



# Financial markets survey

Autumn 2024

November 2024

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# 1 Survey results – autumn 2024

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Since last spring, market participants have become increasingly optimistic about the functioning of the Swedish fixed-income market and foreign exchange markets for Swedish kronor. While a clear majority of participants consider these markets to be functioning well, views on market liquidity differ across asset classes and instruments.

This report presents the results of the Riksbank's Financial markets survey to which the participants responded in the period 25 September -16 October 2024. We only report their answers and not the Riksbank's assessment.

Twice a year, the Riksbank sends out its Financial markets survey to find out participants' views on the Swedish financial markets – how they are functioning, what market activity looks like and the size of the risks the participants are taking.

Out of 98 participants asked, 51 responded to the survey. This means a response frequency of just over 50 per cent, which is similar to the previous survey in the spring 2024.

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**Most participants in the Swedish foreign exchange and fixed-income markets consider they are taking small or neutral risks.** At the same time, slightly more respondents than before consider themselves high risk-takers. Six out of ten respondents describe their risk-taking in the market as unchanged over the past six months, while a declining number describe their risk-taking as neutral. There is an even split between those who feel they have increased and those who feel they have decreased their risk-taking. About a third consider themselves to be taking neutral risks, compared to half of the respondents in the spring. Four out of ten consider themselves to be taking low or very low risks, while a quarter consider themselves to be taking high risks.

**More and more respondents think that the foreign exchange market is functioning better and a large majority think that the foreign exchange market for Swedish kronor is working well.** Eight out of ten now think that the foreign exchange market is functioning well or very well, compared with seven out of ten in the spring. Few respondents think that the foreign exchange market is functioning poorly. Most consider that liquidity in the spot and futures markets has remained unchanged over the past six months. However, slightly more respondents consider that liquidity in the spot market has improved over the past six months, while slightly more respondents consider that it has worsened in the forward and swap markets. Six out of ten describe liquidity in the futures and swap markets as good or very good, compared with seven out of ten in the spring. In the spot market, six out of ten still consider liquidity to be good or very good. However, the free-text responses mention that liquidity deteriorates in times of turbulence, and also mention that significantly lower excess liquidity in the system may affect market functioning.

**Very few respondents consider that they have changed their hedging behaviour as a result of the Riksbank's hedging programme.** Moreover, only one in ten feel that other participants have changed their behaviour because of it. This is a decrease compared to last spring when the figure was three out of ten.

**A clear majority of market participants consider that the Swedish fixed-income market is functioning well.** More and more respondents think that the Swedish fixed-income market is working better, with seven out of ten saying that it is functioning well. This can be compared to around half as many in the spring survey. Very few respondents consider the Swedish fixed-income market to be functioning poorly, which is a major change compared with recent years. In autumn 2022, eight out of ten respondents thought that the Swedish fixed-income market was functioning poorly or very poorly.

With regard to the market for treasury bills, the respondents consider that liquidity is similar to how it was in the spring. There is also a relatively even split between good, neither good nor poor, and poor, for those respondents who express an opinion. With regard to **nominal government bonds**, four out of ten consider liquidity to be good or very good. In contrast, slightly fewer respondents consider liquidity to be poor or very poor, and slightly more consider it to be neither good nor poor.

A majority of the respondents also believe that market liquidity for nominal government bonds has improved since the Riksbank started selling government bonds.<sup>1</sup> In the free-text responses, several respondents also mention that the increased supply of government bonds on the market, partly due to the Riksbank's sales, has improved liquidity in the market.

Most of those who express an opinion on **real government bonds** consider that liquidity is poor or very poor. With regard to real government bonds, most respondents consider that the Riksbank's sales of real government bonds have neither improved nor worsened liquidity, but there are still more who consider that it has improved than consider it has worsened.

The liquidity of **covered bonds** is considered to have improved, and most respondents now consider liquidity to be good. Six out of ten now think that liquidity is good or very good, which can be compared with four out of ten in the spring. Liquidity in the market for **interest rate swaps** has improved, according to market participants. The vast majority consider liquidity to be good or very good, and hardly anyone thinks that the market is functioning badly.

Market participants deem that liquidity in the **corporate bond market** with regard to the segments investment grade and high yield are roughly the same as in the spring. Most respondents consider liquidity to be good, or neither good nor bad. In the case of commercial paper, slightly fewer respondents consider liquidity to be good, and more consider it to be neither good nor bad.

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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 they decided to increase the pace further to SEK 6.5 billion per month.

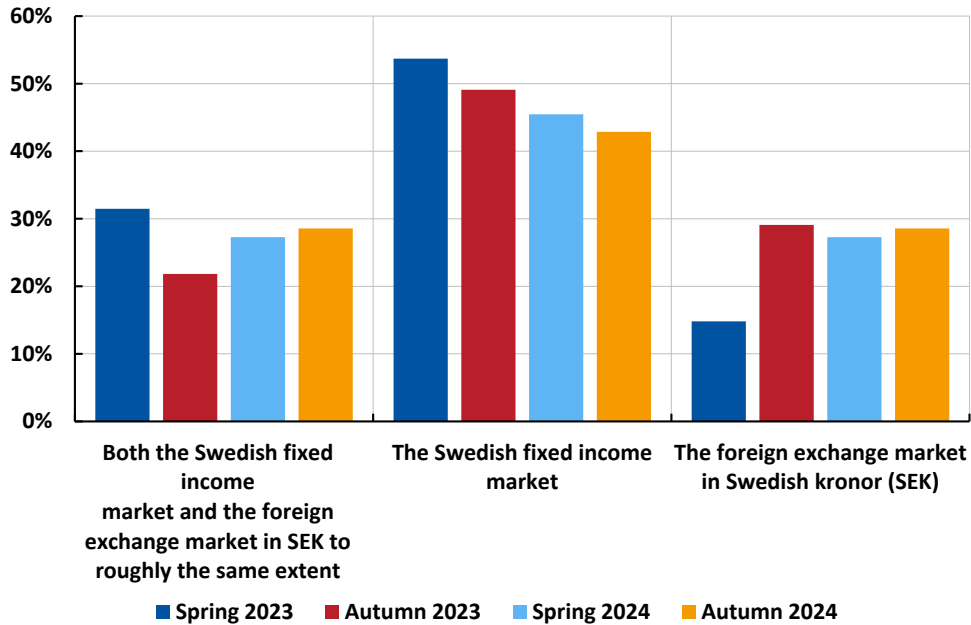
Of those who have an opinion on the liquidity of **repos with government securities and covered bonds**, most say that liquidity has neither improved nor deteriorated over the past six months. On the other hand, fewer people than in the spring say that liquidity is good or very good. No one considers liquidity to be poor in the case of repos.

