

Financial markets survey

Autumn 2022

November 2022

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1 Survey results - autumn 2022

Twice per year, the Riksbank sends out a Financial Markets Survey to participants active in the Swedish foreign exchange and fixed income 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 the size of the risks they take. This report presents the results of the survey responded to in the period 21 September to 7 October 2022. The report is based solely on participants' responses and is not an account of the Riksbank's assessments. On this occasion, 53 out of 104 participants asked to take part in the survey responded. This means a response rate of around 51 per cent, which is in line with the spring survey.

Since the survey in spring 2022, the participants have had a more pessimistic view of the functioning and liquidity of the market for foreign exchange trading in Swedish kronor and the Swedish fixed income market.

- **The participants in the Swedish foreign exchange and fixed income markets believe they are taking less risks than in the spring.** Around two-thirds of the respondents say they have reduced their risk taking in the last six months. Six out of ten respondents describe it as low or very low, which can be compared with about four out of ten in the spring. At the same time, the proportion that considers itself to be taking very high risks is somewhat greater. Among the reasons for reducing risk taking, several of the free-text responses mention increased volatility and poorer liquidity. However, a clear majority states that they are well prepared for market, liquidity and credit risks.
- **Fewer participants think the market for FX trading in SEK is working well.** About four out of ten respondents say that the market for the Swedish krona is working well, which can be compared with the spring survey, when a majority gave this response. Those who think that the market is functioning poorly or very poorly have increased slightly to three out of ten. Almost half believe that liquidity in the spot and forward markets is neither good nor poor, but a continued high proportion feels that it has deteriorated in the past six months. The proportion of respondents who say that liquidity is poor or very poor remains largely unchanged since the spring survey.
- **According to the majority of the participants, the Swedish fixed-income market is functioning very poorly.** The proportion of those who say that the fixed-income market is functioning poorly or very poorly is now eight out of ten, compared with six out of ten in the spring. Seven out of ten respond that the Riksbank's asset purchases over the past six months have had a negative or very negative effect on the functioning of the fixed-income market. In the

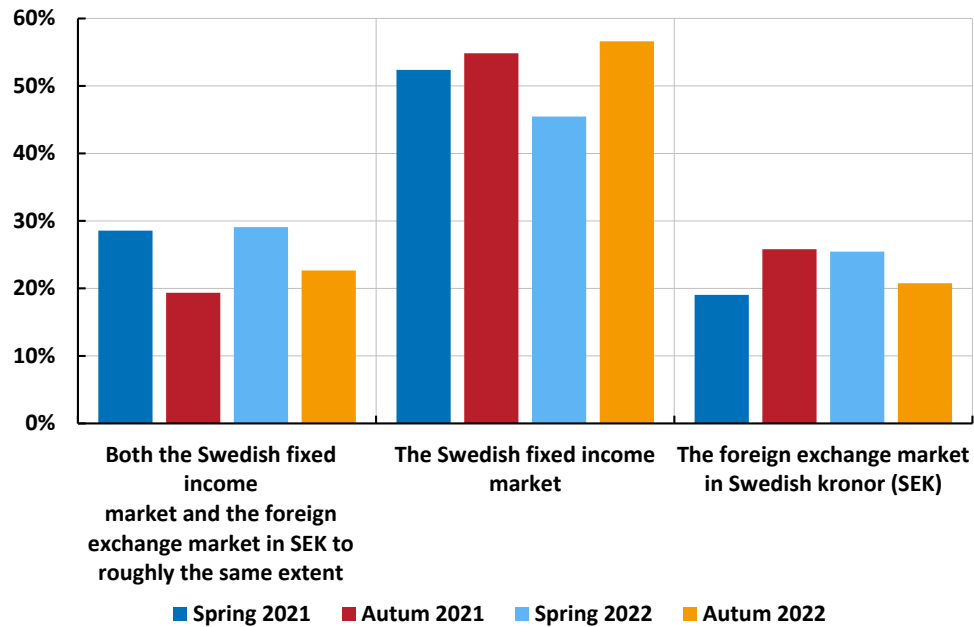
free-text answers, many respondents state that poor liquidity and the Riksbank's asset purchases are the main reasons for the market functioning poorly in general. There are also comments indicating that many consider high volatility and reduced willingness to take risk to be the reason why liquidity has deteriorated in the past six months.

- With regard to the government securities market (Treasury bills, real and nominal government bonds), a majority responds that liquidity is poor or very poor. Around seven out of ten say that liquidity is poor or very poor regarding nominal government bonds, and most who express an opinion on real government bonds state that liquidity is very poor.
- Liquidity for covered bonds has deteriorated in the last six months and approximately five out of ten respond that liquidity is poor or very poor. This can be compared to about three out of ten in the spring. However, one quarter considers that liquidity is neither good nor poor. Market liquidity for interest rate swaps has also deteriorated, and five out of ten now consider the market to be functioning poorly or very poorly, compared to one tenth last spring.
- Liquidity in the corporate bond market has also deteriorated and most respondents consider liquidity to be poor or very poor for the investment grade and high yield segments and for commercial paper. However, there is still a relatively large proportion responding that they have no idea of liquidity in the corporate bond and commercial paper markets.

2 Market participants and their risk-taking

Diagram 1. In which market are you most active?

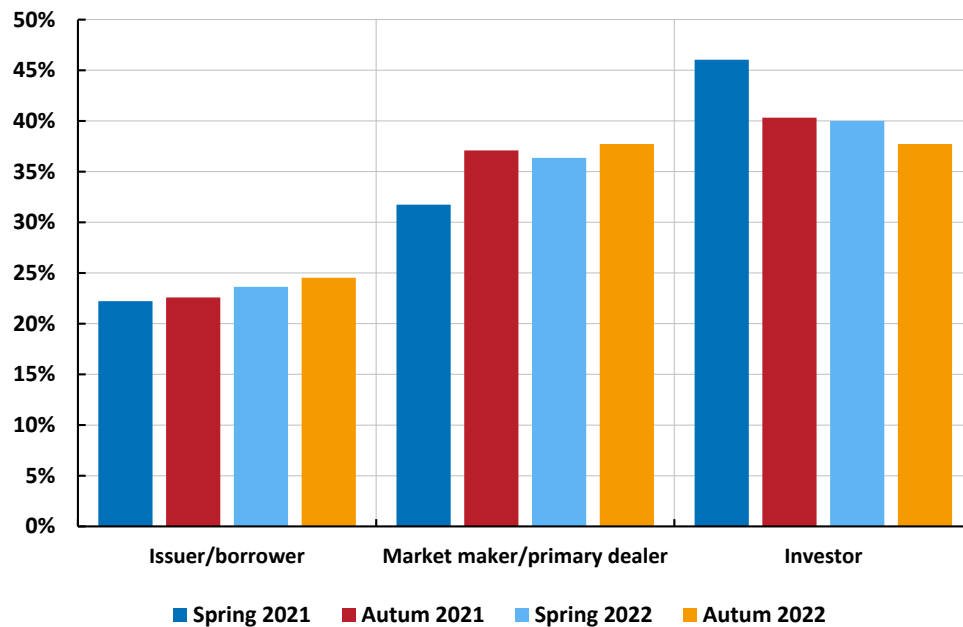
Percentage of responses



Note. 53 responses in total (autumn 2022).

