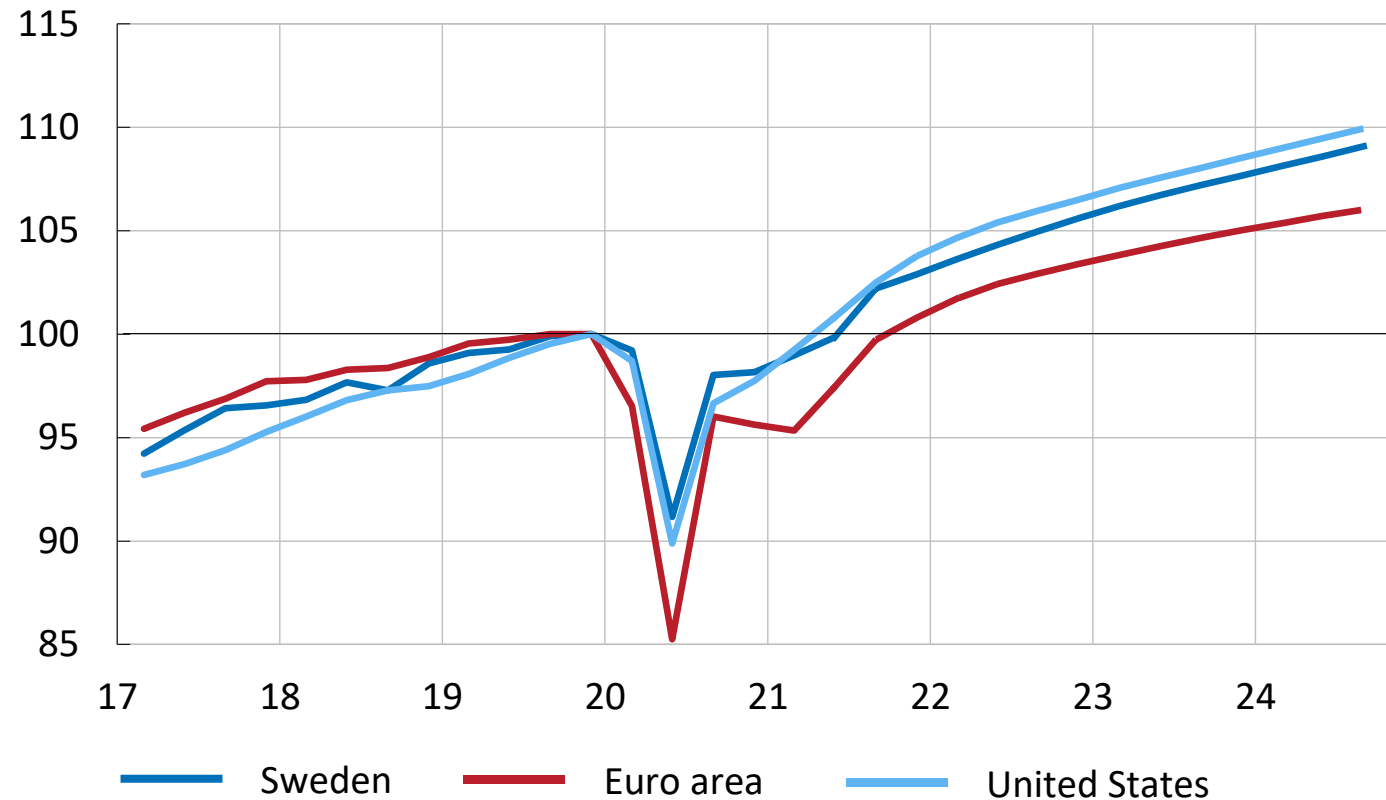


Strong recovery but some slowdown in growth going forward. The risks to financial stability are still elevated.

