

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

This release, or parts thereof, may be published immediately.
Please state Prospera Research AB as the source.

Main results

Inflationary, as well as wage increase, expectations are just about on a par with those of the last survey. This status quo projection is accompanied with a sharp general decline in growth rate expectations. Also, since last survey the repo rate has been adjusted upwards by 50 points to 3,75 per cent. The main stream sentiments reflect expectations of another quarter adjustment upwards within a three month horizon. In a five year perspective repo rate expectations are however unaltered.

Money market players believe in a slow, but consequent, strengthening of SEK vs EUR and also in a stabilization/weakening of SEK vs USD.

89(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").

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, 3/07, has now been completed. The previous survey, 2/07, was published May 30, 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			
	3/07	2/07	3/07	2/07	3/07	2/07		
Annual;								
Inflation, %	2,3	2,3	2,4	2,4	2,2	2,3		
GDP, %	3,3	3,8	3,1	3,5	2,9	3,1		
Wage increase, %	3,5	3,6	3,4	3,4	3,1	3,2		
	3 months		12 months		24 months		60 months	
	3/07	2/07	3/07	2/07	3/07	2/07	3/07	2/07
Repo Rate, %	3,9	3,5	4,1	3,9	4,1	4,0	3,9	3,9

Money Market Players' Expectations of:

	3 months		12 months		24 months		60 months	
	3/07	2/07	3/07	2/07	3/07	2/07	3/07	2/07
Repo Rate, %	4,0	3,5	4,3	4,1	4,2	4,3	4,0	4,1
5 year gvt bond rate, %	4,4	4,2	4,6	4,4	4,5	4,5	4,4	4,5
EUR	9,17	9,13	9,05	8,99	9,02	8,94	--	--
USD	6,47	6,74	6,49	6,70	6,68	6,75	--	--

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 Sep 24 – Oct 8, 2007 (previous survey May 9 – May 28, 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 Sep 26, 2007 (previous survey May 9, 2007).

About the Interviewees & Response Rate

In all 284 (285) organisations/companies were approached for interview. 8 (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 97% (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 163 purchasing managers 82 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 64 players, 49 Swedish and 15 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 3/07 vs 2/07

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

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	2,316	2,200	0,500	4,000	0,493	0,030	275	9	97
Year 2	2,368	2,300	0,500	4,000	0,503	0,030	272	12	96
Year 5	2,227	2,000	0,000	4,000	0,533	0,033	260	24	92
Employee's organisations									
Year 1	2,117	2,000	1,500	3,500	0,435	0,079	30	0	100
Year 2	2,202	2,000	1,000	3,500	0,457	0,083	30	0	100
Year 5	2,158	2,000	1,500	3,500	0,477	0,087	30	0	100
Employers' organisations									
Year 1	2,221	2,200	1,500	3,200	0,367	0,075	24	3	89
Year 2	2,288	2,200	2,000	3,000	0,291	0,059	24	3	89
Year 5	2,143	2,000	1,500	3,000	0,363	0,076	23	4	85
Purchasing Managers, Manufacturing									
Year 1	2,535	2,500	1,500	4,000	0,516	0,057	81	0	100
Year 2	2,554	2,500	1,000	4,000	0,539	0,060	81	0	100
Year 5	2,436	2,500	0,000	3,750	0,649	0,072	81	0	100
Purchasing Managers, Trading									
Year 1	2,332	2,200	0,500	3,500	0,577	0,065	79	3	96
Year 2	2,415	2,500	0,500	3,500	0,571	0,065	77	5	94
Year 5	2,225	2,000	0,500	4,000	0,545	0,065	70	12	85
Money Market Players									
Year 1	2,139	2,100	1,700	2,700	0,238	0,031	61	3	95
Year 2	2,173	2,200	1,000	2,800	0,326	0,042	60	4	94
Year 5	1,999	2,000	1,500	2,900	0,244	0,033	56	8	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	3,297	3,400	1,500	6,000	0,546	0,033	274	10	96
Year 2	3,055	3,000	1,500	6,000	0,616	0,038	269	15	95
Year 5	2,903	3,000	1,000	6,000	0,670	0,042	255	29	90
Employee's organisations									
Year 1	3,503	3,500	2,500	4,500	0,405	0,074	30	0	100
Year 2	3,223	3,150	2,000	4,000	0,462	0,084	30	0	100
Year 5	3,078	3,000	2,000	4,000	0,426	0,078	30	0	100
Employers' organisations									
Year 1	3,213	3,300	1,500	4,000	0,553	0,113	24	3	89
Year 2	2,992	3,000	1,500	4,200	0,643	0,131	24	3	89
Year 5	2,761	2,800	1,800	3,700	0,576	0,120	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,419	3,500	1,500	6,000	0,647	0,072	81	0	100
Year 2	3,173	3,000	1,500	6,000	0,717	0,080	80	1	99
Year 5	3,030	3,000	1,000	6,000	0,872	0,098	80	1	99
Purchasing Managers, Trading									
Year 1	3,324	3,500	1,500	4,500	0,530	0,060	78	4	95
Year 2	3,077	3,000	1,500	4,500	0,626	0,072	75	7	91
Year 5	2,945	3,000	1,000	5,000	0,629	0,076	68	14	83
Money Market Players									
Year 1	3,031	3,000	2,250	4,000	0,351	0,045	61	3	95
Year 2	2,811	2,800	1,700	4,000	0,424	0,055	60	4	94
Year 5	2,623	2,500	2,000	3,500	0,388	0,053	54	10	84

