

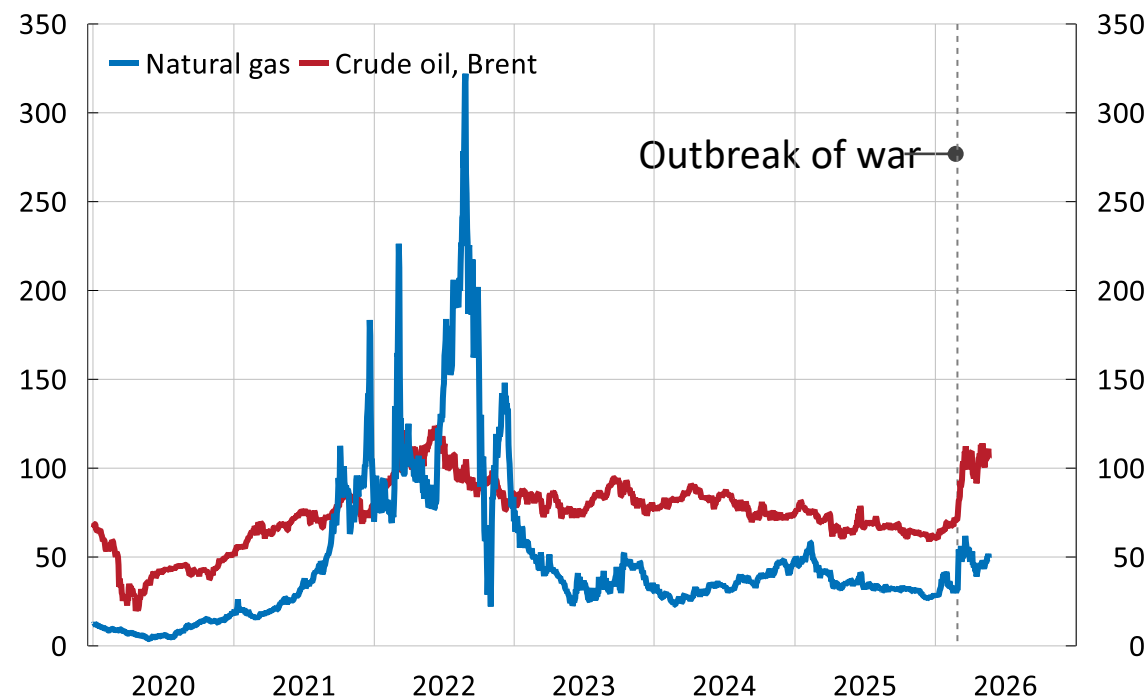
The war in the Middle East increases uncertainty and entails risks to financial stability

Financial Stability Report May 2026



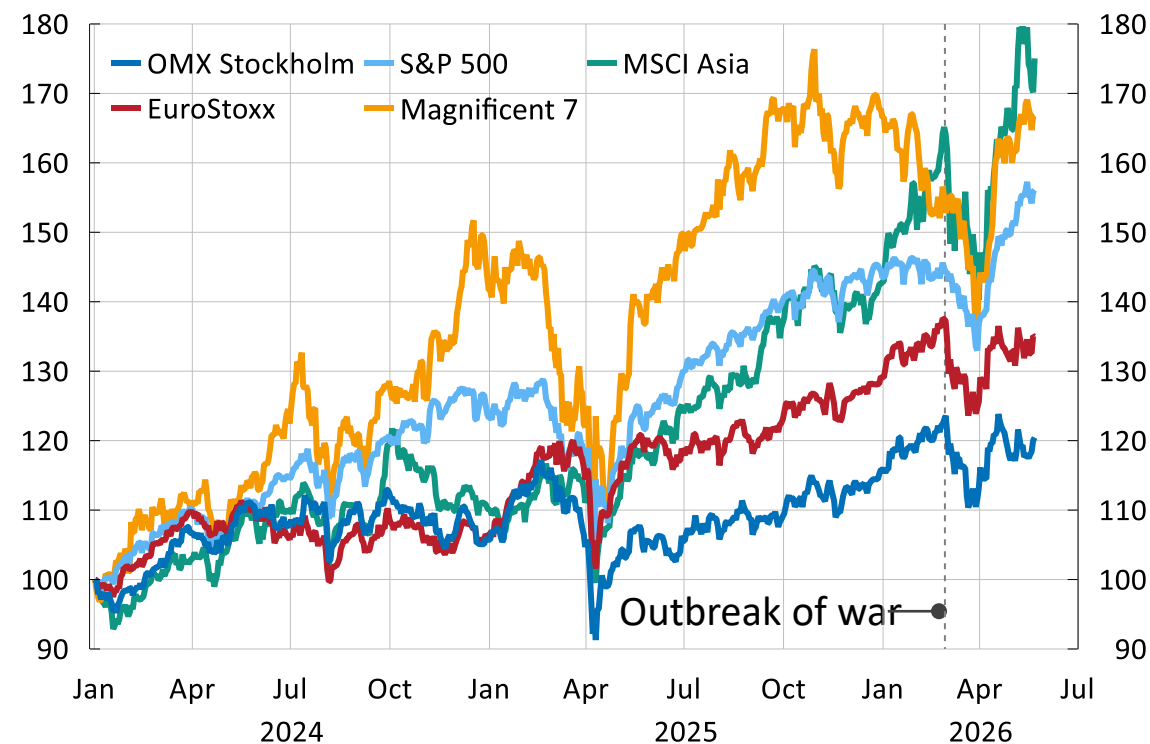
Large movements in energy and financial markets

Energy prices



EUR/MWh and USD/barrel. The dotted line marks the date of the start of the Middle East war, 28 February 2026. Source: Macrobond.

