RIKSGÄLDEN
SWEDISH NATIONAL DEBT OFFICE

21 October 2020

CENTRAL GOVERNMENT BORROWING

Forecast and analysis 2020:3

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 an issuance plan that is also included in the report. The Debt Office borrows to cover deficits in the central government budget (the net borrowing requirement) and to repay maturing loans.

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

Preface

In Central Government Borrowing – Forecast and Analysis 2020:3, the Debt Office presents forecasts for central government finances and borrowing in 2020 through 2022. 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 8 October 2020.

Hans Lindblad
Director General

Contents

Summary

The Swedish economy slowed sharply in connection with the spread of the coronavirus and the restrictive measures imposed to limit contagion. The downturn in the second quarter of this year was historically large. It was, however, not as large as first expected, and accordingly the Debt Office has revised up its forecast from May. The recovery is expected to continue, supported by substantial fiscal and monetary policy stimulus. However, GDP is not expected to return to the same level as before the crisis until the middle of next year, and resource utilisation will be low in the coming years. Unemployment is expected to continue to rise for a while longer before slowly decreasing again in the beginning of next year. At the same time inflation is below target.

Because the downturn in the economy has been smaller than expected, income from taxes has also been higher. At the same time, utilisation of the measures introduced to support companies has been lower than expected. As a result, the deficit in the central government budget is less than expected. The improved economic situation continues to support the budget balance next year, but at the same time unfunded reforms are being made that weigh in the opposite direction. Altogether, the budget deficit is expected to be in line with the previous forecast in 2021 and then shrink in 2022.

The central government borrowing requirement decreases compared with the previous forecast because the budget deficit is not as large as previously expected. The Debt Office is therefore reducing borrowing mainly in treasury bills and foreign currency bonds. The announced increase of the issuance volume of nominal government bonds next year is also smaller. To better meet the seasonal fluctuations in the borrowing requirement, the Debt Office plans to vary the issuance volume in the T-bills auctions. Inflation-linked bond borrowing is increased somewhat in order to steer the inflation-linked share of the central government debt towards the long-term target value.

Key figures for the economy, government finances and borrowing

Previous forecast in italics	2020		2021		2022
Swedish economy and government finances					
GDP (%)	-3,5	*-6,5*	3,8	*4,5*	3,4
Unemployment (% of labour force)	8,7	*10,0*	9,2	*10,7*	8,2
Budget balance (SEK billion)	-256	*-402*	-80	*-76*	-25
Central government net lending (% of GDP)	-3,8	*-5,8*	-2,2	*-3,3*	-0,2
Central government debt (% of BNP)	27	*31*	27	*31*	26
Central government borrowing, SEK billion					
Government bonds	97	*97*	105	*115*	110
Inflation-linked bonds	13	*13*	21	*17*	21
Money market funding (outstanding stock at year-end)	170	*220*	188	*250*	175
Foreign currency bonds	43	*105*	61	*78*	58
on behalf of the Riksbank	43	*61*	61	*49*	58

Swedish economy is recovering

During the autumn, the Swedish economy already regains a large part of the spring's sharp drop in GDP. The downturn was not as drastic as first expected – and, supported by extensive fiscal and monetary policy measures, the recovery is expected to continue during the forecast period. The Debt Office now expects GDP to shrink by 3.5 per cent this year, compared with a decrease of 6.5 per cent in the forecast from May. The development in the labour market also appears more positive than previously, but unemployment is expected to increase to just under 10 per cent at the beginning of next year and then subsequently decrease slowly.

The coronavirus and the measures taken to curb the spread of infection and mitigate the economic downturn have been at the forefront this year in Sweden and the rest of the world. The drop in Swedish GDP in the second quarter was historically large – but not as large as the Debt Office had expected in the previous central government borrowing report published in May. The central government's borrowing has not been as large as estimated either, mainly because the income from taxes has been higher than expected. The tax income, but also other economic statistics, support the picture of a broader and stronger economic development than expected (see the in-depth box on page 16).

The coronavirus pandemic will continue to have a distinct impact on Sweden and the rest of the world. After the number of newly infected dropped to low levels in many countries over the summer, the rate of contagion has now gained new momentum in many places. Accordingly, the phasing out of various restrictive measures has been halted in many countries. The Debt Office's forecast is based on the assessment by the Public Health Agency of Sweden, the pandemic will be long-lasting both in Sweden and at the global level. This restrictive means that the current measures to limit contagion will only be phased out slowly and will remain in place in some form essentially throughout 2021. This overall picture will entail a great deal of variation within and between countries around the world, also between different regions in Sweden, but extensive nationwide closures may largely be avoided.

These measures will continue to weigh down economic activity. As has been the case so far, this effect will vary among different countries, sectors and industries.

Gradual recovery in the surrounding world

The world economy has started to recover gradually after the sharp decrease in the first two quarters. The development has broadly been in line with the Debt Office's most recent assessment. Among the major economies, China has already recovered from its large drop in GDP during the beginning of the year. Recovery has begun in the US and euro area, but given the extent of the economic downturn in combination with uncertainty as to how the pandemic will continue to develop, the recovery will take time. The level of production from before the pandemic is not expected to be attained in the surrounding world until the end of the forecast period (see Table 1).

Strong recovery in China

China was the first country to be affected by the coronavirus, and GDP fell sharply in the first quarter of this year. However, the economy had already recovered within the second quarter when the level of GDP was actually somewhat higher than in the fourth quarter of 2019. Real-time indicators such as various types of passenger traffic also show that the situation has virtually returned to normal. The trend in industrial production also points in the same direction (see Figure 1). The strong recovery shows similarities with previous growth patterns and has been driven by public infrastructure investments and, to a certain extent, export. China's export has benefitted from increased demand for crisis-related products such as protective equipment for the healthcare sector. Continued tensions in relation to the US concerning for example trade issues constitute a risk for Chinese growth in periods ahead.

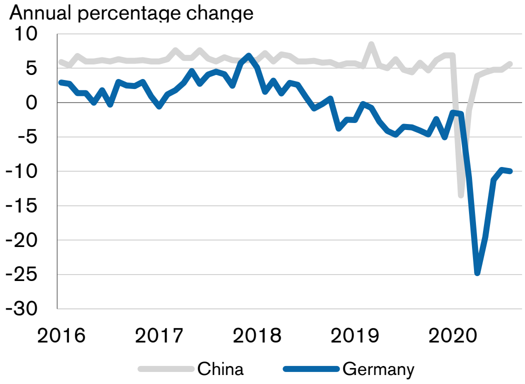
Table 1. GDP, selected countries and areas, forecast

Yearly percentage change	2019	2020	2021	2022
World	2.9	-3.0 (0.0)	5.6 (-0.2)	3.6 (-)
USA	2.2	-4.1 (1.8)	4.2 (-0.5)	3.0 (-)
Euro area	1.3	-8.2 (-0.7)	5.3 (0.6)	3.2 (-)
China	6.1	1.8 (0.6)	8.5 (-0.7)	5.5 (-)

Note: Revision in percentage points compared to previous forecast in parenthesis.

Sources: National sources and the Debt Office.

Figure 1. Industrial production



Sources: China National Bureau of Statistics, German Federal Statistical Office and the Debt Office.

US recovering faster than euro area

In line with expectations, GDP fell drastically in both the US and euro area in the second quarter. For the euro area, this entails a drop in GDP to the same level as fifteen years ago. Various leading indicators, however, point to the situation in both the US and euro area having improved since the lowest level in April (see Figure 2). Monthly data on industrial production and retail also indicates a stronger development in the third quarter, although there are signs of the strength of the recovery having already begun to diminish. The US labour market has also started to recover during the third quarter, and in September the unemployment rate had fallen by around 7 percentage points since the highest level in April.

Compared with the US, recovery in the euro area is judged to be considerably slower. The development is burdened by the fact that certain countries, such as Spain and France, have significant difficulties in controlling the spread of infection. Countries in southern Europe are also being hit hard by the weak tourist season. German industrial production also shows signs of a slower recovery hindered by weak demand for capital goods (see Figure 1). The Debt Office's assessment is that the GDP of the US will reach the pre-crisis level at the end of 2021, while the euro area will not reach a comparable level until a year later.

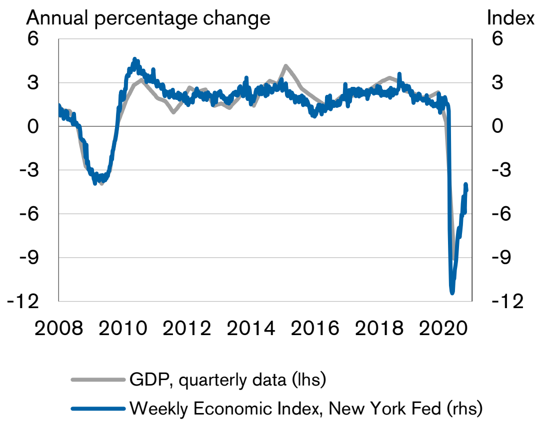
Extensive stimulus measures strengthen financial conditions

Governments and central banks around the world have launched comprehensive action programmes to manage the economic impact of the pandemic. The economic policy stimulus measures have contributed to a marked improvement in the financial conditions since the spring, which strengthens the recovery of the real economy.

In the US, so far during the crisis decisions have been taken on fiscal policy measures corresponding to approximately 9 per cent of GDP, and discussions of further stimulus are underway. In Europe, there have also been decisions taken on extensive fiscal policy stimulus. Germany, for example, has launched fiscal policy initiatives equivalent to almost 9 per cent of GDP. In addition, the EU has launched a EUR 750-billion common recovery fund (the Next Generation EU – COVID-19 recovery package), which corresponds to just over 5 per cent of the Union's GDP.

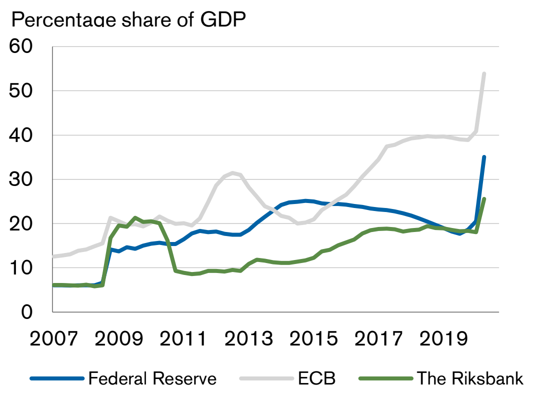
However, it is not least the actions taken early on by central banks that have led to the continuing improvement in financial conditions. The US central bank, the Federal Reserve, has among other things lowered its policy rate to 0.25 per cent and purchased government bonds, covered bonds, corporate bonds, and municipal bonds for around USD 2,500 billion. Currently, the Federal Reserve has securities holdings amounting to approximately USD 6,300 billion. The holdings are equivalent to just over one-third of US GDP. The European central bank (ECB) has launched a programme for purchasing assets for EUR 1,350 billion. So far, the ECB has purchased government bonds, corporate securities, and covered bonds for a value of just over EUR 500 billion (see Figure 3). The ECB has also lent EUR 1,300 billion to banks within the framework of another support programme. The central banks also indicate that the very expansionary monetary policy will continue for the foreseeable future.

