RIKSGÄLDEN
SWEDISH NATIONAL DEBT OFFICE

19 May 2020

CENTRAL GOVERNMENT BORROWING

Forecast and analysis 2020:2

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 while avoiding excessive 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 how much the government needs to borrow and sets up a plan for borrowing that is also included in the report. The Debt Office borrows to cover deficits in the central government budget (the net borrowing requirement), in part 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 2020:2, the Debt Office presents forecasts for central government finances and borrowing in 2020 through 2021. An assessment of the macroeconomic development is given in the first section. The next section presents forecasts for the budget balance and the underlying analysis. These forecasts serve as the basis for borrowing, which is discussed in the last section of the report.

The report takes into account developments up to 6 May 2020.

Hans Lindblad
Director General

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Summary

There has been a rapid and sharp slowdown in the Swedish economy due to the coronavirus and the extensive measures taken to prevent the spread of infection. The fall in GDP in the second quarter as well as for the full year is expected to be historically large. As a result, the labour market is deteriorating and unemployment is rising significantly. At the end of the year, the economy is expected to grow again, but the recovery during the forecast period is slow and GDP does not return to the same level as before the crisis. However, the drop in GDP is expected to be somewhat milder than in many other countries because the Swedish measures for containing the contagion have been less restrictive.

As a result of the worse economic development and the fiscal policy measures taken to support the economy, the central government budget balance is expected to show very large deficits this year and the next. This is a drastic reversal from the large surpluses of recent years.

Issuance of all types of government securities will increase in order to meet the rapidly growing budget deficit due to the virus outbreak. So far, the increased borrowing requirement has been accommodated by short-term borrowing, and the T-bill stock will continue to grow. Bond borrowing is also increasing. The volume of nominal government bonds is first being raised to SEK 5 billion per auction in June this year and then gradually to SEK 6 billion. The borrowing plan for 2020 also includes issuing around SEK 10 billion in a new 25-year government bond and at least the same amount in a green bond. Borrowing in inflation-linked bonds and in foreign currencies also rises.

There is an unusually heightened level of uncertainty as to how the borrowing requirement will develop in the future, and the outcome depends in part on how long and deep the economic downturn will be and what further fiscal policy measures are taken. The Debt Office has good preparedness to both increase and decrease borrowing. If the borrowing requirement were to become greater than forecast, it is possible to borrow more in foreign currency, both in bonds and commercial paper. Sweden is a well-established issuer in the international capital market and has a good starting position thanks to the highest credit rating and a relatively low government debt.

Key figures for the economy, government finances and borrowing

Previous forecast in italics	2019	2020		2021	
Swedish economy and government finances					
GDP (%)	1.2	-6.5	*1.0*	4.5	*1.8*
Unemployment (% of labour force)	6.8	10.0	*7.2*	10.7	*7.4*
Budget balance (SEK billion)	112	-402	*-14*	-76	*-14*
Central government net lending (% of GDP)	1.2	-5.8	*0.7*	-3.3	*0.3*
Central government debt (% of GDP)	22	31	*21*	31	*21*
Central government borrowing, SEK billion					
Government bonds	30	97	*51*	115	*60*
Inflation-linked bonds	8	13	*9*	17	*9*
Money market funding (outstanding stock at year-end)	20	220	*55*	250	*68*
Foreign currency bonds	19	105	*59*	78	*48*
on behalf of the Riksbank	19	61	*59*	49	*48*

Recession in Sweden and rest of the world

As a result of the spread of the coronavirus and the measures taken to limit contagion, there has been an abrupt slowdown in the Swedish economy and GDP is expected to fall sharply this year in total. During the second half of this year, economic activity increases again as the measures are phased out. The recovery is slow and GDP is not expected to return to the same level as before the crisis during the forecast period. There is a great uncertainty, and the downturn in the economy could be greater and the recovery more prolonged.

Drastic economic slowdown and great uncertainty

Since the previous Central Government Borrowing Report was published in February, the new coronavirus has spread globally and ultimately become a pandemic. Among other things, that has resulted in a rapid increase in what has now become an extraordinary burden on healthcare. In order to curb the spread of infection, a number of measures have been taken to achieve social distancing, both in Sweden and abroad. That has led to a rapid and sharp decrease in economic growth. Stress in the financial markets has at times also been very high, but currently this is mainly a crisis of the real economy.

Several countries have taken extensive fiscal and monetary policy measures to curb the downturn in the real economy and support the functioning of the financial markets. Despite these measures, there are mainly indications that the economic downturn in the second quarter of this year will be very deep from a historical perspective

The forecast is marked by uncertainty regarding potential future economic policy measures and as to whether the crisis will affect the behaviour of various economic actors – but the greatest uncertainty is associated with the pandemic itself. As a consequence of the uncertain course of the pandemic, it is unclear how measures to curb the infection will develop. These measures have major effects on the economy, which means that assumptions about them significantly affect the forecast.

The forecast is supplemented with alternative scenarios for economic development

In the Debt Office's forecast, it is assumed that from the third quarter of this year, the measures taken in Sweden to reduce the spread of infection will be gradually phased out, to be essentially removed entirely by the turn of the year.

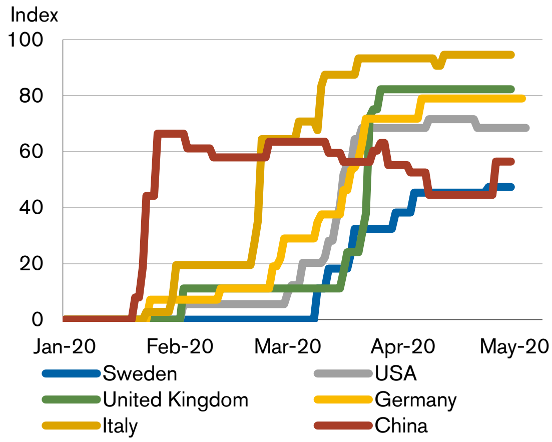
To address the uncertainty arising from the pandemic, this report contains two alternative scenarios. In the two alternative scenarios, both a worse and a better economic development are presented, each of which is driven by different courses for the spread of the pandemic and its containment. The first and more negative alternative scenario assumes a more drawn out process dictated by the pandemic due to, for example, prolonged measures for social distancing. The second alternative scenario assumes an earlier and faster decrease in the spread of infection than in the forecast.

Large global decline in GDP

The world economy is expected to be severely affected by the spread of the coronavirus and the shutdowns of economies that have ensued. The severely limited mobility applies both between countries and within them (see Figure 1). The measures taken are expected to have a broad negative impact on consumption, investments and exports in many economies. The drop in global output this year is expected to be considerably deeper than during the financial crisis of 2008–2009.

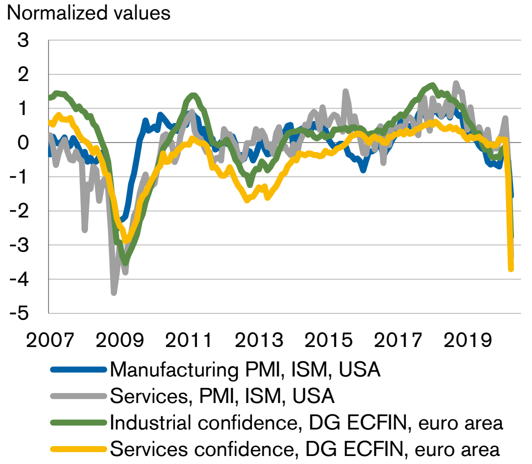
It is very uncertain how deep and lengthy the downturn in the world economy could be. In many parts of the world, there is a lag before the effects appear in statistics for GDP growth and unemployment. Leading indicators, though, point to a very deep decline (see Figure 2). Net sales in part of the service sector have fallen sharply. Not least airlines, hotels and restaurants in many countries have been hit hard by the shutdowns and the historically sharp drop in demand. Large parts of the trade sector and goods-producing industries have also been affected.

Figure 1. Degree of restrictions against spread of coronavirus, 2020



Note: A higher value implies more extensive actions, such as closed businesses, borders etc., to mitigate the spread of the coronavirus.
Source: University of Oxford.

Figure 2. Leading indicators, US and euro area



Sources: Institute for Supply Management, European Commission (DG ECFIN) and the Debt Office.

Global output is expected to fall in the first half of this year. The decrease is assessed to be the deepest in developed economies and is mainly concentrated to the second quarter. Despite substantial monetary policy easing from several central banks, financial conditions are tighter than at the beginning of the year which contributes to dampening the real economy.

There is a gradual return to normal levels of economic activity in the second half of the year, when the spread of infection is assumed to be less extensive and more controlled. Economic policy stimulus is then anticipated to contribute to boosting growth again, although in many places recovery is expected to take time (see Table 1).

Table 1. GDP-growth in a selection of countries and areas, forecast

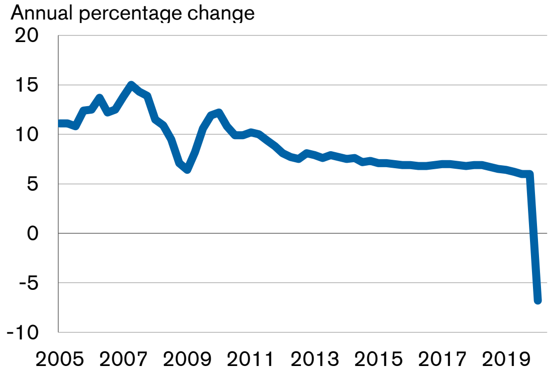
Annual percentage change	2019	2020	2021
Euro area	1.2	-7.5 (-8.7)	4.7 (3.3)
USA	2.3	-5.9 (-7.7)	4.7 (3.0)
China	6.1	1.2 (-4.7)	9.2 (3.3)
Global	2.9	-3.0 (-6.3)	5.8 (2.4)

Note: Revision compared to previous forecast in parenthesis.
Sources: National sources and the Debt Office.

The US and Europe are severely affected by the crisis, while China recovers faster

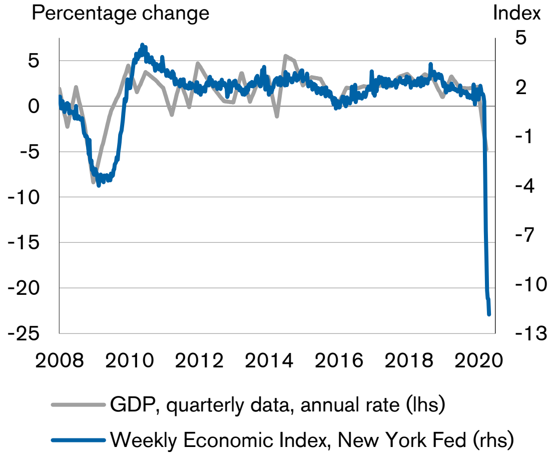
In China, where the virus outbreak started at the end of last year, the economic impact was already felt in the first months of this year. During the first quarter GDP fell by almost 7 per cent compared with the same period the previous year (see Figure 3). Since February, China has gradually eased its lockdown, but recovery is taking time, and several real-time indicators show that the Chinese economy is not yet back to normal. This can be partially explained by the fact that what started as a domestic crisis has now become a global crisis instead and Chinese factories, that are attempting to reach normal production rates are thus facing sharply declining demand from the outside world. The decrease in GDP in China in 2020 is assessed to be milder than in other parts of the world, as the return to normal activity there is expected to be quicker by comparison.

Figure 3. GDP in China



Source: China National Bureau of Statistics.

Figure 4. GDP and economic activity indicator, USA



Sources: U.S. Bureau of Economic Analysis (BEA), Federal Reserve Bank of New York and the Debt Office.

Growth in both the US and the euro area will be hit hard in the second quarter. Leading indicators point to a drop in GDP on par with China's GDP decrease of the first quarter (see Figure 4 and Figure 5). Unemployment will also rise rapidly. US labour market statistics show that until the beginning of May, approximately 30 million people, corresponding to about 18 per cent of the labour force, had filed for unemployment since the crisis began.

