INTERNATIONAL MONETARY FUND

IMF Country Report No. 26/182

SWEDEN

July 2026

2026 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Sweden, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse-of-time basis, following discussions that ended on May 13, 2026, with the officials of Sweden on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 29, 2026.
- An **Informational Annex** prepared by the IMF staff.

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org

International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR26/251

IMF Executive Board Concludes 2026 Article IV Consultation with Sweden

FOR IMMEDIATE RELEASE

- *A cyclical recovery is underway, with real GDP projected at 2 percent in 2026 and 2027. Inflation is expected to remain low in the near term. Uncertainty—about the duration of the energy supply disruptions and the transmission of high energy prices to inflation and activity—remains high, with downside risks to growth and upside risks to inflation. The financial system is sound, but structural vulnerabilities remain.*
- *Sweden enters this period from a position of strength. Credible policy frameworks, ample buffers, strong institutions, and a solid track record of policy implementation built over decades provide a firm foundation. Priorities center on navigating global headwinds, enhancing resilience, and fostering medium-term growth.*

Washington, DC – July 21, 2026: The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation[1] with Sweden and endorsed the staff appraisal without a meeting on a lapse-of-time basis. The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

A cyclical economic recovery is ongoing on the back of policy support and a rebound in real incomes. CPIF inflation has declined since August 2025, reflecting the appreciation of the krona last year and various temporary measures such as the reduced VAT rate on food, among others, this year. The confluence of multiple one-off factors and uncertainty about the persistence of the underlying shocks render more difficult the measurement of core inflation. Nonetheless, indicators of trend inflation, excluding the impact of one-off effects and energy prices, point to subdued inflationary pressures. In turn, medium-term inflation expectations are well anchored. The financial system remains sound, underpinned by strong capital and liquidity buffers. However, vulnerabilities associated with high household indebtedness, sizable exposures to the real estate sector, and banks' reliance on market-based funding persist.

---

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/en/countries/swe page.

700 19th Street NW
Washington, DC 20431
USA

GDP growth is projected at 2 percent in 2026 and 2027, exceeding its potential rate in both years and contributing to closing the negative output gap. The war in the Middle East is estimated to have reduced cumulative real GDP growth by about 0.3 to 0.4 percentage points over this period.

Headline inflation is projected to remain slightly below target, at 1.6 percent in 2026 and 1.7 percent in 2027, as the temporary VAT reduction largely offsets higher global energy prices. Trend inflation is expected to rise gradually to around target by 2027, as spare capacity is absorbed and higher energy prices pass through to core inflation. Uncertainty—about the duration of the energy supply disruptions and the transmission of high energy prices to inflation and activity—remains high, with downside risks to growth and upside risks to inflation.

Executive Board Assessment[3]

In concluding the 2026 Article IV Consultation with Sweden, Executive Directors endorsed staff's appraisal, as follows:

Growth is projected above potential in the baseline, but uncertainty is elevated, with downside risks to growth and upward risks to inflation. GDP growth projected at 2 percent in 2026 and 2027 while inflation is expected to remain temporarily below target before converging to around target in 2027. Uncertainty—about the duration of the energy supply disruptions and the transmission of high energy prices to inflation and activity—remains high, with downside risks to growth and upside risks to inflation, entailing difficult policy trade-offs. Sweden enters this period from a position of strength, with credible policy frameworks, ample macroeconomic buffers, a sound financial system, and a long-standing record of effective policy implementation.

Elevated uncertainty calls for vigilance and policy agility. The authorities should be prepared to respond to a range of possible outcomes. Policy priorities include:
(i) navigating the current shock, (ii) enhancing resilience in a world of frequent shocks through policies that preserve buffers and reduce vulnerabilities, and (iii) raising productivity.

Monetary policy can be on hold for now, but interest rates will need to go up as inflation rises and the economy strengthens, or if upside risks to inflation materialize. Low inflation provides a favorable starting point. Under the baseline, underlying inflation is expected to converge towards the target in 2027. Moreover, the temporary VAT cut on food is set to add to inflation in 2028. Against this backdrop, the Riksbank should continue to monitor inflation and inflation expectations closely and stand ready to adjust its stance based on data and developments, including indirect and second-round effects of ongoing shocks and the implications on the inflation outlook from changes in monetary policy stances abroad. As underlying inflation increases and negative output gap closes, some policy rate hikes would be needed, as

---

[3] The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

indicated by the Riksbank's published policy rate path. If upside risks to inflation materialize, the policy rate would need to be raised further. Forward-looking communication, including scenario analysis, will remain important in a more uncertain environment to keep inflation expectations anchored.

Ongoing refinements to the operational framework would support monetary transmission in a lower-liquidity environment. The Riksbank's recent adjustments to its supplementary liquidity facility and collateral requirements are welcome. Further steps to strengthen incentives for interbank activity, reduce stigma around standing facilities, and review regulatory features that may constrain market functioning would help deepen interbank activity and support transmission.

The monetary policy framework is strong, and the 2026 external review provides a solid basis for targeted improvements. Priorities include refining the framework for unconventional instruments, deepening analysis of monetary-fiscal interactions, advancing forecasting and modeling capacity, strengthening mechanisms for macroprudential coordination. Implementing these recommendations would further enhance policy effectiveness.

Systemic financial risks have moderated somewhat but remain elevated. Large and interconnected real estate exposures, high household indebtedness, and sizable reliance on foreign-currency market funding continue to pose risks. A downside scenario could reverse recent cyclical improvements. Macroprudential settings, including the CCyB, should therefore remain unchanged. If downside risks materialize and credit supply constraints emerge, the CCyB should be released. The extension of risk-weight floors for mortgages and commercial real estate is welcome, and risk-weight densities should continue to be monitored to ensure IRB models adequately reflect credit risk.

The easing of BBMs warrants active monitoring and should be complemented by an income-based limit. While the relaxation is expected to have moderate effects, it could add to household vulnerabilities over time; its impact on household balance sheets and housing market dynamics should therefore be closely monitored. Over time, the authorities should introduce a consolidated credit registry and preemptively adopt IBMs to safeguard household debt sustainability by protecting borrowers against income and interest-rate shocks, particularly given the large share of variable-rate loans. The division of macroprudential and crisis-management responsibilities across several agencies underscores the need for strong coordination and cooperation mechanisms to mitigate inaction bias and ensure holistic and timely responses to financial stability risks. Closing key data gaps is a priority, notably by improving collection of and access to granular household balance sheet data to strengthen monitoring of household vulnerabilities and the analytical basis for macroprudential policy. Continued progress in addressing the 2023 FSAP recommendations is welcome.

The expansionary fiscal stance will support economic activity, and no further support is needed under the baseline, but discretionary measures should be better targeted. Pre-war measures, together with the temporary measures introduced in response to the war's impact on energy prices, imply a sizable fiscal impulse in 2026, helping cushion the war's impact on the economy. However, some measures are poorly targeted (such as tax cuts on food and fuel) and distort price signals, discouraging energy conservation at a time of constrained global supply. In a more shock-prone global environment, the authorities should develop systems to provide targeted, timely and effective support to vulnerable households. Under the baseline, no additional fiscal support is warranted. If downside risks materialize, automatic stabilizers should operate, and any discretionary support should be temporary, well targeted, and preserve price signals.

Given the challenges posed by a higher frequency of macroeconomic shocks, the authorities are encouraged to bring new permanent spending needs within the fiscal framework and clarify adjustment plans toward fiscal targets at an early stage. The fiscal framework is central to managing risks and preserving sustainability and macroeconomic resilience. In addition, close monitoring of large spending items, such as investments in nuclear power, and continued efforts to improve spending efficiency would help preserve buffers and mitigate risks.

Raising productivity remains a key medium-term priority. The Productivity Commission's reform agenda provides a strong basis for action, including reducing housing and rental market distortions, strengthening public administration, and closing infrastructure gaps. Progress will require strong coordination and oversight. Policies that support AI diffusion, address skill mismatches, and facilitate labor market transitions will be critical to realizing and broadly sharing productivity gains. Supporting measures to deepen the EU Single Market, including in energy, would reinforce domestic reforms and enhance resilience. Additional measures are needed to meet the 2030 interim climate targets.

The external position in 2025 was stronger than implied by fundamentals and desirable policy settings. This assessment is in line with the findings of the 2026 External Sector Report and reflects the data available as of May 18, 2026.

Table 1. Sweden: Selected Economic Indicators

c

	2025	2026	2027
		proj.	
Output			
Real GDP growth (percent)	1.5	2.0	2.0
Employment			
Unemployment rate (percent)	8.9	8.4	8.0
Prices			
Consumer price inflation (average, percent)	2.6	1.2	1.7
Consumer price inflation (end-of-period, percent)	2.5	1.2	1.6
Public Finances (General Government)			
Total revenue (percent of GDP)	47.6	47.2	47.2
Total expenditure (percent of GDP)	48.9	49.6	49.2
Net lending (percent of GDP)	-1.3	-2.5	-2.0
Structural balance (percent of potential GDP)	-0.9	-2.2	-2.0
Gross debt (percent of GDP)	34.5	35.5	35.9
Money and Credit			
Broad money (M3) (percent change)	3.2	…	…
Bank lending to households	3.3	3.9	4.0
Repo rate/Central Bank rate	1.8	…	…
Balance of Payments			
Current account (percent of GDP)	6.7	6.3	5.9
FDI (percent of GDP)	-1.5	2.3	2.2
Reserves (months imports)	2.6	2.3	2.4
Exchange Rate (period average)			
REER ("-" depreciation in percent)	4.0	…	…

Sources: Swedish authorities; and IMF staff calculations.

INTERNATIONAL MONETARY FUND

SWEDEN

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

June 29, 2026

KEY ISSUES

Context. Sweden's economic recovery momentum is ongoing, supported by accommodative policies, despite the headwinds from the war in the Middle East. While a framework agreement to end hostilities was announced on June 15, uncertainty remains about how soon energy supply disruptions will be resolved, how long energy prices will remain elevated relative to pre-war levels, and how their impact will transmit through the economy. Additionally, slower productivity growth and an aging population would weigh on medium-term growth. National elections are scheduled in September. The expectation is of broad policy continuity over the medium term.

Outlook and risks. Growth is projected to exceed potential in 2026–27, driven by policy support to domestic demand and rising incomes, despite negative spillovers from the war in the Middle East. Headline inflation faces offsetting temporary shocks (such as a one-off VAT cut on food items announced in 2025 and the global energy price spike) and is expected to be below target in 2026–27. Uncertainty—about the duration of the energy supply disruptions and the transmission of high energy prices to inflation and activity—remains high, with downside risks to growth and upside risks to inflation.

Main policy recommendations. Policy priorities include: (i) navigating the current shock, (ii) enhancing resilience in a world of frequent shocks through policies that preserve buffers and reduce vulnerabilities, and (iii) raising productivity through sustained structural reforms that build on Sweden's relative strengths, better leverage its production hubs, adapt to the rapid pace of technological change, and support efforts to strengthen the EU single market.

- **Monetary policy**. The Riksbank can keep its policy rate unchanged at 1.75 percent for some time, as underlying inflation is expected to rise from its current low levels toward target in 2027. As the output gap closes, higher energy prices pass through to inflation, and temporary downside factors—such as fuel and food tax cuts and reduction in public transport fees—dissipate, upward pressures are likely to outweigh, implying that nominal rate hikes will be needed at some point. Given elevated uncertainty, the Riksbank should continue to monitor inflation and expectations closely and stand ready to adjust its stance based on data and developments, including indirect and second-round effects of ongoing shocks and the implications from changes in monetary policy stances abroad for the inflation outlook. Facing temporary but conflicting shocks, the Riksbank should continue leveraging scenario analysis and its communication toolkit to keep inflation expectations anchored. Ongoing refinements of the operational framework would support monetary transmission in a lower-liquidity environment. While the monetary policy framework is robust, the 2026 external review recommendations provide a good basis for targeted revisions, drawing lessons from experience.

- **Financial sector policies**. Cyclical systemic risks have moderated but underlying structural vulnerabilities remain. Macroprudential settings should remain unchanged until risks materially subside. The impact of easing borrower-based measures should be closely monitored; settings should be recalibrated if financial stability risks emerge. Over time, borrower-based measures should be complemented by an income-based limit to build resilience, supported by improved collection of granular data on household balance sheets.

- **Fiscal policy**. The current expansionary stance (with a fiscal impulse of 1.3 percent of potential GDP) will help support economic activity amidst a negative output gap and the impact of the war in the Middle East. Under the baseline, no additional fiscal stimulus is warranted, and there is scope for better targeting measures. In a downside scenario, any discretionary support—beyond automatic stabilizers—should be targeted, temporary, and preserve price signals. More broadly, in a more shock-prone global environment, the authorities should develop systems facilitating better targeting of vulnerable households. The authorities should bring permanent spending commitments (e.g., defense) within the fiscal targets and clarify associated adjustment plans at an early stage. Enhancing spending efficiency will support effective cyclical management and create additional space to address long-term challenges within the fiscal framework.

- **Structural policies**. To enhance productivity and resilience, including in the context of rising fiscal pressures, priority should be given to implementing cross-sectoral reforms, including those recommended by the Productivity Commission, supporting measures to deepen EU single market integration, facilitating effective AI adoption, addressing housing and rental market inefficiencies, and better leveraging production hubs. Continued efforts to strengthen electricity grids and interconnectedness would promote energy efficiency and adaptability to meet evolving energy needs. Additional measures are likely to be required to meet the 2030 interim climate targets.

Approved By
Oya Celasun and Geremia Palomba

Discussions were held virtually and in Stockholm during May 4–13, 2026. The mission team included S. Pelin Berkmen (head), Luisa Charry, Ritong Qu, and Xin Tang (all EUR), with Peter Wallin (OED) participating in the discussions. The mission met with Governor and Deputy Governor of the Central Bank of Sweden (Riksbank) Erik Thedéen and Anna Seim; State Secretary Johanna Lybeck Lilja; Director General of the FSA Johan Almenberg; Director of the SNDO Karolina Ekholm; other senior officials; members of parliament; representatives of labor unions, academia, and the business community. Yuntian Lu and Rachelle Vega (EUR) provided research and administrative assistance. Allan Dizioli (EUR) contributed from HQ.

CONTENTS

Glossary _____ 5

CONTEXT AND RECENT DEVELOPMENTS _____ 7

OUTLOOK AND RISKS _____ 11

POLICY DISCUSSIONS _____ 12
A. Monetary Policy _____ 12
B. Systemic Risk Assessment and Financial Sector Policies _____ 16
C. Fiscal Policy _____ 21
D. Structural Issues _____ 25

STAFF APPRAISAL _____ 29

FIGURES
1. GDP, Exchange Rate, and Inflation _____ 32
2. Financial Conditions _____ 33
3. Banking Sector Indicators _____ 34
4. Developments in the Real Estate Sector _____ 35

TABLES
1. Selected Economic Indicators, 2023–31 _____ 36
2. General Government Statement of Operations, 2023–31 _____ 37
3. Balance of Payments, 2023–31 _____ 38
4. Depository Corporations Survey, 2020–25 _____ 39
5. Financial Soundness Indicators, 2019–25 _____ 40

ANNEXES

I. Implementation of Past IMF Recommendations ____ 41
II. External Sector Assessment ____ 44
III. Debt Sustainability and Sovereign Risk Assessment ____ 46
IV. Changes to Macroprudential Policy Settings and Framework ____ 54
V. Risk Assessment Matrix ____ 57
VI. Main Policy Recommendations of the External Review of Monetary Policy ____ 59
VII. Implementation of the 2023 FSAP Recommendations ____ 61
VIII. Review of the Fiscal Policy Framework ____ 67
IX. Framework for Financing New Nuclear Power ____ 69
X. The Productivity Commission Reports: A Reform Roadmap ____ 70
XI. Data Issues ____ 72

Glossary

AE	Advanced Economies
AI	Artificial Intelligence
AIFMD	Alternative Investment Funds Managers Directive
BBM	Borrower-Based-Measure
CBDC	Central Bank Digital Currency
CCyB	Countercyclical Buffer Rate
CfD	Contract-for-Difference
CMU	Capital Markets Union
CPIF	Consumer Price Index with a Fixed Interest Rate
CRE	Commercial Real Estate
DTI	Debt-to-Income
DSTI	Debt-Service-to-Income
EC	European Commission
EBA	External Balance Assessment/European Banking Authority
EEA	European Economic Area
EITC	Earned Income Tax Credit
ESR	Effort Sharing Regulation
ESRB	European Systemic Risk Board
EU	European Union
EUR	Euro
FASIT	Distributional Analysis Statistical System for Income and Transfers
FPC	Fiscal Policy Council
FSA	Financial Supervisory Authority (*Finansinspektionen,* also *FI*)
FSAP	Financial Stability Assessment Program
FX	Foreign Currency
GFC	Global Financial Crisis
IBM	Income-Based Measures
ICR	Interest-Coverage Ratio
IRB	Internal-Ratings-Based
LTI	Loan-to-Income
LTV	Loan-to-Value
LULUCF	Land-Use, Land-Use Change, and Forestry
MiCA	Markets in Crypto-Assets Regulation
MNE	Multinational Enterprise
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NATO	North Atlantic Treaty Organization
NBFI	Non-Bank Financial Institution
NIER	National Institute of Economic Research
NII	Net Interest Income
RE	Real Estate
RGTS	Real Time Gross Settlement

SEK	Swedish Krona
SNDO	Swedish National Debt Office
SSN	Social Safety Net
SRB	Systemic Risk Buffer
STEM	Science, Technology, Engineering and Math
TIPS	TARGET Instant Payment Settlement
T2	Eurosystem RTGS Payment System
T2S	TARGET2-Securities
UCITS	Undertakings for Collective Investment in Transferable Securities
USD	US Dollar
VAT	Value-Added-Tax
WEO	World Economic Outlook

CONTEXT AND RECENT DEVELOPMENTS

1. **A cyclical recovery is ongoing amid a supportive policy mix, but the war in the Middle East entails headwinds**. General elections are scheduled in September, and the expectations are of broad policy continuity. Sweden's enters this period from a position of strength, resting on robust macroeconomic buffers, strong policy frameworks, and a solid track record of implementation—all critical for navigating an increasingly fragmented and shock-prone external environment. Looking ahead, careful cyclical management and sustained progress on structural reforms—particularly those that boost productivity, leverage production hubs, supporting measures to deepen the EU single market, and facilitate effective AI adoption—will be essential to strengthen resilience and offset headwinds from global uncertainties, lower productivity growth, and population ageing, while capitalizing on technological advances.

2. **GDP growth slowed to 1.5 percent in 2025 (from 2 percent in 2024), reflecting a negative net export contribution, despite stronger domestic demand**. After subdued private consumption in 2023—amid eroded real incomes, elevated interest rates, and weak activity—household spending recovered as financial conditions eased and real wages rebounded. The recovery was led by cyclical consumption categories, particularly durable and semi-durable goods, despite the adverse impact of trade tensions on consumer confidence in 2025 (Text Figure 1).[1] In contrast, services consumption (over half of aggregate private consumption) remained broadly flat amid higher services prices. Economic activity was also supported by public sector investment. The output gap is estimated to have remained negative, with elevated unemployment, although labor market conditions began improving in the second half of 2025.[2] While activity in 2026Q1 was soft, private consumption sustained momentum. High-frequency indicators for 2026Q2 are mixed, with lower consumer confidence, flat business confidence, and continued growth in the monthly GDP indicator after the war in Middle East.

3. **The aggregate impact of trade tensions has so far been limited**. Goods exports to the U.S. declined in 2025 but were more than offset by stronger exports to the rest of the world, resulting in improved overall export performance. The expansion was broad-based, except for motor vehicles, which were most affected by U.S. goods tariffs.[3] There is no evidence of recent trade diversion from China due to higher US tariffs, as imports of goods from China remained broadly flat. The current account surplus declined from 7.4 percent in 2024 to 6.7 percent of GDP in 2025, as the trade balance shrank on higher imports. Over the same period, the NIIP fell to 58.8 percent of GDP from 66.6 percent of GDP, reflecting valuation effects from a stronger currency. The CPI-based REER appreciated by 2.6 percent in 2025. The ULC-based REER was flat.

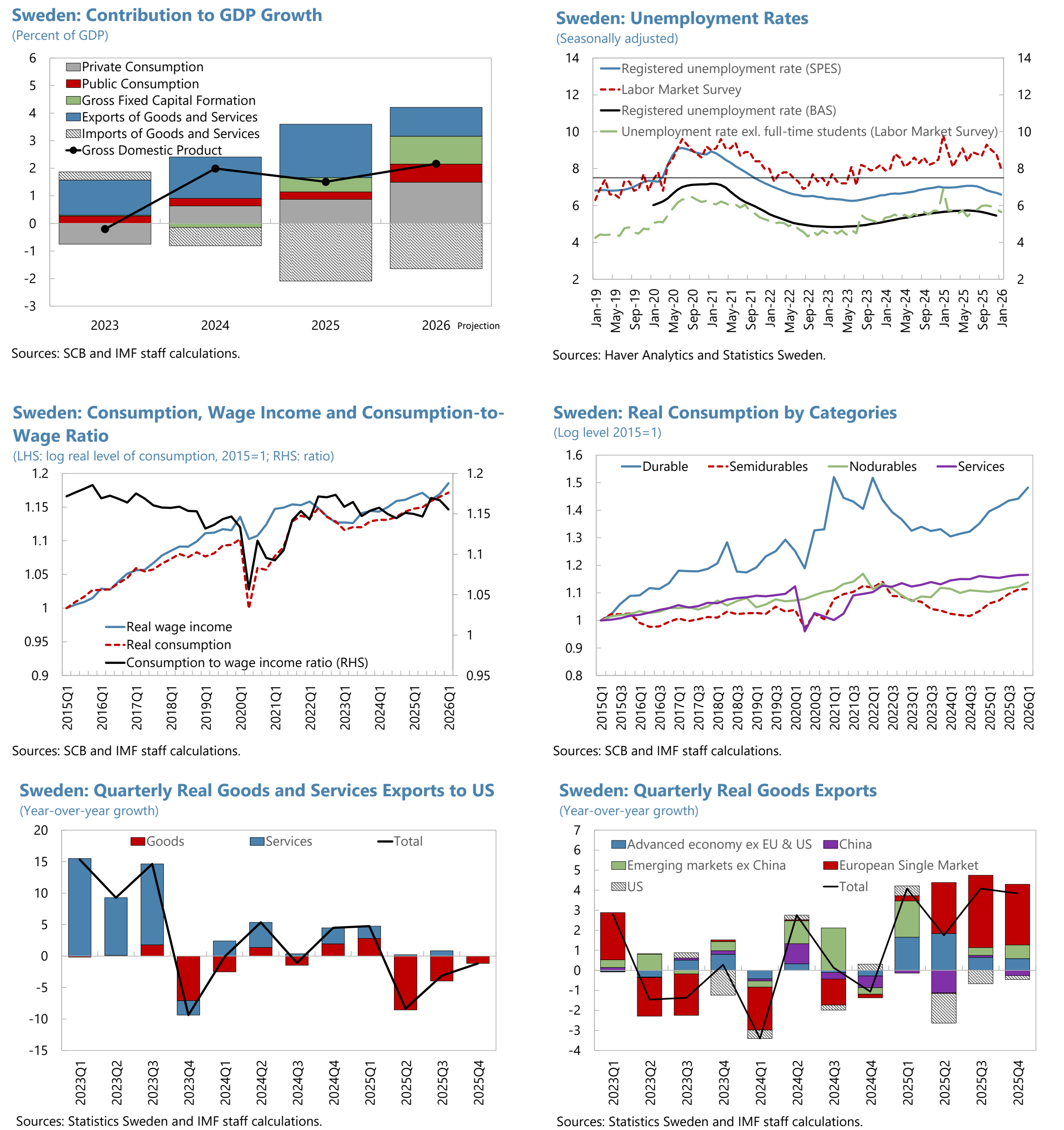
---

[1] Consumer confidence recovered in the second half of 2025, but weakened moderately following the onset of the war in the Middle East.

[2] The official unemployment rates include full-time students. Unemployment rates would drop to 6 percent after excluding full time students, aligning with registered unemployment rate from population by labor market status (BAS).

[3] Overall, the decline in exports to the United States amounted to about 0.2 percent of GDP in 2025 (in 2025Q4 around 1 percent below the 2024Q4 level). Motor vehicle exports to the U.S. resumed positive annual growth in 2025Q4.

Text Figure 1. Sweden: Recent Economic Developments

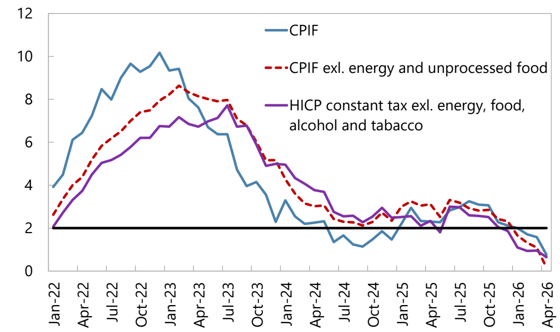


4. **The external position in 2025 was stronger than implied by fundamentals and desirable policy settings** (Annex II). However, the estimated EBA norm is low and has been persistently below the actual current account outcomes over the past two decades, suggesting that factors not captured by the model may also be driving the saving-investment balance. Such factors likely include Sweden's mandatory contributions to fully funded pension schemes and a strong regulatory environment. Complementary EBA tools suggest that both may account for a large part of the unexplained portion of the current account balance, contributing about 1 pp of GDP each to the current account surplus. Since the May 18 data cutoff for the 2026 *External Sector Report*, the

2025 current account balance has been revised upward, which would have implied a substantially stronger assessment.

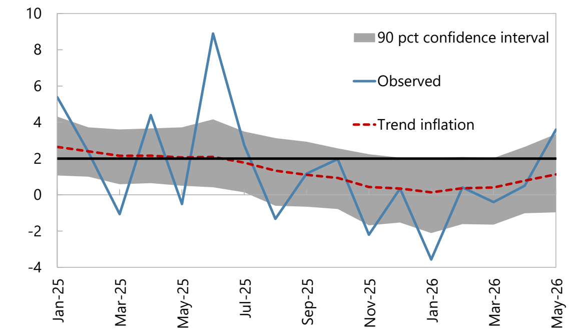
5. Inflation has declined, reflecting a marked appreciation of the currency last year and several one-off factors this year. Headline CPIF and core inflation (CPIF excluding energy) eased to 1.5 percent and 0.5 percent (y/y) in May, respectively. In 2025, the currency appreciated by around 10 percent on an end-of-period basis, subtracting an estimated 0.7 percentage points (pp) from headline inflation. The current low inflation partly reflects the impact of one-off factors, such as a VAT rate cut on food, dental subsidies, and fuel tax cuts.[4] The impact of the war in Middle East has, so far, been confined to fuel prices. The presence of multiple temporary factors, combined with uncertainty about the persistence of underlying shocks, complicates the measurement of core inflation. However, indicators of trend inflation (excluding various one-off effects and energy) are low, and medium-term inflation expectations remain well anchored.

