



# Analyzing numbers and listening to answers: improve survey results

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# The Riksbank's Business Survey

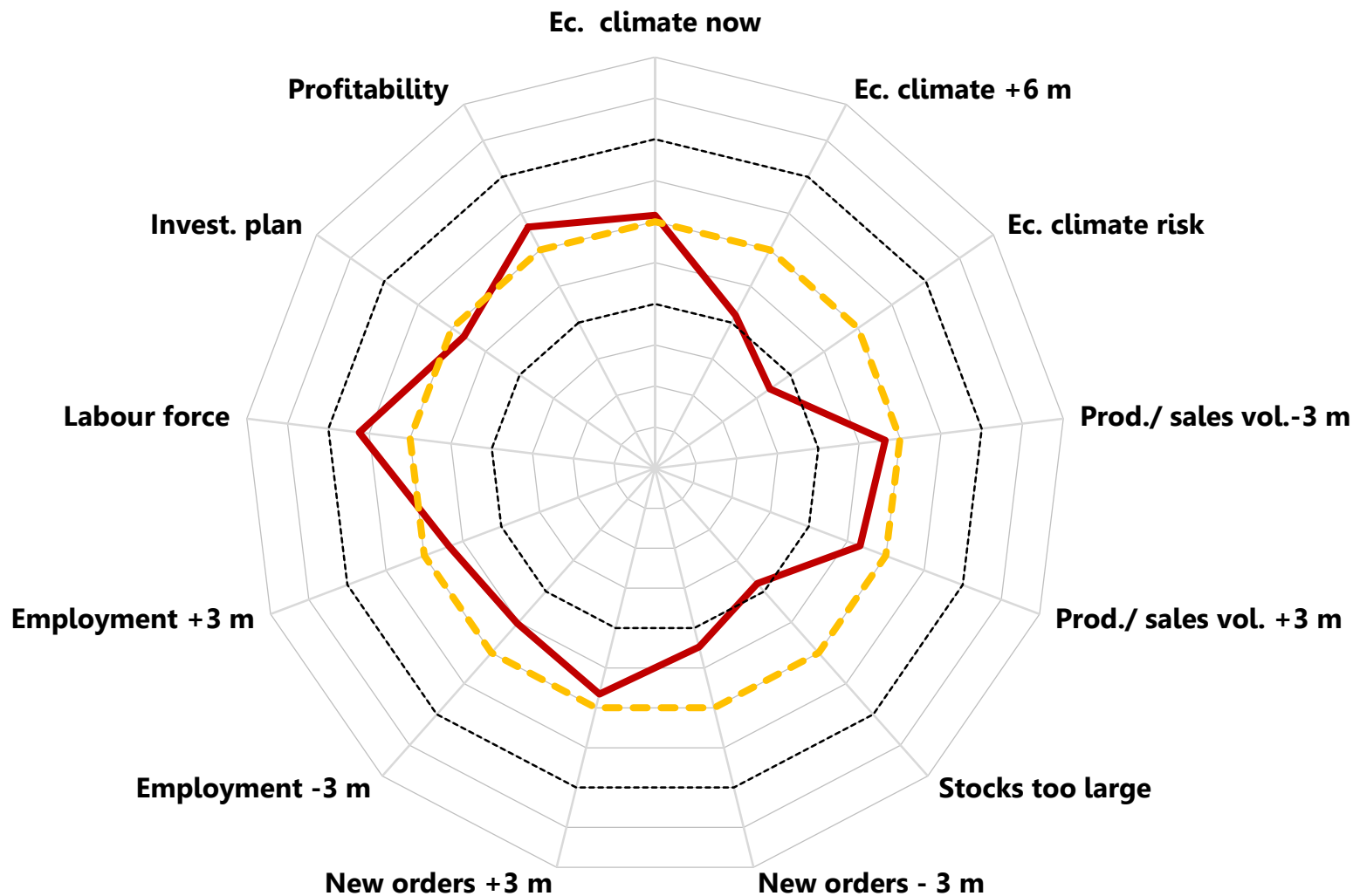
## How we do it



- Three times a year as input to the monetary policy reports
  - Started in September 2007 and has now been carried out 19 times
  - About 40 interviews each survey within three weeks
  - In-depth face-to-face interviews conducted by own staff
  - Swedish business structure highly concentrated: The 40 firms employ about 10 percent of the total business employees
  - The sample may change due to current topics; although a panel of 20 firms are always interviewed
  - The business survey report is separately published about two weeks prior to the monetary policy report
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# The Riksbank's Business Survey

