

# Financial markets survey

Spring 2022

May 2022

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# 1 Survey results – spring 2022

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Twice per year, the Riksbank sends out a Financial Markets Survey to participants active in the Swedish fixed income and foreign exchange 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 how extensive their risk-taking is. This report presents the results of the survey responded to in the period 14–31 March 2022. The report is based solely on participants' responses and is not an account of the Riksbank's assessments. On this occasion, 59 out of 117 participants asked to take part in the survey responded. This means a response rate of around 50 per cent, which is in line with the autumn survey.

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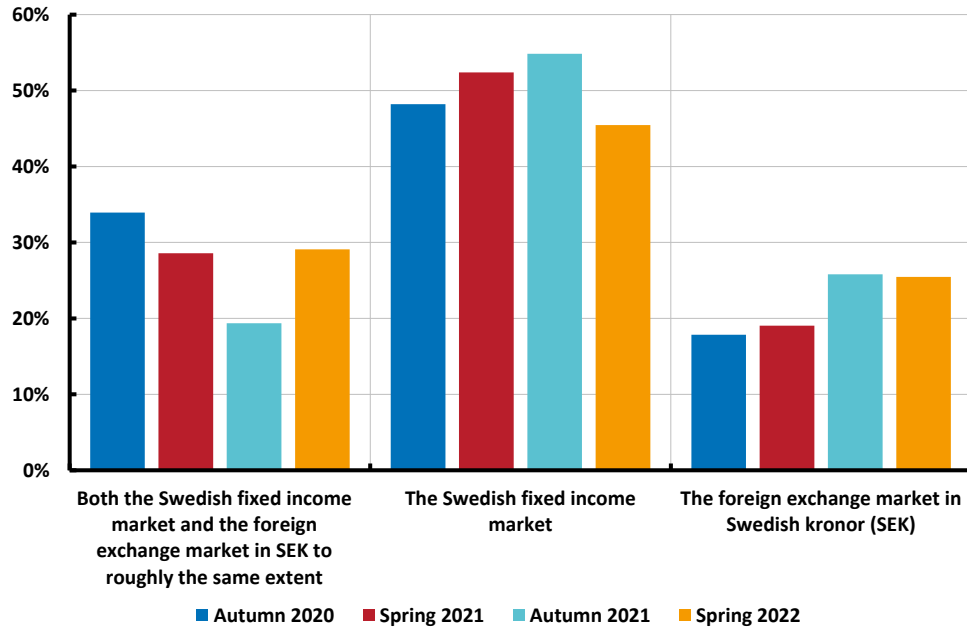
- **The participants think they are taking less risk than in the autumn.** Around half of the respondents said they had reduced their risk taking in the last six months. The proportion describing their risk-taking as low has increased to three out of ten, and fewer say that they are taking high risks. At the same time, a large proportion, around four out of ten, continues to respond that their risk-taking is neutral. Among the reasons for the reduction in risk taking, several respondents mention in the free-text section Russia's invasion of Ukraine and rising inflation.
- **Liquidity in the foreign exchange market for SEK has deteriorated.** A majority of the answers continue to be that the market for the Swedish krona is functioning well, but this proportion has decreased slightly since the autumn survey. Those who believe that the market is functioning poorly are now around two out of ten. The responses are reasonably evenly distributed between the response options that liquidity in the spot market is very good/good or very bad/bad, three out of ten for each of them. Liquidity in the forward market is considered to be poorer than last autumn, and the proportion of those responding that liquidity is poor has risen to almost four out of ten. Looking at the past six months, liquidity is reported to have deteriorated in both the spot and forward markets.
- **According to the participants, the Swedish fixed income market is functioning poorly.** The proportion of those responding that the fixed income market is functioning poorly or very poorly has risen to six out of ten, from four out of ten in the autumn survey. Eight 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. With regard to the Riksbank's asset purchases since March 2020, seven out of ten say that the purchases have contributed very negatively or negatively to the functioning of the fixed income market. In the free-text answers, many respondents state that the Riksbank's asset purchases are the main reason for the market functioning poorly.

With regard to the government securities market (Treasury bills, real and nominal government bonds), a majority responds that liquidity is poor or very poor. For both real and nominal government bonds, around seven out of ten describe liquidity as poor or very poor. The market for interest rate swaps is considered to have somewhat better liquidity, but the proportion that describes liquidity as good has been halved to around three out of ten. With regard to covered bonds, liquidity is not considered to have changed significantly and the most common answer remains that liquidity is neither good nor bad. As far as the corporate bond market is concerned, around two out of ten say that liquidity is poor or very poor, both for investment grade and for high yield. However, there is still a relatively large proportion responding that they have no idea of liquidity in that market.

## 2 Market participants and their risk-taking

**Diagram 1. In which market are you most active?**

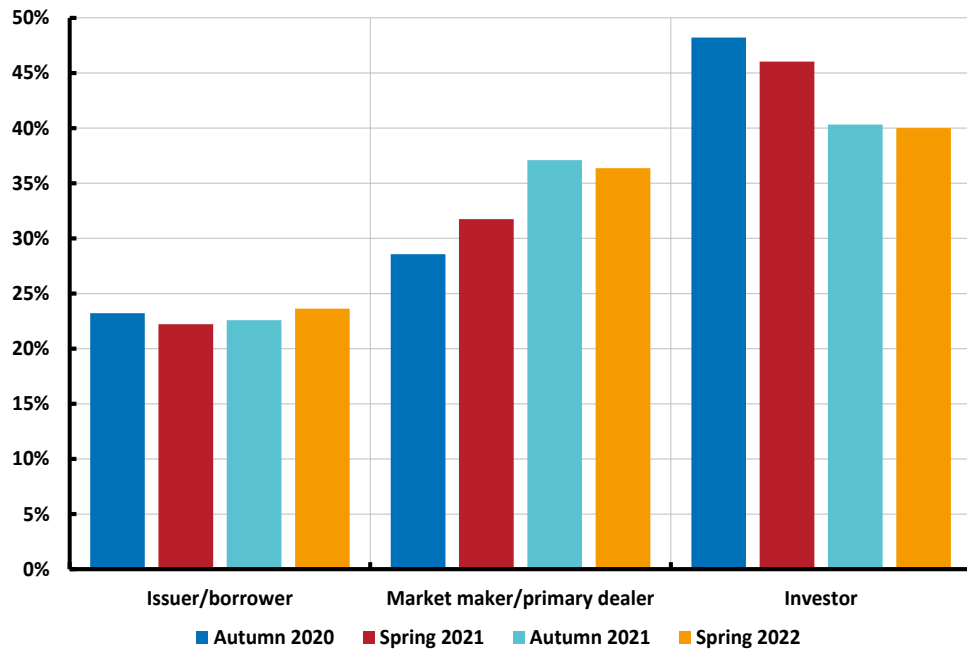
Percentage of responses



Note. 55 responses in total (spring 2022)

