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## Foreign Exchange and Liquidity, July 2009

### THE FOREIGN-EXCHANGE RESERVE

In July 2009 the foreign-exchange reserve increased by kr. 6.2 billion to kr. 336.4 billion. The increase reflects Danmarks Nationalbank's net purchase of foreign exchange for kr. 7.1 billion, and the central government's net repayment of foreign debt for kr. 0.9 billion, cf. table 1.

In July, Danmarks Nationalbank's net purchase of foreign exchange due to intervention in the foreign-exchange market amounted to kr. 6.6 billion.

DANMARKS NATIONALBANK'S NET FOREIGN-EXCHANGE  
PURCHASES AND THE CHANGE IN THE FOREIGN-EXCHANGE RESERVE – TABLE 1

Kr. billion	July 2009	January-July 2009
Danmarks Nationalbank's interventions* to purchase foreign exchange, net .....	6.6	90.9
Other** .....	0.5	7.0
Danmarks Nationalbank's net foreign-exchange purchases .....	7.1	98.0
The central government's net foreign borrowing*** ...	-0.9	26.7
Change in the foreign-exchange reserve .....	6.2	124.7

Note: Details may not add because of rounding.

\* Intervention takes place when Danmarks Nationalbank purchases and sells foreign exchange for Danish kroner in the foreign-exchange market in order to stabilise the exchange rate.

\*\* Comprises e.g. interest accrued on the foreign-exchange reserve, the central government's net payments in foreign exchange, and changes in the banks' deposits in euro-denominated accounts at Danmarks Nationalbank.

\*\*\* Including net payments to the central government in foreign exchange as a result of currency swaps.

### DEVELOPMENT IN LIQUIDITY

In July, the central government's net financing requirement amounted to kr. -1.0 billion. Since the turn of the year, the central government's net financing requirement has been kr. 97.5 billion, cf. table 2.

The net position of the banks and mortgage-credit institutes vis-à-vis Danmarks Nationalbank decreased by kr. 5.6 billion in July, to an

outstanding amount of kr. 69.9 billion. In July transactions by the central government reduced the net position by kr. 14.0 billion.

IMPACT OF VARIOUS FACTORS ON THE NET POSITION OF THE BANKS AND MORTGAGE-CREDIT INSTITUTES VIS-À-VIS DANMARKS NATIONALBANK – TABLE 2		
Kr. billion	July 2009	January-July 2009
The central government's net financing .....	-1.0	97.5
Redemption on domestic central-government debt <sup>*</sup> ...	5.6	13.9
Other <sup>**</sup> .....	0.0	22.4
The central government's gross domestic financing requirement .....	4.6	133.7
The central government's gross domestic borrowing <sup>***</sup> .....	18.6	52.4
The central government's liquidity impact .....	-14.0	81.3
Danmarks Nationalbank's net foreign-exchange purchases .....	7.1	98.0
Danmarks Nationalbank's net bond purchases .....	1.0	3.4
Other factors <sup>****</sup> .....	0.3	0.0
Change in net position .....	-5.6	182.6

Note: Details may not add because of rounding.

\* Including krone-denominated payments by the central government in currency swaps.

\*\* Comprises, *inter alia*, net bond purchases by the government funds.

\*\*\* Gross long-term borrowing, net short-term borrowing and krone-denominated payments to the central government in currency swaps.

\*\*\*\* Comprises e.g. changes in banknotes and coins in circulation.

## DANMARKS NATIONALBANK'S INTEREST RATES

The discount rate and the Nationalbank's current-account interest rate have remained unchanged at 1.20 per cent since 8 June 2009. The rate of interest on certificates of deposit has remained unchanged at 1.45 per cent and the lending rate has remained unchanged at 1.55 per cent since 8 June 2009.

## FURTHER INFORMATION

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