

## Press Release

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TNS 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, May 2011, has now been completed. The previous survey, April 2011, was published April 13, 2011.

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

<u>Annual</u>	Year 1		Year 2		Year 5	
	May 11	Apr 11	May 11	Apr 11	May 11	Apr 11
Inflation, %	2,5	2,4	2,4	2,3	2,2	2,2
GDP, %	3,4	3,6	2,8	2,9	2,6	2,6

  

	3 months		12 months		24 months		60 months	
	May 11	Apr 11	May 11	Apr 11	May 11	Apr 11	May 11	Apr 11
Repo rate, %	2,0	1,8	2,9	2,7	3,3	3,3	3,5	3,4
5 year gvt bond rate, %	3,3	3,3	3,5	3,7	3,8	3,9	3,9	4,1
EUR	8,86	8,82	8,80	8,81	8,85	8,84	-	-
USD	6,12	6,37	6,31	6,57	6,59	6,85	-	-

**Interview Period & Method**

TNS SIFO Prospera's survey that encompasses inflation and GDP expectations was carried out April 27 – May 10, 2011 (previous survey March 30 – April 6, 2011).

The part covering expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on April 27, 2011 (previous survey March 30, 2011).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 15,3 years.

**About the Interviewees & Response Rate**

In all 60 (54) organisations were approached for interview. 4 (4) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 93 % (93 %). The response rate for individual questions regarding inflation and GDP increase expectations is 93 % 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 51 Swedish and 9 international players active in the Swedish fixed income market.

**Definitions**

*Inflation*, the percentage increase in Consumer Price Index (CPI).

*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 TNS SIFO Prospera Inflation Expectations Surveys**

TNS SIFO Prospera inflation reports and tables, from 1995 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>									
<b>Year 1</b>	2,517	2,500	1,500	3,700	0,461	0,062	56	4	93%
<b>Year 2</b>	2,377	2,300	1,500	3,500	0,444	0,059	56	4	93%
<b>Year 5</b>	2,210	2,000	1,500	4,000	0,433	0,060	52	8	87%

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

Expected annual increase intervals in CPI 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	1,908	2,000	-1,000	3,200	0,720	0,102	50	10	83%
Upper bound	3,176	3,000	2,000	5,000	0,655	0,093	50	10	83%
<b>Year 2</b>									
Lower bound	1,630	1,700	-1,500	3,300	0,869	0,123	50	10	83%
Upper bound	3,165	3,000	2,000	5,000	0,638	0,090	50	10	83%
<b>Year 5</b>									
Lower bound	1,280	1,500	-3,500	3,500	1,024	0,148	48	12	80%
Upper bound	3,263	3,000	2,000	6,500	0,937	0,135	48	12	80%

**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>									
<b>Year 1</b>	3,351	3,500	1,000	5,500	0,739	0,099	56	4	93%
<b>Year 2</b>	2,804	2,800	1,500	4,000	0,456	0,061	56	4	93%
<b>Year 5</b>	2,572	2,500	1,500	3,500	0,423	0,059	51	9	85%

**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>	1,988	2,000	1,750	2,000	0,053	0,008	43	17	72%
<b>12 months</b>	2,856	2,750	2,000	3,500	0,263	0,040	43	17	72%
<b>24 months</b>	3,274	3,250	2,500	4,000	0,395	0,062	41	19	68%
<b>60 months</b>	3,497	3,500	2,500	4,500	0,554	0,091	37	23	62%

**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	1,880	2,000	1,200	2,000	0,177	0,029	38	22	63%
Upper bound	2,126	2,000	2,000	2,500	0,141	0,023	38	22	63%
<b>12 months</b>									
Lower bound	2,380	2,500	1,250	3,000	0,379	0,061	38	22	63%
Upper bound	3,259	3,250	2,750	3,800	0,296	0,048	38	22	63%
<b>24 months</b>									
Lower bound	2,512	2,750	1,000	3,750	0,701	0,114	38	22	63%
Upper bound	3,883	3,875	2,750	5,500	0,570	0,092	38	22	63%
<b>60 months</b>									
Lower bound	2,284	2,500	0,000	4,000	0,933	0,158	35	25	58%
Upper bound	4,689	4,500	3,000	10,000	1,248	0,211	35	25	58%

**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>	3,254	3,250	3,000	3,650	0,142	0,024	35	25	58%
<b>12 months</b>	3,512	3,500	2,750	4,100	0,264	0,045	35	25	58%
<b>24 months</b>	3,765	3,750	2,750	4,400	0,356	0,060	35	25	58%
<b>60 months</b>	3,868	3,750	3,000	5,000	0,491	0,085	33	27	55%
<b>EUR/SEK</b>									
<b>3 months</b>	8,855	8,800	8,500	9,750	0,196	0,031	40	20	67%
<b>12 months</b>	8,803	8,800	8,000	9,250	0,265	0,042	40	20	67%
<b>24 months</b>	8,853	8,900	8,100	9,300	0,310	0,052	36	24	60%
<b>USD/SEK</b>									
<b>3 months</b>	6,118	6,025	5,800	6,500	0,183	0,029	40	20	67%
<b>12 months</b>	6,308	6,250	5,500	7,000	0,413	0,065	40	20	67%
<b>24 months</b>	6,593	6,550	5,750	7,500	0,557	0,093	36	24	60%