

Central government borrowing strategy for second half of 2026

The Danish economy is expected to experience a mild expansion in 2026, despite the situation in the Middle East, which has led to significant increases in energy prices and volatility in the financial markets. The target for issuance of domestic government bonds is maintained at kr. 65 billion, and the central government continues to target a total outstanding amount of kr. 20 billion at year-end 2026 in its short-term borrowing programmes. Issuance in the second half of the year will continue to be concentrated in the 2- and 10-year nominal bonds, with limited issuance in the 10-year green government bond, the 30-year nominal bond and the central government's inflation-linked bond maturing in 2034.

Contact**Government debt management**
Bank & Marked
Danmarks Nationalbankgovernmentdebt@nationalbanken.dk
+45 3363 0236

**Issuance target is maintained at
kr. 65 billion for bond issuance**

The target for bond issuances remains unchanged at kr. 65 billion. Issuance in the second half of the year will be focused on building up the 2- and 10-year nominal bonds.

**Ongoing issuance of green bonds
under the government's European
Green Bond Factsheet**

The government's 10-year green government bond, DGB 2.25 per cent 2035G, will continue to be offered on an ongoing basis via auctions. The government's green bond programme complies with both the ICMA Green Bond Principles and the European Green Bond Standard (EuGB) and is therefore fully aligned with the EU taxonomy.

**Continued support of market liquidity
in the government debt market**

The government has actively supported liquidity in the government bond market through the securities lending facility, switch auctions and buybacks.

Why is it important?

On behalf of the Minister of Finance, Danmarks Nationalbank is responsible for managing central government borrowing and debt. This means that, based on the Danish Finance Act and input from the Ministry of Finance, Danmarks Nationalbank prepares a strategy for central government borrowing so that it covers the central government's annual financing requirement. The strategy is approved by the Ministry of Finance.

The strategy for central government borrowing must ensure that the central government's financing requirement is covered at the lowest possible long-term borrowing costs, taking into account an acceptable level of risk. Furthermore, the aim is to facilitate central government access to the capital markets in the longer term and also that the central government's issuances will help support a well-functioning domestic capital market.

The strategy for central government borrowing is set out by Danmarks Nationalbank in a strategy announcement published twice a year. In extraordinary circumstances, it is possible to make changes to the strategy outside the biannual publications – this was the case during the pandemic, for example, when the central government's financing requirement rose sharply in a short period of time.



Based on the Ministry of Finance's forecast from December 2025, a total financing requirement of kr. 124 billion is expected in 2026



Keywords

Strategy announcement

Central government finance and debt

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Central government debt

The Danish economy is expected to experience a mild expansion

The first half of 2026 has been characterised by the situation in the Middle East, which has led to significant increases in energy prices and volatility in the financial markets. Despite the global uncertainty, GDP is expected to grow by 2.7 per cent in 2026, and the Danish economy is therefore expected to experience a mild expansion¹. This solid foundation is underpinned by the central government's continued AAA credit rating with stable outlooks from all major credit rating agencies.

The central government financing requirement for 2026 remains broadly unchanged

As the *Economic Survey*, May 2026, has not been published, there is no updated estimate of the net financing requirement for 2026 compared with the estimate in the *Economic Survey*, December 2025. The net financing requirement for 2026 is therefore still expected to amount to kr. 15 billion. The total financing requirement is expected to be kr. 124 billion. The estimate has increased by kr. 15 billion, primarily due to higher projected redemptions of long-term debt in 2026, as the central government repurchased bonds maturing after 2026 in the first half of the year.

In light of the robust public finances, the central government has a solid starting point for managing any potential deviations from the projected financing requirement for 2026. Moreover, the central government continues to hold a significant liquidity buffer on its account with Danmarks Nationalbank, which is expected to amount to kr. 166 billion by the end of 2026. The financing requirement is covered through issuance of government securities and drawdowns on the government account, see the overview in table 1 below.

