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Sweden

Strategy & Macro Outlook

Macro Foundation, Structure and Regulation, Sector and Cycle Lens, and Asset-Class Assessment.

A robust innovation foundation anchors Swedish international exposure, where execution, earnings resilience, and cash generation govern strategic positioning.

Heuresis Capital Research
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Executive Summary

Key assessment: selective exposure to global industrial earnings, with broader conviction dependent on orders and cash conversion. Sweden combines a strong investment and innovation base with a listed market concentrated in industrials and financials. Domestic recovery supports banks, property and retailers, while many of the largest exporters depend more on global capital spending and currency translation than on Swedish household demand.

The recovery is visible, but uneven. Real GDP rose 1.6% quarter on quarter in Q2 2026, with investment up 3.5% and net exports contributing 0.5 percentage points. Manufacturing and services PMIs reached 56.1 and 55.8 in August. Unemployment remained 8.7% on the seasonally adjusted and smoothed measure. The Riksbank held its policy rate at 1.75% at its 24 September decision and signalled conditional increases beginning in 2026. (SCB, 2026a, 2026b; Riksbank, 2026b; Swedbank and Silf, 2026a, 2026b, n.d.)[1]

Institutional forecasts allow for spare capacity. NIER's 30 September forecast put 2026 GDP growth at 3.0% and the output gap at −0.8%, compared with the European Commission's earlier 1.8% growth forecast. These forecasts differ by vintage and assumptions; they are separate from market consensus. (European Commission, 2026b; NIER, 2026c)[2]

Valuation favours discrimination. At 31 August, MSCI Sweden traded on 19.10 times forward earnings, compared with 18.55 for MSCI World and 15.73 for Denmark. The resulting premiums of 3.0% and 21.4% are unadjusted for sector mix and do not establish a country-wide mispricing. (MSCI, 2026a, 2026b, 2026c)[3]

The verdict. Stronger export orders must become shipments, margins and free cash flow. Defence demand has clear budget support, but delivery capacity determines revenue recognition. Electrification has a longer permitting and financing cycle. We favour further company research where order quality, service revenue and capital returns can be tested; the country evidence alone does not support individual stock recommendations.

Structure and regulation. Swedish listed equity is worth about 1.8 times GDP, and the OMXS30 is dominated by industrials and financials whose earnings are largely earned abroad. Domestic institutions anchor demand, but foreign holders, who own about 38% of the market, set the marginal

[1] SCB (2026a). Employment is increasing. SCB (2026b). GDP increased in the second quarter, Q2 2026. Riksbank (2026b). Monetary policy decision and conditional rate outlook, 24 September 2026. Swedbank and Silf (2026a). Manufacturing PMI, August 2026, released 1 September. Swedbank and Silf (2026b). Services PMI, August 2026, released 3 September. Swedbank and Silf (n.d.). PMI survey publication portal.

[2] European Commission (2026b). Economic forecast for Sweden, 21 May 2026. NIER (2026c). Economic forecast September 2026, 30 September.

[3] MSCI (2026a). MSCI Denmark Index; valuation snapshot 31 August 2026. MSCI (2026b). MSCI Sweden Index; valuation snapshot 31 August 2026. MSCI (2026c). MSCI World Index; valuation snapshot 31 August 2026.

price. Regulation has eased for households, with the mortgage cap raised to 90% in April 2026, while nominal government bond issuance rises from SEK 118bn in 2025 to SEK 220bn in 2026 on a AAA balance sheet. (Part II)

Assets assessment. Analysis suggests a balanced position on Swedish equities and on Swedish government bonds, with yield curve observations centered on two-to-five-year maturities. The krona indicates modest fundamental undervaluation, with gradual appreciation but negative carry. The headline OMXS30 multiple is distorted by fair-value gains at two investment companies, so valuation work should use the adjusted measure. (Part IV)

Part I Macro Foundation

1 Economic Overview

Sweden's service economy and internationally exposed corporate sector generated a GDP of SEK 6.6441 trillion in 2025 in SCB's 30 September revision. The retained WDI vintage reports SEK 6.57 trillion and about US$669 billion at market exchange rates; its currency and PPP series are not rescaled to the revised SCB total. WDI real growth averaged 1.96% in 2006–19 and 1.15% in 2020–25; the latter includes the pandemic and rate shock. SCB's August release revised the 2025 growth from 1.5% to 1.4%, while the charts retain the earlier WDI snapshot. Real GDP per capita was 63,362 international dollars at constant 2021 PPP prices in 2025, above Finland but below Denmark, Norway, Switzerland and the US. The high income level supports demand, but the slower growth trend makes productivity and capital returns central to the investment case. (SCB, 2026b, 2026j; World Bank, n.d.e, n.d.f, n.d.g, n.d.h)[4]

What drives Swedish demand? Household consumption is the largest single expenditure component, at 46.0% of GDP in 2025. Government consumption, at 26.4%, and fixed investment, at 25.2%, give public services and capital spending substantial roles. Exports are large at 53.2% of GDP, but imports of 51.1% mean the net export balance is much smaller. Expenditure shares describe the level of GDP; the latest quarter's acceleration was particularly supported by investment and net exports. (SCB, 2026b; World Bank, n.d.d, n.d.j, n.d.k, n.d.l, n.d.m)[5]

Table 1. National demand structure

Indicator	2025 share	Equity relevance
Household final consumption	46.0% of GDP	Retail and housing-linked demand is material, but underrepresented in the large-cap index.
Government final consumption	26.4%	Stabilises domestic demand; procurement and wage costs matter more than the headline share.
Gross fixed capital formation	25.2%	Supports equipment, engineering, construction and grid suppliers; tests capex returns.
Exports / imports of goods and services	53.2% / 51.1%	Global cycle and SEK translation dominate many listed earnings.
Current account	6.1% of GDP	External surplus and net foreign assets provide resilience; much is investment income, not only goods trade.

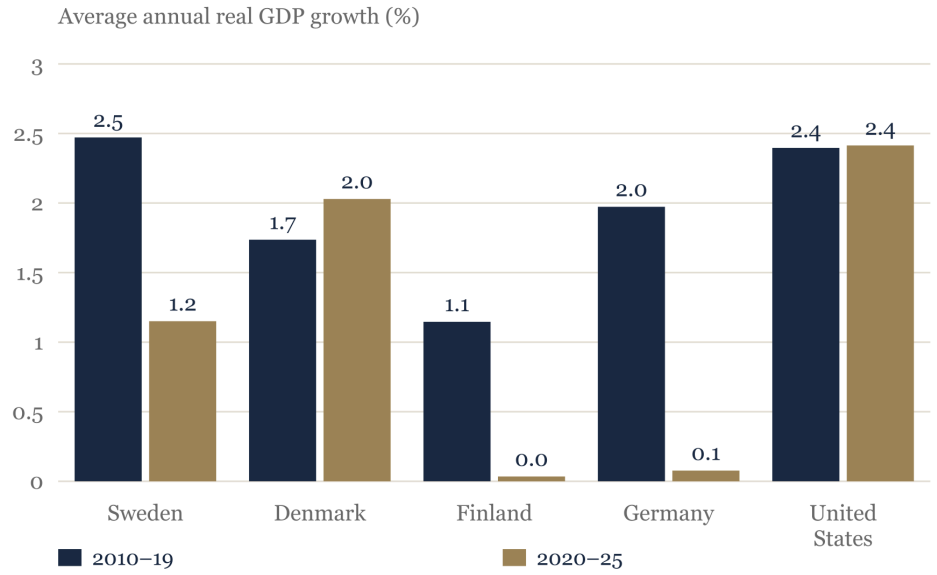
[4] SCB (2026j). Excessive Deficit Procedure 2025, revised 30 September 2026. World Bank (n.d.e). WDI GDP (current local currency). World Bank (n.d.f). WDI GDP (current US dollars). World Bank (n.d.g). WDI GDP growth (annual percent). World Bank (n.d.h). WDI GDP per capita at constant 2021 international dollars.

[5] World Bank (n.d.d). WDI Exports of goods and services (percent of GDP). World Bank (n.d.j). WDI General government final consumption expenditure (percent of GDP). World Bank (n.d.k). WDI Gross fixed capital formation (percent of GDP). World Bank (n.d.l). WDI Households and NPISHs final consumption expenditure (percent of GDP). World Bank (n.d.m). WDI Imports of goods and services (percent of GDP).

Source: World Bank World Development Indicators (World Bank, n.d.a, n.d.d, n.d.j, n.d.k, n.d.l, n.d.m)[6]

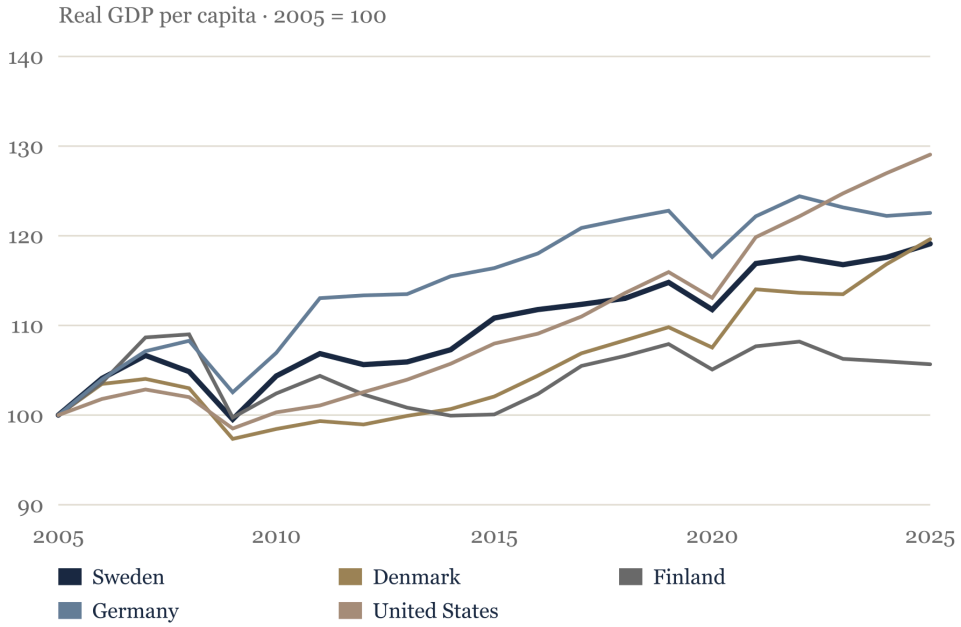
These current-price GDP shares are not growth contributions and need not sum to exactly 100% because inventories and statistical differences also matter. WDI annual observations are harmonised; SCB's latest quarterly levels can be revised. (SCB, 2026n; World Bank, n.d.l)[7]

Figure 1. Real GDP growth across economic cycles



Source: World Bank World Development Indicators (World Bank, n.d.g)

Figure 2. Real GDP per capita compared with peers



Source: World Bank World Development Indicators (World Bank, n.d.h)

[6] World Bank (n.d.a). WDI Current account balance (percent of GDP).
[7] SCB (2026n). Balance of payments, Q2 2026.

Where the 2026 rebound is coming from

In Q2 2026, household consumption rose 0.9% quarter on quarter, government consumption 0.7%, investment 3.5%, exports 1.0% and imports 0.1%; inventories subtracted 0.4 percentage points. Machinery and equipment, including weapons systems, drove investment. Manufacturing value added increased 3.0% in the quarter. The quarter's 1.6% GDP growth and 3.3% calendar-adjusted annual growth are strong, but quarterly figures are volatile: Q1 GDP declined 0.1%, and the preliminary monthly GDP indicator fell 0.8% in July. The monthly indicator is experimental and less comprehensive than quarterly national accounts. (SCB, 2026b, 2026e)[8]

The external surplus is high but its composition matters. The Q2 2026 current account was SEK 126.2 billion; goods trade contributed SEK 67.7 billion, services trade –SEK 14.0 billion, primary income SEK 100.9 billion and secondary income –SEK 28.4 billion. The trailing-four-quarter current-account surplus was 6.2% of GDP and the international investment position showed SEK 5.30 trillion (SEK 5,300.7 billion) of net external assets at quarter-end. Thus a strong current account is partly a return on Swedish assets abroad. It is not proof that domestic factory orders are accelerating. (SCB, 2026n)

Lower measured inflation has supported real purchasing power, though headline measures differ and temporary fiscal measures affect the comparison. August 2026 CPI rose 0.3% year on year, CPIF 0.7% and CPIF excluding energy 0.5%. CPIF holds mortgage interest rates fixed and is the Riksbank target measure. Annual WDI CPI inflation for 2025 was 0.68%, whereas NIER reported 2025 CPIF at 2.6%; the indices are not interchangeable. The Riksbank held its rate at 1.75% on 24 September, effective 30 September, after cuts from 4% since May 2024. It assessed inflation adjusted for temporary fiscal measures as close to 2% and expected rate increases to begin in 2026 if its outlook held. Low headline inflation therefore does not imply further easing; renewed energy and imported-cost pressure can reduce real-income gains even while employment remains weak. (NIER, 2026c; SCB, 2026p; Riksbank, 2026b; World Bank, n.d.o)[9]

The SEK is a two-sided earnings variable. A weaker krona raises translated export revenue and foreign asset values in SEK but also imported components, fuel and FX liabilities. A stronger krona can compress reported sales while easing import inflation. The Riksbank's published indicative rates on 14 September were SEK 11.281 per EUR and 9.766 per USD; these are a dated reference, not a 30 September close. The Riksbank provides daily and monthly historical series for updating the thesis. (Riksbank, n.d.a, n.d.b)[10]

[8] SCB (2026e). Monthly GDP indicator, July 2026.

[9] SCB (2026p). Consumer Price Index, August 2026. World Bank (n.d.o). WDI Inflation, consumer prices (annual percent). Riksbank (2026b). Policy rate unchanged at 1.75 per cent, 24 September 2026; temporary fiscal measures and conditional rate outlook.

[10] Riksbank (n.d.a). Interest rates and exchange rates. Riksbank (n.d.b). Statistics portal.

Household finances are the other side of disinflation. SCB reported SEK 129 billion of liquid financial savings in Q2 2026, SEK 15 billion below a year earlier, while net new borrowing was SEK 56 billion and the annual loan growth rate reached 3.2%. This flow is not a household saving *rate* as a share of disposable income. The Riksbank says debt relative to income has declined to roughly its level a decade ago but remains high internationally: about 80% of loans are mortgages and almost 80% have variable rates. Among 2023 mortgagors, over one-third owed more than three times income. Mortgage relief therefore reaches consumer cash flow quickly, while renewed rate increases would do the reverse. Corporate credit growth is moderate, but the Riksbank flags property-company refinancing and collateral risk. (SCB, 2026d; Riksbank, 2026a)[11]

First-half housing starts were estimated at 15,350, up 8% year on year. In August, the average rate on new mortgage agreements was 2.78%, household lending grew 3.3% year on year and housing lending grew 3.5%. Fixed mortgage rates for periods above one and up to five years rose to 3.18% from July's 3.15%, while the floating rate edged down to 2.73%. The starts figure is preliminary and interest-rate sensitivity remains large. SCB's house-price measure uses purchase-price-to-assessed-value ratios and is subject to registration lags and revisions; no independently retained June–August observation is used in the dashboard. (SCB, 2026f, 2026g, n.d.e)[12]

Comparator logic. Denmark, Finland and Norway test Nordic institutions, but Norway's petroleum rents and Denmark's pharmaceutical concentration distort simple per-capita comparisons. Germany and the Netherlands test industrial and European demand exposure; the US tests productivity and technology scale. The peer question is therefore not whether Sweden has the highest growth every year. It is whether its investment and innovation base generates enough operating leverage to offset high labour costs and a valuation that still requires earnings delivery.

2 Workforce Structure

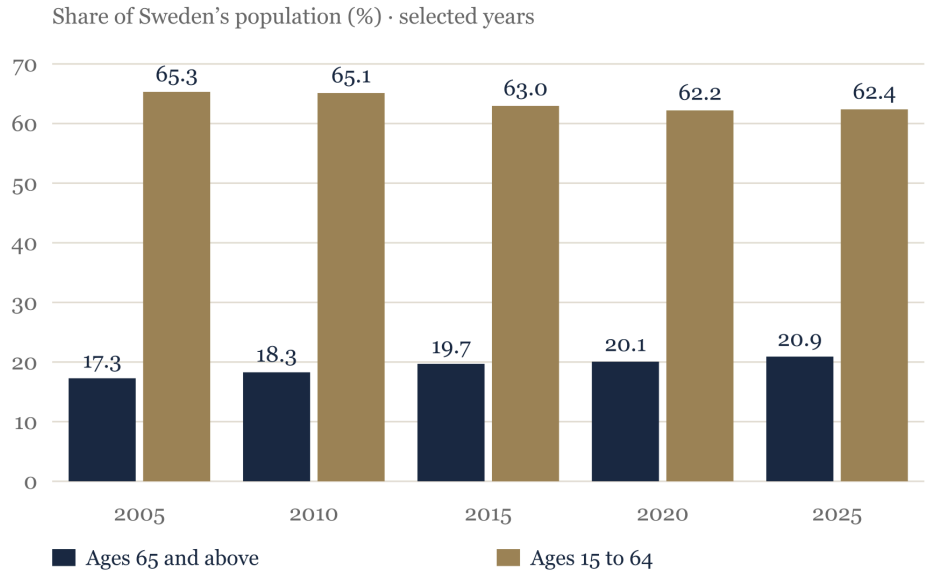
Sweden's demographic tailwind is fading. The Swedish population reached 10.60 million in 2025. The World Bank's 15–64 population share fell from 65.3% in 2005 to 62.4% in 2025, while the 65+ share rose from 17.3% to 20.9%. SCB projects just 5,000 additional residents a year on average in 2026–30, compared with 45,000 a year in 2021–25, and an 80+ population share rising from 6% in 2025 to 11% by 2070. Its projection is conditional on migration and current regulations, notably the temporary-protection assumption for 2027. (SCB, 2026o; World Bank, n.d.q, n.d.r, n.d.s)[13]

[11] SCB (2026d). Financial Accounts, Q2 2026. Riksbank (2026a). Financial Stability Report 2026:1.

[12] SCB (2026f). Financial market statistics, August 2026, 25 September. SCB (2026g). New construction of residential buildings in the first half of 2026. SCB (n.d.e). Real estate price statistics and K/T methodology; no retained June–August observation.

[13] SCB (2026o). The future population of Sweden 2026 to 2070. World Bank (n.d.q). WDI Population ages 15 to 64 (percent of total population). World Bank (n.d.r). WDI Population ages 65 and above (percent of total population). World Bank (n.d.s). WDI Population, total.

Figure 3. Sweden population age structure



Source: World Bank World Development Indicators (World Bank, n.d.q, n.d.r)

The labour market is a more immediate constraint. In August 2026, 5.423 million people aged 15–74 were employed, 505,000 unemployed, and non-seasonally adjusted participation was 77.5%; the seasonally adjusted and smoothed unemployment rate was 8.7%. The different rates and age bases should not be mixed with WDI's modelled ILO estimates. NIER's September forecast puts unemployment at 8.7% in 2026, 8.2% in 2027 and 7.3% in 2028. That forecast points to spare labour today, but not necessarily the skills and locations demanded by industry. (NIER, 2026c; SCB, 2026a)

SCB's non-seasonally adjusted employment rate was 70.9% in August 2026, up 1.2 percentage points year on year; weekly hours averaged 128.7 million. Seasonally adjusted and smoothed employment reached 69.6% and weekly hours 156.4 million, rising from recent months. The different weekly-hour figures reflect seasonality, especially summer holidays, so a direct level comparison would be misleading. Youth unemployment was 18.4% non-seasonally adjusted and 23.8% seasonally smoothed for ages 15–24; high student participation in the youth labour force limits cross-country interpretation. Long-term unemployment (at least 27 weeks) fell by 36,000 year on year to 168,000. The unused labour supply of 27.0 million hours per week suggests scope for more labour input if matching improves. (SCB, 2026a)

Wages are recovering in real terms. NIER forecasts hourly pay growth of 3.5% in 2026 versus CPIF inflation of 1.6%. SCB's 30 September preliminary July AKI table shows private-sector total labour costs up 1.7% year on year for wage-earners and 2.9% for salaried employees (NACE B–S excluding O); engineering wage-earner labour costs rose 3.7% (NACE 25–30 and 33). These measures cover different populations and are not a unit-labour-cost series. To determine margin pressure, investors should pair wage rates with

hours, output per hour, pricing and Swedish employer contributions; passing through costs is easier for differentiated industrial and software suppliers than for construction and domestic services. (NIER, 2026c; SCB, n.d.b)[14]

Unit labour cost is compensation per unit of real output: roughly labour-cost growth less hourly productivity growth. SCB reports business-sector productivity increased 1.3% quarter on quarter in Q2 2026, alongside 0.5% higher whole-economy hours; this one quarter does not establish a durable unit-cost trend. A consistent multi-year hourly-productivity and compensation panel was not verified for this report, so no precise unit-labour-cost comparison with peers is claimed. (SCB, 2026b)

The structural mismatch is a high-skill labour market with persistent exclusion. OECD finds strong adult skills but weak vocational pathways and low employment among people with weak skills and many foreign-born workers; it also identifies housing access and rent regulation as obstacles to labour mobility. Immigration supported population and labour-force growth over the past two decades, yet its productivity contribution depends on language, credential recognition, training and regional matching. A simple potential-growth identity, *potential GDP ≈ working hours × output per hour*, suggests the burden of the next decade shifts toward productivity and capital deepening as working-age growth slows. NIER's long-term scenario averages 1.7% GDP growth in 2026–55; it is a conditional scenario, not a measured potential-growth rate. (NIER, 2026a; OECD, 2025)[15]

Equity read-through. Labour scarcity favours automation, industrial software, medical technology and outsourced productivity services. Ageing increases healthcare and care demand but also public wage bills. A construction company with rigid local labour and slow permits gains less from the same demand than a supplier with scalable equipment and overseas customers. Monitor vacancies, foreign-born employment, wage drift and hours alongside unemployment; a falling unemployment rate alone does not prove easing skills gaps.

3 Productivity and Competitiveness

Sweden's central structural question is whether high investment and research intensity convert into sustained multifactor productivity. WDI real output per employed person rose from 110,493 in 2005 to 128,980 in 2025, measured in international dollars at constant 2021 PPP prices, a 0.78% annualised increase. The equivalent US series rose about 1.30% annualised; Germany 0.39% and Finland 0.30%. Output per worker is affected by hours and employment composition and is *not* GDP per hour. OECD's preferred hourly and growth-accounting measures show broad post-2007 slowing across advanced economies, and the Commission's Sweden country report

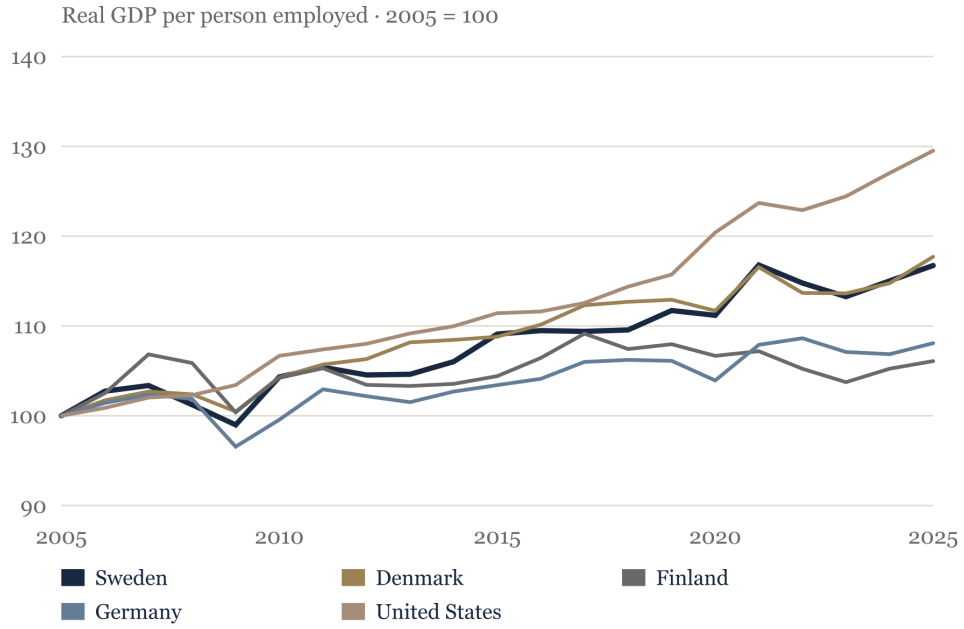
[14] SCB (n.d.b). AKI labour cost index, preliminary July 2026 wage-earner and salaried-employee observations; table updated 30 September.

