



Higher countercyclical buffer?

UBS Annual Nordic Financial Services Conference

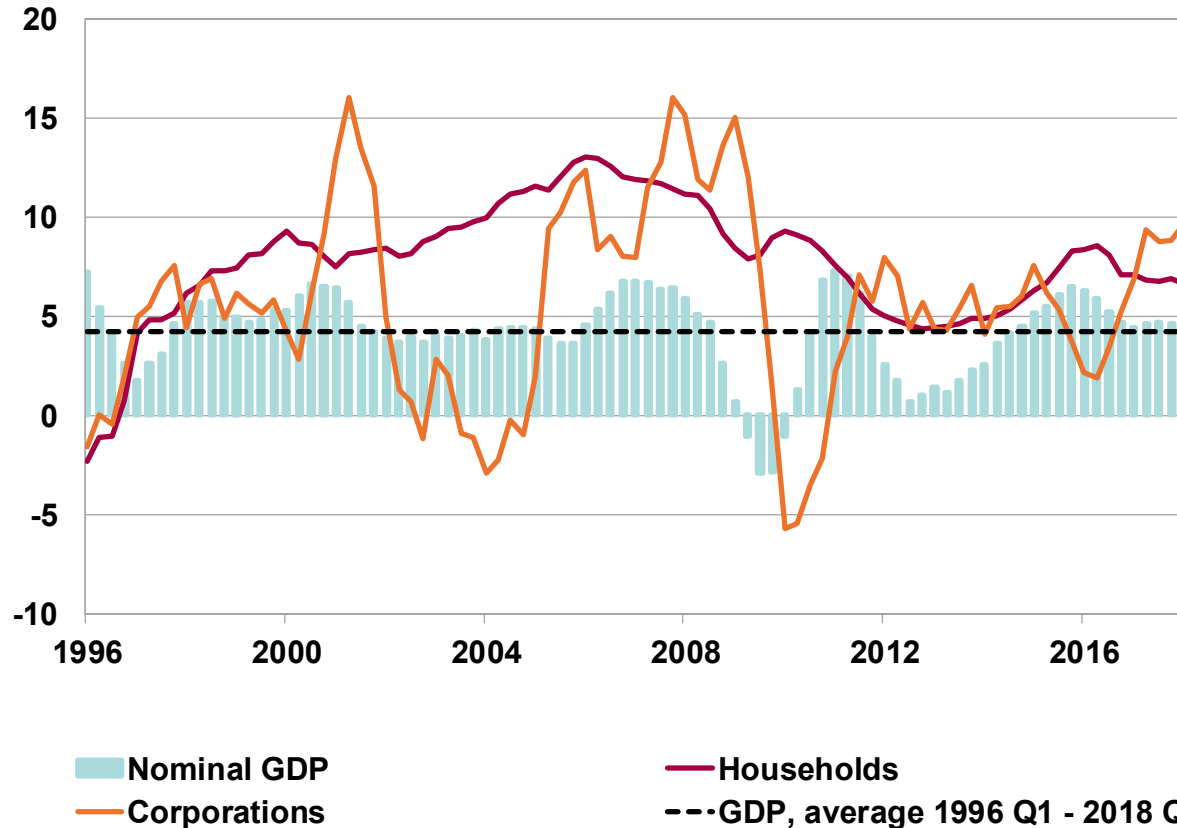
Erik Thedéen

6 September 2018



High credit growth

Annual growth rate, per cent

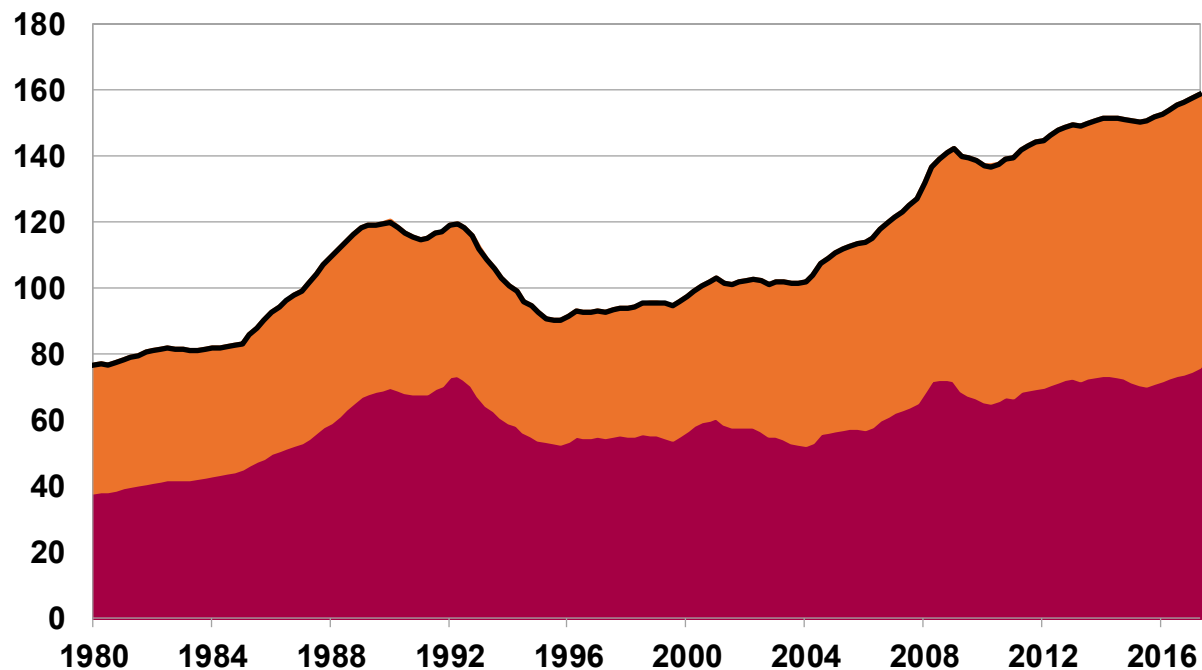


Source: Statistics Sweden

Note: Corporates' credit growth rate derives from loans from Swedish MFI and issued bonds and certificates.

