



UPTICK IN OPTIMISM FOR SWEDISH EXPORTS

EXPORT MANAGERS' INDEX
Fourth quarter 2021

EXECUTIVE SUMMARY

Business Sweden's Export Managers' Index (EMI) rose slightly in the fourth quarter following a drop in the third quarter. However, EMI did not regain the record level seen in the second quarter of this year. EMI increased by 1.5 points to 67.6 in the fourth quarter, from 66.1 in the third quarter. The fact that the index continues to be well above the 50-mark – the dividing line between optimism and pessimism – indicates that export companies have an optimistic view of export development.

The fourth quarter uptick in the EMI was primarily driven by the current subindex. EMI current rose by 2.1 points to 71.3, from 69.2 in the third quarter. At the same time, EMI forecast, which is the subindex for the forward-looking issues, increased by just 0.8 points to 63.8 in the fourth quarter, from 63.0 in the previous quarter.

The most notable results from the survey were the record high levels seen in the subindices for export order stocks and profitability of current export sales, as well as an unanticipated strengthening of views of expected export demand from Western Europe.

The index for the assessment of export order stocks hit a new record high of 73.2 in the fourth quarter. A similar development was seen in the subindex for profitability of current export sales which rose to a record level of 75.5 in the fourth quarter.

The index reflecting views of expected export demand rose for every region, and all regions are now above the 50-mark. The index for Western Europe made an unanticipated jump by 7.8 points to a high level of 71.3 in the fourth quarter. The index for expected export demand from Asia made a strong recovery in the fourth quarter and increased by as much as 11.2 points to 53.1, from a record low of 41.9 in the previous quarter. Most likely, this is a consequence of the reduced spread of infections in the region and abating disruption in supply chains. The gaps between the different regions remain with indices of around 70 for Western Europe and North America while Asia is at the bottom end, just above 50. Nonetheless, the fact that all indices are above the 50-mark indicates that Sweden's export companies have an optimistic view of expected export demand from all regions in the next three months.

Besides this, it is worth noting that the share of export companies expecting longer delivery times in the next three months fell to 43 per cent in the fourth quarter, from 56 per cent in the previous quarter. This is most likely an indication that disruption in the companies' supply chains is abating. It is probably also an indication that activity among companies (resource utilisation) is gradually slowing as the recovery enters a calmer phase with more normal growth rate levels.

In all, we can conclude that the optimistic sentiment among export managers has received an additional boost and that the storm clouds have seemingly dispersed, at least for the coming three months.

The next Export Managers' Index will be published on 10 February 2022.

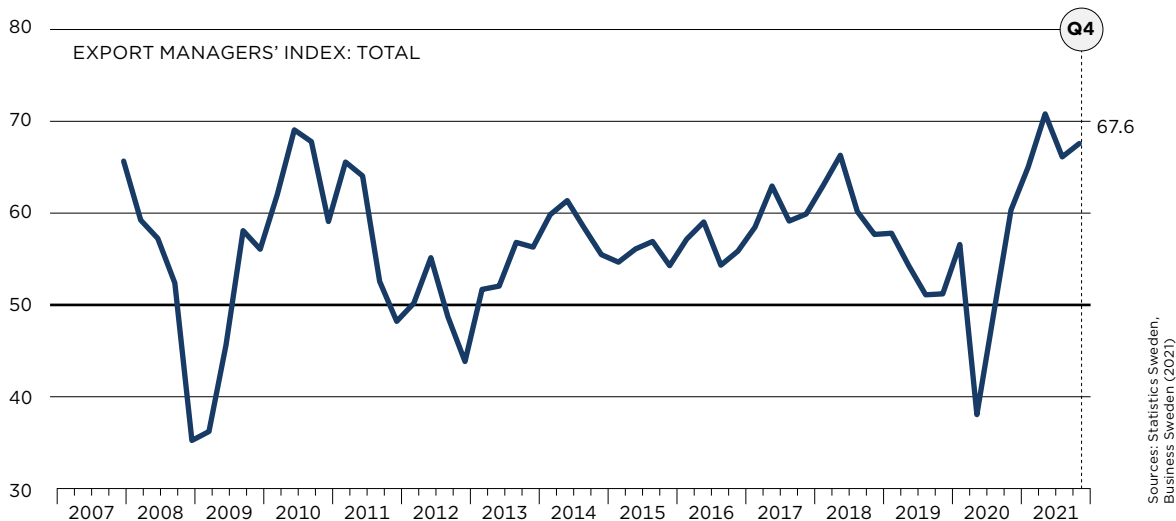
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EXPORT MANAGERS' INDEX ROSE IN THE FOURTH QUARTER

