

# Press release

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## Swedish economic trend unusually difficult to assess

“The Swedish economy is negatively influenced by repercussions of the economic slowdown in the United States and effects of stock markets’ marked fall. While it is true that little more than 2 per cent of Swedish exports go to the United States, the product mix and the distribution by countries make Sweden vulnerable.”

Deputy Governor Villy Bergström said this in an address to Västmanland-Dala students at Uppsala University on Sunday evening.

“It is easy to be carried away by newspaper headlines and media drama but so far it has only been a question of some slackening of growth in Sweden to figures that are more sustainable than those to which we have been accustomed in the past three or four years.

“The Swedish economy is in a balanced situation, with high employment, a public sector financial surplus and a surplus on the current account. Stabilising elements in the economy in the coming years are good real wage increases, tax cuts, rising residential construction and investment in networks for the third generation of mobile telephone and broadband facilities.

“The main danger lies in people’ confidence — the expectations of firms and households about their own and Sweden’s economic future. The conditions for Sweden to withstand an international economic downturn are better than they have been for several decades.

“I readily admit, however, that the situation is difficult to assess. We are now working on the monetary policy meeting on 27 March. International economic activity is admittedly slackening, with clear effects for Swedish exports. On the other hand, the wage negotiations can still cause problems, as can the weak exchange rate, which can generate inflationary impulses. The Riksbank has a high state of readiness in the event that an adjustment of monetary policy is called for to contribute to the continuation of a stable development.

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