

## Press Release

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### Main results

GDP and inflation expectations are up in the one year perspective as compared to last survey (March). Wage increase and repo rate expectations for the same time period are however anticipated on a par with the March estimates.

A shift downwards of the 5 Y bond rate forecasts (all periods) is envisaged among money market players since the last surveys. The same category believes in a successive strengthening of SEK against EUR as well as against USD for the coming two year period.

90 (91) per cent of All Interviewees believe that the inflation the second year from now will stay within the Riksbank's 1-3 % tolerance band.

TNS SIFO Prospera has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys aiming at mapping expectations of inflation, wage increase, GDP and future repo rates in Sweden among labour market parties, purchasing managers and money market players. The survey also includes money market players' expectations of the 5 year government bond rate, EUR and USD rates. The money market player survey is conducted every month; four times a year including labour market parties and purchasing managers. The latest survey in the all categories series, June 2010, has now been completed, the previous Mar 2010 was published March 10, 2010. The last survey among money market players was published May 12, 2010. A comparison of the results of the surveys can be summarised as follows (rounded off figures):

### All Interviewees' Expectations of<sup>1</sup>

Annual	Year 1		Year 2		Year 5			
	June 10	Mar 10	June 10	Mar 10	June 10	Mar 10		
Inflation, %	1,5	1,3	2,0	1,9	2,2	2,2		
GDP, %	1,7	1,1	2,2	2,0	2,5	2,6		
Wage increase, %	2,1	2,1	2,6	2,5	2,9	2,8		
Repo rate, %	3 months		12 months		24 months		60 months	
	June 10	Mar 10	June 10	Mar 10	June 10	Mar 10	June 10	Mar 10
	0,4	0,3	1,0	1,0	1,9	1,9	2,7	2,6

### Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	June 10	May 10	Mar 10	June 10	May 10	Mar 10	June 10	May 10	Mar 10	June 10	May 10	Mar 10
Repo rate, %	0,4	(0,4)	0,3	1,3	(1,4)	1,4	2,4	(2,5)	2,6	3,3	(3,3)	3,5
5 year gvt bond, %	2,2	(2,4)	2,7	2,7	(2,9)	3,4	3,3	(3,4)	3,8	3,7	(3,7)	4,2
EUR	9,55	(9,53)	9,72	9,28	(9,31)	9,49	9,22	(9,24)	9,35	-	(-)	-
USD	7,75	(7,27)	7,18	7,56	(7,18)	7,16	7,52	(7,21)	7,12	-	(-)	-

### Interview Period & Method

TNS SIFO Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out May 24 – June 7, 2010 (previous survey Feb 22 – Mar 8, 2010 (Apr 28 – May 7, 2010)). The part of the survey regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on May 26, 2010 (previous survey Feb 24, 2010, (Apr 28, 2010)).

### About the Interviewees & Response Rate

In all 271 (269) organisations/companies were approached for interview. 12 (12) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 96 % (96 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 95 % or more 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 2-6) Of the 158 purchasing managers 79 represent the trading industry and 79 the manufacturing industry. The group of companies interviewed is a random sample selected from a company directory at the National Statistics Office of Sweden comprising Swedish companies with more than 200 employees.

The money market category includes 57 players, 46 Swedish and 11 international, active in the Swedish fixed income market. The money market players were not asked to assess the expected wage increases. Only the money market players have participated in the part of the survey comprising expected 5 year government bond rates, EUR and USD rates.

56 Swedish labour market organisations, of which 26 on the employers' side and 30 on the employees' side have been approached.

### 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 inflationary expectations surveys

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

**TABLE 1 - Comparison June 2010 vs (May 2010) Mar 2010**

A comparison of the results of the two surveys in all interviewee categories can be summarised as follows (rounded off figures):

**Expectations of:**

	Year 1		Year 2		Year 5	
	June 10	Mar 10	June 10	Mar 10	June 10	Mar 10
<b>Annual inflation, %</b>						
All	1,5	1,3	2,0	1,9	2,2	2,2
Employees' organisations	1,4	1,2	1,8	1,7	2,0	2,1
Employers' organisations	1,4	1,3	2,0	1,8	2,2	2,2
Purchase managers Manufacturing	1,6	1,3	2,0	1,9	2,4	2,2
Purchase managers Trading	1,6	1,2	1,9	1,8	2,2	2,0
Money market players	1,5 (1,6)	1,6	2,1 (2,2)	2,3	2,1 (2,2)	2,3