Accelerating total debt

Share of GDP, per cent



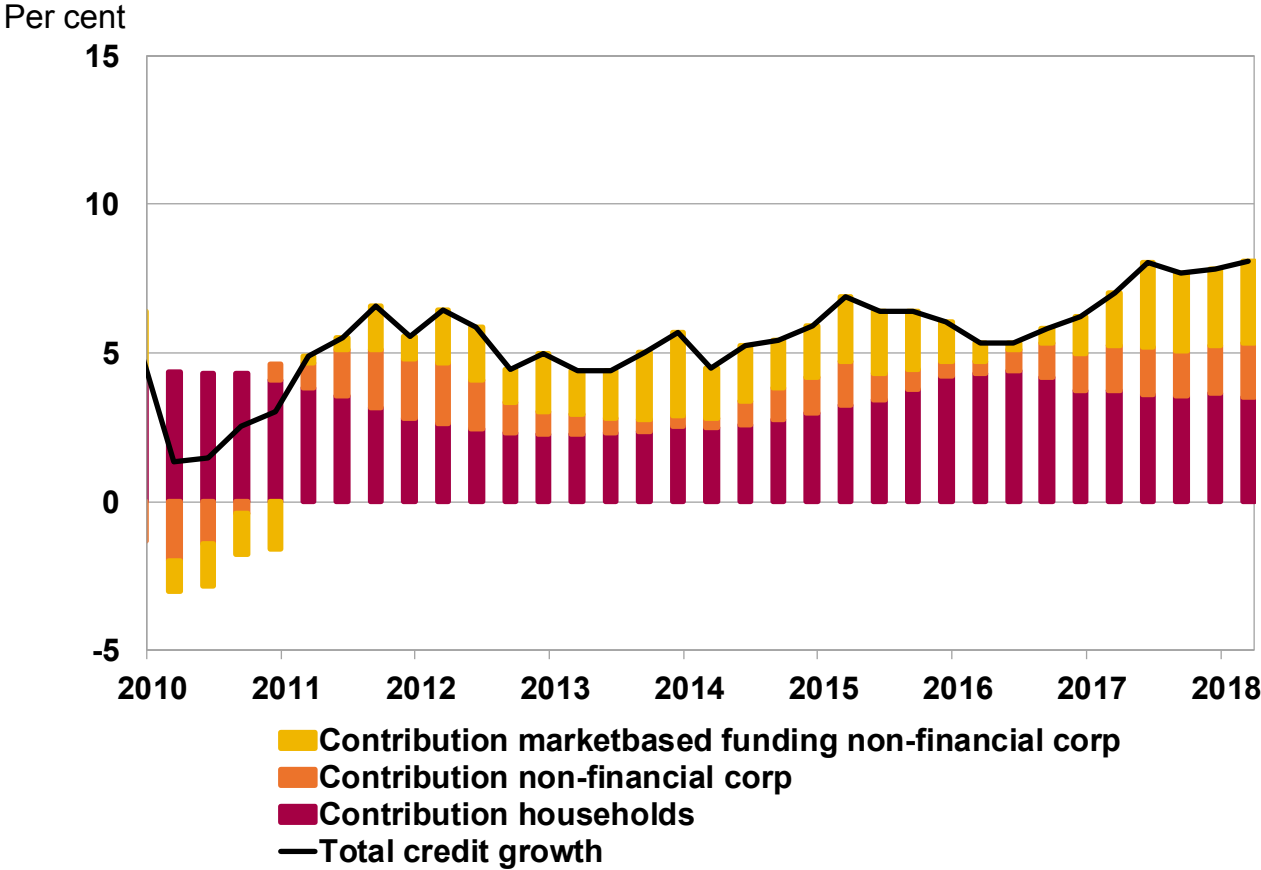
■ Non-financial corp

■ Households

— Total

Source: Statistics Sweden

Market funding is a contributor

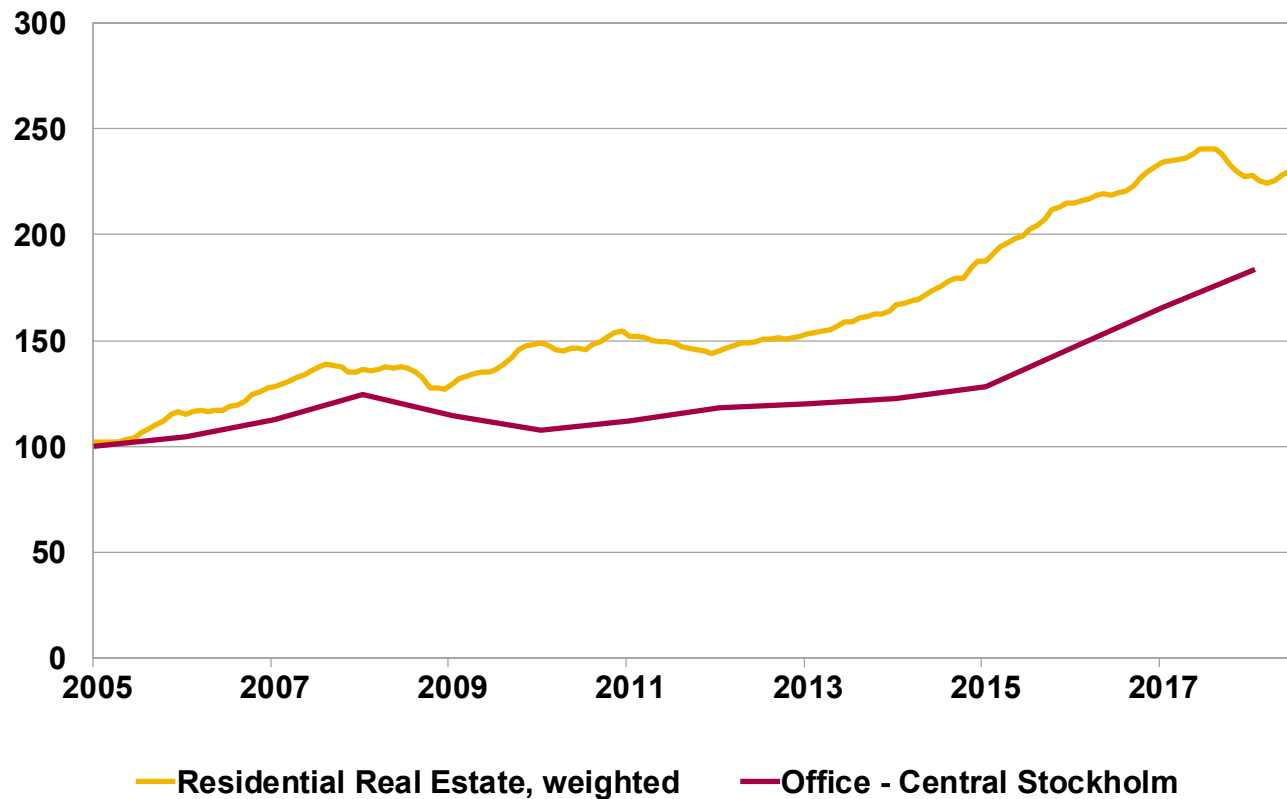


Source: Statistics Sweden



Price increases in RRE and CRE

Index 2005 = 100

