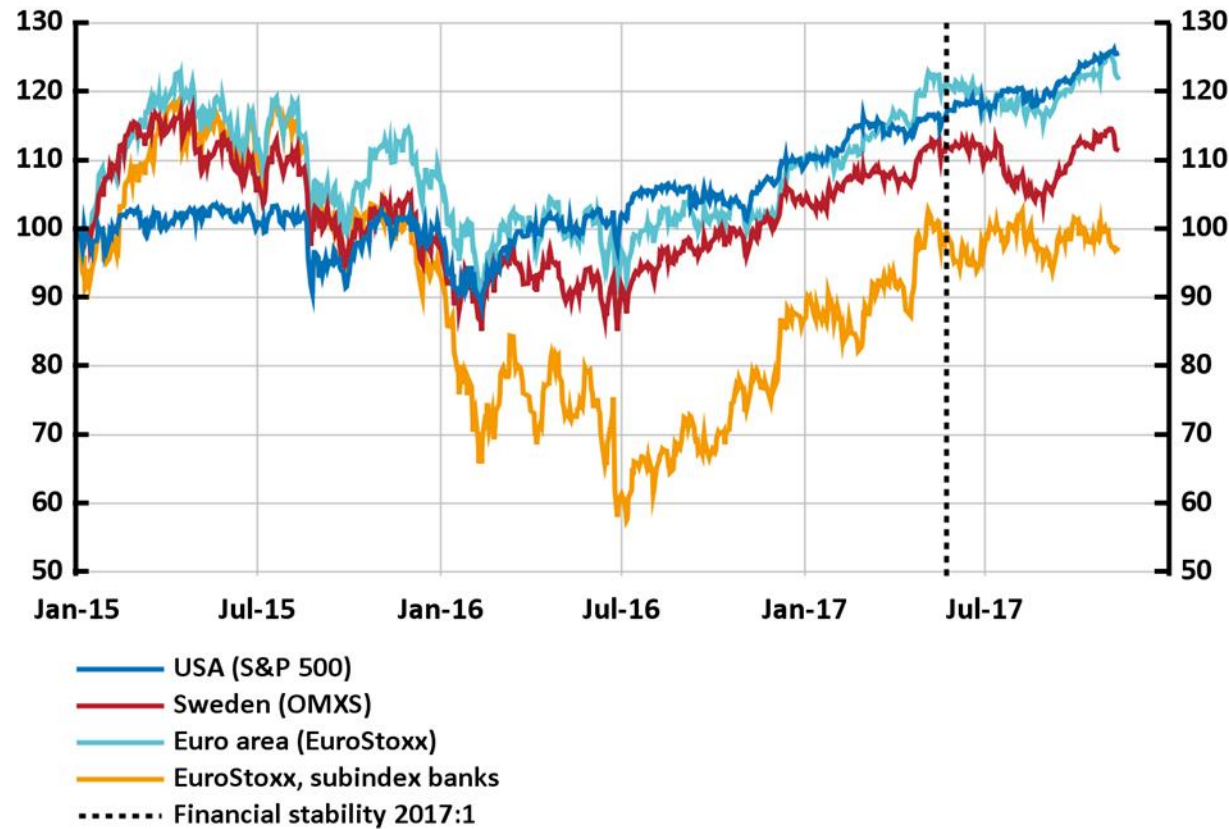# Financial Stability 2017:2

Chapter 1
The economic and financial situation

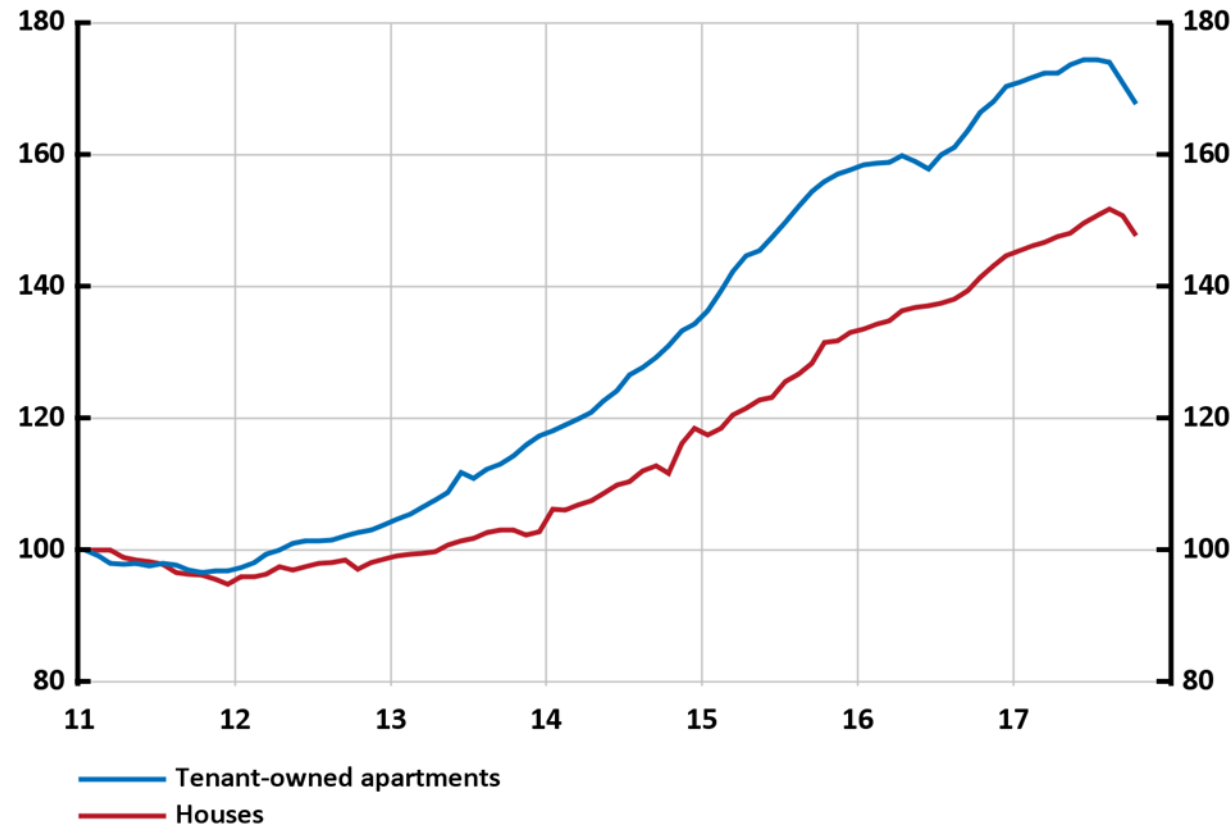SVERIGES RIKSBANK

1:1 Stock market movements

Index, 2 January 2015 = 100

Sources: Macrobond and Thomson Reuters

1:2 Price development on housing

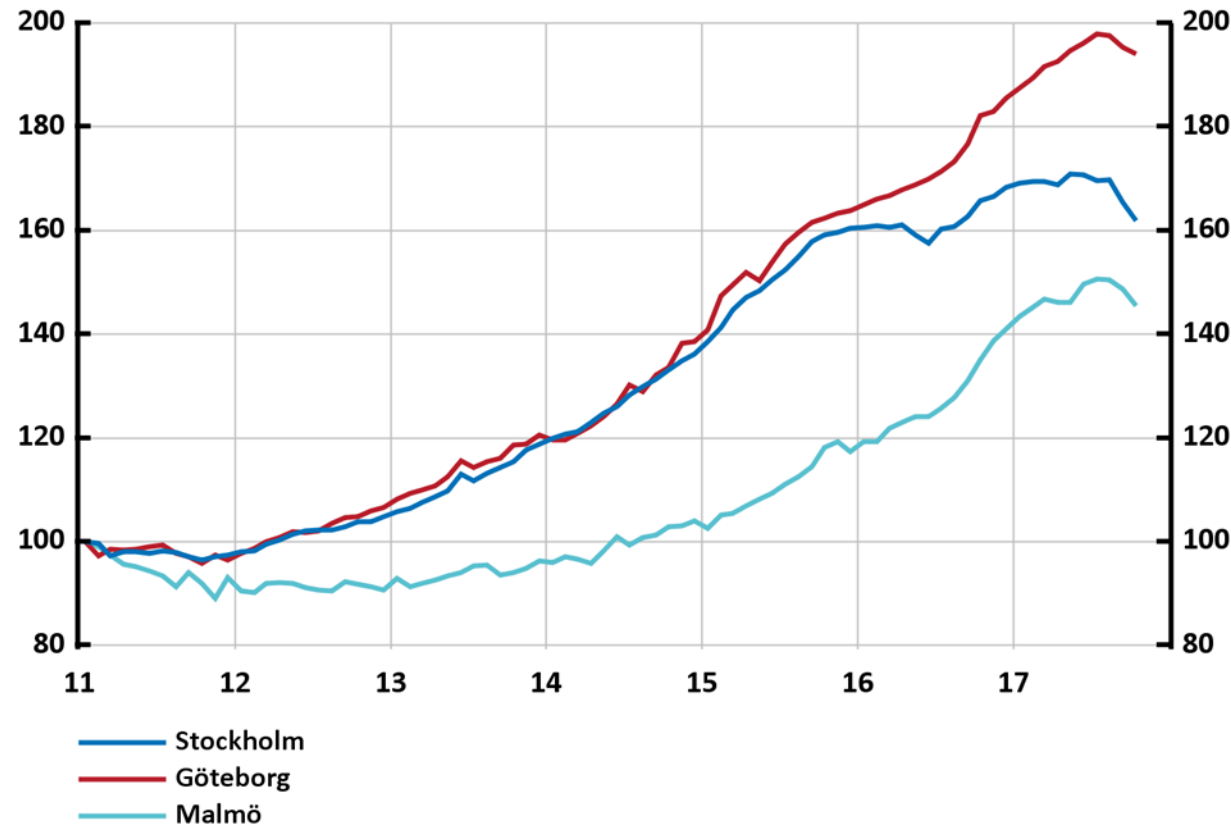Index, January 2011 = 100

Note. Housing prices are seasonally-adjusted.

Sources: Valueguard and the Riksbank

1:3 Price development on tenant-owned apartments
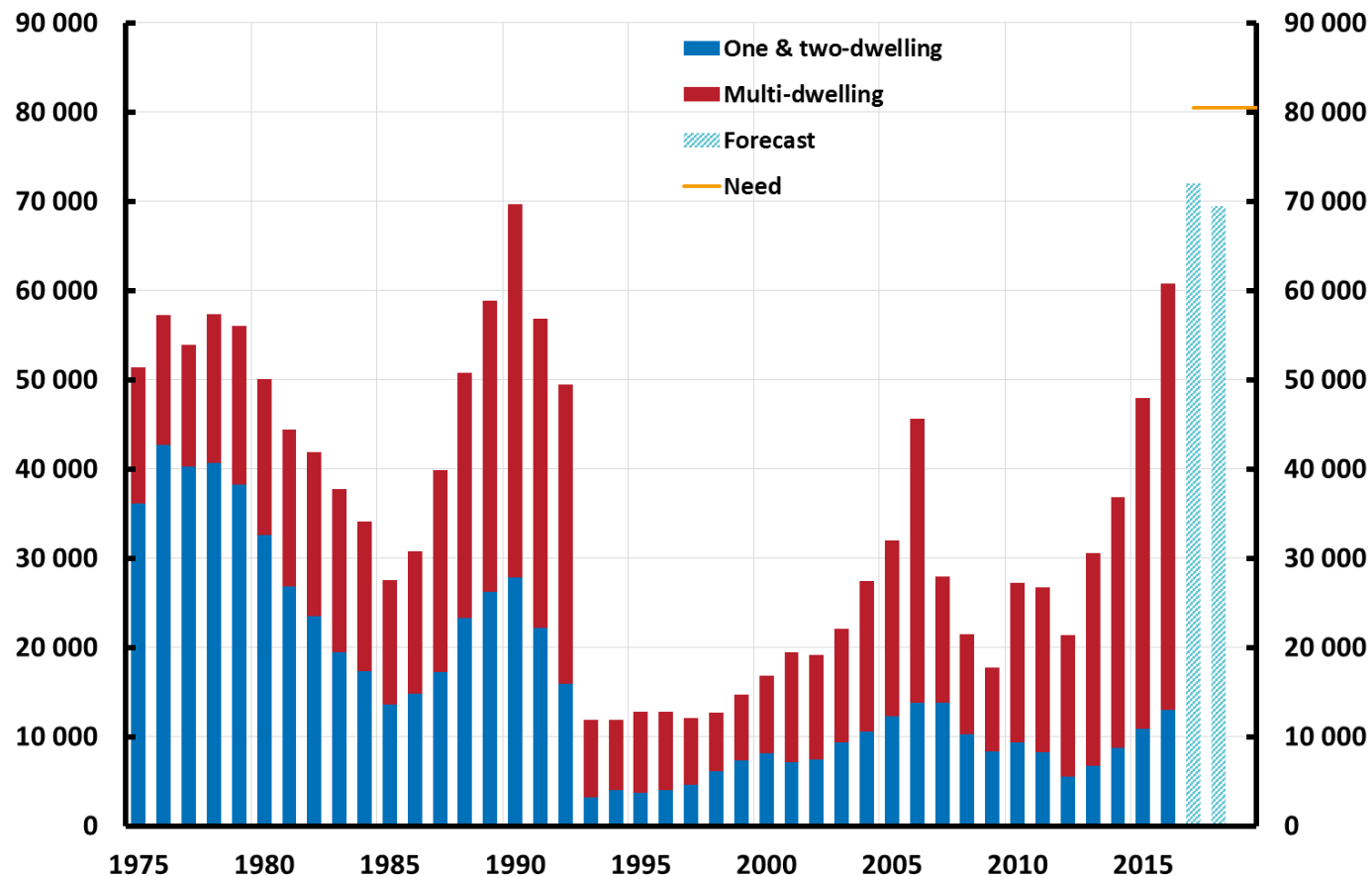
Index, January 2011 = 100

Note. Housing prices are seasonally adjusted. The chart shows indexed series from 2011, and does not capture that the price level in Stockholm is higher than in the other cities.

Sources: Valueguard and the Riksbank

1:4 Housing starts

Units

Note. Need refers to the Swedish National Board of Housing, Building and Planning's construction need forecast. The striped bars are forecasts from the Swedish National Board of Housing, Building and Planning's indicator of housing construction from November. The figures represent new construction excluding conversions and have been adjusted for the time delay in reporting.

