

Kingdom of Sweden

Rating report

Rating rationale

Wealthy and diversified economy. Sweden benefits from a wealthy, competitive and diversified economy, which has proven resilient during the Covid-19 pandemic and energy crisis. In 2023, GDP shrank by 0.2% as rising interest rates weakened consumption. Growth started to rebound in 2024, driven by a manufacturing recovery, stronger exports, and improving consumer confidence amid falling interest rates. We expect economic growth of 0.6% in 2024 and 1.8% in 2025.

Robust fiscal framework and low public debt ratio. The government has shown fiscal restraint in recent years, thereby helping to contain inflationary pressures. Sweden’s fiscal policy framework has recently been revised but remains strong and continues to support the rating, including a balanced target for net lending on average over a business cycle from 2027, as well as a debt anchor of 35% of GDP (+/-5%). We expect the debt-to-GDP ratio to increase slightly to 37.2% this year on the back of moderately expansionary fiscal policy, resulting in tax cuts, as well as higher expenditure in defence, healthcare and education. Debt-to-GDP is expected to gradually fall to 34.4% in 2029 as the general government budget balance returns to a surplus.

Rating challenges include: i) financial stability risks, including from high levels of household and corporate debt; and ii) risk of a severe, persistent correction in the housing market.

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

Local currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

Figure 1: Sweden’s sovereign-rating drivers

Risk pillars	Quantitative		Reserve currency*	Political risk**	Qualitative***	Final rating
	Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk	35%	aa+	SEK	Sweden	1/3	AAA
Public finance risk	20%	aaa			1/3	
External economic risk	10%	aa			1/3	
Financial stability risk	10%	aaa			-1/3	
ESG risk	Environmental factors	5%	[+0]	[-0]	1/3	
	Social factors	7.5%			0	
	Governance factors	12.5%	aaa		0	
Sovereign Quantitative Model	aaa				+1	
Additional considerations					0	

*The reserve-currency quantitative adjustment applies to currencies in the IMF’s Special Drawing Rights (SDR) basket.

**The political-risk quantitative adjustment is based on the World Bank’s Political Stability & Absence of Violence/Terrorism index.

***The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer. For details, please see Scope’s [Sovereign Rating Methodology](#). Source: Scope Ratings.

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Credit strengths and challenges

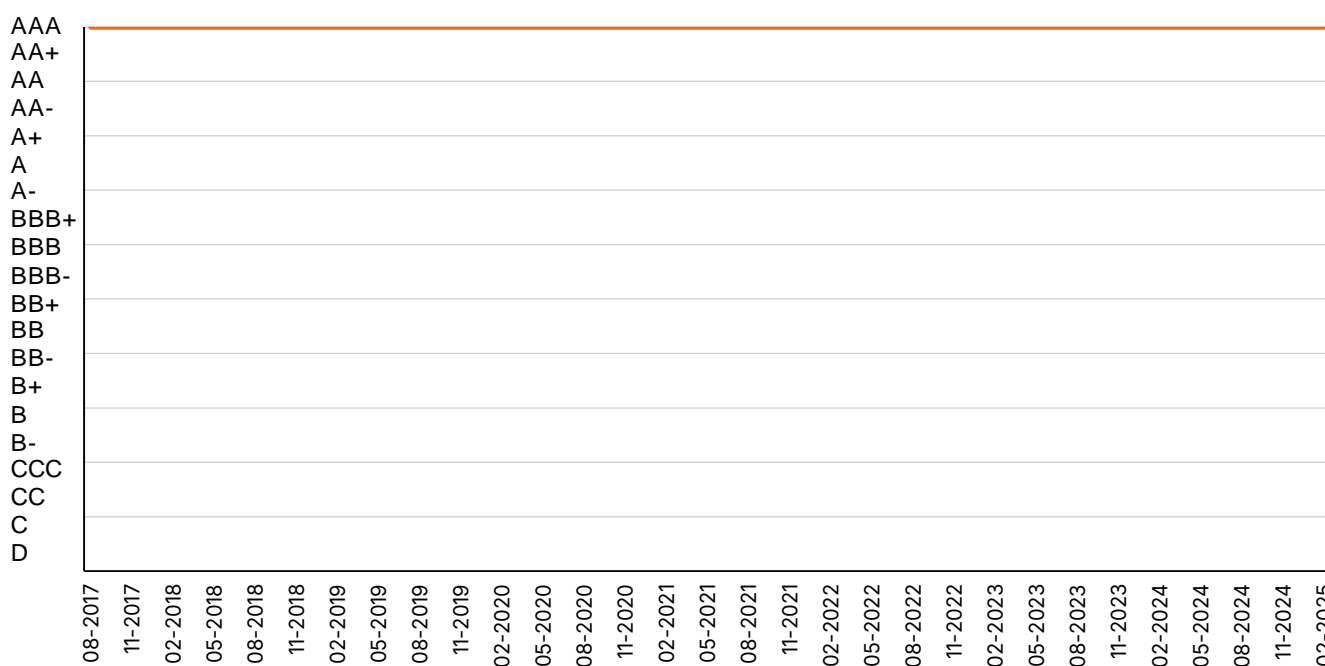
Credit strengths	Credit challenges
<ul style="list-style-type: none"> • Wealthy, diversified and competitive economy • Strong fiscal framework and low public debt • Robust external position 	<ul style="list-style-type: none"> • High household and corporate debt levels • Risk of severe and persistent housing market correction