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

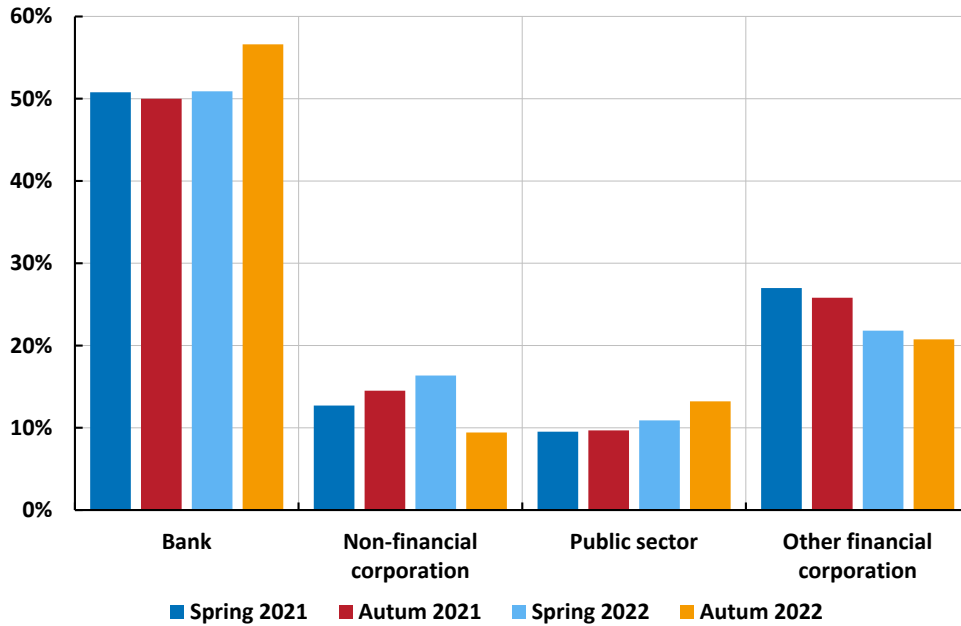
Percentage of responses



Note. 53 responses in total (autumn 2022).

Diagram 3. To which sector do you primarily belong?

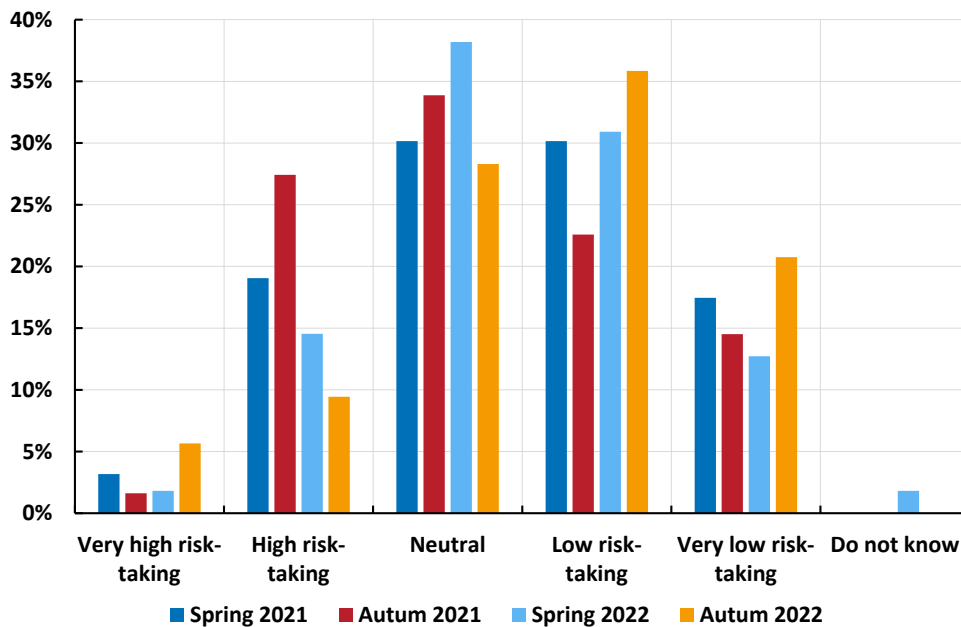
Percentage of responses



Note. 53 responses in total (autumn 2022).

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

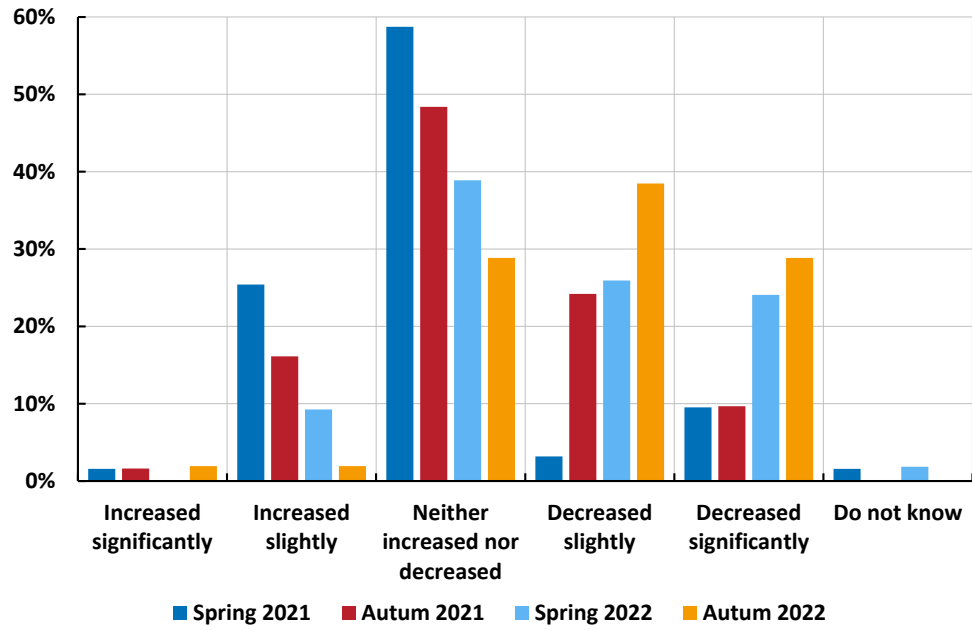
Percentage of responses



Note. 53 responses in total (autumn 2022).

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

Percentage of responses

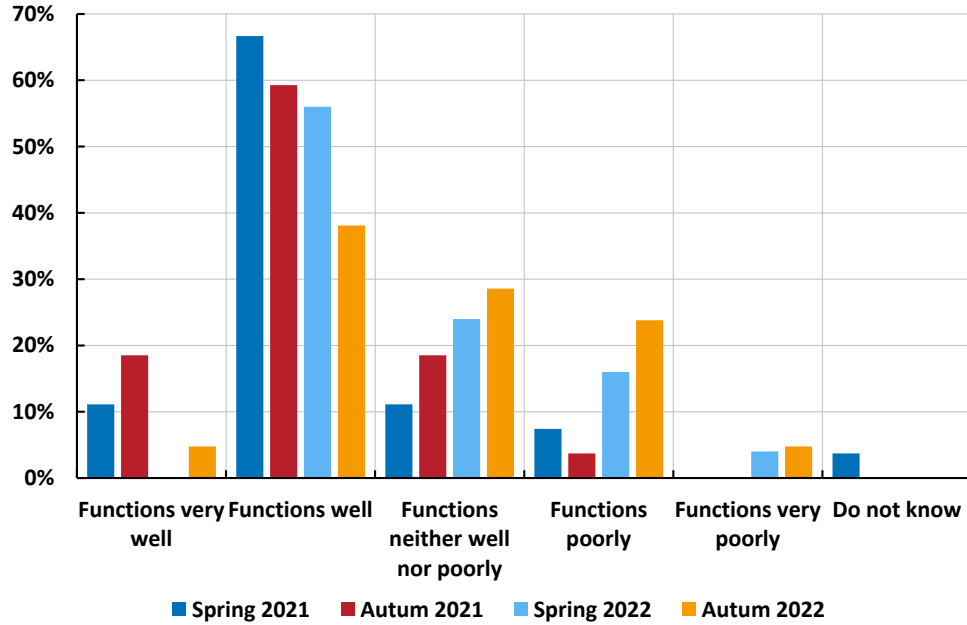


Note. 52 responses in total (autumn 2022).