Sources: National Board of Housing, Building and Planning and Statistics Sweden

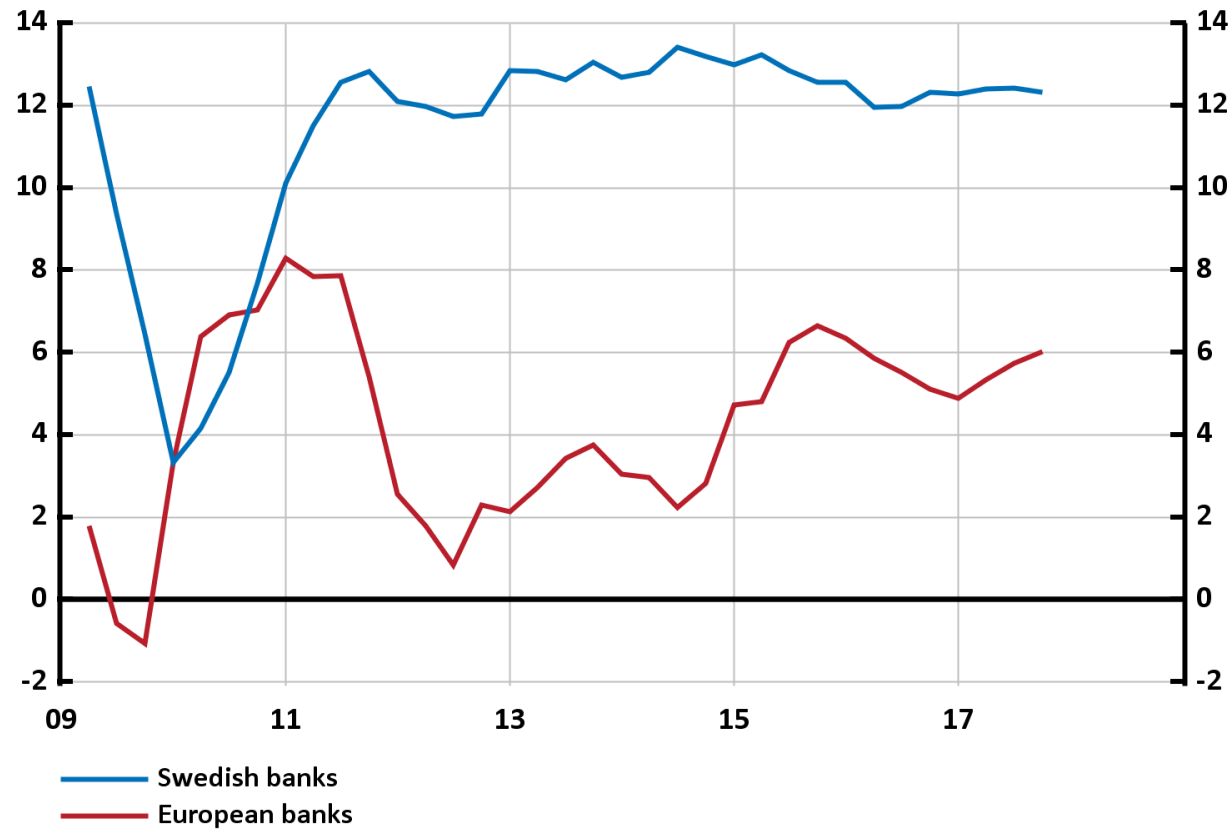# 1:5 Loans to households and non-financial companies in Sweden

Annual percentage change
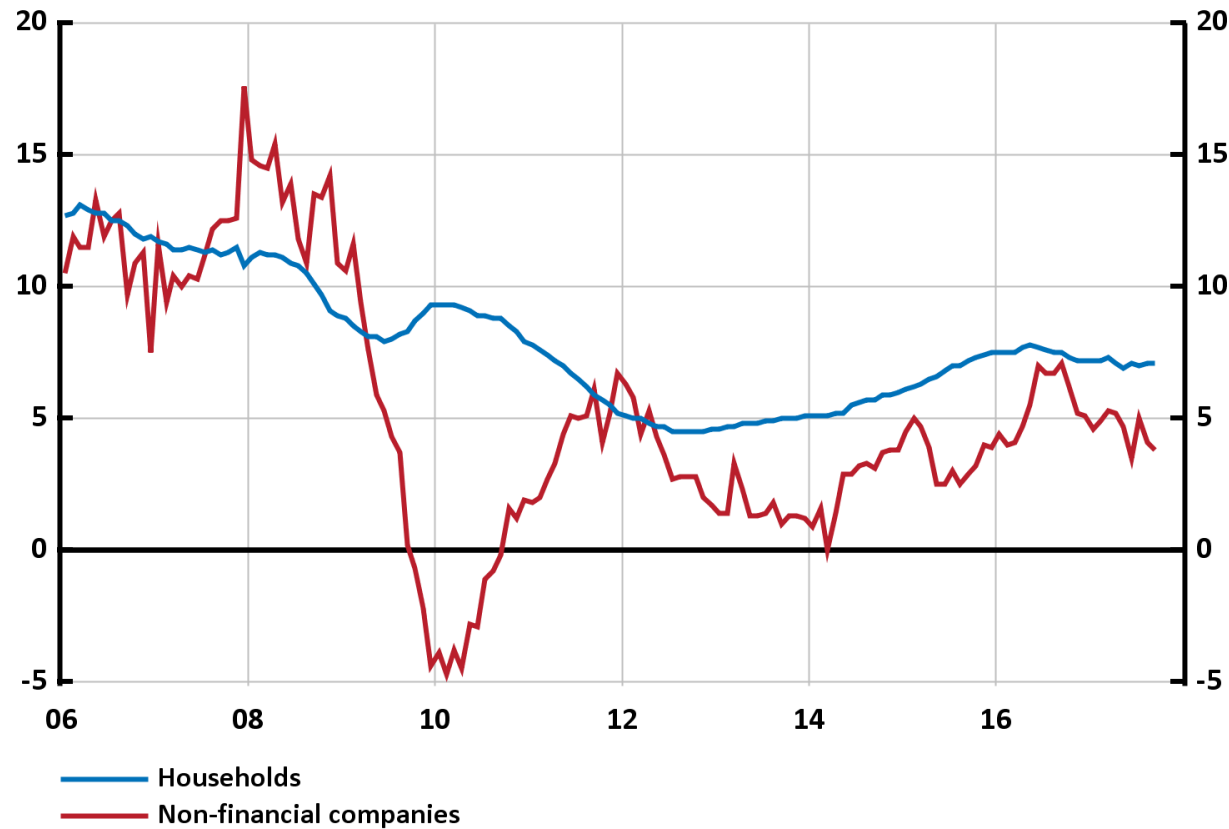
Note. Refers to loans from monetary financial institutions (MFIs).

Source: Statistics Sweden

1:6 Return on equity
Rolling four quarters, per cent

Swedish banks
European banks

Note. Unweighted average.

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FinancialStability 2017:2
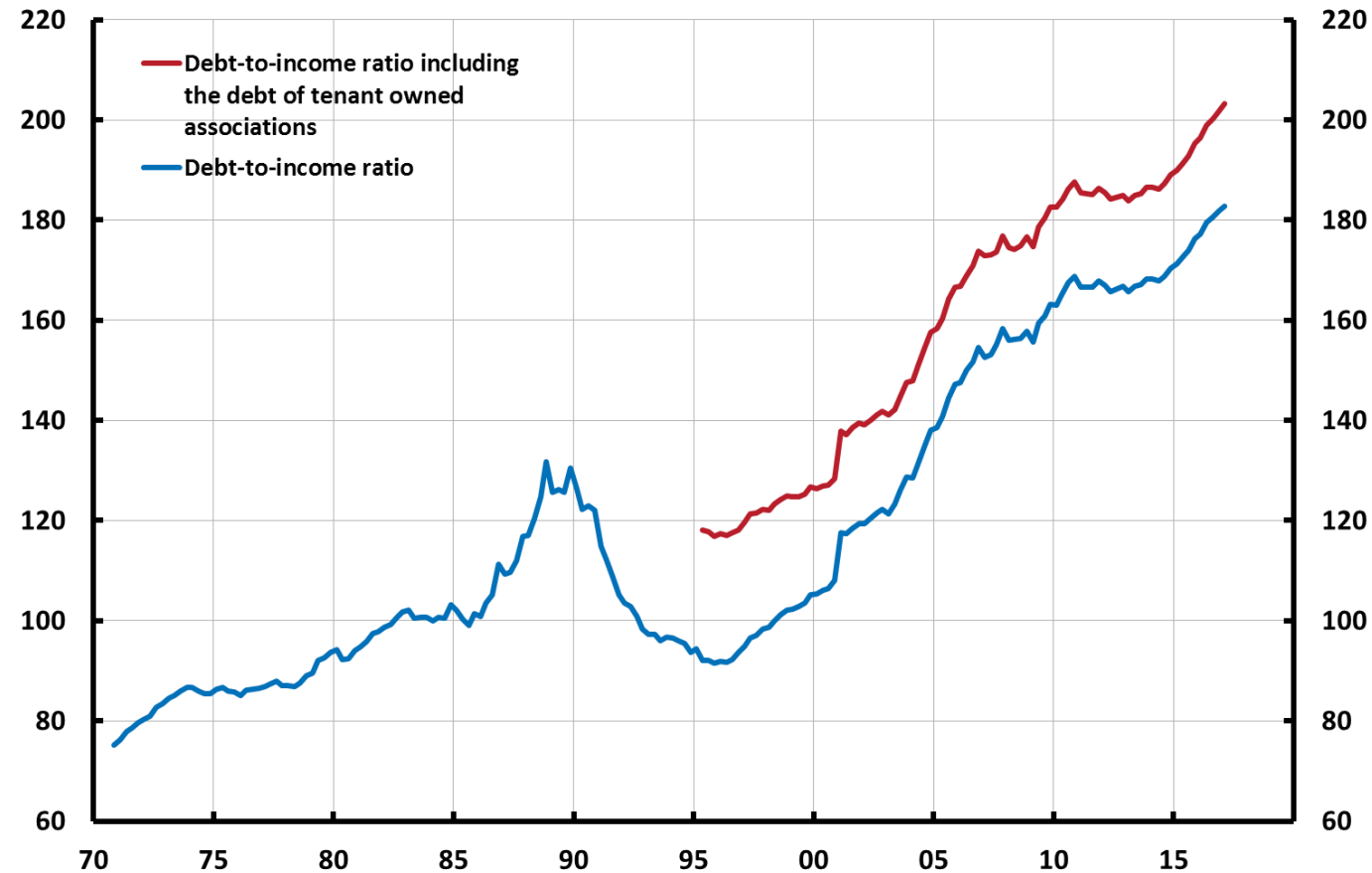
Chapter 2
Vulnerabilities and risks in the financial system

SVERIGES RIKSBANK

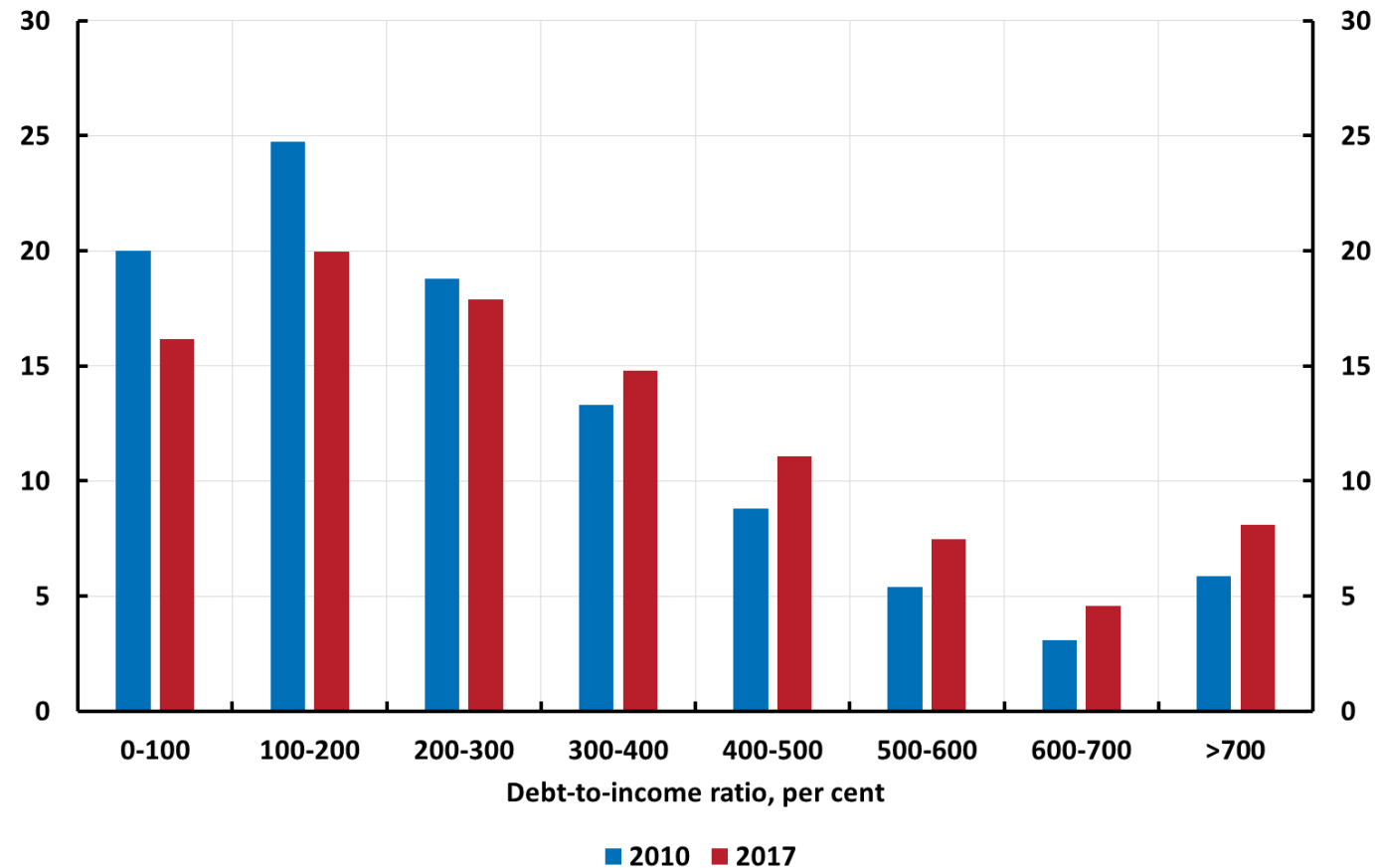# 2:1 Households' debt-to-income ratio in Sweden

Per cent of disposable income

Sources: Statistics Sweden and the Riksbank

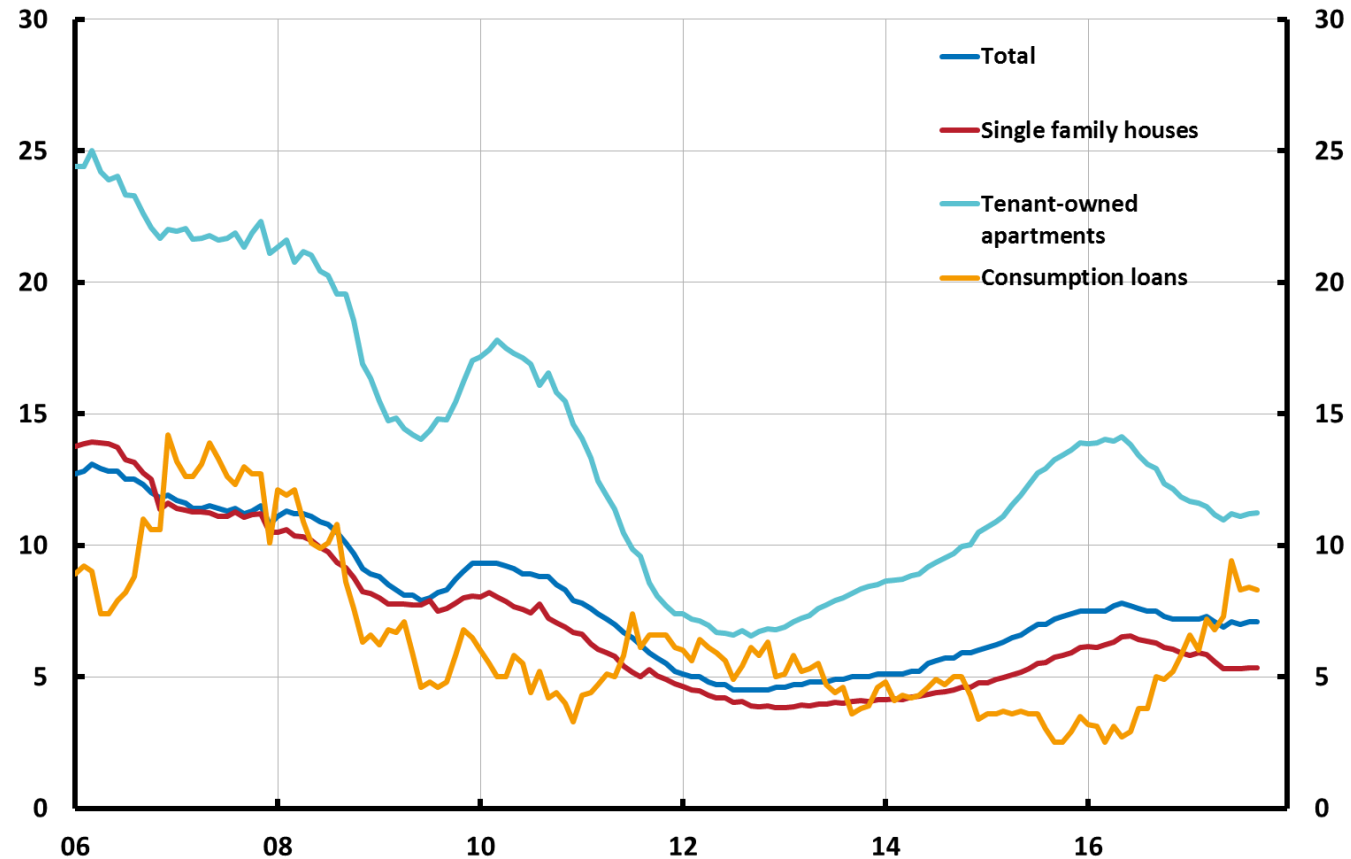# 2:2 Distribution of households' debt-to-income ratio

