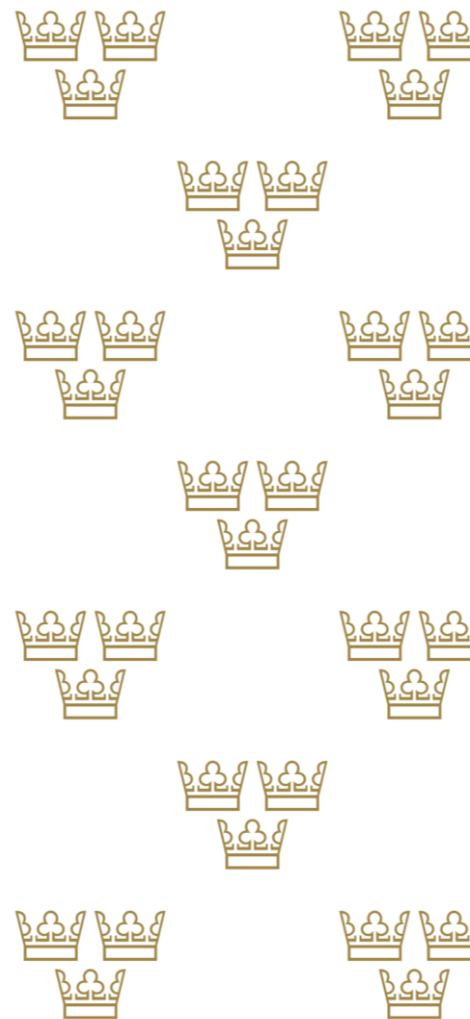


Smaller surplus in central government budget

Central Government Borrowing – Forecast and Analysis 2022:2

Press conference 24 May 2022





The Debt Office's forecast in brief

Macro picture

- Higher inflation and lower economic growth

Budget balance

- Smaller budget surplus than in previous forecast

Borrowing

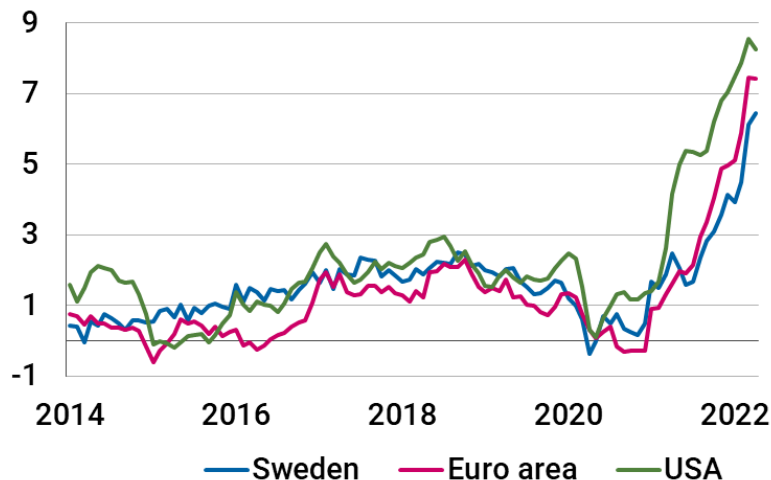
- Increased short-term borrowing and a foreign-currency bond



