



# PRESS RELEASE

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## Divided opinions regarding the functioning of the Swedish financial markets

*One third of the participants in the Riksbank's risk survey thinks that the Swedish financial markets are functioning well. But slightly less than half of the participants consider that the Swedish financial markets are functioning less well than they were six months ago and that this is primarily due to a decrease in market liquidity. Many participants are also concerned about Swedish households' rising indebtedness.*

### **Participants feel that lower market liquidity is having a negative impact on the functioning of the market**

Four out of ten market participants responding to the Riksbank's risk survey in spring 2016 consider that the Swedish financial markets are functioning slightly less well than they were six months ago. However, fewer participants than in the previous risk survey expect the situation to continue to deteriorate over the next six months. According to the participants, the main reason for the deterioration of the Swedish financial markets over the last six months is lower market liquidity for bonds. According to participants, the lower market liquidity is due to market makers being less willing to take risks than previously and to various financial regulations having made securities trading more expensive.

### **Participants concerned about risks linked to global expansionary monetary policy**

Participants express unease over those risks that are linked to low interest rates. Increasingly low, and in many cases negative, market rates are causing investors to look for riskier investments in a search for yield, according to the participants. This, in turn, may lead to a mispricing of risk and to the accumulation of bubbles in several asset types. This also applies to housing prices, which makes the participants concerned about Swedish household indebtedness.



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Since spring 2008, the Riksbank has carried out a survey of participants in the Swedish fixed-income and foreign exchange markets twice a year. The questions in the survey ask for the participants' views on risk and also their opinions regarding the functioning of the Swedish financial markets. The Riksbank's Risk Survey spring 2016 was carried out in April. The risk survey can be download as a PDF from the Riksbank's website, [www.riksbank.se](http://www.riksbank.se).