



Recovery and reduced borrowing requirement

*Central Government Borrowing –
Forecast and Analysis 2020:3*

Press conference 21 October

Sharp downturn, but faster recovery than expected

Stronger central government finances – lower deficit

Reduced borrowing mainly in treasury bills

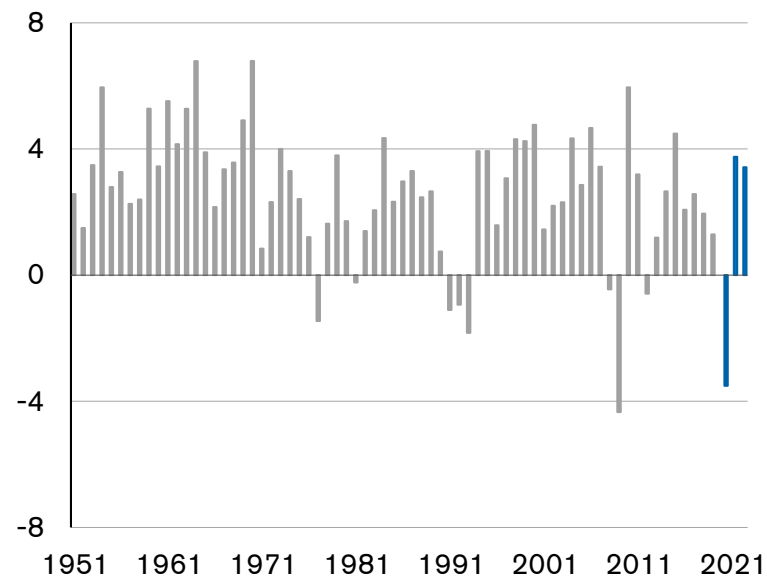
Sharp downturn, but faster recovery than expected

