

October 2017: October 11, 2017

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## Press Release

Questions regarding the survey will be answered by Hanna Helgesson, +46 (0)768 98 80 00.

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Kantar 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 money market players' expectations of inflation, GDP and future repo rates in Sweden as well as expectations of the Swedish 5 year government bond rate, EUR and USD rates.

The latest survey in the series, October 2017, has now been completed. The previous survey, September 2017, was published September 13, 2017.

**As of October 2017, Prospera maps expectations of Swedish inflation, not only measured with the CPI but also measured with CPIF.**

A comparison of the results of the two surveys covering money market players can be summarised as follows (rounded off figures):

### Money Market Players' Expectations of

	Year 1		Year 2		Year 5	
	Oct 17	Sep 17	Oct 17	Sep 17	Oct 17	Sep 17
<b>Annual</b>						
Inflation, CPI %	2,0	1,9	2,1	2,0	2,1	2,0
Inflation, CPIF %	2,0	-	2,0	-	2,1	-
GDP, %	2,8	2,8	2,5	2,4	2,3	2,2

	3 months		12 months		24 months		60 months	
	Oct 17	Sep 17	Oct 17	Sep 17	Oct 17	Sep 17	Oct 17	Sep 17
Repo rate, %	-0,5	-0,5	-0,2	-0,2	0,4	0,4	1,8	1,7
5 year gvt bond rate, %	0,1	0,1	0,5	0,5	1,1	1,1	2,1	2,1
EUR	9,44	9,42	9,22	9,22	9,11	9,11	-	-
USD	8,07	7,97	7,80	7,87	7,65	7,78	-	-



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## Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out September 27 – October 10, 2017 (previous survey August 28 – September 12, 2017).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on September 27, 2017 (previous survey August 30, 2017).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 9,1 years.

## About the Interviewees & Response Rate

In all 49 (49) organisations were approached for interview. 6 (7) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 88 % (86 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 73 % 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 1-6)

The money market category includes 45 Swedish and 4 international players active in the Swedish fixed income market.

## Definitions

*Inflation*, the percentage increase in Consumer Price Index (CPI) and Consumer Price Index with a fixed interest rate (CPIF)

*GDP*, Gross Domestic Product, the value of all goods and services produced (by Swedish agents) in one year.

*Repo rate*, the Riksbank's borrowing/lending rate from/to banks for seven days' money.

## Previous Kantar Sifo Prospera Inflation Expectations Surveys

Kantar Sifo Prospera inflation reports and tables, from 2000 and onwards, can be downloaded from <http://www.prospera.se/reports/inflation-expectations>



**TABLE 1 - 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
<b>Money Market Players</b>									
Year 1	2,007	2,000	1,500	3,400	0,335	0,052	42	7	86%
Year 2	2,095	2,000	1,500	3,500	0,370	0,057	42	7	86%
Year 5	2,077	2,000	1,400	2,600	0,301	0,047	41	8	84%

Expected annual increase in CPIF 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	2,047	2,000	1,500	3,500	0,386	0,064	36	13	73%
Year 2	2,046	2,000	1,400	3,600	0,440	0,073	36	13	73%
Year 5	2,086	2,000	1,400	3,000	0,401	0,068	35	14	71%

**TABLE 2 - Inflation Expectations - 75% probability forecast uncertainty intervals**

Expected annual increase intervals in CPIF the coming 1, 2 and 5 years with a 75 % probability

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	1,640	1,500	1,000	3,250	0,472	0,085	31	18	63%
Upper bound	2,469	2,400	1,800	3,750	0,477	0,086	31	18	63%
<b>Year 2</b>									
Lower bound	1,531	1,500	0,000	3,350	0,625	0,112	31	18	63%
Upper bound	2,584	2,500	1,750	4,000	0,548	0,098	31	18	63%
<b>Year 5</b>									
Lower bound	1,339	1,500	-0,500	2,400	0,698	0,125	31	18	63%
Upper bound	2,827	2,700	1,900	6,000	0,888	0,159	31	18	63%

**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
<b>Money Market Players</b>									
Year 1	2,789	2,850	1,500	3,500	0,424	0,065	42	7	86%
Year 2	2,458	2,500	1,000	3,500	0,474	0,073	42	7	86%
Year 5	2,289	2,200	1,500	3,500	0,437	0,068	41	8	84%



**TABLE 4 - 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	-0,491	-0,500	-0,500	-0,250	0,047	0,009	28	21	57%
12 months	-0,188	-0,250	-0,500	0,500	0,229	0,043	28	21	57%
24 months	0,418	0,250	-0,500	1,250	0,434	0,082	28	21	57%
60 months	1,826	1,750	0,500	3,500	0,748	0,147	26	23	53%

**TABLE 5 - Repo Rate Expectations - 75% probability forecast uncertainty intervals**

Expected repo rate intervals the coming 3-60 months with a 75 % probability

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	-0,505	-0,500	-0,600	-0,500	0,022	0,005	21	28	43%
Upper bound	-0,407	-0,500	-0,500	0,000	0,142	0,031	21	28	43%
<b>12 months</b>									
Lower bound	-0,485	-0,500	-0,750	-0,250	0,120	0,025	23	26	47%
Upper bound	0,128	0,000	-0,400	0,500	0,286	0,060	23	26	47%
<b>24 months</b>									
Lower bound	-0,150	-0,125	-1,000	0,750	0,452	0,092	24	25	49%
Upper bound	1,004	1,000	-0,400	2,000	0,674	0,138	24	25	49%
<b>60 months</b>									
Lower bound	0,696	1,000	-1,000	2,500	0,980	0,204	23	26	47%
Upper bound	2,870	2,500	0,500	5,000	1,160	0,242	23	26	47%

**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
<b>5 YEAR GOVERNMENT BOND RATE</b>									
3 months	0,098	0,100	-0,020	0,250	0,085	0,017	25	24	51%
12 months	0,525	0,500	0,000	2,000	0,394	0,079	25	24	51%
24 months	1,106	1,100	0,100	2,500	0,558	0,114	24	25	49%
60 months	2,071	2,200	0,300	4,000	0,905	0,185	24	25	49%
<b>EUR/SEK</b>									
3 months	9,443	9,470	9,200	9,800	0,120	0,023	28	21	57%
12 months	9,224	9,250	8,800	9,500	0,186	0,035	28	21	57%
24 months	9,110	9,125	8,500	9,500	0,187	0,035	28	21	57%
<b>USD/SEK</b>									
3 months	8,069	8,075	7,650	8,600	0,174	0,033	28	21	57%
12 months	7,799	7,900	7,250	8,400	0,293	0,055	28	21	57%
24 months	7,650	7,750	7,000	8,200	0,327	0,062	28	21	57%