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Danish Government Borrowing and Debt 2009

Today Danmarks Nationalbank publishes Danish Government Borrowing and Debt 2009.

Danish central-government debt increased in 2009 after a number of years with large government surpluses. At year-end, the central-government debt amounted to DKK 302 billion, corresponding to 18 per cent of GDP. On a per-capita basis, the central-government debt rose from approximately DKK 35,000 in 2008 to approximately DKK 55,000 in 2009. Most of the increase can be attributed to central-government re-lending to the Financial Stability Company and capital injections into banks and mortgage-credit institutes.

Danish government debt has been given the highest credit rating, AAA, by the rating agencies, reflecting that the level of debt is low in an international context. "The high credit rating means that Denmark can borrow at lower costs than other EU member states," says Governor Nils Bernstein, Danmarks Nationalbank.

Denmark's high credit standing contributes to sustaining foreign interest in Danish government securities. At the start of 2009, non-residents owned approximately one third of the krone-denominated government bonds.

At the global level, large government budget deficits are anticipated in 2010, which will increase competition among government issuers. "As government budget deficits are expected in the coming years, it is necessary to build up bond series in more maturity segments. We must have a greater selection on our shelves in order to retain investor interest," says Nils Bernstein.

The strategy is to issue bonds in the 2-, 5- and 10-year segments on the basis of a 40-20-40 percentage distribution. In addition, the T-bill programme will be re-opened.

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