

This is Swedbank

December 2024

Our home markets

Established as
Sweden's first
savings bank
in 1820

Sweden

Population	10.6 million
Private customers	3.8 million
Corporate customers	257 000
Organisations	57 000
Branches	143
Employees	9 972

Estonia

Population	1.4 million
Private customers	0.9 million
Corporate customers	129 000
Branches	15
Employees	2 589

Latvia

Population	1.9 million
Private customers	1.0 million
Corporate customers	76 000
Branches	20
Employees	1 990

Lithuania

Population	2.9 million
Private customers	1.7 million
Corporate customers	91 000
Branches	39
Employees	2 581



Our global presence



Swedbank in figures

Lending (30 September 2024)

SEK 1 796bn

Deposits (30 September 2024)

SEK 1 273bn

Profit for the period (Q3 2024)

SEK 9 379m

Credit impairment ratio (30 September 2024)

0.06%

CET1 capital ratio (30 September 2024)

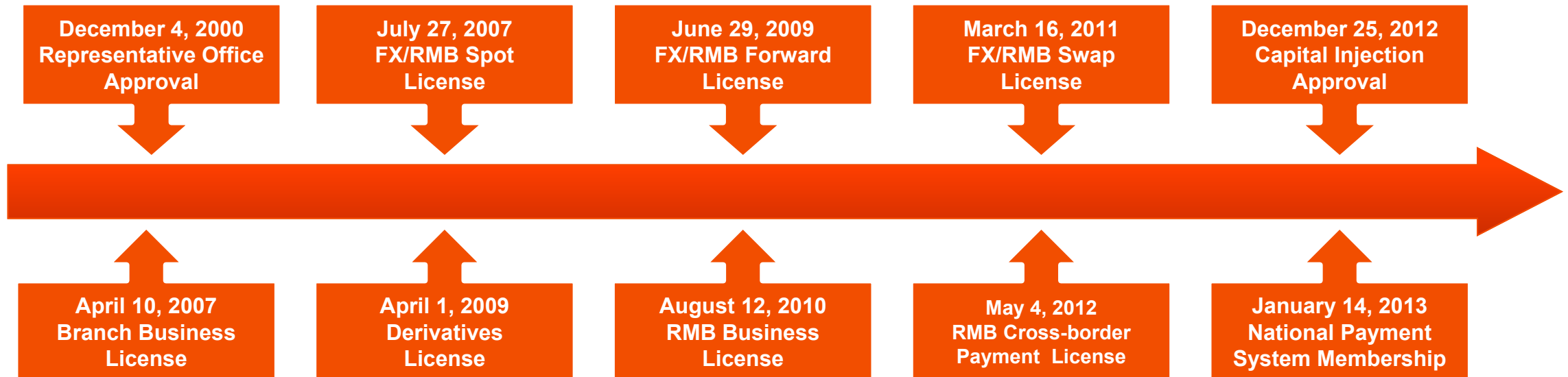
20.4%

Return on equity (Q3 2024)

18.4%

History of Swedbank in China

- Business with Chinese banks for more than 30 years
- The first Nordic bank in Shanghai since December 2000
- Full branch status since June 2007
- Local currency business since August 2010



Our offering in Shanghai

Account Service	Account		<ul style="list-style-type: none">• CNY & FCY Account• Tailored Deposit Rates• On-shore CNY Payments via CNAPS (Direct Member)• Cross-Border CNY Payments via CIPS• Entrustment Loan
	Deposit		
	Payments		
Financing	Working Capital Loan		<ul style="list-style-type: none">• CNY & FCY Loan• Short Term Loan & Long Term Loan• Revolving Loan & Term Loan• Committed & Uncommitted• Receivables Purchase with/without Recourse
	Fixed Asset Loan		
	Receivables Purchase		
Trade Finance	L/C		<ul style="list-style-type: none">• L/C Issuance, Advising, Confirmation, Discounting, Documents Checking & Handling• Documents against Payment or Acceptance• Financing/Non-Financing Guarantee• Standby L/C
	DP & DA		
	Bank Guarantee		
Foreign Exchange	FX Spot		<ul style="list-style-type: none">• FX in 9 Major Currencies including: CNY, USD, EUR, GBP, SEK, NOK, JPY, AUD and HKD• CFETS Member since 2007• Physical Counterparties in Mainland China
	FX Forward		
	FX Swap		

Trade Finance

Document Center

- Letter of Credit (L/C) documents checking for Sweden
- 4 people team including 2 L/C specialists (Certificate for Documentary Credit Specialists)

Tailor-made Solutions

- Export to Asia (Export L/C)
- Import from Asia (Import L/C)
- Domestic sales in China (Account Receivable Purchase)

Others

- Bank guarantees
- Collections (Documents against Payment / Documents against Acceptance)
- Digitalization

Contact us in Shanghai

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Swedbank Economic Outlook

Glenn Nielsen
December 2024

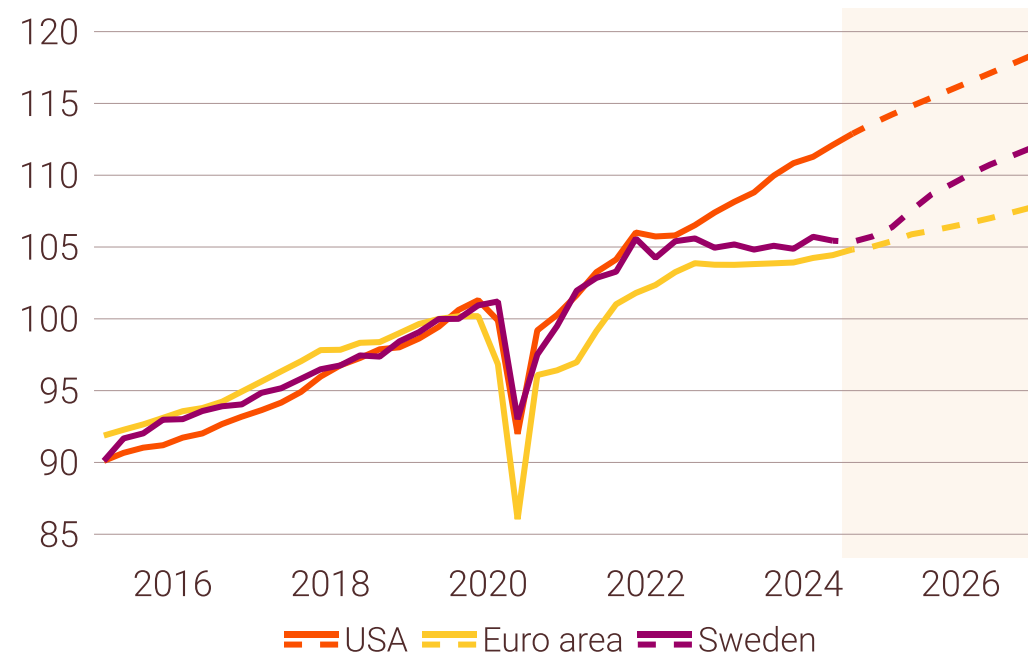




An uncertain and fragmented world

GDP incl. Swedbank's forecasts

Index (2019=100)



Sources: Swedbank Research & Macrobond

Swedbank's GDP forecast

Annual % change	2023	2024F	2025F	2026F
US	2.9	2.8 (2.5)	2.3 (1.4)	2.0 (1.8)
China	5.2	4.8 (4.8)	4.3 (4.5)	4.1 (4.3)
Euro area	0.5	0.8 (0.7)	1.3 (1.3)	1.2 (1.4)
Germany	-0.3	-0.1 (0.1)	0.7 (1.0)	1.0 (1.3)
France	1.1	1.2 (1.2)	1.0 (1.1)	1.1 (1.2)
Italy	1.0	0.7 (0.8)	0.9 (0.9)	0.9 (1.1)
Spain	2.7	3.1 (2.8)	2.2 (2.1)	1.5 (1.7)
Estonia	-3.0	-0.8 (-0.6)	1.5 (1.5)	2.5 (2.5)
Latvia	1.7	-0.3 (0.9)	2.4 (2.6)	2.8 (2.9)
Lithuania	0.3	2.4 (2.2)	3.0 (2.8)	2.5 (2.5)
Sweden	-0.1	0.6 (0.3)	2.3 (2.6)	2.8 (3.0)
Norway	1.1	0.7 (0.7)	1.4 (1.4)	1.4 (1.2)
United Kingdom	0.3	0.9 (1.1)	1.5 (1.4)	1.5 (1.5)

Previous forecast in parentheses.

Source: Swedbank Research

Rough times in Germany



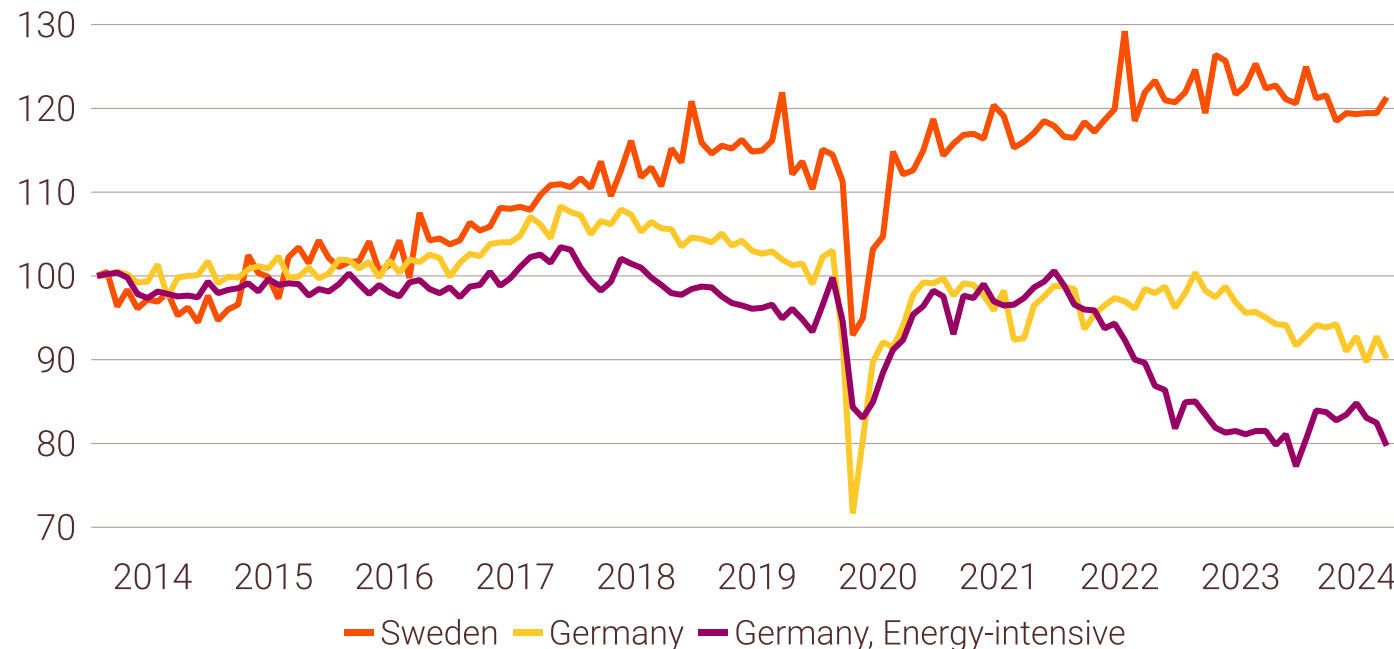
**Historic moment for Volkswagen:
Automaker plans to close 'at
least' 3 German plants and cut
thousands of jobs**

By Hanna Ziajka, CNN

3 minute read · Published 10:31 AM EDT, Mon October 26, 2024

Industrial production

Index (2014-01=100)



Sources: Swedbank Research & Macrobond

**German chemicals giant
BASF to shut plants at
home while investing
billions in China**

BUSINESS | GERMANY

**German steel giant ThyssenKrupp
to slash 11,000 jobs**

11/25/2024

Germany's largest steelmaker ThyssenKrupp has announced a plan to cut its current workforce by more than a third by the end of the decade.



