

Financial markets survey

Spring 2021

April 2021

Table of contents

1	Survey results – spring 2021	3
2	Market participants and their risk-taking	5
3	Market for FX trading in SEK	8
4	The Swedish fixed-income market	11
5	Electronic aids	17

1 Survey results – spring 2021

The Riksbank sends out the Financial markets survey twice a year to participants active in the Swedish fixed-income and foreign exchange (FX) markets. The purpose of the survey is to gain an overall picture of participants' views on the Swedish financial markets – how they are working, what market activity looks like and what risks participants see in the Swedish financial system going forward. This report presents the results of the survey responded to in the period 15–26 February 2021. The report is based solely on participants' responses and is not an account of the Riksbank's assessments.¹ On this occasion, 63 out of 114 participants asked to take part in the survey responded. This is a response rate of approximately 55 per cent.

- **A large majority of participants consider that they take small or neutral risks.** This is the same amount as in the autumn survey. On the other hand, when asked whether they have changed their risk taking over the past six months, slightly more respondents said they had increased their risk taking since the autumn.
- **The FX market for SEK is perceived to be working even better than in the autumn.** Almost eight out of ten respondents consider the FX market for SEK to be working well or very well, which can be compared with last autumn, when almost six out of ten responded said that it was working well or very well. The percentage of respondents who consider the market to be working well or very well is even larger than prior to the coronavirus pandemic (autumn 2019). It is primarily the liquidity on the spot market that is perceived as better than at the time of the previous survey, although the liquidity on the forward market is also perceived as good.
- **Four out of ten market participants consider that the Swedish fixed-income market is working well.** This is a decline compared with the autumn, when half of the respondents considered it to be working well. However, it is still an improvement in relation to autumn 2019, prior to the coronavirus pandemic, when only two out of ten stated that the market was functioning well. Of those participants who express an opinion, more state that the liquidity on the markets for government bonds, treasury bills and covered bonds is poor or very poor than state that it is good or very good. The situation is the reverse on the markets for investment grade corporate bonds and commercial paper. Of those participants who express an opinion, more state that the liquidity on these markets is good or very good than state that it is poor or very poor. Compared with the autumn survey, a change can be seen in partic-

¹ The term (market) participants will henceforth be used to refer to those participants responding to the survey.

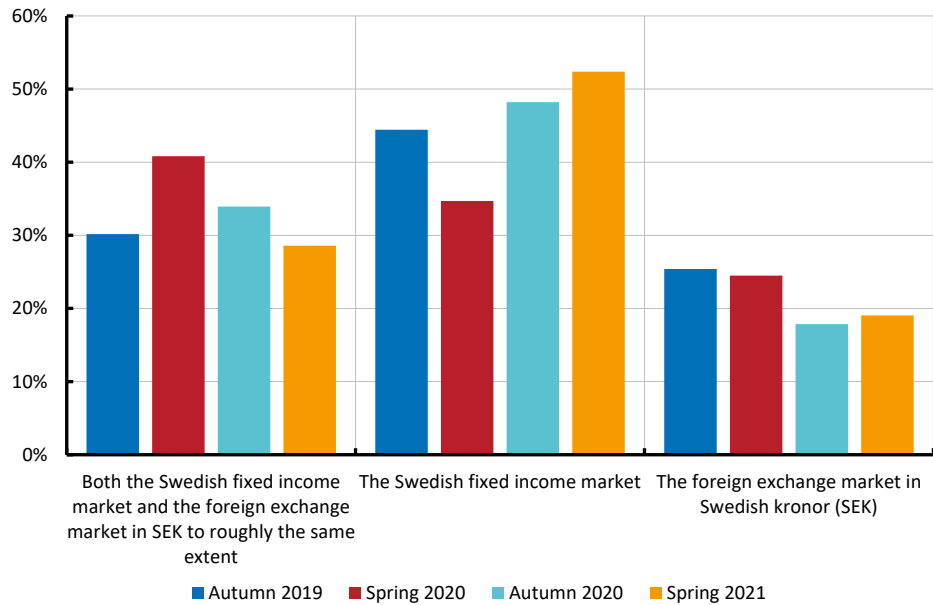
ular with regard to liquidity in covered bonds, which is perceived as somewhat poorer and commercial paper, which is perceived as somewhat better. The participants still state that the liquidity in interest rate swaps is good.

Seven out of ten respondents say that the Riksbank's asset purchases, which were introduced as a measure during the coronavirus pandemic have had a large or very large impact on how the Swedish fixed-income market has functioned. Among those who have commented on their response in text, a majority have mentioned that the asset purchases have had a negative effect on market function, partly because they diminish liquidity. Several point out, however, that the Riksbank's purchases were important during the initial stage of the coronavirus pandemic for stabilising the market, and some consider that the purchases are still providing a positive contribution.

2 Market participants and their risk-taking

Diagram 1. In which market are you most active?

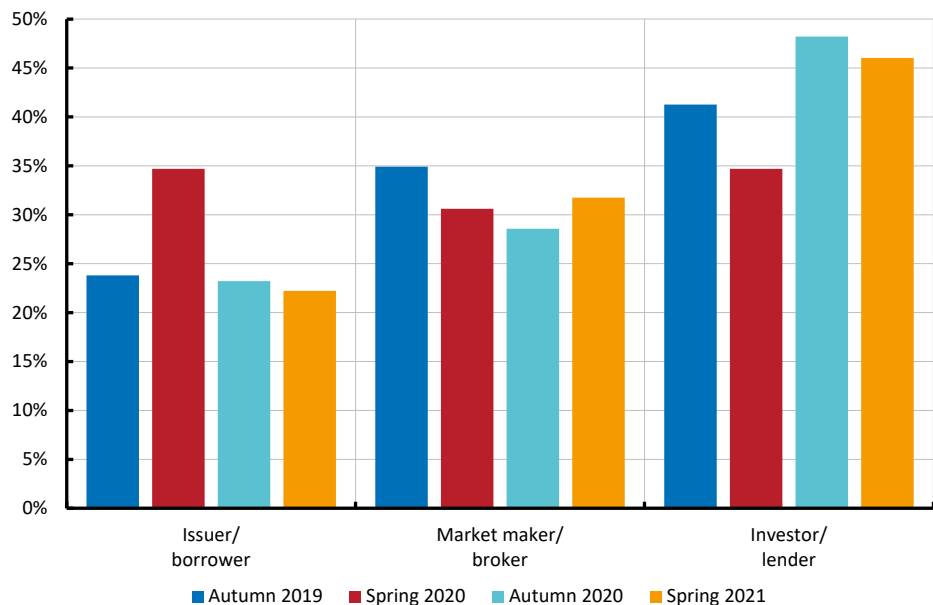
Percentage of responses



Note. 63 responses in total (spring 2021)

