

December 2016: December 14, 2016
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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 2016, has now been completed, the previous September 2016 was published September 14, 2016. The last survey among money market players was published November 16, 2016.

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 16	Sep 16	Dec 16	Sep 16	Dec 16	Sep 16
Annual						
Inflation, %	1,4	1,3	1,7	1,6	2,0	2,0
GDP, %	2,6	2,9	2,5	2,7	2,5	2,7
Wage increase, %	2,3	2,3	2,4	2,4	2,5	2,6

	3 months		12 months		24 months		60 months	
	Dec 16	Sep 16	Dec 16	Sep 16	Dec 16	Sep 16	Dec 16	Sep 16
Repo rate, %	-0,5	-0,5	-0,2	-0,2	0,3	0,3	1,4	1,3

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16
Repo rate, %	-0,5	(-0,5)	-0,5	-0,4	(-0,4)	-0,4	0,1	(0,2)	0,1	1,8	(1,8)	1,7
5 year gvt bond rate, %	-0,1	(-0,3)	-0,3	0,2	(0,0)	0,0	0,9	(0,7)	0,8	2,3	(2,1)	2,2
EUR	9,61	(9,54)	9,33	9,31	(9,26)	9,10	9,09	(9,07)	8,93	-	(-)	-
USD	9,19	(8,79)	8,45	8,96	(8,56)	8,39	8,60	(8,32)	8,24	-	(-)	-



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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 28 – December 13, 2016 (previous August 29 – September 13, 2016 (October 26 – November 15, 2016)).

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on November 30, 2016 (August 31, 2016 (October 26, 2016)).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 9,4 years.

About the Interviewees & Response Rate

All Interviewees

In all 220 (222) organisations/companies were approached for interview. 26 (23) 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 % (90 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 85 % 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

48 Swedish labour market organisations, of which 22 on the employers' side and 26 on the employees' side have been approached.

Purchase Managers

Of the 121 purchasing managers 58 represent the trading industry and 63 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 51 players, 45 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 2000 and onwards, can be downloaded from <http://www.prospera.se/reports/inflation-expectations>

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TABLE 1 – Comparison December 2016 vs (November 2016) September 2016

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

Expectations of	Year 1			Year 2			Year 5		
	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16
Annual inflation, %									
All interviewees	1,4		1,3	1,7		1,6	2,0		2,0
Employees' organisations	1,5		1,2	1,8		1,6	2,2		2,1
Employers' organisations	1,5		1,3	1,7		1,7	2,1		2,2
Purchase managers Manufacturing	1,2		1,3	1,6		1,6	1,8		1,9
Purchase managers Trading	1,5		1,3	1,7		1,6	2,0		2,0
Money market players	1,5	(1,4)	1,3	1,8	(1,7)	1,7	1,9	(1,9)	2,0
GDP, %									
All interviewees	2,6		2,9	2,5		2,7	2,5		2,7
Employees' organisations	2,8		3,1	2,9		3,1	2,9		3,1
Employers' organisations	2,5		2,9	2,4		2,6	2,7		2,7
Purchase managers Manufacturing	2,5		2,9	2,5		2,7	2,6		2,8
Purchase managers Trading	2,7		3,0	2,6		2,8	2,6		2,9
Money market players	2,5	(2,6)	2,6	2,2	(2,2)	2,3	2,1	(2,2)	2,2
Annual wage increase, %									
All interviewees	2,3		2,3	2,4		2,4	2,5		2,6
Employees' organisations	2,6		2,6	2,7		2,9	3,0		3,1
Employers' organisations	2,3		2,4	2,3		2,4	2,5		3,0
Purchase managers Manufacturing	2,2		2,2	2,2		2,3	2,4		2,4
Purchase managers Trading	2,2		2,1	2,4		2,2	2,5		2,4

	3 months			12 months			24 months			60 months		
	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16	Dec 16	(Nov 16)	Sep 16
Repo rate, %												
All interviewees	-0,5		-0,5	-0,2		-0,2	0,3		0,3	1,4		1,3
Employees' organisations	-0,5		-0,4	-0,3		-0,3	0,3		0,2	1,3		1,3
Employers' organisations	-0,4		-0,5	-0,2		-0,2	0,4		0,4	1,6		1,3
Purchase managers Manufacturing	-0,4		-0,5	-0,1		-0,2	0,4		0,3	1,2		1,2
Purchase managers Trading	-0,5		-0,5	-0,2		-0,2	0,3		0,4	1,2		1,2
Money market players	-0,5	(-0,5)	-0,5	-0,4	(-0,4)	-0,4	0,1	(0,2)	0,1	1,8	(1,8)	1,7

