



# Strong economic recovery reduces borrowing need

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*Central Government Borrowing – Forecast and  
Analysis 2021:2*

*Press conference 27 May 2021*

# Debt Office's May forecast for 2021–2022 in brief

## Economy

- Recovery in Swedish economy picks up pace

## Budget balance

- Budget close to balanced this year, back to surplus next year

## Borrowing

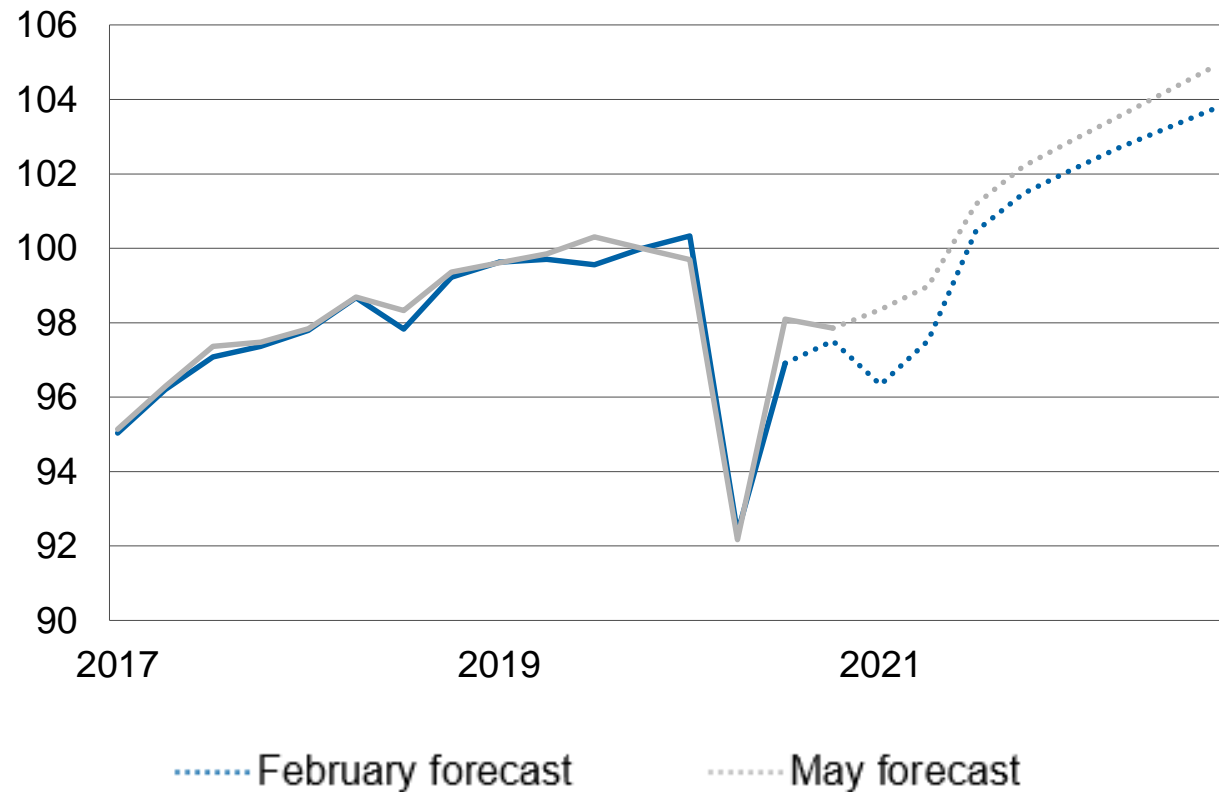
- Reduced borrowing and new 50-year government bond

# Economic recovery in Sweden accelerates

- Recovery resumes after temporary restrictions-induced interruption
- Unexpectedly resilient Swedish economy, but continued dichotomy
- Pandemic effects are longer lasting on labour market