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

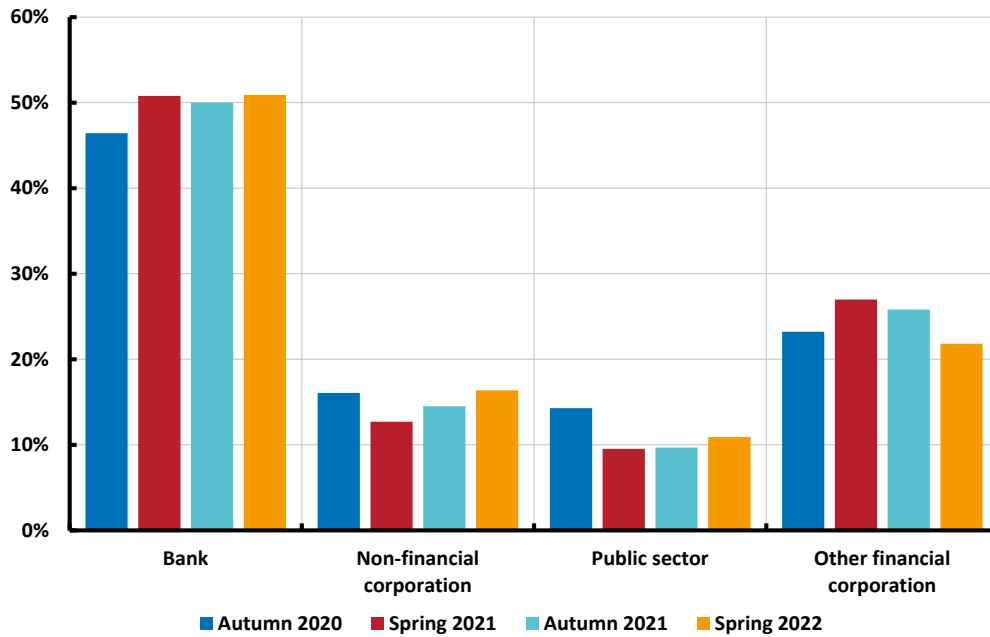
Percentage of responses



Note. 55 responses in total (spring 2022)

**Diagram 3. To which sector do you primarily belong?**

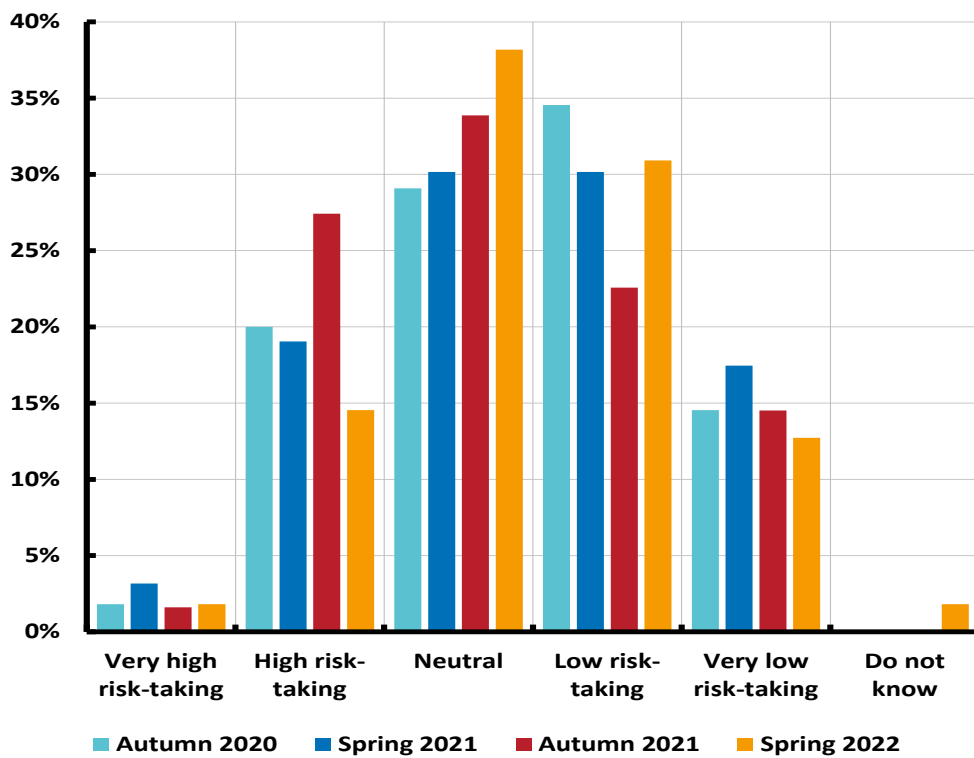
Percentage of responses



Note. 55 responses in total (spring 2022)

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

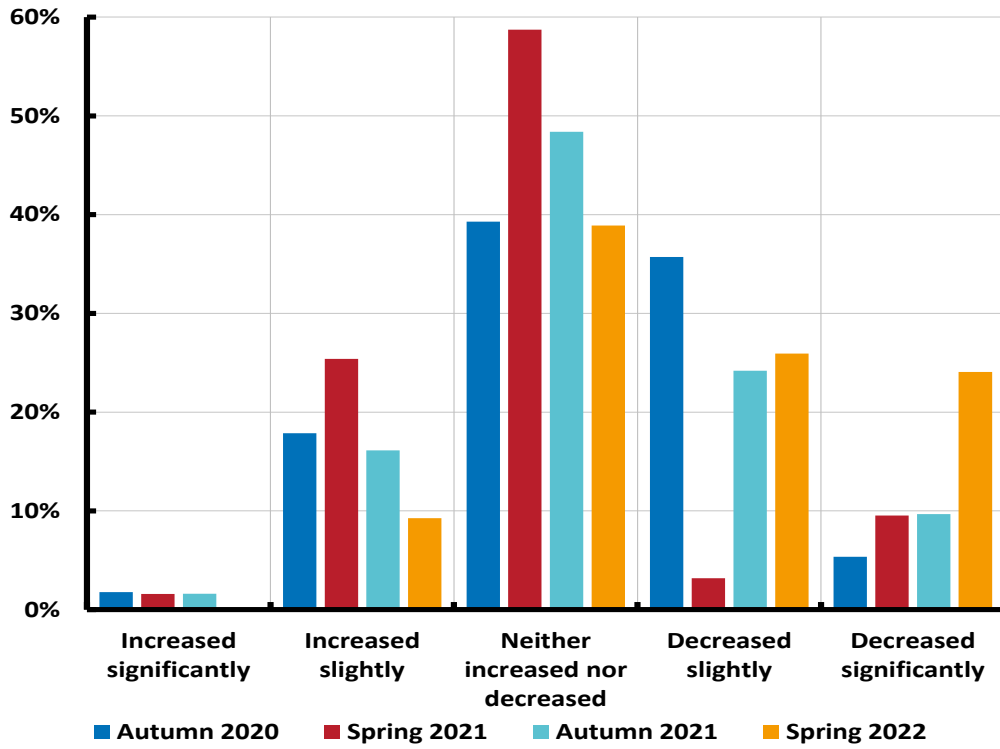
Percentage of responses



Note. 55 responses in total (spring 2022)

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

Percentage of responses

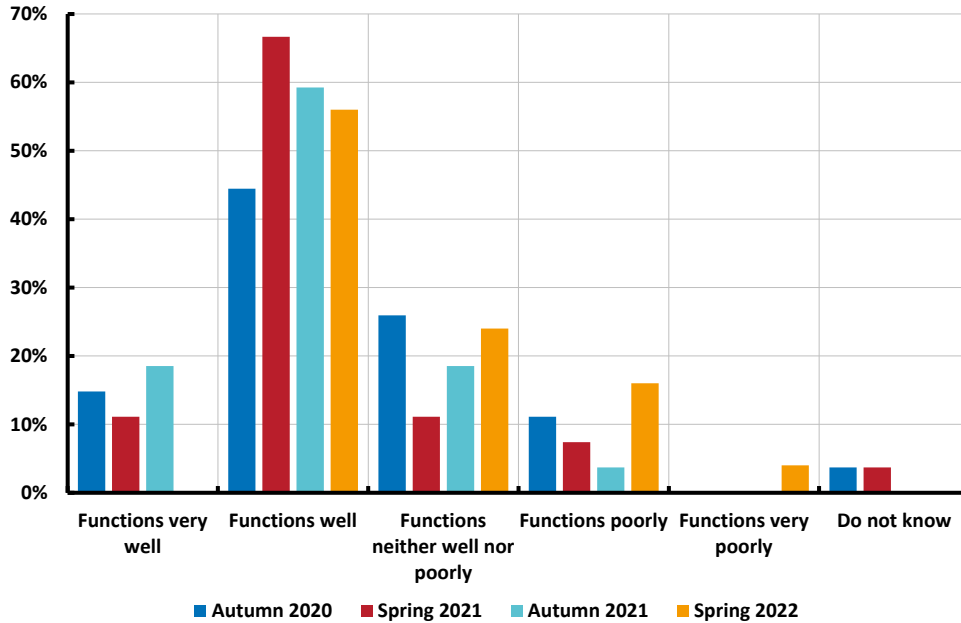


Note. 54 responses in total (spring 2022)