Rapid increases in inflation and interest rates form the foundation

Inflation in different countries and regions

Annual percentage change

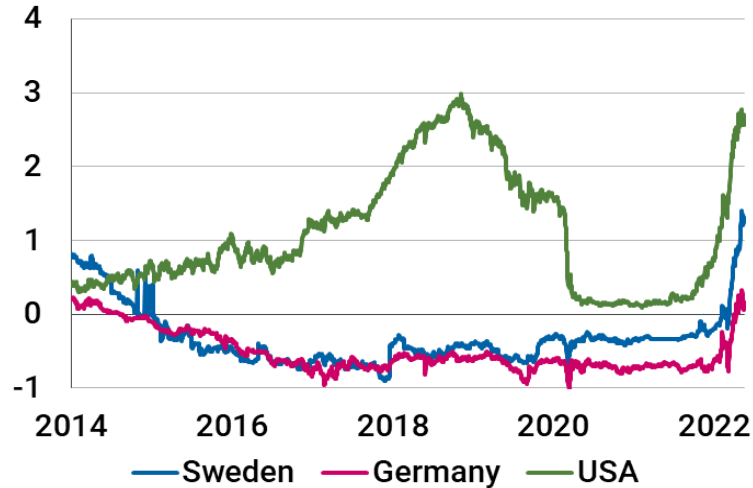


Note: CPIF for Sweden, CPI for USA, and HICP for euro area.

Source: Macrobond.

Yields on 2-year government bonds

Per cent



Source: Macrobond.

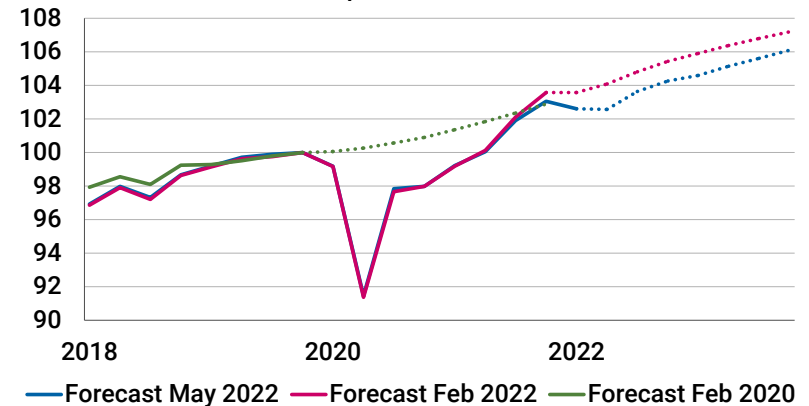


Growth outlook in Sweden has deteriorated

- War and high inflation slow global growth
- Growth of Swedish economy slows as well
- Unemployment falls somewhat more slowly in periods ahead

GDP for Sweden by level

Index 2019:4 = 100, constant prices



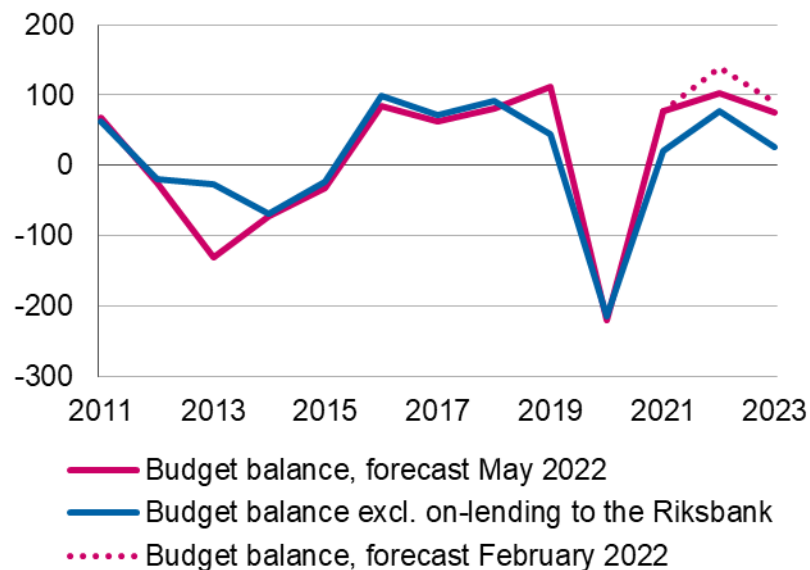
Sources: Statistics Sweden and the Debt Office.



