



GLOOMY TIMES FOR SWEDISH EXPORTS

EXPORT MANAGERS' INDEX
Fourth quarter 2023

EXECUTIVE SUMMARY

Business Sweden's Export Managers' Index, EMI, continued to fall in the fourth quarter. EMI dropped by 2.3 points to 44.4, from 46.7 in the previous quarter. This is the lowest recorded level since the second quarter of 2020 and the index has only been lower on three previous occasions, during the global financial crisis of 2008/2009 and the subsequent European debt crisis of 2012. The fact that the index is below the 50-mark – the dividing line between optimism and pessimism – signals that Swedish export companies have a gloomy view of export development.

The decline was driven by a considerable drop in the EMI current subindex which fell by 6.4 points to 44.3 in the fourth quarter, from 50.7 in the third quarter. Conversely, EMI forecast – the subindex for the forward-looking issues – rose by 1.7 points to 44.5 in the fourth quarter survey, from a low 42.8 in the third quarter. Both subindices remain below the 50-mark. This indicates that export managers have a gloomy view of both the current situation and future prospects.

The most notable finding in the fourth quarter survey was that views of the current situation worsened while the three-month forecast improved compared to the previous survey.

The index reflecting views of current export sales fell by as much as 10.3 points to 44.2 in the fourth quarter, from 54.5 in the previous quarter. Another significant decline was seen in the index for export order stocks which fell by 7.2 points to 38.5 in the fourth quarter, from 45.7 in the third quarter. The index reflecting views of the profitability of current export sales fell more moderately by 1.8 points to 50.1 in the fourth quarter. In all, this indicates that export companies have a gloomy view of both current export sales and export order stocks, while taking a more balanced view of the profitability of current export sales.

But when assessing the next three months, views of both expected export sales and profitability of export sales improved and both indices are now close to the 50-mark. This indicates that export companies take a more balanced view of future prospects.

Views of expected export demand vary between the regions. The index for expected export demand from Asia made a forceful recovery and jumped by no less than 15.2 points to 50.8 in the fourth quarter, from a record low of 35.6 in the previous quarter. Meanwhile, the index for North America fell by 9.1 points to 49.3 in the fourth quarter, from 58.4 in the third quarter. The index is now close to the 50-mark for all regions except Western Europe and Central and Eastern Europe, where the index is below 50. This signals that companies have a balanced view of export demand from all regions except Europe where views are more dampened.

In all, we can observe that export companies take a gloomy view of the current situation but are more reassured when assessing future prospects. Uncertainty remains elevated in global markets but hasn't escalated further, and it is increasingly clear that central banks are now approaching the end of their tightening cycles. Let's hope that this measure of confidence among export managers is an indicator that the current market decline will soon bottom out.

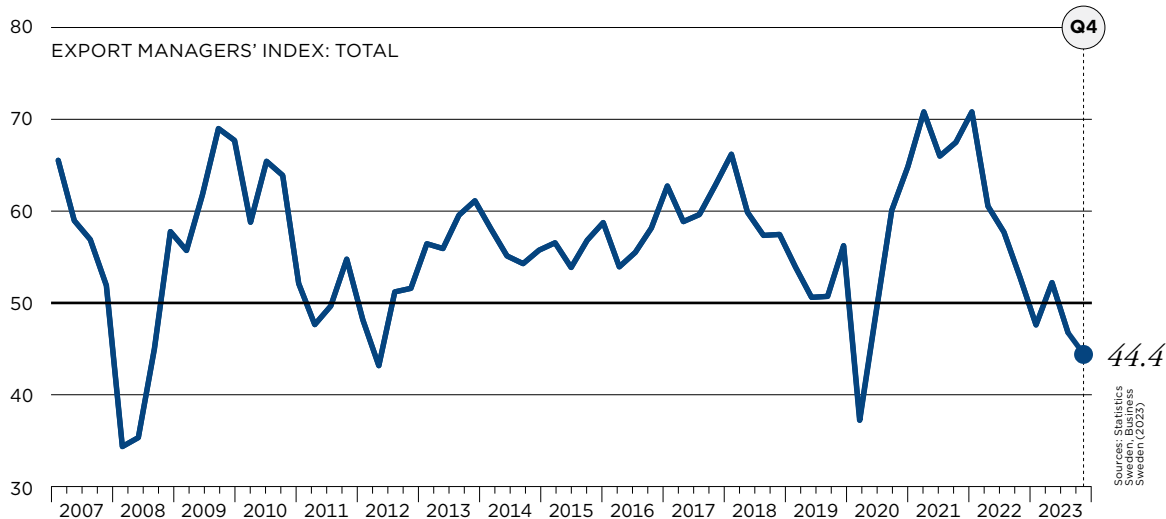
The next Export Managers' Index will be published on 8 February 2024.

