

Strong economy leads to larger budget surplus and lower government debt

Central Government Borrowing – Forecast and analysis 2022:1

Press conference 24 February 2022





The Debt Office's forecast in brief

Macro picture

- Growth subsides from high level and inflation peaks

Budget balance

- Larger govt. budget surplus than in previous forecast

Borrowing

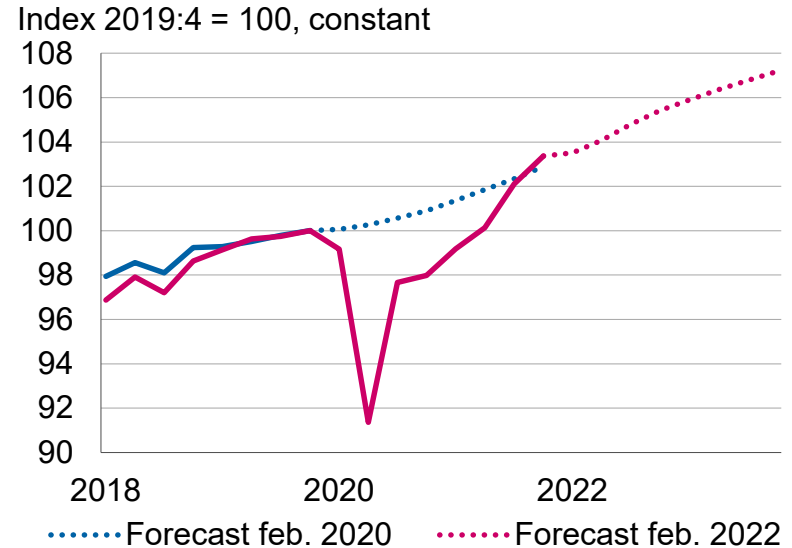
- Supply of govt. securities is reduced and debt goes down



Growth slows down from high level

- Global growth strong but rate slows
- Continued good growth in Swedish economy after temporary slump
- Labour market strong and resource utilisation near normal

Swedish GDP levels



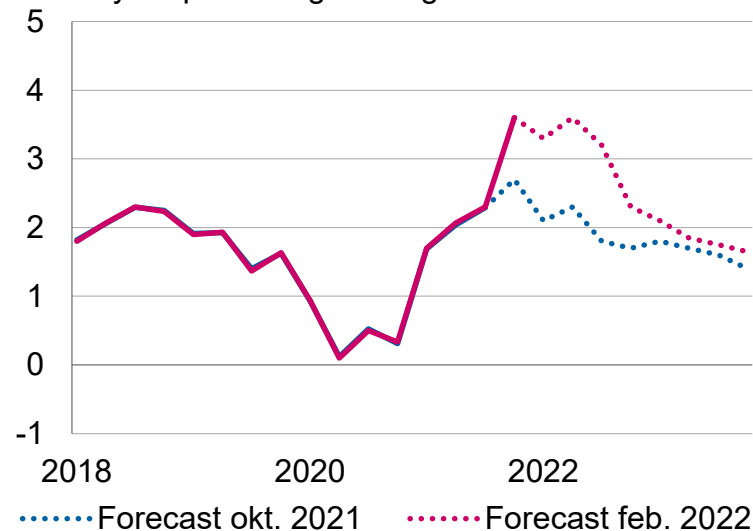


Higher inflation

- Rapid price increases for electricity and fuel
- Core measures of inflation at lower levels
- Budget balance affected

