

STRONG OPTIMISM AMONG SWEDISH EXPORTERS

EXPORT MANAGERS' INDEX
Second quarter 2024

EXECUTIVE SUMMARY

Business Sweden's Export Managers' Index, EMI, continued to rise in the second quarter. EMI rose by 4.5 points to 55.3 in the second quarter, from 50.8 in the previous quarter. The fact that the index is well above the 50-mark – the dividing line between optimism and pessimism – signals that export companies have a highly optimistic view of export development.

The uptick in EMI was primarily driven by the EMI current subindex, which jumped by 8.0 points to 54.5 in the second quarter, from 46.5 in the first quarter. EMI forecast, the subindex for the forward-looking issues, increased by a modest 1.1 points to 56.1 in the second quarter, from 55.0 in the previous quarter. This means that both subindices are now approximately at the same level, well above the 50-mark, which indicates strong optimism about current export performance and future prospects.

The most notable result in the second quarter survey was that virtually all subindices rose above the 50-mark, which has not occurred since the first quarter of 2022. The index reflecting views on export order stocks is the only one remaining below the 50-mark.

The companies' assessments of export sales are particularly positive as both the current and forecast indices for export sales rose markedly. At the same time, the index reflecting views of the profitability of export sales performed moderately in the current subindex and even fell back slightly in the three-month forecast – albeit from a high level.

The regional differences decreased and the index for expected export demand is now above the 50-mark for all regions. This indicates that export companies have a positive view of demand from all regions. The uptick was particularly palpable for Central and Eastern Europe where the index jumped by 13.2 points to 63.1 in the second quarter, from 49.9 in the first quarter. The index reflecting demand from the Middle East, Türkiye and Africa rose by 11.1 points to 52.8 and from Asia by 9.7 points to 59.1 during the same period.

In all, we can observe that a broad-based optimistic sentiment prevails among export managers in the second quarter survey. There are several explanations for this, including the fact that geopolitical tensions and the conflict in the Middle East have not worsened, and that the Chinese economy is being stimulated. In addition, inflation continues to fall back towards the 2 per cent target and expectations are now sky-high that central banks will begin to lower their key interest rates. If these hopes are realised, the current trajectory bodes well for Swedish exports going forward.

Lena Sellgren
Chief Economist

NEXT EXPORT
MANAGERS' INDEX

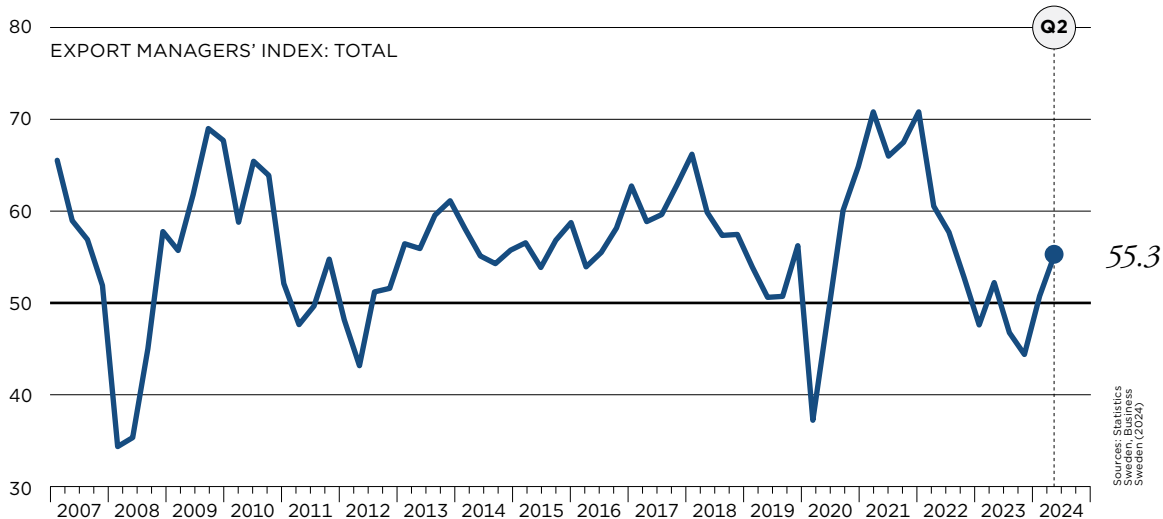
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STEADY UPTICK IN EXPORT MANAGERS' INDEX

