



Financial markets survey

Autumn 2020

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Survey results – autumn 2020

As from autumn 2018, the Riksbank sends out the Financial markets survey twice a year to participants active in the Swedish fixed-income and foreign exchange (FX) markets. The purpose of the survey is to gain an overall picture of participants' views on the Swedish financial markets – how they are working, what market activity looks like and what risks participants see in the Swedish financial system going forward. This report presents the results of the survey responded to in the period 5–21 October 2020. The previous survey was conducted between 27 April and 10 May 2020. The report is based solely on participants' responses and is not an account of the Riksbank's assessments.¹ Out of 107 participants asked to take part in the survey, 53 responded. This is a response rate of approximately 50 per cent.

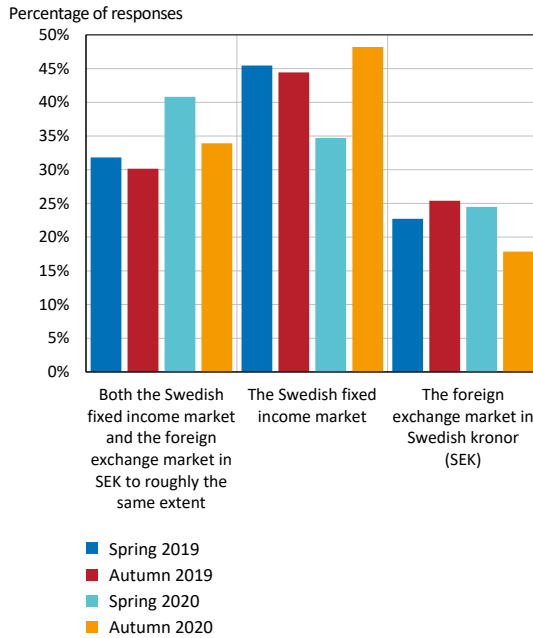
- A large majority of participants consider that they take small or neutral risks.** *Almost half of them describe their general risk-taking as low or very low. This is slightly more than in the spring, and they state the large-scale general uncertainty during the coronavirus pandemic as the reason for their caution. At the same time, a slightly larger number of participants than in the spring now say they have increased their risk-taking over the past six months. In these cases, the low interest rates are given as an explanation.*
- The FX market for SEK is perceived to be working better than in the spring.** *Six out of ten respondents consider the FX market for SEK to be working well or very well, which is an increase on the spring, when four out of ten responded that it was working well. Both the spot and futures markets are felt to be functioning better. One in ten considers the FX market to be functioning poorly. Looking ahead, some participants see a risk that the SEK market will begin functioning more poorly if foreign investors disappear from the Swedish fixed-income market.*
- Half of participants consider that the Swedish krona fixed-income market is working well.** *This is a large increase compared with the spring, when only one in four respondents considered the market to be working well. It is primarily liquidity for covered bonds, investment grade corporate bonds and commercial paper that is perceived as better. Liquidity on the market for nominal and inflation-linked government bonds, on the other hand, is stated as somewhat poorer than in the spring. Many respondents say that the Riksbank's bond purchases are significant and will affect how the market functions going forward.*

Issuers and market makers in particular state that the fixed-income market is functioning well. In the group market maker/dealer there were several who considered liquidity in nominal and inflation-linked government bonds and corporate bonds to be poor or very poor. However, there were many respondents who stated that they had no opinion on this question.

¹ The term *(market) participants* will henceforth be used to refer to those participants responding to the survey.

