



RECORD HIGH FOR SWEDISH EXPORTS

EXPORT MANAGERS' INDEX
Second Quarter 2021

EXECUTIVE SUMMARY

Business Sweden's Export Managers' Index (EMI) climbed yet again in the second quarter and hit a new record high. The EMI increased by 6 points to 70.9 in the second quarter, from 64.9 in the first quarter. This is the highest recorded level since the survey began in 2007. The fact that the index is well above the 50-mark – the dividing line between optimism and pessimism – indicates that Swedish export companies have an optimistic view of export development.

The steep increase was primarily driven by a major uptick in the EMI current subindex which jumped by 10.8 points to 75.0 in the second quarter, from 64.2 in the first quarter, lifting EMI to a record level. EMI forecast, the subindex for the forward-looking issues, rose moderately by 1.1 points to 66.7 in the second quarter, from 65.6 in the first quarter. The higher result for the current EMI subindex indicates that export companies are more optimistic about the current situation than in their three-month forecast.

A notable change in the second quarter survey is that views of current export development were considerably strengthened while the three-month forecast was somewhat dampened. As for export order stocks, the export companies have never been as satisfied as now. The index for export order stocks leaped by 14.5 points to 72.5 in the second quarter, from 58.0 in the previous quarter. A similar result was seen in the subindex for current export sales which increased markedly by 8.5 points to 82.7 in the second quarter, from 74.2 in the first quarter. The current index for profitability in export sales jumped also, by 9.5 points to 69.9 in the second quarter, up from 60.4 in the previous quarter. While the three-month forecast was somewhat dampened, export companies are still clearly optimistic about the future. Besides these results, the share of companies expecting longer delivery times increased to 36.4 per cent, up from 26.5 per cent. The longer delivery times could be due to both increased activity among export companies as demand accelerates, and that companies could be facing supply chain problems. More and more companies have highlighted issues related to scarcity of intermediate goods and lacking availability of shipping, two obstacles that could put a damper on the recovery in the short term.

The subindex for expected export demand varied considerably between the regions. The index for expected export demand from South America dropped considerably and is now just below the 50-mark. Similarly, the index for expected export demand from North America fell, as did the index for the Middle East, Turkey and Africa. For both Western Europe and Central and Eastern Europe, the index was more or less unchanged, while the index for Asia increased slightly. With the exception of South America, the index remains at high levels for all regions – well above the 50-mark – which clearly indicates that companies have an optimistic view of expected export demand.

In all, we can conclude that the second quarter survey was unusually strong and revealed record-breaking results. This suggests that export companies are clearly seeing the light at the end of the tunnel and that we are heading toward more normal times. All indications are that the optimistic sentiment among Swedish export companies will remain.

The next Export Managers' Index will be published on 26 August 2021.

