



SWEDISH EXPORTS PICK UP STEAM

EXPORT MANAGERS' INDEX
First quarter 2024

EXECUTIVE SUMMARY

Business Sweden's Export Managers' Index, EMI, bounced back in the first quarter and rose by 6.4 points to 50.8, from 44.4 in the previous quarter. The fact that EMI climbed back above the 50-mark – the dividing line between optimism and pessimism – signals that export companies are moving from a gloomy view of export development to a more balanced view at the start of 2024.

The uptick in EMI was driven by a major leap in EMI forecast, the subindex for the forward-looking issues. EMI forecast rose by 10.5 points to 55.0 in the first quarter, from a weak level of 44.5 in the fourth quarter of last year. EMI current rose more moderately by 2.2 points to 46.5 in the first quarter, from 44.3 in the previous quarter. The forecast subindex is now well above the 50-mark, while the current subindex has some distance to go before reaching 50. This indicates that export managers have an optimistic view of export development in the next few months but remain somewhat pessimistic about the current situation.

A notable finding is that views of future prospects have improved while views of current export development are slightly less pessimistic compared to the previous survey.

But the result of the first quarter survey gives mixed signals. The index reflecting views of export sales in the current situation and the next three months showed a contrasting outcome. While the index for current export sales climbed by a robust 5.3 points in the first quarter, the forecast index fell slightly, albeit by a negligible 0.4 points. Both subindices have settled around the 50-mark, with the current export sales index hitting 49.5 and the index for the next three months landing at 51.0.

Meanwhile, export managers continue to be dissatisfied with order stocks. The index for export order stocks continued on its downward trajectory, falling by 4.5 points to 34.0 in the first quarter, from 38.5 in the previous quarter.

A bright spot is the companies' assessment of the profitability of export sales. The index for profitability of export sales in the next three months rose sharply in the first quarter, by 15.0 points to 63.1, as did the current index for profitability which jumped by 5.9 points to 56.0.

In all, the first quarter survey indicates that Sweden's export companies are somewhat restrained in their views of export sales and dissatisfied with export order stocks. But they are optimistic about the profitability of export sales both in the current situation and in their assessment of the near future.

Views of expected export demand differ considerably between the various regions. The index for expected export demand from North America made a dramatic leap and rose by no less than 21.8 points to 71.1 in the first quarter. This is the highest recorded level since the first quarter of 2021 when demand bounced back in the wake of the outbreak of the pandemic. Besides this, it is reassuring to see that the index for Sweden's largest export market – Europe – rose markedly to a level approaching 50. The index for expected export demand fell marginally for Asia and rose for South America, while plunging well below the 50-mark for the Middle East, Türkiye and Africa, most likely as a consequence of the ongoing Middle East crisis.

The index signals that companies have an optimistic view of expected export demand from North and South America, a balanced view of demand from Europe and Asia and a more pessimistic view of the Middle East, Türkiye and Africa.

The overall picture shows signs of cautious optimism among export managers. Provided that the crisis in the Middle East does not escalate in any major way, there is cause for expecting a brighter development for exports in the months ahead.

Lena Sellgren
Chief Economist

NEXT EXPORT
MANAGERS' INDEX

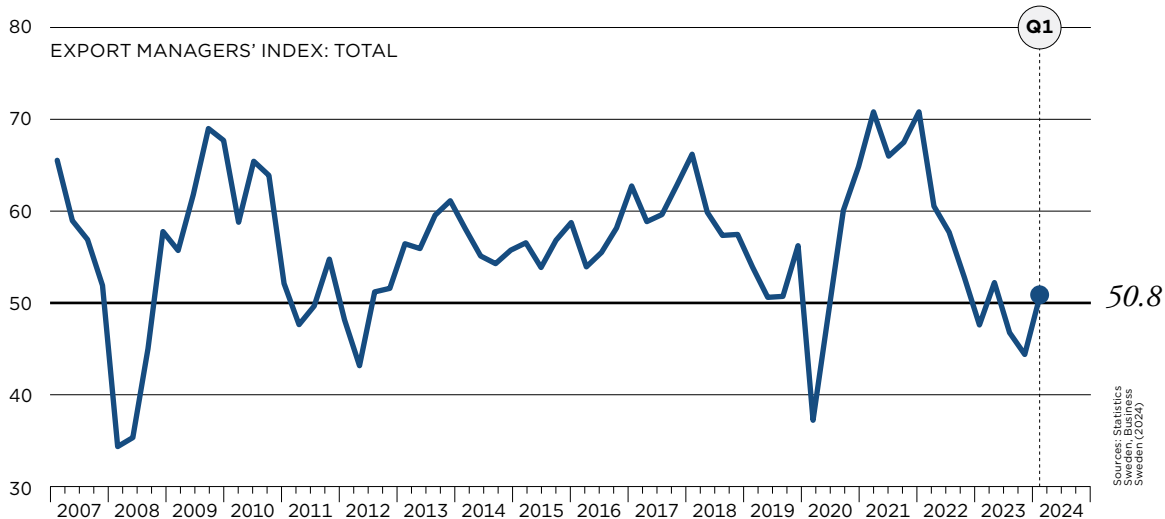
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EXPORT MANAGERS' INDEX BOUNCES BACK