## Swedish GDP in levels

Index 2019:4 = 100

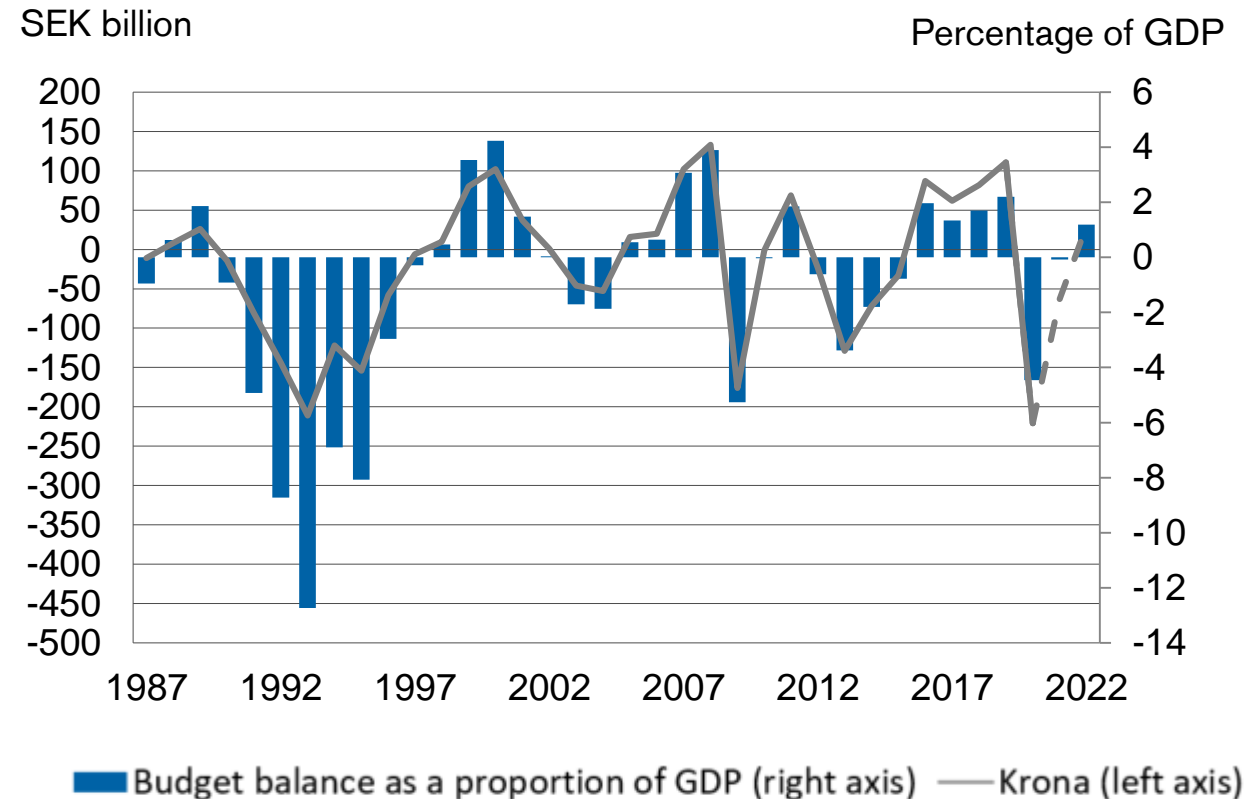


Source: Statistics Sweden and the Debt Office

# Central government finances strengthen and shift to surplus

- Faster economic recovery leads to stronger government finances
- Effects of faster growth outweigh higher expenditure
- Riksbank repays its loans
- Budget close to balanced this year

