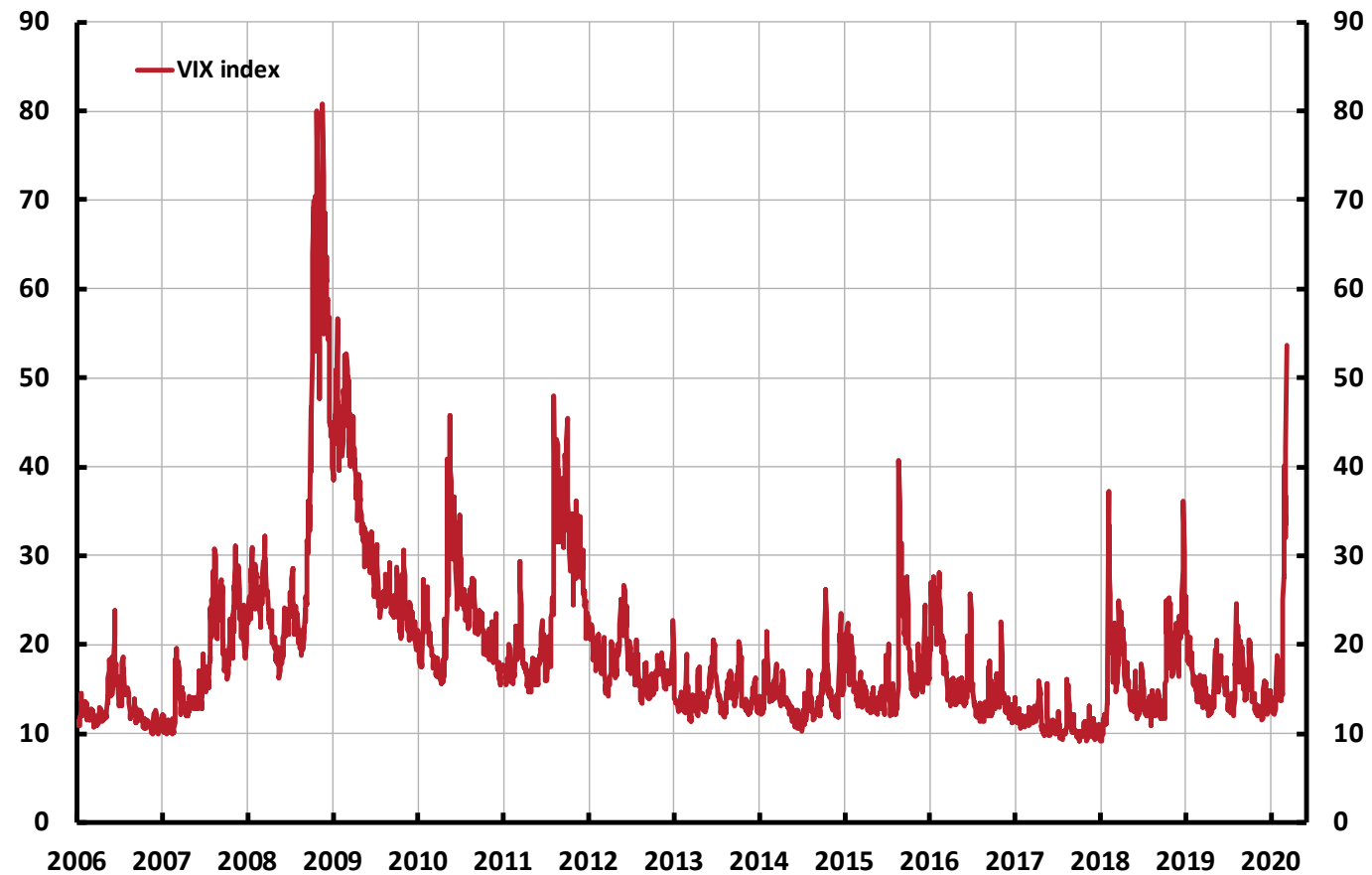


Major market unease in the wake of the coronavirus

Riksdag Committee on Finance
10 March 2020

Anna Breman
Deputy Governor of the Riksbank

