7
<i>Local Government Sector</i>	-3.1	0.1	-3.0
<i>Central Government Sector</i>	-15.1	1.5	-13.6
Direct Business Taxes	0.0	0.1	0.1
Taxes on Production	-0.1	0.0	-0.1
Taxes on Products	-4.9	-0.5	-5.4
Net Lending	-58.0	32.9	-25.1

Note. Table show the direct effect on the public finances of the budget bill and earlier announcements for 2025 compared to already decided measures for 2024. Column "BP2025" show the distribution of new measures in the budget bill for 2025 on the different components according to the National Accounts. Column "Earlier Announced Measures" show measures for 2025 previously announced that is included in previous framework decisions on the preliminary spending limits and income calculations for 2025. Column "Total 2025" show the real economic distribution of fiscal policy 2025 compared to 2024.

¹ Compared to last decided levels for 2025 (Spring bill for 2024 prop. 2023/24:100).

² Earlier announcements for 2025 in the preliminary spending limits and income calculations for 2025.

Sources: Ministry of Finance and own calculations.

Tables

The Global Economy	29
Table A1 Global Output.....	29
Table A2 Global Inflation	29
Table A3 Selected Indicators for the Euro Area	30
Table A4 Selected Indicators for the US.....	30
Interest and Exchange Rates	30
Table A5 Interest and Exchange Rates	30
The Swedish Economy.....	31
Table A6 GDP by Expenditure.....	31
Table A7 Household Income, Consumption Expenditure and Saving	32
Table A8 Current Account and Net Lending	32
Table A9 Gross National Income (GNI)	33
Table A10 Production.....	33
Table A11 Hours Worked.....	33
Table A12 Productivity	34
Table A13 The Labour Market.....	34
Table A14 Resource Utilisation	35
Table A15 Hourly Earnings according to the Short-Term Earnings Statistics	35
Table A16 Hourly Earnings and Labour Costs in Business Sector by National Accounts	36
Table A17 Supply and Use Price Deflators	36
Table A18 Business Sector Prices, Costs and Profits.....	37
Table A19 Consumer Prices.....	37
Public Finances	38
Table A20 General Government Finances	38
Table A21 Central government finances.....	39
Table A22 Old Age Pension System Finances	40
Table A23 Local Government Finances	40
Table A24 General Government Revenue	41
Table A25 General Government Expenditure.....	41
Table A26 Transfers from General Government to Households.....	42
Table A27 Base Amounts.....	42
Table A28 Income Index, Balance Index, Income Pensions and Dampened Balance Ratio.....	42
Table A29 Central Government Budget Balance and Debt	43
Table A30 Central Government Expenditure Ceiling.....	43
Table A31 Fiscal measures	44

The Global Economy

Table A1 Global Output

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

	Weight ¹							
	2024	2023	2024	2025	2026	2027	2028	2029
World ²	100.0	3.3	2.8	2.8	3.0	2.9	2.8	2.8
KIX Weighted ³	75.2	1.4	1.6	1.7	2.1	2.1	2.0	1.9
US	15.0	2.9	2.8	2.2	1.9	1.8	1.7	1.7
Euro Area	11.9	0.5	0.7	0.8	1.7	1.7	1.6	1.6
Japan	3.5	1.5	-0.2	1.3	0.8	0.6	0.6	0.6
UK	2.2	0.3	0.8	1.1	1.6	1.6	1.6	1.6
Sweden	0.4	0.0	0.5	1.4	2.9	2.5	1.9	1.7
Norway	0.3	0.1	2.4	1.0	1.7	1.8	1.8	1.8
Denmark	0.3	2.5	2.9	2.1	1.6	1.6	1.6	1.6
China	18.7	5.5	4.7	4.6	4.2	3.9	3.7	3.5
Sweden's Export Market⁴	...	-0.1	1.6	2.4	3.1	3.1	3.1	3.1

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

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

Table A2 Global Inflation

Percentage change

	2022	2023	2024	2025	2026	2027	2028	2029
US	8.0	4.1	2.9	2.5	2.3	2.3	2.3	2.3
Euro Area	8.4	5.4	2.4	1.8	2.0	2.0	2.0	2.0
Japan	2.5	3.2	2.6	2.2	2.1	1.8	1.7	1.7
UK	9.1	7.3	2.5	2.2	2.0	2.0	2.0	2.0
Sweden	8.1	5.9	2.0	1.8	1.5	1.9	2.0	2.0
Norway	6.3	5.7	2.9	2.3	2.0	2.0	2.0	2.0
Denmark	8.6	3.4	1.3	1.9	2.0	2.0	2.0	2.0
China	2.0	0.2	0.2	1.1	1.5	2.2	2.8	3.0

Note. Values for Sweden and other EU member states and Norway refer to harmonised indices of consumer prices (HICP). The aggregate for the euro area is weighted using consumption weights from Eurostat.

Sources: OECD, Eurostat, Macrobond, national sources and NIER.

