

## 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 aiming at mapping expectations of inflation, wage increase, GDP and future repo rates in Sweden among labour market parties, purchasing managers and money market players. The survey also includes money market players' expectations of the Swedish 5 year government bond rate, EUR and USD rates.

The money market player survey is conducted every month. The survey also including labour market parties and purchasing managers is published quarterly.

The latest survey in the all categories series March 2018, has now been completed, the previous December 2017 was published December 13, 2017. The last survey among money market players was published February 14, 2018.

A comparison of the results of the surveys can be summarised as follows (rounded off figures):

### All Interviewees' Expectations of

	Year 1		Year 2		Year 5	
	Mar 18	Dec 17	Mar 18	Dec 17	Mar 18	Dec 17
<b>Annual</b>						
Inflation CPI, %	1,8	1,8	2,0	2,0	2,1	2,1
Inflation CPIF, %	1,8	1,9	1,9	1,9	2,0	2,0
GDP, %	2,6	2,7	2,5	2,6	2,4	2,4
Wage increase, %	2,3	2,4	2,4	2,4	2,5	2,5

	3 months		12 months		24 months		60 months	
	Mar 18	Dec 17	Mar 18	Dec 17	Mar 18	Dec 17	Mar 18	Dec 17
Repo rate, %	-0,4	-0,5	-0,2	-0,2	0,3	0,3	1,3	1,3

### Money Market Players' Expectations of

	3 months			12 months			24 months			60 months		
	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17
Repo rate, %	-0,5	-0,5	-0,5	-0,2	-0,2	-0,2	0,4	0,4	0,3	1,7	1,6	1,6
5 year gvt bond rate, %	0,2	0,2	-0,1	0,6	0,6	0,3	1,1	1,1	0,9	2,0	2,0	1,8
EUR	9,94	9,68	9,77	9,62	9,43	9,51	9,39	9,24	9,25	-	-	-
USD	8,12	7,91	8,32	7,88	7,68	8,04	7,77	7,54	7,87	-	-	-

March 2018: March 15, 2018  
2 (7)

## Interview Period & Method

Kantar Sifo Prospera's survey that encompasses inflation, GDP and wage increase expectations as well as all but money market players' expectations of repo rates, was carried out February 26 - March 14, 2018 (previous November 27 - December 12, 2017). The last survey among money market players was carried out January 31 - February 13, 2018.

The part regarding money market players' expectations of future repo rates, 5 year government bond rates, EUR and USD rates took place on March 7, 2018 (previous January 31, 2018 and November 29, 2017).

The survey is carried out over the telephone. The interviewers' average experience of the survey is 9,7 years.

## About the Interviewees & Response Rate

### *All Interviewees*

In all 207 (213) organisations/companies were approached for interview. 48 (48) of the persons in the panel could not be reached or have denied participation, which means that there is an overall response rate of 77 % (77 %). The response rate for individual questions regarding inflation, wage and GDP increase expectations is 29 % or more for the one year and two year assessments (72 % exclusive of CPIF). 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 2-8)

### *Labour Market Organisations*

48 Swedish labour market organisations, of which 22 on the employers' side and 26 on the employees' side have been approached.

### *Purchase Managers*

Of the 113 purchasing managers 55 represent the trading industry and 58 the manufacturing industry. The group of companies interviewed is a random sample selected from a company directory at the National Statistics Office of Sweden comprising Swedish companies with more than 200 employees.

### *Money Market Players*

The money market category includes 46 players, 43 Swedish and 3 international, active in the Swedish fixed income market. The money market players were not asked to assess the expected wage increases. Only the money market players have participated in the survey covering expected 5 year government bond rates, EUR and USD rates.

## 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.

*Wage increase*, the percentage increase in wages/salaries as measured over all sectors in the economy, exclusive of social costs but inclusive of wage increases negotiated earlier and wage drift.

