



U.S. Regional Economic Outlook

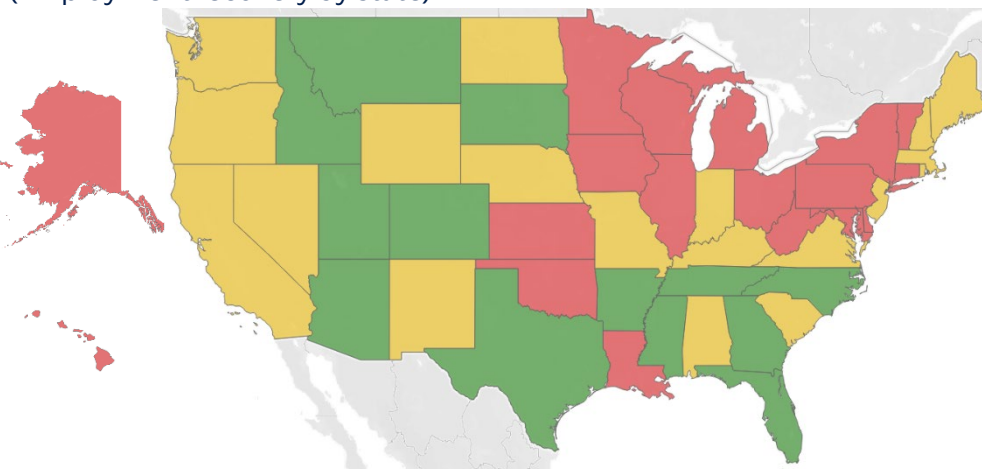
Back to work

Parts of the country are returning to pre-pandemic levels of **employment**. The Mountain census division—including Arizona, Colorado, Utah and other states in the West—started the trend in the fourth quarter of last year, due largely to strong in-migration, a business-friendly environment and some of the hottest housing markets in the nation. The South census region followed soon after, returning to its pre-pandemic level of employment in Q1-2022. Other parts of the country are taking longer to recover. In the Midwest, unfavorable net-migration trends, supply chain issues and high material prices are likely hampering hiring. In the Northeast, robust employment growth rates will continue through 2022, according to our forecast, but the recovery will likely take longer due to the area’s more significant employment losses during the pandemic.

Gross domestic product (GDP) is showing positive signs of growth in some areas of the U.S. as well. The West’s GDP growth was stronger than expected in Q4-2021 thanks in large part to unexpectedly strong growth in California, which was only behind Texas and Oregon in terms of quarter-over-quarter gross state product growth. GDP growth in the rest of the West was also strong. Our forecast indicates this trend should continue through the rest of 2022, largely because of high **consumer spending growth**. We expect the West will replace the South as the region with the strongest consumer spending growth in Q2 and Q3 of this year as pent-up demand for tourism is released and leads to a large boost in retail spending.

Fig. 1: The South has likely recovered to its pre-pandemic level of employment

(Employment recovery by state)



Recovery
■ Recovered
■ 2022
■ 2023

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


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Key Points:

 The West will likely lead the nation in consumer spending growth in the middle of 2022

 The South has likely recovered to its pre-pandemic employment levels

 High input prices will likely hamper growth in the Midwest



Visa's Regional Economic Forecasts



Northeast

Fig. 2: Real gross domestic product (GDP) By region (SA*, YoY percent change)