Lena Sellgren
Chief Economist, Business Sweden

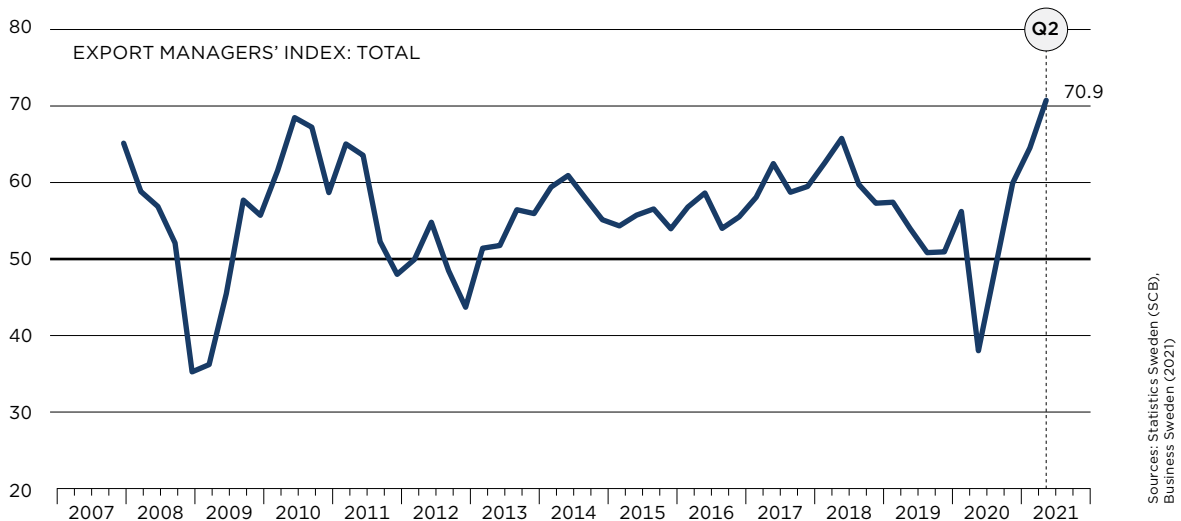


LENA SELLGREN

Chief Economist
Business Sweden

EXPORT MANAGERS' INDEX HITS RECORD HIGH

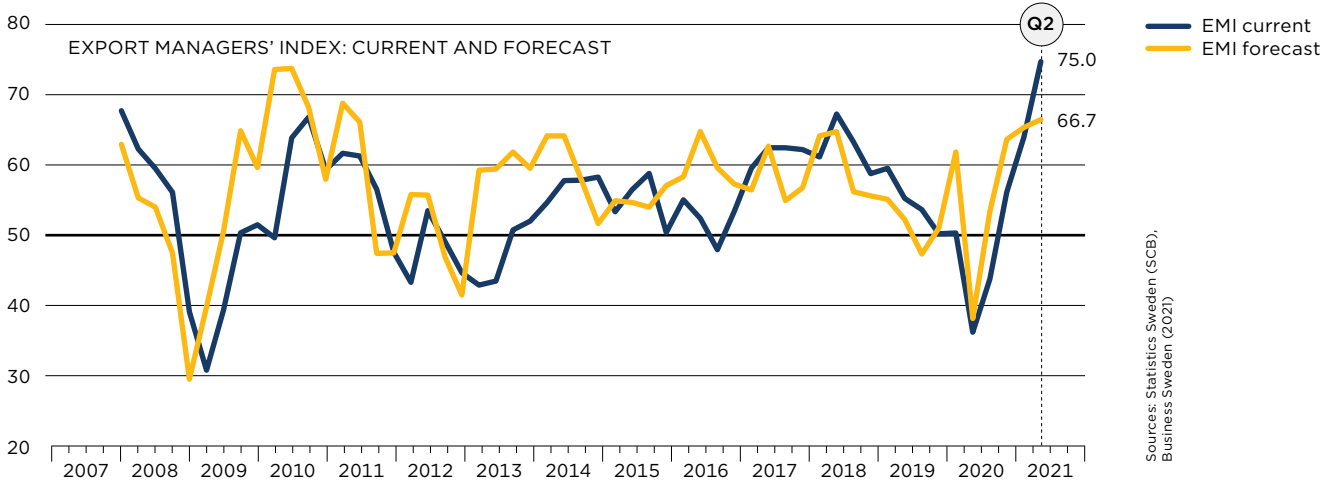
RECORD-BREAKING RESULT IN EXPORT MANAGERS' INDEX (EMI) SECOND QUARTER



Business Sweden's Export Managers' Index (EMI), which monitors views and reflects sentiment among Swedish exporters of goods and services, increased for the fourth quarter in a row. This clearly indicates that the temperature is rising for Swedish exports. EMI jumped by 6 points to 70.9 in the second quarter, from 64.9 the previous quarter. This is the highest recorded level since the survey began in 2007. EMI has never before risen

above 70 and the closest previous result was seen in the second quarter of 2010. The fact that EMI is above the 50-mark – the dividing line between optimism and pessimism – means that more export companies believe in a strengthening than a weakening of export development. The record high performance of EMI indicates strongly optimistic sentiment among export companies and that the prospects for export growth are favourable.

