

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

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Main results

Inflationary expectations are somewhat down as compared to last survey, particularly so among labour market parties. The last survey was carried out before the Riksbank's .25 repo rate upward adjustment. In the present survey inflationary expectations largely stay within the tolerance limit of 3 per cent. Growth and wage increase projections are just about the same as was the case last survey.

There is a retained belief in a slowly decreasing repo rate the next two years. Money market players again wager on a somewhat cheaper EUR and a more expensive USD for the same period.

75(69) per cent of All Interviewees think that the inflation the second year from now will stay within the Riksbank's 1-3 % tolerance band. This upgrading is primarily explained by reconsiderations among the labour market parties.

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, 2/08, has now been completed. The previous survey, 1/08, was published Jan 30, 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			
	2/08	1/08	2/08	1/08	2/08	1/08		
Annual;								
Inflation, %	2,9	3,0	2,7	2,8	2,5	2,6		
GDP, %	2,5	2,5	2,5	2,4	2,7	2,6		
Wage increase, %	3,6	3,6	3,4	3,5	3,1	3,2		
	3 months		12 months		24 months		60 months	
	2/08	1/08	2/08	1/08	2/08	1/08	2/08	1/08
Repo Rate, %	4,2	4,0	4,0	3,9	3,8	3,7	3,8	3,7

Money Market Players' Expectations of:

	3 months		12 months		24 months		60 months	
	2/08	1/08	2/08	1/08	2/08	1/08	2/08	1/08
Repo Rate, %	4,2	4,0	3,8	3,8	3,7	3,7	3,9	3,9
5 year gvt bond rate, %	3,9	3,9	4,0	3,9	4,1	4,1	4,3	4,3
EUR	9,31	9,33	9,20	9,21	9,12	9,13	-	-
USD	6,00	6,29	6,29	6,46	6,59	6,65	-	-

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 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 Mar 31 – Apr 11, 2008 (previous survey Jan 14 – Jan 25, 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 Apr 2, 2008 (previous survey Jan 16, 2008).

About the Interviewees & Response Rate

In all 280 (280) organisations/companies were approached for interview. 10 (12) 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 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 161 purchasing managers 80 represent the trading industry and 81 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 62 players, 48 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 2/08 vs 1/08

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

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	2,920	3,000	1,200	5,000	0,519	0,032	270	10	96
Year 2	2,728	2,700	0,000	5,000	0,583	0,036	263	17	94
Year 5	2,472	2,500	1,500	4,000	0,528	0,033	256	24	91
Employee's organisations									
Year 1	2,868	3,000	2,000	3,500	0,359	0,068	28	2	93
Year 2	2,714	2,750	1,500	3,500	0,510	0,096	28	2	93
Year 5	2,452	2,500	1,500	3,200	0,485	0,092	28	2	93
Employers' organisations									
Year 1	2,927	3,000	2,000	3,500	0,395	0,081	24	3	89
Year 2	2,698	2,700	2,000	4,000	0,546	0,111	24	3	89
Year 5	2,400	2,200	2,000	4,000	0,528	0,110	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,136	3,000	1,500	5,000	0,515	0,058	80	1	99
Year 2	2,963	3,000	1,700	4,200	0,509	0,057	80	1	99
Year 5	2,753	2,800	2,000	4,000	0,509	0,057	79	2	98
Purchasing Managers, Trading									
Year 1	2,942	3,000	1,500	4,000	0,524	0,059	79	1	99
Year 2	2,805	2,800	2,000	5,000	0,563	0,064	77	3	96
Year 5	2,414	2,500	1,500	3,600	0,502	0,058	74	6	93
Money Market Players									
Year 1	2,619	2,500	1,200	3,500	0,489	0,064	59	3	95
Year 2	2,291	2,250	0,000	4,000	0,538	0,073	54	8	87
Year 5	2,172	2,000	1,500	4,000	0,411	0,057	52	10	84

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	2,521	2,500	1,000	5,000	0,459	0,028	268	12	96
Year 2	2,488	2,500	1,000	4,200	0,461	0,028	263	17	94
Year 5	2,730	2,800	1,000	4,200	0,454	0,028	254	26	91
Employee's organisations									
Year 1	2,654	2,750	1,800	3,000	0,312	0,059	28	2	93
Year 2	2,568	2,550	1,700	3,000	0,370	0,070	28	2	93
Year 5	2,650	2,700	2,000	3,500	0,398	0,075	28	2	93
Employers' organisations									
Year 1	2,454	2,500	1,500	3,400	0,375	0,077	24	3	89
Year 2	2,454	2,500	1,000	3,000	0,430	0,088	24	3	89
Year 5	2,804	3,000	1,000	3,500	0,524	0,109	23	4	85
Purchasing Managers, Manufacturing									
Year 1	2,553	2,500	1,000	4,000	0,456	0,052	78	3	96
Year 2	2,480	2,500	1,000	4,000	0,545	0,062	78	3	96
Year 5	2,751	2,850	1,500	4,000	0,478	0,054	78	3	96
Purchasing Managers, Trading									
Year 1	2,606	2,500	1,000	5,000	0,535	0,060	79	1	99
Year 2	2,583	2,600	1,700	4,200	0,424	0,048	77	3	96
Year 5	2,780	2,800	2,000	4,200	0,493	0,057	74	6	93
Money Market Players									
Year 1	2,327	2,300	1,500	3,600	0,382	0,050	59	3	95
Year 2	2,343	2,350	1,500	3,200	0,409	0,055	56	6	90
Year 5	2,633	2,500	2,000	3,200	0,330	0,046	51	11	82

