

# DANMARKS NATIONALBANK

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## DENMARK'S INTERNATIONAL INVESTMENT POSITION, 3RD QUARTER 2018

# Denmark's international investment position rose in 3rd quarter 2018

Denmark's international investment position, IIP, rose by kr. 56 billion in the 3rd quarter of 2018 to kr. 1,431 billion. It has more than doubled over the last three years and now amounts to 65 per cent of the gross domestic product, GDP.

The IIP is made up of the value of the Danes holdings of foreign assets (assets) worth kr. 6,907 billion less the value of foreign holdings of Danish assets (liabilities) worth kr. 5,477 billion.

In particular, the current account has contributed to the increase in the IIP. In the 3rd quarter the contribution amounted to kr. 44 billion.

The development in prices on financial instruments and the market development in foreign exchange rates also affect the value of Denmark's assets and liabilities and stood for the remaining increase in the IIP, kr. 12 billion. In particular, the value was affected by the development in share prices.

The increase in share prices on the asset side amounted to kr. 56 billion in the 3rd quarter corresponding to 3.5 per cent of the value of the holdings at the beginning of the quarter. For comparison, the global share price index, MSCI World, rose by 4.5 per cent.

The increase in share prices on the liabilities side, foreign holdings of Danish shares, pulled the value of the IIP down by kr. 29 billion corresponding to 2.4 per cent of the value of the holdings at the beginning of the quarter. Foreigners primarily invest in large Danish companies in the C25 index, which rose by 2.1 per cent in the quarter.

Price increases on Danish shares reduce Denmark's IIP as it leads to an increase in the liabilities. However, Danes are of course not getting poorer when the Danish stock market rises.

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