

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

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Main results

The inflationary expectations are stable as compared to previous survey. This means an inflation rate above the "tolerance ceiling" of 3 % for the year to come and with decreasing rates for the ensuing years. Wage increase expectations are down within a two year horizon as are GDP expectations. However, the belief in a positive and steady economy growth during the 5 year period is maintained.

The yield curve has undergone a radical change since last survey. From June 4 till September 24 the repo rate is up 50 points and the 5Y bond rate is 50 points down. However, the money market foresees a dramatic drop of the repo rate in the two year term, thereby restoring a positive slope of the yield curve.

Present EUR and USD rates are substantially higher than were expected last survey. The projected trends are however retained; EUR somewhat down and USD up.

66(61) 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, 4/08, has now been completed. The previous survey, 3/08, was published Jun 18, 2008. A comparison of the results of the two surveys can be summarised as follows (rounded off figures);

All Interviewees' Expectations of¹;

Annual;	Year 1		Year 2		Year 5			
	4/08	3/08	4/08	3/08	4/08	3/08		
Inflation, %	3,2	3,2	2,8	2,9	2,6	2,6		
GDP, %	1,8	2,1	2,1	2,2	2,7	2,5		
Wage increase, %	3,5	3,6	3,2	3,4	3,2	3,2		
Repo Rate, %	3 months		12 months		24 months		60 months	
	4/08	3/08	4/08	3/08	4/08	3/08	4/08	3/08
	4,6	4,3	4,0	4,1	3,8	4,0	3,7	3,8

Money Market Players' Expectations of;

	3 months		12 months		24 months		60 months	
	4/08	3/08	4/08	3/08	4/08	3/08	4/08	3/08
Repo Rate, %	4,6	4,3	3,8	4,0	3,5	3,9	4,0	4,1
5 year gvt bond rate, %	3,9	4,4	3,8	4,3	4,0	4,4	4,3	4,5
EUR	9,49	9,30	9,33	9,20	9,24	9,13	-	-
USD	6,65	6,03	6,82	6,36	7,03	6,64	-	-

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 Sep 22 – Oct 3, 2008 (previous survey Jun 2 – Jun 16, 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 Sep 24, 2008 (previous survey Jun 4, 2008).

About the Interviewees & Response Rate

In all 276 (279) organisations/companies were approached for interview. 9 (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 97% (96%). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 90% 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 58 players, 46 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 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 4/08 vs 3/08

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	
	4/08	3/08	4/08	3/08	4/08	3/08
Annual inflation, %						
All	3,2	3,2	2,8	2,9	2,6	2,6
Employees' organisations	3,3	3,1	2,9	3,0	2,6	2,6
Employers' organisations	3,5	3,2	3,1	3,0	2,5	2,5
Purchase managers Manufacturing	3,5	3,4	3,1	3,2	2,9	2,9
Purchase managers Trading	3,4	3,2	2,9	3,0	2,6	2,6
Money market players	2,5	2,8	2,2	2,4	2,3	2,2

GDP, %

All	1,8	2,1	2,1	2,2	2,7	2,5
Employees' organisations	1,9	2,0	2,2	2,1	2,6	2,5
Employers' organisations	1,9	2,3	2,3	2,3	2,8	2,6
Purchase managers Manufacturing	2,1	2,2	2,2	2,2	2,7	2,4
Purchase managers Trading	1,9	2,2	2,1	2,2	2,8	2,6
Money market players	1,4	2,0	2,0	2,1	2,6	2,6

Annual wage increase, %

All	3,5	3,6	3,2	3,4	3,2	3,2
Employees' organisations	3,7	3,7	3,5	3,6	3,4	3,4
Employers' organisations	3,6	3,8	3,4	3,6	3,2	3,1
Purchase managers Manufacturing	3,4	3,6	3,2	3,4	3,2	3,2
Purchase managers Trading	3,4	3,5	3,1	3,3	3,1	3,1

	3 months		12 months		24 months		60 months	
	4/08	3/08	4/08	3/08	4/08	3/08	4/08	3/08
Repo rate, %								
All	4,6	4,3	4,0	4,1	3,8	4,0	3,7	3,8
Employees' organisations	4,6	4,3	4,0	4,2	3,8	4,0	3,6	3,8
Employers' organisations	4,6	4,3	4,1	4,1	3,7	3,8	3,5	3,4
Purchase managers Manufacturing	4,6	4,3	4,1	4,2	3,9	4,0	3,8	3,9
Purchase managers Trading	4,6	4,3	4,1	4,1	3,8	3,9	3,6	3,8
Money market players	4,6	4,3	3,8	4,0	3,5	3,9	4,0	4,1

