BUSINESS ACTIVITY

News from Teknikföretagen

Business activity First quarter 2009

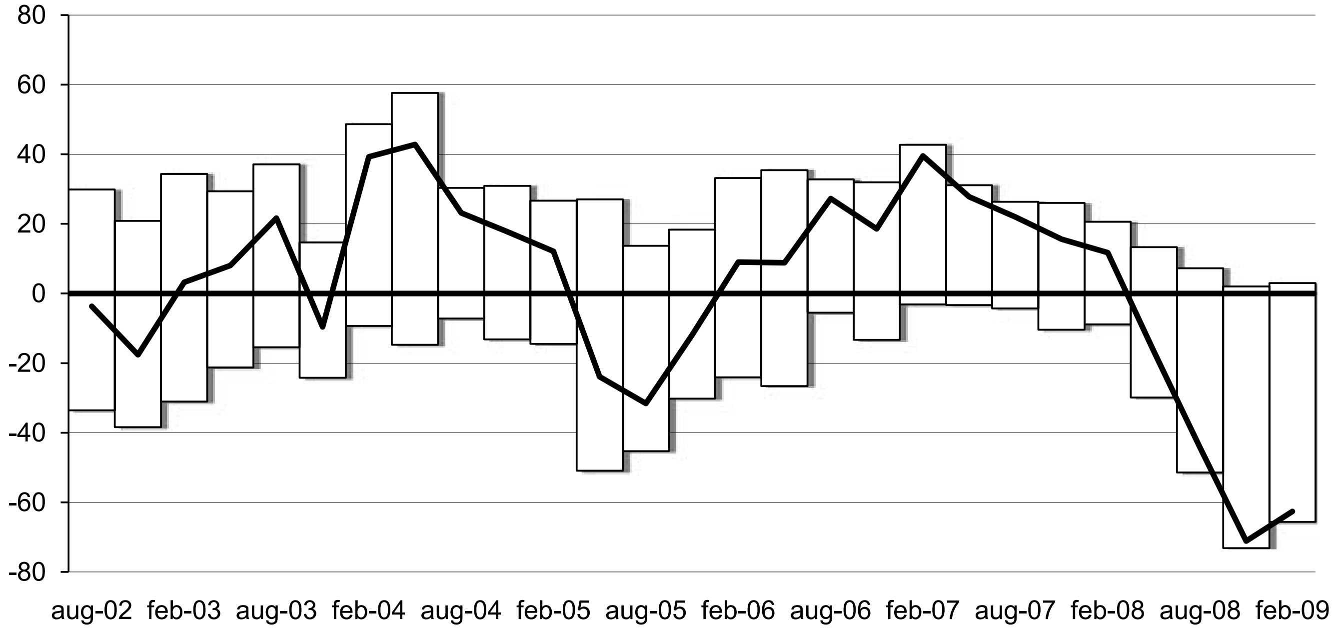
The Business activity survey for the Swedish engineering industry in the first quarter covers 505 member companies with an annual turnover of 722 billion SEK, (63 billion euro) of which 79 % is exported. Data is weighted according to company sales and collected in mid-February 2009.

The business situation continues to deteriorate

The inflow of new orders continues to decline in the Swedish engineering industry during the first quarter of 2009. All industry sectors report a fall in new orders. Suppliers are more negatively affected than other sectors.

Capacity utilisation is at a record low. The shortage of labour has fallen to a very low level. However, not all is bleak – inventories of finished goods have been reduced and the decline in new orders has eased a little.

Total new orders volume. Swedish engineering industry.