Figure 2. GDP and indicators of economic activity, USA



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

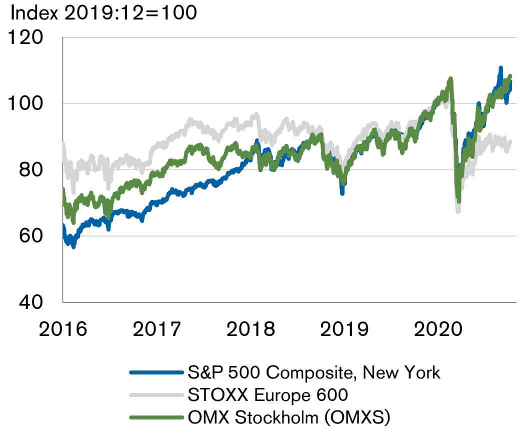
Figure 3. Central bank assets



Sources: Federal Reserve, ECB, the Riksbank, U.S. Bureau of Economic Analysis, Eurostat, Statistics Sweden and the Debt Office.

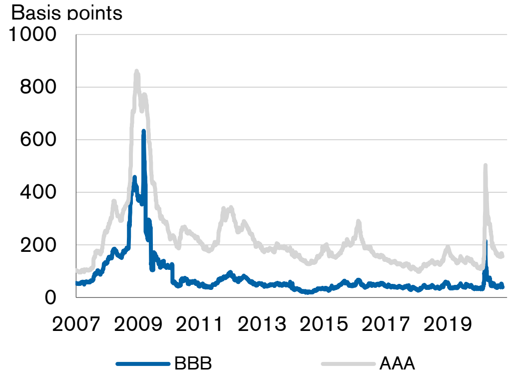
The expansionary monetary policy has contributed to many financial indicators now being around levels from before the crisis. Stock market indices have in many cases risen sharply since the spring and in some places are at higher levels than before the crisis hit (see Figure 4). Different measures of risk premia also show that risk aversion has gone down (see Figure 4). Low interest rates and good access to funding favour both investments and consumption into the future.

Figure 4. Stock market indices



Sources: S&P Dow Jones Indices, STOXX, Nasdaq OMX Nordic and the Debt Office.

Figure 5. Yield differential between 5-year corporate and government bonds, US



Sources: Macrobond and the Debt Office.

Swedish economy recovers after plummeting this spring

The pandemic has hit the Swedish economy hard. In the second quarter, GDP fell by 8.3 per cent compared to the previous quarter. This is the largest decline over a single quarter since at least 1980 when SCB began recording official quarterly statistics.

The drop in GDP, mainly driven by household consumption and export, was however significantly less in Sweden compared with the euro area. This is likely because several European countries have had more extensive lockdown strategies while the hospitality industry constitutes a larger part of their economies. At the same time, the differences in growth between Sweden and the rest of the Nordic and Baltic countries are small, despite the fact that the community shutdown in Sweden has been milder compared with our closest neighbouring countries. The extent of the closure has indeed affected the economic development, but it cannot alone explain the difference between the countries.

In recent months, several indicators have pointed to the overall development of the Swedish economy being good. The manufacturing industry is recovering well, for example. However, activity is increasing more slowly in several services sectors that rely heavily on personnel. This contributes to the expectation that unemployment, which rose quickly during the acute phase of the crisis in the spring, will decline relatively slowly.

Because the economic downturn over the first half of the year has not been as deep as feared, the Debt Office has revised the GDP forecast for 2020 upwards by 3 percentage points. The Debt Office now expects GDP to fall by 3.5 per cent this year. Since at least 1950, there has only been one larger fall in GDP over a single year. That was during the global financial crisis in 2009 (see Figure 6).

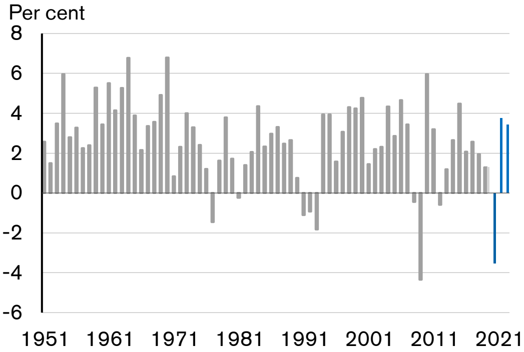
Table 2. GDP and its components, constant prices, forecast

Percentage change[1]	2019	2020	2021	2022
GDP	**1.3**	**-3.5**	**3.8**	**3.4**
Household consumption	1.3	-4.9	4.9	2.2
General gov. consumption	0.1	1.1	2.8	2.1
Gross fixed cap. formulation	-1.0	-5.0	4.0	5.3
Change in inventoriesr[2]	-0.1	-0.5	0.2	0.0
Export	3.3	-7.2	3.6	5.6
Import	1.1	-8.2	4.9	4.7
Net exports[2]	1.0	0.l	-0.4	0.6
GDP (calendar adj.)	**1.3**	**-3.7**	**3.6**	**3.4**

[1] Actual change compared to previous year.
[2] Change as a percentage change of GDP previous year.

Sources: Statistics Sweden and the Debt Office.

Figure 6. GDP in Sweden



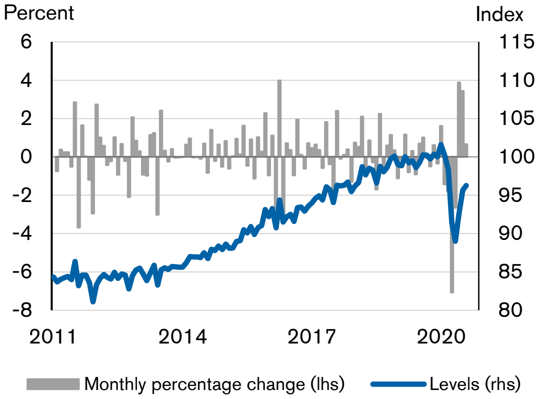
Sources: Statistics Sweden and the Debt Office.

GDP is then expected to grow by 3.8 per cent in 2021 and 3.4 percent in 2022 (see Table 2). This means that GDP reaches the same level as before the crisis in the middle of next year, which is three quarters earlier than in the Debt Office's previous forecast. The coming years will, however, be characterized by a low resource utilization.

The recovery has begun

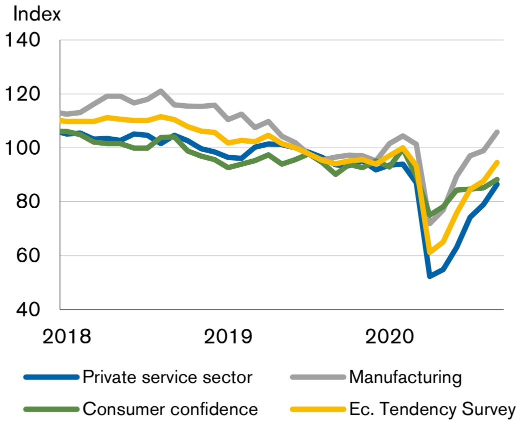
Statistics Sweden's new activity indicator, which measures activity in the economy on a monthly basis and forms an early indicator of GDP development, indicates a strong recovery in the Swedish economy during the summer and autumn. The activity indicator has risen sharply in recent months and regained around half of the steep decline over the spring (see Figure 7). The monthly statistics also show similar increases for example those for household consumption, industrial production and foreign trade.

Figure 7. Activity indicator



Note: Seasonally adjusted values.
Source: Statistics Sweden.

Figure 8. Confidence indicators in Sweden



Note: Mean value 100, standard deviation 10, seasonally adjusted values.
Source: National Institute of Economic Research.

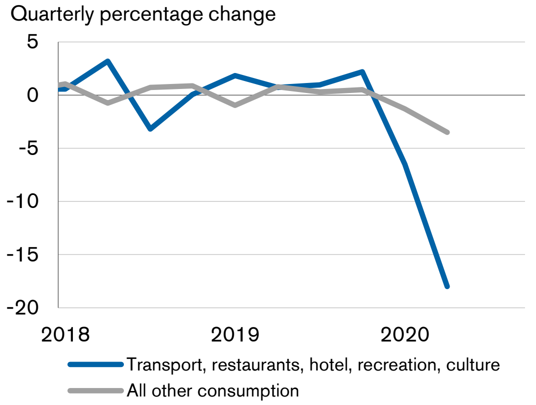
The National Institute of Economic Research's (NIER) economic tendency indicator has improved gradually since the spring. Despite the upturn, the indicator's level still indicates that the confidence in the economy is weaker than usual. At the same time, the development among different sectors is split. Within retail trade and the manufacturing industry, the confidence has risen to levels that are over the historical average. Confidence within the services sector, which decreased most of all during the spring, has risen steeply but nonetheless remains at weak levels (see Figure 8). At the same time, purchasing managers' indices, both for the manufacturing industry and the services sector, are showing a stronger recovery than NIER's Economic Tendency Survey. One explanation for the difference may be the selection of companies asked to participate. In the purchasing managers' indices, large companies are asked to participate whereas the Economic Tendency Survey also includes smaller companies.

Consumption is rising but return to previous level will take time

Household consumption is usually a relatively constant part of GDP because households tend to adjust their consumption gradually, in both economic upturns and downturns. During the acute phase of the crisis in the spring, household consumption was however a driver of the drop in GDP. Consumption particularly within areas such as restaurants, hotels, transport, and cultural services decreased sharply as a result of measures by authorities to limit social contact (see Figure 9). Moreover, uncertainty regarding the economic impact of the pandemic has likely contributed to households having saved a greater share of their income. Household consumer confidence indicators, which fell sharply in the spring, have risen in recent months but remain at very low levels.

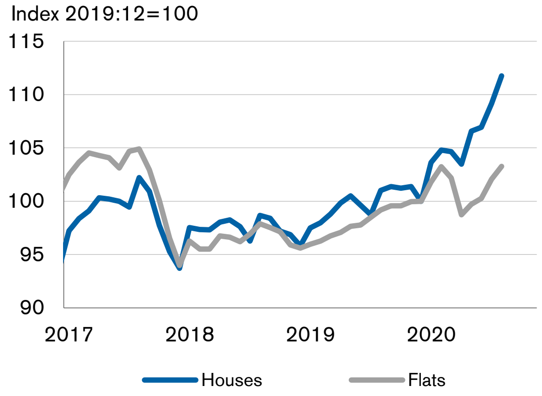
During the pandemic, households have adapted to the new circumstances and are to some extent consuming different goods and services than prior to the crisis. For instance, retailing has increased strongly, in part driven by more Swedes spending their holiday time in Sweden. Since July, retail sales are back to the levels from before the crisis. Card transaction data also shows a clear recovery in consumption and was barely 2 per cent lower in September than it was a year ago.

Figure 9. Household consumption



Note: Seasonally adjusted values.
Source: Statistics Sweden.

Figure 10. Prices of houses and flats



Note: Seasonally adjusted values.
Source: HOX Valueguard.

Statistics Sweden's indicators of household consumption point to rapid growth during the third quarter. In the fourth quarter, consumption is also expected to increase faster than usual according to the Debt Office's forecast. The restrictions that have been implemented to curb the spread of infection are, however, expected to continue to hinder parts of the consumption of services. Among other things, cultural and sporting events will continue to be cancelled, or held but with major restrictions. In addition, not least the largest cities' hospitality industries will also likely be negatively affected during next year. This contributes to household consumption failing to return to pre-crisis levels until some time in 2022.

