



November 2016: November 16, 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, 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 2016, has now been completed. The previous survey, October 2016, was published October 12, 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			
	Nov 16	Oct 16	Nov 16	Oct 16	Nov 16	Oct 16		
Annual								
Inflation, %	1,4	1,4	1,7	1,7	1,9	1,9		
GDP, %	2,6	2,7	2,2	2,3	2,2	2,2		
	3 months		12 months		24 months		60 months	
	Nov 16	Oct 16	Nov 16	Oct 16	Nov 16	Oct 16	Nov 16	Oct 16
Repo rate, %	-0,5	-0,5	-0,4	-0,3	0,2	0,2	1,8	1,7
5 year gvt bond rate, %	-0,3	-0,3	0,0	0,0	0,7	0,8	2,1	2,1
EUR	9,54	9,46	9,26	9,21	9,07	9,01	-	-
USD	8,79	8,57	8,56	8,48	8,32	8,29	-	-



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Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out October 26 – November 15, 2016 (previous survey September 28 – October 11, 2016).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on October 26, 2016 (previous survey September 28, 2016).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 8,1 years.

About the Interviewees & Response Rate

In all 51 (51) organisations were approached for interview. 6 (6) 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 % (88 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 86 % 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
Money Market Players									
Year 1	1,400	1,475	0,700	3,000	0,423	0,064	44	7	86%
Year 2	1,713	1,700	1,000	3,000	0,412	0,062	44	7	86%
Year 5	1,905	2,000	1,000	2,600	0,374	0,057	43	8	84%

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	0,927	0,900	0,000	2,750	0,549	0,088	39	12	76%
Upper bound	1,896	1,900	1,200	3,250	0,465	0,075	39	12	76%
Year 2									
Lower bound	1,037	1,000	0,000	2,750	0,620	0,101	38	13	75%
Upper bound	2,358	2,200	1,400	4,000	0,652	0,106	38	13	75%
Year 5									
Lower bound	0,975	1,000	-1,000	2,400	0,810	0,131	38	13	75%
Upper bound	2,857	2,500	1,700	5,500	0,862	0,140	38	13	75%

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	2,559	2,500	1,500	4,000	0,561	0,085	44	7	86%
Year 2	2,223	2,200	1,000	3,500	0,548	0,083	44	7	86%
Year 5	2,238	2,200	1,000	3,500	0,566	0,088	41	10	80%

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	-0,506	-0,500	-0,600	-0,500	0,024	0,004	35	16	69%
12 months	-0,409	-0,500	-0,600	0,000	0,176	0,030	35	16	69%
24 months	0,200	0,000	-0,500	2,000	0,518	0,088	35	16	69%
60 months	1,763	1,750	0,000	3,500	0,897	0,161	31	20	61%

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	-0,608	-0,500	-1,250	-0,500	0,178	0,031	33	18	65%
Upper bound	-0,453	-0,500	-0,500	0,000	0,135	0,023	33	18	65%
12 months									
Lower bound	-0,629	-0,500	-1,750	-0,250	0,263	0,046	33	18	65%
Upper bound	-0,121	-0,250	-0,500	1,000	0,344	0,060	33	18	65%
24 months									
Lower bound	-0,333	-0,500	-1,000	1,000	0,429	0,076	32	19	63%
Upper bound	0,734	0,750	-0,500	3,000	0,663	0,117	32	19	63%
60 months									
Lower bound	0,688	1,000	-1,000	2,500	0,830	0,157	28	23	55%
Upper bound	2,954	3,000	0,500	6,000	1,292	0,244	28	23	55%

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									
	-0,281	-0,300	-0,600	0,100	0,167	0,030	31	20	61%
12 months									
	0,003	0,000	-0,600	1,000	0,327	0,059	31	20	61%
24 months									
	0,691	0,575	-0,280	2,300	0,612	0,112	30	21	59%
60 months									
	2,088	2,000	0,200	3,750	0,888	0,168	28	23	55%
EUR/SEK									
3 months									
	9,544	9,600	9,000	10,000	0,180	0,030	35	16	69%
12 months									
	9,260	9,250	8,700	10,200	0,279	0,047	35	16	69%
24 months									
	9,073	9,000	8,500	10,200	0,313	0,054	34	17	67%
USD/SEK									
3 months									
	8,786	8,800	8,180	9,100	0,204	0,035	35	16	69%
12 months									
	8,558	8,500	7,500	9,500	0,405	0,068	35	16	69%
24 months									
	8,317	8,275	7,250	9,500	0,488	0,084	34	17	67%