

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

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Main results

There is a firm general stagflationary attitude for the year to come; inflation up and production down. Wage increase expectations are unaltered i.e. the increased inflation is believed to be imported. Inflation is expected to peak and surpass the "tolerance ceiling" of 3 % in all categories except for the Money Market Players. From Year 2 onwards an inflation descent and a slight production recovery are expected.

Since last survey the 5Y rates have climbed by some 50 points, from 3,9 % to 4,4 %. Money Market Players think that the rates will stay on this level for the projected time period. The majority of the respondents (approx. 60 %) do not believe in a repo rate adjustment the coming three months. EUR and USD rates are projected just about on par with last survey; a stable EUR and a rising USD is expected in the two year perspective.

61(75) per cent of All Interviewees think 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, 3/08, has now been completed. The previous survey, 2/08, was published Apr 16, 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			
	3/08	2/08	3/08	2/08	3/08	2/08		
Annual;								
Inflation, %	3,2	2,9	2,9	2,7	2,6	2,5		
GDP, %	2,1	2,5	2,2	2,5	2,5	2,7		
Wage increase, %	3,6	3,6	3,4	3,4	3,2	3,1		
	3 months		12 months		24 months		60 months	
	3/08	2/08	3/08	2/08	3/08	2/08	3/08	2/08
Repo Rate, %	4,3	4,2	4,1	4,0	4,0	3,8	3,8	3,8

Money Market Players' Expectations of¹:

	3 months		12 months		24 months		60 months	
	3/08	2/08	3/08	2/08	3/08	2/08	3/08	2/08
Repo Rate, %	4,3	4,2	4,0	3,8	3,9	3,7	4,1	3,9
5 year gvt bond rate, %	4,4	3,9	4,3	4,0	4,4	4,1	4,5	4,3
EUR	9,30	9,31	9,20	9,20	9,13	9,12	-	-
USD	6,03	6,00	6,36	6,29	6,64	6,59	-	-

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 Jun 2 – Jun 16, 2008 (previous survey Mar 31 – Apr 11, 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 Jun 4, 2008 (previous survey Apr 2, 2008).

About the Interviewees & Response Rate

In all 279 (280) organisations/companies were approached for interview. 10 (10) 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 61 players, 48 Swedish and 13 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 3/08 vs 2/08

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			
	3/08	2/08	3/08	2/08	3/08	2/08		
Annual inflation, %								
All	3,2	2,9	2,9	2,7	2,6	2,5		
Employees' organisations	3,1	2,9	3,0	2,7	2,6	2,5		
Employers' organisations	3,2	2,9	3,0	2,7	2,5	2,4		
Purchase managers Manufacturing	3,4	3,1	3,2	3,0	2,9	2,8		
Purchase managers Trading	3,2	2,9	3,0	2,8	2,6	2,4		
Money market players	2,8	2,6	2,4	2,3	2,2	2,2		
GDP, %								
All	2,1	2,5	2,2	2,5	2,5	2,7		
Employees' organisations	2,0	2,7	2,1	2,6	2,5	2,7		
Employers' organisations	2,3	2,5	2,3	2,5	2,6	2,8		
Purchase managers Manufacturing	2,2	2,6	2,2	2,5	2,4	2,8		
Purchase managers Trading	2,2	2,6	2,2	2,6	2,6	2,8		
Money market players	2,0	2,3	2,1	2,3	2,6	2,6		
Annual wage increase, %								
All	3,6	3,6	3,4	3,4	3,2	3,1		
Employees' organisations	3,7	3,6	3,6	3,5	3,4	3,2		
Employers' organisations	3,8	4,0	3,6	3,7	3,1	3,3		
Purchase managers Manufacturing	3,6	3,6	3,4	3,4	3,2	3,2		
Purchase managers Trading	3,5	3,4	3,3	3,3	3,1	3,0		
Repo rate, %								
	3 months		12 months		24 months		60 months	
	3/08	2/08	3/08	2/08	3/08	2/08	3/08	2/08
All	4,3	4,2	4,1	4,0	4,0	3,8	3,8	3,8
Employees' organisations	4,3	4,2	4,2	4,0	4,0	3,9	3,8	3,8
Employers' organisations	4,3	4,2	4,1	3,9	3,8	3,8	3,4	3,7
Purchase managers Manufacturing	4,3	4,2	4,2	4,0	4,0	3,9	3,9	3,8
Purchase managers Trading	4,3	4,2	4,1	4,0	3,9	3,9	3,8	3,8
Money market players	4,3	4,2	4,0	3,8	3,9	3,7	4,1	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	3,167	3,200	1,500	4,500	0,538	0,033	268	11	96
Year 2	2,932	3,000	1,600	4,500	0,599	0,037	263	16	94
Year 5	2,614	2,500	1,000	5,000	0,676	0,042	255	24	91
Employee's organisations									
Year 1	3,131	3,200	2,000	4,200	0,556	0,103	29	1	97
Year 2	2,968	2,950	1,800	4,500	0,654	0,124	28	2	93
Year 5	2,607	2,500	1,500	4,500	0,728	0,138	28	2	93
Employers' organisations									
Year 1	3,227	3,200	2,400	4,000	0,416	0,085	24	3	89
Year 2	2,990	2,900	2,100	4,500	0,585	0,119	24	3	89
Year 5	2,465	2,200	1,800	4,000	0,653	0,136	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,354	3,500	2,000	4,250	0,446	0,050	79	2	98
Year 2	3,185	3,200	2,000	4,200	0,515	0,058	79	2	98
Year 5	2,915	3,000	1,000	5,000	0,719	0,081	79	2	98
Purchasing Managers, Trading									
Year 1	3,223	3,000	2,000	4,500	0,487	0,055	79	1	99
Year 2	3,013	3,000	2,000	4,500	0,518	0,058	79	1	99
Year 5	2,623	2,500	1,500	4,000	0,608	0,070	75	5	94
Money Market Players									
Year 1	2,824	2,800	1,500	4,250	0,609	0,081	57	4	93
Year 2	2,391	2,300	1,600	4,000	0,477	0,066	53	8	87
Year 5	2,198	2,000	1,500	3,500	0,416	0,059	50	11	82

