



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, 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, October, has now been completed. The previous survey, September 2014, was published September 10, 2014.

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	Oct 14	Sep 14	Oct 14	Sep 14	Oct 14	Sep 14
Inflation, %	1,0	0,9	1,6	1,5	1,8	1,8
GDP, %	2,2	2,3	2,3	2,4	2,4	2,4

	3 months		12 months		24 months		60 months	
	Oct 14	Sep 14	Oct 14	Sep 14	Oct 14	Sep 14	Oct 14	Sep 14
Repo rate, %	0,2	0,3	0,3	0,3	0,9	0,9	2,4	2,3
5 year gvt bond rate, %	0,6	0,7	1,0	1,0	1,6	1,5	2,8	2,7
EUR	9,07	9,11	8,90	8,92	8,75	8,74	-	-
USD	7,27	7,00	7,44	7,17	7,52	7,29	-	-



Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out October 1 – October 13, 2014 (previous survey August 25 – September 9, 2014).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on October 1, 2014 (previous survey August 27, 2014).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 12,5 years.

About the Interviewees & Response Rate

In all 53 (53) organisations were approached for interview. 4 (2) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 92 % (96 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 91 % 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 1-6)

The money market category includes 47 Swedish and 6 international players active in the Swedish fixed income market.

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.

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 - 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	1,000	1,000	0,000	2,200	0,513	0,074	48	5	91%
Year 2	1,559	1,500	0,500	3,100	0,632	0,091	48	5	91%
Year 5	1,814	1,900	1,000	3,000	0,392	0,058	46	7	87%

TABLE 2 - 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	0,457	0,500	-2,000	1,600	0,641	0,097	44	9	83%
Upper bound	1,390	1,450	0,500	2,600	0,562	0,085	44	9	83%
Year 2									
Lower bound	0,910	1,000	-1,500	2,200	0,677	0,102	44	9	83%
Upper bound	2,005	1,850	0,800	3,700	0,723	0,109	44	9	83%
Year 5									
Lower bound	1,007	1,000	-1,000	2,000	0,645	0,098	43	10	81%
Upper bound	2,576	2,500	1,500	5,000	0,725	0,111	43	10	81%

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	2,208	2,200	0,500	3,500	0,573	0,083	48	5	91%
Year 2	2,335	2,350	1,000	4,000	0,517	0,075	48	5	91%
Year 5	2,373	2,300	1,500	3,500	0,489	0,072	46	7	87%

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	0,240	0,250	0,100	0,250	0,034	0,006	35	18	66%
12 months	0,317	0,250	0,100	0,750	0,164	0,028	35	18	66%
24 months	0,897	0,750	0,250	1,920	0,416	0,070	35	18	66%
60 months	2,376	2,500	1,000	4,000	0,731	0,127	33	20	62%



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	0,127	0,100	0,000	0,250	0,081	0,015	31	22	58%
Upper bound	0,277	0,250	0,250	0,500	0,076	0,014	31	22	58%
12 months									
Lower bound	0,156	0,100	0,000	0,500	0,142	0,026	31	22	58%
Upper bound	0,529	0,500	0,250	1,000	0,257	0,046	31	22	58%
24 months									
Lower bound	0,434	0,250	0,000	1,250	0,335	0,060	31	22	58%
Upper bound	1,363	1,250	0,500	3,000	0,555	0,100	31	22	58%
60 months									
Lower bound	1,358	1,500	0,000	3,000	0,827	0,151	30	23	57%
Upper bound	3,288	3,000	1,500	7,000	1,159	0,212	30	23	57%

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									
	0,635	0,600	0,450	1,000	0,129	0,022	33	20	62%
12 months									
	0,955	1,000	0,450	1,800	0,316	0,055	33	20	62%
24 months									
	1,575	1,500	0,700	2,750	0,533	0,094	32	21	60%
60 months									
	2,783	3,000	1,500	4,100	0,749	0,132	32	21	60%
EUR/SEK									
3 months									
	9,071	9,100	8,700	9,360	0,134	0,023	35	18	66%
12 months									
	8,902	8,900	8,400	9,390	0,195	0,033	35	18	66%
24 months									
	8,745	8,800	8,000	9,200	0,258	0,045	33	20	62%
USD/SEK									
3 months									
	7,274	7,300	6,740	7,760	0,148	0,025	35	18	66%
12 months									
	7,435	7,500	7,000	8,090	0,277	0,047	35	18	66%
24 months									
	7,519	7,500	6,900	8,200	0,396	0,069	33	20	62%