Crisis has had no appreciable effect on housing market

So far this year, the decrease in investments has been modest in relation to the general downturn in the economy, partially due to an upswing in public investments. The resilience of investments probably also reflects the fact that many companies judge that the downturn in the economy will be short-lived. At the same time, the moderate fall in investment suggests that the rise will also be modest when demand recovers. This is also indicated by the low capacity utilization in the industry.

Housing investment increases during the second half of the year. The resilience of housing investments is well in line with the development of housing prices. When GDP falls, this usually has a cooling effect on the housing market. But after initial decreases in the spring, housing prices have once again risen rapidly. The price trend has likely been supported by abolished amortization requirements as well as low interest rates, and rising financial asset prices in the wake of the expansionary monetary policy. In addition, the capital requirements for the banks have eased, which contributes to reducing the banks' costs and thereby also dampen those of households. The single-family detached house segment in particular has developed well, which reflects the fact that the supply has been low relative to demand. It remains to be seen whether the high demand in this segment is driven by a new, more long-term "trend of deurbanisation" following the increase in working from home (see Figure 10).

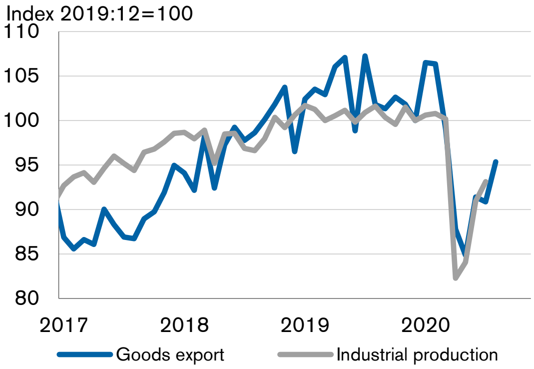
Export recovers but increase in contagion is cause for concern

The pandemic caused a steep drop in demand from abroad in the spring, and Swedish export fell sharply in the second quarter. Monthly statistics, however, show that the majority of the decrease took place in March and April and that some recovery has since occurred. A similar pattern shows that industrial production has, after the sharp decrease in April, recovered from much of the decrease. In regard to the strength of the recovery, the indicators diverge; export orders according to purchasing managers' indices show stronger recovery than for example NIER's Economic Tendency Survey does. The Debt Office's assessment is that export will not reach the same level as before the crisis until 2022. At the same time, the uncertainty is great. Increased contagion in our most important export markets can lead to new lockdowns and decreased demand from abroad (see Figure 11).

Expansionary economic policy speeds up recovery

The Government's Budget Bill for 2021 contains unfunded measures of over SEK 100 billion, of which just over SEK 50 billion consists of public sector consumption and investments. The rest targets to businesses and households in the form of reduced taxes and increased transfer payments. The fiscal policy measures, the extent of which is historically large, are considered to clearly support demand and contribute to the recovery in 2021 and 2022.

Figure 11. Export and industrial production



Note: Seasonally adjusted values.
Source: Statistics Sweden.

Table 3. Key figures, labour market

Percentage change	2019	2020	2021	2022
Labour force	1.1	0.1	0.5	0.9
Employment	0.7	-1.9	0.0	1.9
Unemployment[1]	6.8	8.7	9.2	8.2
CPIF	1.7	0.6	1.4	1.4
Hourly wage (NA)	2.6	1.8	2.1	2.4
Wage sum	3.7	-0.5	1.9	4.5

[1]Per cent of the labour force.

Sources. Statistics Sweden, Swedish Tax Agency and the Debt Office.

Labour market is slowly improving

The Swedish labour market deteriorated rapidly and sharply when the economic crisis hit. Despite the fact that the economy has now begun to recover, unemployment is expected to rise until the first quarter of next year and then slowly decline again.

Unemployment rose rapidly during spring

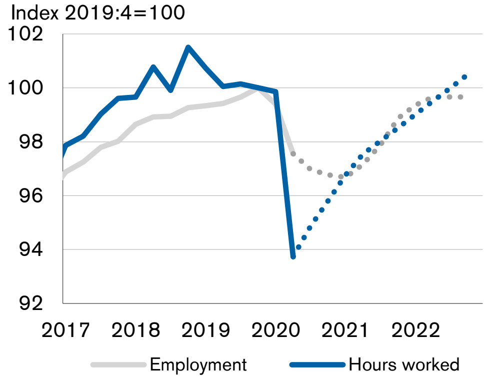
The drop in demand this spring has had a large impact on the labour market. Employment has fallen and unemployment has risen by approximately 2 percentage points. Compared with the impact of the pandemic on GDP, however, the effects on the labour market are generally smaller. This can largely be explained by the support measures implemented. Not least, the upswing in unemployment has been mitigated by the short-time work allowance programme introduced in the spring. Since March, the Swedish Agency for Economic and Regional Growth has granted short-time work allowances for over 500,000 employees, corresponding to 10 per cent of all the employed.

Many who were not eligible for short-time work allowance were given notice of termination during the most acute phase of the crisis. In total, 100,000 people have been given notice since the spring, of which 70,000 were given notice in March and April. According to analysis by the Swedish Public Employment Service, more than half of those given notice in March and April have also had their employment terminated, which is a somewhat larger share than during the financial crisis. In recent months, however, the number given notice has decreased to more normal levels.

Slow turnaround in labour market

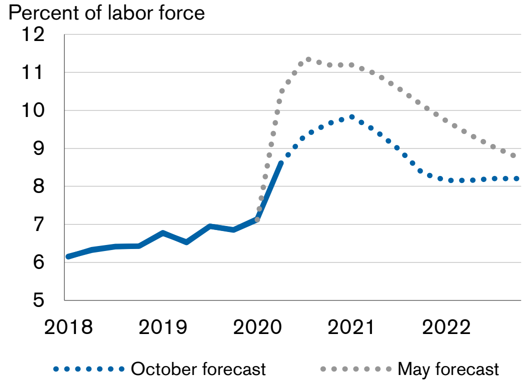
Statistics on notice of termination indicate that the situation in the labour market has stabilised in recent months. However, the turnaround is expected to be slower than in the real economy. The extensive use of the short-time work allowance programme by companies means the need for newly employed labour during the initial phase of the recovery is low. According to the Business Tendency Survey, companies want to reduce the number of employees. This is also reflected in the fact that hours worked have fallen much more than employment (see Figure 12). Going forward, companies can therefore probably meet rising demand with existing labour force.

Figure 12. Employment and hours worked



Note: Seasonally adjusted values. Dotted lines are the Debt Office forecast.
Source: Statistics Sweden and the Debt Office.

Figure 13. Unemployment



Note: Seasonally adjusted values.
Source: Statistics Sweden and the Debt Office.

The short-time work allowance programme is scheduled to be discontinued at the end of the year, which risks leading to a new wave of staff reductions. The fact that there is increasingly less financial support for the temporary work allowance programme means that some companies may choose not to retain all staff that have been furloughed under the programme. This risk is largest within industries that have been hit the hardest by the pandemic and are not yet experiencing any distinct improvement of their situation. Overall, employment continues to decrease in the upcoming quarters, albeit at a slower pace than in the spring. In the Debt Office's forecast, employment does not shift upwards again until the middle of 2021. Unemployment continues to rise to just under 10 per cent in the first quarter of 2021, before shifting downwards. Measured as the annual average, unemployment is expected to be 8.7 per cent this year, 9.2 per cent in 2021, and 8.2 per cent in 2022. At the end of the forecast period, unemployment is still 1.5 percentage points higher than in the last quarter of 2019 (see Table 3 and Figure 13). In other words, the pandemic is expected to have a long-term negative impact on unemployment.

Payroll also falls slightly this year

The acute crisis in the spring caused labour market parties to cancel the wage negotiations that were supposed to take place in March. The industrial sector plans to resume and conclude the negotiations this October. Other sectors have also chosen to postpone negotiations with the aim of having a new agreement in place by year-end. Retroactive wage increases for 2020 will likely be low, contributing to very low wage increases this year according to short-term wage statistics. Next year, wages increase at a faster pace as the business cycle improves.

According to the National Accounts, hourly wages clearly increase this year. This is because, due to support measures including short-term work allowances, there is less of a decrease in payroll figures (gross wages) measured than otherwise indicated by the fall in number of hours worked. Overall, the Debt Office's assessment is that payroll falls by 0.5 per cent this year. Payroll is expected to grow by 1.9 per cent in 2021 and by 4.5 per cent in 2022.

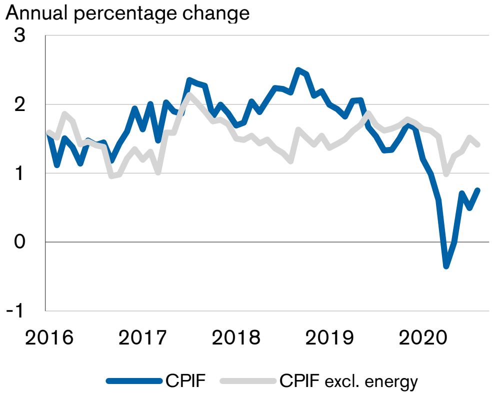
Dampened price trend in longer term

Inflation currently varies a great deal and is assessed to increase significantly in the upcoming quarters. The large fluctuations in energy prices so far this year mean that inflation temporarily stays at around 2 per cent in the first half of 2021. However, several factors indicate diminished inflation in the longer term.

CPIF inflation fell rapidly over the spring but has subsequently developed stronger than expected (see Figure 14). This is mainly due to energy price changes, but services prices have also contributed to the fluctuations. Following a sharp drop in the price of crude oil in conjunction with the more acute phase of the crisis, the price of oil has now risen in pace with an improved outlook for global demand. Swedish electricity prices also show a similar development, with a recovery since April. However, energy prices in periods ahead are not expected to rise as quickly (see Figure 15). The relatively dampened outlook for the price of oil in the futures market likely correlates in part with the gradual conversion to electric vehicles. In addition, the Swedish crown has strengthened as a result of the interest rate differential against the surrounding world, reduced risk aversion, and relatively good growth prospects. This also contributes to dampening inflation in periods ahead.

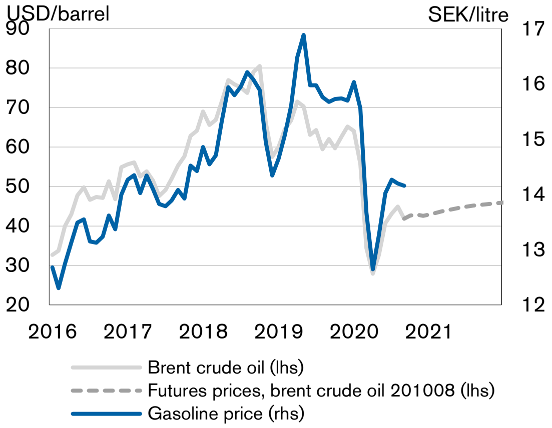
The sharp deterioration in the state of the economy both in Sweden and the rest of the world as a result of the pandemic is also expected to attenuate cost pressure in the economy during the forecast period. Among other things, it is assessed that the upcoming round of wage negotiations will result in moderate wage increases, in particular initially. Inflation expectations also point to a low CPIF-inflation in two years. The Debt Office's model estimates also support the picture of moderate inflation ahead.

