

**April 2021 report**

## Money Market Players' expectations

Apr 15, 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.

This release, or parts thereof, may be published immediately. Please state Kantar Prospera as the source.

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

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

	3 months		12 months		24 months		60 months	
	Apr 21	Mar 21	Apr 21	Mar 21	Apr 21	Mar 21	Apr 21	Mar 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 (%)	-0,1	-0,1	0,1	0,1	0,4	0,3	1,1	0,9
EUR/SEK	10,12	10,10	10,00	9,95	9,89	9,88	-	-
USD/SEK	8,52	8,40	8,39	8,29	8,29	8,23	-	-

	Current quarter		Following 3 quarters	
	Apr 21	Mar 21	Apr 21	Mar 21
<b>Money Market Players</b>				
The Riksbank's bond purchases (SEK bn)	225	195	291	289
<b>Distribution (%)</b>				
Government bonds	27	23	27	24
Municipal bonds	17	19	16	17
Covered bonds	52	54	53	54
Corporate bonds	4	4	4	4

**About the survey**

		Apr 21	Mar 21
<b>Method</b>	Telephone interviews		
<b>Interview period</b>			
Questions on inflation and GDP expectations		Apr 7-Apr 13	Mar 1-Mar 12
Questions on future repo rate, 5 year government bond rate, EUR and USD rate		Apr 7	Mar 9
<b>Response rate</b>			
Number of organisations approached for interview		41	42
Number of organisations not reached or denied participation		11	11
Overall response rate (%)		73	74
For response rate per question please see Tables 1-8			
<b>About the interviews (numbers)</b>			
Money Market players	Swedish	39	
	International	2	
<b>About the interviewers</b>			
Average experience of the survey (years)		6,5	

**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	1,419	1,400	0,500	2,500	0,459	0,084	30	11	73%
Year 2	1,493	1,500	1,000	2,200	0,274	0,050	30	11	73%
Year 5	1,795	1,800	1,200	2,400	0,317	0,059	29	12	71%
<b>CPIF</b>									
Year 1	1,401	1,400	0,300	2,500	0,450	0,084	29	12	71%
Year 2	1,441	1,400	1,000	2,000	0,238	0,044	29	12	71%
Year 5	1,755	1,800	1,100	2,400	0,272	0,051	29	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	0,963	1,000	0,000	2,000	0,490	0,100	24	17	59%
Upper bound	1,885	1,850	0,500	3,500	0,630	0,129	24	17	59%
<b>Year 2</b>									
Lower bound	0,900	0,900	0,000	2,000	0,476	0,097	24	17	59%
Upper bound	2,013	1,900	1,200	3,000	0,527	0,108	24	17	59%
<b>Year 5</b>									
Lower bound	1,135	1,300	-0,500	2,100	0,600	0,122	24	17	59%
Upper bound	2,452	2,450	1,700	3,500	0,530	0,108	24	17	59%

**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	3,228	3,000	1,200	4,700	0,821	0,152	29	12	71%
Year 2	2,778	2,700	1,000	4,500	0,708	0,131	29	12	71%
Year 5	2,348	2,300	1,000	4,000	0,651	0,123	28	13	68%

**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	21	20	51%
12 months	0,000	0,000	0,000	0,000	0,000	0,000	21	20	51%
24 months	0,083	0,000	-0,250	0,500	0,199	0,043	21	20	51%
60 months	0,774	0,500	0,000	2,500	0,697	0,160	19	22	46%

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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	-0,175	-0,100	-0,500	0,000	0,190	0,047	16	25	39%
Upper bound	0,038	0,000	0,000	0,500	0,126	0,031	16	25	39%
<b>12 months</b>									
Lower bound	-0,284	-0,250	-1,250	0,000	0,321	0,080	16	25	39%
Upper bound	0,122	0,000	0,000	1,250	0,313	0,078	16	25	39%
<b>24 months</b>									
Lower bound	-0,359	-0,250	-2,000	0,000	0,500	0,125	16	25	39%
Upper bound	0,484	0,500	0,000	2,000	0,512	0,128	16	25	39%
<b>60 months</b>									
Lower bound	-0,167	0,000	-2,000	1,000	0,760	0,196	15	26	37%
Upper bound	1,767	1,250	0,000	5,000	1,328	0,343	15	26	37%

**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	-0,067	-0,100	-0,250	0,200	0,123	0,028	19	22	46%
12 months	0,114	0,100	-0,150	0,500	0,172	0,040	19	22	46%
24 months	0,404	0,360	-0,100	1,000	0,325	0,077	18	23	44%
60 months	1,053	1,000	0,100	3,000	0,755	0,178	18	23	44%
<b>EUR/SEK</b>									
3 months	10,123	10,150	9,900	10,250	0,092	0,020	21	20	51%
12 months	9,995	10,000	9,800	10,400	0,166	0,036	21	20	51%
24 months	9,893	9,850	9,600	10,400	0,189	0,041	21	20	51%
<b>USD/SEK</b>									
3 months	8,516	8,500	8,200	8,800	0,139	0,030	21	20	51%
12 months	8,390	8,350	7,800	9,000	0,328	0,072	21	20	51%
24 months	8,286	8,250	7,500	9,000	0,437	0,095	21	20	51%

**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	225,333	100,000	80,000	817,000	273,857	79,056	12	29	29%
Following 3 quarters	291,417	195,000	120,000	883,000	225,402	65,068	12	29	29%

**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	27,000	21,000	12,000	75,000	17,822	5,145	12	29	29%
Municipal bonds	16,583	18,500	10,000	22,000	4,461	1,288	12	29	29%
Covered bonds	52,333	58,000	10,000	63,000	14,687	4,240	12	29	29%
Corporate bonds	4,083	3,000	1,000	15,000	3,630	1,048	12	29	29%
<b>Following 3 quarters</b>									
Government bonds	27,250	22,000	13,000	75,000	17,710	5,113	12	29	29%
Municipal bonds	15,917	17,000	10,000	20,000	4,010	1,158	12	29	29%
Covered bonds	52,917	59,000	10,000	67,000	15,078	4,353	12	29	29%
Corporate bonds	3,917	3,000	1,000	15,000	3,728	1,076	12	29	29%