

Press Release

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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 Swedish 5 year government bond rate, EUR and USD rates.

The money market player survey is conducted every month. The survey also including labour market parties and purchasing managers is published quarterly.

The latest survey in the all categories series, June 2011, has now been completed, the previous March 2011 was published March 9, 2011. The last survey among money market players was published May 11, 2011.

A comparison of the results of the surveys can be summarised as follows (rounded off figures):

All Interviewees' Expectations of

	Year 1		Year 2		Year 5	
	June 11	Mar 11	June 11	Mar 11	June 11	Mar 11
Annual						
Inflation, %	2,7	2,5	2,6	2,5	2,4	2,3
GDP, %	4,1	4,0	3,5	3,4	3,2	3,1
Wage increase, %	2,9	2,7	3,0	2,9	2,8	2,8

	3 months		12 months		24 months		60 months	
	June 11	Mar 11	June 11	Mar 11	June 11	Mar 11	June 11	Mar 11
Repo rate, %	2,0	1,8	2,6	2,4	2,9	2,8	2,9	3,0

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11
Repo rate, %	2,0	(2,0)	1,8	2,8	(2,9)	2,6	3,3	(3,3)	3,2	3,5	(3,5)	3,4
5 year gvt bond rate, %	3,0	(3,3)	3,2	3,4	(3,5)	3,5	3,7	(3,8)	3,9	3,9	(3,9)	4,1
EUR	8,83	(8,86)	8,72	8,80	(8,80)	8,70	8,83	(8,85)	8,76	-	-	-
USD	6,22	(6,12)	6,44	6,49	(6,31)	6,60	6,75	(6,59)	6,81	-	-	-

Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out May 30 – June 14, 2011 (previous survey February 21 – March 7, 2011 (April 27 – May 10, 2011)).

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on June 1, 2011 (previous survey February 23, 2011 (April 27, 2011)).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 9,3 years.

About the Interviewees & Response Rate*All Interviewees*

In all 270 (264) organisations/companies were approached for interview. 16 (19) 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 % (93 %). 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)

Labour Market Organisations

52 Swedish labour market organisations, of which 24 on the employers' side and 28 on the employees' side have been approached.

Purchase Managers

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.

Money Market Players

The money market category includes 61 players, 51 Swedish and 10 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 survey covering expected 5 year government bond rates, EUR and USD rates.

Definitions

Inflation, the percentage increase in Consumer Price Index (CPI).

GDP, Gross Domestic Product, the value of all goods and services produced (by Swedish agents) in one year.

Wage increase, 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.

Repo rate, the Riksbank's borrowing/lending rate from/to banks for seven days' money.

Previous TNS SIFO Prospera Inflation Expectations Surveys

TNS SIFO Prospera inflation reports and tables, from 1995 and onwards, can be downloaded from <http://www.prospera.se/reports/inflation-expectations>

TABLE 1 - Comparison June 2011 vs (May 2011) March 2011

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

Expectations of	Year 1			Year 2			Year 5		
	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11
Annual inflation, %									
All interviewees	2,7		2,5	2,6		2,5	2,4		2,3
Employees' organisations	2,7		2,5	2,6		2,5	2,3		2,2
Employers' organisations	3,0		2,5	2,7		2,4	2,4		2,2
Purchase managers Manufacturing	2,8		2,7	2,8		2,7	2,6		2,5
Purchase managers Trading	2,9		2,5	2,7		2,6	2,4		2,4
Money market players	2,5	(2,5)	2,3	2,3	(2,4)	2,3	2,1	(2,2)	2,2
GDP, %									
All interviewees	4,1		4,0	3,5		3,4	3,2		3,1
Employees' organisations	4,4		4,6	3,9		3,9	3,7		3,7
Employers' organisations	4,2		4,1	3,6		3,7	3,1		3,4
Purchase managers Manufacturing	4,5		4,4	4,0		3,7	3,4		3,2
Purchase managers Trading	4,1		3,7	3,5		3,3	3,3		2,9
Money market players	3,6	(3,4)	3,5	2,8	(2,8)	2,9	2,6	(2,6)	2,6
Annual wage increase, %									
All interviewees	2,9		2,7	3,0		2,9	2,8		2,8
Employees' organisations	3,0		2,9	3,3		3,2	3,2		3,0
Employers' organisations	3,1		2,8	3,3		3,1	3,0		2,9
Purchase managers Manufacturing	2,9		2,7	2,9		2,9	2,7		2,8
Purchase managers Trading	3,0		2,7	3,0		2,8	2,8		2,6