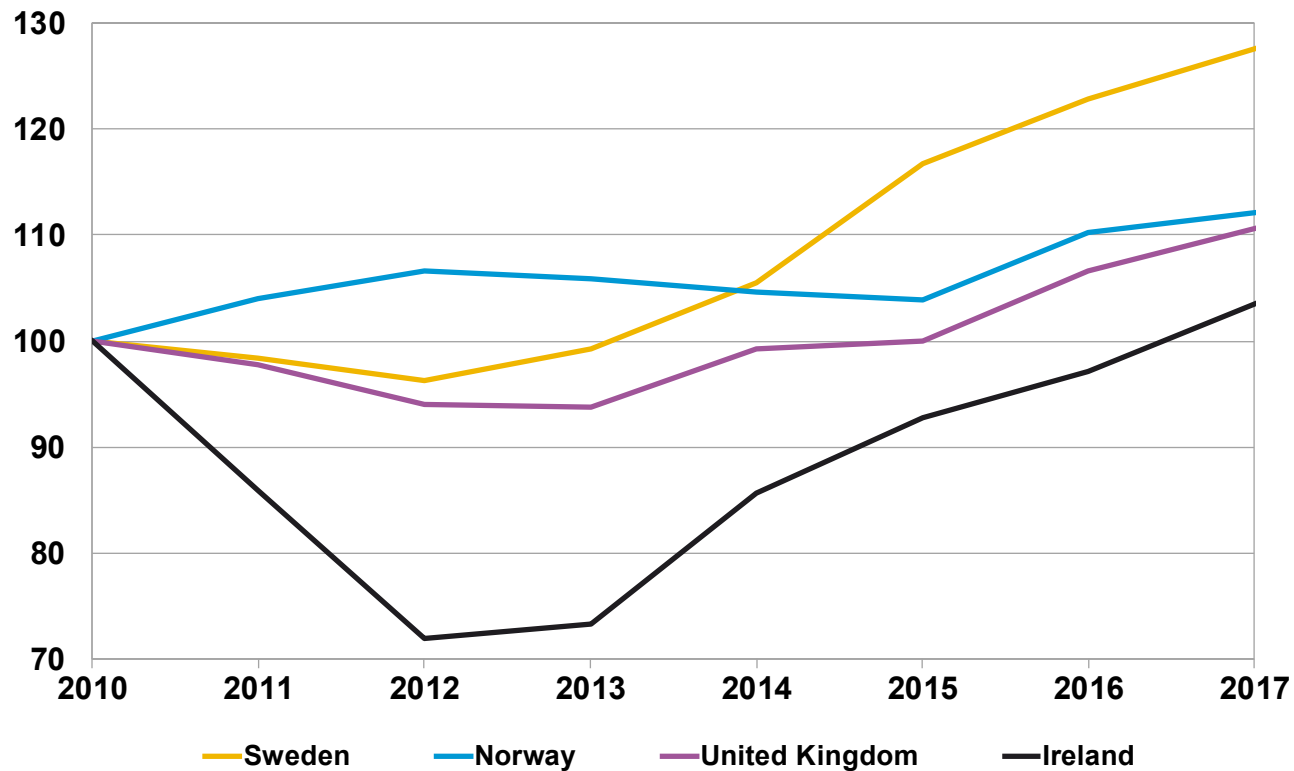


Source: Valueguard and MSCI



RRE prices in relation to income

Index 2010 = 100

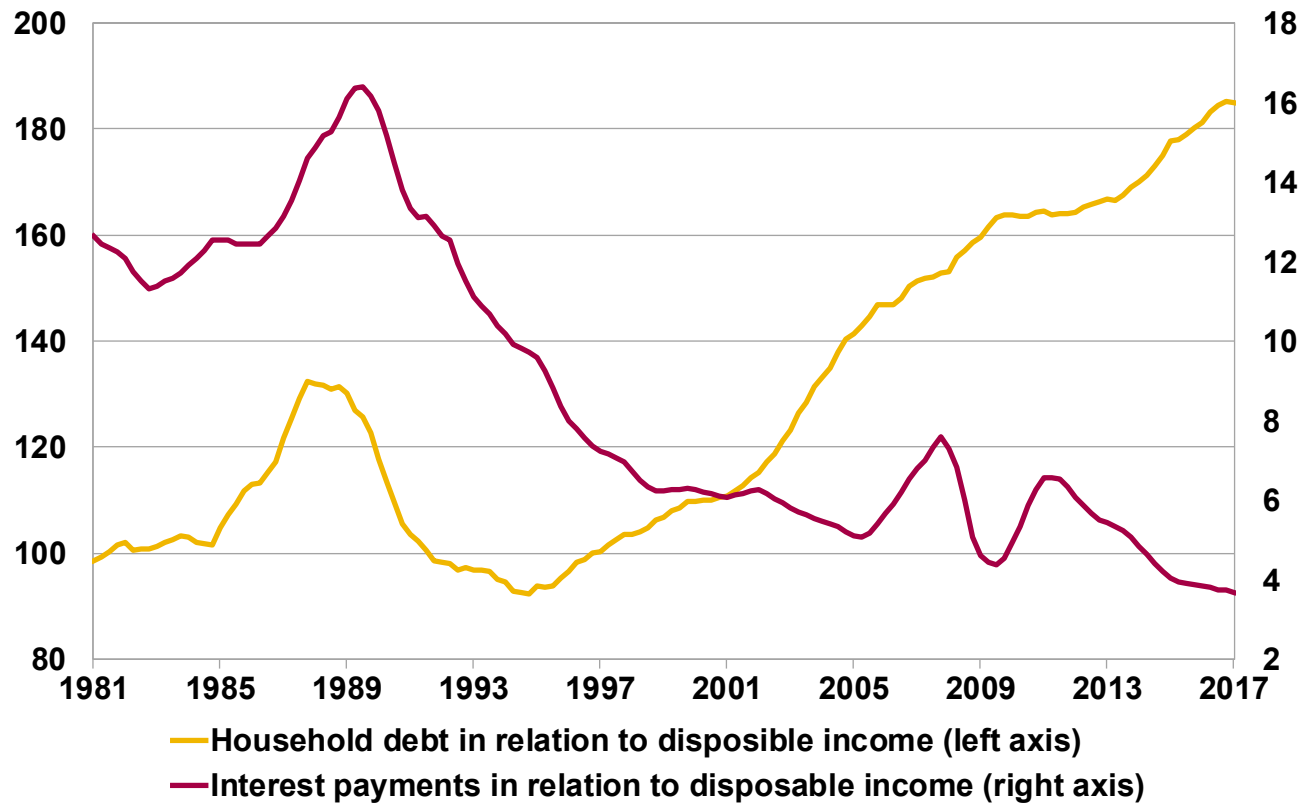


Source: OECD

Note: The price to income ratio is the nominal house price divided by the nominal disposable income per head and can be considered as a measure of affordability.

