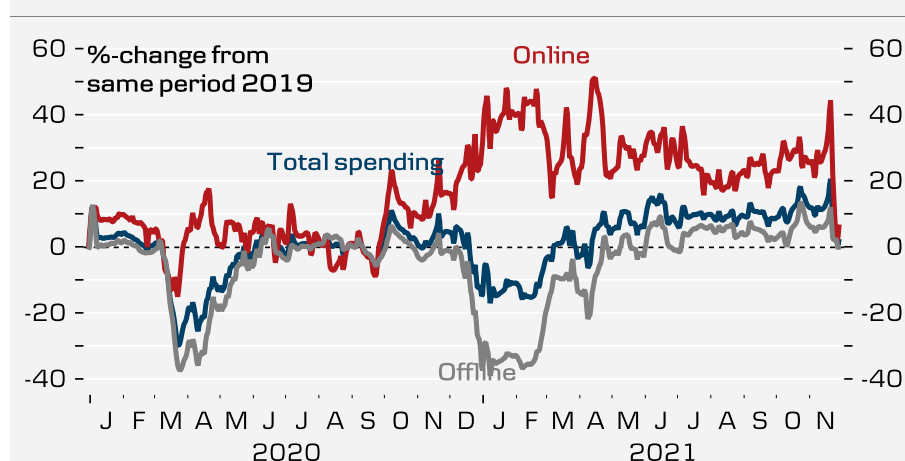


Spending Monitor

Black Week underperforms somewhat, but spending is holding up well despite rising infections

- Danish card and MobilePay data is somewhat muddled this week by both the timing of Black Friday and of payday. Overall, spending continues to perform well, with no clear signs that higher infection rates are driving a shift in spending.
- Black week underperformed recent years somewhat. Compared to 2020 spending was down 5% and only rose 1.7% compared to 2019. It is, however, worth noting that last year saw a boost from the payout of holiday allowances in October, and in 2019 Black Friday fell on a payday, which tends to lift spending.
- Compared to 2019 spending online in retailing was up by 25%, while spending in physical stores fell 6.6% for the whole week. Overall, we are seeing a clear tendency for spending being spread out across the week leading up to Black Friday, rather than being concentrated on the Friday itself.
- Note that spending in Electronic stores outperformed both 2019 and 2020. This indicates that spending continues to hold up well despite concerns of supply issues. However, this could be due to price effects, and people moving up their holiday shopping.
- Restaurant spending has weakened slightly in the past two weeks, but we are far from a stark decline as a result of rising infections and new restrictions. Spending is still above 2019 level.
- Travel spending took another tumble last week, as new restrictions and fears of the Omicron variant makes long term planning difficult.

Timing of Black Friday, and payday distorts total spending data – overall total spending still performing well



Note: Spending by card and MobilePay does not include cash and account transfers, so it cannot be compared directly with private consumption in national accounts. Daily data, 2-week centred moving average.

Source: Danske Bank

Notes on the spending data

The spending data is based on transactions online and offline, both domestically and abroad, with cards and MobilePay in stores for around 1m Danske Bank Danish personal customers with active accounts. All data is anonymised and non-referable.

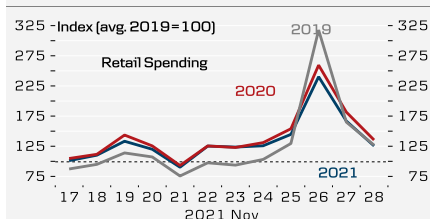
The spending data is used as a proxy for private consumption. However, it does not include cash spending and account transfers. Hence, notably, fixed costs and spending on housing are not included. Changes in cash spending patterns will also affect the data.

The charts show spending in 2020 and 2021 compared with the same week in 2019.

Data is not adjusted for price developments.

The most recent data is subject to revisions.

