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The Riksbank's Business Survey: After three years of good economic activity, uncertainty is now increasing

According to the major Swedish companies, the economic situation is good, but their expectations of future economic activity have become more subdued since the summer. This is revealed by the Riksbank's September 2016 Business Survey.

“Difficult to see that economic activity could become even better”

Economic activity in Sweden has been good over the past three years and this looks set to continue during the autumn. Domestic demand is strong, particularly within the construction industry, which is also experiencing tendencies towards overheating; capacity is insufficient and costs are rising. Employment is continuing to rise and the demand for labour is high, both in the construction sector and with regard to people with specialist competence. This means that companies increasingly often hire foreign labour to enable flexibility in staffing with regard to major changes in production.

Although production and sales look set to continue strengthening in the coming period, expectations of future economic activity are more subdued than on any previous occasion over the past three years. Increased geopolitical unease and greater political uncertainty contribute to companies envisaging risks that could threaten economic developments. However, companies' main concerns appear to be that the good economic activity will not continue.

“A very moderate upward adjustment in prices can be expected”

In the retail trade, the low price pressure of recent years looks to be continuing. There is some upward pressure on prices in that labour costs are continuing to increase – and also through purchasing costs rising as a result of the weaker krona. However, it is still difficult to pass on the whole of the cost increases to customers. Stiff competition and rapid structural transformation within the retail trade, partly due to increased sales within e-commerce, are continuing to hold back prices.

Three times a year, the Riksbank interviews the largest companies in the construction, retail, manufacturing and part of the service sectors. Representatives of 42 companies with a total of approximately 243,000 employees in Sweden were interviewed this time. The interviews were mainly held between 7 and 20 September and are presented in the Riksbank's Business Survey. The quotes above are from the interviews.