3 Market for FX trading in SEK

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

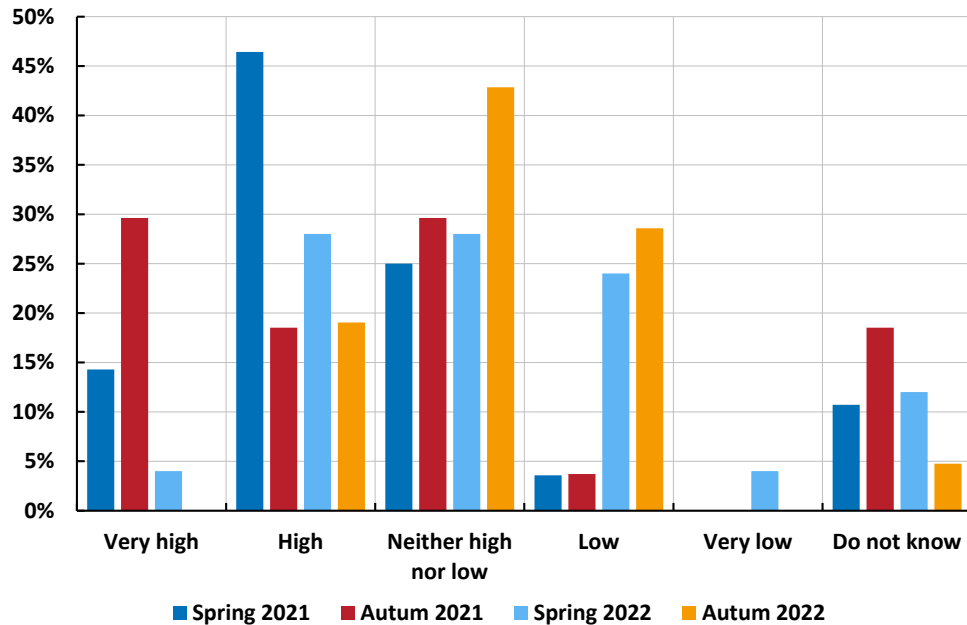
Percentage of responses



Note. 21 responses in total (autumn 2022).

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

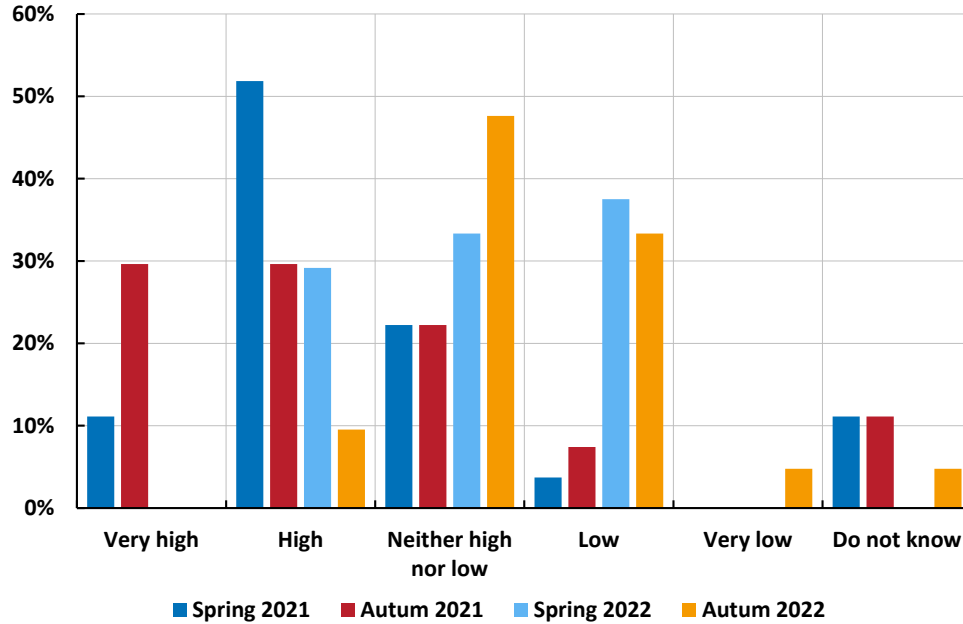
Percentage of responses



Note. 21 responses in total (autumn 2022).

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

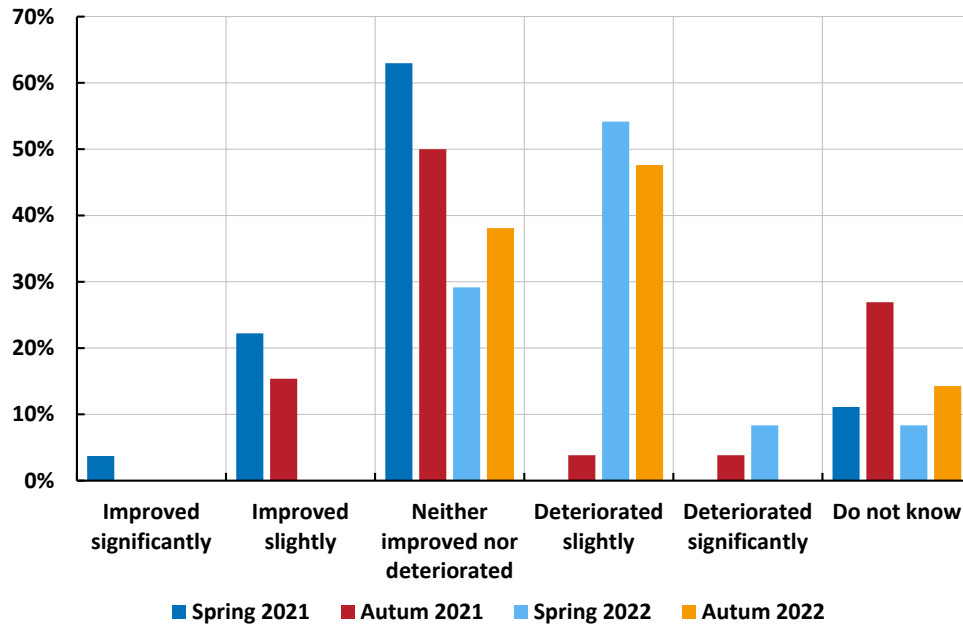
Percentage of responses



Note. 21 responses in total (autumn 2022).

