

DANMARKS NATIONALBANK

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DENMARK'S INTERNATIONAL INVESTMENT POSITION, 3RD QUARTER 2019

Denmark's international investment position is growing

Denmark's international investment position increased by kr. 144 billion in the third quarter of 2019. This is the ninth consecutive quarter with an increase. The increase is mainly due to the large current account surplus and increases in value of the Danes' foreign assets.

Large Danish savings abroad

The current account surplus is mainly due to the fact that the total savings in Denmark are larger than the total investments.

In the third quarter, the current account surplus totaled kr. 61 billion, which is the largest quarterly surplus ever.

Value changes pull up foreign assets

Fluctuations in exchange rates and prices also affect foreign assets because they change the value of Danish investments abroad (assets) and foreign investments in Denmark (liabilities). The fluctuations may be large in the short term, but tend to offset in the long term.

In the third quarter, kr. 57 billion of the increase in foreign assets is caused by exchange rate adjustments, almost exclusively due to an increase in the dollar exchange rate. Danish investors have many assets in dollars, including in U.S. securities. The increase in the dollar exchange rate therefore increases the value of the Danes' dollar assets abroad.

Other price changes increase IIP by net kr. 26 billion. The changes are mainly due to the fact that the pension sector had large gains on their European interest rate derivatives as a result of a fall in the interest rate level in the third quarter of 2019.

Wealth provides returns and increased income

In the 3rd quarter of 2019, foreign assets amounted to kr. 1.848 billion. Only 10 years ago Denmark had a foreign *debt*, i.e. the value of Denmark's investments abroad was less than the value of foreign investments in Denmark.

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