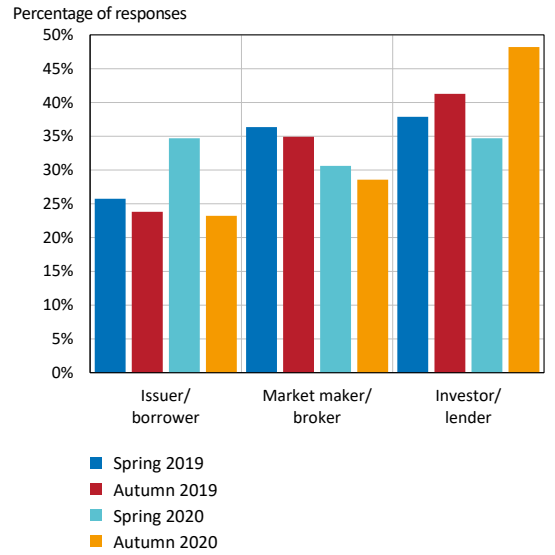
Market participants and their risk-taking

Diagram 1. In which market are you most active?



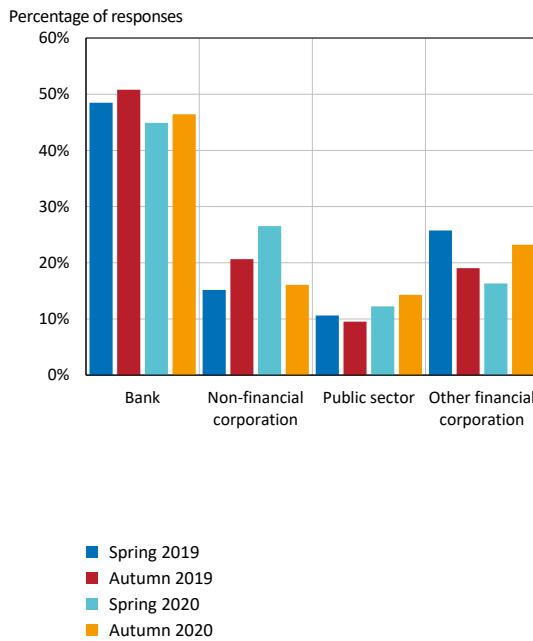
Note. 53 responses in total (autumn 2020).

Diagram 2. What is your primary role in that market/those markets?



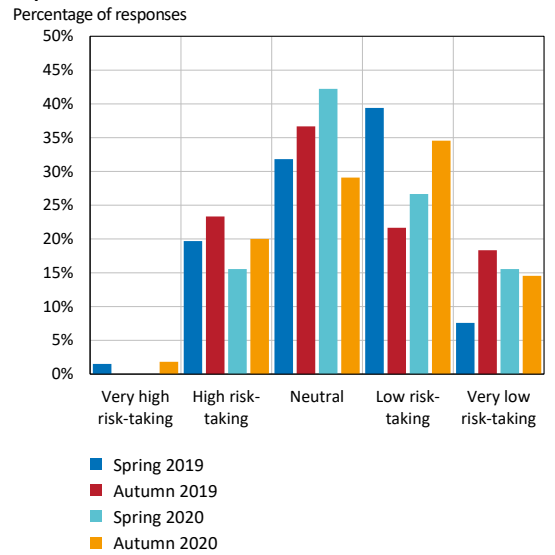
Note. 53 responses in total (autumn 2020).

Diagram 3. To which sector do you primarily belong?



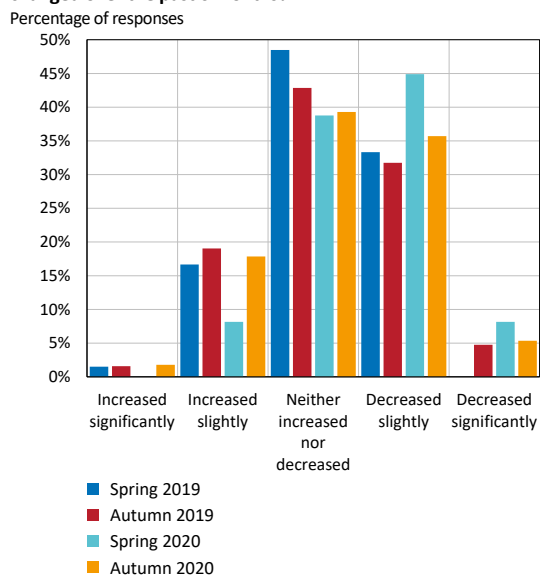
Note. 53 responses in total (autumn 2020).

