

## 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 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 Swedish 5 year government bond rate, EUR and USD rates.

The money market player survey is conducted every month. The survey also including labour market parties and purchasing managers is published quarterly.

The latest survey in the all categories series June 2012, has now been completed, the previous March 2012 was published March 14, 2012. The last survey among money market players was published May 9, 2012.

A comparison of the results of the surveys can be summarised as follows (rounded off figures):

### All Interviewees' Expectations of

	Year 1		Year 2		Year 5	
	June 12	Mar 12	June 12	Mar 12	June 12	Mar 12
<b>Annual</b>						
Inflation,%	1,5	1,7	1,9	2,0	2,1	2,2
GDP, %	1,4	1,6	2,0	2,3	2,5	2,9
Wage increase, %	2,8	2,8	2,7	2,7	2,9	2,8

  

	3 months		12 months		24 months		60 months	
	June 12	Mar 12	June 12	Mar 12	June 12	Mar 12	June 12	Mar 12
Repo rate, %	1,4	1,4	1,5	1,4	1,8	1,8	2,5	2,5

### Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	June 12	(May 12)	Mar 12	June 12	(May 12)	Mar 12	June 12	(May 12)	Mar 12	June 12	(May 12)	Mar 12
Repo rate, %	1,5	(1,5)	1,3	1,3	(1,4)	1,2	1,7	(1,9)	1,7	2,9	(3,0)	2,8
5 year gvt bond rate, %	1,1	(1,5)	1,4	1,5	(1,8)	1,7	2,0	(2,5)	2,2	3,1	(3,4)	3,2
EUR	8,89	(8,82)	8,85	8,72	(8,72)	8,76	8,66	(8,71)	8,75	-	-	-
USD	7,17	(6,78)	6,72	7,23	(6,97)	6,80	7,18	(7,05)	6,95	-	-	-

**Interview Period & Method**

TNS SIFO Prospera's survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out May 28 – June 12, 2012 (previous February 27 – March 13, 2012 (April 25 – May 8, 2012)).

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on May 30, 2012 (February 29, 2012 (April 25, 2012)).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 12,1 years.

**About the Interviewees & Response Rate***All Interviewees*

In all 255 (258) organisations/companies were approached for interview. 18 (23) 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 % (91 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 91 % 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 2-8)

*Labour Market Organisations*

51 Swedish labour market organisations, of which 24 on the employers' side and 27 on the employees' side have been approached.

*Purchase Managers*

Of the 148 purchasing managers 74 represent the trading industry and 74 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.

*Money Market Players*

The money market category includes 56 players, 49 Swedish and 7 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 survey covering expected 5 year government bond rates, EUR and USD rates.

**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.

*Wage increase*, 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.

*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 - Comparison June 2012 vs (May 2012) March 2012**

A comparison of the results of the two surveys in all interviewee categories is summarised as follows (rounded off figures):

<b>Expectations of</b>	<b>Year 1</b>			<b>Year 2</b>			<b>Year 5</b>		
	<b>June 12</b>	<b>(May 12)</b>	<b>Mar 12</b>	<b>June 12</b>	<b>(May 12)</b>	<b>Mar 12</b>	<b>June 12</b>	<b>(May 12)</b>	<b>Mar 12</b>
<b>Annual inflation, %</b>									
All interviewees	1,5		1,7	1,9		2,0	2,1		2,2
Employees' organisations	1,7		1,7	1,9		2,0	2,2		2,3
Employers' organisations	1,5		1,7	1,9		1,9	2,1		2,2
Purchase managers Manufacturing	1,6		1,8	1,9		2,1	2,1		2,4
Purchase managers Trading	1,6		1,7	1,9		2,0	2,1		2,3
Money market players	1,3	(1,4)	1,4	1,8	(1,9)	1,8	2,1	(2,1)	2,0
<b>GDP, %</b>									
All interviewees	1,4		1,6	2,0		2,3	2,5		2,9
Employees' organisations	1,3		1,8	2,0		2,5	2,7		3,3
Employers' organisations	1,5		1,6	2,1		2,3	2,8		2,8
Purchase managers Manufacturing	1,4		1,8	1,9		2,3	2,4		2,8
Purchase managers Trading	1,4		1,6	2,0		2,4	2,4		3,0
Money market players	1,2	(1,0)	1,0	2,0	(2,0)	2,1	2,4	(2,4)	2,6
<b>Annual wage increase, %</b>									
All interviewees	2,8		2,8	2,7		2,7	2,9		2,8
Employees' organisations	2,9		2,9	3,1		3,0	3,3		3,2
Employers' organisations	2,9		3,1	2,8		2,7	3,0		3,0
Purchase managers Manufacturing	2,6		2,8	2,6		2,6	2,7		2,7
Purchase managers Trading	2,8		2,7	2,7		2,7	2,9		2,8

