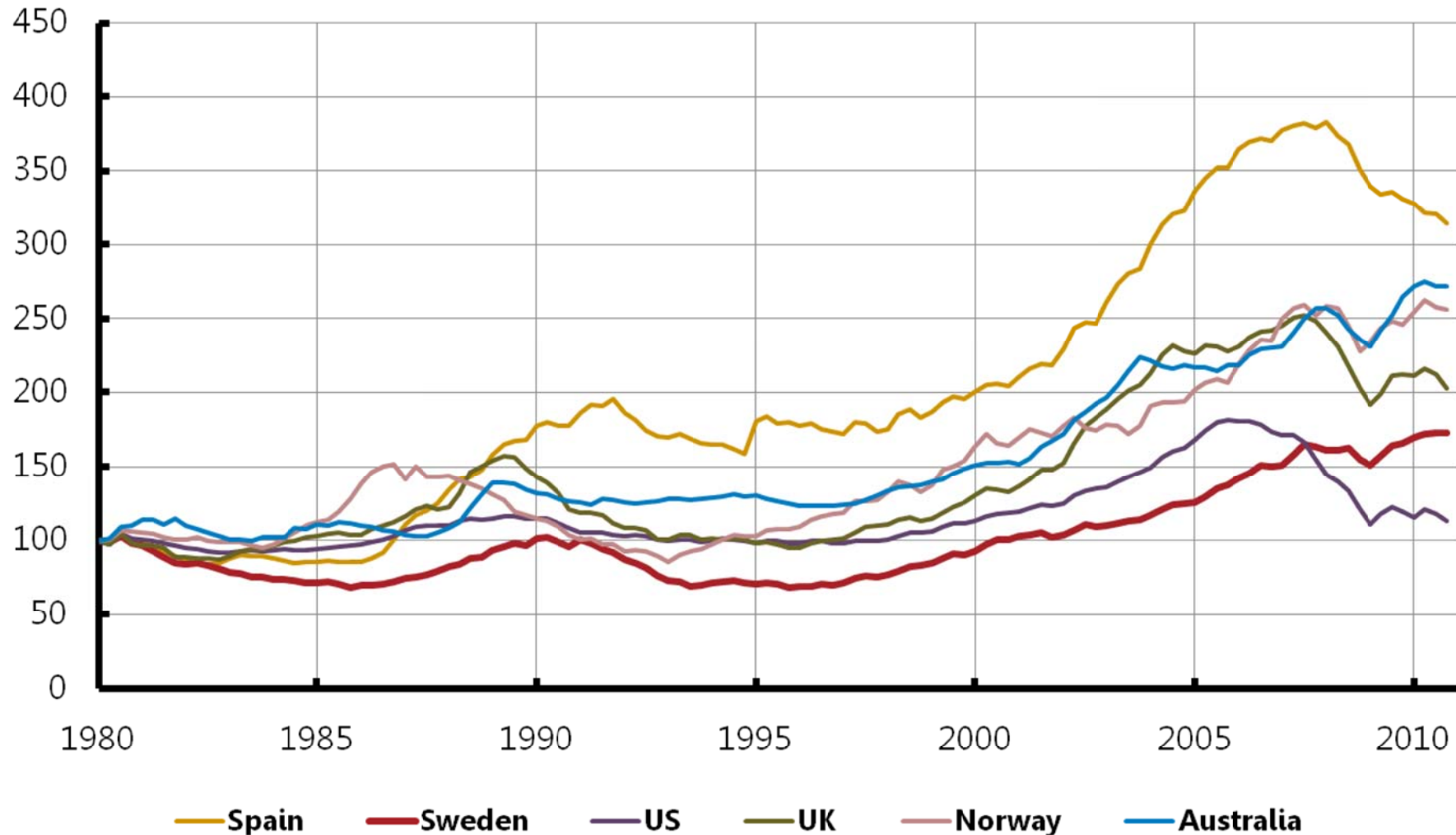




# The Swedish Housing Market

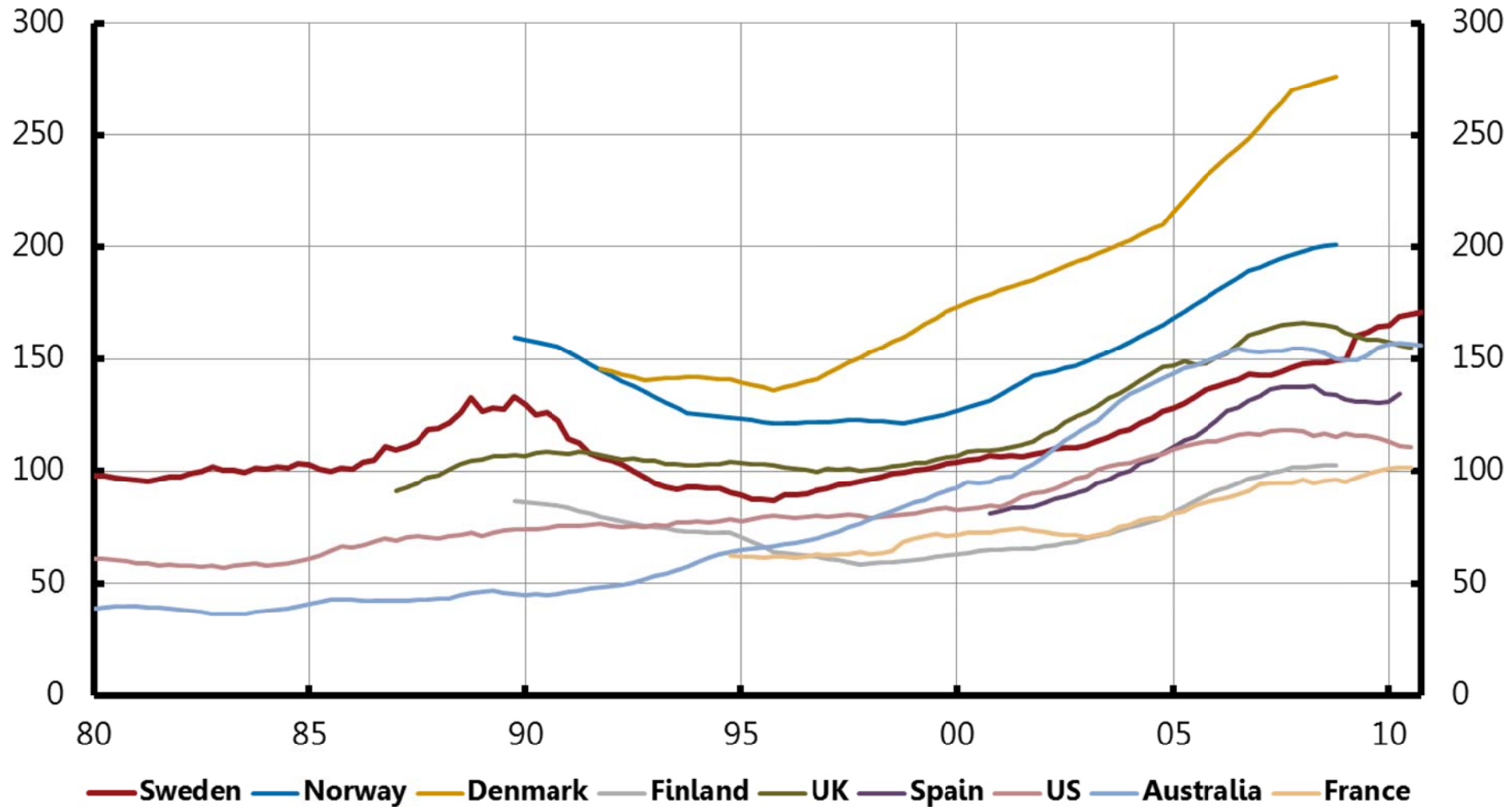
# Real house prices

Index, 1980 q1 = 100



# Debt to disposable income

Per cent

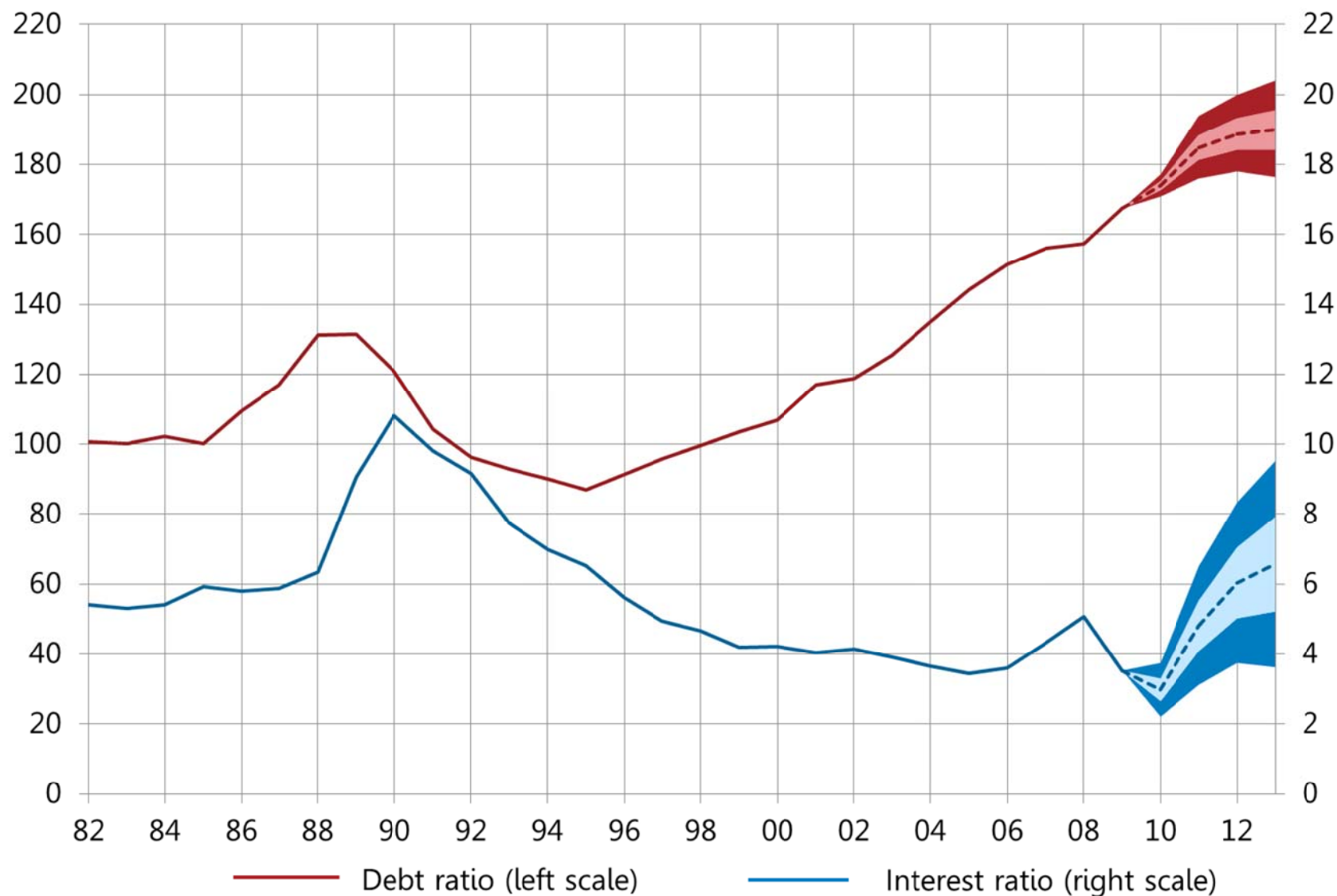


Sources: The BIS, national central banks, Reuters EcoWin and the Riksbank

# Household indebtedness and interest expenditures



Per cent of disposable income



# Scenarios for household income and expenses

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**Scenario 1** (*Higher expenses due to a rise in interest rates*)

Interest on household debts: 2.5-12.5 per cent.

**Scenario 2** (*Lower income as in a loss of income and an interest rate of 7.5 per cent*)

Fall in income of 6-18 per cent

**Scenario 3** (*Lower income as in unemployment and an interest rate of 7.5 per cent*)

Fall in income, if 5-20 per cent of households are made unemployed

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# The proportion of households with a negative margin and the credit losses for the banks



## Scenario 1 (*different interest rate levels*)

Interest rate (%)	2.50	7.50	9.50	12.50
Proportion of households with a negative margin (%)	4	20	30	45
Credit losses (%)	0.05	0.23	0.34	0.51
Credit losses (billion)	1.0	4.6	6.8	10.1

## Scenario 2 (*fall in income*)

Fall in income (%)	0	6	12	18
Proportion of households with a negative margin (%)	20	27	35	44
Credit losses (%)	0.23	0.30	0.40	0.50
Credit losses (billion)	4.6	6.1	8.0	10.0

## Scenario 3 (*unemployment*)

Unemployment (%)	0	5	10	20
Proportion of households with a negative margin (%)	20	22	24	29
Credit losses (%)	0.23	0.25	0.28	0.32
Credit losses (billion)	4.6	5.1	5.5	6.5