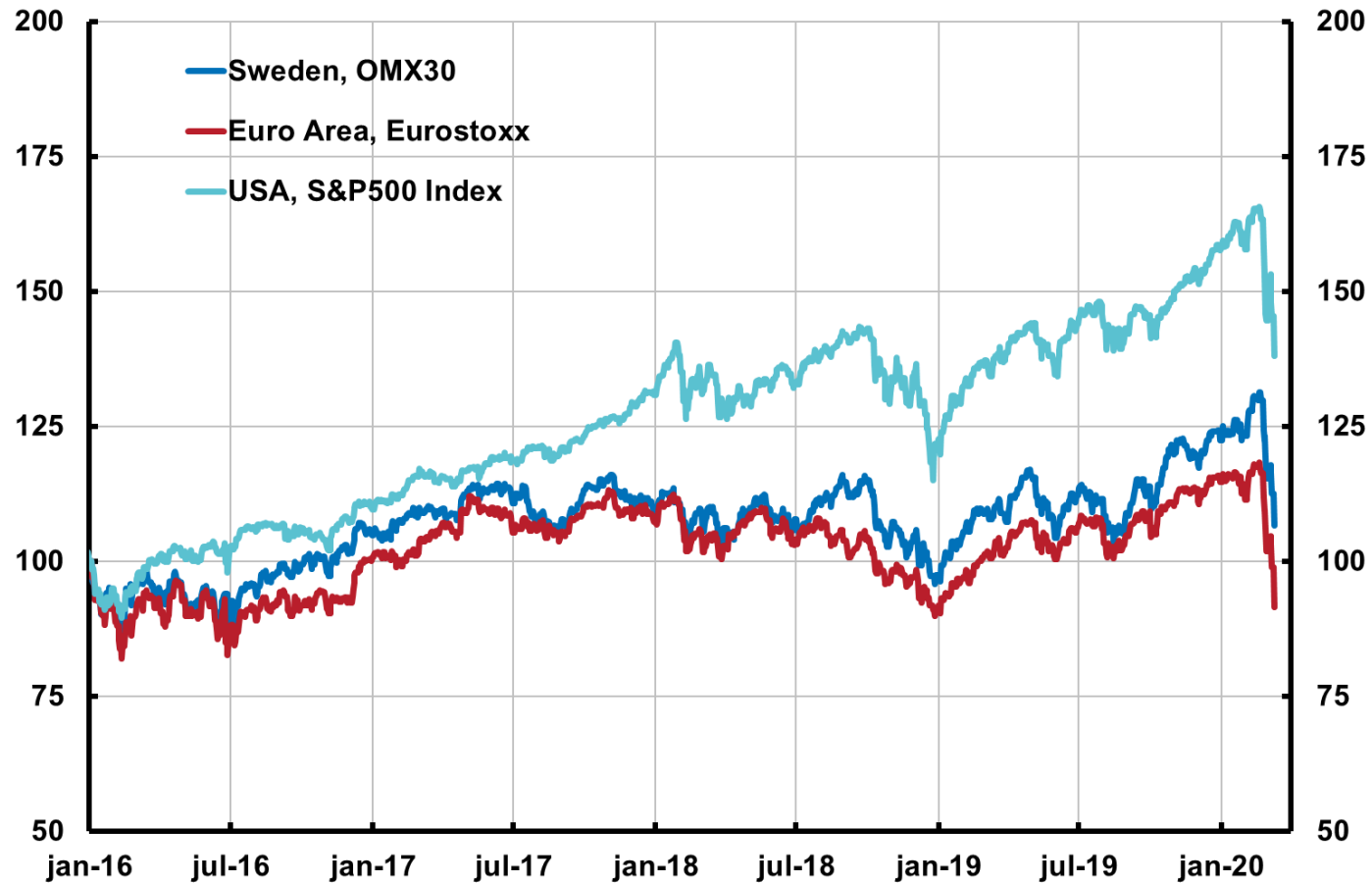
Increased unease on financial markets



Implicit volatility S&P 500 Index

Source: Bloomberg

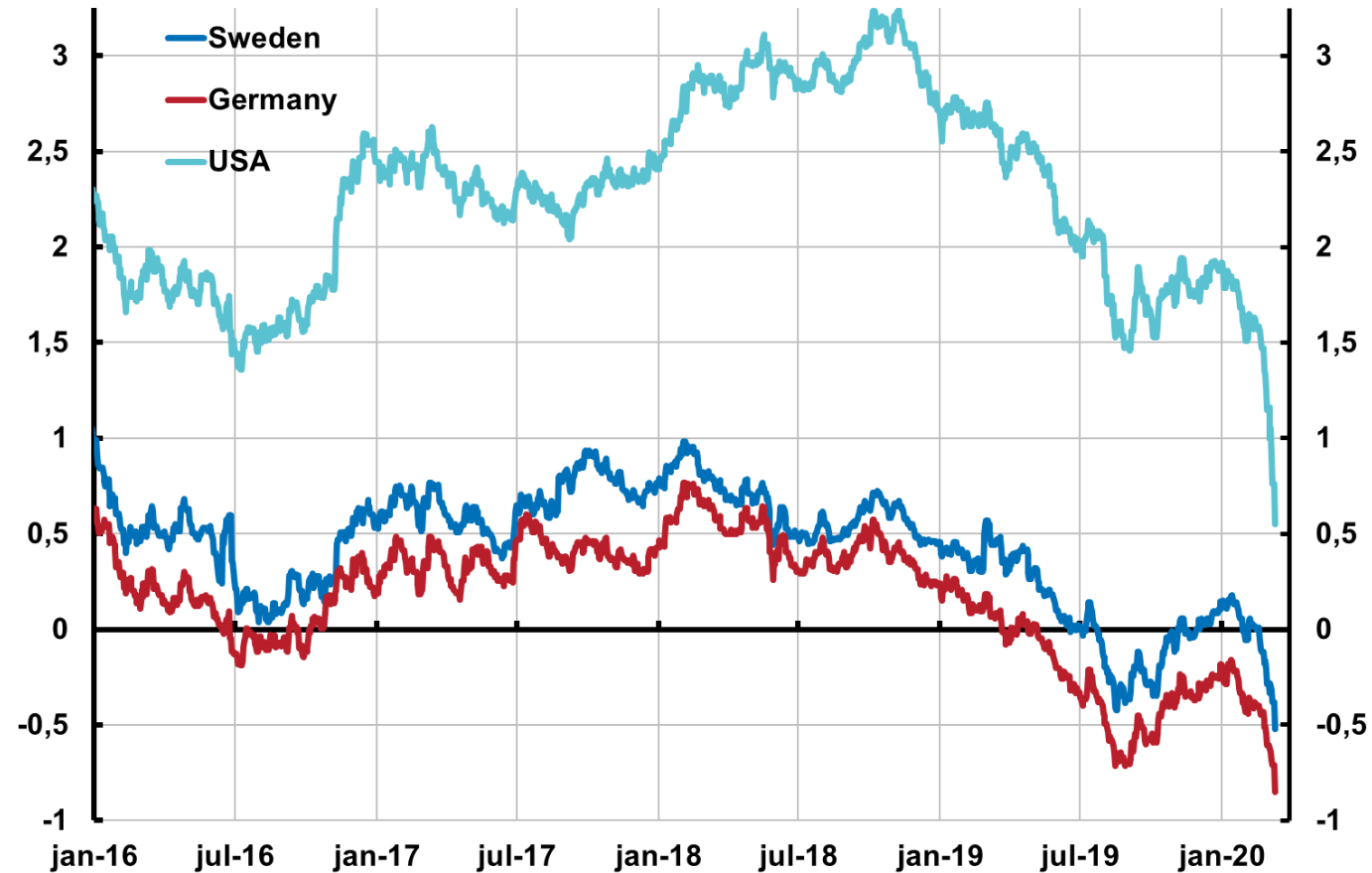
