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The Riksbank's consultation response to the Swedish National Debt Office's Proposed guidelines for the management of central government debt 2024-2027

2023-10-03

The central government debt shall be managed within the limits of the requirements imposed by monetary policy (cf. Chapter 5, Section 5 of the Swedish Budget Act [2011:203]). According to the Riksbank, the proposals made by the Swedish National Debt Office in the guidelines for central government debt management 2024–2027 are compatible with these requirements.

However, it should be noted that the krona has weakened substantially since 2021 and the Riksbank considers that the krona is currently undervalued. The weak krona makes it more difficult for the Riksbank to attain the inflation target now that inflation is high.

The Riksbank therefore considers that the Government and the Debt Office should at present consider pausing or at least reducing the pace of the phasing out of the central government debt's currency exposure. The phasing out, taking into account the amount and time period, is not expected to have any major direct effects on the exchange rate. However, it is unfortunate that the Swedish National Debt Office, after a decision by the Government, is selling Swedish krona while the Riksbank is buying krona, in a situation where the krona has weakened in an unjustified manner over a long period of time. Investors may find it difficult to understand this process. Since the krona is judged to be undervalued, a pause should not lead to higher costs for central government borrowing.

On behalf of the Executive Board:

Erik Thedéen

Angela Stjernqvist

This decision has been taken by the Executive Board (Governor Erik Thedéen, First Deputy Governor Anna Breman and Deputy Governors Per Jansson, Martin Flodén and Aino Bunge)



following a presentation by Senior Adviser Carl Andreas Claussen. Deputy Head of Department David Vestin took part in the final administration.