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Financial stability 2007

Danmarks Nationalbank today publishes its annual report on financial stability in Denmark, "Finansiell stabilitet 2007". The English edition is expected to be available at Danmarks Nationalbank's website as from 31 May. The printed English version is expected to be released on 31 May. The publication will be available at www.nationalbanken.dk under Publications.

The most significant risks to the financial system are analysed in the report, including situations that are very unlikely to arise, but which might have major consequences for the economy. It is assessed whether the overall financial system is sufficiently robust for any problems experienced within the sector not to spread and prevent the financial markets from functioning as providers of capital and financial services. It is the task of the Danish Financial Supervisory Authority to ensure that each financial institution is sufficiently robust.

In connection with the report's publication, Governor Nils Bernstein says: "For the fourth year running, the Danish economy is booming, and this is reflected in the earnings of the banking institutions, which in 2006 were, once again, record-high. The banking institutions' capital buffers have also grown a little, and in our assessment the banking institutions' resilience to increased losses is good."

"The finances of the banking institutions' customers – the corporate sector and the households – remain sound," Nils Bernstein adds. "The number of failing Danish companies is low, and prospects are good. The households' disposable real incomes have risen considerably, and wealth has grown rapidly in recent years in step with the surge in housing prices. A dampening of the housing market was, however, seen in 2006 and early 2007, but there is no reason to expect major house price falls for as long as the economy remains strong."

"Our overall assessment is that currently there is no major threat to financial stability in Denmark," Nils Bernstein concludes.

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