Falling stock exchanges



Index, 2016-01-02=100

Source: Macrobond

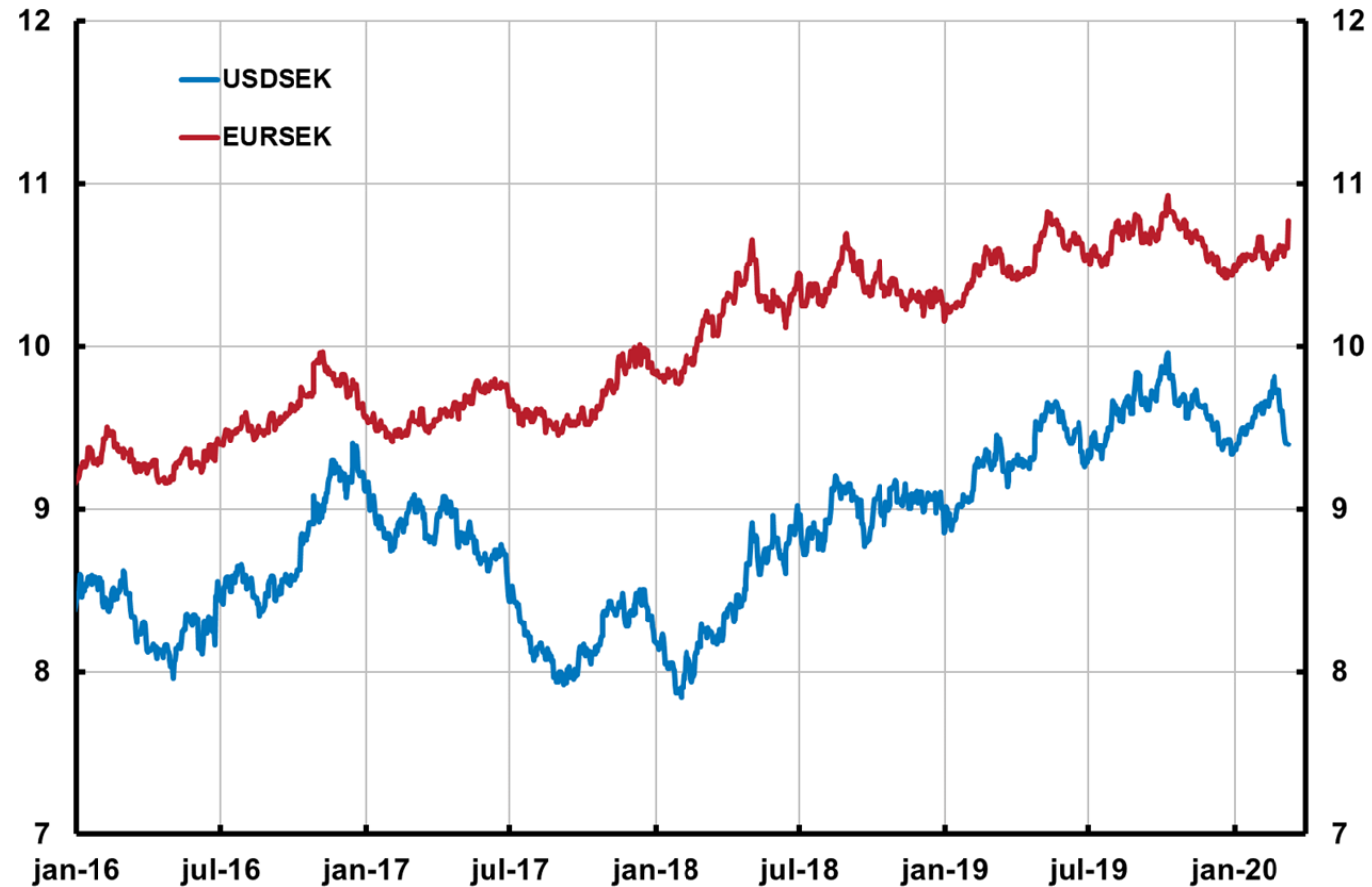
Increased demand for safe assets



Per cent, 10-years government bond yields

