



DARK CLOUDS OVER THE WORLD ECONOMY

GLOBAL ECONOMIC OUTLOOK
March 2026

RESILIENT GLOBAL ECONOMY FACING TURMOIL

The global economy has proven resilient despite geopolitical and trade policy turbulence. Global growth reached 3.0 per cent last year, which is in line with the pre-pandemic average for the period 2015–2019. Both global trade and industrial production were maintained. While this means that the world economy is in a strong starting position, it now faces a potential major setback if the war in the Middle East becomes prolonged. Meanwhile, trade policy uncertainty remains high. Global growth will slow to 2.7 per cent this year and then regain strength somewhat, provided that the conflict in the Middle East is short lived.

ENERGY MARKET IS LARGEST DOWNSIDE RISK

A temporary rise in energy prices can be managed without the global economy suffering any severe impact. But a more prolonged period of high energy and transport costs would have far greater and more widespread effects – particularly in Europe and Asia where dependence on imported energy is high. Companies can cope with trade barriers by adjusting their purchasing, logistics, and pricing. Energy prices, however, have a direct impact on companies' costs, households' purchasing power, and countries' conditions for trade. Energy prices are much harder to circumvent as they are largely fixed in global markets and have faster and broader repercussions across the economy. Such a situation would obviously risk triggering inflationary pressure and higher interest rates, which could ultimately cause the global economy to lose significant momentum (see in depth analysis on page 14).

FRAGILE AND UNEVEN RECOVERY IN EUROPE

Household consumption remains cautious in several parts of Europe. Investments have not yet come into full force, and reduced exports to the US are dampening growth. At the same time, there are signs that European investments are beginning to pick up, especially in Germany. Increased public and private investment in infrastructure, energy, defence, and industrial transformation is expected to gradually boost the European economy. The US economy continues to be supported by fiscal policy, which helps keep activity up. China's increasingly mature economy is seeing slowing growth, with a set target of around 4.5–5.0 per cent. At the same time, the new five year plan continues to underscore industrial upgrading, technological advancement, and strategic self sufficiency. This suggests that China will continue to focus heavily on industry, technology, and export capacity rather than a rapid and clear rebalancing towards consumption led growth.

SWEDEN'S ECONOMY SEES CLEAR RECOVERY

The recovery of the Swedish economy initially rests on household consumption, investments, and fiscal policy. But as European growth in particular gains more momentum, exports will also contribute to a greater extent. But the environment for Swedish exports has become increasingly demanding given the trade policy uncertainty and intensifying global competition, not least from China. Now more than ever, we need to sharpen Sweden's value proposition and leverage the full force of our export promotion system and Team Sweden collaboration.

Lena Sellgren
Chief Economist



RESILIENCE INTACT BUT GROWTH DAMPENS

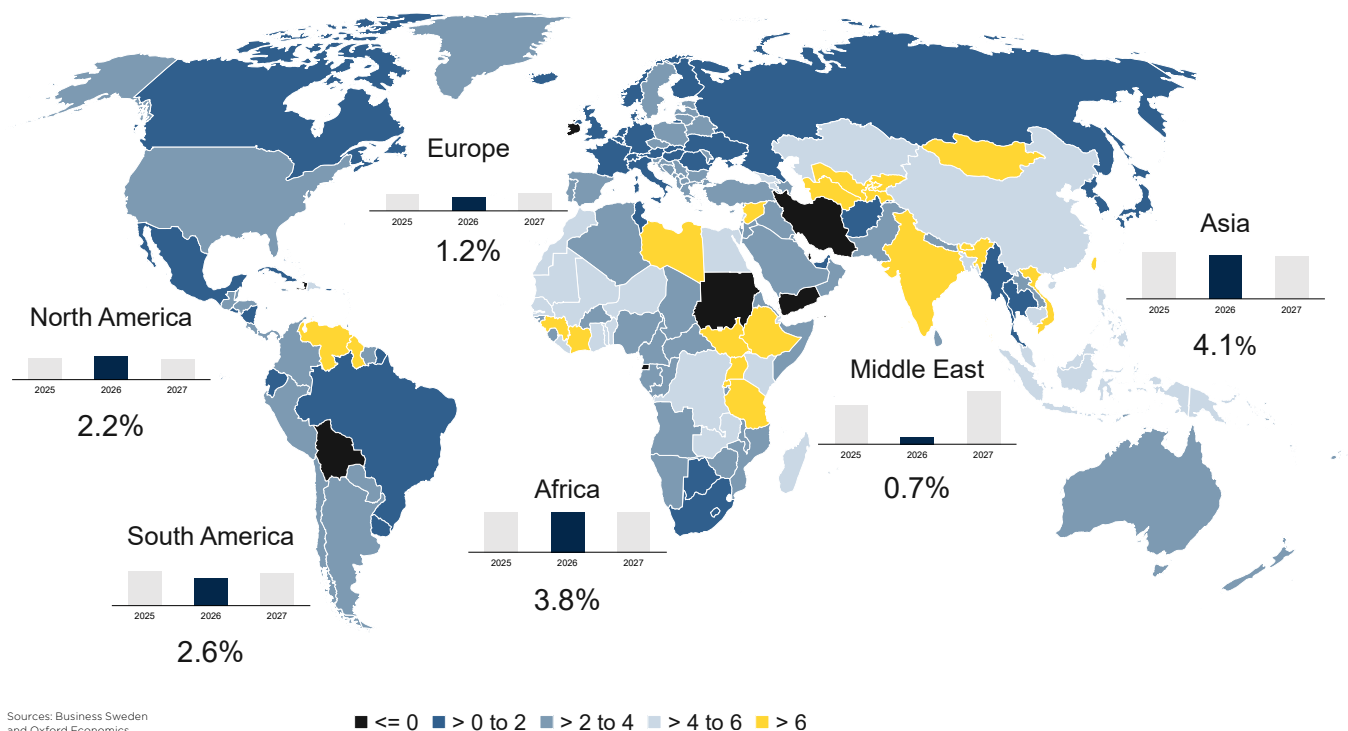
- **Unexpectedly resilient economy after tariff shock**
- **Uncertainty around trade and geopolitics persists**
- **Fragile recovery: energy markets pose biggest threat**

The global economy performed better than expected in 2025 despite the onslaught of sweeping US tariff hikes. When the first measures were announced in conjunction with “Liberation Day” on 2 April 2025, the immediate assumption in many countries was that the world economy would enter a clear slowdown, with the overhanging risk of recession if a global trade war broke out. But these events did not come to fruition. The world economy proved unexpectedly resilient against the tariff shock in 2025 and global GDP grew by 3 per cent, in line with the pre-pandemic average for the period 2015–2019. At the same time, this sign of robustness should not be over interpreted. Since the pandemic, companies have faced a series of major disruptions and built up their crisis readiness by adapting purchasing, logistics and pricing in the face of a rapidly changing landscape. Part of the strength of the world economy in 2025 should, therefore, be understood as an indication of increased adaptability – not as a sign that the underlying costs of higher tariffs and rising protectionism have dissipated. Global growth is expected to slow to 2.7 per cent in 2026 against the backdrop of continued trade policy uncertainty and, above all, geopolitical tensions.

WAR IN THE MIDDLE EAST – THE BIGGEST RISK FACTOR

Meanwhile, in a short space of time, the energy market has emerged as a major risk factor for the overall performance of the economy. If the first question after Liberation Day was whether US tariffs and the risk of a broader trade war would become serious enough to slow the world economy, the war in the Middle East and developments in the oil and gas markets have now taken the spotlight. The war, which began on 28 February and then escalated rapidly, has increasingly impacted the energy market

DIAGRAM 1. CONTINUED SLUGGISH PERFORMANCE IN EUROPE
GDP growth, constant prices, 2026, per cent (forecast)



Sources: Business Sweden and Oxford Economics

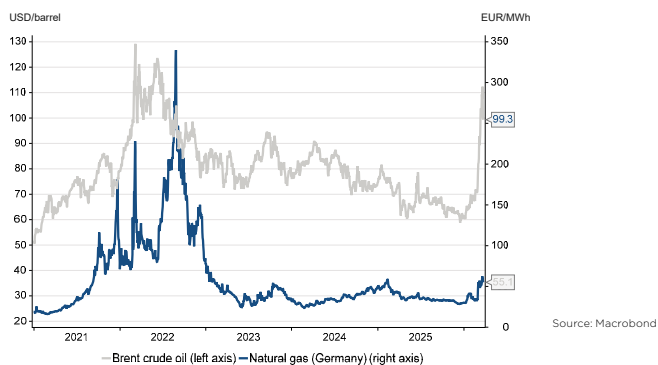
due to rising uncertainty around production, transport and supply. Diagram 2 shows how oil and gas prices rose sharply as the conflict in the Middle East escalated.

Recent developments also prove how quickly the market shifts between different scenarios. Prices surged when the risk of long-lasting disruption to production and transport went up, but then fell back when the market reacted to signals of possible de-escalation. Nonetheless, oil and gas prices remain markedly higher than before the escalation of the conflict, and price movements have become unusually large from one day to the next. The key issue is therefore not only that energy prices have fluctuated dramatically, but that the market reacts

so strongly to every new signal. This shows that uncertainty is unusually high. The energy market is trying to determine in real time whether it faces a short term disruption or the beginning of a more prolonged supply shock. This distinction is crucial for the world economy. A temporary increase in oil and gas prices can be managed without major impacts on global economic development. A more prolonged period of high energy and freight costs, however, would have far greater and more extensive repercussions.

The gas market in particular makes the picture more complex. Most attention is paid to oil but for large parts of Asia and Europe, gas may become at least as decisive. When the threat of disruptions around Qatar and the Strait of Hormuz increases, it affects not only the oil price but also European gas prices and Asian prices for LNG (liquefied natural gas). The comparison with the energy crisis following Russia's invasion of Ukraine is also relevant. At that time, the issue largely concerned a more prolonged loss of Russian energy to Europe and a rapid restructuring of European energy supply. Now, the uncertainty is more closely linked to the risk of disruptions in a global transport hub – affecting oil, gas and LNG simultaneously. This means that both Europe and Asia are affected, but Asia is particularly critical in many respects due to the region's role as the most world's growth engine, while also being very sensitive to disruptions in energy and transport flows. If manufacturing becomes more expensive in Asia, it will be felt in all economies that import Asian goods.

DIAGRAM 2. OIL PRICE SURGES TO HIGH LEVELS
Oil price (Brent crude), USD per barrel,
natural gas, EUR per MWh



TOUGHER SITUATION FOR CENTRAL BANKS

With the threat of a potential energy crisis, the outlook for global growth has become increasingly uncertain. For most of last year, the world economy was relatively resilient and demonstrated that it can absorb higher tariffs and endure trade and geopolitical frictions better than expected. But this does not mean that it can tackle a broad-based energy shock equally well. To an extent, trade barriers can be dealt with through organisational changes. Energy costs, however, have a direct impact on households' purchasing power, companies' cost base and countries' conditions for trade. They are more difficult to bypass as energy prices are largely fixed in global markets and have faster and broader repercussions across the economy.

For energy importing economies, higher oil and gas prices mean an immediate deterioration of trade conditions. Import costs go up, households' real incomes are squeezed, and the risk of inflationary pressure rises, at the very moment when many central banks have edged towards a cautious easing of monetary policy. For companies, higher energy prices mean increased cost pressure at a time when margins are already strained by trade barriers and weaker demand in parts of the world. Central banks are now facing a more complicated situation as energy driven inflation risks slowing or postponing rate cuts that could otherwise support economic recovery if needed. As such, it is reasonable to assume that developments in the oil and gas markets could ultimately be the factor that determines whether the global economy loses momentum more markedly.

TRADE POLICY UNCERTAINTY ON THE RISE

The trade policy situation has also become less clear. The US Supreme Court ruled against the administration's use of the International Emergency Economic Powers Act (IEEPA) as legal support for imposing sweeping tariffs. This emergency powers law in the US is normally reserved for sanctions and other economic restrictions during international crises. As such, the only available path for rolling out broad-based US tariffs has been effectively closed, but this doesn't mean that uncertainty around the trade policy landscape has disappeared. The US has previously used other tools to raise tariffs, not least against China, and so the central question remains which legal instruments the administration is willing to use going forward.

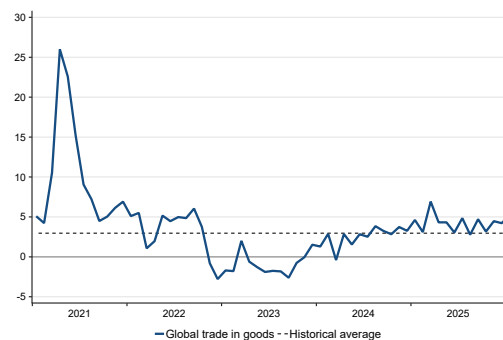
Diagram 3 shows that global trade in goods increased during 2025 despite the escalating tensions surrounding tariffs, trade policies and regional conflicts. That in itself is an important message. In short, the global economy did not respond to rising trade barriers by unleashing a rapid and broad collapse of trade flows. However, rising costs have still been felt and the environment for cross-border trade has become more complex than ever. We can simply observe that companies and economies have adapted better than expected to a situation where global trade has become more politically steered, more costly and more fraught with uncertainty.

