

Visa's analysis of current economic data indicates that U.S. consumer spending is starting to show signs of a downshift, while job and income growth remain solid.



*"There is evidence that consumer spending softened in February even as job and income growth remained solid. Sales fell across a broad-range of categories for the month. We will be looking for signs of more cautious consumers in the months ahead. "*

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

## Early signals show a downshift in consumer spending

- Retail sales (excluding auto sales) growth decelerated again in February to 4.2 percent on a year-over-year (YoY) basis after a 4.5 percent pace in January. So far this year the growth trend in retail sales has been downward. The closely-watched control group (which feeds into the calculation of GDP growth) was revised higher in January but was flat in February, signaling that consumer spending started to lose a bit of momentum so far in Q1.
- Personal disposable income growth accelerated in January following a slowdown in December. The pick-up in growth was in part due to stronger income from dividends and interest income, which rose 4.1 percent and 1.9 percent respectively.
- Nominal consumer spending rose 4.5 percent in January as durable goods purchases bounced back for the month. Both services and nondurable goods spending softened for the month. Real consumer spending grew 1.7 percent on a three-month annualized basis in January.

## Key monthly consumer indicators:

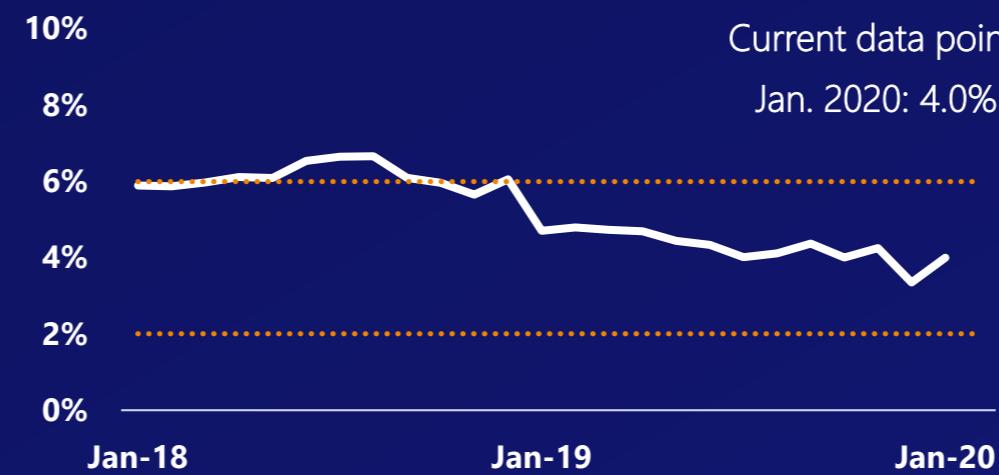
### Retail sales excluding auto sales

YoY percent change



### Nominal disposable personal income

YoY percent change



### Nominal personal spending

YoY 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 August 2009.

\*The control group within retail sales is defined as total retail sales excluding food services, gas stations, autos and building materials sales.

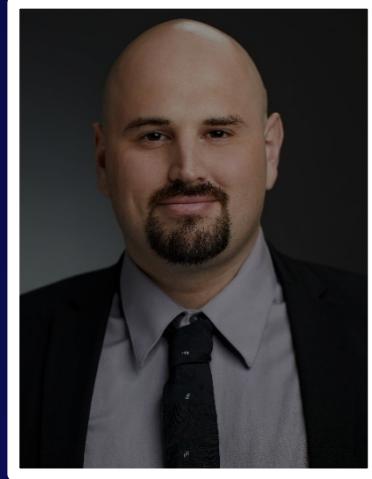
Sources: Visa Business and Economic Insights and U.S. Department of Commerce



# Monthly Consumer Monitor

March 2020  
Business and Economic Insights

Visa's analysis of current economic data indicates that U.S. consumer spending is starting to show signs of a downshift, while job and income growth remain solid.



*"Strong job growth continued for the second straight month, while prices increased more than 2 percent for the fourth month in a row. Consumer confidence remained steady. Overall February's consumer sector data remained solid and it was a great month for consumers."*