Outlook and rating triggers

The Stable Outlook reflects Scope’s view that risks to the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Deterioration in fiscal outlook, resulting in a significant increase in public debt • Significant deterioration in economic outlook, for example resulting from a sharp correction in the housing market

Figure 2: Rating history



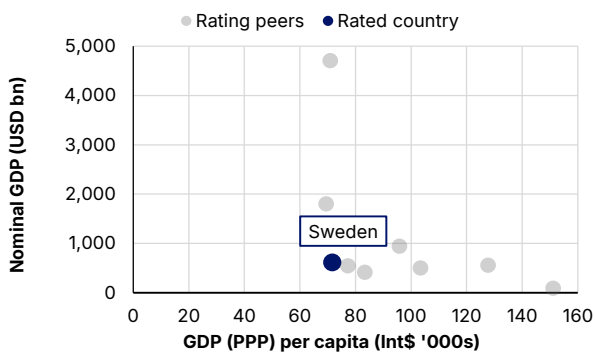
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of Sweden's Domestic Economic Risk

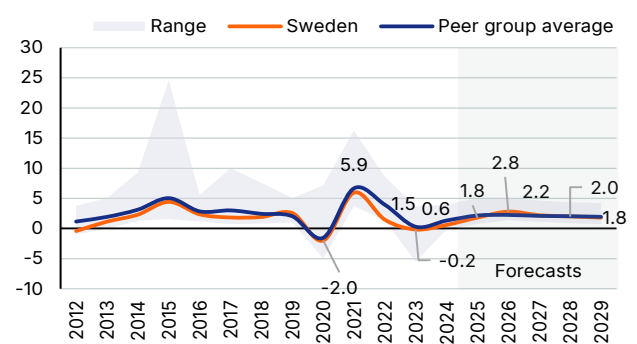
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa+	Growth potential and outlook	Neutral	0	Moderate growth potential of around 1.8%.
	Monetary policy framework	Neutral	0	Riksbank is a credible and effective monetary authority; received capital contribution of SEK 25bn in 2024 from government to restore level of equity.
	Macroeconomic stability and sustainability	Strong	+1/3	Competitive economy, favourable business environment and highly skilled labour force; healthy labour market with high employment and labour force participation rates.

