RIKSGÄLDEN
SWEDISH NATIONAL DEBT OFFICE

2024-05-30

Central government borrowing

Forecast and analysis 2024:2

Reg. no 2024/124

The Debt Office's assignment

The Debt Office is the Swedish government's financial manager. The mission includes central government borrowing and debt management. The aim is to do this at the lowest possible cost over time while taking account of risk.

The Debt Office borrows to cover deficits in the central government budget (the net borrowing requirement) and to repay previously raised loans that are maturing. In *Central Government Borrowing – Forecast and Analysis*, we present forecasts of the central government budget balance and borrowing requirement for the coming two years as well as a borrowing plan. The report will be published three times in 2024 and thereafter twice a year (in May and November).

On the fifth working day of each month, we publish the central government budget balance for the previous month. We compare the outcome with our forecast and explain any deviations. In connection with the monthly outcome, the Debt Office also presents the debt development in the report *Sweden's Central Government Debt*.

Between the forecasts, the Debt Office also communicates terms for forthcoming auctions of government securities and the results of the auctions.

Predictable and clear communication about the borrowing requirement and the supply of government securities is a key part of the Debt Office's borrowing strategy. This helps reduce investor uncertainty, thereby laying the foundation for lower borrowing costs for the central government.

Preface

In *Central Government Borrowing – Forecast and Analysis 2024:2*, the Debt Office presents forecasts for the central government's budget balance (net borrowing requirement) and debt for 2024–2025 as well as the Debt Office's borrowing plan for the period. We also present an assessment of the Swedish economy, which forms the basis of the forecasts and the plan.

The report takes into account developments up to 15 May 2024.

Karolina Ekholm
Debt Office Director General

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In-depth sections

Summary

Sweden's central government budget is set to show deficits this year and next year as spending grows, leading to higher government debt. However, the weakening of central government finances now appears somewhat milder than previously expected. Consequently, the Debt Office is scaling back short-term funding in the new borrowing plan.

After three years of a surplus, the budget balance now shifts to a deficit of SEK 71 billion in 2024 and SEK 56 billion in 2025. This year, the budget is mainly weighed down by a broad increase in expenditure and an assumption of a capital contribution to the Riksbank. On the other hand, tax income has held up surprisingly well, reducing this year's deficit compared with the previous forecast.

In the macro outlook behind the forecast of the budget balance, the Debt Office expects the Swedish economy to grow by 0.5 per cent this year and unemployment to rise. Next year, GDP growth returns to over 2 per cent and unemployment falls. As the economy and labour market gain strength next year, tax income increases. So does government spending, though, and the budget deficit therefore remains.

The budget deficit entails that the central government debt measured in kronor increases, although it remains low from both a historical and international perspective. In 2025, the central government debt ends up at 18 per cent as a share of GDP and the general government debt at 33 per cent of GDP.

The central government's total borrowing requirement for 2024 and 2025 is somewhat smaller than in the previous forecast. The Debt Office is therefore reducing its short-term funding. The borrowing plan otherwise remains the same. This means that the supply of nominal government bonds will increase from SEK 3.5 billion to SEK 4 billion per auction in August and the inflation-linked bond borrowing will continue at the current pace. A foreign-currency bond is also in the plan for 2025.

Table 1 Central government finances

SEK billion, unless otherwise stated

Key figure	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
Budget balance (which with the opposite sign is the central govt. net borrowing requirement)	-71	-84	-56	-50
Central govt. debt	1,117	1,132	1,165	1,174
Central govt. debt (% of GDP)	17	18	18	18
General govt. debt (% of GDP	33	33	33	33

Note: 24:1 refers to the previous forecast published in February 2024.

Table 2 Central government borrowing

SEK billion

Debt instrument	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
Nominal government bonds	73	73	80	80
Inflation-linked bonds	9	9	9	9
T-bills, stock at year-end	98	148	158	158
Foreign currency bonds	21	21	22	21

Note: 24:1 refers to the previous forecast published in February 2024.

Table 3 Swedish economy

Annual percentage change, unless otherwise stated

Key figure	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
GDP growth	0.5	0.5	2.3	2.3
Unemployment (% of labour force)	8.4	8.4	8.3	8.3
CPIF inflation	1.8	1.7	1.6	1.7

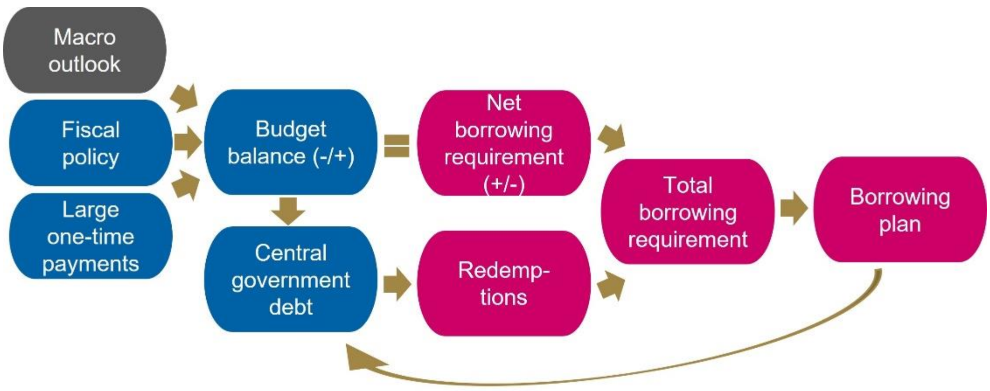
Note: 24:1 refers to the previous forecast published in February 2024.

New for the report this time is a clearer presentation of the volume of nominal government bonds with different maturities that we plan to issue until the next report. Another change in our communication is that as of 2025 we will publish two borrowing reports a year instead of three (see the In-depth section on page 37).

Structure of the report

The figure below shows how the report is structured. The macro outlook in chapter 1 forms the basis of the forecast of the budget balance and central government debt in chapter 2. With the opposite sign, the budget balance becomes the net borrowing requirement, which together with the refinancing of maturing loans provides the total borrowing requirement. In chapter 3, we present our updated borrowing plan, which in turn affects the composition and maturity of the debt.

The Debt Office funds the net borrowing requirement and maturing loans



Note: The dark grey part is covered in chapter 1, the blue parts in chapter 2, and the pink parts in chapter 3. The first two chapters describe the expected conditions for borrowing, whereas the last chapter is about how the Debt Office plans to respond to these conditions.

Swedish economy heads towards recovery

This year, Sweden's economy essentially stands still and unemployment rises. Thereafter, both growth and the labour market improve driven by a recovery in domestic demand. The macro economy's expected development during 2024 and 2025 has an overall positive effect on central government finances compared with the previous forecast.

The Debt Office expects the Swedish economy to slowly grow this year, to then next year reach a rate of growth in line with the historical average. Inflation has rapidly fallen and is expected to be just below the Riksbank's target during the forecast period. This contributes to rising real wages and lower interest rates as well as households being able to consume more accordingly. The labour market progresses weakly this year in the wake of last year's decline in GDP, and unemployment continues to rise. Next year, however, the economic progression gradually strengthens the labour market.

The Debt Office's macroeconomic analysis focuses primarily on the factors with the greatest impact on central government finances: consumption, investment, export, and payroll (the gross wage sum). Inflation also plays a role because it affects both the central government's income and expenditure through trends for tax bases in current prices and various indices. The conditions in the surrounding world are of course also an important factor for a small, open economy such as Sweden's. Sweden trades mainly with European countries and the US, making developments there particularly important.

Gradual progress in Europe and uncertainty in US

The economic activity in Europe will gradually improve. The decline in inflation in the euro area and approaching interest rate cuts are making way for increased purchasing power, especially among many squeezed households. This mainly benefits consumption and investment, which will have positive effects on demand for Swedish export as well.

In recent years, the US economy has grown significantly faster than other developed countries and is still in an expansionary phase after the downturn during the pandemic. The strong growth is likely a reason for the decline in inflation having tapered off in the beginning of 2024. A slowdown ahead in the US could a have a dampening real economic impact on the rest of the world. How the Federal Reserve (Fed) proceeds will furthermore affect interest rates in general and could also reduce imbalances between countries through, for instance, altered exchange rates.

The Debt Office's assessment of the international developments utilises the National Institute of Economic Research's (NIER) latest forecast (see table 13 in the Appendix of tables).

Swedish recovery takes hold

In recent years, the progression of the Swedish economy has been worse than in the economies of the US and euro area. The weak trend continues for a while but a recovery is near. Altogether, we expect dampened growth this year and GDP to rise approximately in line with the historical average next year (see table 4). Our GDP forecast is thus unchanged from the previous report.

Table 4 GDP and its components in constant prices, forecast

Percentage change

Variable	Outcome 2023	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
GDP	-0.2	0.5	0.5	2.3	2.3
Household consumption	-2.5	1.3	0.6	2.6	2.5
General govt. consumption	1.5	1.6	1.5	1.6	1.5
Gross fixed cap. formation	-1.5	-2.5	-3.0	3.0	3.0
Changes in inventories*	-1.3	-0.1	-0.2	0.0	0.1
Exports	3.3	2.4	2.0	3.6	3.6
Imports	-0.9	1.8	0.5	4.1	4.0
Net exports*	2.2	0.4	0.8	0.0	0.0
GDP (calendar-adjusted)	0.0	0.5	0.5	2.5	2.4

Note: 24:1 refers to the previous forecast. *Contribution to GDP growth, percentage points.
Sources: Statistics Sweden and the Debt Office

Swedish GDP went down during the first quarter of this year according to preliminary figures from Statistics Sweden, thereby decreasing for the fourth consecutive quarter, which is unusual. Aside from the crisis in the beginning of the 1990s, the duration of the current temporary recession can be compared with the developments during the financial crisis of 2008–2009 when GDP fell five quarters in a row, but the downturn this time is not as deep.

The high indebtedness of households with a large proportion of variable-rate mortgages has meant that the interest-rate hikes have had a major impact on the Swedish economy. Household consumption has developed weakly since the beginning of 2022 – when the Riksbank's rate hikes were initiated – and investment in housing has fallen sharply. Household consumption remains weak for some time to come, as does housing investment. In industry as well, which has so far been resilient, investment is dampened in 2024. However, public consumption has helped keep domestic demand up. Last year, historically large contributions from foreign trade mitigated the downturn in the Swedish economy, and foreign trade is expected to make significantly positive net contributions this year too.

The annual average of inflation in our forecast is just below the Riksbank's inflation target of 2 per cent. The lower inflation creates the conditions for falling interest rates, and real income will rise again after the drop in recent years. The Debt Office does not make its own assessments of the interest rate trend but instead uses forward pricing indicating a decline in short-term interest rates in 2024 and 2025. Altogether, this helps create good prospects for an increasingly stronger recovery in domestic demand, mainly next year.

NIER's Economic Tendency Survey has risen since the previous central government borrowing report but still shows a lower-than-usual mood for the economy. Per sector, the mood is highest in retail trade and lowest for households. A continued improvement in indicators measuring mood is consistent with our growth picture.

Compared with the previous forecast, we have revised up household consumption as a result of a strong outcome in the fourth quarter. This is offset by a smaller contribution from foreign trade. The trend for GDP in current prices is described in the section "Revisions of macro outlook boost budget balance" on page 14.

Recovery for consumption underway

Household consumption has fallen by around 4 per cent since mid-2022. The decline is similar to that during the recessions of the 1980s and 1990s. Even in comparison with most European countries, Swedish households have experienced a weaker trend in recent years. But in pace with decreasing interest rates and rising real incomes, consumption gradually recovers in periods ahead.

One explanation for the drop is the combination of high indebtedness and short fixed-interest periods. Households are more sensitive to interest rates today than in previous periods of contractionary monetary policy. The fact that consumer prices have risen so much and so rapidly has, in combination with moderate wage increases compared with other countries, eroded purchasing power. The decline has been mitigated though by the resilience of the labour market and households cutting back on saving.

Now the prospects for households are getting brighter. Consumption has indeed remained weak so far this year and the mood among households is still very low, mainly as result of perceptions of personal finances. Nevertheless, households have a bright outlook on the future and consumer confidence has gone up for seven consecutive months, according to the Economic Tendency Survey. Expectations of lower interest rates are a likely contributor as is lower inflation, entailing that households' real incomes have begun to rise again.

Investment rises next year

Total investment fell last year and continues to do so this year, to then begin recovering next year. The developments are mainly driven by investment in housing, which started to fall in 2022. The sharp drop in housing investment continues for several more quarters before increasing again.

Historical correlations between the commencement of construction projects and housing investment indicate a continued decrease this year. High construction and financing costs and the falling housing prices in recent years have squeezed profitability for construction companies in the last few years. Construction companies' expectations with a one-year horizon have nevertheless recovered from the sharp downturn at the end of 2023 and, according to the Economic Tendency Survey, were above the historical average in April for the first time in over two years. We expect investment in housing to begin to slowly recover next year.

Service providers' investments have also gone down. Investment in industry, which has increased in recent years aided by the green transition and a weak krona, is an exception. However, now capacity utilisation has gone down, indicating a decline for industrial investment as well in the coming quarters. According to the Economic Tendency Survey, the mood within the manufacturing industry is at normal levels though, thus showing greater optimism for this sector than for others.

The strong trend for public investment continues in our assessment, with increased initiatives within defence, the legal system, and infrastructure.

Lower export growth this year

Foreign trade was a major contributor to GDP last year. Despite a weak progression for export at the end of last year, as a whole it has been surprisingly resilient to the slowdown in global demand at the same time as import has fallen. The weak demand for import, especially from Germany, was offset by Swedish export to countries such as the US and UK staying elevated.

