Swedbank Economic Outlook

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Swedbank Economic Outlook presents the latest economic forecasts for Sweden, the Nordic and Baltic countries and the major global economies. In this update, current issues that have a bearing on economic developments are analysed.

Swedbank Economic Outlook is a product made by Swedbank Macro Research.

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Global – Strong growth momentum

The outlook for global growth remains good. The euro area is on a stronger footing, and the US economy continues to grow at a moderate pace. Emerging markets are stabilising, contributing to a global cyclical upswing. Political uncertainties have increased somewhat in the past months and still pose a significant risk to the economic outlook. In the long run, populist policies could undermine political and economic institutions that are crucial for long-run growth prospects. In the short run, however, we expect strong growth to counteract the negative effects of a politically weak environment.

Euro area – growth momentum strengthens

The euro area recovery is well under way. We see a broadening of economic growth across sectors and countries. Germany's business cycle is maturing but has not yet peaked. The outlook for France has strengthened. After a decade of weak growth, structural reforms in France can significantly boost both medium and long-run growth prospects. In Spain, growth remains robust, but political instability has made the economic outlook more uncertain. In Italy, growth is also improving, but will remain rather low due to lack of structural reforms, weak public finance and adverse demographics. In the near term, we expect a continued cyclical upswing in the euro area despite the risk of political turmoil. Stronger growth in Europe is particularly important to the Nordic and Baltic economies, which benefit from stronger exports.

The US to continue with gradual monetary tightening

In the US, the business cycle shows signs of maturing, but over the forecast horizon, economic activity is expected to expand at about 2 % per annum. The labour market is strong and currently subdued inflation is anticipated to rise. The Federal Reserve (Fed) continues to hike the policy rates and the normalisation of the balance sheet will proceed at a gradual pace. Chair Yellen, and NY Fed's Dudley will all step down within the coming year, and vice chair Fischer recently bowed out, providing room for a shift in Fed policy ahead. However, we expect the nominee for Fed Chair, Jerome Powell, to strive for continuity. The gradual approach to policy normalisation begun by Yellen is likely to continue.

Emerging markets contributing to global upswing

Emerging markets are benefitting from a cyclical upswing in commodity-producing countries, such as Brazil and Russia. China is managing to keep up growth numbers amidst a structural shift towards services and domestic demand. The recent Party Congress showed a unified leadership and a tight grip by the Communist Party. There are some signs of moving towards more market pricing in financial markets. We reiterate that a long period of high credit growth and, hence, a reversal of the credit cycle still pose a significant risk to the outlook. In India, growth is facing some headwinds, and the reform process is slow. However, long-run growth potential remains good, given the strong demographic tailwinds.

Political risks still in focus

The risks to the economic outlook stem predominantly from political factors rather than macroeconomic imbalances. Heightened geopolitical tensions, such as an escalation of the US-North Korea tensions, pose a risk. In addition, we have to consider the severe risks to long-run growth prospects that stem from weaker political institutions. We are particularly concerned about the attacks on the judicial system, the democratic process, and the free press in the US. A weaker United States will shift the global economic and political power towards less democratic nations. This will not necessarily slow growth in the near term, but we should not underestimate the threat it poses to long-run prospects for growth and well-being.

Swedbank's global GDP forecast[1/] (annual percentage change)

	2016	2017F		2018F		2019F	
USA	1.5	2.2	(2.1)	2.2	(2.0)	1.7	(1.7)
EMU countries	1.8	2.3	(2.1)	2.1	(2.0)	1.8	(1.8)
Germany	1.9	2.3	(2.1)	2.2	(2.0)	1.8	(1.7)
France	1.1	1.8	(1.8)	1.8	(1.9)	1.9	(1.6)
Italy	1.1	1.5	(1.3)	1.3	(1.1)	1.1	(1.1)
Spain	3.3	3.1	(3.1)	2.6	(2.7)	2.3	(2.4)
Finland	1.9	2.8	(2.6)	2.2	(2.0)	1.8	(1.5)
UK	1.8	1.6	(1.6)	1.5	(1.5)	1.6	(1.6)
Denmark	1.7	2.4	(2.4)	2.2	(2.0)	2.0	(2.0)
Norway	0.9	1.8	(1.8)	1.8	(2.1)	1.4	(2.1)
Japan	1.0	1.6	(1.9)	1.3	(1.4)	0.8	(0.9)
China	6.9	6.7	(6.6)	6.6	(6.4)	6.3	(6.3)
India	7.9	6.3	(7.0)	7.3	(7.6)	7.9	(7.9)
Brazil	-3.6	0.9	(0.8)	2.7	(2.3)	2.4	(2.4)
Russia	-0.2	2.0	(2.0)	2.3	(2.3)	2.0	(2.0)
Global GDP in PPP [2/]	**3.3**	**3.6**	**(3.6)**	**3.8**	**(3.7)**	**3.7**	**(3.6)**

