

# FMDA Financial Market Risk & Liquidity Survey (H1 2026)

Market expectations on liquidity, risk, and outlook

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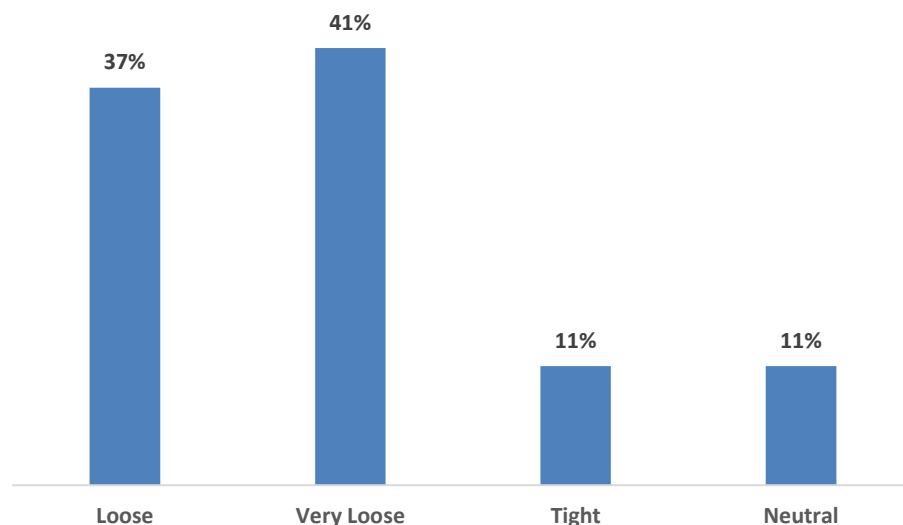
# Key Takeaway

- Liquidity remains broadly adequate, supported by policy actions and system inflows.
- Liquidity outlook is stable but tilting toward tightening, indicating emerging funding pressures.
- Interest rates are expected to remain elevated, reinforcing tight financial conditions.
- Regulatory uncertainty, interest rate volatility, and FX pressures are the dominant market risks.
- Market confidence remains strong, though geopolitical risks pose downside concerns.

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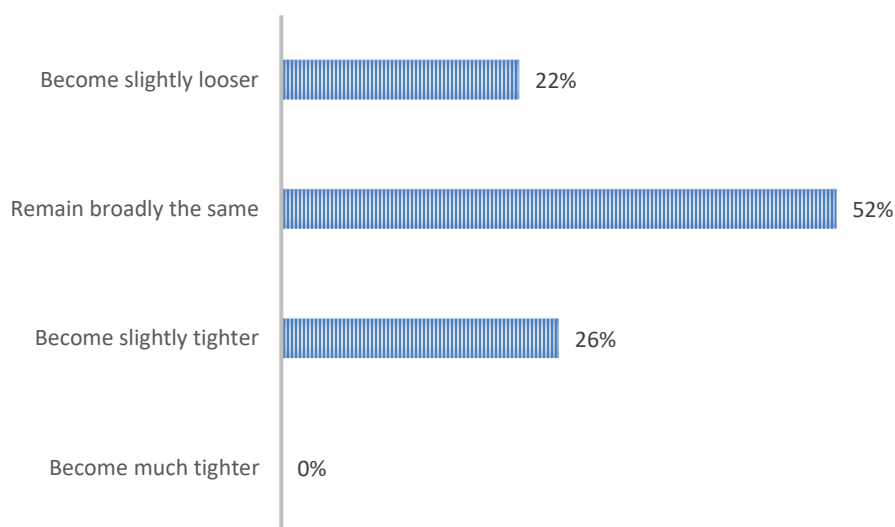
The survey was conducted in March 2026 and captures responses from financial market practitioners across commercial and merchant banks. The results reflect participants' views on liquidity conditions, market risks, and outlook over the next six months. Responses have been aggregated and analysed, excluding incomplete submissions.

