

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

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Main results

Inflation and GDP growth expectations in the one and two year perspective have plummeted since previous survey. Zero-growth and inflation slightly above the "tolerance floor" is the overall assessment for the year to come. Wage increase expectations are down as well. However, an economic recovery with its ensuing inflation effects is believed to take place after the next twelve months.

The panel, on average, foresees a further repo rate cut of 0,5 per cent unit within a 3 month horizon. Money market players' forecasts are somewhat more aggressive. The yield curve is believed to undergo a further steepening due to the combined effect of this anticipated repo rate cut and a just about unaltered 5 year bond rate, in a 60 months period.

EUR and USD rates forecasts are substantially higher, compared to SEK, than were expected last survey. The trend is however clear; SEK is believed to strengthen.

78(66) per cent of All Interviewees believe that the inflation the second year from now will stay within the Riksbank's 1-3 % tolerance band.

TNS Prospera 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, 1/09, has now been completed. The previous survey, 4/08, was published Oct 8, 2008. 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			
	1/09	4/08	1/09	4/08	1/09	4/08		
Annual;								
Inflation, %	1,1	3,2	1,5	2,8	2,3	2,6		
GDP, %	0,0	1,8	1,1	2,1	2,2	2,7		
Wage increase, %	2,7	3,5	2,6	3,2	3,1	3,2		
	3 months		12 months		24 months		60 months	
	1/09	4/08	1/09	4/08	1/09	4/08	1/09	4/08
Repo Rate, %	1,5	4,6	1,5	4,0	2,1	3,8	2,9	3,7

Money Market Players' Expectations of;

	3 months		12 months		24 months		60 months	
	1/09	4/08	1/09	4/08	1/09	4/08	1/09	4/08
Repo Rate, %	1,3	4,6	1,1	3,8	2,0	3,5	3,6	4,0
5 year gvt bond rate, %	2,1	3,9	2,5	3,8	3,2	4,0	4,2	4,3
EUR	10,70	9,49	10,14	9,33	9,70	9,24	-	-
USD	8,15	6,65	7,71	6,82	7,44	7,03	-	-

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

TNS Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out Jan 12 – Jan 22, 2009 (previous survey Sep 22 – Oct 3, 2008). 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 14, 2009 (previous survey Sep 24, 2008).

About the Interviewees & Response Rate

In all 273 (276) organisations/companies were approached for interview. 9 (9) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 97 % (97 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 87 % 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 159 purchasing managers 79 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 57 players, 45 Swedish and 12 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 TNS Prospera inflationary expectations surveys

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

TABLE 1 - Comparison 1/09 vs 4/08

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	
	1/09	4/08	1/09	4/08	1/09	4/08
Annual inflation, %						
All	1,1	3,2	1,5	2,8	2,3	2,6
Employees' organisations	0,9	3,3	1,2	2,9	1,9	2,6
Employers' organisations	1,0	3,5	1,4	3,1	2,2	2,5
Purchase managers Manufacturing	1,5	3,5	1,8	3,1	2,3	2,9
Purchase managers Trading	1,2	3,4	1,6	2,9	2,4	2,6
Money market players	0,6	2,5	1,4	2,2	2,2	2,3

GDP, %

All	0,0	1,8	1,1	2,1	2,2	2,7
Employees' organisations	0,1	1,9	0,9	2,2	2,2	2,6
Employers' organisations	0,1	1,9	1,1	2,3	2,5	2,8
Purchase managers Manufacturing	0,2	2,1	1,0	2,2	2,0	2,7
Purchase managers Trading	0,2	1,9	1,1	2,1	2,3	2,8
Money market players	-0,6	1,4	1,2	2,0	2,4	2,6

Annual wage increase, %

All	2,7	3,5	2,6	3,2	3,1	3,2
Employees' organisations	3,1	3,7	2,7	3,5	3,3	3,4
Employers' organisations	3,1	3,6	2,7	3,4	3,2	3,2
Purchase managers Manufacturing	2,5	3,4	2,6	3,2	3,0	3,2
Purchase managers Trading	2,5	3,4	2,5	3,1	3,1	3,1

