

Press Release

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Main results

No noticeable correction of the GDP growth projections has been made since last survey. There is however a slight upward adjustment of inflation and interest rate expectations.

SEK is believed to keep up against EUR and to strengthen somewhat against USD vs last survey.

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 expectations of inflation, GDP and future repo rates in Sweden among money market players. The survey also includes expectations of the 5 year government bond rate, EUR and USD rates. The latest survey in the series, February 2011, has now been completed. The previous survey, January 2011, was published January 19, 2011. A comparison of the results of the two surveys concerning money market players can be summarised as follows:

Money Market Players' Expectations of

Annual:	Year 1		Year 2		Year 5	
	Feb 11	Jan 11	Feb 11	Jan 11	Feb 11	Jan 11
Inflation, %	2,2	2,1	2,3	2,2	2,2	2,1
GDP, %	3,4	3,4	2,9	2,9	2,6	2,6

Money Market Players' Expectations of

	3 months		12 months		24 months		60 months	
	Feb 11	Jan 11	Feb 11	Jan 11	Feb 11	Jan 11	Feb 11	Jan 11
Repo Rate, %	1,7	1,5	2,5	2,2	3,2	3,0	3,5	3,4
5 year gvt bond rate, %	3,2	3,0	3,6	3,3	4,0	3,6	4,1	4,0
EUR	8,74	8,79	8,69	8,69	8,73	8,70	-	-
USD	6,46	6,79	6,58	6,84	6,79	7,03	-	-

Interview Period & Method

TNS SIFO Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation and GDP expectations was carried out February 2 – February 14, 2011 (previous survey January 12 – January 18, 2011). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on February 2 (previous survey January 12, 2011).

About the Interviewees & Response Rate

In all 54 (54) organisations were approached for interview. 4 (4) 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 % (93 %). The response rate for individual questions regarding inflation and GDP increase expectations is 93 % 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 1-5)

The money market category includes 54 players, 45 Swedish and 9 international, active in the Swedish fixed income market.

Definitions

Inflation is defined as the percentage increase in Consumer Price Index (CPI). *Wage increase* is defined as the percentage increase in wages/salaries as measured over all sectors in the economy, exclusive of social costs but inclusive of wage increases negotiated earlier and wage drift. The *repo rate* is the Riksbank's borrowing/lending rate from/to banks for seven days' money and the *GDP*, Gross Domestic Product, is defined as the value of all goods and services produced (by Swedish agents) in one year.

Previous TNS SIFO Prospera Inflation Expectations Surveys

Previous (starting in 1995) TNS SIFO Prospera inflation reports, releases and tables can be downloaded from the site address below.

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	2,207	2,200	1,200	2,900	0,361	0,051	50	4	93%
Year 2	2,293	2,200	1,000	3,400	0,440	0,062	50	4	93%
Year 5	2,207	2,000	1,500	3,000	0,354	0,053	45	9	83%

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	1,653	1,750	0,500	2,500	0,507	0,077	43	11	80%
Upper bound	2,756	2,800	1,700	3,500	0,441	0,067	43	11	80%
Year 2									
Lower bound	1,563	1,500	0,000	2,500	0,629	0,096	43	11	80%
Upper bound	3,041	3,000	1,500	4,500	0,614	0,094	43	11	80%
Year 5									
Lower bound	1,351	1,300	-0,500	2,750	0,727	0,114	41	13	76%
Upper bound	3,182	3,000	2,100	5,000	0,762	0,119	41	13	76%

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	3,419	3,500	1,500	5,000	0,766	0,108	50	4	93%
Year 2	2,909	3,000	1,750	4,000	0,522	0,074	50	4	93%
Year 5	2,592	2,500	1,500	3,500	0,453	0,068	45	9	83%

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	1,650	1,750	1,500	2,000	0,148	0,023	40	14	74%
12 months	2,494	2,500	1,500	3,000	0,286	0,045	40	14	74%
24 months	3,158	3,000	2,500	4,000	0,356	0,057	39	15	72%
60 months	3,464	3,500	2,500	4,500	0,524	0,087	36	18	67%

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	1,542	1,500	1,250	1,750	0,184	0,031	36	18	67%
Upper bound	1,876	1,750	1,500	2,500	0,241	0,040	36	18	67%
12 months									
Lower bound	1,983	2,000	1,000	2,500	0,435	0,072	36	18	67%
Upper bound	2,947	3,000	2,000	4,000	0,368	0,061	36	18	67%
24 months									
Lower bound	2,313	2,500	1,000	3,250	0,669	0,112	36	18	67%
Upper bound	3,826	3,750	3,000	5,000	0,503	0,084	36	18	67%
60 months									
Lower bound	2,268	2,000	1,000	4,000	0,772	0,134	33	21	61%
Upper bound	4,544	4,500	2,750	6,500	0,914	0,159	33	21	61%

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	3,243	3,250	2,800	3,600	0,138	0,023	35	19	65%
12 months	3,629	3,500	3,000	4,500	0,329	0,056	35	19	65%
24 months	3,956	4,000	3,250	5,500	0,440	0,074	35	19	65%
60 months	4,120	4,000	3,000	5,500	0,674	0,117	33	21	61%
EUR/SEK									
3 months	8,738	8,750	8,450	9,100	0,140	0,023	37	17	69%
12 months	8,692	8,700	8,000	9,250	0,255	0,042	37	17	69%
24 months	8,731	8,800	7,900	9,300	0,287	0,047	37	17	69%
USD/SEK									
3 months	6,458	6,400	6,000	7,400	0,287	0,048	36	18	67%
12 months	6,584	6,500	6,000	7,800	0,472	0,079	36	18	67%
24 months	6,791	6,750	5,800	7,850	0,543	0,092	35	19	65%