



## 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 2014, has now been completed, the previous December 2013 was published December 11, 2013. The last survey among money market players was published February 19, 2014.

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 14	Dec 13	Mar 14	Dec 13	Mar 14	Dec 13
<b>Annual</b>						
<b>Inflation, %</b>	0,9	0,9	1,4	1,4	1,8	1,8
<b>GDP, %</b>	1,5	1,3	1,9	1,9	2,3	2,3
<b>Wage increase, %</b>	2,3	2,3	2,4	2,4	2,7	2,7

	3 months		12 months		24 months		60 months	
	Mar 14	Dec 13	Mar 14	Dec 13	Mar 14	Dec 13	Mar 14	Dec 13
<b>Repo rate, %</b>	0,7	0,9	0,9	1,1	1,4	1,5	2,1	2,2

### Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Mar 14	(Feb 14)	Dec 13	Mar 14	(Feb 14)	Dec 13	Mar 14	(Feb 14)	Dec 13	Mar 14	(Feb 14)	Dec 13
<b>Repo rate, %</b>	0,7	(0,8)	0,9	0,8	(0,8)	1,0	1,5	(1,5)	1,5	2,6	(2,7)	2,6
<b>5 year gvt bond rate, %</b>	1,5	(1,6)	1,6	1,8	(2,0)	2,0	2,4	(2,5)	2,4	3,1	(3,3)	3,1
<b>EUR</b>	8,84	(8,75)	8,80	8,66	(8,59)	8,59	8,54	(8,46)	8,50	-	(-)	-
<b>USD</b>	6,57	(6,60)	6,64	6,76	(6,80)	6,77	6,99	(6,93)	6,89	-	(-)	-



### 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 24 – March 11, 2014 (previous November 25 – December 9, 2013 (February 5 – February 17, 2014)).

The part regarding money market players' expectations of future February 26, 2014 (November 27, 2013 (February 5, 2014)).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 12,6 years.

### About the Interviewees & Response Rate

#### *All Interviewees*

In all 238 (240) organisations/companies were approached for interview. 37 (21) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 84 % (91 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 81 % 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 134 purchasing managers 65 represent the trading industry and 69 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 53 players, 47 Swedish and 6 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 2014 vs (February 2014) December 2013**

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

<b>Expectations of</b>	<b>Year 1</b>			<b>Year 2</b>			<b>Year 5</b>		
	<b>Mar 14</b>	<b>(Feb 14)</b>	<b>Dec 13</b>	<b>Mar 14</b>	<b>(Feb 14)</b>	<b>Dec 13</b>	<b>Mar 14</b>	<b>(Feb 14)</b>	<b>Dec 13</b>
<b>Annual inflation, %</b>									
All interviewees	0,9		0,9	1,4		1,4	1,8		1,8
Employees' organisations	0,9		0,8	1,4		1,4	2,0		1,9
Employers' organisations	0,9		0,9	1,5		1,4	2,1		2,0
Purchase managers Manufacturing	0,8		0,8	1,1		1,3	1,6		1,7
Purchase managers Trading	0,9		0,9	1,4		1,4	1,9		1,9
Money market players	1,0	(1,1)	1,0	1,6	(1,6)	1,6	1,9	(1,9)	1,8
<b>GDP, %</b>									
All interviewees	1,5		1,3	1,9		1,9	2,3		2,3
Employees' organisations	1,3		1,1	2,0		1,8	2,5		2,6
Employers' organisations	1,8		1,4	2,2		2,0	2,8		2,7
Purchase managers Manufacturing	1,2		1,0	1,5		1,5	2,0		2,1
Purchase managers Trading	1,3		1,1	1,8		1,8	2,3		2,3
Money market players	2,3	(2,2)	2,0	2,4	(2,4)	2,3	2,3	(2,4)	2,4
<b>Annual wage increase, %</b>									
All interviewees	2,3		2,3	2,4		2,4	2,7		2,7
Employees' organisations	2,7		2,6	2,9		2,7	3,3		3,0
Employers' organisations	2,6		2,4	2,7		2,5	2,7		2,9
Purchase managers Manufacturing	2,0		2,1	2,3		2,3	2,6		2,5
Purchase managers Trading	2,2		2,2	2,3		2,4	2,6		2,6

