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- Sweden's GDP swells quicker than expected

The Swedish economy is back to growth – and the service sector plays a key role, Swedbank said in its report The Swedish Economy. Here are the highlights.

- The Swedish economy grew significantly beyond expectations during the first quarter, with business investment in particular surprising on the positive side. This indicates improved confidence. Considerable imbalances still remain, however, mainly household debt and high unemployment, which have to be handled with economic policy.

- The private service sector is becoming increasingly more important for the Swedish economy and has served as a shock absorber against recent economic fluctuations. Output, employment and exports have grown faster in the service sector than in manufacturing, but at the same time the overlap between the two sectors is growing. So it isn't a question of either/or, but rather both.

- Economic policy has the delicate role of balancing the improvement in the Swedish economy with the remaining imbalances. The likelihood that the Riksbank will keep monetary policy unchanged has grown despite the relatively high unemployment rate. In the longer term conditions for service businesses have to be improved, mainly through a modified tax system, investments in education and research, and liberalization of the service trade within the EU.

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