

# Financial markets survey

Spring 2024

April 2024

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# 1 Survey results - spring 2024

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Since the autumn, participants in the Swedish foreign exchange and fixed-income markets have held a less pessimistic view of the functioning and liquidity of the Swedish fixed-income market and a majority considers that the Swedish krona exchange market is functioning well.

This report presents the results of the Riksbank's Financial markets survey to which the participants responded in the period 5–26 March 2024. We only present their responses and not the Riksbank's assessments.

Twice a year, the Riksbank sends out its Financial markets survey 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 the participants take.

Out of 102 asked, 55 participants responded to the survey. This means a response frequency of just over 50 per cent, which is somewhat lower than the previous survey from autumn 2023.

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- **Most participants on the Swedish foreign exchange and fixed-income markets consider they are taking neutral or low risks.** Six out of ten participants describe their risk-taking as unchanged over the past six months, while a quarter consider that they have increased their risk-taking in the market. In contrast, the share of those who consider themselves to be taking high or very high risks is more or less unchanged since last autumn, while the share of those taking low or very low risks has decreased slightly. Around half consider themselves to be taking neutral risks, compared to four out of ten last autumn.
  - **A majority think that the foreign exchange market for Swedish kronor is working well.** There is a growing consensus that the foreign exchange market is working better. Seven out of ten think that the foreign exchange market works well, compared to six out of ten last autumn. Few consider the foreign exchange market to be functioning poorly and about a quarter consider it to be neither good nor bad. Most respondents believe that liquidity in spot and forward markets has remained unchanged over the past six months, but two in ten believe that it has improved. This means that two-thirds now consider liquidity in spot and forward markets to be good or very good. This is a clear improvement since last autumn. In the free text responses, several respondents mention that liquidity is good and that volatility has decreased, but it is noticeable that liquidity deteriorates in times of unease.
    - Very few participants consider that they have changed their hedging behaviour as a result of the Riksbank's hedging programme, but one third of the respondents feel that others have changed their behaviour.

- **An increasing number of respondents say that the Swedish fixed-income market is functioning well.** Around half consider that the Swedish fixed-income market is functioning well, which can be compared with around one third in the autumn survey. Only one out of ten thinks that the fixed-income market is functioning poorly or very poorly, compared with four out of ten in the autumn survey. Around four in ten think that the fixed-income market is functioning neither well nor poorly. Several respondents mention in the free text responses that the Riksbank's sales of government bonds have improved liquidity in the market and that they expected to see a continued improvement going forward.
  - With regard to the market for treasury bills, the respondents consider that liquidity is not as bad as last autumn. Two out of ten think that it is functioning poorly or very poorly, compared with three out of ten in the autumn. There has been a clear improvement with regard to nominal government bonds, with just over four in ten now saying that liquidity is good or very good, compared with two in ten last autumn. Two in ten consider liquidity to be poor or very poor, compared to four in ten last autumn. Of those who express an opinion on real government bonds, fewer believe that liquidity remains very poor, but those who consider it poor or very poor are still in a majority. 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. Hardly any respondents say that liquidity is poor or very poor, which can be compared to one in ten last autumn. Four in ten consider liquidity to be good or very good, which is the same number as last autumn. With regard to respondents who have an idea of liquidity in the market for interest rate swaps, six in ten consider the market to be functioning well, which is an improvement since last autumn. Nobody considers the market to be functioning poorly any more.
  - Liquidity in the corporate debt market is also judged to have improved somewhat. Fewer respondents judge liquidity to be poor or very poor and more judge it to be good or very good for the investment grade, high yield and commercial paper segments.

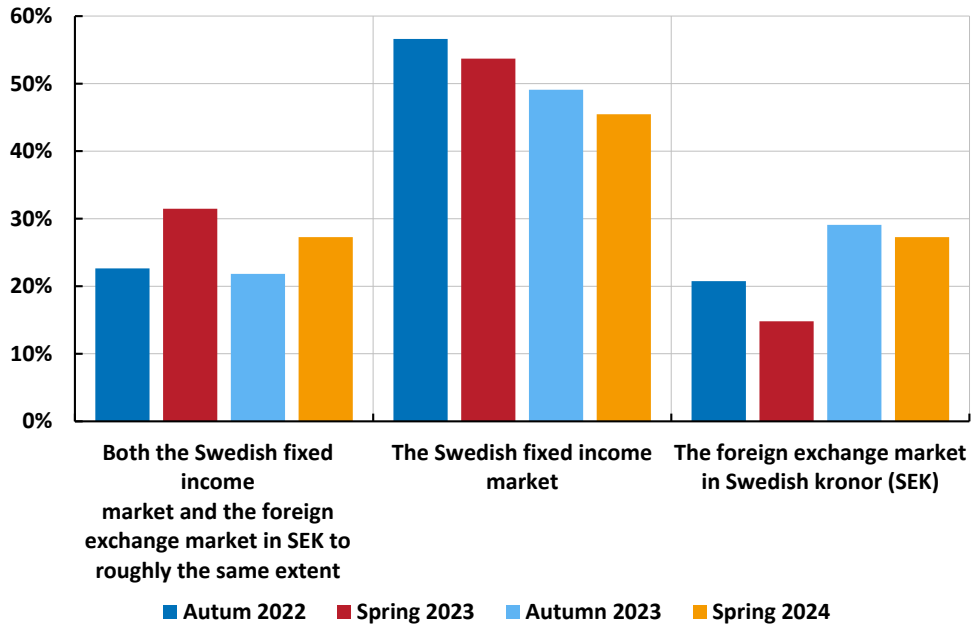
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<sup>1</sup> On 8 February 2023, the Executive Board decided that the Riksbank should offer its holdings of Swedish government bonds for sale. The sales began on 4 April 2023 and correspond to SEK 3.5 billion per month. In July 2023 the Executive Board decided to increase the pace of sales to the equivalent of SEK 5 billion per month, and in January 2024 the Executive Board decided to increase the pace further to SEK 6.5 billion per month.