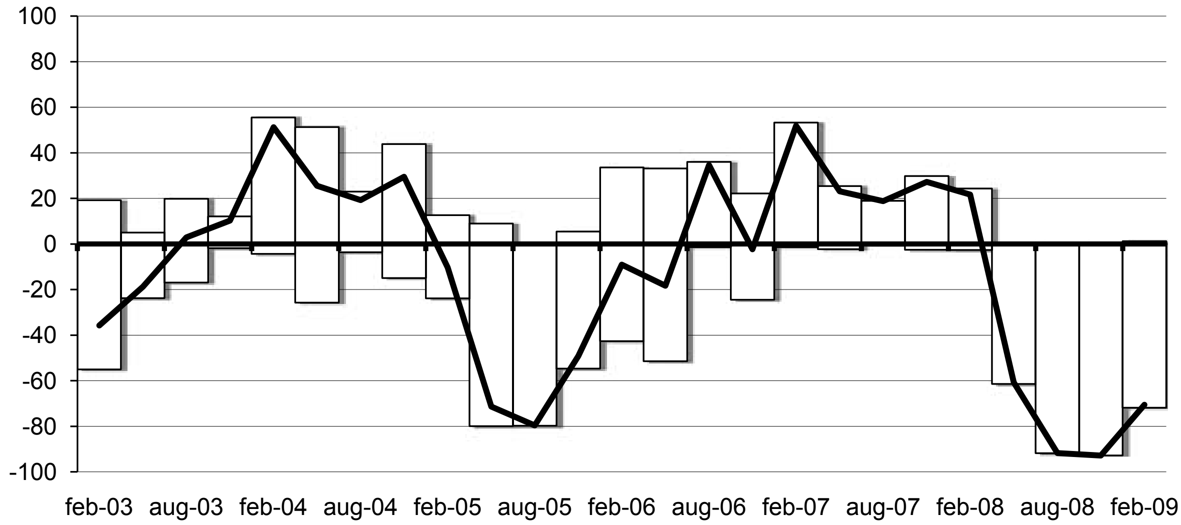


Number of companies in the Swedish engineering industry (NACE 28-35) reported that total orders received increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies.

The situation in industry sectors

New orders from the export market continue to decrease, but at a lower rate, in the **industry of transport equipment**. Balance of responses is at -71 compared to -96 in the previous quarter. As a consequence of low demand on the domestic market especially for motor cars, domestic orders continue to fall for the sixth straight quarter. The order stock is assessed as below normal for 90 % of respondents, a figure that is the same as during the previous quarter. Inventories of finished products that started to increase during the third quarter last year have been reduced.

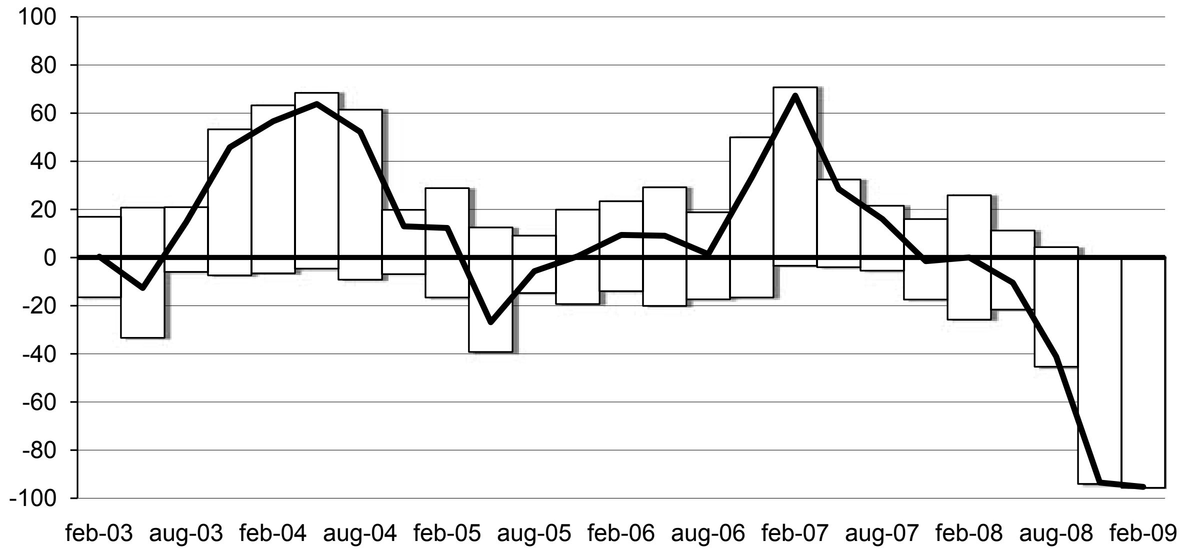
Total new orders volume. Industry of transport equipment



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.

Suppliers to the **motor car industry** are negatively affected by low demand from final manufacturers. New domestic orders continue to worsen as 93 % of respondents report a decrease compared to the previous quarter. This is the worst figure ever recorded since the survey started. Export orders are also falling extensively for the fourth straight quarter and thereby giving a signal of very low international demand. About 85 % of the suppliers assess the order stock as below normal, up from 75 % in the previous quarter. Inventories of finished goods have been reduced.