**GDP, %**

All	1,7	1,1	2,2	2,0	2,5	2,6
Employees' organisations	1,7	0,8	2,2	1,9	2,6	3,0
Employers' organisations	1,9	1,1	2,6	2,0	3,1	2,5
Purchase managers Manufacturing	1,3	0,7	2,0	1,8	2,3	2,7
Purchase managers Trading	1,5	0,9	2,1	1,9	2,5	2,3
Money market players	2,2 (2,3)	2,2	2,6 (2,8)	2,5	2,6 (2,7)	2,5

**Annual wage increase, %**

All	2,1	2,1	2,6	2,5	2,9	2,8
Employees' organisations	2,3	2,3	2,8	2,7	3,2	3,1
Employers' organisations	1,9	1,7	2,7	2,3	3,2	3,0
Purchase managers Manufacturing	2,0	2,1	2,5	2,5	2,8	2,8
Purchase managers Trading	2,2	2,1	2,5	2,5	2,8	2,7

	3 months		12 months		24 months		60 months	
	June 10	Mar 10	June 10	Mar 10	June 10	Mar 10	June 10	Mar 10
<b>Repo rate, %</b>								
All	0,4	0,3	1,0	1,0	1,9	1,9	2,7	2,6
Employees' organisations	0,4	0,3	0,9	1,0	1,6	1,9	2,4	2,6
Employers' organisations	0,4	0,3	1,1	1,0	2,0	2,0	3,0	2,7
Purchase managers Manufacturing	0,4	0,3	1,0	0,9	1,8	1,7	2,5	2,4
Purchase managers Trading	0,4	0,3	1,0	0,9	1,8	1,7	2,4	2,3
Money market players	0,4 (0,4)	0,3	1,3 (1,4)	1,4	2,4 (2,5)	2,6	3,3 (3,3)	3,5

**TABLE 2 - 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>All</b>									
Year 1	1,535	1,500	0,000	3,800	0,561	0,035	258	13	95%
Year 2	1,983	2,000	0,300	4,000	0,599	0,037	258	13	95%
Year 5	2,225	2,000	0,000	5,000	0,596	0,038	240	31	89%
<b>Employee's organisations</b>									
Year 1	1,393	1,500	0,500	2,300	0,518	0,098	28	2	93%
Year 2	1,795	1,900	0,700	3,000	0,519	0,098	28	2	93%
Year 5	2,046	2,000	0,500	3,500	0,642	0,121	28	2	93%
<b>Employers' organisations</b>									
Year 1	1,433	1,500	0,200	2,500	0,516	0,105	24	2	92%
Year 2	1,954	2,000	0,300	3,500	0,620	0,127	24	2	92%
Year 5	2,245	2,000	1,000	5,000	0,886	0,198	20	6	77%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	1,597	1,500	0,500	3,000	0,558	0,063	78	1	99%
Year 2	2,019	2,000	0,700	4,000	0,570	0,065	78	1	99%
Year 5	2,365	2,300	1,000	4,000	0,551	0,063	77	2	97%
<b>Purchasing Managers, Trading</b>									
Year 1	1,566	1,500	0,000	3,800	0,661	0,077	74	5	94%
Year 2	1,947	2,000	0,500	4,000	0,662	0,077	74	5	94%
Year 5	2,213	2,000	0,000	4,000	0,658	0,080	68	11	86%
<b>Money Market Players</b>									
Year 1	1,523	1,500	0,500	2,500	0,447	0,061	54	3	95%
Year 2	2,091	2,000	0,750	4,000	0,569	0,077	54	3	95%
Year 5	2,114	2,000	1,500	3,000	0,285	0,042	47	10	82%

**TABLE 3 - 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	0,980	1,000	-1,000	1,750	0,570	0,086	44	13	77%
Upper bound	2,064	2,000	1,000	3,500	0,585	0,088	44	13	77%
<b>Year 2</b>									
Lower bound	1,293	1,500	-2,000	2,750	0,768	0,116	44	13	77%
Upper bound	2,745	2,500	1,500	5,500	0,825	0,124	44	13	77%
<b>Year 5</b>									
Lower bound	1,180	1,500	-3,000	2,750	1,034	0,160	42	15	74%
Upper bound	3,076	3,000	1,900	7,000	0,949	0,146	42	15	74%