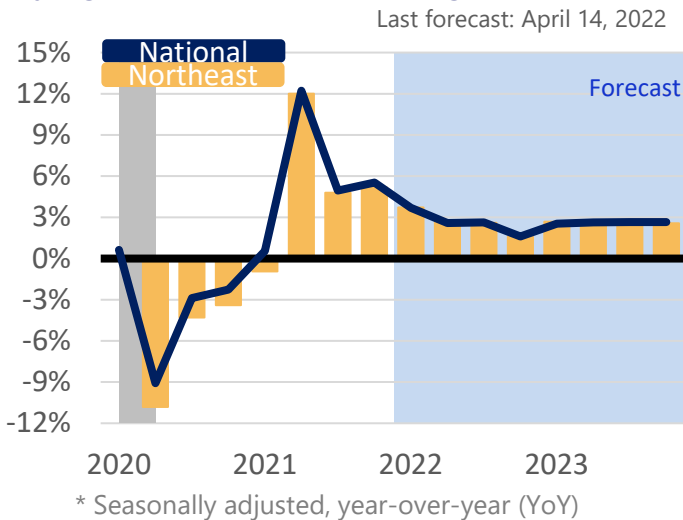
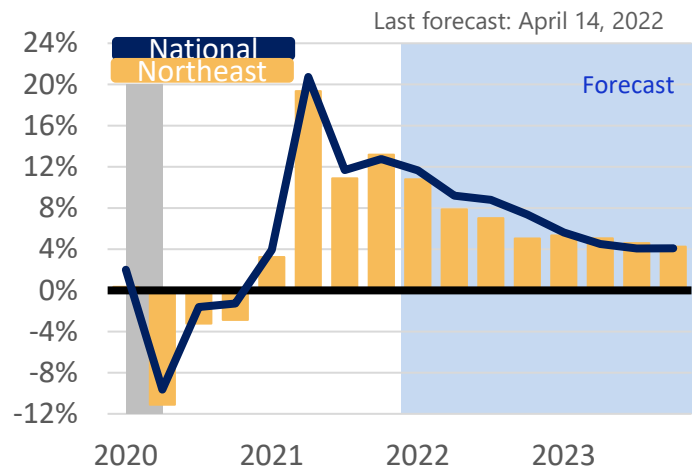


Fig. 3: Nominal personal consumption expenditures By region (SA*, YoY percent change)



Service sector surge

The Northeast posted a stronger than expected GDP growth rate in Q4-2021. New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont) took the lead in the region, with the second-highest YoY growth rate of any census division in the country. This was due in large part to a significant jump in chemical exports (up 11 percent from Q3-2021, according to the Boston Federal Reserve Bank), as well as strong employment growth in the wholesale trade and transportation and warehousing industries. Job gains in the Northeast contributed to higher incomes and led to consumer spending growth that likely outpaced all other regions except the South in Q4.

Employment growth likely ramped up in Q1 as the first two months showed impressive increases, especially in the hard-hit leisure and hospitality sector. The sector helped boost the New York-Newark-Jersey City metro area to the largest YoY job gain in February among the 12 largest metro areas in the country. Job gains in both New England and the Mid-Atlantic (New York, New Jersey, Pennsylvania) census divisions were concentrated in leisure and hospitality, indicating that tourism is returning as COVID restrictions are eased. This has likely boosted discretionary spending in the region. As a result of strong employment growth since December, we now expect the Northeast to return to its pre-pandemic level of employment in Q1-2023. The faster employment recovery will contribute to consumer spending growth in the Northeast outpacing all other regions in the country for 2022. This higher consumer spending growth also lifted our expectations of GDP growth for the region in 2022. We now expect it to be second highest in the country, matching growth in the South. While persistently high inflation and labor market tightness are still downside risks to our outlook, we expect robust growth in the region to continue despite these challenges.

Northeast

	2021				2022				Actual		Forecast	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	2022	2023
Gross Domestic Product (YoY % Chg.)	-0.9	12.0	4.8	5.2	3.7	2.7	2.6	1.6	-4.6	5.3	2.7	2.6
Nominal Personal Consumption (YoY % Chg.)	3.2	19.4	10.9	13.2	10.8	7.9	7.0	5.0	-4.2	11.7	7.7	4.8
Consumer Confidence Index	94.2	115.6	114.0	118.9	106.7	108.4	112.4	115.2	91.6	110.7	110.7	119.5
Employment (YoY % Chg.)	-7.6	11.8	5.8	4.4	4.6	4.4	4.3	4.2	-8.6	3.6	4.4	3.8

Forecast as of April 14, 2022.

Sources: Visa Business and Economic Insights analysis of data from the U.S. Department of Commerce, U.S. Department of Labor, The Federal Reserve Bank of Boston and The Conference Board.

