



**OPTIMISM COOLS
FOR SWEDISH
EXPORTS**

*EXPORT MANAGERS' INDEX
Third quarter 2021*

EXECUTIVE SUMMARY

Business Sweden's Export Managers' Index (EMI) fell back as expected following a record result in the previous quarter. EMI dropped by 4.8 points to 66.1 in the third quarter, from 70.9 in the second quarter. The fact that the index is well above the 50-mark – the dividing line between optimism and pessimism – indicates that export companies have an optimistic view of export development.

Both the current and forecast subindices fell but remain at high levels. This indicates that export companies continue to be more optimistic than normal. EMI current dropped by 5.8 points to 69.2 in the third quarter, from 75.0 in the second quarter. EMI forecast, which is the subindex for the forward-looking issues, fell by 3.7 points to 63.0 in the third quarter, from 66.7 in the second quarter.

The most notable finding in the survey is that export companies have markedly different expectations of export demand from world regions. All regions fell back except South America, but the scale of the decline differs considerably. The index for expected export demand from Asia plunged by 27.5 points to 41.9 in the third quarter, from 69.4 in the previous quarter. This is the lowest recorded level since the survey first began in 2007. The index for Asia has only dropped below the 50-mark on two previous occasions: the global financial crisis of 2008 and during the outbreak of the coronavirus pandemic in early 2020. The index for Europe and North America remains high despite the decline. This indicates that export companies have a strongly optimistic view of expected export demand from these regions over the next three months. Export companies have a balanced view of expected export demand from the Middle East, Turkey and Africa. The uptick in the index for South America shows that export companies have gone from a balanced view to adopt a more optimistic view of the region.

The index for export order stocks declined slightly in the third quarter but remains just below the record level of the previous quarter. This shows that export companies are satisfied with export order stocks. As for the assessment of export sales, both the current and three-month forecast indices fell. The decline was particularly steep in the current index which dropped dramatically by 19.8 points to 62.9 in the third quarter, from 82.7 in the second quarter. In contrast, the view of current profitability in export sales was strengthened and the index hit a record level of 73.8 in the third quarter, up from 69.9 in the second quarter.

Another noteworthy result from the survey is that the share of export companies expecting longer delivery times over the next three months increased markedly. The share increased to 56 per cent in the third quarter, from 36.4 in the second quarter. This is most likely an indication that companies are facing supply chain issues such as shortage of intermediate goods and transport problems. It could also reflect increased activity among export companies as the world opens up and the recovery picks up more speed.

In all, we can observe that optimistic sentiment remains among export managers despite emerging storm clouds. The global economy continues to recover as the pandemic abates. But the spread of coronavirus is still not under control. The outlook for North America and Europe is considerably better than for Asia where the situation has worsened in several countries. This creates uncertainty and could potentially delay the global recovery.

The next Export Managers' Index will be published 11 November 2021.

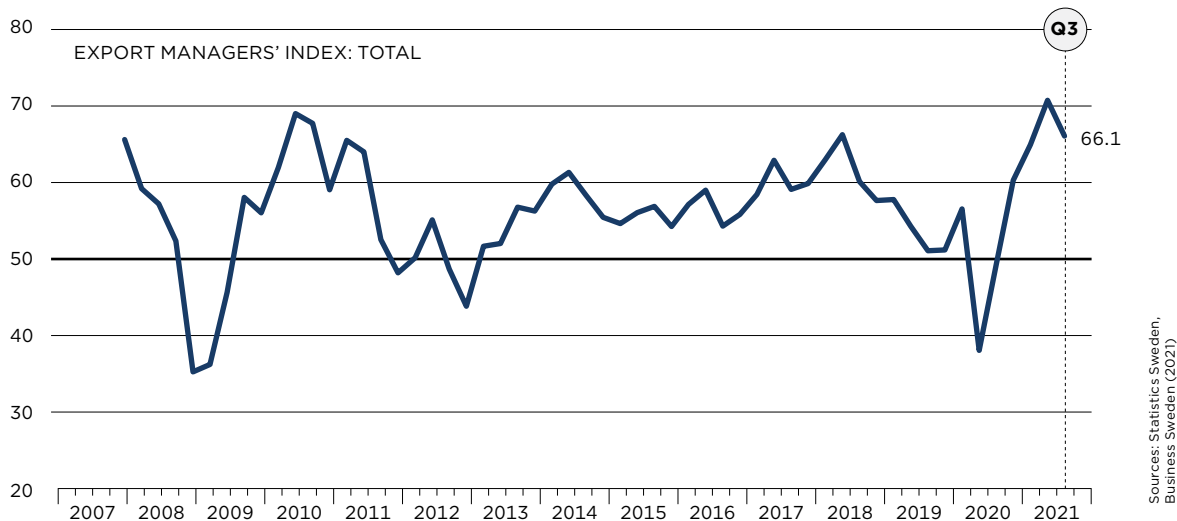
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EXPORT MANAGERS' INDEX FELL BACK IN THE THIRD QUARTER