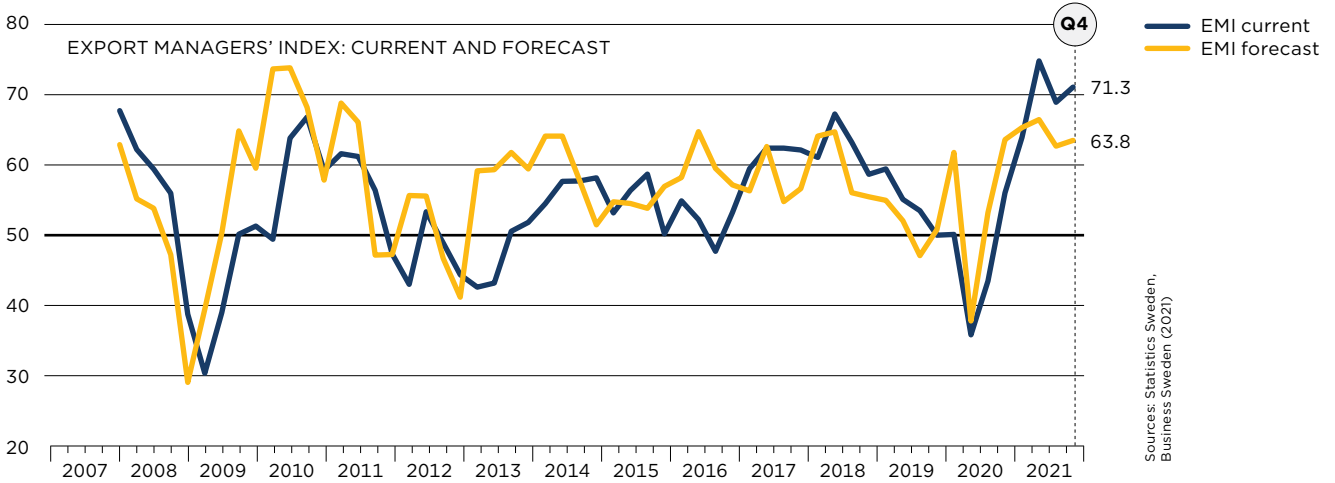
EXPORT MANAGERS' INDEX (EMI) INCREASED IN THE FOURTH QUARTER



Business Sweden's Export Managers' Index, which monitors views and reflects sentiment among Swedish exporters of goods and services, rose again slightly following a drop in the third quarter. EMI increased by 1.5 points to 67.6 in the fourth quarter, from 66.1 in the third quarter. The index is now at a high level well above its historical average of 56.3 for the period 2007-2021. 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 strong optimistic sentiment among export companies and a promising outlook.

