

Press Release

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Main results

In a one year perspective GDP growth expectations are somewhat down and inflation expectations somewhat up relative to the previous survey.

The repo rate expectations remain at a stand still in the 3 month term. Thereafter expectations are somewhat down compared to last survey. The 5Y bond rate projections for the next two years have however been revised upwards.

The panel believes in a stronger SEK against USD, however in a weaker SEK vs EUR.

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 expectations of inflation, GDP and future repo rates in Sweden among money market players. The survey also includes expectations of the 5 year government bond rate, EUR and USD rates. The latest survey in the series, November 2010, has now been completed. The previous survey, October 2010, was published October 13, 2010. A comparison of the results of the two surveys concerning money market players can be summarised as follows:

Money Market Players' Expectations of

Annual:	Year 1		Year 2		Year 5	
	Nov 10	Oct 10	Nov 10	Oct 10	Nov 10	Oct 10
Inflation, %	1,8	1,6	2,1	2,1	2,1	2,1
GDP, %	2,9	3,0	2,7	2,8	2,6	2,7

Money Market Players' Expectations of

	3 months		12 months		24 months		60 months	
	Nov 10	Oct 10	Nov 10	Oct 10	Nov 10	Oct 10	Nov 10	Oct 10
Repo Rate, %	1,2	1,2	1,8	1,9	2,5	2,7	3,3	3,3
5 year gvt bond rate, %	2,4	2,2	2,9	2,6	3,3	3,2	3,8	3,9
EUR	9,16	9,11	9,03	8,95	9,01	8,95	-	-
USD	6,61	6,78	6,70	6,97	6,88	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 and GDP expectations was carried out October 27 – November 4, 2010 (previous survey September 29 – October 11, 2010). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on October 27, 2010 (previous survey September 29, 2010).

About the Interviewees & Response Rate

In all 54 (54) organisations were approached for interview. 4 (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 93 % (96 %). The response rate for individual questions regarding inflation and GDP increase expectations is 91 % 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 1-5)

The money market category includes 54 players, 44 Swedish and 10 international, active in the Swedish fixed income market.

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 Inflation Expectations Surveys

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

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	1,808	1,800	1,000	2,800	0,382	0,054	50	4	93%
Year 2	2,114	2,000	1,500	3,500	0,397	0,056	50	4	93%
Year 5	2,110	2,000	1,500	3,000	0,270	0,041	44	10	81%

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	1,327	1,400	0,000	2,400	0,417	0,064	43	11	80%
Upper bound	2,292	2,100	1,500	4,000	0,513	0,078	43	11	80%
Year 2									
Lower bound	1,397	1,500	-1,000	2,400	0,552	0,084	43	11	80%
Upper bound	2,763	2,600	1,800	4,500	0,611	0,093	43	11	80%
Year 5									
Lower bound	1,234	1,500	-1,000	2,500	0,704	0,110	41	13	76%
Upper bound	3,005	3,000	2,000	5,000	0,654	0,102	41	13	76%

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	2,950	3,000	0,500	4,500	0,781	0,112	49	5	91%
Year 2	2,748	2,700	1,500	4,000	0,484	0,069	49	5	91%
Year 5	2,633	2,500	1,500	4,000	0,500	0,076	43	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 (%)
Money Market Players									
3 months	1,237	1,250	1,000	1,500	0,114	0,018	39	15	72%
12 months	1,846	1,750	1,250	2,500	0,254	0,041	39	15	72%
24 months	2,490	2,500	1,750	3,250	0,425	0,069	38	16	70%
60 months	3,265	3,000	2,000	4,500	0,630	0,108	34	20	63%

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	1,047	1,000	0,750	1,500	0,135	0,023	35	19	65%
Upper bound	1,410	1,500	1,250	2,000	0,175	0,030	35	19	65%
12 months									
Lower bound	1,439	1,500	0,500	2,000	0,324	0,055	35	19	65%
Upper bound	2,254	2,250	1,750	3,000	0,298	0,050	35	19	65%
24 months									
Lower bound	1,817	2,000	0,500	2,750	0,589	0,100	35	19	65%
Upper bound	3,080	3,000	2,250	4,500	0,503	0,085	35	19	65%
60 months									
Lower bound	2,008	2,125	0,000	4,000	0,921	0,163	32	22	59%
Upper bound	4,164	4,000	2,500	6,000	1,013	0,179	32	22	59%

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	2,420	2,400	2,000	2,800	0,150	0,026	33	21	61%
12 months	2,859	2,900	2,000	3,800	0,333	0,058	33	21	61%
24 months	3,280	3,225	2,200	4,600	0,482	0,085	32	22	59%
60 months	3,808	3,850	2,200	5,000	0,632	0,115	30	24	56%
EUR/SEK									
3 months	9,164	9,150	9,000	9,400	0,107	0,017	38	16	70%
12 months	9,033	9,000	8,500	9,450	0,175	0,028	38	16	70%
24 months	9,008	9,000	8,500	9,500	0,232	0,039	36	18	67%
USD/SEK									
3 months	6,609	6,500	6,140	7,250	0,239	0,039	38	16	70%
12 months	6,699	6,650	5,680	7,750	0,545	0,088	38	16	70%
24 months	6,879	6,850	6,000	8,000	0,548	0,091	36	18	67%