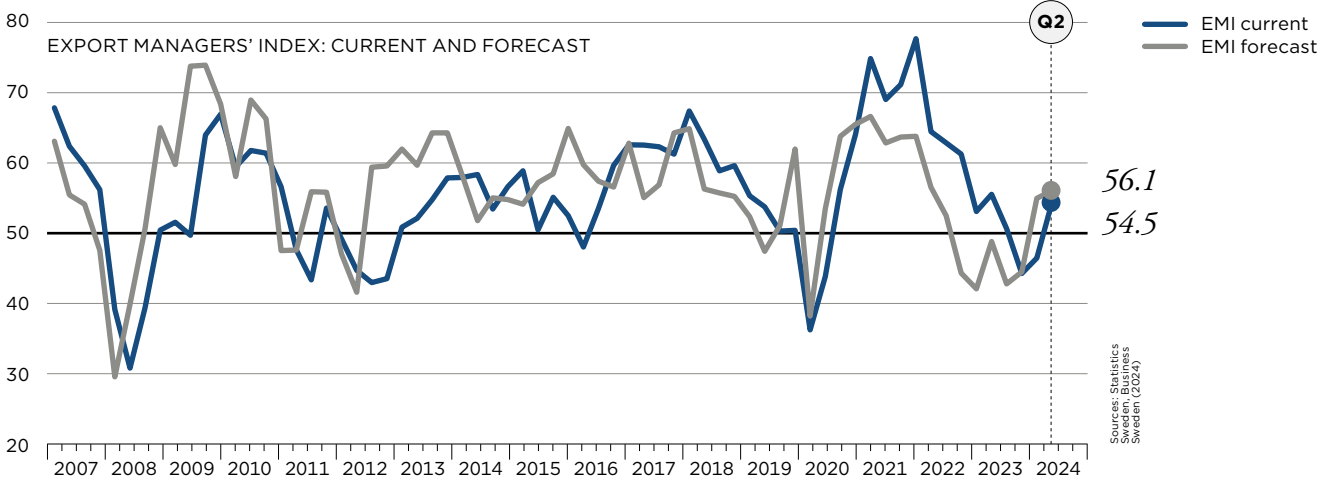
CONTINUED RISE IN EXPORT MANAGERS' INDEX (EMI) SECOND QUARTER



Business Sweden's Export Managers' Index, which monitors views and reflects sentiment among Swedish exporters of goods and services, continued to rise in the second quarter. EMI rose by 4.5 points to 55.3 in the second quarter, from 50.8 in the first quarter. This is on par with the historical average of 56.0 for the period 2007–2024 and indicates strong optimism among export companies.

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 of export development than a weakening.