November 2021

The economic recovery has been strong

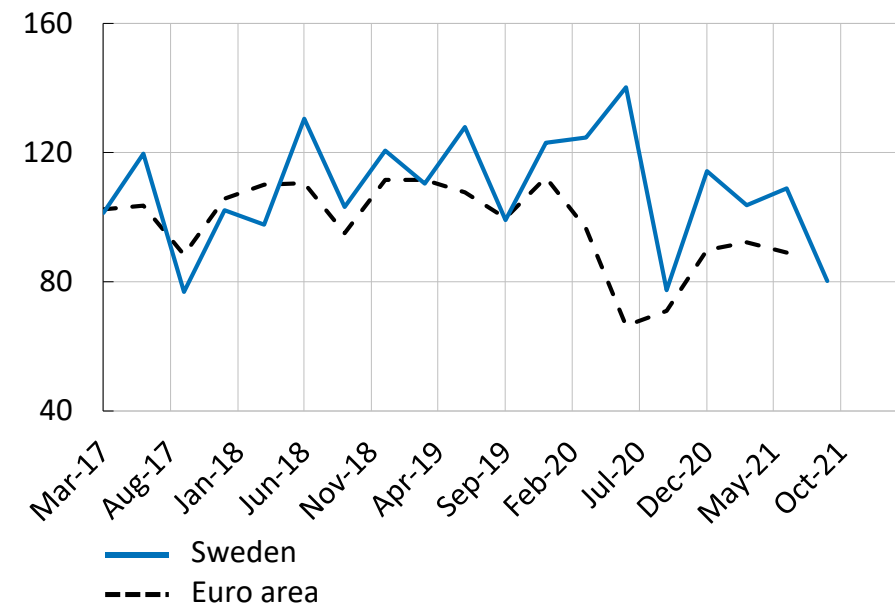


Note. GDP. Index, 2019 Q4 = 100, seasonally adjusted data. Solid line refers to outcome, broken line represents the Riksbank's forecast.

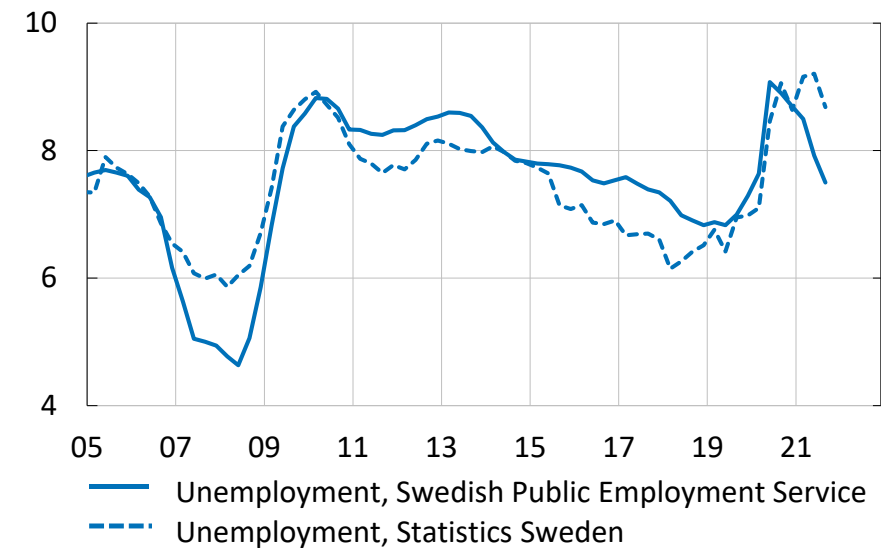
Sources: Eurostat, national sources, Statistics Sweden and the Riksbank.

Few bankruptcies and recovery in the labour market

Bankruptcies on a relatively low level



Better prospects in the labour market



Note. Left: Index, January 2017 = 100. The chart shows an aggregate for the euro area. The index for Sweden is based on the bankruptcy statistics from Statistics Sweden, which have been converted from monthly to quarterly observations. Right: Per cent of the labour force.

Source: Swedish Public Employment Service, Eurostat, Statistics Sweden and the Riksbank.

