

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

The results of this survey are almost identical to those of 4/06. Inflation and wage increase expectations still hover on or slightly above the 2 and 3 % level respectively. Long and short interest rate projections for the short terms, 3 and 12 months, exceed those of 4/06 by some .2 - .3 percentage units which however is a mere adaptation to realised interest rate increases during the period. Perhaps the signs of a larger confidence in the SEK should be noticed.

Money market players seem to have a more hawkish view of the Riksbank's 12 month reporate policy than has the interview group as a whole. The two categories agree on a rise by about one quarter percentage unit during the next three months (from today's 3.0 %) but disagree on further rises within 12 months.

92(88) % 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, 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 rate, EUR and USD rates. The latest survey in the series, 1/07, has now been completed. The previous survey, 4/06, was published November 29, 2006. A comparison of the results of the two surveys can be summarised as follows (rounded off figures);

All Interviewees' Expectations of¹;

	Yea	ır 1	Yea	ır 2	Year 5		
Annual;	1/07	4/06	1/07	4/06	1/07	4/06	
Inflation, %	2,1	2,1	2,2	2,3	2,2	2,3	
GDP, %	3,6	3,6	3,3	3,3	3,0	3,2	
Wage increase, %	3,3	3,2	3,2	3,1	3,0	3,0	
	3 months		12 months	24 months	60 months		
	1/07	4/06	1/07 4/06	1/07 4/06	1/07	4/06	
Repo Rate, %	3,3	3,0	3,6 3,3	3,7 3,5	3,6	3,4	

Money Market Players' Expectations of;

	3 months		12 m	12 months		24 months		onths
	1/07	4/06	1/07	4/06	1/07	4/ 06	1/07	4/06
Repo Rate, %	3,3	3,1	3,9	3,7	3,9	3,8	3,8	3,8
5 year gvt bond rate, %	4,0	3,7	4,2	3,9	4,2	3,9	4,3	4,1
EUR	9,02	9,06	8,91	8,97	8,90	8,94		
USD	6,94	7,04	6,86	6,94	6,94	6,92		

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.



Phone +46-8-758 08 00

+46-8-758 08 55

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 January 15 – January 29, 2007 (previous survey November 13 – November 27, 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 January 17, 2007 (previous survey November 15, 2006).

About the Interviewees & Response Rate

In all 287 (289) organisations/companies were approached for interview. 10 (9) 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, wage and GDP increase expectations is 89% 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 2-6)

Of the 165 purchasing managers 83 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.

57 Swedish labour market organisations, of which 27 on the employers' side and 30 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.

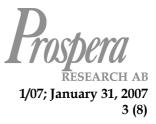


TABLE 1 - Comparison 1/07 vs 4/06

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	Year 5		
Annual inflation, %	1/07	4/06		1/07	4/06		1/07	4/06
All	2,1	2,1		2,2	2,3		2,2	2,3
Employees' organisations	2,0	1,9		2,1	2,2		2,2	2,3
Employers' organisations	1,9	2,4		2,1	2,5		2,2	2,5
Purchase managers Manufacturing	2,3	2,3		2,4	2,4		2,4	2,4
Purchase managers Trading	2,1	2,2		2,2	2,4		2,2	2,3
Money market players	1,8	1,9		2,0	1,9		1,9	2,0
GDP, %								
All	3,6	3,6		3,3	3,3		3,0	3,2
Employees' organisations	3,8	3,9		3,5	3,6		3,2	3,4
Employers' organisations	3,6	3,4		3,2	3,0		2,9	2,8
Purchase managers Manufacturing	3,5	4,0		3,3	3,7		3,0	3,5
Purchase managers Trading	3,7	3,5		3,3	3,2		3,1	3,1
Money market players	3,5	3,2		3,1	2,8		2,8	2,7
Annual wage increase, %								
All	3,3	3,2		3,2	3,1		3,0	3,0
Employees' organisations	3,6	3,4		3,6	3,3		3,4	3,2
Employers' organisations	3,4	3,5		3,4	3,5		3,1	3,2
Purchase managers Manufacturing	3,2	3,1		3,0	3,0		2,9	2,9
Purchase managers Trading	3,2	3,2		3,1	3,1		2,9	2,9
	3 m	onths	12 m	onths	24 m	onths	60 m	onths
Repo rate, %	1/07	4/06	1/07	4/06	1/07	4/06	1/07	4/06
All	3,3	3,0	3,6	3,3	3,7	3,5	3,6	3,4
Employees' organisations	3,3	2,9	3,6	3,2	3,6	3,3	3,7	3,2
Employers' organisations	3,2	3,0	3,6	3,3	3,6	3,3	3,3	3,2
Purchase managers Manufacturing	3,2	3,0	3,6	3,3	3,6	3,4	3,6	3,4
Purchase managers Trading	3,3	3,0	3,6	3,3	3,7	3,4	3,6	3,3
Money market players	3,3	3,1	3,9	3,7	3,9	3,8	3,8	3,8