[1/] Calendar adjusted, except for Russia. Aug 2017 forecasts in parenthesis
[2/] IMF PPP weights (revised Oct 2017)

Source: IMF and Swedbank

Sweden – Housing market in the spotlight

The Swedish economy is benefitting from solid global growth. Exports and industrial production have accelerated. Employment, investment, and consumer spending are growing at a good pace, supported by low interest rates and an expansionary fiscal policy. In recent months, however, we have seen a clear slowdown in price increases in the housing market, which is creating concern that prices may drop. Will prices stabilise, fall, or continue to rise? What will happen to the Swedish economy if the housing market slows?

The driving force in the Swedish economy is shifting from domestic demand to exportdriven industrial production. Sweden is benefitting from improving growth in its neighboring region. In 2018, a strong labour market, coupled with a higher child allowance and lower tax on retirees, will contribute to nearly a 5% increase in nominal disposable income. Growth in household consumption will dampen somewhat as the Riksbank start to hike rates in mid-2018. In 2019, consumer spending will continue to slow as savings remain high, partly due to increased amortisations. In 2019, overall GDP growth will slow to 2 percent. One reason is that housing investment will not continue to rise at the same high pace in coming years.

Housing market stabilises

Two things have caused the slowdown in the housing market. First, the amortisation requirement introduced in 2016 has had a dampening effect on price increases, mainly in metropolitan regions. This was expected and is creating a more sustainable trend. The second factor is connected with the supply of housing. Construction has increased substantially, and the supply of new housing is large. This new construction is dominated by relatively expensive condominiums and rentals. When it comes to affordable rentals, however, the shortage is still large.

We expect the current stabilisation of housing prices to continue. For the country as a whole, we anticipate largely unchanged prices, +/- 5%, depending on the market and type of property. A fairly significant correction is possible for expensive properties in metropolitan areas, but this reflects an oversupply in the more expensive segment rather than conditions for the overall housing market. A strong labour market, rising disposable incomes, and robust population growth are neutralising any major decline in prices for the country overall.

When prices stabilise, the high growth rates for new housing construction we have seen in recent years will decline, especially in 2019. At the same time, business and public sector investments are increasing, especially in municipalities and county councils. A significant population increase, in particular of young and old, is contributing to a greater need, e.g., for preschools, schools, senior care, hospital renovations and expanded infrastructure. In the construction sector, labour shortages are large. Hence, in the construction sector, the risk of rising unemployment is low, since workers can easily find new jobs.

Growth will slow to sustainable levels

In 2019, the growth rate in the Swedish economy will slow from today's high levels of around 3% to more sustainable growth of about 2%. Sweden enjoys favorable conditions for continued healthy growth; a competitive and diversified business sector, strong government finances, and high population growth. The development in the housing market is an important factor, however. A price drop of 15–20% would clearly have a negative impact on the Swedish economy, resulting in lower growth and rising unemployment. It is important, therefore, that politicians be careful and responsible in implementing new measures, such as tighter amortisation requirements and scaled-down interest rate deductions. At this point, there is a risk that further measures, instead of stabilising the housing market, will cause it to decline.

Baltic countries – Strong tailwinds

Economic growth has exceeded expectations in all three Baltic countries this year. Stronger external demand is lifting exports and investments. Tight labour markets are pushing up wages. Higher incomes, in turn, are supporting consumption. GDP is expected to grow above its potential both this and the next year. In 2019, growth is expected to recede as the cyclical upswing fades. Inflation has accelerated due to higher commodities' prices and excise taxes and growing labour costs.

