

21 February 2012

Ref.: 2012-07E

Danish Government Borrowing and Debt 2011

Today Danmarks Nationalbank publishes Danish Government Borrowing and Debt 2011. At end-2011, the central-government debt amounted to kr. 413 billion, corresponding to 23 per cent of GDP or kr. 74,000 per capita. The Danish government debt is low compared with other countries.

In 2011, issuance of domestic government bonds amounted to kr. 124 billion. Demand was strong, particularly from non-resident investors. At the auctions of Danish government bonds, the bids totalled twice the volume sold. The average maturity of the bonds issued was 7.5 years, while the average yield was 2.2 per cent.

The interest costs on the central-government debt amounted to kr. 17 billion, or 1 per cent of GDP. Interest costs have been stable in recent years despite the increase in the central-government debt. This is attributable to low interest rates on new government issuance. "The crisis in the European sovereign debt markets has made it clear that lender perception of a country's creditworthiness can change quickly. It is essential to maintain investor confidence, which is a condition for low yields on Danish government securities. This entails conducting a stability-oriented economic policy in the medium term including continuing reforms aimed at increasing the labour force," says Governor Nils Bernstein, Danmarks Nationalbank.

The central government's issuance policy and risk management are focused on maintaining a low refinancing risk and low sensitivity to changes in interest rates and the central-government financing requirement. This is achieved by initiating financing of the borrowing requirements for 2013 this year and by maintaining a high balance on the central government's account. Moreover, the share of issuance in the longer maturity segments will be increased in 2012. In 2012 the on-the-run issues will be supplemented with an inflation-linked bond maturing in 2023.

Enquiries can be directed to Ove Sten Jensen on tel. (+45) 33 63 61 02.