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
All									
Year 1	1,409	1,500	-1,500	3,000	0,474	0,034	193	27	88%
Year 2	1,697	1,700	0,000	3,000	0,445	0,032	192	28	87%
Year 5	1,950	2,000	0,200	3,500	0,466	0,034	185	35	84%
Employees' organisations									
Year 1	1,465	1,500	0,800	2,000	0,390	0,081	23	3	88%
Year 2	1,813	1,800	1,200	2,500	0,329	0,069	23	3	88%
Year 5	2,155	2,000	2,000	3,000	0,272	0,058	22	4	85%
Employers' organisations									
Year 1	1,490	1,450	0,900	2,500	0,361	0,081	20	2	91%
Year 2	1,737	1,700	1,000	3,000	0,492	0,113	19	3	86%
Year 5	2,076	2,000	1,000	3,500	0,540	0,131	17	5	77%
Purchasing Managers, Manufacturing									
Year 1	1,245	1,300	-1,500	3,000	0,613	0,083	55	8	87%
Year 2	1,577	1,500	0,000	3,000	0,494	0,067	55	8	87%
Year 5	1,815	2,000	0,200	3,000	0,501	0,068	54	9	86%
Purchasing Managers, Trading									
Year 1	1,463	1,500	0,500	3,000	0,458	0,065	50	8	86%
Year 2	1,685	1,650	0,500	2,600	0,455	0,064	50	8	86%
Year 5	1,978	2,000	1,000	3,500	0,558	0,080	49	9	84%
Money Market Players									
Year 1	1,486	1,500	0,700	2,300	0,322	0,048	45	6	88%
Year 2	1,780	1,750	1,000	3,000	0,379	0,056	45	6	88%
Year 5	1,934	2,000	1,300	2,600	0,277	0,042	43	8	84%

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
Money Market Players									
Year 1									
Lower bound	0,978	1,000	0,000	2,100	0,406	0,063	41	10	80%
Upper bound	1,922	1,800	1,000	3,000	0,454	0,071	41	10	80%
Year 2									
Lower bound	1,101	1,100	0,000	2,200	0,557	0,087	41	10	80%
Upper bound	2,346	2,250	1,300	4,500	0,681	0,106	41	10	80%
Year 5									
Lower bound	1,038	1,200	-1,500	2,400	0,830	0,133	39	12	76%
Upper bound	2,832	2,500	1,700	5,500	0,850	0,136	39	12	76%

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
All									
Year 1	2,604	2,600	0,700	4,300	0,621	0,045	189	31	86%
Year 2	2,499	2,500	0,000	5,500	0,722	0,053	188	32	85%
Year 5	2,532	2,500	0,500	5,000	0,750	0,056	180	40	82%
Employees' organisations									
Year 1	2,798	3,000	0,700	4,300	0,755	0,169	20	6	77%
Year 2	2,918	2,900	1,000	5,500	0,946	0,211	20	6	77%
Year 5	2,908	3,000	0,500	4,500	0,866	0,199	19	7	73%
Employers' organisations									
Year 1	2,495	2,500	1,000	4,000	0,712	0,159	20	2	91%
Year 2	2,384	2,200	1,500	4,500	0,721	0,165	19	3	86%
Year 5	2,671	2,500	2,000	5,000	0,836	0,203	17	5	77%
Purchasing Managers, Manufacturing									
Year 1	2,548	2,550	0,700	3,600	0,711	0,097	54	9	86%
Year 2	2,518	2,500	0,000	4,000	0,787	0,107	54	9	86%
Year 5	2,598	2,500	1,000	4,000	0,759	0,104	53	10	84%
Purchasing Managers, Trading									
Year 1	2,725	2,900	1,000	3,500	0,506	0,072	50	8	86%
Year 2	2,629	2,600	0,500	3,700	0,620	0,088	50	8	86%
Year 5	2,600	2,500	0,700	4,000	0,725	0,104	49	9	84%
Money Market Players									
Year 1	2,500	2,500	1,500	4,000	0,484	0,072	45	6	88%
Year 2	2,194	2,200	1,500	3,500	0,489	0,073	45	6	88%
Year 5	2,143	2,050	1,000	3,500	0,515	0,079	42	9	82%

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
All									
Year 1	2,260	2,200	1,200	3,500	0,397	0,033	147	22	87%
Year 2	2,370	2,500	1,000	3,500	0,436	0,036	146	23	86%
Year 5	2,515	2,500	1,000	4,500	0,574	0,049	140	29	83%
Employees' organisations									
Year 1	2,554	2,500	2,000	3,500	0,351	0,073	23	3	88%
Year 2	2,693	2,700	2,000	3,500	0,384	0,080	23	3	88%
Year 5	2,980	3,000	1,500	4,000	0,525	0,112	22	4	85%
Employers' organisations									
Year 1	2,263	2,200	1,500	3,200	0,481	0,110	19	3	86%
Year 2	2,283	2,200	1,500	3,200	0,493	0,116	18	4	82%
Year 5	2,533	2,400	1,500	4,500	0,818	0,211	15	7	68%
Purchasing Managers, Manufacturing									
Year 1	2,169	2,000	1,500	3,000	0,357	0,048	55	8	87%
Year 2	2,249	2,200	1,000	3,000	0,406	0,055	55	8	87%
Year 5	2,376	2,500	1,000	3,000	0,413	0,056	54	9	86%
Purchasing Managers, Trading									
Year 1	2,222	2,300	1,200	3,000	0,369	0,052	50	8	86%
Year 2	2,384	2,500	1,500	3,100	0,404	0,057	50	8	86%
Year 5	2,453	2,500	1,000	4,000	0,571	0,082	49	9	84%

