

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 March 2012, has now been completed, the previous December 2011 was published December 14, 2011. The last survey among money market players was published February 15, 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	
	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11
Annual						
Inflation,%	1,7	2,0	2,0	2,1	2,2	2,4
GDP, %	1,6	1,8	2,3	2,2	2,9	2,9
Wage increase, %	2,8	2,8	2,7	2,7	2,8	2,9

	3 months		12 months		24 months		60 months	
	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11
Repo rate, %	1,4	1,8	1,4	1,7	1,8	2,0	2,5	2,8

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11
Repo rate, %	1,3	(1,5)	1,7	1,2	(1,2)	1,4	1,7	(1,6)	1,8	2,8	(2,8)	2,9
5 year gvt bond rate, %	1,4	(1,3)	1,3	1,7	(1,6)	1,6	2,2	(2,2)	2,1	3,2	(3,1)	3,1
EUR	8,85	(8,84)	9,15	8,76	(8,81)	9,03	8,75	(8,77)	8,99	-	-	-
USD	6,72	(6,88)	6,94	6,80	(6,93)	7,01	6,95	(6,98)	7,03	-	-	-

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 February 27 – March 13, 2012 (previous survey November 28 – December 12, 2011 (February 1 – February 10, 2012)).

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on February 29, 2012 (November 30, 2011 (February 1, 2012)).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 10,2 years.

About the Interviewees & Response Rate*All Interviewees*

In all 258 (260) organisations/companies were approached for interview. 23 (20) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 91 % (92 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 85 % 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 150 purchasing managers 76 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 57 players, 50 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 March 2012 vs (February 2012) December 2011

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

Expectations of	Year 1			Year 2			Year 5		
	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11
Annual inflation, %									
All interviewees	1,7		2,0	2,0		2,1	2,2		2,4
Employees' organisations	1,7		2,2	2,0		2,2	2,3		2,4
Employers' organisations	1,7		2,0	1,9		2,0	2,2		2,3
Purchase managers Manufacturing	1,8		2,2	2,1		2,3	2,4		2,6
Purchase managers Trading	1,7		2,1	2,0		2,1	2,3		2,4
Money market players	1,4	(1,4)	1,6	1,8	(1,8)	1,9	2,0	(2,1)	2,0
GDP, %									
All interviewees	1,6		1,8	2,3		2,2	2,9		2,9
Employees' organisations	1,8		2,6	2,5		2,9	3,3		3,5
Employers' organisations	1,6		1,5	2,3		2,2	2,8		2,9
Purchase managers Manufacturing	1,8		2,1	2,3		2,4	2,8		3,0
Purchase managers Trading	1,6		1,8	2,4		2,2	3,0		3,0
Money market players	1,0	(0,9)	1,1	2,1	(2,0)	1,8	2,6	(2,5)	2,4
Annual wage increase, %									
All interviewees	2,8		2,8	2,7		2,7	2,8		2,9
Employees' organisations	2,9		3,0	3,0		3,1	3,2		3,2
Employers' organisations	3,1		2,8	2,7		2,6	3,0		3,0
Purchase managers Manufacturing	2,8		2,8	2,6		2,6	2,7		2,8
Purchase managers Trading	2,7		2,8	2,7		2,6	2,8		2,9

	3 months			12 months			24 months			60 months		
	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11	Mar 12	(Feb 12)	Dec 11
Repo rate, %												
All interviewees	1,4		1,8	1,4		1,7	1,8		2,0	2,5		2,8
Employees' organisations	1,4		1,9	1,4		1,9	1,7		2,2	2,5		2,7
Employers' organisations	1,4		1,8	1,5		1,6	1,9		2,0	2,6		2,8
Purchase managers Manufacturing	1,4		1,9	1,5		1,9	1,8		2,1	2,3		2,7
Purchase managers Trading	1,4		1,8	1,4		1,8	1,8		2,0	2,5		2,8
Money market players	1,3	(1,5)	1,7	1,2	(1,2)	1,4	1,7	(1,6)	1,8	2,8	(2,8)	2,9

