

Inflation slows in Sweden while industry rises

Written by Johan Nylander

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Bloomberg said Swedish inflation slowed to its lowest level in more than two years in July as the strengthening krona damped prices in the largest Nordic economy.

“We predict a continued very low inflation pressure” because of the strong krona and low consumer demand, Anna Raman, a senior economist at Nykredit Bank, told the newswire, adding that consumer prices won’t start to accelerate until next year as the European and Swedish economies improve.

Consumer price growth slowed to an annual 0.7 percent from 1 percent a month earlier, Statistics Sweden said Monday.

At the same time Swedish industrial production unexpectedly climbed in June as the Nordic economy shows signs of withstanding the European debt crisis, Bloomberg said. About half of Swedish output is sold abroad, of which about 70 percent is bound for Europe where countries are cutting spending to reduce private and public debt.

Strong exports drove a stellar performance for Sweden's economy in the second quarter, shrugging off the effects of the euro zone debt crisis and supporting the central bank's view there is no need to cut interest rates.

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