

July 2021 report

Money Market Players' expectations

Jul 15, 2021

Kantar 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 Swedish inflation, GDP, repo rate, Swedish 5 year government bond rate, EUR and USD rates.

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

This release, or parts thereof, may be published immediately. Please state Kantar Prospera as the source.

As of February 2021, Kantar Prospera also maps expectations on the Riksbank's bond purchases.

(%)	Year 1		Year 2		Year 5	
	Jul 21	Jun 21	Jul 21	Jun 21	Jul 21	Jun 21
Money Market Players						
Annual inflation CPI	1,7	1,7	1,7	1,7	1,8	1,8
Annual inflation CPIF	1,7	1,7	1,6	1,7	1,8	1,8
Annual GDP	3,4	3,7	2,8	2,9	2,2	2,3

	3 months		12 months		24 months		60 months	
	Jul 21	Jun 21	Jul 21	Jun 21	Jul 21	Jun 21	Jul 21	Jun 21
Money Market Players								
Repo rate (%)	0,0	0,0	0,0	0,0	0,1	0,2	0,7	0,9
5 year gvt bond rate (%)	-0,1	0,0	0,2	0,3	0,4	0,7	1,1	1,4
EUR/SEK	10,08	10,06	9,97	10,01	9,85	9,95	-	-
USD/SEK	8,47	8,35	8,40	8,43	8,31	8,45	-	-

	Current quarter		Following 3 quarters	
	Jul 21	Jun 21	Jul 21	Jun 21
Money Market Players				
The Riksbank's bond purchases (SEK bn)	157	171	190	223
Distribution (%)				
Government bonds	24	26	24	25
Municipal bonds	14	16	13	16
Covered bonds	59	56	61	57
Corporate bonds	2	3	2	3

About the survey

		Jul 21	Jun 21
Method	Telephone interviews		
Interview period			
Questions on inflation and GDP expectations		Jul 7-Jul 13	May 26-Jun 8
Questions on future repo rate, 5 year government bond rate, EUR and USD rate		Jul 7	Jun 2
Response rate			
Number of organisations approached for interview		41	43
Number of organisations not reached or denied participation		21	14
Overall response rate (%)		49	67
For response rate per question please see Tables 1-8			
About the interviews (numbers)			
Money Market players	Swedish	39	
	International	2	
About the interviewers			
Average experience of the survey (years)		6,5	

Definitions

Inflation CPI	The percentage increase in Consumer Price Index
Inflation CPIF	The percentage increase in Consumer Price Index with a fixed interest rate
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 reports

www.kantarsifo.se/erbjudande/prospera/inflation-expectations

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TABLE 1 - Inflation expectations

Expected annual increase in CPI and 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									
CPI									
Year 1	1,710	1,750	0,700	2,400	0,402	0,090	20	21	49%
Year 2	1,670	1,600	1,000	2,200	0,283	0,063	20	21	49%
Year 5	1,811	2,000	1,000	2,200	0,345	0,079	19	22	46%
CPIF									
Year 1	1,684	1,600	0,700	2,400	0,406	0,093	19	22	46%
Year 2	1,647	1,500	1,000	2,200	0,324	0,074	19	22	46%
Year 5	1,768	1,900	1,000	2,300	0,340	0,078	19	22	46%

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	1,140	1,000	0,200	2,200	0,488	0,126	15	26	37%
Upper bound	2,087	2,000	1,200	3,000	0,507	0,131	15	26	37%
Year 2									
Lower bound	1,050	1,000	0,500	1,700	0,364	0,094	15	26	37%
Upper bound	2,090	2,100	1,500	3,000	0,442	0,114	15	26	37%
Year 5									
Lower bound	1,097	1,100	0,000	1,750	0,451	0,117	15	26	37%
Upper bound	2,373	2,500	1,500	3,000	0,515	0,133	15	26	37%

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	3,448	3,500	2,000	4,700	0,639	0,143	20	21	49%
Year 2	2,793	2,950	1,400	4,000	0,719	0,161	20	21	49%
Year 5	2,229	2,200	1,500	3,300	0,449	0,103	19	22	46%

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	17	24	41%
12 months	0,000	0,000	0,000	0,000	0,000	0,000	17	24	41%
24 months	0,088	0,000	0,000	0,500	0,175	0,043	17	24	41%
60 months	0,688	0,500	0,000	2,500	0,642	0,161	16	25	39%

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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	-0,465	0,000	-5,000	0,000	1,367	0,379	13	28	32%
Upper bound	0,019	0,000	0,000	0,250	0,069	0,019	13	28	32%
12 months									
Lower bound	-0,558	-0,250	-5,000	0,000	1,347	0,374	13	28	32%
Upper bound	0,096	0,000	0,000	0,500	0,163	0,045	13	28	32%
24 months									
Lower bound	-0,577	-0,250	-5,000	0,000	1,352	0,375	13	28	32%
Upper bound	0,423	0,250	0,000	1,750	0,504	0,140	13	28	32%
60 months									
Lower bound	-0,458	0,000	-5,000	1,000	1,544	0,446	12	29	29%
Upper bound	1,271	1,000	0,250	3,000	0,991	0,286	12	29	29%

TABLE 6 - 5 year government bond rate, EUR and USD rates expectations

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

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
5 year gvt bond rate									
3 months	-0,098	-0,030	-1,000	0,400	0,300	0,075	16	25	39%
12 months	0,156	0,125	-0,100	0,600	0,197	0,049	16	25	39%
24 months	0,400	0,400	-0,050	0,900	0,275	0,071	15	26	37%
60 months	1,050	1,000	0,300	3,000	0,726	0,187	15	26	37%
EUR/SEK									
3 months	10,076	10,100	9,700	10,200	0,130	0,031	17	24	41%
12 months	9,971	10,000	9,650	10,400	0,179	0,044	17	24	41%
24 months	9,850	9,800	9,500	10,400	0,220	0,053	17	24	41%
USD/SEK									
3 months	8,469	8,500	8,000	8,700	0,186	0,045	17	24	41%
12 months	8,398	8,400	7,700	9,000	0,321	0,078	17	24	41%
24 months	8,309	8,300	7,500	9,000	0,447	0,108	17	24	41%

TABLE 7 - Expectations of the Riksbank's bond purchases

Estimated nominal value of SEK bond purchases (incl reinvestments) the current and following 3 quarters

	Mean (SEK bn)	Median (SEK bn)	Lowest (SEK bn)	Highest (SEK bn)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
The Riksbank's bond purchases									
Current quarter	156,556	75,000	60,000	800,000	241,473	80,491	9	32	22%
Following 3 quarters	190,111	135,000	36,000	800,000	233,731	77,910	9	32	22%

TABLE 8 - Expectations of the distribution of the Riksbank's bond purchases

Expected distribution on government, municipal, covered and corporate bonds

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
Money Market Players									
Current quarter									
Government bonds	24,389	20,000	13,000	50,000	11,757	3,919	9	32	22%
Municipal bonds	14,056	15,000	5,000	26,500	7,055	2,352	9	32	22%
Covered bonds	59,111	58,000	39,000	75,000	10,167	3,389	9	32	22%
Corporate bonds	2,444	2,000	0,000	5,000	1,740	0,580	9	32	22%
Following 3 quarters									
Government bonds	24,000	20,000	14,000	50,000	10,735	3,578	9	32	22%
Municipal bonds	13,222	15,000	5,000	20,000	5,932	1,977	9	32	22%
Covered bonds	60,556	61,000	39,000	75,000	10,014	3,338	9	32	22%
Corporate bonds	2,222	2,000	0,000	5,000	1,716	0,572	9	32	22%