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SUSPENSION OF GOVERNMENT BOND ISSUANCE

Upon the recommendation of Danmarks Nationalbank, the Ministry of Finance has decided to suspend the issuance of domestic and foreign bonds until further notice.

The large surplus on the government finances in 2014 implies that the sale of government bonds has been greater than the funding requirement. Given the foreign currency situation, it is no longer appropriate to reduce the issuance of government bonds over several years. The balance on the central government's account at Danmarks Nationalbank is more than sufficient to cover the financing requirement in 2015.

Danmarks Nationalbank has purchased foreign exchange in the market and reduced the monetary-policy interest rates. This has resulted in a widening of the negative spread between money market rates in Denmark and the euro area. The interest rate spreads for government bonds, however, have remained positive in the longer maturity segments.

Danmarks Nationalbank expects that stopping the issuance of government bonds will contribute to reducing the interest-rate spreads in the longer maturity segments and thereby limit the inflow of foreign exchange.

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