

Spending Monitor

Gloomy start to 2021, despite improved vaccine outlook

- Danish card and MobilePay spending, up to the week ending on 10 January, show a drop in spending of 16% compared to the first week of 2019. The decline is driven by a drop in physical spending of almost 40% compared to the same week in 2019, whereas online sales remains elevated.
- Note that the base year is 2019, not 2020, in order to compare to a year unaffected by COVID-19.
- The weakness is mainly driven by extensive restrictions, in place until at least 7 February. There are some distortions due to the exact timing of New Year's Eve, but there is little doubt that the new restrictions are having a significant impact on spending.
- The restrictions on a number of retail stores show up clearly in the data. DIY spending, furniture spending and spending in shoe stores and clothing shops all took a dive, as online spending was not enough to compensate for the decline in physical stores.
- Restaurants, cafés and bars also saw a sharp drop in spending, with takeaway being the only category holding up.
- The start of the year is typically the high point for travel spending, as people start planning for the summer holiday. However, compared to normal (2019), spending remains down by 80-90%, despite a more positive vaccine outlook.
- We do not expect to see a significant improvement in the data until the economy opens again, though the next release will give a clearer picture, as the distortions from the turn of the year leave the data.

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.

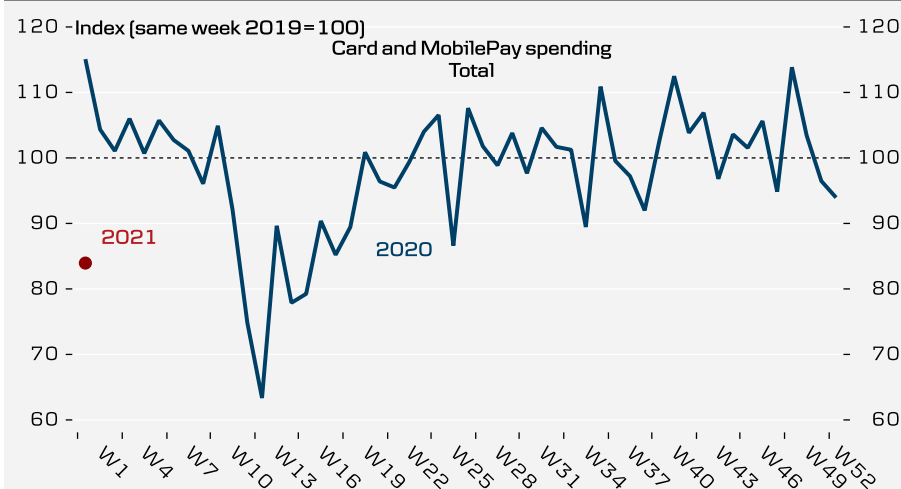
The spending data is used as a proxy for private consumption. However, it does not include cash spending and account transfers. Hence, notably, fixed costs and spending on housing are not included. Changes in cash spending patterns will also affect the data.

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

Data is not adjusted for price developments.

This edition of the Spending Monitor contains minor revisions of historical data.

Spending down by 16% due to new lockdown



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. Note that week 53 2020 is not included in the graph.

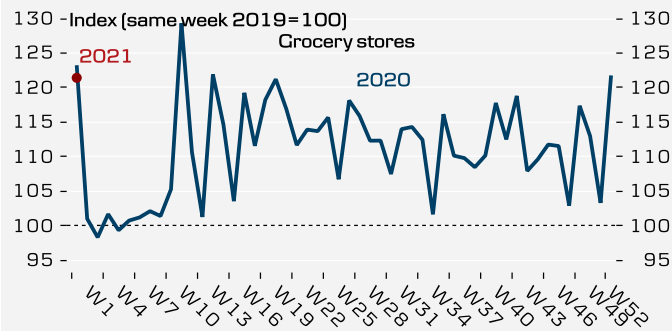
Source: Danske Bank

Senior analyst

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

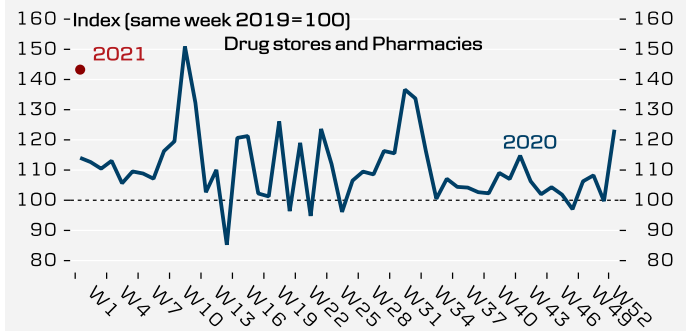
Selected charts with relative changes

Grocery spending is exempt from restrictions – but new years distortions muddle the picture