There is much to indicate that export will increase more slowly this year. Export order books, which were at high levels last years, have been used up and are now below the historical average according to the Economic Tendency Survey. In addition, demand in Sweden's most important export markets is weak this year, according to our forecast. Next year, the export market grows faster again, causing export growth to accelerate too. Both this year and the next, however, export growth will be below the long-term historical average according to our assessment.

Inflation soon to fall below target

After the drastic price increases in recent years, inflation is once again close to the Riksbank's target. Following the peak of over 10 per cent in December 2022, CPIF inflation fell to just above 2 per cent in April. There is much to indicate that inflation will continue to fall and be periodically below the Riksbank's target of 2 per cent.

The factors that drove up inflation after the pandemic are now leading to a decline in inflation instead. Besides energy prices, other drivers of the upswing have also tapered off or regressed, as a result of among other things dampened demand and problems in supply chains being resolved. Swedish producer prices, which rose rapidly and have closely correlated with consumer prices in recent years, have also fallen. Inflation is dampened further as the low and continually decreasing price pressure at the producer level reaches consumers.

The current level of the policy rate reflects the contractionary monetary policy in Sweden, which also contributes to dampening demand and inflationary pressure. A partially counteracting factor is the krona having weakened since the previous forecast. In terms of different subgroups in the inflation index, we expect food and commodity prices to drop somewhat, while services prices continue to rise.

Core inflation (CPIF excluding energy) is also falling rapidly. In addition, price changes calculated over shorter periods show that core inflation has been increasing for several months at a rate close to or well below the inflation target. The price level has risen slowly in just over six months, indicating that CPIF inflation will be low even when the aid of the favourable base effects ceases. On the whole, the previous forecast picture holds up well. Measured as an annual average, CPIF inflation according to our forecast will be 1.8 per cent this year and 1.6 next year. Measured at an annual rate, CPIF inflation drops below 2 per cent in June and approaches 1 per cent at year-end, according to our forecast.

Figure 1 CPIF inflation abates

Annual percentage change

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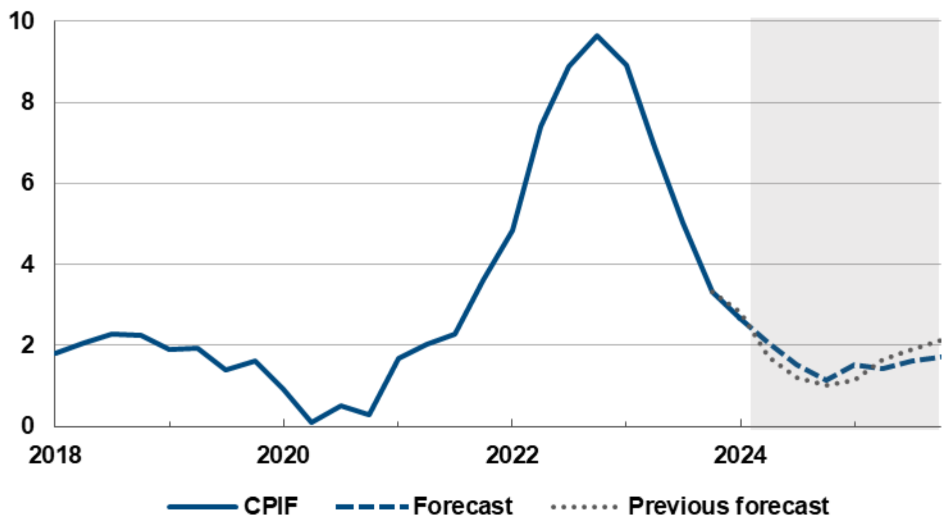


Sources: Statistics Sweden and the Debt Office

Slow weakening of the labour market

The weak economic progression is also now having an impact on the labour market. Employment is falling and unemployment rising. The Debt Office assesses that the labour market will continue to deteriorate for the remainder of 2024, to then improve in 2025 in line with more rapid growth of the economy. Payroll growth sinks to a rate around the historical average this year, but it increases next year when the labour market grows stronger again (see table 5).

Table 5 Labour market and wages

Percentage change

Labour market and wages	Outcome 2023	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
Unemployment[1]	7.7	8.4	8.4	8.3	8.3
Employment	1.4	-0.4	-0.5	0.7	0.7
Labour force	1.6	0.4	0.3	0.6	0.6
Payroll	5.3	4.0	3.5	4.5	4.7
Hours worked[2]	1.8	0.3	-0.1	1.0	1.2
Hourly wage, NA[3]	3.3	3.7	3.6	3.4	3.4
Hourly wage, NMO	3.8	3.8	3.8	3.5	3.5

Note: 24:1 refers to the previous forecast. [1] Per cent of the labour force. [2] Calendar-adjusted values. Statistics Sweden's revision of the outcomes of hours worked on 16 May 2024 have not been included in the assessment. [3] Hourly wages in the NA are calculated as the ratio of payroll and the number of hours worked.

Sources: The Swedish National Mediation Office, Statistics Sweden, NIER, and the Debt Office

Development in line with expectations

The labour market has deteriorated in line with the forecast from February. The economy is growing slowly, and an aggregate picture of forward-looking indicators for the labour market still points to a somewhat bleaker situation than normal. In recent months, the number of redundancy notices has increased to slightly higher levels than the historical average, and the number of job vacancies and available positions is lower than in February. Plans for employment according to the Economic Tendency Survey indicate that most employers neither intend to increase the number of employees nor reduce staff in the near future.

The deterioration of the labour market will nevertheless be neither deep nor protracted compared with previous periods of rising unemployment. Until recently, there was a significant shortage of labour in many industries, which has helped keep up the demand for labour. With the major shortage during the recovery from the pandemic still fresh in mind, many employers have been more inclined to retain staff as the economy has weakened. Even though declining economic activity contributes to the shortage of labour now decreasing, it will likely increase again when the economy recovers because many industries have a structural labour shortage.

Employment slowly drops from high levels

As recently as mid-2023, employment was record-high. It has since slowly fallen over three quarters. Lower economic activity causes employment to continue to decrease this year. As we approach next year and the economy has grown for some quarters, employment will also begin to rise again at a moderate pace (see table 5).

The trend of falling employment has been most evident among those with employment that is limited to a certain period, who have decreased as a group since the mid-2022. Fewer temporarily employed is often one of the first signs of a weaker labour market, as this usually spills over to the permanently employed. This pattern is however not evident at present. The fact that the effects are becoming more distinct among the permanently employed still likely reflects the change in behaviour among employers, which are more inclined to retain their staff in order to have them in place when the economic activity increases.

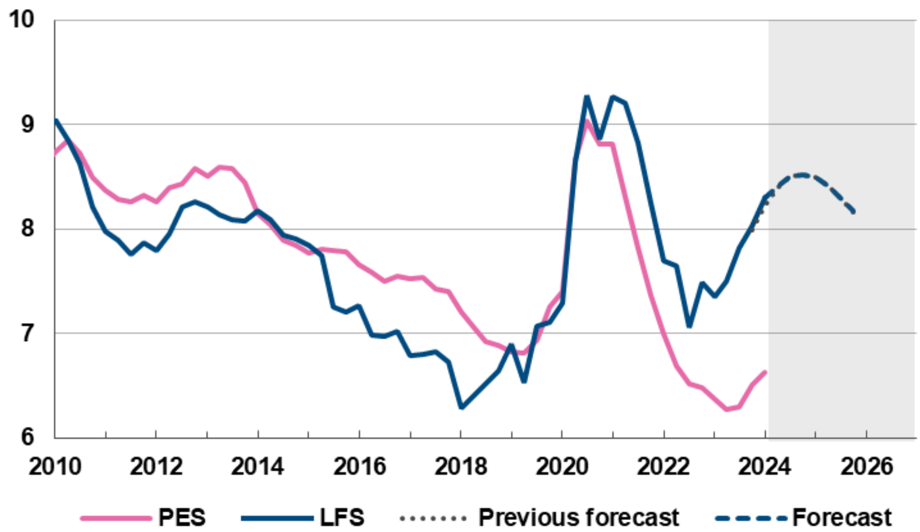
Unemployment continues to rise this year

Unemployment is a clearer indication of a weaker labour market than the level of employment is. Here, the effects of both lower employment and a growing labour force are noticeable. Unemployment has now increased for four quarters in a row according to the Labour Force Survey (LFS), and it is rising in the Swedish Public Employment Agency's measure as well.

Unemployment will continue to go up in 2024. Towards the end of the year, however, the increase tapers off, and next year unemployment decreases as employment grows faster than the labour force. In the forecast, unemployment will return to its current level (see table 5 and figure 2).

Figure 2 Unemployment

Per cent of labour force, 15–74 years and 16–65 years, respectively



Note: Quarterly and seasonally adjusted data. LFS is the Labour Force Survey and PES is the Swedish Public Employment Service.

Sources: The Swedish Public Employment Service, the Debt Office, and Statistics Sweden

Slower payroll growth

The trend for payroll (the gross wage sum) has levelled off since the strong years during the recovery from the pandemic. This year as well, payroll grows more slowly and at a pace close to the historical average. Growth picks up again in 2025.

What determines the rate of growth can be described as the change in hours worked and the average hourly wage. In the forecast, the trend for hours worked is the main factor affecting the rate of payroll growth. Although the hours have been revised up slightly, the trend is still weak. Next year they increase distinctly.

Hourly wages largely follow “The Mark”, i.e. the collective agreements within industry, and continue to grow rapidly from a historical perspective throughout the forecast period (read more about the different measures of hourly wage trends in the Facts section below). This prevents payroll growth from slowing down. The strong hourly wages in combination with declining inflation causes real wages to now grow for the first time in a long while when inflation is measured with a fixed interest rate: CPIF.

Facts

Different measures of hourly wage trend

The most common measure of the hourly wage trend is that in the Swedish National Mediation Office’s (NMO) short-term wage statistics. In the National Accounts (NA) statistics as well, the hourly wage trend can be calculated through the ratio of payroll and number of hours worked. Hourly wages in the NA are relevant for the Debt Office as payroll is an important variable for the central government budget balance. The two measures of the hourly wage trend correlate well over time, but they can differ in individual years.

During the pandemic, short-term sick leave absence increased, which had a greater effect on the hours than payroll. This caused hourly wages to rise faster in the NA than in the NMO’s statistics. We expect some normalisation of short-term sick leave absence. In contrast to the pandemic years, this causes hourly wages according to the NA to grow somewhat slower than the NMO’s statistics in the forecast.

Revisions of macro outlook boost budget balance

The Debt Office’s revisions of the macro picture are relatively small since the trend has largely been well in line with the previous forecast. The forecast changes we are nevertheless making to the factors affecting central government finances mostly have an overall positive contribution to the budget balance. This is mainly in regard to payroll (table 5) and consumption and export in current prices (table 6).

The revisions of the macro picture for 2024 contribute positively to the budget balance. The upward revision for payroll brings higher income from payroll tax. Preliminary municipal tax, which is a disbursement from the central government, is predetermined for the current year and is therefore not affected by the higher payroll. Household consumption in current prices has also been revised up, boosting income from consumption tax. Another positive effect is from stronger export in current prices, which boosts income from corporate tax.

Table 6 GDP and its components in current prices

Percentage change

Variable	Outcome 2023	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
GDP	5.4	1.9	2.4	3.5	3.6
Household consumption	3.6	2.9	2.3	4.0	4.2
General govt. consumption	8.9	3.3	2.9	4.1	4.0
Gross fixed cap. formation	3.6	-2.0	-2.0	2.7	3.0
Changes in inventories*	-1.3	-0.1	0.4	0.0	0.0
Exports	7.6	0.4	-0.3	2.0	1.5
Imports	4.3	-0.5	-1.9	2.2	1.7

Note: 24:1 refers to the previous forecast. *Contribution to GDP growth, percentage points.

Sources: Statistics Sweden and the Debt Office

The revisions of the macro picture for 2025 affect the budget balance in different directions, but the overall effect is positive. A revised-up forecast for household consumption and export in current prices contributes to higher income from taxes. The higher payroll does so as well, although the effect is smaller in 2025 since it also leads to higher disbursements of preliminary municipal tax. At the same time, the lowered forecast for investment adversely affects the budget balance via lower construction VAT.

Risk of forecast deviations in different directions

The main uncertainties in the macro picture are the inflation trend and its effects, the resiliency of the labour market, and how households save.

For Swedish inflation, we see risks on both the upside and downside. The force of the falling trend may be underestimated, not least for food and commodity prices. This could in turn yield positive growth effects through higher real income and lower interest rates. On the other hand, a drastically deteriorated geopolitical situation, in the Middle East for instance, could lead to higher energy prices. A deeper geopolitical crisis could also affect inflation and growth via international trade and rising freight prices. There is also significant uncertainty in regard to inflation in the US and thus the Fed's monetary policy, which could affect other central banks and longer-term market rates.

Another factor that could play a role for both global growth and inflation is the situation in China. Besides risks associated with the Chinese real estate sector, demand there is weak and inflation low. The impact from falling Chinese export and producer prices on global prices is difficult to assess.

The strength of the Swedish labour market has subsided, but this decrease is relatively mild so far. With the experiences of staff shortages during the recovery from the pandemic still fresh in mind, employers have largely chosen to retain staff as they await an improvement in the economy. This also means that adverse surprises in the economy could have a greater impact on the labour market.

Since 2021, Swedish households have cut back substantially on saving. Now as real incomes have begun to rise, households can start saving again. The saving patterns of households remain uncertain, though, and could lead to consumption growing either faster or slower than in our forecast. A divergent inflationary trend also affects the consumption trend through real wages and interest rates.

