



July 2016: July 13, 2016

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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, July 2016, has now been completed. The previous survey, June 2016, was published June 15, 2016.

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			
	Jul 16	Jun 16	Jul 16	Jun 16	Jul 16	Jun 16		
Annual								
Inflation, %	1,1	1,3	1,6	1,7	1,9	2,0		
GDP, %	3,0	3,2	2,3	2,5	2,2	2,3		
	3 months		12 months		24 months		60 months	
	Jul 16	Jun 16	Jul 16	Jun 16	Jul 16	Jun 16	Jul 16	Jun 16
Repo rate, %	-0,5	-0,5	-0,4	-0,4	0,2	0,3	1,9	1,9
5 year gvt bond rate, %	-0,3	-0,1	0,0	0,3	0,7	0,9	2,2	2,4
EUR	9,27	9,19	9,03	9,00	8,88	8,87	-	-
USD	8,44	8,29	8,35	8,28	8,20	8,16	-	-



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Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out June 29 – July 12, 2016 (previous survey May 30 – June 14, 2016).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on June 29, 2016 (previous survey June 1, 2016).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 1,9 years.

About the Interviewees & Response Rate

In all 51 (52) organisations were approached for interview. 7 (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 86 % (92 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 84 % 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 45 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
Money Market Players									
Year 1	1,147	1,050	0,500	2,000	0,368	0,056	44	7	86%
Year 2	1,636	1,600	0,600	2,500	0,389	0,059	44	7	86%
Year 5	1,908	1,900	0,700	3,000	0,430	0,066	43	8	84%

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
Money Market Players									
Year 1									
Lower bound	0,687	0,700	0,000	1,900	0,410	0,064	41	10	80%
Upper bound	1,534	1,500	0,600	2,600	0,446	0,070	41	10	80%
Year 2									
Lower bound	1,010	1,000	-1,000	2,000	0,584	0,091	41	10	80%
Upper bound	2,151	2,000	1,000	3,500	0,608	0,095	41	10	80%
Year 5									
Lower bound	1,115	1,000	-1,500	2,500	0,767	0,121	40	11	78%
Upper bound	2,724	2,500	1,500	6,500	0,920	0,145	40	11	78%

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
Money Market Players									
Year 1	2,983	3,000	1,200	4,000	0,697	0,106	43	8	84%
Year 2	2,323	2,500	0,000	3,500	0,694	0,106	43	8	84%
Year 5	2,239	2,200	0,000	3,500	0,683	0,107	41	10	80%

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
Money Market Players									
3 months	-0,504	-0,500	-0,600	-0,500	0,019	0,004	28	23	55%
12 months	-0,432	-0,500	-0,600	0,000	0,167	0,032	28	23	55%
24 months	0,152	0,000	-0,500	1,500	0,524	0,099	28	23	55%
60 months	1,860	2,000	0,500	3,000	0,775	0,155	25	26	49%

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
Money Market Players									
3 months									
Lower bound	-0,563	-0,500	-1,000	-0,500	0,125	0,025	26	25	51%
Upper bound	-0,475	-0,500	-0,500	-0,250	0,072	0,014	26	25	51%
12 months									
Lower bound	-0,624	-0,500	-1,500	-0,250	0,257	0,051	25	26	49%
Upper bound	-0,168	-0,250	-0,500	0,500	0,328	0,066	25	26	49%
24 months									
Lower bound	-0,386	-0,500	-1,250	0,500	0,430	0,086	25	26	49%
Upper bound	0,658	0,500	-0,500	2,000	0,745	0,149	25	26	49%
60 months									
Lower bound	0,677	1,000	-1,000	2,000	0,785	0,167	22	29	43%
Upper bound	2,732	2,750	0,600	4,000	1,044	0,223	22	29	43%

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
5 YEAR GOVERNMENT BOND RATE									
3 months									
	-0,271	-0,250	-0,550	0,000	0,127	0,025	25	26	49%
12 months									
	0,040	0,100	-0,450	0,500	0,257	0,051	25	26	49%
24 months									
	0,696	0,500	0,000	2,200	0,545	0,111	24	27	47%
60 months									
	2,217	2,300	1,200	3,750	0,674	0,141	23	28	45%
EUR/SEK									
3 months									
	9,270	9,300	8,700	9,500	0,161	0,031	27	24	53%
12 months									
	9,035	9,100	8,300	9,300	0,231	0,044	27	24	53%
24 months									
	8,881	8,900	8,150	9,500	0,288	0,055	27	24	53%
USD/SEK									
3 months									
	8,442	8,490	7,900	8,750	0,188	0,036	27	24	53%
12 months									
	8,348	8,330	7,900	9,000	0,295	0,057	27	24	53%
24 months									
	8,199	8,000	7,300	9,500	0,526	0,101	27	24	53%