Sweden: Annual Inflation
(Percent, year over year)



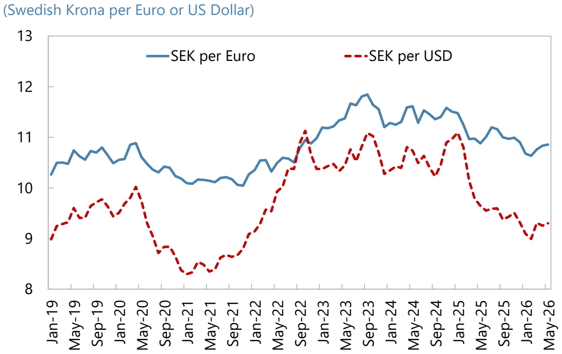
Sources: SCB and IMF staff calculations.

Sweden: Monthly Core HICP Constant-Tax Inflation
(Annualized percent, seasonally adjusted, excl. energy, food, alchol and tabacco)



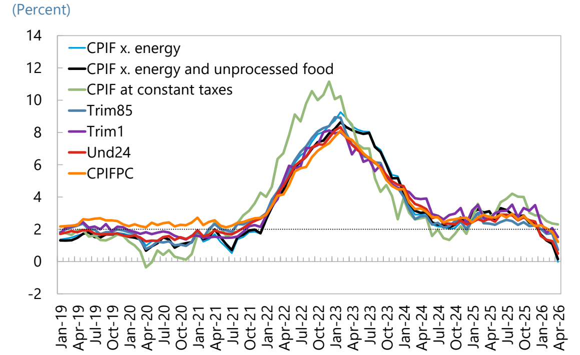
Sources: Eurostat and IMF Staff Estimates with Stock and Watson (2007).

Sweden: Exchange Rates Against Euro and US Dollar
(Swedish Krona per Euro or US Dollar)



Sources: Riksbank and Haver Analytics.

Sweden: Measures of Underlying Inflation
(Percent)



Sources: Riksbank and Haver Analytics.

6. The fiscal stance was moderately expansionary in 2025. The general government deficit fell to 1.3 percent of GDP, but the structural balance weakened by 0.1 pp to -0.9 percent of GDP in 2025, reflecting the exclusion of a SEK 25 billion (about 0.4 percent of GDP) capital injection to the Riksbank from the 2024 structural balance. Fiscal support continued through labor income tax cuts,

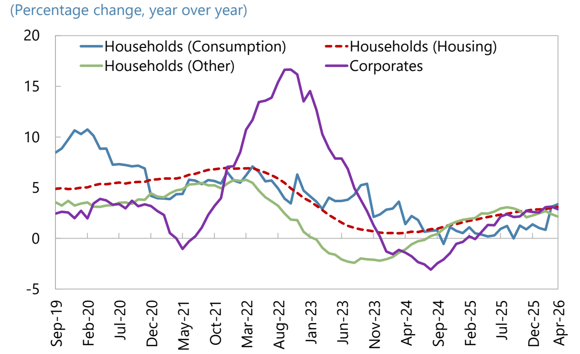
[4] The food VAT rate was halved to 6 percent (effective April 2026 through December 2027).

higher health spending, and increased national defense and public security expenditure.[5] Gross public debt remains low but rose slightly to 34.5 percent of GDP, near the 35 percent of GDP debt anchor. Sovereign stress risks are low, and public debt remains sustainable (Annex III). Fiscal space is substantial.

7. Financial conditions, which eased in 2025 reflecting monetary policy easing and a rebound in risk appetite, tightened marginally after the war in the Middle East. The Riksbank reduced the policy rate by a cumulative 75 bp to 1.75 percent in 2025. In June, it kept the policy rate unchanged and signaled a higher probability of a rate hike later in 2026. In 2025, short-term government bond yields remained broadly stable and equity prices posted modest gains, while long-term yields edged up amid increased issuances. Bank lending rates declined across all major segments, and corporate bond spreads tightened alongside higher issuance volumes. Private sector real credit growth was stagnant, although household credit has recently strengthened. The Basel credit gap has remained negative since 2021. While house price growth was subdued most of last year, it has picked up more recently. Since the onset of the war, 10-year bond yields have increased by 20 bp, the stock market declined by 2 percent, and the exchange rate weakened by about 4 percent against the USD and 2 percent against the euro.

Sweden: Credit to the Private Sector by Type

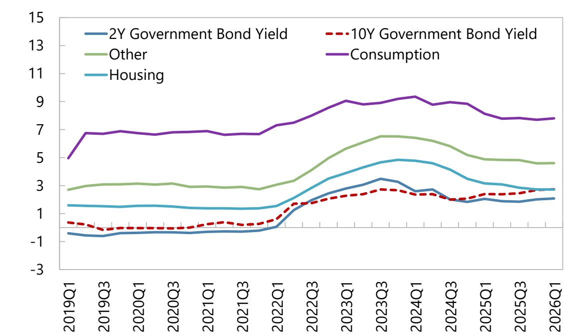
(Percentage change, year over year)



Sources: Haver Analytics; and IMF staff calculations.

Sweden: Interest Rates

(Percent)



Source: Haver Analytics.

8. BBMs have been eased (Annex IV). The LTV limit for new residential mortgages was raised from 85 to 90 percent and the stricter amortization requirement was removed, in contrast with previous staff advice.[6] The CCyB and SRB rates have remained unchanged at 2 percent and 3 percent, respectively, since 2023 and 2020. In addition, the FSA has extended by two years—until 2027—the risk-weight floors for IRB banks' exposures to residential mortgages and CRE secured by residential mortgages (25 percent) and commercial properties (35 percent), which had been scheduled to expire in 2025.

[5] Sweden's current fiscal framework requires an average net lending surplus of 0.3 percent of GDP over the business cycle. Therefore, it features automatic budget enforcement under which if there are no new fiscal measures being introduced, it will lead to a fiscal surplus of about 0.3 to 0.4 percent of GDP annually. The surplus target will remain effective until December 2026 and be replaced by a balanced-budget target thereafter, among other changes to the fiscal policy framework decided in 2025 (Annex VIII). The switch to a balanced-budget target will not affect the size of the automatic budget enforcement.

[6] Here.

OUTLOOK AND RISKS

9. The cyclical recovery is expected to continue, despite the negative spillovers from the conflict in the Middle East.[7] GDP growth is projected to accelerate and exceed potential (1¾ percent), at 2 percent in 2026–27, as expansionary fiscal policy in 2026 offsets negative spillovers from the war in the Middle East (0.3–0.4 pp cumulative impact in 2026–27). Private consumption is expected to remain strong, underpinned by accelerating real wage growth and fiscal policy support, provided that consumer confidence does not deteriorate materially.[8] Public consumption and investment are projected to provide additional support in 2026–27 before moderating in 2028, while net exports are expected to contribute negatively due to rising imports as domestic demand recovers and the energy shock to trade partners. With growth projected to exceed potential, the output gap is expected to close in 2028.

10. While headline inflation is projected below target in 2026–27, core inflation (CPIF excluding energy) and underlying inflation are projected to be at around target in 2027—headline: 1.6 percent in 2026 and 1.7 percent in 2027; core: 0.8 percent in 2026 and 2.2 percent in 2027. The temporary tax reductions on food and fuels, temporary reduction in public transport fares, other one-off factors, and the lagged impact of the currency appreciation counter energy price increases. The reversal of the VAT cut is expected to raise headline inflation to 2.7 percent in 2028. CPIF inflation excluding energy at constant taxes (a measure of underlying inflation) is expected to be below target in 2026 and increase to around target in 2027, with the downward pull from slack dissipating as the output gap closes and some spillovers from the energy price shock. Collective wage negotiations (anchored around the 2 percent inflation target plus productivity growth) are expected to limit second-round effects of the energy shock on inflation.

11. The current account is projected to decline from 6.7 percent of GDP to 6.3 percent of GDP in 2026 (reflecting higher domestic demand supported by the expansionary fiscal stance and the negative terms of trade shock) and stabilize at around 5 percent of GDP in the medium term.

12. Uncertainty remains elevated, depending on how quickly energy market disruptions ease and are transmitted through the economy. A larger or more persistent increase in energy prices and/or severe shortages (for example, the April 2026 WEO downside scenarios) could push inflation above target, undermine confidence, and reduce external demand, ultimately weakening growth. This would require recalibrating the policy response (see section on Policy Discussions). Additional external downside risks include heightened geopolitical tensions and geoeconomic fragmentation, trade policy uncertainty, commodity price volatility, a disorderly market correction around AI investments, and cyberthreats (Annex V), which could dampen external demand, weigh on confidence, and slow the domestic demand recovery. Rapid growth in credit and real estate prices could support confidence and activity, but the related increase in systemic vulnerabilities could

---

[7] The baseline assumes commodity future prices as of June 10, with average petroleum spot price index expected to average $89.3 per barrel in 2026 and $78.7 in 2027.

[8] Nominal hourly wages projected to increase by about 3.4 percent in 2026 based on Riksbank forecast data.

increase the exposure of the economy to risk-off episodes. On the upside, a stronger-than-expected impact of the policy support, or transmission could accelerate the recovery.

Authorities' Views

13. The authorities broadly shared staff's assessment that a cyclical recovery is underway, supported by rising real incomes and resilient exports. They noted that activity softened early in the year, partly reflecting payback from strong momentum at end-2025 but viewed underlying conditions as consistent with a recovery in domestic demand going forward. The labor market was seen as recovering slowly, with employment growth expected to moderate somewhat due to the war in the Middle East. The authorities noted that inflation is low and expected to remain so in the near term but highlighted that the inflation picture is unusually difficult to read given the number of one-off factors. They saw risks to inflation as tilted to the upside, stemming from higher energy prices, while noting that the pass-through to core inflation remains uncertain. The authorities emphasized that uncertainty around the outlook is elevated, pointing to geopolitical developments, the persistence of the energy price shock, global demand conditions, exchange rate movements, and the risk of renewed financial stress. They also flagged diverging signals across indicators and income groups, with lower-income households becoming more optimistic and higher-income groups more pessimistic. The Ministry of Finance has integrated scenario analysis into its forecasting and policy processes. The authorities remarked that the EBA methodology to calculate the current account norm, does not reflect some of the fundamental characteristics of the Swedish economy, mainly a mandatory fully funded pension system and activities of MNEs, both affecting aggregate savings and capital flows. The recent year's revisions to the current account balance are also contributing to difficulties in assessing the size of the current account gap.

POLICY DISCUSSIONS

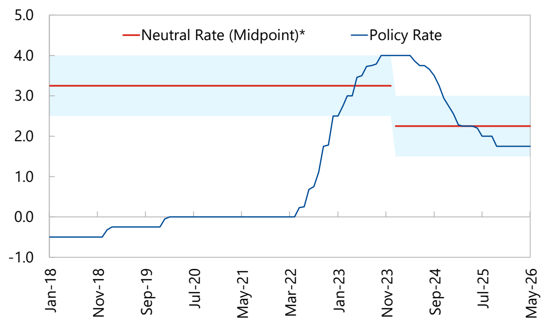
Policy priorities include: (i) navigating the current shock, (ii) enhancing resilience in a world of frequent shocks through policies that preserve buffers and reduce vulnerabilities, and (iii) raising productivity—against a backdrop of an ageing population and slower productivity growth—through sustained structural reforms that build on Sweden's relative strengths, leverage its production hubs, adapt to rapid technological change, and support efforts to strengthen the EU single market. Under the baseline, the policy mix (expansionary fiscal policy and neutral monetary policy) is supportive of the ongoing recovery—given the negative output gap and inflation projections converging towards target—and external rebalancing. The fiscal package should be better targeted. Under the baseline, no further fiscal policy support is needed. A cautious, data-driven approach to financial-sector and macroprudential policies is important to preserve resilience. If growth and inflation risks materialize, monetary policy should be tightened, while fiscal policy can support activity through automatic stabilizers and, if needed, targeted, temporary discretionary measures that preserve price signals.

A. Monetary Policy

14. Monetary policy can remain on hold for now, but interest rates will need to go up as inflation rises and the economy strengthens, or if upside risks to inflation materialize. The current low inflation provides the Riksbank with a favorable starting point. Under the baseline, underlying inflation is expected to converge towards the target in 2027. Moreover, the temporary VAT cut on food, which dampens inflation between April 2026 and March 2027, is set to expire at end-2027, adding to headline inflation in 2028. Against this backdrop, the Riksbank should continue to monitor inflation and inflation expectations closely and stand ready to adjust its stance based on data and developments, including indirect and second-round effects of ongoing shocks and the implications from changes in monetary policy stances abroad for the inflation outlook. As underlying inflation increases and negative output gap closes, some policy rate hikes would be needed, bringing the policy rate towards the midpoint of the estimated interval for the nominal neutral rate, as indicated by the Riksbank's published policy rate path.[9] Markets are pricing in a 25 bp rate hike by-end 2026. If upside risks to inflation materialize, the policy rate would need to be raised further.

Sweden: Monetary Policy Rate

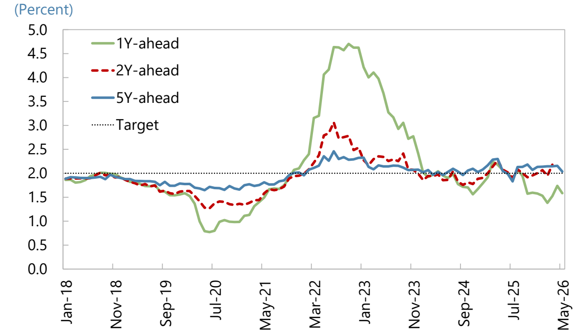
(Percent)



Sources: Riksbank and Haver Analytics.
* Corresponds to the midpoint of the neutral range estimated by the Riksbank.

Sweden: CPIF Inflation Expectations - Money Market Players

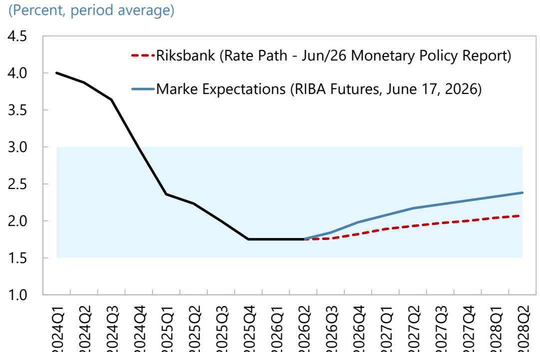
(Percent)



Sources: Origo Group and Haver Analytics.

Sweden: Monetary Policy Rate

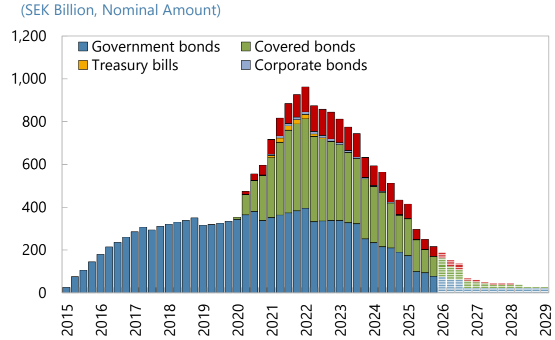
(Percent, period average)



Sources: Riksbank; Bloomberg; and Haver Analytics.

Sweden: Riksbank Asset Holdings

(SEK Billion, Nominal Amount)

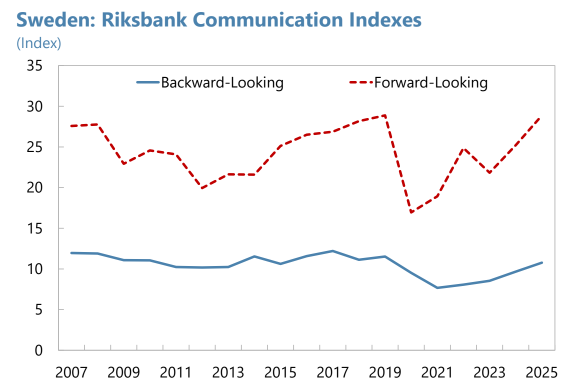


Source: Riksbank.
Note: The shaded areas represent forecasted values.

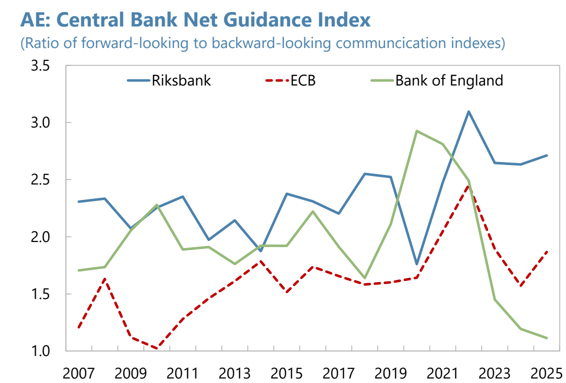
15. Forward-looking communication will remain key to navigating a more shock-prone environment. The Riksbank's communication has historically exhibited a strong forward-looking component, more so than that of many other advanced-economy inflation-targeting central

[9] While the policy rate is closer to the lower bound of the 1.5 to 3 percent nominal neutral range, the *ex-ante* real policy rate—defined as the nominal policy rate deflated by one-year-ahead inflation expectations—stands around the midpoint of the neutral range.

banks.[10] As supply shocks become more frequent and complex, maintaining this emphasis, including through continued use of scenario analysis, is welcome as it helps navigate challenges from offsetting shocks and uncertainties around their persistence. In this context, the Riksbank has appropriately indicated it will look through the temporary effects of energy prices and VAT adjustments and clarified the relevant measures of underlying inflation (excluding the direct effects of energy prices and the change in food VAT) it will monitor. The Riksbank's scenario analysis is also welcome: two alternative scenarios reflect more severe impacts of the war in the Middle East—one with broader, persistent inflation increases and additional rate hikes, and another with lower inflation due to weaker demand, accompanied by rate cuts.



Source: IMF staff calculations.



Source: IMF staff calculations.

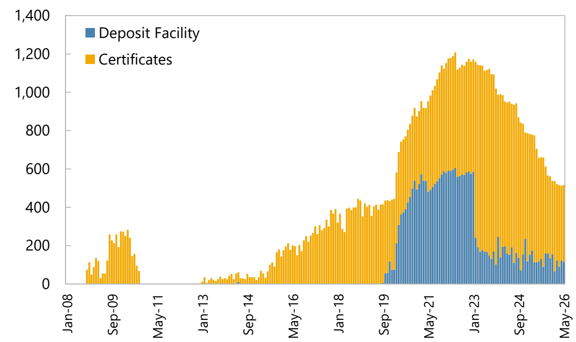
16. Interbank market activity remains subdued as the system adjusts to the post-QT liquidity environment. Following the completion of balance-sheet normalization and the introduction of mandatory interest-free deposits,[11] the banking system is transitioning from an abundant to an ample reserves regime, but interbank activity remains below pre-pandemic levels. Liquidity is unevenly distributed, with large banks placing excess reserves at the central bank and smaller institutions reluctant to use standing facilities owing to stigma. As a result, the overnight interbank rate has deviated from the policy rate—at times breaching the corridor ceiling—alongside higher volatility in short-term money market rates and increased implied SEK funding costs in FX swap markets. While the corridor framework continues to anchor short-term rates, targeted refinements could help deepen interbank market activity, contributing to monetary policy transmission. As planned, exploring measures to strengthen incentives for interbank liquidity activity, reducing stigma, and revisiting some regulatory requirements such as resolution fee calculations, and other structural features of the interbank market would contribute to this objective.[12] In this context, the Riksbank reduced the cost of its supplementary liquidity facility by

[10] Caselli et al. 2026. "*Central Bank Communication in Times of Uncertainty: AI-Assisted Decoding of Recent Trends in Europe*." IMF Working Paper WP/26/133.

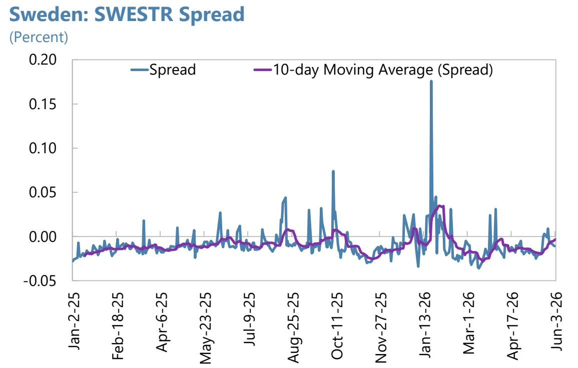
[11] See here. The amount of interest-free deposits reflects the gap between the Riksbank's target equity level—about SEK 63 billion—and its actual equity. The Riksbank will reassess annually whether the deposit requirement is necessary and its appropriate size. Current projections indicate that the requirement would remain in place over the medium-term. Unlike the ECB's averaging system, balances are locked at the Riksbank. Banks view them as operationally manageable with limited impact.

[12] The uptake of the transactions-based SWESTR interbank rate, a quoted rate—alternative to STIBOR—has been limited, reflecting a range of factors, including the design of the resolution fee.

45 bps in April and eased collateral requirements by removing limits on the share of eligible covered bonds.



Source: Haver Analytics.



Sources: Haver Analytics; and IMF staff calculations.
Note: SWESTR - Riksbank Deposit Facility Rate.

17. While the monetary policy framework is sound, targeted improvements would further enhance resilience. The Riksbank has a strong track record of delivering on its mandate under a range of challenging conditions. Since the mid-2000s, the Riksdag has commissioned external evaluations of monetary policy every five years. The latest review (Ravn and Wilkins (2026)) found Sweden's monetary policy framework fundamentally robust (Annex VI) but pointed to targeted improvements in certain areas—such as establishing a structured framework for implementing unconventional tools, deepening analysis of monetary-fiscal interactions, and strengthening of forecasting/nowcasting and risk-assessment frameworks and mechanisms for stronger coordination of macroprudential policies. Addressing these issues would enhance policy effectiveness in an evolving global environment.[13]

Authorities' Views

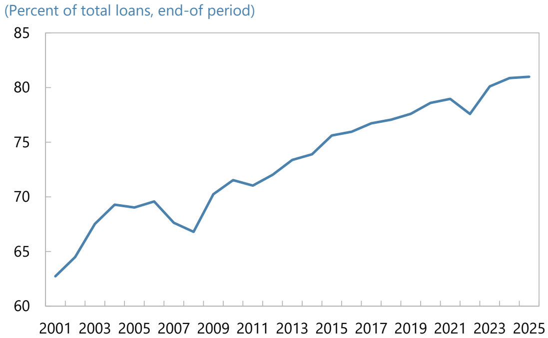
18. The authorities concurred with staff's monetary policy recommendations, emphasizing a data-dependent yet forward forward-looking strategy. With inflation expected to remain below target in the near term, they saw scope for a cautious approach, while underscoring the importance of monitoring risks of higher inflation from energy prices and potential indirect effects, as well as implications of exchange rate movements. Given heightened uncertainty, they stressed the growing importance of scenario analysis, risk management, and clear communication in managing expectations. The Riksbank expects episodic spikes in the interbank market to ease as banks become more familiar with both redistributing liquidity amongst themselves and with using all central bank facilities. The Riksbank will continue to make adjustments as needed to facilitate smooth interbank functioning. The authorities noted that work is underway to develop a principles-based framework for unconventional monetary policy, with a high threshold for activation, amid ongoing debate on its costs, risks, and governance.

[13] Riksbank's responses to the review are here.

B. Systemic Risk Assessment and Financial Sector Policies

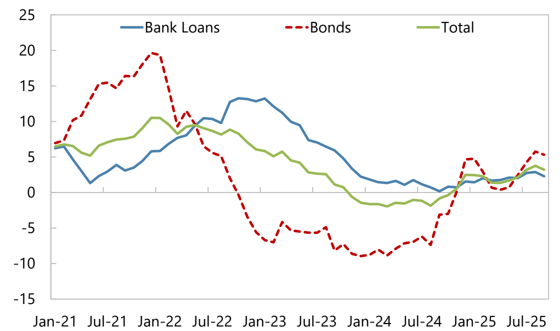
19. Cyclical systemic risks have moderated, but underlying structural vulnerabilities remain, and a downside scenario could increase financial stability risks. The financial system is solid, but large, concentrated and interconnected exposures to the RE sector and a sizable share of FX market funding pose risks.[14] While easier financial conditions have moderated risks associated with households' debt burden and the RE sector (including CRE), a downside scenario could reverse the cyclical improvements. Overall, the lack of granular data limits a comprehensive assessment of financial stability risks associated with household balance sheets and interlinkages between the real estate sector and the broader financial system.[15]

Sweden: Loans Secured by Real Estate
(Percent of total loans, end-of period)



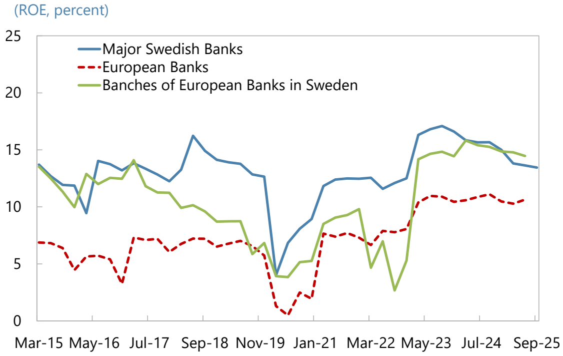
Source: Riksbank.
Note: Loans from MFIs to households and non-financial corporations.

Sweden: Credit Growth to the Real Estate Sector
(Percent, year-on-year)



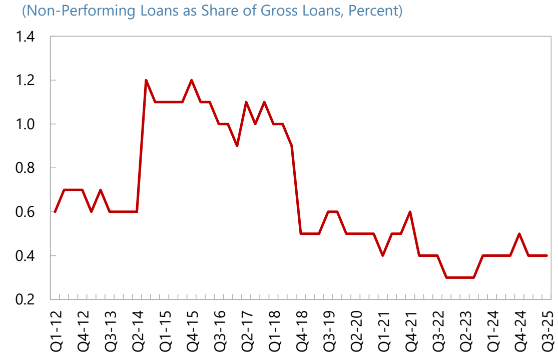
Source: FSA

Sweden: Profitability of Major Banks
(ROE, percent)



Sources: EBA and FSA.

