Press release

25 August 2026

Swedbank Economic Outlook: Resilience amid global uncertainty

The Swedish and global economies have shown resilience despite continued turbulence in the Middle East. Swedish growth is expected to stabilise at around 2 per cent in the coming years, driven mainly by domestic demand. As the recovery continues and inflation rises, the Riksbank will start hiking the policy rate at the end of this year. Regardless of the outcome of Sweden's upcoming election, the scope for fiscal reform will remain limited, meaning that the election result is expected to have no material impact on economic conditions, according to Swedbank Economic Outlook.

"Swedish household consumption has been increasing since 2024, driven by rising real incomes. We expect this trend to continue. At the same time, we're seeing a rapid rise in public consumption and investments, mainly because of the ongoing defence build-up. But exports will also support growth in the years to come, making an important contribution to the recovery alongside stronger domestic demand," says Mattias Persson, Group Chief Economist, Swedbank.

Overall, Swedbank forecasts that Swedish GDP will rise by about 2 per cent annually during 2026–2028. The economic recovery is anticipated to lead to a clear improvement on the labour market as from next year, and unemployment is expected to decline to 7.3 per cent at the end of 2028.

The Riksbank will hike the policy rate

Swedish inflation is low but will rise gradually during the next six months. Underlying inflation, excluding energy and temporary fiscal measures, will rise to just over 2 per cent at the end of this year and 2.7 per cent at the beginning of next year. Accordingly, Swedbank expects the Riksbank to hike the policy rate by 0.25 per cent in November 2026 and again in February 2027, to 2.25 per cent.

"As inflation rises and the Swedish economic recovery continues, we anticipate that the Riksbank will want to normalise monetary policy. Indicators point to increased price pressure, and delayed impacts of the war in the Middle East are expected to contribute to higher prices for goods and services going forward. Freight prices have also risen, and extreme weather is cause for concern. As inflation approaches a level above the target, we see the Riksbank hiking the policy rate in November and again at the beginning of next year," says Mattias Persson.

Swedish housing prices rise at a moderate pace

The Swedish housing market has stabilised; prices as well as the number of housing transactions have risen. Housing prices are expected to increase by about 4 per cent this year.

“Next year we expect to see somewhat lower activity on the housing market, as housing demand will be held back by higher mortgage rates resulting from a higher policy rate. We forecast that housing prices will rise by about 2 per cent per year in the next two years,” says Mattias Persson.

The Swedish election will have only a limited impact on the economy

Swedbank expects around SEK 15 billion in unfinanced reforms next year and SEK 25 billion in 2028. This would entail a budget deficit for the public sector throughout the two-year forecast period. Sweden’s Maastricht debt will rise gradually but will remain below the debt anchor’s upper limit of 40 per cent of GDP.

“Even though Sweden will replace the surplus target with a balanced-budget target from 2027, the scope for unfinanced reforms will be much more limited than it has been in previous electoral terms. Sweden has an advantage over many other countries thanks to its low public debt but maintaining that advantage requires a return to the fiscal framework we have established. That’s especially clear if you look at the increase in long-term rates that we’ve seen in recent weeks,” says Mattias Persson.

Climate change is affecting the economy

This summer’s record-breaking heat has affected both the Swedish and European economies. In Sweden, higher electricity prices will cause inflation to rise by 0.2 percentage points this year. Other climate-related risks, such as disruptions to supply chains and global food production, represent a clear upside risk to inflation. In Europe, efforts to restore areas affected by recent fires will be costly, putting additional pressure on already-strained public finances.

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

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Appendix.

Swedbank's GDP forecast

Annual % change, calendar-adjusted	2025	2026F		2027F		2028F
US	2.1	2.2	(2.0)	2.1	(2.0)	2.0
China	5.0	4.6	(4.6)	4.3	(4.3)	4.2
Euro area	1.3	0.9	(0.9)	1.3	(1.3)	1.4
Germany	0.3	0.9	(0.5)	1.0	(1.2)	1.2
France	0.9	0.6	(0.8)	0.9	(1.0)	1.1
Italy	0.7	0.9	(0.5)	0.7	(0.7)	0.7
Spain	2.8	2.5	(2.1)	1.9	(1.7)	1.7
Estonia	1.3	2.0	(2.0)	2.5	(2.5)	2.4
Latvia	2.1	2.3	(1.9)	2.3	(2.3)	2.5
Lithuania	2.9	3.0	(3.0)	2.3	(2.3)	2.5
Finland	0.8	2.2	(0.9)	1.8	(1.5)	1.8
Sweden	1.8	2.0	(1.8)	2.0	(2.4)	1.8
Norway (mainland)	1.7	1.5	(1.7)	1.3	(1.6)	1.8
United Kingdom	1.3	1.1	(0.6)	1.1	(1.2)	1.3

Preceding forecast in parentheses.

