

Press Release - Questions will be answered by Erik Eliasson, +46 (0)70 55 63 86.

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Main results

GDP growth expectations in the two year perspective have been adjusted downwards as compared to previous survey. The growth figure for the coming year has turned into red and falls below 1,0 % for the year thereafter. Inflation expectations are in the black but down in the one year projection, slightly below 1%. The two as well as the five year assessments are by and large unaltered.

Just about half the panel foresees a repo rate cut by at least 50 basis points at the next Riksbank meetings. An increase is however expected for all forecast periods.

SEK is believed to strengthen against EUR and USD for all forecast periods.

81 (78) 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, 2/09, has now been completed. The previous survey, 1/09, was published Jan 28, 2009. 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			
	2/09	1/09	2/09	1/09	2/09	1/09		
Annual;								
Inflation, %	0,9	1,1	1,5	1,5	2,2	2,3		
GDP, %	-1,4	0,0	0,6	1,1	2,4	2,2		
Wage increase, %	2,4	2,7	2,4	2,6	3,1	3,1		
	3 months		12 months		24 months		60 months	
	2/09	1/09	2/09	1/09	2/09	1/09	2/09	1/09
Repo Rate, %	0,6	1,5	0,9	1,5	1,8	2,1	2,7	2,9

Money Market Players' Expectations of¹:

	3 months		12 months		24 months		60 months	
	2/09	1/09	2/09	1/09	2/09	1/09	2/09	1/09
Repo Rate, %	0,4	1,3	0,6	1,1	1,7	2,0	3,5	3,6
5 year gvt bond rate, %	2,2	2,1	2,6	2,5	3,3	3,2	4,1	4,2
EUR	10,76	10,70	10,01	10,14	9,54	9,70	-	-
USD	8,14	8,15	7,58	7,71	7,26	7,44	-	-

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 Mar 23 – Apr 3, 2009 (previous survey Jan 12 – Jan 22, 2009). 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 Mar 25, 2009 (previous survey Jan 14, 2009).

About the Interviewees & Response Rate

In all 273 (273) organisations/companies were approached for interview. 10 (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 96 % (97 %). 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 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 2/09 vs 1/09

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			
	2/09	1/09	2/09	1/09	2/09	1/09		
Annual inflation, %								
All	0,9	1,1	1,5	1,5	2,2	2,3		
Employees' organisations	1,0	0,9	1,4	1,2	2,0	1,9		
Employers' organisations	0,7	1,0	1,4	1,4	2,2	2,2		
Purchase managers Manufacturing	1,0	1,5	1,6	1,8	2,3	2,3		
Purchase managers Trading	1,1	1,2	1,6	1,6	2,2	2,4		
Money market players	0,6	0,6	1,6	1,4	2,2	2,2		
GDP, %								
All	-1,4	0,0	0,6	1,1	2,4	2,2		
Employees' organisations	-1,7	0,1	0,0	0,9	2,1	2,2		
Employers' organisations	-1,0	0,1	0,8	1,1	2,6	2,5		
Purchase managers Manufacturing	-1,1	0,2	0,5	1,0	2,4	2,0		
Purchase managers Trading	-1,5	0,2	0,7	1,1	2,3	2,3		
Money market players	-1,7	-0,6	1,0	1,2	2,5	2,4		
Annual wage increase, %								
All	2,4	2,7	2,4	2,6	3,1	3,1		
Employees' organisations	2,8	3,1	2,5	2,7	3,3	3,3		
Employers' organisations	2,7	3,1	2,4	2,7	2,9	3,2		
Purchase managers Manufacturing	2,2	2,5	2,4	2,6	3,1	3,0		
Purchase managers Trading	2,4	2,5	2,4	2,5	3,1	3,1		
Repo rate, %								
			3 months	12 months	24 months	60 months		
	2/09	1/09	2/09	1/09	2/09	1/09	2/09	1/09
All	0,6	1,5	0,9	1,5	1,8	2,1	2,7	2,9
Employees' organisations	0,8	1,5	1,0	1,4	1,8	1,9	2,6	2,5
Employers' organisations	0,6	1,4	1,0	1,5	1,8	2,0	2,7	2,8
Purchase managers Manufacturing	0,7	1,6	1,0	1,7	1,7	2,2	2,6	2,8
Purchase managers Trading	0,6	1,5	1,1	1,5	1,8	2,0	2,6	2,8
Money market players	0,4	1,3	0,6	1,1	1,7	2,0	3,5	3,6

