

October 2021 report

Money Market Players' expectations

Oct 13, 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 | |
|-----------------------------|--------|--------|--------|--------|--------|--------|
| | Oct 21 | Sep 21 | Oct 21 | Sep 21 | Oct 21 | Sep 21 |
| Money Market Players | | | | | | |
| Annual inflation CPI | 2,0 | 1,7 | 1,9 | 1,7 | 2,0 | 1,9 |
| Annual inflation CPIF | 1,9 | 1,7 | 1,9 | 1,7 | 2,0 | 1,9 |
| Annual GDP | 3,5 | 3,7 | 2,8 | 2,8 | 2,3 | 2,2 |

| | 3 months | | 12 months | | 24 months | | 60 months | |
|-----------------------------|----------|--------|-----------|--------|-----------|--------|-----------|--------|
| | Oct 21 | Sep 21 | Oct 21 | Sep 21 | Oct 21 | Sep 21 | Oct 21 | Sep 21 |
| Money Market Players | | | | | | | | |
| Repo rate (%) | 0,0 | 0,0 | 0,1 | 0,0 | 0,2 | 0,2 | 1,0 | 0,8 |
| 5 year gvt bond rate (%) | 0,0 | 0,0 | 0,2 | 0,1 | 0,5 | 0,4 | 1,4 | 1,1 |
| EUR/SEK | 10,14 | 10,13 | 10,08 | 10,03 | 10,00 | 9,95 | - | - |
| USD/SEK | 8,72 | 8,55 | 8,65 | 8,49 | 8,51 | 8,49 | - | - |

| | Current quarter | | Following 3 quarters | |
|--|-----------------|--------|----------------------|--------|
| | Oct 21 | Sep 21 | Oct 21 | Sep 21 |
| Money Market Players | | | | |
| The Riksbank's bond purchases (SEK bn) | 134 | 213 | 146 | 249 |
| Distribution (%) | | | | |
| Government bonds | 26 | 24 | 31 | 25 |
| Municipal bonds | 16 | 15 | 17 | 15 |
| Covered bonds | 54 | 57 | 49 | 57 |
| Corporate bonds | 4 | 4 | 3 | 3 |

| About the survey | | Oct 21 | Sep 21 |
|-------------------------|--|--------|--------|
|-------------------------|--|--------|--------|

| | | | |
|---------------|----------------------|--|--|
| Method | Telephone interviews | | |
|---------------|----------------------|--|--|

Interview period

| | | |
|---|--------------|---------------|
| Questions on inflation and GDP expectations | Oct 6-Oct 12 | Aug 30-Sep 13 |
|---|--------------|---------------|

| | | |
|--|-------|-------|
| Questions on future repo rate, 5 year government bond rate, EUR and USD rate | Oct 6 | Sep 7 |
|--|-------|-------|

Response rate

| | | |
|--|----|----|
| Number of organisations approached for interview | 48 | 41 |
|--|----|----|

| | | |
|---|----|----|
| Number of organisations not reached or denied participation | 15 | 11 |
|---|----|----|

| | | |
|---------------------------|----|----|
| Overall response rate (%) | 69 | 73 |
|---------------------------|----|----|

For response rate per question please see Tables 1-8

About the interviews (numbers)

| | | |
|----------------------|---------------|----|
| Money Market players | Swedish | 46 |
| | 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/prospira/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 | 1,968 | 1,900 | 1,000 | 4,000 | 0,614 | 0,107 | 33 | 15 | 69% |
| Year 2 | 1,930 | 1,800 | 1,200 | 5,000 | 0,646 | 0,113 | 33 | 15 | 69% |
| Year 5 | 2,003 | 1,900 | 1,300 | 4,000 | 0,592 | 0,103 | 33 | 15 | 69% |
| CPIF | | | | | | | | | |
| Year 1 | 1,898 | 1,800 | 1,000 | 3,500 | 0,550 | 0,096 | 33 | 15 | 69% |
| Year 2 | 1,892 | 1,800 | 1,300 | 4,500 | 0,576 | 0,100 | 33 | 15 | 69% |
| Year 5 | 1,961 | 1,900 | 1,300 | 3,500 | 0,493 | 0,086 | 33 | 15 | 69% |

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 | 1,410 | 1,500 | 0,500 | 3,000 | 0,506 | 0,099 | 26 | 22 | 54% |
| Upper bound | 2,388 | 2,200 | 1,600 | 6,000 | 0,906 | 0,178 | 26 | 22 | 54% |
| Year 2 | | | | | | | | | |
| Lower bound | 1,281 | 1,350 | 0,000 | 3,000 | 0,587 | 0,115 | 26 | 22 | 54% |
| Upper bound | 2,431 | 2,250 | 1,600 | 6,000 | 0,862 | 0,169 | 26 | 22 | 54% |
| Year 5 | | | | | | | | | |
| Lower bound | 1,273 | 1,350 | -0,500 | 3,000 | 0,708 | 0,139 | 26 | 22 | 54% |
| Upper bound | 2,638 | 2,500 | 1,800 | 6,000 | 0,841 | 0,165 | 26 | 22 | 54% |

