

DANMARKS NATIONALBANK

INVESTMENT AND INVESTMENT FINANCE IN DENMARK

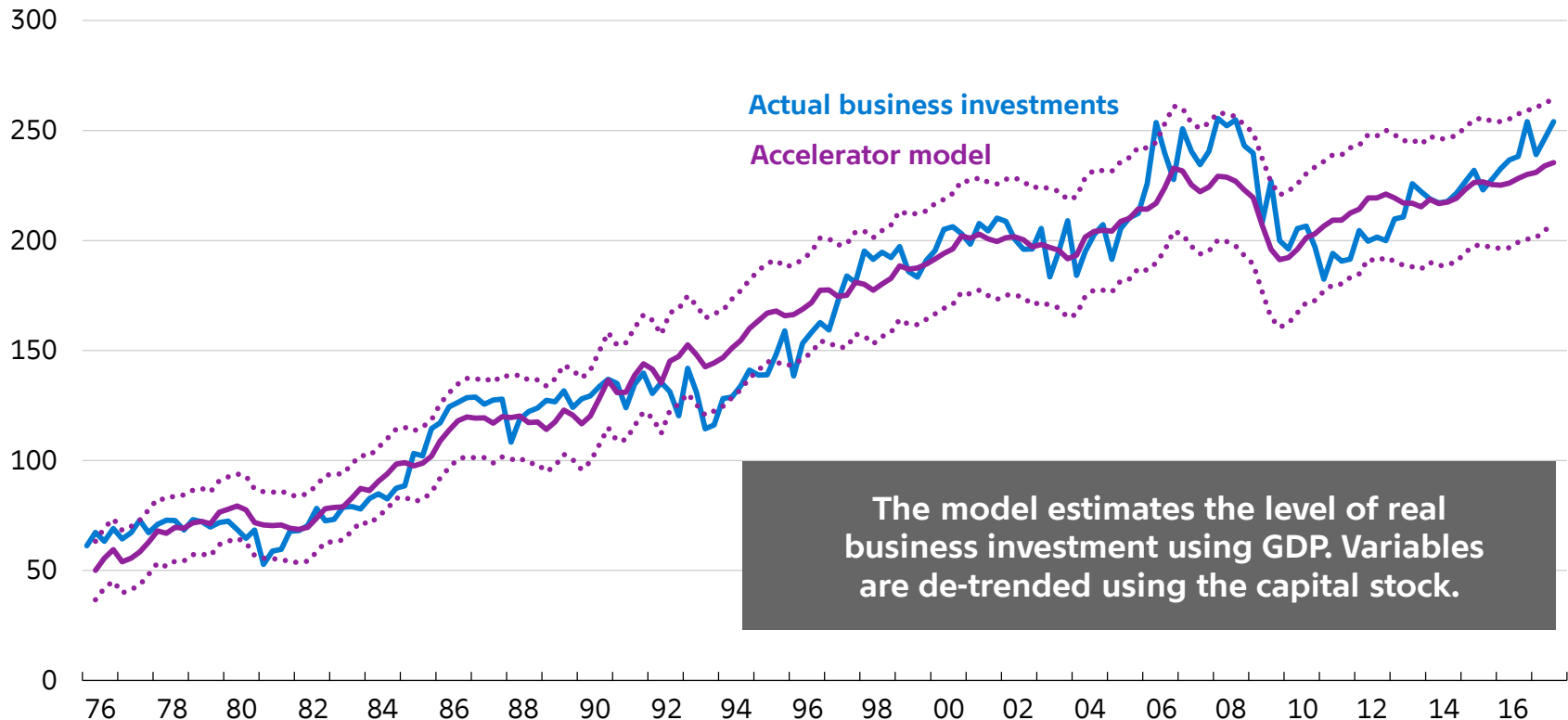
Per Callesen, Member of the Board of Governors



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Business investments are not low in the current state of the economy