Downward-revised budget surplus

- Larger outflow of capital placements in tax accounts
- Higher central government expenditure
- Rapid price increases have counteracting effect
 - Tax bases grow faster in general
 - High electricity prices have varied effects

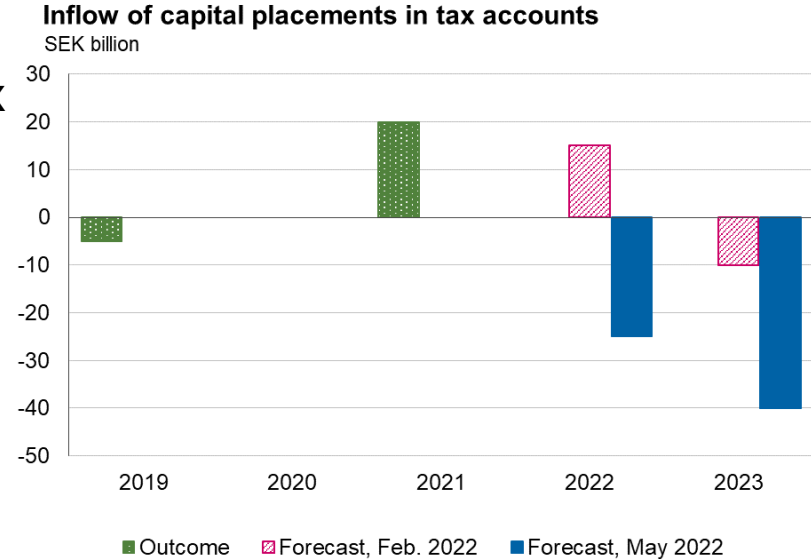
Budget balance
SEK billion





Uncertainty regarding tax accounts

- Great uncertainty about what constitutes capital placements in tax accounts ...
- ... and as to how fast companies and households will react to rising interest rates
- Significant revisions to the assumptions about capital placements in tax accounts