## Budget balance



Source: Statistics Sweden and the Debt Office

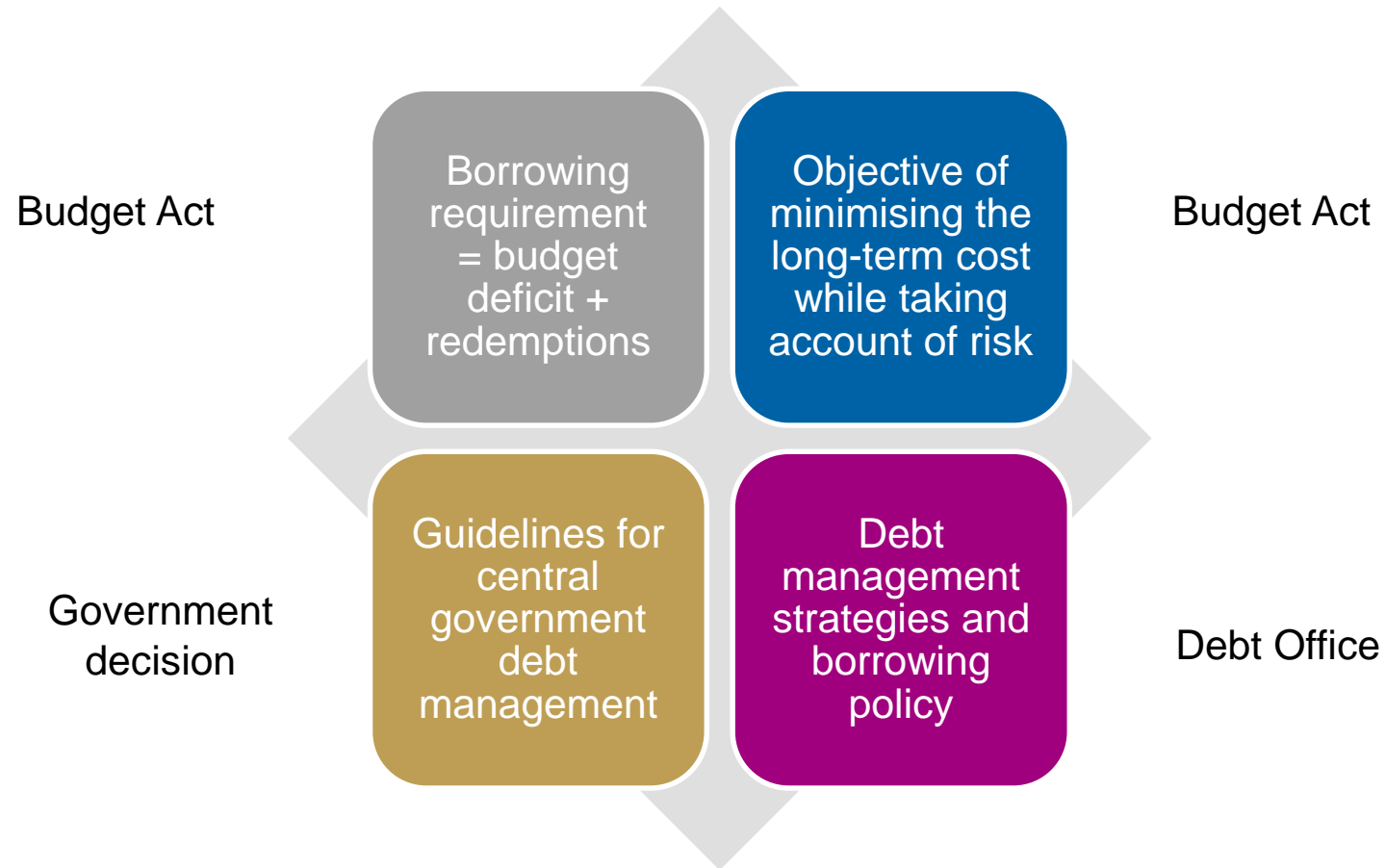
# Recovery – despite prevailing uncertainty

## Risks

- Pandemic remains largest source of uncertainty
- Fiscal policy measures
- Tax accounts