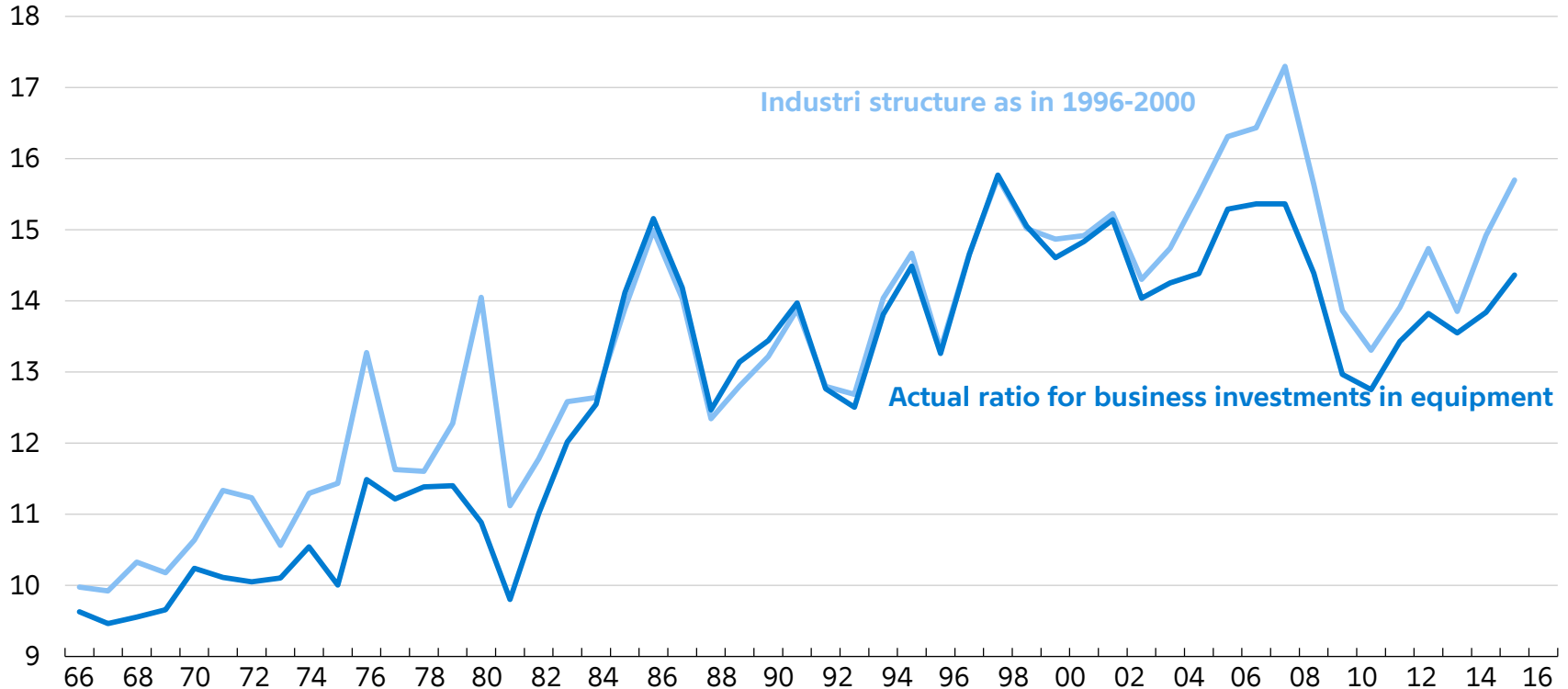
Kr billion, 2010 prices



Note: In the estimation of the model, lagged business capital stock is used to de-trend the variables. Dotted lines are 95 per cent confidence intervals. Source: Statistics Denmark and Danmarks Nationalbank.

Shift to less investment intensive industries drags down total investments

Ratio of business equipment investments,
per cent of private business GVA



Note: The industri sea transport has been omitted due to large swings in GVA and investments.
Source: Statistics Denmark and own calculations.

Industries with FDI have larger domestic investment ratio than other industries

Per cent of GVA



Note: Public administration, training and education and healthcare, along with raw material extraction, have been excluded from the calculations.
Sources: Statistics Denmark, Danmarks Nationalbank and own calculations.