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

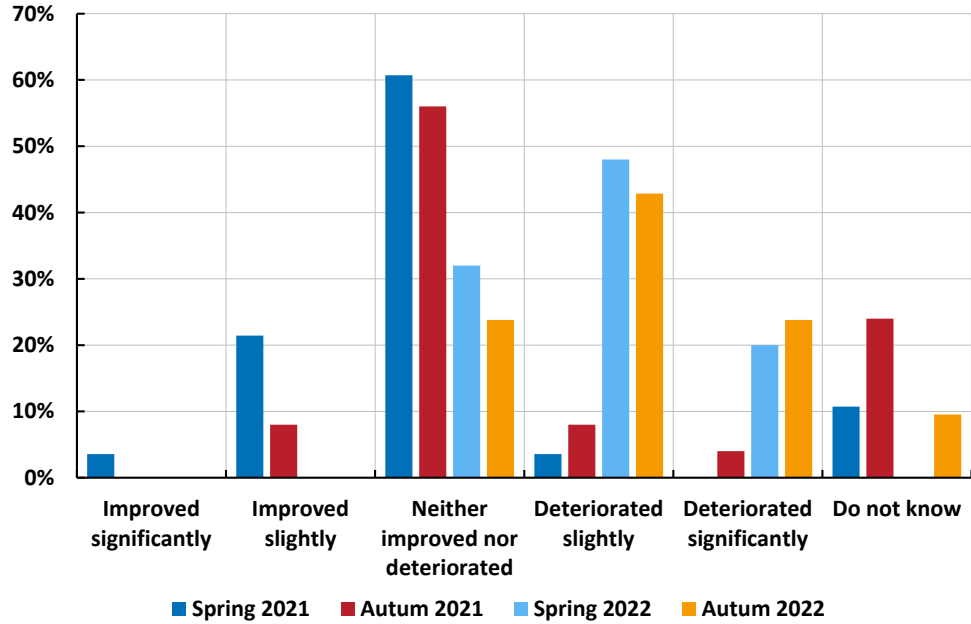
Percentage of responses



Note. 21 responses in total (autumn 2022).

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

Percentage of responses

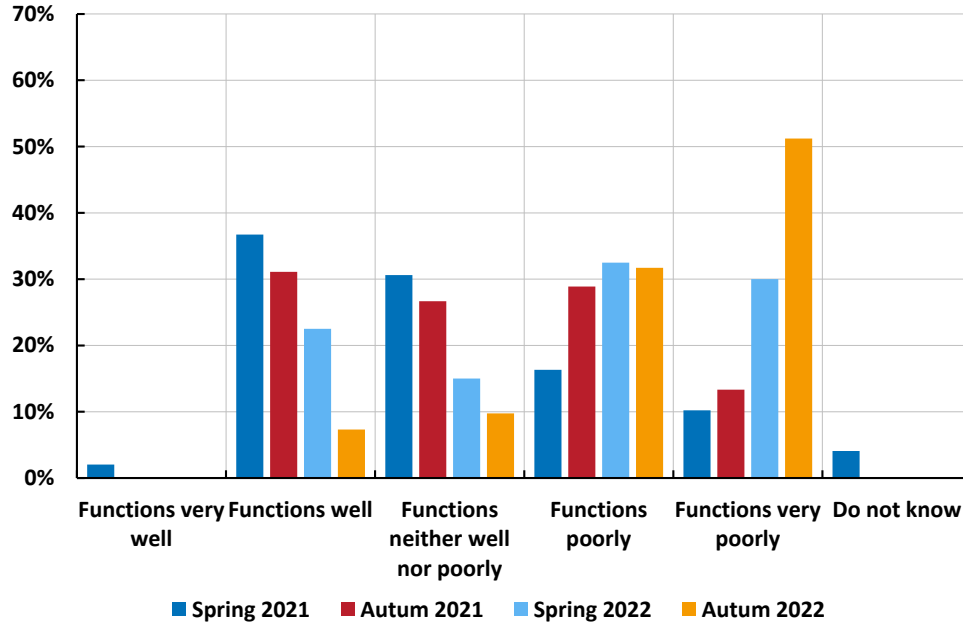


Note. 21 responses in total (autumn 2022).

4 The Swedish fixed-income market

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

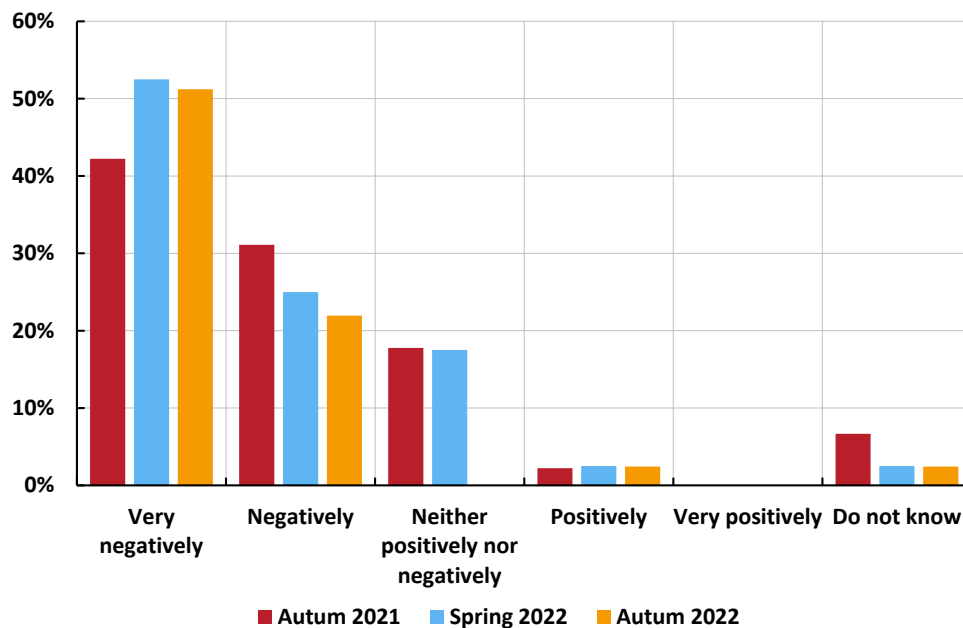
Percentage of responses



Note. 41 responses in total (autumn 2022).

Diagram 12. How do you assess that the Riksbank's purchases of securities over the past 6 months have affected the functioning of the Swedish fixed-income market?

