

## 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 aiming at mapping expectations of inflation, wage increase, GDP and future repo rates in Sweden among labour market parties, purchasing managers and money market players. The survey also includes money market players' expectations of the Swedish 5 year government bond rate, EUR and USD rates.

The money market player survey is conducted every month. The survey also including labour market parties and purchasing managers is published quarterly.

The latest survey in the all categories series, December 2011, has now been completed, the previous September 2011 was published September 14, 2011.

The last survey among money market players was published November 9, 2011.

A comparison of the results of the surveys can be summarised as follows (rounded off figures):

### All Interviewees' Expectations of

	Year 1		Year 2		Year 5	
	Dec 11	Sept 11	Dec 11	Sept 11	Dec 11	Sept 11
<b>Annual</b>						
Inflation, %	2,0	2,4	2,1	2,3	2,4	2,4
GDP, %	1,8	2,5	2,2	2,6	2,9	3,1
Wage increase, %	2,8	2,8	2,7	2,7	2,9	2,9

  

	3 months		12 months		24 months		60 months	
	Dec 11	Sept 11	Dec 11	Sept 11	Dec 11	Sept 11	Dec 11	Sept 11
Repo rate, %	1,8	2,0	1,7	2,2	2,0	2,5	2,8	2,9

### Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Dec 11	(Nov 11)	Sept 11	Dec 11	(Nov 11)	Sept 11	Dec 11	(Nov 11)	Sept 11	Dec 11	(Nov 11)	Sept 11
Repo rate, %	1,7	(2,0)	2,1	1,4	(1,9)	2,2	1,8	(2,3)	2,6	2,9	(3,1)	3,2
5 year gvt bond rate, %	1,3	(1,6)	1,9	1,6	(2,0)	2,2	2,1	(2,5)	2,7	3,1	(3,2)	3,4
EUR	9,15	(9,08)	9,12	9,03	(8,95)	8,97	8,99	(8,90)	8,96	-	-	-
USD	6,94	(6,65)	6,37	7,01	(6,64)	6,44	7,03	(6,73)	6,57	-	-	-

### **Interview Period & Method**

TNS SIFO Prospera's survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out November 28 – December 12, 2011 (previous survey August 29 – September 12, 2011 (October 26 – November 4, 2011)).

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on November 30, 2011 (previous survey August 31, 2011 (October 26, 2011)).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 11,2 years.

### **About the Interviewees & Response Rate**

#### *All Interviewees*

In all 260 (267) organisations/companies were approached for interview. 20 (15) 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 % (94 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 85 % or more 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 2-8)

#### *Labour Market Organisations*

50 Swedish labour market organisations, of which 24 on the employers' side and 26 on the employees' side have been approached.

#### *Purchase Managers*

Of the 153 purchasing managers 77 represent the trading industry and 76 the manufacturing industry. The group of companies interviewed is a random sample selected from a company directory at the National Statistics Office of Sweden comprising Swedish companies with more than 200 employees.

#### *Money Market Players*

The money market category includes 57 players, 49 Swedish and 8 international, active in the Swedish fixed income market. The money market players were not asked to assess the expected wage increases. Only the money market players have participated in the survey covering expected 5 year government bond rates, EUR and USD rates.

### **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.

*Wage increase*, the percentage increase in wages/salaries as measured over all sectors in the economy, exclusive of social costs but inclusive of wage increases negotiated earlier and wage drift.

*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 - Comparison December 2011 vs (November 2011) September 2011**

A comparison of the results of the two surveys in all interviewee categories is summarised as follows (rounded off figures):

