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PRESS RELEASE

## Economic Tendency Survey Business and consumer, April 2011

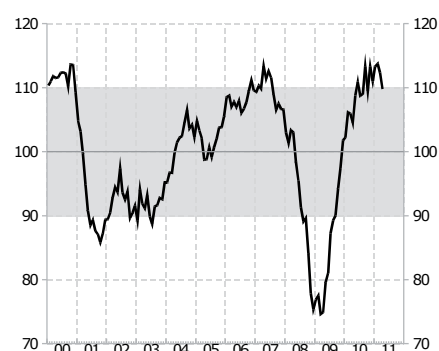
**The Economic Tendency Indicator fell for the second consecutive month from its peak in February and the fall was 2.5 points in April. It is still at a very high level, indicating that growth in the Swedish economy remains strong.**

Mean	Max	Min	Feb 11	Mar 11	Apr 11	Situation
100	113,7	74,6	113,7	112,3	<b>109,8</b>	+

All sectors of the economy, except the construction industry, made a negative contribution to the Economic Tendency Indicator in April. The confidence indicator for the **manufacturing** industry fell three points, while it fell five points and four points respectively for the **retail trade** and the **private service** sector. The **construction** confidence indicator rose one point.

The **Consumer** Confidence Indicator (CCI) fell nearly 1.5 points in April. This is the third consecutive month that the indicator has fallen, but it remains considerably above the historic average. This fall is due this time mainly to less positive consumer opinion on the economic situation in Sweden and a downward adjustment of expectations of the Swedish economy one year ahead.

**Economic Tendency Indicator**



++ The situation is very strong, + The situation is strong, - The situation is weak, -- The situation is very weak

## Business: Increasing labour shortage in construction sector and areas of service sector

**The confidence indicator for the business sector fell five points from its peak between the fourth quarter of 2010 and the first quarter of 2011. However, the indicator remains considerably above the historic average. This decline is due to a fall in the indicators for nearly all sectors of the economy. The exception is the indicator for the construction industry which rose somewhat.**

**Order growth for the manufacturing industry remained strong** in the first quarter of this year, mainly from the export market. Output and employment growth were also considerable. Output capacity was expanded and capacity utilisation remains at the same level as last quarter at around 86 per cent. Industrial firms forecast continued strong order growth for the second quarter. The output volume is also expected to rise, but the proportion of firms planning for an increase is somewhat lower than previously.

**Construction activity strengthened further in the first quarter**, with new orders, construction output and employment all increasing substantially. The main problem for construction firms at present is finding suitable manpower. Nearly 60 per cent of firms now state the labour shortage as the main obstacle to business activities. The construction sector forecasts continued strong growth for the second quarter and firms remain optimistic in the longer term. Nearly three out of four firms forecast an improvement in the construction market one year ahead.

**The retail sales volume rose further in the first quarter**, but the outcome was weaker than firms had expected. Sales growth was clearly strongest in the motor vehicle trade and the wholesale trade, while the food trade reported reduced sales. However, the retail trade remains optimistic and forecasts strong sales growth for the second quarter.

**Demand in the private service sector rose further** in the first quarter of this year, but growth seems to have slowed somewhat. Employment also rose, with significant growth in the consultancy sector. This sector is also experiencing the greatest recruitment difficulties, with around half of consultancies stating the labour shortage as the main obstacle to business activities. Service firms forecast strong demand growth and further new recruitment for the second quarter of this year.

The survey was conducted between March 28 and April 20.

### Confidence indicator

Industry	Mean	Oct 10	Jan 11	Apr 11
Total Industry	6	25	31	<b>26</b>
Manufacturing	-9	5	11	<b>7</b>
Construction	-21	1	18	<b>20</b>
Trade	12	26	27	<b>22</b>
Private service sectors	24	39	45	<b>41</b>

#### On the way up



Construction

#### On the way down



Retail sale of non-durable goods

#### The business situation is strong for +

Manufacturing  
Sales and repair establishments for motor vehicles and motor-cycles  
Wholesale trade  
Retail trade, except of motor vehicles and motorcycles  
Private service sectors

## Consumer: Households less positive to Swedish economy

**Household optimism continued to weaken in April. The Consumer Confidence Indicator (CCI), which measures confidence in personal finances and the Swedish economy, fell nearly 1.5 points to 17.6. It has fallen over ten points since the peak in September 2010. However, the CCI remains considerably above the historic average. The Macro Index fell 3.8 points in April and the Micro Index rose 0.7 points.**

**Personal finances:** Consumer confidence in personal finances improved somewhat after having fallen for two consecutive months. Expectations of personal finances one year ahead are marginally weaker than in March. Slightly fewer households than in March consider it is currently the right time to purchase consumer durables. The proportion of households that consider it is now advantageous to save remains largely unchanged, as does the proportion of households currently saving. The proportion of households incurring debt was higher in April than in March. Households consider their own risk of unemployment has fallen.

**Swedish economy:** Consumer confidence in the Swedish economy is more pessimistic than in March. Expectations of the Swedish economy one year ahead also deteriorated. Attitudes to the Swedish economy are nevertheless more positive than normal in both these respects. Over 41 per cent of Swedes consider that the situation is stronger than a year ago, while 39 per cent expect the situation to strengthen in the next 12 months.

Opinion on the unemployment trend remains positive in April, with 47 per cent of households expecting unemployment to fall in the next 12 months, compared with 48 per cent in March.

**Inflation and wage expectations:** Household inflation expectations one year ahead were 3.4 per cent, compared with 3.1 per cent in March. Wage increases are expected to be 3.1 per cent in the next 12 months, which is 0.1 percentage points lower than last month.

**Interest rate expectations:** Household expectations of the variable home loan rate one year ahead fell to 4.3 per cent from 4.5 per cent in March. Rate expectations two years ahead were 4.8 per cent, down from 5.1 per cent last month. Household expectations five years ahead also fell somewhat from 5.2 per cent to 5.1 per cent.

The survey was conducted April 1-15.

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Consumer	Mean	Max	Min	Feb 11	Mar 11	Apr 11	Situation
Confidence indicator (CCI)	5,3	30,0	-38,3	21,4	19,0	<b>17,6</b>	+
Macro index	-1,3	47,3	-69,8	33,3	32,2	<b>28,4</b>	++
Micro index	5,5	18,8	-21,3	9,5	6,6	<b>7,4</b>	+
Unemployment over the next 12 months	3,0	79,8	-59,8	-35,0	-33,8	<b>-32,3</b>	++
Expected inflation 12 months ahead	2,2	3,7	0,5	2,7	3,1	<b>3,4</b>	

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