



Monthly Consumer Monitor

July 2019
Business and Economic Insights

Visa's analysis indicates the most recent U.S. consumer sector economic data remains strong, although spending is more modest this year relative to last year.



"Real consumer spending has held up so far this year even as consumers were less confident about future economic conditions. Modest consumer spending should continue given the current economic fundamentals such as employment growth and wage gains."

Michael Brown
Principal U.S. Economist, Visa Inc.

All eyes are on income growth

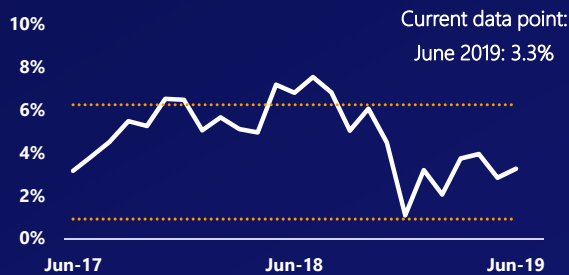
Retail sales growth rebounded to 3.3 percent year-over-year (YoY) in June, consistent with the stronger-than-expected job growth for the month.

- A comparison of retail sales and nominal personal spending, a broader measure of spending, shows that consumer spending remained solid this quarter, supported by auto sales and spending on services.
- Last year's tax cuts provided a lift to disposable personal income so some lower YoY readings this year are to be expected. However, even after accounting for last year's base effects, disposable income growth has been softer even with benign inflation readings.
- May nominal personal spending remained solid at 4.2 percent YoY, while nondurable goods spending was soft.

Key monthly consumer indicators:

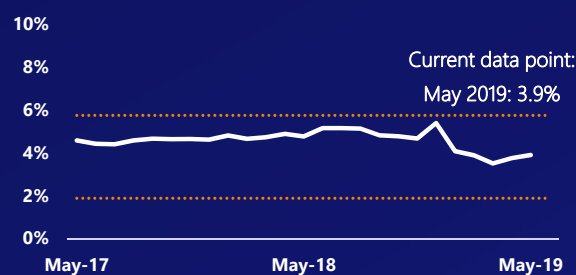
Retail sales excluding auto sales

Year-over-year percent change



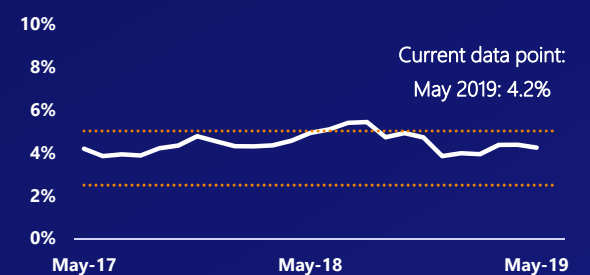
Nominal disposable personal income

Year-over-year percent change



Nominal personal spending

Year-over-year percent change



The orange lines represent the normal range for each measure in the current business cycle, defined as one standard deviation above and below the average change since July 2009.

Sources: Visa Business and Economic Insights and U.S. Department of Commerce



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"Mixed signals this month: The job market is still strong and declining inflation should increase consumer purchasing power. However, a large drop in confidence, especially among older Americans, suggests that consumers remain cautious."

Eric Warner
U.S. Economist, Visa Inc.

Slower job growth has been expected

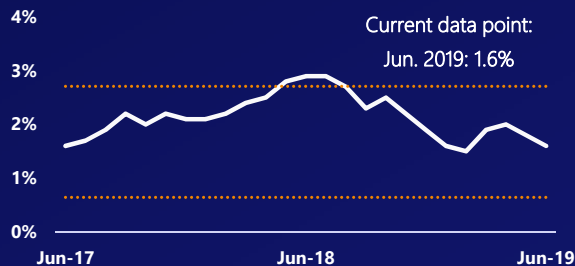
Consumer prices decelerated further in June as gasoline prices continued their downward slide from May:

- The Consumer Confidence Index fell in June to 121.5, from 131.1 in May, as confidence in both current and future economic conditions declined. Confidence among nearly all age and income groups dropped, with the largest declines in confidence among middle income earners and consumers over the age of 55.
- The U.S. economy added 224,000 jobs in June, with broad-based gains. The unemployment rate rose to 3.7 percent due to an influx of new workers participating in the labor force. Average hourly earnings held steady at 3.1 percent YoY. Strong job growth combined with steady earnings should support overall consumer spending growth.

Key monthly consumer indicators:

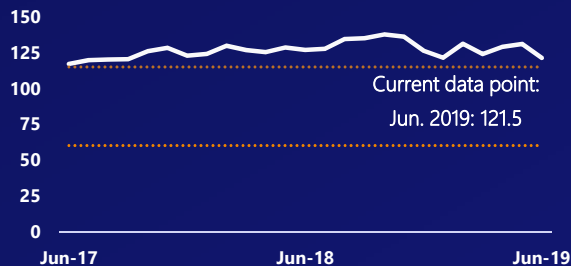
Consumer Price Index

Year-over-year percent change



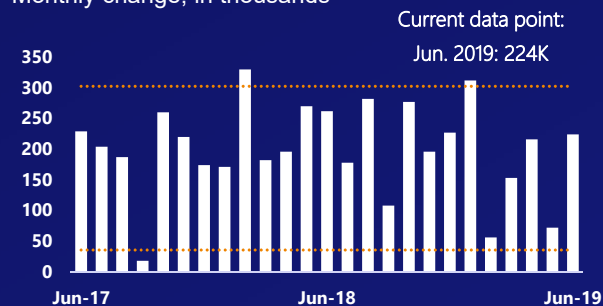
Consumer Confidence Index

Index, 1985=100



Monthly employment growth

Monthly change, in thousands



The orange lines represent the normal range for each measure in the current business cycle, defined as one standard deviation above and below the average change since July 2009.

Sources: Visa Business and Economic Insights, U.S. Department of Labor and Conference Board

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