Several market participants consider that the main risk factor that **could negatively affect the Swedish financial system in the future** is geopolitical factors in the form of war and cyber attacks. This was also a common response in the spring survey. Most respondents state that they **have not used AI tools in their trading, market analysis or allocation decisions in the past six months**. However, 20 to 30 per cent said they had used AI at some point during the period.

## 2 Market participants and their risk-taking

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

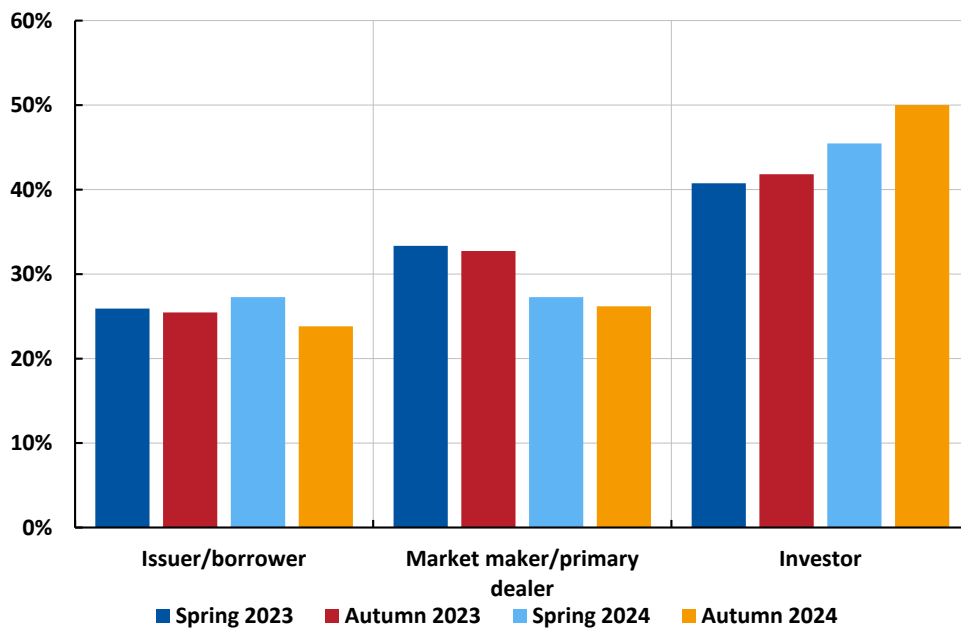
Percentage of responses



Note. The total number of responses for autumn 2024 was 42.

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

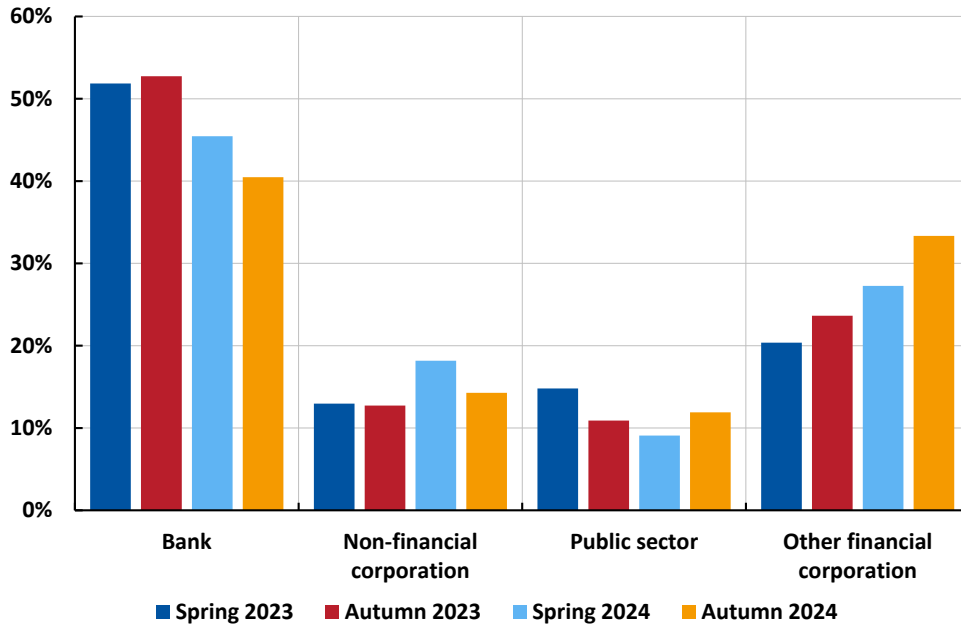
Percentage of responses



Note. The total number of responses for autumn 2024 was 42.

