

# Financial markets survey

Autumn 2023

November 2023

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# 1 Survey results – autumn 2023

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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 find out 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 to which the participants responded in the period 21 September to 9 October 2023. We only present their responses and not the Riksbank's assessments.

On this occasion, the survey was answered by 68 out of 106 participants invited. This means a response frequency of 64 per cent, which is slightly more than in the previous survey in spring 2023.

Since the spring, the participants have gained a less pessimistic view of the functioning and liquidity of the Swedish fixed income market and a majority now believe that the Swedish krona exchange market is functioning well.

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- **Most participants on the Swedish foreign exchange and fixed-income markets consider they are taking neutral or low risks.** One quarter respond that they have reduced risk-taking over the last six months and six in ten describe their risk taking as unchanged. As in the spring, just under half describe their risk-taking as low or very low, but there are slightly more who consider themselves to be taking very low risks. The proportion of people who consider themselves to be taking high or very high risks is about the same now as then. The reasons given by several respondents in the free-text responses for reducing risk-taking or keeping risk-taking on a low level include the geopolitical uncertainty and risks linked to inflation and higher interest rates.
- **A majority think that the foreign exchange market for Swedish kronor is working well.** This can be compared to the spring, when the figure was less than half. On the other hand, the proportion of those considering that the market is functioning poorly or very poorly has decreased. Approximately half of the respondents consider liquidity in the spot and futures markets to be neither good nor bad, and just under half, which is slightly more than in the spring, consider market liquidity to be good. Around two-thirds consider that market liquidity has been unchanged in the last six months. Free text responses show that improved liquidity, albeit uneven, in the market is the main reason for better functioning.
- **Fewer respondents say that the Swedish fixed-income market is functioning poorly.** Four out of ten think that the fixed-income market is working poorly or very poorly, compared with six out of ten in the spring survey. The less pessimistic view of the fixed income market is also evident in the fact that

fewer respondents think that the market is functioning very poorly – from one third in the spring to less than one tenth in the autumn. One third of the respondents believe that the market is functioning well, which is twice as many as in the spring.

In the free text responses, several respondents mention that the Riksbank's sales of government bonds have improved liquidity and that this is expected to be even better in the future. The Riksbank's previous asset purchases and how these have affected liquidity are mentioned as the main reasons why the fixed income market is functioning poorly.

- With regard to the market for treasury bills, three out of ten respondents say that liquidity is poor or very poor, compared to spring five out of ten in the spring. With regard to nominal government bonds, four in ten respondents consider that liquidity is poor or very poor, compared with six in ten in the spring. Of those who express an opinion on real government bonds, a majority believe that liquidity remains very poor, but it is a smaller number than in the spring survey. Two tenths consider the liquidity of the market for treasury bills and nominal government bonds to be good or very good.
- A majority of the respondents believe that market liquidity for government bonds has improved since the Riksbank started selling government bonds.<sup>1</sup>
- Liquidity for covered bonds is considered to have improved slightly over the past six months. One in ten respond that liquidity is poor or very poor, compared with one third in the spring. Four out of ten consider liquidity to be good or very good. Three out of ten who have an idea of liquidity in the market for interest rate swaps consider the market to be functioning well, which is an improvement since the spring, while less than one out of ten consider the market to be functioning poorly.<sup>2</sup>
- Liquidity in the corporate debt market is also considered to have improved and fewer respondents consider liquidity to be poor or very poor for the investment grade segment and for commercial paper. However, very few consider liquidity to be good.

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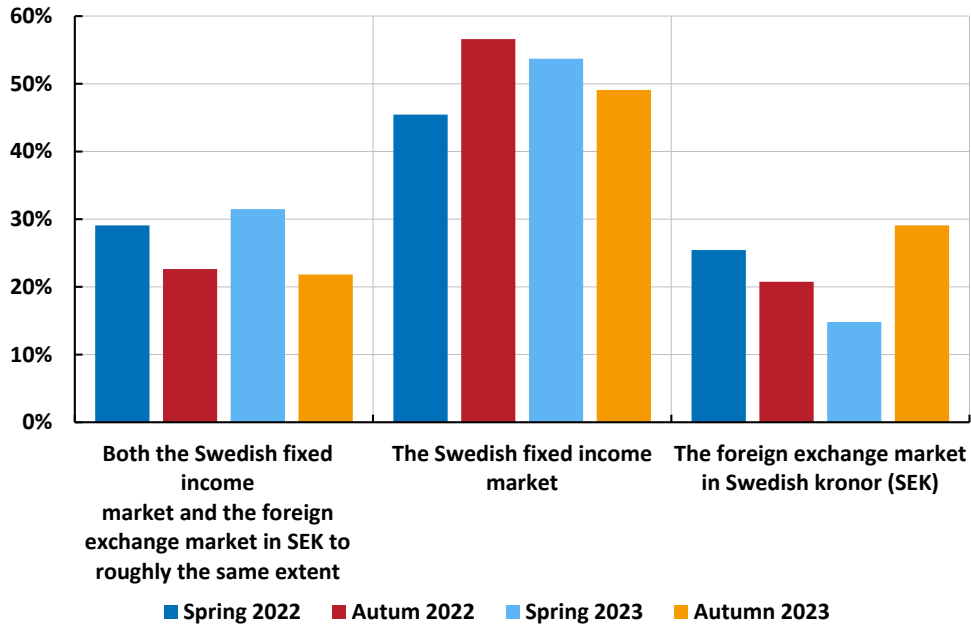
<sup>1</sup> On 8 February 2023, the Executive Board decided that the Riksbank should offer its holdings of Swedish government bonds for sale. The sales began on 4 April 2023 and correspond to SEK 3.5 billion per month. In July 2023, the Executive Board decided to increase the pace of the sales to the equivalent of SEK 5 billion per month.

<sup>2</sup> Changes in line with the rectification of diagram 21.

