

Press Release - Questions will be answered by Ulf Elvestedt, +46-8-758 08 00.

This release, or parts thereof, may be published immediately. Please state Prospera Research AB as the source.

Main results

As compared to 3/06 inflation expectations indicate a certain upward tendency accompanied by an upward revision of wage increase expectations. The GDP growth is believed to lose momentum.

All Interviewees believe in a successively increased repo rate for the next two years. This picture is more pronounced among Money Market Players. This category also believes in successively higher long interest rates although at a clearly slower rate of change.

Money Market Players also this time believe in a strengthening SEK against EUR as well as against USD, now from a stronger SEK position than was the case in 3/06.

88(91) % of All Interviewees think that the inflation the second year from now will stay within the Riksbank's 1-3% tolerance band (the "Confidence Indicator").

Prospera Research AB has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys, four times a year, aiming at mapping expectations of inflation, wage increase, and for the first time also expectations of 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 5 year government bond rates, EUR and USD rates. The latest survey in the series, 4/06, has now been completed. The previous survey, 3/06, was published October 11, 2006. A comparison of applicable results of the two surveys can be summarised as follows (rounded off figures);

	Y	Year 1		ar 2	Ye	ar 5
Annual;	4/06	3/06	4/06	3/06	4/06	3/06
Inflation, %	2,1	2,1	2,3	2,2	2,3	2,2
GDP, %	3,6		3,3		3,2	
Wage increase, %	3,2	3,0	3,1	3,0	3,0	2,9
	3 mo 4/06	3 months 4/06 3/06		24 months 4/06 3/06	60 m 4/06	onths 3/06
Repo Rate, %	3,0		3,3	3,5	3,4	

All Interviewees' Expectations of¹;

Money Market Players' Expectations of;

	3 months		12 m	12 months		24 months		onths
	4/06	3/06	4/06	3/06	4/06	3/06	4/06	3/06
Repo Rate, %	3,1	2,9	3,7	3,5	3,8	3,7	3,8	3,7
5 year gvt bond rate, %	3,7		3,9		3,9		4,1	
EUR	9,06	9,20	8,97	9,08	8,94	9,05		
USD	7,04	7,19	6,94	7,02	6,92	7,03		

¹ The figures for "All Interviewees" have 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. employers' organisations). Results for specific categories are found in Appendices below.



Interview Period & Method

Prospera's inflationary expectation surveys are carried out over the telephone. The part of the survey that encompasses inflationary, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out November 13 – November 27, 2006 (previous survey September 25 – October 9, 2006). The part of the survey regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on November 15, 2006 (previous survey September 27, 2006).

About the Interviewees & Response Rate

In all 289 (289) organisations/companies were approached for interview. 9 (10) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 97% (97%). The response rate for individual questions regarding inflation and wage increase expectations is 92% or more for the one year and two year assessments. For the five year assessment as well as the questions regarding GDP increase expectations, repo rates, 5 year government bond rates, EUR and USD rates the response rate is generally lower (Tables 2-6).

Of the 166 purchasing managers 84 represent the trading industry and 82 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.

The money market category includes 65 players, 50 Swedish and 15 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 5 year government bond rates, EUR and USD rates.

58 Swedish labour market organisations, of which 27 on the employers' side and 31 on the employees' side have been approached.

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. The *repo rate* is the Riksbank's borrowing/lending rate from/to banks for overnight money and the *GDP*, Gross Domestic Product, is defined as the value of all goods and services produced (by Swedish agents) in one year.