[15] NIER (2026a). Långsiktigt scenario för svensk ekonomi till 2055 [Long term scenario for the Swedish economy to 2055]. OECD (2025). OECD Economic Surveys: Sweden 2025.

attributes Swedish slowing mainly to weaker TFP. Thus Sweden retains a high productivity level and innovation intensity, but its advantage is not automatically widening against the US or the strongest Nordics. (European Commission, 2026a; OECD, 2026a; World Bank, n.d.i)[16]

The hourly measure makes the relative drift clearer. The European Commission's 2026 country report projected Swedish GDP per hour worked in purchasing-power-standard terms at 109% of the EU average in 2025, versus above 120% in the early 2000s. This is an institutional estimate with a 2025 projected endpoint, not a realised 2025 hourly observation. OECD's 2026 productivity compendium reports Denmark at US$92.2 and Norway at US$99.7 per hour in 2024 constant 2020 PPP dollars, versus US$84.1 for the US; definitions, multinational income flows and hours methods matter when comparing these levels. Sweden's relative productivity edge within Europe has therefore narrowed even while domestic output per worker has risen. (European Commission, 2026a; OECD, 2026a)

Figure 4. Labour productivity compared with peers



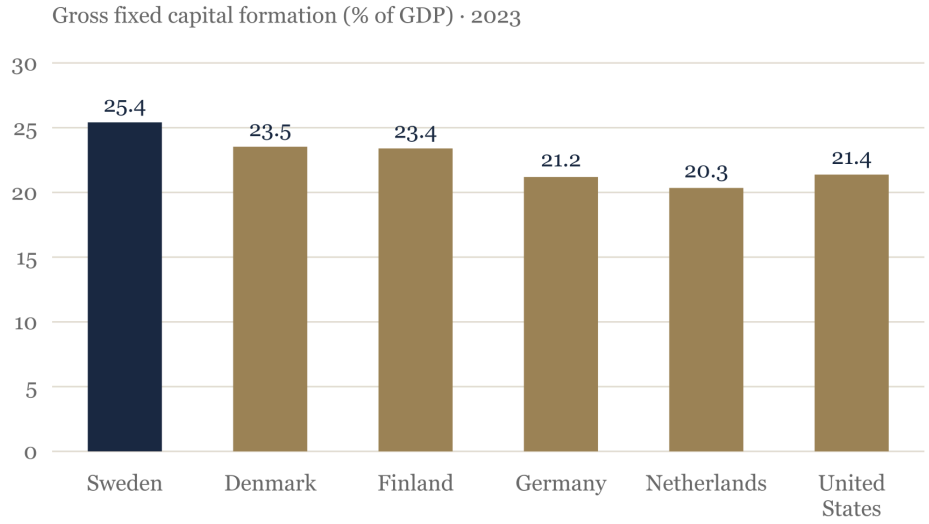
Source: World Bank World Development Indicators (World Bank, n.d.i)

Capital formation is a genuine strength. Investment averaged about one quarter of GDP in 2025, materially above Germany (20.3%) and the Netherlands (19.8%) in WDI; Switzerland was higher at 26.0%. The comparison must distinguish productive equipment and intangible capital from cyclical housing or high-cost green projects. Q2 2026's machinery and defence investment is more directly relevant to engineering orders than residential construction. The domestic capital stock can rise without a large

[16] European Commission (2026a). 2026 Country Report Sweden. OECD (2026a). OECD Compendium of Productivity Indicators 2026. World Bank (n.d.i). WDI GDP per person employed at constant 2021 PPP dollars.

national productivity gain if projects face grid delays, cost overruns or weak utilisation. (SCB, 2026b; World Bank, n.d.k)

Figure 5. Fixed investment across peer economies



Source: World Bank World Development Indicators (World Bank, n.d.k)

Preliminary SCB data put 2025 intramural R&D at SEK 233.7 billion, or 3.51% of GDP; business performed close to three quarters. WDI's latest fully harmonised cross-country observation is 2023, when Sweden was 3.60% versus Denmark 3.05%, Finland 3.09%, Germany 3.15%, Netherlands 2.27% and the US 3.45%. Do not compare SCB's 2025 preliminary national measure mechanically with the WDI 2023 peer table. Sweden's 2025 EPO applications were 446 per million inhabitants, though the total fell 4.3% year on year. These are inputs and patent outputs, not proof of commercial returns. (European Patent Office, 2026; SCB, 2026k; World Bank, n.d.t)[17]

[17] European Patent Office (2026). Technology Dashboard 2025. SCB (2026k). R&D in Sweden 2025, preliminary statistics. World Bank (n.d.t). WDI R&D expenditure (percent of GDP).

Figure 6. Research and development across peer economies



Source: World Bank World Development Indicators (World Bank, n.d.t)

Sweden's intangible capital is supported by digital skills, start-up formation and an unusually developed public equity funding ladder. The Commission's 2025 Digital Decade assessment reports above-EU-average connectivity and the EU's largest share of ICT graduates; Eurostat's 2025 enterprise AI adoption chart places Sweden near 35% versus an EU average near 20%, for enterprises with at least ten employees or self-employed persons in the covered activities; the survey excludes microbusinesses and financial activities and does not measure productivity. OECD reports that 551 Swedish public companies were on growth markets at end-2025, more than half the count but just 2.1% of equity market value; these venues support venture exits and financing but expose investors to greater liquidity, dilution and governance risk. Inward FDI stock was SEK 4.70 trillion at end-2024, while Swedish direct investment abroad reached SEK 6.00 trillion; foreign-asset income reinforces the external surplus. (European Commission, 2025; Eurostat, 2026a; OECD, 2026b; SCB, 2025)[18]

Power is a competitive asset and a bottleneck. IEA describes Sweden's hydropower, nuclear and wind mix as near-zero-emission and a foundation for electrification and low-carbon steel. It also flags long grid permitting, regional price differences and uncertain future industrial demand. Relative power advantage can attract manufacturing and data centres, but local congestion can raise delivered prices and defer revenue recognition for grid, steel and battery-linked suppliers. Project economics must be tested at site-specific power prices and connection dates, not national average electricity costs. (IEA, 2024)[19]

[18] European Commission (2025). Sweden 2025 Digital Decade Country Report. Eurostat (2026a). Digital economy and society statistics enterprises. OECD (2026b). The Swedish Equity Market, Assessment and Policy Recommendations 2026, chapter 2. SCB (2025). Direct investment assets increased both in Sweden and abroad in 2024.

[19] IEA (2024). Sweden 2024 Energy Policy Review, executive summary.

Regulatory quality is better judged by specific frictions than by a legacy aggregate rank. OECD's Sweden survey points to rent regulation and housing supply as limits on labour mobility, while IEA identifies grid and environmental permitting delays. The discontinued World Bank Doing Business ranking is not used. For investors, permit duration, connection queue position and housing availability near plants determine when capital spending becomes revenue and whether specialist staff can be hired. (IEA, 2024; OECD, 2025)

Growth accounting and earnings. Conceptually, GDP growth = labour input + capital deepening + TFP. Labour input looks constrained over the next decade; investment is comparatively strong but its returns vary; TFP is the swing factor. Listed engineering firms can monetise global demand for automation even if Swedish TFP disappoints, while local property, retail and construction cannot. For each company, track R&D-to-sales, realised margins, return on invested capital, organic orders and service revenue, not just national R&D/GDP.

4 Fiscal Policy

Sweden has more conventional fiscal room than most European industrial peers, but the relevant constraint is the political choice to preserve its framework. Under the EU excessive-deficit measure, the 2025 general-government deficit was SEK 103.1 billion, or 1.6% of GDP, and Maastricht gross debt was SEK 2.3503 trillion, 35.4% of GDP, in SCB's 30 September revision. Debt ratios were revised to 32.7% in 2023 and 34.3% in 2024. These are gross liabilities, not a net-public-wealth measure; funded occupational and national pension assets and state holdings are not netted from Maastricht debt. A larger deficit in the next two years is compatible with still-low gross debt but raises the bar for project selection. (SCB, 2026j)[20]

Eurostat's provisional 2026 Q1 debt ratio was 34.9% of GDP for Sweden, against 26.8% for Denmark, 43.8% for the Netherlands, 64.4% for Germany and 89.7% for Finland. This places Sweden between fiscally tighter Denmark and more indebted continental peers, with considerable room relative to the euro-area 88.9% ratio. Norway is a poor gross-debt comparator because its sovereign wealth assets are exceptionally large. Fiscal space is therefore real in a solvency sense, but the debt anchor, ageing costs and defence plans still constrain recurring commitments. All ratios here use the same Eurostat Maastricht definition and 2026 Q1 date from its July publication; this cross-country vintage is separate from SCB's revised 2025 annual outturn. (Eurostat, 2026b)[21]

[20] SCB (2026j). Excessive Deficit Procedure 2025, revised 30 September 2026.
[21] Eurostat (2026b). Government debt release, 21 July 2026.

Table 2. Fiscal anchors, actuals and forecasts

Measure	Reading	Investor relevance
2025 general-government balance / debt	−1.6% / 35.4% of GDP, observed; revised 30 Sep 2026	Low gross debt gives shock capacity, though deficits already exceed the old surplus target.
NIER 2026 / 2027 balance	−1.7% / −1.8%, forecast Sep 2026	Stimulus persists while the output gap closes; limited room for further untargeted tax cuts.
NIER structural balance	−1.1% / −1.6% of potential GDP, forecast Sep 2026	Underlying loosening is greater than the headline cycle alone implies.
NIER Maastricht debt	36.3% / 37.1% of GDP, forecast Sep 2026	Modest debt rise leaves Sweden far below the EU 60% reference, but not unconstrained.
Central-government 2026 cash-budget forecast	Revenue SEK 1,357bn; expenditure excluding interest SEK 1,502bn; interest SEK 26bn	Spring 2026 Fiscal Policy Bill forecast. This cash budget is a narrower institutional perimeter than general government and must not be compared directly with the EDP deficit.

Source: SCB (2026j); NIER (2026c); Government Offices (n.d.b)[22]

The fiscal framework has a surplus target of one-third of a per cent of GDP over a cycle through 2026, a balance target from 2027, a 35% debt anchor, an expenditure ceiling and municipal balance requirements. The debt anchor is a medium-term guide, not a hard annual cap. The Commission's May forecast put the 2026 and 2027 deficits at 2.8% and 2.5%, larger than NIER's September estimates of 1.7% and 1.8%; the difference is forecast vintage and assumptions, not observed deterioration. Sweden's 2024 general-government spending was 50.5% of GDP in Eurostat's functional accounts, with social protection 19.1%, health 7.4% and education 7.3%; the health-system accounts' 11.2% of GDP includes public and private spending and is a different boundary. Ageing and defence will compete for this spending capacity. (European Commission, 2026b; NIER, 2026c; Eurostat, 2026c; Government Offices, n.d.a; SCB, 2026c)[23]

Defence is the clearest committed incremental demand. The 2026 military appropriation is SEK 175 billion, 18% above 2025; the government estimates NATO-defined defence spending at about 2.8% of GDP in 2026 and targets 3.5% by 2030. A cross-party agreement permits up to SEK 300 billion of additional indebtedness for military and civil defence together in 2026–34, including up to SEK 50 billion for civil infrastructure and stockpiling. Ukraine support is outside this ceiling, with a return to budget balance intended by 2035 at the latest. This is a procurement opportunity for Saab and selected electronics, components, vehicles and construction suppliers, but budget appropriations do not convert one-for-one into listed revenue:

[22] Government Offices (n.d.b). Central government budget in figures, Ministry of Finance; Spring 2026 Fiscal Policy Bill cash-budget forecasts.

[23] Eurostat (2026c). Government expenditure by function COFOG. Government Offices (n.d.a). About the Swedish fiscal policy framework. SCB (2026c). System of Health Accounts 2024: total current health expenditure, public and private, as a share of GDP.

contracts, import content, delivery schedules and capacity determine earnings. (Government Offices, 2025, n.d.c)[24]

Grid capacity, rail maintenance, healthcare and housing have strong demand cases but weaker direct budget certainty. IEA identifies grid permitting and regional power bottlenecks as key limits on Swedish electrification. Municipal care and health costs rise with the 80+ population; actual procurement and reimbursement will decide which medtech suppliers capture value. Mortgage and construction policy may improve affordability, but relaxing credit constraints without adding supply could raise land prices rather than sustainable building volume. Distinguish approved funding, contracted backlogs and aspirational industrial policy. (IEA, 2024; SCB, 2026o)

Table 3. 2026 statutory tax map

Measure	Reading	Investor relevance
Corporate income	20.6%	Competitive European rate; cross-border effective tax depends on group structure and global minimum-tax rules.
Personal income	Average municipal rate 32.38%; additional 20% national tax above SEK 643,000 taxable income	High marginal labour wedge raises skilled-hiring cost and makes stock-based compensation design relevant.
Employer contribution	31.42% standard; 20.81% for eligible 19–23-year-olds on monthly remuneration up to SEK 25,000, Apr 2026–Sep 2027	Labour-intensive firms benefit selectively; temporary relief should not be capitalised as permanent margin.
Capital income / dividend	30% general capital-income rate; account, closely held company and treaty rules vary	After-tax yield differs by holder; a quoted dividend yield is not a universal investor return.
VAT	25% standard; 12% selected services; food 6% from 1 Apr 2026 through 31 Dec 2027, then 12% from 1 Jan 2028	Temporary food relief can help disposable income and grocery volume, with uncertain pass-through.
R&D payroll incentive	20% reduction on qualifying research payroll base, capped at SEK 3m per group/accounting period	Supports smaller R&D employers; eligibility and cap limit effect for large groups.

Source: Swedish Tax Agency (n.d.a, n.d.b, n.d.c, n.d.d, n.d.e); Riksdag (2026)[25]

[24] Government Offices (2025). Cross party agreement on historic rearmament. Government Offices (n.d.c). Military budget, Ministry of Defence.

[25] Swedish Tax Agency (n.d.a). 2026 amounts and percentages. Swedish Tax Agency (n.d.d). State income tax guidance. Swedish Tax Agency (n.d.b). Employer contributions. Swedish Tax Agency (n.d.c). PAYE tax return guidance. Swedish Tax Agency (n.d.e). VAT rates and VAT exemption; standard and reduced rates. Riksdag (2026). Temporarily reduced VAT on food, 25 February.

Fiscal capacity supports targeted borrowing, while high public spending, ageing and defence commitments require project discipline. For equity investors, funded orders and grid connections provide the strongest evidence that fiscal support will reach earnings.

Part II Structure and Regulation

Deep markets, a domestic bid and foreign price setters

Key takeaways

- **A global earnings stream listed in Stockholm.** Swedish listed equity is worth about 1.8 times GDP and the OMXS30 is dominated by Industrials and Financials, which together account for two thirds of its constituents.
- **The listing window is open.** Nasdaq led all European exchange groups with 25 listings in H1 2026 and Stockholm was the leading EU listing venue. Domestic institutions anchor order books, as the Silex IPO showed. Nasdaq's Stockholm IPO Pulse points to supportive conditions into early 2027.
- **SGB supply nearly doubles on a AAA balance sheet.** Nominal issuance rises from SEK 118bn in 2025 to SEK 220bn in 2026, yet five-year CDS ended September at 8.25bp, 1.3bp tighter than a year earlier, and Maastricht public debt is 35.4% of GDP (35.1% in S&P Capital IQ's pre-revision series). We expect term premium, not credit spreads, to absorb it.
- **The krona is weak and policy is turning.** USD/SEK closed September at 9.98, with the krona 5.5% weaker against the dollar over the year to 30 September (5.95% to 6 October) and the Riksbank now cites the weaker krona as an inflation risk. A tightening bias supports the currency from here.
- **Regulation has eased for households.** The mortgage cap rose to 90% in April 2026 and the Riksbank, now in charge of the countercyclical buffer, held it at 2%.

Sources: Statistics Sweden and Finansinspektionen, S&P Capital IQ, Nasdaq, Nasdaq Economic Institute, Silex Microsystems, Riksgälden, Sveriges Riksbank, Riksdagen, Heuresis Capital Research calculations. Each figure is referenced in the sections that follow.

Key data

OMXS30 YTD, 30 Sep 2026	**13.46%**
OMXS30 LTM, 30 Sep 2026	**22.7%**
Swedish listed equity, Jun 2026	**SEK 13,516bn**
Foreign holdings, Jun 2026	**SEK 5.1tn**
Riksbank policy rate	**1.75%**
Five-year CDS, 30 Sep 2026	**8.25bp**
Sovereign rating, S&P/Moody's/Fitch	**AAA/Aaa/AAA**
Public debt to GDP, 2025	**35.4%**
Nominal SGB issuance, 2026F	**SEK 220bn**
USD/SEK, 30 Sep 2026	**9.98**
EUR/SEK, 30 Sep 2026	**11.34**
Fund assets, Jun 2026	**SEK 9,867bn**

Sources: S&P Capital IQ, Statistics Sweden and Finansinspektionen, Sveriges Riksbank, Riksgälden, Fondbolagens förening; full details are given in the footnotes and the References.

Overview

Sweden runs one of the deepest capital markets in Europe relative to the size of its economy. Shares listed on Swedish marketplaces were worth SEK 13,516bn at the end of June 2026, a record, against nominal GDP of about SEK 7.3tn. That depth rests on three structural pillars: a large, compulsory and tax advantaged savings system that channels domestic money into equities; a AAA sovereign with Maastricht public debt of 35.4% of GDP; and a covered bond market of SEK 2.7tn that funds the housing stock.[26]

The structure matters for the cross-asset analysis in Part IV in three ways. First, the large caps are global exporters, so the equity market and the domestic economy can diverge; currency and world trade matter more for index earnings than Swedish consumption. Second, the domestic savings system provides a stable bid, but foreign investors own 38% of the market and set the marginal price, so global risk appetite drives short term moves. Third, the rates market is entering a period of heavy supply, with nominal SGB issuance set to nearly double in 2026, at a time when the Riksbank is no longer a buyer and policy is leaning towards tightening.[27]

Regulation has moved in a supportive direction for housing credit and listings. The April 2026 mortgage reforms lower the barrier to home ownership, while the OECD's 2026 review proposes changes to foreign investment screening and disclosure that would reduce execution risk in strategic sectors.[28] Our key risks to this view are set out at the end of this report.

5 Swedish Capital Market Architecture

5.1 Equity market: a global earnings stream listed in Stockholm

> **Our view.** Stockholm is the most active listing venue in the EU and its benchmark is an industrial and financial index whose earnings are mostly earned abroad. We treat the OMXS30 as a play on the global investment cycle and the krona, supported by a stable domestic bid, rather than as a proxy for the Swedish economy.

[26]Statistics Sweden and Finansinspektionen (2026). Shareholder statistics H1 2026, 27 Aug 2026. S&P Capital IQ (Sweden country profile, 30 Sep 2026; Economy in Perspective, Sep 2026) (2026). S&P Global Ratings (2026). Swedish covered bond market insights 2026, 5 Oct 2026. Heuresis Capital Research calculations: 2026 nominal GDP forecast of USD 736bn at USD/SEK 9.98 (30 Sep 2026).

[27]Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026). Riksgälden (2026). Central government borrowing: forecast and analysis 2026:1, 28 May 2026. Riksbank (2026). Monetary policy decision, 24 Sep 2026. Newsquawk (2026). Riksbank preview, Sep 2026.

[28]Riksdagen (2026). New mortgage rules, Mar 2026. OECD (2026). The Swedish Equity Market: Assessment and Policy Recommendations 2026, 28 Apr 2026.

Structure: a two-tier market with an active feeder

Nasdaq Stockholm runs a regulated Main Market, divided into Large, Mid and Small Cap, and First North, a growth market. More than 150 companies have moved up from First North to the Main Market since it opened 20 years ago. Sweden has the highest number of listed companies in the EU in absolute terms and one of the largest total market capitalisations, despite being only the ninth largest EU economy.[29]

Activity is at a cyclical high. Nasdaq led every European exchange group in H1 2026 with 25 listings, 13 of them IPOs, and Stockholm was the EU's leading equity listing venue over the half. On 29 May 2026 turnover across Nasdaq's Nordic markets reached EUR 12.2bn, the highest single day in 20 years.[30]

Benchmarks and performance

We use the OMX Stockholm All-Share (OMXSPI) as the broad benchmark; it covers every share class on the Main Market and excludes First North. The OMX Stockholm 30 (OMXS30) holds the 30 most traded names, is reconstituted twice a year and underlies the domestic derivatives market.[31]

The OMXS30 rose 13.46% in the first nine months of 2026 and closed September about 2% below its 52-week high of 3,336. The twelve-month return was 22.7% on 30 September 2026. Calendar returns have been uneven: a 15.6% loss in 2022 was followed by gains of 17.3% in 2023, 3.6% in 2024 and 16.1% in 2025. March 2026 was the weakest month of the period at a 9.1% fall; the index then rose in each of the five months to August before slipping 1.2% in September.[32]

Table 4. OMXS30 calendar year price returns (%)

Index	2022	2023	2024	2025	2026 to 30 Sep	Average	Annualised
OMXS30	(15.55)	17.26	3.63	16.10	13.46	6.98	6.55

Note: Price returns in SEK. The 2026 return runs from the 31 December 2025 close to the 30 September 2026 close. Average is the arithmetic mean of the five returns shown, with 2026 as nine months. Annualised is the compound annual return from 31 December 2021 to 30 September 2026 (4.75 years). Negative values in parentheses.
Source: S&P Capital IQ, Heuresis Capital Research. Data as of 30 September 2026.

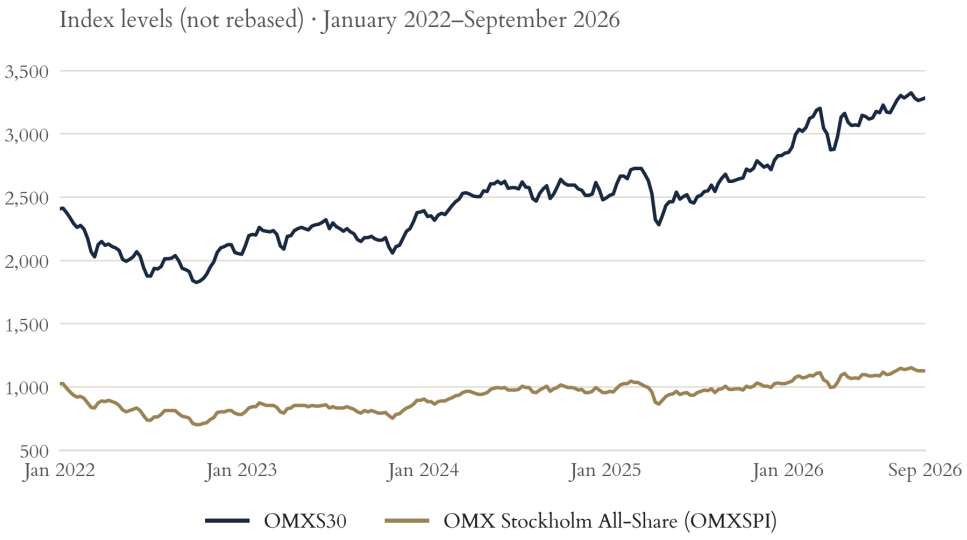
[29]Nasdaq (2026). Nordic listings review H1 2026, 7 Jul 2026. OECD (2026). The Swedish Equity Market: Assessment and Policy Recommendations 2026, 28 Apr 2026.

[30]Nasdaq (2026). Nordic listings review H1 2026, 7 Jul 2026.

[31]S&P Capital IQ (2026). OMXS30 index profile, Sep 2026.

[32]S&P Capital IQ (2026). OMXS30 index profile, accessed 2 Oct 2026. Heuresis Capital Research calculations: return from the 31 Dec 2025 close to the 30 Sep 2026 close; index level of about 3,271 on 30 Sep 2026 (31 Dec 2025 level of about 2,883 compounded at 13.46%), which is 1.95% below the 3,335.94 high.

Exhibit 1. OMXSPI and OMXS30, price performance, 1 January 2022 to 30 September 2026 (index levels)



Note: Index levels, not rebased. OMXS30 covers the 30 largest shares on Nasdaq Stockholm; OMXSPI is the OMX Stockholm All-Share price index.

Source: S&P Capital IQ, Heuresis Capital Research. Data as of 30 September 2026.

Market capitalisation and sector composition

Shares listed on Swedish marketplaces were worth SEK 13,516bn at the end of June 2026, an increase of SEK 680bn or 5.3% over the half. That is 0.25% above the previous record set at the end of 2021, before a 31% fall in the first half of 2022, and marks the third consecutive half year of gains. The OMX Affärsvärlden General Index rose 5.4% over the same period. The figure covers all Swedish marketplaces (Nasdaq Stockholm, First North, Spotlight Stock Market and NGM), including unlisted share classes of listed companies and foreign companies listed in Sweden. Against Capital IQ's 2026 nominal GDP forecast of USD 736bn, listed market value is roughly 1.8 times GDP.[33]

Industrials account for 13 of the 30 OMXS30 constituents and Financials for seven, together two thirds of the index by count. Defensive sectors account for only two names. Twenty-seven constituents are domiciled in Sweden and one each in the UK, Switzerland and Finland.[34]

Table 5. OMXS30 sector composition by number of constituents

Sector (CIQ/GICS)	Share of constituents (%)	Entities
Industrials	43.33	13

[33]Statistics Sweden and Finansinspektionen (2026). Shareholder statistics H1 2026, 27 Aug 2026. S&P Capital IQ (2026). Sweden country profile, 30 Sep 2026. Heuresis Capital Research calculations: market value of SEK 13,516bn (end-June 2026) divided by S&P Capital IQ's 2026 nominal GDP forecast of USD 736bn, converted at USD/SEK 9.98 (30 Sep 2026).

[34]S&P Capital IQ (2026). OMXS30 index profile, Sep 2026.

Sector (CIQ/GICS)	Share of constituents (%)	Entities
Financials	23.33	7
Consumer Discretionary	6.67	2
Information Technology	6.67	2
Communication Services	6.67	2
Materials	6.67	2
Health Care	3.33	1
Consumer Staples	3.33	1
Total	**100.00**	**30**

Note: Sector classification follows CIQ/GICS. Shares are by number of constituents, not by market capitalisation.
Source: S&P Capital IQ. Data as of September 2026.

Segment composition: a growing Main Market, shrinking growth markets

Sweden had 922 companies quoted on its marketplaces at the end of June 2026. Of these, 372 were on the Nasdaq Stockholm Main Market: 137 in Large Cap, 131 in Mid Cap and 104 in Small Cap. A further 544 traded on the growth markets, namely First North (327), Spotlight Stock Market (127) and NGM Nordic SME (90), with six on NGM's regulated market.[35]

The total has fallen by 125 companies, or 12%, from its peak of 1,047 in June 2022. The decline is concentrated in the growth markets: First North has lost 115 companies since then and Spotlight 34. The Main Market has moved the other way, and Large Cap reached a record 137 companies in June 2026.[36] Strong gross listing activity therefore sits alongside a shrinking universe of small companies, as exits and moves up to the Main Market outpace new growth market entries.

Table 6. Number of quoted companies by marketplace

Marketplace	Jun 2016	Jun 2022	Dec 2025	Jun 2026	Change since Jun 2022
Nasdaq Stockholm Large Cap	79	131	128	137	6
Nasdaq Stockholm Mid Cap	108	145	132	131	(14)

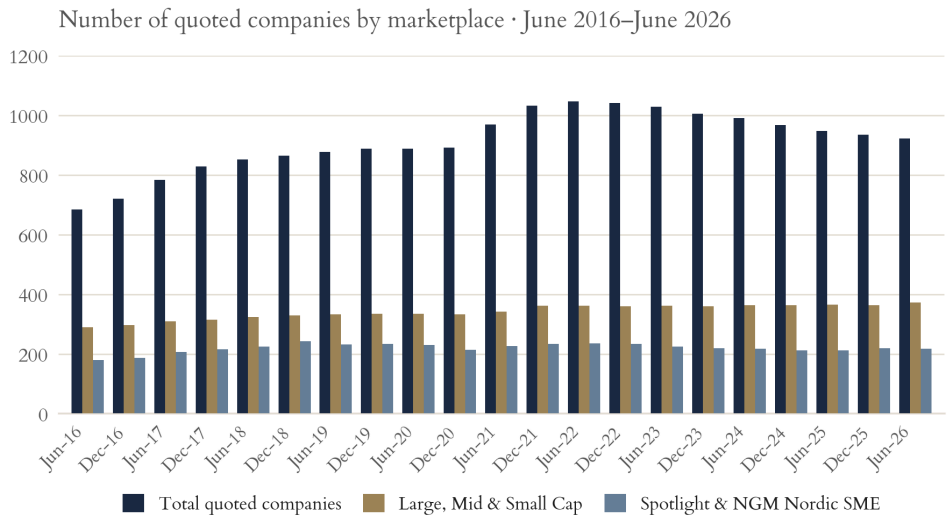
[35]Statistics Sweden (2026). quoted companies by marketplace, table NoteradeAntalBolag, data to Jun 2026. accessed 2 Oct 2026. Heuresis Capital Research calculations: Main Market is the sum of Large Cap (137), Mid Cap (131) and Small Cap (104); growth markets are the sum of First North (327), Spotlight Stock Market (127) and NGM Nordic SME (90).

