

DANMARKS NATIONALBANK

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PORTFOLIO INVESTMENT, JULY 2019

Foreign investors buy mortgage bonds on a large scale

During the conversion wave in the three months up to the end of July, foreign investors bought 30-year fixed-rate mortgage bonds for kr. 23 billion. This corresponds to foreign investors owning 37 per cent of the Danish 30-year fixed-rate mortgage bonds.

Foreign investors purchase 1 and 1.5 per cent bonds

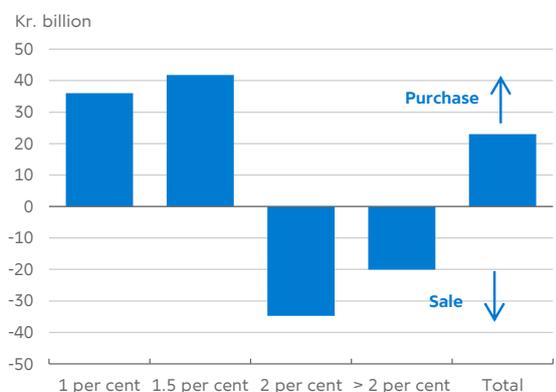
Foreign investors have bought fixed-rate 30-year mortgage bonds with a coupon rate of 1 and 1.5 per cent. They now own for kr. 36 billion and kr. 77 billion,

respectively, which corresponds to 31 and 49 per cent of the issues.

On the other hand, foreign investors' holdings of mortgage bonds with a coupon rate of 2 per cent and beyond have been reduced. Part of the reduction is due to early repayments of mortgages.

Fixed-rate mortgage bonds also include bonds with a maturity of less than 30 years. For fixed-rate mortgage bonds all together, foreign investors bought fixed-rate mortgage bonds for kr. 25 billion, and the foreign ownership share is 32 per cent.

Foreign investors bought 30-year mortgage bonds worth kr. 23 billion in May-July



Note: Foreign investors' net purchase of Danish fixed-rate, convertible mortgage bonds with original maturity of 30 years in May-July 2019 broken down by coupon rate. Redemptions (ordinary and extraordinary) are included in the net purchase.

A good investment for foreign investors

The recent fall in interest rates has resulted in capital gains on investors' holdings of fixed-rate mortgage bonds. The continued international interest in Danish mortgage bonds must be seen in light of the fact that interest rates are also historically low in investor countries such as Japan, the US and euro area countries.

Danmarks Nationalbank does not collect statistics for the country distribution of foreign ownership of Danish mortgage bonds. However, there seems to be interest continued in Danish mortgage bonds in Japan and the euro area, which is estimated to account for about half of the foreign portfolio.

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