

American Mood Trend

Consumer confidence remains stuck in the moment

Consumers' confidence in current conditions remains resilient, but is not generating momentum or translating into confidence in the future. The Conference Board Consumer Confidence Index decreased marginally in February to 110.5, down from a revised 111.1 points in January,¹ and is now at its **lowest** reading in five months. The *future expectations* component led the slight decline, decreasing by 1.3 points to 87.5, while the *present situation* component of the index actually increased, albeit by less than one point to 145.1.² The present situation component is now at its **highest** reading in four months.

Inflation expectations increased again—after two consecutive months of declines—with consumers believing persistent inflation will characterize the coming year. This has impacted consumer views on income expectations as well as their future job market expectations, both of which became “less positive” in February.

How consumers feel about the present situation is a bit like treading water: while the economy has expanded in Q1, it has not gained momentum. Things are not getting worse, but consumers believe they are not truly getting better either. This is most evident in consumers' intentions around major purchases—homes, autos, major appliances, and vacations—in the coming months, all of which fell in February's readings.

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Key Points:



Consumer confidence continued to tread water in February, not declining or increasing precipitously.



Inflation concerns remain increased in February, approaching recent highs.



Consumers remain confident about short-term growth prospects—in particular the job market—but the future remains hazy.

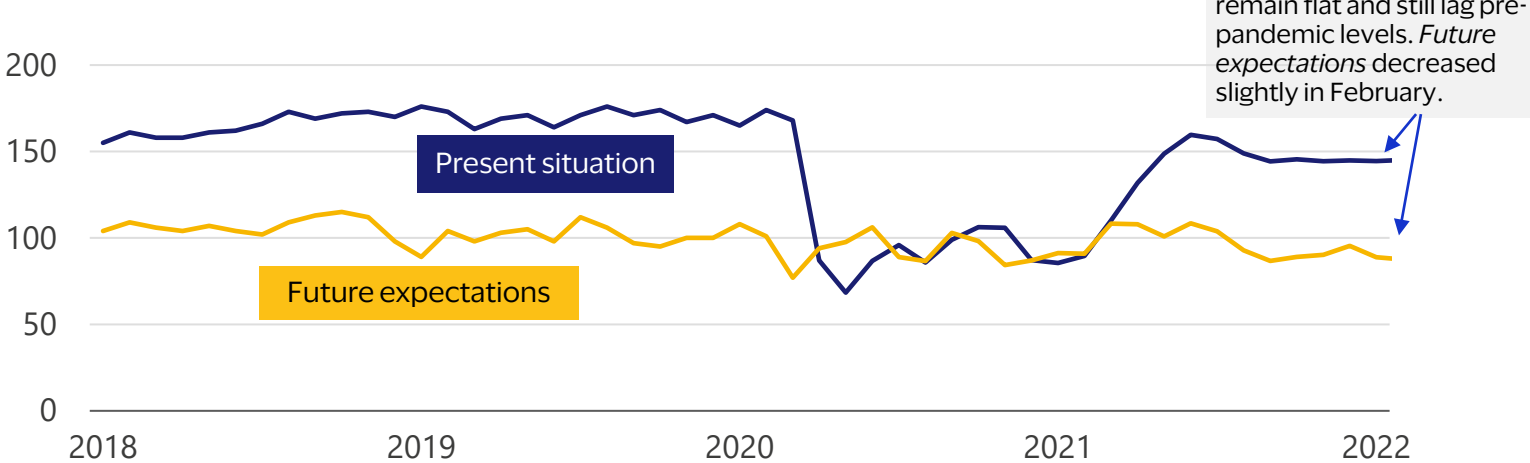
¹The Conference Board Consumer Confidence Index, released February 22, 2022.

²The Conference Board, Consumer Confidence Index, Present Situation Index and Expectations Index, released February 22, 2022.



Fig. 1: Present situation sub-index remains flat, with expectations taking a slight hit

(Consumer Confidence Index – Present Situation Index and Expectations Index*)



*Survey interviews conducted through February 16, 2022

Consumers' assessment of the economic situation faltered slightly in February. Inflation concerns returned to near 13-year highs, increasing to 7.0, although lower than November's 7.3 percent reading. Plans for durable-goods purchases, such as cars, homes, major appliances, and vacations all decreased.

Much of what has characterized the readings in the past few months was a flip-flop from confidence in the present to confidence in the future. February's numbers give us the impression of tepid positivity in the present and weakening views of the future.

Consumers' assessment of the present labor market held strong—with 42.0 percent more consumers seeing jobs as "plentiful" relative to those who saw them as "hard to get," down slightly from January but still near all-time high.