Per cent of households with mortgages

Debt-to-income ratio, per cent

■ 2010   ■ 2017

Source: The Riksbank

2:3 Household loans, broken down by collateral

Annual percentual change

Legend:
- Total
- Single family houses
- Tenant-owned apartments
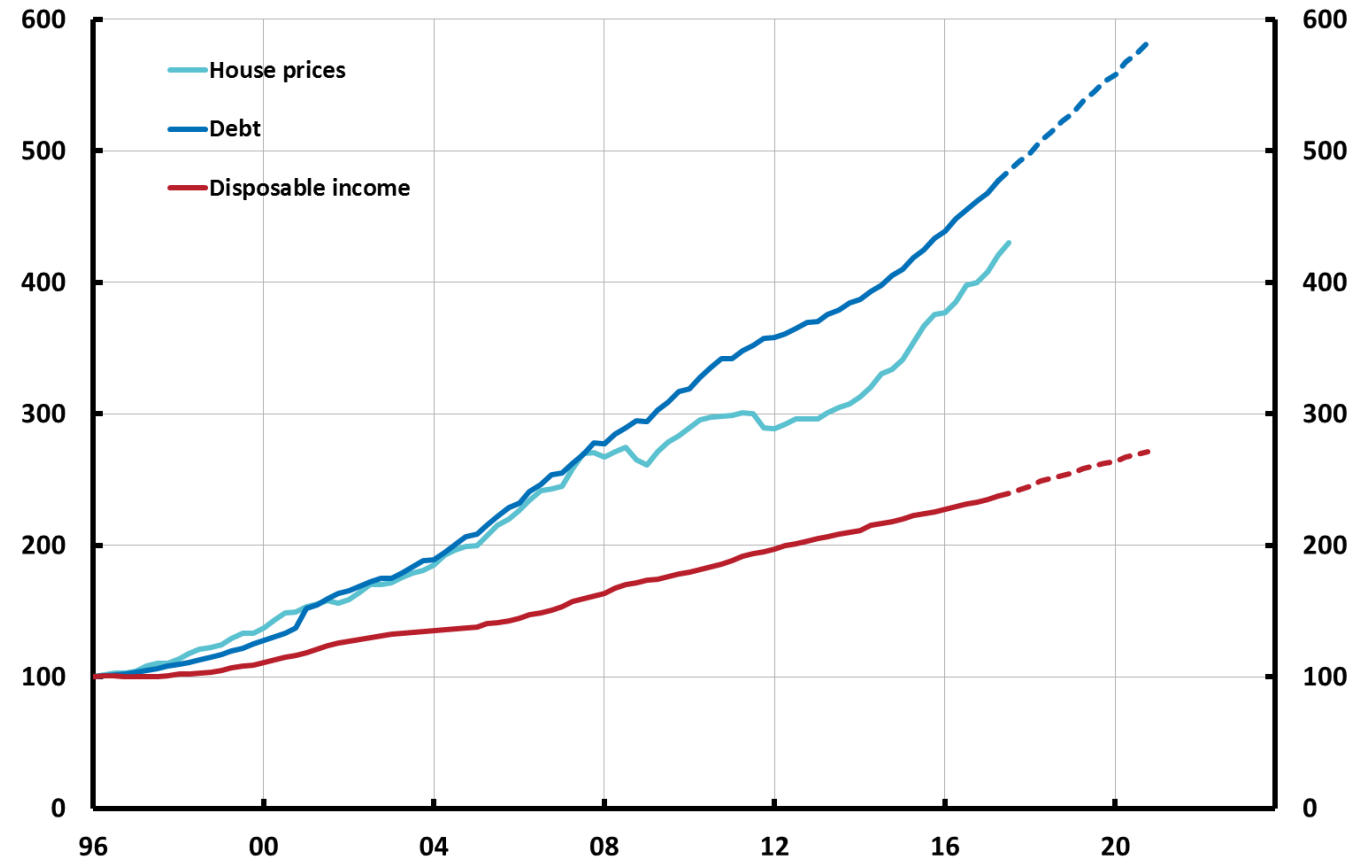- Consumption loans

Note. Annual growth rate for total household lending and consumer loans have been adjusted for reclassification and bought and sold loans.

Sources: Statistics Sweden and the Riksbank

2:4 Disposable income, housing prices and debt
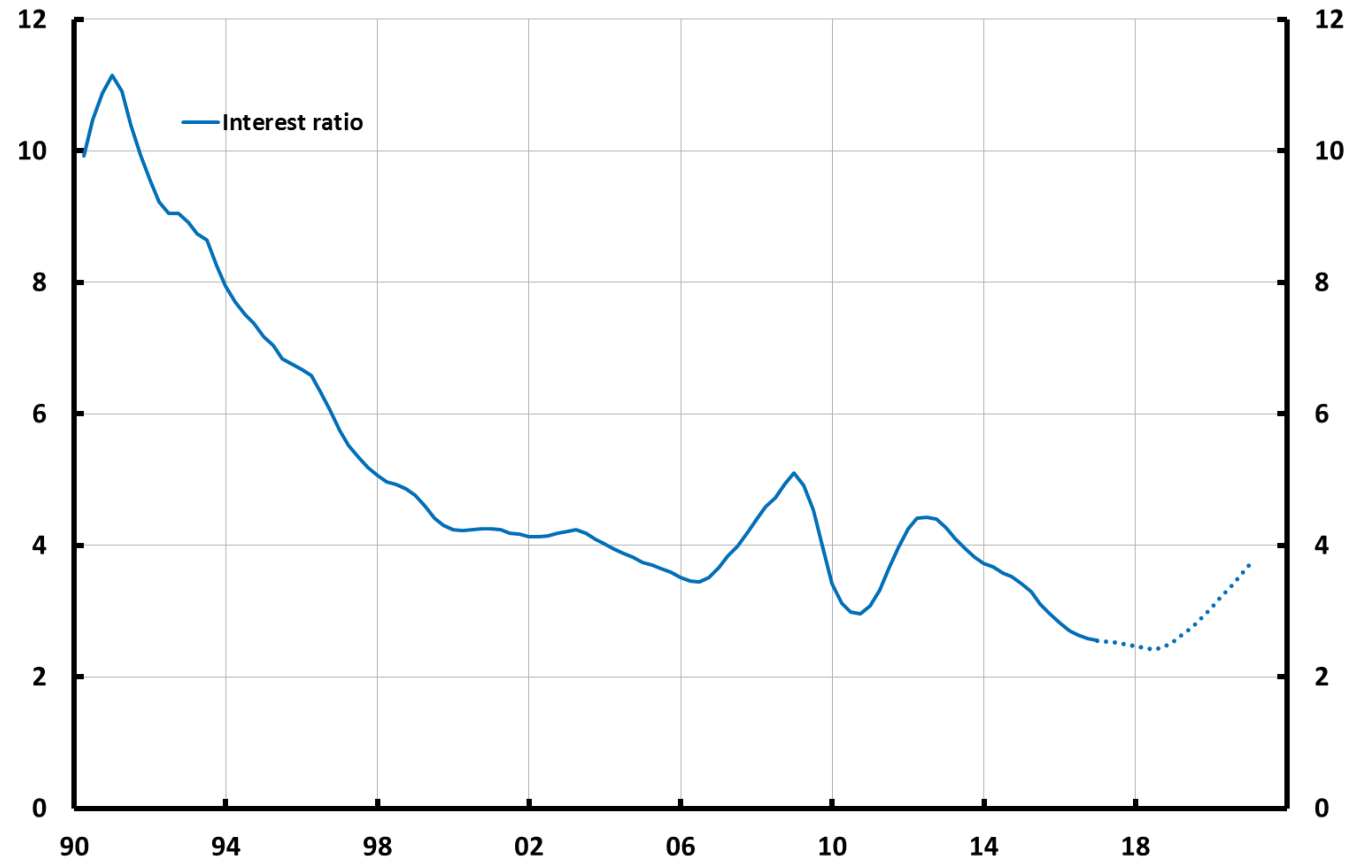
Index, 1996 Q1 = 100

Note. Disposable income refers to quarterly data, four-quarter moving average. House prices refer property price index. The dashed lines represent the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank

2:5 The Swedish households' interest-to-income ratio

Per cent, interest expenditure as a percentage of disposable income
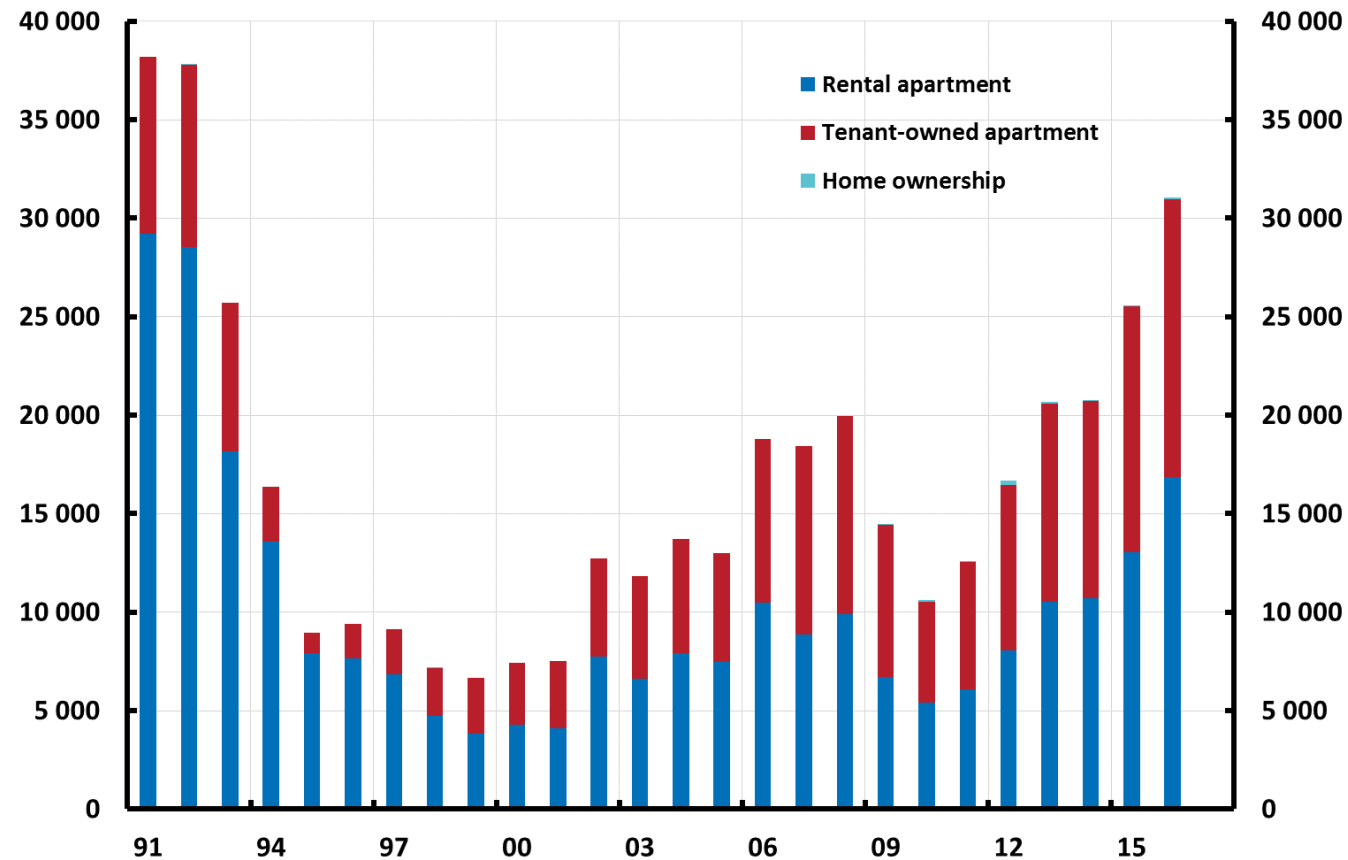

Note. Interest expenditures are adjusted for tax relief. The dashed line represents the Riksbank's forecast.

