



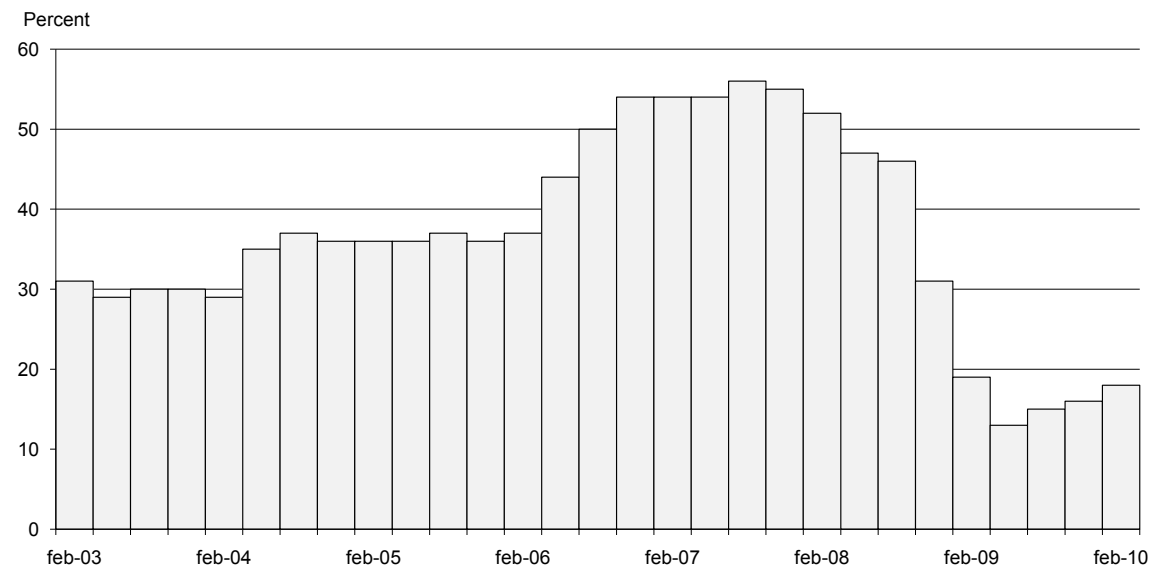
Orders continue to improve, but the industry is still struggling to escape from the recession

The inflow of new export orders in the Swedish engineering industry has improved during the first quarter of 2010. All sectors report an increase in new export orders. The net balance of opinions of total new export orders increased to + 60 from + 36 during the fourth quarter last year.

Demand from the domestic market is also improving, but not as extensively as for exports. One reason is that domestic orders to the industry of machinery and equipment and suppliers to the construction industry decelerate compared to the final quarter last year. The instrument engineering industry also reports limited growth at about the same rate as at the end of last year.

Despite an improvement in new orders for the third quarter running, there is only a minor improvement in the assessment of the size of the order stock. A majority or 53 % of the respondents assess it as below normal, while only 10 % assess it as above normal. Those figures are about the same compared to the previous quarter. It is especially the

SHARE OF RESPONDENTS OPERATING FULL CAPACITY



Share of respondents operating at full capacity. Swedish Engineering Industries. Source: Teknikföretagen

