

Swedish inflation swells to 3.3 percent

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Swedish inflation rose to 3.3 percent in July on a 12-month basis, up from 3.1 percent in June, official data showed Thursday.

Compared with June, July consumer prices were flat, Statistics Sweden said in a statement.

It said higher prices reflected a 3.0-percent hike in interest costs for owner occupied housing, a 5.9-percent jump in prices for package holidays, as well as higher costs for fuel and food and non-alcoholic beverages.

These increases were offset by "seasonally normal price decreases for clothing and footwear, with prices falling seven percent, and lower prices for electricity, it said.

According to the European Union's Harmonised Index of Consumer Prices (HIPC), inflation in Sweden

was 1.6 percent in July compared with a year earlier, remaining well below the 2.5 percent inflation rate seen in the neighbouring eurozone last month.

Sweden's central bank has raised its key interest rate seven times since July 2010, pushing it from 0.25 percent to 2.0 percent, in a bid to stabilise inflation close to its target of 2.0 percent.

The Riksbank has said it plans to continue raising rates on the back of Sweden's strong economy, which is considered among Europe's most robust with growth this year forecast at 4.4 percent.

However, economists have in recent days said they expect the bank will backtrack and leave rates unchanged at its next meeting in September due to growing fears of a new global financial crisis.