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South

Fig. 4: Real gross domestic product (GDP) By region (SA*, YoY percent change)

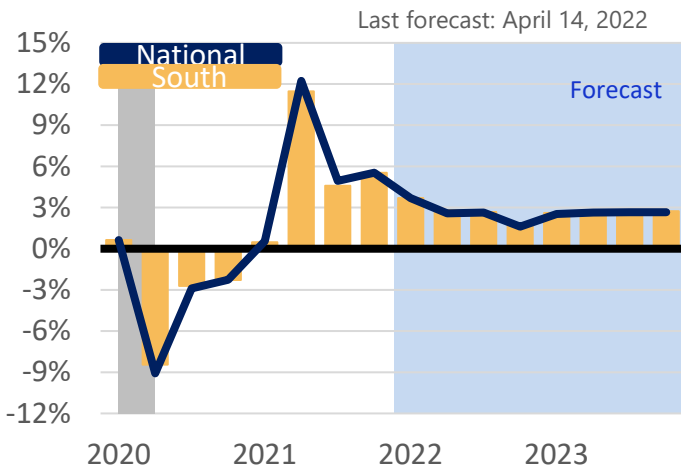
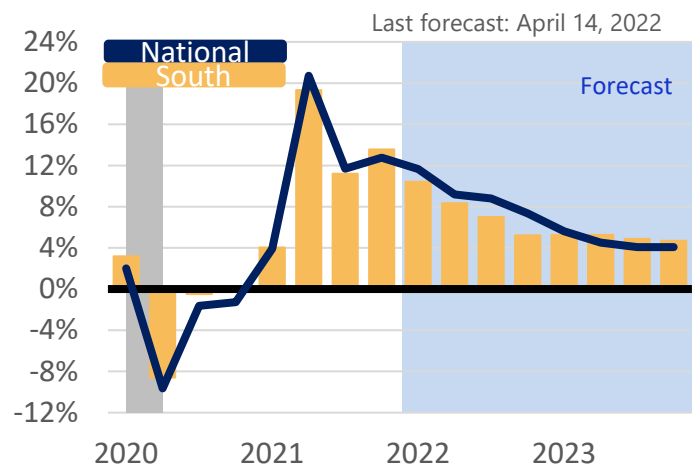


Fig. 5: Nominal personal consumption expenditures By region (SA*, YoY percent change)



* Seasonally adjusted, year-over-year (YoY)

Full job recovery complete

GDP growth in the South remained strong in Q4-2021 as estimated consumer spending growth outpaced all other regions and rising oil prices helped the West South Central (Texas, Louisiana, Oklahoma) tie New England for the second highest YoY GDP growth of any census region in the country. Employment growth for the region matched the national average in Q4-2021, which brought the region to just 0.49 percent below its pre-pandemic level of employment.

Our forecasts indicated that the South reached its pre-pandemic level of employment in Q1-2022, which turned out to be confirmed by the March state employment numbers. This made it the first region to reach that milestone. While states like Oklahoma, Louisiana, Maryland, and West Virginia are not expected to recover until 2023, the strong in-migration trends in states like Texas, Florida, Georgia and North Carolina likely already more than made up for the difference. The favorable net-migration trends and business-friendly environment for many states in the South are likely to continue through both 2022 and 2023, which will give the South the largest increase over its pre-pandemic level of employment of all four regions. These employment dynamics should lead to consumer spending growth remaining robust throughout the remainder of 2022, but inflation rates may threaten discretionary spending as the South has had the highest average YoY growth in consumer prices recently. In light of these inflation pressures, we do not expect the South to continue to lead consumer spending growth in 2022. However, given the robust employment dynamics and elevated incomes in the West South Central from high oil prices, we are expecting the South's GDP growth to remain robust throughout 2022.

South

	2021				2022				Actual / Forecast			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	2022	2023
Gross Domestic Product (YoY % Chg.)	0.5	11.5	4.6	5.5	3.7	2.8	2.7	1.8	-3.2	5.5	2.7	2.7
Nominal Personal Consumption (YoY % Chg.)	4.0	19.3	11.2	13.6	10.4	8.3	7.0	5.2	-1.5	12.0	7.7	5.0
Consumer Confidence Index	101.1	116.8	113.0	113.2	107.5	109.2	113.2	116.0	106.1	111.0	111.5	120.3
Employment (YoY % Chg.)	-3.9	8.2	5.1	4.3	4.5	4.1	3.8	3.6	-4.7	3.4	4.0	3.3

Forecast as of April 14, 2022

Sources: Visa Business and Economic Insights analysis of data from the U.S. Department of Commerce, U.S. Department of Labor and The Conference Board.