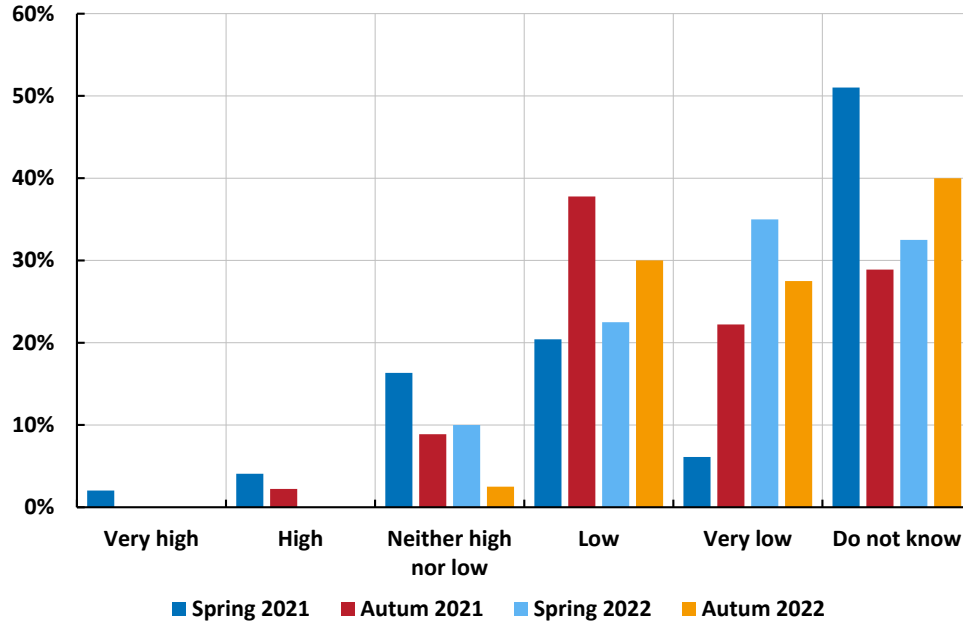
Percentage of responses



Note. 41 responses in total (autumn 2022).

Diagram 13. How do you currently assess market liquidity in the secondary market for treasury bills?

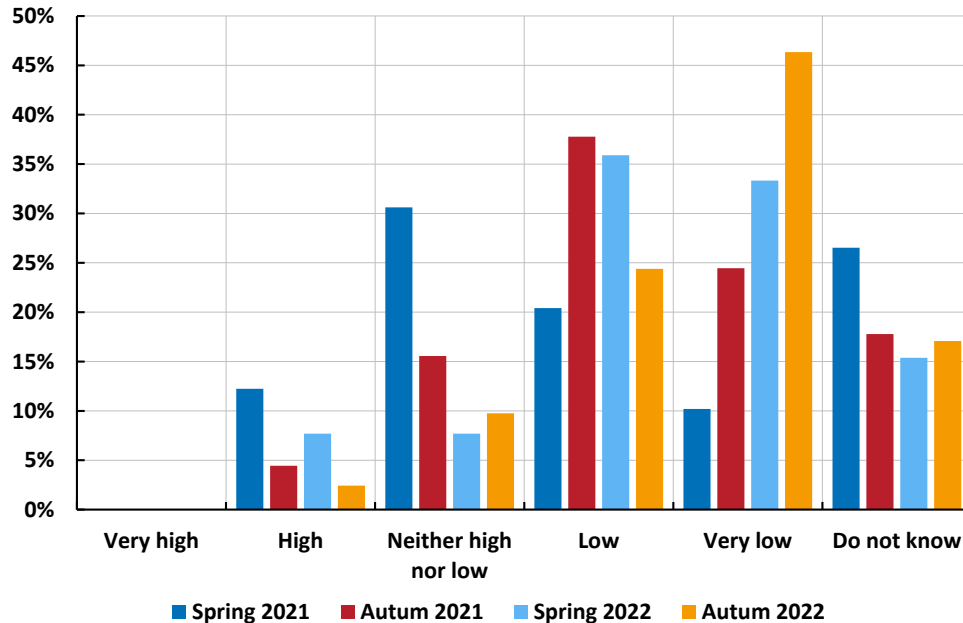
Percentage of responses



Note. 40 responses in total (autumn 2022).

Diagram 14. How do you currently assess market liquidity in the secondary market for nominal government bonds?

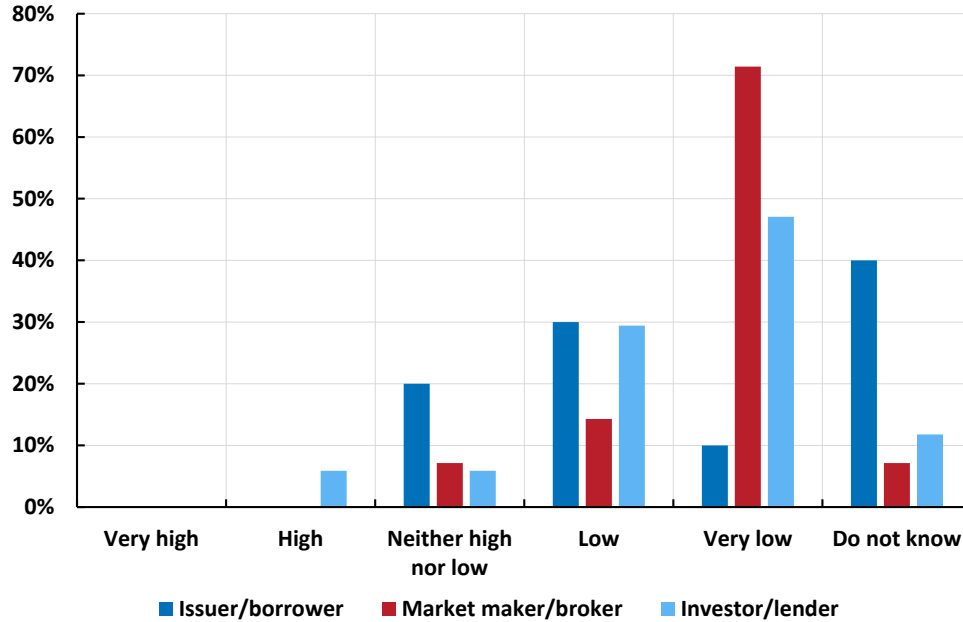
Percentage of responses



Note. 41 responses in total (autumn 2022).

Diagram 15. How do you currently assess market liquidity in the secondary market for nominal government bonds?

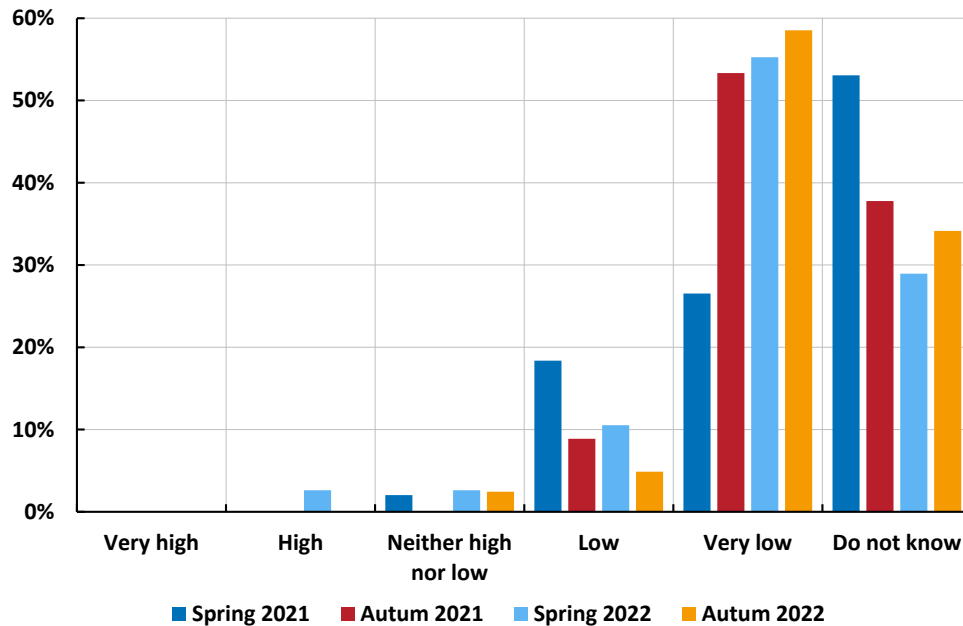
Percentage of responses for each category



Note. 41 responses in total (autumn 2022).