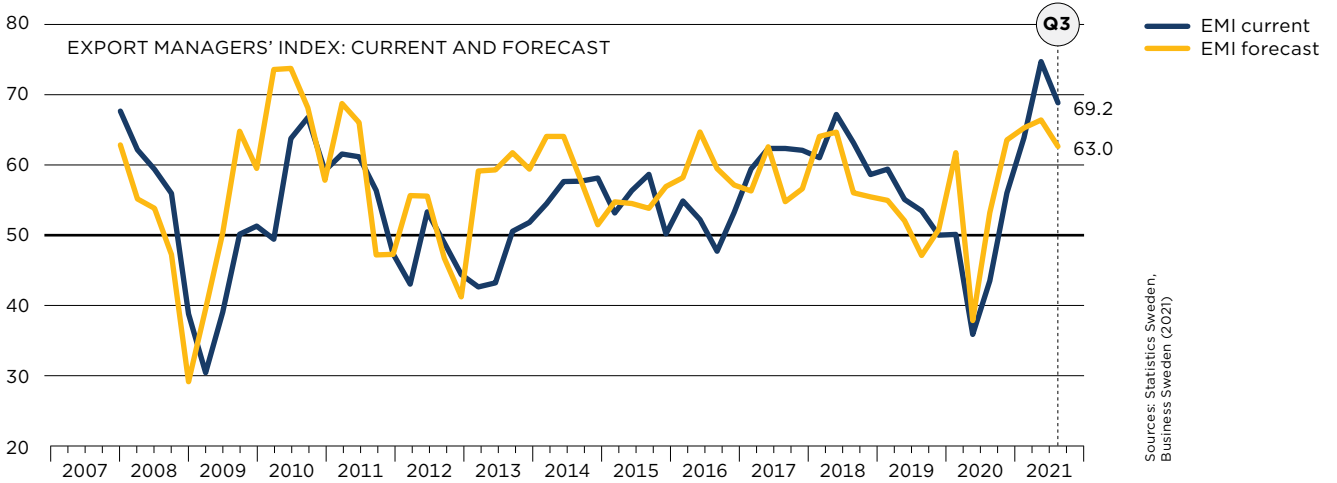
EXPORT MANAGERS' INDEX (EMI) FELL



Business Sweden's Export Managers' Index (EMI), which monitors views and reflects sentiment among Swedish exporters of goods and services, fell in the third quarter following its record level in the second quarter. The index fell by 4.8 points to 66.1 in the third quarter, from 70.9 in the second quarter. The EMI remains, nonetheless, at a high level and well above its historical average of 56.1. 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. This indicates that a strongly optimistic sentiment remains among export companies and that the prospects for export growth are favourable.

