

CareEdge Global reaffirms the Kingdom of Sweden's rating at 'CareEdge AAA/Stable'

Issuer rating (Long-Term Foreign Currency)

CareEdge AAA/Stable (Unsolicited)

Rating Action

CareEdge Global has reaffirmed the Long-Term Foreign Currency issuer rating for the Kingdom of Sweden at '**CareEdge AAA/Stable**' (Unsolicited).

Rationale

The reaffirmation reflects our assessment that Sweden's credit profile is well-positioned to address economic uncertainty arising from global and domestic factors, supported by strong fiscal and monetary buffers and effective institutions and governance.

The Swedish economy is innovation-driven and export-oriented, with key export items including machinery, transportation, chemicals, services, and natural resources such as timber and minerals. Prudent fiscal policies have resulted in low general government debt and strong debt affordability, providing additional resilience. The monetary environment is strengthened by prudent inflation management, boosting investor confidence. Additionally, Sweden is recognized as a strong welfare state demonstrating a commitment to social equity and public services.

However, these strengths are partly offset by its ageing population. The country also has high externally held debt, most of which is denominated in domestic currency and is a result of Sweden's status as the financial hub of the Nordic countries.

Outlook: Stable

The Stable outlook reflects Sweden's wealthy and high-value-added economic profile with robust public finances, a credible policy framework, and strong external metrics, contributing to its macroeconomic stability. Despite increased government spending in recent years, general government debt is expected to remain relatively low over the next five years and remain well within the debt anchor level (40% of GDP) set by parliament under the country's fiscal framework. IMF expects general government debt to average around 35% of GDP over the next five years.

Downside Scenario

Outlook may be revised to negative if there is a significant drag on the fiscal profile from increased defence spending and transfer payments, or from geopolitical tensions.

Key Rating Drivers

Economic Structure & Resilience

Sweden boasts a diverse industrial base and has a high nominal GDP of USD 604 billion in 2024, alongside a high GDP per capita of USD 62,720 (Purchasing Power Parity). The country is known for its business-friendly environment, innovation, and a high labour force participation rate of 75.3% in 2024 among the 15-74 age group. Sweden is a leading country in the transition to green energy, with 66.4% of energy consumed from renewable sources, supported by various environmental sustainability initiatives, including a comprehensive environmental policy framework and substantial government budget allocations in this sector. However, the country faces demographic challenges, with 20% of its population aged 65 and older. To tackle this issue, Sweden is seeking to address its demographic needs through immigration.

Sweden's real GDP grew 0.8% in 2024, following a 0.2% contraction in 2023. This recovery was disrupted by tariff-related uncertainty in H1 2025, resulting in a downward revision to the 2025 growth estimate to 0.8% from 1.9%. However, growth has picked up since then, supported by domestic demand. IMF projects growth to average 1.6% over the next five years.

Fiscal Strength

Sweden's economic landscape is currently shaped by a robust fiscal framework that emphasises transparency and long-term stability. As of 2024, gross general government debt is estimated at approximately 33% of GDP, significantly lower than the EU average of 82.4% of GDP. Prudent debt management has resulted in low-interest payment obligations, accounting for only around 1.4% of revenue in 2024.

Sweden's central government fiscal deficit stood at 1.6% of GDP in 2024 and is expected to increase further to 1.7% in 2025 and 2.4% in 2026. Defence spending, which has almost doubled over the last five years to 2.1% of GDP in 2024 from 1.2% in 2020, has put additional pressure on government spending. Also, the central government has increased spending by an additional 1.2% of GDP in 2026 to boost domestic demand and support economic growth. Despite increased government spending and the fiscal deficit, general government debt is expected to remain relatively low at 35% of GDP over the next five years and remain well within the debt anchor level of 40% of GDP.

External Position & Linkages

Sweden's external position is strong, with a current account surplus of 5.9% of GDP in 2024, which is projected to average 5.5% of GDP over the next 5 years. A strong legal framework, transparent regulations, and a skilled workforce have established the country as an appealing location for foreign companies. Foreign direct investment has been robust, averaging 5.4% of GDP over the past 5 years, reflecting investor confidence in Sweden's stable and business-friendly environment.

Sweden also benefits from a positive Net International Investment position (NIIP) of around 64.3% of GDP in 2024, a substantial improvement from 35.1% of GDP in 2023, supported by net valuation gains and continuous current account surpluses. However, a substantial portion of exports is directed to key EU partners such as Germany, Norway, and Denmark, exposing Sweden to economic shocks in these countries.

Monetary & Financial Stability

Despite being a member of the European Union, Sweden maintains autonomous monetary policy regulated by Riksbank and has its own currency, the Swedish Krona.

The Swedish banking system remains resilient and stable, even amid global economic pressures and uncertainties. Non-performing loans (NPLs) are low, at around 0.4% in 2024. Additionally, Sweden has a deep capital market that reflects strong investor confidence.