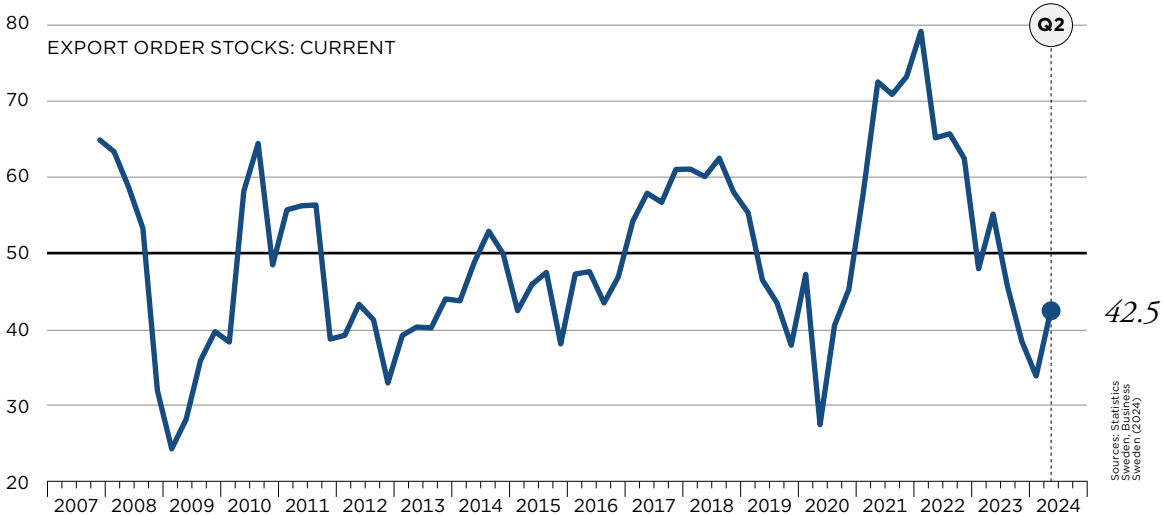
EMI UPTICK PRIMARILY DRIVEN BY VIEWS OF CURRENT EXPORT DEVELOPMENT



In contrast to the previous survey, the uptick in the EMI was primarily driven by views of current export development. EMI current rose by 8.0 points to 54.5 in the second quarter, from 46.5 in the previous quarter. EMI forecast – the subindex for the forward-looking issues – increased as well but by a more moderate 1.1 points to 56.1 in the second quarter, from 55.0 in the first quarter.

Both subindices are now approximately at the same level, well above the 50-mark. This signals that export managers have an optimistic view of both current performance and future prospects.

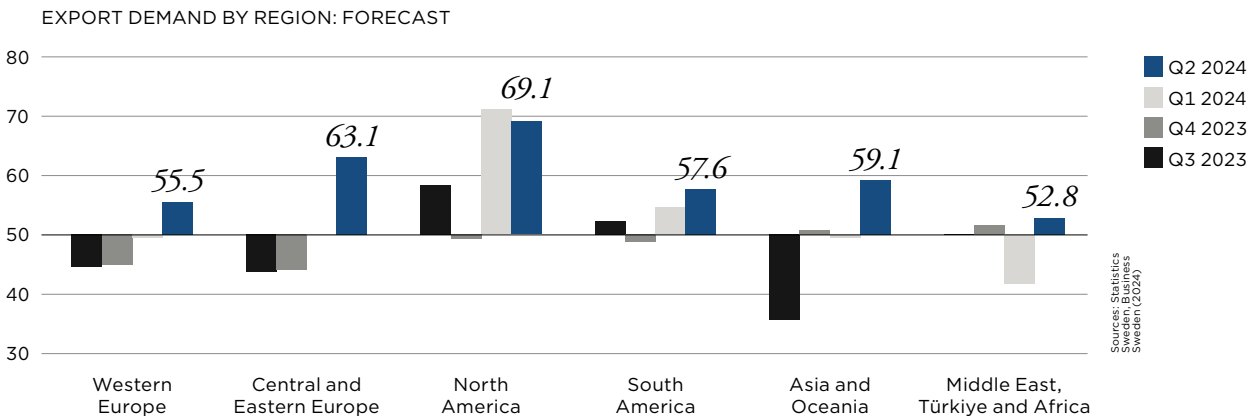
GLOOMY VIEWS OF EXPORT ORDER STOCKS PERSIST



The index reflecting views of export order stocks bounced back following its decline over three consecutive quarters. Despite a sharp rise in the index, export managers still have a gloomy view of export order stocks. The index rose by

8.5 points to 42.5 in the second quarter, from 34.0 in the previous quarter. The fact that the index is below 50 indicates that more export companies are dissatisfied with export order stocks than vice versa.

SHARP UPSWING IN EXPECTED EXPORT DEMAND FROM CENTRAL AND EASTERN EUROPE



The index for expected export demand increased for all regions except North America, which fell back slightly from a high level.