[36]Statistics Sweden (2026). quoted companies by marketplace, table NoteradeAntalBolag, data to Jun 2026. accessed 2 Oct 2026. Heuresis Capital Research calculations: decline measured from the Jun 2022 peak of 1,047 companies to 922 in Jun 2026.

Marketplace	Jun 2016	Jun 2022	Dec 2025	Jun 2026	Change since Jun 2022
Nasdaq Stockholm Small Cap	103	86	103	104	18
Nasdaq Stockholm SPAC		3			(3)
NGM Main Regulated Market	9	5	6	6	1
First North	205	442	346	327	(115)
Spotlight Stock Market	157	161	128	127	(34)
NGM Nordic SME	23	74	92	90	16
Total	**684**	**1,047**	**935**	**922**	**(125)**

Note: Number of companies at the end of each period. June 2022 is the peak in the total. Blank cells indicate that the segment did not exist or no figure is published. Negative values in parentheses.
Source: Statistics Sweden, Heuresis Capital Research. Data as of June 2026.

Exhibit 2. Quoted companies by marketplace, 2016 to 2026



Note: Half-yearly observations, June 2016 to June 2026. Number is the total number of quoted companies on all marketplaces.

Source: Statistics Sweden, Heuresis Capital Research. Data as of June 2026.

Listing environment: the window is open

Silex Microsystems, the largest pure-play MEMS foundry globally, listed on 7 May 2026 and was the best performing IPO of the half.[37] The deal illustrates three features of the Swedish market: institutional anchoring, strong retail participation and the growing overlap between listings and foreign investment screening.

[37]Silex Microsystems (2026). press release, 7 May 2026. Nasdaq (2026). Nordic listings review H1 2026, 7 Jul 2026.

Table 7. Silex Microsystems IPO: key terms

Item	Detail
Listing date	7 May 2026
Offer price and valuation	SEK 81 per share; c. SEK 8.9bn
Shares offered	24.6m (22.4% of capital): 12.3m new, 12.2m secondary
Selling shareholder	Subsidiary of Sai MicroElectronics (China)
Primary proceeds	c. SEK 1.0bn gross, before c. SEK 65m costs; for US capacity
Cornerstones	Up to SEK 1.5bn incl. Creades, AP2, AP3, AP4
Demand	Oversubscribed several times; c. 14,000 new shareholders
First day	Opened c. SEK 210; c. SEK 154.50 at midday; closed SEK 225.55 (+178.5%)
Post IPO	Bure agreed to buy 19.1% from the Chinese parent

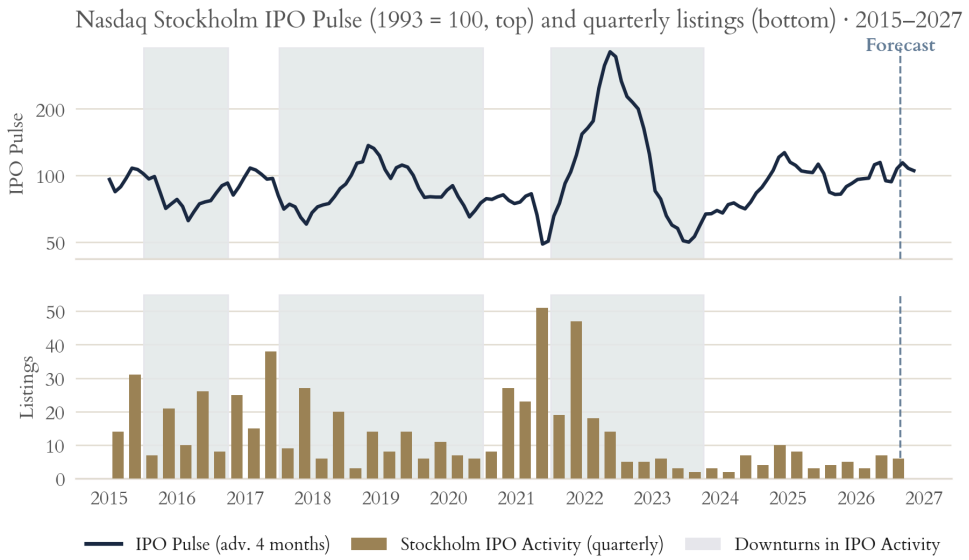
Note: First-day opening, midday and closing prices reflect reported Nasdaq Stockholm trading on 7 May 2026.
Source: Silex Microsystems, MarketScreener, Deep News (via Tiger Brokers), Heuresis Capital Research. Data as of 7 May 2026.

Domestic institutions anchored the book before launch, which lowered execution risk; the sharp jump in the share price on day one (opening near SEK 210 and closing at SEK 225.55, up 178.5% from the SEK 81 offer price) indicates the offer was priced well below clearing demand. The pipeline continues: Linjemontage i Grästorp announced an IPO of about SEK 658m on 9 September 2026. Private capital competes for the largest growth deals, with Stegra raising EUR 1.4bn privately from investors including Temasek and Wallenberg Investments.[38]

Nasdaq's own data show the Stockholm window staying open into the autumn. Nasdaq Stockholm recorded six new listings in the third quarter of 2026 after seven in the second, raising about EUR 160m in the third quarter after about EUR 380m in the second. Proceeds for the year to date are close to EUR 600m, already more than the full-year totals for 2022 and 2023. Nasdaq's Stockholm IPO Pulse, its cyclical indicator for listing activity, sits just below its recent highs, and Nasdaq expects conditions to stay supportive into early 2027 (Exhibit 3). On our reading of the chart, the Pulse has held near 100 (1993 = 100) through 2026, far below its 2021 peak, and quarterly listing counts remain well below the 2021 and 2022 levels of up to about 50. That is Nasdaq's assessment of the cycle, not a forecast of ours.[39]

[38]S&P Capital IQ (2026). Sweden country profile, 30 Sep 2026.
[39] Mackintosh and Normyle (2026). Solid IPO activity still likely into early 2027, Nasdaq Economic Institute, 8 Oct 2026 (accessed 9 Oct 2026).

Exhibit 3. Nasdaq Stockholm IPO Pulse and IPO activity, 2015 to 2027



Note: The IPO Pulse (1993 = 100) is advanced four months. IPO activity includes direct listings. Shaded areas mark downturns in IPO activity; the dashed line marks the start of Nasdaq's forecast.
Source: Nasdaq Economic Institute, FactSet, as published in Mackintosh and Normyle (2026). Data as of 8 October 2026.[40]

Ownership: a domestic bid, a foreign marginal buyer

Foreign investors are the largest owner group, holding SEK 5,097bn, or 38%, of the market value of Swedish listed companies at the end of June 2026. Swedish financial corporations, mainly funds and investment companies, follow with 34% (SEK 4,535bn), ahead of non-financial corporations (13%) and households (12%). Control is concentrated through investment companies, foundations and dual class share structures, and household wealth is concentrated too: the top 5% of household shareholders held 65% of household share wealth in June 2026.[41]

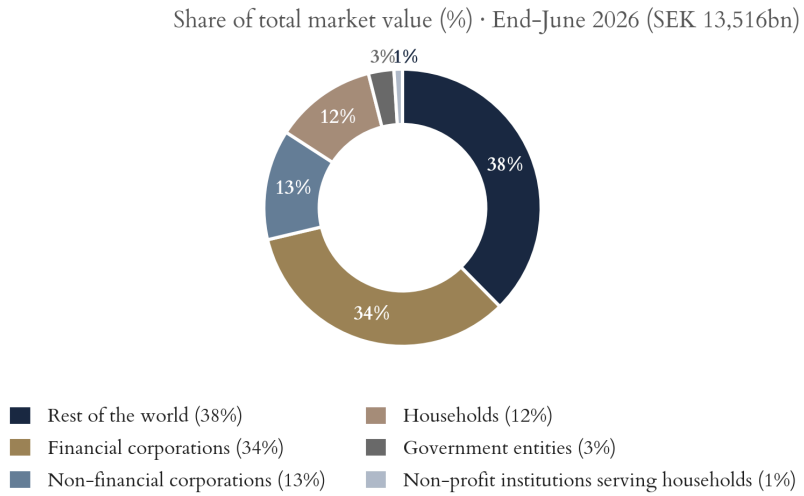
The implication for pricing is that domestic pension and savings flows provide stability and absorb new issuance, while foreign holders, who own 38% of the market[42], are likely to set the marginal price in large caps.

[40] Mackintosh and Normyle (2026). Solid IPO activity still likely into early 2027, Chart 3, Nasdaq Economic Institute, 8 Oct 2026 (accessed 9 Oct 2026). Chart data: Nasdaq Economic Institute, FactSet.

[41] Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026). Statistics Sweden and Finansinspektionen (Shareholder statistics H2 2025, 26 Feb 2026; Shareholder statistics H1 2026, 27 Aug 2026) (2025). OECD (2026). The Swedish Equity Market: Assessment and Policy Recommendations 2026, 28 Apr 2026.

[42] Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026).

Exhibit 4. Ownership of Swedish listed equity by sector, end-June 2026 (% of market value)



Note: Total market value SEK 13,516bn. Percentages are rounded and sum to 101%. The underlying clients of foreign managers are not visible in the public shareholder register.
Source: Statistics Sweden, Heuresis Capital Research. Data as of June 2026.

Foreign holdings continued to grow in 2026. Shares held by foreign investors were worth SEK 5,097bn at the end of June 2026, up 6.3% over the half and 38% of total market value. North American investors are the largest group, with 42.6% of foreign holdings, followed by the EU (27.4%) and Europe outside the EU (21.9%), which since 2020 includes the United Kingdom. The North American share has risen from 34.0% at the end of 2019[43], making North American investors the main driver of foreign demand for Swedish equities.

Among individual countries, Luxembourg (9.9% of foreign holdings) and the UK (9.5%) lead. These figures reflect where custodians and fund vehicles are domiciled rather than the end investors: Statistics Sweden notes that the underlying clients of foreign managers are not visible in the public shareholder register. Norway follows with 6.7% and Switzerland with 5.6%. Nordic investors as a group hold 10.5%.[44]

[43]Statistics Sweden (Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026); foreign ownership of quoted shares by country, table AktieAgarUtlandN, data to Jun 2026; accessed 2 Oct 2026) (2026). Statistics Sweden and Finansinspektionen (2025). Shareholder statistics H2 2025, 26 Feb 2026. Heuresis Capital Research calculations: foreign holdings of SEK 5,097bn (Jun 2026) against SEK 4,794bn (Dec 2025), up 6.3%.

[44]Statistics Sweden and Finansinspektionen (2026). Shareholder statistics H1 2026, 27 Aug 2026. Statistics Sweden (2026). foreign ownership of quoted shares by country, table AktieAgarUtlandN, data to Jun 2026. accessed 2 Oct 2026..

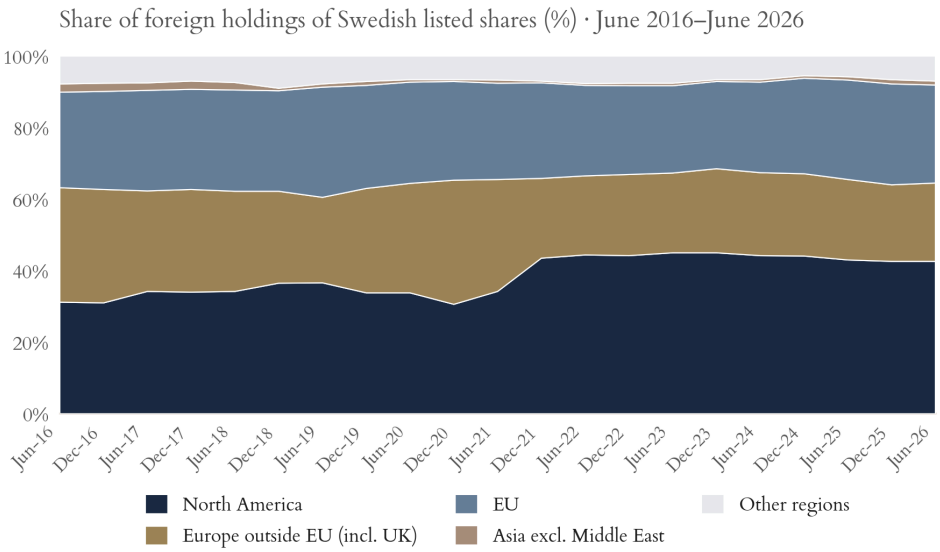
Table 8. Foreign ownership of Swedish listed shares by investor region and country, June 2026

Region or country	SEK bn, Jun 2026	Share of foreign holdings, Jun 2026 (%)	Share, Dec 2025 (%)	Change in value, H1 2026 (%)
By region				
North America	2,173	42.6	42.6	6.5
EU	1,397	27.4	28.2	3.5
Europe outside EU (incl. UK)	1,115	21.9	21.4	8.4
Asia excl. Middle East	58	1.1	1.2	(0.1)
Other regions	355	7.0	6.6	12.0
Total foreign holdings	**5,097**	**100.0**	**100.0**	**6.3**
Largest countries				
Luxembourg (EU)	503	9.9	10.4	1.0
United Kingdom (Europe outside EU)	483	9.5	9.5	5.6
Norway (Europe outside EU)	340	6.7	6.7	6.6
Switzerland (Europe outside EU)	283	5.6	5.1	16.3
France (EU)	169	3.3	3.2	11.5
Finland (EU)	142	2.8	2.8	5.6
Memo				
Nordic countries (all)	538	10.5	10.7	4.5

Note: The four regions and Other regions do not overlap and sum to 100%. Countries are shown with the region they belong to; the Nordic countries overlap the EU and Europe outside EU. Europe outside EU includes the United Kingdom. Other regions is total foreign holdings of SEK 5,097bn less the four regions shown; its December 2025 values are approximate because the December 2025 total is published to the nearest SEK billion. Statistics Sweden suppresses separate figures for the United States and Canada from December 2021, so North America is shown. Change in value includes share price movements as well as net purchases. Shares are rounded by Statistics Sweden, and figures may not add up. Negative values in parentheses.

Source: Statistics Sweden, Statistics Sweden and Finansinspektionen, Heuresis Capital Research. Data as of June 2026.

Exhibit 5. Foreign ownership of Swedish listed shares by investor region, June 2016 to June 2026 (% of foreign holdings)



Note: Half-yearly observations. The United Kingdom is included in Europe outside EU throughout. Other regions is the remainder after the four regions shown. The series has a break in December 2021, when North America rose and the UK fell by similar amounts. This looks like a reclassification, so shares before and after are not comparable.
Source: Statistics Sweden, Heuresis Capital Research. Data as of June 2026.

Why the index can diverge from the economy

The large caps earn most of their revenue abroad and report in kronor. Part IV (Table 21) puts about 62% of the OMXS30 weight in global groups, and Part I shows exports at 53.2% of GDP. A weaker krona therefore lifts reported earnings even as it erodes domestic real incomes, and a domestic housing or consumption slowdown can coexist with a rising index. The sector mix reinforces the gap: Industrials dominate the index[45], so in our view it tracks global demand more closely than domestic services, the public sector or housing.

5.2 Fixed income: supply shock on a AAA balance sheet

Our view. SGB supply nearly doubles in 2026 just as the Riksbank steps back. With Maastricht public debt at 35.4% of GDP and five-year CDS at 8.25bp, market adjustments primarily materialize through term premium and curve shape, not credit spreads. Covered bonds remain the core of the market and the main channel from housing policy to bond supply.

Government bonds: issuance nearly doubles

The Debt Office forecasts budget deficits of SEK 196bn in 2026 and SEK 208bn in 2027, driven by new fiscal measures, higher on-lending and the growth effect of the war in the Middle East. Nominal bond issuance rises to

[45]S&P Capital IQ (2026). OMXS30 index profile, Sep 2026.

SEK 220bn in 2026 and SEK 240bn in 2027, from SEK 118bn in 2025, and auctions moved to SEK 5bn every Wednesday from 17 June 2026.[46]

Table 9. Central government borrowing (SEK bn)

Item	2025	2026F	2027F
Nominal government bonds	118	220	240
Inflation-linked bonds	6	6	6
Foreign currency bonds	41	19	19
Treasury bills, stock at year end	173	238	233

Note: 2026 and 2027 are Debt Office forecasts.
Source: Riksgälden. Data as of 28 May 2026.

This is a regime change. The Riksbank has raised rates and is running down its bond holdings, so private investors must absorb nearly twice the 2025 gross supply. Depth is improving: open interest in SGB futures is up 40% over three years. The Debt Office is also lengthening the curve: it opened a 2.5% bond due October 2036 in June 2025 and a 2.75% bond due February 2037 in March 2026, and the nominal curve now runs to a 1.375% bond due 2071.[47]

Foreign currency borrowing, which largely funds the Riksbank's reserves, is spread across the dollar and euro markets. Outstanding issues include a USD 2bn 3.375% note due January 2028 (issued October 2025), a EUR 2.0% bond due June 2028 (June 2025) and a new EUR 2.75% note due June 2029 issued in June 2026, alongside commercial paper in US dollars and euros.[48]

Table 10. Selected Swedish government bonds outstanding

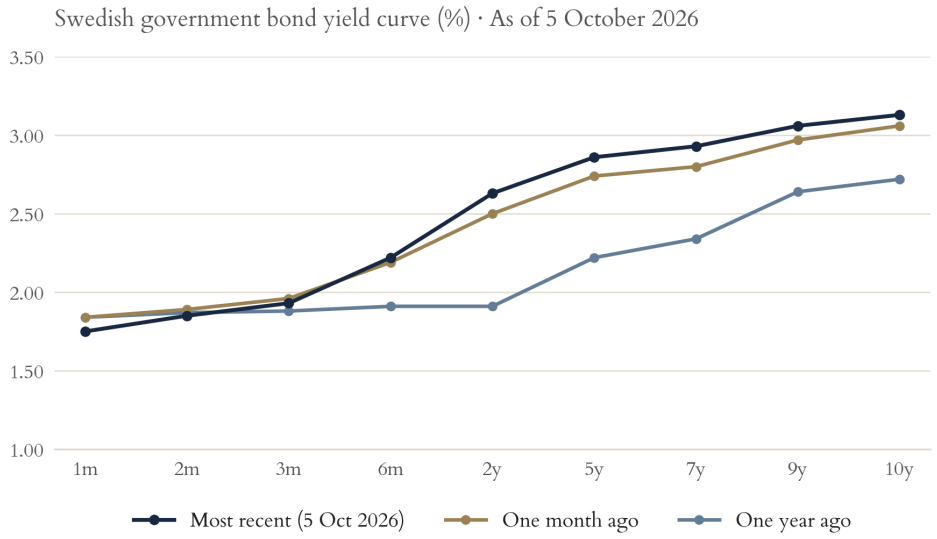
Bond	Maturity	Issued	Type
SGB 1.0%	Nov 2026	May 2015	Nominal, SEK
SGB 0.75%	May 2028	Jan 2017	Nominal, SEK
SGB 0.75%	Nov 2029	Jun 2018	Nominal, SEK
SGB 0.125%	May 2031	Mar 2020	Nominal, SEK
SGB 2.25%	Jun 2032	Mar 2012	Nominal, SEK
SGB 1.75%	Nov 2033	May 2022	Nominal, SEK
SGB 2.25%	May 2035	Feb 2024	Nominal, SEK
SGB 2.5%	Oct 2036	Jun 2025	Nominal, SEK

[46]Riksgälden (2026). Central government borrowing: forecast and analysis 2026:1, 28 May 2026.
[47]Nasdaq (2026). Nordic listings review H1 2026, 7 Jul 2026. S&P Capital IQ (2026). Sweden debt securities, accessed 6 Oct 2026.
[48]S&P Capital IQ (2026). Sweden debt securities, accessed 6 Oct 2026.

Bond	Maturity	Issued	Type
SGB 2.75%	Feb 2037	Mar 2026	Nominal, SEK
SGB 3.5%	Mar 2039	Mar 2009	Nominal, SEK
SGB 0.5%	Nov 2045	Nov 2020	Nominal, SEK
SGB 1.375%	Jun 2071	Jun 2021	Nominal, SEK
Sweden 3.375%	Jan 2028	Oct 2025	Benchmark, USD 2bn
Sweden 2.0%	Jun 2028	Jun 2025	Benchmark, EUR
Sweden 2.75%	Jun 2029	Jun 2026	Benchmark, EUR

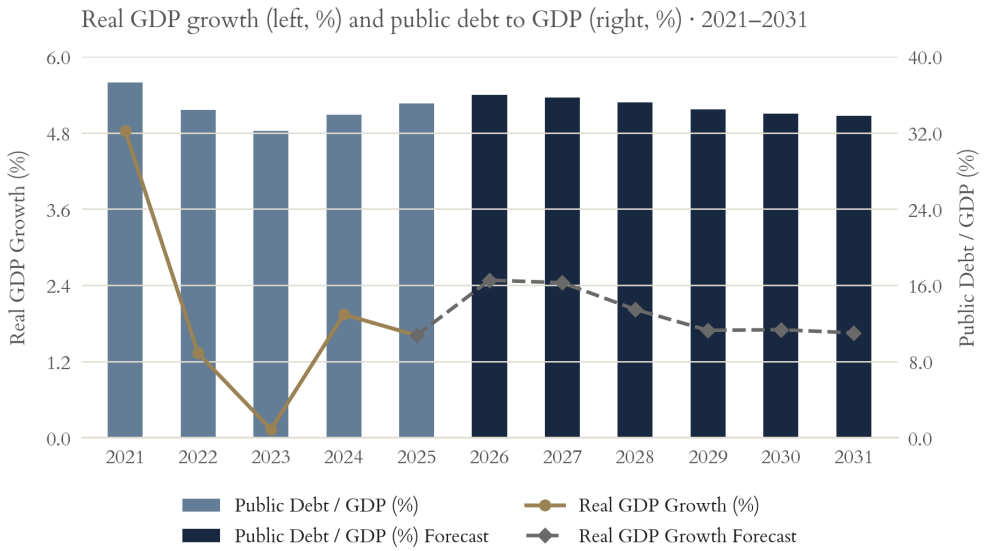
Note: Nominal SEK bonds and foreign currency benchmark issues are shown; inflation-linked bonds are excluded.
Source: S&P Capital IQ, Heuresis Capital Research.

Exhibit 6. SGB yield curve: most recent, month ago and year ago



Note: Yields in %. The 30-year point is not shown because the exported value appeared to be a bond coupon rather than a yield.
Source: S&P Capital IQ, Heuresis Capital Research. Data as of 5 October 2026.

Exhibit 7. Public debt and real GDP growth, 2021 to 2031 (%)



Note: Public debt as a share of GDP (right axis) and real GDP growth (left axis); 2026 to 2031 are Capital IQ forecasts.
Source: S&P Capital IQ, Heuresis Capital Research. Data as of 5 October 2026.

Sovereign credit: the market prices Sweden as close to risk-free

Sweden holds the top rating from all three agencies, each with a stable outlook. S&P has rated Sweden AAA in foreign currency since upgrading it from AA+ in February 2004 and last reviewed the rating in June 2026; Moody's confirmed Aaa in February 2026 and Fitch AAA in September 2026. Five-year USD CDS closed on 30 September 2026 at 8.25bp, 1.28bp (13%) tighter than on the same date in 2025 (9.53bp) and 0.75bp (8%) tighter than at the end of 2025 (9.00bp). The market prices Sweden as close to risk-free: the highs since the start of 2020, around 19 to 20bp, came in March 2020 and late 2022.[49]

The path within the month was less calm. CDS fell to a low of 5.34bp on 16 September, the lowest level in the series since the start of 2020, and then rose by 2.91bp, or 54%, in two weeks to the 30 September close. The 2026 high was 9.17bp in late March, and the highest level of the past twelve months was 9.75bp in October 2025. A move of about 3bp is small in absolute terms, and we do not read it as a repricing of credit risk. Over the longer run the curve had been flattening, with 10-year CDS falling from 14.8bp on 19 June to 10.9bp on 19 September 2026, before rising to 13.9bp on 28 September[50].

[49]S&P Capital IQ (Sweden credit ratings, Sep 2026; Sweden country profile, 30 Sep 2026; Sweden five-year USD CDS, to 30 Sep 2026) (2026). Heuresis Capital Research calculations: changes from the 30 Sep 2025 (9.53bp) and 31 Dec 2025 (9.00bp) closes to the 30 Sep 2026 close (8.25bp).

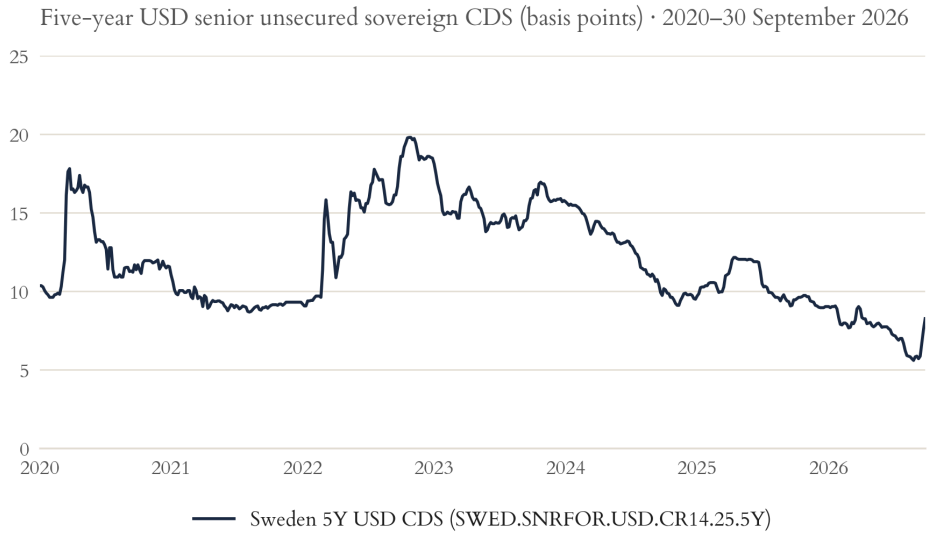
[50]S&P Capital IQ (2026). Sweden five-year USD CDS, to 30 Sep 2026. Heuresis Capital Research calculations: rise from the 16 Sep 2026 close (5.34bp) to the 30 Sep 2026 close (8.25bp).

