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INFORMATION TO MEDIA

## **SEB Financial Officers' Index: Business confidence weakens but does not collapse –investments could decline as banks reduce lending**

**Swedish financial officers are more pessimistic. The latest survey shows respondents increasingly worried about the weakening business cycle with lower demand seen as the main cause for concern. At the same time officers were significantly less bothered by the threat of rising raw material costs. All participating financial officers were confident that profits will rise in 2008 driven mainly by price hikes and volume increases.**

The Financial Officers' survey indicates that the business climate is weakening.

SEB's Financial Officers' survey, addressed to around 50 of Sweden's largest companies, shows respondents becoming more negative towards the overall business climate and their own company's financial position. SEB's Financial Officers' Index for September published today stands at 56, down from 59 in May, but well above its neutral level of 50.

"While an increasing number of financial officers regard the business climate as less favorable and report that demand is weakening, most respondents retain a positive view on the overall climate", says Ebba Lindahl, credit strategist at SEB and co-author of the report with Monica Ochman.

The Financial Officers' survey also shows that banks are now substantially less willing to lend.

"The declining willingness to lend could eventually lead to reduced investments by companies. That might in turn weigh on economic growth in Sweden", says Ochman.

The Financial Officers Survey also shows respondents less concerned by higher raw material costs.

“Reduced concerns regarding raw material costs could explain why expected price increases on the companies’ own products have not changed significantly since May”, says Lindahl.

This is the tenth 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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