Figure 3: Nominal GDP and GDP per capita



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



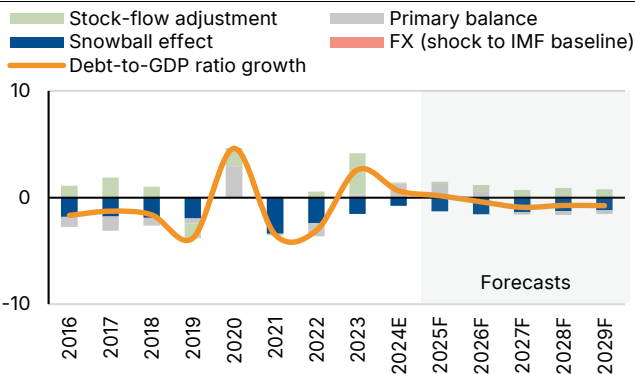
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Sweden's Public Finance Risk

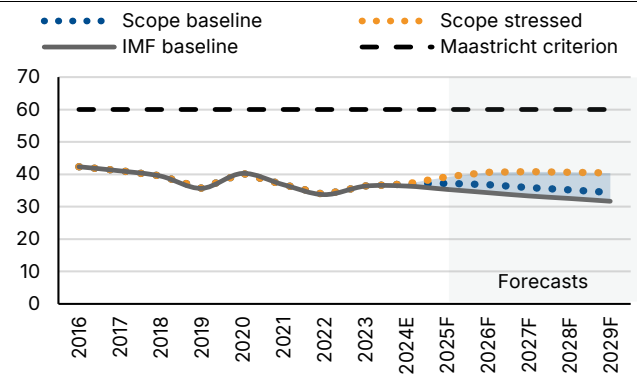
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Fiscal policy framework	Strong	+1/3	Appropriate countercyclical response to the Covid-19 and energy crises; track record of prudent fiscal policies and strong fiscal framework including a balance target and debt anchor
	Long-term debt trajectory	Neutral	0	Low public debt levels with stable trajectory in the long-term
	Debt profile and market access	Neutral	0	Excellent market access, low government financing costs and relatively short debt maturity

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

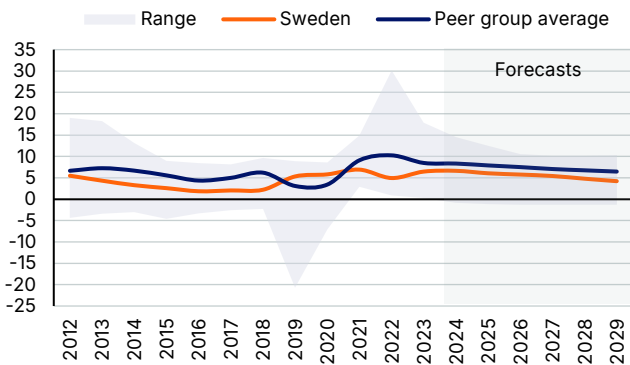
¹ Sovereign Quantitative Model

External economic risk

Overview of Scope's assessments of Sweden's External Economic Risk

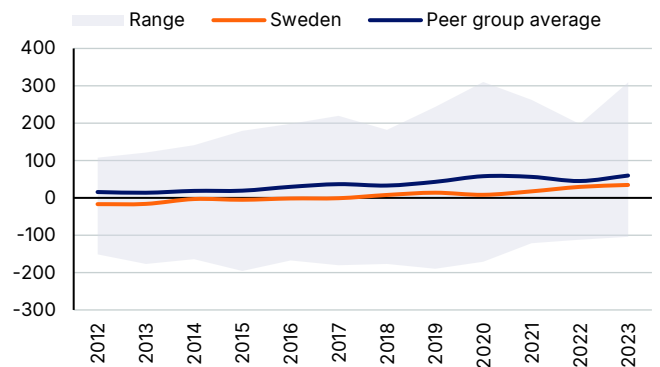
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Current account resilience	Neutral	0	External sector competitiveness underpins track record of current account surpluses
	External debt structure	Neutral	0	High external debt, especially in the financial institution sector, in line with peers
	Resilience to short-term external shocks	Strong	+1/3	Net external creditor position; regional safe-heaven status of the Swedish Krona

