

# OPTIMISM TAKES A HIT

*EXPORT MANAGERS' INDEX*  
*First quarter 2023*

# EXECUTIVE SUMMARY

Business Sweden's Export Managers Index, EMI, continued its downward trend as expected in the first quarter of this year and is now below the 50-mark. EMI fell by 5.2 points to 47.6 in the first quarter, from 52.8 in the fourth quarter last year. The fact that the index is below the 50-mark – the dividing line between optimism and pessimism – indicates that export companies have a gloomy view.

The decline in EMI was primarily driven by the companies' assessment of current export development. The EMI current subindex fell by 8.2 points to 53.2 in the first quarter, from 61.4 in the fourth quarter. EMI forecast – the subindex for the forward-looking issues – fell more moderately by 2.2 points to 42.1 in the first quarter, from 44.3 in the fourth quarter. In all, this indicates that export managers are still optimistic about the current situation but take a gloomier view when assessing the future.

The index for export order stocks stood out in the survey findings as views dampened considerably. The index fell by as much as 14.5 points to 48.0 in the first quarter, from 62.5 in the fourth quarter. The fact that the index dropped below the 50-mark indicates that more companies are dissatisfied with their export order stocks. The last time the index was below 50 was in the fourth quarter of 2020.

The index reflecting export companies' views of current export sales and the profitability of export sales fell in the first quarter, but stayed above the 50-mark. This points to continued optimistic sentiment for now, but the decline indicates that this optimism is shared by fewer export companies. Views of the three-month forecast for both export sales and the profitability of export sales remain pessimistic.

While this year's first survey brought few bright spots, positive signals came nonetheless from both Asia and North America. The index for expected export demand from Asia jumped by as much as 9.5 points to 62.5 in the first quarter, from 53.0 in the fourth quarter. In North America, the index rose to just above 50 which indicates that export companies are optimistic about export demand also from this region. The index for expected export demand from Western Europe and Central and Eastern Europe rose also in the first quarter, but still remain below the 50-mark. This indicates a continued gloomy view of demand from Europe.

The overall picture shows that fewer export companies are optimistic about the current situation and that gloomy sentiment prevails regarding the future outlook. Cold winds are definitely blowing in global markets, but demand will bounce back as inflation drops and as central banks can begin to ease their interest rate hikes. Until then, companies need to ride out the slump.

The next Export Managers' Index will be published on 11 May 2023.

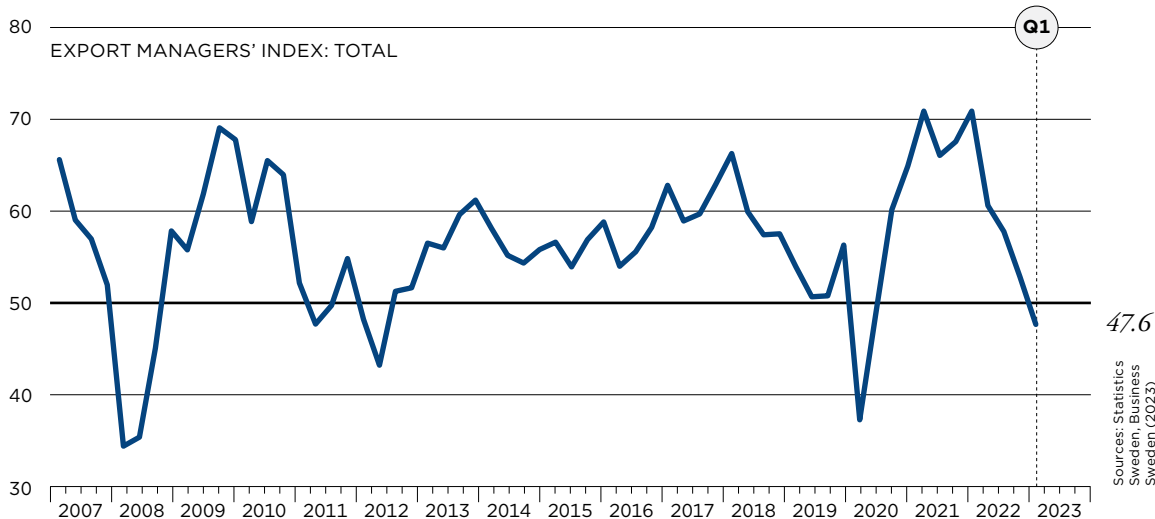
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# EXPORT MANAGERS' INDEX DROPS FURTHER IN FIRST QUARTER