## 2 Market participants and their risk-taking

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

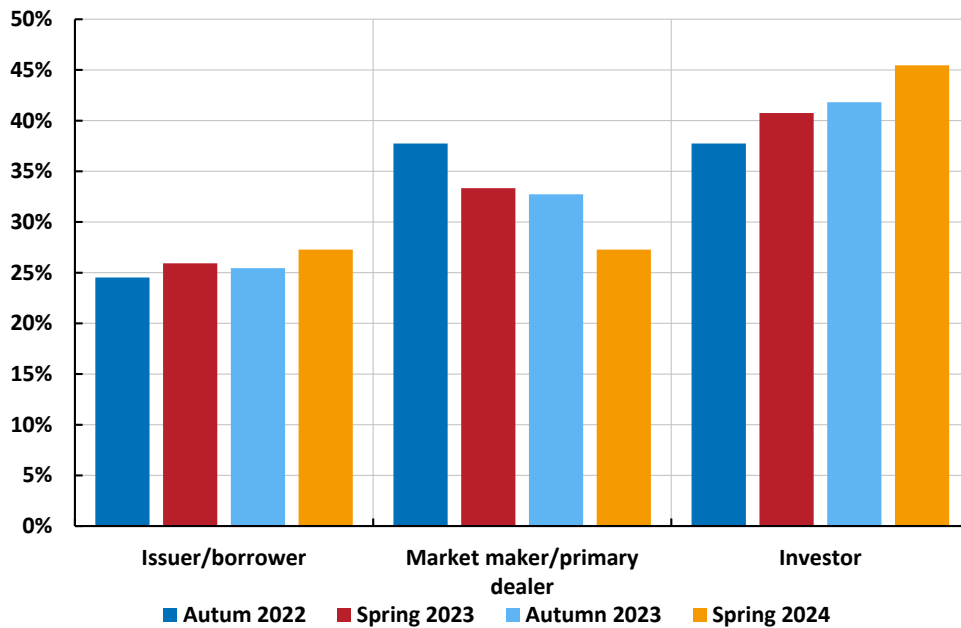
Percentage of responses



Note: The total number of responses for spring 2024 was 44.

**Chart 2. What is your primary role in that market(s)?**

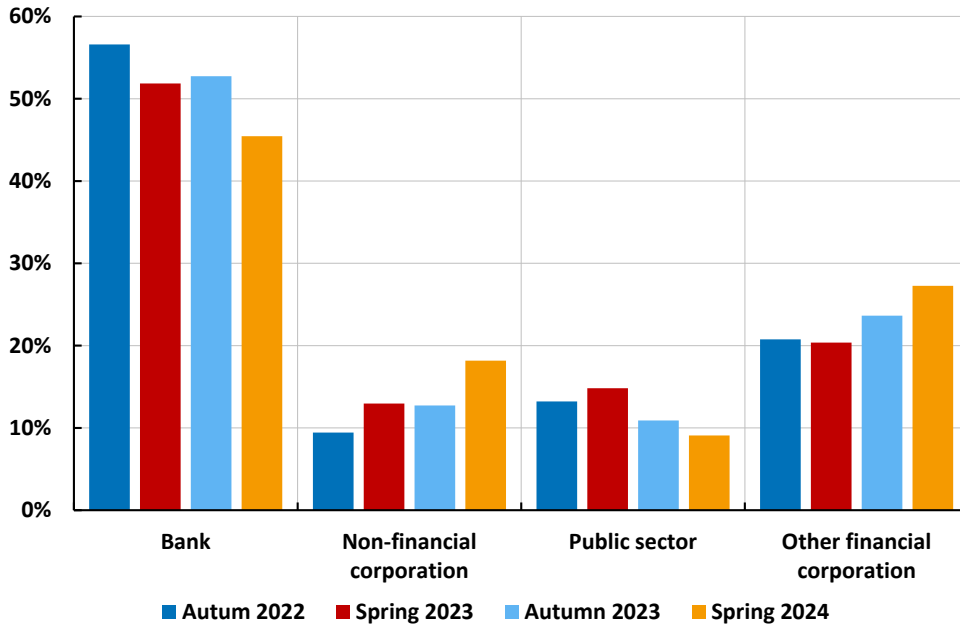
Percentage of responses



Note: The total number of responses for spring 2024 was 44.

**Chart 3. Which sector do you primarily belong to?**

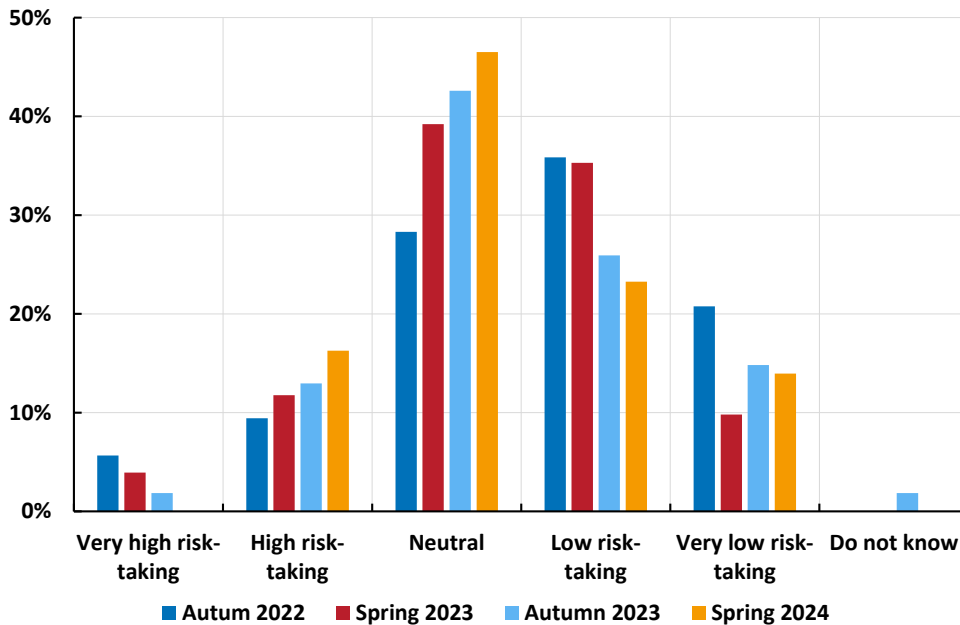
Percentage of responses



Note: The total number of responses for spring 2024 was 44.