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

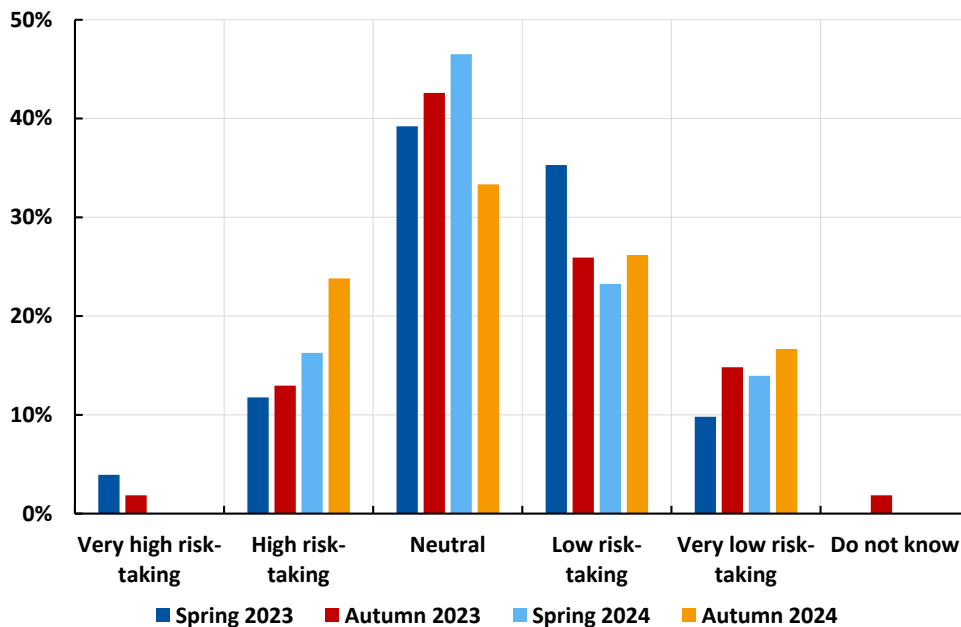
Percentage of responses



Note. The total number of responses for autumn 2024 was 42.

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

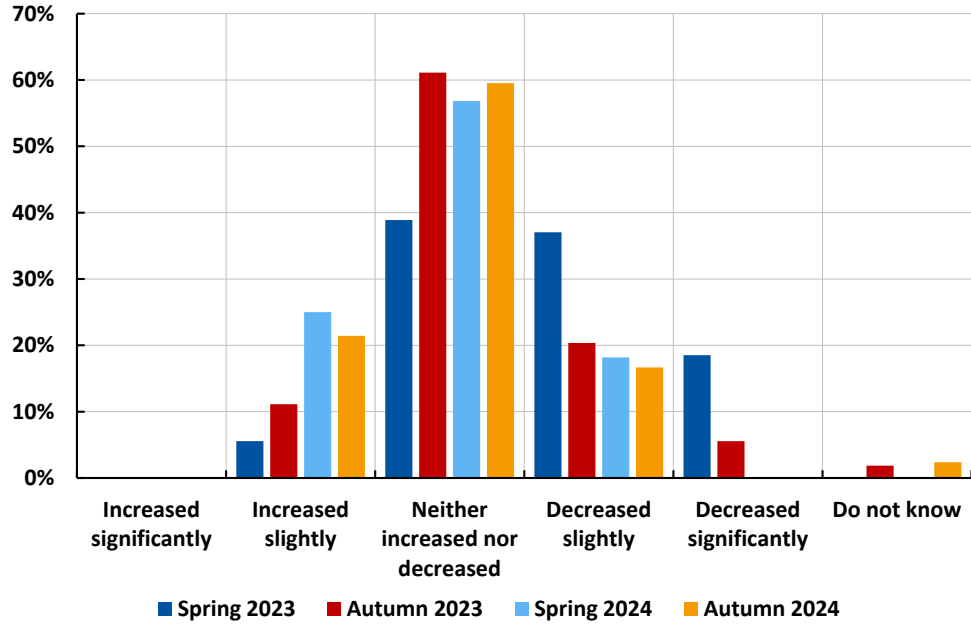
Percentage of responses



Note. The total number of responses for autumn 2024 was 42.

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

Percentage of responses



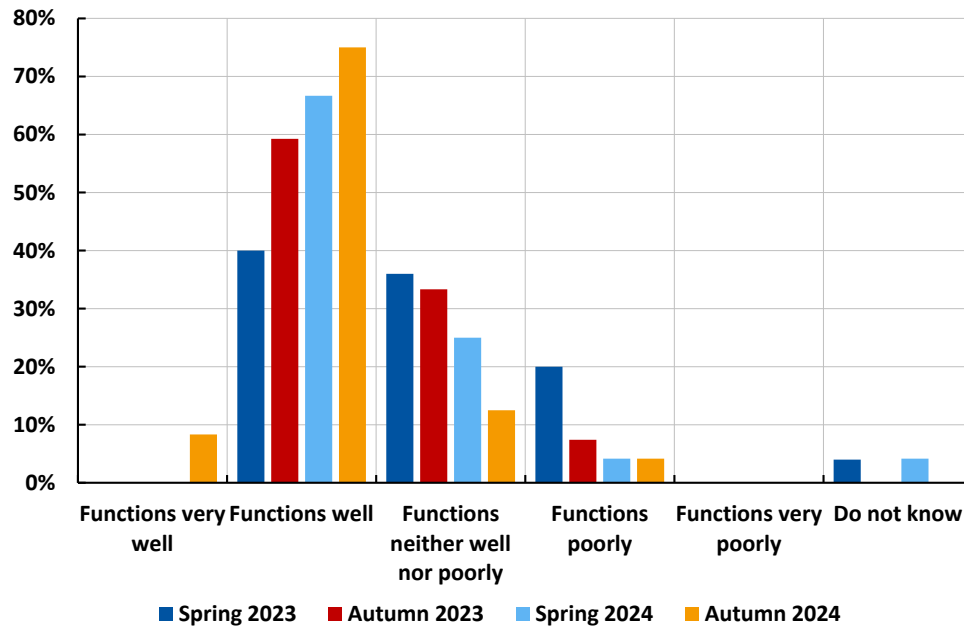
Note. The total number of responses for autumn 2024 was 42.