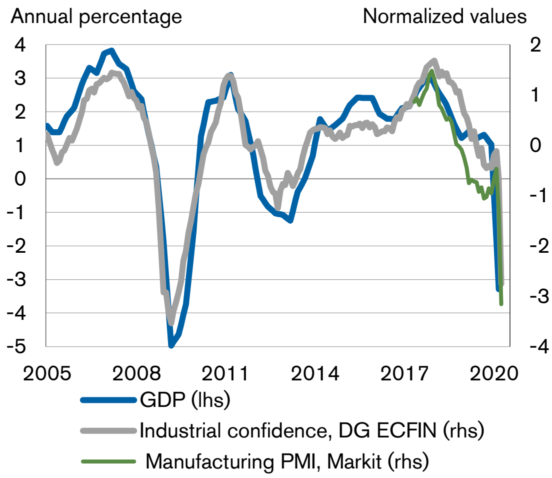
Overall, GDP falls sharply in both the US and the euro area this year – and, despite a slow recovery starting in the third quarter, the economies do not return to pre-crisis GDP levels during the forecast period.

Highly volatile and tighter financial markets

The global spread of the coronavirus has also left distinct traces in the financial markets. Financial conditions are assessed to have become tighter overall and will therefore weigh on the real economy, despite extensive action from central banks.

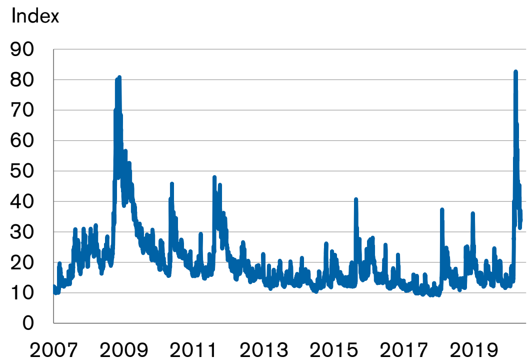
At the end of February, the situation began to deteriorate rapidly in the financial markets as the potential scope of the economic impact from both the spread of the virus and the countermeasures became increasingly clear. This was evident, among other things, in falling stock markets and rising volatility and risk premiums in several markets (see Figure 6).

Figure 5. GDP and leading indicators, euro area



Sources: Eurostat, European Commission (DG ECFIN), IHS Markit and the Debt Office.

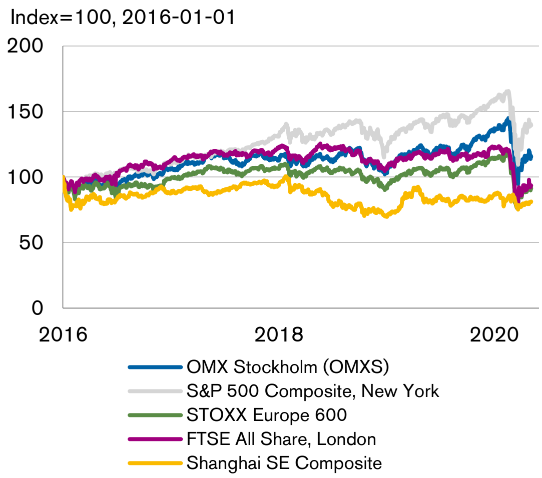
Figure 6. Expected stock market volatility in USA



Source: Chicago Board Options Exchange (CBOE).

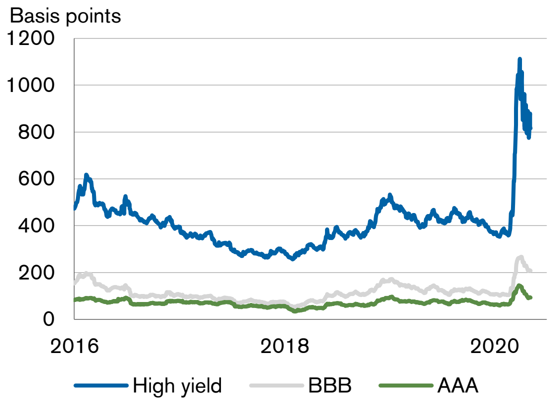
Since the beginning of March, both central banks and governments around the world have taken swift action and launched comprehensive monetary and fiscal stimulus packages (see in-depth box on following page). Many of the measures have targeted securing the flow of credit to businesses and households through banks and corporate bond markets and preventing borrowing rates in the economies from rising too fast. Another important factor has been various support programmes for companies and workers in order to curb the impending bankruptcies and rise in unemployment, and mitigate their effects. For example, the European Central Bank (ECB) has launched a EUR 750 billion Pandemic Emergency Purchase Programme for government and corporate bonds. The ECB has also communicated that its commitment to the euro has no limit, which indicate that further stimulus measures will be launched. The US central bank, the Federal Reserve, promised in March unlimited quantitative easing, and the US administration presented a USD 2400 billion fiscal stimulus package. These measures helped reverse the trend in the financial markets, and since the end of March the stock markets have risen again and risk premiums have fallen back (see Figure 7 and 8). However, risk premiums and volatility remain at elevated levels.

Figure 7. Stock market indices



Sources: National sources and the Debt Office.

Figure 8. Credit spreads, yield difference corporate- and sovereign bonds, euro area



Sources: Barclays, iBoxx, Refinitiv and the Debt Office.

Global fiscal and monetary policy measures

Governments and central banks around the world have taken vigorous action to manage the effects of the virus epidemic. Many governments have decided on comprehensive measures to mitigate the negative financial and economic impact of the crisis and to secure resources for healthcare. The central banks have for their part enacted extensive measures to safeguard the functioning of the financial markets and the access to credit in communities.

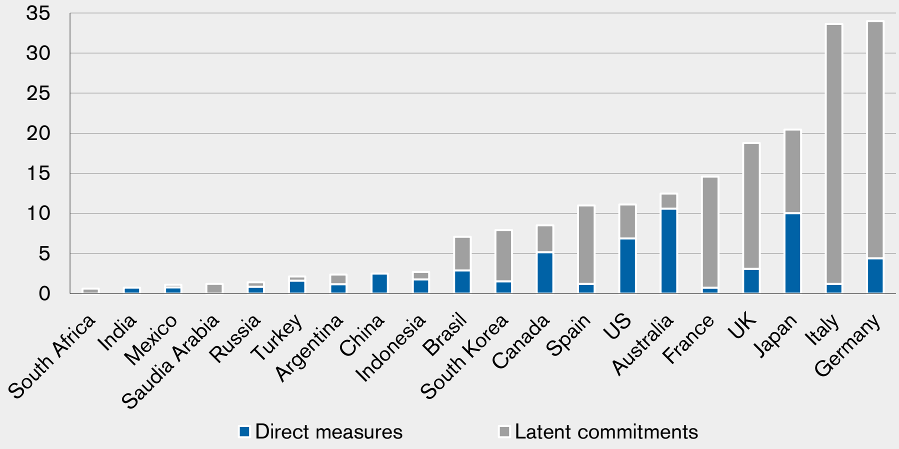
Fiscal policy measures

The G20-countries have thus far decided on measures that directly impact the central government budgets to the equivalent of approximately 3.5 per cent of GDP in 2019. In terms of GDP, this is more than the total measures taken by these countries in the years 2008–2009.[1] The policy measures include aid to healthcare, wage subsidies, increased unemployment compensation and parental insurance, and tax relief.

In addition, many countries have taken measures that do not directly affect their central government budget, but for which funding is done outside the central government (see **Error! Reference source not found.**). This is mainly true in the form of lending schemes, i ncluding guarantees to provide funding to financial and non-financial companies. These measures will, to the extent that borrowers do not repay their loans, affect central government budgets – so-called latent commitments.

In some cases, governments have also injected capital directly into companies. In France, Germany, Italy and the UK, these latent commitments are equivalent to more than 10 per cent of GDP for each country.[2]

Figure 9. Fiscal policy measures
Per cent of GDP



Source: International Monetary Fund (IMF).

Measures by central banks

At the end of the first quarter, market participants' concerns about the financial consequences of the crisis led to a sharp degree of risk aversion in the financial markets. Central banks have therefore taken extensive measures in order to secure both the supply of credit to communities and the stability of the financial markets (see Table 2).

Most central banks have provided liquidity to the banking system. The terms for banks have been eased to facilitate borrowing from the central banks, and programmes have been set up with the intention to pass on loans to firms and households. The US Federal Reserve has also established swap agreements with several central banks to ensure liquidity in US dollars. In addition, the central banks have lowered their policy rates and taken decisions on extensive financial asset purchases in order to facilitate the functioning of the market and keep market rates down for longer terms to maturity.

Table 2. Measures by central banks in selected countries

	Euro-area	Denmark	Norway	Sweden	UK	US	Canada
Lowering of policy rate (interest rate points)			125		65	150	150
Liquidity support	X	X	X	X	X	X	X
Swap lines	X	X	X	X	X	X	X
Asset purchases	X			X	X	X	X

Sources: IMF, Global Financial Stability Report, April 2020.

[1]IMF, Fiscal Monitor Report April 2020.
[2] Ibid.

Swedish economy in recession this year

The economic conditions in Sweden have changed dramatically within a short time. Demand has reached a standstill, and a large number of Swedish companies have thereby also seen their near-term earnings greatly reduced or in some cases basically disappeared. The development has occurred much more rapidly than during the financial crisis of 2008–2009 and the slowdown has been more severe.

Sweden, unlike most other countries, has not shut down society. For example, shops and restaurants have stayed open. However, calls for social distancing and concerns over both the risk of infection as well as unemployment have brought about a sharp decrease in household consumption.

Since the decline in demand is due to measures to reduce the spread of infection, rather than a loss of income among households, traditional demand stimulus measures have, at present, limited effect. Instead, economic policy has been directed towards giving viable companies a chance to weather the crisis, and to support employees. This creates better conditions for faster economic recovery as mobility in the community increases again. But although the measures support the companies and mitigate the downturn in the economy, bankruptcies will rise and GDP will fall sharply in the near future.

Altogether, the Debt Office expects GDP to fall by 6.5 per cent in 2020 while unemployment rises to double-digit figures. The forecast is based on social distancing measures being gradually eased during the third quarter. As a consequence, growth will return relatively quickly. GDP is expected to grow by 4.5 per cent in 2021, while unemployment will continue to increase measured as annual average.

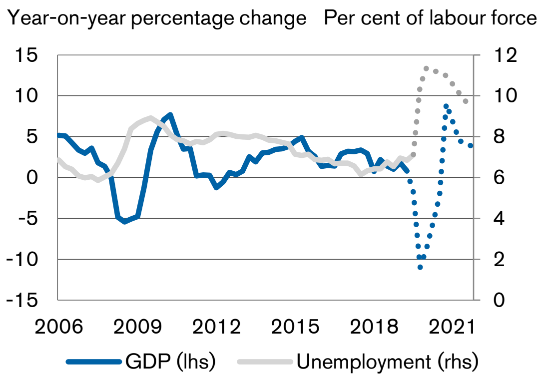
It will take time to recover from a record fall in GDP

In the short term, the drop in GDP is projected to be historically large and significantly more so than during the global financial crisis (see Figure 10).

The main scenario assumes that the pandemic will abate in the second half of 2020. In combination with the steps taken by government authorities to limit social contact, growth gradually returns to a positive level. However, it will be beyond the forecast horizon before GDP returns to pre-crisis levels. It will likely take a long time before there are no longer repercussions from the pandemic and, for example, import demand and a degree of service consumption can return to normal. For example, most airlines expect that it will take several years for demand to return to pre-crisis levels. It is also likely that some investment projects will be postponed, while others will be cancelled entirely.

