

THE RIKSBANK'S BUSINESS SURVEY

# **“A new black swan” that risks delaying the recovery**

May 2026



# The Riksbank's Business Survey in May 2026<sup>1</sup>

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According to the companies, the economic situation is still weak. Before the war in the Middle East broke out, they felt that the economy was slowly improving. The war does not seem to have significantly affected this picture. But uncertainty has increased again, which the companies say risks delaying the already prolonged economic recovery.

The effects of the war in the Middle East are so far considered less severe than the crises of recent years. The war and the closure of the Strait of Hormuz have so far gradually increased costs for the companies, mainly through higher oil prices. However, the situation is considered manageable for the time being. This is partly because the companies have become more resilient to various types of shock following the lessons learnt from the crises of recent years. But the longer the war lasts, the greater the impact is expected to be on both the companies and the economy as a whole. Even if the war is resolved in the near term, some costs are expected to remain elevated for a period.

Companies intend to increase their selling prices in the coming year. But they emphasise that it is very uncertain to what extent the higher costs will actually be reflected in the prices. So far, they are talking about small price increases, but this will depend on how costs and demand develop.

The economic situation in the trade and hospitality sector is continuing to improve gradually. Households are slowly opening their wallets more and more, but remain price-conscious. The non-durable goods segment is seeing increased sales volumes following the temporary reduction in food VAT, but other sectors are also experiencing an improved sales trend.

Among companies that sell to other companies, views on economic developments vary. Companies with operations or customers in data centres, defence, aviation and mining continue to face strong demand. The wood and pulp industry continues to struggle, partly because new housing construction has not really got off the ground. There is some

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<sup>1</sup> The Riksbank has held interviews with 41 companies in the manufacturing, construction, retail trade and services sectors, as well as employer organisations, with a total of 230,000 employees. The interviews were conducted mainly during the period 7-19 May. The Riksbank's Business Survey is published on the Riksbank's website. All quotations in this report are from respondents to the survey.

improvement in the automotive industry, which is experiencing slightly better demand from Europe.

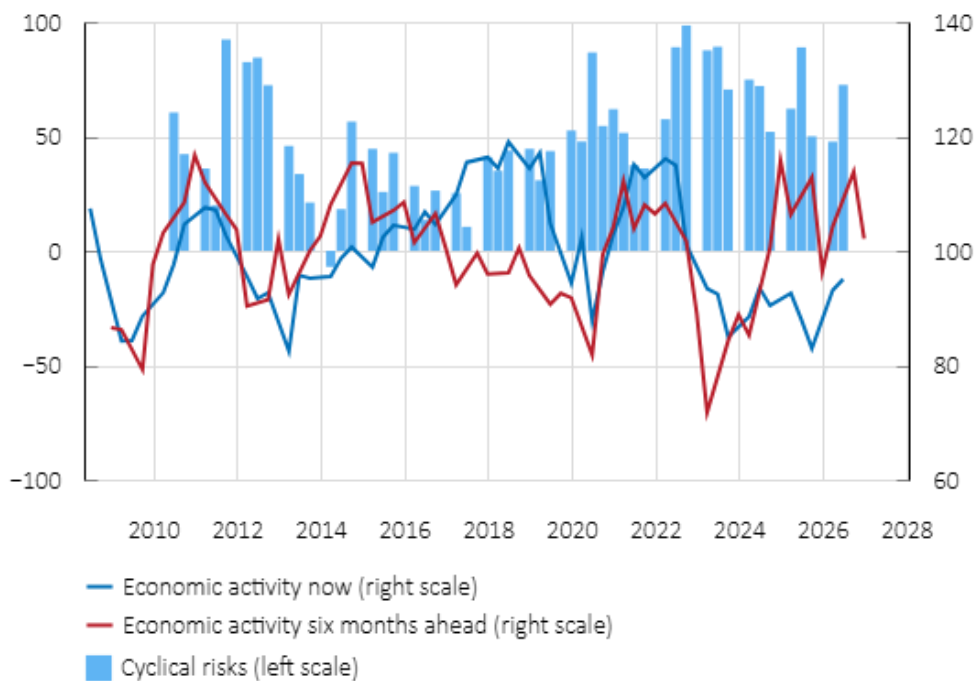
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## "It is an uncertain situation that has become even more uncertain"

Companies have described the economic recovery for some time as prolonged and fragile. Demand has not picked up as much as the companies had expected, and they perceive economic activity to be weak, although they experienced some improvement in February. The war does not seem to have significantly affected the current economic outlook. However, it risks posing a new challenge to the recovery. Uncertainty has increased and is clouding the companies' views on economic developments, see Figures 1 and 4.