EXPORT MANAGERS' INDEX (EMI) ROSE MARKEDLY IN THE FIRST QUARTER



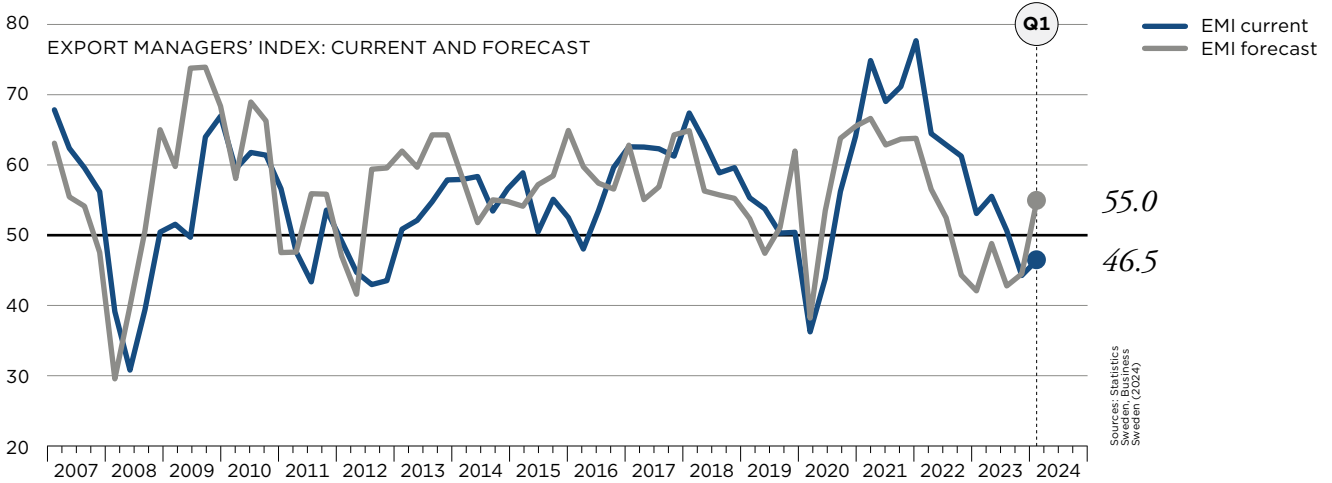
Business Sweden's Export Managers' Index, which monitors views and reflects sentiment among Swedish exporters of goods and services, rebounded in the first quarter. EMI rose by 6.4 points to 50.8 in the first quarter, from 44.4 in the fourth quarter of last year.

The fact that EMI has climbed back above the 50-mark – the dividing line between optimism and pessimism – means, in contrast to the

previous survey, that more export companies believe in a strengthening of export development than a weakening.

An index of 50 indicates a neutral position where the export market is neither strong nor weak. The first quarter result, which is slightly above this level, signals that Sweden's export companies have a cautiously optimistic view of export development.