Visa's Regional Economic Forecasts



Midwest

Fig. 6: Real gross domestic product (GDP) By region (SA*, YoY percent change)

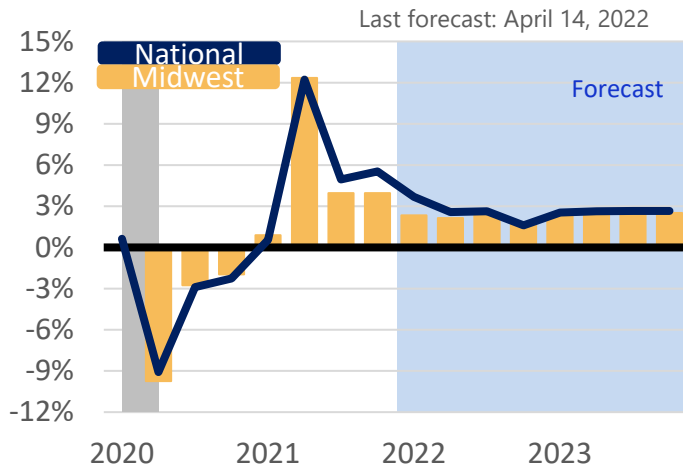
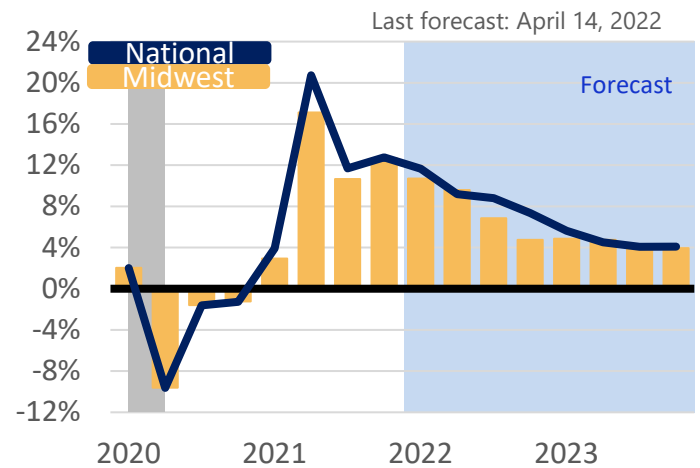


Fig. 7: Nominal personal consumption expenditures By region (SA*, YoY percent change)



* Seasonally adjusted, year-over-year (YoY)

Short-term headwinds and long-term challenges

As expected, the Midwest continues to underperform the rest of the nation. The Midwest had the slowest growth rates in employment, personal consumption expenditures, and GDP at the end of 2021 by a considerable margin. Global supply chain disruptions hampered its manufacturing sector in the second half of the year, and persistent out-migration put pressure on local businesses and housing markets. Energy companies in North and South Dakota had trouble recruiting enough workers during the cold winter months, resulting in a major missed opportunity for economic growth and vibrancy. These trends led to low levels of consumer confidence across the region, which contributed to weak consumer spending growth in Q4.

Compared to the rest of the nation, the Midwest economy likely remained sluggish in Q1-2022, with slower than average growth in employment, consumer spending, and GDP. Even as some supply chain issues have begun to improve, others have worsened and new bottlenecks have emerged, pointing to further challenges for the region's prominent manufacturing cluster. Some of this weakness will be offset by high energy and commodity prices, which will deliver larger profits to farms and oil companies. That said, out-migration and industry outsourcing will persist throughout 2022 and 2023, indicating that the long-term outlook remains soft. We expect that nominal personal consumption expenditures will increase by 8 percent in 2022, which sounds impressive, but likely reflects a favorable comparison to slow growth relative to the previous year. Based on our estimates, the Midwest will be among the last regions to reach a full employment recovery and will not return to pre-recession levels until Q1-2023.