Diagram 4 showing average US tariff rates demonstrates how the trade related US tariffs have developed vis-à-vis China, the EU and globally. In the short term, the Supreme Court ruling meant that China saw greater relief than many other trading partners. China's trade weighted tariff rate was revised down more than the EU's, which has improved China's relative position in the US market. This does not mean that China has been strengthened in the long term by this development, but the short-term relief was greater than, for example, for EU economies.

A key dilemma now facing companies is not just level of tariffs already introduced, but that the rules of the game are difficult to grasp. It remains unclear which tools the US administration can and will use, which tariffs will be permanent, and how the tariff burden will be shared between different economies going forward. This ongoing uncertainty affects companies considering major investment decisions. With this lack of clarity on which policy tools will be used, which sectors will be affected and how quickly the regulatory framework can change, deciding where new production capacity should be located and how future supply chains should be set up also becomes more difficult to determine.

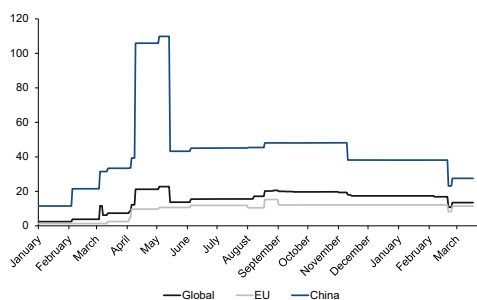
As such, the world economy has ended up in ill-defined territory. Trade patterns are changing, but they have not yet stabilised. Higher trade costs are easier to manage. Unclear rules, on the other hand, create an environment of general caution that risks holding back investments, productivity and trade flows over a longer period.

DIAGRAM 3. WORLD TRADE EXPANDS DESPITE HEADWINDS
Global export of goods, change from same month previous year, per cent

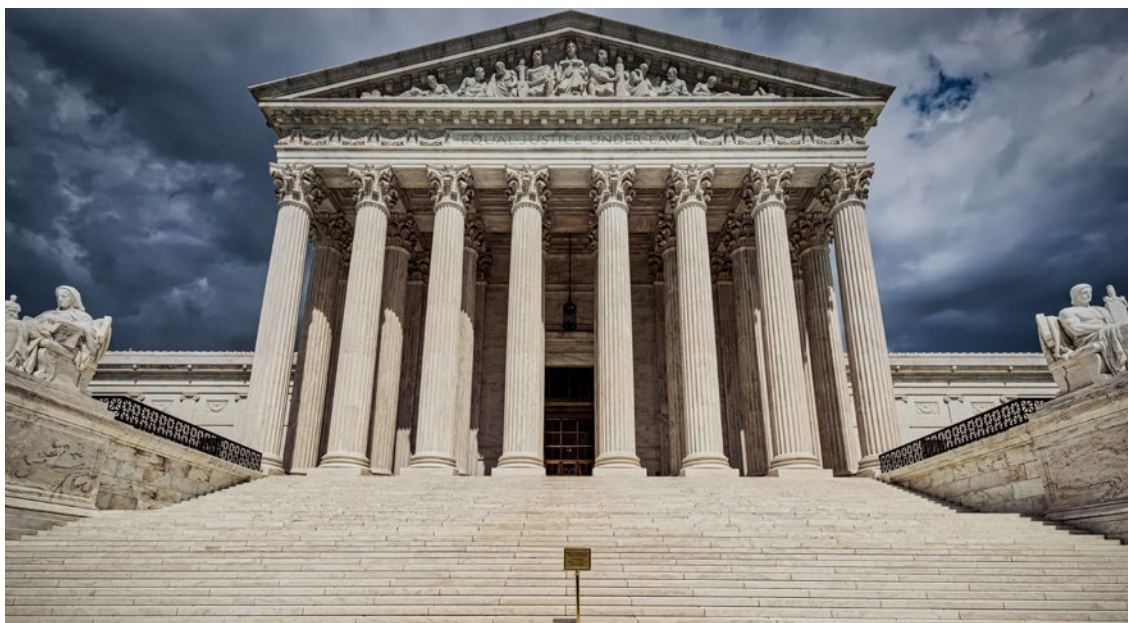


Sources: CPB World Trade Monitor and Macrobond

DIAGRAM 4. US TARIFFS FALL BACK TO LOWER LEVELS
US tariffs, average level, per cent



Source: WTO





MAIN SCENARIO: THE ENERGY CRISIS IS SHORT LIVED

Growth is expected to continue during the forecast period, but against a more uncertain backdrop than previously. As shown in Diagram 5, the world economy grew by 3.0 per cent in 2025, which is in line with the average for the period 2015–2019. Growth is expected to slow to 2.7 per cent in 2026 due to uncertain trade policies and geopolitical tensions, and then marginally regain strength in 2027, hitting 2.8 per cent growth.

The diagram also shows how the different regions contribute to global GDP growth during the period 2024–2027. Asia accounts for the largest contribution to global growth by far, while Europe gradually expands its contribution later in the forecast period. It also shows where vulnerabilities lie. Given Asia’s role as the world’s largest growth engine, the region’s sensitivity to energy and transport costs becomes critical for the global economy.

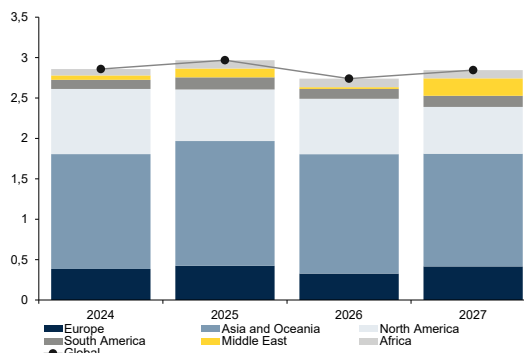
The main scenario at the time of writing is that the war in the Middle East will be short lived and that the negative effects on the world economy will therefore be limited. “Short-lived” rests on the assumption that the conflict does not deepen or expand in any way that puts prolonged pressure on the oil and gas market. The latest developments in the energy markets do not necessarily change the overall picture of the world economy, but they do change the risk landscape considerably. While analysts were previously concerned about whether tariffs and geopolitical fragmentation would gradually weaken trade and investment, the energy market has now become the biggest downside risk for the world economy.

If oil and gas prices stabilise and geopolitical tensions do not deepen, there are still good conditions for the world economy to continue growing at a relatively healthy pace. If, on the other hand, the conflict is prolonged and the oil and gas market remains jittery with continued supply risks in play, it becomes more likely that the global economy’s resilience seen last year will begin to erode – explore the in depth section “A prolonged war in the Middle East” for more analysis.

The broader geostrategic uncertainty compounds the complex outlook. The war in the Middle East is the most important and most acute issue facing markets, but not the only one. US foreign policy has recently been marked by a high degree of unpredictability. For companies, markets and governments this means that rising geopolitical risk to a greater extent influences economic decisions that were previously considered strictly commercial. In all, we can observe that the world economy has a more favourable starting point than expected for this year, but the recovery is fragile and highly sensitive to new disruptions.

This view of a stronger starting point is based on the conclusion that the world economy performed better than expected following the tariff shock of spring 2025, but does not imply that the international landscape is more secure. Global trade has so far demonstrated considerable staying power in terms of adapting to higher tariffs and a more fragmented global environment. But the decisive question going forward is not only how tariffs develop or how value chains change, but also whether the latest developments in the oil and gas market mark the beginning of a more long-lasting cost shock.

DIAGRAM 5. ASIA DRIVES LARGEST SHARE OF GROWTH IN GLOBAL ECONOMY
GDP growth in global economy by region, per cent



Sources: Oxford Economics, Macrobond and own calculations

REGION	2025	2026 (f)	2027 (f)	Average 2015–2019	Share of global GDP, 2024
World	3.0	2.7	2.8	3.0	100.0
Sweden	1.8	2.4	2.6	2.5	0.6
Europe	1.6	1.2	1.7	2.3	24.5
Asia and Oceania	4.4	4.1	4.0	5.2	35.3
North America	2.1	2.2	1.9	2.4	30.1
Middle East	3.6	0.7	7.5	2.7	2.9
Africa	3.8	3.8	3.8	3.3	2.6
South America	3.2	2.6	3.0	0.0	4.5

Sources: Business Sweden and Oxford Economics

EUROPE: WEAK RECOVERY

Europe’s economy grew by 1.6 per cent in 2025. During 2026, growth is expected to temporarily slow to 1.2 per cent. This does not imply a broad-based European downturn, but rather that the recovery is still fragile and uneven. Household consumption remains cautious in several parts of the continent, investments have not yet fully taken effect and reduced exports to the US hinders growth. These are the aspects of demand that will dampen Europe’s momentum during 2026.

At the same time, there are signs that investments in Europe are starting to pick up, especially in Germany. Increased public and private investment in infrastructure, energy, defence and industrial transformation is expected to have a gradually greater impact. This further underpins the observation that Germany will be the key driver of a European investment upswing. When these investments begin to be felt more clearly during the second half of 2026 and into 2027, growth will rise to 1.7 per cent. The fact that exports are expected to provide a less negative contribution will also help to boost growth. Nonetheless, Europe’s long term development is still held back by weak productivity growth, demographic challenges and continued energy dependence, which means that securing strong impact of investments will be crucial for the region’s growth potential going forward.



ASIA AND OCEANIA: CHINA SLOWING DOWN

Asia continues to be the world economy’s most important growth driver, following 4.4 per cent growth in 2025. In 2026, this growth will slow to 4.1 per cent, and 4.0 per cent in 2027 – reflecting developments in China above all. China pulls down the regional average through a weaker demographic trend, lower investment intensity in parts of the economy and a more mature growth trajectory.

At the same time, the new five year plan continues to emphasise industrial upgrading, technological development and strategic self sufficiency. This suggests that China will continue to lean heavily on industry, technology and export capacity rather than on a rapid and clear rebalancing towards consumption led growth.

Meanwhile, several other Asian economies are performing well, not least in South and Southeast Asia, but their combined size is does not fully offset China’s more mature growth path. As such, the region will maintain its key role as a global growth engine but develop at a slightly slower pace than before.



NORTH AMERICA: END OF THE EXPANSION PHASE?

North America’s growth was 2.1 per cent in 2025, and the region enters 2026 with continued strong resilience. During the year, growth is expected to rise slightly to 2.2 per cent, mainly due to fiscal policy measures in the US that continue to support the economy. These are delivered partly via tax cuts that strengthen households’ disposable income, and thereby consumption, and partly through continued high federal spending and industrial policy initiatives that maintain investments and production in several areas of the economy. This allows the region to continue growing despite increased uncertainty around geopolitics and energy prices. In 2027, growth will fall back to 1.9 per cent as fiscal policy support is scaled back and economic momentum gradually simmers. At the same time, the region benefits from a vibrant innovation capacity, deep capital markets and high productivity in tech and advanced services, but is weighed down in the long term by large budget deficits, high indebtedness and more unpredictable economic policies.



THE MIDDLE EAST: A LOST YEAR IN 2026?

The Middle East will lose significant momentum following 3.6 per cent growth in 2025 as weaker performance in 2026 will see growth fall to 0.7 per cent. The ongoing war, rising uncertainty and weaker investment climate will hold back activity markedly, even if higher energy prices provide some support in parts of the region. Provided that the conflict does not deepen or become prolonged, growth will bounce up to 7.5 per cent in 2027, mainly reflecting a recovery after a temporarily weak 2026. This large fluctuation in the forecast demonstrates how closely the region's development is tied to the energy market, investment appetite and the geopolitical situation. But it also proves how severe the downside risks are for the region as a whole, where vast energy resources and high investment levels in some economies are still counterweighed by continued high dependence on oil and gas revenues, limited diversification and high geopolitical risk.

0.7%
GROWTH
2026

AFRICA: STABLE GROWTH PATH

Africa points to a relatively stable development, with growth of 3.8 per cent per year throughout the forecast period. Population growth, urbanisation and investments in certain commodity and service sectors continue to provide support for the region, while relatively low productivity and limited space for reforms in several economies hold back the potential for a considerable upswing. The region's economic performance is therefore marked by endurance rather than any clear upward or downward shifts.

0.7%
GROWTH
2026

SOUTH AMERICA: COMMODITIES PROVIDE A BOOST

South America grew by 3.2 per cent in 2025 and is expected to slow to 2.6 per cent growth in 2026. The temporary slowdown reflects the fact that external support becomes less certain in an increasingly volatile global environment, while several economies in the region are sensitive to fluctuations in external demand and financing conditions. At the same time, commodity and agricultural exports continue to provide support while macroeconomic conditions are also improving in several countries. In 2027, growth will pick up again and reach 3.0 per cent as global markets stabilise somewhat and as export-driven sectors regain their momentum. The region also has significant strengths in the form of natural resources, agriculture and commodities linked to the green transition, but development continues to be held back by weak productivity, institutional uncertainty and a large dependence on global commodity cycles.

2.6%
GROWTH
2026



ALTERNATIVE SCENARIOS

A PROLONGED WAR IN THE MIDDLE EAST

A PROLONGED WAR IN THE MIDDLE EAST

To illustrate which parts of the world economy are most sensitive to a deepened and more prolonged war in the Middle East, two alternative scenarios have been modelled using Oxford Economics' global macroeconomic model.