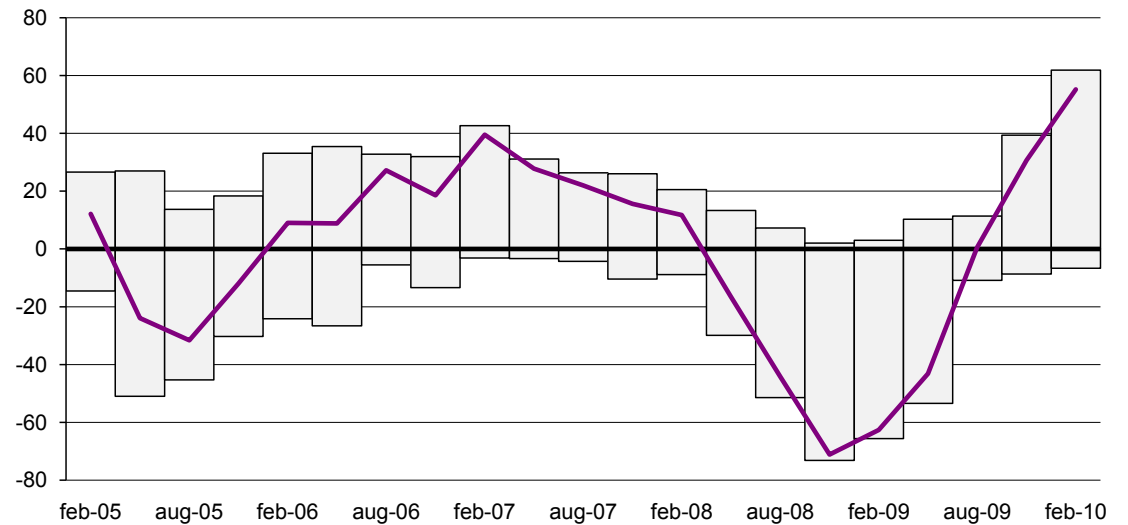
motor car industry that is more dissatisfied with the order stock compared to the fourth quarter. However, other sectors report a slightly more positive assessment of the order stock, even though it is still on a very low level.

Capacity utilisation, that reached a low level with just 16 % of respondents working at full capacity during the previous quarter, increases slightly to 18 %. The modest rise in utilisation is rather uniform and all sectors apart from metal goods industry report higher utilisation.

“ The industry of transport equipment contributes to an overall improved business situation.

The shortage of labour remains low. The shortage of skilled metal workers increases by two percentage points to 6 %. Just one out of ten companies report shortage of engineers, a figure that is slightly up from previous quarter.

Total new orders volume. Swedish engineering industry



Number of companies in the Swedish engineering industry (NACE 25-30) reported that total orders received increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies.
Source: Teknikföretagen

THE SITUATION IN INDUSTRY SECTORS

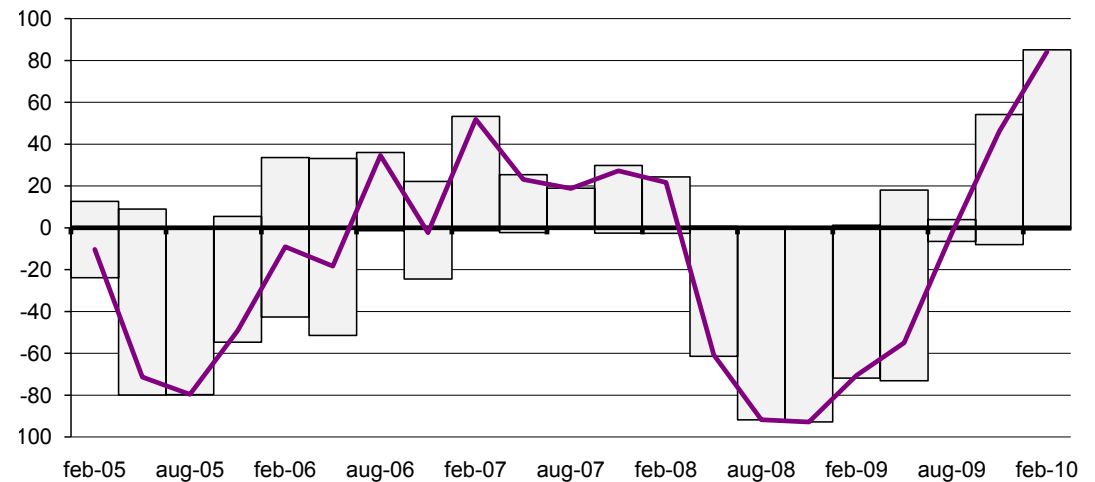
The order situation improves extensively in the **industry of transport equipment**. Export orders increase for the second consecutive quarter. The net balance of responses for export orders is at +88 compared to +56 in the previous quarter. Domestic orders continue to increase for the third straight quarter, and at a considerably higher rate. Larger companies report a stronger improvement than smaller and medium sized companies.