### 3 Market for FX trading in SEK

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

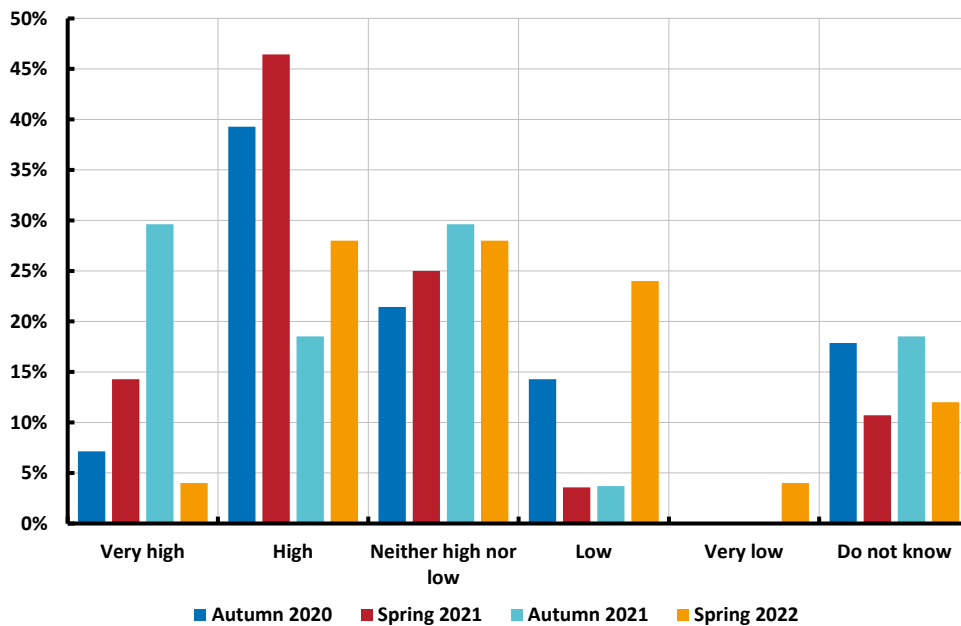
Percentage of responses



Note. 25 responses in total (spring 2022)

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

Percentage of responses

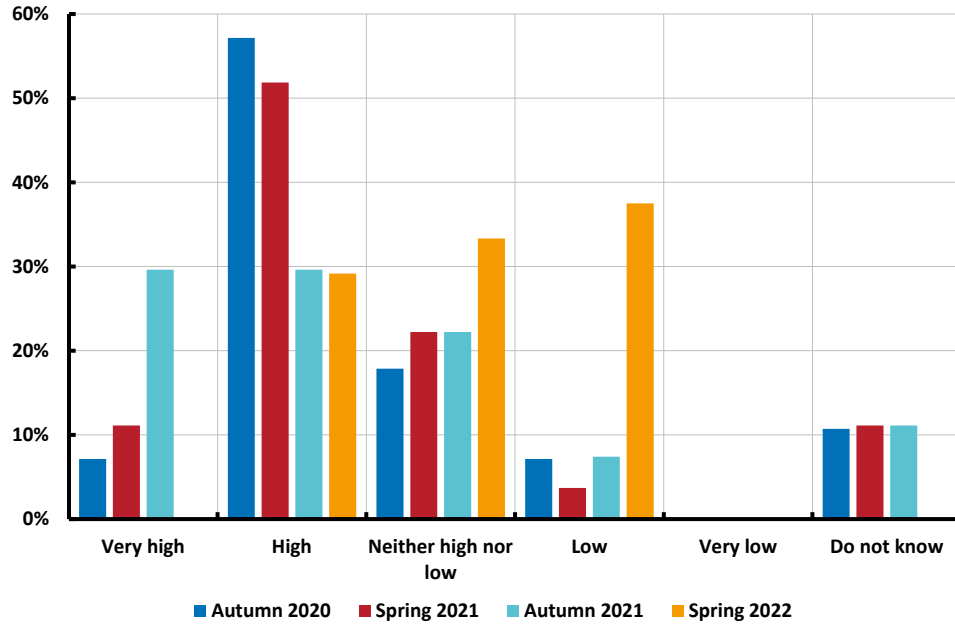


Note. 25 responses in total (spring 2022)



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

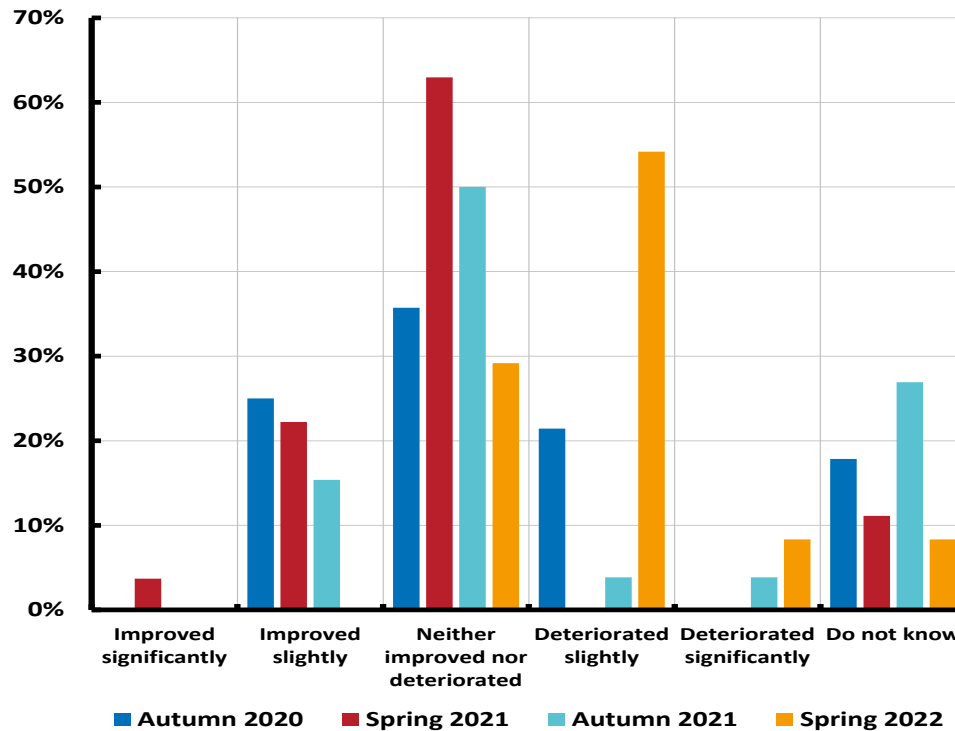
Percentage of responses



Note. 24 responses in total (spring 2022)