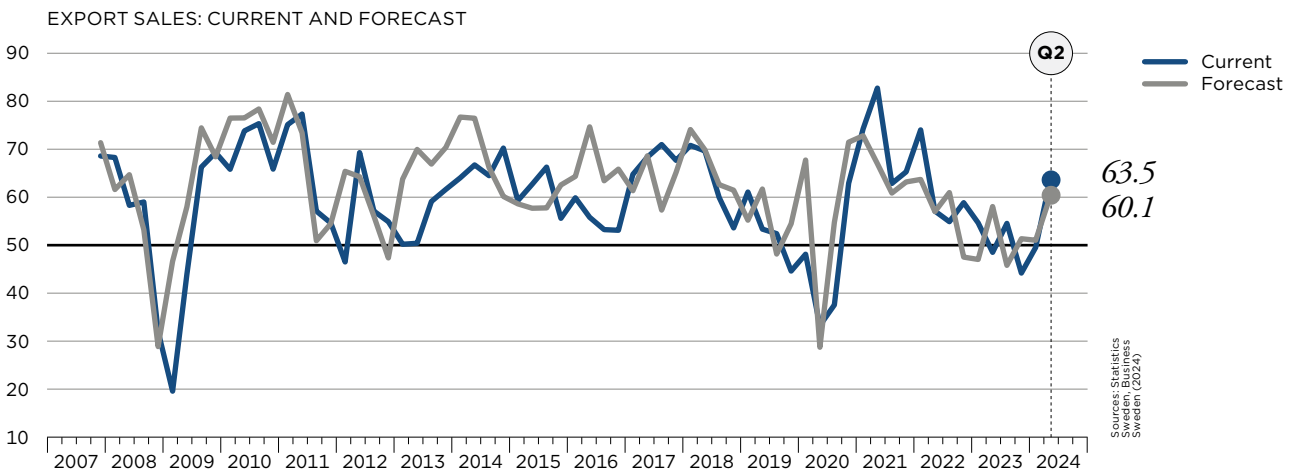
The index for expected export demand from Central and Eastern Europe rose for the third consecutive quarter, jumping by 13.2 units to 63.1 in the second quarter, from 49.9 in the previous quarter. The index for expected demand from Western Europe increased for the fourth quarter in a row to 55.5 in the second quarter, from 49.4 in the first quarter. The index for Asian demand bounced back by 9.7 points to 59.1 in the second quarter, from 49.4 in the previous quarter. The index for expected demand from the Middle East,

Türkiye and Africa also made a significant recovery as it rose by 11.1 points to 52.8 in the second quarter, from a low level of 41.7 in the first quarter.

The index for South America rose by a modest 3.0 points to 57.6 in the second quarter, from 54.6 in the previous quarter. Meanwhile, the index for North America fell back by 2.0 points to 69.1 in the second quarter, from its high level of 71.1 in the first quarter.

The index for expected export demand is now above the 50-mark for all regions. This indicates that export companies have a positive view of demand from all regions, which has not occurred since the first quarter of 2022.

HIGHLY OPTIMISTIC VIEWS OF EXPORT SALES

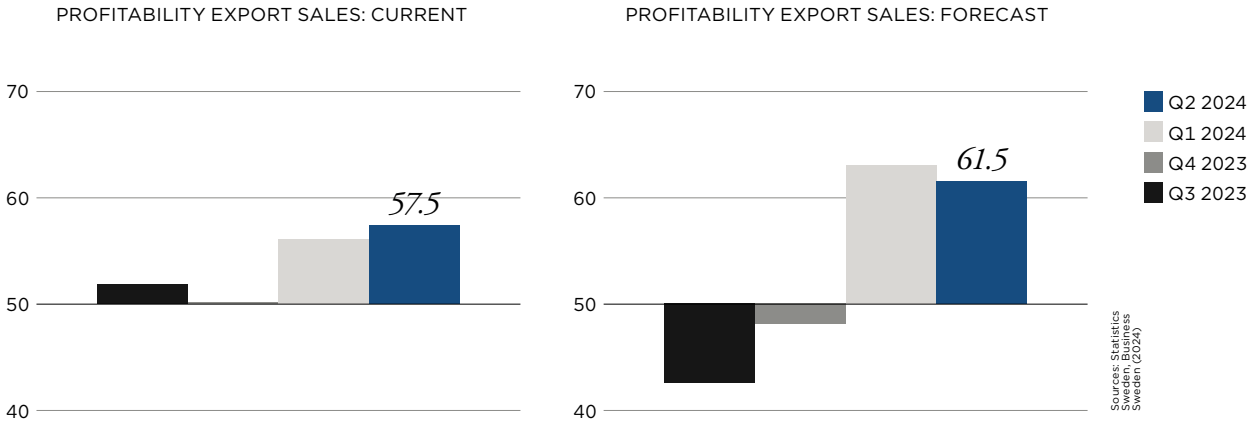


The index reflecting views of export sales rose markedly both in the current assessment and the three-month forecast. The current index jumped by no less than 14.0 points to 63.5 in the second quarter, from 49.5 in the first quarter. This is well above the historical average of 59.3 for the period 2007–2024. The index for export sales in the next

three months increased by 9.1 points to 60.1 in the second quarter, from 51.0 in the previous quarter.

