

Press Release

Questions will be answered by Erik Eliasson, +46 (0)705 55 63 86.

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Main results

Money Market Players believe in a more active Swedish economy than they did less than two months ago, particularly so for the next coming year. GDP, inflation and long term interest rates expectations are all revised upwards. The projection of a weakening EUR and a stable USD is reiterated.

81 (84) 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, January 10, has now been completed. The previous survey, December 09, was published Dec 11, 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	
	Jan 10	Dec 09	Jan 10	Dec 09	Jan 10	Dec 09
Annual; Inflation, %	1,6	1,3	2,4	2,1	2,3	2,2
GDP, %	2,2	1,8	2,5	2,5	2,6	2,5

Money Market Players' Expectations of;

	3 months		12 months		24 months		60 months	
	Jan 10	Dec 09	Jan 10	Dec 09	Jan 10	Dec 09	Jan 10	Dec 09
Repo Rate, %	0,3	0,3	1,2	1,1	2,6	2,6	3,7	3,6
5 year gvt bond rate, %	2,8	2,6	3,4	3,2	3,9	3,8	4,3	4,1
EUR	10,09	10,18	9,74	9,76	9,52	9,54	-	-
USD	6,97	6,85	6,88	6,76	6,99	6,81	-	-

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 Jan 13 – Jan 22, 2010 (previous survey Nov 25 – Dec 9, 2009). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on Jan 13, 2010 (previous survey Nov 25, 2009).

About the Interviewees & Response Rate

In all 57 (58) organisations were approached for interview. 2 (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 96 % (95 %). The response rate for individual questions regarding inflation and GDP increase expectations is 93 % 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 57 players, 46 Swedish and 11 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	1,598	1,500	0,000	3,000	0,620	0,084	55	2	96
Year 2	2,375	2,200	1,000	4,000	0,683	0,093	54	3	95
Year 5	2,256	2,000	1,500	5,750	0,619	0,088	49	8	86

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	2,219	2,200	-1,000	4,000	0,984	0,135	53	4	93
Year 2	2,509	2,500	1,000	4,250	0,596	0,082	53	4	93
Year 5	2,553	2,500	1,500	4,000	0,536	0,078	47	10	82

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	0,320	0,250	0,250	2,000	0,295	0,045	43	14	75
12 months	1,244	1,000	0,250	3,000	0,568	0,087	43	14	75
24 months	2,640	2,750	1,000	4,500	0,657	0,103	41	16	72
60 months	3,681	4,000	2,000	5,000	0,670	0,112	36	21	63

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	2,819	2,800	2,250	3,500	0,251	0,040	39	18	68
12 months	3,387	3,450	2,600	4,000	0,324	0,053	38	19	67
24 months	3,906	3,750	3,250	5,000	0,464	0,076	37	20	65
60 months	4,334	4,000	3,500	7,000	0,742	0,125	35	22	61
EUR/SEK									
3 months	10,094	10,100	9,750	10,640	0,164	0,026	41	16	72
12 months	9,742	9,750	9,200	10,700	0,288	0,046	40	17	70
24 months	9,520	9,500	9,000	10,700	0,358	0,059	37	20	65
USD/SEK									
3 months	6,974	7,000	6,450	7,600	0,221	0,035	40	17	70
12 months	6,882	7,000	6,130	7,500	0,352	0,056	39	18	68
24 months	6,994	7,000	6,000	8,000	0,537	0,090	36	21	63

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 responses	
	Jan 10	Dec 09	Jan 10	Dec 09	Jan 10	Dec 09	Jan 10	Dec 09
Money Market Players	0	2	81	84	14	9	5	5