

Sweden – Press review June 2016

Match for London

The government wants to utilize the British EU exit to attract companies to Sweden. Finance Minister Magdalena Andersson says, “This will be negative for economies in Europe and for Sweden. However, there could be potential for a number of companies that otherwise would have made investments or have their head offices in the UK which now choose to move to Stockholm.” Magdalena Andersson and Enterprise Minister Mikael Damberg met to discuss how Sweden could attract companies from London. Mikael Damberg has already been in touch with a number of Swedish companies and the government is considering increasing their presence in London to attract foreign investors to Sweden. After meeting with around 50 representatives of Swedish enterprises, Magdalena Andersson said, “It has been important for us to listen to business about what they want to contribute to this process”. (DI: 17, SvD bus: 6-7)

Krona lashed by uncertainty

The pound has so far suffered the most after the Brexit vote. However, the krona also weakened to 8.5 against the dollar and to 9.4 against the euro, falling 4% respective 1% compared to the day before the vote. Nevertheless, DI reports looking ahead that it is hard to see that the krona would be worse affected than any other currency as the central banks are likely to try and calm the waves with support and the euro will become less attractive as the Brits reject the EU, which in the long-term could strengthen the Swedish and Danish kronor. Furthermore, the krona is still stronger than it was only a year ago. (DI: 9)

Weak pound, yes please

A weaker pound could bring positive short-term effects for Swedish companies manufacturing in the UK, according to several companies DI has spoken to. Johan Hjertonsson, CEO of Fagerhults, a lighting company with a fifth of its turnover in the UK, says, “We have a great deal of production in the country and are not concerned about duties or other obstacles to trade. And a weaker pound brings good export potential from the UK.” (DI: 14)

FSA warns of turbulence

The Swedish Financial Supervisory Authority, FSA, has warned that financial markets will be turbulent in the event of Brexit, and that market disruption could hit Sweden. Sweden’s Riksbank is in close contact with the Swedish banks and authorities and with other central banks, saying it will take measures if so needed. (SvD bus: 8)

Good news for Riksbank

A TNS/Prospera survey published showed that inflation expectations five years ahead have risen from 1.8 to 1.9%, the highest level since the third quarter of 2013. Employer expectations rose from 1.9 to 2.0% while money market expectations remained unchanged at 2.0%. Salary increase expectations rose 0.1 points to 2.3% over one year, to 2.4% over two years and 2.3% over 5 years. Nordea has commented that this is good news for the Riksbank (DI: 22)

Sweden unique with cashless trend

Sweden is fast abandoning cash in society. In May six billion kronor were taken out of circulation, according to fresh figures from the Riksbank, and soon an additional two billion kronor could disappear overnight when millions of banknotes are no longer legal tender. "Sweden is unique in the world. While the demand for cash is increasing in virtually every other country, it is declining in Sweden. It's possible that you can see a similar tendency in Norway," says Björn Segendorf, advisor to the Riksbank. He believes it will take around 15 years before cash makes up just a mere percent of purchases, at which point Sweden in effect will be a cashless society. (24/8 DN I: 10)

Companies

Botswana interested in buying Gripen

Botswana is in talks with Sweden on the possibility of buying between eight and twelve Gripen fighter jets, in a deal estimated to be worth some SKr 14 billion, according to the Defense News website. Initial reports out of Botswana say the country's air force is interested in one and two-seater fighter jets of the Gripen C/D type. This is the version used by the South African air force. Botswana has looked at the US F-16, the Russian MiG and some Chinese jets to replace its fleet of F-5 fighter jets, but is said to prefer the Gripen, which has the lowest maintenance costs. (SvD: bus: 11)

Volvo to start new shift

As a result of growing demand in Europe AB Volvo is to start a new shift at its Tuve plant in Gothenburg and increase production, from 60 to 75 trucks a day, and later to 105 a day. The unions expect that some 300-500 new jobs will be created in the autumn. In its latest interim report, AB Volvo upwardly revised its forecast of the 2016 European truck market, from 280,000 to 290,000 units. (DN I: 22)

"Europe remains strong"

Scania expects the strong demand on the European market to continue, and CEO Henrik Henriksson believes it will exceed AB Volvo's forecast of 290,000 units. "We believe in a figure of between 285,000-300,000 units," he says. Scania's European order intake in the first quarter was the highest it has been since 2007, and the truck maker sees no sign of a slowdown. (DI: 18)