

Press Release - Questions will be answered by Ulf Elvestedt, +46-8-758 08 00.

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Main results

The one year inflationary expectations are substantially up as compared to last survey, establishing themselves around the 3 % level. Growth projections for the same period are down and wage increase expectations flat. Repo rate forecasts, at large, point somewhat downwards. These stagflationary indications are however temporary. In a two and a five year perspective GDP growth is believed to be quite stable while inflation is believed to decline.

Again money market players believe in a somewhat cheaper EUR and a more expensive USD.

69(84) % of All Interviewees think that the inflation the second year from now will stay within the Riksbank's 1-3 % tolerance band (the "Confidence Indicator"). The employees' organisations are the most pessimistic and the money market players the most optimistic category when considering the Riksbank's inflation control capacities.

Prospera Research AB has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys, four times a year, aiming at mapping expectations of inflation, wage increase, GDP and future repo rates in Sweden among labour market parties, purchasing managers and money market players. The survey also includes money market players' expectations of the 5 year government bond rate, EUR and USD rates. The latest survey in the series, 1/08, has now been completed. The previous survey, 4/07, was published Dec 17, 2007. A comparison of the results of the two surveys can be summarised as follows (rounded off figures);

All Interviewees' Expectations of¹:

	Year 1		Year 2		Year 5	
	1/08	4/07	1/08	4/07	1/08	4/07
Annual; Inflation, %	3,0	2,6	2,8	2,5	2,6	2,4
GDP, %	2,5	2,7	2,4	2,5	2,6	2,7
Wage increase, %	3,6	3,6	3,5	3,4	3,2	3,1
	3 months		12 months	24 months	60 months	
	1/08	4/07	1/08	4/07	1/08	4/07
Repo Rate, %	4,0	4,1	3,9	4,0	3,7	3,9
					3,7	3,8

Money Market Players' Expectations of¹:

	3 months		12 months		24 months		60 months	
	1/08	4/07	1/08	4/07	1/08	4/07	1/08	4/07
Repo Rate, %	4,0	4,1	3,8	3,9	3,7	3,8	3,9	4,0
5 year gvt bond rate, %	3,9	4,1	3,9	4,1	4,1	4,1	4,3	4,3
EUR	9,33	9,27	9,21	9,16	9,13	9,09	-	-
USD	6,29	6,31	6,46	6,49	6,65	6,79	-	-

¹ The figures for "All Interviewees" have been calculated on the basis of all interviews and is a weighted average of the means of the different groups with their relative sizes as weights. Consequently "large" groups (e.g. purchasing managers) have a larger impact on the "All" value than have "small" groups (e.g. employers' organisations). Results for specific categories are found in Appendices below.

Interview Period & Method

Prospera's inflationary expectation surveys are carried out over the telephone. The part of the survey that encompasses inflationary, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out Jan 14 – Jan 25, 2008 (previous survey Dec 3 – Dec 13, 2007). The part of the survey regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on Jan 16, 2008 (previous survey Dec 5, 2007).

About the Interviewees & Response Rate

In all 280 (283) organisations/companies were approached for interview. 12 (10) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 96% (96%). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 89% or more for the one year and two year assessments. For the five year assessment as well as the questions regarding repo rates, 5 year government bond rates, EUR and USD rates the response rate is generally lower. (Tables 2-6)

Of the 160 purchasing managers 80 represent the trading industry and 80 the manufacturing industry. The group of companies interviewed is a random sample selected from a company directory at the National Statistics Office of Sweden comprising Swedish companies with more than 200 employees.

The money market category includes 63 players, 49 Swedish and 14 international, active in the Swedish fixed income market. The money market players were not asked to assess the expected wage increases. Only the money market players have participated in the part of the survey comprising expected 5 year government bond rates, EUR and USD rates.

57 Swedish labour market organisations, of which 27 on the employers' side and 30 on the employees' side have been approached.

