

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, August 2012, has now been completed. The previous survey, July 2012, was published July 11, 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	
<u>Annual</u>	August 12	July 12	August 12	July 12	August 12	July 12
Inflation, %	1,4	1,4	1,8	1,8	2,0	2,1
GDP, %	1,4	1,2	1,9	2,0	2,3	2,4

	3 months		12 months		24 months		60 months	
	August 12	July 12	August 12	July 12	August 12	July 12	August 12	July 12
Repo rate, %	1,4	1,4	1,3	1,3	1,6	1,8	2,7	2,8
5 year gvt bond rate, %	1,1	1,2	1,4	1,5	1,9	2,1	2,8	3,0
EUR	8,38	8,83	8,43	8,71	8,47	8,70	-	-
USD	6,83	7,10	6,93	7,08	7,13	7,17	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out August 1 – August 14, 2012 (previous survey June 27 – July 6, 2012).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on August 1, 2012 (previous survey June 27, 2012).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 17 years.

About the Interviewees & Response Rate

In all 56 (56) organisations were approached for interview. 7 (6) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 88 % (89 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 88 % 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	1,379	1,500	0,500	2,800	0,411	0,059	49	7	88%
Year 2	1,750	1,800	0,750	3,600	0,459	0,066	49	7	88%
Year 5	2,018	2,000	1,300	4,500	0,484	0,075	42	14	75%

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	0,781	0,900	-0,500	2,200	0,509	0,077	44	12	79%
Upper bound	1,941	2,000	1,100	3,600	0,538	0,081	44	12	79%
Year 2									
Lower bound	0,980	1,000	-1,000	3,200	0,656	0,100	43	13	77%
Upper bound	2,492	2,500	1,250	4,500	0,732	0,112	43	13	77%
Year 5									
Lower bound	1,079	1,000	-1,500	3,500	0,811	0,128	40	16	71%
Upper bound	3,043	3,000	1,750	6,000	0,850	0,134	40	16	71%

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	1,449	1,500	0,000	2,500	0,586	0,084	49	7	88%
Year 2	1,942	2,000	0,000	3,000	0,644	0,092	49	7	88%
Year 5	2,263	2,275	1,000	3,500	0,501	0,077	42	14	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 (%)
Money Market Players									
3 months	1,383	1,500	1,000	1,500	0,143	0,026	30	26	54%
12 months	1,258	1,250	0,500	2,000	0,297	0,054	30	26	54%
24 months	1,593	1,500	0,500	3,000	0,579	0,109	28	28	50%
60 months	2,667	2,500	1,250	4,000	0,682	0,139	24	32	43%

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	1,135	1,250	0,750	1,500	0,181	0,035	27	29	48%
Upper bound	1,565	1,500	1,500	2,000	0,149	0,029	27	29	48%
12 months									
Lower bound	0,889	1,000	0,250	2,000	0,335	0,064	27	29	48%
Upper bound	1,648	1,500	1,000	2,500	0,362	0,070	27	29	48%
24 months									
Lower bound	1,058	1,000	0,000	2,750	0,526	0,103	26	30	46%
Upper bound	2,212	2,125	1,000	3,500	0,677	0,133	26	30	46%
60 months									
Lower bound	1,708	2,000	0,000	3,500	0,865	0,177	24	32	43%
Upper bound	3,563	3,500	1,750	5,000	0,933	0,190	24	32	43%

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									
	1,108	1,100	0,900	1,350	0,127	0,025	26	30	46%
12 months									
	1,377	1,300	0,950	2,000	0,291	0,057	26	30	46%
24 months									
	1,894	1,800	1,000	3,000	0,556	0,111	25	31	45%
60 months									
	2,798	3,000	1,250	4,000	0,825	0,172	23	33	41%
EUR/SEK									
3 months									
	8,375	8,400	8,000	8,800	0,173	0,031	31	25	55%
12 months									
	8,433	8,470	8,000	9,000	0,253	0,045	31	25	55%
24 months									
	8,467	8,500	7,800	9,000	0,309	0,057	29	27	52%
USD/SEK									
3 months									
	6,829	6,800	6,500	7,300	0,207	0,037	31	25	55%
12 months									
	6,930	7,000	6,140	7,500	0,367	0,066	31	25	55%
24 months									
	7,134	7,200	6,400	8,000	0,471	0,087	29	27	52%