Equity prices



Note. Index 100 = 1 January 2024. Source: Macrobond.

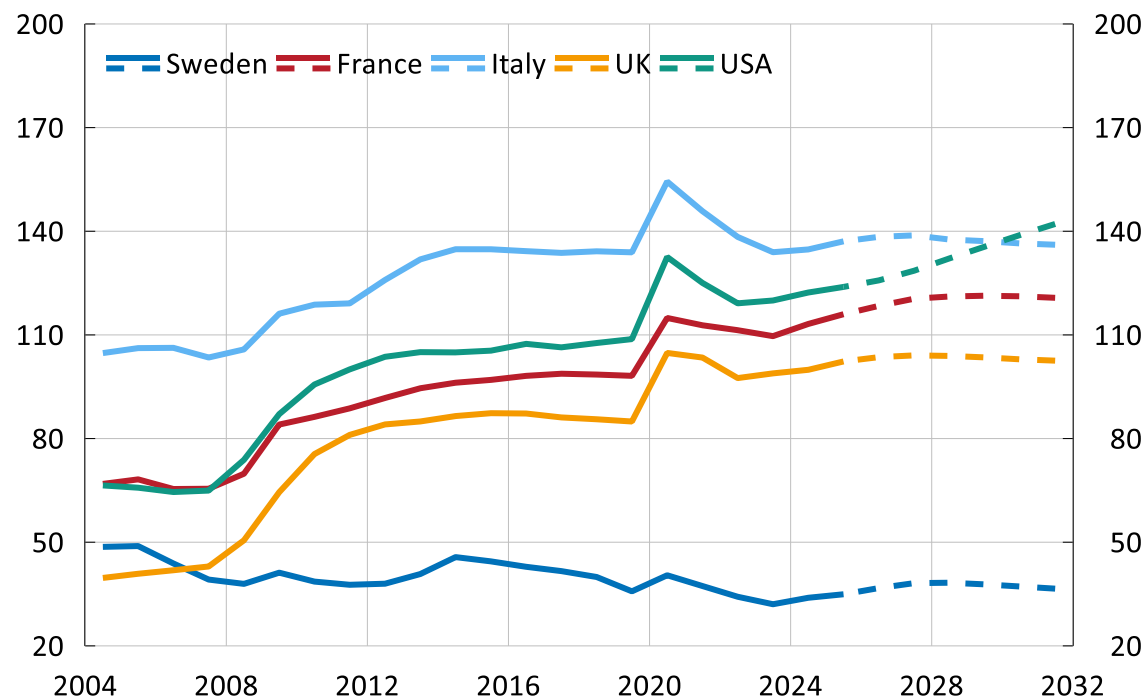
The financial system has functioned well but uncertainty is high



- Despite the turbulence, the financial system has functioned well.
- The longer the war goes on, the greater the consequences could be:
 - Risk of higher inflation and interest rates, together with a weaker economy.
 - Fragile state in markets, new disruptions can easily occur.
- Global vulnerabilities can amplify negative developments.