Diagram 4. How do you assess your general risk-taking in the market at present?



Note. 53 responses in total (autumn 2020).

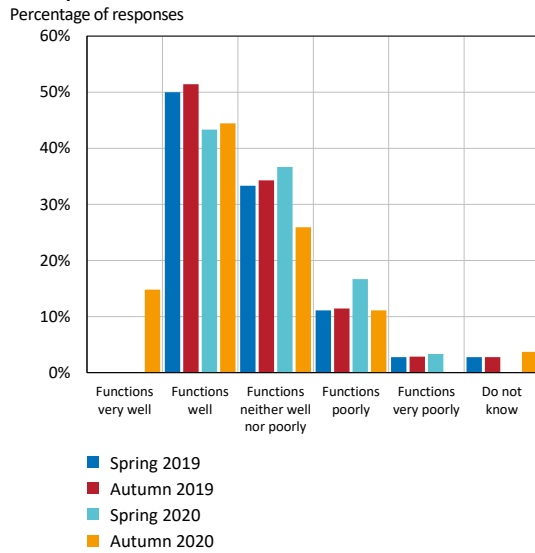
Diagram 5. How do you consider your risk-taking in the market to have changed over the past 6 months?



Note: 53 responses in total (spring 2020).

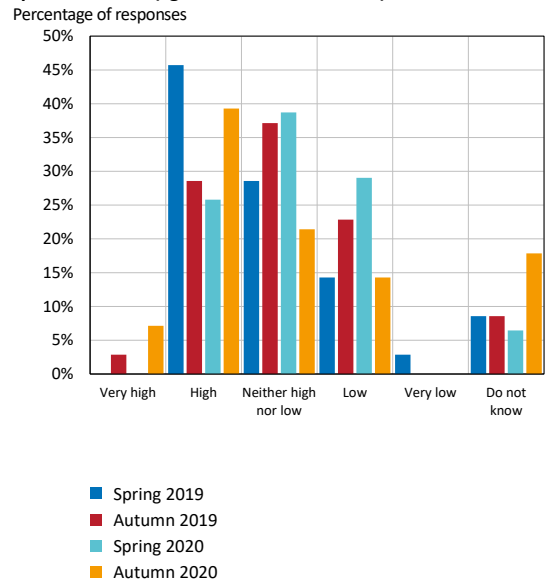
Market for FX trading in SEK

Diagram 6. What is your assessment of the functioning of the market for SEK at present?



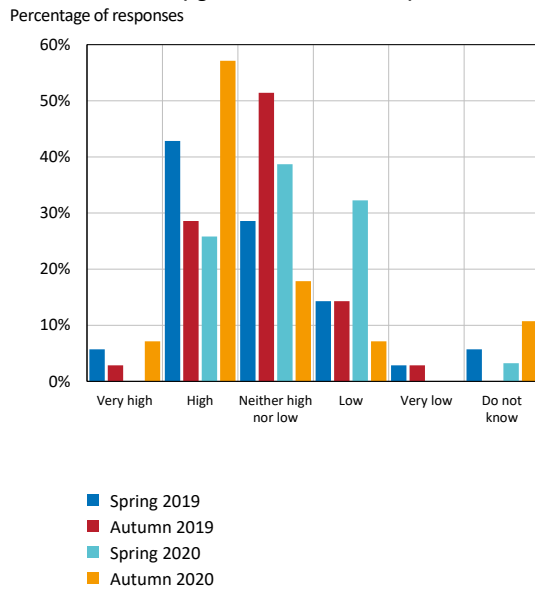
Note: 27 responses in total (autumn 2020).

Diagram 7. What is your assessment of current market liquidity on the spot SEK market (against the G10 currencies)?