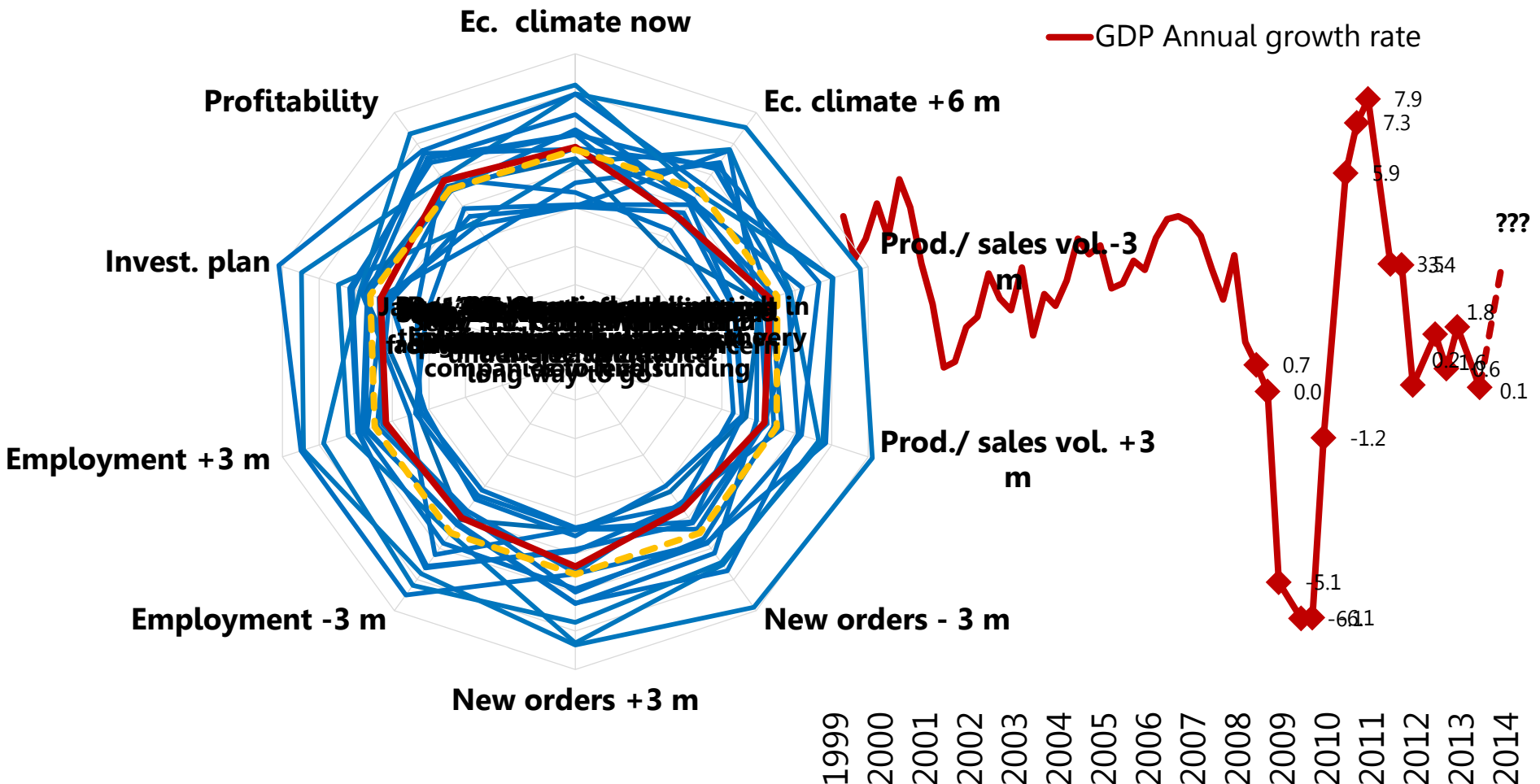
## Cob-web charts as a way to summarize firm's overall assessment of business conditions



Note: Higher values closer to the edge reflects a worsening of conditions while lower values closer to the middle indicate that conditions have improved.