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	3,481	3,500	1,760	5,000	0,567	0,039	213	7	97
Year 2	3,382	3,500	1,780	5,500	0,574	0,040	211	9	96
Year 5	3,117	3,000	1,500	7,000	0,650	0,046	204	16	93
Employee's organisations									
Year 1	3,633	3,650	2,000	4,500	0,565	0,103	30	0	100
Year 2	3,573	3,500	2,500	4,500	0,520	0,095	30	0	100
Year 5	3,280	3,500	2,000	4,500	0,544	0,099	30	0	100
Employers' organisations									
Year 1	3,729	3,800	2,000	4,700	0,585	0,119	24	3	89
Year 2	3,758	3,850	2,300	4,700	0,606	0,124	24	3	89
Year 5	3,361	3,100	2,000	5,000	0,760	0,159	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,409	3,500	2,000	5,000	0,513	0,057	81	0	100
Year 2	3,272	3,200	2,000	5,000	0,488	0,054	81	0	100
Year 5	3,072	3,000	1,500	7,000	0,688	0,076	81	0	100
Purchasing Managers, Trading									
Year 1	3,421	3,500	1,760	4,500	0,594	0,067	78	4	95
Year 2	3,306	3,450	1,780	5,500	0,610	0,070	76	6	93
Year 5	3,020	3,000	1,780	4,000	0,585	0,070	70	12	85

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	3,910	4,000	2,000	5,000	0,248	0,015	261	23	92
12 months	4,102	4,000	2,200	5,500	0,379	0,024	259	25	91
24 months	4,075	4,000	2,200	6,000	0,483	0,030	253	31	89
60 months	3,874	4,000	2,100	6,500	0,621	0,041	235	49	83
Employee's organisations									
3 months	3,890	3,850	3,500	4,250	0,209	0,039	29	1	97
12 months	3,998	4,000	3,250	4,500	0,353	0,066	29	1	97
24 months	3,953	4,000	3,400	4,500	0,354	0,066	29	1	97
60 months	3,759	3,800	2,500	5,000	0,540	0,100	29	1	97
Employers' organisations									
3 months	3,908	4,000	3,750	4,000	0,114	0,024	23	4	15
12 months	4,138	4,250	3,500	4,500	0,282	0,059	23	4	15
24 months	4,100	4,250	3,250	4,750	0,430	0,090	23	4	15
60 months	3,750	4,000	3,000	5,000	0,595	0,127	22	5	19
Purchasing Managers, Manufacturing									
3 months	3,850	4,000	2,000	5,000	0,339	0,038	81	0	100
12 months	3,997	4,000	2,200	5,500	0,436	0,048	81	0	100
24 months	4,020	4,000	2,200	6,000	0,516	0,057	81	0	100
60 months	3,860	4,000	2,200	6,500	0,648	0,072	80	1	99
Purchasing Managers, Trading									
3 months	3,926	4,000	3,000	4,750	0,234	0,026	78	4	95
12 months	4,117	4,000	3,200	5,000	0,364	0,041	78	4	95
24 months	4,085	4,000	2,500	5,500	0,492	0,057	75	7	91
60 months	3,929	4,000	2,100	5,500	0,643	0,079	67	15	82
Money Market Players									
3 months	3,997	4,000	3,750	4,250	0,096	0,014	50	14	78
12 months	4,300	4,250	3,500	4,750	0,260	0,037	48	16	75
24 months	4,221	4,250	3,000	5,500	0,484	0,072	45	19	70
60 months	3,966	4,000	2,500	5,250	0,601	0,099	37	27	58

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	4,383	4,400	4,000	4,800	0,171	0,027	39	25	61
12 months	4,576	4,500	3,500	5,250	0,321	0,051	39	25	61
24 months	4,500	4,500	3,750	5,500	0,408	0,067	37	27	58
60 months	4,386	4,500	3,000	5,750	0,500	0,085	35	29	55
EUR/SEK									
3 months	9,167	9,150	9,000	9,300	0,069	0,010	48	16	75
12 months	9,049	9,030	8,700	9,500	0,167	0,024	47	17	73
24 months	9,017	9,000	8,610	9,500	0,187	0,028	43	21	67
USD/SEK									
3 months	6,472	6,500	6,200	6,800	0,131	0,019	48	16	75
12 months	6,490	6,500	6,000	7,500	0,311	0,045	47	17	73
24 months	6,681	6,700	5,800	8,000	0,420	0,064	43	21	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	
	3/07	2/07	3/07	2/07	3/07	2/07	3/07	2/07
All	0	1	89	84	6	11	4	5
Employees' organisations	0	3	97	87	3	7	0	3
Employers' organisations	0	0	89	81	0	11	11	7
Purchase M	0	0	89	74	11	25	0	1
Purchase T	1	0	84	82	9	8	6	10
Money Market Players	0	2	94	97	0	0	6	2