SIGNIFICANT UPTICK IN EMI CURRENT SUBINDEX LIFTS EMI TO RECORD LEVEL

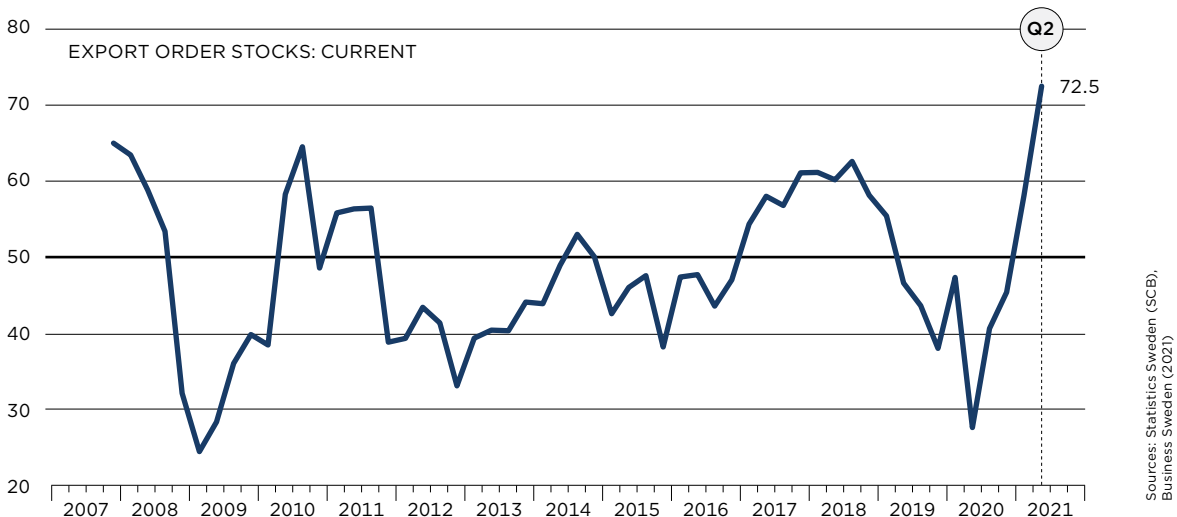


The EMI current subindex jumped by 10.8 points to 75.0 in the second quarter, up from 64.2 in the first quarter. This result sets yet another record since the survey began in 2007. The EMI forecast – the subindex for the forward-looking issues – increased by just 1.1 points to 66.7 in the second quarter, from 65.6 the previous quarter. While moderate, this is still the highest recorded level for

the subindex since the second quarter 2011.

In all, this clearly indicates that sentiment among export companies is optimistic both in the current situation and in terms of the three-month outlook. The fact that EMI current is higher than EMI forecast indicates that export companies are even more optimistic about the situation today than the next three months.

