

A large, semi-transparent image of a hand holding a white model airplane. The background is a vibrant sunset over a city skyline with silhouettes of buildings. The overall color palette is dominated by warm oranges, yellows, and reds, transitioning to cooler blues and purples at the bottom.

STRONG OPTIMISM AMONG SWEDISH EXPORTERS

EXPORT MANAGERS' INDEX (EMI) SECOND QUARTER 2017

BUSINESS SWEDEN, 18 MAY 2017

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EXECUTIVE SUMMARY

The Export Managers' Index (EMI) rose strongly in the second quarter compared to the first quarter of 2017, climbing 4.6 points from 58.2 to 62.8 – its highest level since the second quarter of 2011. An index figure above 50 indicates that companies take a confident view of export trends.

Both the current and forecast EMI sub-indices rose, with the former climbing 2.9 points to 62.7 (up from 59.8 in Q1) and the latter from 56.6 to 62.9, a gain of 6.3 points.

All the variables that comprise the EMI increased and now comfortably exceed 50, indicating significantly higher optimism among exporters.

The number of companies expecting longer delivery times over a three-month horizon rose sharply in the second quarter, from 8.6 percent to 20.4 percent, signalling an increase in resource utilisation.

Export companies have long been pessimistic regarding future export order stock. But for the second consecutive quarter the export order stock index exceeded 50, rising from 54.3 in Q1 to 57.9. However, current and forecast three-month export profitability rose only slightly, by a couple of points in both cases, in the second quarter.

The number of exporters expecting increased market demand rose across all regions, lifting the three-month index above 50. This suggests a bright outlook for export flows in all regions. Projected demand from North America rose sharply from the prior quarter. All other regions, except Europe, also showed strong gains on this measure.

The next Export Managers' Index will be published on 24 August 2017.

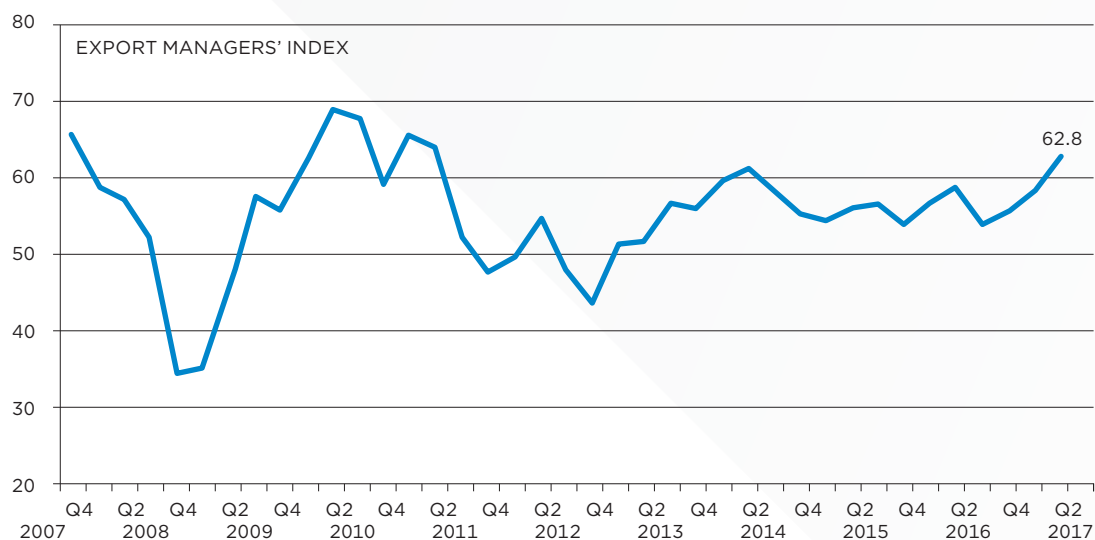
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OPTIMISM HIGH AMONG EXPORTERS

