THE RIKSBANK'S BUSINESS SURVEY

"We're waiting for the upturn"

September 2025

The Riksbank's Business Survey in September 2025[1]

Companies describe the economic situation as a long and protracted slump that has not improved since the spring. They are hopeful that a lower level of interest rates and upcoming fiscal policy stimulation measures will boost demand and investment. However, they expect that this will take time and emphasise that this is a matter of hope.

A tougher situation for the automotive industry is weighing on the manufacturing sector's overall view of economic activity. However, output in Sweden has not been affected to any great extent since the spring. Although manufacturing companies expect an improvement ahead, there are currently few signs of a turnaround. The manufacturing sector generally reviews its costs to maintain profitability. Companies in this sector are therefore continuing to adjust their workforces and cut back on some investments.

Companies selling to households are fairly satisfied with the economic situation. Households are seen as remaining cautious, which is holding back demand for both housing and goods. The trade and hospitality sectors hope that a lower level of interest rates and upcoming fiscal policy stimulation measures will boost consumption but, given the unexpectedly sluggish performance of the past year, hopes are muted.

The temporary reduction in VAT on food next year is leading the non-durable goods segment to plan to lower its selling prices. Businesses selling to businesses are instead planning to raise their prices to compensate for higher labour and material costs. However, which price increases are possible depends on how demand develops.

There is now more clarity on tariff rates after the United States reached agreements with several countries. But it is still unclear whether the last word has been said and what will apply in the future. Several companies are now facing higher production costs as a result of the tariffs. To counteract these cost increases, several exporters are raising their selling prices, particularly in the United States.

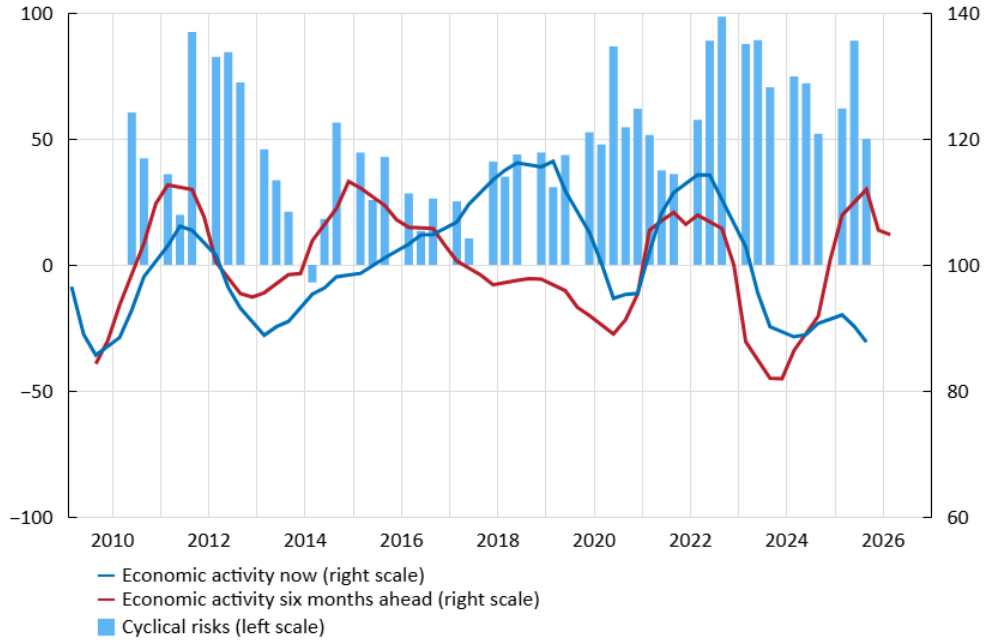
[1] The Riksbank has held interviews with 45 companies in the manufacturing, construction, retail trade and services sectors, as well as employer organisations, with a total of 240,000 employees. The interviews were mainly conducted between 23 September and 3 October. The Riksbank's Business Survey is published on the Riksbank's website. All quotations in this report are from respondents to the survey.

"It is unclear whether we have hit bottom"

Companies still perceive the economic situation to be weak; see Figure 1. They describe the situation as "difficult to assess" and "complex – one day it looks brighter, the next day darker". "It's very unclear where we are in the economic cycle," says one respondent. Companies consider that the weak economic developments of recent years differ from previous downturns. They see a more protracted period of weak demand, a "long slump" and with some sectors clearly more affected than others.

