



## Press Release

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TNS Sifo Prospera has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys aiming at mapping expectations of inflation, wage increase, GDP and future repo rates in Sweden among labour market parties, purchasing managers and money market players.

The survey also includes money market players' expectations of the Swedish 5 year government bond rate, EUR and USD rates.

The money market player survey is conducted every month. The survey also including labour market parties and purchasing managers is published quarterly.

The latest survey in the all categories series December 2014, has now been completed, the previous September 2014 was published September 10, 2014. The last survey among money market players was published November 12, 2014.

A comparison of the results of the surveys can be summarised as follows (rounded off figures):

### All Interviewees' Expectations of

	Year 1		Year 2		Year 5	
	Dec 14	Sep 14	Dec 14	Sep 14	Dec 14	Sep 14
<b>Annual</b>						
<b>Inflation, %</b>	0,6	0,8	1,1	1,4	1,7	1,8
<b>GDP, %</b>	2,0	1,9	2,3	2,2	2,6	2,6
<b>Wage increase, %</b>	2,2	2,2	2,2	2,4	2,6	2,7

	3 months		12 months		24 months		60 months	
	Dec 14	Sep 14	Dec 14	Sep 14	Dec 14	Sep 14	Dec 14	Sep 14
<b>Repo rate, %</b>	0,0	0,3	0,2	0,4	0,7	0,9	1,8	1,7

### Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Dec 14	(Nov 14)	Sep 14	Dec 14	(Nov 14)	Sep 14	Dec 14	(Nov 14)	Sep 14	Dec 14	(Nov 14)	Sep 14
<b>Repo rate, %</b>	0,0	(0,0)	0,3	0,0	(0,0)	0,3	0,6	(0,5)	0,9	2,2	(2,0)	2,3
<b>5 year gvt bond rate, %</b>	0,3	(0,3)	0,7	0,5	(0,5)	1,0	1,1	(1,1)	1,5	2,5	(2,2)	2,7
<b>EUR</b>	9,21	(9,30)	9,11	9,02	(9,16)	8,92	8,84	(8,97)	8,74	-	(-)	-
<b>USD</b>	7,47	(7,40)	7,00	7,56	(7,57)	7,17	7,54	(7,57)	7,29	-	(-)	-



### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out November 24 – December 8, 2014 (previous August 25 – September 9, 2014 (October 29 – November 11, 2014)).

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on November 26, 2014 (August 27, 2014 (October 29, 2014)).

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

### About the Interviewees & Response Rate

#### *All Interviewees*

In all 234 (233) organisations/companies were approached for interview. 20 (19) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 91 % (92 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 89 % 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 2-8)

#### *Labour Market Organisations*

50 Swedish labour market organisations, of which 23 on the employers' side and 27 on the employees' side have been approached.

#### *Purchase Managers*

Of the 131 purchasing managers 64 represent the trading industry and 67 the manufacturing industry. The group of companies interviewed is a random sample selected from a company directory at the National Statistics Office of Sweden comprising Swedish companies with more than 200 employees.

#### *Money Market Players*

The money market category includes 53 players, 47 Swedish and 6 international, active in the Swedish fixed income market. The money market players were not asked to assess the expected wage increases. Only the money market players have participated in the survey covering expected 5 year government bond rates, EUR and USD rates.

### Definitions

*Inflation*, the percentage increase in Consumer Price Index (CPI).

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

*Wage increase*, the percentage increase in wages/salaries as measured over all sectors in the economy, exclusive of social costs but inclusive of wage increases negotiated earlier and wage drift.

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

### Previous TNS Sifo Prospera Inflation Expectations Surveys

TNS Sifo Prospera inflation reports and tables, from 1995 and onwards, can be downloaded from <http://www.prospera.se/reports/inflation-expectations>

**TABLE 1 – Comparison December 2014 vs (November 2014) September 2014**

A comparison of the results of the two surveys in all interviewee categories is summarised as follows (rounded off figures):

