

August 2021 report

Money Market Players' expectations

Aug 12, 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	
	Aug 21	Jul 21	Aug 21	Jul 21	Aug 21	Jul 21
Money Market Players						
Annual inflation CPI	1,7	1,7	1,7	1,7	1,9	1,8
Annual inflation CPIF	1,7	1,7	1,7	1,6	1,8	1,8
Annual GDP	3,6	3,4	2,9	2,8	2,3	2,2

	3 months		12 months		24 months		60 months	
	Aug 21	Jul 21	Aug 21	Jul 21	Aug 21	Jul 21	Aug 21	Jul 21
Money Market Players								
Repo rate (%)	0,0	0,0	0,0	0,0	0,1	0,1	0,8	0,7
5 year gvt bond rate (%)	-0,1	-0,1	0,1	0,2	0,3	0,4	0,9	1,1
EUR/SEK	10,11	10,08	10,01	9,97	9,94	9,85	-	-
USD/SEK	8,48	8,47	8,42	8,40	8,39	8,31	-	-

	Current quarter		Following 3 quarters	
	Aug 21	Jul 21	Aug 21	Jul 21
Money Market Players				
The Riksbank's bond purchases (SEK bn)	152	157	201	190
Distribution (%)				
Government bonds	24	24	25	24
Municipal bonds	16	14	16	13
Covered bonds	57	59	57	61
Corporate bonds	3	2	2	2

About the survey Aug 21 Jul 21

Method Telephone interviews

Interview period

Questions on inflation and GDP expectations

Aug 4-Aug 11 Jul 7-Jul 13

Questions on future repo rate, 5 year government bond rate, EUR and USD rate

Aug 4 Jul 7

Response rate

Number of organisations approached for interview

41 41

Number of organisations not reached or denied participation

17 21

Overall response rate (%)

59 49

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	1,674	1,600	1,100	2,400	0,338	0,072	22	19	54%
Year 2	1,695	1,650	1,200	2,400	0,268	0,057	22	19	54%
Year 5	1,897	2,000	1,000	2,500	0,322	0,069	22	19	54%
CPIF									
Year 1	1,672	1,700	1,150	2,300	0,322	0,067	23	18	56%
Year 2	1,666	1,620	1,200	2,200	0,251	0,052	23	18	56%
Year 5	1,832	1,900	1,000	2,500	0,340	0,071	23	18	56%

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	1,147	1,200	0,300	1,700	0,403	0,104	15	26	37%
Upper bound	2,073	2,000	1,500	3,000	0,408	0,105	15	26	37%
Year 2									
Lower bound	1,003	1,000	0,000	1,500	0,378	0,098	15	26	37%
Upper bound	2,257	2,100	1,600	3,200	0,495	0,128	15	26	37%
Year 5									
Lower bound	1,117	1,000	0,000	2,200	0,581	0,150	15	26	37%
Upper bound	2,680	2,800	1,800	3,500	0,425	0,110	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	3,589	3,725	2,500	4,500	0,594	0,127	22	19	54%
Year 2	2,870	3,000	1,800	4,100	0,557	0,119	22	19	54%
Year 5	2,284	2,050	1,700	4,000	0,563	0,120	22	19	54%

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	19	22	46%
12 months	0,013	0,000	0,000	0,250	0,057	0,013	19	22	46%
24 months	0,079	0,000	0,000	0,500	0,146	0,033	19	22	46%
60 months	0,763	0,750	0,000	2,500	0,568	0,130	19	22	46%

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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	-0,089	0,000	-0,500	0,000	0,158	0,042	14	27	34%
Upper bound	0,036	0,000	0,000	0,250	0,091	0,024	14	27	34%
12 months									
Lower bound	-0,179	0,000	-1,000	0,000	0,301	0,080	14	27	34%
Upper bound	0,179	0,125	0,000	1,000	0,267	0,071	14	27	34%
24 months									
Lower bound	-0,321	-0,125	-2,000	0,250	0,558	0,149	14	27	34%
Upper bound	0,571	0,500	0,000	2,000	0,575	0,154	14	27	34%
60 months									
Lower bound	-0,143	0,000	-2,000	1,000	0,819	0,219	14	27	34%
Upper bound	1,679	1,250	0,250	3,000	1,030	0,275	14	27	34%

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	-0,108	-0,150	-0,250	0,200	0,115	0,028	17	24	41%
12 months	0,108	0,050	-0,200	0,500	0,218	0,053	17	24	41%
24 months	0,329	0,300	-0,050	1,000	0,297	0,072	17	24	41%
60 months	0,929	0,800	0,100	3,000	0,686	0,166	17	24	41%
EUR/SEK									
3 months	10,115	10,125	9,700	10,300	0,132	0,029	20	21	49%
12 months	10,010	10,000	9,650	10,500	0,217	0,048	20	21	49%
24 months	9,938	9,875	9,600	10,500	0,248	0,055	20	21	49%
USD/SEK									
3 months	8,480	8,500	8,000	8,700	0,176	0,039	20	21	49%
12 months	8,419	8,400	7,700	9,000	0,263	0,059	20	21	49%
24 months	8,387	8,465	7,500	9,000	0,399	0,089	20	21	49%

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	151,500	75,000	30,000	800,000	229,008	72,419	10	31	24%
Following 3 quarters	200,750	147,500	47,000	600,000	161,587	51,098	10	31	24%

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	24,222	16,000	11,000	75,000	20,030	6,677	9	32	22%
Municipal bonds	16,222	17,000	10,000	22,000	4,236	1,412	9	32	22%
Covered bonds	56,556	64,000	10,000	68,000	18,160	6,053	9	32	22%
Corporate bonds	3,111	3,000	1,000	5,000	1,616	0,539	9	32	22%
Following 3 quarters									
Government bonds	25,000	19,000	11,000	75,000	19,634	6,545	9	32	22%
Municipal bonds	16,111	16,000	10,000	21,000	4,106	1,369	9	32	22%
Covered bonds	56,667	63,000	15,000	68,000	16,302	5,434	9	32	22%
Corporate bonds	2,333	2,000	0,000	5,000	1,732	0,577	9	32	22%