Sweden: Banks Asset Quality
(Non-Performing Loans as Share of Gross Loans, Percent)



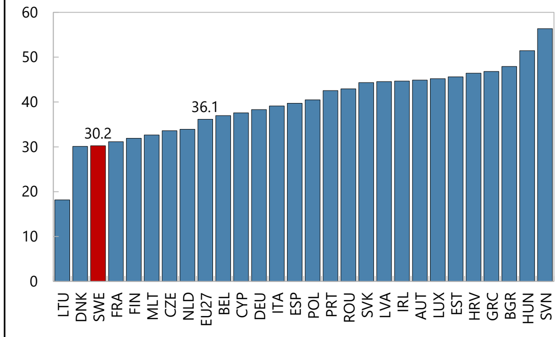
Source: Haver Analytics.

20. The financial system is sound, supported by robust buffers. Bank profitability remains strong—surpassing European peers—underpinned by solid NII and gradually recovering credit growth. Credit losses and nonperforming loans are low, with Stages 2 and 3 loans stabilized and

[14] The RE sector accounts for about 80 percent of bank loans. Banks are exposed to each other mainly through holdings of each other's covered bonds, and NBFIs are exposed to the banking sector through covered bonds. Direct and indirect exposures to CRE firms of pension and insurance firms constitute about 13 percent of insurance assets, and about half of their assets are represented investment fund shares. See here and here for more details on the NBFI sector.

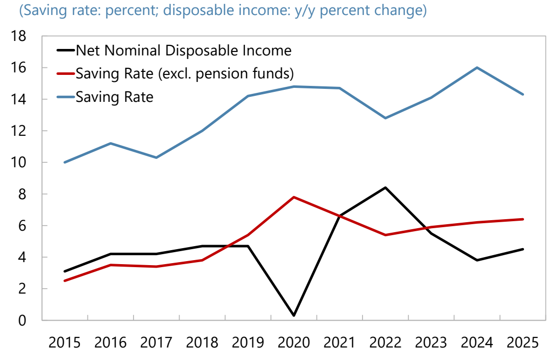
[15] See here.

expected to stay low as long as labor market conditions hold up. Capital buffers are ample, with major banks maintaining headroom of about 3 percent above regulatory requirements (2026Q1). The average leverage ratio is above the 3 percent minimum, but is lower than EU peers, reflecting lower risk-weighted assets under IRB models. Banks meet liquidity and stable funding requirements. Profitability and solvency in pension and life insurance funds remained solid in 2025.

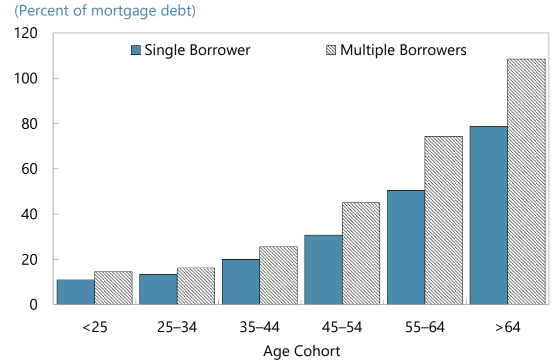


Sources: ECB and Haver Analytics.

21. Household cash flows have improved, but vulnerabilities remain. DTI, debt service costs, and DSTI have declined with higher incomes and lower interest rates, though they remain elevated.[16] Most households have continued to service their debt, supported by accumulated savings, resilient employment, and a strong SSN. Household assets—including financial assets—are sizable. Despite these cyclical improvements and mitigating factors, risks persist. Household indebtedness remains high, and over three-quarters of Swedish household mortgages carry a variable interest rate, increasing sensitivity to interest rate increases.[17] Assets are primarily concentrated among older households. The interest burden has more than doubled over the past three years. Limited household-level balance sheet data restricts a full assessment of cash-flow dynamics. In a severe downside scenario, financially stretched households could face distress.



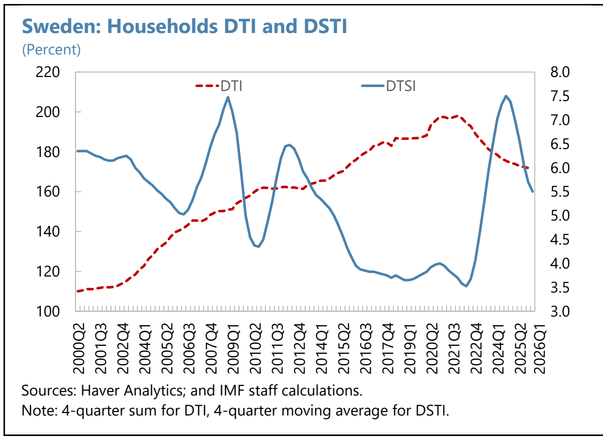
Source: Haver Analytics.

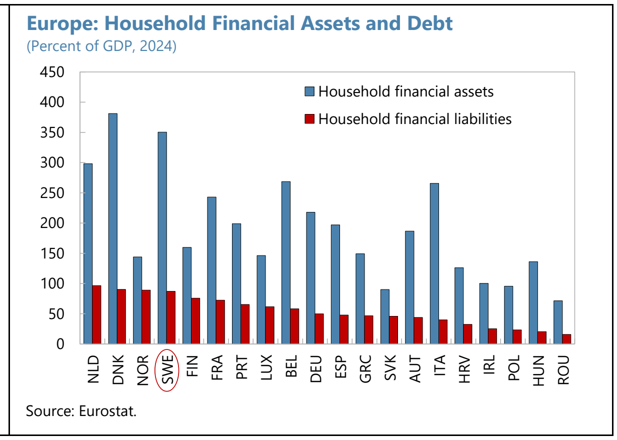


Source: FSA.

[16] The total mortgage stock presents a more favorable picture than analysis of new loans (see here).

[17] Fixed-rate mortgages carry prepayment fees, while banks actively incentivize adjustable-rate mortgages through discounted pricing.





22. Corporate balance sheets have strengthened, though pressures persist in parts of the sector. Corporate bankruptcies remain elevated compared to the pre-pandemic period, but debt has been growing more slowly than earnings. In the CRE sector, vacancies (particularly offices) have risen to their highest level since 2000, amid subdued demand and increased supply. Operating margins remain below pre-pandemic levels as lower inflation and rent discounts continue to weigh on cash flows. Firms have generally rolled over substantial refinancing needs—including lower-rated issuers—but the average maturity of new issuances has shortened in response to higher long-term interest rates.[18] ICRs have stabilized below pre-pandemic levels, and leverage indicators have leveled off, though debt-to-equity ratios remain high. Elevated bond buyback activity suggests firms are actively managing liabilities to reduce financing costs, but the risk profile has shifted toward smaller, non-listed, bank-dependent firms with lower-quality portfolios. Transaction volumes for existing commercial properties have recovered to historical averages, but vulnerabilities remain in some segments: while property values have been written up in industrial and logistics assets, companies in the residential and retail segments continue to trade at discounts to net asset value.

23. The easing of the BBMs is expected to have moderate impacts on house prices and debt but could add to vulnerabilities, warranting close monitoring and introduction of IBMs. The LTV limit relaxation is likely to modestly increase house prices and household debt, as about half of new mortgages are at the LTV threshold. House prices could rise by 3 percent on average (Annex IV, and here), while FSA analysis indicates mortgage debt growth between 5 to 13 percent.[19] With the increased prevalence of shocks and significant downside risks, the authorities should closely monitor household balance sheets, establish a consolidated credit registry, and preemptively introduce IBMs (such as LTI or DTI limits) to build resilience. Housing affordability concerns are best addressed through structural reforms targeting distortions in housing and rental markets, while the macroprudential framework should focus on guarding against macro-financial risks.[20]

24. Work in addressing data gaps for macro-financial surveillance should continue. The government is advancing plans to expand FASIT—Statistics Sweden's microsimulation tool for

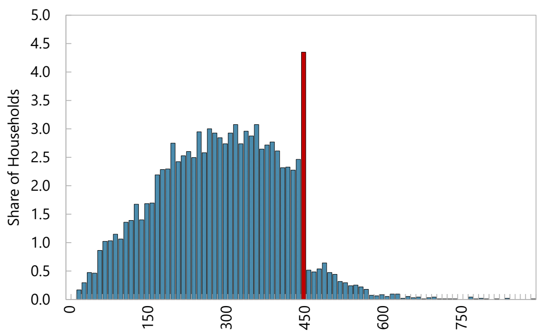
[18] About 30 percent of CRE firms financing is estimated to mature within a year, up from 25 percent last year.

[19] Aranki, Koptyug and Sundmark. 2025. *A model for households' housing choices*. FI 51. *Finansispektionen*.

[20] See also the 2025 Article IV Consultation.

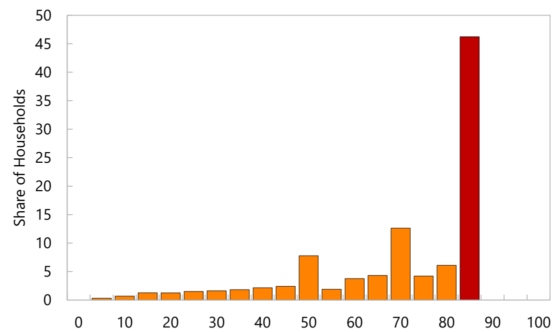
assessing the distributional effects of taxes, transfers, and other policies—by incorporating information on all bank debt and repayment behavior. This would make FASIT a more useful instrument for the FSA, once granted access, in assessing financial-stability scenarios. A larger sample (for example, the 1.5 million records available in the STAR dataset) would enable more granular monitoring of household vulnerabilities. Given the Riksbank's expanded macroprudential role, it should also be granted access to this data. Efforts to improve CRE-bond disclosures should continue.[21]

Sweden: Loan-to-Income Ratio (New Mortgages)
(Percent, 2024)



Sources: FSA and Riksbank.

Sweden: Loan-to-Value (New Mortgages)
(Percent, 2024)



Sources: FSA and Riksbank.

25. Bank balance sheets remain solid, and continued analysis of cross-border linkages will support resilience. Updated stress tests conducted by the authorities and the EBA indicate that the banking sector is resilient to large shocks. Swedish banks outperformed their EU/EEA peers in the EBA exercise, reflecting their higher profitability and the large share of assets priced at variable interest rates, which supported margins during stress. None of the five Swedish banks in the EBA sample breached capital requirements under the scenario with a gradual phase-in of the Basel III endgame package. Despite these strengths, continued close monitoring of risks is warranted amid still elevated systemic vulnerabilities and sizable downside risks. Sweden's participation in the planned Nordic-Baltic regional stress test would further enhance the assessment of cross-border financial interlinkages and risks.

26. Against this backdrop, macroprudential policy settings should remain at their current level until risks materially subside. The level of the CCyB is appropriate given elevated systemic risks, and no signs of constrained credit supply. The extension of the risk weight floors for mortgages and CRE until 2027 is welcome, and the authorities should continue to monitor risk weight densities to ensure that IRB models accurately reflect credit risk. If downside risks materialize and credit constraints become binding, the authorities should lower the CCyB rate.

27. The division of macroprudential and crisis-management responsibilities requires strong coordination and collaboration mechanisms. Under the new setup, responsibilities are divided among the Riksbank (CCyB), the government and parliament (BBMs), the FSA (other macroprudential and capital buffers), and the SNDO (resolution). To prevent inaction bias, enforce the ability to act, and respond to a rapidly evolving financial system as a whole, strong institutional mechanisms to foster cooperation and coordination are needed. The Financial Stability Committee

[21] See here.

provides a useful discussion forum that promotes cooperation and coordination, but it lacks formal powers. The authorities should ensure robust cooperation and coordination mechanisms, including by reviewing if the introduction of formal structures is needed and feasible.[22]

28. Market funding in FX exposes the financial sector to funding squeezes in global markets. Market funding represents about 40 percent of banks' liabilities, above the EU average. About 34 percent of banks' funding is in FX, primarily USD and EUR, and often at short maturities (notably in USD).[23] While a substantial portion of banks' USD funding is deposited at the Fed, some is intermediated domestically to provide FX hedging to NBFIs and large multinationals, exposing the system to potential USD liquidity risks. About 17 percent of insurance and pension fund assets are in USD, with increasing concentration.[24] Investment funds, which hedge FX risk to a lesser extent, report more than half of their portfolios invested in global equities and are more exposed.

29. A significant reduction in the supply of USD hedging instruments could raise aggregate currency risk, and sharp market corrections in a high-volatility environment could trigger margin calls and fire-sales, meriting close attention. Authorities' stress tests indicate that banks' short-term liquidity risk management has strengthened and would be able to handle large liquidity shocks, supported by a lengthening of market-funding maturities. However, the corporate bond funds segment remains the most vulnerable to liquidity risks, notably the high-yield segment. The transposition and implementation of the EU's revised UCITS and AIFMD directives including the requirement for open-ended funds to adopt at least two liquidity-management tools, is welcome.[25]

30. The payments system is undergoing rapid structural change amid deeper integration with European infrastructure. At the core of the transition is the migration of Sweden's payment infrastructure to Eurosystem platforms: TIPS is already operational for instant and cross-currency payments, while migration to T2 and T2S by 2030 will replace the current RTGS system. The shift is expected to enhance resilience, governance, and economies of scale. The Riksbank continues to monitor developments in digital payments and growing interest in tokenized assets. To ensure preparedness, it plans to propose a public inquiry on the legal changes needed should parliament decide in favor of a retail CBDC, while continuing work with regional and European partners to improve interoperability.

31. The authorities have made good progress in addressing the 2023 FSAP recommendations. The Riksbank and the SNDO agreed on a common approach to liquidity provision in resolution, clarifying their respective roles and the modalities of temporary public

---

[22] Ravn and Wilkins (2026) have similar recommendations, including clearer crisis-time consultation protocols that allow the Riksbank to act decisively, possibility of systematic joint systemic-risk assessments, and facilitating strong coordination mechanisms.

[23] Here. In turn, some smaller institutions rely on EUR deposits via platforms that could entail higher liquidity risks.

[24] The eight largest institutions account for around 90 percent of sector assets, over one third of equity holdings are denominated in USD, and a growing share is concentrated in a few large U.S. technology firms.

[25] Options include redemption blocks and fees, extended notice periods, swing and dual pricing, dilution protection fees, and, in certain cases, redemptions in kind. All funds would continue to retain the ability to postpone redemptions and, under the proposal, would also be able to activate side pockets. See ESMA guidelines.

liquidity support to preserve critical functions. Under this framework, the SNDO may provide guarantees or credit to facilitate market funding, while the Riksbank may supply central bank liquidity against collateral in line with its mandate.[26] The SNDO updated its policy to reflect revised EU rules, adjusted the scope of MREL requirements, and eliminated transitional provisions as full MREL levels took effect, while setting updated targets for eight major banks in the 2026 resolution plans. The FSA introduced new resolution reporting requirements, splitting annual MREL submissions into two modules to strengthen oversight and ease reporting burdens.

Authorities' Views

32. The authorities agreed with staff that cyclical systemic risks have reduced but structural risks remain. They assessed the financial system as resilient, while noting structural vulnerabilities related to high household debt and commercial real estate. They view macroprudential policy settings as broadly appropriate, although the potential role of DTI or LTI limits to mitigate tail risks remains an open issue. The authorities highlighted effective cooperation among the Ministry of Finance, the Riksbank, the FSA and the SNDO through the Financial Stability Council. While they recognized the need for a holistic view of financial stability and the complex institutional setup, they noted constitutional constraints on joint mandates. They underscored ongoing work to strengthen crisis preparedness. They also stressed the importance of ensuring capital requirements reflect systemic risks and prudent implementation of EU banking reforms, while supporting efforts to simplify the regulatory framework.

C. Fiscal Policy

33. The expansionary fiscal stance in 2026 will support activity, but discretionary support should be better targeted. The fiscal deficit would widen by 1.2 pp to 2.5 percent of GDP in 2026, implying a significant fiscal impulse (measured as the change in the structural balance) of 1.3 percent of potential GDP. The pre-war measures (1.9 percent of GDP) primarily comprised of tax cuts and defense-related spending (including support to Ukraine), each accounting for about 40 percent of the package (Text Table 1). Key tax measures include reductions in labor income and pension taxes, via an increase in the EITC, a higher basic allowance for retirees, and a reduction of the VAT rate on food from 12 percent to 6 percent (effective April 2026 through December 2027).[27] The reduction in labor income tax helps lower the labor tax wedge, in line with earlier IMF recommendations. While the VAT reduction would curb inflation in the near term, it distorts price signals, is poorly targeted and therefore should be phased out as planned. In response to the war's impact on energy prices, the authorities introduced several temporary measures in amending budgets (21.3 billion SEK, about 0.3 percent of 2026 GDP; Text Table 2)—fuel tax cuts and subsidies for electricity, gas, and public transport—broadly offset by reduction in other expenditures. While public transportation subsidies can benefit disproportionately low-income households and

[26] Here and here.

[27] Measures of taxes and transfers affect households' disposable income relatively similarly between different income groups, while those that strengthen households' purchasing power and on welfare services have a greater impact on households with lower income level (Figures 1.8 and 1.9 in the 2026 Budget Bill).

encourage substitution away from private cars, other measures are not well targeted. Fuel tax cuts distort price signals, discouraging energy conservation at a time of constrained global supply. In a more shock-prone global environment, the authorities should develop systems to allow better targeting support to vulnerable households. Given the negative output gap and the impact of the war on growth, the expansionary fiscal stance will support economic activity, and no further support is needed under the baseline. If downside risks materialize, automatic stabilizers should operate, and any additional discretionary fiscal support should be temporary, well-targeted to vulnerable households, and preserve price signals.

Text Table 1. Sweden: Main Measures in the 2026 Budget Bill

	2026		2027	2028
	Billion of SEK	Percent of 2025 GDP	Billion of SEK	Billion of SEK
Main tax measures	**49.9**	**0.8**	**54.8**	**28.1**
Lowered tax on labor income and pension	21.4	0.3	21.4	21.4
Temporary reduction on food VAT	15.9	0.2	21.3	0.0
Electricity tax reduction	6.5	0.1	6.6	6.7
Reduced social security contribution for young people	6.1	0.1	5.6	0.0
Main spending measures	**7.8**	**0.1**	**7.6**	**8.7**
Increasing resources to schools and preschools	3.1	0.0	1.9	0.9
Shortening health care waiting time	2.3	0.0	2.2	1.9
Civil defense strengthening	1.2	0.0	2.2	2.5
Nuclear power	1.2	0.0	1.3	3.3
Other measures	**21.1**	**0.3**	**27.8**	**29.6**
Total (excl. defense and support to UKR)	**78.8**	**1.2**	**90.2**	**66.4**
Defense spending and support to Ukraine	**48.2**	**0.7**	**60.7**	**23.1**
Defense	12.2	0.2	16.2	18.1
Ukraine	36.1	0.5	44.5	5.0
Overall Total	**127.1**	**1.9**	**151.0**	**89.5**

Text Table 2. Sweden: Measures in Amending Budgets

	Billion of SEK	Percent of 2026 GDP	Duration
Amending Budget (SOU 2025/26: 236)	**4.06**	**0.06**	
Tax cuts on petrol and diesel	1.64	0.02	Petrol: 05/01~09/30 Diesel: 05/01~12/31
Electricity and gas subsidy	2.42	0.04	One-off[1]
Amending Budget (SOU 2025/26: 275)	**-5.25**	**-0.08**	
Additional tax cuts on petrol and diesel	7.70	0.11	07/01~11/30
Public transport price subsidy	6.50	0.10	07/01~12/31
Suspension of security screening charges to airlines	0.40	0.01	07/01~12/31
Other support to airlines	0.12	0.00	End-2026
Support to agriculture, fisheries, and aquaculture	1.63	0.02	End-2026
High-cost protection for electricity and gas	1.00	0.01	End-2026
Support to Ukraine[2]	-22.60	-0.33	End-2026

1/ The electricity subsidies will reimburse households for costs incurred in January and February 2026, with compensation based on the monthly consumption and predetermined amounts by bidding zone.
2/ Future appropriations to support Ukraine will increase by the same amount between 2027-2033.

34. Medium-term fiscal projections are driven primarily by rising defense spending and continued support to Ukraine. Sweden has pledged to support Ukraine "for as long as it takes," and committed to meeting NATO's defense spending targets of 3.5 percent of GDP by 2030 (from 2.5 percent in 2025), eventually reaching 5 percent by 2035. Political parties in the Riksdag agreed that part of this spending may be temporarily debt-financed, allowing temporary deviations from the target for general government net lending.[28] Up to 5 percent of GDP can be allocated for defense-related debt financing over 2026–2034, in addition to the support to Ukraine. A new security policy assessment is scheduled before 2030, which will include a proposal to return to the balanced budget rule by 2035. Consequently, the fiscal path has shifted from a previously projected balanced budget by 2027 to a gradual consolidation, with the deficit narrowing to 0.5 percent of GDP by 2029 and a higher average deficit along the adjustment path. Public debt is projected to peak at 35.9 percent of GDP in 2027, above the 35 percent of GDP debt anchor but within the ±5 pp tolerance range.

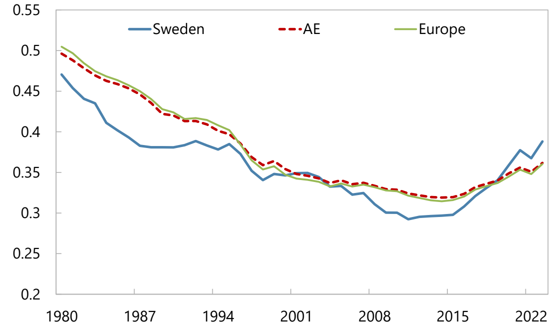
35. The authorities are encouraged to bring new permanent spending needs within the fiscal targets and clarify associated adjustment plans at an early stage. This will help navigate a global economy marked by more frequent and deeper shocks. The fiscal framework is central to managing risks and ensuring long-term sustainability, underpinning strong and credible policy frameworks that enhance resilience to shocks. While Sweden retains substantial fiscal space under the baseline scenario, a materialization of downside risks could pose significant challenges. The medium-term adjustment is underpinned by automatic budget enforcement, the expiration of current measures, and expenditure prioritization (Table 2). To support the credibility of the fiscal framework, staff advises bringing new permanent spending commitments, such as defense, in the calculation of the fiscal balance under the fiscal rule as planned and clarifying adjustment plans toward fiscal targets at an early stage. Closely monitoring major spending items subject to uncertainty, such as the scaling up of nuclear energy capacity, would help identify pressure points and mitigate the risk of abrupt adjustments should shocks materialize. The enhanced role of the FPC is a welcome step in this regard (Annex VIII, ¶4). Communication with the public will help raise public awareness of the constraints fiscal policies face and inform policy options.

36. Measures to increase spending efficiency would facilitate scaling-up of public spending while preserving fiscal buffers. Sweden benefits from strong public investment institutions, a comprehensive inquiry system engaging key stakeholders for major projects, multi-year budgeting that aligns strategic spending plans with annual budgeting, and automatic budget enforcement that incentivizes spending prioritization. Nevertheless, public spending efficiency has deteriorated since the GFC, notably in infrastructure investment and health care, similar to trends seen in other advanced economies (Text Figure 2). Improving efficiency across planning, allocation, and implementation stages would yield significant gains. Key measures include systematically leveraging lessons from past projects, deepening digitalization, enhancing procurement organization and governance, and reducing red tape by streamlining permitting processes. Strengthening the use of spending reviews would further support efficient resource allocation and spending reprioritization.

[28] See the press release regarding the cross-party agreement.

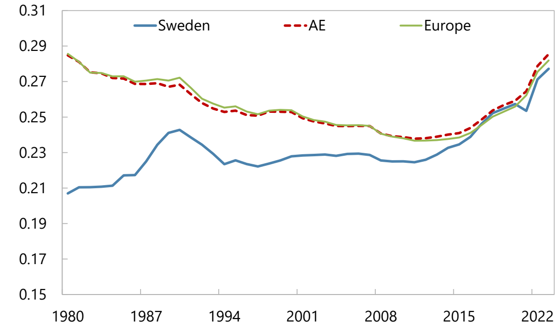
Text Figure 2. Sweden: Public Spending Efficiency

Sweden: Infrastructure Investment Efficiency Gap
(Index, 0 efficient ~1 inefficient)



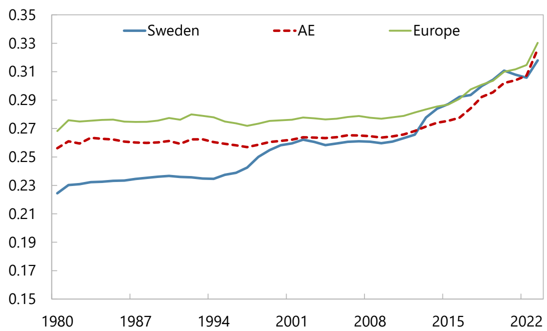
Sources: Fiscal Monitor 2025 October; and IMF staff calculation.

Sweden: Health Spending Efficiency Gap
(Index, 0 efficient ~1 inefficient)



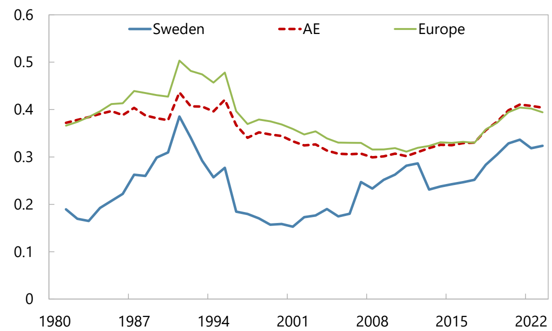
Sources: Fiscal Monitor 2025 October; and IMF staff calculation.

Sweden: Education Spending Efficiency Gap
(Index, 0 efficient ~1 inefficient)



Sources: Fiscal Monitor 2025 October; and IMF staff calculation.

Sweden: R&D Spending Efficiency Gap
(Index, 0 efficient ~1 inefficient)



Sources: Fiscal Monitor 2025 October; and IMF staff calculation.