Definitions

Inflation is defined as the percentage increase in Consumer Price Index (CPI). *Wage increase* is defined as the percentage increase in wages/salaries as measured over all sectors in the economy, exclusive of social costs but inclusive of wage increases negotiated earlier and wage drift. The *repo rate* is the Riksbank's borrowing/lending rate from/to banks for seven days' money and the *GDP*, Gross Domestic Product, is defined as the value of all goods and services produced (by Swedish agents) in one year.

Previous Prospera inflationary expectations surveys

Previous (starting in 1995) Prospera inflation reports, releases and tables can be downloaded from the site address below.

TABLE 1 - Comparison 1/08 vs 4/07

A comparison of the results of the two surveys in all interviewee categories can be summarised as follows (rounded off figures);

Expectations of:

	Year 1		Year 2		Year 5			
	1/08	4/07	1/08	4/07	1/08	4/07		
Annual inflation, %								
All	3,0	2,6	2,8	2,5	2,6	2,4		
Employees' organisations	3,2	2,4	3,0	2,3	2,6	2,2		
Employers' organisations	3,2	2,7	2,9	2,7	2,5	2,3		
Purchase managers Manufacturing	3,1	2,7	3,0	2,7	2,7	2,6		
Purchase managers Trading	3,1	2,7	2,8	2,6	2,6	2,4		
Money market players	2,7	2,5	2,2	2,2	2,2	2,1		
GDP, %								
All	2,5	2,7	2,4	2,5	2,6	2,7		
Employees' organisations	2,4	2,7	2,5	2,6	2,6	2,7		
Employers' organisations	2,3	2,8	2,4	2,6	2,7	2,7		
Purchase managers Manufacturing	2,6	2,7	2,4	2,5	2,5	2,6		
Purchase managers Trading	2,5	2,6	2,4	2,5	2,5	2,8		
Money market players	2,4	2,6	2,5	2,5	2,7	2,7		
Annual wage increase, %								
All	3,6	3,6	3,5	3,4	3,2	3,1		
Employees' organisations	3,9	3,8	3,8	3,6	3,5	3,3		
Employers' organisations	4,1	4,1	3,8	3,9	3,4	3,3		
Purchase managers Manufacturing	3,5	3,4	3,4	3,2	3,1	3,0		
Purchase managers Trading	3,5	3,5	3,4	3,4	3,1	3,2		
Repo rate, %								
	3 months		12 months		24 months		60 months	
	1/08	4/07	1/08	4/07	1/08	4/07	1/08	4/07
All	4,0	4,1	3,9	4,0	3,7	3,9	3,7	3,8
Employees' organisations	4,1	4,1	4,0	4,1	3,8	4,0	3,6	3,9
Employers' organisations	4,0	4,1	3,8	4,0	3,6	3,8	3,5	3,7
Purchase managers Manufacturing	4,0	4,0	4,0	4,0	3,8	3,9	3,8	3,8
Purchase managers Trading	4,0	4,1	3,9	4,1	3,8	3,9	3,7	3,8
Money market players	4,0	4,1	3,8	3,9	3,7	3,8	3,9	4,0

TABLE 2 - Inflationary 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 (%)
All									
Year 1	3,009	3,000	1,000	4,500	0,579	0,035	268	12	96
Year 2	2,772	2,800	0,000	4,500	0,628	0,038	267	13	95
Year 5	2,558	2,500	1,500	4,000	0,604	0,038	256	24	91
Employee's organisations									
Year 1	3,234	3,200	2,400	4,000	0,447	0,083	29	1	97
Year 2	3,031	3,000	2,000	4,000	0,518	0,096	29	1	97
Year 5	2,628	2,500	1,900	4,000	0,651	0,121	29	1	97
Employers' organisations									
Year 1	3,194	3,050	2,500	4,500	0,573	0,117	24	3	89
Year 2	2,946	2,800	2,000	4,500	0,655	0,134	24	3	89
Year 5	2,476	2,200	2,000	4,000	0,657	0,137	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,080	3,200	1,000	4,000	0,535	0,060	80	0	100
Year 2	2,958	3,000	1,000	4,000	0,524	0,059	80	0	100
Year 5	2,733	2,900	1,900	4,000	0,566	0,063	80	0	100
Purchasing Managers, Trading									
Year 1	3,053	3,000	1,500	4,500	0,631	0,072	76	4	95
Year 2	2,834	2,800	1,500	4,000	0,604	0,069	76	4	95
Year 5	2,618	2,500	1,500	4,000	0,601	0,070	73	7	91
Money Market Players									
Year 1	2,669	2,500	1,300	3,800	0,498	0,065	59	4	94
Year 2	2,232	2,200	0,000	3,600	0,525	0,069	58	5	92
Year 5	2,194	2,000	1,800	4,000	0,462	0,065	51	12	81

