

DANMARKS NATIONALBANK

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Purchase of foreign bank bonds

In total, Danish investors have purchased foreign bonds for kr. 70 billion since 2018. It is especially bank bonds with a high credit rating, AAA rating, which in particular Danish pension funds, investment funds, have bought. Conversely, they have sold German government bonds.

AAA-rated bank bonds of kr. 39 billion

In particular, Danish investors have bought bonds issued by foreign banks. The majority of them are Swedish bonds collateralised with real estate and rated AAA. In addition, the Danes have also purchased Finnish and Norwegian bank bonds with AAA ratings. In total, AAA-rated bank bonds worth kr. 39 billion have been purchased since 2018.

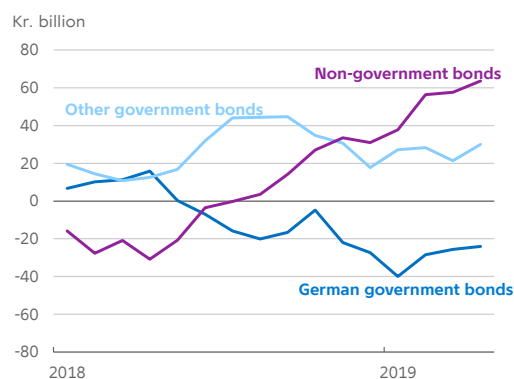
Sale of German government bonds worth kr. 24 billion

Danish investors have sold German government bonds worth kr. 24 billion since 2018. Investors weigh the return and risk when they buy financial assets such as bonds. The interest rate and thus the return on German government bonds are low and have been declining since the beginning of 2018. The interest rate on the German 10-year government bond is now again negative. Last time it was, was in October 2016.

The European Central Bank expanded its asset purchase program in early 2015, which has driven down interest rates and return on European government bonds. This has contributed to Danish investors' sale of government bonds from the euro area, including German. Overall, Danish investors have sold German government bonds worth kr. 74 billion since the expansion of the asset purchase program.

Despite the low interest rates and the large divestment, German government bonds are still the foreign government bonds where Danish investors have their largest ownership - with a value of approximately kr. 260 billion. German government bonds are considered a safe investment and have the highest possible credit rating, AAA. In times of uncertainty and market turmoil, investors tend to move their investments from risky assets to secure investments such as German government bonds.

Danish investors have substituted German government bonds with foreign bank bonds



Note: Accumulated purchase of foreign bonds since January 2018.

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