EMI CURRENT SUBINDEX DRIVES UPTICK

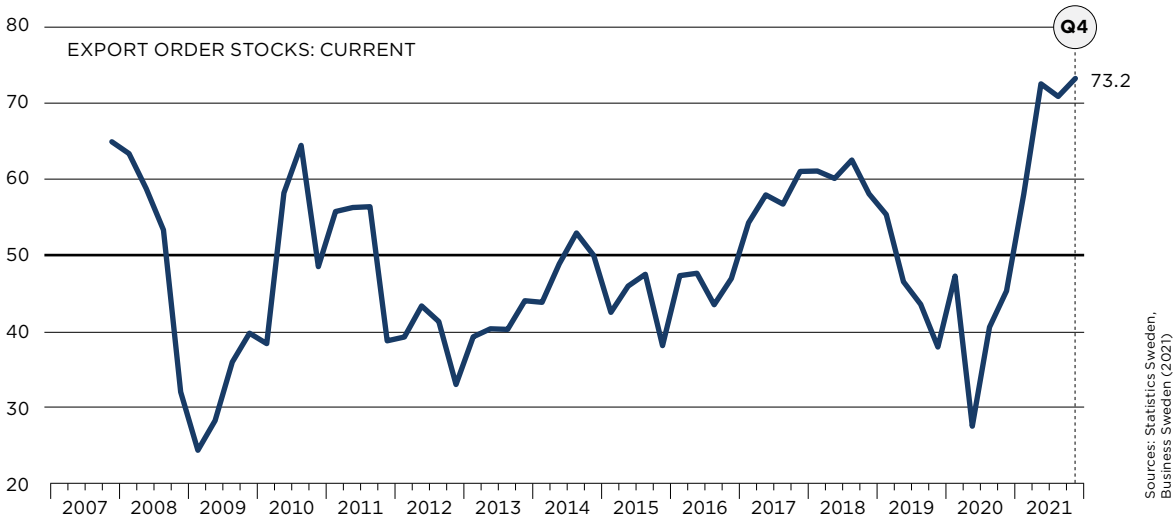


The fourth quarter uptick in the EMI was primarily driven by the current subindex. EMI current rose by 2.1 points to 71.3, from 69.2 in the third quarter. At the same time, EMI forecast, which is the subindex for the forward-looking issues, increased by just 0.8 points to 63.8 in the fourth quarter, from 63.0 in the third quarter.

Both subindices are at high levels well above their historical averages. This indicates strong

optimism among export companies both in the current situation and in terms of the three-month outlook. The fact that EMI current is higher than EMI forecast signals that more export companies are optimistic about the current situation than the three-month outlook.

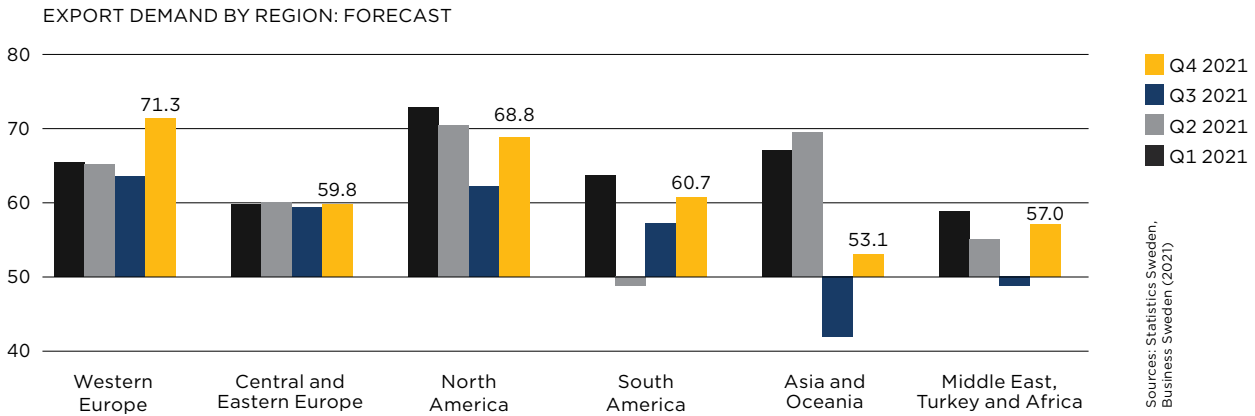
SUBINDEX FOR EXPORT ORDER STOCKS REACHES NEW HEIGHTS



The subindex reflecting views of export order stocks rose to a new record level in the fourth quarter, following a drop in the third quarter. The index increased by 2.3 points to 73.2 in the fourth quarter, from 70.9 in the third quarter.

This is the highest recorded 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.

