

Sweden hikes economic growth forecast

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Dow Jones said Sweden's economic growth will slow less than previously expected in 2012 and the economic situation could give room for more long-term investments, according to Finance Minister Anders Borg.

"Growth and employment developed relatively strongly in the early part of 2012 which means the forecast for the year as a whole is raised," the ministry in Stockholm said. "It is at the same time low in a historical context."

Sweden's gross domestic product is now expected to grow 1.1% in 2012, Borg told a news conference in Visby. In its previous forecast in April, the ministry said GDP was set to increase 0.4% this year, slowing from 3.9% in 2011.

Sweden's Riksbank kept its benchmark interest rate unchanged and signaled it will delay plans to tighten monetary policy as the bank waits for firmer indications that Europe is emerging from its debt crisis, Bloomberg said.

"Following a bright start to the year, the unease in Europe is now casting a shadow over the Swedish economy," the bank said in the statement. "Despite the unease, the Swedish economy is still growing, albeit weakly. Inflation is low. The repo rate needs to remain low," it said.