Figure 1. Economic activity and cyclical risks

Net figures (left scale) and index figures (right scale)

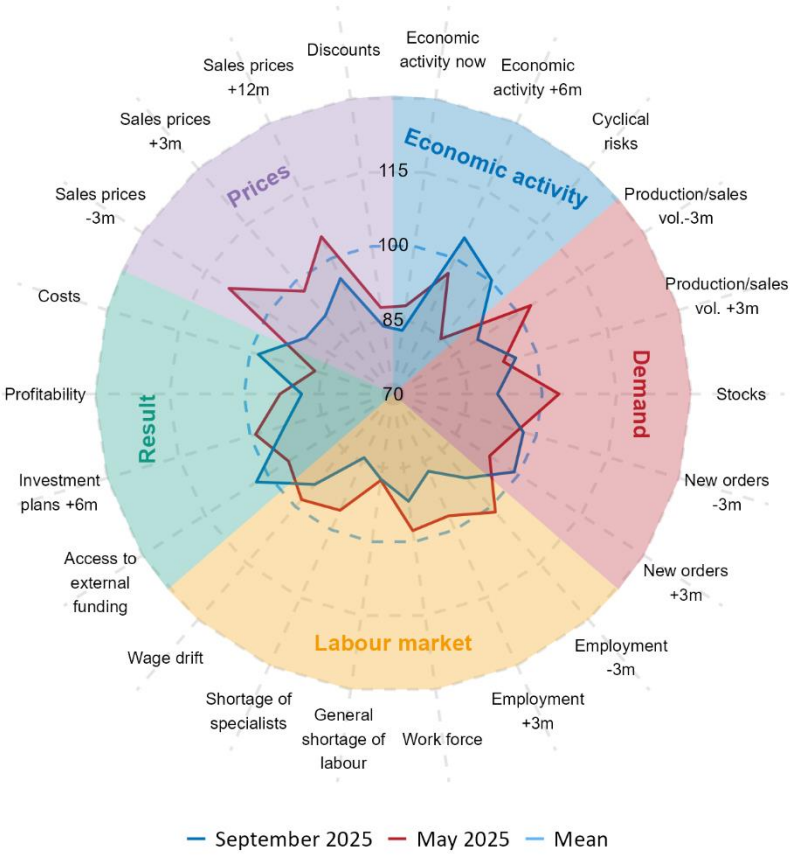


Note. The index figures show a standardised value (mean = 100 and standard deviation = 10) of the net figures for companies that say that the economic situation is currently good or bad and those that say that the economic situation will be better or worse in six months' time. The red line, economic activity in six months' time, has been moved forward two quarters. The series for the economic situation has been smoothed out with a moving average based on three observations. The bars show the net figures for companies that say that the risks to economic development (cyclical risks) are currently greater or smaller than normal.

"A slow turn for the better"

Since the spring, the tariff situation has become clearer and the risks to economic growth have therefore diminished somewhat; see Figures 1 and 2. Companies consider that the recovery of the economy is "delayed and this is largely linked to trade barriers and increased conflicts". Companies are hopeful that a lower level of interest rates and upcoming fiscal policy stimulation measures will boost demand from Swedish households and companies. An improvement in the economic situation is therefore expected going forward; see Figure 2. However, in recent years, demand has not developed as companies expected, so hopes are dampened and they expect that it will take time: "I suppose we're expecting a slow turn for the better."

Figure 2. The companies' overall response patterns
Index



Note. The responses to the questions are plotted along the 'spokes' in the figure, where an index figure closer to the centre is worse. The historical average is calculated from the date when the question concerned was first included in the survey. The designation -3m means the past three months, +3m means the coming three months and +6m means the coming six months. Increased cyclical risks and discounts entail a deterioration and therefore a lower index figure. Increased costs are reflected in a lower index figure. The question on stock size is only answered by the manufacturing sector (stocks of finished goods) and the retail trade (stocks). Reduced stock size means a higher index number. The questions about new orders are only put to the construction and manufacturing companies. For the questions on selling prices, the construction industry only responds to the question on selling prices in twelve months (+12m). The answers to the other questions in the figure come from all companies in the survey.

