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■ Riksbank's risk survey autumn 2009

The financial crisis has peaked, but the markets are still not functioning normally. Propensity to take risk has increased over the past six months and liquidity on most of the submarkets is assessed to be better than it was in the spring. This is the opinion of participants in the Swedish fixed-income and foreign exchange markets who have taken part in the Riksbank's latest risk survey, which is published today.

In this autumn's survey the market participants are largely agreed that the financial crisis has peaked, while only half of them considered this to be the case in the previous survey. The survey respondents also consider that both the Swedish fixed-income market and the foreign exchange market have functioned much better over the past six months. Nevertheless, the majority consider that the financial markets are not yet functioning normally.

Several participants point out that the improved market conditions are due to the support measures implemented by central banks and other authorities. Moreover, a large percentage of respondents state that their propensity to take risk has continued to increase over the past six months. Nevertheless, the need for liquidity buffers has increased and almost 50 per cent state that their institution has increased its buffer of liquid assets in relation to six months ago.

The participants regard developments in the Baltic as the largest risk for the financial markets over the coming six months. In the longer term, some of the participants envisage the risk of asset price bubbles.

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 results of the risk surveys are published one week before the Financial Stability Report is released.