Budget deficit and increasing debt

The Debt Office still expects a deficit for the central government in both 2024 and 2025 when expenditure increases. But higher income from taxes keeps the budget balance from becoming quite as weak as previously estimated. The deficits mean that the central government debt will increase, although from a low level.

After three consecutive years of a budget surplus, the central government is now facing two years of a deficit. The reversal in the budget balance this year is mainly due to rising expenditure as a result of the previously high inflation, increased defence appropriations, and an assumption of a capital contribution to the Riksbank. In addition, there is a change in net lending by the Debt Office. Next year, the deficit shrinks as expenditure grows more slowly.

The Debt Office's forecasts of the budget balance are mainly influenced by:

- the economic and labour-market trends (see previous chapter)
- the fiscal policy that is presented in the Government's budgets and our assumptions regarding future fiscal policy
- inflows and outflows included in Debt Office net lending (such as congestion revenue, disbursement of electricity support, and on-lending).
- large one-time payments (such as EU payments and capital contributions).

Table 7 Central government budget balance

SEK billion

Central govt. budget balance	Outcome 2023	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
Primary balance[1]	31	-45	-53	-29	-24
Debt Office net lending[2, 3]	20	-4	-10	3	3
Interest on central government debt[3]	-32	-22	-21	-31	-29
Budget balance[4]	**19**	**-71**	**-84**	**-56**	**-50**
Central government net lending	10	-75	-95	-17	-17

Note: 24:1 refers to the previous forecast.

[1] The primary balance is the net of the central government's income and expenditure excluding interest payments and Debt Office net lending.

[2] Debt Office net lending mainly consists of the net of government agencies' loans and deposits in the central government's internal bank.

[3] The table shows Debt Office net lending and interest payments in terms of how they affect the budget balance. The signs are therefore the opposite of those shown in Tables 8 and 9.

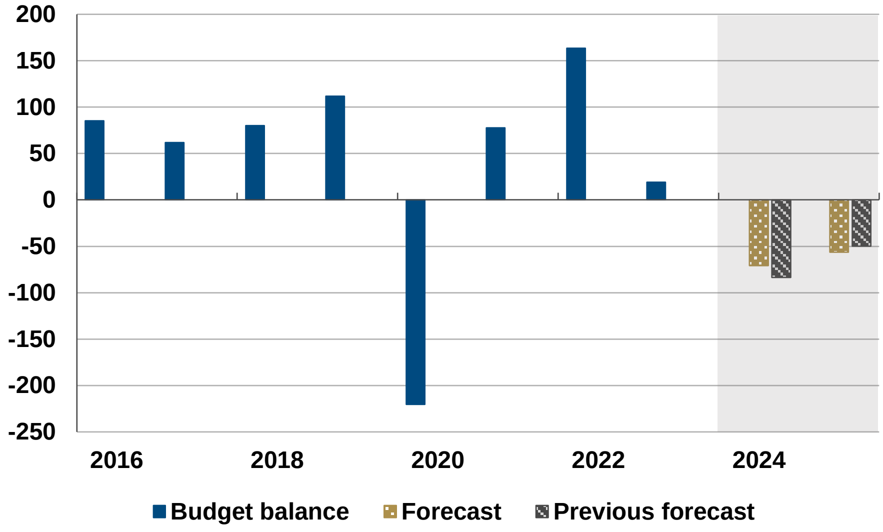
[4] The budget balance with the opposite sign is the net borrowing requirement.

Sources: The Debt Office and Statistics Sweden

The new forecast of the budget balance shows a deficit of SEK 71 billion in 2024 and SEK 56 billion in 2025 (see table 7). Compared with the previous forecast, this entails a stronger budget balance this year and a weaker one next year (see figure 3). For both years, we have revised up the budget balance by SEK 6 billion.

Figure 3 Central government budget balance 2016–2025

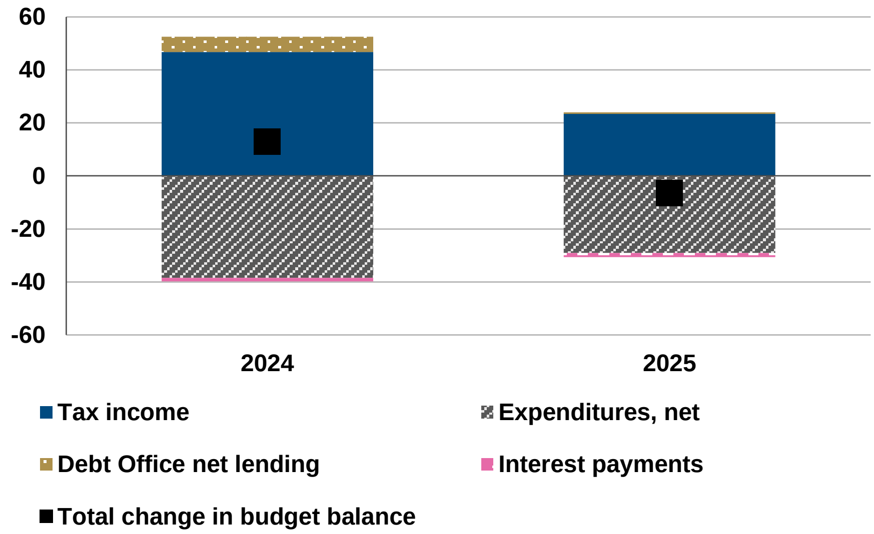
SEK billion



Source: The Debt Office

Figure 4 Forecast changes, effect on budget balance

SEK billion



Note: The table shows changes in terms of the budget balance. A positive amount means that the budget balance is strengthened and vice versa.

Source: The Debt Office

We have revised up income from taxes for both forecast years. The revision is partly offset by higher expenditure for 2024, but not entirely for 2025. The higher expenditure is based on higher outcomes and the Government's budgets as well as that we are raising our assumption of unfunded fiscal policy for 2025 (see the Facts section on page 24). Net lending by the Debt Office to agencies and other parties makes a positive contribution to the revisions this year, but slightly higher interest expenses weigh down the balance. Figure 4 shows how the change in the forecast of the budget balance is explained by these components.

Upward revision of tax income for both years

After having fallen in 2023, income to the central government from taxes rises this year and in 2025. The upswing is broad with most types of tax increasing. Stronger outcomes together with a more favourable trend for tax bases ahead also mean that we are revising up tax income since the February forecast. It is mainly supplementary tax and corporate tax that are now higher.

Facts

What are the types of tax income?

The Debt Office breaks down the central government's income from taxes as payroll tax, consumption tax, corporate tax, and supplementary tax. Tax income is dependent on, among other things, macro variables such as household consumption, investment, and payroll (for more information on these, see the previous chapter). The different types of tax are described in brief below.

- Payroll tax consists of the sum of preliminary "A-tax" (PAYE income tax deducted by the employer) and employer's contributions, excluding fees for the old-age pension system and disbursements of municipal tax. Local and regional governments receive preliminary amounts in disbursements of municipal tax from the central government. When the income for a calendar year is established two years later, the difference in relation to the preliminary disbursements is settled in a one-time payment (final settlement).
- Consumption tax comprises mainly value-added tax (VAT) and excise duties. These are mostly affected by household consumption and investment.
- Corporate tax comprises among other things taxes that companies pay, particularly payroll tax and yield tax.
- Supplementary tax is composed mainly of the net of incoming and outgoing payments from tax accounts, and where the debiting does not occur continually. This is in part from the flows resulting from deficits and surpluses in connection with tax assessment, but it can for instance also be from capital placements in tax accounts.

The income to the central government from taxes is from consumption tax, which accounts for approximately 50 per cent of total tax income. The smallest contribution is from supplementary tax. Supplementary tax is, however, volatile, which means that it often has a distinct effect on the forecast revisions made.

Stronger trend for tax income

The increase in tax income this year is due to supplementary tax, corporate tax, and consumption tax all rising compared with 2023. The increase next year is driven above all by corporate and consumption tax rising as a result of the higher economic activity.

Payroll tax, however, continues to fall this year after the downswing in 2023. Next year, it increases somewhat but remains weak. This is largely because the level is weighed down by high final settlements (see the Facts box on the previous page). Payroll also grows slower this year after several years of strong growth.

Consumption tax rises faster this year than in 2023 because household consumption in fixed prices shifts up. This causes excise duties to grow despite tax cuts. Investment in current prices falls this year, which inhibits tax income from VAT. Next year, consumption and investment grow instead, strengthening VAT income.

Income from corporate tax continues to increase both this year and the next. Tax from corporate gains increases in both years, although at a moderate rate. Yield tax is, however, significantly higher than in previous years, as a result of higher interest rates.

Tax income from supplementary tax has developed strongly since 2021. Income this year increases distinctly as a result of among other things a slowdown in excess tax. The higher level carries over to next year as well.

Broad upward revision of tax income

The government's tax revenues are revised up by SEK 47 billion in 2024 and SEK 23 billion in 2025. All parts of the tax revenues are revised up for both forecast years except payroll taxes. The biggest revision concerns supplementary tax.

Higher supplementary tax but unchanged assumption for capital placements
The forecast for income from supplementary tax is revised up by almost SEK 30 billion this year and approximately SEK 20 billion for 2025. This is mainly due to distinctly stronger-than-expected outcomes for supplementary tax payments in the beginning of the year. However, the higher interest deduction offsets the increase to some extent.

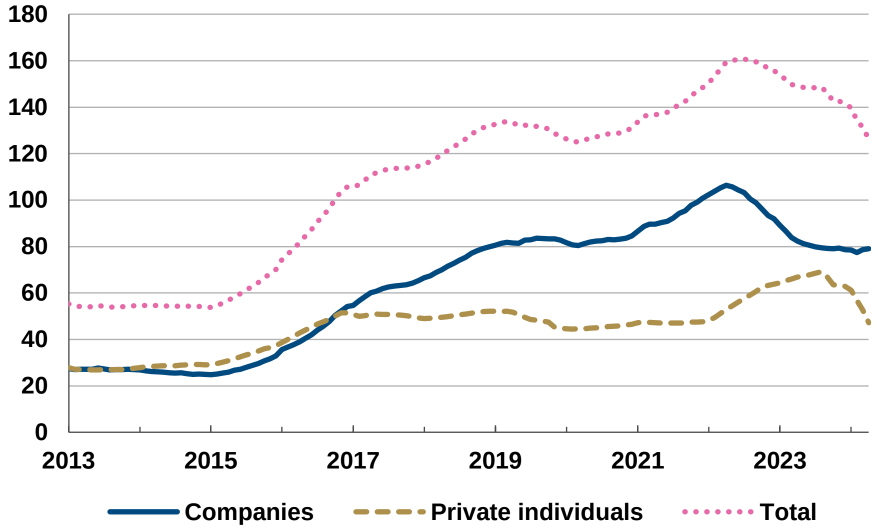
Supplementary tax also includes capital placements in tax accounts. In the assessment of the Swedish National Financial Management Authority (ESV), capital placements in tax accounts decreased by approximately SEK 15 billion in 2023 compared with the year before. This is in line with the trend for tax account balances, which we use as an indicator of the scale of capital placements. The total balance in tax accounts continues to show a different pattern for companies than for private individuals, although the level for companies is thought to have flattened out and for private individuals decreased (see figure 5). We are keeping our assumption of a net inflow from capital placements of approximately SEK 5 billion per year for 2024 and 2025.

Higher income from corporate taxes as result of profit increases

Tax from corporate profits is revised up for both this year and the next. Companies have paid in slightly higher preliminary tax than we forecasted at the beginning of the year and we therefore expect profits to remain high in periods ahead.

Figure 5 Total balance, tax accounts

SEK billion, twelve-month moving average



Note: The total balance consists, in simplified terms, of deposits in order to cover forthcoming tax debits, as well as capital placements. It is not possible to determine how much of the balance consists of capital placements. ESV's assessment is that capital placements altogether amounted to SEK 51 billion at the end of 2023.

Sources: The Swedish Tax Agency and the Debt Office

Consumption tax is boosted by higher excise duties

Consumption tax is revised up for both this year and the next. In the beginning of the year, excise duties developed stronger than we forecast. At the same time, household consumption is expected to grow stronger and thereby further increase excise duties. Income from VAT has, however, progressed weaker than expected, which is partly counteracted by an upward revision of consumption.

Larger disbursements of municipal funds in 2025 weaken payroll tax

Payroll tax is revised up this year compared with the previous forecast. This is due to outcomes for both employers' contributions and preliminary "A-tax" (PAYE income tax deducted by the employer) being slightly stronger than expected. In addition, payroll is revised up to some extent. Next year, however, payroll tax is revised down as a result of larger disbursements of municipal funds.

Expenditure increases significantly in 2024

The central government's primary expenditure increases distinctly this year after having gone down in 2023 as a result of phased-out pandemic support. Next year, primary expenditure increases at a more normal rate. Compared with the previous forecast, we have revised up expenditure for both forecast years.

Facts

Primary expenditure illuminates underlying trend

Primary expenditure is how the Debt Office defines the central government's expenditure that is not interest or Debt Office net lending. The intention is to show the underlying expenditure trend. In the primary expenditure, certain types of income are deducted. This is income that is not from taxes, dividends, or the sale of government assets. EU grants are one such example. In other words, these entail lower primary expenditure.

Fiscal policy and capital contribution raise expenditure in 2024

The sharp increase in the central government's primary expenditure in 2024 is mainly the result of increased defence appropriations and several expenditure items being affected by the previously high inflation. The inflationary effects are seen both in appropriations to government agencies, which are calculated using the price and wage trends two years earlier, and in social insurance, which in several cases is calculated using the previous year's price base amount. Higher government grants and spending for education and the legal system also contribute to the increase in expenditure (see table 16). We also assume there will be a capital contribution to the Riksbank (see the In-depth section below).