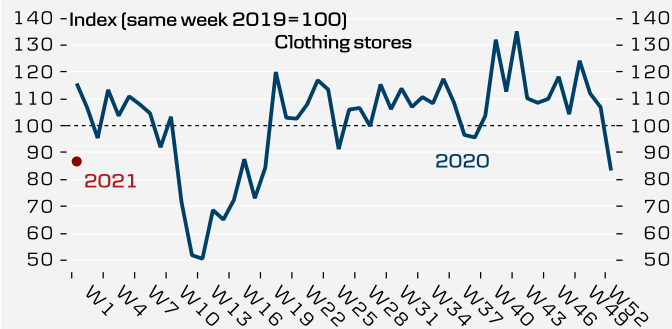
Source: Danske Bank

Spending in pharmacies was high in first week of 2021



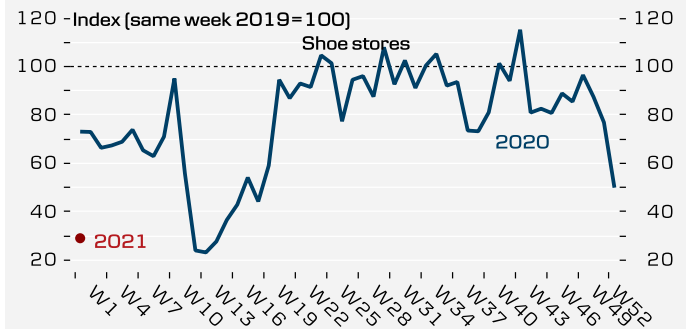
Source: Danske Bank

Activity in clothing stores is being supported by a rise in online sales



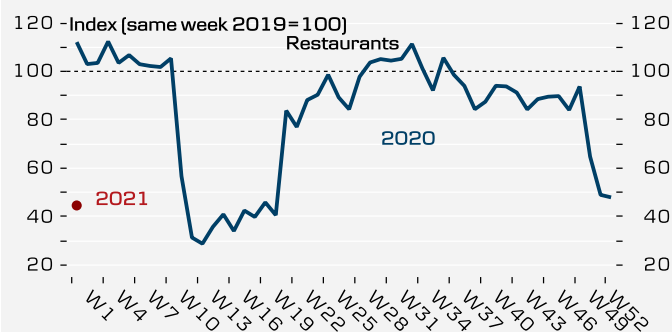
Source: Danske Bank

70% lower spending in shoe stores than normal



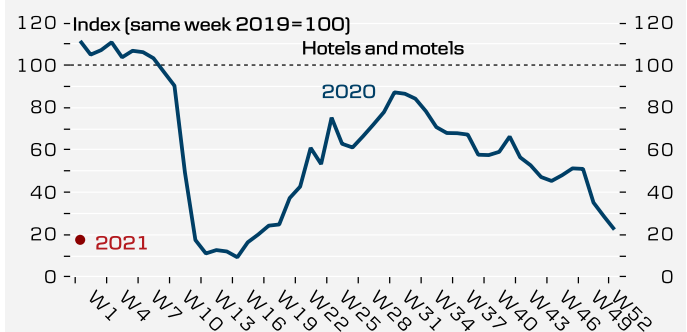
Source: Danske Bank

Restaurant spending continues to decline



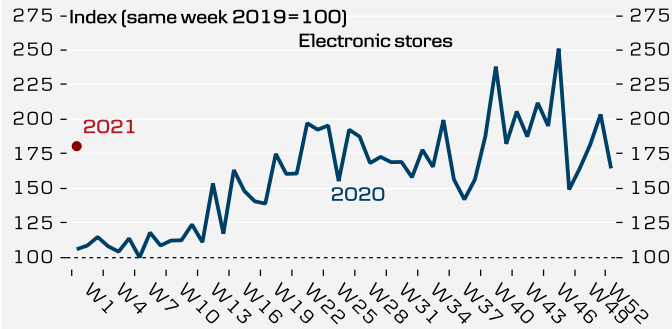
Note: The restaurant index includes bars and nightclubs and fast-food places
Source: Danske Bank

