

# DANMARKS NATIONALBANK

29 MARCH 2019

DENMARK'S INTERNATIONAL INVESTMENT POSITION, 4TH QUARTER 2018

## Denmark's international investment position peaked in 2018

Denmark's international investment position, IIP, increased by kr. 195 billion in 2018 and reached a new peak of kr. 1,403 billion corresponding to 63 per cent of GDP. It is no more than 10 years since Denmark had foreign debt. The foreign debt peaked 30 years ago in 1988, where it amounted to 38 per cent of GDP.

The change in IIP is largely driven by current account surpluses. The current accounts have been in surplus since 1990, with the exception of one year. The surplus indicates that Denmark has a savings surplus abroad which is invested in financial assets abroad.

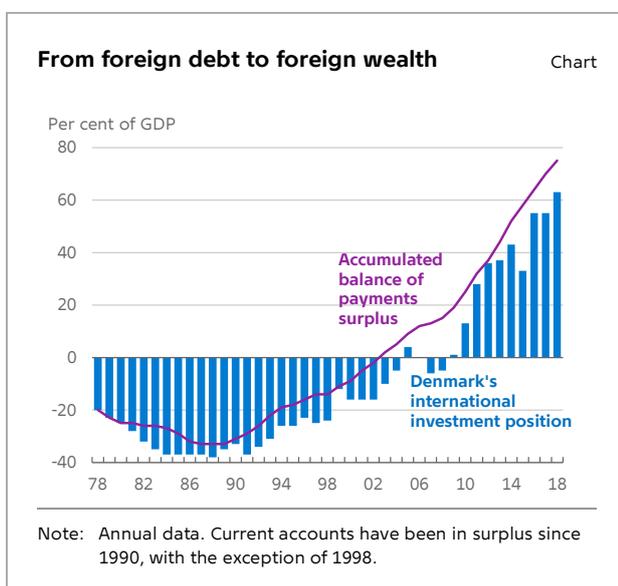
The change in IIP may on the short term also be driven by fluctuations in exchange rates and the price development of financial investments, because they affect the value of the assets and liabilities. The foreign assets are calculated as the value of Denmark's assets abroad (assets) of kr. 6,640 billion minus the value of foreign assets in Denmark (liabilities) of kr. 5,237 billion.

The increase in IIP in 2018 mainly came from the current account balance which increased by kr. 135 billion. Value changes contributed with kr. 60 billion and were primarily driven by the increase in the dollar exchange rate.

Overall, the global decline in stock prices in autumn 2018 did not affect the IIP in overall terms, even though Danish insurance and pension companies and investment funds have large assets placed in foreign shares. The fall in share prices did not have any effect on foreign wealth because the value of foreign Danish shares also declined.

The large IIP means that Denmark receives substantial wealth returns in the form of investment income. Investment income amounted to 3 per cent of GDP in 2018. By comparison, the Danes paid 4 per cent of GDP in interest rates and dividends etc. to foreigners 30 years ago when the debt peaked.<sup>1</sup>

[CLICK HERE FOR MORE INFORMATION](#)



<sup>1</sup> See also Danmarks Nationalbank, Prosperity in Denmark is keeping up, *News from Nationalbanken*, no. 1, 1st quarter 2016.