RIKSGÄLDEN
SWEDISH NATIONAL DEBT OFFICE

2023-02-23

Central government borrowing

Forecast and analysis 2023:1

Reg.no RG 2023/151

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.

In Central Government Borrowing – Forecast and Analysis, published three times a year, the Debt Office presents forecasts for the macroeconomic development and the central government finances in the coming two years. On the basis of these forecasts, the Debt Office calculates the borrowing requirement and sets up a borrowing plan that is also included in the report. The Debt Office borrows to cover deficits in the central government budget (the net borrowing requirement) and to repay maturing loans.

On the fifth working day of each month, the central government budget balance for the previous month is published in a press release. The outcome is compared with the forecast from Central Government Borrowing – Forecast and Analysis and any deviations are explained. In connection with the monthly outcome, the Debt Office also presents the debt development in the report Sweden's Central Government Debt.

Preface

In Central Government Borrowing – Forecast and Analysis 2023:1, the Debt Office presents forecasts for central government finances and borrowing for 2023–2024. An assessment of the macroeconomic development is provided in the first section. The next section presents forecasts for the budget balance and the underlying analysis. These forecasts serve as the basis for the borrowing plan, which is discussed in the last section of the report.

The report takes into account developments up to 8 February 2023.

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Debt Office Director General

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Summary

The central government budget shifts to a deficit this year after last year's unexpectedly large surplus. This is partly due to decreased tax income but also to temporary factors such as electricity price compensation. The Debt Office expects a continued budget deficit in 2024 and will therefore increase bond issuance next year.

According to the Debt Office's forecast, the Swedish economy will shrink this year as it is weighed down by a drop in both household consumption and construction investments. GDP then grows moderately in 2024. Unemployment rises in the forecast period. Inflation remains high in the beginning of 2023 but later subsides.

The budget balance is weaker than in the previous forecast, and for both 2023 and 2024 the Debt Office now expects a deficit instead of a surplus. The forecast change is largely due to temporary factors such as changed flows to and from Svenska kraftnät but also to lower tax income and higher expenditure.

As a result of the weaker budget balance, the Debt Office will increase the supply of nominal government bonds from SEK 2 billion to SEK 2.5 billion per auction at the beginning of 2024. The volume of treasury bills will also increase. The issuance volume of inflation-linked bonds will stay the same, but we are postponing the introduction of a new inflation-linked bond.

The central government debt measured in kronor increases during the forecast period, but it remains essentially unchanged as a share of GDP. It is expected to be 19 per cent of GDP at the end of 2024.

Table 1 Swedish economy – key figures

	2022 outcome	2023	2024
GDP growth (annual rate in %)	2.4 (2.4)	-0.7 (-1.0)	1.3 (1.3)
Unemployment (% of labour force)	7.5 (7.4)	7.9 (7.9)	8.3 (8.3)
CPIF inflation (annual rate in %)	7.7 (7.8)	5.0 (5.4)	1.0 (1.8)

Note: Previous forecast in parentheses. The GDP outcome for 2022 is preliminary.

Table 2 Central government finances – key figures

	2022 outcome	2023	2024
Budget balance (SEK billion)	164 (91)	-42 (27)	-41 (12)
Central government debt (SEK billion)	1,093 (1,132)	1,117 (1,117)	1,159 (1,109)
Central government debt (% of GDP)	18 (19)	18 (18)	19 (18)
General government debt (% of GDP)	33 (33)	31 (31)	31 (31)

Note: Previous forecast in parentheses. The outcome for the general government debt and GDP in current prices is according to the Debt Office's calculations because the official figures are not yet published.

Table 3 Central government borrowing – key figures

SEK billion

	2022 outcome	2023	2024
Nominal government bonds	46 (46)	40 (40)	50 (40)
Inflation-linked bonds	9 (9)	9 (9)	9 (9)
Green bonds	0 (0)	0 (0)	0 (0)
T-bills, stock at year-end	65 (83)	158 (158)	178 (140)
Foreign currency bonds	0 (0)	21 (22)	0 (0)

Note: Previous forecast in parentheses.

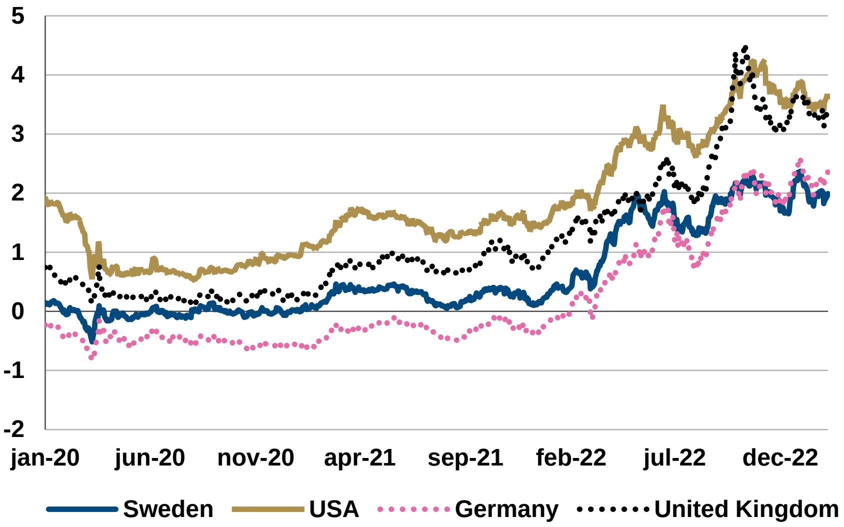
Consumption and investment weigh on Swedish economy

This year the Swedish economy is expected to shrink. High inflation and rising interest rates erode household purchasing power, and consumption decreases. Businesses are also squeezed by high interest rates and high construction costs, which leads to a drop in investment. Lower demand for labour causes unemployment to rise. Compared with the previous forecast, the revisions for consumption and investment in current prices together have a neutral effect on the central government budget balance this year, while the revision for payroll has a positive effect on the balance.

High inflation, tight financial conditions, and high energy prices entail a downward shift in global growth this year. Central banks the world over have tightened monetary policy, and bond yields last year rose considerably while share prices fell. Indications that the high inflationary pressure has peaked have resulted in interest rates falling back somewhat, mainly in the US (see Figure 1), and share prices rising in recent months.

Figure 1 Yields on 10-year government bonds

Per cent



Source: Macrobond.

In Sweden, the high inflation results in falling real wages and weakened purchasing power. The Riksbank's rate increases dampen demand relatively quickly since interest rate sensitivity among Swedish households is high. Compared with the assessment from October, real growth is revised up slightly this year. During the forecast years, revisions to GDP in current prices are small as a whole but larger in the different subcomponents that are important for the central government budget balance. Investment in current prices has been substantially revised down, while consumption in current prices has been slightly revised up. The effects of the revisions to consumption and investment in current prices on the budget balance are neutral this year and positive next year, compared with the previous forecast.

The forecast risks are balanced in regard to the economic development. The uncertainty is primarily associated with energy prices, inflationary developments, and geopolitical security.

Dampened international demand but brighter outlook ahead

High inflationary pressure globally is keeping down demand from outside Sweden. Compared with the previous forecast, however, the outlooks for the euro area and China have improved. Considering the brighter outlook for the euro area, we are revising up growth in the Swedish export market.

The Debt Office's assessment is that the euro-area economy will shrink by 0.2 per cent this year and grow by approximately 1 per cent next year (see Table 4). The improvement in outlook since the previous assessment is due to energy prices having fallen back over the autumn and winter. In our baseline scenario, we therefore no longer assume that companies in Europe will need to cut back on production to any significant extent. Fiscal policy measures to mitigate the effects of the high energy prices also curb the drop in GDP. Nevertheless, growth in the euro area is adversely affected by the high inflation and high interest rates that are putting pressure on households and businesses.

Growth in the US slows down this year as a result of the high inflation and substantial rate hikes from the US central bank, the Federal Reserve (Fed). So far, the adverse effect of the high price increases on household purchasing power has been mitigated by a strong labour market. However, growth shifts downwards this year, from 2.1 per cent in 2022 to just over 0.5 per cent. The lower growth and reduced inflationary pressure then pave the way for a less contractionary monetary policy. Accordingly, US GDP rises faster next year (see Table 4). Compared with the assessment in October, the Debt Office has revised down US growth, mainly for next year.

The Chinese economy was hit hard by the country's zero-tolerance coronavirus policy last year. In addition, there are problems in the real estate sector and reduced international demand. As a result of the reopening of the economy, growth for China has been revised up this year compared with the previous forecast.

Altogether, the Debt Office expects import demand in the countries to which Sweden exports to increase by almost 1.5 per cent this year (export market growth), which is an upward revision compared with the previous forecast. Next year, it increases to just under 3 per cent. This is slightly under the historical average of close to 4 per cent. The upward revision to export market growth is entirely due to a smaller decrease this year for GDP in the euro area. The Debt Office calculates import demand through a combined weighting of the imports in the euro area and in the US.

Table 4 International forecasts

Annual percentage change

GDP	2021	2022	2023	2024
Euro area	5.3 (5.2)	3.5 (2.9)	-0.2 (-1.5)	1.3 (1.3)
US	5.9 (5.7)	2.1 (1.8)	0.6 (0.8)	1.1 (1.7)
China	8.4 (8.1)	3.0 (3.2)	5.2 (4.4)	4.5 (-)
World	6.2 (6.0)	3.4 (3.2)	2.9 (2.7)	3.1 (-)

Note: Previous forecast in parentheses. The forecasts for the euro area and the US are the Debt Office’s. For China and the world, forecasts from the International Monetary Fund (IMF) are used. In the previous forecast, these were included up to 2023.

Sources: The Debt Office and the IMF.

This year the Swedish economy is shrinking

According to preliminary statistics, the Swedish economy grew by 2.4 per cent last year, in line with the Debt Office’s autumn forecast. The GDP indicator shows a distinct deterioration of the economy at year-end, and we expect a continued decline during the first half of this year. The downturn in the Swedish economy is also expected to be deeper than the average in the EU. Households and housing investments are the main drivers of the decline.

Compared with the previous forecast, we nevertheless expect the drop in GDP to be somewhat smaller. The is due to the slightly more favourable developments internationally as well as to the expectation that the very high inflation will abate slightly faster, which affects interest rates and purchasing power. Altogether, GDP falls by 0.7 per cent this year and rises by 1.3 per cent in 2024 according to our forecast.

Table 5 GDP and its components in constant prices, forecast

Percentage change

	2021	2022	2023	2024
GDP	**5.1**	**2.4 (2.4)**	**-0.7 (-1.0)**	**1.3 (1.3)**
Household consumption	6.0	3.2 (3.1)	-2.0 (-2.5)	1.4 (1.2)
General govt. consumption	2.8	-1.4 (-0.1)	3.9 (3.2)	1.1 (1.0)
Gross fixed cap. formation	6.4	5.9 (5.2)	-3.7 (-0.7)	1.9 (2.1)
Changes in inventories [1]	0.3	1.1 (1.2)	0.6 (0.3)	0.0 (0.0)
Exports	7.9	4.4 (3.9)	-1.1 (-2.3)	2.7 (2.6)
Imports	9.6	8.0 (7.8)	-0.3 (-0.7)	2.9 (2.7)
Net exports	-0.3	-1.3 (-1.4)	-0.4 (-0.8)	-0.1 (0.0)
GDP (calendar-adjusted)	4.9	2.4 (2.4)	-0.5 (-0.8)	1.3 (1.3)

Note: [1] Contribution to GDP growth, percentage points. Previous forecast in parentheses.
Sources: Statistics Sweden and the Debt Office.

Small revisions to GDP in current prices

It is primarily various components of GDP in current prices that are used in the calculations of the budget balance in the next chapter. For GDP in 2023 and 2024, the revisions in current prices are, as a whole, small compared with the previous forecast. We have revised down the deflators used to calculate GDP and its components in current prices somewhat, as a consequence of having lowered the forecast of inflation (see further on page 13).

Table 6 GDP and its components in current prices, forecast

Percentage change

	2021	2022	2023	2024
GDP	**8.2**	**8.9 (8.7)**	**2.9 (2.8)**	**2.4 (2.6)**
Household consumption	8.0	10.8 (10.3)	3.1 (2.5)	2.5 (2.1)
General govt. consumption	5.8	5.0 (5.6)	8.1 (8.0)	4.0 (4.4)
Gross fixed cap. formation	10.5	15.3 (14.5)	-3.5 (-0.2)	1.9 (2.3)
Changes in inventories[1]	0.3	1.1 (1.0)	0.8 (0.6)	0.0 (0.0)
Exports	12.2	21.0 (20.0)	-2.7 (-3.1)	-0.3 (1.2)
Imports	13.2	28.4 (27.1)	-2.2 (-1.5)	0.2 (1.4)
Goods imports	16.2	33.4 (32.5)	-2.5 (-2,4)	-0,6 (3,5)

Note: [1] Contribution to GDP growth, percentage points. Previous forecast in parentheses.
Sources: Statistics Sweden, the National Institute of Economic Research, and the Debt Office.

