



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 2013, has now been completed. The previous survey, July 2013, was published July 10, 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	
	Aug 13	July 13	Aug 13	July 13	Aug 13	July 13
Annual						
Inflation, %	1,0	1,0	1,6	1,6	1,9	1,9
GDP, %	1,7	1,7	2,1	2,2	2,3	2,4

	3 months		12 months		24 months		60 months	
	Aug 13	July 13	Aug 13	July 13	Aug 13	July 13	Aug 13	July 13
Repo rate, %	1,0	1,0	1,1	1,0	1,6	1,6	2,8	2,7
5 year gvt bond rate, %	1,7	1,7	1,9	1,9	2,4	2,4	3,3	3,2
EUR	8,57	8,56	8,44	8,40	8,41	8,36	-	-
USD	6,61	6,71	6,81	6,79	6,99	6,91	-	-



Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out July 31 – August 12, 2013 (previous survey June 26 – July 8, 2013).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on July 31, 2013 (previous survey June 26, 2013).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 17,7 years.

About the Interviewees & Response Rate

In all 55 (55) organisations were approached for interview. 4 (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 93 % (87 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 89 % 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
Money Market Players									
Year 1	1,030	1,000	0,000	1,800	0,483	0,068	51	4	93%
Year 2	1,580	1,500	0,200	2,800	0,548	0,077	50	5	91%
Year 5	1,922	2,000	0,500	4,200	0,481	0,072	44	11	80%

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	0,507	0,500	-1,000	1,500	0,507	0,076	44	11	80%
Upper bound	1,550	1,500	0,400	3,000	0,523	0,079	44	11	80%
Year 2									
Lower bound	0,874	1,000	-1,000	2,500	0,628	0,095	44	11	80%
Upper bound	2,249	2,225	1,000	3,700	0,723	0,109	44	11	80%
Year 5									
Lower bound	0,977	1,000	-1,500	3,500	0,803	0,125	41	14	75%
Upper bound	2,912	3,000	1,700	5,000	0,745	0,116	41	14	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
Money Market Players									
Year 1	1,696	1,650	0,500	3,300	0,631	0,089	50	5	91%
Year 2	2,051	2,200	0,500	3,000	0,532	0,076	49	6	89%
Year 5	2,258	2,300	1,000	3,000	0,459	0,070	43	12	78%

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	0,985	1,000	0,750	1,000	0,060	0,010	34	21	62%
12 months	1,070	1,000	0,500	1,500	0,212	0,036	34	21	62%
24 months	1,580	1,600	0,750	2,500	0,440	0,077	33	22	60%
60 months	2,800	2,750	2,000	4,250	0,584	0,108	29	26	53%

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	0,800	0,750	0,300	1,000	0,161	0,029	30	25	55%
Upper bound	1,077	1,000	1,000	1,700	0,155	0,028	30	25	55%
12 months									
Lower bound	0,728	0,750	0,250	1,250	0,228	0,042	30	25	55%
Upper bound	1,405	1,500	1,000	2,000	0,281	0,051	30	25	55%
24 months									
Lower bound	1,062	1,000	0,250	2,000	0,459	0,084	30	25	55%
Upper bound	2,105	2,000	1,000	3,000	0,553	0,101	30	25	55%
60 months									
Lower bound	1,752	1,625	0,000	3,500	0,835	0,158	28	27	51%
Upper bound	3,705	4,000	2,250	5,000	0,785	0,148	28	27	51%

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									
	1,668	1,700	1,300	1,900	0,139	0,025	30	25	55%
12 months									
	1,940	1,925	1,000	3,000	0,318	0,058	30	25	55%
24 months									
	2,400	2,500	1,600	3,750	0,511	0,095	29	26	53%
60 months									
	3,343	3,375	2,000	5,500	0,804	0,152	28	27	51%
EUR/SEK									
3 months									
	8,574	8,600	8,200	8,750	0,114	0,020	33	22	60%
12 months									
	8,443	8,500	8,000	9,000	0,200	0,035	33	22	60%
24 months									
	8,408	8,450	7,800	9,000	0,295	0,052	32	23	58%
USD/SEK									
3 months									
	6,610	6,600	5,990	7,000	0,188	0,033	33	22	60%
12 months									
	6,810	6,800	5,860	7,500	0,344	0,060	33	22	60%
24 months									
	6,988	7,000	5,710	8,100	0,495	0,088	32	23	58%