	3 months			12 months			24 months			60 months		
	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11	June 11	(May 11)	Mar 11
Repo rate, %												
All	2,0		1,8	2,6		2,4	2,9		2,8	2,9		3,0
Employees' organisations	2,0		1,8	2,4		2,3	2,7		2,6	2,8		2,8
Employers' organisations	2,0		1,7	2,5		2,4	2,8		2,9	2,7		2,9
Purchase managers Manufacturing	2,0		1,8	2,5		2,3	2,7		2,8	2,8		2,9
Purchase managers Trading	2,0		1,7	2,5		2,4	2,9		2,8	2,9		2,9
Money market players	2,0	(2,0)	1,8	2,8	(2,9)	2,6	3,3	(3,3)	3,2	3,5	(3,5)	3,4

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 responses (numbers)	Response Rate (%)
All									
Year 1	2,750	2,700	0,800	4,500	0,648	0,041	254	16	94%
Year 2	2,628	2,500	0,800	4,300	0,617	0,039	253	17	94%
Year 5	2,356	2,000	0,500	4,800	0,660	0,043	239	31	89%
Employees' organisations									
Year 1	2,711	2,800	0,800	4,000	0,696	0,134	27	1	96%
Year 2	2,583	2,500	0,800	4,000	0,689	0,133	27	1	96%
Year 5	2,280	2,000	0,800	4,500	0,715	0,138	27	1	96%
Employers' organisations									
Year 1	2,962	3,000	1,500	4,500	0,642	0,140	21	3	88%
Year 2	2,667	2,500	1,700	4,000	0,626	0,137	21	3	88%
Year 5	2,380	2,000	1,700	4,000	0,636	0,142	20	4	83%
Purchasing Managers, Manufacturing									
Year 1	2,794	2,530	1,500	4,500	0,686	0,079	75	3	96%
Year 2	2,778	2,775	1,500	4,300	0,594	0,069	74	4	95%
Year 5	2,554	2,500	0,500	4,800	0,741	0,089	69	9	88%
Purchasing Managers, Trading									
Year 1	2,863	3,000	1,500	4,300	0,653	0,076	73	6	92%
Year 2	2,734	3,000	1,500	4,200	0,674	0,079	73	6	92%
Year 5	2,364	2,250	0,800	4,400	0,663	0,079	70	9	89%
Money Market Players									
Year 1	2,491	2,500	1,400	3,500	0,495	0,065	58	3	95%
Year 2	2,312	2,250	1,500	3,300	0,392	0,051	58	3	95%
Year 5	2,116	2,000	1,000	4,000	0,420	0,058	53	8	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 responses (numbers)	Response Rate (%)
Money Market Players									
Year 1									
Lower bound	1,862	2,000	-1,000	3,300	0,748	0,105	51	10	84%
Upper bound	2,990	3,000	2,000	4,400	0,575	0,081	51	10	84%
Year 2									
Lower bound	1,614	1,600	-1,500	3,100	0,737	0,103	51	10	84%
Upper bound	2,991	2,900	1,950	5,000	0,641	0,090	51	10	84%
Year 5									
Lower bound	1,249	1,375	-1,500	3,100	0,840	0,119	50	11	82%
Upper bound	3,165	3,000	1,750	6,000	0,935	0,132	50	11	82%