Sources: Statistics Sweden and the Riksbank

2:6 Completed apartments, broken down by form of tenure

Units

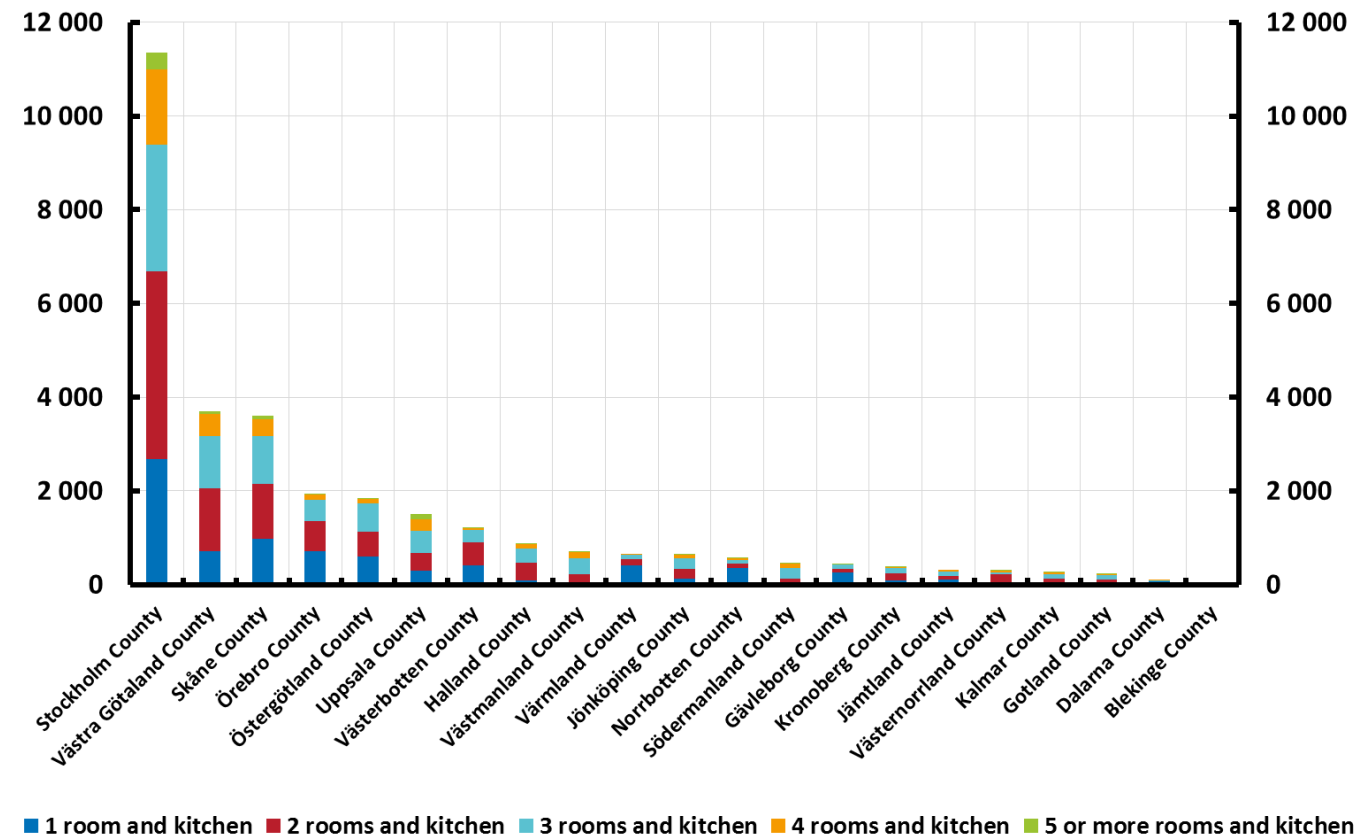Source: Statistics Sweden

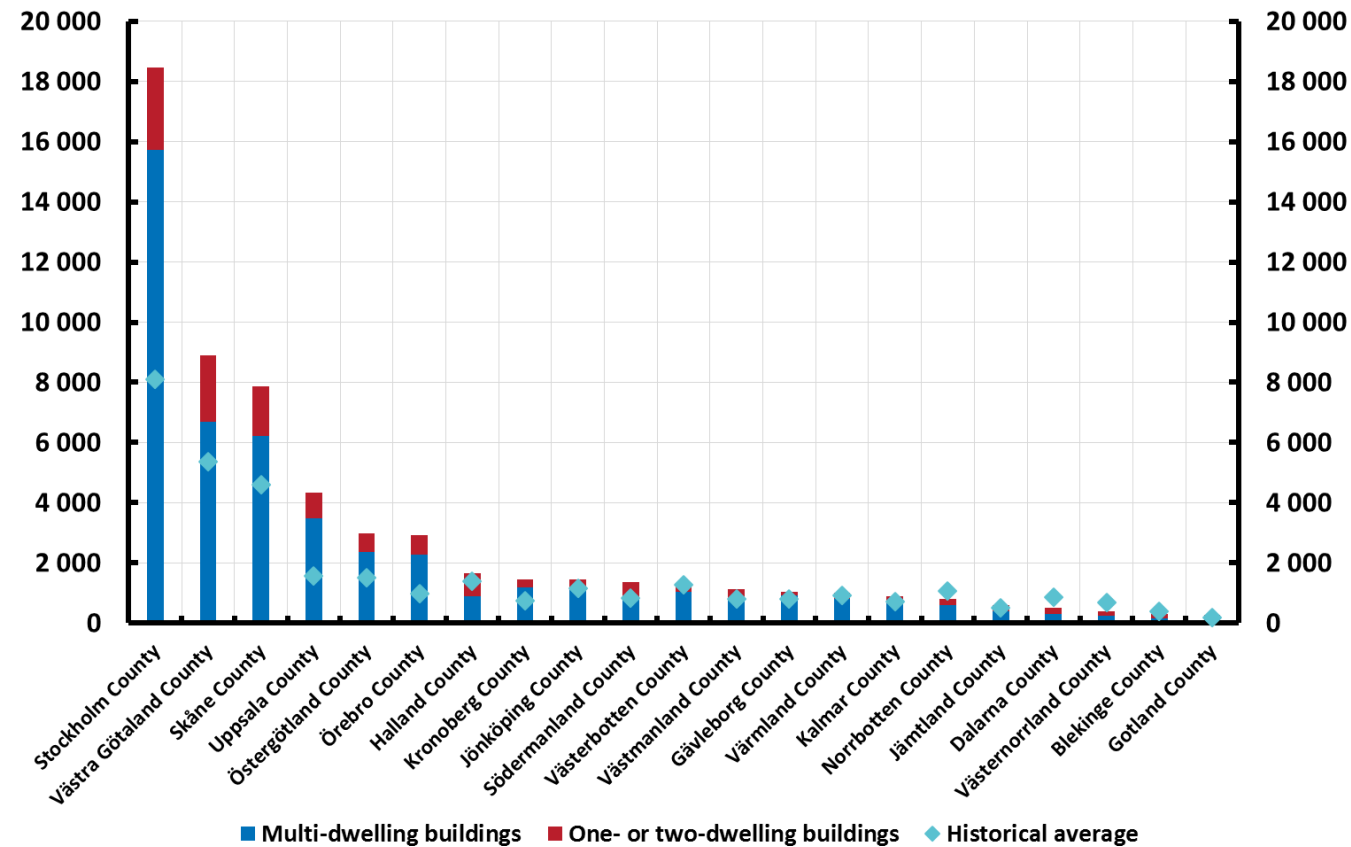# 2:7 Completed apartments per county in 2016

Units

Legend: 1 room and kitchen ■ 2 rooms and kitchen ■ 3 rooms and kitchen ■ 4 rooms and kitchen ■ 5 or more rooms and kitchen

Sources: Statistics Sweden and the Riksbank

2:8 Housing starts per county in 2016

Units

■ Multi-dwelling buildings ■ One- or two-dwelling buildings ◆ Historical average

Note. The figures have not been adjusted for the time delay in reporting. The historical average is calculated for 1975-2016 and refers to both apartment blocks and single-family houses.

Sources: Statistics Sweden and the Riksbank

2:9 Loans with property as collateral and the Swedish major banks' risk weights
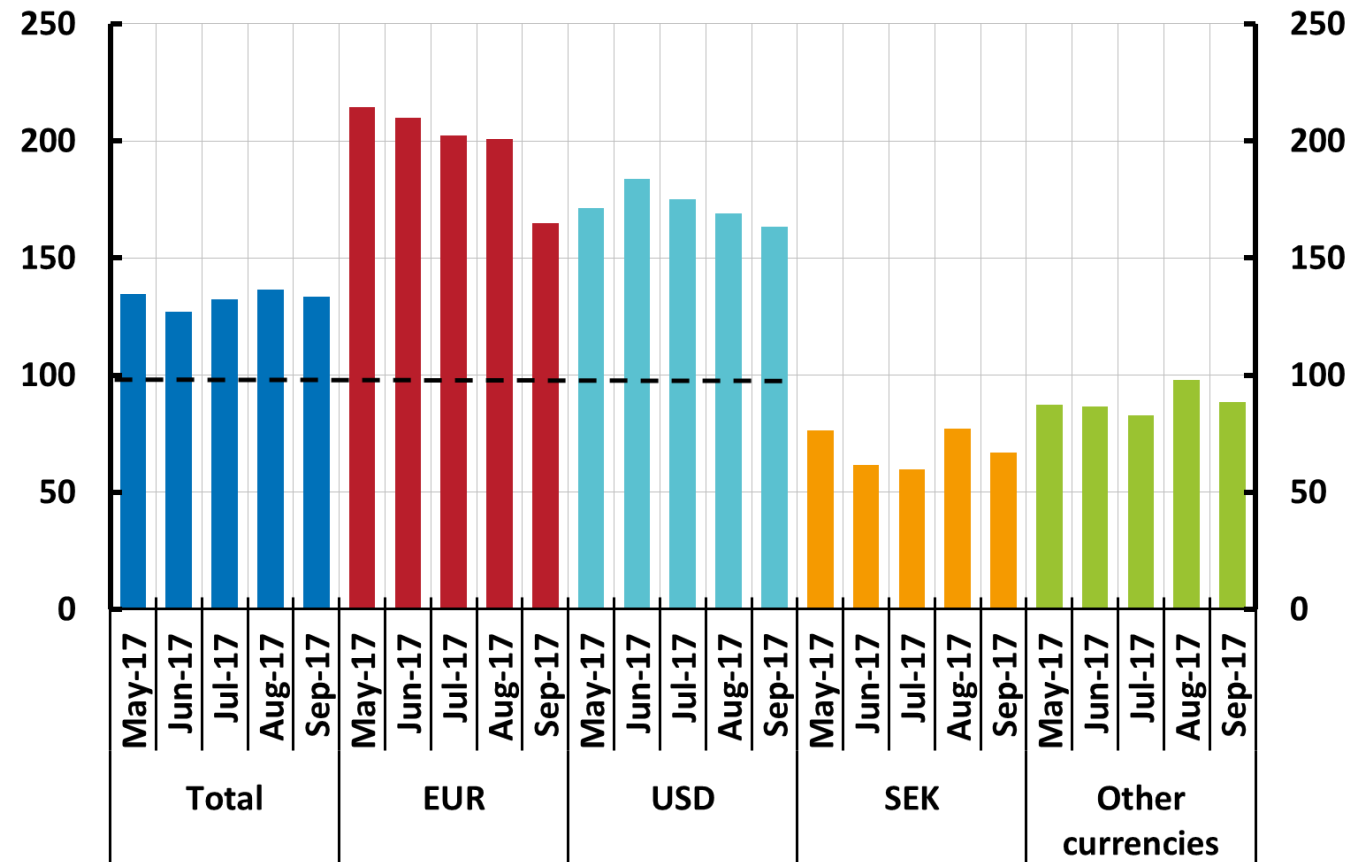
SEK Billion, per cent
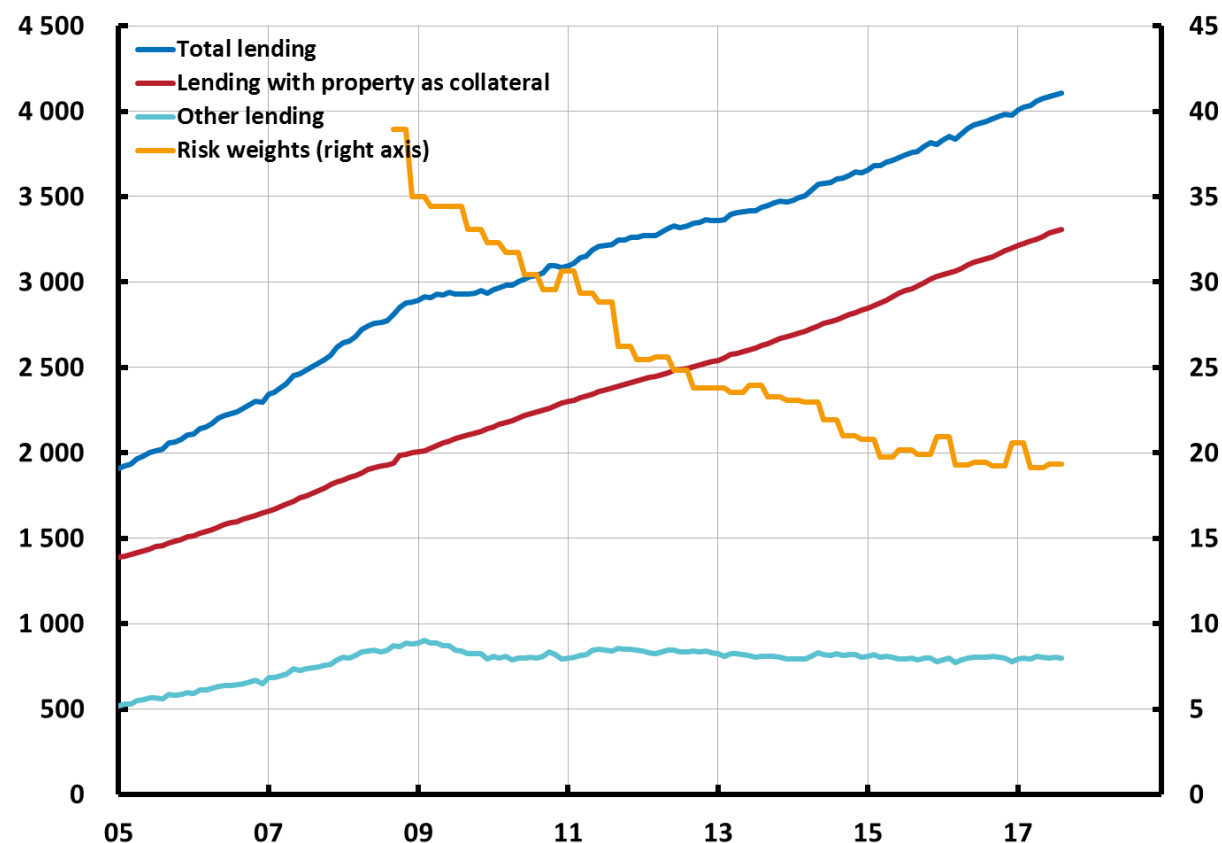
Note. Refers to the major banks' average risk weights (the risk-weight floor of 25 per cent, introduced by FI for Swedish mortgages, are excluded, as other measures within Pillar 2).

Sources: The banks' interim reports Statistics Sweden

2:10 The Swedish major banks' LCR in different currencies
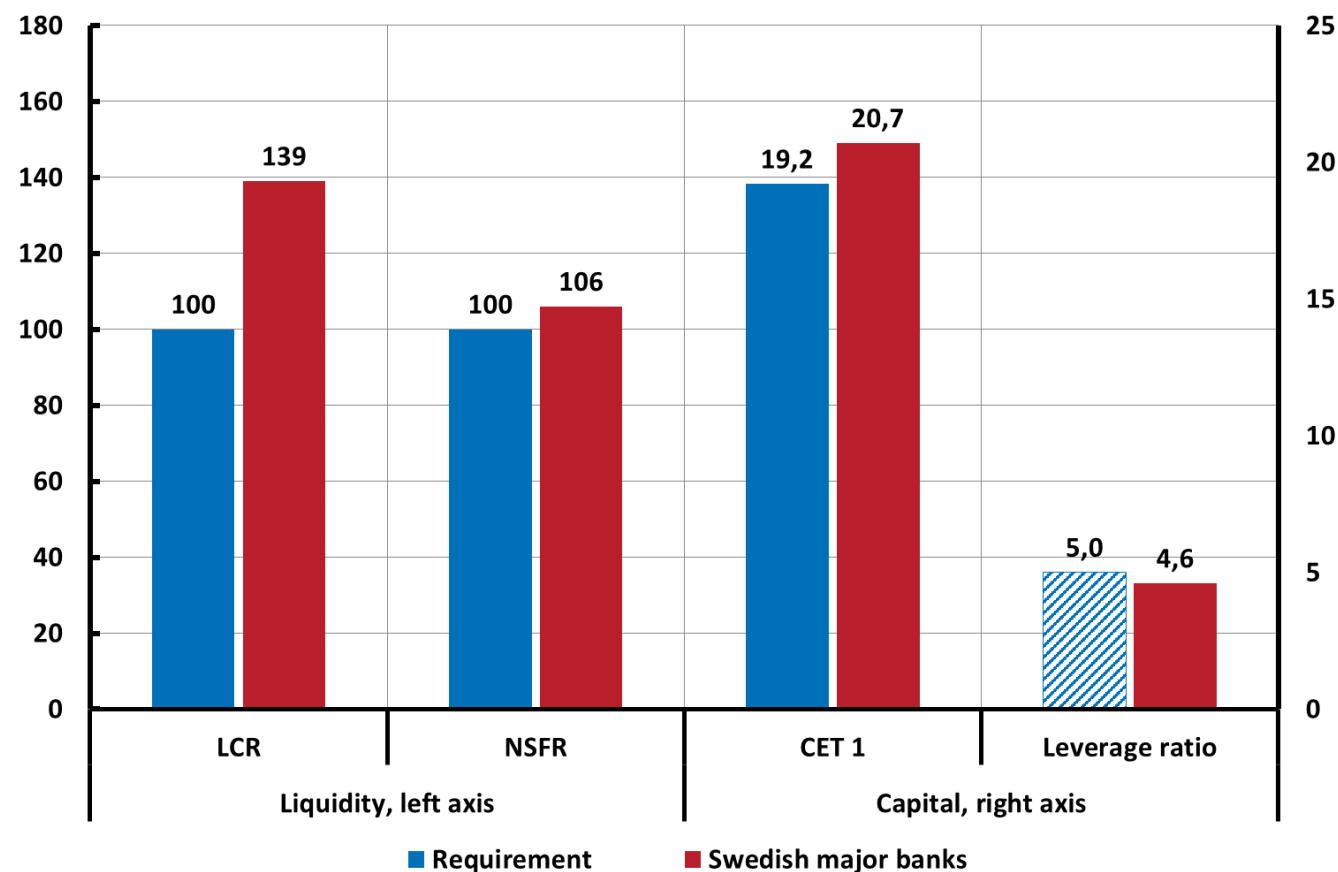
Per cent

Note. Refers to a weighted average. The broken line refers to the level of FI's LCR requirement for all currencies in total, for euros and US dollars.

