

# DANMARKS NATIONALBANK

31 MARCH 2020

## DENMARK'S INTERNATIONAL INVESTMENT POSITION, 4TH QUARTER 2019

# Net IIP of 78 per cent of the gross domestic product

Denmark's international investment position (IIP) was kr. 1,814 billion or 78 per cent of GDP at the end of 2019. IIP increased kr. 367 billion last year, primarily driven by a record-high current account surplus of kr. 184 billion. Just 10 years ago, Denmark had an IIP of zero.

### The second largest IIP in the EU

Among the EU countries, Denmark has the second largest IIP measured in terms of GDP - surpassed only by the Netherlands. Within Europe, however, the Danish IIP in terms of GDP is surpassed by Switzerland and Norway.

### Net surplus is an indicator of creditworthiness

IIP surplus provides a continuous return in the form of interest rate income and dividend payments, etc. In addition a surplus on IIP is considered as an indicator of a country's overall creditworthiness, where countries, such as Denmark, with large net assets are considered more creditworthy than countries with foreign debt.

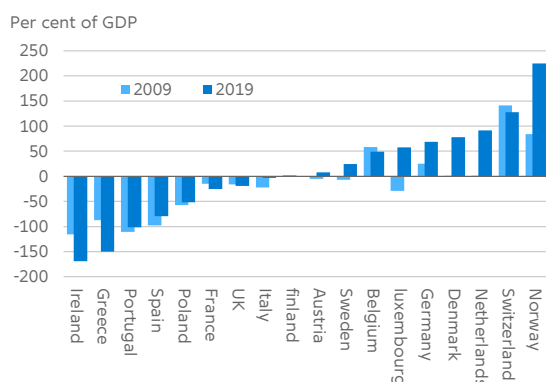
Conversely, a large foreign debt can be indicative of a large dependence on foreign financing, which by experience becomes more difficult to obtain in times of crisis.

### Positive balance of payments creates surplus

Exchange rate changes on equities and bonds and changes in stock market values can have a major impact on the size of foreign assets in the short term. However, the exchange rate changes tend to offset each other over time, and over a longer period, the development in foreign assets is driven by the current account surplus.

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### Denmark's international investment position is the second largest in the EU



Note: For Denmark, data for 2019 is from the fourth quarter. For other countries data is from Q3 2019. Data from 2009 is from Q4 for all countries. GDP data for Denmark is from Statistics Denmark. Data for EU-countries is from Eurostat, and data for Norway and Switzerland is from IMF.

This release addresses the latest figures in the statistics for 'Denmark's international investment position' which is from the end of 4th quarter 2019. Since then, extraordinarily large changes in the economy have occurred due to covid-19. At the end of June, Danmarks Nationalbank will update this statistic with the figures for the 1st quarter of 2020.