

Kingdom of Sweden

This annex refers to the release of the monitoring note of 21 May 2021

Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard¹

Implied rating of core variable scorecard (CVS)		aaa
Reserve currency adjustment		0
Weight	Qualitative scorecard (QS) for long-term issuer ratings	
20%	Growth potential of the economy	Neutral
	Monetary policy framework	Neutral
	Macro-economic stability and sustainability	Strong
20%	Fiscal policy framework	Strong
	Debt sustainability	Neutral
	Debt profile and market access	Neutral
20%	Current account resilience	Neutral
	External debt structure	Neutral
	Resilience to short-term shocks	Strong
20%	Banking sector performance	Neutral
	Banking sector oversight	Neutral
	Financial imbalances	Weak
20%	Environmental risks	Neutral
	Social risks	Neutral
	Institutional and political risks	Strong
QS adjustment (notches)		1
Additional considerations (notches)		0
Final rating		AAA STA

Annex II: Selected indicators

Selected macroeconomic indicators	2016	2017	2018	2019	2020E	2021F	2022F
GDP per capita (USD '000s), EOP	51.6	53.5	54.3	51.4	51.8	59.0	61.7
Real GDP, % change	2.1	2.6	2.0	1.4	-2.8	3.0	2.7
Unemployment rate, %	7.0	6.7	6.3	6.8	8.3	8.7	8.4
CPI, % change	1.1	1.9	2.0	1.6	0.7	1.5	1.3
Policy rate, %, EOP	-1.3	-1.3	-1.3	-0.4	-0.1	0.0	0.25
General government balance, % of GDP	1.0	1.4	0.8	0.5	-3.1	-4.3	-1.0
General government debt, % of GDP, EOP	42.3	40.7	38.9	35.1	39.9	42.0	41.4
Current account balance, % of GDP	2.4	3.0	2.6	5.1	5.2	5.0	4.7

Yearly averages except where stated otherwise.
Source: IMF, Statistics Sweden, Scope Ratings GmbH

Annex III: Economic development and default indicators

IMF Development Classification²

AE

5y USD CDS spread (bps) as of 21 May 2021

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¹ The weighting and explanation of all rating factors are described in Scope's 'Sovereign Ratings' methodology, available on www.scooperatings.com

² AE = advanced economy; EMDE = emerging market and developing economy

Annex IV: Analytical rationale for QS assessments

Sweden	May 2021	Assessment	Rationale
Peers*	Austria, Germany, Ireland, Luxembourg, Netherlands, Denmark, Norway, Finland, Switzerland		
Domestic economic risk	Growth potential	Neutral	Moderate growth potential
	Monetary policy framework	Neutral	Riksbank is a credible and effective monetary authority
	Macro-economic stability & sustainability	Strong	Competitive economy, favourable business environment and highly-skilled labour force, healthy labour market with high employment and labour-force participation rates
Public finance risk	Fiscal policy framework	Strong	Appropriate countercyclical response to the Covid-19 crisis; track record of prudent fiscal policies
	Debt sustainability	Neutral	Broadly-stable public debt trajectory longer term
	Debt profile & market access	Neutral	Excellent market access, low government financing costs
External economic risk	Current account resilience	Neutral	External-sector competitiveness underpins track record of current-account surpluses
	External debt structure	Neutral	High external debt, especially as concerns that of the financial institutions sector, in line with peers
	Resilience to short-term shocks	Strong	Net external creditor position
Financial stability risk	Banking sector performance	Neutral	High bank capitalisation levels, weakened banking-system profitability
	Banking sector oversight	Neutral	Prudent oversight under Riksbank and the FSA
	Financial imbalances	Weak	High private-sector indebtedness, large size of the banking sector vis-à-vis the real economy, high interconnectedness in the financial system
ESG risk	Environmental risks	Neutral	High environmental standards, ambitious targets for achieving carbon neutrality by 2045
	Social risks	Neutral	Relatively-favourable demographics, advanced social safety net, healthy labour market
	Institutional and political risks	Strong	High quality institutions and stable political environment

*Peers relate to selected sovereigns with a similar indicative rating per Scope's Core Variable Scorecard.