

## ■ The Riksbank's company interviews in May 2009

In the discussions with the companies, a picture emerges of a certain degree of stabilisation and of cautious optimism following the sharp downturn of the autumn and winter. The clearest signs of the stabilisation of production and sales are primarily to be found in the manufacturing and retail sectors. At the same time, there is considerable anxiety about a setback in the development of economic activity, which partly relates to the fact that funding remains tight. Since the previous survey in December, the funding situation seems to have eased somewhat, above all as the result of an improvement in the functioning of market borrowing through the use of corporate bonds and certificates. The companies also report that wage costs are expected to be lower than previously. According to the companies, the main effects of the weak krona on the companies' pricing may have already arisen.

Approximately two-thirds of the companies interviewed described the economic situation as poor, while most other companies, mainly in the retail sector, believed that it was satisfactory.<sup>20</sup> The responses mean that the companies' perception of the current economic situation is largely the same as at the time of the previous survey in December 2008. A marked change since the previous survey is, however, that only one third of the companies contacted now expected to see a further deterioration in economic activity. Apart from those in the construction industry, the assessment of most companies is that economic activity is beginning to stabilise.

There are, however, clear differences between different sectors. While the non-durables segment of the retail sector largely assesses the situation as satisfactory and there are some signs of light at the end of the tunnel in the export sector, the situation is weaker in the rest of the retail sector, particularly with regard to electrical goods. The situation is much worse in the construction sector, which apart from the caution being exercised by the customers in the current situation, also mentions the difficulties involved in finding funding for new projects. However, for most of the companies covered by the survey the funding situation has improved somewhat since the Riksbank's previous survey in December. A contributing factor is also that the securities markets have begun to function again, although at a high cost for the issuers.

The general picture conveyed by the companies is that price pressures are still low and that this is only partly counteracted by rising import prices as a result of the weak krona. A common comment from the companies was that "it is difficult to increase prices in the present situation." There are, however, differences between the companies in the survey. For companies in the retail sector that have a high proportion of imported goods in their sales, the exchange rate naturally plays an important role. Judging by the responses of the companies, most of the effects of the weaker krona on sales prices should arise within six months and they may thus have already had an impact on pricing.

20 The Riksbank's interviews with Swedish companies mainly took place in May 2009 and comprised 62 companies. For a more detailed presentation see "The Riksbank's company interviews in May 2009", 22 June 2009 ([www.riksbank.se](http://www.riksbank.se), under the heading Press & Published, Reports).