The recovery from the plummet in the economy this spring, has already begun

The labour market weakens further before reaching turnaround

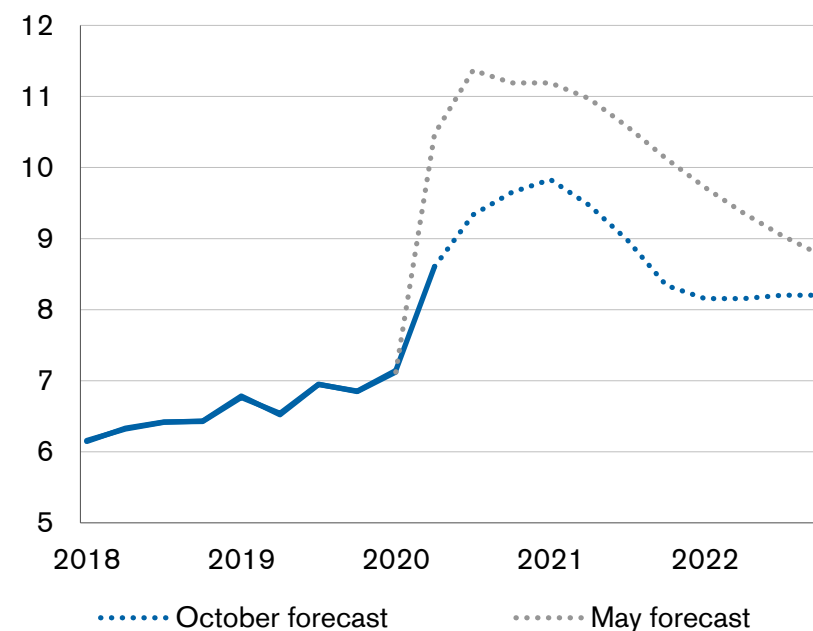
GDP in Sweden

Annual percentage change



Unemployment in Sweden

Percent of labor force

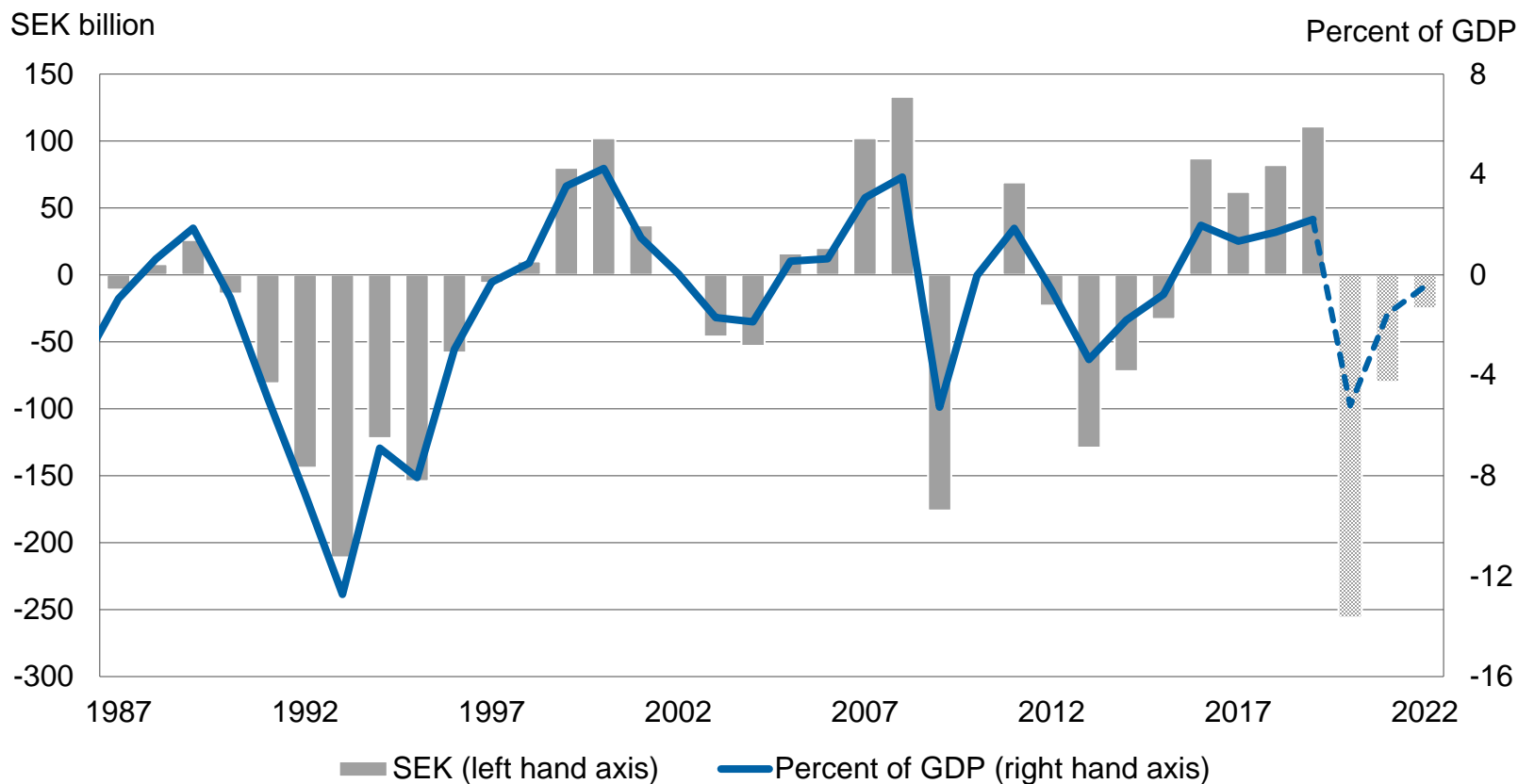


Sources: Statistics Sweden and the National Debt office

Large deficit this year – smaller in periods ahead

This year's budget balance is less negative than previously forecast

Central government budget balance



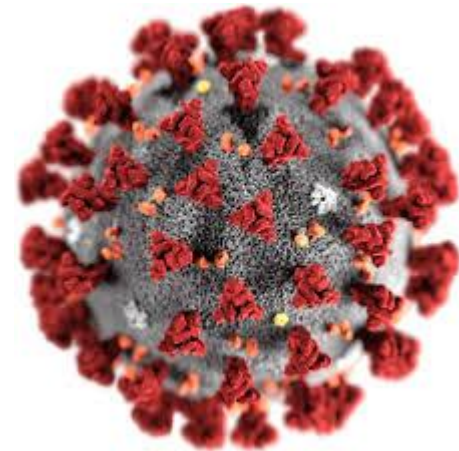
Sources: Swedish National Debt Office, Macrobond, Statistics Sweden and the Swedish National Financial Management Authority

Better development than expected – reduced risks

- *Both the macroeconomy and the central government budget have developed better than expected*
- *The new forecast for 2020 contains a smaller decrease in GDP and a lower deficit*

