



News from Teknikföretagen

Business activity Fourth quarter 2009

The Business activity survey for the Swedish engineering industry was carried out in mid November 2009. 520 companies participated. Their annual value of production amounts to 620 billion SEK, (60 billion Euros), of which 77 % is exported.

Low utilisation and demand of labour – but orders improve

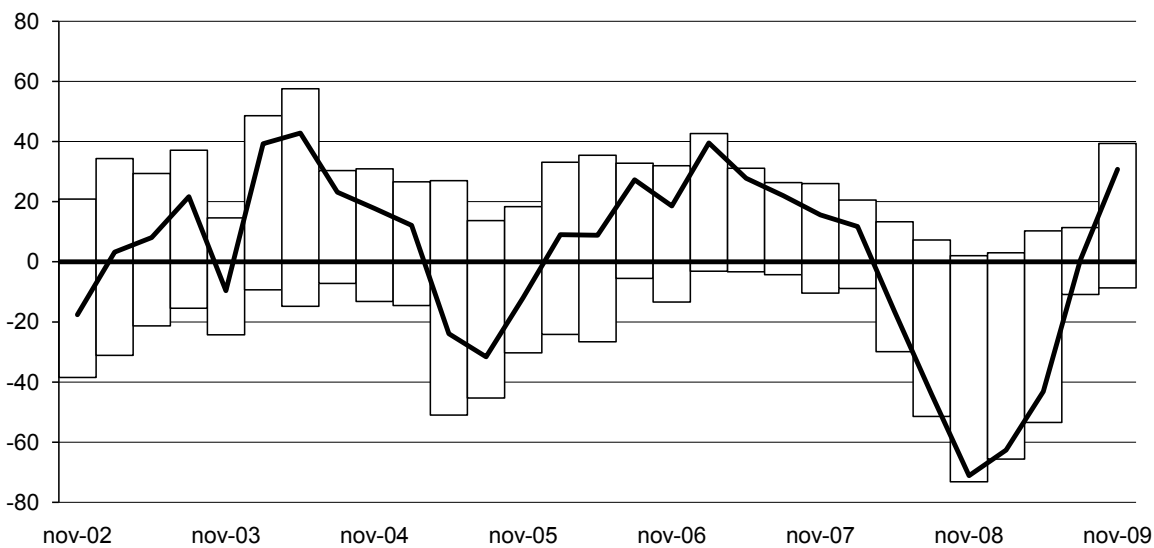
The inflow of new export orders in the Swedish engineering industry improves extensively. All sectors report an increase in new export orders during the final quarter of 2009.

The net balance of opinions of total new export orders increased to + 36 from + 1 during the third quarter. Demand from the domestic market is not considered as strong as the export market. The main reason is that domestic orders to the transport equipment industry and to suppliers to the motor car industry decelerate and that instrument engineering reports no improvement in demand from the domestic market.

There is a slight deterioration in the assessment of the size of the order stock for total engineering industry

compared to the third quarter. It is especially the motor car industry that is more dissatisfied with the order stock compared to the third quarter. However, other sectors report a slightly more positive assessment of the order stock even though it is still generally on a low level. Capacity utilisation, that reached a low level with just 15 % of respondents working at full capacity during the third quarter, increases slightly to 16 %. The picture is not uniform. Utilisation increases in metal goods industry and in instrument engineering but is reduced in industry of machinery and equipment and especially in the transport equipment industry. The shortage of labour remains low. The shortage of skilled metal workers is unchanged at a low level, but increases for engineers.

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.

