



# Budget shows deficit as economy slows down

---

*Central Government Borrowing –  
Forecast and Analysis 2020:1*

18 February 2020

Swedish economy continues to grow slowly

Budget deficit for both 2020 and 2021

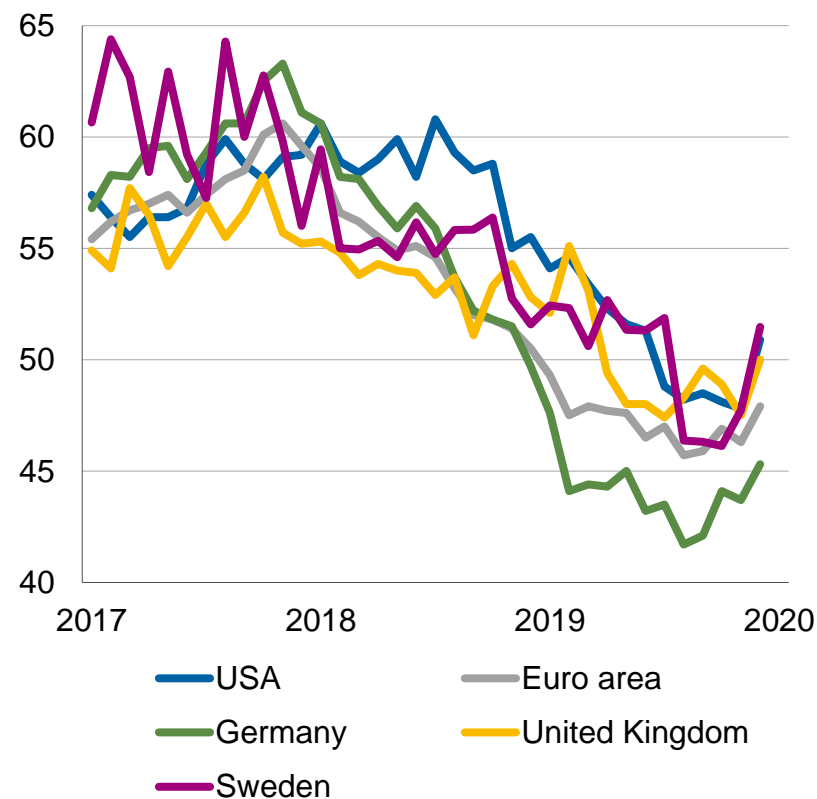
Plan for increased bond borrowing unchanged

# Stabilisation since last time but also a new risk

- Stabilisation and turnaround in global economy during the autumn
- Swedish developments also in line with previous forecast
- New risk: the coronavirus

Purchasing Managers' Index, manufacturing

Index



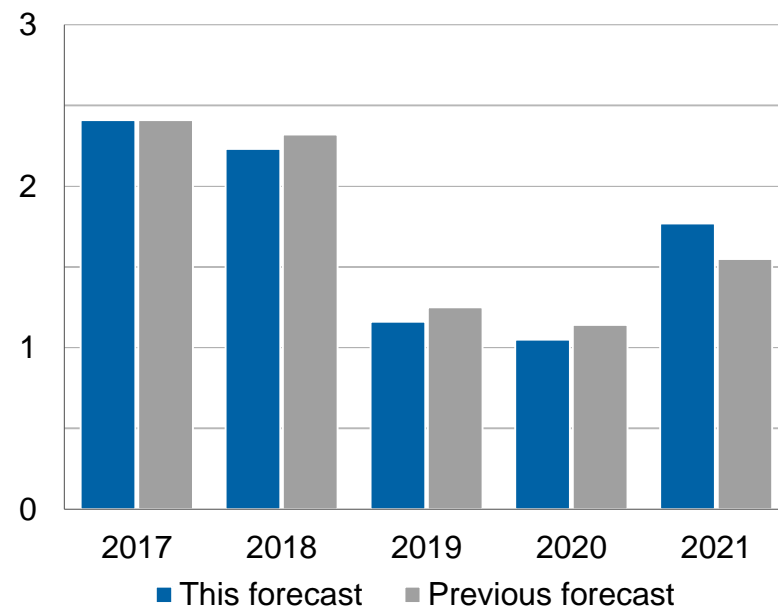
Sources: ISM, Markit and Swedbank

# Swedish economy continues to grow slowly

- Weak growth on the whole despite some recovery next year
- Unemployment to rise as the business cycle weakens
- Small revisions to forecasts