## 2 Market participants and their risk-taking

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

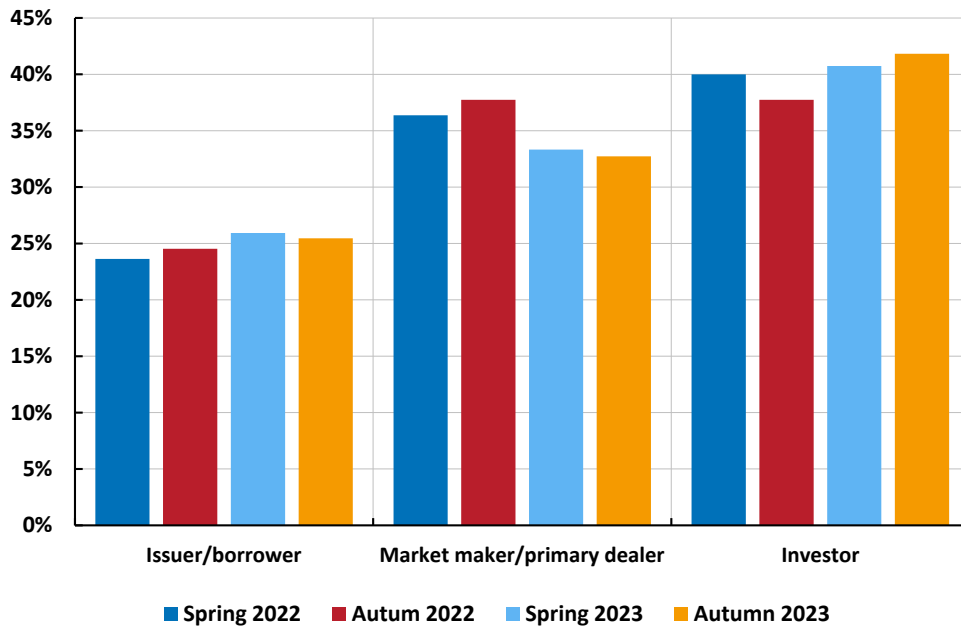
Percentage of responses



Note. 55 responses in total (autumn 2023).

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

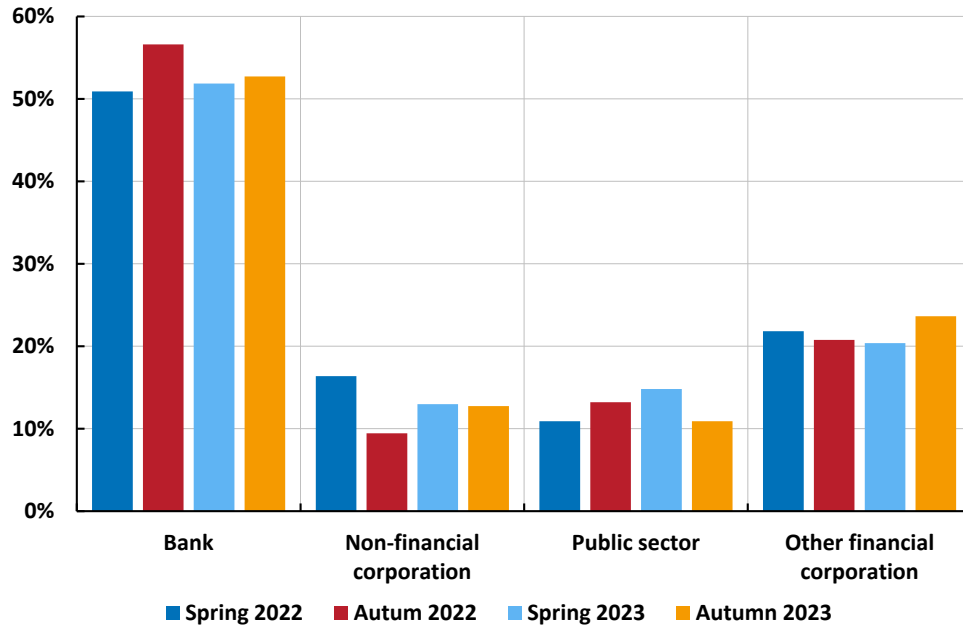
Percentage of responses



Note. 55 responses in total (autumn 2023).

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

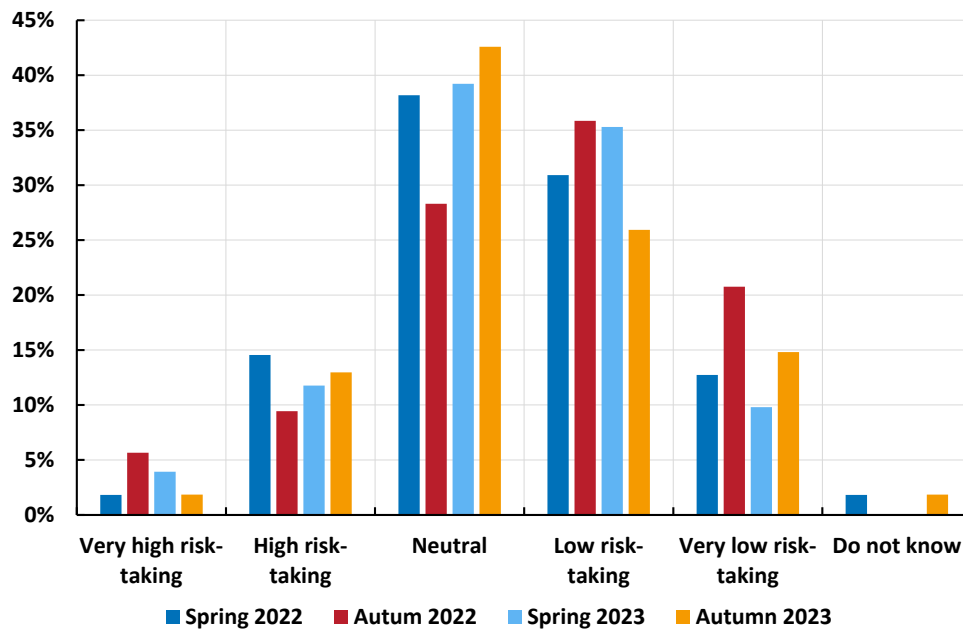
Percentage of responses



Note. 55 responses in total (autumn 2023).