**TABLE 4 - 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>All</b>									
Year 1	1,655	1,900	-2,000	5,000	1,139	0,071	257	14	95%
Year 2	2,237	2,500	-1,000	5,000	0,932	0,058	257	14	95%
Year 5	2,516	2,500	0,000	7,000	0,880	0,057	239	32	88%
<b>Employee's organisations</b>									
Year 1	1,711	2,000	0,100	3,200	0,865	0,166	27	3	90%
Year 2	2,152	2,500	0,800	3,500	0,873	0,168	27	3	90%
Year 5	2,626	2,500	1,000	4,000	0,709	0,136	27	3	90%
<b>Employers' organisations</b>									
Year 1	1,929	1,500	0,500	5,000	1,154	0,236	24	2	92%
Year 2	2,588	2,500	0,700	5,000	0,806	0,164	24	2	92%
Year 5	3,075	3,000	1,000	7,000	1,129	0,253	20	6	77%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	1,284	1,000	-1,000	5,000	1,157	0,132	77	2	97%
Year 2	2,016	2,000	-0,500	4,000	0,948	0,108	77	2	97%
Year 5	2,305	2,500	0,000	4,000	0,854	0,098	76	3	96%
<b>Purchasing Managers, Trading</b>									
Year 1	1,526	1,950	-2,000	4,000	1,255	0,146	74	5	94%
Year 2	2,132	2,000	-1,000	5,000	1,066	0,124	74	5	94%
Year 5	2,507	2,500	0,000	6,000	1,013	0,123	68	11	86%
<b>Money Market Players</b>									
Year 1	2,203	2,200	0,000	4,000	0,804	0,108	55	2	96%
Year 2	2,576	2,600	0,500	3,900	0,645	0,087	55	2	96%
Year 5	2,570	2,500	1,150	3,500	0,529	0,076	48	9	84%

**TABLE 5 - Wage Increase Expectations**

Expected annual wage increase the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
<b>All</b>									
Year 1	2,085	2,000	0,500	3,500	0,693	0,049	203	11	95%
Year 2	2,561	2,500	0,500	4,000	0,636	0,045	203	11	95%
Year 5	2,877	3,000	0,500	6,000	0,680	0,049	192	22	90%
<b>Employee's organisations</b>									
Year 1	2,268	2,500	1,200	3,500	0,576	0,109	28	2	93%
Year 2	2,818	3,000	1,800	3,500	0,407	0,077	28	2	93%
Year 5	3,221	3,500	2,000	4,000	0,524	0,099	28	2	93%
<b>Employers' organisations</b>									
Year 1	1,887	1,800	0,800	3,500	0,788	0,164	23	3	88%
Year 2	2,722	2,500	1,200	4,000	0,712	0,148	23	3	88%
Year 5	3,230	3,000	2,500	6,000	0,823	0,184	20	6	77%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	1,983	2,000	0,500	3,500	0,709	0,080	78	1	99%
Year 2	2,481	2,500	1,000	4,000	0,592	0,067	78	1	99%
Year 5	2,753	3,000	1,000	4,500	0,614	0,070	77	2	97%
<b>Purchasing Managers, Trading</b>									
Year 1	2,184	2,000	1,000	3,500	0,664	0,077	74	5	94%
Year 2	2,497	2,500	0,500	4,000	0,700	0,081	74	5	94%
Year 5	2,770	3,000	0,500	4,000	0,692	0,085	67	12	85%

**TABLE 6 - 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>All</b>									
<b>3 months</b>	0,402	0,500	0,250	1,500	0,176	0,011	245	26	90%
<b>12 months</b>	1,045	1,000	0,000	2,750	0,456	0,029	245	26	90%
<b>24 months</b>	1,909	2,000	0,300	4,000	0,800	0,051	242	29	89%
<b>60 months</b>	2,660	3,000	0,300	5,000	1,058	0,070	227	44	84%
<b>Employee's organisations</b>									
<b>3 months</b>	0,359	0,300	0,250	0,500	0,120	0,023	27	3	90%
<b>12 months</b>	0,867	0,750	0,250	1,500	0,399	0,077	27	3	90%
<b>24 months</b>	1,598	1,500	0,300	3,000	0,914	0,176	27	3	90%
<b>60 months</b>	2,365	2,500	0,300	4,500	1,302	0,251	27	3	90%
<b>Employers' organisations</b>									
<b>3 months</b>	0,417	0,250	0,250	1,250	0,241	0,049	24	2	92%
<b>12 months</b>	1,094	1,000	0,400	2,250	0,448	0,092	24	2	92%
<b>24 months</b>	2,038	2,000	0,700	3,500	0,709	0,145	24	2	92%
<b>60 months</b>	3,013	2,875	2,000	4,000	0,868	0,194	20	6	77%
<b>Purchasing Managers, Manufacturing</b>									
<b>3 months</b>	0,411	0,400	0,250	1,500	0,205	0,023	77	2	97%
<b>12 months</b>	0,979	1,000	0,000	2,500	0,447	0,051	77	2	97%
<b>24 months</b>	1,797	1,800	0,500	4,000	0,748	0,086	75	4	95%
<b>60 months</b>	2,535	2,500	0,500	5,000	0,978	0,113	75	4	95%
<b>Purchasing Managers, Trading</b>									
<b>3 months</b>	0,395	0,400	0,250	0,750	0,153	0,018	73	6	92%
<b>12 months</b>	0,995	1,000	0,250	2,000	0,453	0,053	73	6	92%
<b>24 months</b>	1,809	1,500	0,320	4,000	0,813	0,095	73	6	92%
<b>60 months</b>	2,438	2,500	0,350	4,000	1,070	0,132	66	13	84%
<b>Money Market Players</b>									
<b>3 months</b>	0,415	0,500	0,250	0,750	0,142	0,021	44	13	77%
<b>12 months</b>	1,330	1,500	0,500	2,750	0,403	0,061	44	13	77%
<b>24 months</b>	2,394	2,500	0,500	3,500	0,642	0,098	43	14	75%
<b>60 months</b>	3,299	3,500	1,000	4,750	0,798	0,128	39	18	68%