# The Riksbank's Business Survey

## Firm's overall assessment reflects the *real* economy



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# The Riksbank's Business Survey

## Reveals how companies adapt to changing conditions

- "Some companies are acting as banks for other companies"

*One solution to this problem has been that larger and more solid companies have instead assumed part of the bank's credit [...]. In this way, the bank's credit risk lies with the large company rather than with the small subcontractor"*

- "Manning in the future: wait and see"

*Some companies say that they have decided to lease personnel until the prospects for the future become clear.*

- "Price pressures will [...] be low in the period ahead"

*The picture of generally low price pressures is reinforced [...] it is not primarily a question of a decline in price increases in the period ahead but rather a question of falling prices.*

- "It will take a long time before we see a recovery"

*However, some companies say that it is increasingly difficult to assess the economic cycle and that the fluctuations have become more severe. "Soon we won't know what's normal".*

# The Riksbank's Business Survey

## Conclusions underway



- **Conclusion 1:** now-casting based on the small qualitative sample performs well
- **Conclusion 2:** Summarizing net-figures for several questions makes it possible to assess overall changes in business conditions that reflect the real economy
- **Conclusion 3:** qualitative analysis points out which measures and actions are used from time to time → helps us to assess hard figures and forecasts
- **Conclusion 4:** one model does not fit all – sampling and design ought to be accommodated to local conditions

# The Riksbank's Business Survey

## The macro economy as micro-worlds of companies

- A methodological problem throughout the survey: what is the relationship between the macro economy and the single company?
  - ***Suggestion:*** view companies as micro-worlds that constitute the macro economy (at least a good part of it). The implication is *searching for reciprocity* between the firm and the economy where *the firm is acting while also reacting*
  - To analyze the reciprocity you need to understand the unique logics of each micro-world – hard to carry out by other means than qualitative methods
  - Aggregate/derive/combine from the micro-worlds to the macro economy – compute/read/weigh together: there is no shortcut!
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# The Riksbank's Business Survey

**You have to talk to the right people**



- Qualitative sampling – a few dozen of companies can reflect the overall economy due to the Swedish business structure
- Core panel of business cycle sensitive companies completed with conditionally interesting companies (=“Dynamic sampling in a dynamic world”)
- The economy interleaves companies, by contracts and information, into a “system of nodes” – principally not as independent as in the assumptions underlying quantitative sampling
- Companies also give information on households due to their dependence on them



# The Riksbank's Business Survey

## Interdependence is a strength

- By interviewing the individual company "as a node" you can grasp connected companies inside and outside the sample
- We try to verify node connections inside the sample when analyzing the data
- Example: transport companies activity decreases in the industrial sector and increases in retail – what of this is structural changes and what is business cycle?
- **Conclusion:** qualitative sampling and qualitative interviewing makes it possible to exceed the limitation of the sample unit as a solitary informer of itself – interdependence is a strength!

