

DANMARKS NATIONALBANK

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PORTFOLIO INVESTMENTS, JANUARY 2020

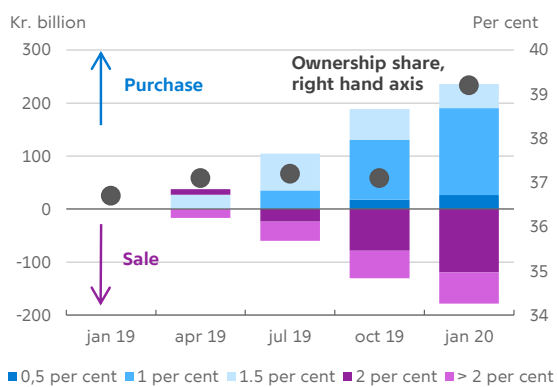
Foreign ownership share in mortgage credit bonds has risen

Foreign investors' appetite for 30-year fixed-rate mortgage bonds is undiminished. Over the past year, foreign investors' purchases of these bonds totaled kr. 58 billion, and the foreign ownership share reached 39 per cent of a total outstanding of kr. 899 billion in January.

Foreign investors' purchases cover purchases totaling kr. 236 billion of bonds with coupon interest

rates at or below 1.5 per cent and sales of kr. 178 billion of bonds with higher coupon interest rates. Foreign investors accounted for 46 per cent of the total purchase of bonds with low coupon interest rates. The sale of bonds with higher coupon interest rates was primarily due to early repayments of mortgage loans and early redemptions of the underlying bonds. This happened in the wake of the last year's conversion wave, where mortgage borrowers have largely converted their mortgages into lower-interest loans.

Foreign investors have purchased 30-year mortgage bonds with low coupon interest rates over the past year



Note: Foreign investors' accumulated net purchases of 30-year fixed-rate mortgage bonds in the period February 2019 - January 2020. Nominal holdings and excluding the mortgage banks' own holdings.

Foreign investors' purchases took off in 2016

Foreign investors increased their holdings of fixed-rate mortgage bonds since 2012, but their interest has gained momentum from the beginning of 2016. Here, foreign ownership was 21 per cent or almost half of today.

Danmarks Nationalbank does not collect statistics on the distribution on countries of foreign ownership of Danish mortgage bonds. In some cases, other countries' central banks publish statistics on purchases of Danish bonds, e.g. Japanese investors' purchase. This shows that since 2016, Japanese investors have bought for almost kr. 100 billion Danish bonds which are not government securities. If the entire purchase had been in 30-year fixed-rate mortgage bonds, this would amount to nearly 40 per cent of foreign investors' purchase of these securities.

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