

Press Release

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Main results

Generally inflationary, GDP, wage increase and interest rate expectations for the year to come are substantially above those in the December survey.

Money market players do not foresee a further strengthening of SEK against EUR and, in particular, USD in the two year perspective.

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, March 2011, has now been completed, the previous December 2010 was published December 8, 2010. The last survey among money market players was published February 16, 2011. 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			
	Mar 11	Dec 10	Mar 11	Dec 11	Mar 11	Dec 11		
Inflation, %	2,5	1,9	2,5	2,2	2,3	2,2		
GDP, %	4,0	3,5	3,4	3,2	3,1	3,1		
Wage increase, %	2,7	2,4	2,9	2,6	2,8	2,8		
Repo rate, %	3 months		12 months		24 months		60 months	
	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10
	1,8	1,2	2,4	1,7	2,8	2,2	3,0	2,6

Money Market Players' Expectations of

	3 months		12 months		24 months		60 months	
	Mar 11 (Feb 11)	Dec 10	Mar 11 (Feb 11)	Dec 10	Mar 11 (Feb 11)	Dec 10	Mar 11 (Feb 11)	Dec 10
Repo Rate, %	1,8 (1,7)	1,3	2,6 (2,5)	1,9	3,2 (3,2)	2,5	3,4 (3,5)	3,2
5 year gvt bond,%	3,2 (3,2)	2,4	3,5 (3,6)	2,8	3,9 (4,0)	3,2	4,1 (4,1)	3,8
EUR	8,72 (8,74)	9,16	8,70 (8,69)	8,99	8,76 (8,73)	8,97	-	-
USD	6,44 (6,46)	6,77	6,60 (6,58)	6,78	6,81 (6,79)	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, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out February 21 - March 7, 2011 (previous survey November 22 - December 7, 2010 (February 2 - February 14, 2011)). 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 February 23, 2011 (previous survey November 24, 2010, (February 2, 2011)).

About the Interviewees & Response Rate

In all 264 (267) organisations/companies were approached for interview. 19 (17) 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 % (94 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 90 % 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 157 purchasing managers 79 represent the trading industry and 78 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.

53 Swedish labour market organisations, of which 24 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 March 2011 vs (February 2011)
December 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			
	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10		
Annual inflation, %								
All	2,5	1,9	2,5	2,2	2,3	2,2		
Employees' organisations	2,5	1,9	2,5	2,1	2,2	2,2		
Employers' organisations	2,5	1,9	2,4	2,2	2,2	2,2		
Purchase managers Manufacturing	2,7	2,0	2,7	2,1	2,5	2,4		
Purchase managers Trading	2,5	2,0	2,6	2,2	2,4	2,2		
Money market players	2,3 (2,2)	1,7	2,3 (2,3)	2,1	2,2 (2,2)	2,1		
GDP, %								
All	4,0	3,5	3,4	3,2	3,1	3,1		
Employees' organisations	4,6	4,1	3,9	3,7	3,7	3,6		
Employers' organisations	4,1	3,8	3,7	3,3	3,4	3,2		
Purchase managers Manufacturing	4,4	3,5	3,7	3,2	3,2	3,2		
Purchase managers Trading	3,7	3,5	3,3	3,3	2,9	3,1		
Money market players	3,5 (3,4)	3,1	2,9 (2,9)	2,8	2,6 (2,6)	2,6		
Annual wage increase, %								
All	2,7	2,4	2,9	2,6	2,8	2,8		
Employees' organisations	2,9	2,5	3,2	2,8	3,0	3,1		
Employers' organisations	2,8	2,3	3,1	2,7	2,9	3,0		
Purchase managers Manufacturing	2,7	2,3	2,9	2,6	2,8	2,6		
Purchase managers Trading	2,7	2,5	2,8	2,6	2,6	2,7		
Repo rate, %								
	3 months		12 months		24 months		60 months	
	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10
All	1,8	1,2	2,4	1,7	2,8	2,2	3,0	2,6
Employees' organisations	1,8	1,3	2,3	1,5	2,6	1,8	2,8	2,3
Employers' organisations	1,7	1,2	2,4	1,7	2,9	2,1	2,9	2,3
Purchase managers Manufacturing	1,8	1,2	2,3	1,6	2,8	2,1	2,9	2,5
Purchase managers Trading	1,7	1,2	2,4	1,8	2,8	2,3	2,9	2,7
Money market players	1,8 (1,7)	1,3	2,6 (2,5)	1,9	3,2 (3,2)	2,5	3,4 (3,5)	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	2,525	2,500	1,000	4,000	0,490	0,031	245	19	93%
Year 2	2,543	2,500	1,000	5,000	0,547	0,035	243	21	92%
Year 5	2,334	2,000	0,000	6,000	0,638	0,042	228	36	86%
Employee's organisations									
Year 1	2,538	2,500	1,700	3,500	0,430	0,080	29	0	100%
Year 2	2,482	2,300	1,900	3,500	0,541	0,102	28	1	97%
Year 5	2,207	2,000	1,500	3,000	0,398	0,075	28	1	97%
Employers' organisations									
Year 1	2,496	2,500	1,500	3,500	0,506	0,105	23	1	96%
Year 2	2,391	2,300	1,800	3,500	0,428	0,089	23	1	96%
Year 5	2,167	2,000	1,500	3,100	0,437	0,095	21	3	88%
Purchasing Managers, Manufacturing									
Year 1	2,685	2,550	1,300	4,000	0,489	0,058	72	6	92%
Year 2	2,718	2,800	1,000	5,000	0,647	0,077	71	7	91%
Year 5	2,480	2,500	0,000	4,000	0,760	0,091	70	8	90%
Purchasing Managers, Trading									
Year 1	2,531	2,500	1,000	4,000	0,501	0,060	70	9	89%
Year 2	2,583	2,500	1,500	3,500	0,510	0,061	70	9	89%
Year 5	2,392	2,200	1,000	6,000	0,765	0,095	65	14	82%
Money Market Players									
Year 1	2,298	2,300	1,500	3,100	0,423	0,059	51	3	94%
Year 2	2,345	2,300	1,400	3,500	0,410	0,057	51	3	94%
Year 5	2,174	2,000	2,000	3,000	0,270	0,041	44	10	81%

