

# Guidelines for central government debt management 2026

Decision taken at the government meeting  
13th November 2025



## Summary

The starting point for the Swedish Government's guidelines decision is the objective of central government debt policy adopted by the Riksdag (Swedish Parliament). The objective is that central government debt shall be managed so as to minimise the long-term cost of the debt while taking the risk associated with its management into account, and that its management shall be conducted within the framework of the requirements of monetary policy.

Central government debt increased as a share of GDP (gross domestic product) in 2024 and is expected to continue to grow as a share of GDP in the forecast period 2025–2028. Even in absolute terms, central government debt is expected to increase.

The Government's guidelines for the management of central government debt for 2026 do not entail any changes in the steering regarding the central government debt's composition and term to maturity. On the other hand, the guidelines decision for 2026 means the following changes and clarifications to the steering of debt management compared with the preceding year:

- The Swedish National Debt Office is to take account of refinancing risks in the management of the central government debt, including by issuing instruments with at least ten years to maturity, instead of as previously with more than twelve years to maturity.
- It is specified that in principle the evaluation of central government debt management shall include quantitative measures rather than, as previously, only include such where possible.
- What the basis for the evaluation shall be, and in part what should be included, is clarified. In addition, the choice of analytical methods is to consider continuity over time.
- What the Government's guideline decisions and the National Debt Office's decisions in operational management shall be evaluated in relation to, is clarified.

The composition of the central government debt is to be steered towards:

- Foreign currency debt (i.e. foreign currency exposure) is to continue to be gradually phased out and attain the target value of zero as of 1 January 2027.
- Inflation-linked krona debt is to be gradually reduced, amounting to a target level of approximately SEK 80 billion by the end of 2029.
- Nominal krona debt is to continue to make up the remaining share of the central government debt after inflation-linked krona debt and foreign currency debt.
- The term to maturity (in terms of average time to refixing) of the central government debt shall continue to be steered towards 3.5–6 years.

The Swedish National Debt Office's proposed guidelines among other factors formed the basis for this guidelines decision.

In connection with the preparation of the Government's guidelines decision, the Riksbank has been afforded the opportunity to provide its

opinion on the Debt Office's proposed guidelines. The Riksbank has raised no objections.

The Government's guidelines decision for 2026 largely accords with the Debt Office's proposed guidelines.

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# 1 Guidelines decision for central government debt management 2026

The guidelines for 2026–2028 are set out below. For 2027 and 2028, the guidelines are preliminary, which follows the same principle as applied in the Government’s budget proposal in the Budget Act (2011:203). In order to provide an overview of the regulations that govern the management of the central government debt, the relevant parts of the Budget Act and the National Debt Office Instructions Ordinance (2023:909) are presented here.

The Government’s guidelines decision largely accords with the Debt Office’s proposed guidelines for 2026.

## 1.1 Objective for the management of central government debt

1. Central government debt shall be managed so as to minimise the long-term cost of the debt while taking the risk associated with its management into account. Debt management shall be conducted within the framework of the requirements of monetary policy (Chapter 5, Section 5 of the Budget Act).

## 1.2 The Debt Office’s task and purposes of the borrowing

2. The Debt Office shall provide loans to and accept funds on account from, primarily, central government agencies (Section 3 of the National Debt Office Instructions Ordinance).

3. The Debt Office may raise loans for central government in order to:

- finance current deficits in the central government budget and other expenditure based on decisions of the Riksdag;
- provide credits and fulfil guarantees decided on by the Riksdag;
- amortise, redeem and purchase central government loans;
- meet the need for government securities at different maturities in consultation with the Riksbank (Chapter 5, Section 1 of the Budget Act).

The Debt Office shall raise loans for central government to meet the Riksbank’s need for borrowing in order to:

- fulfil its obligations in relation to the International Monetary Fund; and
- fund the foreign currency reserve (Chapter 6, Section 4 and Chapter 10, Section 4 of the Sveriges Riksbank Act [2022:1568]).

### 1.3 Guidelines process

4. The Debt Office shall submit proposed guidelines for central government debt management to the Government Offices by 1 October each year (Section 30 of the National Debt Office Instructions Ordinance).

5. The Government shall request an opinion from the Riksbank on the proposed guidelines of the National Debt Office (Chapter 5, Section 6 of the Budget Act).

6. No later than 15 November each year, the Government shall adopt guidelines for the management by the National Debt Office of the central government debt (Chapter 5, Section 6 of the Budget Act).

7. The Debt Office shall submit information for the evaluation of the management of the central government debt to the Government Offices by 22 February each year (Section 30 of the National Debt Office Instructions Ordinance).

8. Every second year, the Government shall deliver a written communication to the Riksdag evaluating the management of the central government debt. The evaluation shall be presented to the Riksdag by 25 April (Chapter 5, Section 7 of the Budget Act).

9. The Debt Office shall decide on principles for how to implement the guidelines adopted by the Government for central government debt management (Section 41 of the National Debt Office Instructions Ordinance).

10. The Debt Office is to adopt internal guidelines based on the Government's guidelines. The decisions are to concern the use of the mandate for position-taking, the term to maturity of individual debt types, the currency distribution in the foreign currency debt, and principles for market support and debt maintenance.

### 1.4 Cost and risk

#### *Previous wording*

19. The trade-off between expected cost and risk is to be made primarily through the choice of the composition and term to maturity of the central government debt.