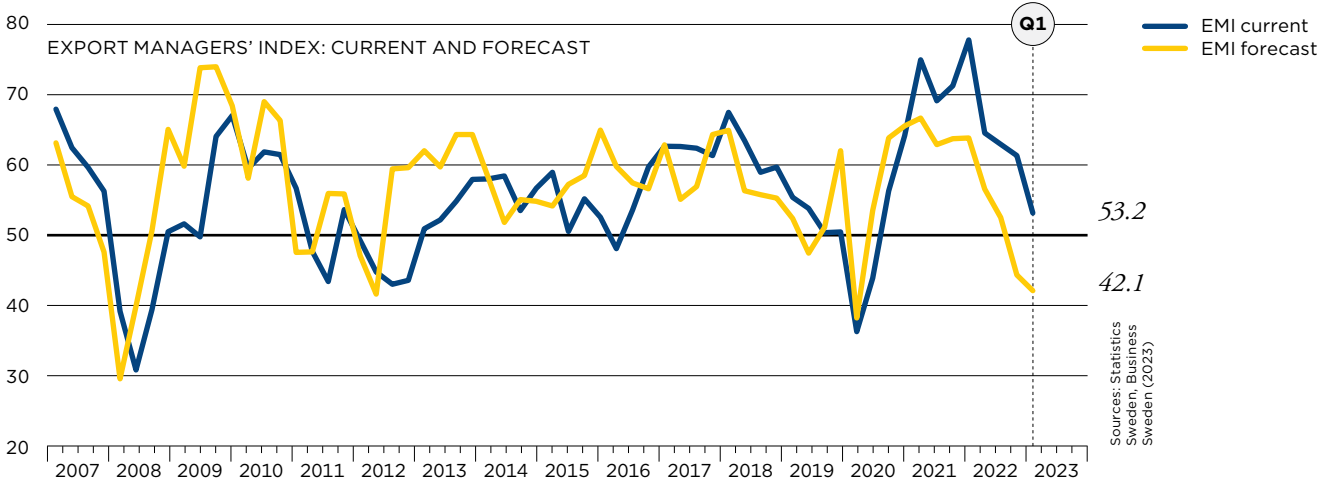
CONTINUED DECLINE IN EXPORT MANAGERS' INDEX FIRST QUARTER



Business Sweden's Export Managers' Index (EMI), which monitors views and reflects sentiment among Swedish exporters of goods and services, continued as expected on a downward trend in the first quarter. EMI fell by 5.2 points to 47.6 in the first quarter of this year, from 52.8 in the fourth quarter last year. This is the first time since

the third quarter 2020 that EMI drops below the 50-mark. The fact that EMI is below the 50-mark – which is the dividing line between optimism and pessimism – means that more export companies believe in a weakening than a strengthening of export development. This indicates that export companies are pessimistic.

