



## 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, May 2013, has now been completed. The previous survey, April 2013, was published April 17, 2013.

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	
	May 13	Apr 13	May 13	Apr 13	May 13	Apr 13
<b>Annual</b>						
<b>Inflation, %</b>	1,0	1,0	1,5	1,6	2,0	2,0
<b>GDP, %</b>	1,6	1,6	2,1	2,1	2,3	2,3

  

	3 months		12 months		24 months		60 months	
	May 13	Apr 13	May 13	Apr 13	May 13	Apr 13	May 13	Apr 13
<b>Repo rate, %</b>	0,9	1,0	0,9	1,0	1,5	1,5	2,6	2,7
<b>5 year gvt bond rate, %</b>	1,3	1,5	1,6	1,7	2,1	2,2	3,0	3,0
<b>EUR</b>	8,42	8,30	8,28	8,24	8,28	8,26	-	-
<b>USD</b>	6,56	6,50	6,68	6,66	6,85	6,82	-	-



### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out April 24 – May 6, 2013 (previous survey April 3 – April 12, 2013).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on April 24, 2013 (previous survey April 3, 2013).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 17,7 years.

### About the Interviewees & Response Rate

In all 55 (55) organisations were approached for interview. 4 (3) 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 % (95 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 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 48 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	1,001	1,000	0,000	2,000	0,458	0,064	51	4	93%
Year 2	1,542	1,500	0,500	2,600	0,477	0,067	51	4	93%
Year 5	2,006	2,000	1,000	3,800	0,452	0,069	43	12	78%

**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	0,511	0,500	-1,000	1,500	0,512	0,075	46	9	84%
Upper bound	1,448	1,500	0,500	2,700	0,485	0,072	46	9	84%
<b>Year 2</b>									
Lower bound	0,897	1,000	-1,000	2,000	0,645	0,095	46	9	84%
Upper bound	2,155	2,000	1,000	3,500	0,624	0,092	46	9	84%
<b>Year 5</b>									
Lower bound	1,077	1,000	-1,500	3,500	0,786	0,121	42	13	76%
Upper bound	2,873	2,600	1,500	5,000	0,771	0,119	42	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
<b>Money Market Players</b>									
Year 1	1,558	1,500	0,000	3,500	0,687	0,096	51	4	93%
Year 2	2,057	2,000	0,500	3,100	0,548	0,078	50	5	91%
Year 5	2,347	2,400	1,000	3,500	0,506	0,077	43	12	78%

**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	0,929	1,000	0,750	1,000	0,114	0,018	42	13	76%
12 months	0,946	1,000	0,500	1,250	0,171	0,026	42	13	76%
24 months	1,463	1,500	0,500	2,250	0,446	0,070	41	14	75%
60 months	2,647	2,500	1,500	4,500	0,769	0,132	34	21	62%



**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	0,712	0,750	0,250	1,000	0,166	0,027	38	17	69%
Upper bound	1,078	1,000	1,000	1,700	0,160	0,026	38	17	69%
<b>12 months</b>									
Lower bound	0,646	0,750	0,250	1,250	0,204	0,033	38	17	69%
Upper bound	1,275	1,250	0,500	1,750	0,275	0,045	38	17	69%
<b>24 months</b>									
Lower bound	0,897	1,000	0,250	1,750	0,423	0,069	38	17	69%
Upper bound	1,937	2,000	0,500	3,000	0,586	0,095	38	17	69%
<b>60 months</b>									
Lower bound	1,553	1,500	0,000	3,500	0,707	0,121	34	21	62%
Upper bound	3,499	3,500	2,000	7,000	1,071	0,184	34	21	62%

**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>	1,256	1,250	0,900	1,700	0,150	0,025	37	18	67%
<b>12 months</b>	1,581	1,500	1,000	2,500	0,314	0,052	37	18	67%
<b>24 months</b>	2,090	2,000	1,000	3,750	0,591	0,099	36	19	65%
<b>60 months</b>	2,957	3,000	1,500	4,500	0,828	0,142	34	21	62%
<b>EUR/SEK</b>									
<b>3 months</b>	8,415	8,400	8,200	8,750	0,145	0,023	39	16	71%
<b>12 months</b>	8,278	8,300	7,800	8,850	0,218	0,035	39	16	71%
<b>24 months</b>	8,276	8,250	7,700	9,000	0,274	0,045	37	18	67%
<b>USD/SEK</b>									
<b>3 months</b>	6,565	6,500	6,100	7,300	0,244	0,039	39	16	71%
<b>12 months</b>	6,679	6,750	5,860	7,450	0,392	0,063	39	16	71%
<b>24 months</b>	6,849	6,900	5,710	8,100	0,452	0,074	37	18	67%