Figure 14. Inflation



Sources: Statistics Sweden and the Debt Office.

Figure 15. Oil and gasoline prices, Sweden



Sources: Intercontinental Exchange (ICE), OK-Q8 AB and the Debt Office.

Better development than expected but considerable uncertainty

In summary, the Swedish economy has developed better than expected compared with the Debt Office's assessment in its previous forecast. This concerns both the GDP development and the labour market. The Debt Office has revised GDP growth for the current year upwards by approximately 3 percentage points. The level of uncertainty in the forecast is high, although significantly lower than it was this spring. The risks of the development worsening are greater than the prospects of it improving.

Pandemic still dominates risk picture

The risk scenario for both the short and long term is dominated by the pandemic. The uncertainty is in regard to both the actual spread of infection and the measures taken to curb it – but also in regard to the prospects of a potential vaccine and how it would affect the development. In the event that new waves of contagion become more distinct and prevalent, more restrictive measures than those assumed in the forecast cannot be ruled out. At the same time, the contagion as well as the restrictive measures can be less far-reaching than in the forecast, which in that case would likely entail stronger economic growth than expected.

Added to that is the uncertainty as to how both households and businesses react to, and are affected by, the pandemic. This includes increased buffer savings and greater caution as consequences of the uncertain situation. There is also a risk of a more rapid structural transformation resulting from the pandemic. For example, consumption patterns have changed thereby hitting many stores hard. This may in turn affect the real estate sector. The tourism and travel industry has also been hit hard by the changes in patterns of movement and activity. These behavioural patterns can, in various ways, affect the economic development. There is also a risk that unemployment will remain at high levels. A large proportion of those affected are young people, who may find it difficult to re-enter the labour market when the economy recovers.

Furthermore, there is uncertainty in regard to the effects of the expansionary fiscal and monetary policy, both in Sweden and globally. The current crisis has affected different parts of the economy in very different ways. Part of the uncertainty in regard to fiscal policy lies in the extent to which measures taken actually support the most affected parts of the economy. In regard to monetary policy, there is above all uncertainty about the extent to which additional stimulus, for instance increased asset purchases, actually boosts economic activity and inflationary pressure in the economy.

Geopolitics and low interest rates continue to be sources of uncertainty

In addition to factors directly linked to the pandemic, there are other factors that can contribute to increased turbulence in the financial markets and lower GDP growth in Sweden and internationally. These include increased tensions between different countries and regions, such as China and the US for example. In addition, a trade agreement between the UK and EU has still not been reached, which increases the risk of the UK withdrawing from the Union in a disorderly manner at the end of this year. Another risk factor is the outcome of the US presidential election in November, which can affect the country's future economic policy orientation and its relations with the rest of the world.

Furthermore, there is a risk of turbulence in the financial markets. The large monetary policy stimulus measures have boosted liquidity in the financial system, reduced the availability of safe assets and pushed down interest rates to low levels. In this environment, there is a significant risk of increased risk-taking, misallocations and that prices on property and other assets increase to unsustainable levels. In the event of unrest, surrounding the pandemic for example, risk premia could rise rapidly and losses occur. This, in turn, could affect the possibility for the financial system to support the recovery of the real economy.

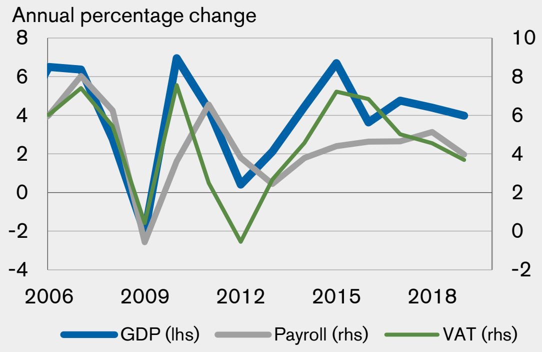
Picture of smaller decrease in GDP is supported by different sources

So far, the Swedish economy has managed the challenges from the pandemic better than expected. The growth in 2020 appears for example to be three percentage points higher than in the previous forecast, which is mainly because the development during the first half of the year has not been as weak as feared.

Large and rapid fluctuations in the economy, however, create uncertainty in the current assessment. An aid in the process can be to look at several different sources connected to the activity in the economy. The National Accounts are published quarterly with a delay, and in addition revised, while confidence indicators are in most cases published monthly and attempt to capture how the situation is being experienced. But in addition to these, other statistics complement the picture in several aspects.

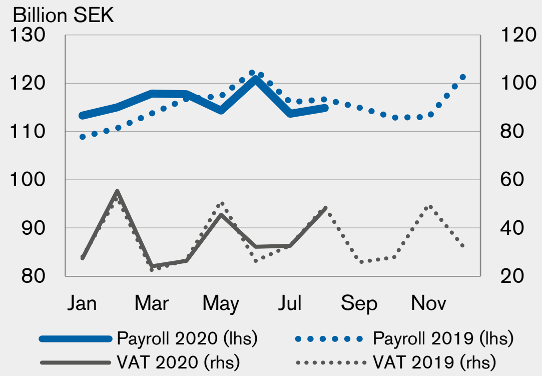
The statistics on income from taxes are monthly and closely related to the underlying economic activity, because the vast majority of financial transactions in the economy are subject to some kind of tax. Both value-added tax (VAT) revenue and tax on labour are tax bases that usually covary well with GDP (see Figure 16). As an indicator, however, payroll (wage) taxes are difficult to interpret in the short term because they are affected by both various policy measures, such as the reduction of employers' contributions, and accrual effects. Payroll (gross wages), which measures how much wages are paid out in total, is therefore a simpler way to measure.

Figure 16. GDP, payroll and VAT



Note: GDP in current prices. Payroll refers to trade and industry.
Sources: The Swedish Tax Agency and Statistics Sweden.

Figure 17. Payroll and VAT 2019-2020



Source: The Swedish Tax Agency.

In terms of the development over the last six months, both incoming VAT payments and payroll have been higher that the Debt Office expected in its previous forecast. As shown in Figure 17, VAT has been at approximately the same level as in the spring and summer of 2019. Payroll, which usually increases every year, has fallen below the level of last year, but the decline does not correspond to a deep economic decline. Without the system of short-time work allowances, a furlough scheme, the decline would have been even greater since more hours-based wages are now being paid out than correspond to hours worked. However, the extent of this effect is not great enough to change to the picture. Altogether, the stronger GDP development in the first half of the year than expected is supported from several directions.

Smaller budget deficit in 2020 than expected

The central government budget deficit in 2020 is less than in the Debt Office's previous assessment. The economy has developed stronger than expected, which has led to higher income from taxes and lower utilisation of government support measures. The improved economic situation continues to support the budget balance next year, but at the same time unfunded reforms are being made that weigh in the opposite direction. Altogether, the budget deficit is expected to be in line with the previous forecast in 2021 and then shrink in 2022.

Stronger economy reduces budget deficit

The budget balance has developed significantly better than expected since the Debt Office published its previous forecast in May. The downturn in the economy has been less than expected, which has led to higher income from taxes. At the same time, the measures introduced to support companies, such as reorientation support and the short-time work allowance programme, have not been used to the extent expected. Consequently, the budget balance for 2020 is SEK 146 billion stronger than in the previous forecast. The Debt Office now expects a budget deficit of SEK 256 billion this year and a deficit of 80 billion in 2021. In 2022 the deficit decreases to SEK 25 billion in (see Table 1).

Table 1. Central government budget balance, forecast 2020-2022

	2020		2021		2022
SEK Billion	**Oct**	**(May)**	**Oct**	**(May)**	**Oct**
Primary balance[1]	-206	(-342)	-66	(-54)	-15
SNDO net lending[2]	-30	(-38)	-19	(-22)	-10
Of which on-lending	-6	(-9)	-4	(-8)	3
Interest payments	-21	(-22)	4	(1)	1
Budget balance[3]	**-256**	**(-402)**	**-80**	**(-76)**	**-25**
Budget balance excl. capital investments in tax accounts	**-256**	**(-402)**	**-80**	**(-76)**	**-25**

[1] The primary balance is the net of central government income and expenditure excluding interest payments and net lending by the Debt Office.
[2] Net lending by the Debt Office comprises the net of agencies' and others' lending from and deposits in the central government's internal bank. This comprises both continual central government operations and temporary items, which can be decided on short notice.
[3] The budget balance with the opposite sign is the central government borrowing requirement. The table shows the net borrowing requirement and interest on central government debt with the opposite sign, compared with that shown in Tables 4 and 5.

The Budget Bill for 2021 contains proposed new unfunded reforms for just over SEK 100 billion. This can be compared with the Debt Office's assumption of SEK 50 billion in reforms in its previous forecast. The majority of the reforms regard increased expenditure. The purpose of the measures is to support private individuals, businesses and municipalities during the ongoing pandemic and facilitate the economic recovery. Some of the largest measures are increased grants to local governments, care and elderly-care initiatives, extra aid to healthcare due to the coronavirus and increased unemployment-benefit compensation levels.

Relatively large tax reductions for 2021 are also proposed in the budget. At the same time, the downturn in the economy becomes smaller than expected this year, which means large tax bases will also be at a higher level next year. This compensates in large part for the unexpectedly large reforms that are proposed and contributes to the forecast for the budget balance in 2021 staying relatively unchanged compared to the forecast in May.

The proposals in the Budget Bill are largely for temporary measures, but much of this also affects 2022 and beyond. The Debt Office makes an assumption that in addition to the proposals in the autumn budget, new unfunded proposals of SEK 30 billion will be presented next year. These will enter into force in 2022. The economy will continue to recover but at a relatively slow pace, and the central government budget deficit is expected to be SEK 25 billion in 2022.

Higher tax income, reorientation support for companies that has not been used to the extent expected, and lower cost for the short-time work allowance programme, cause the primary balance to increase by SEK 136 billion in 2020 compared with the previous forecast (see Table 2).

Table 2. Major forecast changes in primary balance

SEK Billion	2020	2021
Forecast May 2020	**-342**	**-54**
Change	**136**	**-12**
Of which:		
Tax income excl. capital investments in tax accounts	97	1
Capital investments in tax accounts	0	0
Dividends	0	0
Government grants to local governments	-6	-12
Labour market	2	-7
Social insurance	-13	-4
Migration	1	3
International aid	2	1
Other	53	6
Forecast October 2020	**-206**	**-66**

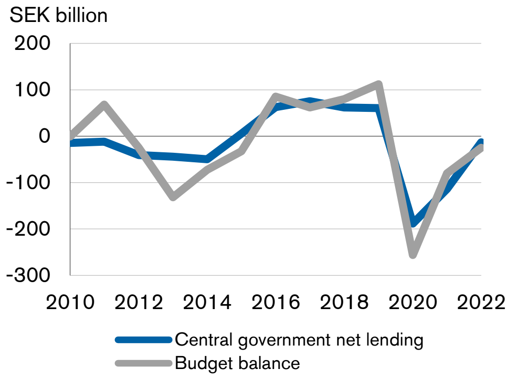
Note: The table shows changes in terms of budget balance. A positive amount means that the budget balance improves and vice versa.

