

Information to media

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Deloitte/SEB CFO Survey – Conditions remain tough with decreasing optimism going forward

The Deloitte/SEB CFO Survey concludes that companies expect a weakening sentiment and harder times to come; however companies are yet not there. Furthermore, 25% of the companies surveyed have performed some kind of stress test regarding a situation where the Euro does not exist in its present form. Less than 10% have adapted their operations to such a situation. The survey also shows that companies have overestimated the EUR/SEK ratio, i.e. the krona has strengthened more than expected and companies have underestimated the pace of the strengthening. The index came in at a lower level than in the February survey and is also lower than in the same period last year. The Swedish CFO index is now seen at 48.3, down from 50.5 in February.

Few have adapted their operations to a situation where the Euro does not exist in its present form

"We were interested in whether companies had performed some kind of stress test regarding a situation where the Euro does not exist in its present form. It turned out that one out of four of the respondents in fact have performed such a stress test. However, less than 10% have adapted their operations to a situation where the Euro does not exist in its present form. A possible interpretation would be that the companies assign a low probability to such a scenario, or that adapting operations to a situation where the Euro does not exist in its present form is too costly or impossible. Taking a pessimistic view on this from a different angle, one might interpret this as 90% or more are not prepared for such a scenario", says Johan Lindgren, Credit Strategist, SEB.

Companies budgeted for weaker krona

"According to the survey, companies have in general budgeted for a krona weaker than the actual 2012 level. Already in 2011, the krona was forecasted to strengthen against the Euro. Apparently, companies did not budget for such a strengthening and underestimated the pace at which the krona strengthened. Export-oriented companies with such a mismatch have likely taken losses", Lindgren says.

Increasing financial investments

"Companies are still investing, however an increasing number of companies invest financially rather than strategically and more than 50% would use a cash surplus to pay down debt. Investing financially rather than strategically corresponds with the company reports presented earlier this year. Companies are apparently on hold. Paying down debt is still highly prioritized", Lindgren says.

Possible further cuts in the number of employees

"The companies expect the number of employees in Sweden to remain the same or decrease, however it is likely that it will vary over sectors and industries. This is in line with unemployment figures and 44% believe that the number of employees will decrease whereas 51% believe that the number will be unchanged", Lindgren says.

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 12 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 is available at www.sebgroup.com/press and www.deloitte.se.

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