

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, SEPTEMBER 2019

One fifth of corporate deposits are in currency

Danish companies' total deposits with banks are kr. 309 billion at the end of September 2019. One fifth of the deposits are in foreign currency, corresponding to kr. 60 billion. Many Danish companies, either directly or through foreign subsidiaries, have activities abroad in foreign currency. They may therefore need to be able to both withdraw and deposit amounts in accounts in different currencies.

Euro and dollar make up the majority

The vast majority of corporate deposits in foreign currency are deposits in euros and in dollars, at kr. 28 billion and kr. 23 billion respectively. Next comes the Norwegian and Swedish kroner as well as the

British pound. Other foreign currency deposits are in particular in the five currencies Polish zloty, Australian dollar, Swiss franc, Hungarian forint and Chinese yuan which together make up deposits of almost kr. 2 billion kr.

Positive interest rate on deposits in foreign currency

The average interest rate on deposits in currency is 0.64 per cent. This is mainly due to the fact that the banks interest rate on dollar deposits on average is 1.79 per cent. On the other hand, the interest rate on euro deposits are averaging -0.35 per cent. By comparison, the average interest rate on deposits in Danish kroner is -0.33 per cent.

Deposit rates reflect monetary policy rates

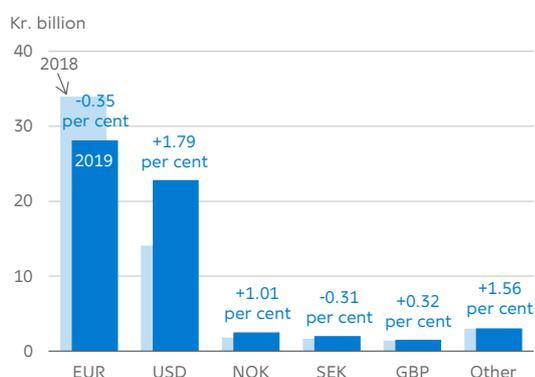
The interest rates reflect, among other things, the monetary policy rates set by the central banks in the respective currency areas. Therefore, for example, there is a significant difference in the interest rates on deposits in euros and dollars respectively.

Fewer deposits in euros and more in dollars

Currency deposits can fluctuate from month to month. In the past year, however, deposits in euros have tended to decrease, while deposits in dollars have increased.¹ In particular, companies in the machinery industry and R&D have reduced their deposits in euros. The increase in dollar deposits is driven almost by the R&D industry, the industry with the largest deposits in both dollars and euros.

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Euro and dollar make up the majority of Danish companies currency deposits



Note: End of month value of non-financial corporations' deposits in September 2019 and 2018. Above the pillar for 2019, the average interest rate p.a.

¹ However, the value of the dollar deposits denominated in Danish kroner is also affected by the fact that the dollar has weakened against the Danish krone in the same period, approx. kr. 1 billion.