	<b>3 months</b>			<b>12 months</b>			<b>24 months</b>			<b>60 months</b>		
	<b>Mar 14</b>	<b>(Feb 14)</b>	<b>Dec 13</b>	<b>Mar 14</b>	<b>(Feb 14)</b>	<b>Dec 13</b>	<b>Mar 14</b>	<b>(Feb 14)</b>	<b>Dec 13</b>	<b>Mar 14</b>	<b>(Feb 14)</b>	<b>Dec 13</b>
<b>Repo rate, %</b>												
All interviewees	0,7		0,9	0,9		1,1	1,4		1,5	2,1		2,2
Employees' organisations	0,8		0,9	1,0		1,0	1,4		1,5	2,5		2,3
Employers' organisations	0,7		0,9	0,9		1,1	1,4		1,6	2,2		2,6
Purchase managers Manufacturing	0,8		0,9	0,9		1,2	1,3		1,5	1,8		2,0
Purchase managers Trading	0,7		0,9	0,9		1,1	1,3		1,6	1,9		2,1
Money market players	0,7	(0,8)	0,9	0,8	(0,8)	1,0	1,5	(1,5)	1,5	2,6	(2,7)	2,6

**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 resp. (numbers)	Response Rate
<b>All</b>									
<b>Year 1</b>	0,877	1,000	-0,500	2,500	0,582	0,041	201	37	84%
<b>Year 2</b>	1,400	1,500	-0,200	2,900	0,619	0,044	198	40	83%
<b>Year 5</b>	1,827	2,000	-0,200	3,800	0,637	0,046	188	50	79%
<b>Employees' organisations</b>									
<b>Year 1</b>	0,909	1,000	0,000	1,700	0,446	0,093	23	4	85%
<b>Year 2</b>	1,443	1,500	0,300	2,500	0,532	0,111	23	4	85%
<b>Year 5</b>	2,032	2,000	0,500	3,800	0,672	0,143	22	5	81%
<b>Employers' organisations</b>									
<b>Year 1</b>	0,883	0,900	0,000	2,000	0,474	0,106	20	4	83%
<b>Year 2</b>	1,478	1,500	0,700	2,400	0,451	0,101	20	4	83%
<b>Year 5</b>	2,074	2,000	1,500	2,800	0,401	0,092	19	5	79%
<b>Purchasing Managers, Manufacturing</b>									
<b>Year 1</b>	0,789	0,500	-0,200	2,500	0,703	0,094	56	13	81%
<b>Year 2</b>	1,148	1,000	-0,200	2,500	0,721	0,097	55	14	80%
<b>Year 5</b>	1,565	1,500	-0,200	3,000	0,772	0,107	52	17	75%
<b>Purchasing Managers, Trading</b>									
<b>Year 1</b>	0,850	1,000	-0,500	2,000	0,562	0,076	55	10	85%
<b>Year 2</b>	1,421	1,500	0,000	2,500	0,605	0,082	54	11	83%
<b>Year 5</b>	1,888	2,000	0,500	3,000	0,628	0,086	53	12	82%
<b>Money Market Players</b>									
<b>Year 1</b>	0,996	1,000	-0,500	2,100	0,546	0,080	47	6	89%
<b>Year 2</b>	1,622	1,500	0,500	2,900	0,516	0,076	46	7	87%
<b>Year 5</b>	1,854	2,000	1,000	3,000	0,403	0,062	42	11	79%

**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 resp. (numbers)	Response Rate
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	0,488	0,500	-1,000	1,200	0,480	0,075	41	12	77%
Upper bound	1,445	1,500	0,500	3,000	0,553	0,086	41	12	77%
<b>Year 2</b>									
Lower bound	0,965	1,000	0,000	2,000	0,457	0,071	41	12	77%
Upper bound	2,117	2,000	1,000	4,300	0,654	0,102	41	12	77%
<b>Year 5</b>									
Lower bound	1,135	1,000	0,000	2,000	0,389	0,061	41	12	77%
Upper bound	2,644	2,500	1,500	5,000	0,694	0,108	41	12	77%