#### *Previous wording*

20. The main measure of cost is to be the average issue yield. The cost is to be calculated using the valuation principle of amortised

#### *Adopted wording*

11. The trade-off between expected cost and risk is to be made primarily through the choice of the composition and term to maturity of the central government debt.

#### *Adopted wording*

12. The main measure of cost is to be the average issue yield. The cost is to be calculated using the valuation principle of amortised

cost, taking accrued inflation and exchange rate changes into account.

*Previous wording*

21. The main measure of risk is to be the variation in the average issue yield.

*Previous wording*

22. The Debt Office is to take account of refinancing risks in the management of the central government debt, including by issuing instruments with *more than twelve* years to maturity.

*Previous wording*

23. Borrowing is to be conducted in a way that ensures a broad investor base and diversification in a range of funding currencies in order to maintain good borrowing preparedness.

*Previous wording*

26. Through its market support and debt maintenance, the Debt Office is to contribute to the effective functioning of the government securities market in order to achieve the objective of long-term cost minimisation while taking account of risk.

*Previous wording*

24. Positions are not to be included when calculating the composition and term to maturity.

*Previous wording*

25. When taking positions, market values are to be used as the measure of cost and risk in the management of the debt.

*Previous wording*

19. *The Debt Office is to adopt principles for market support and debt maintenance.*

cost, taking accrued inflation and exchange rate changes into account.

*Adopted wording*

13. The main measure of risk is to be the variation in the average issue yield.

*Adopted wording*

14. The Debt Office is to take account of refinancing risks in the management of the central government debt, including by issuing instruments with *at least ten* years to maturity.

*Adopted wording*

15. Borrowing is to be conducted in a way that ensures a broad investor base and diversification in a range of funding currencies in order to maintain good borrowing preparedness.

*Adopted wording*

16. Through its market support and debt maintenance, the Debt Office is to contribute to the effective functioning of the government securities market in order to achieve the objective of long-term cost minimisation while taking account of risk.

*Adopted wording*

17. Positions are not to be included when calculating the composition and term to maturity.

*Adopted wording*

18. When taking positions, market values are to be used as the measure of cost and risk in the management of the debt.

*Adopted wording*

## 1.5 Composition of central government debt

### *Previous wording*

11. The outstanding stock of inflation-linked krona debt is to be gradually reduced. This type of debt is to be calculated as a nominal amount excluding accrued inflation compensation. At the end of 2029, the inflation-linked debt is to amount to a target level of approximately SEK 80 billion.

### *Previous wording*

12. The foreign currency exposure of the central government debt is to be gradually phased out and attain the target value of zero as of 2027. The foreign currency exposure may, however, vary as a result of the Debt Office making currency exchanges in accordance with point 35.

### *Previous wording*

13. The Debt Office is to set a target level for the distribution of the foreign currency debt among different currencies.

### *Previous wording*

14. In addition to inflation-linked krona debt and foreign currency debt, central government debt is to consist of nominal krona debt.

### *Adopted wording*

19. The outstanding stock of inflation-linked krona debt is to be gradually reduced. This type of debt is to be calculated as a nominal amount excluding accrued inflation compensation. At the end of 2029, the inflation-linked debt is to amount to a target level of approximately SEK 80 billion.

### *Adopted wording*

20. The foreign currency exposure of the central government debt is to be gradually phased out and attain the target value of zero as of 2027. The foreign currency exposure may, however, vary as a result of the Debt Office making currency exchanges in accordance with point 33.

### *Adopted wording*

### *Adopted wording*

21. In addition to inflation-linked krona debt and foreign currency debt, central government debt is to consist of nominal krona debt.

## 1.6 Term to maturity of central government debt

### *Previous wording*

15. The term to maturity of the central government debt is to be between 3.5 and 6 years.

### *Previous wording*

16. The Debt Office is to determine a term-to-maturity interval for the nominal krona debt, the inflation-

### *Adopted wording*

22. The term to maturity of the central government debt is to be between 3.5 and 6 years.

### *Adopted wording*

23. The Debt Office is to determine a term-to-maturity interval for the nominal krona debt, the inflation-

linked krona debt and the foreign currency debt.

*Previous wording*

17. The term to maturity of the central government debt may deviate temporarily from the maturity interval stated in point 15.

*Previous wording*

18. Term to maturity is to be measured as average time to refixing (ATR).

linked krona debt and the foreign currency debt.

*Adopted wording*

24. The term to maturity of the central government debt may deviate temporarily from the maturity interval stated in point 22.

*Adopted wording*

25. Term to maturity is to be measured as average time to refixing (ATR).

## 1.7 Position-taking

*Previous wording*

28. The Debt Office may take positions in foreign currency and the krona exchange rate.

Positions in foreign currency may only be taken using derivative instruments. Positions may not be taken in the Swedish fixed income market.

Positions refer to transactions that are intended to reduce the costs of the central government debt while taking account of risk, or to reduce the risks for the central government debt while taking account of cost; and that are not motivated by underlying borrowing or investment requirements.

Positions may only be taken in markets that permit the management of market risk through liquid and otherwise well-developed derivative instruments that are also potentially a borrowing currency in the context of debt management.

