



# RISING TEMPERATURE FOR SWEDISH EXPORTS

*EXPORT MANAGERS' INDEX*  
*First Quarter 2021*

# EXECUTIVE SUMMARY

Business Sweden's Export Managers' Index (EMI) continued to recover for the third quarter in a row. EMI increased by 4.8 points to 64.9 in the first quarter, up from 60.1 in the final quarter of last year. This is the highest recorded level since the second quarter of 2018. The fact that the index is now well above the 50-mark – the dividing line between optimism and pessimism – indicates that export companies collectively have an optimistic view of export development.

The continued uptick of EMI was primarily driven by a significant increase in the EMI current subindex which increased by 7.9 points to 64.2 in the first quarter, from 56.3 in the previous quarter. EMI forecast, the subindex for the forward-looking issues, increased more moderately by 1.7 points to 65.6 in the first quarter, from 63.9 in the fourth quarter. The EMI current and forecast subindices are now approximately at the same level well above the 50-mark and above their historical averages. This is a clear sign that Sweden's export companies are optimistic in their assessment of both current export development and the prospects over the next three months.

The index for export order stocks increased markedly by 12.7 points to 58.0 in the first quarter, from 45.3 in the previous quarter. Like the previous survey result, the index for current export sales increased significantly by 11.3 points to 74.2 in the first quarter, from 62.9 in the fourth quarter. Such a high level has not been recorded since the second quarter of 2011. The index for profitability in export sales remained largely unchanged both in the current situation and the three-month outlook.

In contrast to the previous survey, the index for expected export demand declined for all regions except North and South America. The index for expected export demand from North America increased by 4.1 points to 72.8 in the first quarter, compared to the previous quarter. This is the highest recorded level since the beginning of 2018. The index for South America increased more moderately by 1.4 points to 63.7 in the first quarter. The index for all other regions dropped by between 2.3 and 8 points. The sharpest decline was seen in the index for Asia while the index for the Middle East, Turkey and Africa declined the least. However, the indices for expected export demand from all regions remain at high levels well above the 50-mark. This indicates that the export companies have a continued optimistic view of expected export demand from all regions.

In all, we can conclude that the first quarter survey indicates a clear sense of optimism among export companies. The current roll-out of vaccines worldwide is likely a contributing factor to the positive sentiment despite recent growing concerns over virus mutations. The new US administration is also likely a contributing factor as President Biden is widely considered more predictable and willing to cooperate than his predecessor. By all accounts, the worst appears to be behind us and the signs are that the world economy will continue to recover as the pandemic is pushed back. As such, the most probable scenario is that the optimistic sentiment among export companies will live on.

The next Export Managers' Index will be published on 12 May 2021.

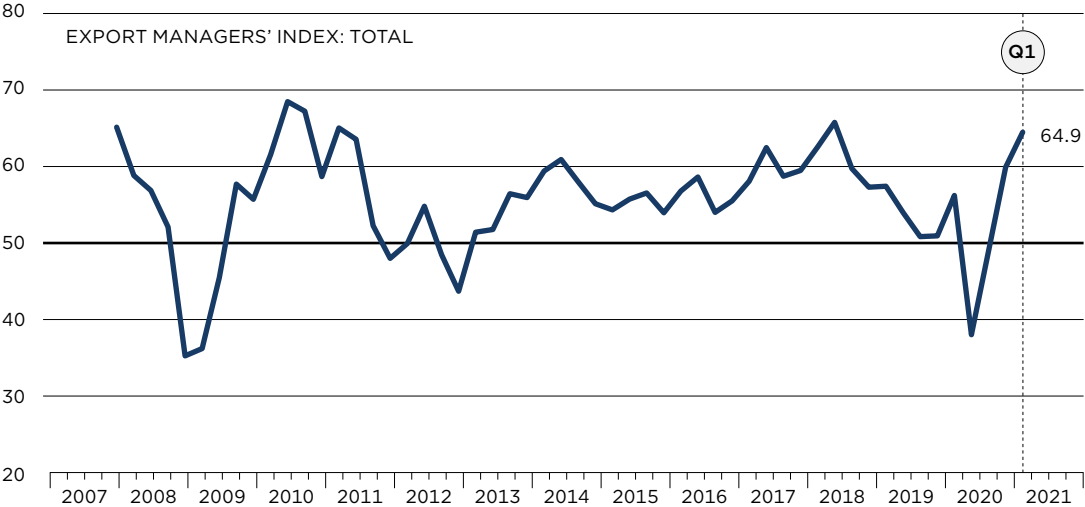
Lena Sellgren  
Chief Economist, Business Sweden