**Travis Clark**  
**Associate U.S. Economist, Visa Inc.**

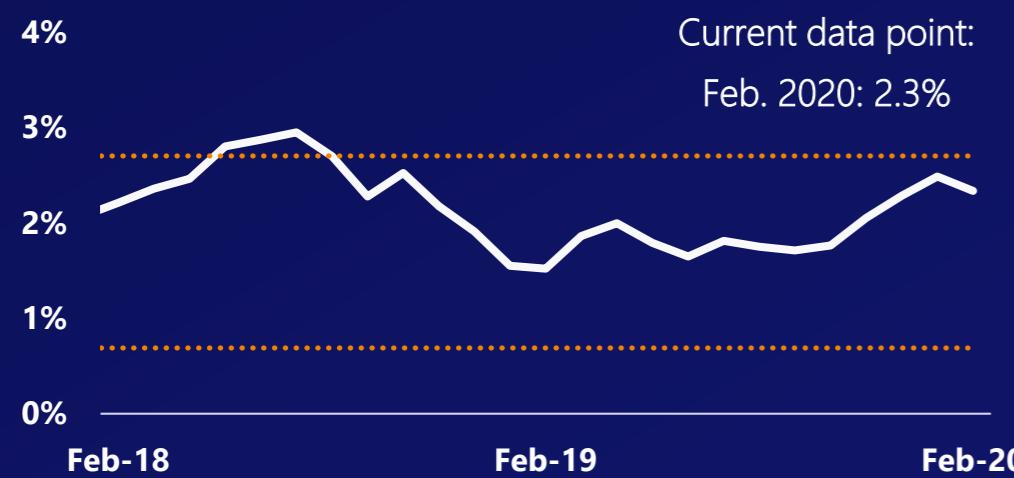
## February job growth matches the strength of January

- February price growth remained above 2 percent (YoY) for the fourth consecutive month, decreasing only 20 basis points for the month. Autos and shelter\* primarily drove price increases in February. Shelter has had extraordinary price growth in this expansion, with month-over-month gains every month since April 2010.
- Consumer confidence changed very little from January to February, increasing just 0.3 points. Consumers' confidence in the present situation fell for the first time since October, while future expectations increased for the second consecutive month.
- The U.S. economy added 273,000 jobs in February. This matched the number of net new jobs added in January, which was revised up by 48,000 jobs. No single month since May 2018 has seen job growth like these past two straight months. As a result, the jobless rate dropped back to 3.5 percent, while the labor force participation rate remained at 63.4 percent for another month.

## Key monthly consumer indicators:

### Consumer Price Index

Year-over-year percent change



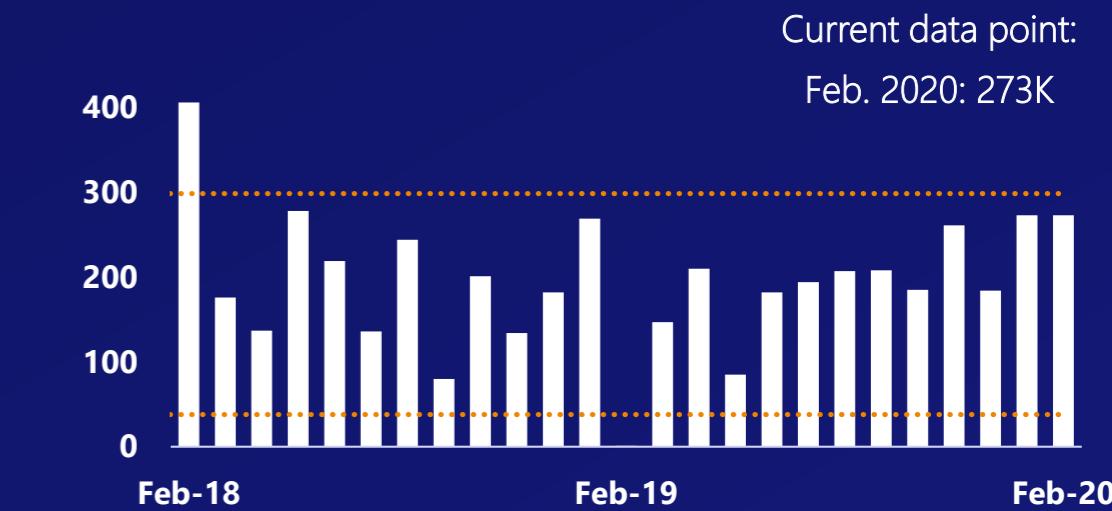
### Consumer Confidence Index

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 August 2009.

## Disclaimer

Studies, survey results, research, recommendations, opportunity assessments, claims, etc. (the 'Statements') should be considered directional only. The Statements should not be relied upon for marketing, legal, regulatory or other advice. The Statements should be independently evaluated in light of your specific business needs and any applicable laws and regulations. Visa is not responsible for your use of the Statements, including errors of any kind, or any assumptions or conclusions you might draw from their use.

For questions about this report, please contact [VisaEconomicInsights@visa.com](mailto:VisaEconomicInsights@visa.com).

For all other questions, please contact your Visa Account Executive.