OUTLOOK FOR EXPORTS IMPROVES CONSIDERABLY

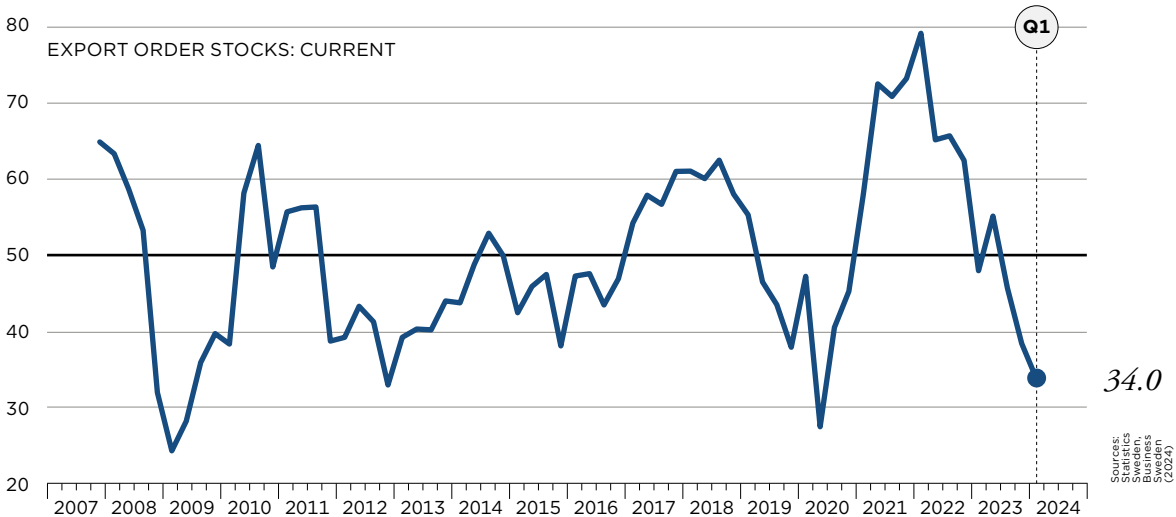


The uptick in the first quarter EMI was driven by a considerable rise in the subindex reflecting the companies' views of the next three months, while the current subindex increased just marginally. EMI forecast – the subindex for the forward-looking issues – jumped by 10.5 points to 55.0 in the first quarter, from a low 44.5 in the fourth quarter of last year. EMI current

rose moderately by 2.2 points to 46.5 in the first quarter, from 44.3 in the previous quarter.

The result means that we are seeing contrasting assessments of the current situation and the three-month forecast. This signals that export companies have a positive view of future prospects, but a prevailing gloomy view of current export development.

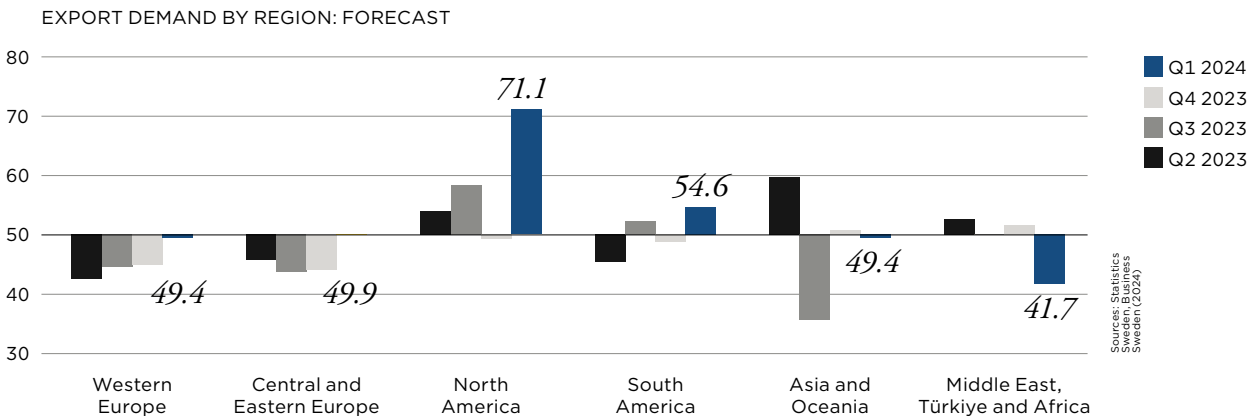
ORDER BOOKS CONTINUE TO BE WEAK



A larger share of export managers have a gloomy view of export order stocks in the first quarter compared to the fourth quarter last year. The index continued downwards and fell by 4.5 points to 34.0 in the first quarter, from 38.5 in the previous quarter.

This is the lowest recorded level since the second quarter of 2020. The fact that the index is below 50 indicates that more export companies are dissatisfied with their export order stocks than vice versa.

