

Press Release

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Main results

Inflation and wage increase expectations have been revised marginally since last survey. Inflation expectations are therefore still mainly at or below the Riksbank's inflationary goal of 2 per cent annually.

Money market players make, with marginal exceptions, the same repo rate forecasts but believe in a weaker SEK, especially as compared to the USD, than was the case in last survey.

Since autumn 1995 Prospera Research AB, four times a year, carries out a survey aiming at mapping inflationary and wage increase expectations in Sweden among labour market parties, purchasing managers and money market players. With the commencement in spring 1998 Prospera simultaneously carries out a survey on money market players' expectations of future repo rates, TCW-indices, SEK/EUR and SEK/USD rates. The latest survey, called 3/00 below, has now been completed. The previous one, 2/00, was published on April 19, 2000. The results can be summarised as in the following tables (rounded off figures)^{1,2}:

Expectations of	1 year		2 years		5 years	
	3/00	2/00	3/00	2/00	3/00	2/00
Annual average inflation, %						
All	1,8	1,9	1,9	2,0	2,0	2,1
Employers' organisations	1,7	1,7	1,9	1,8	2,0	1,9
Employees' organisations	1,8	1,8	1,9	1,9	2,0	1,9
Purchase T (Trading)	2,0	2,0	2,0	2,0	2,1	2,1
Purchase M (Manufacturing)	1,9	2,1	2,0	2,2	2,0	2,3
Money market players	1,7	1,7	1,8	1,8	1,9	1,9
Annual average wage increase, %						
All	3,2	3,2	3,2	3,2	3,2	3,1
Employers' organisations	3,1	3,2	3,1	3,2	3,0	3,1
Employees' organisations	3,4	3,4	3,4	3,4	3,4	3,3
Purchase T (Trading)	3,1	3,0	3,1	3,1	3,1	3,1
Purchase M (Manufacturing)	3,2	3,2	3,2	3,2	3,2	3,2
	3 months		12 months		24 months	
Money market expectations of	3/00	2/00	3/00	2/00	3/00	2/00
Repo rate, %	4,1	4,1	4,7	4,6	4,8	4,9
TCW-index	123	121	122	120	121	119
SEK/EUR	8,37	8,30	8,35	8,30	8,33	8,31
SEK/USD	9,03	8,50	8,64	8,14	8,46	8,03

¹ The mean value "All" has 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).

² **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.

About the survey

Prospera's survey was carried out by telephone. The part of the survey that encompasses inflationary and wage increase expectations was performed in the period August 14 – 24, 2000³(previous survey April 3 – 13, 2000). The part of the survey comprising money market players' expectations of future repo rates, TCW-index, SEK/EUR and SEK/USD rates was carried out on August 16, 2000 (previous survey April 5, 2000). The interviewees constitute a "panel" which means that the same organisations/companies are approached for interview at all occasions. In all 335(335) members were included in the panel this time. 7(9) of the interviewees in the panel could not be reached, which means that there is an overall response rate of 98(97) per cent. The response rate for individual questions concerning inflation and wage increase expectations is 95 per cent or above for the one and the two year assessments, but might be lower than that for the five year assessments (Table 1). The response rate concerning the repo rates, the TCW-index, the EUR and the USD is lower (Table 2).

About the interviewees

187 purchasing managers of which 92 represent the trading industry (T) and 95 the manufacturing industry (M). 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.

81 money market players, 58 Swedish and 23 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 repo rates, TCW-index, SEK/EUR and SEK/USD rates.

60 Swedish labour market organisations, of which 30 on the employers' side and 30 on the employees' side have participated in the survey.

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³ Four interviews were completed on August 25, 2000 and one interview on August 28, 2000.