Table A3 Selected Indicators for the Euro Area

Percentage change, percent, and level, respectively

	2022	2023	2024	2025	2026	2027	2028	2029
GDP ¹	3.6	0.5	0.7	0.8	1.7	1.7	1.6	1.6
HICP	8.4	5.4	2.4	1.8	2.0	2.0	2.0	2.0
Policy Rate ²	2.00	4.00	3.00	1.50	1.50	1.75	2.25	2.50
Overnight Rate ³	1.9	3.9	2.9	1.4	1.4	1.7	2.2	2.4
10-Year Government Bond Yield ⁴	1.2	2.4	2.3	2.2	2.4	2.6	2.8	2.9
USD/EUR ⁵	1.05	1.08	1.08	1.05	1.07	1.08	1.09	1.10

¹ Calendar-adjusted values, constant prices. ² Refi rate level, per cent, at year-end. ³ Estr, 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

	2022	2023	2024	2025	2026	2027	2028	2029
GDP ¹	2.5	2.9	2.8	2.2	1.9	1.8	1.7	1.7
CPI	8.0	4.1	2.9	2.5	2.3	2.3	2.3	2.3
Policy Rate ²	4.50	5.50	4.50	4.00	3.25	2.75	2.75	2.75
10-year Government Bond Yield ³	3.0	4.0	4.2	4.1	3.8	3.6	3.4	3.4
USD/EUR ⁴	1.05	1.08	1.08	1.05	1.07	1.08	1.09	1.10

¹ Calendar-adjusted values, constant prices. ² Upper limit of the target range of the Federal Funds rate, per cent, at year-end. ³ 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 1992-11-18=100 and SEK per currency unit, respectively

	2022	2023	2024	2025	2026	2027	2028	2029
At Year-End								
Riksbank Policy Rate	2.50	4.00	2.75	1.50	1.50	2.00	2.50	2.50
Policy Rate. KIX6-Weighted ¹	1.66	4.07	3.47	1.98	1.83	1.91	2.26	2.45
Annual Average								
Riksbank Policy Rate	0.75	3.46	3.62	1.79	1.50	1.77	2.27	2.50
5-Year Swedish Government Bond Yield	1.6	2.6	2.1	1.9	2.2	2.5	2.6	2.8
10-Year Swedish Government Bond Yield	1.5	2.5	2.2	2.1	2.3	2.5	2.7	2.9
Effective Krona Exchange Rate Index (KIX)	121.1	127.5	126.0	126.9	124.8	122.4	120.0	118.5
EUR Exchange Rate	10.63	11.47	11.43	11.49	11.31	11.12	10.93	10.81
USD Exchange Rate	10.11	10.60	10.56	10.90	10.62	10.31	9.99	9.80

¹ Refers to an average of Estr for the Euro Area and policy rates in the US, Norway, UK, Denmark, and Japan. Denmark is considered as a euro country. The Riksbank's KIX-weights are normalised so that the sum of the weights for the 6 currency regions equals 1.

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 2024	2023	2024	2025	2026	2027	2028	2029
Household Consumption Expenditure ¹	2 789	-2.2	0.2	1.4	3.6	4.0	2.5	2.3
Goods	1 271	-4.9	0.8	1.8	3.3	...	...	...
Services Excl. Housing Services	925	-0.2	-0.8	0.6	4.6	...	...	...
Housing Services	508	1.6	1.5	1.9	2.5	...	...	...
General Government Consumption Expenditure	1 628	1.4	1.3	1.5	1.7	1.2	0.8	0.7
Central Government	430	2.7	1.8	3.5	4.6	...	...	...
Local Government	1 197	1.0	1.1	0.8	0.6	...	...	...
Gross Fixed Capital Formation ²	1 552	-1.5	-1.5	1.0	4.3	4.4	2.8	2.9
Business Sector Excl. Housing	1 006	4.0	-0.3	0.3	4.4	...	...	...
Industry	249	4.9	-2.7	1.5	4.4	...	...	...
Other Goods Producers	185	10.0	7.2	-0.1	1.6	...	...	...
Service Producers Excl. Housing	572	1.9	-1.7	0.0	5.3	...	...	...
Housing	236	-23.4	-13.4	-0.1	8.0	...	...	...
General Government	307	4.5	4.0	3.8	1.8	...	...	...
<i>Domestic Demand Excl. Stock building</i>	5 968	-1.1	0.1	1.3	3.2	3.3	2.2	2.0
Stockbuilding ³	-8	-1.5	0.4	-0.2	0.1	0.0	0.0	0.0
<i>Total Domestic Demand</i>	5 961	-2.6	0.4	1.1	3.4	3.4	2.1	2.0
Exports	3 425	3.2	2.0	2.6	3.6	2.8	1.9	2.2
Goods	2 369	0.8	-0.3	1.7	4.2	...	...	...
Processed Goods	1 849	0.9	1.1	1.2	4.7	...	...	...
Raw Materials	520	0.6	-4.9	3.7	2.3	...	...	...
Services	1 056	8.9	7.2	4.3	2.4	...	...	...
<i>Total Demand</i>	9 386	-0.5	1.0	1.6	3.5	3.2	2.0	2.1
Imports	3 178	-1.1	2.0	2.5	4.1	3.9	2.8	2.9
Goods	2 033	-3.5	-1.3	1.8	4.3	...	...	...
Processed Goods	1 474	-3.8	-2.6	1.8	5.1	...	...	...
Raw Materials	559	-2.9	1.9	1.7	2.2	...	...	...
Services	1 145	3.7	8.1	3.6	3.9	...	...	...
<i>Net Exports³</i>	248	2.3	0.1	0.1	-0.1	-0.5	-0.4	-0.3
GDP	6 208	-0.2	0.5	1.2	3.1	2.7	1.7	1.7
GDP per Capita ⁴	589	-0.7	0.2	1.0	2.9	2.5	1.4	1.4