37. Careful management of fiscal risks will be important in implementing the new financing framework for nuclear energy development (Annex IX). The framework comprises three key components: (i) concessional state loans, (ii) two-way CfDs to protect firms against price volatility, and (iii) a risk-sharing mechanism that adjusts the parameters of the first two elements. Contracts will be negotiated individually to reflect each project's risk-return profile. The framework has the scope of investments in 5,000 MW, with a maximum of 220 billion SEK (3.3 percent of 2025 GDP) for state loans, and a same amount of risk reserve in case of cost overruns, both for 2026–2045. The CfDs will secure the project companies' income during the period that they will repay the loans, with the duration of the price hedging mechanism assumed to be 40 years per reactor. The projects' long-term horizon underscores the importance of careful cost-return assessments over the full project cycle, particularly decommissioning costs. Proactive contingency planning will be important, including scenarios such as early private sector withdrawal or technological breakthroughs in alternative energy sources that could sharply reduce marginal prices. To mitigate risks borne by private investors, effective coordination across permitting agencies and a stable, predictable policy environment (Davis, 2012) will be essential. Integrating all related spending and revenue flows into the fiscal framework, as is current practice, would help contain fiscal risks and preserve transparency.

Authorities' Views

38. The authorities acknowledged staff's fiscal policy recommendations. They noted that the expansionary fiscal stance is aimed at supporting the recovery and cushioning households against the effects of higher prices following a prolonged economic stagnation. Recent measures related to the impact of the war in the Middle East were seen as timely and temporary. They noted that while some measures are relatively targeted (EV subsidies, fuel tax cuts benefiting more rural households), fully targeting support remains challenging. They highlighted strong public finances and reaffirmed their commitment to the fiscal framework, noting that fiscal measures over the coming electoral periods will need to be financed. At the same time, they pointed to growing spending pressures, including defense and structural priorities, and emphasized ongoing efforts to identify financing measures and improve expenditure efficiency. They stressed that fiscal policy should remain flexible to respond to downside risks while preserving credibility and fiscal space.

D. Structural Issues

39. The Productivity Commission's cross-sectoral reform agenda provides a good basis to improve productivity growth, which declined after the GFC (Annex X). Sweden's decisive reforms in the 1990s, following the recommendations of the Lindbeck Commission, and the strong economic performance that ensued set an exemplary precedent. The priorities include addressing weaknesses in public administration and the housing market, as well as those that reinforce Sweden's strengths in R&D, capital markets, and fossil-free energy production. Measures in the 2026 Budget Bill to strengthen work incentives, ease skill shortages, streamline regulations, and promote R&D investment are a welcome start, and progress in multi-faceted reforms requires strong coordination and oversight.

40. Sweden could better leverage its production hubs and gain from deeper specialization, including by improving public administration and reducing housing and rental market frictions.[29] Sweden's main economic hubs—regions where firms, workers, and ideas cluster such as Stockholm, Göteborg, and Malmö—enjoy only a moderate productivity premium relative to their European peers, pointing to limited agglomeration benefits (Text Figure). This indicates persistent obstacles including local frictions in doing business, efficiency gaps in labor market matching, and mobility barriers across regions (such as housing market distortions and infrastructure gaps). Measures proposed by the Productivity Commission and past Fund advice can help close the gaps. Greater adoption of AI in the public sector can also free up resources, reduce administrative costs, and improve service quality, thereby boosting public sector productivity. To ensure broad-based improvements, reforms should be advanced nationwide, with close coordination among municipalities to prevent widening regional disparities.

[29] See the SIP "Spatial Misallocation and Labor Productivity in Sweden."

EU, US and Sweden: Elasticity of Labor Productivity to Density

Sources: American Community Survey; Bureau of Economic Analysis; Eurostat; and IMF staff calculations.
Note: The bins are defined over log employment density (employment per square km). Each dot represents the average of the observations in the bin. Regressions are conducted over the full sample. The elasticity is estimated using within-region variations following the demeaning.

41. Supporting measures to deepen the EU single market, together with spillovers from structural reforms in other member states, would reinforce Sweden's domestic reform agenda and enhance resilience. The EU is Sweden's most important trading partner, and its development would expand opportunities for Swedish firms and amplify the gains from domestic reforms and trade. Supporting measures to remove impediments to growth in the EU, such as closing domestic structural policy gaps, tackling intra-EU trade costs, easing labor mobility restrictions, advancing the CMU, and building a unified energy market will contribute to this agenda. IMF analysis shows that when these reforms are pursued jointly across Europe, all countries would gain, including Sweden.[30]

42. Sweden is well-positioned to benefit from AI adoption, with labor displacement pressures likely to be concentrated in a limited set of labor-market segments.[31] The country holds comparative advantages across key building blocks of the AI ecosystem. Recent initiatives by the authorities, including the AI Strategy aimed at positioning Sweden among the world's top ten AI nations and the establishment of an AI Workshop in the public sector, are encouraging.[32] AI uptake among Swedish firms has been rapid. While close to half of the labor force is expected to gain from AI deployment, about one-fifth faces heightened vulnerability. ICT professionals, some business professionals, less-educated workers, young people, and immigrants are among the most exposed. Skill imbalances remain significant, reflecting misalignment between firms' needs and labor-market supply, driven largely by constraints in the education system (Jaumotte and others, 2026).[33] Many of the reforms discussed above, together with measures in the AI Strategy, would help narrow these gaps, while targeted support to the most exposed groups would help ease the labor market transition.

[30] Within Sweden, regions with stronger external linkages tend to benefit more. For example, in 2025, Sweden's exports of goods are concentrated in the three main economic hubs, Västra Götaland (Göteborg, 24 percent of exports), Stockholm (20 percent), and Skåne (Malmö, 8 percent), and higher integration with the EU single market will allow Sweden to better leverage these hubs, while several sparsely populated counties (such as Blekinge and Kronoberg) would benefit more in per capita terms.

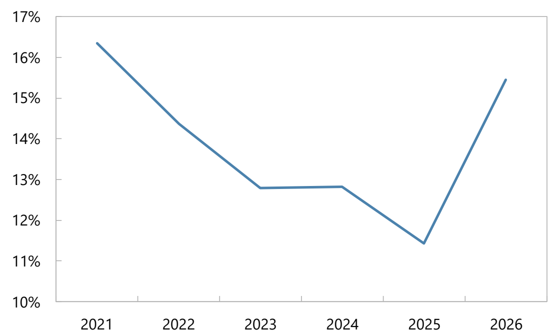
[31] See the SIP "The Labor Market Implications of Artificial Intelligence in Sweden."

[32] In 2024, a government-appointed AI Commission prepared a Roadmap for Sweden, which subsequently informed the update of Sweden's National Digitalization Strategy 2025–2030, and the AI Strategy.

[33] Sweden has established a STEM delegation to coordinate education and labor-market actors, with explicit focus on female participation and the attractiveness of STEM education (Dir. 2025:11), and is to report by December 2027.

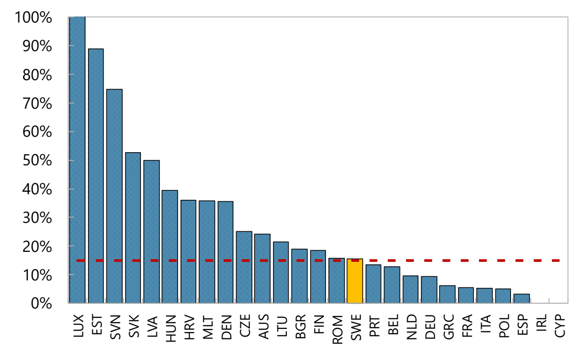
43. Continued efforts to strengthen electricity grids and interconnectedness would yield efficiency and resilience gains. Sweden has a strong comparative advantage in fossil-free electricity generation, due to its favorable geography and substantial existing capacity, but significant intermittent and regional imbalances persist.[34] Upgrading domestic transmission networks and carefully planning future energy infrastructure investments should aim to reduce internal disparities and help mitigate fiscal risks associated with the CfDs mechanism. In addition, in net terms, Sweden is the EU's second-largest exporter of electricity after France. While its interconnectivity to other EU countries rebounded in 2026 to the EU's target of 15 percent, the declining trend since 2021 suggests additional interconnection may still be needed.[35] Going forward, as Europe transitions toward an increasingly fossil-free electricity system and expands its grid infrastructure, enhancing domestic electricity distribution would help ease the strain that continental interconnectors place on the domestic grid, while strengthening interconnection with the EU countries would allow Sweden to better capitalize on its generation capacity as net exporter and strengthen resilience to shocks (since all countries, including net exporters, occasionally experience episodes of supply shortfalls relative to demand).[36]

Sweden: Electricity Interconnectivity Level
(Percent of production capacity transferrable to neighboring EU countries)



Source: European Commission.

European Union: Electricity Interconnectivity Level
(Percent of production capacity transferrable to neighboring EU countries, 2026)



Source: European Commission.

44. Additional measures are likely to be required to meet the 2030 interim climate targets. Preliminary data indicate that emissions rose in 2024, reflecting mostly the easing of emission-reduction obligations; such policies, as well as those that distort price signals should be avoided.[37]

[34] Regional imbalance is generated by regional difference in overall generation capacity and limitation in domestic transmission capacity, while the intermittent imbalance is due to the lower predictability of some renewable energy sources, in particular wind.

[35] Electricity interconnectivity level is defined as the percent of a member's installed production capacity that can be transferred to neighboring EU countries.

[36] The Baltic Cable (with Germany), the NordBalt (with Lithuania), and the SwePol (with Poland) cables, are among the ten most congested high-voltage transmission links in Europe. All three interconnectors are located in Sweden's SE4 bidding zone, the one with the highest electricity deficit and average spot price in the country, while electricity prices in the two surplus regions (SE1 and SE2) are lower.

[37] The emission-reduction obligation for gasoline and diesel was lowered from 10 percent to 6 percent in January 2024 and phased out in June 2025. A general fuel tax cut was introduced concurrently to offset the impact on pump prices from the reverse of the blending requirement.

Under the latest projection, Sweden is expected to fall short of its ESR commitment in 2030. A strong commitment to long-term climate goals, supported by a clear and credible policy framework, is crucial to guide private investment and allow Sweden to fully leverage its comparative advantages in the green transition (such as fossil-free electricity generation and private sector lead in green technologies); in this context, the recent review of national climate goals is a positive step.[38]

45. New measures should focus on sectors where abatement has proven most challenging, including domestic transport, waste incineration, agriculture, and the LULUCF sector. A recent inquiry has identified key instruments—higher reduction obligation, lower taxes on electricity, higher taxes on petrol and diesel, and measures supporting the electrification of the vehicle fleet—to help fulfill the ESR commitment. Measures proposed in the amending budget are a welcome first step.[39] The inquiry into the LULUCF sector is welcome, although significant additional efforts might be needed. The substantial uncertainty surrounding these estimates—as seen from the updated statistics for the LULUCF sector showing a sharp increase in net removals—underscores the importance of ensuring that measures incentivize behavioral changes.[40] Well-designed fiscal instruments could also help mitigate transition costs.[41]

46. The Swedish authorities have volunteered to undertake the IMF's assessment of transnational aspects of corruption in the 2027 Article IV consultation, reflecting a strong commitment to global efforts to curb the supply and facilitation of corrupt practices.

Authorities' Views

47. The authorities shared staff's recommendations on key structural issues. They emphasized the importance of prioritizing and implementing the most impactful Productivity Commission reforms, highlighting infrastructure investment and streamlined permitting as critical for raising productivity. They underscored the role of education and skills policies in supporting labor reallocation, including in response to AI-driven changes, and noted that structural transformation is gaining traction. The authorities reaffirmed strong support for the EU Single Market—a key trading partner—stressing openness and the need to remove internal barriers and avoid protectionism, while expressing reservations about common debt issuance and further electricity interconnection to Europe absent reforms and investment elsewhere. On energy, they emphasized expanding fossil-free generation in high-demand areas and strengthening the domestic

---

[38] The Miljömålsberedningen's review of Sweden's 2030 climate goals (SOU 2025:107) reaffirms commitment to ambitious targets, aligns revised interim targets more closely with the EU's, and clarifies both the pathway and accounting of complementary measures.

[39] The authorities proposed an initiative to increase government agencies' purchase of fossil-free fuels or electric alternatives in 2026. They also proposed that the electric car premium within the Social Climate Fund be strengthened in 2026 to accelerate its penetration rate.

[40] The update is driven by a change in statistical method. An AI-based method as opposed to traditional statistical method is used to interpolate between data points (The Climate Policy Council's Report 2026, Annex III).

[41] Carton and others (2026) indicate that recycling carbon-pricing revenues into green subsidies and labor income tax cuts could raise potential GDP by supporting capital accumulation and employment, with higher output also strengthening revenues and easing fiscal costs.

grid. They remained committed to climate objectives but acknowledged challenges in meeting ESR targets and the need to balance additional efforts with maintaining public support through affordable energy prices.

STAFF APPRAISAL

48. Growth is projected above potential in the baseline, but uncertainty is elevated, with downside risks to growth and upward risks to inflation. GDP growth is projected at 2 percent in 2026 and 2027, while underlying inflation is expected to remain temporarily below target before converging to around target in 2027. Uncertainty—about the duration of the energy supply disruptions and the transmission of high energy prices to inflation and activity—remains high, with downside risks to growth and upside risks to inflation. Sweden enters this period from a position of strength, with credible policy frameworks, ample macroeconomic buffers, a sound financial system, and a long-standing record of effective policy implementation.

49. Elevated uncertainty calls for vigilance and policy agility. The authorities should be prepared to respond to a range of possible outcomes. Policy priorities include: (i) navigating the current shock, (ii) enhancing resilience in a world of frequent shocks through policies that preserve buffers and reduce vulnerabilities, and (iii) raising productivity.

50. Monetary policy can be on hold for now, but interest rates will need to go up as inflation rises and the economy strengthens, or if upside risks to inflation materialize. Low inflation provides a favorable starting point. Under the baseline, underlying inflation is expected to converge towards the target in 2027. Moreover, the temporary VAT cut on food is set to add to inflation in 2028. Against this backdrop, the Riksbank should continue to monitor inflation and inflation expectations closely and stand ready to adjust its stance based on data and developments, including indirect and second-round effects of ongoing shocks and the implications on the inflation outlook from changes in monetary policy stances abroad. As underlying inflation increases and negative output gap closes, some policy rate hikes would be needed, as indicated by the Riksbank's published policy rate path. If upside risks to inflation materialize, the policy rate would need to be raised further. Forward-looking communication, including scenario analysis, will remain important in a more uncertain environment to keep inflation expectations anchored.

51. Ongoing refinements to the operational framework would support monetary transmission in a lower-liquidity environment. The Riksbank's recent adjustments to its supplementary liquidity facility and collateral requirements are welcome. Further steps to strengthen incentives for interbank activity, reduce stigma around standing facilities, and review regulatory features that may constrain market functioning would help deepen interbank activity and support monetary policy transmission.

52. The monetary policy framework is strong, and the 2026 external review provides a solid basis for targeted improvements. Priorities include refining the framework for unconventional instruments, deepening analysis of monetary-fiscal interactions, advancing forecasting and modeling capacity, strengthening mechanisms for macroprudential coordination. Implementing these recommendations would further enhance policy effectiveness.

53. Systemic financial risks have moderated somewhat but remain elevated. Large and interconnected real estate exposures, high household indebtedness, and sizable reliance on foreign-currency market funding continue to pose risks. A downside scenario could reverse recent cyclical improvements. Macroprudential settings, including the CCyB, should therefore remain unchanged. If downside risks materialize and credit supply constraints emerge, the CCyB should be released. The extension of risk-weight floors for mortgages and commercial real estate is welcome, and risk-weight densities should continue to be monitored to ensure IRB models adequately reflect credit risk.

54. The easing of BBMs warrants active monitoring and should be complemented by an income-based limit. While the relaxation is expected to have moderate effects, it could add to household vulnerabilities over time; its impact on household balance sheets and housing market dynamics should therefore be closely monitored. Over time, the authorities should introduce a consolidated credit registry and preemptively adopt IBMs to safeguard household debt sustainability by protecting borrowers against income and interest-rate shocks, particularly given the large share of variable-rate loans. The division of macroprudential and crisis-management responsibilities across several agencies underscores the need for strong coordination and cooperation mechanisms to mitigate inaction bias and ensure holistic and timely responses to financial stability risks. Closing key data gaps is a priority, notably by improving collection of and access to granular household balance sheet data to strengthen monitoring of household vulnerabilities and the analytical basis for macroprudential policy. Continued progress in addressing the 2023 FSAP recommendations is welcome.

55. The expansionary fiscal stance will support economic activity, **and no further support is needed under the baseline, but discretionary measures should be better targeted**. Pre-war measures, together with the temporary measures introduced in response to the war's impact on energy prices, imply a sizable fiscal impulse in 2026, helping cushion the war's impact on the economy. However, some measures are poorly targeted (such as tax cuts on food and fuel) and distort price signals, discouraging energy conservation at a time of constrained global supply. In a more shock-prone global environment, the authorities should develop systems to provide targeted, timely and effective support to vulnerable households. Under the baseline, no additional fiscal support is warranted. If downside risks materialize, automatic stabilizers should operate, and any discretionary support should be temporary, well targeted, and preserve price signals.

56. Given the challenges posed by a higher frequency of macroeconomic shocks, the authorities are encouraged to bring new permanent spending needs within the fiscal targets and clarify associated adjustment plans at an early stage. The fiscal framework is central to managing risks and preserving sustainability and macroeconomic resilience. In addition, close monitoring of large spending items, such as investments in nuclear power, and continued efforts to improve spending efficiency would help preserve buffers and mitigate risks.

57. Raising productivity remains a key medium-term priority. The Productivity Commission's reform agenda provides a strong basis for action, including reducing housing and rental market distortions, strengthening public administration, and closing infrastructure gaps. Progress will require strong coordination and oversight. Policies that support AI diffusion, address skill mismatches, and facilitate labor market transitions will be critical to realizing and broadly sharing productivity gains. Supporting measures to deepen the EU Single Market, including in energy, would reinforce domestic reforms and enhance resilience. Additional measures are needed to meet the 2030 interim climate targets.

58. The external position in 2025 was stronger than implied by fundamentals and desirable policy settings. This assessment is in line with the findings of the 2026 External Sector Report and reflects the data available as of May 18, 2026.

59. Staff recommends that the next Article IV consultation take place on the standard 12-month cycle.[42]

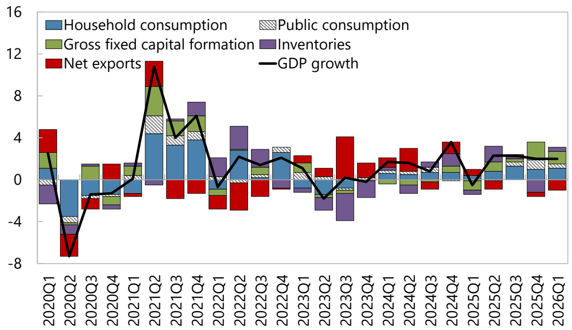
[42] Data remains adequate for surveillance (Annex XI).

Figure 1. Sweden: GDP, Exchange Rate, and Inflation

Domestic demand has recovered.

Contribution to GDP Growth

(Percentage change, year over year)

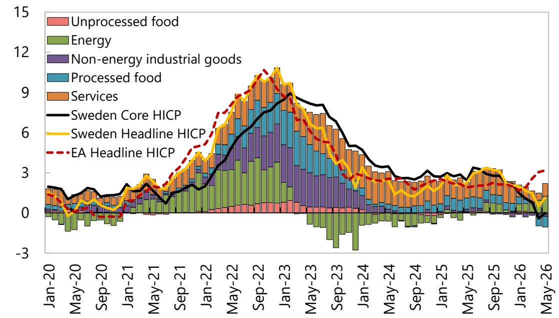


Sources: Haver Analytics; and Statistics Sweden.

Headline and core inflation have declined.

Decomposition of Headline HICP in Sweden

(Percentage change, year over year)

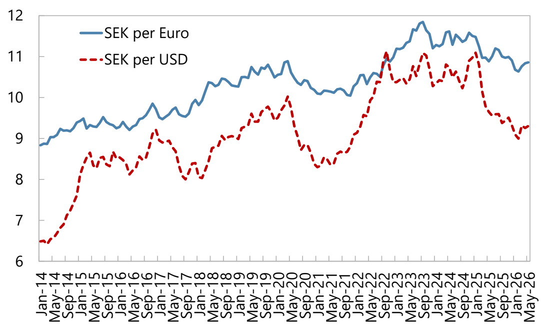


Sources: Eurostat; Haver Analytics; and IMF staff calculations.
Note: Core HICP defined as the HICP excluding energy and unprocessed food.

The currency appreciated until the war, reducing goods inflation.

Exchange Rates

(SEK per EUR/USD)

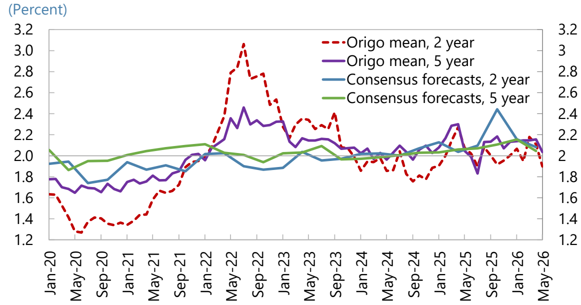


Sources: Riksbank and Haver Analytics.

Medium-term inflation expectations have remained anchored.

Inflation Expectations

(Percent)

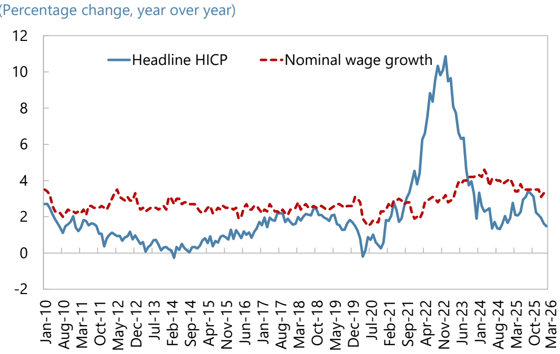


Sources: Consensus forecasts; and Origo Group.
Note: Origo refers to money market participants. Extreme values excluded for households' expectations. The Origo means measure CPIF, while the consensus forecasts measure CPI.

Nominal wage growth is outpacing inflation...

Nominal Wage Growth and Inflation

(Percentage change, year over year)

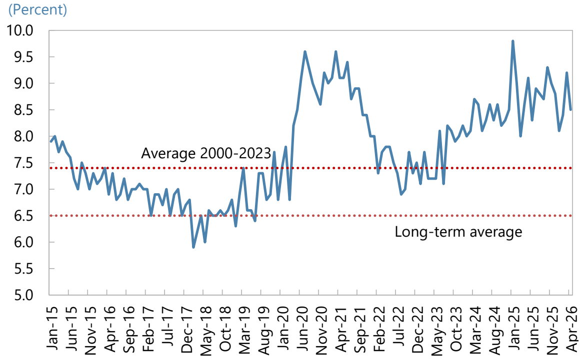


Sources: Eurostat; Medlingsinstitutet; and Haver Analytics.

...while labor market slack has shown signs of improvement.

Unemployment Rate

(Percent)

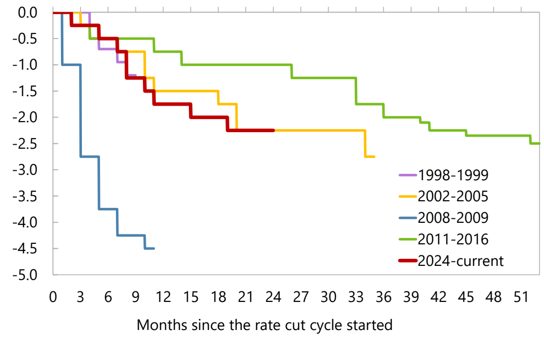


Sources: Statistics Sweden; and Haver Analytics.

Figure 2. Sweden: Financial Conditions

The pace of monetary policy easing has proceeded in line with past episodes…

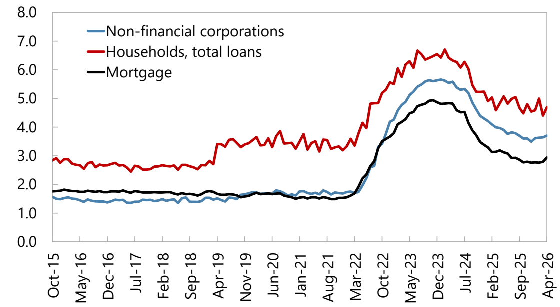
Sweden's Policy Rate Cut Cycles
(Percentage point decrease)



Sources: Statistics Sweden; and IMF staff calculations.

…transmitting to lending rates.

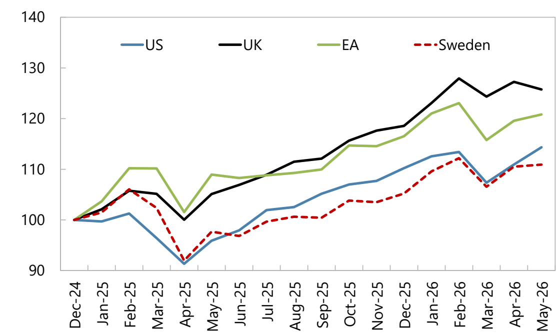
MFI Lending Rates
(Percent)



Source: Statistics Sweden.
Note: MFI lending rates refer to new and renegotiated loans.

Equity market valuations have increased.

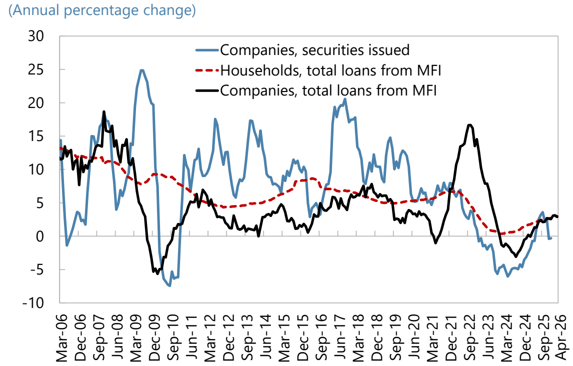
Stock Markets
(Index, Dec-2024 = 100)



Source: Haver Analytics.

Access to bond markets has improved.

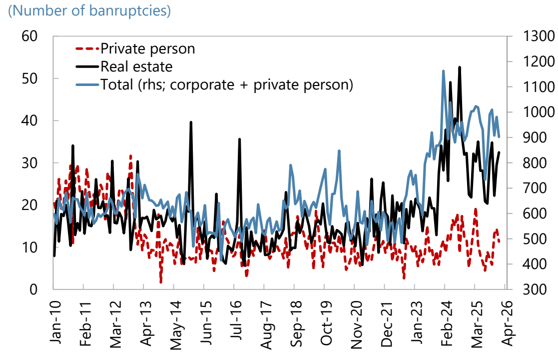
Household and Corporate Borrowing
(Annual percentage change)



Sources: Statistics Sweden; and Riksbank.

Bankruptcy rates in the real estate sector remain high.

