

## 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, May 2012, has now been completed. The previous survey, April 2012, was published April 11, 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	
<b>Annual</b>	<b>May 12</b>	<b>Apr 12</b>	<b>May 12</b>	<b>Apr 12</b>	<b>May 12</b>	<b>Apr 12</b>
<b>Inflation, %</b>	1,4	1,4	1,9	1,9	2,1	2,1
<b>GDP, %</b>	1,0	1,1	2,0	2,0	2,4	2,4

  

	3 months		12 months		24 months		60 months	
	<b>May 12</b>	<b>Apr 12</b>	<b>May 12</b>	<b>Apr 12</b>	<b>May 12</b>	<b>Apr 12</b>	<b>May 12</b>	<b>Apr 12</b>
<b>Repo rate, %</b>	1,5	1,4	1,4	1,3	1,9	1,9	3,0	2,8
<b>5 year gvt bond rate, %</b>	1,5	1,6	1,8	1,9	2,5	2,5	3,4	3,3
<b>EUR</b>	8,82	8,85	8,72	8,79	8,71	8,75	-	-
<b>USD</b>	6,78	6,78	6,97	6,90	7,05	7,02	-	-

**Interview Period & Method**

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out April 25 – May 8, 2012 (previous survey March 28 – April 10, 2012).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on April 25, 2012 (previous survey March 28, 2012).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 16,7 years.

**About the Interviewees & Response Rate**

In all 56 (56) organisations were approached for interview. 3 (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 95 % (95 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 95 % 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 (%)
<b>Money Market Players</b>									
Year 1	1,441	1,500	0,300	3,300	0,487	0,067	53	3	95%
Year 2	1,850	1,900	1,000	4,200	0,477	0,066	53	3	95%
Year 5	2,107	2,000	1,500	4,200	0,418	0,062	46	10	82%

**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 (%)
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	0,953	1,000	-0,800	2,600	0,594	0,087	47	9	84%
Upper bound	1,991	2,000	0,800	3,900	0,618	0,090	47	9	84%
<b>Year 2</b>									
Lower bound	1,174	1,000	-0,500	3,600	0,680	0,099	47	9	84%
Upper bound	2,551	2,500	1,400	4,600	0,678	0,099	47	9	84%
<b>Year 5</b>									
Lower bound	1,182	1,000	-1,000	3,800	0,710	0,107	44	12	79%
Upper bound	3,160	3,000	2,000	7,000	0,892	0,135	44	12	79%

**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 (%)
<b>Money Market Players</b>									
Year 1	1,039	1,000	-1,000	2,500	0,642	0,088	53	3	95%
Year 2	1,994	2,000	0,500	3,500	0,581	0,080	53	3	95%
Year 5	2,437	2,500	1,500	3,500	0,448	0,067	45	11	80%

**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 (%)
<b>Money Market Players</b>									
3 months	1,451	1,500	1,250	1,500	0,100	0,016	41	15	73%
12 months	1,390	1,500	0,500	2,500	0,321	0,050	41	15	73%
24 months	1,903	2,000	0,500	3,750	0,548	0,088	39	17	70%
60 months	2,958	3,000	1,000	4,250	0,698	0,122	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 (%)
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	1,214	1,250	0,700	1,500	0,194	0,032	36	20	64%
Upper bound	1,592	1,500	1,500	2,300	0,176	0,029	36	20	64%
<b>12 months</b>									
Lower bound	0,971	1,000	0,250	2,000	0,383	0,064	36	20	64%
Upper bound	1,800	1,750	0,750	2,750	0,388	0,065	36	20	64%
<b>24 months</b>									
Lower bound	1,221	1,225	0,250	3,250	0,606	0,101	36	20	64%
Upper bound	2,558	2,500	1,000	4,250	0,691	0,115	36	20	64%
<b>60 months</b>									
Lower bound	1,703	1,625	0,000	3,750	0,915	0,162	32	24	57%
Upper bound	4,002	4,000	2,250	5,500	0,884	0,156	32	24	57%

**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 (%)
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>									
	1,496	1,500	1,200	1,750	0,143	0,024	35	21	63%
<b>12 months</b>									
	1,821	1,750	1,250	3,000	0,341	0,058	35	21	63%
<b>24 months</b>									
	2,522	2,500	1,600	5,000	0,638	0,109	34	22	61%
<b>60 months</b>									
	3,381	3,500	1,950	6,500	0,881	0,156	32	24	57%
<b>EUR/SEK</b>									
<b>3 months</b>									
	8,822	8,850	8,500	9,100	0,142	0,022	41	15	73%
<b>12 months</b>									
	8,723	8,750	8,250	9,100	0,228	0,036	41	15	73%
<b>24 months</b>									
	8,707	8,750	8,000	9,250	0,259	0,042	37	19	66%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,783	6,800	6,500	7,300	0,180	0,028	41	15	73%
<b>12 months</b>									
	6,968	7,000	5,930	8,950	0,587	0,092	41	15	73%
<b>24 months</b>									
	7,053	7,000	6,000	8,800	0,629	0,102	38	18	68%