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

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

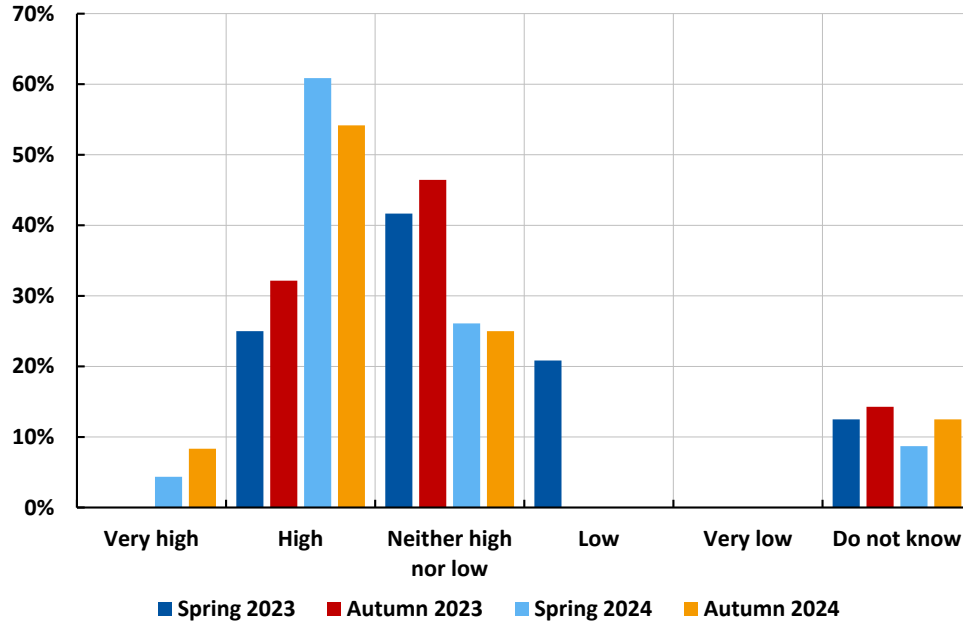
Percentage of responses



Note. The total number of responses for autumn 2024 was 24.

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

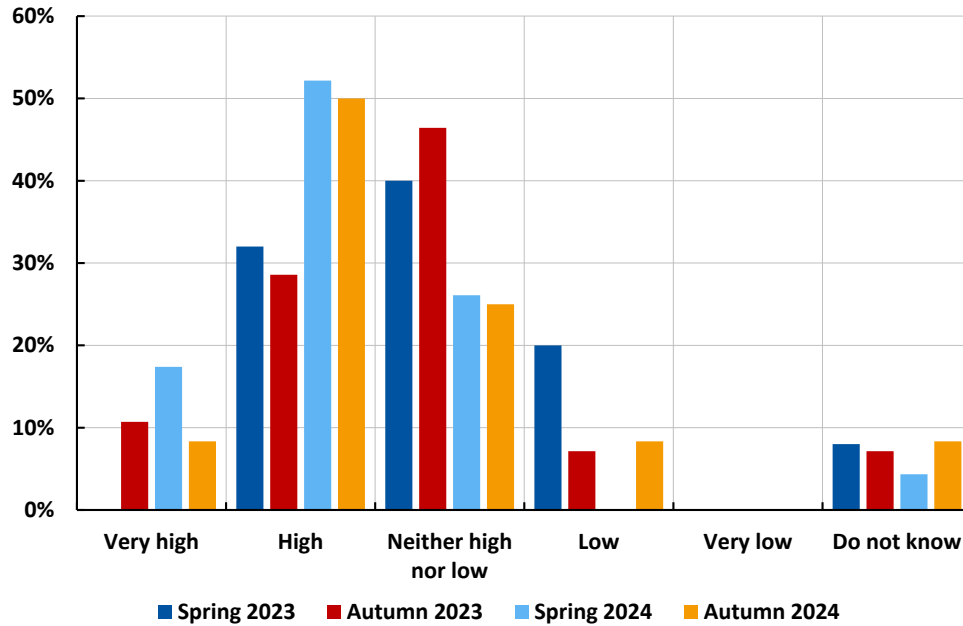
Percentage of responses



Note. The total number of responses for autumn 2024 was 24.

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

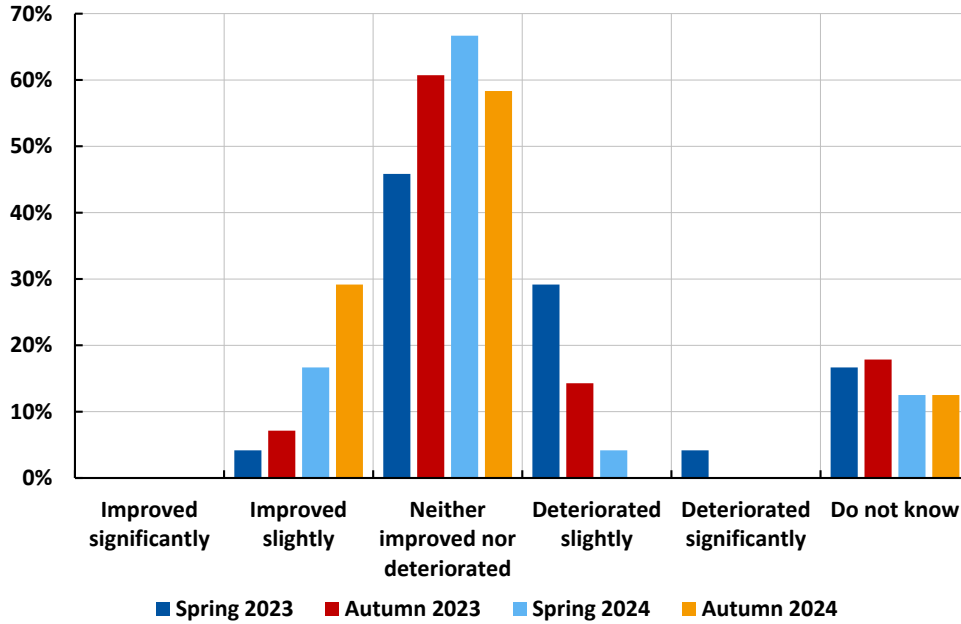
Percentage of responses



Note. The total number of responses for autumn 2024 was 24.