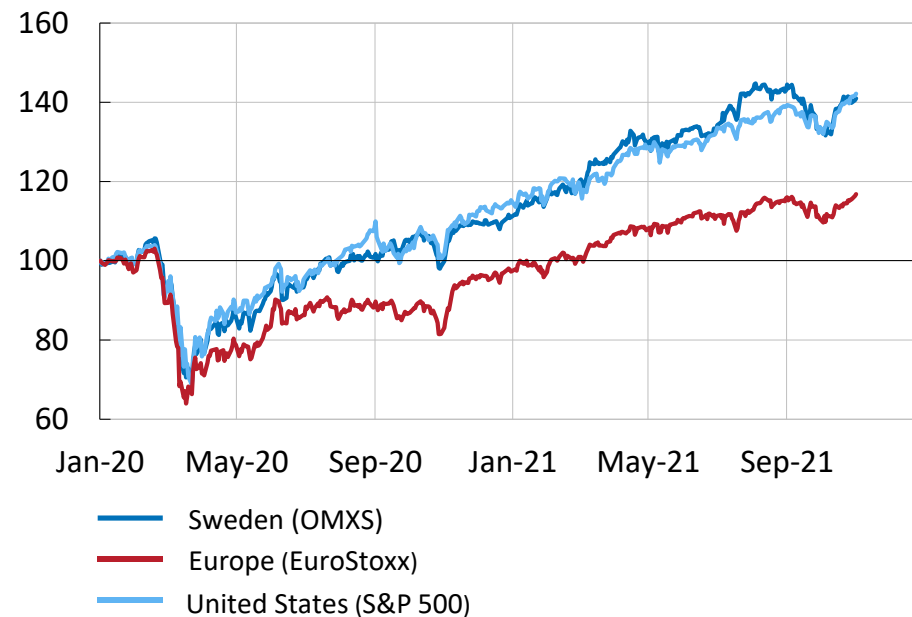
Continued elevated risk level

- Risk of **new lockdowns**
- **Logistics problems** and **shortages of input goods**, rapidly rising **freight, commodity and energy prices**
- Temporarily **high inflation** in several countries
- Risk of **adjustments in asset prices**