**Chart 4. How do you assess your risk taking in the market is positioned today?**

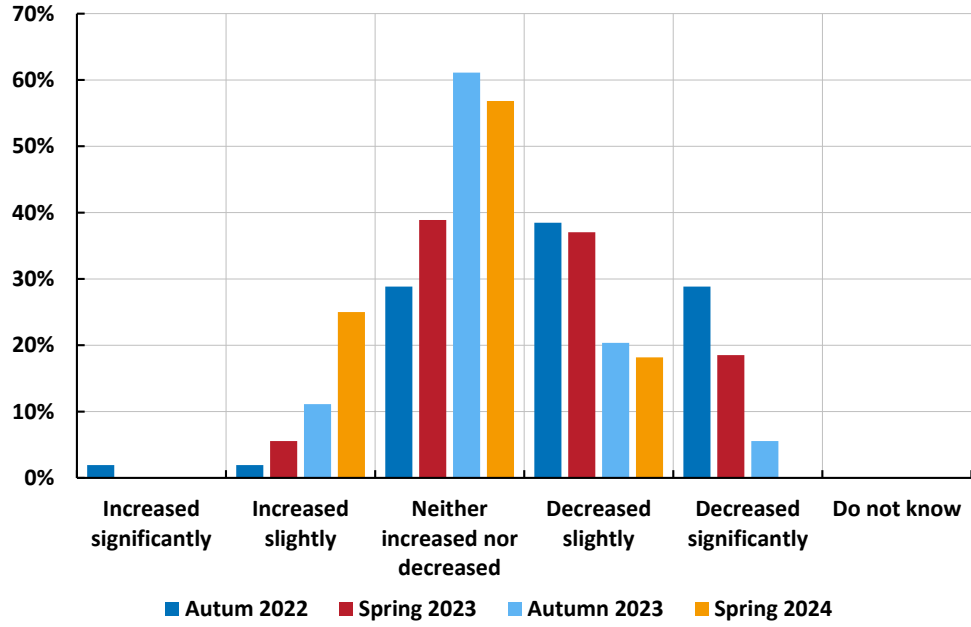
Percentage of responses



Note: The total number of responses for spring 2024 was 43.

**Chart 5. How do you assess that your risk taking on the market has changed over the last 6 months?**

Percentage of responses

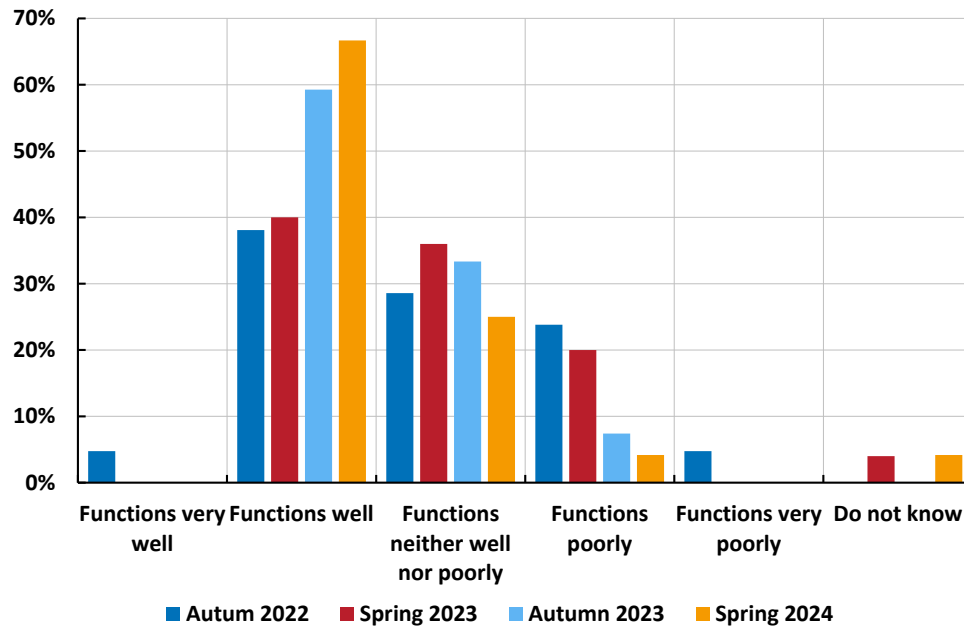


Note: The total number of responses for spring 2024 was 44.

### 3 The market for foreign exchange trading in the Swedish krona

**Chart 6. How do you currently assess the functioning of the market for SEK?**

Percentage of responses

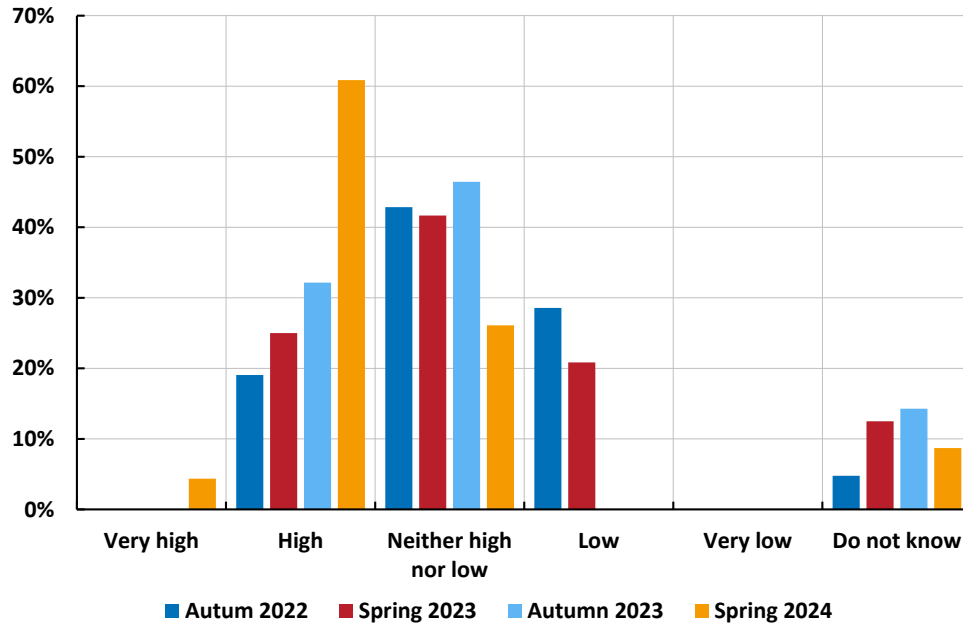


Note: The total number of responses for spring 2024 was 24.



