

Interest rate hike likely as Sweden's GDP booms

Written by Johan Nylander / AFP

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Sweden's economy unexpectedly accelerated by one percent in the second quarter, while year-on-year growth slowed to 5.3 percent, data released Friday by the central statistics office (SCB) showed.

The figures beat the expectations of analysts polled by the Dow Jones Newswire who had expected growth of 0.6 percent in the quarter and 4.9 percent on an annual basis.

The probability that the Riksbank will raise interest rate in September increased after Friday's strong GDP figure, business news website di.se wrote after the figures were released.

"Growth came in somewhat above our and the Riksbank's forecast," said Andreas Jonsson, an economist at Nordea Bank AB, in a client note. "This supports our view that the Riksbank will continue tightening policy short-term."

In the first quarter of 2011, Sweden reported an annual growth rate of 6.4 percent, one of the highest in Europe.

Without taking into account seasonal variations, the year-on-year growth of the Gross Domestic Product was 4.8 percent, the statistics office said.

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