



## 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, February, has now been completed. The previous survey, January 2014, was published January 29, 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	
	Feb 14	Jan 14	Feb 14	Jan 14	Feb 14	Jan 14
<b>Annual</b>						
<b>Inflation, %</b>	1,1	1,1	1,6	1,6	1,9	1,9
<b>GDP, %</b>	2,2	2,2	2,4	2,3	2,4	2,3

  

	3 months		12 months		24 months		60 months	
	Feb 14	Jan 14	Feb 14	Jan 14	Feb 14	Jan 14	Feb 14	Jan 14
<b>Repo rate, %</b>	0,8	0,8	0,8	0,8	1,5	1,5	2,7	2,6
<b>5 year gvt bond rate, %</b>	1,6	1,7	2,0	2,1	2,5	2,6	3,3	3,2
<b>EUR</b>	8,75	8,77	8,59	8,61	8,46	8,54	-	-
<b>USD</b>	6,60	6,59	6,80	6,88	6,93	7,07	-	-



### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out February 5 – February 17, 2014 (previous survey January 15 – January 27, 2014).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on February 5, 2014 (previous survey January 15, 2014).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 18,7 years.

### About the Interviewees & Response Rate

In all 53 (53) organisations were approached for interview. 5 (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 91 % (89 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 89 % 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
<b>Money Market Players</b>									
<b>Year 1</b>	1,071	1,000	0,400	2,100	0,401	0,058	47	6	89%
<b>Year 2</b>	1,646	1,600	0,500	2,400	0,469	0,068	47	6	89%
<b>Year 5</b>	1,870	2,000	1,000	3,300	0,421	0,065	42	11	79%

**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
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	0,586	0,600	-0,500	1,300	0,447	0,068	43	10	81%
Upper bound	1,507	1,500	0,600	2,750	0,448	0,068	43	10	81%
<b>Year 2</b>									
Lower bound	0,975	1,000	-1,500	2,000	0,644	0,099	42	11	79%
Upper bound	2,154	2,000	1,000	4,300	0,641	0,099	42	11	79%
<b>Year 5</b>									
Lower bound	1,052	1,000	-2,000	1,900	0,721	0,111	42	11	79%
Upper bound	2,700	2,500	1,500	5,000	0,754	0,116	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
<b>Money Market Players</b>									
<b>Year 1</b>	2,241	2,300	0,500	3,500	0,687	0,100	47	6	89%
<b>Year 2</b>	2,384	2,500	1,000	4,000	0,619	0,090	47	6	89%
<b>Year 5</b>	2,408	2,400	1,500	3,500	0,518	0,080	42	11	79%

**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
<b>Money Market Players</b>									
<b>3 months</b>	0,750	0,750	0,750	0,750	0,000	0,000	35	18	66%
<b>12 months</b>	0,826	0,750	0,500	1,250	0,155	0,026	35	18	66%
<b>24 months</b>	1,497	1,500	0,500	2,500	0,410	0,070	34	19	64%
<b>60 months</b>	2,734	2,500	1,500	4,000	0,657	0,116	32	21	60%

**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
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	0,614	0,500	0,250	0,750	0,141	0,025	33	20	62%
Upper bound	0,795	0,750	0,750	1,000	0,098	0,017	33	20	62%
<b>12 months</b>									
Lower bound	0,545	0,500	0,250	0,750	0,182	0,032	33	20	62%
Upper bound	1,129	1,000	0,750	1,750	0,280	0,049	33	20	62%
<b>24 months</b>									
Lower bound	0,939	1,000	0,250	1,750	0,405	0,071	33	20	62%
Upper bound	1,955	2,000	1,000	3,000	0,506	0,088	33	20	62%
<b>60 months</b>									
Lower bound	1,680	2,000	0,000	3,000	0,733	0,130	32	21	60%
Upper bound	3,548	3,500	2,000	7,000	1,029	0,182	32	21	60%

**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
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>									
	1,601	1,600	1,400	1,800	0,105	0,018	33	20	62%
<b>12 months</b>									
	1,956	2,000	1,500	2,650	0,267	0,046	33	20	62%
<b>24 months</b>									
	2,463	2,350	1,700	3,500	0,480	0,085	32	21	60%
<b>60 months</b>									
	3,292	3,250	2,000	4,500	0,647	0,114	32	21	60%
<b>EUR/SEK</b>									
<b>3 months</b>									
	8,754	8,750	8,500	9,100	0,113	0,019	35	18	66%
<b>12 months</b>									
	8,591	8,500	8,300	9,200	0,219	0,037	35	18	66%
<b>24 months</b>									
	8,465	8,500	8,000	9,000	0,234	0,040	34	19	64%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,597	6,550	6,300	7,000	0,159	0,027	35	18	66%
<b>12 months</b>									
	6,805	6,750	6,000	8,000	0,371	0,063	35	18	66%
<b>24 months</b>									
	6,933	6,900	6,000	8,500	0,501	0,086	34	19	64%