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



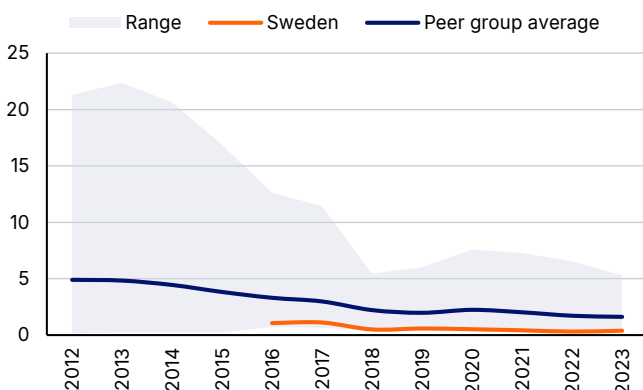
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Sweden's Financial Stability Risk

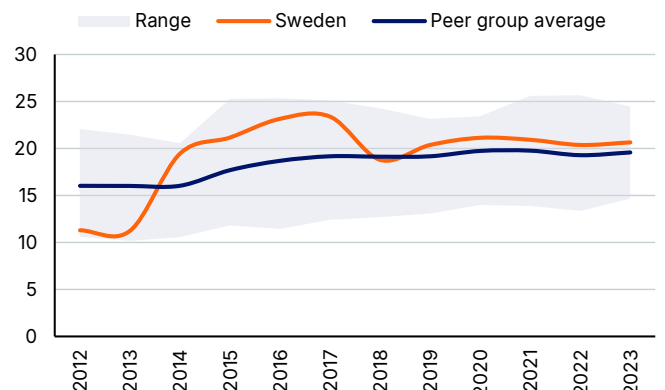
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	High bank capitalisation levels; dependent on global financial markets for funding
	Financial sector oversight and governance	Neutral	0	Prudent oversight under Riksbank and Financial Supervisory Authority
	Financial imbalances	Weak	-1/3	High private-sector indebtedness, large size of the banking sector vis-à-vis the real economy and highly interconnected financial system; high-interest rate sensitivity given short mortgage rate fixation; house price correction

Figure 9: Non-performing loans (NPLs), % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



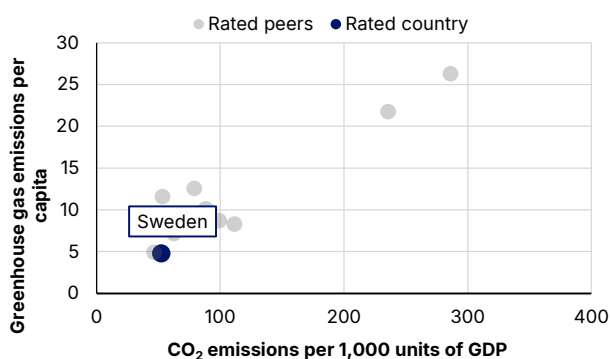
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Sweden's ESG Risk

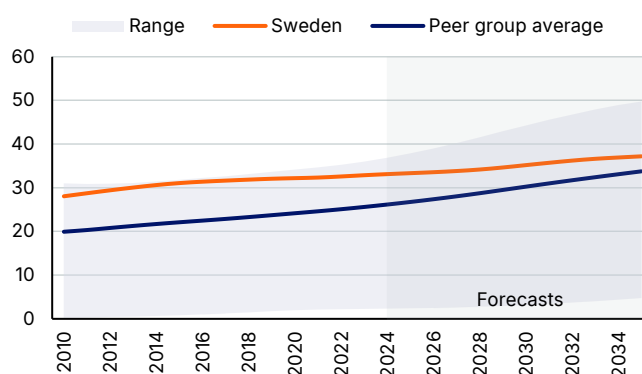
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Environmental factors	Strong	1/3	High environmental standards, ambitious targets for achieving carbon neutrality by 2045 and very high carbon taxes
	Social factors	Neutral	0	Relatively favourable demographics compared with peers, advanced social safety net and healthy labour market
	Governance factors	Neutral	0	High-quality institutions, minority ruling coalition government, NATO membership since March 2024