**TABLE 7 - 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	0,270	0,250	0,000	0,500	0,090	0,015	38	19	67%
Upper bound	0,575	0,500	0,250	1,250	0,197	0,032	38	19	67%
<b>12 months</b>									
Lower bound	0,822	0,875	0,000	1,500	0,390	0,063	38	19	67%
Upper bound	1,700	1,750	0,750	3,000	0,420	0,068	38	19	67%
<b>24 months</b>									
Lower bound	1,566	1,500	0,000	3,000	0,732	0,119	38	19	67%
Upper bound	3,088	3,000	0,750	5,000	0,842	0,137	38	19	67%
<b>60 months</b>									
Lower bound	2,044	2,000	0,000	4,000	1,095	0,188	34	23	60%
Upper bound	4,301	4,250	1,250	7,000	1,126	0,193	34	23	60%

**TABLE 8 - 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>	2,184	2,100	1,700	3,000	0,276	0,044	40	17	70%
<b>12 months</b>	2,711	2,500	2,000	3,700	0,425	0,067	40	17	70%
<b>24 months</b>	3,271	3,000	2,500	4,500	0,518	0,084	38	19	67%
<b>60 months</b>	3,731	3,500	2,000	5,000	0,620	0,105	35	22	61%
<b>EUR/SEK</b>									
<b>3 months</b>	9,551	9,550	9,120	9,900	0,160	0,024	43	14	75%
<b>12 months</b>	9,278	9,300	8,500	9,750	0,258	0,039	43	14	75%
<b>24 months</b>	9,215	9,250	8,700	10,000	0,287	0,045	40	17	70%
<b>USD/SEK</b>									
<b>3 months</b>	7,752	7,750	6,950	8,250	0,255	0,039	43	14	75%
<b>12 months</b>	7,557	7,500	6,670	9,000	0,450	0,069	43	14	75%
<b>24 months</b>	7,521	7,425	6,500	9,500	0,671	0,106	40	17	70%



**TABLE 9 - Confidence Indicator**

The figures in the columns below display the percentages of interviewees believing that the inflation rate, the second year from now, will fall within/outside the Riksbank's inflationary tolerance band (not less than 1, not more than 3% inflation). The percentage within this band is defined as the Confidence Indicator.

	Less than 1%			Confidence Indicator			More than 3%			No response		
	June 10	May 10	Mar 10	June 10	May 10	Mar 10	June 10	May 10	Mar 10	June 10	May 10	Mar 10
<b>All</b>	<b>3</b>	-	2	<b>90</b>	-	91	<b>2</b>	-	2	<b>5</b>	-	5
<b>Employees' organisations</b>	<b>7</b>	-	3	<b>87</b>	-	90	<b>0</b>	-	0	<b>7</b>	-	7
<b>Employers' organisations</b>	<b>4</b>	-	0	<b>85</b>	-	92	<b>4</b>	-	0	<b>8</b>	-	8
<b>Purchase M</b>	<b>1</b>	-	3	<b>96</b>	-	92	<b>1</b>	-	3	<b>1</b>	-	3
<b>Purchase T</b>	<b>4</b>	-	4	<b>89</b>	-	87	<b>1</b>	-	0	<b>6</b>	-	9
<b>Money Market Players</b>	<b>2</b>	2	0	<b>89</b>	91	93	<b>4</b>	4	7	<b>5</b>	4	0