

*Fixed Income Sweden:  
- Go short BEI in SGBi3112 (JUN 2026) vs DBRi APR 2026*

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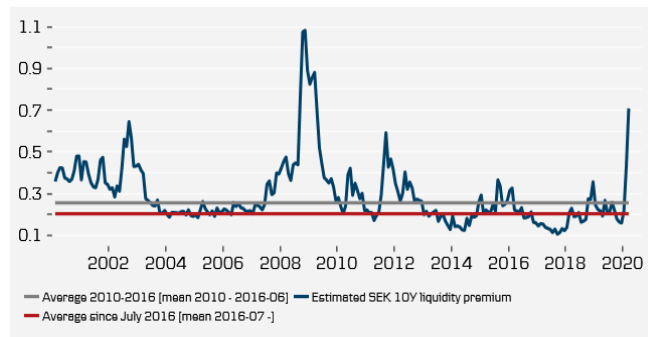
3 April 2020

## New trade: Short 6Y SEK BEI vs GER

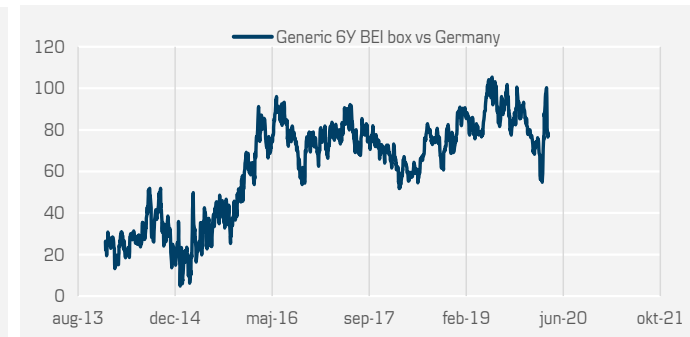
*SEK BEI spreads have come down but trade very high vs Germany despite similar inflation outlook*

- Swedish BEI spreads have shifted sharply lower across the curve. We believe that an important reason is likely an increased liquidity premium on index-linked bonds relative to nominal SGBs.
- However, we note that on a relative basis, the relationship vs German BEIs has not corrected much and remains at historically very stretched levels, especially in the short end of the curve.
- In terms of inflation outlook, we expect broad convergence between the SEK CPI y/y rate and the EUR HICP. From July, the y/y SEK CPI level could even fall below the level in EUR. This would make the sharp difference in BEI levels all the more striking.
- Recommendation: Sell SGBi3112 (Jun 2026) vs SGB1059 (Nov 2026) against Buy DBRi Apr 2026 vs DBR Feb 2026 @+79bp. (P/L: 40bp/110 bp)
- Read more in [RtM Sweden](#), 3 April 2020.

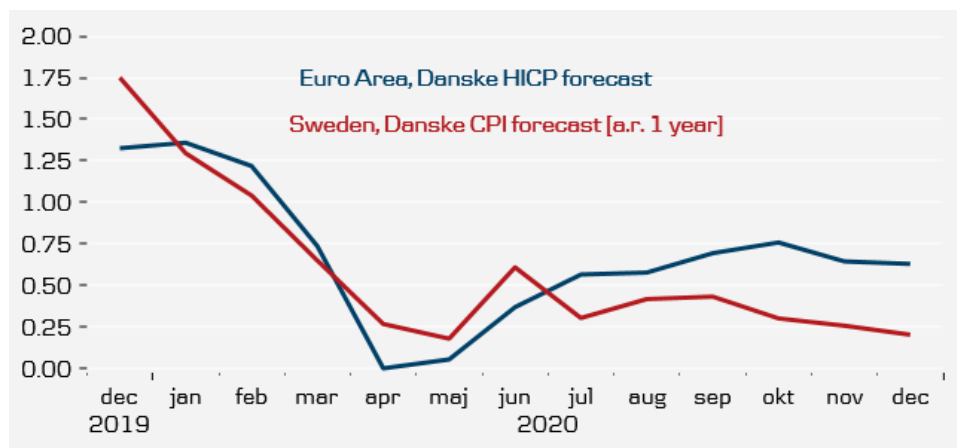
Liquidity premium on SEK 10Y linkers rising sharply again



However, 6Y BEI box again at very elevated levels



Similar inflation outlook in Sweden vs Euroland



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