<b>Expectations of</b>	<b>Year 1</b>			<b>Year 2</b>			<b>Year 5</b>		
	<b>Dec 11</b>	<b>(Nov 11)</b>	<b>Sept 11</b>	<b>Dec 11</b>	<b>(Nov 11)</b>	<b>Sept 11</b>	<b>Dec 11</b>	<b>(Nov 11)</b>	<b>Sept 11</b>
<b>Annual inflation, %</b>									
All interviewees	2,0		2,4	2,1		2,3	2,4		2,4
Employees' organisations	2,2		2,5	2,2		2,5	2,4		2,4
Employers' organisations	2,0		2,2	2,0		2,1	2,3		2,4
Purchase managers Manufacturing	2,2		2,5	2,3		2,5	2,6		2,6
Purchase managers Trading	2,1		2,4	2,1		2,4	2,4		2,5
Money market players	1,6	(2,0)	2,1	1,9	(2,0)	2,1	2,0	(2,1)	2,1
<b>GDP, %</b>									
All interviewees	1,8		2,5	2,2		2,6	2,9		3,1
Employees' organisations	2,6		2,9	2,9		2,9	3,5		3,6
Employers' organisations	1,5		2,2	2,2		2,5	2,9		3,2
Purchase managers Manufacturing	2,1		2,8	2,4		2,7	3,0		3,4
Purchase managers Trading	1,8		2,4	2,2		2,5	3,0		3,1
Money market players	1,1	(1,8)	2,2	1,8	(2,1)	2,3	2,4	(2,4)	2,6
<b>Annual wage increase, %</b>									
All interviewees	2,8		2,8	2,7		2,7	2,9		2,9
Employees' organisations	3,0		3,4	3,1		3,2	3,2		3,3
Employers' organisations	2,8		2,7	2,6		2,8	3,0		3,0
Purchase managers Manufacturing	2,8		2,7	2,6		2,6	2,8		2,8
Purchase managers Trading	2,8		2,7	2,6		2,7	2,9		2,8

	<b>3 months</b>			<b>12 months</b>			<b>24 months</b>			<b>60 months</b>		
	<b>Dec 11</b>	<b>(Nov 11)</b>	<b>Sept 11</b>	<b>Dec 11</b>	<b>(Nov 11)</b>	<b>Sept 11</b>	<b>Dec 11</b>	<b>(Nov 11)</b>	<b>Sept 11</b>	<b>Dec 11</b>	<b>(Nov 11)</b>	<b>Sept 11</b>
<b>Repo rate, %</b>												
All interviewees	1,8		2,0	1,7		2,2	2,0		2,5	2,8		2,9
Employees' organisations	1,9		2,0	1,9		2,2	2,2		2,5	2,7		2,8
Employers' organisations	1,8		2,0	1,6		2,2	2,0		2,5	2,8		3,2
Purchase managers Manufacturing	1,9		2,0	1,9		2,2	2,1		2,4	2,7		2,8
Purchase managers Trading	1,8		2,0	1,8		2,1	2,0		2,4	2,8		2,9
Money market players	1,7	(2,0)	2,1	1,4	(1,9)	2,2	1,8	(2,3)	2,6	2,9	(3,1)	3,2

**TABLE 2 - 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 responses (numbers)	Response Rate (%)
<b>All</b>									
Year 1	1,996	2,000	0,000	3,500	0,660	0,043	240	20	92%
Year 2	2,111	2,000	0,100	4,000	0,613	0,040	238	22	92%
Year 5	2,380	2,200	0,500	5,000	0,596	0,040	219	41	84%
<b>Employees' organisations</b>									
Year 1	2,154	2,000	1,200	3,000	0,433	0,088	24	2	92%
Year 2	2,221	2,350	1,400	2,900	0,403	0,082	24	2	92%
Year 5	2,423	2,100	1,800	5,000	0,723	0,154	22	4	85%
<b>Employers' organisations</b>									
Year 1	2,000	2,000	0,500	3,000	0,655	0,137	23	1	96%
Year 2	2,048	2,000	0,100	3,500	0,679	0,142	23	1	96%
Year 5	2,295	2,200	2,000	3,000	0,375	0,082	21	3	88%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	2,195	2,000	0,400	3,500	0,614	0,073	70	6	92%
Year 2	2,275	2,300	0,600	4,000	0,685	0,082	69	7	91%
Year 5	2,579	2,500	0,500	4,000	0,612	0,077	63	13	83%
<b>Purchasing Managers, Trading</b>									
Year 1	2,068	2,000	0,000	3,500	0,679	0,081	70	7	91%
Year 2	2,096	2,000	0,500	3,400	0,607	0,073	70	7	91%
Year 5	2,446	2,500	1,000	3,600	0,601	0,073	67	10	87%
<b>Money Market Players</b>									
Year 1	1,566	1,500	0,000	3,100	0,606	0,083	53	4	93%
Year 2	1,889	2,000	0,500	3,500	0,509	0,071	52	5	91%
Year 5	2,029	2,000	0,500	3,500	0,421	0,062	46	11	81%