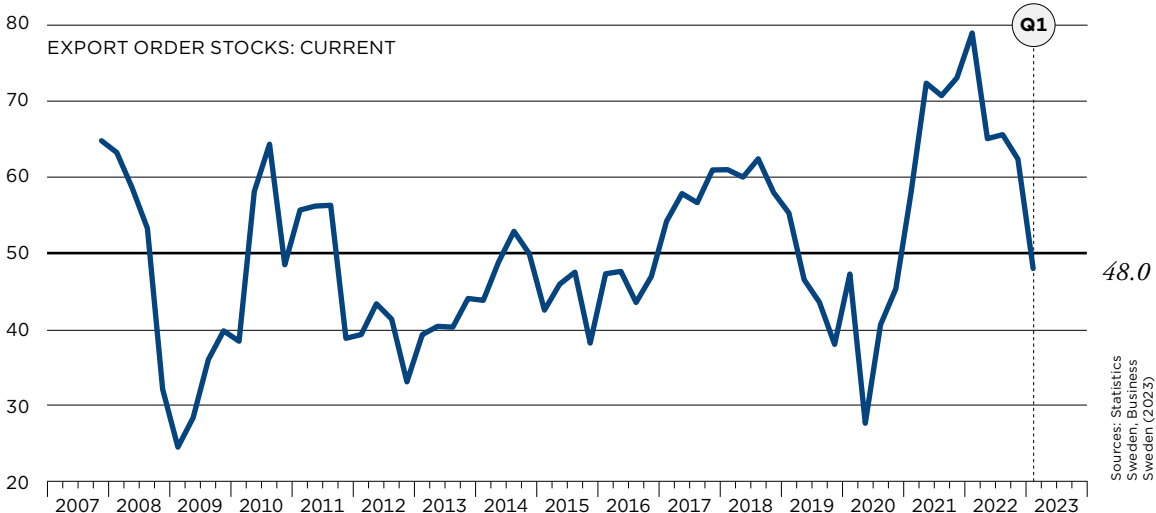
## EXPORT MANAGERS TAKE A GLOOMIER VIEW OF FUTURE PROSPECTS



The decline in EMI in the first quarter was primarily driven by the companies' assessment of current export development. The EMI current subindex fell by as much as 8.2 points to 53.2 in the first quarter, from 61.4 in the fourth quarter last year. EMI forecast – the subindex for the forward-looking issues – declined as well, albeit more moderately by 2.2 points to 42.1 in the first quarter, from 44.3 in the fourth quarter.

The index reflecting views of current export development remains above the 50-mark but is now below its historical average of 56.0 for the period 2007–2022. The index reflecting the three-month forecast has dropped considerably below the 50-mark to its lowest level since the second quarter of 2020. In all, this indicates that export managers are still optimistic about the current situation, but take an increasingly gloomier view when assessing the future prospects.

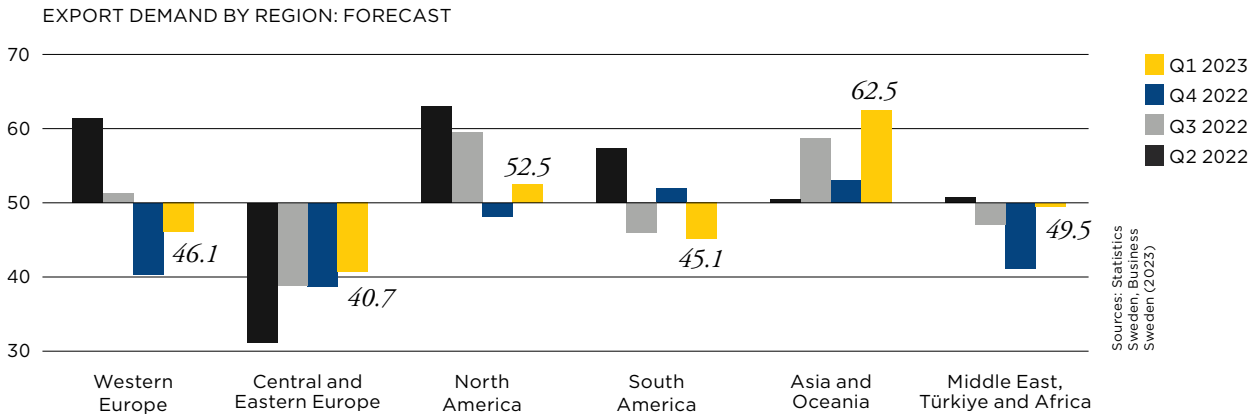
## PESSIMISTIC VIEW OF EXPORT ORDER STOCKS



Following three consecutive quarters of record high levels, the index reflecting views of export order stocks plunged in the first quarter of 2023. The index fell considerably by as much as 14.5 points to 48.0 in the first quarter, from 62.5 in the

fourth quarter last year. The historical average for the period 2007–2022 is 50.1. The fact that the index is below 50 indicates that more export companies are dissatisfied with their export order stocks than vice versa.

