

Press Release

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Main results

GDP expectations for the coming two years are substantially up without any major effects on inflation expectations. Indeed, wages in the one year term are believed to increase less than was the case last survey. Excluding the 0,25 cut in July, repo rate projections are left more or less unaltered as counted over all interviewees.

As in the previous survey, Money market players again believe in a steeper repo rate path. The bond rate assessments are however very much the same as in last survey. Money market players also expect a further strengthening of SEK.

81 (77) 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 SIFO Prospera has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys 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 money market player survey is conducted every month; four times a year including labour market parties and purchasing managers. The latest survey in the all categories series, 4/09, has now been completed, the previous 3/09 published June 17th, 2009. The last survey among money market players the 16th September. A comparison of the results of the surveys can be summarised as follows (rounded off figures):

All Interviewees' Expectations of¹

Annual	Year 1		Year 2		Year 5			
	4/09	3/09	4/09	3/09	4/09	3/09		
Inflation, %	0,8	0,7	1,6	1,4	2,2	2,2		
GDP, %	-0,3	-1,6	1,5	0,8	2,5	2,4		
Wage increase, %	2,0	2,3	2,4	2,4	3,0	3,1		
Repo rate, %	3 months		12 months		24 months		60 months	
	4/09	3/09	4/09	3/09	4/09	3/09	4/09	3/09
	0,3	0,5	0,8	0,8	1,7	1,6	2,7	2,7

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	4/09	Sept	3/09	4/09	Sept	3/09	4/09	Sept	3/09	4/09	Sept	3/09
Repo rate, %	0,3	(0,3)	0,5	1,0	(1,1)	0,6	2,4	(2,5)	1,8	3,6	(3,7)	3,6
5 year gvt bond, %	2,9	(2,9)	2,8	3,4	(3,4)	3,2	3,8	(4,0)	3,7	4,2	(4,4)	4,2
EUR	10,05	(10,15)	10,56	9,75	(9,77)	10,00	9,54	(9,49)	9,52	-	(-)	-
USD	6,92	(7,23)	7,51	6,85	(7,01)	7,26	6,85	(6,90)	7,12	-	(-)	-

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 individual categories are found in the Tables below.

Interview Period & Method

TNS SIFO 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 Sept 28 – Oct 9, 2009 (previous survey Jun 1 – Jun 12, 2009 (Sept 2 – Sept 10)). 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 Sept 30, 2009 (previous survey Jun 3, 2009, (Sept 2, 2009)).

About the Interviewees & Response Rate

In all 273 (272) organisations/companies were approached for interview. 13 (11) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 95 % (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 160 purchasing managers 79 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.

55 Swedish labour market organisations, of which 26 on the employers' side and 29 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 SIFO Prospera inflationary expectations surveys

Previous (starting in 1995) TNS SIFO Prospera inflation reports, releases and tables can be downloaded from the site address below.

TABLE 1 - Comparison 4/09 vs (Sept 09) 3/09

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	
	4/09	3/09	4/09	3/09	4/09	3/09
Annual inflation, %						
All	0,8	0,7	1,6	1,4	2,2	2,2
Employees' organisations	0,7	0,7	1,4	1,4	2,1	2,1
Employers' organisations	0,7	0,6	1,4	1,4	2,2	2,1
Purchase managers Manufacturing	0,5	0,7	1,4	1,3	2,1	2,2
Purchase managers Trading	0,9	0,8	1,6	1,4	2,1	2,2
Money market players	1,1 (1,1)	0,8	1,9 (1,9)	1,6	2,2 (2,3)	2,2