Retail spending falls short of recent years on Black Friday, but the weeks preforms well



Note: The exact dates of Black Friday vary, but are normalised to November 26th

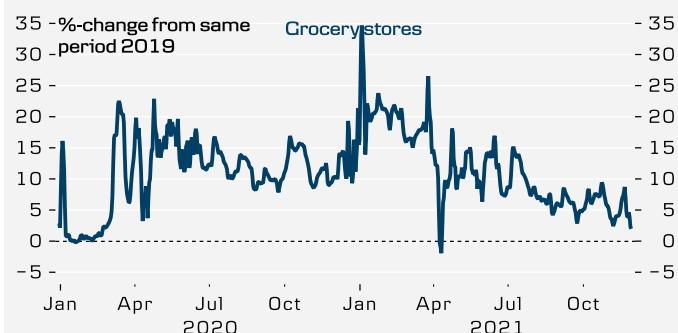
Source: Danske Bank

Chief Analyst

Louise Aggerstrøm Hansen
+45 45 12 85 31
louhan@danskebank.dk

Selected charts with relative changes

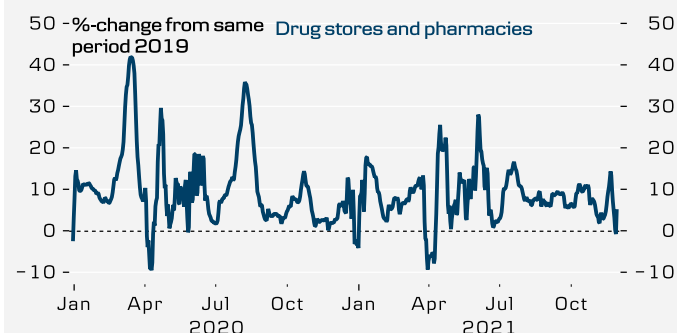
Grocery spending has largely normalised



Note: Two week centred moving average

Source: Danske Bank

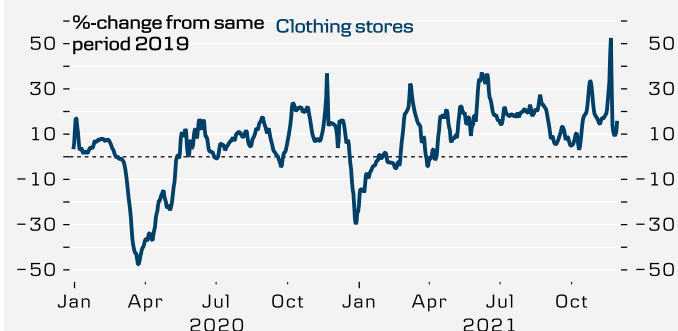
Spending in pharmacies around normal



Note: Two week centred moving average

Source: Danske Bank

Spending in clothing stores performed in line with Black Week 2020



Note: Two week centred moving average

Source: Danske Bank

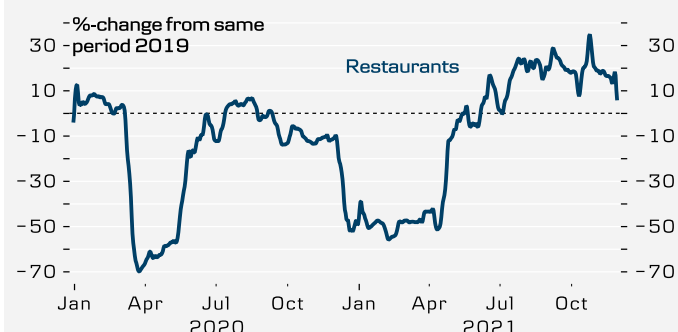
Spending in shoe stores performed around last years levels



Note: Two week centred moving average

Source: Danske Bank

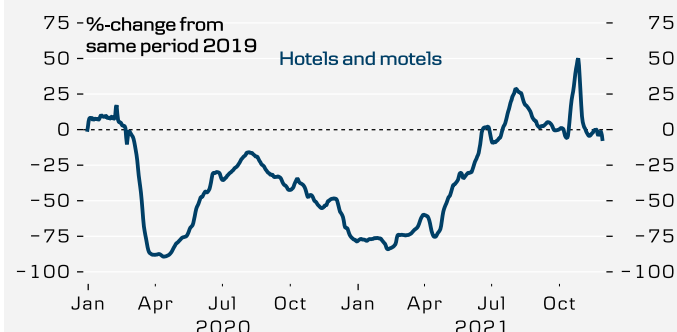
Spending on restaurants continues to hold up despite higher infections