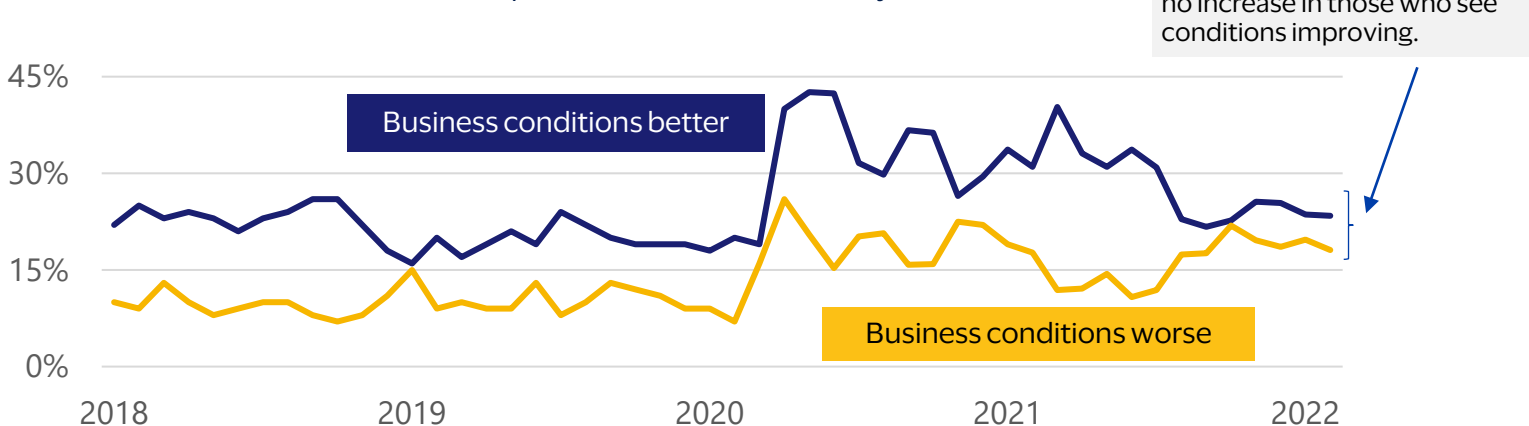
Fewer consumers expected business conditions to worsen in the coming six months, while roughly the same expected them to improve.

Consumers' expectations for future labor market conditions remained positive. Those who expected more jobs in six months minus those who expected fewer came in at +3.4 (down from +5.5 in January). A higher percentage expect there to be fewer jobs in the next six months.

Despite the decline in the overall index, consumer confidence in the present situation remains especially resilient in the face of a variety of headwinds. The uncertainties surrounding the future are concerning, with inflation concerns and weaker income expectations making consumers' positions on the economy that much more fragile.

Fig. 2: Consumer confidence in future business conditions is also tepid

(Business conditions – next six months, percent of consumers surveyed)



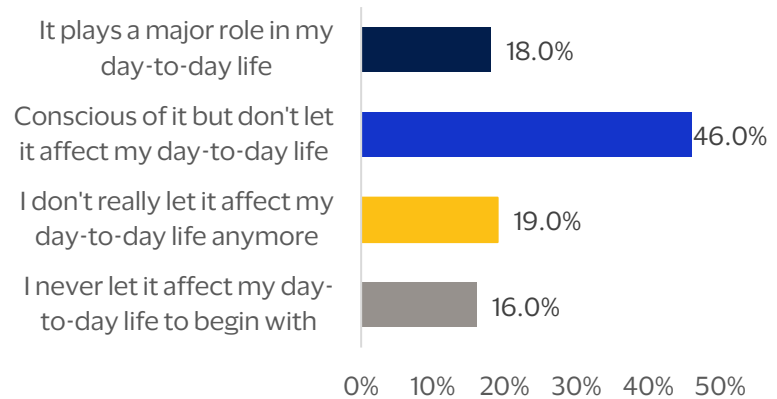
Sources: Visa Business and Economic Insights; Conference Board, Consumer Confidence Index, released February 22, 2021



Consumers are “normalizing” life with COVID-19

More than 80 percent of consumers indicate that they have reached a point where COVID-19 does not rule their daily lives, according to recent consumer survey data from CivicScience. There is strong indication that consumers are increasingly resolved to live with the virus and have its impact lessen their day-to-day lives. Most consumers remain concerned and conscious of it, but are at the very least *trying* not to let it affect their lives as much in 2022. As a result, they may engage in more activities that have been sidelined for the past several years. The 18 percent for whom COVID-19 still plays a major role in their day-to-day lives skews older and female—45 percent are 55 or above, and 57 percent are women.

