



2 February 2007  
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## Foreign Exchange and Liquidity, January 2007

### **CHANGE TO 7-DAY MATURITY FOR MONETARY-POLICY LOANS AND CERTIFICATES OF DEPOSIT**

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With effect from 3 May 2007, the normal maturity of Danmarks Nationalbank's monetary-policy loans and certificates of deposit is reduced from 14 to 7 days. The change is made in order to reduce the fluctuations in the day-to-day interest rate prior to expected interest-rate adjustments. More details are available on Danmarks Nationalbank's website ([www.nationalbanken.dk](http://www.nationalbanken.dk)) under Monetary policy/Instruments.

### **THE FOREIGN-EXCHANGE RESERVE**

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In January 2007 the foreign-exchange reserve increased by kr. 2.0 billion to kr. 173.7 billion. The increase reflects Danmarks Nationalbank's net purchase of foreign exchange for kr. 0.6 billion, and the central government's net borrowing of foreign debt for kr. 1.4 billion, cf. table 1.

In January, Danmarks Nationalbank has not intervened in the foreign exchange market.

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

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Kr. billion	January 2007
Danmarks Nationalbank's interventions* to purchase foreign exchange, net .....	0.0
Other** .....	0.6
Danmarks Nationalbank's net foreign-exchange purchases .....	0.6
The central government's net foreign borrowing*** ..	1.4
Change in the foreign-exchange reserve .....	2.0

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.

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## VALUE ADJUSTMENT OF THE FOREIGN-EXCHANGE RESERVE FOR 2006

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Danmarks Nationalbank has undertaken a value adjustment of the foreign-exchange reserve. The adjustment has led to net write-down of the foreign-exchange reserve by kr. 0.1 billion, so that at the end of 2006 the foreign-exchange reserve was kr. 171.7 billion.

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## DEVELOPMENT IN LIQUIDITY

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In January the central government's net financing requirement amounted to kr. 0.1 billion, cf. table 2.

The net position of the banks and mortgage-credit institutes vis-à-vis Danmarks Nationalbank increased by kr. 9.7 billion in January, to an outstanding amount of kr. 28.1 billion. In January Danmarks Nationalbank's net bond purchases increased the net position by kr. 4.0 billion.

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

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Kr. billion	January 2007
The central government's net financing .....	0.1
Redemption on domestic central-government debt* ...	3.5
Other** .....	2.0
The central government's gross domestic financing requirement .....	5.5
The central government's gross domestic borrowing*** .....	3.1
The central government's liquidity impact .....	2.4
Danmarks Nationalbank's net foreign-exchange purchases .....	0.6
Danmarks Nationalbank's net bond purchases .....	4.0
Other factors**** .....	2.8
Change in net position .....	9.7

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 Social Pension Fund, the High-Technology Foundation and the Financing Fund for increased distributions from the Danish National Research Foundation.

\*\*\* 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.

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## DANMARKS NATIONALBANK'S INTEREST RATES

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The discount rate and the Nationalbank's current-account interest rate have remained unchanged at 3.50 per cent since 8 December 2006. The rate of interest on certificates of deposit and the Nationalbank's lending rate have remained unchanged at 3.75 per cent since 8 December 2006.

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## FURTHER INFORMATION

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For further information please contact Louise C. Mogensen on tel.: (+45) 33 63 60 24.