Manufacturing industry: "It probably won't get worse, but it will take time to get better"

Industrial activity is perceived to have weakened since May. The primary industry and timber industry have been struggling for some time and their situation has not improved. Above all, however, it is an increasingly challenging situation for the automotive industry. "There are no bright spots anywhere," says one business leader, pointing to the recent drop in demand for new vehicles in the United States. At the same

time, developments in the European automotive industry are described as "very disappointing". Output in Sweden has, however, largely been unchanged since May. "It's chugging along," summarises one respondent. Some segments of other manufacturing industries are doing better, with new orders remaining at high levels and good profitability overall. They describe demand in Europe as weak. In Asia, "some glimmers of hope" can be seen, with demand increasing, albeit from low levels. The United States is doing better than other markets and demand is described as "stable", but with some signs of starting to slow down.

Manufacturing companies expect an improvement in the economic situation but emphasise that this assessment is based on hopes. "We believe things will get better, but there are few signs pointing towards it," summarises one business leader. Manufacturing companies are also positive about defence investments in both Sweden and the rest of Europe. However, they consider that the impact of these is relatively small: "Defence spending is noticeable, but it is not turning the ship around."

"All the uncertainties mean that investments are being postponed"

Service companies with customers in the manufacturing sector are experiencing lower demand and a wait-and-see approach to major projects. Manufacturing companies emphasise themselves that they want to see a turnaround in the economy before they take any decisions on major new investments. The manufacturing sector highlights the importance of cost control to maintain profitability. Cost control means cutting back on some investments and continuing to make adjustments to staffing levels. Some companies are having a hiring freeze, some are reducing hours and have temporarily introduced short-time work, while others are laying off staff. "It's not a huge number but we need to adapt where we can adapt," explains one business leader. Output has not been impacted to any great extent by the staff cuts.

Construction: "Without the housing sector, the economic situation is generally bad"

In the construction sector, public construction, facilities and infrastructure continue to perform "very well, better than before". At the same time, not much has happened since the spring on the housing side, where "housing and commercial construction are still struggling". In residential and commercial construction, projects are sometimes being postponed because of uncertainty about how demand will develop. The weak demand for new housing means that construction companies can basically only sell projects that have largely been completed. They "only announce a few flats at a time because it is so hard to sell". The weak demand for construction materials is confirmed by the building supplies segment and those parts of the manufacturing sector that have construction companies as customers.

Construction companies hope that the lower level of interest rates and the upcoming fiscal policy stimulation measures will kick-start the wider economy. At the same time,

they see households as "so hesitant" and are unsure whether the measures will be enough to boost demand for new homes. In a longer perspective, the major construction companies emphasise that there is already a high supply of housing in the major cities, while population projections do not indicate that demand for new housing will increase in the years ahead.

"There is money for consumption, but people are being more selective"

Companies selling to households consider that the economic situation is fairly satisfactory. They argue that "consumption in 2025 has been much more sluggish than we expected." However, they are now seeing some positive signs. The durable goods segment emphasises that "people are starting to buy things again that they had previously put somewhat on hold". Among other things, sales of consumer electronics have started to increase cautiously and there is "an appetite" for home decor again. Services companies also point to positive examples, such as the high and rising household demand for home services. Companies in the hospitality sector report that the situation has improved, but they still have spare capacity and have not returned to pre-pandemic sales levels.

At the same time, most companies believe that consumption has not yet taken off. Despite the increase in households' disposable income, companies are finding that they remain cautious and price sensitive. The quote "it feels like consumers have a fatter wallet, but they don't feel any richer" reflects how many companies perceive them. Those seeing their sales increase emphasise that these increases are small and from low levels and that "promotions are driving it rather than our regular sales". Many also argue that households are choosing their purchases more carefully, with both price and quality being key factors. "They want something they associate with quality but at a low price, not a low price on unknown goods," explains one respondent.

"Everything seems to be in place – yet things aren't taking off"

The trade and hospitality sectors have some hopes that households will consume more in the period ahead. They are in favour of the stimulation measures in the upcoming budget. For example, the non-durable goods segment expects the temporary reduction in VAT on food to "boost premium products" and for customers to "treat themselves to a little extra along the way". But many companies also emphasise that, about a year ago, they thought that lower interest rates would boost consumption. The effects then were not as large as they had hoped, and this is dampening their hopes about what the budget stimulation will do for consumption. "What's different from last year is that now we know that interest rates are lower and that there will be a lot of stimulation from the Government, so I suppose it is okay to be cautiously optimistic about next year," says one respondent.