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

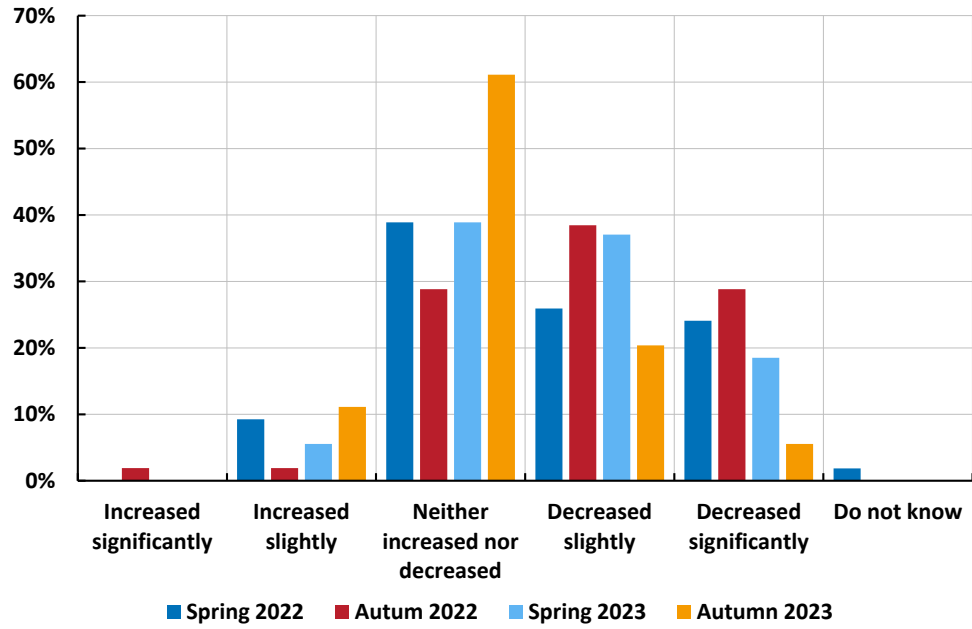
Percentage of responses



Note. 54 responses in total (autumn 2023).

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

Percentage of responses

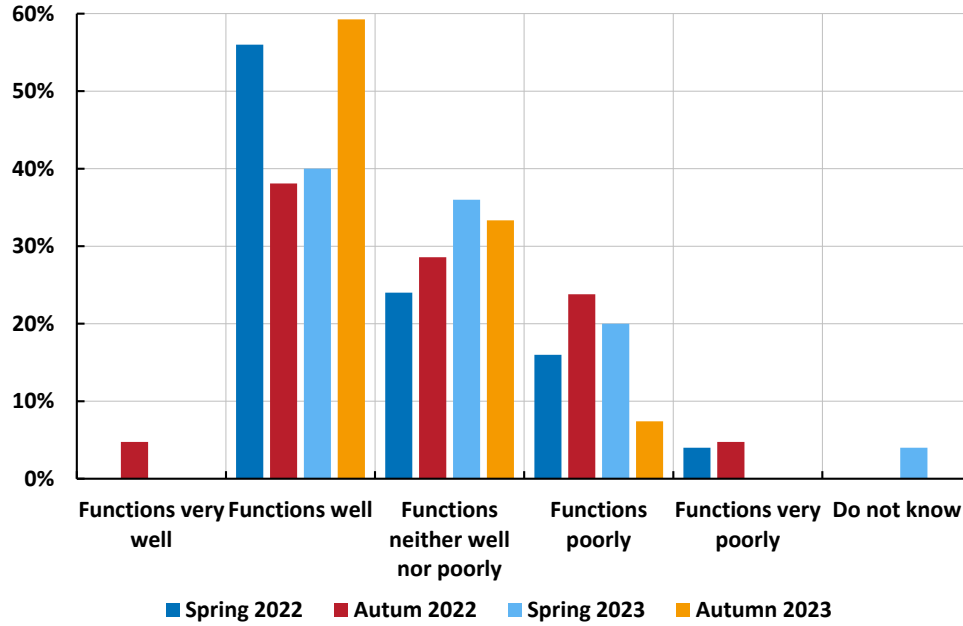


Note. 54 responses in total (autumn 2023).

### 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

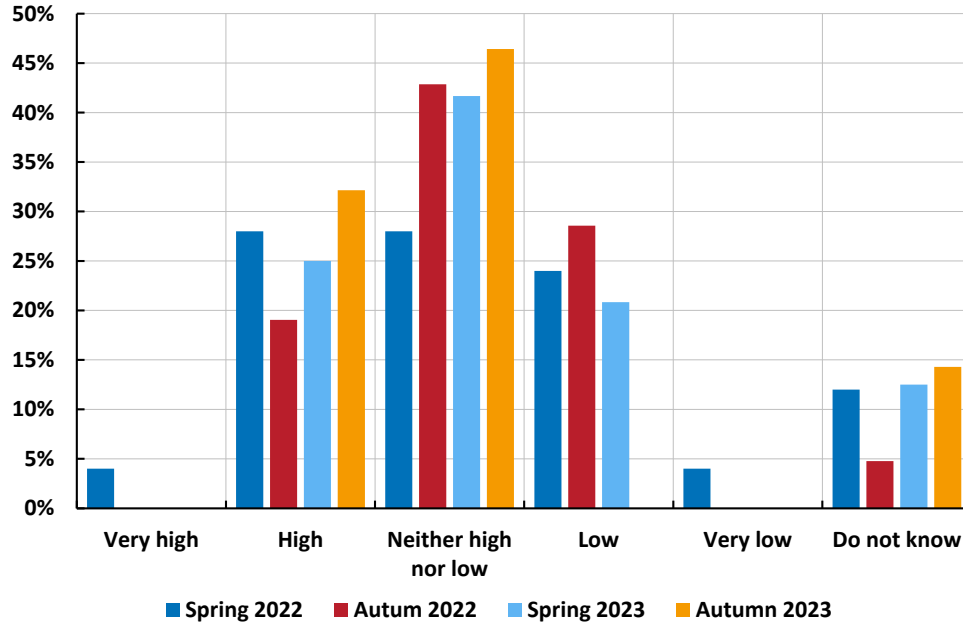


Note. 27 responses in total (autumn 2023).



