

January 2022 report

Money Market Players' expectations

Jan 25, 2022

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	
	Jan 22	Dec 21	Jan 22	Dec 21	Jan 22	Dec 21
Money Market Players						
Annual inflation CPI	2,3	2,1	2,1	2,1	2,0	2,1
Annual inflation CPIF	2,3	2,1	2,0	2,0	2,0	2,0
Annual GDP	3,3	3,5	2,6	2,7	2,3	2,3

	3 months		12 months		24 months		60 months	
	Jan 22	Dec 21	Jan 22	Dec 21	Jan 22	Dec 21	Jan 22	Dec 21
Money Market Players								
Repo rate (%)	0,0	0,0	0,1	0,0	0,4	0,2	1,1	0,9
5 year gvt bond rate (%)	0,2	0,0	0,4	0,3	0,8	0,6	1,4	1,2
EUR/SEK	10,24	10,15	10,09	10,05	9,90	9,94	-	-
USD/SEK	9,06	9,01	9,07	8,98	8,80	8,85	-	-

	Current quarter		Following 3 quarters	
	Jan 22	Dec 21	Jan 22	Dec 21
Money Market Players				
The Riksbank's bond purchases (SEK bn)	91	114	109	129
Distribution (%)				
Government bonds	39,5	29	43,6	39
Municipal bonds	25,7	19	24,8	26
Covered bonds	32,1	49	30,1	34
Corporate bonds	2,6	3	1,6	2

About the survey

		Jan 22	Dec 21
Method	Telephone interviews		
Interview period			
Questions on inflation and GDP expectations		Jan 18-Jan 24	Nov 29-Dec 13
Questions on future repo rate, 5 year government bond rate, EUR and USD rate		Jan 18	Dec 7
Response rate			
Number of organisations approached for interview		48	48
Number of organisations not reached or denied participation		17	14
Overall response rate (%)		65	71
For response rate per question please see Tables 1-8			
About the interviews (numbers)			
Money Market players	Swedish	46	
	International	2	
About the interviewers			
Average experience of the survey (years)		7,5	

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

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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
Money Market Players									
CPI									
Year 1	2,348	2,250	0,800	3,500	0,649	0,117	31	17	65%
Year 2	2,073	2,000	1,300	3,200	0,447	0,080	31	17	65%
Year 5	2,047	2,000	1,300	4,500	0,567	0,102	31	17	65%
CPIF									
Year 1	2,273	2,325	0,800	3,700	0,668	0,122	30	18	63%
Year 2	1,990	1,900	1,300	3,200	0,465	0,085	30	18	63%
Year 5	1,957	2,000	1,000	4,000	0,530	0,097	30	18	63%

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
Money Market Players									
Year 1									
Lower bound	1,723	1,850	0,000	2,800	0,703	0,144	24	24	50%
Upper bound	2,904	2,850	1,300	4,000	0,690	0,141	24	24	50%
Year 2									
Lower bound	1,456	1,450	0,500	2,750	0,548	0,112	24	24	50%
Upper bound	2,563	2,450	1,700	4,000	0,597	0,122	24	24	50%
Year 5									
Lower bound	1,288	1,400	-0,500	2,300	0,609	0,124	24	24	50%
Upper bound	2,688	2,500	1,800	3,500	0,472	0,096	24	24	50%

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	3,279	3,300	0,000	5,500	0,858	0,154	31	17	65%
Year 2	2,639	2,500	1,700	4,500	0,727	0,131	31	17	65%
Year 5	2,321	2,100	1,700	4,000	0,534	0,096	31	17	65%

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	0,000	0,000	0,000	0,000	0,000	0,000	29	19	60%
12 months	0,112	0,000	0,000	0,750	0,171	0,032	29	19	60%
24 months	0,400	0,250	0,000	1,250	0,335	0,062	29	19	60%
60 months	1,103	1,000	0,250	2,500	0,561	0,104	29	19	60%

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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
Money Market Players									
3 months									
Lower bound	-0,020	0,000	-0,500	0,000	0,100	0,020	25	23	52%
Upper bound	0,080	0,000	0,000	0,500	0,157	0,031	25	23	52%
12 months									
Lower bound	-0,040	0,000	-1,000	0,500	0,247	0,049	25	23	52%
Upper bound	0,350	0,250	0,000	1,500	0,375	0,075	25	23	52%
24 months									
Lower bound	0,068	0,000	-1,000	1,200	0,418	0,084	25	23	52%
Upper bound	0,868	0,750	0,000	2,500	0,662	0,132	25	23	52%
60 months									
Lower bound	0,404	0,250	-0,750	2,000	0,658	0,132	25	23	52%
Upper bound	1,984	1,500	0,250	5,000	1,114	0,223	25	23	52%

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
Money Market Players									
5 year gvt bond rate									
3 months	0,237	0,250	-0,100	0,500	0,121	0,023	27	21	56%
12 months	0,422	0,400	0,000	1,000	0,236	0,045	27	21	56%
24 months	0,766	0,600	0,100	2,000	0,472	0,091	27	21	56%
60 months	1,402	1,250	0,200	3,250	0,703	0,135	27	21	56%
EUR/SEK									
3 months	10,240	10,250	9,950	10,500	0,134	0,024	30	18	63%
12 months	10,085	10,025	9,500	10,500	0,229	0,042	30	18	63%
24 months	9,899	9,965	9,000	10,500	0,277	0,051	30	18	63%
USD/SEK									
3 months	9,062	9,015	8,700	9,400	0,144	0,026	30	18	63%
12 months	9,067	9,000	8,500	10,000	0,346	0,063	30	18	63%
24 months	8,800	8,800	7,800	9,700	0,418	0,076	30	18	63%

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
Money Market Players									
The Riksbank's bond purchases									
Current quarter	91,167	37,000	12,000	700,000	192,217	55,488	12	36	25%
Following 3 quarters	109,000	80,000	19,000	500,000	125,879	36,338	12	36	25%

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
Money Market Players									
Current quarter									
Government bonds	39,545	32,500	25,000	90,000	18,937	5,710	11	37	23%
Municipal bonds	25,727	32,000	10,000	33,000	9,390	2,831	11	37	23%
Covered bonds	32,091	32,500	0,000	55,000	15,114	4,557	11	37	23%
Corporate bonds	2,636	2,500	0,000	5,000	1,675	0,505	11	37	23%
Following 3 quarters									
Government bonds	43,618	37,000	30,000	90,000	17,347	5,230	11	37	23%
Municipal bonds	24,845	25,000	10,000	43,000	11,474	3,460	11	37	23%
Covered bonds	30,082	31,000	0,000	55,000	16,055	4,841	11	37	23%
Corporate bonds	1,600	1,250	0,000	5,000	1,449	0,458	10	38	21%