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

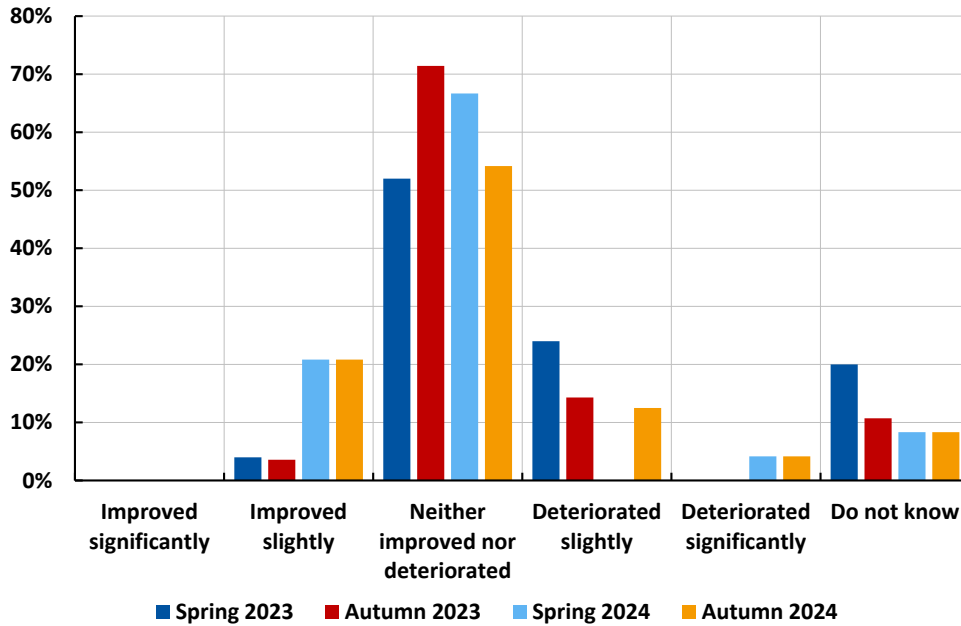
Percentage of responses



Note. The total number of responses for autumn 2024 was 24.

**Diagram 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

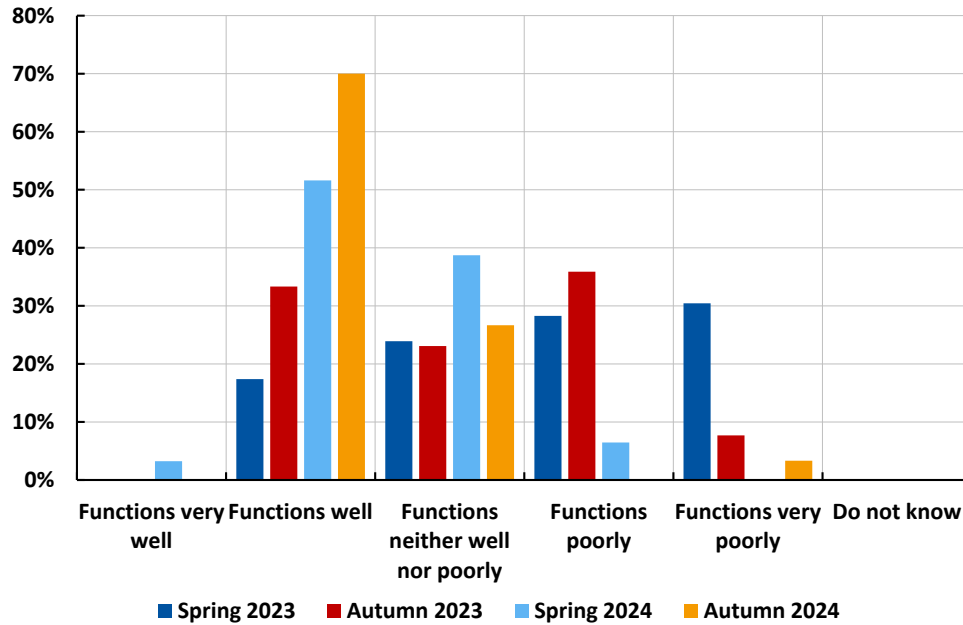


Note. The total number of responses for autumn 2024 was 24.

## 4 The Swedish fixed-income market

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

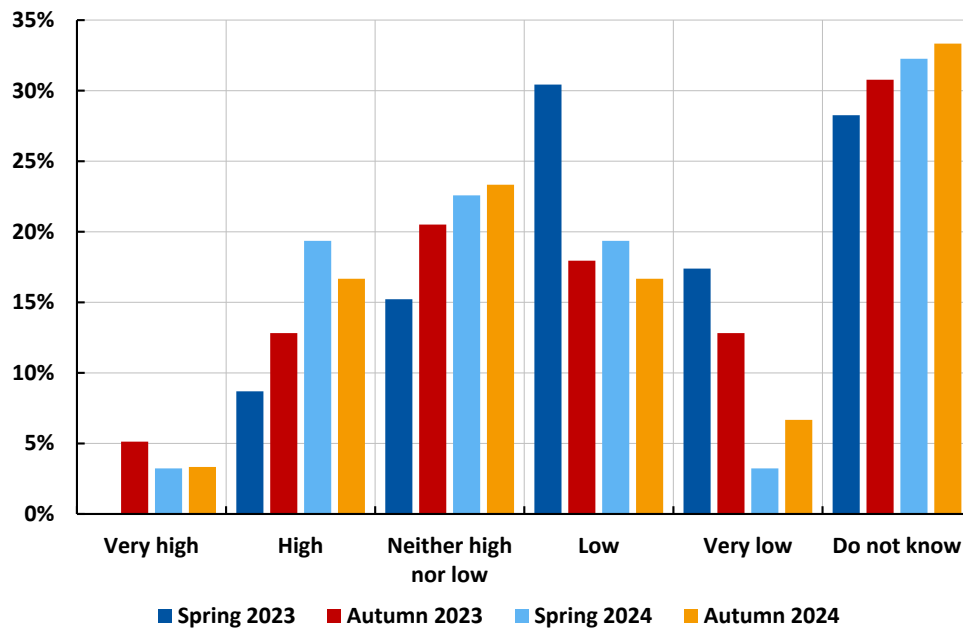
Percentage of responses



Note. The total number of responses for autumn 2024 was 30.