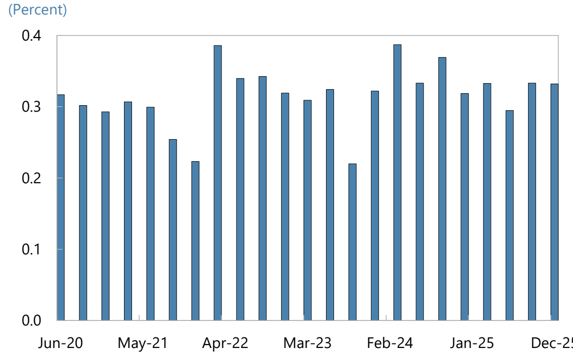
Total Bankruptcies
(Number of banruptcies)



Sources: Statistics Sweden; and Haver Analytics.

Banks CRE loan maturity extensions have stabilized.

CRE Loan Maturity Extensions
(Percent)



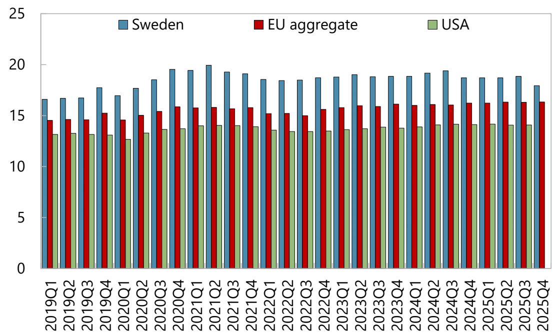
Source: FSA

Figure 3. Sweden: Banking Sector Indicators

Banking system buffers are strong.

Common Equity Tier 1 Ratio

(Percent)

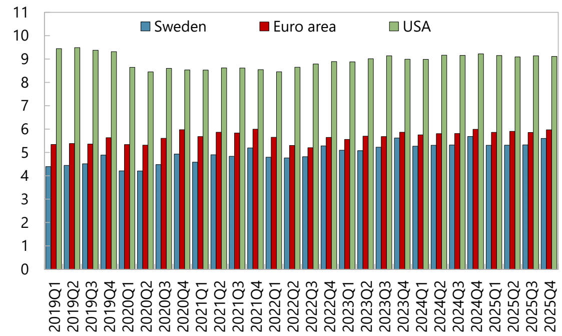


Sources: European Banking Authority; and Federal Reserve Economic Data.

The leverage ratio is stable but below EU peers.

Leverage Ratio

(Percent)

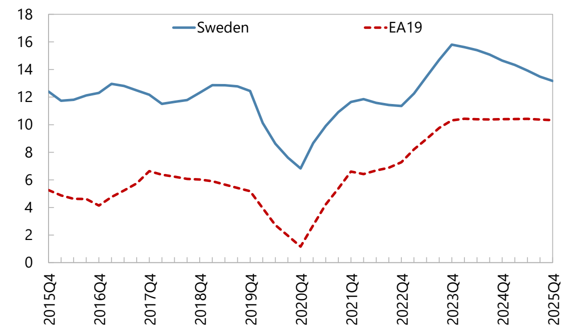


Sources: European Banking Authority; and Federal Reserve Economic Data.

Profitability remains strong and higher than in the EU.

Return on Equity

(Rolling four quarters; percent)

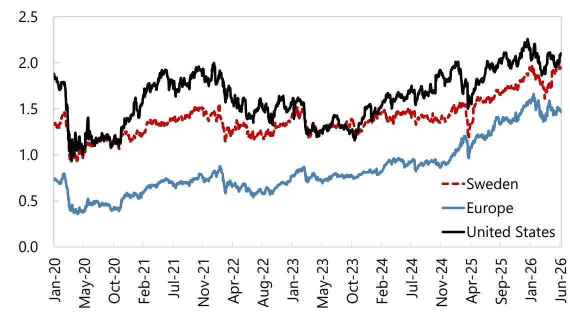


Sources: European Banking Authority; Haver Analytics; and IMF staff calculations.

Banks' stocks trade at a premium over EU peers.

Bank Stocks Price to Tangible Book Value per Share

(Percent)

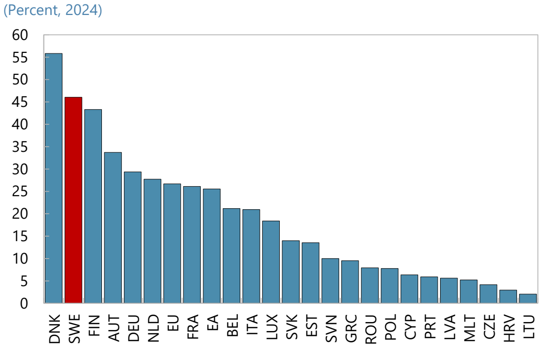


Source: Bloomberg.
Note: European banks refers to approximately 160 large European banks.

Banks' reliance on wholesale funding is amongst the highest in the EU.

Domestic Banks' Share of Market Funding

(Percent, 2024)

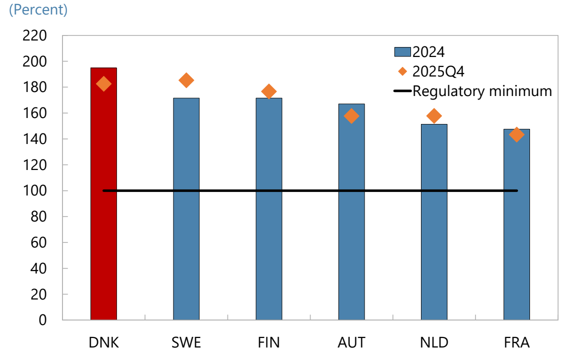


Source: European Central Bank.

Buffers to face liquidity shocks are high.

Liquidity Coverage Ratio

(Percent)

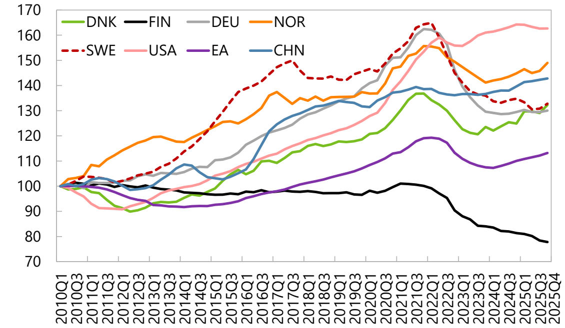


Source: European Banking Authority.

Figure 4. Sweden: Developments in the Real Estate Sector

The real estate market has bottomed out.

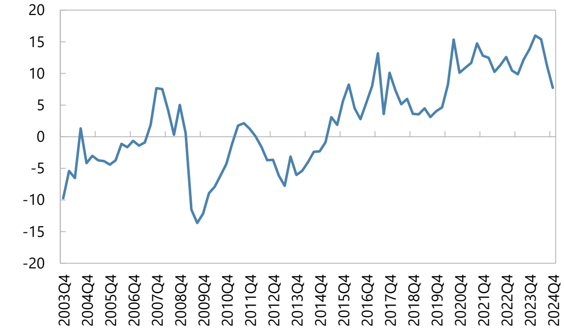
Real House Prices
(Index, 2010Q1=100)



Source: OECD.

House price overvaluation has declined.

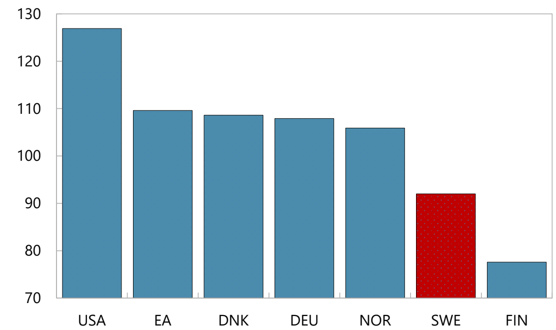
Real House Price Overvaluation
(Percent)



Sources: Haver Analytics; Eurostat; OECD; Riksbank; and IMF staff calculations.

The house price to income ratio is low.

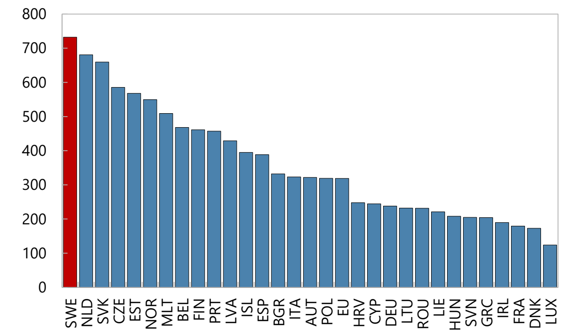
House-Price-to-Income Ratio Index
(Index, 2015=100, 2025Q4)



Source: OECD.

Banks' exposure to real estate is high.

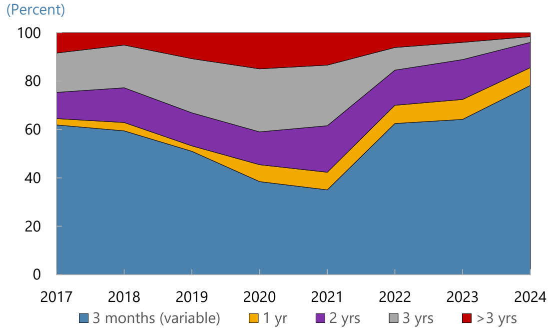
Bank Credit Exposure to Domestic and Foreign Real Estate
(Percent of Tier 1 capital in 2025Q4)



Sources: European Banking Authority; and IMF staff calculations.

A high percentage of households chooses variable rate mortgages…

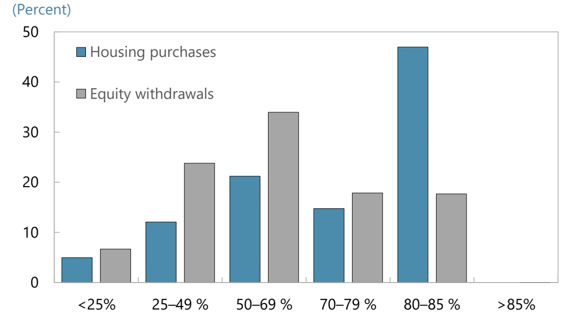
Share of New Mortgages by Interest Rate Fixation Period
(Percent)



Source: Finansinspektionen.
Note: The fixed interest period is volume-weighted for each component of the new mortgage. Refers to new borrowers who purchased a home.

And a large share of new home buyers has an LTV ratio close to the limit.

LTV Ratio of New Mortgages
(Percent)



Source: Finansinspektionen.
Note: New borrowers broken down by LTV ratio on the new loan and divided into housing purchases and equity withdrawals.

Table 1. Sweden: Selected Economic Indicators, 2023–31

			Prel.	Projections 8/					
	2023	2024	2025	2026	2027	2028	2029	2030	2031
Real Economy (percent change, unless otherwise indicated)									
Real GDP 1/	-0.2	2.0	1.5	2.0	2.0	1.9	1.8	1.8	1.8
Final domestic demand	-0.5	0.8	1.7	2.8	2.5	2.3	2.1	1.9	1.9
Private consumption	-1.6	1.4	1.9	3.1	3.0	2.7	2.5	2.4	2.4
Public consumption	1.0	1.0	1.0	2.2	1.7	1.6	1.1	1.0	1.1
Gross fixed investment	0.1	-0.6	2.1	2.8	2.3	2.3	2.3	2.0	2.0
Net exports (contribution to growth)	1.6	0.8	-0.1	-0.3	-0.4	-0.3	-0.2	-0.1	-0.1
Exports of G&S	2.6	2.9	3.8	3.1	2.4	2.3	2.3	2.3	2.3
Imports of G&S	-0.6	1.4	4.3	3.9	3.4	3.0	2.8	2.6	2.6
HICP inflation (Q4 on Q4)	3.0	1.8	2.5	1.2	1.6	2.9	2.0	2.0	2.0
HICP core inflation (Q4 on Q4) 2/	5.4	2.9	2.4	0.6	2.2	2.6	2.0	2.0	2.0
Unemployment rate (percent)	7.7	8.4	8.8	8.4	8.0	7.6	7.6	7.6	7.6
Gross national saving (percent of GDP)	31.5	32.3	32.0	31.2	30.8	30.4	30.2	30.1	29.9
Gross domestic investment (percent of GDP)	25.3	24.9	25.3	24.9	24.9	25.0	25.1	25.1	25.0
Output gap (percent of potential)	-1.0	-0.7	-0.9	-0.7	-0.3	0.0	0.0	0.0	0.0
Public Finance (percent of GDP)									
Total revenues	48.3	47.7	47.6	47.2	47.2	47.7	47.7	47.7	47.7
Total expenditures	48.9	49.2	48.9	49.6	49.2	49.0	48.3	48.3	48.0
Net acquisition of nonfinancial assets	1.6	1.9	2.2	2.2	2.3	2.1	2.0	2.0	2.0
Net lending	-0.6	-1.5	-1.3	-2.5	-2.0	-1.4	-0.5	-0.5	-0.2
Structural balance (as a percent of potential GDP)	-0.2	-0.8	-0.9	-2.2	-2.0	-1.4	-0.5	-0.6	-0.2
General government gross debt, official statistics	32.2	33.9	34.5	35.5	35.9	35.4	34.1	32.7	31.1
Money and Credit (year-on-year, percent change, eop)									
M3	-1.4	0.5	3.2	...	...	...	...	...	...
Bank lending to households (average)	1.5	0.7	3.3	3.9	4.0	4.6	4.1	4.1	4.1
Interest Rates (percent, end of period)									
Policy rate	4.0	2.8	1.8	...	...	...	...	...	...
Ten-year government bond yield	2.1	2.3	2.8	...	...	...	...	...	...
Mortgage lending rate	4.8	3.3	2.7	...	...	...	...	...	...
Balance of Payments (percent of GDP) 3/									
Current account	6.2	7.4	6.7	6.3	5.9	5.4	5.1	5.0	4.9
Foreign direct investment, net	3.9	0.0	-1.5	2.3	2.2	2.2	2.2	2.2	2.2
International reserves, changes (in billions of US dollars) 4/	-5.5	3.1	3.2	...	...	...	...	...	...
Reserves coverage (months of imports of goods and services)	2.4	2.5	2.6	2.3	2.4	2.4	2.4	2.5	2.5
Net international investment position	40.4	66.6	58.8	58.8	58.8	58.8	58.8	58.8	58.8
Exchange Rate (period average, unless otherwise stated)									
SEK per euro	11.5	11.4	11.1	...	...	...	...	...	...
SEK per U.S. dollar	10.6	10.6	9.8	...	...	...	...	...	...
Nominal effective rate (2010=100) 5/	83.0	83.6	87.3	...	...	...	...	...	...
Real effective rate (ULC) (2010=100) 6/	87.5	87.5	87.5	...	...	...	...	...	...
REER ULC long run average deviation 7/	-13.4	-13.0	-12.6	...	...	...	...	...	...
Real effective rate (CPI) (2010=100)	83.4	84.6	87.2	...	...	...	...	...	...
Memorandum Items									
CPIF inflation (Q4 on Q4)	5.4	2.9	2.4	1.6	1.7	2.7	2.0	2.0	2.0
CPIF inflation constant tax (Q4 on Q4)	3.3	1.6	2.7	2.5	1.7	2.0	2.0	2.0	2.0
CPIF inflation excluding energy (Q4 on Q4)	5.6	2.2	2.5	0.8	2.2	2.8	2.0	2.0	2.0
CPIF inflation excluding energy constant tax (Q4 on Q4) 8/	3.3	2.3	2.6	1.6	2.2	2.0	2.0	2.0	2.0

Other Indicators:
GDP per Capita (2024, USD): 57,125; **Population** (2024, million): 10.6
Key Export Markets: Germany, Norway, and US.

Sources: IMF WEO; Riksbank; Statistics Sweden; Swedish Ministry of Finance; Swedish National Institute of Economic Research; and IMF staff calculations.
1/ Numbers are reported on a non-calendar adjusted basis (or relevant measure).
2/ Core HICP defined as the HICP excluding energy and unprocessed food.
3/ 2025 is projected on the basis of available data up to the third quarter of 2025.
4/ Data for 2024 are as of 2024Q3.
5/ Data are based on IMF INS database.
6/ OECD based Unit Labor Cost (ULC) real effective exchange rate indicator.
7/ The long-run average deviation of the Real Effective Exchange Rate (REER) is calculated based on data from the past 30 years.
8/ Historical data based on staff estimates.

Table 2. Sweden: General Government Statement of Operations, 2023–31

	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Projections						
					Billions of SEK				
Revenue	2,966	3,070	3,169	3,259	3,390	3,583	3,736	3,891	4,052
Tax revenue	2,400	2,478	2,547	2,614	2,725	2,883	3,000	3,124	3,254
Taxes on income, profits, and capital gains	1,055	1,130	1,156	1,207	1,270	1,330	1,384	1,441	1,500
Payable by individuals	839	906	916	958	1,007	1,056	1,099	1,144	1,192
Payable by corporations	216	224	240	249	262	274	285	296	309
General taxes on goods and services	744	749	781	806	841	908	940	979	1,019
Other Taxes	600	599	610	602	614	645	677	705	734
Social contributions	216	224	233	244	255	265	276	280	283
Grants	14	14	14	14	14	14	14	14	14
Other revenue	335	354	376	387	396	421	446	473	501
Interest income	34	36	37	38	40	41	43	45	47
Expenditure	3,004	3,168	3,255	3,431	3,537	3,686	3,776	3,935	4,071
Compensation of employees	765	812	822	872	901	948	976	1,016	1,051
Intermediate consumption	460	450	470	494	511	540	553	576	595
Interest payments	46	44	41	45	50	55	58	58	58
Social benefits	926	973	1,027	1,049	1,038	1,099	1,122	1,168	1,207
Expense not elsewhere classified	710	768	749	821	871	885	911	954	991
Net acquisition of nonfinancial assets	97	123	147	150	166	160	156	163	168
Gross operating balance	59	24	61	-22	18	57	116	118	149
Net lending / Borrowing	-39	-98	-86	-172	-147	-103	-40	-44	-19
					Percent of GDP				
Revenue	48.3	47.7	47.6	47.2	47.2	47.7	47.7	47.7	47.7
Tax revenue	39.1	38.5	38.3	37.8	37.9	38.3	38.3	38.3	38.3
Taxes on income, profits, and capital gains	17.2	17.5	17.4	17.5	17.7	17.7	17.7	17.7	17.7
Payable by individuals	13.7	14.1	13.8	13.9	14.0	14.0	14.0	14.0	14.0
Payable by corporations	3.5	3.5	3.6	3.6	3.7	3.6	3.6	3.6	3.6
General taxes on goods and services	12.1	11.6	11.7	11.7	11.7	12.1	12.0	12.0	12.0
Other Taxes	9.8	9.3	9.2	8.7	8.5	8.6	8.6	8.6	8.6
Social contributions	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.4	3.3
Grants	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other revenue	5.5	5.5	5.6	5.6	5.5	5.6	5.7	5.8	5.9
Interest income	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Expenditure	48.9	49.2	48.9	49.6	49.2	49.0	48.3	48.3	48.0
Compensation of employees	12.5	12.6	12.4	12.6	12.5	12.6	12.5	12.5	12.4
Intermediate consumption	7.5	7.0	7.1	7.1	7.1	7.2	7.1	7.1	7.0
Interest payments	0.8	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Social benefits	15.1	15.1	15.4	15.2	14.4	14.6	14.3	14.3	14.2
Expense not elsewhere classified [1]	11.6	11.9	11.3	11.9	12.1	11.8	11.6	11.7	11.7
Net acquisition of nonfinancial assets	1.6	1.9	2.2	2.2	2.3	2.1	2.0	2.0	2.0
Gross operating balance	1.0	0.4	0.9	-0.3	0.3	0.8	1.5	1.5	1.8
Net lending / Borrowing	-0.6	-1.5	-1.3	-2.5	-2.0	-1.4	-0.5	-0.5	-0.2
Structural Balance (percent of potential GDP) [2]	-0.2	-0.8	-0.9	-2.2	-2.0	-1.4	-0.5	-0.6	-0.2
Fiscal impulse (+ expansionary)	0.8	0.6	0.1	1.3	-0.3	-0.6	-0.9	0.0	-0.3
Memorandum items:									
Gross public debt (percent of GDP)	32.2	33.9	34.5	35.5	35.9	35.4	34.1	32.7	31.1
Net public debt (percent of GDP)	7.9	10.7	12.1	13.9	15.1	15.5	15.0	14.4	13.6
Real GDP growth (percent change)	-0.2	2.0	1.5	2.0	2.0	1.9	1.8	1.8	1.8
Output gap (percent of potential GDP)	-1.0	-0.7	-0.9	-0.7	-0.3	0.0	0.0	0.0	0.0
Nominal GDP (in billions of SEK)	6,143	6,443	6,654	6,912	7,187	7,517	7,825	8,149	8,486

Sources: IMF staff calculations, and authorities.

1/ Including support to Ukraine.

2/ Structural balance takes into account the output gap. For 2024, the capital injection of SEK 25 billion to the Riksbank is excluded.

Table 3. Sweden: Balance of Payments, 2023–31

	2023	2024	2025	2026	2027	2028	2029	2030	2031
				Projections					
				Billions of SEK					
Current Account Balance	382	474	448	435	425	405	399	407	414
Trade balance	190	274	247	249	233	206	190	188	183
Exports of G&S	3,444	3,565	3,587	3,923	4,004	4,094	4,202	4,323	4,450
Imports of G&S	3,254	3,291	3,340	3,674	3,771	3,888	4,012	4,135	4,267
Factor income, net	192	200	201	186	192	198	210	219	231
Net oil balance	-67	-67	-54	-68	-62	-59	-58	-57	-56
Financial Account Balance	335	860	13	384	364	367	383	405	429
Investment abroad [1]	-700	-638	-675	-679	-725	-765	-795	-824	-853
Investment in Sweden	1,094	1,465	657	1,031	1,058	1,101	1,147	1,198	1,251
Reserves, change	-59	32	31	31	31	31	31	31	31
				Percent of GDP					
Current Account Balance	6.2	7.4	6.7	6.3	5.9	5.4	5.1	5.0	4.9
Trade balance	3.1	4.3	3.7	3.6	3.2	2.7	2.4	2.3	2.2
Exports of G&S	56.1	55.3	53.9	56.8	55.7	54.5	53.7	53.1	52.4
Imports of G&S	53.0	51.1	50.2	53.2	52.5	51.7	51.3	50.7	50.3
Factor income, net	3.1	3.1	3.0	2.7	2.7	2.6	2.7	2.7	2.7
Net oil balance	-1.1	-1.0	-0.8	-1.0	-0.9	-0.8	-0.7	-0.7	-0.7
Financial Account Balance	5.5	13.3	0.2	5.6	5.1	4.9	4.9	5.0	5.1
Investment Abroad [1]	-11.4	-9.9	-10.1	-9.8	-10.1	-10.2	-10.2	-10.1	-10.1
Direct investment	8.2	3.2	2.8	4.9	4.8	4.8	4.8	4.8	4.8
Portfolio investment	2.1	9.7	7.6	2.8	2.7	2.7	2.7	2.7	2.7
Financial Derivatives	-23.4	-22.7	-20.7	-19.9	-20.1	-20.1	-20.1	-20.1	-20.1
Other investment	1.7	-0.1	0.2	2.5	2.4	2.4	2.4	2.4	2.4
Reserves, change	-1.0	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Investment in Sweden	17.8	22.7	9.9	14.9	14.7	14.6	14.7	14.7	14.7
Direct investment	4.3	3.3	4.3	2.6	2.6	2.6	2.6	2.6	2.6
Portfolio investment	3.4	-0.4	4.1	3.1	3.1	3.1	3.1	3.1	3.1
Other investment	-1.2	-2.8	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Errors and omissions	-0.7	5.9	-6.7	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum:									
Exports of G&S value [2]	2.3	4.0	8.3	15.7	1.6	2.5	2.9	3.1	3.1
Imports of G&S value [2]	0.0	1.6	9.2	16.4	2.2	3.4	3.4	3.3	3.3
Net international investment position (percent of GDP)	40.4	66.6	58.8	58.8	58.8	58.8	58.8	58.8	58.8
Nominal GDP (SEK billion)	6,143	6,443	6,654	6,912	7,187	7,517	7,825	8,149	8,486
SEK per U.S. dollar (average)	10.6	10.6	9.8	…	…	…	…	…	…
SEK per U.S. dollar (end of period)	10.3	11.0	9.5	…	…	…	…	…	…

Sources: Statistics Sweden; and IMF staff calculations.
1/ Positive number indicates an accumulation of foreign assets.
2/ Percent changes of exports of G&S and imports of G&S are calculated using numbers in USD terms.

Table 4. Sweden: Depository Corporations Survey, 2020–25

	2020	2021	2022	2023	2024	2025
			(In Billions of SEK, end of period)			
Net Foreign Assets	520.6	428.8	265.6	469.0	680.0	625.0
Claims on nonresidents	3,234.5	3,311.9	3,910.4	3,949.0	4,095.4	4040.4
Central bank	478.7	561.7	670.4	612.2	693.4	638.4
Other depository corporations	2,755.8	2,750.2	3,240.0	3,336.9	3,402.0	3402.0
Liabilities to nonresidents	-2,713.9	-2,883.1	-3,644.8	-3,480.0	-3,415.4	-3415.4
Central bank	-1.6	-8.4	-8.2	-0.6	-3.5	-3.5
Other depository corporations	-2,712.3	-2,874.7	-3,636.6	-3,479.5	-3,411.9	-3411.9
Net Domestic Assets	7,815.7	8,153.2	9,960.6	9,606.0	9,216.8	9509.2
Net claims on central government	454.2	509.9	459.8	460.1	411.9	411.9
Claims on state and local government	348.5	373.8	401.9	425.0	473.0	473.0
Claims on public nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0
Claims on NBFIs	805.6	765.2	2,188.4	1,734.9	1,410.9	1410.9
Claims on private sector	6,940.8	7,411.4	7,914.8	7,933.1	8,008.0	8084.9
Corporates	2,506.8	2,679.0	3,019.5	3,022.6	3,032.3	3,040.2
Households	4,434.0	4,732.4	4,895.3	4,910.5	4,975.7	4,978.8
Capital and reserves (-)	936.1	788.6	792.7	894.7	999.7	999.7
Other items, net (-, including discrepancy)	-202.8	118.6	211.7	52.4	87.2	-128.3
Broad Money	4,419.6	4,881.3	5,021.5	4,957.1	4,972.3	5209.7
Currency in circulation	62.1	60.7	64.3	57.8	56.6	59.3
Transferable deposits	3,883.6	4,361.4	4,260.7	3,905.4	3,934.0	4121.8
Other deposits	471.3	450.5	679.1	985.1	972.5	1018.9
Securities	2.6	8.7	17.3	9.0	9.2	9.7
Other Liabilities	3,916.7	3,700.7	5,204.7	5,117.9	4,924.5	4924.5
			(Annual percentage change)			
Net Foreign Assets	-39.8	-17.6	-38.1	76.6	45.0	-8.1
Net Domestic Assets	9.3	4.3	22.2	-3.6	-4.1	3.2
Claims on private sector	4.9	6.8	6.8	0.2	0.9	1.0
Corporates	3.8	6.9	12.7	0.1	0.3	0.3
Households	5.5	6.7	3.4	0.3	1.3	0.1
Broad Money	18.1	10.4	2.9	-1.3	0.3	4.8
			(In billions of U.S. dollars, end of period)			
Net Foreign Assets	62.3	47.2	25.6	45.6	61.9	65.5
Net Domestic Assets	934.9	897.2	960.1	934.7	839.5	996.7
Claims on private sector	830.2	815.5	762.9	771.9	729.4	847.4
Corporates	299.8	294.8	291.0	294.1	276.2	318.6
Households	530.4	520.7	471.8	477.8	453.2	521.8
Memorandum items:						
Velocity (GDP/Broad Money)	1.1	1.1	1.2	1.3	1.3	1.3
SEK per U.S. dollar (average)	9.2	8.6	10.1	10.6	10.6	9.8
SEK per U.S. dollar (end of period)	8.4	9.1	10.4	10.3	11.0	9.5

Sources: International Financial Statistics and IMF staff calculations.