Central government net lending improves gradually during the forecast period as the economy recovers. This year, central government net lending is expected to be negative and to reach SEK - 188 billion, SEK -114 billion next year and SEK -13 billion in 2022 (see Figure 1). As a percentage of GDP, this corresponds to -3.8 per cent, -2.2 per cent and -0.2 per cent, respectively. Some of the measures on the tax side affect central government net lending and the budget balance in different ways. This entails among other things the possibility to defer tax payments through credit in tax accounts. The budget balance, which is a cash flow measure is affected when the payment is made, while net lending accrues payments and is therefore not affected at all. This contributes to the budget balance varying more than net lending.[1]

Smaller decrease in tax income than expected

This year's income from taxes is expected to be SEK 97 billion higher than in the Debt Office's previous forecast, mainly because the decline in the economy is not as deep as expected (see Table 3 and Figure 2). Next year, tax income is expected to increase by SEK 1 billion compared with the previous forecast. The fact that the increase is not greater is due to approximately SEK 30 billion in tax reductions in the budget.

Figure 1. Central government net lending and budget balance, 2010-2022



Sources: Statistics Sweden, The Debt Office.

Table 3. Tax income, change from previous forecast

SEK Billion	2020	2021
Payroll taxes	24	-16
Consumption taxes	6	15
Corporate taxes	32	22
Supplementary taxes	36	-19
Total	**97**	**1**

Note: The table shows changes is terms of the budget balance.

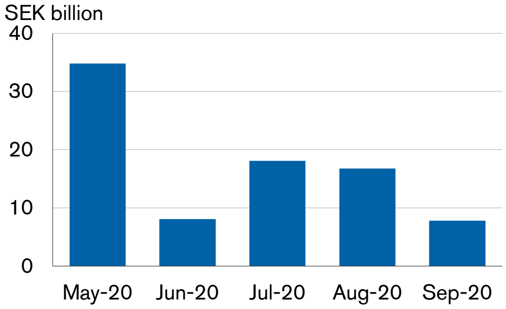
Payroll is expected to remain essentially unchanged in comparison with the previous year, which is a better development than presumed in May. Even as the development in the short term has been better than expected, the Debt Office expects the recovery in the labour market to be slow. Payroll therefore grows less next year than in the previous forecast. This means that the basis for payroll taxes next year is expected to remain approximately the same. The budget contains proposed tax relief in the form of among other things a tax reduction on earned income, a temporary tax reduction due to the pandemic and a tax reduction for pensioners. Overall, this means that income to the central government from payroll taxes decreases next year.

Tax income from companies is also significantly higher this year than was presumed in the previous forecast. This is mainly due to the better general economic development than expected. Many industries have certainly been hit very hard by the spread of the coronavirus and the resulting restrictions. But several of these industries constitute only a relatively small part of the overall corporate tax. Company profits are expected to decrease by 15 per cent this year before increasing by 16 per cent next year. However, income from taxes increases less next year as a result of tax reductions in the budget.

[1] For more on central government net lending, se in-debt-box in *Central Government Borrowing – Forecast and analysis 20:1*, National Debt Office, 2020.

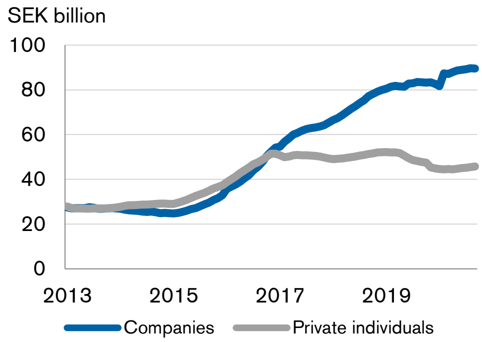
Income from taxes on consumption increases more both this year and the next compared with the previous forecast. There is a relatively large increase in income from VAT, whereas that from selective taxes (excise duties) is lower. The increase in VAT is mainly due to a trend of stronger consumption. The lower selective taxes are due to a decrease in dividend tax. The dividend tax is taken out on Swedish corporations' dividend distribution, for those companies not domiciled in Sweden. In the previous forecast, the Debt Office expected lower dividends but not the indirect cessation of dividend distribution that was introduced when companies accept state support.

Figure 2. Central government tax income, difference between outcome and forecast



Sources: The Swedish Tax Agency and the Debt Office.

Figure 3. Balance in tax accounts, 2013-2020



Note: 12-month moving average.
Sources: The Swedish Tax Agency.

The income from dividends from private individuals residing in Sweden is also revised downwards because many companies are not distributing, due to the dividend stop. At the same time, income from capital gains tax is higher as a result of rising prices and increased turnover in the real estate market and a favourable development in the stock market.

As in the previous forecast, the Debt Office's assumption is that capital investments in tax accounts will remain unchanged throughout the forecast period. For many companies, keeping money in tax accounts is still an attractive investment alternative (see Figure 3). The assessment is, however, uncertain and the development may change, for example if the Riksbank were to lower interest rates or if the shortest money market rates still are clearly negative, as a result of the high liquidity in the financial system.

Rising expenditure in coming years

Expenditure increases substantially next year as a result of the reforms proposed in the Budget Bill. This concerns, among other things, areas such as the labour market, social insurance, and grants to local governments. Other measures are aimed at supporting the healthcare sector during the ongoing pandemic. Beyond that, many extensive measures are being taken within areas such as education, transportation, the environment, energy, and culture.

Increased grants to local authorities

Central government grants to local governments increase by SEK 6 billion this year compared with the previous forecast. Next year, the contributions increase by SEK 10 billion. In addition, local governments are compensated with SEK 2 billion for the proposed tax reduction for pensioners. In total, this amounts to SEK 18 billion compared with the previous forecast. In 2021, the contributions will be SEK 4 billion lower, as temporary contributions in 2020 are phased out.

Significant increase in labour market-related expenditure

Labour market-related expenditure is expected to rise both in 2020 and 2021 before shifting downwards in 2022. When the labour market improves towards the end of the forecast period, it is mainly expenditure for unemployment insurance that decreases, while other expenditure remains at the same level as in 2021.

Compared with the previous forecast, total expenditure decreases by just under SEK 2 billion in 2020 as expenditure for the labour market policy programmes is assessed to be lower. This increases instead in 2021 at the same time as expenditure for unemployment insurance also increases significantly. Altogether, expenditure increases by just under SEK 7 billion in 2021.

Social insurance expenditure increases further in 2020

The temporary measures within social insurance presented by the Government this spring have been extended to apply until end of the year. The state continues to be responsible for, among other things, part of the sick pay cost, the qualifying day for sick pay, and the requirement of a medical certificate as of day 15. Although the measures have been extended, they have been used somewhat less than expected. In addition to an extension for compensation, a decision has been taken on a preventive sickness benefit for risk groups. Altogether, this entails an increase of SEK 13 billion for social insurance-related expenditure this year compared with the previous forecast.

Next year, expenditure increases by SEK 4 billion. The Government has proposed an increased appropriation, which enables an extension of the responsibility for sick pay. In addition, there is a proposed new income pension supplement for which the state will be responsible.

Sweden's EU contribution increases between 2019 and 2020

Sweden's EU contribution is revised downwards for 2021 compared with the previous forecast. This is because Sweden's reduction of the EU contribution will be significantly larger when the EU's new budget (financial) framework for the period 2021–2027 takes effect. The EU fee rises between 2019 and 2020 but then stays at around the same level during the forecast period.

There are uncertainty regarding the development for the EU contribution. For instance, in accordance with its withdrawal agreement, the UK must pay its outstanding commitments. If the UK does not fulfil its commitments, other EU countries' fees could increase. Sweden's previous reduction of the EU contribution also expires in December 2020, and the new reduction will not apply until a new decision is taken at the EU level. This could mean that Sweden's EU contribution would increase in the beginning of the new budget period and then decrease.

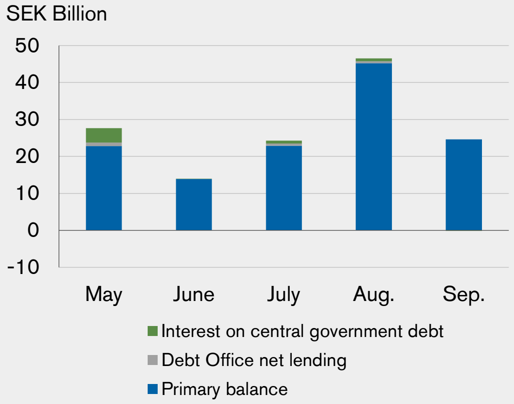
Lower utilisation of some support measures

Several support measures launched during the spring have been used to a lesser extent than expected, which has contributed to a higher budget balance than in the Debt Office's assessment from May (see Figure 4). Among the more extensive measures launched were reorientation support for companies with loss of turnover, an expanded short-time work (furlough) scheme under which employees have working hours reduced, and a tax extension allowing companies to defer tax payments.

The Debt Office calculated that the reorientation support would reach SEK 39 billion, furloughs would reach SEK 60 billion, and the corporate tax extension SEK 50 billion. Above all, the reorientation support has been used sparingly. At the end of September, barely SEK 3 billion in reorientation support had been paid out. This measure has now been extended and the Debt Office's assessment is that the expenditure in autumn will also be just under SEK 3 billion.

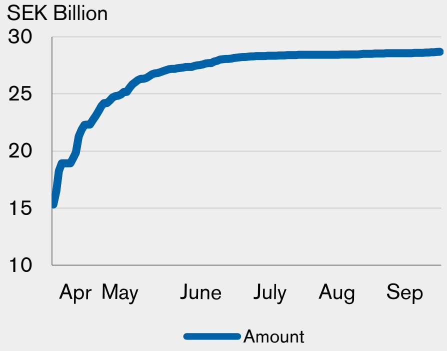
The tax extension has been used to a great extent, and at the end of September respite had been granted for SEK 42 billion. The short-time work allowance programme has also been used to a great extent. Over 560,000 employees were furloughed under the programme, corresponding to over 10 per cent of the employed in Sweden. In the beginning of October, just under SEK 29 billion had been paid out (see Figure 5). The Debt Office now assesses that expenditure under the short-time work allowance programme this year will total SEK 35 billion.

Figure 4. Forecast deviations



Source: the Debt Office.

Figure 5. Short-time work allowance, amount granted



Source: the Swedish agency for Economic and Regional Growth.

Net lending by the Debt Office increases

Net lending by the Debt Office to agencies and others is expected to increase during the forecast period. This is mainly because of higher net lending to among others the National Board of Health and Welfare and the Swedish Export Credit Corporation, which have received increased borrowing limits in order to meet greater costs related to the pandemic. However, higher lending to the Swedish Board of Student Finance (CSN) and on-lending to the Riksbank also contribute to increased net lending by the Debt Office. Altogether, net lending is expected to reach SEK 30 billion in 2020, SEK 19 billion in 2021, and SEK 10 billion in 2022.

Compared with the previous forecast (see Table 4), net lending by the Debt Office decreases by SEK 8 billion in 2020 and by SEK 3 billion in 2021. The stronger krona means that on-lending to the Riksbank, which is in foreign currency, decreases calculated in kronor. In the current year, net lending is also affected by, among other things, higher deposits from the premium pension system.