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 responses (numbers)	Response Rate (%)
All									
Year 1	4,144	4,000	1,000	7,200	1,128	0,071	249	21	92%
Year 2	3,544	3,200	1,500	8,000	1,128	0,072	248	22	92%
Year 5	3,197	3,000	1,000	8,000	1,142	0,075	234	36	87%
Employees' organisations									
Year 1	4,406	4,050	3,000	6,600	1,031	0,202	26	2	93%
Year 2	3,937	3,500	3,000	7,000	1,091	0,214	26	2	93%
Year 5	3,667	3,325	2,000	7,000	1,284	0,252	26	2	93%
Employers' organisations									
Year 1	4,229	4,000	2,200	6,500	1,069	0,233	21	3	88%
Year 2	3,581	3,100	2,000	6,000	1,116	0,244	21	3	88%
Year 5	3,145	3,000	2,000	6,000	0,984	0,220	20	4	83%
Purchasing Managers, Manufacturing									
Year 1	4,548	4,500	2,000	7,200	1,199	0,142	71	7	91%
Year 2	3,969	4,000	2,000	8,000	1,330	0,159	70	8	90%
Year 5	3,393	3,000	1,500	8,000	1,385	0,169	67	11	86%
Purchasing Managers, Trading									
Year 1	4,096	4,000	2,000	6,500	1,082	0,127	73	6	92%
Year 2	3,540	3,200	2,000	6,500	1,026	0,120	73	6	92%
Year 5	3,309	3,000	1,800	6,600	1,076	0,131	68	11	86%
Money Market Players									
Year 1	3,562	3,500	1,000	6,000	0,918	0,121	58	3	95%
Year 2	2,846	2,800	1,500	4,000	0,545	0,072	58	3	95%
Year 5	2,594	2,500	1,000	3,500	0,472	0,065	53	8	87%

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 responses (numbers)	Response Rate (%)
All									
Year 1	2,946	3,000	0,800	4,200	0,589	0,042	194	15	93%
Year 2	3,006	3,000	1,200	6,000	0,621	0,045	193	16	92%
Year 5	2,834	3,000	1,000	5,000	0,599	0,044	182	27	87%
Employees' organisations									
Year 1	3,037	3,100	1,800	4,000	0,622	0,120	27	1	96%
Year 2	3,283	3,200	2,500	4,000	0,432	0,083	27	1	96%
Year 5	3,194	3,000	2,000	4,000	0,493	0,095	27	1	96%
Employers' organisations									
Year 1	3,070	3,000	2,000	4,000	0,492	0,110	20	4	83%
Year 2	3,285	3,300	2,000	4,500	0,535	0,120	20	4	83%
Year 5	2,979	3,000	2,000	4,500	0,607	0,139	19	5	79%
Purchasing Managers, Manufacturing									
Year 1	2,851	3,000	1,500	4,000	0,563	0,065	75	3	96%
Year 2	2,882	3,000	1,800	4,000	0,464	0,054	74	4	95%
Year 5	2,693	2,800	1,800	5,000	0,522	0,063	69	9	88%
Purchasing Managers, Trading									
Year 1	2,976	3,000	0,800	4,200	0,624	0,073	72	7	91%
Year 2	2,951	3,000	1,200	6,000	0,779	0,092	72	7	91%
Year 5	2,793	3,000	1,000	4,500	0,651	0,080	67	12	85%

