



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, April, has now been completed. The previous survey, March 2014, was published March 12, 2014.

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	
	Apr 14	Mar 14	Apr 14	Mar 14	Apr 14	Mar 14
Annual						
Inflation, %	1,0	1,0	1,6	1,6	1,8	1,9
GDP, %	2,4	2,3	2,5	2,4	2,4	2,3

	3 months		12 months		24 months		60 months	
	Apr 14	Mar 14	Apr 14	Mar 14	Apr 14	Mar 14	Apr 14	Mar 14
Repo rate, %	0,7	0,7	0,8	0,8	1,4	1,5	2,6	2,6
5 year gvt bond rate, %	1,5	1,5	1,8	1,8	2,3	2,4	3,0	3,1
EUR	8,82	8,84	8,64	8,66	8,56	8,54	-	-
USD	6,52	6,57	6,69	6,76	6,85	6,99	-	-



Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out March 26 – April 3, 2014 (previous survey February 24 – March 11, 2014).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on March 26, 2014 (previous survey February 26, 2014).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 16,3 years.

About the Interviewees & Response Rate

In all 53 (53) organisations were approached for interview. 3 (6) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 94 % (89 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 92 % 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 47 Swedish and 6 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	1,015	1,000	0,000	2,100	0,487	0,070	49	4	92%
Year 2	1,619	1,600	0,000	2,500	0,493	0,070	49	4	92%
Year 5	1,845	2,000	0,500	3,000	0,407	0,062	43	10	81%

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	0,648	0,750	-1,000	1,500	0,497	0,077	42	11	79%
Upper bound	1,445	1,450	0,500	2,200	0,464	0,072	42	11	79%
Year 2									
Lower bound	1,030	1,200	-2,000	2,000	0,633	0,097	43	10	81%
Upper bound	2,105	2,000	1,000	3,300	0,557	0,085	43	10	81%
Year 5									
Lower bound	1,062	1,000	-2,500	2,400	0,734	0,113	42	11	79%
Upper bound	2,702	2,500	1,500	6,000	0,763	0,118	42	11	79%

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	2,377	2,500	0,500	3,500	0,670	0,096	49	4	92%
Year 2	2,511	2,700	1,000	3,400	0,537	0,077	49	4	92%
Year 5	2,376	2,400	1,500	3,500	0,494	0,075	43	10	81%

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	0,738	0,750	0,500	0,750	0,055	0,009	41	12	77%
12 months	0,830	0,750	0,250	1,250	0,215	0,034	41	12	77%
24 months	1,424	1,500	0,250	2,250	0,448	0,072	39	14	74%
60 months	2,566	2,500	1,000	3,750	0,757	0,130	34	19	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	0,549	0,500	0,250	0,750	0,117	0,019	36	17	68%
Upper bound	0,792	0,750	0,750	1,000	0,094	0,016	36	17	68%
12 months									
Lower bound	0,575	0,500	0,000	1,000	0,206	0,034	36	17	68%
Upper bound	1,083	1,000	0,750	1,750	0,293	0,049	36	17	68%
24 months									
Lower bound	0,979	1,000	0,000	1,750	0,426	0,072	35	18	66%
Upper bound	1,964	2,000	1,000	3,250	0,543	0,092	35	18	66%
60 months									
Lower bound	1,667	1,750	0,000	3,250	0,757	0,132	33	20	62%
Upper bound	3,447	3,500	1,500	7,000	1,062	0,185	33	20	62%

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									
	1,500	1,500	1,000	1,850	0,146	0,024	36	17	68%
12 months									
	1,832	1,775	1,200	2,500	0,300	0,050	36	17	68%
24 months									
	2,306	2,250	1,300	3,300	0,427	0,072	35	18	66%
60 months									
	3,029	3,000	1,800	4,250	0,628	0,108	34	19	64%
EUR/SEK									
3 months									
	8,823	8,800	8,500	9,200	0,128	0,020	40	13	75%
12 months									
	8,643	8,600	8,200	9,100	0,217	0,035	39	14	74%
24 months									
	8,561	8,500	8,000	9,200	0,267	0,043	39	14	74%
USD/SEK									
3 months									
	6,516	6,500	6,250	7,000	0,163	0,026	40	13	75%
12 months									
	6,686	6,700	6,000	7,640	0,310	0,050	39	14	74%
24 months									
	6,853	6,800	6,000	8,100	0,429	0,069	39	14	74%