New export orders. Instrument engineering

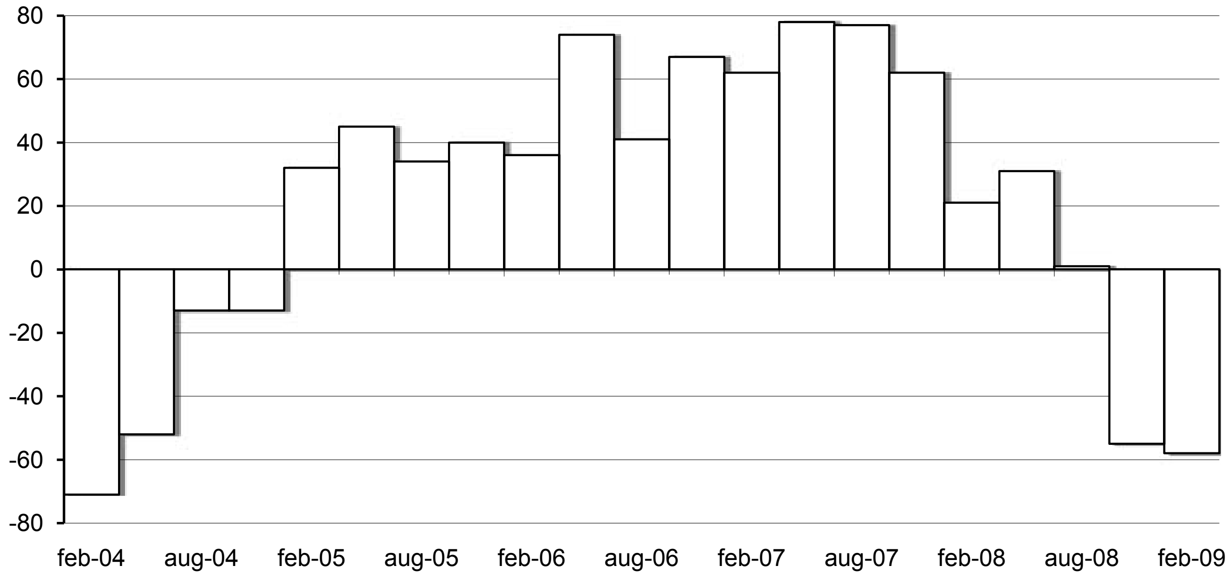


Number of companies among suppliers to the instrument industry reported that orders received increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies.

Suppliers to the **electrical, electronics and telecommunication industry** also report a tough business situation as domestic orders fall for 73 % of the respondents. A positive factor is that the decline in new export orders is not as high as earlier. The order stock is assessed as below normal by 75 % of respondents.

Electrical engineering also reports a considerable drop in the inflow of new orders. Over the past few quarters the size of the order stock has been considerably reduced. There is no improvement in the business situation for instrument engineering as orders decline more extensively than in the last quarter of 2008.

Total new orders volume. Industry of machinery and equipment



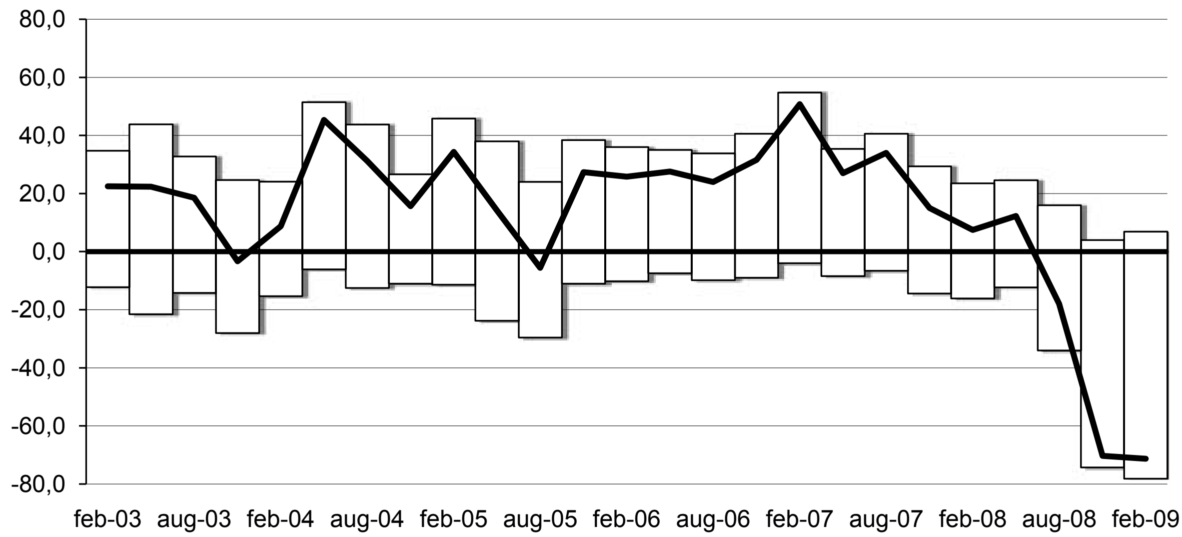
Number of companies in the Swedish machinery and equipment industry reported that orders received from total market increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies. NACE 29.