Sources: National central banks, US Treasury and the Riksbank

Swedish krona normally affected in uncertain times



Sources: National sources and the Riksbank

Falling oil price

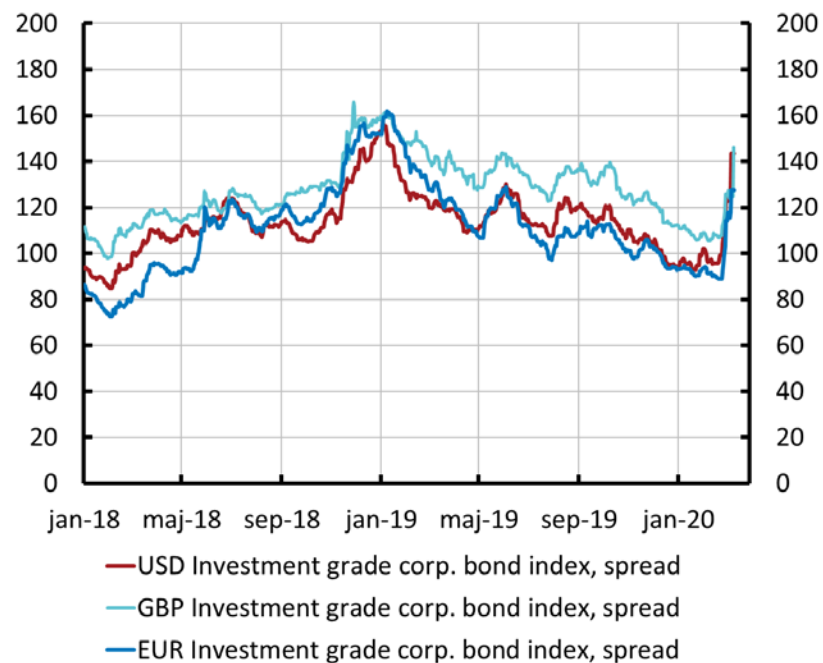


USD per barrel

Source: Bloomberg

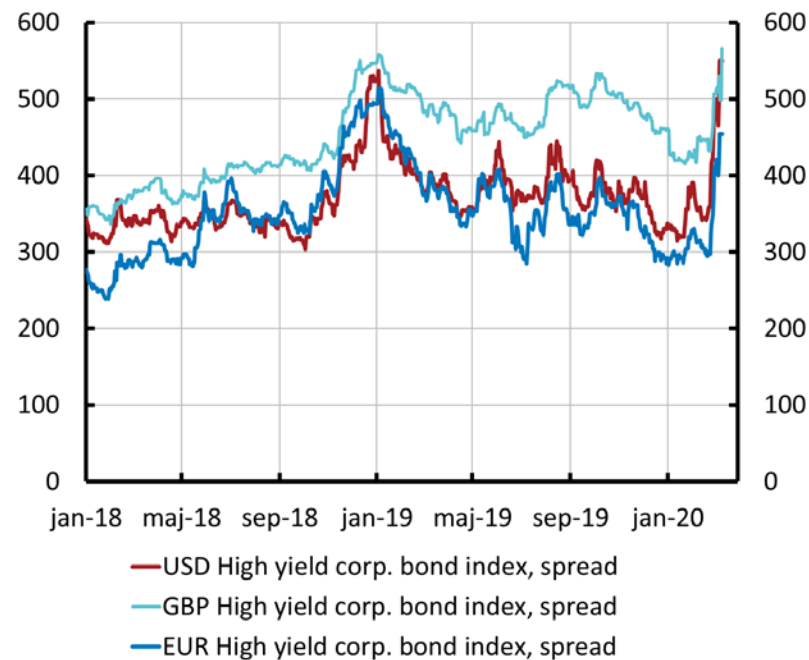
Increased uncertainty hits companies with lower credit ratings

