

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, November 2011, has now been completed. The previous survey, October 2011, was published October 12, 2011.

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	
Annual	Nov 11	Oct 11	Nov 11	Oct 11	Nov 11	Oct 11
Inflation, %	2,0	1,9	2,0	2,1	2,1	2,1
GDP, %	1,8	2,0	2,1	2,2	2,4	2,5

	3 months		12 months		24 months		60 months	
	Nov 11	Oct 11	Nov 11	Oct 11	Nov 11	Oct 11	Nov 11	Oct 11
Repo rate, %	2,0	2,0	1,9	2,0	2,3	2,3	3,1	3,1
5 year gvt bond rate, %	1,6	1,6	2,0	2,0	2,5	2,5	3,2	3,2
EUR	9,08	9,13	8,95	9,03	8,90	9,00	-	-
USD	6,65	6,79	6,64	6,84	6,73	6,86	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out October 26 – November 4, 2011 (previous survey September 28 – October 11, 2011).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on October 26 (previous survey September 28, 2011).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 15,7 years.

About the Interviewees & Response Rate

In all 56 (57) organisations were approached for interview. 4 (4) 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 % (93 %). The response rate for individual questions regarding inflation and GDP increase expectations is 84 % 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	1,975	2,000	1,000	3,000	0,480	0,067	52	4	93%
Year 2	1,994	2,000	1,000	2,500	0,336	0,049	47	9	84%
Year 5	2,102	2,000	1,500	4,500	0,420	0,063	44	12	79%

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	1,426	1,500	-1,000	2,700	0,676	0,101	45	11	80%
Upper bound	2,558	2,500	1,500	4,000	0,564	0,084	45	11	80%
Year 2									
Lower bound	1,336	1,500	-1,000	2,500	0,604	0,091	44	12	79%
Upper bound	2,701	2,725	1,750	4,000	0,529	0,080	44	12	79%
Year 5									
Lower bound	1,190	1,000	-1,000	2,250	0,616	0,095	42	14	75%
Upper bound	3,133	3,000	1,750	6,000	0,851	0,131	42	14	75%

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	1,817	1,725	0,000	4,700	0,795	0,110	52	4	93%
Year 2	2,069	2,000	0,500	3,800	0,543	0,079	47	9	84%
Year 5	2,416	2,500	1,000	3,500	0,502	0,076	44	12	79%

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	1,969	2,000	1,500	2,000	0,101	0,016	40	16	71%
12 months	1,913	2,000	0,750	2,750	0,469	0,074	40	16	71%
24 months	2,329	2,500	0,750	3,500	0,705	0,114	38	18	68%
60 months	3,083	3,000	2,000	5,500	0,742	0,124	36	20	64%

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	1,637	1,750	1,000	2,000	0,254	0,043	35	21	63%
Upper bound	2,117	2,000	2,000	2,800	0,201	0,034	35	21	63%
12 months									
Lower bound	1,376	1,500	0,250	2,500	0,530	0,090	35	21	63%
Upper bound	2,424	2,500	1,750	3,000	0,374	0,063	35	21	63%
24 months									
Lower bound	1,515	1,500	0,250	2,750	0,688	0,118	34	22	61%
Upper bound	3,110	3,000	2,000	4,500	0,678	0,116	34	22	61%
60 months									
Lower bound	1,700	1,750	0,250	3,000	0,726	0,124	34	22	61%
Upper bound	4,066	4,000	2,500	7,000	1,002	0,172	34	22	61%

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									
	1,643	1,600	1,200	2,000	0,166	0,028	35	21	63%
12 months									
	1,993	2,000	1,400	3,000	0,336	0,057	35	21	63%
24 months									
	2,538	2,500	1,250	4,250	0,578	0,099	34	22	61%
60 months									
	3,226	3,250	1,350	4,500	0,795	0,136	34	22	61%
EUR/SEK									
3 months									
	9,078	9,100	8,700	9,550	0,146	0,024	37	19	66%
12 months									
	8,950	8,900	8,000	9,800	0,273	0,045	37	19	66%
24 months									
	8,895	8,900	7,800	9,400	0,310	0,054	33	23	59%
USD/SEK									
3 months									
	6,646	6,600	6,250	7,640	0,258	0,042	37	19	66%
12 months									
	6,641	6,590	5,760	7,790	0,412	0,068	37	19	66%
24 months									
	6,731	6,750	5,750	7,830	0,522	0,091	33	23	59%