Table 11. Sovereign credit ratings

Agency	Rating	Outlook	Last action or review
S&P Global Ratings (foreign currency, long term)	AAA	Stable	Upgraded 16 Feb 2004; reviewed 5 Jun 2026
Moody's (long term issuer, foreign)	Aaa	Stable	20 Feb 2026
Fitch (long term issuer default)	AAA	Stable	18 Sep 2026

Note: Long-term foreign currency issuer ratings.
Source: S&P Capital IQ. Data as of 30 September 2026.

Exhibit 8. Sweden five-year sovereign CDS (bp), 2020 to 2026



Note: Five-year USD CDS, senior unsecured, 25bp coupon convention, composite close.
Source: S&P Capital IQ, Heuresis Capital Research. Data to 30 September 2026.

S&P Capital IQ scores Sweden's country risk at 1.3, classed as moderate. Legal (0.7) and tax (0.9) risk are low; the elevated components are economic (1.7), political (1.6, raised in March 2026) and security (1.6). Recent regulatory decisions include the rejection of two offshore wind permits (Eolus, July 2026) and confirmation of Boliden's Laver mining concession (August 2026).[51]

Table 12. Country risk scores

Component	Score	Level	Latest change
Overall	1.3	Moderate	24 Jun 2025 (from 1.2)
Political	1.6	Elevated	9 Mar 2026 (from 1.5)
Economic	1.7	Elevated	11 May 2026 (from 1.6)

[51]S&P Capital IQ (2026). Sweden country profile, 30 Sep 2026.

Component	Score	Level	Latest change
Security	1.6	Elevated	7 Nov 2025 (from 1.7)
Operational	1.1	Moderate	1 May 2026 (from 1.2)
Tax	0.9	Moderate	5 Sep 2025 (from 1.0)
Legal	0.7	Low	24 Jun 2025 (from 0.6)

Note: Scores run from 0.1 to 10: Low 0.1 to 0.7, Moderate 0.8 to 1.5, Elevated 1.6 to 2.3.
Source: S&P Capital IQ. Data as of 30 September 2026.

Fiscal space against peers

In S&P Capital IQ's cross-country comparison, Sweden's general government debt was 35.1% of GDP in 2025 (revised to 35.4% in SCB's 30 September 2026 EDP outturn), against 62.6% in Germany, 88.5% in Finland, 96.4% in the UK and 115.5% in France, with a budget deficit of 1.3% of GDP (revised to 1.6% by SCB). Capital IQ forecasts real growth rising to 2.5% in 2026 and CPI inflation falling to 0.9%.[52]

Table 13. Economy in perspective, 2025

Economy	Nominal GDP (USD bn)	Real growth (%)	Budget balance (% GDP)	Public debt (% GDP)	CPI (%)
Sweden	678	1.6	(1.3)	35.1	2.6
Norway	531	1.2	12.0	34.1	3.0
Denmark	471	3.5	3.3	27.2	1.8
Finland	318	0.8	(3.8)	88.5	1.8
Germany	5,114	0.3	(3.0)	62.6	2.3
United Kingdom	3,997	1.3	(4.9)	96.4	3.4
France	3,376	0.9	(5.1)	115.5	0.9

Note: S&P Capital IQ 2025 cross-country estimates. In SCB's 30 September 2026 revised national outturn, Sweden's 2025 real GDP growth was 1.4%, general-government balance (1.6)% of GDP and Maastricht debt 35.4% of GDP; 2025 WDI headline CPI was 0.68% (NIER CPIF 2.6%). Negative values in parentheses.
Source: S&P Capital IQ. Data as of September 2026.

Covered bonds, agencies and credit

Covered bonds are the largest segment of the Swedish bond market: SEK 2.7tn (about EUR 241bn) was outstanding in June 2026, about 86% of it in kronor, and held domestically, and covered bonds made up about 44% of all debt issued by Swedish financial institutions. Close to half of residential

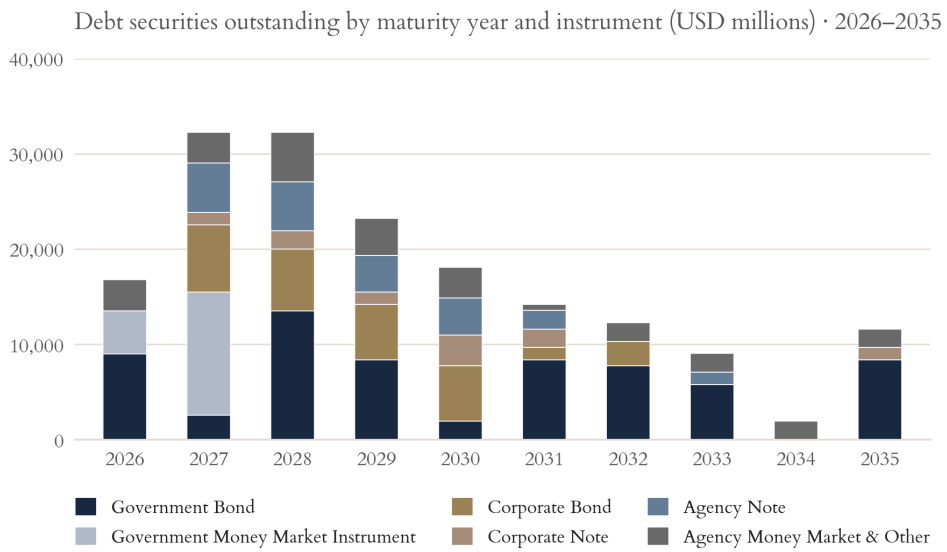
[52] S&P Capital IQ (2026). Economy in Perspective, Sep 2026; Sweden country profile, 30 Sep 2026.

mortgages are funded this way, and since the 2022 law the market has moved from hard bullet to soft bullet structures.[53]

Issuance is steady and the borrower side is recovering. Kronor-denominated issuance was about EUR 30.1bn in the first half of 2026, similar to a year earlier, while euro benchmark issuance is a niche source of funding at EUR 4.1bn so far in 2026, below the 2025 level. Foreign investors have held 20% to 25% of outstanding kronor covered bonds since 2023, typically funded through repurchase agreements with local banks. Mortgage lending reached SEK 4,349bn in August 2026, up 3.5% on the year, with mortgage rates of about 2.8%, and S&P expects annual lending growth of 4% to 5% over the next two years. Variable-rate loans were 81% of new housing loans in the first half of 2026, and about 77% of outstanding loans, the highest share since 2010, which leaves households sensitive to the policy rate. The four programmes S&P rates are all AAA with stable outlooks and hold the legal minimum 2% overcollateralisation.[54]

State-owned issuers form a high-grade tier below the sovereign. S&P rates Svensk Exportkredit and Specialfastigheter AA+, Akademiska Hus AA, SBAB A+, Jernhusen A and Vattenfall BBB+. Svensk Exportkredit announced about SEK 11.9bn of debt on 3 September 2026. Stockholm is also a Nordic high-yield hub: the Nordic market accounted for more than 17% of European high-yield issuance relative to GDP, and Nasdaq's Defense, Resilience and Infrastructure Bond Criteria are attracting defence related issuance.[55]

Exhibit 9. Swedish bond market by segment, outstanding



Note: Amounts outstanding by year of maturity as reported by S&P Capital IQ, in millions of US dollars.

[53]S&P Global Ratings (2026). Swedish covered bond market insights 2026, 5 Oct 2026. Morningstar DBRS (n.d.). Covered bond markets at a glance: Sweden, 6 Oct 2026.

[54] S&P Global Ratings (2026). Swedish covered bond market insights 2026, 5 Oct 2026 (accessed 12 Oct 2026). Figures for June 2026 unless stated; lending growth and issuance expectations are S&P's own forecasts.

[55]S&P Capital IQ (Sweden credit ratings, Sep 2026; Sweden country profile, 30 Sep 2026) (2026). Nasdaq (2026). Nordic listings review H1 2026, 7 Jul 2026.

Source: Riksgälden, ASCB, Kommuninvest, S&P Capital IQ, Heuresis Capital Research. Data as of 5 October 2026.

Interest rate derivatives turnover in Sweden rose significantly between the 2022 and 2025 BIS surveys.[56] The main domestic holders of bonds are banks, insurers, pension funds, the AP funds and fixed income funds, with foreign investors an important marginal buyer of SGBs.

5.3 Foreign exchange: a weak krona meets a hawkish turn

Our view. The krona has weakened against most major currencies over the past year while the Riksbank has shifted towards a tightening bias. With a structural current account surplus and a large net foreign asset position behind it, we see the balance of risks tilted towards krona strength.

Regime and policy

The krona floats freely and the Riksbank targets CPIF inflation of 2%. The policy rate was held at 1.75% on 24 September 2026, unchanged since the October 2025 cut from 2.00% and down from a 4.00% peak in 2024. The Riksbank expects inflation to rise on stronger activity, a weaker krona and higher energy prices, and sell-side previews expected a hold with a possible hike signalled. The next decision is on 4 November 2026.[57]

Liquidity and market structure

The krona accounted for 1.6% of global FX turnover in April 2025 (down from 2.2% in 2022), ahead of the Norwegian krone at 1.3% and the Danish krone at 0.7%, within global turnover of USD 9.6tn a day. Market making is concentrated in Nordea, SEB, Handelsbanken and Swedbank, and part of krona trading takes place abroad.[58]

The krona: weak over the year

The krona closed September at USD/SEK 9.98 and EUR/SEK 11.34 (11.336 unrounded). Over the year to 6 October 2026, the krona fell 5.95% against the dollar and 2.22% against the euro, and fell most against the Brazilian real (11.98%), the renminbi (11.42%) and the Australian dollar (10.86%); it gained only against the Indian rupee (2.21%).[59]

[56]Riksbank (2025). Survey of turnover in the Swedish FX and derivatives market, 30 Sep 2025.

[57]Riksbank (The inflation target (web page, accessed 3 October 2026); Monetary policy decision, 24 Sep 2026; Policy rate, deposit and lending rate (statistics page, accessed 3 October 2026)) (2026). Newsquawk (2026). Riksbank preview, Sep 2026.

[58] Norges Bank (2025). Market surveys: FX turnover, 2025. BIS (2025). Triennial Central Bank Survey, 2025, Table 4 (OTC foreign exchange turnover by currency), April 2025, accessed 12 Oct 2026. Riksbank (2025). Survey of turnover in the Swedish FX and derivatives market, 30 Sep 2025.

[59]S&P Capital IQ (2026). Sweden country profile, 30 Sep 2026 and exchange rates (close as of 6 Oct 2026).

Table 14. Krona exchange rates

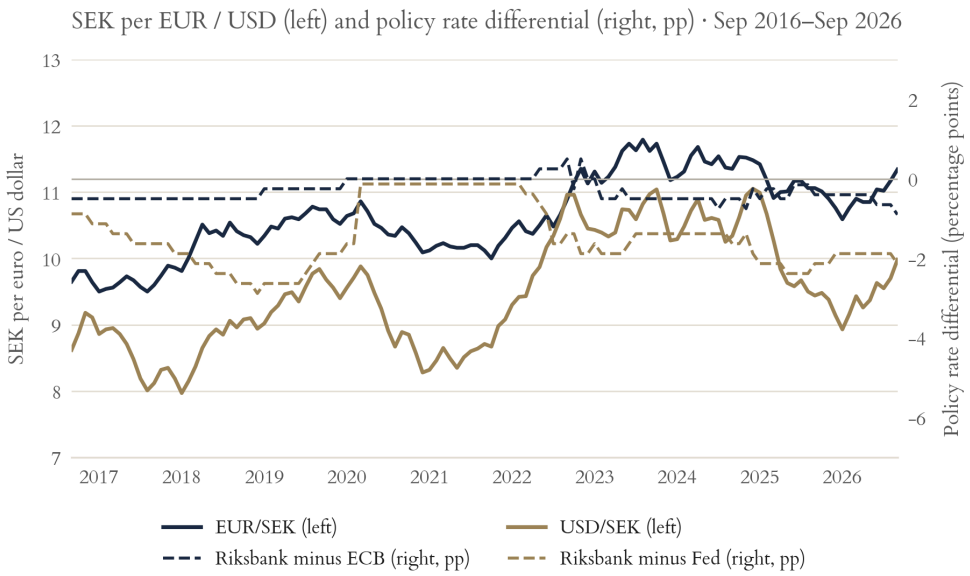
Currency	1 SEK =	SEK per unit	One day change (%)	Year ago, 1 SEK =	One year change (%)
US dollar (USD)	0.1002	9.98	0.65	0.1066	(5.95)
Euro (EUR)	0.0890	11.24	0.16	0.0910	(2.22)
British pound (GBP)	0.0755	13.25	0.20	0.0791	(4.58)
Swiss franc (CHF)	0.0833	12.00	0.61	0.0848	(1.78)
Japanese yen (JPY, per 100)	15.8451	6.31	0.71	15.9922	(0.92)
Canadian dollar (CAD)	0.1425	7.02	0.49	0.1486	(4.10)
Australian dollar (AUD)	0.1436	6.96	0.47	0.1611	(10.86)
Chinese renminbi (CNY)	0.6720	1.49	0.66	0.7586	(11.42)
Hong Kong dollar (HKD)	0.7866	1.27	0.66	0.8293	(5.15)
Indian rupee (INR, per 100)	9.6618	10.35	0.75	9.4531	2.21
Brazilian real (BRL)	0.4991	2.00	0.47	0.5671	(11.98)
South African rand (ZAR)	1.6561	0.60	(0.19)	1.8334	(9.67)

Note: Closing rates on 6 October 2026. Rates are units of foreign currency per one krona. SEK per unit is the reciprocal, calculated by Heuresis Capital Research (per 100 units for the yen and the rupee). A negative change means the krona weakened. Negative values in parentheses.
Source: S&P Capital IQ, Heuresis Capital Research. Data as of 6 October 2026.

Rate differentials with the ECB and the Federal Reserve drive the krona in the near term, with risk sentiment as an overlay. In the medium term a current account surplus of SEK 126.2bn in Q2 2026 and a net international investment position of SEK 5,300.7bn support the currency. Weaker krona flatters exporters' reported earnings but adds to imported inflation, which is why the Riksbank has flagged it.[60]

[60]Statistics Sweden (2026). Balance of payments, Q2 2026. Riksbank (2026). Monetary policy decision, 24 Sep 2026.

Exhibit 10. EUR/SEK and USD/SEK against the policy rate differential



Note: Monthly month-end data, September 2016 to September 2026. A rising SEK per EUR or SEK per USD line means a weaker krona. Differentials are in percentage points: the Riksbank policy rate minus the ECB benchmark rate (deposit facility at 2.50% / MRO at 2.65% from 16 September 2026), and the Riksbank policy rate minus the federal funds rate. Levels were rebuilt from Capital IQ percentage changes (see footnote).

Source: S&P Capital IQ, Heuresis Capital Research. Data as of 30 September 2026.[61]

Hedging, reserves and foreign participation

Exporters sell foreign currency forward and institutional investors hedge part of their foreign holdings, so changes in hedge ratios can move the krona. The Riksbank holds gold and FX reserves of SEK 584bn for liquidity support and possible intervention, allocated USD 70%, EUR 17.5%, GBP 5%, AUD 5% and NOK 2.5%, with hedges of USD 8bn and EUR 2bn. Foreign investors participate through SGBs, covered bonds and equities, where they own 38% of market value.[62]

5.4 Institutional investors: a large, sticky domestic bid

Our view. Sweden's pension and savings system concentrates capital in a few large, long-horizon investors. That supports IPO execution and cushions drawdowns in domestic assets, but leaves the marginal price in large caps and SGBs to foreign capital.

[61] S&P Capital IQ (2026). SEK per EUR, SEK per USD, Riksbank repo rate, European Central Bank benchmark rate and Federal Funds rate, monthly, Sep 2016 to Sep 2026 (exported 9 Oct 2026). Capital IQ returned percentage changes from 29 Jul 2022, so Heuresis Capital Research rebuilt the levels, calibrating the base values to the 30 Sep 2026 exchange rates in this study and to known policy rates. Blank months were filled with the unchanged policy rate (ECB 0.00% from Oct 2019 to Sep 2021; Riksbank -0.50% in 2017), and the Riksbank repo rate for June and July 2022 is set to 0.25% and 0.75%.

[62] Riksbank (2025). Strategic allocation of gold and FX reserves, 10 Dec 2025. Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026).

The income pension buffer funds were consolidated on 1 January 2026: AP1 was merged into AP3 and AP4 and AP6 into AP2, leaving three funds. AP1 transferred SEK 511.5bn. The First to Fourth AP funds managed SEK 2,053bn at the end of 2024; AP3 and AP4 now manage over SEK 1,600bn between them. The funds are active owners, with AP4 working on 42 Swedish nomination committees in 2025, and three AP funds anchored the Silex IPO.[63]

AP7 runs the default premium pension option for about six million savers, with more than SEK 1,500bn at the end of 2025. Swedish fund assets reached SEK 9,867bn at the end of June 2026; the premium pension accounts for 33% and unit-linked insurance for 25%. Net savings in H1 2026 flowed mainly through unit-linked insurance and ISK accounts, and new money has favoured global funds: outside the premium pension system, equity funds investing globally took in net SEK 26.5bn in H1 2026 and SEK 22.4bn in the third quarter, against SEK 18.5bn and SEK 3.3bn for funds investing in Sweden, so domestic fund flows are not a guaranteed bid for Swedish equities.[64] The four largest banks are the core market makers in bonds and FX, and the OECD flags fund market concentration as an area to monitor.[65]

Foreign investors have held between 36.6% and 41.5% of market value over the past decade, and 37.7% at the end of June 2026.[66] The shifts have been among Swedish owners: investment companies and other financial corporations rose from 8.7% to 13.0% of market value, investment funds from 12.2% to 13.2% and insurance and pension funds stayed near 7%, while non-financial corporations fell from 14.6% to 12.5% and households edged down from 12.3% to 11.7%. The AP and other social security funds hold 2.3%.

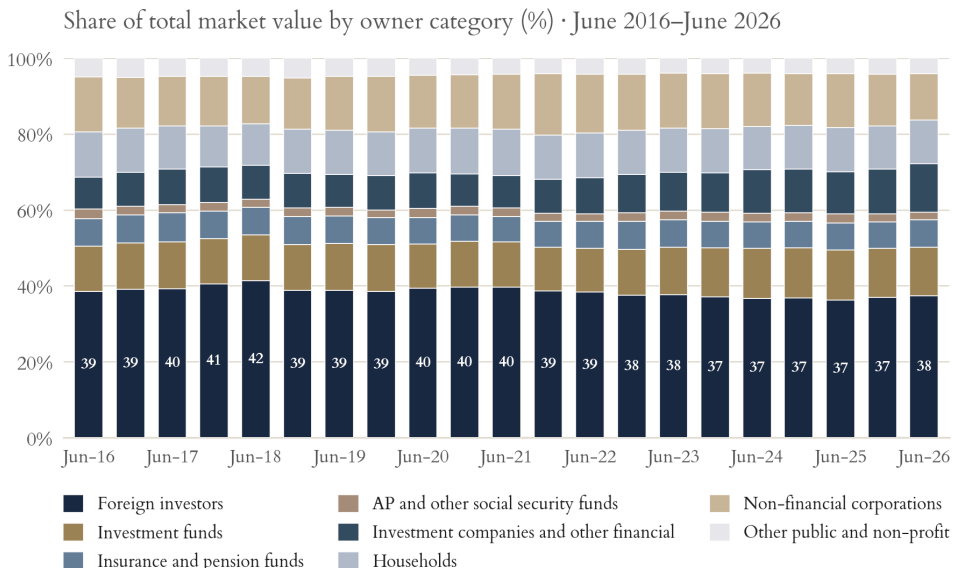
[63]AP3 (2026). press release on AP fund consolidation, 2026. AP4 (2026). Annual report 2025. AP2 (2025). press release, 2025. Silex Microsystems (2026). press release, 28 Apr 2026.

[64] Fondbolagens förening (2026). New savings and assets under management: monthly statistics, equity funds excl. PPM by investment orientation, Jan to Sep 2026 (accessed 12 Oct 2026). Heuresis Capital Research calculations: sums of monthly net sales (SEK million) for January to June and for July to September, excluding flows through the premium pension system.

[65]Universal Asset Owners (2026). AP7 registry entry, 2026. Fondbolagens förening (2026). Fund statistics H1 2026, 21 Aug 2026. Riksbank (2025). Survey of turnover in the Swedish FX and derivatives market, 30 Sep 2025. OECD (2026). The Swedish Equity Market: Assessment and Policy Recommendations 2026, 28 Apr 2026.

[66]Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026). Heuresis Capital Research calculations: each owner sector's market value divided by the total market value at the end of each half year; investment companies and other financial is financial corporations less investment funds and insurance and pension funds.

Exhibit 11. Holders of Swedish listed equities by investor type, June 2016 to June 2026 (% of market value)



Note: Half-yearly observations; shares of the total market value of shares in companies quoted on Swedish marketplaces, calculated by Heuresis Capital Research from SEK values by owner sector. The figures in the foreign investors bars are percentages. The AP and other social security funds are Statistics Sweden's social security funds, within general government. Investment companies and other financial is financial corporations less investment funds and insurance and pension funds. Other public and non-profit is central and local government and non-profit institutions serving households.
Source: Statistics Sweden, Heuresis Capital Research. Data as of June 2026.

6 Regulation: easier for households, new roles for the central bank

Our view. The 2026 reforms ease credit for households and move macroprudential tools from Finansinspektionen to the Riksbank. Bank capital requirements are stable, and the OECD reform agenda would lower execution risk for listings in strategic sectors.

Mortgage and amortisation rules

A new law on housing loans replaced Finansinspektionen's (FI) regulations on 1 April 2026. The mortgage cap rose from 85% to 90% for purchases, top-up loans are capped at 80%, and the extra amortisation requirement for debt above 4.5 times gross income was removed. The loan-to-value requirement remains at 1% a year above 50% and 2% above 70%, and homes can only be revalued for lending purposes every five years.[67] Finansinspektionen estimates that removing the stricter amortisation requirement and raising the loan-to-value limit could lift new mortgage volumes by about 5% to 13%, mainly through the higher limit, although household debt is likely to rise as borrowers take larger loans.[68]

[67]Riksdagen (2026). New mortgage rules, Mar 2026. Konsumenternas (2026). 9 Jul 2026. Affärsvärlden (n.d.). 6 Oct 2026.

[68] S&P Global Ratings (2026). Swedish covered bond market insights 2026, 5 Oct 2026 (accessed 12 Oct 2026), citing the Swedish Financial Supervisory Authority's estimate.

Supervision and capital buffers

From 1 April 2026 the Riksbank took over the countercyclical capital buffer from FI and Sweden's vote on the European Systemic Risk Board. It held the buffer at its 2% neutral level in September 2026, citing limited build-up of cyclical risk and strong bank profitability, liquidity and capital. The OECD recommends a consultation on FI's mandate, specifically the balance between supervision and guidance.[69]

Bank capital, profitability and asset quality

Swedish banks enter the new regime from a position of strength. In Capital IQ's aggregate, the Core Tier 1 ratio was 18.5% at the end of 2025, a little below 19.1% in 2021 but steady over the last four years, and the leverage ratio was 5.1% (Table 15). Profitability followed rates: return on average equity rose from 9.5% in 2022 to 13.7% in 2023 and was 11.2% in 2025, as the net interest margin eased from a peak of 1.66% to 1.44%. Asset quality is sound, with problem loans at 0.72% of gross loans and provisions at 0.14% of average loans in 2025, close to their 2021 levels.[70]

Table 15. Swedish banks: capital, profitability and asset quality, FY2021 to FY2025

Measure (%)	2021	2022	2023	2024	2025
Core Tier 1 ratio	**19.11**	**18.74**	**18.81**	**18.96**	**18.50**
Tier 1 ratio	20.70	20.21	20.33	20.76	19.93
IFRS Tier 1 leverage ratio	5.01	5.14	5.25	5.14	5.10
Return on average equity	10.31	9.53	13.69	12.92	11.16
Net interest margin	1.16	1.32	1.66	1.54	1.44
Cost-to-income ratio	52.49	52.92	45.88	47.23	50.23
Problem loans / gross customer loans	0.73	0.60	0.72	0.74	0.72
Loan loss provision / average gross loans	0.11	0.20	0.18	0.12	0.14
Net customer loans / customer deposits	161.26	165.08	170.95	170.48	171.70

Note: Aggregate of Swedish banks as defined by S&P Capital IQ; fiscal years end 31 December. All figures in per cent. The aggregate does not include Nordea Bank Abp, which is domiciled in Finland, and ratios before 2018 are not comparable with later years because capital ratios and risk-weighted assets show a break in 2018 (Core Tier 1 fell from 22.5% to 16.8%).

Source: S&P Capital IQ, Heuresis Capital Research. Data as of 12 October 2026.

[69]Riksbank (The countercyclical capital buffer, web page, Sep 2026; Countercyclical buffer decision, 11 Sep 2026) (2026). Affärsvärlden (n.d.). 6 Oct 2026. OECD (2026). The Swedish Equity Market: Assessment and Policy Recommendations 2026, 28 Apr 2026.

[70] S&P Capital IQ (2026). Sweden aggregate financial highlights (banks), FY2016 to FY2025, exported 12 Oct 2026. Heuresis Capital Research calculations: loans to deposits and the 2018 break are read from the exported series.

For investors, two points follow. With Core Tier 1 near 18.5%, a squeeze on margins as policy rates fall would show up first in earnings rather than in capital, in our view, although the headroom depends on the buffer requirements set by Finansinspektionen. And the structural exposure is funding: customer loans are about 172% of customer deposits, so the banks rely on covered bonds and other market funding (section 5.2), which links bank earnings to credit spreads and to foreign demand for Swedish paper.