**Figure 1. Economic activity and cyclical risks**

Net figures (left scale) and index figures (right scale)



Note. The index figures show a standardised value (mean = 100 and standard deviation = 10) of the net figures for companies that say that the economic situation is currently good or bad and those that say that the economic situation will be better or worse in six months' time. The red line, economic activity in six months' time, has been moved forward two quarters. The bars show the net figures for companies that say that the risks to economic development (cyclical risks) are currently greater or smaller than normal.

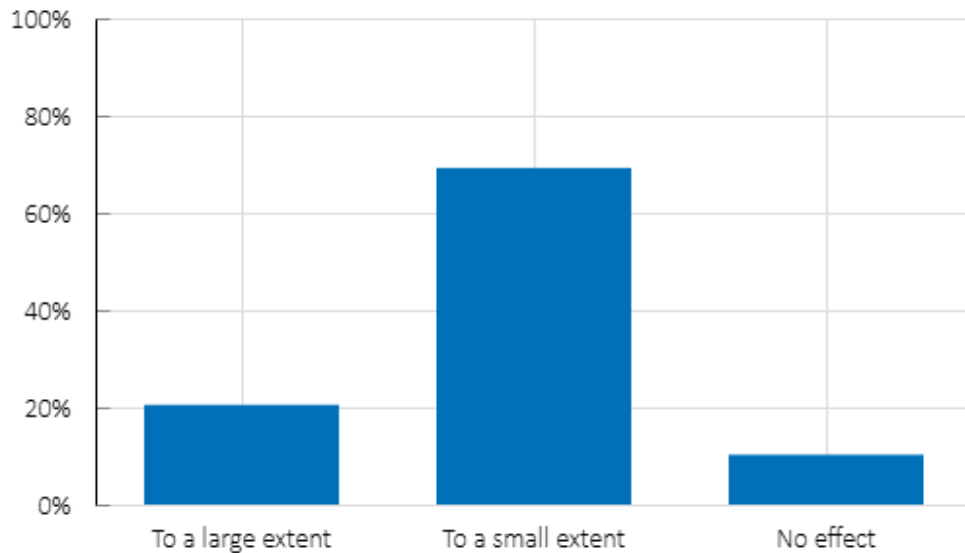
## The war in the Middle East: "The situation is manageable"

A majority of the companies assess that they are affected by the war in the Middle East, see Figure 2. Most of them are experiencing limited and indirect impacts at present and so far they are manageable. For one thing, companies have experience in dealing with both disruptions and cost increases from the crises of recent years (see "We have learnt some lessons from the pandemic", p. 6), and for another thing, for

some there is room to absorb some of the cost increases for a period of time. So far, the companies have not been affected by any widespread supply disruptions and they do not report any shortages of inputs that could halt production. "We are managing it, but at a higher cost today, and you can't manage that higher cost in the long term."

**Figure 2. Does the war in the Middle East affect your activities or plans?**

Per cent



### “We haven't seen the full risk scenario linked to this conflict yet”

The companies believe that the effects of the war in the Middle East are currently less severe than the crises of recent years. For example, they emphasise that the pandemic had a much greater immediate impact. “It created chaos in a completely different way.” But the longer the conflict lasts, the greater the impact on companies and the economy as a whole is expected to be. There is a lag in some of the cost increases, which means that even if the conflict is resolved in the near future, some costs are still expected to remain elevated for a period of time. Many are worried that things will get worse in the autumn if the war continues over the summer; “then we will start to shake in our shoes”. The travel and airline industries, which are more directly affected, are particularly worried, saying that “if this continues into July, it will be disastrous”. There are also concerns about “the indirect problems regarding inflation and economic activity that risk making customers more cautious”. One business leader notes that “we are now struggling a bit to understand how customers will see this”.

