

28 February 2023

## Swedish Q4 GDP: A sour end to 2022, but coming from a stronger place

Marketing communication

Gustav Helgesson

Swedish GDP was revised up for both 2021 and 2022, while GDP growth for Q4 2022 was revised down to -0.9% q/q. This comment has been updated to match Statistics Sweden's updated release of Q4 2022 GDP, which contained new figures for foreign trade.

*This comment has been updated after Statistics Sweden's update of new figures for foreign trade. All figures below are adjusted to the updated release of the national accounts, as of 6 March 2022. The upward revision of Q4 GDP does not change the picture that the Swedish economy is slowing down. Our main concern of diminishing domestic demand remains.*

**GDP growth for Q4** stood at -0.5% q/q and -0.2% y/y, revised up from the preliminary -0.6% q/q and -0.6% y/y. The outcome was in line with our forecast at -0.5% q/q and stronger than the Riksbank's forecast -1.4% q/q. The figures are somewhat more uncertain than usual due to seasonal factors.

The report contained **upward revisions** of all four quarters in 2021, bringing the full-year figure to 5.2% from previously 4.9%. The upward revision of 2021 subsequently contributed to pushing down the y/y figure for 2022, even though the first and third quarters of 2022 were revised up.

Hence, coming from a stronger 2021 than anticipated coupled with a weak ending of 2022, GDP growth for FY 2022 came in at 2.6%, which was lower than both our call and the Riksbank's at 2.9% and 2.7% respectively. Notably, when looking at the GDP level after the revisions, current GDP development is right in between our and the Riksbank's forecasts (see chart below).

### Looking at details for the Q4 figure:

- **Inventories** fell and subtracted a full 0.8% point to Q4 GDP on the quarter, mainly due to a large inventory reduction in the private services sector.

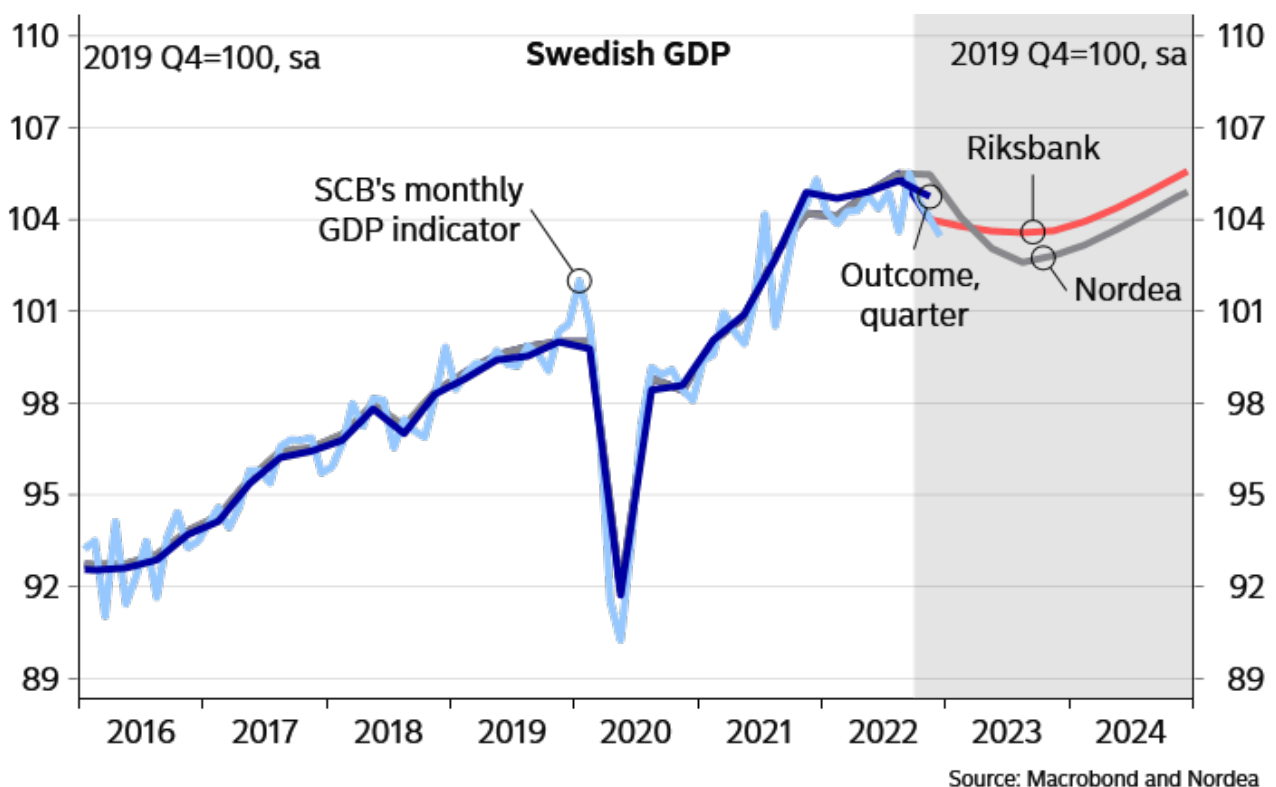
[corporate.nordea.com/article/80790/swedish-q4-gdp-a-sour-end-to-2022-but-coming-from-a-stronger-place](https://corporate.nordea.com/article/80790/swedish-q4-gdp-a-sour-end-to-2022-but-coming-from-a-stronger-place)