<b>Expectations of</b>	<b>Year 1</b>			<b>Year 2</b>			<b>Year 5</b>		
	<b>Dec 14</b>	<b>(Nov 14)</b>	<b>Sep 14</b>	<b>Dec 14</b>	<b>(Nov 14)</b>	<b>Sep 14</b>	<b>Dec 14</b>	<b>(Nov 14)</b>	<b>Sep 14</b>
<b>Annual inflation, %</b>									
All interviewees	0,6		0,8	1,1		1,4	1,7		1,8
Employees' organisations	0,4		0,8	0,8		1,3	1,7		2,0
Employers' organisations	0,5		0,8	1,0		1,4	1,7		2,0
Purchase managers Manufacturing	0,5		0,9	0,9		1,3	1,6		1,8
Purchase managers Trading	0,6		0,8	1,1		1,3	1,8		1,9
Money market players	0,7	(0,7)	0,9	1,3	(1,3)	1,5	1,7	(1,8)	1,8
<b>GDP, %</b>									
All interviewees	2,0		1,9	2,3		2,2	2,6		2,6
Employees' organisations	2,1		1,6	2,4		2,1	2,9		2,8
Employers' organisations	2,0		2,1	2,3		2,4	2,7		2,9
Purchase managers Manufacturing	2,0		1,9	2,2		2,1	2,6		2,5
Purchase managers Trading	1,8		1,7	2,2		2,1	2,6		2,5
Money market players	2,2	(2,2)	2,3	2,2	(2,3)	2,4	2,3	(2,3)	2,4
<b>Annual wage increase, %</b>									
All interviewees	2,2		2,2	2,2		2,4	2,6		2,7
Employees' organisations	2,4		2,4	2,5		2,7	2,9		3,1
Employers' organisations	2,5		2,5	2,3		2,4	2,6		2,8
Purchase managers Manufacturing	2,0		2,1	2,1		2,3	2,5		2,5
Purchase managers Trading	2,2		2,2	2,3		2,3	2,6		2,6

	<b>3 months</b>			<b>12 months</b>			<b>24 months</b>			<b>60 months</b>		
	<b>Dec 14</b>	<b>(Nov 14)</b>	<b>Sep 14</b>	<b>Dec 14</b>	<b>(Nov 14)</b>	<b>Sep 14</b>	<b>Dec 14</b>	<b>(Nov 14)</b>	<b>Sep 14</b>	<b>Dec 14</b>	<b>(Nov 14)</b>	<b>Sep 14</b>
<b>Repo rate, %</b>												
All interviewees	0,0		0,3	0,2		0,4	0,7		0,9	1,8		1,7
Employees' organisations	0,0		0,3	0,1		0,5	0,8		0,7	1,8		1,6
Employers' organisations	0,1		0,3	0,3		0,6	0,9		1,0	2,1		2,3
Purchase managers Manufacturing	0,0		0,2	0,2		0,5	0,7		0,8	1,6		1,5
Purchase managers Trading	0,0		0,3	0,2		0,4	0,7		0,9	1,6		1,5
Money market players	0,0	(0,0)	0,3	0,0	(0,0)	0,3	0,6	(0,5)	0,9	2,2	(2,0)	2,3

**TABLE 2 - 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>All</b>									
<b>Year 1</b>	0,566	0,500	-0,500	3,000	0,524	0,036	212	22	91%
<b>Year 2</b>	1,054	1,000	-0,500	4,000	0,655	0,045	211	23	90%
<b>Year 5</b>	1,720	1,850	0,000	4,000	0,598	0,042	204	30	87%
<b>Employees' organisations</b>									
<b>Year 1</b>	0,368	0,200	-0,500	1,500	0,513	0,103	25	2	93%
<b>Year 2</b>	0,790	1,000	-0,500	2,000	0,604	0,121	25	2	93%
<b>Year 5</b>	1,721	2,000	0,500	3,500	0,632	0,129	24	3	89%
<b>Employers' organisations</b>									
<b>Year 1</b>	0,486	0,500	0,000	1,100	0,347	0,076	21	2	91%
<b>Year 2</b>	0,967	1,000	0,100	2,300	0,616	0,134	21	2	91%
<b>Year 5</b>	1,690	1,800	0,500	2,800	0,583	0,130	20	3	87%
<b>Purchasing Managers, Manufacturing</b>									
<b>Year 1</b>	0,475	0,450	-0,500	3,000	0,616	0,081	58	9	87%
<b>Year 2</b>	0,920	1,000	0,000	4,000	0,778	0,103	57	10	85%
<b>Year 5</b>	1,640	1,500	0,000	4,000	0,741	0,098	57	10	85%
<b>Purchasing Managers, Trading</b>									
<b>Year 1</b>	0,622	0,500	0,000	2,000	0,477	0,062	59	5	92%
<b>Year 2</b>	1,112	1,000	0,000	2,000	0,539	0,070	59	5	92%
<b>Year 5</b>	1,803	2,000	0,700	3,000	0,549	0,073	57	7	89%
<b>Money Market Players</b>									
<b>Year 1</b>	0,741	0,700	-0,200	2,500	0,483	0,069	49	4	92%
<b>Year 2</b>	1,312	1,200	0,000	3,100	0,588	0,084	49	4	92%
<b>Year 5</b>	1,728	1,800	0,500	3,000	0,437	0,064	46	7	87%

