

Visa's analysis of current economic data indicates that U.S. consumer spending stalled in April as stimulus effects waned



"Now that we are lapping the sharp contraction in spending this time last year, many year-over-year readings are difficult to interpret. That said, the impressive rebound, fueled in part by the stimulus payments, has kickstarted consumer spending into high gear to begin Q2."

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

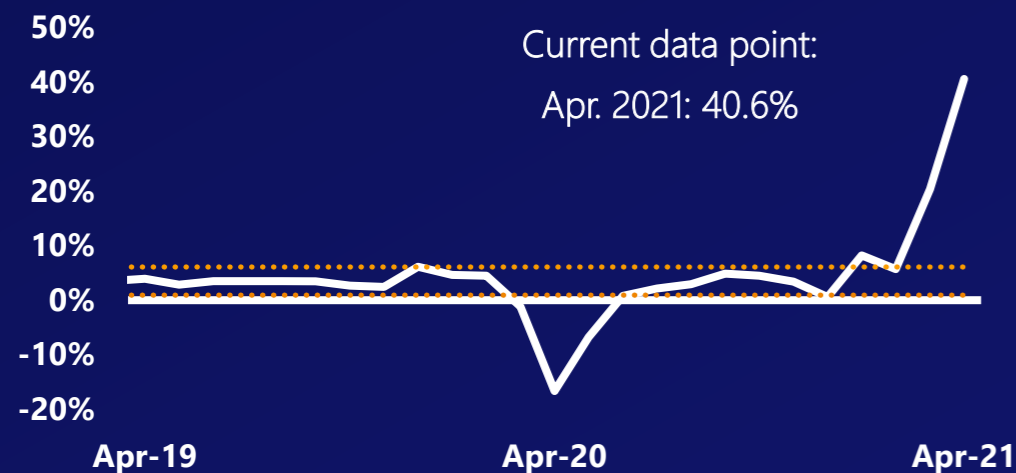
## Retail sales stall in April

- Retail sales excluding autos fell 0.8 percent month-over-month (MoM) in April after consumers exhausted stimulus payments from the prior month. Year-over-year (YoY) growth in retail sales ex-autos is now up 40.6 percent, given the low base during the lockdowns in April 2020. Restaurant spending rose 3 percent MoM as the country eased restrictions on indoor dining.
- Nominal disposable income grew 32.3 percent YoY in March. Government stimulus checks and other pandemic-related assistance roughly doubled from the previous month, boosting income by 21.1 percent MoM. The savings rate spiked up to 27.6 percent and is almost triple the long-run average.
- Nominal consumer spending in March rose 10.9 percent from a year ago, boosted by another round of stimulus payments. Consumers favor spending on goods versus services and that divergence actually widened in March despite most states progressing with reopenings and vaccinations. Sporting goods (bikes and boats) are still hot ticket items since the pandemic began and consumers are finally restocking and refreshing their wardrobes.

