

PRESS RELEASE

DATE: 29 October 2024
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The Riksbank's Business Survey: "Hard to see any improvement in the near term"

The manufacturing industry no longer believes that the economy will improve in the near future, and optimism in the retail trade sector has also declined compared with the spring. Weak demand is putting pressure on selling prices. But there are hopes of being able to raise prices further ahead, once households' purchasing power has strengthened. Ahead of the upcoming collective wage bargaining rounds, lower inflation and falling interest rates are expected to make it easier for the parties to reach an agreement, but there are several factors that could affect the outcome. This is revealed by the Riksbank's Business Survey in September.

"Things did not get better as we had expected in May"

The poorer outlook is most evident in the manufacturing sector, which no longer expects an improvement in the near term. The export industry is feeling the effects of weaker demand from the rest of the world, which is reflected in the continued fall in new orders. For the construction sector, the situation remains tough, and they now believe that it will take even longer to see a clear upturn in the demand for housing.

"It will probably take longer for the customer to shake off the last few years"

Retail trade remains the most optimistic sector. But even there, optimism has been tempered compared to the spring. Retail traders expected sales to be better than they were in the summer and early autumn. This is particularly true for the durable goods sector, which emphasises that a contributing factor may be that the demand for items such as home furnishings, building materials and electronics

was saturated during the pandemic. Traders are still waiting for households to start consuming more with lower inflation and falling interest rates, but this seems to be taking longer than expected.

"Prices are under pressure"

Weak demand from Swedish households and businesses as well as the rest of the world will put broad and clear downward pressure on selling prices in the coming quarter. Companies plan to raise prices in one year's time, but this will largely depend on whether demand picks up.

"The fact that inflation and interest rates have fallen suggests that the wage bargaining rounds will not get out of hand"

Ahead of the upcoming collective wage bargaining rounds, this time questions were put to companies and the social partners on wage formation. Companies and social partners believe that lower inflation and falling interest rates will make it easier for the parties to come to an agreement and that major conflicts can probably be avoided. But a number of factors are expected to influence the outcome of the collective bargaining rounds. They say this will be a negotiation against the backdrop of historically good corporate profits, and a lower demand for labour that has worsened the labour market situation.

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. This time, employer organisations and trade unions were also interviewed. Representatives of 38 companies, with around 230 000 employees, and nine employer organisations and trade unions were interviewed via personal visits, by telephone or web-based services mainly during the period 25 September - 4 October 2024.

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