# Nordea

- **Fixed investment** fell by 1.0% q/q, as lower activity in the property sector reduced construction investment.
- **Government consumption** rose by 0.2% q/q.
- **Exports** rose by 0.5% q/q while **imports** decreased by 0.9% q/q, respectively. Net exports provided a positive contribution of 0.6 percentage points to quarterly growth.
- **Household consumption** decreased by 0.4% q/q. Due to a substantial downward revision in Q3 from -0.2% q/q to -1.8% q/q, the full-year figure came in at a mere 2.2% (our forecast: 2.9%).
- **Output** in goods-producing industries fell by 0.7% q/q. Manufacturing production decreased by 1.2% while service sector production declined by 0.5%.

Elsewhere, figures from the Swedish Mediation Office showed that **wage growth increased** to 3.1 percent y/y in December, a tad higher than forecast. High inflation erodes real wages, which dropped by 7.1 percent compared to the same month last year. Furthermore, **producer prices** fell by 5.2% m/m (+11.8% y/y), thanks to lower electricity prices.

**All in all**, the Swedish economy is facing a broad slowdown. A large inventory reduction deepened the fall in Q4, but there are plenty of signs of diminishing domestic demand. The large downward revision to private consumption is particularly concerning, and indicates that households' resilience has likely been overestimated (read more about our view on the household sector [here](#)). This will in turn reduce the demand for labour and lower inflation more markedly. We expect the Riksbank to hike the policy rate by 50bp in April and by another 25bp in June, before staying on hold during the remainder of 2023.





Source: Macrobond and Nordea

Gustav Helgesson  
Analyst  
Gustav.Helgesson@nordea.com  
46733125574

## DISCLAIMER

Nordea Markets is the commercial name for Nordea's international capital markets operation.

The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results.

Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction.

This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.

In the United States, to the extent that this publication or report includes an analysis of the price or market for any derivative and is not otherwise exempt from the applicable U.S. Commodity Futures Trading Commission (CFTC) regulations, it is approved for distribution in the United States to US persons that are eligible contract participants from a CFTC perspective. Nordea Bank Abp is a provisionally registered swap dealer with the CFTC. Any derivatives transactions with US persons must be effected in accordance with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, domicile Helsinki, Business ID 2858394-9

Further information on Nordea available on [www.nordea.com](http://www.nordea.com)