## “We have learnt some lessons from the pandemic”

In response to the crises of recent years, the companies have taken measures to increase their resilience to various types of business disruption. In previous surveys, the companies have reported that they have been working towards more secure supply chains. Since the pandemic, many companies argue that “the cheapest in a global market is not always the best; you have to take into account factors such as the world situation”. Regionalisation has increased and several companies are prepared to “maybe pay a little extra to be a little more secure”. Many companies have also changed their sourcing strategy and “spread it across more suppliers” or otherwise secured the availability of key components or raw materials. Some have built up larger stocks for strategic reasons. A retail trade representative notes that “we have learnt from external shocks that it is better to have goods than not to have them”.

The companies that sell to other companies are also making greater use of various types of contractual clauses to make it easier to pass on unexpected cost increases to their customers. Some industries have used clauses for material costs for a long time, but since the pandemic, transport and energy cost clauses have also become more common. Some companies also use indexation clauses that allow parts of the contracts to be variable: “What we learnt from the pandemic and after Russia invaded Ukraine – is that we need to have a lot more index in our contracts with our customers.” There are examples of “clauses that can be activated and trigger a renegotiation within a current contract period”. There are also clauses allowing companies to charge a temporary surcharge for unexpected costs. Such clauses have been used by some companies to compensate for higher customs costs. Some companies emphasise that the possibility of increasing prices through the clauses depends on demand. If there is “still quite weak pressure, prices don’t automatically go up.”

These measures are now highlighted as a reason why the war in the Middle East is more manageable for them than previous crises. Many also point out that the situation is different because there is greater experience of managing crises now. Several say that the work on increasing resilience will continue as “we may have to say goodbye to this calm, steady growth that we were experiencing before COVID anyway”.

## “It's both good and bad”

Among companies that sell to other companies, views on economic developments still vary. Those with operations or customers in the defence and data centre sectors in particular, but also in the aviation and mining industries, are continuing to do very well. For some, demand is even higher than in February. “We are approaching the peak level we were at in Sweden just before the pandemic,” says one respondent. In some parts of the country, where “the defence industry is booming”, it is difficult to get hold of labour.

The wood and pulp industry is among those facing difficulties, and in some cases “perhaps slightly worse”. One business leader notes that “this is a historically low level”. One of the reasons for weak demand is that too few homes are being built.

“Renovation and so on are going strong, but new construction hasn't taken off yet,” says one business leader.

There is cautious optimism in the automotive industry, which is seeing a slight improvement in demand from Europe. There is also a middle layer of manufacturing companies that say “we're managing, but things are not good”. Staffing and consultancy firms confirm the fragmented picture: “We have defence-related customers with almost unlimited demand. But we also have sectors that have almost disproportionately low demand and everything in between. It's a very fragmented picture.”

## “New tariffs are now in force”

Export companies report that tariffs are changing continuously, which needs to be taken into account. The tariffs annulled by the US court<sup>2</sup> were replaced by a general tariff which is lower and has thus reduced the cost of customs duties for some companies. It also reduces the need to shift production to countries with lower tariffs. Others mention changes to import tariffs on steel, which instead lead to higher tariffs and higher costs for the companies.

Tariffs continue to drive up costs for those importing goods into the United States via subsidiaries. For those unable to raise prices in the US market, tariffs continue to negatively impact margins. Others say they have increased production in the United States in order to reduce tariff costs: “If we didn't have manufacturing in the United States, it would be incredibly hard.” However, several companies state that they have requested or will request a refund for the tariffs that were cancelled. But it is not yet clear whether they will get their money back and whether their customers will in turn demand a refund.