CPIF inflation, Sweden

Year-on-year percentage change



Source: Statistics Sweden and the Debt Office

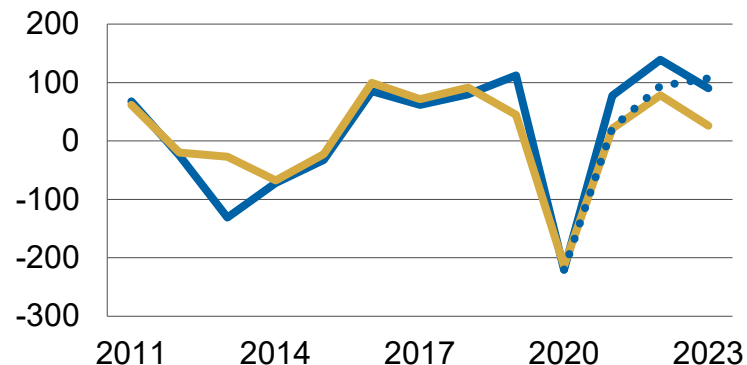


Budget balance shows larger surplus

- Stronger outcome 2021
- Growth stronger in nominal terms due to price increases
- Higher tax income this year, lower next year
- Larger dividends

Budget balance

SEK billion



— Budget balance, forecast February 2022

— Budget balance excl. on-lending to the Riksbank

•••• Budget balance, forecast October 2021



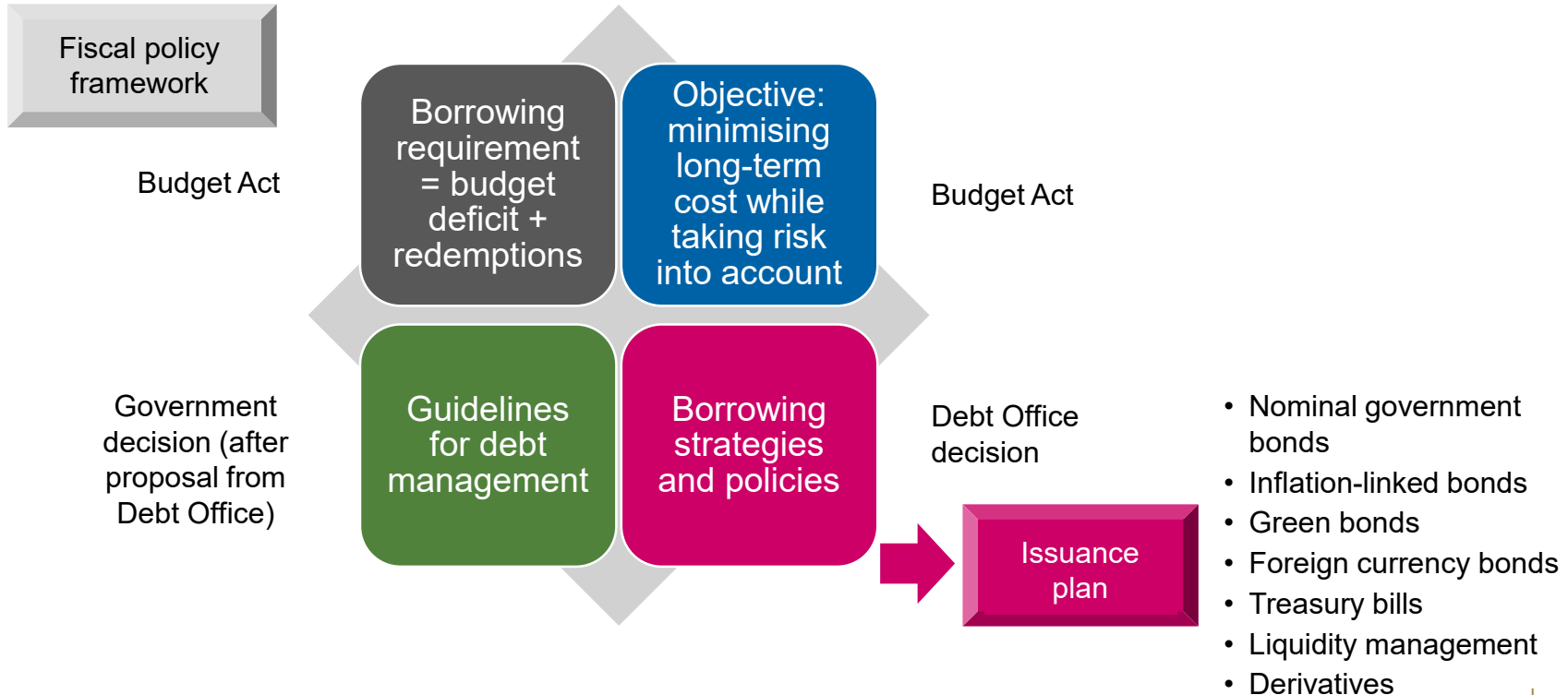
New uncertainties after pandemic

- Geopolitical tensions
- Inflation
- Tax accounts





Issuance plan based on stable framework

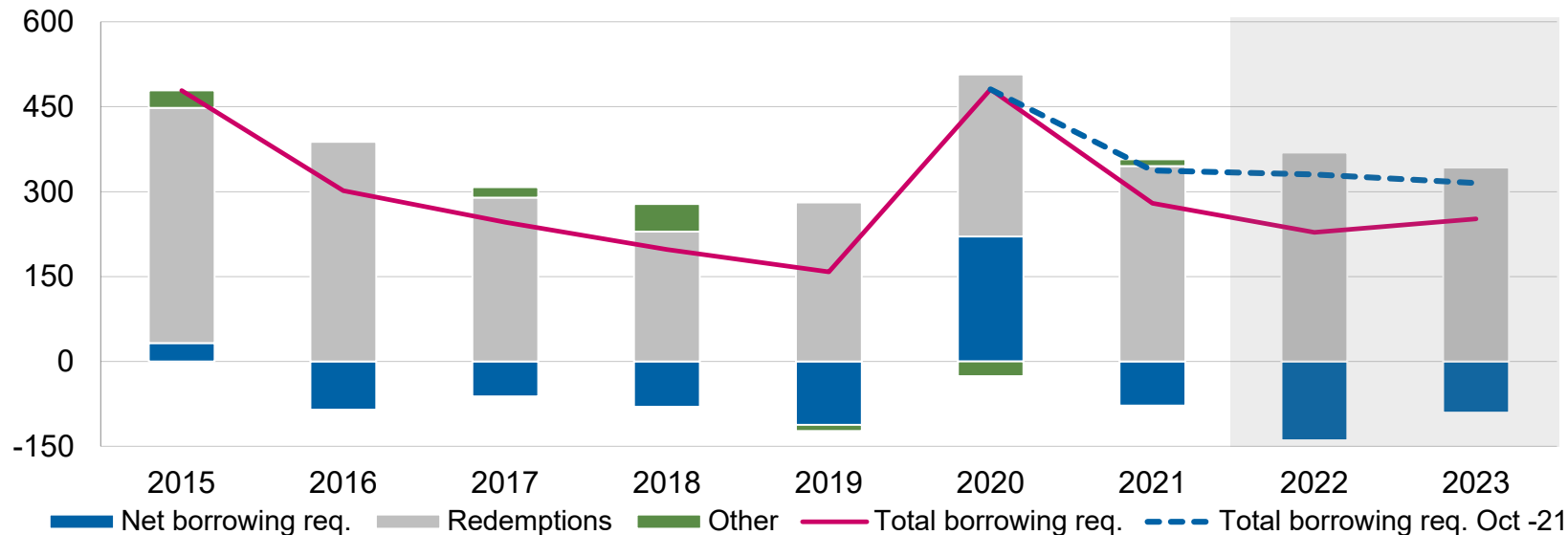