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

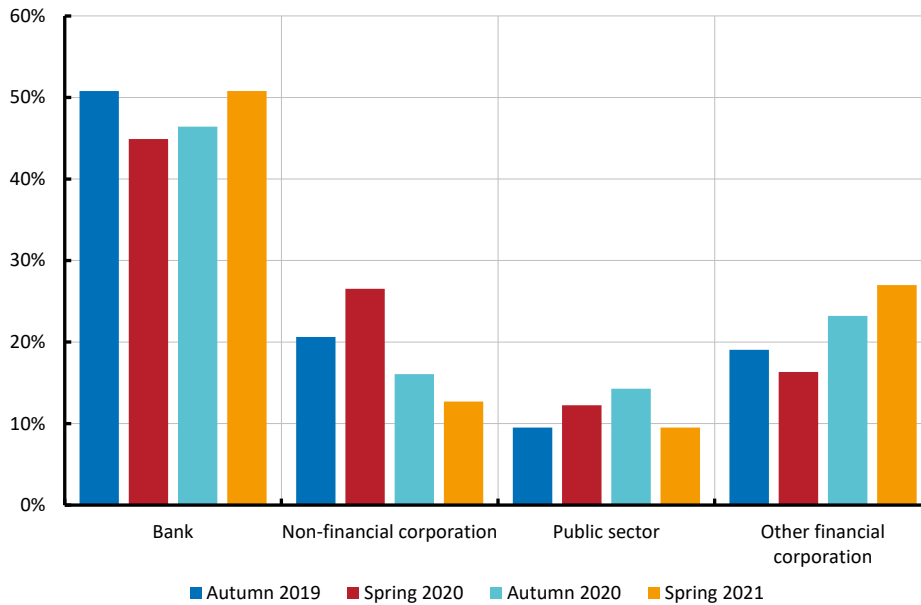
Percentage of responses



Note. 63 responses in total (spring 2021)

Diagram 3. To which sector do you primarily belong?

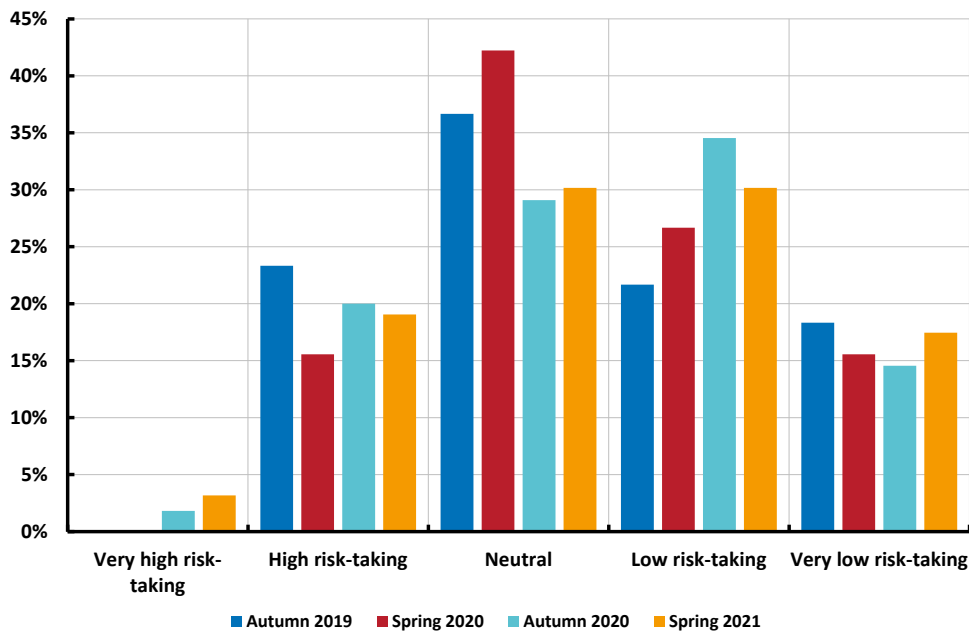
Percentage of responses



Note. 63 responses in total (spring 2021)

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

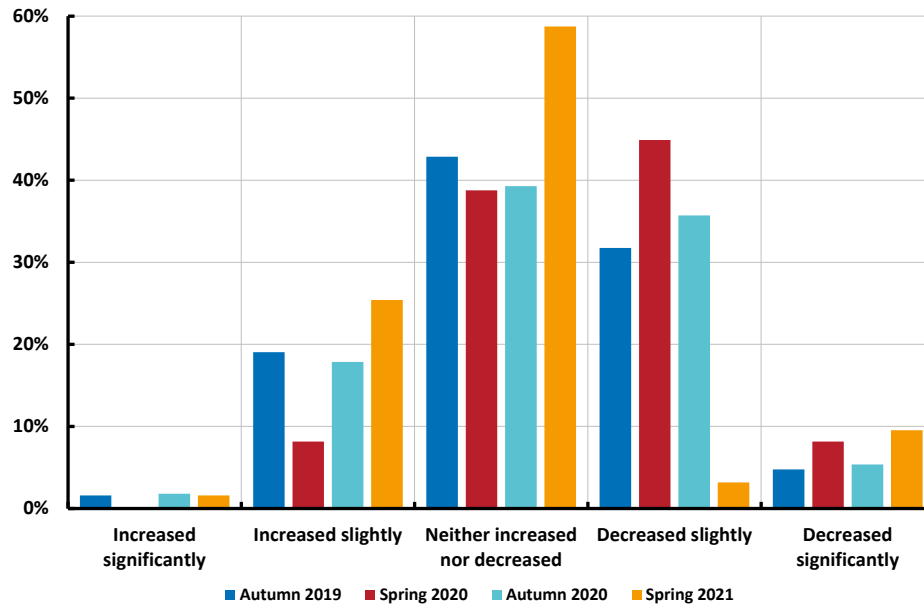
Percentage of responses



Note. 63 responses in total (spring 2021)

Diagram 5. How do you consider your risk-taking in the market to have changed over the past 6 months?

