

IMF: Sweden's growth has slowed "sharply"

Written by Johan Nylander

Thursday, 28 June 2012 11:52 - Last Updated Friday, 29 June 2012 15:05



The International Monetary Fund said Sweden's underlying growth has slowed "sharply" amid a clouded outlook for the country's European trading partners, according to Bloomberg.

"On the monetary side, policy should continue to be set according to the baseline scenario, as it can be adjusted rapidly if tail risks are realized," the Washington-based group said.

"Macroprudential instruments should be deployed further if the housing market reinflates once again."

The Nordoc country's economy may grow 1 percent this year and by 2.3 percent next year, the IMF said.

Swedbank said in its latest report about Sweden's economy export that demand is shaky and concerns among households and businesses are growing as summer begins. Demand for Swedish exports is at risk of weakening as practically all of Sweden's key export markets face growing uncertainty. After zero growth in the first quarter, we are likely to see continued sluggish exports over the summer, it said.

"Our short-term economic outlook for Sweden therefore calls for lower growth prospects, and also increased risks. The debt crisis in Europe as well as weak development in the US and China could produce chilly summer showers for the Swedish economy", the bank said.