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	2,132	2,100	1,000	4,000	0,402	0,025	267	12	96
Year 2	2,208	2,100	1,000	3,700	0,418	0,026	262	17	94
Year 5	2,520	2,500	0,000	5,000	0,520	0,033	253	26	91
Employee's organisations									
Year 1	2,031	2,000	1,200	2,500	0,313	0,058	29	1	97
Year 2	2,129	2,000	1,500	2,600	0,313	0,059	28	2	93
Year 5	2,518	2,500	0,800	3,500	0,572	0,108	28	2	93
Employers' organisations									
Year 1	2,258	2,200	1,500	3,600	0,388	0,079	24	3	89
Year 2	2,317	2,400	1,000	3,500	0,462	0,094	24	3	89
Year 5	2,557	2,500	1,000	3,500	0,574	0,120	23	4	85
Purchasing Managers, Manufacturing									
Year 1	2,176	2,200	1,000	4,000	0,460	0,052	78	3	96
Year 2	2,226	2,100	1,400	3,700	0,453	0,051	78	3	96
Year 5	2,431	2,500	0,000	4,400	0,554	0,063	78	3	96
Purchasing Managers, Trading									
Year 1	2,159	2,000	1,500	4,000	0,391	0,044	79	1	99
Year 2	2,227	2,200	1,250	3,500	0,388	0,044	79	1	99
Year 5	2,570	2,500	1,500	5,000	0,518	0,060	74	6	93
Money Market Players									
Year 1	2,032	2,000	1,000	2,700	0,357	0,047	57	4	93
Year 2	2,147	2,200	1,000	3,000	0,433	0,060	53	8	87
Year 5	2,567	2,500	1,500	3,500	0,401	0,057	50	11	82