High debt means high risk

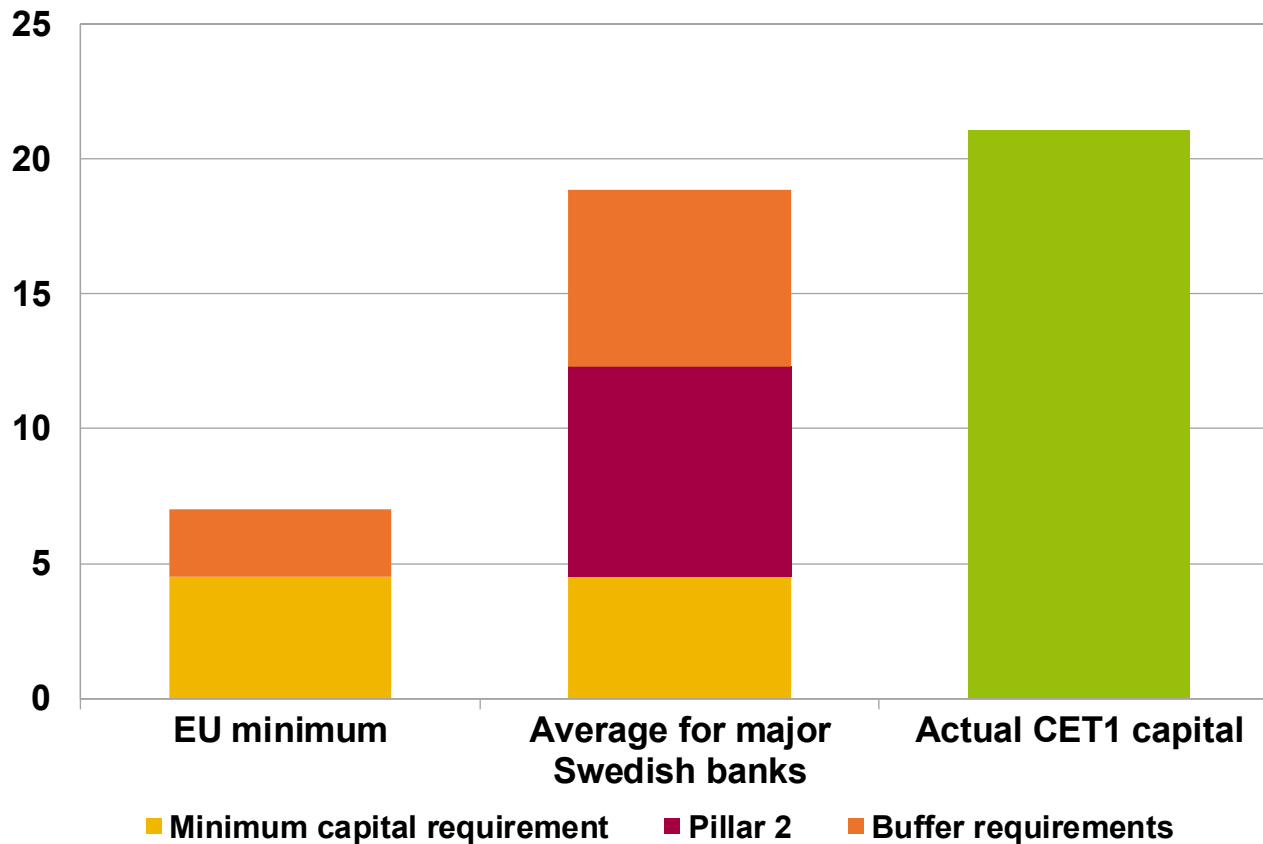
Per cent of disposable income



Source: Statistics Sweden

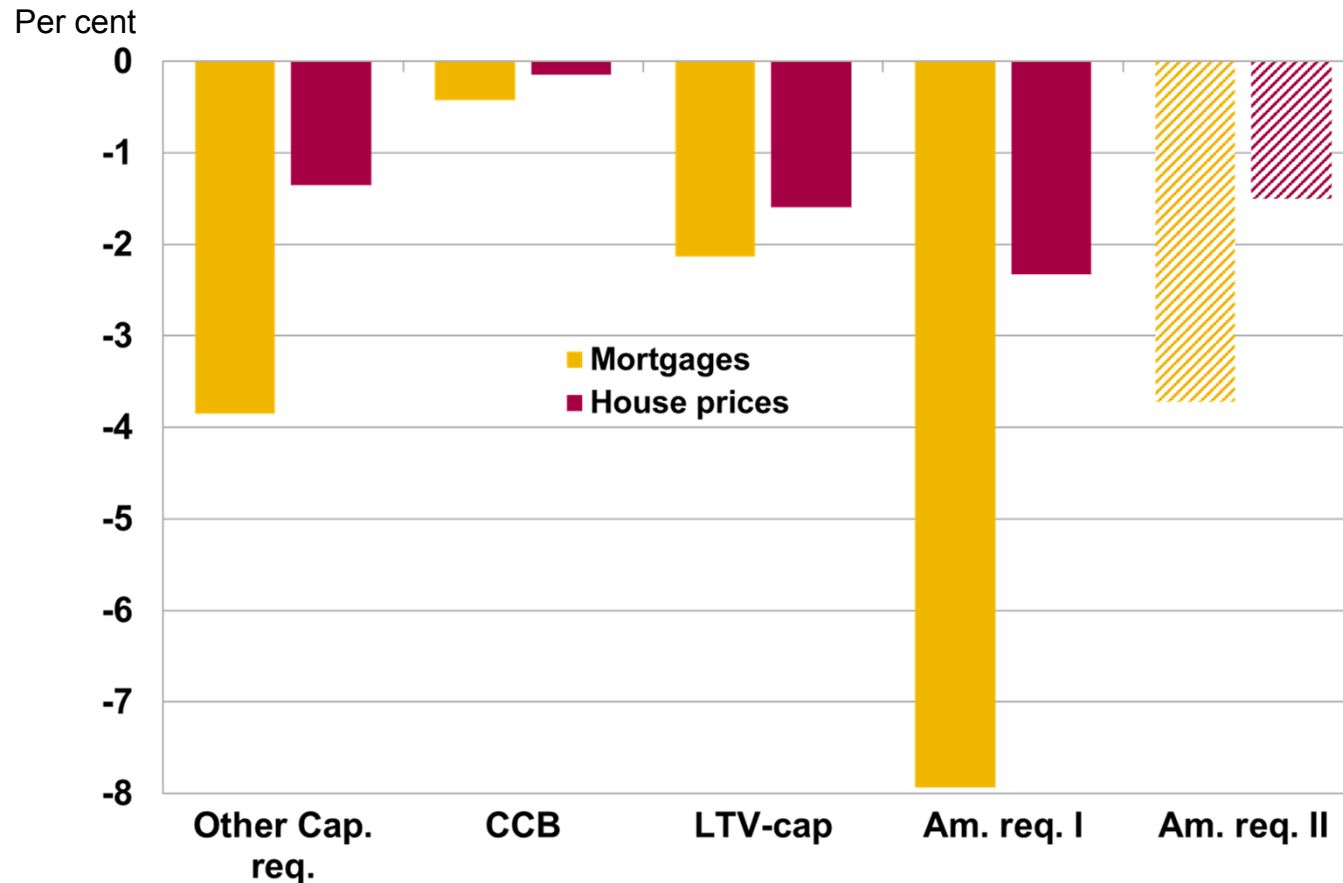
Measures to build resilience