On business investments in Denmark

Current level seems a bit higher than suggested by the level and composition of production

One might have expected even more given high returns and low interest rates

Fall over the crisis was larger in indebted firms, SME's and firms with little outgoing FDI

Large savings surplus/own financing and subsequently low demand for loans

On business investments in Denmark

Little indication of risk-adjusted lending-bias against SME's
– note the risk-weight-adjusted SME rebate

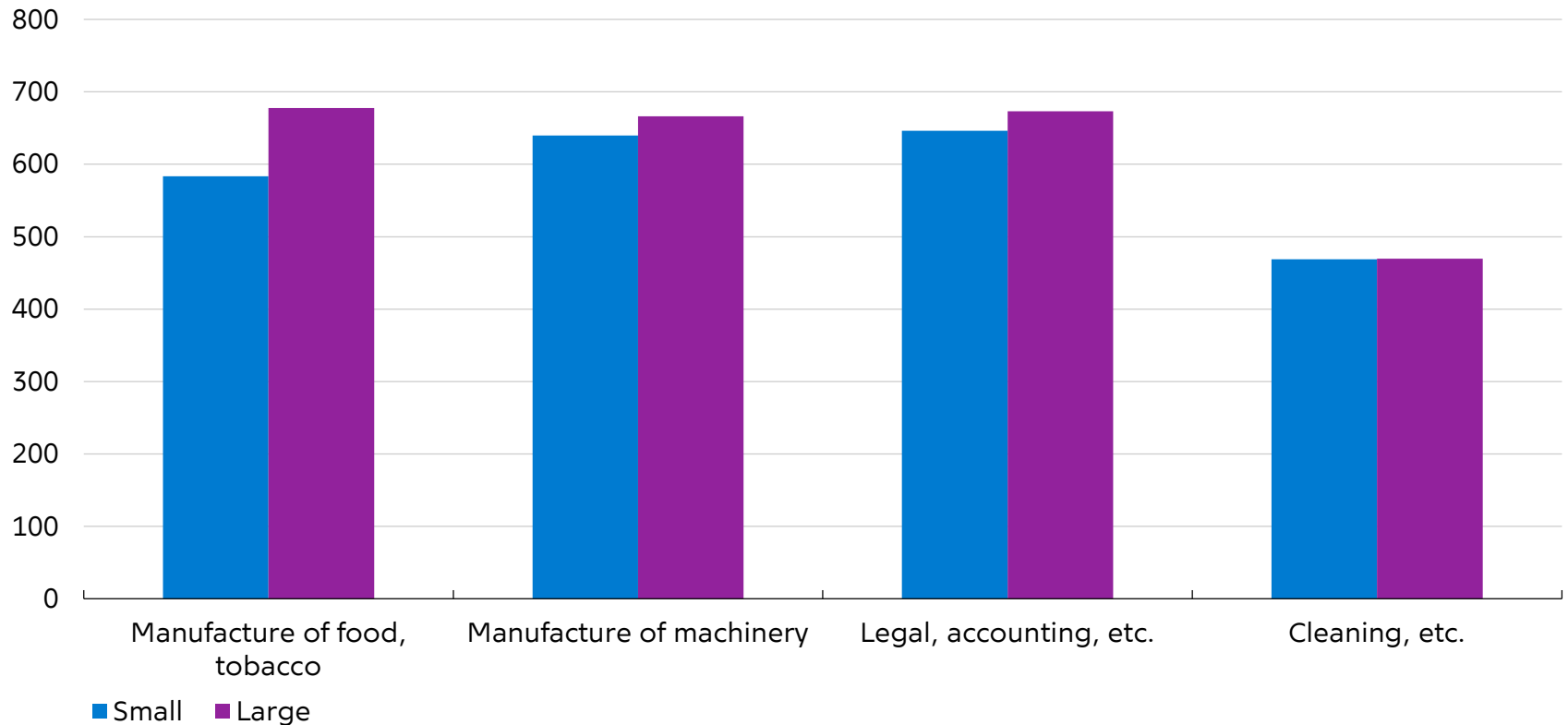
Little evidence that SME's are more productive than larger firms

Good case for reducing barriers. Bad case for preferential treatment (regulation, subsidies, taxes etc.)

Helpful if stronger market for market financing. Easiest for large firms. Demand may be limited. Note the prevalence of the mortgage bank lending.

Large firms generally have higher productivity than small firms

Value added per full-time employee, median, kr. 1,000



Note: Small firms have up to 50 full-time employees, while the rest are classified as large firms. Data for 2015. Source: Statistics Denmark and own calculations.

Corporate return-on-equity remains high despite record low interest rates