Trumponomics



Comprehensive tax cuts



Tariffs against China,
and everyone else



Mass deportation of illegal immigrants



NATO and Ukraine?
Global climate cooperation?

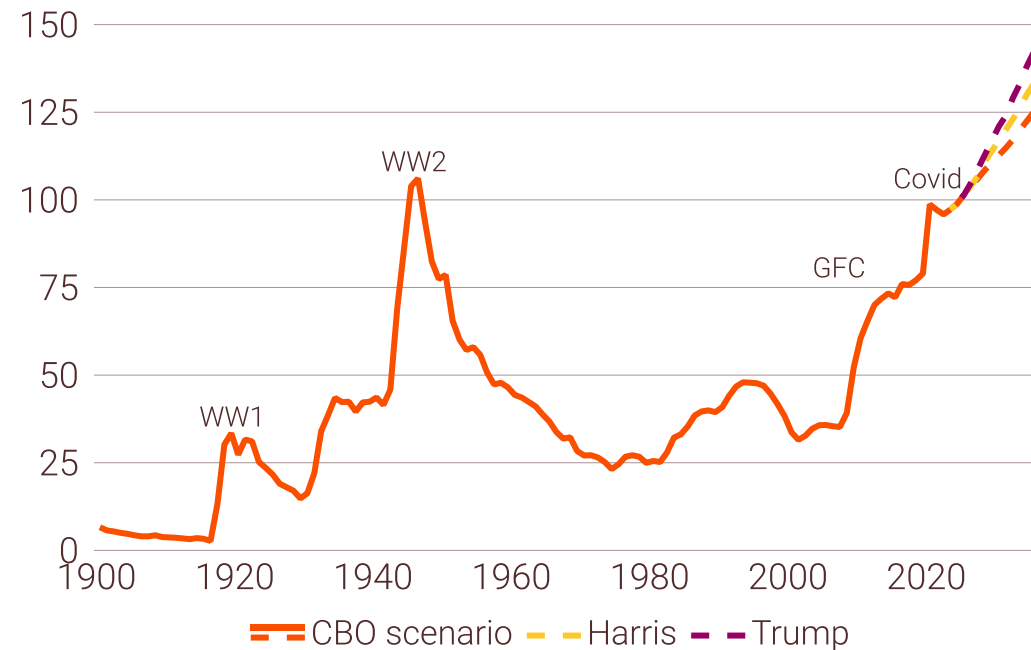




Rapidly growing debt level

US federal debt

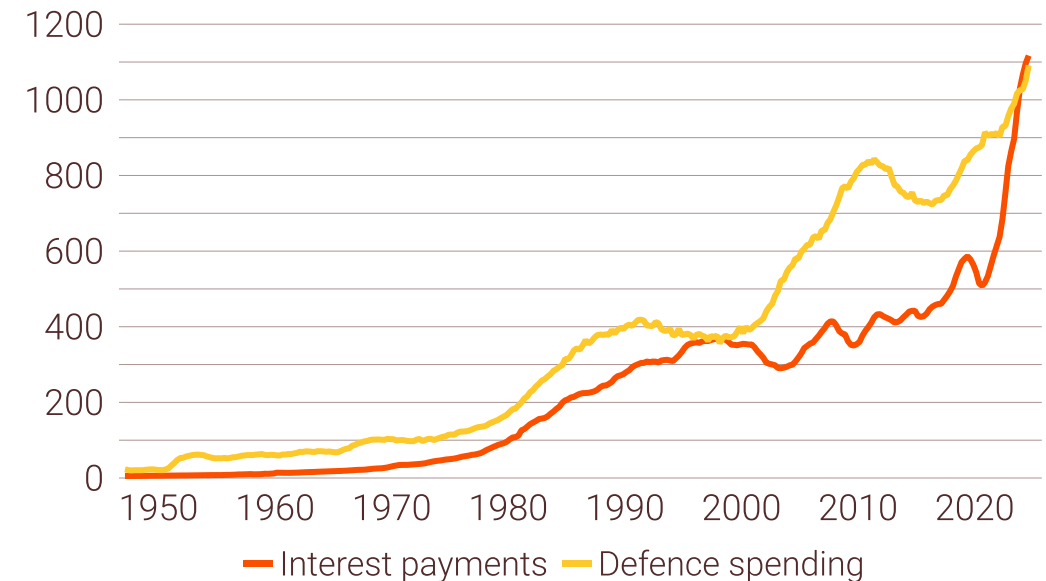
% of GDP



Sources: Swedbank Research & Macrobond

Federal interest payment vs defence spending

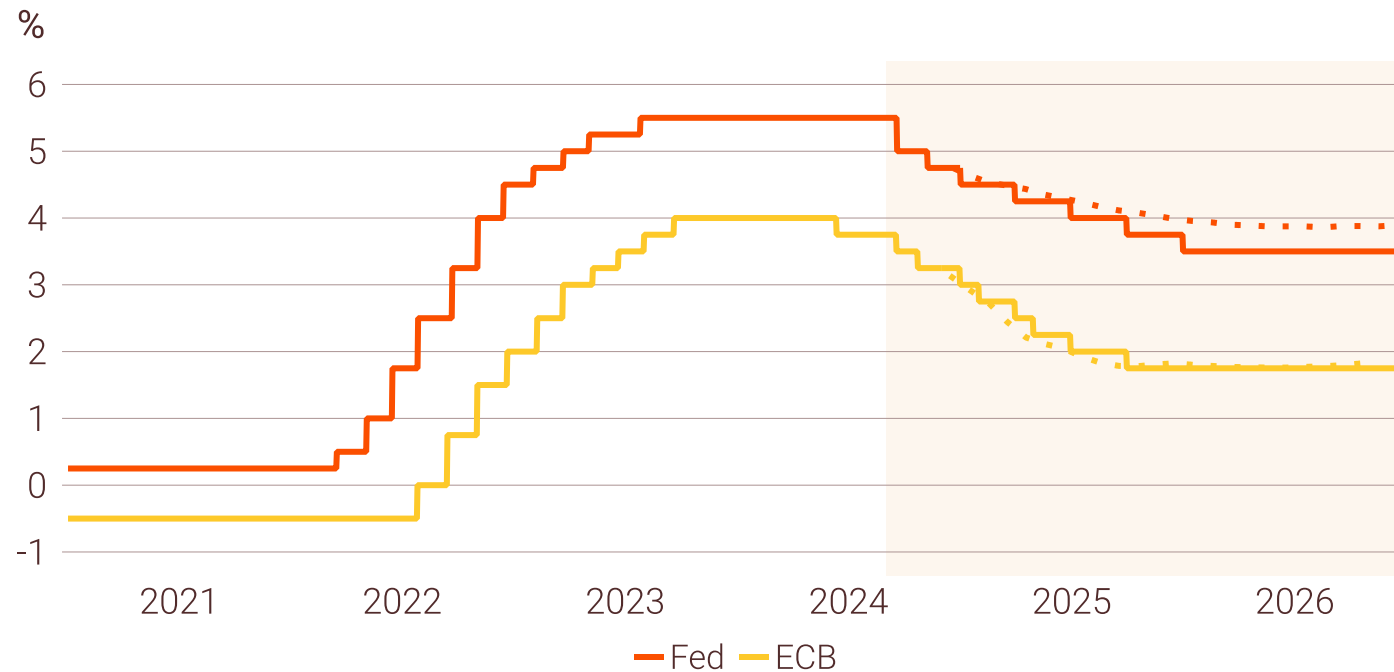
USD bn, annual rate



Sources: Swedbank Research & Macrobond

Inflation and policy rates – retreating in Europe, less so in US

Policy rates incl. Swedbank's forecast



Note: Dotted lines refers to market pricing.
Sources: Swedbank Research & Macrobond





Rising US interest rates and strong dollar

USD and 10y government bond yield

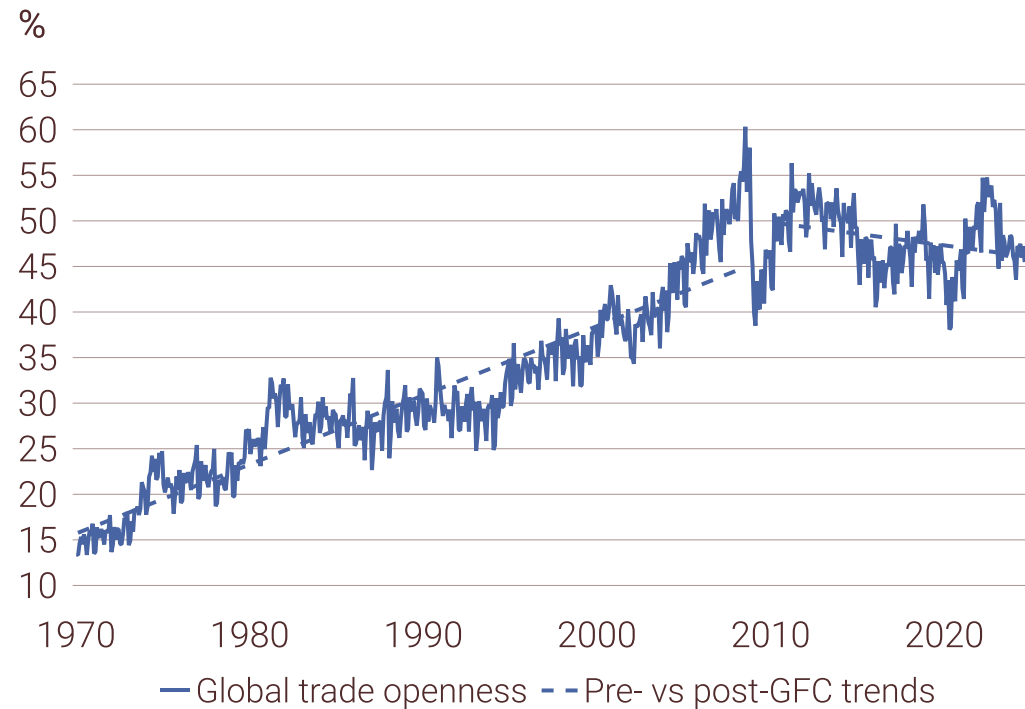


Sources: Bloomberg, Swedbank Research & Macrobond

"Slowbalization"