Per cent of REA



Source: FI

CCB mainly builds resilience

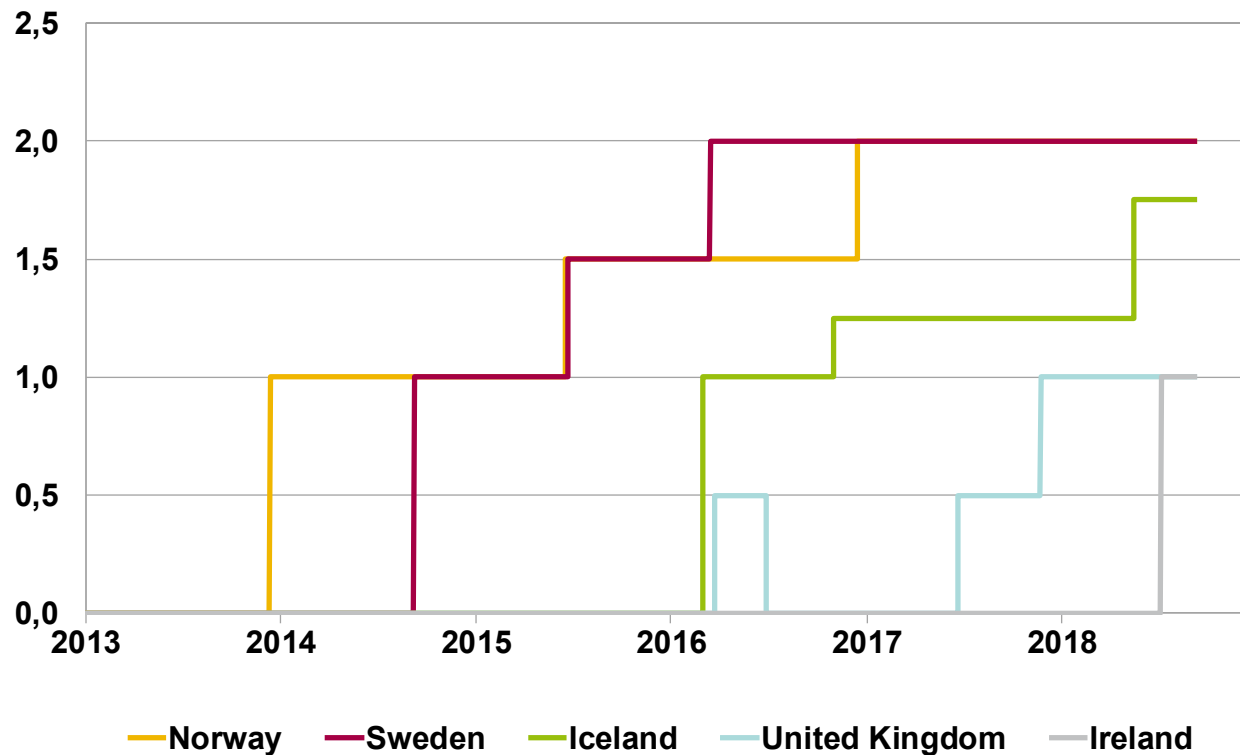


Source: FI

Note: Shows the estimated effects of each regulation on mortgages and house prices.

