

Visa's analysis of current economic data indicates that U.S. consumer activity further moderated in August.



"Retail sales (ex-autos) have now returned to their long-run average growth rate, which is a positive sign the economic recovery continues. However, this trend masks some underlying softness that has emerged in recent months. Overall consumer spending remains well below its pre-recession peak."

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

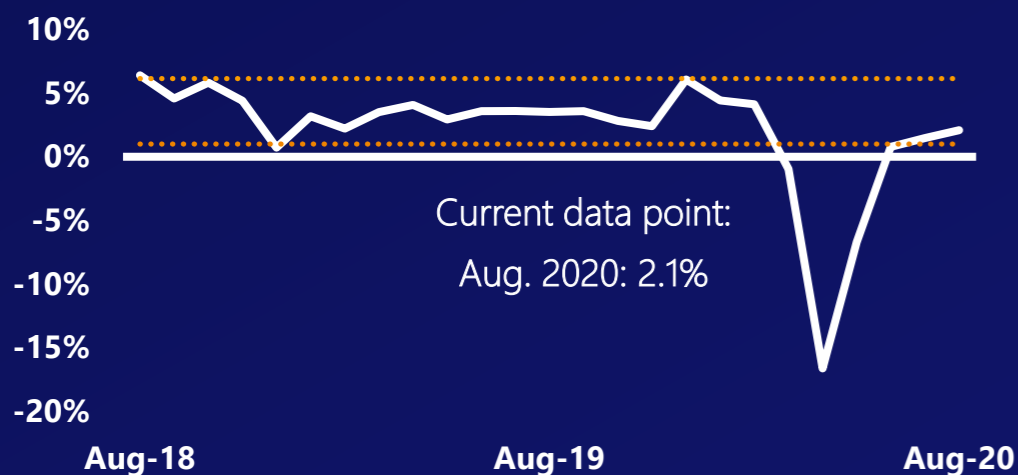
Retail sales improvement moderates in July

- Retail sales (excluding auto sales) rose 0.7 percent from July's level of sales and now stands 2.1 percent above last year's levels. The closely-watched control group (which feeds into the calculation of GDP growth) fell for the first time since April, indicating the consumer recovery may be losing steam.
- An improvement in wage and salary growth, along with continued federal economic recovery payments, helped drive growth in personal disposable income, which rose 9.5 percent from last July's level. The manufacturing sector had the strongest wage and salary gains, underscoring the sector's rebound. The saving rate remained elevated at 17.8 percent of disposable income. This is well off its high of 33.7 percent in April as the wide-spread shelter-in-place orders dramatically reduced consumer spending.
- Nominal consumer spending continued to improve on a month-over-month (MoM) basis in July, rising 1.9 percent. Even with the MoM improvement, consumer spending remains 2.8 percent below last year's level. Durable goods purchases continue to hold up, rising an additional 3.1 percent MoM in July while spending on services continues to lag, rising a more modest 1.9 percent MoM.

Key monthly consumer indicators:

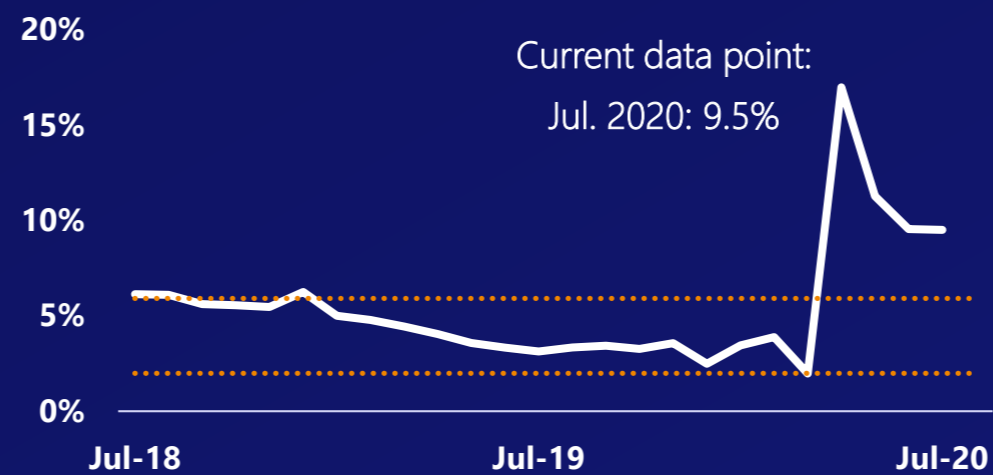
Retail sales excluding auto sales

YoY percent change



Nominal disposable personal income

YoY percent change



Nominal personal spending

YoY percent change

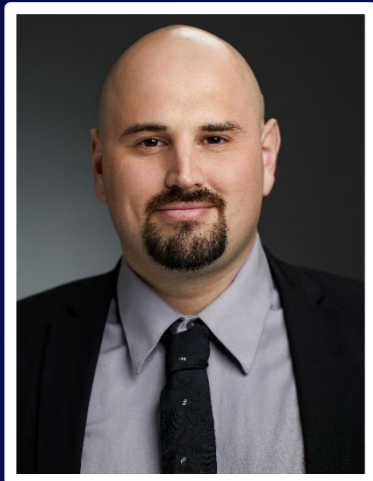


The orange lines represent the normal range for each measure for the prior expansion, defined as one standard deviation above and below the average change from August 2009 to February 2020.

*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

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"The pace of job growth slowed once again as firms continued to be cautious on the economic outlook. While price growth has shown consistent improvement since June, a slowly recovering labor market and a spike in COVID cases in July have put a dent in consumer confidence."

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

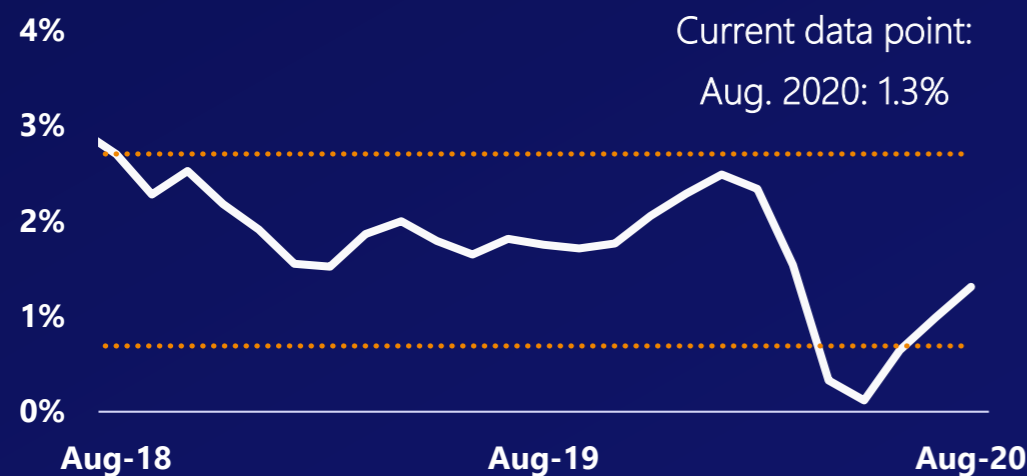
Labor market continues its slow recovery; consumers lose confidence

- Consumer price growth rose 30 basis points for the second consecutive month to 1.3 percent (YoY) in August. Food at home (grocery) prices remained static from July's level while food away from home prices rose for a second month in a row as consumer demand rebounded following COVID restrictions.
- Overall consumer confidence fell for a second straight month, dropping 6.9 points from July. Confidence in current business and labor market conditions fell 11.7 points from last month to 84.2, while future expectations fell just 3.7 points to 85.2 in the same period. Confidence fell across all age ranges for the second consecutive month, with those under 35 experiencing the largest drop in confidence since July.
- The labor market continued its slow recovery in August with roughly 1.37 million new jobs added. Approximately 11.5 million more jobs are needed in order to reach pre-COVID levels. Despite the slower pace of job growth, the unemployment rate fell 1.8 percentage points to 8.4 percent in August, due in part to the labor force participation rate falling back to June's level of 61.8 percent.