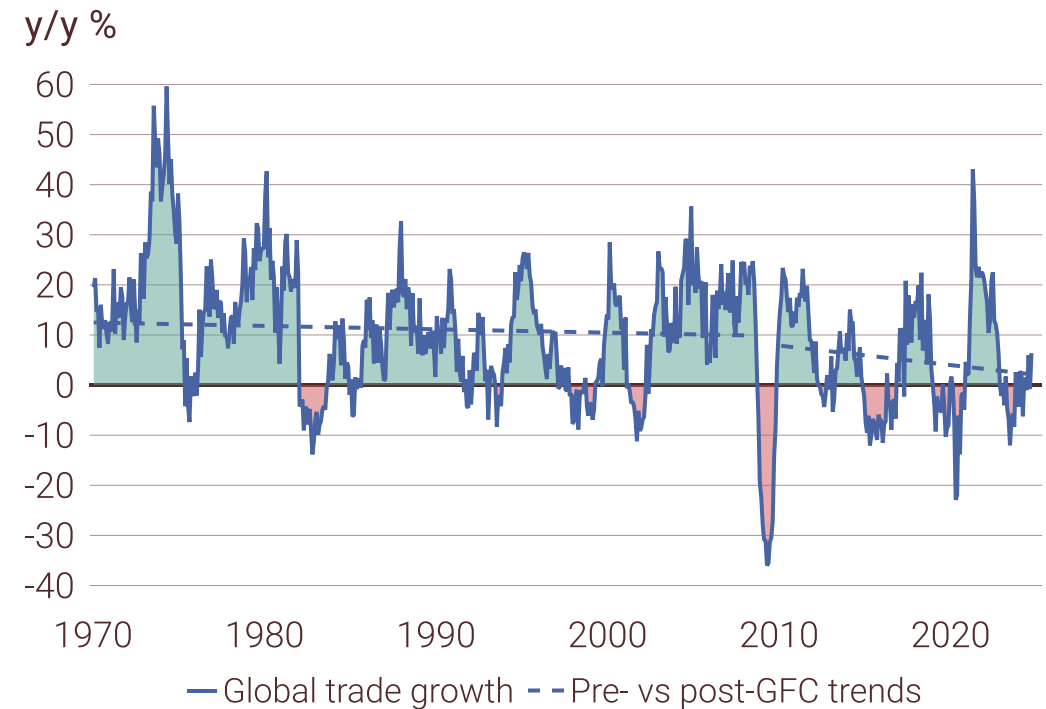


Global trade openness



Sources: Swedbank Research & Macrobond

Global trade growth



Sources: Swedbank Research & Macrobond



Trump the "tariff man"

Why does Trump want to implement new tariffs?



Fund tax cuts



Reduce US trade deficit



Protect US industries and bring companies to the US



As a negotiation tool

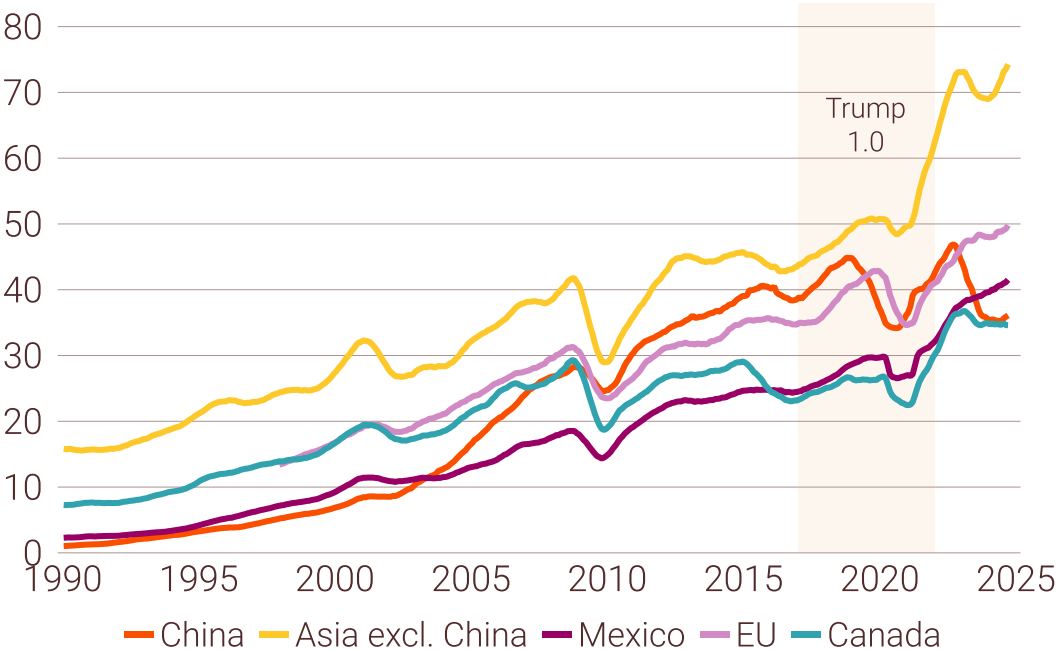




Few evidence that the trade war actually brought about the positive effects Trump wanted to achieve