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

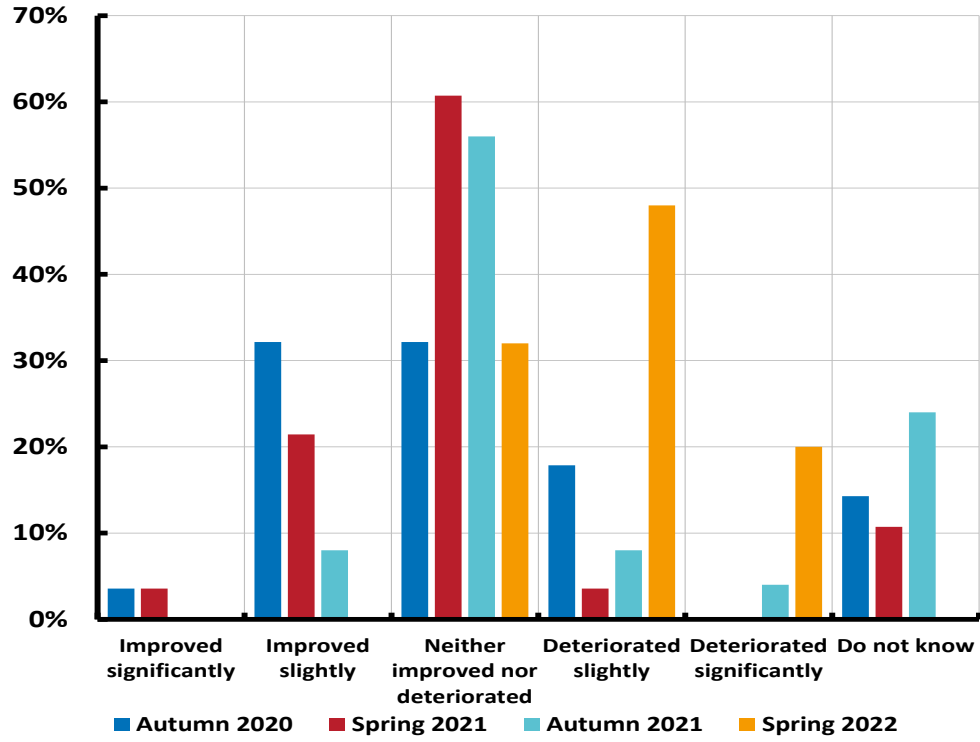
Percentage of responses



Note. 24 responses in total (spring 2022)

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

Percentage of responses

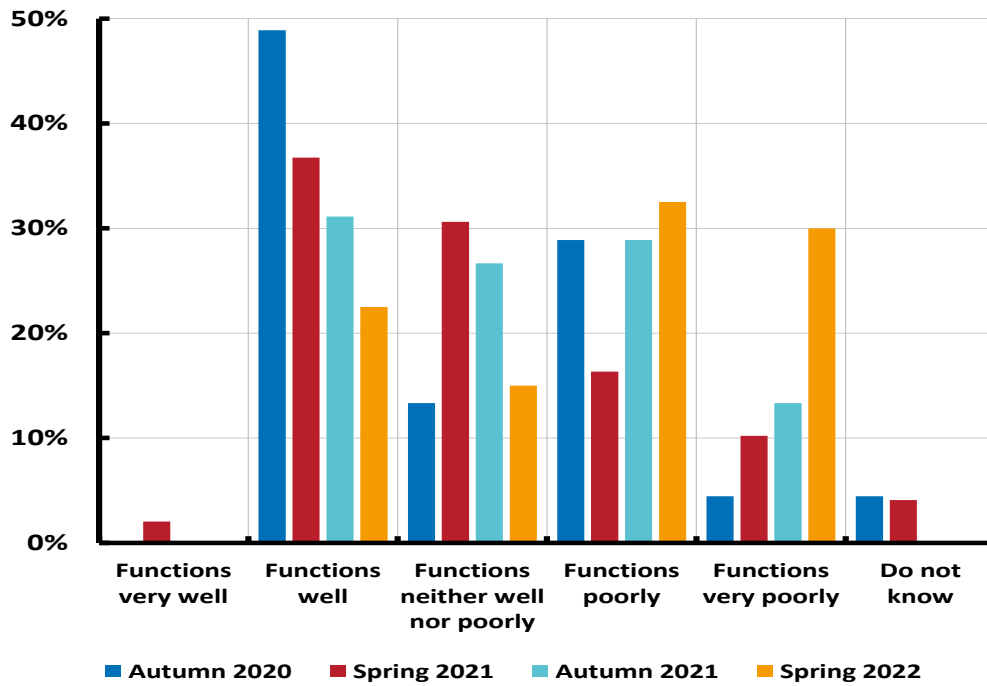


Note. 25 responses in total (spring 2022)

## 4 The Swedish fixed-income market

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

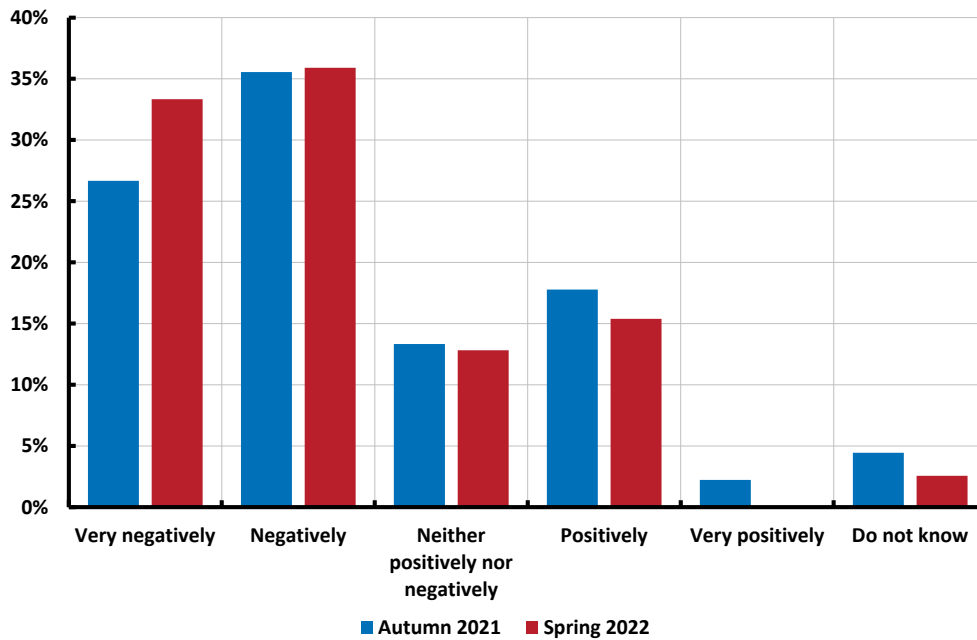
Percentage of responses



Note. 40 responses in total (spring 2022)

**Diagram 12. How do you assess that the purchases in the Riksbank’s asset purchase programme have affected the functioning of the Swedish fixed-income market since the start in March 2020?**

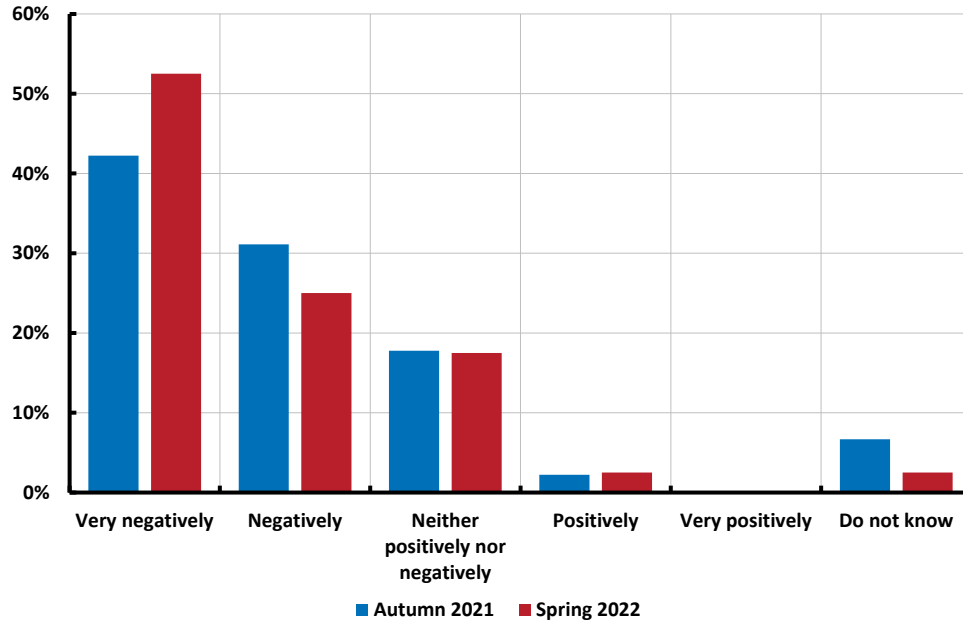
Percentage of responses



Note. 40 responses in total (spring 2022). The wording of the question in the survey was: *On 16 March 2020, the Riksbank initiated an asset purchase programme, which after being adjusted a few times, now has a framework of SEK 700 billion. The purpose of the programme is to counteract the effects of the coronavirus pandemic on the Swedish economy. All in all, how do you assess that the purchases in this programme have affected the functioning of the Swedish fixed-income market since the start in March 2020?*

