

April 2020: April 16, 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, April 2020, has now been completed. The previous survey, March 2020, was published March 11, 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	
	Apr 20	Mar 20	Apr 20	Mar 20	Apr 20	Mar 20
<b>Annual</b>						
Inflation CPI, %	1,0	1,4	1,5	1,6	1,7	1,8
Inflation CPIF, %	1,0	1,4	1,4	1,5	1,7	1,7
GDP, %	-2,3	1,1	2,3	1,6	1,9	1,9

	3 months		12 months		24 months		60 months	
	Apr 20	Mar 20	Apr 20	Mar 20	Apr 20	Mar 20	Apr 20	Mar 20
Repo rate, %	-0,1	0,0	-0,1	-0,1	0,1	0,1	0,7	0,9
5 year gvt bond rate, %	-0,3	-0,4	-0,2	-0,2	0,2	0,2	0,9	1,1
EUR	10,93	10,52	10,67	10,46	10,43	10,29	-	-
USD	9,92	9,48	9,68	9,37	9,31	9,16	-	-

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## Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation and GDP expectations was carried out April 1 - April 14, 2020 (previous survey February 24 - March 10, 2020).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on April 1, 2020 (previous survey March 4, 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. 13 (12) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 70 % (73 %). The response rate for individual questions regarding inflation and GDP increase expectations is at least 66 % 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	1,017	1,000	0,200	2,130	0,438	0,079	31	13	70%
Year 2	1,462	1,500	0,900	2,500	0,397	0,071	31	13	70%
Year 5	1,741	1,650	1,200	2,300	0,303	0,055	30	14	68%

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	0,996	1,000	0,200	2,090	0,458	0,085	29	15	66%
Year 2	1,414	1,300	1,000	2,400	0,359	0,067	29	15	66%
Year 5	1,684	1,600	1,100	2,250	0,295	0,055	29	15	66%

**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	0,532	0,725	-0,500	1,400	0,564	0,120	22	22	50%
Upper bound	1,531	1,400	0,900	2,940	0,525	0,112	22	22	50%
<b>Year 2</b>									
Lower bound	0,653	0,725	-0,500	1,500	0,525	0,112	22	22	50%
Upper bound	1,930	1,850	1,250	3,000	0,509	0,109	22	22	50%
<b>Year 5</b>									
Lower bound	0,843	0,950	-0,500	2,000	0,655	0,140	22	22	50%
Upper bound	2,511	2,350	1,500	6,000	0,974	0,208	22	22	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
<b>Money Market Players</b>									
Year 1	-2,305	-3,000	-7,000	3,850	2,531	0,455	31	13	70%
Year 2	2,299	2,000	0,500	6,300	1,267	0,228	31	13	70%
Year 5	1,922	2,000	1,000	2,700	0,328	0,060	30	14	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>									
<b>3 months</b>	-0,073	0,000	-0,500	0,000	0,157	0,034	22	22	50%
<b>12 months</b>	-0,077	0,000	-0,500	0,300	0,214	0,046	22	22	50%
<b>24 months</b>	0,070	0,000	-0,500	1,000	0,334	0,071	22	22	50%
<b>60 months</b>	0,652	0,500	0,000	2,500	0,726	0,158	21	23	48%

**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	-0,291	-0,250	-0,600	0,000	0,151	0,037	17	27	39%
Upper bound	0,065	0,000	0,000	0,600	0,161	0,039	17	27	39%
<b>12 months</b>									
Lower bound	-0,438	-0,250	-1,350	-0,100	0,313	0,076	17	27	39%
Upper bound	0,153	0,000	0,000	1,350	0,341	0,083	17	27	39%
<b>24 months</b>									
Lower bound	-0,350	-0,250	-2,130	0,500	0,574	0,139	17	27	39%
Upper bound	0,449	0,250	0,000	2,130	0,579	0,140	17	27	39%
<b>60 months</b>									
Lower bound	-0,166	0,000	-1,820	2,000	0,939	0,228	17	27	39%
Upper bound	1,584	1,000	0,250	5,000	1,358	0,329	17	27	39%

**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>	-0,335	-0,350	-0,600	0,000	0,136	0,030	20	24	45%
<b>12 months</b>	-0,150	-0,100	-0,500	0,300	0,215	0,048	20	24	45%
<b>24 months</b>	0,215	0,100	-0,500	1,500	0,430	0,096	20	24	45%
<b>60 months</b>	0,853	0,750	0,000	3,000	0,806	0,180	20	24	45%
<b>EUR/SEK</b>									
<b>3 months</b>	10,932	10,900	10,500	11,750	0,269	0,056	23	21	52%
<b>12 months</b>	10,669	10,700	10,000	11,500	0,353	0,074	23	21	52%
<b>24 months</b>	10,430	10,500	9,500	11,300	0,420	0,088	23	21	52%
<b>USD/SEK</b>									
<b>3 months</b>	9,916	9,900	9,400	10,650	0,284	0,059	23	21	52%
<b>12 months</b>	9,675	9,700	8,800	10,750	0,448	0,093	23	21	52%
<b>24 months</b>	9,312	9,300	7,500	10,750	0,699	0,146	23	21	52%