In both scenarios, the conflict is assumed to escalate relative to the forecast presented in this report, leading to a significant decline in production and export of oil and gas in the economies that are dependent on the Strait of Hormuz, or are directly affected by Iran's attacks. This disruption to production and export is what drives up the oil price (Brent crude oil) sharply to over 150 dollars per barrel during the second quarter of 2026. Meanwhile, food prices will jump markedly, financial markets remain unsettled and pressure on supply chains between Asia and Europe will continue to increase. The difference between the two scenarios lies in duration. In the first, the economic shock will peak during the second quarter and then gradually subside. In the second scenario, the acute disruption will remain throughout the year and not begin to ease until early 2027. As such, the two scenarios capture the principal direct effects but not all of the more complex processes, which, in a worsening situation, could trigger an even deeper global crisis.

A global economic slowdown is clear in both cases. This is triggered not just by typical energy price hikes, but by a broader disruption where higher oil and gas prices squeeze households' purchasing power, raise companies' costs and make both investments and trade more cautious. Given the jittery state of financial markets, the impact is felt more deeply than during limited energy shocks. Nevertheless, we are not speaking of a negative global GDP trend as seen during the pandemic or the global financial crisis. Instead, the world faces an intensified stagflation scenario, whereby growth clearly dampens but without suffering the abrupt and synchronised decline seen during the two previous crises. In the case of a prolonged shock, global growth is halved relative to the main scenario.

SWEDEN

Sweden is affected primarily through European impacts and the global environment at large. While Sweden's vulnerability to direct energy shocks is lower than in large parts of Europe, Swedish exports and industry suffer when the European recovery is disrupted, financial markets become more volatile and investments are postponed. Sweden copes better than Europe as a whole, but still loses the economic boost it would otherwise get from global markets. In the moderate scenario, the impacts are unmistakable but still manageable. In the more prolonged scenario, the slowdown becomes more drawn-out and the recovery weaker.

EUROPE

Europe emerges as one of the most vulnerable regions in both scenarios. This is not only due to spiking energy prices, but also because the shock comes at a time when the recovery is already fragile. Household consumption is still relatively sensitive, the industrial sector has limited margins and investments have only just begun to pick up. When a new energy shock suddenly hits the economy, purchasing power is squeezed, industrial costs soar and investments are once again postponed. If high gas prices persist during a cold winter, Europe will become particularly exposed, as the energy issue then risks shifting from a price problem to also becoming a significant supply problem. In the more prolonged scenario, the impact is therefore both significantly greater and more long-lasting than in the first scenario.

ASIA AND OCEANIA

Asia is also severely affected but for slightly different reasons. Many economies in the region are heavily dependent on energy imports from the Middle East, which means that higher oil and gas prices have a rapid impact on inflation, production and transport. Meanwhile, this impact is compounded by greater trade frictions with Europe and more pronounced supply chain disruptions. This means that Asia is hit both through reduced oil and gas supply and higher energy prices, combined with

more expensive exports. The region still maintains higher growth than Europe, proving that several Asian economies continue to enjoy stronger domestic demand and a more positive growth trend. But in both scenarios, growth weakens markedly, and in the more prolonged scenario the energy shock leaves more long-lasting effects dragging into 2027.

NORTH AMERICA

North America slows considerably as well, but the effects are less persistent than in Europe and Asia. The US enters the scenario with stronger domestic demand, expansionary fiscal policy and less direct dependence on imported energy from the Middle East. This means the region withstands the shock better. At the same time, the short-term effects remain significant. Higher energy costs, more volatile financial markets and weaker external demand dampen both consumption and investments. In the moderate scenario, the setback is mainly felt during 2026, while the effects in the more prolonged scenario linger into 2027. Compared with Europe, however, North America is heavily affected at the start but recovers more quickly as the disruption subsides.

THE MIDDLE EAST

The Middle East is the hardest hit region in the initial phase, given that the scenarios explicitly assume that parts of the region's oil and gas production fall away at the same time as export flows are disrupted and the investment climate weakens sharply. As such, the region does not fully benefit from higher energy prices as it simultaneously loses both production and export revenues. In the moderate scenario, the downturn is sharp but relatively short-lived. In the prolonged scenario, the economic losses are much more severe. As production and exports gradually bounce back, a strong recovery is expected – but largely representing a rebound from low levels rather than a sign of permanently stronger underlying growth.

AFRICA

More than any other region, Africa escapes the broader repercussions of the crisis as growth in both scenarios receives temporary support. The reason for this is that several economies in the region benefit from higher energy prices and other commodities, while not being as directly affected by the trade frictions between Asia and Europe. This gives export revenues and activity a short-lived and temporary upswing. When the boost to commodity sales fades and weaker global demand takes effect, growth will weaken once again.

SOUTH AMERICA

South America is mainly affected in indirect ways. The region is hit by weaker global demand and worsened financing conditions, but simultaneously receives some support from higher commodity prices and continued strong agricultural and commodity exports. This means that growth slows, but without the region being hit as hard as Europe or Asia. The fact that the outcome is relatively similar in both scenarios also suggests that South America is less affected by the duration of the energy disruption and more so by the overall slowdown in the global economy.

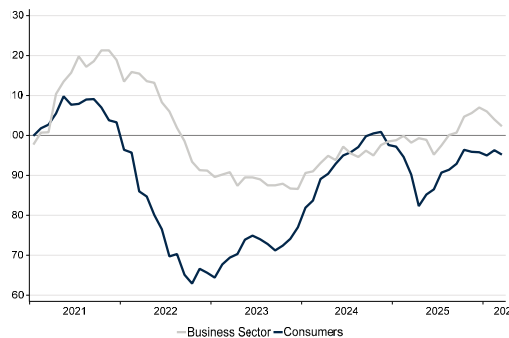


SWEDEN EXITS THE DOWNTURN

- **Sweden's economy shows clear recovery**
- **Fiscal policy provides support, less room for monetary policy**
- **Exports benefit from European investments**

The Swedish economy entered the final months of 2025 showing clear signs of robust recovery. Several outcomes and cyclical indicators pointed in the same direction: rising activity, stronger sentiment and a gradually brighter outlook for the economy at large. Diagram 6, which shows the combined confidence indicators of businesses and households, clearly illustrates this development. A value above 100 signals growth and optimism, while a value below 100 points in the opposite direction. Towards the end of the year, confidence improved clearly, which aligned with the view that the Swedish economy was leaving a weaker growth phase behind.

DIAGRAM 6. SWEDISH HOUSEHOLDS REGAIN CONFIDENCE
Confidence indicators, index



Sources: Macrobond and The National Institute of Economic Research (NIER)

The beginning of 2026, however, revealed a more mixed picture. The first indicators for the start of the year were weaker than expected and not as aligned as in late 2025. This has raised questions about how quickly the recovery can actually continue in a situation where global uncertainty is rising. The Swedish economy grew by 1.8 per cent in 2025 and is expected to grow by 2.4 per cent in 2026 and 2.6 per cent in 2027. As such, the economy is still on an upward trajectory, but the recovery appears more stumbling in nature than previously expected. This is particularly true for households, where early-year signals pointed towards continued caution rather than a clear upswing.

DOMESTIC DEMAND DRIVES GROWTH IN 2026

In 2026, growth will primarily be driven by domestic demand. Household consumption is expected to gradually strengthen as purchasing power improves and the effects of interest rate cuts continue to feed through the economy. However, a strong surge in consumption is not expected, but rather less restrained households than seen in recent years. At the same time, the economy is supported by expansionary fiscal policy. Lower income tax, lower tax on savings and lower VAT on food from 1 April this year will, altogether, help sustain demand in 2026. These fiscal policy stimuli may become important in a situation where external demand still doesn't give the Swedish economy the boost it needs.

At the same time, Sweden faces clear limitations. Swedish households are sensitive to new cost increases, and if the situation in the Middle East were to lead to a new energy price shock, consumption would likely be held back again. Households are expected to contribute more to growth than in recent years, but the recovery is not robust enough to withstand a deteriorating situation in global markets without consequences being felt. This is an important reason why the growth trajectory looks more cautious than before.

Investments will also be an important part of the recovery, but here the uncertainty is even greater. The forecast assumes that investment activity strengthens – but investment plans have already been revised downward compared with the likely scenario just a short time ago. When future prospects are weakened or become less certain, investments are often the area of demand that is affected first. This means that investments are still expected to contribute to growth, but they also represent a clear downside risk if the global economy were to weaken further, for example due to a deeper and prolonged conflict in the Middle East. The same reasoning applies to some extent in 2027, even though conditions are set to improve as external demand is expected to strengthen.

STRONG STARTING POSITION IN A RISKY WORLD

Monetary policy has less room to provide additional support to the economy than it otherwise would. The reason for this is that the risk of rising inflation has grown in the wake of the conflict in the

Middle East. If higher oil and gas prices persist, the Riksbank will find it more difficult to carry out interest rate cuts than it otherwise would have, even if the economy were to weaken. In this sense, monetary policy has less room to manoeuvre. In this sense, fiscal policy becomes more crucial to drive demand in 2026 and partly into 2027. At the same time, the balance between fiscal and monetary policy becomes more sensitive if the global developments deteriorate further.

The Swedish economy enters this period from a strong fiscal position, characterised by low public debt of 33 per cent of GDP. This provides greater room for manoeuvre than in many other economies, in a reality where global uncertainty is on the rise. In addition, Sweden has an energy system that is less directly dependent on oil and gas than many other European and Asian economies, and Sweden is also a net exporter of energy. This does not make Sweden immune to rising energy prices, but it reduces direct vulnerability in a situation where the energy market has become an important global risk factor.

Diagram 7, which shows the Swedish krona's development against the dollar and the euro, provides another dimension. The krona's strengthening over the past year suggests improved confidence in the Swedish economy. Against the backdrop of recent turbulence in the Middle East, however, the krona has weakened, especially against the dollar. This shows how quickly global affairs affect financial flows and risk appetite, and that the dollar in a more uncertain situation has again strengthened relative to several other currencies.

NEXT STEP IN THE RECOVERY

The recovery in the Swedish economy initially rests on household consumption, investments and fiscal policy. But as the European business cycle improves, the composition of growth changes. The question then becomes not only how strong domestic demand is, but also how much support Swedish exports can provide as external demand recovers. For the Swedish economy, this becomes particularly important because exports are expected to play a larger role in the growth profile as the recovery matures.

SWEDISH EXPORT IN TOUGH COMPETITION

Swedish exports performed well in 2025, but now enter a more demanding phase where export of both goods and services is faced with a less favourable global state of affairs. Diagram 8, which shows the development of goods and services exports by quarter since 2021, illustrates how services exports have grown faster than goods exports over several years, and thereby been an important driver of Swedish exports. By late 2025, however, the difference between the two had narrowed clearly, and monthly outcomes in 2026 indicate that services exports have weakened further. At the same time, the services exports have not lost their structural importance. Instead, they have entered a weaker growth phase following a period of very strong development. In the export forecast, services exports will still grow faster than goods exports going forward, and thereby regain their role as the stronger pillar of Swedish exports, even though the discrepancy is not as clear as before.

As such, the challenge for Swedish exports lies not only in the slower momentum in services exports, but also in the fact that goods trade has become more complex due to rising uncertainty around trade and geopolitics. US tariffs, a more uncertain trade policy environment and intensified global competition make conditions for Swedish goods exports more demanding. This is particularly true when it comes to competition from China, which has grown increasingly fierce both in the Swedish market, in Europe and in several emerging economies. For many Swedish and European industrial companies, this translates into dual pressure: weaker or more uncertain demand, and increased competition from Chinese firms with strong price pressures and a rising market presence. As a result, Swedish exports will continue to grow, but at a pace that is restrained by the shifting global landscape.