	3 months		12 months		24 months		60 months	
	1/09	4/08	1/09	4/08	1/09	4/08	1/09	4/08
Repo rate, %								
All	1,5	4,6	1,5	4,0	2,1	3,8	2,9	3,7
Employees' organisations	1,5	4,6	1,4	4,0	1,9	3,8	2,5	3,6
Employers' organisations	1,4	4,6	1,5	4,1	2,0	3,7	2,8	3,5
Purchase managers Manufacturing	1,6	4,6	1,7	4,1	2,2	3,9	2,8	3,8
Purchase managers Trading	1,5	4,6	1,5	4,1	2,0	3,8	2,8	3,6
Money market players	1,3	4,6	1,1	3,8	2,0	3,5	3,6	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	1,123	1,000	-2,000	5,000	0,958	0,059	263	10	96
Year 2	1,548	1,500	-1,000	4,000	0,765	0,047	261	12	96
Year 5	2,276	2,000	-2,500	5,000	0,702	0,044	250	23	92
Employee's organisations									
Year 1	0,907	0,500	0,000	4,000	0,845	0,157	29	1	97
Year 2	1,203	1,000	-1,000	3,800	0,909	0,169	29	1	97
Year 5	1,948	2,000	-2,500	3,500	0,994	0,185	29	1	97
Employers' organisations									
Year 1	1,027	1,000	-0,500	2,000	0,581	0,114	26	1	96
Year 2	1,442	1,500	0,500	2,500	0,519	0,102	26	1	96
Year 5	2,240	2,000	1,000	4,000	0,799	0,160	25	2	93
Purchasing Managers, Manufacturing									
Year 1	1,522	1,500	-0,200	5,000	0,960	0,107	80	0	100
Year 2	1,760	2,000	0,000	4,000	0,803	0,090	80	0	100
Year 5	2,348	2,500	0,600	5,000	0,690	0,077	80	0	100
Purchasing Managers, Trading									
Year 1	1,187	1,000	-1,000	3,750	1,001	0,118	72	7	91
Year 2	1,583	1,500	0,000	3,500	0,758	0,091	70	9	89
Year 5	2,383	2,500	0,000	3,100	0,570	0,070	66	13	84
Money Market Players									
Year 1	0,626	0,750	-2,000	2,500	0,850	0,114	56	1	98
Year 2	1,430	1,500	0,000	3,500	0,653	0,087	56	1	98
Year 5	2,227	2,000	1,500	4,500	0,581	0,082	50	7	88

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	0,014	0,000	-2,500	3,000	0,901	0,056	261	12	96
Year 2	1,083	1,000	-1,000	4,000	0,780	0,048	260	13	95
Year 5	2,245	2,500	0,200	5,000	0,798	0,051	248	25	91
Employee's organisations									
Year 1	0,079	0,200	-2,000	2,000	0,708	0,131	29	1	97
Year 2	0,876	0,700	0,000	2,500	0,637	0,118	29	1	97
Year 5	2,193	2,500	0,300	4,000	0,865	0,161	29	1	97
Employers' organisations									
Year 1	0,112	0,000	-1,200	2,000	0,799	0,157	26	1	96
Year 2	1,127	1,100	-0,100	3,000	0,751	0,147	26	1	96
Year 5	2,492	2,500	0,500	4,000	0,686	0,140	24	3	89
Purchasing Managers, Manufacturing									
Year 1	0,168	0,000	-2,000	3,000	0,835	0,094	79	1	99
Year 2	1,005	1,000	-1,000	3,000	0,763	0,086	79	1	99
Year 5	2,034	2,000	0,200	4,000	0,767	0,086	79	1	99
Purchasing Managers, Trading									
Year 1	0,232	0,000	-2,000	3,000	0,878	0,104	71	8	90
Year 2	1,111	1,000	-1,000	4,000	0,835	0,100	70	9	89
Year 5	2,293	2,500	0,200	5,000	0,939	0,115	67	12	85
Money Market Players									
Year 1	-0,558	-0,550	-2,500	1,600	0,939	0,126	56	1	98
Year 2	1,243	1,000	-1,000	3,500	0,802	0,107	56	1	98
Year 5	2,432	2,500	1,000	3,600	0,549	0,078	49	8	86