**Chart 7. How do you currently assess market liquidity in the spot market for the SEK (against the G10 currencies)?**

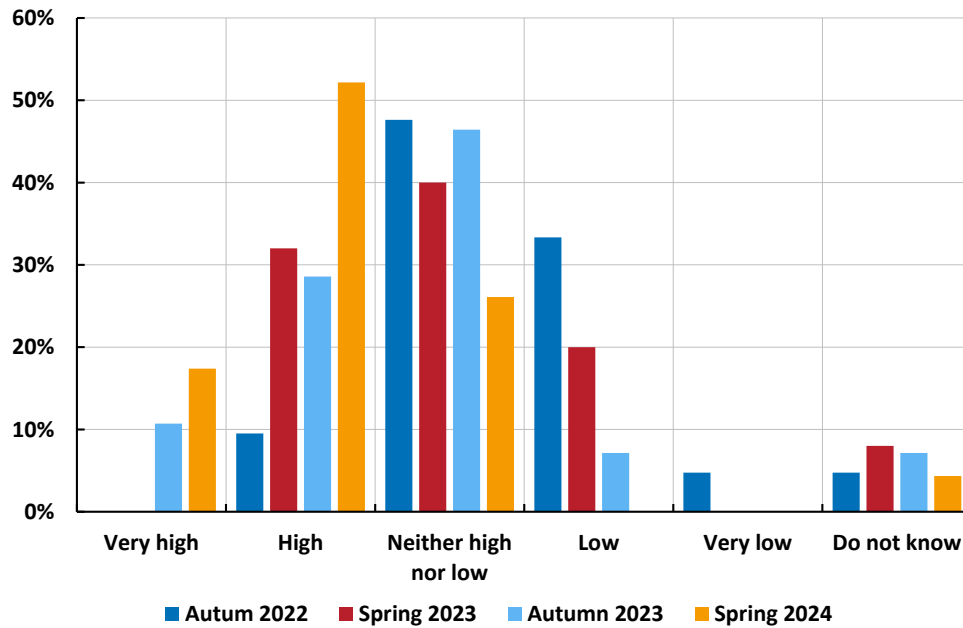
Percentage of responses



Note: The total number of responses for spring 2024 was 23.

**Chart 8. How do you currently assess market liquidity in the forward and currency swap markets for the SEK (against the G10 currencies)?**

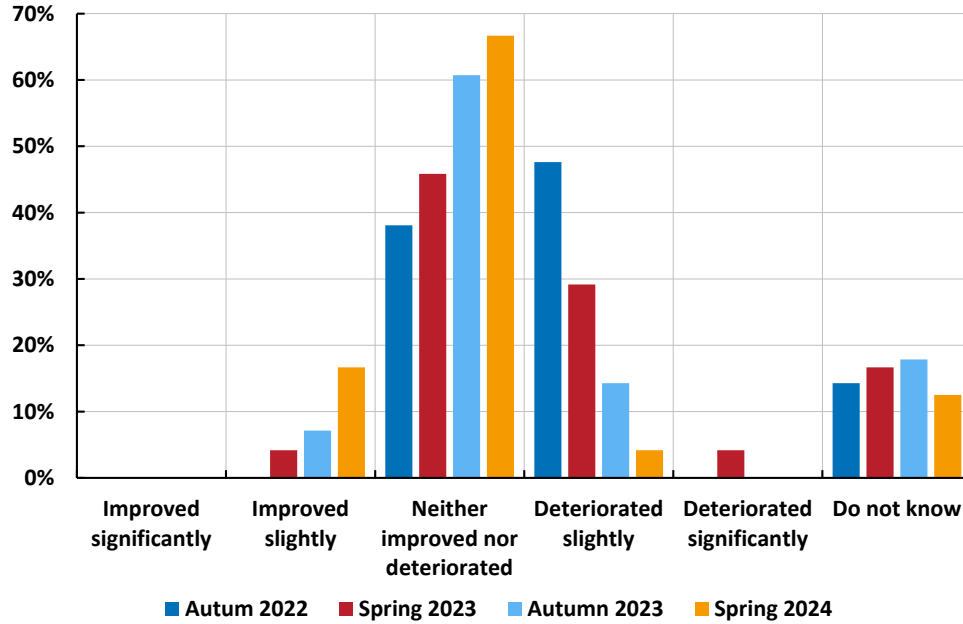
Percentage of responses



Note: The total number of responses for spring 2024 was 23.