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Chief Economist  
Business Sweden

# TEMPERATURE CONTINUES TO RISE FOR EXPORTS IN THE FIRST QUARTER

CONTINUED UPTICK IN THE EXPORT MANAGERS' INDEX (EMI) FIRST QUARTER

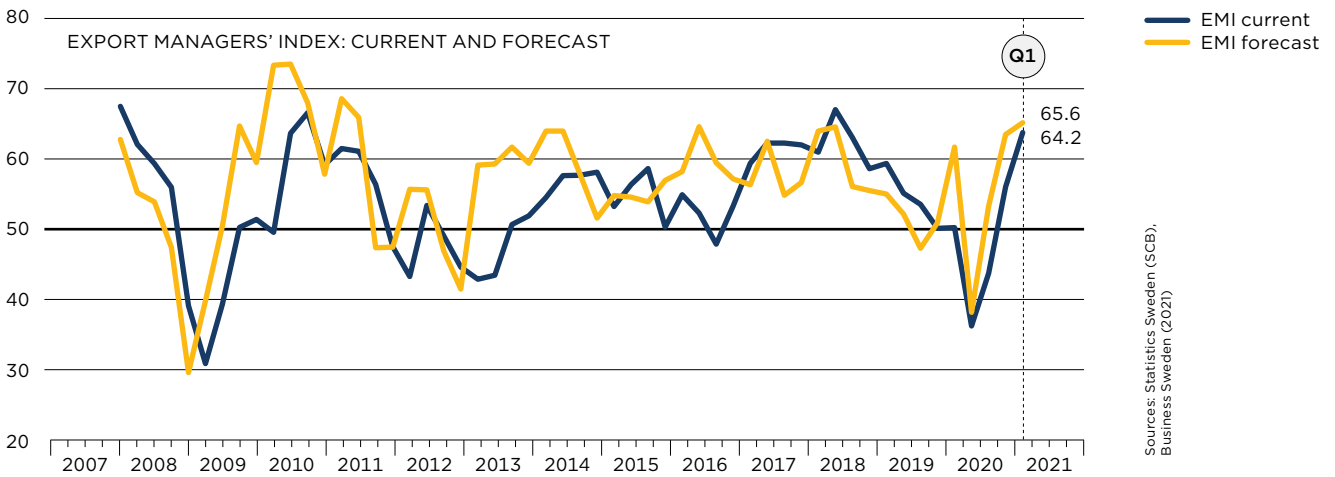


Sources: Statistics Sweden (SCB),  
Business Sweden (2021)

Business Sweden’s Export Managers’ Index, which monitors views and reflects sentiment among Swedish exporters of goods and services, jumped for the third quarter in a row. EMI increased by 4.8 points to 64.9 in the first quarter of 2021, from 60.1 in the last quarter of 2020, which is more than 10 points above the historical average and the highest recorded level since the second quarter

2018. 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 solid performance of EMI in the first quarter indicates that sentiment among export companies is strongly optimistic.

