

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, October 2012, has now been completed. The previous survey, September 2012, was published September 5, 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>	Oct 12	Sept 12	Oct 12	Sept 12	Oct 12	Sept 12
Inflation, %	1,2	1,2	1,7	1,7	2,0	2,1
GDP, %	1,5	1,5	2,0	2,0	2,4	2,4

	3 months		12 months		24 months		60 months	
	Oct 12	Sept 12	Oct 12	Sept 12	Oct 12	Sept 12	Oct 12	Sept 12
Repo rate, %	1,1	1,4	1,1	1,3	1,5	1,8	2,7	2,8
5 year gvt bond rate, %	1,1	1,2	1,3	1,5	1,8	2,1	3,0	3,1
EUR	8,42	8,29	8,37	8,37	8,41	8,44	-	-
USD	6,69	6,79	6,83	6,97	6,94	7,07	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out September 26 – October 3, 2012 (previous survey August 20 – August 31, 2012).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on September 26, 2012 (previous survey August 22, 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 88 % 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	1,203	1,100	0,300	2,600	0,424	0,059	52	4	93%
Year 2	1,660	1,600	0,500	3,800	0,498	0,070	50	6	89%
Year 5	2,011	2,000	1,000	4,500	0,527	0,079	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	0,668	0,700	-0,500	2,000	0,546	0,080	47	9	84%
Upper bound	1,699	1,500	1,000	3,700	0,529	0,077	47	9	84%
Year 2									
Lower bound	0,955	1,000	-1,000	3,500	0,709	0,103	47	9	84%
Upper bound	2,328	2,200	1,400	5,000	0,759	0,111	47	9	84%
Year 5									
Lower bound	1,078	1,000	-1,500	4,000	0,845	0,129	43	13	77%
Upper bound	3,003	3,000	1,500	6,000	0,911	0,139	43	13	77%

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	1,468	1,500	0,000	3,500	0,613	0,085	52	4	93%
Year 2	1,996	2,000	0,500	3,500	0,603	0,086	49	7	88%
Year 5	2,436	2,350	0,500	8,000	1,063	0,160	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	1,114	1,000	1,000	1,250	0,126	0,019	44	12	79%
12 months	1,063	1,000	0,500	1,750	0,259	0,039	44	12	79%
24 months	1,468	1,500	0,500	2,500	0,467	0,075	39	17	70%
60 months	2,657	2,500	1,500	4,250	0,653	0,109	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	0,923	1,000	0,500	1,250	0,208	0,033	39	17	70%
Upper bound	1,295	1,250	1,000	2,000	0,171	0,027	39	17	70%
12 months									
Lower bound	0,651	0,750	0,000	1,000	0,306	0,049	39	17	70%
Upper bound	1,444	1,500	1,000	2,300	0,287	0,046	39	17	70%
24 months									
Lower bound	0,831	1,000	0,000	1,500	0,421	0,069	37	19	66%
Upper bound	2,101	2,000	0,750	4,000	0,681	0,112	37	19	66%
60 months									
Lower bound	1,294	1,000	0,000	3,500	0,789	0,135	34	22	61%
Upper bound	3,801	3,750	2,000	7,000	1,064	0,182	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									
	1,075	1,030	0,800	1,600	0,138	0,023	37	19	66%
12 months									
	1,334	1,250	0,750	2,200	0,342	0,056	37	19	66%
24 months									
	1,823	1,650	0,750	3,000	0,605	0,101	36	20	64%
60 months									
	2,959	2,850	1,170	4,750	1,023	0,176	34	22	61%
EUR/SEK									
3 months									
	8,422	8,500	8,100	8,800	0,158	0,024	43	13	77%
12 months									
	8,372	8,340	7,800	9,100	0,289	0,044	43	13	77%
24 months									
	8,408	8,400	7,700	9,250	0,375	0,060	39	17	70%
USD/SEK									
3 months									
	6,692	6,600	6,000	8,500	0,373	0,057	43	13	77%
12 months									
	6,834	6,890	5,790	8,700	0,529	0,081	43	13	77%
24 months									
	6,938	7,000	6,000	8,700	0,564	0,090	39	17	70%