Economic growth will remain above potential in 2018

All three Baltic economies have enjoyed unexpectedly fast growth this year. Higher external demand and robust domestic sales have lifted enterprises' turnover and investment volumes, and have had a positive impact on the labour market. Credit demand is slowly picking up, especially in Estonia. The economic cycle is the most mature in Estonia, while Latvia is lagging behind, as its credit cycle is the youngest. Next year, economic growth will slow somewhat but still remain above the potential (potential growth rate is estimated at around or slightly below 3% in Estonia, Latvia, and Lithuania). In 2019, growth is expected to slow to close to potential as the cyclical upswing fades.

In 2018–2019, economic growth will mostly be supported by domestic demand: consumption and investment. Export volumes are expected to show moderate growth rates. Consumption will remain solid due to rapid increases in households' incomes, a tightening labour market, and stronger consumer sentiment. In the coming two years, investment will be pushed higher by stronger demand (which will enhance capacity constraints) and the implementation of the EU structural funds' projects (which should peak in the coming two years, during the current budgetary period of the EU).

Labour markets are tightening

Consumer price growth is expected to slow a bit in Estonia and Lithuania in 2018–2019 as external price pressures ease. Inflation would still remain elevated (and peak in Latvia in 2018) due to a surge in excise tax rates and growing labour costs. Wage growth will remain relatively high in the Baltics, outpacing inflation, due mainly to the shortage of suitable labour, caused by growth-driven demand and negative demographic trends, but partly also thanks to income legalisation, especially in Latvia and Lithuania. Nevertheless, higher sales and improved productivity will make it easier for companies to adjust to higher labour costs. Labour tax cuts in Estonia, Latvia, and Lithuania will boost net wages in 2018.

Employment is expected to remain relatively stable in the Baltics during the forecast period. Despite high economic growth, employment is constrained by a shrinking working-age population and a skills and regional mismatch between labour demand and supply, more prevalent in Latvia and Lithuania. Unemployment continues its downward trend, except in Estonia, where a change in the social benefits system of the disabled will force them to start looking for a job.

Main risks to growth are external

Although local elections in Estonia in October 2017 and a general election in Latvia in October 2018 will keep fiscal policy expansionary in these two countries; they will probably not change the main course of economic policy. The general governments' budget deficits are expected to remain small in Estonia and Latvia (below 1% of GDP); a fiscal surplus is foreseen in Lithuania in 2017–2019. The main risks to growth are external – political uncertainty in Europe and/or possible shocks in the Scandinavian real estate market– which could affect the Baltics through financial linkages, lower export demand, or the incomes of the construction workers employed there. Domestically, the scarcity of labour is driving up labour costs and could threaten competitiveness.

Interest and exchange rate forecasts

Even if the pace is slow, the direction of central banks is clear; a gradual removal of policy stimulus has begun. We foresee that this normalisation will continue, something that to a large extent will affect market interest rates, as well as exchange rates. Interest rates are rising, and we see a progressively stronger krona, as well as euro, during the forecast period.