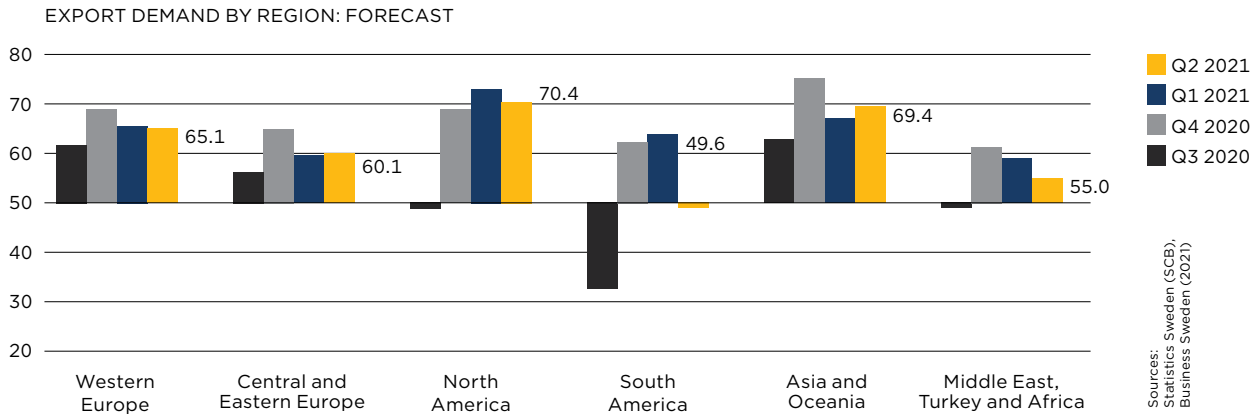
EXPORT COMPANIES MORE SATISFIED THAN EVER WITH EXPORT ORDER STOCKS



The index reflecting assessments of export order stocks continued its upward surge and is now at a record high. The index jumped by no less than 14.5 points to 72.5 in the second quarter, from 58.0 in

the first quarter. This is the highest recorded level since the survey began in 2007. An index above 50 indicates that more export companies are satisfied with export order stocks than vice versa.

SHARP DECLINE IN ASSESSMENT OF EXPECTED EXPORT DEMAND FROM SOUTH AMERICA

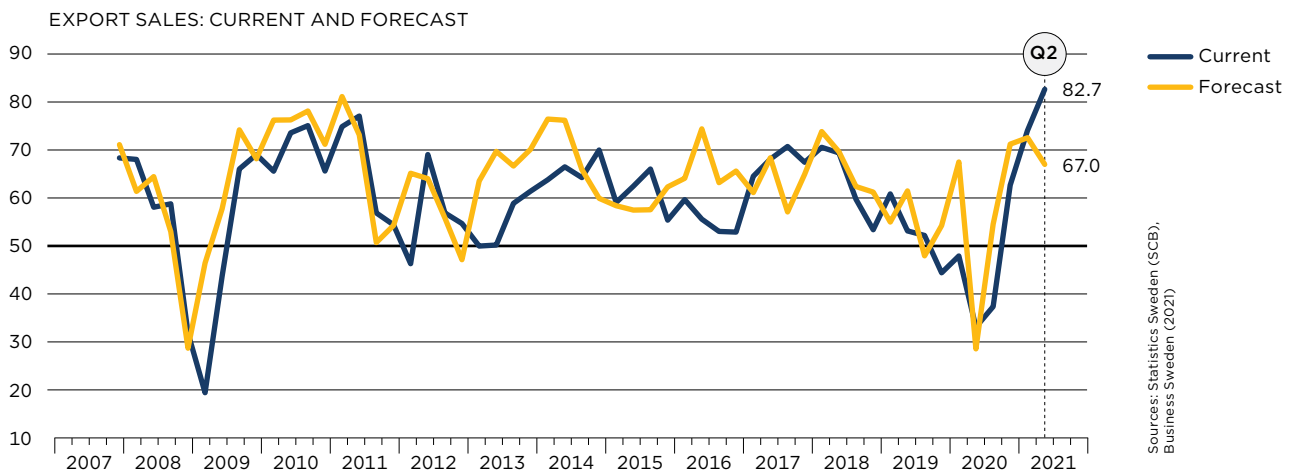


The subindex for expected export demand varied considerably between the regions. The index for expected export demand from South America dropped by as much as 14.1 points to 49.6 in the second quarter, down from 63.7 the previous quarter. The index for North America fell as well but by a more moderate 2.4 points to 70.4 in the second quarter, from 72.8 the previous quarter. Another region that saw a decline was the Middle East, Turkey and Africa where the index dropped by 3.8 points to 55.0 in the second quarter, from 58.8 in the first quarter. However, the index for expected export demand from both Western Europe and Central and Eastern Europe was more

or less unchanged in the second quarter compared to the previous quarter. The only region where the index improved slightly was Asia and Oceania, increasing by 2.4 points to 69.4 in the second quarter, up from 67.0 in the previous quarter.