**Diagram 13. 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?**

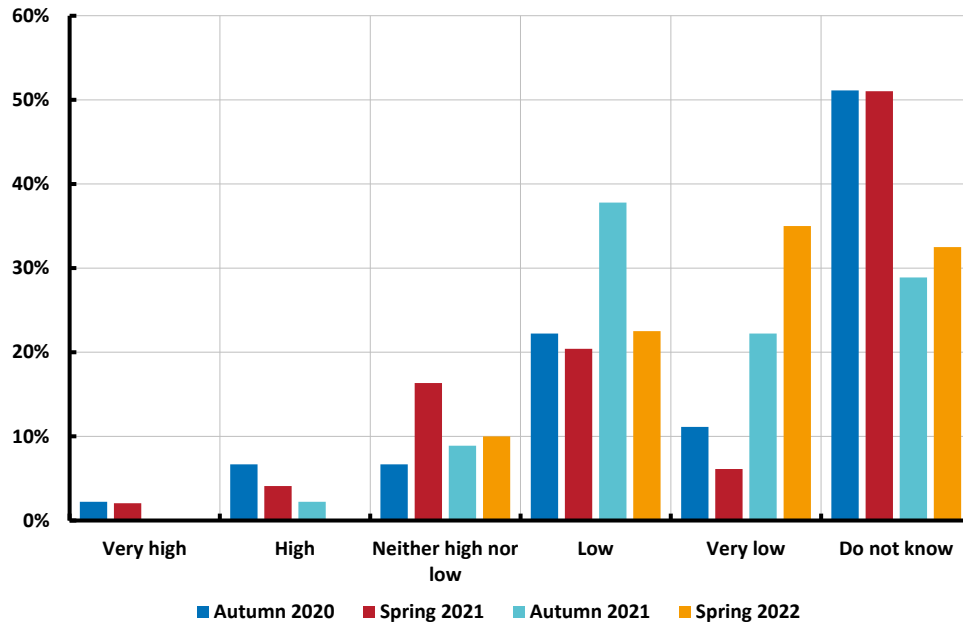
Percentage of responses



Note. 39 responses in total (spring 2022)

**Diagram 14. What is your assessment of market liquidity at present on the secondary market for treasury bills?**

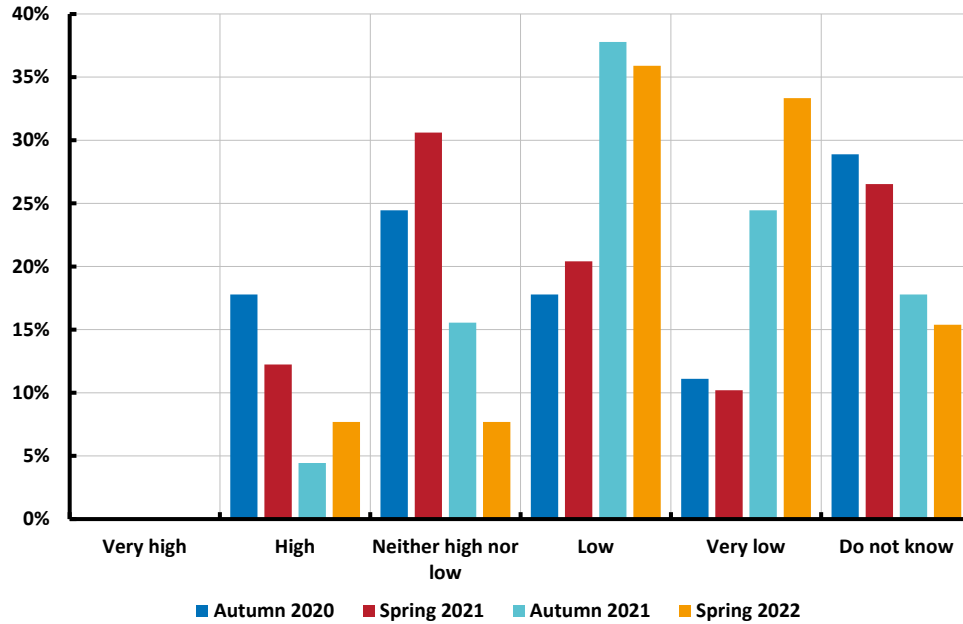
Percentage of responses



Note. 40 responses in total (spring 2022)

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

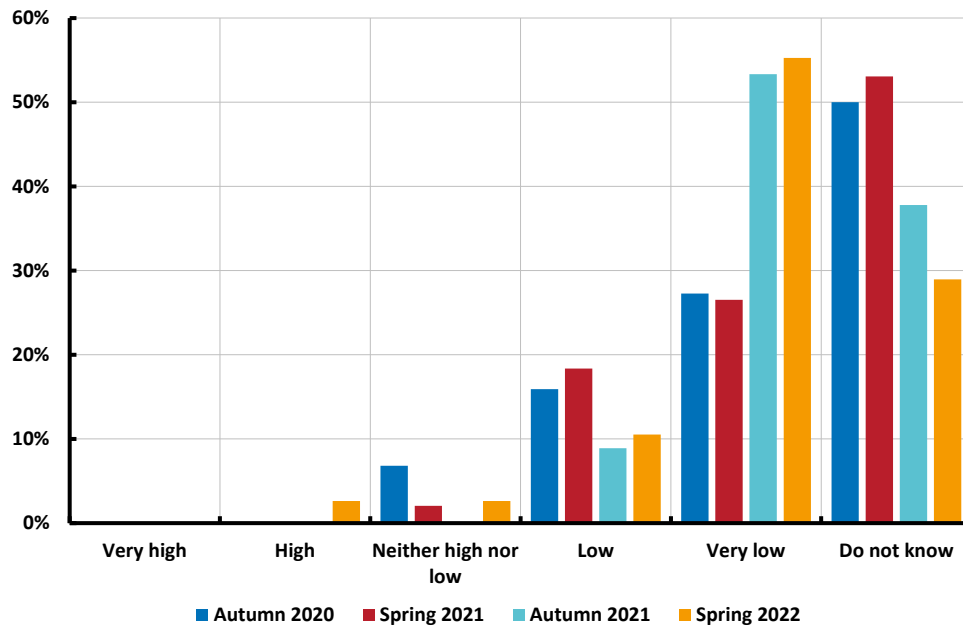
Percentage of responses



Note. 39 responses in total (spring 2022)

**Diagram 16. What is your assessment of market liquidity at present on the secondary market for real government bonds?**