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

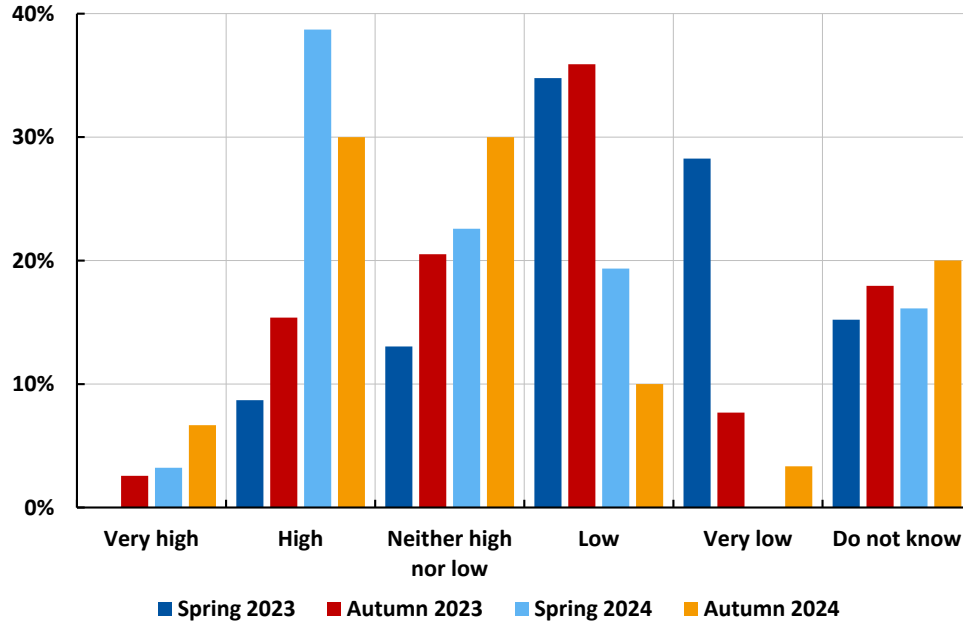
Percentage of responses



Note. The total number of responses for autumn 2024 was 30.

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

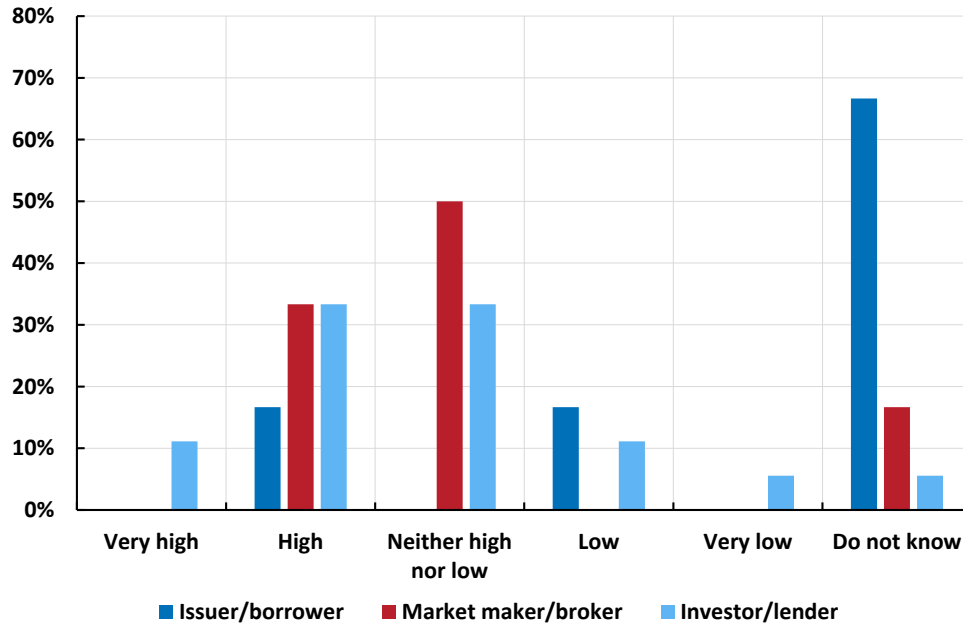
Percentage of responses



Note. The total number of responses for autumn 2024 was 30.

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

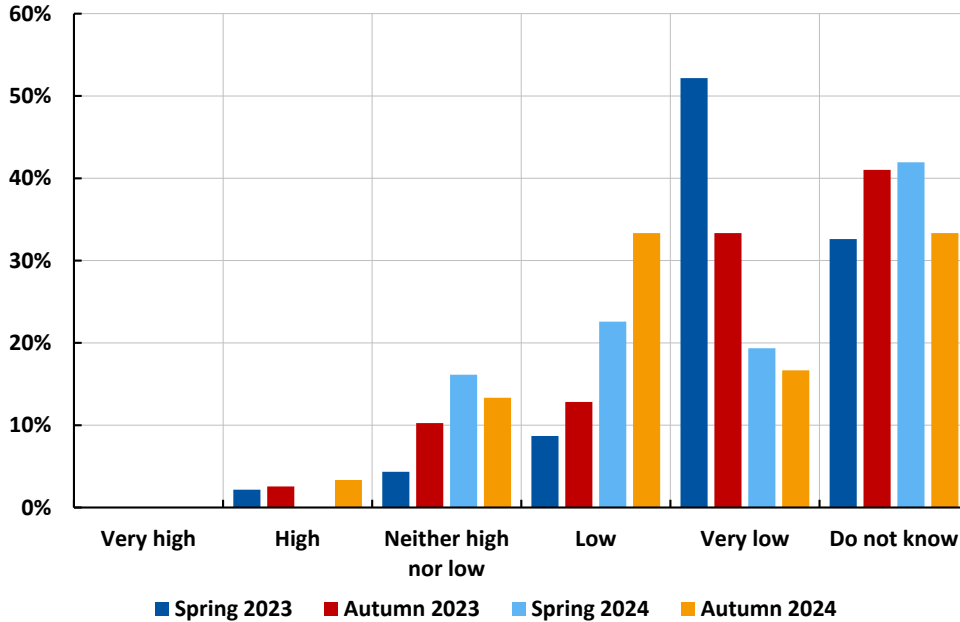
Percentage of responses for each category



Note. The total number of responses for autumn 2024 was 30.