In all, we can conclude that the index for expected export demand continues to be high for all regions except South America. The index for South America dropped just below the 50-mark which indicates that export companies now have a more balanced view of the region. For all other regions, the index is well above the 50-mark which indicates that companies have a clearly optimistic view of expected export demand.

OPTIMISTIC VIEW OF CURRENT EXPORT SALES STRONGER THAN EVER

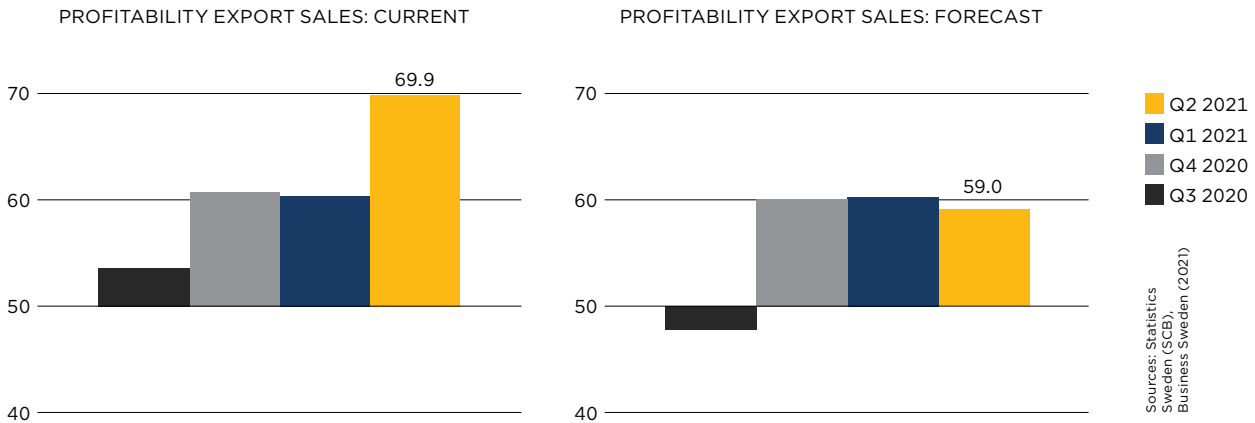


The subindex for current export sales climbed for the fourth consecutive quarter. Like previous quarters, the increase was substantial – jumping by 8.5 points to 82.7 in the second quarter, from 74.2 in the first quarter. This is the highest recorded level since the survey began in 2007. However, the subindex for expected export sales over the next three months fell by 5.8 points to 67.0 in

the second quarter, from 72.8 in the first quarter. Despite the decline, the index still remains high – above its historical average level of 63.3.

The fact that both subindices for export sales are well above 50 indicates that companies are highly optimistic about the current situation as well as export prospects over the next three months.