# Credit losses with a non-linear connection between the proportion of negative margins and credit losses



## Scenario 1 (*different interest rate levels*)

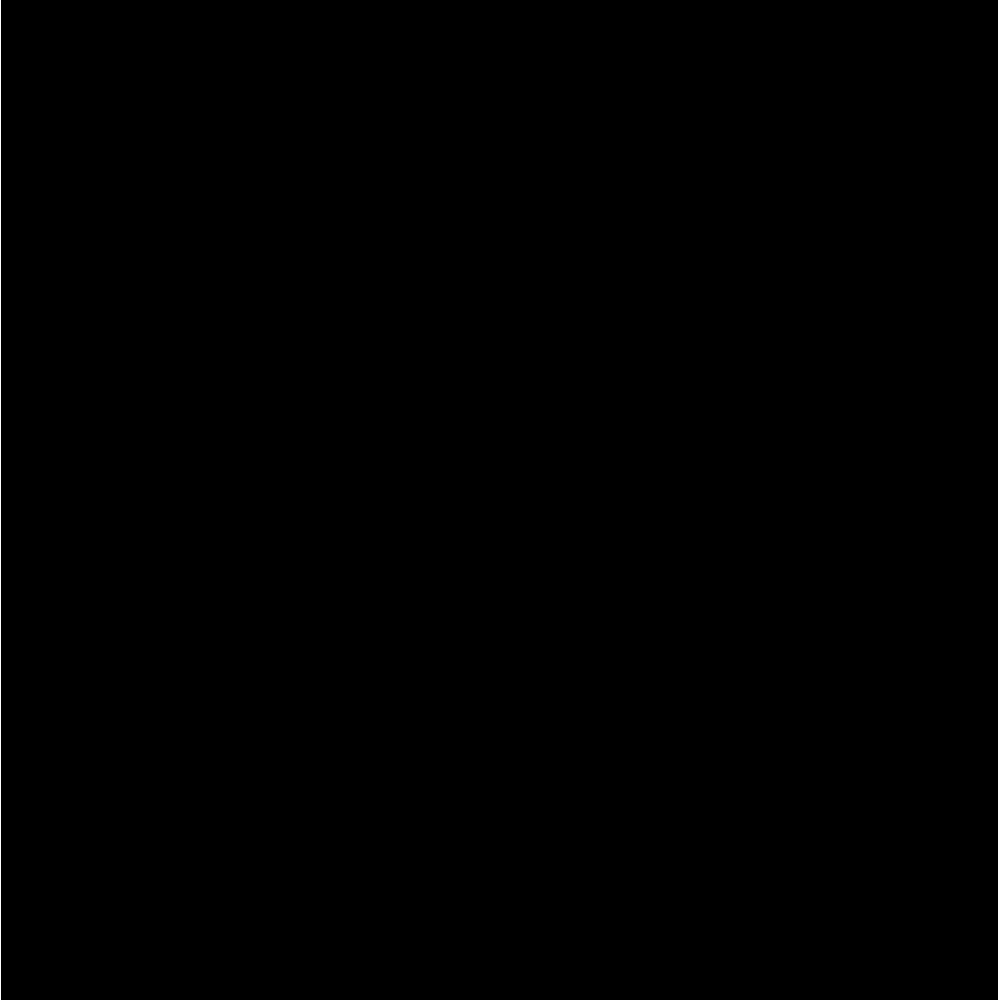
Interest rate (%)	2.50	7.50	9.50	12.50
Credit losses (%)	0.05	0.46	0.90	1.90
Credit losses (billion)	1.0	9.2	18.0	38.0

## Scenario 2 (*fall in income*)

Fall in income (%)	0	6	12	18
Credit losses (%)	0.46	0.63	0.94	1.34
Credit losses (billion)	9.2	12.6	18.9	26.7

