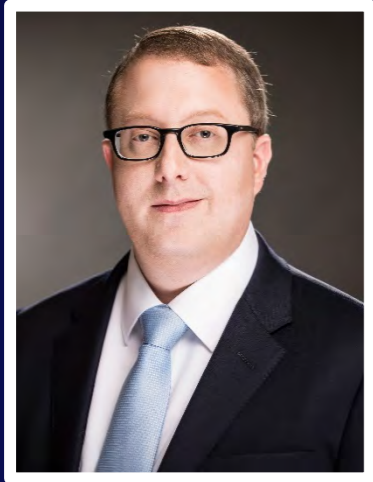


Visa's analysis of current economic data indicates the U.S. consumer recovery is losing some momentum.



"Holiday sales were strong this year, but the more goods-centric definition of holiday sales and higher prices mostly drove that strong showing. Services spending, which typically accounts for the bulk of consumer spending, remains well below pre-recession levels."

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

Holiday sales rise 8.5 percent, most on record

- Holiday sales* rose 8.5 percent over last year's level. Holiday spending is heavily weighted towards goods and also includes e-commerce, both of which drove the gains. Non-store or e-commerce sales slipped in both November and December but remained up 21.3 percent year-over-year (YoY). Among the strongest holiday categories were sporting goods and book stores (+14.9 percent) and grocery and liquor stores (+9.6 percent).
- Disposable income growth slowed to 4.3 percent YoY in November as stimulus effects began to wane. Government social benefits, which capture unemployment insurance benefits, fell 3.3 percent MoM as many individuals began to exhaust their benefits.
- Nominal consumer spending in November fell 0.4 percent from the prior month, with total spending down 1.3 percent on a YoY basis. Consumers slowed spending in response to the expiration of federal stimulus programs and continued surges in COVID cases. The recovery in consumer spending remained unequal across spending categories—goods purchases were up 6.9 percent YoY versus services spending, which was down 4.9 percent from a year ago.

Key monthly consumer indicators:

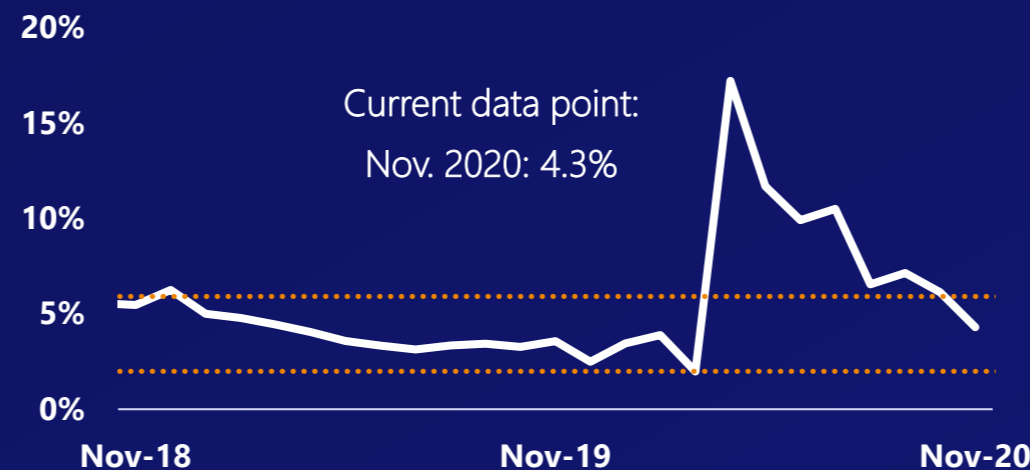
Retail sales excluding auto sales

YoY percent change



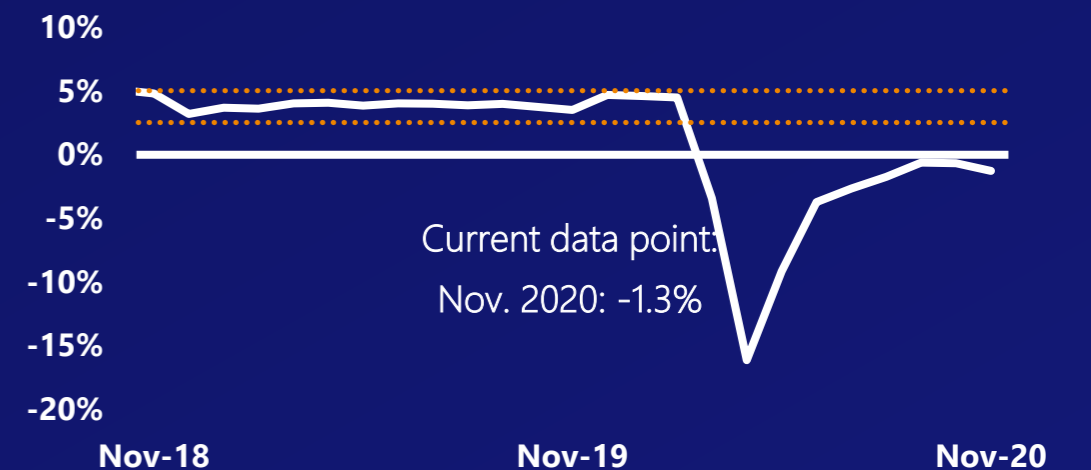
Nominal disposable personal income

YoY percent change



Nominal personal spending

YoY percent change



The orange lines represent the normal range for each measure for the prior expansion, defined as one standard deviation above and below the average change from July 2009 to February 2020.