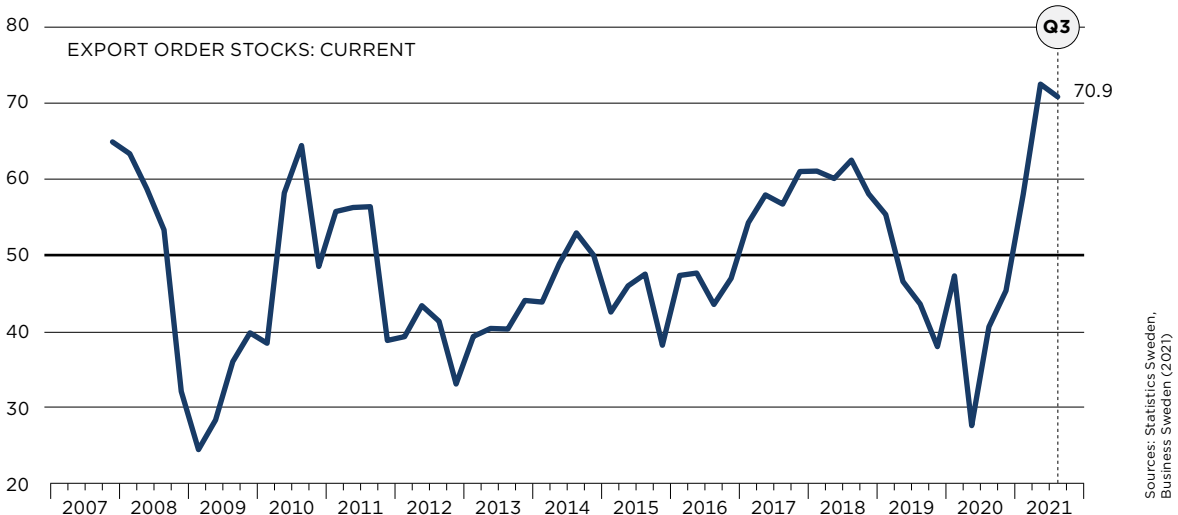
BOTH SUBINDICES EMI CURRENT AND EMI FORECAST FELL BACK



The EMI current subindex fell by 5.8 points to 69.2 in the third quarter, from 75.0 in the second quarter. Despite the decline, EMI current remains at its second highest level since the survey began in 2007. EMI forecast – the subindex for the forward-looking issues – fell more moderately by 3.7 points to 63.0 in the third quarter, from 66.7 in the previous quarter.

Despite the decline, the EMI current and EMI forecast subindices both remain at high levels well above their historical averages. This indicates that sentiment among export companies continues to be strongly optimistic both in the current situation and in terms of the three-month outlook.

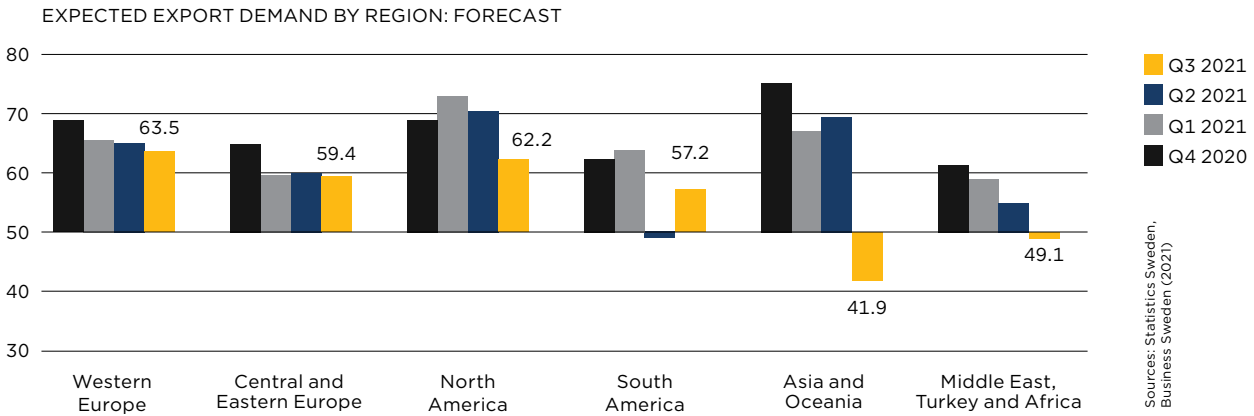
EXPORT COMPANIES REMAIN VERY SATISFIED WITH EXPORT ORDER STOCKS



The index reflecting assessments of export order stocks fell back slightly by 1.6 points to 70.9 in the third quarter, down from the record level of 72.5 in the second quarter. The subindex remains

strong at its second highest level since the survey began in 2007. An index above 50 indicates that more export companies are satisfied with their export order stocks than vice versa.