Note: The restaurant index includes bars and nightclubs and fast-food places. 2 week centred moving average

Source: Danske Bank

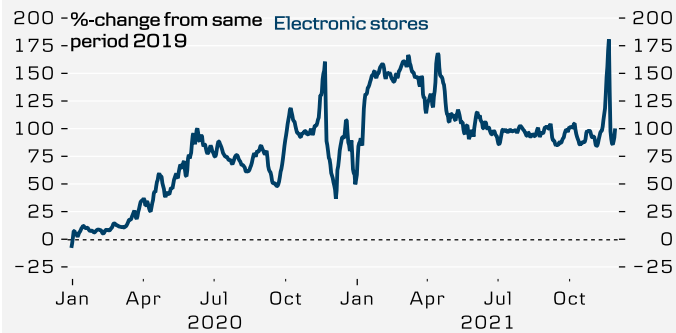
Hotel spending is holding up despite high infection rates



Note: Two week centred moving average

Source: Danske Bank

Spending in electronic stores outperforms Black Week 2020 by 7½% and 2019 by more than 60%



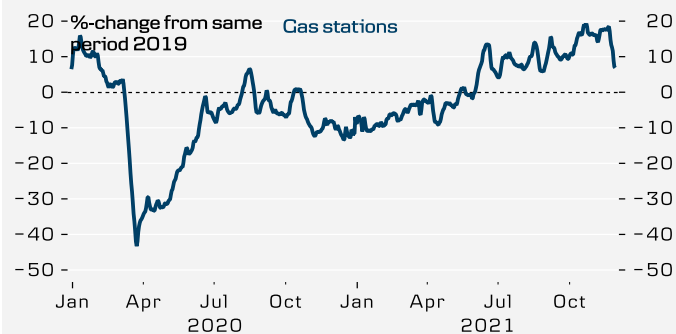
Note: Two week centred moving average
Source: Danske Bank

DIY spending remains higher than normal



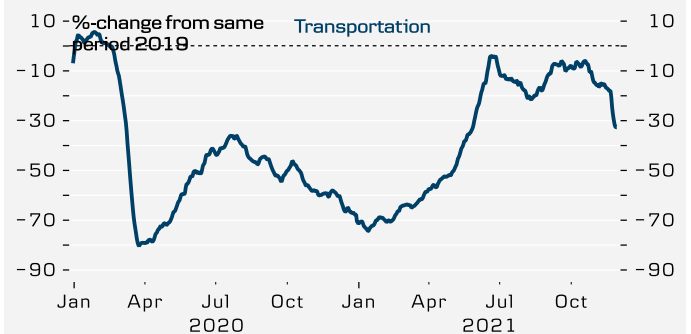
Note: Two week centred moving average
Source: Danske Bank

As prices decline again, so does spending in gas stations



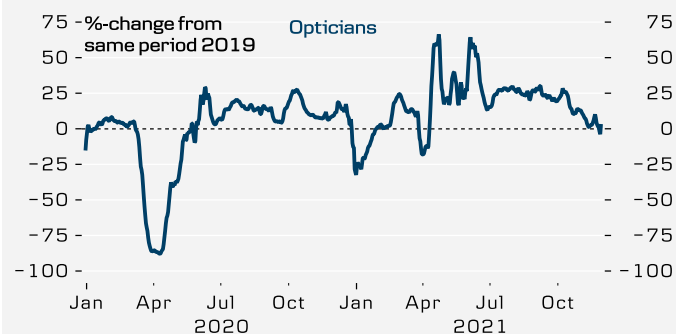
Note: Two week centred moving average
Source: Danske Bank

Transportation spending declining



Note: Two week centred moving average
Source: Danske Bank

Spending with opticians has come down recently



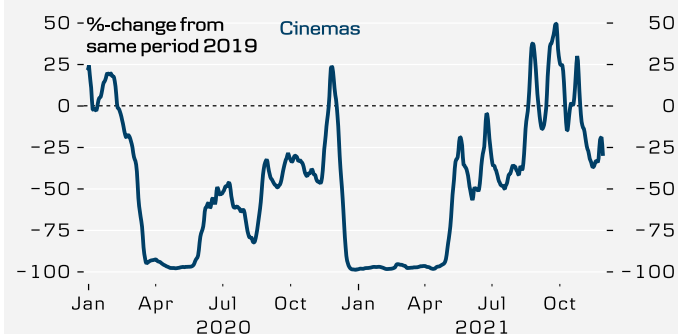
Note: Two week centred moving average
Source: Danske Bank