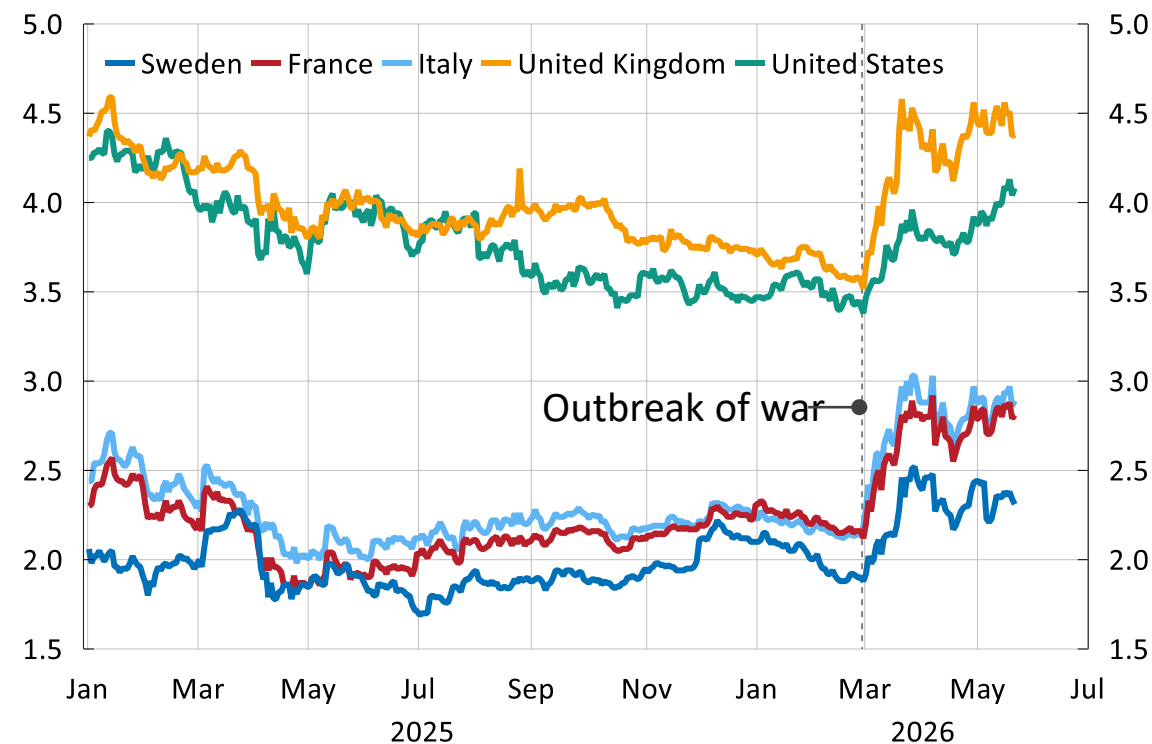
High and growing public debt

Public debt as a share of GDP



Per cent. Dashed lines show IMF and European Commission projections.
Sources: IMF, European Commission.

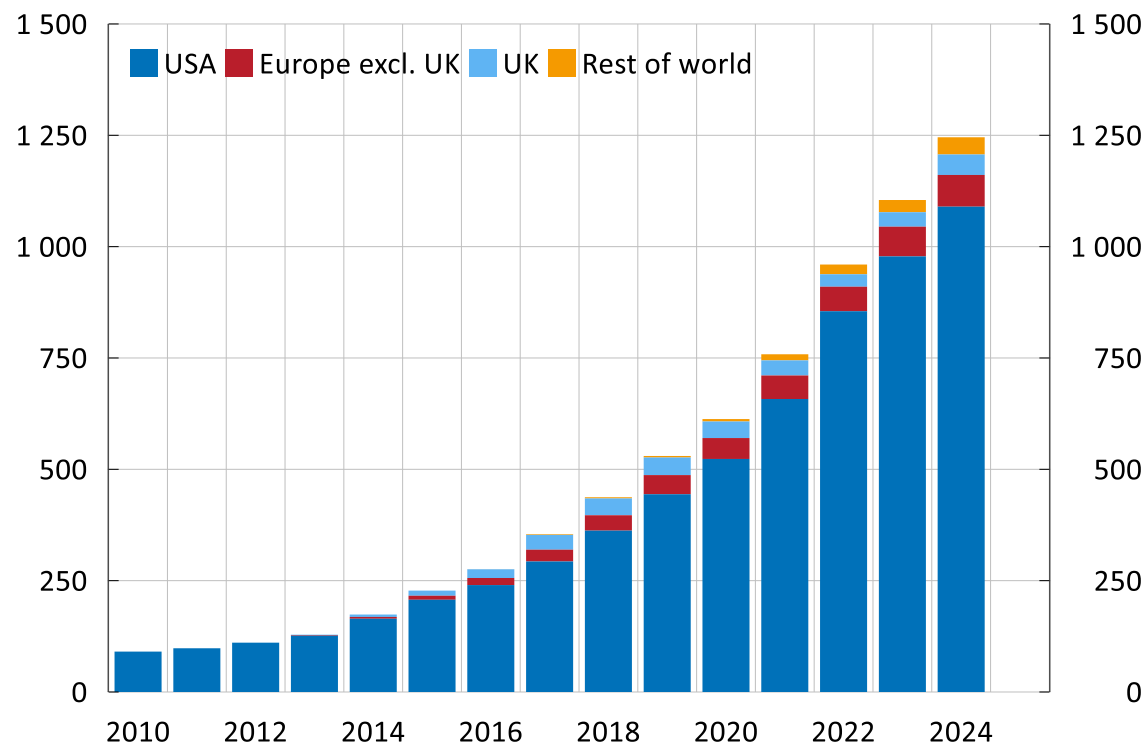
2-year government bond yields



Per cent. Refers to benchmark interest rates.
Sources: Macrobond, US Department of Treasury and the Riksbank.