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 2024	2023	2024	2025	2026	2027	2028	2029
Total Earnings, Adjusted for External Transactions	2 436	5.5	3.7	3.4	4.6	5.0	4.1	3.8
Hourly Earnings (according to national accounts) ^{1,2}	296	3.8	4.0	3.4	3.4	3.4	3.4	3.4
Hours Worked ^{1,3}	8 207	1.5	-0.3	0.0	1.2	1.5	0.7	0.5
Transfers From Government Sector, Net	765	2.2	4.5	3.7	1.4	1.6	2.6	3.7
Property Income, Net	347	-7.6	7.7	5.5	1.8	8.6	8.9	4.0
Other Income, Net ⁴	392	11.8	8.7	5.4	4.9	5.8	5.4	5.2
Income Before Taxes⁵	3 939	4.1	4.7	3.8	3.7	4.7	4.4	4.0
Direct Taxes ⁶	995	1.0	-0.3	0.7	-0.2	-0.1	0.1	0.3
Disposable Income	2 945	5.2	4.4	4.6	3.6	4.7	4.6	4.3
Consumer Prices ⁷	...	6.5	2.9	1.8	1.4	2.0	2.1	2.1
Real Disposable Income	2 945	-1.3	1.4	2.7	2.1	2.6	2.4	2.2
Per Capita ⁸	280	-1.7	1.2	2.5	1.9	2.4	2.2	1.9
Consumption Expenditure⁹	2 789	-2.2	0.2	1.4	3.6	4.0	2.5	2.3
Saving ¹⁰	440	13.6	14.8	14.6	13.3	12.1	11.8	11.4
Net Saving in Negotiated Pension Funds ¹⁰	284	8.8	8.9	7.5	7.4	7.3	7.1	6.9
Own Savings ¹⁰	156	4.8	5.9	7.1	5.9	4.7	4.6	4.5
Net Lending ¹⁰	353	10.9	12.8	12.8	11.2	10.0	9.7	9.4

¹ Calendar-adjusted values. ² SEK per hour. ³ Employee hours, millions. ⁴ Also including technical transfers to households through altered taxes and/or transfers, see table A20. ⁵ The 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 show savings in SEK billion, current prices. The following columns show savings as a percentage of the sum of disposable income and net savings in premium- and occupational pension schemes.

Sources: Statistics Sweden and NIER.

Table A8 Current Account and Net Lending

SEK billion, current prices, and per cent, respectively

	2022	2023	2024	2025	2026	2027	2028	2029
Net Exports	112	248	253	238	237	232	205	184
Goods	217	336	359	348	359	...	...	...
Services	-105	-88	-106	-109	-123	...	...	...
Earnings, Net	2	5	5	6	5	5	4	4
Investment Income, Net	236	260	274	239	228	220	226	233
Transfers etc., Net	-103	-99	-96	-94	-105	-110	-119	-124
Current Account Balance	247	413	436	389	364	347	316	298
<i>Per cent of GDP</i>	4.2	6.7	6.8	6.0	5.3	4.8	4.2	3.8
Capital Transfers	4	-2	-11	-2	-2	-2	-2	-2
Net Lending	251	411	426	387	362	345	315	296
<i>Per cent of GDP</i>	4.3	6.6	6.6	5.9	5.3	4.8	4.2	3.8

Sources: Statistics Sweden and NIER.

Table A9 Gross National Income (GNI)

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

	Level 2024	2023	2024	2025	2026	2027	2028	2029
GNI	6 472	6.1	3.3	1.2	4.3	4.7	3.9	3.9
Deflator, Domestic Use	...	6.3	2.8	1.0	1.4	1.8	2.3	2.2
Real GNI	...	-0.2	0.5	0.2	2.8	2.8	1.6	1.6
Population ¹	10 537	0.5	0.3	0.2	0.2	0.2	0.2	0.2
Real GNI per Capita²	614	-0.7	0.2	0.0	2.6	2.6	1.4	1.4

¹ Thousands of people. ² SEK thousand.

Sources: Statistics Sweden and NIER.

Table A10 Production

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

	Level 2024	2023	2024	2025	2026	2027	2028	2029
Goods Producers	1 504	-2.7	-1.0	0.0	2.4	...	...	...
Of Which: Industry	914	-5.8	-1.8	0.7	4.8	...	...	...
Construction	372	5.1	0.9	-2.4	-3.1	...	...	...
Service Producers	2 860	1.2	0.7	2.4	3.9	...	...	...
Business Sector	4 363	-0.2	0.1	1.6	3.4	3.1	2.3	2.1
General Government	1 123	1.9	2.4	0.7	0.6	0.5	0.4	0.3
GDP at Basic Prices¹	5 553	0.2	0.6	1.4	2.8	2.5	1.9	1.7
Taxes/Subsidies on Products	655	-1.3	-0.2	1.9	3.3	2.4	1.9	1.7
GDP at Market Prices	6 208	0.0	0.5	1.4	2.9	2.5	1.9	1.7

¹ Including production in non-profit institutions serving households.

Note. Production refers here to value added. Basic price is the price paid by the producer for a good or service, excluding taxes and subsidies. Market price is the price paid by the buyer, including taxes and subsidies.

