

Press Release

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

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

Main results

Inflationary, GDP, wage increase and interest rate expectations for the year to come are all substantially above those in the September survey.

Vs the previous survey the money market players believe in a stronger SEK against EUR as well as USD.

TNS SIFO Prospera has been commissioned by Sveriges Riksbank (Central Bank of Sweden) to undertake a series of surveys 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 money market player survey is conducted every month; four times a year including labour market parties and purchasing managers. The latest survey in the all categories series, December 2010, has now been completed, the previous September 2010 was published September 8, 2010. The last survey among money market players was published November 10, 2010. A comparison of the results of the surveys can be summarised as follows (rounded off figures):

All Interviewees' Expectations of¹

<u>Annual</u>	Year 1		Year 2		Year 5			
	Dec 10	Sept 10	Dec 10	Sept 10	Dec 10	Sept 10		
Inflation, %	1,9	1,7	2,2	2,0	2,2	2,2		
GDP, %	3,5	3,1	3,2	3,0	3,1	2,9		
Wage increase, %	2,4	2,1	2,6	2,6	2,8	2,9		
Repo rate, %	3 months		12 months		24 months		60 months	
	Dec 10	Sept 10	Dec 10	Sept 10	Dec 10	Sept 10	Dec 10	Sept 10
	1,2	0,7	1,7	1,3	2,2	2,0	2,6	2,6

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Dec 10	(Nov 10)	Sept 10	Dec 10	(Nov 10)	Sept 10	Dec 10	(Nov 10)	Sept 10	Dec 10	(Nov 10)	Sept 10
Repo rate, %	1,3	(1,2)	0,9	1,9	(1,8)	1,5	2,5	(2,5)	2,3	3,2	(3,3)	3,2
5 year gvt bond, %	2,4	(2,4)	2,0	2,8	(2,9)	2,4	3,2	(3,3)	2,9	3,8	(3,8)	3,5
EUR	9,16	(9,16)	9,34	8,99	(9,03)	9,15	8,97	(9,01)	9,10	-	(-)	-
USD	6,77	(6,61)	7,40	6,78	(6,70)	7,30	7,00	(6,88)	7,29	-	(-)	-

Interview Period & Method

TNS SIFO Prospera's inflation expectation surveys are carried out over the telephone. The part of the survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out November 22 - December 7, 2010 (previous survey August 23 – September 6, 2010 (October 27- November 4, 2010)). 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 24, 2010 (previous survey August 25, 2010, (October 27, 2010)).

About the Interviewees & Response Rate

In all 267 (267) organisations/companies were approached for interview. 17 (13) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 94% (95 %). The response rate for individual questions regarding inflation, wage and GDP 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 repo rates, 5 year government bond rates, EUR and USD rates the response rate is generally lower. (Tables 2-8) Of the 158 purchasing managers 79 represent the trading industry and 79 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 54 players, 45 Swedish and 9 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.

55 Swedish labour market organisations, of which 26 on the employers' side and 29 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 seven days' 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 TNS SIFO Prospera inflationary expectations surveys

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

**TABLE 1 - Comparison December 2010 vs (November 2010)
September 2010**

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

Expectations of:

	Year 1		Year 2		Year 5							
	Dec 10	Sept 10	Dec 10	Sept 10	Dec 10	Sept 10						
Annual inflation, %												
All	1,9	1,7	2,2	2,0	2,2	2,2						
Employees' organisations	1,9	1,6	2,1	1,9	2,2	2,0						
Employers' organisations	1,9	1,7	2,2	2,2	2,2	2,4						
Purchase managers Manufacturing	2,0	1,6	2,1	2,1	2,4	2,2						
Purchase managers Trading	2,0	1,7	2,2	2,1	2,2	2,2						
Money market players	1,7	(1,8)	1,6	2,1	(2,1)	2,0	2,1	(2,1)	2,0			
GDP, %												
All	3,5	3,1	3,2	3,0	3,1	2,9						
Employees' organisations	4,1	3,3	3,7	3,3	3,6	3,3						
Employers' organisations	3,8	3,0	3,3	3,1	3,2	3,0						
Purchase managers Manufacturing	3,5	3,2	3,2	3,1	3,2	3,0						
Purchase managers Trading	3,5	2,9	3,3	2,9	3,1	2,9						
Money market players	3,1	(2,9)	3,0	2,8	(2,7)	2,8	2,6	(2,6)	2,6			
Annual wage increase, %												
All	2,4	2,1	2,6	2,6	2,8	2,9						
Employees' organisations	2,5	2,2	2,8	2,7	3,1	3,0						
Employers' organisations	2,3	2,0	2,7	2,7	3,0	3,1						
Purchase managers Manufacturing	2,3	2,0	2,6	2,5	2,6	2,8						
Purchase managers Trading	2,5	2,2	2,6	2,5	2,7	2,8						
Repo rate, %												
	3 months		12 months		24 months		60 months					
	Dec 10	Sept 10	Dec 10	Sept 10	Dec 10	Sept 10	Dec 10	Sept 10				
All	1,2	0,7	1,7	1,3	2,2	2,0	2,6	2,6				
Employees' organisations	1,3	0,8	1,5	1,4	1,8	1,9	2,3	2,4				
Employers' organisations	1,2	0,6	1,7	1,3	2,1	1,9	2,3	2,5				
Purchase managers Manufacturing	1,2	0,7	1,6	1,2	2,1	1,8	2,5	2,5				
Purchase managers Trading	1,2	0,7	1,8	1,3	2,3	2,0	2,7	2,6				
Money market players	1,3	(1,2)	0,9	1,9	(1,8)	1,5	2,5	(2,5)	2,3	3,2	(3,3)	3,2

TABLE 2 - Inflation 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 (%)
All									
Year 1	1,912	1,800	0,500	4,000	0,508	0,032	249	18	93
Year 2	2,156	2,000	0,500	4,000	0,523	0,033	247	20	93
Year 5	2,236	2,000	0,800	6,500	0,611	0,040	232	35	87
Employee's organisations									
Year 1	1,916	1,775	1,300	4,000	0,604	0,114	28	1	97
Year 2	2,105	2,000	1,000	3,000	0,492	0,093	28	1	97
Year 5	2,228	2,000	1,000	3,000	0,490	0,094	27	2	93
Employers' organisations									
Year 1	1,946	2,000	1,000	3,000	0,475	0,097	24	2	92
Year 2	2,202	2,000	1,500	3,700	0,471	0,096	24	2	92
Year 5	2,214	2,000	1,500	3,500	0,527	0,112	22	4	85
Purchasing Managers, Manufacturing									
Year 1	1,954	2,000	0,500	3,500	0,496	0,059	71	8	90
Year 2	2,138	2,000	0,500	3,500	0,569	0,068	70	9	89
Year 5	2,368	2,000	1,000	6,500	0,826	0,100	68	11	86
Purchasing Managers, Trading									
Year 1	1,976	2,000	0,900	3,500	0,564	0,066	74	5	94
Year 2	2,203	2,000	1,000	4,000	0,568	0,066	74	5	94
Year 5	2,176	2,000	0,800	4,000	0,555	0,067	68	11	86
Money Market Players									
Year 1	1,746	1,700	1,000	2,700	0,362	0,050	52	2	96
Year 2	2,118	2,000	1,500	3,500	0,430	0,060	51	3	94
Year 5	2,144	2,000	1,000	3,000	0,360	0,053	47	7	87

TABLE 3 - Inflation Expectations - 75% probability forecast uncertainty intervals

Expected annual increase intervals in CPI the coming 1, 2 and 5 years with a 75 % probability