	<b>3 months</b>			<b>12 months</b>			<b>24 months</b>			<b>60 months</b>		
	<b>June 12</b>	<b>(May 12)</b>	<b>Mar 12</b>	<b>June 12</b>	<b>(May 12)</b>	<b>Mar 12</b>	<b>June 12</b>	<b>(May 12)</b>	<b>Mar 12</b>	<b>June 12</b>	<b>(May 12)</b>	<b>Mar 12</b>
<b>Repo rate, %</b>												
All interviewees	1,4		1,4	1,5		1,4	1,8		1,8	2,5		2,5
Employees' organisations	1,4		1,4	1,5		1,4	1,8		1,7	2,5		2,5
Employers' organisations	1,4		1,4	1,5		1,5	1,8		1,9	2,6		2,6
Purchase managers Manufacturing	1,4		1,4	1,5		1,5	1,8		1,8	2,3		2,3
Purchase managers Trading	1,4		1,4	1,5		1,4	1,9		1,8	2,4		2,5
Money market players	1,5	(1,5)	1,3	1,3	(1,4)	1,2	1,7	(1,9)	1,7	2,9	(3,0)	2,8

**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 responses (numbers)	Response Rate (%)
<b>All</b>									
Year 1	1,513	1,500	0,000	3,200	0,488	0,032	236	19	93%
Year 2	1,881	2,000	0,000	5,000	0,542	0,035	235	20	92%
Year 5	2,130	2,000	0,500	4,500	0,535	0,036	220	35	86%
<b>Employees' organisations</b>									
Year 1	1,722	1,500	1,000	2,500	0,463	0,097	23	4	85%
Year 2	1,870	2,000	1,000	2,800	0,430	0,090	23	4	85%
Year 5	2,178	2,000	1,500	4,000	0,523	0,109	23	4	85%
<b>Employers' organisations</b>									
Year 1	1,483	1,500	0,900	2,000	0,333	0,069	23	1	96%
Year 2	1,887	1,900	1,500	3,000	0,360	0,075	23	1	96%
Year 5	2,136	2,000	1,300	4,000	0,522	0,111	22	2	92%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	1,551	1,500	0,000	2,900	0,480	0,059	67	7	91%
Year 2	1,910	2,000	0,000	3,500	0,530	0,065	67	7	91%
Year 5	2,136	2,000	1,000	3,500	0,555	0,069	65	9	88%
<b>Purchasing Managers, Trading</b>									
Year 1	1,551	1,500	0,200	3,000	0,521	0,063	69	5	93%
Year 2	1,933	2,000	0,200	5,000	0,662	0,080	69	5	93%
Year 5	2,134	2,000	0,500	3,500	0,522	0,065	64	10	86%
<b>Money Market Players</b>									
Year 1	1,343	1,300	0,500	3,200	0,482	0,066	54	2	96%
Year 2	1,781	1,800	1,000	4,200	0,496	0,068	53	3	95%
Year 5	2,089	2,000	1,000	4,500	0,558	0,082	46	10	82%

**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 responses (numbers)	Response Rate (%)
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	0,883	0,900	-0,500	2,500	0,548	0,080	47	9	84%
Upper bound	1,798	1,600	1,100	3,500	0,541	0,079	47	9	84%
<b>Year 2</b>									
Lower bound	1,162	1,000	-0,500	4,000	0,673	0,098	47	9	84%
Upper bound	2,443	2,400	1,300	5,000	0,712	0,104	47	9	84%
<b>Year 5</b>									
Lower bound	1,281	1,000	-1,500	4,500	0,816	0,123	44	12	79%
Upper bound	3,031	3,000	1,500	5,500	0,854	0,129	44	12	79%

