

**February 2021 report**

## Money Market Players' expectations

Feb 17, 2021

Kantar 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 Swedish inflation, GDP, repo rate, Swedish 5 year government bond rate, EUR and USD rates.

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

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**As of February 2021, Kantar Prospera also maps expectations on the Riksbank's bond purchases.**

(%)	Year 1		Year 2		Year 5	
	Feb 21	Jan 21	Feb 21	Jan 21	Feb 21	Jan 21
<b>Money Market Players</b>						
Annual inflation CPI	1,1	1,1	1,4	1,4	1,8	1,8
Annual inflation CPIF	1,1	1,1	1,4	1,3	1,8	1,8
Annual GDP	3,0	2,9	2,7	2,7	2,4	2,2

	3 months		12 months		24 months		60 months	
	Feb 21	Jan 21	Feb 21	Jan 21	Feb 21	Jan 21	Feb 21	Jan 21
<b>Money Market Players</b>								
Repo rate (%)	0,0	0,0	0,0	0,0	0,1	0,1	0,8	0,7
5 year gvt bond rate (%)	-0,2	-0,2	-0,1	-0,1	0,2	0,2	0,8	0,7
EUR/SEK	10,04	10,06	9,93	9,92	9,83	9,81	-	-
USD/SEK	8,25	8,33	8,13	8,17	8,07	8,12	-	-

	Current quarter		Following 3 quarters	
	Feb 21	Jan 21	Feb 21	Jan 21
<b>Money Market Players</b>				
The Riksbank's bond purchases (SEK bn)	112	-	268	-
<b>Distribution (%)</b>				
Government bonds	26	-	27	-
Municipal bonds	17	-	15	-
Covered bonds	53	-	54	-
Corporate bonds	4	-	4	-

<b>About the survey</b>	Feb 21	Jan 21
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<b>Method</b>	Telephone interviews
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**Interview period**

Questions on inflation and GDP expectations	Feb 10-Feb 16	Jan 20-Jan 26
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Questions on future repo rate, 5 year government bond rate, EUR and USD rate	Feb 10	Jan 20
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**Response rate**

Number of organisations approached for interview	42	42
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Number of organisations not reached or denied participation	11	9
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Overall response rate (%)	74	79
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For response rate per question please see Tables 1-8

**About the interviews (numbers)**

Money Market players	Swedish	40
	International	2

**About the interviewers**

Average experience of the survey (years)	6,5
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**Definitions**

Inflation CPI The percentage increase in Consumer Price Index

Inflation CPIF The percentage increase in Consumer Price Index with a fixed interest rate

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 reports**

[www.kantarsifo.se/erbjudande/prospira/inflation-expectations](http://www.kantarsifo.se/erbjudande/prospira/inflation-expectations)

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**TABLE 1 - Inflation expectations**

Expected annual increase in CPI and 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>									
<b>CPI</b>									
Year 1	1,143	1,100	0,300	2,500	0,480	0,086	31	11	74%
Year 2	1,399	1,300	0,700	2,000	0,321	0,058	31	11	74%
Year 5	1,782	1,800	1,000	2,400	0,359	0,065	30	12	71%
<b>CPIF</b>									
Year 1	1,129	1,100	0,200	2,500	0,495	0,090	30	12	71%
Year 2	1,382	1,300	0,700	2,000	0,318	0,058	30	12	71%
Year 5	1,772	1,800	1,100	2,400	0,318	0,058	30	12	71%

**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	0,640	0,500	-0,200	1,500	0,466	0,091	26	16	62%
Upper bound	1,519	1,400	0,400	3,500	0,670	0,131	26	16	62%
<b>Year 2</b>									
Lower bound	0,831	1,000	0,000	1,500	0,410	0,080	26	16	62%
Upper bound	1,879	1,800	1,100	4,000	0,627	0,123	26	16	62%
<b>Year 5</b>									
Lower bound	1,142	1,150	0,000	2,100	0,532	0,104	26	16	62%
Upper bound	2,410	2,400	1,400	4,000	0,575	0,113	26	16	62%