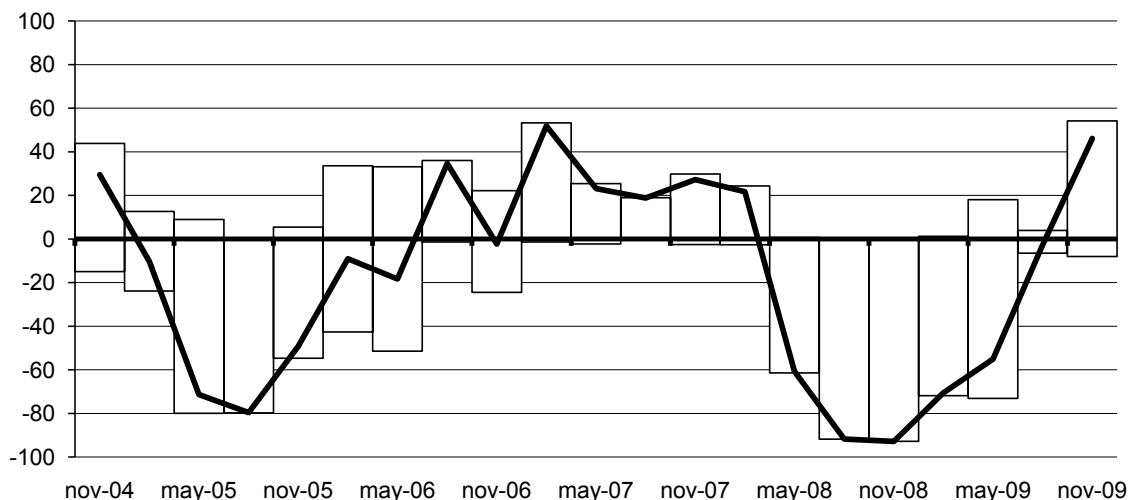
The situation in industry sectors

The order situation improves in the **industry of transport equipment**. Export orders increase for the first time since the first quarter of 2008. The net balance of responses for export orders is at +53 compared to -6 in the previous quarter. Domestic orders continue to increase for the second straight quarter, but at a slightly lower rate. Demand from the domestic market is still rather limited as 60 % of

respondents report unchanged orders.

The assessment of the order stock is still gloomy since about 60 % of the companies report that the order stock is below normal. However, the assessment of the order stock during the final quarter is considerably more positive than during the first half year of 2009. Inventories of finished products have been slightly further reduced.

Total new orders volume. Industry of transport equipment.

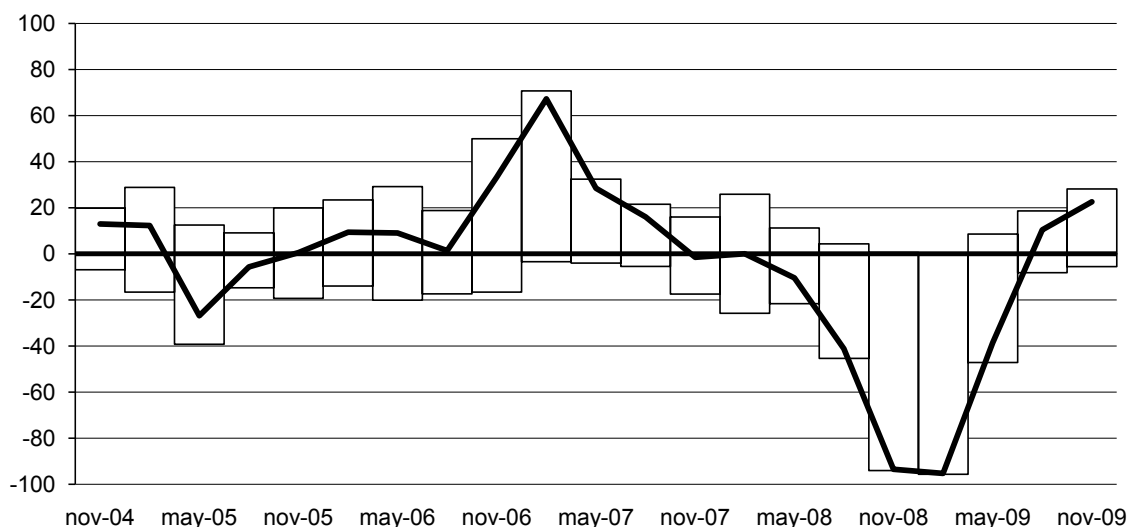


Number of companies in the Swedish transport equipment industry reported that orders received from the total market increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies. Source: Teknikföretagen.

The business situation for **suppliers to the motor car industry** has continued to improve with the net balance of opinions of new export orders increasing to +22 from +17 during the third quarter. The improvement is nevertheless limited as a majority or two thirds of respondents report

unchanged export orders compared to the third quarter. Demand is higher on the domestic market as the growth of orders pick up compared to the third quarter. Despite an improvement in new orders, 88 % assess the order stock as below normal.

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.