UNANTICIPATED RISE IN EXPECTED EXPORT DEMAND FROM WESTERN EUROPE



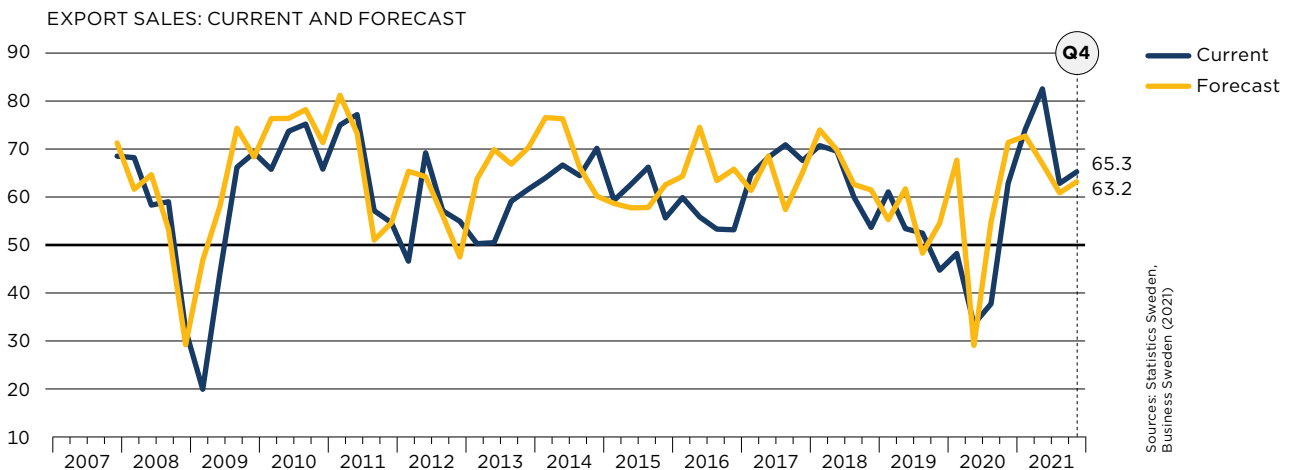
The index for expected export demand rose for all regions in the fourth quarter. The uptick for expected export demand from Western Europe was particularly unanticipated. This subindex jumped by 7.8 points to a high level of 71.3 in the fourth quarter, from 63.5 in the third quarter. The largest increase, however, was seen in the index for expected export demand from Asia, which plummeted in the previous quarter. The index for Asia recovered by as much as 11.2 points and reached 53.1 in the fourth quarter, rising from a record low of 41.9 in the previous quarter. The index for expected export demand from North America jumped as well by 6.6 points to 68.8 in the fourth quarter, up from 62.2 in the third quarter. The index for the Middle East, Turkey and Africa rose by 7.9 points to 57.0 in

the fourth quarter, from 49.1 in the third quarter.

The index for expected export demand from South America increased by 3.5 points to 60.7 in the fourth quarter, from 57.2 in the third quarter. In contrast, the index for Central and Eastern Europe remained mostly unchanged with a marginal increase of 0.4 points reaching 59.8 in the fourth quarter.

Altogether, we can observe that all regions are now above the 50-mark and above their historical averages, with the exception of Asia. This indicates that export companies have an optimistic view of expected export demand from all regions. The high index results for Europe and North America signals particularly robust optimism regarding export demand from these regions.

MINOR UPTICK IN ASSESSMENT OF EXPORT SALES

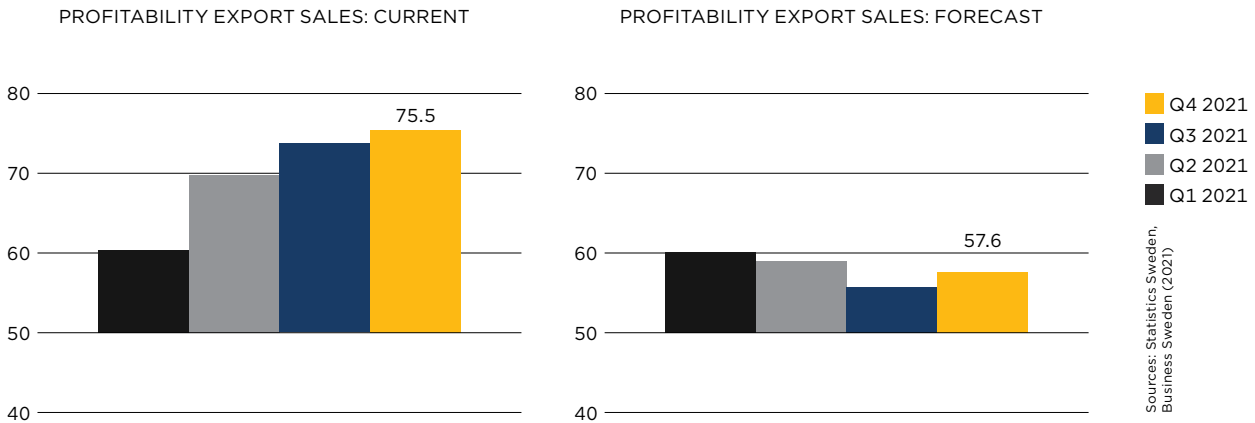


The index for export sales made a moderate recovery both in the current situation and in terms of the three-month outlook. The current index increased by 2.4 points to 65.3 in the fourth quarter, from 62.9 in the third quarter. Similarly, the index for expected export sales over the next three months

increased by 2.4 points reaching 63.2 in the fourth quarter, up from 60.8 in the third quarter.