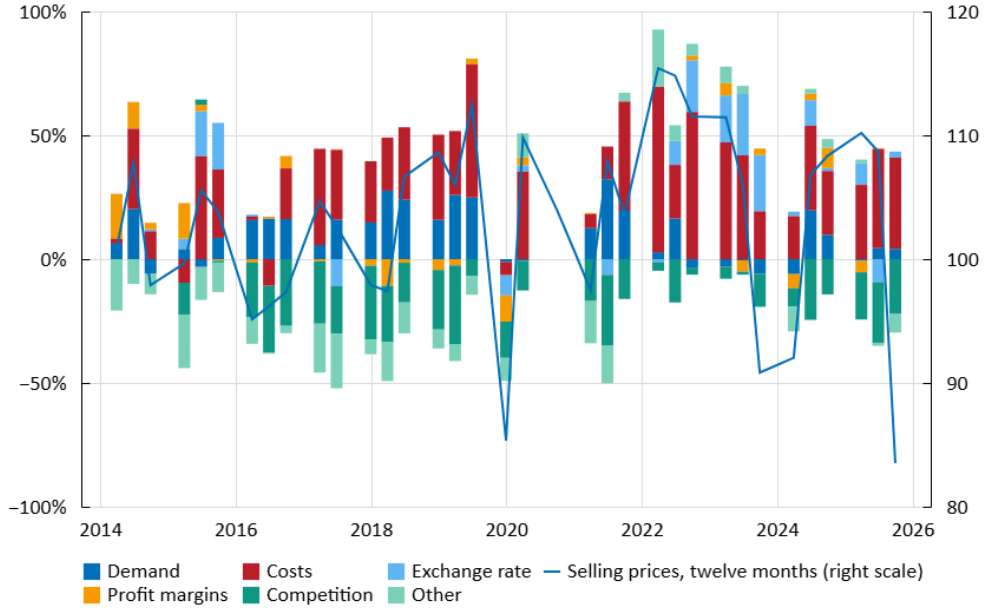
High unemployment is also weighing on expectations and is described as "the biggest challenge". In addition, many respondents wonder whether households will continue to be cautious about consumption for a longer period. Companies are talking about gradual improvements, but one respondent says that "it will take a while for that consumption [in the low interest rate environment] to come back, because people are being a bit more cautious".

"Huge focus on price when food VAT is reduced"

Compared to May, fewer of the companies selling to households are planning to increase selling prices over the next year; see Figure 3. The temporary reduction in VAT on food next year is also leading the non-durable goods segment to plan to lower its selling prices. "There will be huge focus on price when food VAT is reduced and it will be noticeable for at least six months afterwards," says one business leader. The stronger krona is starting to have a clearer impact and purchasing costs are falling for the trade sector. "The dollar is a vital point for us, and it is positive when it weakens." In the durable goods sector, companies foresee a "slight price increase". A trade sector representative elaborates, saying it is "more of an inflationary adjustment to our prices".

Figure 3. Driving forces behind pricing, next twelve months, companies selling to households

Net shares (left scale) and index figures (right scale)



Note. The bars in the left-hand scale show the net of responses to the question of whether the factor will have an upward or downward effect on prices in the coming year. A bar above zero means that the factor contributes to rising prices in the future and below zero that it contributes to falling prices. The index figures in the right-hand scale show a standardised value (mean = 100 and standard deviation = 10) of the net figures for those companies that answer the question whether sales prices will be increased or decreased over the next twelve months. Companies selling to households refers to retailers and companies that mainly sell services to households. The item "Costs" includes purchase costs, labour costs, energy costs, costs related to climate change and green/sustainable transition costs. The item "Other" includes, for instance, spare capacity and productivity growth.