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
All									
3 months	-0,468	-0,500	-0,750	1,000	0,156	0,012	181	39	82%
12 months	-0,223	-0,250	-0,750	1,500	0,323	0,024	181	39	82%
24 months	0,284	0,150	-0,600	3,000	0,521	0,039	180	40	82%
60 months	1,366	1,500	-0,250	4,000	0,821	0,063	172	48	78%
Employees' organisations									
3 months	-0,491	-0,500	-0,500	-0,300	0,043	0,009	22	4	85%
12 months	-0,252	-0,250	-0,500	0,000	0,232	0,049	22	4	85%
24 months	0,305	0,225	-0,500	1,200	0,415	0,088	22	4	85%
60 months	1,300	1,000	0,000	3,000	0,739	0,158	22	4	85%
Employers' organisations									
3 months	-0,423	-0,500	-0,650	0,250	0,207	0,046	20	2	91%
12 months	-0,173	-0,250	-0,650	1,000	0,361	0,081	20	2	91%
24 months	0,379	0,100	-0,100	3,000	0,723	0,166	19	3	86%
60 months	1,591	1,500	0,000	4,000	1,030	0,250	17	5	77%
Purchasing Managers, Manufacturing									
3 months	-0,427	-0,500	-0,600	1,000	0,239	0,033	54	9	86%
12 months	-0,132	-0,250	-0,750	1,500	0,417	0,057	54	9	86%
24 months	0,352	0,050	-0,500	3,000	0,614	0,084	54	9	86%
60 months	1,230	1,000	0,000	3,000	0,808	0,111	53	10	84%
Purchasing Managers, Trading									
3 months	-0,491	-0,500	-0,750	-0,250	0,068	0,010	50	8	86%
12 months	-0,213	-0,250	-0,500	0,500	0,263	0,037	50	8	86%
24 months	0,261	0,250	-0,500	2,000	0,425	0,060	50	8	86%
60 months	1,175	1,000	-0,250	3,000	0,717	0,104	48	10	83%
Money Market Players									
3 months	-0,511	-0,500	-0,600	-0,500	0,032	0,005	35	16	69%
12 months	-0,389	-0,500	-0,600	0,000	0,183	0,031	35	16	69%
24 months	0,147	0,000	-0,600	1,500	0,408	0,069	35	16	69%
60 months	1,803	1,500	0,250	3,500	0,781	0,138	32	19	63%

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
Money Market Players									
3 months									
Lower bound	-0,598	-0,500	-1,250	-0,500	0,162	0,028	33	18	65%
Upper bound	-0,441	-0,500	-0,500	0,000	0,136	0,024	33	18	65%
12 months									
Lower bound	-0,573	-0,500	-1,750	-0,250	0,253	0,044	33	18	65%
Upper bound	-0,112	-0,250	-0,500	0,500	0,285	0,050	33	18	65%
24 months									
Lower bound	-0,338	-0,500	-1,000	0,750	0,402	0,070	33	18	65%
Upper bound	0,612	0,750	-0,500	2,500	0,566	0,098	33	18	65%
60 months									
Lower bound	0,865	1,000	-1,000	2,500	0,798	0,146	30	21	59%
Upper bound	2,902	2,375	0,500	6,000	1,383	0,253	30	21	59%



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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
5 YEAR GOVERNMENT BOND RATE									
3 months	-0,086	-0,150	-0,450	0,400	0,171	0,030	33	18	65%
12 months	0,247	0,250	-0,450	1,000	0,306	0,053	33	18	65%
24 months	0,936	0,775	0,000	2,500	0,543	0,096	32	19	63%
60 months	2,298	2,150	0,700	4,500	0,856	0,154	31	20	61%
EUR/SEK									
3 months	9,608	9,610	9,170	9,800	0,135	0,023	35	16	69%
12 months	9,306	9,300	8,800	10,000	0,222	0,037	35	16	69%
24 months	9,087	9,000	8,500	10,000	0,249	0,042	35	16	69%
USD/SEK									
3 months	9,191	9,170	8,800	9,900	0,220	0,037	35	16	69%
12 months	8,959	8,900	8,300	10,000	0,396	0,067	35	16	69%
24 months	8,602	8,500	7,500	10,000	0,591	0,100	35	16	69%