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	0,899	1,000	-2,000	3,500	0,895	0,055	263	10	96
Year 2	1,549	1,500	-1,000	7,000	0,797	0,049	261	12	96
Year 5	2,206	2,000	0,000	5,000	0,684	0,044	247	26	90
Employee's organisations									
Year 1	0,960	0,900	-1,000	3,000	0,890	0,163	30	0	100
Year 2	1,413	1,500	0,200	3,200	0,708	0,129	30	0	100
Year 5	2,048	2,000	0,800	3,500	0,601	0,112	29	1	97
Employers' organisations									
Year 1	0,671	0,625	-0,900	2,000	0,749	0,147	26	1	96
Year 2	1,360	1,200	0,100	3,000	0,681	0,134	26	1	96
Year 5	2,165	2,000	1,000	5,000	0,722	0,142	26	1	96
Purchasing Managers, Manufacturing									
Year 1	0,959	1,000	-2,000	3,500	1,026	0,115	79	1	99
Year 2	1,594	1,500	0,000	7,000	0,977	0,110	79	1	99
Year 5	2,301	2,000	1,000	5,000	0,770	0,087	79	1	99
Purchasing Managers, Trading									
Year 1	1,114	1,000	-0,300	3,500	0,808	0,095	72	7	91
Year 2	1,619	1,500	0,400	3,000	0,647	0,077	70	9	89
Year 5	2,218	2,000	0,900	4,000	0,616	0,076	65	14	82
Money Market Players									
Year 1	0,611	0,550	-2,000	3,000	0,793	0,106	56	1	98
Year 2	1,557	1,500	-1,000	3,500	0,784	0,105	56	1	98
Year 5	2,153	2,000	0,000	4,000	0,649	0,094	48	9	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	-1,388	-1,500	-6,000	3,200	1,833	0,113	261	12	96
Year 2	0,641	0,500	-3,000	3,500	1,247	0,078	258	15	95
Year 5	2,365	2,500	-3,000	5,000	0,970	0,062	244	29	89
Employee's organisations									
Year 1	-1,669	-2,000	-4,000	2,000	1,467	0,272	29	1	97
Year 2	0,014	0,000	-3,000	3,500	1,361	0,253	29	1	97
Year 5	2,055	2,000	-3,000	4,000	1,388	0,258	29	1	97
Employers' organisations									
Year 1	-1,048	-1,000	-4,000	2,500	1,626	0,319	26	1	96
Year 2	0,812	1,000	-2,000	3,000	1,223	0,240	26	1	96
Year 5	2,578	2,750	1,000	4,000	0,707	0,141	25	2	93
Purchasing Managers, Manufacturing									
Year 1	-1,073	-1,000	-5,000	3,200	1,870	0,212	78	2	98
Year 2	0,512	0,000	-2,600	3,000	1,217	0,138	78	2	98
Year 5	2,368	2,350	-2,000	5,000	0,966	0,109	78	2	98
Purchasing Managers, Trading									
Year 1	-1,476	-1,600	-5,500	2,800	1,894	0,223	72	7	91
Year 2	0,720	0,850	-2,300	3,000	1,173	0,140	70	9	89
Year 5	2,331	2,500	-2,000	5,000	1,020	0,126	66	13	84
Money Market Players									
Year 1	-1,727	-1,500	-6,000	2,000	1,923	0,257	56	1	98
Year 2	0,973	1,000	-3,000	3,000	1,227	0,166	55	2	96
Year 5	2,490	2,500	1,000	4,000	0,644	0,095	46	11	81

