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Foreign Exchange and Liquidity, September 2009

THE FOREIGN-EXCHANGE RESERVE

In September 2009 the foreign-exchange reserve increased by kr. 19.8 billion to kr. 393.8 billion. The increase reflects Danmarks Nationalbank's net purchase of foreign exchange for kr. 20.4 billion, and the central government's net repayment of foreign debt for kr. 0.6 billion, cf. table 1.

In September, Danmarks Nationalbank's net purchase of foreign exchange due to intervention in the foreign-exchange market amounted to kr. 19.1 billion.

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

Kr. billion	September 2009	January-September 2009
Danmarks Nationalbank's interventions* to purchase foreign exchange, net	19.1	137.0
Other**	1.3	19.1
Danmarks Nationalbank's net foreign-exchange purchases	20.4	156.0
The central government's net foreign borrowing*** ...	-0.6	26.1
Change in the foreign-exchange reserve	19.8	182.1

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 September, the central government's net financing requirement amounted to kr. -19.9 billion. Since the turn of the year, the central government's net financing requirement has been kr. 108.3 billion, cf. table 2.

The net position of the banks and mortgage-credit institutes vis-à-vis Danmarks Nationalbank decreased by kr. 13.1 billion in September, to

an outstanding amount of kr. 88.7 billion. In September transactions by the central government reduced the net position by kr. 32.8 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	September 2009	January-September 2009
The central government's net financing	-19.9	108.3
Redemption on domestic central-government debt [*] ...	0.9	15.6
Other ^{**}	-0.7	20.9
The central government's gross domestic financing requirement	-19.8	144.8
The central government's gross domestic borrowing ^{***}	13.0	69.9
The central government's liquidity impact	-32.8	74.9
Danmarks Nationalbank's net foreign-exchange purchases	20.4	156.0
Danmarks Nationalbank's net bond purchases	-0.1	6.5
Other factors ^{****}	-0.6	-35.9
Change in net position	-13.1	201.4

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 has been 1.00 per cent since 28 August 2009. The Nationalbank's lending rate has been 1.25 per cent since 25 September 2009, while the rate of interest on certificates of deposit has been 1.00 per cent and the Nationalbank's current-account rate has been 0.90 per cent since 29 September 2009.

FURTHER INFORMATION

For further information please contact Karsten Bilotft on tel.: (+45) 33 63 60 21.