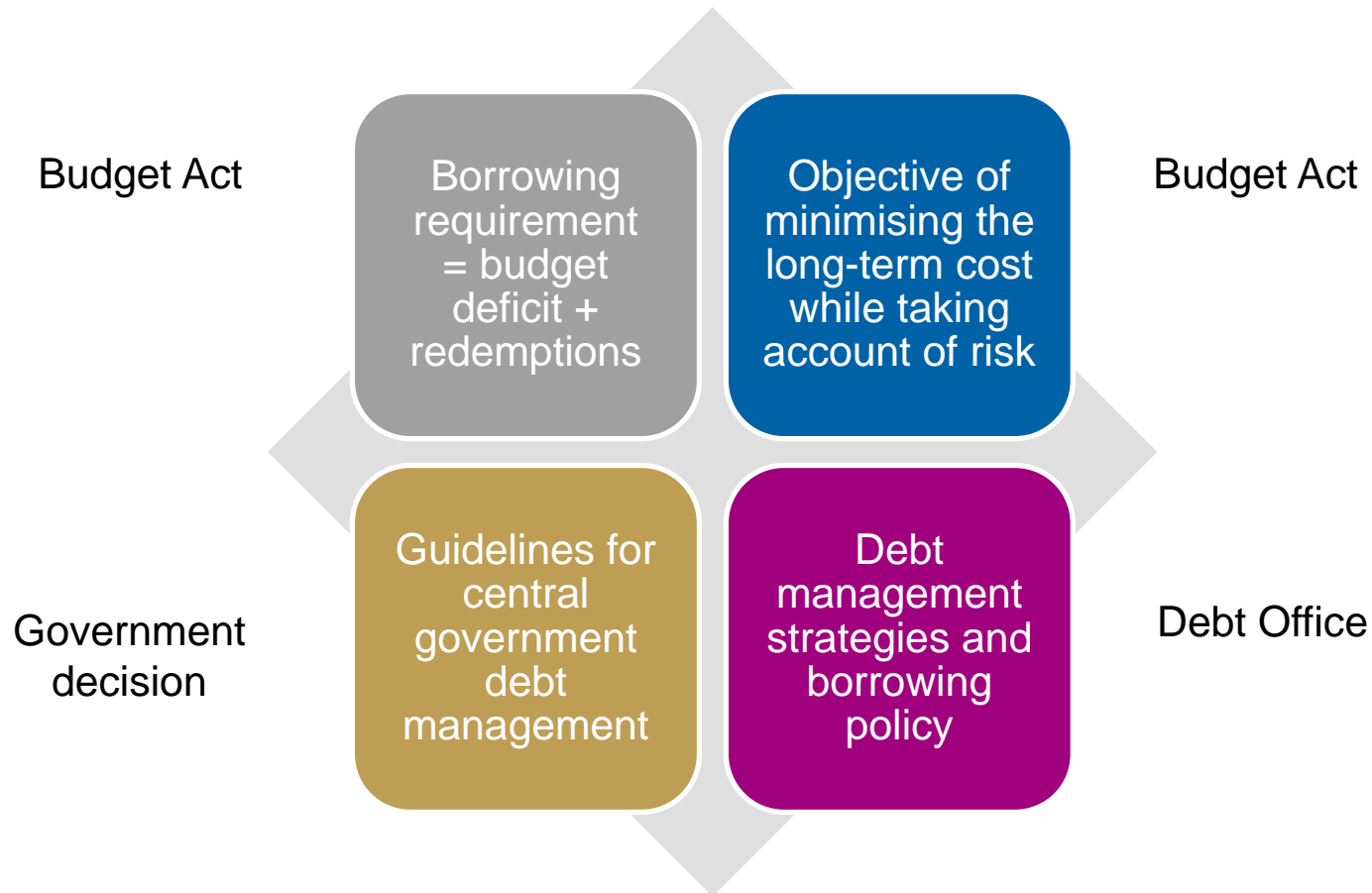
Risk picture

- Great uncertainty, although clearly lower than in May
- Pandemic remains the largest source of uncertainty
- The effect and extent of monetary and fiscal policy