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	3,574	3,500	2,000	5,000	0,491	0,034	211	7	97
Year 2	3,437	3,500	2,200	4,500	0,466	0,032	209	9	96
Year 5	3,139	3,000	2,000	5,000	0,478	0,033	204	14	94
Employee's organisations									
Year 1	3,643	3,800	2,500	4,500	0,494	0,093	28	2	93
Year 2	3,511	3,500	2,200	4,500	0,507	0,096	28	2	93
Year 5	3,193	3,250	2,000	4,000	0,528	0,100	28	2	93
Employers' organisations									
Year 1	3,950	3,950	3,400	4,500	0,372	0,076	24	3	89
Year 2	3,692	3,700	2,600	4,500	0,493	0,101	24	3	89
Year 5	3,283	3,000	2,400	5,000	0,574	0,120	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,564	3,500	2,000	5,000	0,481	0,054	80	1	99
Year 2	3,436	3,500	2,500	4,500	0,476	0,053	80	1	99
Year 5	3,187	3,000	2,000	4,500	0,486	0,055	79	2	98
Purchasing Managers, Trading									
Year 1	3,447	3,500	2,500	5,000	0,478	0,054	79	1	99
Year 2	3,331	3,500	2,500	4,500	0,400	0,046	77	3	96
Year 5	3,024	3,000	2,000	4,000	0,396	0,046	74	6	93

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	4,212	4,250	3,000	5,000	0,186	0,012	255	25	91
12 months	3,972	4,000	2,750	5,000	0,327	0,020	254	26	91
24 months	3,842	3,800	2,750	5,500	0,449	0,029	248	32	89
60 months	3,803	3,900	2,000	5,500	0,518	0,033	239	41	85
Employee's organisations									
3 months	4,200	4,250	3,750	4,300	0,141	0,027	27	3	90
12 months	4,000	4,000	3,500	4,400	0,243	0,047	27	3	90
24 months	3,880	4,000	3,000	4,400	0,338	0,065	27	3	90
60 months	3,756	4,000	2,500	4,400	0,452	0,087	27	3	90
Employers' organisations									
3 months	4,217	4,250	4,000	4,300	0,086	0,017	24	3	89
12 months	3,931	4,000	3,500	4,400	0,225	0,046	24	3	89
24 months	3,777	3,750	3,000	5,000	0,430	0,088	24	3	89
60 months	3,696	3,500	2,500	5,000	0,605	0,126	23	4	85
Purchasing Managers, Manufacturing									
3 months	4,213	4,250	3,000	5,000	0,265	0,030	79	2	98
12 months	4,020	4,000	2,750	5,000	0,397	0,045	79	2	98
24 months	3,877	3,800	2,750	5,500	0,527	0,059	79	2	98
60 months	3,833	3,800	2,750	5,500	0,569	0,064	78	3	96
Purchasing Managers, Trading									
3 months	4,197	4,250	3,750	4,750	0,174	0,020	78	2	98
12 months	4,008	4,000	2,750	4,750	0,308	0,035	78	2	98
24 months	3,883	4,000	3,000	5,000	0,370	0,043	75	5	94
60 months	3,755	3,800	2,000	5,000	0,451	0,053	72	8	90
Money Market Players									
3 months	4,239	4,250	4,000	4,500	0,073	0,011	47	15	76
12 months	3,837	3,750	3,500	4,500	0,280	0,041	46	16	74
24 months	3,723	3,750	3,000	5,000	0,486	0,074	43	19	69
60 months	3,929	4,000	2,750	5,500	0,510	0,082	39	23	63

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	3,896	3,850	3,500	4,600	0,234	0,037	41	21	66
12 months	3,988	4,000	3,400	5,000	0,397	0,063	40	22	65
24 months	4,064	4,000	3,000	5,000	0,458	0,075	37	25	60
60 months	4,300	4,500	3,250	5,500	0,487	0,082	35	27	56
EUR/SEK									
3 months	9,309	9,350	8,800	9,500	0,114	0,017	47	15	76
12 months	9,204	9,200	8,800	9,450	0,147	0,022	46	16	74
24 months	9,121	9,200	8,500	9,400	0,185	0,028	43	19	69
USD/SEK									
3 months	5,997	6,000	5,600	6,410	0,165	0,024	47	15	76
12 months	6,288	6,300	5,500	6,930	0,296	0,044	46	16	74
24 months	6,591	6,500	5,800	7,500	0,369	0,056	43	19	69

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	
	2/08	1/08	2/08	1/08	2/08	1/08	2/08	1/08
All	0	0	75	69	18	26	6	5
Employees' organisations	0	0	70	53	23	43	7	3
Employers' organisations	0	0	70	59	19	30	11	11
Purchase M	0	0	72	64	27	36	1	0
Purchase T	0	0	79	69	18	26	4	5
Money Market Players	2	2	81	86	5	5	13	8