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

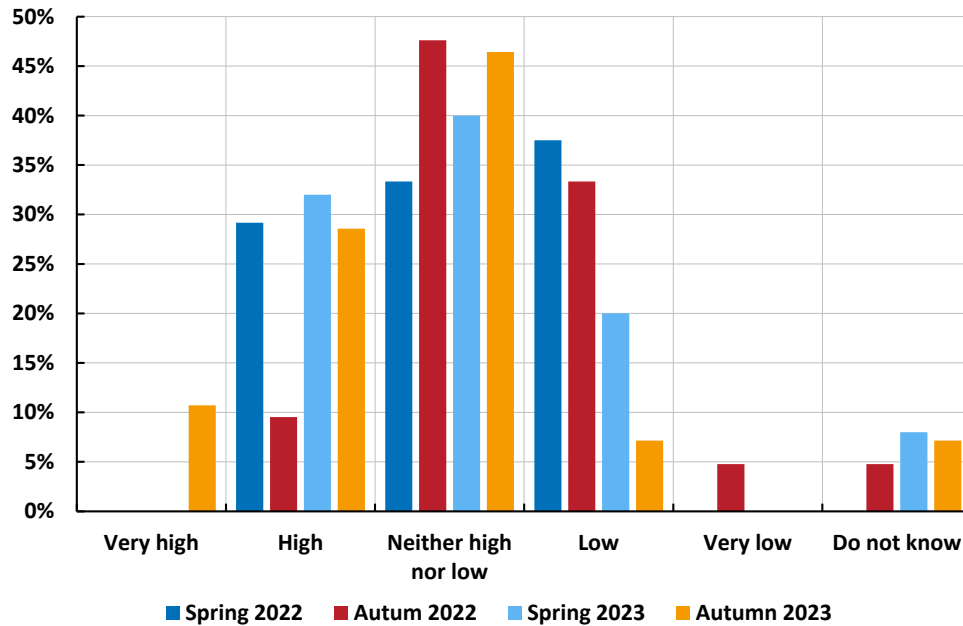
Percentage of responses



Note. 28 responses in total (autumn 2023).

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

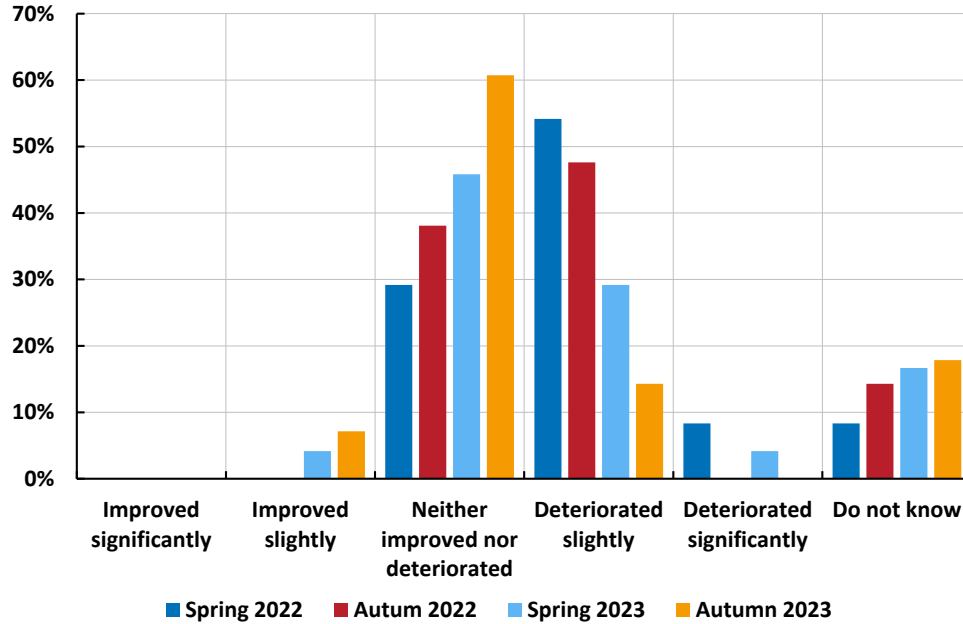
Percentage of responses



Note. 28 responses in total (autumn 2023).

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

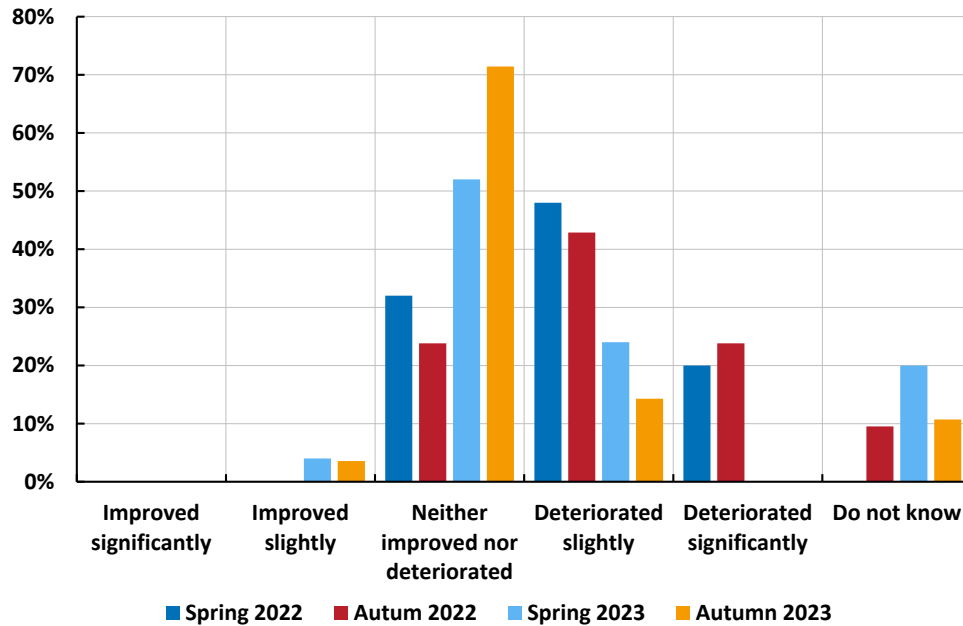
Percentage of responses



Note. 28 responses in total (autumn 2023).

