

November 26, 2014

PRESS RELEASE

ECONOMIC TENDENCY SURVEY, NOVEMBER 2014:

Consumers increasingly downbeat about the Swedish economy

The Economic Tendency Indicator fell 0.5 points in November and is now 3.6 points above the historical average. All of the confidence indicators deteriorated somewhat, except for the manufacturing indicator which gained 0.6 points. The construction indicator fell 0.7 points, the retail indicator 1.7 points and the services indicator 1.3 points. All of the business confidence indicators are nevertheless above the historical average, albeit the services indicator only marginally so. The consumer confidence indicator also continued to decline, falling 0.8 points in November to slightly more than 3 points below the historical average.



OVERALL BUSINESS CONFIDENCE STABLE ABOVE THE HISTORICAL AVERAGE

The confidence indicator for the **manufacturing** industry climbed 0.6 points in November and is now 8 points above the historical average. Only one of the three questions included in the indicator contributed to the increase: the assessment of current order books was more positive, while production plans were unchanged, and the assessment of current stocks of finished goods was less positive.

The confidence indicator for the **building and civil engineering** industry fell 0.7 points in November but remains well above the historical average. Both of the questions included in the indicator contributed to the decrease: the assessment of current order books was marginally less positive, and the industry's expansive employment plans were revised down slightly.

The confidence indicator for the **retail trade** dropped 1.7 points in November but remains slightly more than 6 points above the historical average. Two of the three questions included in the indicator contributed to the decrease: historical sales and the assessment of stocks of goods were less positive, while expectations of sales in the coming months were revised up slightly.

The confidence indicator for the **private service sector** fell 1.3 points in November and is now only marginally above the historical average. All three questions included in the indicator made a negative contribution: historical demand was weaker, expectations of demand in the coming months were less positive, and firms' assessment of how their operations have developed was more negative.

CONSUMERS HAVE PESSIMISTIC EXPECTATIONS

The **consumer** confidence indicator slipped a further 0.8 points in November after tumbling as many as 5 points in October, and is now slightly more than 3 points below the historical average. Three of the five questions included in the indicator made a negative contribution, most notably consumers' increasingly negative expectations of the Swedish economy over the next 12 months. Their assessment of their personal finances both at present and over the next 12 months was also slightly more negative, while their view of the Swedish economy at present was unchanged. On the other hand, consumers were much more positive about whether now is a good time to make major purchases. There is therefore a clear dividing line between households' view of the current situation and the situation in a year's time. The assessment of the current situation is still more positive than normal, while expectations are considerably more pessimistic than normal.

Table: Selected indicators

	Max	Min	Sep -14	Oct -14	Nov -14	Change	Situation ¹
Economic Tendency Indicator	118,1	68,6	101,3	104,1	103,6	-0,5	+
Confidence indicators:							
Total industry ²	120,0	68,7	102,0	105,7	104,3	-1,4	+
Manufacturing	119,2	65,2	102,9	107,4	108,0	0,6	+
Building and civil engineering	122,8	80,0	105,1	106,8	106,1	-0,7	+
Retail Trade	124,9	67,5	107,5	108,0	106,3	-1,7	+
Private service sectors ³	119,2	72,1	98,1	101,6	100,3	-1,3	=
Consumer	120,4	48,1	102,6	97,6	96,8	-0,8	-

Note. The standardisation of the Economic Tendency Indicator means that it cannot be calculated as a weighted mean of the levels of the sector confidence indicators.

¹ The situation is: ++ very strong, + strong, = normal, - weak, -- very weak

² The confidence indicator for the total business sector is obtained by weighting the confidence indicators for building and civil engineering, manufacturing, the retail trade and the private service sector on the basis of the number of employees in the population. These weights are different to those used in the calculation of the Economic Tendency Indicator.

³ The confidence indicator for the private service sector has been estimated for January 1996 to November 2001 on the basis of quarterly series for a limited number of service industries.

Table: Household expectations

	Sep -14	Oct -14	Nov -14	Change
Expected inflation 12 months ahead, mean excluding extreme values ¹ (percent)	0,0	0,4	0,0	-0,4
Expected inflation 12 months ahead, mean all answers (percent)	0,9	1,0	0,7	-0,3
Expected inflation 12 months ahead, median (percent)	0,0	0,0	0,0	0,0
Interest rate expectation, mean excluding extreme values ¹ (percent):				
1 year ahead	2,57	2,69	2,33	-0,36
2 years ahead	3,14	3,13	2,76	-0,37
5 years ahead	3,85	3,66	3,43	-0,23

¹ For information on how the NIER determines which observations are to be excluded, see page 14 of the User Guide to the Economic Tendency Survey at www.konj.se.

FOR FURTHER INFORMATION:

Roger Knudsen, Head of Economic Tendency Surveys +46 8 453 59 06

Maria Billstam, Assignments, methods and samples +46 8 453 59 06

Sarah Hegardt Grant, Head of Communications +46 8 453 59 11, +46 70 267 80 41