

Press Release

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Main results

There is a small tendency of lower interest rates expectations and also a bias of a more expensive EUR. But, by and large, Money Market Players' image of the Swedish economy the coming five years is about the same in December as was the case in November.

84 (86) per cent of the Money Market Players believe that the inflation the second year from now will stay within the Riksbank's 1-3 % tolerance band.

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 expectations of inflation, GDP and future repo rates in Sweden among money market players. The survey also includes expectations of the 5 year government bond rate, EUR and USD rates. The latest survey in the series, December 09, has now been completed. The previous survey, November 09, was published Nov 18, 2009. A comparison of the results of the two surveys concerning money market players can be summarised as follows;

Money Market Players' Expectations of;

	Year 1		Year 2		Year 5	
	Dec 09	Nov 09	Dec 09	Nov 09	Dec 09	Nov 09
Annual; Inflation, %	1,3	1,3	2,1	2,2	2,2	2,3
GDP, %	1,8	1,7	2,5	2,6	2,5	2,6

Money Market Players' Expectations of;

	3 months		12 months		24 months		60 months	
	Dec 09	Nov 09	Dec 09	Nov 09	Dec 09	Nov 09	Dec 09	Nov 09
Repo Rate, %	0,3	0,3	1,1	1,1	2,6	2,7	3,6	3,7
5 year gvt bond rate, %	2,6	2,7	3,2	3,3	3,8	3,9	4,1	4,4
EUR	10,18	10,15	9,76	9,71	9,54	9,46	-	-
USD	6,85	6,93	6,76	6,75	6,81	6,70	-	-

Interview Period & Method

TNS SIFO Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation and GDP expectations was carried out Nov 25 – Dec 9, 2009 (previous survey Nov 4 – Nov 16, 2009). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on Nov 25, 2009 (previous survey Nov 4, 2009).

About the Interviewees & Response Rate

In all 58 (58) organisations were approached for interview. 3 (3) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 95 % (95 %). The response rate for individual questions regarding inflation and GDP increase expectations is 95 % 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 1-5)

The money market category includes 58 players, 46 Swedish and 12 international, active in the Swedish fixed income market.

Definitions

Inflation is defined as the annual percentage change in the Consumer Price Index (CPI). The repo rate is the Riksbank's borrowing/lending rate from/to banks for seven days' money and the GDP, Gross Domestic Product, is defined as the annual percentage change in the value of all goods and services produced (by Swedish agents) in one year.

Previous TNS SIFO Prospera Inflation Expectations Surveys

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

TABLE 1 - Inflationary 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 (%)
Money Market Players									
Year 1	1,317	1,300	-0,400	2,500	0,689	0,093	55	3	95
Year 2	2,128	2,000	0,500	4,000	0,724	0,098	55	3	95
Year 5	2,247	2,000	1,700	6,000	0,647	0,093	48	10	83

TABLE 2 - 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 (%)
Money Market Players									
Year 1	1,773	2,000	-4,600	4,100	1,501	0,202	55	3	95
Year 2	2,514	2,500	0,400	3,800	0,586	0,079	55	3	95
Year 5	2,548	2,500	1,500	4,000	0,507	0,073	48	10	83

TABLE 3 - 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 (%)
Money Market Players									
3 months	0,250	0,250	0,250	0,250	0,000	0,000	40	18	69
12 months	1,128	1,000	0,250	2,500	0,526	0,083	40	18	69
24 months	2,604	2,750	0,750	4,250	0,764	0,124	38	20	66
60 months	3,646	4,000	2,000	5,000	0,680	0,113	36	22	62

TABLE 4 - 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 (%)
5 YEAR GOVERNMENT BOND RATE									
3 months	2,647	2,650	2,500	3,300	0,177	0,030	34	24	59
12 months	3,195	3,250	2,500	4,000	0,347	0,059	34	24	59
24 months	3,754	3,750	3,000	5,000	0,534	0,093	33	25	57
60 months	4,124	4,200	3,000	6,000	0,633	0,110	33	25	57
EUR/SEK									
3 months	10,183	10,200	9,750	10,920	0,203	0,032	40	18	69
12 months	9,758	9,750	9,240	10,500	0,279	0,044	40	18	69
24 months	9,544	9,500	8,900	10,500	0,364	0,060	37	21	64
USD/SEK									
3 months	6,853	6,800	6,160	7,800	0,289	0,046	39	19	67
12 months	6,761	6,625	5,940	7,800	0,421	0,068	38	20	66
24 months	6,811	6,900	5,570	8,000	0,570	0,095	36	22	62

TABLE 5 - 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 respons	
	Dec 09	Nov 09	Dec 09	Nov 09	Dec 09	Nov 09	Dec 09	Nov 09
	Money Market Players	2	0	84	86	9	9	5