Non-banking sector may amplify shocks

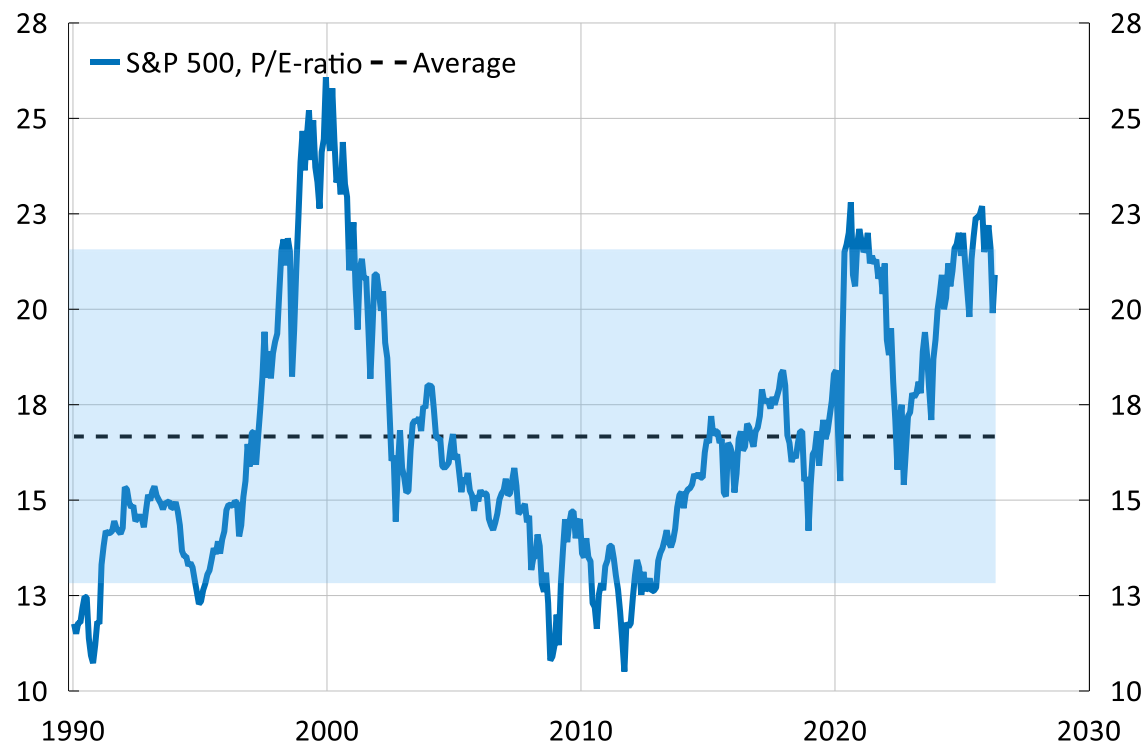
Private credit funds



- Non-bank sector Increasingly important for corporate debt financing.
- Increasingly interconnected to the traditional banking system.
- Lending through private credit funds is growing rapidly.
- Swedish banks' direct exposures to private credit funds are small.

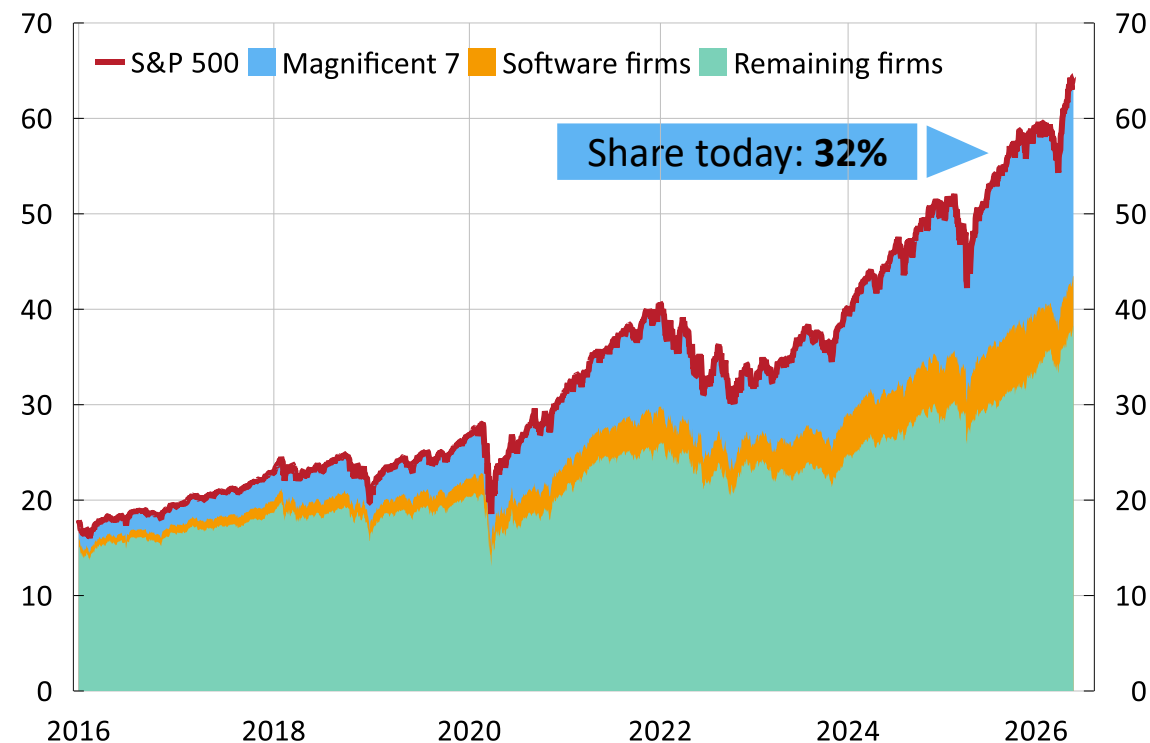
High valuations and growing concentrations towards technology companies

Forward P/E ratio in the USA



Ratio. Refers to the 12-month P/E ratio for the US S&P 500 stock market index. The P/E ratio shows the price of a share in relation to the company's earnings per share at a given time. The average is calculated from 1990 to today. The shaded area shows the gap between the 10th and 90th percentiles. Source: S&P Global.

