

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 December 2012, has now been completed, the previous September 2012 was published September 5, 2012. The last survey among money market players was published November 14, 2012.

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	
	Dec 12	Sept 12	Dec 12	Sept 12	Dec 12	Sept 12
Annual						
Inflation, %	1,1	1,3	1,5	1,7	2,0	2,1
GDP, %	1,1	1,6	1,8	2,0	2,4	2,6
Wage increase, %	2,3	2,6	2,5	2,6	2,8	2,9

	3 months		12 months		24 months		60 months	
	Dec 12	Sept 12	Dec 12	Sept 12	Dec 12	Sept 12	Dec 12	Sept 12
Repo rate, %	1,1	1,4	1,1	1,4	1,5	1,8	2,4	2,5

Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Dec 12	(Nov 12)	Sept 12	Dec 12	(Nov 12)	Sept 12	Dec 12	(Nov 12)	Sept 12	Dec 12	(Nov 12)	Sept 12
Repo rate, %	1,0	(1,0)	1,4	0,9	(1,0)	1,3	1,3	(1,5)	1,8	2,6	(2,9)	2,8
5 year gvt bond rate, %	1,0	(1,1)	1,2	1,2	(1,4)	1,5	1,8	(1,9)	2,1	3,1	(3,2)	3,1
EUR	8,61	(8,54)	8,29	8,55	(8,49)	8,37	8,51	(8,50)	8,44	-	(-)	-
USD	6,72	(6,67)	6,79	6,89	(6,90)	6,97	7,02	(7,00)	7,07	-	(-)	-

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 November 26 – December 10, 2012 (previous August 20 – August 31, 2012 (October 31 – November 8, 2012)).

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on November 28, 2012 (August 22, 2012 (October 31, 2012)).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 11,9 years.

About the Interviewees & Response Rate*All Interviewees*

In all 252 (255) organisations/companies were approached for interview. 25 (26) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 90 % (90 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 87 % 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

51 Swedish labour market organisations, of which 24 on the employers' side and 27 on the employees' side have been approached.

Purchase Managers

Of the 145 purchasing managers 72 represent the trading industry and 73 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 56 players, 49 Swedish and 7 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 December 2012 vs (November 2012) September 2012

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		
	Dec 12	(Nov 12)	Sept 12	Dec 12	(Nov 12)	Sept 12	Dec 12	(Nov 12)	Sept 12
Annual inflation, %									
All interviewees	1,1		1,3	1,5		1,7	2,0		2,1
Employees' organisations	1,1		1,3	1,5		1,7	1,8		2,1
Employers' organisations	1,0		1,4	1,5		1,7	2,2		2,1
Purchase managers Manufacturing	1,1		1,3	1,5		1,6	2,0		2,1
Purchase managers Trading	1,2		1,4	1,4		1,8	1,9		2,2
Money market players	1,0	(1,2)	1,2	1,6	(1,7)	1,7	2,0	(2,1)	2,1
GDP, %									
All interviewees	1,1		1,6	1,8		2,0	2,4		2,6
Employees' organisations	1,2		1,6	1,7		1,9	2,7		2,7
Employers' organisations	1,1		1,6	1,9		2,1	2,8		2,6
Purchase managers Manufacturing	1,1		1,6	1,6		1,9	2,2		2,5
Purchase managers Trading	1,0		1,5	1,7		2,1	2,5		2,7
Money market players	1,3	(1,4)	1,5	1,9	(2,0)	2,0	2,3	(2,3)	2,4
Annual wage increase, %									
All interviewees	2,3		2,6	2,5		2,6	2,8		2,9
Employees' organisations	2,6		2,8	2,7		3,0	3,3		3,3
Employers' organisations	2,5		2,8	2,7		2,7	3,0		2,8
Purchase managers Manufacturing	2,2		2,5	2,4		2,5	2,6		2,8
Purchase managers Trading	2,3		2,5	2,4		2,6	2,8		2,8