*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 - Comparison March 2018 vs (February 2018) December 2017**

A comparison of the results of the two surveys in all interviewee categories is summarised as follows (rounded off figures):

Expectations of	Year 1			Year 2			Year 5		
	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17
<b>Annual inflation CPI, %</b>									
All interviewees	1,8		1,8	2,0		2,0	2,1		2,1
Employees' organisations	1,7		1,7	1,9		2,0	2,1		2,2
Employers' organisations	1,6		1,8	1,8		2,0	2,2		2,2
Purchase managers Manufacturing	1,8		1,9	1,9		2,0	2,0		2,1
Purchase managers Trading	1,8		1,7	2,0		1,8	2,1		2,1
Money market players	1,9	2,0	1,9	2,1	2,1	2,0	2,0	2,0	2,0
<b>Annual inflation CPIIF, %</b>									
All interviewees	1,8		1,9	1,9		1,9	2,0		2,0
Employees' organisations	1,8		1,9	1,9		2,0	2,0		2,4
Employers' organisations	1,8		1,8	1,9		1,9	2,0		2,1
Purchase managers Manufacturing	1,8		2,0	1,9		2,1	2,0		2,0
Purchase managers Trading	1,8		1,7	2,1		1,9	2,4		2,1
Money market players	1,8	1,9	1,9	1,9	1,9	1,9	1,9	1,9	1,9
<b>GDP, %</b>									
All interviewees	2,6		2,7	2,5		2,6	2,4		2,4
Employees' organisations	2,8		2,9	2,6		2,9	2,7		2,8
Employers' organisations	2,5		2,5	2,5		2,5	2,2		2,3
Purchase managers Manufacturing	2,7		2,8	2,6		2,7	2,5		2,5
Purchase managers Trading	2,8		2,8	2,7		2,6	2,5		2,6
Money market players	2,4	2,5	2,6	2,2	2,3	2,3	2,1	2,2	2,2
<b>Annual wage increase, %</b>									
All interviewees	2,3		2,4	2,4		2,4	2,5		2,5
Employees' organisations	2,7		2,8	2,8		2,8	3,1		3,1
Employers' organisations	2,5		2,4	2,5		2,4	2,4		2,6
Purchase managers Manufacturing	2,2		2,3	2,3		2,3	2,3		2,3
Purchase managers Trading	2,3		2,3	2,3		2,4	2,4		2,3

	3 months			12 months			24 months			60 months		
	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17	Mar 18	Feb 18	Dec 17
<b>Repo rate, %</b>												
All interviewees	-0,4		-0,5	-0,2		-0,2	0,3		0,3	1,3		1,3
Employees' organisations	-0,4		-0,4	-0,2		-0,2	0,2		0,2	1,2		1,1
Employers' organisations	-0,3		-0,4	-0,1		-0,2	0,5		0,5	1,5		1,8
Purchase managers Manufacturing	-0,5		-0,5	-0,1		-0,2	0,3		0,3	1,2		1,3
Purchase managers Trading	-0,5		-0,5	-0,2		-0,2	0,2		0,3	1,1		1,1
Money market players	-0,5	-0,5	-0,5	-0,2	-0,2	-0,2	0,4	0,4	0,3	1,7	1,6	1,6



**TABLE 2 - 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>All</b>									
Year 1	1,788	1,800	0,500	3,500	0,373	0,030	156	51	75%
Year 2	1,981	2,000	1,000	3,100	0,404	0,032	155	52	75%
Year 5	2,054	2,000	0,500	3,000	0,423	0,035	148	59	71%
<b>Employees' organisations</b>									
Year 1	1,728	1,800	1,000	2,000	0,231	0,052	20	6	77%
Year 2	1,943	2,000	1,000	2,300	0,286	0,064	20	6	77%
Year 5	2,140	2,000	1,600	2,700	0,276	0,062	20	6	77%
<b>Employers' organisations</b>									
Year 1	1,600	1,700	0,500	2,300	0,493	0,127	15	7	68%
Year 2	1,833	1,900	1,000	2,900	0,453	0,117	15	7	68%
Year 5	2,192	2,100	1,800	3,000	0,309	0,086	13	9	59%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	1,780	1,800	0,500	3,500	0,459	0,067	47	11	81%
Year 2	1,932	2,000	1,000	3,000	0,436	0,064	46	12	79%
Year 5	1,996	2,000	0,500	3,000	0,460	0,069	45	13	78%
<b>Purchasing Managers, Trading</b>									
Year 1	1,774	1,800	1,000	2,600	0,267	0,043	38	17	69%
Year 2	2,024	2,000	1,000	3,100	0,440	0,071	38	17	69%
Year 5	2,060	2,000	1,000	3,000	0,505	0,085	35	20	64%
<b>Money Market Players</b>									
Year 1	1,928	1,900	1,200	2,700	0,317	0,053	36	10	78%
Year 2	2,083	2,100	1,400	2,900	0,344	0,057	36	10	78%
Year 5	2,023	2,000	1,000	3,000	0,386	0,065	35	11	76%