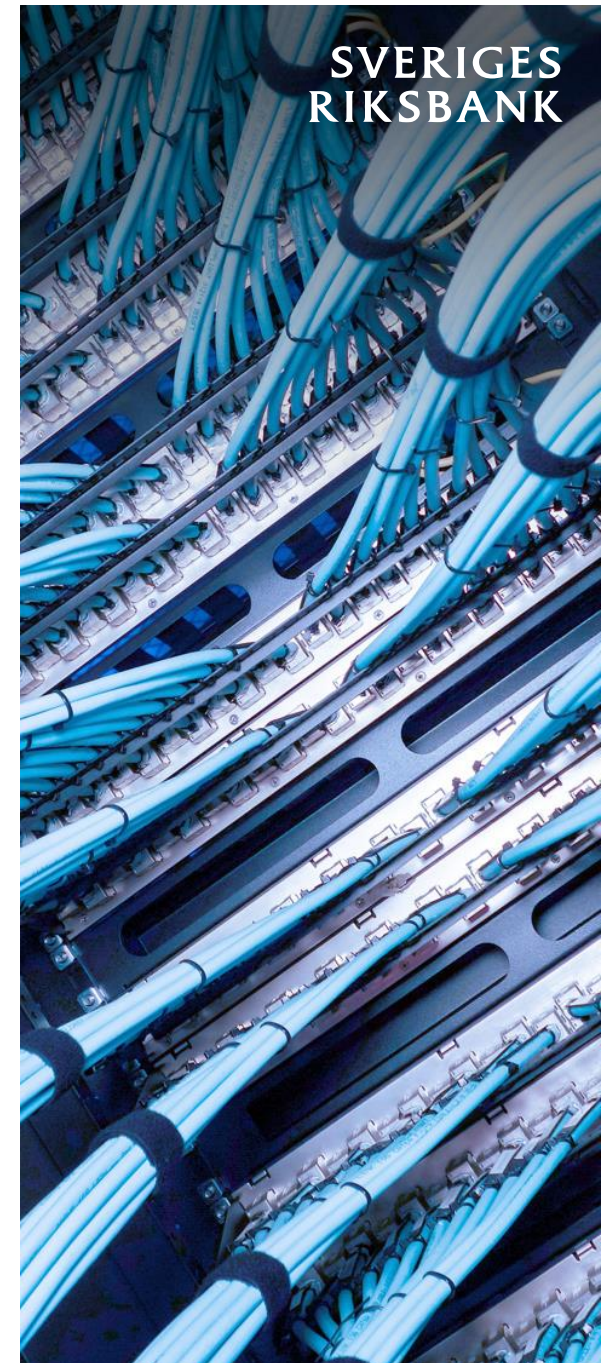
Market capitalisation of the US stock exchange



USD trillion. Refers to different sectors' market value as a share of total US stock exchange value. Magnificent 7 refers to an equally weighted average of Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA and Tesla. The Software Companies category refers to the Software sector of the S&P 500. Source: Nasdaq, STOXX and Macrobond.

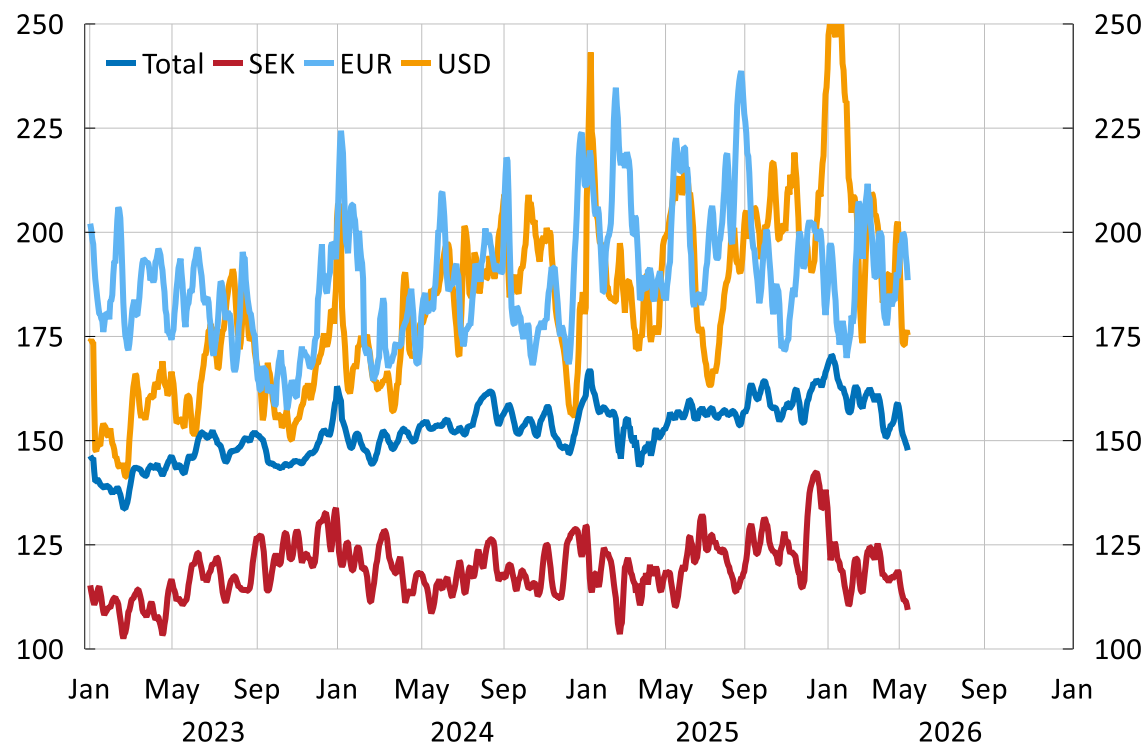
Geopolitical turmoil and rapid technological developments amplify cyber risks

- New AI models are able to find vulnerabilities in critical software.
- Concentrated third-party dependencies can create simultaneous disruptions.
- There are motives and means to carry out attacks against Sweden.
- All key financial actors need to strengthen their operational preparedness.
- New operational crisis management function established on 1 July 2026.