Lena Sellgren
Chief Economist



CONTINUED FALL IN EXPORT MANAGERS' INDEX

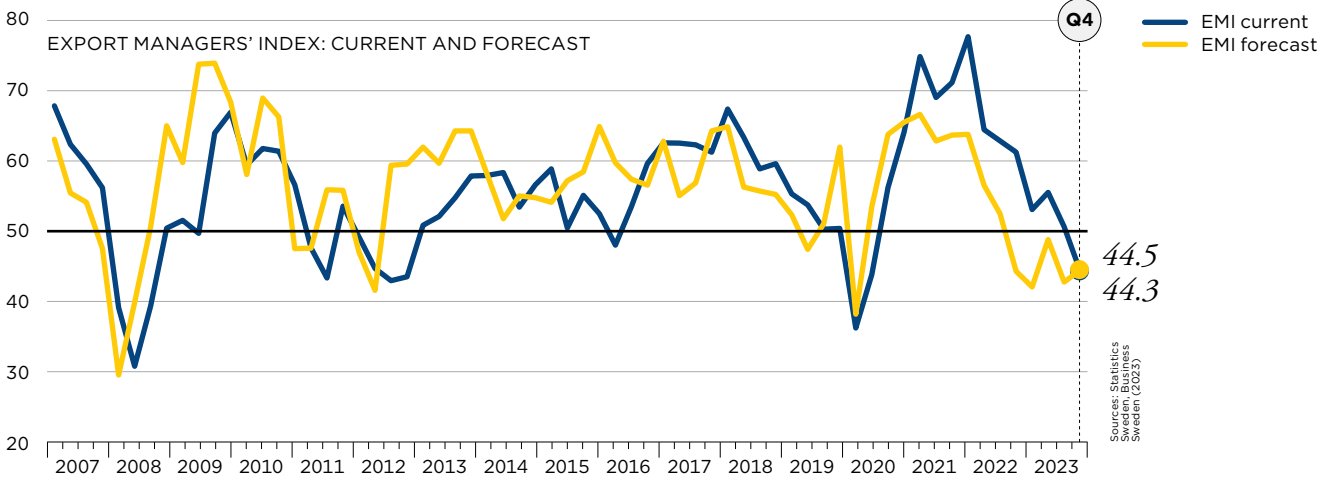
EXPORT MANAGERS' INDEX (EMI) CONTINUED TO FALL IN THE FOURTH QUARTER



Business Sweden's Export Managers' Index, which monitors views and reflects sentiment among Swedish exporters of goods and services, continued to fall in the fourth quarter. EMI fell by 2.3 points to 44.4 in the fourth quarter, from 46.7 in the third quarter. This is the lowest recorded level since the pandemic and the index has only been lower on three prior occasions

– during the global financial crisis of 2008/2009 and the subsequent European debt crisis of 2012. The fact that EMI is below the 50-mark – 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 Sweden's export companies have a pessimistic view.