## GDP growth

Yearly percentage change



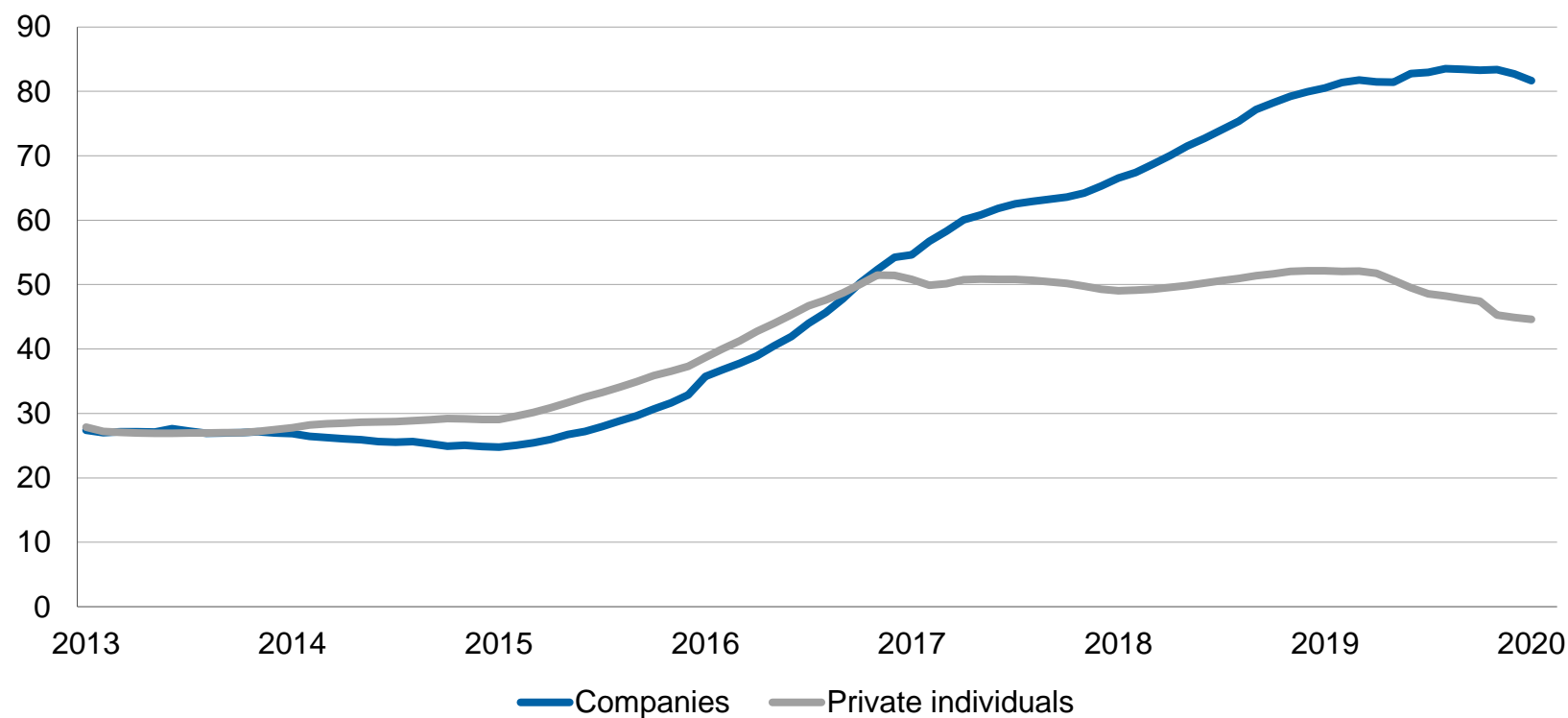
Sources: Statistics Sweden and the Debt Office