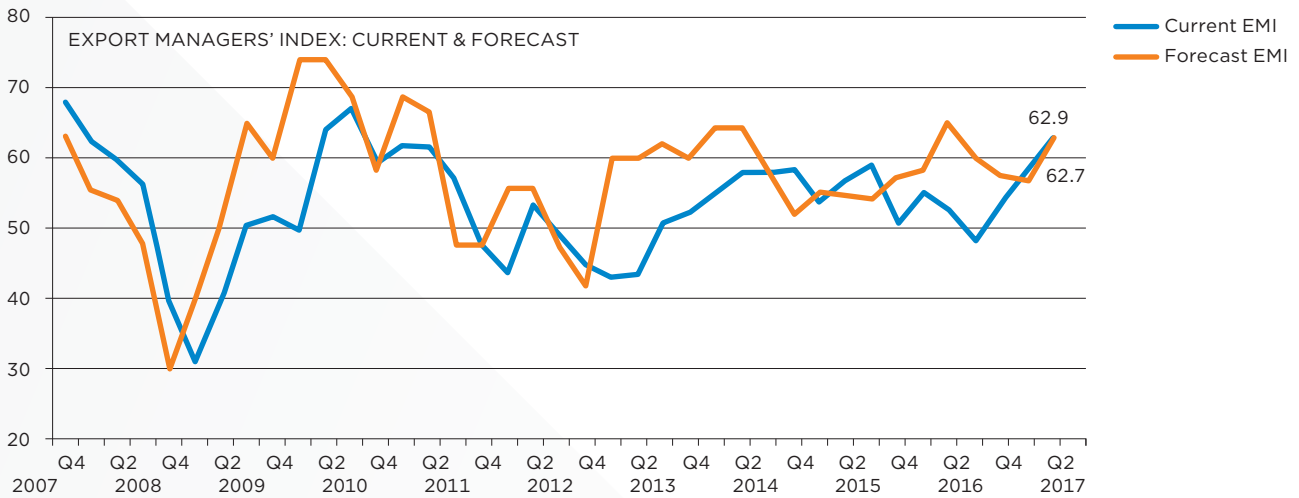
THE EXPORT MANAGERS' INDEX (EMI) ROSE STRONGLY IN Q2 2017



The *Export Managers' Index (EMI)*, a barometer of confidence among Swedish exporters of goods and services, rose from 58.2 in the first quarter to 62.8 in Q2 to reach its highest level since the second quarter of 2011.

An index figure of more than 50 indicates that a majority of companies expect exports to increase rather than decrease.

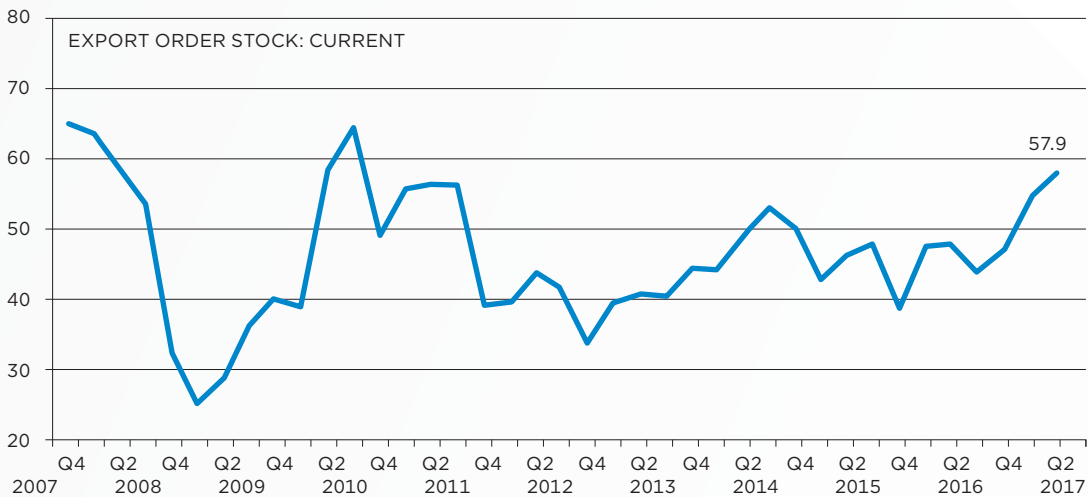
INCREASE IN BOTH CURRENT AND FORECAST EMI



The current EMI and forecast EMI both increased compared to the first quarter. Current EMI rose from 59.8 to 62.7, the third consecutive quarter that the index was above 50 and indicating higher-than-usual confidence.