*Previous wording*

29. Positions in foreign currency are limited to SEK 300 million, measured as daily Value-at-Risk at 95% probability.

*Adopted wording*

26. The Debt Office may take positions in foreign currency and the krona exchange rate.

Positions in foreign currency may only be taken using derivative instruments. Positions may not be taken in the Swedish fixed income market.

Positions refer to transactions that are intended to reduce the costs of the central government debt while taking account of risk, or to reduce the risks for the central government debt while taking account of cost; and that are not motivated by underlying borrowing or investment requirements.

Positions may only be taken in markets that permit the management of market risk through liquid and otherwise well-developed derivative instruments that are also potentially a borrowing currency in the context of debt management.

*Adopted wording*

27. Positions in foreign currency are limited to SEK 300 million, measured as daily Value-at-Risk at 95% probability.

The Debt Office is to decide how much of this scope may be used at most in day-to-day debt management.

*Previous wording*

30. Positions in the krona exchange rate are limited to a maximum of SEK 7.5 billion. When the positions are built up or phased out, this is to be done gradually and announced in advance.

The Debt Office is to decide how much of this volume may be used at most in its day-to-day debt management in connection with exchanges between the krona and other currencies. This volume is to be of a limited size and the positions do not need to be announced in advance.

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*Adopted wording*

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The Debt Office is to decide how much of this volume may be used at most in its day-to-day debt management in connection with exchanges between the krona and other currencies. This volume is to be of a limited size and the positions do not need to be announced in advance.

## 1.8 Borrowing to meet the need for government loans

*Previous wording*

31. The possibility of raising loans to meet the need for government loans under Chapter 5, Section 1 of the Budget Act may only be used if necessary in the event of a threat to the functioning of the financial market.

The Debt Office may have outstanding loans with a maximum nominal value of SEK 200 billion for this purpose.

*Previous wording*

32. The investment of funds raised through loans to meet the need for government loans should be guided by the principles set out in the Preventive Government Support to Credit Institutions Act (2015:1017) and concerning the Stability Fund.

*Adopted wording*

29. The possibility of raising loans to meet the need for government loans under Chapter 5, Section 1 of the Budget Act may only be used if necessary in the event of a threat to the functioning of the financial market.

The Debt Office may have outstanding loans with a maximum nominal value of SEK 200 billion for this purpose.

*Adopted wording*

30. The investment of funds raised through loans to meet the need for government loans should be guided by the principles set out in the Preventive Government Support to Credit Institutions Act (2015:1017) and concerning the Stability Fund.

## 1.9 Management of funds etc.

### *Previous wording*

33. The Debt Office shall place its funds, to the extent that they are not needed for outgoing payments, in an account at the Riksbank, a bank or a credit market company, or in government securities or other debt instruments with a low credit risk. Investments may be made abroad and in foreign currency (Section 22 of the National Debt Office Instructions Ordinance).

### *Previous wording*

34. The Debt Office shall cover the deficits that occur in the government central account (Section 24 of the National Debt Office Instructions Ordinance).

### *Previous wording*

35. The Debt Office's management of exchanges between Swedish and foreign currency (currency exchanges) is to be predictable and transparent (Section 23 of the National Debt Office Instructions Ordinance).

### *Adopted wording*

31. The Debt Office shall place its funds, to the extent that they are not needed for outgoing payments, in an account at the Riksbank, a bank or a credit market company, or in government securities or other debt instruments with a low credit risk. Investments may be made abroad and in foreign currency (Section 22 of the National Debt Office Instructions Ordinance).

### *Adopted wording*

32. The Debt Office shall cover the deficits that occur in the government central account (Section 24 of the National Debt Office Instructions Ordinance).

### *Adopted wording*

33. The Debt Office's management of exchanges between Swedish and foreign currency (currency exchanges) is to be predictable and transparent (Section 23 of the National Debt Office Instructions Ordinance).

## 1.10 Collaboration

### *Previous wording*

36. The Debt Office shall consult with the Riksbank on matters concerning the components of its borrowing operations that may be assumed to be of significant importance for monetary policy (Section 29 of the National Debt Office Instructions Ordinance).

### *Previous wording*

37. The Debt Office shall collaborate with the Swedish National Financial Management Authority (ESV) and the National

### *Adopted wording*

34. The Debt Office shall consult with the Riksbank on matters concerning the components of its borrowing operations that may be assumed to be of significant importance for monetary policy (Section 29 of the National Debt Office Instructions Ordinance).

### *Adopted wording*

35. The Debt Office shall collaborate with the Swedish National Financial Management Authority (ESV) and the National

Institute of Economic Research (NIER) in matters relating to the Debt Office's forecasts of the central government borrowing requirement (Section 28 of the National Debt Office Instructions Ordinance).

*Previous wording*

38. The Debt Office should obtain the Riksbank's views on how the funds borrowed to meet the need for central government loans are to be invested.

Institute of Economic Research (NIER) in matters relating to the Debt Office's forecasts of the central government borrowing requirement (Section 28 of the National Debt Office Instructions Ordinance).

*Adopted wording*

36. The Debt Office should obtain the Riksbank's views on how the funds borrowed to meet the need for central government loans are to be invested.

## 1.11 Evaluation

*Previous wording*

39. The management of the central government debt is to be evaluated in qualitative terms in light of the knowledge available at the time of the decision. Where possible, the evaluation is also to include quantitative measures. The evaluation is to cover five-year periods.