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
Money Market Players									
Year 1									
Lower bound	1,241	1,250	0,000	2,200	0,402	0,059	46	8	85
Upper bound	2,259	2,000	1,400	3,700	0,552	0,081	46	8	85
Year 2									
Lower bound	1,428	1,500	-1,000	2,700	0,578	0,085	46	8	85
Upper bound	2,757	2,500	1,800	4,100	0,642	0,095	46	8	85
Year 5									
Lower bound	1,231	1,150	-2,000	2,700	0,787	0,119	44	10	81
Upper bound	3,185	3,100	2,250	5,000	0,685	0,103	44	10	81

TABLE 4 - 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 (%)
All									
Year 1	3,538	3,500	0,000	7,000	1,050	0,067	246	21	92
Year 2	3,213	3,000	1,000	7,000	0,919	0,059	245	22	92
Year 5	3,084	3,000	0,000	7,000	0,982	0,065	230	37	86
Employee's organisations									
Year 1	4,063	4,000	2,500	7,000	1,033	0,195	28	1	97
Year 2	3,671	3,750	2,300	7,000	0,999	0,189	28	1	97
Year 5	3,618	3,900	2,000	5,000	0,744	0,141	28	1	97
Employers' organisations									
Year 1	3,760	3,500	2,300	5,500	0,853	0,171	25	1	96
Year 2	3,344	3,000	2,000	6,000	0,895	0,179	25	1	96
Year 5	3,236	3,000	1,500	5,000	1,050	0,224	22	4	85
Purchasing Managers, Manufacturing									
Year 1	3,539	4,000	0,000	5,000	1,137	0,137	69	10	87
Year 2	3,203	3,000	1,000	5,600	0,990	0,120	68	11	86
Year 5	3,168	3,000	1,500	7,000	1,048	0,129	66	13	84
Purchasing Managers, Trading									
Year 1	3,544	3,500	0,500	6,000	1,030	0,121	73	6	92
Year 2	3,292	3,000	1,500	5,750	0,884	0,103	73	6	92
Year 5	3,071	3,000	2,000	6,000	1,038	0,126	68	11	86
Money Market Players									
Year 1	3,130	3,000	0,250	5,000	0,918	0,129	51	3	94
Year 2	2,798	2,700	1,500	6,000	0,671	0,094	51	3	94
Year 5	2,583	2,500	0,000	4,000	0,643	0,095	46	8	85

TABLE 5 - Wage Increase Expectations

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

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
All									
Year 1	2,397	2,500	0,900	5,000	0,655	0,047	197	16	92
Year 2	2,649	2,700	0,000	4,000	0,614	0,044	196	17	92
Year 5	2,757	3,000	0,500	5,500	0,695	0,051	186	27	87
Employee's organisations									
Year 1	2,466	2,500	1,400	3,750	0,503	0,095	28	1	97
Year 2	2,845	3,000	2,000	3,750	0,525	0,099	28	1	97
Year 5	3,096	3,250	2,000	4,000	0,532	0,102	27	2	93
Employers' organisations									
Year 1	2,271	2,450	0,900	3,000	0,599	0,122	24	2	92
Year 2	2,721	2,800	1,900	3,500	0,443	0,090	24	2	92
Year 5	2,964	3,000	1,800	5,000	0,775	0,165	22	4	85
Purchasing Managers, Manufacturing									
Year 1	2,280	2,500	1,000	4,000	0,643	0,076	71	8	90
Year 2	2,551	2,500	0,750	4,000	0,623	0,074	70	9	89
Year 5	2,620	2,500	0,750	5,500	0,722	0,087	69	10	87
Purchasing Managers, Trading									
Year 1	2,525	2,500	0,900	5,000	0,715	0,083	74	5	94
Year 2	2,643	2,650	0,000	4,000	0,671	0,078	74	5	94
Year 5	2,696	2,900	0,500	4,000	0,651	0,079	68	11	86