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

Percentage of responses

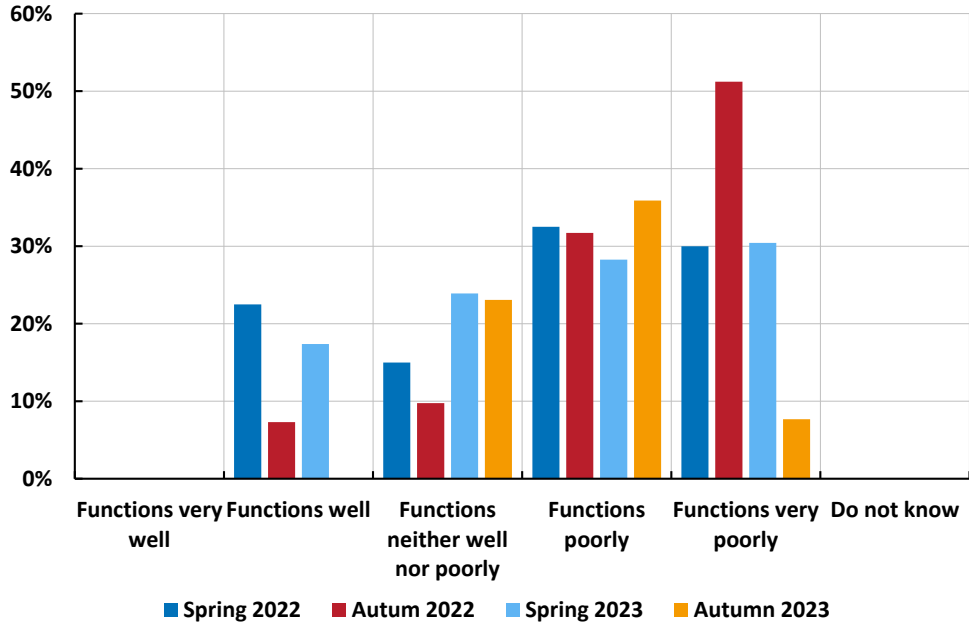


Note. 28 responses in total (autumn 2023).

## 4 The Swedish fixed-income market

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

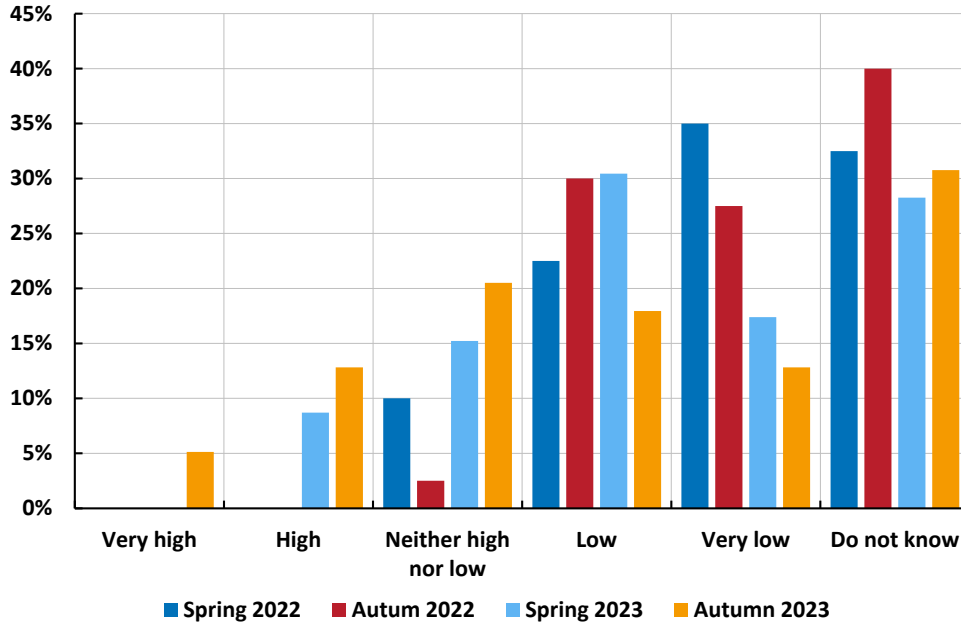
Percentage of responses



Note. 39 responses in total (autumn 2023).

**Diagram 12. How do you currently assess market liquidity in the secondary market for treasury bills?**

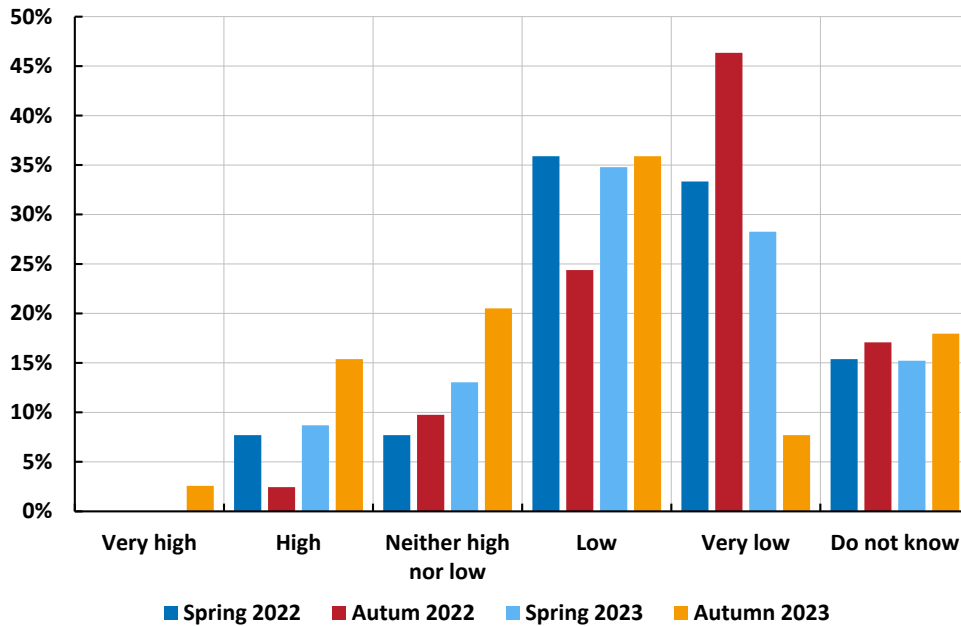
Percentage of responses



Note. 39 responses in total (autumn 2023).