RISING OPTIMISM ABOUT PROFITABILITY OF CURRENT EXPORT SALES

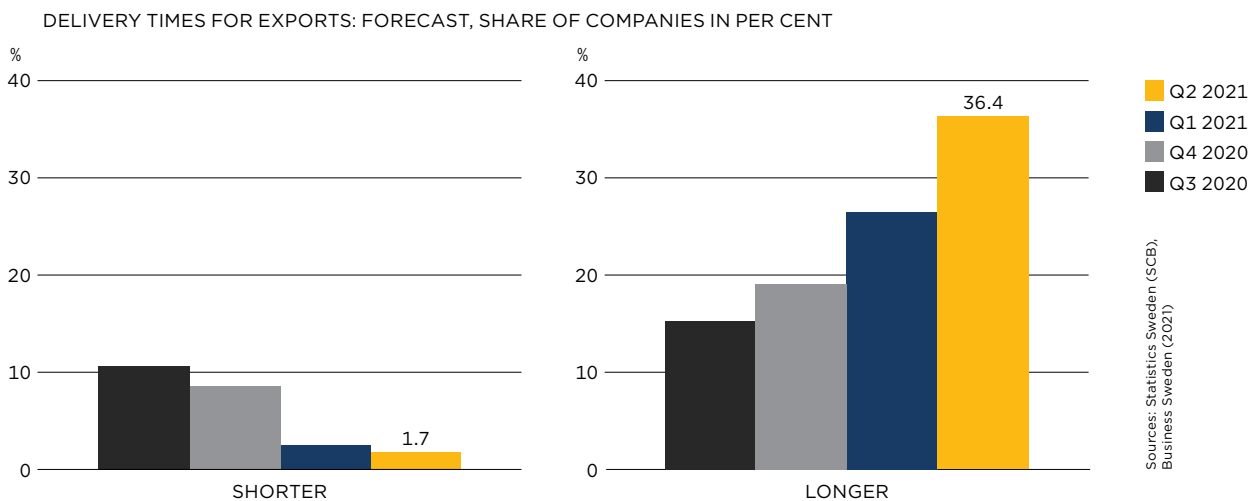


The index reflecting the companies' assessment of profitability of current export sales strengthened considerably. The index rose by 9.5 points to 69.9 in the second quarter, up from 60.4 the previous quarter. At the same time, the index for profitability of export sales over the next three months dropped slightly – declining by 1.2 points

to 59.0 in the second quarter, from 60.2 in the first quarter. Nonetheless, both subindices remain high and are performing above their historical average levels.

The fact that the index is well above 50 indicates that companies have a positive view of the profitability of export sales.

INCREASED SHARE OF COMPANIES EXPECTING LONGER DELIVERY TIMES



The share of export companies expecting shorter delivery times for export goods over the next three months declined again in the second quarter. At the same time, the share of companies expecting longer delivery times increased significantly. The share of companies expecting shorter delivery times fell to 1.7 per cent in the second quarter, from 2.4 per cent the previous quarter. The share of companies expecting longer delivery times for exports increased to 36.4 per cent in the second quarter, from 26.5 per cent in the first quarter.

The continued substantial rise in the share of companies expecting longer delivery times in the next three months could indicate that activity among companies is increasing as the recovery gains momentum. But it could also be an indication that companies are dealing with supply chain problems. Several export companies have recently highlighted that they are facing issues related to deliveries of intermediate goods as well as shipping. The most likely cause of longer delivery times is a combination of these two factors.

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. As of the first quarter 2021, companies are given the opportunity to respond via an online questionnaire which is complemented by reminder phone calls. The partially changed survey methodology is not expected to change the comparability of results with previous surveys. For this year's second quarter Statistics Sweden made a new selection which is routine approximately every third year. This means that many new companies have joined the survey, but the comparability of results with previous surveys is not expected to change in any notable way.

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 second quarter 2021 was conducted during the period 12 April – 6 May. 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 72 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).

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	Q1 2021	Q2 2021	DIFF Q2 21 - Q1 21	
1. EMI total	Total	64.9	70.9	6.0	↗
1. EMI total	MSEK 25-250	53.8	63.9	10.1	↗
1. EMI total	>MSEK 250	66.2	71.3	5.1	↗
2. EMI current	Total	64.2	75.0	10.8	↗
2. EMI current	MSEK 25-250	49.5	58.6	9.1	↗
2. EMI current	>MSEK 250	65.9	76.0	10.1	↗
3. EMI forecast	Total	65.6	66.7	1.1	↗
3. EMI forecast	MSEK 25-250	58.2	69.3	11.1	↗
3. EMI forecast	>MSEK 250	66.5	66.6	0.1	→

