

DANMARKS NATIONALBANK

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PORTFOLIO INVESTMENTS, JANUARY 2023

Foreign investors continue to sell Danish mortgage bonds

Over the past 12 months, foreign investors have reduced their total holdings of fixed-rate convertible mortgage bonds by kr. 118 billion to kr. 376 billion. Foreign investors' share of ownership provisionally peaked in early 2020 at 36 per cent after an almost uninterrupted rise since 2012. Danish investors have reduced their holdings of fixed-rate mortgage bonds by kr. 92 billion over the same period.

Fewer mortgage bonds with fixed interest

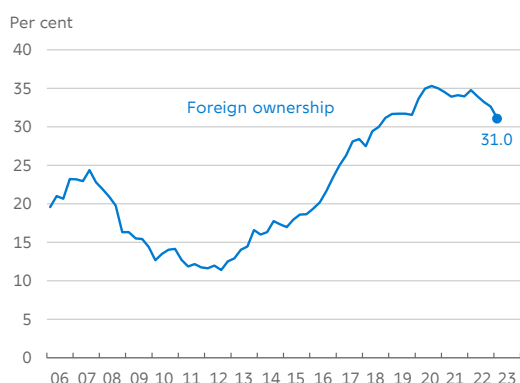
The fall in foreign and Danish investors' holdings of fixed-rate mortgage bonds reflects the shrinking of the market in 2022, where many Danish homeowners converted their fixed-rate loans. Around 40 per cent converted to floating-rate loans, and a large proportion of homeowners who converted to a new fixed-rate loan reduced their remaining debt.

Sale of low interest and purchase of high interest

The total foreign sales of fixed-rate mortgage-backed bonds cover the fact that foreign investors have sold low-yield bonds with interest rates of 2 per cent or less for kr. 195 billion, but in return have bought bonds with fixed interest rates above 2 per cent of totally kr. 77 billion.

By comparison, Danish investors have sold low-yield bonds for kr. 264 billion, but bought kr. 172 billion in higher-yield bonds. This means that Danish investors have reinvested 65 per cent of their sales proceeds from low-yield mortgage bonds in higher-yielding bonds. Foreign investors' reinvestment amounted to 40 per cent.

The foreign share of fixed-rate mortgage bonds comes from a historically high level



Note: The holdings of Danish mortgage bonds is most accurate in the due months, which are January, April, July and October each year, and therefore only data in due months are referred to.

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