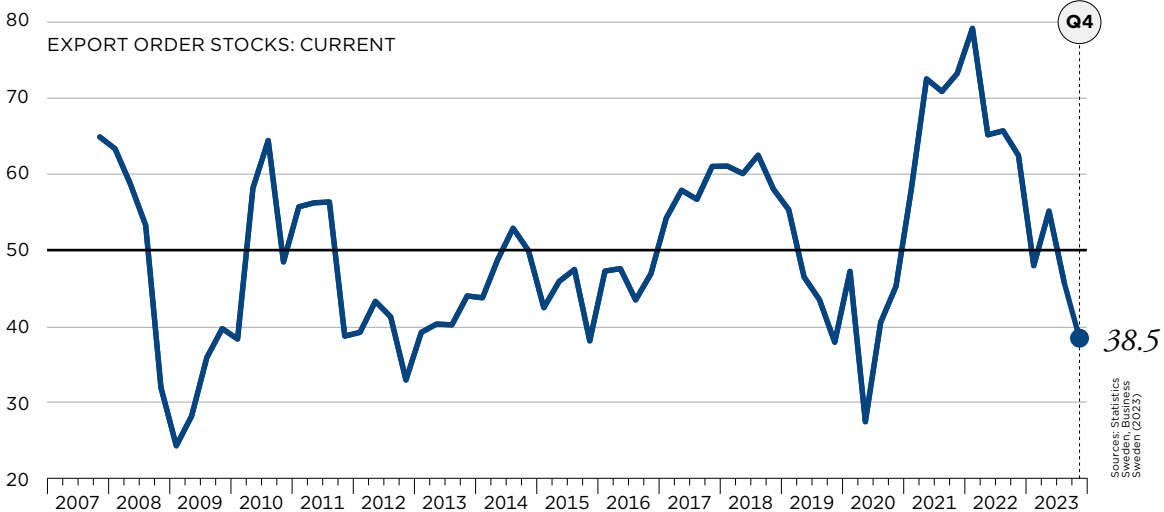
DECLINE WAS DRIVEN BY A CONSIDERABLE DROP IN EMI CURRENT SUBINDEX



The decline in the fourth quarter EMI was driven by a considerable drop in the current subindex while, conversely, an uptick was seen in the subindex reflecting views of the next three months. EMI current fell by 6.4 points to 44.3 in the fourth quarter, from 50.7 in the third quarter. This is the first time since the third quarter of 2020 that the EMI current subindex has dropped below the 50-mark. EMI forecast – the

subindex for the forward-looking issues – rose by 1.7 points to 44.5 in the fourth quarter, from a low 42.8 in the previous quarter. The indices reflecting views of both the current situation and the three-month forecast are now approximately five points below the 50-mark. This signals that export managers have a gloomy view of both current export development and future prospects.

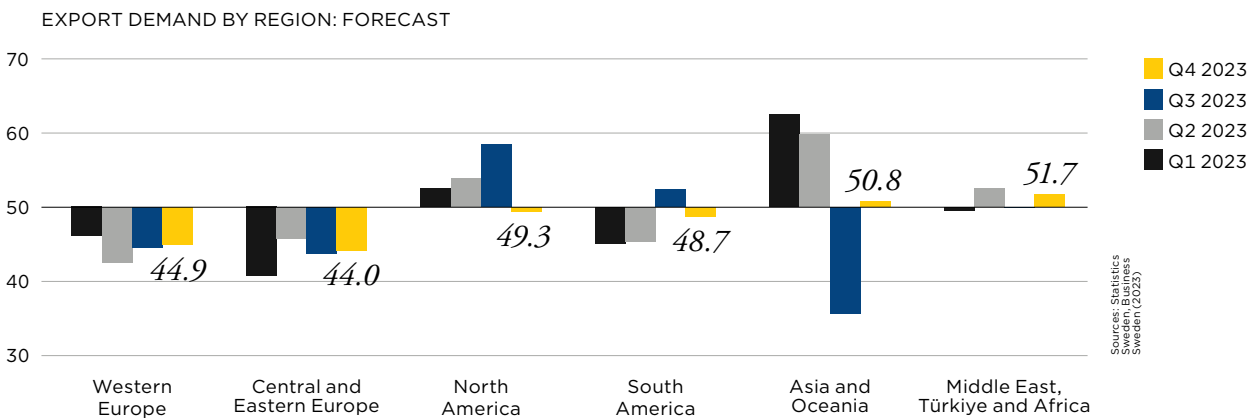
MORE EXPORT MANAGERS TAKE A GLOOMY VIEW OF EXPORT ORDER STOCKS



A larger share of export managers have a gloomy view of export order stocks in the fourth quarter. The index continued downwards and fell by 7.2 points to 38.5 in the fourth quarter, from 45.7 in the third quarter. This is the lowest recorded level

since the second quarter of 2020. The fact that the index is below 50 indicates that more export companies are dissatisfied with their export order stocks than vice versa.

STRONG RECOVERY IN INDEX FOR EXPECTED EXPORT DEMAND FROM ASIA



The index for expected export demand from Asia made a forceful recovery in the fourth quarter following a plummeting result in the third quarter survey. However, the index for North America, which had risen three quarters in a row, now fell markedly.

