Prospera

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SVERIGES
RIKSBANK

Press Release

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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, April 2018, has now been completed. The previous survey, March 2018, was published March 15, 2018.

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	
Annual	**Apr 18**	**Mar 18**	**Apr 18**	**Mar 18**	**Apr 18**	**Mar 18**
Inflation CPI, %	1,9	1,9	2,0	2,1	2,0	2,0
Inflation CPIF, %	1,8	1,8	1,9	1,9	1,9	1,9
GDP, %	2,4	2,4	2,2	2,2	2,2	2,1

	3 months		12 months		24 months		60 months	
	Apr 18	**Mar 18**	**Apr 18**	**Mar 18**	**Apr 18**	**Mar 18**	**Apr 18**	**Mar 18**
Repo rate, %	-0,5	-0,5	-0,2	-0,2	0,4	0,4	1,7	1,7
5 year gvt bond rate, %	0,2	0,2	0,6	0,6	1,1	1,1	2,0	2,0
EUR	10,06	9,94	9,73	9,62	9,42	9,39	-	-
USD	8,14	8,12	7,88	7,88	7,63	7,77	-	-

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Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out March 27 - April 10, 2018 (previous survey February 26 - March 14, 2018).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on March 27, 2018 (previous survey March 7, 2018).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 9,8 years.

About the Interviewees & Response Rate

In all 46 (46) organisations were approached for interview. 7 (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 85 % (78 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 80 % 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 43 Swedish and 3 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

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TABLE 1 - Inflation Expectations

Expected annual increase in <u>CPI</u> 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	1,907	1,800	1,200	2,700	0,309	0,050	38	8	83%
Year 2	2,021	2,000	1,400	2,700	0,292	0,047	38	8	83%
Year 5	1,984	2,000	1,000	2,600	0,333	0,055	37	9	80%

Expected annual increase in <u>CPIF</u> 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	1,817	1,750	1,200	2,900	0,329	0,058	32	14	70%
Year 2	1,893	1,900	1,400	2,700	0,300	0,053	32	14	70%
Year 5	1,904	2,000	1,000	2,700	0,332	0,059	32	14	70%

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

Expected annual increase intervals in <u>CPIF</u> 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	1,448	1,500	0,700	2,700	0,387	0,072	29	17	63%
Upper bound	2,234	2,200	1,500	3,500	0,453	0,084	29	17	63%
Year 2									
Lower bound	1,376	1,500	0,000	2,600	0,584	0,108	29	17	63%
Upper bound	2,455	2,400	1,800	4,000	0,534	0,099	29	17	63%
Year 5									
Lower bound	1,197	1,500	-1,500	2,600	0,891	0,166	29	17	63%
Upper bound	2,783	2,500	1,900	6,000	0,838	0,156	29	17	63%

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	2,447	2,600	1,100	3,500	0,448	0,074	37	9	80%
Year 2	2,235	2,200	1,000	3,200	0,440	0,072	37	9	80%
Year 5	2,160	2,100	1,500	3,500	0,401	0,067	36	10	78%

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	-0,500	-0,500	-0,500	-0,500	0,000	0,000	28	18	61%
12 months	-0,174	-0,250	-0,500	0,250	0,195	0,037	28	18	61%
24 months	0,357	0,500	-0,500	1,000	0,343	0,065	28	18	61%
60 months	1,731	1,625	0,500	3,250	0,710	0,139	26	20	57%

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	-0,517	-0,500	-0,750	-0,500	0,055	0,011	26	20	57%
Upper bound	-0,367	-0,500	-0,500	0,500	0,212	0,042	26	20	57%
12 months									
Lower bound	-0,431	-0,500	-0,750	0,000	0,176	0,034	26	20	57%
Upper bound	0,112	0,000	-0,400	1,000	0,330	0,065	26	20	57%
24 months									
Lower bound	-0,231	-0,250	-1,000	0,750	0,435	0,085	26	20	57%
Upper bound	1,010	1,000	-0,400	3,000	0,762	0,149	26	20	57%
60 months									
Lower bound	0,504	0,500	-1,500	2,250	0,976	0,195	25	21	54%
Upper bound	3,070	3,000	1,000	7,000	1,415	0,283	25	21	54%

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
5 YEAR GOVERNMENT BOND RATE									
3 months	0,204	0,230	-0,500	0,550	0,210	0,041	26	20	57%
12 months	0,598	0,500	-0,200	2,000	0,390	0,077	26	20	57%
24 months	1,061	1,000	0,300	2,500	0,449	0,090	25	21	54%
60 months	2,029	2,000	0,700	3,500	0,722	0,144	25	21	54%
EUR/SEK									
3 months	10,061	10,000	9,800	10,500	0,202	0,038	28	18	61%
12 months	9,729	9,725	9,200	10,500	0,272	0,051	28	18	61%
24 months	9,416	9,425	8,700	10,000	0,277	0,052	28	18	61%
USD/SEK									
3 months	8,135	8,175	7,750	8,400	0,169	0,032	28	18	61%
12 months	7,882	7,850	7,000	8,500	0,308	0,058	28	18	61%
24 months	7,629	7,625	6,400	8,500	0,448	0,085	28	18	61%