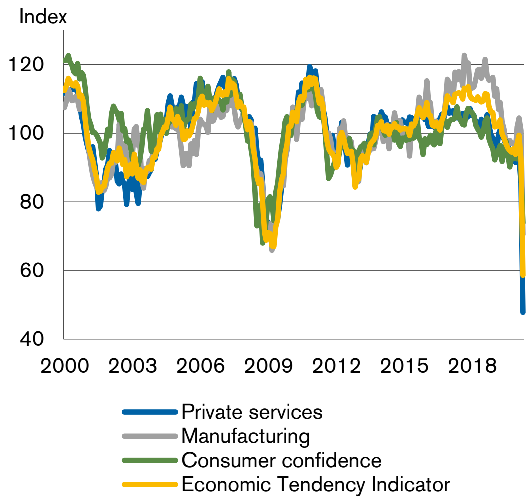
The expected growth profile is assessed be different compared with the financial crisis. The fall in GDP will be deeper than in any single quarter of 2008–2009, but recovery will have already started by the following quarter. During the financial crisis, there was a much more prolonged course of events as the initial sharp drop was followed by several quarters of virtually no growth. Given the deep decline during the second quarter of this year, it will take longer to return to the level prior to the outbreak of this crisis, as was the case during the financial crisis.

Figure 10. GDP and unemployment



Note: Seasonally-adjusted data.
Sources: Statistics Sweden and the Debt Office.

Figure 11. Confidence indicators in Sweden



Note: Seasonally-adjusted data. Average = 100, standard deviation = 10.
Source: National Institute of Economic Research.

Household consumption is heavily affected by the pandemic

Consumer confidence in April was the lowest recorded since the survey started in the beginning of the 1990th (see Figure 11). The rapid spread of infection, together with the authorities' measures and calls for limiting social contact, have significantly altered households' patterns of behaviour and consumption. Household demand for services in particular has fallen sharply, which means that a large number of companies in the service sector are seeing no demand at all. In the restaurant industry, for example, sales have fallen by about 70 per cent. This is countered somewhat by grocery retail and online retail, which are benefitting as households largely stay at home. Overall, the drop in household consumption is expected to be much greater this year than it was during the financial crisis.

The fall in consumption is however expected to be smaller than in other countries, which is partly the reason for a smaller economic downturn in Sweden compared with the rest of the world. The slightly milder impact on household consumption in Sweden is due to the fact that movement restrictions have not been as restrictive here. To some extent this can also be seen in the statistics for restaurant visits, which have not gone down as much in Sweden as in the countries with more far-reaching restrictions. At the same time, this means that the easing of restrictions will not have the same positive effect in Sweden. Correspondingly, this can be seen in the somewhat weaker growth forecast in Sweden compared with the rest of the world that is expected for the second half of this year.

Next year, when the pandemic has subsided, household consumption is expected to increase relatively quickly and be the largest contributor to the recovery. However, the combination of declining wealth and higher unemployment dampen recovery, as does lingering caution in many households.

Decline in demand causes investments to drop, and travel restrictions lead to lower exports

Investor activity was becoming weaker even before the pandemic. Last year, business sector investments fell for the first time in six years, while housing investments remained essentially unchanged.

The combination of drastically reduced profitability and increased uncertainty entails a decrease in business sector investments of around 15 per cent in the second quarter. Housing investments also fall to the same extent. It is a common historical pattern for housing prices to drop in connection with economic downturns, mainly because of falling income, which in turn contributes to dampening housing investments. According to the National Institute of Economic Research's Economic Tendency Survey, confidence among construction companies fell in April. However, compared with other sectors, the decrease was considerably milder among construction companies, which may be because they were less hampered by cancelled deliveries of input goods and production stoppage than, for example, the motor vehicle industry was.

Overall, business sector investments fall by almost 18 per cent in the acute phase of the crisis. This can be compared with a decline of about 13 per cent in the last crisis. However, in terms of the full year, fixed gross investments are expected to fall by about 10 percent this year, compared with just under 13 percent in 2009.

On the other hand, public sector investments will increase relatively quickly during the forecast years. In contrast with many other countries, Sweden's national debt is low. There are therefore good opportunities to gradually stimulate the economy in order to mitigate the long-term effects of the crisis.

Tourism is greatly affected by the travel restrictions imposed by Sweden and other countries. There are mainly indications that the restrictions will remain in place over the summer, which means that consumption by foreign nationals in Sweden will fall drastically. In the national accounts, this is counted as a decrease in exports. However, the negative effect is mitigated by the fact that the Swedish population will to a great extent be vacationing within Sweden. Exports are affected by disruptions in production and lower global demand.

Rapidly deteriorating labour market

The Swedish labour market has deteriorated rapidly and sharply in the wake of the economic downturn. Bankruptcies have already risen and in the short term employment is expected to fall significantly faster than during the financial crisis. The recovery will be slow, in line with historical patterns.

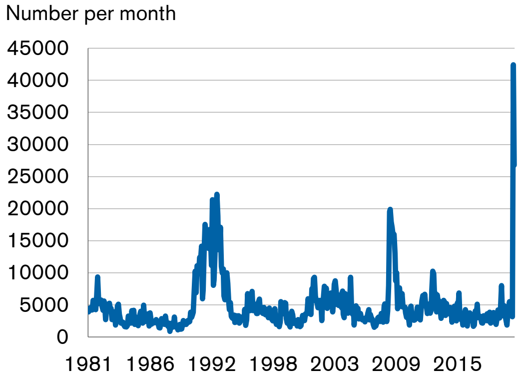
The Debt Office expects unemployment to be 10 per cent this year and just under 11 per cent in 2021. Unemployment is expected to be at its highest in the autumn and then fall back relatively slowly.

Employment is falling rapidly as it did during the global financial crisis

The Swedish labour market hard is being hit hard by the sharp drop in demand in the economy. Employment is falling particularly drastically in the service sector, especially among hotels, restaurants and in large parts of the retail sector.

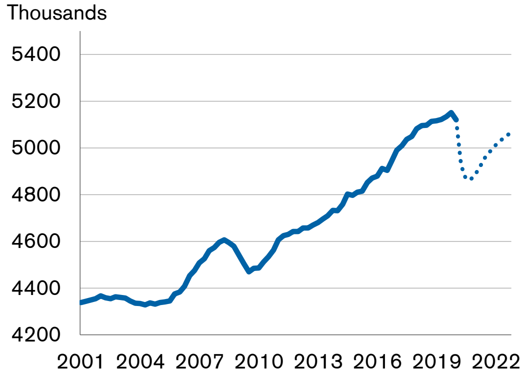
Many employees in the service sector lack terms of permanent employment, which may mean they are not covered by the new rules for short-time working (furloughs). In order to be eligible for the short-time work allowance programme, companies must also take cost-saving measures, which in practice means that many employees with fixed-term contracts and consultants are losing their jobs. In April, the NIER's indicator of companies' hiring plans showed the largest instance of this since the survey began in 2001.

Figure 12. Redundancy notices



Note: The Swedish Public Employment Service.

Figure 13. Employment



Source: Statistics Sweden and the Debt Office.

The statistics for notice of redundancy also show that the labour market has deteriorated rapidly despite the Government's support measures. In March, more than 40,000 were given notice, followed by more than 20,000 in April (see Figure 12). The statistics broken down by industry indicate that compared with the financial crisis of 2008-2009, hotels and restaurants are much more affected, while the manufacturing industry is less affected so far.

Many people with permanent employment within the industry are able to keep their jobs because the major industrial companies can utilise short-time working in a different way for meeting the lower demand. The number of applications for short-time work allowance has increased rapidly and affected around 450,000 people in the beginning of May.

The furlough of so many people through the short-time work allowance programme mitigates the drop in employment. Despite the possibility of short-time working and other measures that reduce staffing costs for businesses, many companies will not be able to cope with the exceptional challenges posed by the crisis. As early as March, the number of bankruptcies increased by 24.5 per cent compared with the corresponding month in 2019. In the short term, employment is therefore expected to fall much more rapidly than it did during the financial crisis.

Even if there is a relatively quick return to growth, the recovery in employment is likely to take a long time. Employer uncertainty will persist at the same time as many companies have the scope to increase production with existing staff in the initial part of the recovery. The large number of bankruptcies also suggests that the recovery will be slower than the downturn, which is in line with the normal pattern after major economic downturns.

Altogether, the effect on employment is relatively prolonged, despite the fact that the fall in demand is mainly temporary. Measured as the annual average, the Debt Office expects employment to fall by

3.6 per cent this year and remain flat next year. According to the Debt Office's forecast, the level of employment will remain lower at the end of 2021 than it was at the end of 2019 (see Figure 13).

Spike in unemployment

Unemployment is rising rapidly and falling back slowly. The relationship between the change in unemployment and GDP growth has been relatively strong historically, which suggests that unemployment may rise by three to four percentage points from current levels. However, short-time working will contribute to fewer people becoming unemployed than there would have been otherwise, which means there is a risk that historical correlations point to higher unemployment in the coming years than will actually be the case. Measured as the annual average, unemployment is expected to be 10.0 per cent this year and 10.7 per cent in 2021. Unemployment is expected to be at its highest in the autumn and then fall back relatively slowly. In order to keep up with demand in the economy and mitigate the financial impact for those affected, the Government has temporarily raised the levels of compensation for unemployment insurance.

Driven by foreign-born, the workforce has increased faster than the historical average over the past five years, at the same time as the group accounted for a large part of the increase in the number of employees. Generally, this foreign-born group has had weaker ties to the labour market. The usual pattern in crises is that those with the weakest connection who are hit the hardest. Closed borders and severely limited mobility between countries will also strongly affect labour immigration. There is great uncertainty about how the labour force will develop. In the long term, this means that the assessment of unemployment in proportion to the labour force is also uncertain.

Payroll also falls slightly this year

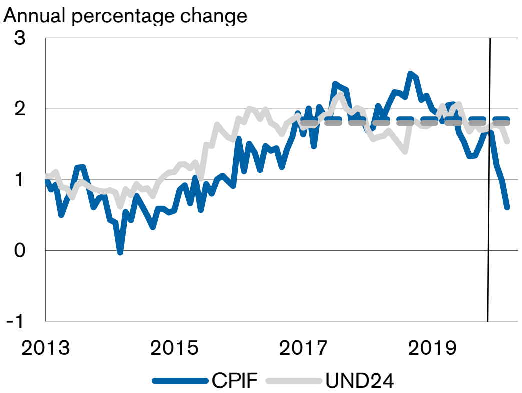
The plunge in the economy will affect the number of hours worked to a much greater extent than payroll growth. The rate of wage increases will be slightly lower than in previous years and is expected to end up at around 2 per cent. The decrease in hours worked in 2020 will however be large, which taken together gives a forecast in which payroll will fall this year. In 2021, payroll will recover in line with the number of hours worked.

Low energy prices lead to very low inflation this year

Large movements in energy prices and effects of the global economic downturn characterise the price trend during the forecast period. Inflation is assessed to be very low this year to then rise next year, although to moderate levels.

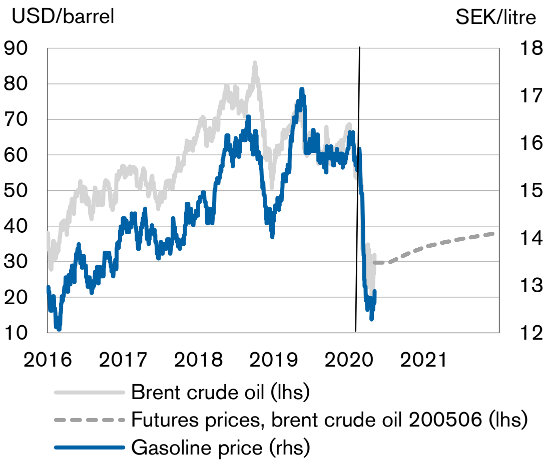
CPIF inflation has fallen rapidly. The rapid decline is caused by falling energy prices (see Figure 14). The global market price of crude oil has dropped sharply over the beginning of the year, mainly as a result of the fall in demand due to the coronavirus. Swedish electricity prices have also fallen as a result of the warm, windy and wet winter. Weather conditions have been favourable for the generation of electricity while simultaneously curbing demand. At the same time, demand for electricity has also subsided because of the crisis.