# Liquidity conditions remain broadly loose across the system



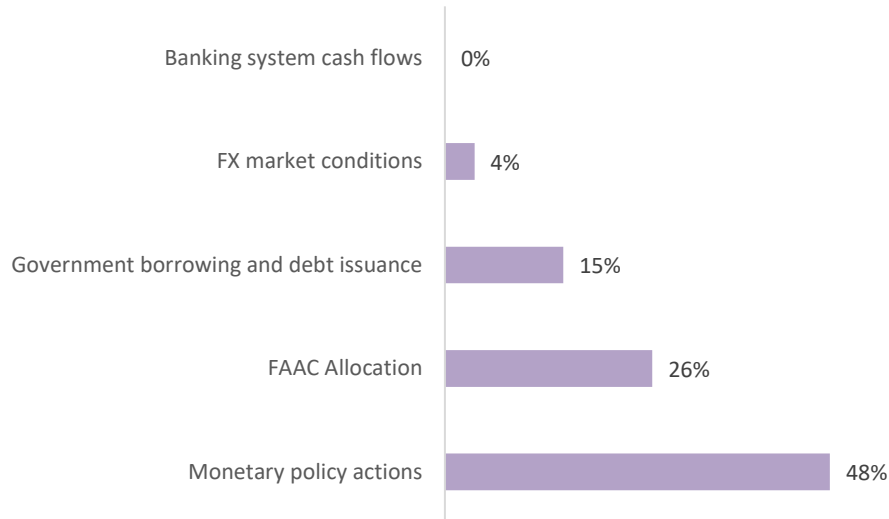
A clear majority of respondents (over 70%) report loose to very loose liquidity conditions, indicating strong system liquidity.

# Liquidity conditions expected to remain stable with slight tightening bias



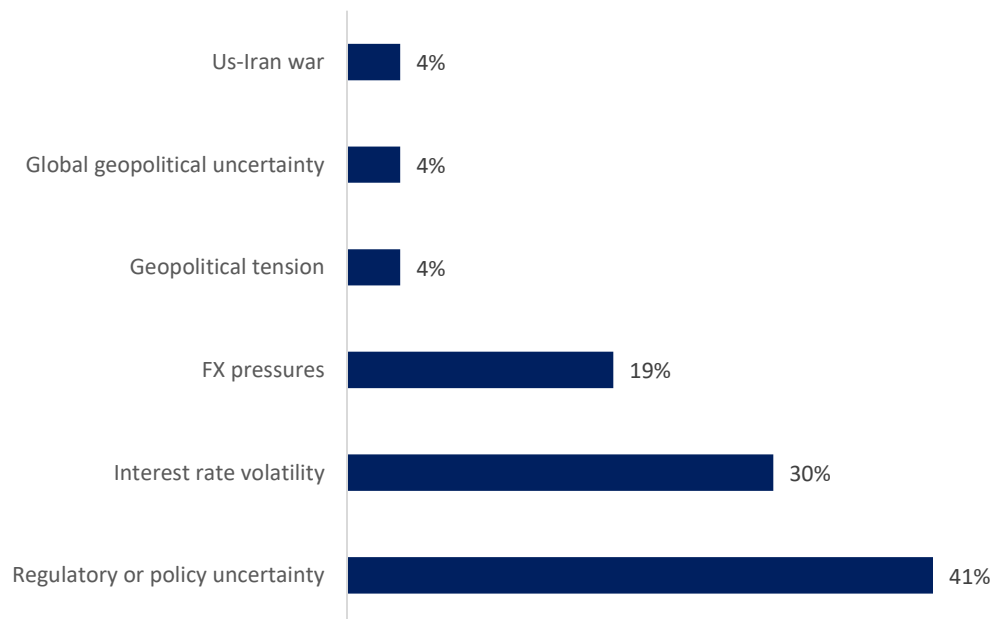
**Most respondents (52%) expect liquidity conditions to remain unchanged, while a combined 26% anticipate tightening, indicating emerging downside risks.**

# Monetary policy and fiscal flows remain the primary drivers of liquidity



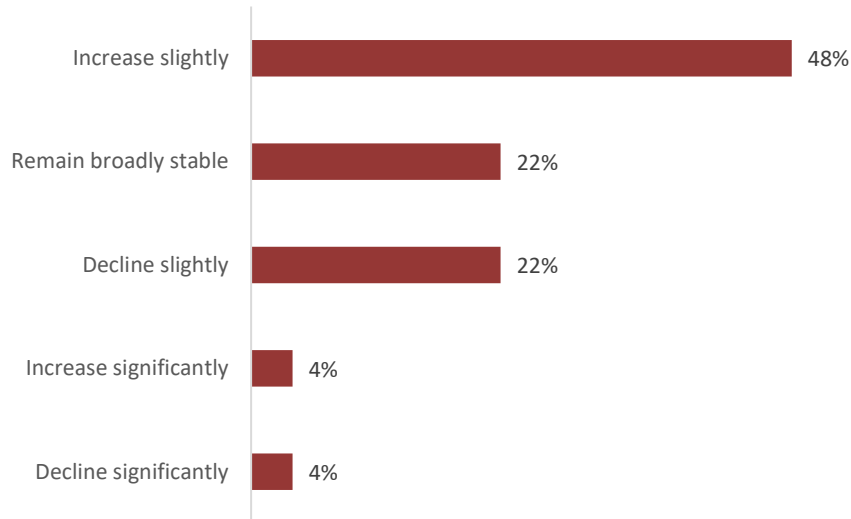
**A combined 74% of respondents identified monetary policy actions and FAAC allocations as the primary drivers of market liquidity.**