**Diagram 13. How do you currently assess market liquidity in the secondary market for nominal government bonds?**

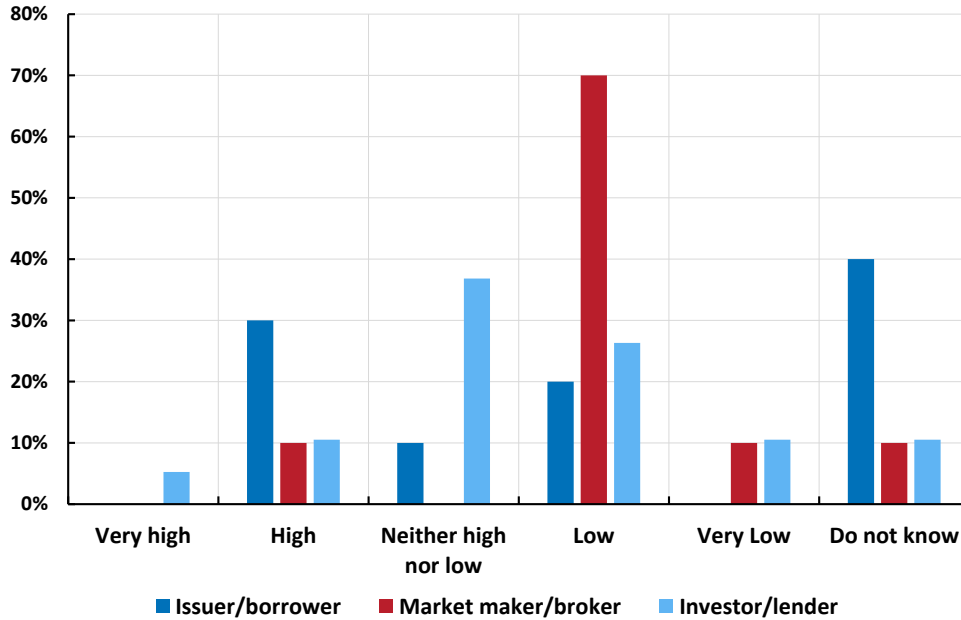
Percentage of responses



Note. 39 responses in total (autumn 2023).

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

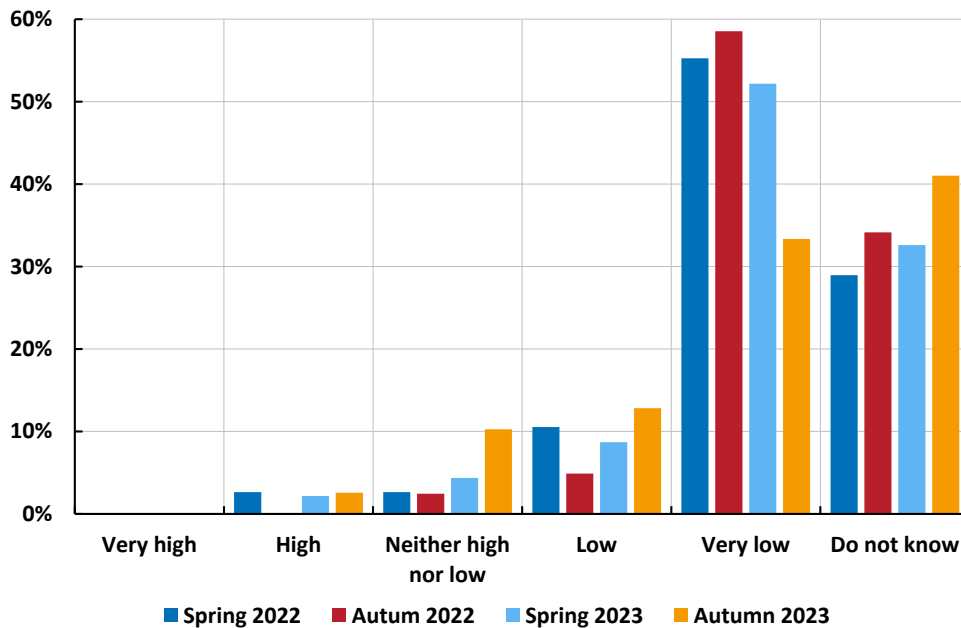
Percentage of responses for each category



Note. 39 responses in total (autumn 2023).

**Diagram 15. How do you currently assess market liquidity in the secondary market for inflation-linked government bonds?**

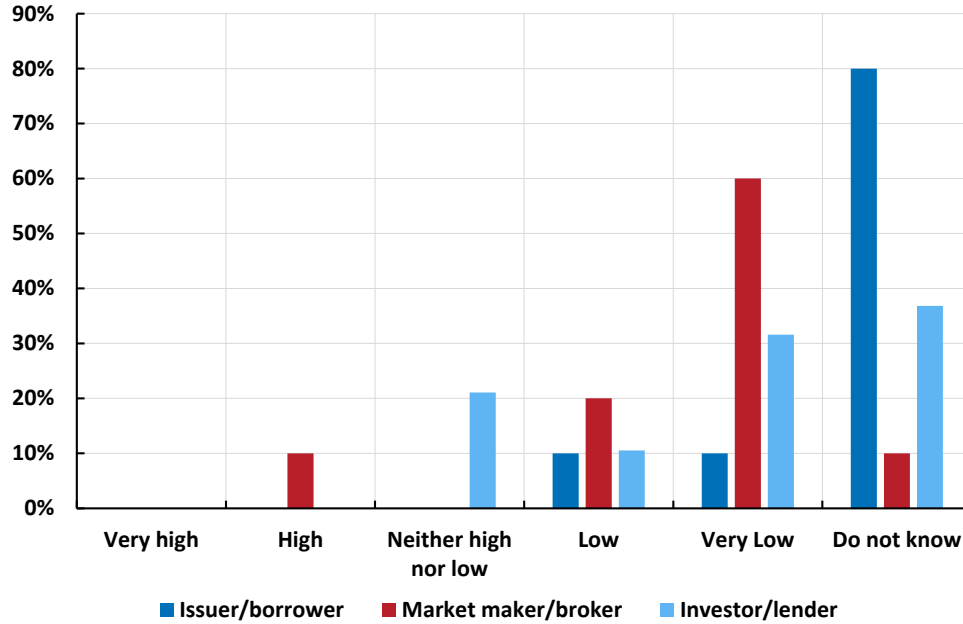
Percentage of responses



Note. 39 responses in total (autumn 2023).