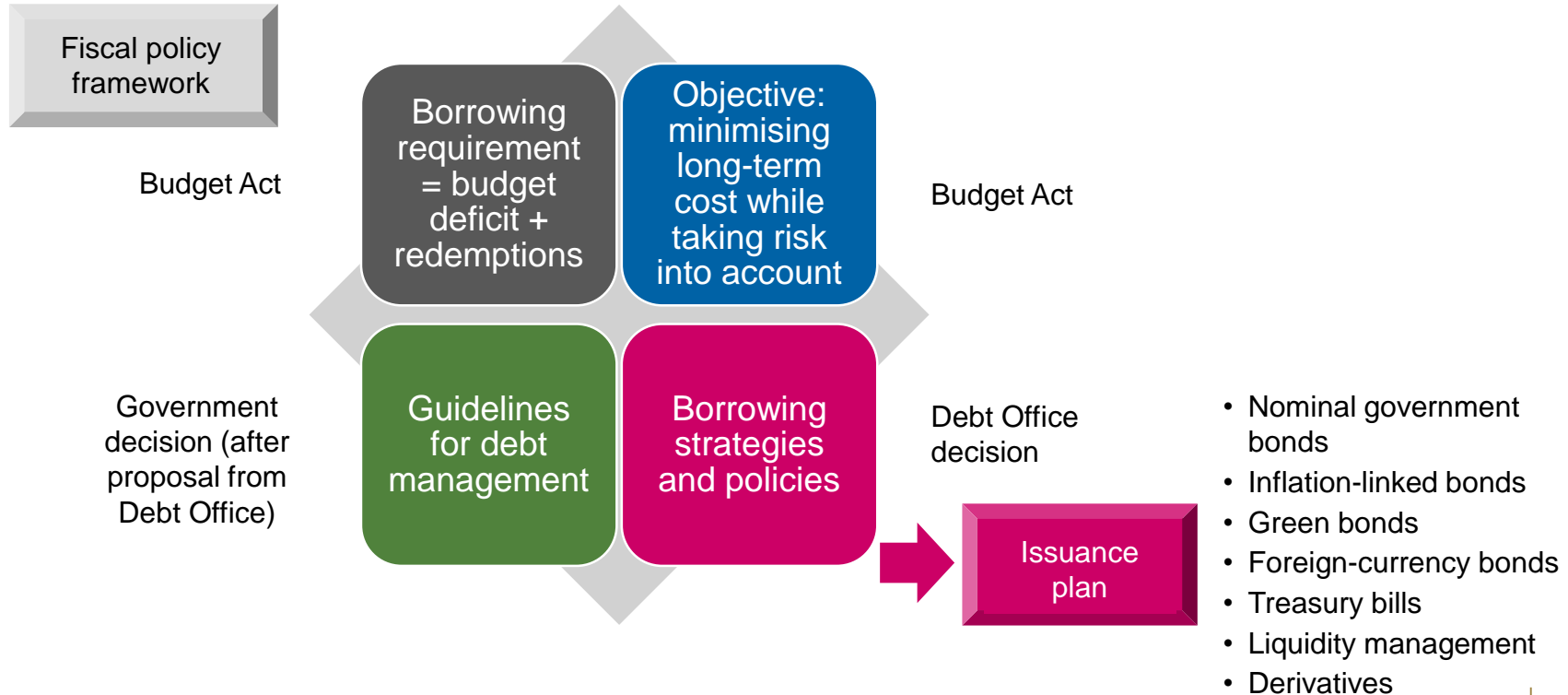


Various factors of uncertainty

- Inflation and interest rates
- War in Ukraine
- Tax accounts



Issuance plan – how much and in what way?