Source: Finansinspektionen

2:11 The four Basel measurements
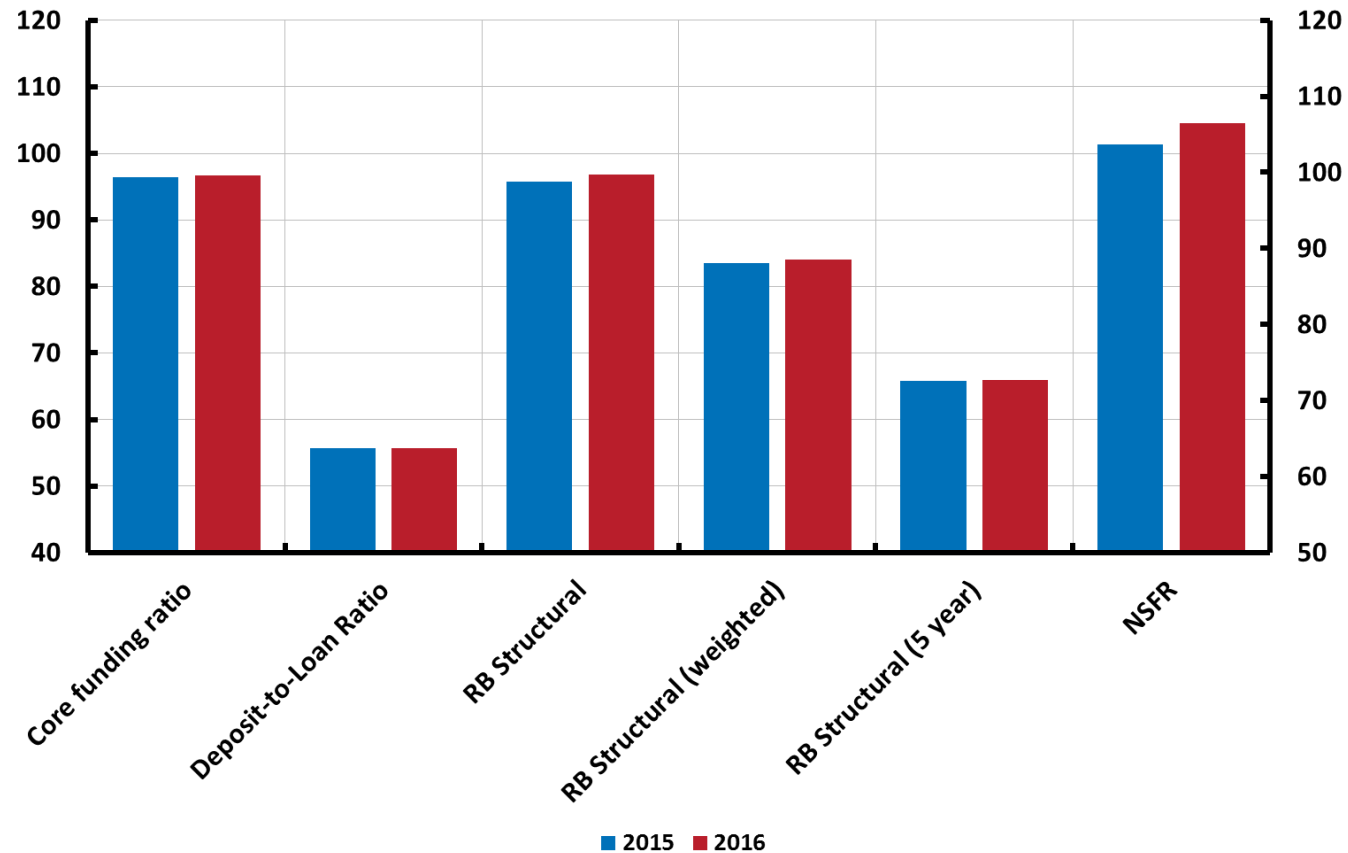
Per cent, September 2017

Note. Minimum leverage ratio is yet to be determined, the chart therefore shows the level that the Riksbank recommends. CET 1 is an abbreviation for Common Equity Tier 1. The minimum requirement for the CET 1 ratio as well as the actual CET1 is calculated as weighted averages. CET1 and the requirement refers to Q2 2017.

Sources: Bank reports, BIS and the Riksbank
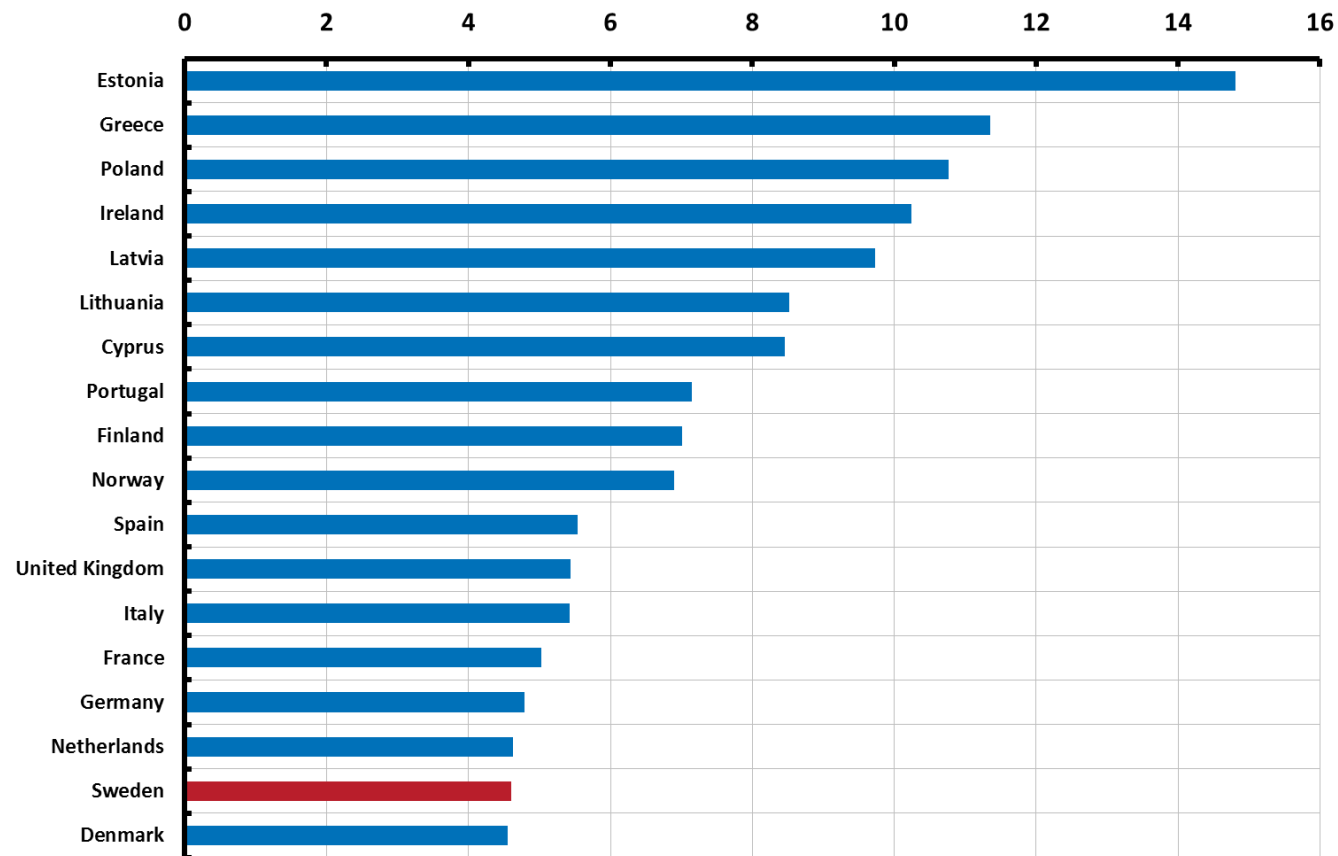
2:12 Different measurements of liquidity

Ratio

Legend: ■ 2015 ■ 2016

2:13 The leverage ratio in various countries
Per cent, June 2017

Note. Refers to a weighted average per country
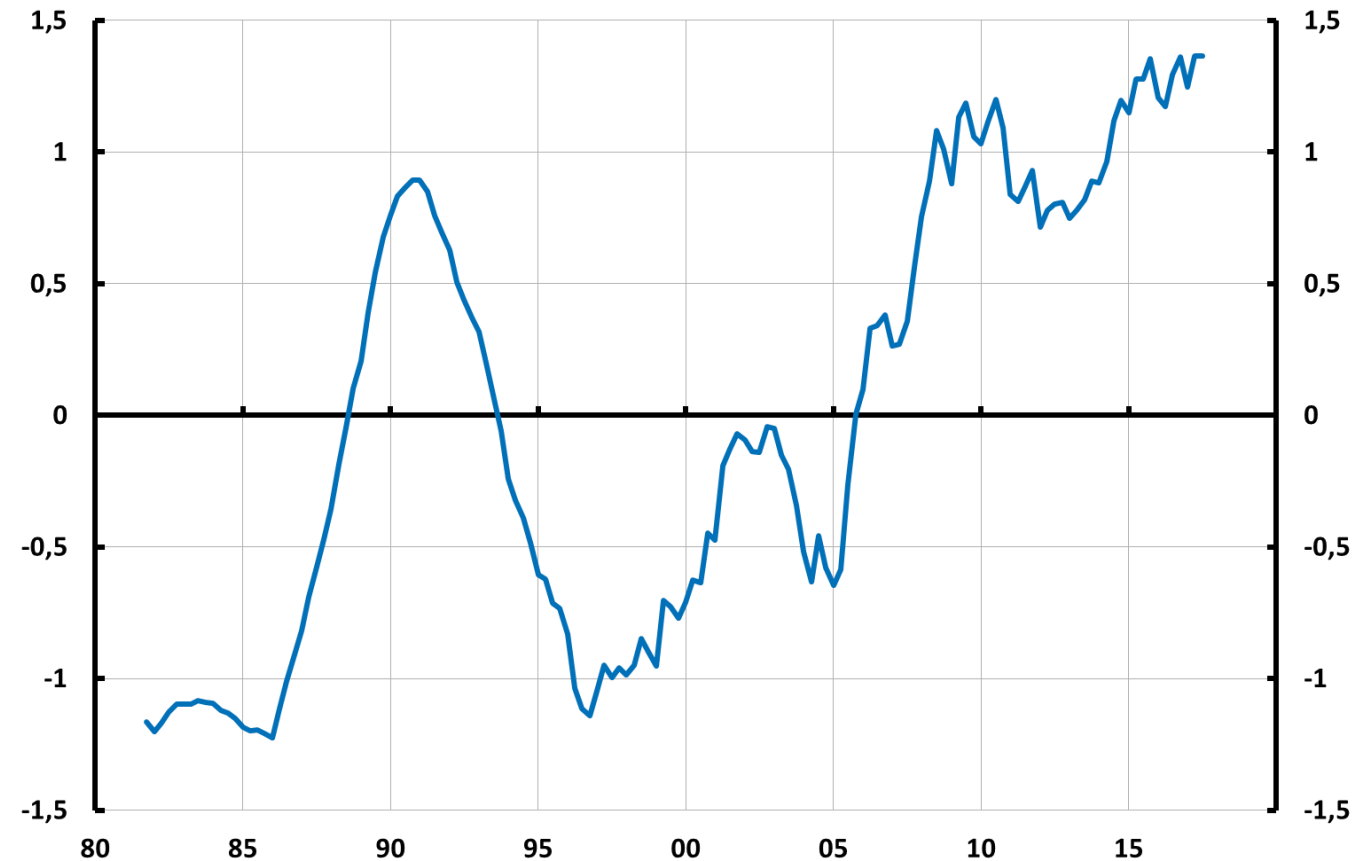
Source: European Banking Authority (EBA)

# 2:14 Indicator of financial vulnerability

Index

Note. The indicator is based on underlying indicators calculated as a deviation from trend in the banks' lending to households and companies in relation to GDP, real housing prices and non-stable in relation to stable funding of bank lending.