TABLE 6 - 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 (%)
All									
3 months	1,237	1,250	0,250	3,250	0,309	0,020	235	32	88
12 months	1,705	1,750	0,250	3,500	0,418	0,027	235	32	88
24 months	2,179	2,000	0,250	4,000	0,591	0,039	232	35	87
60 months	2,614	2,500	1,000	5,000	0,788	0,054	214	53	80
Employee's organisations									
3 months	1,259	1,000	1,000	3,000	0,478	0,092	27	2	93
12 months	1,531	1,500	0,250	3,000	0,478	0,092	27	2	93
24 months	1,841	2,000	0,250	3,000	0,546	0,105	27	2	93
60 months	2,298	2,000	1,000	4,000	0,796	0,156	26	3	90
Employers' organisations									
3 months	1,194	1,250	1,000	2,000	0,217	0,043	25	1	96
12 months	1,676	1,500	1,150	2,500	0,333	0,067	25	1	96
24 months	2,060	2,000	1,500	3,250	0,512	0,102	25	1	96
60 months	2,343	2,250	1,000	3,500	0,818	0,178	21	5	81
Purchasing Managers, Manufacturing									
3 months	1,229	1,250	0,250	3,250	0,395	0,047	70	9	89
12 months	1,625	1,500	0,750	3,500	0,465	0,056	70	9	89
24 months	2,101	2,000	1,200	3,500	0,581	0,069	70	9	89
60 months	2,487	2,500	1,250	4,000	0,725	0,089	67	12	85
Purchasing Managers, Trading									
3 months	1,227	1,250	1,000	1,750	0,187	0,022	73	6	92
12 months	1,757	1,750	1,000	2,500	0,358	0,042	73	6	92
24 months	2,274	2,250	1,200	4,000	0,565	0,067	72	7	91
60 months	2,654	2,500	1,000	5,000	0,766	0,093	68	11	86
Money Market Players									
3 months	1,281	1,250	0,500	1,500	0,213	0,034	40	14	74
12 months	1,888	2,000	0,750	2,750	0,371	0,059	40	14	74
24 months	2,461	2,500	1,250	3,500	0,594	0,096	38	16	70
60 months	3,234	3,000	2,000	4,000	0,602	0,106	32	22	59

TABLE 7 - Repo Rate Expectations - 75% probability forecast uncertainty intervals

Expected repo rate intervals the coming 3-60 months with a 75 % probability

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate (%)
Money Market Players									
3 months									
Lower bound	1,046	1,000	0,250	1,500	0,215	0,036	36	18	67
Upper bound	1,468	1,500	0,750	1,750	0,226	0,038	36	18	67
12 months									
Lower bound	1,419	1,500	0,250	2,250	0,468	0,078	36	18	67
Upper bound	2,303	2,250	1,000	3,000	0,462	0,077	36	18	67
24 months									
Lower bound	1,739	1,875	0,000	3,000	0,757	0,126	36	18	67
Upper bound	3,150	3,000	1,750	4,500	0,638	0,106	36	18	67
60 months									
Lower bound	1,922	2,000	0,000	3,500	0,915	0,162	32	22	59
Upper bound	4,305	4,000	2,750	6,000	0,825	0,146	32	22	59

TABLE 8 - 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	2,356	2,300	2,000	2,750	0,195	0,034	33	21	61
12 months	2,797	2,750	2,000	4,000	0,373	0,065	33	21	61
24 months	3,236	3,200	2,000	4,600	0,566	0,100	32	22	59
60 months	3,807	3,750	2,300	5,000	0,709	0,134	28	26	52
EUR/SEK									
3 months	9,156	9,185	8,800	9,400	0,127	0,020	40	14	74
12 months	8,992	9,000	8,200	9,900	0,251	0,040	40	14	74
24 months	8,970	8,950	8,600	9,400	0,188	0,032	35	19	65
USD/SEK									
3 months	6,771	6,750	6,070	7,600	0,342	0,054	40	14	74
12 months	6,777	6,650	5,680	8,000	0,530	0,084	40	14	74
24 months	6,999	6,875	6,000	9,000	0,682	0,114	36	18	67