Stable framework starting point for funding plan

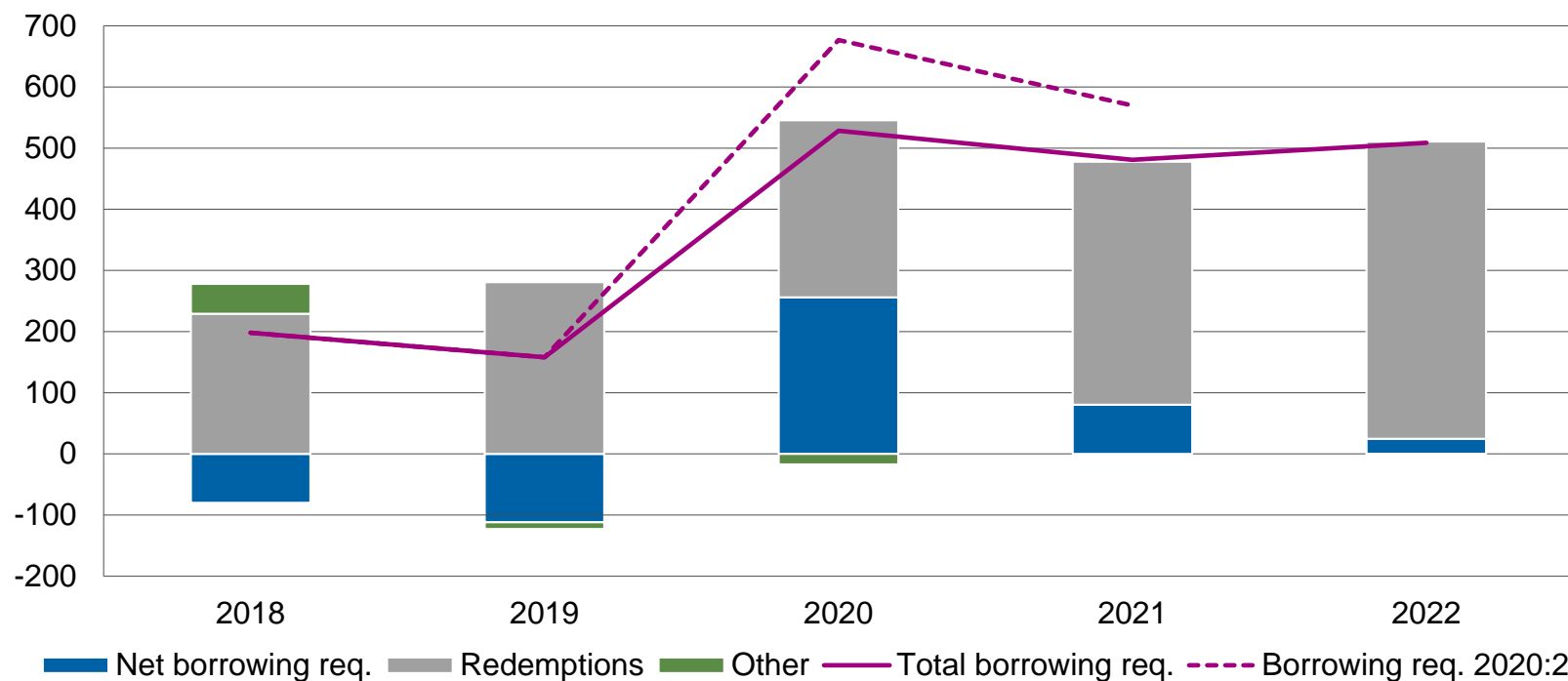
Framework for central government borrowing