Table 4. Net lending by the Debt Office per year

Miljarder kronor	2019	2020	2021	2022
Lending, of which	**-62.5**	**34.1**	**21.8**	**13.7**
Swedish board of student finance	7.3	9.2	10.1	10.5
Swedish Transport Administration	-1.6	-0.2	5.3	3.8
On-lending to the Riksbank	-67.4	6.2	3.6	-3.4
Other	-0.8	19.0	2.8	2.8
Deposits, of which	**6.2**	**4.4**	**3.2**	**4.1**
Swedish board of student fin., credit res etc	1.2	1.2	2.0	2.1
Resolution reserve	5.8	3.5	3.4	3.4
Premium pension system, net1	-0.5	-0.3	-2.7	-1.8
Other	-0.3	0.0	0.4	0.4
Net Lending	**-68.7**	**29.7**	**18.6**	**9.6**

[1] Premium pension refers to the net of paid-in pension fees, disbursement of funds and other management costs.

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.

Interest payments on central government debt decline

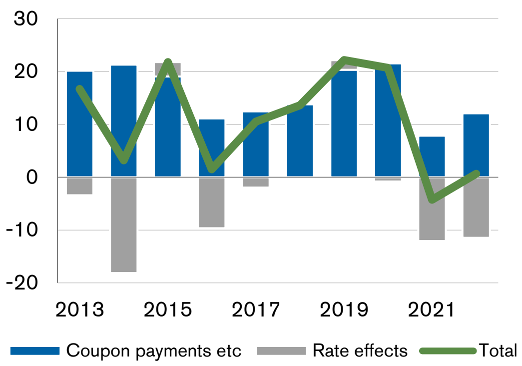
Interest payment on central government debt will be low during the forecast period, in particular during 2021 and 2022. This is because interest rates, that have fallen gradually over a long period, affect the stock of outstanding bonds. Interest payments are expected to reach approximately SEK 21 billion this year and then to go down to SEK - 4 billion in 2021. For 2022, interest payments are expected to be SEK 1 billion (see Table 5 and Figure 6).

The decrease between 2020 and 2021 is also because the Debt Office is paying a relatively large amount of inflation compensation during 2020. When inflation-linked bonds mature or are bought back, the central government pays compensation for the subsequent inflation after the bond was issued. Also, at the end of 2020 bonds with a high nominal yield are maturing. Coupon payments are therefore at a lower level in 2021 and 2022.

Table 5. Interest payments on central government debt

SEK billion	2020	2021	2022
Interest on loans in SEK	18.4	-6.4	-2.4
Interest on loans in foreign currency	-0.9	-0.3	-0.5
Realised currency gains and losses	3.2	2.4	3.5
Interest payments	**20.7**	**-4.3**	**0.6**

Figure 6. Interest payments 2013-2022



Source: The Debt Office.

Interest payments decrease by a few billion kronor in 2021, compared with the previous forecast. This 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 a nominal coupon that is higher than current market interest rates. On issue, buyers pay a price that exceeds the nominal amount. This means that the interest payments initially decrease but that the central government makes a higher annual coupon payment during the bond's maturity.

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 September 2020.

Less uncertain situation than previously but significant risks remain

The uncertainty surrounding the development of the central government's budget balance has decreased since the previous report. This is mainly because the uncertainty in regard to the macroeconomic development is lower (see Chapter 1), and the fiscal policy measures discussed in the spring have either already been implemented or been clarified. Knowledge and awareness in regard to both the coronavirus situation and how the Government has chosen to mitigate its impact, has also increased. This thus decreases uncertainty about the rest of this year. Also, the Budget Bill for 2021 clarify next year's fiscal policy conditions.

The macroeconomic uncertainty is still assessed to be the greatest source of uncertainty in the development of the central government budget in the coming years. The uncertainty remains significantly greater than normal, and the structural nature of the crisis also lends itself to unusually great uncertainty. In more normal times, the correlation between the macro economy and development of the central government budget is relatively stable at the aggregate level. Now those connections are however less distinct. One example is the great extent of the short-time work allowance programme. This has contributed to the broader downturn in the economy not affecting, for example, payroll taxes to such an extent as would have otherwise been the case. Another example is the development of gross investments (capital formation). There, VAT-heavy sub-sectors such as construction investments have performed relatively well in comparison with less VAT-heavy sub-sectors such as machine investments. This means that in this situation the impact on central government finances differs from that of a more general economic downturn, which would have hit the sectors more evenly.

Although the fiscal uncertainty is certainly smaller than in the previous forecast, the size of the fiscal policy measures announced and introduced entails that future adjustments may have a large fiscal impact. The Budget Bill for 2021 contains major initiatives specifically for meeting the challenges associated with the pandemic. The extent to which they will need to be implemented or revised will therefore depend on how the situation develops. A decision on the Budget Bill will also be taken in the Riksdag later this autumn. This may involve initiatives being added or changed, which would in turn affect central government finances.

There are also other factors, although smaller than those mentioned above, that affect the central government budget balance. Sweden's EU contribution is affected by the size of the EU budget, and the new reduction of Sweden's fee has not yet been decided. The low interest rate situation may also lead to more companies and private individuals viewing tax accounts as a relatively attractive form of investment. That would in turn lead to more money flowing into the central government, although this does, in practice, entail a relatively expensive form of borrowing.

Reduced borrowing mainly in treasury bills

The central government borrowing requirement decreases compared with the previous forecast because the budget deficit is not as large as previously expected. The Debt Office is therefore reducing borrowing mainly in treasury bills and foreign currency bonds. The announced increase of the issuance volume of nominal government bonds next year is also smaller. To better meet the seasonal fluctuations in the borrowing requirement, the Debt Office plans to vary the issuance volume in the T-bills auctions. In addition to adapting the borrowing plan to the new situation, borrowing in inflation-linked bonds is increased somewhat in order to steer the inflation-linked share of the debt towards the target value.

As described in the previous chapter, central government finances are not expected to weaken as drastically due to the pandemic as previously anticipated. This entails that the central government borrowing requirement decreases altogether by SEK 142 billion this year and next year compared with the forecast from May. The total borrowing requirement, which also includes refinancing of maturing loans, is now expected to be SEK 528 billion in 2020, SEK 481 billion in 2021 and SEK 509 billion in 2022 (see figure 1). The Debt Office's new borrowing plan is presented in Table 1.

Table 1. Borrowing according to new forecast

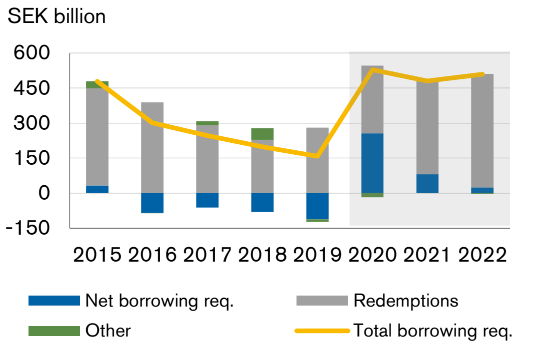
	2020		2021		2022	
SEK billion	Oct	(May)	Oct	(May)	Oct	(May)
Money market funding	**355**	**(452)**	**295**	**(360)**	**319**	**-**
T-bills	170	(220)	188	(250)	175	-
Liquidity management	185	(232)	107	(110)	144	-
Bond funding	**173**	**(225)**	**186**	**(210)**	**189**	**-**
Nominal government bonds	97	(97)	105	(115)	110	-
Inflation-linked bonds	13	(13)	21	(17)	21	-
Green bonds	20	(10)	0	(0)	0	-
Foreign currency bonds	43	(105)	61	(78)	58	-
on behalf of the Riksbank	43	(61)	61	(49)	58	-
for the central government	0	(44)	0	(29)	0	-
Total gross borrowing	**528**	**(677)**	**481**	**(570)**	**509**	**-**

Note: Borrowing in the money market equals the outstanding stock as of year-end.

The Debt Office is adjusting the borrowing to the new situation first and foremost by lowering the volume of treasury bills. The Debt Office also no longer plans to issue any foreign currency bonds during the forecast period except for refinancing loans to the Riksbank. A further adjustment to the borrowing plan is that the auction volume of nominal government bonds will not be raised at the turn of the year but in August next year instead, and the second increase previously announced for 2021 will not occur.

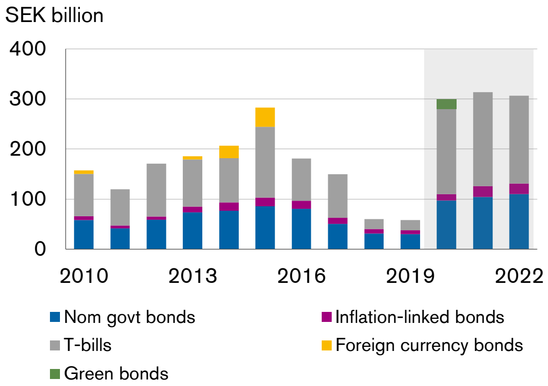
The changes to the borrowing plan are in line with the communicated strategy of first managing fluctuations in the borrowing requirement by adjusting T-bill issuance and then gradually adjusting the supply of nominal government bonds. As a complement to the borrowing in krona, the Debt Office uses bonds in foreign currency. These enable borrowing large amounts in a short time in the international capital market, and are being used primarily when the borrowing requirement grows rapidly, as was predicted in May. But as the borrowing requirement has not increased to the extent forecast, the Debt Office no longer plans to issue any foreign currency bonds (except on behalf of the Riksbank).

Figure 1. Gross borrowing requirement



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

Figure 2. Issuance volumes



Note: Borrowing per calendar year excluding funding of lending to the Riksbank. The amount for treasury bills refers to outstanding stock at year-end.
Source: The Debt Office.

Stock of treasury bills is growing more slowly

In the May forecast, the Debt Office planned to increase the stock of T-bills by holding auctions more frequently, increasing the issuance volume and revising the maturity policy (see the box on the next page). The increase of the issuance volume, however, was not as rapid as planned and has remained at around SEK 15 billion per auction since the budget balance has developed stronger than expected.

From this point on, the Debt Office expects to vary the auction volume of treasury bills to a greater extent than previously in order to better meet the seasonal fluctuations in the borrowing requirement. The planned volume in the auctions varies within the range of SEK 10-25 billion during the forecast period.

Current term-to-maturity policy for treasury bills

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

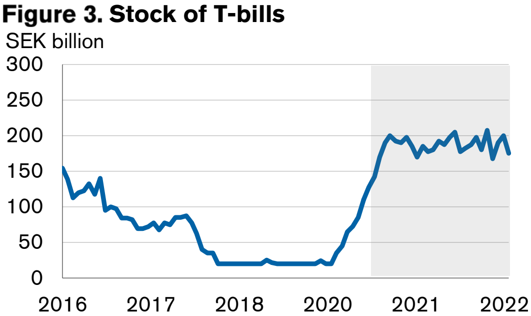
The new policy involves the Debt Office issuing a new 12-month bill maturing on an IMM date every three months (third Wednesday in March, June, September and December). In the other months, a new three-month bill is introduced.

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

With the planned issuance volumes, the outstanding stock of treasury bills amounts to SEK 170 billion at the end of 2020, compared with SEK 220 billion in the May forecast. This then increases to just over SEK 188 billion at the end of 2021, to end up at SEK 175 billion in 2022 (see figure 3).