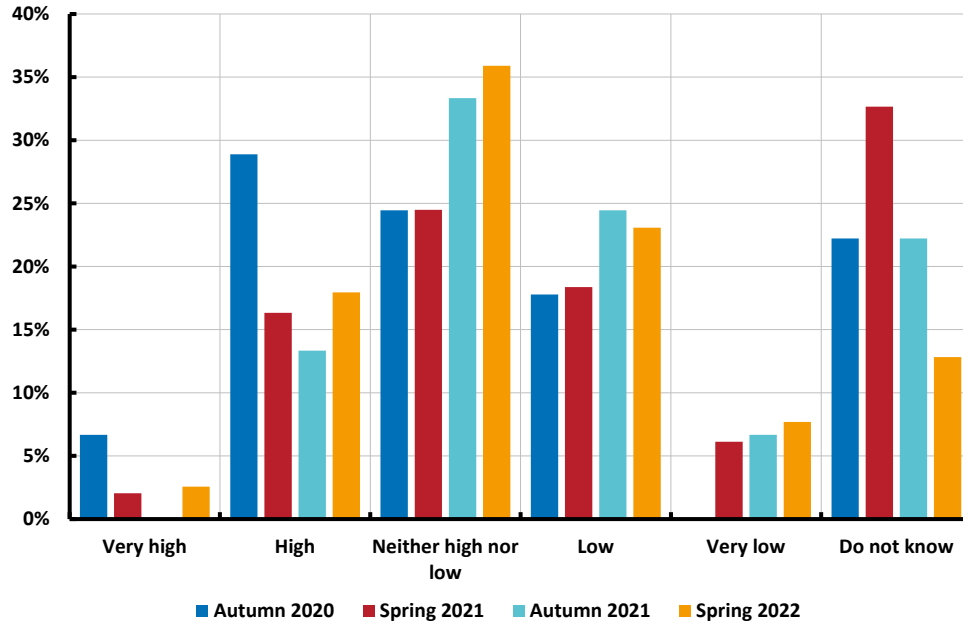
Percentage of responses



Note. 38 responses in total (spring 2022)

**Diagram 17. What is your assessment of market liquidity at present on the secondary market for covered bonds?**

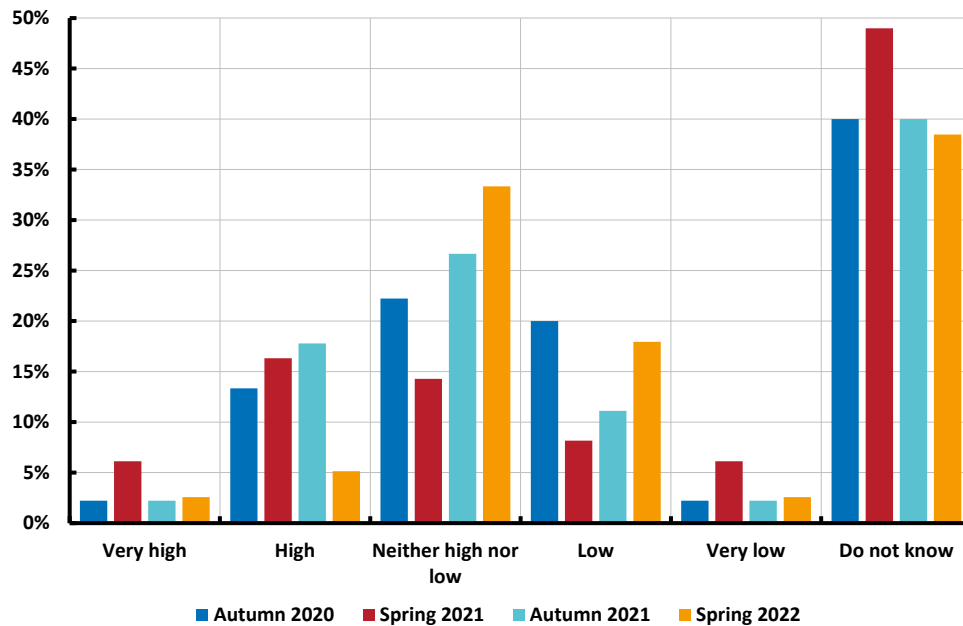
Percentage of responses



Note. 39 responses in total (spring 2022)

**Diagram 18. What is your assessment of market liquidity at present on the secondary market for corporate bonds, investment grade?**

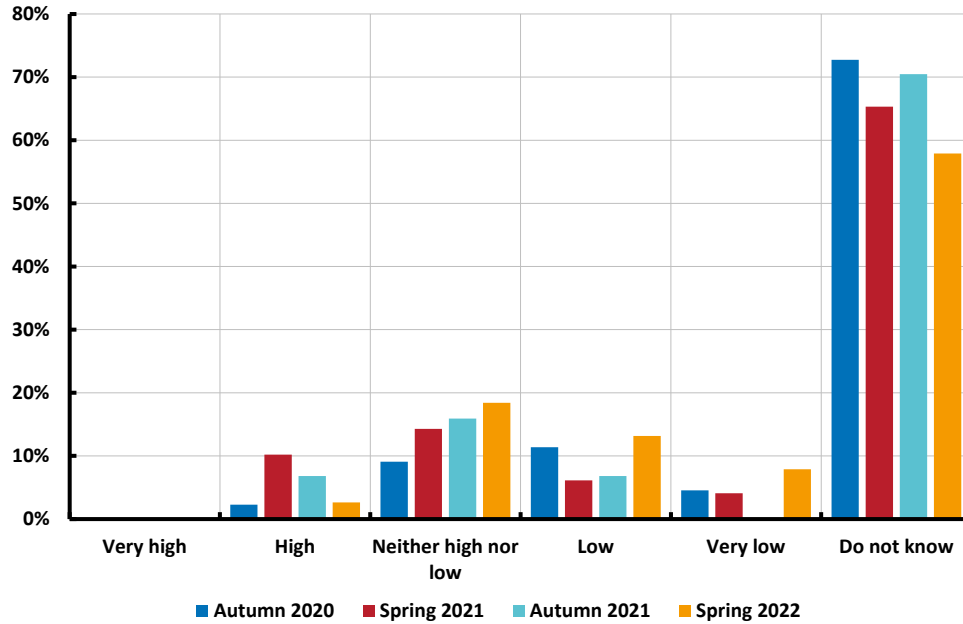
Percentage of responses



Note. 39 responses in total (spring 2022)

**Diagram 19. What is your assessment of market liquidity at present on the secondary market for corporate bonds, high yield?**

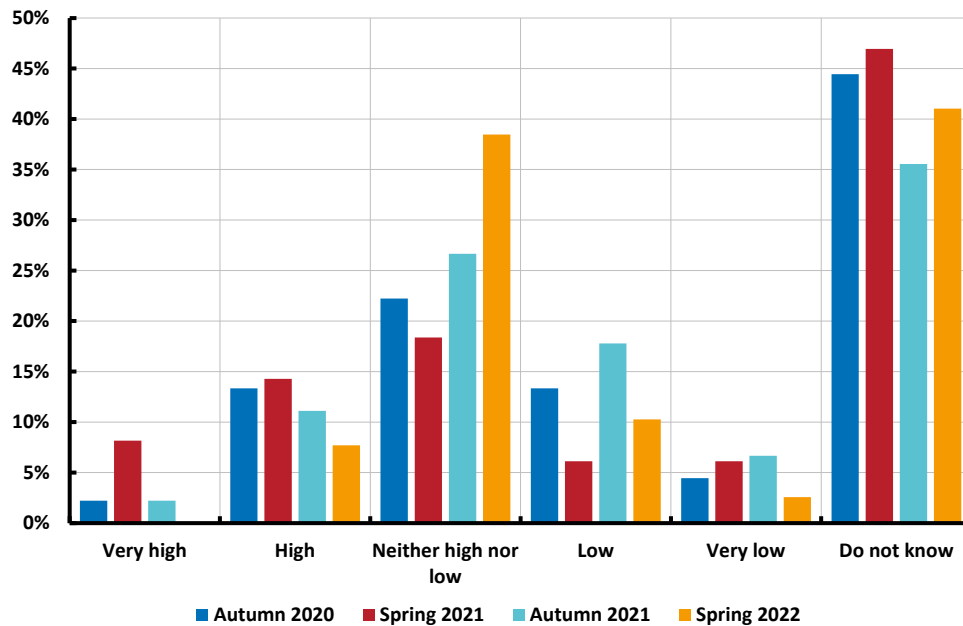
Percentage of responses



Note. 38 responses in total (spring 2022)