# The Riksbank's Business Survey

A model for reciprocal analysis



**= the qualitative  
sample provides  
information on the  
whole economy**

Relative

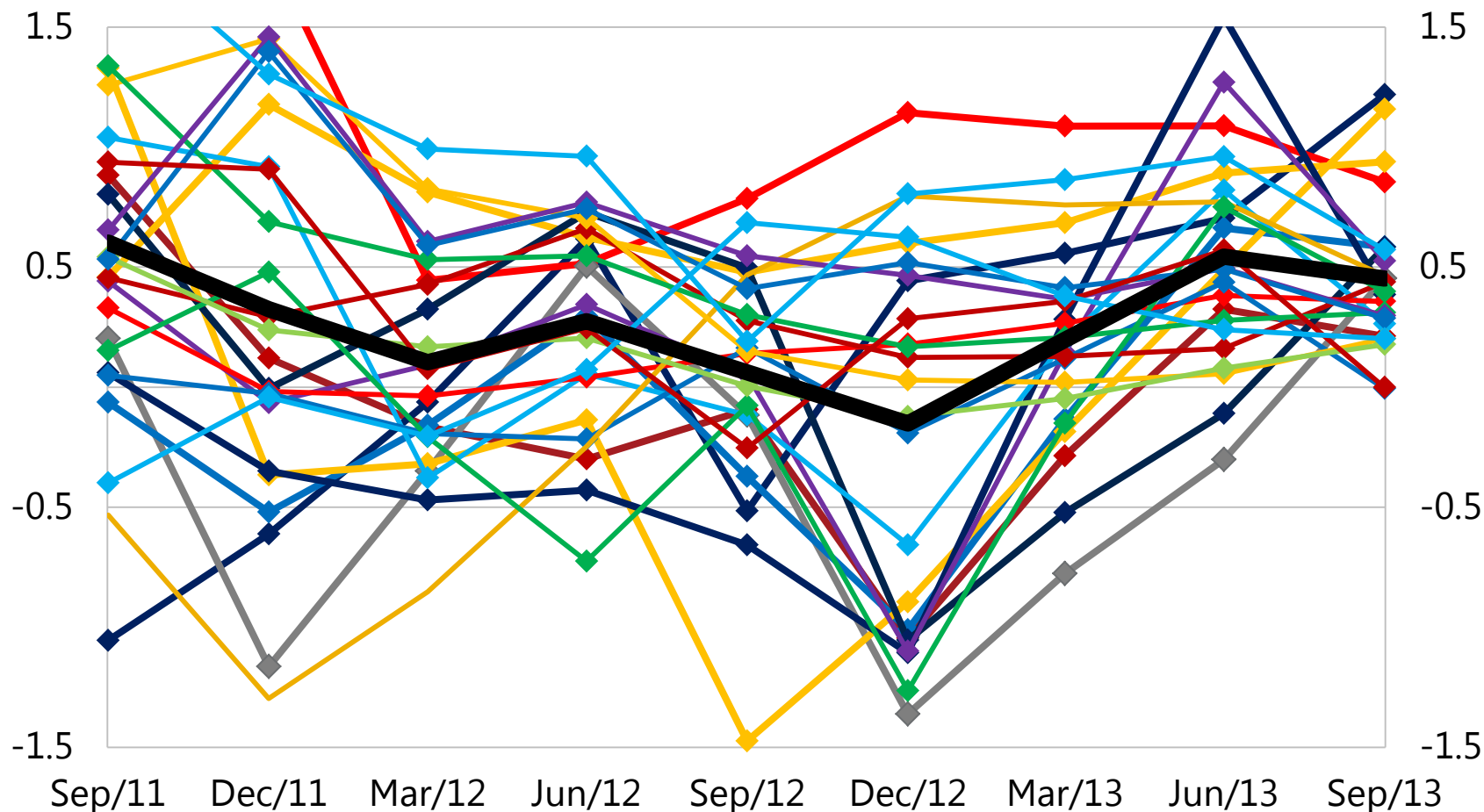
Interdependence  
the so

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# The Riksbank's Business Survey

