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Foreign Exchange and Liquidity and Monthly Balance Sheet, September 2011

THE FOREIGN-EXCHANGE RESERVE

In September 2011 the foreign-exchange reserve increased by kr. 14.5 billion to kr. 490.3 billion. The increase reflects Danmarks Nationalbank's net purchase of foreign exchange for kr. 14.5 billion, and the central government's net borrowing of foreign debt for kr. 0.1 billion, cf. table 1.

In September, Danmarks Nationalbank's net purchase of foreign exchange due to intervention in the foreign-exchange market amounted to kr. 14.0 billion.

The foreign-exchange reserve increased by kr. 61.6 billion in the period January to September 2011 of which the central government's net foreign borrowing contributed with kr. 32.1 billion. The contribution to the foreign-exchange reserve from central government borrowing is expected to decrease in November, where redemptions on foreign loans of kr. 32.1 billion are due.

**DANMARKS NATIONALBANK'S NET FOREIGN-EXCHANGE
PURCHASES AND THE CHANGE IN THE FOREIGN-EXCHANGE RESERVE – TABLE 1**

Kr. billion	September 2011	January-September 2011
Danmarks Nationalbank's interventions* to purchase foreign exchange, net	14.0	24.8
Other**	0.5	4.7
Danmarks Nationalbank's net foreign-exchange purchases	14.5	29.4
The central government's net foreign borrowing*** ...	0.1	32.1
Change in the foreign-exchange reserve	14.5	61.6

Note: Details may not add because of rounding.

* Intervention takes place when Danmarks Nationalbank purchases and sells foreign exchange for Danish kroner in the foreign-exchange market in order to stabilise the exchange rate.

** Comprises e.g. interest accrued on the foreign-exchange reserve, the central government's net payments in foreign exchange, and changes in the banks' deposits in euro-denominated accounts at Danmarks Nationalbank.

*** Including net payments to the central government in foreign exchange as a result of currency swaps.

DEVELOPMENT IN LIQUIDITY

In September, the central government's net financing requirement amounted to kr. -0.3 billion. Since the turn of the year, the central government's net financing requirement has been kr. 15.5 billion, cf. table 2.

The net position of the banks and mortgage-credit institutes vis-à-vis Danmarks Nationalbank decreased by kr. 10.3 billion in September, to an outstanding amount of kr. 89.0 billion. In September the central government's liquidity impact reduced the net position by kr. 20.8 billion.

IMPACT OF VARIOUS FACTORS ON THE NET POSITION OF THE BANKS
AND MORTGAGE-CREDIT INSTITUTES VIS-À-VIS DANMARKS NATIONALBANK – TABLE 2

Kr. billion	September 2011	January-September 2011
The central government's net financing	-0.3	15.5
Redemption on domestic central-government debt * ...	1.6	28.7
Other**	-0.8	-6.3
The central government's gross domestic financing requirement	0.5	37.9
The central government's gross domestic borrowing***	21.4	114.6
The central government's liquidity impact	-20.8	-76.7
Danmarks Nationalbank's net foreign-exchange purchases	14.5	29.4
Danmarks Nationalbank's net bond purchases	0.8	1.2
Other factors****	-4.8	-2.8
Change in net position	-10.3	-48.8

Note: Details may not add because of rounding.

* Including krone-denominated payments by the central government in currency swaps.

** Comprises, *inter alia*, net bond purchases by the government funds.

*** Gross long-term borrowing, net short-term borrowing and krone-denominated payments to the central government in currency swaps.

**** Comprises e.g. changes in banknotes and coins in circulation.

DANMARKS NATIONALBANK'S INTEREST RATES

Since 8 July 2011 the discount rate has been 1.25 per cent, since 16 September 2011 the current-account interest rate has been 0.90 per cent, since 8 July 2011 the lending rate has been 1.55 per cent and since 16 September 2011 the rate of interest on certificates of deposit has been 1.0 per cent.

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BALANCE SHEET OF DANMARKS NATIONALBANK 30 SEPTEMBER 2011

Assets	2011	2011	2010
1000 kr.	30/09	31/08	30/09
Stock of gold	16,937,594	16,937,594	12,259,761
Foreign assets	455,235,017	440,924,886	404,563,520
Claims on the International Monetary Fund	19,257,453	18,950,574	16,225,567
Claims related to banks' and mortgage credit institutes' TARGET accounts in ECB	2,463,563	429,604	378,642
Monetary-policy lending	3,875,000	796,000	9,890,000
Other lending	3,543,732	3,297,259	3,739,861
<i>Banks¹⁾</i>	<i>3,508,857</i>	<i>3,263,272</i>	<i>3,705,715</i>
<i>Misc. loans</i>	<i>34,875</i>	<i>33,987</i>	<i>34,146</i>
Domestic bonds	33,855,294	33,025,225	33,293,085
Shares etc.	895,562	895,562	883,969
Tangible fixed assets	651,788	652,389	655,787
Other assets	2,756,371	1,938,148	2,578,684
	539,471,374	517,847,241	484,468,876

1) Including loans financing decentralised banknote holdings.

Liabilities	2011	2011	2010
1000 kr.	30/09	31/08	30/09
Banknotes	54,655,632	54,633,392	54,903,708
Coins	5,868,430	5,878,766	5,788,232
Monetary-policy deposits	92,859,271	100,086,116	120,788,466
<i>Net current accounts</i>	<i>12,064,271</i>	<i>17,171,116</i>	<i>12,553,466</i>
<i>Certificates of deposit</i>	<i>80,795,000</i>	<i>82,915,000</i>	<i>108,235,000</i>
Other deposits	16,272,038	9,013,247	8,405,483
<i>Deposits related to banks' and mortgage credit institutes' TARGET accounts in ECB</i>	<i>2,463,563</i>	<i>429,604</i>	<i>378,642</i>
<i>Other deposits from banks' and mortgage credit institutes'</i>	<i>1,161</i>	<i>1,080</i>	<i>7,352</i>
<i>Misc. deposits</i>	<i>13,807,314</i>	<i>8,582,563</i>	<i>8,019,489</i>
Central government	286,960,567	265,926,603	218,507,468
Foreign liabilities	1,156,466	1,072,968	1,718,189
Counterpart of Special Drawing Rights allocated by the IMF (SDR)	13,252,758	13,252,758	12,418,718
Other liabilities	2,477,621	2,014,800	1,462,998
Capital and reserves	65,968,591	65,968,591	60,475,614
	539,471,374	517,847,241	484,468,876