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INFORMATION TO MEDIA

## **SEB Financial Officers' Index: Growing pessimism – Continued focus on cost cutting and fewer investments**

**Swedish financial officers have become increasingly pessimistic over the past three months. Respondents are mainly concerned at the potential impact of the weakening business cycle on corporate profitability. Significant numbers of officers expect lower profits this year compared to last. Any potential profitability improvements are expected to be the result of cost cutting and increased efficiency rather than volume increases and price hikes.**

SEB's Financial Officers' survey, addressed to around 70 of Sweden's largest companies, shows respondents becoming increasingly negative towards the business climate generally. SEB's Financial Officers' Index for February published today stands at 47, down from 50 in November.

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

"Companies' continued strong focus on cost cutting and staff reductions, both in Sweden and abroad, emphasizes the current deterioration in business conditions. This suggests the likelihood of a period of lower investments and economic growth," says Ebba Lindahl, Head of Credit Research at SEB and co-author of the report with Jonas Ranneby.

The Financial Officers' survey also shows that fewer respondents now view the financial position of their companies as favourable.

"Although higher interest rate costs are not perceived to be the main cause for concern in 2009, officers have found financial institutions even less willing to lend. This is likely to lead to reduced corporate investments which could in turn weigh on economic growth in Sweden," says Ranneby.

The proportion of Financial Officers expecting their companies to reduce staff within the next six months remains high.

"Almost 60 percent of the officers believe their companies will reduce the number of employees in Sweden over the next six months. The result is similar to that reported in the last survey. At the same time 70 percent of the officers, compared to 60 percent in November, now expect to make employee cut backs outside Sweden," reports Ranneby.

This is the twelfth 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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