Sources: Statistics Sweden and NIER.

Table A11 Hours Worked

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

	Level 2024	2023	2024	2025	2026	2027	2028	2029
Goods Producers	2 090	2.1	-3.5	-1.1	1.2	...	...	...
Of Which: Industry	998	1.3	-0.4	-1.0	0.7	...	...	...
Construction	742	2.8	-8.3	-1.8	2.4	...	...	...
Service Producers	4 091	1.1	-0.1	0.0	1.6	...	...	...
Business Sector	6 181	1.4	-1.2	-0.3	1.4	2.0	0.9	0.5
General Government	2 269	1.6	1.8	0.7	0.5	0.4	0.4	0.4
Total Economy¹	8 625	1.4	-0.4	0.0	1.2	1.5	0.7	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							
	2024	2023	2024	2025	2026	2027	2028	2029
Goods Producers	719	-4.8	2.5	1.1	1.2	...	...	...
Of Which: Industry	916	-7.0	-1.3	1.7	4.0	...	...	...
Construction	501	2.2	10.1	-0.7	-5.4	...	...	...
Service Producers	699	0.1	0.8	2.4	2.3	...	...	...
Business Sector	706	-1.6	1.4	1.9	1.9	1.1	1.4	1.6
General Government	495	0.3	0.5	0.0	0.1	0.1	0.0	0.0
Total Economy¹	644	-1.2	1.0	1.4	1.6	1.0	1.1	1.3

¹ Including production in non-profit institutions serving households.

Note. Referring to the value added calculated at basic price per hour worked.

Sources: Statistics Sweden and NIER.

Table A13 The Labour Market

Thousands of people, per cent and percentage change, respectively

	Level							
	2024	2023	2024	2025	2026	2027	2028	2029
Hours Worked ¹	8 625	1.4	-0.4	0.0	1.2	1.5	0.7	0.5
Average Hours Worked for Employed ²	31.5	0.0	0.1	-0.2	0.1	0.2	0.0	0.0
Number of Employed	5 270	1.4	-0.5	0.1	1.0	1.3	0.7	0.5
Employment Rate ³	...	69.4	69.0	68.8	69.3	70.0	70.2	70.3
Labour Force	5 710	1.6	0.2	0.2	0.7	0.7	0.5	0.4
Labour Force Participation Rate ⁴	...	75.2	75.3	75.2	75.5	75.7	75.8	75.8
Unemployment Rate ⁵	440	7.7	8.4	8.5	8.2	7.6	7.3	7.3
Population Aged 15-74 ⁶	7 589	0.5	0.1	0.3	0.4	0.4	0.4	0.4

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

Sources: Statistics Sweden and NIER.

Table A14 Resource Utilisation

Per cent and percentage change

	2022	2023	2024	2025	2026	2027	2028	2029
Labour Market								
Equilibrium Unemployment ¹	7.4	7.4	7.5	7.5	7.5	7.4	7.3	7.3
Actual Unemployment ²	7.5	7.7	8.4	8.5	8.2	7.6	7.3	7.3
Potential Hours Worked	1.7	1.4	0.8	0.6	0.5	0.4	0.5	0.5
Of Which: Potential Employment	1.1	1.1	0.8	0.6	0.5	0.4	0.5	0.5
Actual Hours Worked ³	3.1	1.4	-0.4	0.0	1.2	1.5	0.7	0.5
Labour Market Gap ⁴	-0.1	-0.2	-1.5	-2.1	-1.4	-0.3	0.0	0.0
Productivity								
Potential Productivity	0.7	0.7	0.9	1.0	1.1	1.2	1.3	1.3
Of Which: Potential Productivity. Business Sector	1.0	1.0	1.1	1.3	1.4	1.5	1.6	1.6
Actual Productivity ³	-1.6	-1.4	0.9	1.5	1.7	1.0	1.1	1.3
Productivity Gap ⁵	1.4	-0.7	-0.7	-0.2	0.4	0.2	0.0	0.0
GDP								
Potential GDP	2.5	2.2	1.7	1.5	1.6	1.6	1.7	1.7
Actual GDP ³	1.5	0.0	0.5	1.4	2.9	2.5	1.9	1.7
Output Gap ⁶	1.2	-0.9	-2.2	-2.2	-1.0	-0.1	0.0	0.0
Potential GDP, current prices	8.4	8.1	4.5	1.9	3.4	4.1	3.8	3.9

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 2024	2023	2024	2025	2026	2027	2028	2029
Business Sector	70	4.0	4.2	3.6	3.5	3.4	3.4	3.4
Goods Producers	22	3.9	4.1	3.6	3.4	...	...	...
Of Which: Industry	14	3.7	4.2	3.6	3.4	...	...	...
Construction	7	4.2	4.0	3.6	3.3	...	...	...
Service Producers	48	4.1	4.2	3.6	3.5	...	...	...
Local Government	24	3.2	3.4	3.4	3.3	...	...	...
Central Government	6	2.8	4.8	3.3	3.4	...	...	...
Total	100	3.7	4.0	3.5	3.4	3.4	3.4	3.4
Real Hourly Earnings (CPI) ¹	...	-4.8	1.2	3.9	2.4	1.0	0.6	1.0
Real Hourly Earnings (CPIF) ²	...	-2.2	2.1	1.8	1.9	1.4	1.4	1.4

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 Business Sector by National Accounts