**TABLE 3 - 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 responses (numbers)	Response Rate (%)
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	0,980	1,000	-1,000	2,100	0,690	0,102	46	11	81%
Upper bound	2,227	2,000	0,500	4,000	0,785	0,116	46	11	81%
<b>Year 2</b>									
Lower bound	1,122	1,000	-1,500	2,500	0,671	0,099	46	11	81%
Upper bound	2,678	2,500	1,000	5,000	0,809	0,119	46	11	81%
<b>Year 5</b>									
Lower bound	1,145	1,000	-1,500	2,000	0,600	0,090	44	13	77%
Upper bound	3,039	3,000	2,000	6,000	0,828	0,125	44	13	77%

**TABLE 4 - 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 responses (numbers)	Response Rate (%)
<b>All</b>									
Year 1	1,771	1,500	-4,500	5,500	1,411	0,092	234	26	90%
Year 2	2,249	2,000	-2,000	7,000	1,130	0,074	233	27	90%
Year 5	2,922	3,000	0,000	5,500	0,857	0,058	218	42	84%
<b>Employees' organisations</b>									
Year 1	2,595	2,500	0,500	5,000	1,232	0,263	22	4	85%
Year 2	2,914	2,950	1,000	5,000	0,929	0,198	22	4	85%
Year 5	3,459	3,150	2,500	5,500	0,846	0,180	22	4	85%
<b>Employers' organisations</b>									
Year 1	1,486	1,250	-3,000	5,500	1,681	0,358	22	2	92%
Year 2	2,150	2,000	0,000	4,000	1,055	0,225	22	2	92%
Year 5	2,943	3,000	1,500	5,000	0,729	0,159	21	3	88%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	2,110	2,000	-1,000	5,000	1,408	0,171	68	8	89%
Year 2	2,384	2,250	-1,000	7,000	1,320	0,160	68	8	89%
Year 5	2,989	3,000	2,000	5,500	0,900	0,113	63	13	83%
<b>Purchasing Managers, Trading</b>									
Year 1	1,795	2,000	-4,500	4,500	1,344	0,161	70	7	91%
Year 2	2,240	2,000	0,000	5,500	1,012	0,121	70	7	91%
Year 5	3,029	3,000	1,500	5,500	0,832	0,102	67	10	87%
<b>Money Market Players</b>									
Year 1	1,068	1,205	-2,500	4,500	1,127	0,156	52	5	91%
Year 2	1,835	2,000	-2,000	3,500	0,973	0,136	51	6	89%
Year 5	2,398	2,500	0,000	4,000	0,637	0,095	45	12	79%

**TABLE 5 - Wage Increase Expectations**

Expected annual wage increase the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No responses (numbers)	Response Rate (%)
<b>All</b>									
Year 1	2,807	2,900	1,500	4,500	0,467	0,034	185	18	91%
Year 2	2,653	2,550	1,000	5,000	0,566	0,042	184	19	91%
Year 5	2,928	3,000	1,900	4,000	0,455	0,035	172	31	85%
<b>Employees' organisations</b>									
Year 1	3,038	3,000	2,000	3,900	0,430	0,088	24	2	92%
Year 2	3,088	3,000	2,000	4,100	0,497	0,101	24	2	92%
Year 5	3,221	3,500	2,000	4,000	0,526	0,107	24	2	92%
<b>Employers' organisations</b>									
Year 1	2,791	2,700	1,500	3,500	0,561	0,120	22	2	92%
Year 2	2,591	2,600	1,000	3,500	0,664	0,142	22	2	92%
Year 5	3,035	3,000	2,000	4,000	0,467	0,104	20	4	83%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	2,784	2,850	2,000	4,000	0,450	0,054	70	6	92%
Year 2	2,558	2,500	1,100	3,500	0,451	0,054	69	7	91%
Year 5	2,832	3,000	2,000	3,500	0,400	0,050	63	13	83%
<b>Purchasing Managers, Trading</b>									
Year 1	2,754	2,750	2,000	4,500	0,451	0,054	69	8	90%
Year 2	2,617	2,500	1,500	5,000	0,602	0,072	69	8	90%
Year 5	2,882	3,000	1,900	3,800	0,433	0,054	65	12	84%