ASSESSMENT OF EXPECTED EXPORT DEMAND FROM ASIA PLUMMETED



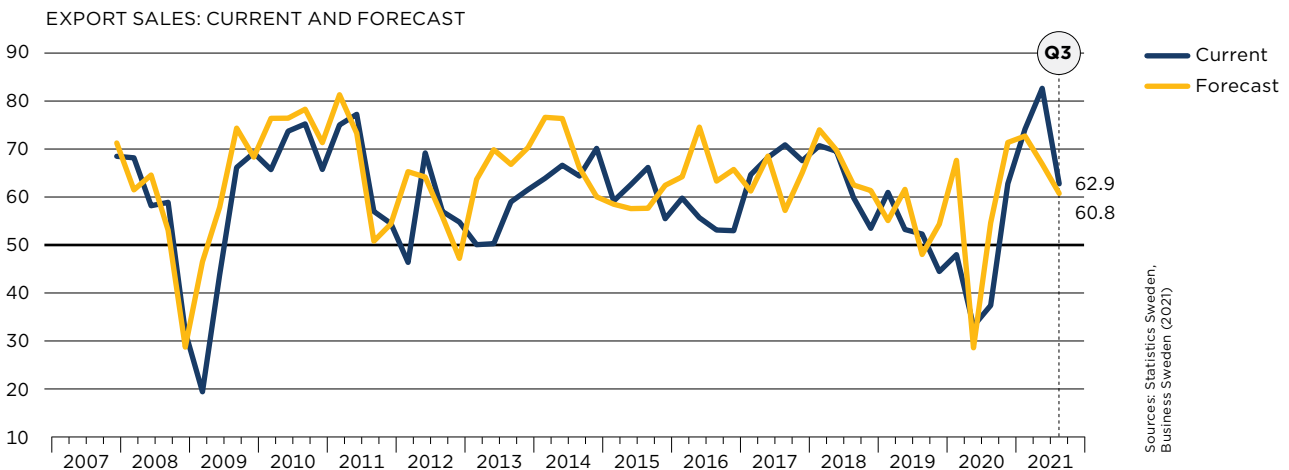
The index for expected export demand fell in the third quarter for all regions except South America. The scale of the decline differs considerably between the regions. The index for expected export demand from Asia plummeted by 27.5 points to a record low of 41.9, down from 69.4 in the second quarter. The index for Asia has only dropped below the 50-mark on two previous occasions since the survey began – at the onset of the global financial crisis and during the outbreak of the coronavirus pandemic. The index for expected export demand from North America dropped by 8.2 points to 62.2 in the third quarter, from 70.4 in the second quarter. The index for the Middle East, Turkey and Africa fell by 5.9 points to 49.1, from 55.0. The index for Europe fell only moderately. The index for Western Europe declined by 1.6

points to 63.5 in the third quarter, from 65.1 in the previous quarter. The index for Central and Eastern Europe declined by 0.7 points to 59.4, from 60.1.

South America is the only region where the index increased, rising by 7.6 points to 57.2 in the third quarter, from 49.6 the second quarter.

In all, despite the decline, we can observe that all regions apart from Asia remain around the 50-mark or above. A continued high index for Europe and North America indicates that export companies have a strongly optimistic view of export demand from these regions. The uptick in the index for South America also signals optimism, while an index around 50 for the Middle East, Turkey and Africa reflects a balanced view of the region. The record low index for Asia indicates a gloomy outlook.