Figure 14. Inflation



Note: UND24 is calculated by the Riksbank and is constructed such that goods and services that vary greatly in price receive a lower weight in the index. Dotted line shows average value since 2017 for respective series. Vertical line indicates final date for information taken into account in previous forecast; 2020-02-03.
Sources: Statistics Sweden, the Riksbank and the Debt Office.

Figure 15. Oil price and gasoline price in Sweden



Note: Vertical line indicates final date for information taken into account in previous forecast; 2020-02-03.
Sources: Intercontinental Exchange (ICE), OK-Q8 AB and the Debt Office.

The sharply reduced activity in the world economy this year indicates that oil prices will remain low. Futures prices for both crude oil and electricity indicate continued low prices, which gradually rise during the forecast period (see Figure 15).[1] The low energy prices mean that inflation will be very low for much of this year, an effect that will then subside at the beginning of next year.

The rapidly deteriorating economic situation in Sweden, and in the outside world, also contributes to dampening the cost pressure in the economy. However, this is partly offset by the assessment that disruptions in production may result in a reduced supply of certain goods and services. CPIF-inflation is expected to be on average 0.4 per cent this year and 1.5 per cent 2021

Great uncertainty about the recovery in the Swedish economy

In summary, economic developments in Sweden and the rest of the world have become significantly worse than in the Debt Office's forecast in its previous report, while the outlook for the coming years has changed completely. There are therefore significant revisions to the forecast. The risk of a worse development due to the coronavirus was indeed discussed in the previous report, but it was difficult then to foresee the extent of the contagion, the measures and their economic impact.

The course of the pandemic will have a major impact on economic development

The way in which the pandemic continues to unfold will have a major impact on future economic development. To better illustrate this, two alternative scenarios are presented. In addition, further risks are discussed, which are mainly linked to the scenario of worse economic development (see Table 3 and Figure 16).

[1] Futures prices for Brent oil, the Intercontinental Exchange (ICE) and for electricity in the Nordic countries, Nasdaq OMX.

Alternative scenario1: Slower phase-out of social distancing results in more prolonged recession
This scenario assumes that the course of the pandemic will be prolonged further. In Sweden, measures for social distancing remain in place longer. In the rest of the world, restrictions remain or are tightened again after a previous initial de-escalation. This causes GDP growth to decline again following some recovery, to then recover again. As a whole, GDP growth in this alternative scenario is distinctly lower during the forecast years, while unemployment is higher and price pressure lower.

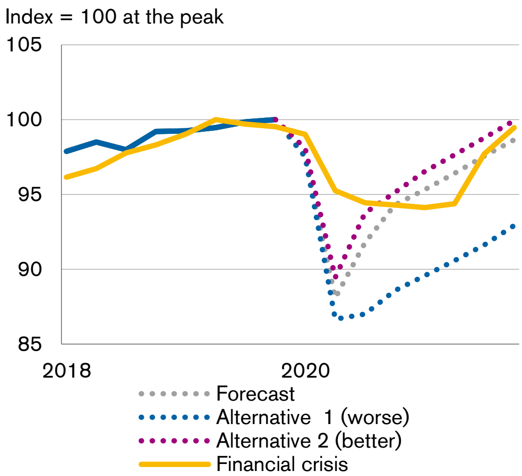
Alternative scenario 2: Earlier phase-out of social distancing results in faster recovery
This scenario assumes that, for example, medical treatments or tests enable an earlier and more rapid increase in the mobility of the community than in the main scenario. This, in turn, means that the recovery in the second half of this year and the next will be greater than in the main scenario and unemployment will not rise that much. Price pressure increases somewhat. The difference from the development in the main scenario is not especially large, although it is clearly more positive in terms of GDP growth and unemployment.

Table 3. Scenarios for the economic development, key variables

	2019	2020	2021
Forecast			
GDP[1]	1.2	-6.5	4.5
Unemployment[2]	6.8	10.0	10.7
CPIF[3]	1.7	0.4	1.5
Alternative scenario 1			
GDP[1]	1.2	-9.5	1.5
Unemployment[2]	6.8	11.5	12.5
CPIF[3]	1.7	0.2	1.1
Alternative scenario 2			
GDP[1]	1.2	-5.3	4.5
Unemployment[2]	6.8	8.8	9.0
CPIF[3]	1.7	0.5	1.5

Note: Alternative scenario 1 assumes a slower phase-out of social distancing measures, which leads to a more prolonged recession. Alternative scenario 2 assumes an earlier phase out of social distancing measures, which leads to a faster recovery.
[1] Annual percentage change.
[2] Percentage share of labour force 15-74 years, annual average.
[3] Annual percentage change, annual average.

Figure 16. GDP levels, forecast and scenarios compared to the 2008-2009 financial crisis



Note: The financial crisis refers to the crisis of 2008—2009.
Source: Statistics Sweden and National Debt Office.

An aggravated crisis increases the risk of problems in the financial sector

A more prolonged pandemic is the most likely reason for a worse development than in the forecast. At the same time, there are several factors that could contribute to lower GDP growth, regardless of how the pandemic develops. For example, households and companies hit hard by the crisis may have to pay off debt or rebuild financial buffers. This could curb both consumption and investment in the future. Factors such as increased protectionism, escalating tensions between China and the US or the UK exit from the EU without an agreement, would also be negative, by weighing on world trade and therefor also Sweden's export opportunities. But whatever the cause of a worsening crisis, poorer real-economic developments would lead to more and more bankruptcies and bank credit losses. In a worst-case scenario, this could mean that it would become more expensive and more difficult for banks to finance themselves, which in turn would risk affecting the credit supply to the real economy. That, in turn, would further contribute to the economic downturn with rising credit losses as a result. Such a development would likely be accompanied by further economic policy measures to curb the negative development; in the real economy, the financial system and the financial markets.

The crisis leads to major deficits

The central government budget balance is expected to show a very large deficit this year. Compared with the previous forecast, this is a striking reversal. It is driven by the rapid and sharp economic downturn and the resulting fiscal policy measures taken in the wake of the spread of the coronavirus. During the second half of the year, the economy is expected to recover, but the budget balance will also show a large deficit in 2021. The level of uncertainty is high and contingent on how the spread of infection will develop, how long and deep the economic downturn will be and what further fiscal policy measures might be taken.

Very large deficit for 2020

The economic downturn and the fiscal policy measures taken as a result of the spread of the coronavirus lead to significant deficits in the central government budget balance. The Debt Office's new forecasts point to a deficit of SEK 402 billion for 2020 and SEK 76 billion for 2021 (see Table 1). This entails a downward revision of the budget balance of a total of SEK 450 billion over the next two years.

Table 1. Central government budget balance, forecast 2020–2021

	2019	**2020**		**2021**	
SEK billion	outcome	May	(Feb)	May	(Feb)
Primary balance[1]	65	-342	(32)	-54	(12)
Debt Office net lending[2]	69	-38	(-19)	-22	(-20)
of which on-lending	67	-9	(-7)	-8	(-7)
Interest on central government debt	-22	-22	(-27)	1	(-6)
Budget balance[3]	**112**	-402	**(-14)**	**-76**	**(-14)**
Budget balance excl. capital investments in tax accounts	**117**	**-402**	**(-4)**	**-76**	**(1)**

[1]The primary balance is the net of the central government's income and expenditure excluding interest payments and the Debt Office net lending.
[2]Debt Office net lending entails the net of government agencies' and others' payments and deposits in the central government's internal bank at the Debt Office. It includes both continual central government operations and temporary occurrences, which can be decided on short notice.
[3]The budget balance corresponds to the net borrowing requirement with the opposite sign. The table shows net lending and interest payments on central government debt with the opposite sign compared with Tables 5 and 6.

To meet the economic downturn and mitigate its impact, the Government has presented a number of measures to support businesses, private individuals and municipalities. In total, the measures are expected to amount to approximately SEK 213 billion this year, according to the Debt Office's assessment.

Most of the measures are temporary and, according to current decisions, will therefore not affect 2021 to any significant extent. The Government measures assessed to be of greatest significance in terms of amount are: the short-time work allowance, increased grants to local governments, higher unemployment compensation, the responsibility for sick pay costs, a reduction of employer's contributions, and support to businesses based on loss of turnover (sales).

At the same time, the economic downturn entails significantly lower income from taxes than in the previous forecast. This is mainly because employment is expected to decline, consumption to be lower and profits for businesses to fall. Although growth is expected to be strong next year, income from taxes in 2021 will not reach pre-crisis projections. As a result of rising expenditure linked to the measures and the lower tax income, the primary balance is weakened by a total of SEK 373 billion in 2020 and SEK 67 billion in 2021 compared with the February forecast (see Table 3). The Debt Office expects SEK 25 billion in further fiscal reforms for the current year and SEK 50 billion for 2021[2].

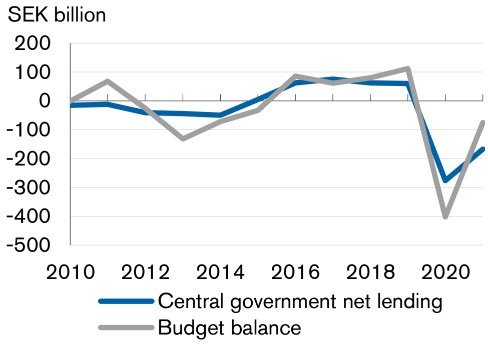
Some of the measures on the tax side have limited impact on central government net lending, although they do affect the budget balance, which is a measure of actual cash flows. This involves, among other things, the possibility of deferring tax payments through credit in tax accounts. As a result, the budget balance will be lower than net lending this year. Next year, the effect will be the opposite. Central government net lending is estimated to reach SEK -276 billion in 2020 and SEK -167 billion for 2021, which corresponds to -5.8 per cent and -3.3 per cent of GDP, respectively.

Table 2. Forecast changes in 2020, broken down by macroeconomic factors and fiscal policy measures

SEK billion	
Macroeconomic factors	**128**
Higher expenditures	13
Lower taxes	115
Policy measures	**213**
Higher expenditures	143
Lower taxes	70
Other	**47**
Sum	**388**

Source: Government, The Debt Office.

Figure 1. Central government net lending and budget balance, 2010-2021



Source: Statistics Sweden, The Debt Office.

[2] The package of measures announced by the Government on 7 May and refers to the central government having assumed responsibility for sick pay costs. The qualifying day for sick pay and the unemployment benefit increase are taken into account in the total amount for new reforms this year, although not in the social insurance and labour market expenditure.