*Adopted wording*

37. The management of the central government debt is to be evaluated in qualitative terms in light of the knowledge available at the time of the decision. *Moreover, the evaluation shall primarily rely on quantitative measures.* The evaluation is to cover five-year periods.

*The evaluation shall be based on the National Debt Office's analysis in its proposed guidelines, as well as the information provided by the Debt Office for and the Swedish Agency for Public Management's evaluation of central government borrowing, and debt management, respectively.*

*In the Debt Office's proposed guidelines, it shall also be made clear how proposed changes to the guidelines are to be evaluated. Moreover, the Debt Office is to analyse how the composition and term to maturity have developed. The analytical methods should be selected, retained or replaced with a view to ensuring continuity over time.*

*Previous wording*

*Adopted wording*

38. The Government's decision on guidelines for central government debt management, not least the guidelines for the composition and term to maturity of the debt, will be evaluated on the basis of the central government debt management objective.

*Previous wording*

40. The evaluation of the operational management is to include borrowing in and management of the different types of debt, market support and debt maintenance measures, and the management of currency exchanges.

*Adopted wording*

39. The Debt Office's decision on the operational management of central government borrowing is to be evaluated in relation to the objective of the central government debt management and the Government's guidelines for the debt's composition (points 19–21), the debt's term to maturity (point 22), refinancing risks (point 14), borrowing preparedness (point 15), and market support and debt maintenance (point 16).

*Previous wording*

42. Gains and losses are to be recorded continuously for holdings within a position-taking mandate and evaluated in terms of market values.

*Adopted wording*

40. Gains and losses are to be recorded continuously for holdings within a position-taking mandate and evaluated in terms of market values.

*Previous wording*

43. The phasing out of the foreign currency exposure of the central government debt is to be evaluated in relation to a steady pace of reduction over the period 2023–2026. The fact that the evaluation is conducted in relation to a steady pace of reduction is not a determinant of the actual reduction pace on which the Debt Office decides. The evaluation is to follow the same principles that apply for positions within the position-taking mandate (point 42). Only transactions that are carried out for the purposes of phasing out the foreign currency exposure of the

*Adopted wording*

41. The phasing out of the foreign currency exposure of the central government debt is to be evaluated in relation to a steady pace of reduction over the period 2023–2026. The fact that the evaluation is conducted in relation to a steady pace of reduction is not a determinant of the actual reduction pace on which the Debt Office decides. The evaluation is to follow the same principles that apply for positions within the position-taking mandate (point 40). Only transactions that are carried out for the purposes of phasing out the foreign currency exposure of the

central government debt are to be included in the evaluation.

central government debt are to be included in the evaluation.

*Previous wording*

*41. For inflation-linked borrowing, the realised cost difference between inflation-linked and nominal borrowing is to be reported.*

*Adopted wording*

## 2 Basis for the Government's guidelines

### 2.1 Objective and steering

In its annual guidelines decisions, the Government steers the trade-off between cost and risk in the management of central government debt at a general level on the basis of the statutory objective of central government debt policy. The objective of central government debt policy is to manage the central government debt in such a way as to minimise the cost of the debt in the long-term while taking risk in its management into account. The debt is to be managed within the framework of monetary policy requirements.

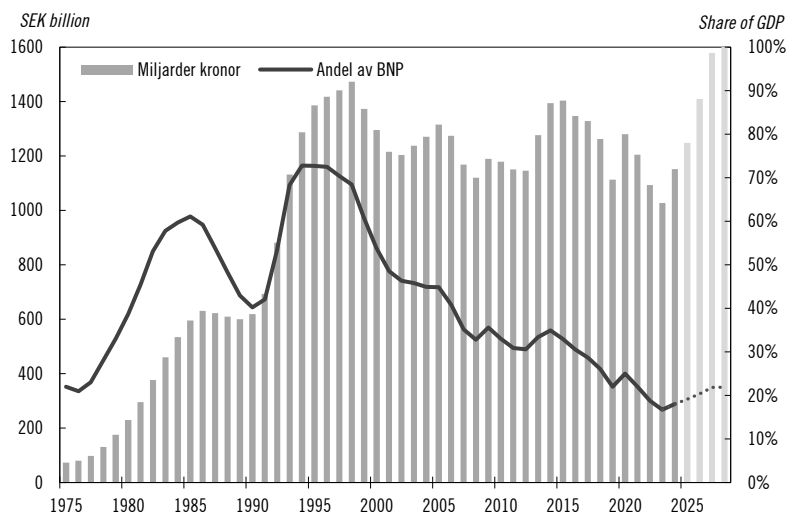
The trade-off is mainly made by choosing the term to maturity of the central government debt and its composition. Historically, a shorter term to maturity had led to a lower average cost than a longer term to maturity. Other important parameters that affect the cost of the central government debt are the size and expected development of the central government debt and interest rate levels at the time when debt instruments are issued. Since part of the central government debt is exposed to foreign currencies, exchange rate movements also affect the cost of the central government debt, and the costs of the inflation-linked debt affects the development of inflation (measured as the consumer price index).

Within its given mandates, the Debt Office may take positions in foreign currency and the krona exchange rate. These positions aim to reduce the costs of the central government debt while taking account of risk, or to reduce the risks for the central government debt while taking account of cost. Only derivative instruments may be used for these positions. These positions are evaluated separately, and they must not be taken in the Swedish fixed income market.