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	3,592	3,500	2,500	6,000	0,500	0,034	210	8	96
Year 2	3,406	3,500	2,000	5,000	0,462	0,032	209	9	96
Year 5	3,193	3,000	2,000	4,500	0,449	0,032	203	15	93
Employee's organisations									
Year 1	3,748	3,700	2,700	4,500	0,444	0,082	29	1	97
Year 2	3,646	3,600	3,000	4,500	0,356	0,067	28	2	93
Year 5	3,439	3,500	2,500	4,000	0,398	0,075	28	2	93
Employers' organisations									
Year 1	3,804	3,900	3,000	4,500	0,472	0,094	25	2	93
Year 2	3,594	3,500	2,800	4,750	0,525	0,105	25	2	93
Year 5	3,143	3,000	2,400	4,000	0,430	0,090	23	4	85
Purchasing Managers, Manufacturing									
Year 1	3,568	3,500	2,500	6,000	0,547	0,061	79	2	98
Year 2	3,402	3,500	2,000	5,000	0,491	0,055	79	2	98
Year 5	3,189	3,000	2,000	4,500	0,444	0,050	79	2	98
Purchasing Managers, Trading									
Year 1	3,489	3,500	2,500	4,500	0,449	0,051	77	3	96
Year 2	3,262	3,200	2,000	4,500	0,389	0,044	77	3	96
Year 5	3,118	3,000	2,000	4,000	0,454	0,053	73	7	91

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	4,296	4,250	3,500	5,000	0,160	0,010	255	24	91
12 months	4,143	4,000	2,750	6,000	0,366	0,023	252	27	90
24 months	3,953	4,000	2,500	6,000	0,474	0,030	245	34	88
60 months	3,824	4,000	2,000	6,000	0,560	0,036	236	43	85
Employee's organisations									
3 months	4,281	4,250	4,000	4,500	0,131	0,024	29	1	97
12 months	4,169	4,000	3,500	5,000	0,339	0,063	29	1	97
24 months	4,021	4,000	3,250	5,000	0,423	0,078	29	1	97
60 months	3,780	3,900	2,000	4,750	0,569	0,107	28	2	93
Employers' organisations									
3 months	4,290	4,250	4,000	4,500	0,114	0,023	24	3	89
12 months	4,135	4,175	3,500	4,800	0,297	0,061	24	3	89
24 months	3,848	3,825	3,250	5,000	0,389	0,079	24	3	89
60 months	3,437	3,500	2,750	4,000	0,373	0,078	23	4	85
Purchasing Managers, Manufacturing									
3 months	4,302	4,250	3,800	5,000	0,159	0,018	78	3	96
12 months	4,228	4,250	3,250	6,000	0,359	0,041	78	3	96
24 months	4,024	4,000	2,750	6,000	0,482	0,055	77	4	95
60 months	3,897	4,000	2,500	6,000	0,582	0,066	77	4	95
Purchasing Managers, Trading									
3 months	4,296	4,250	3,500	5,000	0,205	0,023	78	2	98
12 months	4,129	4,000	2,750	5,000	0,359	0,041	77	3	96
24 months	3,928	4,000	2,500	5,250	0,427	0,049	75	5	94
60 months	3,756	3,825	2,000	4,750	0,498	0,060	70	10	88
Money Market Players									
3 months	4,299	4,250	4,250	4,750	0,113	0,017	46	15	75
12 months	4,006	4,000	3,000	5,000	0,409	0,062	44	17	72
24 months	3,875	3,875	2,750	5,000	0,602	0,095	40	21	66
60 months	4,066	4,000	3,000	6,000	0,583	0,095	38	23	62

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	4,365	4,400	3,750	4,850	0,215	0,034	41	20	67
12 months	4,328	4,250	3,500	5,000	0,424	0,068	39	22	64
24 months	4,379	4,400	3,500	5,500	0,483	0,080	36	25	59
60 months	4,485	4,500	3,500	6,500	0,581	0,098	35	26	57
EUR/SEK									
3 months	9,301	9,300	8,800	9,500	0,117	0,018	43	18	70
12 months	9,204	9,200	8,800	9,500	0,143	0,022	41	20	67
24 months	9,126	9,150	8,600	9,500	0,164	0,027	36	25	59
USD/SEK									
3 months	6,034	6,050	5,090	6,680	0,235	0,036	43	18	70
12 months	6,358	6,300	5,750	7,000	0,310	0,048	41	20	67
24 months	6,636	6,500	5,500	7,500	0,423	0,070	36	25	59

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	
	3/08	2/08	3/08	2/08	3/08	2/08	3/08	2/08
All	0	0	61	75	34	18	6	6
Employees' organisations	0	0	60	70	33	23	7	7
Employers' organisations	0	0	56	70	33	19	11	11
Purchase M	0	0	44	72	53	27	2	1
Purchase T	0	0	64	79	35	18	1	4
Money Market Players	0	2	80	81	7	5	13	13