

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, July 2011, has now been completed. The previous survey, June 2011, was published June 15, 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	
Annual	July 11	June 11	July 11	June 11	July 11	June 11
Inflation, %	2,5	2,5	2,3	2,3	2,2	2,1
GDP, %	3,4	3,6	2,8	2,8	2,6	2,6

	3 months		12 months		24 months		60 months	
	July 11	June 11	July 11	June 11	July 11	June 11	July 11	June 11
Repo rate, %	2,1	2,0	2,8	2,8	3,1	3,3	3,3	3,5
5 year gvt bond rate, %	2,8	3,0	3,1	3,4	3,4	3,7	3,6	3,9
EUR	9,03	8,83	9,00	8,80	8,94	8,83	-	-
USD	6,37	6,22	6,60	6,49	6,78	6,75	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out June 29 – July 6, 2011 (previous survey May 30 - June 14, 2011).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on June 29 (previous survey June 1, 2011).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 15,7 years.

About the Interviewees & Response Rate

In all 60 (61) organisations were approached for interview. 7 (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 88 % (95 %). The response rate for individual questions regarding inflation and GDP increase expectations is 85 % 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 51 Swedish and 9 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	2,546	2,500	1,400	3,700	0,516	0,071	53	7	88
Year 2	2,347	2,250	1,500	3,200	0,425	0,060	51	9	85
Year 5	2,159	2,000	1,500	4,000	0,408	0,061	45	15	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	1,847	2,000	-1,000	3,300	0,750	0,112	45	15	75
Upper bound	3,052	3,000	1,750	4,400	0,610	0,091	45	15	75
Year 2									
Lower bound	1,528	1,600	-1,500	2,500	0,760	0,115	44	16	73
Upper bound	3,066	3,000	1,750	4,500	0,603	0,091	44	16	73
Year 5									
Lower bound	1,144	1,000	-1,500	2,500	0,829	0,128	42	18	70
Upper bound	3,242	3,000	1,750	6,500	0,931	0,144	42	18	70

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	3,426	3,300	1,500	6,000	0,880	0,121	53	7	88
Year 2	2,762	2,700	1,500	5,000	0,605	0,085	51	9	85
Year 5	2,592	2,500	1,750	3,500	0,402	0,060	45	15	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	2,143	2,250	2,000	2,250	0,124	0,021	34	26	57
12 months	2,750	2,750	2,000	3,500	0,289	0,050	34	26	57
24 months	3,148	3,000	2,500	4,250	0,416	0,073	32	28	53
60 months	3,267	3,000	2,000	4,500	0,561	0,102	30	30	50

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	1,960	2,000	1,750	2,250	0,131	0,023	31	29	52
Upper bound	2,290	2,250	2,000	2,750	0,159	0,029	31	29	52
12 months									
Lower bound	2,298	2,500	1,000	3,250	0,445	0,080	31	29	52
Upper bound	3,169	3,000	2,250	4,000	0,319	0,057	31	29	52
24 months									
Lower bound	2,422	2,500	1,000	3,500	0,563	0,105	29	31	48
Upper bound	3,733	3,500	2,750	5,000	0,513	0,095	29	31	48
60 months									
Lower bound	2,089	2,000	0,000	3,500	0,734	0,139	28	32	47
Upper bound	4,321	4,000	3,000	6,500	0,910	0,172	28	32	47

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	2,791	2,750	2,500	3,250	0,183	0,033	30	30	50
12 months	3,128	3,125	2,200	3,900	0,363	0,066	30	30	50
24 months	3,413	3,500	2,200	4,400	0,430	0,083	27	33	45
60 months	3,581	3,500	2,800	4,500	0,455	0,089	26	34	43
EUR/SEK									
3 months	9,027	9,000	8,600	9,350	0,169	0,030	32	28	53
12 months	8,997	9,000	8,600	9,750	0,240	0,043	31	29	52
24 months	8,945	9,000	8,500	9,300	0,215	0,040	29	31	48
USD/SEK									
3 months	6,372	6,350	5,660	7,400	0,306	0,054	32	28	53
12 months	6,601	6,520	5,860	8,000	0,510	0,090	32	28	53
24 months	6,782	6,750	6,000	8,000	0,555	0,103	29	31	48