



ECONOMIC TENDENCY SURVEY, JUNE 2015:

Firms optimistic but consumers downbeat about the Swedish economy

The Economic Tendency Indicator, which summarises the results of the Consumer Tendency Survey and Business Tendency Survey, fell 0.8 points from 102.1 in May to 101.3 in June but still reveals somewhat stronger sentiment than normal in the Swedish economy. All of the business indicators fell slightly in June but remain above the historical average, pointing to a stronger situation than normal – and a much stronger situation than normal in the case of the retail trade. The consumer indicator fell by just over 1 point and suggests that consumers are somewhat more negative than normal. This pessimism is limited to the Swedish economy as a whole, however, as consumers' view of their personal finances is more optimistic than normal.



SITUATION IN THE BUSINESS SECTOR STRONGER THAN NORMAL

The confidence indicator for the **manufacturing** industry fell from 101.7 in May to 101.3 in June, which is just above the historical average and implies a somewhat stronger situation than normal. The net balances for the questions included in the indicator changed very little from May: the assessment of current order books improved marginally, and production plans were revised up slightly, while the assessment of current stocks of finished goods deteriorated a little.

The confidence indicator for the **building and civil engineering** industry fell from 103.1 in May to 101.9 in June, but is still above the historical average, pointing to a stronger situation than normal. The fall was due to firms' employment plans, which have been revised down somewhat in recent months after being very optimistic since early 2014. The assessment of current order books was largely unchanged and is somewhat stronger than normal.

The confidence indicator for the **retail trade** edged down from 110.8 in May to 110.3 in June but still reflects a much stronger situation than normal. The main reason for the decrease was a slight deterioration in the assessment of stocks of goods, but there are still fewer firms than normal reporting that stocks are too high. The strong sales growth over the past three months reported in May was unchanged in June, and retailers remained optimistic about future sales.

The confidence indicator for the **private service** sector fell 0.8 points to 102.4 in June but remains above the historical average, implying that the situation is still strong. Two of the three questions included in the indicator contributed to the decrease: firms reported that historical demand and their operations improved to a slightly lesser extent than in May, but they were slightly more optimistic about demand growth over the next three months.

STILL PESSIMISTIC ABOUT THE SWEDISH ECONOMY

The **consumer** confidence indicator fell from 99.0 in May to 97.9 in June, which means that consumers are still somewhat more pessimistic than normal. The fall was due to consumers being somewhat less upbeat about their personal finances than in May, although they are still more optimistic about their finances than normal. Consumers remained downbeat about the Swedish economy as a whole, however.

Table: Selected indicators

	Max	Min	Apr-15	May-15	Jun-15	Change	Situation ¹
Economic Tendency Indicator	117.9	68.1	99.1	102.1	101.3	-0.8	+
Confidence indicators:							
Total industry ²	119.7	68.2	104.0	105.3	104.1	-1.2	+
Manufacturing	119.2	64.6	94.2	101.7	101.3	-0.4	+
Building and civil engineering	122.8	79.6	109.8	103.1	101.9	-1.2	+
Retail Trade	124.7	67.1	111.8	110.8	110.3	-0.5	++
Private service sectors ³	119.2	71.3	104.0	103.3	102.5	-0.8	+
Consumer	120.7	47.4	96.9	99.0	97.9	-1.1	-

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

Revised method for calculating consumers' inflation expectations. Read more at www.konj.se

	Apr-15	May-15	Jun-15	Change
Expected inflation 12 months ahead, mean excluding extreme values ¹ (percent)	1.8	1.6	1.6	0.0
Expected inflation 12 months ahead, mean all answers (percent)	2.0	1.7	1.7	0.0
Expected inflation 12 months ahead, median (percent)	0.0	1.0	0.0	-1.0
Interest rate expectation, mean excluding extreme values ¹ (percent):				
1 year ahead	2.17	2.13	2.13	0.00
2 years ahead	2.71	2.62	2.65	0.03
5 years ahead	3.58	3.43	3.50	0.07

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.

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