

Information to media

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SEB's Financial Officers Survey – Slightly weaker future expectations

Optimism among Swedish financial officers remains strong even though business conditions have weakened slightly since our last survey in February. At the same time, profit expectations of companies have also weakened somewhat, possibly implying that the benefits of cost savings from previous efficiency programs are receding and that it is becoming more difficult for businesses to improve on earlier quarterly results. In addition, managers are becoming increasingly unsettled once again by the outlook for demand. The present decline in the index value mainly reflects concerns regarding the development of credit spreads, probably as a result of economic problems affecting several European countries and their respective banking systems.

SEB's Financial Officers' survey, addressed to around 70 of Sweden's largest companies, shows that respondents have remained optimistic during the spring, even if confidence has declined slightly. SEB's Financial Officers Index for Sweden published today stands at 62, down from 65 in February.

Stronger Swedish krona not critical for companies

"In this survey we asked financial officers of many of Sweden's leading export oriented companies how further SEK appreciation would affect their financial performance. Some 65 percent of respondents replied that the exchange rate was not critical for their results, while 24 percent replied that the current exchange rate was already problematic. SEB estimates that further modest SEK appreciation, in line with SEB's forecasts, would pose few if any difficulties for most companies", says **Disa Hammar**, credit analyst at SEB and co-author of the report with **Nina Glifberg**.

Strong finances and increasing confidence in Sweden

"Financial officers' confidence in the financial position of their respective companies remains strong, even if it has weakened slightly since February. Their marginally less positive attitude is reflected in, among other things, an increasing prioritisation of debt repayment in the event of a cash surplus. Financial officers also signal a more optimistic view of Sweden than in February. In particular, a greater share of officers would like to employ more staff in Sweden. They would also prioritise strategic domestic investments, a strategy motivated by the country's strong finances and economic growth", says Hammar.

Increasing demand concerns

"Slightly fewer financial officers now expect profits for 2011 to grow compared with 2010 for several possible reasons. Respondents are becoming increasingly concerned over developments in demand, probably driven by the ongoing debt crisis in southern Europe, the aftermath of the recent earthquake in Japan, and the crisis in the Middle East and North Africa. Furthermore, Financial Officers are now more worried about foreign competition and labour costs, due to the strong Swedish krona. Companies also emphasise that they see fewer possibilities for raising prices to offset higher raw material costs", says Hammar.

This is the twenty first publication of SEB's Financial Officers' Index Sweden. The purpose of this unique survey 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 15 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.

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