**Diagram 20. What is your assessment of market liquidity at present on the secondary market for commercial paper?**

Percentage of responses

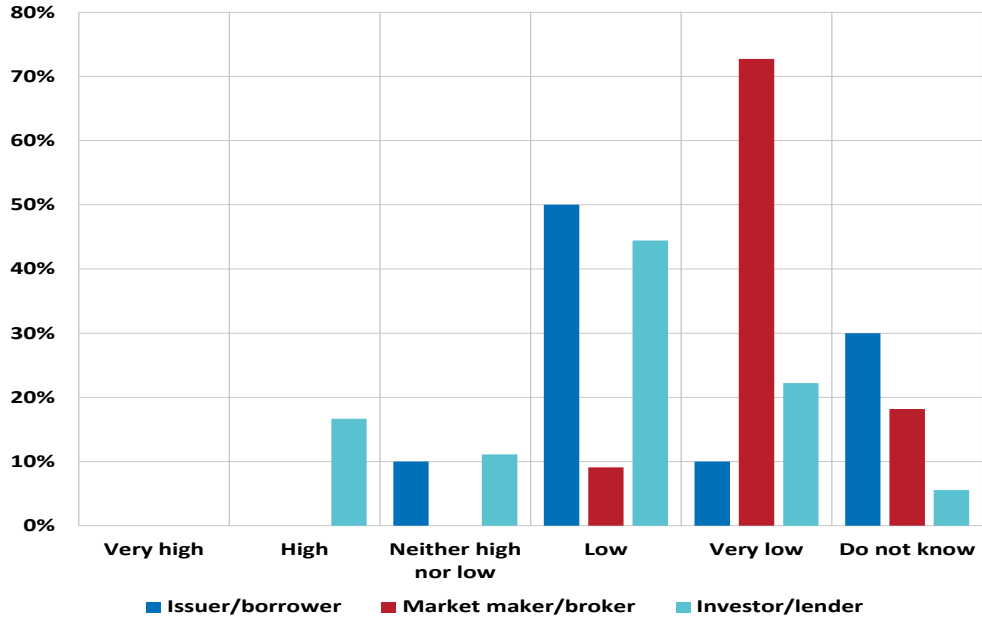


Note. 39 responses in total (spring 2022)



**Diagram 21. What is your assessment of market liquidity at present on the secondary market for nominal government bonds?**

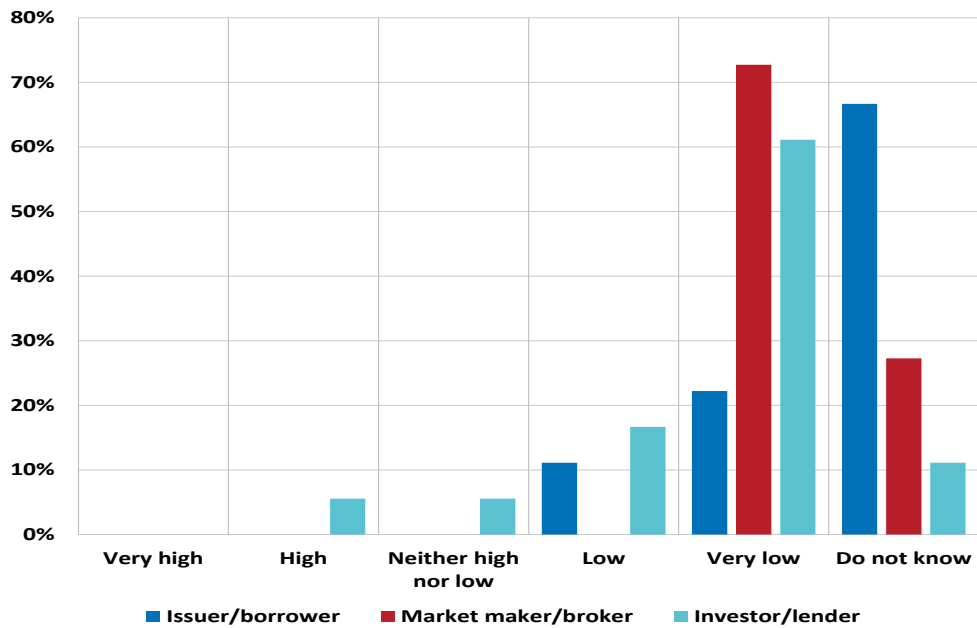
Percentage of responses for each category



Note. 39 responses in total (spring 2022)

**Diagram 22. What is your assessment of market liquidity at present on the secondary market for real government bonds?**

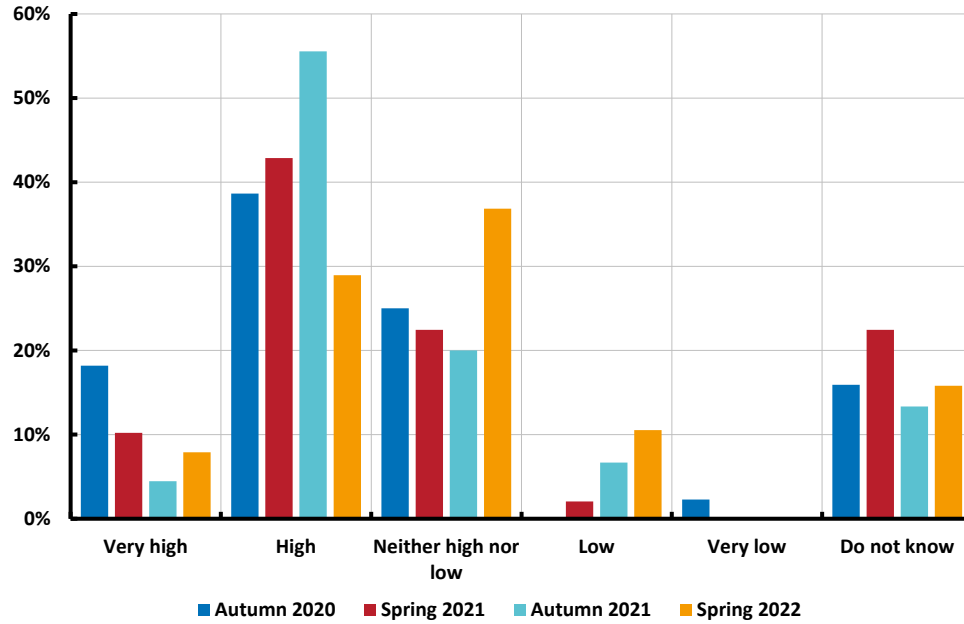
Percentage of responses for each category



Note. 38 responses in total (spring 2022)

**Diagram 23. What is your assessment of market liquidity at present on the secondary market for interest rate swaps (SEK/SEK)?**