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 (%)
All									
Year 1	1,677	1,700	-0,200	3,500	0,572	0,037	235	23	91%
Year 2	1,997	2,000	0,000	4,000	0,508	0,033	234	24	91%
Year 5	2,241	2,000	0,500	5,000	0,563	0,038	220	38	85%
Employees' organisations									
Year 1	1,713	1,750	0,700	2,500	0,441	0,090	24	3	89%
Year 2	1,963	2,000	1,300	2,900	0,331	0,068	24	3	89%
Year 5	2,275	2,050	1,500	5,000	0,675	0,138	24	3	89%
Employers' organisations									
Year 1	1,674	1,500	0,500	3,000	0,618	0,129	23	1	96%
Year 2	1,939	2,000	0,500	3,000	0,581	0,121	23	1	96%
Year 5	2,177	2,000	0,500	4,000	0,676	0,144	22	2	92%
Purchasing Managers, Manufacturing									
Year 1	1,822	1,900	0,000	3,500	0,614	0,074	68	6	92%
Year 2	2,124	2,000	0,500	4,000	0,611	0,075	67	7	91%
Year 5	2,356	2,500	1,000	4,000	0,596	0,075	63	11	85%
Purchasing Managers, Trading									
Year 1	1,724	1,900	0,000	3,000	0,560	0,068	68	8	89%
Year 2	2,026	2,000	0,000	3,000	0,501	0,061	68	8	89%
Year 5	2,274	2,200	0,500	4,000	0,571	0,071	65	11	86%
Money Market Players									
Year 1	1,413	1,500	-0,200	2,800	0,487	0,068	52	5	91%
Year 2	1,838	1,900	1,000	3,000	0,349	0,048	52	5	91%
Year 5	2,048	2,000	1,500	3,500	0,290	0,043	46	11	81%

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 (%)
Money Market Players									
Year 1									
Lower bound	0,898	1,000	-0,500	2,600	0,550	0,083	44	13	77%
Upper bound	1,981	2,000	1,000	3,800	0,535	0,081	44	13	77%
Year 2									
Lower bound	1,163	1,300	-0,500	2,600	0,587	0,089	44	13	77%
Upper bound	2,467	2,500	1,500	3,700	0,516	0,078	44	13	77%
Year 5									
Lower bound	1,233	1,400	-1,500	2,200	0,614	0,095	42	15	74%
Upper bound	2,896	3,000	1,800	5,500	0,655	0,101	42	15	74%

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 (%)
All									
Year 1	1,564	1,500	-2,000	5,500	1,220	0,080	232	26	90%
Year 2	2,292	2,100	-2,000	5,500	0,990	0,065	231	27	90%
Year 5	2,850	2,550	0,000	6,000	0,882	0,060	218	40	84%
Employees' organisations									
Year 1	1,826	1,500	0,400	5,000	1,367	0,285	23	4	85%
Year 2	2,526	2,500	1,000	4,500	0,918	0,191	23	4	85%
Year 5	3,278	3,000	2,200	5,000	0,780	0,163	23	4	85%
Employers' organisations									
Year 1	1,600	1,000	0,500	5,300	1,225	0,255	23	1	96%
Year 2	2,257	2,200	-2,000	4,500	1,286	0,268	23	1	96%
Year 5	2,823	2,500	2,000	4,500	0,745	0,159	22	2	92%
Purchasing Managers, Manufacturing									
Year 1	1,848	1,500	-2,000	4,100	1,337	0,165	66	8	89%
Year 2	2,291	2,000	-2,000	4,500	1,127	0,140	65	9	88%
Year 5	2,756	2,500	0,000	6,000	0,996	0,127	62	12	84%
Purchasing Managers, Trading									
Year 1	1,622	1,500	-1,300	5,500	1,160	0,141	68	8	89%
Year 2	2,353	2,150	0,000	5,500	0,986	0,120	68	8	89%
Year 5	2,992	3,000	1,000	6,000	0,912	0,113	65	11	86%
Money Market Players									
Year 1	0,997	1,000	-2,000	3,000	0,879	0,122	52	5	91%
Year 2	2,126	2,000	1,000	4,500	0,644	0,089	52	5	91%
Year 5	2,575	2,500	1,500	5,000	0,675	0,099	46	11	81%

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 (%)
All									
Year 1	2,826	3,000	0,300	4,500	0,549	0,041	181	20	90%
Year 2	2,696	2,800	0,600	4,000	0,557	0,042	179	22	89%
Year 5	2,834	3,000	1,000	4,700	0,561	0,043	172	29	86%
Employees' organisations									
Year 1	2,946	3,000	2,000	3,500	0,406	0,083	24	3	89%
Year 2	2,983	3,000	2,000	4,000	0,426	0,087	24	3	89%
Year 5	3,242	3,500	2,000	4,000	0,517	0,105	24	3	89%
Employers' organisations									
Year 1	3,123	3,050	2,300	4,000	0,412	0,088	22	2	92%
Year 2	2,732	2,800	1,500	4,000	0,534	0,114	22	2	92%
Year 5	2,981	3,000	1,900	4,000	0,595	0,130	21	3	88%
Purchasing Managers, Manufacturing									
Year 1	2,774	3,000	1,500	4,500	0,583	0,071	68	6	92%
Year 2	2,590	2,500	1,000	4,000	0,541	0,066	67	7	91%
Year 5	2,704	2,800	1,500	4,000	0,483	0,061	63	11	85%
Purchasing Managers, Trading									
Year 1	2,737	2,800	0,300	4,300	0,567	0,069	67	9	88%
Year 2	2,686	2,750	0,600	4,000	0,595	0,073	66	10	87%
Year 5	2,761	3,000	1,000	4,700	0,568	0,071	64	12	84%