Hotel spending reduced by 80% from normal



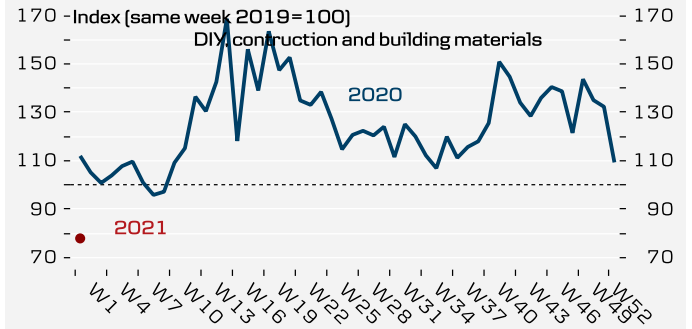
Source: Danske Bank

Spending at electronics stores remains high, despite lockdown in physical stores



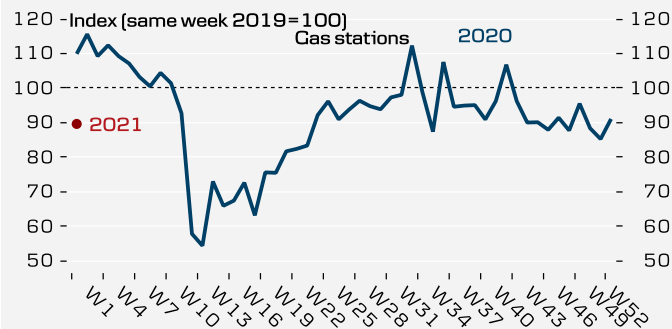
Source: Danske Bank

DIY spending took a plunge due to new restrictions



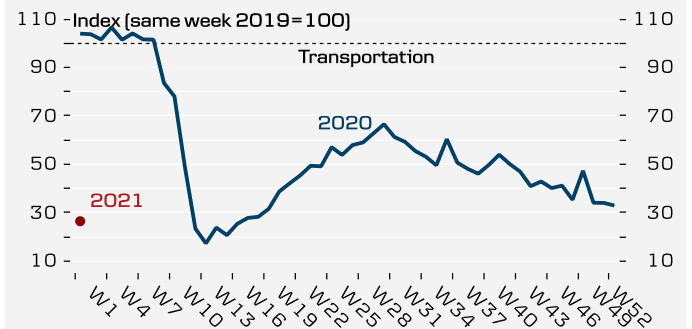
Source: Danske Bank

Spending at gas stations largely unchanged by new restrictions



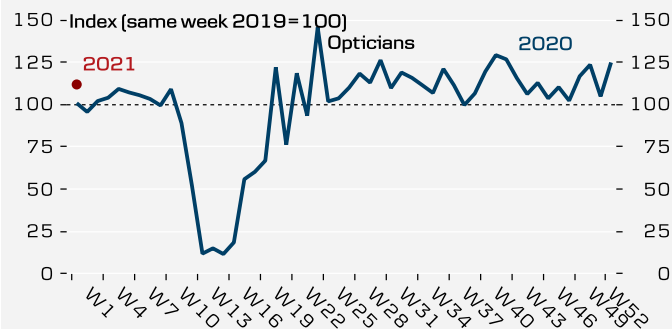
Source: Danske Bank

Transportation spending continues to decline



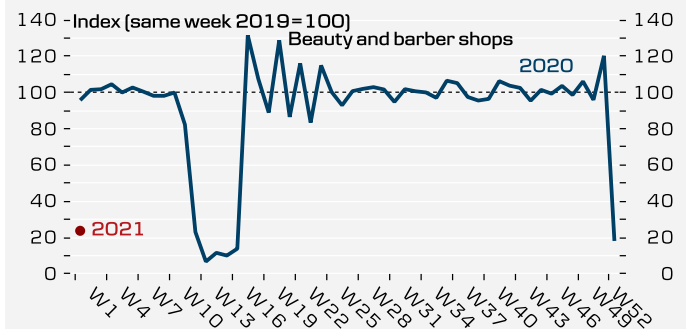
Source: Danske Bank

Opticians are exempt from new restrictions



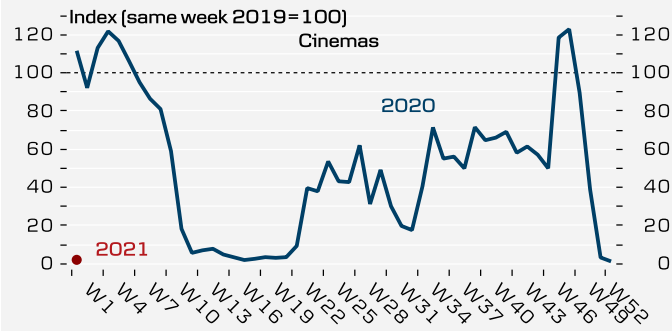