The fact that both subindices for export sales are well above the 50-mark indicates that export companies have a highly optimistic view of both the current situation and prospects in the near future.

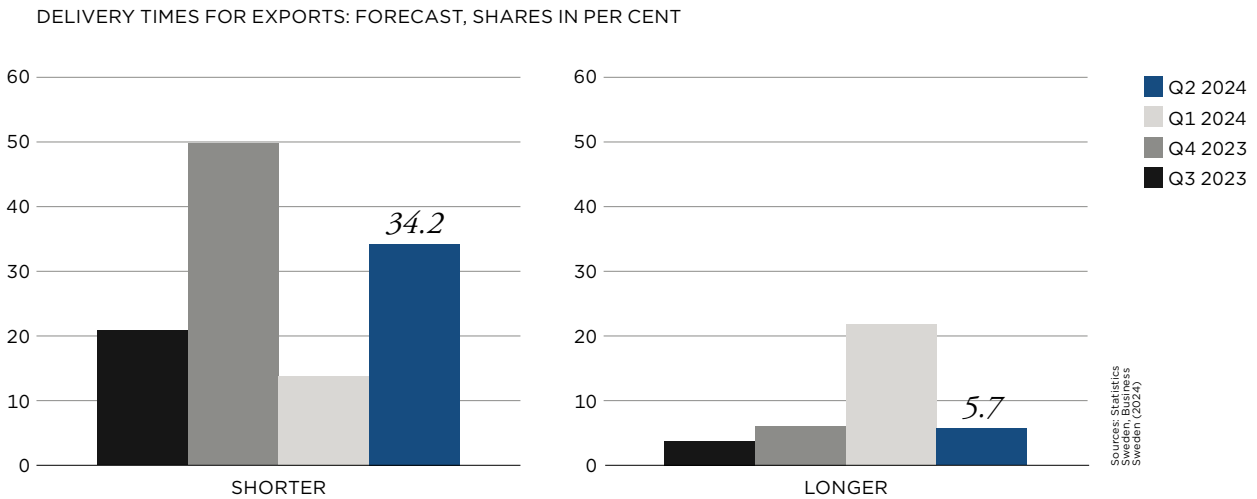
VIEWS OF PROFITABILITY OF EXPORT SALES REMAIN OPTIMISTIC



The index reflecting companies' views of the profitability of current export sales increased by 1.5 points to 57.5 in the second quarter, from 56.0 in the first quarter. The three-month index fell back by 1.6 points to 61.5 in the second quarter, from a high of 63.1 in the first quarter.

The index for profitability of export sales remains at a high level – well above the 50-mark – for the current situation and the next three months. In all, this signals that export companies remain optimistic when assessing both today's profitability and the future profitability of export sales.

SHORTER DELIVERY TIMES INDICATE REDUCED DISRUPTION



The share of export companies expecting longer delivery times for exports in the next three months fell by 16.1 percentage points to 5.7 per cent in the second quarter, from 21.8 per cent in the first quarter. The share of companies expecting shorter delivery times for exports increased by 20.4 percentage points to 34.2 per cent in the second quarter, from 13.8 per cent during the same period.

As such, the share of companies expecting shorter delivery times for exports is rising markedly while, at the same time, the share expecting longer delivery times is falling. This most likely indicates reduced supply chain disruption given that all other subindices point towards increased demand.

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. A new selection of export companies was made for the second quarter survey 2024.