Table 3. Major forecast changes in primary balance

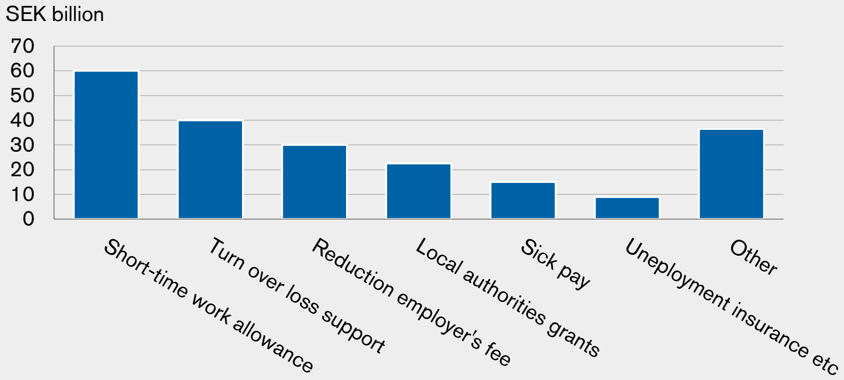
SEK billion	2020	2021
Forecast February 2020	**32**	**12**
Sum of changes	**-373**	**-67**
Of which:		
Tax income excl. capital investments in tax accounts	-249	-19
Capital investments in tax accounts	10	15
Dividends	-2	0
Government grants to local governments	-22	-13
Labour market	-10	-8
Social insurance	-9	0
Migration	1	0
International aid	-1	2
Other	-92	-44
Forecast May 2020	**-342**	**-54**

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

Fiscal policy measures in Sweden

The Government has presented a series of measures to limit the spread of the coronavirus and mitigate its impact on the economy. So far, the measures have been presented through five additional amending budgets, the Spring Amending Budget, and several press releases. The Debt Office has largely made the assumption that the measures affect the budget balance by the amounts that the Government has presented. An exception is the short-time work allowance programme, for which the expenditure appears to be considerably higher (see separate fact box). The amounts for the largest measures are shown in the figure below. Those measures that involve deferrals of payments, such as tax payment respites via tax accounts, are not included in the amounts in the figure. These are measures that affect the budget balance – but which have a limited impact on public spending over time.

Figure 2. Fiscal policy measures



Source: Government.

Decisions have also been taken on increased loan frameworks and central government guarantees. The loan frameworks only affect the budget balance when they are utilised, and guarantees only affect the balance if the borrower is unable to meet their commitments. The amounts for these measures total approximately SEK 235 billion. Those who are issued a guarantee also pay a guarantee fee to the Debt Office which affects the budget balance, albeit at moderate amounts in this context.

Major decrease in tax income this year

Income from taxes is assessed to be SEK 239 billion lower this year and SEK 4 billion lower next year compared with the previous forecast (see Table 4). This includes an assumption of granted tax payment deferrals, which reduces tax income by SEK 50 billion this year but increases it by the same amount next year. Other tax-related measures presented by the Government are estimated to reduce tax income by approximately SEK 70 billion this year. The largest relief is in the form of employer's contributions being reduced and the provision of support to businesses based on loss of turnover. Furthermore, the poor macroeconomic development causes important tax bases to decrease, which reduces tax income by approximately SEK 115 billion.

Lower employment and falling wages, together with a reduction in employer's contributions, bring about a sharp fall in income from payroll taxes this year. Because of the short-time work allowance programme, the decline in employment will not be as severe as it would have been otherwise. Next year, the lower trend for payroll growth will mean that disbursements of municipal tax funds to local authorities will decrease, which explains why payroll taxes for the central government will not decrease as much.

A negative earnings trend for companies will reduce income from corporate tax. Some sectors have been hit very hard in the economic downturn, while others have so far not been affected to the same extent. Many businesses have closed their operations or had a very low level of output, which is likely to have a significant impact on their profits. The Debt Office has assumed that there will be a 30 percent drop in profit development for companies in 2020 compared with last year.

Weak demand and a negative income trend will lead to lower income to central government from consumption-based taxes. Households' capital income is also assessed to decrease from a reduction in capital gains and dividend income.

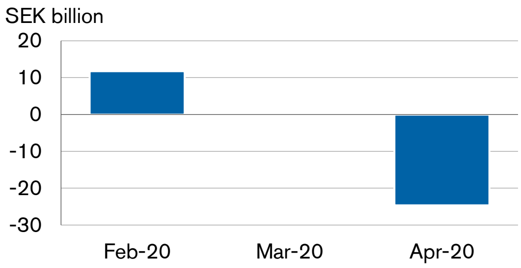
The Debt Office has assumed that capital investment in the tax accounts will remain unchanged in both 2020 and 2021. The low risk in tax accounts still make them a potentially attractive alternative, especially for many companies. At the same time, many companies are likely to have significantly lower liquidity. Any difference in interest rates between those on tax accounts and other investment alternatives is probably less significant given the current situation.

Table 4. Tax income, changes from previous forecast

SEK billion	2020	2021
Payroll taxes	-60	-4
Consumption taxes	-21	-14
Corporate taxes	-49	-41
Supplementary taxes	-108	55
Total	**-239**	**-4**

Note: The table shows changes in terms of budget balance.

Figure 3. Tax income, difference between outcome and forecast



Sources: The Swedish Tax Agency and the Debt Office.

Short-time work allowance prevents even larger drop in employment from occurring

In order to help businesses overcome financial difficulties and save jobs, the Riksdag has resolved to increase government support through the short-time work allowance programme.[1] This is a job retention scheme whereby the central government assumes responsibility for part of the wage costs when an employee receives reduced working hours for a furlough period. Doing so enables the companies to reduce wage costs at the same time as the employees retain a large part of their pay.

There has been great interest from the companies. At the beginning of May, the Swedish Agency for Economic and Regional Growth (Tillväxtverket) had received applications concerning approximately 450,000 employees and had paid out around SEK 18 billion for short-time work.

The Debt Office estimates that just over 330,000 people in average, will be furloughed from March to December 2020 under the short-time work allowance programme. The number is expected to be highest in the next few months followed by a gradual decline in the autumn as the economy recovers. The Debt Office estimates that the total cost will be approximately SEK 60 billion in 2020. There is great uncertainty associated with this assessment both in terms of the degree to which employees have their hours reduced and how many employees are affected. Next year, the temporary law governing short-time work allowance will expire. The Debt Office makes no assumptions about a possible continuation of the short-time work allowance.

[1] Businesses can apply for an 80 percent reduction in working hours during May, June and July. The short-time work allowance programme will be in place for the period March–December 2020. The companies can apply for six months with an extension of another three months.

Rising expenditures in coming years

Government expenditures are significantly affected by the economic downturn and the fiscal policy measures and are expected to be more than SEK 100 billion higher in 2020 than in the previous forecast.

Increased grants to local authorities

Central government grants to local governments increase by SEK 22.5 billion this year compared with the previous forecast. Following a committee initiative, the Riksdag decided to increase municipal grants by SEK 2.5 billion, which was enacted in February. In the Spring Amending Budget, municipal grants were increased by an additional SEK 20 billion, of which SEK 12.5 billion is permanent and thereby also affects 2021.

Significant increase in labour market-related expenditure

Labour market-related expenditure is expected to rise in both 2020 and 2021. The drastically weakened state of the economy is having an extensive impact on the Swedish labour market, and unemployment is expected to rise sharply. In addition, the level of the unemployment benefit is temporarily higher this year[3]. Expenditure for labour market policy measures and the Swedish Employment Service's administrative appropriations also increase in the Spring Amending Budget. Total unemployment benefit expenditure is expected to increase by SEK 7 billion in 2020 and SEK 6 billion in 2021, compared with the previous forecast. The forecast for the disbursement of funds paid out for labour market policy measures is SEK 2 billion higher for this year and unchanged for 2021, compared with the previous forecast.

Temporarily higher social insurance expenditure for 2020

Social insurance expenditure increases in 2020, both as a result of fiscal policy measures but also because more people are collecting insurance. Part of the measures launched by the Government to curb the spread of the coronavirus is within social insurance. The central government has assumed responsibility for companies' sick pay costs during April and May. Also, between 11 March and 31 May, individuals receive sick pay for the qualifying day.[4] Together, these two measures result in a SEK 9 billion increase in payments. The increased insurance utilisation is mainly reflected in the sickness benefit and temporary parental benefit. Applications for the temporary parental benefit

[3] On 7 May, the Government announced its intention to raise the maximum daily compensation amount of the unemployment benefit from day 101 in 2020. According to the Government, this is expected to increase labour-market expenditure by SEK 1.1 billion.

[4] The Government announced on 7 May that it intends to extend the central government's responsibility for sick pay to the end of July and to pay extraordinary sick pay expenses between August and September. The qualifying day compensation is extended to September and increased by SEK 100. In total, the Government expects a SEK 13.6 billion increase in social insurance payments due to these measures.

were 40 per cent higher in March than in the same month the previous year. For 2021, expenditure is expected to remain at approximately the same level as in the previous forecast. The social insurance reforms implemented because of the coronavirus will not affect next year because the rules are temporary.

Net lending by the Debt Office

Net lending by the Debt Office to government agencies is an item on the expenditure side of the central government budget. This means that if the Debt Office's net lending increases, the budget balance is weakened. 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. Net lending consists of the change of all lending from, and deposits in, the central government's internal bank (treasury), at the Debt Office. Net lending covers both ongoing central government activities – such as student loans, deposits in the premium pension system and lending to infrastructure investments – and temporary items, such as on-lending to the Riksbank and to other countries. The temporary 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.

Debt Office net lending will be higher in 2020

The Debt Office's net lending is expected to increase to SEK 38 billion, from SEK 19 billion in the February forecast (see Table 5). This is mainly due to fiscal policy measures related to the spread of the coronavirus. The National Board of Health and Welfare (Socialstyrelsen) has been granted a loan framework of SEK 5 billion this year to fill an emergency stockpile of protective equipment and medical supplies. The Swedish Export Credit Corporation (SEK) has received an increased borrowing limit as well (from SEK 125 billion to SEK 200 billion), of which it has made use of SEK 10 billion. In addition, investments in education are expected to increase lending to Swedish Board of Student Finance (CSN).

Macroeconomic effects also contribute to the increase in net lending by the Debt Office. There is increased on-lending to the Riksbank due to the weaker krona, and the lower forecast for payroll growth means that deposits in the premium pension system are expected to be less than in the previous forecast. A somewhat mitigating factor is that lending to infrastructure projects has been revised downwards slightly compared with the previous forecast.

A moderate increase in the Debt Office's net lending is expected for 2021. Then, net lending is expected to increase by SEK 2 billion to SEK 22 billion in total. This is a result of increased lending to the CSN and the fact that the weaker krona will entail increased on-lending to the Riksbank.

Table 5. The Debt Office's net lending to government agencies and others

SEK billion	2019	2020	2021
Lending	**-62.5**	**36.4**	**25.6**
Of which:			
Swedish board of student finance	7.3	8.5	10.1
Swedish Transport Administration	-1.6	2.3	5.0
On-lending to the Riksbank	-67.4	8.6	7.7
Other	-0.8	17.0	2.8
Deposits	**6.2**	**-1.6**	**3.6**
Of which:			
Swedish board of student finance, credit reserve etc.	1.2	1.4	2.0
Resolution reserve	5.8	3.3	3.4
Premium pension system, net[1]	-0.5	-4.3	-2.3
Other	-0.3	-2.1	0.4
Net lending	**-68.8**	**38.0**	**22.0**

[1] Premium pension refers to the net of pension fees, payments to funds and management fees.

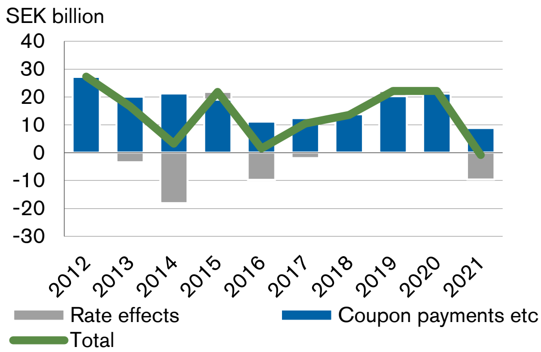
Interest payments on central government debt decline

Despite the sharp decrease in the central government budget balance, interest payments on central government debt are declining compared with the previous forecast. Interest payments are estimated at SEK 22.2 billion for this year and SEK -0.8 billion next year (see Table 6). This is a downward revision of SEK 5 billion in 2020 and SEK 7 billion in 2021 compared with the forecast in February.

Table 6. Interest payments on central government debt

SEK billion	2020	2021
Interest on loans in SEK	18.2	-4.6
Interest on loans in foreign currency	-0.5	0.7
Realised currency gains and losses	4.6	3.1
Interest payments	**22.2**	**-0.8**

Figure 4. Interest payments, 2012–2021



Source: The Debt Office.