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 (%)
All									
Year 1	2,052	2,000	1,000	4,000	0,553	0,033	277	10	97
Year 2	2,195	2,000	1,000	4,500	0,552	0,033	275	12	96
Year 5	2,197	2,000	1,000	4,000	0,514	0,032	261	26	91
Employee's org	ganisations								
Year 1	1,976	1,800	1,100	4,000	0,591	0,110	29	1	97
Year 2	2,110	2,000	1,400	3,500	0,514	0,096	29	1	97
Year 5	2,171	2,000	1,000	3,500	0,509	0,096	28	2	93
Employers' org	anisations								
Year 1	1,867	1,800	1,100	3,200	0,431	0,088	24	3	89
Year 2	2,113	2,000	1,300	3,300	0,464	0,095	24	3	89
Year 5	2,191	2,000	1,000	3,500	0,533	0,111	23	4	85
Purchasing Ma	nagers, Ma	anufacturi	ng						
Year 1	2,260	2,100	1,000	4,000	0,618	0,069	81	1	99
Year 2	2,392	2,200	1,000	4,500	0,658	0,073	81	1	99
Year 5	2,361	2,000	1,500	4,000	0,591	0,066	80	2	98
Purchasing Ma	nagers, Tra	ading							
Year 1	2,109	2,000	1,000	3,500	0,561	0,063	80	3	96
Year 2	2,231	2,000	1,000	4,000	0,553	0,062	79	4	95
Year 5	2,222	2,000	1,300	4,000	0,497	0,058	74	9	89
Money Market	Players								
Year 1	1,817	1,800	1,000	2,500	0,326	0,041	63	2	97
Year 2	1,962	2,000	1,000	2,500	0,306	0,039	62	3	95
Year 5	1,947	2,000	1,500	3,000	0,276	0,037	56	9	86



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
	(%)	(%)	(%)	(%)	Deviation	Error	(numbers)	(numbers)	Rate (%)
All									
Year 1	3,569	3,500	1,000	6,000	0,721	0,044	273	14	95
Year 2	3,255	3,100	1,500	5,000	0,732	0,045	270	17	94
Year 5	3,006	3,000	0,000	5,500	0,771	0,048	258	29	90
Employee's org	anisations	•							
Year 1	3,752	4,000	2,000	6,000	0,922	0,171	29	1	97
Year 2	3,490	3,500	1,500	5,000	0,898	0,167	29	1	97
Year 5	3,236	3,000	2,000	5,500	0,931	0,176	28	2	93
Employers' orga	anisations								
Year 1	3,554	3,500	2,100	5,000	0,593	0,121	24	3	89
Year 2	3,171	3,000	2,000	4,000	0,494	0,101	24	3	89
Year 5	2,861	2,900	2,000	4,100	0,502	0,105	23	4	85
Purchasing Ma	nagers, Ma	anufacturi	ng						
Year 1	3,488	3,500	1,000	5,500	0,873	0,098	80	2	98
Year 2	3,259	3,100	1,500	5,000	0,868	0,097	80	2	98
Year 5	3,008	3,000	0,000	5,000	0,897	0,101	79	3	96
Purchasing Ma	nagers, Tra	ading							
Year 1	3,674	3,500	1,500	5,000	0,641	0,073	77	6	93
Year 2	3,330	3,300	1,500	5,000	0,700	0,080	76	7	92
Year 5	3,125	3,000	1,000	5,000	0,793	0,093	72	11	87
Money Market	Players								
Year 1	3,463	3,500	2,200	4,700	0,490	0,062	63	2	97
Year 2	3,075	3,000	2,000	4,500	0,512	0,066	61	4	94
Year 5	2,796	3,000	1,500	3,800	0,452	0,060	56	9	86