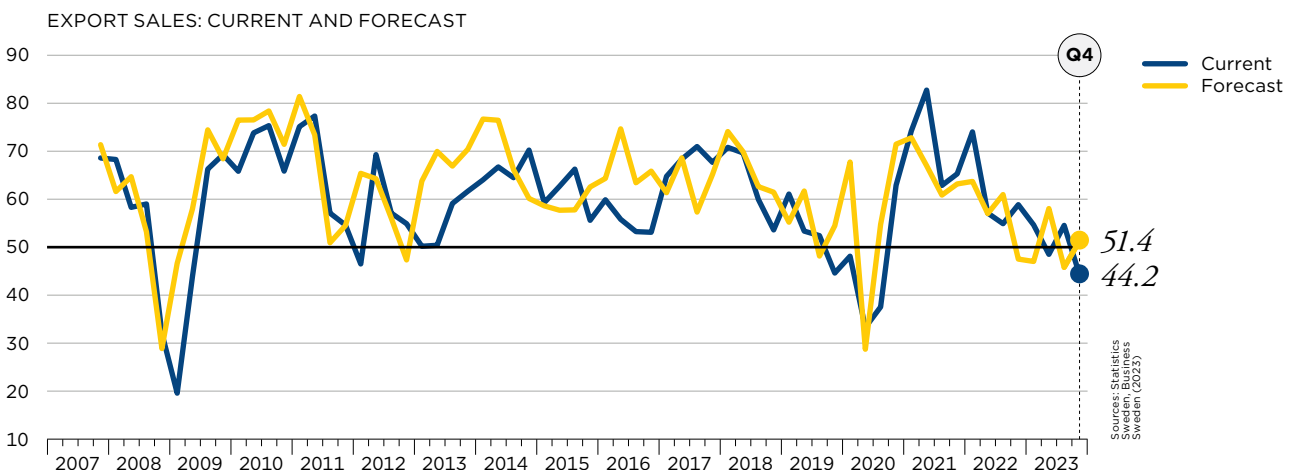
The index for expected export demand from Asia jumped by as much as 15.2 points to 50.8 in the fourth quarter, from 35.6 in the third quarter. The index for North America fell by 9.1 points to 49.3 in the fourth quarter, from 58.4 in the previous quarter. The index for South America dropped as well, but by a more moderate 3.6 points to 48.7 in the fourth quarter, from 52.3 in the third quarter.

The index for expected export demand from the Middle East, Türkiye and Africa increased by 1.7 points to 51.7 in the fourth quarter, from 50.0 in the previous quarter. The indices for both Western Europe and Central and Eastern Europe rose marginally and remain below the 50-mark.

In all, the fourth quarter survey shows that the index for expected export demand is close to the 50-mark for all regions except Western Europe and Central and Eastern Europe where it remains just below the 50-mark.

This indicates that export companies have a balanced view of expected export demand from all regions except Europe where views remain gloomy.

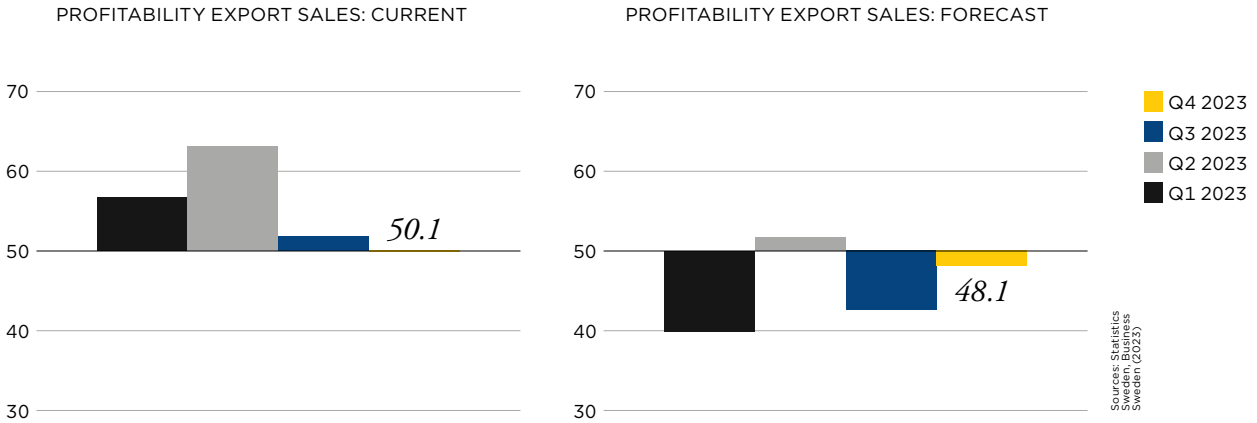
OPTIMISTIC VIEWS OF EXPORT SALES AS COMPANIES ASSESS FUTURE PROSPECTS



The index reflecting views of current export sales fell back in the fourth quarter, following a temporary uptick in the third quarter. The index fell by as much as 10.3 points to 44.2 in the fourth quarter, from 54.5 in the previous quarter. Conversely, the index for export sales in the next three months rose by 5.6 points to 51.4 in the fourth quarter, from 45.8 in the third quarter.

