

Press Release

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

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Please state TNS SIFO Prospera as the source.

Main results

The one year inflation and GDP growth expectations are clearly up since the December survey.

In parallel the repo and the 5 year bond rate projections have been revised upwards for all time periods covered by the survey.

Vs the previous survey SEK is believed to strengthen against EUR and to weaken somewhat against USD during the next coming two years.

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 2011, has now been completed. The previous survey, December 2010, was published December 8, 2010. A comparison of the results of the two surveys concerning money market players can be summarised as follows:

Money Market Players' Expectations of

| Annual: | Year 1 | | Year 2 | | Year 5 | |
|--------------|--------|--------|--------|--------|--------|--------|
| | Jan 11 | Dec 10 | Jan 11 | Dec 10 | Jan 11 | Dec 10 |
| Inflation, % | 2,1 | 1,7 | 2,2 | 2,1 | 2,1 | 2,1 |
| GDP, % | 3,4 | 3,1 | 2,9 | 2,8 | 2,6 | 2,6 |

Money Market Players' Expectations of

| | 3 months | | 12 months | | 24 months | | 60 months | |
|-------------------------|----------|--------|-----------|--------|-----------|--------|-----------|--------|
| | Jan 11 | Dec 10 | Jan 11 | Dec 10 | Jan 11 | Dec 10 | Jan 11 | Dec 10 |
| Repo Rate, % | 1,5 | 1,3 | 2,2 | 1,9 | 3,0 | 2,5 | 3,4 | 3,2 |
| 5 year gvt bond rate, % | 3,0 | 2,4 | 3,3 | 2,8 | 3,6 | 3,2 | 4,0 | 3,8 |
| EUR | 8,79 | 9,16 | 8,69 | 8,99 | 8,70 | 8,97 | - | - |
| USD | 6,79 | 6,77 | 6,84 | 6,78 | 7,03 | 7,00 | - | - |

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 January 12 – January 18, 2011 (previous survey November 22 - December 7, 2010). The part of the survey regarding expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on January 12 (previous survey November 24, 2010).

About the Interviewees & Response Rate

In all 54 (54) organisations were approached for interview. 4 (2) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 93 % (96 %). The response rate for individual questions regarding inflation and GDP increase expectations is 93 % 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 54 players, 45 Swedish and 9 international, active in the Swedish fixed income market.

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 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 - 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 (%) |
|-----------------------------|-------------|---------------|---------------|----------------|-----------------------|-------------------|------------------------|-----------------------|----------------------|
| Money Market Players | | | | | | | | | |
| Year 1 | 2,075 | 2,000 | 1,200 | 2,700 | 0,366 | 0,052 | 50 | 4 | 93% |
| Year 2 | 2,200 | 2,200 | 1,500 | 3,000 | 0,305 | 0,043 | 50 | 4 | 93% |
| Year 5 | 2,123 | 2,000 | 1,500 | 3,000 | 0,300 | 0,045 | 45 | 9 | 83% |

TABLE 2 - 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 | 1,568 | 1,700 | 0,000 | 2,600 | 0,510 | 0,078 | 43 | 11 | 80% |
| Upper bound | 2,597 | 2,500 | 1,500 | 3,500 | 0,441 | 0,067 | 43 | 11 | 80% |
| Year 2 | | | | | | | | | |
| Lower bound | 1,524 | 1,600 | -1,000 | 2,500 | 0,611 | 0,093 | 43 | 11 | 80% |
| Upper bound | 2,940 | 3,000 | 2,000 | 4,500 | 0,588 | 0,090 | 43 | 11 | 80% |
| Year 5 | | | | | | | | | |
| Lower bound | 1,254 | 1,250 | -2,000 | 2,500 | 0,766 | 0,120 | 41 | 13 | 76% |
| Upper bound | 3,091 | 3,000 | 2,000 | 5,000 | 0,725 | 0,113 | 41 | 13 | 76% |