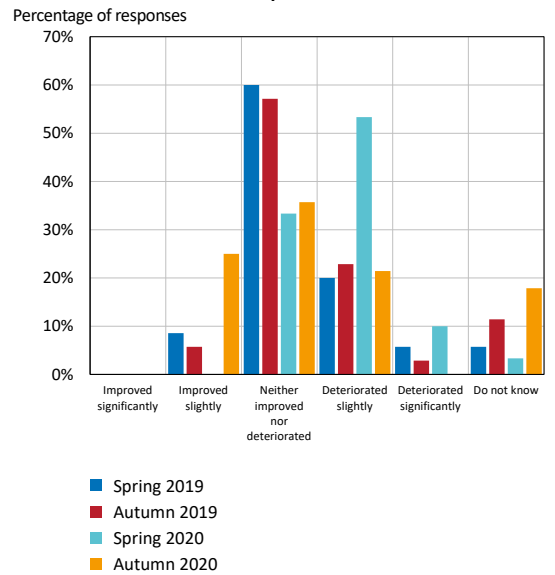
Note: 28 responses in total (autumn 2020).

Diagram 8. What is your assessment of current market liquidity on the forward SEK market (against the G10 currencies)?



Note: 28 responses in total (autumn 2020).

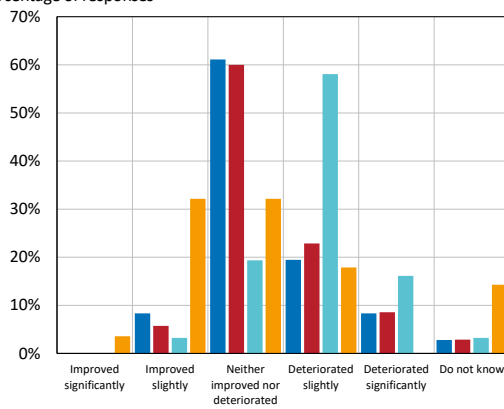
Diagram 9. How do you assess that market liquidity in SEK has changed over the last 6 months on the spot market?



Note: 28 responses in total (autumn 2020).

Diagram 10. How do you assess that market liquidity in SEK has changed over the last 6 months on the forward market?

Percentage of responses

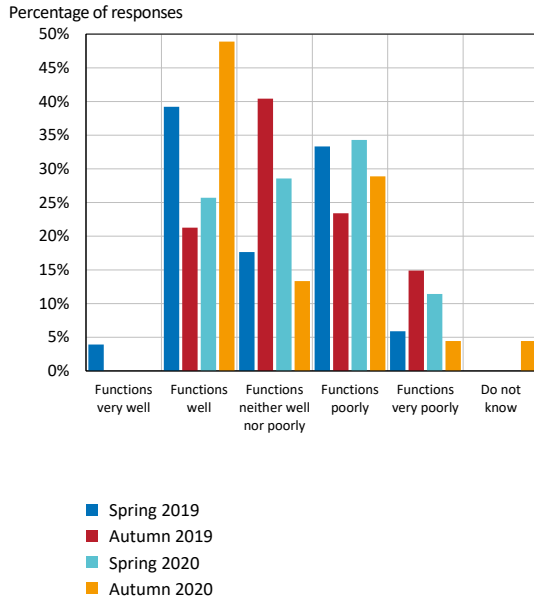


- Spring 2019
- Autumn 2019
- Spring 2020
- Autumn 2020

Note: 28 responses in total (autumn 2020).

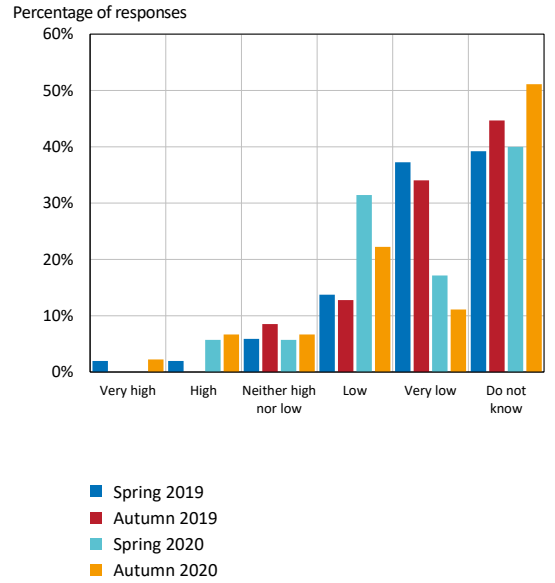
The Swedish fixed-income market

Diagram 11. What is your assessment of the functioning of the Swedish fixed-income market at present?



