

DANMARKS NATIONALBANK

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SECURITIES, MARCH 2021

New shares for kr. 42 billion in first quarter of 2021

In the first quarter of 2021, the net issuance of listed Danish shares amounted to kr. 42 billion, driven mainly by Tryg's issuance of new shares. Price changes on existing shares amounted to kr. 39 billion in the same period. Thus, the total value of the Danish stock market rose to kr. 3,815 billion at the end of March 2021.

New issuances bring fresh capital to the market

When Danish companies need financing, they can e.g. issue and sell new shares on the stock exchange, either by an initial public offering or by selling new shares in a listed company. Both forms of financing increase the overall value of the Danish stock market.

Tryg issued new shares for kr. 37 billion in March 2021 to finance the purchase of a stake in British RSA Insurance. Hence, the number of issued Tryg shares was more than doubled. Foreign investors, in particular, have bought the new Tryg shares. Following net purchases of kr. 19 billion in March, foreign investors now own 35.1 per cent of Tryg. Private Danish investors own kr. 4 billion worth of shares (4.2 per cent), while institutional investors and holding companies own 9.8 per cent and 47.6 per cent, respectively. The last time major new issuances were seen was in the third quarter of 2019, when DSV issued shares to buy Swiss Panalpina.

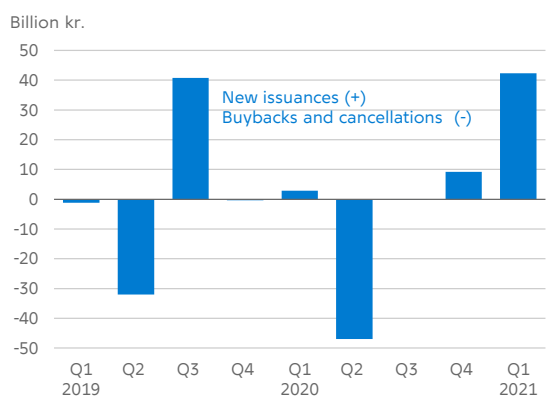
Share buybacks withdraw capital from the market

Companies can remunerate their shareholders by paying dividends or by buying back shares from investors and subsequently cancelling them. Buybacks reduce the number of shares issued, which, viewed in isolation, increases the price of the remaining shares. Shareholders can choose between keeping their shares and getting a capital gain or selling the shares and getting cash in hand.

Share buybacks can be significant. For example, cancellation of shares acquired through share buyback programmes reduced the total value of the Danish stock market by kr. 47 billion in the second quarter of 2020. Especially Novo Nordisk, A. P. Møller Mærsk, Carlsberg and DSV bought back shares.

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New issues were large in the first quarter of 2021



Note: The figure shows the net supply of listed Danish companies' shares. The net supply is calculated as new issuances less cancellations, e.g. in relation to share buybacks.