DIAGRAM 7. SWEDISH KRONA LOSES STEAM AFTER STRONG PERFORMANCE
Swedish krona in respective currency

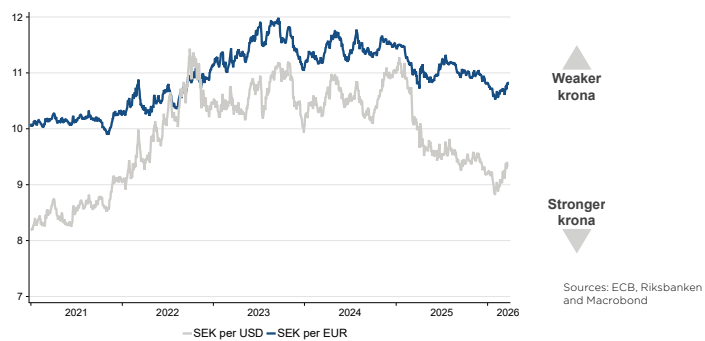


DIAGRAM 8. WEAK YEAR FOR EXPORT OF SERVICES
Change from same quarter previous year, constant prices, per cent

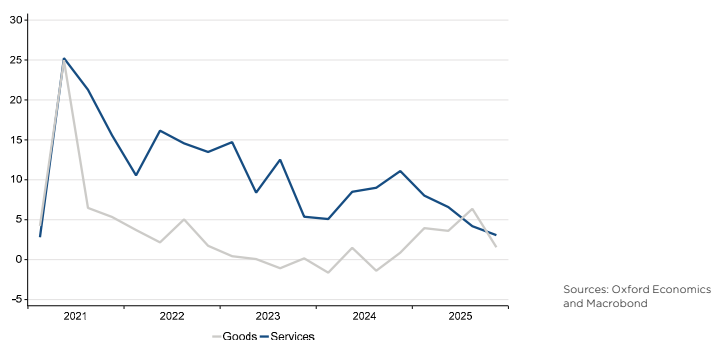


TABLE 2. MODERATE OUTLOOK FOR SWEDISH EXPORTS
Export forecast, change from previous year, constant prices, per cent

	2025	2026f	2027f	Average 2015-2019
Total exports	4.4	2.0	3.2	4.5
Export of goods	3.8	1.3	2.1	4.3
Export of services	5.4	3.5	5.3	4.9

Source: Business Sweden

EUROPE'S RECOVERY IS CRUCIAL FOR GOODS EXPORTS

Swedish export of goods is highly dependent on the European economy, as almost three-quarters of exports are destined for the continent. Extensive European initiatives in infrastructure, energy transition, electrification, digitalisation and defence are expected to gradually translate into actual demand. This is particularly true in Germany, where larger investments in these fields are now expected to gradually take effect. For Sweden's export industry, this support carries a lot of weight. Sweden is competitive in areas such as energy tech, transport solutions, advanced engineering and defence related production. Given the situation where Europe's vulnerability in energy and security has been clearly exposed, this may unlock new opportunities for Swedish exports.

This observation is supported by Business Sweden's Export Managers' Index for the first quarter of 2026, where the index for expected export demand from Europe rose to a high level. Moreover, it strengthens the assessment that Europe may become the most important external driver for Swedish exports as the recovery gradually gains traction. At the same time, intensified competition from China means that strong demand in Europe is not enough – Swedish companies must also compete in a market environment where price pressure has risen and competition has become significantly tougher.

The geopolitical situation and the ongoing war in the Middle East also change the outlook for parts of Swedish exports. Europe's rearmament and a more uncertain security environment suggest that defence related exports may contribute more in the coming years. At the same time, weaknesses cannot be overlooked. The US market has become trickier to assess given the new tariff regime and more uncertain trade policies. This means that North America, especially the US, currently represents a riskier prospect than the status it previously had as an undisputed growth engine for Swedish export of goods.

In all, Business Sweden's export forecast suggests an initial period where Swedish exports grow at a dampened pace in 2026, and then pick up momentum in 2027 as global demand recovers. The strong position that Swedish companies have in industrial fields, the energy transition, services exports and defence related production supports Swedish exports as Europe undertakes major investments. Speaking against this development is the fact that exports are facing a global landscape that has become more difficult to navigate and where competition has only intensified.

SWEDISH EXPORT OF GOODS PERFORMING BEST IN ASIA

Export of goods forecast, change from previous year, constant prices, per cent, share of Swedish export of goods

Region	2025	2026 (f)	2027 (f)	Share of Swedish exports, 2025
World	3.8	1.3	2.1	100
Europe	3.8	1.4	2.1	72.8
Asia and Oceania	5.4	3.5	2.0	11.1
North America	1.9	-1.9	1.8	10.8
Middle East	3.2	0.3	3.5	2.1
Africa	5.5	1.7	2.5	1.7
South America	9.5	-0.4	0.7	1.5

Source: Business Sweden

THE ECONOMIC CYCLE, RESOURCE UTILISATION AND GROWTH

Economies develop over time around a long term sustainable production level, often described as potential GDP. Potential GDP refers to the level of GDP that can be sustained without creating macroeconomic imbalances. It is determined by factors such as labour force size, capital stock, productivity and institutional conditions. Actual GDP observed in the economy is instead largely determined by demand and short term cyclical conditions, such as household consumption, corporate investments, export demand, monetary policy, fiscal policy and financial conditions.

Since these short term factors vary over time, actual GDP can temporarily be both higher and lower than the long term sustainable level. During periods of strong demand, driven for example by rising export demand or expansionary economic policy, actual GDP can rise above potential GDP. This means high resource utilisation and often increasing inflationary pressure. During periods of weak demand, such as when household consumption slows, investment willingness falls or export market demand weakens, actual GDP may instead fall below potential GDP. This leads to idle resources and lower inflationary pressure. These recurring deviations between actual GDP and potential GDP constitute the economic cycle.

It is also important to underscore that potential GDP cannot be observed directly but must be estimated using models and statistical methods, which means the measure is uncertain and often revised over time. Despite this, the concept provides a useful reference frame for analysing resource utilisation and the economic cycle.

THE ROLE OF STABILISATION POLICY

Economic cycles are influenced not only by private economic decisions but also by economic policy. Monetary policy has a clear responsibility for stabilizing inflation and economic developments over time by influencing demand and financial conditions. Fiscal policy has a broader purpose focusing on structural reforms, but it can also influence the economic cycle via automatic stabilisers and active decisions on public spending and taxes. When the economy weakens, central banks can cut policy rates and governments can stimulate demand by increasing public spending or announcing tax cuts. Conversely, when the economy risks overheating, policies can be tightened. Economic policy can therefore dampen fluctuations in demand and resource utilisation, even if it cannot eliminate economic cycles entirely.

Diagram 9 shows how actual GDP moves around potential GDP over time. The difference between these two levels is called the GDP gap and is a measure of resource utilisation in the economy. A positive gap means resource utilisation is high and actual GDP is above potential GDP, while a negative gap means resources are underused and actual GDP is below potential GDP.

To analyse resource utilisation and the current state of the economic cycle simultaneously, the GDP gap can be combined with GDP growth in a four quadrant illustration, shown in diagram 10. While Diagram 9 illustrates developments over time, the four quadrant shows how an economy's current performance at any given time can be pinpointed based on the combination of GDP gap and GDP growth. When developments over time are plotted in Diagram 10, a typical economic cycle emerges, moving clockwise through the four quadrants. Points A-D represent the same economic situations in both charts and make it possible to connect developments over time to the different phases of the economic cycle and to the current cyclical position.

DIAGRAM 9. ECONOMIC CYCLE MORE THAN JUST GROWTH
Actual and potential GDP over time

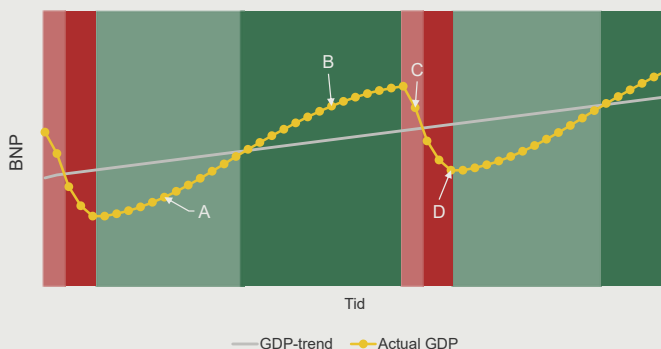
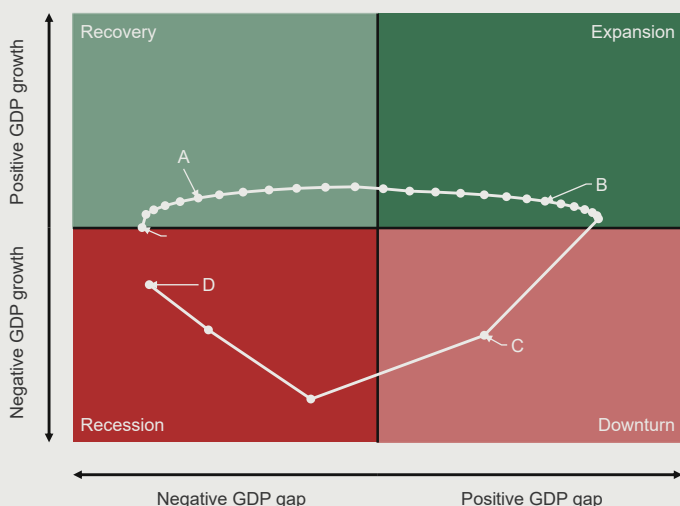


DIAGRAM 10. ECONOMIC SITUATION IS TEMPORARY
 Four phases of the economic cycle: Recovery, expansion, downturn, recession



THE FOUR PHASES OF THE ECONOMIC CYCLE

At **point A** (light green), the economy is in **the recovery phase**. Actual GDP is still below potential GDP, but growth is positive and often relatively strong as idle resources allow for a rapid upswing without major inflationary pressure. In Diagram 9, this corresponds to actual GDP rising toward the potential level after a downturn.

When the economy reaches **point B** (dark green), it is in **the expansion phase**. The GDP gap is positive and growth remains solid, but resource utilisation is high and constraints begin to appear. In Diagram 9, actual GDP is above potential GDP.

At **point C** (light red), **the downturn phase** occurs. Growth becomes negative even though actual GDP is still above its potential level. This often happens when demand weakens or financial conditions tighten. In Diagram 9, this is seen when actual GDP begins to move downward while still above potential GDP.

Finally, the economy reaches **point D** (dark red), where it hits **the recession phase**. Actual GDP falls below potential GDP and growth is negative. After this phase usually follows a new recovery, which closes the cycle back toward point A.

ASYMMETRY AND THE LENGTH OF THE PHASES

Economic cycles are often asymmetric in practice. Downturns can occur quickly when demand falls, financial conditions tighten or negative shocks hit the economy. Production and employment can then be adjusted downward rapidly, for example by reducing production, inventory adjustments or postponing investments. Upturns, however, normally occur more gradually as investments are implemented successively and the labour market adjusts with a time lag when demand improves. This difference in adjustment speed means the economy often moves more quickly into a downturn than back to normal resource utilisation levels, contributing to the fact that recovery phases tend to be more prolonged than the downturn phase. This is illustrated in the diagrams by the relatively rapid decline from peak to bottom, while the rebound toward the trend line and expansion occurs gradually over a longer period.

A TOOL FOR UNDERSTANDING DIFFERENT ECONOMIES' SITUATION

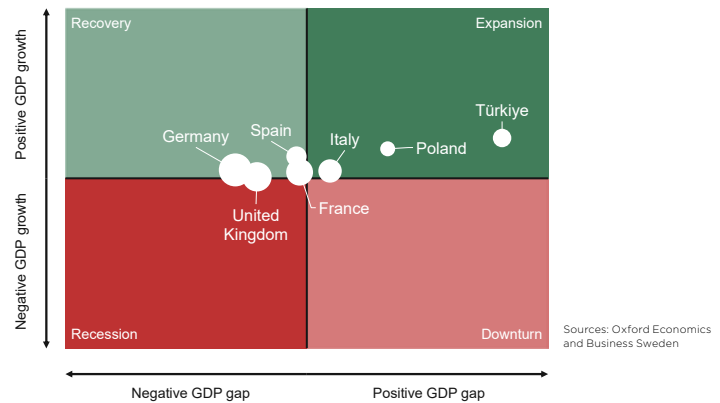
By placing different economies in the four quadrant diagram, it is easy to quickly identify their current business cycle situation and development path. An economy with a negative GDP gap but positive growth is likely in the midst of a recovery phase, while an economy with a positive GDP gap but negative growth may be entering a downturn. The diagram provides not just an overview of the current state but also an indication of cyclical momentum and possible future developments. As such, it can be used both to describe the cyclical situation in a given economy and to compare the current state of different economies.

RECOVERY ON FRAGILE GROUND

- **Moderate growth prospects**
- **New free trade agreements boost exports**
- **Highly vulnerable energy supply**

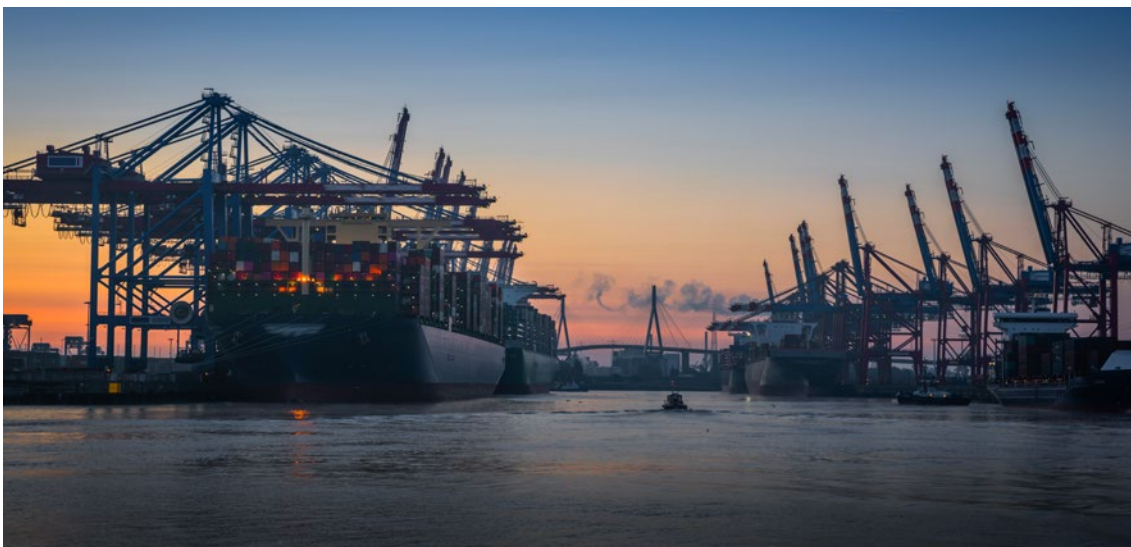
In Europe, several of the region’s large economies are in a fragile recovery phase, with low growth rates and continued low resource utilisation. Germany, France and the UK have different economic structures but share a situation in which private consumption, investments and exports still do not give any clear, combined signal of strength. Italy is in an expansion phase, with already tight resource utilisation. Spain, on the other hand, remains in a recovery phase, driven by stronger consumption and investments, which means there is still some room for continued expansion. Poland, and especially Türkiye, have meanwhile performed better than several of the larger Western European economies. This also implies a different risk profile. Türkiye in particular is closer to a situation in which strong demand coupled with rising energy prices can fuel the risk of overheating and significantly tighter monetary policy. The overall picture, therefore, is that Europe has left the weakest growth phase behind, but the recovery is still fragile, unevenly distributed and associated with different types of risks across the region.