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	3,246	3,100	1,100	5,300	0,792	0,048	267	9	97
Year 2	2,849	2,900	1,400	4,800	0,776	0,048	264	12	96
Year 5	2,613	2,500	1,500	5,000	0,672	0,042	255	21	92
Employee's organisations									
Year 1	3,346	3,250	1,500	4,800	0,809	0,153	28	2	93
Year 2	2,882	2,900	1,700	4,800	0,785	0,148	28	2	93
Year 5	2,585	2,500	1,800	4,800	0,748	0,144	27	3	90
Employers' organisations									
Year 1	3,458	3,400	2,800	4,300	0,496	0,097	26	1	96
Year 2	3,050	3,000	2,000	4,300	0,609	0,119	26	1	96
Year 5	2,484	2,500	1,500	4,000	0,575	0,115	25	2	93
Purchasing Managers, Manufacturing									
Year 1	3,470	3,500	1,500	5,300	0,686	0,076	81	0	100
Year 2	3,144	3,000	1,500	4,500	0,703	0,078	81	0	100
Year 5	2,880	3,000	1,500	4,500	0,639	0,071	81	0	100
Purchasing Managers, Trading									
Year 1	3,418	3,500	1,500	4,700	0,771	0,088	77	3	96
Year 2	2,929	2,800	1,500	4,500	0,746	0,086	75	5	94
Year 5	2,598	2,500	1,500	4,300	0,646	0,077	71	9	89
Money Market Players									
Year 1	2,525	2,500	1,100	4,250	0,663	0,089	55	3	95
Year 2	2,181	2,000	1,400	4,750	0,599	0,081	54	4	93
Year 5	2,288	2,000	1,500	5,000	0,610	0,085	51	7	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	1,837	2,000	0,200	3,600	0,611	0,038	264	12	96
Year 2	2,115	2,000	0,800	4,000	0,569	0,035	260	16	94
Year 5	2,696	2,700	1,500	4,200	0,441	0,028	253	23	92
Employee's organisations									
Year 1	1,918	2,000	0,200	3,000	0,734	0,139	28	2	93
Year 2	2,211	2,000	1,500	3,100	0,572	0,108	28	2	93
Year 5	2,625	2,700	1,600	3,500	0,464	0,088	28	2	93
Employers' organisations									
Year 1	1,888	2,000	1,000	2,700	0,425	0,083	26	1	96
Year 2	2,312	2,250	1,500	3,000	0,430	0,084	26	1	96
Year 5	2,816	2,800	2,000	3,500	0,453	0,091	25	2	93
Purchasing Managers, Manufacturing									
Year 1	2,061	2,000	1,000	3,600	0,576	0,064	80	1	99
Year 2	2,171	2,000	1,000	4,000	0,535	0,060	80	1	99
Year 5	2,658	2,500	2,000	4,200	0,450	0,050	80	1	99
Purchasing Managers, Trading									
Year 1	1,886	2,000	0,500	3,600	0,576	0,066	76	4	95
Year 2	2,055	2,050	0,800	3,000	0,593	0,069	74	6	93
Year 5	2,758	2,700	1,500	4,000	0,444	0,053	71	9	89
Money Market Players									
Year 1	1,372	1,300	0,500	2,500	0,471	0,064	54	4	93
Year 2	1,963	2,000	0,800	3,500	0,614	0,085	52	6	90
Year 5	2,649	2,500	1,500	3,500	0,396	0,057	49	9	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	3,456	3,500	2,000	5,500	0,542	0,037	212	6	97
Year 2	3,207	3,200	2,000	4,500	0,504	0,035	209	9	96
Year 5	3,182	3,000	2,000	5,000	0,471	0,033	202	16	93
Employee's organisations									
Year 1	3,654	3,800	2,100	4,300	0,461	0,087	28	2	93
Year 2	3,511	3,500	2,200	4,000	0,415	0,078	28	2	93
Year 5	3,407	3,500	2,500	4,000	0,409	0,079	27	3	90
Employers' organisations									
Year 1	3,646	3,500	3,000	5,500	0,543	0,106	26	1	96
Year 2	3,352	3,300	2,800	4,000	0,422	0,084	25	2	93
Year 5	3,163	3,000	2,500	4,000	0,473	0,096	24	3	89
Purchasing Managers, Manufacturing									
Year 1	3,375	3,500	2,000	4,500	0,548	0,061	81	0	100
Year 2	3,170	3,000	2,000	4,500	0,524	0,058	81	0	100
Year 5	3,192	3,000	2,000	4,000	0,438	0,049	81	0	100
Purchasing Managers, Trading									
Year 1	3,404	3,400	2,500	4,800	0,538	0,061	77	3	96
Year 2	3,087	3,000	2,000	4,500	0,489	0,056	75	5	94
Year 5	3,091	3,000	2,000	5,000	0,509	0,061	70	10	88