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.	Response
	(%)	(%)	(%)	(%)	Deviation	Error	(numbers)	(numbers)	Rate (%)
A11									
Year 1	3,295	3,500	1,300	4,500	0,585	0,040	214	8	96
Year 2	3,155	3,000	1,400	4,500	0,617	0,042	213	9	96
Year 5	3,001	3,000	1,500	5,000	0,637	0,045	204	18	92
Employee's org	anisations								
Year 1	3,572	3,500	2,000	4,500	0,490	0,091	29	1	97
Year 2	3,648	3,800	2,500	4,500	0,505	0,094	29	1	97
Year 5	3,371	3,500	2,000	4,000	0,525	0,099	28	2	93
Employers' org	anisations								
Year 1	3,421	3,500	2,500	4,000	0,366	0,075	24	3	89
Year 2	3,379	3,500	1,900	4,500	0,557	0,114	24	3	89
Year 5	3,070	3,000	2,100	4,200	0,555	0,116	23	4	85
Purchasing Ma	nagers, Ma	anufacturi	ng						
Year 1	3,212	3,400	1,500	4,500	0,640	0,071	81	1	99
Year 2	2,974	3,000	1,500	4,500	0,580	0,064	81	1	99
Year 5	2,921	3,000	1,500	5,000	0,632	0,071	80	2	98
Purchasing Ma	ading								
Year 1	3,241	3,275	1,300	4,200	0,585	0,065	80	3	96
Year 2	3,091	3,000	1,400	4,500	0,601	0,068	79	4	95
Year 5	2,926	3,000	1,700	5,000	0,665	0,078	73	10	88



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 (%)
All									
3 months	3,277	3,250	2,000	4,250	0,207	0,013	268	19	93
12 months	3,649	3,750	2,500	4,500	0,327	0,020	267	20	93
24 months	3,705	3,750	2,500	5,500	0,492	0,030	264	23	92
60 months	3,608	3,500	2,000	6,000	0,630	0,040	250	37	87
Employee's org	ganisations	•							
3 months	3,319	3,250	3,000	4,250	0,280	0,052	29	1	97
12 months	3,584	3,500	3,000	4,250	0,309	0,057	29	1	97
24 months	3,597	3,500	2,500	4,500	0,493	0,092	29	1	97
60 months	3,661	3,500	2,500	5,000	0,591	0,114	27	3	90
Employers' org	ganisations								
3 months	3,192	3,250	3,000	3,500	0,146	0,030	24	3	89
12 months	3,623	3,500	3,000	4,250	0,280	0,057	24	3	89
24 months	3,621	3,500	3,000	4,500	0,434	0,089	24	3	89
60 months	3,287	3,200	2,500	4,900	0,640	0,133	23	4	85
Purchasing Ma	nagers, Ma	anufacturi	ng						
3 months	3,242	3,250	2,000	4,000	0,228	0,025	81	1	99
12 months	3,562	3,500	2,500	4,500	0,358	0,040	80	2	98
24 months	3,599	3,500	2,500	5,000	0,489	0,055	80	2	98
60 months	3,565	3,500	2,000	5,000	0,627	0,071	78	4	95
Purchasing Ma	nagers, Tr	ading							
3 months	3,282	3,250	3,000	4,000	0,197	0,022	79	4	95
12 months	3,623	3,600	2,500	4,250	0,319	0,036	79	4	95
24 months	3,709	3,500	2,750	5,500	0,507	0,058	77	6	93
60 months	3,596	3,500	2,000	6,000	0,644	0,076	72	11	87
Money Market	Players								
3 months	3,336	3,250	3,000	3,750	0,138	0,019	55	10	85
12 months	3,859	4,000	3,250	4,250	0,224	0,030	55	10	85
24 months	3,949	4,000	3,000	5,000	0,422	0,057	54	11	83
60 months	3,810	4,000	2,000	5,000	0,579	0,082	50	15	77



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	Standard	Responses	No Resp.	Response
					Deviation	Error	(numbers)	(numbers)	Rate (%)
5 YEAR GOVERNMENT BOND RATE									
3 months	3,985	4,000	3,700	4,500	0,139	0,020	49	16	75
12 months	4,173	4,200	3,750	5,000	0,231	0,033	49	16	75
24 months	4,207	4,250	3,500	5,000	0,350	0,051	48	17	74
60 months	4,264	4,250	3,500	5,750	0,492	0,073	45	20	69
EUR/SEK									
3 months	9,020	9,000	8,800	9,250	0,104	0,014	55	10	85
12 months	8,914	8,900	8,450	9,400	0,173	0,023	55	10	85
24 months	8,898	8,900	8,400	9,500	0,196	0,028	49	16	75
USD/SEK									
3 months	6,942	6,900	6,500	7,400	0,205	0,028	54	11	83
12 months	6,858	6,825	6,070	7,500	0,289	0,039	54	11	83
24 months	6,936	7,000	6,300	8,000	0,407	0,059	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		More than 3%		No response	
				Indi	cator				
		1/07	4/06	1/07	4/06	1/07	4/06	1/07	4/06
All		0	0	92	88	4	8	4	4
Employees' org	ganisation	0	0	93	94	3	6	3	0
Employers' org	ganisation	0	0	85	74	4	19	11	7
Purchase M		0	0	90	90	9	9	1	1
Purchase T		0	0	92	85	4	11	5	5
Money Market	Players	0	0	95	92	0	0	5	8