Forecast EMI, a sub-index that gives a forward-looking view of export volumes, rose by 6.3 points to 62.9. Both it and the current EMI are at historic highs, indicating that Sweden's export sector is in robust health and has a favourable growth outlook.

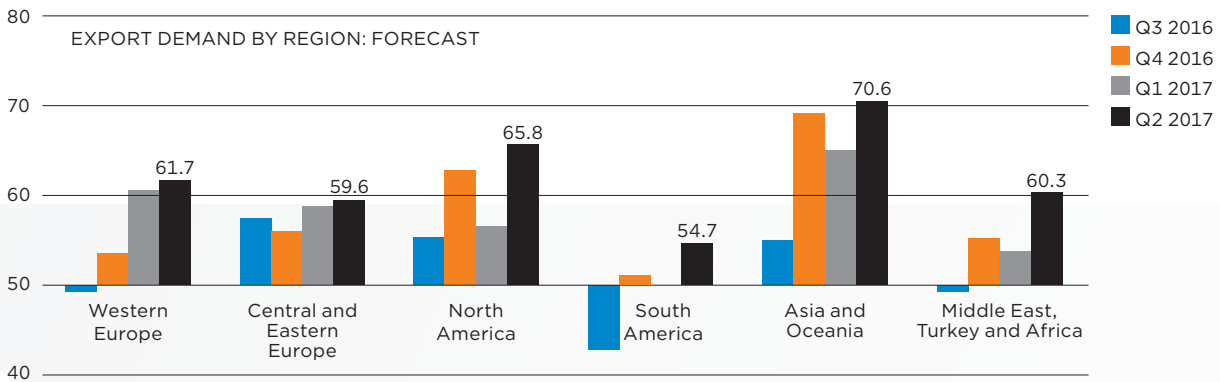
POSITIVE VIEW ON EXPORT ORDER STOCK



The export order stock assessment continued to improve and remained above 50 for the second quarter running.

The export order stock index rose from 54.3 in the first quarter to 57.9, its highest level since the third quarter of 2010.

HIGHER EXPECTATIONS OF GROWTH IN EXPORT DEMAND FROM ALL REGIONS

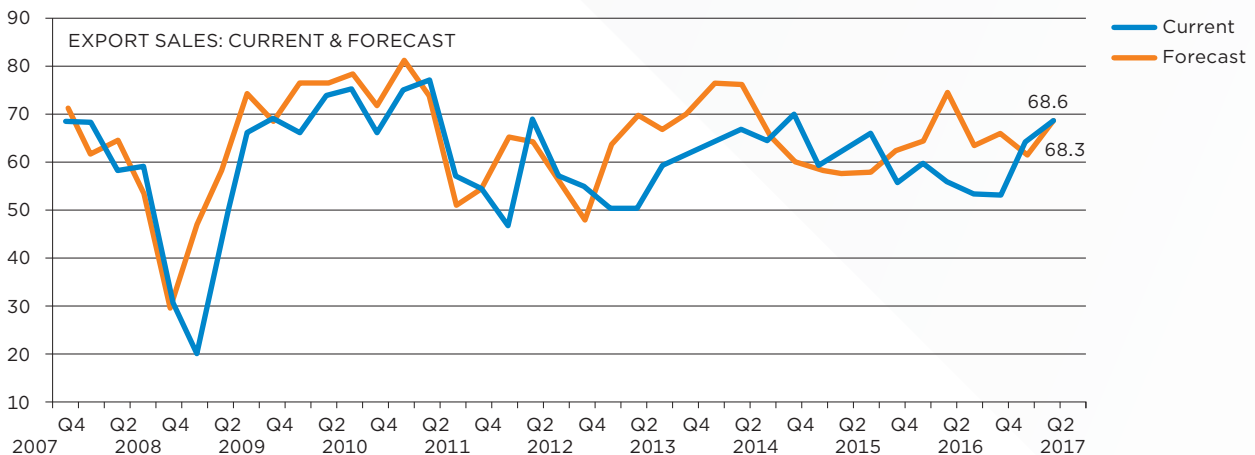


The index for forecast export demand rose from 60.9 to 69.6 from the first to the second quarter, an increase of 8.6 points. The index is now back above 50 in all regions, indicating elevated confidence in higher export growth across the board.

