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INFORMATION TO MEDIA

## **SEB Financial Officers' Index: Growing pessimism – Weakening demand triggers cost cutting**

**Swedish financial officers have become much more pessimistic since our last survey in September. Respondents are obviously concerned by evidence showing increasing business cycle weakness, citing lower demand as their main cause for concern. A significant number of officers also foresee lower profits next year compared to 2008. Any potential profitability improvements are expected to be driven by cost cutting and greater efficiency rather than volume increases and higher prices.**

SEB's Financial Officers' survey, addressed to around 50 of Sweden's largest companies, shows respondents becoming increasingly negative towards the overall business climate. SEB's Financial Officers' Index for November published today stands at 50, down from 56 in September.

The survey indicates that only a small minority of respondents now regard the business climate as favorable.

"Evidence that the business climate is deteriorating comes in the form of companies' significantly larger focus on cost cutting and staff reductions, both in Sweden and abroad. This implies that we are moving toward a period of lower investments and weaker economic growth", says Ebba Lindahl, credit strategist at SEB and co-author of the report with Monica Ochman.

The Financial Officers' survey also suggests that fewer respondents view their companies' financial position as favorable.

"The increasing reluctance of financial institutions to lend could eventually lead to reduced investments by companies, which may in turn dampen Swedish economic growth", says Ochman.

The proportion of Financial Officers expecting their companies to raise prices on their own products has declined dramatically.

“The result contrasts sharply with the last survey which indicated that 74 per cent of respondents expected to raise prices. Being less concerned about raw material costs could be an explanation”, says Lindahl.

This is the eleventh publication of SEB’s Financial Officers’ Index, a unique quarterly survey whose purpose is to reflect changes of sentiment in the financial environment and facilitate the understanding of economic and financial trends. The survey comprises a total of 14 questions covering areas such as business climate, strategic investments, employment, views on currencies and interest rates, financial strength, and lending attitudes amongst financial institutions. The full report (in Swedish) is available at [www.sebgroup.com\press](http://www.sebgroup.com\press).

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