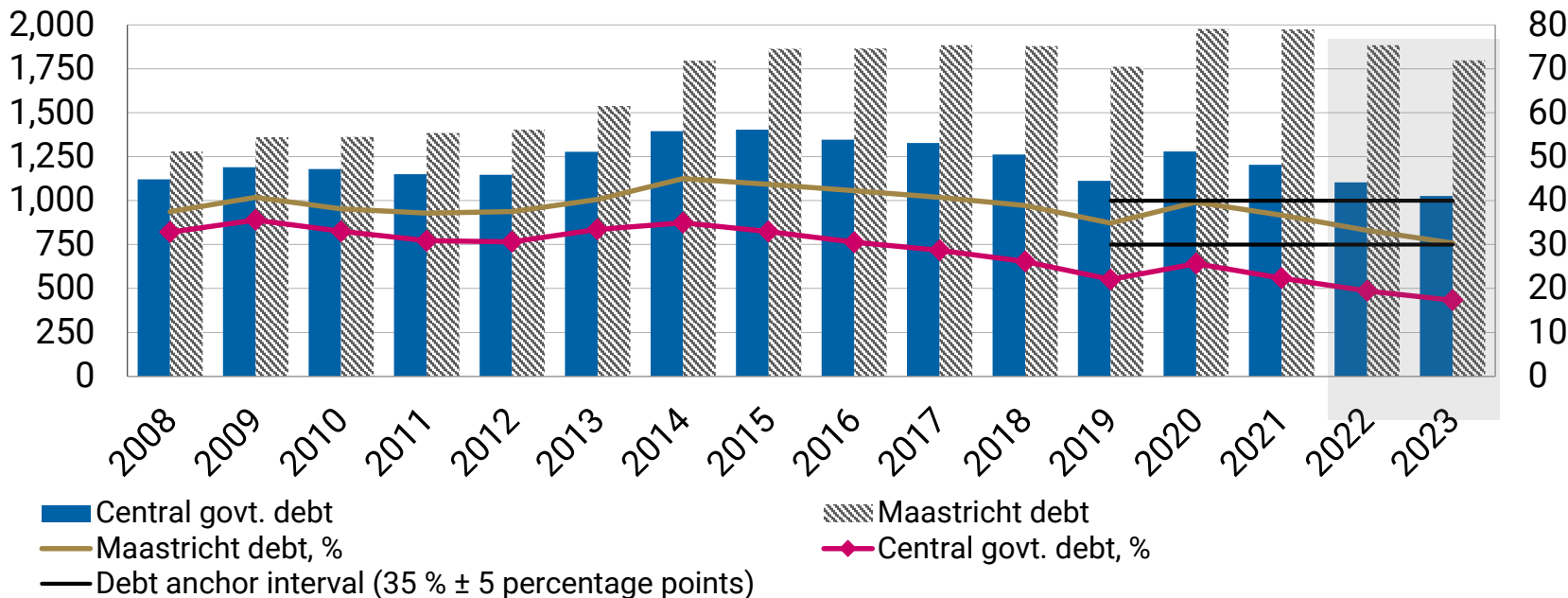


Budget surplus entails lower govt. debt

Central government debt and public (Maastricht) debt

SEK billion

Per cent of GDP

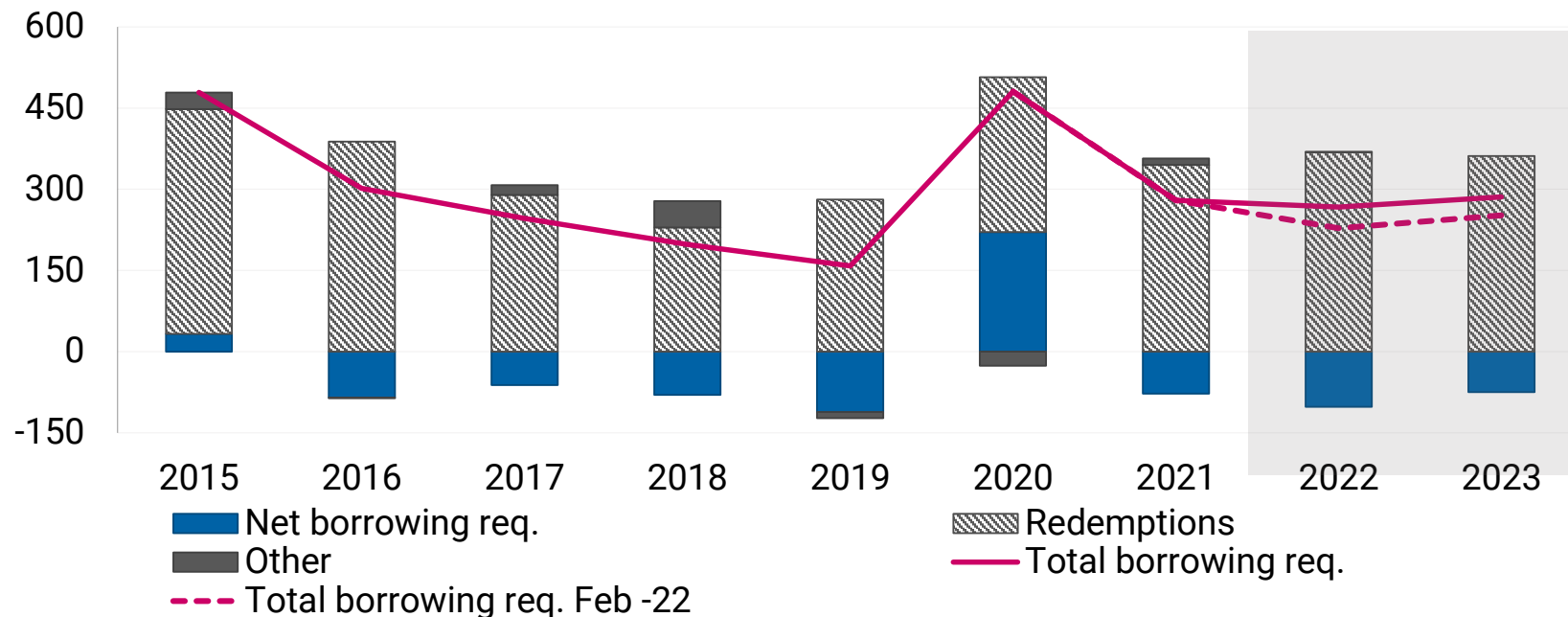




Larger borrowing requirement than in previous forecast

Total borrowing requirement

