

# DANMARKS NATIONALBANK

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## Consumption less affected by the latest lockdown

On 17 December 2020, Denmark entered its second lockdown, and restrictions were tightened further on 25 December. As a result, consumption, measured by card turnover, decreased by 10.0 per cent during the first five weeks of the lockdown relative to the year-earlier period. By way of comparison, card turnover dropped by 18.7 per cent during the first five weeks of the spring lockdown, indicating a softer economic slowdown.

### Danes were prepared for another lockdown

One explanation for the smaller decrease in card turnover during the latest lockdown could be that

Danes – households and businesses alike – were more prepared for another lockdown. Uncertainty about the future and the economic consequences was less acute the second time around. This was reflected in a 6.0 per cent fall in card turnover during the first three weeks of the December lockdown. During the first three weeks of the spring lockdown, average daily card turnover was 18.5 per cent lower than the previous year.

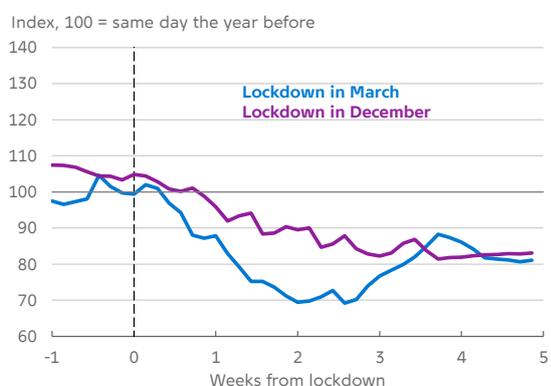
During both lockdowns, card turnover stabilised at about 85 per cent of the level relative to the year-earlier period after the third week.

### E-commerce cushions impact of latest lockdown

Another explanation why the latest lockdown is affecting consumption less than during the spring lockdown is that Danes are increasingly turning to e-commerce. While e-commerce card turnover increased by 24.8 per cent over the first two weeks of the latest lockdown relative to the year-earlier period, it dropped by 11.5 per cent during the first two weeks of the March lockdown.

In physical trade, card turnover declined by 12.6 per cent and 15.2 per cent, respectively, during the first two weeks of the first and second lockdowns. So, although the streets are deserted, increased e-commerce has cushioned the fall in consumption.

### Smaller fall in card turnover during the December lockdown than during the spring lockdown



Note: Payment card turnover covers transactions made by Danish payment cards. The x-axis shows the number of weeks from the lockdowns on 11 March and 17 December 2020, marked by the dotted line.

Source: Nets Denmark A/S and own calculations

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