Forecast export demand rose particularly strongly in North America, by 9.3 points to 65.8. This signalled that fears of rising protectionism had eased and that Swedish companies are optimistic towards the economic policy that the new US administration is

expected to pursue. This factor was also manifested in forecast demand from South America, which rose by 4.7 points to 54.7. The index for Asia and Oceania rose by 5.4 points to 70.6 and for the Middle East, Turkey and Africa by 6.6 points to 60.3. Western Europe and Central and Eastern Europe each recorded gains of about one point. It is likely that uncertainty over the outcome of the French presidential election in May contributed to this moderate showing.

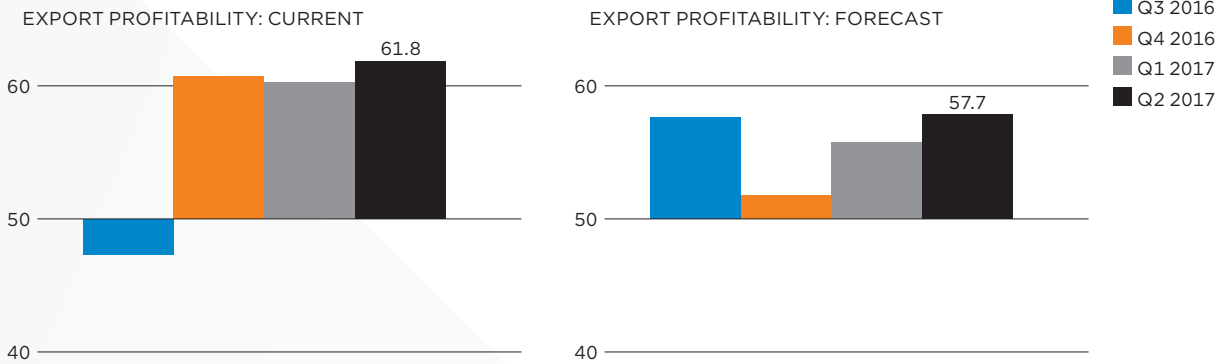
INCREASING NUMBER OF COMPANIES EXPECT HIGHER EXPORT SALES



An increasing number of companies see exports rising both currently and over a three-month time frame.

The current sub-index rose by 3.6 points to 68.3 in the second quarter, while the forecast sub-index rose by 7.3 points to 68.6.

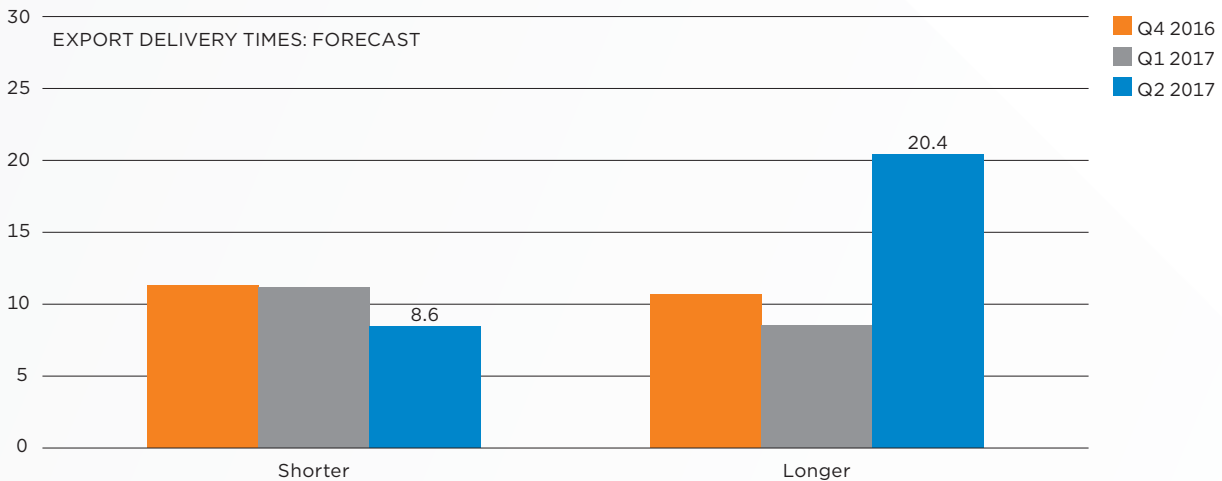
INCREASED OPTIMISM OF HIGHER EXPORT PROFITS



