

DANMARKS NATIONALBANK

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PORTFOLIO INVESTMENTS, MARCH 2018

Small decline in foreign ownership of Danish government securities

Foreign investors owned 38 per cent of Danish government securities in March 2018. It is a decrease compared to February where the ownership share was 42 per cent. Over a longer period of time, foreign investors' ownership share of Danish government securities has been stable around 40 per cent.

The decrease in March 2018 is primarily due to the maturity of a Treasury bill worth kr. 32 billion, stated at nominal value. Foreign investors owned close to 100 per cent of this Treasury bill. Meanwhile a new Treasury bill maturing in September 2018 was issued.

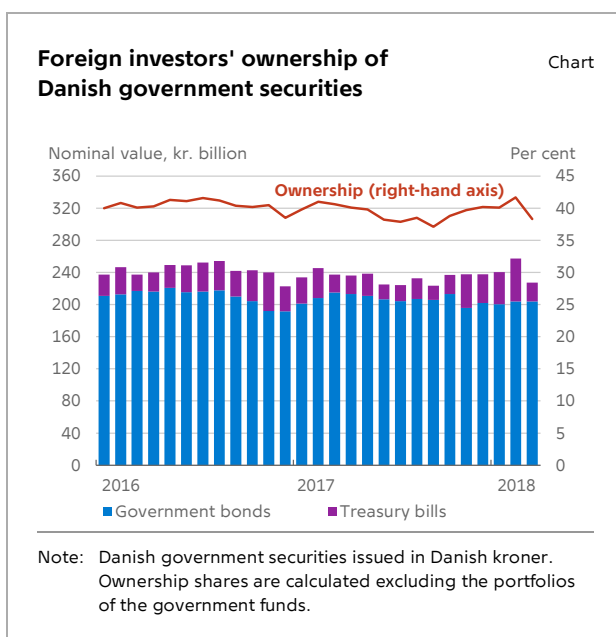
Foreign demand for this Treasury bill was lower than usual. This could be due to the fact that the bill matures on an American bank holiday (Labor Day, 3 September).

By the end of March, foreign investors owned Danish government securities for kr. 227 billion, of which kr. 204 billion was in government bonds and kr. 23 billion was in Treasury bills.

The government issues government securities to cover its financial requirements: Treasury bills with a short time to maturity and government bonds with a longer time to maturity. A broad investor base is important to support a stable demand by ensuring that lower demand from one investor type does not significantly affect the total demand for government securities and funding cost of the government debt.

Danish government securities were particularly demanded by North American and Asian investors.¹ The demand for Danish Treasury bills by dollar investors may be related to the prices in the currency swap market. In some instances, dollar investors can achieve a larger rate of return by investing in Danish Treasury bills in combination with currency swaps, instead of investing directly in American Treasury bills.

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¹ Danmarks Nationalbank, Danish Government Borrowing and Debt 2017, *Danmarks Nationalbank Report*, no. 1, January 2018.