Previous Prospera inflationary expectations surveys

Previous (starting in 1995) Prospera inflation reports, releases and tables can be downloaded from the site address below.

www.prospera.se info@prospera.se

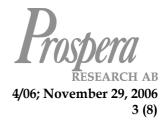


TABLE 1-Comparison 4/06 vs 3/06

A comparison of the results of the two surveys in all interviewee categories can be summarised as follows (rounded off figures);

Expectations of;								
	Y	ear 1		Ye	ar 2		Yea	ar 5
Annual inflation, %	4/06	3/06		4/06	3/06		4/06	3/06
All	2,1	2,1		2,3	2,2		2,3	2,2
Employees' organisations	1,9	2,0		2,2	2,2		2,3	2,2
Employers' organisations	2,4	2,0		2,5	2,3		2,5	2,4
Purchase managers Manufacturing	2,3	2,2		2,4	2,3		2,4	2,3
Purchase managers Trading	2,2	2,1		2,4	2,2		2,3	2,2
Money market players	1,9	1,9		1,9	2,0		2,0	2,0
GDP, %								
All	3,6			3,3			3,2	
Employees' organisations	3,9			3,6			3,4	
Employers' organisations	3,4			3,0			2,8	
Purchase managers Manufacturing	4,0			3,7			3,5	
Purchase managers Trading	3,5			3,2			3,1	
Money market players	3,2			2,8			2,7	
Annual wage increase, %								
All	3,2	3,0		3,1	3,0		3,0	2,9
Employees' organisations	3,4	3,2		3,3	3,4		3,2	3,3
Employers' organisations	3,5	3,3		3,5	3,3		3,2	3,1
Purchase managers Manufacturing	3,1	2,8		3,0	2,9		2,9	2,8
Purchase managers Trading	3,2	2,9		3,1	3,0		2,9	2,9
	3 m	onths	12 m	onths	24 m	onths	60 m	onths
Repo rate, %	4/06	3/06	4/06	3/06	4/06	3/06	4/06	3/06
All	3,0		3,3		3,5		3,4	
Employees' organisations	2,9		3,2		3,3		3,2	
Employers' organisations	3,0		3,3		3,3		3,2	
Purchase managers Manufacturing	3,0		3,3		3,4		3,4	
Purchase managers Trading	3,0		3,3		3,4		3,3	
Money market players	3,1	2,9	3,7	3,5	3,8	3,7	3,8	3,7



TABLE 2 - Inflationary Expectations

Expected annual increase in CPI the coming 1, 2 and 5 years

	Mean	Median	Lowest	Highest	Standard	Standard	Responses	No Resp.	Response
	(%)	(%)	(%)	(%)	Deviation	Error	(numbers)	(numbers)	Rate (%)
A11									
Year 1	2,145	2,000	0,900	4,000	0,597	0,036	280	9	97
Year 2	2,264	2,000	1,000	4,000	0,614	0,037	277	12	96
Year 5	2,271	2,000	1,000	5,000	0,650	0,040	264	25	91
Employee's orga	nisation	S							
Year 1	1,939	1,900	1,000	3,000	0,496	0,089	31	0	100
Year 2	2,165	2,000	1,500	3,500	0,504	0,090	31	0	100
Year 5	2,277	2,100	1,500	4,000	0,548	0,100	30	1	97
Employers' orga	nisation	s							
Year 1	2,360	2,000	1,400	4,000	0,692	0,138	25	2	93
Year 2	2,520	2,300	1,700	4,000	0,688	0,138	25	2	93
Year 5	2,467	2,000	1,500	4,000	0,752	0,153	24	3	89
Purchasing Mar	agers, M	lanufactu	ring						
Year 1	2,258	2,100	1,000	4,000	0,633	0,070	81	1	99
Year 2	2,362	2,300	1,000	4,000	0,675	0,075	81	1	99
Year 5	2,372	2,250	1,000	5,000	0,710	0,079	80	2	98
Purchasing Mar	agers, T	rading							
Year 1	2,216	2,000	0,900	3,500	0,632	0,071	80	4	95
Year 2	2,389	2,300	1,000	4,000	0,627	0,070	80	4	95
Year 5	2,314	2,100	1,000	5,000	0,731	0,086	73	11	87
Money Market	Players								
Year 1	1,926	1,900	1,000	2,900	0,400	0,050	63	2	97
Year 2	1,908	2,000	1,000	2,500	0,319	0,041	60	5	92
Year 5	1,988	2,000	1,500	3,000	0,289	0,038	57	8	88