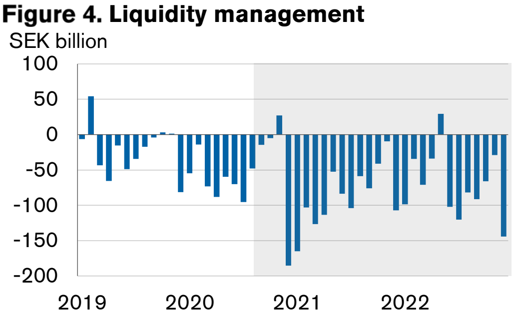
The varied auction volume of treasury bills contributes to reducing the fluctuations within liquidity management. Figure 4 shows the outcome and forecast for liquidity management.

Figure 3. Stock of T-bills



Source: The Debt Office.

Figure 4. Liquidity management



Note: Positive amounts correspond to cash surpluses. Nominal uplifted amount at current exchange rate including assets under management.

Source: The Debt Office.

The Debt Office is prepared for different scenarios

There continues to be 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.

The largest downward revision in the forecast for next year has been made to the issuance volume of treasury bills. This can quickly increase again if the borrowing requirement were to be larger than forecast. If the borrowing requirement in the short term is smaller than forecast, the Debt Office can allow funding within liquidity management to decrease or further reduce the T-bill borrowing.

If the borrowing requirement becomes larger and it is not considered appropriate to further increase the borrowing in krona, the Debt Office can borrow in foreign currency, both with bonds and commercial paper. As a result of the virus outbreak, many other issuers also need to increase their borrowing in the international capital market. However, the Debt Office's assessment is that the Swedish state is well-positioned among the competition and that it is possible to borrow relatively large amounts in foreign currency in a short time if necessary. Sweden is a well-established issuer internationally and has a good starting point thanks to the highest credit rating and a relatively low government debt.

It is worth noting that foreign currency borrowing does not increase currency risk since the Debt Office manages the foreign currency exposure that arises with the help of derivatives.

Postponed and smaller increase of nominal bonds

In the May forecast, the Debt Office planned to first increase the supply of nominal government bonds at the turn of the year and then once more in 2021. The first increase is now postponed to August 2021 when the Debt Office will increase the issuance volume from SEK 5 billion per auction to SEK 5.5 billion. There will be no additional increase after that during the forecast period. As previously announced, the Debt Office also plans to issue a new 25-year bond.

The postponed and reduced increase in the supply entails that the issuance volume for the full year 2021 is revised downwards by SEK 10 billion from the previous forecast. In total, the Debt Office will be issuing nominal government bonds for SEK 97 billion this year, SEK 105 billion in 2021 and SEK 110 billion in 2022. The planned annual volume for 2022 is the largest since 2009.

In recent years, the borrowing requirement has been limited and the Debt Office has largely had to concentrate borrowing to the ten-year segment in order to build up volume in new bonds. The majority of the auctions will continue to be held in the ten-year maturity segment, but because borrowing is now at a higher level there is greater flexibility to issue in other maturities. This also applies to bonds that are not reference bonds in electronic trading, so-called "off the run" bonds.

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.

Date of change	2-year	5-year	10-year
Current	1054	1058	1062
2020-12-16	1057	1059	
2021-09-15			1056

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

The longest nominal government bond on the market is currently shorter than 20 years (see Figure 5). Now that the borrowing requirement has increased compared with recent years, it is possible to supplement with longer-term bonds in order to maintain a government bond curve with long maturities. The Debt Office will therefore issue a new 25-year government bond on 18 November.

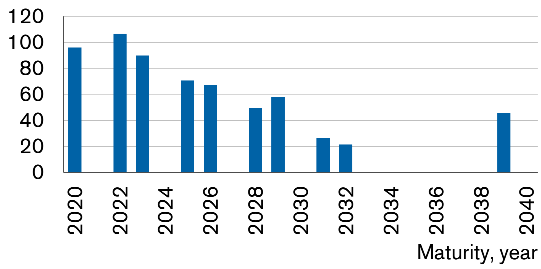
The new bond SGB 1063, which matures on 24 November 2045[2], will be introduced through syndication. In the forecast, the Debt Office expects to issue SEK 10 billion, but it is possible to increase the issuance volume if there is sufficient interest. A few weeks after issuance, the Debt Office is offering a risk-neutral switch from SGB 1053 to replenish the volume in the new issue.

The Debt Office has chosen to issue the new bond through syndication because this 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 banks, lead managers, on behalf of the Debt Office (see the box on the next page).

Table 2. Important dates

Date	Time	Activity
18 Nov		Introduction of SGB 1063
20 Nov	09.30	Terms for switch to SGB 1063
11 Dec	11.00	Switch to SGB 1063
15 Jan	09.30	Terms for switches from av SGB IL 310(
5-8 Feb	11.00	Switches from SGB IL 3108
19 Feb	09.30	Terms for switches from av SGB IL 310(
24 Feb	09.30	Borrowing forecast 2021:1
19-23 Mar	11.00	Switches from SGB IL 3108

Figure 5. Outstanding government bonds



Note: Nominal government bonds as of 30 September 2020.
Source: The Debt Office.

[2] The maturity date for SGB 1063 has been changed to 24 November 2045, from 12 May 2045 stated in the previous forecast.

Syndication enables larger issue at one time

The Debt Office uses syndicated issuance to complement the auctions when it is deemed appropriate, for example, when a large volume is to be sold on a single occasion. This 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 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

The Debt Office continues to offer the standing switch facility in SGB 1047 up to and including 23 November (with 25 November as the settlement date). The facility allows primary dealers to sell SGB 1047 in exchange for treasury bills. The switches can be made both risk-neutral, liquidity-neutral or with the same nominal amount. The relevant treasury bills for the switches have their maturity date within the range March to September 2021. Both the buying and selling rates in the switches are based on the pricing of the treasury bill curve.

The Debt Office will evaluate the facility, and 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.

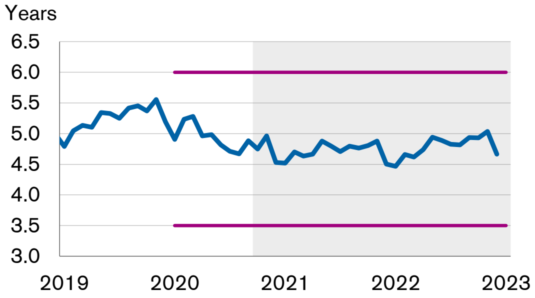
Unchanged volume of interest rate swaps

The Debt Office uses interest rate swaps to adjust the duration of the central government debt. Over many years, interest rate swaps were used in order to shorten the duration with the aim of reducing the expected cost. However, after the Government decided to progressively extend the duration of the nominal krona debt, the need for swaps decreased. The Debt Office has still kept a small volume of interest rate swaps in order to retain its market presence and maintain competence and a functioning system.

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

Since the short-term financing decreases in the new plan, the duration becomes higher than forecast in May and stabilises in the middle of the Government's steering interval (see Figure 6).

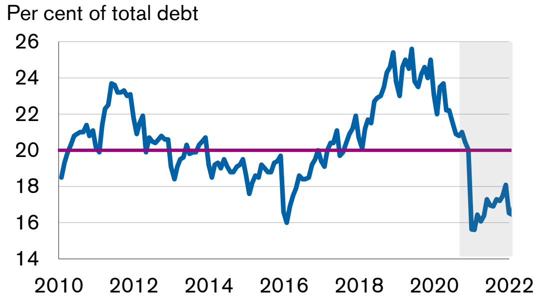
Figure 6. Central government debt duration



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

Source: The Debt Office.

Figure 7. Share of inflation-linked debt



Note: The plum coloured line shows the long-term target value for the inflation-linked share of total debt.

Source: The Debt Office.

More inflation-linked bonds in order to reach share target

The issuance volume of inflation-linked bonds will increase from SEK 1 billion to SEK 1.25 billion per auction starting at the beginning of next year and will remain at that level during the forecast period. This corresponds to an annual pace of SEK 13 billion in 2020 and just over SEK 21 billion in 2021 and 2022. The supply is increased in order to steer the share of inflation-linked debt towards the long-term target value (benchmark) of 20 percent of the central government debt (see figure 7). With the planned increase, it is assessed that this target value will be reached in due course.

The Debt Office is offering switch auctions for a total of SEK 6 billion of the inflation-linked bond 3108, to longer inflation-linked bonds before the residual maturity becomes shorter than one year. The switch auctions will be held from 5 February to 23 March.

Foreign currency bonds only on behalf of the Riksbank

The Debt Office no longer expects to issue bonds in foreign currency beyond what is required to refinance loans to the Riksbank. In the forecast from May, foreign currency bonds on behalf of the central government amounted to the equivalent of SEK 44 billion in 2020 and SEK 29 in 2021. These have now been removed.

This means that the borrowing in foreign currency bonds is exclusively for the purpose of refinancing the maturing loans to the Riksbank. That entails the equivalent of SEK 43 billion this year, SEK 61 billion next year and SEK 58 billion in 2022. The fact that the figures differ from the previous forecast is due to a bond maturing this year being refinanced by a one-year commercial paper, which means that the refinancing requirement increases by the corresponding amount in 2021.

Strong demand for Kingdom of Sweden's green bond

In September 2020, the Debt Office issued its inaugural green bond. The SEK 20 billion in proceeds will be linked to budget expenditure that contributes to achieving Sweden's environmental and climate objectives. The bond, with a ten-year maturity, was well received.

A group of banks carried out the issue on behalf of the Debt Office through syndication. Bids totalled at just over SEK 47 billion from 72 separate investors. The yield was set at 0.09 per cent, which was 1 basis point lower than the yield on a traditional government bond with an equivalent maturity at that time.

The Debt Office received a mandate by the Government in July 2019 to carry out the issue of green bonds no later than 2020. In June, the Government adopted Sweden's sovereign green bond framework and the selection of budget expenditures to which the proceeds from the bond will be linked, including protection of valuable natural environments, climate investments and railway maintenance. The framework was rated "dark green" – the highest grade – by second-opinion provider Cicero.

An important aspect of issuing a green bond is to report back on the expenditure to which the money borrowed is connected and on the environmental and climate contributions made. The Debt Office will, together with the Swedish Environmental Protection Agency, publish a report of this kind no later than in the fourth quarter of 2021.

According to the Government's mandate, the green bond issue shall be evaluated. The Debt Office will contribute to the supporting material for this in the report *Central Government Debt Management – A Basis for Evaluation* to be submitted to the Government in February 2021. That report evaluates central government debt management on the basis of the objective of minimising the long-term cost while taking account of the risk.