## SHARP RISE IN EXPECTED EXPORT DEMAND FROM ASIA



The index reflecting the views of expected export demand differs between the various regions. However, the first quarter index recovered in all regions compared to the previous quarter. The only exception is South America where the index dropped below the 50-mark. The index for expected export demand from Asia rose sharply by 9.5 points to 62.5 in the first quarter, from 53.0 in the fourth quarter. This is almost on par with the historical average of 65.6 for the period 2007–2022.

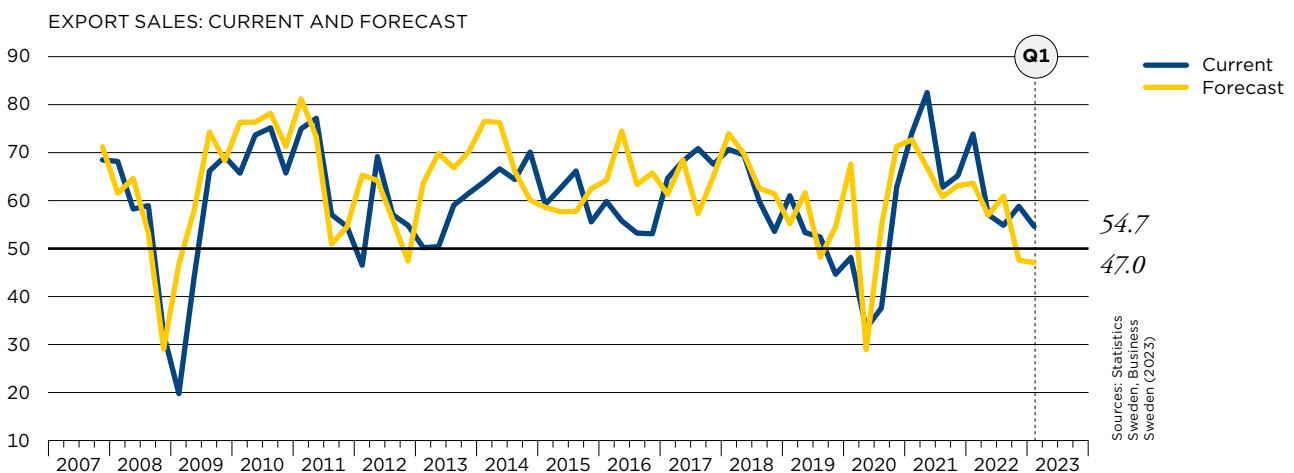
Similarly, the index for expected export demand from the Middle East, Türkiye and Africa jumped by 8.4 points to 49.5 in the first quarter, from 41.1 in the fourth quarter. The index for Western Europe recovered following a downward trend throughout last year, but still remains below 50. The index increased by 5.8 points to 46.1 in the first quarter, from 40.3 in the fourth quarter. The index for Central and Eastern Europe also made a slight recovery and rose by 2 points to 40.7 in the first

quarter from 38.7 in the fourth quarter last year.

The index for expected export demand from North America increased by 4.4 points to 52.5 in the first quarter, from 48.1 in the fourth quarter. Meanwhile, the index for South America fell by 6.8 points to 45.1 in the first quarter, from 51.9 in the fourth quarter.

In all, we can observe that the index for expected export demand remains above the 50-mark in both Asia and North America. This indicates that export companies have an optimistic view of demand from these regions. The index for the Middle East, Türkiye and Africa is close to the 50-mark which indicates a balanced view. Conversely, the index for expected export demand from Western Europe and Central and Eastern Europe remains well below the 50-mark, thereby indicating that export companies have a dampened view of demand from Europe. Assessments of export demand from South America are also gloomy.