**Diagram 16. How do you currently assess market liquidity in the secondary market for inflation-linked government bonds?**

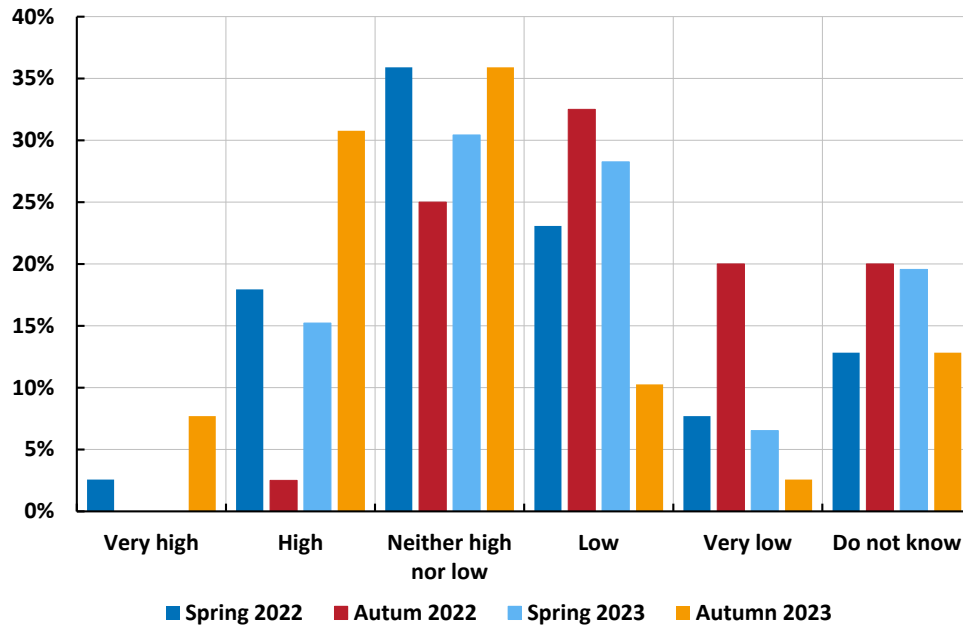
Percentage of responses for each category



Note. 39 responses in total (autumn 2023).

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

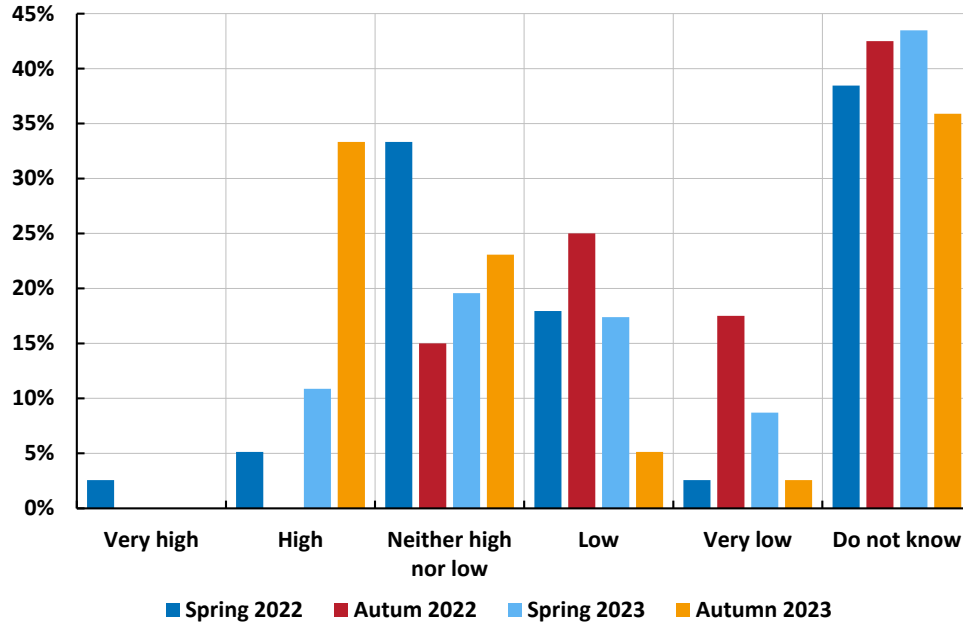
Percentage of responses



Note. 39 responses in total (autumn 2023).

**Diagram 18. How do you currently assess market liquidity in the secondary market for corporate bonds, investment grade?**