**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 resp. (numbers)	Response Rate
<b>All</b>									
<b>Year 1</b>	1,546	1,500	-0,200	3,600	0,899	0,064	199	39	84%
<b>Year 2</b>	1,947	2,000	0,100	4,000	0,843	0,060	197	41	83%
<b>Year 5</b>	2,305	2,500	0,000	5,000	0,829	0,061	187	51	79%
<b>Employees' organisations</b>									
<b>Year 1</b>	1,275	1,375	0,000	2,500	0,795	0,170	22	5	81%
<b>Year 2</b>	1,977	2,000	0,500	3,500	0,897	0,191	22	5	81%
<b>Year 5</b>	2,533	2,500	0,500	4,500	0,949	0,207	21	6	78%
<b>Employers' organisations</b>									
<b>Year 1</b>	1,810	1,900	0,400	3,200	0,843	0,189	20	4	83%
<b>Year 2</b>	2,210	2,500	0,100	3,300	0,863	0,193	20	4	83%
<b>Year 5</b>	2,832	3,000	1,500	4,000	0,559	0,128	19	5	79%
<b>Purchasing Managers, Manufacturing</b>									
<b>Year 1</b>	1,161	1,000	-0,200	3,600	0,824	0,111	55	14	80%
<b>Year 2</b>	1,539	1,500	0,100	3,100	0,863	0,116	55	14	80%
<b>Year 5</b>	2,033	2,000	0,300	4,000	0,900	0,125	52	17	75%
<b>Purchasing Managers, Trading</b>									
<b>Year 1</b>	1,290	1,500	0,000	3,000	0,761	0,103	55	10	85%
<b>Year 2</b>	1,828	2,000	0,500	4,000	0,795	0,108	54	11	83%
<b>Year 5</b>	2,278	2,300	0,000	5,000	0,925	0,127	53	12	82%
<b>Money Market Players</b>									
<b>Year 1</b>	2,312	2,500	0,500	3,500	0,705	0,103	47	6	89%
<b>Year 2</b>	2,445	2,500	1,200	3,500	0,510	0,075	46	7	87%
<b>Year 5</b>	2,324	2,350	1,500	3,500	0,444	0,069	42	11	79%

**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 resp. (numbers)	Response Rate
<b>All</b>									
<b>Year 1</b>	2,260	2,450	0,400	3,600	0,560	0,046	150	35	81%
<b>Year 2</b>	2,430	2,500	1,000	4,000	0,527	0,043	149	36	81%
<b>Year 5</b>	2,696	2,600	1,000	5,000	0,613	0,051	143	42	77%
<b>Employees' organisations</b>									
<b>Year 1</b>	2,735	2,600	2,200	3,600	0,338	0,070	23	4	85%
<b>Year 2</b>	2,900	3,000	2,100	3,700	0,373	0,078	23	4	85%
<b>Year 5</b>	3,273	3,150	2,500	4,800	0,532	0,113	22	5	81%
<b>Employers' organisations</b>									
<b>Year 1</b>	2,621	2,600	2,000	3,500	0,378	0,087	19	5	79%
<b>Year 2</b>	2,689	2,700	2,000	3,500	0,445	0,102	19	5	79%
<b>Year 5</b>	2,711	2,800	1,500	3,800	0,533	0,126	18	6	75%
<b>Purchasing Managers, Manufacturing</b>									
<b>Year 1</b>	2,030	2,000	0,400	3,100	0,535	0,073	54	15	78%
<b>Year 2</b>	2,258	2,200	1,200	3,000	0,437	0,059	54	15	78%
<b>Year 5</b>	2,573	2,500	1,500	5,000	0,627	0,088	51	18	74%
<b>Purchasing Managers, Trading</b>									
<b>Year 1</b>	2,160	2,300	1,000	3,500	0,540	0,073	54	11	83%
<b>Year 2</b>	2,308	2,500	1,000	4,000	0,547	0,075	53	12	82%
<b>Year 5</b>	2,567	2,500	1,000	3,500	0,523	0,073	52	13	80%