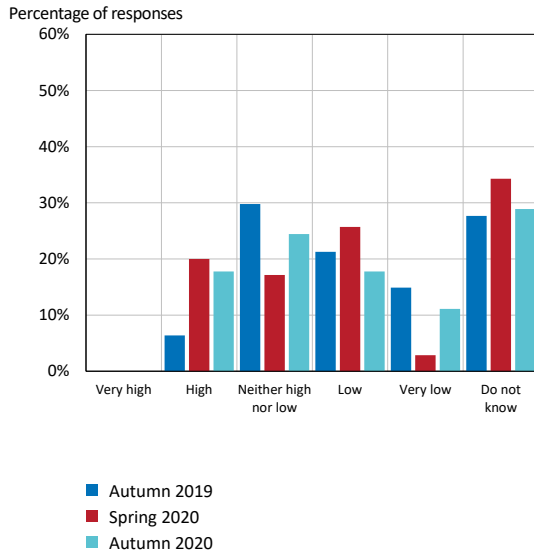
Note: 45 responses in total (autumn 2020).

Diagram 12. What is your assessment of market liquidity at present on the secondary market for treasury bills?



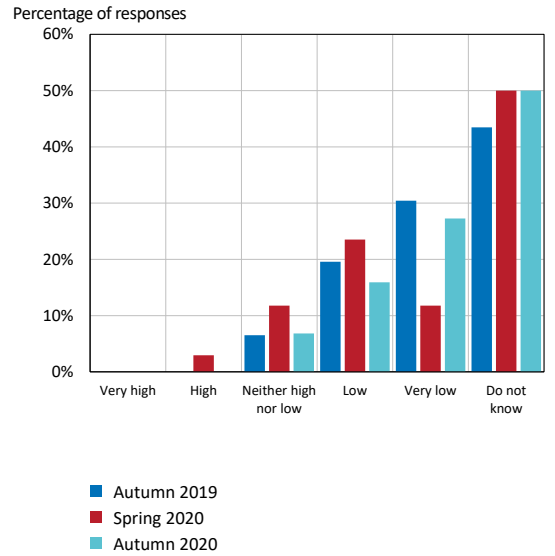
Note: 45 responses in total (autumn 2020).

Diagram 13. What is your assessment of market liquidity at present on the secondary market for nominal government bonds?



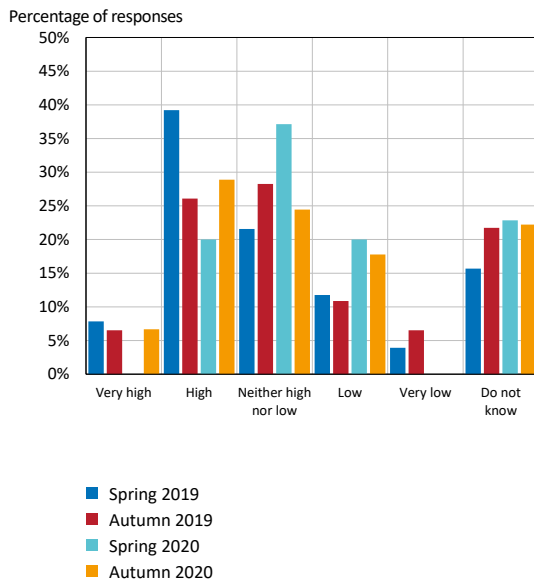
Note: 45 responses in total (autumn 2020).

