



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, November, has now been completed. The previous survey, October 2014, was published October 15, 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	
	Nov 14	Oct 14	Nov 14	Oct 14	Nov 14	Oct 14
Annual						
Inflation, %	0,7	1,0	1,3	1,6	1,8	1,8
GDP, %	2,2	2,2	2,3	2,3	2,3	2,4

	3 months		12 months		24 months		60 months	
	Nov 14	Oct 14	Nov 14	Oct 14	Nov 14	Oct 14	Nov 14	Oct 14
Repo rate, %	0,0	0,2	0,0	0,3	0,5	0,9	2,0	2,4
5 year gvt bond rate, %	0,3	0,6	0,5	1,0	1,1	1,6	2,2	2,8
EUR	9,30	9,07	9,16	8,90	8,97	8,75	-	-
USD	7,40	7,27	7,57	7,44	7,57	7,52	-	-



Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out October 29 – November 11, 2014 (previous survey October 1 – October 13, 2014).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on October 29, 2014 (previous survey October 1, 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. 5 (4) 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 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	0,698	0,700	-0,300	1,700	0,429	0,062	48	5	91%
Year 2	1,323	1,275	0,000	2,900	0,525	0,076	48	5	91%
Year 5	1,830	1,900	0,900	4,000	0,520	0,078	45	8	85%

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	0,203	0,200	-1,000	1,500	0,485	0,072	45	8	85%
Upper bound	1,099	1,100	0,000	2,000	0,455	0,068	45	8	85%
Year 2									
Lower bound	0,649	0,700	-1,000	1,900	0,576	0,085	46	7	87%
Upper bound	1,749	1,500	0,500	3,500	0,616	0,091	46	7	87%
Year 5									
Lower bound	0,995	1,000	-2,000	2,000	0,699	0,105	44	9	83%
Upper bound	2,463	2,150	1,500	6,000	0,838	0,126	44	9	83%

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	2,172	2,150	1,000	3,000	0,541	0,078	48	5	91%
Year 2	2,294	2,350	0,500	3,200	0,522	0,075	48	5	91%
Year 5	2,302	2,300	1,100	3,500	0,546	0,081	45	8	85%

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	0,000	0,000	0,000	0,000	0,000	0,000	39	14	74%
12 months	-0,006	0,000	-0,220	0,000	0,035	0,006	40	13	75%
24 months	0,509	0,500	-0,130	1,500	0,381	0,061	39	14	74%
60 months	2,013	2,000	0,500	3,500	0,796	0,133	36	17	68%



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	-0,026	0,000	-0,250	0,000	0,078	0,013	38	15	72%
Upper bound	0,063	0,000	0,000	1,000	0,178	0,029	38	15	72%
12 months									
Lower bound	-0,049	0,000	-0,500	0,000	0,128	0,021	38	15	72%
Upper bound	0,303	0,250	0,000	1,000	0,224	0,036	38	15	72%
24 months									
Lower bound	0,125	0,000	-0,250	0,750	0,226	0,038	36	17	68%
Upper bound	0,972	1,000	0,000	2,500	0,530	0,088	36	17	68%
60 months									
Lower bound	1,162	1,000	0,000	3,000	0,805	0,138	34	19	64%
Upper bound	2,794	2,500	0,750	5,000	1,119	0,192	34	19	64%

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									
	0,290	0,250	0,100	0,700	0,107	0,018	35	18	66%
12 months									
	0,515	0,400	0,100	1,500	0,311	0,053	35	18	66%
24 months									
	1,110	0,900	0,200	3,000	0,767	0,132	34	19	64%
60 months									
	2,231	2,000	0,500	4,000	1,069	0,183	34	19	64%
EUR/SEK									
3 months									
	9,296	9,300	8,920	9,500	0,138	0,023	35	18	66%
12 months									
	9,157	9,175	8,750	9,600	0,216	0,036	36	17	68%
24 months									
	8,975	9,000	8,150	9,700	0,312	0,052	36	17	68%
USD/SEK									
3 months									
	7,398	7,400	7,200	7,590	0,106	0,018	35	18	66%
12 months									
	7,567	7,500	7,150	8,070	0,249	0,041	36	17	68%
24 months									
	7,565	7,520	6,800	8,250	0,379	0,063	36	17	68%