Midwest

	2021				2022				Actual		Forecast	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	2022	2023
Gross Domestic Product (YoY % Chg.)	0.9	12.3	4.0	4.0	2.3	2.1	2.3	1.7	-3.6	5.3	2.1	2.5
Nominal Personal Consumption (YoY % Chg.)	2.9	17.1	10.6	12.7	10.7	9.6	6.8	4.8	-2.6	10.8	8.0	4.4
Consumer Confidence Index	101.8	117.4	116.3	111.0	104.1	105.8	109.8	112.6	106.6	111.6	108.1	116.9
Employment (YoY % Chg.)	-5.1	9.0	3.6	2.9	3.0	3.0	3.1	3.1	-6.2	2.6	3.1	2.8

Forecast as of April 14, 2022.

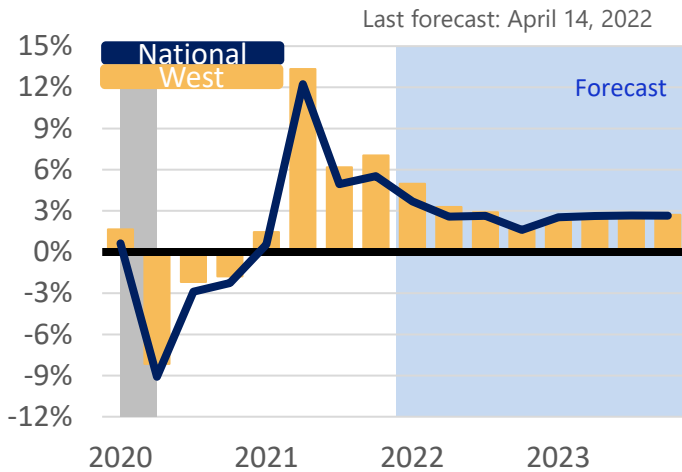
Sources: Visa Business and Economic Insights analysis of data from the U.S. Department of Commerce, U.S. Department of Labor and The Conference Board.

Visa's Regional Economic Forecasts



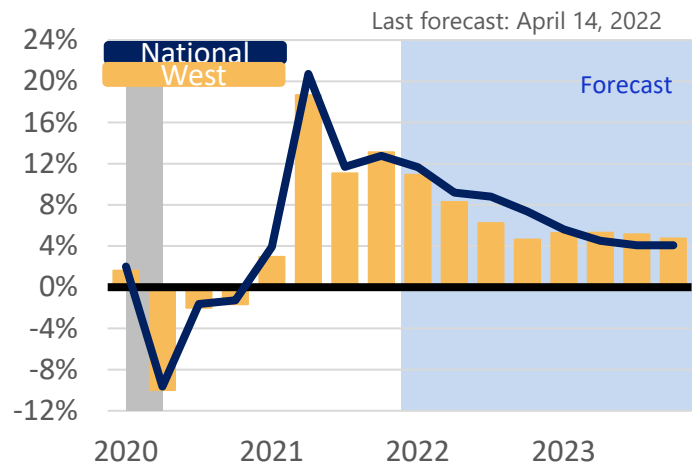
West

Fig. 8: Real gross domestic product (GDP) By region (SA*, YoY percent change)



* Seasonally adjusted, year-over-year (YoY)

Fig. 9: Nominal personal consumption expenditures By region (SA*, YoY percent change)



Boom times are back

The West continues to outperform other regions, rounding out Q4-2021 with significant gains in employment and GDP. The Pacific division (Alaska, California, Hawaii, Oregon, Washington) led the nation in both categories as California's recovery accelerated from its previously sluggish pace. In Q4, the Mountain division (Arizona, Colorado, Idaho, New Mexico, Montana, Utah, Nevada, Wyoming) became the first to reach a full employment recovery due in large part to favorable migration trends and hot housing markets. Consumer spending expanded at a rapid pace across the West at the end of the year, bringing total nominal personal consumption expenditures to 13 percent above their pre-recession peak.

We estimate that the West continued to outpace all other regions in GDP, consumer spending, and employment growth in Q1-2022, with the Pacific division showing truly impressive growth numbers. After an Omicron-induced slowdown in tourism activity at the end of last year, it is likely that travel will rebound, leading to greater job creation and a meaningful acceleration in consumer spending in 2022. Employment growth should be particularly strong in Hawaii and Nevada as visitors pour into beaches, hotels, and restaurants after a two-year hiatus. As a whole, the West region is on the precipice of a full labor market recovery. We expect that by the end of this quarter, an early recovery in the Mountain division and strong catch-up growth in the Pacific division will enable the West to regain all jobs that were lost during the recession. In terms of GDP and employment growth, our forecasts expect the West to lead all other regions throughout 2022. By 2023, the West will move to the middle of the pack as certain headwinds take hold, including out-migration from Coastal California and exceptionally tight labor markets in the Mountain division.