"If demand increases, it will become a little easier to charge higher prices"

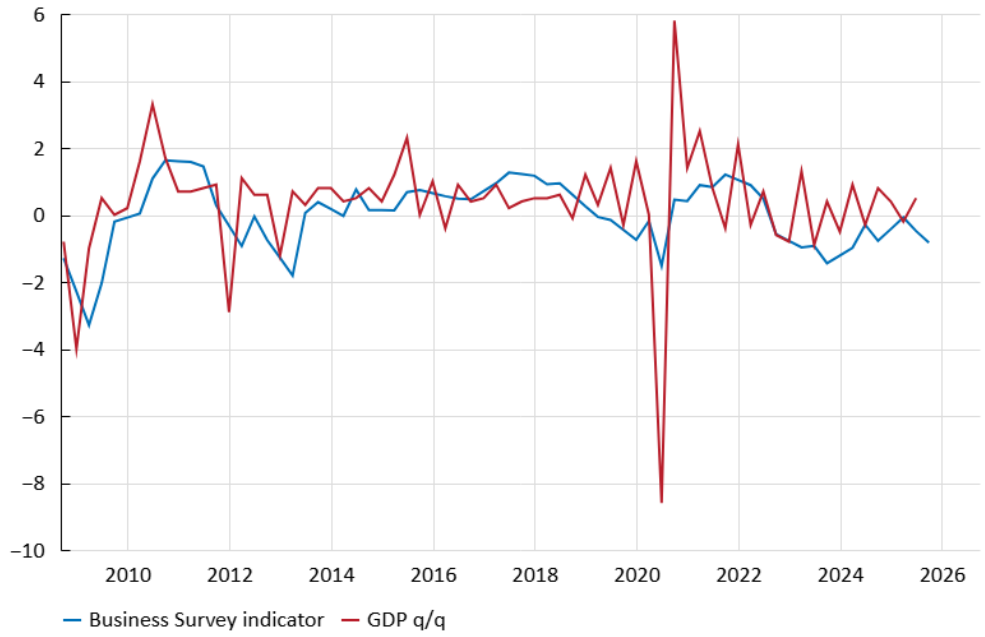
Businesses selling to businesses are planning to increase their selling prices over the next year to compensate for higher labour and material costs. Compared to May, their price plans have not changed much. Costs are generally not increasing as rapidly now but are at a slightly higher level than before. Exporting companies also emphasise that the tariffs are driving costs in general. Competition is expected to restrain price increases. In particular, this is highlighted by the automotive industry, which sees high price pressure in the sector. Demand affects the ability of companies to pay, so which price increases are possible depends on how demand develops.

The Business Survey indicator is weakening

The subdued mood is reflected in the Business Survey indicator, which summarises the Survey's results; see Figure 4. The indicator has weakened since May and remains below its historical average, as it has done since the end of 2022.

Figure 4. The Business Survey indicator and GDP

Index figures and quarterly change in per cent respectively



Note. The economic indicator is a summary measure of the questions in the Business Survey.[2] It is developed using principal component analysis. The index figures show a standardised value (mean value = 0 and standard deviation = 1) for the economic indicator. A positive (negative) value indicates that the economic situation is better (worse) than the historical average. As the Business Survey is conducted three times a year, the economic indicator has been interpolated for intermediate quarters. The GDP series is seasonally adjusted.

[2] For further information on the Business Survey's economic indicator, see N. Holmer (2023), "The Business Survey's new indicator of economic activity - an early temperature gauge of economic activity", Economic Commentary No 5, Sveriges Riksbank.

ARTICLE – ”Things have now become somewhat clearer with regard to the tariffs”

Since the Survey in May, the United States has reached agreements with the EU, China and others, and several companies now point out that the applicable tariff rates are now clearer. Some argue that the impact has been less than expected and some tariffs that they were previously concerned about have not been introduced. “The outcome was slightly better than our worst-case scenario,” says one respondent in the manufacturing sector, who nevertheless believes that their company is one of the worst affected. Companies are still unsure whether the last word has been said. “We'll see how long it lasts,” notes one respondent, referring to changes in tariff rates and the addition of new tariffs even after agreements have been concluded.