The small changes to the aggregate figure conceal larger changes in certain components that affect central government finances. Household consumption in current prices has been revised up and investment in current prices has been revised down, which are the same revision directions as for volume. Household consumption is one of the GDP components that is most important for the central government’s income from taxes, because it affects VAT and excise duties. The downward revision to investment counteracts higher consumption, and the macro revisions have largely neutral effects on the budget balance for 2023. For 2024, the revisions have a positive effect on the budget balance via increased income from VAT.

Households reduce consumption

In real terms, household consumption fell during the second half of last year as rapidly rising prices put a dent in income. The decrease was mitigated by strong labour-market development and a considerable reduction in saving by households. The lower savings buffer could, however, entail a bigger drop in consumption ahead, which is a downside risk in the forecast.

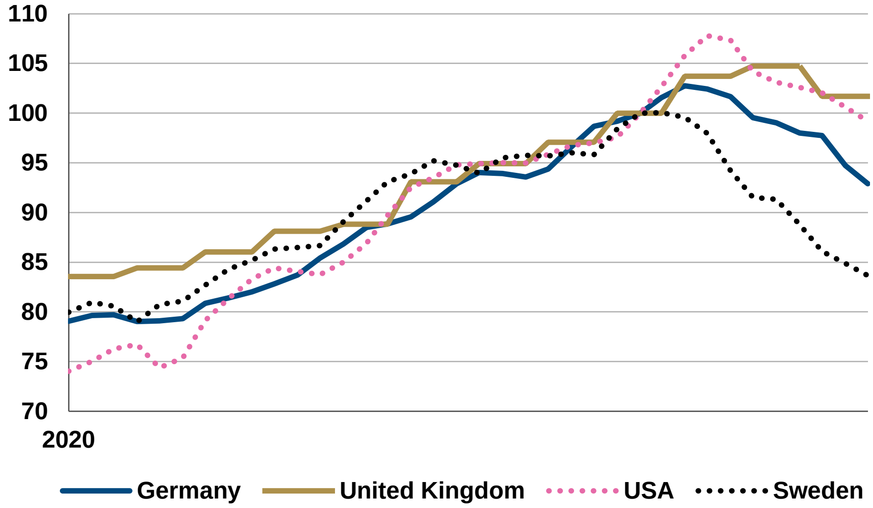
Consumption remains weak in the coming quarters. Consumer confidence has stayed at near historically low levels, driven mainly by pessimism in regard to personal finances. Reduced taxes and more transfer payments to households mean that the decrease in households' real disposable income is considerably milder than that of real wages, which see double-digit declines in 2022 and 2023 as a whole. The first part of the electricity price compensation will reach some households now in February. Despite the electricity price compensation, we expect real disposable income to fall more than consumption this year, which means that households will have to resort to using additional savings. Next year, purchasing power improves when inflation has abated at the same time as wages are expected to increase faster than the historical average. According to our forecast, consumption then recovers.

The fact that the outlook regarding inflation and purchasing power looks somewhat better is the most important reason for our slight upward revision to the consumption forecast compared with the autumn assessment.

The combination of high indebtedness and short fixed-interest periods means that households are more sensitive to interest rates than before. As interest rates rise, the room for other consumption thereby decreases. According to the Riksbank, a policy rate of 2 per cent today is equivalent to 8 per cent in the mid-1990s in terms of its effect on household interest expenses. In our assessment, the interest rate sensitivity of the Swedish economy is higher than in the euro area, which is one explanation as to why the economic situation in Sweden is expected to be weaker by comparison. Another reason is that the Swedish electricity price compensation that has been announced is low compared with corresponding forms of compensation in euro-area countries. Furthermore, last year's drop in Swedish housing prices has been greater than in many other countries (see Figure 2).

Figure 2 Housing prices in selected countries

Index 2022:2=100



Sources: National sources and Valueguard.

In our assessment for last year, household consumption in current prices increased at the fastest rate in 40 years. In 2023, consumption continues to increase in current prices, despite falling in volume. In current prices, household consumption has been revised up by approximately half of a percentage point in 2022, 2023, and 2024. The price situation that households are now encountering also involves consumption patterns having changed as food and housing take up an increasingly larger portion of the consumption basket.

Sharp decrease in housing investments

Industry's investments slowed gradually over last year, and indicators such as the purchasing managers' index and the National Institute of Economic Research's (NIER) Economic Tendency Survey show weak outlooks. At the same time, high capacity utilisation, increased defence initiatives, and investments in new energy production indicate that the decrease for industrial investments will be moderate.

For the construction sector, the outlook is worse. Given the higher interest rates in combination with rising construction and financing costs, we expect housing investments to decline significantly. The number of construction projects for which constructed has commenced has been cut in half since the high levels of 2021, and the drop in housing investments dampens real GDP growth by approximately 0.7 percentage points both this year and the next. The decrease for commercial properties also appears to increase.

As a whole, real gross fixed capital formation is expected to fall by 3.7 per cent this year and grow by almost 2 per cent in 2024. The major revision for 2023 is mainly due to the weak outlook for construction investments.

Investment in current prices affects the budget balance through, among other things, construction VAT. In our assessment, the drop in investment in current prices this year is considerably greater than in the forecast from October, which has a relatively large impact on the central government budget balance. The value of construction investments falls this year to then recover somewhat, according to the Debt Office's forecast. Altogether, gross fixed capital formation in current prices is expected to fall by almost 1 per cent on average in the 2023–2024 period.

Larger contributions from general government consumption

The development of general government consumption was faint last year, as a combination of lower healthcare needs (patients) and high sick-leave absence (staff) led to a weak trend at the regional level. This year, however, general government consumption in terms of volume is expected to grow faster than the historical average. The defence expansion is a contributing factor, along with the demographic need resulting from an increase in the number of students and in the elderly population.

The value of general government consumption is used to calculate how much is to be paid to local governments as compensation for the VAT on goods and services purchased from private businesses. Higher compensation for VAT increases the central government's net borrowing requirement, all else being equal. According to our forecast, general government consumption in current prices increases by 6.0 per cent on average during 2023 and 2024, exceeding the historical average.

Drop in both export volume and value this year

In real terms, the export development was surprisingly strong last year. Compared with the previous forecast, the outlook also looks less dismal this year given that import demand in Sweden's most important export countries has been revised up. In opposition to this is a weak order development, and the assessment is that exports will be weak in the first half of the year. In the near term, export companies may benefit from the major investments that are needed, particularly in the areas of climate and energy in Europe. Increased defence initiatives also make a positive contribution. Altogether, the slowdown in Swedish exports is less than previously assumed.

Measured in current prices, exports last year were assessed to have increased at the fastest rate in 40 years, driven by rapidly rising export prices. In 2023, exports are considerably dampened, and, according to our forecast, export growth in current prices is negative in 2023 and then rises slightly in 2024. The way in which export value develops has a bearing on corporate tax.

Inflation shifts downwards relatively fast

The Swedish inflation continued to go up at the end of last year. However, the curves have shifted for both the US and the euro area, and even in Sweden inflation is assessed to have peaked in December. There is much to indicate that inflation in Sweden will fall back relatively quickly this year. At the same time, this entails that a high price level will continue to weigh on households.

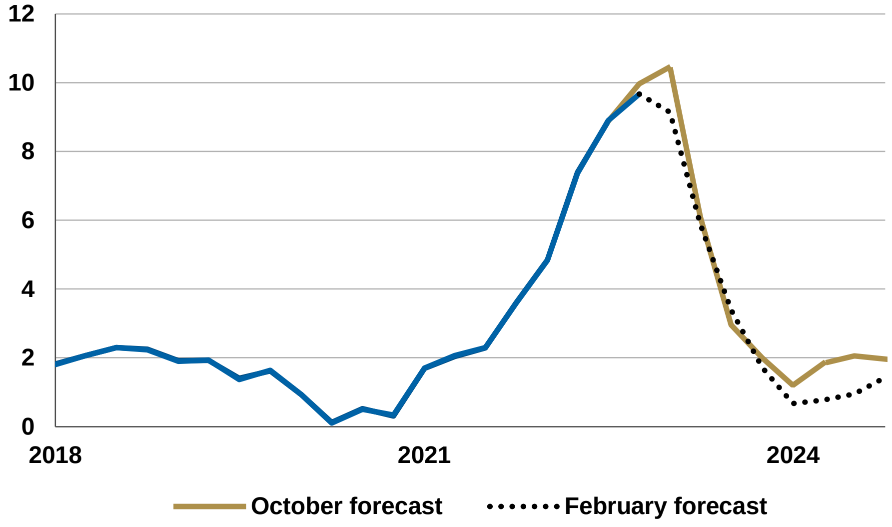
After the very high levels in December, electricity prices fell back rapidly and were lower in January 2023 than in the same month in 2022. Compared with the outlook last year, the pricing of electricity futures also indicates significantly lower prices both in the spring as well as next autumn and winter. This is likely a reflection of the political measures and energy investments having the intended effect on the electricity market. In addition, mild weather on the continent has left gas reserves well-stocked for the season. The world market price of many goods and agricultural products has also fallen back. Additionally, the base effects are large at the beginning of 2023 when the high price increases drop out of the 12-month figures. Overall, this indicates that inflation will abate quickly.

Other factors point to a slightly slower process. Many retail companies are planning for new price increases while some administratively set prices will rise at the beginning of 2023 as a result of increased costs in 2022. This can, for example, apply to refuse collection, fee increases for tenant-owner associations, and rent increases. Wage increases are also assessed to be higher than the historical average, which in turn could lead to prices increasing further, particularly in the employment-heavy services sector.

The overall picture is that CPIF inflation falls towards 1 per cent already by the end of 2023. Measured as an annual average, CPIF inflation is expected to be 5.0 per cent this year and 1.0 per cent in 2024. The fact that inflation subsides so quickly means that confidence in inflation targets and wage negotiations is successfully maintained. Compared with the forecast from the autumn, CPIF has been revised down by 0.4 percentage point for 2023 and 0.8 percentage point for 2024.

Figure 3 CPIF Inflation

Annual percentage change, quarterly data



Sources: Statistics Sweden and the Debt Office.

Weaker labour-market development ahead

The Swedish labour market developed strongly during 2022 with high employment growth and falling unemployment. This year, however, the situation worsens as a result of the drop in GDP and rising unemployment. Payroll, which has increased at a good pace in recent years, grows moderately in the forecast period. The Debt Office's forecast of the labour market is largely unchanged since October.

Lower demand for labour, and employment falls

In 2022, employment growth was high: 2.7 per cent as an annual average. But towards the end of the year, there was a slight shift and employment growth was moderate in the fourth quarter. Several indicators point to a more dampened demand for labour in periods ahead. For example, employment plans within trade and industry, which have been at high levels, have gone down. The Swedish Public Employment Service's statistics also show that the number of available jobs has decreased and that the number of notices of layoff has increased, even though the situation remains favourable from a historical perspective.

The weak development of consumption and investment results in employment falling marginally in the forecast period. In pace with the economic situation improving, a gradual recovery occurs. At the end of 2024, employment increases in line with the historical average.

Unemployment increases this year

Unemployment measured according to the Labour Force Survey (LFS) fell sharply over last year, from 8.8 per cent in 2021 to 7.5 per cent in 2022. But during the fourth quarter it began to rise. Also, according to the Swedish Public Employment Service's statistics, unemployment decreased markedly last year to a level lower than it was before the pandemic (see Figure 4).

Falling employment during the forecast period means that unemployment increases, from 7.5 per cent in 2022 to 7.9 per cent in 2023 and 8.3 per cent in 2024 (see Figure 4). Compared with the assessment in October, the forecast of unemployment remains unchanged. This is because the downward revisions to employment growth and labour-force growth are roughly the same size.

Since the forecast of unemployment is unchanged from our most recent assessment, the revisions to the central government budget balance (via higher or lower labour-market expenditure) are not affected.