TABLE 3 - GDP Increase Expectations

Expected annual increase in GDP the coming 1, 2 and 5 years

	Mean	Median	Lowest	Highest	Standard	Standard	Responses	No Resp.	Response
	(%)	(%)	(%)	0	Deviation		(numbers)	-	Rate (%)
All									
Year 1	3,608	3,500	1,000	7,000	1,055	0,064	272	17	94
Year 2	3,293	3,000	1,000	6,500	1,075	0,066	266	23	92
Year 5	3,175	3,000	1,000	7,000	1,106	0,069	255	34	88
Employee's orga	nisation	IS							
Year 1	3,871	4,000	2,000	7,000	1,213	0,218	31	0	100
Year 2	3,600	3,500	2,000	6,000	1,063	0,191	31	0	100
Year 5	3,437	3,000	1,000	6,500	1,239	0,226	30	1	97
Employers' orga	nisation	s							
Year 1	3,442	3,450	1,500	5,100	0,780	0,159	24	3	89
Year 2	3,029	3,000	1,500	5,100	0,846	0,173	24	3	89
Year 5	2,813	3,000	1,000	5,500	0,936	0,195	23	4	85
Purchasing Man	agers, M	lanufactu	ring						
Year 1	3,970	4,000	2,000	6,500	1,217	0,135	81	1	99
Year 2	3,685	3,500	1,000	6,500	1,251	0,139	81	1	99
Year 5	3,549	3,000	1,000	7,000	1,266	0,142	79	3	96
Purchasing Man	agers, T	rading							
Year 1	3,497	3,500	1,000	6,500	1,094	0,128	73	11	87
Year 2	3,187	3,000	1,000	6,100	1,090	0,128	72	12	86
Year 5	3,147	3,000	1,500	6,100	1,081	0,131	68	16	81
Money Market I	Players								
Year 1	3,205	3,200	2,500	4,800	0,473	0,060	63	2	97
Year 2	2,822	2,750	1,800	4,700	0,520	0,068	58	7	89
Year 5	2,679	2,500	1,500	4,500	0,505	0,068	55	10	85



TABLE 4 - Wage Increase Expectations

Expected annual i wage increase the coming 1, 2 and 5 years

	Mean	Median	Lowest	Highest	Standard	Standard	Responses	No Resp.	-
	(%)	(%)	(%)	(%)	Deviation	Error	(numbers)	(numbers)	Rate (%)
A11									
Year 1	3,208	3,200	1,500	4,500	0,559	0,038	217	7	97
Year 2	3,135	3,000	1,500	5,000	0,584	0,040	217	7	97
Year 5	2,987	3,000	1,500	5,000	0,593	0,041	207	17	92
Employee's org	anisation	S							
Year 1	3,368	3,400	2,000	4,500	0,655	0,118	31	0	100
Year 2	3,339	3,500	2,000	4,000	0,606	0,109	31	0	100
Year 5	3,240	3,350	1,700	4,000	0,567	0,104	30	1	97
Employers' orga	anisation	s							
Year 1	3,496	3,500	1,900	4,500	0,509	0,102	25	2	93
Year 2	3,464	3,500	2,100	4,500	0,542	0,108	25	2	93
Year 5	3,221	3,150	2,100	5,000	0,590	0,121	24	3	89
Purchasing Mar	nagers, M	lanufactu	ring						
Year 1	3,089	3,000	1,500	4,500	0,552	0,061	81	1	99
Year 2	2,991	3,000	1,500	4,500	0,578	0,064	81	1	99
Year 5	2,869	3,000	1,500	4,000	0,523	0,058	80	2	98
Purchasing Mar	nagers, T	rading							
Year 1	3,176	3,000	1,800	4,500	0,501	0,056	80	4	95
Year 2	3,100	3,000	1,900	5,000	0,540	0,060	80	4	95
Year 5	2,936	3,000	1,500	5,000	0,633	0,074	73	11	87