Source: Danske Bank

Spending at hairdressers hit hard by new restrictions



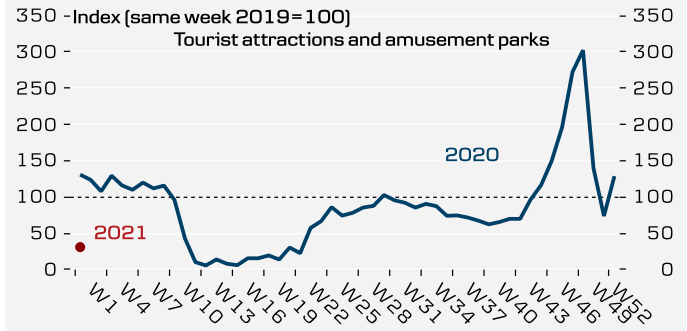
Source: Danske Bank

Cinema spending has vanished, as they are forced to close down



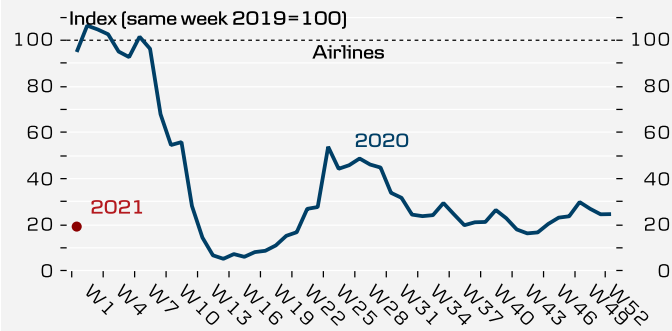
Source: Danske Bank

Spending at tourist attractions at half of normal levels



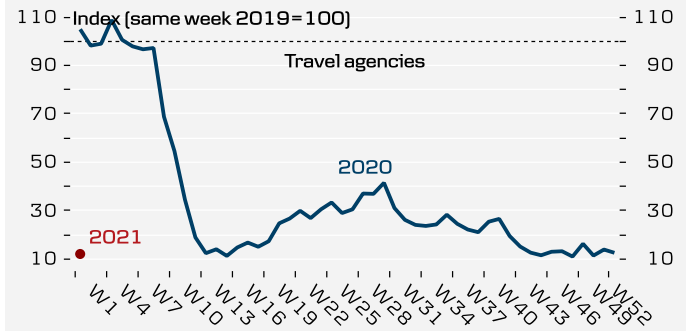
Source: Danske Bank

Airline spending shows no signs of improvement, despite positive vaccine outlook



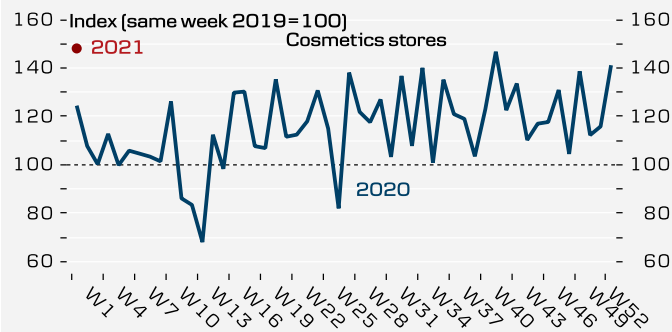
Source: Danske Bank

Travel spending has lost more than 90% of sales



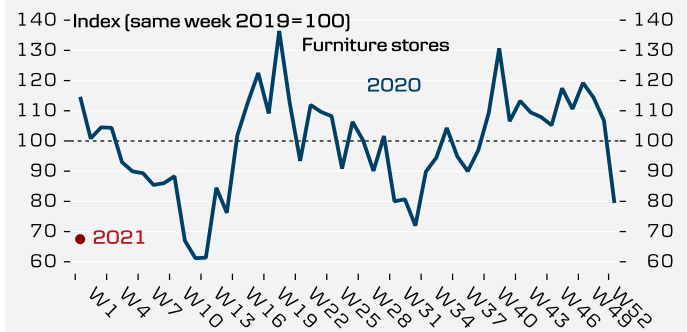
Source: Danske Bank

