

November 2018: November 7, 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, November 2018, has now been completed. The previous survey, October 2018, was published October 10, 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	
	Nov 18	Oct 18	Nov 18	Oct 18	Nov 18	Oct 18
<b>Annual</b>						
Inflation CPI, %	2,1	2,1	2,1	2,1	2,0	2,0
Inflation CPIX, %	2,0	2,0	1,9	2,0	1,9	2,0
GDP, %	2,2	2,4	2,1	2,2	2,0	2,1

	3 months		12 months		24 months		60 months	
	Nov 18	Oct 18	Nov 18	Oct 18	Nov 18	Oct 18	Nov 18	Oct 18
Repo rate, %	-0,3	-0,3	0,1	0,0	0,6	0,6	1,5	1,7
5 year gvt bond rate, %	0,2	0,2	0,6	0,7	1,0	1,3	1,8	2,1
EUR	10,24	10,22	9,95	9,90	9,68	9,63	-	-
USD	8,91	8,74	8,50	8,36	8,20	8,08	-	-



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## Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out October 24 - November 6, 2018 (previous survey September 26 - October 8, 2018).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on October 24, 2018 (previous survey September 26, 2018).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 10,2 years.

## About the Interviewees & Response Rate

In all 46 (46) organisations were approached for interview. 8 (5) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 83 % (89 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 74 % 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 3 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	2,138	2,100	1,500	2,600	0,246	0,041	37	9	80%
Year 2	2,146	2,100	1,500	2,800	0,332	0,055	37	9	80%
Year 5	1,986	2,000	1,400	2,500	0,270	0,045	36	10	78%

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	1,984	2,000	1,400	2,600	0,264	0,045	34	12	74%
Year 2	1,912	1,950	0,600	2,500	0,336	0,058	34	12	74%
Year 5	1,926	2,000	1,300	2,500	0,263	0,045	34	12	74%

**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	1,600	0,700	2,100	0,340	0,062	30	16	65%
Upper bound	2,403	2,300	2,000	3,600	0,346	0,063	30	16	65%
<b>Year 2</b>									
Lower bound	1,400	1,600	0,000	2,300	0,518	0,093	31	15	67%
Upper bound	2,529	2,400	1,800	4,500	0,562	0,101	31	15	67%
<b>Year 5</b>									
Lower bound	1,321	1,500	0,000	2,400	0,569	0,106	29	17	63%
Upper bound	2,653	2,500	1,900	6,000	0,731	0,136	29	17	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	2,154	2,200	1,000	3,100	0,478	0,079	37	9	80%
Year 2	2,100	2,100	1,000	3,500	0,442	0,073	37	9	80%
Year 5	2,024	2,000	1,400	3,500	0,380	0,064	35	11	76%



**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	-0,300	-0,250	-0,500	-0,250	0,096	0,018	30	16	65%
12 months	0,067	0,000	-0,250	0,500	0,160	0,029	30	16	65%
24 months	0,583	0,500	0,000	1,250	0,349	0,064	30	16	65%
60 months	1,500	1,500	-1,000	3,000	0,739	0,140	28	18	61%

**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	-0,483	-0,500	-0,500	-0,250	0,062	0,012	26	20	57%
Upper bound	-0,229	-0,250	-0,500	0,000	0,098	0,019	26	20	57%
<b>12 months</b>									
Lower bound	-0,344	-0,250	-1,000	0,000	0,238	0,047	26	20	57%
Upper bound	0,331	0,250	0,000	0,850	0,272	0,053	26	20	57%
<b>24 months</b>									
Lower bound	-0,036	0,000	-1,000	1,000	0,500	0,100	25	21	54%
Upper bound	1,048	1,000	0,000	2,300	0,534	0,107	25	21	54%
<b>60 months</b>									
Lower bound	0,377	0,500	-2,000	2,000	1,001	0,204	24	22	52%
Upper bound	2,715	2,375	1,200	6,000	1,201	0,245	24	22	52%

**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	0,201	0,200	0,000	0,400	0,099	0,019	28	18	61%
12 months	0,571	0,550	0,150	1,500	0,299	0,057	28	18	61%
24 months	1,044	1,000	0,000	2,000	0,568	0,109	27	19	59%
60 months	1,846	2,000	-0,500	3,500	0,875	0,168	27	19	59%
<b>EUR/SEK</b>									
3 months	10,241	10,250	10,000	10,500	0,099	0,018	29	17	63%
12 months	9,952	10,000	9,500	10,300	0,216	0,040	29	17	63%
24 months	9,679	9,700	9,000	10,100	0,284	0,053	29	17	63%
<b>USD/SEK</b>									
3 months	8,909	8,900	8,500	9,150	0,159	0,029	29	17	63%
12 months	8,496	8,500	7,500	9,500	0,429	0,080	29	17	63%
24 months	8,202	8,200	7,000	10,000	0,599	0,111	29	17	63%