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

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	1,079	1,000	-0,300	3,000	0,596	0,040	226	26	90%
Year 2	1,488	1,500	-1,000	3,000	0,614	0,041	222	30	88%
Year 5	1,964	2,000	0,000	3,800	0,597	0,042	207	45	82%
Employees' organisations									
Year 1	1,111	1,000	0,000	2,800	0,664	0,138	23	4	85%
Year 2	1,474	1,500	0,500	2,600	0,542	0,113	23	4	85%
Year 5	1,786	2,000	0,500	3,500	0,638	0,136	22	5	81%
Employers' organisations									
Year 1	1,009	1,000	0,100	2,000	0,440	0,094	22	2	92%
Year 2	1,482	1,450	1,000	2,200	0,384	0,082	22	2	92%
Year 5	2,210	2,000	1,800	3,000	0,339	0,074	21	3	88%
Purchasing Managers, Manufacturing									
Year 1	1,059	1,000	-0,300	2,500	0,667	0,083	64	9	88%
Year 2	1,462	1,500	-1,000	3,000	0,739	0,094	62	11	85%
Year 5	1,971	2,000	0,000	3,500	0,724	0,097	56	17	77%
Purchasing Managers, Trading									
Year 1	1,170	1,000	0,000	3,000	0,630	0,079	63	9	88%
Year 2	1,418	1,500	0,250	3,000	0,621	0,078	63	9	88%
Year 5	1,911	2,000	0,000	3,000	0,630	0,081	61	11	85%
Money Market Players									
Year 1	1,013	0,970	0,000	2,000	0,490	0,067	54	2	96%
Year 2	1,612	1,550	0,500	2,900	0,548	0,076	52	4	93%
Year 5	2,000	2,000	1,000	3,800	0,412	0,060	47	9	84%

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	0,491	0,500	-1,000	1,750	0,543	0,078	49	7	88%
Upper bound	1,489	1,500	0,500	3,500	0,593	0,085	49	7	88%
Year 2									
Lower bound	0,916	1,000	-1,000	2,500	0,627	0,090	49	7	88%
Upper bound	2,254	2,000	1,000	3,800	0,724	0,103	49	7	88%
Year 5									
Lower bound	1,061	1,000	-2,000	3,500	0,760	0,112	46	10	82%
Upper bound	2,946	3,000	1,750	6,000	0,873	0,129	46	10	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	1,134	1,000	-1,000	3,000	0,604	0,041	222	30	88%
Year 2	1,759	1,850	-0,500	3,000	0,639	0,043	220	32	87%
Year 5	2,410	2,500	0,500	6,000	0,717	0,050	204	48	81%
Employees' organisations									
Year 1	1,195	1,250	0,000	3,000	0,684	0,146	22	5	81%
Year 2	1,705	1,650	0,800	2,600	0,472	0,101	22	5	81%
Year 5	2,745	2,500	1,000	6,000	0,957	0,214	20	7	74%
Employers' organisations									
Year 1	1,084	1,000	0,000	2,000	0,541	0,115	22	2	92%
Year 2	1,873	2,000	1,000	3,000	0,600	0,128	22	2	92%
Year 5	2,757	2,600	2,000	5,000	0,614	0,134	21	3	88%
Purchasing Managers, Manufacturing									
Year 1	1,110	1,050	0,000	2,500	0,567	0,072	62	11	85%
Year 2	1,647	1,500	-0,500	3,000	0,710	0,090	62	11	85%
Year 5	2,204	2,000	0,500	4,000	0,695	0,093	56	17	77%
Purchasing Managers, Trading									
Year 1	1,028	1,000	-1,000	2,500	0,594	0,075	62	10	86%
Year 2	1,695	1,950	-0,500	3,000	0,695	0,088	62	10	86%
Year 5	2,454	2,500	0,500	5,000	0,765	0,099	60	12	83%
Money Market Players									
Year 1	1,276	1,200	-1,000	3,000	0,638	0,087	54	2	96%
Year 2	1,942	2,000	0,750	3,000	0,521	0,072	52	4	93%
Year 5	2,300	2,250	1,000	3,500	0,479	0,070	47	9	84%

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	2,319	2,500	0,000	3,500	0,557	0,043	171	25	87%
Year 2	2,458	2,500	0,000	4,000	0,603	0,046	170	26	87%
Year 5	2,845	3,000	1,000	4,400	0,583	0,047	157	39	80%
Employees' organisations									
Year 1	2,635	2,600	2,000	3,500	0,411	0,086	23	4	85%
Year 2	2,748	2,700	1,500	4,000	0,583	0,122	23	4	85%
Year 5	3,298	3,350	2,250	4,400	0,572	0,122	22	5	81%
Employers' organisations									
Year 1	2,471	2,500	1,500	3,500	0,436	0,095	21	3	88%
Year 2	2,652	2,600	1,500	3,800	0,596	0,130	21	3	88%
Year 5	3,040	3,050	2,000	4,000	0,560	0,125	20	4	83%
Purchasing Managers, Manufacturing									
Year 1	2,178	2,250	0,800	3,500	0,575	0,071	65	8	89%
Year 2	2,356	2,400	1,000	3,500	0,575	0,072	64	9	88%
Year 5	2,639	3,000	1,000	3,700	0,611	0,082	56	17	77%
Purchasing Managers, Trading									
Year 1	2,297	2,500	0,000	3,100	0,572	0,073	62	10	86%
Year 2	2,390	2,500	0,000	3,300	0,604	0,077	62	10	86%
Year 5	2,806	3,000	2,000	4,000	0,454	0,059	59	13	82%

