

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 2012, has now been completed. The previous survey, October 2012, was published October 10, 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	
<u>Annual</u>	Nov 12	Oct 12	Nov 12	Oct 12	Nov 12	Oct 12
Inflation, %	1,2	1,2	1,7	1,7	2,1	2,0
GDP, %	1,4	1,5	2,0	2,0	2,3	2,4

	3 months		12 months		24 months		60 months	
	Nov 12	Oct 12	Nov 12	Oct 12	Nov 12	Oct 12	Nov 12	Oct 12
Repo rate, %	1,0	1,1	1,0	1,1	1,5	1,5	2,9	2,7
5 year gvt bond rate, %	1,1	1,1	1,4	1,3	1,9	1,8	3,2	3,0
EUR	8,54	8,42	8,49	8,37	8,50	8,41	-	-
USD	6,67	6,69	6,90	6,83	7,00	6,94	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out October 31 – November 8, 2012 (previous survey September 26 – October 3, 2012).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on October 31, (previous survey September 26, 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. 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 at least 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	1,155	1,100	0,400	2,300	0,407	0,056	52	4	93%
Year 2	1,670	1,500	0,500	3,500	0,495	0,071	49	7	88%
Year 5	2,098	2,000	1,300	4,600	0,498	0,075	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	0,604	0,500	-0,500	2,000	0,527	0,079	45	11	80%
Upper bound	1,637	1,500	0,600	3,700	0,597	0,089	45	11	80%
Year 2									
Lower bound	0,964	1,000	-1,000	3,300	0,682	0,102	45	11	80%
Upper bound	2,289	2,200	1,000	4,300	0,677	0,101	45	11	80%
Year 5									
Lower bound	1,090	1,000	-1,500	4,000	0,878	0,136	42	14	75%
Upper bound	3,114	3,000	1,750	5,500	0,757	0,117	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	1,409	1,500	0,500	2,400	0,461	0,065	51	5	91%
Year 2	1,954	2,000	0,500	3,000	0,531	0,077	47	9	84%
Year 5	2,313	2,500	1,000	3,500	0,456	0,069	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	1,038	1,000	0,750	1,250	0,107	0,017	40	16	71%
12 months	1,028	1,000	0,500	1,750	0,250	0,039	40	16	71%
24 months	1,509	1,500	0,750	2,500	0,467	0,079	35	21	63%
60 months	2,895	3,000	1,750	4,000	0,651	0,117	31	25	55%

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	0,863	1,000	0,200	1,000	0,190	0,032	35	21	63%
Upper bound	1,244	1,250	1,000	1,800	0,181	0,031	35	21	63%
12 months									
Lower bound	0,650	0,750	0,250	1,000	0,198	0,034	34	22	61%
Upper bound	1,353	1,250	1,000	2,000	0,308	0,053	34	22	61%
24 months									
Lower bound	0,909	1,000	0,250	2,000	0,437	0,076	33	23	59%
Upper bound	2,106	2,000	1,000	3,500	0,590	0,103	33	23	59%
60 months									
Lower bound	1,597	2,000	0,000	3,500	0,891	0,160	31	25	55%
Upper bound	3,968	4,000	2,500	7,000	0,997	0,179	31	25	55%

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									
	1,057	1,000	0,850	1,600	0,152	0,026	34	22	61%
12 months									
	1,385	1,275	0,900	2,100	0,325	0,056	34	22	61%
24 months									
	1,915	1,750	1,000	4,000	0,604	0,105	33	23	59%
60 months									
	3,219	3,000	1,700	6,000	1,026	0,184	31	25	55%
EUR/SEK									
3 months									
	8,540	8,500	8,100	8,900	0,157	0,026	38	18	68%
12 months									
	8,488	8,500	8,000	9,000	0,252	0,041	38	18	68%
24 months									
	8,503	8,500	7,700	9,250	0,334	0,058	33	23	59%
USD/SEK									
3 months									
	6,672	6,665	6,000	7,100	0,208	0,034	38	18	68%
12 months									
	6,899	6,900	5,790	8,900	0,500	0,081	38	18	68%
24 months									
	7,003	7,000	6,200	8,300	0,443	0,077	33	23	59%