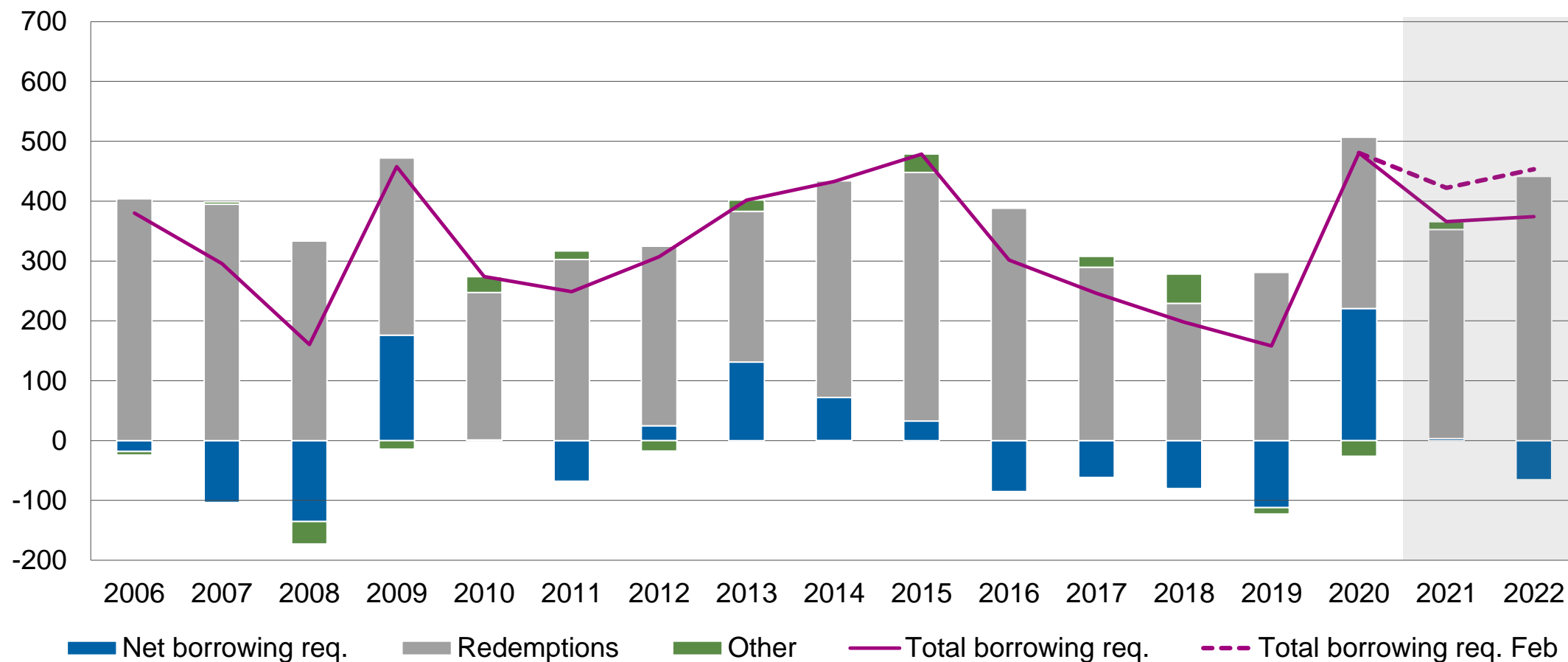


# Borrowing plan is based on a stable framework



# Smaller borrowing requirement in new forecast

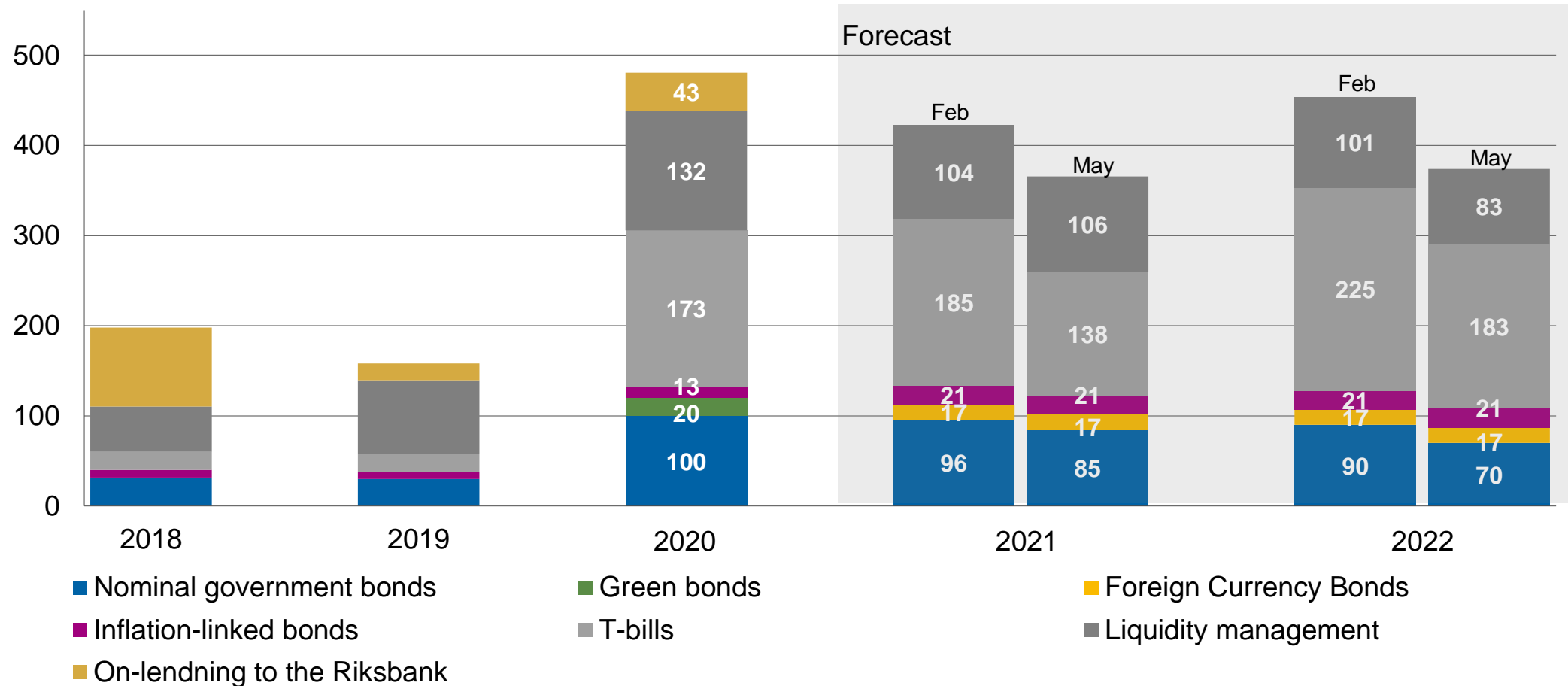
Total borrowing requirement, SEK billion