**TABLE 3 - Inflation Expectations - 75% probability forecast uncertainty intervals**

Expected annual increase intervals in CPI 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	0,260	0,250	-0,500	1,900	0,461	0,067	47	6	89%
Upper bound	1,130	1,000	0,100	2,700	0,597	0,087	47	6	89%
<b>Year 2</b>									
Lower bound	0,676	0,750	-0,500	2,200	0,577	0,084	47	6	89%
Upper bound	1,761	1,500	0,200	4,400	0,729	0,106	47	6	89%
<b>Year 5</b>									
Lower bound	0,972	1,000	-1,000	1,800	0,600	0,089	45	8	85%
Upper bound	2,416	2,200	1,300	5,000	0,761	0,114	45	8	85%

**TABLE 4 - 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>All</b>									
<b>Year 1</b>	1,991	2,000	-0,200	4,000	0,689	0,047	211	23	90%
<b>Year 2</b>	2,252	2,300	0,000	3,500	0,616	0,043	210	24	90%
<b>Year 5</b>	2,552	2,500	0,000	4,000	0,654	0,046	202	32	86%
<b>Employees' organisations</b>									
<b>Year 1</b>	2,094	2,600	0,200	3,000	0,841	0,172	24	3	89%
<b>Year 2</b>	2,385	2,650	0,900	3,000	0,640	0,131	24	3	89%
<b>Year 5</b>	2,878	3,000	1,400	3,500	0,510	0,106	23	4	85%
<b>Employers' organisations</b>									
<b>Year 1</b>	2,019	2,000	1,000	3,100	0,632	0,138	21	2	91%
<b>Year 2</b>	2,348	2,500	1,500	3,200	0,540	0,118	21	2	91%
<b>Year 5</b>	2,668	2,600	2,000	4,000	0,490	0,112	19	4	83%
<b>Purchasing Managers, Manufacturing</b>									
<b>Year 1</b>	1,950	2,000	-0,200	3,000	0,692	0,091	58	9	87%
<b>Year 2</b>	2,211	2,300	0,000	3,500	0,683	0,090	57	10	85%
<b>Year 5</b>	2,596	2,700	1,000	4,000	0,643	0,085	57	10	85%
<b>Purchasing Managers, Trading</b>									
<b>Year 1</b>	1,844	2,000	0,000	3,000	0,674	0,088	59	5	92%
<b>Year 2</b>	2,208	2,300	0,800	3,500	0,655	0,085	59	5	92%
<b>Year 5</b>	2,566	2,700	0,000	4,000	0,764	0,101	57	7	89%
<b>Money Market Players</b>									
<b>Year 1</b>	2,155	2,200	0,500	4,000	0,625	0,089	49	4	92%
<b>Year 2</b>	2,245	2,300	1,000	3,000	0,506	0,072	49	4	92%
<b>Year 5</b>	2,268	2,275	1,000	3,500	0,548	0,081	46	7	87%

**TABLE 5 - Wage Increase Expectations**

Expected annual wage increase the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No resp. (numbers)	Response Rate
<b>All</b>									
<b>Year 1</b>	2,186	2,100	1,000	4,000	0,527	0,041	163	18	90%
<b>Year 2</b>	2,240	2,000	0,000	3,500	0,568	0,045	161	20	89%
<b>Year 5</b>	2,590	2,500	1,000	4,000	0,604	0,048	157	24	87%
<b>Employees' organisations</b>									
<b>Year 1</b>	2,414	2,500	1,250	3,500	0,464	0,093	25	2	93%
<b>Year 2</b>	2,480	2,500	1,500	3,500	0,524	0,105	25	2	93%
<b>Year 5</b>	2,892	3,000	1,000	4,000	0,680	0,139	24	3	89%
<b>Employers' organisations</b>									
<b>Year 1</b>	2,473	2,500	1,500	3,000	0,427	0,096	20	3	87%
<b>Year 2</b>	2,295	2,500	1,000	3,000	0,642	0,147	19	4	83%
<b>Year 5</b>	2,589	2,500	1,500	3,500	0,522	0,123	18	5	78%
<b>Purchasing Managers, Manufacturing</b>									
<b>Year 1</b>	1,976	2,000	1,000	3,000	0,398	0,052	59	8	88%
<b>Year 2</b>	2,053	2,000	0,000	3,000	0,528	0,069	58	9	87%
<b>Year 5</b>	2,486	2,500	1,000	4,000	0,552	0,072	58	9	87%
<b>Purchasing Managers, Trading</b>									
<b>Year 1</b>	2,201	2,200	1,000	4,000	0,610	0,079	59	5	92%
<b>Year 2</b>	2,304	2,300	1,000	3,500	0,558	0,073	59	5	92%
<b>Year 5</b>	2,568	2,500	1,000	4,000	0,617	0,082	57	7	89%