## INCREASE IS DRIVEN BY SIGNIFICANT RISE IN THE EMI CURRENT SUBINDEX

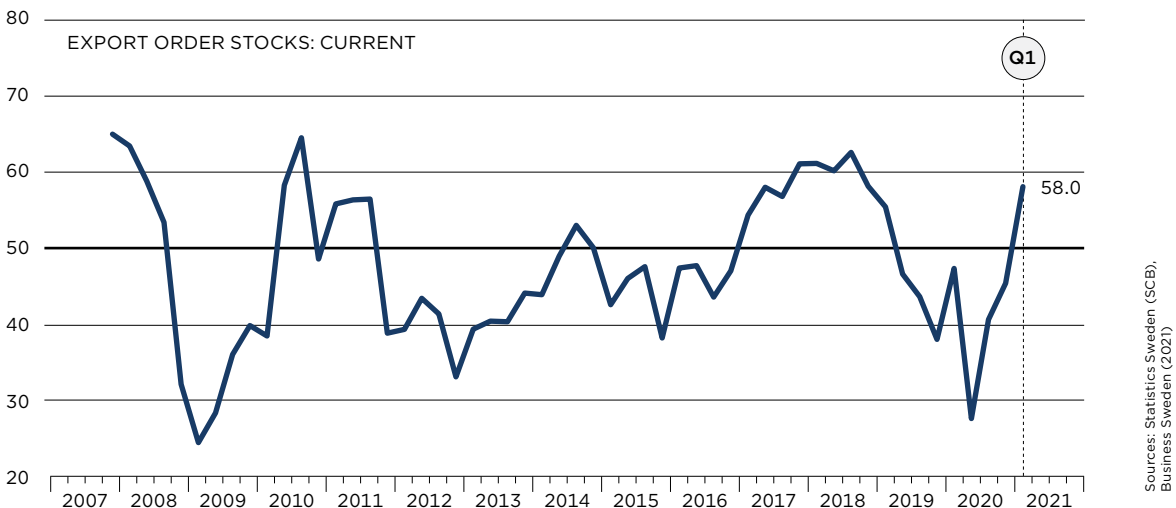


The EMI current subindex increased markedly by 7.9 points to 64.2 in the first quarter, from 56.3 in the fourth quarter of last year. EMI forecast – the subindex for the forward-looking issues – increased more moderately by 1.7 points to 65.6 in the first quarter, from 63.9 in the fourth quarter. EMI current and EMI forecast are now roughly

at the same level and well above both the 50-mark and their historical average levels.

This clearly indicates that sentiment among export companies is optimistic both in the current situation and in terms of the three-month outlook.

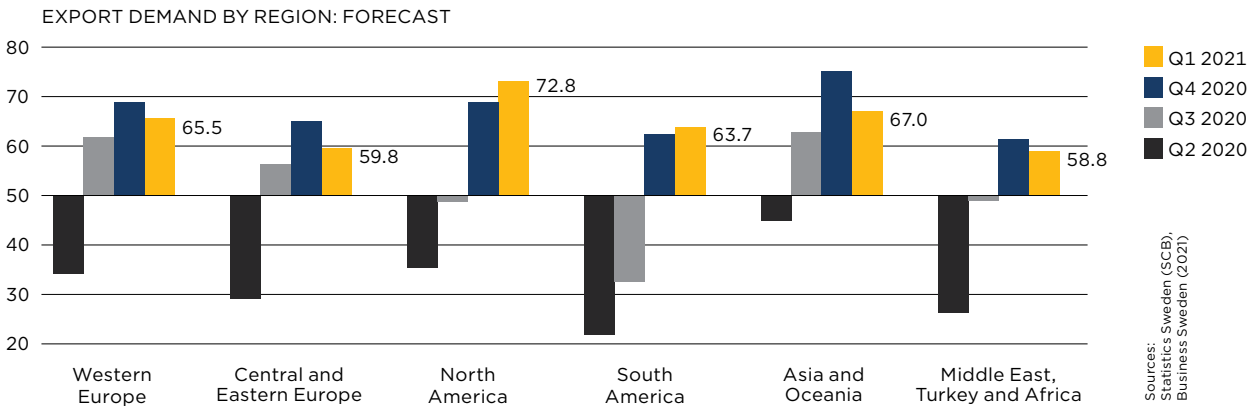
## OPTIMISTIC VIEW OF EXPORT ORDER STOCKS



The index reflecting assessments of export order stocks continued on a steep upward trend and increased by as much as 12.7 points to 58.0 in the first quarter, up from 45.3 in the fourth quarter. The index is now well above the 50-mark and at

its highest level since the fourth quarter 2018. An index above 50 indicates that more export companies are satisfied with export order stocks than vice versa.

