

Fixed Income Sweden

- Buy 2Y-3Y covered bonds vs SGB

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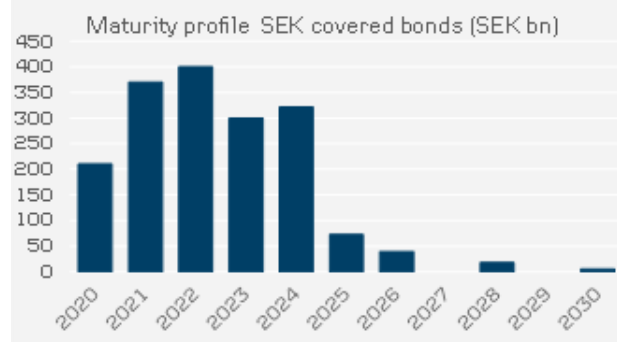
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New trade: buy SWH192 (Mar-23) vs SGB1054 (Jun-22) & SGB1057 (Nov-23) Riksbank QE purchases likely to focus on 2Y-3Y segment in covered bonds

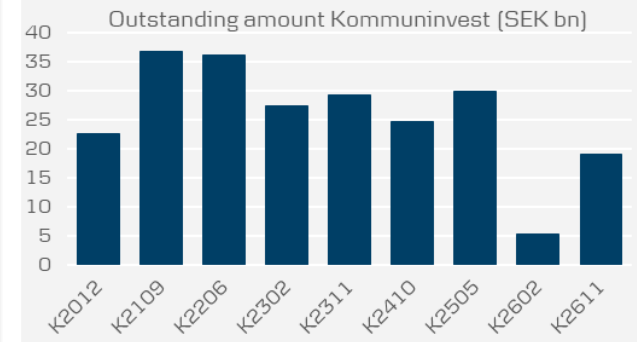
- It is likely the first round of covered QE in 2024 focused on stabilising spreads in 5Y segment (and amounts in 2025 too small).
- With stable 5Y spreads, the Riksbank QE is likely to focus on other segments ahead. Outstanding amounts suggest that shorter segments 2022-23 are likely to be bought in the next rounds of QE.
- As an alternative, we find the same arguments holding for Kommuninvest where the bulk of volume is in 2022/23.
- Riksbank holdings in SGB1054 and SGB1057 are above 60% and unlikely to increase, in our view.
- Recommendation: buy SWH192 (Mar-23) vs SGB1054 (Jun-22) & SGB1057 (Nov-23) @66.75bp (P/L: 56bp/73bp)
- Read more in [Reading the Markets Sweden - 27 March 2020](#).

Outstanding amounts suggest next round of QE could be in 2022-23 maturities...



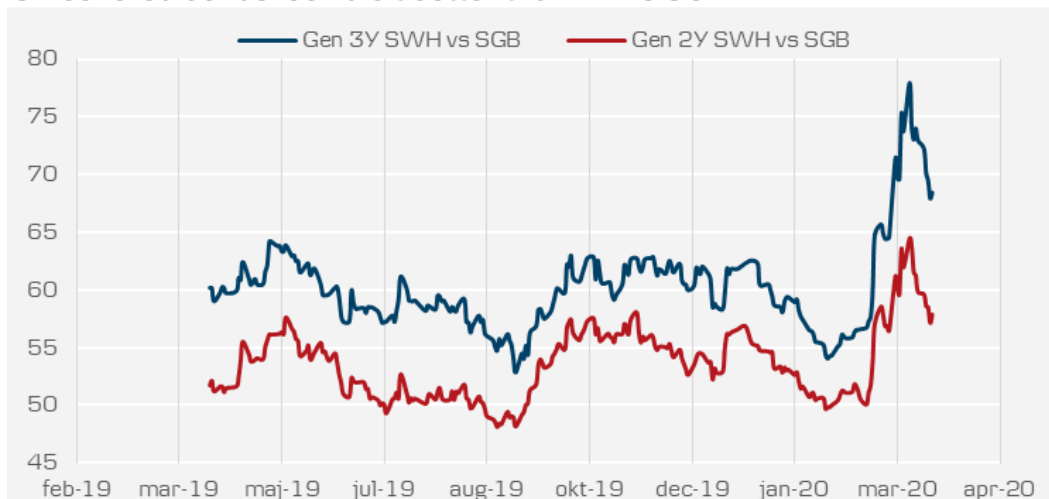
Source: Danske Bank

...and same goes for Kommuninvest with bulk in 2022-23



Source: Danske Bank

3Y covered bonds look a bit better than 2Y vs SGB



Source: Danske Bank

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