SEK per hour, per cent and percentage change, respectively

	Level 2024	2023	2024	2025	2026	2027	2028	2029
Not Calendar-Adjusted Values								
Hourly Earnings ¹	308	4.4	4.8	4.1	2.7	2.8	3.9	3.7
Employers' Social Contributions ² (per cent of earnings)	...	41.8	42.3	42.4	42.5	43.5	43.3	43.1
Hourly Labour Costs ³	437	5.1	5.1	4.3	2.7	3.5	3.8	3.6
Productivity ⁴	685	-1.4	1.4	2.3	1.6	...	...	...
Adjusted Unit Labour Costs ⁵	...	6.5	3.7	1.9	1.1	...	...	...
Unit Labour Costs	...	6.5	3.8	1.9	1.2	2.7	2.1	1.8
Calendar-Adjusted Values								
Hourly Earnings ¹	308	3.8	4.7	3.4	3.4	3.4	3.4	3.4
Hourly Labour Costs ³	437	4.4	5.1	3.6	3.4	3.9	3.4	3.4
Productivity ⁴	685	-1.7	1.4	2.0	2.0	...	...	...
Adjusted Unit Labour Costs ⁵	...	6.2	3.7	1.6	1.4	...	...	...
Unit Labour Costs	...	6.3	3.8	1.6	1.5	2.8	2.0	1.7

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 2024	2023	2024	2025	2026	2027	2028	2029
GDP	66.1	6.1	2.7	0.6	1.5	2.2	2.2	2.2
General Government ^{1,2}	12.7	8.0	3.7	-0.4	3.0	3.1	3.6	3.5
Business Sector ²	46.5	6.4	2.4	1.0	1.3	1.9	1.9	1.9
Product Taxes, Net	7.0	0.9	2.7	0.1	0.2	...	...	...
Imports	33.9	5.4	-0.1	-0.1	-2.1	-1.1	-0.5	0.2
Processed Goods	15.7	7.5	-0.7	-0.2	-2.9	...	...	...
Raw Materials	6.0	-3.3	-3.0	-1.5	-0.5	...	...	...
Services	12.2	7.4	2.0	0.5	-1.8	...	...	...
Supply/Use³	100.0	5.9	1.7	0.4	0.3	1.1	1.3	1.5
General Government Consumption Expenditure	17.3	7.2	3.4	0.2	2.9	2.9	3.3	3.2
Household Consumption Expenditure	29.7	6.5	2.9	1.8	1.4	2.0	2.1	2.1
Gross Fixed Capital Formation	16.5	5.2	2.2	0.2	0.0	0.3	1.5	1.5
Exports	36.5	5.1	-0.1	-0.8	-1.8	-0.3	-0.5	0.2
Processed Goods	19.7	9.3	-1.2	-0.8	-2.2	...	...	...
Raw Materials	5.5	-7.8	-0.5	-2.5	-1.0	...	...	...
Services	11.3	5.2	2.0	0.0	-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							
	2024	2023	2024	2025	2026	2027	2028	2029
Value Added ¹	4 345	5.8	2.8	2.2	5.2	5.3	4.0	3.9
Hours Worked, Employees ²	5 764	1.0	-1.2	-1.0	2.2	2.6	0.3	0.2
Hourly Labour Costs ³	437	5.1	5.1	4.3	2.7	3.5	3.8	3.6
Total Labour Costs ⁴	2 518	6.1	3.9	3.3	4.9	6.2	4.1	3.8
Gross Profit	1 826	5.5	1.3	0.7	5.5	4.0	3.7	4.1
Profit Share	...	42.0	41.4	40.8	40.9	40.4	40.3	40.4
Adjusted Profit Share ⁵	...	36.2	35.6	34.9	35.1	34.6	34.5	34.6

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							
	2024	2023	2024	2025	2026	2027	2028	2029
CPI	100.0	8.5	2.9	-0.4	1.0	2.4	2.8	2.4
Mortgage Interest Costs, Mortgage Interest Rate	...	66.2	12.6	-29.9	-9.2	8.8	15.2	7.0
CPIF	100.0	6.0	1.9	1.7	1.5	1.9	2.0	2.0
Goods	43.1	8.5	1.2	0.8	0.6	...	...	...
Services	31.3	7.6	3.5	2.5	1.7	...	...	...
Housing Excl. Mortgage Interest Costs and Energy	16.1	5.2	4.6	3.4	2.7	...	...	...
Energy	6.3	-11.0	-9.2	-1.4	2.2	...	...	...
Mortgage Interest Costs, Capital Stock	3.2	5.6	4.0	3.8	3.8	3.5	3.4	3.5
CPIF Excl. Energy	93.7	7.5	2.7	1.9	1.5	...	...	...
HICP	...	5.9	2.0	1.8	1.5	...	...	...
Crude Oil (Brent) ¹	...	82.5	80.5	73.4	74.3	76.6	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