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.

# Lower supply of T-bills and nominal government bonds

Annual borrowing by debt instrument, SEK billion



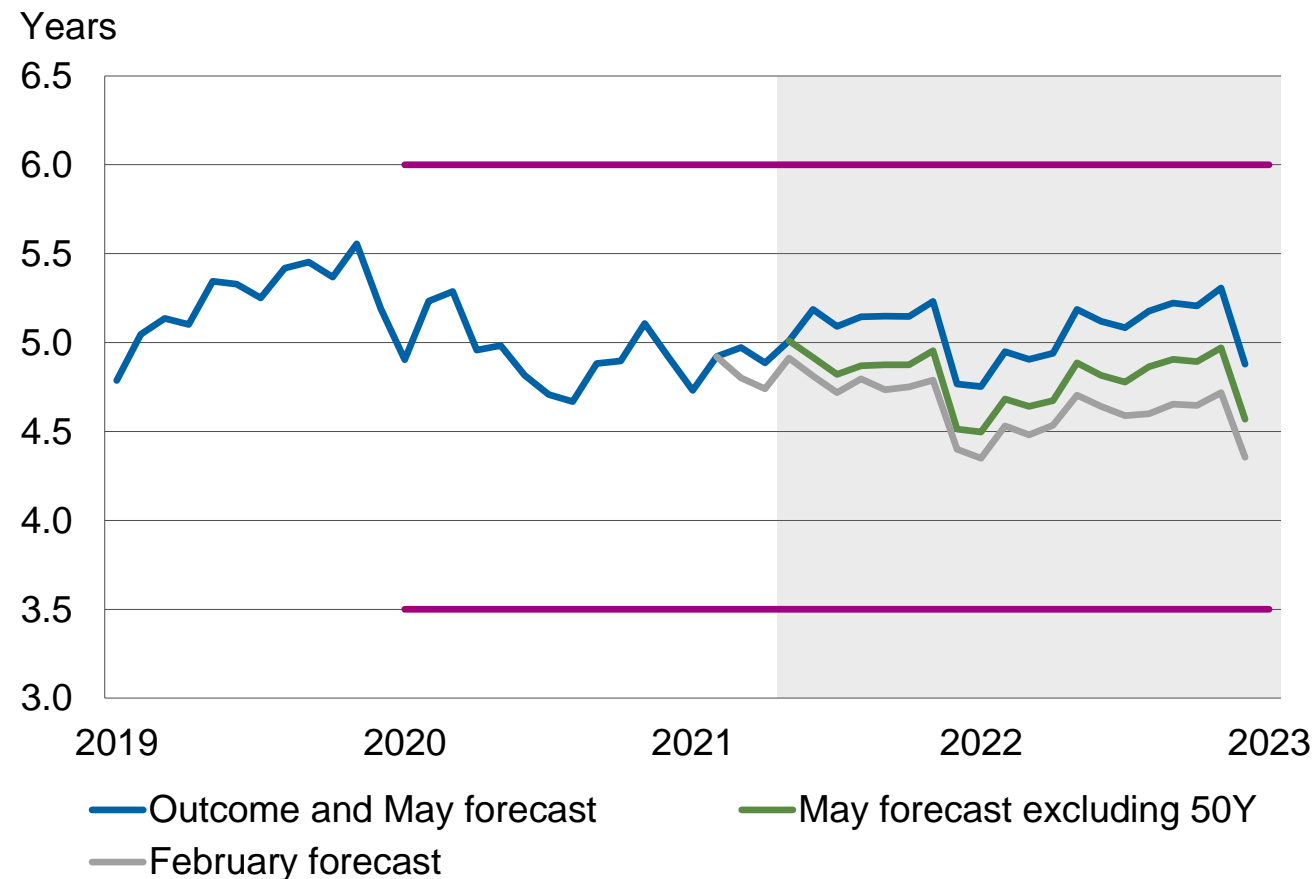
Note: Borrowing per calendar year. The amount of treasury bills and liquidity management refers to outstanding stock at year-end.