Table 5. Sweden: Financial Soundness Indicators, 2019–25

	2019	2020	2021	2022	2023	2024	2025
Capital Adequacy							
Regulatory Capital to Risk-Weighted Assets	22.8	23.5	23.0	22.7	23.1	23.3	21.8
Regulatory Tier 1 Capital to Risk-Weighted Assets	20.4	21.1	20.9	20.4	20.6	20.7	19.1
Total Capital to Total Assets	6.2	6.3	7.2	7.4	7.6	6.8	6.4
Asset quality and exposure							
Non-performing Loans to Total Gross Loans	0.6	0.5	0.4	0.3	0.4	0.5	0.4
Non-performing Loans Net of Provisions to Capital	4.0	2.6	1.4	0.4	1.2	2.9	2.7
Earnings and profitability							
Return on Assets	0.7	0.4	0.7	0.6	0.9	0.9	0.8
Return on Equity	12.4	6.8	11.6	11.4	15.8	14.6	13.2
Non-interest Expenses to Gross Income, percent	51.5	55.0	48.6	47.3	42.2	45.5	47.7
Personnel Expenses as Percent of Noninterest Expenses	47.9	47.7	49.5	46.7	44.8	46.2	47.5
Liquidity							
Liquid Assets to Total Assets (Liquid Asset Ratio)	17.6	21.0	21.6	21.6	22.6	22.6	21.2
Liquid Assets to Short Term Liabilities	19.3	23.2	23.6	23.9	25.0	25.1	20.3
Customer Deposits as Percent of Total (non-interbank) Loans	43.1	47.6	60.6	57.6	55.9	57.0	56.1
Memorandum items							
Change in Housing Price Index (in percent, year average)	2.5	4.2	10.1	3.6	-5.3	0.1	0.7
Total Household Debt (in percent of GDP)	91.4	97.0	95.5	91.2	87.0	86.8	86.7
Total Household Debt (in percent of disposable income)	189.5	200.3	200.5	192.8	183.8	179.5	175.4
Household Interest Expenses (in percent of disposable income)	3.8	4.0	3.7	4.0	6.5	7.3	5.7
Gross Debt of Non-financial Corporations (in percent of GDP)	185.1	199.6	198.4	198.4	181.1	184.9	170.7

Sources: EBA; IMF Financial Soundness Indicators; Statistics Sweden; and OECD.

Annex I. Implementation of Past IMF Recommendations[1]

2025 Article IV Recommendations	Authorities' Reponses
Monetary and Macroprudential Policy	
A neutral monetary policy stance is appropriate, but monetary policy should remain agile amidst high uncertainty and two-sided risks to inflation. The Riksbank should continue leveraging its communication strategy to manage uncertainty and expectations.	The Riksbank lowered its main policy rate by 75 bps to 1.75 percent in 2025, as to a broadly neutral stance, as economic activity surprised on the downside while core inflation remained broadly under control. Alternative scenarios continued to play an important role in the Riksbank's communication of the uncertainty surrounding monetary policy decisions.
Macroprudential policy settings are appropriate amid still elevated systemic financial risks. The current CCyB level is adequate. The extension of risk weight floors for mortgages and CRE is welcome. Capital requirements for banks' CRE exposures could be considered in the medium-term. Introducing a consolidated credit registry would aid in better monitoring household indebtedness.	Since mid-2023, the FSA has kept the CCyB rate at its neutral level of 2 percent. The existing risk weight floors for mortgages and CRE for residential purposes (25 percent) and commercial real estate (35 percent) are set to remain in place until September 2027. From April 1, the Riksbank is setting the CCyB, while the Swedish FSA continues setting the other capital requirements. The purpose is to strengthen the Riksbank´s role in the macroprudential area. With these changes, there are several authorities responsible for macroprudential measures.
It would be prudent to maintain the set of BBMs and the current institutional arrangements. Improved granular data collection would facilitate the calibration of the measures.	As of April 1, 2026, BBMs directed at households are regulated through a new law and no longer by the FSA, and the calibration of the existing BBMs will change. The LTV limit for residential mortgages has increased to 90 from 85 percent. An LTV limit of 80 percent for mortgage equity withdrawals and an inertia rule for the revaluation of the property have been introduced. The stricter amortization requirement for high loan-to-income mortgages was abolished. The Ministry of Finance has also proposed expanding data coverage on household debt and debt service by supplementing the FASIT microsimulation survey with information from credit institutions. The proposed legislation would enter into force on August 1, 2026.
Fiscal Policy	
The moderately expansionary fiscal stance envisioned in the 2025 budget is appropriate. Over the medium-term, fiscal policy should prioritize measures that boost economic growth, strengthen	The 2025 budget envisaged a moderately expansionary fiscal stance in 2025, and the latest outcomes for 2025 are in line with this expectation. The 2026 budget anticipates an expansionary stance. Policy measures include increasing the incentives to

[1] Prepared by IMF staff based on inputs from country authorities.

2025 Article IV Recommendations	Authorities' Reponses
resilience, continue facilitating the green and digital transition, and further enhance inclusion.	work, improving the supply of skilled labor, streamlining business regulations, and investing in research and infrastructure.
New tax measures in the budget are appropriate, but the 2022 fuel tax cuts could be better targeted.	A new general tax cut on gasoline and diesel was introduced in July 2025. In response to higher energy prices resulting from the war in the Middle East, the taxes on gasoline and diesel have been reduced temporarily in 2026.
With accumulating fiscal pressures from aging, climate change and defense, the fiscal sustainability report should be extended to cover broad range of areas to support policy formulation.	The fiscal sustainability report is being extended to cover wider areas for internal use.
Structural Reforms	
Further simplifying and harmonizing regulations; improving housing and rental market functioning; raising educational outcomes, addressing skill mismatches, and enhancing efforts to upskill and reskill the labor force; maintaining transport infrastructure; further deepening Sweden's already sophisticated R&D model; and supporting measures to strengthen the EU single market.	The 2026 Budget Bill includes various new measures to simplify regulations, including a proposal to establish a new authority to simplify and streamline environmental assessments, reinforcements to various agencies to simplify and speed up permit processes, etc. The Budget also proposes funding for short college courses in strategic areas and reforms to the school system. Dedicated R&D bill and a long-term transportation infrastructure plan for the period of 2026–37 based on a Transportation Infrastructure Bill adopted in 2024 have been passed. Sweden remains an active participant in EU fora.
Housing market and affordability challenges should be addressed through structural reforms of rental and housing markets and tax policy.	The Government has amended the presumption rent framework, expanding the scope for ongoing rent adjustments, allowing changes in more circumstances, and introducing new dispute resolution mechanisms. Parliament has also been presented with bills on rent-to-buy housing, revisions to rules on block renting corporate and co-living dwellings, and a proposal to authorize a statutory obligation for municipalities to provide rental guarantees. The government has taken steps to ease permitting requirements for building renovations, reconstructions, and reconversions. No changes to real estate tax policy are currently under consideration.
Additional measures might be needed to achieve the 2030 interim climate targets.	The biofuel blending requirement increased to 10 percent from 6 percent for both petrol and diesel in July 2025, while fuel taxes were lowered. Among others, the 2026 budget includes electric car subsidies, environmental compensation for rail transport, and extended climate subsides for light trucks. A public review concluded that Sweden's

2025 Article IV Recommendations	Authorities’ Reponses
	climate ambition is already embedded in and exceeds the EU’s NDC, with the main challenge lying in policy coherence and implementation rather than in raising numerical targets. The Government assesses that additional measures are needed to achieve the ESR commitments by 2030.

Annex II. External Sector Assessment

Overall Assessment: *The external position in 2025 was stronger than the level implied by medium-term fundamentals and desirable policies. Since the May 18, 2026 data cutoff for the External Sector Report, the 2025 current account balance has been revised upward, which would have implied a substantially stronger assessment. The assessment is subject to high uncertainty, given the large errors and omissions in the Balance of Payments statistics. The current account surplus fell to 6.1 percent of GDP in 2025 from 6.9 percent in 2024. The surplus would continue to gradually decrease to about 4¾ percent of GDP over the medium term, as the economic recovery consolidates on stronger domestic demand, while exports slow in line with longer-term trends.*

Potential Policy Responses: The policy mix, in particular the expansionary fiscal stance, is supportive of the economic recovery and external rebalancing. There is scope to enhance both private and public investment in productivity-enhancing projects, the green transition, and the health sector. Higher domestic absorption would help reduce external imbalances, while enabling Sweden to maintain its high living standards amid demographic challenges, support meeting the country's ambitious climate goals and scaling up of defense spending. Deepening the EU single market would contribute to further boosting private investment, raising productivity and resilience by adding scale, diversification, and improved risk sharing, which in turn would support external rebalancing. In line with Sweden's market-based approach, industrial policies, if implemented, should be deployed cautiously and remain targeted to specific objectives where externalities or market failures prevent effective market solutions. These policies should be coordinated at the EU level and minimize trade and investment distortions.

Foreign Asset and Liability Position and Trajectory	**Background**. The NIIP fell to 55.4 percent of GDP in 2025 from 68 percent in 2024, reflecting the appreciation of the krona and a smaller current account surplus. Gross liabilities rose to 279.8 percent of GDP in 2025, with more than half being gross external debt (157.5 percent of GDP). Other financial institutions hold the bulk of net foreign assets (91 percent GDP) followed by social security funds (23.5 percent of GDP), households (21.5 percent of GDP), and the Riksbank (7.9 percent of GDP), while non-financial corporations (46.4 percent of GDP), monetary financial institutions (36.3 percent of GDP) and the general government (4.5 percent of GDP) are net external debtors. Sweden is a net creditor in foreign currency, and a net debtor in domestic currency. **Assessment**. The NIIP is expected to grow in line with nominal GDP. Sweden's foreign currency assets are almost three times as high as its foreign currency liabilities, providing a hedge against currency valuation changes. These estimates are subject to uncertainty as IIP data typically include errors and omissions averaging about 1.8 percent of GDP in the past decade. Although rollover risks of external debt (which include banks covered bonds) poses some vulnerabilities, these are mitigated by banks' ample liquidity and large capital buffers. The NIIP level and trajectory do not raise sustainability concerns.					
2025 (% GDP)	NIIP: 55.4	Gross Assets: 335.2	Debt Assets: 174.6	Gross Liab.: 279.8	Debt Liab.: 144.9	
Current Account	**Background**. The 2024 CA surplus was revised down from 7.4 percent of GDP in last year's *External Sector Report* to 6.9 percent, stemming from revisions related to imports of services (-0.9 percent of GDP) and investment income (0.5 percent of GDP). The 2025 current account is estimated to have fallen to 6.1 percent of GDP, reflecting a smaller trade surplus in goods and a widening trade deficit in services. Primary income contributed positively to the overall surplus, while the secondary income deficit widened. In 2025, gross saving fell by 0.4 percentage points to 31.6 percent of GDP, while gross investment increased by 0.4 percentage points to 25.5 percent of GDP; the fall in gross saving is driven by the private sector. Sweden continues to be a net oil importer with the oil deficit estimated at 0.8 percent of GDP. Over the medium term, the current account surplus is anticipated to decline to about 4¾ percent of GDP, as domestic absorption increases. Since the May 18, 2026 data cutoff for the *External Sector Report*, the 2025 current account balance has been revised upward to 6.7 percent of GDP, which is not included in this assessment. **Assessment**. The cyclically adjusted CA is estimated at 5.8 percent of GDP in 2025, 4 percentage points above the estimated EBA CA norm of 1.8 percent of GDP. Staff assess the CA gap at 4 percent of GDP in 2025, with a model-estimated range of 3.6 to 4.4 percent of GDP (using the model's standard error of ± 0.4 percent of GDP). Identified policy gaps explain 2.2 percentage points of this gap, with fiscal policy, which was less expansionary than in the rest of the world, accounting for 0.6 percentage points, and the negative credit gap contributing another 1.7 percentage points. Staff considers that the rest of the CA gap can be explained by factors not captured by the EBA model, including Sweden's mandatory contributions to fully funded pension schemes and a strong regulatory environment. Complementary EBA tools suggest that each of these factors may contribute about 1 percentage point of GDP to the CA gap.					
2025 (% GDP)	CA: 6.1	Cycl. Adj. CA: 5.8	EBA Norm: 1.8	EBA Gap: 4.0	Staff Adj.: --	Staff Gap: 4.0

Real Exchange Rate	**Background**. In 2025, the krona appreciated by 3.9 percent in real effective terms (OECD-ULC based) relative to 2024. The 2025 CPI-based REER appreciated by 3.1 percent on average. The ULC-based REER index has depreciated by 13 percent since the krona was floated in 1993 and was about 12 percent below its 30-year average in 2025. As of February 2026, the REER was 4.3 percent above its 2025 average. **Assessment**. The staff CA gap implies a REER gap of -9.8 percent (applying an estimated elasticity of -0.41), with a range between -10.8 to -8.8 percent (using the model's standard error of ± 0.4 percent of GDP). The REER index and level models suggest a gap of -10.7 percent and −15.2 percent, respectively, for 2025. Overall, the IMF staff assess the krona to be undervalued between 6 to 18.7 percent, with a midpoint of 12.4 percent as guided by the ULC-based REER index and its standard deviation.[1]
Capital and Financial Accounts: **Flows and Policy Measures**	**Background**. In 2025, Sweden's financial account swung to -1.5 percent of GDP, reflecting a broad-based weakening across categories of flows, and reflecting capital market-driven volatility. Direct investment recorded net lending of -1.7 percent of GDP, as equity capital and intercompany loans flows slowed down despite continued positive reinvested earnings. Net portfolio investment moderated to 3 percent of GDP from a historic high of 10.6 percent of GDP in 2024, while other net investment and financial derivatives posted net outflows of 1.8 and 1.4 percent of GDP, respectively. Overall, the composition shifted toward more volatile portfolio and banking flows, increasing exposure to changes in global financial conditions. However, large errors and omissions (-7.7 percent of GDP) suggest that actual financial inflows were substantially higher than those captured in the preliminary statistics. **Assessment**. Large capital flow movements are common in countries with sizable financial sectors such as Sweden, where banking sector assets amount to nearly three times GDP. Associated risks are mitigated by strong financial regulation and supervision and a sound financial system. Consistent with this, the 2023 FSAP assessment and stress tests by the authorities find that the banking system would remain resilient to large liquidity shocks, despite banks' substantial reliance on wholesale funding.
FX Intervention and Reserves Level	**Background**. The exchange rate is *de facto* free floating. In 2025, official reserve assets rose by USD 11.7 billion to USD 74.9 billion. In turn, the value of foreign currency reserves (which excludes gold and SDR holdings, and the reserve position in the IMF) increased by USD 3.8 billion to USD 45.3 billion, equivalent to 15 percent of the short-term external debt of monetary and financial institutions, and about three months' worth of imports. FX hedges, through which the Riksbank commits to deliver FX to market counterparties upon maturity unless rolled over, amount to approximately USD 10.3 billion. **Assessment**. Despite its free-floating exchange rate regime, Sweden should maintain adequate foreign reserves in view of the high dependence of commercial banks on wholesale funding in foreign currency, and potential for disruptions in such funding during episodes of global financial distress. The Riksbank has a standing swap line with the European Central Bank (€10 billion), and a standing agreement with the National Debt Office, enshrined in the Riksbank Act, allowing it to borrow foreign currency equivalent to up to 5 percent of GDP, with the possibility of additional borrowing if needed.

[1] The upper and lower bounds are derived by adding/subtracting the standard deviation (6.4 percent) from the average outcome (midpoint) to reflect uncertainty around the EBA estimated norm.

Annex III. Debt Sustainability and Sovereign Risk Assessment

Figure 1. Sweden: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	**Low**	The overall risk of sovereign stress is low, reflecting low levels of vulnerability in the near- and medium-term, as well as low levels of vulnerability over the long-term horizon.
Near term 1/			
Medium term	**Low**	**Low**	Medium-term risks are assessed as low against a mechanical signal of low. In light of the parliamentary agreement, fiscal deficit is projected to deviate from the new balanced-budget target until 2033 in order to finance increase in defense spending. Debt is projected to rise in the near term as a result, however, over the medium term it is projected to return to the debt anchor.
Fanchart	**Low**	...	
GFN	**Low**	...	
Stress test	Bank. Crisis	...	
Long term	...	**Low**	Long-term risks are low. Only under very conservative assumptions, as in the climate mitigation scenario, it is expected to increase substantially. Even in this scenario, debt will remain below the EU Maastricht debt reference level of 60 percent of GDP throughout. The large amortization scenarios with risk indication are extremly unlikely to materialize.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	Not applicable.
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Commentary: Sweden is at a low overall risk of sovereign stress, and debt is sustainable. Public debt is projected to increase by about 1 percent of GDP in 2026 amid the expansionary fiscal stance. FX debt continues to decrease, reflecting the gradual unwinding of legacy FX-derivative exposures. Medium-term liquidity risks as analyzed by the GFN Financeability Module and Fanchart are low as well, though debt is projected to increase until 2027. Over the longer run, Sweden debt is also at low risk of stress and only under very conservative assumptions, as in the climate mitigation scenario, it is expected to increase substantially. Even in this scenario, debt will remain below the EU Maastricht debt reference level of 60 percent. Large amortization scenarios with risk indication are highly unlikely to happen.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Figure 2. Sweden: Debt Coverage and Disclosures

						Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					n.a.	
2. Subsectors included in the chosen coverage in (1) above:						

					Subsectors captured in the baseline	Inclusion	Comments
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	
				2	Extra budgetary funds (EBFs)	No	Not applicable
				3	Social security funds (SSFs)	Yes	
				4	State governments	No	Not applicable
				5	Local governments	Yes	
				6	Public nonfinancial corporations	No	
				7	Central bank	No	
				8	Other public financial corporations	No	

3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	**IPSGSs 3/**

4. Accounting principles:	Basis of recording		Valuation of debt stock		
	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors:	Consolidated	Non-consolidated

Color code: chosen coverage · Missing from recommended coverage · Not applicable

Reporting on Intra-Government Debt Holdings

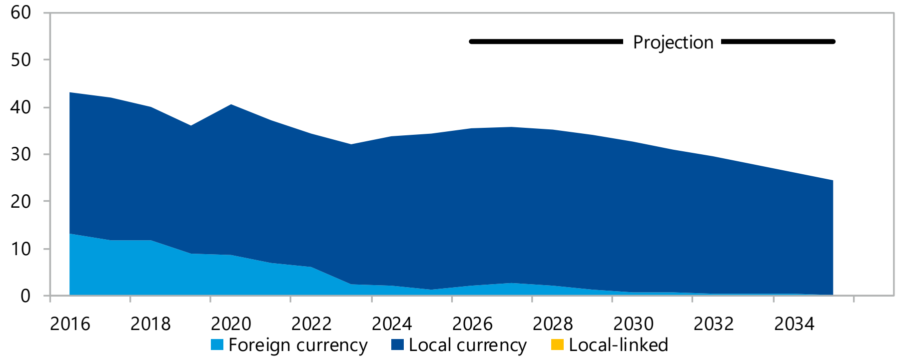
					Issuer \ Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS	NFPS	GG: expected	CG	1	Budget. central govt			64.7		84.2		346.3	88.2	583.4
				2	Extra-budget. funds									0
				3	Social security funds	0.8								0.8
				4	State govt.									0
				5	Local govt.	0.2		0.2				10.3	251.2	261.9
				6	Nonfin pub. corp.								272.2	272.2
				7	Central bank	107								107
				8	Oth. pub. fin. corp							107.8		107.8
					Total	108	0	64.9	0	84.2	0	464.4	611.6	1333.1

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: In Sweden, the general government consist of the central government, the local government (which includes the regions and municipalities) and the social security funds.

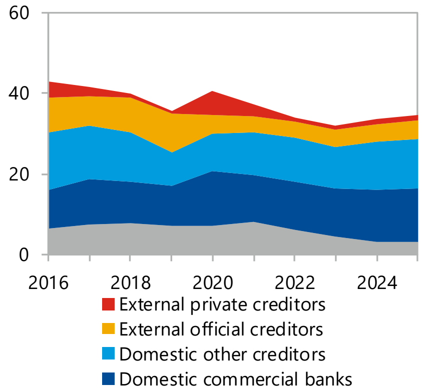
Figure 3. Sweden: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



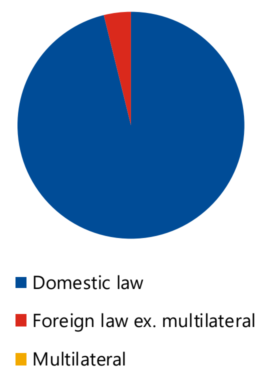
Note: The perimeter shown is general government.

Public Debt by Holder (Percent of GDP)



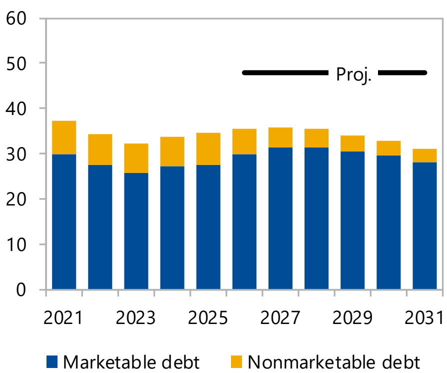
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2025 (percent)



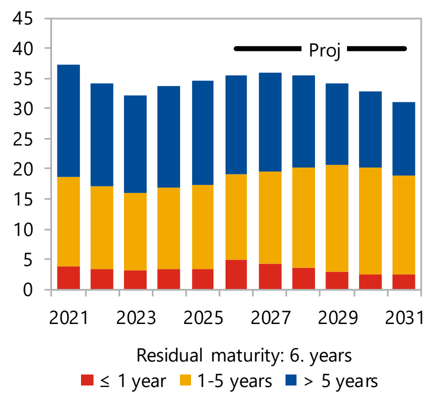
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is general government.

Commentary: The share of foreign currency debt in total debt is projected to decline steadily, reflecting the gradual unwinding of legacy FX-derivative exposures. Under the current debt management strategy, the central government will continue to issue limited volumes of foreign currency-denominated bonds, all of which will be fully hedged back into domestic currency, resulting in no net FX exposure. The maturity profile is expected to lengthen gradually, with a rising share of medium-term instruments. The bulk of public debt is marketable.