The fact that both subindices for export sales are well above the 50-mark indicates that companies have a strong optimistic view of both the current situation and the three-month outlook.

VIEWS OF PROFITABILITY IN CURRENT EXPORT SALES HIT NEW RECORD



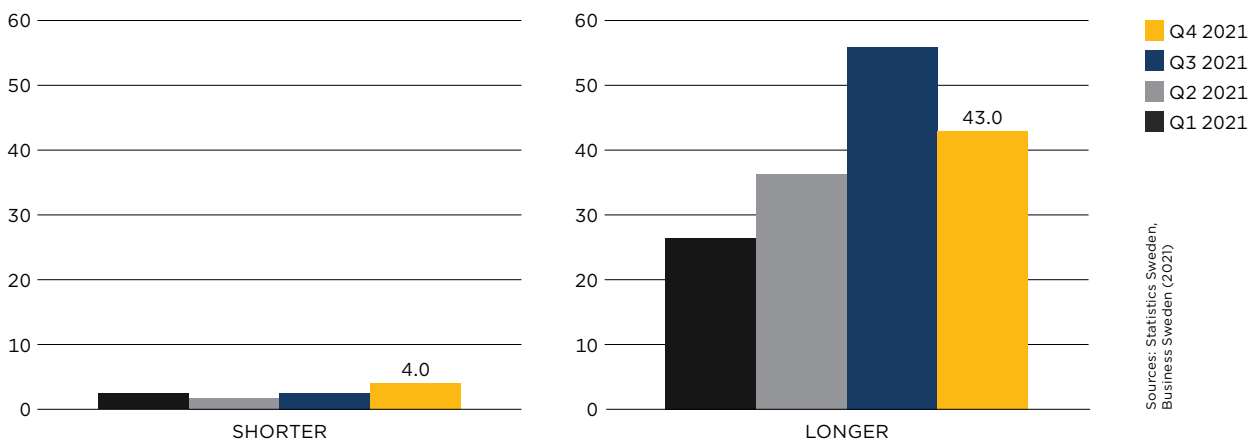
The companies' assessments of profitability of current export sales were further strengthened in the fourth quarter. The index rose by 1.7 points to a new record level of 75.5, up from 73.8 in the previous quarter. The index reflecting views of export sales in the next three months increased

as well. The index rose by 1.8 points to 57.6 in the fourth quarter, from 55.8 in the third quarter.

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

FEWER EXPORT COMPANIES EXPECT LONGER DELIVERY TIMES

DELIVERY TIMES FOR EXPORTS: FORECAST, PERCENTAGE SHARE OF ANSWERS



The share of export companies expecting longer delivery times for exports over the next three months fell back in the fourth quarter, but still remains at a high level. The share of companies expecting longer delivery times in the three-month outlook dropped by 13 percentage points to 43 per cent in the fourth quarter, from a record high of 56 per cent in the previous quarter. Meanwhile, the share of companies expecting shorter delivery times for exports continued to grow, increasing to 4 per cent in the fourth quarter from 2.5 per cent in the previous quarter.

The fact that the share of companies expecting longer delivery times for exports in the next three months dropped is most likely an indication that disruption in supply chains, due to a shortage of intermediate goods and problems in container and freight transport, has begun to abate. But it could also, to an extent at least, indicate that activity (resource utilisation) among companies has dampened as the global recovery enters a calmer phase with more normal growth rate levels.