## Scenario 3 (*unemployment*)

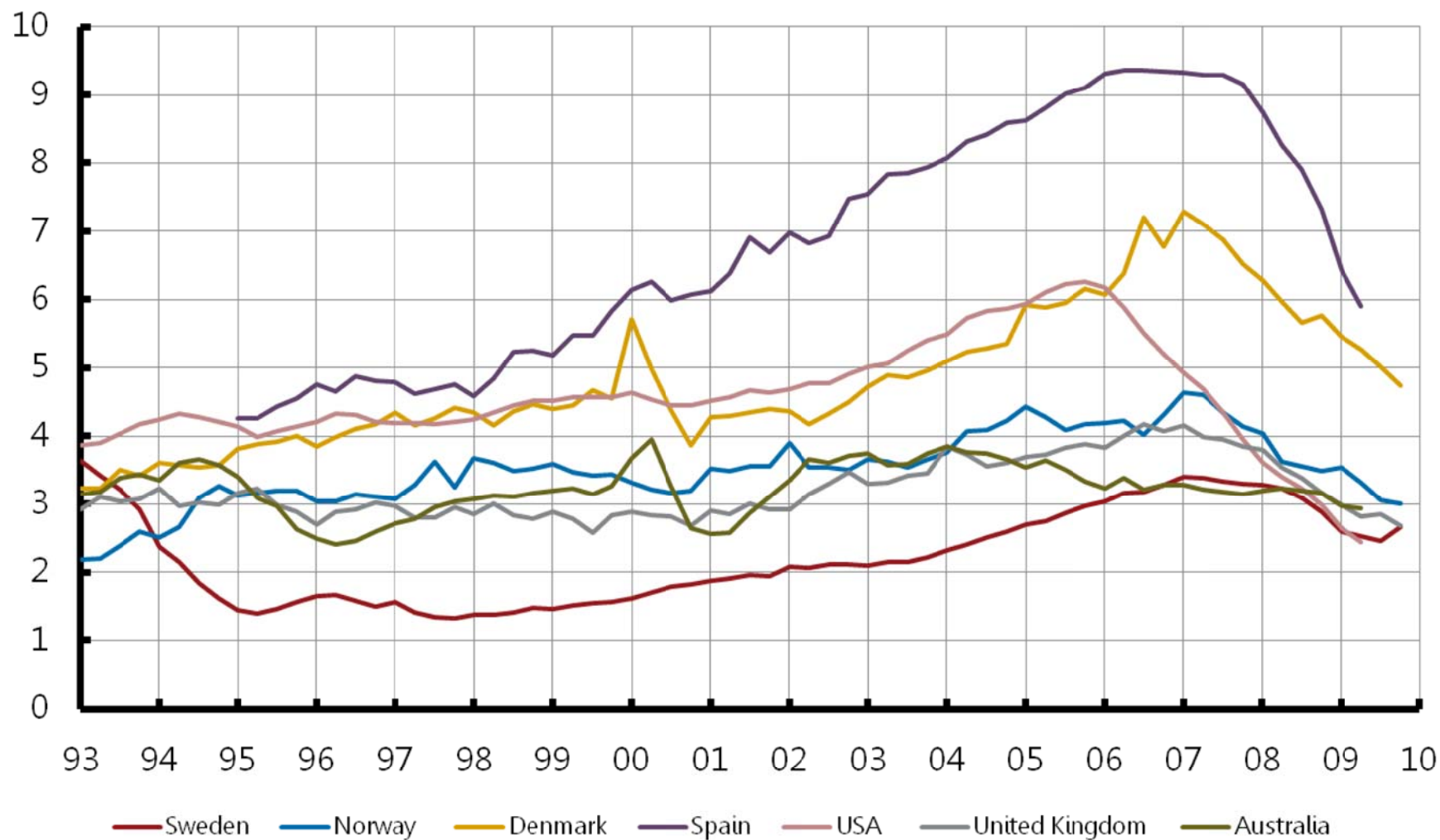
Unemployment (%)	0	5	10	20
Credit losses (%)	0.46	0.56	0.67	0.87
Credit losses (billion)	9.2	11.2	13.5	17.3





