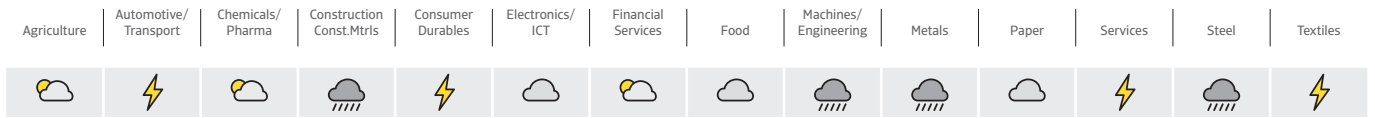




Sweden

September 2020



Source: Atradius

Industry performance

Changes since June 2020 · Sources: Atradius, Oxford Economics

Agriculture



Remains Good

The sector performed well in 2019, and the impact of the coronavirus pandemic on the industry has been limited so far. While agriculture value added is forecast to contract about 2% in 2020 after robust 8.4% growth in 2019, the prospects for a fast rebound are good.

Automotive/Transport



Remains Bleak

Automotive producers and suppliers suffer from deteriorated demand and supply chain disruptions, which has led to severe liquidity strains and cash shortfalls. Margins were already under pressure before the coronavirus outbreak, and automotive value added is expected to contract a staggering 23% in 2020. Payment delays and insolvencies are expected to increase in the coming months.

Chemicals/Pharmaceuticals



Remains Good

Some chemical businesses are suffering from a drop in demand linked to disruptions in their downstream chain and lower demand from key buyer industries. After solid growth in 2019, chemicals sector value added is expected to decrease about 1%. Pharmaceutical businesses will benefit from increasing health expenses, with value added forecast to increase by more than 11%. Chemicals and pharmaceuticals businesses generally show robust business financials, good payment records and low insolvency rates compared to other industries.

Construction/ Construction Materials



Remains Poor

Total domestic construction investment decreased 4% in 2019, with investment in new residential buildings contracting 14%, as restrictions for consumer credits imposed by the state on banks have curbed loans to households for house purchases. Construction businesses are often highly indebted, especially those active in the real estate and housing construction segment. Banks are reluctant to lend to this subsector. In 2019 the level of protracted payments and the number of insolvencies was high compared to other industries. Value added is forecast to decline by 3.5% in 2020, and both payment delays and insolvencies are expected to increase further.

Consumer Durables



Remains Bleak

Despite the lack of comprehensive lockdown measures, private consumption of non-food consumer goods has deteriorated. Subdued consumer sentiment and rising unemployment could hamper a rebound in the short-term. Retail value added is expected to contract by 6% in 2020, and insolvencies of non-food retailers are expected to increase in the coming months.

Electronics/ICT



Remains Fair

Despite the lack of comprehensive lockdown measures, sales have decreased. Subdued consumer sentiment and rising unemployment could hamper a strong rebound in the short-term. ICT value added is expected to decrease by 1.5% in 2020, followed by a 4% rebound in 2021.

Financial Services



Remains Good

The sector remains resilient for the time being. However, increased financial troubles for businesses and consumers alike due to the economic downturn could lead to more loan defaults for banks and tighter lending conditions. Finance value added is expected to decrease 4% in 2020.

Industry performance

Changes since June 2020 · Sources: Atradius, Oxford Economics

Food



Remains Fair

In 2019 and in early 2020, many food importers struggled with decreasing margins due to the weaker Swedish krona exchange rate. Food value added is expected to contract by about 1.5% in 2020.

Machines/Engineering



Remains Poor

The business outlook has deteriorated, as orders on hand and production have sharply decreased. Demand from automotive as the key buyer industry has especially sharply decreased. Engineering value added is expected to contract by 6.5% in 2020.

Metals



Remains Poor

Metal producers and traders suffer due to deteriorated demand from key buyer sectors like automotive and construction. After a 5.5% contraction in 2019, value added is expected to shrink again, by more than 11%. Businesses' financials were already strained in 2019 and early 2020, and insolvencies are expected to increase in the coming months.

Paper



Remains Fair

The sector remains impacted by the ongoing digitalization, which has led to decreasing demand over the past couple of years. Value added of the industry is expected to contract by 0.5% in 2020 after a 3.2% decline in 2019.

Services



Remains Bleak

Despite the lack of comprehensive lockdown measures in Sweden, the service sector feels the impact of the coronavirus pandemic, with hotels and catering, restaurants, bars, entertainment and cultural events, travel agencies and tour operators facing severe difficulties. Hotel and catering value added is expected to contract by about 12% in 2020, and insolvencies in the affected service segments are forecast to increase in the coming months.

Steel



Remains Poor

Steel producers and traders have suffered due to deteriorating demand from key buyer sectors like automotive and construction. After a 6% contraction in 2019, value added is expected to shrink again, by 9%. Businesses' financials were already strained in 2019 and early 2020, and insolvencies are expected to increase in the coming months.

Textiles



Remains Bleak

While producers, wholesalers and retailers already suffered before the coronavirus outbreak from fierce competition and thin margins, deteriorating sales due to the lockdowns across Europe added to the woes in sector performance. Textile value added is forecast to decrease 7.5% in 2020.