
Volvo's result benefits from a record-strong USD

A record strong USD combined with a weak performance for Swedish industrial stocks makes the export-oriented Volvo an interesting case.

The dams have burst on the US dollar, soaring above its previous levels. A rising USD is a signal of extreme risk aversion in the market.

The OMX30, with a performance of minus 25% so far this year, includes many cyclical industrial companies that often benefit from a weak SEK and a strong USD/SEK and USD/EUR. The Volvo Group is one of the largest net exporting companies with significant devaluation gains from a weak SEK. We estimate that Volvo's earnings will increase by 6 to 7 per cent compared to Volvo's earnings last 12 months due to a weaker SEK and primarily the USD having increased by some 25% in value so far this year.

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