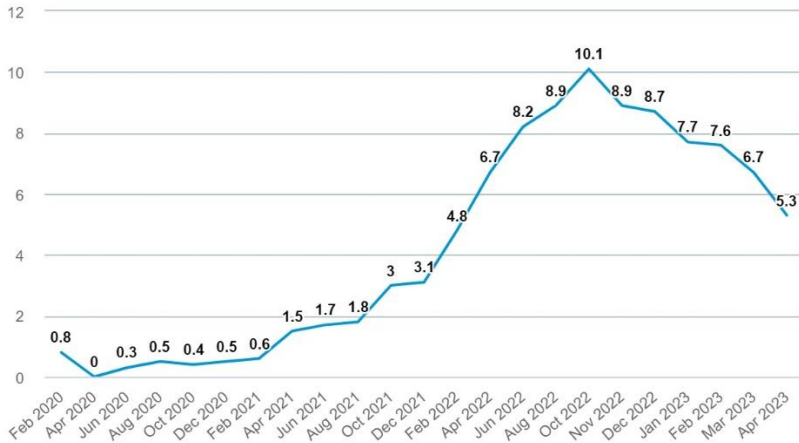


Inflation drops for the sixth consecutive months

Economists had first targeted inflation to reach 2 percent by next year. However, new figures from Statistics Denmark show that inflation in Denmark ended at 5.3 percent in April compared to 6.7 percent in March. This is the sixth month in a row that inflation has fallen.

Consumer price index (2015=100)

Commodity group: 00 Consumer price index, total | Unit: Percentage change compared to same month the year before (per cent):



Source: Statistics Denmark

According to TV2 News, Jeppe Juul Borre, chief economist at Arbejdernes Landsbank (ed: Denmark's sixth largest bank) commented that this is a huge decrease and the lowest level in over than a year now and that the lower inflation in April is largely due to price changes for electricity, food and gas.

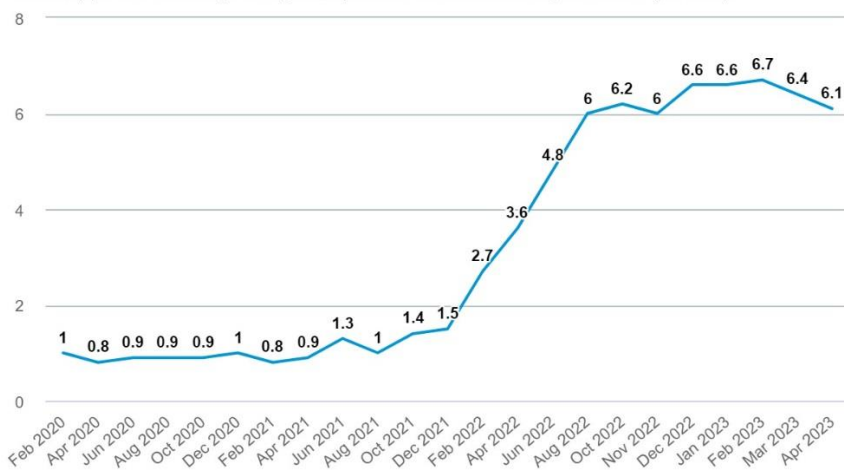
Although it has become 26,000 kroner more expensive compared to last year for an average Danish family with children in annual consumption the inflation drop is positive news to the Danes.

Jeanette Kølbeek, private economist at Nykredit (ed: fourth largest bank in Denmark), agrees that from the consumer's point of view that inflation is going in the right direction. However, she believes that since the food prices have risen a lot since last year, it is not yet noticeable and Danes are still paying more for what they get compared to last year.

Core inflation has also fallen. This is inflation excluding energy and food prices, that results in large fluctuations and gives an indication of how hard inflation has taken hold in the economy.

Consumer price index (2015=100)

Commodity group: 14.1 Overall Consumer Price Index - excl. energy and unprocessed food (core inflation) | Unit: Percentage change compared to same month the year before (per cent):



Source: Statistics Denmark

According to the economist to TV2News, it has not fallen as much as one might hope, and this may indicate that inflation will be a longer-lasting experience and expects that by the end of 2023, Denmark will reach an inflation rate of around 3.5 percent.

Sources:

TV2News: <https://nyheder.tv2.dk/business/2023-05-10-inflationen-falder-for-sjette-maaned-i-traek>

Statistics Denmark: www.dst.dk

Danish Financial Supervisory Authority: <https://www.dfsa.dk/>

Outlook

With the continued inflation decline but figures still high compared to previous years, uncertainty remains, and Danish consumers will still think twice about how money is spent. Deals and discounted products therefore remain attractive as well as reduced spending on non-essential items. Here consumers are more open to look for alternatives or switch to different brands or products to make up for what they have to spend more on essential items.

Large players in the retail as Coop and Salling Group have in the past months had to change their strategies to become more price friendly for consumers or by closing many of their supermarket outlets to focus on the more prime location due to competition from other discount supermarkets.

This creates opportunities for private label and premium private label products which as an alternatively cheaper product of same or better-quality, fits customer requirements in current times.

Considering this, although consumers are likely to seek the best deals, health and ethics remain a focus and consumers in Denmark still look at labels for product details and origin.