GDP, %

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

Annual wage increase, %

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

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

TABLE 2 - Inflation 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	0,777	0,800	-1,000	3,000	0,778	0,048	260	13	95%
Year 2	1,557	1,500	-1,000	5,000	0,734	0,046	257	16	94%
Year 5	2,155	2,000	0,000	6,000	0,609	0,039	246	27	90%
Employee's organisations									
Year 1	0,690	0,500	-0,600	2,000	0,631	0,124	26	3	90%
Year 2	1,446	1,500	0,500	2,500	0,513	0,101	26	3	90%
Year 5	2,135	2,000	1,000	4,000	0,558	0,109	26	3	90%
Employers' organisations									
Year 1	0,689	0,700	-0,300	1,800	0,590	0,123	23	3	88%
Year 2	1,441	1,400	0,400	2,700	0,622	0,133	22	4	85%
Year 5	2,195	2,000	0,700	4,000	0,618	0,135	21	5	81%
Purchasing Managers, Manufacturing									
Year 1	0,518	0,500	-1,000	3,000	0,783	0,088	79	2	98%
Year 2	1,379	1,500	-1,000	3,000	0,777	0,087	79	2	98%
Year 5	2,137	2,000	0,500	4,000	0,567	0,064	79	2	98%
Purchasing Managers, Trading									
Year 1	0,871	1,000	-0,800	3,000	0,758	0,088	75	4	95%
Year 2	1,580	1,500	0,000	5,000	0,752	0,087	74	5	94%
Year 5	2,141	2,000	0,000	5,000	0,680	0,082	69	10	87%
Money Market Players									
Year 1	1,088	1,000	-0,500	3,000	0,812	0,108	57	1	98%
Year 2	1,876	1,700	0,000	4,000	0,688	0,092	56	2	97%
Year 5	2,197	2,000	1,500	6,000	0,611	0,086	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	-0,313	0,200	-8,000	5,600	2,497	0,156	255	18	93%
Year 2	1,528	2,000	-4,000	5,000	1,483	0,093	253	20	93%
Year 5	2,468	2,500	-2,500	5,000	1,018	0,065	244	29	89%
Employee's organisations									
Year 1	-0,628	0,500	-8,000	2,400	2,503	0,501	25	4	86%
Year 2	1,450	2,000	-4,000	3,000	1,393	0,279	25	4	86%
Year 5	2,816	3,000	0,000	5,000	1,061	0,212	25	4	86%
Employers' organisations									
Year 1	-0,561	0,800	-5,000	3,000	2,511	0,524	23	3	88%
Year 2	1,705	2,000	-1,500	4,100	1,470	0,313	22	4	85%
Year 5	2,738	2,500	1,000	5,000	0,905	0,198	21	5	81%
Purchasing Managers, Manufacturing									
Year 1	-1,158	0,000	-7,000	5,600	2,631	0,298	78	3	96%
Year 2	1,054	1,000	-4,000	4,600	1,725	0,195	78	3	96%
Year 5	2,355	2,500	-2,500	5,000	1,248	0,141	78	3	96%
Purchasing Managers, Trading									
Year 1	-0,157	0,000	-6,600	5,500	2,157	0,251	74	5	94%
Year 2	1,404	2,000	-3,000	5,000	1,479	0,173	73	6	92%
Year 5	2,362	2,500	-1,000	4,700	1,028	0,124	69	10	87%
Money Market Players									
Year 1	0,925	1,500	-5,000	3,800	2,263	0,305	55	3	95%
Year 2	2,330	2,500	0,400	3,500	0,624	0,084	55	3	95%
Year 5	2,502	2,500	1,500	4,000	0,451	0,063	51	7	88%

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	1,968	2,000	0,000	3,800	0,765	0,054	203	12	94%
Year 2	2,415	2,500	0,500	4,200	0,624	0,044	201	14	93%
Year 5	2,979	3,000	1,000	5,000	0,624	0,045	195	20	91%
Employee's organisations									
Year 1	2,285	2,000	1,000	3,500	0,702	0,138	26	3	90%
Year 2	2,650	2,500	2,000	4,000	0,505	0,099	26	3	90%
Year 5	3,200	3,000	2,500	4,000	0,385	0,075	26	3	90%
Employers' organisations									
Year 1	1,761	2,000	0,000	3,000	0,930	0,194	23	3	88%
Year 2	2,145	2,050	1,000	3,500	0,619	0,132	22	4	85%
Year 5	2,971	3,000	2,000	4,000	0,668	0,146	21	5	81%
Purchasing Managers, Manufacturing									
Year 1	1,972	2,000	0,000	3,800	0,788	0,089	79	2	98%
Year 2	2,406	2,500	0,500	4,200	0,634	0,071	79	2	98%
Year 5	3,020	3,000	1,000	5,000	0,686	0,077	79	2	98%
Purchasing Managers, Trading									
Year 1	1,918	2,000	0,000	3,000	0,684	0,079	75	4	95%
Year 2	2,423	2,500	0,800	4,000	0,631	0,073	74	5	94%
Year 5	2,851	3,000	1,100	5,000	0,589	0,071	69	10	87%