Central banks' cautious policy normalisation continues

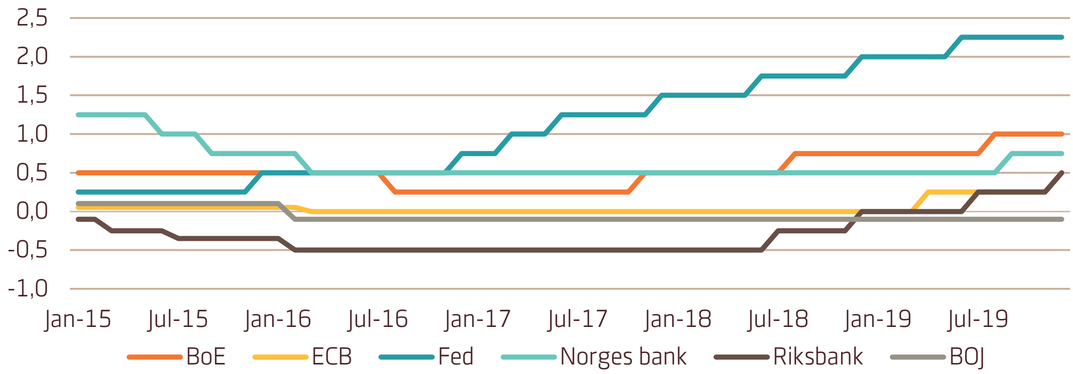
Having raised the policy rate a full percentage point and begun reducing bond holdings, the Federal Reserve (Fed) is the farthest along in the process of removing monetary stimulus. We foresee that the Fed will continue raising rates in a steady but cautious manner in the years ahead. A return of inflationary pressures, along with a very tight labour market, will be key for the Fed. The ECB, unlike the Fed, will still be conducting asset purchases through 2018, although at a reduced monthly volume starting in January. Cautious increases in policy interest rates will not come until early 2019, with the policy remaining very accommodative through the forecast period. The ECB will be eyeing a weak inflation rate and a still relatively fragile economic recovery. The Riksbank, mindful of the krona exchange rate and imported inflation, will begin raising the repo rate in mid-2018 when the Executive Board becomes more confident that the ECB will also begin scaling back stimulus. The pace of repo rate increases thereafter, however, will remain fairly shallow by historical standards.

Monetary policy sets tone in fixed-income markets

How central banks manage their hiking cycles and their exits from the unconventional monetary policies they have been implementing will, in our view, remain the key factor influencing market interest rates in the years ahead. We foresee interest rate curves initially steepening as long-term interest rates can rise more than the short-term rates, which are anchored by policy rates. Thereafter, as policy rates gradually move upwards, we expect to see curves flatten again. The differentials in central banks' timing in the normalisation process will be an important determinant for interest rate and curvature differentials in market rates in various currencies. In a historical perspective, long-term rates will nonetheless remain fairly low due to a continued high demand for safe assets, a low neutral interest rate, and stable inflation expectations, near central banks' inflation targets. In the case of Swedish government bond yields, a small effective free float of bonds, strong public finances, and a low net borrowing requirement will further act as restraining factors for how far long-term yields will rise. The political risks in Europe have arguably diminished in wake of election outcomes this year and a stronger cyclical upswing. Nonetheless, we remain mindful that perceived political risk and widening peripheral spreads may flare up in conjunction with political events, such as the upcoming Italian election.

Central bank's timing of normalisation will differ

Central bank policy rates and Swedbank forecasts



Source: Swedbank Research & Macrobond

Policy rate differentials and short-term market rates affect exchanges rates

Central bank policy also continues to be the major force driving relative strengths in the currency markets. Short-term interest rate differentials supporting the US dollar will slowly fade as other central banks begin in earnest to remove accommodation. Hence, over the forecast horizon, we see a gradually strengthening euro relative to the dollar. We also expect the Swedish krona to strengthen against major trading partners, especially in 2018, appreciating notably against both the euro and the dollar over the forecast horizon. The Norwegian krone will depreciate somewhat in the near term in the wake of the housing market weakness but fairly soon should regain its footing. Uncertainty surrounding the Brexit negotiations will continue to cloud the outlook for the UK pound sterling; be prepared for bursts of volatility. We expect emerging-market currencies to strengthen somewhat against the US dollar, as well.

The oil price has risen in recent months in the wake of geopolitical tension, but the medium-term outlook remains largely unchanged and we foresee that the oil price gradually falls towards $55 per barrel. Crude oil stocks are falling, but only very slowly. Importantly, we expect OPEC to ensure compliance with the agreed production cuts, while recent data has revealed some limitations to the growth of US shale production.

