



February 2017: February 15, 2017  
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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, February 2017, has now been completed. The previous survey, January 2017, was published January 25, 2017.

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			
	Feb 17	Jan 17	Feb 17	Jan 17	Feb 17	Jan 17		
<b>Annual</b>								
<b>Inflation, %</b>	1,7	1,6	1,9	1,9	2,0	2,0		
<b>GDP, %</b>	2,5	2,5	2,2	2,2	2,1	2,2		
	3 months		12 months		24 months		60 months	
	Feb 17	Jan 17	Feb 17	Jan 17	Feb 17	Jan 17	Feb 17	Jan 17
<b>Repo rate, %</b>	-0,5	-0,5	-0,3	-0,3	0,3	0,3	1,8	1,8
<b>5 year gvt bond rate, %</b>	0,1	0,0	0,5	0,4	1,1	1,1	2,2	2,2
<b>EUR</b>	9,37	9,45	9,16	9,17	8,99	8,98	-	-
<b>USD</b>	8,85	9,01	8,63	8,75	8,36	8,47	-	-



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### Interview Period & Method

TNS Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out February 1 – February 14, 2017 (previous survey January 12 – January 23, 2017).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on February 1, 2017 (previous survey January 12, 2017).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 8,6 years.

### About the Interviewees & Response Rate

In all 51 (51) organisations were approached for interview. 5 (5) 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 and GDP increase expectations is at least 88 % 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 2000 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>	1,724	1,700	1,000	2,500	0,326	0,049	45	6	88%
<b>Year 2</b>	1,872	1,900	1,000	2,700	0,372	0,056	45	6	88%
<b>Year 5</b>	2,010	2,000	1,300	2,750	0,300	0,046	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
<b>Money Market Players</b>									
<b>Year 1</b>									
Lower bound	1,222	1,300	0,000	2,300	0,407	0,064	41	10	80%
Upper bound	2,127	2,000	1,400	3,500	0,438	0,068	41	10	80%
<b>Year 2</b>									
Lower bound	1,252	1,400	0,000	2,400	0,598	0,093	41	10	80%
Upper bound	2,457	2,400	1,500	4,000	0,648	0,101	41	10	80%
<b>Year 5</b>									
Lower bound	1,164	1,500	-1,000	2,250	0,757	0,125	37	14	73%
Upper bound	2,878	2,500	1,700	5,500	0,940	0,155	37	14	73%

**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>	2,511	2,500	1,500	4,000	0,459	0,068	45	6	88%
<b>Year 2</b>	2,222	2,200	1,500	3,500	0,474	0,071	45	6	88%
<b>Year 5</b>	2,118	2,000	1,000	3,500	0,497	0,078	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
<b>Money Market Players</b>									
<b>3 months</b>	-0,493	-0,500	-0,500	-0,250	0,041	0,007	37	14	73%
<b>12 months</b>	-0,336	-0,500	-0,500	0,250	0,204	0,034	37	14	73%
<b>24 months</b>	0,280	0,250	-0,500	2,000	0,467	0,077	37	14	73%
<b>60 months</b>	1,820	2,000	0,000	3,500	0,881	0,153	33	18	65%

**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	-0,585	-0,500	-1,250	-0,500	0,167	0,029	34	17	67%
Upper bound	-0,425	-0,500	-0,500	0,000	0,140	0,024	34	17	67%
<b>12 months</b>									
Lower bound	-0,547	-0,500	-1,750	-0,250	0,254	0,044	33	18	65%
Upper bound	-0,052	-0,150	-0,500	0,750	0,284	0,049	33	18	65%
<b>24 months</b>									
Lower bound	-0,165	-0,250	-1,000	1,500	0,464	0,080	34	17	67%
Upper bound	0,747	0,750	-0,500	2,500	0,600	0,103	34	17	67%
<b>60 months</b>									
Lower bound	0,742	1,000	-1,000	2,500	0,907	0,163	31	20	61%
Upper bound	2,898	3,000	0,250	6,000	1,357	0,244	31	20	61%

**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>									
	0,139	0,150	-0,250	0,500	0,143	0,025	34	17	67%
<b>12 months</b>									
	0,529	0,500	-0,100	1,500	0,366	0,063	34	17	67%
<b>24 months</b>									
	1,114	1,000	0,200	2,000	0,502	0,087	33	18	65%
<b>60 months</b>									
	2,225	2,275	0,500	4,100	0,819	0,145	32	19	63%
<b>EUR/SEK</b>									
<b>3 months</b>									
	9,371	9,400	8,800	9,600	0,152	0,025	37	14	73%
<b>12 months</b>									
	9,161	9,200	8,500	9,800	0,223	0,037	37	14	73%
<b>24 months</b>									
	8,993	9,000	8,500	9,800	0,261	0,043	37	14	73%
<b>USD/SEK</b>									
<b>3 months</b>									
	8,854	8,800	8,400	9,500	0,279	0,046	37	14	73%
<b>12 months</b>									
	8,627	8,500	7,800	9,700	0,411	0,068	37	14	73%
<b>24 months</b>									
	8,362	8,380	7,500	9,500	0,474	0,078	37	14	73%