



## 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, July, has now been completed. The previous survey, June 2014, was published June 4, 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			
	Jul 14	Jun 14	Jul 14	Jun 14	Jul 14	Jun 14		
<b>Annual</b>								
<b>Inflation, %</b>	0,8	0,9	1,4	1,5	1,8	1,8		
<b>GDP, %</b>	2,4	2,4	2,5	2,5	2,4	2,4		
	3 months		12 months		24 months		60 months	
	Jul 14	Jun 14	Jul 14	Jun 14	Jul 14	Jun 14	Jul 14	Jun 14
<b>Repo rate, %</b>	0,5	0,5	0,6	0,6	1,2	1,3	2,6	2,6
<b>5 year gvt bond rate, %</b>	1,1	1,2	1,5	1,5	2,0	2,0	3,0	2,9
<b>EUR</b>	9,08	8,97	8,89	8,84	8,77	8,73	-	-
<b>USD</b>	6,75	6,62	6,94	6,78	7,06	6,87	-	-



### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out June 25 – July 3, 2014 (previous survey May 19 – June 3, 2014).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on June 25, 2014 (previous survey May 21, 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 (54) organisations were approached for interview. 9 (2) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 83 % (96 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 81 % 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>	0,808	1,000	-0,100	2,000	0,515	0,078	43	10	81%
<b>Year 2</b>	1,433	1,500	0,200	3,000	0,591	0,090	43	10	81%
<b>Year 5</b>	1,831	1,950	0,200	3,500	0,516	0,080	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	0,343	0,400	-0,500	1,600	0,530	0,086	38	15	72%
Upper bound	1,208	1,200	0,200	2,400	0,548	0,089	38	15	72%
<b>Year 2</b>									
Lower bound	0,791	1,000	-0,500	2,000	0,553	0,088	39	14	74%
Upper bound	1,926	1,750	0,500	3,600	0,731	0,117	39	14	74%
<b>Year 5</b>									
Lower bound	0,995	1,000	-0,500	1,750	0,532	0,086	38	15	72%
Upper bound	2,561	2,500	0,500	5,000	0,855	0,139	38	15	72%

**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>	2,393	2,500	0,500	3,500	0,546	0,083	43	10	81%
<b>Year 2</b>	2,480	2,500	1,000	3,500	0,497	0,076	43	10	81%
<b>Year 5</b>	2,415	2,500	1,500	3,500	0,458	0,071	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>	0,493	0,500	0,250	0,500	0,041	0,007	37	16	70%
<b>12 months</b>	0,558	0,500	0,250	1,000	0,178	0,029	37	16	70%
<b>24 months</b>	1,240	1,250	0,500	2,300	0,412	0,068	37	16	70%
<b>60 months</b>	2,566	2,500	1,000	3,750	0,673	0,114	35	18	66%

**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	0,379	0,500	0,250	0,500	0,127	0,022	33	20	62%
Upper bound	0,644	0,750	0,500	1,250	0,166	0,029	33	20	62%
<b>12 months</b>									
Lower bound	0,321	0,250	0,000	0,750	0,186	0,032	33	20	62%
Upper bound	0,894	1,000	0,500	1,250	0,242	0,042	33	20	62%
<b>24 months</b>									
Lower bound	0,697	0,500	0,250	1,500	0,317	0,055	33	20	62%
Upper bound	1,712	1,500	0,500	3,500	0,587	0,102	33	20	62%
<b>60 months</b>									
Lower bound	1,516	1,500	0,250	3,000	0,713	0,126	32	21	60%
Upper bound	3,352	3,000	1,500	5,500	0,944	0,167	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>									
	1,066	1,000	0,800	1,500	0,156	0,028	31	22	58%
<b>12 months</b>									
	1,460	1,400	0,900	2,350	0,362	0,065	31	22	58%
<b>24 months</b>									
	2,023	2,000	1,300	2,800	0,416	0,076	30	23	57%
<b>60 months</b>									
	2,955	3,000	1,750	4,000	0,739	0,137	29	24	55%
<b>EUR/SEK</b>									
<b>3 months</b>									
	9,084	9,100	8,700	9,300	0,146	0,024	36	17	68%
<b>12 months</b>									
	8,888	8,900	8,350	9,250	0,234	0,040	35	18	66%
<b>24 months</b>									
	8,773	8,750	8,100	9,500	0,296	0,050	35	18	66%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,755	6,750	6,300	7,100	0,157	0,027	35	18	66%
<b>12 months</b>									
	6,938	6,900	6,460	7,640	0,255	0,043	35	18	66%
<b>24 months</b>									
	7,055	7,000	6,370	8,100	0,394	0,067	35	18	66%