TABLE 1 - Inflationary and wage increase expectations 3/00

Expected annual increase in CPI and expected annual wage increase the coming 12, 24 and 60 months

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
ALL									
Inflation 1 year	1,830	1,800	0,000	4,500	0,678	0,037	328	7	98
Inflation 2 years	1,934	1,875	0,000	4,625	0,662	0,037	326	9	97
Inflation 5 years	2,011	1,980	0,000	4,250	0,606	0,035	302	33	90
Wage increase 1 year	3,169	3,000	1,000	6,000	0,715	0,046	245	5	98
Wage increase 2 years	3,200	3,250	1,000	5,499	0,681	0,044	243	7	97
Wage increase 5 years	3,162	3,160	1,300	5,000	0,652	0,043	227	23	91
EMPLOYERS' ORGANISATIONS									
Inflation 1 year	1,743	1,550	0,500	3,000	0,544	0,099	30	0	100
Inflation 2 years	1,880	1,750	0,250	3,000	0,547	0,100	30	0	100
Inflation 5 years	1,991	1,980	0,200	2,900	0,541	0,101	29	1	97
Wage increase 1 year	3,070	3,000	2,000	4,000	0,477	0,087	30	0	100
Wage increase 2 years	3,123	3,000	2,250	4,000	0,495	0,090	30	0	100
Wage increase 5 years	3,040	3,000	2,200	3,899	0,480	0,089	29	1	97
EMPLOYEES' ORGANISATIONS									
Inflation 1 year	1,790	1,800	0,500	2,500	0,585	0,107	30	0	100
Inflation 2 years	1,878	1,900	0,750	2,750	0,501	0,091	30	0	100
Inflation 5 years	1,974	2,000	1,000	2,700	0,433	0,079	30	0	100
Wage increase 1 year	3,357	3,500	2,000	5,000	0,620	0,113	30	0	100
Wage increase 2 years	3,360	3,499	2,000	4,247	0,501	0,091	30	0	100
Wage increase 5 years	3,382	3,469	2,000	4,397	0,542	0,099	30	0	100
PURCHASING MANAGERS, Trading									
Inflation 1 year	1,955	2,000	0,000	4,500	0,773	0,081	92	2	98
Inflation 2 years	2,011	2,000	0,400	4,000	0,731	0,077	91	3	97
Inflation 5 years	2,065	2,099	0,560	4,000	0,681	0,075	83	11	88
Wage increase 1 year	3,101	3,000	1,000	6,000	0,810	0,085	91	3	97
Wage increase 2 years	3,139	3,062	1,000	5,499	0,754	0,079	90	4	96
Wage increase 5 years	3,106	3,119	1,300	5,000	0,668	0,074	82	12	87
PURCHASING MANAGERS, Manufacturing									
Inflation 1 year	1,871	2,000	0,000	4,500	0,825	0,085	95	1	99
Inflation 2 years	2,002	2,000	0,000	4,625	0,838	0,086	94	2	98
Inflation 5 years	2,041	1,917	0,000	4,250	0,750	0,081	85	11	89
Wage increase 1 year	3,207	3,000	1,500	5,000	0,703	0,072	94	2	98
Wage increase 2 years	3,232	3,250	1,400	5,000	0,708	0,073	93	3	97
Wage increase 5 years	3,180	3,149	1,500	5,000	0,709	0,076	86	10	90
MONEY MARKET PLAYERS									
Inflation 1 year	1,686	1,700	0,600	2,600	0,355	0,039	81	4	95
Inflation 2 years	1,807	1,850	0,550	2,800	0,367	0,041	81	4	95
Inflation 5 years	1,939	1,960	0,199	2,920	0,381	0,044	75	10	88

TABLE 2 - Money market expectations 3/00

Repo rates, TCW-index, SEK/Euro and SEK/USD

	Mean	Median	Lowest	Highest	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
REPO RATE									
3 months	4,096	4,000	3,750	4,750	0,188	0,022	70	15	82
12 months	4,677	4,750	4,000	5,500	0,343	0,041	70	15	82
24 months	4,760	4,750	3,750	6,000	0,474	0,058	67	18	79
TCW-index									
3 months	123,201	123,350	120,000	126,000	1,440	0,192	56	29	66
12 months	121,931	122,000	115,000	128,000	2,731	0,365	56	29	66
24 months	121,011	120,500	115,000	130,000	3,067	0,410	56	29	66
SEK/EUR									
3 months	8,373	8,385	8,050	8,700	0,117	0,014	70	15	82
12 months	8,345	8,380	7,700	8,800	0,190	0,023	69	16	81
24 months	8,328	8,365	7,750	9,000	0,214	0,026	66	19	78
SEK/USD									
3 months	9,031	9,000	8,200	9,500	0,267	0,032	69	16	81
12 months	8,636	8,700	7,660	9,400	0,414	0,050	68	17	80
24 months	8,462	8,500	7,120	9,500	0,521	0,065	64	21	75