Spending at hairdressers fluctuates around normal



Note: Two week centred moving average
Source: Danske Bank

Cinema spending has come down, but might be due to fewer big new releases



Note: Two week centred moving average

Source: Danske Bank

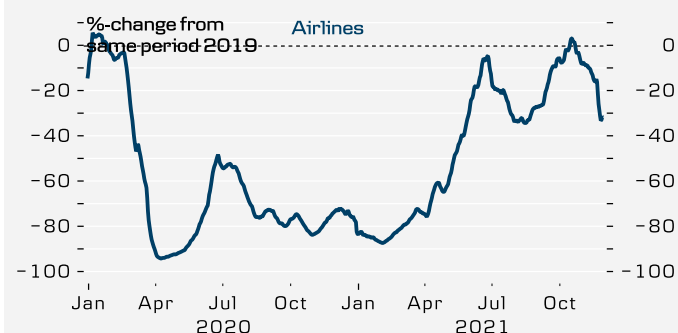
Spending in tourist attractions holds up, despite rising infection rates



Note: Two week centred moving average

Source: Danske Bank

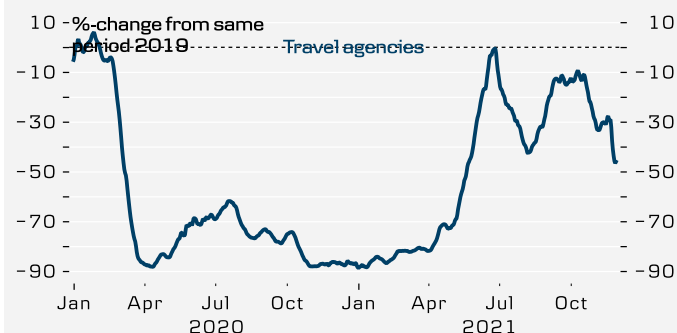
Airline spending hit by new travel restrictions and increased uncertainty



Note: Two week centred moving average

Source: Danske Bank

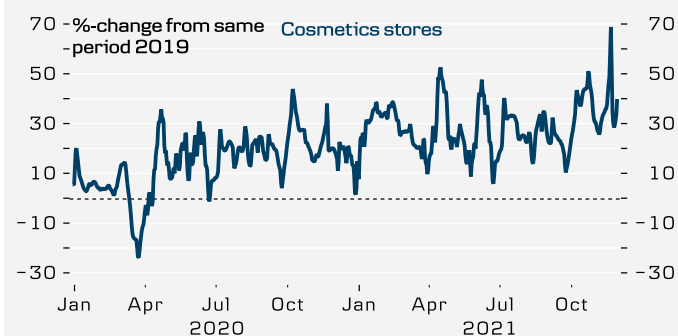
Spending on packaged holidays continues to decline, as omicron brings the reintroduction of travel restrictions



Note: Two week centred moving average

Source: Danske Bank

Spending in cosmetics stores outperformed 2020 spending



Note: Two week centred moving average

Source: Danske Bank

Spending in furniture stores hovers around normal



Note: Two week centred moving average

Source: Danske Bank

Spending in paint shops remains elevated



Note: Two week centred moving average

Source: Danske Bank

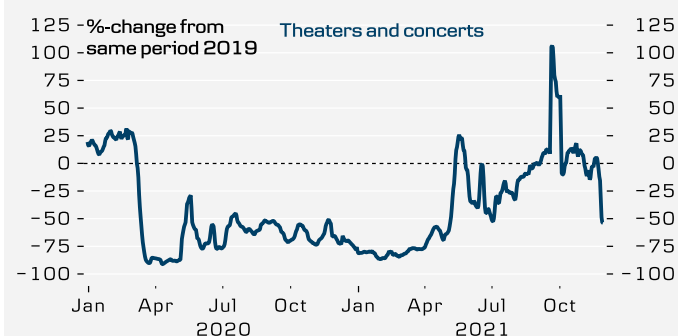
Spending in jewellery stores remains elevated