The fact that the index for current export sales is back below the 50-mark indicates that export companies are pessimistic about the current situation. Nonetheless, when assessing future prospects the index is just above 50 which signals that companies have a cautiously optimistic view of export sales in the near future.

BALANCED VIEWS OF PROFITABILITY OF EXPORT SALES

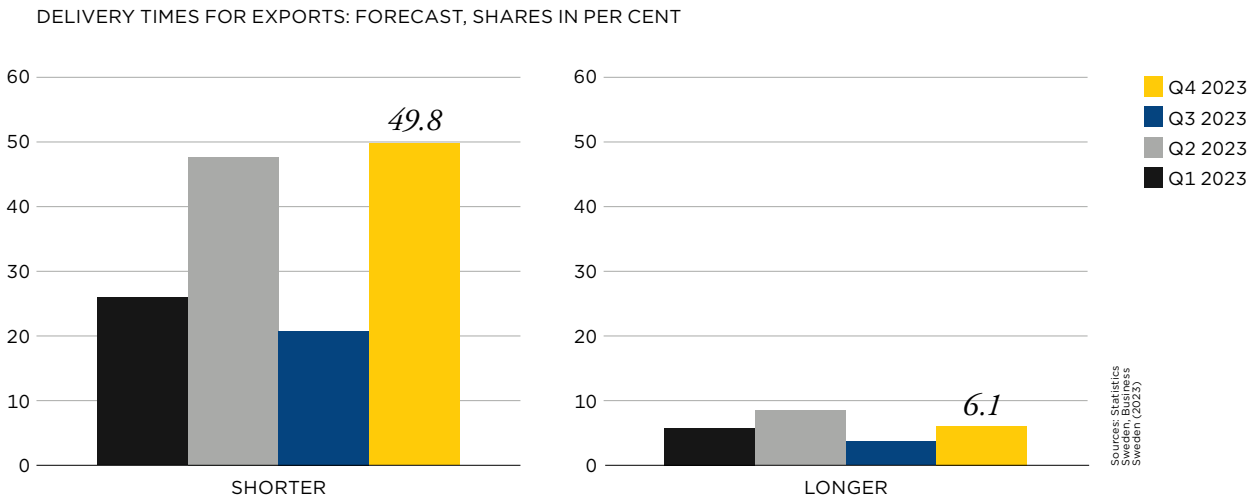


The index reflecting companies' views of the profitability of current export sales fell slightly, but rose in the three-month forecast. The index for profitability of current export sales fell by 1.8 points to 50.1 in the fourth quarter, from 51.9 in the third quarter. The companies' assessment of the profitability of export sales in the next three months strengthened, with an index rising by 5.6

points to 48.1 in the fourth quarter, from 42.5 in the third quarter.

Both indices reflecting views of the profitability of export sales – current and forecast – are relatively close to the 50-mark. In all, this signals that companies have a balanced view of the profitability of current export sales and a somewhat dampened view when assessing future prospects.

HALF OF EXPORT COMPANIES EXPECT SHORTER DELIVERY TIMES



The share of export companies expecting longer delivery times for exports over the next three months increased by 2.4 percentage points to 6.1 per cent in the fourth quarter, from 3.7 per cent in the third quarter. The share of companies expecting shorter delivery times for exports increased by as much as 29 percentage points to 49.8 per cent in the fourth quarter, from 20.8 per cent in the third quarter.

The sharp drop in the previous quarter's survey was difficult to interpret as a large share of the companies responded that delivery times had remained unchanged. The fact that the share of companies expecting shorter delivery times for exports in the next three months has now increased markedly to include almost half of all companies is likely an indication of falling resource utilisation in the economy.

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 fourth quarter 2023 was conducted during the period 16 October – 3 November. 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 in the fourth quarter survey amounted to 74 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/l8bjmx).