	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	2 873	2 949	3 045	3 109	3 234	3 412	3 567	3 706
<i>Per cent of GDP</i>	49.0	47.5	47.5	47.7	47.4	47.6	47.9	47.9
Taxes and Duties	2 484	2 553	2 629	2 684	2 802	2 950	3 073	3 184
<i>Per cent of GDP</i>	42.4	41.1	41.0	41.1	41.0	41.2	41.2	41.1
<i>Tax-to-GDP Ratio¹</i>	42.5	41.3	41.2	41.3	41.2	41.3	41.4	41.3
Property Income	102	89	92	92	91	108	126	140
Other Revenue	287	307	324	332	340	354	368	382
Expenditure	2 814	3 001	3 150	3 175	3 290	3 414	3 556	3 698
<i>Per cent of GDP</i>	48.0	48.3	49.2	48.7	48.2	47.6	47.7	47.8
Consumption Expenditure	1 497	1 628	1 706	1 734	1 814	1 889	1 966	2 042
Transfers	978	992	1 043	1 030	1 054	1 077	1 113	1 155
Households	761	778	813	843	855	870	893	926
Corporations	122	120	133	100	104	108	112	116
Abroad	94	94	97	88	95	100	108	112
Capital Formation ²	297	325	344	358	367	380	395	410
Property Expenditure	42	56	57	53	55	68	82	92
Net Lending	59	-52	-105	-66	-56	-2	10	8
<i>Per cent of GDP</i>	1.0	-0.8	-1.6	-1.0	-0.8	0.0	0.1	0.1
Primary Net Lending³	-1	-85	-140	-105	-92	-43	-34	-41
<i>Per cent of GDP</i>	0.0	-1.4	-2.2	-1.6	-1.4	-0.6	-0.5	-0.5
Structural Net Lending	-8	17	15	-3	-27	0	0	0
<i>Per cent of potential GDP</i>	-0.1	0.3	0.2	0.0	-0.4	0.0	0.0	0.0
Maastricht Debt	1 972	1 954	2 151	2 208	2 299	2 385	2 470	2 570
<i>Per cent of GDP</i>	33.6	31.5	33.6	33.8	33.7	33.3	33.1	33.2
Net Financial Wealth	1 711	1 708	1 898	1 932	1 980	2 059	2 151	2 239
<i>Per cent of GDP</i>	29.2	27.5	29.6	29.6	29.0	28.7	28.9	28.9
GDP, Current Prices,	5 865	6 208	6 407	6 523	6 828	7 168	7 450	7 740
Potential GDP, Current Prices	5 796	6 267	6 549	6 674	6 898	7 178	7 450	7 740

¹The tax-to-GDP ratio is calculated by dividing total taxes, including EU taxes, by GDP. ²Fixed gross investments, inventory investments and acquisition/disposal of land, etc. ³Primary 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

	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	1 532	1 535	1 573	1 587	1 648	1 745	1 824	1 887
Taxes and Duties	1 309	1 323	1 348	1 361	1 418	1 501	1 567	1 621
Property Income	50	31	32	31	31	36	41	43
Other Revenue	174	182	192	196	200	208	216	224
Expenditure	1 511	1 544	1 646	1 652	1 707	1 769	1 850	1 927
Transfers	929	921	987	957	967	988	1 024	1 063
Old-Age Pension System ¹	27	27	29	30	30	30	30	31
Local Government Sector	357	350	378	383	385	398	413	425
Households	373	371	395	402	400	401	412	431
Corporations	82	82	94	59	62	64	66	69
Abroad	90	90	92	83	90	94	103	107
Consumption Expenditure	395	426	451	480	516	544	573	597
Capital Formation ²	158	164	177	187	192	199	207	215
Property Expenditure	30	33	30	29	32	38	46	51
<i>Of which:</i>								
<i>Interest expenditure</i>	24	26	23	22	24	30	37	42
Net Lending	21	-8	-73	-65	-59	-24	-26	-39
<i>Per cent of GDP</i>	<i>0.4</i>	<i>-0.1</i>	<i>-1.1</i>	<i>-1.0</i>	<i>-0.9</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.5</i>
Primary Net Lending³	1	-6	-75	-67	-58	-22	-22	-31
<i>Per cent of GDP</i>	<i>0.0</i>	<i>-0.1</i>	<i>-1.2</i>	<i>-1.0</i>	<i>-0.8</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.4</i>
Central Government Debt	1 031	970	1 095	1 131	1 185	1 237	1 286	1 349
<i>Per cent of GDP</i>	<i>17.6</i>	<i>15.6</i>	<i>17.1</i>	<i>17.3</i>	<i>17.4</i>	<i>17.3</i>	<i>17.3</i>	<i>17.4</i>
Net Financial Wealth	70	20	-73	-85	-118	-109	-101	-106
<i>Per cent of GDP</i>	<i>1.2</i>	<i>0.3</i>	<i>-1.1</i>	<i>-1.3</i>	<i>-1.7</i>	<i>-1.5</i>	<i>-1.4</i>	<i>-1.4</i>

¹ Central government's old-age pension contributions. ² Fixed gross investments, inventory investments and acquisition/disposal of land, etc. ³ Primary net lending is calculated as net lending minus net capital income. Net capital income is capital income minus capital expenditures.

Sources: Statistics Sweden, National Debt Office and NIER.

