

PRESS RELEASE



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The Riksbank's Business Survey: Stiffer competition putting pressure on prices

Economic activity is expected to continue to slow down and the weak economic situation is expected to persist over the next six months. Companies have revised down their plans for future price increases, both in the near term and in the coming year. This is described in the Riksbank's Business Survey in September.

"We are still counting on a soft landing"

The division in economic activity remains, where on the one hand companies that sell directly to households are still experiencing very weak demand and on the other hand export companies have so far had plenty of orders to work with. However, more industrial sectors are now beginning to notice a slowdown in economic activity, although they do not envisage any heavy fall in demand going forward, and instead expect a soft landing. The construction sector is clearly more pessimistic about economic prospects than before. This is partly due to the fact that other construction is no longer expected to compensate for the substantial fall in demand for new housing.

"All competitors are fighting over a smaller cake"

After a period of unusually large price increases, it is now clear that the retail trade in particular does not plan to continue raising sales prices. Among other companies, there is greater uncertainty than before about price developments. Since the May survey, cost pressures have generally been subdued. At the same time, competition intensifies when demand is expected to fall, which is a further factor making it difficult to raise sales prices.

Few companies changing their currency hedging despite weak krona

The weak Swedish krona is beneficial for export companies' profitability. But at the same time, variations in the krona exchange rate entail increased uncertainty. Both importers and exporters want stability and predictability in the exchange rate as this facilitates their planning. Recently, the weak krona has been in focus for companies, but only a few of them are changing their currency risk management.



ABOUT THE BUSINESS SURVEY

The Riksbank regularly interviews Sweden's largest companies in the manufacturing, construction and retail trade sectors and some service sector segments.

Representatives of 39 companies and trade associations, with around 250 000 employees, were interviewed via personal visits, by telephone or web-based services during the period 21 September-2 October 2023.

The results of the interviews are reported in the Riksbank's Business Survey.

The quotations above are from the interviews.