CCB is widely used in the EU

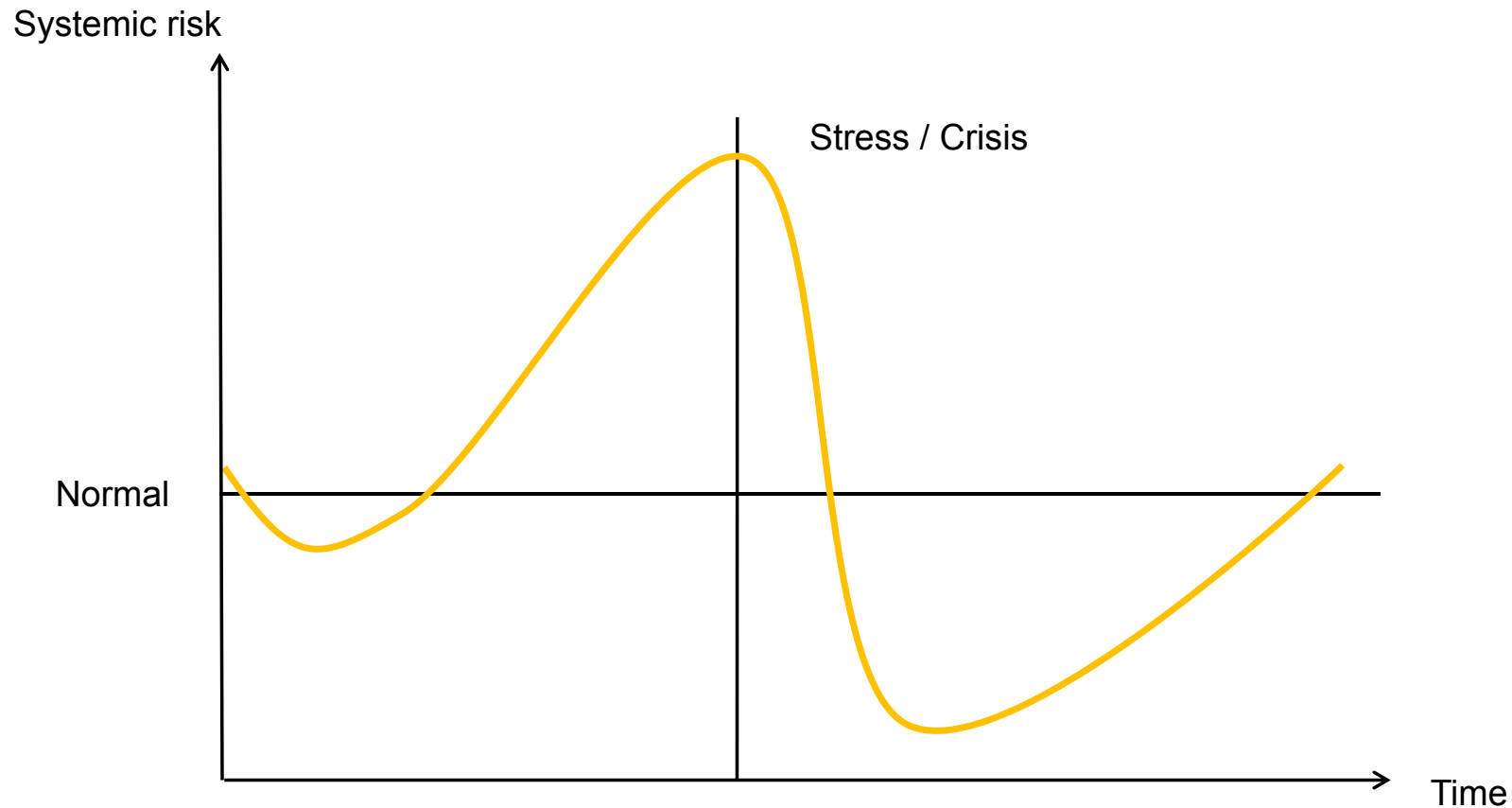
Per cent



Source: ESRB, "A Review of Macroprudential Policy in the EU 2017", April 2018

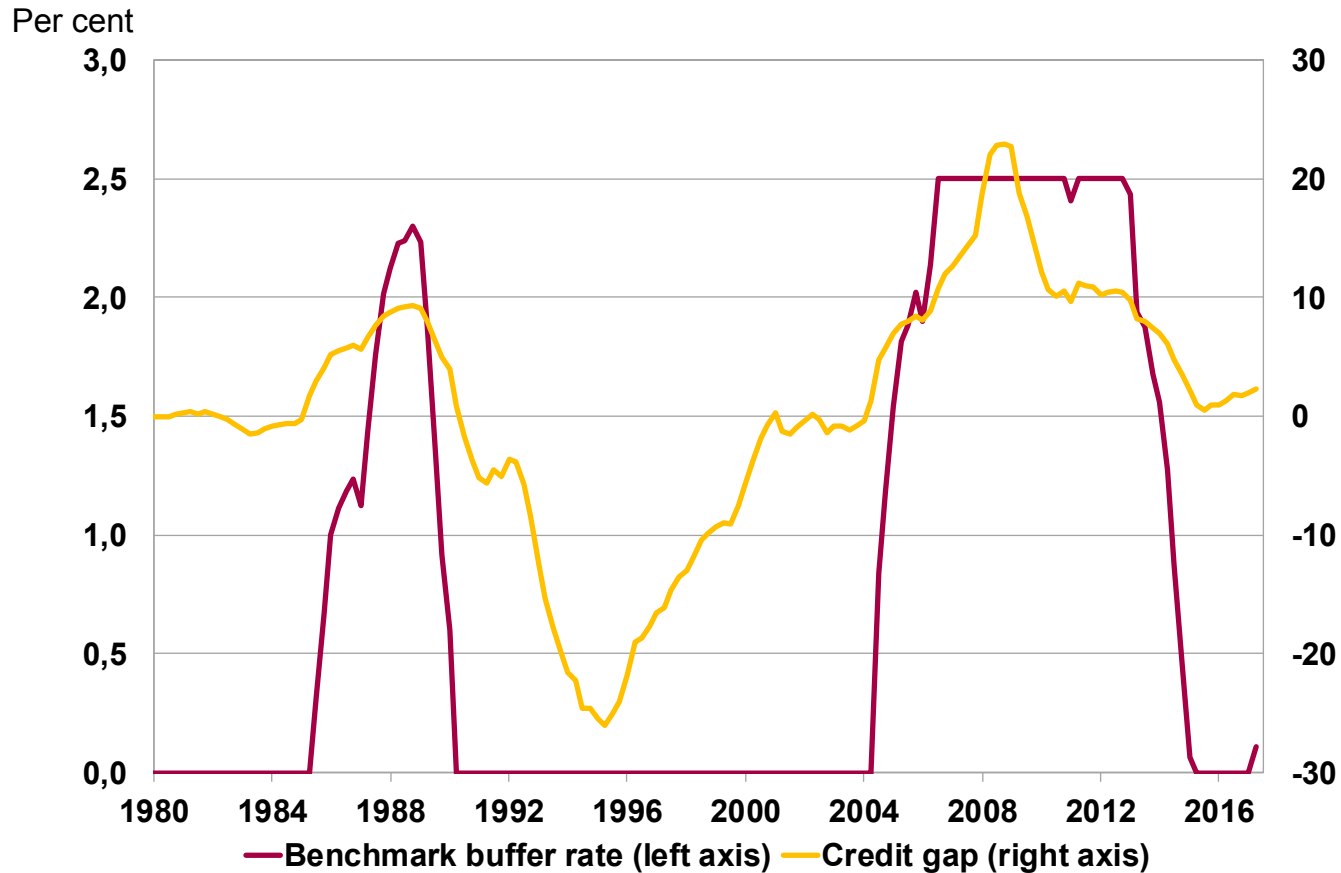
Note: Shows the CCB-rates at the date they were announced in each country.