Inflation has declined significantly to 2% in 2024 from a peak of 8.1% in 2022. It is expected to be around 2.3% in 2025 and 1.6% in 2026, below the Riksbank's 2% target. In response to easing inflation, the Riksbank has cut the policy rate to 1.75% in 2025 from 4% in 2023, with scope for further easing. Rate cuts have substantially reduced interest payments on household debt, which stood at 86.7% of GDP in Q3 2025, mitigating the associated default risk.

Institutions & Quality of Governance

Sweden has a high level of institutional quality and governance, characterized by strong democratic practices and effective public administration. The country consistently ranks among the top nations in global governance indicators, reflecting its commitment to voice and accountability, political stability, government effectiveness, regulatory quality, control of corruption and the rule of law. In recent years, scores related to political stability and the absence of violence and terrorism have declined. Sweden's political parties have agreed that dual citizens who commit crimes that threaten national security should lose their citizenship. Under Sweden's constitution, citizenship revocation is not permitted, and a bill for parliamentary vote to change the law is scheduled for next year before the general election to be held in September 2026.

Sweden – Select Indicators									
	Unit	2019	2020	2021	2022	2023	2024	2025 F	2026 F
Economic Indicators									
Nominal GDP	USD Billion	531	544	632	575	579	604	662	712
GDP Per Capita (Constant-PPP)	USD	61,163	59,682	62,362	62,729	62,422	62,720	62,666	63,379
Real GDP Growth	%	2.6	-1.9	5.2	1.3	-0.2	0.8	0.8	1.9
GFCF/GDP	%	24.4	25.1	25.6	27.1	26.7	24.6	-	-
Gross Domestic Savings/GDP	%	29.7	30.0	31.5	30.9	31.1	31.3	31.0	30.9
Exports (G&S)/GDP	%	49.2	45.1	48.1	55.2	56.1	55.4	-	-
Working-Age (15-64) Population (% Share in Total)	%	62.3	62.2	62.2	62.2	62.2	62.3	62.4	62.5
Old-Age (65+) Population (% Share in Total)	%	20.0	20.1	20.2	20.3	20.5	20.7	20.9	21.1
Fiscal Indicators – General Government									
Fiscal Balance/GDP	%	0.4	-3.2	-0.1	1.0	-0.6	-1.7	-1.4	-1.8
Revenue/GDP	%	49.2	48.8	49.2	49.3	48.3	47.6	47.7	47.0
Expenditure/GDP	%	48.8	52.0	49.3	48.3	48.9	49.3	49.0	48.8
GG Gross Debt/GDP	%	35.8	40.2	37.0	33.9	31.8	33.0	34.2	35.6
GG External Debt (by Creditor)/GG Gross Debt	%	21.0	19.5	14.5	11.4	12.0	14.0	-	-
Interest/Revenue	%	0.9	0.6	0.6	1.2	1.5	1.4	-	-
External Indicators									
Current Account Balance/GDP	%	5.2	5.6	6.2	4.0	5.8	5.9	5.8	5.7
FDI, Net Inflows/GDP	%	3.1	3.4	8.7	8.0	3.9	3.7	-	-
Outstanding FII Liabilities/GDP	%	149.2	175.7	154.9	126.2	145.2	133.1	-	-
NIIP/GDP	%	13.5	8.4	18.0	30.1	35.1	64.3	-	-
Foreign Exchange Reserves	USD Billion	55.5	58.5	62.4	64.8	61.6	63.3	-	-
Import Cover	Months	2.9	3.2	2.8	2.6	2.5	2.4	-	-
External Debt/GDP	%	180.4	198.4	159.7	166.2	175.8	168.9	-	-
Monetary and Financial Indicators									
CPI Inflation	%	1.7	0.7	2.7	8.1	5.9	2.0	2.3	1.6
Exchange Rate (Average)	LC per USD	9.5	9.2	8.6	10.1	10.6	10.6	-	-
Non-Performing Loans/Total Gross Loans	%	0.6	0.5	0.4	0.3	0.4	0.4	-	-
Private debt, loans and debt securities/GDP	%	224.7	238.4	242.0	243.3	208.0	246.6	-	-

Sources: International Monetary Fund, World Bank, Bank for International Settlements, National Sources, CareEdge Global

Note: F - Forecast; PPP – Purchasing Power Parity; GFCF – Gross Fixed Capital Formation; Exports (G&S) – Exports of Goods and Services; GG – General Government; FDI – Foreign Direct Investment; FII – Foreign Institutional Investment; NIIP – Net International Investment Position; Data refers to fiscal/calendar year and actual/estimate as reported by the source; Where general government data is unavailable, central government data is used; Latest available data for 2024

Solicitation Status

The rating is unsolicited

Rating History

Instrument	Type	Rating	Date
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA/Stable	December 29, 2025
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA/Stable	December 30, 2024
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA	October 03, 2024

Criteria Applied

[CareEdge Sovereign Rating Methodology](#)

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