## “People have opened their wallets more in recent months”

Over the past year, the retail and hospitality sectors' views of economic activity has gradually improved as household consumption has strengthened. This trend has continued, but at a slow pace. The non-durable goods segment is seeing increased sales volumes following the temporary reduction in food VAT, but other sectors are also experiencing an improved sales trend. However, several emphasise that households remain price-conscious and are opting for low-price products to a greater extent: “Now you're starting to get a little more in your wallet. But you don't want to start going back to the more expensive option. You still want to get more for your money.” Consumption has increased but without any real momentum: “It's not at all like it was in 2022, the year of spend, spend, spend! It feels a little more restrained.”

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<sup>2</sup> In February 2026, what were known as the reciprocal tariffs were invalidated by the US court. At the same time, a new global additional duty (known as the 122 duty) of 10 per cent was introduced on virtually all goods. This will apply for 150 days, in other words until 24 July 2026.

## “I'm amazed at how resilient the consumer has been in this”

The airline and travel industry saw an immediate impact on demand for international travel when war broke out in the Middle East. Beyond that, few companies have noticed any major impact of the war on willingness to consume. However, there is widespread concern that household consumption will be affected in the future if inflation and interest rates rise.

A slight majority nevertheless believes that the economic situation will be better in six months' time, but many of them have also revised their expectations for future sales downwards: “I was pretty firmly convinced that we were heading for better times and a more normal existence. But now there is a much greater risk that we will have these cost pressures again. That is what I am most worried about.” There are also companies that hope they will benefit from the situation in that “holiday cash will not be used as much to travel abroad”. The hospitality industry and the builders' merchants are hoping for a ‘mini-Covid’ where more people choose to holiday at home or renovate their homes.

## Cool labour market

Overall, companies are holding off on both recruitment and staff cuts. The staffing and consultancy sector says that there is “a certain caution as a pattern” in terms of companies' demand for labour. There are those who are reducing staff “and this is linked to cost-consciousness in the company, given that the economy has not really turned out as expected”. At the same time, there is a high and increasing demand for labour in growing industries.

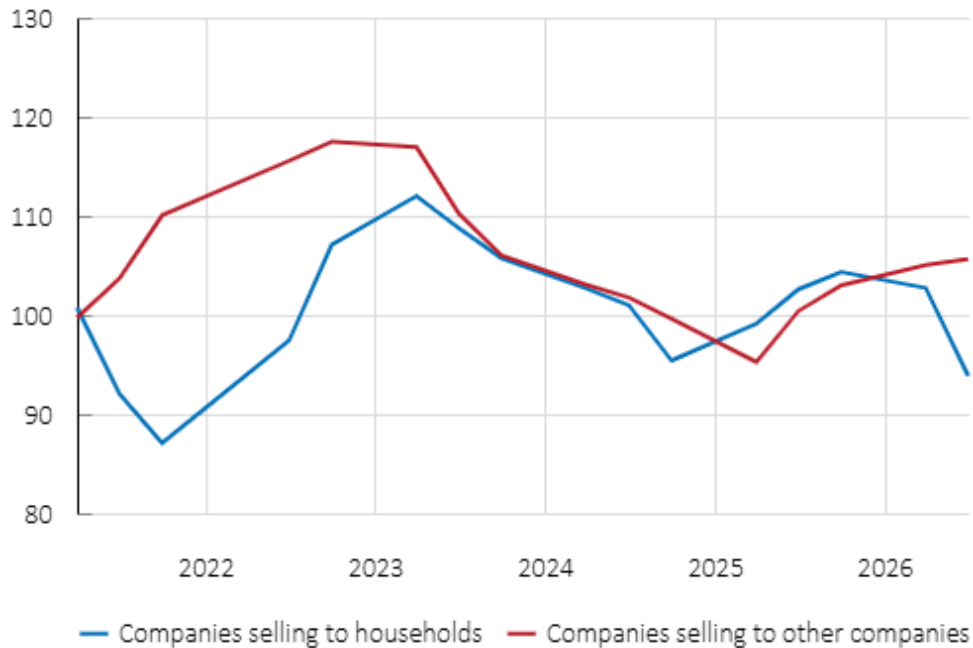
There are isolated examples of companies that have reduced their workforce due to AI, but for most it is more of an indirect reduction: “It's not that we're reducing our workforce in any way... However, we may not be hiring quite as much.”

