

# DANMARKS NATIONALBANK

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## DENMARK'S INTERNATIONAL INVESTMENT POSITION, 3RD QUARTER 2017

# Denmark's IIP rose slightly in 3rd quarter 2017

Denmark's international investment position, IIP, i.e. Denmark's external assets subtracted liabilities, was kr. 1,119 billion at the end of the 3rd quarter of 2017.

Overall, 3rd quarter IIP ended with a small increase of kr. 8 billion compared to the 2nd quarter.

A depreciation of the US dollar relative to Danish kroner reduced the value of Danish assets abroad in the 3rd quarter. Additionally, positive price adjustments to several Danish C20 shares raised Denmark's external liabilities. Overall, the market development contributed to a total IIP decrease of kr. 40 billion.

The current account surplus was kr. 48 billion in the 3rd quarter, increasing IIP by the same amount.

At the end of the 3rd quarter, the value of Denmark's external assets and liabilities was kr. 6,620 billion and kr. 5,501 billion, respectively. Thus, the total value of Denmark's external assets and liabilities has increased by 39 per cent since the 1st quarter of 2010. This reflects the significant increases in the value of securities during the period.

Denmark's external assets and liabilities can fluctuate considerably during a quarter. In the 1st quarter of 2015, e.g., both liabilities and assets increased markedly. Several factors were in play, one of them being large price increases in both Danish and foreign assets. Also, increasing foreign demand for Danish kroner – and hence Danish bonds – increased the liabilities. The assets also increased as a consequence of rising foreign exchange reserves.

Consequently, value adjustments and market movements can have a large effect on the development in the IIP from one quarter to another. In the long run, however, there is a tendency towards positive and negative value adjustments cancelling out. Thus, seen over a number of years, the development in Denmark's IIP is given by the surpluses of the current account.

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