Interest and exchange rate forecasts, %

	Outcome	Forecast				
	2017 6 NOV	2017 31 DEC	2018 30 JUN	2018 31 DEC	2019 30 JUN	2019 31 DEC
Policy rates						
Federal Reserve, USA [2/]	1.25	1.50	1.75	2.00	2.25	2.25
European Central Bank [3/]	0.00	0.00	0.00	0.00	0.25	0.50
Bank of England	0.50	0.50	0.50	0.75	0.75	1.00
Riksbank	-0.50	-0.50	-0.50	0.00	0.25	0.50
Norges Bank	0.50	0.50	0.50	0.50	0.50	0.75
Bank of Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Government bond rates						
Sweden 2y	-0.9	-0.7	-0.2	0.3	0.7	0.9
Sweden 5y	-0.2	0.2	0.7	1.2	1.4	1.5
Sweden 10y	0.8	1.0	1.4	1.8	1.9	2.0
Germany 2y	-0.8	-0.7	-0.5	-0.2	0.3	0.6
Germany 2y	-0.4	-0.2	0.1	0.6	1.1	1.3
Germany 10y	0.3	0.5	0.7	1.1	1.6	1.8
US 2y	1.6	1.8	2.1	2.5	2.8	2.6
US 5y	2.0	2.3	2.7	2.9	3.1	2.8
US 10y	2.3	2.8	3.1	3.3	3.4	3.2
Exchange rates						
EUR/USD	1.16	1.16	1.18	1.20	1.20	1.22
EUR/SEK	9.79	9.70	9.40	9.20	9.20	9.10
USD/SEK	8.44	8.36	7.97	7.67	7.67	7.46
KIX (SEK) [1/]	114	112	108	106	106	105
EUR/NOK	9.44	9.70	9.50	9.30	9.20	9.00
NOK/SEK	1.04	1.00	0.99	0.99	1.00	1.01
EUR/GBP	0.88	0.91	0.92	0.94	0.94	0.92
USD/CNY	6.62	6.70	6.60	6.55	6.60	6.50
USD/JPY	114	113	115	115	120	115
USD/RUB	59	59	58	57	57	56

[1/] Total competitiveness weights. Trade-weighted exchange rate index for SEK.
[2/] Upper Bound
[3/] Refi Rate

Source: Macrobond & Swedbank

Appendices

SWEDEN: Key economic indicators, 2016–2019 [1/]

	2016	2017F		2018F		2019F	
GDP growth (calendar adjusted), % [4/]	3.1	3.0	(3.2)	2.8	(2.6)	1.9	(2.1)
GDP growth, % [4/]	3.3	2.7	(2.9)	2.7	(2.5)	2.0	(2.0)
Household consumption	2.2	2.4	(2.4)	2.4	(2.2)	2.0	(1.7)
Government consumption	3.4	0.4	(0.1)	2.3	(2.4)	1.9	(1.8)
Gross fixed capital formation	5.6	7.9	(7.6)	3.6	(3.7)	2.2	(2.5)
Change in inventories, contribution to GDP growth	0.0	-0.1	(0.1)	-0.1	(0.0)	0.0	(0.0)
Exports of goods and services	3.3	3.4	(2.8)	5.2	(5.0)	4.2	(4.2)
IImports of goods and services	3.4	4.5	(3.1)	5.3	(5.6)	4.6	(4.2)
Industrial production (calendar adjusted), %	2.6	2.8	(2.7)	4.8	(3.2)	3.7	(3.5)
CPI, % (average)	1.0	1.8	(1.9)	2.1	(2.1)	2.8	(2.5)
CPI, % (end of period)	1.7	1.8	(2.0)	2.5	(2.3)	2.8	(2.5)
CPIF, % (average) [2/]	1.4	2.0	(2.0)	1.7	(1.8)	1.9	(1.9)
CPIF, % (end of period) [2/]	1.9	1.9	(2.0)	1.7	(1.7)	1.9	(1.9)
Riksbank policy rate, end of period	-0.5	-0.5	(-0.5)	0.0	(0.0)	0.5	(0.5)
Unemployment rate (15-74), %	6.9	6.7	(6.6)	6.4	(6.5)	6.3	(6.4)
Change in labour force (15-74), %	1.0	2.1	(1.9)	1.2	(1.1)	0.8	(0.6)
Change in employment (15-74), %	1.5	2.3	(2.3)	1.5	(1.2)	0.9	(0.7)
Nominal hourly wage whole economy (NMO), % (average)	2.4	2.7	(2.8)	3.1	(3.1)	3.4	(3.4)
Household savings ratio, %	15.8	15.3	(16.3)	15.4	(16.3)	15.1	(16.6)
Household real disposable income, %	2.3	2.0	(2.6)	2.7	(2.2)	2.3	(2.1)
Current account balance, % of GDP	5.1	5.3	(5.3)	5.3	(5.1)	5.2	(5.0)
General government budget balance, % of GDP [3/]	1.1	1.2	(1.4)	0.7	(0.8)	1.0	(1.1)
General government debt, % of GDP [3/]	42.2	38.7	(38.6)	36.9	(36.6)	35.1	(34.9)