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	1,743	1,800	0,200	2,500	0,563	0,082	47	7	87%
Upper bound	2,887	3,000	1,800	4,000	0,480	0,070	47	7	87%
Year 2									
Lower bound	1,646	1,700	0,000	3,000	0,632	0,092	47	7	87%
Upper bound	3,068	3,000	2,100	5,000	0,643	0,094	47	7	87%
Year 5									
Lower bound	1,306	1,500	-1,000	2,500	0,752	0,115	43	11	80%
Upper bound	3,112	3,000	2,200	5,000	0,763	0,116	43	11	80%

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	3,995	3,900	0,800	7,900	1,286	0,083	239	25	91%
Year 2	3,441	3,000	0,300	9,000	1,264	0,082	239	25	91%
Year 5	3,073	2,900	0,300	13,000	1,389	0,093	224	40	85%
Employee's organisations									
Year 1	4,589	4,100	3,000	7,900	1,406	0,271	27	2	93%
Year 2	3,930	3,200	2,500	7,200	1,456	0,280	27	2	93%
Year 5	3,700	3,000	2,000	7,500	1,511	0,302	25	4	86%
Employers' organisations									
Year 1	4,130	3,800	2,400	7,500	1,404	0,293	23	1	96%
Year 2	3,713	3,000	2,500	8,000	1,562	0,326	23	1	96%
Year 5	3,383	3,000	1,900	7,500	1,623	0,354	21	3	88%
Purchasing Managers, Manufacturing									
Year 1	4,426	4,000	2,000	7,500	1,403	0,169	69	9	88%
Year 2	3,730	3,500	2,000	7,500	1,307	0,157	69	9	88%
Year 5	3,212	3,000	1,000	8,000	1,383	0,166	69	9	88%
Purchasing Managers, Trading									
Year 1	3,650	3,500	0,800	7,000	1,165	0,139	70	9	89%
Year 2	3,256	3,000	0,300	9,000	1,266	0,151	70	9	89%
Year 5	2,880	2,800	0,300	13,000	1,582	0,198	64	15	81%
Money Market Players									
Year 1	3,502	3,500	2,000	5,000	0,755	0,107	50	4	93%
Year 2	2,910	3,000	1,500	4,000	0,540	0,076	50	4	93%
Year 5	2,639	2,500	1,500	4,000	0,503	0,075	45	9	83%