**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	2,981	3,000	-2,600	5,800	1,458	0,262	31	11	74%
Year 2	2,716	2,600	1,500	4,000	0,643	0,116	31	11	74%
Year 5	2,352	2,275	1,500	4,000	0,569	0,104	30	12	71%

**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	0,000	0,000	0,000	0,000	0,000	0,000	26	16	62%
12 months	0,000	0,000	0,000	0,000	0,000	0,000	26	16	62%
24 months	0,087	0,000	0,000	0,500	0,172	0,034	26	16	62%
60 months	0,781	0,625	0,000	2,500	0,640	0,131	24	18	57%

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**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	-0,130	-0,100	-0,500	0,000	0,159	0,033	23	19	55%
Upper bound	0,020	0,000	0,000	0,250	0,065	0,014	23	19	55%
<b>12 months</b>									
Lower bound	-0,230	-0,200	-1,250	0,000	0,298	0,062	23	19	55%
Upper bound	0,117	0,000	0,000	1,250	0,280	0,058	23	19	55%
<b>24 months</b>									
Lower bound	-0,293	-0,250	-2,000	0,250	0,463	0,096	23	19	55%
Upper bound	0,543	0,500	0,000	2,000	0,601	0,125	23	19	55%
<b>60 months</b>									
Lower bound	-0,048	0,000	-1,750	1,000	0,727	0,159	21	21	50%
Upper bound	1,643	1,250	0,000	5,000	1,279	0,279	21	21	50%

**TABLE 6 - 5 year government bond rate, EUR and USD rates expectations**

Expected 5 year government bond rate, EUR and USD rates the coming 3-24 months

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
<b>Money Market Players</b>									
<b>5 year gvt bond rate</b>									
3 months	-0,205	-0,200	-0,500	0,000	0,109	0,022	24	18	57%
12 months	-0,085	-0,100	-0,500	0,250	0,168	0,034	24	18	57%
24 months	0,186	0,100	-0,200	1,000	0,306	0,064	23	19	55%
60 months	0,763	0,500	-0,100	2,750	0,750	0,156	23	19	55%
<b>EUR/SEK</b>									
3 months	10,037	10,005	9,700	10,300	0,130	0,025	26	16	62%
12 months	9,925	9,900	9,500	10,300	0,188	0,037	26	16	62%
24 months	9,829	9,800	9,500	10,500	0,239	0,047	26	16	62%
<b>USD/SEK</b>									
3 months	8,252	8,250	8,000	8,530	0,150	0,029	26	16	62%
12 months	8,130	8,115	7,200	8,900	0,303	0,059	26	16	62%
24 months	8,068	8,040	7,200	9,000	0,379	0,074	26	16	62%

**TABLE 7 - Expectations of the Riksbank's bond purchases**

Estimated nominal value of SEK bond purchases (incl reinvestments) the current and following 3 quarters

	Mean (SEK bn)	Median (SEK bn)	Lowest (SEK bn)	Highest (SEK bn)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
<b>Money Market Players</b>									
<b>The Riksbank's bond purchases</b>									
Current quarter	111,733	120,000	20,000	300,000	62,991	16,264	15	27	36%
Following 3 quarters	267,933	250,000	70,000	520,000	120,841	31,201	15	27	36%

**TABLE 8 - Expectations of the distribution of the Riksbank's bond purchases**

Expected distribution on government, municipal, covered and corporate bonds

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No Resp. (numbers)	Response Rate
<b>Money Market Players</b>									
<b>Current quarter</b>									
Government bonds	26,340	20,000	12,000	70,000	16,672	4,305	15	27	36%
Municipal bonds	17,307	19,600	7,000	30,000	6,137	1,585	15	27	36%
Covered bonds	52,687	58,300	10,000	70,000	15,035	3,882	15	27	36%
Corporate bonds	3,667	3,000	1,000	8,000	1,790	0,462	15	27	36%
<b>Following 3 quarters</b>									
Government bonds	26,533	20,000	12,000	75,000	17,361	4,483	15	27	36%
Municipal bonds	15,333	16,000	0,000	30,000	7,047	1,820	15	27	36%
Covered bonds	54,100	60,000	15,000	70,000	14,511	3,747	15	27	36%
Corporate bonds	4,033	3,000	1,000	10,000	2,394	0,618	15	27	36%