Incoming payments from the EU's Recovery and Resilience Facility are deducted from primary expenditure and thereby have a counteracting effect. The Debt Office assumes, as previously, that the EU will pay out SEK 32 billion in December 2024. This accounts for the majority of incoming payments in Sweden's recovery plan. The timing of the payment is uncertain and could end up being in 2025 instead.

In 2025, the Government's announced policy, higher EU fees, and the Debt Office's assumption of unfunded fiscal policy measures contribute to higher primary expenditure. The Government has announced increased appropriations for defence and education, which raise the level of expenditure. Sweden's fee to the EU also increases as a result of several programmes implemented under the EU's multi-year budget framework. The Debt Office also assumes unfunded fiscal policy measures of SEK 40 billion for 2025.

In-depth

Still uncertainty on capital contribution to Riksbank

The Riksbank has submitted a petition to the Riksdag (the Swedish Parliament) for restoring equity to the base level stated in the Sveriges Riksbank Act. A ruling from the Riksdag in line with the proposal would entail a capital contribution from the central government of approximately SEK 44 billion. Yet it remains uncertain how large the amount will ultimately be and when the money will be transferred.

The background to the request is that the Riksbank's balance sheet grew substantially from 2015 until the beginning of 2022. This meant that the Riksbank's financial risks also increased. As market interest rates have risen in the last two years, the value of the Riksbank's bond holdings have decreased, as has its equity.

Awaiting information on amount and execution

Although there is now a formal request from the Riksbank, the forecast for a capital contribution remains uncertain in terms of the size of the amount, the number of occasions on which payments will be made, and the timing of payment.

According to the Sveriges Riksbank Act, unrealised gains on the balance sheet are to be taken into account when assessing how large the capital contribution should be. The Debt Office is not able to assess either whether or to what extent unrealised gains will be taken into account when the Riksdag makes its decision. In the forecast of the budget balance and the accompanying borrowing plan, we have therefore assumed a capital contribution of SEK 44 billion, although it could be lower.

The Riksbank has also presented an alternative in which the capital contribution is divided into two payments. The first of these would take place this year and the second next year. That would mean that the financial results for 2024 would be taken into account for the payment next year. The background to this proposal is, among other aspects, that the results for 2024 are also considered to be uncertain and are for instance affected by the progression of market interest rates. The financial results' sensitivity to market rates will, however, decrease as bonds mature and the Riksbank sells bonds.

In its borrowing plan, the Debt Office has included an assumption of a capital contribution being made as a one-time payment this year. We have no information about when such a payment might be carried out, but in our assumption, we have calculated as if it will occur in November 2024.

Capital contribution managed within regular borrowing

The Debt Office makes the assessment that the amount discussed can be managed without disrupting the regular borrowing. If the payment is divided into two occasions, the size of the total amount would remain uncertain, but this poses no significant uncertainty for the Debt Office's operations.

A capital contribution to the Riksbank would create an expenditure for the central government that would lower the budget balance and increase the net borrowing requirement, all else being equal. We would then, as a matter of course, finance the net borrowing requirement in adherence to our borrowing strategy. This means meeting the increased expenditure by using short-term borrowing instruments, whereupon the composition of the central government debt determines how much of the portfolio is redirected towards longer maturities.

The central government budget balance varies significantly over the year and also between days, which the Debt Office continually manages. Just over SEK 40 billion is indeed a large amount, but it is still within the normal variations in the budget balance. Nevertheless, the Debt Office prefers to have at least 2–3 months' advance notice in order to be able to most cost-effectively plan the liquidity.

More fiscal policy behind upward revision of expenditure

The Debt Office is revising up primary expenditure by approximately SEK 30 billion for this year and the next. The increase in spending is based on higher outcomes and the Government's budgets (see the Facts section below). In addition, we have raised our assumption of unfunded fiscal policy measures for 2025 from SEK 25 billion to SEK 40 billion.

Facts

More fiscal policy measures this year and in 2025

Last autumn, the Riksdag decided on a Budget Bill for 2024 containing almost SEK 40 billion in unfunded measures for 2024. The bulk of the measures – just over SEK 30 billion – was in the form of increased spending. This budget was included in our February forecast.

Since then, the Riksdag has decided on an aid package to Ukraine for SEK 2.6 billion this year. The Government has also submitted to the Riksdag the economic Spring Budget Bill and Spring Amending Budget for 2024. The budget contains proposals for fiscal policy measures that entail expenditure increases of approximately SEK 17 billion for 2024. The largest single measure is in the form of government grants to regions, but increased spending for among other things transport, the legal system, and defence are also included. We have taken this into account in the forecast.

For 2025, our assumption is for SEK 40 billion in unfunded fiscal policy measures.

Net lending weakens budget balance this year

Net lending by the Debt Office to agencies and other parties contributes slightly negatively to the budget balance in 2024 and slightly positively in 2025. As a result of lower outcomes than expected, we are revising down the Debt Office's net lending this year.

Table 8 Debt Office's net lending

SEK billion

The Debt Office's net lending to agencies and other parties	Outcome 2023	New forecast 2024	24:1 2024	New forecast 2025	24:1 2025
Lending to CSN (the Swedish Board of Student Finance)	12	16	16	18	17

The Debt Office's net lending to agencies and other parties	Outcome 2023	New forecast 2024	24:1 2024	New forecast 2025	24:1 2025
Lending to the Swedish Transport Administration	6	2	2	1	1
Lending to outside the government[1]	0	0	0	0	0
On-lending to the Riksbank	-61	1	1	0	0
Other lending[2]	8	5	7	7	7
Total lending	**-35**	**23**	**26**	**26**	**26**
Deposits from CSN, credit reserve, etc.	-10	1	1	3	3
Deposits from the Resolution Reserve	6	7	6	6	6
Deposits from Premium pension, net[3]	8	1	0	0	1
Deposits from outside the government[4]	-1	-1	-3	2	1
Other deposits[2]	-19	12	12	18	18
Total deposits	**-15**	**20**	**17**	**29**	**28**
Net lending	**-20**	**4**	**10**	**-3**	**-3**
Net lending excluding on-lending to the Riksbank	**41**	**3**	**8**	**-3**	**-3**

Note: 24:1 refers to the previous forecast.

[1] Lending to outside the government refers to lending in SEK to actors outside the realm of government agencies, such as state-owned companies.

[2] Lending and deposits to Svenska kraftnät is included in the "Other" category.

[3] Premium pension refers to the net of paid-in pension fees and disbursement of funds, and other administrative costs.

[4] Deposits from outside the government refers to deposits from actors outside the realm of government agencies, such as the EU account.

[5] On-lending includes the Debt Office's lending to the Riksbank as well as other non-governmental parties.

Source: The Debt Office

In recent years, Debt Office net lending has contributed strongly to the budget balance. This has mainly been due to two temporary factors. The first is the loans raised by the Debt Office on behalf of the Riksbank, for financing the foreign currency reserve, having been paid back. In total, the repayment of these loans strengthened the budget balance by SEK 182 billion for the 2021–2023 period. The other factor is that Svenska kraftnät's deposits at the Debt Office were unusually high in 2022 as a result of high revenue from congestion rent. In 2023, Svenska kraftnät's deposits decreased as congestion revenue was used to finance electricity price support to households and businesses.

That Debt Office net lending contributing negatively to the budget balance this year is due, among other things, to the Deposit Guarantee Fund's deposits at the Debt Office being expected to decrease. In 2023, the Fund held a holding of securities until maturity, after which funds were transferred to the Fund's account at the Debt Office. We assume that the Fund will invest these funds in 2024, which means that its deposits at the Debt Office will decrease and Debt Office net lending will increase. The effect of this outflow is offset by deposits from Svenska kraftnät increasing from the continued influx of congestion revenue.

The congestion revenue is expected to result in lower net lending by the Debt Office in 2025 as well. This is offset by the Debt Office's lending to CSN increasing as more student loans are paid out.

Compared with our February forecast, Debt Office net lending is SEK 6 billion lower for this year and unchanged for next year (see table 8). The revisions are above all due to lower-than-expected outcomes in the first months of the year.

Facts

Debt Office net lending – special expenditure item

Net lending by the Debt Office to government agencies and other parties is an item on the expenditure side of the central government budget. This means that increased net lending by the Debt Office weakens the budget balance. This can also be expressed by saying that the net borrowing requirement increases.

Debt Office net lending is not financed by appropriations and does not come under the expenditure ceiling. It consists of the change in all lending and depositing in the central government's internal bank at the Debt Office. The net lending covers ongoing central government activities – such as student loans, deposits in the premium pension system, and lending to infrastructure investments – as well as items such as on-lending to non-governmental parties. These items may be decided at short notice, and they can contribute to strong variations in the net lending from year to year.

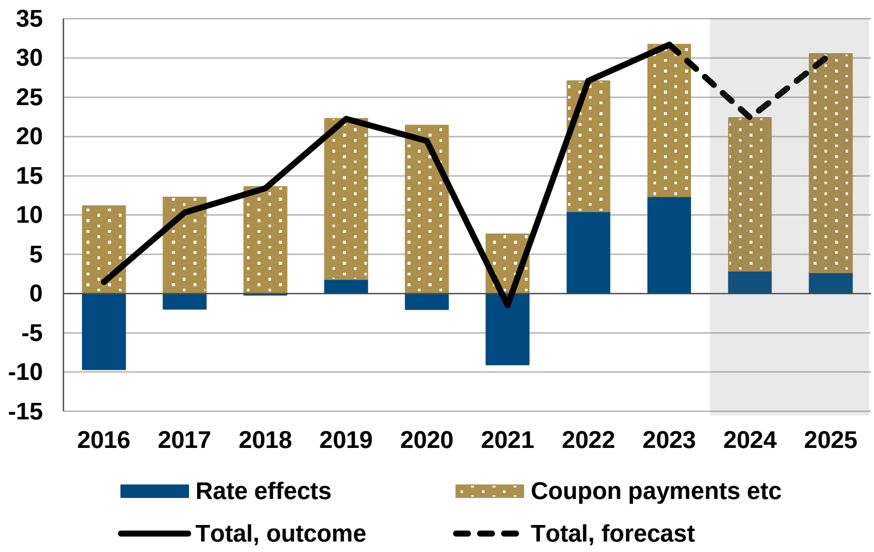
Slightly higher interest payments than previously

The central government's interest payments decrease in 2024, to then increase in 2025. For the two-year period, the Debt Office now expects marginally higher interest payments than in the previous forecast.

The interest payments are expected to amount to SEK 32 billion for 2023, SEK 22 billion for this year, and SEK 31 billion for next year (see figure 6 and table 9). The decrease this year is mainly due to relatively large exchange-rate losses realised in 2023. The increase in 2025 is due to the Debt Office paying out inflation compensation for an inflation-linked bond that is maturing. This year, there is no inflation-linked bond reaching maturity.

Figure 6 Interest payments 2016-2025

SEK billion



Source: The Debt Office

Interest payments are revised up overall by SEK 3 billion compared with the previous forecast. The revision is mainly due to slightly higher interest rates during the forecast period.

The Debt Office uses implicit forward interest rates in calculating the central government's interest payments. The calculation was made using the yield curves on 30 April 2024. For the calculation of exchange rate effects, we use cut-off rates from the same date.

Table 9 Interest on central government debt

SEK billion

Interest on central government debt	Outcome 2023	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
Interest on loans in SEK	21	20	20	29	28
Interest on loans in foreign currency	2	3	2	1	1
Realised currency gains and losses	8	-1	-1	0	0
Sum of interest on government debt	**32**	**22**	**21**	**31**	**29**

Note: 24:1 refers to the previous forecast.

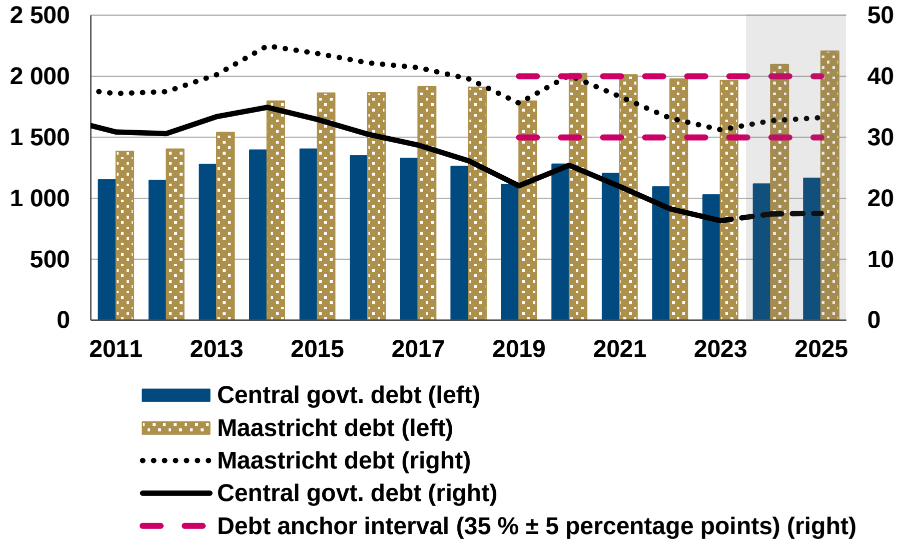
Source: The Debt Office

Central government debt increases, but slower

The budget deficit causes the central government debt to rise in the coming two years, but the increase is slightly less than we forecast in February. The way in which the budget balance – which with the opposite sign becomes the net borrowing requirement – affects the size of the central government debt is shown in Table 18 in the Appendix of Tables. At the end of 2023, the central government debt was SEK 1,028 billion, which corresponds to 16 per cent of GDP. The Debt Office expects the debt to increase to SEK 1,117 billion in 2024 and to SEK 1,165 billion in 2025 (see figure 7 below and table 20 in the Appendix of tables). Accordingly, it will end up at 18 per cent of GDP at the end of 2025.

