

# DANMARKS NATIONALBANK

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PORTFOLIO INVESTMENTS, JANUARY 2021

## Continued high foreign interest in mortgage bonds

Since the beginning of 2020, foreign investors' ownership share of Danish 30-year fixed rate callable mortgage bonds has been constant at around 40 per cent. At the end of January 2021, this corresponded to foreign investors owning bonds totalling kr. 408 billion.

Since 2015, foreign investors have significantly increased their investments in Danish fixed rate mortgage bonds. Over a period of less than five years, the foreign ownership share doubled from 19 per cent to 40 per cent at the end of January 2021.

### Still buying but not more than Danish investors

Collectively, foreign investors have bought Danish mortgage bonds for kr. 54 billion since the beginning of 2020. During the same period, Danish investors have bought bonds for kr. 75 billion. Foreign investors have continued appetite for Danish mortgage bonds but now not at the same pace as earlier. Therefore, the foreign ownership share has been stable over the past year.

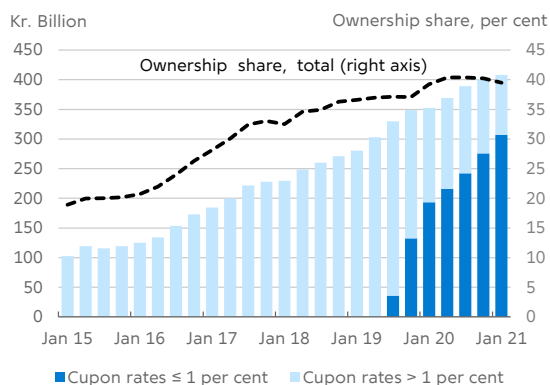
### Foreign demand despite falling interest rates

Interest rates on the Danish mortgage bond market have been falling over the last few years. This has led to new bonds being issued with a coupon rate of 1 per cent or lower. Foreign investors have bought these new mortgage bonds after many bonds with higher coupon rates have been prepaid and converted due to the interest rate drops. Foreign investors own 42 per cent of all mortgage bonds with coupon rates of 1 per cent or lower, corresponding to kr. 307 billion in January 2021.

### Ownership rate data most accurate in term months

Data on foreign investors' ownership of Danish mortgage bonds is published monthly. But due to reductions in bond series in connection with mortgage loans being prepaid and converted by mortgage takers, data is most accurate in the term months January, April, July, and October.

### Foreign ownership share of Danish mortgage bonds is unchanged since 2020



Note: Foreign investors' stock of Danish 30-year fixed rate callable mortgage bonds grouped by coupon rates. Ownership shares and stocks are based on nominal values. Data is shown for term months (January, April, July, and October).

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