*We define holiday sales as retail sales on all forms of payment less sales at automotive dealers, gas stations and restaurants for the months of November and December.

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

Visa's analysis of current economic data indicates the U.S. consumer recovery is losing some momentum.



"Job growth decelerated each month since June, indicating a tenuous recovery that is relying on external stimulus for support. Most concerning is the elevated number of workers who are long-term unemployed, since job skills will diminish during periods without work."

Jeffrey Roach
Senior U.S. Economist, Visa Inc.

COVID lockdowns in December produce first decline in jobs since April

- Consumer price growth rose 1.4 percent year-over-year (YoY), signifying an acceleration of inflation. Prices for both new and used vehicles increased in December with strong consumer demand. The used car market is especially strong, pushing prices up 10 percent from last year.
- The Consumer Confidence Index decreased to 88.6 in December, with a precipitous decline of 15.6 points in the present situation component leading the drop in the index. However, consumers are slightly more optimistic about the future relative to last month—the expectations component rose 3.2 points to 87.5, with more consumers saying business conditions will improve in the next six months.
- In December, the U.S. economy lost jobs for the first time since the start of the recovery last May, losing 140,000 jobs concentrated primarily in leisure and hospitality (-498,000) and government (-45,000). A number of other areas recorded job gains, including professional and business services (+161,000) and retail (+121,000). The absence of broad-based job losses suggests that some of this softness is likely short-term in nature. The unemployment rate in December remained unchanged at 6.7 percent.

Key monthly consumer indicators:

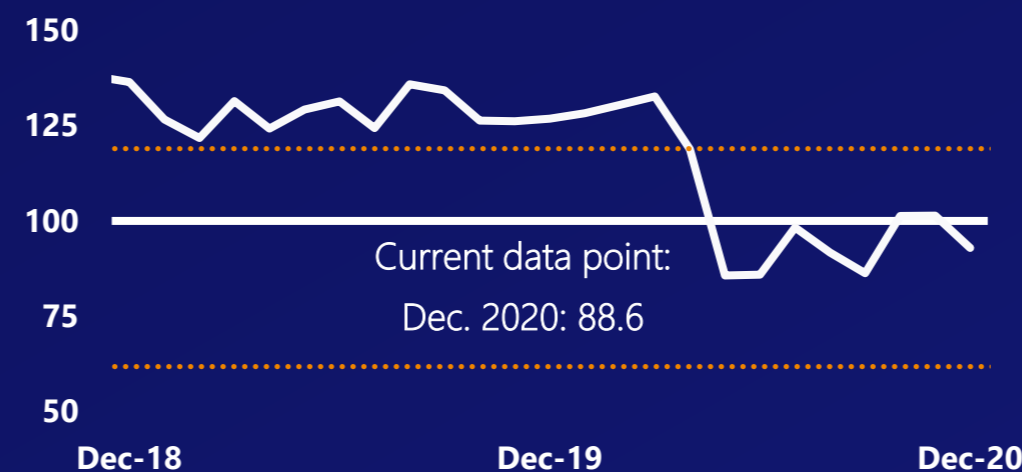
Consumer Price Index

Year-over-year percent change



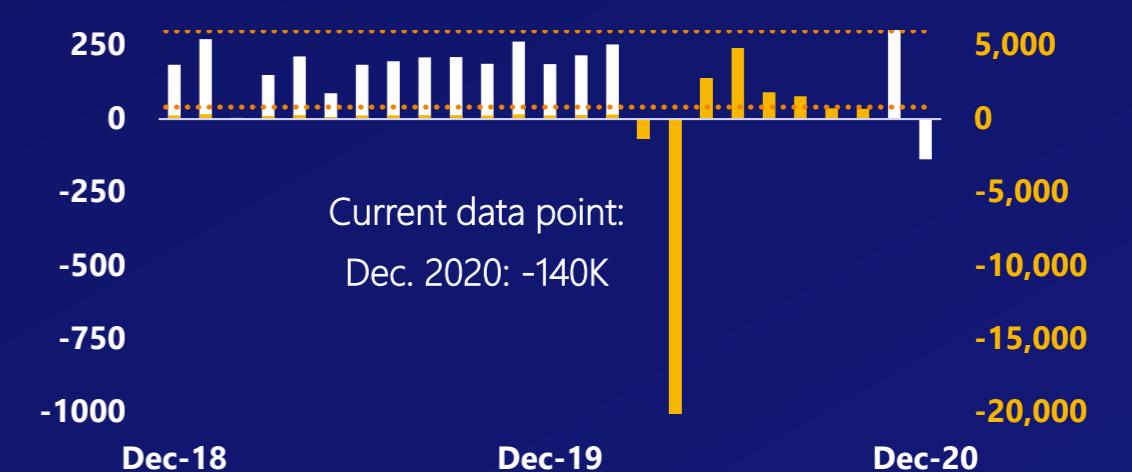
Consumer Confidence Index

Index, 1985=100



Monthly employment growth

Monthly change, in thousands



The orange lines represent the normal range for each measure for the prior expansion, defined as one standard deviation above and below the average change from July 2009 to February 2020.

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

March-October job numbers shown on orange axis (right) due to the dramatic changes in those months.

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