

# DANMARKS NATIONALBANK

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## Danes' financial net wealth fell in 2018 for the first time in 10 years

Falling stock markets in the fourth quarter contributed to a kr. 179 billion decline in the financial net wealth of Danish households in 2018 - even though Danes are still net saving additional funds. The decline corresponds to each household's net wealth falling by kr. 75,000 last year. This represents the first decline in household's financial net wealth since the financial crisis in 2008.

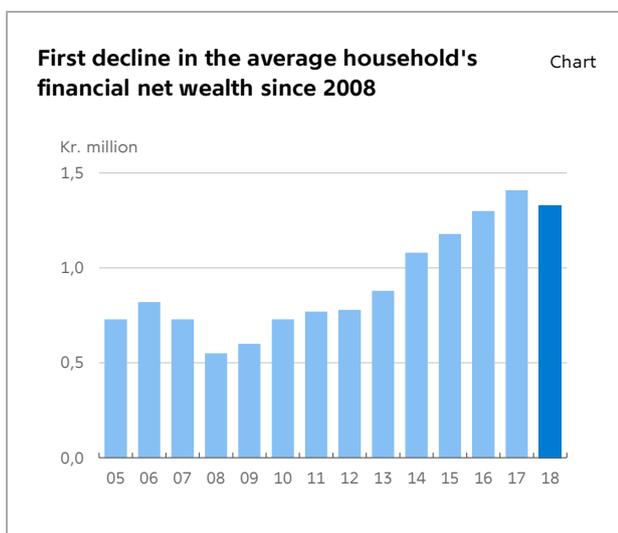
Households' financial net wealth is the difference between their financial assets and debt. The majority of these assets are linked to stocks or bonds, either directly through private investments or indirectly through investment certificates or pension entitlements. Price developments in the financial markets

are therefore pivotal for the market value of households' assets and thus also their net wealth.

Of the decline in financial net wealth, kr. 45,000 per household is ascribable to private investments in stocks, while kr. 6,000 is due to investment certificates. Pension entitlements, however, increased by kr. 8,000 per household, since payments to pension schemes still surpass payouts. The residual decline in financial net wealth is primarily due to households increasing their debt in 2018.

The average Danish household had financial assets of kr. 2.4 million at the end of 2018, of which the majority of pension entitlements are taxed at payout. In addition, debt was kr. 1.1 million. Thus, net financial assets reach kr. 1.3 million for the average household. The debt is, however, more than offset by real estate savings - most recently determined by Statistics Denmark to kr. 1.6 million per household in 2017.

There is considerable variation between households' financial assets and debt. Therefore, there are also large differences in how price developments in the financial markets affect households' wealth. A relatively large part of both assets and debt is concentrated among the households with the highest incomes, and pension entitlements are also closely linked to the savers' age.



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