### 2.2 Size of the central government debt

The central government debt is affected by the development of the economy and by decisions on economic policy. Individual events can also affect the development of the central government debt; examples are the sale of shares in state-owned enterprises and on-lending to the Riksbank.

**Figure 2.1 Unconsolidated central government debt<sup>1</sup>**



<sup>1</sup>Unconsolidated central government debt includes government securities held by central government authorities.

Source: Swedish National Debt Office and the Budget Bill for 2026 (Govt Bill 2025/26:1).

Note: Outcome 1975–2024, Government forecast 2025–2028

Central government debt as a share of GDP has shown a declining trend since the mid-1990s. After having grown temporarily during the pandemic year 2020, the previous trend of declining central government debt and borrowing requirements continued until 2024. The outturn of the central government budget balance was negative in 2024. Figure 2.1 shows that the debt ratio increased by 1.5 percentage points to 18% of GDP in 2024. The development in the budget balance is also expected to be negative for all of the forecast period 2025–2028. As a result, central government debt as a share of GDP is expected to increase from 18% to 19% in 2025 and further to around 21.5% on average in the period 2026–2028. At the same time, central government debt is expected to increase slightly in SEK billion during the forecast period. At the end of 2025, the central government debt is expected to amount to SEK 1 248 billion. Central government debt is expected to increase by SEK 161 billion in 2026, SEK 170 billion in 2027, and a further SEK 60 billion in 2028 (Govt Bill 2025/26:1).

A key prerequisite for determining how the steering of central government debt management should be designed is the size of the debt. This concerns how the debt is expected to develop over time, and how uncertain this development is, as well as how the debt varies over different time horizons. An important component of debt management therefore is preparedness for, and awareness of, uncertainty. Both uncertainty and natural variation in the debt's size due to seasonal patterns and fluctuations in the economy also create a need for a certain amount of built-in flexibility in steering the debt's term to maturity and composition. The objective of central government debt management is to minimise the long-term cost while taking account of the risk. A long-term perspective means that the guidelines are designed for achieving a low cost over time for the entire

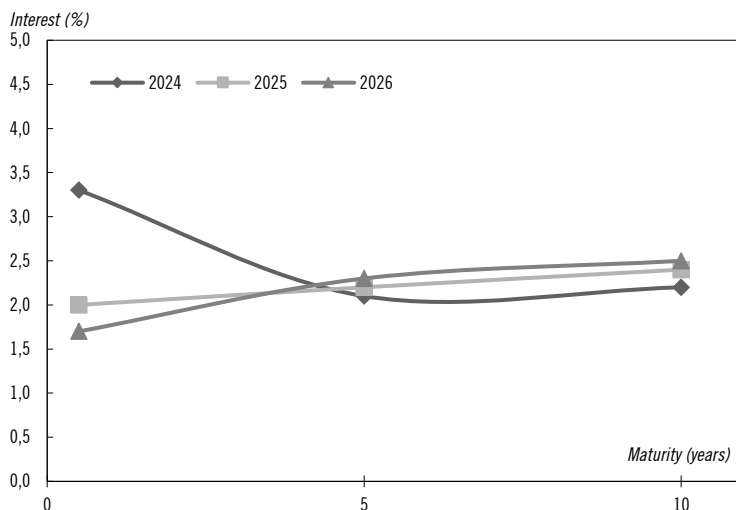
debt. In the guidelines, a balance between cost and risk is therefore determined based on long-term structural factors.

## 2.3 Development of interest rates

Central government's cost for borrowing at different maturities can be interpreted, in simplified terms, from the yield curve for Swedish government securities, which shows the correlation between interest rates and maturities. The slope of the yield curve affects the trade-off between cost and risk. When the slope of the yield curve is positive, borrowing at short maturities (Treasury bills) can be done at a lower interest rate than that for borrowing at long maturities (government bonds). Borrowing at shorter maturities therefore increases the cost saving, in relative terms, and vice versa. At the same time, a rise in interest rates has a quicker impact on interest expenses when borrowing has been at short maturities, as borrowing at shorter maturities increases the risk of variations in interest expenses.

The historically low government bond rates began to rise at the turn of the year 2021 to 2022 in line with the Riksbank's decision to tighten monetary policy by means of rapid interest rate rises. This had a tangible impact on government bond rates for all maturities, in particular for the shortest maturities. During summer 2022, the yield curve inverted, i.e. government bond rates with short maturities were higher than government bond rates with long maturities. During autumn 2023, market expectations shifted to an expectation of rate reductions as inflationary pressure had eased. During the years 2024 and 2025, government bond rates have declined as a consequence of the Riksbank's interest rate cuts and expectations of the policy rate level in the future. The inversion of the yield curve persisted, albeit at a lower interest rate level, until 2025.

**Figure 2.2 Yield curve for Swedish government securities, annual average**



Source: Budget Bill for 2026 (Govt Bill 2025/26:1).

Note: The graph shows the annual average market rates for the 2024 outcome and forecasts for 2025 and 2026. Rates refer to 6-month Treasury bills, 5-year government bonds, and 10-year government bonds. The annual average is an average of all daily closing rates up to the current month. For the current month and onwards, it is a forecast monthly average.