# Regulatory uncertainty and interest rate volatility identified as key risks, with overall risk levels assessed as moderate



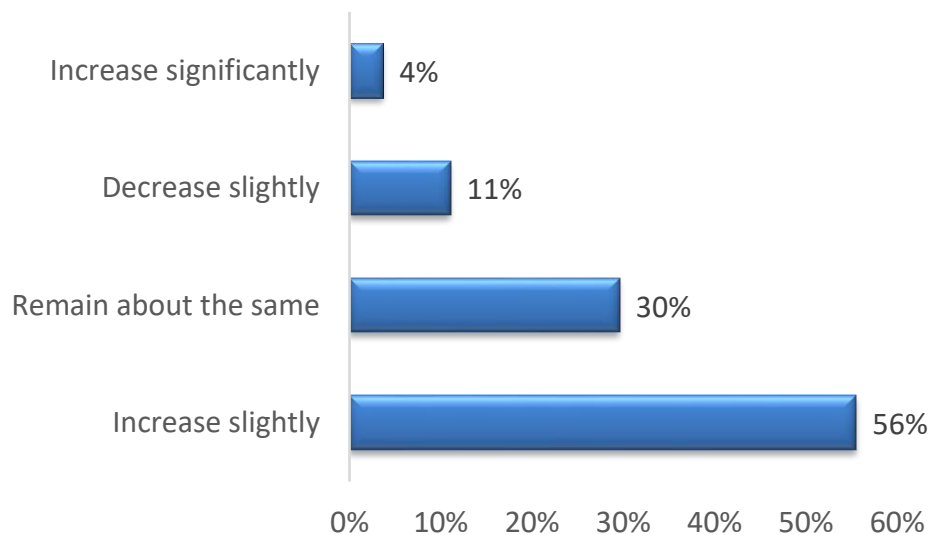
Respondents identified regulatory and policy uncertainty (41%) and interest rate volatility (30%) as the most significant risks over the next six months, followed by FX pressures (19%). Consistent with this, the majority assess current market risk levels as moderate, indicating a cautious but stable risk environment.

# Interest rates expected to remain elevated with an upward bias



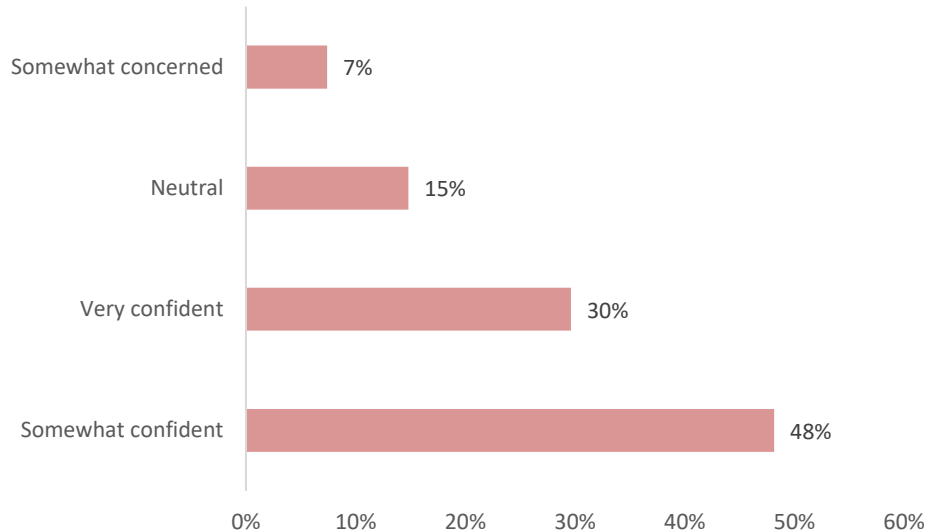
**Many respondents expect interest rates to increase slightly over the next six months, indicating a continued upward bias in rate expectations.**

