

Press Release

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Please state TNS SIFO Prospera as the source.

Main results

Inflation and economic growth forecasts have not been significantly revised since last survey, neither have the expectations of the repo rate.

The 5Y bond rate is believed to rise at a lower path than was the case in the March survey.

The panel believes in a somewhat stronger SEK against EUR as well as USD.

91 (93) per cent of the Money Market Players believe that the inflation the second year from now will stay within the Riksbanken's 1-3 % tolerance band.

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 expectations of inflation, GDP and future repo rates in Sweden among money market players. The survey also includes expectations of the 5 year government bond rate, EUR and USD rates. The latest survey in the series, April 2010, has now been completed. The previous survey, March 2010, was published Mar 10, 2010. A comparison of the results of the two surveys concerning money market players can be summarised as follows;

Money Market Players' Expectations of;

	Year 1		Year 2		Year 5	
	Apr 10	Mar 10	Apr 10	Mar 10	Apr 10	Mar 10
Annual; Inflation, %	1,7	1,6	2,3	2,3	2,2	2,3
GDP, %	2,2	2,2	2,6	2,5	2,6	2,5

Money Market Players' Expectations of;

	3 months		12 months		24 months		60 months	
	Apr 10	Mar 10	Apr 10	Mar 10	Apr 10	Mar 10	Apr 10	Mar 10
Repo Rate, %	0,3	0,3	1,3	1,4	2,6	2,6	3,4	3,5
5 year gvt bond rate, %	2,6	2,7	3,1	3,4	3,6	3,8	3,9	4,2
EUR	9,60	9,72	9,36	9,49	9,34	9,35	-	-
USD	7,13	7,18	7,05	7,16	6,99	7,12	-	-

Interview Period & Method

TNS SIFO Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation and GDP expectations was carried out Mar 24 – Apr 9, 2010 (previous survey Feb 22 – Mar 8, 2010). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on Mar 24, 2010 (previous survey Feb 24, 2010).

About the Interviewees & Response Rate

In all 57 (55) organisations were approached for interview. 2 (0) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 96 % (100 %). The response rate for individual questions regarding inflation and GDP increase expectations is 95 % 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 1-5)

The money market category includes 57 players, 46 Swedish and 11 international, active in the Swedish fixed income market.

Definitions

Inflation is defined as the percentage increase in Consumer Price Index (CPI). *Wage increase* is defined as 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. The *repo rate* is the Riksbank's borrowing/lending rate from/to banks for seven days' money and the *GDP*, Gross Domestic Product, is defined as the value of all goods and services produced (by Swedish agents) in one year.

Previous TNS SIFO Prospera Inflation Expectations Surveys

Previous (starting in 1995) TNS SIFO Prospera inflation reports, releases and tables can be downloaded from the site address below.

TABLE 1 - Inflationary 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	1,678	1,500	1,000	3,500	0,440	0,059	55	2	96
Year 2	2,284	2,300	1,500	4,500	0,528	0,071	55	2	96
Year 5	2,209	2,000	1,500	5,000	0,523	0,076	47	10	82

TABLE 2 - 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	2,211	2,200	-2,000	5,000	0,992	0,134	55	2	96
Year 2	2,581	2,500	0,000	4,000	0,659	0,090	54	3	95
Year 5	2,577	2,500	1,500	4,000	0,492	0,073	46	11	81

TABLE 3 - 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	0,287	0,250	0,250	1,000	0,143	0,022	41	16	72
12 months	1,311	1,250	0,500	2,250	0,361	0,056	41	16	72
24 months	2,581	2,500	0,500	4,000	0,604	0,099	37	20	65
60 months	3,425	3,500	1,500	4,500	0,720	0,123	34	23	60

TABLE 4 - 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	2,626	2,600	2,400	3,000	0,149	0,026	34	23	60
12 months	3,138	3,000	2,700	3,700	0,288	0,050	33	24	58
24 months	3,580	3,500	2,700	4,500	0,448	0,079	32	25	56
60 months	3,869	3,850	3,000	5,200	0,560	0,104	29	28	51
EUR/SEK									
3 months	9,596	9,600	9,000	10,000	0,180	0,028	41	16	72
12 months	9,360	9,300	8,800	10,250	0,260	0,041	41	16	72
24 months	9,335	9,300	8,800	10,250	0,301	0,050	37	20	65
USD/SEK									
3 months	7,133	7,110	6,620	7,720	0,171	0,027	41	16	72
12 months	7,045	7,000	6,480	7,750	0,294	0,046	41	16	72
24 months	6,990	7,000	6,000	8,000	0,476	0,078	37	20	65

TABLE 5 - Confidence Indicator

The figures in the columns below display the percentages of interviewees believing that the inflation rate, the second year from now, will fall within/outside the Riksbank's inflationary tolerance band (not less than 1, not more than 3% inflation). The percentage within this band is defined as the Confidence Indicator.

	Less than 1%		Confidence Indicator		More than 3%		No responses	
	Apr 10	Mar 10	Apr 10	Mar 10	Apr 10	Mar 10	Apr 10	Mar 10
Money Market Players	0	0	91	93	5	7	4	0