Figure 11: CO₂ emissions per GDP, mtCO₂e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

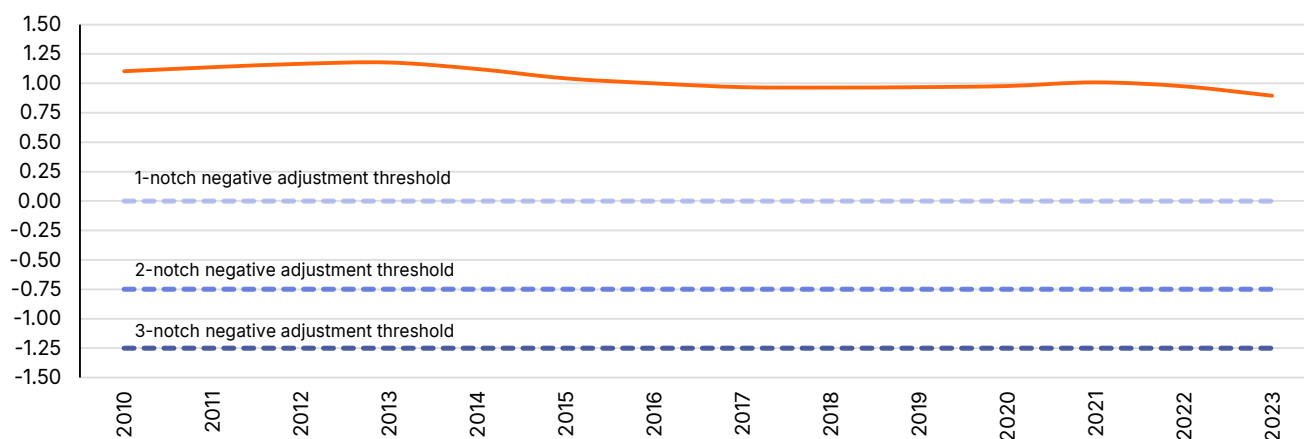
IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	Euro	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	29.3	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	1	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

Figure 13: WB Political Stability & Absence of Violence/Terrorism index, Sweden, 3-year moving average



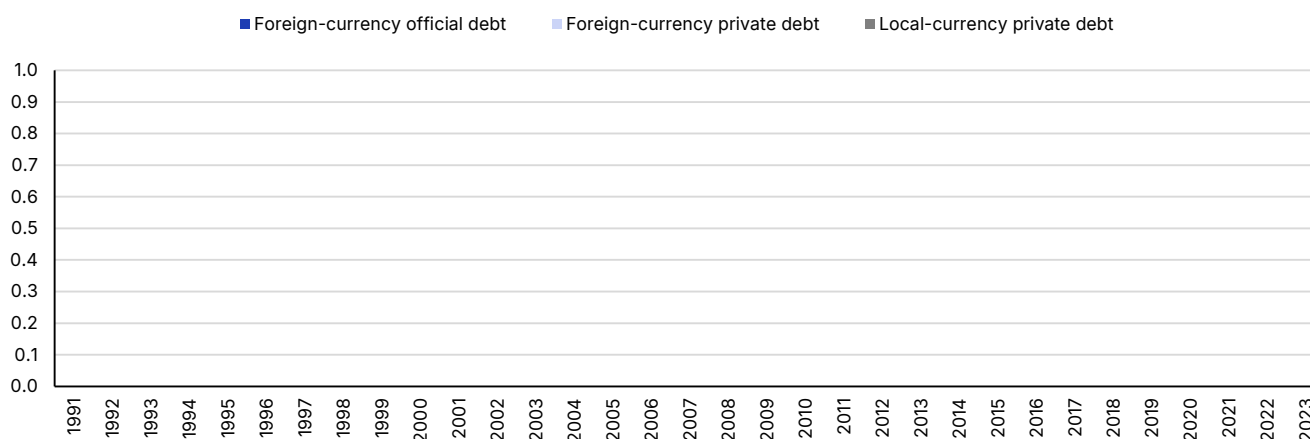
Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix 1. Sovereign default history