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 (%)
All									
Year 1	2,475	2,500	1,000	4,000	0,455	0,028	267	13	95
Year 2	2,412	2,500	0,000	3,750	0,487	0,030	265	15	95
Year 5	2,574	2,500	-2,000	4,000	0,598	0,038	253	27	90
Employee's organisations									
Year 1	2,441	2,500	1,000	3,500	0,473	0,088	29	1	97
Year 2	2,500	2,500	2,000	3,500	0,474	0,088	29	1	97
Year 5	2,576	2,500	1,500	3,500	0,508	0,094	29	1	97
Employers' organisations									
Year 1	2,333	2,400	2,000	2,500	0,193	0,039	24	3	89
Year 2	2,367	2,350	1,800	3,200	0,390	0,080	24	3	89
Year 5	2,652	2,700	1,500	3,500	0,519	0,108	23	4	85
Purchasing Managers, Manufacturing									
Year 1	2,564	2,500	1,800	4,000	0,439	0,049	79	1	99
Year 2	2,397	2,500	1,000	3,500	0,469	0,053	79	1	99
Year 5	2,538	2,500	1,000	4,000	0,517	0,059	78	2	98
Purchasing Managers, Trading									
Year 1	2,494	2,500	1,000	4,000	0,507	0,058	76	4	95
Year 2	2,356	2,500	0,000	3,750	0,563	0,065	76	4	95
Year 5	2,528	2,500	-2,000	4,000	0,831	0,098	72	8	90
Money Market Players									
Year 1	2,405	2,500	1,000	3,600	0,457	0,060	59	4	94
Year 2	2,483	2,500	1,500	3,500	0,444	0,059	57	6	90
Year 5	2,659	2,500	2,000	3,500	0,366	0,051	51	12	81

TABLE 4 - Wage Increase Expectations

Expected annual i wage increase the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
All									
Year 1	3,636	3,500	2,500	5,000	0,496	0,034	208	9	96
Year 2	3,503	3,500	2,000	5,000	0,501	0,035	207	10	95
Year 5	3,204	3,000	2,000	5,000	0,528	0,037	203	14	94
Employee's organisations									
Year 1	3,859	4,000	3,000	5,000	0,378	0,070	29	1	97
Year 2	3,797	3,800	3,200	5,000	0,414	0,077	29	1	97
Year 5	3,462	3,500	2,500	5,000	0,553	0,103	29	1	97
Employers' organisations									
Year 1	4,071	4,000	3,000	5,000	0,491	0,100	24	3	89
Year 2	3,833	4,000	3,000	5,000	0,404	0,082	24	3	89
Year 5	3,385	3,100	2,800	4,500	0,489	0,102	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,508	3,500	2,500	4,500	0,434	0,049	80	0	100
Year 2	3,417	3,500	2,500	4,500	0,471	0,053	80	0	100
Year 5	3,127	3,000	2,000	4,000	0,481	0,054	80	0	100
Purchasing Managers, Trading									
Year 1	3,548	3,500	2,500	4,700	0,501	0,058	75	5	94
Year 2	3,374	3,500	2,000	5,000	0,507	0,059	74	6	93
Year 5	3,127	3,000	2,000	4,600	0,542	0,064	71	9	89