**TABLE 6 - Repo Rate Expectations**

Expected repo rate the coming 3-60 months

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No responses (numbers)	Response Rate (%)
<b>All</b>									
<b>3 months</b>	1,824	1,750	1,000	2,500	0,220	0,015	224	36	86%
<b>12 months</b>	1,734	1,750	0,250	3,000	0,492	0,033	224	36	86%
<b>24 months</b>	2,033	2,000	0,500	3,500	0,579	0,039	221	39	85%
<b>60 months</b>	2,760	2,750	1,000	4,500	0,621	0,043	206	54	79%
<b>Employees' organisations</b>									
<b>3 months</b>	1,863	1,900	1,500	2,500	0,220	0,046	23	3	88%
<b>12 months</b>	1,865	1,900	1,000	2,500	0,364	0,076	23	3	88%
<b>24 months</b>	2,233	2,250	1,500	3,000	0,437	0,091	23	3	88%
<b>60 months</b>	2,727	2,750	1,250	4,000	0,671	0,143	22	4	85%
<b>Employers' organisations</b>									
<b>3 months</b>	1,754	1,750	1,000	2,250	0,272	0,057	23	1	96%
<b>12 months</b>	1,646	1,750	1,000	2,500	0,450	0,094	23	1	96%
<b>24 months</b>	1,989	2,000	1,000	3,000	0,536	0,112	23	1	96%
<b>60 months</b>	2,827	2,875	2,000	4,000	0,672	0,143	22	2	92%
<b>Purchasing Managers, Manufacturing</b>									
<b>3 months</b>	1,893	2,000	1,250	2,500	0,188	0,023	70	6	92%
<b>12 months</b>	1,904	1,900	1,000	3,000	0,410	0,049	70	6	92%
<b>24 months</b>	2,120	2,000	0,750	3,500	0,551	0,066	69	7	91%
<b>60 months</b>	2,675	2,725	1,500	4,500	0,592	0,074	64	12	84%
<b>Purchasing Managers, Trading</b>									
<b>3 months</b>	1,845	1,750	1,000	2,200	0,198	0,024	69	8	90%
<b>12 months</b>	1,758	1,750	0,250	2,500	0,493	0,059	69	8	90%
<b>24 months</b>	2,031	2,000	0,500	3,500	0,616	0,074	69	8	90%
<b>60 months</b>	2,755	2,875	1,500	4,000	0,575	0,071	66	11	86%
<b>Money Market Players</b>									
<b>3 months</b>	1,683	1,750	1,000	2,000	0,212	0,034	39	18	68%
<b>12 months</b>	1,359	1,500	0,500	3,000	0,522	0,084	39	18	68%
<b>24 months</b>	1,776	1,750	0,750	3,500	0,596	0,098	37	20	65%
<b>60 months</b>	2,914	3,000	1,000	4,250	0,700	0,124	32	25	56%

**TABLE 7 - 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 responses (numbers)	Response Rate (%)
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	1,329	1,500	0,500	1,750	0,289	0,049	35	22	61%
Upper bound	1,957	2,000	1,250	2,500	0,205	0,035	35	22	61%
<b>12 months</b>									
Lower bound	0,799	0,750	0,000	2,000	0,469	0,079	35	22	61%
Upper bound	1,880	2,000	0,750	3,500	0,506	0,086	35	22	61%
<b>24 months</b>									
Lower bound	0,960	1,000	0,000	2,250	0,480	0,082	34	23	60%
Upper bound	2,597	2,500	1,250	4,000	0,726	0,125	34	23	60%
<b>60 months</b>									
Lower bound	1,615	2,000	0,000	3,250	0,878	0,158	31	26	54%
Upper bound	3,984	4,000	2,250	6,000	0,908	0,163	31	26	54%

**TABLE 8 - 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 responses (numbers)	Response Rate (%)
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>	1,267	1,200	0,900	2,000	0,200	0,034	35	22	61%
<b>12 months</b>	1,600	1,500	0,800	2,900	0,441	0,075	35	22	61%
<b>24 months</b>	2,149	2,000	0,800	3,900	0,691	0,117	35	22	61%
<b>60 months</b>	3,068	3,000	1,000	5,000	0,869	0,156	31	26	54%
<b>EUR/SEK</b>									
<b>3 months</b>	9,153	9,100	8,700	10,000	0,218	0,035	39	18	68%
<b>12 months</b>	9,025	9,000	8,000	9,750	0,330	0,054	38	19	67%
<b>24 months</b>	8,993	9,000	7,800	9,500	0,351	0,058	37	20	65%
<b>USD/SEK</b>									
<b>3 months</b>	6,943	7,000	6,500	7,500	0,259	0,042	39	18	68%
<b>12 months</b>	7,006	7,000	5,950	7,910	0,482	0,078	38	19	67%
<b>24 months</b>	7,029	7,000	6,250	8,000	0,442	0,073	37	20	65%