

# DANMARKS NATIONALBANK

20 MARCH 2017 — No. 4

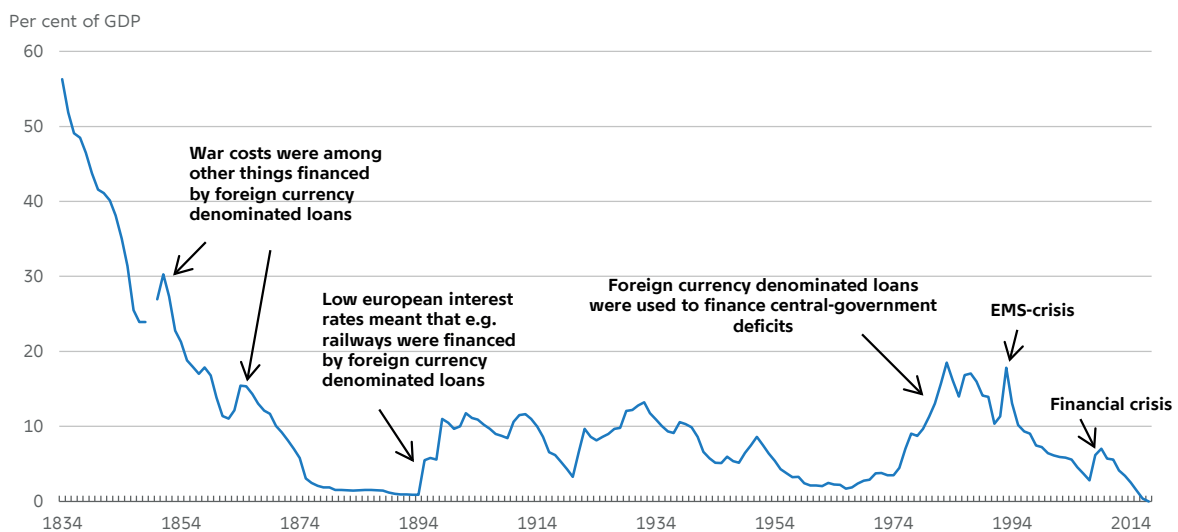
## For the first time in at least 183 years, the Danish central government has no foreign currency loans

On 20 March 2017, the Danish central government will repay its last loan in foreign currency, totalling 1.5 billion dollars. Thus – for the first time in at least 183 years – the Danish central government has no foreign currency loans.

### The first Danish foreign currency loans

The first Danish central government loan in foreign currency was raised back in 1757 when the Danish central government borrowed the equivalent of half a million rigsdaler in Hamburg and Amsterdam.

### Historical perspective of the foreign loans of the Danish central Government



Note: Missing data for 1849.

Source: Statistics Denmark and Danmarks Nationalbank..

Up until 1834 it cannot be determined with certainty that the central-government continuously had foreign currency denominated loans. In Statistics Denmark's Kreditstatistik there is an overview of the loans the central-government raised, but not when the loans were repaid.

From 1834, the data became more complete, and it can be stated with certainty that the Danish central government has had foreign currency loans for at least 183 years.

The central government was close to repaying all foreign currency loans back in 1894 when the central government's debt was as low as kr. 168 million, equivalent to just under 1 per cent of GDP.

### **The central government still has debt**

The sole reason why the Danish central government raises loans in foreign currency is to ensure that the

foreign exchange reserve is sufficient. In recent years, the central government has not needed to raise any loans in foreign currency, and the loans have been gradually repaid.

However, the repayment of the last foreign currency loan does not mean that the Danish central government has no debt. The central government issues government bonds in Danish kroner to cover its deficit and redemptions of domestic bonds. The kroner-denominated bonds are purchased by a broad investor base including both Danish and non-resident investors. The Danish insurance and pension sector holds about 50 per cent of the bonds, while non-resident investors hold approximately 40 per cent.



## CONTACT

**Michelle Hald**  
Digital editor

*miha@nationalbanken.dk*  
+45 3363 6029

SECRETARIAT AND  
COMMUNICATIONS