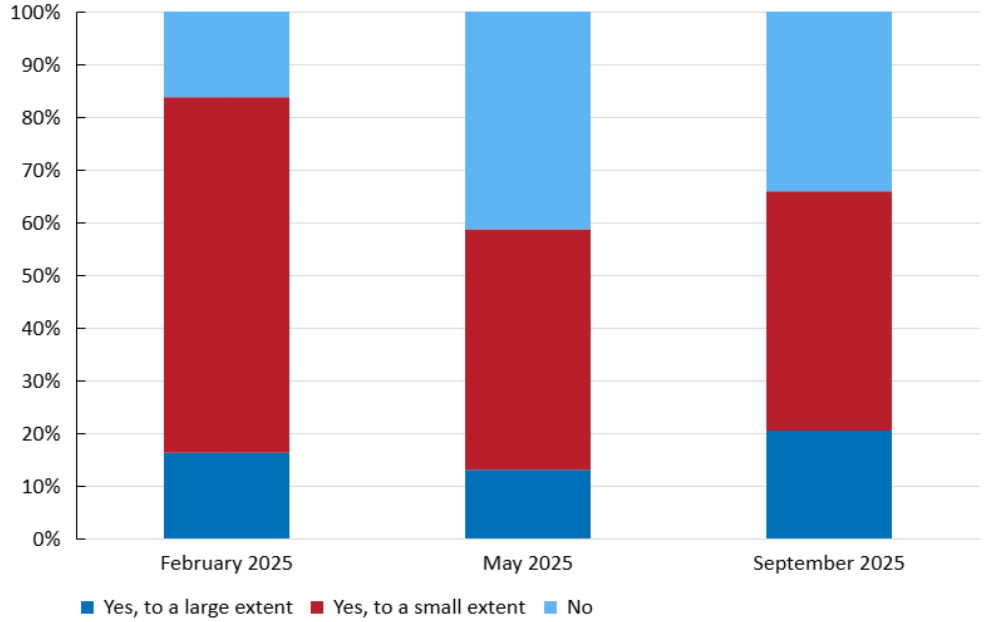
“The tariffs we have been paying since April are starting to affect costs”

Two-thirds of companies say they have been affected by the import tariffs. This is a slightly larger proportion than in May; see Figure 5. Companies that had yet to be affected by the tariffs are now seeing the impact of them on their operations.

Many have faced higher costs as a result of the tariffs, mainly for production. Companies with production in the United States have to pay tariffs on imported input goods, which is increasing production costs. Others describe how costs have increased as a result of increased regionalisation. For example, some companies have had to move their production from China to Europe, where it is generally more expensive to produce the same product. Companies also state that imports to Sweden have become more expensive. Among others, they mention construction materials, aluminium and some input goods. Costs are also expected to continue to rise in the future as a result of the tariffs. “In our fourth quarter, we will see almost the full impact of the tariffs in our costs,” explained one business leader.

Figure 5. How have your business and planning been affected by the import tariffs and/or other trade barriers introduced during the year?

Per cent



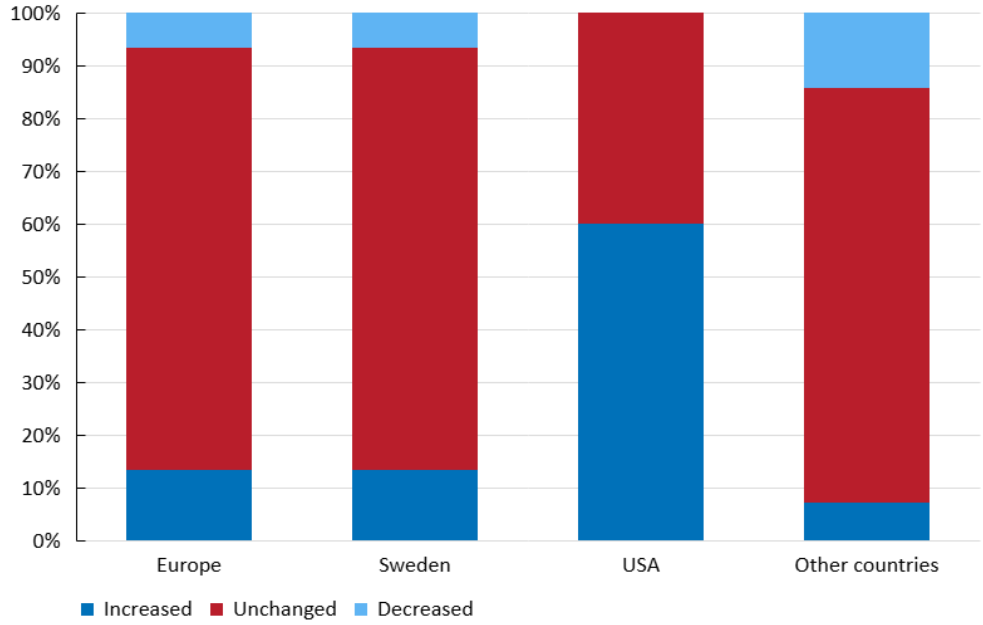
Note. The question was asked to and answered by all companies in the survey. In February, the question was forward-looking and companies responded to whether they thought they would be affected by the introduction of new/increased import tariffs or other trade barriers.

