Kingdom of Sweden
Swedish National Debt Office

Euro Debt Crises and Effects of New Regulations

World Bank Meetings
Washington, October 2010

Thomas Olofsson, Director and Head of Debt Management
Euro Debt Crises

- Pre Crise condition with tight yield spreads
- After Lehman 2008 liquidity spreads widened
- Spring 2010 credit spreads widened after debt increase
- ECB “QE” measures
- Debate on fiscal policy: need for budget consolidation
- Strong commitment to Euro
- Special purpose vehicle
Spread to Germany

Government Benchmarks, Bid, 10 Year, Yield, Close, EUR

Source: Reuters EcoWin
Spreads to Germany

Source: Reuters EcoWin
If regulations don’t work – add more regulations

- Higher capital requirement
- Leverage ratios – postponed
- Ban of short-selling?
- Solvency 2
- Too big to fail-regulations
- Liquidity ratios

- The future role of banks in jeopardy?
- Plan B, Plan C...