Borrowing requirement decreases further

Total borrowing requirement

SEK billion

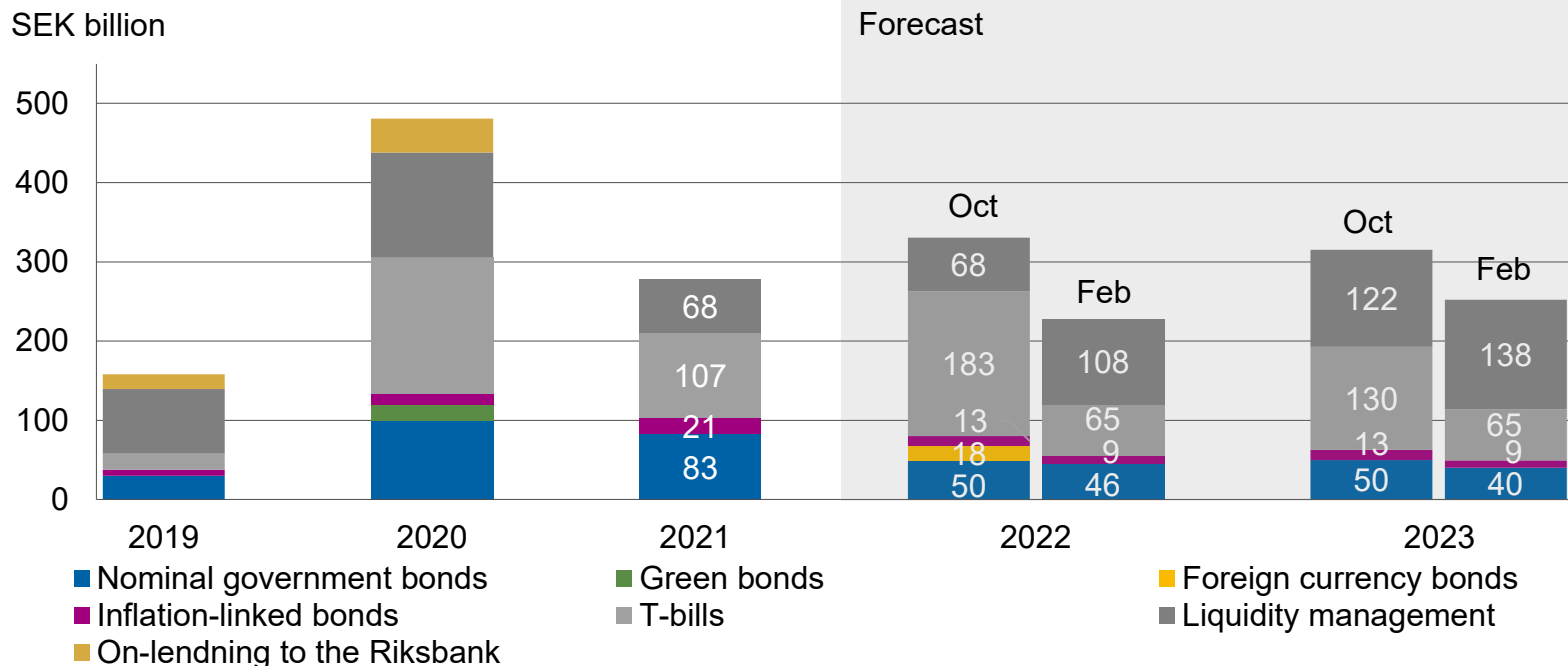


Note: Net borrowing requirement equals budget balance with opposite sign. "Other" includes an adjustment because the net borrowing requirement is reported by settlement date while borrowing is reported by trade date.