[1/] August 2017 forecast in parenthesis. Annual percentage change if not stated otherwise
[2/] CPI with fixed interest rates
[3/] According to Maastricht definition
[4/] GDP in real terms

Source: Statistics Sweden and Swedbank

ESTONIA: Key economic indicators, 2016–2019 [1/]

	2016	2017P		2018F		2019F	
Real GDP growth, %	2.1	4.2	(3.5)	3.5	(3.2)	3.0	(2.7)
Household consumption	4.3	2.0	(2.0)	4.0	(4.0)	2.5	(2.5)
Government consumption	1.9	1.8	(2.5)	2.0	(2.0)	2.0	(2.0)
Gross fixed capital formation	-1.2	15.5	(11.5)	5.5	(6.0)	5.5	(5.0)
Exports of goods and services	4.1	4.0	(6.5)	4.5	(4.2)	4.0	(4.0)
Imports of goods and services	5.3	5.0	(7.3)	5.0	(5.0)	4.5	(4.3)
Consumer price growth, %	0.1	3.4	(3.3)	3.0	(2.9)	2.5	(2.5)
Unemployment rate, % [2/]	6.8	7.0	(6.9)	7.5	(7.2)	7.3	(7.1)
Change in employment, %	0.6	0.5	(0.7)	0.2	(0.1)	0.2	(-0.1)
Gross monthly wage growth, %	7.6	6.5	(6.0)	5.3	(5.0)	5.0	(4.7)
Nominal GDP, billion euro	21.1	22.8	(22.4)	24.4	(23.7)	25.9	(25.0)
Exports of goods and services (nominal), % growth	4.1	7.7	(8.1)	7.2	(5.7)	6.1	(5.6)
Imports of goods and services (nominal), % growth	4.3	7.9	(8.9)	7.4	(6.6)	6.6	(5.9)
Balance of goods and services, % of GDP	3.9	4.2	(3.4)	3.7	(2.7)	3.4	(2.5)
Current account balance, % of GDP	1.9	2.2	(2.1)	2.0	(1.1)	1.6	(0.8)
Current and capital account balance, % of GDP	4.9	5.7	(5.1)	5.0	(3.0)	4.1	(2.4)
FDI inflow, % of GDP	3.2	3.5	(2.9)	3.0	(3.0)	3.0	(2.8)
General government budget balance, % of GDP [3/]	-0.3	0.0	(-0.5)	-0.1	(-0.7)	-0.3	(-0.5)
General government debt, % of GDP	9.4	9.0	(9.5)	8.5	(10.0)	8.5	(10.5)

[1/] August 2017 forecast in parenthesis
[2/] According to Labour Force Survey
[3/] According to Maastricht definition

Source: Swedbank

LATVIA: Key economic indicators, 2016–2019 [1/]