**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>All</b>									
Year 1	1,795	1,800	1,200	2,900	0,273	0,036	59	148	29%
Year 2	1,915	1,900	1,400	2,700	0,256	0,033	59	148	29%
Year 5	1,993	2,000	1,000	3,000	0,347	0,046	56	151	27%
<b>Employees' organisations</b>									
Year 1	1,814	1,800	1,600	2,100	0,186	0,070	7	19	27%
Year 2	1,871	1,800	1,600	2,200	0,214	0,081	7	19	27%
Year 5	2,014	2,000	1,900	2,200	0,090	0,034	7	19	27%
<b>Employers' organisations</b>									
Year 1	1,757	1,800	1,400	2,000	0,207	0,078	7	15	32%
Year 2	1,886	1,800	1,600	2,100	0,186	0,070	7	15	32%
Year 5	2,040	2,000	1,900	2,300	0,152	0,068	5	17	23%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	1,757	1,700	1,500	2,000	0,190	0,072	7	51	12%
Year 2	1,900	2,000	1,600	2,100	0,200	0,076	7	51	12%
Year 5	1,986	2,000	1,800	2,200	0,121	0,046	7	51	12%
<b>Purchasing Managers, Trading</b>									
Year 1	1,800	1,900	1,500	2,000	0,231	0,087	7	48	13%
Year 2	2,107	2,000	1,800	2,500	0,228	0,086	7	48	13%
Year 5	2,350	2,300	2,000	2,900	0,399	0,163	6	49	11%
<b>Money Market Players</b>									
Year 1	1,806	1,800	1,200	2,900	0,332	0,060	31	15	67%
Year 2	1,892	1,900	1,400	2,700	0,287	0,052	31	15	67%
Year 5	1,913	2,000	1,000	3,000	0,393	0,071	31	15	67%



**TABLE 3 - 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	1,414	1,500	0,700	2,700	0,384	0,071	29	17	63%
Upper bound	2,245	2,200	1,500	3,500	0,454	0,084	29	17	63%
<b>Year 2</b>									
Lower bound	1,366	1,500	0,000	2,500	0,522	0,097	29	17	63%
Upper bound	2,440	2,400	1,800	4,000	0,503	0,093	29	17	63%
<b>Year 5</b>									
Lower bound	1,191	1,500	-1,500	2,600	0,843	0,157	29	17	63%
Upper bound	2,738	2,500	1,900	6,000	0,831	0,154	29	17	63%