UNEXPECTEDLY BIG LEAP IN DEMAND FROM NORTH AMERICA



The index for expected export demand from North America rose markedly in the first quarter, from a level just below the 50-mark in the fourth quarter. The index leaped by as much as 21.8 points to 71.1 in the first quarter, from 49.3 in the fourth quarter of last year.

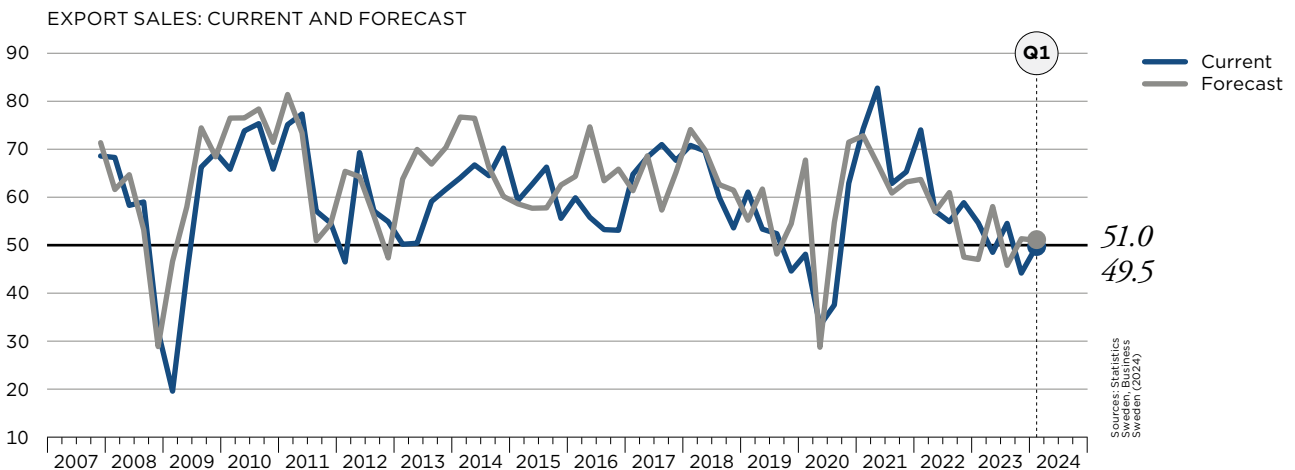
A significant but not as forceful increase was also seen in the index for Western Europe and Central and Eastern Europe, which hit levels just below 50. The index for expected export demand from Asia fell back slightly, by 1.4 points to 49.4 in the first quarter, from 50.8 in the previous quarter. The index for South America rose by 5.9 points to 54.6 in the first quarter, from 48.7.

The index for expected export demand from the Middle East, Türkiye and Africa fell sharply by 10.0 points to 41.7 in the first quarter, from 51.7 in the previous quarter.

In all, the first quarter survey shows that the index for expected export demand is close to the 50-mark for Western Europe, Central and Eastern Europe and Asia, meaning that companies have a balanced view of demand from these regions.

Views of expected export demand from North America regained a sense of strong optimism in the first quarter while, conversely, assessments of the Middle East, Türkiye and Africa turned gloomy.