Sources: Statistic Sweden and the Riksbank

2:15 Indebtedness in Sweden

Per cent of GDP
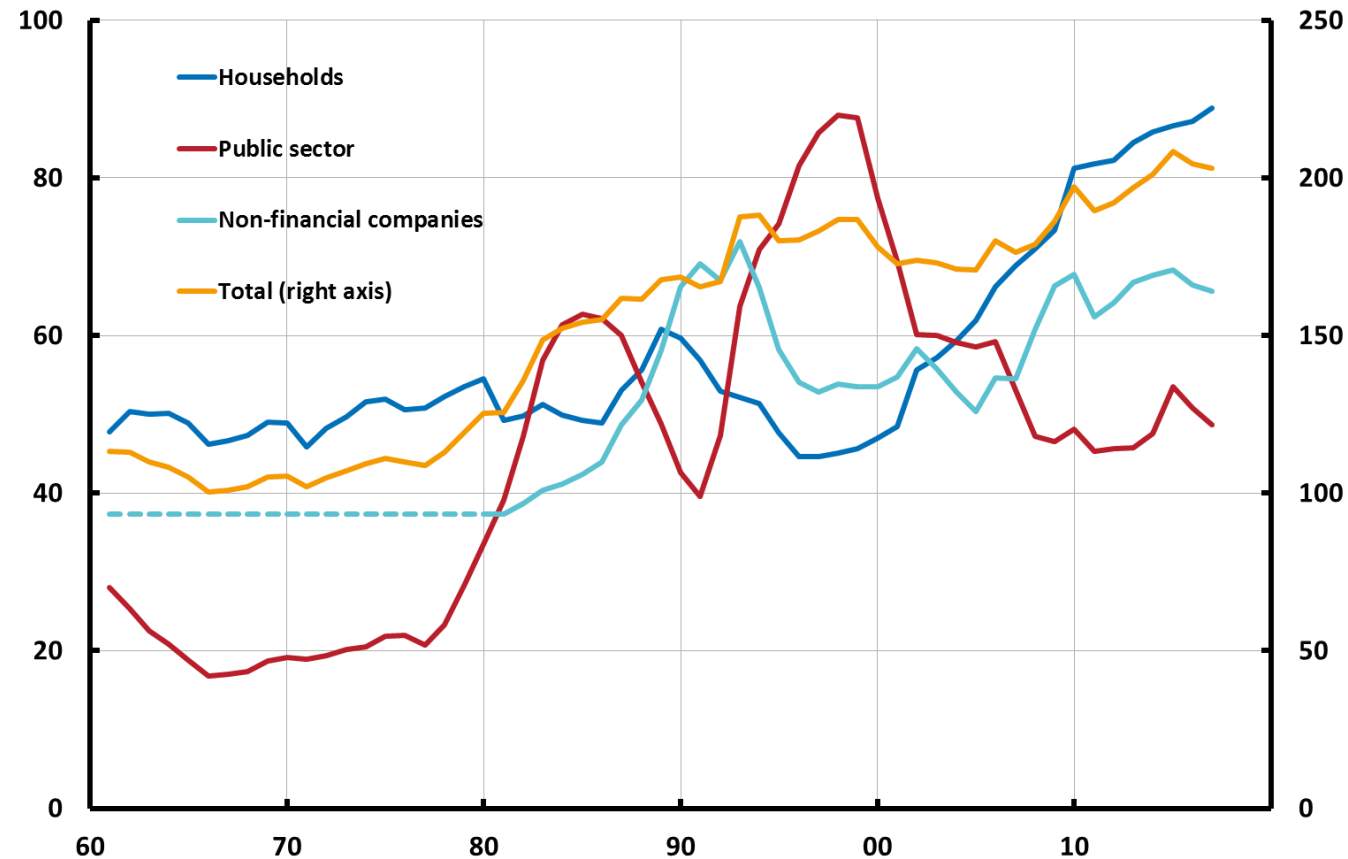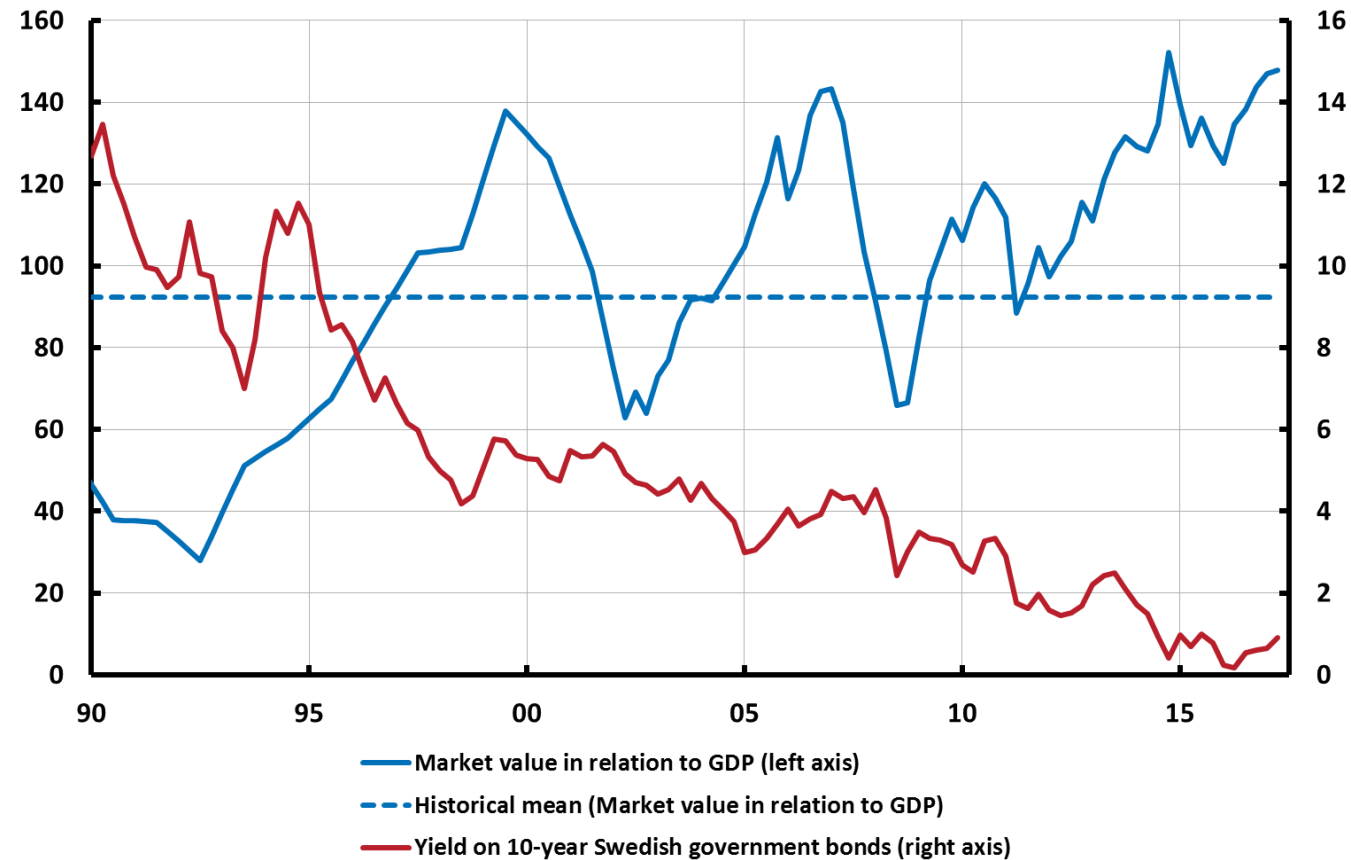

Note. Public debt includes both the central government and local government debts. Corporate debt prior to 1980 is locked at the 1980 level due to lack of data. Corporate debts include market borrowing but not intra-group loans.

Source: Swedish National Wealth Database, Waldenström, Daniel (2016). "The National Wealth of Sweden, 1810-2014." Scandinavian Economic History Review 64(1): 36-54

2:16 Stock market value in relation to GDP, Sweden

Per cent

— Market value in relation to GDP (left axis)

- - - Historical mean (Market value in relation to GDP)

— Yield on 10-year Swedish government bonds (right axis)

Note. Market valuation refers to the total stock value for the assets included in the index for all listed shares on the Stockholm stock exchange (SAX-index). Annual data for market value till 2002, thereafter quarterly data. Data refers to the end of each period.

Sources: Bloomberg, Statistic Sweden, the World Bank and the Riksbank

2:17 Insurance companies' assets
Per cent of total assets Source: Statistic Sweden

- Deposits (3%)
- Bonds and certificates (38%)
- Equities (47%)
- Loans (3%)
- Real estate (5%)
- Other (4%)
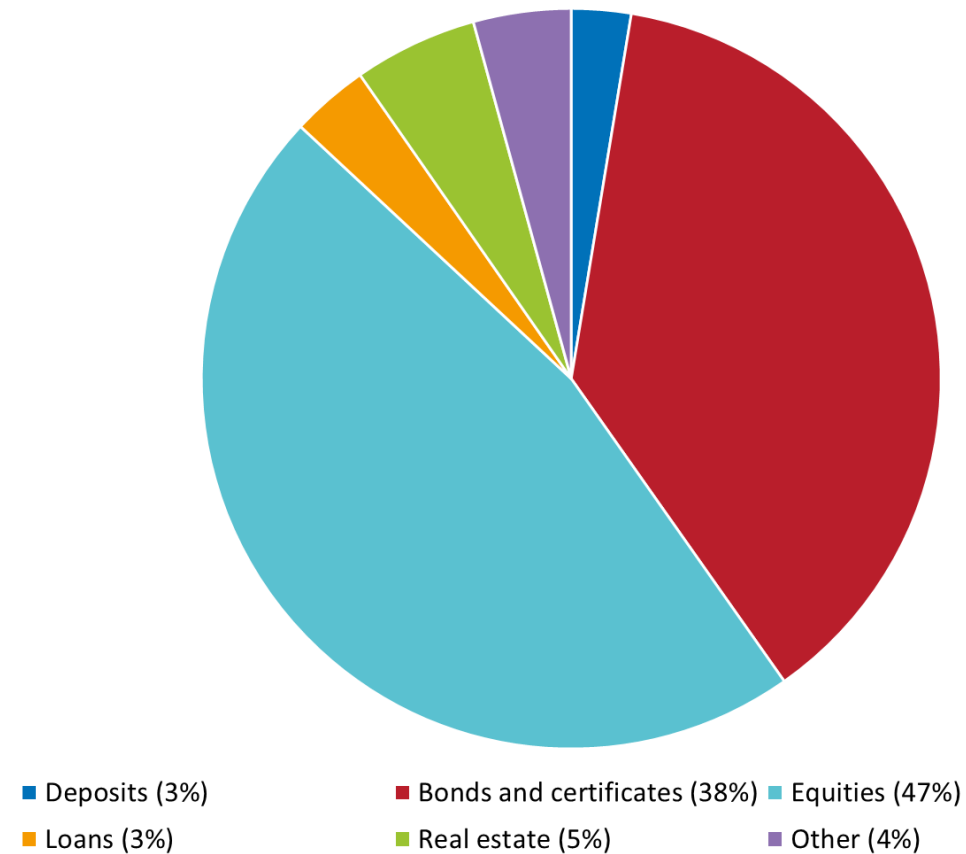
Note. The percentage of equities in life insurance companies excludes
wholly-owned real estate companies and unit-linked insurance assets.
Data refers to 2017 Q2.

Source: Statistic Sweden

2:18 Implied equity volatility measured as VIX and economic policy uncertainty

Index

Economic-political uncertainty within EU ——— VIX (right axis)
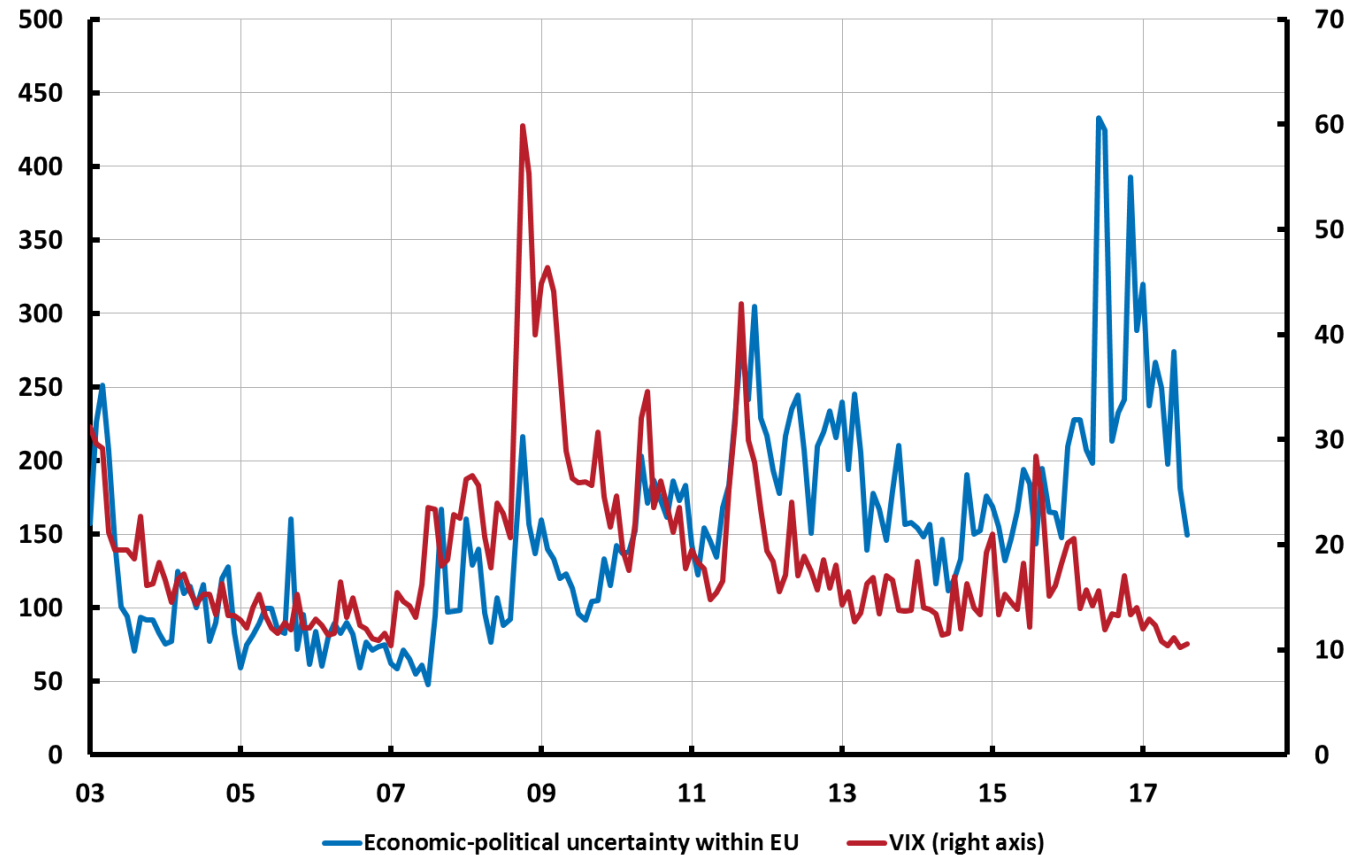
Note. The Baker, Bloom and Davis index of economic policy uncertainty in Europe is based on the number of times that the ten largest newspapers in the five largest economies in the EU refer to policy uncertainty. The index is constructed so that the long-term mean value is 100.

Sources: Bloomberg

2:19 Non-performing loans at European banks

Per cent, share of total lending
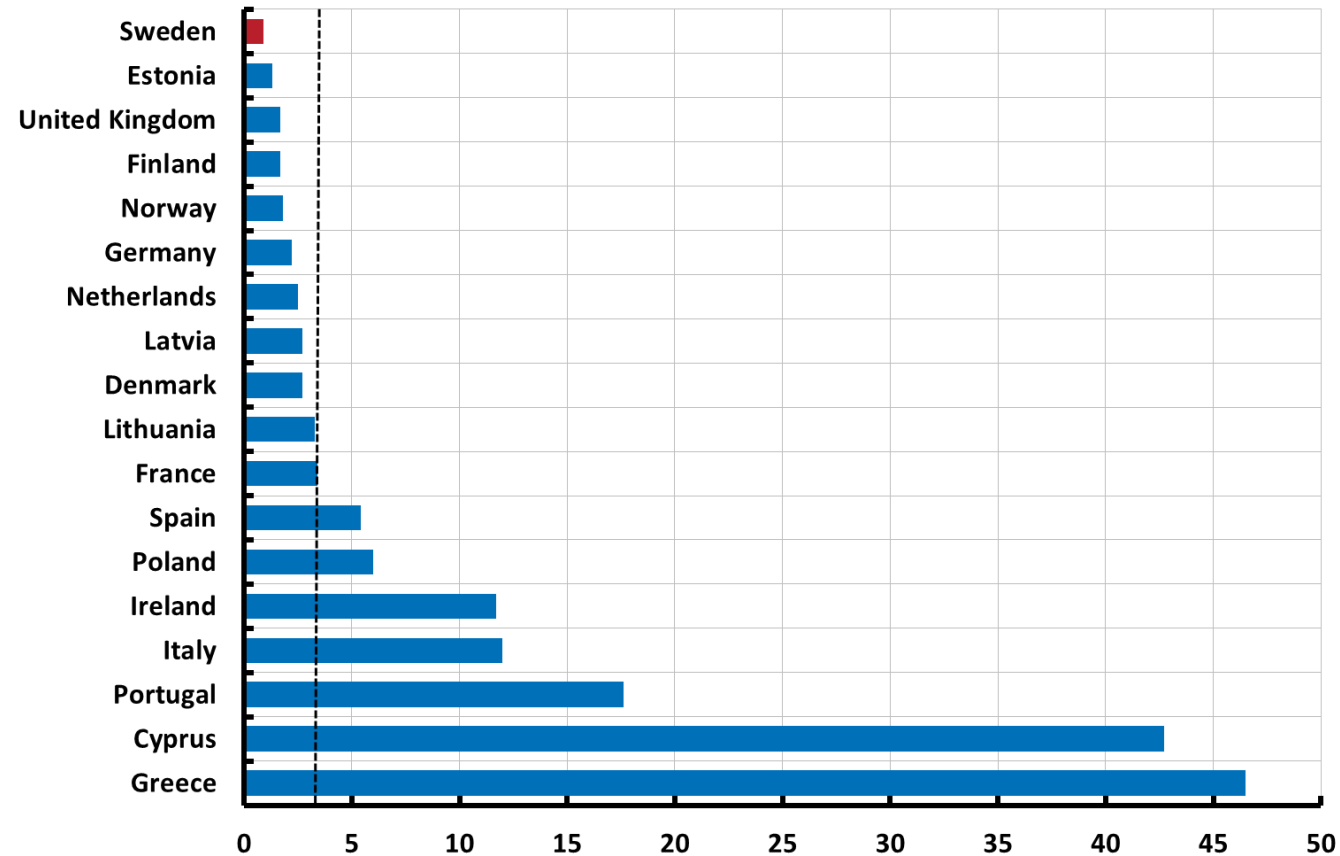
Note. Non-performing loans are defined by the European Banking Authority (EBA) as loans in which the borrower has paid neither interest nor amortisations in the last 90 days. Data refers to 2017 Q2. The dashed line refers to the average share of non-performing loans in European banks.