TABLE 5 Repo Rate Expectations

Expected repo rate the coming 3-60 months

	Mean	Median	Lowest	Highest	Standard	Standard	Responses	No Resp.	Response
	(%)	(%)	(%)	(%)	Deviation	Error	(numbers)	(numbers)	Rate (%)
A11									
3 months	2,990	3,000	1,200	5,000	0,282	0,017	268	21	93
12 months	3,345	3,250	1,200	5,000	0,405	0,025	267	22	92
24 months	3,450	3,500	2,000	6,000	0,557	0,034	262	27	91
60 months	3,412	3,500	2,000	6,000	0,693	0,044	249	40	86
Employee's org	anisation	S							
3 months	2,937	3,000	2,250	3,500	0,214	0,038	31	0	100
12 months	3,177	3,100	2,500	4,000	0,295	0,054	30	1	97
24 months	3,265	3,250	2,250	4,000	0,373	0,068	30	1	97
60 months	3,242	3,050	2,000	5,000	0,539	0,098	30	1	97
Employers' org	anisation	s							
3 months	2,952	3,000	2,700	3,250	0,140	0,028	25	2	93
12 months	3,292	3,250	2,500	4,000	0,398	0,080	25	2	93
24 months	3,306	3,225	2,250	5,000	0,624	0,127	24	3	89
60 months	3,204	3,000	2,000	5,000	0,764	0,156	24	3	89
Purchasing Ma	nagers, M	lanufactu	ring						
3 months	2,972	3,000	1,200	5,000	0,429	0,048	81	1	99
12 months	3,264	3,250	1,200	5,000	0,484	0,054	81	1	99
24 months	3,393	3,400	2,000	6,000	0,654	0,073	81	1	99
60 months	3,396	3,500	2,000	6,000	0,814	0,092	79	3	96
Purchasing Ma	nagers, T	rading							
3 months	2,954	3,000	2,500	3,500	0,164	0,018	79	5	94
12 months	3,276	3,250	2,500	4,000	0,309	0,035	79	5	94
24 months	3,400	3,500	2,250	4,500	0,471	0,053	78	6	93
60 months	3,342	3,450	2,000	6,000	0,609	0,072	72	12	86
Money Market	Players								
3 months	3,120	3,125	2,750	3,500	0,168	0,023	52	13	80
12 months	3,697	3,750	3,000	4,000	0,239	0,033	52	13	80
24 months	3,811	3,750	3,000	4,750	0,416	0,059	49	16	75
60 months	3,784	3,750	2,500	4,500	0,505	0,076	44	21	68



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		Responses (numbers)	-	Response Rate (%)
5 YEAR GOVERNMENT BOND RATE						()	()	~ /	
3 months	3,702	3,700	3,400	4,000	0,148	0,022	47	18	72
12 months	3,854	3,900	3,200	4,250	0,233	0,034	46	19	71
24 months	3,930	4,000	3,100	4,500	0,317	0,048	44	21	68
60 months	4,105	4,000	3,300	5,000	0,487	0,077	40	25	62
EUR/SEK									
3 months	9,058	9,050	8,750	9,250	0,103	0,014	51	14	78
12 months	8,969	9,000	8,500	9,400	0,166	0,023	51	14	78
24 months	8,937	9,000	8,500	9,500	0,218	0,032	47	18	72
USD/SEK									
3 months	7,038	7,000	6,500	7,580	0,194	0,027	51	14	78
12 months	6,935	6,900	6,000	7,670	0,306	0,043	51	14	78
24 months	6,917	6,800	6,000	8,000	0,379	0,055	47	18	72

TABLE 7 - Confidence Indicator

The figures in the columns below display the percentages of interviewees believing that the inflation rate, the second year from now, will fall within/outside the Riksbank´s inflationary tolerance band (not less than 1, not more than 3% inflation). The percentage within this band is defined as the Confidence Indicator.

		Less than 1%		Confidence Indicator		More than 3%		No response	
		4/06	3/06	4/06	3/06	4/06	3/06	4/06	3/06
All		0	1	88	91	8	3	4	5
Employees' or	ganisatio	0	0	94	87	6	6	0	6
Employers' or	ganisatior	0	0	74	89	19	4	7	7
Purchase M		0	1	90	93	9	5	1	1
Purchase T		0	1	85	90	11	4	5	5
Money Marke	et Players	0	0	92	92	0	0	8	8