# Extended government bond curve with 50-year bond

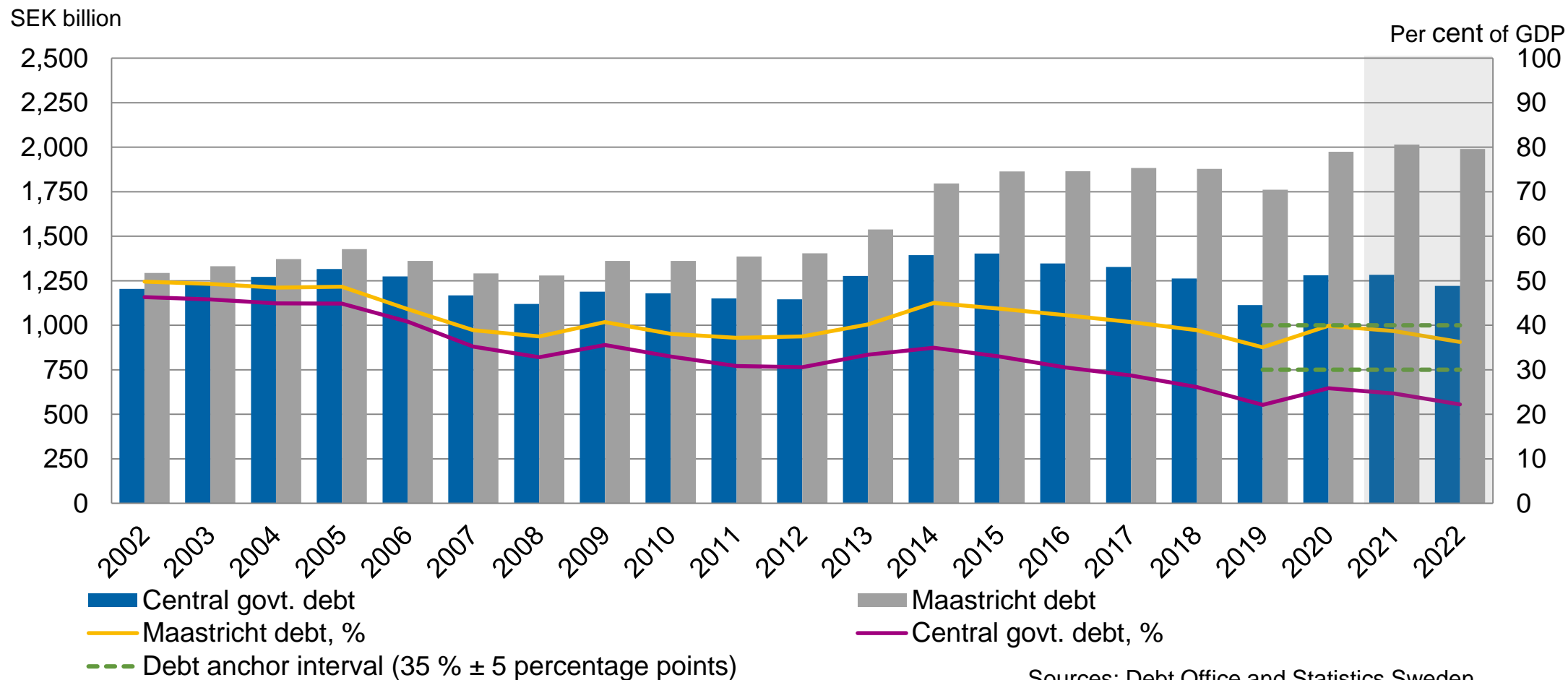
- Debt Office intends to issue a 50-year government bond via syndication in June
- Planned introduction of SEK 10 billion
- Volume to be gradually built up over time by issuing smaller volumes in auctions
- Extends government bond curve by 25 years and contributes to prolonging the duration of central government debt – within the Government’s steering interval
- Expected to reduce risk in government debt at low cost from historical perspective