The three largest listed banks are similar on capital, with Core Tier 1 ratios of 17.6% to 17.8%, and differ more on returns: Swedbank earned a return on average equity of 15.4%, SEB 13.7% and Handelsbanken 12.3% (Table 16). Problem loans were between 0.3% and 0.6% of gross loans, and all three carry AA- from S&P, Aa1 from Moody's and AA+ from Fitch. Nordea, the fourth large bank, is outside this data, and its capital position should be taken from its own Pillar 3 report.[71]

Table 16. The three largest listed Swedish banks, FY2025

Bank	Assets (SEK bn)	Net profit (SEK bn)	ROAA (%)	ROAE (%)	Core Tier 1 (%)	Problem loans (%)
SEB	3,670.7	31.1	0.77	13.72	17.69	0.47
Handelsbanken	3,387.6	23.7	0.65	12.30	17.58	0.32
Swedbank	3,062.8	32.8	1.15	15.43	17.82	0.60

Note: Fiscal year ended 31 December 2025. ROAA is return on average assets and ROAE is return on average ordinary equity. Problem loans are shown as a share of gross customer loans. Ratings are S&P AA-, Moody's Aa1 and Fitch AA+ for all three banks.
Source: S&P Capital IQ, Heuresis Capital Research. Data as of 12 October 2026.

The reform agenda

The OECD's April 2026 review makes recommendations in six areas. For MTF-listed companies such as those on First North, it recommends extending the duty to disclose major changes in shareholdings (Finland did so in 2024), extending the takeover sanction regime to breaches of the MTF takeover rules, and considering a council to represent MTF issuers. On takeovers, it recommends reviewing the squeeze-out procedure, which averaged 15 months in a sample of 34 cases from 2020 to 2025, and grounding any change to the 30% mandatory bid threshold in an analysis of costs and benefits. It recommends reviewing the FDI Screening Act to cut costs while keeping national security screening; of the 3,067 applications with a decision by the end of 2025, 97% were granted without conditions. It would bring the nine-tenths supermajority for directed issues to board members, executives and employees in line with the two-thirds threshold for other directed issues, examine whether FI's mandate on the balance between

[71] S&P Capital IQ (2026). Sweden covered financial institutions: key financial data, FY2025, exported 12 Oct 2026. Total assets and net profit converted from SEK thousand to SEK billion by Heuresis Capital Research.

supervision and guidance needs revising, and monitor fund market concentration, where the ten largest domestic funds held 31% of fund-held domestic equity assets in 2025, up from 29% in 2019.[72]

The review also names four areas to safeguard and monitor: shareholder engagement, where it asks that the effect of rising passive investment on active ownership be monitored; the investor protection regime and minority shareholder rights; the system of self-regulation and delegated regulation, which delivers binding rulings within about two weeks; and investor heterogeneity, which includes household participation through ISK accounts and a large domestic pension investor base. The OECD asks that any change to these be made in close consultation with market stakeholders and that its costs be weighed carefully.[73]

These are OECD recommendations, not government proposals or bills. In our view, the measures with the most direct market effect are the FDI review and the supermajority change, which would lower execution costs for equity transactions, and the MTF measures, which matter most to small and mid-cap issuers on First North.

Table 17. Regulatory transmission map

Change	Affected	Economic impact	Asset market implication
Mortgage cap 85% to 90%; stricter amortisation removed	Households, lenders	Lower entry barrier, more housing credit	Supports housing and bank volumes; more covered bond supply
Buffer moved to Riksbank, held at 2%	Banks	Stable capital requirements	Neutral for bank equity; lower tail risk
Heavier SGB issuance, Riksbank run-off	Debt Office, investors	Private sector absorbs nearly double supply	Higher term premium; better liquidity
FDI Act review, proposed	Strategic sector issuers, foreign buyers	Faster, more predictable screening	Lower execution risk for tech and defence deals
Disclosure extended to MTF companies, proposed	First North companies	Better ownership transparency	Lower information risk in small caps

Note: Impact and implication columns are Heuresis Capital Research assessments.
Source: Riksdagen, Sveriges Riksbank, Riksgälden, OECD, Heuresis Capital Research.

[72]OECD (2026). The Swedish Equity Market: Assessment and Policy Recommendations 2026, 28 Apr 2026.

[73] OECD (2026). The Swedish Equity Market: Assessment and Policy Recommendations 2026, Table 1.1 and sections 1.2 to 1.3, 2026 (accessed 12 Oct 2026). Application and squeeze-out figures are the OECD's own estimates from its consultations.

Key risks to our view

- **Global risk off.** With foreign owners at 38% of the equity market[74], a global sell-off would hit Swedish large caps and the krona together, offsetting domestic support.
- **Supply indigestion.** If private demand does not absorb nearly double SGB supply[75], term premium could rise faster than we expect and feed into mortgage and covered bond rates.
- **Housing credit overshoot.** The April 2026 easing[76] could reignite household leverage, prompting the Riksbank to tighten via the buffer or rates.
- **Policy error.** A faster tightening cycle than priced[77] would strengthen the krona and reduce the translation gain in exporters' earnings.
- **Geopolitics and screening.** An elevated security score[78] and tighter foreign investment screening could deter foreign capital from strategic sectors.

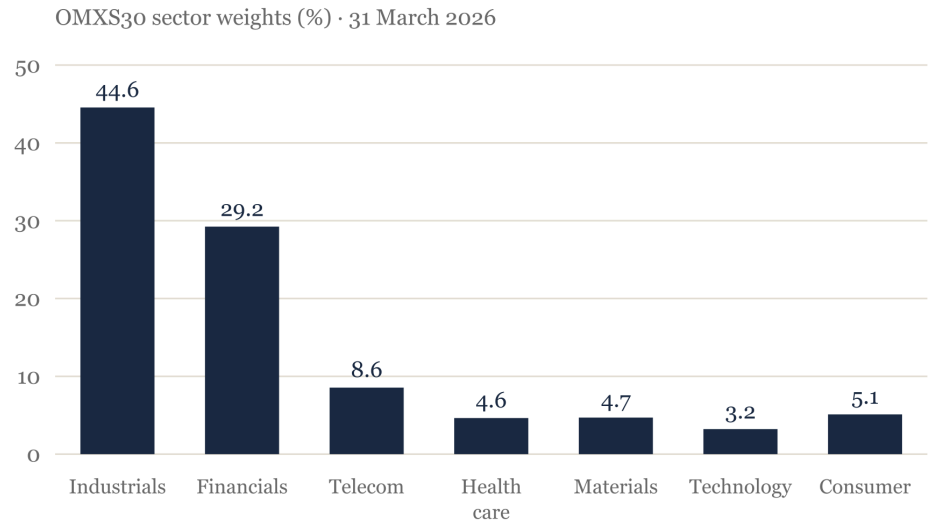
[74]Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026).
[75]Riksgälden (2026). Central government borrowing: forecast and analysis 2026:1, 28 May 2026.
[76]Riksdagen (2026). New mortgage rules, Mar 2026.
[77]Newsquawk (2026). Riksbank preview, Sep 2026.
[78]S&P Capital IQ (2026). Sweden country profile, 30 Sep 2026.

Part III Sector and Cycle Lens

7 Main Industries

Services generate value added equal to 67.0% of Sweden's 2025 GDP and employ 81.4% of workers, while all industry generates value added equal to 21.0% of GDP and employs 16.8%. Manufacturing alone contributes value added equal to 12.5% of GDP, yet industrials weigh 44.6% of OMXS30 and financials another 29.2% (Nasdaq, 31 March 2026). This mismatch is the organising fact of Swedish equity strategy: the large-cap index is much more exposed to overseas capital spending, credit and global supply chains than to local GDP. Sector classifications and dates differ; WDI industry is an economic activity measure, while Nasdaq weights are stock-market values. (Nasdaq, 2026; World Bank, n.d.b, n.d.c, n.d.n, n.d.p, n.d.u)[79]

Figure 7. Sweden listed equity sector exposure



Source: Nasdaq OMXS30 factsheet (Nasdaq, 2026)

The export basket includes road vehicles and parts, machinery, chemicals and pharmaceuticals, metals, forest products and telecom equipment. It combines highly cyclical machinery and trucks with less cyclical medicines and recurring industrial service. Q2 2026 goods-export volume rose 5% year on year and pharma volume rose 34%; the latter is a powerful growth contribution but company-specific product and capacity effects can dominate the national trend. The stock market's top weights include Investor, Volvo, Atlas Copco and Sandvik, underscoring diversified industrial and holding-company exposure. (Nasdaq, 2026; SCB, 2026m)[80]

[79] Nasdaq (2026). OMXS30 factsheet; sector snapshot 31 March 2026. World Bank (n.d.b). WDI Employment in industry (percent of total employment). World Bank (n.d.c). WDI Employment in services (percent of total employment). World Bank (n.d.n). WDI Industry including construction, value added (percent of GDP). World Bank (n.d.p). WDI Manufacturing, value added (percent of GDP). World Bank (n.d.u). WDI Services, value added (percent of GDP).

[80] SCB (2026m). Foreign trade in goods, Q2 2026.

The following profiles map macro sensitivities to illustrative listed exposures. They are qualitative research priorities; company valuations and investment ratings require separate issuer analysis. (Government Offices, n.d.c; IEA, 2024; Nasdaq, 2026; OECD, 2025; SCB, n.d.a, n.d.c; Riksbank, 2026a)[81]

Industrial equipment, automation and engineering

Swedish engineering companies serve global factory automation, mining and energy efficiency. Their installed equipment base supports recurring service revenue, which can cushion the cyclical order book. Overseas sales expose reported revenue to the krona, while skilled labour, research costs and energy standards affect margins. Equipment production requires capital; aftermarket services usually require less.

Atlas Copco, Sandvik, ABB, SKF and Epiroc illustrate this exposure. Orders by region, organic growth, service mix and cash conversion provide the key tests. A European or Chinese capital-spending pause, input-cost pressure or a stronger SEK can weaken the earnings response.

Trucks and automotive

Vehicle manufacturing contributes to exports and supplier employment. Demand follows fleet replacement, freight volumes, financing conditions and emissions requirements. Established production and distribution networks support scale, but electrification requires investment and intensifies competition. Currency translation, purchased components, labour and trade rules influence the margin response.

Volvo AB, Volvo Cars and Autoliv are representative listed exposures; Scania provides exposure through Traton. Track European heavy-truck orders, freight, pricing and returns on electric-vehicle investment. Inventory corrections, tariffs, warranty costs and delayed fleet replacement are the principal risks.

Defence and security

Defence has a relatively small domestic economic footprint but clear budget support. NATO procurement and European rearmament extend programme demand beyond the household cycle. Skills, production capacity, export licences and working capital govern the conversion of funded programmes into earnings and cash.

Saab, MilDef and Invisio illustrate aircraft, systems, electronics and security exposures. Funded orders, delivery milestones and cash conversion matter more than announced expenditure alone. Programme delays, execution bottlenecks, export approvals and the price paid for future growth remain the central risks.

[81] SCB (n.d.a). Foreign trade in goods. SCB (n.d.c). National Accounts.

Banks and insurance

Financials have a large index weight and transmit the domestic credit cycle into listed earnings. Mortgage and corporate lending, deposit pricing, fee income and credit losses determine the outcome. Lower rates may improve borrower cash flow while compressing net interest margins. Banks require regulated capital rather than extensive physical plant.

SEB, Swedbank, Handelsbanken and Nordea are representative exposures. Monitor lending growth, deposit beta, arrears, commercial-property provisions and capital ratios. Household leverage, property refinancing, funding costs and regulation can offset the benefit of domestic recovery.

Technology and telecom

Sweden's software, communications and digital businesses compete in global markets, although their OMXS30 weight is modest. Enterprise spending, network investment and product cycles drive demand. Software often requires limited physical capital but sustained skilled labour and intangible investment; telecom operations and equipment have different capital needs.

Ericsson, Hexagon and Sinch illustrate locally listed exposures, while Spotify is listed in the United States. Recurring revenue, network orders, customer retention and research productivity are useful tests. Platform competition, price pressure, privacy and security rules, currency translation and valuation duration can weaken returns.

Healthcare, pharmaceuticals and medical technology

Life sciences combine substantial research activity, pharmaceutical exports and demographic demand. Therapeutic pipelines, hospital procurement and reimbursement drive revenues; clinical outcomes are company-specific. Mature cash-generating businesses and early-stage biotechnology also have very different financing and rate sensitivities.

AstraZeneca, Getinge, Elekta, Sobi and Camurus illustrate the opportunity set. Trials, approvals, reimbursement, margins and order backlogs provide the evidence. Patent expiry, clinical failure, US pricing changes and procurement delays can overwhelm a favourable national innovation backdrop.

Mining, metals, forestry and paper

Natural resources and process industries contribute exports, regional employment and energy demand. Metal and pulp prices, packaging demand and capital spending drive the cycle. These businesses require physical capital, power and environmental permits; export translation and the financing hurdle affect project returns.

Boliden, SSAB, SCA, Holmen and Billerud illustrate listed exposures. Monitor product spreads, electricity costs, forest valuations and permit

progress. Commodity weakness, carbon costs, trade measures and project overruns are the key threats to cash generation.

Utilities, grids and electrification

Grid reinforcement and industrial electrification support capital formation, but the available listed exposure is often indirect. Investment has a long delivery cycle and depends on permits, tariff frameworks, financing and customer demand. Low-carbon power is an advantage, while local congestion can delay production and revenue recognition.

NIBE, Munters and engineering suppliers illustrate adjacent exposures; Vattenfall is state-owned. Connection dates, approved grid investment, power prices and project returns determine the payoff. Subsidy changes, delays, weaker equipment demand and poor utilisation can undermine an otherwise attractive structural theme.

Consumer, retail and branded goods

Consumer activity has a large role in Swedish output and employment but a small weight in OMXS30. Real wages, mortgage cash flow and housing transactions support domestic spending; international brands also depend on global demand. Discretionary products are more cyclical than staples, while a weak krona can raise imported merchandise costs.

H&M, Essity, Axfood, Electrolux and Thule illustrate the range of business models. Real sales growth, inventories, like-for-like trading and gross margins provide the tests. Weak housing, tariffs, online competition, labour costs and leases can absorb the benefit of stronger household income.

Real estate and construction

Property and construction transmit financing costs into domestic investment, employment and asset values. Refinancing, rents, occupancy, housing starts, permits and public works drive the cycle. Capital and land requirements are high; construction also depends on labour, materials and local regulation.

Balder, Castellum, Fabege, Skanska, NCC and JM illustrate listed exposures. Loan spreads, transaction yields, pre-sales and order backlogs indicate whether earlier rate reductions are improving activity despite the risk of renewed increases. Asset write-downs, vacancies, refinancing pressure and cost overruns remain the main downside mechanisms.[82] (Government Offices, n.d.c; IEA, 2024; Nasdaq, 2026; OECD, 2025; SCB, n.d.a, n.d.c; Riksbank, 2026a)

Where the national advantage is monetised. Automation, engineering services, defence electronics and selected medtech sell Swedish design and R&D into global addressable markets. Domestic construction and property depend on credit and permits; low-carbon steel and battery-linked projects depend on power delivery and capital discipline. A strong Swedish economy can help banks and retailers even when export earnings lag, while a weak domestic economy can coexist with strong global industrial results.

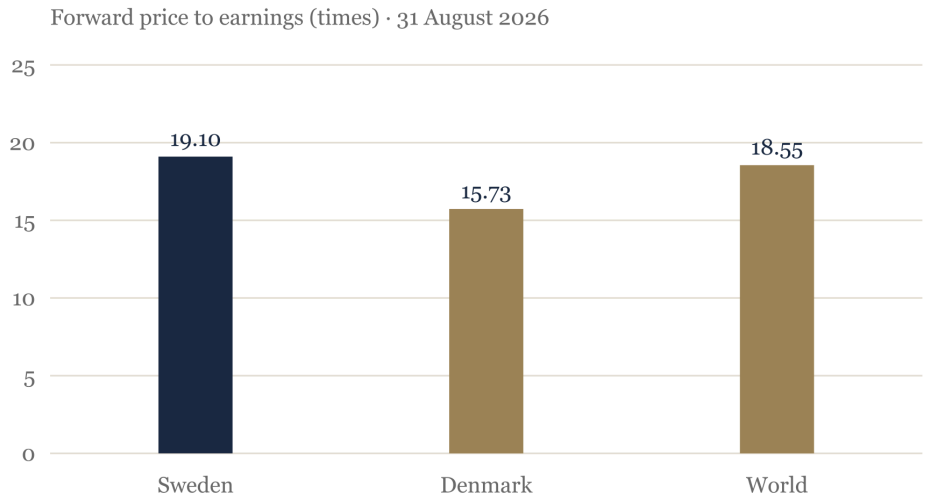
[82] Listed examples are exposure illustrations; domicile, listing venue, segment mix and index inclusion differ.

The listed market and valuation

OECD counted 909 Swedish listed companies at end-2025 and equity market capitalisation near US$1.3 trillion, about 194% of 2025 GDP (SCB's broader marketplace register recorded 935 quoted companies at end-2025 and 922 at end-June 2026 worth SEK 13,516bn, or 1.84 times forecast 2026 GDP). Nasdaq Stockholm held 685 listings and more than 99% of market value at end-2025; its regulated market contained 346 companies (372 at end-June 2026), while 551 growth-market companies across all venues (544 at end-June 2026) represented only 2.1% of market value. The financing ecosystem is deep, but liquidity, governance and business maturity vary substantially across its tiers. (OECD, 2026b; SCB, 2026u)

Ownership also matters for minority investors. On disclosed institutional and strategic holdings (where 31% of market value is unallocated free float), OECD estimates that identified domestic investors held 45% of Swedish listed equity and identified foreign investors 24%, whereas in SCB's complete Euroclear shareholder register at end-June 2026 domestic sectors held 62.3% and foreign investors 37.7%; the five largest family-owned investment firms hold over 8% of market capitalisation. Around 49% of regulated-market companies used dual-class shares, representing nearly three quarters of value. Patient control can support long-term investment, but investors must assess voting rights, related-party transactions and capital allocation alongside valuation. (OECD, 2026b)

Figure 8. Sweden forward equity valuation



Source: MSCI index profiles (MSCI, 2026a, 2026b, 2026c)

MSCI Sweden's 31 August forward P/E of 19.10 compares with 18.55 for MSCI World and 15.73 for Denmark. Sweden's trailing P/E was 15.05, price to book 2.78 and indicated dividend yield 2.28%. These are index aggregates, not a matched-company valuation study. Sweden's 3.0% premium to World is modest in isolation; the 21.4% premium to Denmark is sensitive to

different sector composition and earnings normalisation. Neither establishes that Swedish equities are uniformly expensive or cheap. (MSCI, 2026a, 2026b, 2026c)

The OMXS30 is a price index that excludes reinvested dividends and cannot by itself establish long-term total-return outperformance. No dated 22 September close is used because a retained primary observation was not independently confirmed. MSCI Sweden and OMXS30 also have different constituent universes. Company-level earnings revisions, cash-flow forecasts and matched valuation comparisons remain necessary to turn the country framework into security selection. (MSCI, 2026b; Nasdaq, n.d.)[83]

How the macro cycle reaches earnings

Global capital spending: stronger orders lift industrial utilisation and operating leverage, but working capital often absorbs cash before deliveries accelerate. Organic orders by region, service mix and free cash flow provide the most useful confirmation.

The krona: a stronger SEK reduces the local-currency value of overseas sales while lowering imported input costs. Net exposure depends on production locations and hedging. A country-level currency view cannot substitute for company sensitivity disclosures.

Mortgage relief: earlier rate cuts reduce debt service and support household spending and housing transactions, but renewed increases would reverse part of that benefit. Banks may gain loan volume while deposit spreads compress; property values benefit only if financing access, rents and occupancy remain sound.

Defence and electrification: procurement and grid spending create long-duration order opportunities. Labour, working capital, permits and connection dates determine the timing and capital return. Funded backlog and cash conversion are stronger evidence than policy announcements.

8 Leading Indicators

Weight of evidence: early-to-mid recovery, still uneven. Q2 2026 GDP, business confidence, industrial and services PMIs, retail volumes and the first-half housing-start estimate point up from the 2023–25 squeeze. September household confidence improved above its historical norm, but high unemployment and weak July manufacturing orders/production argue against a self-sustaining boom. NIER's September −0.8% 2026 output-gap forecast is consistent with remaining slack, while its −0.2% 2027 forecast implies much less. The output gap is model-estimated, not directly measured. (NIER, 2026c; SCB, 2026b)

Read the sequence of signals. Orders, PMIs and business expectations tend to lead shipments and hiring; industrial output and retail activity are closer to coincident measures; unemployment generally adjusts later.

[83] Nasdaq (n.d.). OMXS30 index overview.

Mortgage repricing, credit volumes and policy rates affect different earnings lines with different delays. These are qualitative economic relationships, rather than calibrated trading rules or estimated lead times.

Capacity utilisation, vacancies, inflation expectations, the SEK curve, housing prices, and German/global factory PMIs are useful cross-checks, but they are not assigned a latest reading here because a single aligned official observation was not verified for this cut-off. For a Swedish exporter, Germany's factory orders and the global PMI often give more information about the next earnings release than Swedish consumer confidence. Official update points are SCB production and orders, NIER tendency survey, Riksbank yield/FX series, Eurostat industrial series and ECB credit surveys. The dashboard below selects the measurable signals with an observed or explicitly dated reading. (ECB, n.d.; Eurostat, n.d.; NIER, n.d.; SCB, n.d.d; Riksbank, n.d.a)[84]

Cycle test. A stronger call requires order growth to persist after the June/July swings, services hiring to return above neutral, and credit recovery without a material rise in arrears or core inflation. A weaker call follows if European industrial activity stalls, SEK strength erodes exporter margins, or mortgage relief fails to lift domestic spending.

Latest verified release by 30 September 2026; arrows compare with the preceding observation or stated prior period. Older retained source vintages are explicitly identified. "Favourable" depends on sector. Follow each linked primary series at its native release frequency.

Table 18. Economic cycle dashboard

Indicator	Latest reading and direction	Context and earnings relevance
Real GDP	+1.6% q/q, Q2 2026 ↑ from Q1 contraction	+3.3% y/y calendar adjusted; volatile quarterly measure Broad demand and operating leverage
Manufacturing PMI	56.1, Aug 2026 ↑ from 55.7	Above 50 expansion and 54.3 long-run average Leads factory orders and industrial EPS
Services PMI	55.8, Aug ↑ from 54.3	Above neutral; employment subindex still below 50 Domestic breadth and hiring follow-through
Economic tendency	107.1, Sep 2026 ↑ from 105.1 in Aug	100 = historical norm; households 102.2 Business demand and stronger household sentiment
Industrial orders	−0.5% y/y, July ↓; −24.1% m/m	Jan–Jul +3.6% y/y; June monthly jump +32.2% revised Order conversion is key test for exporters
Industrial production value	+0.2% y/y, July ↓ −3.6% m/m	Q2 manufacturing GVA +3.0% q/q Checks if orders translate to shipped output

[84] ECB (n.d.). Euro area bank lending survey. Eurostat (n.d.). Industrial production volume index overview. NIER (n.d.). Konjunkturbarometern [Economic Tendency Survey]. SCB (n.d.d). Orders and turnover in industry.

Indicator	Latest reading and direction	Context and earnings relevance
Retail volume	+6.9% y/y, Aug ↑ +0.8% m/m	Durables +8.4% y/y; July revised to +6.5% y/y / −0.1% m/m Tests real-income and mortgage relief
Unemployment	8.7%, Aug, SA smoothed → elevated	NIER Sep forecast 8.7% in 2026, 8.2% in 2027 Wage slack and household credit quality
CPIF inflation	0.7% y/y, Aug → unchanged from July	CPIF ex energy 0.5%; tax-adjusted inflation near 2% per Riksbank Real incomes, rates and valuation duration
Policy rate	1.75%, effective 30 Sep → held at 24 Sep decision	Conditional increases expected in 2026; NIER year-end 2.0% / 2.5% in 2026 / 2027 Mortgages, banks, FX and discount rates
Household loan growth	+3.3% y/y, Aug → unchanged from July	New mortgage rate 2.78%; housing loans +3.5% Consumption and leverage cycle
Housing starts	≈15,350, H1 2026 ↑ 8% y/y	Preliminary count; revisions can be material Construction and housing supply
Detached/terraced house prices	No verified aligned observation June–August snapshot not retained	Transaction-based K/T ratio; registration lag and revisions Collateral, wealth and property demand
Goods export volume	+5% y/y, Q2 ↑	Pharma volume +34%; concentrated Exporter revenue and foreign demand
General-government debt	34.9% GDP, Q1 2026 provisional Eurostat July publication vintage	Revised 2025 annual EDP ratio 35.4%; NIER Sep forecast 37.1% in 2027 Fiscal support and bond supply

Source: SCB (2026b, 2026h, 2026i, 2026l, 2026a, 2026p, 2026f, 2026g, n.d.e, 2026m); Swedbank and Silf (2026a, 2026b); NIER (2026b, 2026c); Riksbank (2026b); Eurostat (2026b); Government Offices (n.d.a)[85]

Monitoring cadence: PMIs, confidence, CPIF, employment, credit and FX monthly; GDP, investment, corporate order intake, cash conversion and debt quarterly; R&D, demographics, fiscal outturn and sector structure annually. Add German and global manufacturing PMIs and Swedish corporate lending spreads to a live portfolio monitor once aligned source feeds are verified. A dashboard row is evidence of macro direction, not proof that an individual stock's valuation is attractive.

Investment Implications

Sweden's strongest structural case is its ability to supply industrial productivity, engineering, selected healthcare technologies and electrification to global customers. High research spending, capital formation and an established financing ecosystem support this position.

[85] NIER (2026b). Economic Tendency Survey, September 2026, 29 September. SCB (2026h). Orders in industry decreased in July 2026. SCB (2026i). Production Value Index, July 2026. SCB (2026l). Volume of retail trade increased in August 2026, 30 September.

Demographic drag, household leverage and grid constraints limit the translation from strong national inputs into higher corporate returns.

Central case: domestic recovery continues while exporters face mixed orders. Earnings delivery and capital discipline provide the main basis for differentiation; a broad rerating is not required for the framework to work.

Constructive case: European and global capital spending strengthens, Swedish orders persist, and defence or grid backlogs convert into cash without renewed wage or input-cost pressure. Better utilisation and operating leverage can then improve industrial earnings.

Adverse case: orders weaken, input inflation requires tighter monetary policy, or property and household credit losses reappear. A stronger SEK can further reduce translated exporter profits. High valuations become more vulnerable when earnings expectations fail to materialise.