## CONTINUED RISE IN POSITIVE VIEWS ON EXPECTED EXPORT DEMAND FROM AMERICA

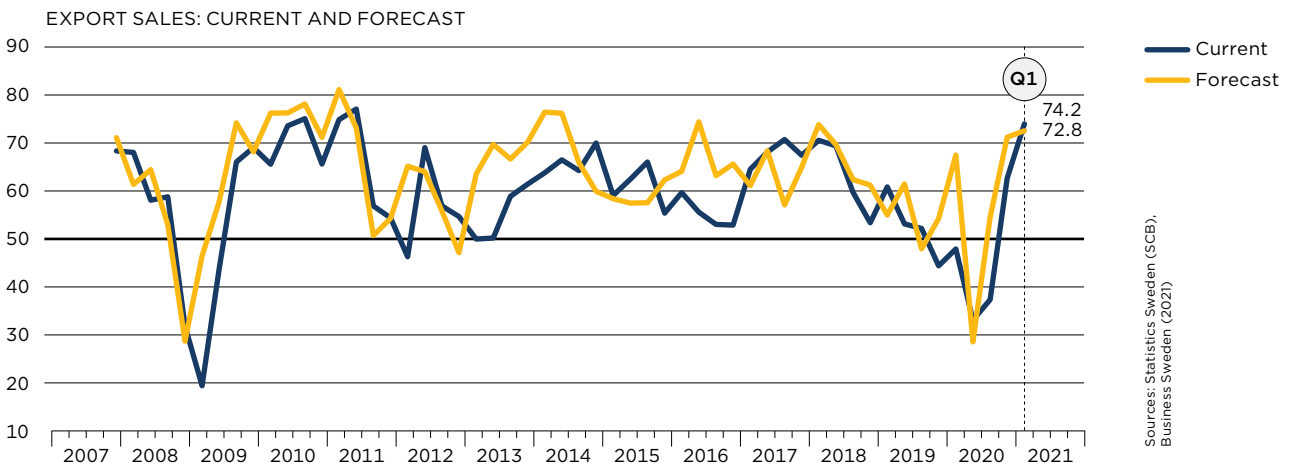


The index for expected export demand declined in the first quarter for all regions, compared to the final quarter last year, except for North and South America. The index for expected export demand from North America increased by 4.1 points to 72.8 in the first quarter, from 68.7 in the fourth quarter. The index for South America increased by 1.4 points to 63.7 in the first quarter, from 62.3 in the previous quarter. Such high levels have not been seen for these indices since the beginning of 2018. The fall in the index for expected export demand from Asia and Oceania was most severe, dropping by 8 points to 67.0 in the first quarter, from 75.0 in the previous quarter. The index for Western Europe dropped by 3.2 points to 65.5 in the first quarter, compared to last year's fourth quarter.

The index for Central and Eastern Europe fell by 5 points to 59.8 in the first quarter, compared to the previous quarter. The index for the Middle East, Turkey and Africa dropped by 2.3 points to 58.8 in the first quarter, compared to the final quarter last year.

In all, we can conclude that the index for expected export demand remains at high levels for all regions, well above the historical average levels. The exception is Asia where the index has dropped to its historical average. The fact that all indices are well above the 50-mark indicates clearly that companies have an optimistic view of expected export demand from all regions.

## SIGNIFICANT STRENGTHENING OF VIEWS ON CURRENT EXPORT SALES

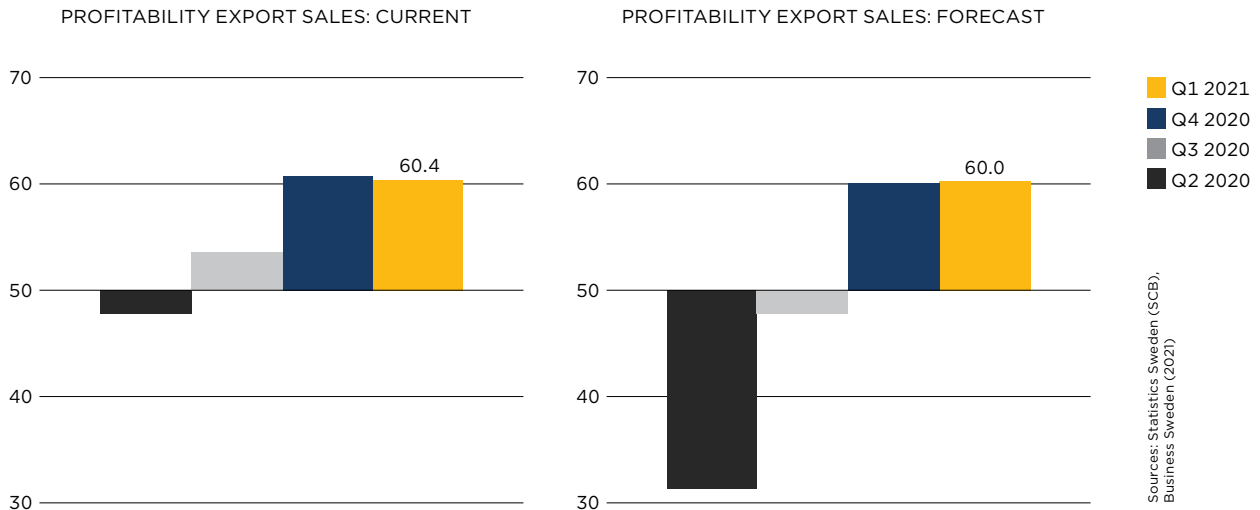


The current index for export sales increased significantly for the second quarter in a row. The index increased by 11.3 points to 74.2 in the first quarter, up from 62.9 in the fourth quarter of 2020. This is the highest recorded level since the second quarter 2011. The index for expected export sales over the next three months increased more moderately by 1.4 points to 72.8 in the first quarter, from 71.4 in the fourth quarter. Both

subindices are at high levels above their historical averages. Such high levels have not been recorded since the beginning of 2018.

