

DANMARKS NATIONALBANK

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PORTFOLIO INVESTMENTS, NOVEMBER 2018

Foreign investors sold Danish portfolio stocks

Since the beginning of the year foreign investors have sold Danish portfolio stocks for kr. 73 billion. This corresponds to a little over 5 per cent of the foreign holdings at the beginning of the year. For instance they have sold bank stocks amounting to kr. 20 billion of which kr. 2 billion in November.

The largest sale of bank stocks took place in September with kr. 7 billion. Foreign investors have in particular sold to the pension sector. During the year banks have bought back their own stocks for kr. 10 billion. The price of Danish bank shares have decreased during the year and, with a total of almost 40 per cent during the first 11 months, in particular driven by Danske Bank's stocks.

By comparison, in 2017, foreign investors sold bank stocks for kr. 3 billion, and the banks conducted buy-backs of their own stocks totalling kr. 11 billion.

The lion's share of the sale of other portfolio stocks, in total kr. 54 billion, is related to two large corporate acquisitions of TDC and Nets.

The foreign portfolio investments were in May reduced by kr. 34 billion when TDC was bought by a Danish consortium. This is because consortium exercised its right to compulsory buyout of minority shareholders including shareholders abroad.

The acquisition of Nets by a foreign capital fund also reduced the foreign portfolio investments in Denmark in 2018. In return, foreign direct investments increased as a result of the acquisition.

This is due to a definition difference. In a portfolio investment, the foreign investor has no decisive influence in the company. In a direct investment, on the other hand, the investor has a controlling influence through a large ownership in the company, defined as an ownership of more than 10 per cent of the company stocks.

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