

Press Release

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Main results

GDP expectations have undergone a major lift since last survey, particularly so in the short perspective. There is a slight movement upwards of the one year inflation expectations but wages are not believed to be affected.

The market's short run repo rate expectations are up, however not the long run ones. Money market players have revised their 5Y gvt bond rate expectations quite substantially downwards since the August survey. The same category believes in a further successive strengthening of SEK against EUR for the coming two year period, against USD for the coming year.

TNS SIFO Prospera has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys aiming at mapping expectations of inflation, wage increase, GDP and future repo rates in Sweden among labour market parties, purchasing managers and money market players. The survey also includes money market players' expectations of the 5 year government bond rate, EUR and USD rates. The money market player survey is conducted every month; four times a year including labour market parties and purchasing managers. The latest survey in the all categories series, September 2010, has now been completed, the previous June 2010 was published June 9, 2010. The last survey among money market players was published Aug 11, 2010. A comparison of the results of the surveys can be summarised as follows (rounded off figures):

All Interviewees' Expectations of¹

Annual	Year 1		Year 2		Year 5			
	Sept 10	June 10	Sept 10	June 10	Sept 10	June 10		
Inflation, %	1,7	1,5	2,0	2,0	2,2	2,2		
GDP, %	3,1	1,7	3,0	2,2	2,9	2,5		
Wage increase, %	2,1	2,1	2,6	2,6	2,9	2,9		
Repo rate, %	3 months		12 months		24 months		60 months	
	Sept 10	June 10	Sept 10	June 10	Sept 10	June 10	Sept 10	June 10
	0,7	0,4	1,3	1,0	2,0	1,9	2,6	2,7

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Sept 10	Aug 10	June 10	Sept 10	Aug 10	June 10	Sept 10	Aug 10	June 10	Sept 10	Aug 10	June 10
Repo rate, %	0,9	(0,8)	0,4	1,5	(1,6)	1,3	2,3	(2,5)	2,4	3,2	(3,3)	3,3
5 year gvt bond, %	2,0	(2,3)	2,2	2,4	(2,8)	2,7	2,9	(3,2)	3,3	3,5	(3,7)	3,7
EUR	9,34	(9,32)	9,55	9,15	(9,14)	9,28	9,10	(9,06)	9,22	-	(-)	-
USD	7,40	(7,20)	7,75	7,30	(7,17)	7,56	7,29	(7,32)	7,52	-	(-)	-

Interview Period & Method

TNS SIFO Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out August 23 – September 6, 2010 (previous survey May 24 – June 7, 2010 (Aug 5 – Aug 10, 2010)). The part of the survey regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on August 25, 2010 (previous survey May 26, 2010, (Aug 5, 2010)).

About the Interviewees & Response Rate

In all 267 (271) organisations/companies were approached for interview. 13 (12) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 95 % (96 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 94 % 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 2-6) Of the 158 purchasing managers 79 represent the trading industry and 79 the manufacturing industry. The group of companies interviewed is a random sample selected from a company directory at the National Statistics Office of Sweden comprising Swedish companies with more than 200 employees.

The money market category includes 54 players, 44 Swedish and 10 international, active in the Swedish fixed income market. The money market players were not asked to assess the expected wage increases. Only the money market players have participated in the part of the survey comprising expected 5 year government bond rates, EUR and USD rates.

55 Swedish labour market organisations, of which 26 on the employers' side and 29 on the employees' side have been approached.

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 inflationary expectations surveys

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

TABLE 2 - 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 (%)
All									
Year 1	1,655	1,500	0,500	3,000	0,472	0,030	253	14	95
Year 2	2,039	2,000	1,000	4,000	0,527	0,033	253	14	95
Year 5	2,189	2,000	1,000	5,000	0,578	0,037	239	28	90
Employee's organisations									
Year 1	1,633	1,700	1,000	2,500	0,407	0,078	27	2	93
Year 2	1,874	2,000	1,100	2,500	0,328	0,063	27	2	93
Year 5	2,044	2,000	1,000	3,000	0,511	0,098	27	2	93
Employers' organisations									
Year 1	1,717	1,550	1,100	3,000	0,490	0,100	24	2	92
Year 2	2,188	2,050	1,200	4,000	0,688	0,140	24	2	92
Year 5	2,375	2,000	1,500	4,500	0,825	0,184	20	6	77
Purchasing Managers, Manufacturing									
Year 1	1,637	1,500	1,000	3,000	0,450	0,051	77	2	97
Year 2	2,065	2,000	1,000	4,000	0,566	0,064	77	2	97
Year 5	2,242	2,000	1,000	4,000	0,597	0,069	76	3	96
Purchasing Managers, Trading									
Year 1	1,695	1,600	0,500	3,000	0,545	0,064	73	6	92
Year 2	2,059	2,000	1,000	3,500	0,527	0,062	73	6	92
Year 5	2,231	2,000	1,000	5,000	0,623	0,074	70	9	89
Money Market Players									
Year 1	1,610	1,500	1,000	2,800	0,424	0,059	52	2	96
Year 2	1,988	2,000	1,150	3,400	0,453	0,063	52	2	96
Year 5	2,042	2,000	1,150	3,000	0,290	0,043	46	8	85