West

	2021				2022				Actual		Forecast	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	2022	2023
Gross Domestic Product (YoY % Chg.)	1.5	13.3	6.2	7.0	5.0	3.3	2.9	1.7	-2.6	7.0	3.2	2.6
Nominal Personal Consumption (YoY % Chg.)	3.0	18.7	11.1	13.1	10.9	8.3	6.2	4.6	-3.0	11.4	7.5	5.1
Consumer Confidence Index	101.0	119.5	115.9	118.0	113.9	115.5	119.5	122.4	97.1	113.6	117.8	126.6
Employment (YoY % Chg.)	-6.5	9.1	6.7	5.5	5.9	4.8	4.4	4.3	-6.2	3.7	4.9	3.6

Forecast as of April 14, 2022.

Sources: Visa Business and Economic Insights analysis of data from the U.S. Department of Commerce, U.S. Department of Labor and The Conference Board.



Accessibility notes

Fig. 1: A map showing the year when each state is expected to reach its pre-pandemic level of employment. Most of the South has likely already recovered, while the West is expected to reach its previous levels by the end of 2022, and the Northeast and the Midwest in 2023.

Fig. 2: Bar chart showing the Northeast's year-over-year (YoY) Gross Domestic Product (GDP) growth ranging from 1.99 percent in Q1-2019 to a low of -10.82 percent in Q2-2020 and a high of 12.01 percent in Q2-2021 combined with a line chart showing national YoY GDP growth ranging from 2.27 percent in Q1-2019 to a low of -9.08 percent in Q2-2020 and high of 12.2 percent in Q2-2021. YoY growth is forecast to reach 3.72 percent in Q1-2022 and 2.71 percent in Q2-2022 for the Northeast, while national growth is forecast at 3.7 percent and 2.6 percent, respectively. The Northeast is forecast to finish 2022 and 2023 at 1.6 percent and 2.56 percent GDP growth, respectively, while national GDP growth is forecast to be at 1.6 percent and 2.7 percent, respectively, at year-end 2022 and 2023.

Fig. 3: Bar chart showing the Northeast's year-over-year (YoY) Nominal Personal Consumption Expenditure (NPCE) growth ranging from 3.41 percent in Q1-2019 to a low of -11.11 percent in Q2-2020 and a high of 19.4 percent in Q2-2021, combined with a line chart showing national YoY NPCE growth ranging from 3.79 percent in Q1-2019 to a low of -9.64 percent YoY growth in Q2-2020 and a high of 20.7 percent in Q2-2021. YoY NPCE growth is forecast to reach 10.8 percent in Q1-2022 and 7.9 percent in Q2-2022 for the Northeast, with 11.7 percent and 9.2 percent, respectively, forecast at the national level. The Northeast is forecast to finish 2022 and 2023 with YoY NPCE growth at 5.0 percent and 4.3 percent, respectively, while national growth of 7.4 percent and 4.1 percent is expected at year-end 2022 and 2023.

Fig. 4: Bar chart showing the South's year-over-year (YoY) Gross Domestic Product (GDP) growth ranging from 2.45 percent in Q1-2019 to a low of -8.44 percent in Q2-2020 and a high of 11.46 percent in Q2-2021 combined with a line chart showing national YoY GDP growth ranging from 2.27 percent to a low of -9.08 percent YoY growth in Q2-2020 and a high of 12.2 percent in Q2-2021. YoY growth is forecast to reach 3.69 percent in Q1-2022 and 2.81 percent in Q2-2022 for the South, with a respective 3.7 percent and 2.6 percent forecast at the national level. The South is forecast to finish 2022 and 2023 at 1.77 percent and 2.73 percent GDP growth respectively, while national growth of 1.6 percent and 2.7 percent is expected at year-end 2022 and 2023.