The major banks have a good initial position

Liquidity coverage ratio (LCR) in different currencies

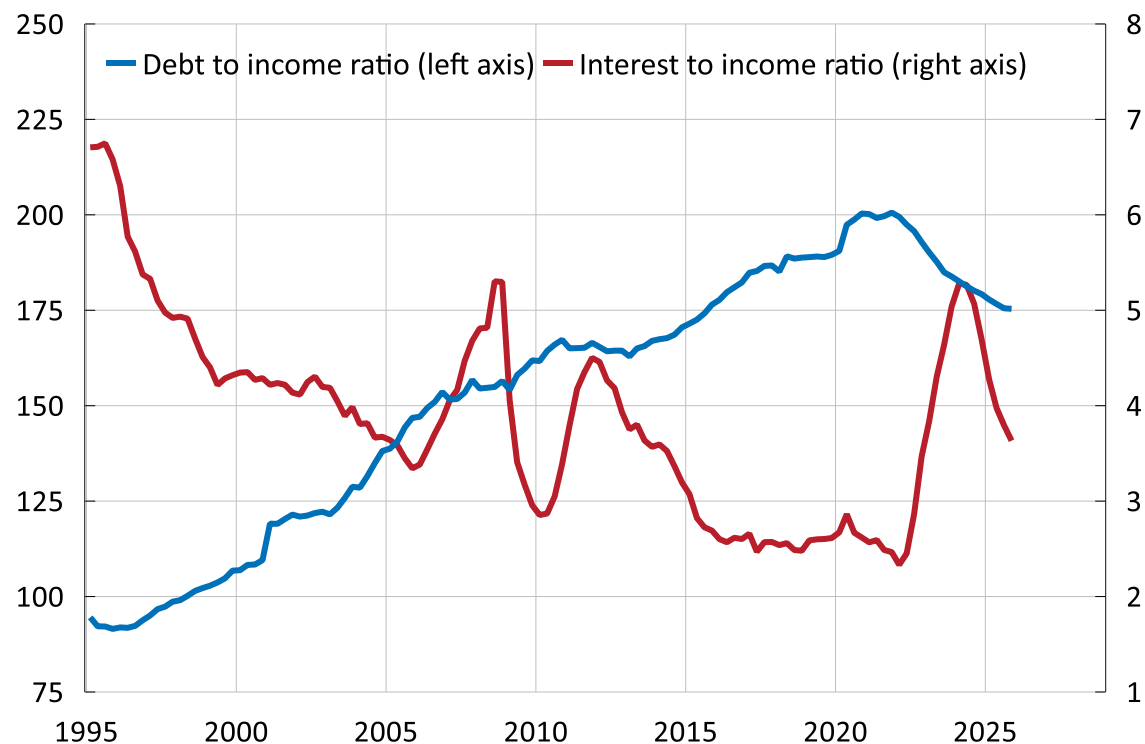


Per cent. Data for Handelsbanken, SEB and Swedbank. Source: The Riksbank.

- Good margins down to capital and liquidity requirements.
- High dependence on international capital markets.
- The cost of financing has increased slightly.
- Prolonged conflict can lead to funding disruptions.
- Good contingency planning in currencies where liquidity needs may arise is important.

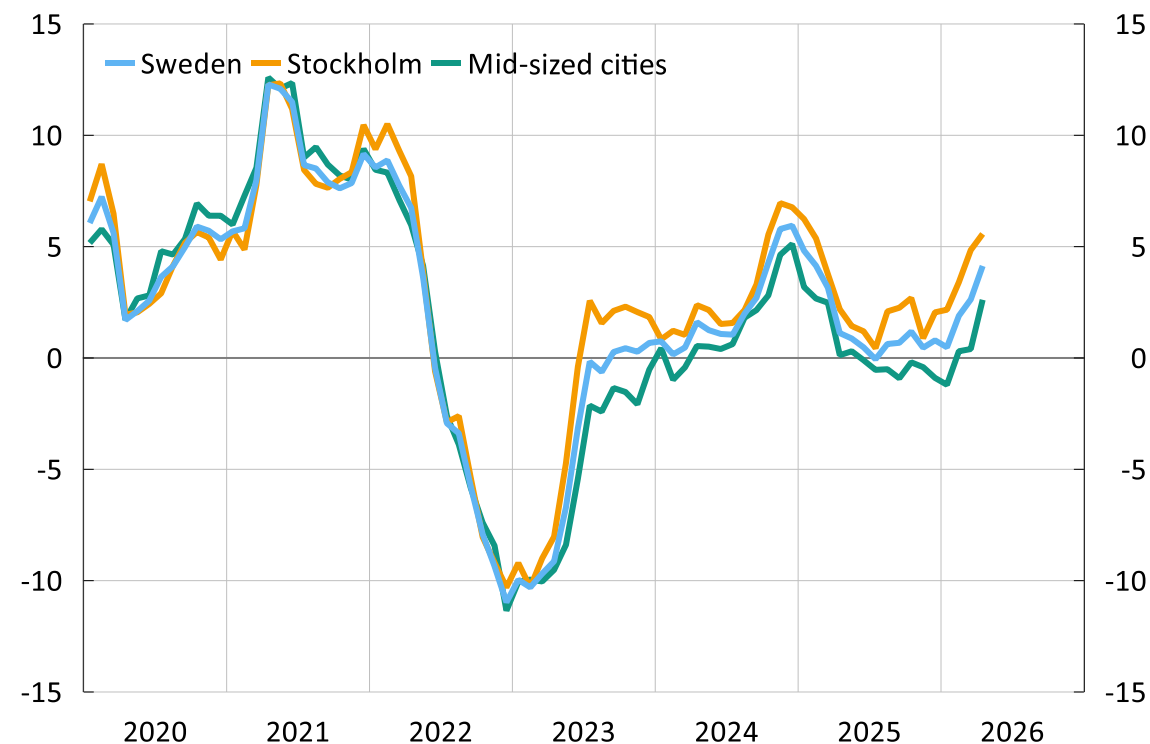
Households sensitive to interest rates despite lower debt levels

