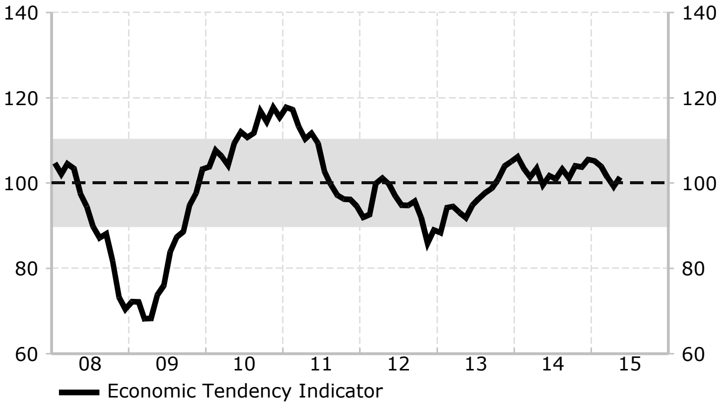
May 27, 2015

PRESS RELEASE

ECONOMIC TENDENCY SURVEY, MAY 2015:

Economic Tendency Indicator higher and pointing to strong economic growth

The Economic Tendency Indicator climbed from 99.2 in April to 101.4 in May, a level that points to stronger economic growth than normal. The manufacturing and consumer indicators rose, while the retail, service and construction indicators fell. The manufacturing indicator now suggests a normal situation, while the situation in the construction and service sectors can be considered stronger than normal. The retail indicator is above 110, implying a very strong situation, while the consumer indicator is just over a point below the historical average, which suggests that consumers are more pessimistic than normal about the economic situation.



SITUATION IN THE BUSINESS SECTOR STRONGER THAN NORMAL

The confidence indicator for the **manufacturing** industry climbed 6.3 points in May to 100.5, which can be considered a normal situation. The increase is due mainly to firms being more positive about their order books. The other questions included in the indicator also contributed to the rise: firms' assessment of current stocks of finished goods improved slightly, and production plans over the next three months were slightly more optimistic.

The confidence indicator for the **building and civil engineering** industry slipped from 110.3 in April to 102.9 in May but still points to a stronger situation than normal. The decrease was due mainly to firms being less satisfied with their order books. Employment plans were also revised down slightly, but firms remain upbeat and still anticipate stronger employment growth than normal over the next three months.

The confidence indicator for the **retail trade** fell 0.8 points in May to 110.8, which points to a much stronger situation than normal. The net balances for all of the questions included in the indicator were above the historical average. Sales have continued to grow relatively quickly over the past three months, and expectations for the coming three months are more optimistic than normal. Firms are also less negative than normal about their stocks of goods.

The confidence indicator for the **private service** sector fell from 104.0 in April to 103.0 in May, which still implies a stronger situation than normal. The decrease was due to more subdued expectations for demand. At the same time, firms reported stronger demand growth than normal over the past three months and no change in their positive view of how their operations have developed during the same period.

National Institute of Economic Research, Kungsgatan 12-14, Box 3116, SE - 103 62 Stockholm, Sweden
Phone: +46 8 453 59 00, Fax: +46 8 453 59 80, info@konj.se, www.konj.se/en

CONSUMERS UPBEAT ABOUT THEIR PERSONAL FINANCES

The **consumer** confidence indicator rose 1.9 points to 98.8 in May. The increase was due mainly to consumers being even more positive about their personal finances, both now and in a year's time. Consumer confidence as a whole can still be summed up as weaker than normal, but once again there was a big difference between consumers' assessment of their personal finances and the Swedish economy. Consumers remain upbeat about their own finances but downbeat about the economic climate.

Table: Selected indicators

	Max	Min	Mar-15	Apr-15	May-15	Change	Situation[1]
Economic Tendency Indicator	117.8	68.2	101.5	99.2	**101.4**	2.2	+
Confidence indicators:							
Total industry [2]	119.8	68.3	103.1	104.0	**105.1**	1.1	+
Manufacturing	119.2	64.8	100.9	94.2	**100.5**	6.3	=
Building and civil engineering	122.7	79.7	105.6	110.3	**102.9**	-7.4	+
Retail Trade	124.7	67.2	107.5	111.6	**110.8**	-0.8	++
Private service sectors [3]	119.1	71.3	101.6	104.0	**103.0**	-1.0	+
Consumer	120.6	47.5	100.4	96.9	**98.8**	1.9	-

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

	Mar-15	Apr-15	May-15	Change
Expected inflation 12 months ahead, mean excluding extreme values[1] (percent)	0.9	1.8	**1.6**	-0.2
Expected inflation 12 months ahead, mean all answers (percent)	1.2	2.0	**1.7**	-0.3
Expected inflation 12 months ahead, median (percent)	0.0	0.0	**1.0**	1.0
Interest rate expectation, mean excluding extreme values[1] (percent):				
1 year ahead	2.27	2.17	**2.13**	-0.04
2 years ahead	2.77	2.71	**2.62**	-0.09
5 years ahead	3.52	3.58	**3.43**	-0.15

[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:

Maria Billstam, Head of Economic Tendency Surveys +46 8 453 59 04
Sarah Hegardt Grant, Head of Communications +46 8 453 59 11, +46 70 267 80 41