Figure 7 Central government debt – development over time

SEK billion, per cent of GDP



Note: For 2024–2025, the shares are based on the Debt Office's GDP forecast. Outcome data is obtained from Statistics Sweden.

Source: The Debt Office and Statistics Sweden

The Debt Office expects the general government debt, also called the Maastricht debt, to be 33 per cent of GDP at the end of 2024 and 2025. The measure includes the consolidated debt for the public sector and is used in international comparisons and the fiscal policy framework (see the Facts section below). According to the debt anchor in the framework, the Maastricht debt shall be 35 per cent of GDP (±5 percentage points). The Government appointed a committee at the end of last year that is assigned to review the framework (see the In-depth section "Ongoing review of fiscal policy framework" on page 43).

Facts

Different measures of government debt

There are different ways of measuring government debt. The Debt Office reports the *central government unconsolidated debt*. This measure shows the central government gross debt and includes all loans raised by the Debt Office on behalf of the central government, irrespective of who owns the claims on the state. The debt is reported at its nominal terminal value according to the principles applied in the EU.

Some government agencies own government bonds and treasury bills. This kind of intragovernmental ownership is deducted in the *central government consolidated debt* (although not the Riksbank's holdings). That measure provides an overall picture of the financial position of the central government and is used in the Budget Bill and the annual report for the central government. The central government consolidated debt is calculated by ESV (the Swedish National Financial Management Authority).

One debt measure often used in international comparisons is *general government consolidated gross debt*, also called the Maastricht debt. This debt is larger than the central government debt as it also includes local and regional governments and the old-age pension system. Its calculation is based on conditions in the Maastricht Treaty. According to EU regulation, the Maastricht debt must not exceed 60 per cent of GDP.

The Maastricht debt is also the measure that forms the basis of the debt anchor of 35 per cent of GDP, which by decision of the Riksdag (Parliament) has been in force since 2019. General government consolidated gross debt is published by Statistics Sweden.

Major temporary payments involve uncertainty

The uncertainty regarding economic developments – as described on page 15 – is of great significance to the progression of the budget balance and central government debt. Normally, tax income is mostly affected by the business cycle, whereas the central government has more direct control of expenditure, which also tends to develop more evenly.

The budget balance is also affected by large payments of a temporary nature. This concerns incoming payments from the EU's Recovery and Resilience Facility, the capital contribution to the Riksbank, and the influx of congestion revenue to Svenska kraftnät. The uncertainty about a capital contribution and congestion revenue is in regard to both the size and the potential timing of the payments. The uncertainty about the incoming payment from the EU is mainly in regard to the timing, which means that there is a large risk of the payment being made in 2025 instead of 2024.

In-depth

Macroeconomic conditions for debt management

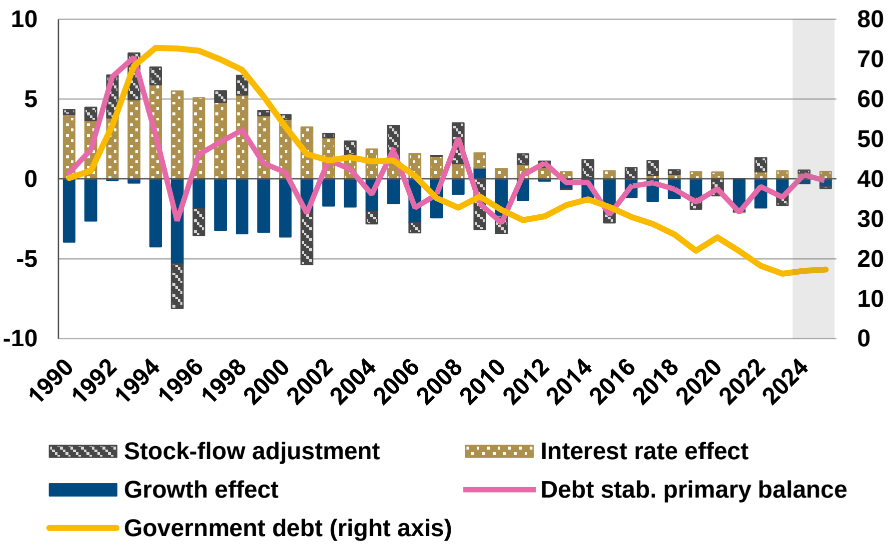
Macroeconomic factors such as interest rates and GDP affect the size of the central government debt. This was analysed in Debt Office Commentary No. 1, 2024. This In-depth section uses the same method for analysing how the macroeconomic environment affects central government debt for the forecast years 2024 and 2025. The analysis shows, in line with the forecast, that the macroeconomic environment is less favourable for central government finances.

Debt-stabilising primary balance as starting point for analysis

The debt-stabilising primary balance can be used to analyse the economic conditions for the central government debt's development. The primary balance is the budget balance excluding interest, which shows the budget balance's underlying development. The debt-stabilising primary balance is based on the primary balance that in theory should keep the public sector debt constant as a share of GDP.

Figure 8 Debt-stabilising primary balance 1990–2025

Contributions and per cent of GDP



Sources: Edvinsson (2014), and Fregert and Gustafsson (2014), and the Debt Office

The debt-stabilising primary balance is based on the size of the central government debt, nominal GDP growth, nominal interest expenses, and stock and flow adjustments. A positive balance means that the central government budget must show a primary savings (net lending) in order to stabilise the debt as a share of GDP. A negative balance on the contrary entails that a primary deficit is needed to stabilise the debt. That way, the central government can lower taxes and/or increase spending without the debt ratio increasing.

Varying macroeconomic conditions for government debt

During the crisis of the 1990s, the interest rate's effect on the debt ratio was higher than the effect from growth, and a surplus in the central government finances of several per cent of GDP was required to stabilise the central government debt as a share of GDP (see the pink dashed line in Figure 8). After the millennium shift, the macroeconomic environment was more favourable. The interest-rate effect decreased during that period and became very small, since interest rates were historically low. During most years in the 2000s, the central government has been able to have a primary deficit without increasing the central government debt as a share of GDP. On average, the deficit could have been 0.5 per cent of GDP in the 2000–2023 period. There has therefore been room for the central government to lower taxes and raise expenditure without increasing the debt ratio.

During the forecast years 2024 and 2025, the economic environment less favourable. According to the forecast, the debt-stabilising primary balance is slightly positive in 2024, for the first time since 2012. This means that if the central government's primary balance is slightly positive the central government debt stabilises as a share of GDP. The reason that the debt-stabilising primary balance is positive is that the Swedish economy is in a growth dip, with slow GDP growth, and thus the growth effect is small. Interest rates have indeed increased in the wake of the higher inflation, but the interest-rate effect remains small. It will take time before the interest-rate situation affects the cost of the central government debt, since there is turnover of only a small portion of the debt each year. In 2025, the debt-stabilising primary balance is slightly negative, as the growth effect increases when the economy grows faster. Altogether over the two years, the debt-stabilising primary balance is essentially in balance.

The Debt Office forecasts that the central government will show a primary deficit in both 2024 and 2025. Given the macroeconomic forecasts and the fact that the debt-stabilising primary balance is in balance, the deficit means that the central government debt will grow from 16 per cent of GDP in 2023 to 18 per cent in 2025.

Small changes to borrowing plan

The central government's borrowing requirement for 2024 and 2025 is slightly lower than in the previous forecast. We are therefore reducing the short-term funding. The borrowing plan otherwise remains unchanged with increased issuance of nominal government bonds. In this report, we are introducing new information on the planned issuance volume in various maturity categories of nominal government bonds.

The new forecast of the budget balance entails that the net borrowing requirement for 2024 and 2025 is in total SEK 6 billion less than in the February forecast. The total borrowing requirement, which also includes refinancing maturing loans, is revised down slightly further because the volume of maturing treasury bills decreases in 2025. Figure 9 shows the trend for the total borrowing requirement and its components, both between years and in comparison with the previous forecast. Table 10 and figure 10 show how the borrowing requirement is financed.

Table 10 Funding plan

SEK billion

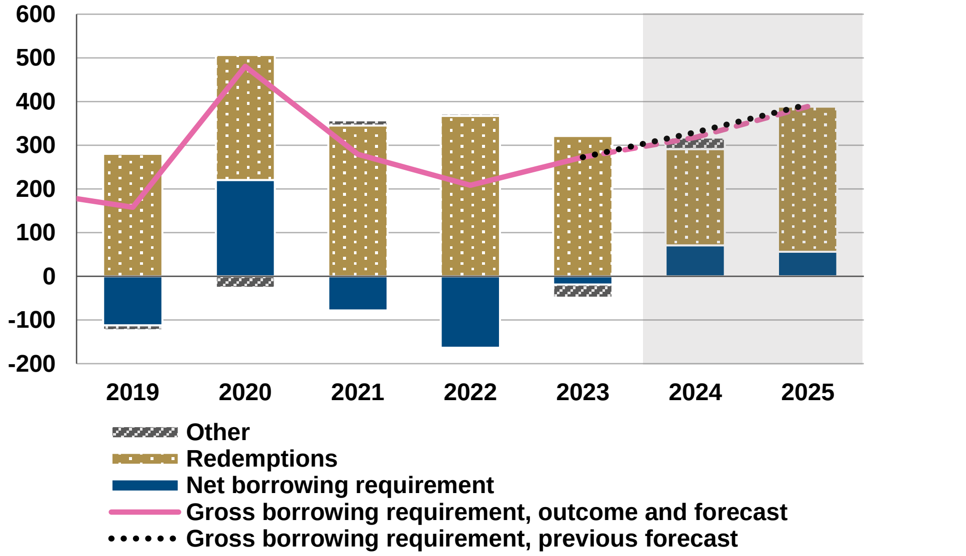
Funding plan	Outcome 2023	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
T-bills	123	98	148	158	158
Liquidity management	97	118	80	121	127
Sum of money market funding	**220**	**216**	**227**	**278**	**284**
Nominal government bonds	45	73	73	80	80
Inflation-linked bonds	9	9	9	9	9
Foreign currency bonds	0	21	21	22	21
Sum of bond funding	**53**	**102**	**102**	**110**	**109**
Total gross borrowing	**273**	**318**	**330**	**389**	**394**

Note: Money market funding corresponds to outstanding stock at the end of December. 24:1 refers to the previous forecast.
Source: The Debt Office

The Debt Office will be increasing the issuance volume of nominal government bonds in August 2024 as planned. Since the February forecast, we have reduced the borrowing in money market instruments more than we announced in February. Altogether, the short-term borrowing in both 2024 and 2025 decreases compared with the previous forecast. As planned, we are gradually transitioning to more long-term borrowing. The borrowing in inflation-linked bonds and foreign currency bonds remains unchanged from the previous plan.

Figure 9 Total gross borrowing requirement

SEK billion

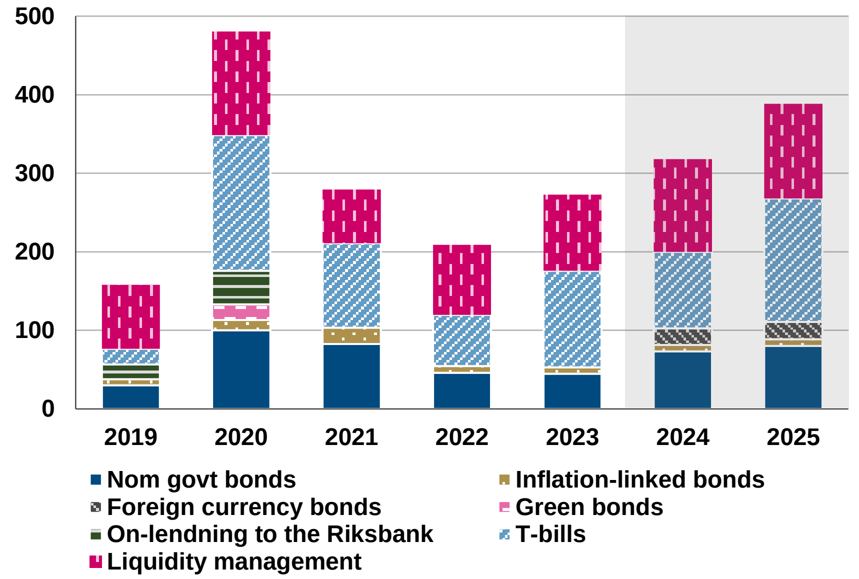


Note: The net borrowing requirement is the budget balance with the opposite sign. The post "Other" includes for example an adjustment due to the net borrowing requirement being reported by settlement date whereas borrowing is reported by trade date. The previous forecast was published in the *Central Government Borrowing Report 2024:1*.

Source: The Debt Office

Figure 10 Borrowing by instrument

SEK billion



Note: Borrowing per calendar year. The amount of treasury bills and liquidity management instruments refers to outstanding stock at year-end.

Source: The Debt Office

Facts

Borrowing strategy forms basis of issuance planning

The Debt Office maintains a borrowing strategy for, among other things, which debt instruments we use and how we prioritise between different instruments and maturities.

Nominal government bonds: most important funding source

Nominal government bonds are the Debt Office's largest and most important funding source. Over time, we therefore prioritise these over other instruments. We offer regular issues through auctions according to a pre-determined borrowing plan. Selling smaller volumes on many occasions reduces the risk of the state needing to borrow large volumes at times when market conditions are unfavourable. At the same time, we offer investors continual access to government bonds via the primary market.