TABLE 1
Financing requirement and financing in 2026

Financing requirement	Kr. billion	
	December 2025	per 24 June 2026
Net financing requirement	15	15 <i>(Economic Survey, Dec 2025)</i>
Net purchase of bonds for special purposes ¹	41	41 <i>(Economic Survey, Dec 2025)</i>
Repayments on long-term debt, etc. ²	34	51
Repayments on T-bills and commercial papers	20	17
Total financing requirement	109	124

Continues ...

¹ Ministry of Economic Affairs, *Økonomiske udsigter*, May 2026.

...continued

Strategy for financing

Issuance of government bonds	65	65
Issuance in connection with switch operations	-	8
Issuance of T-bills and commercial papers	20	20
Issuance of bonds in foreign currency under the central government's EMTN programme	12	11
Drawings on the central government's account	13	20
Total financing	109	124

¹ Net purchase of bonds for special purposes covers net purchases of bonds to finance social housing etc. and net purchase of bonds to finance municipalities and regions.

² Repayments on long-term debt, etc. include maturities and purchases of government bonds in DKK and foreign currencies (via the government's EMTN programme), net payments on currency swaps and net bond purchases by the government funds.

Note: The central government's net financing requirement is based on annual budget performance (DAU balance), central government on-lending (net) and stock movements, etc., and is an expression of the total liquidity effect of central government finances. The government's total financing requirement also includes repayments of central government debt and net purchase of bonds for special purposes. No target is set for sales via switch auctions. Sales from switch operations are included up to and including 19 June 2026. Rounding may cause sums to differ from totals. Changes to the total financing requirement from Økonomisk Redegørelse, December 2025 reflect either accounting figures ultimo 2025 or year-to-date.

Source: Ministry of Economic Affairs, *Economic Survey*, December 2025, Ministry of Finance and Danmarks Nationalbank.

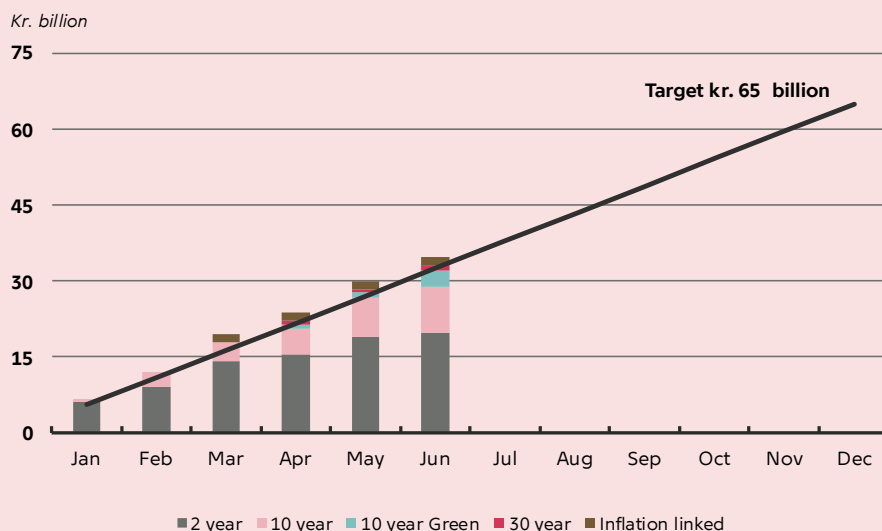
Target for domestic bond issuance is unchanged at kr. 65 billion

The central government maintains the target for domestic bond issuance at kr. 65 billion at market value. The central government has issued kr. 34,7 billion via auctions and tap sales up to the end of June. This corresponds to an average issuance per auction of kr. 2,8 billion, which is in line with the average in previous years. Issuances have been evenly distributed over the first half of the year and are in line with the annual target.

