

## Continued budget deficit leads to increased borrowing

Sweden's central government debt grows this year and next year as the budget deficit persists. This is due to expenditure for areas such as defence rising at the same time as tax income is dampened. The Swedish National Debt Office is meeting the larger borrowing requirement by continuing to increase the supply of government bonds.

The Debt Office's new forecast shows budget deficits of SEK 93 billion for 2025 and SEK 89 billion for 2026. Spending for, above all, defence is increasing at the same time as tax cuts and weak economic growth inhibit income from taxes. The overall deficit – the net borrowing requirement – for both years is SEK 82 billion larger than in the previous forecast from November.

"Although the Swedish economy's development is highly uncertain, increased government expenditure for, among other things, defence will lead to budget deficits this year and the next. The central government debt is increasing, yet it remains low from both a historical and international perspective," says Debt Office Director General Karolina Ekholm.

### Weak recovery in uncertain times

In the macro picture that forms the basis of the budget balance forecast, the Debt Office expects the Swedish economy to grow by 1.4 per cent this year and 2.0 per cent next year – a slower rate than in the previous forecast. The new trade tariffs imposed by the US and the ensuing uncertainty hold back recovery in both the Swedish economy and labour market. This is, in turn, adversely affects government finances.

### Central government debt increases but stays low

The budget deficits mean that the central government debt will increase in both years and is expected to reach SEK 1,316 billion by the end of 2026. This corresponds to 19 per cent of GDP, which is a continued low debt ratio.

### More government bonds and new foreign currency bond

The central government's total borrowing requirement – which also includes refinancing maturing loans – grows both between years and in relation to the previous forecast. The Debt Office is therefore increasing the supply of nominal government bonds from SEK 5 billion to SEK 6 billion per auction. In addition, the Debt Office will add a few auctions and introduce new bonds more frequently. The new plan also contains an additional foreign currency bond for this year.

### Debt Office's forecast – key figures

Table 1 Central government finances (SEK billion, unless otherwise stated)						
Key figure	Outcome 2024	24:3 2025	Forecast 2025	24:3 2025	Forecast 2026	24:3 2026

Budget balance (with the opposite sign, the net borrowing requirement)	-104	-78	-93	-65	-89	-35
Central govt. debt	1,151	1,126	1,232	1,177	1,316	1,205
Central govt. debt (% of GDP)	18	18	19	18	19	17
General govt. debt (% of GDP)	33	33	35	33	35	33
Note: 24:3 refers to the previous forecast published in November 2024.						

Table 2 Central government borrowing (SEK billion)						
Debt instrument	Outcome 2024	24:3 2025	Forecast 2025	24:3 2025	Forecast 2026	24:3 2026
Nominal government bonds	72	72	118	100	146	100
Inflation-linked bonds	9	9	6	6	6	6
Foreign currency bonds	21	21	39	21	19	21
T-bills, stock at year-end	113	110	160	158	183	175
Note: 24:3 refers to the previous forecast published in November 2024.						

Table 3 Swedish economy (annual percentage change, unless otherwise stated)						
Key figure	Outcome 2024	24:3 2025	Forecast 2025	24:3 2025	Forecast 2026	24:3 2026
GDP growth	1.0	0.7	1.4	1.9	2.0	2.5
Unemployment (% of labour force)	8.4	8.4	8.7	8.4	8.4	7.8
CPIF inflation	1.9	1.8	2.5	1.4	1.7	1.7
Note: 24:3 refers to the previous forecast published in November 2024.						

#### Report: Central Government Borrowing – Forecast and Analysis 2025:1

The report will be presented online today, 22 May, at 10:00 a.m. Follow the live stream at [www.riksgalden.se](http://www.riksgalden.se) (in Swedish).

For further information or interview requests, contact the Debt Office's press function at [press@riksgalden.se](mailto:press@riksgalden.se) or by phone at +46 (0) 8 613 47 01.

## Contacts

---

Press contact +46 8 613 47 01, [press@riksdagen.se](mailto:press@riksdagen.se)

## About the Swedish National Debt Office

---

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

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

## Attachments

---

[Continued budget deficit leads to increased borrowing](#)