# Fixed income market activity expected to increase moderately



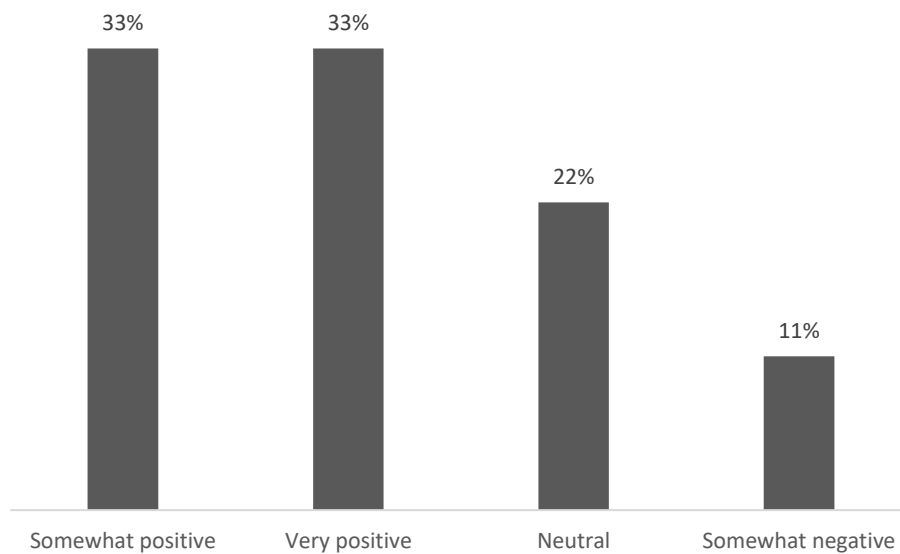
**Many respondents expect fixed income market activity to increase slightly over the next six months, indicating a gradual pickup in market participation.**

# Market participants remain broadly confident about near-term stability



**A strong majority of respondents express confidence in market stability over the next six months, with nearly 80% indicating either somewhat or very confident.**

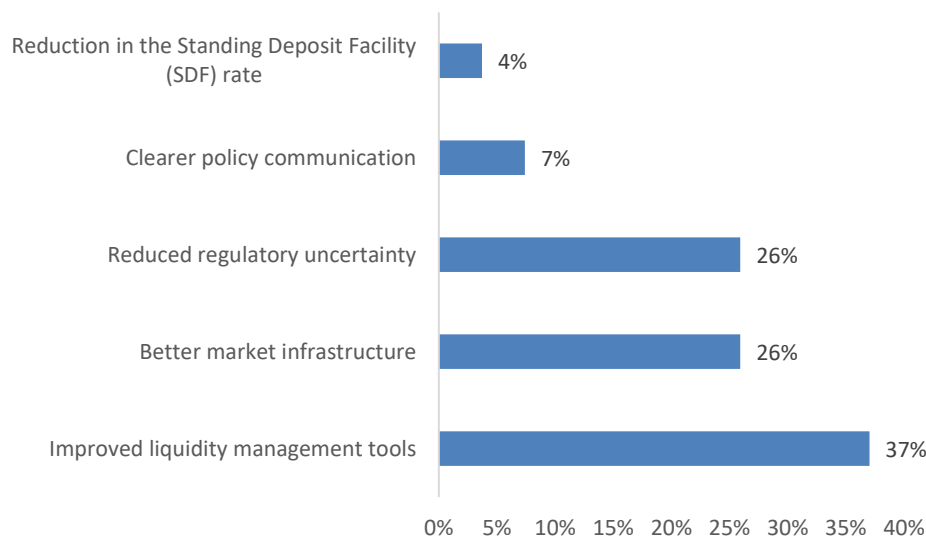
# Recent policy actions viewed as broadly positive for market liquidity



**Many respondents (around two-thirds) assess recent policy and regulatory actions as having a positive impact on market liquidity.**

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# Market participants prioritise liquidity tools and infrastructure improvements



**Respondents highlight improved liquidity management tools as the top priority, followed by enhancements in market infrastructure and regulatory clarity.**

# Market participants highlight policy direction, FX risks, and structural constraints

- Continue strategic fiscal and monetary coordination is required to shield the economy from external shocks.
- Liquidity conditions are expected to remain tight but gradually improve, supported by policy easing and FX reforms.
- However, improvements may remain fragile due to reliance on portfolio inflows and global risk sentiment.
- Rising geopolitical tensions, including the US–Iran conflict, pose upside risks to inflation and liquidity conditions.
- Moderation of CRR is suggested to support credit to the real sector.

# About FMDA Research

This report was prepared by the Financial Markets Dealers Association (FMDA) Research team.

The survey and analysis were conducted to provide insights into liquidity conditions, market risks, and financial market outlook.

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