

Memorandum

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The Riksbank's survey of turnover in the Swedish foreign exchange and derivatives market

Turnover on the foreign exchange market in Sweden 2022 has increased substantially since 2019. During the same period, the turnover interest rate derivatives declined significantly. This was observed in the survey of turnover in the Swedish foreign exchange and derivatives markets made by the Riksbank in April this year at the initiative of the Bank for International Settlements (BIS).

The Riksbank's survey is part of a larger survey (Triennial Central Bank Survey) coordinated by the Bank for International Settlements (BIS). The study covers 52 countries and has been carried out every third year since 1986.¹² The previous study was carried out in 2019. The surveyed turnover comprises foreign exchange contracts in the spot and derivatives markets as well as interest rate derivatives.

In Sweden, the study is based on the turnover of the four largest Swedish participants, that is, Swedbank, Nordea Bank, SEB and Svenska Handelsbanken. The survey covers these banks' total foreign exchange and derivatives trading in Sweden; not merely their trade in Swedish kronor. The Riksbank's part of the survey does not cover total trade either in Swedish kronor or in interest-rate derivatives in Swedish kronor because a large proportion of this trade is conducted from other countries. The total turnover in the Swedish SEK market and in interest-rate derivatives in Swedish kronor is described in [the BIS preliminary report](#).

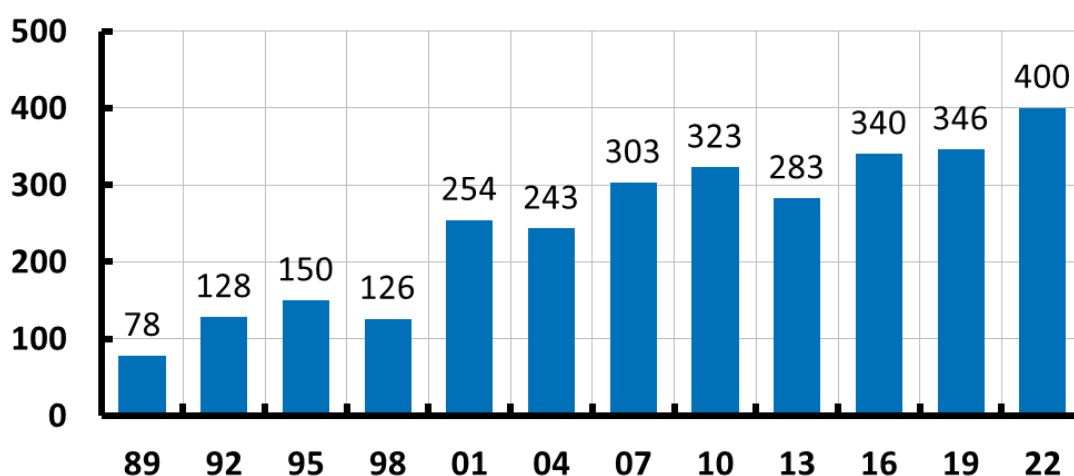
¹ Sweden has taken part in the survey since 1989

² For a preliminary compilation of all of the countries' surveys, see <https://www.bis.org/statistics/rpfx22.htm>.

Foreign exchange market turnover

The foreign exchange market is defined as spot transactions and trade in outright forwards, FX-swaps, currency swaps and foreign exchange options (see the BIS report for definitions of financial instruments). The columns in Figure 1 show the turnover in the foreign exchange market in Sweden expressed in Swedish kronor.

Figure 1. Turnover in the Swedish foreign exchange market (spot, outright forwards, FX swaps, currency swaps and options), daily average, SEK billion (April 2022).



As the BIS reports its data in US dollars, the change in turnover in the foreign exchange market is reported in Table 1 in both SEK and USD. The total turnover on the foreign exchange market in Sweden has increased, measured in Swedish krona, by almost 16 per cent in relation to the survey made in April 2019. When measured in US dollars, the turnover has increased by 13 per cent. The difference in the change figures in SEK and USD is due to the krona having weakened by 2 per cent against the US dollar between April 2019 and April 2022.

