

'Compromises needed to fix global slowdown'

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Sweden's forth biggest bank Swedbank said that political compromises is needed to improve the global economic situation.""

"The international economy is sharply bifurcated. On the one hand, we see glimmers of light in a more robust US recovery and signs of a turnaround in China. On the other hand, the euro zone and Japan are now both in recession. Fighting in Middle East also raises risks for growth and commodity markets.

"Considering the major political challenges, there is an uncertainty that could be reduced once decisions are made. Strong corporate and household confidence would improve investment, hiring and consumption mainly in the US, but also in other countries where concerns of a worsening global crisis are impeding activity.

"Monetary policy is becoming more expansive in emerging markets as inflation and demand slow. More developed countries are using quantitative easing and pledges to keep interest rates low for an extended period. Until then fiscal policy is being tightened at the same time the banking sector in several developed countries is undergoing an acid test that is keeping lending in check. The challenges are great and economic policy isn't likely to significantly help demand. On the contrary, it is a question of creating confidence by managing the crisis well.