DIAGRAM 11. EUROPE IN RECOVERY PHASE
Economic situation: GDP growth versus GDP gap



DAMPENED CONSUMPTION DELAYS THE CYCLICAL UPTURN

Europe’s total GDP growth amounted to 1.6 per cent for the full year 2025. Growth in the euro area was slightly lower than for Europe as a whole and was mainly propped up by a cautious improvement in private consumption and investments compared with the weaker situation in 2024. Exports and industrial production also showed an uptick during the year following a period of weak development, but the improvement was moderate. Instead of a clear upswing, we could observe stagnation and a slight decline being gradually replaced by modest improvements. As household consumption is still restrained in many parts of the continent, investments have yet to fully take effect and exports to the US are reduced, growth is expected to temporarily slow to 1.2 per cent in 2026. Increased public



and private investments in infrastructure, energy, defence and industrial transformation are expected to gradually make a larger mark. When these investments begin to be felt more clearly during the second half of 2026 and into 2027, growth will rise to 1.7 per cent.

The European Central Bank has been successful in bringing down inflation after the energy crisis that followed Russia's invasion of Ukraine. Price increases in the euro area were pushed back, and the interest rate cuts since 2024 have gradually improved financial conditions for households and companies. With lower inflation, lower interest rates and strong wage development, households' real incomes also rose in 2025, but the expected positive effects on private consumption have been difficult to bring to fruition. Households have continued to save an unusually large share of their disposable income, and European consumers remain pessimistic about their economic situation and future outlook. This likely reflects both the significant price increases in recent years, especially for energy and food, coupled with rising geopolitical uncertainty, and the fact that the policy rate is still higher than before the inflation crises, although interest rates have fallen back.

Somewhat paradoxically, given the dampened economic situation, the European labour market has continued to develop relatively well. Weakness in the industrial sector has so far not left any major mark on employment, which may indicate labour hoarding – meaning that companies to a greater extent than usual have chosen to retain personnel despite weaker demand. At the same time, the labour-intensive hospitality sector continues to be supported by a thriving tourism sector, especially in southern Europe. This is revealed in Diagram 12 showing Europe's employment rate. The fact that countries such as Germany and Sweden have higher employment than, for example, France is linked to structural differences such as higher labour force participation and different labour market structures.

In addition, the Hamburg Commercial Bank (HCOB) Purchasing Managers' Index points towards a cautious improvement in several European economies, albeit from low levels, see Diagrams 13 and 14. In manufacturing, the index has risen towards more neutral levels, meaning closer to the 50-mark that separates decline from growth. The services sector continues to demonstrate growth but without any clear signal of strength. Here, the countries diverge. Germany remains weakest in the industrial sector while Poland and Türkiye show healthier momentum. Italy is closer to the middle, while Spain still appears to be one of the stronger large economies. The European Commission's confidence indicator has also gradually improved over the past year, but remains below its long-term average. In all, we can observe that cautiousness prevails but with a slightly positive economic cycle.

TRADE POLICY ON THE OFFENSIVE

For European businesses, especially industrial companies, competition from China has become increasingly fierce, while demand for European export goods in the Chinese market has weakened. EU countries' exports to China have developed poorly and the trade deficit with China has continued

DIAGRAM 12. RISING EMPLOYMENT IN EUROPE
Share of employed in population (age 15-74), per cent

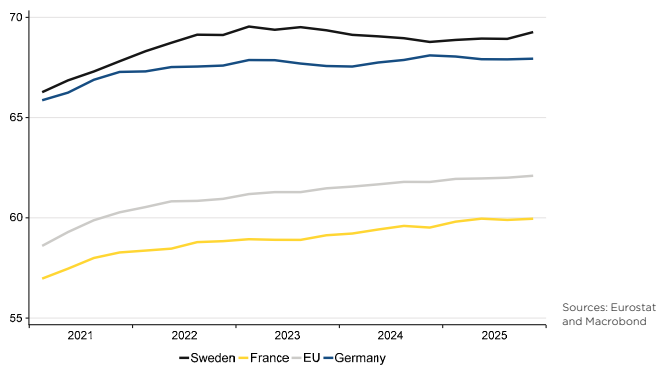


DIAGRAM 13. BRIGHTER OUTLOOK FOR EUROPEAN INDUSTRY
Purchasing Managers' Index for manufacturing, index >50 indicates expansion

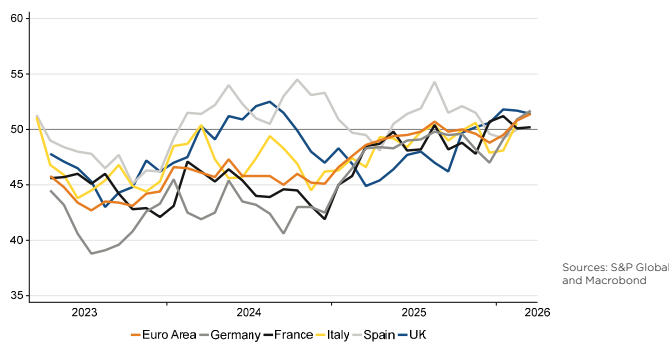
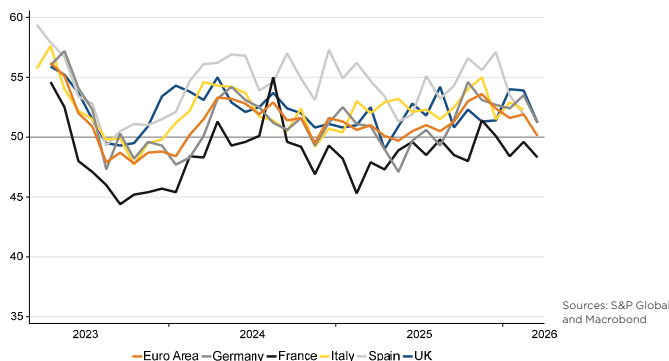


DIAGRAM 14. EUROPEAN SERVICES EXPORTS LOSE MOMENTUM
Purchasing Managers' Index for services, index >50 indicates expansion



to grow. No clear rebalancing in trade exchanges is in sight. At the same time, competition from Chinese companies has intensified not only in Europe but also globally, where European companies face stronger price pressure than before.

Meanwhile, the EU's trade conflict with the US has entered a calmer but still uncertain phase. The agreement on a tariff ceiling for EU goods created some relief, but the legal uncertainty surrounding parts of the US tariff regime has since made the situation less clear again. For European companies, this uncertainty concerns not only tariff levels, but also the rules that will apply going forward, which makes it more difficult to plan investments, production and exports.

On the positive side, the trade conflict has prompted the EU to bolster its efforts to strengthen relationships with other trading partners. The EU and India signed a historic free trade agreement in January this year, followed by an agreement on a free trade deal between the EU and Australia in March, while the free trade agreement with Mercosur is being delayed by political disagreements. Meanwhile, the EU's industrial policy continues to take shape through initiatives aimed at strengthening European manufacturing, raw materials supply, and the green and digital transition.

HIGH COSTS OF THE WAR IN UKRAINE

Russia's war of aggression against Ukraine is now entering its fourth year, and no immediate solution for peace is in sight. The frontline has changed relatively little, but the economic and political costs for Europe remain significant. The war requires extensive financial, military and humanitarian support for Ukraine, while it continues to affect the energy market, investment sentiment and the security situation in Europe as a whole.

The EU has also had to shoulder a larger share of the support as the US' engagement has become more limited and politically uncertain. The financing packages adopted for 2026–2027 further reinforce this trend. The war is therefore not only a security policy burden, but also a lasting economic strain that affects everything from public finances to defence investments and energy costs.

TOWARDS A NEW ENERGY CRISIS?

The European energy crisis, triggered by Russia's invasion of Ukraine, has subsided thanks to a rapid shift to imports of liquefied natural gas and a substantial expansion of renewable energy sources. Europe's dependence on fossil fuels, however, is still considerable, and gas storage levels remain an important indicator of the continent's energy preparedness. After a cold winter, storage levels have fallen to levels that make Europe more sensitive than usual to new disruptions.

The war in the Middle East therefore adds a new layer of uncertainty. If the conflict deepens and becomes prolonged, and shipping through the Strait of Hormuz is significantly affected, the negative impact on the European economy could be substantial due to rising energy and transport costs, higher inflation and, ultimately, weaker global demand (see the in depth section A Prolonged War in the Middle East). In a situation where several of Europe's larger economies are still in an early recovery phase, a new increase in energy prices could slow development before it has gained proper traction. This is especially true for the European economies where household consumption remains weak, investments are low and industry is sensitive to higher costs. Here, Germany in particular appears vulnerable, but other industrially-driven economies in the European heartland would also be clearly affected.





GERMANY

- Weakness plagues Europe's largest economy
- Infrastructure, energy and defence new economic drivers
- Certain openings in the relationship with China

The German economy can put yet another weak year behind it, with growth of 0.4 per cent in 2025 following two consecutive years of falling GDP. Private consumption rose somewhat during the year, while investments fell back and exports stagnated, as shown in Diagram 15. Industrial production continued to decline, albeit at a slower pace. Inflation developed in line with the downward trend in the euro area.

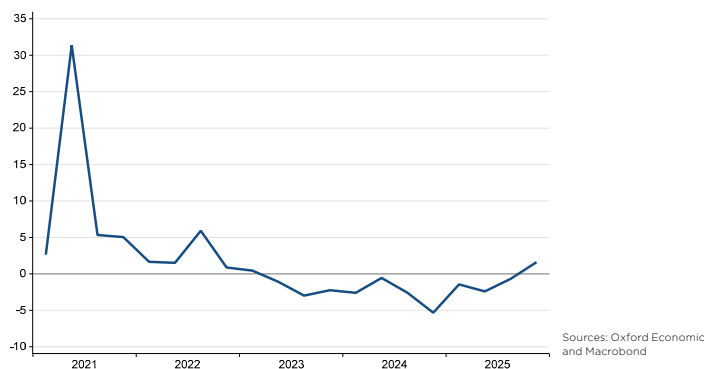
Despite rising wages and lower interest rates, German households are feeling the weight of higher price levels and an uncertain economic outlook. Savings remain high, retail trade is stumbling forward, and consumer confidence remains low, while having improved since the bottom levels seen during the energy crisis. At the same time, the loss of competitiveness for the energy intensive industrial sector has more or less become permanent, and the critical automotive industry is being pressured by intensified Chinese competition, especially in the electric vehicle market. The industrial crisis has also become more visible in the economy following layoff announcements and restructuring in several major industrial companies. The labour market has nevertheless held up relatively well, which is most likely partly a consequence of labour hoarding. Low productivity remains a clear structural weakness.

As shown in Diagram 11 on page 16, Germany is in an early and fragile recovery phase. The Purchasing Managers' Index for manufacturing has climbed towards more neutral levels, and the forward looking components of the indicators have strengthened, not least due to expectations on the government's investments in infrastructure and defence. The services sector continues to show growth, but without any clear signal of strength.

Germany's decided, loan financed investments in infrastructure, energy and defence are expected to give the economy a fresh start. At the same time, delays in orders, procurements and project starts indicate that the greatest positive effects will only become clear later in the forecast period. In the short term, the German economy is expected to continue to be negatively affected by increased global uncertainty and higher energy prices. The German recovery is therefore expected to continue at a slow pace in 2026, with GDP growth of 0.7 per cent. In 2027, growth will rise to 1.7 per cent as investments and domestic demand give the economy a boost and as the European economic cycle gradually improves.

Meanwhile, Germany's relationship with China remains double sided. The underlying problems concerning competition, industrial pressure and weaker Chinese demand remain, but there have also been some openings in the economic dialogue between the countries. This does not solve the fundamental challenges, but it reduces the risk of a further deterioration of trade policies.