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	2,687	3,000	0,000	4,500	0,723	0,050	206	10	95
Year 2	2,588	2,500	0,000	4,500	0,637	0,045	204	12	94
Year 5	3,104	3,000	1,000	6,000	0,617	0,044	199	17	92
Employee's organisations									
Year 1	3,109	3,000	2,000	4,500	0,444	0,082	29	1	97
Year 2	2,672	2,800	1,500	3,500	0,496	0,092	29	1	97
Year 5	3,269	3,000	2,500	4,000	0,461	0,086	29	1	97
Employers' organisations									
Year 1	3,131	3,000	2,600	4,000	0,310	0,061	26	1	96
Year 2	2,692	2,700	2,000	4,000	0,547	0,107	26	1	96
Year 5	3,229	3,100	2,000	5,000	0,707	0,144	24	3	89
Purchasing Managers, Manufacturing									
Year 1	2,530	2,550	0,000	4,000	0,757	0,085	80	0	100
Year 2	2,589	2,650	1,000	4,000	0,666	0,074	80	0	100
Year 5	3,033	3,000	1,800	6,000	0,677	0,076	80	0	100
Purchasing Managers, Trading									
Year 1	2,530	2,600	0,000	3,800	0,757	0,090	71	8	90
Year 2	2,512	2,500	0,000	4,500	0,686	0,083	69	10	87
Year 5	3,071	3,000	1,000	5,000	0,557	0,069	66	13	84

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	1,503	1,500	0,200	3,000	0,409	0,026	253	20	93
12 months	1,468	1,500	0,500	3,000	0,558	0,035	253	20	93
24 months	2,052	2,000	0,500	4,000	0,661	0,042	247	26	90
60 months	2,917	3,000	1,000	5,000	0,750	0,048	239	34	88
Employee's organisations									
3 months	1,526	1,500	1,000	2,000	0,294	0,055	29	1	97
12 months	1,421	1,500	0,500	2,500	0,542	0,101	29	1	97
24 months	1,871	2,000	0,750	3,500	0,622	0,115	29	1	97
60 months	2,509	2,500	1,250	4,000	0,715	0,133	29	1	97
Employers' organisations									
3 months	1,444	1,500	0,500	2,000	0,391	0,077	26	1	96
12 months	1,510	1,500	0,750	3,000	0,519	0,102	26	1	96
24 months	2,019	2,000	1,000	3,500	0,586	0,115	26	1	96
60 months	2,838	2,500	2,000	4,000	0,677	0,138	24	3	89
Purchasing Managers, Manufacturing									
3 months	1,625	1,500	0,200	3,000	0,453	0,051	79	1	99
12 months	1,672	1,700	0,500	3,000	0,569	0,064	79	1	99
24 months	2,157	2,000	1,000	4,000	0,657	0,074	79	1	99
60 months	2,835	3,000	1,000	5,000	0,693	0,078	79	1	99
Purchasing Managers, Trading									
3 months	1,508	1,500	0,500	2,800	0,412	0,049	72	7	91
12 months	1,500	1,500	0,500	3,000	0,522	0,062	72	7	91
24 months	2,047	2,000	1,000	3,000	0,562	0,067	70	9	89
60 months	2,764	3,000	1,000	4,000	0,559	0,069	65	14	82
Money Market Players									
3 months	1,309	1,250	0,500	2,000	0,322	0,047	47	10	82
12 months	1,080	1,000	0,500	2,000	0,424	0,062	47	10	82
24 months	2,012	2,000	0,500	4,000	0,856	0,130	43	14	75
60 months	3,637	4,000	2,000	5,000	0,743	0,115	42	15	74

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	2,070	2,000	1,250	3,300	0,369	0,056	43	14	75
12 months	2,514	2,500	1,350	3,500	0,514	0,078	43	14	75
24 months	3,241	3,250	1,600	5,000	0,767	0,118	42	15	74
60 months	4,216	4,350	2,000	5,000	0,699	0,108	42	15	74
EUR/SEK									
3 months	10,700	10,700	9,630	12,000	0,410	0,060	46	11	81
12 months	10,142	10,000	9,000	11,700	0,518	0,076	46	11	81
24 months	9,700	9,600	9,000	11,000	0,448	0,068	44	13	77
USD/SEK									
3 months	8,150	8,200	7,400	9,000	0,391	0,058	45	12	79
12 months	7,711	7,745	6,500	9,500	0,606	0,091	44	13	77
24 months	7,443	7,500	5,900	9,000	0,740	0,114	42	15	74

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	
	1/09	4/08	1/09	4/08	1/09	4/08	1/09	4/08
All	15	0	78	66	2	30	4	4
Employees' organisations	30	0	63	67	3	27	3	7
Employers' organisations	11	0	85	56	0	41	4	4
Purchase M	13	0	85	57	3	43	0	0
Purchase T	14	0	72	61	3	33	11	6
Money Market Players	14	0	82	90	2	3	2	7