Slower payroll growth

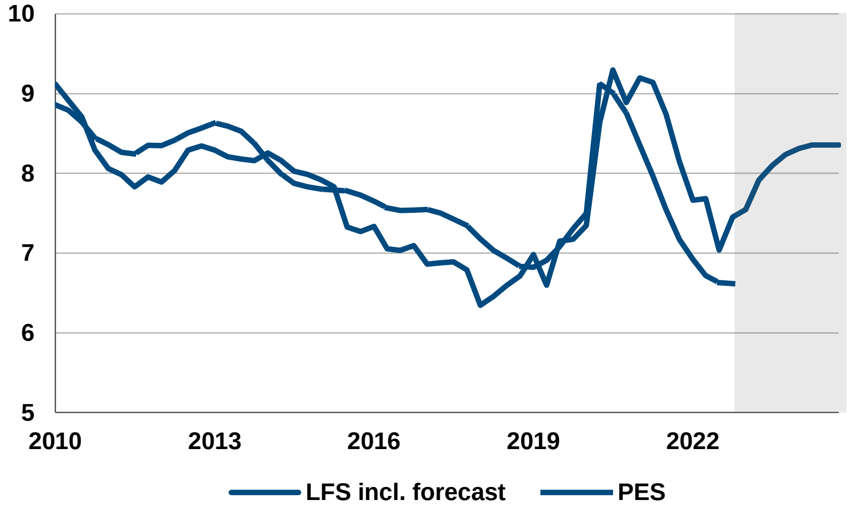
Payroll grew by just over 6 per cent last year, which is well over the historical average of 4 per cent. During the forecast years, payroll increases more slowly, by almost 4 per cent this year and 3.5 per cent in 2024. The payroll trend is somewhat stronger this year and unchanged next year compared with the Debt Office's assessment from October.

Payroll refers to the product of hours worked and hourly wages. The upward revision to payroll growth this year is mainly due to a slightly raised forecast of hourly wages. The outlook for hours worked is essentially unchanged. The stronger payroll development this year has a positive effect on payroll tax and thereby increases the central government budget balance, all else being equal.

Negotiations on wage agreements for 2023 and beyond are currently underway. Continued strong demand for labour in certain sectors, high inflation, and rising wages internationally indicate higher wage growth than the historical average. A deteriorated state of the economy and a continued strong focus on the inflation target among the parties in the labour market may, however, entail an element of restraint in the wage negotiations. The Debt Office’s forecast is for wages increasing by just over 3.5 per cent in 2023 and 2024.

Figure 4 Different measures of unemployment

Per cent of the labour force



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

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

The risks are balanced

Altogether, the risks of a poorer economic development than in the Debt Office's forecast are approximately as high as those of a stronger development. The risks are mainly linked to the development of energy prices, how quickly inflation will subside, and the uncertain geopolitical security situation. Swedish households reduced their saving substantially last year. A gradually lower savings buffer can result in the drop in consumption being greater than expected this year, which is a downside risk in the forecast.

Uncertain energy-price development

Even as energy prices have fallen back since the peak price in the autumn, how they will develop in the future remains very uncertain. There is a risk of energy prices quickly increasing again next winter and of a rapid depletion of energy reserves, which would be negative for growth. Energy prices could also fall even more from the current levels, which would benefit households and businesses.

Inflation could abate faster

Last year, the Debt Office underestimated the strength of the upswing in inflation. There is a risk that inflation could be underestimated again, which could result in more policy-rate increases and ultimately in even greater decreases in growth as a result of the high indebtedness and interest rate sensitivity of the Swedish economy.

On the other hand, energy prices could go down even more from the current levels. In combination with base effects, the prices of durable goods such as furniture and home electronics could fall as demand drops. The prices of grocery items such as coffee, wheat, and input goods have also begun to fall. Taken together, the risks for inflation are assessed to be on the downside. If this is the case, it could have a positive effect on the Swedish economy via effects on household purchasing power and mortgage rates.

Geopolitical security remains a risk

The political-security situation in the vicinity of Sweden remains a risk, and there is great uncertainty about the extent of the effects of the war in Ukraine. Other tensions, such as those between China and Taiwan, also pose a risk if they escalate.

Deficit for central government

The budget balance will be weaker than the Debt Office previously expected and is negative in the forecast years. The revision is largely due to temporary factors, mainly how congestion revenue develops. But it is also due to a weaker development for tax income as well as to higher expenditure in 2024 than we previously thought. Central government net lending shows a deficit this year and a surplus in 2024.

The central government budget balance developed strongly in 2022. This was largely due to temporary effects, such as the Riksbank repaying loans to the Debt Office and the large inflow of capacity fees (so-called congestion rent) to Svenska kraftnät. But the Swedish economy also development strongly last year, with among other things high tax income as a result. This year, the economy is expected to shrink instead, which contributes to lower tax income and higher expenditure. Simultaneously, some of the positive one-off effects that affected the budget balance in 2022 do not materialise. Both the primary balance and the budget balance are assessed to be negative in both 2023 and 2024.

The budget balance was SEK 73 billion higher than forecast in October last year, mostly due to higher tax income. For 2023 and 2024 we have revised down the budget balance. The downward budget balance revisions are largely due to temporary factors, but also to lower tax income and higher expenditure. The Debt Office forecasts that the budget balance will be approximately SEK -40 billion in both 2023 and 2024. Altogether, the change for 2022—2024 from the autumn forecast entails that the budget is now assessed to be SEK 49 billion higher. That entails an equally large increase of the net borrowing requirement (see the next chapter).

The budget balance is revised down for both forecast years (see Figure 5). The fact that it is weaker than in the Debt Office's previous forecast is largely due to temporary factors mainly associated with Debt Office net lending, such as in regard to Svenska kraftnät. It is also our assessment that the disbursements of municipal tax to local and regional governments will be higher than in the previous forecast. In addition, the Government has lowered the tax on gasoline and diesel, which also negatively affects the central government's income from taxes. Dividends from state-owned companies have been revised down for both 2023 and 2024 and, in addition, expenditure is assessed to be higher. The higher expenditure forecast is based on the Budget Bill for 2023 and government agencies' appropriation forecasts. In addition, interest rates payments will be higher than in our last forecast.

Table 7 Central government budget balance, forecast 2023 and 2024

SEK billion

Central government budget balance	2022	2023		2024	
	Outcome	Feb	(Oct)	Feb	(Oct)
Primary balance[1]	78	-9	(21)	-8	(31)
Debt Office net lending[2, 3]	112	-12	(19)	-18	(-11)
Interest on central government debt[3]	-27	-21	(-13)	-15	(-9)
Budget balance[4]	**164**	**-42**	**(27)**	**-41**	**(12)**
Central government net lending[5]	15	-55	(-31)	16	(40)

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

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

[3] The table shows the net lending and interest on central government debt in terms of how they affect the budget balance. The signs are therefore reversed compared with that shown in Tables 10 and 11.

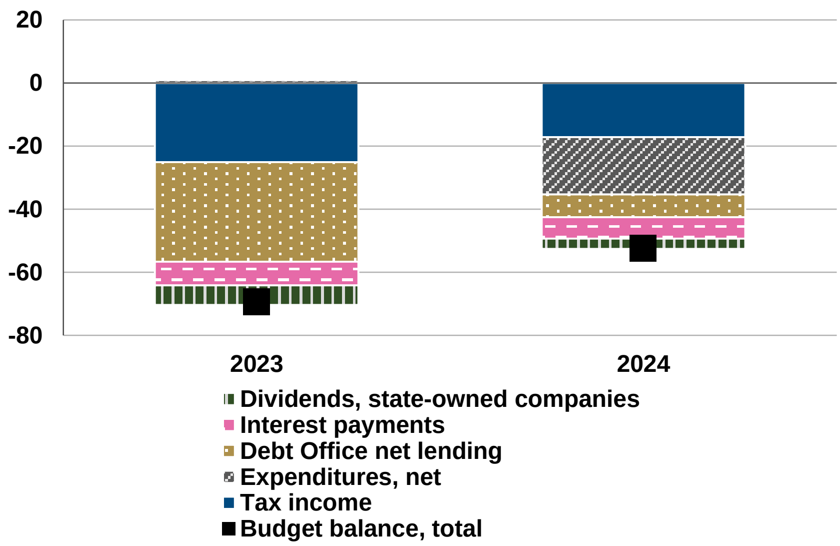
[4] The budget balance with the opposite sign is the central government net borrowing requirement.

[5] Central government net lending in 2022 is a forecast.

Source: The Debt Office and Statistics Sweden.

Figure 5 Forecast changes, budget balance

SEK billion



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

Source: The Debt Office.

The expenditure forecast for 2023 includes the unfunded measures on which the Government has decided. For 2024, the aggregate fiscal policy measures in the forecast are in line with the expenditure increases that the Government has announced in the Budget Bill for 2023 (see the in-depth section New fiscal policy leads to higher expenditure) and with the government agencies' appropriation forecasts.

The Riksbank's outstanding loans with the Debt Office mature in 2023 and will not be refinanced. The loans amount to SEK 63 billion and strengthen the budget balance by as much in 2023.

Table 8 Forecast changes, budget balance

SEK billion

	2023	2024
Budget balance according to previous forecast	**27**	**12**
Primary balance	**-30**	**-39**
Tax income excluding capital placements in tax accounts	-45	-17
Capital placements in tax accounts	20	0
Dividends on state shares	-6	-3
Government grants	-8	-12
Justice system and defence	-7	-11
Labour market	-1	-2
Migration	3	3
International aid	8	5
Other	6	0
Debt Office net lending	**-32**	**-7**
Interest on central government debt	**-8**	**-7**
Budget balance according to new forecast	**-42**	**-41**

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

Source: The Debt Office.

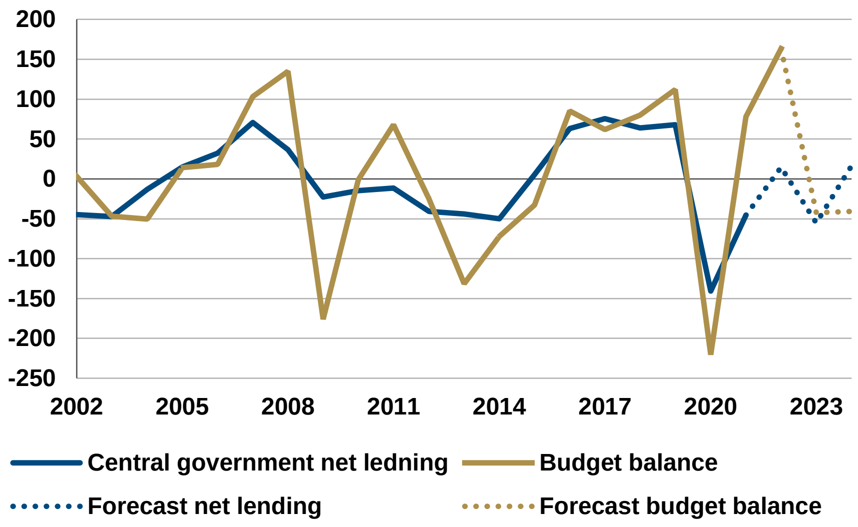
Central government net lending negative this year

In the Debt Office's assessment, central government net lending shows a deficit of SEK 55 billion this year (see Table 7). This is a deterioration compared with a small surplus in 2022. The deficit this year is due to, among other things, weak development for tax income. We expect the economic growth, which will be positive again next year, to shift the development and that tax income will grow more. As a share of GDP, the forecasts for net lending correspond to -0.9 per cent in 2023 and 0.3 per cent in 2024.

Central government net lending normally develops more evenly than the budget balance. The biggest difference between the budget balance and central government net lending in the forecast period is from the loans that the Riksbank is repaying to the central government. These improve the budget balance but not the net lending. Variations in Svenska kraftnät's deposits at the Debt Office also have a major impact, mainly for individual years. Other significant differences are due to accrual effects regarding taxes such as the deferral of tax payments via payment respites, and capital placements in tax accounts.

Figure 6 Central government net lending and budget balance

SEK billion



Sources: Statistics Sweden and the Debt Office.

In-depth

Riksbank may need a capital contribution

The Riksbank has incurred large losses on its securities holdings and may therefore need a contribution of capital from the state. This would mean that the budget balance becomes lower. This in-depth section describes how a capital contribution would affect the Debt Office. In the budget balance forecast there is no assumption about a capital contribution to the Riksbank and also no assumption about dividends from the Riksbank.

The Riksbank has built up a large asset portfolio through purchasing securities since 2015. Since the spring of 2022, the interest rate level in Sweden and internationally has increased, leading to a decrease in the market value of the bond holdings. In 2022, the Riksbank will therefore report a loss, which they estimate to be SEK 86 billion (SEK 5 billion reversed from previous risk provisions to the financial result for 2022, riksbank.se 11 Jan 2023).