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	2,750	2,900	0,400	4,000	0,572	0,041	191	19	91%
Year 2	2,934	3,000	0,600	4,500	0,572	0,042	189	21	90%
Year 5	2,763	3,000	0,600	5,000	0,584	0,043	181	29	86%
Employee's organisations									
Year 1	2,879	3,000	1,500	3,700	0,469	0,087	29	0	100%
Year 2	3,157	3,350	2,000	4,000	0,511	0,097	28	1	97%
Year 5	3,004	3,000	2,000	4,000	0,532	0,101	28	1	97%
Employers' organisations									
Year 1	2,827	3,000	0,900	3,800	0,613	0,131	22	2	92%
Year 2	3,130	3,000	2,500	4,000	0,446	0,095	22	2	92%
Year 5	2,933	3,000	2,000	3,800	0,471	0,105	20	4	83%
Purchasing Managers, Manufacturing									
Year 1	2,744	2,650	1,500	4,000	0,565	0,067	72	6	92%
Year 2	2,896	3,000	2,000	4,000	0,512	0,061	71	7	91%
Year 5	2,757	3,000	2,000	5,000	0,586	0,070	70	8	90%
Purchasing Managers, Trading									
Year 1	2,675	2,750	0,400	4,000	0,604	0,073	68	11	86%
Year 2	2,819	3,000	0,600	4,500	0,655	0,079	68	11	86%
Year 5	2,610	2,500	0,600	4,000	0,598	0,075	63	16	80%

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	1,763	1,750	1,300	2,250	0,131	0,009	232	32	88%
12 months	2,381	2,500	1,500	3,500	0,381	0,025	232	32	88%
24 months	2,845	3,000	1,500	4,500	0,568	0,038	228	36	86%
60 months	2,964	3,000	1,500	6,000	0,718	0,049	211	53	80%
Employee's organisations									
3 months	1,759	1,750	1,500	2,000	0,125	0,023	29	0	100%
12 months	2,276	2,250	1,750	3,000	0,349	0,065	29	0	100%
24 months	2,647	2,500	1,750	3,750	0,584	0,109	29	0	100%
60 months	2,760	3,000	1,500	4,000	0,658	0,129	26	3	90%
Employers' organisations									
3 months	1,726	1,750	1,500	2,000	0,104	0,022	23	1	96%
12 months	2,376	2,500	1,900	3,000	0,316	0,066	23	1	96%
24 months	2,867	3,000	2,000	3,500	0,502	0,105	23	1	96%
60 months	2,925	3,000	1,500	4,750	0,766	0,171	20	4	83%
Purchasing Managers, Manufacturing									
3 months	1,796	1,750	1,500	2,250	0,153	0,018	72	6	92%
12 months	2,335	2,500	1,500	3,500	0,431	0,051	72	6	92%
24 months	2,757	2,750	1,500	4,000	0,585	0,069	71	7	91%
60 months	2,875	3,000	1,500	4,000	0,658	0,078	71	7	91%
Purchasing Managers, Trading									
3 months	1,741	1,750	1,300	2,000	0,141	0,017	69	10	87%
12 months	2,353	2,250	1,500	3,500	0,373	0,045	69	10	87%
24 months	2,819	3,000	1,750	4,500	0,571	0,069	69	10	87%
60 months	2,948	3,000	1,500	6,000	0,807	0,103	62	17	78%
Money Market Players									
3 months	1,763	1,750	1,750	2,000	0,056	0,009	39	15	72%
12 months	2,596	2,500	1,750	3,250	0,279	0,045	39	15	72%
24 months	3,217	3,250	2,250	4,000	0,385	0,064	36	18	67%
60 months	3,384	3,500	2,000	4,250	0,532	0,094	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	1,600	1,500	1,250	1,750	0,151	0,026	35	19	65%
Upper bound	1,950	2,000	1,750	2,500	0,199	0,034	35	19	65%
12 months									
Lower bound	2,123	2,250	0,750	3,000	0,461	0,078	35	19	65%
Upper bound	3,044	3,000	2,000	4,000	0,344	0,058	35	19	65%
24 months									
Lower bound	2,305	2,500	0,500	3,750	0,796	0,139	33	21	61%
Upper bound	3,956	4,000	3,000	5,500	0,586	0,102	33	21	61%
60 months									
Lower bound	2,163	2,000	0,000	4,250	0,964	0,173	31	23	57%
Upper bound	4,508	4,500	3,000	7,000	0,889	0,160	31	23	57%

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	3,224	3,250	2,500	3,900	0,236	0,040	34	20	63%
12 months	3,548	3,500	2,750	4,200	0,344	0,059	34	20	63%
24 months	3,863	3,925	2,500	4,800	0,443	0,078	32	22	59%
60 months	4,074	4,000	3,000	5,200	0,511	0,093	30	24	56%
EUR/SEK									
3 months	8,723	8,700	8,500	9,100	0,144	0,024	37	17	69%
12 months	8,699	8,700	8,250	9,250	0,233	0,038	37	17	69%
24 months	8,759	8,800	8,000	9,300	0,295	0,051	34	20	63%
USD/SEK									
3 months	6,438	6,400	6,000	7,200	0,234	0,038	37	17	69%
12 months	6,602	6,550	5,870	7,800	0,491	0,081	37	17	69%
24 months	6,810	6,725	5,500	7,850	0,604	0,104	34	20	63%