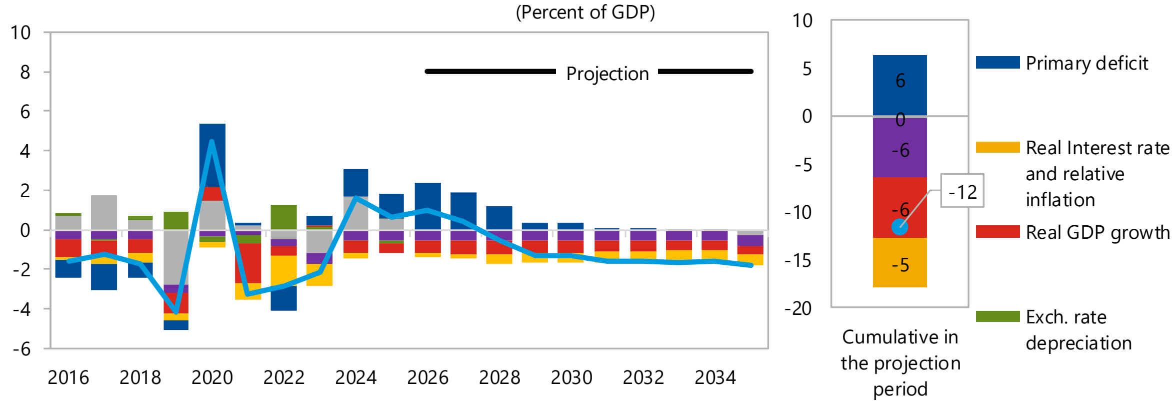
Figure 4. Sweden: Public DSA—Baseline Scenario

(Percent of GDP, unless otherwise indicated)

	Actual	Medium-term projection						Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	34.5	35.5	35.9	35.4	34.1	32.7	31.1	29.5	27.9	26.3	24.4
Change in public debt	0.6	1.0	0.4	-0.5	-1.3	-1.3	-1.6	-1.6	-1.6	-1.6	-1.8
Contribution of identified flows	0.0	1.0	0.4	-0.5	-1.3	-1.3	-1.6	-1.6	-1.6	-1.6	-1.6
Primary deficit	1.2	2.4	1.9	1.2	0.3	0.4	0.1	0.0	0.0	0.0	0.0
Noninterest revenues	47.1	46.6	46.6	47.1	47.2	47.2	47.2	47.2	47.2	47.2	47.2
Noninterest expenditures	48.3	49.0	48.5	48.3	47.5	47.6	47.3	47.2	47.2	47.2	47.2
Automatic debt dynamics	-0.6	-0.8	-0.9	-1.2	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.0
Real interest rate and relative inflation	0.0	-0.2	-0.2	-0.5	-0.4	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6
Real interest rate	0.0	-0.2	-0.2	-0.5	-0.4	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6
Relative inflation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real growth rate	-0.5	-0.7	-0.7	-0.7	-0.6	-0.6	-0.6	-0.5	-0.5	-0.5	-0.5
Real exchange rate	-0.1	…	…	…	…	…	…	…	…	…	…
Other identified flows	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Other transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2
Gross financing needs	11.0	8.4	9.8	6.7	6.1	5.7	5.5	5.6	5.5	5.5	4.2
of which: debt service	10.4	6.5	8.4	6.1	6.4	5.9	5.9	6.1	6.1	6.0	4.7
Local currency	10.0	6.3	8.1	5.1	5.4	5.4	5.7	5.9	5.9	5.9	4.6
Foreign currency	0.4	0.3	0.3	0.9	1.0	0.5	0.3	0.2	0.2	0.2	0.1
Memo:											
Real GDP growth (percent)	1.5	2.0	2.0	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Inflation (GDP deflator; percent)	1.7	1.9	1.9	2.6	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Nominal GDP growth (percent)	3.3	3.9	4.0	4.6	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Effective interest rate (percent)	1.8	1.3	1.3	1.1	0.9	0.7	0.5	0.4	0.3	0.2	0.1

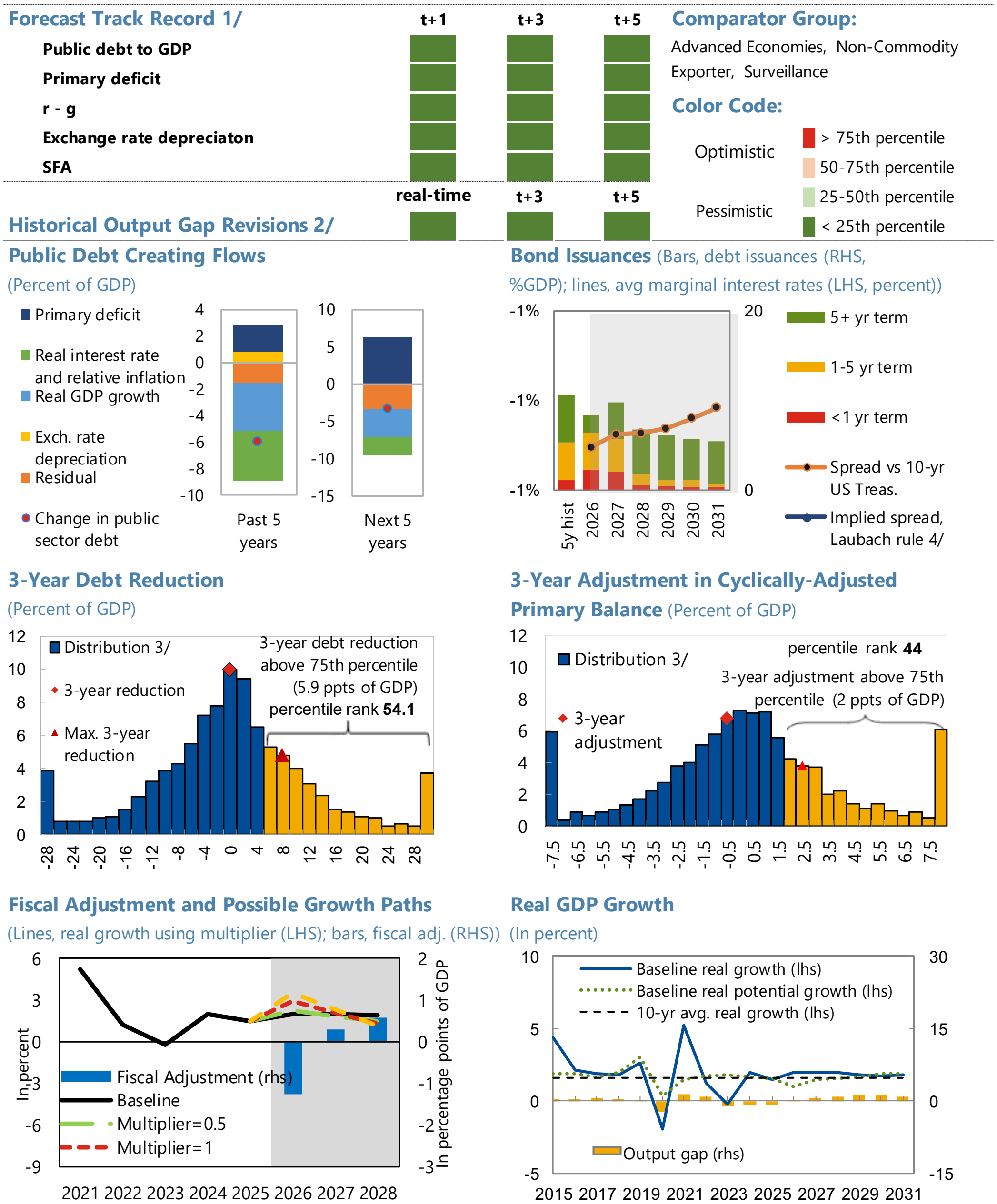
Contribution to Change in Public Debt

(Percent of GDP)



Commentary: Public debt in 2026 is projected to increase due to the weak growth and expansionary fiscal policy, while inflation partly offset the rise in percent of GDP. The 2026 Budget Bill envisages a substantial expansionary fiscal stance, causing public debt to increase until 2027. The authorities will adopt a balanced budget target starting 2027. However, temporary deviation from the target is allowed to finance new defense spending, leading to a deficit of 0.5 percent of GDP projected to close in 2033. Debt will gradually decrease starting 2028 as growth picks up.

Figure 5. Sweden: Realism of Baseline Assumptions



Commentary: Realism analysis does not point to major concerns: the projected fiscal adjustment and debt reduction are well within norms. Debt creation flows in projection years are also comparable to those in historical years.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

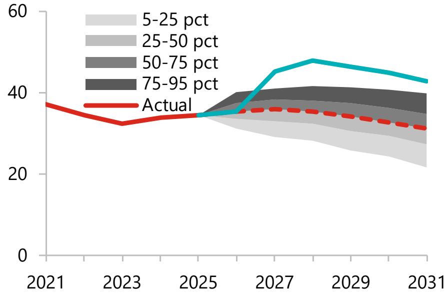
2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

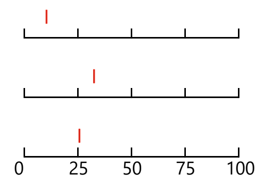
4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Figure 6. Sweden: Medium-Term Risk Analysis

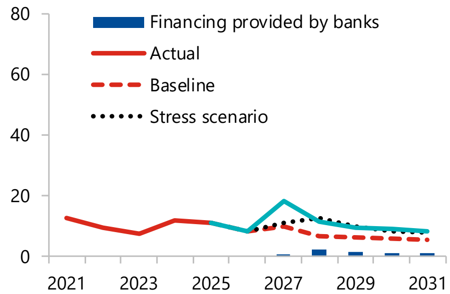
Final Fanchart (Percent of GDP)



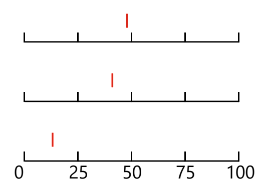
Debt fanchart module	Value	Contrib 1/	Percentile in peer group 2/
Fanchart width *(percent of GDP)*	18.0	0.3	
Probability of debt non-stabilizaiton *(percent)*	0.5	0.0	
Terminal debt-to-GDP x institutions index	4.9	0.1	
Debt fanchart index (DFI)		0.4	
Risk signal: 3/		**Low**	



Gross Financing Needs (Percent of GDP)



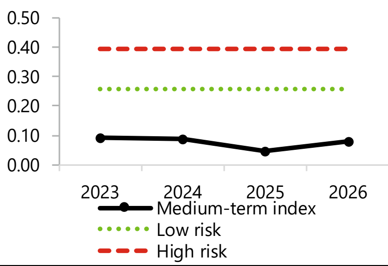
Gross financing needs (GFN) module	Value	Contrib 1/	Percentile in peer group 2/
Average baseline GFN *(percent of GDP)*	7.0	2.4	
Initial Banks' claims on the gen. govt *(pct bank assets)*	3.9	1.3	
Chg. In banks' claims in stress *(pct banks' assets)*	0.7	0.2	
GFN financeability index (GFI)		3.9	
Risk signal: 4/		**Low**	



Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	(normalized)	Weight	Contribution
Debt fanchart index	0.4	0.1	0.5	0.0
GFN finaceability index	3.9	0.1	0.5	0.0
Medium-term index		0.1		
Risk signal: 5/		**Low**		
Final assessment:		**Low**		

Prob. of missed crisis, 2026-2031, if stress not predicted: 0.0 pct.
Prob. of false alarms, 2026-2031, if stress predicted: 94.3 pct.

Commentary: Both medium-term tools point to low level of risk. The banking sector stress test was triggered because Sweden's credit private sector gap is larger than the quantitative trigger. Though size of Sweden's banking sector (about 300 percent of GDP) exposes the government to significant contingent liability risks, banks have thus far weathered well the tightening of financial conditions, reflecting the strength of banking supervision and macroprudential policies. The well-functioning resolution system implies that it is very unlikely for the government to assume 10 percent of banking sector assets as a liability.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is advanced economies, non-commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Figure 7. Sweden: Long-Term Risk Analysis

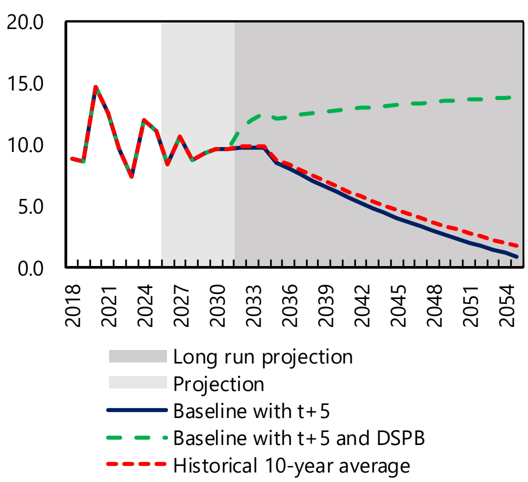
Triggered Modules

Large amortizations	Pensions	Climate change: Adaptation	Natural Resources
	Health	**Climate change: Mitigation**	

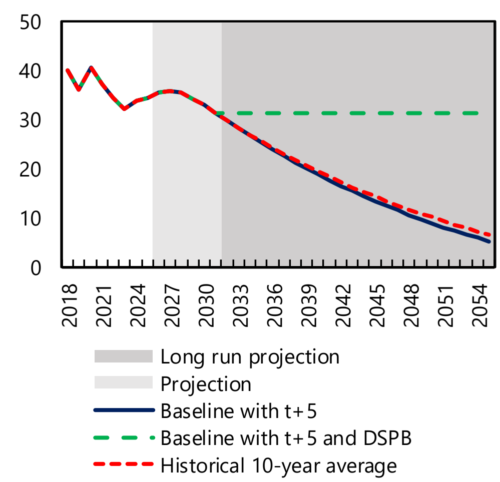
Long-Term Risk Assessment: Large Amortization

Projection	**Variable**	**Risk Indication**
Medium-term extrapolation	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	
Historical average assumptions	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	
Overall Risk Indication		

GFN-to-GDP Ratio

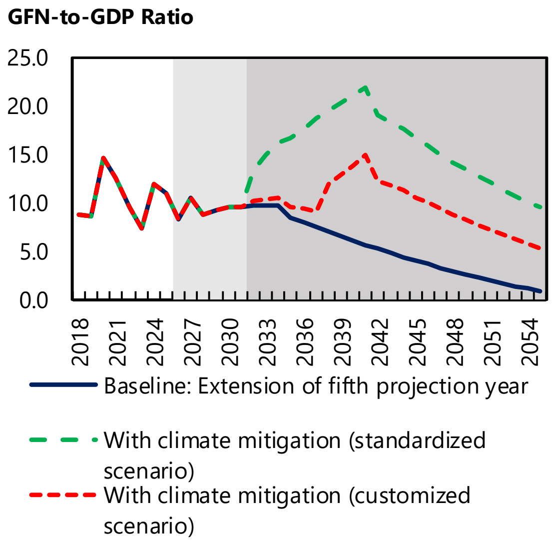


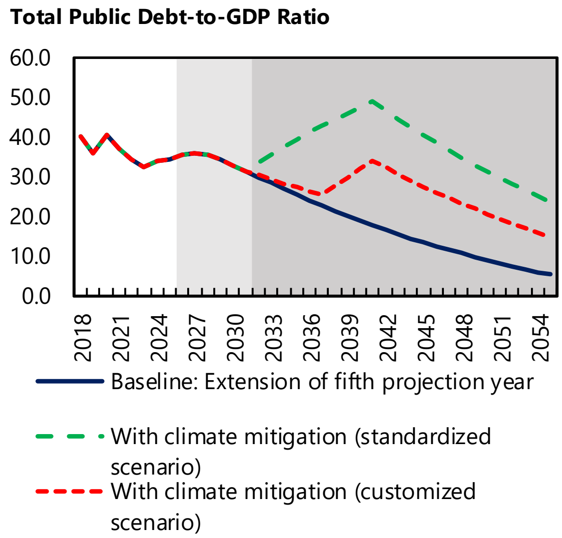
Total Public Debt-to-GDP Ratio



Commentary: Sweden's gross public debt is projected to decline in the long run. As such, and also given Sweden's fiscal framework and track record, the medium-term extrapolation with debt stabilizing primary balance scenario is extremely unlikely to happen. While nominal value of amortization exceeds historical average by more than one standard deviation, in part reflecting the recent ramp-up in defense spending, amortization in percent of GDP is consistent with historical observations. Overall, the potential risks from large debt amortization over the longer-term horizon is low.

Figure 7. Sweden: Long-Term Risk Analysis (concluded)





Commentary: Sweden has ambitious climate target of reaching zero net-emission in 2045, which triggers the climate mitigation module. While debt is projected to increase during the investment phase, it will decrease rapidly subsequently, and the peak is still below the EU Maastricht debt reference value of 60 percent of GDP. Further, debt projection in this scenario is unlikely to happen, as public climate spending is subject to the annual budgetary process. Staff assesses that the long-run risk in this scenario to be low.

Annex IV. Changes to Macroprudential Policy Settings and Framework

In April 2026 significant changes to Sweden's macroprudential architecture and BBMs entered into force. Preemptive adoption of an income-based measure would strengthen household and financial system resilience.

1. The settings for the existing BBMs were eased on April 1. The LTV limit for residential mortgages was raised from 85 to 90 percent, and the stricter amortization requirement for high LTI mortgages was abolished, effectively removing a soft-LTI limit.[1] Mortgage equity withdrawals are capped at 80 percent LTV, while the five-year limit on house revaluations was extended to also cover LTV-based borrowing capacity, not just the amortization requirement.[2]

Text Table. 1. Sweden: Borrower Based Measures on Mortgages

(Percent)

Measure	Current	New
LTV Limit	85	90
Amortization Requirements		
LTV > 50	1	1
LTV > 70	2	2
LTI > 450[1]	+1	…

[1] Additional requirement for mortgages with LTI>450

Source: FSA.

2. The relaxation of the BBM measures is expected to have small effects on house prices and output. An indicative study of eight episodes of LTV limit relaxations in Europe suggests an average increase in house prices of about 3 percent after one year, although effects vary widely across countries and Sweden's 5 pp LTV limit increase is small relative to the sample (see figure). Similar event studies of DSTI and DTI relaxations find economically insignificant effects on house prices. FSA (2017)[3] estimates that amortization requirements—including those applied to mortgages with LTVs above 50 percent—reduced house prices by about 4 percent. As fewer than 10 percent of borrowers have LTI ratios above 450, removing the additional amortization requirement for this group is likely to have a small impact. Regarding the impact on output, the main transmission from

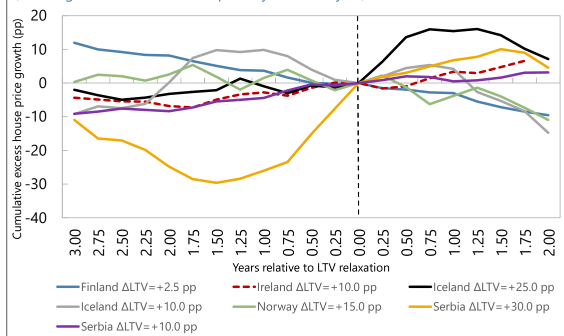
[1] For mortgages with LTV ratios below 50 percent, lenders would be encouraged, but not required, to promote amortization, with terms tailored to borrowers' circumstances.

[2] Earlier revaluation is allowed only in exceptional, property-specific cases where value increases stem from substantial renovations or similar factors rather than general market price growth. This rule prevents borrowers from rapidly monetizing short-term house price gains.

[3] FI-analysis No. 17 April 2017.

house prices to output seems to operate through consumption rather than residential investment. Based on the consumption–house price elasticity estimated by Gustafsson et al. (2015),[4] the wealth effect of a 3 percent increase in house prices is estimated at around 0.1 percent of GDP.

Event Study: Housing Prices Around LTV Relaxation
(Excess growth relative to European systematic cycle)



Sources: Haver Analytics, IMF, and IMF staff calculations.

3. **Household BBMs are governed by a new law rather than by FSA regulation**. Under the previous framework, the FSA could introduce BBMs for households through public-authority regulations subject to government approval. The activation time for new measures directed at households under the new revised arrangement would lengthen, as it would require parliament to act, although the government will be able to issue regulations in order to temporarily make the LTV limit more strict and to—in an extraordinary situation—temporarily exempt loans from the amortization requirement.

4. **The Riksbank has assumed responsibility for setting the CCyB and gained voting rights in the ESRB**. The FSA retains the right to comment before the Riksbank decides on the CCyB rate. These changes imply that Sweden will no longer have a single national authority with overarching responsibility for macroprudential policy. Instead, responsibilities are shared across institutions: BBMs directed at households will rest with the government and Parliament, the CCyB with the Riksbank, and the other macroprudential buffers with the FSA.

5. **Sweden's macroprudential toolkit would benefit from the addition of income-based measures to address residual vulnerabilities in household balance sheets**. Income-based measures (IBMs)—such as DTI, LTI, and DSTI caps—complement collateral-based tools by protecting borrowers against income and interest-rate shocks rather than solely against asset-price declines. This is particularly relevant for Sweden, where a large share of household mortgages carry a variable interest rate, amplifying sensitivity to interest rate movements and where the removal of the stricter amortization requirement effectively removed a soft-LTI constraint. By keeping debt service at a manageable share of income, IBMs lower the probability of default in both normal and stress conditions, help stabilize consumption by limiting the need for sharp spending cuts following adverse shocks, and act as an automatic stabilizer during credit booms by keeping loan sizes bounded by income even when asset prices surge. IBMs would complement existing supervisory practices and also serve consumer protection objectives. Numerical backstops provide an objective benchmark for assessing lending practices, helping prevent a gradual deterioration in underwriting standards that can be difficult to reverse.

6. **International experience suggests that IBMs are most effective when introduced preemptively, applied broadly, calibrated on robust data, and supported by clear**

[4] Gustafsson, Peter, Pär Stockhammar, and Pär Österholm. "Macroeconomic effects of a decline in housing prices in Sweden." Journal of Policy Modeling 38, no. 2 (2016): 242–255.

communication. Implementing IBMs before credit and asset-price booms take hold allows resilience to build gradually over time. Coverage should ideally extend to all major lenders, including nonbanks, to prevent leakages and should encompass total household debt if possible. Effective design and calibration of caps require granular data, such as those derived from credit registries or comprehensive survey data, while bank's assessment of borrower debt levels can alternatively rely on loan applications and expanded supervisory data could be used for ex-post monitoring in the absence of a credit registry. Well-calibrated speed-limit arrangements can preserve credit access while maintaining effectiveness of the measures.

Annex V. Risk Assessment Matrix[1]

Risks	Likelihood of Risk	Impact of Risk	Policy Response
Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions, and market volatility.	**H**	**Medium/High:** Being highly open, Sweden will be impacted by a more protracted global slowdown through weaker external demand, and direct exposures to an intensification of the war in Ukraine.	Allow automatic stabilizers to operate and adjust monetary policy settings as needed, depending on the outlook for inflation. Under severe downside scenarios, use the available fiscal space to provide well-targeted support. Support measures to strengthen the EU single market by lowering barriers to mobility of labor, capital, goods, and services.
Protectionism and Trade Disruptions. Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism.	**H**	**High:** Sweden is deeply embedded in GVCs, including trough large MNEs. Higher input costs, supply disruptions and changed trade patterns generate additional costs weighing on economic activity, real incomes and firm profitability.	In collaboration with partners, continue to support global cooperation and multilateralism. In the event of slowdown, adjust monetary policy as needed (depending on the outlook for inflation) and allow automatic stabilizers to operate. Accelerate structural reforms aimed at enhancing productivity and resilience.
Commodity Price Volatility. Supply and demand fluctuations (e.g., due to conflicts, export restrictions, OPEC+ decisions, and green transition) cause recurrent commodity price volatility, external and fiscal pressures, and food insecurity in EMDEs, cross-border spillovers, and social and economic instability.	**H**	**Medium:** As a commodity importer, Sweden would face rising costs for firms due to higher commodity prices, leading to increased inflation and a potential decline in private consumption and investment.	Enhance the resilience of the supply chains for essential commodities by diversifying suppliers. Provide targeted support to vulnerable households.
Disorderly AI Correction. An abrupt revision in expectations of strong AI-led productivity gains causes a sharp market correction, investment decline, and wealth loss, which suppress demand and tighten financial conditions globally.	**H**	**Medium:** The correction would result in a negative wealth shock to Swedish households, reflecting their substantial exposure to equities (including abroad, and lower consumption). Amid lower risk appetite, private investment would	Adjust monetary policy settings depending on the outlook for inflation. Allow automatic stabilizers to operate. Deploy discretionary fiscal stimulus only if domestic demand deteriorates significantly. Intensify monitoring of

[1] Based on the Global Risk Assessment as of February 2026. The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent).

Risks	Likelihood of Risk	Impact of Risk	Policy Response
		slow and the currency would depreciate. The tightening of financial conditions would negatively impact highly leveraged households and pockets of corporate exposures (CRE).	banks' balance sheets and risk management practices.
AI Acceleration. Rapid AI adoption significantly improves productivity, boosts growth, and revives business dynamism. Realizing these gains requires complementary policies to manage energy constraints, scale critical inputs, and support labor market transitions.	**M**	**High:** Sweden is well positioned to benefit from the adoption of AI, though associated labor-displacement risks are likely to be uneven and concentrated in a narrow set of occupations.	Expand active labor market (ALM) policies to facilitate the reallocation of exposed workers and implement education reforms to reduce skill mismatches in the labor market.
Cyberthreats. Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability.	**H**	**Medium:** Since Sweden is a highly digitalized economy, cyberattacks could significantly impair the functioning of the financial system and other critical systems, leading to substantial reputational risks and broader economic fallout.	Continue to invest in cyber defense by strengthening the operational resilience of the financial system, enhancing cyber risk mitigation through appropriate supervision, and promoting awareness and contingency planning for operational risks.
Domestic Risks			
Slower than anticipated private consumption. If consumer confidence falters, consumption growth might disappoint in 2026.	**M**	**Medium/High:** If consumer confidence weakens, or savings rate remain high, economic recovery could slowdown.	Depending on the outlook for inflation, adjust monetary policy settings as needed. Allow automatic stabilizers to operate. In case of a severe downturn, deploy targeted and temporary discretionary fiscal stimulus.
Systemic financial instability. A rapid recovery of credit growth and increasing real estate prices could result in the buildup of systemic risks, increasing the economy's exposure to risk-off episodes and tighter financial conditions.	**M**	**Medium:** While banks maintain strong capital buffers, a risk-off episode or tighter financial conditions would impact vulnerable balance sheets in the household and corporate sectors. A severe episode of financial instability could result in a potential restriction of credit supply.	Tighten the CCyB if credit growth accelerates markedly. Enhance data collection efforts to closely monitor recent developments and oversee banks' lending practices in the riskier segments. Adjust Pillar 2 requirements as needed. In case of a severe tightening of financial conditions if downside risks from the conflict in the Middle East materialize, release the CCyB.

Annex VI. Main Policy Recommendations of the External Review of Monetary Policy

The evaluation, prepared by Morten Ravn and Carolyn Wilkins and covers the 2014–2025 period, concludes that Sweden's monetary policy framework remains strong, credible, and well aligned with international best practices. However, recent shocks have exposed areas where governance, coordination, and analytical capacity could be strengthened to bolster policy effectiveness. The main policy recommendations of the evaluation are covered below.

1. A central priority is enhancing the Riksbank's framework for unconventional policy instruments. Establishing a more structured, ex-ante assessment of the net benefits of tools such as balance-sheet operations and negative interest rates—clearly distinguishing between market-functioning and monetary-stimulus objectives—would improve policy calibration and transparency. Predefined exit principles and conditionality-based communication would mitigate the procyclicality and rigidity observed during the 2020–21 reinvestment phase. Enhanced public communication on balance-sheet risks and policy tradeoffs would further reinforce accountability.

2. The burden placed on the central bank during the extended period of below-target inflation underscores the value of deeper information-sharing during downturns. A second recommendation concerns strengthening monetary–fiscal interaction, particularly in episodes where the policy rate is constrained by the effective lower bound. Better alignment between the NDO's issuance strategy and the Riksbank's unconventional operations would reduce consolidated interest-rate risk. The report also recommends reviewing the equity framework—especially the accounting of unrealized capital losses—to ensure that accounting practices do not inadvertently constrain policy implementation or distort risk-sharing between institutions.

3. The Riksbank should continue upgrading its forecasting and modelling capacity. The unprecedented shocks of 2021–22 revealed limitations in existing tools, including insufficient sensitivity to nonlinearities in price-setting, incomplete modelling of housing and fiscal dynamics, and over-reliance on baseline projections. Investments in real-time data and high-frequency nowcasting, further development of MAJA (the Riksbank's main structural model), and systematic incorporation of alternative scenarios would strengthen risk assessment. Formal participation of the Head of Research in Executive Board deliberations—without voting rights—could enrich internal debate and reduce the scope for group-think.

4. Financial-stability governance remains fragmented, **which could hinder the policy response under stress**. Responsibilities are split across the Riksbank, the FSA, and the SNDO. While coordination has improved, the absence of a unified financial stability framework could hinder timely and coherent responses under stress. Establishing clearer protocols for crisis-time consultation, publishing joint systemic-risk assessments, and enhancing alignment of borrower-based and liquidity tools would support the implementation of a more integrated macro-financial policy stance.