The assessment of the order stock is still gloomy since about 60 % of the companies report that the order stock is below normal. Smaller and medium sized companies report a slight improvement but the order stock is still well below historical average. Inventories of finished products have been slightly reduced.

In line with a pick-up in activity for final producers domestically as well as on export markets, the business situation for **suppliers to the motor car industry** has continued to improve. The net balance of opinions of new export orders increase to +54 from +22 compared to the previous quarter. The improvement is more extensive compared to the previous quarter.

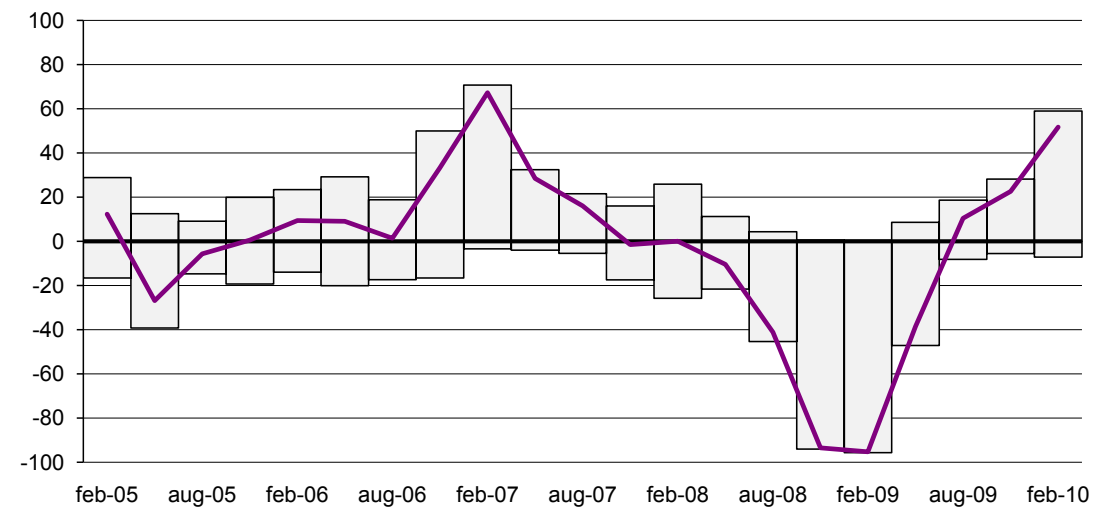
Demand is higher on the domestic market as the growth of orders increase at the fastest rate in over two years. The improvement in business activity for the suppliers comes from a very low level. This is reflected in the assessment of the size of the order stock. A majority or 75 % of respondents assess it as below normal. That figure is just slightly better than previous quarter.

Total new orders volume. Industry of transport equipment.



Number of companies in the Swedish transport equipment industry reported that orders received from the total market increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies. Source: Teknikföretagen.

Total new orders volume. Suppliers to the motor car industry.



Number of companies among suppliers to the motor car industry reported that orders received from the total market increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies. Source: Teknikföretagen.

Manufacturers of **electrical machinery** report an increase in export orders, but at a very limited rate. Domestic orders accelerate after a temporary dip during the final quarter of last year. Half of the respondents report an increase in domestic orders and just 4 % a decrease. The assessment of the order stock also improves slightly as 57 % of respondents assess it as above normal. Only 11 % assess it as below normal which is an improvement compared to previous quarter.

There is a further improvement in the inflow of new orders for **suppliers to the electrical- and telecommunication** industry with 54 % of respondents reporting an increase in domestic orders. The strong improvement in export orders that the

