

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, April 2012, has now been completed. The previous survey, March 2012, was published March 14, 2012.

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	
Annual	Apr 12	Mar 12	Apr 12	Mar 12	Apr 12	Mar 12
Inflation, %	1,4	1,4	1,9	1,8	2,1	2,0
GDP, %	1,1	1,0	2,0	2,1	2,4	2,6

	3 months		12 months		24 months		60 months	
	Apr 12	Mar 12	Apr 12	Mar 12	Apr 12	Mar 12	Apr 12	Mar 12
Repo rate, %	1,4	1,3	1,3	1,2	1,9	1,7	2,8	2,8
5 year gvt bond rate, %	1,6	1,4	1,9	1,7	2,5	2,2	3,3	3,2
EUR	8,85	8,85	8,79	8,76	8,75	8,75	-	-
USD	6,78	6,72	6,90	6,80	7,02	6,95	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out March 28 – April 10, 2012 (previous survey February 27 – March 13, 2012).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on March 28, 2012 (previous survey February 29, 2012).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 16,7 years.

About the Interviewees & Response Rate

In all 56 (57) organisations were approached for interview. 3 (5) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 95 % (91 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 95 % 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 49 Swedish and 7 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	1,444	1,500	-0,100	3,600	0,565	0,078	53	3	95%
Year 2	1,931	1,900	1,000	4,500	0,479	0,066	53	3	95%
Year 5	2,128	2,000	1,500	4,200	0,440	0,064	47	9	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	0,993	1,000	-0,600	2,800	0,630	0,091	48	8	86%
Upper bound	1,982	1,800	0,400	4,000	0,659	0,095	48	8	86%
Year 2									
Lower bound	1,259	1,450	-0,500	4,000	0,684	0,099	48	8	86%
Upper bound	2,664	2,500	1,750	5,000	0,670	0,097	48	8	86%
Year 5									
Lower bound	1,255	1,100	-1,500	4,000	0,802	0,118	46	10	82%
Upper bound	3,086	3,000	2,200	5,000	0,697	0,103	46	10	82%

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	1,084	1,000	-1,000	2,300	0,659	0,090	53	3	95%
Year 2	2,044	2,000	1,000	3,000	0,486	0,067	53	3	95%
Year 5	2,409	2,500	1,750	3,500	0,354	0,052	46	10	82%

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	1,366	1,250	1,250	1,500	0,126	0,020	41	15	73%
12 months	1,250	1,250	0,500	2,000	0,331	0,052	41	15	73%
24 months	1,859	2,000	0,500	3,000	0,543	0,087	39	17	70%
60 months	2,833	2,750	1,250	4,250	0,692	0,115	36	20	64%

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	1,104	1,000	0,500	1,500	0,202	0,034	36	20	64%
Upper bound	1,535	1,500	1,250	2,000	0,136	0,023	36	20	64%
12 months									
Lower bound	0,819	0,750	0,000	1,750	0,376	0,063	36	20	64%
Upper bound	1,694	1,750	0,750	2,500	0,374	0,062	36	20	64%
24 months									
Lower bound	1,177	1,000	0,250	2,500	0,544	0,092	35	21	63%
Upper bound	2,494	2,500	0,750	4,000	0,644	0,109	35	21	63%
60 months									
Lower bound	1,711	1,875	0,250	3,500	0,690	0,122	32	24	57%
Upper bound	3,805	3,875	1,500	7,000	1,112	0,197	32	24	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									
	1,613	1,600	1,250	1,850	0,146	0,024	36	20	64%
12 months									
	1,935	2,000	1,200	2,500	0,258	0,043	36	20	64%
24 months									
	2,491	2,500	1,500	4,000	0,530	0,090	35	21	63%
60 months									
	3,289	3,000	2,250	5,500	0,782	0,136	33	23	59%
EUR/SEK									
3 months									
	8,852	8,840	8,600	9,200	0,136	0,021	41	15	73%
12 months									
	8,785	8,800	8,200	9,250	0,215	0,034	41	15	73%
24 months									
	8,752	8,750	8,000	9,250	0,288	0,047	37	19	66%
USD/SEK									
3 months									
	6,778	6,700	6,500	7,400	0,217	0,034	41	15	73%
12 months									
	6,899	6,900	5,930	7,910	0,491	0,077	41	15	73%
24 months									
	7,019	7,000	6,000	8,500	0,577	0,095	37	19	66%