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	0,283	0,250	0,250	2,250	0,149	0,010	243	30	89%
12 months	0,799	0,750	0,250	3,000	0,442	0,028	243	30	89%
24 months	1,731	1,500	0,200	4,500	0,871	0,056	238	35	87%
60 months	2,672	2,750	0,500	6,000	1,075	0,071	229	44	84%
Employee's organisations									
3 months	0,286	0,250	0,250	0,500	0,086	0,017	25	4	86%
12 months	0,724	0,500	0,250	1,500	0,341	0,068	25	4	86%
24 months	1,450	1,000	0,200	4,000	0,934	0,187	25	4	86%
60 months	2,446	2,250	0,750	4,000	1,242	0,254	24	5	83%
Employers' organisations									
3 months	0,352	0,250	0,250	2,250	0,417	0,087	23	3	88%
12 months	0,830	0,750	0,250	2,000	0,462	0,096	23	3	88%
24 months	1,864	2,000	0,500	4,000	0,869	0,185	22	4	85%
60 months	2,774	2,750	1,000	5,000	1,201	0,262	21	5	81%
Purchasing Managers, Manufacturing									
3 months	0,276	0,250	0,250	0,500	0,071	0,008	78	3	96%
12 months	0,668	0,500	0,250	2,000	0,345	0,039	78	3	96%
24 months	1,456	1,400	0,400	4,000	0,772	0,087	78	3	96%
60 months	2,342	2,500	0,500	4,500	0,962	0,109	78	3	96%
Purchasing Managers, Trading									
3 months	0,275	0,250	0,250	0,750	0,085	0,010	74	5	94%
12 months	0,822	0,750	0,250	3,000	0,416	0,048	74	5	94%
24 months	1,699	1,550	0,350	3,500	0,706	0,083	72	7	91%
60 months	2,570	2,950	0,500	4,500	0,921	0,112	68	11	86%
Money Market Players									
3 months	0,273	0,250	0,250	0,750	0,092	0,014	43	15	74%
12 months	1,021	1,000	0,250	2,750	0,584	0,089	43	15	74%
24 months	2,410	2,250	1,000	4,500	0,931	0,145	41	17	71%
60 months	3,621	3,675	1,500	6,000	0,844	0,137	38	20	66%

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	2,926	2,750	2,500	6,500	0,668	0,115	34	24	59%
12 months	3,374	3,250	2,500	5,000	0,479	0,082	34	24	59%
24 months	3,809	3,750	3,000	5,000	0,460	0,080	33	25	57%
60 months	4,205	4,000	3,200	7,000	0,728	0,131	31	27	53%
EUR/SEK									
3 months	10,051	10,000	9,750	10,400	0,149	0,024	38	20	66%
12 months	9,752	9,775	9,200	10,750	0,302	0,049	38	20	66%
24 months	9,538	9,500	9,000	10,600	0,380	0,065	34	24	59%
USD/SEK									
3 months	6,918	6,800	6,500	7,690	0,257	0,043	36	22	62%
12 months	6,846	6,750	6,000	7,680	0,465	0,076	37	21	64%
24 months	6,852	7,000	5,500	8,000	0,661	0,119	31	27	53%

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		
	4/09	Sept	3/09	4/09	Sept	3/09	4/09	Sept	3/09	4/09	Sept	3/09
	All	11	-	16	81	-	77	2	-	1	6	-
Employees' organisations	3	-	13	86	-	80	0	-	3	10	-	3
Employers' organisations	8	-	23	77	-	65	0	-	4	15	-	8
Purchase M	22	-	19	75	-	73	0	-	1	2	-	8
Purchase T	11	-	11	81	-	86	1	-	0	6	-	3
Money Market Players	2	4	18	88	84	74	7	4	2	3	9	7