

Nordic risks posed by household debt growth

Written by Johan Nylander

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- [Housing shortage threatens Swedish economy](#)

The Nordic region's policy makers need to do more to stem risks posed by household debt growth, the Organization for Economic Cooperation and Development said, Bloomberg reports.

"A less supportive monetary stance would mitigate the build-up of financial imbalances, particularly in the housing sector" in Norway, the Paris-based group said. "The exposure of households and banks to high debt levels should be monitored carefully."

Sweden, the largest Nordic economy, will grow 0.7 percent this year and 2.3 percent next year, compared with a May 29 forecast of growth of 1.3 percent in 2013 and 2.5 percent in 2014, the OECD said.

"Monetary policy needs to remain accommodative in the near term given the economic weak patch, even though household debt, which mainly consists of mortgage loans, has reached high levels, and household credit growth and house prices have picked up again," the OECD said of Sweden.

Sweden's Minister for Public Administration and Housing, Stefan Attefall told Reuters this week that

a housing shortage in Sweden is pushing up

prices to levels close to those in central London and threatening to undermine

one of Europe's most solid economies.

"We have built around half of what other countries have over the last 20 years. That shows that we have a long-term problem," he said.

"There is a restrictive effect on the recruitment of labour and a reduction

in companies' competitiveness in the long term. So there are big economic

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consequences for society."