US goods imports from selected countries

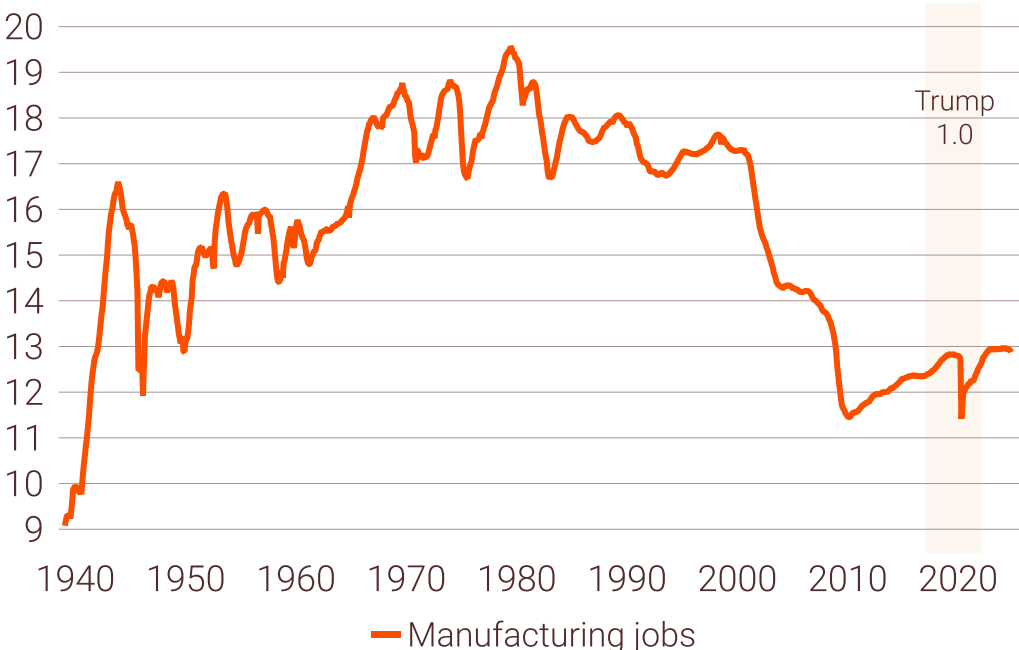
USD bn, 12m moving average



Sources: Swedbank Research & Macrobond

US manufacturing jobs

No. of persons, millions



Sources: Swedbank Research & Macrobond

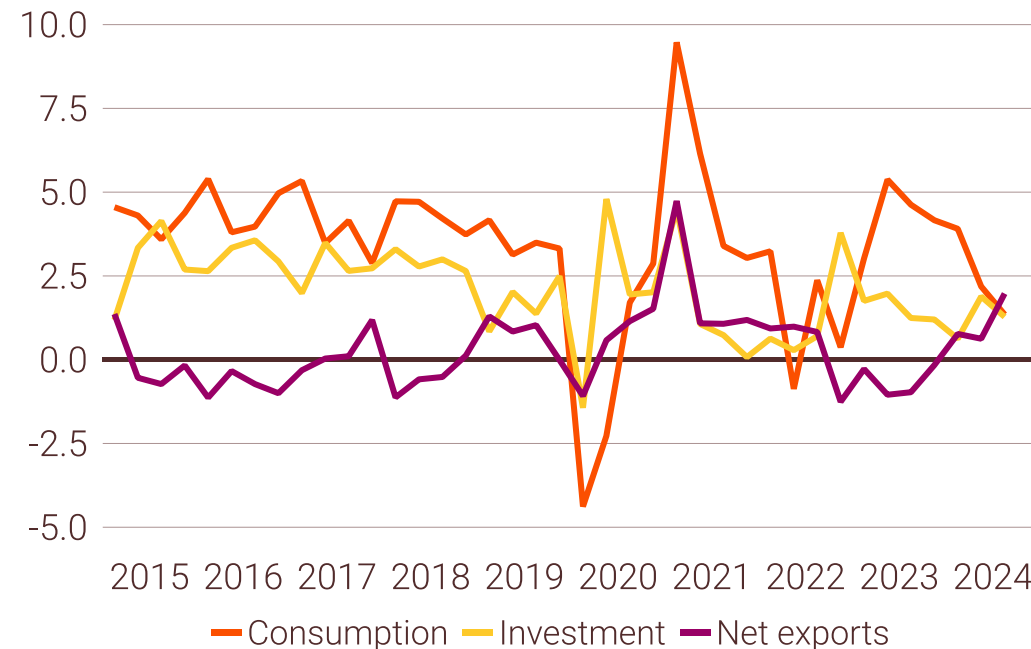


China's export importance near all-time highs

Global dominance in car exports

Contribution to annual GDP growth

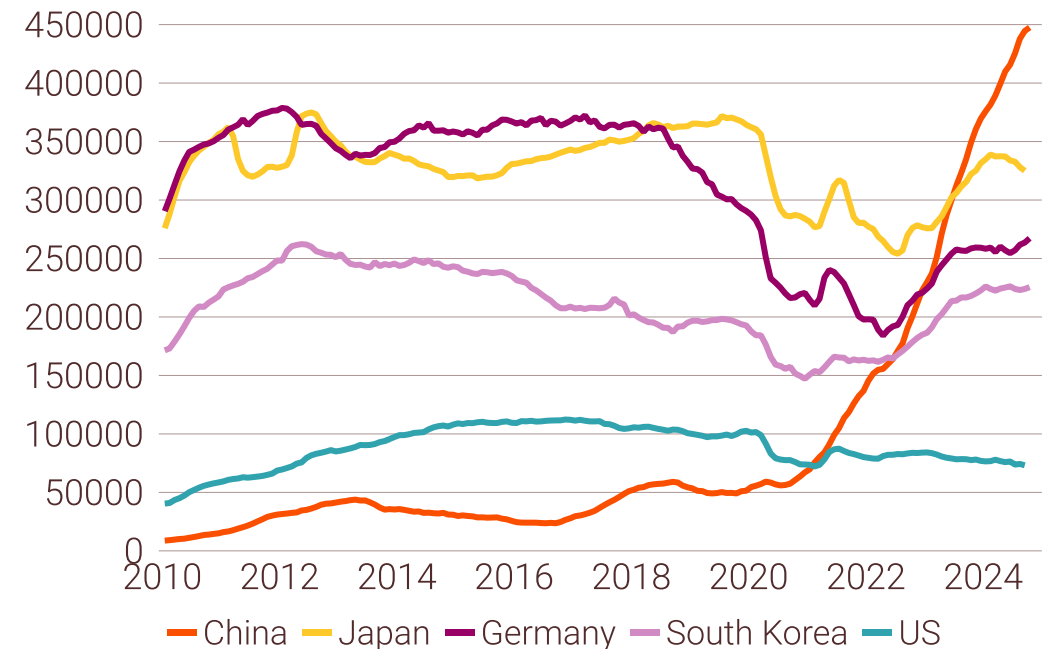
Percentage points



Sources: Swedbank Research & Macrobond

Monthly car exports

12m ma



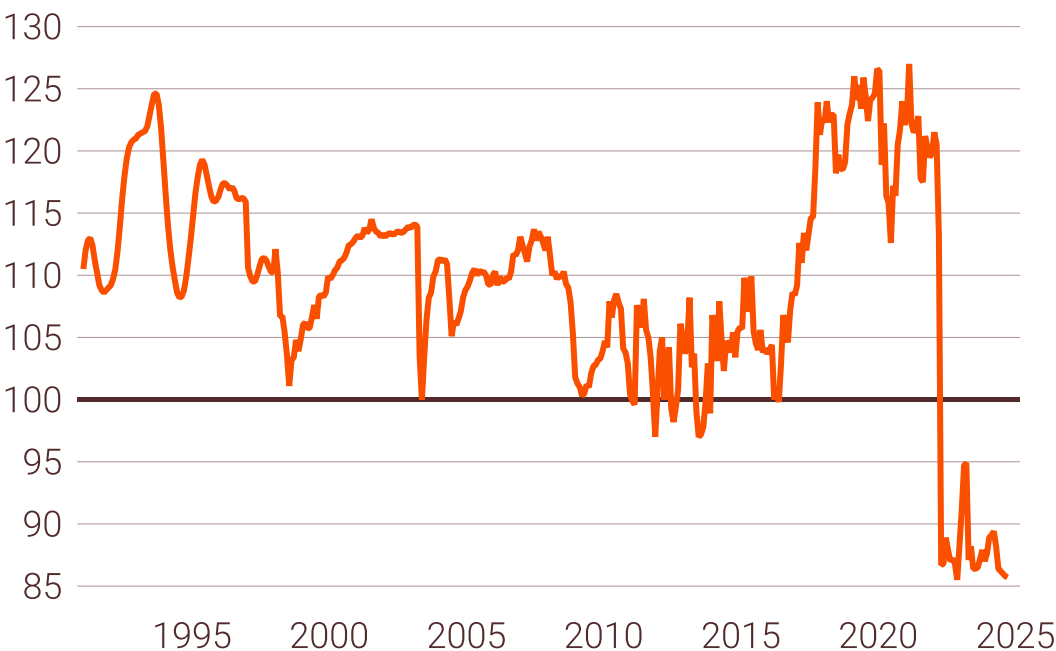
Sources: Swedbank Research & Macrobond



Confidence depressed by the property sector downturn

Consumer confidence

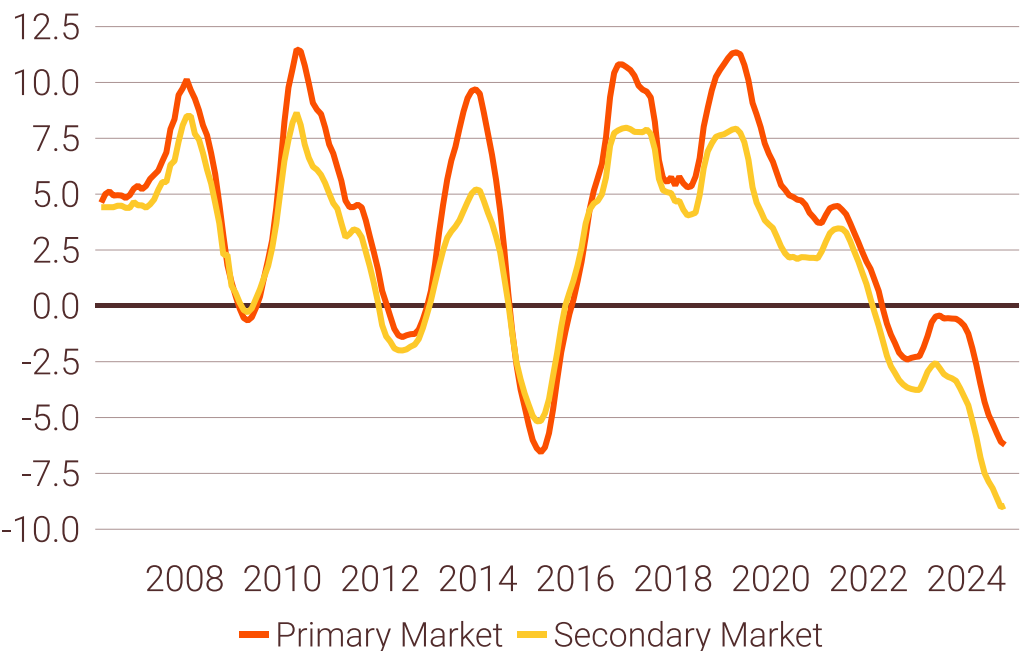
Index



Sources: Swedbank Research & Macrobond

Housing prices (average of 70 cities)

y/y %



Sources: Swedbank Research & Macrobond



Rest of the world can learn a thing or two from China



Beijing to Shanghai

1318 km

4h 35m



Chicago to New York

1228 km

20h 12m



Paris to Berlin

878 km

8h 36m



Luleå to Umeå

265 km



4h 25m

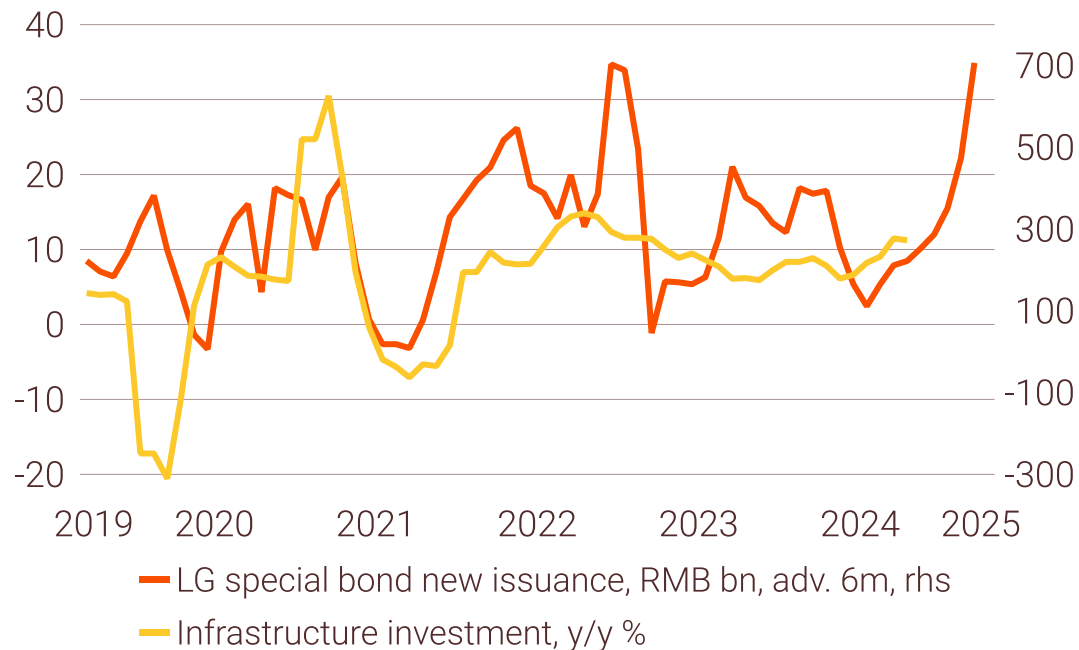


Infrastructure primed for major revival

The rebalancing of the Chinese economy will have to wait

Bond issuance and infrastructure investment

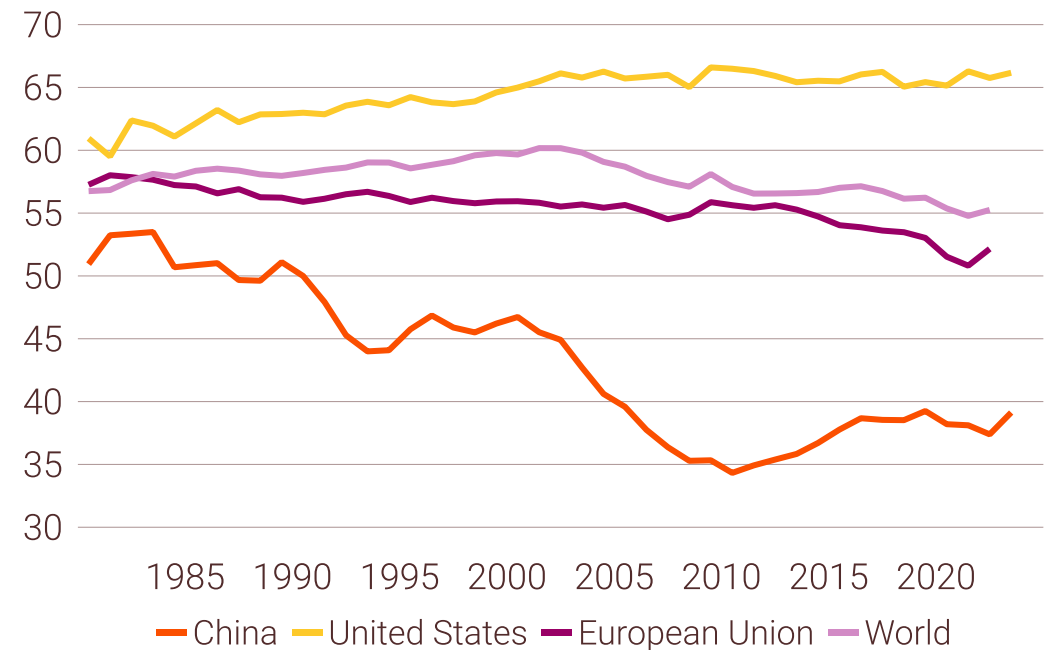
3m ma



Sources: Swedbank Research & Macrobond

Household expenditure as a share of GDP

%



Sources: Swedbank Research & Macrobond

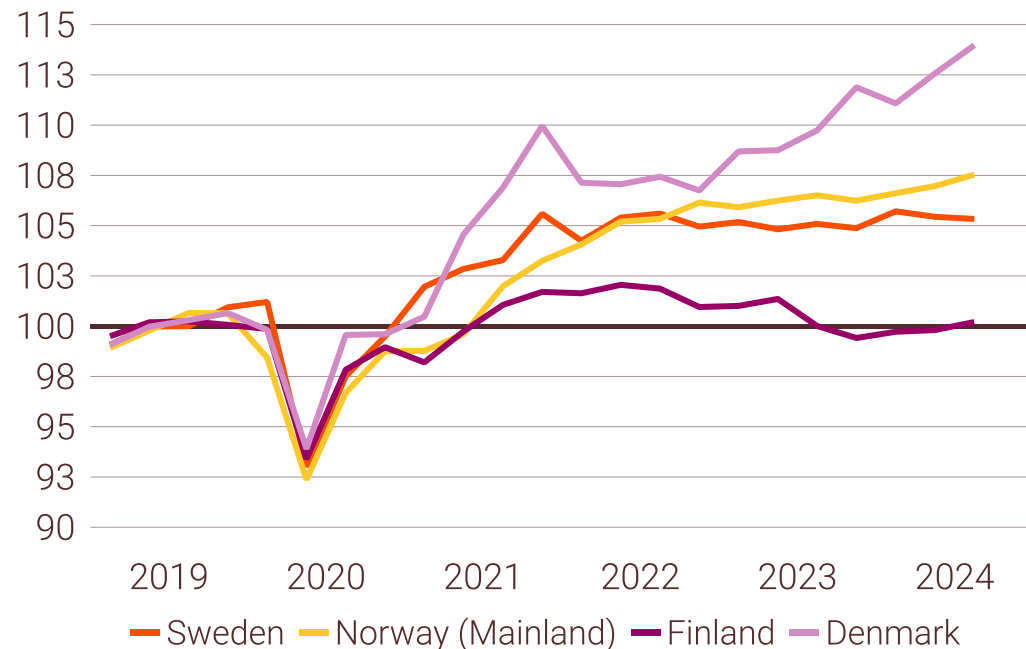
Divergent growth trends in the Nordics

The "X-factor"