DIAGRAM 15. GERMAN EXPORT OF GOODS IS FINALLY GROWING
Export of goods, change from same quarter, previous year, constant prices, per cent



FRANCE

- **Cautious recovery with low growth**
- **Political uncertainty dampens investments**
- **Tourism continues to provide support**

France's economy grew by 0.9 per cent in 2025 and is expected to grow at the same pace in 2026. Growth is driven by a moderate increase in consumption and slightly improved exports, but remains constrained by low investment activity. Political uncertainty persists and hampers investments, and the room for any major reform breakthroughs is limited. In 2027, growth will see a moderate uptick to 1.0 per cent as private consumption and investments gradually improve.

Tourism, meanwhile, continues to give the economy a boost.

Stable wage increases, lower interest rates and significantly lower inflation have strengthened households' real incomes. However, French households have continued to be cautious in terms of consumption and have primarily opted for saving. As shown in Diagram 16, the recovery in retail trade is still weak, and total retail trade has now roughly remained at the same level after having essentially stagnated for the past two years. The development appears somewhat stronger when excluding vehicles, which most likely relates to car sales being more volatile and more heavily affected by financing conditions, delivery issues and timing of major purchases than the rest of retail trade. Consumer confidence is improving slowly but remains low.

At the same time, the labour market is giving mixed signals. Unemployment has gradually risen and youth unemployment remains high, while labour force participation is also at a high level. The tourism sector, however, continues to generate jobs and support the economy.

There is also reason to assume that France may benefit indirectly from the larger investments in Germany, not least in defence and the industrial sector. A stronger German investment upswing can generate positive spill over effects for French industry due to rising demand in European value chains. However, this should not be overstated at the current stage but rather seen as possible added support, as it is not a main driver of the French recovery.

UNITED KINGDOM

- **Dampened growth and cooler labour market**
- **Monetary policy sees cautious easing**
- **Export of services remains a key strength**

The British economy grew by 1.3 per cent in 2025, mainly due to an uptick in private consumption and investments, which held up better than in several other European economies. Exports developed poorly, however, and industrial production stagnated. Households' real incomes improved somewhat via wage increases, lower interest rates and declining inflation, but the labour market clearly cooled off at the same time.

The Bank of England has gradually cut interest rates to 3.75 per cent while also adopting a more cautious approach given that inflation has not yet fully returned to target. The Purchasing Managers' Index shows that the services sector remains the clearest source of strength in the economy, while the industrial sector is developing poorly and unevenly, with some bright spots but without a clear recovery.

The UK is one of the few economies where services exports far exceed goods exports, see Diagram 17. As such, the UK economy has a different structure than many other European countries and the services sector plays a more important role as growth driver. At the same time, the government's increases in employers' social contributions have fuelled a dampening of business sentiment. The government has also been criticised for moving too slowly with its programme to improve the business climate and reform the public sector. As such, these stumbling blocks are expected to characterise the first half of 2026 as well, with growth expected to remain at 0.8 per cent. In 2027, growth will pick up momentum again and hit 1.3 per cent as private consumption, investments and exports gradually improve.

DIAGRAM 16. SIGNS OF INCREASED DEMAND IN THE FRENCH RETAIL SECTOR

Retail sector sales, change from same month previous year, constant prices, per cent

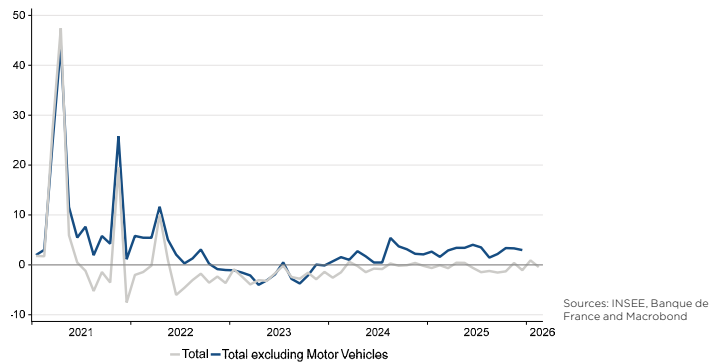
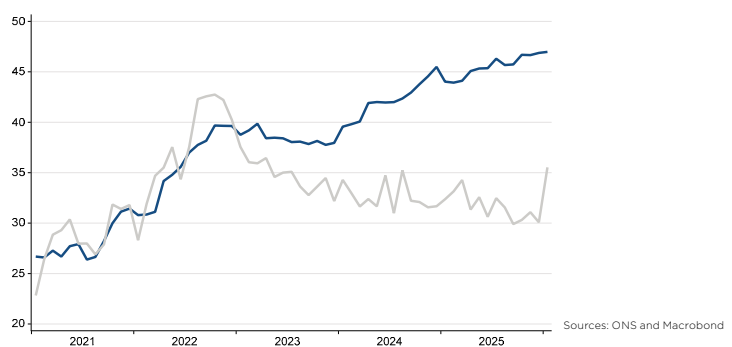


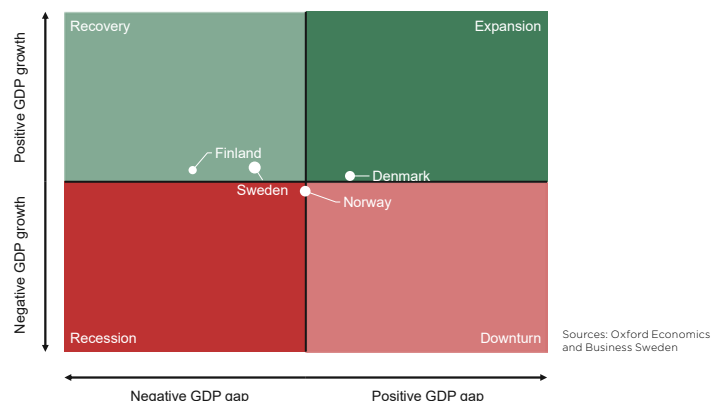
DIAGRAM 17. CONTINUED UPTICK UK EXPORT OF SERVICES Exports, GBP billion, constant prices



COUNTRY ANALYSIS: NORDICS



DIAGRAM 18. NORDIC ECONOMIES COMING OUT OF RECESSION
Economic situation, GDP growth versus GDP gap



DENMARK

Temporary slowdown following strong 2025

Denmark's GDP growth reached 2.9 per cent in 2025, driven by private consumption and exports. Investments and industrial production, however, fell back during the year. At the same time, Diagram 18 does not indicate any clear movement towards economic downturn, which is why describing the current situation as a temporary slowdown from a high level is more accurate, rather than a clear cyclical downturn. Household purchasing power is fuelled by strong wage growth, lower interest rates and high employment, with additional support from tax cuts. Denmark's very low public debt also means that fiscal policy can be used more actively if the economy were to weaken further.

The economy's performance is, nonetheless, heavily influenced by the pharmaceutical company Novo Nordisk, which gained a prominent position in recent years for Danish export of goods and stock market value. The continued difficulties after a turbulent 2025 with intensified competition in the market for obesity medications has driven an unusually large company specific uncertainty in Denmark's economic outlook. Growth is expected to fall back markedly to 0.5 per cent in 2026 and then bounce back to 2.2 per cent in 2027, as private consumption and investments gather more momentum.

FINLAND

Weak recovery after a long period of decline

The Finnish economy grew by 0.2 per cent in 2025 after a longer period of very weak GDP development, virtually hitting close to stagnation. As shown in the diagram, Finland is in a fragile recovery phase, with limited room for fiscal manoeuvre due to high public debt. Private consumption and investments performed poorly in 2025, while exports represented somewhat of a bright spot. Exports are dominated by engineering, shipbuilding and telecommunications, and several large export deals have helped maintain external demand. At the same time, households remain pessimistic despite slightly higher real incomes, and the labour market has clearly weakened. Despite this, the recovery is expected to continue at a moderate pace in the coming years. GDP is expected to rise by 1.2 per cent in 2026 and 1.3 per cent in 2027, driven by lower inflation, earlier interest rate cuts and gradually stronger external demand.

NORWAY

Moderate recovery with cautious households

The Norwegian economy grew by 1.2 per cent in 2025. Private consumption held up activity better than expected, but households remain cautious and are held back by high inflation and high mortgage rates. Investments fell back somewhat, while lower energy prices dampened export revenues from the oil and gas industry, albeit from high levels. Norway continues, meanwhile, to benefit from Europe's reorientation away from Russian fossil fuels.

Norges Bank has kept the policy rate high at 4.00 per cent, which has a clear dampening effect on the interest sensitive part of the economy. At the same time, the labour market remains strong with low unemployment. The fact that inflation in Norway is higher than in many other European countries is most likely due to a combination of strong wage growth, a previous weakening of the krone and more persistent domestic cost pressure. The war in the Middle East could also impact Norway in two ways in 2026: higher energy prices may strengthen export revenues, but at the same time keep inflation elevated and thereby make it more difficult to ease monetary policy. Norway's economy is expected to grow by 1.3 per cent in both 2026 and 2027. Investments are expected to continue to boost the economy and partly offset a more dampened trend for household consumption.

STRONG GROWTH HITS RISK ZONE

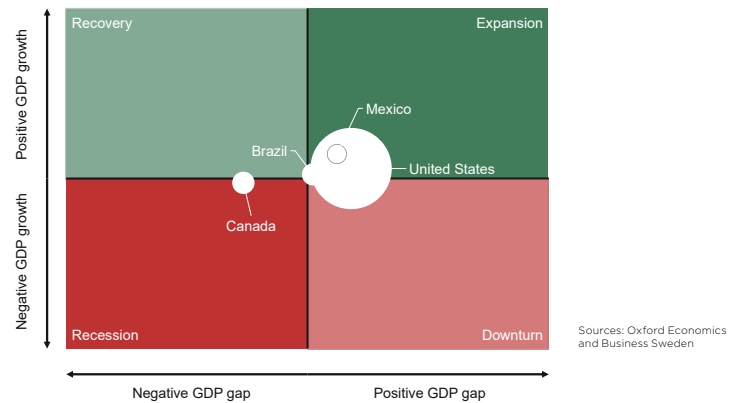
- **Strong economy gives mixed signals**
- **Fiscal policy remains expansionary**
- **Rising energy prices and tariffs push up risk**

The US economy entered 2026 in a complex state of affairs where geopolitics and economic policy strongly influence one another. The US economy grew by 2.2 per cent in 2025 and is expected to grow by 2.4 per cent in 2026, after which growth is set to slow to 2.0 per cent in 2027. As such, the starting position is relatively strong – but uncertainty has undoubtedly increased. Trade policy remains difficult to navigate, the energy market has become more volatile after the war in the Middle East, and several confidence indicators now emerging give a more mixed picture of the US economy than before.

As shown in Diagram 19, the US has a positive GDP gap, which means that actual GDP is still above the level the economy can sustain in the long term without creating inflationary pressure.

Resource utilisation is therefore still high (positive GDP gap). This means that the US did not enter the year from a weak position, the economy was still supported by strong domestic demand and investments that remained robust for a long time. But it also means that the economy is more sensitive to new cost shocks than it would, if it were in a clearly weaker cyclical phase. In that sense, the global outlook has become more critical: not because the US economy is weak, but because an already relatively heated economy reacts more quickly to new price and cost shocks.

DIAGRAM 19. IS US EXPANSION COMING TO AN END?
Economic situation, GDP growth versus GDP gap



POLICY CONTINUES TO SHAPE THE PLAYING FIELD

Trade policy remains a central factor for economic developments. The sweeping tariffs introduced by the Trump administration during 2025 caused significant uncertainty for both US companies and their trading partners. It is also important to understand what the legal ruling on 20 February by the US Supreme Court actually entails, whereby the President’s use of the International Emergency Economic Powers Act (IEEPA) as the basis for broad-based import tariffs was rejected. The court ruled that IEEPA did not provide support for far reaching tariff measures, which changed the legal basis for parts of tariff policy but did not remove the uncertainty about how the administration might attempt to proceed with other tools. After the court’s ruling, the administration also quickly moved ahead with a temporary 10 per cent global tariff for 150 days under other legislation, while new investigations were initiated to further develop tariff policy. The uncertainty surrounding US import tariffs has therefore amplified rather than decreased.

For both US companies and foreign companies exporting to the US market, this means that investment decisions and supply chains must still adapt to political decisions rather than to a more predictable economic playing field. It is also important to clarify how trading partners are affected. The US importer pays the tariff directly, but the cost is then distributed between importer, exporter and end customer depending on the pricing power of the various stakeholders. In practice, this means that some trading partners bear part of the cost through lower margins, while other parts of higher costs are passed on to US buyers through higher prices. This makes the effects broader than the tariff rate alone might suggest.

At the same time, fiscal policy in the US remains expansionary in 2026 and contributes to sustaining growth. This involves tax cuts and new deductions that strengthen households’ disposable incomes, as well as more generous tax rules for companies. Among the measures supporting households are tax relief linked to gratuities (“tips”), overtime and certain car loans, as well as targeted tax relief for seniors, while companies benefit from rules that make investments and research expenses more favourable for tax purposes. Fiscal policy therefore supports both consumption and corporate investments, contributing



to stronger growth in 2026 than would otherwise have been the case. But risk is also involved when the economy is stimulated at a time when inflation is not yet fully under control. Additionally, the risk of inflationary pressure and rising interest rates has risen due to the war in the Middle East.