What would strengthen the view? Several months of improving export and company orders, follow-through in production, better service hiring and cash conversion, and mortgage relief accompanied by stable arrears. Evidence against the view includes persistent order weakness, wage or input costs exceeding productivity, worsening credit quality and elevated multiples without stronger earnings revisions.

Future research priorities: test global market-share gains, recurring service revenue, pricing power and return on invested capital in industrial exposures; assess delivery and working-capital requirements in defence; and require visible consumer cash-flow improvement for domestic cyclicals. The current stance is selective research and monitoring, rather than an unsupported country-wide overweight or security rating.

Part IV Structural and Financial Market Assessment

Where Swedish equities, rates and the krona pay for the risk

Key takeaways

- **Equities.** The OMXS30 rose 13.46% in the first nine months of 2026 against 7.2% for the STOXX Europe 600. It trades at 21.0x trailing earnings excluding two investment companies, about 20% below the S&P 500, but its trailing earnings grew about 6% against 34% in the US.
- **The headline multiple is misleading.** Investor and Industrivärden are 12.1% of the index but 38.7% of its trailing earnings, because their earnings are fair value gains. With them the index is on 14.6x; without them it is on 21.0x.
- **The Riksbank and the curve both point to hikes.** The policy rate is 1.75%, and the Riksbank says increases will begin this year. The two-year yield is about 90bp higher at roughly 2.65%, and the curve has bear-flattened over the year.
- **The short end pays for the risk; the 10-year does not yet.** On our illustrative maths a rise in yields of about 134bp over 12 months is needed to erase the two-year yield, against about 36bp for the 10-year, while nominal issuance nearly doubles to SEK 220bn.
- **Observations suggest that the krona reflects modest fundamental undervaluation, though accompanied by negative carry.** It is weaker than in October 2025 against nine of ten currencies, the current account surplus was SEK 126.2bn in Q2 2026 and the Riksbank itself expects the krona to strengthen. The policy rate of 1.75% is below the ECB deposit rate at 2.50% (main refinancing rate 2.65%) and the Fed at 3.75 to 4.0%. This is a judgement on fundamentals and price action, not a REER or PPP estimate. Our base case has EUR/SEK at about 11.05 in 12 months, a working assumption.

Sources: S&P Capital IQ, Nasdaq, TradingView, Sveriges Riksbank, Riksgälden, Statistics Sweden, Heuresis Capital Research calculations. Each figure is referenced in the sections that follow.

Key data

OMXS30 YTD, 30 Sep 2026	**13.46%**
STOXX Europe 600 YTD, 30 Sep	**7.2%**
OMXS30 trailing P/E excl. investment cos	21.0x
OMXS30 trailing P/E, all 30	14.6x
S&P 500 trailing P/E	**26.4x**
Riksbank policy rate	**1.75%**
2-year and 10-year SGB	**2.65% / 3.15%**
Five-year CDS, 30 Sep 2026	**8.25bp**
Nominal SGB issuance, 2026F	**SEK 220bn**
USD/SEK, EUR/SEK, 30 Sep	9.98 / 11.34

Current account, Q2 2026	**SEK 126.2bn**
CPIF inflation, Aug 2026	0.7%

Sources: S&P Capital IQ, Nasdaq, TradingView, Sveriges Riksbank, Riksgälden, Statistics Sweden.

Overview

Part IV turns the market structure of Part II into analytical assessments on three assets. The common thread is that Sweden is a small open economy with a globally owned equity market, a AAA bond market asked to absorb nearly twice the supply of 2025, and a krona that carries both fundamental and risk sentiment signals.

Basis of preparation. We use only data we can verify. For equities we build trailing multiples from the 30 index constituents, using Nasdaq's published index weights, and compare them with the S&P 500 and the broad Swedish market. We do not use historical valuation bands, consensus revisions or factor screens, so we do not call the market cheap or dear against its own history. For rates we use observed yields, issuance, CDS and the Riksbank's own forecasts, not market-implied rate paths or spread series. For the krona we use fundamentals and price action, not REER or PPP estimates. Scenario levels are our assumptions and are labelled as such.

Table 19. Market observations and analytical considerations

Segment	Asset Positioning	Underlying rationale	Monitoring indicators
Equities (OMXS30)	Balanced market exposure, reflecting international earnings distribution.	The index recorded a 13.46% increase over the first nine months of the year, trading at 21.0x trailing earnings excluding investment companies, while trailing earnings growth remains moderate compared to broader international benchmarks.	Observe changes in trailing earnings growth rates, valuation multiples relative to historical levels, and foreign ownership concentration metrics.
Fixed income (SGBs)	Intermediate maturity focus within the yield curve structure.	The Riksbank says hikes begin this year and the curve has bear-flattened; issuance nearly doubles. Breakeven yield rise is about 134bp for the 2-year and 36bp for the 10-year (illustrative)	Yield sensitivity threshold parameters (e.g., a 10-year yield level around 3.5%, where carry absorbs approximately 41bp of further increases) and Riksbank policy trajectory signals relative to baseline forecasts.
Currency (SEK)	Modestly undervalued on fundamentals.	Weaker than in October 2025 against nine of ten currencies; current account surplus of SEK 126.2bn; the Riksbank expects the krona to strengthen. Carry is negative: 1.75% against the ECB deposit rate at 2.50% (MRO 2.65%) and the Fed at 3.75 to 4.0%	Global risk aversion, or the ECB and the Fed tightening faster than the Riksbank

Source: Heuresis Capital Research.

9 Equities: valuation, earnings and exposure

Our view. The OMXS30 has already re-rated, and it is not cheap once growth is considered: it trades 20% below the S&P 500 on trailing earnings, but its earnings grew about 6% against 34% in the US. The headline multiple is also distorted by two investment companies. Valuation: trailing multiples against the US and the broad market

The OMXS30 closed September at about 3,271, 13.46% higher than at the end of 2025 and about 2% below its 52-week high of 3,336. The year follows gains of 17.3% in 2023, 3.6% in 2024 and 16.1% in 2025, after a 15.6% loss in 2022, and compounds to 6.55% a year since the end of 2021. March 2026 was the weakest month of the period at a 9.1% fall, and the index then rose in each of the five months to August. European peers have lagged: the STOXX Europe 600 rose 7.2% over the same nine months in euro price terms.[86]

Built from its 30 constituents using Nasdaq's published index weights, the OMXS30 trades at about 21.0x trailing earnings excluding Investor and Industrivärden, and at 14.6x including them.[87] The gap is large because investment company earnings are mostly fair value gains on their holdings: Investor's trailing EPS is up more than tenfold on a year ago. The result depends on the weights: a free-float proxy gave 22.6x because it gave AstraZeneca 15% against Nasdaq's 4.1%. Nasdaq's weights are indicative and the file is dated in spring 2026 while the prices are from 7 October, so the weights have drifted.

The S&P 500 trades at 26.4x trailing earnings and the broad Swedish market of 777 listed companies at 15.2x, both on 7 October. The broad market also includes investment companies, so the like-for-like comparison is the OMXS30 on 14.6x, a discount of about 4%. Against the S&P 500 the OMXS30 excluding investment companies is about 20% cheaper on trailing earnings.[88]

[86]S&P Capital IQ (OMXS30 index profile, accessed 2 Oct 2026; STOXX Europe 600 equity index profile (accessed 7 Oct 2026)) (2026). Heuresis Capital Research calculations: index level of about 3,271 on 30 Sep 2026 against the 3,335.94 high; compound annual return from 31 Dec 2021 to 30 Sep 2026, calculated from the calendar-year returns; compounded monthly price returns for January to September 2026.

[87]TradingView (2026). OMX Stockholm 30 index companies. Nasdaq (2026). OMX Stockholm 30 index weights (file dated 05/04/2026) and closing prices (7 Oct 2026). Heuresis Capital Research calculations: Nasdaq index weights applied to constituent trailing earnings yields, which gives the weighted harmonic mean of P/Es; the two investment companies provide 38.7% of index earnings; TradingView prices are within 0.7% of Nasdaq's 7 October closes for all 30 constituents.

[88]S&P Capital IQ (2026). S&P 500 key stats (close as of 7 Oct 2026). Simply Wall St (2026). Swedish (OMX) Market Analysis & Valuation (whole market, 777 companies; data from S&P Global Market Intelligence, updated 7 Oct 2026). TradingView (2026). OMX Stockholm 30 index companies (7 Oct 2026 close). Heuresis Capital Research calculations: diluted EPS before extra items over the last twelve months, at the prior close of 7,818.93; 14.6x divided by 15.2x, less one; 21.0x divided by 26.4x, less one.

Table 20. Trailing valuation: OMXS30 against the broad market and the S&P 500

Metric	OMXS30 excl. investment companies	OMXS30, all 30	Swedish market, 777 companies	S&P 500
Trailing P/E (x)	21.0	14.6	15.2	26.4
Trailing earnings yield (%)	4.8	6.8	6.6	3.8
Trailing EPS growth, last twelve months (%)	5.8	n.m.	n/a	33.8
Number of companies	28	30	777	about 500

Note: OMXS30 figures use Nasdaq's published index weights; growth is the earnings-weighted trailing EPS growth published by TradingView, which may include currency translation effects; n.m. is not meaningful because investment company earnings are fair value gains; n/a is not available. The earnings yield is the inverse of the trailing P/E.

Source: TradingView, Nasdaq, S&P Capital IQ, Simply Wall St, Heuresis Capital Research. Data as of 7 October 2026.

The discount to the US is not a bargain

The discount reflects growth. Trailing EPS for the OMXS30 excluding investment companies grew about 6% over the last twelve months, against 34% for the S&P 500. Per point of growth the OMXS30 costs about 3.6x of P/E and the S&P 500 about 0.8x. The published growth rates may include currency translation: if the krona's 6% fall against the dollar understated OMXS30 growth by that amount, growth would be about 12% and the cost would be about 1.7x per point, still more than twice the S&P 500's. The trailing earnings yield of 4.8% is 1.6 points above the 10-year SGB yield of about 3.15%[89] (5 October), and the gap closes if the 10-year yield rises by about 160bp.

We cannot compare today's multiples with their own history from data we can verify, so we do not call the market cheap or dear against history. The tests we can run are against the US, the broad market and the bond yield, and none of them points to a bargain.

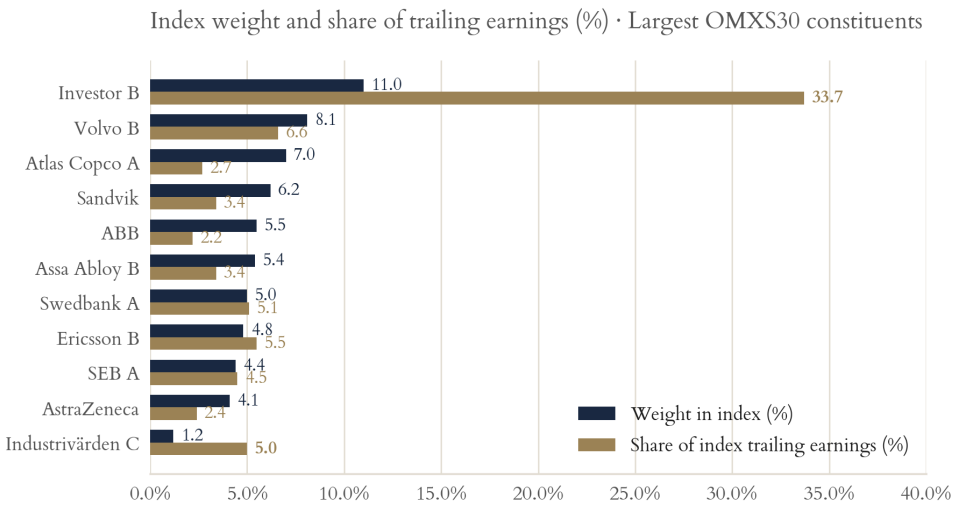
Where the index earnings come from

Earnings are concentrated. Investor and Industrivärden are 12.1% of the index weight but 38.7% of trailing earnings. Excluding them, the 17 global industrial, technology and materials names provide 57% of earnings, banks and other financials 27%, consumer and communications names 12% and AstraZeneca 4%. Industrials and Financials together are two thirds of the

[89]TradingView (2026). OMX Stockholm 30 index companies (7 Oct 2026 close). S&P Capital IQ (S&P 500 key stats (close as of 7 Oct 2026); Sweden government bond yield curve (close as of 5 Oct 2026)) (2026). Heuresis Capital Research calculations: earnings-weighted trailing EPS growth of the 28 constituents using TradingView growth rates and Nasdaq weights; S&P 500 last-twelve-month diluted EPS growth of 33.83%; trailing earnings yield of 4.77% less the 10-year yield.

constituents, and 27 of the 30 are Swedish-domiciled, the exceptions being AstraZeneca, ABB and Nordea.[90]

Exhibit 12. Weight in the OMXS30 and share of its trailing earnings, largest constituents



Note: Weights are Nasdaq's published index weights. Share of earnings is each constituent's weight divided by its trailing P/E as a share of the total for all 30 constituents.

Source: TradingView, Nasdaq, Heuresis Capital Research. Data as of 7 October 2026.

Table 21. OMXS30 by exposure group

Group	No.	Weight (%)	Trailing P/E (x)	Trailing EPS growth (%)	Share of earnings (%)
Global industrials, technology and materials	17	58.2	24.4	7.0	34.9
Health care (AstraZeneca)	1	4.1	24.9	19.9	2.4
Banks and other financials	5	17.1	15.3	(4.0)	16.4
Consumer and communications	5	8.4	16.2	21.6	7.6
Investment companies	2	12.1	4.6	n.m.	38.7
OMXS30 excluding investment companies	28	87.9	21.0	5.8	61.3
OMXS30, all 30	30	100.0	14.6	n.m.	100.0

Note: Groups are by business type, not by measured revenue geography. Banks and other financials are Nordea, Swedbank, SEB, Handelsbanken and EQT; consumer and communications are H&M, Essity, Evolution, Telia and Tele2. Negative values in parentheses.

[90]TradingView (2026). OMX Stockholm 30 index companies (7 Oct 2026 close). Nasdaq (2026). OMX Stockholm 30 index weight, closing prices (7 Oct 2026). S&P Capital IQ (OMXS30 index profile, Sep 2026; OMX Stockholm 30 equity index profile (accessed 7 Oct 2026)) (2026). Heuresis Capital Research calculations: each constituent's weight divided by its P/E, as a share of the total.

Source: TradingView, Nasdaq, Heuresis Capital Research. Data as of 7 October 2026.

By classification, about 62% of the index weight is in global groups (industrials, technology, materials and AstraZeneca), about 26% in banks, consumer and communications names, which are closer to the Swedish economy, and 12% in investment companies. The Riksbank forecasts GDP growth of 2.8% in 2026 and 2.4% in 2027, which helps the domestic groups, but it also expects the policy rate to rise. The Riksbank cites the weaker krona as an inflation risk, and for the global groups it also lifts reported earnings. Banks follow the policy rate, and their earnings-weighted trailing EPS fell 4.0%. The broad market of 777 companies rose 5.6% in 2026 to 7 October against 13.46% for the OMXS30 to 30 September, which points to large cap leadership (different dates; compare with care). The Main Market held 372 companies at the end of June 2026 and the growth markets have lost 133 net since June 2022, while more than 150 companies have moved from First North to the Main Market.[91] Small and mid caps carry more of the domestic economy and are likely to be more exposed to the rate path.

Value against quality

Sorting the 28 non-investment constituents by P/E gives a clear picture (Inclusion implies no view on any issuer).[92] The relative cheapest third trades at 13.3x with trailing EPS growth of 10%. The middle third trades at 22.8x with growth of 6%. The most expensive third, 30% of the weight, trades at 39.2x with trailing earnings down 6%. Paying 39x for falling trailing earnings is a bet on forward growth that we cannot verify, so we would not add to the expensive third. The cheaper third, which includes the banks, Boliden, Ericsson and Tele2, has faster trailing earnings growth at a third of the multiple.

Table 22. OMXS30 excluding investment companies, by valuation

Group by P/E	No.	Weight (%)	Trailing P/E (x)	P/E range (x)	Trailing EPS growth (%)	Examples
Cheapest third	9	30.1	13.3	11.0 to 14.8	10.4	Tele2, Boliden, Nordea, Handelsbanken, Ericsson
Middle third	10	39.6	22.8	16.5 to 33.6	6.0	Skanska, Volvo, H&M, Assa Abloy, AstraZeneca

[91]Riksbank (2026). Monetary Policy Report, Sep 2026. Simply Wall St (2026). Swedish (OMX) Market Analysis & Valuation (whole market, 777 companies; data from S&P Global Market Intelligence, updated 7 Oct 2026). Statistics Sweden (2026). quoted companies by marketplace, table NoteradeAntalBolag, data to Jun 2026. accessed 2 Oct 2026. Nasdaq (2026). Nordic listings review H1 2026, 7 Jul 2026. Heuresis Capital Research calculations: growth markets are First North, Spotlight and NGM Nordic SME, 677 in Jun 2022 and 544 in Jun 2026.

[92]TradingView (2026). OMX Stockholm 30 index companies (7 Oct 2026 close). Nasdaq (2026). OMX Stockholm 30 index weights (file dated 05/04/2026) and closing prices (7 Oct 2026). Heuresis Capital Research calculations: constituents ranked by trailing P/E and split into groups of 9, 10 and 9; weights rescaled to exclude Investor and Industrivärden.

Group by P/E	No.	Weight (%)	Trailing P/E (x)	P/E range (x)	Trailing EPS growth (%)	Examples
Most expensive third	9	30.3	39.2	35.8 to 49.5	(6.1)	Telia, Epiroc, ABB, Atlas Copco, Hexagon, Saab

Note: Trailing data only; a flat trailing year does not rule out forward growth. Negative values in parentheses. Inclusion implies no view on any issuer.

Source: TradingView, Nasdaq, Heuresis Capital Research. Data as of 7 October 2026.

Equity assessment

Our view. Market valuations reflect a re-rated index whose price-to-earnings multiple trades below that of the United States, alongside correspondingly lower earnings growth, while headline multiples remain influenced by investment company weightings. Analyst consensus distributions show that constituents carrying positive recommendations account for 43% of index weight, compared with 6% for those with negative recommendations. Key analytical parameters for ongoing monitoring include scenarios where trailing earnings growth for the index (excluding investment companies) exceeds 10% alongside a price-to-earnings ratio at or below 21x, or conversely, where the price-to-earnings ratio rises above 24x amid flat earnings. The main risks are a global slowdown, tighter policy hitting the banks and domestic names, and a reversal of foreign flows, since foreign investors own 37.7% of the market.[93]

10 Fixed income: curve, supply and duration

Our view. Duration metrics remain observed within the two-to-five-year sector. The curve has bear-flattened over the year and the front end already prices a tightening cycle, while nominal issuance nearly doubles to SEK 220bn. Credit is not the pressure point: five-year CDS closed September at 8.25bp on a AAA balance sheet, indicating that market adjustments primarily reflect term premium variations rather than credit spread movements.

Riksbank path and market expectations

The Riksbank held the policy rate at 1.75% on 24 September 2026, unchanged for a year and down from a 4.00% peak in 2024. It now says the policy rate should be raised more than projected in June, and that increases will begin this year if the outlook is unchanged. Its forecast path is 1.85% in the fourth quarter of 2026, 2.38% in the third quarter of 2027 and 2.41% in the third quarter of 2028, and it expects CPIF inflation of 1.5% in 2026, 2.1% in 2027 and 2.4% in 2028. Measured inflation is low, with CPIF at 0.7% in

[93]TradingView (2026). OMX Stockholm 30 index companies (7 Oct 2026 close). Nasdaq (2026). OMX Stockholm 30 index weights (file dated 05/04/2026) and closing prices (7 Oct 2026). Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026).

August and CPIF excluding energy at 0.5%, but the Riksbank attributes this to temporary fiscal measures such as tax cuts on food and fuels; excluding them CPIF was 2.2%. The flash estimate for September, published on 7 October, put CPI inflation at 1.1%, up from 0.3% in August, with a monthly rise of 0.9%. The next decision is on 4 November 2026. Policy abroad is tightening: the ECB raised its deposit facility rate to 2.50% (main refinancing rate to 2.65%) on 10 September and the Federal Reserve raised its target range to 3.75 to 4.0% on 16 September, and markets expect further increases from both. The market is pricing hikes too: the two-year SGB yield is about 90bp above the policy rate[94] (5 October).

The SGB curve: level, slope and shape

Over the year to 5 October the curve bear-flattened. The 2-year yield rose about 75bp to roughly 2.65%, the 5-year about 60bp to 2.85% and the 10-year about 45bp to 3.15%, so the 2s10s slope narrowed from about 80bp to about 50bp. The Riksbank forecasts the 10-year rate at 2.9% in 2026 and 3.1% in 2027 on average, so the 10-year at about 3.15% is already at its 2027 forecast. The long end carries the policy path and the heavier supply: nominal issuance rises from SEK 118bn in 2025 to SEK 220bn in 2026 and SEK 240bn in 2027, against deficits of SEK 196bn and SEK 208bn, and the Debt Office is lengthening the curve with new 2036 and 2037 bonds.[95]

Table 23. SGB yields by tenor (%)

Tenor	Most recent	One month ago	One year ago	12-month change (bp)
2 years	2.65	2.50	1.90	75
5 years	2.85	2.75	2.25	60
10 years	3.15	3.05	2.70	45
2s10s slope (bp)	50	55	80	(30)

Note: Approximate readings from the Capital IQ chart to the nearest 5bp. The chart's 30-year point (about 1.4%) looks like a coupon, not a yield, and is excluded. Negative values in parentheses.

Source: S&P Capital IQ, Heuresis Capital Research. Data as of 5 October 2026.

The Debt Office's nominal bond stock was SEK 809bn on 7 October: 52% matures after five years, SEK 96bn falls due on 12 November 2026, and SEK 178bn of T-bills are outstanding. The Riksbank's own analysis says the 10-year yield has risen about 0.7 points since 2025, first on higher term premia from bond supply and uncertainty and, in 2026, on higher expected

[94]Riksbank (Policy rate, deposit and lending rate (statistics page, accessed 3 October 2026); Monetary Policy Report, Sep 2026; Monetary policy decision, 24 Sep 2026) (2026). Statistics Sweden (Consumer Price Index, Aug 2026, 14 Sep 2026; Flash CPI, Sep 2026, 7 Oct 2026) (2026). S&P Capital IQ (2026). Sweden government bond yield curve (close as of 5 Oct 2026).

[95]S&P Capital IQ (Sweden government bond yield curve (close as of 5 Oct 2026); Sweden debt securities, accessed Oct 2026) (2026). Riksbank (2026). Monetary Policy Report, Sep 2026. Riksgälden (2026). Central government borrowing: forecast and analysis 2026:1, 28 May 2026. Heuresis Capital Research calculations: yields read from the Capital IQ curve chart to the nearest 5bp; slope is the 10-year yield less the 2-year yield.

policy rates, and that AI-related corporate bond issuance adds the equivalent of roughly USD 360bn of 10-year government bond supply this year. It adds that private investors have increased their holdings of government bonds as central banks normalise their balance sheets.[96]

Credit: sovereign and covered bonds

Sovereign credit is not the pressure point. Sweden is rated AAA by S&P, Aaa by Moody's and AAA by Fitch, Maastricht public debt is 35.4% of GDP (35.1% in Capital IQ's pre-revision series), and five-year CDS closed September at 8.25bp, 1.3bp tighter than a year earlier. CDS fell to a low of 5.34bp on 16 September, the lowest in the series since the start of 2020, and then rose 2.91bp in two weeks to month end, so the market is charging a little more for supply risk at the margin. Covered bonds are the core of Swedish credit: SEK 2.7tn was outstanding in June 2026, about 44% of financial institutions' debt, and about half of residential mortgages are funded this way.[97] Covered bond spreads therefore transmit housing and bank funding conditions. We do not forecast spreads.

Duration and curve positioning

We frame positioning with a simple measure: the rise in yields over 12 months that would erase a bond's yield, which is its yield divided by its modified duration. On yields of about 2.65%, 2.85% and 3.15% and the Debt Office's modified durations interpolated to 2, 5 and 10 years (2.0, 4.9 and 8.7), the three points can absorb rises of about 134bp, 59bp and 36bp.[98] The long end offers the least protection against the largest supply shock, which is why we prefer the 2 to 5 year sector.

Table 24. Twelve-month return scenarios for SGBs

Scenario (weight)	Inflation, growth and policy	Yield change 2y / 5y / 10y (bp)	2-year return (%)	5-year return (%)	10-year return (%)
Hawkish (30%)	Inflation overshoots on a weak krona and energy; growth holds; Riksbank hikes well above its path, to about 3%	+50 / +40 / +30	1.66	0.91	0.53

[96]Riksgälden (2026). central government securities table (7 Oct 2026). Riksbank (2026). Monetary Policy Report, Sep 2026. Heuresis Capital Research calculations: nominal amounts of the 12 nominal SGBs and 7 T-bills on 7 Oct 2026; share by time to maturity.

[97]S&P Capital IQ (Sweden credit ratings, Sep 2026; Economy in Perspective, Sep 2026; Sweden five-year USD CDS, to 30 Sep 2026) (2026). S&P Global Ratings (2026). Swedish covered bond market insights 2026, 5 Oct 2026.

[98]S&P Capital IQ (2026). Sweden government bond yield curve (close as of 5 Oct 2026). Riksgälden (2026). central government securities table (7 Oct 2026). Heuresis Capital Research calculations: yield divided by modified duration; durations interpolated between the Debt Office's SGB 1060, 1061, 1062, 1056 and 1067 at the nearest maturities.

Scenario (weight)	Inflation, growth and policy	Yield change 2y / 5y / 10y (bp)	2-year return (%)	5-year return (%)	10-year return (%)
Base (50%)	Inflation stabilises near 2% as the Riksbank forecasts; policy rate rises to about 2.4% by Q3 2027	0 / 0 / 0	2.65	2.85	3.15
Dovish (20%)	Growth disappoints or energy prices fall; krona firm; Riksbank pauses at 1.75% and the market removes hikes	(75) / (60) / (35)	4.13	5.76	6.20
Probability weighted			**2.65**	**2.85**	**2.98**

Note: Return is the yield less modified duration times the yield change over 12 months, ignoring roll-down and convexity; durations are interpolated from the Debt Office's SGB table. Weights and yield changes are our assumptions, not forecasts. Negative values in parentheses.

Source: S&P Capital IQ, Riksgälden, Heuresis Capital Research. Data as of 5 October 2026.