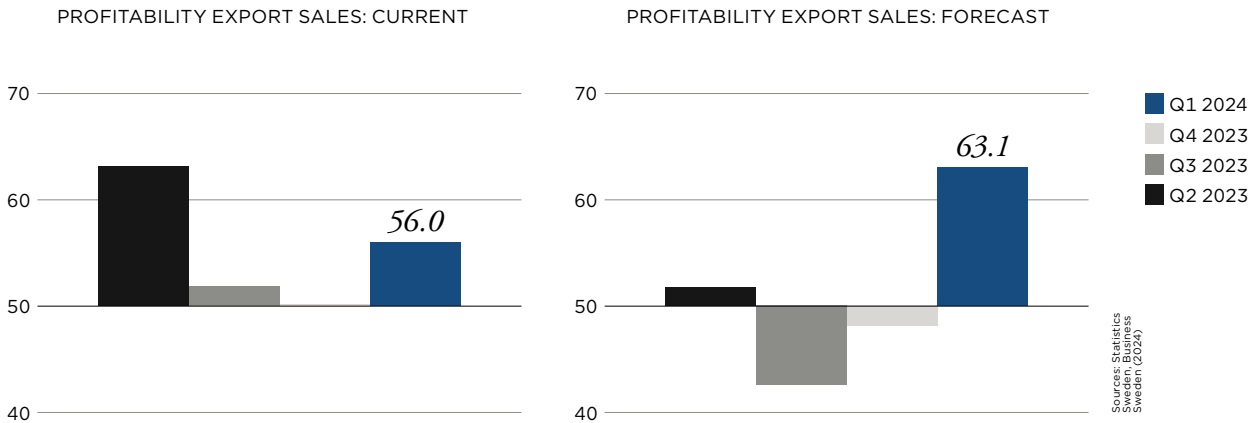
MODEST DEVELOPMENT FOR EXPORT SALES



Contrasting results were seen in the index reflecting views of current export sales and the three-month forecast. While the current index for export sales climbed by a robust 5.3 points in the first quarter, to 49.5 from 44.2 in the previous quarter, the forecast index fell by a negligible 0.4 points, to 51.0 from 51.4.

The fact that both subindices for export sales hit levels close to the 50-mark indicates that export companies have a balanced view of both the current situation and the near future.

MAJOR UPTICK FOR PROFITABILITY OF EXPORT SALES

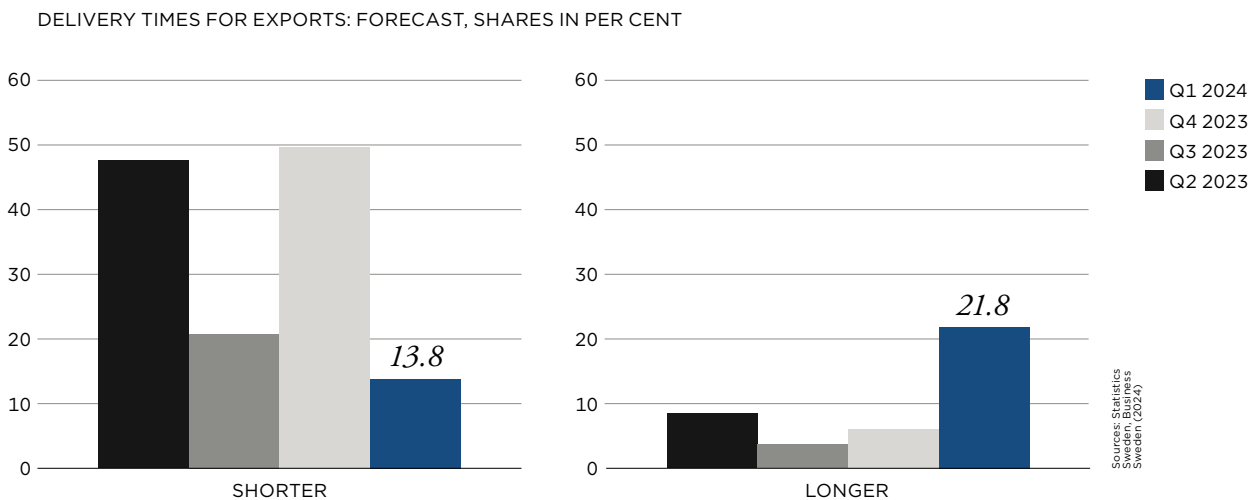


The index reflecting companies' views of the profitability of export sales in the next three months rose sharply in the first quarter, by 15.0 points to 63.1, from 48.1 in the fourth quarter of last year.

The current index for profitability of export sales jumped considerably as well by 5.9 points to 56.0 in the first quarter, from 50.1 in the previous quarter.

The indices reflecting views of the profitability of export sales in both the current situation and in the next three months are now both well above the 50-mark. In all, this signals that export companies have an optimistic view of both the profitability of current export sales and when assessing future prospects for profitability.

LONGER DELIVERY TIMES INDICATE RISING DEMAND



The share of export companies expecting longer delivery times for exports over the next three months increased by 15.7 per cent to 21.8 per cent in the first quarter, from 6.1 per cent in the fourth quarter last year. The share of companies expecting shorter delivery times for exports decreased by as much as 36.0 per cent to 13.8 per cent, from 49.8 per cent in the same period.

The fact that the share of companies expecting shorter delivery times for exports has dropped considerably, at the same time as the share of companies expecting longer delivery times has risen, is likely an indication of rising resource utilisation. But it could also be an indication of increased supply chain disruption.

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.

