

# Market Pulse SEK: The whole story about Stibor

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Despite a fixed policy rate and large and increasing excess liquidity, Stibor rates have displayed surprisingly high volatility over the recent years. In this publication we explore the Stibor framework and potential drivers.

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Since 2013 the Stibor-fixings are set within a rather rigorous framework with Swedish Bankers' Association (SBA) as the principal. In this publication we present a summary of the framework for how Stibor is set. We also explore the drivers apart from the Riksbank's policy rate that may have influenced the level and volatility in Stibor over the last few years.

The executive summary of the drivers: credit risk, supply of liquidity from the Riksbank and the demand of liquidity from the Swedish banks. The marginal drivers are in our view foreign banks net position in SEK and domestic banks relative advantages in accessing the USD certificate markets.

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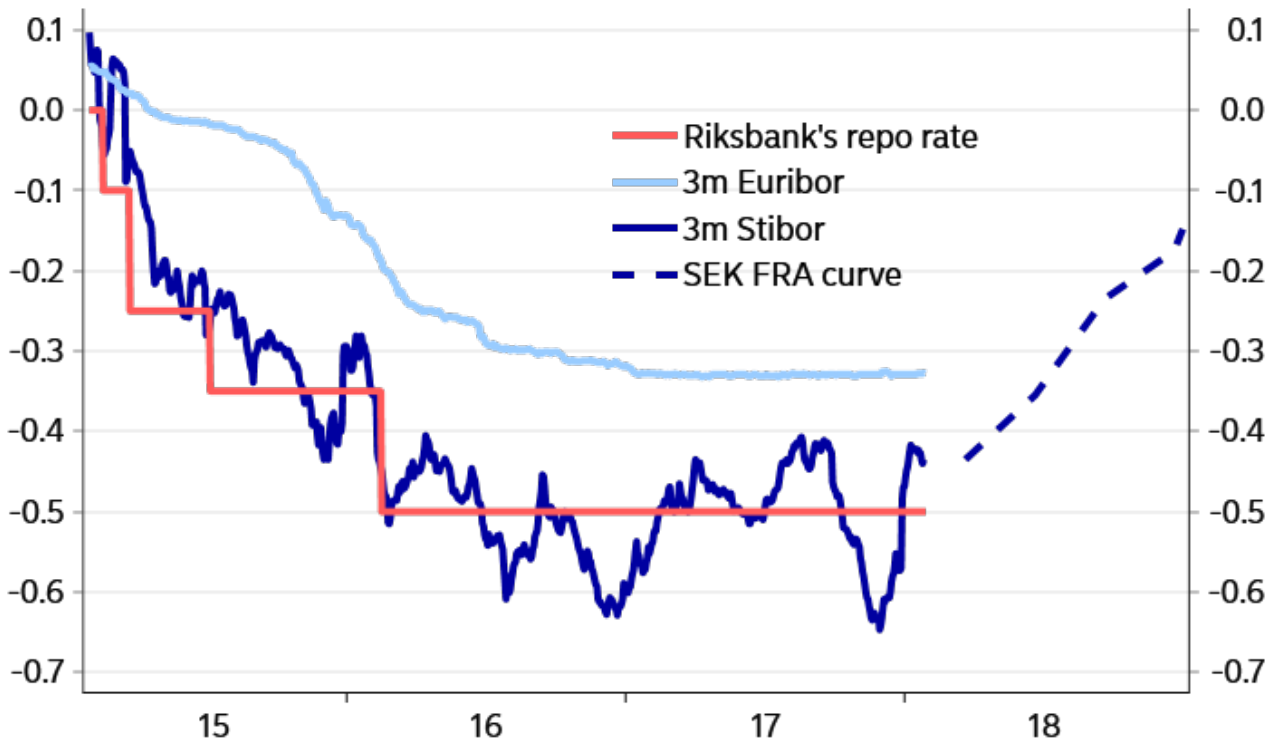
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**Chart:** Stibor shows high volatility compared to Euribor over the last couple of years

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Source: Nordea Markets and Macrobond

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