## Duration of central government debt



# Central government debt as share of GDP shifts downward

## Central government and public debt (Maastricht)

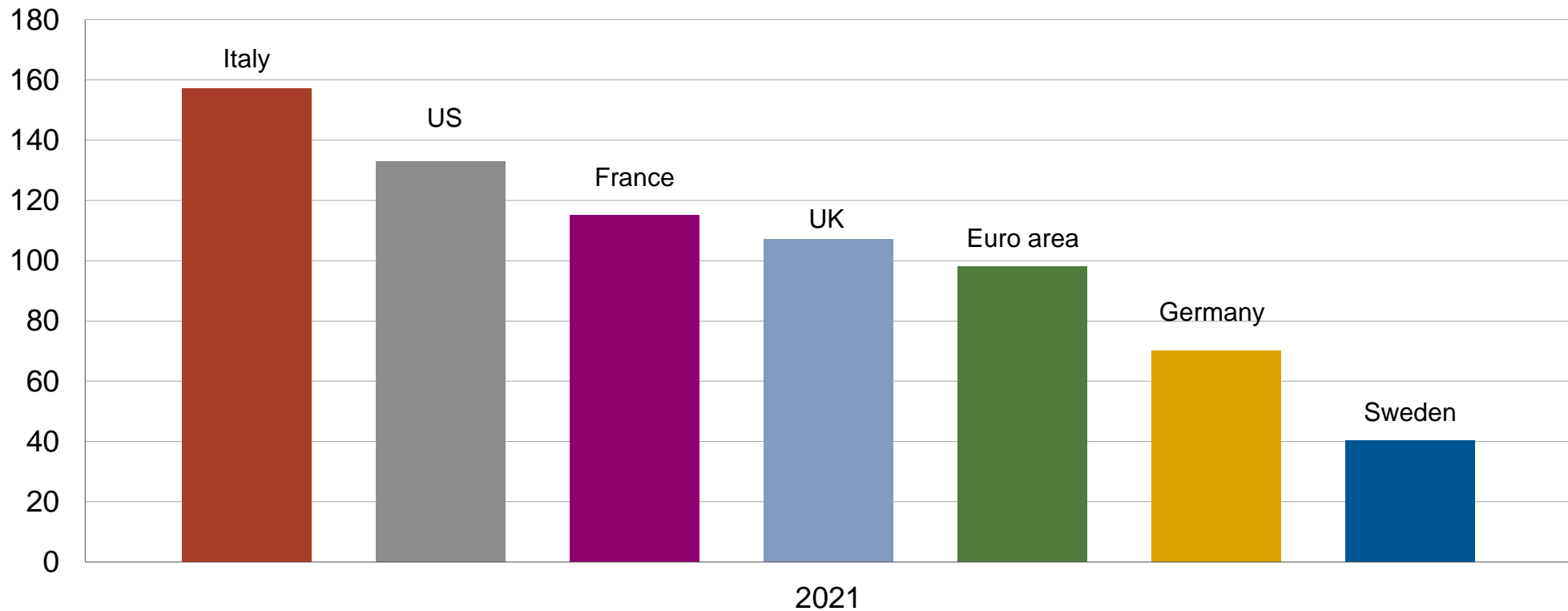


Sources: Debt Office and Statistics Sweden

# Sweden has low public debt in international comparison

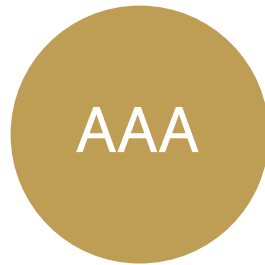
## Public sector gross debt 2021, IMF forecast

Per cent of GDP



Source: Fiscal Monitor April 2021, IMF

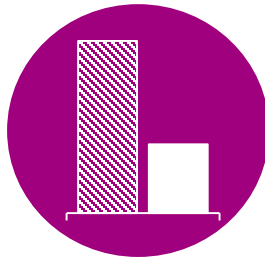
# Good starting point for managing uncertainty



Highest credit rating



Several funding channels



Low government debt



Well-established issuer

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