



## 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 2013, has now been completed. The previous survey, March 2013, was published March 13, 2013.

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			
	Apr 13	Mar 13	Apr 13	Mar 13	Apr 13	Mar 13		
<b>Annual</b>								
<b>Inflation, %</b>	1,0	1,0	1,6	1,6	2,0	2,0		
<b>GDP, %</b>	1,6	1,5	2,1	2,1	2,3	2,4		
	3 months		12 months		24 months		60 months	
	Apr 13	Mar 13	Apr 13	Mar 13	Apr 13	Mar 13	Apr 13	Mar 13
<b>Repo rate, %</b>	1,0	1,0	1,0	1,0	1,5	1,5	2,7	2,6
<b>5 year gvt bond rate, %</b>	1,5	1,4	1,7	1,7	2,2	2,3	3,0	3,1
<b>EUR</b>	8,30	8,41	8,24	8,32	8,26	8,33	-	-
<b>USD</b>	6,50	6,42	6,66	6,54	6,82	6,74	-	-



### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out April 3 – April 12, 2013 (previous survey February 27 – March 12, 2013).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on April 3, 2013 (previous survey February 27, 2013).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 15,8 years.

### About the Interviewees & Response Rate

In all 55 (55) organisations were approached for interview. 3 (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 95 % (95 %). 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 48 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 (%)
<b>Money Market Players</b>									
Year 1	1,000	1,000	0,200	1,800	0,446	0,062	52	3	95%
Year 2	1,613	1,525	0,500	2,800	0,501	0,069	52	3	95%
Year 5	1,972	2,000	1,000	4,200	0,491	0,073	45	10	82%

**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 (%)
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	0,547	0,500	-0,200	1,600	0,463	0,067	48	7	87%
Upper bound	1,459	1,500	0,500	2,700	0,492	0,071	48	7	87%
<b>Year 2</b>									
Lower bound	0,980	1,000	-0,500	2,400	0,618	0,089	48	7	87%
Upper bound	2,223	2,200	0,750	3,600	0,636	0,092	48	7	87%
<b>Year 5</b>									
Lower bound	1,162	1,000	-0,500	3,800	0,716	0,109	43	12	78%
Upper bound	2,835	2,800	1,250	5,000	0,701	0,107	43	12	78%

**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 (%)
<b>Money Market Players</b>									
Year 1	1,564	1,550	0,500	3,300	0,575	0,080	52	3	95%
Year 2	2,094	2,200	0,750	3,200	0,600	0,083	52	3	95%
Year 5	2,323	2,500	1,000	3,500	0,444	0,066	45	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 (%)
<b>Money Market Players</b>									
3 months	1,000	1,000	0,750	1,250	0,060	0,010	36	19	65%
12 months	1,035	1,000	0,500	1,500	0,200	0,033	36	19	65%
24 months	1,521	1,500	0,500	2,250	0,460	0,077	36	19	65%
60 months	2,718	3,000	1,500	3,750	0,664	0,119	31	24	56%



**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 (%)
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	0,781	0,750	0,300	1,000	0,142	0,024	34	21	62%
Upper bound	1,087	1,000	1,000	1,750	0,188	0,032	34	21	62%
<b>12 months</b>									
Lower bound	0,744	0,750	0,250	1,250	0,247	0,042	34	21	62%
Upper bound	1,351	1,250	1,000	2,000	0,252	0,043	34	21	62%
<b>24 months</b>									
Lower bound	0,981	1,000	0,250	1,750	0,429	0,074	34	21	62%
Upper bound	2,047	2,000	1,000	3,000	0,519	0,089	34	21	62%
<b>60 months</b>									
Lower bound	1,542	1,500	0,250	3,750	0,802	0,146	30	25	55%
Upper bound	3,683	3,500	2,000	6,000	0,895	0,163	30	25	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 (%)
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>									
	1,496	1,500	1,000	1,950	0,146	0,025	33	22	60%
<b>12 months</b>									
	1,702	1,750	1,000	2,300	0,262	0,046	33	22	60%
<b>24 months</b>									
	2,153	2,000	1,000	3,500	0,525	0,093	32	23	58%
<b>60 months</b>									
	3,038	3,000	1,750	4,500	0,724	0,134	29	26	53%
<b>EUR/SEK</b>									
<b>3 months</b>									
	8,300	8,300	8,000	8,750	0,146	0,024	36	19	65%
<b>12 months</b>									
	8,242	8,250	7,750	8,850	0,217	0,036	36	19	65%
<b>24 months</b>									
	8,261	8,250	7,600	9,000	0,288	0,048	36	19	65%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,498	6,500	6,100	7,050	0,205	0,034	36	19	65%
<b>12 months</b>									
	6,661	6,625	5,900	7,500	0,350	0,058	36	19	65%
<b>24 months</b>									
	6,816	6,750	6,000	8,100	0,436	0,073	36	19	65%