The development in market rates is normally less important for the Debt Office’s overall trade-off between cost and risk. In the trade-off between cost and risk, and between risks, structural changes such as the development of different types of premiums (e.g. term premiums) and the size of the central government debt over time are the factors that play a role.

## 2.4 Improved liquidity in government securities

The term ‘liquidity’ refers to the general possibility of concluding a transaction quickly, at a reasonable cost, and with little impact on prices. As a bond issuer, the Debt Office is active in the primary market and the bonds are then sold to investors in the secondary market. If liquidity in the secondary market decreases, pricing in the market may decline, which could in turn lead to more volatile prices and increased uncertainty for all actors. In the long term, this can risk leading to higher borrowing costs for central government and difficulties in attracting investors.

Both surveys and quantitative measures show that liquidity in the secondary market for nominal government bonds has stabilised. In the Riksbank’s Financial Markets Survey of April 2025, market participants stated that a clear improvement in the liquidity for nominal government bonds had continued since autumn 2024. The Debt Office’s annual survey in terms of volume and spread (difference between bid and offer prices, which are two important aspects of liquidity) at the end of 2024 also shows that market participants perceived a continued improvement compared to

2023. In both the Debt Office and the Riksbank's surveys, a majority of market participants indicate that the improved liquidity in the market for nominal government bonds is mainly due to an increase in the tradable volumes. This can be explained by the Riksbank's sales and by an increased borrowing requirement that the Debt Office has financed with higher issuance volumes. The score from the market participants in the survey is now at an approved score for liquidity in the secondary market. The Financial Supervisory Authority's liquidity index – a quantitative measure based on a number of liquidity indicators which are weighed together in an aggregate measure of market liquidity – also shows that liquidity in the secondary market for nominal government bonds has improved. However, an increase in price volatility at the end of the period has led to a slight decline, according to the same measure.

Regarding the liquidity in the secondary market for inflation-linked government bonds, four out of ten market participants in the Riksbank's April 2025 survey responded that the market liquidity is poor or very poor. Almost no one considers the liquidity to be good. The results of the Debt Office's 2024 survey also show that liquidity in the market for inflation-linked bonds continued to score at an unsatisfactory level. However, market participants consider that there has been a slight improvement compared to 2023. The Government will monitor the liquidity in secondary markets in future official communications on evaluations, partly in view of the guidelines decision for 2025 that the share of the outstanding stock of inflation-linked krona debt is to be gradually reduced.

## 2.5 The Swedish krona

The size of the foreign currency exposure expressed in Swedish kronor is affected by the value of the Swedish krona in relation to the currencies that the central government debt has exposure to, which are currently primarily the Euro and the Swiss franc. Foreign currency exposure therefore means that the interest expense in Swedish kronor increases if the Swedish krona weakens and vice versa, and the risk involved with foreign currency exposure is therefore also affected by the volatility of the currency market. The exchange rate for the Swedish krona is affected by demand in the international currency market.

So far in 2025, the Swedish krona has strengthened against the Euro and the US dollar. During the first half of 2025, the krona is the currency that has strengthened the most compared to the ten most traded currencies in the foreign exchange markets (G10 currencies). The underlying factors are mainly the weakening of the US currency. In 2026 the krona is expected to continue to strengthen against both the Euro and the US dollar (Govt Bill 2025/26:1).

## 2.6 The Riksbank's opinion on the Debt Office's proposal

Under the Budget Act, the Government is required to obtain proposed guidelines from the National Debt Office and request an opinion from the Riksbank on the proposal of the Debt Office (Chapter 5, Section 6). The Riksbank raised no objections to the Debt Office's Central government debt – Proposed guidelines 2026.

## 3 Reasons for the Government's Decision

### 3.1 Trade-off between cost and risk in debt management

The trade-off between cost and risk is set in the annual guidelines and, according to them, is primarily to be made through the choice of the composition and term to maturity of the central government debt (point 11). The main measure of cost is the average issue yield (point 12) and the main measure of risk refers to the variation in this measure (point 13).

In the guidelines, the Government steers exposure to various risks, while giving the Debt Office flexibility about how to implement the financing. The Debt Office can therefore borrow in debt instruments with the maturities that are best in the circumstances and keep the risks within the guidelines via derivative instruments. This flexibility is of particular importance in keeping borrowing costs down when the borrowing requirement increases, when the Debt Office is able to borrow large sums at short maturities without deviating from the term-to-maturity interval.

The Debt Office plans its borrowing long term and by distributing issuance volumes over different outstanding bonds in regularly held auctions on many occasions, thus spreading out the refinancing over time. This means that only a smaller portion of the outstanding stock of bonds matures and must be refinanced every year. Refinancing risk refers to the consequences of concentrated redemptions in the coming years and relate to the risk that it will prove difficult or costly to replace maturing loans with new ones. According to the National debt Office, there is no significant difference between a ten-year and a 30-year bond in this respect. The formulation that requires taking account of refinancing risks in the central government debt management, including by issuing instruments with more than 12 years to maturity, was introduced in the guidelines decision for 2018 after the specific steering of instruments in nominal kronor with more than 12 years to maturity was removed. Issuing bonds with longer maturities can provide some confidence if market conditions change rapidly. In view of the fact that the Debt Office issues the majority of nominal government bonds in the ten-year segment<sup>1</sup>, the

<sup>1</sup> Swedish National Debt Office, Central government debt management – basis for evaluation 2024, p. 21.