Both current and forecast export profitability rose, with the sub-index for current profitability rising from 60.2 in the first quarter to 61.8 points in the second quarter, a gain of 1.6 points.

The sub-index for three-month forecast export profitability increased from 55.7 to 57.7, a gain of 2 points.

LONGER DELIVERY TIMES INDICATE HIGHER RESOURCE UTILISATION



An increasing number of companies expect export delivery times to lengthen over the next three months. This figure rose sharply, from 8.6 percent of companies in the first quarter to 20.4 percent in the second quarter. The number of companies expecting export deliv-

ery times to decrease in the next three months fell from 11.3 percent to 8.6 percent. Growing expectations of longer export delivery times indicate that resource utilisation is increasing.

ABOUT EXPORT MANAGERS' INDEX

Business Sweden has published a quarterly Export Managers' Index (EMI) since 2007. The EMI is a barometer of sentiment among Swedish exporters and an important indicator of confidence in Swedish exports.

The index is compiled on the basis of phone interviews conducted by Statistics Sweden. The interviews canvass all large Swedish exporters and selected SMEs, and the respondents are export managers or their equivalents. The survey covers 225 companies, half of which have export revenue of more than SEK 250 million (large exporters) and half of which have export revenue of SEK 25-250 million (SMEs). Data is based on the VAT Register and covers exporters in both the goods and services sectors.

The survey is geared primarily to developing data to compile the Export Managers' Index. The EMI is in two parts – a main index and two sub-indices (one portraying current conditions and the other future expectations). It is based on answers to seven questions, of which three relate to current conditions and four to future forecasts. The seven questions all have equal weight in the index. The survey for the first quarter of 2017 was carried out between 24 April and 11 May 2017 and the results are presented as a diffusion index in which the divide between increasing and decreasing confidence is set at 50. An index figure of more than 50 indicates that more companies expect export volumes to increase than to decrease. An index figure of less than 50 connotes the opposite. Results are weighted according to the export revenues of the respondent companies. The response rate was 93 percent (weighted).

A National Institute of Economic Research study¹ to assess the EMI's usefulness in export forecasting concluded that the data increased the precision of the institute's forecasts compared with its historic average. The study thus confirmed the EMI's applicability in this context. www.tinyurl.com/l8ebjmx

Questions asked:

EMI – current conditions

- What is your estimate of your company's sales in 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 – three-month forecast

- How do you think export demand will develop in the next three months?
- How do you think your company's export revenues will develop in the next three months?
- How do you think your company's export profitability will develop in the next three months?
- How do you think your company's export delivery times will develop in the next three months?

Answers to all these questions form the basis for the main EMI.

¹ See analysis in National Institute of Economic Research's Business Cycle Barometer, May 2016.

