



ÖSTERREICHISCHE
FMA · FINANZMARKTAUFSICHT

MAY FSR DISCUSSION

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Disclaimers apply.



TRENDS, THE CYCLE AND STABILITY

- Financial market plumbing, so far, does well:
 - Price formation, though ex crypto and subject to volatile expectations, and liquidity (tapering)
 - Credit supply
 - Risk capital more discriminating
 - Margin call stress outside financial sector
- Speed of globalization wind-down and decoupling:
 - (too) much sunk investment?
 - Optimising inefficiency: Investment opportunities in onshoring, but also risks
 - FX risk
 - Substitutability: time horizon and indirect effects through limiting production factors? Cost convexity
- Trend towards ever increasing spending needs (given the intense chain of extreme fiscal events) may test funding while liquidity is reduced.
- Sovereign financing needs and hence debt pressures may reach credit spread determination again
- Financial stability worries: Where are the hidden exits?
 - Derisking: eerily orderly corrections – have we seen it all?
 - Interest rate hikes – Ultimate unhedged counterparty of IR swaps? Households variable rate exposure?
 - Inflation and nowhere to hide: energy prices; cash vs market corrections; bond valuation volatility?
- Role of macroprudential policy vs fiscal and monetary policy