High credit rating



Basis points

Lower credit rating



Sources: Bloomberg and Barclays

The Riksbank's toolbox is not exhausted

Emergency liquidity assistance

- Loans to financial institutions to supply liquidity in a crisis

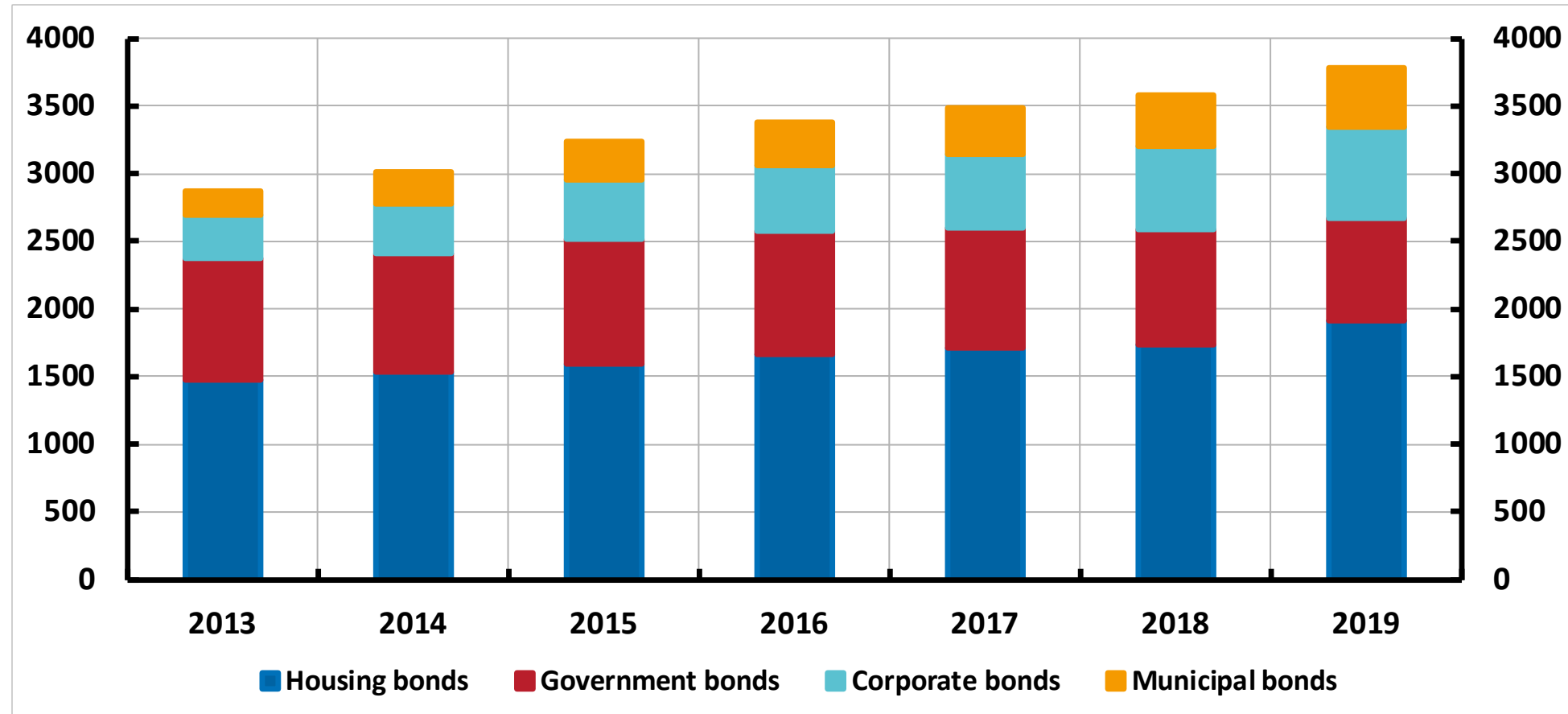
Policy rate

- But the interest rate is close to its *effective* lower bound

Other measures

- Loans to companies via banks
- Purchase government, municipal, housing and corporate bonds
- Foreign exchange interventions
- Forward guidance

Scope to broaden bond purchases



Outstanding volume of bonds issues in SEK billions

Sources: SCB, Kommuninvest, Covered Bond Label and the Riksbank