Note: Two week centred moving average

Source: Danske Bank

Theatres and concert halls spending is coming down, as some effects from new infections are likely showing up



Note: Two week centred moving average

Source: Danske Bank

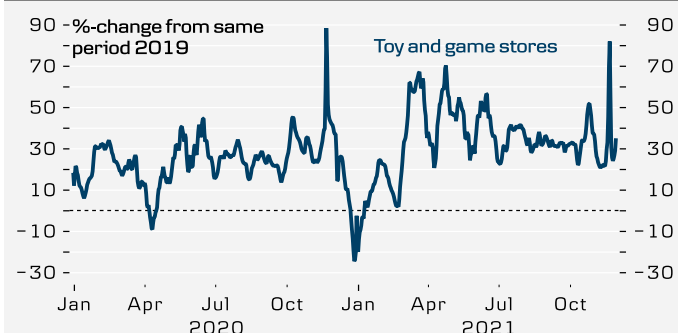
Spending in book stores has normalised



Note: Two week centred moving average

Source: Danske Bank

Spending in toy stores fared well in Black Week, but underperformed on Black Friday it self



Note: Two week centred moving average

Source: Danske Bank

Spending in sporting goods stores is normalising

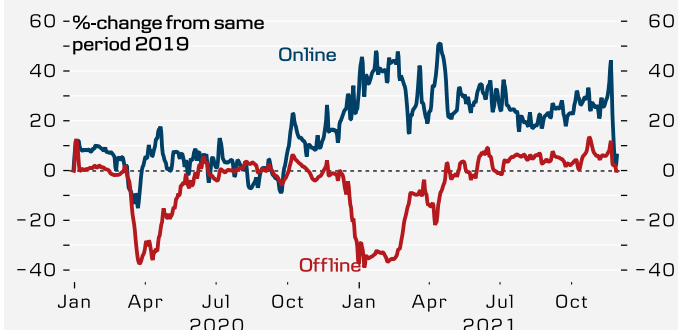


Note: Two week centred moving average

Source: Danske Bank

Spending by location – online/offline

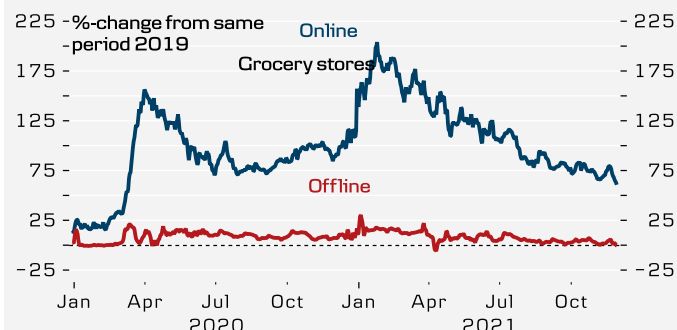
Difference in timing of Black Friday explains last weeks volatility in online sales



Note: Two week centred moving average

Source: Danske Bank

Online grocery spending still far above pre-COVID levels



Note: Two week centred moving average

Source: Danske Bank

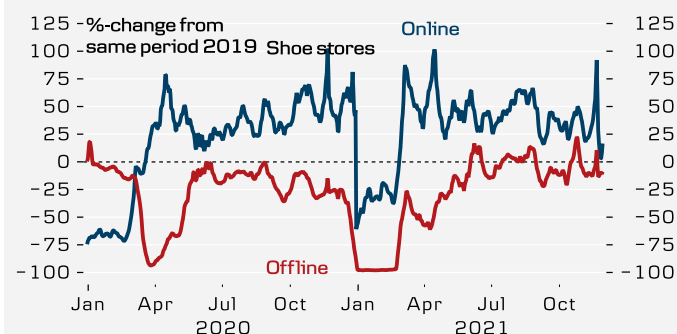
Clothing spending continues to hold up in physical stores