Smaller borrowing requirement in new forecast

Gross borrowing requirement compared with May forecast

SEK billion

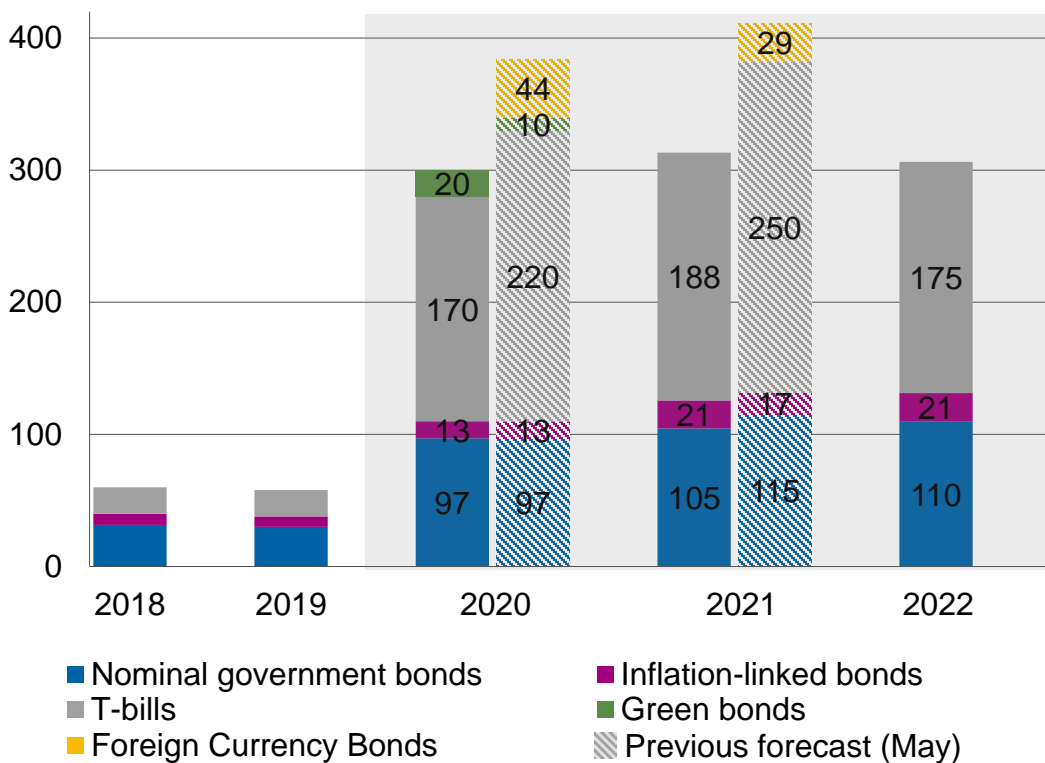


Note: Net borrowing requirement is the budget balance with the opposite sign. "Other" includes an adjustment because the net borrowing requirement is reported by settlement date while borrowing is reported by trade date.

Issuance reduced in accordance with strategy

- Largest reduction in treasury bills
- Refraining from foreign currency bonds
- Smaller increase of nominal government bonds than announced
- Slightly increased inflation-linked bond borrowing to steer share of inflation-linked debt
- Significant flexibility in liquidity management

Annual issuance volumes compared with previous forecast
SEK billion



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

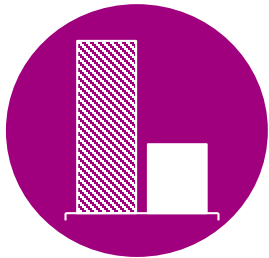
Well-prepared for managing great uncertainty