Source: European Banking Authority (EBA)

2:20 Tenant-owned housing prices in Sweden, Norway and Denmark

Index, 2005 = 100
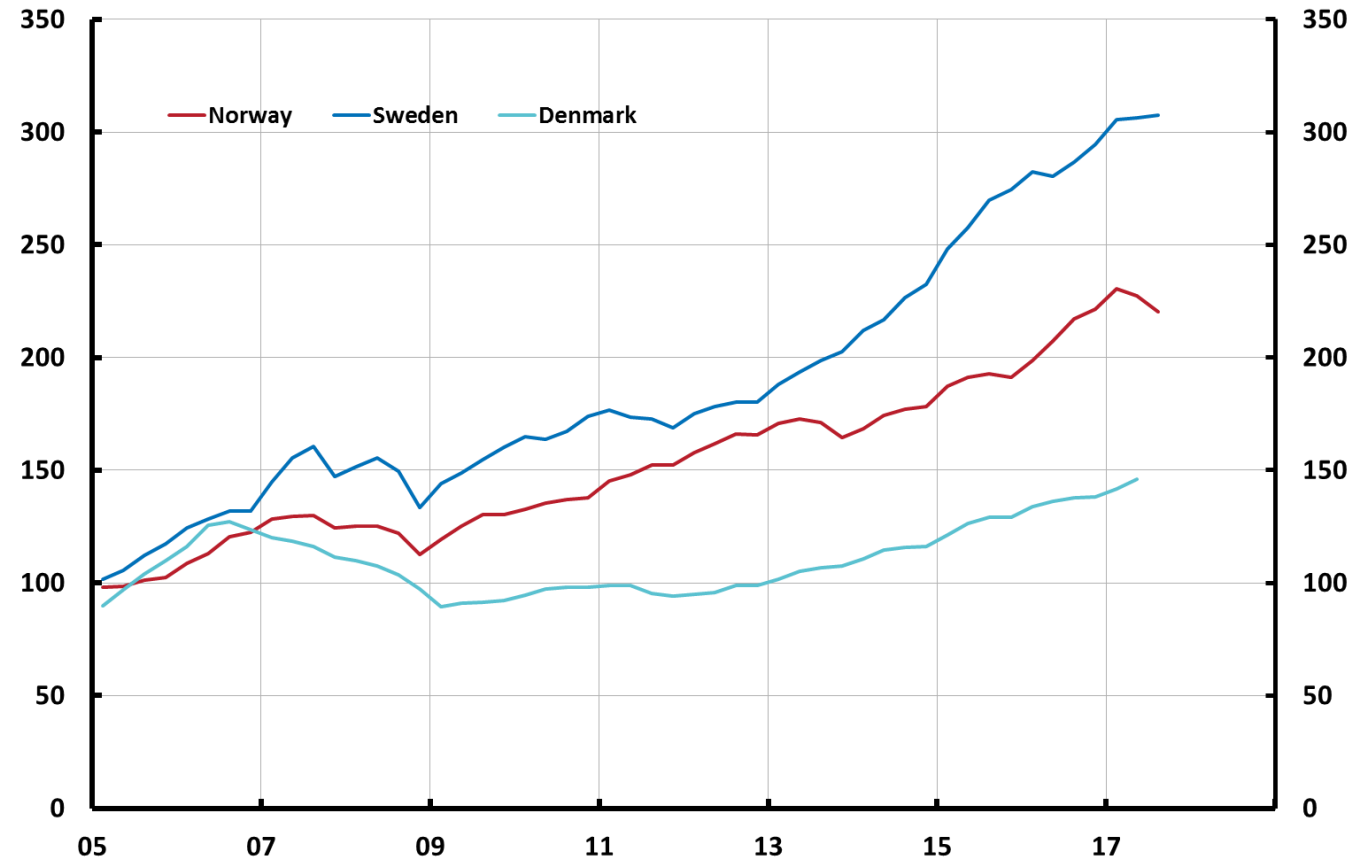
Sources: Statistics Denmark, Statistics Norway and Valueguard

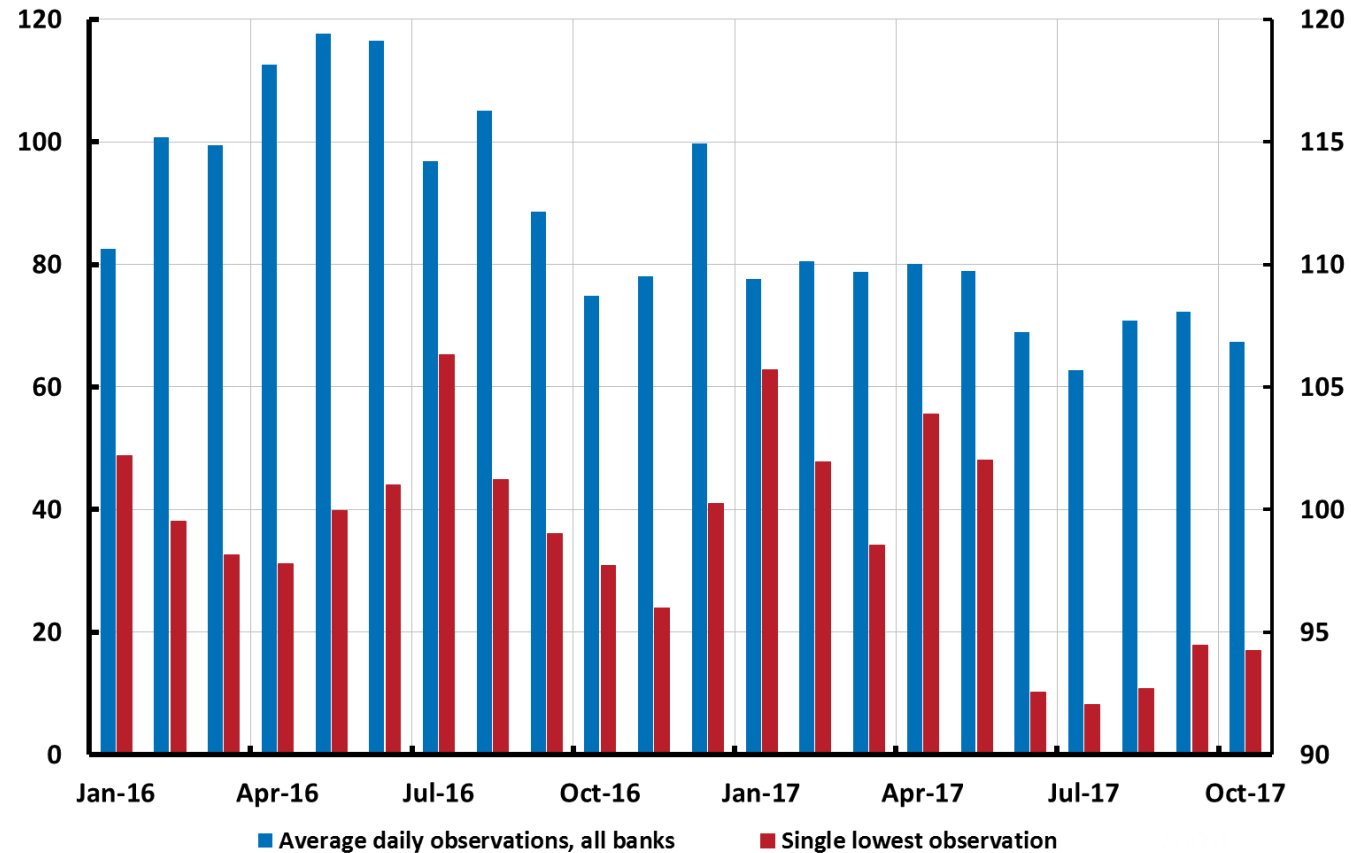# Financial Stability 2017:2

Chapter 3
Recommendations

SVERIGES RIKSBANK

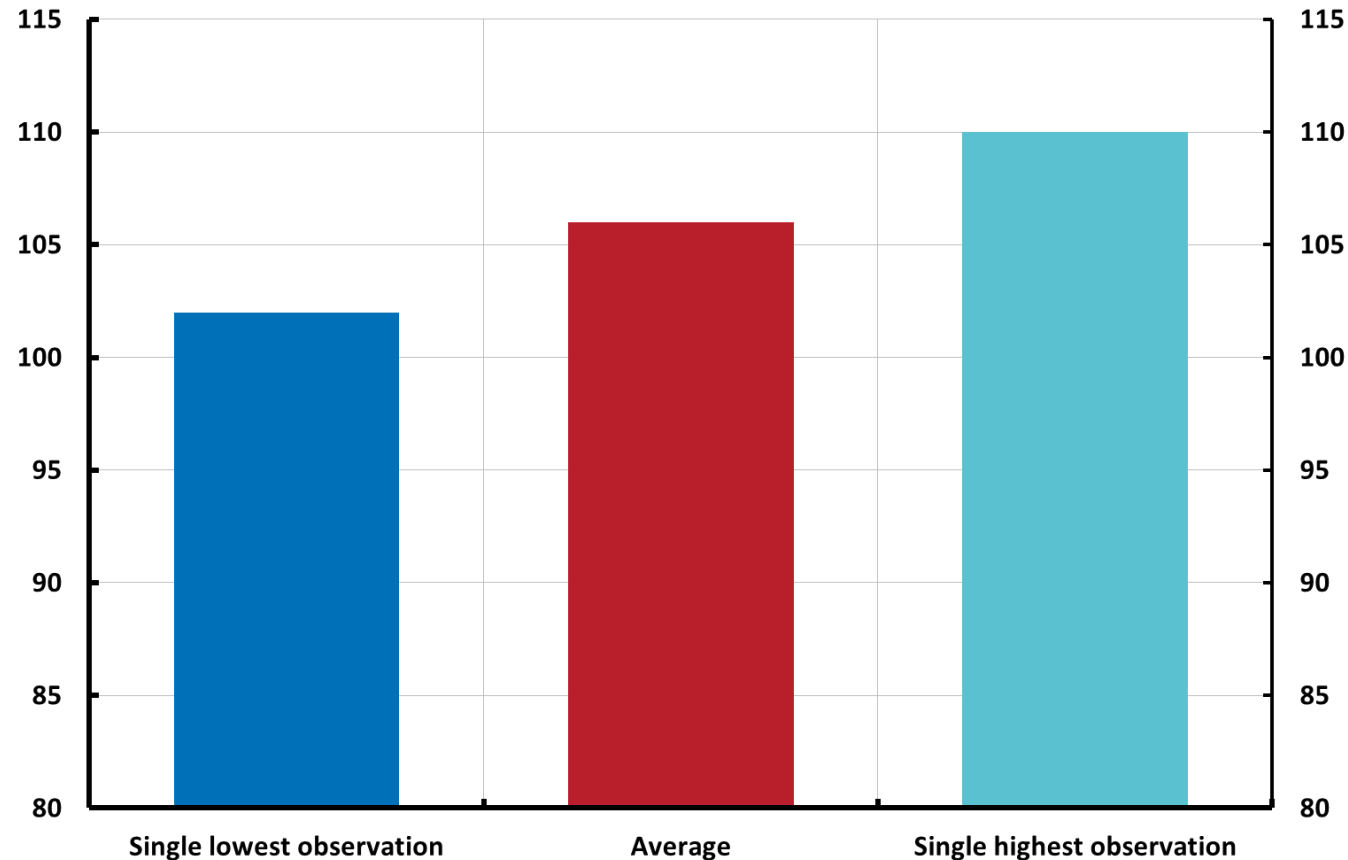# 3:1 The major Swedish banks' daily LCR in kronor

Per cent

Note. Average daily LCR in kronor each month and the single lowest observation.

Source: The Riksbank

3:2 The major Swedish banks' lowest, average and highest monthly NSFR

Per cent, September 2016 to September 2017

Note. Every month the Riksbank collects the major banks' NSFRs in accordance with the Basel Committee's final definition. The chart shows the average and the single highest and lowest observations for the four major banks during the period.

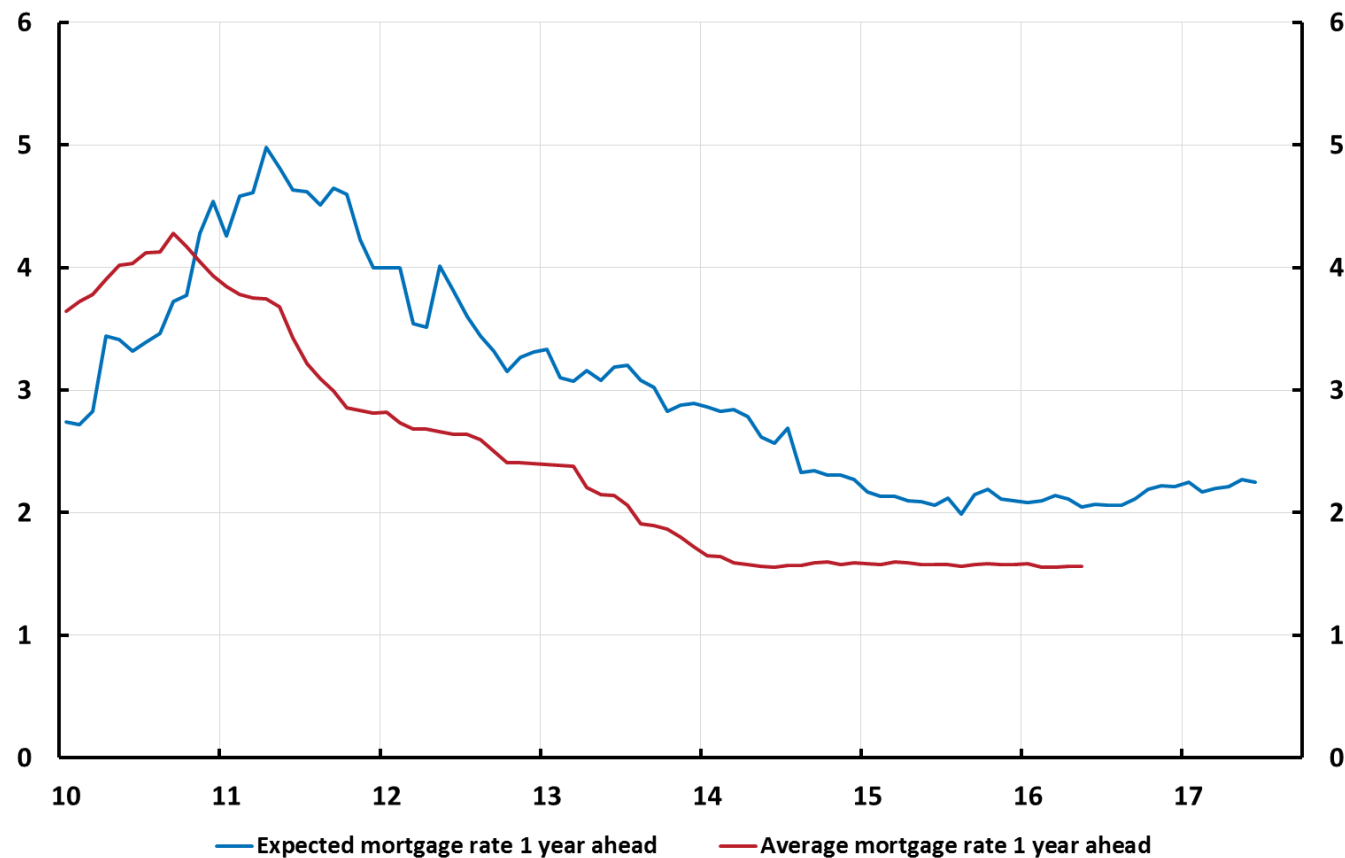Source: The Riksbank

Financial Stability 2017:2

Article
Household indebtedness and interest rate sensitivity

SVERIGES RIKSBANK

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B:1 Household expectations of the mortgage rate

Per cent

Expected mortgage rate 1 year ahead   Average mortgage rate 1 year ahead

Note. The average mortgage rate refers to the realized mortgage rate one year after the question was asked.