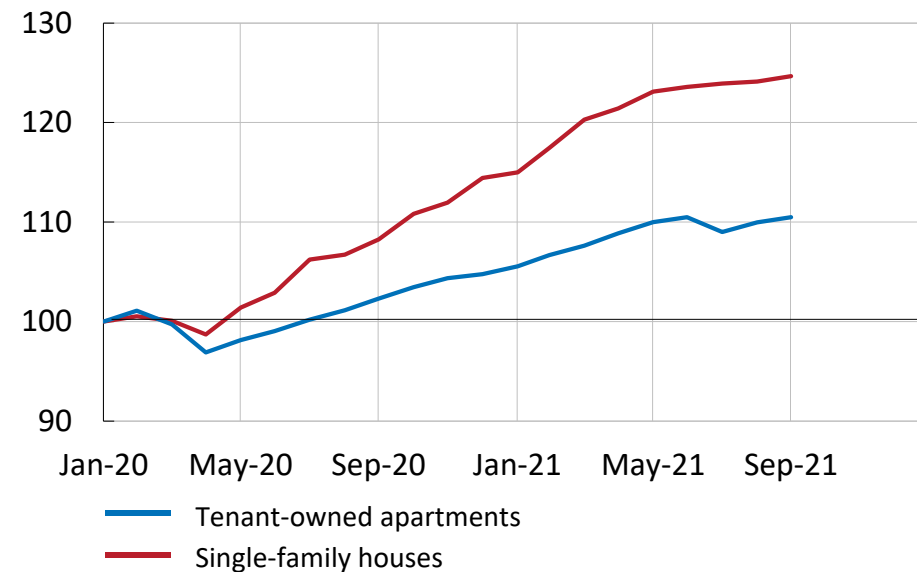


Assets are highly valued

Share prices have risen but have slowed somewhat during the autumn



Housing prices are rising but at a slower pace

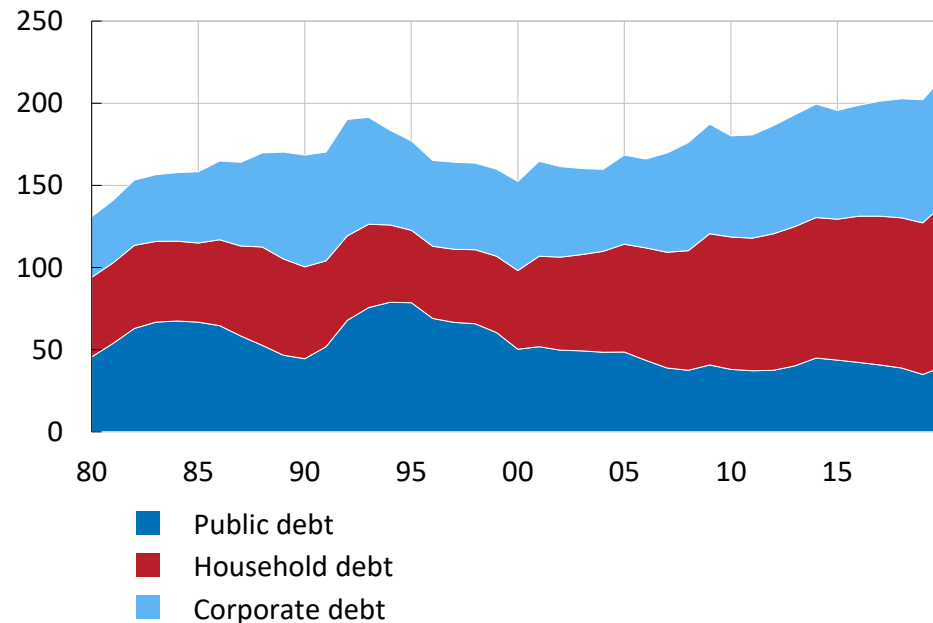


Note. Left: Index, 2 January 2020 = 100. Right: Index, January 2020 = 100. Seasonally adjusted series.

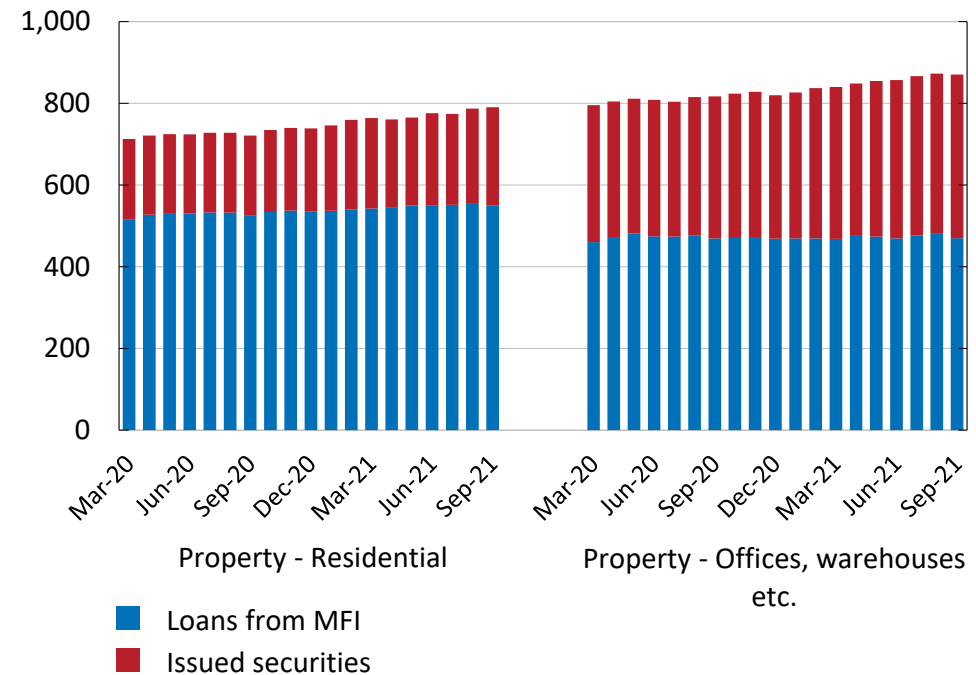
Sources: Macrobond, Valueguard and the Riksbank.

Earlier vulnerabilities in the Swedish financial system have been exacerbated

High and growing household debt constitutes a vulnerability for the Swedish economy



Commercial property companies have increased their borrowing the most during the coronavirus pandemic



Note. Left: Per cent of GDP. Blue area shows the consolidated public gross debt from 1996. Between 1980 and 1995, the blue area shows the total debt instruments included in the gross debt in 1980-1997 according to the older definitions. Corporate debt includes loans from MFIs and borrowing via securities. Right: SEK billion

Source: Statistics Sweden and the Riksbank.

Overall economic policy needs to focus more on counteracting growing imbalances

- Strong measures have been motivated
 - Bringing inflation persistently close to target requires continued expansionary monetary policy...
 - ...but the need for pandemic-related measures has decreased
 - The Riksbank's lending programmes have been terminated
- Growing imbalances need to be addressed
 - The Riksbank supports FI's decision to increase the countercyclical capital buffer
 - Reforms in housing and tax policy are needed



The resilience of the financial system needs to be strengthened



Bank regulation



The corporate bond market
and investment funds



Reference rates



High household indebtedness



Global challenges



Climate-related risks



Cyber risks



Major changes in the payments and securities markets



Cryptoassets



Financial Stability Report, November 2021



Strong recovery but some slowdown in growth going forward



The risks to financial stability are still elevated



The resilience of the financial system needs to be strengthened