The amount depends on several factors

In the new Sveriges Riksbank Act, which entered into force on 1 January 2023, the Riksbank's target level for equity is SEK 60 billion. This is the level at which the Riksbank considers itself to be self-financed. If equity falls below one-third of the target level, the Riksbank shall petition the Riksdag to restore equity. The capital contribution from the state shall normally bring the equity to the base level, which is two-thirds of the target level: SEK 40 billion. In exceptional circumstances, a contribution can bring equity all the way up to the target level, in order to secure the Riksbank's ability to be self-financing in the long term.

With the Riskbank's accounting method, losses are realised at year-end and have an effect on equity, while gains remain unrealised and are transferred to revaluation accounts. In the revaluation accounts, gains are recorded that are due to changes in value of the holdings of bonds, currency, and gold. According to the Riksbank Act, equity does not include revaluation accounts but, in the event of equity being restored, the Riksbank shall take the balance of the revaluation accounts into consideration.

Decisions on capital contributions are made by the Committee on Finance. If a decision on a capital contribution is taken, the Debt Office would borrow the amount and transfer the capital to the Riksbank. The capital contribution would reduce the central government budget balance.

Tax income revised down

The lower forecast for tax income, as shown in Table 9, is due to factors other than revisions in regard to macroeconomic development. Higher disbursements to local and regional governments concerning taxes and fees bring down the payroll tax. Simultaneously, lowered excise duties on gasoline and diesel contribute to consumption tax also being lower in both 2023 and 2024. Furthermore, increased possibilities for companies to receive tax payment respites lead to lower income from supplementary tax this year.

Moving in the opposite direction is corporate tax, which we now assess to be higher than in the previous forecast.

Table 9 Income from taxes, change from previous forecast

SEK billion

Type of tax	2023	2024
Payroll tax	-16	-18
Consumption tax	-11	-8
Corporate tax	9	8
Supplementary tax	-7	2
Total change	**-25**	**-17**

Note: Supplementary tax consists mainly of deposits in and withdrawals from tax accounts in connection with, among other things, tax debits. The table shows changes in terms of the budget balance.

Source: The Debt Office.

Higher disbursements of municipal funds reduce payroll tax

Payroll tax is lower this year than in the previous forecast, which is due to disbursements of municipal tax being revised up. Local and regional governments receive preliminary amounts in disbursements of municipal tax from the central government. When income for the calendar year is established, the difference against the preliminary disbursements is settled in a one-time payment.

For 2023, the disbursements of municipal tax have been determined and the upward revision is largely due to the final settlement regarding 2021 being SEK 16 billion higher than the Debt Office estimated in the previous forecast. For next year, the forecast for both the preliminary municipal tax disbursements and the final settlement are revised up as well.

Lower excise duties

Consumption tax is revised down for both 2023 and 2024. This is mainly due to the Government having lowered the energy tax on gasoline and diesel, but also due to the Debt Office having made a new judgment. VAT income is revised down marginally for 2023. In 2024, VAT income is revised up as a result of household consumption in current prices having been revised up.

Higher corporate tax when profits remain elevated

The income from tax on companies is expected to be slightly higher both this year and the next, compared with the previous forecast. Corporate profits have, at the aggregate level, so far been quite resilient to the downturn in the economy. A higher outcome for taxable income also contributes to the assumption that the central government's income from taxes will be higher.

Increased tax deferrals reduce supplementary tax this year

Supplementary tax consists mainly of deposits in and disbursements from tax accounts. This concerns both the flows that arise as a result of deficits and surpluses in connection with tax assessments, but it can also for example be capital placements. The Debt Office assumes that the supplementary tax will be lower this year than in the previous forecast. The revision for next year is small. However, the relatively small changes in supplementary tax for the forecast period conceal larger counteracting revisions to underlying components – such as deferred tax payments and capital placements.

That supplementary tax is expected to be lower this year is largely due to an increase in deferred tax payments. The Riksdag has decided on increased possibilities for companies to request a tax payment respite. The support measures are a result of the unusually high electricity prices. In keeping with the Government's assessment, the Debt Office assumes that just over SEK 16 billion in additional tax payment respites will be granted this year through this measure. Furthermore, repayments of deferred taxes under payment respites that were granted previously, in connection with the pandemic, have occurred more slowly than expected. We therefore also assume lower repayments this year of taxes under previously granted respites.

The reduction in capital placements in tax accounts is estimated to be significantly lower than in the previous forecast (see the section below). This contributes to an increase in supplementary tax, and it counteracts the deferral effects mentioned above.

For 2024, our assessment is that repayments of deferred taxes will be higher than previously, partly as a result of repayments associated with this year's increased possibilities for a tax payment respite. This is at the same time partially counteracted by lower incoming payments in order to cover deficits in connection with tax assessments. The lower deficits are due to interest deductions being assessed as somewhat higher than before.

Lower outflow of capital placements from tax accounts

As mentioned, capital placements in tax accounts also affect the supplementary tax. As previously, the Debt Office's assessment is that the higher interest rates will cause many companies with capital placements in tax accounts to gradually take these out as a result of more attractive placement options. Nevertheless, the outflow is assessed to be significantly less than previously assumed. The interest income on tax accounts remains favourable for many actors. We now assume that the outflow of capital placements this year will be SEK 20 billion, half the size of that in the previous forecast. Next year, the volume of capital placements is assumed to be unchanged, in line with the previous forecast.

According to the ESV (the Swedish National Financial Management Authority), capital placements in tax accounts amounted to SEK 76 billion at the end of 2021; which is an assessment since there are no exact figures on the size of capital placements. Of these, the ESV assesses SEK 71 billion to be attributed to companies and the remaining SEK 5 billion to private individuals. The Debt Office assess that the majority of these capital placements belonged to large corporations; to a large extent financial institutions. In the previous forecast, the Debt Office assumed that the higher interest rates make tax accounts less attractive, as the interest income on tax accounts increases with a lag compared with market interest rates.

Large corporations, especially financial institutions, are presumed to be able to make placements at favourable terms in the market, for example as deposits in banks or in treasury bills and commercial paper. To smaller businesses and households the options are, however, mostly bank accounts with deposit interest rates that increase much more slowly than market interest rates. Thus, different actors are considered to be encountering different interest alternatives and are therefore expected to proceed at different paces.

In the previous forecast, the Debt Office assumed that the majority of capital placements in tax accounts would be taken out on a continual basis up to the end of 2023.

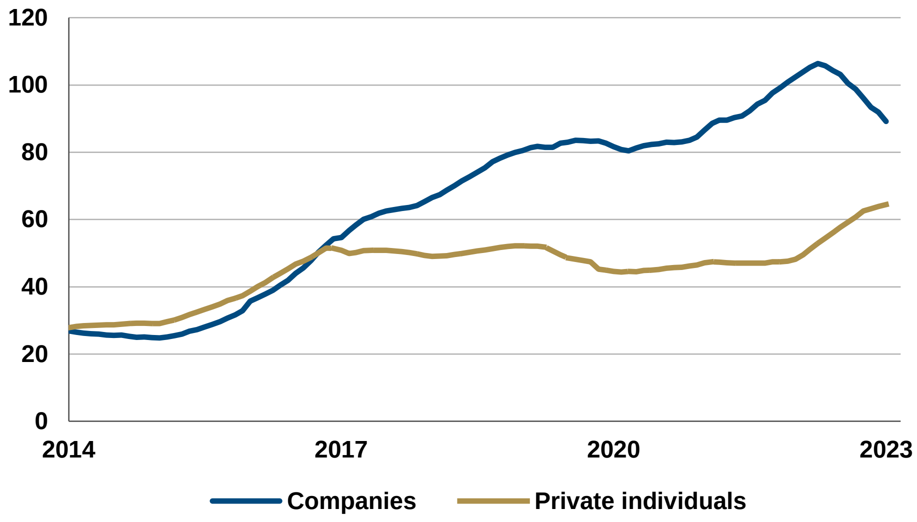
The outflow is, however, thought to be occurring in a much slower pace than expected.

Several factors point to such a development. The payment flows from tax accounts have been lower than expected. Also, the development of the total tax account balance, which we use as an indicator of the size of the capital placements, indicates that companies and households are moving in different directions (see

Figure 7). Companies are thought to have decreased their capital placements while the opposite is true for households. Statistics from the Swedish Tax Agency also indicate that it is primarily financial firms that have decreased their capital placements, while actors from other industries have maintained or even increased their placements. Altogether, we assess capital placements to have decreased by around SEK 10 billion in 2022, compared with an expected SEK 25 billion.

Figure 7 Total balance, tax accounts

SEK billion



Note: The total balance consists, in simplified terms, of deposits in order to cover forthcoming tax debits, as well as capital placements. How much of the balance that is capital placements is not possible to determine, but the ESV calculates a so called outcome ex-post. Twelve-month moving average.

Source: The Swedish Tax Agency and the Debt Office.

Statistics for the deposit rates on bank accounts at financial institutions available to companies and private individuals show that these have been raised at a much slower pace than interest income on tax accounts. This is likely a partial explanation for the slower outflow of capital placements. The interest income on tax accounts is assessed to remain a competitive alternative to these deposit rates during the forecast period.

The conditions for a continued outflow are still in place since the incentives for large corporations, which most likely account for the majority of the capital placements, remain. This, since market expectations still indicate that market interest rates will clearly exceed interest income on tax accounts during the forecast period. Since the tax accounts will, to a larger extent than previously assumed, after all remain an attractive placement option for many companies as well as for private individuals we assume that the outflow of capital placements will be smaller during 2023 and that considerably more of the placements will remain in tax accounts for now.

Other income

Lower dividend from Vattenfall

Dividends of state shares decrease by SEK 6 billion this year and by SEK 3 billion next year compared with the previous forecast. It is mainly the dividend from Vattenfall that is lower than we previously expected. Vattenfall's fourth-quarter earnings were considerably lower than expected as a result of changes in the market value of energy derivatives, which is why the proposed dividend for 2022 was significantly lower than the Debt Office previously assumed.

Incoming payments from the EU's recovery fund

Payments to Sweden from the EU's recovery fund during 2023 and 2024 is somewhat higher in the new forecast compared with the last. We also assume a redistribution of the disbursements between the years.

The Debt Office now expects that Sweden will receive SEK 18 billion in December 2023 and SEK 10 billion in 2024. The budget balance is therefore SEK 3 billion lower this year and SEK 4 billion higher next year, compared with previous assumptions.

Primary expenditure overall unchanged in 2023 but higher 2024

The central government's primary expenditure in 2023 is broadly in line with the previous forecast, although there are changes in various expenditure items that cancel each other out. Next year, we expect higher primary expenses, among other things as a result of higher announcements than expected in the budget bill and increased government appropriations (see in-depth New fiscal policy leads to higher expenses).

The Budget Bill for 2023 was in line with the Debt Office's autumn forecast. In addition to the Budget Bill, the Government has decided on an extra amending budget, and the Debt Office has raised certain expenditure forecasts as a result of new assessments and new information, such as within the area of defence.

The Swedish Board of Student Finance's (CSN) transition to a new calculation model for interest on student loans decreases the central government's net expenditure this year by SEK 10.5 billion when CSN's credit reserve is depleted and the existing funds are transferred to the central government budget (see the section on net lending by the Debt Office on page 30). The upward revision of the expenditure forecasts and the transfer of CSN's credit reserve to the central government budget cancel each other out and altogether, primary expenditure is unchanged for 2023.

The announcements in Budget Bill for 2024 were, however, larger than expected. In addition, the government agencies have raised their appropriation forecasts, largely as a result of increased costs. This entails SEK 20 billion higher primary expenditure in 2024 compared to our autumn forecast.

Costs for the labour-market area will be somewhat higher than expected. The Government's budget for 2023 entailed that the temporarily high level of unemployment insurance during the pandemic would continue. The Debt Office assumes that disbursements from the unemployment benefit fund will be SEK 1 billion higher per year during the forecast period. At the same time, there is an increase in the financing fee, which partially finances the unemployment benefit fund, to the Swedish Unemployment Insurance Inspectorate. This causes the revision due to the higher level of the unemployment benefit fund to be marginal during the forecast years. The higher compensation also affects the activity support because the compensation levels are the same. Thereby, labour-market expenditure is somewhat higher 2024.

The Government has decided that the Swedish budget for international aid is to be kept separate from gross national income (GNI) – and it is expected to amount to SEK 56 billion per year in 2023 and 2024. This means that expenditure for international aid will be lower both this year and the next, than the Debt Office expected in October. The international-aid budget includes certain costs for receiving asylum seekers and people in need of protection, which is classified as aid (official development assistance) according to the definition by the OECD's Development Assistance Committee (DAC). The Debt Office counts these costs against the international-aid expenditure.