Percentage of responses

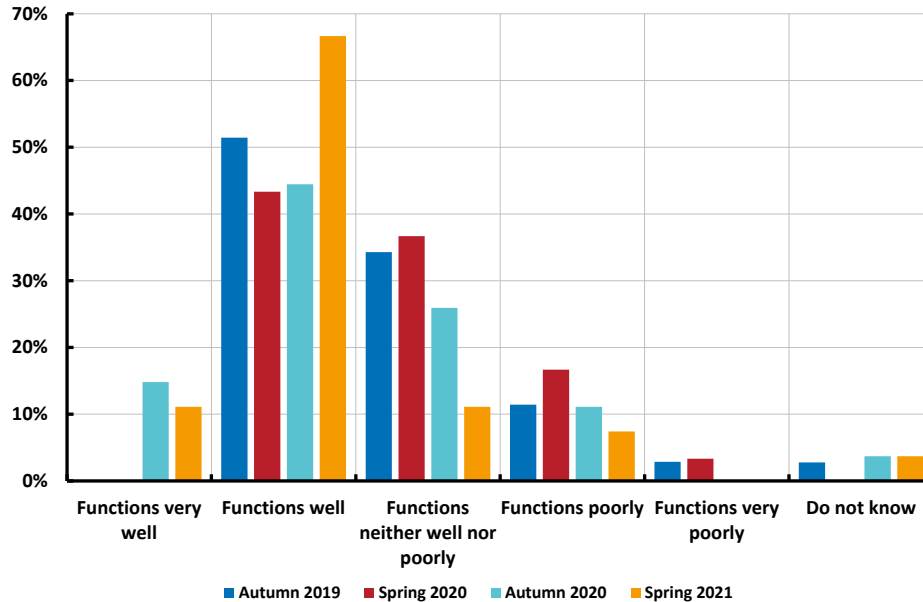


Note. 63 responses in total (spring 2021)

3 Market for FX trading in SEK

Diagram 6. What is your assessment of the functioning of the market for SEK at present?

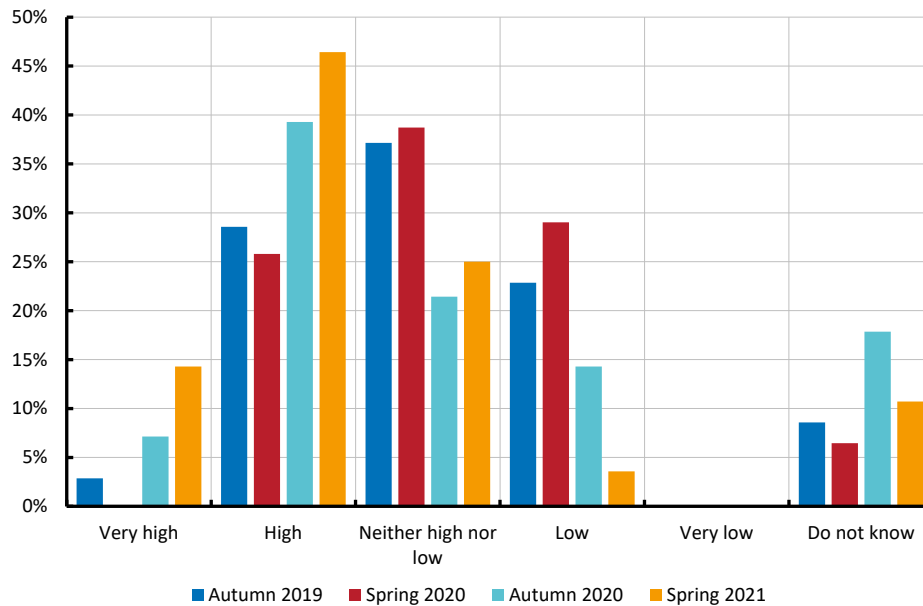
Percentage of responses



Note. 27 responses in total (spring 2021)

Diagram 7. What is your assessment of current market liquidity on the spot SEK market (against the G10 currencies)?

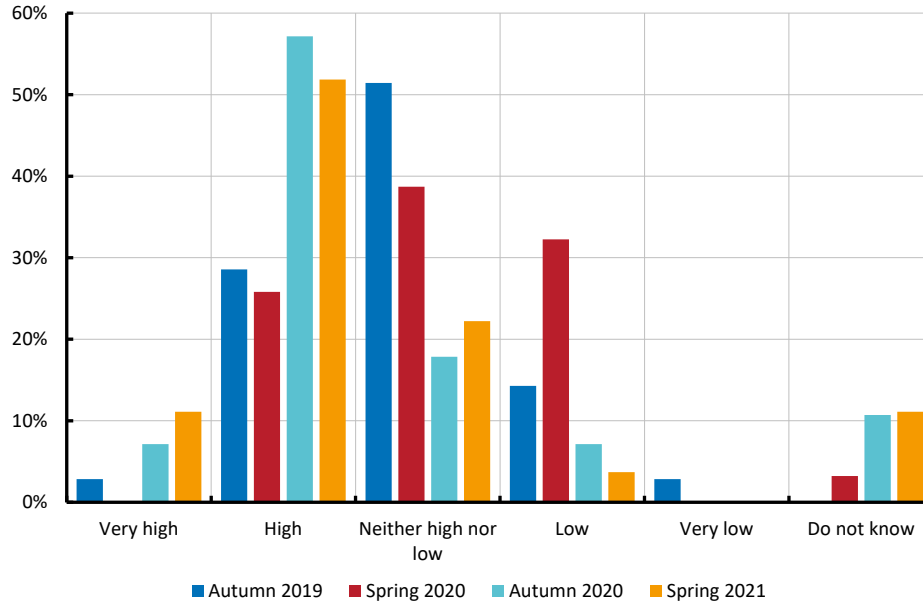
Percentage of responses



Note. 28 responses in total (spring 2021)

Diagram 8. What is your assessment of current market liquidity on the forward SEK market (against the G10 currencies)?

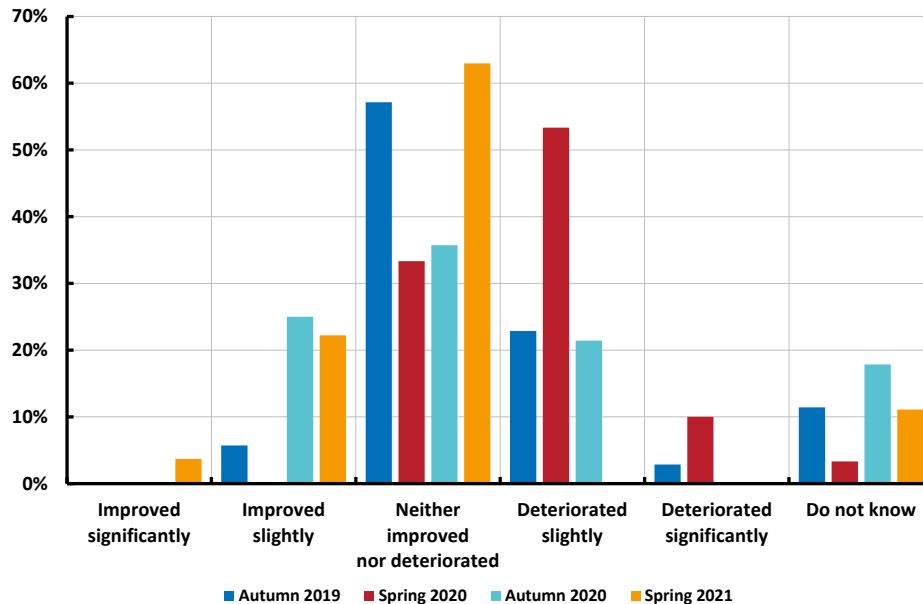
Percentage of responses



Note. 27 responses in total (spring 2021)