The fact that the index for export sales is above 50 for both subindices indicates that the export companies have an optimistic view of both the current situation and the three-month outlook for exports.

## OPTIMISTIC VIEW OF PROFITABILITY IN EXPORT SALES



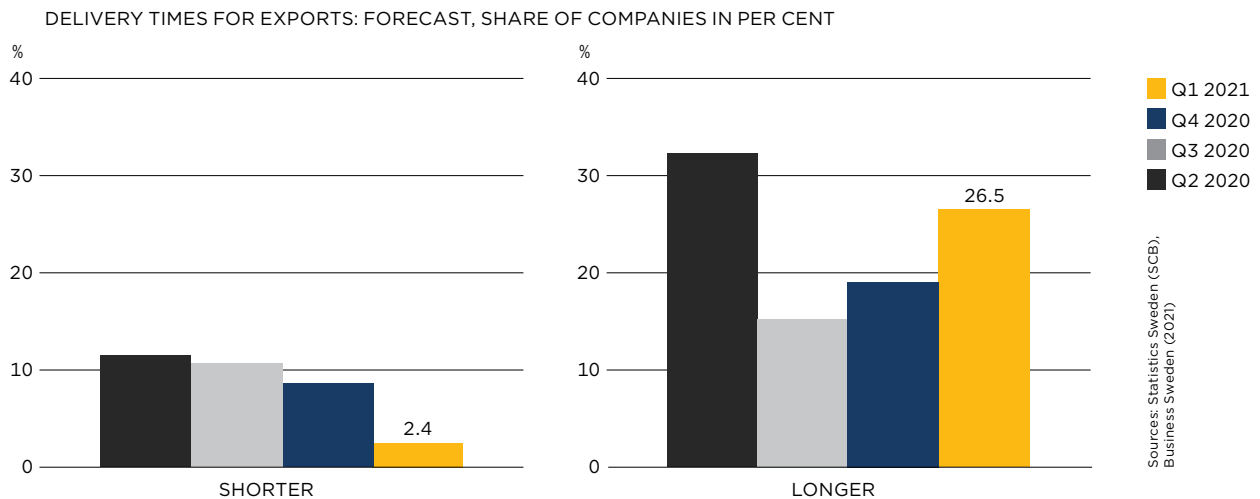
Sources: Statistics Sweden (SCB),  
Business Sweden (2021)

The index reflecting the companies' assessment of profitability of export sales remained more or less unchanged in the first quarter, compared to the final quarter last year. The current index fell marginally by 0.3 points to 60.4 in the first quarter, compared to the previous quarter. The index reflecting the three-month assessment

increased marginally by 0.2 points to 60.2 in the first quarter. Both subindices remain at high levels above their historical averages.

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

## INCREASED SHARE OF EXPORT COMPANIES EXPECTING LONGER DELIVERY TIMES



Sources: Statistics Sweden (SCB),  
Business Sweden (2021)

The share of export companies expecting shorter delivery times for export goods over the next three months dropped to 2.4 per cent in the first quarter, compared to 8.6 per cent in the fourth quarter of last year. At the same time, the share of export companies expecting longer delivery times increased to 26.5 per cent, up from 19.0 per cent in the fourth quarter.

The continued rise in the share of companies expecting longer delivery times in the next three months most likely reflects a continued increase of activity among companies. This is a more probable cause than any problems related to supply chains, which was the primary cause of the increased share during the coronavirus crisis in the second quarter.

