

DANMARKS NATIONALBANK

23 DECEMBER 2020

DENMARK'S INTERNATIONAL INVESTMENT POSITION, 3RD QUARTER 2020

Unchanged IIP for the last two quarters

Denmark's international investment position (IIP) has remained largely unchanged for the last two quarters, totalling kr. 1,481 billion at the end of the 3rd quarter. Overall, the current account surplus has increased the IIP while price and exchange rate changes have reduced the IIP similarly.

The IIP is the difference between Danish investors' aggregate foreign assets, totalling kr. 7,916 billion, and foreign investors' holdings of Danish assets, known as Denmark's foreign liabilities, totalling kr. 6,435 billion.

Price and exchange rate changes and the IIP

In the 1st quarter, Denmark's IIP declined following

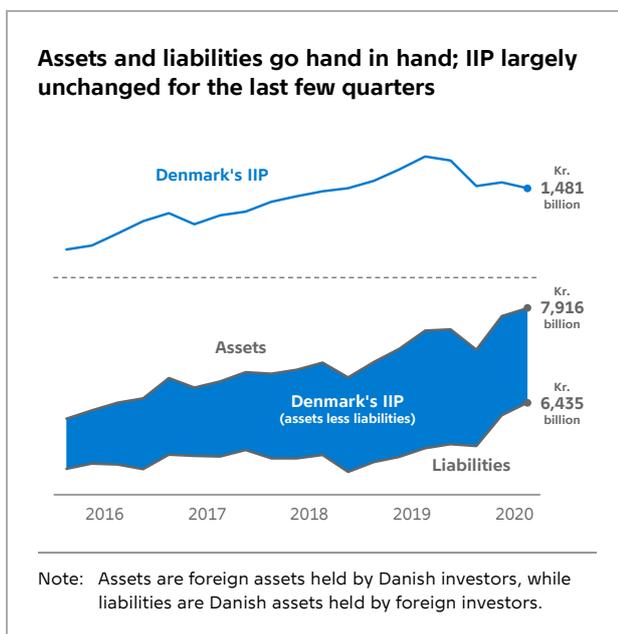
large capital losses on foreign shares. Although share prices have recovered and the current account has shown a surplus, the IIP has not subsequently increased. The main reason is large value increases for Danish shares of the leading Danish corporations in the C25 index. Among C25-shares, foreign investors have high ownership shares, while foreign shares held by Danish investors have increased less. Moreover, depreciation of the US dollar has decreased the value of Danish dollar assets abroad.

Although, viewed in isolation, the rise in the Danish equity market reduces the IIP because liabilities increase, this obviously does not mean that Danish investors have become poorer.

The current account and the IIP

The IIP reflects that Denmark has had a current account surplus for a number of years. Danes have been saving up, accumulating more foreign assets than foreign investors have accumulated in Denmark. These savings are largely the result of pension contributions and healthy government finances. Savings allow consumption in the future, making the Danish economy more resilient to crises and an ageing population.

The long-term development of the IIP reflects the current account, while the short-term development is largely affected by revaluations.



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