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

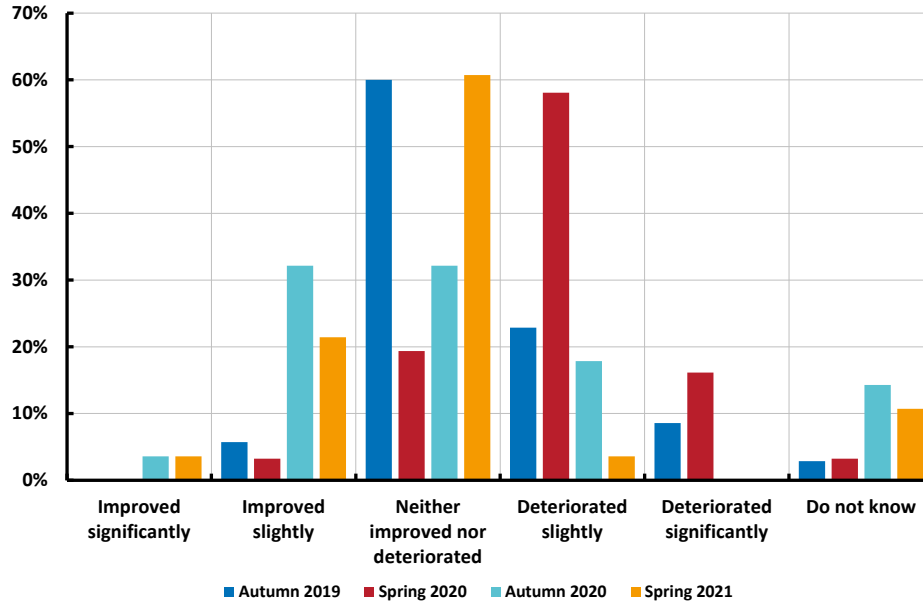
Percentage of responses



Note. 27 responses in total (spring 2021)

Diagram 10. How do you assess that market liquidity has changed over the last 6 months on the forward market?

Percentage of responses

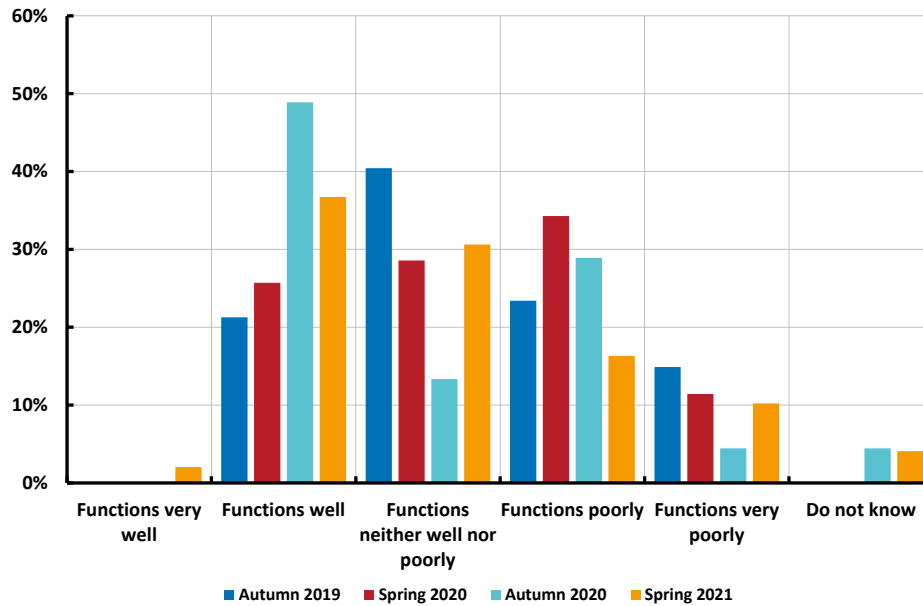


Note. 28 responses in total (spring 2021)

4 The Swedish fixed-income market

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

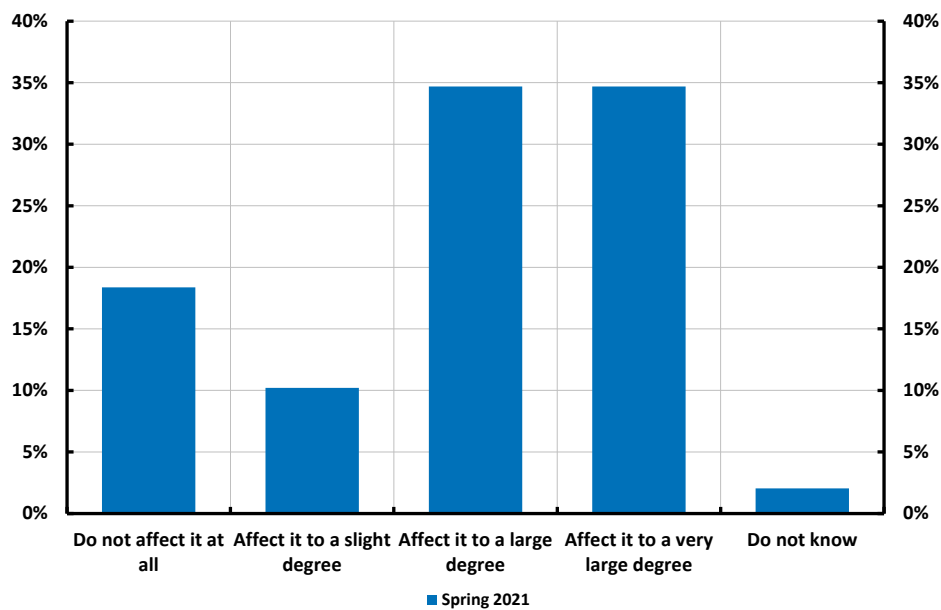
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 12. To what degree do you consider the Riksbank's asset purchases affect the functioning of the fixed-income market?