Debt ratio and interest ratio



Percentage of disposable income. Source: Statistics Sweden.

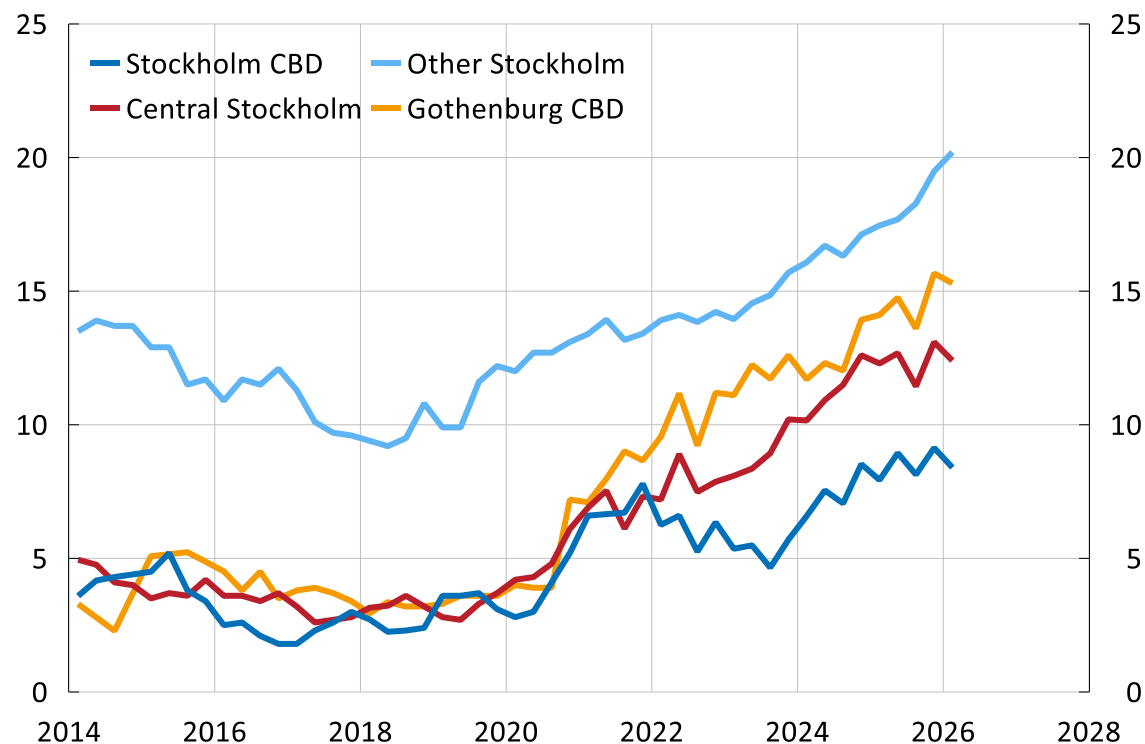
Apartment prices



Annual percentage change. Source: Valueguard

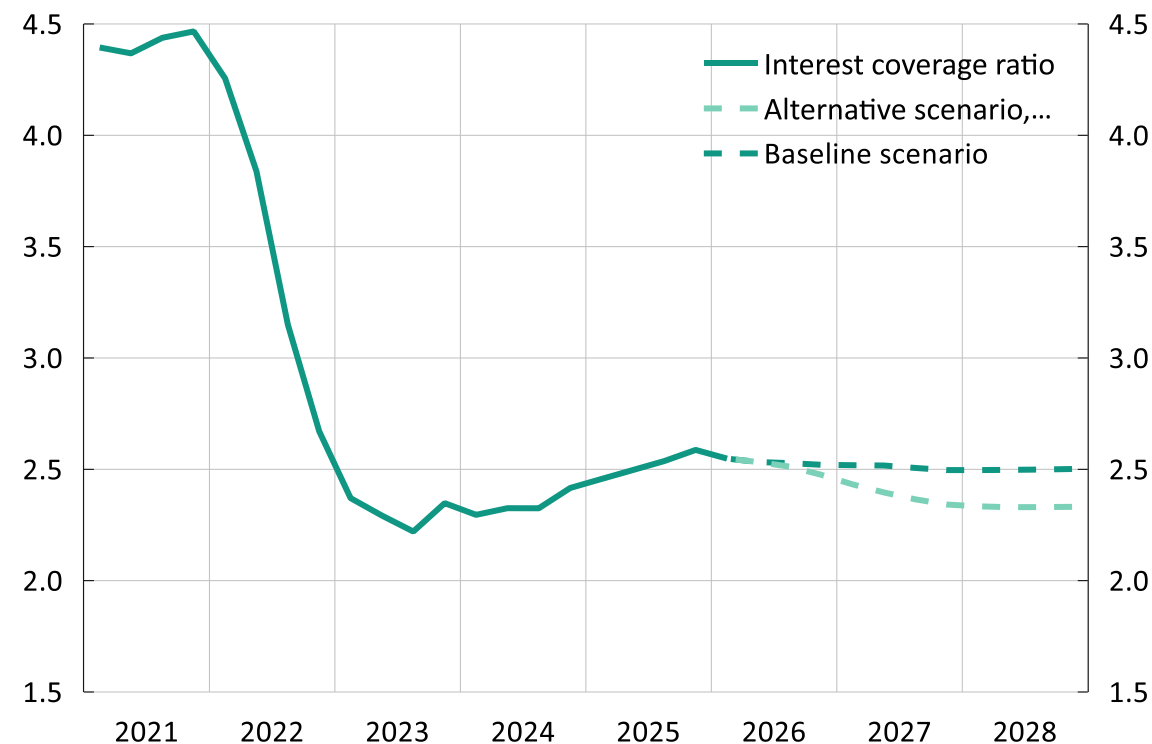
Weak rental market may increase pressure on property companies

Office vacancies



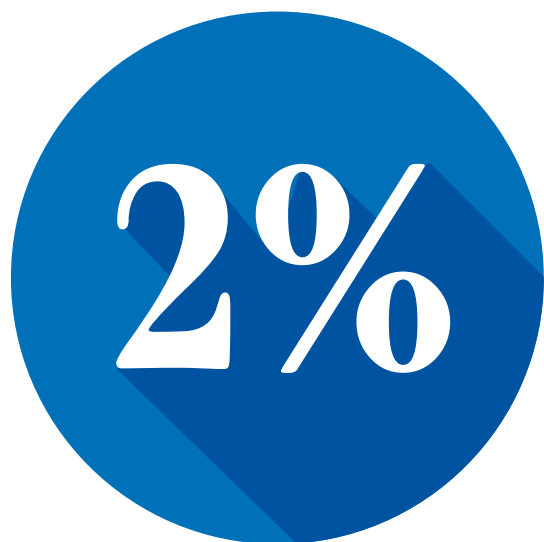
Per cent. Floor vacancy rates for office properties measured as a proportion of total vacant space. Central business district (CBD) refers to the most centrally located office properties. Source: Citymark.

Interest coverage ratio of property companies



Ratio. Refers to volume-weighted average interest coverage ratio for 34 property companies. The broken lines show how the interest coverage ratio could develop on average in two different scenarios. Sources: Sedis and the Riksbank.

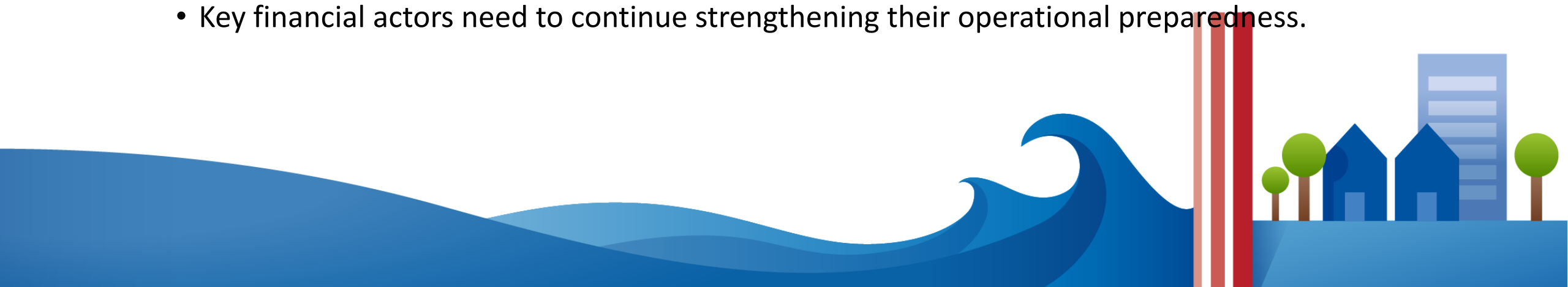
The buffer rate is left unchanged



- The Riksbank has taken over responsibility for the countercyclical capital buffer.
- Applies a positive neutral level.
- Little evidence of a build-up of cyclical systemic risks in Sweden.
- Resilience is important in a turbulent and uncertain world.
- **The Riksbank therefore decides to leave the buffer rate unchanged at 2 per cent.**

Uncertain world highlights importance of resilience

- Longer debt maturities and interest-rate fixation periods would strengthen the resilience of property companies.
- A debt-to-income limit should be part of the macroprudential toolbox.
- Liquidity management tools for funds also strengthen the corporate bond market.
- Key financial actors need to continue strengthening their operational preparedness.



The war in the Middle East increases uncertainty and entails risks to financial stability

Financial Stability Report May 2026

