

DANMARKS NATIONALBANK

30. SEPTEMBER 2021

DENMARK'S INTERNATIONAL INVESTMENT POSITION, 2ND QUARTER 2021

IIP is mainly driven by the balance of payments

Denmark's international investment position (IIP) has almost regained what it has lost since the major price and exchange rate changes in 2020. It is primarily the persistent surpluses on the balance of payments that have contributed, and the IIP amounts to kr. 1,759 billion at the end of the 2nd quarter of 2021. In popular terms, this corresponds to the net wealth abroad being kr. 360,000 per adult Dane.¹

The IIP is an expression of Denmark's total international investment less the total international investments in Denmark. A large IIP helps to strengthen Denmark's creditworthiness.

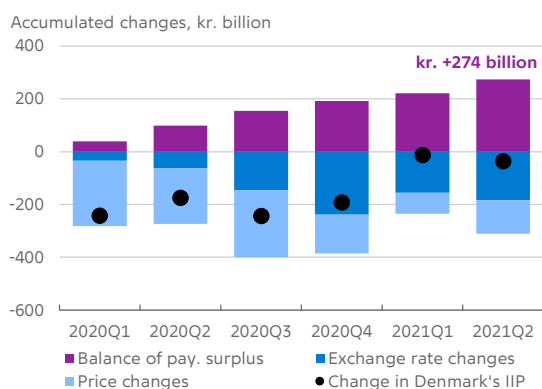
Balance of payments surplus as the main driver

Since the start of 2020, the balance of payments surplus has increased Denmark's IIP by kr. 274 billion. The surplus on the current account of the balance of payments, which is primarily driven by trade in goods and services and the net return on Denmark's IIP, is a measure of Denmark's current savings abroad.

Corona significantly reduced Denmark's IIP

At the beginning of the corona crisis, foreign stock prices fell, dragging down Denmark's IIP. Although it may sound paradoxical, the strong Danish stock market has contributed negatively to Denmark's IIP, as foreign investors own a large part of the Danish shares, which performed best in 2021.

Since the corona crisis, the balance of payments surplus has increased Denmark's IIP



Note.: Accumulated changes in Denmark's IIP since the start of 2020. Data from Danmarks Nationalbank. Find chart data here ([link](#)).

For example, Novo Nordisk A/S' price increases in the 2nd quarter of 2021 alone reduced Denmark's IIP by almost kr. 128 billion. A significant proportion of Novo Nordisk A/S' shares are owned by foreign investors and are therefore included as part of the total international investments in Denmark. Increases in the value of the Novo Nordisk share will then increase foreign investments in Denmark, which will reduce Denmark's IIP.

The weakening of the US dollar has also contributed negatively to Denmark's IIP. When the exchange rate decreases, Danish investments in dollars become less valuable in Danish kroner.

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¹ Calculated as Denmark's IIP in the 2nd quarter of 2021 divided by the number of Danes aged 15 or above as of 1. April 2021. Data from Danmarks Nationalbank and Statistics Denmark.