

## Swedish government borrowing increases as budget shows deficit

**After three years of budget surpluses, Sweden is facing a period of deficits, according to the Swedish National Debt Office's new forecast. The deficits lead to increased borrowing, though the central government debt as a proportion of GDP will remain low. Nominal government bond issuance will be increased, while the supply of inflation-linked bonds will be scaled back.**

"With a budget deficit and a couple of large bond maturities next year, we need to increase borrowing. Seen over the coming two years though, the budget balance will gradually strengthen and Sweden's government debt will stay at a low level," says Debt Office Director General Karolina Ekholm.

The Debt Office expects a budget deficit of SEK 78 billion for 2024, SEK 65 billion for 2025, and SEK 35 billion for 2026. This year, the central government's budget is weighed down mainly by broad increases in expenditure and a capital contribution to the Riksbank. From then on, the budget balance gets stronger as expenditure grows more slowly and income from taxes increases. The forecast of the budget balance is revised down slightly for 2024 and 2025.

In the macro picture that forms the basis of the budget-balance forecast, the Debt Office expects the Swedish economy to grow by 0.7 per cent this year. Next year and in 2026, GDP growth shifts up and unemployment goes down.

### **Government debt rises but debt ratio is unchanged**

The budget deficits entail an increase in the central government debt measured in kronor. The debt nevertheless remains low from both a historical and an international perspective. As a proportion of GDP, it is expected to remain at 17 per cent at the end of 2026, with the general government debt then at 33 per cent.

The central government's total borrowing requirement – which includes funding budget deficits and refinancing maturing loans – increases each year in the forecast period. It is also revised up slightly for this year and the next compared with the previous forecast.

### **Increased nominal government bond supply in 2025**

The Debt Office is raising the issuance volume of nominal government bonds from SEK 4 billion to SEK 5 billion per auction as of the turn of the year. This is due in part to the growing borrowing requirement but also to a shift from inflation-linked bonds to nominal government bonds. The reduction of the inflation-linked bond supply is due to new guidelines for debt management.

The Debt Office will also be switching from multiple-price auctions to single-price auctions for inflation-linked bonds in order to promote participation. The reasoning behind the decision is described in a Debt Office Commentary on different auction formats.

## Debt Office forecast – key figures

<b>Table 1 Central government finances (SEK billion, unless otherwise stated)</b>						
Key figure	Outcome 2023	Forecast 2024	24:2 2024	Forecast 2025	24:2 2025	Forecast 2026
Budget balance (with the opposite sign, the net borrowing requirement)	19	-78	-71	-65	-56	-35
Central govt. debt	1,028	1,126	1,117	1,177	1,165	1,205
Central govt. debt (% of GDP)	17	18	17	18	18	17
General govt. debt (% of GDP)	31	33	33	33	33	33
Note: 24:2 refers to the previous forecast published in May 2024						

<b>Table 2 Central government borrowing (SEK billion)</b>						
Debt instrument	Outcome 2023	Forecast 2024	24:2 2024	Forecast 2025	24:2 2025	Forecast 2026
Nominal government bonds	45	72	73	100	80	100
Inflation-linked bonds	9	9	9	6	9	6
Foreign currency bonds	0	21	21	21	22	21
T-bills, stock at year-end	123	110	98	158	158	175
Note: 24:2 refers to the previous forecast published in May 2024						

<b>Table 3 Swedish economy (annual percentage change, unless otherwise stated)</b>						
Key figure	Outcome 2023	Forecast 2024	24:2 2024	Forecast 2025	24:2 2025	Forecast 2026
GDP growth	-0.3	0.7	0.5	1.9	2.3	2.5
Unemployment (% of labour force)	7.7	8.4	8.4	8.4	8.3	7.8

CPIF inflation	6.0	1.8	1.8	1.4	1.6	1.7
Note: 24:2 refers to the previous forecast published in May 2024.						

## Report: Central Government Borrowing – Forecast and Analysis 2024:3

### Debt Office Commentary: The choice of auction format is influenced by market dynamics

The report will be presented at a virtual press conference today, 28 November, at 10:00 a.m. Follow the live stream at <http://www.riksgalden.se>.

Journalists are welcome to e-mail questions to [press@riksgalden.se](mailto:press@riksgalden.se). Questions submitted directly before and during the press conference will be answered during the live stream. For further information or interview requests, contact the Debt Office's press function at the above e-mail address or by phone at +46 (0) 8 613 47 01.

## **Contacts**

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## **About the Swedish National Debt Office**

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The Swedish National Debt Office is the central government financial manager. We secure Sweden's economy and ensure that the financial system remains stable.

[www.riksgalden.se](http://www.riksgalden.se)

## **Attachments**

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