## Costs are expected to increase gradually

At what pace the higher costs will have an effect on their operations will depend, among other things, on whether the companies have secured access to raw materials, supplies and fuel. Overall, companies selling to other companies are already seeing increased costs, while companies that sell to households are not yet affected as much, see Figure 3. In the retail trade sector, there is a backlog in purchasing costs as seasonal purchases are made in advance. Many of the goods now in stock and in stores were purchased last autumn when the krona exchange rate was relatively favourable. Purchasing costs for coffee and dairy products have also come down, contributing to lower costs in the non-durable goods segment.

**Figure 3. Average unit costs over the last three months**

Index



Note. The figure shows three-observations moving average.

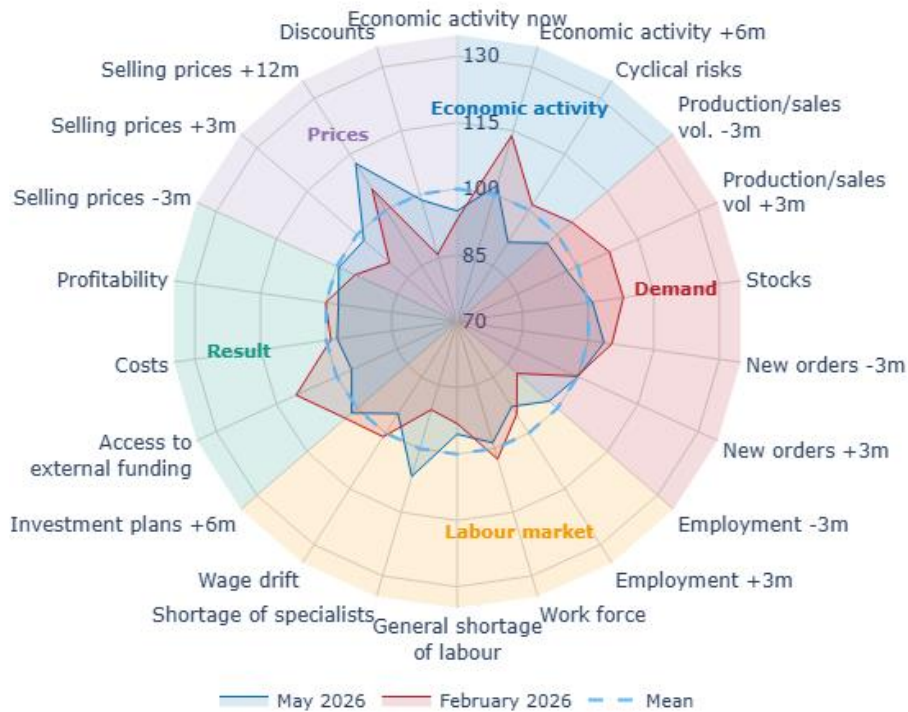
## “Even if there is peace today, there is cost increases that will have to be paid”

The companies expect the cost increases to be felt more clearly in the autumn and early 2027. The development and the duration of the war will determine how long costs are expected to remain elevated and how companies choose to manage them. In addition to fuels, costs have increased in for example plastics, ammonia and aluminium. Here, some companies are already facing “significantly” higher costs. Construction companies are seeing shortages of and therefore increased costs for materials used in asphalt production. “Energy affects all unit costs”, says one service company, which is expecting to see rising costs going forward.

Clothing and furniture retailers indicate that textile costs will increase. Their suppliers, particularly in Asia, are more dependent on oil in production and have announced cost increases that will raise purchasing costs going forward. In the non-durables sector, purchasing costs are expected to increase in the future, both through packaging and fertilisers. One respondent says: “There is incredible pressure right now from all suppliers to raise the price of goods and we are trying to resist that as much as we can, but there is a base and evidence that goods have become more expensive for suppliers.” The shortage of fertiliser is not expected to affect harvests this year, but on the other hand will affect harvests in 2027 and lead to increased costs for cereals, vegetables, meat and dairy products. “If you have disruptions in the [fertiliser] system, there will be a multi-year impact and we will have that, so we need to be prepared for it,” says a representative of the non-durable goods segment.