Defence expenditure increases during both 2023 and 2024, which is in line with the Government's aim to increase the defence appropriation over time to 2 per cent of GDP. Parts of the decided and announced appropriations were already included in the Debt Office's previous forecast as part of the assumption for unfunded measures. Overall, defence expenditure increase by a total of SEK 12 billion during the years 2023 and 2024 compared with the previous forecast. This means that defence expenditure increases by almost SEK 33 billion in 2024 compared with 2022.

The central government's expenditure for government grants to municipalities and regions increases in both 2023 and 2024. In light of the economic development, the Government is raising the level of general government grants by as of this year. Simultaneously, the targeted government grants increase, among other things because the municipal tax income is assessed to decrease as a result of changed tax rules. The expenditure for government grants to the municipal sector is therefore revised up both years, compared with the October forecast. The increase next year is, in addition to the announcements in the Budget Bill, also due to the Debt Office having made a new assessment of the previously assumed level of government grants.

In-depth

New fiscal policy leads to higher expenditure

The Government submitted the Budget Bill for 2023 to the Riksdag on 8 November last year. The Riksdag then adopted the budget on 13 December. The adopted budget contains new unfunded fiscal policy measures for approximately SEK 40 billion. The majority of the measures consist of expenditure increases while just over SEK 10 billion is in changed rules for taxes and fees, resulting in lower tax income. The budget contains, among other things, a temporarily reduced tax on gasoline and diesel, increased government grants to municipalities and regions, a retained level of unemployment insurance, and defence initiatives. At the same time, the international-aid budget has been separated from GNI and decreases by just over SEK 7 billion.

The budget for 2023 also contains targeted electricity support of SEK 2.4 billion for electricity intensive companies. The Government's premise is that the measure shall be funded by the revenue from Svenska kraftnät's congestion rent, which is also what the Debt Office expects.

On 26 January, the Government submitted an extra amending budget to the Riksdag containing proposals for a support package for military equipment to Ukraine, new opportunities for companies to request a tax payment respite, and gas price compensation for households in Southern Sweden. The extra amending budget entails expenditure increases of SEK 1.8 billion and accrual effects of incoming tax payments, which the Debt Office has accounted for in the forecast. An additional extra amending budget was presented on 9 February. In it a temporary tax on certain electricity producers' excess revenue was proposed, in line with the EU's measures to mitigate the effects of the energy crisis. The proposal is expected to strengthen general government finances by SEK 0.15 billion.

The Debt Office's forecast for unfunded measures in 2023 in the October forecast was SEK 40 billion, which is in line with the budget. We do not assume any further unfunded measures this year.

The previously announced electricity price compensation funded by congestion revenue is outside the budget (see the section on Debt Office net lending).

Large expenditures announced for 2024

The Budget Bill for 2023 contains announcements of increased appropriation levels and certain changes to tax rules that take effect next year. The increase of SEK 6 billion in general government grants to municipalities and regions is, for example, assessed to be permanent at the same as the announced expenditure increases within most expenditure areas contribute to increased primary expenditure in 2024.

In the previous forecast, we made an assumption of SEK 30 billion in unfunded measures for 2024. The Government's announced expenditure increases for 2024 exceed this amount and we have revised up the expenditure from the October forecast. We do not assume any additional unfunded fiscal policy measures than what is now included in the forecast.

Debt Office net lending weighs on budget balance

Net lending by the Debt Office contributes negatively to the budget balance both in 2023 and 2024. In the previous forecast, Debt Office net lending still made a positive contribution this year but a negative one next year. Compared with the previous forecast, the net lending increases by SEK 32 billion and SEK 7 billion respectively per year, which contributes negatively to the budget balance to the corresponding extent.

In recent years, the Debt Office's net lending has made an unusually strong contribution to the budget balance. This has mainly been due to two factors, both of which are temporary in nature. The first is the loans raised by the Debt Office on behalf of the Riksbank for financing the foreign currency reserves being paid back, which has caused net lending by the Debt Office to decrease to the corresponding extent. In total, the repayment of the loans temporarily strengthens the budget balance by SEK 182 billion for the 2021–2023 period. The other is that Svenska kraftnät's deposits at the Debt Office have increased as a result of higher congestion rent since the price difference between different electrity price zones have been high.

This year, the last of the Riksbank's outstanding loans will be paid back at SEK 63 billion. The fact that Debt Office net lending does not make a positive contribution to the budget balance in spite of this is due to the paying out this year of the electricity price compensation financed by Svenska kraftnät's congestion revenue. Altogether, the expected compensation amounts to SEK 58 billion this year. This also includes the SEK 2.4 billion in support to electricity intensive companies, which the Government has announced will be funded by congestion revenue. At the same time, the inflow of congestion revenue continues, which is very difficult to forecast. According to Svenska kraftnät's latest forecast, the inflow is lower this year than last year, which contributes to lower deposits. In the forecast, the inflow of congestion revenue now amounts to SEK 30 billion for 2023, compared with SEK 70 billion in the previous forecast.

The deposits are also affected by CSN's transition this year to a new model for calculating student loans. The transition involves the depletion of CSN's credit reserve at the Debt Office and SEK 10.5 billion being transferred to the central government budget instead. This does not affect the budget balance, but it does lead to a redistribution between Debt Office net lending and the primary balance, which causes the Debt Office's net lending to increase. A new credit reserve will subsequently be built up gradually, but instead of it being funded through appropriations in the central government budget it will be funded by students paying a higher interest rate on student loans.

In 2024, net lending by the Debt Office returns to a more normal level of outgoing and incoming payments. The net lending is then mainly affected by CSN's stock of loans increasing over time in pace with more students taking out student loans. The deposits continue to decrease because of Svenska kraftnät this year as well, although to a lesser extent. For 2024, the Debt Office also presumes the inflow of congestion revenue to be lower than in the previous forecast: SEK 30 billion compared with SEK 45 billion previously. The Debt Office expects Svenska kraftnät's deposits to decrease by almost SEK 10 billion in 2024, either as a result of increased investments or a new form of support.

See the part below for a description of the effect of net lending by the Debt Office on central government finances.

Table 10 Debt Office net lending

SEK billion

	2021	2022	2023	2024
Lending, of which	**-33**	**-47**	**-37**	**21**
CSN (Swedish Board of Student Finance)	12	11	11	12
Swedish Transport Administration	-2	6	2	1
Lending to outside the government[1]	0	-8	0	0
On-lending to the Riksbank	-57	-61	-63	0
Other[2]	13	6	12	8
Deposits, of which	**41**	**65**	**-50**	**3**
CSN, credit reserve etc.	1	1	-10	2
Resolution reserve	4	4	6	6
Premium pension, net[3]	4	6	3	1
Other[2]	32	54	-48	-5
Net lending	**-74**	**-112**	**12**	**18**
Net lending excluding on-lending to the Riksbank	**-17**	**-51**	**75**	**18**

[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, disbursement of funds, and other management costs.

Source: The Debt Office.

Facts

Debt Office net lending – a 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.

Net lending to government agencies and other parties 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 (treasury), at the Debt Office. 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 the Riksbank and other countries. These items may be decided at short notice, and they can contribute to strong variations in net lending from year to year.

Net lending by the Debt Office affects the budget balance and central government debt. In contrast, central government net lending is only affected by certain parts of the Debt Office's net lending. For example, the payment and amortisation of student loans affect net lending by the Debt Office but not central government net lending.

Higher interest payments

Since the previous forecast, the krona has weakened and short-term market interest rates have risen, which means that the central government's interest payments are higher. Compared with the forecast from October, interest payments increase mainly for the Debt Office's short-term borrowing. Interest payments are also higher for the net of the Debt Office's deposits and lending to government agencies etc. The weakening of the krona leads to increased foreign exchange losses on the Debt Office's foreign currency exposure.

The Debt Office expects interest payments to amount to SEK 21 billion in 2023 and SEK 15 billion in 2024 (see Table 11). This entails an upward revision of SEK 8 billion this year and SEK 7 billion in 2024.

Table 11 Interest payments on central government debt

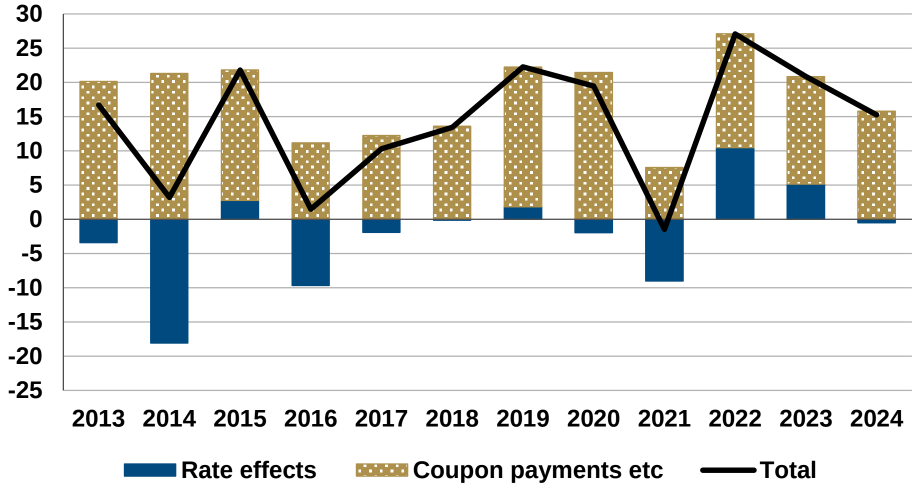
SEK billion

	2023	2024
Interest on loans in SEK	13	13
Interest on loans in foreign currency	2	2
Realised currency gains and losses	5	0
Interest on central government debt	**21**	**15**

Source: The Debt Office.

Figure 8 Interest payments 2013–2024

SEK billion



Source: The Debt Office.

The interest payments decrease by approximately SEK 6 billion between 2023 and 2024 (see Figure 8). Mainly, this is due to an assumption of lower exchange rate effects for 2024. This is because the Debt Office's foreign currency exposure has largely had a maturity of up to one year.

As of this forecast, the Debt Office has switched to using implicit forward interest rates in calculating the central government's interest payments. The calculation was made using the yield curves on 31 January 2023. For the calculation of exchange rate effects, we continue to use cut-off rates.

Economic development and temporary factors are uncertain

The macroeconomic development is important for the budget balance and is a factor of uncertainty in the forecast. It affects, for example, the development of important tax bases such as private consumption, investments and payrolls. At the same time, the high inflation affects households via a deterioration of purchasing power and changes in consumer behaviour. The central government's income from taxes has partly benefitted from increased consumption in nominal terms, but it is not certain that the total tax income will develop at the same pace. The inflation also affects central government expenditure for areas such as the purchase of goods and services, and expenditures for rents. If inflation would be higher than expected, it may also lead to higher expenditures for the central government.

The revenue from congestion rent for Svenska kraftnät is a major uncertainty factor during the forecast period. The congestion rent is due to differences in electricity prices between electricity zones, which has been shown to be prone to drastic variation over time. The payouts of electricity support are, in turn, dependent on political decisions that are difficult to foresee both in terms of amount and timing.

The assessment of deposits in and withdrawals from tax accounts is, as previously, associated with great uncertainty. The interest rate trend is a factor that affects how much is put in and taken out. But changes in the behavior of households and companies can also affect the outcome, as can the comparative attractiveness of other placement options.

It is uncertain whether the Riksbank will request a capital contribution from the central government and, if so, how much. The Debt Office's assessment is that if this does occur it will be at the earliest in 2024. A possible capital contribution would mean that the budget balance would be lower than in the current forecast.

Increased bond supply next year

The reversal from a surplus to a deficit in the budget means that the borrowing requirement and the central government debt increase in 2024 compared with the previous forecast. The Debt Office is funding the increase with both treasury bills and an increased supply of nominal government bonds next year. The issuance volume of inflation-linked bonds remains the same, but we are postponing the planned introduction of a new ten-year inflation-linked bond.

For the 2022–2024 period, the new forecast of the budget balance includes a net borrowing requirement that is in total SEK 49 billion larger than in the October forecast. Altogether for the years 2022 and 2023, the borrowing requirement is in line with the previous forecast, whereas the increase comes in 2024. The total borrowing requirement, which also includes the refinancing of maturing loans, is expected to be SEK 358 billion in 2023 and SEK 326 billion in 2024 (see Figure 9). The volume that matures this year is lower than in the October forecast, because we adjusted down the borrowing in treasury bills at the end of 2022 when the budget balance developed more strongly than expected. Table 12 and Figure 10 show how the borrowing requirement is financed.

