



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, August, has now been completed. The previous survey, July 2014, was published July 9, 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			
	Aug 14	Jul 14	Aug 14	Jul 14	Aug 14	Jul 14		
Annual								
Inflation, %	0,9	0,8	1,5	1,4	1,8	1,8		
GDP, %	2,3	2,4	2,4	2,5	2,3	2,4		
	3 months		12 months		24 months		60 months	
	Aug 14	Jul 14	Aug 14	Jul 14	Aug 14	Jul 14	Aug 14	Jul 14
Repo rate, %	0,3	0,5	0,3	0,6	0,8	1,2	2,1	2,6
5 year gvt bond rate, %	0,8	1,1	1,1	1,5	1,6	2,0	2,6	3,0
EUR	9,17	9,08	9,04	8,89	8,87	8,77	-	-
USD	6,90	6,75	7,03	6,94	7,07	7,06	-	-



Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out July 30 – August 12, 2014 (previous survey June 25 – July 3, 2014).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on July 30, 2014 (previous survey June 25, 2014).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 9,6 years.

About the Interviewees & Response Rate

In all 53 (53) organisations were approached for interview. 7 (9) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 87 % (83 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 85 % 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 5 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	0,895	0,950	-0,100	1,900	0,411	0,061	46	7	87%
Year 2	1,503	1,500	0,100	3,100	0,545	0,080	46	7	87%
Year 5	1,763	1,900	1,000	2,500	0,345	0,053	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	0,452	0,500	-0,500	1,500	0,454	0,070	42	11	79%
Upper bound	1,302	1,350	0,300	2,250	0,466	0,072	42	11	79%
Year 2									
Lower bound	0,892	1,000	-0,100	2,300	0,555	0,086	42	11	79%
Upper bound	1,952	1,850	0,500	3,600	0,702	0,108	42	11	79%
Year 5									
Lower bound	1,103	1,000	-0,500	2,000	0,525	0,083	40	13	75%
Upper bound	2,495	2,450	1,500	4,500	0,690	0,109	40	13	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	2,293	2,300	0,500	3,500	0,621	0,093	45	8	85%
Year 2	2,384	2,400	1,000	3,500	0,510	0,076	45	8	85%
Year 5	2,300	2,300	1,500	3,200	0,469	0,072	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	0,255	0,250	0,150	0,500	0,048	0,009	32	21	60%
12 months	0,325	0,250	0,150	1,000	0,197	0,035	32	21	60%
24 months	0,779	0,750	0,250	2,000	0,477	0,084	32	21	60%
60 months	2,141	2,250	0,750	3,750	0,776	0,147	28	25	53%

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	0,155	0,150	0,000	0,250	0,105	0,019	31	22	58%
Upper bound	0,297	0,250	0,150	1,000	0,148	0,027	31	22	58%
12 months									
Lower bound	0,156	0,150	0,000	0,500	0,155	0,028	31	22	58%
Upper bound	0,602	0,500	0,150	1,500	0,284	0,051	31	22	58%
24 months									
Lower bound	0,390	0,250	0,000	1,250	0,337	0,061	31	22	58%
Upper bound	1,210	1,000	0,500	2,500	0,496	0,089	31	22	58%
60 months									
Lower bound	1,388	1,500	0,000	3,250	0,896	0,169	28	25	53%
Upper bound	2,955	3,000	1,250	4,250	0,895	0,169	28	25	53%

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									
	0,813	0,800	0,500	1,050	0,124	0,022	31	22	58%
12 months									
	1,094	1,000	0,500	2,250	0,346	0,062	31	22	58%
24 months									
	1,598	1,500	0,750	2,600	0,450	0,081	31	22	58%
60 months									
	2,550	2,500	1,000	4,000	0,856	0,159	29	24	55%
EUR/SEK									
3 months									
	9,173	9,200	8,800	9,400	0,119	0,021	33	20	62%
12 months									
	9,038	9,000	8,700	9,400	0,180	0,031	33	20	62%
24 months									
	8,867	8,900	8,100	9,500	0,274	0,049	31	22	58%
USD/SEK									
3 months									
	6,903	6,900	6,650	7,100	0,102	0,018	32	21	60%
12 months									
	7,027	7,000	6,500	7,950	0,303	0,054	32	21	60%
24 months									
	7,068	7,050	6,200	8,100	0,447	0,080	31	22	58%