Diagram 16. How do you currently assess market liquidity in the secondary market for real government bonds?

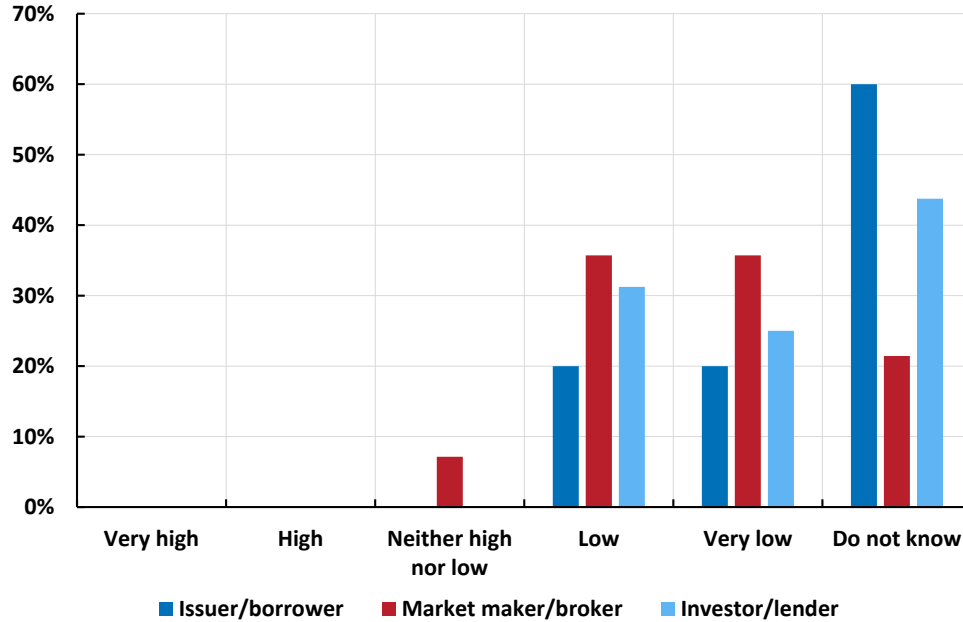
Percentage of responses



Note. 41 responses in total (autumn 2022).

Diagram 17. How do you currently assess market liquidity in the secondary market for real government bonds?

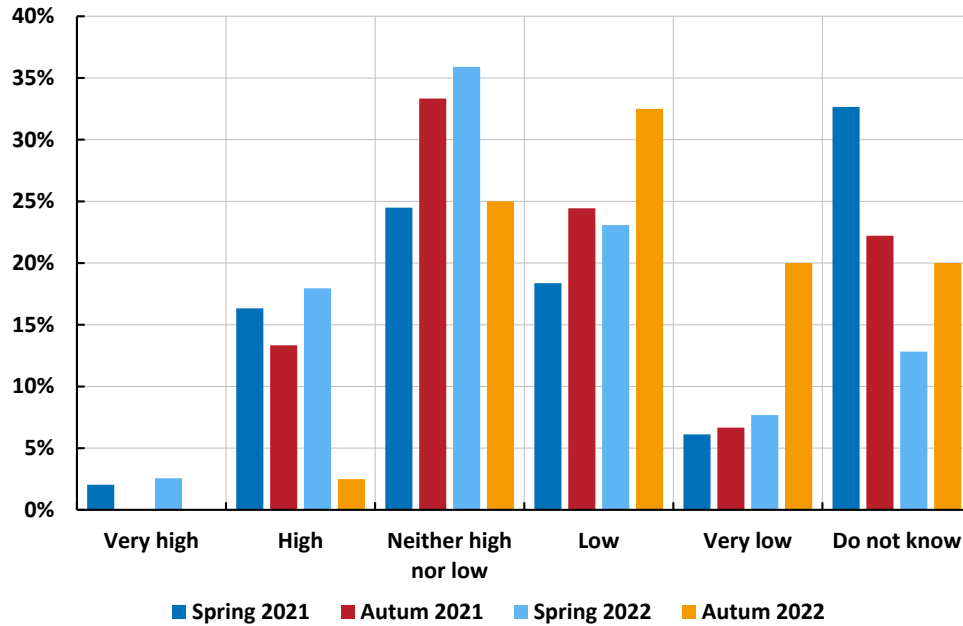
Percentage of responses for each category



Note. 41 responses in total (autumn 2022).

Diagram 18. How do you currently assess market liquidity in the secondary market for covered bonds?

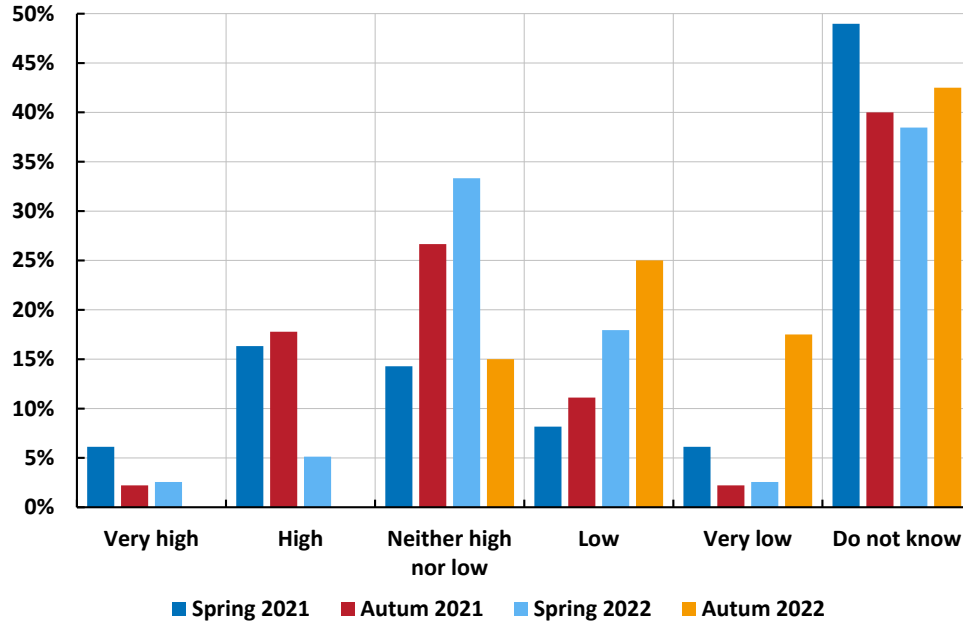
Percentage of responses



Note. 40 responses in total (autumn 2022).

Diagram 19. How do you currently assess market liquidity in the secondary market for corporate bonds, investment grade?

