

May 2020: May 14, 2020

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Press Release

Questions regarding the survey will be answered by Karl Pettersson, +46 (0)70 461 14 94.

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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, May 2020, has now been completed. The previous survey, April 2020, was published April 16, 2020.

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	
	May 20	Apr 20	May 20	Apr 20	May 20	Apr 20
Annual						
Inflation CPI, %	0,8	1,0	1,3	1,5	1,7	1,7
Inflation CPIF, %	0,8	1,0	1,3	1,4	1,6	1,7
GDP, %	-4,5	-2,3	3,2	2,3	2,0	1,9

	3 months		12 months		24 months		60 months	
	May 20	Apr 20	May 20	Apr 20	May 20	Apr 20	May 20	Apr 20
Repo rate, %	-0,1	-0,1	-0,1	-0,1	0,0	0,1	0,7	0,7
5 year gvt bond rate, %	-0,3	-0,3	-0,1	-0,2	0,3	0,2	1,0	0,9
EUR	10,67	10,93	10,48	10,67	10,29	10,43	-	-
USD	9,82	9,92	9,54	9,68	9,29	9,31	-	-

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Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out May 6 - May 12, 2020 (previous survey April 1 - April 14, 2020).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on May 6, 2020 (previous survey on April 1, 2020).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 5,5 years.

About the Interviewees & Response Rate

In all 44 (44) organisations were approached for interview. 12 (13) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 73 % (70 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 68 % 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 42 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
Money Market Players									
Year 1	0,824	0,800	0,000	2,200	0,620	0,110	32	12	73%
Year 2	1,330	1,300	0,700	2,400	0,373	0,066	32	12	73%
Year 5	1,667	1,600	1,000	3,000	0,404	0,073	31	13	70%

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
Money Market Players									
Year 1	0,792	0,750	-0,100	2,050	0,649	0,118	30	14	68%
Year 2	1,281	1,250	0,700	2,100	0,356	0,065	30	14	68%
Year 5	1,648	1,550	0,900	3,000	0,410	0,075	30	14	68%

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
Money Market Players									
Year 1									
Lower bound	0,273	0,250	-1,000	1,500	0,692	0,144	23	21	52%
Upper bound	1,318	1,000	0,500	3,000	0,687	0,143	23	21	52%
Year 2									
Lower bound	0,490	0,500	-1,000	1,500	0,642	0,134	23	21	52%
Upper bound	1,863	1,800	1,000	3,000	0,609	0,127	23	21	52%
Year 5									
Lower bound	0,775	1,000	-1,000	1,750	0,701	0,146	23	21	52%
Upper bound	2,494	2,200	1,000	8,000	1,367	0,285	23	21	52%

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
Money Market Players									
Year 1	-4,481	-5,250	-9,000	2,000	3,090	0,546	32	12	73%
Year 2	3,178	3,100	0,500	7,000	1,642	0,290	32	12	73%
Year 5	1,974	2,000	1,000	3,000	0,491	0,088	31	13	70%



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
Money Market Players									
3 months	-0,052	0,000	-0,500	0,000	0,122	0,023	28	16	64%
12 months	-0,079	0,000	-0,500	0,000	0,166	0,031	28	16	64%
24 months	-0,009	0,000	-0,500	0,500	0,173	0,033	28	16	64%
60 months	0,712	0,500	0,000	5,000	1,036	0,203	26	18	59%

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
Money Market Players									
3 months									
Lower bound	-0,227	-0,250	-0,500	0,000	0,170	0,036	22	22	50%
Upper bound	0,050	0,000	0,000	0,500	0,135	0,029	22	22	50%
12 months									
Lower bound	-0,420	-0,375	-1,200	0,000	0,281	0,060	22	22	50%
Upper bound	0,111	0,000	0,000	1,200	0,276	0,059	22	22	50%
24 months									
Lower bound	-0,425	-0,250	-2,300	0,000	0,503	0,107	22	22	50%
Upper bound	0,559	0,250	0,000	5,000	1,116	0,238	22	22	50%
60 months									
Lower bound	-0,315	0,000	-2,960	1,000	0,814	0,178	21	23	48%
Upper bound	1,710	1,000	0,250	7,000	1,661	0,363	21	23	48%

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	-0,298	-0,300	-0,550	0,250	0,150	0,030	25	19	57%
12 months	-0,106	-0,150	-0,500	0,500	0,243	0,049	25	19	57%
24 months	0,290	0,175	-0,500	2,000	0,521	0,106	24	20	55%
60 months	1,021	0,800	-0,100	4,000	1,015	0,207	24	20	55%
EUR/SEK									
3 months	10,673	10,650	10,400	11,300	0,170	0,032	28	16	64%
12 months	10,477	10,500	10,000	11,300	0,293	0,055	28	16	64%
24 months	10,295	10,275	9,500	11,300	0,408	0,077	28	16	64%
USD/SEK									
3 months	9,815	9,800	9,400	10,270	0,181	0,034	28	16	64%
12 months	9,540	9,500	8,500	10,270	0,420	0,079	28	16	64%
24 months	9,286	9,325	7,000	10,500	0,704	0,133	28	16	64%