Fig. 3: Consumers are mostly over COVID-19 affecting their day-to-day lives

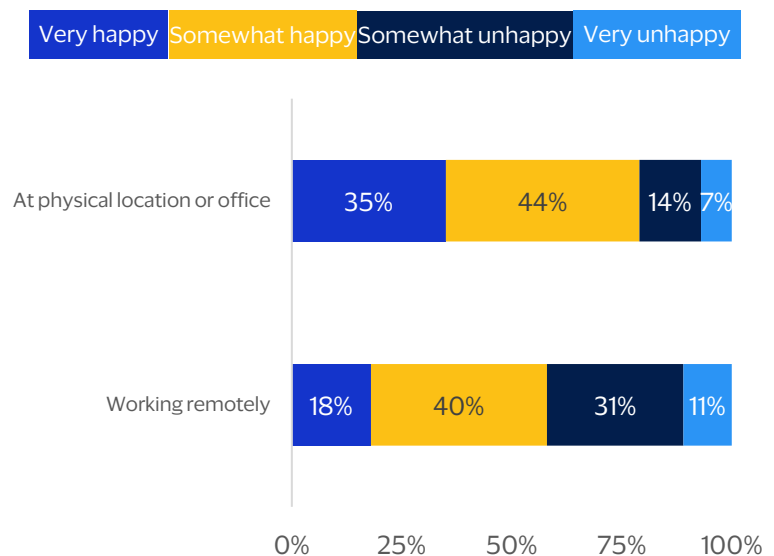


Source: CivicScience Consumer Survey, February 2022

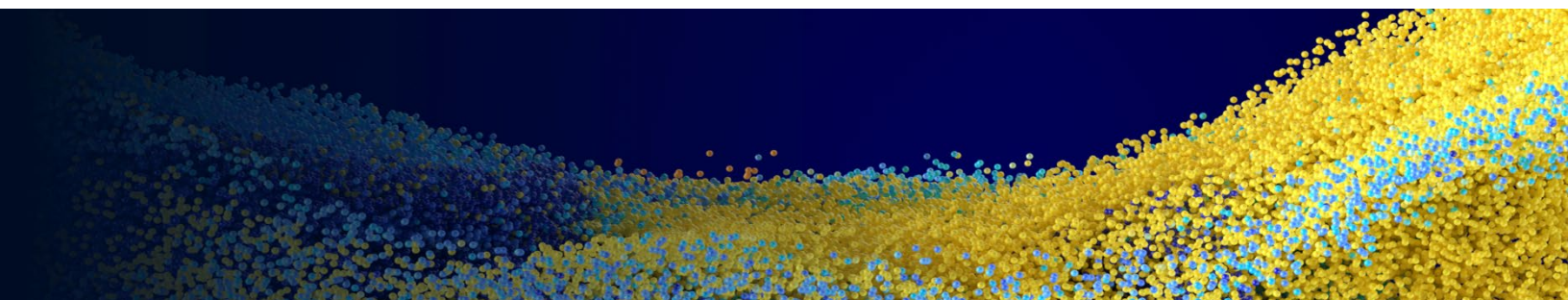
Returning to the office breeds happiness

More consumers who are already back in the office say they are happy compared to those still working remotely. Despite difficulty at many companies deciding how to manage a return to the office, those already working at physical locations indicate higher levels of happiness. In particular, almost twice as many consumers indicate they are “very happy” compared to those who are still working remotely, according to the February 2022 survey by CivicScience. While this is not necessarily causal, the “normalization” of COVID also includes positive views with a return to pre-COVID era routines. Many consumers likely equate returning to the office with an emergence from the throes of the pandemic and some semblance of a return to normal lives. This could be a leading indicator of willingness to engage in a broader array of activities including travel, attending large public events or physical world shopping, and spending associated with such activities.

Fig. 4: Remote work fatigue: consumers already back in the office say they are much happier



Source: CivicScience Consumer Survey, February 2022



Forward-looking statements

This report may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as “outlook”, “forecast”, “projected”, “could”, “expects”, “will” and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statement we make about Visa’s business, economic outlooks, population expansion and analyses. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

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Accessibility notes

1. Line chart for the Consumer Confidence Indices, with the first line for the Present Situation Index ranging from 155.0 in January 2018 to a high of 176.0 in January and August 2019, a low of 68.4 in May 2020 and the latest reading of 145.1 in February 2022. The second line for the Future Expectations Index ranges from 104.0 in January 2018 to a high of 115.0 in October 2018, a low of 77.0 in March 2020, and the latest reading of 87.5 in February 2022.
2. Line chart for the Consumer Confidence Indices of future business conditions for the coming six months, with the first line showing the percentage of consumers who believe business condition will get better, ranging from 22% in January 2018 to a low of 16% in January 2019, a high of 43% in May 2020, and the latest reading of 23% in February 2022. The second line shows those who believe conditions will get worse, ranging from 10% in January 2018 to a low of 7% in October 2018, a high of 26% in April 2020, and the latest reading of 18% in February 2022.
3. Bar chart showing various readings of the role COVID-19 plays in consumers' lives, with 18% indicating it plays a major role in their lives; 46% are conscious of it, but don't let it run their day-to-day lives, 19% stating they don't really let it affect their day-to-day lives anymore, and 16% stating they never let it affect their lives to begin with.
4. Stacked bar chart showing the cross-tabulation between workers happiness and whether they are working remotely or at a physical location/office. The first bar shows those working at a physical location or office, among whom 35% are very happy, 44% are somewhat happy, 14% are somewhat unhappy, and 7% are very unhappy. The second bar shows those working remotely, among whom 18% are very happy, 40% are somewhat happy, 31% are somewhat unhappy, and 11% are very unhappy.