The fact that interest payments are lower is mainly because the Debt Office is issuing a larger volume of bonds at a so-called premium. Bonds that were introduced when interest rates were higher have an annual nominal coupon rate that is higher than current market interest rates. As compensation for the higher coupon rate, the buyers of the bonds pay a higher price (premium) in the issues, which means that the interest payments initially decrease but that the central government makes a higher annual coupon payment during the bond's residual term to maturity.

The central government's interest payments decrease between the forecast years. This is because the Debt Office pays out a relatively large amount of inflation compensation in 2020. When inflation-linked bonds mature or are bought back, the central government pays compensation for the subsequent inflation after the bonds were issued.

Payments of inflation compensation in 2020 occur for two reasons. Partly as a result of an inflation-linked bond that will mature in December, and partly because inflation-linked bonds are being repurchased in switch auctions in connection with the introduction of a new inflation-linked bond. Next year there will be no such effect, so interest payments will decrease.

In 2021, coupon payments will also be lower since bonds with a high nominal yield expire at the end of 2020.

The Debt Office uses cut-off rates in calculating central government interest payments and in measuring the Riksbank's foreign currency loans. The cut-off date for this forecast is 30 April 2020.

The coronavirus continues to generate uncertainty about the future

There are several uncertainties that may affect central government finances in the future. They are difficult to take into account in the forecasts because they largely depend on how the spread of infection develops and what countermeasures are taken. A worse economic development could lead to lower income from taxes and higher expenditure, including labour-market related spending. Most of the measures that have been launched are also temporary. An extension of these or new fiscal policy measures can further increase the deficit and lead to a larger government borrowing requirement. In the long term, a worse development can also put a strain on central government finances through the guarantee commitments made during the crisis, such as the government guarantee programme for companies and guarantees to the airline industry. The assessment is that the uncertainty this time is much greater than normal.

If economic developments are worse than expected and in line with alternative scenario 1, the Debt Office estimates that the budget balance will deteriorate by SEK 100 billion this year and about SEK 150 billion next year. The major part of the deterioration consists of macroeconomic effects, but further fiscal measures are also included.

On the other hand, the economic recovery may be faster than projected as a result of an earlier-than-expected increase in mobility in the community. This can lead to lower income from taxes and lower expenditure for, among other things, the short-time work programme.

If development were to be more in line with alternative scenario 2 i.e. the recovery in the economy begins earlier, the deficit in the budget balance in 2020 and 2021 in total is expected to be SEK 50 billion lower than in the forecast.

Borrowing increases in all debt types

The Debt Office is increasing the issuance of all types of government securities in order to meet the rapidly growing budget deficit due to the virus outbreak. So far, the increased borrowing requirement has been accommodated by short-term borrowing, and the T-bill stock will continue to grow. Bond borrowing is also increasing. The volume of nominal government bonds is first being raised to SEK 5 billion per auction in June this year and then gradually to SEK 6 billion. The borrowing plan for 2020 also includes issuing around SEK 10 billion in a new 25-year government bond and at least the same amount in a green bond. Borrowing in inflation-linked bonds and in foreign currencies also increases.

Short-term and foreign-currency funding provide flexibility

As described in the previous chapter, the central government budget is expected to show large deficits in the wake of the coronavirus outbreak. This entails a significant increase in the net borrowing requirement compared with the February forecast. The total borrowing requirement, which also includes refinancing of maturing loans, increases by SEK 390 billion in 2020 and SEK 343 billion in 2021 compared with the previous forecast (see Figure 1). The issuance volume is therefore being increased in all types of government securities (see Table 1). The largest increase is in treasury bills in line with the Debt Office's strategy to initially ward off fluctuations in the borrowing requirement by utilising short-term borrowing and then progressively adjusting bond borrowing.

Table 1. Borrowing according to new forecast

	2020		2021	
SEK billion	May	(Feb)	May	(Feb)
Money market funding	**452**	**(168)**	**360**	**(110)**
T-bills	220	(55)	250	(68)
Liquidity management	232	(113)	110	(43)
Bond funding	**225**	**(119)**	**210**	**(117)**
Nominal government bonds	97	(51)	115	(60)
Index-linked bonds	13	(9)	17	(9)
Green bonds	10	-	0	-
Foreign currency bonds:	105	(59)	78	(48)
on behalf of the Riksbank	61	(59)	49	(48)
in addition to on-lending	44	(0)	29	(0)
Total gross borrowing	**677**	**(287)**	**570**	**(227)**

Note: The volume of the green bond has not yet been determined, but the forecast contains an assumption of at least SEK 10 billion. Borrowing in the money market equals the outstanding stock as of year-end.

The Debt Office is prioritising issuance in kronor in order to build up the outstanding stocks following a number of years with very limited borrowing requirements. As a supplement, the Debt Office expects to issue bonds in foreign currency in addition to what is done on behalf of the Riksbank. Foreign currency borrowing may increase further as needed (see box on the next page).

Preparedness for different scenarios

There is unusually great uncertainty about how the budget balance will develop in the future, but the Debt Office is well-prepared for both increasing and decreasing borrowing.

Foreign currency loans could increase in a worse scenario

If the borrowing requirement were to be larger than forecast and it is not considered appropriate to further increase the borrowing in krona, it is possible to borrow more in foreign currency, both in bonds and in commercial paper. As a result of the virus outbreak, many other issuers also need to increase their borrowing. However, the Debt Office's assessment is that the Swedish state is well-positioned among the competition and that it is still possible to borrow relatively large amounts in a short time if necessary.

Sweden is a well-established issuer in the international capital market and has a good starting point thanks to the highest credit rating and a relatively low government debt. The demand for bonds issued by the Swedish state was confirmed at the end of March when the Debt Office raised a dollar loan on behalf of the Riksbank. Despite the turbulence that arose in the market in connection with the virus outbreak, a large number of investors from around the world participated and the bid volume was more than twice the volume issued.

It is worth noting that foreign currency borrowing does increase currency risk since the Debt Office uses derivatives to manage the foreign currency exposure that arises.

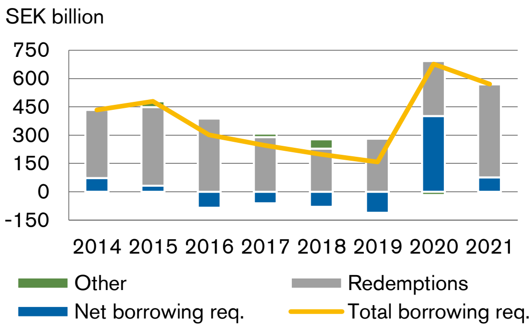
Short-term funding decreases in a better scenario

The largest revisions to this forecast have been made within short-term funding, liquidity management and the auctions of treasury bills. If the outcome for the budget balance were to instead be better than forecast, the Debt Office could reduce its borrowing again as the short-term loans mature.

Table 2. Important dates

Date	Time	Activity
27 May	11.00	Return to biweekly auctions of T-bills
1 July		Switch facility for 1047 to T-Bills opens
21 Oct.	09.30	Borrowing forecast 2020:3
November		Introduction of SGB 1063 (syndication)
4 Dec.	09.30	Terms for switch to SGB 1063
11 Dec.	11.00	Switch to SGB 1063

Figure 1. Total borrowing requirement



Note: The net borrowing requirement is the budget balance with the opposite sign. “Other” includes an adjustment as net borrowing requirement is reported by settlement date while borrowing is reported by trade date.

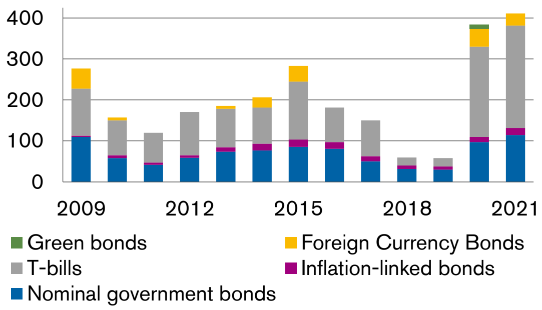
Source: The Debt Office.

Larger auction volumes and new 25-year government bond

Borrowing in nominal government bonds is increased from SEK 2 billion to SEK 5 billion per auction starting in June. The auction volume is then further increased to SEK 5.5 billion at year-end, and to SEK 6 billion in August 2021. The Debt Office is also adding two issue dates this year: 1 July and 29 July. In total, the issuance volume of nominal government bonds amounts to SEK 97 billion in 2020 and SEK 115 billion in 2021. This is a sharp increase from the low level of 2019, and the highest level since 2009 (see Figure 2).

Figure 2. Issuance volumes

SEK billion

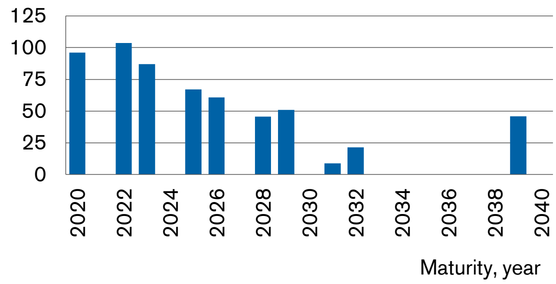


Note: Borrowing excluding financing of on-lending to the Riksbank. The amount of T-bills refers to the outstanding stock as of year-end.

Source: The Debt Office.

Figure 3. Outstanding government bonds

Stock, SEK billion



Note: Nominal government bonds as of 30 April 2020.

Source: The Debt Office.

In recent years, the scope of borrowing has been limited and the Debt Office has largely had to concentrate borrowing to the ten-year segment in order to build up the volume of new bonds. The majority of the auctions will continue to be held in the ten-year maturity segment, but the sharp increase in borrowing offers greater opportunity to issue in other maturities as well. This also applies to bonds that are not reference bonds in electronic trading, so-called “off the run” bonds.

The longest government bond on the market is currently shorter than 20 years (see Figure 3). Now that the borrowing requirement is increasing, there is scope to supplement with longer-term bonds to maintain a government bond curve with long terms to maturity. The Debt Office will therefore issue a new 25-year government bond in November this year.

The new bond SGB 1063, which matures on 12 May 2045, will be introduced through a syndication. In the forecast, the Debt Office expects to issue SEK 10 billion, but it will be possible to increase the volume to meet a large demand. A few weeks after the syndication, the Debt Office will offer a risk-neutral switch from SGB 1053 to replenish the volume in the new issue.

The Debt Office has chosen to issue through a syndication because it provides improved price transparency and creates the opportunity to borrow a larger volume on a single occasion. The syndication will be carried out by selected lead banks on behalf of the Debt Office (see box Syndication enables larger issue at one time).

Syndication enables larger issue at one time

The Debt Office uses syndicated issuance as a supplement to the auctions when it is deemed appropriate, for example when a large volume is to be sold on a single occasion. The method offers greater flexibility in the choice of timing and thus the possibility to adjust volume and price according to demand and prevailing market conditions.

Syndication entails that the Debt Office hires a group of banks, a syndicate, to carry out the sale. The bonds are marketed publicly and investors are offered to subscribe to buy. The procedure begins by the banks first identifying investor demand and then providing the Debt Office with proposals for sales volume and price. Based on that, the Debt Office can proceed to mandate the syndicate to carry out the sale. Indicative volume and price are announced in advance and investors have the opportunity to place the bids that they previously indicated in the probe of demand. The Debt Office determines the final allocation.

Standing switch facility in SGB 1047

From 1 July 2020, the Debt Office will offer a standing switch facility in SGB 1047, which matures in December. The facility allows primary dealers to sell holdings in SGB 1047 in exchange for treasury bills. The switches can be made both risk-neutral, liquidity-neutral and with the same nominal amount. The relevant treasury bills for the switches have their maturity date within the interval March to September 2021. Both the buying and selling rates in the switches will be based on the pricing of the treasury bill curve.