# Withdrawals from tax accounts also weigh on budget

Expected net outflow of SEK 10 billion in 2020 and SEK 15 billion in 2021

## Amount in tax accounts

SEK billion



Note: 12-month moving average

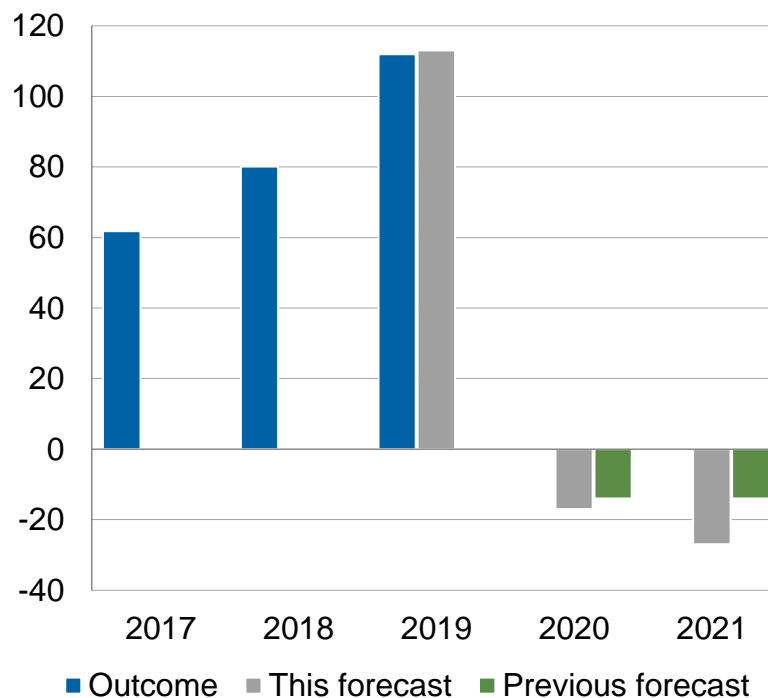
Source: The Swedish Tax Agency and the Debt Office

# Budget deficit both this year and next

- Weaker business cycle makes a mark, but the turnaround is reinforced by temporary factors
- Somewhat smaller deficit compared with previous forecast
- Capital investments in tax accounts add to uncertainty