Table 12 Borrowing plan

	2022		2023		2024	
SEK billion	Outcome	*(Oct)*	*Feb*	*(Oct)*	*Feb*	*(Oct)*
Money market funding	**154**	**(226)**	**288**	**(293)**	**267**	**(231)**
T-bills	65	(83)	158	(158)	178	(140)
Liquidity management	89	(143)	131	(135)	90	(91)
Bond funding	**55**	**(55)**	**69**	**(71)**	**59**	**(49)**
Nominal government bonds	46	(46)	40	(40)	50	(40)
Inflation-linked bonds	9	(9)	9	(9)	9	(9)
Green bonds	0	(0)	0	(0)	0	(0)
Foreign currency bonds	0	(0)	21	(22)	0	(0)
Total gross borrowing	**209**	**(280)**	**358**	**(363)**	**326**	**(279)**

Note: Borrowing in the money market corresponds to outstanding stock at the end of December. Previous forecast in parentheses.

Source: The Debt Office.

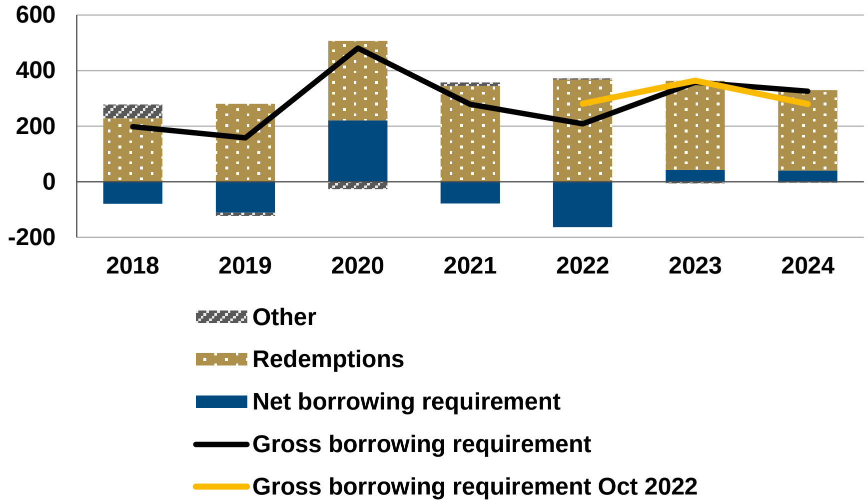
The previous plan included increased borrowing in treasury bills during 2022. Since the outcome for 2022 was stronger than forecast, that borrowing is being postponed until 2023. Next year, we are increasing the supply in both the auctions of treasury bills and of nominal government bonds. This is motivated both by the increased borrowing requirement and the fact that we have more bond maturities ahead of us in the coming years.

The issuance volume of inflation-linked bonds remains the same, but the Debt Office is postponing the introduction of a new inflation-linked bond. We will also be examining the market's view towards inflation-linked bonds.

The planned bond borrowing in foreign currency is unchanged and, as in the previous forecast, the plan does not contain any green bonds.

Figure 9 Total borrowing requirement

SEK billion

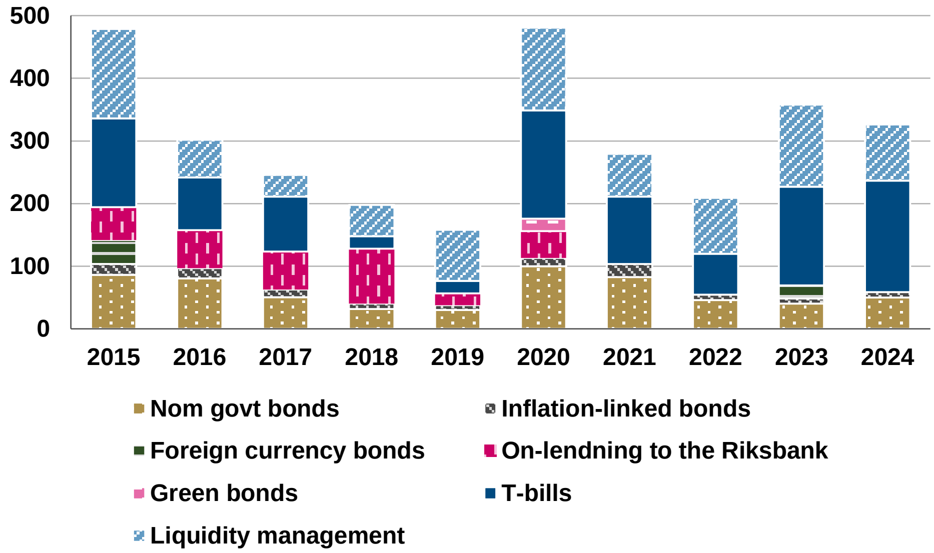


Note: The net borrowing requirement is the budget balance with the opposite sign. The post "Other" includes an adjustment due to the net borrowing requirement being reported by settlement date whereas borrowing is reported by trade date.

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.

Borrowing policy forms basis of issuance planning

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

Nominal government bonds: the most important source of funding

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 both size and time.

Inflation-linked bonds are 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 conditions in these bonds, yet not so large that it crowds out nominal bonds and worsens liquidity conditions 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.

Bonds in foreign currency contribute to good borrowing preparedness

In the international capital market, the Debt Office is able to reach a larger group of investors and borrow large amounts in 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. We also issue securities with shorter maturities in foreign currency.

Because the Debt Office is a small player in the international capital market, as opposed to the Swedish krona market, there are greater opportunities for flexibility and adapting the borrowing to prevailing market conditions in the international arena.

Treasury bills to balance fluctuations in borrowing requirement

Using treasury bills, the Debt Office can borrow in short maturities in the Swedish 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.

Supply of nominal government bonds increases in 2024

The Debt Office is increasing the volume of nominal government bonds per auction from SEK 2 billion to SEK 2.5 billion as of January of next year. This means that the annual issuance volume of nominal government bonds amounts to SEK 40 billion in 2023 and SEK 50 billion in 2024. As we previously communicated, we plan to issue a new ten-year bond next year.

The Debt Office plans to carry out the majority of the auctions in the ten-year segment and in the two-year and five-year reference bonds (see Table 13). This is in line with our strategy of borrowing in a transparent and predictable manner with a focus on building up reference bonds.

Table 13 Reference bonds

Date of change (IMM date)	2-year	5-year	10-year
Current	1058	1060	1065
20 Dec 2023	1059	1061	

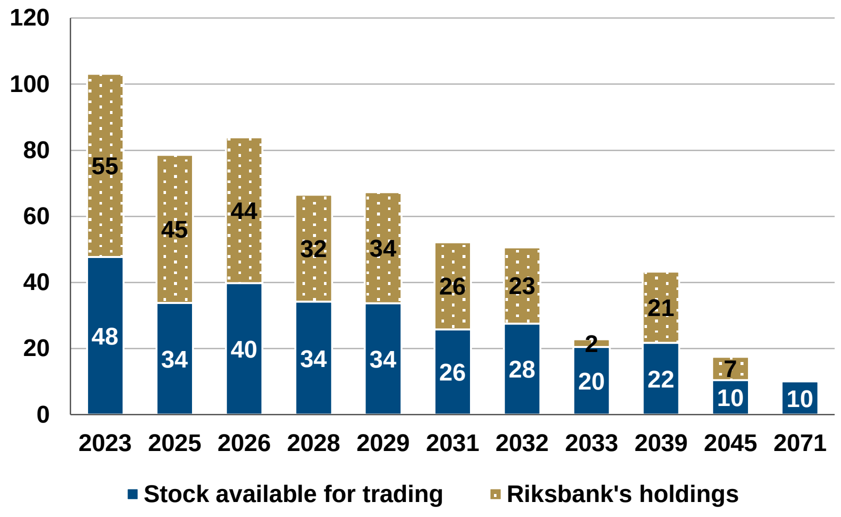
Note: The reference bond in the electronic interbank market is the bond that is closest to two, five, or ten years in term to maturity. Reference bonds are changed on the IMM (International Money Market) dates: the third Wednesday in March, June, September, and December. The date of change of reference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

The Riksbank still owns a large portion of the outstanding stock of government bonds, after its bond purchases in recent years. Figure 11 shows outstanding nominal government bonds and the Riksbank's holding of each bond.

In connection with the latest policy rate decision, the Riksbank announced that it will begin selling off its holdings starting in April. The plan is to sell nominal and inflation-linked bonds with longer maturities (maturing from 2027 and onward) at a nominal value of SEK 3 billion and SEK 0.5 billion, respectively, per month (with the exception of July and August). The sale will lead to an increase in the tradeable volume. Among other things, this can make it easier for foreign actors to invest in Swedish assets, and it can also improve the way in which the financial markets function.

Figure 11 Outstanding stock of nominal government bonds and the Riksbank's holdings

SEK billion, year of maturity.



Sources: The Riksbank and the Debt Office.

Facts

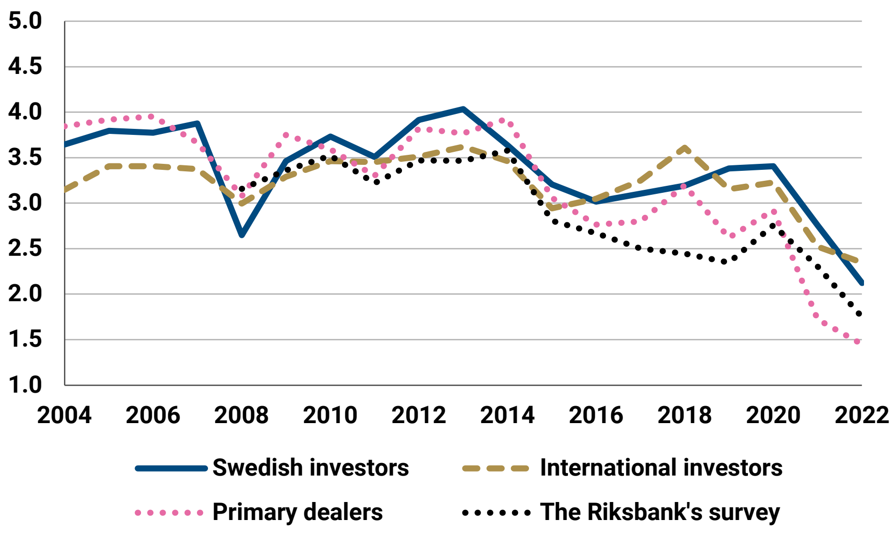
Worsened liquidity in government securities market

For some time now, surveys and quantitative measures have both shown increasingly worse liquidity in the secondary market for government securities. Good market liquidity can be described as the possibility of carrying out a transaction swiftly at reasonable cost and with little effect on prices. It is therefore an important factor for attracting investors and keeping down the cost of the central government debt. If liquidity deteriorates too much, there is a risk that some investors will leave the market and that those who remain will demand higher yields.

In the Debt Office's annual questionnaire survey, market participants are given the opportunity to rate categories such as liquidity in the government securities market in terms of volume and spread, on a scale of 1 to 5. The results of the survey we conducted at the end of 2022 show that, as a whole, the market participants experienced a distinct deterioration compared with 2021.

The Debt Office's primary dealers as well as Swedish and foreign investors rated liquidity in the secondary market for nominal government bonds as unsatisfactory (scores lower than 3), in terms of both volume and spread. Figure 12 shows that the average of the scores for volume and spread have gradually decreased in recent years. The 2022 level was the lowest since the survey began in 2004.

Figure 12 Perceived liquidity in market for nominal government bonds



Note: Scores for liquidity in terms of volume and spread measured in annual survey by Kantar Prospera. Rating scale 1–5, where 4 and higher is interpreted as excellent and lower than 3 as unsatisfactory. The figure shows the average of the scores for spread and volume. The Riksbank conducts a survey twice a year. The annual average of the results is shown here.

Source: The Debt Office and the Riksbank.

