

DANMARKS NATIONALBANK

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Fixed-rate mortgage bonds at the highest level in 10 years

Fixed-rate mortgage bonds amount to 43 per cent of the Danish mortgage-credit market, totaling kr. 2,998 billion in August 2019. This is the highest share in 10 years.

Decrease in adjustable-rate mortgage loans

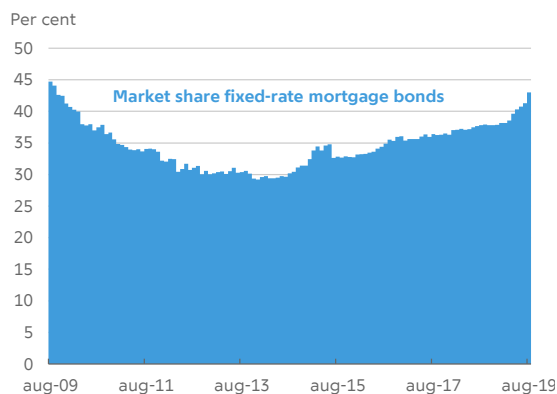
The increase in fixed-rate mortgages was mainly at the expense of adjustable-rate loans. Since the end of 2014, the outstanding amount of adjustable-rate mortgage bonds has fallen by kr. 181 billion to kr. 1,058 billion in August 2019. At the same time, many homeowners have moved away from F1 loans, while longer-term adjustable-rate mortgage loans have

increased, especially F5. This tendency also applies to corporate mortgage loans.

The spread on interest rates has decreased

The rising market share of fixed-rate mortgage bonds is related to the fall in coupon rates in recent years. Interest rates have fallen on all types of mortgages, but mostly on fixed-interest rates. This has made it more advantageous to raise a fixed-interest loan instead of either a variable interest-rate loan or an adjustable-rate mortgage loan. At the same time, the administration fees are typically lower on fixed-rate loans, which also contributes to the growing popularity of these bonds.

The market share of fixed-rate mortgage bonds is 43 per cent



Note: The market share is exclusive of the mortgage banks' holding of own issue.

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