INVESTMENTS STILL DRIVING GROWTH

Investments were an important growth driver in 2025. Corporate investments rose sharply, especially in the technology sector. The expansion of data centres, semiconductor factories and other infrastructure linked to artificial intelligence has made a clear contribution to GDP growth. As such, investments in these areas have become one of the most important engines of the US economy. At the same time, this means that growth has become somewhat more concentrated in a limited number of sectors. When a large part of expansion is driven by investments in specific technology areas, the economy also becomes more sensitive to changes in financing conditions, energy costs or demand for those particular investments.

This also affects how real economic indicators should be interpreted. Diagram 20 shows developments in the Purchasing Managers' Index for manufacturing and the services sector. The services sector continues to expand at a relatively stable pace and reflects how domestic demand remains strong. The trend for manufacturing is more difficult to interpret. The clear upswing seen at the start of the year may partly reflect a real improvement, but it may also be linked to companies bringing purchases forward, building inventories or trying to manage a more uncertain trade policy environment. In a situation where tariffs, supply chains and legal conditions are in flux, industrial figures become harder to read as pure cyclical signals.

Households' views of the economy have also become more fragmented. Diagram 21 shows developments in consumer confidence according to the University of Michigan. Households were already cautious when entering 2026, and recent events indicate that confidence has weakened again as higher petrol prices and geopolitical uncertainty have taken hold. For a long time, consumption has managed to continue growing despite relatively low confidence, but when energy prices go up and households feel that personal finances are more strained, the risk increases that consumption will also gradually become more restrained. In addition, the labour market is no longer as unequivocally strong as before. The latest employment statistics have come in weaker than expected, reinforcing the view that the exceptional strength of the labour market characterising the last few years may be starting to fade.

DIAGRAM 20. RENEWED OPTIMISM IN US MANUFACTURING
Purchasing Managers' Index, index >50 indicates expansion

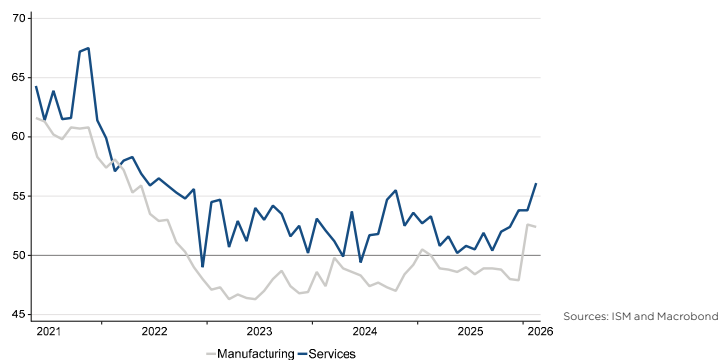
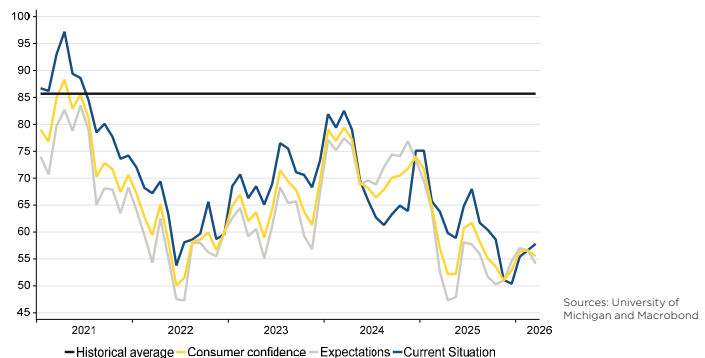


DIAGRAM 21. US CONSUMERS STILL GLOOMY
Consumer confidence, index



RISING ENERGY PRICES AND INFLATIONARY PRESSURE COMPLICATE MONETARY POLICY

Current developments also complicate the Federal Reserve's balancing act. The Fed has a dual mandate: maximum employment and stable prices. This means the central bank does not only consider inflation trends, but also how the labour market and the wider economy evolve. In a situation where growth is still relatively strong, the labour market has not weakened in any major way, and new cost shocks risk pushing up inflation, this balancing act becomes particularly hard to manage. Inflation remains the most important macroeconomic challenge. Diagram 22 shows how both PCE and core PCE (Personal Consumption Expenditures, the price index for household consumption expenditure, which is the inflation measure the Fed pays particular attention to) have bounced up in recent readings. The uptick is not dramatic, but clear enough to fuel uncertainty around how quickly inflation is actually declining. Energy prices and tariffs can raise inflation, while increased uncertainty may simultaneously dampen investments and demand.

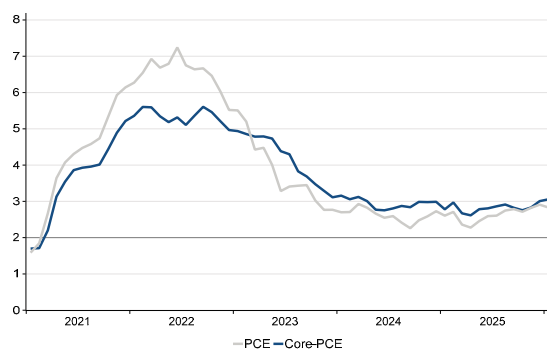
This means that the Fed becomes a key actor in the US economy during 2026. If the conflict in the Middle East does not deepen or become prolonged and energy prices fall back, there is still room for cautious easing later on. If energy prices, however, remain high or tariffs again become more extensive, the risk of inflation may put a heavier burden, even if parts of the economy weaken at the same time. For the US, this is a particularly sensitive combination as the economy is already seeing high resource utilisation.

STRONG ECONOMY, BUT MORE VULNERABLE THAN BEFORE

In all, the US entered 2026 from a stronger starting point than most other advanced economies. This applies to growth, investments and domestic demand. But this does not mean that risks are negligible. On the contrary, the combination of expansionary fiscal policy, high resource utilisation, tariff uncertainty and rising energy prices has made the economy more vulnerable to new setbacks. A strong economy can absorb several challenges, but when it is already operating near its capacity limits, there is less room to manage new cost shocks without inflation picking up new momentum.

In the short term, the signs suggest that the US economy will continue to grow at a solid pace during 2026. But strong growth depends heavily on investments remaining high, households continuing to consume, and policy changes not adding more uncertainty. It is reasonable to conclude that the US economy continues to show resilience, but maintaining balance has become a more difficult feat than previously.

DIAGRAM 22. US INFLATION REMAINS ABOVE TARGET
PCE price index (Personal Consumption Expenditure),
change from same month previous year, per cent



Sources: BEA, San Francisco and Macrobond



THE CHINESE GROWTH ENGINE ENTERS A NEW PHASE

- **The region continues to drive global growth**
- **Intra-regional trade flows become more complex**
- **Energy dependence fuels vulnerability in the face of disruption**

Asia, which accounts for just over 35 per cent of the global economy, remains the world’s most important growth engine. Economic growth in the region was 4.4 per cent in 2025 and is expected to slow to 4.1 per cent in 2026, and 4.0 per cent in 2027. The slightly downward sloping growth path does not, however, reflect a broad regional weakening. Instead, it points towards the fact that China is entering a more mature growth phase. But this trend should be described with caution. The new five year plan points to lower and more sustainable growth, but it does not mean that China has suddenly shifted to a consumption led model. We are rather seeing a gradual structural downshift in which industry, technology and self sufficiency continue to play a central role. Several other Asian economies continue to steam ahead at the same time, not least in South and Southeast Asia, where investments and strong domestic demand keep activity up.

Diagrams 23 and 24 illustrate this clearly. Among the advanced economies, the picture is more mixed. Singapore is in a strong expansion phase, while Japan continues to recover slowly. South Korea, by contrast, emerges in the latest analyses as the economy most tilting towards recession among the group, with negative growth and a negative GDP gap, although several indicators also point to a gradual recovery further ahead. Among the developing economies, several countries are in a clear recovery phase, with strong growth and continued room for expansion thanks to relatively low resource utilisation (negative GDP gap). This applies, among others, to Vietnam, Malaysia and India. Indonesia, on the other hand, appears as the clearest example of an economy seeing a strong expansion phase, where both GDP growth is high and the GDP gap clearly positive.

China occupies a more mixed position: growth is still relatively high, but the trend is characterised more by structural downshifting and weaker domestic demand than by cyclical strength.

The regional strength is closely linked to how world trade has changed. As trade between the US and China has become more strained, export of goods, final assembly and other stages in value chains have to a greater extent been channelled through other parts of Asia. This should, however, be described with some caution. To state that this primarily reflects an extensive and permanent relocation of industry would be misleading. Part of the development may just as well reflect the fact that some economies to a greater extent function as transit countries or intermediaries in trade. As such, it is more accurate to speak of more complex regional value chains than of a simple relocation of production. Southeast Asia has gained a more prominent role in these flows, but without China having lost its central position in the region’s industrial structure.

DIAGRAM 23. JAPAN AND SOUTH KOREA WERE HEADING TOWARDS RECOVERY
Economic situation, GDP growth versus GDP gap

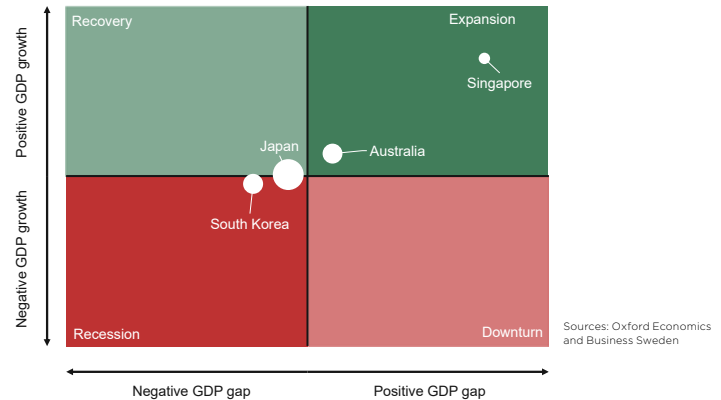
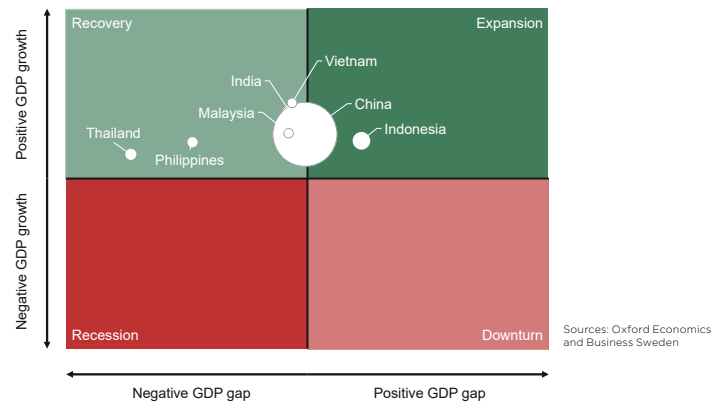


DIAGRAM 24. CHINA AND INDIA ENTERING EXPANSION PHASE
Economic situation, GDP growth versus GDP gap, four-quarter moving average



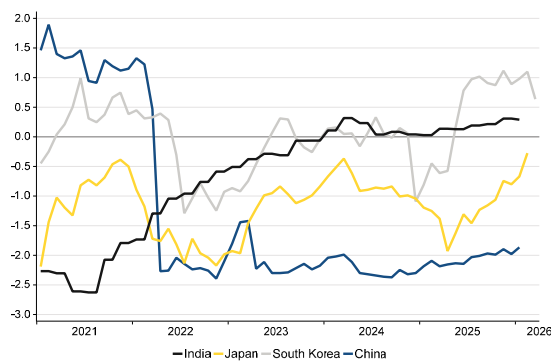
ENERGY SHOCK WITH UNEVEN CONSEQUENCES

The energy market has been the biggest source of change recently in the overall risk picture. The war in the Middle East has made Asia's strong dependence on energy imports from the Gulf region a central macroeconomic issue. Many Asian economies are directly dependent on oil and gas flows through the Strait of Hormuz, and the region is therefore more exposed than most other parts of the world economy if the disruptions were to become prolonged. This applies particularly to India and Japan, but also to several other energy importers in North and Southeast Asia. China is also exposed, but has larger stocks than many other countries in the region and, at the same time, is somewhat less vulnerable than several of its neighbours due to the rapid expansion of renewable energy. This means that China is probably able to cope with disruption longer than, for example, India or Japan, even though the country would also be clearly affected if the energy flows passing through the Strait of Hormuz were disrupted for an extended period.

The greatest risk lies not only in higher oil and gas prices, but also in disruptions to energy flows to the region. For several economies in Asia, this is particularly sensitive as industry and transport are highly dependent on imported energy. If access to energy deteriorates, it affects not only prices, but also production. Many governments are trying to dampen the impact through subsidies, price equalisation and other fiscal measures, but this also means that a larger part of the cost is shifted to the state. The energy shock therefore becomes not just an inflation issue, but also a question of growth, industrial activity and public finances.

Diagram 25 shows that households' view of their own economy differs clearly between the larger economies in the region. In China, households remain cautious, in Japan confidence is still weak, while households in India and South Korea appear more positive. This underlines that the region does not react uniformly to the same global shocks. In countries where households are already cautious, there is a greater risk that higher energy prices will quickly hit consumption, while economies with stronger confidence in the future can withstand them better for a time. In all, Asia continues to be the most important growth region in the world economy, but regional development is increasingly shaped by the interplay between trade, geopolitics and energy markets.