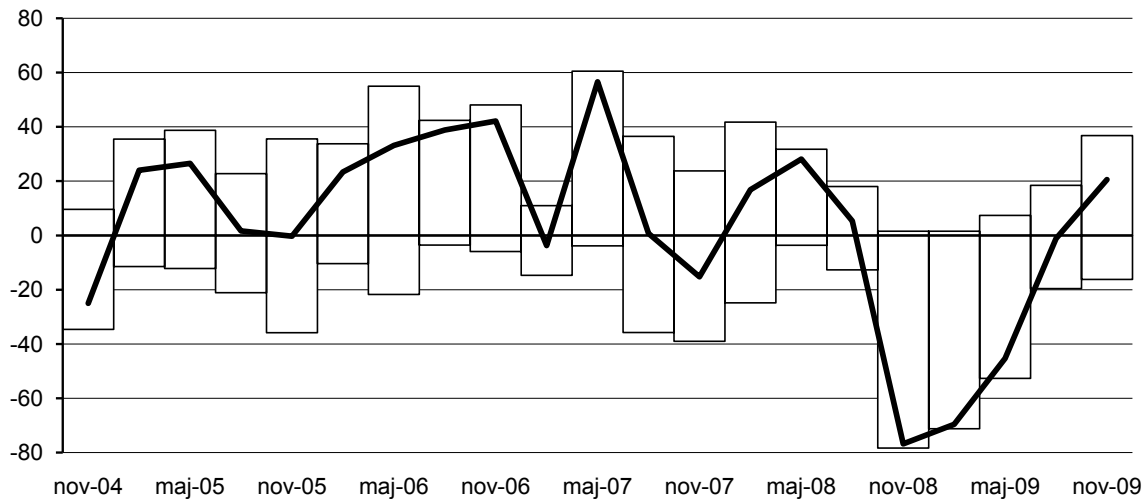
Manufacturers of electrical machinery report an increase in export orders, but with a considerable deceleration compared to the third quarter. Domestic orders decline but there is a moderation in the rate of contraction. The assessment of the order stock also improves slightly and 60 % of respondents assess it as above normal.

There is a further improvement in the inflow of new orders for **suppliers** to the **electrical- and telecommunication industry**. There is a very extensive pick up in activity,

with 50 % of respondents reporting an increase in export orders. Domestic orders decline however, but not as extensively as during the third quarter. As a consequence of a slightly better export market, assessment of the size of the order stock is not as negative as earlier.

There is also an improvement in the business situation for instrument engineering as the export orders increase for the second quarter in a row.

New orders volume. Suppliers to telecom-and electrical engineering



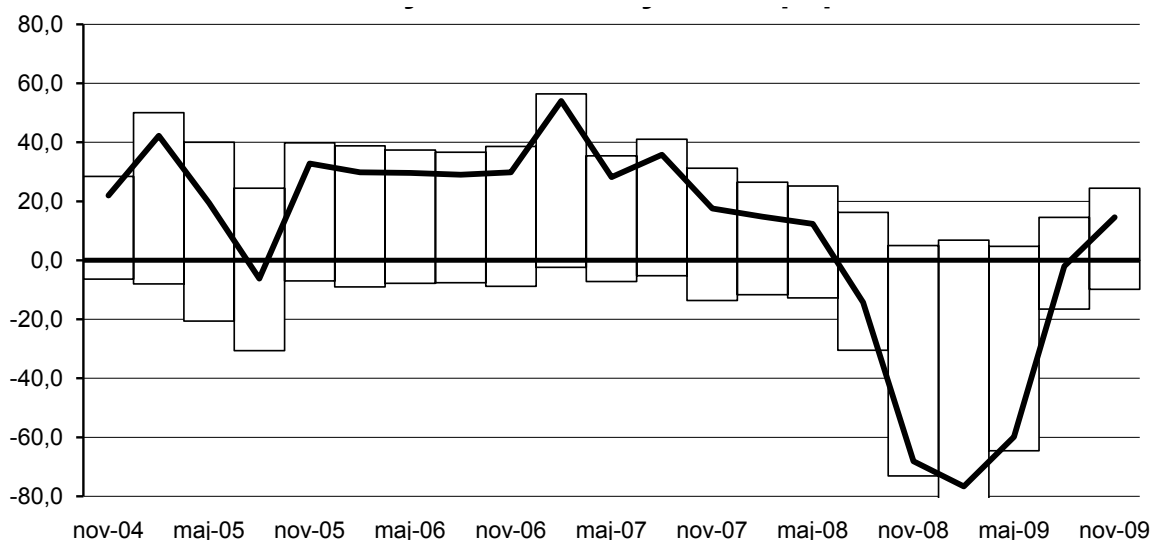
Number of companies among suppliers to the telecom and electrical engineering industry reported that orders received from the total market increased (+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies.