An important part of the strategy for minimising borrowing costs over the long term is to act in a predictable manner and to build up sufficient volume in certain prioritised maturities to ensure good liquidity. This means that the Debt Office adjusts the borrowing in government bonds to short-term conditions in the market only to a limited extent. We also endeavour to maintain relatively even maturities (redemptions) in the stock of bonds, in terms of size and over time.

Inflation-linked bonds are a complement to nominal bonds

By issuing inflation-linked bonds, the Debt Office can attract investors that want to protect themselves against inflation. The inflation-linked bond issuance should be large enough to enable liquid trading of these bonds, yet not so large that it crowds out nominal government bonds and worsens liquidity in that market.

For inflation-linked bonds as well, the Debt Office also regularly issues by auction and strives for even maturities. In order to facilitate reinvestment at maturity, we offer switches to bonds with longer terms to maturity, with the aim of limiting the outstanding volume of maturing bonds. In recent years, however, interest in making switches in connection with maturities has been limited.

Foreign currency bonds contribute to borrowing preparedness

In the international capital market, the Debt Office is able to reach a larger group of investors and borrow large amounts within a short span of time. There are therefore reasons for issuing bonds in foreign currency even when the borrowing requirement is small, in order to maintain the readiness to borrow large amounts as necessary.

Because the Debt Office is a small player in the international capital market, as opposed to in the Swedish-krona market, there are greater opportunities for flexibility and adapting the borrowing to prevailing market conditions in the international arena. We also issue securities with shorter maturities in foreign currency.

Treasury bills to balance fluctuations in borrowing requirement

Using treasury bills, the Debt Office can borrow in short maturities in the krona market. We regularly issue T-bills through auctions and can also sell them within the liquidity management operations. In the planned borrowing, we mainly use T-bills to balance fluctuations in the borrowing requirement. In this way, the Debt Office can maintain stability in the government bond borrowing.

Unchanged plan for nominal government bonds

The new plan for nominal government bonds is unchanged since the last one and entails an annual issuance volume of SEK 73 billion for 2024 and SEK 80 billion for 2025. As previously announced, we are increasing the auction supply of nominal government bonds in August from SEK 3.5 billion to SEK 4 billion. Next year, we also plan to issue a new ten-year bond.

Table 11 Reference bonds

Date of change	2-year	5-year	10-year
Current	1059	1061	1065
2024-06-19	-	-	1066

Note: The reference bond in the electronic interbank market is the bond that is closest to two, five, or ten years in term to maturity. Reference bonds are changed on the IMM (International Money Market) dates: the third Wednesday in March, June, September, and December. The date of change of reference bonds refers to the settlement date.

Source: The Debt Office

The Debt Office will carry out the majority of the auctions in the ten-year segment and in the two-year and five-year reference bonds (see table 11). This is in line with our strategy of borrowing in a transparent and predictable manner with a focus on building up the reference bonds in nominal government bonds. The distribution of this year’s total issuance volume in various maturities is shown in figure 11. For information on what volumes we plan to issue in different maturity categories in the auctions until the next report, see table 21 in the Appendix of Tables.

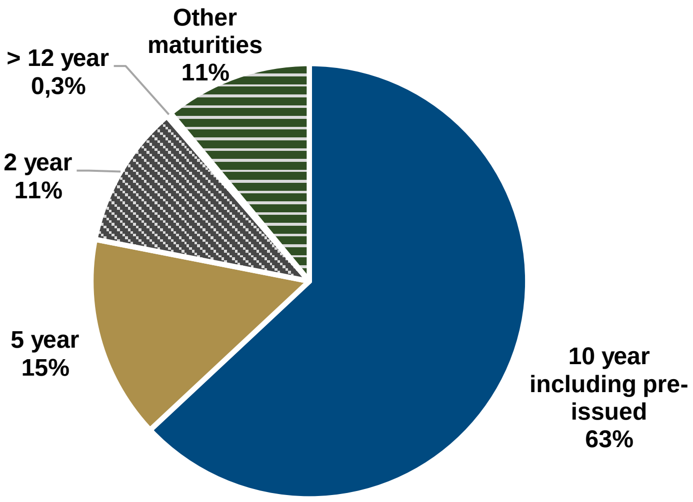
Table 12 Important events

Date	Time	Activity
28 Nov	09.30	Borrowing forecast 2024:3

Source: The Debt Office

Figure 11 Distribution of supply in nominal government bond auctions in 2024

Per cent

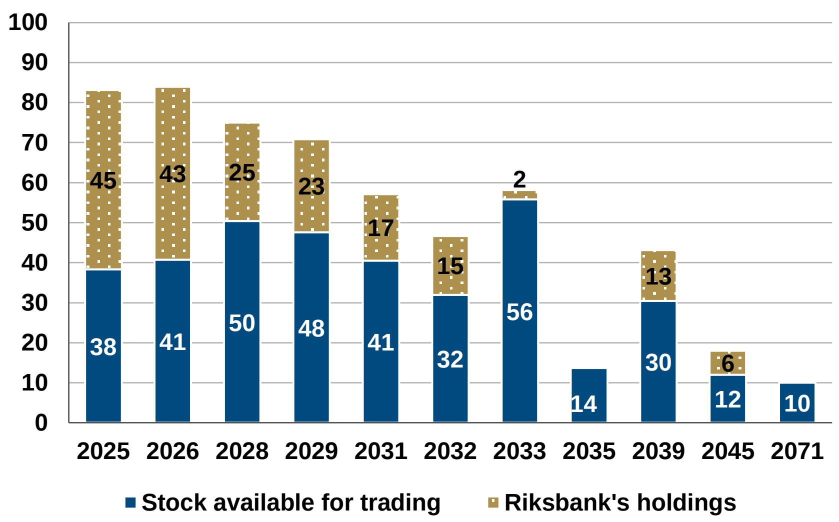


Note: The figure illustrates how the total volume of the auctions in 2024 is distributed across different maturity categories. The category "Other maturities" includes bonds that were previously 10-year reference bonds and are not yet included in the 5- or 2-year categories.

Source: The Debt Office

Figure 12 Outstanding nominal government bonds and the Riksbank's holdings

SEK billion



Note: Outstanding volume as of 30 April 2024 expressed in nominal amount for each government bond with maturity year according to the x-axis. The Riksbank's holdings are reported in accordance with the Debt Office's trade-date day reporting of the central government debt.

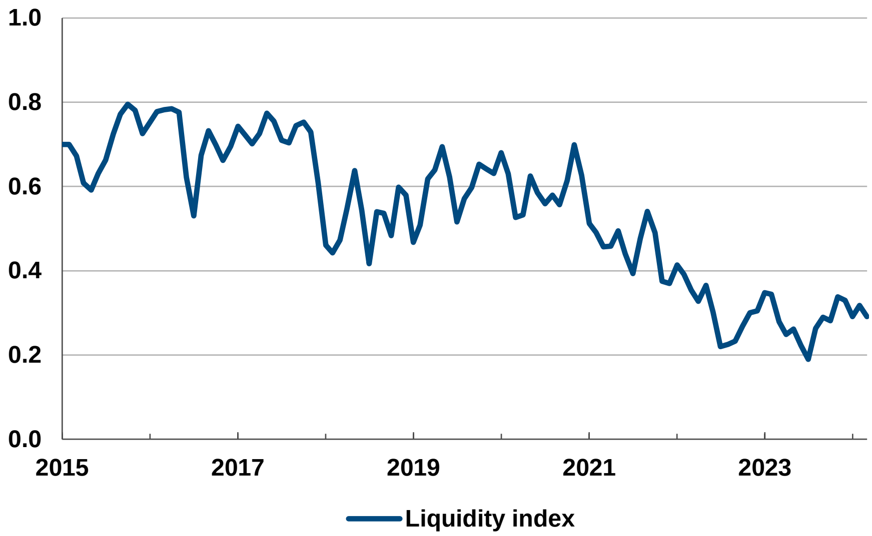
Sources: The Riksbank and The Debt Office

The Riksbank still owns a large portion of the government bonds that the Debt Office has issued. Figure 12 shows the outstanding nominal government bonds and the Riksbank's holding of each one. In April 2023, the Riksbank began selling off its holdings of both nominal and inflation-linked government bonds and is currently selling them at a pace of SEK 6.5 billion a month in total. The sales mean that the volume available for trading increases, which could help improve the functioning of the bond market.

Both surveys and quantitative measures have long shown worsening liquidity in the secondary market for government securities. Last year saw several signs of a turnaround that is continuing in 2024. In the Riksbank's Financial Markets Survey from April 2024, market participants for instance identified a distinct improvement in liquidity for nominal government bonds since last autumn. Finansinspektionen (the Swedish Financial Supervisory Authority) has a quantitative measure including a number of indicators that are weighed together to form an aggregate measure of market liquidity. That measure shows liquidity in the secondary market for nominal government bonds having stabilised, albeit at a low level (see figure 13).

Figure 13 Measure of liquidity

Index



Note: Finansinspektionen's liquidity index sure is an aggregation of various individual indicators for nominal government bonds with benchmark status. Higher values correspond to higher liquidity. Two-month moving average.

Source: Finansinspektionen

In-depth

Updated communication on government borrowing

As of this report, the Debt Office is making some changes to the regular communication about central government borrowing. This is to more clearly connect the central government borrowing report to new budget information and the Government's guidelines for debt management, as well to increase transparency about the supply of government bonds.

The changes are to:

- publish two borrowing reports a year (in May and November)
- present clearer information about which government bonds will be issued.

Two reports, adjustment of short-term borrowing in between

As of 2025, we will publish the central government borrowing report twice a year – at the end of May and November. This means that there will no longer be a report in February and that we are moving the autumn report from October to November.

Between reports, we will as previously adjust the auction volume of treasury bills and other short-term borrowing instruments to the outcome of the budget balance. We may also add or postpone a bond issue in foreign currency as necessary. However, the planned supply of government bonds in the auctions will remain the same until the next report. If something unexpected should occur that has a major impact on the borrowing, we may provide guidance between the reports, as we did during the onset of the coronavirus pandemic in 2020.

In the November report, we will take into account the Government's Budget Bill as previously but also consider the guidelines decision when we develop the plan for the borrowing. By 15 November every year, the Government decides on the guidelines for central government debt management after the Debt Office has submitted proposed guidelines. In the May report, we have new information at our disposal from the Spring Budget Bill and the spring amending budget. The reports will also be able to contain more in-depth information on issues related to central government borrowing and debt management.

Increased clarity about plan for nominal government bonds

In terms of the content of the borrowing report, as of this report we will be providing more detailed information about the forthcoming supply of nominal government bonds. Table 21 shows the volumes that we plan to issue in different maturity categories in the auctions until the next report (at the end of November).

In the auctions of nominal government bonds, we never change the planned total volume of an auction. We may, however, choose not to provide full allotment if there are grounds for not accepting certain bids. We will then not compensate for the cut auction in the maturity in question but will continue to issue as planned.

There is also a more specific internal plan for which bond or bonds will be issued at every auction. This applies to both nominal and inflation-linked bonds. We make issuance decisions on the basis of the plan and announce the terms one week prior to auction. If there are specific reasons for doing so, we may change the order of bonds within the period until the next report, but we normally adhere to our plan.

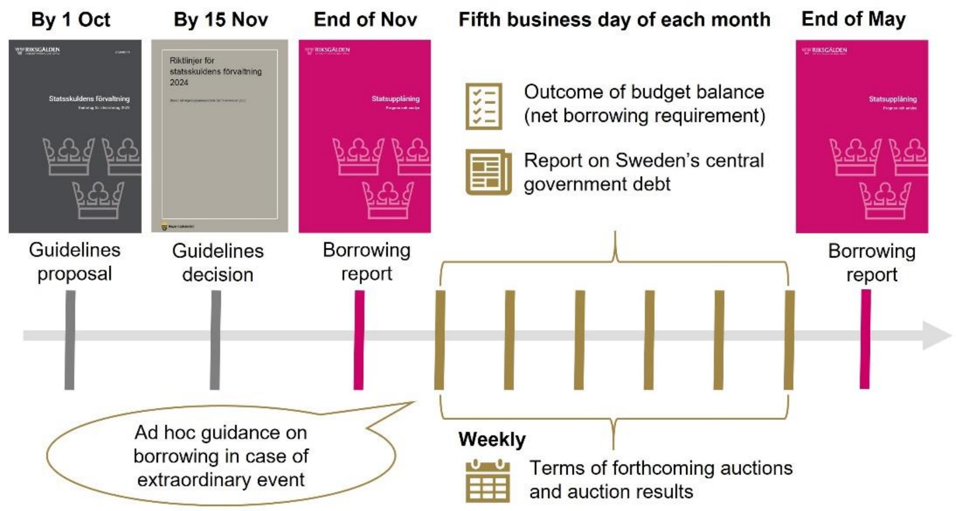
The auctions of treasury bills also follow an established plan, with the introduction of new maturities according to a pre-determined pattern described in Table 24. The difference from bonds is that for T-bills we can adjust the auction volume and choose the maturity on the basis of how the net borrowing requirement develops, as mentioned above.

Regular communication provides guidance between reports

The Debt Office's communication about central government borrowing follows a clear and predictable structure. This is an important part of our strategy of reducing uncertainty about Swedish government securities, and in doing so helping to keep down the borrowing costs. Less uncertainty means that investors do not need to require as much risk compensation and can thus accept a lower interest rate, all else being equal.