No foreign-currency bond issuance and reduced supply of government securities

Annual issuance volumes compared with previous forecast

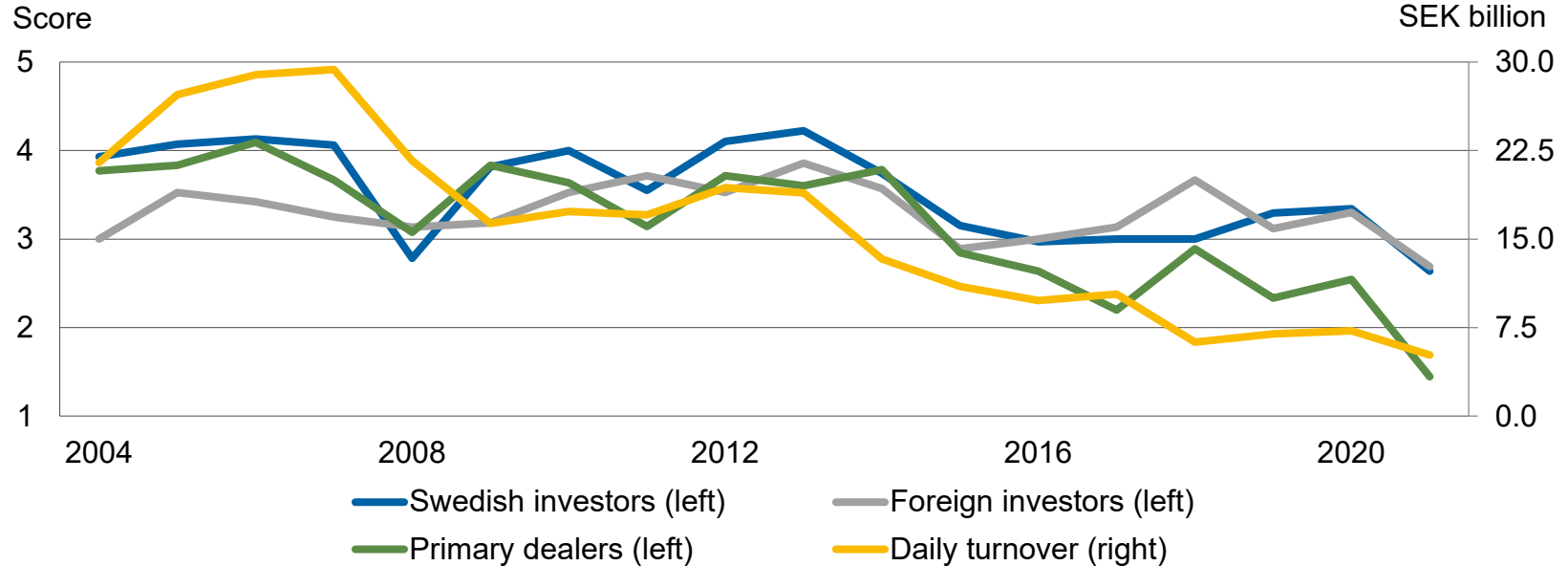


Note: Borrowing per calendar year. The amount for treasury bills and liquidity management refers to outstanding stock at year-end.