## Understanding answers is crucial when assessing hard figures and now casts

**Figure 2:** Different now-casts of quarterly growth in Sweden's GDP, seasonally adjusted, using business survey data



# The Riksbank's Business Survey

## Impact on monetary policy

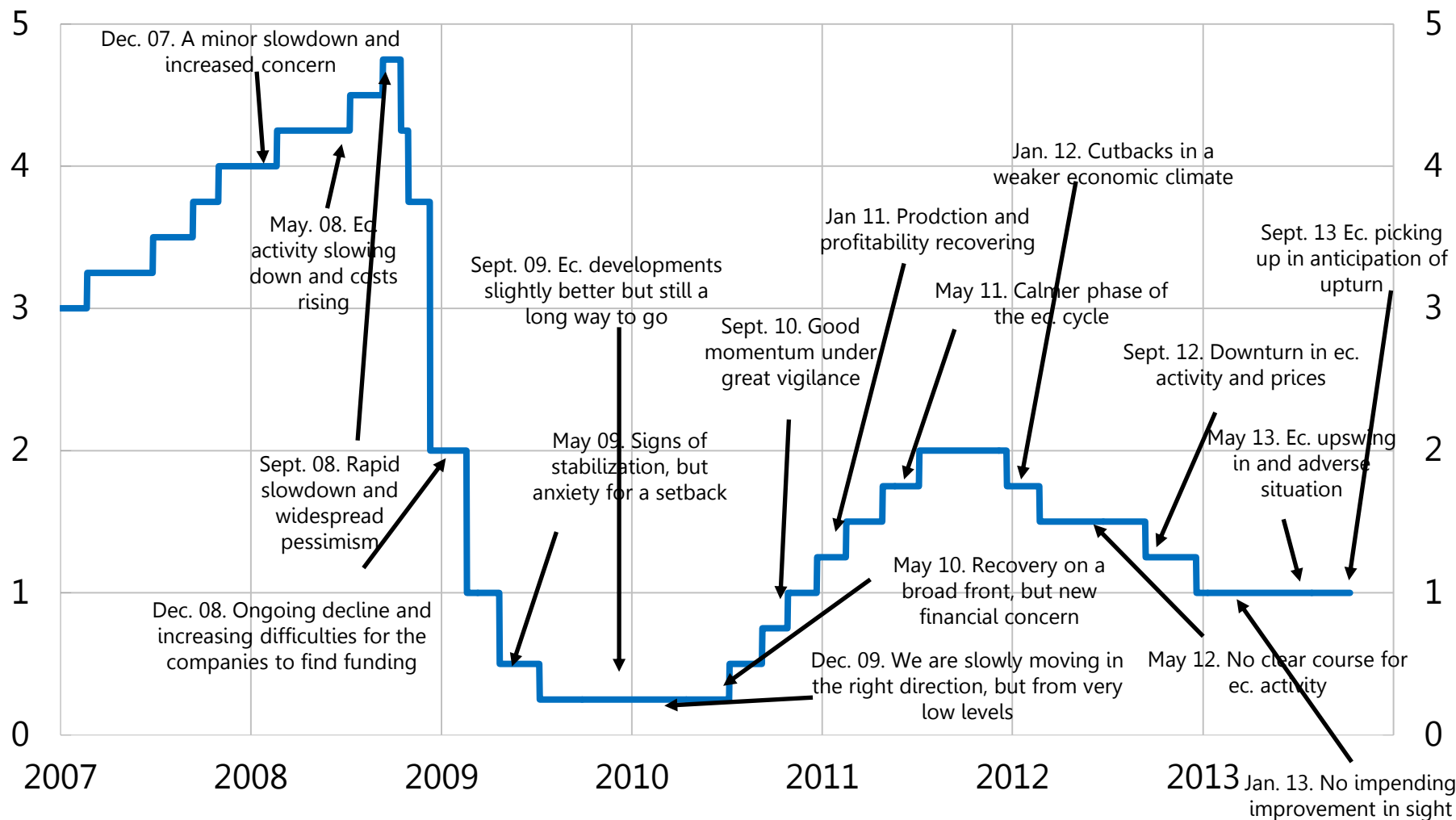


- Is the business survey analysis reflected in the monetary policy conducted by the Riksbank?
- Results from the survey are presented to the monetary policy department about one month prior to the board's decision on the repo rate
- The survey report is published two weeks prior to the monetary policy report, one week before the decision

