

DANMARKS NATIONALBANK

7 JANUARY 2020

PORTFOLIO INVESTMENT, NOVEMBER 2019

The Danish pension sector buys European bonds

The Danish pension sector has bought foreign bonds for kr. 129 billion since January 2018. The acquisition of foreign bonds consists mainly of bonds from the Euro area, especially Irish, French, and Italian government bonds. Additionally, the pension sector has purchased Swedish state and Hypotek bonds¹. Conversely, the pension sector has sold American and German government bonds.

At the end of November 2019, the Danish pension sector owned Euro area bonds worth kr. 508 billion.

The bond market in the Euro area is affected by the European Central Bank's (ECB) bond purchases. In September, the ECB announced a bond-buying pro-

gram thus resuming the ECB's acquisition of government bonds denominated in Euro as of November 1st 2019.

Large investment needs

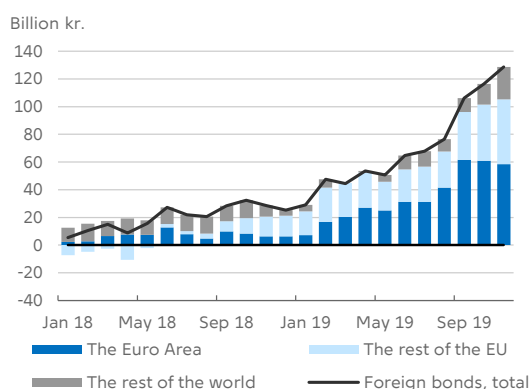
The Danish pension wealth is steadily increasing. This means that the pension sector is continuously receiving more pension contributions than it makes pension payments, which causes an investment need to arise. The pension sector has net received almost kr. 100 billion in pension contributions since January 1st 2018 which must be placed in investment assets. A large part of the pension sector's acquisition of bonds should be seen in light of the pension sector having received more funds which it must invest in the market.

The portfolio consists mainly of foreign investments

The pension sector has invested in foreign bonds for a total of kr. 983 billion. Furthermore, the sector owns foreign stocks etc. for kr. 1,095 billion. The sector's combined foreign assets thus make up over half of the total investments of 4,030 billion kr. This is equivalent to kr. 863,000 per Danish adult.

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The Danish pension sector has bought foreign bonds for kr. 129 billion since January 2018



Note: The pension sector's accumulated acquisition of foreign bonds. The pension sector is pension funds and insurance companies. Investments through the pension sector's Danish investment funds are not included in the data.

¹ Hypotek bonds are Swedish bonds with real estate used as collateral.