The structure of the Debt Office's communication consists of the central government borrowing report and regular information in between publishing dates (see figure below). The information in between the reports includes, as before, monthly reporting of the outcome of the budget balance (net borrowing requirement) and the outstanding government debt. We also publish terms and conditions for upcoming auctions a week in advance to the auction date and the results shortly after the auction closes. Statistics on auction results, borrowing and government debt are also available on the Debt Office's website.

The structure for communication about central government borrowing



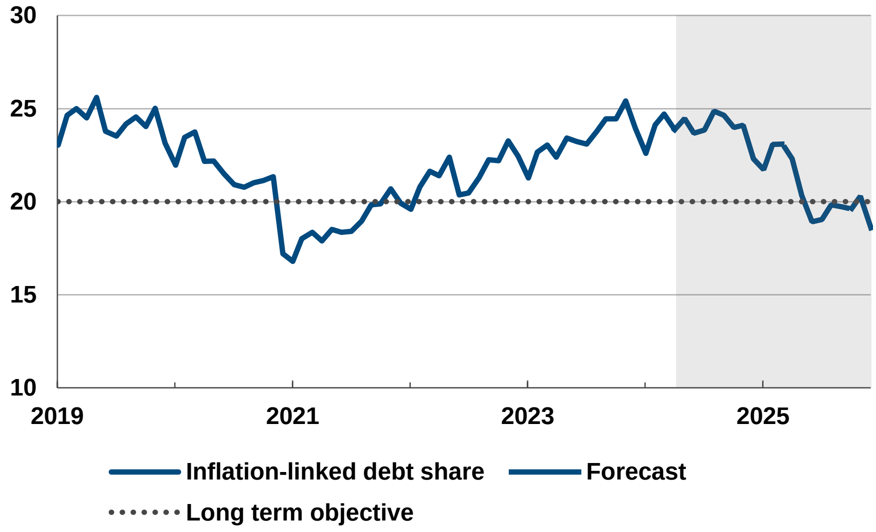
No change in plan for inflation-linked bonds

The planned issuance volume of inflation-linked bonds remains unchanged from the forecast in February, entailing SEK 500 million per auction throughout the forecast period, which is an annual volume of SEK 8.5 billion.

The inflation-linked debt as a share of the central government debt will exceed the long-term objective of 20 per cent until 2025 when inflation-linked bond SGB IL 3109 reaches maturity (see figure 14). Thereafter, it will be near the target. The progression of the inflation-linked share is affected by several factors such as issuance volume, rate of inflation, planned switches, maturities, and the size of the central government debt. The continual market-maintaining switches also affect the inflation-linked debt share.

Figure 14 Inflation-linked debt as share of central government debt

Per cent of total central government debt



Note: The forecast shows figures for the end of each month while the outcome shows the monthly average. The dotted line shows the long-term objective for the share of inflation-linked debt. The share is calculated at the nominal amount using the current exchange rate including accrued inflation compensation.

Source: The Debt Office

Plan remains for foreign currency bond in 2025

In January, the Debt Office issued a two-year bond in US dollars and it also plans to issue a foreign currency bond next year. This year's foreign currency bond corresponds to SEK 21 billion while next year's corresponds to SEK 22 billion. Due to a weaker krona, next year's bond is slightly larger when converted to Swedish kronor than in the previous plan. The foreign currency borrowing does not involve a currency exposure in the central government debt, because we hedge those loans.

Borrowing in treasury bills decreases

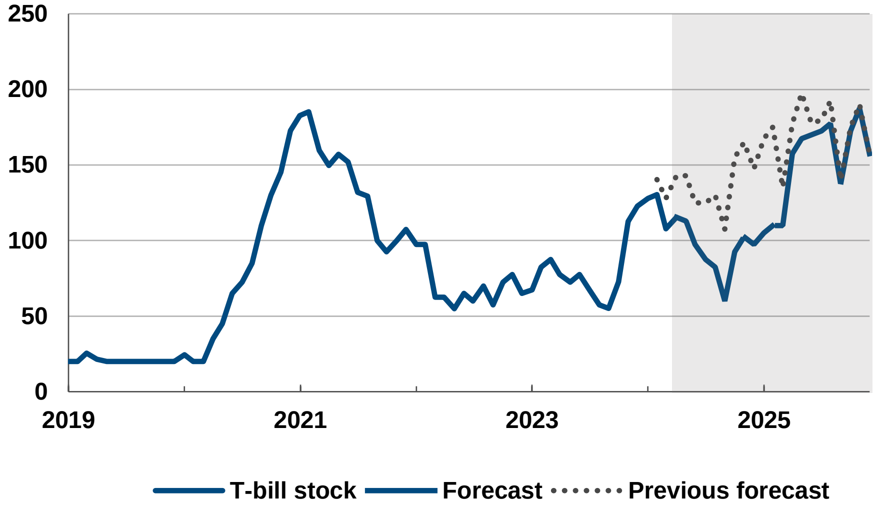
Compared with the previous plan, the stock of treasury bills will be lower in 2024 and 2025 but unchanged at the end of 2025. We now expect an outstanding volume of SEK 98 billion at the end of 2024 and SEK 158 billion at the end of 2025 (see figure 15).

The Debt Office issues a new 12-month bill every three months, maturing on an IMM date (the third Wednesday in March, June, September, and December). In the other months, we introduce a new three-month bill. For more information about auction dates and which treasury bills we will be introducing, see table 24 in the Appendix of tables.

The planned volume in the individual auctions varies within the range of SEK 5 billion to SEK 20 billion. The Debt Office plans the volumes of individual auctions of treasury bills on the basis of seasonal patterns in central government payments, and maturities. We can then make further adjustments ahead of each auction if necessary, depending on how the payments develop. This means that decisions we make one week prior to an auction may ultimately differ from the planned volumes.

Figure 15 Stock of treasury bills

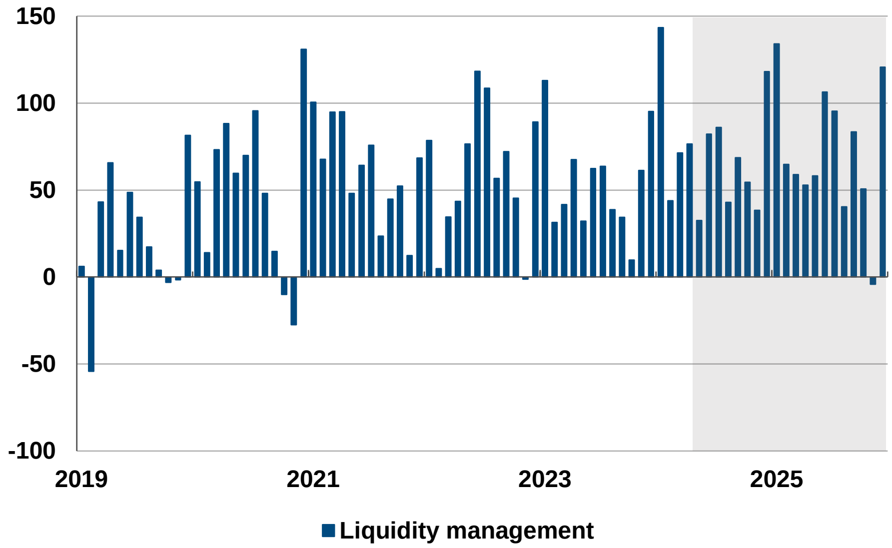
SEK billion



Source: The Debt Office

Figure 16 Liquidity management

SEK billion



Note: End of month nominal amount at current exchange rate including assets under management. Positive amount indicates borrowing requirement, negative amount indicates cash surplus.

Source: The Debt Office

Within the liquidity management operations, the Debt Office finances the borrowing requirement that remains after the planned issues of treasury bills and bonds. This includes issuing T-bills on a discretionary basis (tap issues), and commercial paper in foreign currency. The stock of liquidity management instruments is temporarily higher at the end of 2024, but at the end of 2025 it is lower than in the previous forecast.

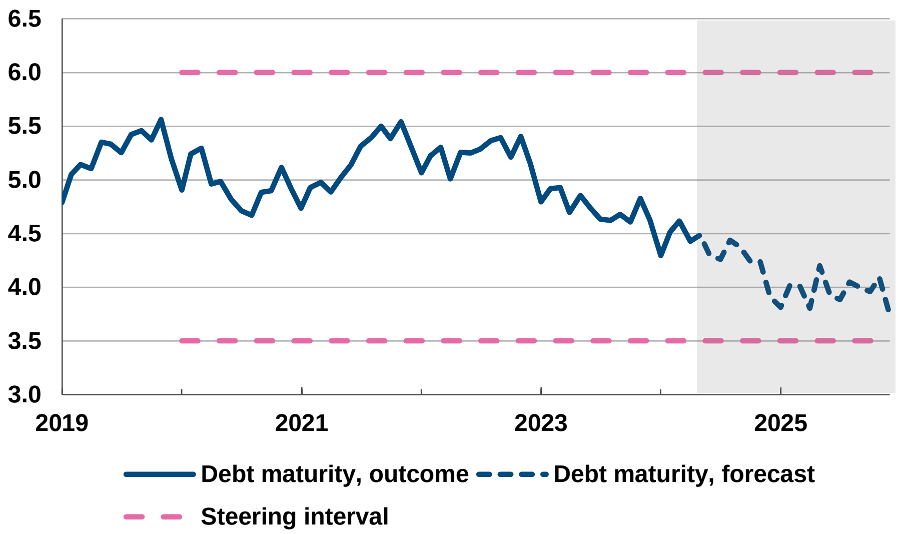
There are large variations within liquidity management, both between months and between individual days. The amounts borrowed as part of liquidity management are continually adjusted to the development of the budget balance and the regular borrowing (see figure 16).

Effects on debt's maturity and distribution

The planned term to maturity of the central government debt, measured as duration, is in the lower part of the steering interval in periods ahead (see figure 17). This is because, among other things, the share of short-term borrowing remains relatively large.

Figure 17 Maturity of the central government debt

Years

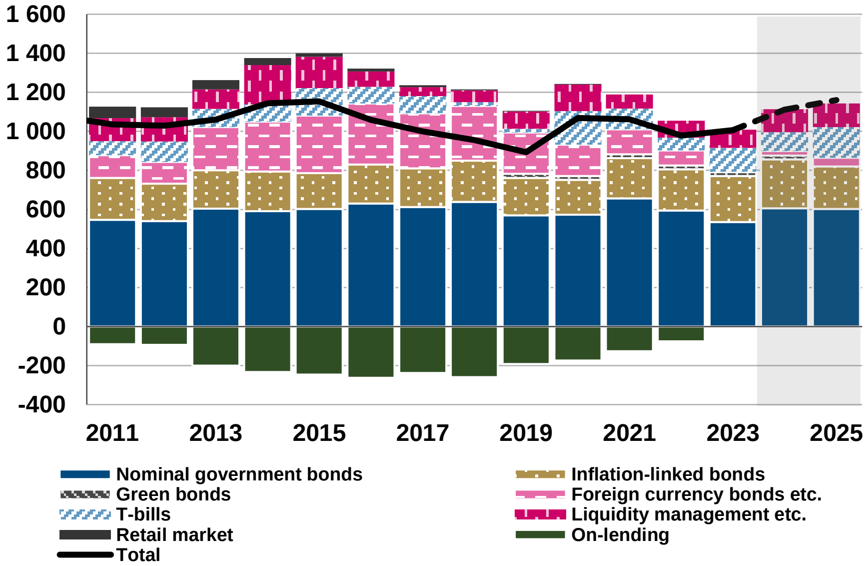


Note: Term to maturity is measured using Macaulay duration. The forecast shows the last day of each month, whereas outcomes are shown as the monthly mean. The dashed lines represent the steering interval for duration in the Government's guidelines for debt management.

Source: The Debt Office

Figure 18 Central government debt by instrument

SEK billion



Note: Central government debt including on-lending and assets under management. The amount refers to outstanding stock at the end of the year.

Source: The Debt Office

With the plan we are now implementing, the distribution of various debt instruments in the central government debt will develop as shown in figure 18. Nominal government bonds continue to be the base and are the Debt Office's largest and most important funding source. How the share of inflation-linked debt progresses is shown in the section on inflation-linked bonds (figure 14).

In-depth

Fiscal policy framework is currently under review

The ongoing review of the surplus target in the fiscal policy framework is important for the Debt Office because of the framework's significance for the progression of the central government debt. Since the framework was introduced almost 30 years ago, the budget balance has on average shown a small surplus, and the central government debt measured as a share of GDP has thereby decreased trend-wise from around 70 per cent to below 20 per cent.

Having a small central government debt is, of course, favourable in the sense that it involves low interest costs. The size of the debt affects the cost directly as well as indirectly through strong central government finances laying the foundation for a high credit rating and thereby lower borrowing costs. A low level of debt at the outset also creates sufficient room for managing a crisis without the risk of the debt becoming so high that the credit rating is lowered. But a historically low debt that is decreasing also poses challenges to the debt management objective of minimising cost while accounting for risk *over the long term*.

Ever-shrinking debt poses challenges for borrowing

For the day-to-day debt management, a low debt on a decreasing trend will make it harder in the long term to manage two trends with conflicting effects. The first effect is that, when the central government debt in kronor is essentially unchanged while the economy and scope of the central government budget grow, the impact on the budget balance relative to the outstanding debt becomes greater. This requires a larger share of short-term (flexible) borrowing to meet the changes in the budget balance, since the Debt Office must balance the government's central account at the Riksbank on a daily basis. The second effect is that a lower debt generally leads to fewer government securities and thereby also the most important borrowing instrument – nominal bonds – gradually shrinking in relation to the size of the economy. In order to prioritise bonds, this requires a smaller share of short-term borrowing, contrary to the first trend.