SEK billion



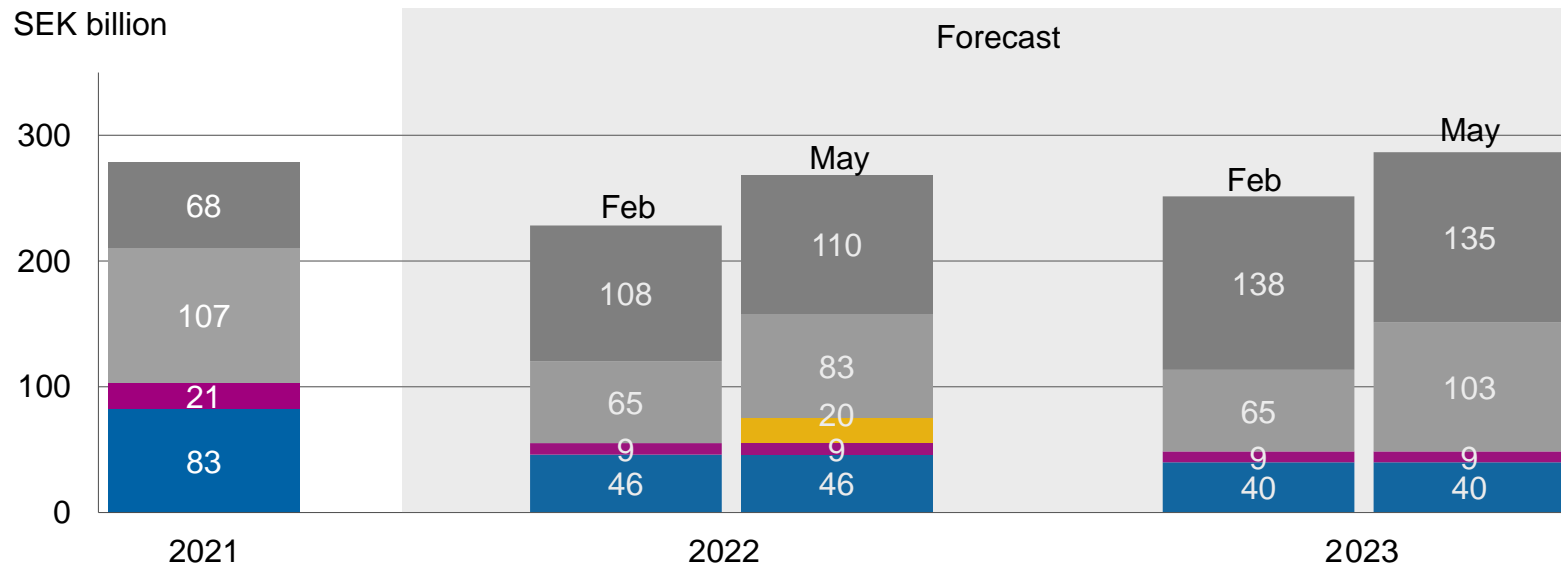
Note: Net borrowing requirement equals budget balance with opposite sign. "Other" includes an adjustment because the net borrowing requirement is reported by settlement date while borrowing is reported by trade date.



