

Swedish Financial Markets

January 2012

Currency

- SEK is marginally below its long run average in real trade-weighted terms.
- SEK is not systematically above or below its long term averages against the other major currencies.
- Compared with six months ago, the krona is not systematically higher or lower against other major currencies.

90 Day Rates

- The 90 day FRAs curve has moved downwards from six months ago.
- The repo rate is priced to be steady in the coming year near the current 1.75%.
- The yield curve is inverted which has been unusual in the past two decades.

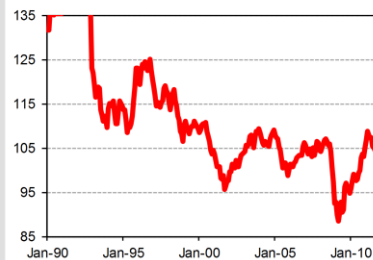
10 Year Yields

- Yields of 1.7% are 1.0% lower than six months ago and are extremely low relative to historic norms.
- Swedish yields have fallen in line with global yields so bond spreads have generally been steady.
- Bond spreads are lower than historic norms against all of the other major bond markets.

Equities

- Equity prices have fallen sharply in recent months contributing to an overall loss of -15% during the past year.
- Swedish equities have been a bottom tier performer in the past year.
- A cumulative loss of close to -5% by Swedish equities during the past five years was similar to the returns of many other global markets.

Real Trade-Weighted Index
(BIS index)

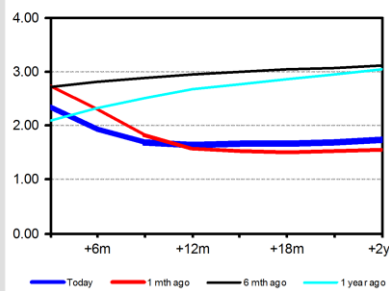


SEK: Now vs History

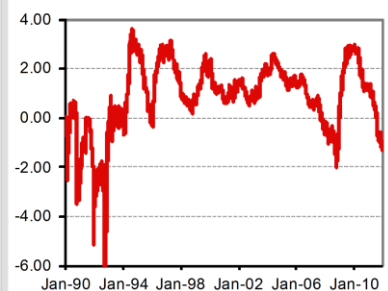
	Now	Average	Difference
USD	6.90	7.57	9%
EUR	8.81	8.89	1%
JPY	11.1	15.7	-41%
STG	10.7	12.5	-15%
CHF	7.26	5.58	-30%
NOK	1.15	1.09	-5%
CAD	6.78	5.79	-17%
AUD	7.11	5.31	-34%
NZD	5.47	4.45	-23%
TWI	104	112	-7%

(average refers to 1990-2010)

90 day FRA strips
(%)



Yield Curve
(10 year – 90 day)



10 year bond yields
(%)

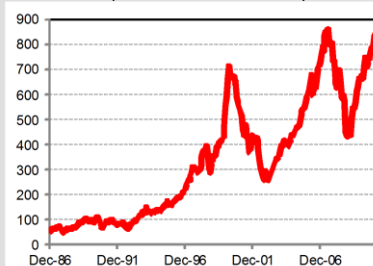


Bond Spreads: Now vs History

	Now	Average	Difference
USA	-0.28	0.21	-49bp
Ger	-0.19	0.55	-74bp
Japan	0.71	3.34	-262bp
UK	-0.39	-0.15	-24bp
Swiss	1.00	2.08	-108bp
Nor	-0.34	-0.19	-15bp
Can	-0.29	0.01	-29bp
Aus	-2.21	-1.06	-116bp
NZ	-2.17	-1.34	-82bp

(average refers to 1995-2010)

Swedish Equity Market
(Total return index)



Recent Equity Returns

	6m	1 year	5 years
US	-4%	2%	-1%
Euro	-18%	-17%	-34%
Japan	-13%	-17%	-52%
UK	-14%	-9%	5%
Swiss	-6%	-11%	-33%
Swede	-13%	-15%	-3%
Nor	-6%	-9%	-12%
Can	-10%	-11%	-7%
Aus	-6%	-9%	-5%
NZ	-4%	1%	-18%