## FEWER COMPANIES ARE OPTIMISTIC ABOUT EXPORT SALES



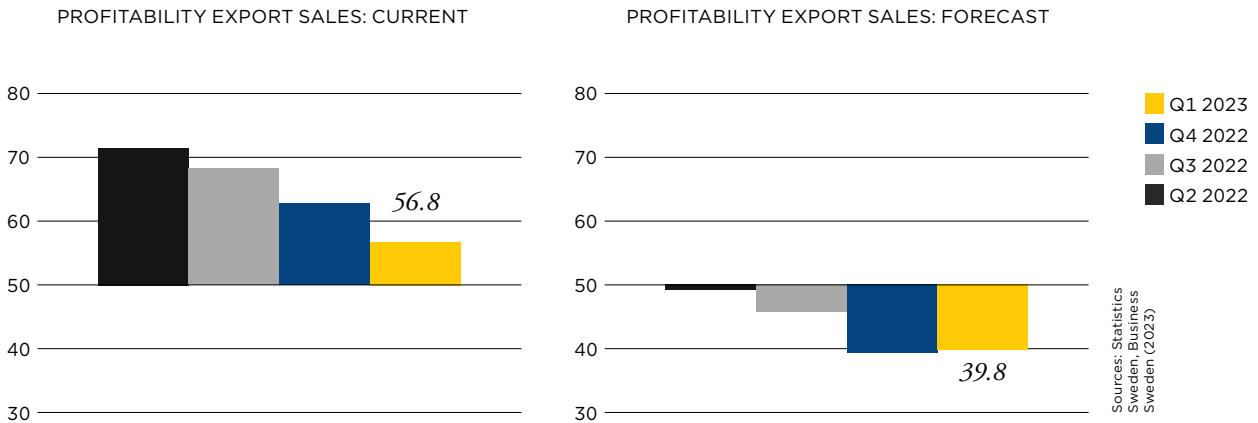
The current index for export sales dropped once again in the first quarter following a temporary uptick in the fourth quarter last year. The current index for export sales fell by 4.1 points to 54.7 in the first quarter, from 58.8 in the fourth quarter last year. Meanwhile, the index reflecting the three-month forecast for expected exports sales was largely unchanged.

The index fell 0.5 points to 47.0 in the first

quarter. This is the lowest recorded level since the second quarter of 2020 when the index plummeted during the coronavirus pandemic.

The fact that the current index for export sales remains just above the 50-mark signals that companies continue to be optimistic about the current situation. Conversely, the below 50-result for expected export sales in the next three months means that companies have a bleak outlook on the future.

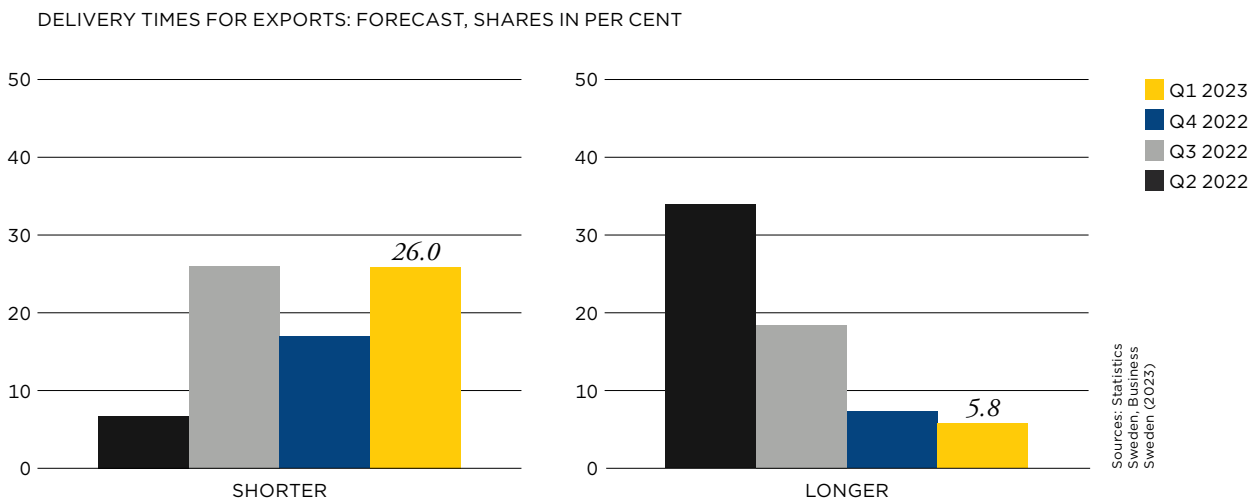
## FALLING OPTIMISM ABOUT PROFITABILITY OF EXPORT SALES



The companies' assessment of the profitability of current export sales dampened for the fourth consecutive quarter. The index fell by 6 points to 56.8 in the first quarter, from 62.8 in the fourth quarter. The forecast index for the profitability of export sales was, nonetheless, largely unchanged. The index rose by 0.5 points to 39.8 in the first quarter. This is the fourth quarter in a row where the index reflecting the three-month forecast remains below 50.