5. The evaluation calls for a comprehensive review of Sweden's external policy framework. According to the evaluation, the krona's persistent depreciation, Sweden's deep integration with the euro area, and evolving FX reserve-management practices warrant a reassessment of the external policy framework. A structured review of exchange-rate regime alternatives would allow authorities to weigh the stabilization benefits of a flexible currency against efficiency and integration with the euro gains. In addition, the Riksbank should formalize and publish a quantitative reserve-adequacy framework and clarify institutional responsibilities for reserve financing and FX hedging. An independent external review of Sweden's reserve framework would help benchmark practices and strengthen transparency.

Annex VII. Implementation of the 2023 FSAP Recommendations[1]

Recommendation	Horizon*	Status
Systemic Risk Analysis		
Employ structural models (household and CRE) to complement bank stress tests; develop tools to analyze contingent liquidity risks from derivatives loss of longer-term wholesale funding as well as corporate exposures for the largest banks.	I	FI has integrated structural models for CRE in the bank stress tests and has started to collect data on households' balance sheets. FI has developed a stress test for Nasdaq clearing.
Require investment funds to offer redemption terms that are aligned with the liquidity profile of their portfolio; consider price-and quantity-based measures (e.g., swing pricing and gates); and provide guidance on liquidity stress tests.	MT	Swing pricing regulation was introduced in July 2023, and FI has processed a large number of applications by fund managers. FI has also developed a liquidity stress test for investment funds to analyze systemic risks from their liquidity management, which are being used to evaluate systemic risks and have been incorporated into the supervisory process. The comprehensive EU framework on liquidity management will be transposed into national law an entered into force in July 1, 2026. Provisions in the Swedish UCITS Act on the redemption of fund units are being aligned with the minimum requirements of the UCITS Directive, including requirements to offer redemptions at least twice a month at reasonable intervals, or once a month where justified by unit holders' interests, and the introduction of a notice period of up to 10 banking days. FI has published guidance on liquidity stress testing to fund managers. (https://www.fi.se/sv/publicerat/rapporter/fi-analys/2022/fi-analys-37-stresstester-av-fonders-likviditetsrisker/)
Macroprudential Policies and Systemic Risk Oversight		
Introduce standards on the interest rate stress-tests that banks apply for mortgage loan applicants.	ST	Banks already calculate a discretionary income measure, which includes a stressed interest rate. FI has, so far, left the credit assessment to the banks, as they are responsible for assessing the repayment capacity of mortgagors. Furthermore, FI carries out stress-tests of new mortgagors in the yearly mortgage report.
Commission an independent study to determine the costs and benefits of the tax deductibility of mortgage interest.	MT	No study has been commissioned.

[1] Prepared by IMF staff based on inputs from the authorities.

Recommendation	Horizon*	Status
Consider higher capital requirements and/or buffers for banks' exposures to CRE risks.	ST	The period over which risk weight floors on banks' mortgage and CRE exposures would apply has been extended by two years.
FSC, FI, and the Riksbank to use soft powers and joint communication to ask CRE firms to disclose their contingency funding plans in annual reports and bond prospectuses.	ST	Riksbank and FI have been communicating regularly, including through their Financial Stability Reports, on the need for CRE firms to strengthen their balance sheets.
Banking Supervision and Regulation		
Increase resources to improve on the effectiveness of supervision and improve supervisory toolkit further by enhancing offsite monitoring and screening tools, automating the collection and analysis of supervisory data, improving internal supervisory manuals, and deploying risk dashboards covering all the key risks.	I	FI was granted a permanent increase of SEK 49 million to strengthen supervision in the 2026 budget. The funding will support intensified banking supervision through new recruitment and the development of a future technical platform to support supervisory work (*Digitala arbetsplatsen*). Continuous improvements are coordinated within the banking department MePro, a forum for supervisory methods and processes. The SREP process is being streamlined and new EBA guidelines will be incorporated into internal supervisory manuals, with implementation targeted for the 2027 SREP cycle. FI has also established a data council and launched dedicated central teams to develop AI tools to strengthen supervision and offsite monitoring.
Enhance supervision by: (i) increasing the frequency and intrusion of onsite inspections; (ii) comprehensive onsite inspection of banks, (iii) ongoing assessment of performance of the Internal Rating Based (IRB) models and banks' internal stress test processes, (iv) well-targeted thematic reviews for smaller institutions; and (v) heightened focus on small but high-risk institutions.	ST	FI uses a risk-based approach and aims to achieve intrusive supervision regardless of the type of supervisory activity. The review of the IRB models is ongoing, but several banks have withdrawn their applications due to quality concerns. The associated risks are being managed with P2R-add-ons. The new dashboard that was introduced two years ago is still in use and FI has increased its focus on smaller high-risk institutions. The watchlist process has been updated to better focus on small, high-risk institutions by gathering more information, considering additional risks such as liquidity and large exposures, and enhancing the selection process for the watchlist.
Continue integrating climate-related risks into supervisory processes and ensure alignment of practice with emerging international standards.	MT	FI is working on integrating climate-related risks into supervisory processes as part of the implementation of the EU's CRR3/CRD6. This includes developing procedures to assess banks' plans for managing climate risks and reviewing their preparedness to

Recommendation	Horizon*	Status
		incorporate such risks into stress testing. FI has integrated climate risk into the business model analysis, asking banks to detail their climate risk routines, strategies, governance, and activities, while awaiting updated SREP guidelines before incorporating climate risk into the scoring.
FI should strengthen its supervision of banks and VASPs targeted at ML/TF risks especially from cross-border operations by evolving risk management tools, collecting, and analyzing more granular data.	ST	Since early 2025, FI has collected more granular bank-level data on cross-border transactions exceeding SEK 25 billion, covering counterpart jurisdictions, transaction volumes, and total amounts. The data feeds into the risk identification framework that informs annual supervisory planning. Since 2022, FI has initiated or completed on-site inspections of eleven banks and three neo-banks. In 2026, FI plans to launch a comprehensive thematic review of correspondent banking and a more targeted review of employee screening, alongside ongoing efforts to strengthen AML/CFT supervision. Under the MiCA regulation, all VASPs are required to apply for a new license. To date, one license has been granted, one application rejected, four applications remain under review, and two entities did not apply.
Cyber Resilience		
Clarify roles and responsibilities for cyber security risk management; develop contingency plans and crisis protocols for large-scale attacks; enhance information sharing among agencies and with the financial sector.	I	In May 2026, Parliament passed a bill on operational crisis management in the financial sector. The bill establishes a coordination function for operational crisis management, comprising the Riksbank, FI, the SNDO, and systemically important financial institutions. It also includes measures to facilitate information sharing within this framework. The National Cyber Security Center (NCSC) is now under the leadership of the National Defence Radio Establishment. Within the framework of the NCSC "*Finansforum*," financial sector firms and public agencies share information and identify vulnerabilities and measures to improve resilience. The development of "*Finansforum*" to enhance information sharing between authorities and the private sector continues. In a proposal referred to the Council on Legislation, the government has put forward legislative measures to strengthen information sharing within

Recommendation	Horizon*	Status
		activities conducted under the NCSC. The Ministry of Finance is allocating responsibilities for cyber security risk management and coordinating interagency cooperation in the financial sector, and FI has been appointed as the authority responsible for the financial sector. FI cooperates with and exchanges information with the Swedish Civil Defence and Resilience Agency on information and communication technology-related incidents in the financial sector, reflecting its responsibilities as the competent authority for cybersecurity oversight and as Sweden's national incident response authority.
Establish and maintain a database of essential service providers and outsourcing arrangements, including to identify concentrations and dependencies.	I	Under the Digital Operational Resilience Act, financial entities are required to submit annual registers of information on third-party information and communication technology service providers to FI. FI has launched a project to analyze these registers to identify potential critical service providers and assess concentration risks in the financial sector.
Financial Market Infrastructures		
Strengthen legal frameworks for weakly regulated FMIs to enforce compliance with the PFMI and other guidelines; strengthen regulation, oversight, and supervision of key service providers Getswish and Finansiell ID-Teknik BID AB.	ST	A new law (2024:114) and FI regulation (2024:5) on clearing and settlement of payments, based on PFMI principles, came into force in 2024. The regulation governs the authorization, operation, organization, and supervision of clearing companies, covering aspects like corporate governance, risk management, and cybersecurity. GetSwish AB has been authorized as a clearing institution and is now under FI supervision. The Riksbank also oversees Finansiell ID-Teknik BID AB under the Sveriges Riksbank Act (2022:1568), conducted in line with a subset of the Principles for Financial Market Infrastructures.
Crisis Management, Resolution and Safety Nets		
Develop crisis management capacity within and between the authorities by formalizing a watchlist process to identify banks at risk of failure.	I	FI is making increased use of a watchlist and has introduced a dashboard to help identify banks at elevated risk of failure. A bank placed on the watchlist is subject to more strict supervision. Where applicable, there is communication between the relevant authorities regarding institutions at risk of

Recommendation	Horizon*	Status
		failure. Reporting has been tailored to the specific needs and profiles of each institution on the watchlist and is supplemented by additional information sources, including from the key risk indicator system (KRI), which was launched in 2024. FI is working on developing an internal crisis handbook.
Ensure bank resolution plans are fully operational by clarifying MREL regulation and removing other known barriers to resolvability; publish the approach for deploying bail-in and transfer tools and imposing losses on MREL holders.	I	Resolution plans will be updated in 2026 in line with requirements in the upcoming European Commission's delegated regulation on resolution plans. The SNDO published its bail-in mechanism in 2022. The SNDO continues to further operationalize the bail-in tool and has developed a joint playbook with the Swedish central securities depository Euroclear. Work on operationalizing the bridge institution tool is ongoing by setting up a public company that can be used as a bridge institution in resolution. The SNDO will publish its approach for the bridge institution tool but does not see at the moment the need to publish an approach for the sale of business tool since it is not part of the preferred or alternative resolution strategies for the current resolution entities. The authorities deem the current MREL policy as sufficiently clear in terms of calibration of requirements. Further refinements of the policy for breaches of MREL remain an open issue.
Publish a policy framework describing the lender of last resort bilateral liquidity facilities, including funding in resolution.	I	In June 2025, the Riksbank and the SNDO agreed and published a joint approach regarding liquidity provision in resolution.
CBDC and Fintech		
Extensively test the robustness and resilience of CBDC, and analyze the effectiveness of financial safeguards, and the impact on the payments and financial system.	ST	A technical Request for Information, which included a robustness chapter, and the last phase of the e-krona pilot were finalized in 2023. A Payments Inquiry report by Parliament concluded in 2023 that there is currently no need for an e-krona. The focus is on monitoring the development of the Digital Euro and maintaining dialogue with other central banks in the region.
Facilitate exchange of information and enhance understanding of risks between Fintech firms and supervisors; collect additional data to support a more comprehensive analysis of fintech firms and conduct	MT	FI conducted comprehensive analyses of Fintech companies operating in Sweden in three out of four business areas in 2024, and the remaining area were finalized. The analyses will inform FI's decisions regarding

Recommendation	Horizon*	Status
periodically a review of the adequacy of the regulatory perimeter.		potential changes to the monitoring and supervision routines of the sector. Through its innovation center, FI conducts ongoing analysis and outreach to fintech firms, with particular focus on the rapid growth of stablecoins in recent years.
*I—Immediate (within 1 year), ST—Short term (within 1–2 years), MT—Medium term (within 3–5 years).		

Annex VIII. Review of the Fiscal Policy Framework

1. **Following a parliamentary committee review, several changes to the fiscal policy framework are introduced**. Most notably is the surplus target for government net lending over the business cycle, which will be replaced with a balance target starting in 2027. The framework is reviewed every other parliamentary term (every eight years) by a parliamentary committee. Following an inquiry conducted by a committee (SOU 2024:76), formal amendments to the existing framework were proposed in the 2026 Budget Bill (Section 5.5). A new government letter describing the revised framework was subsequently issued (Skr. 2025/26:76), superseding the previous one.

2. **The key pillars of the fiscal policy framework remain unchanged**. The framework continues to rest on quantitative budgetary objectives, a stringent central government budget process, transparent and open communication, external monitoring, and periodic reviews. The core quantitative objectives comprise a balance target for general government net lending over the business cycle, a debt anchor, expenditure ceiling, and a balanced-budget requirement for local governments. These elements will continue to underpin fiscal policy going forward. The revision also clarifies the principles guiding fiscal policy for stabilization purposes and assigns new tasks to the Fiscal Policy Council (FPC).

3. **The general government net lending target over the business cycle will shift from a surplus of 0.3 percent of GDP to a balanced position, while the remaining quantitative targets will remain unchanged**. The debt anchor will continue to be set at 35 percent of GDP for gross consolidated general government debt, with a margin of plus or minus 5 pp, beyond which deviations must be explained and corrective measures outlined in a letter to the Riksdag accompanying the Spring Economic Bill. The expenditure ceilings will continue to support multi-year fiscal consistency, with a gradually narrowing budgeting margin to accommodate uncertainty: 3 percent for the third year ahead, 2 percent for the second year ahead, 1.5 percent for the following year, and 1 percent for the current year. Local governments will remain subject to a balanced-budget requirement.

4. **New tasks are assigned to the FPC**. The Council is now required, as part of the annual report, to assess the macroeconomic forecasts presented in the Budget Bill. The Council is also required to provide an opinion on the forecasts and assumptions underpinning the net expenditure path in the national medium-term fiscal and structural plan. In both cases, the NIER will support the FPC by providing analytical background. In addition, the FPC will publish its annual report in February rather than May, assessing compliance with the fiscal policy rules. It will also evaluate the consistency, coherence, and effectiveness of the fiscal policy framework, and may participate in meetings and public hearings of the Riksdag upon invitation.

5. **The role of fiscal policy in stabilization is clarified**. The revised principles provide guidance along three dimensions: when fiscal policy should actively contribute to cyclical stabilization, which instruments should be used, and how fiscal policy should coordinate with monetary policy.

6. For much of the period covered by the revised framework, defense spending and support to Ukraine will be treated separately. Under a parliamentary agreement reached on June 19, 2025, new defense spending and support to Ukraine may justify deviations from the 2026–2034 net lending balance target. Such spending will be financed gradually, with the net lending returning to balance by 2035 at the latest. From the Budget Bill for 2027 (to be published in 2026), progress in financing these measures will be reported in each Budget Bill. By 2030 at the latest, a new assessment of the security policy situation will be undertaken and a path for returning to the balanced target will be presented. Both the Spring Economic Bill and the Budget Bill will also report on the impact of new defense spending and support to Ukraine on the structural balance and any resulting deviations from the target.

Annex IX. Framework for Financing New Nuclear Power

1. **The Riksdag has approved a financing framework to support the construction of nuclear reactors with a total capacity of up to approximately 5,000 MWe**. The scale of investment receiving state support within this ceiling will depend on private-sector participation. The framework rests on three pillars, with specific terms for state loans, Contracts-for-Difference (CfDs), and risk-sharing arrangements to be determined through negotiations between the state and investors and, if necessary, adjusted to secure state-aid approval by the European Commission. The 2026 budget requests authorization for the state to enter loan and CfD agreements in 2026–27, subject to the ceilings specified in the bill. It sets a lending cap of SEK 220 billion (3.3 percent of 2025 GDP) and proposes a risk reserve of SEK 220 billion to allow for additional lending in the event of unforeseen cost overruns. The CfDs will secure the project companies' income during the period that they will repay the loans, with the duration of the price-hedging mechanism assumed to be 40 years per reactor.

2. **State loans constitute the primary instrument for lowering financing costs during the capital-intensive early phases of the projects**. During the construction and test-operation phases, the state will provide loans on favorable terms, covering a substantial share of total project costs. Favorable conditions are intended to lower overall financing costs, while project owners are expected to contribute sufficient equity to preserve incentives for efficient resource allocation and prudent risk-taking. Loan agreements will include provisions encouraging early repayment and refinancing through commercial markets once reactors are operational.

3. **The CfD is designed to reduce revenue uncertainty for nuclear investments by providing a price-hedging mechanism for electricity generation**. It sets a strike price (p) under which the state compensates the project company when market prices fall below p, while payments flow to the state when market prices exceed the strike price, with the strike price calibrated to deliver a return on equity commensurate with investor risk. Once reactors are operational, annual settlements will reflect the difference between the strike price and the average electricity price in the relevant bidding zone on the day-ahead market. The CfDs are intended to be structured as financial contracts based on a reference reactor capacity, thereby minimizing market distortions.

4. **The risk-and-profit-sharing mechanism is intended to balance investor protection with fiscal discipline by aligning returns with project risk**. It provides partial downside protection to project owners against risks that could adversely affect profitability, while allowing the state to share in upside outcomes if project performance is favorable. The mechanism operates by adjusting parameters of the state loans and the CfDs to ensure that returns on equity are proportionate to the level of risk borne by investors, thereby preserving incentives for efficient project execution while containing public exposure.

Annex X. The Productivity Commission Reports: A Reform Roadmap

1. **The Productivity Commission has presented two complementary reports outlining policy options across a wide range of sectors to strengthen Sweden's productivity growth**.[1] The reports conclude that Sweden's institutional framework continues to provide a solid foundation for a dynamic economy capable of sustaining productivity growth, and that reform efforts should focus on reinforcing its effective functioning. Key institutional pillars include a sound macroeconomic policy framework anchored by a credible fiscal framework and an independent central bank, a market-oriented economy guided by price signals, deep integration with the global economy, and a consensus-based society that helps contain wage–inflation pressures through the wage-setting mechanism.

2. **The importance of these institutional features is best illustrated in a historical context**. Many were central to the reform package proposed by the Lindbeck Commission during the 1990–94 financial crisis, one of the most severe recessions in modern Swedish history.[2] At the time, Sweden faced weak productivity growth, rapid nominal wage increases, extensive public involvement in the economy, large fiscal deficits and rising public debt, artificially low unemployment sustained by public employment, and a fragile currency peg marked by repeated devaluations. The ensuing reforms restored the effectiveness of stabilization policy, rebuilt confidence in the currency, and strengthened market-based resource allocation by redefining the role of the public sector in economic activity and improving labor-market incentives.

3. **The Commission identifies a set of further reforms to strengthen the resilience of Sweden's institutional framework by addressing remaining weaknesses and adapting it to a rapidly changing external environment**. These reforms span multiple sectors, with priority given to measures that strengthen market functioning and improve labor-market matching, where reforms to the public sector and housing market are expected to yield particularly large gains. Targeted reforms in the R&D system, capital markets, and energy supply would further help ensure that the economy remains well positioned amid rapid technological change, rising anti-globalization pressures, and the growing importance of intangible capital.

4. **Improving public-sector functioning would strengthen market mechanisms by facilitating the reallocation of resources toward more productive firms**. Reforms span a broad range of public-sector activities, including regulation, permitting processes, policy design, and public-sector productivity itself. Given the prominent role of municipalities in delivering public services, shaping urban development, and managing environmental protection, reforms at the local level are particularly important. Priorities include simplifying and harmonizing regulations across

[1] Established in 2023, the Commission produced an interim report (SOU 2024:29) followed by a final report (SOU 2025: 96).

[2] Lindbeck and other (1993) provide a summary of the reform measures proposed in the report (SOU 1993: 16); See Lindbeck (1997) for a reflection on the reform agenda in a broader context of the Swedish economic model in modern history.

regions and avoiding the over-implementation of EU-level reforms (gold-plating), streamlining and reducing uncertainty in permitting processes, strengthening socio-economic impact assessments (including through the use of policy sandboxes) and piloting of new policies, and improving public-sector productivity by refocusing on core functions, reducing administrative burdens, fostering institutional learning, and leveraging digitalization and AI. The commission takes a cautious stance regarding the use of industrial policy and privatization, recognizing the need for close monitoring stemming from any whose potential adverse outcomes.

5. Addressing inefficiencies in the housing and rental markets is essential for improving labor-market functioning. Persistent housing market frictions have become a major obstacle to labor mobility, constraining firms' ability to recruit workers and limiting the growth of production hubs. Many public-sector challenges are particularly acute in the construction sector, where complex permitting procedures, inconsistent application of rules across municipalities, and weak incentives for local authorities to grant development rights hinder new construction and dampen competition. On the demand side, the rent-setting system and distortions in housing-related taxation further exacerbate market imbalances.

6. While Sweden's labor market performs well, targeted improvements could yield substantial gains. Skill mismatches and long-term unemployment remain key challenges. Expanding adult education, vocational education and training, and work-based learning would help workers adapt to evolving skill demands, while stronger alignment between education outcomes and labor-market needs would support smoother school-to-work transitions. Labor-market programs could be better tailored to individuals outside the labor force, and greater flexibility in wage formation would allow relative wages to adjust more readily to market conditions in a rapidly changing economy.

7. Other institutional pillars would also benefit from reforms to better meet demands in a new environment. Further strengthening the R&D framework, including deeper integration between the public sector, industry, and academia, will be essential. Capital markets will need to adapt to provide financing better suited to firms with largely intangible assets, while Sweden's strong venture-capital ecosystem remains a key advantage for high-risk innovation. Finally, continued leverage of Sweden's comparative advantage in fossil-free electricity generation will be important to meet rising private-sector energy demand, including from emerging energy-intensive activities such as data centers.

Annex XI. Data Issues

Table 1. Sweden: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating[1]

A

Questionnaire Results[2]

Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Intersectoral Consistency	Median Rating
	A	A	A	A	A	A	A

Detailed Questionnaire Results

Data Quality Characteristics						
Coverage	A	A	A	A	A	
Granularity[3]	A		A	A	A	
			A		A	
Consistency			A	B		A
Frequency and Timeliness	A	A	A	A	A	

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

[1]The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.

[2]The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).

[3]The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Data produced by Statistics Sweden, Riksbank, the Ministry of Finance, Finansinspektionen, and other national sources is adequate for surveillance. The large and volatile errors and omissions in the balance of payments likely reflect measurement issues in the financial account, and work is ongoing to improve the statistics.

Changes since the last Article IV consultation The broad assessment of data adequacy is unchanged from the previous Article IV consultation. No new data weaknesses have been identified since the last Article IV consultation, and the authorities have made improvements in the compilation of CPI statistics.

Corrective actions and capacity development priorities N.A.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use any data and/or estimates in the staff report in lieu of official statistics.

Other data gaps. The lack of granular data on household balance sheets impacts the analysis of financial stability risks associated to household debt.

Table 2. Sweden: Data Standards Initiatives

Sweden adheres to the Special Data Dissemination Standard (SDDS) Plus since February 2015 and publishes the data on its National Summary Data Page. The latest SDDS Plus Annual Observance Report is available on the Dissemination Standards Bulletin Board (https://dsbb.imf.org/).

Table 3. Sweden: Table of Common Indicators Required for Surveillance

As of June 10, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[7]	Frequency of Reporting[7]	Expected Frequency[7,8]	Announced Frequency[9]	Expected Timeliness[7,8]	Announced Timeliness[9]
Exchange Rates	2026-06-10	2026-06-10	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	2026-03	2026-06	Q	Q	M	M	1W	1M
Reserve/Base Money	2026-04	2026-05	M	M	M	W	2W	2D
Broad Money	2026-04	2026-05	M	M	M	M	1M	1M
Central Bank Balance Sheet	2026-05	2026-06	M	M	M	W	2W	2D
Consolidated Balance Sheet of the Banking System	2026-04	2026-05	M	M	M	M	1M	1M
Total assets of other depository corporations[2]	2025-05	2025-06	M	M	M	M	1M	1M
Total credit from other depository corporations[2]	2025-05	2025-06	M	M	M	M	1M	1M
Interest Rates[3]	2026-06-10	2026-06-10	D	D	D	...	...	...
Consumer Price Index	2026-05	2026-06	M	M	M	M	1M	NLT 2W
Revenue, Expenditure, Balance and Composition of Financing[4]-General Government[5]	2025-12	2026-03	A	A	A	...	2Q	...
Revenue, Expenditure, Balance and Composition of Financing[4]-Central Government	2026-04	2026-05	M	M	M	M	1M	NLT 1W
Stocks of Central Government and Central Government-Guaranteed Debt[6]	2026-04	2026-05	M	M	Q	M	1Q	NLT 1W
Total stock of General Government Debt[5]	2025-12	2026-03	A	A	Q	Q	4M	1Q
External Current Account Balance	2026-03	2026-06	Q	Q	Q	Q	1Q	2M
Exports and Imports of Goods and Services	2026-04	2026-05	M	M	M	M	8W	1M
GDP/GNP	2026-03	2026-06	Q	Q	Q	Q	1Q	2M
Gross External Debt	2025-12	2026-03	Q	Q	Q	Q	1Q	8W
International Investment Position	2025-12	2026-03	Q	Q	Q	Q	1Q	8W

Table 3. Sweden: Table of Common Indicators Required for Surveillance (concluded)

[1] Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

[2] Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

[3] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[4] Foreign, domestic bank, and domestic non-bank financing.

[5] The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments. The total stock of general government debt is required for SDDS Plus countries and encouraged for SDDS and e-GDDS countries.

[6] Including currency and maturity composition.

[7] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semi-annual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[8] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan. Indicators that are not in the IMF Data Standards Initiatives are shown as "...".

[9] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".

INTERNATIONAL MONETARY FUND

SWEDEN

June 29, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By | European Department

CONTENTS

FUND RELATIONS ____ 2

FUND RELATIONS

(As of April 30, 2026)

Membership Status: Joined: August 31, 1951; Article VIII.

General Resources Account:	**SDR Million**	**Percent of Quota**
Quota	4,430.00	100.00
Fund holdings of currency (Exchange Rate)	3,225.39	72.81
Reserve Tranche Position	1,206.06	27.22
Lending to the Fund		

SDR Department:	**SDR Million**	**Percent Allocation**
Net cumulative allocation	6,494.92	100.00
Holdings	6,934.47	106.77

Outstanding Purchases and Loans: None

Latest Financial Arrangements: None

Projected Payments to the Fund:

(SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2026	2027	2028	2029	2030
Principal	…	…	…	…	…
Charges/Interest	…	0.03	0.03	0.03	0.03
Total	…	0.03	0.03	0.03	0.03

Exchange Rate Arrangements: The de jure and de facto exchange arrangements are classified as free floating. Sweden accepted the obligations of Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement, and maintains an exchange system free of multiple currency practices and restrictions on payments and transfers for current international transactions, except those notified to the Fund in accordance with Decision No. 144-(52/51).

Article IV Consultation: Sweden is on a 12-month consultation cycle.

FSAP Participation: A mandatory FSAP has been conducted in time for the 2023 Article IV consultation, in line with the five-year cycle for members or members' territories with financial sectors that are determined to be systemically important pursuant to Decision No. 15495-(13/111), adopted December 6, 2013.