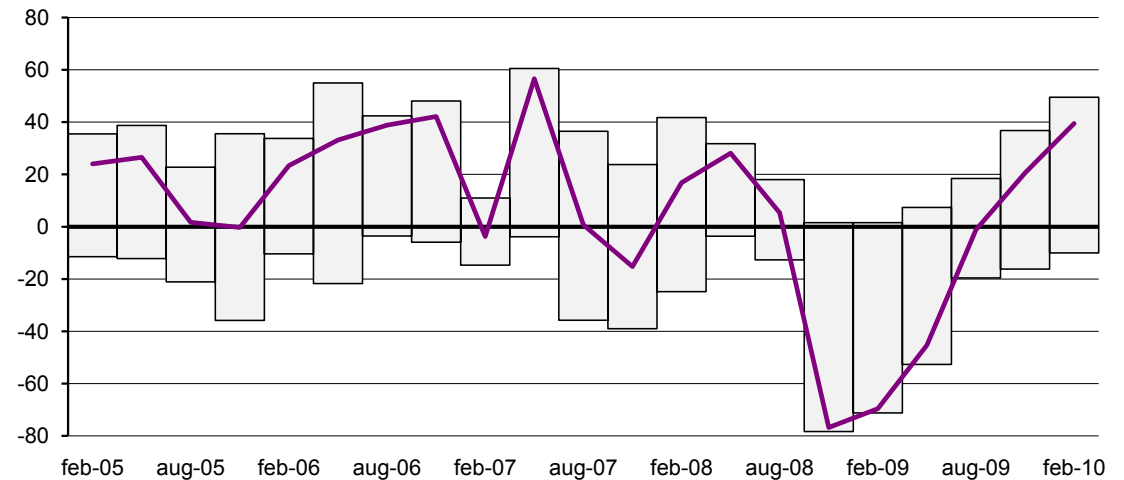
” Some mixed signals in electrical and instrument engineering industry.

suppliers reported last quarter moderates. The overall improvement in orders

has had a positive impact on the assessment of the size of the order stock. It is well below normal, but not as low as earlier.

The business situation for **instrument industry** is rather mixed, as demand from the export market improves considerably where as domestic demand remains on a low level. The overall effect is positive as 90 % of sales are exported.

New orders volume. Suppliers to telecom-and electrical engineering.



Number of companies among suppliers to the telecom and electrical engineering industry reported that orders received from the total market increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies. Source: Teknikföretagen.

New orders from the export market continue to rise for the **industry of machinery and equipment** and at a faster rate compared to the previous quarter. Demand from the domestic market is lower as a higher share of companies report a decrease during the first quarter and the share of respondents with an increase in domestic orders remain more or less unchanged.

Since there is no strong momentum for industry of machinery, the assessment of the order stock is still rather gloomy as 60 % of respondents assess it as below normal. That is just a minor improvement compared to the previous quarter.

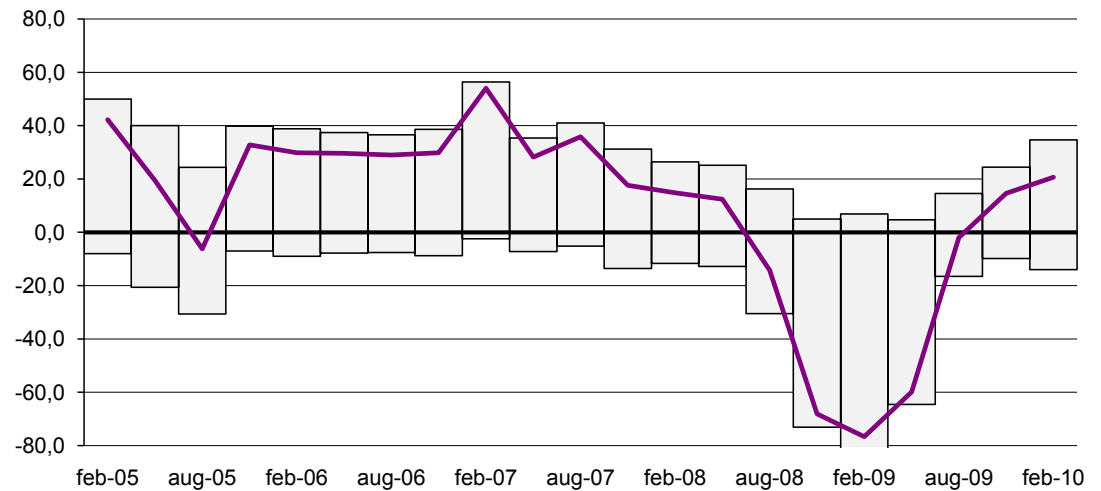
Contrary to final producers of machinery, **suppliers to the industry of machinery and equipment** report an improvement in both export and domestic orders. Half of the respondents re-

“ Still a long way to go before normalization in the industry of machinery and equipment.

port an increase in domestic orders and 45 % an increase in export orders. Those figures

are the highest since the second half of 2007. Despite two consecutive quarters of growth in orders, the order stock is still small and 73 % of respondents assess it as below normal.

