

Sweden – Press review August 2017

Rise in granted planning permission

Planning permission for new developments has risen between five and 20 per cent over the past year, depending on the type of property according to analysis company Industrifakta. During the first four months of the year, planning permission for apartment blocks rose by 16 per cent. (DI: 4)

Consumer lending growth

Swedish mortgage lending growth has stabilised at around 7-8 per cent, while consumer lending growth has risen considerably in recent months. In June consumer lending rose to 9.4 per cent at an annual rate, the highest figure recorded since 2008. Economists are concerned by the trend, warning that unsecured loans could lie behind the growth. (DI: 8)

Minus for state in July

The state lost more than expected in July. The deficit in the state's payments was 10.1 billion kronor, according to the Swedish National Debt Office (Riksgälden). The forecast was two billion. However for the twelve-month period up to and including July, there was a surplus of 40 billion kronor. (DN I: 15)

Plans to scrap tax on advertising

On 1 January 2017 the government cut the tax on advertising in periodicals from 3 to 2.5%, costing the Treasury some SEK 20 million annually. It now plans to scrap the tax entirely as of 1 January 2018. The cut will apply to daily newspapers and other publications that are issued at least four times a year. The move is expected to cost the Treasury a further SEK 15 billion. Finance Minister Magdalena Andersson motivates the abolishment of the tax, saying a free and independent press is a vital component in a healthy, democratic society and stresses the importance of an independent press in this age of fake news. (SvD bus: 11)

Continued interest in corporate bonds

Swedish corporate bond issuance in the first half of 2017 totalled SEK 100 billion, which is a two-fold increase on the corresponding period last year. 2017 looks set to be a record year, according to Louis Landeman, head of credit analysis at Danske Bank. (DI: 8)

Sweden's heavyweights

There are now 14 tech companies in Sweden valued at over a billion kronor and which have been started by Swedes but have not yet been sold or listed on the stock market, reports Dagens Industri. Around a quarter of those reviewed work with e-commerce. "It is logical that it is e-commerce that dominates in Sweden," says Björn Bergström from venture capital firm Industrifonden. "We were early with e-commerce. During the IT bubble the first companies came. There was no success then but it meant that we could get started quickly when the internet actually got going." The Swedish e-commerce sector has a good competitive advantage towards other European countries. Amazon has not yet come here, despite rumours it is on its way. So far Sweden also has two billion kronor companies within FinTech: Klarna and iZettle. (5/8 DI: 4-5)

Challenging Elon Musk

Christina Lampe-Önnerud is about to launch a new kind of battery, which she believes could overtake Elon Musk's Tesla and which will soon be displayed in Detroit by Fiat Chrysler. A graphite find in

Mozambique has given a boost to the entrepreneur from Ludvika. Christina Lampe-Önnerud has long been in the industry. She established a battery company in 2005, Boston-Power, in which the Wallenberg Foundations invested. Since leaving in 2012 she has been trying to address the problem of batteries that are high in price and come with a fire risk. (5/8 DI: 10)

“Gigantic market”

Swedish Alzecure, which develops new treatments for Alzheimer’s, is aiming for an IPO. Astra Zeneca’s decision to close its research unit in Södertälje in 2012 was the starting point for the Alzecure foundation, which works as an incubator for Alzheimer’s research. “Currently there are no good medicines for Alzheimer’s... There is an enormous market if you succeed in this area,” says CEO Johan Sandin. (DI: 9)

Google invests in Swedish Glo

Google is investing the equivalent of SEK 120 million in the Swedish nanotechnology company Glo, which originated at Lund University. Glo has developed a method of manufacturing light-emitting diodes from nano-wires. (DI: 6)

Telia hikes landline prices

The operator Telia has announced that it will increase landline rental charges for households by 24% per month, starting 19 September. Its basic landline package will be increased from SEK 165 to SEK 205 a month. The hike is said to be due to falling demand for copper landlines as consumers switch to mobile or fibre-optic solutions. (12/8 DI: 8, DN I: 25)

Swedish clothing sales down

Compared to the same month last year, high street fashion retailers saw clothing sales decline by 1.7% in July. For shoes, sales were down by 1.9%, the Swedish Trade Federation’s Stil index has shown. Despite the booming economy, high street clothing sales have fallen by 2% and shoe sales by 2.7% from January to July. Online fashion sales increased by 16%, while the Stil index grew by just 0.4% in 2016; a trend reflected in share prices. Fashion retailer Kapp-Ahl has slumped 12.3%, MQ 10.5% and H&M 14% since the beginning of the year. (12/8 DI: 8)