The Debt Office will evaluate the facility. If it works well, similar switches could be offered in the future, for example in connection with SGB 1054 maturing in a couple of years.

Reference bonds in the electronic interbank market

The reference bond is the bond that is closest to two, five or ten years in term to maturity. Reference bonds are changed on the IMM dates (International Money Market): the third Wednesday in March, June, September, and December. New reference bonds are those closest to two, five or ten years to maturity on the subsequent IMM date.

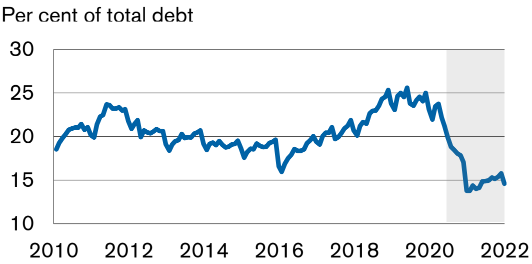
Date of change	2-year	5-year	10-year
Current	1054	1058	1061
16/09/2020			1062
16/12/2020	1057	1059	

Note: The date of change refers to the settlement date.

Borrowing in inflation-linked bonds is increasing

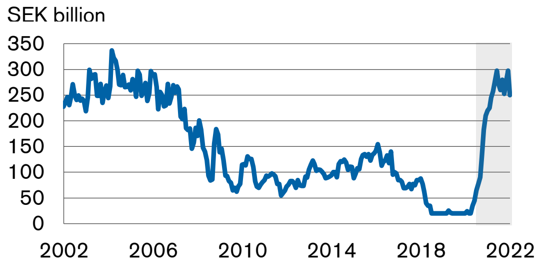
The issuance volume in inflation-linked bonds will increase from SEK 0.5 billion to SEK 1 billion per auction from June 2020 and will remain at that level until the end of 2021. The share of the inflation-linked debt will decrease over the period, despite the increase in the auction volume for inflation-linked bonds (see Figure 4). The decline in the share of debt is due to the borrowing in nominal government securities increasing at a more rapid pace.

Figure 4. Share of inflation-linked debt



Source: The Debt Office.

Figure 5. Treasury bill stock



Source: The Debt Office.

Revised term-to-maturity policy for treasury bills

The Debt Office will, starting June 2020, increase the number of maturities of treasury bills to meet the increased borrowing requirement. The change entails an increase in the number of outstanding treasury bills from four to six, of which the longest term to maturity is up to twelve months.

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

The Debt Office will continue to issue treasury bills on a continual basis (within the framework of liquidity management). This applies to treasury bills with the two shortest terms to maturity and with tailored terms to maturity (liquidity bills).

In connection with the Debt Office implementing the new policy, the introduction of the six-month bill maturing in December 2020 is rescheduled for May, two weeks earlier than in the previous plan. This is being done to create scope to launch treasury bills in June with nine- and twelve-month terms to maturity, respectively. In this way, a full set of loans is created when the new policy is introduced.

The stock of treasury bills is growing rapidly

In 2020, the surplus in liquidity management will shift to a large deficit. The deficit is an effect of the coronavirus outbreak, but it is also due to a larger volume of bonds maturing in 2020 (see Figure 6). To meet the increased borrowing requirement, the Debt Office will, starting in June, increase the issuance volumes and revise the policy for terms to maturity in order to rapidly increase the outstanding stock. The Debt Office has previously announced that the number of auctions taking place later in the year will be increased by resuming holding auctions every two weeks. That change is now being rescheduled so that the auctions are held every two weeks starting already in May.

The auction volume for treasury bills will gradually increase in 2020 – first in May from SEK 5 billion to SEK 15 billion and then in September to SEK 22.5 billion. From the turn of the year, the volume will be reduced to SEK 20 billion, where it will remain throughout the coming year.

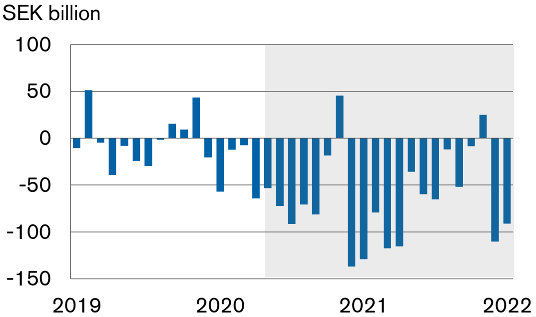
The outstanding stock thus increases to SEK 220 billion at the end of 2020, compared with SEK 55 billion in the February forecast. At the end of 2021, the stock is expected to amount to SEK 250 billion.

The Debt Office has previously had a ceiling for the volume of market-maintaining repos in treasury bills of SEK 5 billion per primary dealer. In order to support liquidity in the market, that restriction is now being removed and the terms of the repo facility will be the same as those for government bonds.

Unchanged volume of interest rate swaps

The volume of interest rate swaps in kronor remains at SEK 5 billion per year up to and including 2021, in which the Debt Office receives fixed, and pays floating, interest in kronor. The term to maturity of the swaps is expected to be about three years.

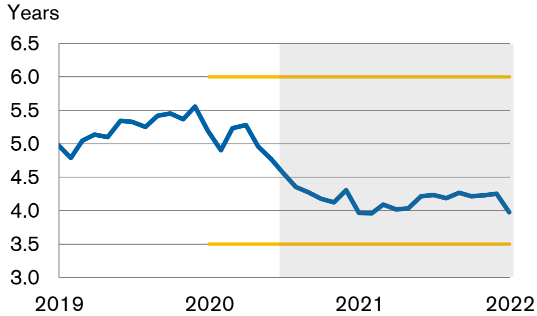
Figure 6. Balance in liquidity management



Note: Positive amounts correspond to cash surpluses. The forecast includes SEK 95 billion worth of commercial paper issued in 2020, which expires in 2021. The repo volume is assumed to be zero.

Source: The Debt Office.

Figure 7. Central government debt duration



Note: The yellow lines indicate the steering interval in the Government's guidelines for debt management.

Source: The Debt Office.

As described in the sections above, the Debt Office is primarily revising the forecast for the short-term borrowing, both in the auctions of treasury bills and within liquidity management. Figure 6 shows how much remains to be financed (or invested) in liquidity management instruments after planned issues in government securities. As the short-term funding increases, the interest-rate refixing period (duration) in the central government debt becomes increasingly shorter (see Figure 7). From having been close to the upper limit in the Government's steering interval, the duration is now expected to end up in the lower part of the interval.

If the borrowing requirement were to be larger than forecast, short-term funding may need to be increased further. In order to ensure that the duration is not too short, interest rate swaps may be required in which the Debt Office pays fixed and receives floating interest rates (see the box The duration is adjusted with interest rate swaps).

The duration is adjusted with interest rate swaps

The Debt Office uses derivatives as part of the strategy to minimise the long-term cost of central government debt. With the help of derivatives, exposure to various costs and risks can be altered without affecting the underlying borrowing.

An example of this is that the Debt Office has for many years used swaps to shorten the duration of the central government debt in order to lower the expected cost. The background is that it has been less expensive historically to borrow in the short rather than the long term. The cost advantage is assessed to have decreased in recent years. Based on this analysis, the Government has decided to gradually extend the duration of the nominal krona debt.

In recent years, the Debt Office has therefore only made a small volume of swaps to maintain market presence and ensure competence and functioning systems. At the same time, the Debt Office has reduced short-term borrowing in favour of the issuance of government bonds as government debt has decreased. Combined with the fact that market interest rates have fallen, this has contributed to the duration being in the upper part of the steering interval specified by the Government in the guidelines for central government debt management.

It may be necessary to pay fixed and receive a floating rate

As the borrowing requirement now grows rapidly, the adjustment is largely made in short-term borrowing, which shortens the duration. If the deficit in the central government budget becomes larger than assumed in this forecast, the Debt Office may need to further increase the short-term borrowing. In order to prevent the duration from becoming too short, it may then become necessary to do swaps where the Debt Office would pay fixed and receive floating interest.

Increased bond borrowing in foreign currency

For the first time since 2015, the Debt Office plans to issue bonds in foreign currency in addition to the refinancing of on-lending to the Riksbank. In this forecast, issuance is equivalent to SEK 44 billion in 2020 and SEK 29 billion in 2021.

As previously, the Debt Office also expects to replace the maturing loans to the Riksbank with new bonds in foreign currency. This means that total bond borrowing in foreign currency is expected to amount to SEK 105 billion this year and SEK 78 billion next year.

Green issuance volume is determined by expenditures

In 2020, the Debt Office will, in accordance with the Government's assignment, issue a green bond for which the proceeds are linked to central government expenditures that contribute to achieving Sweden's environmental and climate objectives. The bond is issued in kronor and complements the traditional government bonds.

The Government Offices are responsible for developing the framework for the central government's green bonds, which stipulates how the green expenditures are defined, selected, accounted for, reported and audited. Investors should be able to easily and clearly monitor what spending the bond is linked to and what climate and environmental effects are achieved. Once the Government has taken a decision, the framework and the audit by an independent party will be published. After that, the Debt Office will issue the green bond through syndication at an appropriate time.

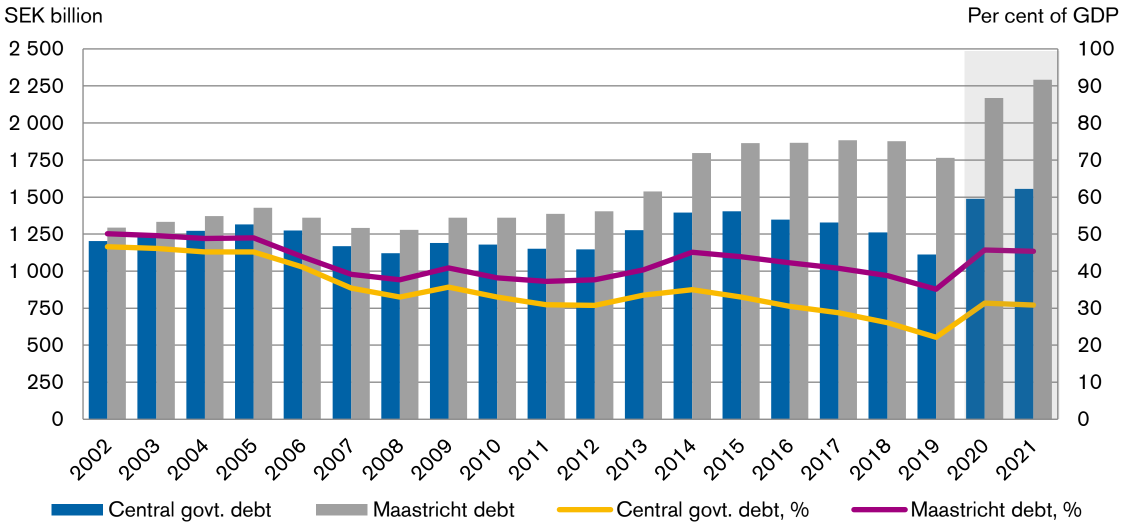
The volume of the green bond can only be determined once the framework for the bond has been determined and the green expenditure selected. It must be accommodated by a good margin within the sum of the selected green expenditures. Pending the Government's decision, the Debt Office has made an assumption in this borrowing plan of an issuance volume of at least SEK 10 billion, although the volume may be larger.

Government debt increases from low level

The central government debt is estimated to be SEK 1,488 billion at the end of 2020 and 1,556 billion at the end of 2021. As a share of GDP, central government debt increases to 31 per cent over the forecast period (see Figure 8 and Table 3). This compares with the level of 22 per cent of GDP at the end of 2019, which was the lowest level since the mid-1970s.

The Maastricht debt is expected to increase to 46 per cent of GDP this year, to then fall slightly to 45 per cent next year. The Maastricht measure includes the consolidated debt for the entire general government sector and is usually used for international comparisons (see fact box on next page). It is also this measure which underlies the debt anchor of 35 per cent of GDP in the fiscal policy framework.