Key monthly consumer indicators:

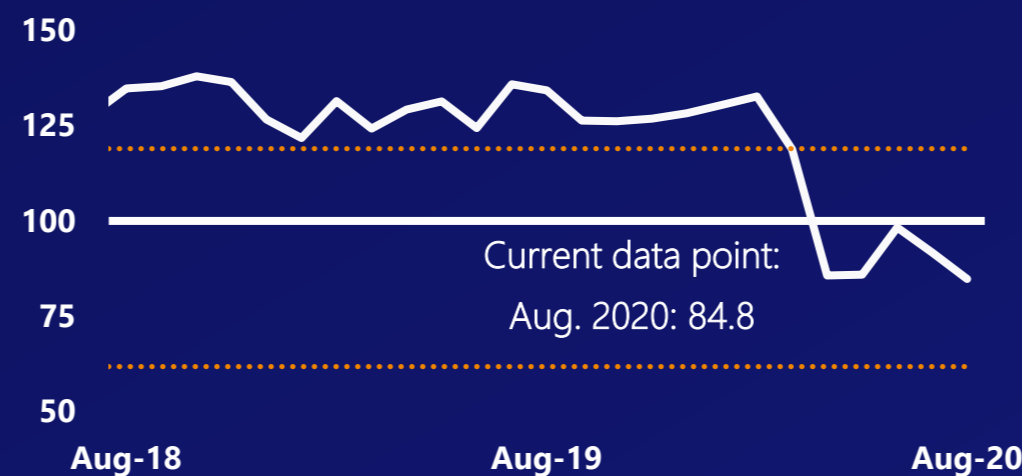
Consumer Price Index

Year-over-year percent change



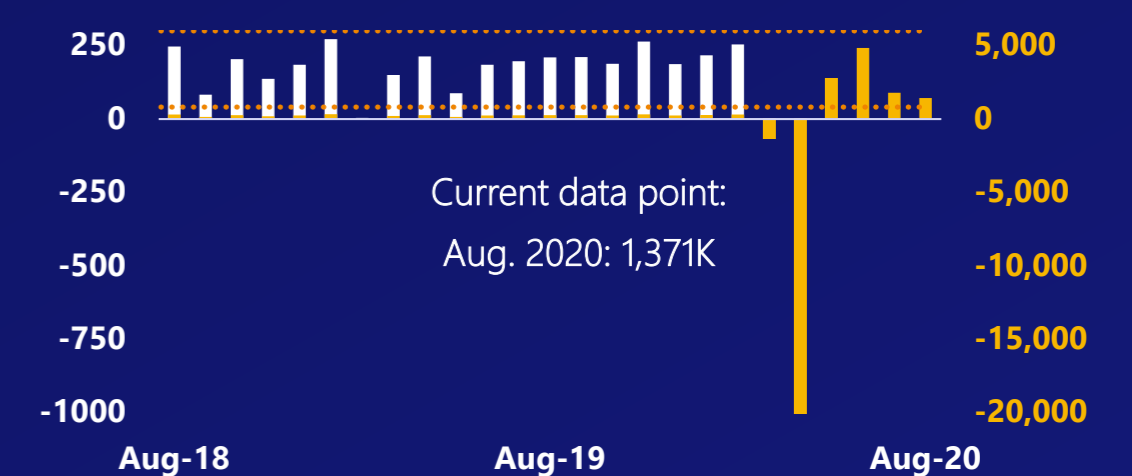
Consumer Confidence Index

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

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