Fig. 5: Bar chart showing the South's year-over-year (YoY) Nominal Personal Consumption Expenditure (NPCE) growth ranging from 3.58 percent in Q1-2019 to a low of -8.59 percent in Q2-2020 and a high of 19.3 percent in Q2-2021 combined with a line chart showing national YoY NPCE growth ranging from 3.79 percent to a low of -9.64 percent in Q2-2020 and a high of 20.7 percent in Q2-2021. YoY NPCE growth is forecast to reach 10.4 percent in Q1-2022 and 8.3 percent in Q2-2022 for the South, with 11.7 percent and 9.2 percent, respectively, forecast at the national level. The South is forecast to finish 2022 and 2023 with YoY NPCE growth at 5.2 percent and 4.7 percent, respectively, while national growth of 7.4 percent and 4.1 percent is expected at year-end 2022 and 2023.

Fig. 6: Bar chart showing the Midwest's year-over-year (YoY) Gross Domestic Product (GDP) growth ranging from 1.13 percent in Q1-2019 to a low of -9.74 percent YoY growth in Q2-2020 and a high of 12.34 percent in Q2-2021 combined with a line chart showing national YoY GDP growth ranging from 2.27 percent in Q1-2019 to a low of -9.08 percent YoY growth in Q2-2020 and high of 12.2 percent in Q2-2021. YoY GDP growth is forecast to reach 2.34 percent in Q1-2022 and 2.14 percent in Q2-2022 for the Midwest, with a respective 3.7 percent and 2.6 percent forecast at the national level. The Midwest is forecast to finish 2022 and 2023 at 1.7 and 2.51 percent GDP growth, respectively, while national GDP growth is forecast to be at 1.6 percent and 2.7 percent at year-end 2022 and 2023.



Accessibility notes (cont.)

Fig. 7: Bar chart showing the Midwest's year-over-year (YoY) Nominal Personal Consumption Expenditure (NPCE) growth ranging from 2.56 percent in Q1-2019 to a low of -9.61 percent YoY growth in Q2-2020 and a high of 17.1 percent in Q2-2021 combined with a line chart showing national YoY NPCE growth ranging from 3.79 percent to a low of -9.64 percent in Q2-2020 and a high of 20.7 percent in Q2-2021. YoY NPCE growth is forecast to reach 10.7 percent in Q1-2022 and 9.6 percent growth in Q2-2022 for the Midwest, with 11.7 percent and 9.2 percent respectively forecast at the national level. The Midwest is forecast to finish 2022 and 2023 with YoY NPCE growth at 4.8 percent and 3.9 percent, respectively, while national growth of 7.4 percent and 4.1 percent is expected at year-end 2022 and 2023.

Fig. 8: Bar chart showing the West's year-over-year (YoY) Gross Domestic Product (GDP) growth ranging from 3.12 percent in Q1-2019 to a low of -8.15 percent in Q2-2020 and a high of 13.33 percent in Q2-2021 combined with a line chart showing national YoY GDP growth ranging from 2.27 percent in Q1-2019 to a low of -9.08 percent YoY growth in Q2-2020 and high of 12.2 percent in Q2-2021. YoY GDP growth is forecast to reach 4.98 percent YoY growth in Q1-2022 and 3.29 percent growth in Q2-2022 for the West, with a respective 3.7 percent and 2.6 percent forecast at the national level. The West is forecast to finish 2022 and 2023 at 1.73 percent and 2.72 percent GDP growth respectively, while national growth of 1.6 percent and 2.7 percent is expected at year-end 2022 and 2023.

Fig. 9: Bar chart showing the West's year-over-year (YoY) Nominal Personal Consumption Expenditure (NPCE) growth ranging from 4.53 percent in Q1-2019 to a low of -9.99 percent in Q2-2020 and a high of 18.7 percent in Q2-2021 combined with a line chart showing national YoY NPCE growth ranging from 3.79 percent in Q1-2019 to a low of -9.64 percent in Q2-2020 and a high of 20.7 percent in Q2-2021. YoY NPCE growth is forecast to reach 10.9 percent YoY growth in Q1-2022 and 8.3 percent growth in Q2-2022 for the West, with 11.7 percent and 9.2 percent respectively forecast at the national level. The West is forecast to finish 2022 and 2023 with YoY NPCE growth at 4.6 percent and 4.7 percent, respectively, while national growth of 7.4 percent and 4.1 percent is expected at year-end 2022 and 2023.





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. Expect 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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