Source: Swedbank Research

SWEDEN: Key economic indicators, 2025-2028

Annual % change unless stated otherwise	2025	2026F		2027F		2028F
Real GDP growth (calendar-adjusted)	1.8	2.0	(1.8)	2.0	(2.4)	1.8
Real GDP growth per capita (calendar-adjusted)	1.6	1.9	(1.7)	1.9	(2.3)	1.8
Real GDP growth	1.5	2.2	(2.1)	2.2	(2.7)	1.6
Household consumption	1.9	2.2	(2.2)	2.0	(2.7)	1.6
Government consumption	1.0	1.9	(2.9)	1.8	(1.5)	1.0
Gross fixed capital formation	2.1	3.8	(2.7)	3.2	(4.1)	2.5
private excluding housing	1.0	1.8	(1.5)	2.7	(3.2)	2.4
public & NPISH	8.3	9.9	(6.5)	3.9	(6.2)	2.6
housing	-2.7	2.7	(2.4)	4.5	(4.9)	3.1
Exports, goods and services	3.8	4.0	(2.4)	3.0	(3.2)	2.8
Imports, goods and services	4.3	5.0	(3.2)	2.8	(3.4)	2.9
Change in inventories (contribution to GDP)	0.2	0.2	(0.0)	-0.1	(0.1)	0.0
Domestic demand, excl. inventories (contribution to GDP)	1.7	2.4	(2.5)	2.2	(2.7)	1.6
Net exports (contribution to GDP)	-0.1	-0.4	(-0.3)	0.1	(0.0)	0.0
CPI (annual average)	0.7	0.9	(0.8)	2.8	(1.5)	1.7
CPIF (annual average)	2.6	1.5	(1.5)	2.1	(1.3)	1.6
CPIF excluding energy (annual average)	2.8	0.9	(1.0)	2.2	(1.8)	2.0
Riksbank policy rate (December)	1.75	2.00	(1.75)	2.25	(1.75)	2.25
Unemployment (% of labour force, 15-74)	8.8	8.6	(8.5)	8.0	(8.1)	7.5
Labour force (15-74)	0.9	0.4	(0.6)	0.4	(0.5)	0.3
Employment (15-74)	0.4	0.6	(1.0)	1.1	(0.9)	0.8
Employment rate (% of population, 15-74)	69.0	69.2	(69.5)	70.0	(70.1)	70.6
Number of hours worked (calendar-adjusted)	-0.3	0.4	(0.6)	1.5	(1.3)	0.6
Nominal hourly wage (NMO, whole economy)	3.6	3.4	(3.4)	3.2	(3.3)	3.2
Household real disposable income	0.9	2.6	(2.8)	1.6	(2.4)	1.5
Household own savings (% of disposable income)	6.1	6.4	(7.4)	6.1	(7.2)	6.1
Balance of goods and services (% of GDP)	2.8	1.7	(1.4)	1.7	(1.4)	1.7
Current account balance (% of GDP)	5.8	4.6	(4.1)	4.4	(3.7)	4.3
General government budget balance (% of GDP)	-1.3	-1.9	(-2.6)	-1.8	(-2.4)	-1.3
General government debt (Maastricht, % of GDP)	35.1	36.3	(36.9)	36.6	(37.9)	37.7

Preceding forecast in parentheses
Sources: Statistics Sweden & Swedbank Research

Interest and exchange rate forecasts

	Outcome 2026 21 Aug	Forecast 2026 31 Dec	2027 30 Jun	2027 31 Dec	2028 31 Dec
Policy rates (%)					
Federal Reserve, USA (upper bound)	3.75	3.75	3.75	3.50	3.50
European Central Bank (refi rate)	2.40	2.65	2.65	2.65	2.15
European Central Bank (deposit rate)	2.25	2.50	2.50	2.50	2.00
Bank of England	3.75	3.75	3.75	3.25	3.00
Riksbank	1.75	2.00	2.25	2.25	2.25
Norges Bank	4.25	4.25	4.00	4.00	3.75
Government bond rates (%)					
US 2y	4.24	4.10	3.90	3.70	3.70
US 5y	4.43	4.50	4.40	4.00	4.00
US 10y	4.74	4.90	4.80	4.50	4.50
Germany 2y	2.84	2.80	2.70	2.60	2.50
Germany 5y	2.98	3.00	2.90	2.70	2.70
Germany 10y	3.25	3.30	3.20	3.00	3.00
Exchange rates					
EUR/USD	1.17	1.18	1.19	1.20	1.22
EUR/GBP	0.86	0.87	0.88	0.87	0.86
EUR/SEK	11.06	10.95	10.70	10.60	10.50
EUR/NOK	10.87	11.05	11.20	11.30	11.30
USD/SEK	9.46	9.28	8.99	8.83	8.61
USD/CNY	6.72	6.70	6.65	6.60	6.60
USD/JPY	158.9	155.0	150.0	150.0	145.0
NOK/SEK	1.02	0.99	0.96	0.94	0.93
KIX (trade-weighted SEK)	119.4	117.8	114.8	113.6	112.2

Sources: Swedbank Research & Macrobond

Swedish interest rate forecasts (%)

	Outcome 2026 21 Aug	Forecast 2026 31 Dec	2027 30 Jun	2027 31 Dec	2028 31 Dec
STIBOR 3m	2.03	2.20	2.40	2.40	2.40
Government bond yields					
2y	2.41	2.50	2.40	2.40	2.40
5y	2.66	2.80	2.70	2.60	2.60
10y	3.04	3.10	3.00	2.90	2.90
Swap rates					
2y	2.61	2.70	2.60	2.60	2.60
5y	2.86	3.00	2.90	2.80	2.80
10y	3.14	3.20	3.10	3.10	3.10

Sources: Swedbank Research & Macrobond