FX swaps have by far the highest turnover on the foreign exchange market in Sweden. The turnover in FX swaps has increased by 9 per cent, when measured in SEK, compared with the study made in 2019. When measured in US dollars, the turnover has increased by almost 7 per cent.

Spot transactions, the second most traded instrument in the foreign exchange market, have increased by 42 per cent compared with 2019 and measured in Swedish kronor, and by almost 39 per cent measured in US dollars.

Turnover of outright forwards has increased by just over 18 per cent compared with 2019, measured in Swedish kronor. Currency swaps show the strongest increase. They have made a six-fold increase, but from low levels. On the other hand, outright forwards have decreased by just under 31 per cent during the same period, measured in Swedish kronor.

Table 1. Turnover in the Swedish foreign exchange market by type of instrument, daily average (April 2022)

	SEK billion	USD billion	Change in turnover, in SEK, compared with 2019	Change in turnover, in USD, compared with 2019
Spot	62.6	6.6	42.1%	38.9%
FX swaps	309.5	32.4	9.1%	6.7%
Outright forwards	13.4	1.4	18.4%	15.7%
Currency swaps	11.1	1.2	657.7%	640.7%
Options	3.9	0.4	-30.8%	-32.4%
Total	400.5	42.0	15.7%	13.1%

As in previous surveys, the currency pairs with the highest turnover in the Swedish spot market were USD/EUR and SEK/EUR. The USD/EUR has the largest share of just under 20% (see Table 2). This is a decline of almost 4 percentage points compared with the 2019 study. On the other hand, the share of SEK/EUR has increased by just over 1 percentage point and comprises 18.4 per cent of the turnover. In third place we find Swedish kronor against US dollars, with a share of 17.6 per cent, which is a sharp increase of almost 10 percentage points compared to the 2019 study. NOK/EUR lost their third position despite the almost unchanged share of 9.2 per cent.

On the FX swap market, the most important currency pair was still SEK/USD, with a share of 31.2 per cent, which is a decline of almost 1 percentage point. Number two on this market is, as before, EUR/USD, which has increased by 2.5 percentage point to just under 28 per cent. In third place is SEK/EUR with a share of almost 8 per cent, which is a decline of 2.7 percentage points. The US dollar against the British pound is in fourth place with a share of 4.6 per cent.

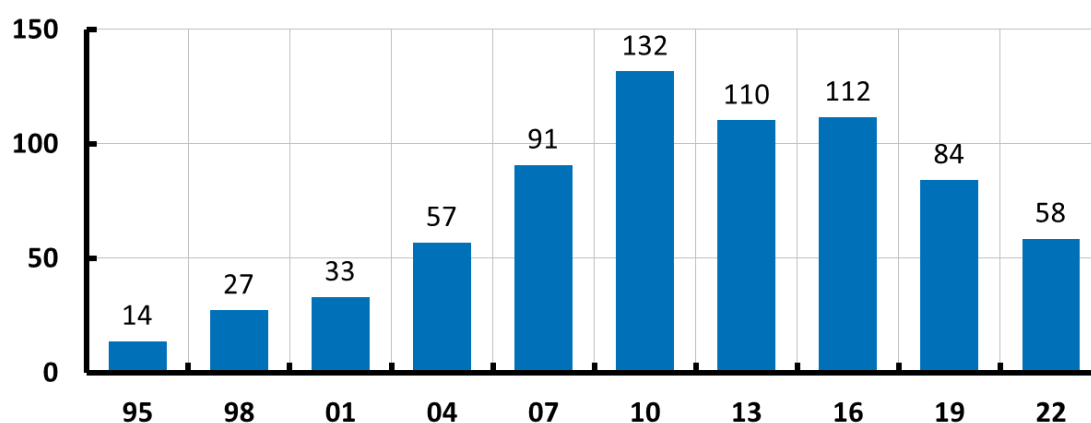
Table 2. The most frequent currency pairs in the Swedish market, daily average (April 2022)

