

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 2012, has now been completed. The previous survey, June 2012, was published June 13, 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	
<u>Annual</u>	July 12	June 12	July 12	June 12	July 12	June 12
Inflation, %	1,4	1,3	1,8	1,8	2,1	2,1
GDP, %	1,2	1,2	2,0	2,0	2,4	2,4

	3 months		12 months		24 months		60 months	
	July 12	June 12	July 12	June 12	July 12	June 12	July 12	June 12
Repo rate, %	1,4	1,5	1,3	1,3	1,8	1,7	2,8	2,9
5 year gvt bond rate, %	1,2	1,1	1,5	1,5	2,1	2,0	3,0	3,1
EUR	8,83	8,89	8,71	8,72	8,70	8,66	-	-
USD	7,10	7,17	7,08	7,23	7,17	7,18	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out June 27 – July 6, 2012 (previous survey May 28 – June 12, 2012).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on June 27, 2012 (previous survey May 30, 2012).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 10,6 years.

About the Interviewees & Response Rate

In all 56 (56) organisations were approached for interview. 6 (2) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 89 % (96 %). 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 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	1,395	1,500	0,500	2,500	0,433	0,061	50	6	89%
Year 2	1,823	1,950	0,750	3,800	0,491	0,069	50	6	89%
Year 5	2,112	2,000	1,500	4,500	0,457	0,071	42	14	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	0,833	0,900	-0,500	2,000	0,548	0,083	44	12	79%
Upper bound	1,880	2,000	1,000	3,300	0,530	0,080	44	12	79%
Year 2									
Lower bound	1,081	1,000	-1,000	3,500	0,720	0,109	44	12	79%
Upper bound	2,516	2,500	1,250	4,500	0,700	0,106	44	12	79%
Year 5									
Lower bound	1,109	1,225	-2,000	4,000	0,908	0,144	40	16	71%
Upper bound	3,104	3,000	1,750	5,500	0,775	0,123	40	16	71%

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	1,222	1,050	0,000	3,000	0,663	0,094	50	6	89%
Year 2	2,024	2,000	0,750	3,500	0,614	0,087	50	6	89%
Year 5	2,415	2,500	1,000	3,750	0,531	0,082	42	14	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	1,382	1,500	1,000	1,500	0,151	0,024	38	18	68%
12 months	1,333	1,500	0,500	1,750	0,277	0,044	39	17	70%
24 months	1,781	1,750	1,000	3,000	0,487	0,082	35	21	63%
60 months	2,766	2,500	2,000	4,250	0,500	0,090	31	25	55%

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	1,021	1,000	0,000	1,250	0,255	0,044	33	23	59%
Upper bound	1,592	1,500	1,250	2,300	0,220	0,038	33	23	59%
12 months									
Lower bound	0,817	1,000	0,000	1,500	0,344	0,060	33	23	59%
Upper bound	1,668	1,500	1,000	2,500	0,365	0,064	33	23	59%
24 months									
Lower bound	1,047	1,000	0,000	2,500	0,497	0,089	31	25	55%
Upper bound	2,510	2,500	1,250	4,000	0,757	0,136	31	25	55%
60 months									
Lower bound	1,603	1,750	0,000	3,000	0,696	0,129	29	27	52%
Upper bound	3,793	3,500	2,250	5,000	0,861	0,160	29	27	52%

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									
	1,182	1,200	0,900	1,600	0,166	0,030	31	25	55%
12 months									
	1,537	1,500	0,800	2,250	0,337	0,061	31	25	55%
24 months									
	2,114	2,000	1,100	3,250	0,454	0,084	29	27	52%
60 months									
	3,017	3,000	1,500	4,500	0,817	0,157	27	29	48%
EUR/SEK									
3 months									
	8,831	8,800	8,500	9,300	0,150	0,024	38	18	68%
12 months									
	8,709	8,700	8,250	9,200	0,227	0,037	38	18	68%
24 months									
	8,704	8,700	8,000	9,000	0,237	0,041	34	22	61%
USD/SEK									
3 months									
	7,098	7,100	6,500	7,500	0,216	0,035	38	18	68%
12 months									
	7,084	7,125	6,130	7,800	0,421	0,068	38	18	68%
24 months									
	7,174	7,050	6,200	8,400	0,417	0,072	34	22	61%