**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 responses (numbers)	Response Rate (%)
<b>All</b>									
Year 1	1,350	1,400	0,000	4,000	0,734	0,048	236	19	93%
Year 2	1,960	2,000	-0,500	4,500	0,726	0,047	235	20	92%
Year 5	2,473	2,500	-1,000	5,500	0,718	0,049	217	38	85%
<b>Employees' organisations</b>									
Year 1	1,295	1,500	0,000	3,000	0,800	0,171	22	5	81%
Year 2	1,950	2,000	0,200	3,000	0,695	0,148	22	5	81%
Year 5	2,671	3,000	1,000	4,500	0,761	0,166	21	6	78%
<b>Employers' organisations</b>									
Year 1	1,457	1,300	0,000	4,000	0,934	0,195	23	1	96%
Year 2	2,130	2,000	1,000	4,500	0,741	0,155	23	1	96%
Year 5	2,764	2,700	2,000	4,000	0,586	0,125	22	2	92%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	1,421	1,400	0,000	4,000	0,761	0,092	68	6	92%
Year 2	1,852	1,850	0,000	4,000	0,768	0,093	68	6	92%
Year 5	2,419	2,500	0,800	5,500	0,755	0,094	64	10	86%
<b>Purchasing Managers, Trading</b>									
Year 1	1,357	1,500	0,000	3,500	0,607	0,073	69	5	93%
Year 2	1,953	2,000	-0,500	3,500	0,771	0,093	69	5	93%
Year 5	2,413	2,500	-1,000	4,500	0,820	0,103	64	10	86%
<b>Money Market Players</b>									
Year 1	1,230	1,200	0,000	3,000	0,736	0,100	54	2	96%
Year 2	2,037	2,000	0,500	3,500	0,611	0,084	53	3	95%
Year 5	2,403	2,500	1,500	4,000	0,495	0,073	46	10	82%

**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 responses (numbers)	Response Rate (%)
<b>All</b>									
Year 1	2,757	2,800	0,000	4,000	0,526	0,039	181	18	91%
Year 2	2,734	2,800	-1,000	4,000	0,616	0,046	181	18	91%
Year 5	2,864	3,000	0,000	4,000	0,566	0,043	171	28	86%
<b>Employees' organisations</b>									
Year 1	2,917	3,000	2,000	3,500	0,328	0,068	23	4	85%
Year 2	3,074	3,000	2,500	3,500	0,308	0,064	23	4	85%
Year 5	3,261	3,500	2,000	4,000	0,447	0,093	23	4	85%
<b>Employers' organisations</b>									
Year 1	2,936	3,000	1,500	3,500	0,379	0,081	22	2	92%
Year 2	2,836	3,000	1,700	4,000	0,610	0,130	22	2	92%
Year 5	2,960	3,000	1,600	3,750	0,546	0,119	21	3	88%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	2,612	2,650	0,000	3,750	0,631	0,077	68	6	92%
Year 2	2,607	2,550	-1,000	4,000	0,728	0,088	68	6	92%
Year 5	2,688	3,000	0,000	3,500	0,596	0,075	64	10	86%
<b>Purchasing Managers, Trading</b>									
Year 1	2,791	2,800	1,500	4,000	0,473	0,057	68	6	92%
Year 2	2,713	2,700	1,000	4,000	0,531	0,064	68	6	92%
Year 5	2,866	3,000	1,000	4,000	0,508	0,064	63	11	85%