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 | 3,488 | 3,500 | 2,000 | 5,000 | 0,671 | 0,119 | 32 | 16 | 67% |
| Year 2 | 2,769 | 2,775 | 1,800 | 4,000 | 0,585 | 0,103 | 32 | 16 | 67% |
| Year 5 | 2,330 | 2,200 | 1,800 | 4,100 | 0,512 | 0,091 | 32 | 16 | 67% |

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 | 27 | 21 | 56% |
| 12 months | 0,065 | 0,000 | 0,000 | 1,000 | 0,203 | 0,039 | 27 | 21 | 56% |
| 24 months | 0,222 | 0,000 | 0,000 | 1,250 | 0,356 | 0,068 | 27 | 21 | 56% |
| 60 months | 1,046 | 0,750 | 0,000 | 5,000 | 1,089 | 0,214 | 26 | 22 | 54% |

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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 | -0,068 | 0,000 | -0,500 | 0,000 | 0,158 | 0,034 | 22 | 26 | 46% |
| Upper bound | 0,045 | 0,000 | 0,000 | 0,500 | 0,125 | 0,027 | 22 | 26 | 46% |
| 12 months | | | | | | | | | |
| Lower bound | -0,159 | 0,000 | -1,250 | 0,000 | 0,294 | 0,063 | 22 | 26 | 46% |
| Upper bound | 0,164 | 0,050 | 0,000 | 1,250 | 0,271 | 0,058 | 22 | 26 | 46% |
| 24 months | | | | | | | | | |
| Lower bound | -0,150 | 0,000 | -2,000 | 0,500 | 0,496 | 0,106 | 22 | 26 | 46% |
| Upper bound | 0,557 | 0,325 | 0,000 | 2,000 | 0,536 | 0,114 | 22 | 26 | 46% |
| 60 months | | | | | | | | | |
| Lower bound | 0,340 | 0,250 | -1,750 | 3,000 | 1,105 | 0,241 | 21 | 27 | 44% |
| Upper bound | 1,833 | 1,500 | 0,250 | 6,000 | 1,399 | 0,305 | 21 | 27 | 44% |

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 | 0,044 | 0,050 | -0,100 | 0,250 | 0,083 | 0,017 | 25 | 23 | 52% |
| 12 months | 0,209 | 0,150 | -0,050 | 0,700 | 0,206 | 0,041 | 25 | 23 | 52% |
| 24 months | 0,523 | 0,500 | 0,100 | 1,800 | 0,370 | 0,076 | 24 | 24 | 50% |
| 60 months | 1,356 | 1,050 | 0,200 | 5,000 | 1,061 | 0,216 | 24 | 24 | 50% |
| EUR/SEK | | | | | | | | | |
| 3 months | 10,141 | 10,150 | 10,000 | 10,300 | 0,076 | 0,015 | 27 | 21 | 56% |
| 12 months | 10,083 | 10,000 | 9,800 | 10,500 | 0,195 | 0,038 | 27 | 21 | 56% |
| 24 months | 10,002 | 9,900 | 9,600 | 11,000 | 0,316 | 0,061 | 27 | 21 | 56% |
| USD/SEK | | | | | | | | | |
| 3 months | 8,717 | 8,750 | 8,350 | 9,000 | 0,162 | 0,031 | 27 | 21 | 56% |
| 12 months | 8,647 | 8,600 | 8,000 | 9,300 | 0,331 | 0,064 | 27 | 21 | 56% |
| 24 months | 8,514 | 8,500 | 7,800 | 9,500 | 0,435 | 0,084 | 27 | 21 | 56% |

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 | 134,227 | 69,000 | 10,000 | 800,000 | 221,871 | 66,897 | 11 | 37 | 23% |
| Following 3 quarters | 146,182 | 110,000 | 35,000 | 600,000 | 155,490 | 46,882 | 11 | 37 | 23% |

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 | 26,364 | 18,000 | 11,000 | 80,000 | 20,958 | 6,319 | 11 | 37 | 23% |
| Municipal bonds | 16,091 | 15,000 | 10,000 | 22,000 | 3,859 | 1,163 | 11 | 37 | 23% |
| Covered bonds | 53,818 | 64,000 | 10,000 | 70,000 | 22,144 | 6,677 | 11 | 37 | 23% |
| Corporate bonds | 3,727 | 2,000 | 0,000 | 20,000 | 5,587 | 1,685 | 11 | 37 | 23% |
| Following 3 quarters | | | | | | | | | |
| Government bonds | 30,727 | 25,000 | 14,000 | 75,000 | 18,396 | 5,547 | 11 | 37 | 23% |
| Municipal bonds | 16,818 | 17,000 | 10,000 | 25,000 | 4,916 | 1,482 | 11 | 37 | 23% |
| Covered bonds | 48,818 | 55,000 | 10,000 | 66,000 | 18,878 | 5,692 | 11 | 37 | 23% |
| Corporate bonds | 3,333 | 2,000 | 0,000 | 20,000 | 5,449 | 1,573 | 12 | 36 | 25% |