



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, February, has now been completed. The previous survey, January 2015, was published January 21, 2015.

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	
	Feb 15	Jan 15	Feb 15	Jan 15	Feb 15	Jan 15
Annual						
Inflation, %	0,7	0,6	1,3	1,2	1,7	1,7
GDP, %	2,1	2,1	2,2	2,2	2,3	2,3

	3 months		12 months		24 months		60 months	
	Feb 15	Jan 15	Feb 15	Jan 15	Feb 15	Jan 15	Feb 15	Jan 15
Repo rate, %	0,0	0,0	0,0	0,0	0,5	0,4	2,1	2,1
5 year gvt bond rate, %	0,2	0,3	0,4	0,5	1,0	1,1	2,3	2,3
EUR	9,30	9,39	9,09	9,16	8,90	8,95	-	-
USD	8,21	8,06	8,27	8,11	8,24	7,97	-	-



Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out February 4 – February 17, 2015 (previous survey January 14 – January 19, 2015). 83 % of the interviews were conducted prior to the announcement of the Riksbank's repo rate decision on February 11, 2015.

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on February 4, 2015 (previous survey January 14, 2015).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 13,3 years.

About the Interviewees & Response Rate

In all 53 (53) organisations were approached for interview. 6 (3) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 89 % (94 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 87 % 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	0,667	0,675	-0,200	2,700	0,518	0,076	46	7	87%
Year 2	1,287	1,150	0,100	3,000	0,610	0,090	46	7	87%
Year 5	1,723	1,700	1,000	3,000	0,415	0,064	42	11	79%

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	0,184	0,125	-0,600	2,000	0,507	0,076	44	9	83%
Upper bound	1,098	1,000	0,200	3,200	0,564	0,085	44	9	83%
Year 2									
Lower bound	0,593	0,650	-0,750	2,000	0,623	0,094	44	9	83%
Upper bound	1,758	1,550	0,500	4,500	0,769	0,116	44	9	83%
Year 5									
Lower bound	0,899	1,000	-1,000	2,000	0,728	0,114	41	12	77%
Upper bound	2,407	2,100	1,500	5,000	0,736	0,115	41	12	77%

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	2,109	2,100	0,000	3,500	0,699	0,103	46	7	87%
Year 2	2,249	2,200	1,000	3,400	0,529	0,078	46	7	87%
Year 5	2,289	2,300	1,300	3,500	0,483	0,075	42	11	79%

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	-0,028	0,000	-0,250	0,000	0,072	0,012	36	17	68%
12 months	-0,004	0,000	-0,250	0,500	0,130	0,021	37	16	70%
24 months	0,482	0,500	-0,250	1,500	0,455	0,075	37	16	70%
60 months	2,083	2,000	0,750	4,000	0,928	0,162	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	-0,185	-0,250	-0,500	0,000	0,144	0,025	33	20	62%
Upper bound	0,042	0,000	-0,100	0,750	0,148	0,026	33	20	62%
12 months									
Lower bound	-0,218	-0,250	-0,750	0,000	0,210	0,037	33	20	62%
Upper bound	0,238	0,250	0,000	1,000	0,291	0,051	33	20	62%
24 months									
Lower bound	0,011	0,000	-0,500	1,000	0,360	0,063	33	20	62%
Upper bound	0,914	1,000	0,000	2,000	0,494	0,086	33	20	62%
60 months									
Lower bound	1,058	1,000	-0,500	2,250	0,768	0,138	31	22	58%
Upper bound	2,766	2,500	1,000	6,000	1,265	0,227	31	22	58%

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									
	0,155	0,165	-0,100	0,400	0,109	0,019	34	19	64%
12 months									
	0,425	0,375	-0,100	1,500	0,329	0,056	34	19	64%
24 months									
	0,953	1,000	0,000	2,750	0,558	0,096	34	19	64%
60 months									
	2,327	2,350	0,500	4,500	1,028	0,182	32	21	60%
EUR/SEK									
3 months									
	9,304	9,350	8,350	9,600	0,222	0,037	36	17	68%
12 months									
	9,090	9,100	8,300	9,500	0,241	0,040	36	17	68%
24 months									
	8,897	9,000	8,000	9,500	0,297	0,049	36	17	68%
USD/SEK									
3 months									
	8,210	8,270	6,570	8,750	0,389	0,065	36	17	68%
12 months									
	8,273	8,400	6,920	9,250	0,474	0,079	36	17	68%
24 months									
	8,238	8,200	6,640	9,250	0,566	0,094	36	17	68%