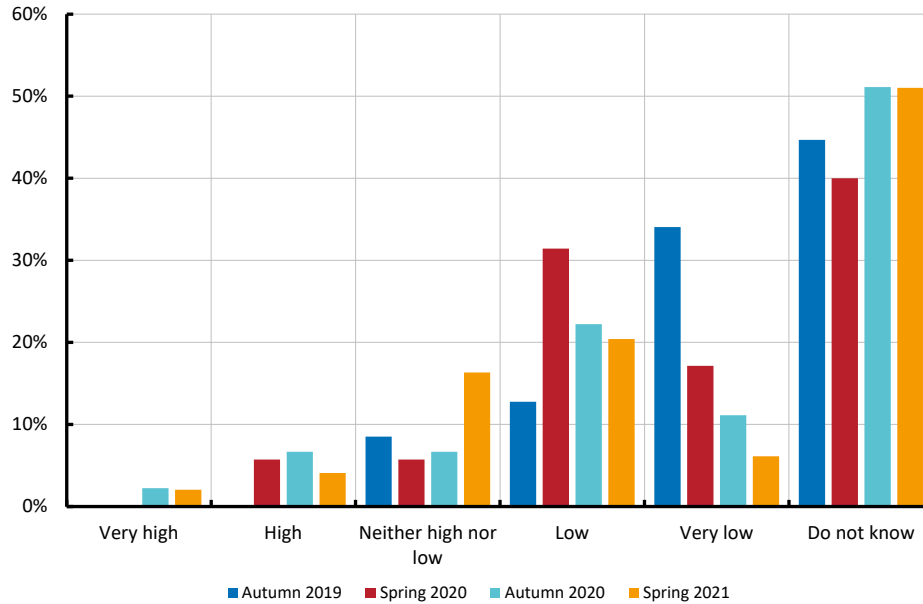
Percentage of responses



Note. 49 responses in total

Diagram 13. What is your assessment of market liquidity at present on the secondary market for treasury bills?

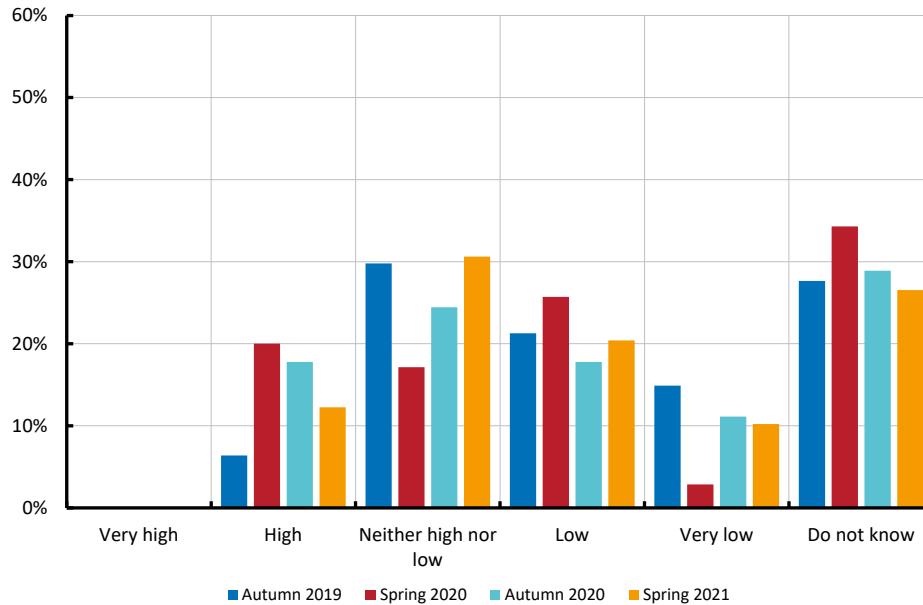
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 14. What is your assessment of market liquidity at present on the secondary market for nominal government bonds?

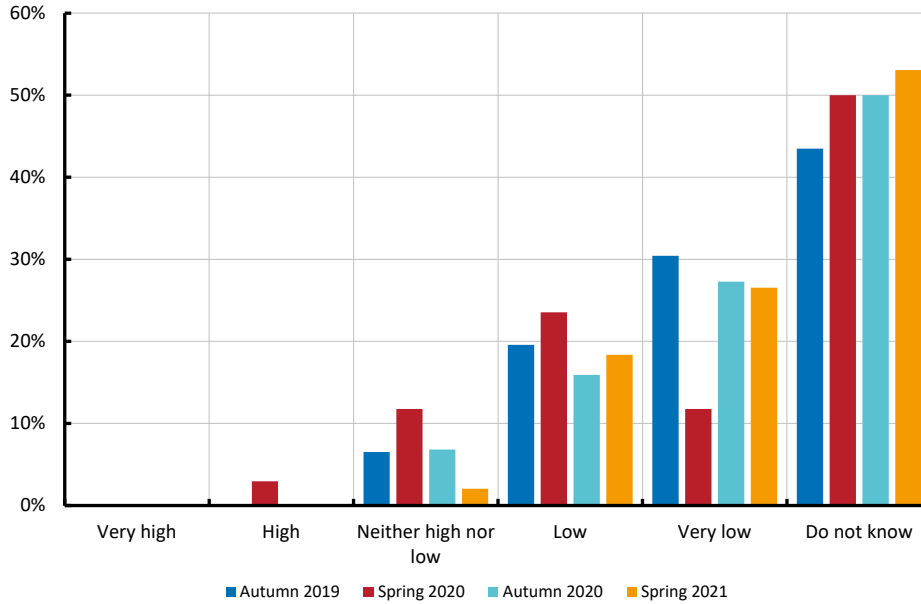
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 15. What is your assessment of market liquidity at present on the secondary market for inflation-linked government bonds?

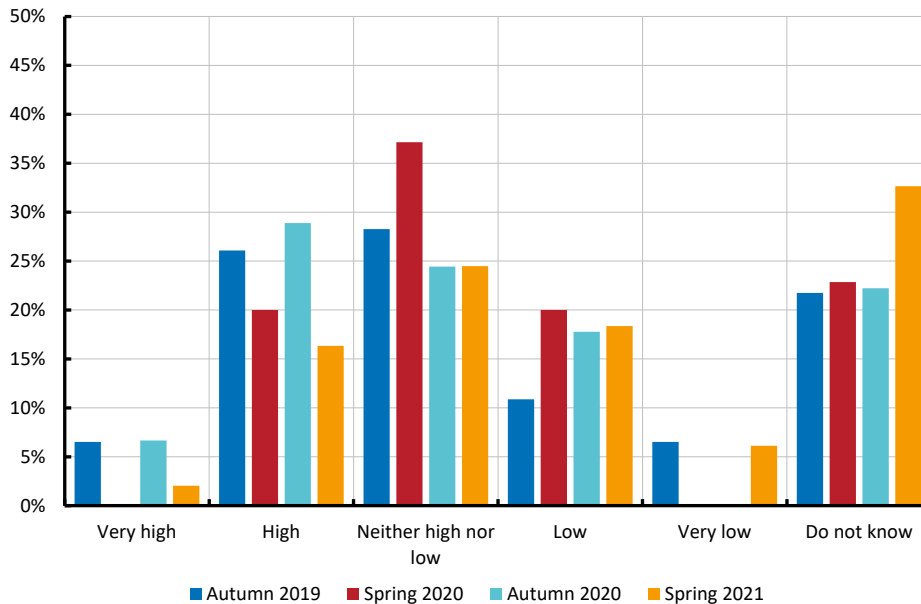
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 16. What is your assessment of market liquidity at present on the secondary market for covered bonds?