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 fourth quarter 2021 was conducted during the period 18 October – 5 November. 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 77 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	Q3 2021	Q4 2021	DIFF Q4 21 - Q3 21	
1. EMI total	Total	66.1	67.6	1.5	↗
1. EMI total	MSEK 25-250	61.8	61.8	0.0	→
1. EMI total	>MSEK 250	66.4	68.0	1.6	↗
2. EMI current	Total	69.2	71.3	2.1	↗
2. EMI current	MSEK 25-250	62.0	58.2	-3.8	↘
2. EMI current	>MSEK 250	69.8	72.3	2.5	↗
3. EMI forecast	Total	63.0	63.8	0.8	→
3. EMI forecast	MSEK 25-250	61.5	65.4	3.9	↗
3. EMI forecast	>MSEK 250	63.1	63.7	0.6	→

INDICATOR CURRENT	SELECTION	Q3 2021	Q4 2021	DIFF Q4 21 - Q3 21	
Question 1 - Export sales	Total	62.9	65.3	2.4	↗
Question 1 - Export sales	MSEK 25-250	64.9	60.8	-4.1	↘
Question 1 - Export sales	>MSEK 250	62.7	65.6	2.9	↗
Question 2 - Export order stock	Total	70.9	73.2	2.3	↗
Question 2 - Export order stock	MSEK 25-250	58.0	49.2	-8.8	↘
Question 2 - Export order stock	>MSEK 250	72.0	75.0	3.0	↗
Question 3 - Export profitability	Total	73.8	75.5	1.7	↗
Question 3 - Export profitability	MSEK 25-250	63.2	64.6	1.4	↗
Question 3 - Export profitability	>MSEK 250	74.8	76.3	1.5	↗

INDICATOR FORECAST	SELECTION	Q3 2021	Q4 2021	DIFF Q4 21 - Q3 21	
Question 4 - Export market demand	Total	58.5	64.9	6.4	↗
Question 4 - Export market demand	MSEK 25-250	64.5	67.2	2.7	↗
Question 4 - Export market demand	>MSEK 250	58.0	64.7	6.7	↗
Question 4a - Western Europe	Total	63.5	71.3	7.8	↗
Question 4a - Western Europe	MSEK 25-250	61.0	65.6	4.6	↗
Question 4a - Western Europe	>MSEK 250	63.8	71.7	7.9	↗
Question 4b - Central & Eastern Europe	Total	59.4	59.8	0.4	→
Question 4b - Central & Eastern Europe	MSEK 25-250	62.5	56.7	-5.8	↘
Question 4b - Central & Eastern Europe	>MSEK 250	59.1	60.0	0.9	→
Question 4c1 - North America	Total	62.2	68.8	6.6	↗
Question 4c1 - North America	MSEK 25-250	64.3	75.6	11.3	↗
Question 4c1 - North America	>MSEK 250	62.0	68.4	6.4	↗
Question 4c2 - South America	Total	57.2	60.7	3.5	↗
Question 4c2 - South America	MSEK 25-250	56.0	55.3	-0.7	→
Question 4c2 - South America	>MSEK 250	57.2	61.0	3.8	↗
Question 4d - Asia & Oceania	Total	41.9	53.1	11.2	↗
Question 4d - Asia & Oceania	MSEK 25-250	58.9	60.6	1.7	↗
Question 4d - Asia & Oceania	>MSEK 250	40.7	52.6	11.9	↗
Question 4e - Middle East, Turkey & Africa	Total	49.1	57.0	7.9	↗
Question 4e - Middle East, Turkey & Africa	MSEK 25-250	50.0	51.3	1.3	↗
Question 4e - Middle East, Turkey & Africa	>MSEK 250	49.1	57.3	8.2	↗
Question 5 - Export sales	Total	60.8	63.2	2.4	↗
Question 5 - Export sales	MSEK 25-250	63.2	68.0	4.8	↗
Question 5 - Export sales	>MSEK 250	60.6	62.8	2.2	↗
Question 6 - Export profitability	Total	55.8	57.6	1.8	↗
Question 6 - Export profitability	MSEK 25-250	52.6	57.8	5.2	↗
Question 6 - Export profitability	>MSEK 250	56.1	57.6	1.5	↗
Question 7 - Export profitability	Total	76.7	69.5	-7.2	↘
Question 7 - Export profitability	MSEK 25-250	65.8	68.5	2.7	↗
Question 7 - Export profitability	>MSEK 250	77.7	69.6	-8.1	↘

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



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