Highest credit rating



Several funding channels



Low government debt



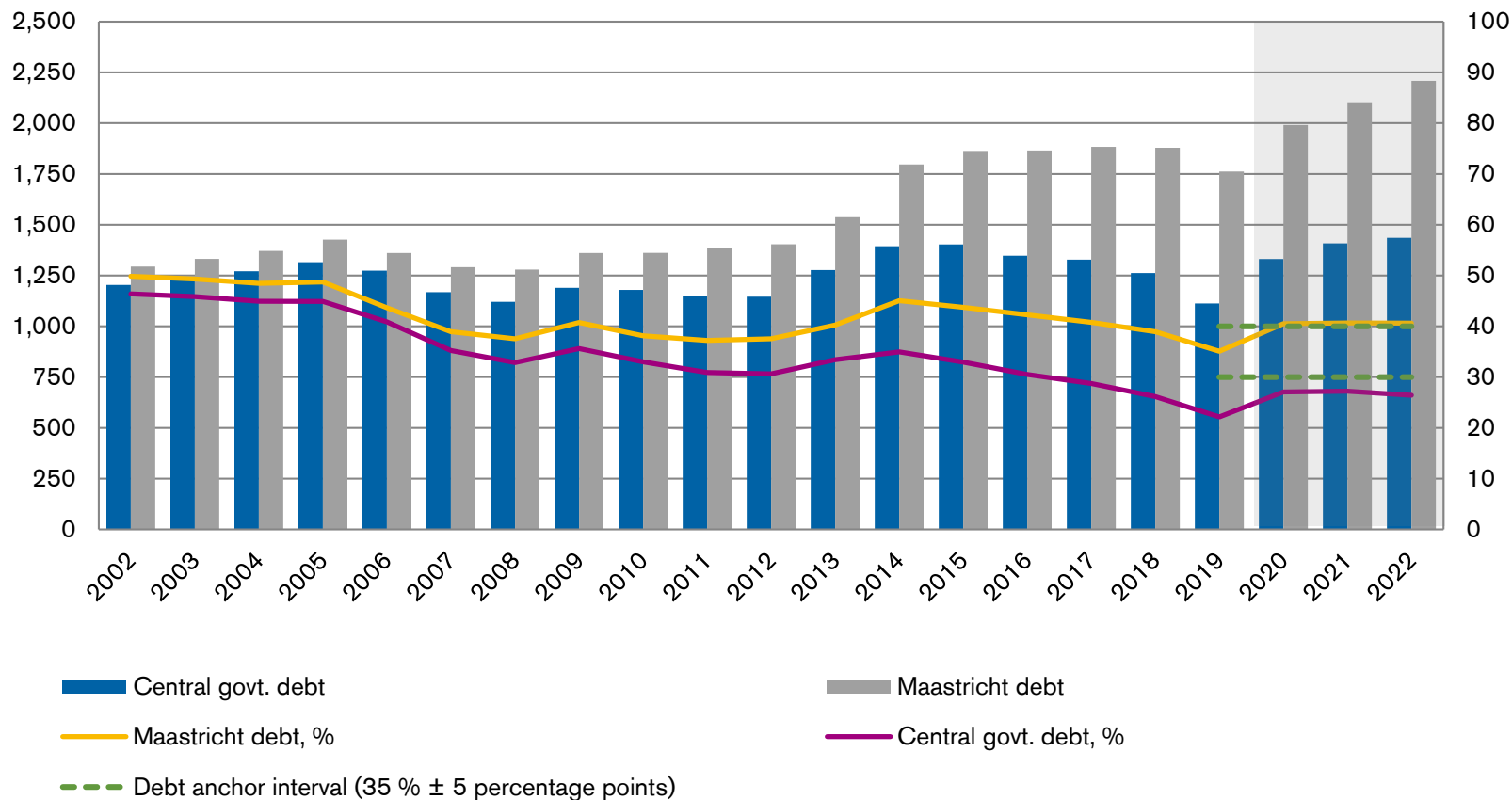
Well-established issuer

Government debt as share of GDP to level out

Central and general government debt

SEK billion

Per cent of GDP



Sources: Debt Office and Statistics Sweden

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Appendix

Changes in funding plan compared with May

Central government borrowing

	2019	2020		2021		2022	
<i>SEK billion</i>	<i>Outcome</i>	<i>Oct</i>	<i>(May)</i>	<i>Oct</i>	<i>(May)</i>	<i>Oct</i>	<i>(May)</i>
Money market funding	101	355	(452)	295	(360)	319	-
T-bills	20	170	(220)	188	(250)	175	-
Liquidity management	81	185	(232)	107	(110)	144	-
Bond funding	57	173	(225)	186	(210)	189	-
Nominal government bonds	30	97	(97)	105	(115)	110	-
Inflation-linked bonds	8	13	(13)	21	(17)	21	-
Green bonds	0	20	(10)	0	(0)	0	-
Foreign currency bonds	19	43	(105)	61	(78)	58	-
<i>on behalf of the Riksbank</i>	19	43	(61)	61	(49)	58	-
<i>central government</i>	0	0	(44)	0	(29)	0	-
Total gross borrowing	158	528	(677)	481	(570)	509	-

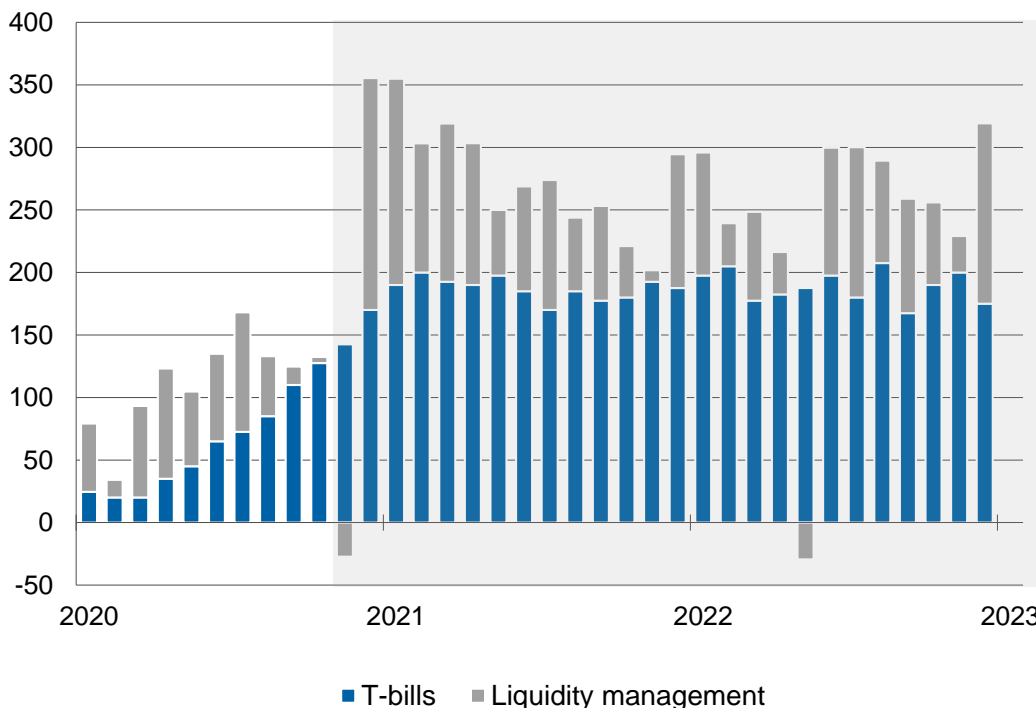
Note: Borrowing in the money market equals the outstanding stock as of year-end.