Diagram 14. What is your assessment of market liquidity at present on the secondary market for inflation-linked government bonds?



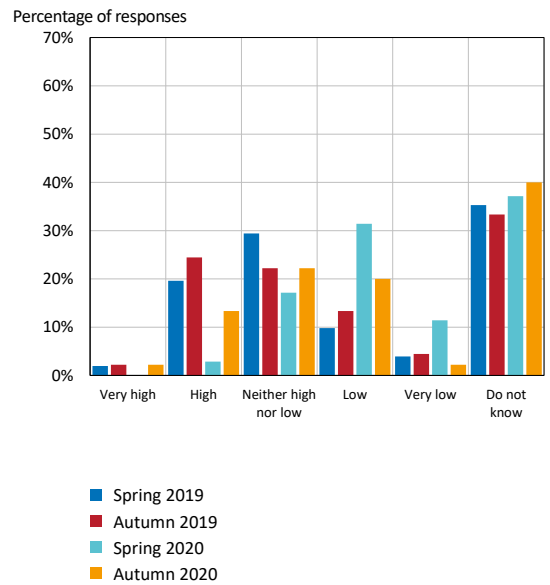
Note: 44 responses in total (autumn 2020).

Diagram 15. What is your assessment of market liquidity at present on the secondary market for covered bonds?



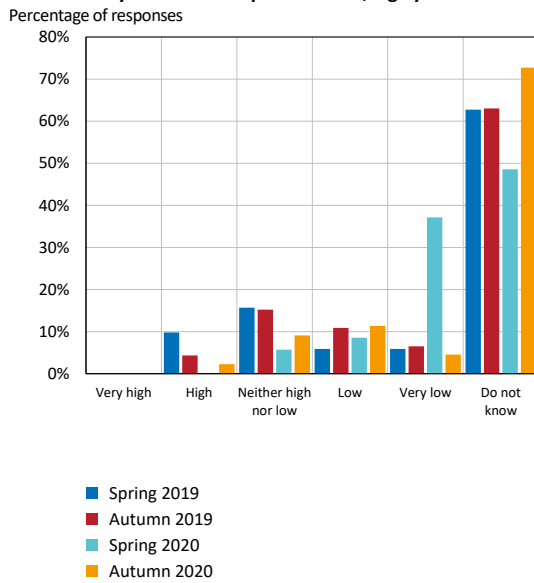
Note: 45 responses in total (autumn 2020).

Diagram 16. What is your assessment of market liquidity at present on the secondary market for corporate bonds, investment grade?



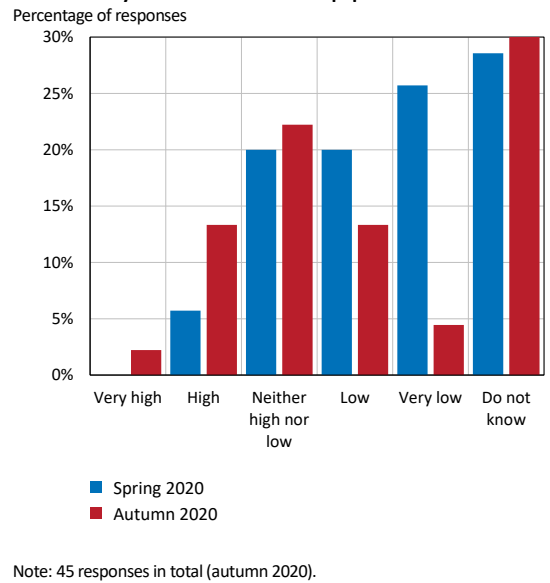
Note: 45 responses in total (autumn 2020).

Diagram 17. What is your assessment of market liquidity at present on the secondary market for corporate bonds, high yield?



Note: 44 responses in total (autumn 2020).