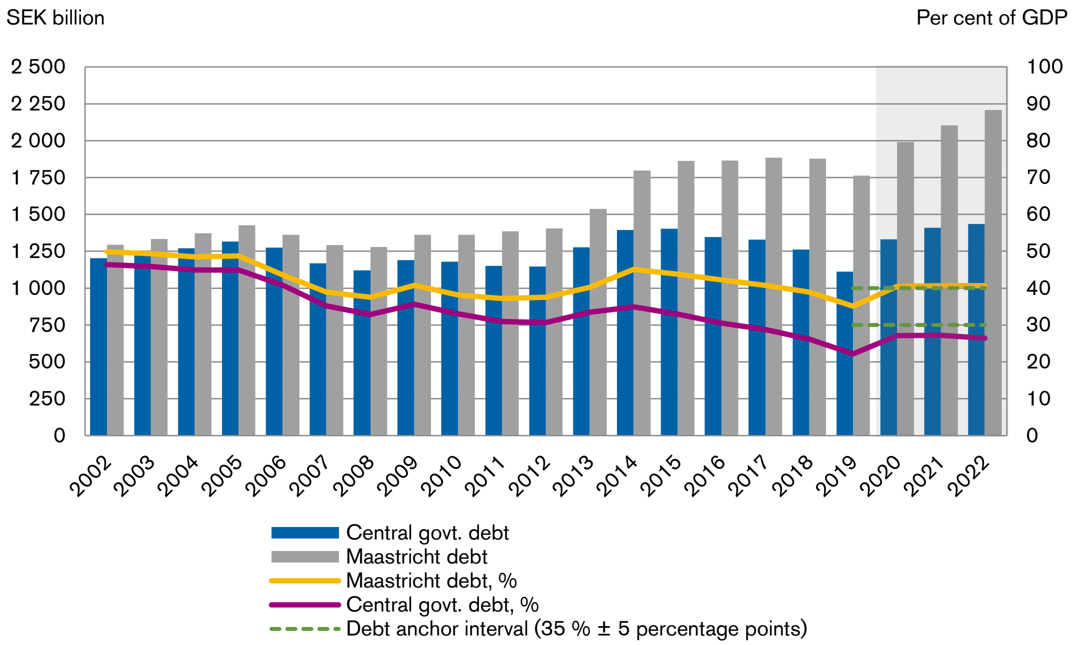
More information about the green bond and the framework is available on the Debt Office's website.

Central government debt levels off after increase in 2020

The central government debt was SEK 1,113 billion at the end of 2019, corresponding to 22 per cent as a percentage of GDP – the lowest level since the middle of the 1970s. This year, the debt is expected to increase to SEK 1,331 billion, or 27 per cent of GDP (see Figure 8 and Table 3). At the end of the forecast period, the debt-to-GDP ratio is 26 per cent.

The Maastricht debt is expected to increase to 40 per cent of GDP in 2020 and then be at 41 per cent at the end of 2021 and 2022. The Maastricht measure includes the consolidated debt for the entire general government sector and is usually used for international comparisons (see box on page 36). It is also this measure that underlies the debt anchor of 35 per cent of GDP in the fiscal policy framework.

Figure 8. Central and general government debt



Sources: The Debt Office and Statistics Sweden.

Table 3. From net borrowing requirement to central government debt

SEK billion	2018	2019	2020	2021	2022
Net borrowing requirement (budget balance with opposite sign)	-80	-112	256	80	25
Business day adjustment etc.[1]	37	-15	-18	0	0
Net borrowing per business day	-43	-127	238	80	25
A. Nominal amount including money market assets	**1 160**	**1 033**	**1 271**	**1 351**	**1 377**
Inflation compensation	28	26	18	20	23
Exchange rate effects	26	26	13	7	7
B. Nominal amount to current exchange rate incl. inflation compensation	**1 215**	**1 085**	**1 301**	**1 378**	**1 406**
Assets under management	47	28	30	30	30
C. Central government debt	**1 262**	**1 113**	**1 331**	**1 408**	**1 436**
Assets under management	-47	-28	-30	-30	-30
On-lending	-259	-193	-188	-188	-188
D. Debt incl. on-lending and assets under management	**956**	**893**	**1 114**	**1 191**	**1 218**
Nominal GDP	4 825	5 021	4 916	5 173	5 437
C. Central government debt, % of GDP	**26**	**22**	**27**	**27**	**26**
D. Debt incl. on-lending and money market assets, % of GDP	**20**	**18**	**23**	**23**	**22**

[1] A difference occurs because 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 intragovernmental 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	2018	2019	2020	2021	2022
Budget balance	**80**	**112**	**-256**	**-80**	**-25**
Delimitations	**1**	**-48**	**39**	**22**	**16**
Sale of limited companies	2	0	0	0	0
Extraordinary dividends	0	0	0	0	0
Parts of Debt Office's net lending	6	-67	31	21	12
Other delimitations etc.	-7	19	8	1	4
Accruals	**-19**	**-4**	**29**	**-55**	**-4**
Taxes	-20	-10	20	-44	5
Interest payments etc.	1	7	9	-10	-9
Central government net lending	**62**	**60**	**-188**	**-114**	**-13**
Per cent of GDP	**1.3**	**1.2**	**-3.8**	**-2.2**	**-0.2**

Table A2. Budget balance forecast per month

SEK billion	Primary balance	Net lending	Interest on government debt	Budget Balance
Oct-20	-26.3	-20.6	1.4	-45.6
Nov-20	0.2	22.5	-2.2	20.5
Dec-20	-72.7	-42.3	-17.0	-131.9
Jan-21	-13.2	1.5	1.1	-10.6
Feb-21	35.3	-0.4	1.5	36.4
Mar-21	-12.7	3.0	-0.3	-9.9
Apr-21	-11.0	2.0	0.9	-8.1
May-21	42.7	-1.1	-0.8	40.9
Jun-21	-31.0	4.9	-3.7	-29.9
Jul-21	-9.8	4.3	0.4	-5.1
Aug-21	13.9	3.3	0.6	17.9
Sep-21	-9.2	1.1	2.0	-6.1
Oct-21	-19.7	2.1	2.4	-15.1
Nov-21	8.2	2.5	-0.6	10.1
Dec-21	-59.5	-41.9	0.7	-100.7

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	2018	2019	2020	2021	2022
Budget balance, level	**80**	**112**	**-256**	**-80**	**-25**
Change from previous year	18	32	-368	176	55
Primary balance:	**29**	**-33**	**-271**	**140**	**51**
Of which					
Income from taxes	66	-8	-111	137	74
Grants to local governments	-5	-9	-37	4	5
Labour market	-1	7	-9	-8	4
Social insurance	-14	-5	-7	9	-3
Migration & International aid	14	11	2	3	0
Sales of state-owned assets	2	-2	0	0	0
State share dividends	6	0	4	-4	2
EU contribution	-9	0	-8	1	0
Other	-31	-28	-104	-1	-29
Debt Office's net lending excl. on-lending	**-1**	**-5**	**-25**	**8**	**2**
On-lending	**-7**	**78**	**-74**	**3**	**7**
Interest on government debt	**-3**	**-8**	**1**	**25**	**-5**

Table A5. Budget balance forecast comparison, SEK billion

	Debt Office (21 October)			Government (21 September)			NIER (30 September)			ESV (16 September)		
SEK billion	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Budget balance	-256	-80	-25	-297	-67	-26	-232	-72		-249	6	64
of which:												
Sales of state assets				*5*	*5*	*5*						
Adjusted budget balance	**-256**	**-80**	**-25**	**-302**	**-72**	**-31**	**-232**	**-72**		**-249**	**6**	**64**

Table A6. State share dividends

SEK billion	**2020**	**2021**	**2022**
Akademiska hus AB	1.9	1.7	1.8
LKAB	6.1	4.0	4.5
Telia Company AB	4.0	4.0	4.0
Vattenfall AB	3.6	2.0	3.0
Sveaskog AB	1.1	1.1	1.1
Other corporations	1.7	2.1	2.3
Total	**18.4**	**14.9**	**16.7**

Market information

Table A7. Government bonds, auction dates

Announcement	Auction date	Settlement date
28-Oct-20	04-Nov-20	06-Nov-20
21-Oct-20	18-Nov-20**	24-Nov-20
25-Nov-20	02-Dec-20	04-Dec-20
20-Nov-20	11-Dec-20*	15-Dec-20
09-Dec-20	16-Dec-20	18-Dec-20
05-Jan-21	13-Jan-21	15-Jan-21
20-Jan-21	27-Jan-21	29-Jan-21
03-Feb-21	10-Feb-21	12-Feb-21
17-Feb-21	24-Feb-21	26-Feb-21
03-Mar-21	10-Mar-21	12-Mar-21
17-Mar-21	24-Mar-21	26-Mar-21
14-Apr-21	21-Apr-21	23-Apr-21
28-Apr-21	05-May-21	07-May-21
12-May-21	19-May-21	21-May-21
26-May-21	02-Jun-21	04-Jun-21
09-Jun-21	16-Jun-21	18-Jun-21

*Exchange auction **Syndication

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	106 631
13-Nov-23	1.50	1057	89 885
12-May-25	2.50	1058	70 626
12-Nov-26	1.00	1059	67 164
12-May-28	0.75	1060	49 513
12-Nov-29	0.75	1061	57 839
12-May-31	0.13	1062	26 640
01-Jun-32	2.25	1056	21 500
30-Mar-39	3.50	1053	45 750
Total government bonds			**631 602**

Note: Outstanding volume as of 30 September 2020.

Table A9. Inflation-linked bonds, auction dates

Announcement	Auction date	Settlement date
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
14-Jan-21	21-Jan-21	25-Jan-21
28-Jan-21	04-Feb-21	08-Feb-21
15-Jan-21	05-Feb-21*	09-Feb-21
15-Jan-21	08-Feb-21*	10-Feb-21
11-Feb-21	18-Feb-21	22-Feb-21
25-Feb-21	04-Mar-21	08-Mar-21
11-Mar-21	18-Mar-21	22-Mar-21
19-Feb-21	19-Mar-21*	23-Mar-21
19-Feb-21	22-Mar-21*	24-Mar-21
19-Feb-21	23-Mar-21*	25-Mar-21
08-Apr-21	15-Apr-21	19-Apr-21
22-Apr-21	29-Apr-21	03-May-21
20-May-21	27-May-21	31-May-21
03-Jun-21	10-Jun-21	14-Jun-21

*Exchange auction

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	26 364
01-Jun-25	1.00	3109	27 912
01-Jun-26	0.125	3112	23 073
01-Dec-27	0.125	3113	17 645
01-Dec-28	3.50	3104	26 536
01-Jun-30	0.13	3114	9 236
01-Jun-32	0.125	3111	21 173
Total Inflation-linked bonds			**175 190**

Note: Outstanding volume as of 30 September 2020.

Table A11. T-bills, auction dates

Announcement	Auction date	Settlement date
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
30-Dec-20	07-Jan-21	11-Jan-21
13-Jan-21	20-Jan-21	22-Jan-21
27-Jan-21	03-Feb-21	05-Feb-21
10-Feb-21	17-Feb-21	19-Feb-21
24-Feb-21	03-Mar-21	05-Mar-21
10-Mar-21	17-Mar-21	19-Mar-21
24-Mar-21	31-Mar-21	06-Apr-21
07-Apr-21	14-Apr-21	16-Apr-21
21-Apr-21	28-Apr-21	30-Apr-21
04-May-21	11-May-21	14-May-21
19-May-21	26-May-21	28-May-21
02-Jun-21	09-Jun-21	11-Jun-21
16-Jun-21	23-Jun-21	28-Jun-21
30-Jun-21	07-Jul-21	09-Jul-21

Table A12. Treasury bills

Maturity date	SEK Million
21-Oct-20	7 500
18-Nov-20	20 000
16-Dec-20	7 500
20-Jan-21	15 000
17-Mar-21	40 000
16-Jun-21	12 500
15-Sep-21	7 500
Total T-bills	**110 000**

Note: Outstanding volume as of 30 September 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, Head of Debt Management, +46 8 613 47 77

Next rapport

The preliminary publishing date for *Central Government Borrowing – Forecast and Analysis 2021:1* is 24 February 2021.

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