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 (%)
All									
3 months	1,380	1,500	1,000	1,750	0,162	0,011	213	45	83%
12 months	1,392	1,300	0,500	2,500	0,329	0,023	213	45	83%
24 months	1,787	1,750	0,500	3,000	0,442	0,031	209	49	81%
60 months	2,504	2,500	1,000	4,500	0,653	0,046	199	59	77%
Employees' organisations									
3 months	1,361	1,500	1,000	1,500	0,164	0,034	23	4	85%
12 months	1,378	1,500	0,750	2,000	0,334	0,070	23	4	85%
24 months	1,739	1,500	0,750	3,000	0,491	0,102	23	4	85%
60 months	2,461	2,500	1,500	3,500	0,590	0,123	23	4	85%
Employers' organisations									
3 months	1,359	1,250	1,000	1,500	0,147	0,031	23	1	96%
12 months	1,467	1,250	0,750	2,000	0,387	0,081	23	1	96%
24 months	1,887	1,750	1,000	3,000	0,480	0,100	23	1	96%
60 months	2,625	2,500	1,200	4,500	0,701	0,149	22	2	92%
Purchasing Managers, Manufacturing									
3 months	1,412	1,500	1,000	1,700	0,144	0,018	67	7	91%
12 months	1,478	1,500	1,000	2,500	0,324	0,040	67	7	91%
24 months	1,779	1,750	1,000	2,700	0,424	0,053	65	9	88%
60 months	2,303	2,375	1,000	3,500	0,602	0,076	62	12	84%
Purchasing Managers, Trading									
3 months	1,384	1,500	1,000	1,750	0,189	0,023	67	9	88%
12 months	1,369	1,250	0,500	2,000	0,308	0,038	67	9	88%
24 months	1,822	1,750	1,000	3,000	0,400	0,049	66	10	87%
60 months	2,521	2,500	1,000	4,000	0,665	0,084	63	13	83%
Money Market Players									
3 months	1,333	1,250	1,000	1,500	0,135	0,024	33	24	58%
12 months	1,220	1,250	0,500	1,750	0,271	0,047	33	24	58%
24 months	1,695	1,750	0,500	2,500	0,499	0,088	32	25	56%
60 months	2,836	2,750	2,000	4,000	0,624	0,116	29	28	51%

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 (%)
Money Market Players									
3 months									
Lower bound	1,075	1,000	0,250	1,500	0,247	0,045	30	27	53%
Upper bound	1,517	1,500	1,250	2,000	0,173	0,032	30	27	53%
12 months									
Lower bound	0,837	0,875	0,000	1,500	0,321	0,059	30	27	53%
Upper bound	1,650	1,625	1,000	2,000	0,283	0,052	30	27	53%
24 months									
Lower bound	1,173	1,100	0,500	2,250	0,538	0,098	30	27	53%
Upper bound	2,392	2,500	1,500	3,750	0,542	0,099	30	27	53%
60 months									
Lower bound	1,848	1,750	0,500	3,750	0,934	0,176	28	29	49%
Upper bound	3,893	3,875	3,000	7,000	0,949	0,179	28	29	49%

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 (%)
5 YEAR GOVERNMENT BOND RATE									
3 months	1,444	1,465	1,150	1,750	0,131	0,025	28	29	49%
12 months	1,686	1,700	1,200	2,650	0,281	0,053	28	29	49%
24 months	2,227	2,050	1,500	3,500	0,426	0,080	28	29	49%
60 months	3,243	3,000	2,000	5,000	0,702	0,135	27	30	47%
EUR/SEK									
3 months	8,847	8,800	8,500	10,200	0,282	0,050	32	25	56%
12 months	8,756	8,800	8,000	9,700	0,311	0,055	32	25	56%
24 months	8,750	8,750	8,000	9,250	0,257	0,047	30	27	53%
USD/SEK									
3 months	6,720	6,700	6,400	7,460	0,238	0,042	32	25	56%
12 months	6,798	6,850	6,000	7,840	0,479	0,085	32	25	56%
24 months	6,950	7,000	6,000	8,000	0,527	0,096	30	27	53%