Deteriorated liquidity in government bonds

Perceived liquidity and daily turnover of nominal government bonds

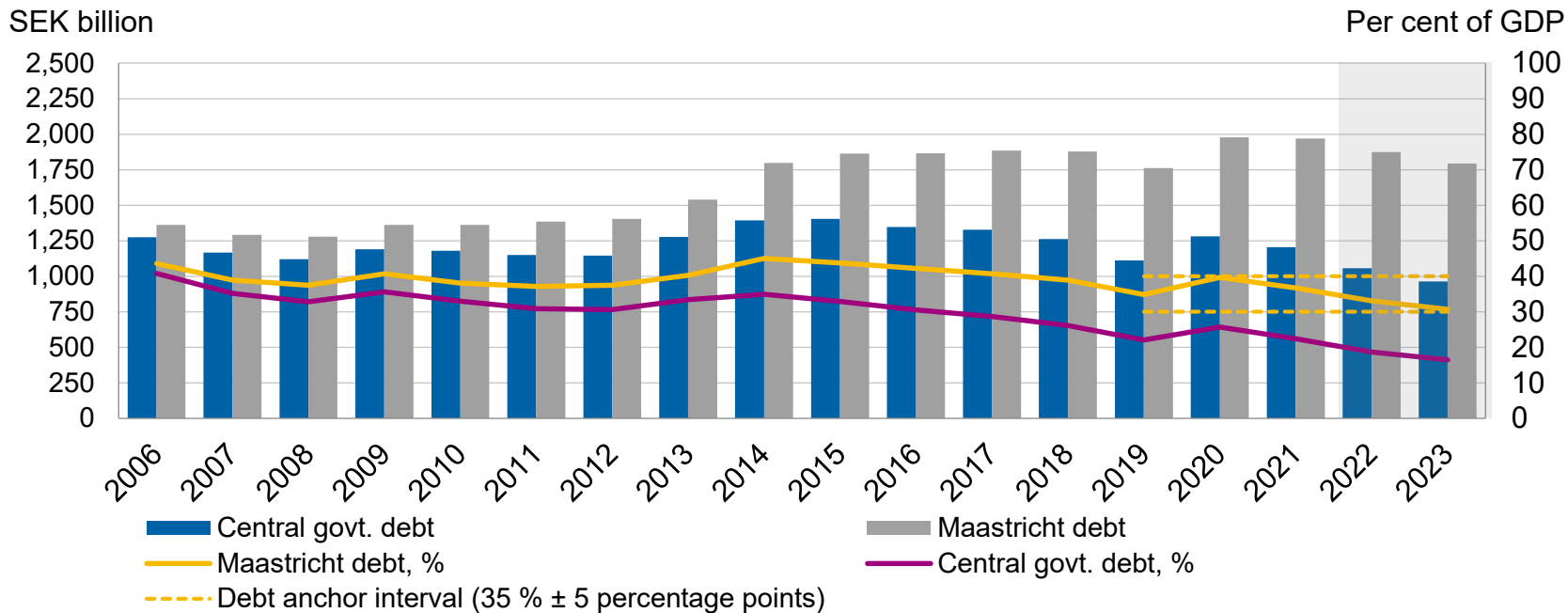


Note: Scores for liquidity in terms of volume in survey by Kantar Prospera. A scale of 1 to 5 in which 4 and over is considered excellent, lower than 3 unsatisfactory.



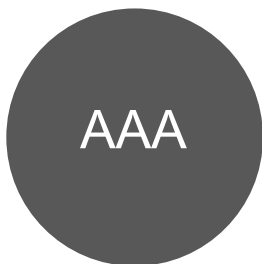
Swedish government debt continues to fall

Central government and public debt (Maastricht)





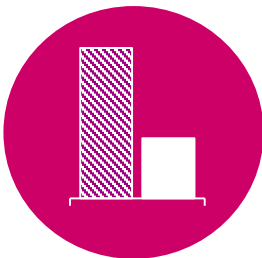
Ready to increase borrowing if necessary



Highest credit rating



Several funding channels



Low government debt



Well-established issuer



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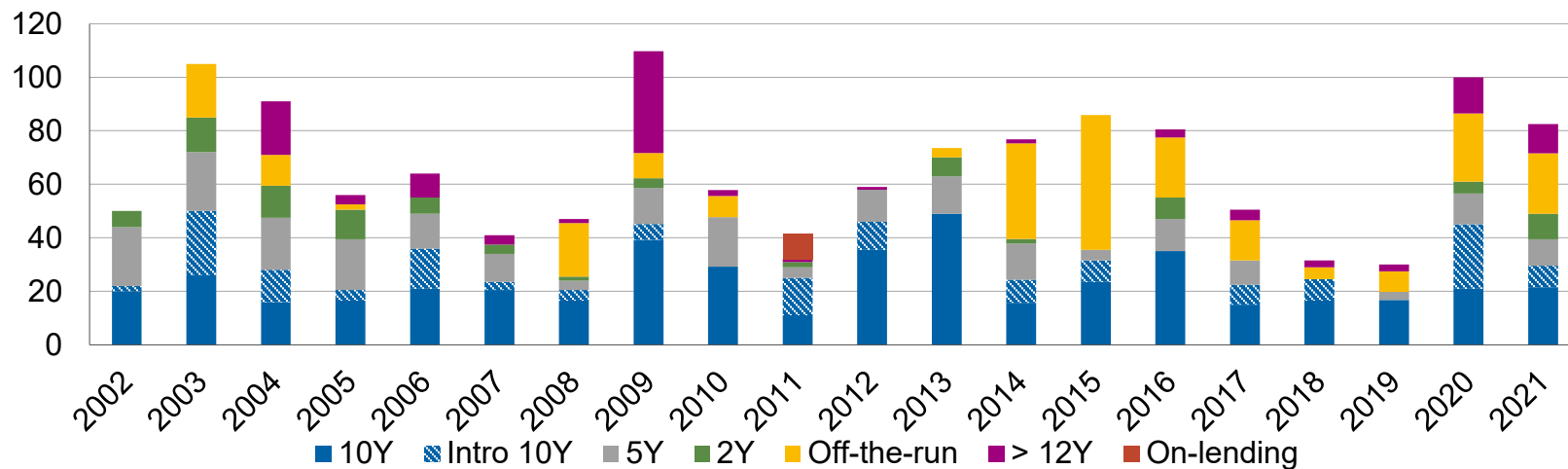
Appendix