The buffer's role over time



Source: FI

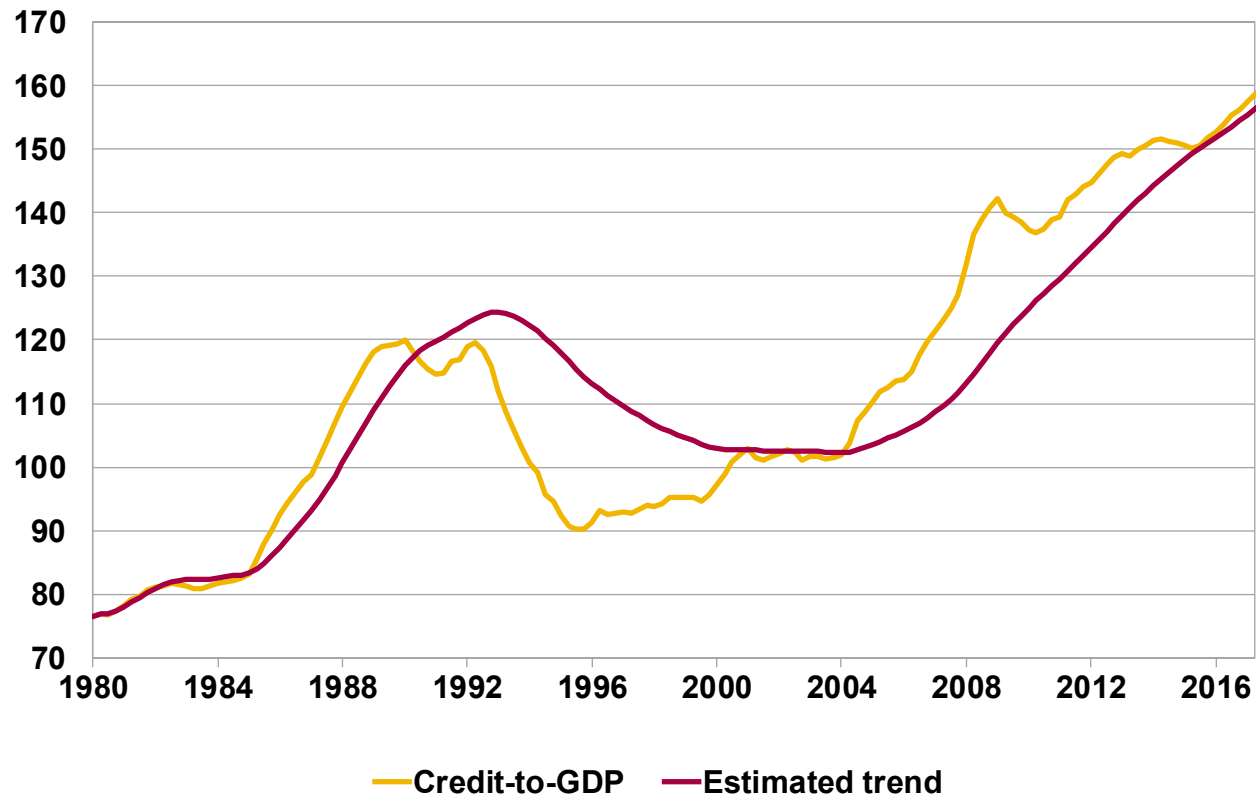
Useful benchmark?



Sources: Finansinspektionen and Statistics Sweden

Sustainable credit growth?

Per cent



Sources: FI and Statistics Sweden

Conclusion

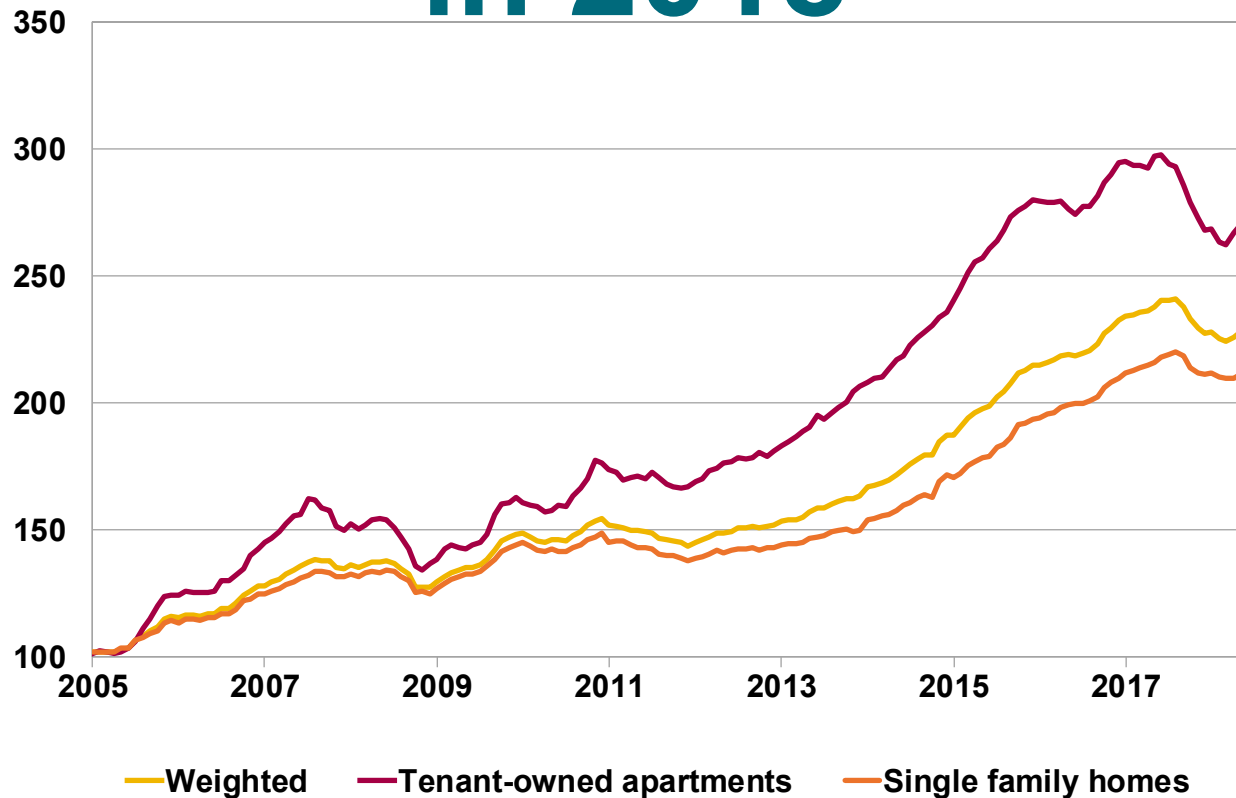
- Growing debt levels are the main reason for rising systemic risks.
- Usable capital - maintain the supply/avoid a credit crunch of credit in a downturn.
- Continued focus on households debt and the commercial real estate market.
- A proposal to increase CCB to 2.5 percent will be presented to FI's Board of Directors at the September meeting.