On these assumptions the three sectors have similar expected returns of 2.7% to 3.0%, but the dispersion rises with duration: the 10-year ranges from 0.5% to 6.2%, against 1.7% to 4.1% for the 2-year. In the hawkish scenario every sector still earns a positive return, but the 10-year earns about 0.5% against 1.7% for the 2-year, and a larger move than our scenarios would hurt the long end most.

Our view. Duration positioning reflects a neutral stance with an observational preference for the two-to-five-year sector. Potential duration adjustments align with scenarios where the 10-year yield reaches approximately 3.5%—where carry absorbs roughly 41bp of further increases—or where Riksbank communication indicates a slower policy path than forecast. Conversely, factors that could prompt a reduction in duration include increased debt issuance volumes by the Debt Office or faster-than-forecast policy rate tightening by the Riksbank.

11 Currency: the krona

Our view. Analytical assessments indicate that the krona reflects modest fundamental undervaluation, with baseline projections pointing toward gradual appreciation: in our base case EUR/SEK is about 11.05 and USD/SEK about 9.70 in 12 months, which are working assumptions. The case rests on a current account surplus of SEK 126.2bn in Q2 2026 and the Riksbank's own expectation that the krona will strengthen. The headwind is carry: the policy rate of 1.75% is below the ECB's 2.50% deposit rate (2.65% MRO) and the Federal Reserve's 3.75 to 4.0%, and both are still tightening. We do not use REER or PPP estimates, so this is a judgement on fundamentals and price action. The main risk is global risk aversion.

Drivers

Rate differentials are the near-term headwind. The Riksbank's policy rate of 1.75% is 75bp below the ECB's 2.50% deposit facility rate (90bp below its 2.65% main refinancing rate) and 200 to 225bp below the Federal Reserve's 3.75 to 4.0%, and both raised rates in September; the Riksbank's forecast has its own rate averaging 2.3% in 2027 against 3.4% for the aggregate policy rate abroad. Global risk sentiment is the overlay: foreign investors own 37.7% of Swedish listed equity, so a global sell-off hits Swedish equities and the krona through the same investors. In the medium term a current account surplus of SEK 126.2bn in Q2 2026 and a net international investment position of SEK 5,300.7bn support the currency, although the Riksbank expects the surplus to narrow from 5.6% of GDP in 2025 to 4.8% in 2026 and 4.1% in 2027.[99]

Price action and market structure

The krona closed September at USD/SEK 9.98 and EUR/SEK 11.34. In 2026 to 30 September it lost 4.5% against the euro, 7.7% against the dollar and 6.4% against sterling, and on 29 and 30 September it was at its weakest in the 12 months of data against all three; EUR/SEK reached 11.35 on 29 September, against 10.52 at the krona's peak on 3 February. Realised volatility over those 12 months was 5.4% a year for EUR/SEK and 9.0% for USD/SEK, easing to 4.2% and 7.4% in July to September, so the weakness has been a steady drift, not a spike. Against ten currencies it lost between 3.4% and 7.5% of its value from 22 May to 30 September, the most against the renminbi and the yen, and it is weaker in 2026 against all ten and weaker than on 8 October 2025 against nine of the ten, the rupee being the exception (see the table below). Adding the Swiss franc and the South African rand, the table at 6 October shows the krona weaker than a year earlier against 11 of 12 currencies, by 5.95% against the dollar and 2.22% against the euro. The Riksbank notes that the krona rose about 16% against the dollar and 6% against the euro in 2025, has weakened since February 2026 by about half as much, and against the euro is now approaching its level at the start of 2025; it expects the krona to strengthen over its forecast period. The Riksbank holds gold and FX reserves of SEK 584bn for liquidity support and possible intervention, and market making in the krona is concentrated in Nordea, SEB, Handelsbanken and Swedbank.[100]

[99]Riksbank (2026). Monetary Policy Report, Sep 2026. Statistics Sweden (Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026); Balance of payments, Q2 2026). (2026).

[100]S&P Capital IQ (Sweden currency exchange rates, daily, SEK per EUR, USD and GBP, 8 Oct 2025 to 30 Sep 2026 (accessed 8 Oct 2026); Sweden country profile, exchange rates (close as of 6 Oct 2026)) (2025). Riksbank (Monetary Policy Report, Sep 2026; Strategic allocation of gold and FX reserves, 10 Dec 2025; Survey of turnover in the Swedish FX and derivatives market, 30 Sep 2025) (2026). Heuresis Capital Research calculations: 2026 changes are from the 31 Dec 2025 close; the 12-month window is 8 Oct 2025 to 30 Sep 2026; standard deviation of daily log changes multiplied by the square root of 252.

Table 25. Krona against ten currencies, to 30 September 2026

Currency	30 Sep close (SEK per unit)	Change since 22 May (%)	Change in 2026 (%)	Change since 8 Oct 2025 (%)
Chinese renminbi (CNY)	1.49	(7.5)	(11.4)	(11.0)
Australian dollar (AUD)	6.94	(3.9)	(11.4)	(10.5)
Brazilian real (BRL)	1.93	(3.4)	(13.2)	(8.4)
US dollar (USD)	9.98	(6.2)	(7.7)	(5.5)
Hong Kong dollar (HKD)	1.27	(6.1)	(6.9)	(4.7)
British pound (GBP)	13.25	(5.1)	(6.4)	(4.6)
Canadian dollar (CAD)	7.03	(3.7)	(4.4)	(3.9)
Euro (EUR)	11.34	(4.2)	(4.5)	(3.3)
Japanese yen (JPY, per 100)	6.35	(7.4)	(7.5)	(2.7)
Indian rupee (INR, per 100)	10.41	(5.9)	(1.5)	2.1

Note: Daily closes from Capital IQ. Changes are in the krona's value, from the 22 May 2026, 31 December 2025 and 8 October 2025 closes (the earliest in the one-year pull) to the 30 September 2026 close. SEK per unit is the inverse of Capital IQ's quote of foreign currency per krona; the yen and rupee are per 100 units. The Swiss franc and the South African rand were not in this pull. Negative values in parentheses.

Source: S&P Capital IQ, Heuresis Capital Research. Data to 30 September 2026.

Scenarios for EUR/SEK and USD/SEK

We set out three paths for 6, 12 and 24 months from the 30 September closes of 11.34 for EUR/SEK and 9.98 for USD/SEK. In the base case EUR/SEK falls 2.5% and USD/SEK falls 2.8% over 12 months, consistent with the Riksbank's expectation that the krona strengthens.[101]

[101]S&P Capital IQ (2025). Sweden currency exchange rates, daily, SEK per EUR, USD and GBP, 8 Oct 2025 to 30 Sep 2026 (accessed 8 Oct 2026). Riksbank (2026). Monetary Policy Report, Sep 2026. Heuresis Capital Research calculations: 12-month base case levels of 11.05 and 9.70 against the 30 Sep closes of 11.336 and 9.982.

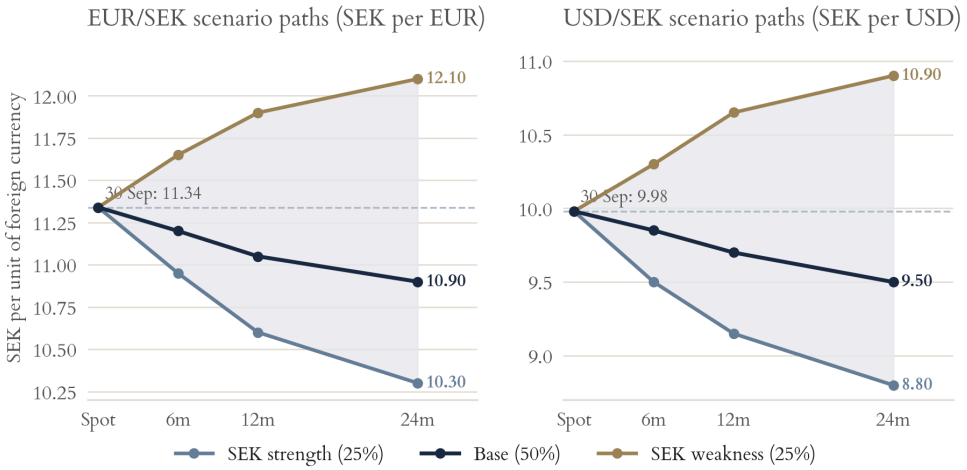
Table 26. Scenario paths for EUR/SEK and USD/SEK

Scenario (weight)	EUR/SEK 6m	12 m	24 m	USD/SEK 6m	12 m	24 m	Driver
SEK strength (25%)	10.95	10.60	10.30	9.50	9.15	8.80	Risk appetite recovers or energy prices fall; Riksbank hikes faster than the ECB and Fed
Base (50%)	11.20	11.05	10.90	9.85	9.70	9.50	Gradual catch-up as the Riksbank begins to hike, as it forecasts
SEK weakness (25%)	11.65	11.90	12.10	10.30	10.65	10.90	Global risk off; ECB and Fed tighten more than the Riksbank; foreign equity outflows
Probability weighted	**11.25**	**11.15**	**11.05**	**9.88**	**9.80**	**9.68**	

Note: Levels and weights are our working assumptions for discussion, not statistical forecasts.

Source: Heuresis Capital Research, S&P Capital IQ. Spot as of 30 September 2026.

Exhibit 13. Scenario fan chart for EUR/SEK and USD/SEK



Note: Scenario paths from the table above; the shaded area spans the SEK strength and SEK weakness paths.

Source: Heuresis Capital Research, S&P Capital IQ. Spot as of 30 September 2026.

Is the krona cheap?

Our working conclusion is that the krona is modestly undervalued on fundamentals, for three reasons. First, it ended September at its weakest against the euro, dollar and sterling in 12 months, and it is weaker than in October 2025 against nine of the ten currencies we track. Second, a current account surplus of SEK 126.2bn in Q2 2026 and a net foreign asset position

of SEK 5,300.7bn are the profile of a currency that should trade at a premium. Third, the Riksbank expects the krona to strengthen and to begin raising rates this year.[102] Two things argue against a stronger call: against the euro the krona is back near its level at the start of 2025, so the 2025 rise has largely been reversed, and carry is negative against both the ECB and the Fed. We do not measure the krona against a real effective exchange rate or purchasing power parity, so we do not claim a fair value level, and the conclusion is a judgement, not an estimate. The catalysts for appreciation are narrow: faster Riksbank hikes than the ECB and Fed expect, or a recovery in global risk appetite.

Cross-asset implications

The three calls are linked through the krona. If the krona appreciates as we expect, the translation tailwind to exporters' earnings fades, which is one reason we are neutral on equities. Rate rises by the Riksbank support the krona and lift the front end, which is why we prefer short duration to a long position. Foreign owners hold 37.7% of the equity market[103], so a global risk-off would hit equities, the krona and credit spreads together and the calls are not independent hedges.

[102]S&P Capital IQ (2025). Sweden currency exchange rates, daily, SEK per EUR, USD and GBP, 8 Oct 2025 to 30 Sep 2026 (accessed 8 Oct 2026). Statistics Sweden (2026). Balance of payments, Q2 2026. Riksbank (2026). Monetary Policy Report, Sep 2026.

[103]Statistics Sweden (2026). Ownership of shares in quoted companies by sector, security account registration, direct and by asset managers, table AktieAgarVP (data to Jun 2026; accessed 2 Oct 2026).

Part V GDP Components Analysis & Medium-Term GDP Scenarios

Quantitative Assessment of Swedish GDP components and Monte Carlo Projections (2025–2030)

12 Foundation of analysis

Gross Domestic Product (GDP) and its composition are central to any assessment of a country's economic outlook as they are a fundamental determinant of corporate earnings, fiscal capacity and credit conditions, and therefore an essential input into the macroeconomic picture.

On this basis, Part V develops three scenarios (pessimistic, median and optimistic) for the possible trajectory of Swedish GDP over a five-year horizon (from 2025 to 2030). The scenarios are grounded in the long-run statistical behaviour of the components of aggregate demand and in the considerations set out in Part I (see Section 1 et seq.).

The analysis starts from the national accounts identity:

$$GDP_t \approx C_t + I_t + G_t + NE_t$$

where:

C_t = household consumption in year t,

I_t = investments (gross capital formation) in year t,

G_t = government spending in year t and

NE_t = net exports of goods and services in year t.

It follows that:

$$\Delta GDP_y \approx \Delta C_y + \Delta I_y + \Delta G_y + \Delta NE_y$$

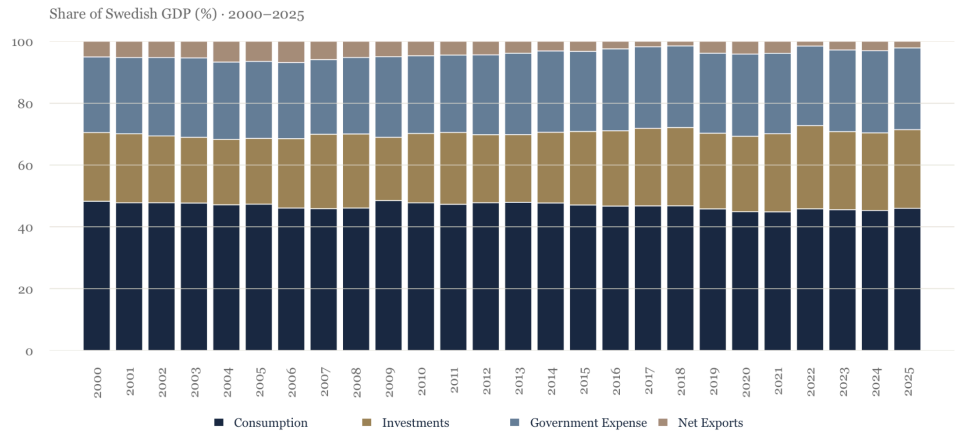
The change in GDP in year y is therefore the sum of the changes in its four components, each of which measures that component's contribution to growth.

13 GDP composition trends

The first step is to verify that the data used in the econometric study for Sweden fit with the identity mentioned above.

Exhibit 14 shows the breakdown of Swedish GDP into its four components from 2000 to 2025, based on World Bank API data (World Development Indicators)[104].

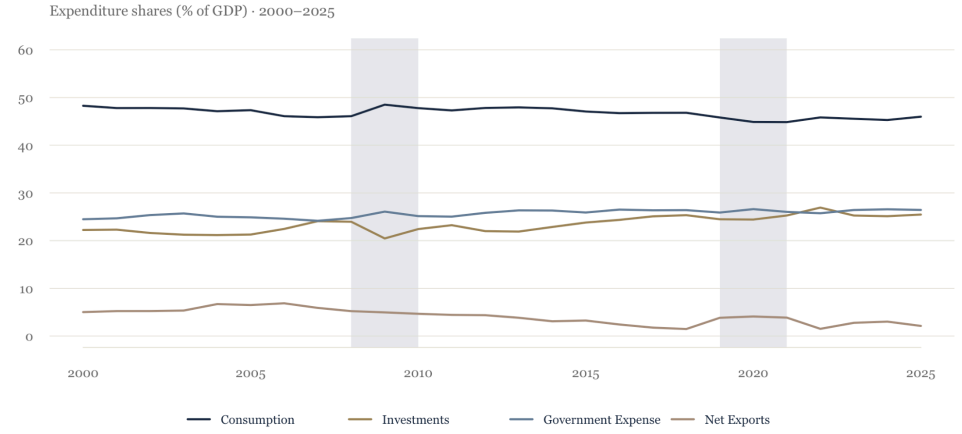
Exhibit 14. Swedish GDP by expenditure component (% of GDP)



Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research. Data as of 15 October 2026.

Extending the analysis to the dynamics of the four components over the same period, Exhibit 15 provides a closer view of how their expenditure shares have evolved over time.

Exhibit 15. Swedish GDP: evolution of expenditure shares, 2000-2025 (% of GDP)



Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research.

The two representations show that the composition of Swedish aggregate demand has been mostly stable over the horizon considered, with household

[104]Source: World Bank, World Development Indicators (WDI). Indicators: NE.CON.PRVT.CD, NE.CON.GOVT.CD, NE.GDI.TOTL.CD, NE.RSB.GNFS.CD .

consumption consistently representing between 45% and 48.5% of GDP and government spending between 24% and 26.5%. Behind this apparent stability in the Swedish GDP composition, distinct dynamics emerge.

A closer view. Between 2000 and 2025, the net export component exhibited a downward trend—with the sole exception of the Covid-19 shock (driven primarily by a denominator effect)—sliding from approximately 5% in the early 2000s to 2% by 2025. Additionally, household consumption has experienced a structural downward drift starting in 2009. The declining weight of the external channel and consumption is mirrored by an increasing share of investment and government expenditure. This growth trajectory, accompanied by a compositional shift in GDP toward structurally more stable components - most notably capital formation (*I*)—can be interpreted as an expression of medium- to long-term economic confidence.

Under stress dynamics. Finally, it is instructive to examine the behaviour of GDP components across the two major crises and subsequent recoveries within the analysed horizon (the Global Financial Crisis and the Covid-19 pandemic, highlighted in grey shading in Exhibit 15).

Starting with the Global Financial Crisis, consumption's share of GDP demonstrated lower elasticity to the contraction of Swedish output compared to investment. This is evidenced by consumption contracting at a less-than-proportional rate relative to nominal GDP (resulting in a higher ratio). Conversely, investment proved exceptionally sensitive, largely weighed down by deteriorating international market confidence. By contrast, the public expenditure component expanded as a percentage of GDP during periods of market stress, underlining the pivotal role of state intervention in safeguarding the real economy across most European nations during the crisis.

Distinct dynamics emerge from the observations during the more recent pandemic shock; in this second scenario, containment measures implemented to curb virus transmission triggered a notable contraction in consumption, whereas investment demonstrated a higher degree of resilience compared to the 2009 downturn before accelerating into subsequent years. Meanwhile, echoing the first shock, the government expenditure component maintained a counter-cyclical profile, providing vital support to the Swedish economy.

Key Takeaways. In conclusion, the structural evolution of Sweden's GDP composition over the past quarter-century reveals a resilient economic architecture. The gradual pivot from external-driven growth toward an investment-anchored model, underpinned by a responsive fiscal stance, highlights institutional maturity. While cyclical headwinds and near-term macroeconomic friction persist, this structural shift toward capital formation strengthens long-term productivity and reinforces macroeconomic resilience against future external shocks.

14 Component analysis and Monte Carlo simulations

Simulation Approach

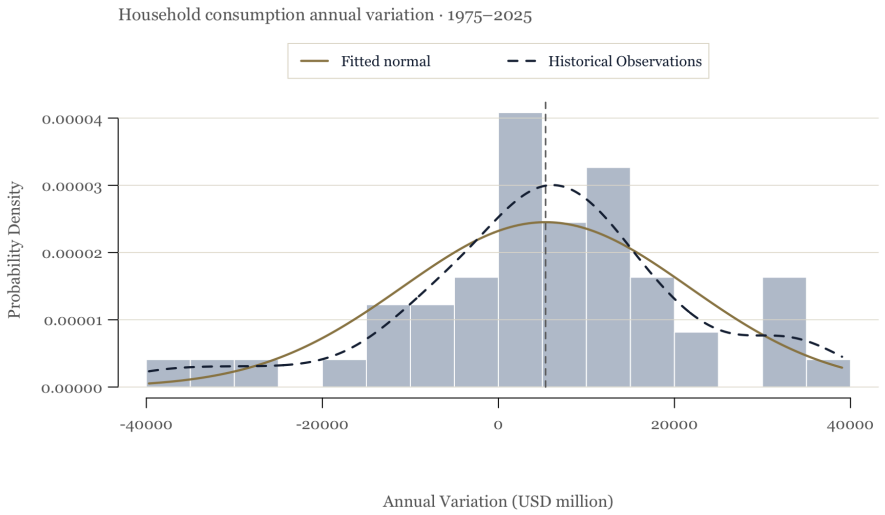
The simulation approach rests on a two-step exercise applied to each of the four components.

First, we examine the distribution of annual changes over a long dataset window, 1975–2025 (50 annual variations), so as to capture a broad range of macroeconomic regimes. The empirical density is then compared with a normal distribution calibrated on the same mean and standard deviation (Panels A). Departures from normality (e.g., skewness and fat tails) indicate whether a non-parametric approach is more appropriate than a Gaussian model. Second, we run a Monte Carlo bootstrap of 1,000 simulations over five years, resampling the observed annual changes (Panels B). Each grey line is one simulated path, and the plotted lines mark the 25th, 50th and 75th percentiles, which feed the downside, median and upside scenarios. For tractability, each component is resampled independently of the others and the aggregate GDP scenarios built on them (see Section 15 below) are obtained by summing the corresponding percentile paths; this implies full co-movement across components and yields a conservative range.

Consumption

Annual changes cluster tightly around a positive mean of roughly USD 5,000 million, with a sharper peak than the normal benchmark would imply and asymmetric tails. In the simulation (Exhibit 16, Panel B), the median path accumulates a gain of 23.0% by year five, equivalent to about 4.2% per year. The downside scenario gives interesting takeaways: the 25th percentile is negative in the first two years (–1.5% and –1.2%) and turns positive only in year three, which means that in one simulation out of four consumption remains below its 2025 level after two years.

Exhibit 16. Consumption: Panel A - Historical distribution



Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research. Data as of 15 October 2026.

Exhibit 16. Consumption: Panel B - Monte Carlo five-year simulation

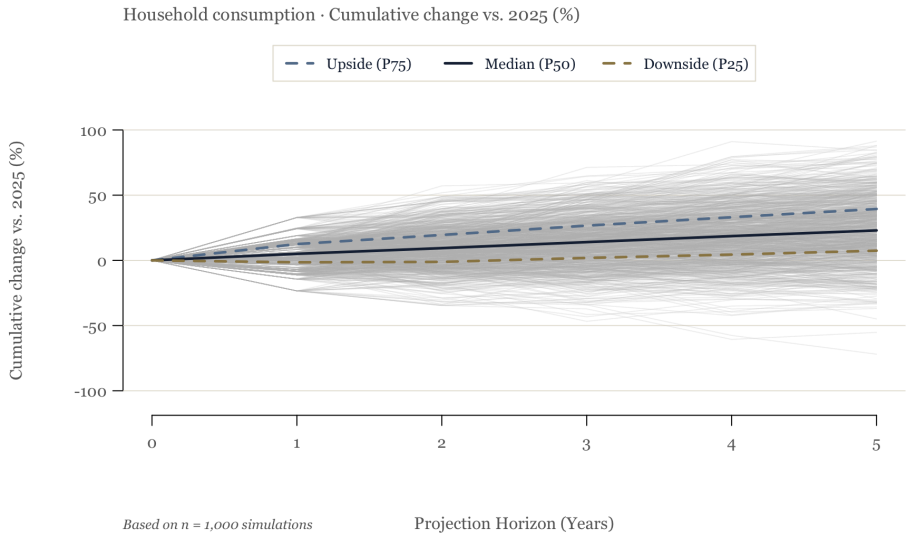


Table 27. Consumption: Monte Carlo five-year simulation

Year	Downside (P25)		Neutral (P50)		Upside (P75)	
	Cum.	YoY	Cum.	YoY	Cum.	YoY
0	-	n/a	-	n/a	-	n/a
1	-1.49%	-1.49%	5.00%	5.00%	12.49%	12.49%
2	-1.17%	0.32%	9.40%	4.19%	19.49%	6.22%
3	1.88%	3.09%	14.00%	4.20%	26.64%	5.98%
4	4.41%	2.48%	18.61%	4.04%	33.06%	5.07%
5	7.42%	2.88%	22.98%	3.68%	39.44%	4.79%

Note: figures are nominal, in current USD. Cumulative percentages are versus the 2025 base. Year-on-year rates are implied by the compounding of the cumulative percentile paths.

Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research calculations. Data as of 15 October 2026.

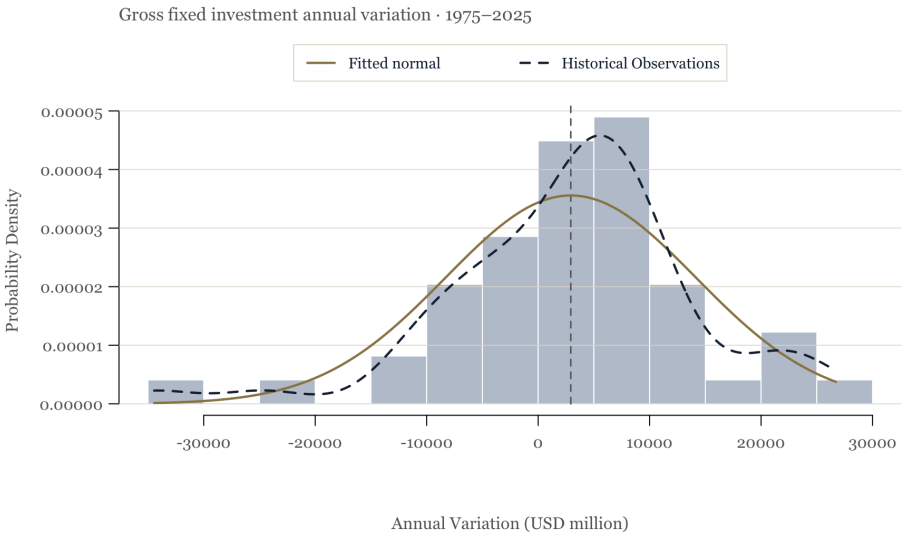
Investments

Investment changes (measured here by total gross capital formation, including inventories, at 25.6% of 2025 GDP in WDI) are concentrated around a mean of about USD 3,000 million, but the distribution has pronounced outliers on both sides: large contractions and strong expansions denote a highly cyclical variable.

Not surprisingly, investment is the component where simulation outcomes diverge most. By year five the interquartile range spans 4.2% to 48.5%, a gap of about 44 percentage points, against 32 for consumption and 34 for government spending. The median path, at 25.1% (about 4.6% per year), is in line with the other domestic components, so the difference lies not in the central expectation but in the spread around it. The 25th percentile remains

negative for the first two years, reaching 0.1% in year three and 4.2% in year five, against 7.4% for consumption and 9.3% for government spending.

Exhibit 17. Investment: Panel A - Historical distribution



Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research. Data as of 15 October 2026.