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

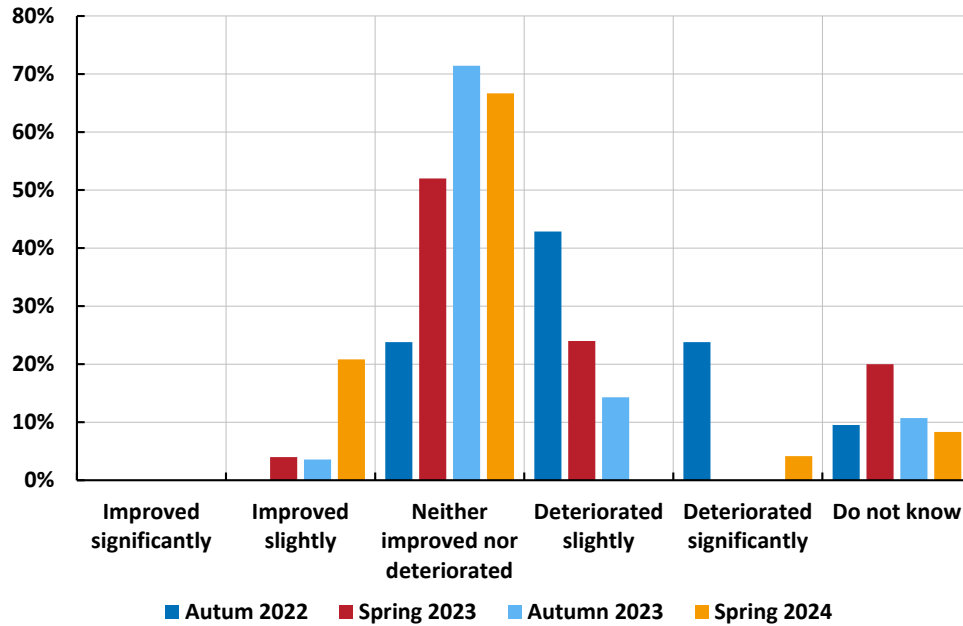
Percentage of responses



Note: The total number of responses for spring 2024 was 24.

**Chart 10. How do you assess that market liquidity on the forward and currency swap markets has changed over the last 6 months?**

Percentage of responses

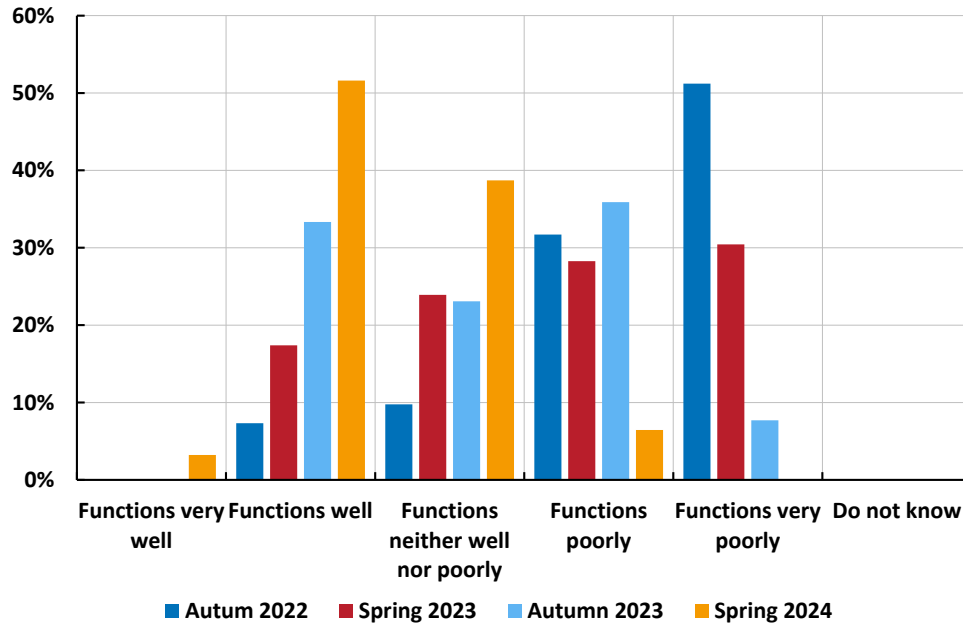


Note: The total number of responses for spring 2024 was 24.

## 4 The Swedish fixed-income market

**Chart 11. What is your assessment of the current functioning of the Swedish fixed-income market?**

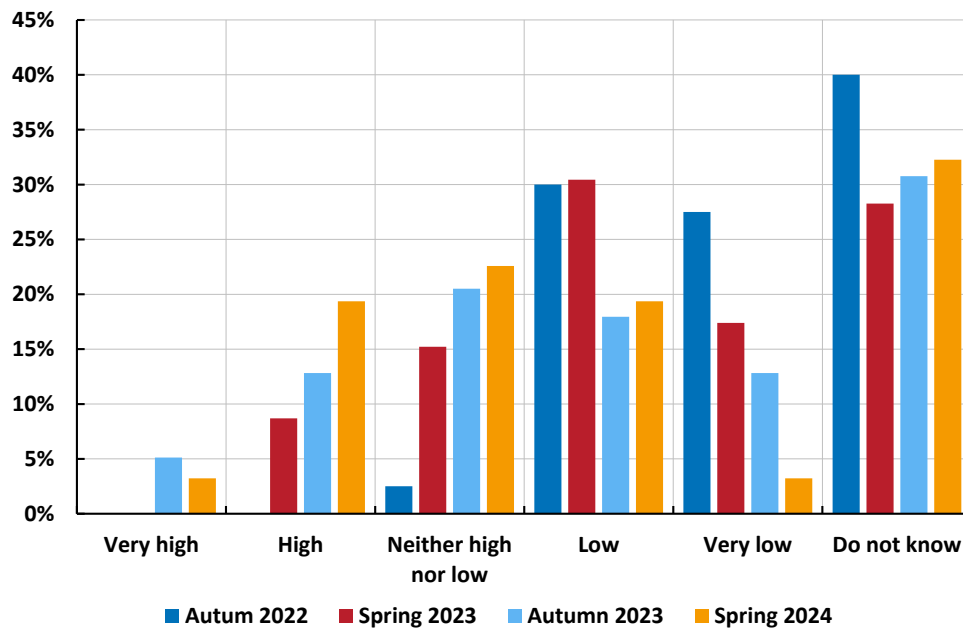
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

