

Press Release

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Please state TNS SIFO Prospera as the source.

Main results

Only marginal corrections of the GDP growth, inflation and interest rate projections have been made since last survey.

Compared to last survey SEK is believed to weaken somewhat against EUR, the next 12 months to keep up against USD.

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 2011, has now been completed. The previous survey, March 2011, was published March 9, 2011. A comparison of the results of the two surveys concerning money market players can be summarised as follows:

Money Market Players' Expectations of

Annual:	Year 1		Year 2		Year 5	
	Apr 11	Mar 11	Apr 11	Mar 11	Apr 11	Mar 11
Inflation, %	2,4	2,3	2,3	2,3	2,2	2,2
GDP, %	3,6	3,5	2,9	2,9	2,6	2,6

Money Market Players' Expectations of

	3 months		12 months		24 months		60 months	
	Apr 11	Mar 11	Apr 11	Mar 11	Apr 11	Mar 11	Apr 11	Mar 11
Repo Rate, %	1,8	1,8	2,7	2,6	3,3	3,2	3,4	3,4
5 year gvt bond rate, %	3,3	3,2	3,7	3,5	3,9	3,9	4,1	4,1
EUR	8,82	8,72	8,81	8,70	8,84	8,76	-	-
USD	6,37	6,44	6,57	6,60	6,85	6,81	-	-

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 March 30 – April 6, 2011 (previous survey February 21 – March 7, 2011). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on March 30 (previous survey February 23, 2011).

About the Interviewees & Response Rate

In all 54 (54) organisations were approached for interview. 4 (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 93 % (94 %). The response rate for individual questions regarding inflation and GDP increase expectations is 93 % 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 54 players, 45 Swedish and 9 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 - 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	2,446	2,500	1,500	3,500	0,472	0,067	50	4	93%
Year 2	2,342	2,400	1,500	3,400	0,405	0,057	50	4	93%
Year 5	2,157	2,000	1,500	3,000	0,309	0,046	46	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	1,864	2,000	0,500	3,000	0,595	0,089	45	9	83%
Upper bound	3,037	3,000	2,000	5,000	0,626	0,093	45	9	83%
Year 2									
Lower bound	1,670	1,750	-0,500	2,750	0,656	0,098	45	9	83%
Upper bound	3,072	3,000	2,000	5,500	0,698	0,104	45	9	83%
Year 5									
Lower bound	1,293	1,500	-2,500	3,000	0,841	0,127	44	10	81%
Upper bound	3,156	3,000	2,200	7,500	0,997	0,150	44	10	81%

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	3,555	3,500	1,000	5,200	0,855	0,121	50	4	93%
Year 2	2,908	3,000	1,500	4,500	0,575	0,081	50	4	93%
Year 5	2,642	2,500	1,500	4,000	0,513	0,076	46	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	1,789	1,750	1,500	2,250	0,124	0,020	38	16	70%
12 months	2,704	2,750	2,000	3,250	0,278	0,045	38	16	70%
24 months	3,344	3,500	2,500	4,000	0,406	0,068	36	18	67%
60 months	3,447	3,500	2,500	4,250	0,526	0,091	33	21	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	1,661	1,750	1,000	2,000	0,193	0,033	34	20	63%
Upper bound	2,000	2,000	1,750	2,500	0,213	0,037	34	20	63%
12 months									
Lower bound	2,265	2,250	1,000	2,750	0,435	0,075	34	20	63%
Upper bound	3,141	3,100	2,500	3,750	0,291	0,050	34	20	63%
24 months									
Lower bound	2,541	2,500	0,500	3,500	0,737	0,126	34	20	63%
Upper bound	3,962	3,875	3,000	5,500	0,618	0,106	34	20	63%
60 months									
Lower bound	2,297	2,500	0,000	3,500	0,811	0,146	31	23	57%
Upper bound	4,621	4,500	3,000	10,000	1,320	0,237	31	23	57%

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	3,311	3,300	3,000	3,800	0,161	0,028	32	22	59%
12 months	3,670	3,675	3,250	4,250	0,254	0,045	32	22	59%
24 months	3,933	4,000	3,000	4,800	0,376	0,066	32	22	59%
60 months	4,066	4,000	3,000	5,000	0,484	0,088	30	24	56%
EUR/SEK									
3 months	8,820	8,800	8,500	9,250	0,165	0,028	34	20	63%
12 months	8,809	8,800	8,000	9,500	0,285	0,049	34	20	63%
24 months	8,842	8,900	8,000	9,500	0,300	0,054	31	23	57%
USD/SEK									
3 months	6,375	6,400	5,900	6,750	0,159	0,027	34	20	63%
12 months	6,569	6,500	6,100	7,250	0,352	0,060	34	20	63%
24 months	6,845	6,900	6,000	7,750	0,535	0,096	31	23	57%