

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

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Main results

Inflation expectations are down in the one year term (from 0,9 to 0,7) as compared to previous survey, which is in line with a further downward adjustment of growth expectations (from -1,4 to -1,6). Inflation is however still believed to surpass the deflation line with a broad margin for all time periods. A positive growth trend, resuming black growth figures in a two year perspective, is also anticipated.

The repo rate is generally believed to increase steadily from now on, as was also the case in last survey. This goes for the money market players' expectations of the 5 year government bond rate as well. The bond rate projections are however significantly up in the 3-24 month outlook. SEK is again believed to strengthen against EUR and USD.

The repo rate is reckoned to be left unaltered the coming 3 month period by a large majority of the panel.

77 (81) 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, 3/09, has now been completed. The previous survey, 2/09, was published Apr 8, 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			
	3/09	2/09	3/09	2/09	3/09	2/09		
Annual;								
Inflation, %	0,7	0,9	1,4	1,5	2,2	2,2		
GDP, %	-1,6	-1,4	0,8	0,6	2,4	2,4		
Wage increase, %	2,3	2,4	2,4	2,4	3,1	3,1		
	3 months		12 months		24 months		60 months	
	3/09	2/09	3/09	2/09	3/09	2/09	3/09	2/09
Repo Rate, %	0,5	0,6	0,8	0,9	1,6	1,8	2,7	2,7

Money Market Players' Expectations of¹:

	3 months		12 months		24 months		60 months	
	3/09	2/09	3/09	2/09	3/09	2/09	3/09	2/09
Repo Rate, %	0,5	0,4	0,6	0,6	1,8	1,7	3,6	3,5
5 year gvt bond rate, %	2,8	2,2	3,2	2,6	3,7	3,3	4,2	4,1
EUR	10,56	10,76	10,00	10,01	9,52	9,54	-	-
USD	7,51	8,14	7,26	7,58	7,12	7,26	-	-

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 Jun 1 – Jun 12, 2009 (previous survey Mar 23 – Apr 3, 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 Jun 3, 2009 (previous survey March 25, 2009).

About the Interviewees & Response Rate

In all 272 (273) organisations/companies were approached for interview. 11 (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 93 % 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.

56 Swedish labour market organisations, of which 26 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 3/09 vs 2/09

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

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	0,735	0,600	-3,000	3,200	0,821	0,051	261	11	96
Year 2	1,403	1,500	-1,000	4,000	0,770	0,048	257	15	94
Year 5	2,188	2,000	0,000	5,000	0,753	0,048	248	24	91
Employee's organisations									
Year 1	0,693	0,500	-1,000	3,000	0,777	0,144	29	1	97
Year 2	1,376	1,500	0,200	3,500	0,663	0,123	29	1	97
Year 5	2,093	2,000	0,500	3,200	0,667	0,124	29	1	97
Employers' organisations									
Year 1	0,596	0,600	-0,700	3,000	0,810	0,165	24	2	92
Year 2	1,438	1,300	0,000	4,000	0,909	0,186	24	2	92
Year 5	2,090	2,000	1,000	4,000	0,670	0,137	24	2	92
Purchasing Managers, Manufacturing									
Year 1	0,664	0,500	-1,000	3,000	0,758	0,087	75	5	94
Year 2	1,330	1,375	-0,100	3,500	0,764	0,089	74	6	93
Year 5	2,199	2,000	0,500	4,500	0,762	0,089	74	6	93
Purchasing Managers, Trading									
Year 1	0,799	0,800	-3,000	3,200	0,903	0,102	78	1	99
Year 2	1,360	1,300	-0,400	3,000	0,682	0,078	77	2	97
Year 5	2,229	2,000	0,000	4,200	0,789	0,092	73	6	92
Money Market Players									
Year 1	0,825	1,000	-1,000	3,000	0,821	0,111	55	2	96
Year 2	1,564	1,500	-1,000	3,500	0,883	0,121	53	4	93
Year 5	2,214	2,000	0,000	5,000	0,789	0,114	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	-1,559	-1,500	-6,000	3,500	2,107	0,131	257	15	94
Year 2	0,750	1,000	-4,800	4,000	1,578	0,099	254	18	93
Year 5	2,356	2,500	-3,500	5,000	1,083	0,069	246	26	90
Employee's organisations									
Year 1	-1,525	-1,500	-5,000	1,000	1,923	0,363	28	2	93
Year 2	1,004	1,000	-3,500	3,000	1,592	0,301	28	2	93
Year 5	2,439	2,500	-3,000	4,000	1,284	0,243	28	2	93
Employers' organisations									
Year 1	-1,363	-1,250	-6,000	2,200	2,191	0,447	24	2	92
Year 2	0,675	0,750	-3,000	3,000	1,343	0,274	24	2	92
Year 5	2,521	2,500	0,500	3,800	0,752	0,153	24	2	92
Purchasing Managers, Manufacturing									
Year 1	-1,834	-2,000	-6,000	3,000	1,941	0,226	74	6	93
Year 2	0,385	1,000	-4,800	3,000	1,653	0,194	73	7	91
Year 5	2,475	2,500	-3,500	5,000	1,157	0,135	73	7	91
Purchasing Managers, Trading									
Year 1	-1,899	-2,000	-6,000	3,500	2,177	0,246	78	1	99
Year 2	0,465	0,900	-4,500	4,000	1,729	0,197	77	2	97
Year 5	2,097	2,500	-3,000	4,000	1,242	0,145	73	6	92
Money Market Players									
Year 1	-0,783	0,000	-5,000	2,500	2,144	0,295	53	4	93
Year 2	1,583	1,800	-1,000	3,200	0,907	0,126	52	5	91
Year 5	2,435	2,500	1,000	3,500	0,568	0,082	48	9	84