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

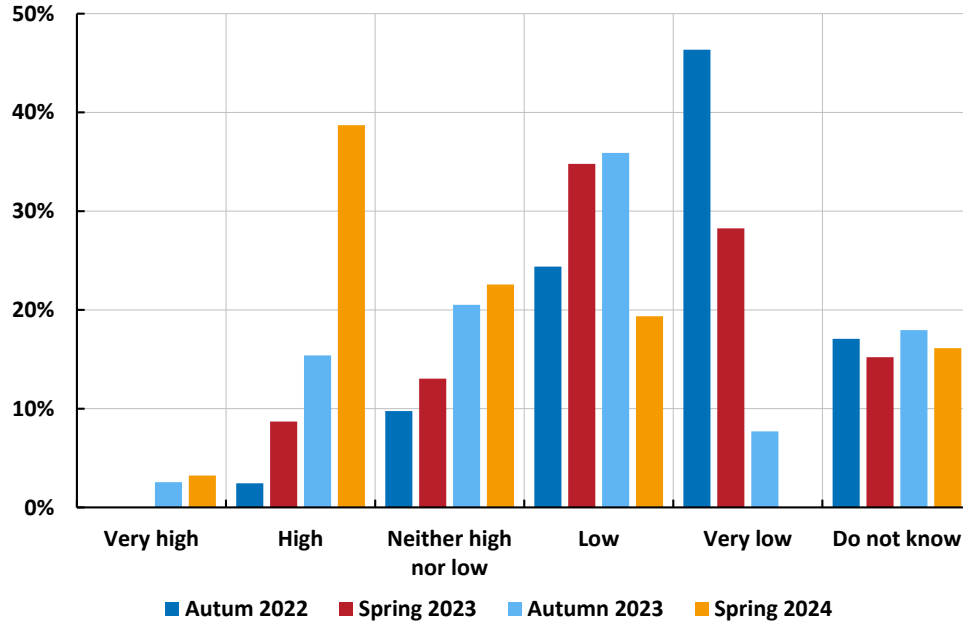
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

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

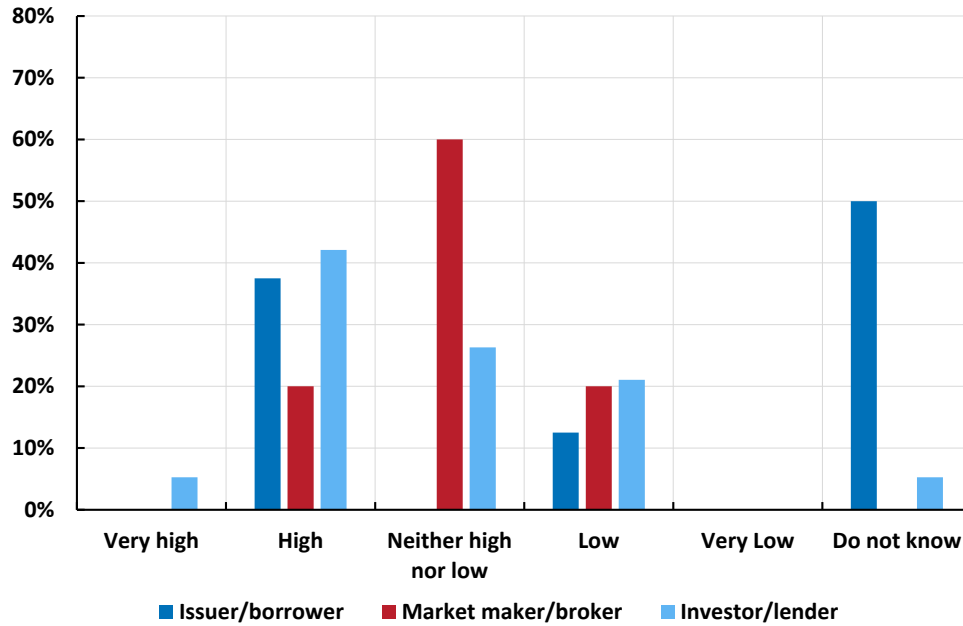
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

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

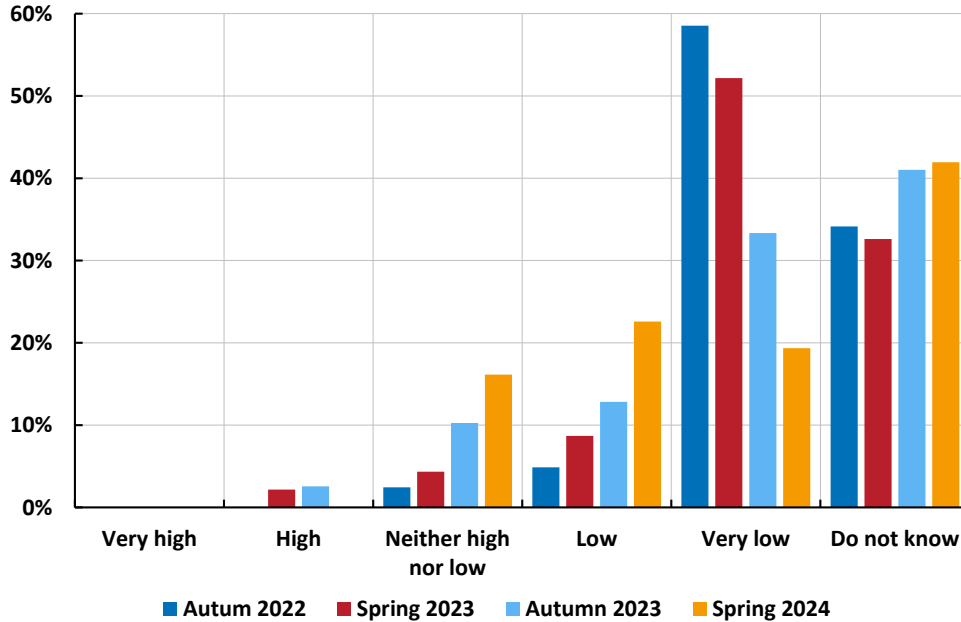
Percentage of responses for each category



Note: The total number of responses for spring 2024 was 31.