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 2024 was conducted during the period 8 April – 3 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 in the second quarter survey 2024 amounted to 81 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 2024	Q2 2024	DIFF Q2 24 - Q1 24	
1. EMI total	Total	50.8	55.3	4.5	↗
1. EMI total	MSEK 25-250	53.0	53.1	0.1	→
1. EMI total	>MSEK 250	50.6	55.4	4.8	↗
2. EMI current	Total	46.5	54.5	8.0	↗
2. EMI current	MSEK 25-250	53.7	53.9	0.2	→
2. EMI current	>MSEK 250	45.9	54.5	8.6	↗
3. EMI forecast	Total	55.0	56.1	1.1	↗
3. EMI forecast	MSEK 25-250	52.2	52.3	0.1	→
3. EMI forecast	>MSEK 250	55.2	56.3	1.1	↗

INDICATOR CURRENT	SELECTION	Q1 2024	Q2 2024	DIFF Q2 24 - Q1 24	
Question 1 - Export sales	Total	49.5	63.5	14.0	↗
Question 1 - Export sales	MSEK 25-250	62.1	57.3	-4.8	↘
Question 1 - Export sales	>MSEK 250	48.5	63.9	15.4	↗
Question 2 - Export order stock	Total	34.0	42.5	8.5	↗
Question 2 - Export order stock	MSEK 25-250	40.2	47.2	7.0	↗
Question 2 - Export order stock	>MSEK 250	33.5	42.3	8.8	↗
Question 3 - Export profitability	Total	56.0	57.5	1.5	↗
Question 3 - Export profitability	MSEK 25-250	58.9	57.3	-1.6	↘
Question 3 - Export profitability	>MSEK 250	55.8	57.5	1.7	↗

INDICATOR FORECAST	SELECTION	Q1 2024	Q2 2024	DIFF Q2 24 - Q1 24	
Question 4 - Export market demand	Total	52.0	67.1	15.1	↗
Question 4 - Export market demand	MSEK 25-250	54.9	52.7	-2.2	↘
Question 4 - Export market demand	>MSEK 250	51.8	67.8	16.0	↗
Question 4a - Western Europe	Total	49.4	55.5	6.1	↗
Question 4a - Western Europe	MSEK 25-250	55.4	53.8	-1.6	↘
Question 4a - Western Europe	>MSEK 250	49.0	55.6	6.6	↗
Question 4b - Central & Eastern Europe	Total	49.9	63.1	13.2	↗
Question 4b - Central & Eastern Europe	MSEK 25-250	49.0	48.8	-0.2	→
Question 4b - Central & Eastern Europe	>MSEK 250	50.0	63.6	13.6	↗
Question 4c1 - North America	Total	71.1	69.1	-2.0	↘
Question 4c1 - North America	MSEK 25-250	65.1	57.4	-7.7	↘
Question 4c1 - North America	>MSEK 250	71.5	69.5	-2.0	↘
Question 4c2 - South America	Total	54.6	57.6	3.0	↗
Question 4c2 - South America	MSEK 25-250	47.9	45.5	-2.4	↘
Question 4c2 - South America	>MSEK 250	54.8	57.9	3.1	↗
Question 4d - Asia & Oceania	Total	49.4	59.1	9.7	↗
Question 4d - Asia & Oceania	MSEK 25-250	57.5	48.5	-9.0	↘
Question 4d - Asia & Oceania	>MSEK 250	49.0	59.5	10.5	↗
Question 4e - Middle East, Türkiye & Africa	Total	41.7	52.8	11.1	↗
Question 4e - Middle East, Türkiye & Africa	MSEK 25-250	51.7	37.5	-14.2	↘
Question 4e - Middle East, Türkiye & Africa	>MSEK 250	41.3	53.2	11.9	↗
Question 5 - Export sales	Total	51.0	60.1	9.1	↗
Question 5 - Export sales	MSEK 25-250	53.2	60.0	6.8	↗
Question 5 - Export sales	>MSEK 250	50.9	60.1	9.2	↗
Question 6 - Export profitability	Total	63.1	61.5	-1.6	↘
Question 6 - Export profitability	MSEK 25-250	44.4	50.0	5.6	↗
Question 6 - Export profitability	>MSEK 250	64.5	62.1	-2.4	↘
Question 7 - Export profitability	Total	54.0	35.7	-18.3	↘
Question 7 - Export profitability	MSEK 25-250	56.5	46.4	-10.1	↘
Question 7 - Export profitability	>MSEK 250	53.8	35.2	-18.6	↘

↗ = $\Delta > +1.0$ → = $\Delta \leq \pm 1.0$ ↘ = $\Delta < -1.0$



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