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: VIKTAD TIDSSERIE

INDICATOR	SELECTION	Q3 2023	Q4 2023	DIFF Q4 23 - Q3 23	
1. EMI total	Total	46.7	44.4	-2.3	↓
1. EMI total	MSEK 25-250	50.4	47.5	-2.9	↓
1. EMI total	>MSEK 250	46.5	44.1	-2.4	↓
2. EMI current	Total	50.7	44.3	-6.4	↓
2. EMI current	MSEK 25-250	51.6	48.4	-3.2	↓
2. EMI current	>MSEK 250	50.7	44.0	-6.7	↓
3. EMI forecast	Total	42.8	44.5	1.7	↑
3. EMI forecast	MSEK 25-250	49.2	46.6	-2.6	↓
3. EMI forecast	>MSEK 250	42.3	44.3	2.0	↑

INDICATOR CURRENT	SELECTION	Q3 2023	Q4 2023	DIFF Q4 23 - Q3 23	
Question 1 - Export sales	Total	54.5	44.2	-10.3	↓
Question 1 - Export sales	MSEK 25-250	54.8	52.4	-2.4	↓
Question 1 - Export sales	>MSEK 250	54.5	43.6	-10.9	↓
Question 2 - Export order stock	Total	45.7	38.5	-7.2	↓
Question 2 - Export order stock	MSEK 25-250	38.9	34.9	-4.0	↓
Question 2 - Export order stock	>MSEK 250	46.3	38.8	-7.5	↓
Question 3 - Export profitability	Total	51.9	50.1	-1.8	↓
Question 3 - Export profitability	MSEK 25-250	61.1	57.9	-3.2	↓
Question 3 - Export profitability	>MSEK 250	51.2	49.5	-1.7	↓

INDICATOR FORECAST	SELECTION	Q3 2023	Q4 2023	DIFF Q4 23 - Q3 23	
Question 4 - Export market demand	Total	41.4	50.4	9.0	↑
Question 4 - Export market demand	MSEK 25-250	46.0	49.2	3.2	↑
Question 4 - Export market demand	>MSEK 250	41.0	50.5	9.5	↑
Question 4a - Western Europe	Total	44.5	44.9	0.4	→
Question 4a - Western Europe	MSEK 25-250	45.6	50.0	4.4	↑
Question 4a - Western Europe	>MSEK 250	44.4	44.5	0.1	→
Question 4b - Central & Eastern Europe	Total	43.7	44.0	0.3	→
Question 4b - Central & Eastern Europe	MSEK 25-250	42.9	41.8	-1.1	↓
Question 4b - Central & Eastern Europe	>MSEK 250	43.7	44.2	0.5	→
Question 4c1 - North America	Total	58.4	49.3	-9.1	↓
Question 4c1 - North America	MSEK 25-250	57.9	65.9	8.0	↑
Question 4c1 - North America	>MSEK 250	58.4	48.2	-10.2	↓
Question 4c2 - South America	Total	52.3	48.7	-3.6	↓
Question 4c2 - South America	MSEK 25-250	42.6	44.0	1.4	↑
Question 4c2 - South America	>MSEK 250	52.7	48.9	-3.8	↓
Question 4d - Asia & Oceania	Total	35.6	50.8	15.2	↑
Question 4d - Asia & Oceania	MSEK 25-250	53.9	56.8	2.9	↑
Question 4d - Asia & Oceania	>MSEK 250	34.7	50.5	15.8	↑
Question 4e - Middle East, Türkiye & Africa	Total	50.0	51.7	1.7	↑
Question 4e - Middle East, Türkiye & Africa	MSEK 25-250	39.7	41.2	1.5	↑
Question 4e - Middle East, Türkiye & Africa	>MSEK 250	50.4	52.2	1.8	↑
Question 5 - Export sales	Total	45.8	51.4	5.6	↑
Question 5 - Export sales	MSEK 25-250	50.8	47.6	-3.2	↓
Question 5 - Export sales	>MSEK 250	45.4	51.6	6.2	↑
Question 6 - Export profitability	Total	42.5	48.1	5.6	↑
Question 6 - Export profitability	MSEK 25-250	53.2	46.0	-7.2	↓
Question 6 - Export profitability	>MSEK 250	41.7	48.2	6.5	↑
Question 7 - Export profitability	Total	41.4	28.2	-13.2	↓
Question 7 - Export profitability	MSEK 25-250	46.8	43.7	-3.1	↓
Question 7 - Export profitability	>MSEK 250	41.0	26.9	-14.1	↓

↑ = Δ > +1.0 → = Δ ≤ ±1.0 ↓ = Δ < -1.0



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