

## Press Release

Questions will be answered by Erik Eliasson, +46 (0)705 55 63 86.

This release, or parts thereof, may be published immediately. Please state TNS SIFO Prospera as the source.

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, August 2011, has now been completed. The previous survey, July 2011, was published July 13, 2011.

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	
<b>Annual</b>	<b>August 11</b>	<b>July 11</b>	<b>August 11</b>	<b>July 11</b>	<b>August 11</b>	<b>July 11</b>
<b>Inflation, %</b>	2,5	2,5	2,3	2,3	2,2	2,2
<b>GDP, %</b>	3,2	3,4	2,7	2,8	2,7	2,6

  

	3 months		12 months		24 months		60 months	
	<b>August 11</b>	<b>July 11</b>	<b>August 11</b>	<b>July 11</b>	<b>August 11</b>	<b>July 11</b>	<b>August 11</b>	<b>July 11</b>
<b>Repo rate, %</b>	2,2	2,1	2,9	2,8	3,2	3,1	3,5	3,3
<b>5 year gvt bond rate, %</b>	2,5	2,8	2,9	3,1	3,3	3,4	3,8	3,6
<b>EUR</b>	8,96	9,03	8,90	9,00	8,90	8,94	-	-
<b>USD</b>	6,21	6,37	6,27	6,60	6,49	6,78	-	-

**Interview Period & Method**

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out July 27 – August 8, 2011 (previous survey June 29 – July 6, 2011).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on July 27, 2011 (previous survey June 29, 2011).

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

**About the Interviewees & Response Rate**

In all 59 (60) organisations were approached for interview. 8 (7) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 86 % (88 %). The response rate for individual questions regarding inflation 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 1-6)

The money market category includes 50 Swedish and 9 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	2,462	2,500	1,000	3,400	0,501	0,070	51	8	86%
Year 2	2,284	2,200	1,500	3,200	0,400	0,056	51	8	86%
Year 5	2,162	2,000	1,000	4,000	0,448	0,066	46	13	78%

**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	1,875	2,000	0,200	3,100	0,645	0,097	44	15	75%
Upper bound	2,930	3,000	1,000	4,250	0,612	0,092	44	15	75%
<b>Year 2</b>									
Lower bound	1,649	1,700	0,500	3,000	0,602	0,091	44	15	75%
Upper bound	3,008	2,950	2,000	5,000	0,691	0,104	44	15	75%
<b>Year 5</b>									
Lower bound	1,397	1,500	-1,000	3,000	0,721	0,109	44	15	75%
Upper bound	3,120	3,000	2,000	5,000	0,714	0,108	44	15	75%

**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	3,189	3,050	0,500	5,400	0,825	0,117	50	9	85%
Year 2	2,737	2,700	1,000	4,600	0,572	0,081	50	9	85%
Year 5	2,701	2,500	2,000	4,200	0,471	0,071	44	15	75%

**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	2,248	2,250	2,000	2,500	0,095	0,017	32	27	54%
12 months	2,863	2,750	1,500	3,500	0,373	0,066	32	27	54%
24 months	3,187	3,250	1,500	4,000	0,523	0,094	31	28	53%
60 months	3,473	3,500	2,500	4,500	0,515	0,097	28	31	47%

**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	2,054	2,000	1,750	2,250	0,125	0,024	28	31	47%
Upper bound	2,420	2,500	2,250	3,000	0,167	0,032	28	31	47%
<b>12 months</b>									
Lower bound	2,333	2,250	1,500	2,750	0,318	0,061	27	32	46%
Upper bound	3,213	3,250	2,000	4,000	0,371	0,071	27	32	46%
<b>24 months</b>									
Lower bound	2,333	2,500	0,250	3,500	0,628	0,121	27	32	46%
Upper bound	3,741	3,500	2,000	5,000	0,695	0,134	27	32	46%
<b>60 months</b>									
Lower bound	2,346	2,250	0,250	3,750	0,831	0,163	26	33	44%
Upper bound	4,356	4,250	3,000	6,000	0,895	0,176	26	33	44%

**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>									
	2,535	2,525	2,300	2,900	0,162	0,032	26	33	44%
<b>12 months</b>									
	2,910	2,950	2,150	3,600	0,404	0,079	26	33	44%
<b>24 months</b>									
	3,335	3,500	2,200	5,000	0,621	0,122	26	33	44%
<b>60 months</b>									
	3,792	3,875	2,500	5,000	0,742	0,151	24	35	41%
<b>EUR/SEK</b>									
<b>3 months</b>									
	8,964	9,000	8,700	9,300	0,142	0,026	30	29	51%
<b>12 months</b>									
	8,898	8,800	8,000	9,500	0,308	0,056	30	29	51%
<b>24 months</b>									
	8,902	8,950	7,850	9,750	0,385	0,073	28	31	47%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,211	6,200	5,950	6,500	0,187	0,034	30	29	51%
<b>12 months</b>									
	6,266	6,250	5,500	7,250	0,421	0,077	30	29	51%
<b>24 months</b>									
	6,490	6,500	5,000	7,750	0,606	0,114	28	31	47%