When it comes to the prospects of managing a crisis, a low central government debt can be described as an "airbag". In practice, however, it is the Debt Office's possibilities of selling more bonds as needed that is crucial – primarily nominal government bonds in order to best meet the target of long-term cost minimisation. Good market liquidity and a broad investor base facilitate this. But a very low outstanding volume available for trading involves challenges, both in terms of maintaining a broad investor base and good market liquidity. If the debt shrinks, and thereby the outstanding volume of bonds, to a very low level, it can be challenging to finance large deficits. The Debt Office will always be able to fund the deficit, but the larger the debt increase in question, the more challenging it will be to do so via the most cost-effective borrowing instrument – nominal bonds in Swedish kronor.

It is difficult to determine at what level a small and shrinking central government debt would create problems. But it is evident that the market has periodically functioned relatively poorly in recent years, which for that matter has coincided with the Riksbank's asset purchases reducing the volume of nominal government bonds available for trading by half. Measured as a share of GDP, the volume has gone from approximately 12 per cent to 5 per cent, a level for which market participants rated liquidity as clearly unsatisfactory. In the next few years, however, there are prospects for improvement in the conditions for a well-functioning market since the Riksbank is reducing its holdings.

Review is important – but so are developments in other sectors

It would be significant for the Debt Office if the committee were to conclude that a change should be made to the surplus target. But so are developments in the other sectors within the public sector: regions and municipalities and the old-age pension system. Since the central government functions as a corrective mechanism for the general government sector being able to achieve the surplus target, these two sectors also play an important role in the central government's net lending and debt. If, over time, there were for some reason lower or higher net lending that they have shown historically, that would in turn cause the central government debt to develop differently than before. Even though a changed surplus target is important for the progression of the central government debt, it is possible that an equally large or larger effect could occur within an unchanged framework, via how the other sectors develop.

Irrespective of a potential change in the surplus target and in the developments in other sectors, the connection between net lending and debt for the general government sector is also partly unclear, above all because the municipal sector does not have the same restrictions as the central government. This is illustrated by the municipal sector having increased its indebtedness by almost SEK 600 billion since the framework's inception, far beyond what the sector's net lending has given rise to. At the same time, the central government consolidated debt has decreased by almost SEK 300 billion, in line with increased net lending.

On the whole, this means that if the framework and debt anchor are perfectly adhered to in periods ahead, it is clear what will happen to the Maastricht debt – but not to the central government debt. Despite the increased stability that the framework has provided since it was introduced, its consequences for central government debt are not entirely clear-cut, regardless of whether the surplus target is changed. Uncertainty in this respect regarding the long-term conditions for central government debt management is not new, and it will remain an important condition for the debt management and the work to achieve the long-term objective of minimising the cost while taking account of the risk.

For more information on the framework and the review, see the Government's website.

Appendix of tables

Table 13 International forecasts

Percent change

GDP	Forecast 2024	24:1 2024	Forecast 2025	24:1 2025
Euro area	0,5	0,6	1,7	1,7
USA	2,2	1,4	1,7	1,6

Note: 24:1 refers to the previous forecast. Forecasts for the euro area and the USA are from NIER.

Source: The National Institute of Economic Research (NIER)

Table 14 Government net lending

SEK billion

Central government net lending	2022	2023	Forecast 2024	Forecast 2025
Budget balance	**164**	**19**	**-71**	**-56**
Sale of limited companies	-1	0	0	0
Parts of Debt Office's net lending	-102	-26	12	4
Other	0	11	-34	-4
Sum delimitations	**-103**	**-16**	**-22**	**0**
Taxes	-25	0	16	21
Interest payments etc.	-10	-7	2	18
Sum accruals	**-35**	**-7**	**18**	**39**
Central government net lending	**26**	**-4**	**-75**	**-17**
Per cent of GDP	**0,4**	**-0,1**	**-1,2**	**-0,3**

Source: The Debt Office

Table 15 Budget balance forecast per month

SEK billion

Month	Primary balance	Net lending	Interest on government debt	Budget balance
May 24	49.9	-4.5	-3.7	41.7
June 24	-42.7	7.7	-4.9	-39.8
July 24	-2.1	8.3	-0.1	6.1
August 24	33.3	6.7	-0.7	39.3
September 24	-15.9	6.1	-2.9	-12.7
October 24	-17.5	5.1	0.2	-12.3
November 24	-21.5	7.1	-2.7	-17.1
December 24	-23.2	-56.5	-4.3	-84.0
January 25	-32.6	1.1	0.0	-31.6
February 25	59.0	0.9	-0.3	59.6
March 25	-4.9	4.9	-3.7	-3.7
April 25	-32.4	5.3	1.2	-25.9

Source: The Debt Office

Table 16 Budget balance changes between years, effect on budget balance

SEK billion

Changes between years, effect on budget balance	2022	2023	Forecast 2024	Forecast 2025
Budget balance, level	164	19	-71	-56
Change from previous year	86	-145	-90	14
Income from taxes	79	-6	44	53
Grants to local governments	-4	0	-16	5
Labour market	9	2	1	-1
Social insurance	-11	-3	-13	0
Defence	-9	-12	-34	-7
EU-fee	-4	-8	13	-12
Education	-5	5	-10	-7
Legal system	1	-9	-5	-3
State share dividends	-1	-26	0	2
Other	20	11	-55	-16
Sum primary balance	**76**	**-47**	**-76**	**15**
Debt Office's net lending	**39**	**-93**	**-24**	**7**
Interest on government debt	**-29**	**-5**	**9**	**-8**

Source: The Debt Office

Table 17 Forecast comparison

SEK billion

Forecast	Budget balance	Sale of state assets	Adjusted budget balance
Debt Office: 2024	-71	0	-76
Debt Office: 2025	-56	0	-56
Government: 2024	-35	5	-40
Government: 2025	-27	5	-32
NIER: 2024	-87	0	-87
NIER: 2025	-83	0	-83
ESV: 2024	-51	0	-51
ESV: 2025	-68	0	-68

Note: Publication date is for the Debt Office 2024-05-30, the government 2024-04-15, NIER, 2024-03-26, ESV 2024-03-21.

Source: The Debt Office, Government, NIER and ESV.

Table 18 From net borrowing requirement to central government debt

SEK billion

From net borrowing requirement to central government debt	2021	2022	2023	Forecast 2024	Forecast 2025
Net borrowing requirement (budget balance with opposite sign)	**-78**	**-164**	**-19**	**71**	**56**
Business day adjustment etc.*	**7**	**1**	**-25**	**27**	**0**
Net borrowing per business day	**-71**	**-163**	**-44**	**98**	**57**
A. Net amount including money market assets	**1,159**	**996**	**952**	**1,050**	**1,106**
Inflation compensation	24	43	59	64	56
Exchange rate effects	6	15	-2	1	1
B. Net amount to current exchange rate incl. inflation compensation	**1,189**	**1,054**	**1,009**	**1,115**	**1,163**
Assets under management	15	39	19	2	2
C. Central government debt	**1,204**	**1,093**	**1,028**	**1,117**	**1,165**
Assets under management	-15	-39	-19	-2	-2
On-lending	-127	-76	-3	-3	-3
D. Central government debt incl. on-lending and assets under management	**1,063**	**978**	**1,006**	**1,112**	**1,160**
Nominal GDP	5,487	5,972	6,295	6,412	6,635
C. Central government debt, % of GDP	22	18	16	17	18
D. Central government debt incl. on-lending and money market assets, percentage share of GDP	19	16	16	17	17

*A difference occurs as borrowing is reported by business date and net borrowing requirement by settlement date.

Source: The Debt Office

Table 19 Total gross borrowing requirement

SEK billion

Total borrowing requirement, gross	2021	2022	2023	Forecast 2024	Forecast 2025
Net borrowing requirement (budget balance with opposite sign)	**-78**	**-164**	**-19**	**71**	**56**
Trade date adjustment etc.[1]	**7**	**1**	**-25**	**27**	**0**
Retail funding & collateral, net[2]	**5**	**4**	**-5**	**-1**	**0**
Treasury bills	173	107	65	123	98
Liquidity management instruments	132	68	89	97	118
Sum of money market redemptions[3]	**305**	**176**	**154**	**220**	**216**
Nominal government bonds	0	108	103	1	84
Inflation-linked bonds	-1	22	0	0	33
Green bonds	0	0	0	0	0
Foreign currency bonds[4]	41	61	64	0	0
Sum of bond redemptions, net switches and buy-backs	**40**	**192**	**167**	**1**	**117**
Total gross borrowing requirement	**279**	**209**	**273**	**318**	**389**

[1]A difference occurs as borrowing is reported by business date and net borrowing requirement by settlement date.

[2]Net change in retail borrowing and collateral.

[3]Initial stock maturing within 12 months. Liquidity management is net, including assets under management. Liquidity management includes Commercial paper.

[4]Calculated with the original issuance exchange rate.

Source: The Debt Office

Table 20 Net borrowing requirement and net borrowing

SEK billion

Net borrowing requirement and net borrowing	2021	2022	2023	Forecast 2024	Forecast 2025
Net borrowing requirement (budget balance with opposite sign)	-78	-164	-19	71	56
Business day adjustment etc.*	7	1	-25	27	0
Total	**-71**	**-163**	**-44**	**98**	**57**
Retail funding & collateral, net	**-5**	**-4**	**5**	**1**	**0**
T-bills	-65	-42	58	-25	60
Commercial paper	-31	0	53	-53	0
Liquidity management	-32	21	-46	75	3
Sum of net money market funding	**-129**	**-21**	**65**	**-4**	**63**
Nominal government bonds	83	-62	-59	72	-4
Inflation-linked bonds	22	-13	9	9	-25
Green bonds	0	0	0	0	0
Foreign currency bonds	-41	-61	-64	21	22
Sum of net bond market funding	**63**	**-137**	**-114**	**101**	**-6**
Total net borrowing	**-71**	**-163**	**-44**	**98**	**57**

*A difference occurs as borrowing is reported by business date and net borrowing requirement by settlement date

Source: The Debt Office

Market information

Table 21 Planned issue volume of nominal government bonds from 20 May to 28 November 2024

SEK billion

Maturity category	Nominal government bond	Planned issue volume 30 May – 28 November
10-year	SGB 1066 2.25% 11 May 35	18.5
5-year	SGB 1061 0.75% 12 Nov 29	6.0
2-year	SGB 1059 1.0% 12 Nov 26	3.75
> 12-year	SGB 1063 0.5% 24 Nov 45	0.25
Other maturities	*See note*	7.0
Total supply	-	35.5

Note: The category of "Other maturities" includes bonds that were previously 10-year reference bonds and are not yet included in the 5- or 2-year categories.

Source: The Debt Office

Table 22 Nominal government bonds, auction dates

Announcement date	Auction date	Settlement date
12-Jun-24	19-Jun-24	24-Jun-24
07-Aug-24	14-Aug-24	16-Aug-24
21-Aug-24	28-Aug-24	30-Aug-24
04-Sep-24	11-Sep-24	13-Sep-24
18-Sep-24	25-Sep-24	27-Sep-24
02-Oct-24	09-Oct-24	11-Oct-24
16-Oct-24	23-Oct-24	25-Oct-24
30-Oct-24	06-Nov-24	08-Nov-24
13-Nov-24	20-Nov-24	22-Nov-24
27-Nov-24	04-Dec-24	06-Dec-24
11-Dec-24	18-Dec-24	20-Dec-24

Table 23 Inflation-linked government bonds, auction dates

Announcement date	Auction date	Settlement date
23-May-24	30-May-24	03-Jun-24
05-Jun-24	13-Jun-24	17-Jun-24
15-Aug-24	22-Aug-24	26-Aug-24
29-Aug-24	05-Sep-24	09-Sep-24
12-Sep-24	19-Sep-24	23-Sep-24
26-Sep-24	03-Oct-24	07-Oct-24
10-Oct-24	17-Oct-24	21-Oct-24
07-Nov-24	14-Nov-24	18-Nov-24
21-Nov-24	28-Nov-24	02-Dec-24
05-Dec-24	12-Dec-24	16-Dec-24

Table 24 T-bills, auction dates

Announcement date	Auction date	Settlement date	Due date
05-Jun-24	12-Jun-24	14-Jun-24	18-Jun-25
19-Jun-24	26-Jun-24	28-Jun-24	-
26-Jun-24	03-Jul-24	05-Jul-24	16-Oct-24
31-Jul-24	07-Aug-24	09-Aug-24	20-Nov-24
14-Aug-24	21-Aug-24	23-Aug-24	-
28-Aug-24	04-Sep-24	06-Sep-24	17-Sep-25
11-Sep-24	18-Sep-24	20-Sep-24	-
25-Sep-24	02-Oct-24	04-Oct-24	15-Jan-25
09-Oct-24	16-Oct-24	18-Oct-24	-
23-Oct-24	30-Oct-24	01-Nov-24	19-Feb-25
06-Nov-24	13-Nov-24	15-Nov-24	-
20-Nov-24	27-Nov-24	29-Nov-24	-
04-Dec-24	11-Dec-24	13-Dec-24	17-Dec-25

Note: The Debt Office introduces a new 12-month bill every three months maturing on an IMM date: the third Wednesday in March, June, September, and December. In the other months, a new three-month bill will be introduced. The Due date column indicates the maturity date for the new bill. In addition to the new bill introduced, the National Debt Office may also sell another bill with a different maturity date.

The Swedish National Debt Office is the central government financial manager and the national resolution and deposit insurance authority. The Debt Office thus plays an important role in the Swedish economy as well as in the financial market.

RIKSGÄLDEN
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