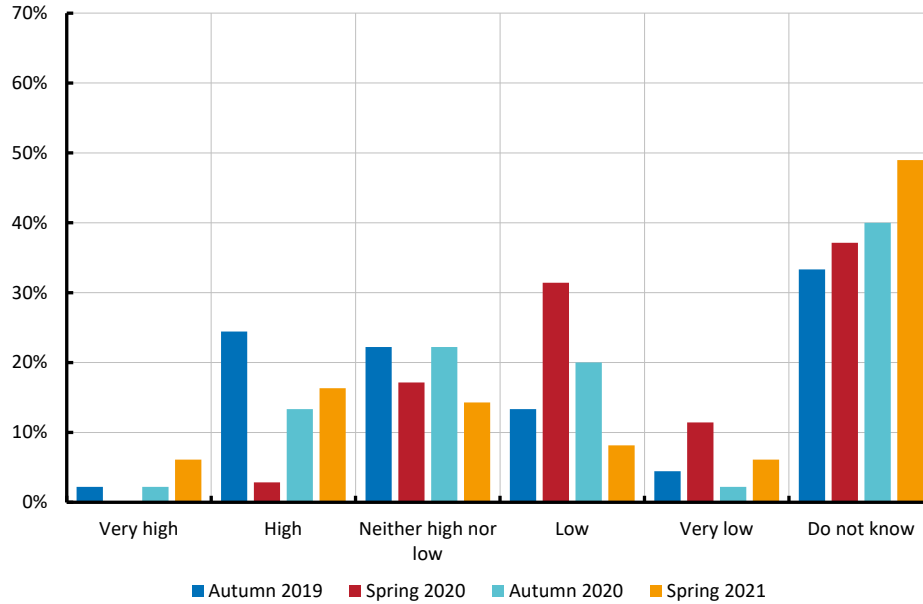
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 17. What is your assessment of market liquidity at present on the secondary market for corporate bonds, investment grade?

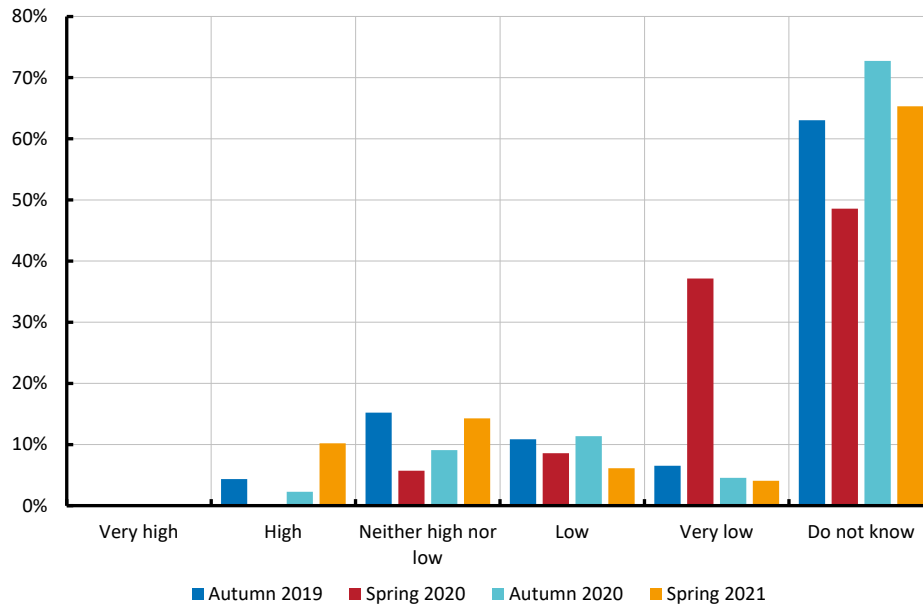
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 18. What is your assessment of market liquidity at present on the secondary market for corporate bonds, high yield?

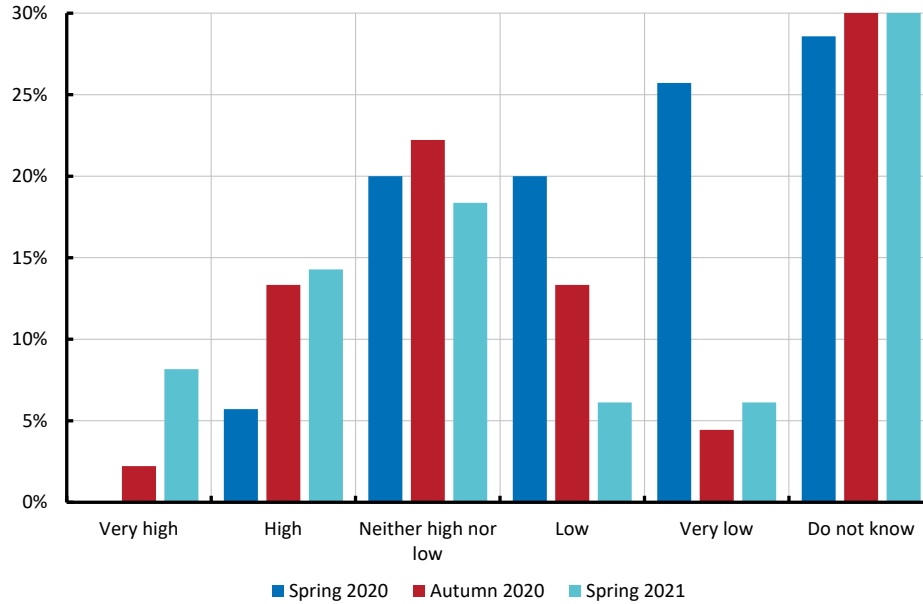
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 19. What is your assessment of market liquidity at present on the secondary market for commercial paper?

