

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, January 2012, has now been completed. The previous survey, December 2011, was published December 14, 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	
<u>Annual</u>	Jan 12	Dec 11	Jan 12	Dec 11	Jan 12	Dec 11
Inflation, %	1,5	1,6	1,9	1,9	2,1	2,0
GDP, %	1,1	1,1	2,1	1,8	2,5	2,4

	3 months		12 months		24 months		60 months	
	Jan 12	Dec 11	Jan 12	Dec 11	Jan 12	Dec 11	Jan 12	Dec 11
Repo rate, %	1,6	1,7	1,3	1,4	1,9	1,8	3,0	2,9
5 year gvt bond rate, %	1,3	1,3	1,6	1,6	2,2	2,1	3,2	3,1
EUR	8,98	9,15	8,95	9,03	8,92	8,99	-	-
USD	6,97	6,94	7,03	7,01	7,07	7,03	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out January 4 – January 16, 2012 (previous survey November 28 – December 12, 2011).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on January 4, 2012 (previous survey November 30, 2011).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 12,0 years.

About the Interviewees & Response Rate

In all 56 (57) organisations were approached for interview. 3 (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 95 % (93 %). 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 (%)
Money Market Players									
Year 1	1,450	1,500	0,150	3,000	0,519	0,071	53	3	95%
Year 2	1,852	2,000	1,000	2,500	0,382	0,052	53	3	95%
Year 5	2,125	2,000	1,200	3,500	0,398	0,057	48	8	86%

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	0,837	0,775	-0,500	2,500	0,646	0,095	46	10	82%
Upper bound	2,002	2,000	1,000	3,500	0,580	0,086	46	10	82%
Year 2									
Lower bound	1,082	1,000	-1,000	2,200	0,631	0,093	46	10	82%
Upper bound	2,536	2,500	1,500	4,100	0,567	0,084	46	10	82%
Year 5									
Lower bound	1,141	1,000	-1,000	2,000	0,571	0,085	45	11	80%
Upper bound	3,174	3,000	1,700	6,000	0,891	0,133	45	11	80%

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	1,082	1,000	-2,600	4,300	1,063	0,146	53	3	95%
Year 2	2,130	2,000	1,000	4,000	0,529	0,073	52	4	93%
Year 5	2,454	2,500	1,500	3,700	0,439	0,064	47	9	84%

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	1,554	1,500	1,250	1,750	0,120	0,020	37	19	66%
12 months	1,284	1,250	0,750	2,500	0,359	0,059	37	19	66%
24 months	1,907	2,000	0,750	3,000	0,566	0,096	35	21	63%
60 months	2,979	3,000	2,000	4,000	0,629	0,109	33	23	59%

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	1,280	1,250	0,700	1,500	0,212	0,038	32	24	57%
Upper bound	1,759	1,750	1,500	2,300	0,141	0,025	32	24	57%
12 months									
Lower bound	0,836	1,000	0,000	1,250	0,328	0,058	32	24	57%
Upper bound	1,836	1,750	1,000	2,500	0,346	0,061	32	24	57%
24 months									
Lower bound	1,039	1,000	0,000	2,000	0,436	0,077	32	24	57%
Upper bound	2,758	2,500	1,250	4,000	0,708	0,125	32	24	57%
60 months									
Lower bound	1,566	2,000	0,000	3,250	0,869	0,156	31	25	55%
Upper bound	4,048	4,000	2,000	6,000	0,934	0,168	31	25	55%

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									
	1,298	1,300	1,000	1,700	0,143	0,025	33	23	59%
12 months									
	1,589	1,500	1,000	2,900	0,404	0,070	33	23	59%
24 months									
	2,242	2,250	1,000	4,000	0,691	0,122	32	24	57%
60 months									
	3,206	3,000	1,200	4,500	0,791	0,142	31	25	55%
EUR/SEK									
3 months									
	8,982	9,000	8,750	9,750	0,194	0,032	38	18	68%
12 months									
	8,952	8,950	8,500	9,550	0,258	0,042	38	18	68%
24 months									
	8,917	9,000	8,500	9,500	0,277	0,047	35	21	63%
USD/SEK									
3 months									
	6,969	6,975	6,400	7,800	0,294	0,048	38	18	68%
12 months									
	7,033	7,100	6,000	8,000	0,533	0,086	38	18	68%
24 months									
	7,067	7,000	6,000	8,000	0,537	0,091	35	21	63%