## Central government budget balance

SEK billion

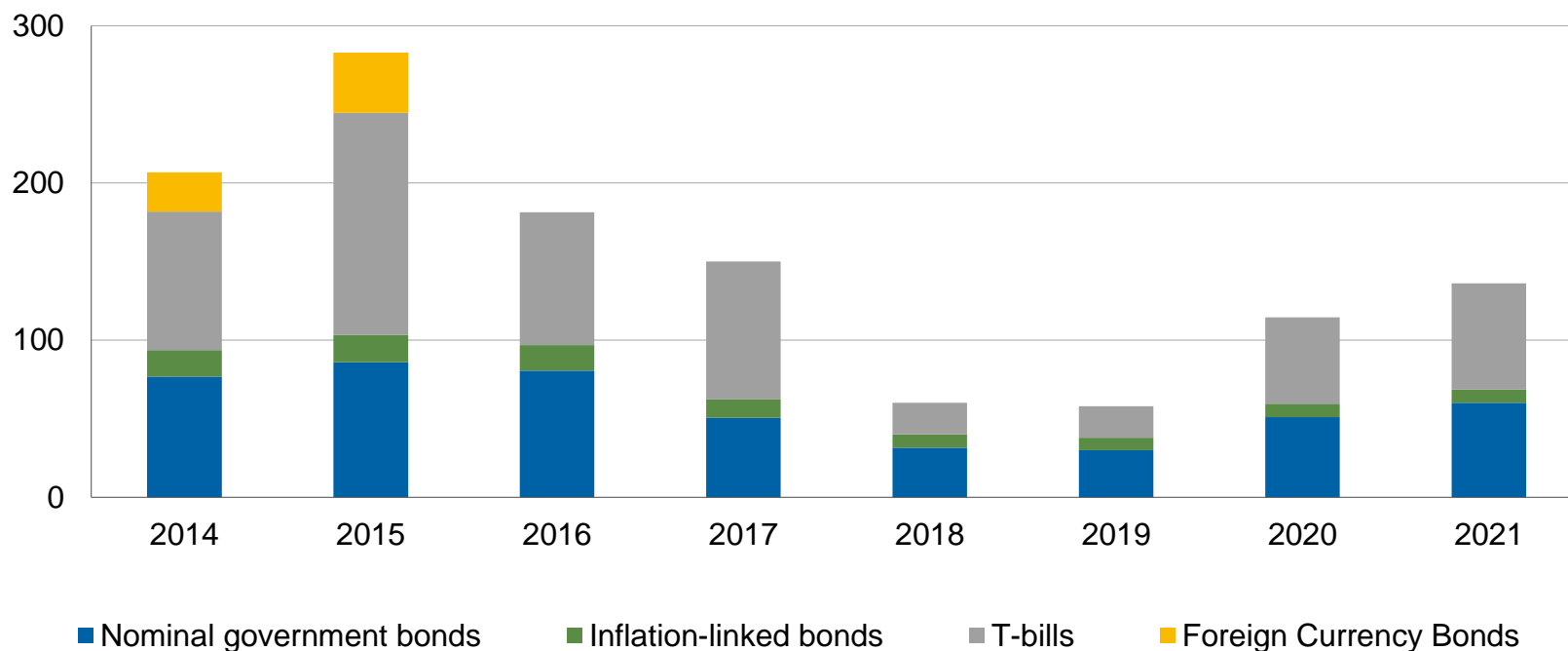


Source: The Debt Office

# New forecast causes no change in borrowing plan

Issuance volume of nominal bonds to increase gradually

SEK billion



Source: The Debt Office

Note: Excludes on-lending to the Riksbank

# Green bond to complement regular issuance

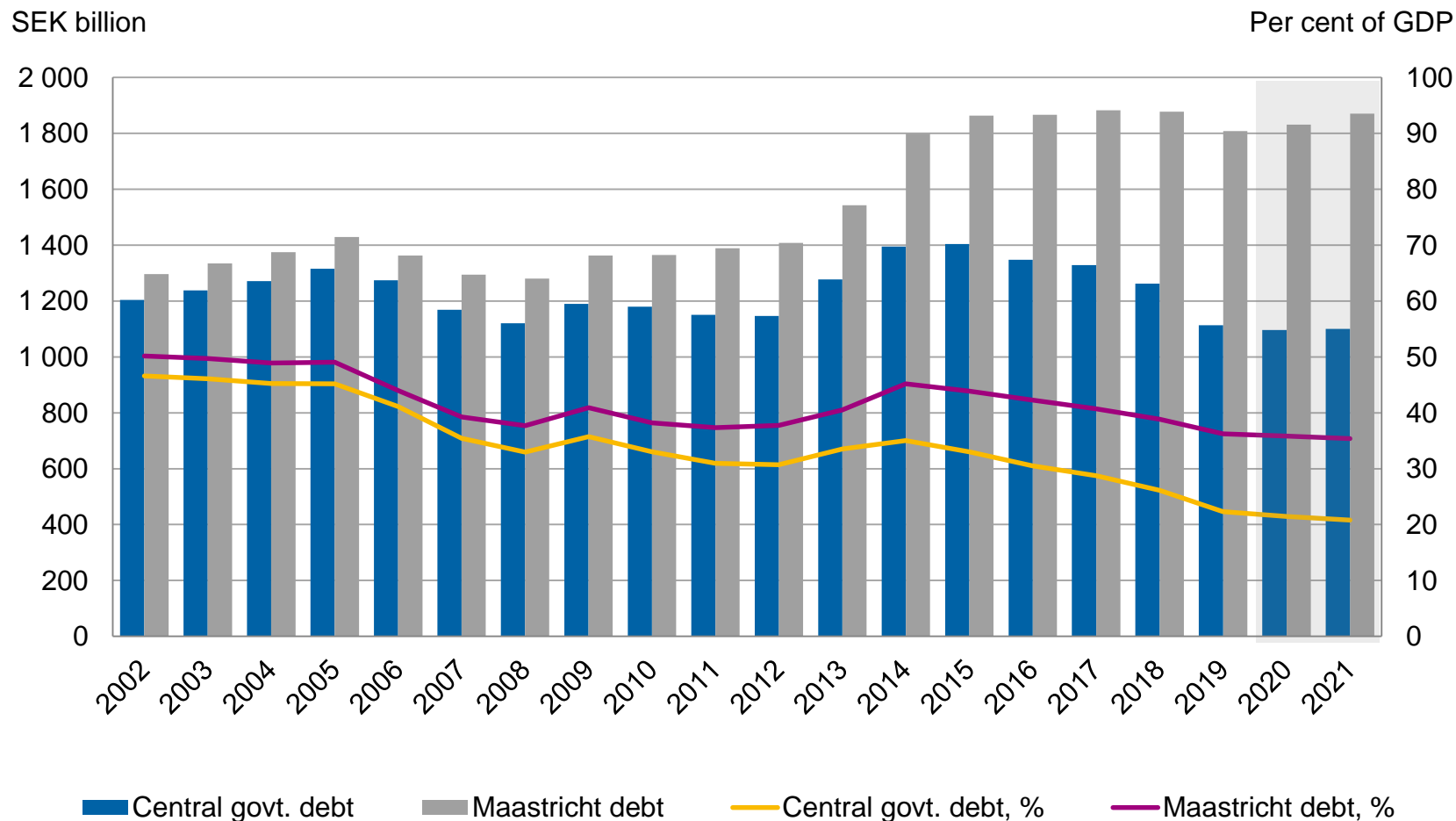
- One issue in 2020
- Proceeds linked to defined green budget expenditures
- Preparations under way – framework, selection of expenditures etc.
- Selection of green expenditures sets scope for size of issuance
- Volume shall also be compliant with the objective for central government debt management



Process for green bond



# Lowest central government debt since the 1970s



Source: The Debt Office and Statistics Sweden

Swedish economy continues to grow slowly

Budget deficit for both 2020 and 2021

Plan for increased bond borrowing unchanged