GDP

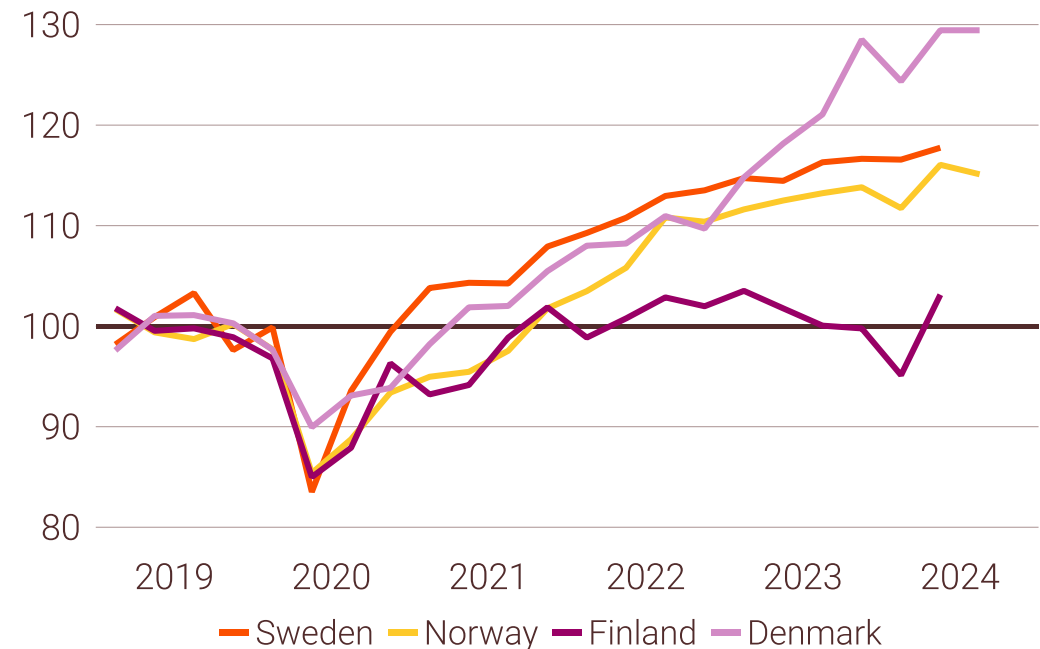
Index (2019=100), constant prices, sa



Sources: Swedbank Research & Macrobond

Export

Index (2019=100), constant prices, sa



Sources: Swedbank Research & Macrobond

The pharmaceutical sector has surged in Denmark

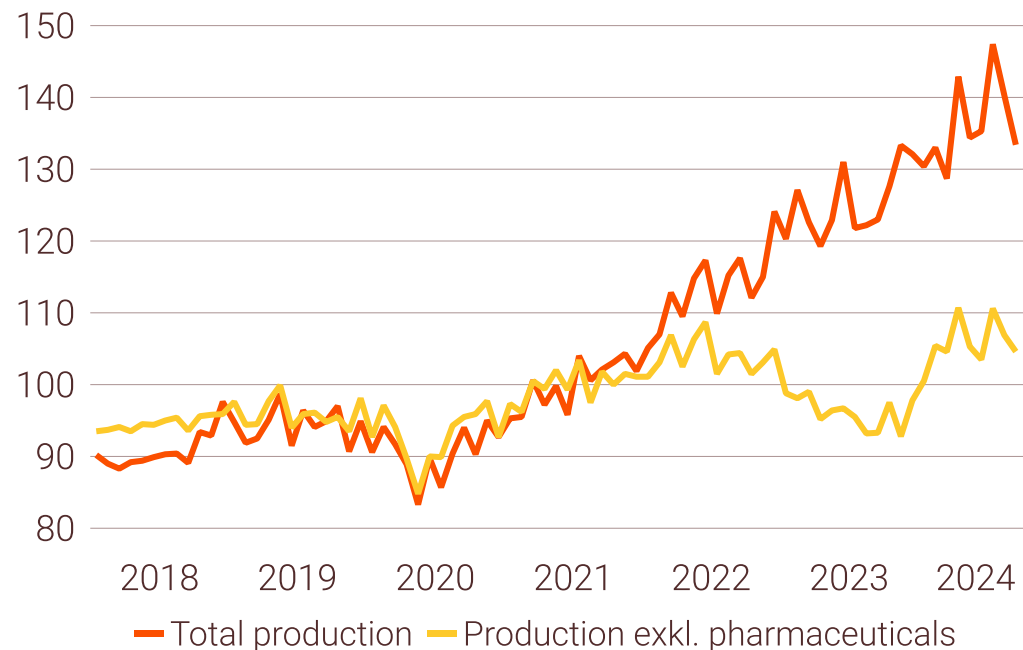


... while Finland was more dependent on trade with Russia



Industrial production in Denmark

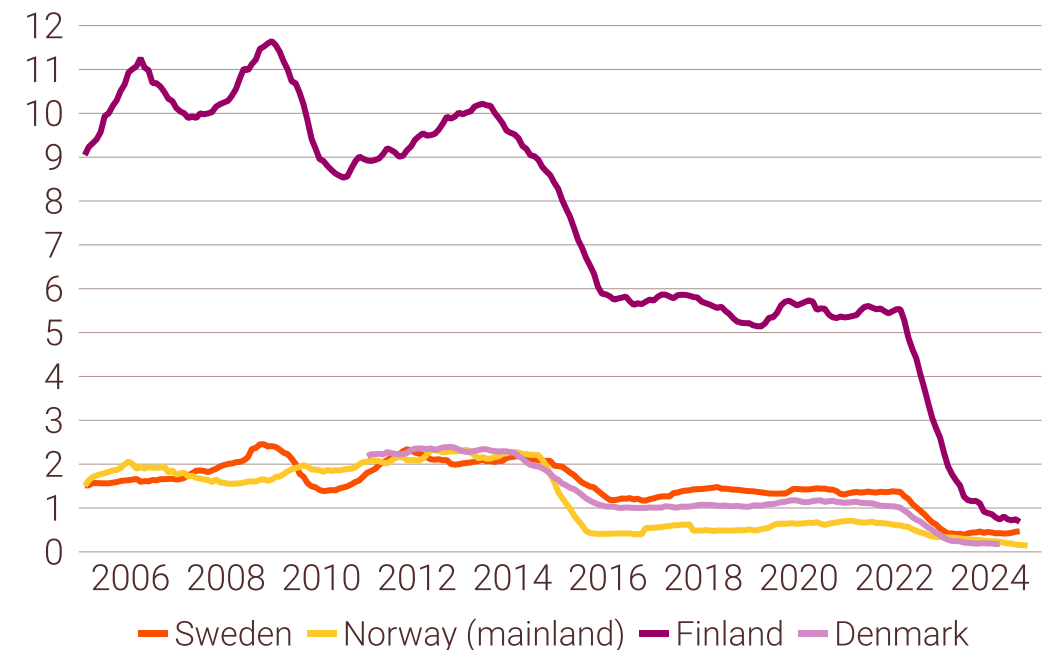
Index, volume, sa



Sources: Swedbank Research & Macrobond

Exports to Russia

% of total goods export, local currency



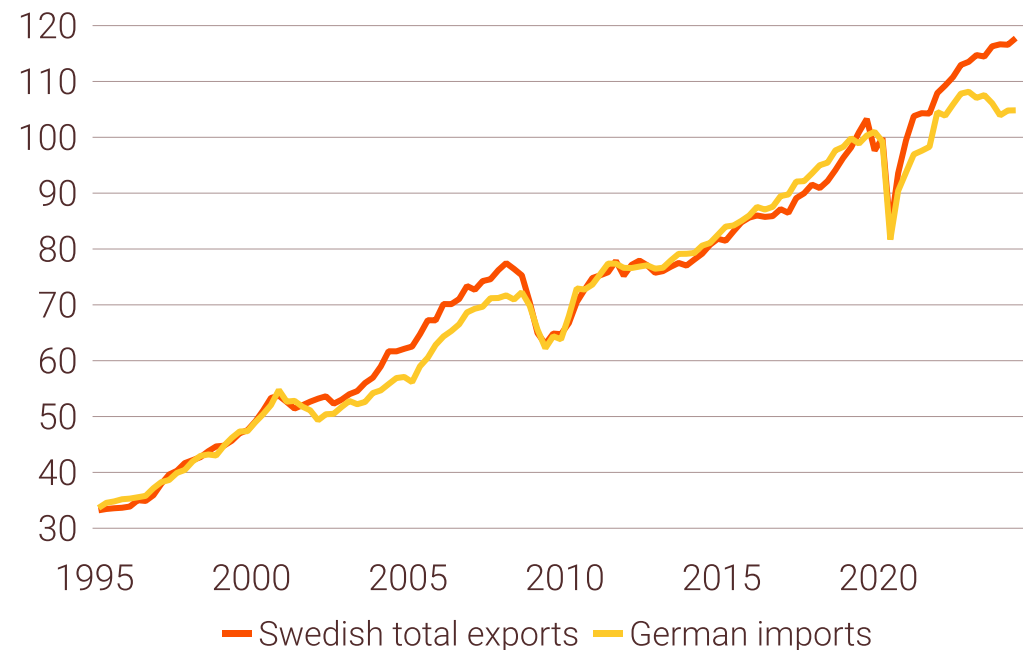
Sources: Swedbank Research & Macrobond



Trump's tariffs and increased interest rates will affect the Swedish economy

Swedish exports and German imports

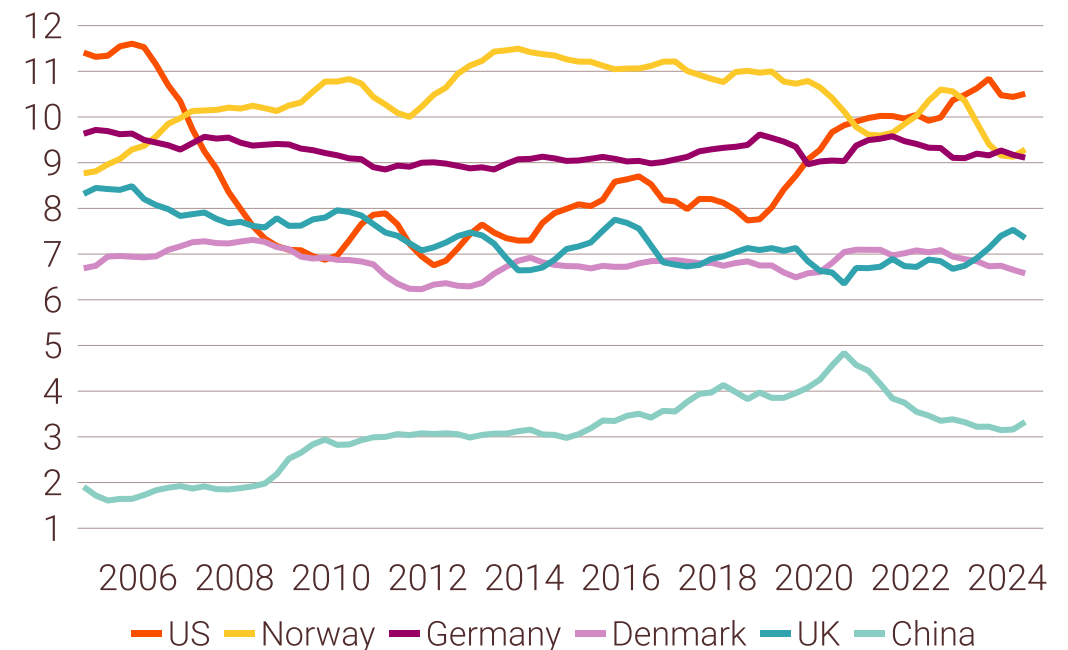