Table A22 Old Age Pension System Finances

SEK billion and percentage of GDP, respectively, current prices

	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	376	384	405	423	440	465	488	513
Social Insurance Contributions	302	314	332	343	359	377	392	407
Central Government's Old Age Pension Contributions	27	27	29	30	30	30	30	31
Property Income	43	38	39	45	46	53	61	69
Other Revenue	4	4	5	5	5	5	5	6
Expenditure	355	368	374	394	404	418	430	443
Income Pensions	345	358	363	383	393	406	418	430
Property Expenditure	1	0	0	0	0	0	0	0
Other Expenses	9	10	10	11	11	11	12	12
Net Lending	21	15	31	29	36	47	58	70
<i>Per cent of GDP</i>	<i>0.4</i>	<i>0.2</i>	<i>0.5</i>	<i>0.4</i>	<i>0.5</i>	<i>0.7</i>	<i>0.8</i>	<i>0.9</i>
Net Financial Wealth	1 844	1 970	2 305	2 371	2 475	2 563	2 664	2 778
<i>Per cent of GDP</i>	<i>31.4</i>	<i>31.7</i>	<i>36.0</i>	<i>36.4</i>	<i>36.3</i>	<i>35.8</i>	<i>35.8</i>	<i>35.9</i>

Sources: Statistics Sweden and NIER.

Table A23 Local Government Finances

SEK billion and percentage of GDP, respectively, current prices

	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	1 360	1 419	1 484	1 522	1 572	1 641	1 710	1 775
Taxes	852	894	926	957	1 001	1 046	1 088	1 129
Municipal Property Tax	21	22	23	24	24	25	26	27
Central Government Grants incl. VAT Compensation	355	348	375	381	382	395	410	422
Property Income	10	21	21	17	15	19	25	28
Other Revenue	122	134	139	144	149	155	161	167
<i>Average municipal tax rate¹</i>	<i>32.24</i>	<i>32.24</i>	<i>32.37</i>	<i>32.41</i>	<i>32.41</i>	<i>32.41</i>	<i>32.41</i>	<i>32.41</i>
Expenditure	1 343	1 478	1 547	1 552	1 605	1 666	1 732	1 798
Transfers	94	96	104	108	115	117	120	124
Households	44	48	55	58	62	62	63	65
Other	50	47	49	50	52	55	57	59
Consumption Expenditure	1 099	1 197	1 250	1 250	1 293	1 339	1 388	1 439
Capital Formation ²	139	161	167	171	174	181	187	194
Property Expenditure	11	24	27	24	24	30	37	41
Net Lending	17	-59	-63	-30	-34	-25	-22	-23
<i>Per cent of GDP</i>	<i>0.3</i>	<i>-0.9</i>	<i>-1.0</i>	<i>-0.5</i>	<i>-0.5</i>	<i>-0.4</i>	<i>-0.3</i>	<i>-0.3</i>
Primary Net Lending³	18	-56	-57	-23	-25	-15	-10	-11
<i>Per cent of GDP</i>	<i>0.3</i>	<i>-0.9</i>	<i>-0.9</i>	<i>-0.4</i>	<i>-0.4</i>	<i>-0.2</i>	<i>-0.1</i>	<i>-0.1</i>
Net Financial Wealth	-203	-281	-334	-354	-377	-395	-412	-432
<i>Per cent of GDP</i>	<i>-3.5</i>	<i>-4.5</i>	<i>-5.2</i>	<i>-5.4</i>	<i>-5.5</i>	<i>-5.5</i>	<i>-5.5</i>	<i>-5.6</i>

¹ Per cent. ² Gross fixed capital formation, stock investments and acquisition/sale of land etc. ³ 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 A24 General Government Revenue

Per cent of GDP

	2022	2023	2024	2025	2026	2027	2028	2029
Direct Household Taxes	14.4	13.8	13.9	13.9	13.9	13.9	13.9	13.8
Direct Business Taxes	3.6	3.4	3.4	3.4	3.4	3.5	3.4	3.4
Employers' Social Contributions ¹	11.5	11.6	11.8	11.9	12.0	12.0	12.0	12.0
VAT	9.4	8.9	8.8	8.9	8.9	8.9	9.0	9.0
Excise	1.6	1.6	1.6	1.6	1.5	1.5	1.5	1.5
Other Taxes	2.0	2.0	1.6	1.6	1.5	1.5	1.5	1.5
Tax-to-GDP Ratio²	42.5	41.3	41.2	41.3	41.2	41.3	41.4	41.3
EU Taxes ³	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Other Revenue ⁴	4.9	4.9	5.1	5.1	5.0	4.9	4.9	4.9
Primary Revenue	47.2	46.1	46.1	46.2	46.0	46.1	46.2	46.1
Property Income	1.7	1.4	1.4	1.4	1.3	1.5	1.7	1.8
Total Revenue	49.0	47.5	47.5	47.7	47.4	47.6	47.9	47.9

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 the general government revenue. ⁴ Including transfers from abroad and from unemployment insurance funds.

Sources: Statistics Sweden and NIER.

Table A25 General Government Expenditure

Per cent of GDP

	2022	2023	2024	2025	2026	2027	2028	2029
Consumption Expenditure	25.5	26.2	26.6	26.6	26.6	26.3	26.4	26.4
Transfers	16.7	16.0	16.3	15.8	15.4	15.0	14.9	14.9
Households	13.0	12.5	12.7	12.9	12.5	12.1	12.0	12.0
Corporations	2.1	1.9	2.1	1.5	1.5	1.5	1.5	1.5
Abroad	1.6	1.5	1.5	1.3	1.4	1.4	1.5	1.5
Capital Formation ¹	5.1	5.2	5.4	5.5	5.4	5.3	5.3	5.3
Primary Expenditure	47.3	47.4	48.3	47.9	47.4	46.7	46.6	46.6
Property Expenditure	0.7	0.9	0.9	0.8	0.8	0.9	1.1	1.2
Total Expenditure	48.0	48.3	49.2	48.7	48.2	47.6	47.7	47.8

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

Sources: Statistics Sweden and NIER.