In the second half of 2026, issuance will continue to be concentrated in the 2- and 10-year nominal maturity segments in order to support liquidity in these bonds. Issuance will also continue in the 10-year green government bond, as well as limited issuance in the 30-year nominal bond. As a result of increased demand for switches between the central government's inflation-linked bonds, DGBi 0.10 per cent 2030 will be removed from the government's issuance programme in the second half of the year. Issuance will continue in the central government's inflation-linked bond, DGBi 0.10 per cent 2034, see table 2 for a full overview of the government's issuance programme in the second half of 2026.

CHART 1

Bond issuances are in line with the strategy



Note: The chart shows sales of bonds at market value up to 24 June 2025 excluding switch auctions. Sales are calculated by trade date.
Source: Danmarks Nationalbank.

Continued issuance of green bonds under the central government’s European Green Bond Factsheet (EuGB)

In 2025, the central government opened a new 10-year green government bond under an updated green bond programme. The programme complies with both the ICMA Green Bond Principles and the European Green Bond Standard (EuGB) and is therefore fully aligned with the EU taxonomy. This ensures a high level of transparency, credibility and environmental integrity.

The central government’s 10-year green government bond, DGB 2.25 per cent 2035G, will continue to be offered on an ongoing basis via auctions in the second half of 2026. The bond is issued as a twin bond and thus has the same financial characteristics as the central government’s 10-year nominal bond maturing on 15 November 2035.

The 2025 Budget Act includes eligible green expenditures totalling kr. 22.6 billion for initiatives within renewable energy, sustainable land use and green transport. Proceeds from the issuance of green bonds in 2026 are allocated to eligible green expenditures in 2025. Total issuance of green bonds is expected to amount to a maximum of kr. 10 billion in proceeds in 2026, leaving a substantial buffer relative to the eligible green expenditures.

Continued support of market liquidity in the government debt market

The central government has actively supported liquidity in the government bond market in the first half of the year by repurchasing bonds maturing after 2026 for just under kr. 17 billion at market value via switch auctions and tap transactions. It is expected that the central government will continue to repurchase bonds in the second half of 2026.

Buybacks and switch auctions also contribute to smoothing the central government’s redemption profile and to building up the outstanding amount of

new government bonds in the issuance programme. A precondition for the central government's activities in the secondary market is a reasonable relationship between the prices of the securities purchased and sold by the central government. Moreover, buybacks are conducted with due consideration to maintaining an appropriate outstanding amount of government bonds outside the issuance programme.

One to two switch auctions will continue to be held each month. At switch auctions, market participants can exchange government bonds outside the issuance programme for government bonds within the issuance programme.

To support liquidity in the Danish government bond market, the central government offers a securities lending facility for Danish government securities. All primary dealers have access to the lending facility against collateral.

The target for the central government's short-term borrowing programmes (T-bills and commercial papers) is kr. 20 billion at year-end

In recent years, the central government has built up a substantial liquidity buffer on the central government account as a result of ongoing budget improvements and government surpluses. It therefore remains the strategy to maintain a relatively low outstanding amount in Treasury bills and commercial papers, with outstanding amounts targeted at kr. 15 billion and kr. 5 billion, respectively, by the end of 2026. Outstanding amounts in the central government's short-term programmes may vary during the year depending on funding needs. The central government's short-term borrowing programmes form part of the central government's liquidity preparedness.

A T-bill auction is held each month. Settlement takes place on the second banking day of the following month. New 6-month T-bills will be opened with settlement in September and December.

TABLE 2

The central government's on-the-run issues in the second half of 2026

Segment	Issues
Maturity < 1 year	Treasury bills and commercial papers
2-year nominal	DGB 2.00 per cent 2028
10-year nominal	DGB 2.25 per cent 2035
10-year green nominal	DGB 2.5 per cent 2035G
30-year nominal	DGB 0.25 per cent 2052
Inflation-linked	DGBi 0.10 per cent 2034

Note: The central government's on-the-run issues in the second half of 2026.
Source: Danmarks Nationalbank.

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The analysis consists of a Danish and an English version. In case of doubt as to the correctness of the translation, the Danish version will prevail.

Danmarks Nationalbank
Langelinie Allé 47
2100 Copenhagen Ø
+45 3363 6363

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