# The Riksbank's Business Survey

## Report headings vs the repo rate

**Figure 3:** Repo rate and report headings from the Business Survey

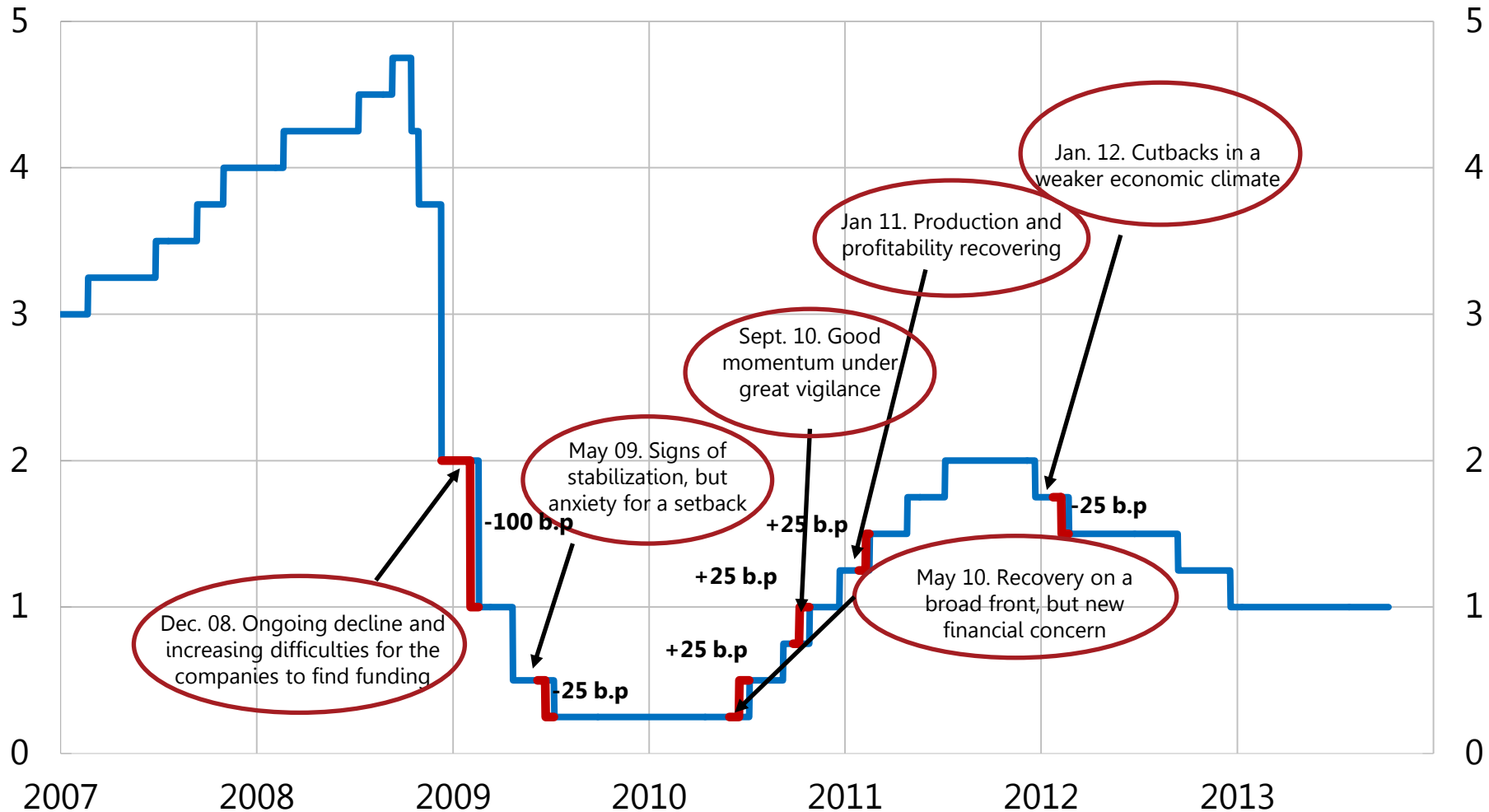


Note: The blue line is daily data for the repo rate (the Riksbank's main interest rate)

