

## Press Release

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

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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, February 2012, has now been completed. The previous survey, January 2012, was published January 18, 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	
<b>Annual</b>	<b>Feb 12</b>	<b>Jan 12</b>	<b>Feb 12</b>	<b>Jan 12</b>	<b>Feb 12</b>	<b>Jan 12</b>
<b>Inflation, %</b>	1,4	1,5	1,8	1,9	2,1	2,1
<b>GDP, %</b>	0,9	1,1	2,0	2,1	2,5	2,5

  

	3 months		12 months		24 months		60 months	
	<b>Feb 12</b>	<b>Jan 12</b>	<b>Feb 12</b>	<b>Jan 12</b>	<b>Feb 12</b>	<b>Jan 12</b>	<b>Feb 12</b>	<b>Jan 12</b>
<b>Repo rate, %</b>	1,5	1,6	1,2	1,3	1,6	1,9	2,8	3,0
<b>5 year gvt bond rate, %</b>	1,3	1,3	1,6	1,6	2,2	2,2	3,1	3,2
<b>EUR</b>	8,84	8,98	8,81	8,95	8,77	8,92	-	-
<b>USD</b>	6,88	6,97	6,93	7,03	6,98	7,07	-	-

**Interview Period & Method**

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out February 1 – February 10, 2012 (previous survey January 4 – January 16, 2012).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on February 1, 2012 (previous survey January 4, 2012).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 12,8 years.

**About the Interviewees & Response Rate**

In all 56 (56) organisations were approached for interview. 4 (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 93 % (95 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 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 1-6)

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 (%)
<b>Money Market Players</b>									
Year 1	1,392	1,325	0,200	2,800	0,490	0,068	52	4	93%
Year 2	1,800	1,900	1,000	2,500	0,377	0,052	52	4	93%
Year 5	2,074	2,000	1,500	3,500	0,335	0,049	46	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	0,835	0,750	-0,300	2,500	0,594	0,088	46	10	82%
Upper bound	1,958	2,000	0,700	3,800	0,600	0,088	46	10	82%
<b>Year 2</b>									
Lower bound	1,043	1,000	-0,500	2,200	0,589	0,087	46	10	82%
Upper bound	2,466	2,500	1,300	3,700	0,565	0,083	46	10	82%
<b>Year 5</b>									
Lower bound	1,161	1,000	-1,000	2,200	0,625	0,094	44	12	79%
Upper bound	3,005	3,000	2,000	5,000	0,742	0,112	44	12	79%

**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	0,935	0,900	-1,000	4,300	0,833	0,115	52	4	93%
Year 2	1,972	2,000	0,500	4,000	0,587	0,081	52	4	93%
Year 5	2,471	2,500	1,500	4,100	0,480	0,072	45	11	80%

**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	1,456	1,500	1,000	1,750	0,178	0,028	40	16	71%
12 months	1,225	1,250	0,500	2,000	0,324	0,051	40	16	71%
24 months	1,638	1,500	0,500	3,000	0,554	0,089	39	17	70%
60 months	2,831	2,600	1,750	4,250	0,673	0,114	35	21	63%

**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	1,201	1,250	0,750	1,500	0,177	0,030	36	20	64%
Upper bound	1,681	1,750	1,500	2,000	0,154	0,026	36	20	64%
<b>12 months</b>									
Lower bound	0,785	0,750	0,250	1,750	0,339	0,056	36	20	64%
Upper bound	1,701	1,750	0,750	2,500	0,363	0,060	36	20	64%
<b>24 months</b>									
Lower bound	0,896	1,000	0,000	2,500	0,565	0,094	36	20	64%
Upper bound	2,383	2,375	0,750	3,800	0,724	0,121	36	20	64%
<b>60 months</b>									
Lower bound	1,557	1,500	0,000	3,250	0,887	0,152	34	22	61%
Upper bound	3,890	4,000	2,250	6,000	0,938	0,161	34	22	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 (%)
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>									
	1,296	1,300	1,000	1,750	0,159	0,026	37	19	66%
<b>12 months</b>									
	1,588	1,500	1,000	2,700	0,353	0,058	37	19	66%
<b>24 months</b>									
	2,162	2,000	1,050	3,600	0,588	0,097	37	19	66%
<b>60 months</b>									
	3,135	3,000	1,500	4,500	0,786	0,135	34	22	61%
<b>EUR/SEK</b>									
<b>3 months</b>									
	8,843	8,880	7,500	9,750	0,309	0,048	41	15	73%
<b>12 months</b>									
	8,812	8,800	8,300	9,550	0,269	0,042	41	15	73%
<b>24 months</b>									
	8,767	8,800	8,000	9,500	0,304	0,049	38	18	68%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,877	6,900	6,500	7,800	0,242	0,038	41	15	73%
<b>12 months</b>									
	6,931	6,900	6,070	8,000	0,498	0,078	41	15	73%
<b>24 months</b>									
	6,975	7,000	6,000	8,000	0,523	0,085	38	18	68%