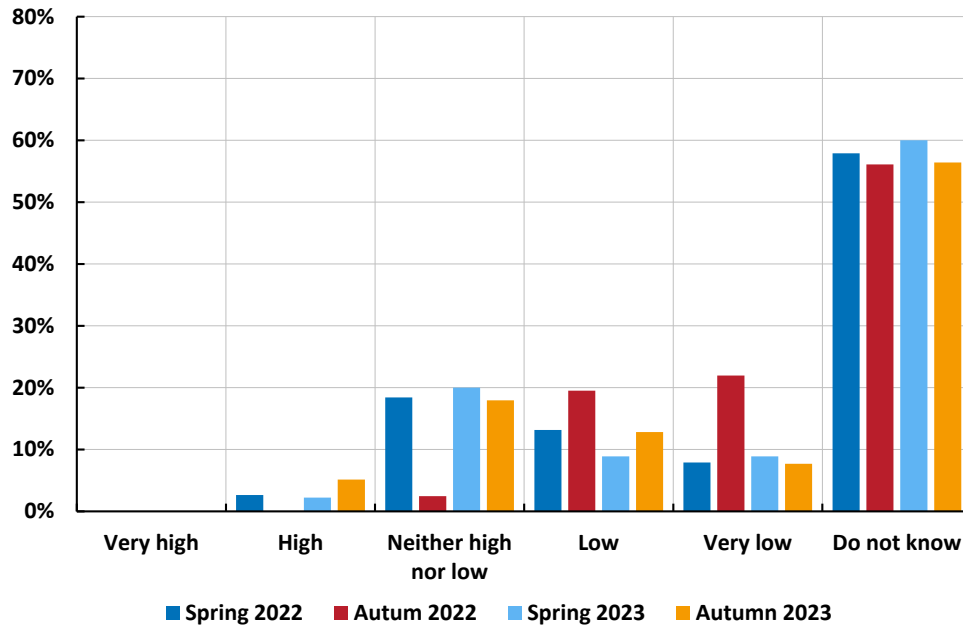
Percentage of responses



Note. 39 responses in total (spring 2023).

**Diagram 19. How do you currently assess market liquidity in the secondary market for corporate bonds, high-yield?**

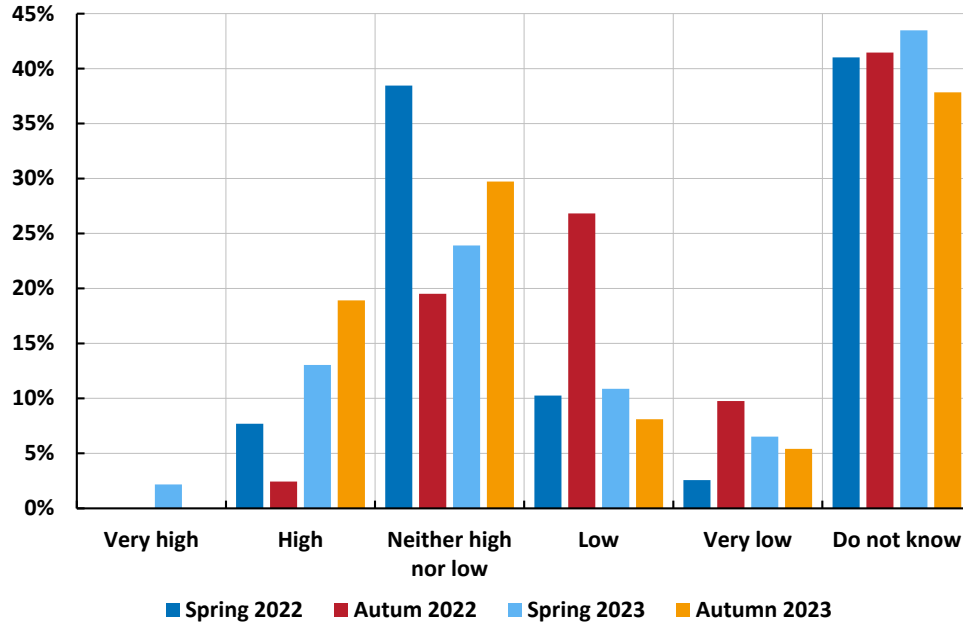
Percentage of responses



Note. 39 responses in total (autumn 2023).

**Diagram 20. How do you currently assess market liquidity in the secondary market for commercial paper?**

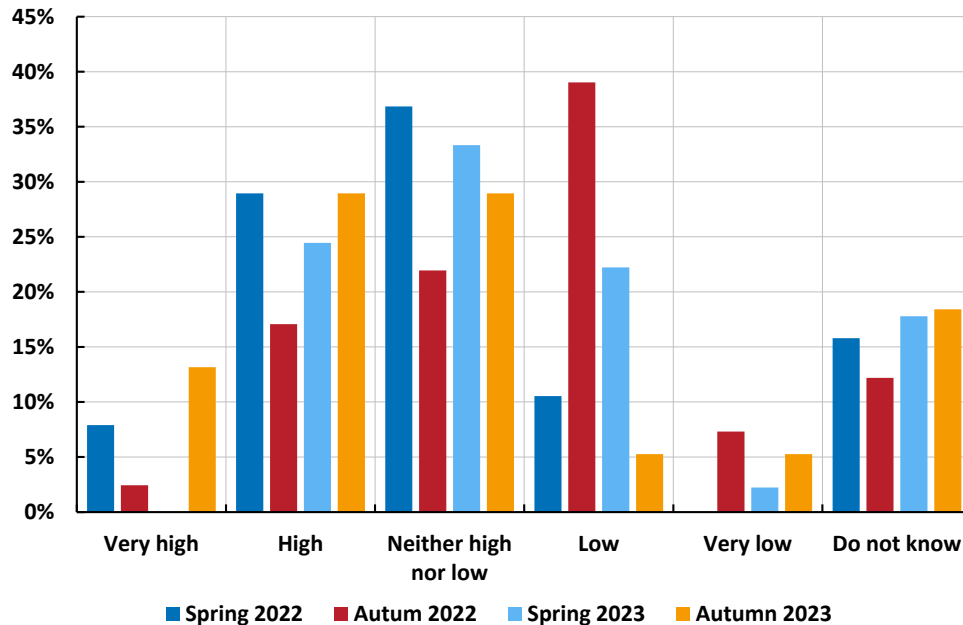
Percentage of responses



Note. 37 responses in total (autumn 2023).

**Diagram 21. How do you currently assess market liquidity in the secondary market for interest rate swaps (SEK/SEK)<sup>3</sup>**

Percentage of responses



Note. 38 responses in total (autumn 2023).

<sup>3</sup> The figure was previously incorrect and has been replaced – solely editorial changes.





**SVERIGES RIKSBANK**

Tel +46 8 - 787 00 00

[registratorn@riksbank.se](mailto:registratorn@riksbank.se)

[www.riksbank.se](http://www.riksbank.se)

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