

October 2020: October 14, 2020

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Press Release

Questions regarding the survey will be answered by Karl Pettersson, +46 (0)70 461 14 94.

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Kantar Sifo Prospera has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys, twelve times a year, aiming at mapping money market players' expectations of inflation, GDP and future repo rates in Sweden as well as expectations of the Swedish 5 year government bond rate, EUR and USD rates.

The latest survey in the series, October 2020, has now been completed. The previous survey, September 2020, was published September 9, 2020.

A comparison of the results of the two surveys covering money market players can be summarised as follows (rounded off figures):

Money Market Players' Expectations of

	Year 1		Year 2		Year 5	
	Oct 20	Sep 20	Oct 20	Sep 20	Oct 20	Sep 20
Annual						
Inflation CPI, %	1,1	1,1	1,4	1,4	1,8	1,7
Inflation CPIF, %	1,0	1,0	1,4	1,4	1,7	1,7
GDP, %	1,4	0,3	2,5	2,7	2,1	2,1

	3 months		12 months		24 months		60 months	
	Oct 20	Sep 20	Oct 20	Sep 20	Oct 20	Sep 20	Oct 20	Sep 20
Repo rate, %	0,0	0,0	0,0	0,0	0,0	0,1	0,6	0,6
5 year gvt bond rate, %	-0,3	-0,2	-0,1	0,0	0,1	0,2	0,7	0,8
EUR	10,45	10,26	10,18	10,07	9,99	9,92	-	-
USD	8,91	8,64	8,60	8,48	8,39	8,33	-	-

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Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out September 30 - October 12, 2020 (previous survey August 24 - September 08, 2020).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on September 30, 2020 (previous survey on August 26, 2020).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 5,5 years.

About the Interviewees & Response Rate

In all 44 (44) organisations were approached for interview. 13 (11) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 70 % (75 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 66 % for the one year and two year assessments. For the five year assessment as well as the question regarding repo rates, 5 year government bond rates, EUR and USD rates the response rate is generally lower. (Tables 1-6)

The money market category includes 42 Swedish and 2 international players active in the Swedish fixed income market.

Definitions

Inflation, the percentage increase in Consumer Price Index (CPI) and Consumer Price Index with a fixed interest rate (CPIF)

GDP, Gross Domestic Product, the value of all goods and services produced (by Swedish agents) in one year.

Repo rate, the Riksbank's borrowing/lending rate from/to banks for seven days' money.

Previous Kantar Sifo Prospera Inflation Expectations Surveys

Kantar Sifo Prospera inflation reports and tables, from 2000 and onwards, can be downloaded from <http://www.prospera.se/reports/inflation-expectations>



TABLE 1 - Inflation Expectations

Expected annual increase in CPI the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
Year 1	1,070	0,980	0,400	2,300	0,500	0,090	31	13	70%
Year 2	1,424	1,400	1,000	2,500	0,368	0,066	31	13	70%
Year 5	1,782	1,775	1,000	2,700	0,354	0,065	30	14	68%

Expected annual increase in CPIF the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
Year 1	0,989	0,900	0,400	2,000	0,421	0,078	29	15	66%
Year 2	1,354	1,300	0,900	2,500	0,335	0,062	29	15	66%
Year 5	1,733	1,700	1,000	2,500	0,370	0,069	29	15	66%

TABLE 2 - Inflation Expectations - 75% probability forecast uncertainty intervals

Expected annual increase intervals in CPIF the coming 1, 2 and 5 years with a 75 % probability

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
Year 1									
Lower bound	0,439	0,450	-1,000	1,000	0,445	0,095	22	22	50%
Upper bound	1,411	1,275	0,400	3,000	0,635	0,135	22	22	50%
Year 2									
Lower bound	0,651	0,850	-1,000	1,300	0,540	0,115	22	22	50%
Upper bound	1,950	1,850	1,000	4,000	0,710	0,151	22	22	50%
Year 5									
Lower bound	0,925	1,000	0,000	2,000	0,505	0,108	22	22	50%
Upper bound	2,691	2,250	1,400	8,000	1,416	0,302	22	22	50%

TABLE 3 - GDP Increase Expectations

Expected annual increase in GDP the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
Year 1	1,432	3,300	-5,700	5,900	3,370	0,605	31	13	70%
Year 2	2,519	2,500	0,400	4,400	0,902	0,162	31	13	70%
Year 5	2,087	2,000	1,000	3,000	0,429	0,078	30	14	68%



TABLE 4 - Repo Rate Expectations

Expected repo rate the coming 3-60 months

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
3 months	0,000	0,000	0,000	0,000	0,000	0,000	24	20	55%
12 months	0,000	0,000	0,000	0,000	0,000	0,000	24	20	55%
24 months	0,042	0,000	0,000	0,500	0,120	0,025	24	20	55%
60 months	0,573	0,500	0,000	2,000	0,610	0,125	24	20	55%

TABLE 5 - Repo Rate Expectations - 75% probability forecast uncertainty intervals

Expected repo rate intervals the coming 3-60 months with a 75 % probability

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
3 months									
Lower bound	-0,155	-0,100	-0,500	0,000	0,181	0,041	20	24	45%
Upper bound	0,033	0,000	0,000	0,500	0,115	0,026	20	24	45%
12 months									
Lower bound	-0,255	-0,250	-1,400	0,000	0,329	0,074	20	24	45%
Upper bound	0,140	0,000	0,000	1,400	0,327	0,073	20	24	45%
24 months									
Lower bound	-0,298	-0,250	-2,100	0,500	0,530	0,119	20	24	45%
Upper bound	0,538	0,500	0,000	2,100	0,555	0,124	20	24	45%
60 months									
Lower bound	-0,187	0,000	-1,800	1,000	0,651	0,149	19	25	43%
Upper bound	1,450	1,000	0,250	3,300	1,118	0,257	19	25	43%

TABLE 6 - 5 year Government Bond Rate, EUR and USD rates

Expected 5 year government bond rate, EUR and USD rates the coming 3-24 months

Money Market Players

	Mean	Median	Lowest	Highest	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
5 YEAR GOVERNMENT BOND RATE									
3 months	-0,287	-0,300	-0,500	0,000	0,111	0,024	21	23	48%
12 months	-0,135	-0,100	-0,500	0,200	0,175	0,038	21	23	48%
24 months	0,120	0,000	-0,300	1,000	0,309	0,067	21	23	48%
60 months	0,729	0,500	-0,150	2,500	0,714	0,156	21	23	48%
EUR/SEK									
3 months	10,447	10,450	10,200	11,000	0,146	0,029	25	19	57%
12 months	10,180	10,200	9,800	10,400	0,161	0,032	25	19	57%
24 months	9,989	10,000	9,500	10,300	0,218	0,044	25	19	57%
USD/SEK									
3 months	8,906	8,900	8,500	10,000	0,275	0,055	25	19	57%
12 months	8,597	8,600	7,920	9,000	0,273	0,055	25	19	57%
24 months	8,386	8,400	7,500	9,500	0,438	0,088	25	19	57%