

MINUTES

FINANCIAL MARKET CONTACT GROUP - BUYSIDE



26 april 2023, 13:00-15:00 CET

Location: Danmarks Nationalbank, Langelinie Allé 47, 2100 København Ø

ATTENDES:

ATP	SRV Capital
Danmarks Nationalbank	TopDanmark
Danske Bank	Tryg
Finanstilsynet	Velliv
Nordea	
Nykredit	
Pension Danmark	
PFA	
PKA	
Sampension	

WELCOME

Governor Signe Krogstrup welcomed all participants to the first meeting of the Financial Market Contact Group.

INTRODUCTION TO WORKING GROUP MANDATE

Chair Kristine Rasmussen made a short presentation of the mandate of the working group as stipulated in the Terms of Reference. Further, it was noted that one yearly meeting with physical attendance was expected complimented by a possible telco in the autumn and ad hoc meetings if necessary. The introduction was followed by a short introduction of all participants.

DESTR

Danmarks Nationalbank gave a short update on the first year of DESTR as well as the work done on preparing the market infrastructure for supporting the DESTR-swap market. The presentation was linked to the analysis from Danmarks Nationalbank published in March 2023 ([link](#)).

There was a unanimous agreement for the continued work on and support of DESTR by Danmarks Nationalbank.

Participants recognized the need for consolidating liquidity in the Danish swap market and the inherent benefits of a robust transaction-based reference rate such as DESTR. A few investors expressed the view that CI-BOR swaps were more attractive for hedging purposes of covered bullet bonds.

Obstacles to entering into DESTR swaps are still present in the form of less liquidity and some lack of price streaming from brokers and banks. The participants acknowledged that clearing of DESTR swaps was an important step towards better liquidity.

Euribor is still a large part of the EIOPA discounting curve for L&P, which makes CIBOR a more natural alternative in Danish kroner. If the EIOPA discounting curve transitions to €STR, this would benefit the transition to DESTR.

DKK BOND MARKET

Danmarks Nationalbank gave a short presentation of the primary markets for both governments and mortgage bonds.

For government bonds, the lack of upside for buy-side to participate in auctions was brought up, which primarily stemmed from small issuance premiums. Liquidity in the secondary market is good with the exemption of inflation-linked bonds, where the market suffers from a lack of liquidity.

For mortgage bonds, market participants expressed that having multiple auctions daily can challenge the liquidity and workload for investors. However, participants also recognize the value of continuous bid-offers.

Participants agreed that improved ability to use Danish krone bonds as collateral would be very beneficial.

EUR/DKK

Danmarks Nationalbank presented its new FX market statistics.

Participants reported a slightly decreasing liquidity in DKK. In addition, foreign banks seemed to be more active in both FX swaps and outright.

CLOSING REMARKS

The meeting was concluded with suggestions for future topics for FMCG.