



August 2016: August 10, 2016

1 (4)

## Press Release

Questions will be answered by Emelie Alm, +46 (0)765 36 21 19.

This release, or parts thereof, may be published immediately. Please state TNS Sifo Prospera as the source.

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, August 2016, has now been completed. The previous survey, July 2016, was published July 13, 2016.

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	
	Aug 16	Jul 16	Aug 16	Jul 16	Aug 16	Jul 16
<b>Annual</b>						
<b>Inflation, %</b>	1,2	1,1	1,6	1,6	1,9	1,9
<b>GDP, %</b>	3,0	3,0	2,5	2,3	2,3	2,2

  

	3 months		12 months		24 months		60 months	
	Aug 16	Jul 16	Aug 16	Jul 16	Aug 16	Jul 16	Aug 16	Jul 16
<b>Repo rate, %</b>	-0,5	-0,5	-0,4	-0,4	0,0	0,2	1,5	1,9
<b>5 year gvt bond rate, %</b>	-0,3	-0,3	0,0	0,0	0,5	0,7	1,7	2,2
<b>EUR</b>	9,34	9,27	9,07	9,03	8,94	8,88	-	-
<b>USD</b>	8,53	8,44	8,43	8,35	8,30	8,20	-	-



August 2016: August 10, 2016

2 (4)

### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out July 27 – August 8, 2016 (previous survey June 29 – July 12, 2016).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on July 27, 2016 (previous survey June 29, 2016).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 1,9 years.

### About the Interviewees & Response Rate

In all 51 (51) organisations were approached for interview. 10 (7) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 80 % (86 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 80 % 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 45 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
<b>Money Market Players</b>									
<b>Year 1</b>	1,210	1,200	0,500	2,100	0,369	0,058	41	10	80%
<b>Year 2</b>	1,632	1,600	0,800	2,400	0,400	0,062	41	10	80%
<b>Year 5</b>	1,896	1,900	1,000	3,000	0,356	0,057	39	12	76%

**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
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	0,715	0,500	0,000	2,100	0,496	0,081	37	14	73%
Upper bound	1,658	1,500	1,000	2,750	0,419	0,069	37	14	73%
<b>Year 2</b>									
Lower bound	0,939	1,000	-0,500	2,100	0,630	0,107	35	16	69%
Upper bound	2,197	2,000	1,500	3,500	0,511	0,086	35	16	69%
<b>Year 5</b>									
Lower bound	1,040	1,000	-1,500	2,400	0,843	0,142	35	16	69%
Upper bound	2,700	2,500	1,500	4,500	0,738	0,125	35	16	69%

**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>									
<b>Year 1</b>	3,026	3,000	1,500	4,200	0,685	0,107	41	10	80%
<b>Year 2</b>	2,490	2,500	1,000	4,000	0,631	0,099	41	10	80%
<b>Year 5</b>	2,306	2,300	1,500	3,500	0,509	0,081	39	12	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>									
<b>3 months</b>	-0,495	-0,500	-0,500	-0,350	0,027	0,005	30	21	59%
<b>12 months</b>	-0,403	-0,500	-0,500	0,000	0,170	0,031	30	21	59%
<b>24 months</b>	0,038	0,000	-0,500	1,000	0,427	0,078	30	21	59%
<b>60 months</b>	1,548	1,625	0,000	3,000	0,753	0,148	26	25	51%



**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	-0,566	-0,500	-1,000	-0,500	0,129	0,024	28	23	55%
Upper bound	-0,455	-0,500	-0,500	0,000	0,122	0,023	28	23	55%
<b>12 months</b>									
Lower bound	-0,616	-0,500	-1,500	-0,250	0,259	0,049	28	23	55%
Upper bound	-0,154	-0,250	-0,500	1,000	0,329	0,062	28	23	55%
<b>24 months</b>									
Lower bound	-0,395	-0,500	-1,250	0,500	0,402	0,076	28	23	55%
Upper bound	0,473	0,450	-0,500	2,000	0,604	0,114	28	23	55%
<b>60 months</b>									
Lower bound	0,581	0,875	-1,000	2,000	0,917	0,187	24	27	47%
Upper bound	2,333	2,250	0,500	4,000	0,974	0,199	24	27	47%

**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>									
<b>3 months</b>									
	-0,290	-0,300	-0,550	0,300	0,161	0,032	26	25	51%
<b>12 months</b>									
	-0,042	0,000	-0,550	0,500	0,257	0,050	26	25	51%
<b>24 months</b>									
	0,510	0,500	-0,200	1,250	0,404	0,081	25	26	49%
<b>60 months</b>									
	1,671	1,725	0,000	3,800	1,004	0,205	24	27	47%
<b>EUR/SEK</b>									
<b>3 months</b>									
	9,344	9,400	8,700	9,550	0,170	0,033	27	24	53%
<b>12 months</b>									
	9,070	9,100	8,300	9,600	0,231	0,044	27	24	53%
<b>24 months</b>									
	8,937	9,000	8,150	9,500	0,269	0,052	27	24	53%
<b>USD/SEK</b>									
<b>3 months</b>									
	8,529	8,550	8,100	8,800	0,171	0,033	27	24	53%
<b>12 months</b>									
	8,430	8,450	7,500	9,000	0,301	0,058	27	24	53%
<b>24 months</b>									
	8,299	8,300	7,500	9,000	0,371	0,071	27	24	53%