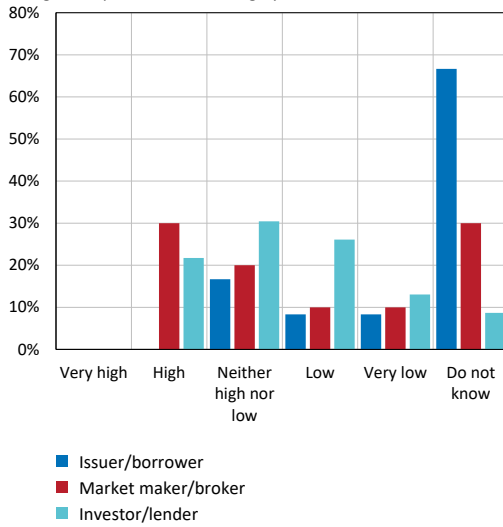
Diagram 18. What is your assessment of market liquidity at present on the secondary market for commercial papers?



Note: 45 responses in total (autumn 2020).

Diagram 19. What is your assessment of market liquidity at present on the secondary market for nominal government bonds?

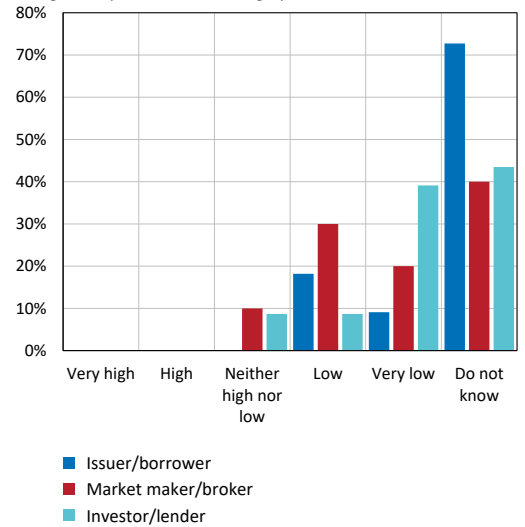
Percentage of responses for each category



Note: 45 responses in total, of which 12 issuers, 10 market makers, 23 investors.

Diagram 20. What is your assessment of market liquidity at present on the secondary market for inflation-linked government bonds?

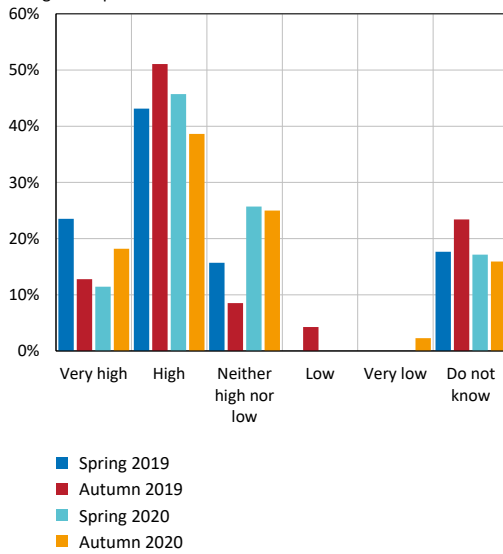
Percentage of responses for each category



Note: 44 responses in total, of which 11 issuers, 10 market makers, 23 investors.

Diagram 21. What is your assessment of market liquidity at present on the secondary market for interest rate swaps (SEK/SEK)?

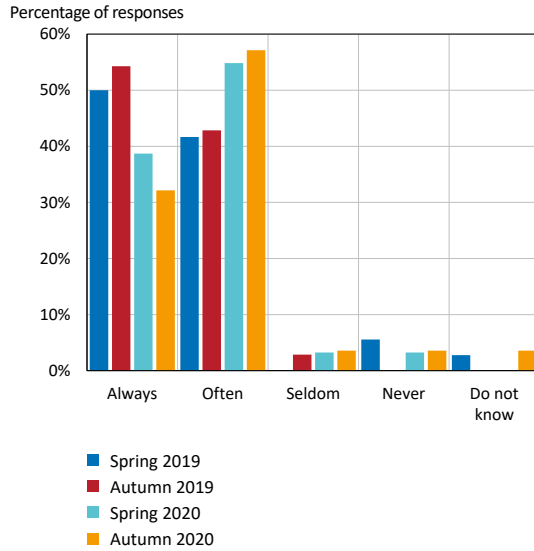
Percentage of responses



Note: 44 responses in total (autumn 2020).