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	1,073	1,000	0,750	1,500	0,169	0,012	211	41	84%
12 months	1,103	1,000	0,500	2,000	0,279	0,019	211	41	84%
24 months	1,535	1,500	0,500	3,000	0,440	0,031	208	44	83%
60 months	2,351	2,250	0,500	5,000	0,739	0,053	193	59	77%
Employees' organisations									
3 months	1,059	1,000	0,750	1,250	0,152	0,033	22	5	81%
12 months	1,095	1,000	0,750	1,500	0,231	0,049	22	5	81%
24 months	1,557	1,500	1,000	2,250	0,318	0,069	21	6	78%
60 months	2,226	2,000	1,000	3,500	0,724	0,158	21	6	78%
Employers' organisations									
3 months	1,039	1,000	0,750	1,500	0,178	0,038	22	2	92%
12 months	1,091	1,000	0,750	1,500	0,238	0,051	22	2	92%
24 months	1,577	1,500	0,750	2,500	0,434	0,093	22	2	92%
60 months	2,600	2,500	1,250	4,000	0,677	0,148	21	3	88%
Purchasing Managers, Manufacturing									
3 months	1,124	1,100	0,750	1,500	0,171	0,022	63	10	86%
12 months	1,156	1,000	0,750	2,000	0,258	0,033	63	10	86%
24 months	1,566	1,500	0,750	3,000	0,365	0,046	63	10	86%
60 months	2,129	2,000	0,750	5,000	0,696	0,094	55	18	75%
Purchasing Managers, Trading									
3 months	1,113	1,000	0,750	1,500	0,153	0,020	61	11	85%
12 months	1,209	1,250	0,750	2,000	0,286	0,037	61	11	85%
24 months	1,629	1,500	0,500	3,000	0,449	0,057	61	11	85%
60 months	2,331	2,500	0,500	4,250	0,671	0,087	59	13	82%
Money Market Players									
3 months	0,965	1,000	0,750	1,250	0,140	0,021	43	13	77%
12 months	0,884	0,750	0,500	1,500	0,221	0,034	43	13	77%
24 months	1,313	1,250	0,500	2,750	0,527	0,082	41	15	73%
60 months	2,643	2,500	1,000	4,500	0,841	0,138	37	19	66%

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	0,761	0,750	0,200	1,000	0,207	0,033	40	16	71%
Upper bound	1,189	1,250	1,000	2,000	0,221	0,035	40	16	71%
12 months									
Lower bound	0,574	0,500	0,000	1,000	0,230	0,036	40	16	71%
Upper bound	1,270	1,250	0,750	1,800	0,270	0,043	40	16	71%
24 months									
Lower bound	0,780	0,750	0,000	2,000	0,425	0,067	40	16	71%
Upper bound	1,895	2,000	1,000	3,500	0,570	0,090	40	16	71%
60 months									
Lower bound	1,579	1,500	0,000	3,500	0,859	0,145	35	21	63%
Upper bound	3,457	3,500	1,500	6,000	1,014	0,171	35	21	63%

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	0,983	0,980	0,750	1,500	0,169	0,028	36	20	64%
12 months	1,212	1,200	0,700	2,200	0,350	0,058	36	20	64%
24 months	1,817	1,700	0,750	3,500	0,591	0,100	35	21	63%
60 months	3,051	3,000	1,000	5,500	1,049	0,180	34	22	61%
EUR/SEK									
3 months	8,605	8,600	8,100	8,800	0,156	0,025	40	16	71%
12 months	8,554	8,550	8,000	9,100	0,267	0,042	40	16	71%
24 months	8,510	8,500	7,500	9,100	0,384	0,062	38	18	68%
USD/SEK									
3 months	6,722	6,700	5,910	7,300	0,263	0,041	41	15	73%
12 months	6,892	7,000	5,750	8,000	0,445	0,069	41	15	73%
24 months	7,018	7,000	6,000	8,000	0,512	0,082	39	17	70%