# The Riksbank's Business Survey

## Report headings vs the repo rate

**Figure 3:** Repo rate and report headings from the Business Survey



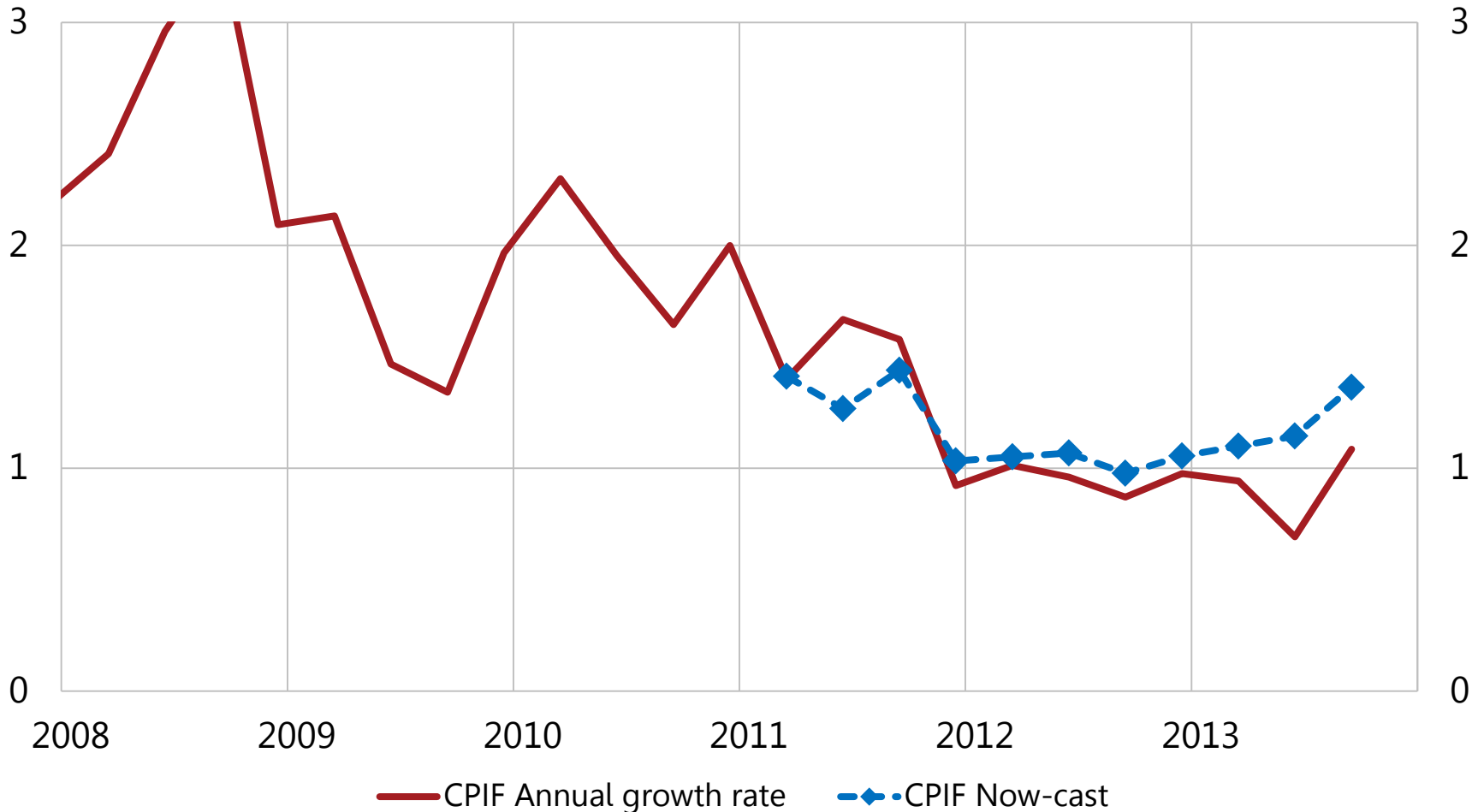
Note: The red lines indicate when the Business Survey is published and the blue line is daily data for the repo rate

# The Riksbank's Business Survey

## Work underway: Nowcasting underlying inflation



**Figure 4:** Annual growth rate in CPIF and CPIF now-cast using price factors from the Riksbank's Business Survey



Note: CPIF is consumer price index with fixed mortgage rates

# The Riksbank's Business Survey

## Challenges ahead – how to raise impact on policy

- The Business Survey main characteristics: results are robust and in line with other indicators and hard data, though quickest → Continue to consolidate usage of results in the policy process by emphasizing this
- But using results is not the sole way to enhance the analysis of the macro economy: while using own staff in data collection you enhance their analytical capacity and understanding of the economy spontaneously
- This can be more systematic by seminars and so forth: perhaps such enhancement is well competitive to “ordinary” use of results!