

Press release

6 May 2026

Swedbank Economic Outlook: Sweden's economy demonstrates resilience in the wake of war

The global economy has again been plunged into high uncertainty, driven by the war in the Middle East. The Swedish economy will slow down temporarily, but its starting point is relatively favourable, and a recovery will follow. Despite increased inflationary pressures resulting from the war, the Riksbank will leave the policy rate unchanged, according to Swedbank Economic Outlook.

“Price increases will be more extensive because of the war, but we’re coming from a good starting point where several factors are counteracting a sharper increase. We expect inflation in Sweden to remain below the Riksbank’s inflation target in both 2026 and 2027, which will soften the impact on households and boost resilience in the Swedish economy,” says Mattias Persson, Group Chief Economist, Swedbank.

The war in the Middle East is putting pressure on the global economy, with rising inflationary pressure. Growth is being dampened in nearly all countries, albeit to varying degrees. Swedbank’s forecasts are based on oil prices gradually declining in the coming period, in line with futures pricing. Downside risks dominate overall.

The Riksbank will leave the policy rate unchanged

Inflation has fallen significantly in Sweden and is clearly below the Riksbank’s target. An important explanation is the appreciation of the Swedish krona last year; this will also cause inflation to dampen going forward. With inflation below the target, the Riksbank will not need to raise the policy rate.

“With the latest inflation shock in recent memory, the Riksbank will remain vigilant when it comes to rising inflation and broader price increases. But with weaker resource utilisation and lower growth this year, our assessment is that the Riksbank will leave the rate unchanged in 2026 and 2027,” says Mattias Persson.

Swedish household consumption will continue to rise

Following last year’s steady increase in consumption, growth dampened somewhat at the beginning of this year. Above all, goods consumption has driven the trend, while demand for services has been weaker. Going forward, household purchasing power will gain strength, supported by expansionary fiscal policy and low inflation.

“The stage is set for continued growth in consumption. At the same time, Swedish households will remain cautious, and we expect the savings rate to stay high in the future,” says Mattias Persson.

A time of transition for the Swedish labour market

Sweden's labour market has clearly gained strength since the summer of 2025. Employment has risen, and the increase is now being seen in more industries. In recent months, however, progress has been more sluggish, and the recovery is expected to be slow during the rest of this year.

“As the Swedish economy continues to gain strength, we expect unemployment to fall to 7.8 per cent at the end of 2027. At the same time, it's clear that the Swedish labour market is in transition. Employment is growing, supported by defence investments, while AI tools are starting to affect the labour market; different age groups are being impacted to varying degrees,” says Mattias Persson.

A new normal on the Swedish housing market

Housing prices rose slightly during the beginning of this year, and housing transactions have returned to normal levels, although selling times remain longer than usual. Activity on the housing market is expected to rise somewhat this year compared with 2025, supported by a rise in purchasing power as well as by stable rates and eased mortgage regulations.

“We expect housing prices in Sweden to rise by about 3 per cent both this year and next. At the same time, price increases are being held back by increased risk awareness among households – and because rates are higher now than they were during the ultra low-rate period,” says Mattias Persson.

The Swedish economy will be resilient

The outbreak of war in the Middle East is expected to dampen growth in the near term, after which the Swedish recovery will pick up speed again. Overall, Swedbank expects Swedish GDP to rise by 1.8 per cent this year and 2.4 per cent next year. Public-sector investments are expected to remain an important contributor to growth in the future, with a combined increase of about 6.5 per cent this year and next year.

“The Swedish economy is expected to stay relatively resilient in the wake of the war in the Middle East. Our alternative scenario, however, indicates that Sweden's economic performance could worsen significantly if the war is prolonged, and if energy prices keep rising and remain on a high level,” says Mattias Persson.

The report is attached to this press release and is available on Swedbank's website, www.swedbank.com/seo.

Contact:

Mattias Persson, Group Chief Economist, tfn +46 73 094 29 56,
e-mail mattias.persson@swedbank.se
Johanna Zelazny, Press Officer, tfn +46 72 217 10 24,
e-mail johanna.zelazny@swedbank.se

Appendix.

Swedbank's GDP forecast

Annual % change, calendar-adjusted	2025	2026F	2027F
US	2.1	2.0 (2.4)	2.0 (2.0)
China	5.0	4.6 (4.5)	4.3 (4.2)
Euro area	1.5	0.9 (1.2)	1.3 (1.5)
Germany	0.4	0.5 (0.9)	1.2 (1.4)
France	0.9	0.8 (0.9)	1.0 (1.1)
Italy	0.7	0.5 (0.6)	0.7 (0.9)
Spain	2.8	2.1 (2.2)	1.7 (1.7)
Estonia	0.6	2.0 (2.3)	2.5 (2.6)
Latvia	2.1	1.9 (2.3)	2.3 (2.5)
Lithuania	2.9	3.0 (3.5)	2.3 (2.5)
Finland	0.2	0.9 (1.2)	1.5 (1.6)
Sweden	1.8	1.8 (2.6)	2.4 (2.2)
Norway (mainland)	1.8	1.7 (1.4)	1.6 (1.4)
United Kingdom	1.4	0.6 (1.0)	1.2 (1.5)

Preceding forecast in parentheses.