**TABLE 4 - 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>All</b>									
<b>Year 1</b>									
Year 1	2,641	2,700	1,000	4,000	0,553	0,045	152	55	73%
<b>Year 2</b>									
Year 2	2,493	2,500	1,000	4,000	0,597	0,049	150	57	72%
<b>Year 5</b>									
Year 5	2,412	2,275	0,500	4,100	0,671	0,056	144	63	70%
<b>Employees' organisations</b>									
<b>Year 1</b>									
Year 1	2,806	3,000	1,800	3,500	0,421	0,099	18	8	69%
<b>Year 2</b>									
Year 2	2,567	2,500	1,800	3,500	0,472	0,111	18	8	69%
<b>Year 5</b>									
Year 5	2,744	3,000	1,500	3,700	0,710	0,167	18	8	69%
<b>Employers' organisations</b>									
<b>Year 1</b>									
Year 1	2,507	2,500	1,000	3,700	0,683	0,176	15	7	68%
<b>Year 2</b>									
Year 2	2,450	2,350	1,500	4,000	0,656	0,175	14	8	64%
<b>Year 5</b>									
Year 5	2,200	2,100	0,500	4,100	0,884	0,245	13	9	59%
<b>Purchasing Managers, Manufacturing</b>									
<b>Year 1</b>									
Year 1	2,650	2,900	1,000	4,000	0,665	0,098	46	12	79%
<b>Year 2</b>									
Year 2	2,604	2,500	1,000	3,700	0,700	0,104	45	13	78%
<b>Year 5</b>									
Year 5	2,491	2,450	1,000	4,000	0,708	0,107	44	14	76%
<b>Purchasing Managers, Trading</b>									
<b>Year 1</b>									
Year 1	2,814	3,000	1,500	3,600	0,477	0,078	37	18	67%
<b>Year 2</b>									
Year 2	2,657	2,700	1,500	3,800	0,558	0,092	37	18	67%
<b>Year 5</b>									
Year 5	2,537	2,600	1,000	3,500	0,649	0,111	34	21	62%
<b>Money Market Players</b>									
<b>Year 1</b>									
Year 1	2,428	2,500	1,200	3,000	0,380	0,063	36	10	78%
<b>Year 2</b>									
Year 2	2,167	2,200	1,000	2,800	0,396	0,066	36	10	78%
<b>Year 5</b>									
Year 5	2,100	2,000	1,500	3,500	0,352	0,060	35	11	76%



**TABLE 5 - Wage Increase Expectations**

Expected annual wage increase the coming 1, 2 and 5 years

	Mean (%)	Median (%)	Lowest (%)	Highest (%)	Standard Deviation	Standard Error	Responses (numbers)	No resp. (numbers)	Response Rate
<b>All</b>									
Year 1	2,333	2,300	1,250	3,200	0,391	0,036	120	41	75%
Year 2	2,414	2,400	1,500	3,500	0,456	0,041	122	39	76%
Year 5	2,487	2,500	1,000	3,700	0,536	0,051	112	49	70%
<b>Employees' organisations</b>									
Year 1	2,683	2,700	2,050	3,000	0,239	0,053	20	6	77%
Year 2	2,848	2,800	2,350	3,500	0,304	0,068	20	6	77%
Year 5	3,100	3,000	2,500	3,700	0,318	0,071	20	6	77%
<b>Employers' organisations</b>									
Year 1	2,479	2,500	1,800	3,200	0,437	0,117	14	8	64%
Year 2	2,500	2,400	1,800	3,400	0,455	0,118	15	7	68%
Year 5	2,377	2,300	1,400	3,400	0,531	0,147	13	9	59%
<b>Purchasing Managers, Manufacturing</b>									
Year 1	2,195	2,100	1,500	3,000	0,356	0,052	47	11	81%
Year 2	2,283	2,200	1,500	3,500	0,435	0,063	47	11	81%
Year 5	2,313	2,400	1,000	3,200	0,494	0,073	46	12	79%
<b>Purchasing Managers, Trading</b>									
Year 1	2,267	2,200	1,250	3,000	0,362	0,058	39	16	71%
Year 2	2,320	2,300	1,600	3,500	0,416	0,066	40	15	73%
Year 5	2,400	2,300	1,750	3,500	0,443	0,077	33	22	60%