Sources: The National Institute of Economic Research (NIER) and Statistics Sweden

B:2 Additional interest expenditures when interest rates increase by 1 percentage point

Percentage of indebted households

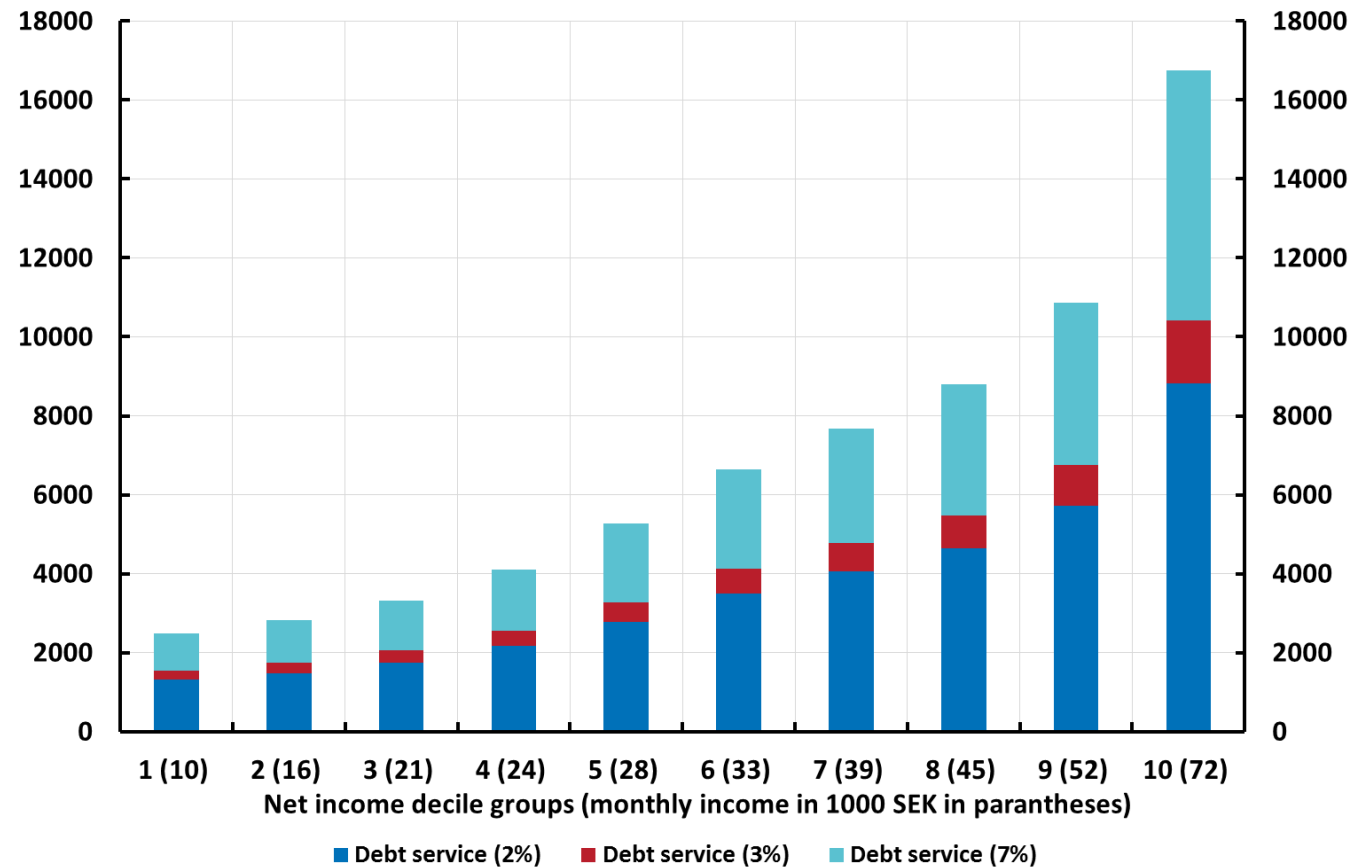Change in interest expenditures (SEK/month)
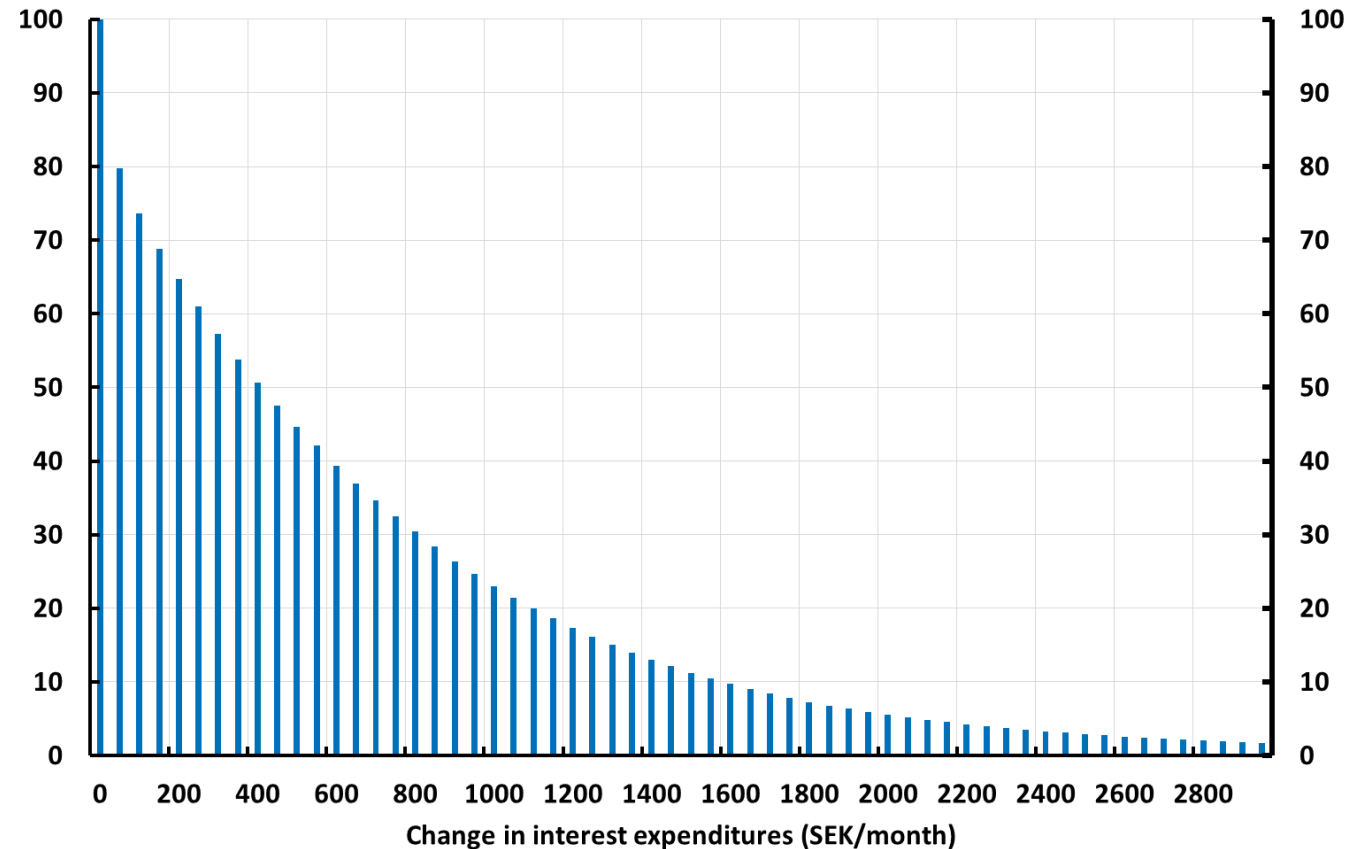
Note. The amounts have been adjusted for tax relief on interest payments. The chart is designed so that it possible to see the share of indebted households that would see their interest expenses increase by at least the figure given on the x-axis. This data does not included the interest rate level or interest-rate fixation period chosen by the household. For simplicity's sake, it is assumed that the interest rate for all households increases by 1 percentage point.

Source: The Riksbank

B:3 Mortgage payments in different income decile groups

SEK per month

Net income decile groups (monthly income in 1000 SEK in parantheses)

■ Debt service (2%)   ■ Debt service (3%)   ■ Debt service (7%)

Note. Debt service is computed using an interest rate of 2, 3 and 7%. Amortisation is set to 40 years. Interest expenses adjusted for tax relief.
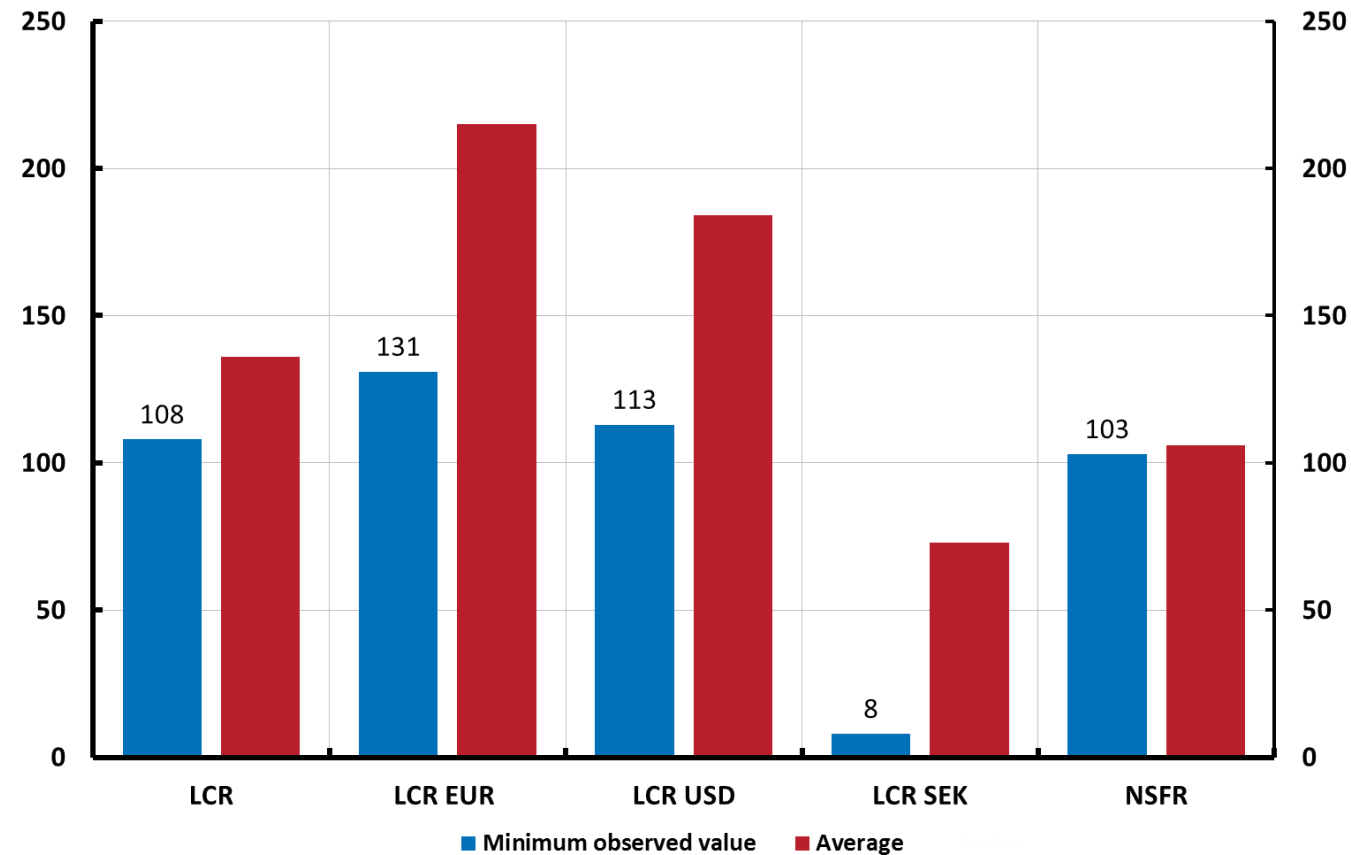
Source: The Riksbank

Financial Stability 2017:2

Article
Short-term liquidity risks in the major Swedish banks

SVERIGES RIKSBANK

C:1 The major Swedish banks' LCR and NSFR

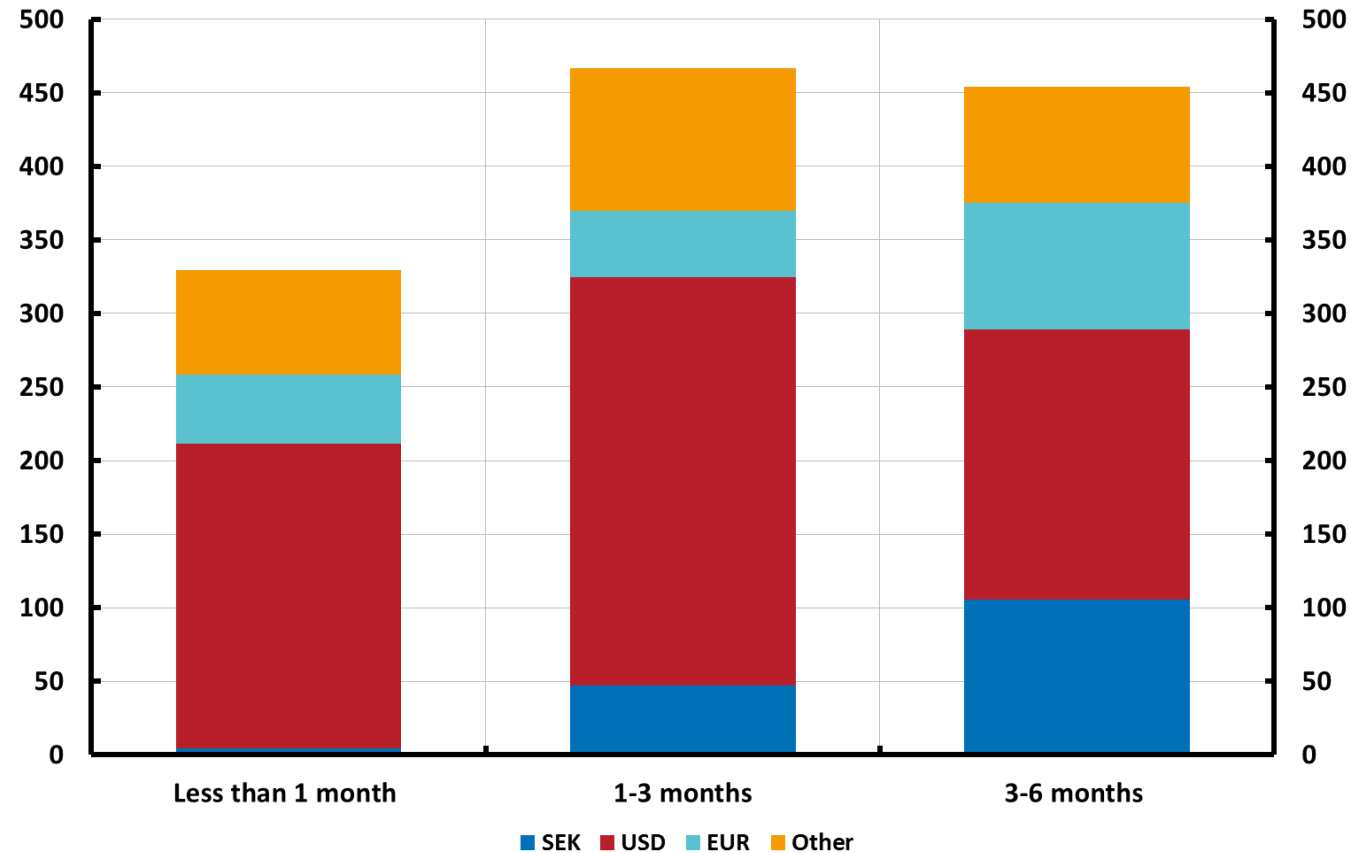Per cent, March to September 2017

Note. Refers to daily observations for LCR and monthly for NSFR.

Source: The Riksbank

C:2 The major four banks' outstanding issued securities by currency and remaining maturity

SEK billion, September 2017

Legend: SEK, USD, EUR, Other

Source: The Riksbank