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	2,263	2,500	0,000	4,500	0,888	0,062	206	9	96
Year 2	2,388	2,500	0,000	4,500	0,793	0,055	204	11	95
Year 5	3,068	3,000	1,500	5,000	0,593	0,042	200	15	93
Employee's organisations									
Year 1	2,714	3,000	1,500	3,500	0,638	0,119	29	1	97
Year 2	2,655	2,700	1,800	3,500	0,550	0,102	29	1	97
Year 5	3,293	3,500	2,000	4,000	0,472	0,088	29	1	97
Employers' organisations									
Year 1	2,567	2,850	0,500	3,500	0,749	0,153	24	2	92
Year 2	1,915	2,000	0,000	3,500	0,794	0,162	24	2	92
Year 5	2,875	3,000	1,500	4,500	0,669	0,137	24	2	92
Purchasing Managers, Manufacturing									
Year 1	2,135	2,500	0,000	3,500	0,829	0,096	75	5	94
Year 2	2,438	2,500	1,000	4,000	0,773	0,090	74	6	93
Year 5	3,099	3,000	2,000	5,000	0,622	0,072	74	6	93
Purchasing Managers, Trading									
Year 1	2,125	2,000	0,000	4,500	0,991	0,112	78	1	99
Year 2	2,386	2,500	0,000	4,500	0,837	0,095	77	2	97
Year 5	3,011	3,000	1,500	5,000	0,561	0,066	73	6	92

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	0,480	0,500	0,000	1,000	0,129	0,008	247	25	91
12 months	0,799	0,750	0,000	2,500	0,404	0,026	244	28	90
24 months	1,649	1,500	0,250	4,000	0,756	0,049	238	34	88
60 months	2,749	2,600	0,250	5,000	1,007	0,066	232	40	85
Employee's organisations									
3 months	0,450	0,500	0,250	0,500	0,098	0,019	28	2	93
12 months	0,729	0,500	0,250	2,000	0,443	0,084	28	2	93
24 months	1,473	1,250	0,250	4,000	0,919	0,174	28	2	93
60 months	2,448	2,500	0,500	5,000	1,194	0,226	28	2	93
Employers' organisations									
3 months	0,483	0,500	0,250	0,600	0,075	0,015	24	2	92
12 months	0,896	1,000	0,250	2,000	0,375	0,077	24	2	92
24 months	1,829	1,500	0,500	4,000	0,893	0,182	24	2	92
60 months	2,852	2,500	1,250	5,000	1,114	0,227	24	2	92
Purchasing Managers, Manufacturing									
3 months	0,495	0,500	0,000	1,000	0,151	0,018	74	6	93
12 months	0,815	0,750	0,000	1,500	0,355	0,041	74	6	93
24 months	1,536	1,500	0,500	4,000	0,641	0,075	73	7	91
60 months	2,568	2,500	0,700	4,500	0,825	0,097	73	7	91
Purchasing Managers, Trading									
3 months	0,487	0,500	0,250	1,000	0,120	0,014	77	2	97
12 months	0,894	0,800	0,250	2,500	0,439	0,050	77	2	97
24 months	1,673	1,500	0,250	4,000	0,666	0,076	76	3	96
60 months	2,619	2,500	0,500	5,000	0,894	0,105	72	7	91
Money Market Players									
3 months	0,460	0,500	0,000	1,000	0,142	0,021	44	13	77
12 months	0,585	0,500	0,000	1,500	0,334	0,052	41	16	72
24 months	1,841	2,000	0,250	3,500	0,876	0,144	37	20	65
60 months	3,564	4,000	0,250	5,000	0,969	0,164	35	22	61

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	2,774	2,800	2,100	3,500	0,246	0,041	36	21	63
12 months	3,178	3,100	2,000	4,000	0,471	0,082	33	24	58
24 months	3,715	4,000	2,400	5,500	0,628	0,113	31	26	54
60 months	4,189	4,000	2,250	5,500	0,680	0,126	29	28	51
EUR/SEK									
3 months	10,562	10,500	10,000	11,200	0,284	0,044	42	15	74
12 months	10,001	10,000	9,500	11,000	0,313	0,050	39	18	68
24 months	9,524	9,500	9,000	10,250	0,324	0,053	37	20	65
USD/SEK									
3 months	7,512	7,500	6,500	8,460	0,396	0,061	42	15	74
12 months	7,265	7,100	5,940	8,330	0,531	0,085	39	18	68
24 months	7,118	7,000	5,640	9,000	0,597	0,098	37	20	65

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	
	3/09	2/09	3/09	2/09	3/09	2/09	3/09	2/09
All	16	12	77	81	1	2	6	4
Employees' organisations	13	23	80	73	3	3	3	0
Employers' organisations	23	22	65	74	4	0	8	4
Purchase M	19	14	73	83	1	3	8	1
Purchase T	11	6	86	82	0	0	3	11
Money Market Players	18	9	74	84	2	5	7	2