Note: Two week centred moving average

Source: Danske Bank

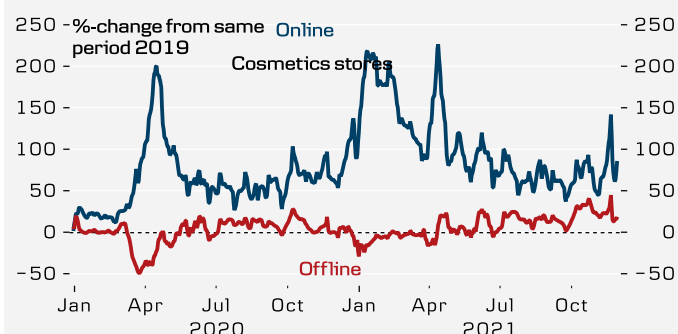
Black Friday is particularly present in online shoe stores



Note: Two week centred moving average

Source: Danske Bank

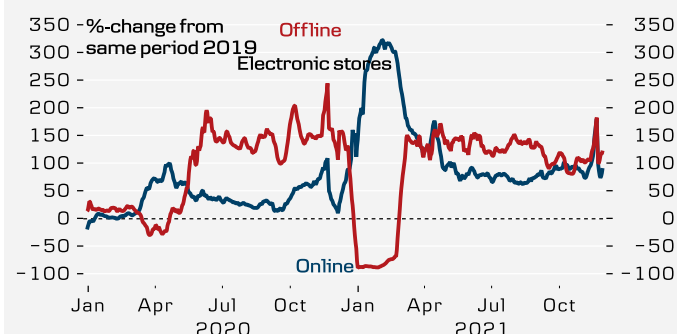
Spending on cosmetics gets boost from Black Friday both on and offline



Note: Two week centred moving average

Source: Danske Bank

Spending on electronics strong both online and offline

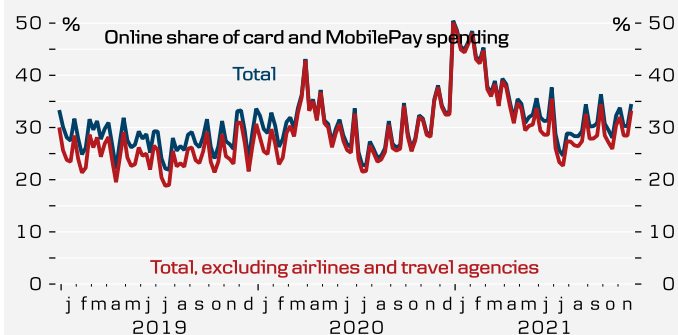


Note: Two week centred moving average

Source: Danske Bank

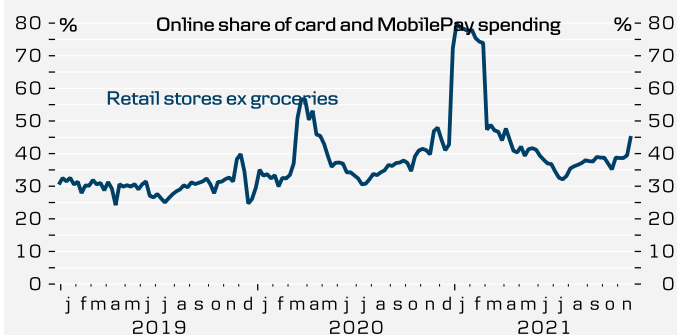
Online share of consumption

The online share of spending is at around 30% of total spending



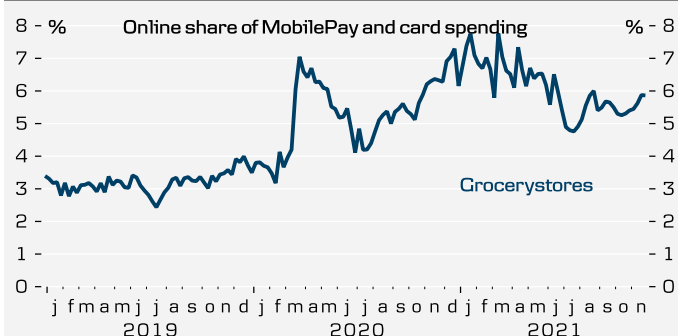
Source: Danske Bank

Online share of retailing gets a bump from Black Friday, but no significant shift to online due to rising infections yet