The order situation for the **industry of machinery and equipment** has improved. New orders from the export market as well as the domestic market increase for the first time since the second quarter of 2008. Demand is still considered as low since two thirds of respondents report unchanged orders compared to the third quarter. Low demand is also reflected in the assessment of the size of the order stock since 70 % assess it as below normal. A positive factor for industry of machinery and equipment

is that inventories of finished goods have been reduced.

Suppliers to the industry of machinery and equipment also report an improvement in new orders. One third of the respondents report an increase in export orders and only four percent a decline. Conditions on the domestic market have changed from being rather gloomy to become more positive. Domestic orders increase for the first time in more than a year. The order stock is still small and 77 % of respondents assess it as below normal.

Total new orders volume. Industry of machinery and equipment.



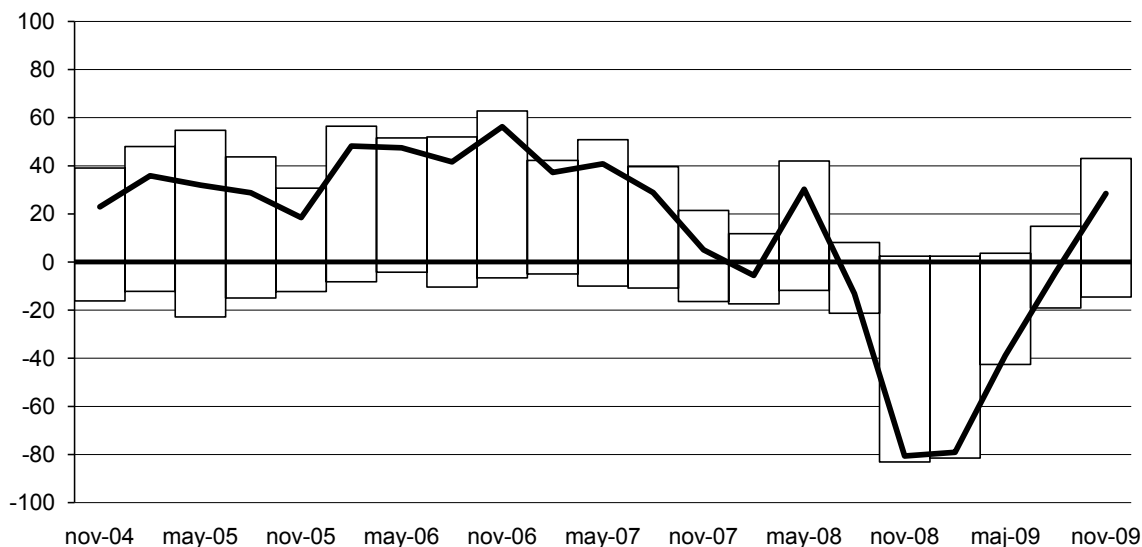
Number of companies in the Swedish machinery and equipment industry reported that orders received from total market increased(+) or decreased (-) during the latest quarter. The solid line is the algebraic difference between positive and negative replies.

New orders from the domestic market improve for the second straight quarter in the **metal goods industry**. Net balance of responses for new domestic orders came in at +20 compared to +5 during the third quarter. There is also a turnaround in export demand as orders increase

for the first time since the second quarter of 2008.

The assessment of the size of the order stock is slightly more positive, but 50 % of respondents assess them as below normal. Inventories of finished goods have been reduced further.

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.

The inflow of new orders improves for **suppliers** to the **construction industry** during the final quarter. Demand is still low from the export market as the net balance of opinions only reaches +1. Orders from the domestic

market pick up more extensively and about one third of respondents report an increase in domestic orders. Inventories of finished goods have been reduced strongly since the third quarter.

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 from 15 % of respondents to 16 %. Utilisation increases in metal goods industry and in instrument engineering but is reduced in industry of machinery and equipment and especially in the transport equipment industry.

Labour market

Demand for labour is still very low. Just 4 % of the companies report a shortage of skilled metal workers, a figure that is unchanged compared to the third quarter. The shortage of engineers/technicians increases from 3 % to 7 %, but the increase is limited to just a few groups of suppliers. There is no shortage whatsoever in transport equipment industry and in electrical engineering.

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Business activity

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

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