**Figure 4. The companies' overall response patterns**

Index



Note. The responses to the questions are plotted along the 'spokes' in the figure, where an index figure closer to the centre is worse. The historical average is calculated from the date when the question concerned was first included in the survey. The designation -3m means the past three months, +3m means the coming three months and +6m means the coming six months. Increased cyclical risks and discounts entail a deterioration and therefore a lower index figure. Increased costs are reflected in a lower index figure. The question on stock size is only answered by the manufacturing sector (stocks of finished goods) and the retail trade (stocks). Reduced stock size means a higher index number. The questions about new orders are only put to the construction and manufacturing companies. For the questions on selling prices, the construction industry only responds to the question on selling prices in twelve months (+12m). The answers to the other questions in the figure come from all companies in the survey.

## “The AI boost means that there has been a huge upturn in prices that is problematic”

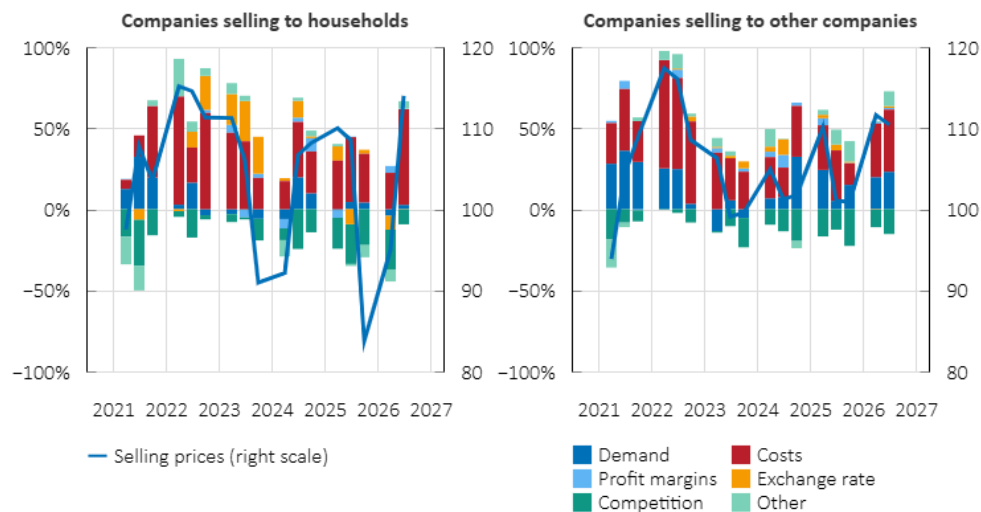
In addition to rising costs from the war in the Middle East, many companies highlight that purchasing costs for certain other commodities and precious metals, are continuing to rise. Some also mention that there is a shortage of components such as computer chips, semiconductors and memory cards. This is partly because large orders are being placed in connection with the expansion of data centres for running AI. One business leader says “what we are seeing more now is a challenge around inflation on hardware, servers and the like. It’s probably more driven by US trade policy and the AI boost means that there’s been a huge upturn in prices that is problematic.”

## Pricing plans: “It's a bit too early to say where we will land”

The companies are more cautious than usual in predicting how selling prices may change going forward. Pricing plans largely reflect the uncertainty about the war, its duration and how demand and their costs will develop. The companies give a consistent picture that costs are expected to increase and that this is a factor for future plans to change selling prices, see Figures 4 and 5. However, it is uncertain how much impact the increased costs will have on selling prices. One respondent says that they “will of course try to pass it on to the end customer, but it is a bit too early to say where we will land.” A slightly larger proportion are now planning to raise prices more than normal than in February, see Figure 6. But most say that prices will not be changed more often than before and they “don't see that there will be any major price increases”.

**Figure 5. Driving forces behind pricing, next twelve months**

Net shares (left scale) and index figures (right scale)



Note. The bars in the left-hand scale show the net of responses to the question of whether the factor will have an upward or downward effect on prices in the coming year. A bar above zero means that the factor contributes to rising prices in the future and below zero that it contributes to falling prices. The index figures in the right-hand scale show a standardised value (mean = 100 and standard deviation = 10) of the net figures for those companies that answer the question whether sales prices will be increased or decreased over the next twelve months. Companies selling to households refers to retailers and companies that mainly sell services to households. The item “Costs” includes purchasing costs, labour costs, energy costs, climate change related costs and green/sustainable transition costs. The item “Other” includes, for instance, spare capacity and productivity growth.