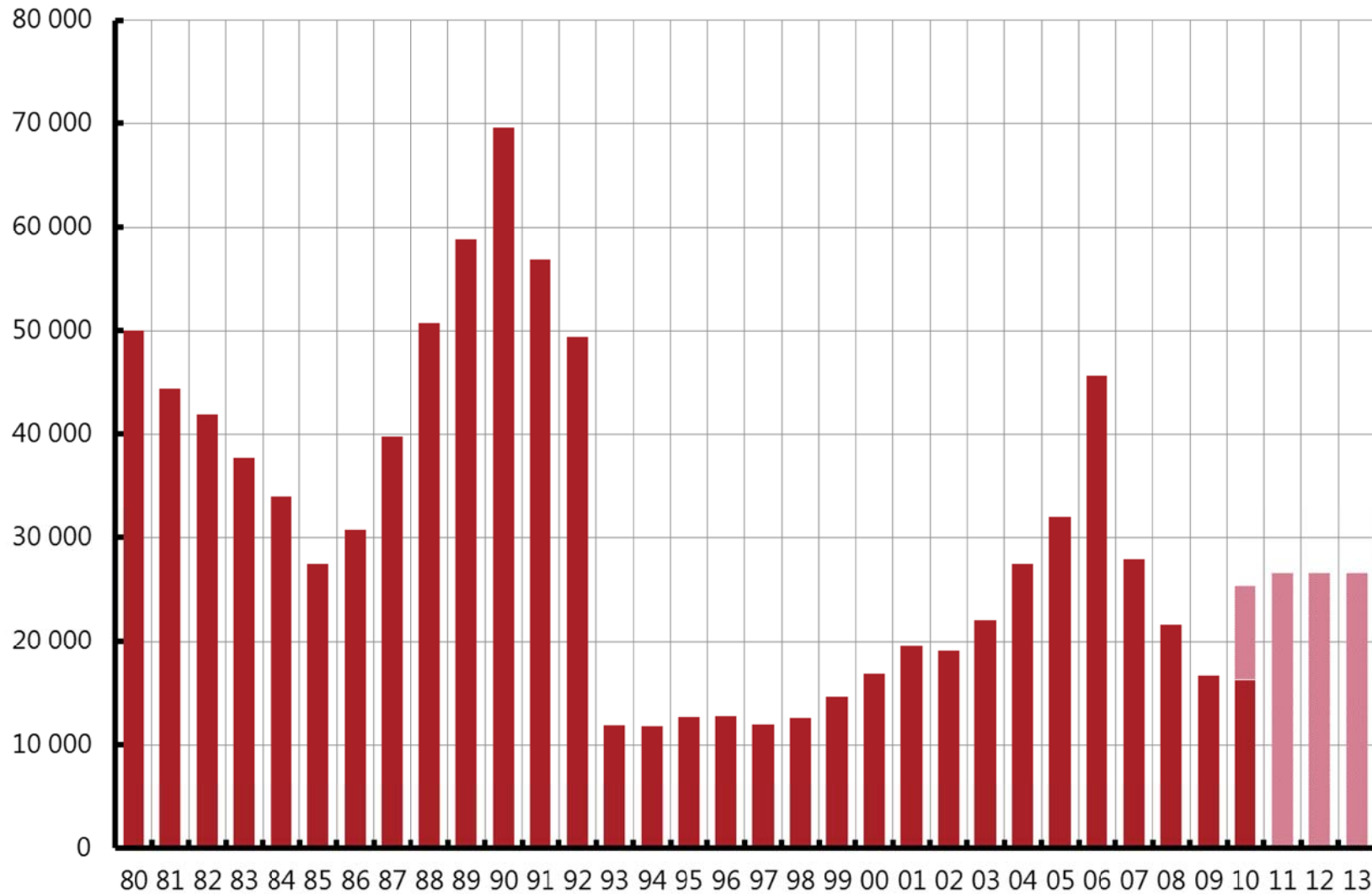
# Housing investments

Per cent of GDP

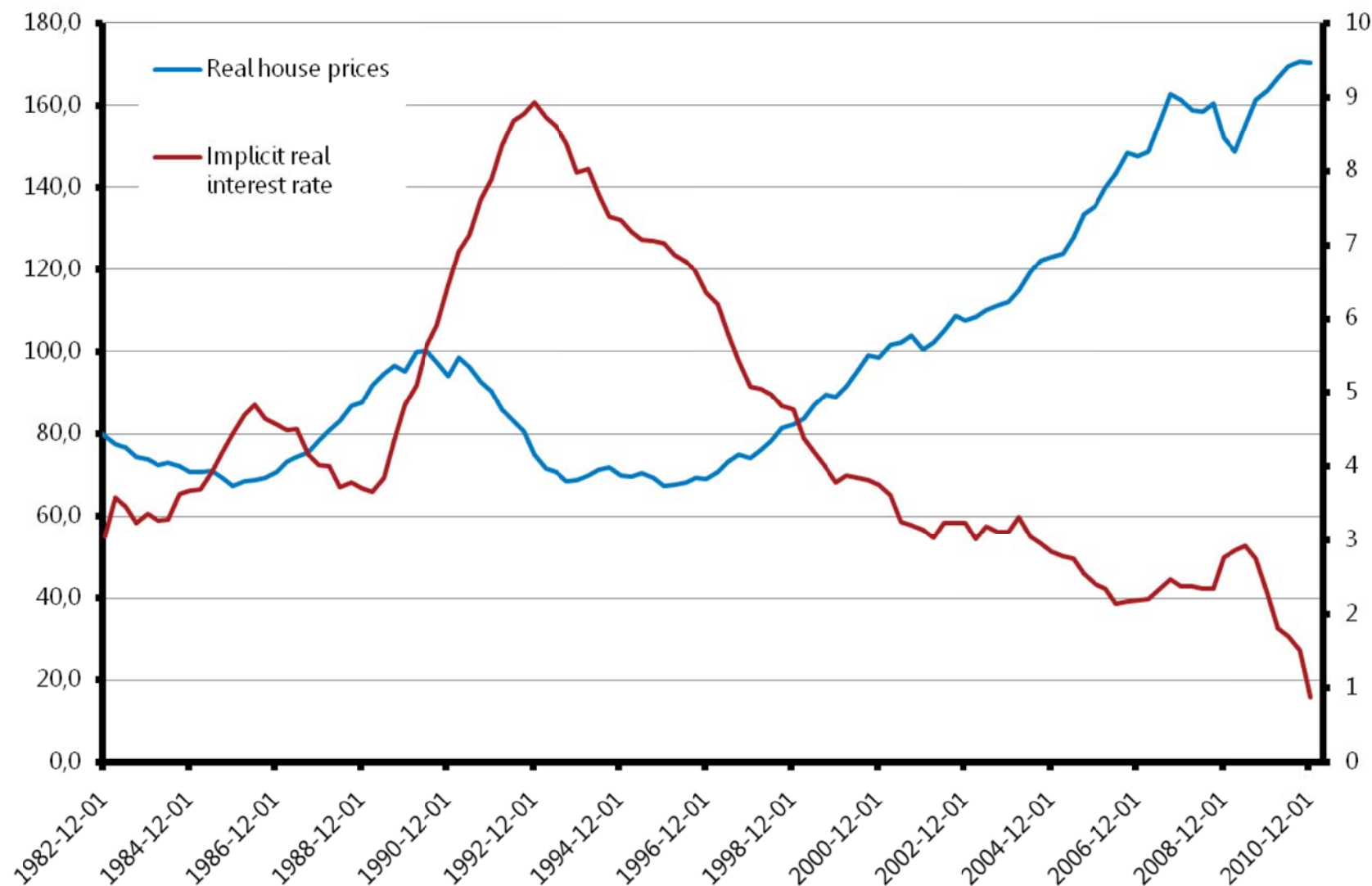


# Housing starts

Number of



# Real house price and the implicit real interest rate

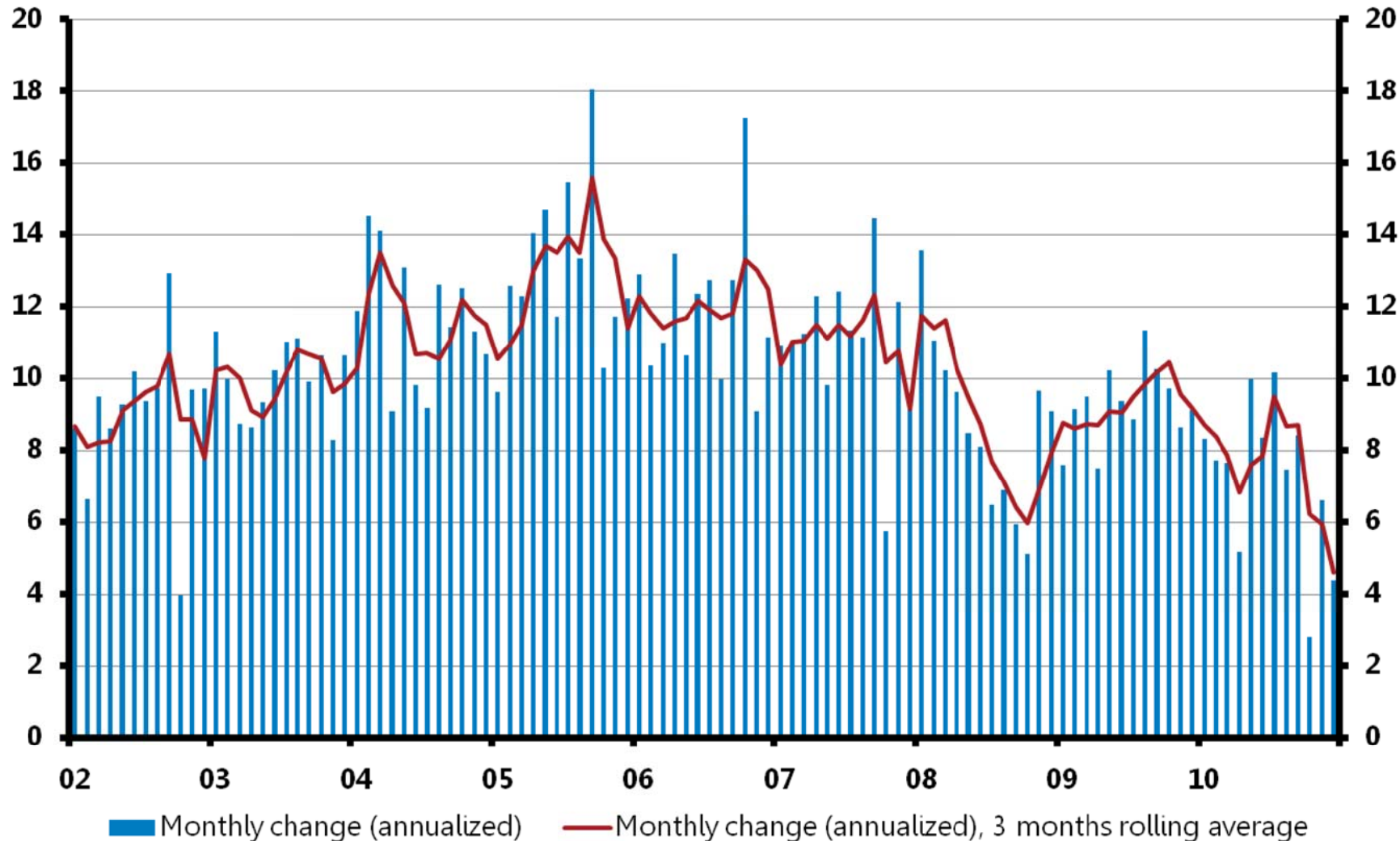


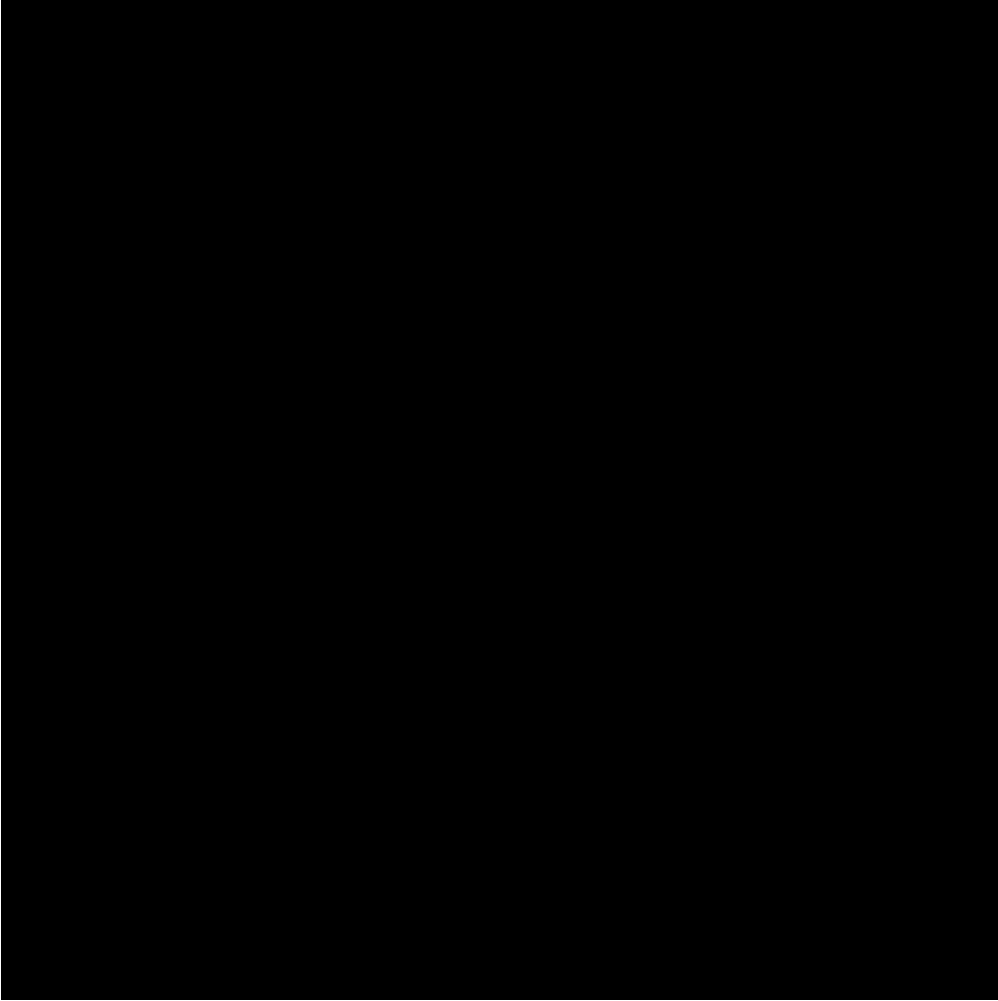
The implicit real interest rate is a four quarters rolling average of the interest to income ratio divided by the debt to income ratio.

Sources: SCB, EcoWin and the Riksbank

# Households' total borrowing from credit institutions

## Monthly change, annualized





# What has been done?

- Measures
    - The Riksbank's interest rate hikes
    - Future interest rate hikes
    - FSA loan ceiling
    - Bankers' Association mortgage requirements
    - Attention to risks, increased public awareness
  
  - Continued vigilance and further preparations
-

# Summary

- House prices in line with fundamentals
  - Continued slow down of indebtedness and house price increases
  - Continued low credit risk in the household sector
-



Extras



# Break down of households' new mortgage loans by fixed interest period

Per cent