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	4,602	4,500	3,750	5,250	0,201	0,013	257	19	93
12 months	4,046	4,000	2,600	5,000	0,389	0,024	256	20	93
24 months	3,750	3,750	2,000	5,000	0,496	0,031	251	25	91
60 months	3,718	3,750	2,000	5,000	0,550	0,035	240	36	87
Employee's organisations									
3 months	4,611	4,750	4,000	5,000	0,200	0,039	27	3	90
12 months	4,039	4,000	2,600	5,000	0,501	0,096	27	3	90
24 months	3,787	4,000	2,500	5,000	0,657	0,126	27	3	90
60 months	3,615	3,500	2,500	5,000	0,601	0,118	26	4	87
Employers' organisations									
3 months	4,604	4,625	4,200	4,750	0,165	0,032	26	1	96
12 months	4,088	4,100	3,250	4,600	0,333	0,065	26	1	96
24 months	3,737	3,750	2,750	4,500	0,417	0,082	26	1	96
60 months	3,458	3,500	2,500	4,500	0,511	0,102	25	2	93
Purchasing Managers, Manufacturing									
3 months	4,593	4,500	3,750	5,250	0,248	0,028	80	1	99
12 months	4,142	4,100	3,500	5,000	0,361	0,041	79	2	98
24 months	3,853	4,000	2,500	5,000	0,498	0,056	79	2	98
60 months	3,781	3,750	2,000	5,000	0,558	0,063	79	2	98
Purchasing Managers, Trading									
3 months	4,611	4,500	4,200	5,250	0,189	0,022	76	4	95
12 months	4,108	4,100	3,000	5,000	0,342	0,039	76	4	95
24 months	3,770	3,900	2,000	4,500	0,465	0,054	74	6	93
60 months	3,601	3,725	2,000	4,500	0,490	0,059	68	12	85
Money Market Players									
3 months	4,599	4,500	4,250	4,750	0,152	0,022	48	10	83
12 months	3,771	3,750	3,000	4,750	0,345	0,050	48	10	83
24 months	3,522	3,500	2,750	5,000	0,416	0,062	45	13	78
60 months	4,007	4,000	3,000	5,000	0,492	0,076	42	16	72

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	3,884	3,900	3,400	4,250	0,176	0,027	42	16	72
12 months	3,781	3,750	3,000	4,500	0,334	0,051	42	16	72
24 months	3,961	4,000	2,500	5,000	0,463	0,073	40	18	69
60 months	4,287	4,400	2,500	5,250	0,600	0,099	37	21	64
EUR/SEK									
3 months	9,493	9,500	9,000	9,750	0,120	0,018	47	11	81
12 months	9,330	9,300	9,000	9,600	0,151	0,022	47	11	81
24 months	9,235	9,250	8,800	9,590	0,165	0,025	44	14	76
USD/SEK									
3 months	6,645	6,650	6,200	7,100	0,193	0,029	45	13	78
12 months	6,817	6,895	6,000	7,800	0,356	0,052	46	12	79
24 months	7,030	7,000	6,000	8,000	0,502	0,077	43	15	74

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	
	4/08	3/08	4/08	3/08	4/08	3/08	4/08	3/08
All	0	0	66	61	30	34	4	6
Employees' organisations	0	0	67	60	27	33	7	7
Employers' organisations	0	0	56	56	41	33	4	11
Purchase M	0	0	57	44	43	53	0	2
Purchase T	0	0	61	64	33	35	6	1
Money Market Players	0	0	90	80	3	7	7	13