Total new orders volume. Industry of machinery and equipment.



Number of companies in the Swedish machinery and equipment industry reported that orders received from total market increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies. NACE 29. Source: Teknikföretagen.

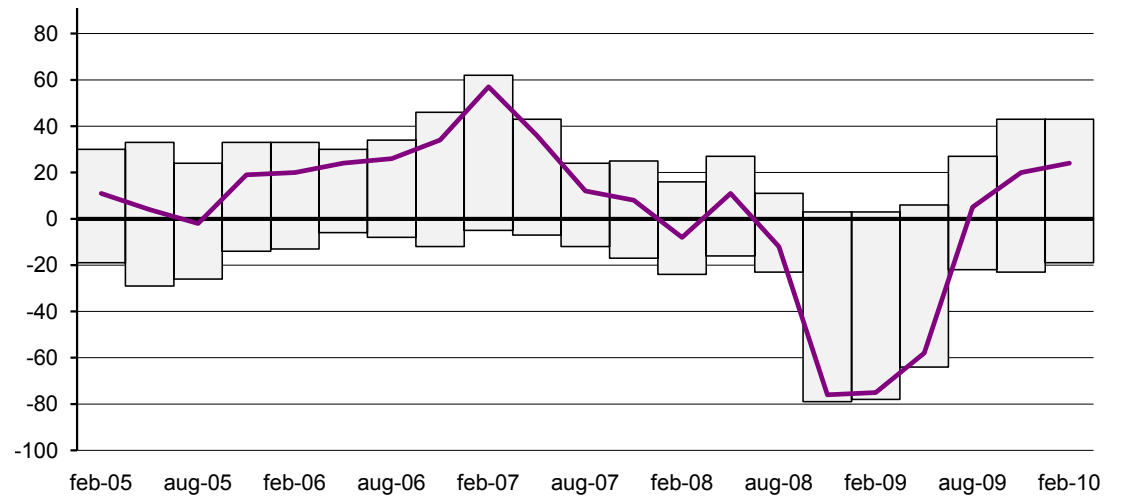
New orders from the domestic market improve for the third straight quarter in the **metal goods industry**. The improvement, however, is rather limited. Net balance of responses for new domestic orders came in at +24 compared to +20 during the fourth quarter last year. Export orders increase at a much higher rate as half of the respondents report an increase. However, smaller and medium sized companies are not as optimistic as the larger companies.

The assessment of the size of the order stock is just marginally more positive, as 53 % of respondents assess them as below normal. That figure is unchanged compared to previous quarter. The number of companies with an order stock above normal increases slightly.

The inflow of new orders improves for **suppliers to the construction industry** during the final quarter. The main contribution is demand from the export market that picks up considerably. Orders from the domestic market that picked up extensively during previous quarter decelerate. The assessment of the size of the order stock improves, but hardly any company assess it as above normal.

” The assessment of the size of the order stock improves, but hardly any company assess it as above normal.

New domestic orders volume. Metal goods industry.



Number of companies in the Swedish metal goods industry reported that orders (volume) received from domestic markets increased(+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies. Source: Teknikföretagen.

CAPACITY UTILISATION

There is a high level of unused capacity despite some improvement in the order situation. Utilisation of capacity for the total engineering industry increases modestly to 18 % of respondents from 16 % during the previous quarter. Utilisation increases in all sub sectors apart from metal goods industry which report unchanged utilisation compared to the final quarter of last year.

LABOUR MARKET

The demand of labour remains low. The shortage of skilled metal workers increases by two percentage points to 6 % of respondents. The shortage of engineers/technicians increases from 7 % to 10 %.

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News from Teknikföretagen

Business activity

Results are presented in March, June, September and December.

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