**TABLE 6 - 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>All</b>									
<b>3 months</b>	0,018	0,000	-0,250	1,500	0,120	0,008	202	32	86%
<b>12 months</b>	0,169	0,000	-0,250	1,500	0,260	0,018	202	32	86%
<b>24 months</b>	0,706	0,500	-0,250	3,000	0,499	0,035	200	34	85%
<b>60 months</b>	1,773	2,000	0,000	5,000	0,849	0,061	191	43	82%
<b>Employees' organisations</b>									
<b>3 months</b>	0,010	0,000	0,000	0,250	0,051	0,010	24	3	89%
<b>12 months</b>	0,127	0,000	0,000	0,500	0,167	0,034	24	3	89%
<b>24 months</b>	0,804	0,625	0,000	3,000	0,628	0,128	24	3	89%
<b>60 months</b>	1,770	1,500	0,200	4,500	1,006	0,210	23	4	85%
<b>Employers' organisations</b>									
<b>3 months</b>	0,090	0,000	-0,100	1,500	0,333	0,073	21	2	91%
<b>12 months</b>	0,310	0,200	0,000	1,500	0,400	0,087	21	2	91%
<b>24 months</b>	0,890	1,000	-0,200	1,800	0,485	0,109	20	3	87%
<b>60 months</b>	2,100	2,000	1,000	3,000	0,491	0,113	19	4	83%
<b>Purchasing Managers, Manufacturing</b>									
<b>3 months</b>	0,010	0,000	-0,100	0,250	0,054	0,007	58	9	87%
<b>12 months</b>	0,217	0,200	0,000	1,000	0,239	0,031	58	9	87%
<b>24 months</b>	0,700	0,500	0,000	2,000	0,422	0,056	57	10	85%
<b>60 months</b>	1,605	1,500	0,250	5,000	0,888	0,118	57	10	85%
<b>Purchasing Managers, Trading</b>									
<b>3 months</b>	0,018	0,000	0,000	0,300	0,067	0,009	59	5	92%
<b>12 months</b>	0,195	0,000	-0,200	1,250	0,275	0,036	59	5	92%
<b>24 months</b>	0,680	0,500	0,000	2,000	0,442	0,058	59	5	92%
<b>60 months</b>	1,570	1,500	0,250	3,000	0,687	0,091	57	7	89%
<b>Money Market Players</b>									
<b>3 months</b>	-0,006	0,000	-0,250	0,000	0,040	0,006	40	13	75%
<b>12 months</b>	0,013	0,000	-0,250	0,500	0,113	0,018	40	13	75%
<b>24 months</b>	0,603	0,500	-0,250	2,500	0,584	0,092	40	13	75%
<b>60 months</b>	2,200	2,000	0,000	4,000	0,897	0,152	35	18	66%

**TABLE 7 - 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	-0,057	0,000	-0,250	0,000	0,097	0,016	38	15	72%
Upper bound	0,046	0,000	0,000	0,750	0,141	0,023	38	15	72%
<b>12 months</b>									
Lower bound	-0,105	0,000	-0,500	0,000	0,156	0,025	38	15	72%
Upper bound	0,259	0,250	0,000	1,000	0,274	0,044	38	15	72%
<b>24 months</b>									
Lower bound	0,183	0,000	-0,500	1,500	0,422	0,068	38	15	72%
Upper bound	0,980	1,000	0,000	3,500	0,731	0,119	38	15	72%
<b>60 months</b>									
Lower bound	1,232	1,500	-0,500	3,500	0,931	0,160	34	19	64%
Upper bound	3,110	3,000	0,500	6,000	1,135	0,195	34	19	64%

**TABLE 8 - 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>	0,269	0,210	0,150	1,000	0,147	0,025	36	17	68%
<b>12 months</b>	0,543	0,500	0,200	1,500	0,308	0,051	36	17	68%
<b>24 months</b>	1,097	1,000	0,200	2,750	0,592	0,099	36	17	68%
<b>60 months</b>	2,469	2,500	0,300	4,200	0,832	0,143	34	19	64%
<b>EUR/SEK</b>									
<b>3 months</b>	9,209	9,220	8,920	9,400	0,111	0,018	38	15	72%
<b>12 months</b>	9,015	9,000	8,750	9,400	0,171	0,028	38	15	72%
<b>24 months</b>	8,843	8,800	8,150	9,500	0,269	0,044	38	15	72%
<b>USD/SEK</b>									
<b>3 months</b>	7,467	7,490	7,200	7,830	0,152	0,025	38	15	72%
<b>12 months</b>	7,563	7,500	7,000	8,250	0,273	0,044	38	15	72%
<b>24 months</b>	7,545	7,500	6,500	8,500	0,490	0,079	38	15	72%