Landlords feel squeeze as shops bleed money

Michael Sandström, chair of the Swedish Trade Federation’s Stil division, believes landlords must cut rents, if high street clothes shops are to survive. “I believe it will be hard for property owners to negotiate higher rents in the future. Shops are already under pressure and there are many vacancies,” he says. (12/8 DI: 8)

Police raided Nordea’s Danish office

On the order of the public prosecutor, police last week raided the offices of Nordea in Denmark as part of an investigation into possible breaches of money laundering rules. The case dates back to June 2015, at which time an investigation was launched. In 2016 the Danish financial watchdog criticised the bank over its routines. (DI: 4, SvD bus: 6)

MTR eyes growth in Sweden

Backed by the Hong Kong government, rail operator MTR has plans to expand in Sweden, building new underground stations, homes and shopping centres. “We intend to take every opportunity to grow in Sweden,” says MTR chairman Frederick Ma. (SvD bus: 6)

UN commission role for Löfven

Prime Minister Stefan Löfven has been appointed to lead a UN commission on future jobs, which is to result in recommendations for better functioning labour markets. The commission is to analyse the effects of changes such as digitalisation, climate change and demographic challenges. Löfven will lead the commission together with Mauritius’ President Ameenah Gurib-Fakim. (SvD bus: 8)

Gothenburg losing out

Container volumes at the Port of Gothenburg collapsed by 22% during the first half of the year and in June fell by 60%. The catastrophic figures are due to the conflict between the union and APM Terminals. Magnus Kårestedt, the CEO of the Port of Gothenburg, is warning that the conflict will affect Swedish business and jobs. “This is a tragedy. Volumes which gradually and arduously have been built up over more than a decade and a half have disappeared in a very short space of time,” says Kårestedt. He adds that the conflict is affecting business throughout Sweden since the Port of Gothenburg is Sweden’s largest port and is linked to vital markets. The Port of Gothenburg considers the Swedish Dockworkers’ Union to bear the brunt of the blame for the damaging conflict, as the union will not accept members’ proposals for a solution. (DI: 6)

State building for students

Akademiska Hus, a state-owned property company, is planning to build 21,000 new student accommodation places across the country by 2026. (DI: 6)

Job data in July was a shock

Unemployment rose significantly during July. Adjusted for seasonal effects, it rose to just over 7% in July, from 6.4% in June, according to Statistics Sweden. The level cancels out almost the entire drop in unemployment over the past year and was worse than analysts expected. A closer look at the figures shows that new job growth accelerated and the figures rose because of a surprising influx of jobseekers. Employment shot up and there were 105,000 more in work in July than a year ago. Swedbank’s analysts believe that unemployment has therefore risen for the “right reasons”. “The strength in the labour market is intact,” writes the bank. (DI: 14, DN I: 21)

New owner invests a billion in Nevs

Investment company Beijing Zhigan Shenghuo Technology is investing 720 million yuan, almost SEK 900 million, and is becoming part owner of the Chinese risk company that Nevs runs together with the city of Tianjin. “An extremely valuable contract for us as it gives us an injection of capital,” says Stefan Tilk, President and acting CEO of Nevs, after Mattias Bergman left the post of CEO for health reasons. However the plan to merge it with the large Chinese mobile player Didi Chuzing has not yet been completed. The management believe a contract could be in place later this autumn. (DI: 13, SvD bus: 10)

New investment in shipping

Swedish shipping lines are investing SEK 25 billion in new ships, an increase of more than 10% at an annual rate, according to the latest figures from the Swedish Shipowners’ Association (Svensk Sjöfart). Around 50 ships have been ordered for delivery in the next few years, according to Pia Berglund, the deputy MD of the association. (DI: 4-5)

Govt poised to sell pharmacies

State-owned Apoteksgruppen, which should not be confused with state-owned Apoteket AB, is a chain of pharmacies run by 182 business owners under a common trademark. The chain has a market share of 9.3%. The government is now seeking an investment bank to lead the sale of the chain, preferably by the end of the year. (DI: 6-7)