Government considers that this should instead be reformulated to at least ten years to maturity.

In the appropriation directions for the budget year 2025, the Debt Office was tasked with analysing and proposing methods for how the evaluation of central government debt management could be developed and clarified. The Debt Office must also justify which aspects of central government debt management should be evaluated, and how. The Debt Office must address in particular how the balancing between the cost and risk involved in the debt management should be evaluated.

In this year's proposed guidelines and in accordance with the Government's mandate, the National Debt Office has investigated how the evaluation of central government debt management can be developed (see Section 3.5).

### 3.2 The steering of inflation-linked bonds is kept unchanged and will continue to be gradually reduced

The Government sees no reason to alter the steering of the composition of the krona debt. This steering means that the outstanding stock of inflation-linked debt is to be gradually reduced. This type of debt is to be calculated as a nominal amount excluding accrued inflation compensation. At the end of 2029, the inflation-linked debt is to amount to a target level of approximately SEK 80 billion (point 19).

By issuing inflation-linked bonds, the Debt Office can reach investors who do not want to risk inflation eroding the value of their bonds. This borrowing needs to be large enough to enable liquid trading without crowding out nominal bonds so that liquidity in that market deteriorates.

There are also other reasons for retaining this type of debt as a smaller share of the central government debt. One such reason is that the inflation-linked debt could be a cost-minimising element in the future. Another reason is that the Debt Office may need to drastically increase borrowing at a future time. Borrowing in different debt types has the potential to reach more investors. Maintaining a presence in the inflation-linked bond market would facilitate a future significant increase in borrowing if it were to become necessary. Inflation-linked borrowing could then help to ease pressure on the market for nominal government bonds and Treasury bills.

In last year's proposed guidelines, the Debt Office describes how a decrease from the current SEK 177 billion to approximately SEK 80 billion by 2029 will be achieved through the loans that mature as planned during the period. In nominal terms, these redemptions lead to the outstanding volume decreasing to SEK 56 billion in 2029. At the same time, the Debt Office plans to issue inflation-linked bonds in the range of SEK 20 billion to SEK 30 billion in the period, causing the outstanding volume to increase and thus end up at the target value of approximately SEK 80 billion by the end of 2029.

After the decrease, the inflation-linked share will be around 10%. That is in line with several other countries, such as Denmark, France and the

US. The current inflation-linked debt share of 20% is comparatively high from an international perspective.

In the guidelines decision for 2025, the Government established that the share of the outstanding stock of inflation-linked krona debt is to be gradually reduced. The Government sees no reason to change the steering of the outstanding stock of inflation-linked debt and the target level of approximately SEK 80 billion at the end of 2029.

### 3.3 Steering of foreign currency exposure remains unchanged

A significant aspect of the trade-off between cost and risk is central government debt's foreign currency exposure. The currency exposure is being phased out on the grounds that it brings a higher risk without offering any cost advantages over time. The phasing out entails the Debt Office selling SEK for the main currencies that the central government debt has exposure to, being primarily the Euro and the Swiss franc. Foreign currency exposure fluctuated marginally during the period 2020–2023, as the phasing out of the foreign currency debt since 2017 was paused pending the Debt Office's analysis. The movements in foreign currency exposure that occurred were largely caused by the strengthening of the Swedish krona in 2020 and its subsequent weakening in 2021–2023. At its highest, foreign currency debt amounted to SEK 116 billion (measured at present exchange rates) at the beginning of 2023, corresponding to approximately 10.4% of the total central government debt. Foreign currency debt then began to decline in 2023 in accordance with the guideline to gradually phase out the central government debt's foreign currency exposure and attain the target value of zero as of 2027.

As of 30 August 2025, foreign currency debt amounted to just under SEK 40 billion and accounted for just under 3.3% of central government debt.<sup>2</sup>

Given the objective of central government debt policy, the Government does not consider that there is reason to change the steering of central government debt's foreign currency exposure.

### 3.4 Steering of term to maturity remains unchanged

The term to maturity of the central government debt is to be between 3.5 and 6 years.

In recent years, the guidelines have been adjusted to refine this steering in order to clarify the overall level of risk. This refined steering, and especially the common term to maturity for all of central government debt, enables the Debt Office to adapt borrowing to both current demand and temporary fluctuations in the borrowing requirement, thereby keeping borrowing costs down. This flexibility has been particularly important in years with uncertainty, with large fluctuations in the borrowing

requirement. The purpose of having a maturity interval is to set appropriate conditions for borrowing planning and among other things manage forecast deviations.

The Government does not consider that there is reason to change the steering of the term to maturity.

### 3.5 The steering of the evaluation is clarified

As commissioned by the Government, the Debt Office has examined whether and how the evaluation of central government debt management can be developed. The latest evaluation of central government borrowing and debt management by the Swedish National Financial Management Authority (for the period 2019–2023) states that the Government's guidelines for evaluation should be adapted to clarify which aspects the Government intends to evaluate and thus what information the Debt Office should provide. In the guidelines decision for 2025, the Government also states that there is a need for a major review of what information the Debt Office should provide for the evaluation, and how this information should be designed, so that clearer conclusions can be drawn. In the appropriation directions for 2025, the Debt Office was therefore tasked to analyse and propose methods for how the evaluation of the central government debt management could be developed and clarified. The task included justifying which aspects of central government debt management should be evaluated and how, and to address in particular how the balancing between the cost and risk involved in the debt management can be evaluated.