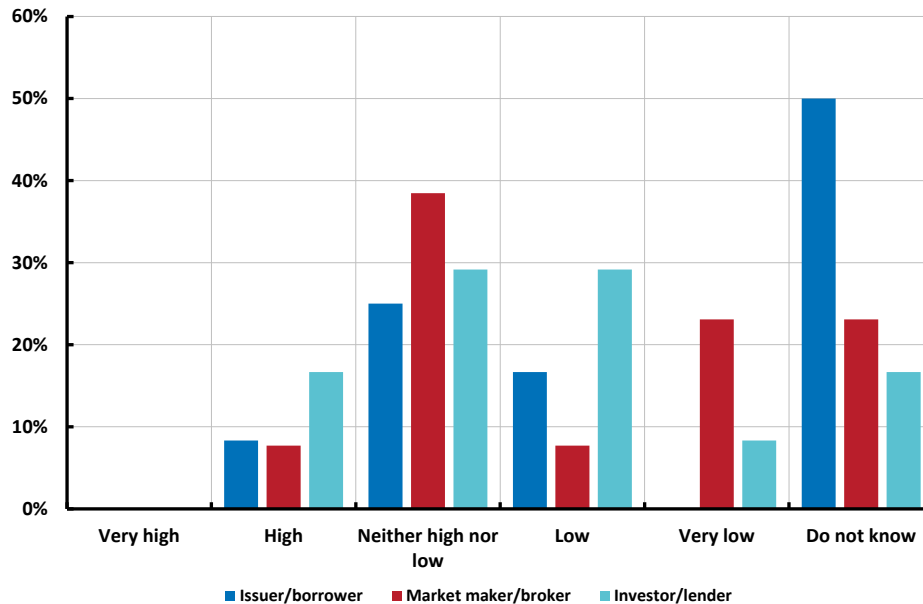
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 20. What is your assessment of market liquidity at present on the secondary market for nominal government bonds?

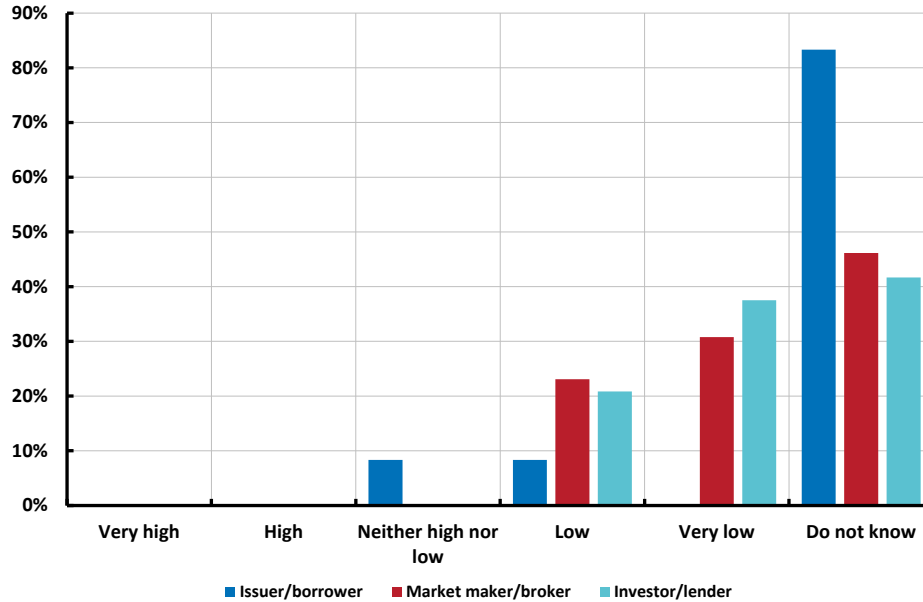
Percentage of responses for each category



Note. 49 responses in total, of which 12 issuers, 13 market makers and 24 investors

Diagram 21. What is your assessment of market liquidity at present on the secondary market for inflation-linked government bonds?

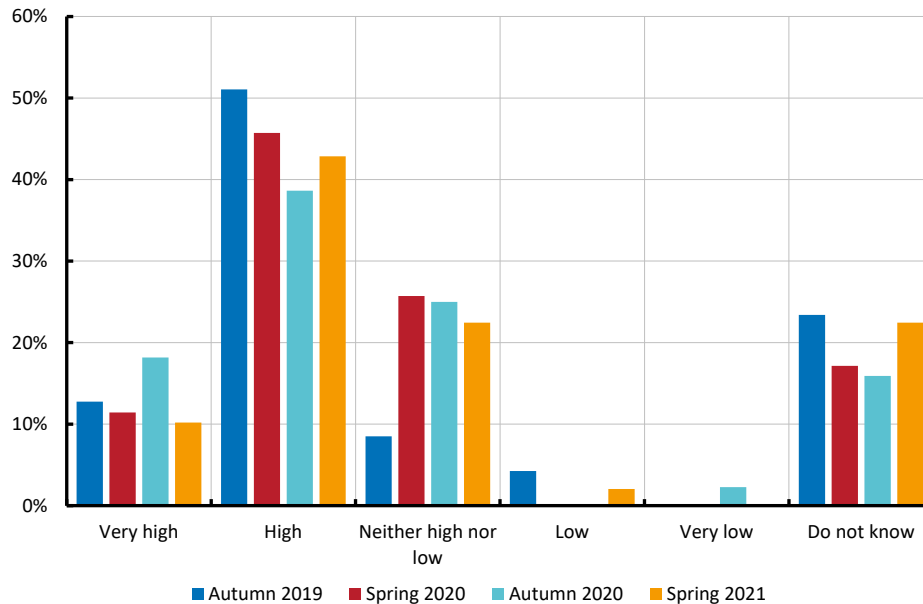
Percentage of responses for each category



Note. 49 responses in total, of which 12 issuers, 13 market makers and 24 investors

Diagram 22. What is your assessment of market liquidity at present on the secondary market for interest rate swaps (SEK/SEK)?

Percentage of responses

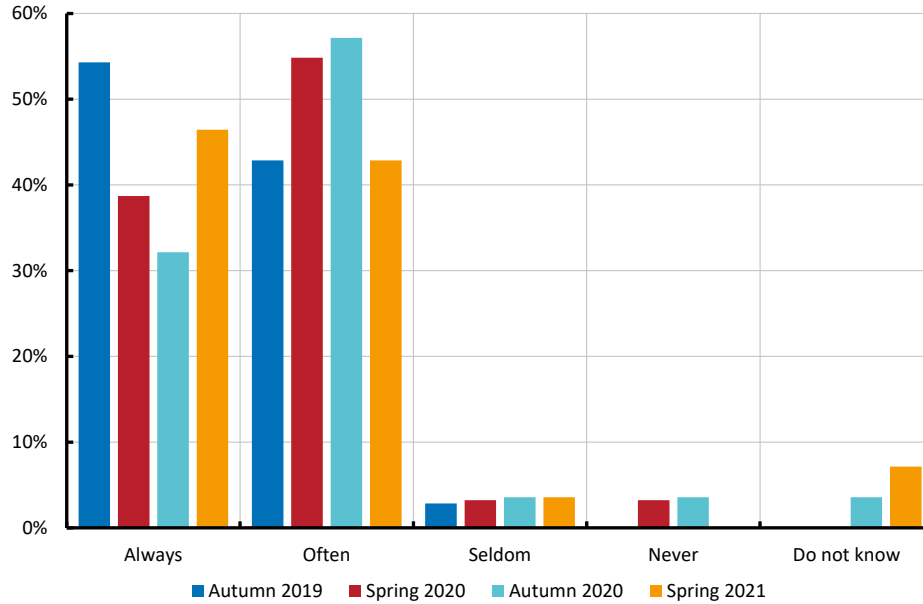


Note. 49 responses in total (spring 2021)

5 Electronic aids

Diagram 23. To what extent do you use electronic platforms in your FX trading with SEK?