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

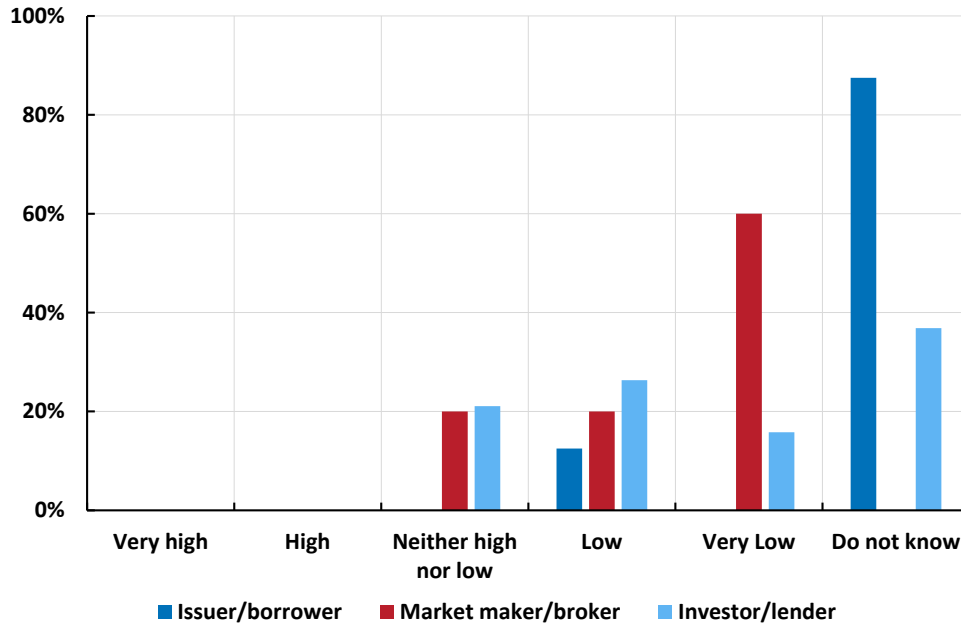
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

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

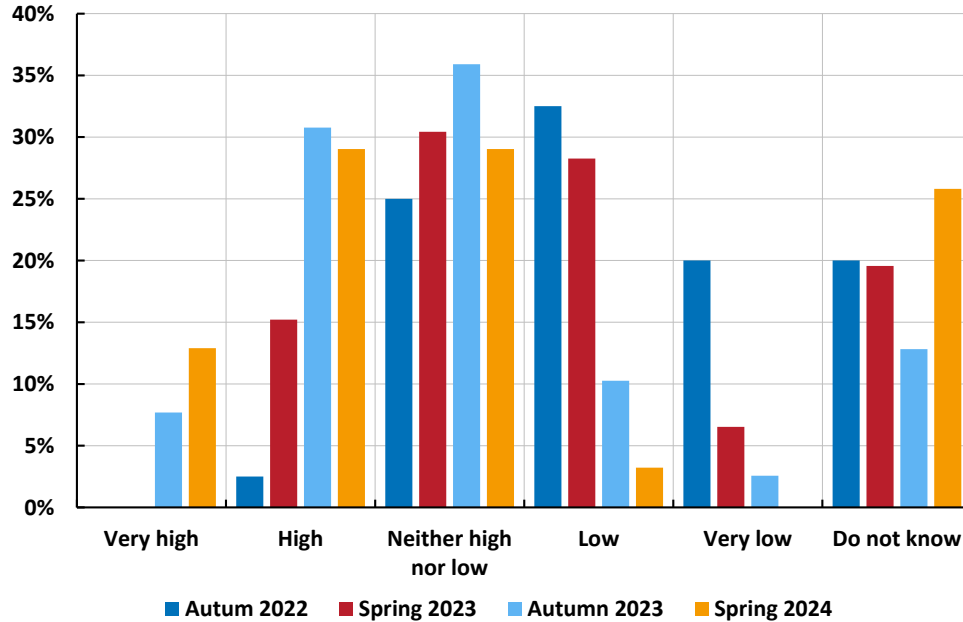
Percentage of responses for each category



Note: The total number of responses for spring 2024 was 31.

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

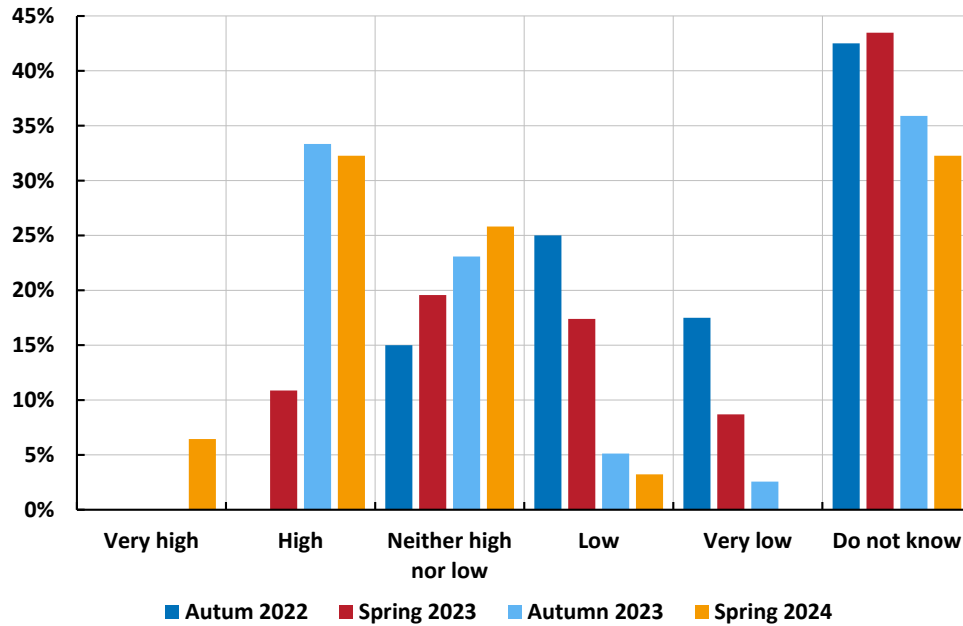
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