	2016	2017F		2018F		2019F	
Real GDP growth, %	2.1	4.7	(4.2)	4.2	(4.0)	3.2	(3.2)
Household consumption	3.3	4.5	(4.5)	6.0	(5.5)	5.0	(5.0)
Government consumption	2.7	4.3	(4.3)	3.0	(3.0)	3.0	(3.0)
Gross fixed capital formation	-15.0	20.0	(10.0)	15.0	(12.0)	10.0	(10.0)
Exports of goods and services	4.1	5.0	(6.5)	4.5	(5.0)	4.0	(3.5)
Imports of goods and services	4.5	9.5	(7.5)	7.8	(7.8)	7.0	(7.2)
Consumer price growth, %	0.1	2.9	(2.9)	3.5	(2.8)	2.5	(2.2)
Unemployment rate, % [2/]	9.6	8.5	(8.5)	7.5	(7.5)	7.2	(7.2)
Change in employment, %	-0.3	0.1	(0.1)	0.1	(0.1)	-0.5	(-0.5)
Gross monthly wage growth, %	5.0	7.5	(6.5)	9.0	(5.0)	7.0	(7.0)
Nominal GDP, billion euro	24.9	26.9	(26.9)	29.0	(28.7)	30.8	(30.5)
Exports of goods and services (nominal), % growth	1.9	8.7	(10.2)	6.6	(6.6)	5.6	(5.1)
Imports of goods and services (nominal), % growth	-0.5	13.3	(11.8)	9.4	(9.5)	8.6	(8.8)
Balance of goods and services, % of GDP	0.9	-1.6	(-0.3)	-3.3	(-1.9)	-5.1	(-4.0)
Current account balance, % of GDP	1.4	-0.7	(0.5)	-2.6	(-1.2)	-4.4	(-3.4)
Current and capital account balance, % of GDP	2.4	0.2	(1.8)	-0.5	(0.9)	-2.1	(-1.6)
FDI inflow, % of GDP	0.9	2.2	(1.7)	2.2	(1.9)	2.1	(1.8)
General government budget balance, % of GDP [3/]	0.0	-0.8	(-0.4)	-0.8	(-1.0)	-0.8	(-0.8)
General government debt, % of GDP	40.3	37.2	(38.3)	35.0	(36.2)	33.3	(34.6)

[1/] August 2017 forecast in parenthesis
[2/] According to Labour Force Survey
[3/] According to Maastricht definition

Source: Swedbank

LITHUANIA: Key economic indicators, 2016–2019 [1/]

	2016	2017F		2018F		2019F	
Real GDP growth, %	2.3	3.8	(3.8)	3.5	(3.5)	2.5	(2.5)
Household consumption	5.6	4.3	(4.5)	3.7	(4.0)	3.5	(3.5)
Government consumption	1.6	2.0	(2.0)	1.5	(1.0)	1.0	(1.0)
Gross fixed capital formation	-0.5	9.0	(10.0)	9.0	(8.0)	7.0	(7.0)
Exports of goods and services	3.5	10.0	(8.0)	6.0	(7.0)	3.0	(3.0)
Imports of goods and services	3.9	11.0	(10.0)	7.5	(8.0)	4.0	(4.0)
Consumer price growth, %	0.9	3.7	(3.5)	3.3	(3.0)	2.5	(2.5)
Unemployment rate, % [2/]	7.9	7.2	(7.2)	6.8	(6.8)	6.5	(6.4)
Change in employment, %	2.0	-0.4	(-0.4)	-0.4	(-0.4)	-0.4	(-0.4)
Gross monthly wage growth, %	7.9	8.2	(8.0)	7.0	(7.0)	6.0	(5.0)
Nominal GDP, billion euro	38.6	41.7	(41.6)	44.8	(44.3)	47.2	(46.7)
Exports of goods and services (nominal), % growth	1.4	17.0	(12.0)	8.0	(9.0)	5.0	(5.0)
Imports of goods and services (nominal), % growth	-0.6	17.0	(14.0)	10.0	(11.0)	6.0	(6.0)
Balance of goods and services, % of GDP	0.8	0.9	(-0.5)	-0.6	(-2.0)	-1.3	(-2.7)
Current account balance, % of GDP	-0.9	-0.8	(-1.4)	-1.7	(-2.2)	-2.0	(-2.7)
Current and capital account balance, % of GDP	0.6	0.4	(0.7)	0.1	(0.1)	-0.1	(-0.6)
FDI inflow, % of GDP	0.9	1.0	(1.0)	1.0	(1.0)	1.0	(1.0)
General government budget balance, % of GDP [3/]	0.3	0.1	(-0.5)	0.5	(0.0)	0.2	(-0.5)
General government debt, % of GDP	40.1	41.2	(41.5)	36.4	(37.1)	36.7	(37.7)

[1/] August 2017 forecast in parenthesis
[2/] According to Labour Force Survey
[3/] According to Maastricht definition

Source: Swedbank

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