

PRESS RELEASE

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The Riksbank's Business Survey: "The whole of society is on hold"

The corona pandemic has meant that large parts of the business sector have experienced very rapid and severe falls in demand. In some sectors, companies are fighting for their survival, whereas other sectors have instead seen a tangible increase in both demand and job opportunities. The general view is that it will take time before the situation normalises. This is revealed by the interviews with large Swedish companies conducted by the Riksbank in May.

"The depth of vision is zero"

Companies in general have a rather subdued outlook on economic developments in the coming period. A majority believe that the economic situation will still be poorer than normal in six months' time, and three out of four believe that it will take more than nine months before the economy has recovered again. In many cases, they expect a slow and tentative recovery, which also holds back investment. Some sectors, such as the hard-hit **travel and hotel industry**, believe that it may take two years before the situation is more normal.

Manufacturing companies note the "new shoots" from Asia, but say at the same time that developments are uncertain and they are worried about a possible double-dip if there is a second wave of infection. If production does not pick up after the summer, there is a risk that they will have to give staff notice of redundancy.

The construction industry has so far been relatively unaffected by the pandemic and construction activity is perceived as still good. But these companies are also beginning to notice that customers are hesitant about starting up projects and they see a decline in orders.

Companies in the non-durables sector and **e-commerce**, on the other hand, have experienced an increase in sales volumes and turnover. Here they have instead increased the number of employees and also brought forward investments in logistics.

"The banks are happy to lend money to companies that already have money"

Large companies with good ratings are receiving the financing they need. The companies feel that the measures implemented by the Riksbank and other authorities have helped stabilise the credit markets, although they think the situation is still fragile. On the other hand, companies with a high level of indebtedness and/or weak profitability have acute



financing problems. It has become both more difficult and more expensive to obtain financing via the securities markets and many think that the larger companies may also need targeted support.

A majority of the companies are expecting sale prices to fall in the current quarter. The non-durables trade and the food industry, which have not suffered any negative effects from the crisis, instead think prices will be relatively stable during the current quarter.

ABOUT THE BUSINESS SURVEY

The Riksbank regularly interviews the largest companies in the industrial, construction, trade and part of the service sectors. Representatives of 62 companies with a total of around 300,000 employees in Sweden were interviewed during the period 6 to 11 May. The results of the interviews are reported in the Riksbank's Business Survey. The quotes above are from the interviews.