



PORTFOLIO INVESTMENTS

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Interest from abroad in Swedish debt securities

Cross-border portfolio investment for the first time this year generated a net inflow, amounting to SEK 47.6 billion. This outcome is primarily explained by foreign investment in Swedish debt securities.

Foreign portfolio managers invested a total of SEK 42.2 billion in Swedish debt securities. Among securities denominated in foreign currencies, it was primarily new issues abroad that attracted foreign capital, while the inflow via SEK-denominated securities is largely explained by trading in the secondary market. Interest from abroad in Swedish government securities has been weak during 2006, but in the month of May investments in SEK-denominated bonds accounted for almost half of the inflow in debt securities. The repo statistics indicate that investments in SEK-denominated bonds were partly financed through repo transactions. Otherwise, the turnover in the repo market was very high in May, probably because of the expectations of rising interest rates. During the stock market turbulence in May, foreign investors reduced their holdings in Swedish equity securities. Net trading in Swedish equity securities resulted in an outflow of SEK 6.3 billion.

During the month of May, Swedish investors reduced their holdings in foreign debt securities by a total of SEK 12.9 billion. The main net sales were in German, French and Danish bonds. Investments in foreign equity securities took the opposite direction, with net purchases totalling SEK 1.2 billion. The main purchases were equity securities and mutual fund units listed in Luxembourg and Japan.