**TABLE 6 - 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>All</b>									
<b>3 months</b>	0,743	0,750	0,500	1,250	0,103	0,008	183	55	77%
<b>12 months</b>	0,907	1,000	0,500	1,750	0,235	0,017	183	55	77%
<b>24 months</b>	1,363	1,325	0,100	2,500	0,395	0,029	180	58	76%
<b>60 months</b>	2,116	2,000	0,500	4,000	0,795	0,061	172	66	72%
<b>Employees' organisations</b>									
<b>3 months</b>	0,770	0,750	0,500	1,250	0,153	0,033	22	5	81%
<b>12 months</b>	0,975	1,000	0,500	1,750	0,290	0,062	22	5	81%
<b>24 months</b>	1,439	1,325	0,750	2,500	0,479	0,102	22	5	81%
<b>60 months</b>	2,500	3,000	0,800	4,000	0,914	0,199	21	6	78%
<b>Employers' organisations</b>									
<b>3 months</b>	0,730	0,750	0,500	1,250	0,174	0,039	20	4	83%
<b>12 months</b>	0,915	0,900	0,500	1,500	0,283	0,063	20	4	83%
<b>24 months</b>	1,368	1,500	0,100	2,000	0,440	0,098	20	4	83%
<b>60 months</b>	2,236	2,000	1,500	3,000	0,552	0,130	18	6	75%
<b>Purchasing Managers, Manufacturing</b>									
<b>3 months</b>	0,754	0,750	0,500	1,000	0,076	0,010	56	13	81%
<b>12 months</b>	0,943	1,000	0,500	1,250	0,184	0,025	56	13	81%
<b>24 months</b>	1,291	1,250	0,500	2,500	0,368	0,049	56	13	81%
<b>60 months</b>	1,849	1,750	0,500	4,000	0,745	0,102	53	16	77%
<b>Purchasing Managers, Trading</b>									
<b>3 months</b>	0,734	0,750	0,500	1,000	0,079	0,011	53	12	82%
<b>12 months</b>	0,899	0,750	0,500	1,500	0,241	0,033	53	12	82%
<b>24 months</b>	1,347	1,325	0,500	2,000	0,370	0,051	52	13	80%
<b>60 months</b>	1,907	1,750	0,500	3,750	0,770	0,108	51	14	78%
<b>Money Market Players</b>									
<b>3 months</b>	0,727	0,750	0,500	0,750	0,074	0,013	32	21	60%
<b>12 months</b>	0,805	0,750	0,500	1,250	0,208	0,037	32	21	60%
<b>24 months</b>	1,463	1,500	0,750	2,000	0,383	0,070	30	23	57%
<b>60 months</b>	2,621	2,500	1,000	4,000	0,622	0,115	29	24	55%

**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 resp. (numbers)	Response Rate
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	0,563	0,500	0,500	0,750	0,110	0,021	28	25	53%
Upper bound	0,786	0,750	0,750	1,000	0,089	0,017	28	25	53%
<b>12 months</b>									
Lower bound	0,563	0,500	0,250	1,000	0,200	0,038	28	25	53%
Upper bound	1,018	1,000	0,750	1,500	0,192	0,036	28	25	53%
<b>24 months</b>									
Lower bound	0,929	1,000	0,250	1,750	0,396	0,075	28	25	53%
Upper bound	1,911	2,000	1,000	3,000	0,492	0,093	28	25	53%
<b>60 months</b>									
Lower bound	1,652	1,500	0,500	3,000	0,650	0,123	28	25	53%
Upper bound	3,438	3,500	1,500	7,000	0,961	0,182	28	25	53%

**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 resp. (numbers)	Response Rate
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>	1,508	1,500	1,300	1,800	0,124	0,023	29	24	55%
<b>12 months</b>	1,847	1,750	1,400	3,000	0,329	0,061	29	24	55%
<b>24 months</b>	2,353	2,300	1,500	3,750	0,487	0,090	29	24	55%
<b>60 months</b>	3,105	3,100	1,750	4,250	0,720	0,134	29	24	55%
<b>EUR/SEK</b>									
<b>3 months</b>	8,836	8,850	8,600	9,200	0,141	0,026	29	24	55%
<b>12 months</b>	8,655	8,650	8,250	9,250	0,268	0,050	29	24	55%
<b>24 months</b>	8,538	8,500	8,000	9,250	0,333	0,063	28	25	53%
<b>USD/SEK</b>									
<b>3 months</b>	6,574	6,550	6,300	7,030	0,134	0,025	29	24	55%
<b>12 months</b>	6,761	6,750	6,000	7,550	0,312	0,058	29	24	55%
<b>24 months</b>	6,990	7,000	6,100	8,100	0,442	0,084	28	25	53%