TABLE 5 - 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 (%)
All									
3 months	4,030	4,000	3,000	4,750	0,203	0,013	257	23	92
12 months	3,914	4,000	3,000	5,000	0,372	0,023	256	24	91
24 months	3,748	3,750	2,750	5,000	0,460	0,029	255	25	91
60 months	3,734	3,750	2,000	5,000	0,517	0,033	240	40	86
Employee's organisations									
3 months	4,071	4,000	3,500	4,500	0,199	0,038	28	2	93
12 months	3,984	4,000	3,000	4,500	0,365	0,069	28	2	93
24 months	3,764	3,850	3,000	4,500	0,415	0,078	28	2	93
60 months	3,578	3,500	3,000	4,500	0,416	0,080	27	3	90
Employers' organisations									
3 months	4,031	4,000	3,750	4,500	0,167	0,034	24	3	89
12 months	3,825	3,750	3,200	5,000	0,376	0,077	24	3	89
24 months	3,552	3,500	2,800	5,000	0,443	0,090	24	3	89
60 months	3,481	3,500	3,000	4,500	0,374	0,082	21	6	78
Purchasing Managers, Manufacturing									
3 months	4,011	4,000	3,200	4,500	0,229	0,026	79	1	99
12 months	3,975	4,000	3,000	5,000	0,392	0,044	79	1	99
24 months	3,811	3,750	3,000	5,000	0,473	0,053	79	1	99
60 months	3,808	3,800	2,500	5,000	0,542	0,061	78	2	98
Purchasing Managers, Trading									
3 months	4,032	4,000	3,000	4,500	0,212	0,025	74	6	93
12 months	3,945	4,000	3,000	4,700	0,363	0,042	74	6	93
24 months	3,777	3,750	2,750	5,000	0,441	0,051	74	6	93
60 months	3,651	3,500	2,000	5,000	0,501	0,060	70	10	88
Money Market Players									
3 months	4,034	4,000	3,750	4,750	0,164	0,023	52	11	83
12 months	3,779	3,750	3,250	4,500	0,323	0,045	51	12	81
24 months	3,690	3,500	3,000	5,000	0,486	0,069	50	13	79
60 months	3,949	4,000	2,500	5,000	0,519	0,078	44	19	70

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	3,932	3,900	3,500	4,500	0,193	0,029	45	18	71
12 months	3,935	3,900	3,250	4,600	0,372	0,056	44	19	70
24 months	4,094	4,000	3,250	5,200	0,452	0,070	42	21	67
60 months	4,254	4,250	2,850	6,000	0,557	0,089	39	24	62
EUR/SEK									
3 months	9,326	9,300	8,800	9,500	0,121	0,017	51	12	81
12 months	9,212	9,200	8,400	9,550	0,202	0,029	50	13	79
24 months	9,135	9,175	8,500	9,550	0,207	0,030	46	17	73
USD/SEK									
3 months	6,288	6,250	5,940	6,700	0,173	0,024	50	13	79
12 months	6,459	6,500	5,800	7,250	0,359	0,051	49	14	78
24 months	6,652	6,650	5,500	8,000	0,474	0,071	44	19	70

TABLE 7 - Confidence Indicator

The figures in the columns below display the percentages of interviewees believing that the inflation rate, the second year from now, will fall within/outside the Riksbank's inflationary tolerance band (not less than 1, not more than 3% inflation). The percentage within this band is defined as the Confidence Indicator.

	Less than 1%		Confidence Indicator		More than 3%		No response	
	1/08	4/07	1/08	4/07	1/08	4/07	1/08	4/07
All	0	1	69	84	26	11	5	4
Employees' organisations	0	0	53	100	43	0	3	0
Employers' organisations	0	0	59	81	30	11	11	7
Purchase M	0	1	64	79	36	17	0	2
Purchase T	0	0	69	78	26	17	5	5
Money Market Players	2	3	86	92	5	2	8	3