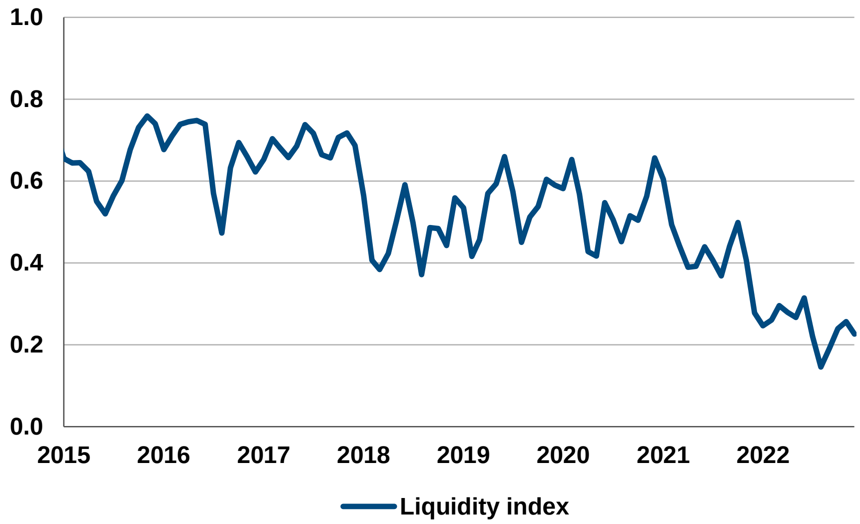
Liquidity in the secondary market for inflation-linked bonds also continued to receive a survey rating of unsatisfactory. Compared with previous years, both primary dealers and Swedish investors lowered their scores. Foreign investors gave approximately the same scores as in the measurement from 2021.

Figure 12 also shows the latest results of the Riksbank's financial markets survey, also in which market participants can rate liquidity in the secondary market. The majority of survey participants considered liquidity in the government securities market to be poor or very poor. In both surveys, respondents identified the Riksbank's purchases of securities in recent years as the main reason for the low scores. In light of this, the Riksbank's decision to sell off bonds might contribute to improving market liquidity.

Finansinspektionen (the Swedish Financial Supervisory Authority) calculates a number of indicators that they regularly weigh together in aggregate to measure market liquidity. Figure 13 shows that, according to this measure as well, liquidity in the secondary market for government bonds has deteriorated for a long time.

Figure 13 Liquidity index for secondary market

Normalised scale



Note: Liquidity measure as an aggregation of various individual indicators for nominal government bonds with benchmark status. Higher values correspond to higher liquidity. 2-month moving average.

Source: Finansinspektionen.

Debt Office examines market view of inflation-linked bonds

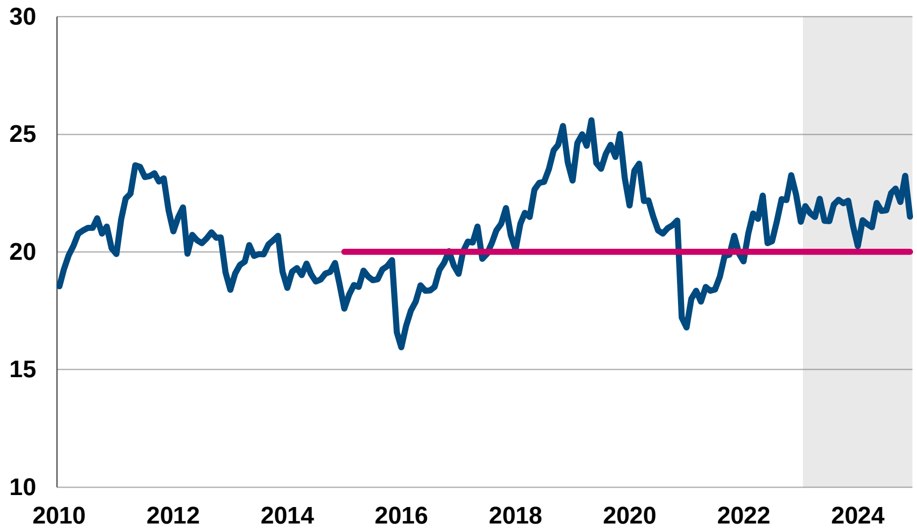
The Debt Office continually analyses the market conditions for our bonds. Recently, liquidity in the inflation-linked bond market has become increasingly worse (see the box above). In 2022, demand in the Debt Office's auctions also varied, and the average bid-to-cover ratio dropped. Therefore, the Debt Office wants to know more about how the market views inflation-linked bonds. On riksgalden.se we are publishing some questions for which we would like responses by 31 March. Because we wish to better understand the market demand for inflation-linked bonds, we are postponing the planned introduction of a new ten-year bond.

The planned issuance volume of inflation-linked bonds remains at SEK 500 billion per auction throughout the forecast period. This entails an annual volume of SEK 8.5 billion in 2023 and 2024.

Under the Government's guidelines, the proportion of inflation-linked debt is to be 20 per cent of the total central government debt over the long term. The inflation-linked share's development is affected by several factors such as issuance volume, rate of inflation, planned switches, maturities of inflation-linked bonds, and the size of the central government debt. The continual market-maintaining switches also affect the inflation-linked debt share. During the forecast period, the share of inflation-linked debt is slightly above the target because there are no maturing inflation-linked bonds and the borrowing remains unchanged (see Figure 14). The next inflation-linked bond maturity does not occur until 2025, after which there are index-linked bonds maturing several years in a row, and the share thereby proceeds towards the long-term target.

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

Per cent of total central govt. debt



Note: The forecast shows figures for the end of each month while the outcome shows the monthly mean. The pink line shows the long-term target 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 issuing foreign currency bond

The Debt Office still plans to issue a foreign-currency bond this year. The planned issuance volume corresponds to SEK 21 billion.

Issuing bonds in foreign currency in the international capital market is a flexible form of borrowing that the Debt Office can easily adjust if the borrowing requirement changes. Foreign currency borrowing contributes to good borrowing preparedness because the Debt Office can borrow large amounts in the international capital market within a short amount of time (see the borrowing policy on page 37). Foreign currency borrowing also provides a greater opportunity to choose the timing, maturity, and other terms than does borrowing in the krona market, where we endeavour to borrow in a transparent and predictable manner.

The foreign currency borrowing does not involve a currency exposure in the central government debt, because we manage the foreign currency exposure by using derivatives.

Stock of treasury bills grows

In the new plan, the Debt Office expects to increase the issuance volume of treasury bills in order to meet the increased borrowing requirement. The planned volume of the individual auctions varies, as in the previous forecast, within the range of SEK 7.5–22.5 billion, but in this forecast the average issuance is higher for both 2023 and 2024.

The Debt Office plans the volume of individual auctions of treasury bills on the basis of seasonal patterns in the central government's payments, and maturities. We can later make further adjustments ahead of every individual auction if necessary, depending on how the outcome of the payments develops. This means that the planned volumes we publish in the auction schedule may ultimately differ from the decisions we make one week prior to an auction.

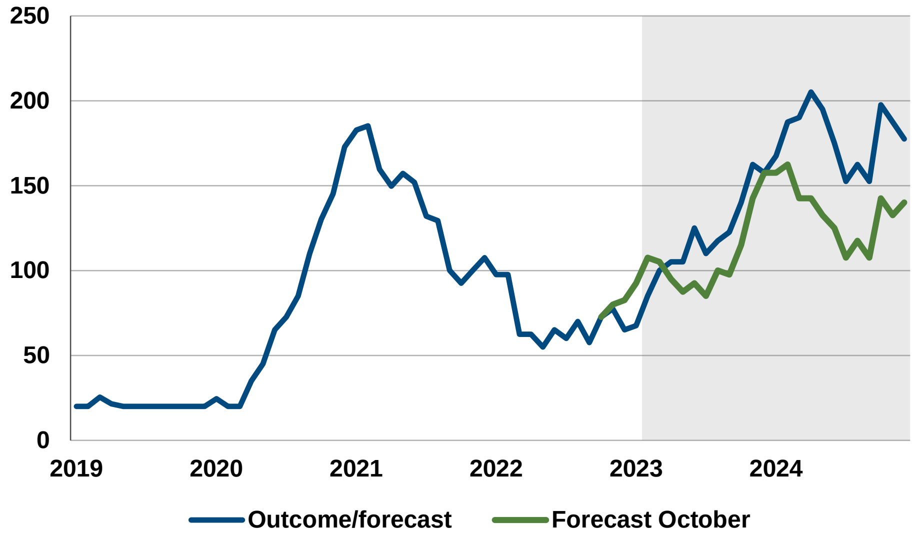
The stock of treasury bills amounts to SEK 158 billion at the end of 2023, which is in line with the previous forecast despite the fact that we are raising the average issuance volume in 2023. This is mainly due to the stronger outcome of payments since the October forecast. That led the Debt Office to reduce the issuance volume of treasury bills at the end of last year compared with the plan, resulting in a lower outstanding stock at year-end 2022.

For 2024, the stock of treasury bills in the plan amounts SEK 178 billion. In the October forecast, the corresponding figure for this year was SEK 140 billion.

As we previously communicated, the Debt Office will be issuing a new 12-month bill in March and return to an extended T-bill policy in order to increase the outstanding stock (see the Facts part below).

Figure 15 Stock of T-bills

SEK billion



Source: The Debt Office.

Facts

More maturities in treasury bills

Starting in March 2023, the Debt Office plans to extend the longest maturity for treasury bills to 12 months. Thereby the number of outstanding maturities in T-bills will increase from four to six during 2023. This is a return to the policy introduced during the coronavirus pandemic for managing the great uncertainty associated with the borrowing requirement.

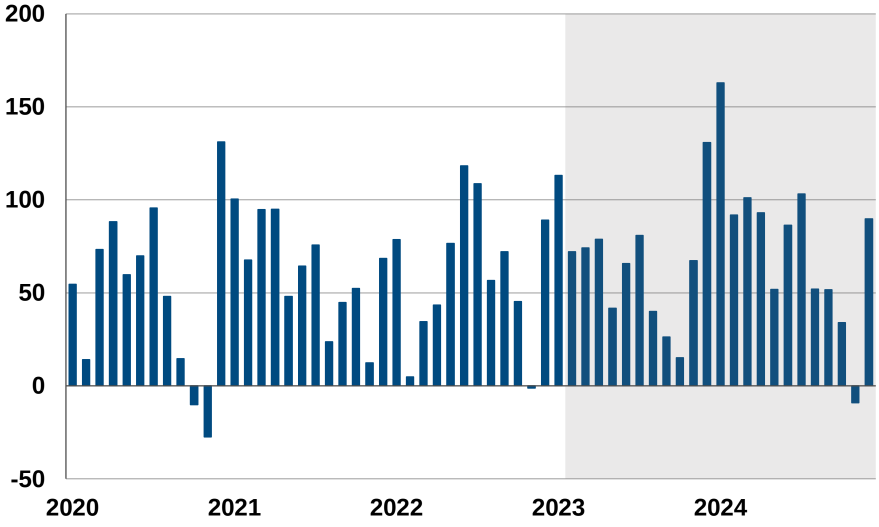
The Debt Office will issue a new 12-month bill every three months maturing on an IMM date (the third Wednesday in March, June, September, and December). In the other months, a new three-month bill will be introduced.

The Debt Office is also able to issue treasury bills on a discretionary basis (tap issues) within the framework of the liquidity management operations. This applies to T-bills with the two shortest maturities and with tailored maturities (liquidity bills).

Within the liquidity management operations, the Debt Office finances the borrowing requirement that remains after the regular issues of treasury bills and bonds. This includes issuing T-bills on a discretionary basis (tap issues) and commercial paper in foreign currency. In this forecast, the volume of liquidity management instruments is in line with the previous forecast and includes assumptions regarding the utilisation of the repo facility. 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).

Figure 16 Liquidity management

SEK billion



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

Source: The Debt Office.

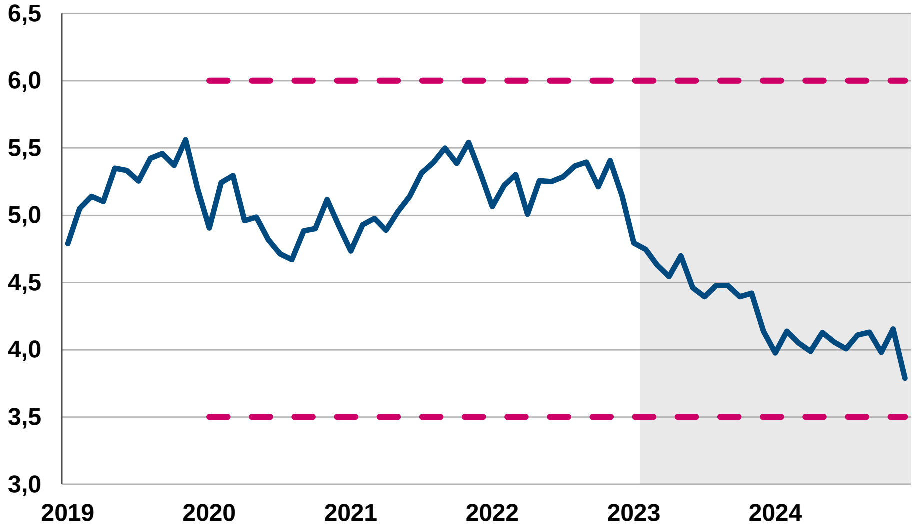
No change in volume of interest rate swaps

With the new borrowing plan, the maturity of the central government debt measured as duration falls within the lower part of the target range (see Figure 17). The volume of interest rate swaps remains at SEK 5 billion with an average maturity of approximately five years. The Debt Office may enter into swaps with maturities of up to 12 years. The primary reason for these transactions is to ensure preparedness for future use of interest rate swaps in the debt management.