SHARP DECLINE IN ASSESSMENT OF CURRENT EXPORT SALES

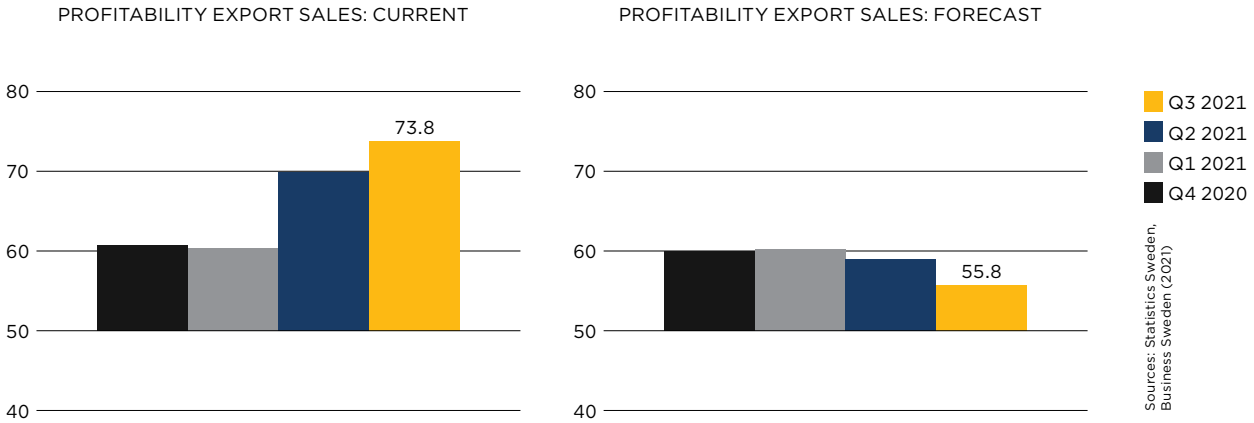


The index for current export sales dropped considerably in the third quarter following an upward trend over the past year. The index fell by 19.8 points to 62.9 in the third quarter, from 82.7 the second quarter. The index for expected export sales over the next three months declined for the second quarter in a row. The index fell by 6.2 points to 60.8 in the third quarter, from 67.0

in the previous quarter. Despite the decline, both subindices remain at high levels.

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

RECORD HIGH OPTIMISM ON PROFITABILITY OF CURRENT EXPORT SALES

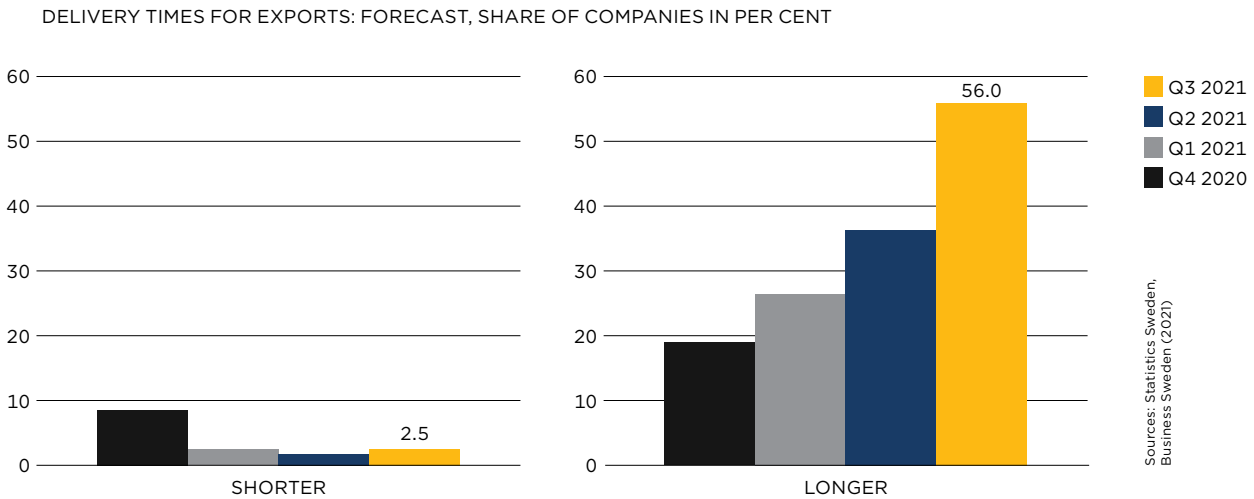


The index reflecting the companies' assessment of profitability of current export sales strengthened yet again in the third quarter. The index rose by 3.9 points to a record high of 73.8 in the third quarter, from 69.9 the previous quarter. This is the highest recorded level since the survey began in 2007. However, the index reflecting the three-month outlook for profitability of export sales declined further in the third quarter. The index

fell by 3.2 points to 55.8 in the third quarter, from 59.0 in the second quarter. Despite the drop, the index for profitability of export sales over the next three months remains at a high level, on par with its historical average.

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

MORE THAN HALF OF EXPORT COMPANIES EXPECTING LONGER DELIVERY TIMES



The share of export companies expecting shorter delivery times for export goods over the next three months increased somewhat in the third quarter. At the same time, the share of companies expecting longer delivery times skyrocketed – rising to no less than 56 per cent in the third quarter, up from 36.4 per cent in the second quarter.

The share of companies expecting shorter delivery times increased to 2.5 per cent, from 1.7 per cent the previous quarter.

The continued and substantial rise of export companies expecting longer delivery times in the next three months, is likely due to supply chain disruptions. Many companies are facing a shortage of intermediate goods and transport problems. To a certain extent, this development could also be explained by increased activity among companies as the global recovery picks up greater speed.

