

DANMARKS NATIONALBANK

30 SEPTEMBER 2019

DENMARK'S INTERNATIONAL INVESTMENT POSITION, 2ND QUARTER 2019

International investment position sets new record

Denmark's international investment position, IIP, increased by kr. 176 billion in the 2nd quarter of 2019 and thereby reached a new record of kr. 1.616 billion. The increase was caused by the balance of payments surplus and value adjustments. Denmark's IIP constitutes 73 per cent of GDP.

Assets are placed in foreign companies

Danish companies have accumulated large foreign assets through direct investments, e.g. foreign subsidiaries. Thus, the value of foreign direct investments abroad was kr. 1.795 billion in the 2nd quarter of 2019. It is especially companies like Maersk, Carlsberg and Novo Nordisk that have large assets in foreign subsidiaries.

Furthermore, Danes also have large foreign portfolio investments in terms of shares and bonds. In the 2nd quarter of 2019, portfolio investments in foreign countries constituted to kr. 3.471 billion from which 27 per cent was placed in American stocks and bonds. In the short run, fluctuations in the dollar have a significant impact on the value adjustments of Danes foreign assets. However, fluctuations in the exchange rate can be hedged completely or partially through derivatives.

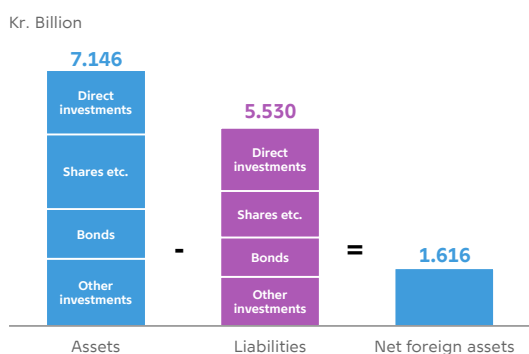
Foreign countries assets are placed in mortgage

Foreign countries' assets in Denmark (liabilities) is especially placed in mortgage bonds. In the 2nd quarter of 2019 foreign investors hold 24 per cent of the Danish mortgage market which constitutes to kr. 2.935 billion. This reflects, among other things, that the Danish mortgage market is among the largest in the world, and it is attractive to invest in. Foreign assets in Denmark also consist of Danish shares. In the 2nd quarter of 2019, foreign investors owned 49 per cent of the Danish stock market. It is mainly the C25-shares – predominantly the Novo Nordisk share (74 per cent) – foreign investors own.

More assets than liabilities result in net foreign assets

Because the foreign assets are larger than the liabilities, Denmark has a net foreign asset position. Consequently, the generated investment income is paid to Danes. It is not more than ten years ago that Denmark had a foreign debt position.

Danes have net foreign assets of kr. 1.616 billion.



Note: 2nd quarter 2019. Other investments include loans and deposits, trade credits, reserve assets (excl. bonds etc.) and derivatives

Source: Danmarks Nationalbank.

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