

July 2020: July 15, 2020

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## Press Release

Questions regarding the survey will be answered by Karl Pettersson, +46 (0)70 461 14 94.

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Kantar 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 2020, has now been completed. The previous survey, June 2020, was published June 10, 2020.

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 20	Jun 20	Jul 20	Jun 20	Jul 20	Jun 20
<b>Annual</b>						
Inflation CPI, %	0,8	0,8	1,3	1,3	1,7	1,7
Inflation CPIF, %	0,8	0,8	1,4	1,3	1,7	1,7
GDP, %	-1,6	-2,5	2,8	3,0	2,1	2,0

	3 months		12 months		24 months		60 months	
	Jul 20	Jun 20	Jul 20	Jun 20	Jul 20	Jun 20	Jul 20	Jun 20
Repo rate, %	0,0	0,0	0,0	0,0	0,1	0,1	0,7	0,7
5 year gvt bond rate, %	-0,3	-0,2	-0,1	0,0	0,1	0,3	0,8	1,0
EUR	10,42	10,51	10,22	10,31	10,06	10,12	-	-
USD	9,25	9,58	9,05	9,31	8,82	9,10	-	-

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## Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out July 1 – July 13, 2020 (previous survey May 27 - June 09, 2020).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on July 1, 2020 (previous survey on May 27, 2020).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 5,5 years.

## About the Interviewees & Response Rate

In all 44 (44) organisations were approached for interview. 18 (10) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 59 % (77 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 55 % for the one year and two year assessments. For the five year assessment as well as the question 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 42 Swedish and 2 international players active in the Swedish fixed income market.

## Definitions

*Inflation*, the percentage increase in Consumer Price Index (CPI) and Consumer Price Index with a fixed interest rate (CPIF)

*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 Kantar Sifo Prospera Inflation Expectations Surveys

Kantar 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>									
Year 1	0,839	0,800	0,000	2,200	0,599	0,117	26	18	59%
Year 2	1,340	1,300	0,000	2,500	0,453	0,089	26	18	59%
Year 5	1,652	1,600	0,750	2,300	0,372	0,074	25	19	57%

Expected annual increase in CPIF 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	0,800	0,800	-0,500	1,900	0,654	0,134	24	20	55%
Year 2	1,371	1,300	0,500	2,700	0,437	0,089	24	20	55%
Year 5	1,694	1,725	1,000	2,500	0,355	0,073	24	20	55%

**TABLE 2 - Inflation Expectations - 75% probability forecast uncertainty intervals**

Expected annual increase intervals in CPIF 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	0,083	0,225	-1,000	1,000	0,625	0,147	18	26	41%
Upper bound	1,192	1,050	0,000	3,000	0,662	0,156	18	26	41%
<b>Year 2</b>									
Lower bound	0,529	0,700	-1,000	2,000	0,716	0,164	19	25	43%
Upper bound	2,071	2,000	1,000	3,500	0,685	0,157	19	25	43%
<b>Year 5</b>									
Lower bound	0,761	1,000	-1,000	2,000	0,705	0,166	18	26	41%
Upper bound	2,661	2,400	1,600	6,000	1,015	0,239	18	26	41%

**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	-1,627	-3,400	-8,000	6,500	4,110	0,806	26	18	59%
Year 2	2,846	2,950	0,000	5,000	1,125	0,221	26	18	59%
Year 5	2,056	2,000	1,300	3,000	0,431	0,086	25	19	57%



**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>	0,000	0,000	0,000	0,000	0,000	0,000	19	25	43%
<b>12 months</b>	0,013	0,000	0,000	0,250	0,057	0,013	19	25	43%
<b>24 months</b>	0,129	0,000	0,000	1,250	0,315	0,072	19	25	43%
<b>60 months</b>	0,722	0,500	0,000	2,500	0,712	0,168	18	26	41%

**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	-0,177	-0,250	-0,500	0,000	0,190	0,049	15	29	34%
Upper bound	0,027	0,000	0,000	0,400	0,103	0,027	15	29	34%
<b>12 months</b>									
Lower bound	-0,330	-0,250	-1,100	0,000	0,302	0,078	15	29	34%
Upper bound	0,190	0,000	0,000	1,100	0,339	0,087	15	29	34%
<b>24 months</b>									
Lower bound	-0,383	-0,500	-2,000	0,750	0,611	0,158	15	29	34%
Upper bound	0,600	0,500	0,000	2,000	0,632	0,163	15	29	34%
<b>60 months</b>									
Lower bound	-0,143	0,000	-2,000	1,000	0,823	0,213	15	29	34%
Upper bound	1,783	2,000	0,000	3,000	0,834	0,215	15	29	34%

**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>	-0,256	-0,300	-0,500	0,000	0,123	0,029	18	26	41%
<b>12 months</b>	-0,103	-0,085	-0,500	0,300	0,205	0,048	18	26	41%
<b>24 months</b>	0,108	0,000	-0,350	1,000	0,322	0,076	18	26	41%
<b>60 months</b>	0,808	0,775	-0,400	2,750	0,674	0,159	18	26	41%
<b>EUR/SEK</b>									
<b>3 months</b>	10,419	10,425	10,200	10,500	0,088	0,020	20	24	45%
<b>12 months</b>	10,220	10,225	10,000	10,800	0,226	0,050	20	24	45%
<b>24 months</b>	10,058	10,100	9,250	10,800	0,375	0,086	19	25	43%
<b>USD/SEK</b>									
<b>3 months</b>	9,251	9,300	9,000	9,550	0,177	0,040	20	24	45%
<b>12 months</b>	9,053	9,085	8,300	9,750	0,358	0,080	20	24	45%
<b>24 months</b>	8,824	8,800	7,800	10,000	0,531	0,122	19	25	43%