

# PRESS RELEASE

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## The Riksbank's Business Survey: Price increases continuing, but discounts increasingly common

*The economic situation has continued to weaken, but it has not become as bad as was feared last autumn. This is reported by the major Swedish companies in the Riksbank's Business Survey. Companies' costs are continuing to rise, but some costs are no longer rising as rapidly. However, price increases are expected to continue to be higher than normal, albeit lower than last year.*

### “Surprising that economic activity has been so strong”

Companies generally believe that economic activity has continued to weaken since the previous survey in September. But many of them point out that the situation is not as bad as they had feared. One company manager thinks it is “surprising that economic activity has been so resilient”. However, views on economic activity are divided; the manufacturing industry is much more satisfied with the situation than retail trade. This is due both to the continued good demand from abroad and to the fact that the krona is still weak. A weak krona benefits export companies but is a disadvantage to importing companies in the retail trade, for example. Moreover, companies do not see any signs of an early improvement in economic activity; the situation is expected to still be weak in six months' time.

### “We are fighting for their wallets!”

Households' finances have deteriorated and sales in both physical shops and e-commerce are falling, although discount stores are seeing some upturn. Competition for households' spending money is fierce. “We are fighting for their wallets”, states one respondent. The retail trade has large stocks that they need to sell off and have therefore increased the number of campaigns with reduced prices and discounts. One company manager observes, “not a week goes by without some campaign. We're having campaigns all the time.”

The construction sector is also noticing that households have poorer finances. Despite the fact that construction companies see a strong underlying need for housing, high inflation, interest rate increases and uncertainty over future economic developments have hit orders for newly built housing hard. The



construction industry does not believe that demand will show an upturn until future prospects have become clearer.

### “Higher than normal price increases, but lower than last year”

Many costs have continued to rise and companies are planning to raise their prices more than normal, albeit not as much as last year. “If cost increases are to be covered, prices must continue to rise,” says one respondent. However, for all sectors except parts of the service sector, cost pressures seem to have eased somewhat. For example, transport and commodity costs have begun to fall, which companies believe may dampen price increases going forward.

### **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 34 companies, with around 250 000 employees in total, and one trade association, were interviewed via personal visits, by telephone or web-based services during the period 9-22 February 2023. The results of the interviews are reported in the Riksbank’s Business Survey. The quotations above are from the interviews.