Fluctuations are managed with short-term loans

- Debt Office will vary the volume of treasury bills in the auctions
- This helps to reduce month-to-month variation in the cash balance
- Remaining fluctuations are handled with short-term funding as part of liquidity management

T-bills and liquidity management per month

SEK billion

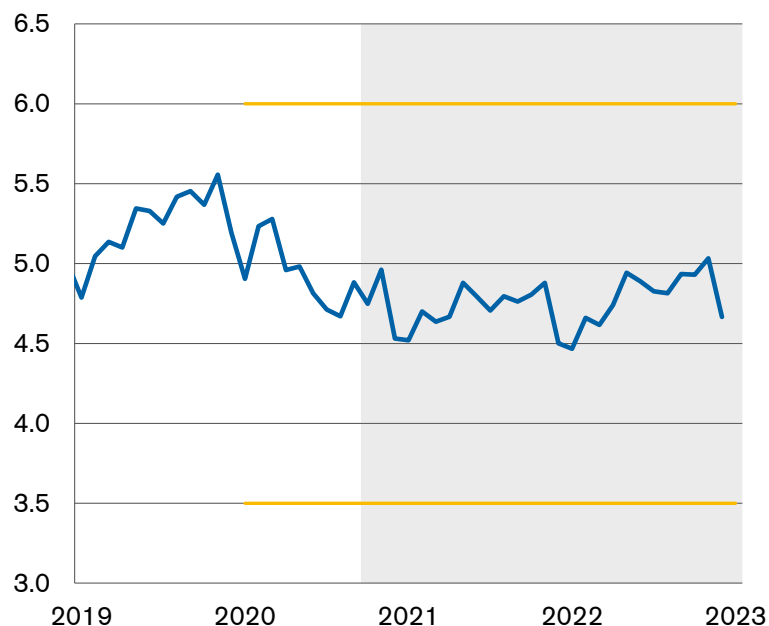


Note: Liquidity management includes assets. The grey bars show funding in liquidity management instruments net assets.

Debt duration and inflation-linked debt share

Central government debt duration

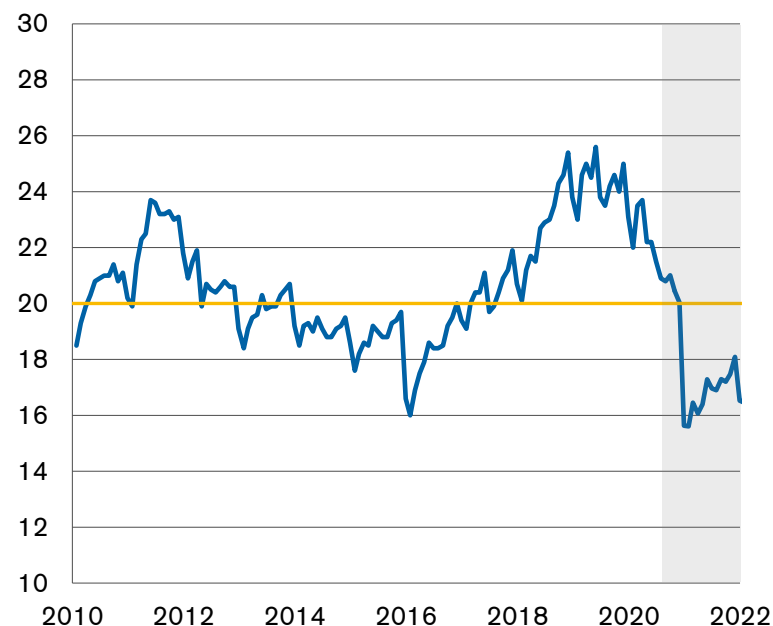
Years



Note: The yellow lines show the duration interval in the Government guidelines for debt management.