"We have managed to ward it off through pricing"

To counter the effects of cost increases, several exporting companies have raised their selling prices, particularly in the United States; see Figure 6. Some are passing the entire tariff on to customers. One respondent from the manufacturing sector explains that they "add charges which we are entitled to under our contracts". Others say they are adjusting their prices in line with the market to avoid losing sales. There are also companies that have not been affected by the tariffs, unlike their competitors, but that have nevertheless raised their prices. They note that "it may not have been the intended effect, but that's the effect it's having". Some companies have also raised prices in Sweden. However, these increases are not dramatic and are partly because some imported goods have become more expensive.

Not every company can raise prices, for example because they are operating in a highly competitive market. One business leader explains that their company has negotiated with its suppliers instead. When tariff rates were lower, they shared the costs, but "the higher they get, the harder it is to reach an agreement". Companies that are now starting to see their sales to the United States decline say they are looking at opportunities to move into other markets.

Figure 6. What impact have import tariffs had on your selling prices?
Per cent



Note. The question shows responses for 15 exporting companies with sales in the United States.

"China has to get rid of its production that it previously sold to the United States"

Several concrete examples of price pressure on goods from Asia, mainly China, were mentioned in the interviews. This has allowed some companies to lower their selling prices; see Figure 6. One business leader reports receiving more enquiries than usual from Asian suppliers. Another notes that "even so, I suppose we have noticed that some actors are more inclined to perhaps reduce prices". They add that "there has not been a huge effect so far". There are also examples of the opposite. These include cases in which Chinese companies have gone bankrupt, leading to an increase in purchase prices as companies must turn to more expensive suppliers.

Several companies in the trade sector also express concern that Swedish households are buying more clothes and electronics directly from Chinese budget retailers. They argue that they are not competing on a level playing field in terms of product safety and quality requirements, for example. This makes it impossible for them to compete on price: "They're dumping so much that it's not viable for us to compete with them on price."

About the Riksbank's Business Survey

The Riksbank's Business Survey should reflect developments in prices and economic activity in the manufacturing and construction industries, the retail sector and parts of the services sector. As only a few players account for a very large part of the Swedish business sector, relatively few interviews can provide information about a large part of the sector. Many of the companies interviewed also provide information about other parts of the business sector through their contacts with, for example, small and medium-sized enterprises.

Over 300 companies have taken part in the survey since it was started in 2007. In the surveys carried out during the period 2007–2019, around 30 companies were interviewed in February every year, and around 45 companies in May and November. The interviews were carried out by Riksbank staff during visits of around one hour. As a result of the pandemic and its effects on the economy, the Riksbank held a total of eight rounds of telephone and video interviews with companies and trade associations in 2020. Nowadays, between 30 and 50 companies and trade associations are interviewed on each occasion. As of May 2022, some of the interviews are again being conducted in the form of visits. The interviews are usually conducted with members of the companies' management teams. The interviews give the companies an opportunity to develop their answers and the interviewer the chance to ask more detailed follow-up questions. From time to time, specific questions are asked about current questions in monetary policy. The response rate for the survey is high and is often around 95 per cent.

The results of the survey are usually presented in a report published on the Riksbank's website three times a year The report for September 2025 presents the results of interviews with 45 companies and trade associations, which were mainly held in the period 23 September to 3 October. Unless otherwise stated, the figures in the report present the companies' responses weighted in terms of the respective companies' number of employees in Sweden. The indexes in the figures reflect upturns and downturns in the pattern of responses well. These responses are then combined with the companies' reflections during the interviews.

A more detailed description of the survey can be found on the Riksbank's website: Hokkanen, Melin and Nilson (2012), "The Riksbank's Business Survey – a quick indicator of economic activity", Sveriges Riksbank Economic Review 2012:3.

The Riksbank's Business Survey – a quick indicator of economic activity

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