

Press Release

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Main results

1, 2 and 5 year inflation and wage increase expectations have been revised marginally, if at all, since last survey. Inflation expectations are again on a level with, or close to, the Riksbank's inflation target of 2 per cent annually.

Money market players are expecting a still weaker SEK against EUR as well as against USD for the coming 3, 12 and 24 months.

Since autumn 1995 Prospera Research AB, four times a year, carries out a survey aiming at mapping inflationary and wage increase expectations in Sweden among labour market parties, purchasing managers and money market players. With the commencement in spring 1998 Prospera simultaneously carries out a survey on money market players' expectations of future repo rates, TCW-indices, SEK/EUR and SEK/USD rates. The latest survey, called 2/01 below, has now been completed. The previous one, 1/01, was published on February 14, 2001. The results can be summarised as in the following tables (rounded off figures)^{1,2}:

Expectations of;	1 year		2 years		5 years	
	2/01	1/01	2/01	1/01	2/01	1/01
Annual average inflation, %						
All	2,0	2,0	2,1	2,0	2,1	2,1
Employers' organisations	1,9	1,9	1,9	1,9	2,0	2,0
Employees' organisations	1,9	1,9	1,9	1,9	2,0	2,0
Purchase T (Trading)	2,1	2,0	2,1	2,1	2,2	2,3
Purchase M (Manufacturing)	2,2	2,2	2,2	2,2	2,3	2,3
Money market players	1,9	1,7	1,9	1,8	2,0	1,9
Annual average wage increase, %						
All	3,2	3,2	3,2	3,2	3,1	3,1
Employers' organisations	3,4	3,3	3,3	3,2	3,2	3,0
Employees' organisations	3,5	3,3	3,5	3,3	3,4	3,3
Purchase T (Trading)	3,1	3,1	3,1	3,0	3,1	3,0
Purchase M (Manufacturing)	3,1	3,3	3,1	3,2	3,1	3,1
Money market expectations of;	3 months		12 months		24 months	
	2/01	1/01	2/01	1/01	2/01	1/01
Repo rate, %	3,9	4,0	3,9	4,0	4,2	4,2
TCW-index	131	128	129	126	127	125
SEK/EUR	8,97	8,81	8,79	8,68	8,70	8,63
SEK/USD	9,95	9,25	9,53	8,98	9,31	8,83

¹ The mean value "All" has been calculated on the basis of all interviews and is a weighted average of the means of the different groups with their relative sizes as weights. Consequently "large" groups (e.g. purchasing managers) have a larger impact on the "All" value than have "small" groups (e.g. employees' organisations).

² **Definitions;** *Inflation* is defined as the percentage increase in Consumer Price Index (CPI). *Wage increase* is defined as 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.

About the survey

Prospera's survey was carried out by telephone. The part of the survey that encompasses inflationary and wage increase expectations was carried out in the period April 11 – April 25, 2001 (previous survey January 29 – February 8, 2001). The part of the survey comprising money market players' expectations of future repo rates, TCW-index, SEK/EUR and SEK/USD rates took place on April 18, 2001 (previous survey January 31, 2001). The interviewees constitute a "panel" which means that the same organisations/companies are approached for interview at all occasions. In all 317(322) members were included in the panel this time. 7(8) of the interviewees in the panel could not be reached, which means that there is an overall response rate of 98(98) per cent. The response rate for individual questions concerning inflation and wage increase expectations is 93 per cent or above for the one and the two year assessments, but might be lower than that for the five year assessments (Table 1). The response rate concerning the repo rates, the TCW-index, the EUR and the USD is lower (Table 2).

About the interviewees

182 purchasing managers of which 90 represent the trading industry (T) and 92 the manufacturing industry (M). 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.

71 money market players, 51 Swedish and 20 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 part of the survey comprising expected repo rates, TCW-index, SEK/EUR and SEK/USD rates.

57 Swedish labour market organisations, of which 27 on the employers' side and 30 on the employees' side have participated in the survey.