Index (2015=100), constant prices, sa



Sources: Swedbank Research & Macrobond

Swedish exports to selected countries

% of total exports, 4q ma



Sources: Swedbank Research & Macrobond

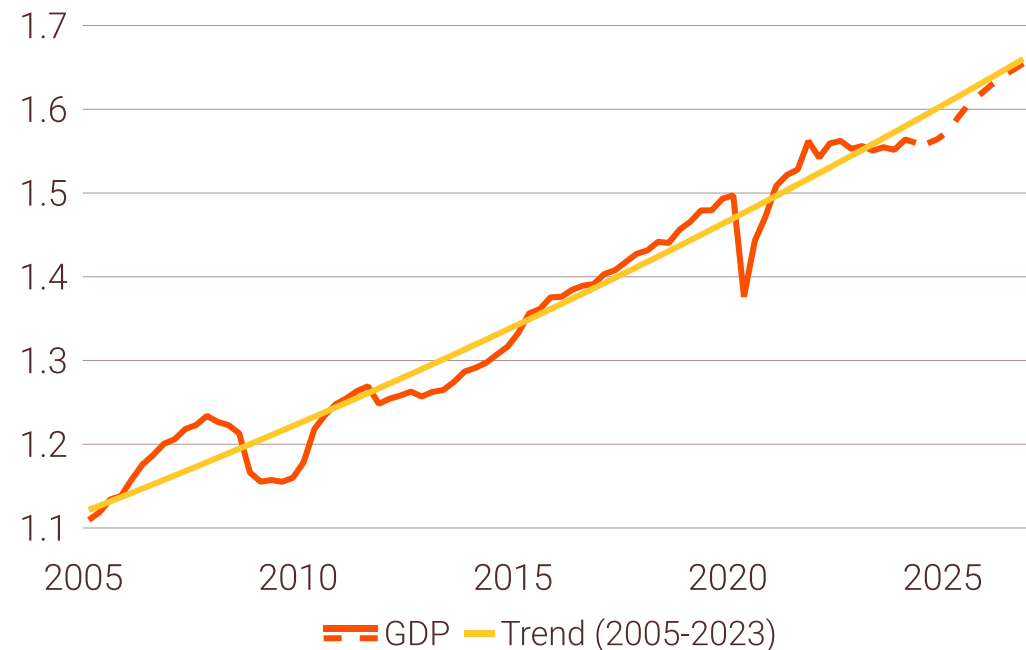


The economic recovery in Sweden takes a little longer

Household consumption the most important driving force behind the turnaround

GDP incl. forecast

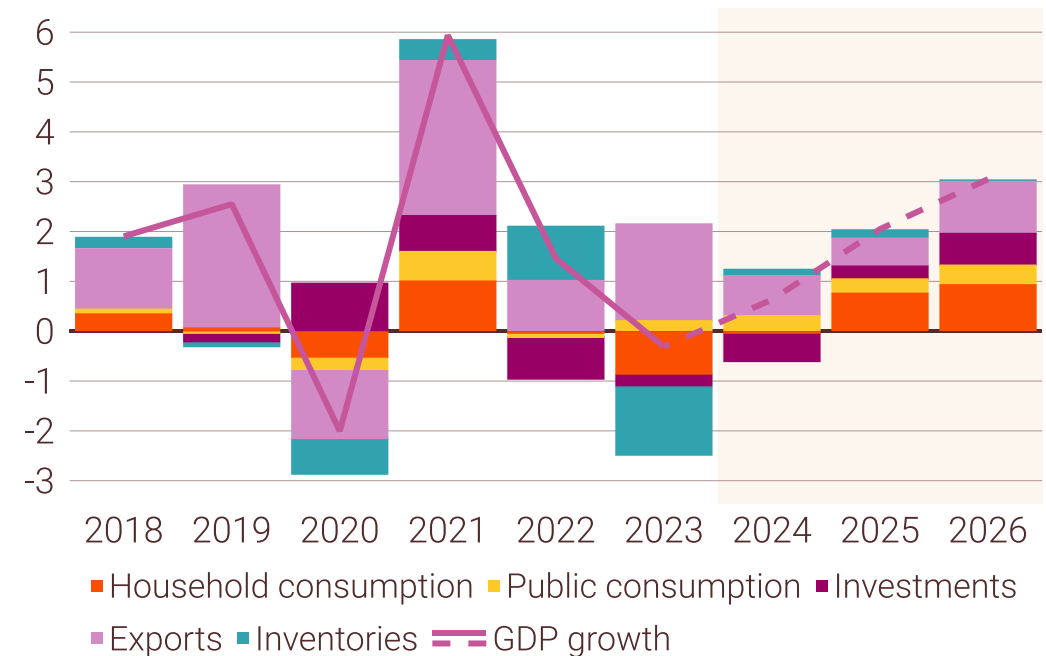
SEK bn, constant prices, sa



Sources: Swedbank Research & Macrobond

Import adjusted contribution to GDP growth

%/pp, ca

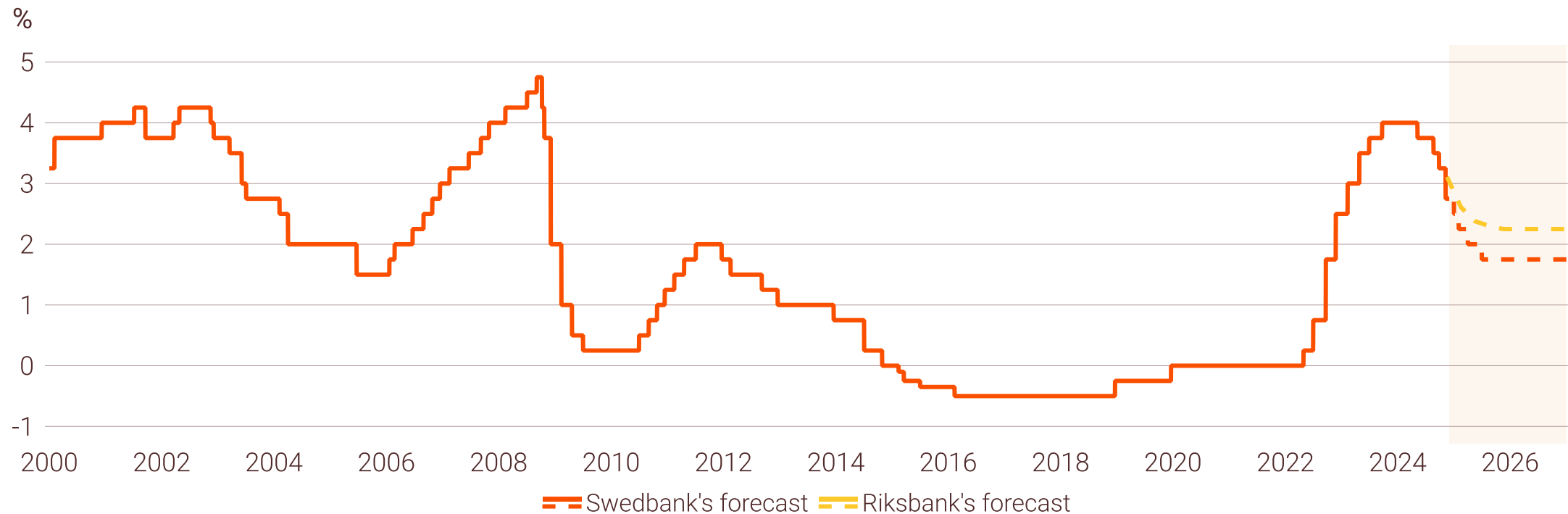


Sources: Swedbank Research & Macrobond



Interest rates needs to continue down

Riksbank's policy rate incl. forecast



Sources: Swedbank Research & Macrobond

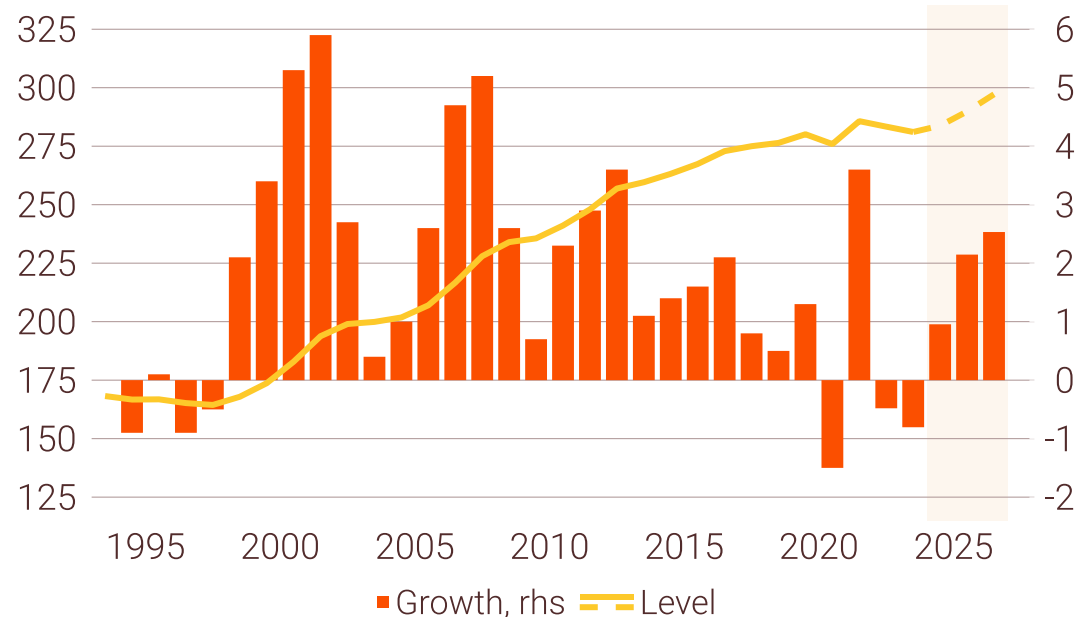
Several factors support household consumption