DIAGRAM 25. SLIGHTLY LESS NEGATIVE CHINESE CONSUMERS
Consumer confidence, index, standardised values



Sources: CEMAC, BOK, CAO, RBI and Macrobond





CHINA

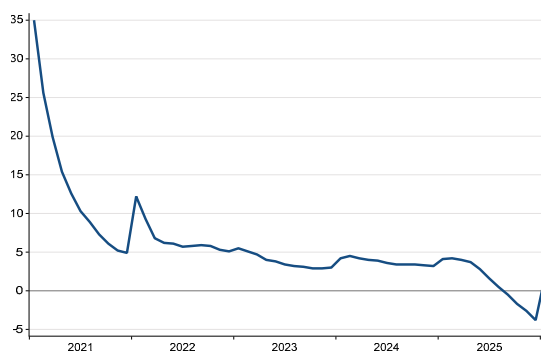
- Lower growth in a more mature economy
- New five year plan prioritises industry, technology and self sufficiency
- Exports are redirected towards ASEAN

China's economy grew by 5.0 per cent in 2025 and is expected to grow by 4.8 per cent in 2026 and 4.4 per cent in 2027. This means that a gradual downshift is taking place, not an abrupt shift. Growth is moving towards a lower and more long term sustainable path, where the authorities increasingly accept a somewhat slower pace as long as the economy simultaneously becomes less vulnerable and more productive. But any view that China has suddenly shifted to a consumption led model would be erroneous. In the short term, industry, exports and investments in manufacturing remain central drivers, while households remain cautious.

The new five year plan sets out the direction. The focus remains on industrial upgrading, technological development and strategic self sufficiency. The state prioritises advanced manufacturing, semiconductors, artificial intelligence, green technologies and other areas where China wants to strengthen its position. The five year plan does, indeed, open up for a somewhat larger focus on domestic demand, and the growth target has been lowered from around 5 per cent to the range of 4.5–5.0 per cent, but the main focus still lies on industrial upgrading and higher value added. The effect, therefore, is not a sharp break with the previous model but rather a reinforcement of an already ongoing shift towards more industry driven and technology led growth.

Diagram 26 shows that investment levels fell back during 2025, especially in the real estate sector. This reflects both structural changes in the economy and the authorities' attempts to reduce financial risks among local authorities and property developers. Investments in manufacturing, on the other hand, have held up significantly better. This reinforces the picture of an economy where the

DIAGRAM 26. SHARP DECLINE FOR CHINESE INVESTMENTS IN 2025
Investments, year to date compared to same period previous year, constant prices, per cent



Sources: NBS and Macrobond

construction and real estate sector has lost importance, while industrial capacity and advanced manufacturing remain priorities.

Diagram 27 also shows that goods exports to the US have decreased while exports to ASEAN have increased. This should not be interpreted as China having become less dependent on external demand, but rather that trade is being organised to a greater extent through regional production networks. Chinese companies have also invested more in building up production capacity in other Asian economies, to make it easier to continue reaching global markets even when trade relations have become more strained. In this sense, trade flows have become more complex – but there are no indications that China’s underlying dependence on export markets has decreased.

The war in the Middle East has made the energy topic more critical for China as well. The country is heavily dependent on energy imports from the Gulf region, but has larger strategic and commercial oil stocks than many other Asian economies. In addition, the rapid expansion of renewable energy has meant that China is to some extent less dependent than several of its neighbours on imported fossil fuels for its energy supply. This means that China is probably able to manage disruption longer than, for example, India or Japan, even though the country would also be clearly affected if energy flows from the Middle East were disrupted for an extended period. The energy risk for China is therefore mainly about costs and logistics in the medium term, rather than an immediate supply shortage.

In all, we can observe that China is entering a phase of lower growth, but where the economy at the same time remains industry driven, more technologically focused and more regionally integrated in Asian production networks. The risks clearly lie on the downside. If the energy market remains volatile, household caution increases, or exports encounter new disruptions, the slowdown could become more pronounced than the main forecast suggests.

DIAGRAM 27. CHINA'S EXPORT DIVERTED TO EUROPE AND ASEAN
Export of goods by trading partner, USD billion, seasonally adjusted data



Sources: GAC and Macrobond

JAPAN

- Slow recovery at a fragile time
- Expansionary fiscal policy provides support
- Bond market creates global risks

Japan’s economy grew by 1.1 per cent in 2025 and is expected to slow to 0.5 per cent in 2026, before growing by 0.7 per cent in 2027. This points to continued recovery but at a slow pace. The downshift in 2026 reflects that households are still cautious and that demand is sensitive to energy prices and financing conditions, as well as that external demand does not provide sufficiently strong support. The recovery continues but without clear momentum.

The new government’s more expansionary fiscal policy gives demand some stimulus, but comes at a time when the bond market has noticeably reacted to the prospect of larger government spending and continued high public debt. Diagram 28 shows that the yield on Japanese 30 year government bonds has risen markedly. The increase in long term interest rates is important to follow. It signals not only higher future borrowing costs for the state, but also greater financial vulnerability. When interest rates rise rapidly in a country with very high public debt, concerns can spread more broadly through the financial system and affect banks, insurance companies and pension funds with large bond portfolios.

But there is an international dimension as well. For a long time, very low Japanese interest rates and cheap yen financing have made Japanese assets and the currency an important part of global carry trades, that is, strategies where investors borrow cheaply in yen to invest in higher yielding assets in other countries, and of international capital flows. When Japanese long term interest rates rise, the risk increases that such positions begin to unwind or that Japanese capital to a greater extent returns homeward. That risk should not be overstated, but it is sufficiently plausible to make developments in the Japanese bond market relevant also from a global perspective.

DIAGRAM 28. JAPAN'S SOLVENCY IN THE SPOTLIGHT
Interest on Japanese government bonds, per cent



Sources: MOF and Macrobond

Meanwhile, the war in the Middle East makes the Japanese economy more exposed. Japan is highly dependent on imported energy, and a large share of oil imports comes from the Middle East and is transported via the Strait of Hormuz. Although the country has substantial emergency reserves, the economy quickly becomes vulnerable when oil and gas prices rise or when deliveries are threatened. The energy shock therefore risks hitting inflation, households' purchasing power and companies' costs, while at the same time making both monetary policy and fiscal policy harder to balance. The recovery continues, but in a situation where it is unusually exposed to external shocks.

INDIA

- **Continued strong growth**
- **High resource utilisation leads to higher inflation**
- **Disruptions in the Strait of Hormuz hit the entire economy hard**

India continues to be one of the region's biggest growth engines. GDP grew by 7.5 per cent in 2025 and is expected to grow by 6.7 per cent in 2026 and 6.8 per cent in 2027. This reflects a moderate downshift from a very high level, but growth remains strong in both a regional and global perspective. The expansion is driven to a large extent by strong domestic demand, increased investments and a rapidly growing services sector.

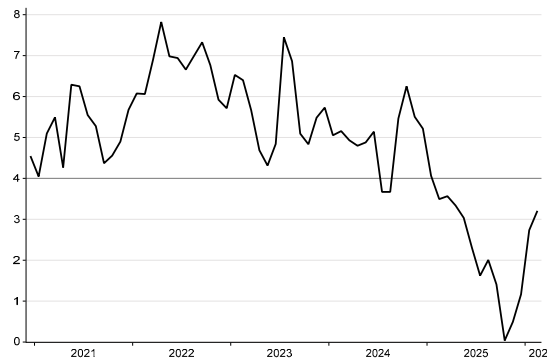
At the same time, India's high growth makes the economy more sensitive to inflation and external cost shocks than in a situation with greater spare capacity. Diagram 29 shows that inflation is already on its way up, which makes the energy issue particularly important. The war in the Middle East exposes this vulnerability clearly. India is highly dependent on oil and gas imports from the Gulf region, and disruptions in the Strait of Hormuz can quickly hit energy costs, inflation and trade conditions. Recent developments have also shown how direct this exposure is, both through higher oil and gas prices, higher transport costs and uncertainty around actual deliveries.

For India, this is particularly sensitive as the country is already in a phase of high growth and rising resource utilisation. Higher energy costs not only risk pushing up inflation, but also put pressure on the rupee and make economic policy harder to balance. The longer the disruptions persist, the more difficult it becomes to maintain growth, limit inflation and protect households' purchasing power at the same time.

India still has robust conditions for continued strong growth, but its dependence on energy has made the risk profile more asymmetric. If the energy market stabilises, growth can remain high. If disruptions instead become prolonged, the risk increases that inflation will become more difficult to manage and that economic policy will be forced into making far more difficult trade offs.

DIAGRAM 29. INFLATION PICKS UP IN INDIA

Consumer price index, change from same month previous year, constant prices, per cent



Sources: MoS&PI and Macrobond



APPENDIX

MARKET	Swedish goods exports, current prices			GDP growth, constant prices, %			Share of global GDP
	Exports 2025, SEK bn	Change 2024-2025, %	Share of Swedish exports 2025, %	2025	2026f	2027f	2024
Europe	1506	-0.1	72.8	1.6	1.2	1.7	25.8
Sweden				1.8	2.4	2.6	0.5
Czech Republic	21.1	16.8	1.0	2.6	2.5	2.5	0.3
Denmark	143.6	2.3	7.0	2.9	0.5	2.2	0.4
Finland	133.9	-3.6	6.5	0.2	1.2	1.3	0.3
France	83.6	-2.1	4.1	0.9	0.9	1.0	2.8
Germany	204.8	-2.7	10.0	0.4	0.7	1.7	4.2
Hungary	9.5	3.3	0.5	0.3	1.6	2.7	0.2
Italy	57.2	-5.8	2.8	0.7	0.7	0.9	2.1
The Netherlands	99.8	-7.7	4.9	1.9	1.6	1.3	1.1
Norway	203.1	0.6	9.9	1.2	1.3	1.3	0.5
Poland	84.5	5.2	4.1	3.6	3.7	3.0	0.8
Spain	45.9	-0.2	2.2	2.8	2.5	2.1	1.5
Türkiye	23.4	4.5	1.1	3.6	2.9	3.1	1.2
Ukraine	7.1	5.5	0.3	1.8	1.8	4.0	0.2
United Kingdom	109.1	-1.5	5.3	1.3	0.8	1.3	3.3
North America	217	-5.0	10.8	2.1	2.2	1.9	30.1
Canada	34.8	24.3	1.7	1.7	1.0	2.0	2.0
Mexico	10.7	-8.9	0.5	0.8	1.2	1.8	1.6
USA	169.4	-9.2	8.3	2.2	2.4	2.0	26.3
South America	16	5.1	1.5	3.2	2.6	3.0	4.5
Brazil	17.7	0.2	0.9	2.6	1.7	2.0	2.0
Chile	4.5	-0.2	0.2	2.4	2.2	2.4	0.3
Colombia	1.8	8.2	0.1	2.6	3.1	2.4	0.4
Peru	2.3	11.2	0.1	3.5	2.7	2.9	0.3
Asia and Oceania	221	-4.8	11.1	4.4	4.1	4.0	34.0
Australia	17.9	-10.4	0.9	2.0	2.3	2.4	1.6
China	65.5	-14.0	3.2	5.0	4.8	4.4	16.8
Hong Kong, China	4.5	14.6	0.2	3.5	3.0	2.2	0.4
India	21.7	-1.3	1.1	7.5	6.7	6.8	3.3
Indonesia	5.1	-13.5	0.2	5.1	5.3	5.1	1.3
Japan	27.1	7.4	1.3	1.1	0.5	0.7	3.8
Malaysia	4.1	17.7	0.2	5.2	4.8	4.2	0.4
The Philippines	1.9	-34.2	0.1	4.4	5.1	6.5	0.4
Singapore	10.3	-7.3	0.5	5.0	4.4	1.6	0.5
South Korea	18.9	0.2	0.9	0.9	1.9	1.8	1.7
Taiwan	6.5	-10.1	0.3	8.7	6.5	3.4	0.7
Thailand	6.5	9.9	0.3	2.4	1.7	2.3	0.5
Vietnam	3.6	13.1	0.2	8.0	7.4	6.9	0.4
Middle East	43	-0.1	2.1	3.6	0.7	7.5	2.9
Saudi Arabia	12.2	-16.0	0.6	4.6	3.8	5.0	1.1
United Arab Emirates	17.1	-0.7	0.8	5.5	0.7	7.9	0.5
Africa	42	-0.7	1.7	3.8	3.8	3.8	2.6
Kenya	0.5	-18.4	0.0	4.9	4.5	4.2	0.1
Morocco	4.2	10.9	0.2	4.6	4.2	3.7	0.1
Nigeria	0.6	13.0	0.0	4.1	3.9	3.7	0.2
South Africa	10.0	-10.1	0.5	1.3	1.4	1.5	0.4



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BUSINESS SWEDEN Box 240, SE-101 24 Stockholm, Sweden
World Trade Center, Klarabergsviadukten 70
T +46 8 588 660 00 info@business-sweden.se
www.business-sweden.com