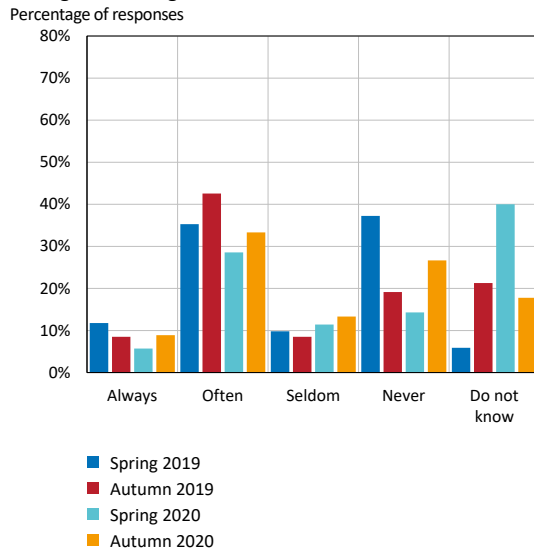
Electronic aids

Diagram 22. To what extent do you use electronic platforms in your FX trading with SEK?



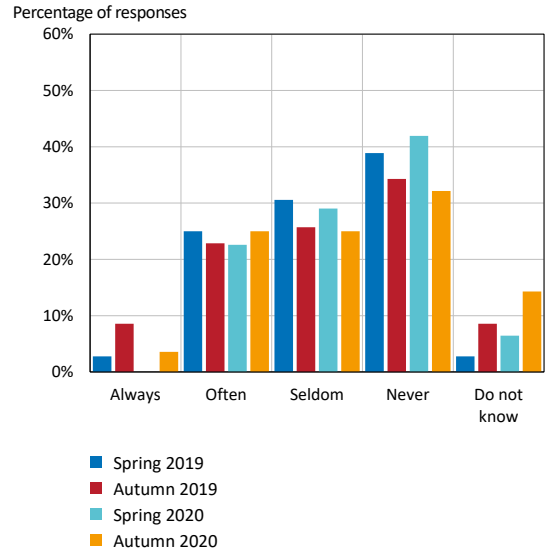
Note: 28 responses in total (autumn 2020).

Diagram 24. To what extent do you use electronic platforms in your trading in Swedish government bonds?



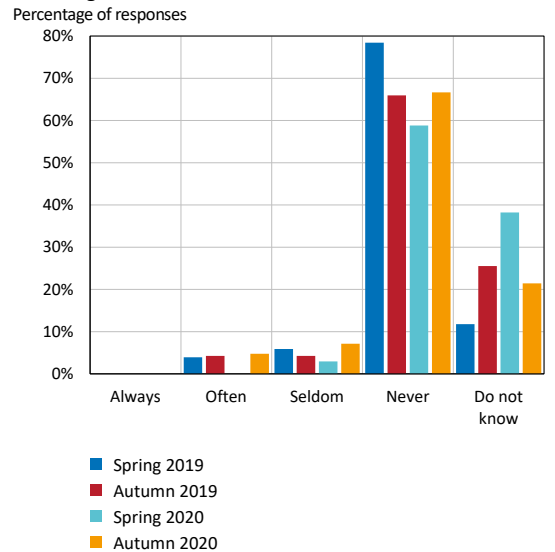
Note: 45 responses in total (autumn 2020).

Diagram 23. To what extent do you use algorithms in your FX trading with SEK?



Note: 28 responses in total (autumn 2020).

Diagram 25. To what extent do you use algorithms in your trading in Swedish government bonds?



Note: 44 responses in total (autumn 2020).



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