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

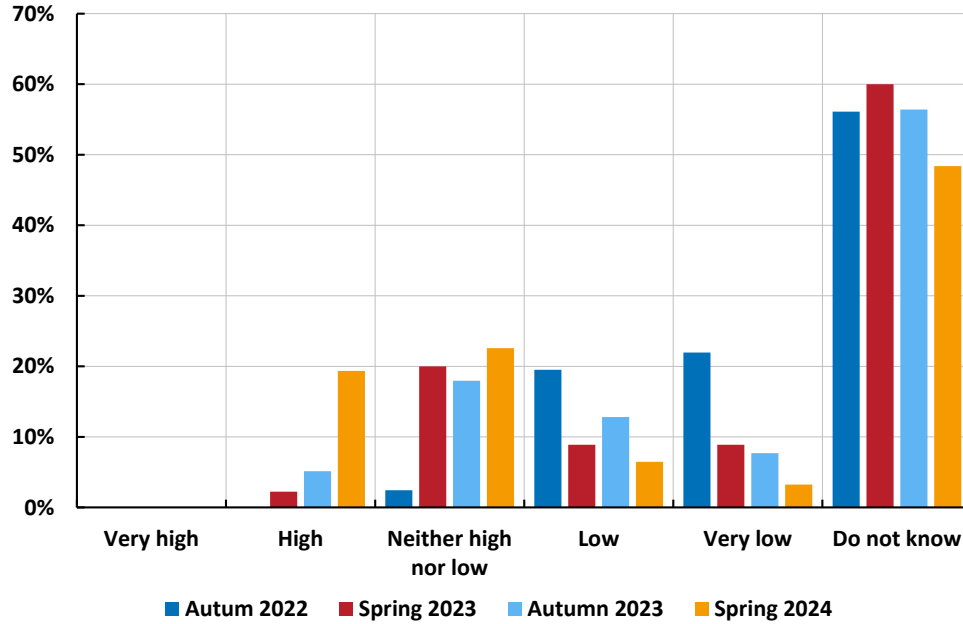
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

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

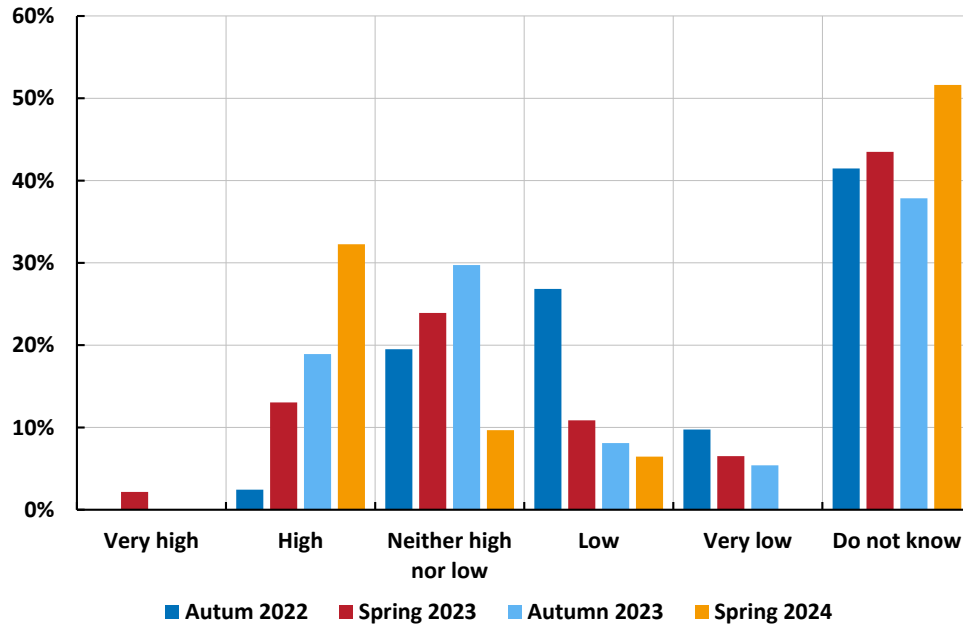
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

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

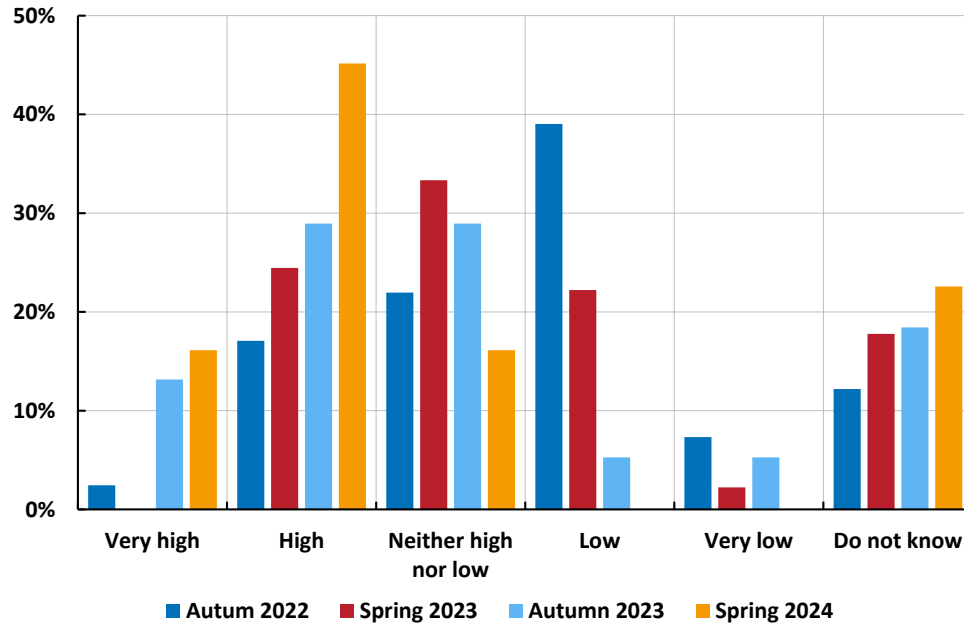
Percentage of responses



Note: The total number of responses for spring 2024 was 31.

**Chart 21. How do you currently assess market liquidity in the secondary market for interest rate swaps (SEK/SEK)**

Percentage of responses



Note: The total number of responses for spring 2024 was 31.





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