Table A26 Transfers from General Government to Households

Per cent of GDP

	2022	2023	2024	2025	2026	2027	2028	2029
Pensions ¹	7.2	7.2	7.2	7.4	7.1	7.0	6.9	6.8
Of Which: Income Pension	5.9	5.8	5.7	5.9	5.7	5.7	5.6	5.6
Labour Market ²	0.6	0.6	0.6	0.7	0.6	0.6	0.5	0.5
Illness and Disability ³	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4
Family and Children ⁴	1.5	1.4	1.4	1.4	1.4	1.3	1.2	1.2
Education ⁵	0.3	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	1.8	1.4	1.4	1.4	1.4	1.4	1.4	1.5
Total Transfers to Households	13.0	12.5	12.7	12.9	12.5	12.1	12.0	12.0

¹ Income pension, supplementary pension, guaranteed pension, survivor's pension, general government occupational pensions and housing supplement for pensioners. ² Unemployment benefits, labour market training benefits, introduction benefit and salary guarantee. ³ Sickness and rehabilitation benefit, activity and sickness compensation, work injury compensation, 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.

Sources: Statistics Sweden and NIER.

Table A27 Base Amounts

SEK thousand, current prices

	2022	2023	2024	2025	2026	2027	2028	2029
Price Base Amount	48.3	52.5	57.3	58.8	58.3	59.0	60.5	62.1
Increased Price Base Amount	49.3	53.5	58.5	60.0	59.5	60.3	61.7	63.4
Income-related Base Amount	71.0	74.3	76.2	80.6	83.2	86.3	89.2	92.2

Sources: Statistics Sweden and NIER.

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

Percentage change

	2022	2023	2024	2025	2026	2027	2028	2029
Income Index	4.1	4.6	2.6	5.7	3.3	3.7	3.4	3.4
Balance Index	4.1	4.6	2.6	5.7	3.3	3.7	3.4	3.4
Balance Ratio ¹	1.028	1.040	1.043	1.040	1.054	1.046	1.047	...
Nominal Income Pension²	2.5	3.0	1.0	4.0	1.7	2.0	1.8	1.7

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

	2022	2023	2024	2025	2026
Budget Balance	164	19	-108	-49	-61
Adjustments to Net Lending	-107	-27	5	-25	-3
Sales of Shares etc.	-1	0	-1	0	0
Extra Dividends	-8	-2	-4	-1	0
On-Lending	-106	-26	20	14	16
Other Adjustments	9	2	-10	-38	-19
Accruals	-22	7	32	16	5
Of Which: Tax Accruals	-12	15	32	-7	-7
Interest Accruals	-10	-6	0	22	12
Other	-14	-7	-1	-7	0
Central Government Net Lending	21	-8	-73	-65	-59
Central Government Borrowing Requirement ¹	-164	-19	108	49	61
Stock-Flow Adjustments, Central Government Debt	50	-42	17	-13	-6
Central Government Debt, Change	-114	-61	125	36	54
Central Government Debt	1031	970	1095	1131	1185
<i>Per cent of GDP</i>	<i>17.6</i>	<i>15.6</i>	<i>17.1</i>	<i>17.3</i>	<i>17.4</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

	2022	2023	2024	2025	2026	2027
Central Government Expenditure Ceiling	1 634	1 665	1 747	1 856	1 894	1 938
<i>Per cent of Potential GDP</i>	<i>28.2</i>	<i>26.6</i>	<i>26.7</i>	<i>27.8</i>	<i>27.5</i>	<i>27.0</i>
Capped Expenditure	1 559	1 620	1 690	1 739	1 793	1 853
<i>Per cent of Potential GDP</i>	<i>26.9</i>	<i>25.8</i>	<i>25.8</i>	<i>26.1</i>	<i>26.0</i>	<i>25.8</i>
Budgeting Margin	75	45	57	117	101	85
<i>Per cent of Capped Expenditure</i>	<i>4.8</i>	<i>2.8</i>	<i>3.4</i>	<i>6.7</i>	<i>5.6</i>	<i>4.6</i>

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

Table A31 Fiscal measures

SEK billion

	2026	2027	2028	2029	2026–2029
Fiscal space	-27	71	39	43	126
Fiscal policy measures	23	21	39	43	126
Central government consumption ¹	1	5	16	10	32
Central government investments ²	-3	-2	2	3	1
Transfers to Local government sector ³	10	18	11	8	48
Measures aimed at households	15	0	9	22	46
Of Which: Taxes	15	0	5	11	30
Of Which: Transfers	0	0	5	11	15
Structural net lending ⁴	-0.4	0.0	0.0	0.0	...

¹ Calculated as the difference between the expenditure level in the scenario and a projection with price and wage conversion, adjusted for any measures that have already been announced. ² Calculated as the difference between the expenditure level in the scenario and a projection with price base amounts, adjusted for any measures that have already been announced. ³ Calculated as the income supplement needed in the local government sector, at a given municipal tax rate, consistent with a constant share of the local government consumption. ⁴ Per cent of potential GDP.

Source: NIER.