Increased short-term borrowing and a foreign-currency bond

Annual issuance volumes compared with previous forecast

SEK billion



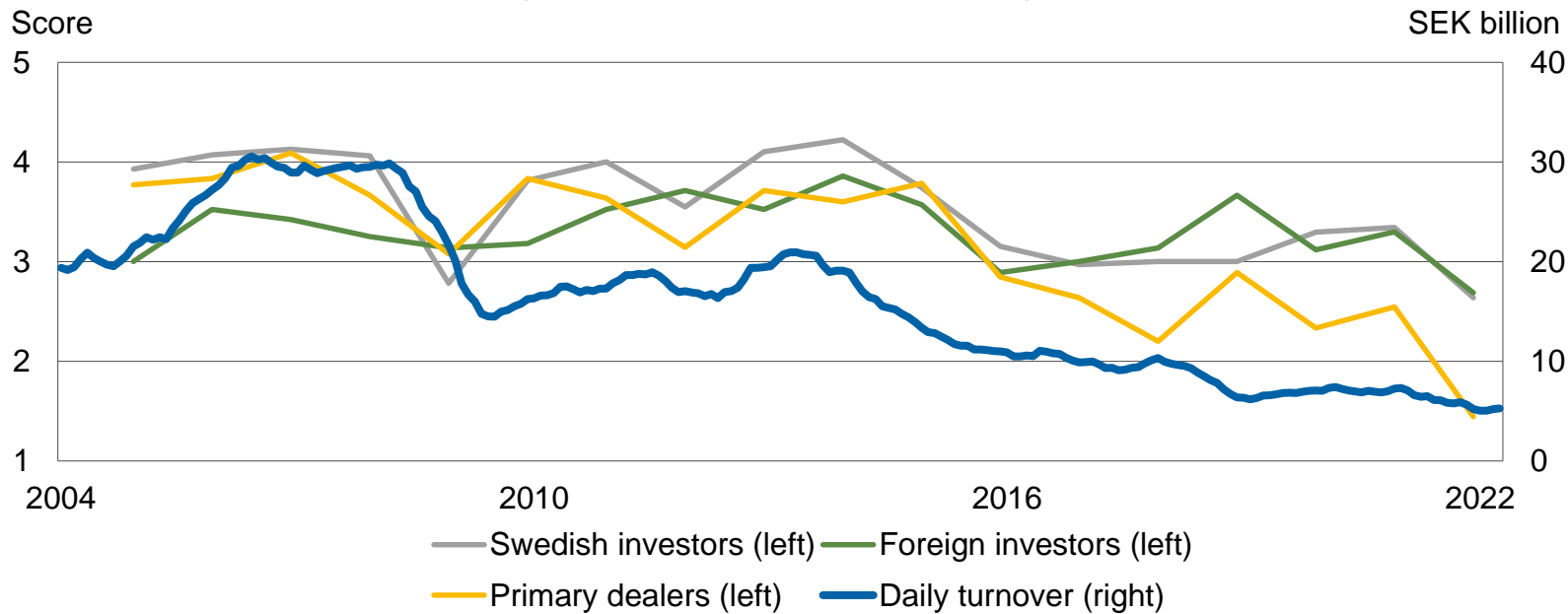
■ Nominal government bonds ■ Inflation-linked bonds ■ Foreign currency bonds ■ T-bills ■ Liquidity management

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



Deteriorated liquidity leads to lower resilience

Perceived liquidity and average daily turnover of nominal government bonds

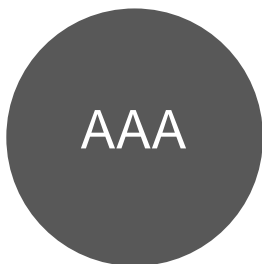


Note: Scores for liquidity in terms of volume in survey by Kantar Prospera. A scale of 1 to 5 in which 4 and over is considered excellent, lower than 3 unsatisfactory. Average daily turnover excl. primary market, monthly for a rolling window of the past twelve months.

Sources: The Debt Office and the Riksbank



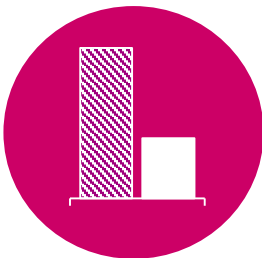
Ready to increase borrowing if necessary



Highest credit rating



Several funding channels



Low government debt



Well-established issuer



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