**TABLE 6 - 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>All</b>									
3 months	-0,447	-0,500	-0,500	2,200	0,245	0,020	149	58	72%
12 months	-0,169	-0,250	-0,500	1,000	0,260	0,021	148	59	71%
24 months	0,327	0,250	-0,500	2,000	0,441	0,036	147	60	71%
60 months	1,278	1,250	-0,100	4,000	0,775	0,065	141	66	68%
<b>Employees' organisations</b>									
3 months	-0,447	-0,500	-0,500	0,000	0,134	0,031	19	7	73%
12 months	-0,232	-0,250	-0,500	0,400	0,274	0,063	19	7	73%
24 months	0,226	0,250	-0,500	1,000	0,359	0,082	19	7	73%
60 months	1,179	1,500	0,000	2,250	0,797	0,183	19	7	73%
<b>Employers' organisations</b>									
3 months	-0,284	-0,500	-0,500	2,200	0,676	0,169	16	6	73%
12 months	-0,133	-0,250	-0,500	1,000	0,389	0,100	15	7	68%
24 months	0,510	0,250	0,000	2,000	0,638	0,165	15	7	68%
60 months	1,462	1,250	0,000	4,000	1,094	0,303	13	9	59%
<b>Purchasing Managers, Manufacturing</b>									
3 months	-0,458	-0,500	-0,500	0,000	0,131	0,019	46	12	79%
12 months	-0,142	-0,250	-0,500	1,000	0,286	0,042	46	12	79%
24 months	0,339	0,245	-0,400	1,500	0,465	0,069	46	12	79%
60 months	1,203	1,000	-0,100	3,000	0,737	0,110	45	13	78%
<b>Purchasing Managers, Trading</b>									
3 months	-0,468	-0,500	-0,500	0,000	0,102	0,016	39	16	71%
12 months	-0,162	-0,250	-0,500	0,250	0,200	0,032	39	16	71%
24 months	0,238	0,225	-0,400	1,000	0,313	0,051	38	17	69%
60 months	1,055	1,000	0,000	2,500	0,626	0,103	37	18	67%
<b>Money Market Players</b>									
3 months	-0,491	-0,500	-0,500	-0,250	0,046	0,009	29	17	63%
12 months	-0,200	-0,250	-0,500	0,250	0,202	0,037	29	17	63%
24 months	0,398	0,250	-0,500	1,500	0,460	0,085	29	17	63%
60 months	1,689	1,750	0,250	3,250	0,706	0,136	27	19	59%



**TABLE 7 - 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	-0,507	-0,500	-0,600	-0,500	0,027	0,005	27	19	59%
Upper bound	-0,363	-0,500	-0,500	0,500	0,231	0,044	27	19	59%
<b>12 months</b>									
Lower bound	-0,409	-0,500	-0,750	0,000	0,170	0,033	27	19	59%
Upper bound	0,087	0,000	-0,500	0,800	0,315	0,061	27	19	59%
<b>24 months</b>									
Lower bound	-0,028	0,000	-0,750	1,000	0,456	0,088	27	19	59%
Upper bound	0,972	0,750	-0,400	4,000	0,852	0,164	27	19	59%
<b>60 months</b>									
Lower bound	0,604	0,750	-1,000	2,250	0,840	0,165	26	20	57%
Upper bound	2,837	2,375	0,500	7,000	1,552	0,304	26	20	57%

**TABLE 8 - 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>	0,243	0,200	0,000	0,500	0,121	0,023	27	19	59%
<b>12 months</b>	0,594	0,500	0,100	2,000	0,369	0,071	27	19	59%
<b>24 months</b>	1,117	1,000	0,350	2,500	0,510	0,100	26	20	57%
<b>60 months</b>	2,012	2,000	0,500	3,250	0,686	0,134	26	20	57%
<b>EUR/SEK</b>									
<b>3 months</b>	9,936	10,000	9,600	10,200	0,140	0,026	28	18	61%
<b>12 months</b>	9,621	9,600	9,300	9,900	0,182	0,034	28	18	61%
<b>24 months</b>	9,389	9,400	9,000	9,800	0,231	0,044	27	19	59%
<b>USD/SEK</b>									
<b>3 months</b>	8,120	8,100	7,750	8,400	0,139	0,026	28	18	61%
<b>12 months</b>	7,878	7,800	7,000	9,000	0,356	0,067	28	18	61%
<b>24 months</b>	7,774	7,700	7,200	9,500	0,514	0,099	27	19	59%