....but consumption seems to be recovering slower than normal

Real disposable income per capita

SEK thousand, % (rhs)

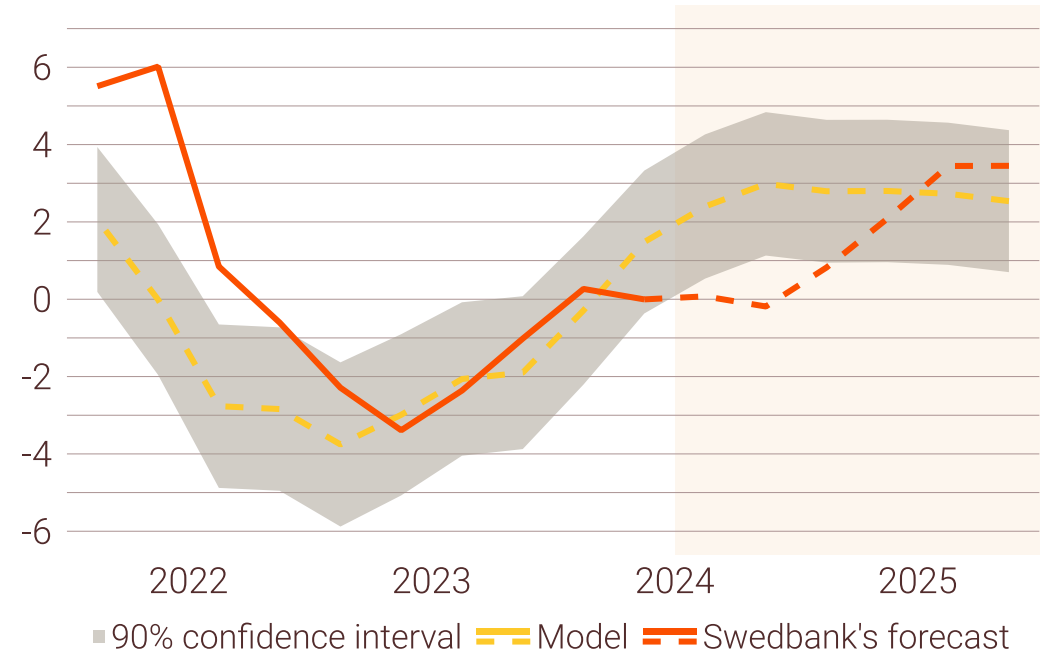


Note: Reference year is 2022

Sources: Swedbank Research & Macrobond

Household consumption

y/y %



Sources: Swedbank Research & Macrobond

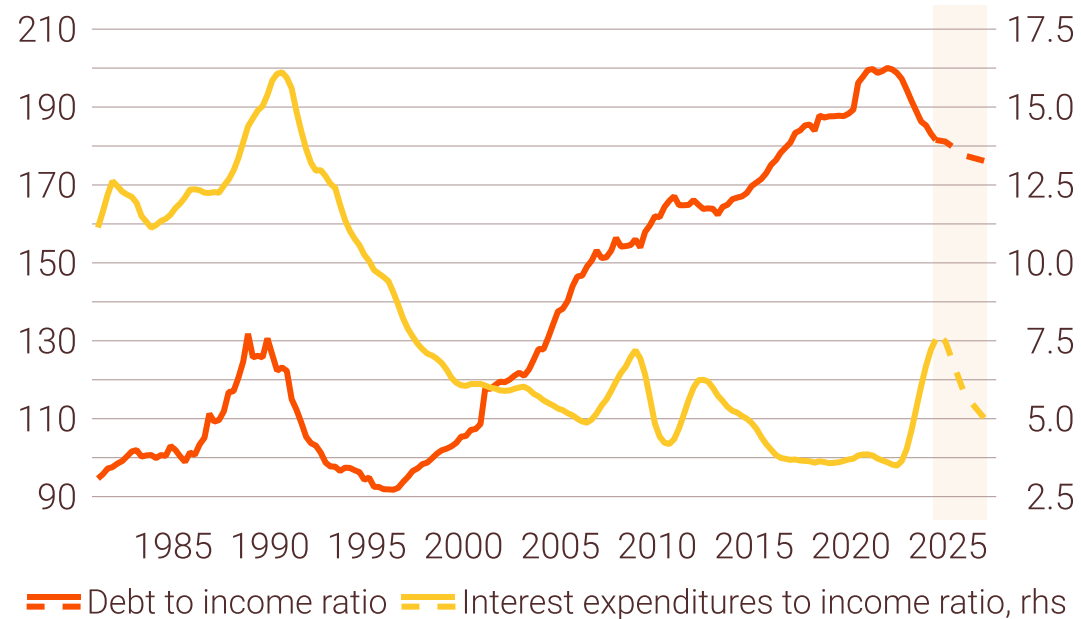


Swedish households are interest rate sensitive

Large proportion of households that want to save

Household debt and interest expenses

% of disposable income

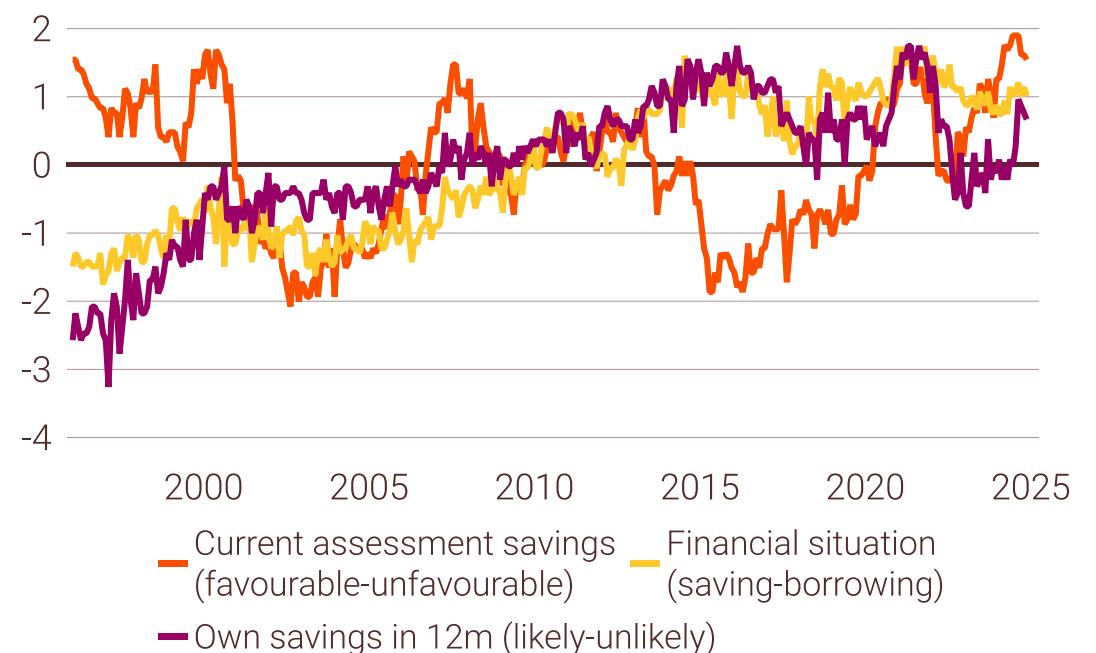


Note. Interest expenses before interest deduction.