Appendix

Housing prices have stabilized in 2018

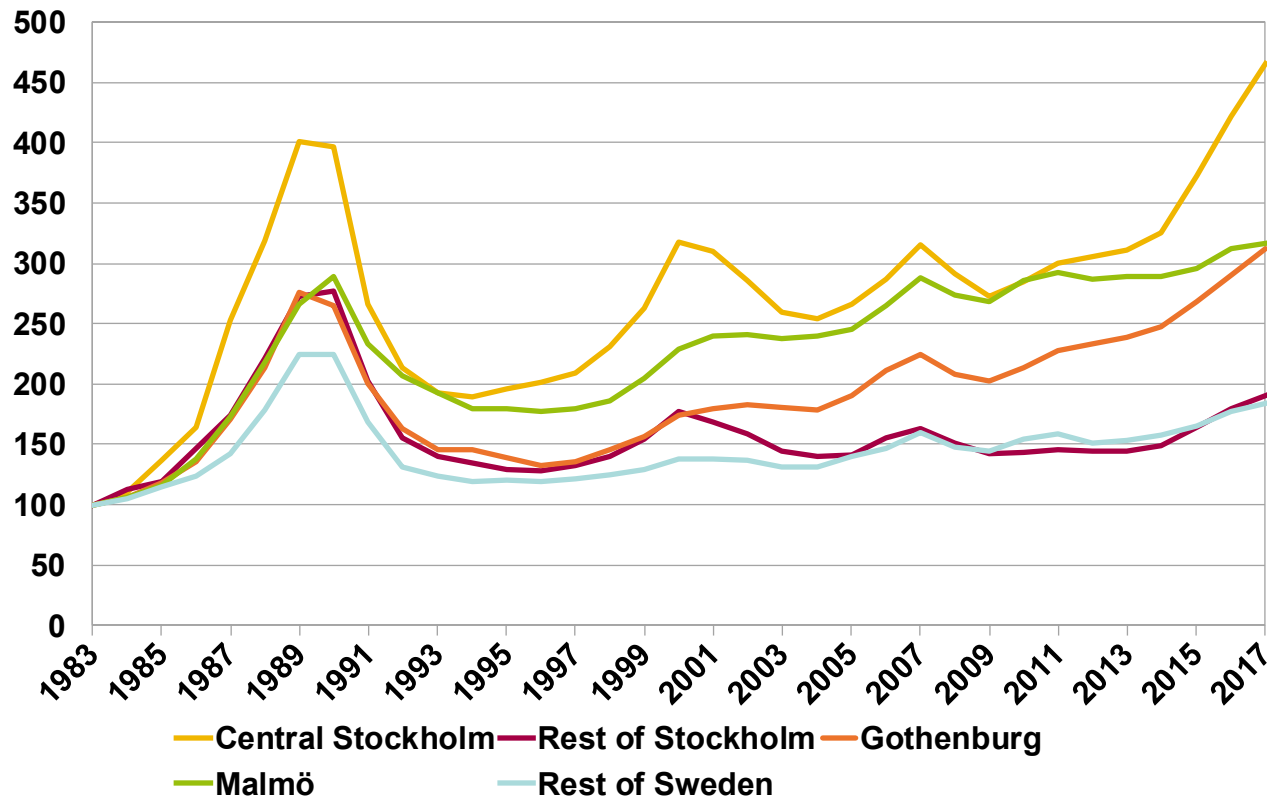
Index January 2005 = 100



Source: Valueguard
Note: Seasonally adjusted

Continued growth of CRE

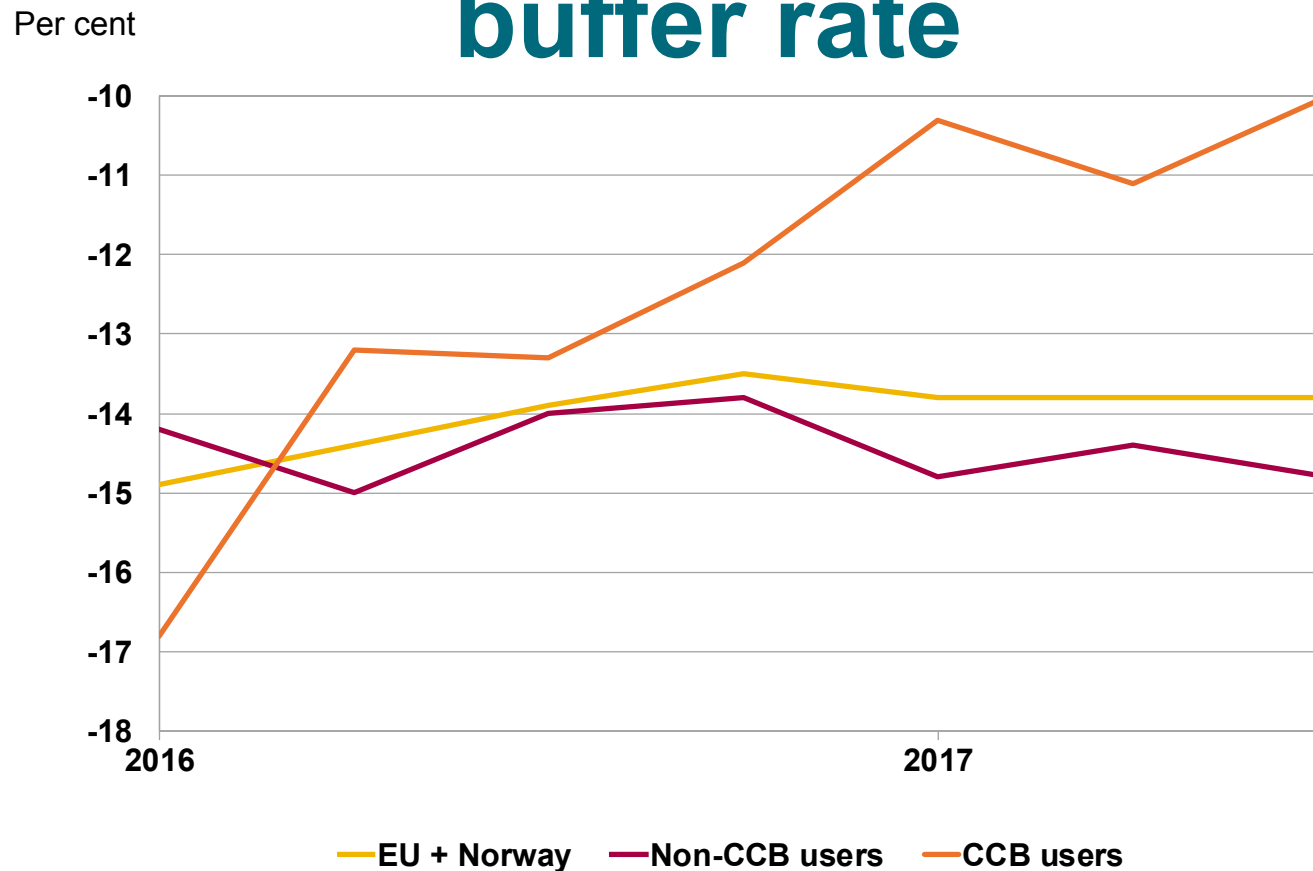
Index 1983 = 100



Source: MSCI. Office space only
Note: Nominal prices



Several indicators for setting the buffer rate



Source: ESRB

Notes: Credit gap. GDP-weighted average. Aggregate measures of credit-to-GDP gaps were obtained by weighing their gaps by their relative GDP size in the group. CZ, LT, SE, SK, UK and NO were defined as CCB users.