**TABLE 6 - Repo Rate Expectations**

Expected repo rate the coming 3-60 months

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No responses (numbers)	Response Rate (%)
<b>All</b>									
3 months	1,438	1,500	0,500	2,000	0,140	0,009	220	35	86%
12 months	1,469	1,500	0,500	2,250	0,327	0,022	220	35	86%
24 months	1,807	1,750	0,500	3,000	0,464	0,031	218	37	85%
60 months	2,478	2,500	1,000	5,500	0,729	0,051	202	53	79%
<b>Employees' organisations</b>									
3 months	1,407	1,500	1,250	1,500	0,122	0,027	21	6	78%
12 months	1,529	1,500	1,000	2,000	0,284	0,062	21	6	78%
24 months	1,819	1,750	0,750	2,500	0,397	0,087	21	6	78%
60 months	2,518	2,500	1,250	3,800	0,692	0,155	20	7	74%
<b>Employers' organisations</b>									
3 months	1,426	1,500	1,250	1,500	0,115	0,024	23	1	96%
12 months	1,465	1,500	1,000	2,000	0,263	0,055	23	1	96%
24 months	1,793	1,750	1,000	2,500	0,359	0,075	23	1	96%
60 months	2,573	2,500	1,200	4,000	0,671	0,143	22	2	92%
<b>Purchasing Managers, Manufacturing</b>									
3 months	1,430	1,500	0,500	1,700	0,160	0,020	67	7	91%
12 months	1,481	1,500	1,000	2,250	0,316	0,039	67	7	91%
24 months	1,801	1,750	1,000	3,000	0,456	0,056	67	7	91%
60 months	2,252	2,250	1,000	4,000	0,654	0,083	62	12	84%
<b>Purchasing Managers, Trading</b>									
3 months	1,449	1,500	1,000	2,000	0,157	0,019	67	7	91%
12 months	1,543	1,500	0,750	2,250	0,317	0,039	67	7	91%
24 months	1,889	2,000	1,000	3,000	0,412	0,050	67	7	91%
60 months	2,441	2,500	1,000	4,000	0,712	0,090	62	12	84%
<b>Money Market Players</b>									
3 months	1,458	1,500	1,250	1,500	0,094	0,015	42	14	75%
12 months	1,304	1,250	0,500	2,250	0,364	0,056	42	14	75%
24 months	1,680	1,625	0,500	3,000	0,614	0,097	40	16	71%
60 months	2,850	3,000	1,500	5,500	0,804	0,134	36	20	64%

**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 responses (numbers)	Response Rate (%)
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	1,136	1,125	0,500	1,500	0,228	0,036	40	16	71%
Upper bound	1,614	1,500	1,500	2,300	0,200	0,032	40	16	71%
<b>12 months</b>									
Lower bound	0,793	0,875	-0,250	1,750	0,453	0,072	40	16	71%
Upper bound	1,764	1,750	1,000	2,750	0,406	0,064	40	16	71%
<b>24 months</b>									
Lower bound	0,954	1,000	0,000	2,750	0,621	0,099	39	17	70%
Upper bound	2,405	2,250	1,000	4,000	0,788	0,126	39	17	70%
<b>60 months</b>									
Lower bound	1,618	1,500	0,000	3,750	0,919	0,153	36	20	64%
Upper bound	3,910	4,000	2,000	7,000	1,104	0,184	36	20	64%

**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 responses (numbers)	Response Rate (%)
<b>5 YEAR GOVERNMENT BOND RATE</b>									
3 months	1,120	1,100	0,500	1,800	0,228	0,037	38	18	68%
12 months	1,457	1,400	0,500	2,600	0,455	0,074	38	18	68%
24 months	1,981	2,000	0,500	3,700	0,668	0,110	37	19	66%
60 months	3,051	3,000	1,500	5,500	0,985	0,166	35	21	63%
<b>EUR/SEK</b>									
3 months	8,885	8,890	8,600	9,300	0,141	0,022	42	14	75%
12 months	8,723	8,750	8,000	9,250	0,232	0,036	42	14	75%
24 months	8,655	8,700	7,500	9,250	0,306	0,048	40	16	71%
<b>USD/SEK</b>									
3 months	7,165	7,200	6,290	7,600	0,249	0,038	42	14	75%
12 months	7,225	7,250	5,970	8,200	0,506	0,078	42	14	75%
24 months	7,176	7,000	6,300	8,500	0,499	0,079	40	16	71%