



# PRESS RELEASE

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## ■ The Swedish financial markets are functioning well

*The Swedish financial markets are functioning well according to the market participants who responded to the Riksbank's risk survey in autumn 2013. However, they have a somewhat more negative view of future developments than in previous surveys. Several respondents mention that over the past six months the financial markets have been characterised by uncertainty about when the central banks will reduce their stimulus and what the effect of this will be. A majority believe that both their propensity and possibility to take on risk will remain unchanged in the coming period as a result of this uncertainty.*

### **Developments in the euro area still constitute a major risk**

Overall, the total level of risk and resilience in the Swedish financial system is regarded to be relatively unchanged since the spring survey. The risks linked to developments in the euro area could still have potentially serious consequences for the Swedish financial system according to the participants, although the probability of this happening is thought to have declined somewhat. The risks linked to a high level of indebtedness in the Swedish household sector are still considered to be substantial and also to have increased somewhat since the spring survey.

### **Uncertainty over reduced central bank measures**

The Swedish financial markets are functioning well. However, several market participants say that the markets recently have been characterised by somewhat lower market liquidity and higher volatility in prices and interest rates. They also have a somewhat more negative view of future developments than in previous surveys. Many of them mention as a reason that over the past six months the financial markets have been characterised by uncertainty regarding the potential effects of reduced central bank stimulus and over when this reduction will occur. A majority of the respondents believe that both their propensity and possibility to take on risk will remain unchanged in the coming period as a result of this uncertainty.

Since spring 2008 the Riksbank has carried out its own twice-yearly survey of participants in the Swedish fixed-income and foreign exchange markets. The questions in the survey refer to the participants' views on risk and also to their



- opinions regarding the functioning of the markets. The Riksbank's Risk Survey autumn 2013 was carried out in September and October.