

PRESS RELEASE

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The Riksbank's Business Survey: "No green shoots visible yet"

Economic activity is continuing to weaken and now large parts of the export industry are also starting to experience lower demand. While companies see few signs of an imminent turnaround, they are increasingly hopeful that the economic situation will improve as household purchasing power returns. This is revealed in the Riksbank's Business Survey in February.

"We believe things will get better"

There are clear hopes, especially among household-related businesses, that the economic situation will improve. This is despite the fact that domestic demand has been weak for a long time and the major companies saw few signs in February of an imminent turnaround. The hopes are linked to expectations that lower inflation and interest rates will affect households' confidence and willingness to consume.

"It is the geopolitical risks that stand out, the rest we can handle"

Several companies consider that they have been affected by disruptions, such as longer delivery times due to the situation in the Red Sea. But their impact is not at all comparable to the disruptions during the pandemic. Moreover, after the pandemic, companies have learnt to better manage disruptions, especially in relation to the supply of goods and logistics chains.

Lower prices take precedence over profitability

Households are under severe financial pressure. The fierce competition for the reduced household spending power is leading to intense promotions and further discounts in the retail sector. Weak demand has also meant that several household-related businesses are focusing on increasing sales volumes by reducing their prices. This is also expected to put pressure on profit margins.

There is a clear difference with regard to companies that sell goods and services to other companies. They are instead planning to continue passing on their increased costs to customers by raising their prices, provided that demand does not weaken further.



“When the situation is more stable again, we see no reason for such frequent price adjustments”

The household-related companies observe that they have changed prices more often and more extensively in the last two years than they did when inflation was lower. However, as costs and inflation become more stable, they believe they will not need to adjust prices as often. “Our customers appreciate long-term contracts and stability”

ABOUT THE BUSINESS SURVEY

The Riksbank regularly interviews Sweden’s largest companies in the manufacturing, construction and retail trade sectors and some services sector segments. Representatives of 42 companies and trade associations, with around 300 000 employees, were interviewed via personal visits, by telephone or web-based services during the period 1-13 February 2024.

The results of the interviews are reported in the Riksbank’s Business Survey. The quotations above are from the interviews.