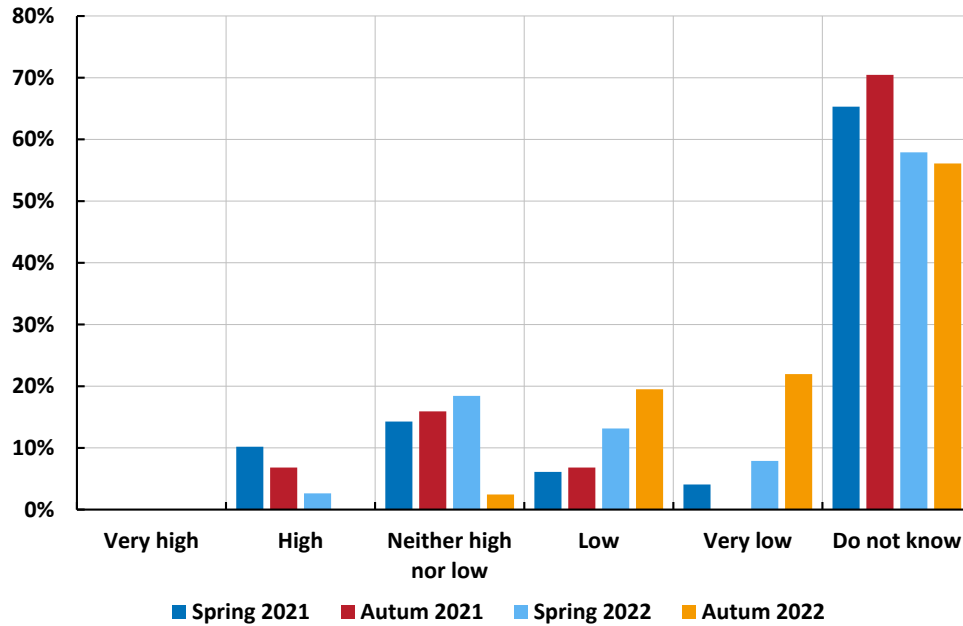
Percentage of responses



Note. 40 responses in total (autumn 2022).

Diagram 20. How do you currently assess market liquidity in the secondary market for corporate bonds, high-yield?

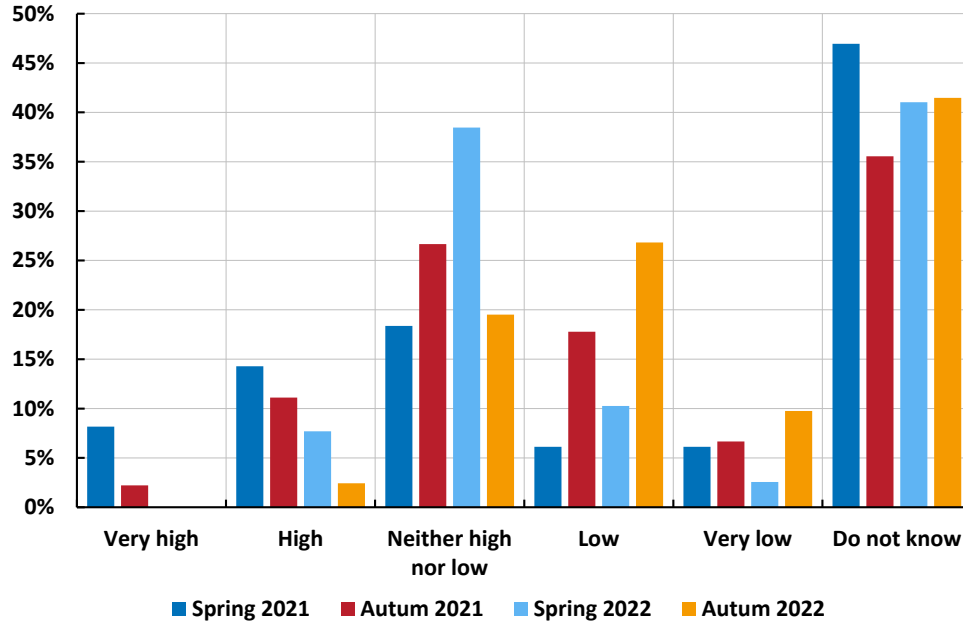
Percentage of responses



Note. 41 responses in total (autumn 2022).

Diagram 21. How do you currently assess market liquidity in the secondary market for commercial paper?

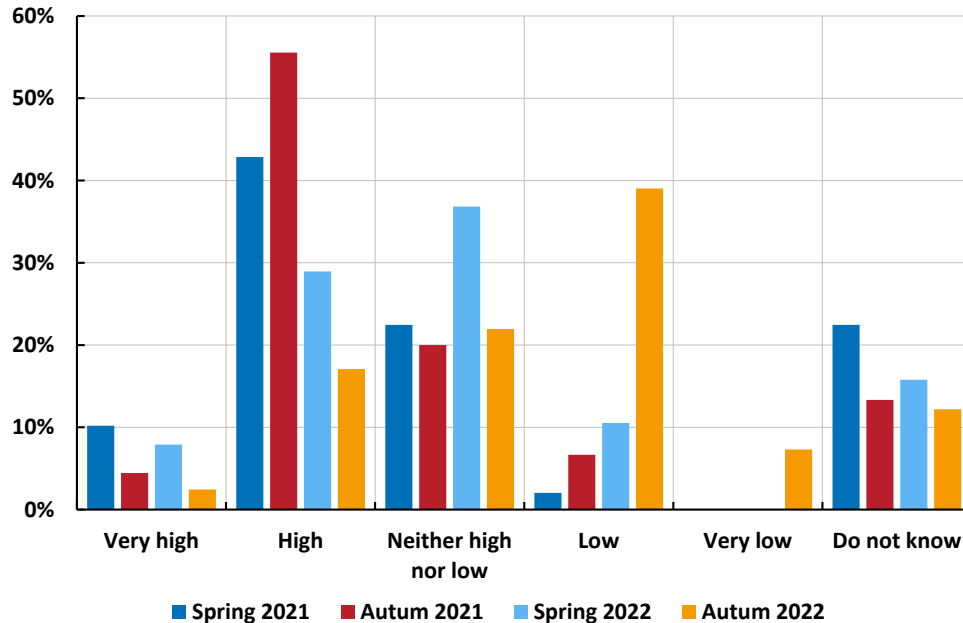
Percentage of responses



Note. 41 responses in total (autumn 2022).

Diagram 22. How do you currently assess market liquidity in the secondary market for interest rate swaps (SEK/SEK)

Percentage of responses

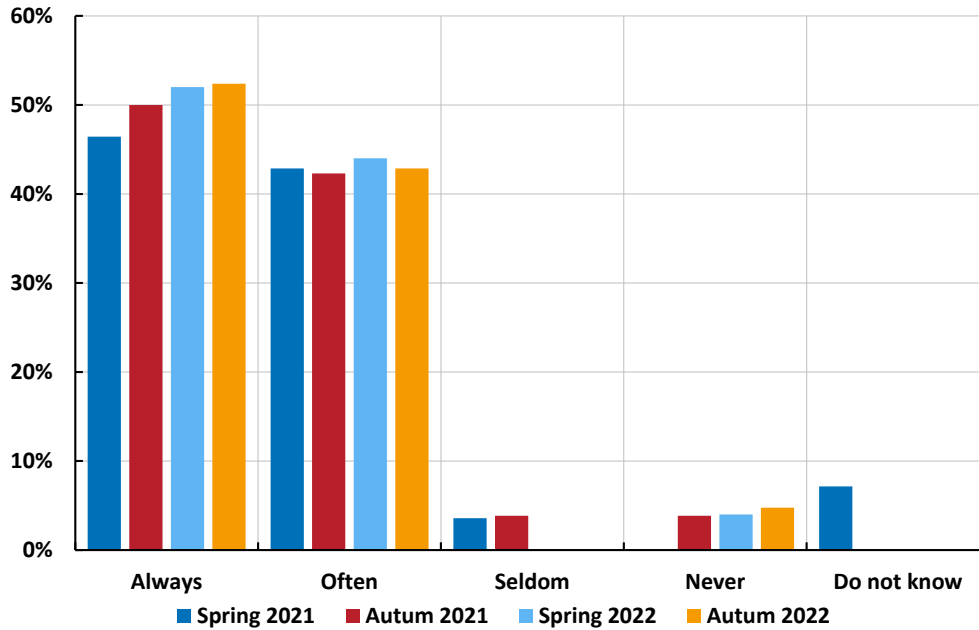


Note. 41 responses in total (autumn 2022).