Exhibit 17. Investment: Panel B - Monte Carlo five-year simulation

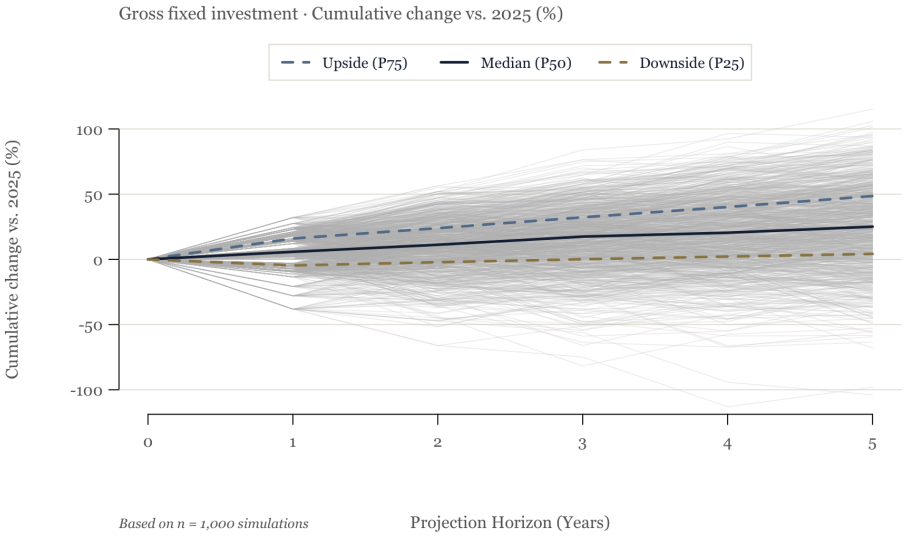


Table 28. Investment: Monte Carlo five-year simulation

Year	Downside (P25)		Neutral (P50)		Upside (P75)	
	Cum.	YoY	Cum.	YoY	Cum.	YoY
0	-	n/a	-	n/a	-	n/a
1	-4.66%	-4.66%	5.80%	5.80%	16.00%	16.00%
2	-2.19%	2.60%	11.19%	5.09%	23.94%	6.84%

Year	Downside (P25)		Neutral (P50)		Upside (P75)	
	Cum.	YoY	Cum.	YoY	Cum.	YoY
3	0.10%	2.34%	17.45%	5.64%	32.26%	6.72%
4	2.16%	2.06%	20.42%	2.53%	40.16%	5.97%
5	4.16%	1.96%	25.09%	3.88%	48.49%	5.95%

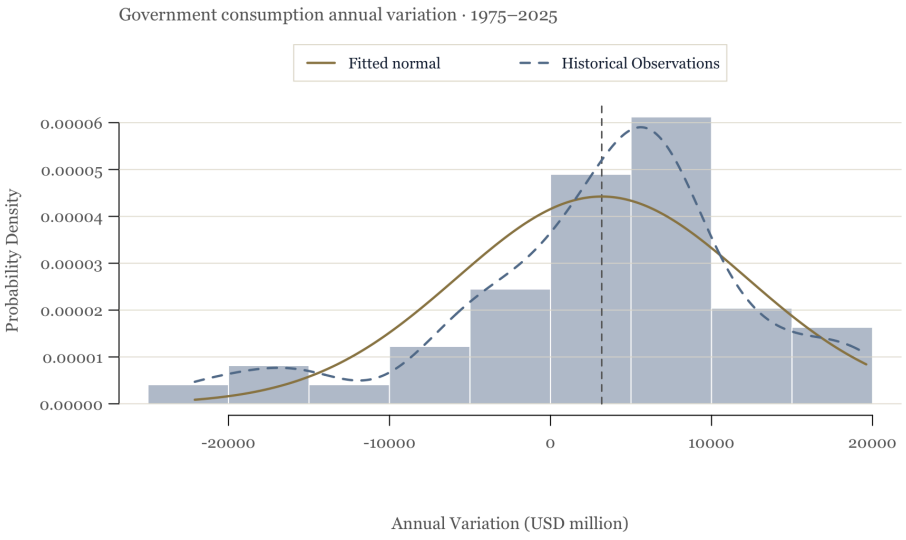
Note: figures are nominal, in current USD. Cumulative percentages are versus the 2025 base. Year-on-year rates are implied by the compounding of the cumulative percentile paths.

Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research. Data as of 15 October 2026.

Government Expense

Government expenditure constitutes the least erratic component. The mode (changes of USD 5,000–10,000 million) sits to the right of the mean of the distribution, while the thin left tail implies historically rare large cuts in Swedish government expenditure, confirming the component's role as a stabiliser. Turning to the simulation paths, the 25th percentile is essentially flat in the first two years (−0.6% and −0.4%) and then turns positive, reaching 9.3% by year five. The median path reaches 26.2% (about 4.8% per year) and the 75th percentile 42.9%.

Exhibit 18. Government Expense: Panel A - Historical distribution



Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research. Data as of 15 October 2026.

Exhibit 18. Government Expense: Panel B - Monte Carlo five-year simulation

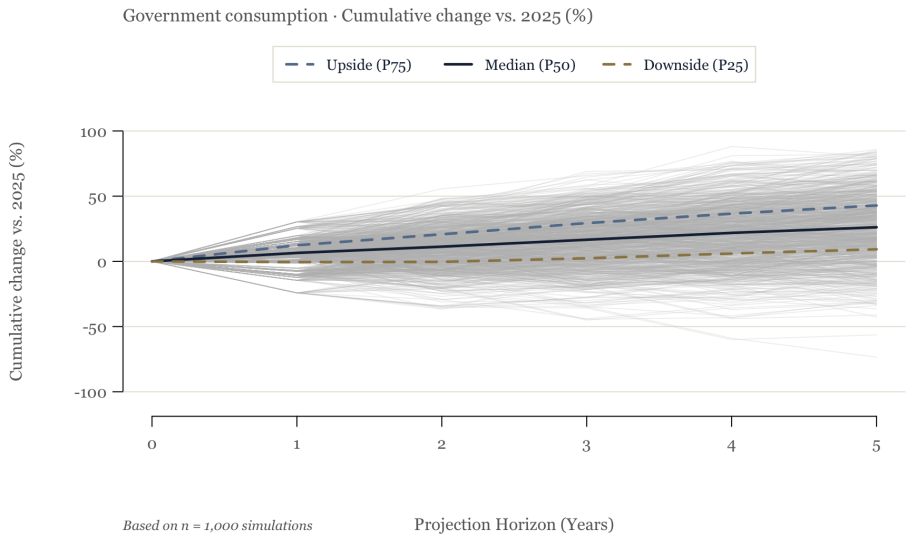


Table 29. Government Expense: Monte Carlo five-year simulation

Year	Downside (P25)		Neutral (P50)		Upside (P75)	
	Cum.	YoY	Cum.	YoY	Cum.	YoY
0	-	n/a	-	n/a	-	n/a
1	-0.58%	-0.58%	6.48%	6.48%	12.31%	12.31%
2	-0.39%	0.19%	11.27%	4.50%	20.76%	7.52%
3	2.38%	2.78%	16.61%	4.80%	29.34%	7.11%
4	6.02%	3.56%	21.85%	4.49%	36.59%	5.61%
5	9.29%	3.08%	26.16%	3.54%	42.85%	4.58%

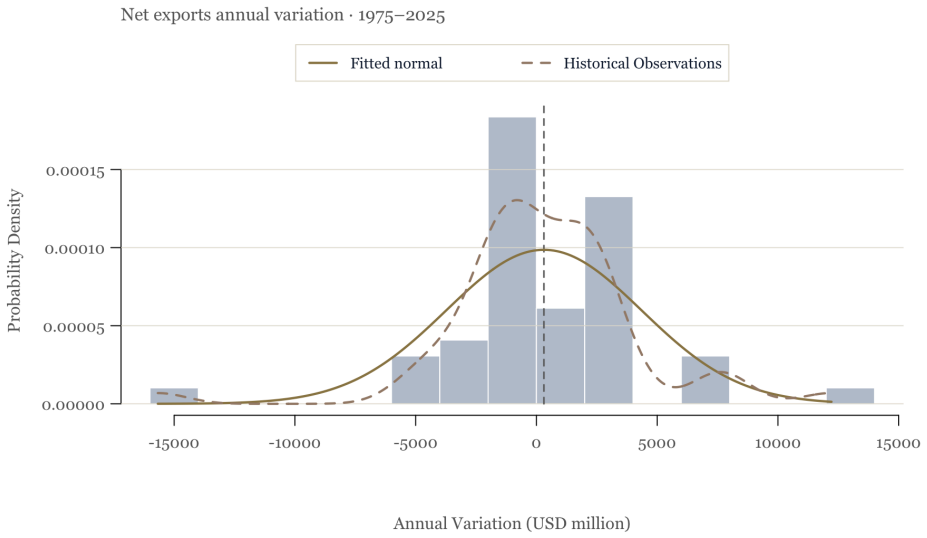
Note: figures are nominal, in current USD. Cumulative percentages are versus the 2025 base. Year-on-year rates are implied by the compounding of the cumulative percentile paths.

Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research calculations. Data as of 15 October 2026.

Net Exports

Changes in the net export component are centred near zero (mean of about USD 300 million) and have the lowest absolute dollar dispersion of the four components. Because net exports represent only 2.1% of 2025 GDP (about USD 14.3 billion), Table 30 expresses cumulative net-export variations scaled relative to 2025 total GDP rather than relative to the small net-export base: on that GDP-scaled basis, the percentile paths stay within roughly ±1.5% of zero over the five years, with a median of −0.07% at year five and a symmetric interquartile range (−1.45% to +1.28%).

Exhibit 19. Net exports: Panel A - Historical distribution



Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research. Data as of 15 October 2026.

Exhibit 19. Net exports: Panel B - Monte Carlo five-year simulation

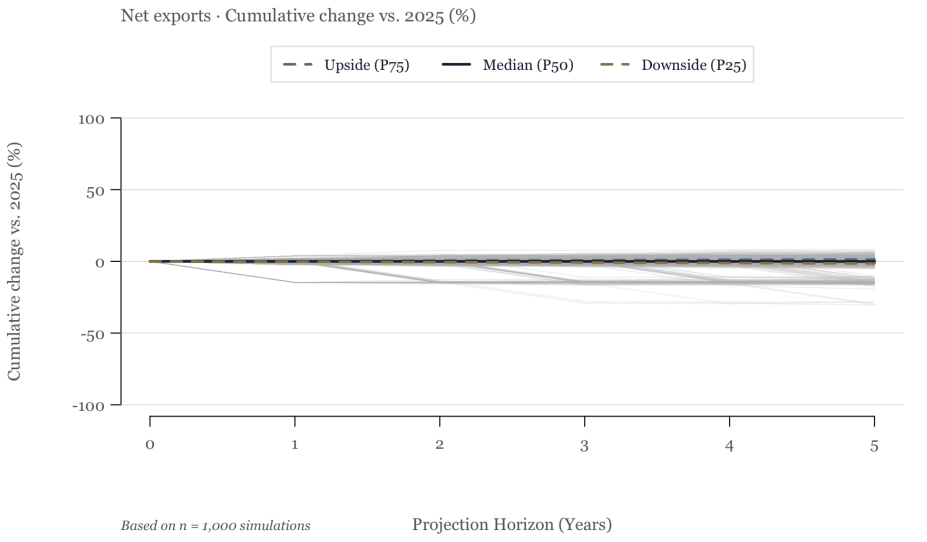


Table 30. Net exports: Monte Carlo five-year simulation

Year	Downside (P25)		Neutral (P50)		Upside (P75)	
	Cum.	YoY	Cum.	YoY	Cum.	YoY
0	-	n/a	-	n/a	-	n/a
1	-0.22%	-0.22%	-0.01%	-0.01%	0.10%	0.10%
2	-0.55%	-0.33%	-0.01%	0.00%	0.51%	0.41%
3	-0.82%	-0.27%	-0.04%	-0.03%	0.75%	0.24%

Year	Downside (P25)		Neutral (P50)		Upside (P75)	
	Cum.	YoY	Cum.	YoY	Cum.	YoY
4	-1.15%	-0.33%	-0.04%	0.00%	1.12%	0.37%
5	-1.45%	-0.30%	-0.07%	-0.03%	1.28%	0.16%

Note: Figures are nominal, in current USD. Because net exports represent a small share of GDP (2.1% in 2025), cumulative percentages in this table are scaled against 2025 total nominal GDP rather than the 2025 net-export base. Year-on-year rates are implied by the compounding of the cumulative percentile paths.

Source: World Bank, World Development Indicators (WDI); Heuresis Capital Research calculations.

Key takeaways. First, none of the four distributions is well described by a normal distribution, which supports the choice of a non-parametric bootstrap over a parametric model. Second, the three domestic components deliver similar median growth (23% to 26% over five years, 4.2% to 4.8% per year), but they differ in risk: in at least three out of four simulations each ends the horizon above its 2025 level, yet investment is the most dispersed and government spending the most resilient.

15 Scenario Analysis & Medium-Term GDP Trajectory

The analysis then turns to a Monte Carlo simulation of future Swedish GDP paths, consistent with the identity derived above:

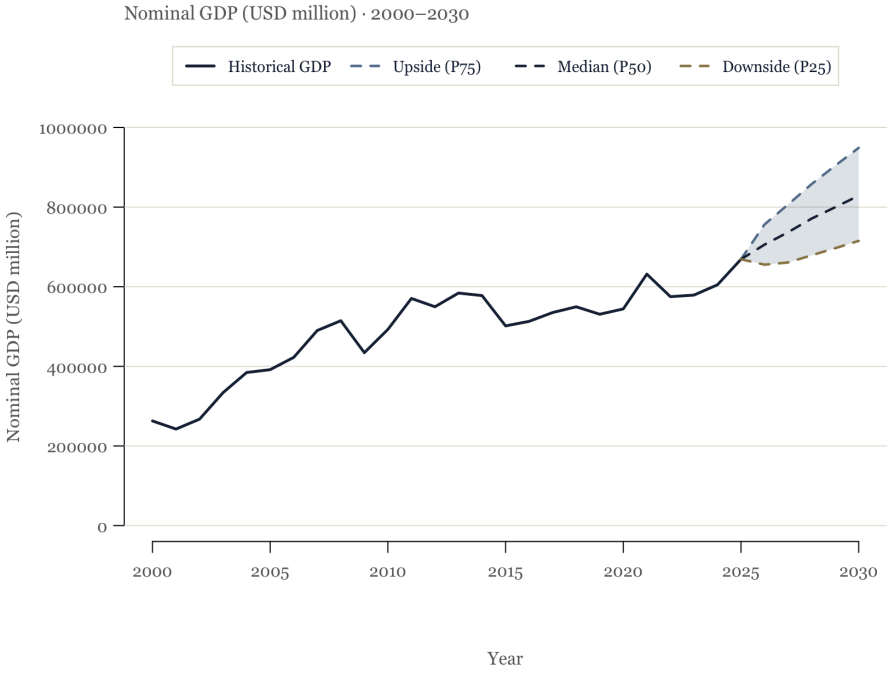
$\Delta GDP_y \approx \Delta C_y + \Delta I_y + \Delta G_y + \Delta NE_y$ (see Section 12).

Based on the statistical characteristics of observed annual changes in the four components, GDP scenarios are obtained by summing, year by year, the corresponding percentile path of each component, weighted by their 2025 share of GDP.

The downside, median and upside cases used for GDP level estimations from 2026 to 2030 are therefore the aggregation of the component simulations in panels B of Exhibits 16–19.

Exhibit 20 shows the historical GDP path from 2000 to 2025, with dashed simulated paths for 2026 to 2030.

Exhibit 20. Historical GDP & Monte Carlo simulation (2000-2030)



Source: World Bank, WDI; Heuresis Capital Research calculations.

Projections in absolute values (in USD millions) and YoY percentage changes in nominal terms are shown in detail in Table 31.

Table 31. Nominal GDP: Monte Carlo five-year simulation

Year	Downside (P25)		Neutral (P50)		Upside (P75)	
	USD Millions	YoY	USD Millions	YoY	USD Millions	YoY
2025	668,999	n/a	668,999	n/a	668,999	n/a
2026	655,404	-2.03%	705,731	5.49%	756,485	13.08%
2027	660,909	0.84%	736,885	4.41%	806,513	6.61%
2028	679,033	2.74%	771,180	4.65%	857,894	6.37%
2029	696,724	2.61%	799,675	3.69%	903,956	5.37%
2030	715,141	2.64%	828,691	3.63%	948,893	4.97%

Source: Heuresis Capital Research calculations.

Reading the three paths. In the median scenario (representing the 50th percentile), nominal USD GDP expands from USD 668,999 million in 2025 to USD 828,691 million by 2030, with annual year-on-year growth moderating from 5.49% in 2026 to 3.63% in 2030. The gradual deceleration in percentage terms reflects a classic base effect, as the model trajectory projects relatively constant absolute dollar additions year on year, which translate into a diminishing percentage rate as the baseline expands. This

profile outlines a balanced, sustainable nominal growth path over the medium-term horizon for Sweden.

Focusing on the upside path, growth in the first simulated year lifts nominal GDP to USD 756,485 million. The pronounced jump in 2026 is driven by the statistical properties of the 75th percentile, capturing historical episodes of strong cyclical expansion—frequently coinciding with domestic currency appreciation against the US dollar. Following this initial boost, growth normalises towards a more sustainable long-term pace (from 2027 onwards, annual expansion moderates from 6.61% to 4.97% by 2030), highlighting the economy's upside potential under favourable macroeconomic conditions.

In the downside case, the simulation projects a 2.03% contraction in 2026 (bringing nominal GDP down to USD 655,404 million from USD 668,999 million in the 2025 base year). Following this initial downturn, 2025 nominal output levels are surpassed in 2028, before settling into a nominal growth corridor of 2.61%–2.64% through 2029–2030. This configuration depicts a state of temporary nominal stagnation rather than a systemic recession, and the subsequent recovery underscores the underlying macroeconomic resilience of Sweden's economy.

Takeaways and outlook. Across all three modelled scenarios, the Swedish economy demonstrates fundamental strength and structural stability over the 2025–2030 horizon.

While short-term dynamics remain susceptible to cyclical volatility and exchange-rate fluctuations—consistent with current geopolitical tensions—the medium-term outlook converges towards a solid baseline. Crucially, even under adverse conditions, the downside risk reflects temporary nominal stagnation rather than systemic impairment.

Overall, the central trajectory highlights a mature economy shifting towards sustained capital formation and steady baseline expansion, providing a resilient environment for long-term strategic planning.

Limits of the analysis. The scenarios describe the dispersion of outcomes under historical behaviour, not probabilities of events or forecasts. Components are resampled independently and aggregated percentile by percentile, which implies full co-movement and a deliberately wide range. The 1975–2025 sample spans regimes of very different inflation and monetary policy, whose drift is embedded in the median, and the values are in nominal US dollars including exchange-rate effects.

Part VI Concluding Remarks & Institutional Outlook

Macroeconomic highlights & Structural Fundamentals

Sweden enters the 2026–2030 outlook anchored by robust structural fundamentals, yet constrained by a widening productivity gap.

On the structural balance sheet, the country retains world-class institutional strengths:

- High Capital Formation: Gross fixed capital formation stands at 25.2% of GDP in 2025 (25.4% in the 2023 peer comparison; 25.6% including inventories), comfortably outperforming European peers such as Germany (21.2% in 2023; 20.3% in 2025) and the Netherlands (20.3% in 2023; 19.8% in 2025).
- Research & Development Intensity: R&D expenditure reaches 3.60% of GDP in harmonised 2023 WDI data (3.51% in preliminary 2025 SCB statistics), positioning Sweden among the most innovation-intensive economies globally.
- Sovereign Solvency: A triple-A sovereign credit rating coupled with low Maastricht public debt (35.4% of GDP in 2025) grants significant fiscal headroom.

Conversely, structural friction is increasingly evident in the real economy:

- Decelerating Output per Worker: Real GDP per employed person grew by just 0.78% annualised between 2005 and 2025 (compared with 1.30% in the United States).
- Relative Productivity Slippage: GDP per hour worked has compressed from over 120% of the EU average in the early 2000s to 109% today.
- Demographic Headwinds: Net population growth is projected to drop sharply from ~45,000 per annum to merely ~5,000 per annum across the 2026–2030 horizon.

Medium & Short-Term Macroeconomic Outlook

Medium term outlook. As demographic expansion and labour-hour growth slow, the burden of macroeconomic expansion shifts towards total factor productivity and capital deepening.

The simulations and empirical evidence in Part V quantify this shift. While the composition of demand has been broadly stable, with household consumption between 45% and 48.5% of GDP and government spending between 24% and 26.5%, there is a gradual rotation towards investment and public spending.

The shift in the composition of GDP towards investment documented in Part V is among the most interesting macroeconomic findings of this report. It is consistent with the country's orientation towards innovation, a key driver of sustainable growth in the long run, although Part I shows that the real test is converting this investment effort into faster productivity growth. The external position adds resilience: a persistent surplus, largely reflecting

income on foreign assets, and a large net creditor position mean that growth does not depend on foreign funding. Fiscal policy completes the picture, being both purposeful, with clear priorities such as defence, and sustainable, with low public debt and a AAA balance sheet.

Short-term outlook. Over a shorter horizon, Sweden's prospects are closely tied to the tensions in the international geopolitical environment. The most topical issue is containing a renewed inflationary impulse. Inflation is currently subdued, which has supported household purchasing power, but the Riksbank expects it to rise with stronger activity, a weaker krona and higher energy prices. Sweden should be less exposed than many European partners thanks to a low-carbon domestic power mix, but it is not immune.

The economic cycle sends mixed signals. Some evidence supports an optimistic short-term view, such as the recent pick-up in mortgage lending and housing activity described in Part I. Several elements, however, argue for caution about how strong growth can be. Quarterly data have been volatile, with a weak first quarter and a soft reading for July after a strong second quarter. The second-quarter investment surge was driven largely by machinery and equipment, including defence-related purchases, which are lumpy and policy-driven rather than broad-based. Unemployment remains high and is expected to ease only gradually. Household finances stay sensitive to interest rates: most mortgages carry variable rates just as the Riksbank turns towards tightening, and liquid saving has weakened. The picture is of a recovery that is real but uneven, and more likely to be gradual than sharp.

Capital markets

Overview. Sweden has one of the most developed capital markets in Europe. The regulatory framework has recently moved in a supportive direction, easing household credit, and the OECD's 2026 reform agenda would lower execution risk for listings in strategic sectors. Overall liquidity is good, and Stockholm has been the EU's leading venue for new listings. A stable domestic institutional base anchors demand, although the marginal price in large caps and government bonds is set by foreign capital.

Equities. The main index, the OMXS30, is dominated by large multinationals whose earnings depend mainly on global orders, the krona and the cost of capital. We therefore treat it as an expression of the global investment cycle and the krona, supported by a stable domestic bid, rather than as a proxy for the Swedish economy. The index has already re-rated and is not cheap once its earnings growth is considered, and its headline multiple is distorted by two investment companies. Our assessment is that risk and reward appear balanced, with selectivity rather than direction as the guiding principle.

Fixed income. The curve has been repriced for a tightening cycle. Over the past year yields have risen across maturities, most at the short end, so the curve has flattened, with the long end carrying both the expected policy path and a heavier supply of government bonds. Credit spreads are not the main driver of performance: with a AAA sovereign, credit risk is very low, and we expect any adjustment to come through term premium and the shape of the curve rather than through spreads. Covered bonds remain the core of the

market and the main channel through which housing policy reaches bond supply. Our stance on duration is neutral, with a preference for short and intermediate maturities.

Currency. The krona shows a tension between fundamentals and recent price action. It has weakened against most major currencies over the past year, even though a structural current account surplus and a large net foreign asset position would normally support a premium, and the Riksbank itself expects it to strengthen. Metrics indicate modest fundamental undervaluation, with the balance of risks tilted towards gradual appreciation, tempered by negative carry and exposed to global risk aversion. It is the variable on which the rest of the report hinges, because it affects exporters' earnings, imported inflation and the returns of foreign investors, often in opposite directions.

Implications for institutional investors. Sweden is a resilient, well-governed economy attached to a market whose returns are determined largely beyond its borders. The quality of the foundations limits the downside, but it is the krona, the global investment cycle and the pace of Riksbank tightening, rather than domestic growth alone, that will determine what investors earn.

Four elements need a particular focus: First, the evidence on the country view and the index view supports treating them separately: Swedish macro conditions the domestic channels, while global capital spending and the krona condition the large caps. Second, the evidence favours selection over direction, since the valuation spread inside the index is wider than between countries. Third, in rates, the compensation for risk is concentrated at the short end, where a rise of about 134 basis points over twelve months is needed to erase the two-year yield, against about 36 for the ten-year, while supply nearly doubles. Fourth, the three assets are not independent hedges: with 38% foreign ownership, a global risk-off would hit equities, the krona and spreads together, and our own range, which sums component percentiles, embeds the same co-movement. This is a point to bear in mind in asset-allocation considerations.

Appendix

Sources, definitions and methodology

Observations retain the 30 September 2026 research cut off. Releases published through that date, including the September policy decision, fiscal revision and NIER forecast, are incorporated. WDI series retain the report's separately identified 30 September snapshot; they are not mechanically rebased to later SCB national revisions. Institutional forecasts are identified by publication vintage and remain distinct from observed data and market consensus. Scenarios describe analytical conditions rather than estimated probabilities. Market data in Parts II and IV are dated in the source line of each exhibit, and sources dated or accessed after 30 September 2026 were used only where stated there, up to 12 October 2026.

Figure methodology

Figure 1 compares arithmetic means of annual real GDP growth in 2010 to 2019 and 2020 to 2025. The second period includes the pandemic contraction and recovery.

Figures 2 and 4 rebase World Bank constant 2021 PPP series to 2005 equals 100. PPP levels are international dollars, not market-exchange-rate US dollars. Output per employed person differs from output per hour and reflects hours, sector mix and labour quality as well as efficiency.

Figure 3 shows observed population shares for selected five-year dates. The age groups are not exhaustive: children below 15 account for the remainder. Column heights use a zero baseline.

Figures 5 and 6 use 2023 observations for a common peer comparison. Fixed investment excludes inventory changes. R&D intensity is gross domestic expenditure on research and development as a share of GDP. Later Swedish national observations cited in the text use a different vintage.

Figure 7 retains Nasdaq's 31 March 2026 OMXS30 sector snapshot. Consumer discretionary and staples are combined.

Figure 8 compares MSCI index forward price to earnings ratios as at 31 August 2026. The premiums equal Sweden's ratio divided by the comparator ratio minus one. Differences in constituents and sector mix limit the interpretation; no matched-company or earnings-cycle adjustment is applied.

Demand ratios omit inventories and statistical discrepancies. Government consumption differs from total public expenditure and transfers. Sector profiles map economic sensitivities to illustrative companies and require separate issuer analysis before security selection.

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