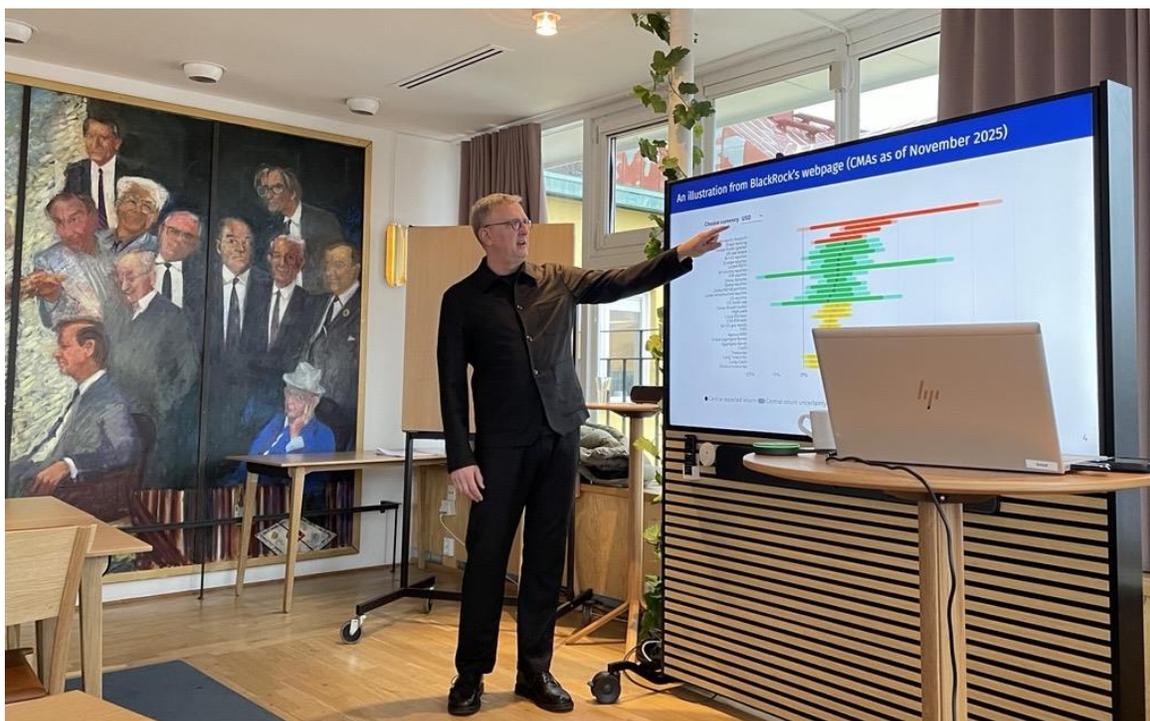


In this issue:

- How do institutions form return expectations?
- Liquidity, market structure, and Europe's capital markets
- Interview with U.S. Fed's Ben Knox on pricing risk around major events
- Finance Panel: The Savings and Investment Union in practice

How Do Institutions Form Return Expectations?



How do institutional investors form expectations about future returns and how do those beliefs shape portfolio choices?

At a recent breakfast talk at the Swedish House of Finance (SHoF), **Magnus Dahlquist** (SHoF/SSE) presented new research examining how institutional investors form expectations about future returns and how those expectations influence portfolio decisions across asset classes and over time.

Key takeaways:

- Institutional investors' return expectations move with the state of the market

- Differences in return expectations are larger across institutions than over time
- Expectations shape investment decisions within limits

[Read more](#)

VIDEO INTERVIEW

Pricing Risk Around Major Events: A Conversation With Ben Knox

During a visit at Swedish House of Finance **Ben Knox**, Senior Economist at the Federal Reserve Board, discussed his research on Equity Premium Events and how financial markets perceive and price risk around major economic and geopolitical developments.

[Watch here](#)

RESEARCH IN THE SPOTLIGHT

Liquidity, Market Structure, and Europe's Capital Markets: What the Data Really Show

For decades, the U.S. equity market has been regarded as the world's most liquid and efficient. Europe, by contrast, is often described as fragmented—a patchwork of national markets struggling to compete with a unified American system. But what does the data say?

Research by **Björn Hagströmer** (SHoF/Stockholm University) examines trading costs, market depth, and liquidity provision across European equity markets. The findings challenge common assumptions and provide a more nuanced picture of how Europe's capital markets function in practice.

Key findings:

- Europe's equity markets are more liquid than often assumed
- The U.S. market is integrated; Europe is fragmented
- Fragmentation aids competition but raises cross-border costs
- Sweden stands out on small- and mid-cap liquidity

- Household investor participation boosts liquidity

[Read more](#)

FINANCE UNPACKED

Market Fragmentation

This month's #FinanceUnpacked term is **Market Fragmentation**, referring to a market structure in which trading in the same financial instrument takes place across multiple venues (exchanges, multilateral trading facilities, and other platforms) rather than on a single centralized exchange.

[Explore Finance Unpacked](#)

“Market Fragmentation”

A market structure in which trading in the same financial instrument is dispersed across multiple venues rather than concentrated in a single, centralized exchange.



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UPCOMING EVENTS

The Savings and Investment Union (SIU): Does Simplification Require More EU Power?

April 27, 2026

SHoF, together with SNS (Centre for Business and Policy Studies), invites you to a morning finance panel on the EU's SIU and its implications for European capital markets.

The seminar will explore how current EU initiatives aimed at simplification and market integration interact with supervision, market structure, trading, and capital management in practice. It will also address a central question: Can the SIU deliver the scale, liquidity, and efficiency Europe needs in today's economic and geopolitical environment?

[Read more](#)

IN THE PRESS

[Portuguese Lost More Than €2 Billion on Gambling in One Year](#)

2026.02.15 • Portuguese • Record

Diogo Mendes (SHoF/SSE) comments on household financial behavior and gambling losses in Portugal.

[The Oil Fund Must Be Strengthened for a More Turbulent World](#)

2026.01.26 • Norwegian • Dagens Næringsliv

Magnus Dahlquist (SHoF/SSE) co-authors an op-ed together with fellow members of Norway's Expert Council on the Government Pension Fund Global.

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