The index for the profitability of current export sales remains just over the 50-mark despite its steady decline, but is still below the historical average of 57.9 for the period 2007–2022. This indicates continued optimistic sentiment, for now. The fact that the index reflecting the three-month forecast remains clearly below 50 indicates that export companies have a gloomy view of future prospects for the profitability of export sales.

## MORE EXPORT COMPANIES EXPECT SHORTER DELIVERY TIMES



The share of export companies expecting longer delivery times for exports over the next three months continued to drop in the first quarter, falling by 1.5 percentage points to 5.8 per cent in the first quarter, from 7.3 per cent in the fourth quarter last year. In contrast, the share of companies expecting shorter delivery times for exports increased by 9 percentage points to 26 per

cent in the first quarter, from 17 per cent in the fourth quarter.

The fact that the share of companies expecting shorter delivery times for exports in the next three months increased could be an indication that disruption in supply chains is abating. But it could also reflect that activity is slowing down in the economy (reduced resource utilisation).

## ABOUT BUSINESS SWEDEN'S EXPORT MANAGERS' INDEX

Business Sweden's Export Managers' Index (EMI) has been published quarterly since 2007. The EMI takes the temperature of Swedish export companies and serves as an important economic indicator in relation to Swedish exports.

The survey is carried out by Statistics Sweden. Respondents are export managers or persons with a corresponding position in Swedish export companies. The survey covers a total of 225 companies, of which 125 have export sales of more than SEK 250 million (large companies) and 100 have export sales of SEK 25–250 million (small and medium-sized companies). The EMI is based on information from the VAT register and includes exports of both goods and services.

The Export Managers' Index consists of two parts; one main index and two subindices of which one describes the current situation and the other describes expectations for the near future. The EMI result is based on the answers to seven questions where three focus on the current situation and four are forward-looking. The seven questions carry equal weight in the survey.

The survey for the first quarter 2023 was conducted during the period 16 January – 3 February. The results are presented in the form of a so-called diffusion index. The dividing line between strengthening and weakening has been set at 50. Values above 50 mean that there are more companies that believe in a strengthening than a weakening, and vice versa. The result is weighted with the companies' export value. The response rate amounted to 80 per cent (weighted).

The National Institute of Economic Research has evaluated the EMI in order to assess its usefulness for forecasting export development. The result shows that the EMI offers information that increases forecasting precision compared to the historical average. This means that EMI is useful for this purpose (see [www.tinyurl.com/l8ebjmx](http://www.tinyurl.com/l8ebjmx)).

Questions asked:

### *EMI current*

- What is your estimate of your company's export sales over the last three months?
- What is your estimate of your company's export order stock?
- What is your estimate of your company's current export profitability?

### *EMI forecast, next three months*

- How do you think market demand for your company's exports will develop over the next three months?
- How do you think your company's export sales will develop over the next three months?
- How do you think your company's profitability in export sales will develop over the next three months?
- How do you think your company's export delivery times will develop over the next three months?

Answers to all these questions form the basis for the main EMI.

# APPENDIX

## DATA: WEIGHTED TIME SERIES

INDICATOR	SELECTION	Q4 2022	Q1 2023	DIFF Q1 23 - Q4 22	
<b>1. EMI total</b>	<b>Total</b>	<b>52.8</b>	<b>47.6</b>	<b>-5.2</b>	<b>↘</b>
1. EMI total	MSEK 25-250	50.2	52.8	2.6	↗
1. EMI total	>MSEK 250	53.0	47.2	-5.8	↘
<b>2. EMI current</b>	<b>Total</b>	<b>61.4</b>	<b>53.2</b>	<b>-8.2</b>	<b>↘</b>
2. EMI current	MSEK 25-250	51.3	53.0	1.7	↗
2. EMI current	>MSEK 250	62.1	53.2	-8.9	↘
<b>3. EMI forecast</b>	<b>Total</b>	<b>44.3</b>	<b>42.1</b>	<b>-2.2</b>	<b>↘</b>
3. EMI forecast	MSEK 25-250	49.2	52.7	3.5	↗
3. EMI forecast	>MSEK 250	43.9	41.3	-2.6	↘

