

Press Release

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Main results

GDP expectations are substantially up, particularly so in the one year perspective. Inflation projections demonstrate a similar pattern. Wage increases are however anticipated on about a par with the 4/09 level.

The repo rate forecast is by and large unchanged in the 3 month term but shows a steeper path in the 12 and 24 month terms than was the case in 4/09. Money markets players' 5Y bond rate forecasts are however largely left unaltered.

Money market players have revised their EURSEK projection further downwards while the USDSEK rate is again believed to hover sideways, lest on a higher level than in 4/09.

91 (81) 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, March 2010, has now been completed, the previous 4/09 was published October 14, 2010. The last survey among money market players was published February 17, 2010. A comparison of the results of the surveys can be summarised as follows (rounded off figures):

All Interviewees' Expectations of¹

Annual	Year 1		Year 2		Year 5			
	Mar 10	4/09	Mar 10	4/09	Mar 10	4/09		
Inflation, %	1,3	0,8	1,9	1,6	2,2	2,2		
GDP, %	1,1	-0,3	2,0	1,5	2,6	2,5		
Wage increase, %	2,1	2,0	2,5	2,4	2,8	3,0		
Repo rate, %	3 months		12 months		24 months		60 months	
	Mar 10	4/09	Mar 10	4/09	Mar 10	4/09	Mar 10	4/09
	0,3	0,3	1,0	0,8	1,9	1,7	2,6	2,7

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Mar10	Feb 10	4/09	Mar 10	Feb 10	4/09	Mar 10	Feb 10	4/09	Mar 10	Feb 10	4/09
Repo rate, %	0,3	(0,4)	0,3	1,4	(1,4)	1,0	2,6	(2,8)	2,4	3,5	(3,6)	3,6
5 year gvt bond, %	2,7	(2,8)	2,9	3,4	(3,4)	3,4	3,8	(3,9)	3,8	4,2	(4,3)	4,2
EUR	9,72	(10,03)	10,05	9,49	(9,72)	9,75	9,35	(9,52)	9,54	-	(-)	-
USD	7,18	(7,14)	6,92	7,16	(7,04)	6,85	7,12	(7,09)	6,85	-	(-)	-

¹ The figures for "All Interviewees" have been calculated on the basis of all interviews and is a weighted average of the means of the different groups with their relative sizes as weights. Consequently "large" groups (e.g. purchasing managers) have a larger impact on the "All" value than have "small" groups (e.g. employers' organisations). Results for individual categories are found in the Tables below.

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 Feb 22 – Mar 8, 2010 (previous survey Sept 28 – Oct 9, 2009 (February 3 – February 12, 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 Feb 24, 2010 (previous survey Sept 30, 2009, (Feb 3, 2010)).

About the Interviewees & Response Rate

In all 269 (273) organisations/companies were approached for interview. 12 (13) 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 % (95 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 93 % 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 55 players, 45 Swedish and 10 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 Mar 2010 vs (Feb 09) 4/09

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	
	Mar 10	4/09	Mar 10	4/09	Mar 10	4/09
Annual inflation, %						
All	1,3	0,8	1,9	1,6	2,2	2,2
Employees' organisations	1,2	0,7	1,7	1,4	2,1	2,1
Employers' organisations	1,3	0,7	1,8	1,4	2,2	2,2
Purchase managers Manufacturing	1,3	0,5	1,9	1,4	2,2	2,1
Purchase managers Trading	1,2	0,9	1,8	1,6	2,0	2,1
Money market players	1,6 (1,6)	1,1	2,3 (2,4)	1,9	2,3 (2,2)	2,2

GDP, %

All	1,1	-0,3	2,0	1,5	2,6	2,5
Employees' organisations	0,8	-0,6	1,9	1,5	3,0	2,8
Employers' organisations	1,1	-0,6	2,0	1,7	2,5	2,7
Purchase managers Manufacturing	0,7	-1,2	1,8	1,1	2,7	2,4
Purchase managers Trading	0,9	-0,2	1,9	1,4	2,3	2,4
Money market players	2,2 (2,4)	0,9	2,5 (2,7)	2,3	2,5 (2,6)	2,5

Annual wage increase, %

All	2,1	2,0	2,5	2,4	2,8	3,0
Employees' organisations	2,3	2,3	2,7	2,7	3,1	3,2
Employers' organisations	1,7	1,8	2,3	2,1	3,0	3,0
Purchase managers Manufacturing	2,1	2,0	2,5	2,4	2,8	3,0
Purchase managers Trading	2,1	1,9	2,5	2,4	2,7	2,9

