

# DANMARKS NATIONALBANK

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## Rising share prices lift Danes' wealth

Danish households' net financial wealth – the difference between financial assets and debt – increased by kr. 811 billion in 2020. This corresponds to an increase of kr. 294,000 for the average Danish household, which thus had financial wealth of approx. kr. 2.3 million at the end of last year.

### Market development and savings contribute

The increase mainly reflects large gains on both share holdings and pension assets in 2020, and partly that households have saved up. The Danes' current savings behaviour is particularly affected by the coronavirus restrictions, which have narrowed consumption opportunities over the past year. This

has led to reduced consumption, while disposable income was relatively unchanged, thus lifting household net savings<sup>i</sup>.

### Extra savings give leeway for consumption

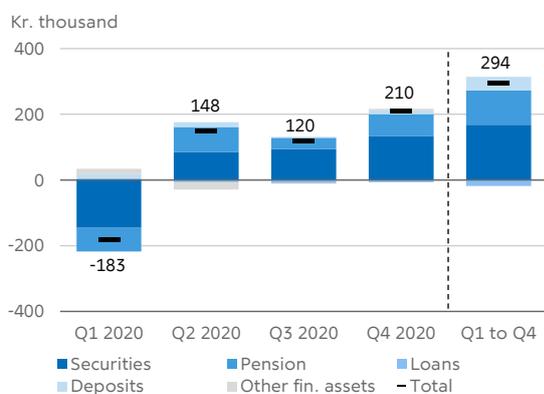
The increasing wealth gives Danish households more financial leeway, which can potentially be used for consumption as the restrictions are expected to be eased in the coming months. At the same time, payouts of frozen holiday pay and record levels of bank deposits have increased the most liquid part of Danes' wealth. This allows for a quick recovery if the money is converted into consumption when the restrictions are relaxed.

### Wealth varies across households

The size of the individual households' assets and debts varies considerably. Therefore, there is also a big difference in how price changes in the financial markets have affected households' wealth. A large part of total assets and liabilities are, for example, accumulated by the Danes with the highest incomes, and pension assets are also closely linked to age.

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**The average wealth of households increased by kr. 294,000 in 2020**



Note: The chart shows the change in the average household's net financial wealth calculated as the value of the financial assets less debt.

<sup>i</sup>See Svend Greniman Andersen, Nicolai Risager Christensen and Rasmus Mose Jensen, High savings during corona were driven by restrictions rather than precautionary consumers, Danmarks Nationalbank Economic Memo, No. 2, February 2021.