INDICATOR CURRENT	SELECTION	Q4 2022	Q1 2023	DIFF Q1 23 - Q4 22	
Question 1 - Export sales	Total	58.8	54.7	-4.1	↘
Question 1 - Export sales	MSEK 25-250	54.5	56.1	1.6	↗
Question 1 - Export sales	>MSEK 250	59.2	54.5	-4.7	↘
Question 2 - Export order stock	Total	62.5	48.0	-14.5	↘
Question 2 - Export order stock	MSEK 25-250	44.7	45.5	0.8	→
Question 2 - Export order stock	>MSEK 250	63.8	48.2	-15.6	↘
Question 3 - Export profitability	Total	62.8	56.8	-6.0	↘
Question 3 - Export profitability	MSEK 25-250	54.5	57.6	3.1	↗
Question 3 - Export profitability	>MSEK 250	63.4	56.7	-6.7	↘

INDICATOR FORECAST	SELECTION	Q4 2022	Q1 2023	DIFF Q1 23 - Q4 22	
Question 4 - Export market demand	Total	45.2	41.6	-3.6	↘
Question 4 - Export market demand	MSEK 25-250	46.2	54.5	8.3	↗
Question 4 - Export market demand	>MSEK 250	45.1	40.6	-4.5	↘
Question 4a - Western Europe	Total	40.3	46.1	5.8	↗
Question 4a - Western Europe	MSEK 25-250	44.8	54.1	9.3	↗
Question 4a - Western Europe	>MSEK 250	40.0	45.5	5.5	↗
Question 4b - Central & Eastern Europe	Total	38.7	40.7	2.0	↗
Question 4b - Central & Eastern Europe	MSEK 25-250	40.2	41.5	1.3	↗
Question 4b - Central & Eastern Europe	>MSEK 250	38.7	40.6	1.9	↗
Question 4c1 - North America	Total	48.1	52.5	4.4	↗
Question 4c1 - North America	MSEK 25-250	57.1	61.4	4.3	↗
Question 4c1 - North America	>MSEK 250	47.6	52.0	4.4	↗
Question 4c2 - South America	Total	51.9	45.1	-6.8	↘
Question 4c2 - South America	MSEK 25-250	51.8	41.7	-10.1	↘
Question 4c2 - South America	>MSEK 250	51.9	45.2	-6.7	↘
Question 4d - Asia & Oceania	Total	53.0	62.5	9.5	↗
Question 4d - Asia & Oceania	MSEK 25-250	56.4	51.2	-5.2	↘
Question 4d - Asia & Oceania	>MSEK 250	52.9	63.1	10.2	↗
Question 4e - Middle East, Türkiye & Africa	Total	41.1	49.5	8.4	↗
Question 4e - Middle East, Türkiye & Africa	MSEK 25-250	44.2	47.0	2.8	↗
Question 4e - Middle East, Türkiye & Africa	>MSEK 250	41.0	49.6	8.6	↗
Question 5 - Export sales	Total	47.5	47.0	-0.5	→
Question 5 - Export sales	MSEK 25-250	47.0	54.5	7.5	↗
Question 5 - Export sales	>MSEK 250	47.6	46.4	-1.2	↘
Question 6 - Export profitability	Total	39.3	39.8	0.5	→
Question 6 - Export profitability	MSEK 25-250	48.5	51.5	3.0	↗
Question 6 - Export profitability	>MSEK 250	38.6	38.9	0.3	→
Question 7 - Export profitability	Total	45.2	39.9	-5.3	↘
Question 7 - Export profitability	MSEK 25-250	55.3	50.0	-5.3	↘
Question 7 - Export profitability	>MSEK 250	44.4	39.1	-5.3	↘

↗ = Δ > +1.0    → = Δ ≤ ±1.0    ↘ = Δ < -1.0





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