Figure 8. Development of central government debt



Source: Statistics Sweden and the Debt Office.

Table 3. From net borrowing requirement to central government debt

SEK billion	2017	2018	2019	2020	2021
Net borrowing requirement (budget balance with opposite sign)	-62	-80	-112	402	14
Business day adjustment etc [1]	4	37	-15	-19	0
Net borrowing per business day	-58	-43	-127	383	14
A. Nominal amount including money market assets	**1 203**	**1 160**	**1 033**	**1 417**	**1 042**
Inflation compensation	23	28	26	18	18
Exchange rate effects	11	26	26	24	14
B. Nominal amount to current exchange rate incl. inflation compensation	**1 237**	**1 215**	**1 085**	**1 458**	**1 075**
Assets under management	91	47	28	30	25
C. Central government debt	**1 328**	**1 262**	**1 113**	**1 488**	**1 100**
Assets under management	-91	-47	-28	-30	-25
On-lending	-238	-259	-193	-200	-198
D. Debt incl. on-lending and assets under management	**999**	**956**	**893**	**1 258**	**876**
Nominal GDP	4 621	4 834	5 026	4 745	5 284
C. Central government debt, % of GDP	**29**	**26**	**22**	**31**	**21**
D. Debt incl. on-lending and money market assets, % of GDP	**22**	**20**	**18**	**27**	**17**

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

Different measures of government debt in statistics

There are different ways of measuring government debt. The Debt Office reports the *central government unconsolidated debt*. This measure shows central government gross debt and includes all loans raised by the Debt Office on behalf of central government, irrespective of who owns the claims on the central government. 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 intra-government ownership is deducted in the *central government consolidated debt.* That measure gives an overall picture of the financial position of central government and is used in the Budget Bill and in the annual report for the central government. The 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*, which is also called the *Maastricht debt*. This debt covers the whole of the public sector, including municipalities, county councils and the pension system. Its calculation is based on conditions in the Maastricht Treaty. According to the EU's debt 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 for the debt anchor of 35 per cent that the Riksdag (Parliament) has decided will be in force as of 2019. General government consolidated gross debt is published by Statistics Sweden.

Appendix of Tables

Key figure tables, forecast

Table A1. Central government net lending

SEK billion	2017	2018	2019	2020	2021
Budget balance	**62**	**80**	**112**	**-402**	**-76**
Delimitations	**30**	**0**	**-39**	**29**	**23**
Sale of limited companies	0	2	0	0	0
Extraordinary dividends	0	0	0	0	0
Parts of Debt Office's net lending	-2	6	-68	20	22
Other delimitations etc.	32	-7	29	9	1
Accruals	**-17**	**-19**	**-13**	**96**	**-115**
Taxes	-17	-20	-20	89	-106
Interest payments etc.	1	1	7	8	-9
Central government net lending	**75**	**62**	**60**	**-276**	**-167**
Per cent of GDP	**1.6**	**1.3**	**1.2**	**-5.8**	**-3.3**

Table A2. Budget balance forecast per month

SEK billion	Primary balance	Net lending	Interest on government debt	Budget Balance
May-20	-12.0	-3.5	-1.8	-17.4
Jun-20	-72.1	4.2	-2.5	-70.5
Jul-20	-63.4	3.5	1.2	-58.7
Aug-20	-30.5	2.6	1.2	-26.7
Sep-20	-40.3	1.3	1.4	-37.6
Oct-20	-29.6	-23.1	1.3	-51.4
Nov-20	-5.8	22.4	-3.6	13.0
Dec-20	-69.8	-42.6	-15.1	-127.5
Jan-21	-11.9	1.4	1.4	-9.1
Feb-21	28.7	1.0	-2.8	26.9
Mar-21	-21.4	-0.5	3.1	-18.8
Apr-21	-22.2	0.5	2.0	-19.7

Table A3. Sensitivity analysis for budget balance

The Debt Office does not usually produce an overall sensitivity analysis for the budget balance. Instead, a partial analysis of the effects from changes in certain key macroeconomic variables is presented. The table shows an estimate of the effects that different changes have for the budget balance on a one-year term. The effects can be combined in order to make an assessment of an alternative scenario in which several macroeconomic variables develop differently.

Increase by one per cent/percentage point	Effect on budget balance
Gross wage sum (payroll expense)[1]	7
Household consumption in current prices	3
Unemployment (ILO 15-74)[2]	-3
Interest rate level in Sweden[3]	-5
International interest rate level[3]	-2
Asylum seekers, increase of 10,000	-2

[1] Local government taxes on employment are paid to local authorities with a one-year time lag. This means that the effect on the budget balance in one year's time is bigger than the permanent effect.
[2] Includes effects on unemployment benefit, the job and development guarantee scheme, job guarantee scheme for young people, and the unemployment fee.
[3] Refers to an effect on interest payments on central government debt.

Table A4. Budget balance changes between years, effect on budget balance

SEK billion	2017	2018	2019	2020	2021
Budget balance, level	**62**	**80**	**112**	**-402**	**-76**
Change from previous year	-24	18	32	-514	326
Primary balance:	**-31**	**29**	**-33**	**-407**	**287**
Of which					
Income from taxes	4	66	-8	-237	268
Grants to local governments	-12	-5	-9	-31	10
Labour market	0	-1	7	-11	-1
Social insurance	4	-14	-5	0	4
Migration & International aid	-5	14	11	-1	1
Sales of state-owned assets	0	2	-2	0	0
State share dividends	-4	6	0	4	-4
EU contribution	2	-9	0	-6	-7
Other	-20	-31	-28	-124	17
Debt Office's net lending excl. on-lending	**7**	**-1**	**-5**	**-31**	**15**
On-lending	**10**	**-7**	**78**	**-76**	**1**
Interest on government debt	**-9**	**-3**	**-8**	**-1**	**23**

Table A5. Budget balance forecast comparison, SEK billion

	Debt Office (19 May)		Government (9 April)		NIER (1 April)		ESV (14 May)	
	2020	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Budget Balance	-402	-76	-190	22	-205	1	-398	-108
Of which:								
Income from sales			*5*	*5*				
Adjusted budget balance	**-402**	**-76**	**-195**	**17**	**-205**	**1**	**-398**	**-108**

Table A6. State share dividends

SEK billion	**2020**	**2021**
Akademiska hus AB	1.9	1.6
LKAB	6.1	3.0
Telia Company AB	2.9	3.9
Vattenfall AB	3.6	3.0
Sveaskog AB	1.1	1.1
Other corporations	2.7	2.4
Total	18.3	15.0

Market information

Table A7. Government bonds, auction dates

Announcement	Auction date	Settlement date
27-May-20	03-Jun-20	05-Jun-20
10-Jun-20	17-Jun-20	22-Jun-20
24-Jun-20	01-Jul-20	03-Jul-20
22-Jul-20	29-Jul-20	31-Jul-20
05-Aug-20	12-Aug-20	14-Aug-20
19-Aug-20	26-Aug-20	28-Aug-20
02-Sep-20	09-Sep-20	11-Sep-20
16-Sep-20	23-Sep-20	25-Sep-20
30-Sep-20	07-Oct-20	09-Oct-20
14-Oct-20	21-Oct-20	23-Oct-20
28-Oct-20	04-Nov-20	06-Nov-20
11-Nov-20	18-Nov-20	20-Nov-20
25-Nov-20	02-Dec-20	04-Dec-20
04-Dec-20	11-Dec-20*	15-Dec-20
09-Dec-20	16-Dec-20	18-Dec-20

*Switch auction

Table A8. Nominal government bonds

Maturity date	Coupon%	Bond no.	SEK million
01-Dec-20	5.00	1047	96 054
01-Jun-22	3.50	1054	103 631
13-Nov-23	1.50	1057	86 885
12-May-25	2.50	1058	67 126
12-Nov-26	1.00	1059	60 664
12-May-28	0.75	1060	45 513
12-Nov-29	0.75	1061	50 839
12-May-31	0.13	1062	8 640
01-Jun-32	2.25	1056	21 500
30-Mar-39	3.50	1053	45 750
Total nominal government bonds			**586 602**

Note: Outstanding volume as of 30 April 2020.

Table A9. Inflation-linked bonds, auction dates

Announcement	Auction date	Settlement date
20-May-20	28-May-20	01-Jun-20
04-Jun-20	11-Jun-20	15-Jun-20
13-Aug-20	20-Aug-20	24-Aug-20
27-Aug-20	03-Sep-20	07-Sep-20
10-Sep-20	17-Sep-20	21-Sep-20
24-Sep-20	01-Oct-20	05-Oct-20
08-Oct-20	15-Oct-20	19-Oct-20
05-Nov-20	12-Nov-20	16-Nov-20
19-Nov-20	26-Nov-20	30-Nov-20
03-Dec-20	10-Dec-20	14-Dec-20

Table A10. Inflation-linked bonds

Maturity date	Coupon%	Bond no.	SEK million
01-Dec-20	4.00	3102	23 249
01-Jun-22	0.25	3108	25 212
01-Jun-25	1.00	3109	27 322
01-Jun-26	0.125	3112	21 953
01-Dec-27	0.125	3113	15 892
01-Dec-28	3.50	3104	25 776
01-Jun-30	0.13	3114	8 019
01-Jun-32	0.125	3111	20 957
Total inflation-linked bonds			**168 381**

Note: Outstanding volume as of 30 April 2020.

Table A11. T-bills, auction dates

Announcement	Auction date	Settlement date
20-May-20	27-May-20	29-May-20
03-Jun-20	10-Jun-20	12-Jun-20
17-Jun-20	24-Jun-20	26-Jun-20
01-Jul-20	08-Jul-20	10-Jul-20
29-Jul-20	05-Aug-20	07-Aug-20
12-Aug-20	19-Aug-20	21-Aug-20
26-Aug-20	02-Sep-20	04-Sep-20
09-Sep-20	16-Sep-20	18-Sep-20
23-Sep-20	30-Sep-20	02-Oct-20
07-Oct-20	14-Oct-20	16-Oct-20
21-Oct-20	28-Oct-20	30-Oct-20
04-Nov-20	11-Nov-20	13-Nov-20
18-Nov-20	25-Nov-20	27-Nov-20
02-Dec-20	09-Dec-20	11-Dec-20
15-Dec-20	22-Dec-20	28-Dec-20

Table A12. Treasury bills

Maturity date	SEK million
20-May-20	12 500
17-Jun-20	10 000
15-Jul-20	7 500
16-Sep-20	5 000
Total Treasury bills	**35 000**

Note: Outstanding volume as of 30 April 2020.

Table A13. Rating

Rating company	Krona debt	Foreign currency debt
Moody's	Aaa	Aaa
Standard & Poor's	AAA	AAA
Fitch	AAA	AAA

Table A14. Primary dealers

Primary dealer	Government bonds	Inflation-linked bonds	T-bills	Telephone no.
Barclays	•			+44 207 773 8379
Danske Markets	•	•	•	+46 8 568 808 44
Handelsbanken Markets	•	•	•	+46 8 463 46 50
NatWest Markets	•			+44 207 805 0363
Nordea Markets	•	•	•	+45 3333 1609
				+46 8 614 91 07
SEB	•	•	•	+46 8 506 231 51
Swedbank	•	•	•	+46 8 700 99 00

Contact

Mårten Bjellerup, Acting Chief Economist, +46 8 613 46 61

Anna Sjulander, Acting Head of Debt Management, +46 8 613 47 77

Next rapport

The preliminary publishing date for Central Government Borrowing – Forecast and Analysis 2020:3 is 21 October 2020.

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

RIKSGÄLDEN
SWEDISH NATIONAL DEBT OFFICE

Visit: Olof Palmes gata 17 | Postal: SE-103 74 Stockholm, Sweden | Phone: +46 8 613 45 00
E-mail: riksgalden@riksgalden.se | Web: riksgalden.se