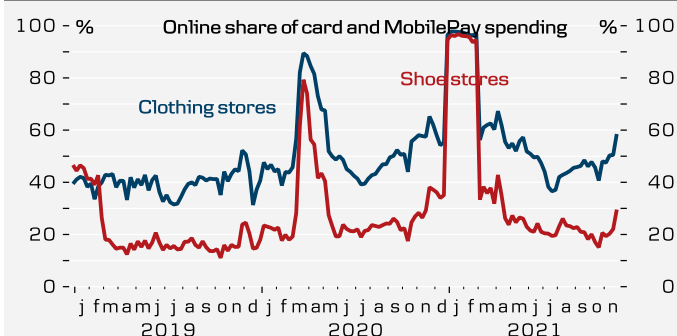
Source: Danske Bank

Grocery spending is rising online



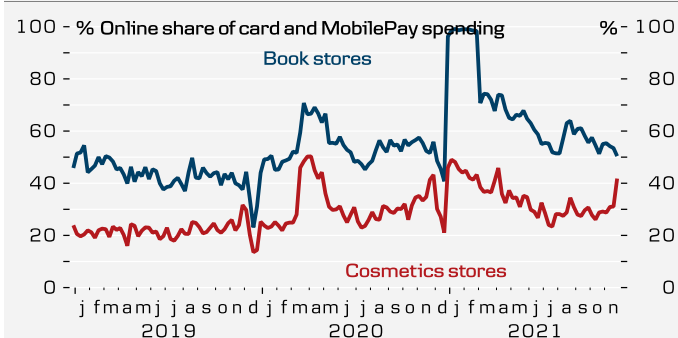
Source: Danske Bank

Online spending on clothing increases on Black Friday



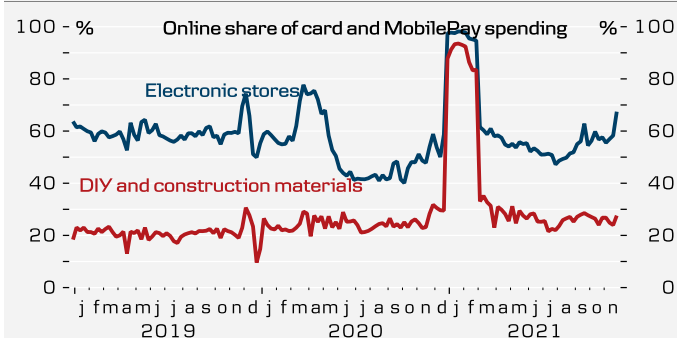
Source: Danske Bank

Online sales get a lift from Black Friday



Source: Danske Bank

Timing of Black Friday pushes up online sales



Source: Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Louise Aggerstrøm Hansen, Chief Analyst.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Danske Bank's research reports are prepared in accordance with the recommendations of the Danish Securities Dealers Association.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from, and do not report to, other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

Risk warning

Major risks connected with recommendations or opinions in this research report, including as sensitivity analysis of relevant assumptions, are stated throughout the text.

Expected updates

Weekly

Date of first publication

See the front page of this research report for the date of first publication.

General disclaimer

This research has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

This research report has been prepared independently and solely on the basis of publicly available information that Danske Bank A/S considers to be reliable but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or reasonableness of the information, opinions and projections contained in this research report and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts and reflect their opinion as of the date hereof. These opinions are subject to change and Danske Bank A/S does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom (see separate disclaimer below) and retail customers in the European Economic Area as defined by Directive 2014/65/EU.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank A/S's prior written consent.

Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank A/S is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank A/S who have prepared this research report are not registered or qualified as research analysts with the New York Stock Exchange or Financial Industry Regulatory Authority but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

Disclaimer related to distribution in the United Kingdom

In the United Kingdom, this document is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

Disclaimer related to distribution in the European Economic Area

This document is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Report completed: 2 December 2021, 18:08 CET

Report first disseminated: 2 December 2021, 18:15 CET