

## Press Release

Questions will be answered by Erik Eliasson, +46 (0)705 55 63 86.

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### *Main results*

Money Market Players' anticipation of a swift recovery of the Swedish economy, manifested in the last survey, is further confirmed in the present one. In comparison, the GDP is expected to grow almost twice as much the year to come. Inflation expectations are up but interest rates expectations are not affected very much. The five year government bond rate is even believed to follow a lower path in the one year perspective than was the case in previous survey.

SEK is believed to strengthen further against EUR and USD.

86 (88) per cent of the Money Market Players 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, twelve times a year, aiming at mapping expectations of inflation, GDP and future repo rates in Sweden among money market players. The survey also includes expectations of the 5 year government bond rate, EUR and USD rates. The latest survey in the series, November 09, has now been completed. The previous survey, 4/09, was published Oct 14, 2009. A comparison of the results of the two surveys concerning money market players can be summarised as follows;

### Money Market Players' Expectations of;

	Year 1		Year 2		Year 5	
	Nov 09	4/09	Nov 09	4/09	Nov 09	4/09
Annual; Inflation, %	1,3	1,1	2,2	1,9	2,3	2,2
GDP, %	1,7	0,9	2,6	2,3	2,6	2,5

### Money Market Players' Expectations of;

	3 months		12 months		24 months		60 months	
	Nov 09	4/09	Nov 09	4/09	Nov 09	4/09	Nov 09	4/09
Repo Rate, %	0,3	0,3	1,1	1,0	2,7	2,4	3,7	3,6
5 year gvt bond rate, %	2,7	2,9	3,3	3,4	3,9	3,8	4,4	4,2
EUR	10,15	10,05	9,71	9,75	9,46	9,54	-	-
USD	6,93	6,92	6,75	6,85	6,70	6,85	-	-

## Interview Period & Method

TNS SIFO Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation and GDP expectations was carried out Nov 4 – Nov 16, 2009 (previous survey Sept 28 – Oct 9, 2009). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on Nov 4, 2009 (previous survey Sept 30, 2009).

## About the Interviewees & Response Rate

In all 58 (58) organisations were approached for interview. 3 (1) 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 % (98 %). The response rate for individual questions regarding inflation and GDP increase expectations is 91 % 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 1-5)

The money market category includes 58 players, 46 Swedish and 12 international, active in the Swedish fixed income market.

## Definitions

*Inflation* is defined as the percentage increase in Consumer Price Index (CPI). 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 Inflation Expectations Surveys

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

**TABLE 1 - 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 (%)
<b>Money Market Players</b>									
Year 1	1,334	1,300	-0,400	3,000	0,710	0,096	55	3	95
Year 2	2,160	2,000	1,000	4,000	0,730	0,098	55	3	95
Year 5	2,265	2,000	1,800	6,000	0,640	0,091	49	9	84

**TABLE 2 - 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 (%)
<b>Money Market Players</b>									
Year 1	1,708	2,000	-4,700	4,100	1,604	0,220	53	5	91
Year 2	2,574	2,700	0,400	4,500	0,716	0,098	53	5	91
Year 5	2,578	2,500	1,500	4,500	0,610	0,087	49	9	84

**TABLE 3 - 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 (%)
<b>Money Market Players</b>									
3 months	0,250	0,250	0,250	0,250	0,000	0,000	48	10	83
12 months	1,146	1,000	0,250	3,250	0,592	0,085	48	10	83
24 months	2,650	2,750	0,750	4,500	0,737	0,110	45	13	78
60 months	3,731	4,000	2,000	6,000	0,749	0,120	39	19	67

**TABLE 4 - 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 (%)
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>	2,719	2,700	2,300	3,920	0,285	0,045	41	17	71
<b>12 months</b>	3,257	3,250	2,500	4,500	0,369	0,058	41	17	71
<b>24 months</b>	3,905	4,000	3,000	5,500	0,457	0,072	40	18	69
<b>60 months</b>	4,402	4,250	3,500	7,000	0,772	0,125	38	20	66
<b>EUR/SEK</b>									
<b>3 months</b>	10,154	10,150	9,700	10,920	0,181	0,026	47	11	81
<b>12 months</b>	9,715	9,750	9,200	10,500	0,264	0,038	47	11	81
<b>24 months</b>	9,461	9,500	8,900	10,200	0,315	0,047	44	14	76
<b>USD/SEK</b>									
<b>3 months</b>	6,934	6,900	6,300	7,800	0,242	0,036	45	13	78
<b>12 months</b>	6,745	6,600	5,940	7,800	0,478	0,071	45	13	78
<b>24 months</b>	6,696	6,500	5,500	8,000	0,582	0,090	42	16	72

**TABLE 5 - 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 respons	
	Nov 09	4/09	Nov 09	4/09	Nov 09	4/09	Nov 09	4/09
Money Market Players	0	2	86	88	9	7	5	3