Spot	SEK billion		FX swaps	SEK	
		Percentage		billion	Percentage
USD/EUR	12.4	19.9%	SEK/USD	96.5	31.2%
SEK/EUR	11.5	18.4%	USD/EUR	86.1	27.8%
SEK/USD	11.0	17.6%	SEK/EUR	24.5	7.9%
NOK/EUR	5.7	9.2%	USD/GBP	14.2	4.6%
USD/GBP	4.4	7.0%	NOK/USD	11.5	3.7%
DKK/EUR	2.1	3.3%	CAD/USD	4.3	1.4%
GBP/EUR	1.5	2.4%	GBP/EUR	4.0	1.3%
CAD/USD	1.2	1.9%	CHF/USD	3.0	1.0%
		79.8%			78.9%

Interest rate derivative turnover

Trade in interest rate derivatives (FRA, interest rate swaps and interest rate options) in Sweden has declined significantly since the previous survey. In April 2022 the daily average turnover amounted to SEK 58 billion (see Figure 2). Measured in Swedish kronor, sales have fallen by 25.7 per cent (see Table 3), measured in USD, the decrease is 27.4 per cent. The decline is entirely due to a decrease in the turnover of interest rate derivatives linked to the Swedish krona. This was offset by increased trading in derivatives in other currencies.

Figure 2. Total turnover in interest rate derivatives in the Swedish market, daily average, SEK billion (April 2022)



The survey shows that the turnover in FRA has declined by 25.7 per cent when measured in Swedish krona, and when measured in US dollars the decline is 27.4 per cent (see Table 3). The FRA's share of interest-rate derivatives is 45 per cent. The sharp decrease in turnover in the FRA is solely due to the sharp decline in trading in the FRA in Swedish kronor, but has been offset by an increase in sales in other currencies.

The turnover in interest rate swaps has also decreased. Measured in SEK, the decline is 21.6 percentage points. Interest rate swaps account for 53 per cent of the total interest rate derivative turnover, which is an increase of 6 percentage points in relation to the previous study.

The turnover in interest-rate options has decreased almost 90 per cent, and comprises 2 per cent of the interest rate derivative turnover, compared with 11 per cent in the 2019 study.

Table 3. Turnover in interest rate derivatives in the Swedish market by type of instrument, daily average (April 2022)

	SEK billion	USD billion	Percentage	Change in turnover, in SEK, compared with 2019	Change in turnover, in USD, compared with 2019
FRA's	26.1	2.7	45%	-25.7%	-27.4%
Interest rate swaps	31.2	3.3	53%	-21.6%	-23.3%
Interest-rate options	1.2	0.1	2%	-87.2%	-87.5%
Total	58.5	6.1	100%	-30.5%	-32.1%

Instruments (FRA, interest rate swaps and interest rate options) related to interest rates in Swedish kronor had a turnover of just under SEK 39 billion per day, which is a 50% reduction compared with 2019, when turnover was over SEK 82 billion (see Table 4). This has been compensated for by the fact that sales in interest rate derivatives in currencies other than Swedish kronor (euros, US dollars and Norwegian kronor) have increased by just almost SEK 18 billion per day.

Swedish kronor represents 67 per cent of sales in the interest rate derivatives market in Sweden, which is a large decrease compared to the 2019 study, when Swedish kronor represented 97 per cent of sales.

Table 4. Turnover in interest rate derivatives (FRA's, interest rate swaps and interest rate options) in the Swedish market by currency, daily average (April 2022)

Currency	Billions	Billions	Percentage
	SEK	USD	
SEK	38.9	4.1	67%
EUR	9.5	1.0	16%
USD	4.9	0.5	8%
NOK	4.5	0.5	8%
Other	0.7	0.1	1%
Total	58.5	6.1	100%