



August 2018: August 8, 2018

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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, August 2018, has now been completed. The previous survey, July 2018, was published July 11, 2018.

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	
Annual	Aug 18	Jul 18	Aug 18	Jul 18	Aug 18	Jul 18
Inflation CPI, %	2,1	2,0	2,1	2,1	2,0	2,0
Inflation CPIF, %	2,0	2,0	2,0	2,0	1,9	1,9
GDP, %	2,4	2,4	2,3	2,2	2,2	2,0

	3 months		12 months		24 months		60 months	
	Aug 18	Jul 18	Aug 18	Jul 18	Aug 18	Jul 18	Aug 18	Jul 18
Repo rate, %	-0,5	-0,5	-0,1	-0,2	0,5	0,4	1,8	1,5
5 year gvt bond rate, %	0,1	0,0	0,4	0,3	1,0	0,9	2,1	1,6
EUR	10,22	10,18	9,91	9,91	9,59	9,64	-	-
USD	8,77	8,74	8,46	8,39	8,08	8,18	-	-



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## Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out July 25 - August 7, 2018 (previous survey June 27 - July 10, 2018).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on July 25, 2018 (previous survey June 27, 2018).

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

## About the Interviewees & Response Rate

In all 45 (45) organisations were approached for interview. 14 (8) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 69 % (82 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 58 % for the one year and two year assessments. For the five year assessment as well as the question 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 43 Swedish and 2 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	2,055	2,000	1,500	2,500	0,235	0,042	31	14	69%
Year 2	2,126	2,100	1,500	2,700	0,277	0,050	31	14	69%
Year 5	2,000	2,000	1,000	2,500	0,296	0,054	30	15	67%

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	2,012	2,000	1,500	2,500	0,234	0,046	26	19	58%
Year 2	2,010	2,000	1,500	2,400	0,258	0,051	26	19	58%
Year 5	1,927	2,000	1,000	2,500	0,307	0,060	26	19	58%

**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	1,567	1,500	0,500	2,200	0,367	0,077	23	22	51%
Upper bound	2,380	2,300	2,000	3,500	0,348	0,073	23	22	51%
<b>Year 2</b>									
Lower bound	1,415	1,600	-0,500	2,300	0,704	0,147	23	22	51%
Upper bound	2,546	2,500	2,100	3,500	0,314	0,065	23	22	51%
<b>Year 5</b>									
Lower bound	1,278	1,600	-1,000	2,400	0,864	0,180	23	22	51%
Upper bound	2,702	2,500	2,100	5,000	0,595	0,124	23	22	51%

**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	2,448	2,500	1,400	3,000	0,460	0,083	31	14	69%
Year 2	2,332	2,300	1,000	3,500	0,531	0,095	31	14	69%
Year 5	2,192	2,100	1,500	3,500	0,490	0,090	30	15	67%



**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>									
<b>3 months</b>	-0,500	-0,500	-0,500	-0,500	0,000	0,000	18	27	40%
<b>12 months</b>	-0,117	0,000	-0,400	0,000	0,156	0,037	18	27	40%
<b>24 months</b>	0,531	0,500	0,000	1,500	0,390	0,092	18	27	40%
<b>60 months</b>	1,794	2,000	0,750	3,250	0,588	0,143	17	28	38%

**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	-0,506	-0,500	-0,600	-0,500	0,025	0,006	16	29	36%
Upper bound	-0,394	-0,500	-0,500	0,000	0,150	0,038	16	29	36%
<b>12 months</b>									
Lower bound	-0,384	-0,450	-0,750	0,000	0,180	0,045	16	29	36%
Upper bound	0,194	0,250	-0,250	0,800	0,259	0,065	16	29	36%
<b>24 months</b>									
Lower bound	0,006	0,050	-0,750	1,000	0,509	0,127	16	29	36%
Upper bound	1,144	1,000	0,000	2,300	0,651	0,163	16	29	36%
<b>60 months</b>									
Lower bound	0,747	1,000	-0,500	2,500	0,911	0,228	16	29	36%
Upper bound	2,775	2,750	1,000	4,000	0,904	0,226	16	29	36%

**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>									
<b>3 months</b>	0,054	0,000	-0,200	0,500	0,174	0,044	16	29	36%
<b>12 months</b>	0,397	0,300	0,000	1,300	0,327	0,082	16	29	36%
<b>24 months</b>	0,991	0,900	0,110	2,000	0,517	0,129	16	29	36%
<b>60 months</b>	2,078	2,225	0,500	3,000	0,667	0,167	16	29	36%
<b>EUR/SEK</b>									
<b>3 months</b>	10,219	10,200	9,950	10,900	0,202	0,048	18	27	40%
<b>12 months</b>	9,912	9,825	9,500	11,200	0,375	0,088	18	27	40%
<b>24 months</b>	9,594	9,500	9,000	11,200	0,466	0,110	18	27	40%
<b>USD/SEK</b>									
<b>3 months</b>	8,768	8,725	8,500	9,480	0,216	0,051	18	27	40%
<b>12 months</b>	8,462	8,450	8,000	9,910	0,418	0,099	18	27	40%
<b>24 months</b>	8,082	8,000	7,000	9,910	0,580	0,137	18	27	40%