TABLE 3 - 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	1,130	1,000	-1,000	2,250	0,526	0,078	45	9	83
Upper bound	2,171	2,000	1,150	4,000	0,644	0,096	45	9	83
Year 2									
Lower bound	1,233	1,500	-1,000	2,100	0,614	0,093	44	10	81
Upper bound	2,648	2,500	1,250	5,000	0,753	0,114	44	10	81
Year 5									
Lower bound	1,092	1,125	-1,000	2,000	0,759	0,117	42	12	78
Upper bound	3,025	3,000	2,000	5,000	0,852	0,131	42	12	78

TABLE 4 - 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 (%)
All									
Year 1	3,057	3,000	-2,000	5,000	0,865	0,054	252	15	94
Year 2	2,995	3,000	-1,000	6,000	0,818	0,052	251	16	94
Year 5	2,939	3,000	0,000	7,000	0,920	0,060	236	31	88
Employee's organisations									
Year 1	3,277	3,500	1,500	4,000	0,656	0,129	26	3	90
Year 2	3,312	3,000	2,000	6,000	0,837	0,164	26	3	90
Year 5	3,312	3,000	2,000	6,000	0,968	0,194	25	4	86
Employers' organisations									
Year 1	3,044	3,000	0,000	4,000	0,915	0,183	25	1	96
Year 2	3,066	3,000	1,900	4,200	0,637	0,127	25	1	96
Year 5	3,019	3,000	1,800	5,000	0,757	0,165	21	5	81
Purchasing Managers, Manufacturing									
Year 1	3,168	3,000	0,000	5,000	0,887	0,102	76	3	96
Year 2	3,106	3,000	1,000	5,700	0,939	0,108	76	3	96
Year 5	3,035	3,000	1,000	5,500	0,995	0,115	75	4	95
Purchasing Managers, Trading									
Year 1	2,910	3,000	-2,000	4,500	1,007	0,118	73	6	92
Year 2	2,892	3,000	-1,000	5,000	0,858	0,100	73	6	92
Year 5	2,876	3,000	0,000	7,000	1,015	0,121	70	9	89
Money Market Players									
Year 1	2,995	3,000	1,000	4,000	0,641	0,089	52	2	96
Year 2	2,779	2,800	2,000	4,000	0,530	0,074	51	3	94
Year 5	2,630	2,500	1,500	4,000	0,521	0,078	45	9	83

TABLE 5 - Wage Increase Expectations

Expected annual wage increase the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
All									
Year 1	2,084	2,000	0,500	4,500	0,721	0,051	201	12	94
Year 2	2,586	2,500	0,100	4,500	0,631	0,044	201	12	94
Year 5	2,872	3,000	1,000	7,000	0,688	0,049	194	19	91
Employee's organisations									
Year 1	2,174	2,000	1,200	3,500	0,580	0,112	27	2	93
Year 2	2,670	3,000	1,700	3,500	0,564	0,108	27	2	93
Year 5	3,019	3,000	2,000	3,500	0,497	0,096	27	2	93
Employers' organisations									
Year 1	2,033	1,950	0,900	4,000	0,833	0,170	24	2	92
Year 2	2,746	2,700	2,000	4,500	0,650	0,133	24	2	92
Year 5	3,143	3,000	2,000	5,000	0,736	0,161	21	5	81
Purchasing Managers, Manufacturing									
Year 1	2,005	2,000	0,500	4,000	0,703	0,080	77	2	97
Year 2	2,542	2,500	0,100	4,000	0,602	0,069	77	2	97
Year 5	2,809	3,000	1,000	7,000	0,775	0,089	76	3	96
Purchasing Managers, Trading									
Year 1	2,151	2,000	0,800	4,500	0,751	0,088	73	6	92
Year 2	2,549	2,500	1,000	4,250	0,676	0,079	73	6	92
Year 5	2,804	3,000	1,500	5,000	0,617	0,074	70	9	89