Sovereign default history, USD m



Depicted private-debt defaults may not always constitute a credit event under [Scope's credit-rating definitions](#).
Source: [Bank of Canada–Bank of England Sovereign Default Database](#), Scope Ratings.

Appendix 2. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's sovereign quantitative model after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
Denmark
Germany
Ireland
Luxembourg
Netherlands
Norway
Switzerland

*Select publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix 3. Economic development and default indicators

IMF Development Classification	Advanced economy
5y USD CDS spread (bp) as of 14 February 2025	11.07

Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2018	2019	2020	2021	2022	2023	2024
Domestic Economic	GDP per capita (PPP) , USD '000s	IMF	52.8	56.8	57.3	62.9	67.9	70.0	71.7
	Nominal GDP , USD bn	IMF	551	532	545	637	580	585	609
	Real growth , %	IMF	1.9	2.6	-2.0	5.9	1.5	-0.2	0.9
	CPI inflation , %	IMF	2.0	1.7	0.7	2.7	8.1	5.9	2.1
	Unemployment rate , %	WB	6.4	6.8	8.3	8.7	7.4	7.6	-
Public Finance	Public debt , % of GDP	IMF	39.5	35.7	40.3	36.8	33.8	36.4	36.4
	Net interest payment , % of government revenue	IMF	-0.1	-0.1	-0.2	-0.2	0.2	0.7	0.7
	Primary balance , % of GDP	IMF	0.7	0.5	-2.9	-0.1	1.2	-0.3	-0.8
External Economic	Current-account balance , % of GDP	IMF	2.2	5.3	5.8	6.9	5.0	6.5	6.6
	Total reserves , months of imports	WB	2.5	2.4	2.7	2.3	2.2	2.0	-
	NIIP , % of GDP	IMF	8.0	14.1	8.4	19.7	33.6	40.7	-
Financial Stability	NPL ratio , % of total loans	IMF	0.5	0.6	0.5	0.4	0.3	0.4	-
	Tier 1 ratio , % of risk-weighted assets	IMF	23.1	18.5	18.8	21.1	19.9	20.8	20.8
	Credit to the private sector , % of GDP	WB	132.9	131.5	138.2	135.6	134.9	127.8	-
ESG	CO₂ per EUR 1,000 of GDP , mtCO ₂ e	EC	63.3	61.6	60.8	60.4	53.4	52.3	-
	Income share of bottom 50% , %	WID	24.4	23.9	23.1	22.9	23.2	23.4	-
	Labour-force participation rate , %	WB	82.7	82.9	82.5	82.8	83.4	84.0	-
	Old-age dependency ratio , %	UN	-	-	-	-	-	-	-
	Composite governance indicators*	WB	1.8	1.8	1.7	1.7	1.7	1.7	-
	Political stability , index	WB	1.0	1.0	1.0	1.0	1.0	0.9	0.0

*Average of the following five World Bank Worldwide Governance Indicators: Control of Corruption, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality.

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Related research

[Sovereign Outlook 2025: robust fundamentals, rising fiscal pressures and geopolitical uncertainty](#), December 2024

Applied methodologies

[Sovereign Rating Methodology](#), January 2025

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