TABLE 3 - 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 | 3,393 | 3,350 | 1,100 | 6,200 | 0,814 | 0,115 | 50 | 4 | 93% |
| Year 2 | 2,909 | 3,000 | 2,000 | 4,000 | 0,380 | 0,054 | 50 | 4 | 93% |
| Year 5 | 2,584 | 2,500 | 1,500 | 3,000 | 0,360 | 0,054 | 44 | 10 | 81% |

TABLE 4 - 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 | 1,512 | 1,500 | 1,250 | 1,750 | 0,095 | 0,015 | 42 | 12 | 78% |
| 12 months | 2,238 | 2,250 | 1,750 | 3,000 | 0,297 | 0,046 | 42 | 12 | 78% |
| 24 months | 2,957 | 3,000 | 2,000 | 4,000 | 0,379 | 0,059 | 41 | 13 | 76% |
| 60 months | 3,438 | 3,500 | 2,500 | 4,250 | 0,432 | 0,072 | 36 | 18 | 67% |

TABLE 5 - 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 | 1,378 | 1,250 | 1,250 | 1,750 | 0,140 | 0,023 | 37 | 17 | 69% |
| Upper bound | 1,662 | 1,500 | 1,500 | 2,500 | 0,244 | 0,040 | 37 | 17 | 69% |
| 12 months | | | | | | | | | |
| Lower bound | 1,784 | 1,750 | 0,750 | 2,750 | 0,364 | 0,060 | 37 | 17 | 69% |
| Upper bound | 2,635 | 2,500 | 1,750 | 3,500 | 0,366 | 0,060 | 37 | 17 | 69% |
| 24 months | | | | | | | | | |
| Lower bound | 2,068 | 2,250 | 0,500 | 3,000 | 0,681 | 0,112 | 37 | 17 | 69% |
| Upper bound | 3,561 | 3,500 | 2,000 | 5,000 | 0,585 | 0,096 | 37 | 17 | 69% |
| 60 months | | | | | | | | | |
| Lower bound | 2,083 | 2,000 | 0,000 | 4,000 | 0,959 | 0,167 | 33 | 21 | 61% |
| Upper bound | 4,508 | 4,500 | 2,750 | 6,000 | 0,722 | 0,126 | 33 | 21 | 61% |

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 | Standard Error | Responses (numbers) | No Resp. (numbers) | Response Rate (%) |
|------------------------------------|-------|--------|--------|---------|--------------------|----------------|---------------------|--------------------|-------------------|
| 5 YEAR GOVERNMENT BOND RATE | | | | | | | | | |
| 3 months | 2,966 | 3,000 | 2,600 | 3,400 | 0,168 | 0,028 | 37 | 17 | 69% |
| 12 months | 3,340 | 3,500 | 2,800 | 4,300 | 0,306 | 0,050 | 37 | 17 | 69% |
| 24 months | 3,638 | 3,500 | 3,000 | 4,700 | 0,425 | 0,070 | 37 | 17 | 69% |
| 60 months | 3,957 | 4,000 | 3,000 | 5,000 | 0,518 | 0,090 | 33 | 21 | 61% |
| EUR/SEK | | | | | | | | | |
| 3 months | 8,795 | 8,750 | 8,500 | 9,170 | 0,151 | 0,024 | 41 | 13 | 76% |
| 12 months | 8,689 | 8,600 | 8,200 | 9,250 | 0,239 | 0,037 | 41 | 13 | 76% |
| 24 months | 8,701 | 8,750 | 8,000 | 9,300 | 0,297 | 0,048 | 39 | 15 | 72% |
| USD/SEK | | | | | | | | | |
| 3 months | 6,793 | 6,750 | 6,430 | 7,600 | 0,238 | 0,038 | 40 | 14 | 74% |
| 12 months | 6,842 | 6,800 | 5,870 | 7,750 | 0,500 | 0,079 | 40 | 14 | 74% |
| 24 months | 7,026 | 7,000 | 6,000 | 8,000 | 0,515 | 0,082 | 39 | 15 | 72% |