



## 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, has now been completed. The previous survey, April 2014, was published April 9, 2014.

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 14	Apr 14	May 14	Apr 14	May 14	Apr 14		
<b>Annual</b>								
<b>Inflation, %</b>	0,9	1,0	1,5	1,6	1,8	1,8		
<b>GDP, %</b>	2,4	2,4	2,5	2,5	2,4	2,4		
	3 months		12 months		24 months		60 months	
	May 14	Apr 14	May 14	Apr 14	May 14	Apr 14	May 14	Apr 14
<b>Repo rate, %</b>	0,6	0,7	0,6	0,8	1,2	1,4	2,6	2,6
<b>5 year gvt bond rate, %</b>	1,3	1,5	1,6	1,8	2,2	2,3	3,1	3,0
<b>EUR</b>	9,00	8,82	8,83	8,64	8,69	8,56	-	-
<b>USD</b>	6,56	6,52	6,77	6,69	6,91	6,85	-	-



### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out May 7 – May 12, 2014 (previous survey March 26 – April 3, 2014).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on May 7, 2014 (previous survey March 26, 2014).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 18,7 years.

### About the Interviewees & Response Rate

In all 53 (53) organisations were approached for interview. 3 (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 94 % (94 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 92 % 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 47 Swedish and 6 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>									
<b>Year 1</b>	0,867	1,000	-0,300	2,000	0,505	0,072	49	4	92%
<b>Year 2</b>	1,452	1,500	0,000	2,700	0,554	0,079	49	4	92%
<b>Year 5</b>	1,840	1,900	0,500	3,000	0,433	0,065	44	9	83%

**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	0,433	0,500	-1,000	1,600	0,490	0,074	44	9	83%
Upper bound	1,327	1,275	0,300	3,000	0,537	0,081	44	9	83%
<b>Year 2</b>									
Lower bound	0,757	0,900	-2,000	2,000	0,682	0,103	44	9	83%
Upper bound	2,010	2,000	0,500	4,000	0,713	0,107	44	9	83%
<b>Year 5</b>									
Lower bound	1,006	1,000	-1,500	2,000	0,632	0,095	44	9	83%
Upper bound	2,669	2,500	1,500	5,000	0,817	0,123	44	9	83%

**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>									
<b>Year 1</b>	2,372	2,500	0,500	4,000	0,673	0,096	49	4	92%
<b>Year 2</b>	2,501	2,600	1,000	3,500	0,544	0,078	49	4	92%
<b>Year 5</b>	2,419	2,400	1,500	3,500	0,527	0,079	44	9	83%

**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>									
<b>3 months</b>	0,554	0,500	0,250	0,750	0,118	0,018	42	11	79%
<b>12 months</b>	0,605	0,500	0,250	1,000	0,204	0,031	42	11	79%
<b>24 months</b>	1,244	1,250	0,250	2,000	0,414	0,065	40	13	75%
<b>60 months</b>	2,625	2,625	1,000	4,000	0,748	0,121	38	15	72%



**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	0,431	0,500	0,250	0,500	0,113	0,018	40	13	75%
Upper bound	0,738	0,750	0,500	1,250	0,138	0,022	40	13	75%
<b>12 months</b>									
Lower bound	0,400	0,500	0,000	0,750	0,194	0,031	40	13	75%
Upper bound	0,925	1,000	0,500	1,500	0,221	0,035	40	13	75%
<b>24 months</b>									
Lower bound	0,744	0,750	0,000	1,750	0,395	0,063	39	14	74%
Upper bound	1,872	1,750	0,500	3,250	0,604	0,097	39	14	74%
<b>60 months</b>									
Lower bound	1,592	1,750	0,000	3,500	0,804	0,130	38	15	72%
Upper bound	3,559	3,500	1,500	6,000	1,077	0,175	38	15	72%

**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>									
	1,254	1,250	1,000	1,600	0,148	0,024	39	14	74%
<b>12 months</b>									
	1,644	1,500	1,000	2,600	0,384	0,061	39	14	74%
<b>24 months</b>									
	2,172	2,200	1,200	3,400	0,528	0,086	38	15	72%
<b>60 months</b>									
	3,122	3,250	1,500	4,250	0,767	0,126	37	16	70%
<b>EUR/SEK</b>									
<b>3 months</b>									
	8,996	9,000	8,650	9,250	0,147	0,023	40	13	75%
<b>12 months</b>									
	8,826	8,800	8,350	9,500	0,265	0,042	40	13	75%
<b>24 months</b>									
	8,689	8,600	8,000	9,500	0,331	0,053	39	14	74%
<b>USD/SEK</b>									
<b>3 months</b>									
	6,560	6,525	6,300	7,100	0,150	0,024	40	13	75%
<b>12 months</b>									
	6,766	6,750	6,300	7,640	0,291	0,046	40	13	75%
<b>24 months</b>									
	6,912	6,900	6,000	8,100	0,458	0,073	39	14	74%