DANMARKS NATIONALBANK

29 JUNE 2018

PORTFOLIO INVESTMENTS, MAY 2018

Danish investors sold German government bonds in May

In May 2018, Danish investors sold German government bonds worth kr. 15.5 billion, while they bought government bonds from other euro area countries totalling kr. 6.9 billion. They bought other bonds from euro area countries worth kr. 0.7 billion.

Since the European Central Bank, ECB, initiated the asset purchase programme, APP in early 2015, Danish investors have sold around 22 per cent of their euro area government bonds. Danish investors' sales have been in line with the sales of foreign investors in general. At the same time, ECB has bought government bonds from both foreign and domestic investors.[1]

In the months leading up to May, investors tended to buy German government bonds and sell other euro area bonds. At the same time, the interest rate spread to German government bonds tended to decrease.
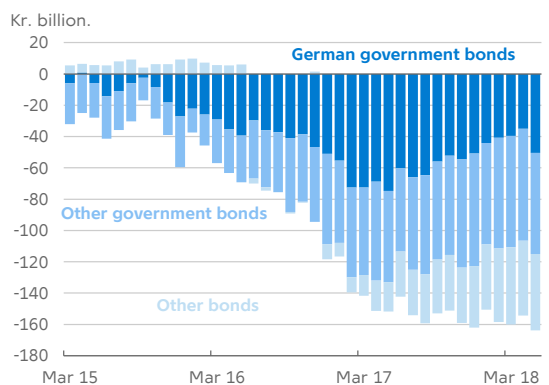
German government bonds amount to kr. 267 billion of the Danish investors' total holdings of euro area government bonds. Danish investors' holdings of other euro area government bonds amount to kr. 126 billion. Apart from government bonds, Danish investors own Eurozone bonds worth kr. 183 billion. Pension funds and insurance companies own Eurozone government bonds worth kr. 312 billion.

The Danish fixed exchange rate policy implies that the rate of the Danish krone is stable against the euro, and pension funds and insurance companies have for example only hedged one fifth of their euro exposure.

CLICK HERE FOR FURTHER INFORMATION

Danish investors' purchase of bonds from the euro area since March 2015

Chart

Note: Accumulated purchases since March 2015, when ECB started to purchase bonds in relation to APP.

[1] Based on data from ECB's sectoral accounts from the period 2nd quarter 2015 – 4th quarter 2017. See also ECB, Which sectors sold the government securities purchased by the Eurosystem?, *Economic Bulletin*, Issue 4, Box 6, 2017.