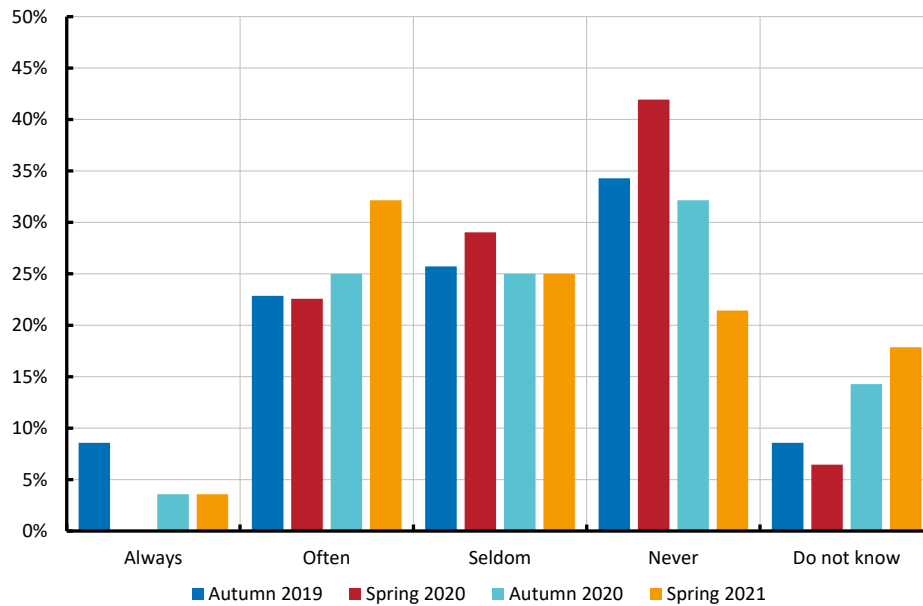
Percentage of responses



Note. 28 responses in total (spring 2021)

Diagram 24. To what extent do you use algorithms in your FX trading with SEK?

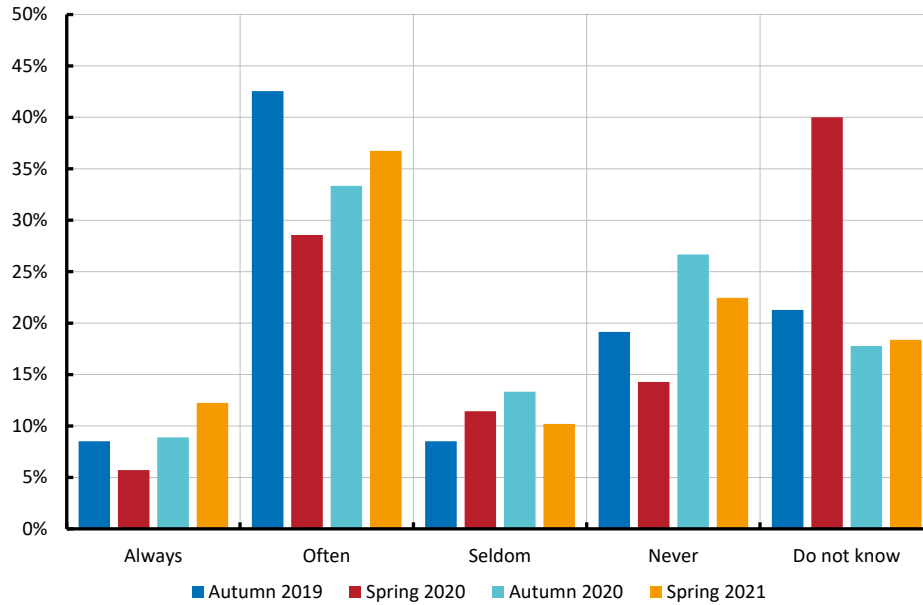
Percentage of responses



Note. 28 responses in total (spring 2021)

Diagram 25. To what extent do you use electronic platforms in your trading in Swedish government bonds?

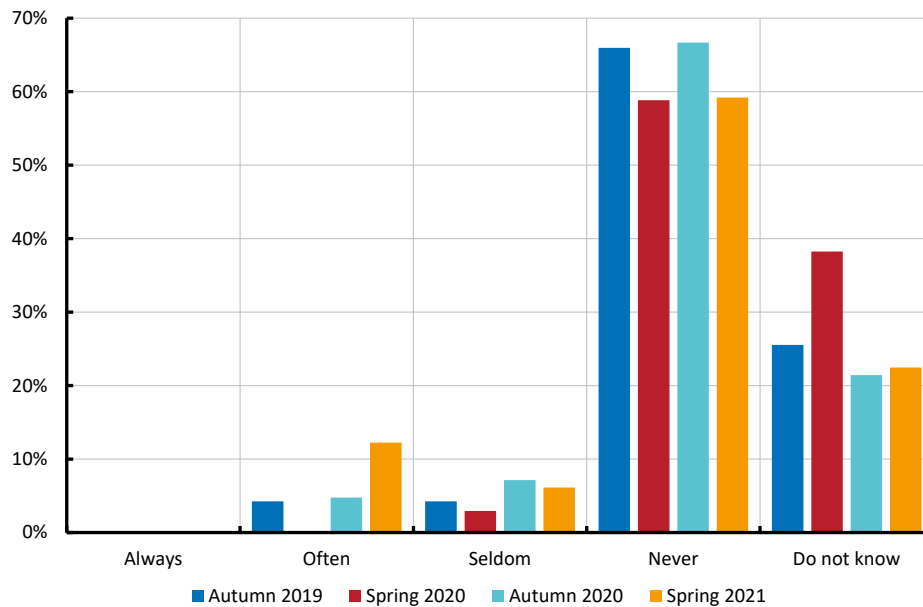
Percentage of responses



Note. 49 responses in total (spring 2021)

Diagram 26. To what extent do you use algorithms in your trading in Swedish government bonds?

Percentage of responses



Note. 49 responses in total (spring 2021)



SVERIGES RIKSBANK

Tel +46 8 - 787 00 00

registratorn@riksbank.se

www.riksbank.se

PRODUCTION SVERIGES RIKSBANK

ISSN ISSN. (on-line)