

# PRESS RELEASE

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## **The Riksbank's Business Survey: "Everyone is talking about the problems, no one is talking about how well things are going"**

*Several of the major Swedish companies say that they have never experienced such a favourable economic situation as now. This is described in the Riksbank's latest Business Survey. It is primarily manufacturing industry companies that are satisfied with the situation. Construction activity is relatively weaker, but is nevertheless perceived as somewhat better than normal. At the same time, companies generally emphasize that the current uncertainty makes it difficult to assess how the future will be. "We're in tricky territory right now" says one respondent. Today's strong economic situation contributes in part to many companies expecting weaker economic activity in six months' time.*

### **"We're at full throttle"**

The strong or very strong economic situation is a contributing factor in companies' overall satisfaction with profitability and to investment plans remaining at a higher level than normal. At the same time, production and supply disruptions are continuing to affect the companies' operations. In many cases, it is a question of the counteracting the disruptions or, as one company manager says, "in the past we planned, now we react". In addition, Russia's invasion of Ukraine and the subsequent sanctions are deemed to have exacerbated the situation on the whole, as have the closures of ports and factories in China. Most people now also believe that the disruptions will last for at least six more months, as can be seen, for example, in the quote "we expect things to be difficult all this year, at least."

### **"Costs have increased, increased, increased"**

For almost all companies, costs are continuing to increase sharply, particularly for purchasing and transport. There is also general concern that the 2023 wage bargaining rounds will lead to higher wage costs than in previous collective agreements. One respondent says, "The 2023 wage rounds will decide whether or not we remain in a high-inflation economy."



**“We are raising prices much more frequently now than we’ve ever done”**

Many respondents believe that they will be able to continue to raise sales prices in step with rising costs, and price plans one year ahead remain on a high level. Many also point out that they are now raising prices more often than usual. However, scope for raising prices is largely determined by how demand for goods and services will develop. Many companies, particularly in the retail trade, are uncertain how large the effects of the high inflation and economic policy will be on household consumption. This makes them doubtful about how much they will be able to raise prices in the future.

#### **ABOUT THE BUSINESS SURVEY**

The Riksbank regularly interviews the largest companies in the manufacturing, construction and trade sectors and some service sector segments. Representatives of 41 companies and trade associations were interviewed via visits/telephone/web-based services over the period 28 April-11 May 2022. The results of the interviews are reported in the Riksbank’s Business Survey. The quotes above are from the interviews.