



PRESS RELEASE

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■ The Riksbank's Business Survey: Small steps towards stronger economic activity and rising prices

"We are slowly moving in the right direction", "Sluggish but marked upturn" and "We are now planning to increase our prices". These are typical quotes from the Business Survey that the Riksbank conducted in May, which shows that economic activity has strengthened since January

The Business Survey also shows that the improvements in economic activity are small but noticeable in most sectors. Increased demand from abroad has benefited the export companies at the same time as domestic demand has strengthened, in part due to an increase in housing construction and rising household consumption.

It is expected that economic activity will continue to strengthen in Sweden in the period ahead, although there is some risk of setbacks in the global economy, for example as a result of concern about the situation in China. A great challenge facing the companies is weak profitability due to fierce competition. To raise productivity they plan to increase investments in new technology.

The companies consider that prices have been held back over the last 12 months by weak demand, strong competition and relatively low cost increases for wages and intermediate goods. Expectations of a better economic climate in the period ahead mean that the companies are planning to increase their prices and at the same time improve their margins. However, overall price increases are expected to be moderate over the next 12 months and will be highly dependent on the development of economic activity.

Prior to each Monetary Policy Report, three times a year, the Riksbank interviews the largest companies in the construction, retail, manufacturing and service sectors. Representatives of 46 companies with a total of approximately 276,000 employees in Sweden were interviewed this time. The interviews were mainly conducted between 2 and 26 May and the results are presented in the report.