

DANMARKS NATIONALBANK

30 SEPTEMBER 2020

DANMARK'S INTERNATIONAL INVESTMENT POSITION, 2ND QUARTER 2020

Denmark's IIP increased by kr. 16 billion

Denmark's international investment position, IIP, increased in the 2nd quarter of 2020 by kr. 16 billion in the wake of the decline of kr. 289 billion in the 1st quarter of 2020. Hence, the increase in the 2nd quarter could not offset the decrease in the 1st quarter, which was primarily due to price losses on Dane's holdings of foreign stocks.

The IIP of kr. 1,522 billion is the difference between the Danes' total foreign assets and foreigners' total holdings of Danish assets, also known as the liabilities. Denmark's total assets and liabilities were kr. 8,855 and 7,333 billion, respectively, at the end of the 2nd quarter.

Stock prices increased, but the IIP was unaffected

Large price increases in global stock markets contributed to a significant increase in both the assets and liabilities in the 2nd quarter. Price increases on

foreign stocks increased Denmark's IIP by kr. 242 billion, half of which was driven by American stocks. Conversely, price increases on Danish stocks reduced Denmark's IIP by the same amount, even though foreigners' total holdings of Danish stocks are considerably lower than Danes' total holdings of foreign stocks. This is because Danish stock prices increased by a larger amount than foreign stock prices. In total, the net value of Denmark's IIP was unaffected by the large fluctuations in stock prices.

At the end of the 2nd quarter, Danish investors' foreign stocks totalled kr. 2,238 billion of which American stocks constitute kr. 928 billion, corresponding to 41 per cent of all foreign stocks. Foreign investors Danish stocks totalled kr. 1,729 billion at the end of the 2nd quarter. Foreign investors primarily invest in C25-stocks – especially in the Novo Nordisk share with an ownership of 75 per cent.

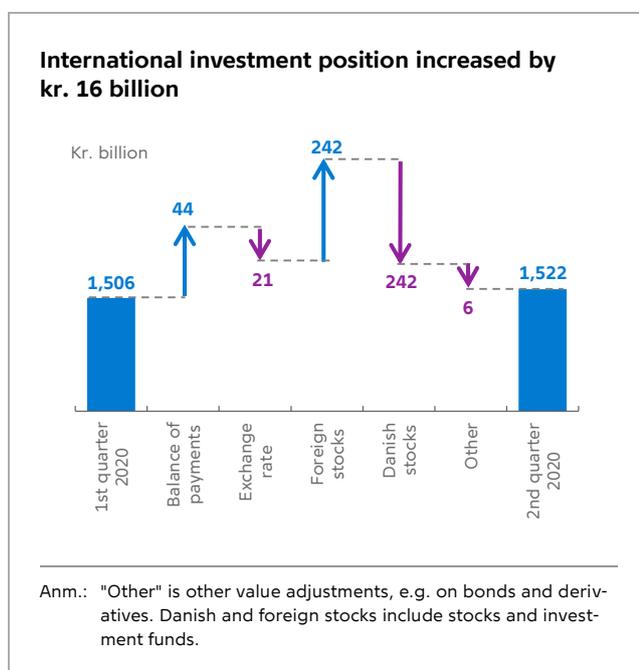
US dollar pulled down the IIP ...

In addition, exchange rate adjustments contributed to a decline in Denmark's IIP by kr. 21 billion. The adjustments were especially due to the weakening of the US dollar, which resulted in a reduction of kr. 38 billion.

... while balance of payments surplus raised the IIP

In the 2nd quarter, the current account surplus raised the IIP by kr. 44 billion. In the longer term, the developments in the IIP follow the current account surplus. Denmark's IIP constitutes 66 per cent of GDP.¹

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¹ Gross domestic product in 2019 from Statistics Denmark.