INDICATOR CURRENT	SELECTION	Q1 2021	Q2 2021	DIFF Q2 21 - Q1 21	
Question 1 - Export sales	Total	74.2	82.7	8.5	↗
Question 1 - Export sales	MSEK 25-250	55.8	67.8	12.0	↗
Question 1 - Export sales	>MSEK 250	76.3	83.6	7.3	↗
Question 2 - Export order stock	Total	58.0	72.5	14.5	↗
Question 2 - Export order stock	MSEK 25-250	37.0	52.3	15.3	↗
Question 2 - Export order stock	>MSEK 250	60.4	73.7	13.3	↗
Question 3 - Export profitability	Total	60.4	69.9	9.5	↗
Question 3 - Export profitability	MSEK 25-250	55.8	55.7	-0.1	→
Question 3 - Export profitability	>MSEK 250	60.9	70.7	9.8	↗

INDICATOR FORECAST	SELECTION	Q1 2021	Q2 2021	DIFF Q2 21 - Q1 21	
Question 4 - Export market demand	Total	67.4	73.6	6.2	↗
Question 4 - Export market demand	MSEK 25-250	63.0	71.6	8.6	↗
Question 4 - Export market demand	>MSEK 250	67.9	73.7	5.8	↗
Question 4a - Western Europe	Total	65.5	65.1	-0.4	→
Question 4a - Western Europe	MSEK 25-250	61.9	69.5	7.6	↗
Question 4a - Western Europe	>MSEK 250	65.8	64.9	-0.9	→
Question 4b - Central & Eastern Europe	Total	59.8	60.1	0.3	→
Question 4b - Central & Eastern Europe	MSEK 25-250	53.4	56.6	3.2	↗
Question 4b - Central & Eastern Europe	>MSEK 250	60.5	60.3	-0.2	→
Question 4c1 - North America	Total	72.8	70.4	-2.4	↘
Question 4c1 - North America	MSEK 25-250	66.7	67.2	0.5	→
Question 4c1 - North America	>MSEK 250	73.3	70.6	-2.7	↘
Question 4c2 - South America	Total	63.7	49.6	-14.1	↘
Question 4c2 - South America	MSEK 25-250	48.7	43.5	-5.2	↘
Question 4c2 - South America	>MSEK 250	65.0	49.9	-15.1	↘
Question 4d - Asia & Oceania	Total	67.0	69.4	2.4	↗
Question 4d - Asia & Oceania	MSEK 25-250	70.0	66.7	-3.3	↘
Question 4d - Asia & Oceania	>MSEK 250	66.7	69.6	2.9	↗
Question 4e - Middle East, Turkey & Africa	Total	58.8	55.0	-3.8	↘
Question 4e - Middle East, Turkey & Africa	MSEK 25-250	55.2	50.0	-5.2	↘
Question 4e - Middle East, Turkey & Africa	>MSEK 250	59.2	55.2	-4.0	↘
Question 5 - Export sales	Total	72.8	67.0	-5.8	↘
Question 5 - Export sales	MSEK 25-250	60.9	72.7	11.8	↗
Question 5 - Export sales	>MSEK 250	74.1	66.6	-7.5	↘
Question 6 - Export profitability	Total	60.2	59.0	-1.2	↘
Question 6 - Export profitability	MSEK 25-250	50.0	63.6	13.6	↗
Question 6 - Export profitability	>MSEK 250	61.4	58.8	-2.6	↘
Question 7 - Export profitability	Total	62.0	67.3	5.3	↗
Question 7 - Export profitability	MSEK 25-250	58.7	69.3	10.6	↗
Question 7 - Export profitability	>MSEK 250	62.4	67.2	4.8	↗

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



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BUSINESS SWEDEN Box 240, SE-101 24 Stockholm, Sweden
World Trade Center, Klarabergsviadukten 70
T +46 8 588 660 00 info@business-sweden.com
www.business-sweden.com