



PRESS RELEASE

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■ The Riksbank's company interviews: Cautious companies see major risks ahead

Economic activity is good at present but there is great uncertainty about the course of development in the period ahead, according to the companies included in the latest round of the Riksbank's company interviews. Although the companies have not actually seen a decline in new orders as yet, their assessment is that there is a considerable risk of such a decline and most of them believe that the economic climate will deteriorate over the next 12 months. The companies have therefore become more flexible in order to deal with fluctuations in demand and they believe that they are now better equipped financially than they were at the time of the crisis in 2008. Despite the expected downturn, the companies still plan to increase their prices at approximately the same rate as previously.

Economic growth has slowed down since the previous survey in May. In general, however, the companies say that the level of economic activity is still good. New orders have continued to increase in the manufacturing sector and only a few companies have seen their order books deteriorate recently. Nevertheless, the companies believe that the risk of a downturn is much greater than previously and economic activity is expected to be significantly weaker in six months' time than it is today. Development in the retail sector is already weak and the companies in this sector have noted a cautious approach on the part of the customers.

Better equipped than in 2008

The experience of the crisis increased the risk awareness of the companies and they now believe that they are better equipped than at the outbreak of the crisis in 2008. Improved profitability in recent years has strengthened the companies' balance sheets. This means that they are able to fund their operations themselves to a greater extent but also that it is easier for them to get new loans. They are also better prepared to deal with fluctuations in demand that may lead to the need to adapt their operations quickly.



■ **Price increases despite uncertainty**

The companies plan to increase prices over the next 12 months to approximately the same extent as during the previous survey in May. However, increased demand and higher labour costs are no longer given as the main reasons for these increases, but rising costs for material and intermediate goods instead.

Since 2007, the Riksbank has conducted interviews with companies in the construction, retail, manufacturing and service sectors ahead of every Monetary Policy Report. The largest companies are included in the survey and this time 40 companies with a total of approximately 250 000 employees in Sweden were interviewed. Most of the interviews were conducted between 29 August and 9 September.
