

## 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, twelve times a year, aiming at mapping money market players' expectations of inflation, GDP and future repo rates in Sweden as well as expectations of the Swedish 5 year government bond rate, EUR and USD rates.

The latest survey in the series, October 2011, has now been completed. The previous survey, September 2011, was published September 14, 2011.

A comparison of the results of the two surveys covering money market players can be summarised as follows (rounded off figures):

### Money Market Players' Expectations of

	Year 1		Year 2		Year 5	
<b>Annual</b>	<b>Oct 11</b>	<b>Sep 11</b>	<b>Oct 11</b>	<b>Sep 11</b>	<b>Oct 11</b>	<b>Sep 11</b>
<b>Inflation, %</b>	1,9	2,1	2,1	2,1	2,1	2,1
<b>GDP, %</b>	2,0	2,2	2,2	2,3	2,5	2,6

  

	3 months		12 months		24 months		60 months	
	<b>Oct 11</b>	<b>Sep 11</b>	<b>Oct 11</b>	<b>Sep 11</b>	<b>Oct 11</b>	<b>Sep 11</b>	<b>Oct 11</b>	<b>Sep 11</b>
<b>Repo rate, %</b>	2,0	2,1	2,0	2,2	2,3	2,6	3,1	3,2
<b>5 year gvt bond rate, %</b>	1,6	1,9	2,0	2,2	2,5	2,7	3,2	3,4
<b>EUR</b>	9,13	9,12	9,03	8,97	9,00	8,96	-	-
<b>USD</b>	6,79	6,37	6,84	6,44	6,86	6,57	-	-

### Interview Period & Method

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out September 28 – October 11, 2011 (previous survey August 29 – September 12, 2011).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on September 28 (previous survey August 31, 2011).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 15,7 years.

### About the Interviewees & Response Rate

In all 57 (59) organisations were approached for interview. 4 (4) 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 % (93 %). The response rate for individual questions regarding inflation and GDP increase expectations is 91 % 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 1-6)

The money market category includes 50 Swedish and 7 international players active in the Swedish fixed income market.

### 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.

*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 - 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 (%)
<b>Money Market Players</b>									
Year 1	1,940	2,000	0,500	3,400	0,567	0,078	53	4	93%
Year 2	2,057	2,000	1,000	3,500	0,438	0,060	53	4	93%
Year 5	2,147	2,000	1,500	4,000	0,490	0,072	46	11	81%

**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 (%)
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	1,265	1,225	0,000	2,600	0,605	0,087	48	9	84%
Upper bound	2,478	2,500	1,000	4,000	0,647	0,093	48	9	84%
<b>Year 2</b>									
Lower bound	1,304	1,450	-1,000	3,000	0,612	0,088	48	9	84%
Upper bound	2,859	2,725	2,000	5,000	0,737	0,106	48	9	84%
<b>Year 5</b>									
Lower bound	1,137	1,000	-2,000	2,500	0,741	0,110	45	12	79%
Upper bound	3,300	3,000	2,000	7,000	1,047	0,156	45	12	79%

**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 (%)
<b>Money Market Players</b>									
Year 1	1,983	2,000	-2,000	5,000	1,092	0,150	53	4	93%
Year 2	2,248	2,250	0,900	4,000	0,520	0,072	52	5	91%
Year 5	2,468	2,500	1,000	3,500	0,508	0,075	46	11	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 (%)
<b>Money Market Players</b>									
3 months	1,967	2,000	1,500	2,250	0,119	0,019	38	19	67%
12 months	1,993	2,000	1,000	2,750	0,452	0,073	38	19	67%
24 months	2,301	2,375	1,000	3,500	0,661	0,110	36	21	63%
60 months	3,053	3,000	1,500	4,250	0,672	0,117	33	24	58%

**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 (%)
<b>Money Market Players</b>									
<b>3 months</b>									
Lower bound	1,579	1,500	0,250	2,000	0,331	0,056	35	22	61%
Upper bound	2,121	2,000	2,000	2,500	0,153	0,026	35	22	61%
<b>12 months</b>									
Lower bound	1,306	1,500	0,250	2,250	0,571	0,097	35	22	61%
Upper bound	2,520	2,500	1,500	4,000	0,504	0,085	35	22	61%
<b>24 months</b>									
Lower bound	1,436	1,500	0,000	2,750	0,825	0,140	35	22	61%
Upper bound	3,134	3,000	2,000	5,500	0,893	0,151	35	22	61%
<b>60 months</b>									
Lower bound	1,735	1,500	0,000	3,000	0,918	0,160	33	24	58%
Upper bound	4,212	4,000	3,000	7,000	0,988	0,172	33	24	58%

**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 (%)
<b>5 YEAR GOVERNMENT BOND RATE</b>									
<b>3 months</b>									
	1,635	1,500	1,200	2,300	0,228	0,038	35	22	61%
<b>12 months</b>									
	1,986	2,000	1,400	3,250	0,397	0,067	35	22	61%
<b>24 months</b>									
	2,511	2,500	1,300	4,200	0,619	0,106	34	23	60%
<b>60 months</b>									
	3,169	3,000	1,300	5,000	0,862	0,152	32	25	56%
<b>EUR/SEK</b>									
<b>3 months</b>									
	9,125	9,100	8,900	9,400	0,133	0,022	36	21	63%
<b>12 months</b>									
	9,031	9,000	8,700	9,600	0,252	0,042	36	21	63%
<b>24 months</b>									
	8,997	8,950	8,500	9,800	0,287	0,049	35	22	61%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,791	6,775	6,250	7,200	0,253	0,042	36	21	63%
<b>12 months</b>									
	6,838	6,900	5,760	7,800	0,521	0,087	36	21	63%
<b>24 months</b>									
	6,861	6,900	6,000	7,800	0,555	0,094	35	22	61%