TABLE 6 - Repo Rate Expectations

Expected repo rate the coming 3-60 months

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No responses (numbers)	Response Rate (%)
All									
3 months	1,985	2,000	1,500	3,500	0,175	0,011	232	38	86%
12 months	2,555	2,500	1,700	3,750	0,419	0,027	232	38	86%
24 months	2,854	3,000	1,500	4,500	0,597	0,040	228	42	84%
60 months	2,902	3,000	1,000	5,000	0,731	0,050	216	54	80%
Employees' organisations									
3 months	1,970	2,000	1,750	2,500	0,199	0,038	27	1	96%
12 months	2,443	2,300	1,750	3,500	0,509	0,098	27	1	96%
24 months	2,733	2,500	1,750	4,000	0,607	0,117	27	1	96%
60 months	2,800	2,775	1,750	5,000	0,682	0,134	26	2	93%
Employers' organisations									
3 months	1,981	2,000	1,600	2,250	0,118	0,026	21	3	88%
12 months	2,471	2,500	1,700	3,000	0,365	0,080	21	3	88%
24 months	2,776	2,750	1,700	3,750	0,674	0,147	21	3	88%
60 months	2,695	2,750	1,500	4,250	0,955	0,214	20	4	83%
Purchasing Managers, Manufacturing									
3 months	1,977	2,000	1,750	2,500	0,164	0,019	75	3	96%
12 months	2,486	2,500	1,750	3,750	0,417	0,048	75	3	96%
24 months	2,710	2,750	1,750	4,250	0,557	0,065	74	4	95%
60 months	2,754	2,675	1,000	4,000	0,612	0,073	70	8	90%
Purchasing Managers, Trading									
3 months	1,992	2,000	1,500	3,500	0,226	0,027	72	7	91%
12 months	2,545	2,500	1,750	3,750	0,403	0,048	72	7	91%
24 months	2,867	3,000	1,500	4,500	0,597	0,070	72	7	91%
60 months	2,883	3,000	1,500	4,500	0,744	0,091	67	12	85%
Money Market Players									
3 months	2,000	2,000	1,750	2,250	0,059	0,010	37	24	61%
12 months	2,842	2,900	2,000	3,500	0,278	0,046	37	24	61%
24 months	3,279	3,250	2,500	4,000	0,432	0,074	34	27	56%
60 months	3,462	3,500	2,500	5,000	0,573	0,100	33	28	54%

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 responses (numbers)	Response Rate (%)
Money Market Players									
3 months									
Lower bound	1,919	2,000	1,750	2,250	0,134	0,023	34	27	56%
Upper bound	2,110	2,000	2,000	2,750	0,176	0,030	34	27	56%
12 months									
Lower bound	2,401	2,500	1,250	3,250	0,399	0,068	34	27	56%
Upper bound	3,241	3,250	2,500	3,750	0,305	0,052	34	27	56%
24 months									
Lower bound	2,583	2,500	1,000	3,750	0,639	0,111	33	28	54%
Upper bound	3,856	3,750	3,000	5,500	0,576	0,100	33	28	54%
60 months									
Lower bound	2,475	2,625	0,500	4,000	0,796	0,141	32	29	52%
Upper bound	4,375	4,250	3,000	7,000	0,847	0,150	32	29	52%

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 responses (numbers)	Response Rate (%)
5 YEAR GOVERNMENT BOND RATE									
3 months	2,993	3,000	2,700	3,700	0,203	0,036	32	29	52%
12 months	3,367	3,250	2,850	4,200	0,315	0,056	32	29	52%
24 months	3,673	3,500	3,000	5,000	0,434	0,078	31	30	51%
60 months	3,907	3,750	2,500	6,000	0,733	0,134	30	31	49%
EUR/SEK									
3 months	8,834	8,800	8,500	9,100	0,127	0,021	36	25	59%
12 months	8,799	8,800	8,000	9,250	0,236	0,039	36	25	59%
24 months	8,834	8,850	8,250	9,300	0,247	0,042	34	27	56%
USD/SEK									
3 months	6,221	6,250	5,660	6,700	0,219	0,036	36	25	59%
12 months	6,493	6,500	5,700	7,700	0,432	0,072	36	25	59%
24 months	6,747	6,880	5,500	7,750	0,540	0,093	34	27	56%