Inflation-linked debt as share of total debt

Per cent of total debt

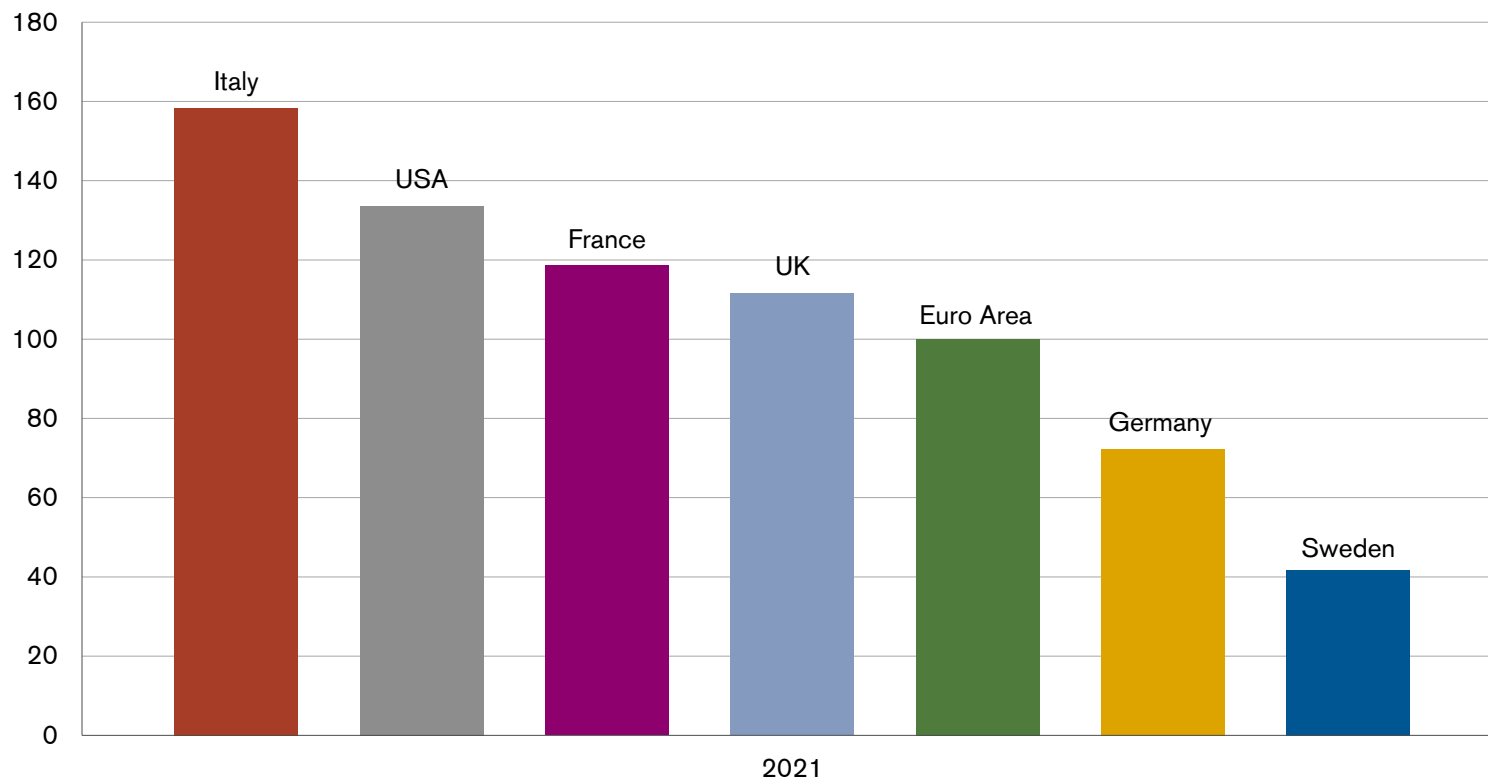


Note: The yellow line shows the target value for the inflation-linked share of total debt in the guidelines.

Low public-sector debt in international comparison

General government gross debt 2021, IMF forecast

Percentage of GDP



Source: Fiscal Monitor October 2020, IMF