## 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 (SCB) and 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. Respondents are export managers or persons with a corresponding position in Swedish export companies. The survey covers a total of 206 companies, of which half have export sales of more than SEK 250 million (large companies) and half 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 2021 was conducted during the period 14 January – 4 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 83 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 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 2020	Q1 2021	DIFF Q1 21 - Q4 20	
<b>1. EMI total</b>	<b>Total</b>	<b>60.1</b>	<b>64.9</b>	<b>4.8</b>	<b>↗</b>
1. EMI total	MSEK 25-250	54.7	53.8	-0.9	→
1. EMI total	>MSEK 250	60.8	66.2	5.4	↗
<b>2. EMI current</b>	<b>Total</b>	<b>56.3</b>	<b>64.2</b>	<b>7.9</b>	<b>↗</b>
2. EMI current	MSEK 25-250	50.9	49.5	-1.4	↘
2. EMI current	>MSEK 250	57.0	65.9	8.9	↗
<b>3. EMI forecast</b>	<b>Total</b>	<b>63.9</b>	<b>65.6</b>	<b>1.7</b>	<b>↗</b>
3. EMI forecast	MSEK 25-250	58.6	58.2	-0.4	→
3. EMI forecast	>MSEK 250	64.6	66.5	1.9	↗

INDICATOR CURRENT	SELECTION	Q4 2020	Q1 2021	DIFF Q1 21 - Q4 20	
Question 1 - Export sales	Total	62.9	74.2	11.3	↗
Question 1 - Export sales	MSEK 25-250	55.4	55.8	0.4	→
Question 1 - Export sales	>MSEK 250	63.9	76.3	12.4	↗
Question 2 - Export order stock	Total	45.3	58.0	12.7	↗
Question 2 - Export order stock	MSEK 25-250	37.7	37.0	-0.7	→
Question 2 - Export order stock	>MSEK 250	46.3	60.4	14.1	↗
Question 3 - Export profitability	Total	60.7	60.4	-0.3	→
Question 3 - Export profitability	MSEK 25-250	59.6	55.8	-3.8	↘
Question 3 - Export profitability	>MSEK 250	60.9	60.9	0.0	→

INDICATOR FORECAST	SELECTION	Q4 2020	Q1 2021	DIFF Q1 21 - Q4 20	
Question 4 - Export market demand	Total	68.9	67.4	-1.5	↘
Question 4 - Export market demand	MSEK 25-250	61.0	63.0	2.0	↗
Question 4 - Export market demand	>MSEK 250	69.9	67.9	-2.0	↘
Question 4a - Western Europe	Total	68.7	65.5	-3.2	↘
Question 4a - Western Europe	MSEK 25-250	57.2	61.9	4.7	↗
Question 4a - Western Europe	>MSEK 250	70.1	65.8	-4.3	↘
Question 4b - Central & Eastern Europe	Total	64.8	59.8	-5.0	↘
Question 4b - Central & Eastern Europe	MSEK 25-250	56.7	53.4	-3.3	↘
Question 4b - Central & Eastern Europe	>MSEK 250	65.7	60.5	-5.2	↘
Question 4c1 - North America	Total	68.7	72.8	4.1	↗
Question 4c1 - North America	MSEK 25-250	62.3	66.7	4.4	↗
Question 4c1 - North America	>MSEK 250	69.4	73.3	3.9	↗
Question 4c2 - South America	Total	62.3	63.7	1.4	↗
Question 4c2 - South America	MSEK 25-250	54.2	48.7	-5.5	↘
Question 4c2 - South America	>MSEK 250	63.2	65.0	1.8	↗
Question 4d - Asia & Oceania	Total	75.0	67.0	-8.0	↘
Question 4d - Asia & Oceania	MSEK 25-250	62.1	70.0	7.9	↗
Question 4d - Asia & Oceania	>MSEK 250	76.4	66.7	-9.7	↘
Question 4e - Middle East, Turkey & Africa	Total	61.1	58.8	-2.3	↘
Question 4e - Middle East, Turkey & Africa	MSEK 25-250	52.9	55.2	2.3	↗
Question 4e - Middle East, Turkey & Africa	>MSEK 250	62.0	59.2	-2.8	↘
Question 5 - Export sales	Total	71.4	72.8	1.4	↗
Question 5 - Export sales	MSEK 25-250	63.0	60.9	-2.1	↘
Question 5 - Export sales	>MSEK 250	72.5	74.1	1.6	↗
Question 6 - Export profitability	Total	60.0	60.2	0.2	→
Question 6 - Export profitability	MSEK 25-250	54.1	50.0	-4.1	↘
Question 6 - Export profitability	>MSEK 250	60.8	61.4	0.6	→
Question 7 - Export profitability	Total	55.2	62.0	6.8	↗
Question 7 - Export profitability	MSEK 25-250	56.2	58.7	2.5	↗
Question 7 - Export profitability	>MSEK 250	55.1	62.4	7.3	↗

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





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