Sources: Swedbank Research & Macrobond

Households' views on saving

Standard deviation from mean

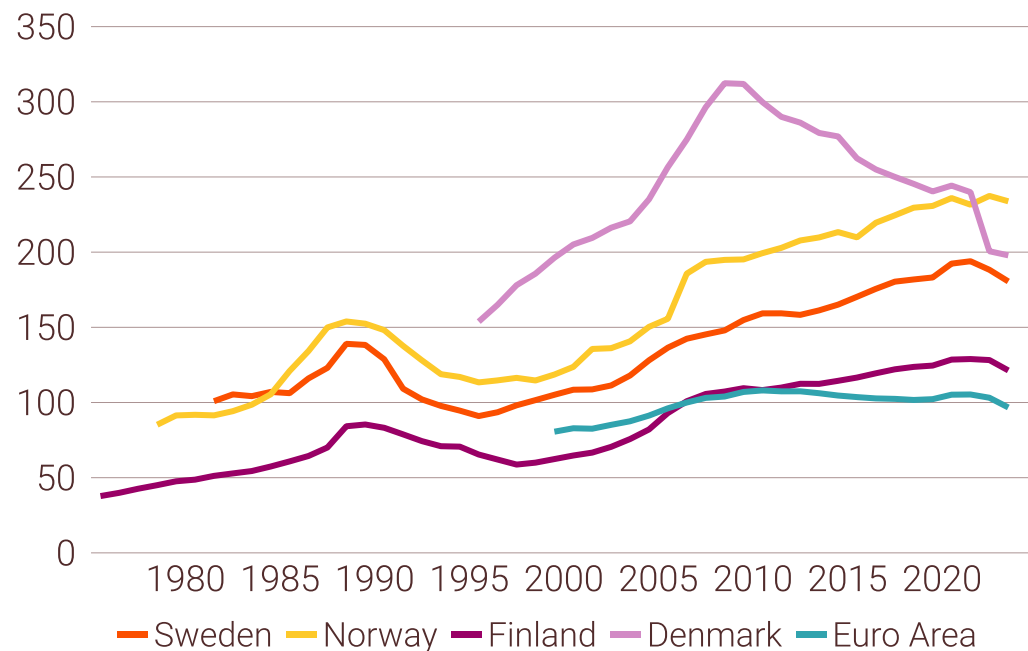


Sources: Swedbank Research & Macrobond

Household debt accumulation and short rate fixation

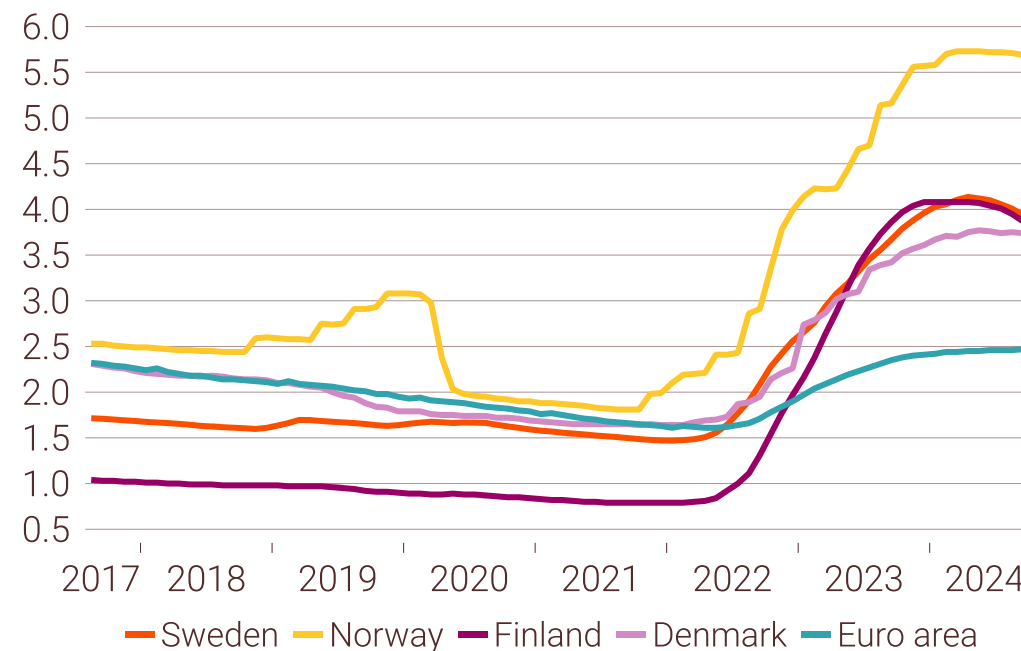


Household debt % of disposable income



Sources: Swedbank Research & Macrobond

Average mortgage rate %, outstanding stock



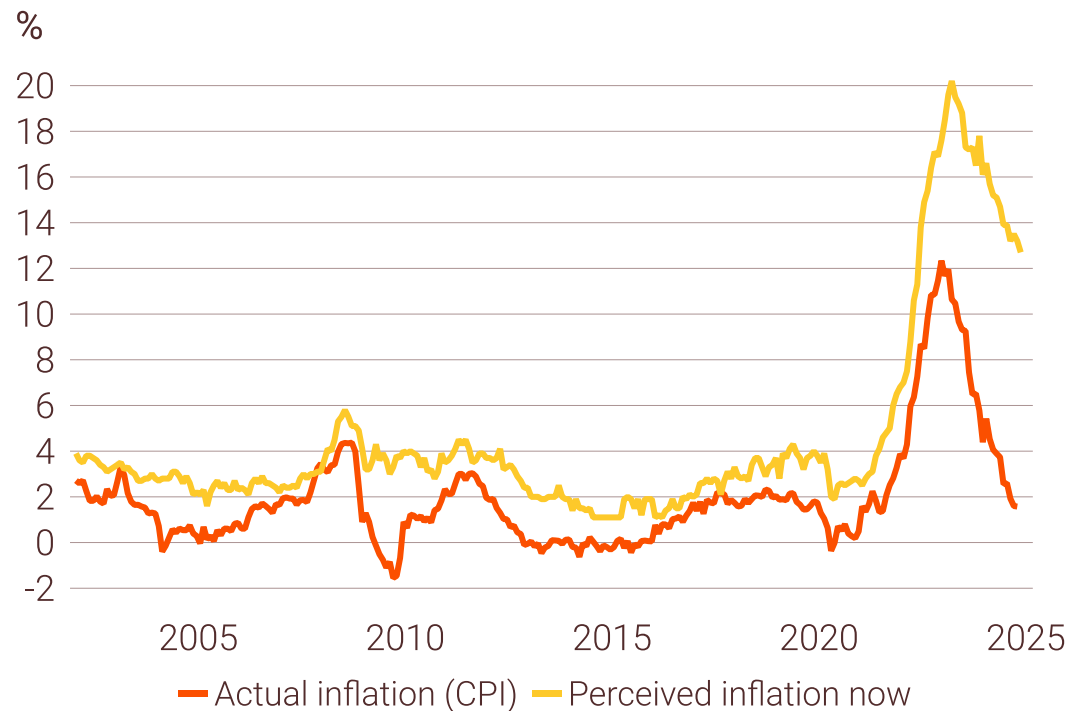
Sources: Swedbank Research & Macrobond



Households have not perceived that inflation has fallen...

... and it will take time to restore purchasing power

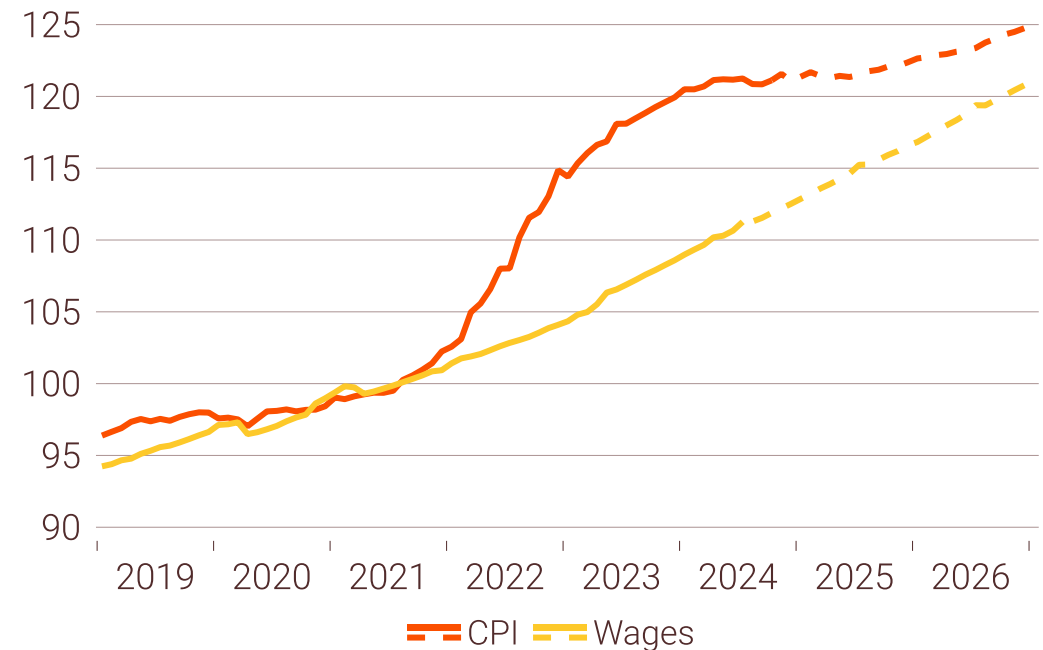
Households' views on inflation



Sources: Swedbank Research & Macrobond

Consumer prices and wages

Index (2021=100), sa



Källor: Swedbank Analys & Macrobond

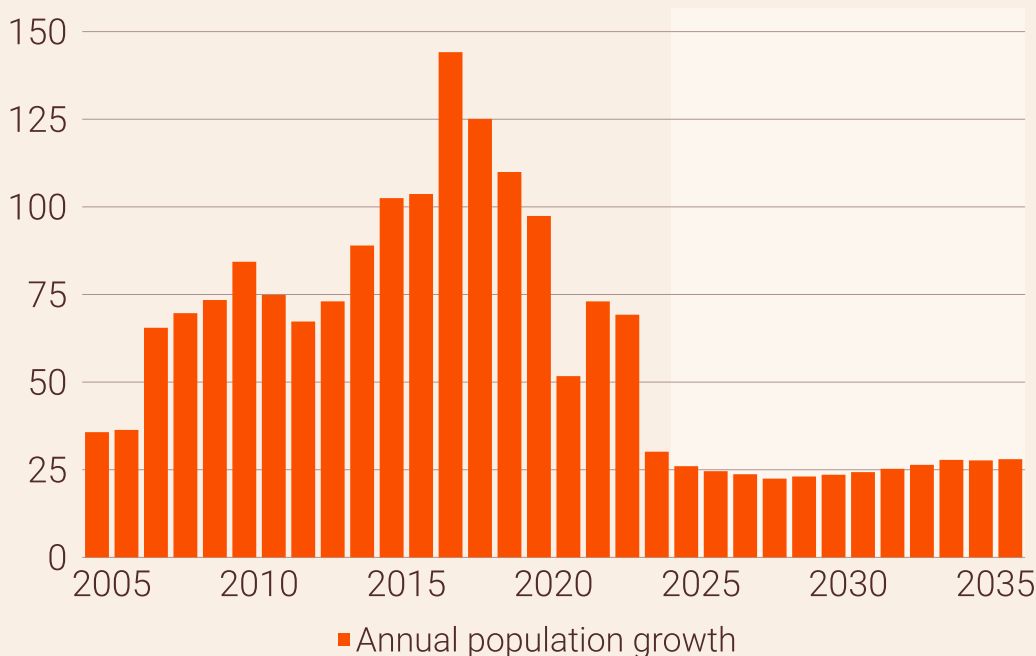


Demographic challenges

Rising labour shortages

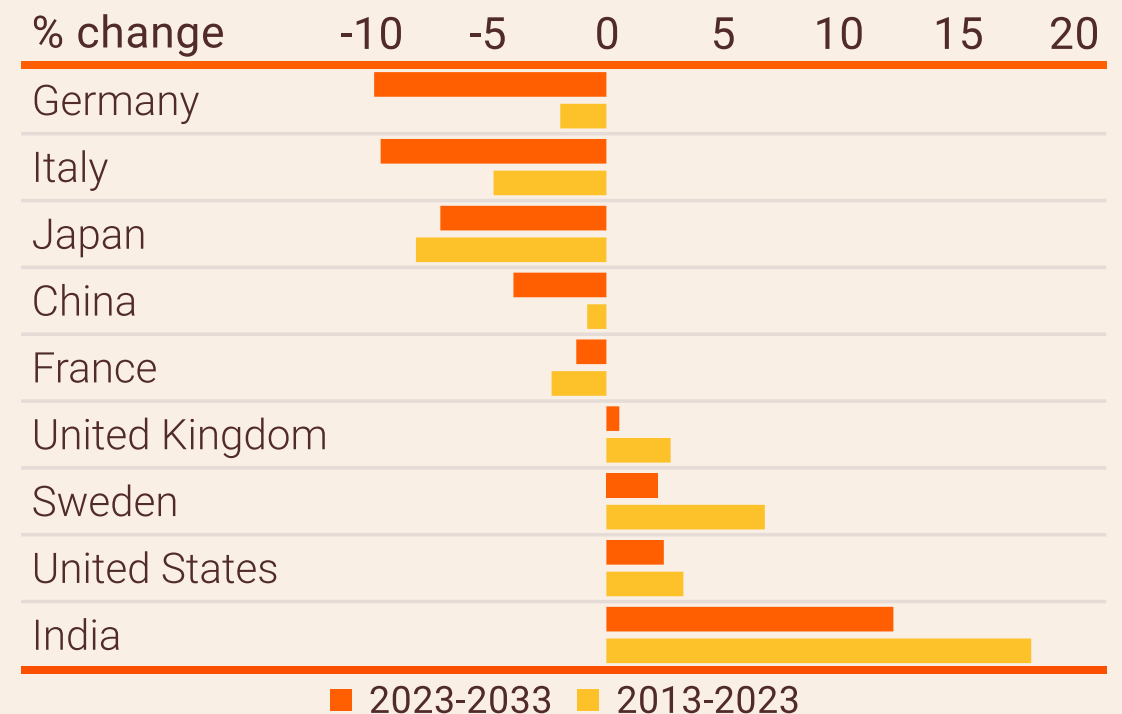
Population growth incl. SCB's projection

Number of people, thousand



Sources: Statistics Sweden, Swedbank Research & Macrobond

Change in working-age population



Note: 20-64 years

Sources: Swedbank Research, UN, Statistics Sweden & Macrobond



The global economy is pulling in different directions. The US election ended with a clear Republican victory, which poses challenges for global trade and trade-dependent countries. Geopolitical uncertainty remains high.

A strong US economy has left the Fed in no hurry to substantially lower the policy rate. We forecast only gradual rate cuts during the forecast horizon. A weaker euro area economy has opened up the possibility for the ECB to cut its policy rate somewhat more aggressively.

The Swedish economy has remained weak and the recovery looks set to take some time. We expect growth to pick up next year, but lower global or domestic demand risks delaying the recovery.

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