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 third quarter 2021 was conducted during the period 2–20 August. 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 79 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	Q2 2021	Q3 2021	DIFF Q3 21 - Q2 21	
1. EMI total	Total	70.9	66.1	-4.8	↓
1. EMI total	MSEK 25-250	63.9	61.8	-2.1	↓
1. EMI total	>MSEK 250	71.3	66.4	-4.9	↓
2. EMI current	Total	75.0	69.2	-5.8	↓
2. EMI current	MSEK 25-250	58.6	62.0	3.4	↗
2. EMI current	>MSEK 250	76.0	69.8	-6.2	↓
3. EMI forecast	Total	66.7	63.0	-3.7	↓
3. EMI forecast	MSEK 25-250	69.3	61.5	-7.8	↓
3. EMI forecast	>MSEK 250	66.6	63.1	-3.5	↓

INDICATOR CURRENT	SELECTION	Q2 2021	Q3 2021	DIFF Q3 21 - Q2 21	
Question 1 - Export sales	Total	82.7	62.9	-19.8	↓
Question 1 - Export sales	MSEK 25-250	67.8	64.9	-2.9	↓
Question 1 - Export sales	>MSEK 250	83.6	62.7	-20.9	↓
Question 2 - Export order stock	Total	72.5	70.9	-1.6	↓
Question 2 - Export order stock	MSEK 25-250	52.3	58.0	5.7	↗
Question 2 - Export order stock	>MSEK 250	73.7	72.0	-1.7	↓
Question 3 - Export profitability	Total	69.9	73.8	3.9	↗
Question 3 - Export profitability	MSEK 25-250	55.7	63.2	7.5	↗
Question 3 - Export profitability	>MSEK 250	70.7	74.8	4.1	↗

INDICATOR FORECAST	SELECTION	Q2 2021	Q3 2021	DIFF Q3 21 - Q2 21	
Question 4 - Export market demand	Total	73.6	58.5	-15.1	↓
Question 4 - Export market demand	MSEK 25-250	71.6	64.5	-7.1	↓
Question 4 - Export market demand	>MSEK 250	73.7	58.0	-15.7	↓
Question 4a - Western Europe	Total	65.1	63.5	-1.6	↓
Question 4a - Western Europe	MSEK 25-250	69.5	61.0	-8.5	↓
Question 4a - Western Europe	>MSEK 250	64.9	63.8	-1.1	↓
Question 4b - Central & Eastern Europe	Total	60.1	59.4	-0.7	→
Question 4b - Central & Eastern Europe	MSEK 25-250	56.6	62.5	5.9	↗
Question 4b - Central & Eastern Europe	>MSEK 250	60.3	59.1	-1.2	↓
Question 4c1 - North America	Total	70.4	62.2	-8.2	↓
Question 4c1 - North America	MSEK 25-250	67.2	64.3	-2.9	↓
Question 4c1 - North America	>MSEK 250	70.6	62.0	-8.6	↓
Question 4c2 - South America	Total	49.6	57.2	7.6	↗
Question 4c2 - South America	MSEK 25-250	43.5	56.0	12.5	↗
Question 4c2 - South America	>MSEK 250	49.9	57.2	7.3	↗
Question 4d - Asia & Oceania	Total	69.4	41.9	-27.5	↓
Question 4d - Asia & Oceania	MSEK 25-250	66.7	58.9	-7.8	↓
Question 4d - Asia & Oceania	>MSEK 250	69.6	40.7	-28.9	↓
Question 4e - Middle East, Turkey & Africa	Total	55.0	49.1	-5.9	↓
Question 4e - Middle East, Turkey & Africa	MSEK 25-250	50.0	50.0	0.0	→
Question 4e - Middle East, Turkey & Africa	>MSEK 250	55.2	49.1	-6.1	↓
Question 5 - Export sales	Total	67.0	60.8	-6.2	↓
Question 5 - Export sales	MSEK 25-250	72.7	63.2	-9.5	↓
Question 5 - Export sales	>MSEK 250	66.6	60.6	-6.0	↓
Question 6 - Export profitability	Total	59.0	55.8	-3.2	↓
Question 6 - Export profitability	MSEK 25-250	63.6	52.6	-11.0	↓
Question 6 - Export profitability	>MSEK 250	58.8	56.1	-2.7	↓
Question 7 - Export profitability	Total	67.3	76.7	9.4	↗
Question 7 - Export profitability	MSEK 25-250	69.3	65.8	-3.5	↓
Question 7 - Export profitability	>MSEK 250	67.2	77.7	10.5	↗

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



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