	3 months		12 months		24 months		60 months	
	Mar 10	4/09	Mar 10	4/09	Mar 10	4/09	Mar 10	4/09
Repo rate, %								
All	0,3	0,3	1,0	0,8	1,9	1,7	2,6	2,7
Employees' organisations	0,3	0,3	1,0	0,7	1,9	1,5	2,6	2,4
Employers' organisations	0,3	0,4	1,0	0,8	2,0	1,9	2,7	2,8
Purchase managers Manufacturing	0,3	0,3	0,9	0,7	1,7	1,5	2,4	2,3
Purchase managers Trading	0,3	0,3	0,9	0,8	1,7	1,7	2,3	2,6
Money market players	0,3 (0,4)	0,3	1,4 (1,4)	1,0	2,6 (2,8)	2,4	3,5 (3,6)	3,6

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 (%)
All									
Year 1	1,341	1,250	0,000	4,000	0,567	0,035	257	12	96%
Year 2	1,904	2,000	0,400	5,000	0,648	0,041	256	13	95%
Year 5	2,163	2,000	0,000	5,500	0,686	0,044	240	29	89%
Employee's organisations									
Year 1	1,157	1,050	0,000	2,000	0,496	0,094	28	2	93%
Year 2	1,679	1,550	0,500	3,000	0,557	0,105	28	2	93%
Year 5	2,129	2,000	1,000	5,000	0,756	0,143	28	2	93%
Employers' organisations									
Year 1	1,329	1,200	0,500	2,800	0,579	0,118	24	2	92%
Year 2	1,796	1,850	1,000	3,000	0,575	0,117	24	2	92%
Year 5	2,180	2,000	1,250	4,000	0,544	0,116	22	4	85%
Purchasing Managers, Manufacturing									
Year 1	1,312	1,200	0,000	4,000	0,570	0,065	77	2	97%
Year 2	1,860	2,000	0,600	5,000	0,684	0,078	77	2	97%
Year 5	2,210	2,000	0,000	5,500	0,783	0,090	76	3	96%
Purchasing Managers, Trading									
Year 1	1,245	1,000	0,000	2,500	0,563	0,066	73	6	92%
Year 2	1,778	2,000	0,400	3,000	0,612	0,072	72	7	91%
Year 5	2,042	2,000	0,400	4,000	0,666	0,081	68	11	86%
Money Market Players									
Year 1	1,606	1,500	0,800	3,000	0,523	0,071	55	0	100%
Year 2	2,289	2,500	1,000	3,500	0,575	0,078	55	0	100%
Year 5	2,277	2,000	1,500	5,000	0,547	0,081	46	9	84%

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 (%)
All									
Year 1	1,134	1,500	-5,000	7,000	1,897	0,119	254	15	94%
Year 2	2,011	2,225	-5,000	7,000	1,424	0,089	254	15	94%
Year 5	2,572	2,500	-2,000	7,500	1,044	0,068	238	31	88%
Employee's organisations									
Year 1	0,830	1,500	-4,000	7,000	2,442	0,461	28	2	93%
Year 2	1,882	2,250	-3,000	7,000	1,842	0,348	28	2	93%
Year 5	2,950	2,900	0,000	7,500	1,327	0,251	28	2	93%
Employers' organisations									
Year 1	1,071	1,000	-4,000	2,900	1,389	0,283	24	2	92%
Year 2	2,038	2,500	-1,000	3,500	1,006	0,205	24	2	92%
Year 5	2,507	2,500	0,700	4,000	0,768	0,164	22	4	85%
Purchasing Managers, Manufacturing									
Year 1	0,688	1,000	-5,000	6,500	2,339	0,268	76	3	96%
Year 2	1,834	2,000	-5,000	6,800	1,816	0,208	76	3	96%
Year 5	2,712	2,800	-2,000	7,000	1,236	0,143	75	4	95%
Purchasing Managers, Trading									
Year 1	0,932	1,000	-3,000	4,500	1,489	0,177	71	8	90%
Year 2	1,858	2,000	-3,000	5,000	1,220	0,145	71	8	90%
Year 5	2,332	2,500	0,000	5,000	0,969	0,119	66	13	84%
Money Market Players									
Year 1	2,195	2,400	-2,000	3,500	1,027	0,139	55	0	100%
Year 2	2,508	2,600	0,000	3,700	0,724	0,098	55	0	100%
Year 5	2,489	2,500	1,000	4,000	0,564	0,082	47	8	85%