The demand for investment goods has fallen rapidly. This is reflected in the inflow of **export orders** to the **industry of machinery and equipment** where 83 % of respondents report a decline during the first quarter. A positive factor is that the fall in **domestic orders** for the sector is not as deep as during the last quarter of 2008.

All subsectors in the **machinery industry** report low activity and a decline in new orders. Most negatively affected are producers of machinery for other manufacturing industries.

Suppliers to the **industry of machinery** report the same negative picture for orders or order stock as final producers. Since **export orders** decline for 92 % of the suppliers, we draw the conclusion that final manufacturers globally are also facing a sharp decline in demand for investment goods.

Total new orders volume. Metal products

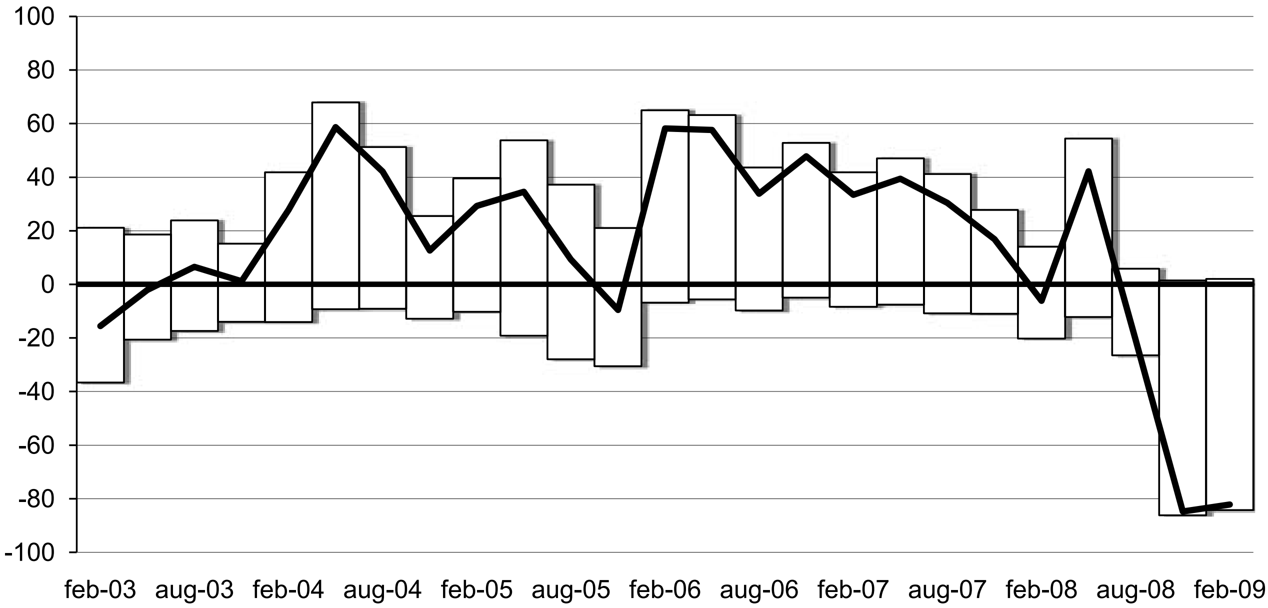


Number of companies in the Swedish metal goods industry reported that orders received from domestic and export markets increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies.

New orders continue to fall extensively in the **metal goods sector** as demand is heavily influenced by the negative development of activity in the **machinery industry** and in the **motor car industry**. The net balance of respondents for export orders came in at -86 during the first quarter. Demand is also low from the domestic market as 79 % of respondents report a decline in new orders. The order stock is shrinking and 79 % of companies assess them as below normal compared to 38 % a quarter ago.

Demand for **suppliers** to the **construction industry** is assessed as considerably lower by the participating firms. Export orders fell for 94 % of respondents. Domestic demand is also lower as orders dropped considerably more than during the fourth quarter.

Total new orders. Metal products.



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

19 % of companies in the Swedish engineering industry operate at full capacity, a figure that is considerably lower than 31 % during the fourth quarter 2008. The figure for utilisation is the lowest ever recorded in the survey. Utilisation has fallen in all sectors and in all groups of suppliers.

Demand for labour is almost non-existent. Only 4 % of companies report a shortage of skilled metal workers and none say they need other categories of workers. The shortage of engineers/technicians falls seven percentage points to 10 %, the lowest such figure in three years.

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

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