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

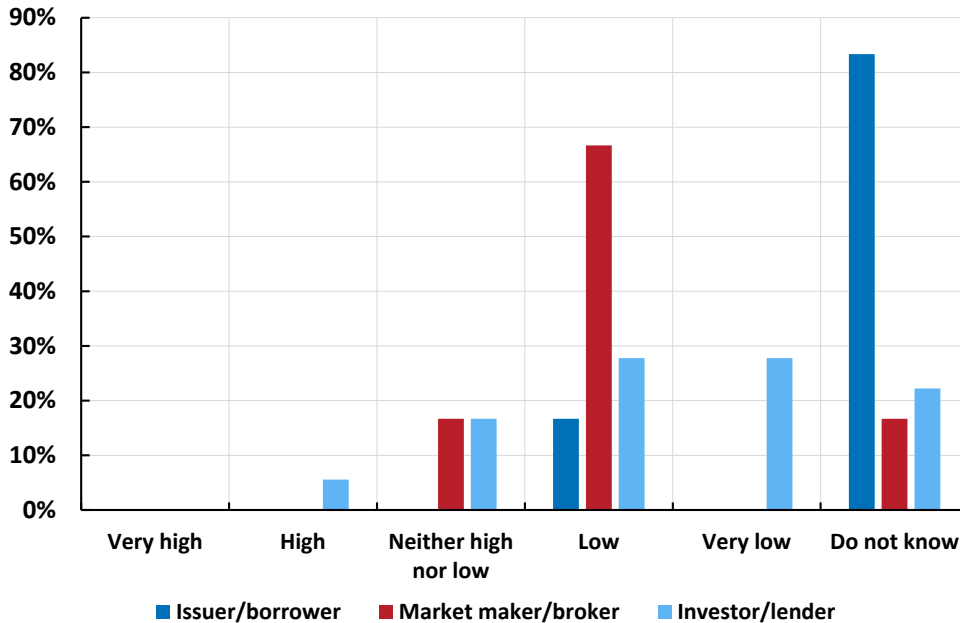
Percentage of responses



Note. The total number of responses for autumn 2024 was 30.

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

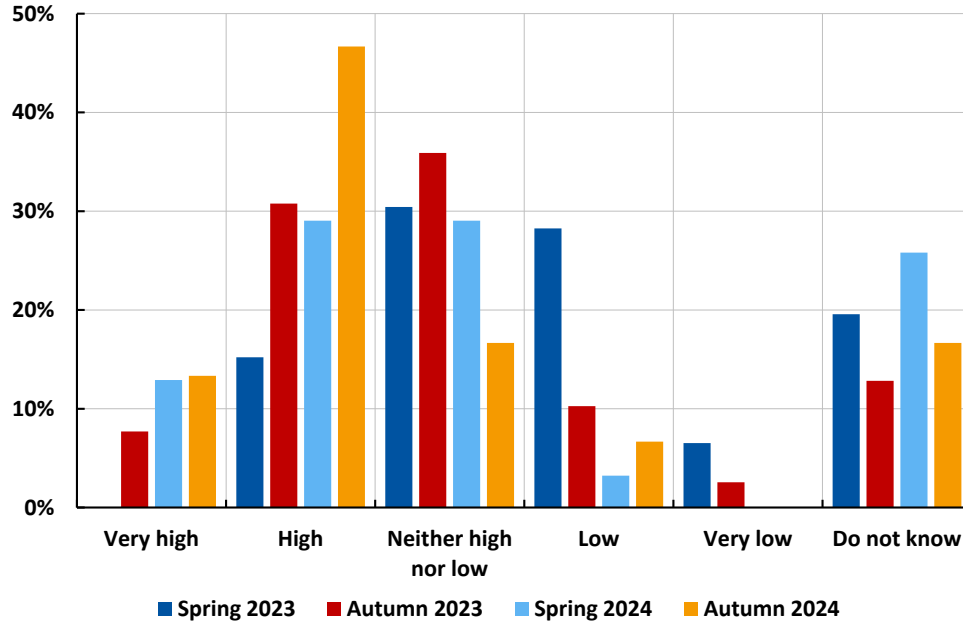
Percentage of responses for each category



Note. The total number of responses for autumn 2024 was 30.

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

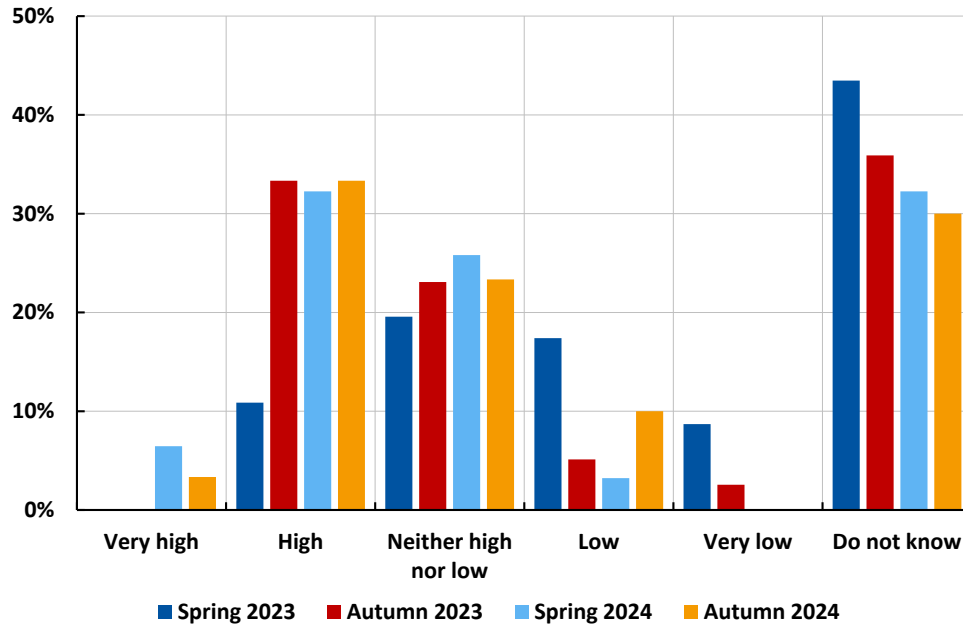
Percentage of responses



Note. The total number of responses for autumn 2024 was 30.