TABLE 4 - Wage Increase Expectations

Expected annual 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	2,395	2,500	0,000	4,500	0,866	0,060	206	10	95
Year 2	2,406	2,500	0,000	4,000	0,736	0,051	205	11	95
Year 5	3,083	3,000	1,500	6,000	0,642	0,046	199	17	92
Employee's organisations									
Year 1	2,847	3,000	1,000	4,500	0,608	0,111	30	0	100
Year 2	2,517	2,500	1,000	4,000	0,754	0,138	30	0	100
Year 5	3,283	3,500	2,000	4,500	0,554	0,103	29	1	97
Employers' organisations									
Year 1	2,700	3,000	0,000	3,500	0,796	0,156	26	1	96
Year 2	2,388	2,500	1,000	3,500	0,817	0,160	26	1	96
Year 5	2,936	3,000	1,500	3,900	0,633	0,127	25	2	93
Purchasing Managers, Manufacturing									
Year 1	2,158	2,500	0,000	4,000	0,860	0,097	79	1	99
Year 2	2,400	2,500	0,000	4,000	0,784	0,088	79	1	99
Year 5	3,065	3,000	1,500	6,000	0,724	0,081	79	1	99
Purchasing Managers, Trading									
Year 1	2,356	2,500	0,000	3,700	0,898	0,107	71	8	90
Year 2	2,371	2,500	1,000	4,000	0,648	0,077	70	9	89
Year 5	3,074	3,000	2,000	5,000	0,565	0,070	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	0,626	0,500	0,000	2,500	0,338	0,022	247	26	90
12 months	0,932	1,000	0,000	3,000	0,536	0,034	247	26	90
24 months	1,756	1,500	0,000	4,500	0,799	0,052	238	35	87
60 months	2,748	2,500	0,500	5,000	0,867	0,057	230	43	84
Employee's organisations									
3 months	0,793	0,750	0,000	2,500	0,416	0,076	30	0	100
12 months	1,030	1,000	0,000	2,500	0,505	0,092	30	0	100
24 months	1,807	1,500	1,000	4,000	0,784	0,143	30	0	100
60 months	2,634	2,500	1,500	4,500	0,805	0,150	29	1	97
Employers' organisations									
3 months	0,556	0,500	0,000	1,000	0,318	0,062	26	1	96
12 months	0,950	0,775	0,250	2,500	0,552	0,108	26	1	96
24 months	1,808	1,750	0,500	4,000	0,811	0,159	26	1	96
60 months	2,686	2,500	0,750	4,000	0,882	0,176	25	2	93
Purchasing Managers, Manufacturing									
3 months	0,690	0,750	0,000	1,500	0,363	0,041	78	2	98
12 months	0,959	1,000	0,000	2,500	0,500	0,057	78	2	98
24 months	1,735	1,725	0,000	3,500	0,687	0,078	78	2	98
60 months	2,636	2,500	0,800	5,000	0,842	0,095	78	2	98
Purchasing Managers, Trading									
3 months	0,649	0,500	0,000	1,200	0,277	0,033	71	8	90
12 months	1,053	1,000	0,000	3,000	0,548	0,065	71	8	90
24 months	1,751	1,700	0,250	4,500	0,734	0,090	67	12	85
60 months	2,576	2,500	0,500	5,000	0,824	0,103	64	15	81
Money Market Players									
3 months	0,389	0,500	0,000	1,000	0,189	0,029	42	15	74
12 months	0,598	0,500	0,000	2,000	0,478	0,074	42	15	74
24 months	1,735	1,500	0,100	4,500	1,116	0,184	37	20	65
60 months	3,471	3,625	2,000	4,250	0,714	0,123	34	23	60

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	2,249	2,250	1,250	3,250	0,351	0,059	35	22	61
12 months	2,641	2,600	1,500	4,000	0,597	0,101	35	22	61
24 months	3,298	3,000	1,500	4,750	0,771	0,134	33	24	58
60 months	4,120	4,275	2,500	6,000	0,786	0,139	32	25	56
EUR/SEK									
3 months	10,756	10,785	8,390	11,500	0,491	0,076	42	15	74
12 months	10,008	10,000	8,000	11,250	0,542	0,084	42	15	74
24 months	9,537	9,500	8,000	11,000	0,474	0,076	39	18	68
USD/SEK									
3 months	8,136	8,000	5,990	9,250	0,536	0,084	41	16	72
12 months	7,581	7,560	5,330	8,500	0,612	0,096	41	16	72
24 months	7,263	7,325	5,330	8,750	0,685	0,111	38	19	67

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	
	2/09	1/09	2/09	1/09	2/09	1/09	2/09	1/09
All	12	15	81	78	2	2	4	4
Employees' organisations	23	30	73	63	3	3	0	3
Employers' organisations	22	11	74	85	0	0	4	4
Purchase M	14	13	83	85	3	3	1	0
Purchase T	6	14	82	72	0	3	11	11
Money Market Players	9	14	84	82	5	2	2	2