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 2024 was conducted during the period 15 January – 2 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 in the first quarter of 2024 amounted to 73 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	Q4 2023	Q1 2024	DIFF Q1 24 - Q4 23	
1. EMI total	Total	44.4	50.8	6.4	↗
1. EMI total	MSEK 25-250	47.5	53.0	5.5	↗
1. EMI total	>MSEK 250	44.1	50.6	6.5	↗
2. EMI current	Total	44.3	46.5	2.2	↗
2. EMI current	MSEK 25-250	48.4	53.7	5.3	↗
2. EMI current	>MSEK 250	44.0	45.9	1.9	↗
3. EMI forecast	Total	44.5	55.0	10.5	↗
3. EMI forecast	MSEK 25-250	46.6	52.2	5.6	↗
3. EMI forecast	>MSEK 250	44.3	55.2	10.9	↗

INDICATOR CURRENT	SELECTION	Q4 2023	Q1 2024	DIFF Q1 24 - Q4 23	
Question 1 - Export sales	Total	44.2	49.5	5.3	↗
Question 1 - Export sales	MSEK 25-250	52.4	62.1	9.7	↗
Question 1 - Export sales	>MSEK 250	43.6	48.5	4.9	↗
Question 2 - Export order stock	Total	38.5	34.0	-4.5	↘
Question 2 - Export order stock	MSEK 25-250	34.9	40.2	5.3	↗
Question 2 - Export order stock	>MSEK 250	38.8	33.5	-5.3	↘
Question 3 - Export profitability	Total	50.1	56.0	5.9	↗
Question 3 - Export profitability	MSEK 25-250	57.9	58.9	1.0	→
Question 3 - Export profitability	>MSEK 250	49.5	55.8	6.3	↗

INDICATOR FORECAST	SELECTION	Q4 2023	Q1 2024	DIFF Q1 24 - Q4 23	
Question 4 - Export market demand	Total	50.4	52.0	1.6	↗
Question 4 - Export market demand	MSEK 25-250	49.2	54.9	5.7	↗
Question 4 - Export market demand	>MSEK 250	50.5	51.8	1.3	↗
Question 4a - Western Europe	Total	44.9	49.4	4.5	↗
Question 4a - Western Europe	MSEK 25-250	50.0	55.4	5.4	↗
Question 4a - Western Europe	>MSEK 250	44.5	49.0	4.5	↗
Question 4b - Central & Eastern Europe	Total	44.0	49.9	5.9	↗
Question 4b - Central & Eastern Europe	MSEK 25-250	41.8	49.0	7.2	↗
Question 4b - Central & Eastern Europe	>MSEK 250	44.2	50.0	5.8	↗
Question 4c1 - North America	Total	49.3	71.1	21.8	↗
Question 4c1 - North America	MSEK 25-250	65.9	65.1	-0.8	→
Question 4c1 - North America	>MSEK 250	48.2	71.5	23.3	↗
Question 4c2 - South America	Total	48.7	54.6	5.9	↗
Question 4c2 - South America	MSEK 25-250	44.0	47.9	3.9	↗
Question 4c2 - South America	>MSEK 250	48.9	54.8	5.9	↗
Question 4d - Asia & Oceania	Total	50.8	49.4	-1.4	↘
Question 4d - Asia & Oceania	MSEK 25-250	56.8	57.5	0.7	→
Question 4d - Asia & Oceania	>MSEK 250	50.5	49.0	-1.5	↘
Question 4e - Middle East, Türkiye & Africa	Total	51.7	41.7	-10.0	↘
Question 4e - Middle East, Türkiye & Africa	MSEK 25-250	41.2	51.7	10.5	↗
Question 4e - Middle East, Türkiye & Africa	>MSEK 250	52.2	41.3	-10.9	↘
Question 5 - Export sales	Total	51.4	51.0	-0.4	→
Question 5 - Export sales	MSEK 25-250	47.6	53.2	5.6	↗
Question 5 - Export sales	>MSEK 250	51.6	50.9	-0.7	→
Question 6 - Export profitability	Total	48.1	63.1	15.0	↗
Question 6 - Export profitability	MSEK 25-250	46.0	44.4	-1.6	↘
Question 6 - Export profitability	>MSEK 250	48.2	64.5	16.3	↗
Question 7 - Export profitability	Total	28.2	54.0	25.8	↗
Question 7 - Export profitability	MSEK 25-250	43.7	56.5	12.8	↗
Question 7 - Export profitability	>MSEK 250	26.9	53.8	26.9	↗

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



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