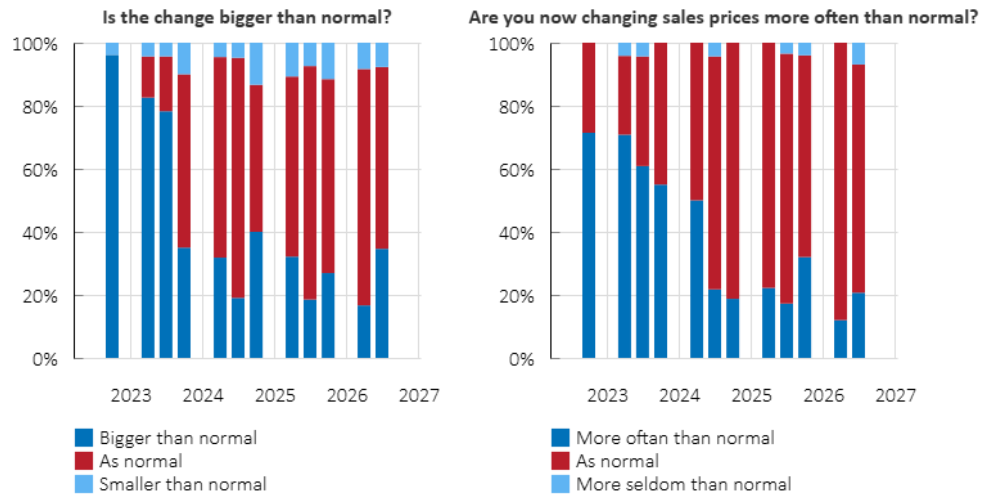
## “Probably a few more price discussions”

Among companies selling to other companies, pricing plans are relatively unchanged since February, see Figure 5. They say that overall there is limited scope to increase their margins. “One tries to raise them about as much as the increased cost we are seeing to us.” Several point out that they are having more pricing discussions than

before. To the extent possible, they are also trying to contain cost increases from their subcontractors. Those industries where there is stronger demand are better able to pass on costs to customers. One business leader says: "We implemented an 'extra' price increase in the spring and nobody questioned it."

**Figure 6. Size and frequency of planned price change**

Per cent



Note. The figures show the share of companies who responded that they had increased selling prices in the current quarter, the coming quarter or the coming 12 months. The questions started being asked in the autumn of 2022.

## “In some cases we will take the hit ourselves, in others we will pass it on to the consumer”

Among companies selling to households, a larger proportion than in February plan to increase selling prices, see Figure 5. The non-durable goods segment, whose selling prices have been in focus in connection with the temporary reduction in food VAT, indicates that its suppliers will not be able to absorb underlying cost increases indefinitely. They will need to return to a 'normal state' in terms of pricing over time. The higher costs also push up the selling prices of other companies that sell to households. A representative of the retail trade says: "We're talking about price increases with them [Asian suppliers] in the region of 10 to 15 per cent, that combined with higher freight prices obviously means there's some pressure on margins there if you don't pass it on to the consumer."

One business leader further comments that "we have strong finances and will absorb cost increases from energy and transport if they are temporary, but will raise them if they last for a while." Another quotation from a retail trade representative is telling: "We are reviewing our prices, then it's case by case. On a more aggregated level, I would say that some of the impact will hit the consumer but not all of it". Households will feel the impact of price increases this autumn: "You might start to see the first effect in the autumn, like in the run-up to Christmas, and then the more complete effect in the spring or spring season, from January onwards."

## The starting position differs from the rise in inflation in 2022

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In 2021 and 2022, the companies assessed the economic situation as favourable, with strong demand both globally and in Sweden. The favourable environment permeated the labour market, willingness to invest and profitability. Cost pressures gradually built up from, among other things, rising world market prices for metals and commodities, increased energy costs and higher transport costs due to supply disruptions. The companies saw a clear need to compensate for the cost increases.