5 Electronic aids

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

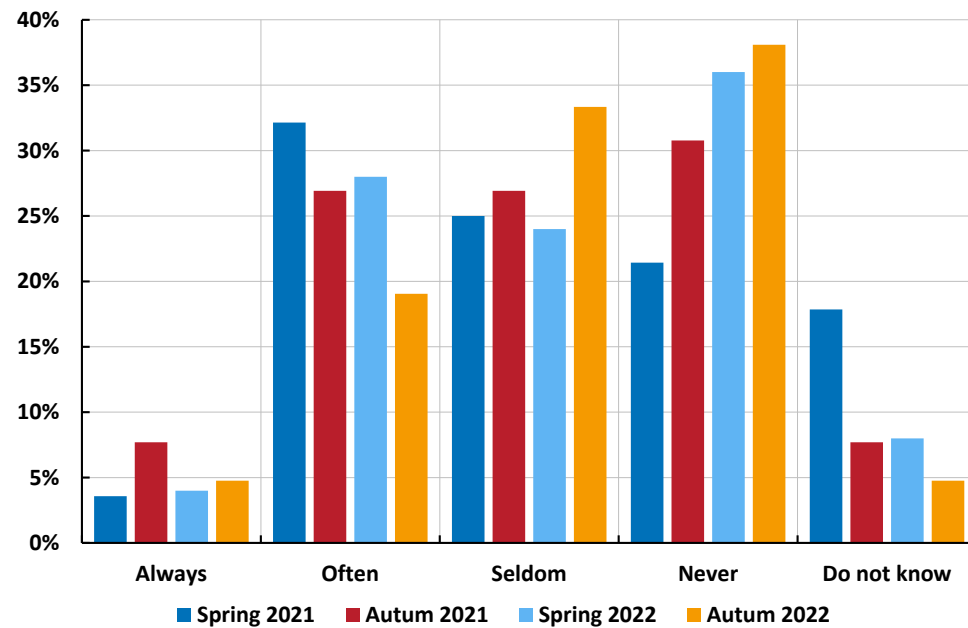
Percentage of responses



Note. 21 responses in total (autumn 2022).

Diagram 24. To what extent do you use algorithms in your FX trading with SEK?

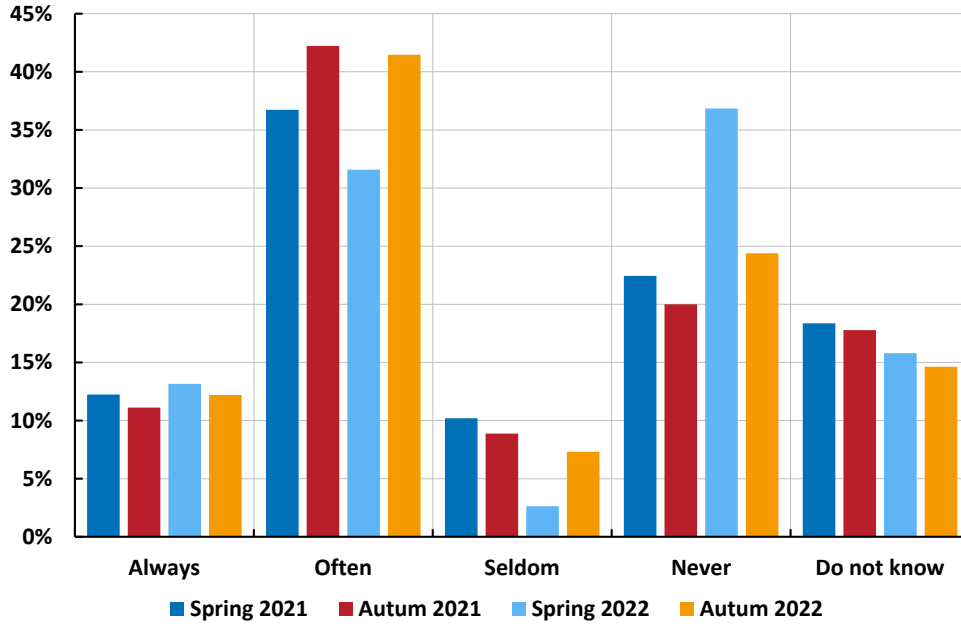
Percentage of responses



Note. 21 responses in total (autumn 2022).

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

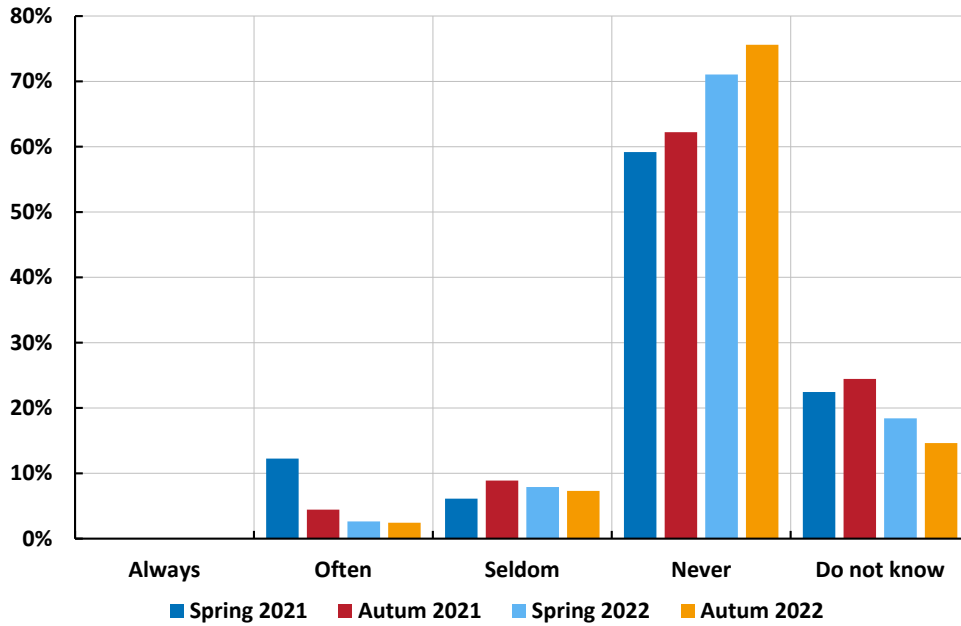
Percentage of responses



Note. 41 responses in total (autumn 2022).

Diagram 26. To what extent do you use algorithms in your trading in Swedish government bonds?

Percentage of responses



Note. 41 responses in total (autumn 2022).



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