TABLE 4 - 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 (%)
All									
Year 1	2,080	2,000	0,800	3,500	0,560	0,040	200	14	93%
Year 2	2,521	2,500	1,000	4,000	0,579	0,041	200	14	93%
Year 5	2,849	3,000	1,000	4,500	0,602	0,044	191	23	89%
Employee's organisations									
Year 1	2,254	2,200	1,000	3,500	0,463	0,088	28	2	93%
Year 2	2,696	2,650	1,500	4,000	0,537	0,102	28	2	93%
Year 5	3,078	3,000	2,000	4,000	0,524	0,101	27	3	90%
Employers' organisations									
Year 1	1,730	1,500	1,000	2,800	0,466	0,097	23	3	88%
Year 2	2,283	2,400	1,500	3,800	0,536	0,112	23	3	88%
Year 5	3,043	3,000	2,000	4,000	0,541	0,118	21	5	81%
Purchasing Managers, Manufacturing									
Year 1	2,095	2,000	0,800	3,500	0,627	0,071	77	2	97%
Year 2	2,545	2,500	1,000	4,000	0,622	0,071	77	2	97%
Year 5	2,807	3,000	1,500	4,500	0,615	0,071	76	3	96%
Purchasing Managers, Trading									
Year 1	2,106	2,000	0,800	3,200	0,506	0,060	72	7	91%
Year 2	2,503	2,500	1,000	4,000	0,543	0,064	72	7	91%
Year 5	2,743	3,000	1,000	4,000	0,609	0,074	67	12	85%

TABLE 5 - 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 (%)
All									
3 months	0,328	0,250	0,250	2,000	0,175	0,011	239	30	89%
12 months	1,017	1,000	0,250	4,000	0,483	0,031	240	29	89%
24 months	1,895	2,000	0,300	5,000	0,846	0,055	237	32	88%
60 months	2,609	2,500	0,300	6,000	1,061	0,071	222	47	83%
Employee's organisations									
3 months	0,344	0,250	0,250	1,000	0,209	0,040	27	3	90%
12 months	1,020	1,000	0,250	3,000	0,615	0,118	27	3	90%
24 months	1,923	2,000	0,300	3,700	0,986	0,193	26	4	87%
60 months	2,637	2,750	0,300	4,500	1,124	0,220	26	4	87%
Employers' organisations									
3 months	0,329	0,250	0,250	0,500	0,116	0,024	24	2	92%
12 months	1,008	1,000	0,500	1,700	0,365	0,075	24	2	92%
24 months	1,952	2,000	0,750	3,500	0,791	0,162	24	2	92%
60 months	2,739	2,625	1,000	5,000	1,191	0,254	22	4	85%
Purchasing Managers, Manufacturing									
3 months	0,345	0,250	0,250	1,000	0,144	0,017	76	3	96%
12 months	0,910	1,000	0,250	2,000	0,370	0,042	76	3	96%
24 months	1,697	2,000	0,500	3,500	0,816	0,094	75	4	95%
60 months	2,441	2,500	0,500	5,000	1,104	0,128	75	4	95%
Purchasing Managers, Trading									
3 months	0,306	0,250	0,250	0,750	0,113	0,013	72	7	91%
12 months	0,918	1,000	0,250	1,750	0,331	0,039	72	7	91%
24 months	1,653	1,500	0,500	3,500	0,636	0,075	72	7	91%
60 months	2,292	2,250	0,600	4,000	0,823	0,101	66	13	84%
Money Market Players									
3 months	0,325	0,250	0,250	2,000	0,290	0,046	40	15	73%
12 months	1,392	1,250	0,500	4,000	0,660	0,103	41	14	75%
24 months	2,649	2,500	1,250	5,000	0,756	0,119	40	15	73%
60 months	3,515	3,500	2,000	6,000	0,723	0,126	33	22	60%

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	2,746	2,725	2,400	3,300	0,191	0,032	36	19	65%
12 months	3,363	3,425	2,900	4,500	0,360	0,060	36	19	65%
24 months	3,782	3,750	3,000	5,000	0,497	0,085	34	21	62%
60 months	4,239	4,000	3,250	6,000	0,705	0,125	32	23	58%
EUR/SEK									
3 months	9,719	9,700	9,250	10,200	0,180	0,029	38	17	69%
12 months	9,491	9,500	9,000	10,000	0,208	0,033	39	16	71%
24 months	9,353	9,300	8,860	10,000	0,258	0,044	35	20	64%
USD/SEK									
3 months	7,178	7,200	6,750	7,500	0,174	0,028	38	17	69%
12 months	7,156	7,100	6,500	7,800	0,332	0,053	39	16	71%
24 months	7,121	7,100	6,000	8,300	0,484	0,082	35	20	64%

TABLE 7 - 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		
	Mar 10	Feb 10	4/09	Mar 10	Feb 10	4/09	Mar 10	Feb 10	4/09	Mar 10	Feb 10	4/09
All	2	-	11	91	-	81	2	-	2	5	-	6
Employees' organisations	3	-	3	90	-	86	0	-	0	7	-	10
Employers' organisations	0	-	8	92	-	77	0	-	0	8	-	15
Purchase M	3	-	22	92	-	75	3	-	0	3	-	2
Purchase T	4	-	11	87	-	81	0	-	1	9	-	6
Money Market Players	0	0	2	93	82	88	7	12	7	0	5	3