TABLE 6 - 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 (%)
All									
3 months	0,740	0,750	0,000	2,000	0,213	0,014	239	28	90
12 months	1,326	1,250	0,500	3,000	0,445	0,029	239	28	90
24 months	1,980	2,000	0,500	4,000	0,697	0,045	236	31	88
60 months	2,625	2,500	0,500	5,000	0,935	0,062	224	43	84
Employee's organisations									
3 months	0,817	0,750	0,500	2,000	0,325	0,064	26	3	90
12 months	1,396	1,250	0,750	2,500	0,456	0,089	26	3	90
24 months	1,942	2,000	0,750	3,500	0,773	0,152	26	3	90
60 months	2,367	2,500	0,500	4,000	0,841	0,165	26	3	90
Employers' organisations									
3 months	0,644	0,750	0,000	1,000	0,193	0,039	24	2	92
12 months	1,269	1,225	0,750	2,250	0,410	0,084	24	2	92
24 months	1,906	2,000	0,750	3,000	0,706	0,144	24	2	92
60 months	2,545	2,450	1,250	4,500	0,924	0,207	20	6	77
Purchasing Managers, Manufacturing									
3 months	0,664	0,750	0,250	1,000	0,170	0,020	76	3	96
12 months	1,218	1,225	0,500	3,000	0,452	0,052	76	3	96
24 months	1,824	1,600	0,700	4,000	0,693	0,080	75	4	95
60 months	2,539	2,500	0,750	5,000	0,999	0,115	75	4	95
Purchasing Managers, Trading									
3 months	0,737	0,750	0,500	1,000	0,166	0,020	72	7	91
12 months	1,315	1,250	0,500	2,500	0,448	0,053	72	7	91
24 months	2,014	2,000	0,750	4,000	0,681	0,080	72	7	91
60 months	2,568	2,500	0,900	4,500	0,890	0,108	68	11	86
Money Market Players									
3 months	0,894	1,000	0,500	1,250	0,189	0,030	41	13	76
12 months	1,537	1,500	0,500	2,100	0,375	0,059	41	13	76
24 months	2,288	2,250	0,500	3,500	0,592	0,095	39	15	72
60 months	3,157	3,500	1,000	4,500	0,793	0,134	35	19	65

TABLE 7 - 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	0,653	0,750	0,250	1,000	0,183	0,030	37	17	69
Upper bound	1,105	1,000	0,750	1,750	0,231	0,038	37	17	69
12 months									
Lower bound	1,038	1,000	0,000	1,750	0,487	0,080	37	17	69
Upper bound	2,008	2,000	0,750	3,000	0,504	0,083	37	17	69
24 months									
Lower bound	1,442	1,500	0,000	3,250	0,789	0,131	36	18	67
Upper bound	2,924	3,000	0,750	4,250	0,774	0,129	36	18	67
60 months									
Lower bound	1,770	2,000	0,000	3,750	1,006	0,175	33	21	61
Upper bound	4,303	4,250	1,250	8,000	1,407	0,245	33	21	61

TABLE 8 - 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	1,969	2,000	1,600	2,500	0,183	0,030	36	18	67
12 months	2,415	2,475	1,600	3,500	0,383	0,064	36	18	67
24 months	2,944	2,900	2,000	4,800	0,628	0,106	35	19	65
60 months	3,533	3,500	2,000	4,800	0,762	0,135	32	22	59
EUR/SEK									
3 months	9,343	9,300	9,160	9,600	0,119	0,019	41	13	76
12 months	9,150	9,100	8,630	9,600	0,180	0,028	41	13	76
24 months	9,103	9,000	8,750	9,500	0,209	0,034	38	16	70
USD/SEK									
3 months	7,398	7,400	7,000	8,020	0,207	0,032	41	13	76
12 months	7,297	7,250	6,500	8,200	0,421	0,066	41	13	76
24 months	7,291	7,200	6,000	8,500	0,535	0,087	38	16	70