The manufacturing industry raised selling prices more often and by more than they normally do and perceived that there was a greater acceptance of the price increases. Companies in the retail trade sector were initially more cautious in their pricing plans. Their cost increases also came later due to seasonal purchases. A weak Swedish krona was also considered an explanation for their increased costs. There was uncertainty about how much of the costs could be passed on to households. However, they had an impact on selling prices and the companies selling to households paid somewhat less attention to price-dampening factors such as competition for a period of time.

The tones were very different from the current situation, where companies have assessed the economic activity as weak for a long period and the economic recovery has been described as long and protracted. Demand has not picked up, the labour market is considered to be cautious and willingness to consume and invest has also been marked by caution. However, the exchange rate is relatively favourable for importing companies. Several perceive that it is more challenging to raise selling prices. Now that they are facing increased costs from the war in the Middle East, they assess that the economic situation is weaker than in 2021-2022 and so far pricing plans are characterised by uncertainty.

## The Business Survey indicator

The overall result of the survey is summarised in the Business Survey indicator of economic activity; see Figure 7. In May, the Business Survey Indicator declined, after having risen above its historical average in February, for the first time since May 2022. The indicator is now just below average, indicating a slightly weaker business sentiment than in February.

**Figure 7. The Business Survey indicator and GDP**

Index figures and quarterly change in per cent



Note. The economic indicator is a summary measure of the questions in the Business Survey.<sup>3</sup> It is developed using principal component analysis. The index figures show a standardised value (mean value = 0 and standard deviation = 1) for the economic indicator. A positive (negative) value indicates that the economic situation is better (worse) than the historical average. As the Business Survey is conducted three times a year, the economic indicator has been interpolated for intermediate quarters. The GDP series is seasonally adjusted.

Sources: Statistics Sweden and the Riksbank.

<sup>3</sup> For further information on the Business Survey's economic indicator, see N. Holmer (2023), "The Business Survey's new indicator of economic activity - an early temperature gauge of economic activity", Economic Commentary No 5, Sveriges Riksbank.

## About the Riksbank's Business Survey

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The Riksbank's Business Survey should reflect developments in prices and economic activity in the manufacturing and construction industries, the retail sector and parts of the services sector. As only a few players account for a very large part of the Swedish business sector, relatively few interviews can provide information about a large part of the sector. Many of the companies interviewed also provide information about other parts of the business sector through their contacts with, for example, small and medium-sized enterprises.

Over 300 companies have taken part in the survey since it was started in 2007. In the surveys carried out during the period 2007-2019, around 30 companies were interviewed in February every year, and around 45 companies in May and November. The interviews were carried out by Riksbank staff during visits of around one hour. As a result of the pandemic and its effects on the economy, the Riksbank held a total of eight rounds of telephone and video interviews with companies and trade associations in 2020. Nowadays, between 30 and 50 companies and trade associations are interviewed on each occasion. As of May 2022, some of the interviews are once again being conducted in the form of visits. The interviews are usually conducted with members of the companies' management teams. The interviews give the companies an opportunity to develop their answers and the interviewer the chance to ask more detailed follow-up questions. From time to time, specific questions are asked about current questions in monetary policy. The response rate for the survey is high and is often around 95 per cent.

The results of the survey are presented in a report published on the Riksbank's website. From 2026 onwards, the number of surveys will be increased from three to four published Business Surveys per year. The report for May 2026 presents the results of interviews with 41 companies and trade associations, conducted mainly during the period 7-19 May. Unless otherwise stated, the figures in the report present the companies' responses weighted in terms of the respective companies' number of employees in Sweden. The indexes in the figures reflect upturns and downturns in the pattern of responses well. These responses are then combined with the companies' reflections during the interviews.

A more detailed description of the survey can be found on the Riksbank's website: Hokkanen, Melin and Nilson (2012), "The Riksbank's Business Survey – a quick indicator of economic activity", Sveriges Riksbank Economic Review 2012:3.

[The Riksbank's Business Survey – a quick indicator of economic activity](#)



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