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

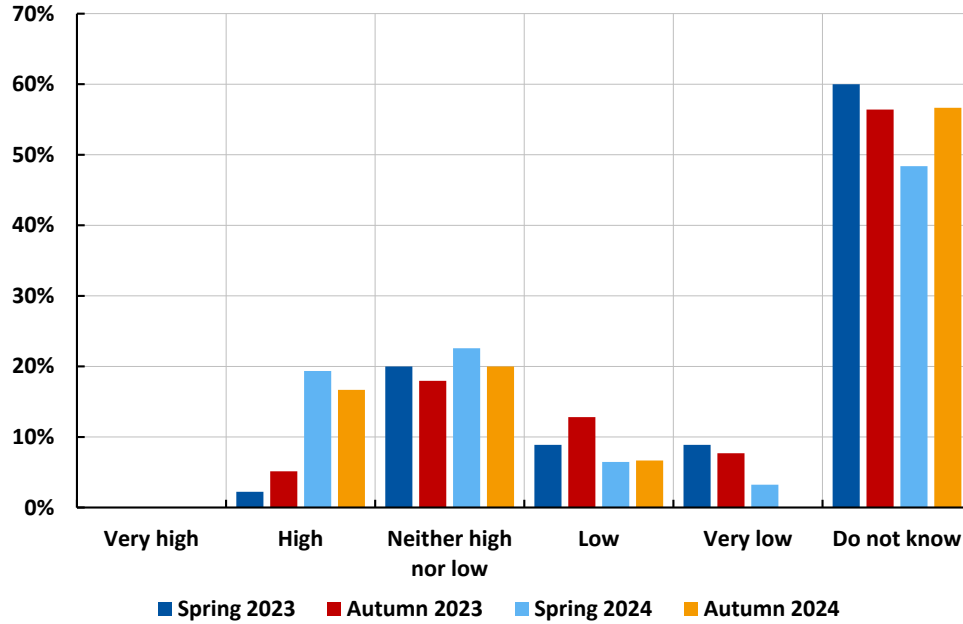
Percentage of responses



Note. The total number of responses for autumn 2024 was 30.

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

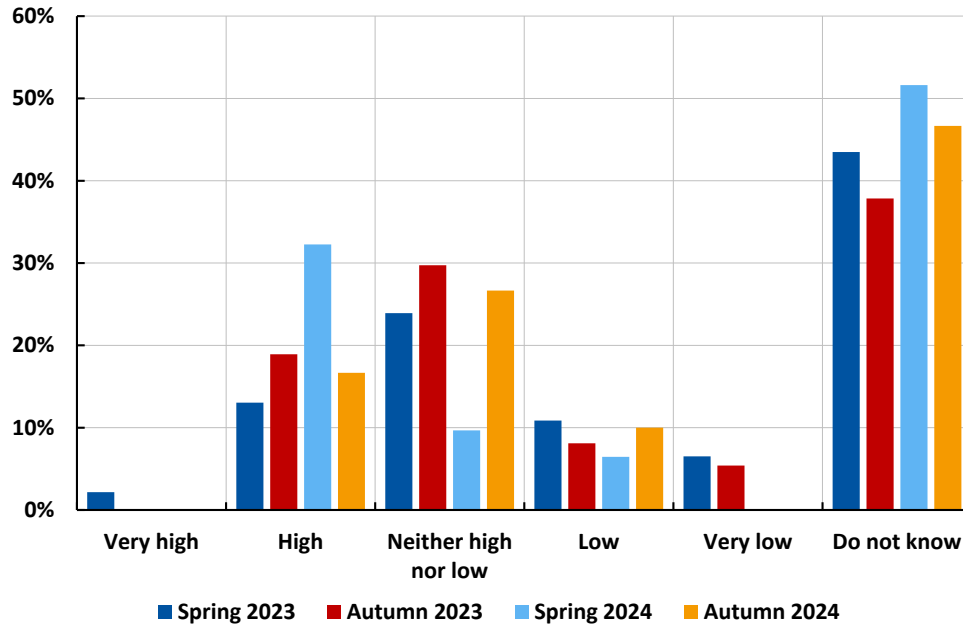
Percentage of responses



Note. The total number of responses for autumn 2024 was 30.

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

Percentage of responses

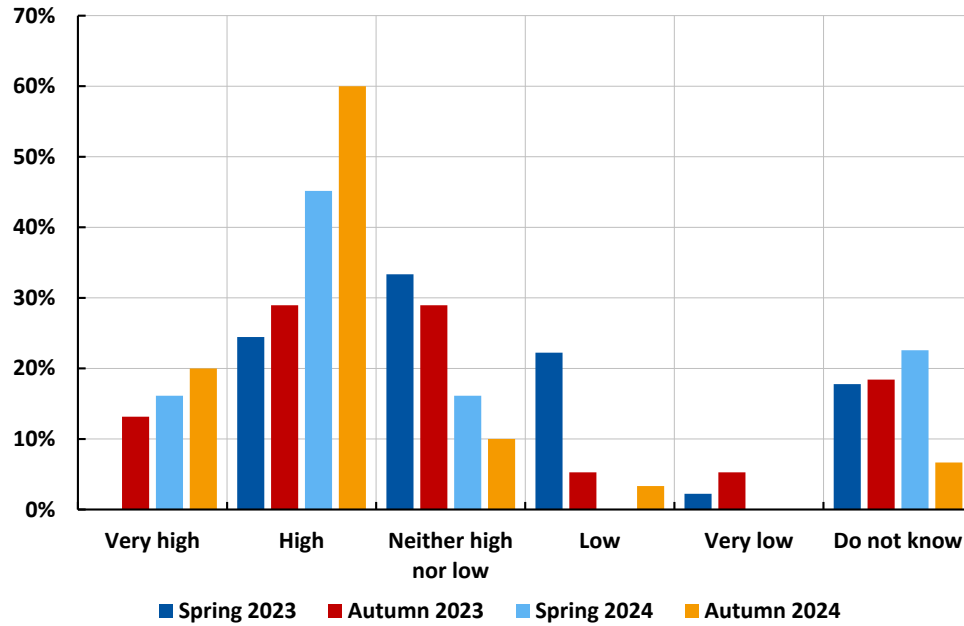


Note. The total number of responses for autumn 2024 was 30.



**Diagram 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 autumn 2024 was 30.



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