



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 2013, has now been completed. The previous survey, September 2013, was published September 11, 2013.

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	Oct 13	Sep 13	Oct 13	Sep 13	Oct 13	Sep 13
Inflation, %	1,2	1,1	1,7	1,6	1,9	2,0
GDP, %	1,9	1,8	2,3	2,3	2,4	2,4

	3 months		12 months		24 months		60 months	
	Oct 13	Sep 13	Oct 13	Sep 13	Oct 13	Sep 13	Oct 13	Sep 13
Repo rate, %	1,0	1,0	1,1	1,2	1,8	1,8	2,8	2,9
5 year gvt bond rate, %	1,9	1,9	2,2	2,2	2,7	2,7	3,3	3,5
EUR	8,56	8,59	8,44	8,44	8,44	8,40	-	-
USD	6,53	6,59	6,73	6,73	6,94	6,83	-	-



Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out September 25 – October 4, 2013 (previous survey August 26 – September 9, 2013).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on September 25 (previous survey August 28, 2013).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 17,7 years.

About the Interviewees & Response Rate

In all 55 (55) 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 87 % 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 48 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	1,204	1,225	0,300	2,000	0,439	0,062	50	5	91%
Year 2	1,714	1,800	0,800	2,500	0,448	0,065	48	7	87%
Year 5	1,935	2,000	1,000	3,000	0,334	0,052	42	13	76%

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	0,634	0,700	-1,000	1,600	0,523	0,079	44	11	80%
Upper bound	1,615	1,500	0,600	2,750	0,471	0,071	44	11	80%
Year 2									
Lower bound	0,983	1,000	-1,000	1,900	0,595	0,090	44	11	80%
Upper bound	2,290	2,350	1,400	3,500	0,559	0,084	44	11	80%
Year 5									
Lower bound	1,016	1,000	-2,000	2,000	0,711	0,111	41	14	75%
Upper bound	2,860	3,000	1,500	5,000	0,717	0,112	41	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	1,946	1,900	0,500	3,300	0,743	0,105	50	5	91%
Year 2	2,276	2,225	1,000	3,500	0,542	0,078	48	7	87%
Year 5	2,365	2,300	1,500	4,000	0,525	0,081	42	13	76%

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	1,000	1,000	1,000	1,000	0,000	0,000	42	13	76%
12 months	1,148	1,175	0,500	1,500	0,202	0,031	42	13	76%
24 months	1,794	1,750	1,000	2,750	0,462	0,074	39	16	71%
60 months	2,750	3,000	1,500	4,250	0,639	0,108	35	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	0,850	0,900	0,300	1,000	0,175	0,029	37	18	67%
Upper bound	1,103	1,000	1,000	1,700	0,165	0,027	37	18	67%
12 months									
Lower bound	0,843	1,000	0,000	1,250	0,246	0,040	38	17	69%
Upper bound	1,479	1,500	1,000	2,000	0,261	0,042	38	17	69%
24 months									
Lower bound	1,146	1,000	0,000	2,700	0,513	0,086	36	19	65%
Upper bound	2,318	2,250	1,000	3,500	0,569	0,095	36	19	65%
60 months									
Lower bound	1,862	2,000	0,000	3,500	0,730	0,127	33	22	60%
Upper bound	3,659	4,000	2,500	5,500	0,768	0,134	33	22	60%

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									
	1,898	1,950	1,400	2,400	0,203	0,033	38	17	69%
12 months									
	2,234	2,250	1,250	3,000	0,327	0,053	38	17	69%
24 months									
	2,677	2,500	1,700	4,000	0,494	0,081	37	18	67%
60 months									
	3,316	3,250	2,000	5,000	0,643	0,109	35	20	64%
EUR/SEK									
3 months									
	8,563	8,600	8,180	8,800	0,126	0,020	40	15	73%
12 months									
	8,444	8,400	7,950	8,950	0,224	0,036	39	16	71%
24 months									
	8,438	8,400	7,900	9,100	0,316	0,052	37	18	67%
USD/SEK									
3 months									
	6,529	6,500	6,250	7,200	0,201	0,032	40	15	73%
12 months									
	6,728	6,750	6,000	7,550	0,317	0,051	39	16	71%
24 months									
	6,938	7,000	5,900	8,100	0,440	0,072	37	18	67%