The swaps are spread out relatively evenly over the year but also with consideration for flexibility from a commercial perspective, in terms of timing and maturity. We may deviate from the planned volume if conditions change during the year.

Figure 17 Maturity of the central government debt

Year



Note: Term to maturity is measured using Macaulay duration. The forecast shows figures for the end of each month while the outcome shows the monthly mean. The dashed lines indicate the steering interval for duration in the Government's guidelines for debt management.

Source: The Debt Office.

Central government debt increases but not as per cent of GDP

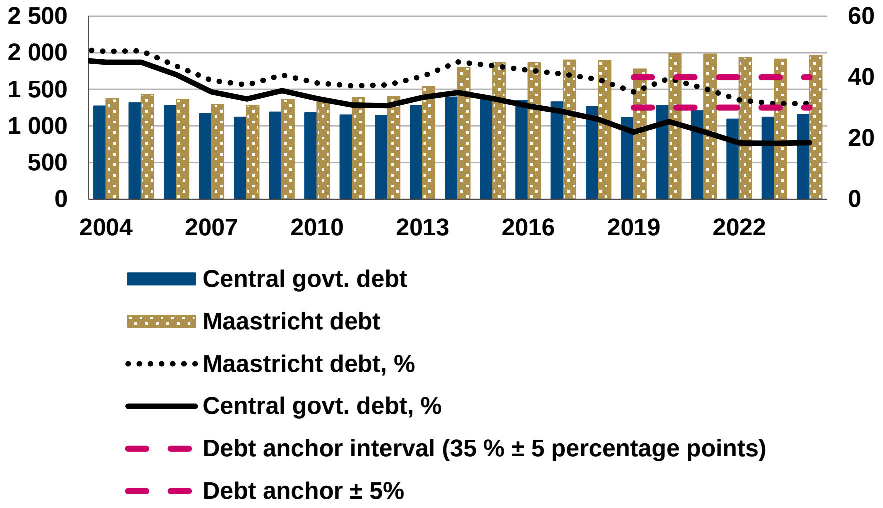
At the end of 2022, the central government debt was SEK 1,093 billion. The debt is expected to increase to SEK 1,117 billion in 2023, and SEK 1,159 billion in 2024 (see Table 14 and Figure 18).

Although the debt measured in kronor increases during the forecast period, it remains essentially unchanged as a share of GDP (based on the Debt Office's GDP forecast in current prices). It is expected to be 19 per cent of GDP at the end of 2024. This is due to GDP in current prices increasing more than the central government debt and being, as a proportion of GDP, at the lowest level since the beginning of the 1970s.

The Maastricht debt is expected to decrease from 33 per cent of GDP at the end of 2022, to 31 per cent in 2023 and 31 per cent in 2023 and 2024. The Maastricht measure includes the consolidated debt for the entire public sector and is used in international comparisons (see the Facts part below). This is also the measure referred to for the debt anchor of 35 per cent of GDP (±5 percentage points) in the fiscal policy framework.

Figure 18 Central government debt – development over time

SEK billion, per cent of GDP



Note: For 2022–2024, the shares are based on the Debt Office's GDP forecast. This also applies to the Maastricht debt. Outcome data is obtained from Statistics Sweden.

Sources: Statistics Sweden and the Debt Office.

Table 14 From net borrowing requirement to central government debt

SEK billion

	2020	2021	2022	2023	2024
Net borrowing requirement (budget balance with opposite sign)	221	-78	-164	42	41
Trade date adjustment etc. [1]	-25	7	1	-1	-3
Net borrowing per trade date	**196**	**-71**	**-163**	**41**	**37**
A. Net amount including money-market assets	**1,229**	**1,159**	**996**	**1,037**	**1,075**
Inflation compensation	18	24	43	55	59
Exchange-rate effects	-4	6	15	0	0
B. Net amount to current exchange rate incl. inflation compensation	**1,243**	**1,189**	**1,054**	**1,092**	**1,134**
Assets under management	38	15	39	25	25
C. Central government debt	**1,280**	**1,204**	**1,093**	**1,117**	**1,159**
Assets under management	-38	-15	-39	-25	-25
On-lending	-174	-127	-76	0	0
D. Central government debt incl. on-lending and assets under management	**1,069**	**1,063**	**978**	**1,092**	**1,134**
Nominal GDP	5,039	5,450	5,932	6,104	6,251
C. Central government debt, % of GDP	**25**	**22**	**18**	**18**	**19**
D. Central government debt incl. on-lending and assets under management, % of GDP	**21**	**19**	**16**	**18**	**18**

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

Source: The Debt Office.

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 the Swedish National Financial Management Authority (ESV).

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 covers the whole of the public sector, including local and regional governments and the old-age pension system. Its calculation is based on conditions in the Maastricht Treaty. According to the EU's criterion, the Maastricht debt must not exceed 60 per cent of GDP.

The Maastricht debt is also the measure used in Sweden's budgetary framework and which forms the basis of the debt anchor of 35 per cent, which by decision of the Riksdag (Parliament) has been in force from 2019. General government consolidated gross debt is published by Statistics Sweden.

Appendix of Tables

Table 15 Central government net lending

SEK billion

Central government net lending	2020	2021	2022	2023	2024
Budget balance	**-221**	**78**	**164**	**-42**	**-41**
Delimitations	**37**	**-116**	**-113**	**-17**	**5**
Sale of limited companies	0	0	-1	0	0
Extraordinary dividends	0	0	-12	0	0
Parts of Debt Office's net lending	31	-72	-111	2	20
Other	6	-44	11	-19	-15
Accruals	**42**	**-7**	**-36**	**4**	**52**
Taxes	34	1	-26	9	53
Interest payments etc.	9	-8	-10	-4	-1
Central government net lending	**-141**	**-46**	**15**	**-55**	**16**
Per cent of GDP	**-2.8**	**-0.8**	**0.2**	**-0.9**	**0.3**

Table 16 Budget balance forecast per month

SEK billion

Month	Primary balance	Net lending	Interest on government debt	Budget balance
Feb-23	49.0	10.7	-1.0	58.7
Mar-23	-12.8	-7.1	-2.8	-22.7
Apr-23	-17.0	41.9	-1.4	23.5
May-23	45.3	-2.7	-3.6	39.0
Jun-23	-19.4	-34.7	-2.3	-56.5
Jul-23	-6.7	6.3	-0.6	-1.0
Aug-23	24.1	6.7	-0.3	30.4
Sep-23	-2.9	5.2	-0.6	1.7
Oct-23	-17.2	5.9	-0.1	-11.5
Nov-23	20.0	7.1	-4.1	23.1
Dec-23	-28.8	-50.0	-2.6	-81.4
Jan-24	-40.4	-3.0	-0.6	-44.0

Table 17 Budget balance changes between years, effect on budget balance

SEK billion

Changes between years	2020	2021	2022	2023	2024
Budget balance, level	**-221**	**78**	**164**	**-42**	**-41**
Change from previous year	-333	298	86	-206	2
Primary balance	**-239**	**176**	**76**	**-88**	**2**
Income from taxes	-73	192	79	-71	50
Grants to local governments	-38	5	-4	1	-4
Labour market	-7	-4	9	-2	-2
Social insurance	-26	1	-11	15	-7
State share dividends	4	-1	29	-22	5
Other	-99	-17	-26	-9	-40
Debt Office's net lending excl. on-lending	**-23**	**38**	**34**	**-126**	**57**
On-lending	**-73**	**63**	**5**	**1**	**-63**
Interest on government debt	**3**	**21**	**-29**	**6**	**6**

Table 18 Budget balance forecast comparison

SEK billion

	Budget balance
Debt Office (23 February)	
2023	-42
2024	-41
NIER (21 December)	
2023	81
2024	-83
ESV (21 December)	
2023	67
2024	-8
Government (8 November)	
2023	84
2024	26

Table 19 State share dividends

SEK billion

Company	2021	2022	2023	2024
Akademiska hus AB	2.1	2.5	2.5	2.6
LKAB	5.9	12.4	10.0	9.5
Telia Company AB	3.2	3.3	3.2	3.3
Vattenfall AB	4.0	23.4	4.0	9.0
Sveaskog AB	0.9	1.3	1.2	1.2
Other companies	1.3	3.5	3.2	3.3
Total	**17.4**	**46.4**	**24.1**	**28.9**

Table 20 Total borrowing requirement, gross

SEK billion

	2020	2021	2022	2023	2024
Net borrowing requirement	**221**	**-78**	**-164**	**42**	**41**
Business day adjustment etc. [1]	**-25**	**7**	**1**	**-1**	**-3**
Retail borrowing & collateral, net [2]	**-2**	**5**	**4**	**-5**	**0**
Money market redemptions [3]	**101**	**305**	**176**	**154**	**288**
T-bills	20	173	107	65	158
Liquidity management	81	132	68	89	131
Bond redemptions, net switches and buy-backs	**185**	**40**	**192**	**167**	**0**
Nominal government bonds	96	0	108	103	1
Inflation-linked bonds	19	-1	22	0	0
Green bonds	0	0	0	0	0
Foreign currency bonds[4]	70	41	61	64	0
Total gross borrowing requirement	**481**	**279**	**209**	**358**	**326**

[1] A difference occurs as borrowing is reported by business date while net borrowing requirement is reported by settlement date.
[2] Net change in retail borrowing and collateral.
[3] Initial stock maturing within 12 months. Liquidity managament is net, including assets under management. Commercial paper is included in Liquidity management.
[4] Calculated with the original issuance exchange rate.

Table 21 Net borrowing requirement and net borrowing

SEK billion

	2020	2021	2022	2023	2024
Net borrowing requirement	221	-78	-164	42	41
Business day adjustment [1]	-25	7	1	-1	-3
Net borrowing requirement	**196**	**-71**	**-163**	**41**	**37**
Retail funding & collateral, net	**2**	**-5**	**-4**	**5**	**0**
Net money market funding	**203**	**-129**	**-21**	**134**	**-21**
T-bills	153	-65	-42	93	20
Commercial paper	31	-31	0	0	0
Liquidity management	19	-32	21	41	-41
Net bond market funding	**-9**	**63**	**-137**	**-97**	**58**
Nominal government bonds	4	83	-62	-63	49
Inflation-linked bonds	-6	22	-13	9	9
Green bonds	20	0	0	0	0
Foreign currency bonds	-27	-41	-61	-43	0
Total net borrowing	**196**	**-71**	**-163**	**41**	**37**

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

Market information

Table 22 Nominal government bonds, auction date

Announcement date	Auction date	Settlement date
08-Mar-23	15-Mar-23	17-Mar-23
22-Mar-23	29-Mar-23	31-Mar-23
05-Apr-23	12-Apr-23	14-Apr-23
19-Apr-23	26-Apr-23	28-Apr-23
03-May-23	10-May-23	12-May-23
17-May-23	24-May-23	26-May-23
31-May-23	07-Jun-23	09-Jun-23
14-Jun-23	21-Jun-23	26-Jun-23

Table 23 Inflation-linked government bonds, auction date

Announcement date	Auction date	Settlement date
02-Mar-23	09-Mar-23	13-Mar-23
16-Mar-23	23-Mar-23	27-Mar-23
13-Apr-23	20-Apr-23	24-Apr-23
27-Apr-23	04-May-23	08-May-23
25-May-23	01-Jun-23	05-Jun-23
08-Jun-23	15-Jun-23	19-Jun-23

Table 24 T-bills, auction date

Announcement date	Auction date	Settlement date
01-Mar-23	08-Mar-23	10-Mar-23
15-Mar-23	22-Mar-23	24-Mar-23
29-Mar-23	05-Apr-23	11-Apr-23
12-Apr-23	19-Apr-23	21-Apr-23
26-Apr-23	03-May-23	05-May-23
09-May-23	16-May-23	19-May-23
24-May-23	31-May-23	02-Jun-23
07-Jun-23	14-Jun-23	16-Jun-23
21-Jun-23	28-Jun-23	30-Jun-23
28-Jun-23	05-Jul-23	07-Jul-23

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

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