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TABLE 1 - Inflationary and wage increase expectations 2/01

Expected annual increase in CPI and expected annual wage increase the coming 12, 24 and 60 months

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
ALL									
Inflation 1 year	2,025	2,000	0,000	5,000	0,615	0,035	309	8	97
Inflation 2 years	2,078	2,000	0,499	4,000	0,587	0,034	306	11	97
Inflation 5 years	2,141	2,000	0,700	4,698	0,553	0,033	283	34	89
Wage increase 1 year	3,217	3,150	1,000	5,000	0,596	0,039	238	6	98
Wage increase 2 years	3,160	3,200	1,100	4,500	0,554	0,036	237	7	97
Wage increase 5 years	3,133	3,100	1,298	4,400	0,524	0,036	213	31	87
EMPLOYERS' ORGANISATIONS									
Inflation 1 year	1,863	1,900	1,000	2,800	0,391	0,075	27	1	96
Inflation 2 years	1,924	1,850	1,000	2,999	0,429	0,083	27	1	96
Inflation 5 years	1,982	1,990	0,700	3,598	0,540	0,110	24	4	86
Wage increase 1 year	3,362	3,500	2,300	4,000	0,370	0,072	26	2	93
Wage increase 2 years	3,313	3,300	2,350	4,000	0,389	0,076	26	2	93
Wage increase 5 years	3,208	3,220	2,399	3,900	0,393	0,080	24	4	86
EMPLOYEES' ORGANISATIONS									
Inflation 1 year	1,870	1,900	1,000	3,000	0,419	0,076	30	1	97
Inflation 2 years	1,942	1,925	1,000	3,000	0,440	0,080	30	1	97
Inflation 5 years	1,971	1,950	1,120	3,000	0,453	0,087	27	4	87
Wage increase 1 year	3,547	3,500	2,500	4,500	0,479	0,087	30	1	97
Wage increase 2 years	3,455	3,500	2,500	4,000	0,378	0,069	30	1	97
Wage increase 5 years	3,416	3,480	2,500	3,997	0,377	0,073	27	4	87
PURCHASING MANAGERS, Trading									
Inflation 1 year	2,099	2,000	0,500	5,000	0,703	0,075	89	3	97
Inflation 2 years	2,138	2,000	0,500	4,000	0,647	0,069	88	4	96
Inflation 5 years	2,223	2,100	0,800	4,698	0,635	0,071	80	12	87
Wage increase 1 year	3,134	3,000	1,000	5,000	0,604	0,064	90	2	98
Wage increase 2 years	3,084	3,000	1,100	4,250	0,577	0,061	89	3	97
Wage increase 5 years	3,067	3,000	1,298	4,400	0,522	0,058	80	12	87
PURCHASING MANAGERS, Manufacturing									
Inflation 1 year	2,182	2,000	0,000	4,000	0,769	0,080	92	1	99
Inflation 2 years	2,240	2,050	0,499	4,000	0,736	0,078	90	3	97
Inflation 5 years	2,298	2,200	1,140	4,099	0,637	0,070	82	11	88
Wage increase 1 year	3,149	3,000	2,000	4,500	0,637	0,066	92	1	99
Wage increase 2 years	3,095	3,000	2,000	4,500	0,584	0,061	92	1	99
Wage increase 5 years	3,082	3,000	1,900	4,399	0,572	0,063	82	11	88
MONEY MARKET PLAYERS									
Inflation 1 year	1,856	1,800	1,300	2,500	0,237	0,028	71	2	97
Inflation 2 years	1,914	1,900	1,350	2,500	0,244	0,029	71	2	97
Inflation 5 years	1,981	1,980	1,260	2,719	0,235	0,028	70	3	96

TABLE 2 - Money market expectations 2/01

Repo rates, TCW-index, SEK/Euro and SEK/USD

	Mean	Median	Lowest	Highest	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
REPO RATE									
3 months	3,901	4,000	3,750	4,000	0,123	0,016	63	10	86
12 months	3,907	4,000	3,000	4,750	0,342	0,043	62	11	85
24 months	4,225	4,250	3,000	5,500	0,447	0,057	61	12	84
TCW-index									
3 months	131,153	131,000	125,000	136,000	2,138	0,294	53	20	73
12 months	128,540	128,000	120,000	138,000	3,503	0,481	53	20	73
24 months	126,585	126,000	110,000	140,000	5,382	0,739	53	20	73
SEK/EUR									
3 months	8,971	8,985	8,700	9,400	0,139	0,018	60	13	82
12 months	8,786	8,800	8,000	9,700	0,286	0,037	60	13	82
24 months	8,696	8,600	7,930	9,500	0,345	0,045	59	14	81
SEK/USD									
3 months	9,946	10,000	8,600	10,600	0,382	0,050	59	14	81
12 months	9,525	9,550	8,300	10,750	0,560	0,074	58	15	79
24 months	9,307	9,500	7,500	11,000	0,767	0,101	58	15	79