Source: Swedbank Research

SWEDEN: Key economic indicators, 2025-2027

Annual % change unless stated otherwise	2025	2026F	2027F
Real GDP growth (calendar-adjusted)	1.8	1.8 (2.6)	2.4 (2.2)
Real GDP growth per capita (calendar-adjusted)	1.7	1.7 (2.4)	2.3 (2.1)
Real GDP growth	1.5	2.1 (2.9)	2.7 (2.5)
Household consumption	1.5	2.2 (3.0)	2.7 (2.4)
Government consumption	0.7	2.9 (2.4)	1.5 (2.0)
Gross fixed capital formation	2.0	2.7 (3.5)	4.1 (4.1)
private excluding housing	0.2	1.5 (3.4)	3.2 (3.1)
public & NPISH	9.0	6.5 (5.0)	6.2 (6.5)
housing	0.1	2.4 (2.4)	4.9 (5.0)
Exports, goods and services	3.9	2.4 (4.2)	3.2 (3.0)
Imports, goods and services	4.3	3.2 (4.3)	3.4 (3.5)
Change in inventories (contribution to GDP)	0.2	0.0 (-0.1)	0.1 (0.0)
Domestic demand, excl. inventories (contribution to GDP)	1.4	2.5 (2.9)	2.7 (2.6)
Net exports (contribution to GDP)	-0.1	-0.3 (0.1)	0.0 (-0.2)
CPI (average)	0.7	0.8 (0.4)	1.5 (1.6)
CPIF (average)	2.6	1.5 (1.0)	1.3 (1.5)
CPIF excluding energy (average)	2.8	1.0 (1.1)	1.8 (1.8)
Riksbank policy rate (December)	1.75	1.75 (1.75)	1.75 (2.00)
Unemployment (% of labour force, 15-74)	8.8	8.5 (8.7)	8.1 (8.0)
Labour force (15-74)	0.9	0.6 (0.7)	0.5 (0.3)
Employment (15-74)	0.4	1.0 (0.9)	0.9 (1.0)
Employment rate (% of population, 15-74)	69.0	69.5 (69.4)	70.1 (70.1)
Number of hours worked (calendar-adjusted)	-0.3	0.6 (1.3)	1.3 (1.0)
Nominal hourly wage (NMO, whole economy)	3.7	3.4 (3.4)	3.3 (3.3)
Household real disposable income	1.7	2.8 (3.2)	2.4 (2.1)
Household own savings (% of disposable income)	6.9	7.4 (7.3)	7.2 (7.0)
Balance of goods and services (% of GDP)	2.1	1.4 (2.6)	1.4 (2.2)
Current account balance (% of GDP)	5.2	4.1 (5.3)	3.7 (4.6)
General government budget balance (% of GDP)	-1.5	-2.6 (-2.0)	-2.4 (-2.2)
General government debt (Maastricht, % of GDP)	35.1	36.9 (35.5)	37.9 (36.6)

Preceding forecast in parentheses

Sources: Statistics Sweden & Swedbank Research

Interest and exchange rate forecasts

	Outcome 2026 04 May	Forecast 2026 30 Jun	2026 31 Dec	2027 30 Jun	2027 31 Dec
Policy rates (%)					
Federal Reserve, USA (upper bound)	3.75	3.75	3.25	3.25	3.25
European Central Bank (refi rate)	2.15	2.40	2.65	2.65	2.15
European Central Bank (deposit rate)	2.00	2.25	2.50	2.50	2.00
Bank of England	3.75	4.00	4.00	4.00	3.50
Riksbank	1.75	1.75	1.75	1.75	1.75
Norges Bank	4.00	4.25	4.25	4.00	4.00
Government bond rates (%)					
US 2y	3.95	3.70	3.50	3.40	3.40
US 5y	4.08	3.90	3.70	3.60	3.60
US 10y	4.45	4.30	4.20	4.20	4.20
Germany 2y	2.68	2.60	2.50	2.30	2.20
Germany 5y	2.77	2.70	2.60	2.50	2.40
Germany 10y	3.05	2.90	2.90	2.80	2.80
Exchange rates					
EUR/USD	1.17	1.18	1.20	1.21	1.22
EUR/GBP	0.86	0.87	0.87	0.86	0.86
EUR/SEK	10.84	10.75	10.65	10.45	10.40
EUR/NOK	10.83	10.90	11.00	11.05	11.10
USD/SEK	9.26	9.11	8.88	8.64	8.52
USD/CNY	6.83	6.75	6.65	6.65	6.65
USD/JPY	157.1	155.0	150.0	146.0	143.0
NOK/SEK	1.00	0.99	0.97	0.95	0.94
KIX (trade-weighted SEK)	116.9	115.8	114.4	112.0	111.3

Sources: Swedbank Research & Macrobond

Swedish interest rate forecasts (%)

	Outcome 2026 04 May	Forecast 2026 30 Jun	2026 31 Dec	2027 30 Jun	2027 31 Dec
STIBOR 3m	2.09	2.00	1.95	1.95	1.95
Government bond yields					
2y	2.44	2.30	2.10	2.10	2.10
5y	2.59	2.50	2.40	2.40	2.40
10y	2.89	2.80	2.70	2.70	2.70
Swap rates					
2y	2.62	2.50	2.30	2.30	2.30
5y	2.79	2.70	2.60	2.60	2.60
10y	3.02	2.90	2.90	2.90	2.90

Sources: Swedbank Research & Macrobond