Percentage of responses

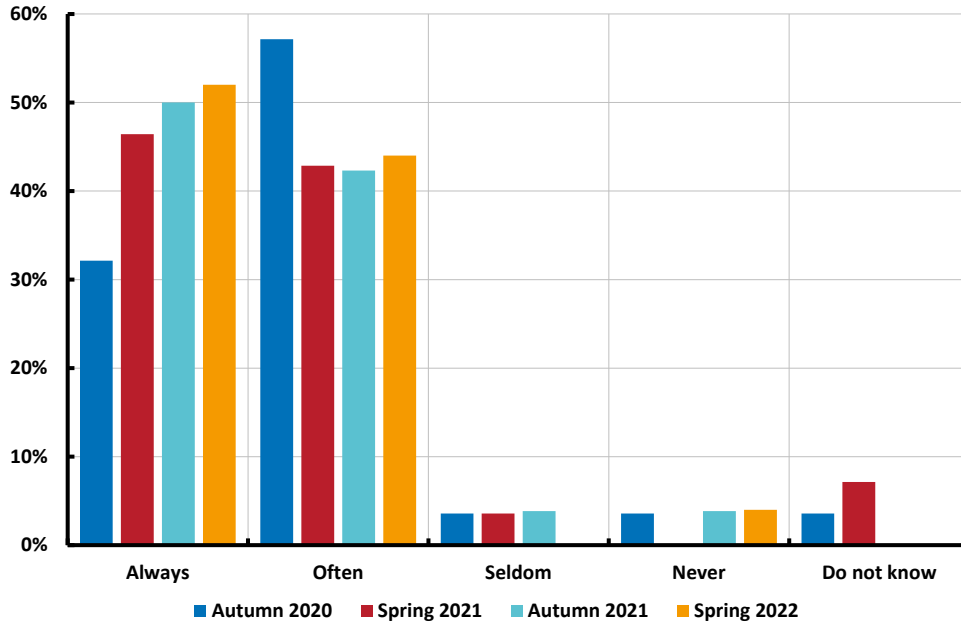


Note. 38 responses in total (spring 2022)

## 5 Electronic aids

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

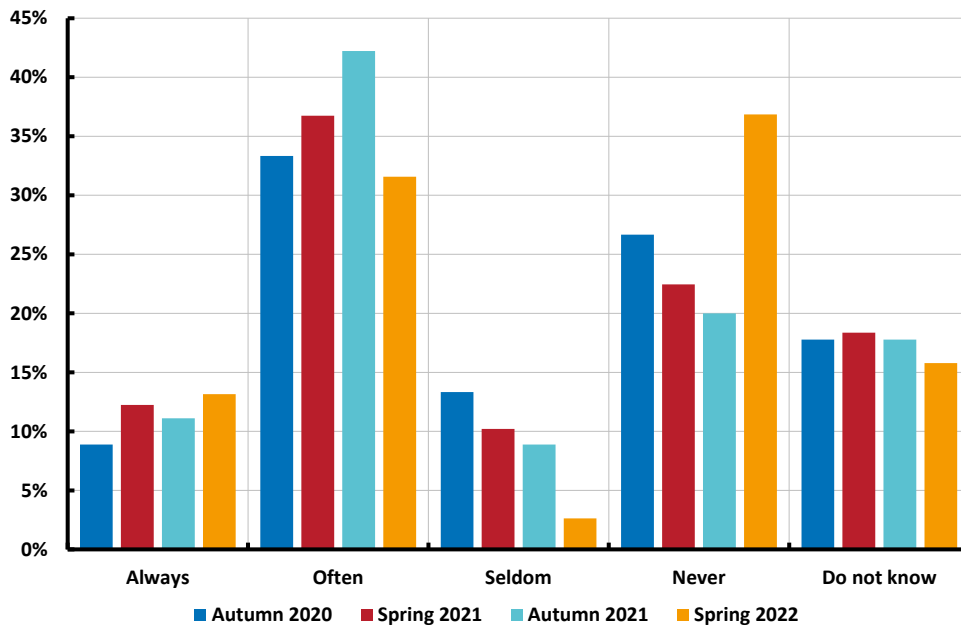
Percentage of responses



Note. 25 responses in total (spring 2022)

**Diagram 25. To what extent do you use algorithms in your FX trading with SEK?**

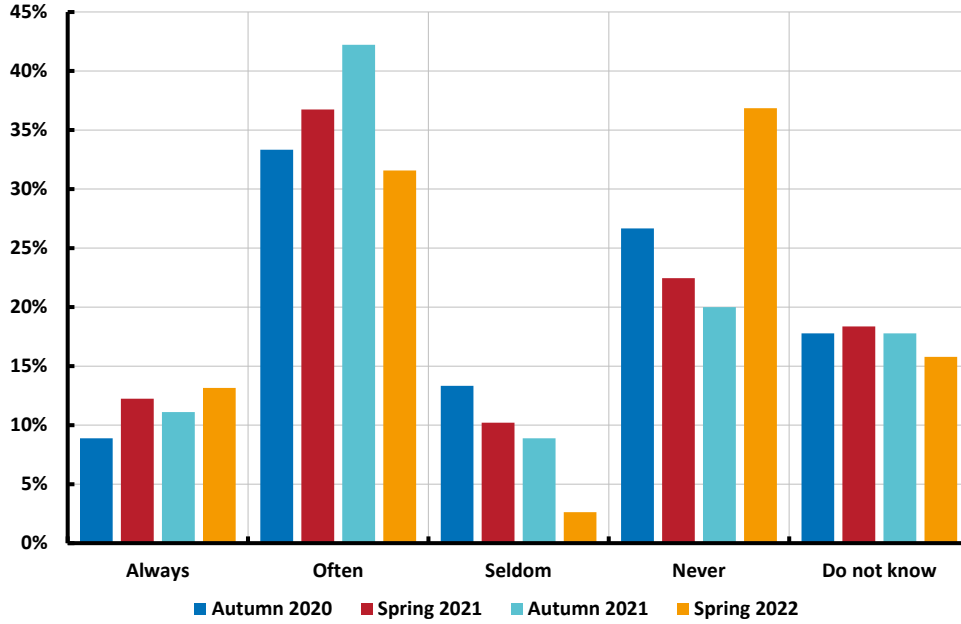
Percentage of responses



Note. 25 responses in total (spring 2022)

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

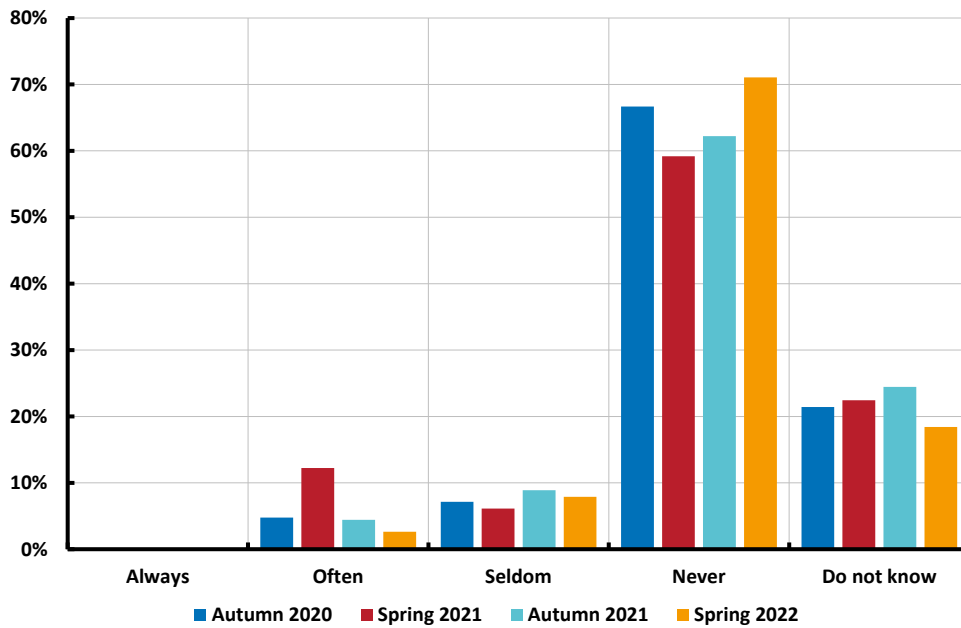
Percentage of responses



Note. 38 responses in total (spring 2022)

**Diagram 27. To what extent do you use algorithms in your trading in Swedish government bonds?**

Percentage of responses



Note. 38 responses in total (spring 2022)







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