Spending at cosmetics stores remains strong, as they continue to stay open



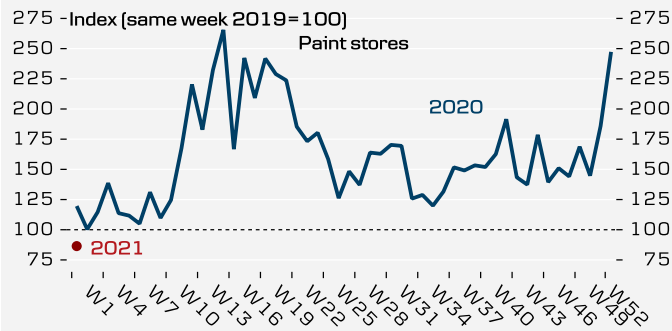
Source: Danske Bank

Spending at furniture stores plummeted



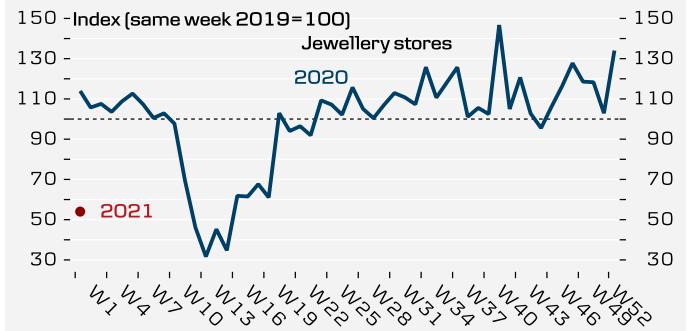
Source: Danske Bank

Spending at paint shops also hit by restrictions



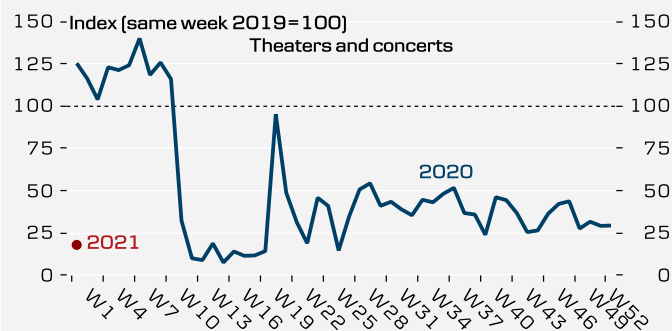
Source: Danske Bank

Spending at jewellery stores plunged



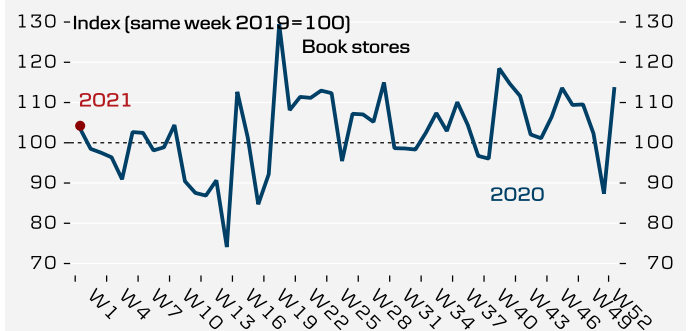
Source: Danske Bank

Spending on cultural events very low



Source: Danske Bank

Spending at book stores around normal levels, lifted by online sales



Source: Danske Bank

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

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