APPENDIX

DATA: WEIGHTED TIME SERIES

EMI	SELECTION	Q1 2017	Q2 2017	DIFF Q1-Q2 2017	
1. EMI total	Total	58.2	62.8	4.6	↗
1. EMI total	SEK 25-250m	57.7	60.1	2.4	↗
1. EMI total	>SEK 250m	58.3	63.3	5.0	↗
2. EMI current	Total	59.8	62.7	2.9	↗
2. EMI current	SEK 25-250m	52.8	58.2	5.4	↗
2. EMI current	>SEK 250m	60.9	63.5	2.5	↗
3. EMI forecast	Total	56.6	62.9	6.3	↗
3. EMI forecast	SEK 25-250m	62.5	62.0	-0.6	→
3. EMI forecast	>SEK 250m	55.6	63.1	7.4	↗

QUESTIONS CURRENT	SELECTION	Q1 2017	Q2 2017	DIFF Q1-Q2 2017	
Question 1 - Export sales	Total	64.8	68.3	3.6	↗
Question 1 - Export sales	SEK 25-250m	60.4	71.8	11.4	↗
Question 1 - Export sales	>SEK 250m	65.5	67.7	2.2	↗
Question 2 - Export order stock	Total	54.3	57.9	3.6	↗
Question 2 - Export order stock	SEK 25-250m	43.8	44.4	0.6	→
Question 2 - Export order stock	>SEK 250m	56.1	60.3	4.2	↗
Question 3 - Export profitability	Total	60.2	61.8	1.6	↗
Question 3 - Export profitability	SEK 25-250m	54.2	58.5	4.3	↗
Question 3 - Export profitability	>SEK 250m	61.3	62.4	1.1	↗

QUESTIONS FORECAST	SELECTION	Q1 2017	Q2 2017	DIFF Q1-Q2 2017	
Question 4 - Export market demand	Total	60.9	69.6	8.6	↗
Question 4 - Export market demand	SEK 25-250m	67.4	66.2	-1.2	↘
Question 4 - Export market demand	>SEK 250m	59.8	70.1	10.3	↗
Question 4a - Western Europe	Total	60.6	61.7	1.1	↗
Question 4a - Western Europe	SEK 25-250m	64.7	63.6	-1.1	↘
Question 4a - Western Europe	>SEK 250m	59.9	61.4	1.4	↗
Question 4b - Central & Eastern Europe	Total	58.7	59.6	0.9	→
Question 4b - Central & Eastern Europe	SEK 25-250m	63.2	58.3	-4.8	↘
Question 4b - Central & Eastern Europe	>SEK 250m	58.1	59.8	1.7	↗
Question 4c1 - North America	Total	56.5	65.8	9.3	↗
Question 4c1 - North America	SEK 25-250m	67.0	74.0	7.0	↗
Question 4c1 - North America	>SEK 250m	55.1	64.6	9.5	↗
Question 4c2 - South America	Total	50.0	54.7	4.7	↗
Question 4c2 - South America	SEK 25-250m	60.3	55.6	-4.7	↘
Question 4c2 - South America	>SEK 250m	48.8	54.5	5.7	↗
Question 4d - Asia & Oceania	Total	65.3	70.6	5.4	↗
Question 4d - Asia & Oceania	SEK 25-250m	72.6	71.7	-0.9	→
Question 4d - Asia & Oceania	>SEK 250m	64.3	70.5	6.2	↗
Question 4e - Middle East, Turkey & Africa	Total	53.8	60.3	6.6	↗
Question 4e - Middle East, Turkey & Africa	SEK 25-250m	61.3	65.5	4.1	↗
Question 4e - Middle East, Turkey & Africa	>SEK 250m	52.7	59.6	6.9	↗
Question 5 - Export sales	Total	61.3	68.6	7.3	↗
Question 5 - Export sales	SEK 25-250m	70.8	69.0	-1.8	↘
Question 5 - Export sales	>SEK 250m	59.7	68.5	8.8	↗
Question 6 - Export profitability	Total	55.7	57.7	2.0	↗
Question 6 - Export profitability	SEK 25-250m	57.7	59.2	1.4	↗
Question 6 - Export profitability	>SEK 250m	55.3	57.4	2.1	↗
Question 7 - Export profitability	Total	48.6	55.9	7.2	↗
Question 7 - Export profitability	SEK 25-250m	54.2	53.5	-0.6	→
Question 7 - Export profitability	Selected >SEK 250m	47.7	56.3	8.6	↗





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