Ten-year government bonds prioritised

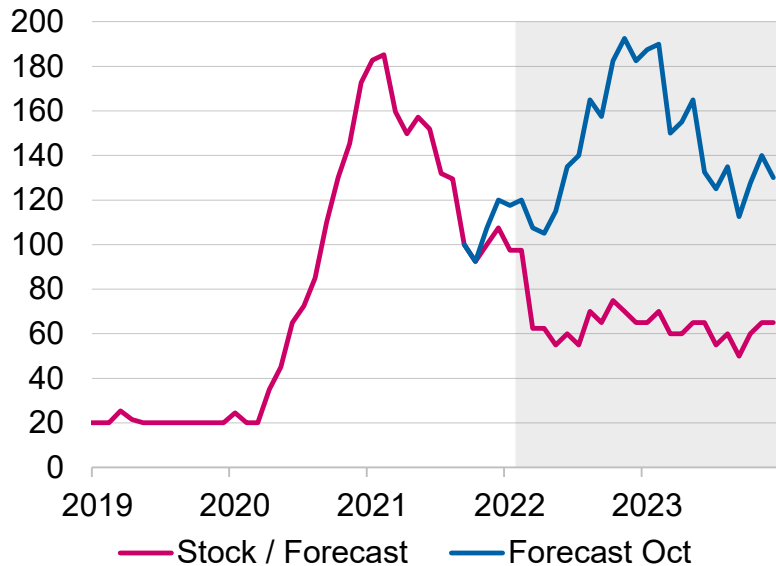
Borrowing in nominal bonds
SEK billion



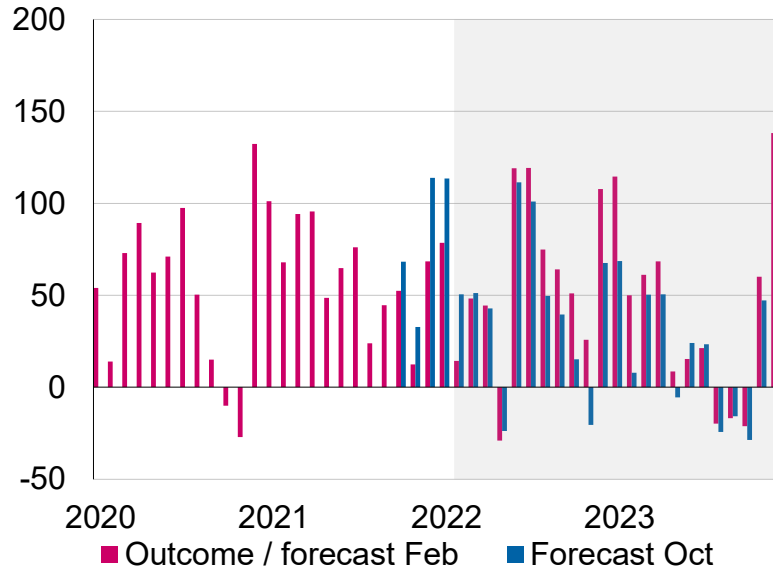


Lower T-bill volume but retained flexibility

Stock of T-bills
SEK billion



Liquidity management
SEK billion



Note: Nominal amount incl. Assets under management. Positive amounts indicate borrowing requirement, negative amounts indicate a cash surplus.