In this year's proposed guidelines for the central government debt management, the Debt Office has reported on this task. The Debt Office concludes that the evaluation largely focuses on assessing whether the decisions made in managing the debt are expected to minimise its long-term cost for the debt while taking account of risk. The Government's and the Debt Office's decisions address three aspects of the management:

- the debt's composition and term to maturity (portfolio characteristics)
- borrowing (including liquidity management)
- position-taking.

The composition and term to maturity of the central government debt are determined by the target values in the Government's guidelines decision, while the Debt Office makes decisions on borrowing and position-taking at an operational level based on the parameters set in the Government's guidelines decision. In the information provided by the Debt Office for the most recent evaluations, the Debt Office has made a more distinct division between decisions at the guidelines level and the operational level, in order to distinguish between decisions that entail policy positions and decisions that the Debt Office is responsible for. The Debt Office highlights that when evaluating the Government's guidelines decisions, there needs to be clearer information showing the analyses that formed the basis for the decisions and that the Debt Office's proposed guidelines in which this information is reported play an important role. The Debt Office shall also

report relevant quantitative results retrospectively. The Debt Office recommends that the measures and results presented shall also be relevant in terms of the purpose of evaluation.

The Debt Office assesses that the balance between cost and risk could be evaluated in further detail, particularly with regard to the steering of the central government debt's term to maturity. The Debt Office assesses that it can provide a more extensive analysis for the Government's decision on the composition and term to maturity of the debt, regardless of whether changes are proposed or not, and provide further analysis regarding the quantitative measures and results reported in connection with the decisions. In the evaluation of the guidelines decisions on composition and term to maturity, the Debt Office states that it mainly pertains to assessing the basis for decision. In some cases, it may also be justified to produce counterfactual results in order to follow up on the decisions. At the same time, the Debt Office emphasises that counterfactual analyses have flaws and therefore considers that the evaluation should primarily be based on the forward-looking analysis in the proposed guidelines, with counterfactual results as a complement where possible and relevant. Reporting of costs and risk is largely already included in the basis for evaluation, but the Debt Office sees that the measures and changes could be explained more clearly.

The Debt Office makes decisions on central government borrowing on the basis of the Government's guidelines, the objective of debt management, and forecasts of the borrowing requirement. In the future, the Debt Office is expected to report more clearly how the maturity is steered, how refinancing risks are taken into account, and how the Debt Office contributes to a well-functioning securities market. This will be done in part by explaining more thoroughly the progression in relation to the midpoint of the maturity interval, which is the target value in the borrowing planning.

It is proposed that the evaluation of position-taking within the Government's mandate be continued as before, i.e. continue to be recorded and evaluated in terms of market value.

In light of the above, the Debt Office proposes that it be clarified that the evaluation shall be done with quantitative measures when relevant. Furthermore, the Debt Office proposes a new point which means among other things that the Government's decision on guidelines for the central government debt's composition and term to maturity are evaluated on the basis of the objective of debt management and the analysis that the Debt Office presents in its proposed guidelines. The Debt Office also proposes that a new point should replace the evaluation point concerning the operational management.

The Government appreciates the Debt Office's work in developing the analyses and that this work is also carried out continuously. The Government considers that mainly quantitative measures should be used in the evaluation, but that such measures should not be used when they are not possible or relevant to apply. The Government considers that the analyses in the proposed guidelines are important for enabling an appropriate evaluation of the guidelines decisions in particular. Therefore, the evaluation shall be based on the Debt Office's proposed guidelines, the information provided for evaluation by the Debt Office, and the evaluation

carried out by the Swedish Agency for Public Management<sup>3</sup>. In the Debt Office's proposed guidelines, it shall also be made clear how proposed changes to the guidelines are to be evaluated. The Debt Office is also to analyse how the composition and term to maturity have developed. The Government stresses the importance of ensuring that developments over time can be monitored and compared in as simple a way as possible. Therefore, the Government assesses that the chosen analytical methods should be selected, retained or replaced with a view to ensuring continuity over time. The Government assesses that clarity will improve if the evaluation is divided into one point that focuses on the Government's guidelines and one that relates to the Debt Office's decisions in the operational management. The evaluation of the Government's guidelines decision shall be carried out in relation to the objective for the central government debt management, and the guidelines decisions are assessed in their entirety, even though the guidelines for the debt's composition and term to maturity are particularly central. The point on reporting the inflation-linked borrowing is removed since it is covered in the evaluation of the composition. The Debt Office's decision on central government borrowing is to be evaluated in relation to the objective of the central government debt management and the Government's guidelines for the debt's composition, the debt's term to maturity, refinancing risks, borrowing preparedness, and market support and debt maintenance. For greater clarity, it should be explicitly stated that the Debt Office's decisions are made within the framework of the operational management.

<sup>3</sup> The Government assessed in its 2025 Budget Bill (Govt Bill 2024/25:1) that the Swedish Agency for Public Management and Swedish National Financial Management Authority should be merged under the name 'Swedish Agency for Public Management' and that this organisational change should take effect on 1 January 2026.