## Key monthly consumer indicators:

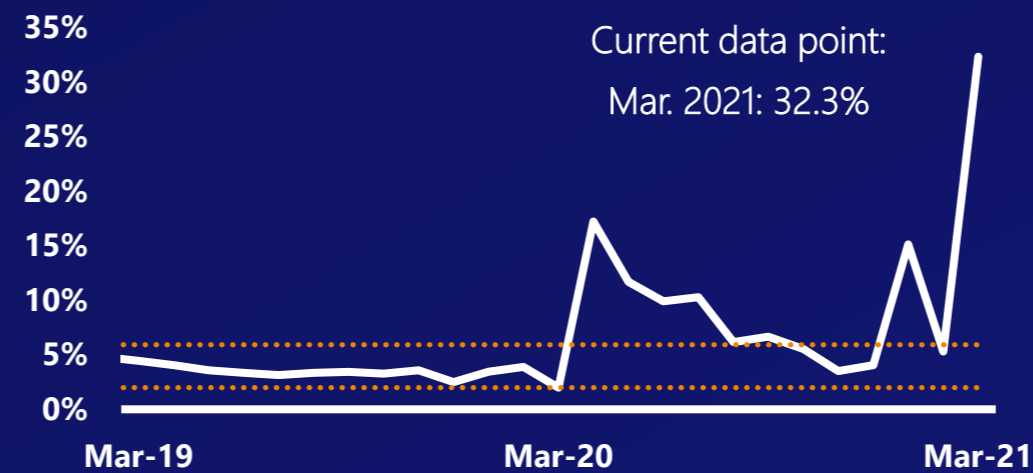
### Retail sales excluding auto sales

YoY percent change



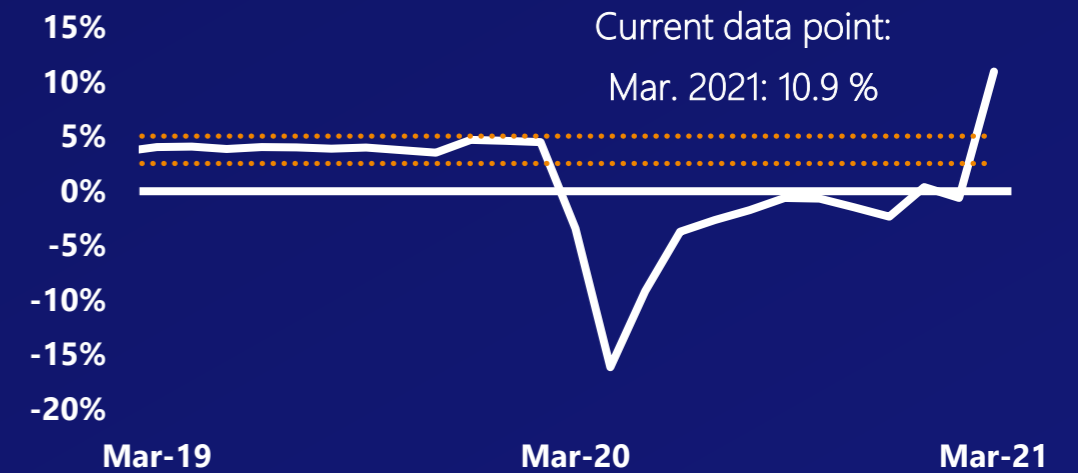
### Nominal disposable personal income

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.

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

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*"The Conference Board survey shows that consumers feel jobs are plentiful, which is in line with recent employment reports. Consumer confidence in New England, Mid Atlantic and Pacific regions is very close to fully recovering."*

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

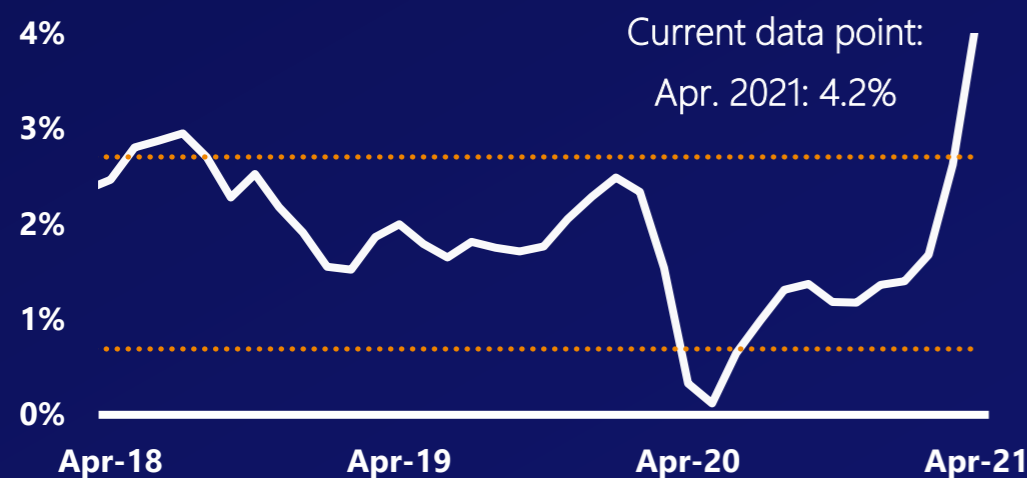
## Consumer confidence and consumer prices surged in April

- Consumer prices rose 0.8 percent MoM in April, pushing prices up 4.2 percent YoY. Core prices, which exclude food and energy, rose 0.9 percent MoM or 3.0 percent YoY. Roughly half of the monthly increase in CPI was from areas that cannot get workers (e.g. restaurants, hotels) or areas that have supply constraints (e.g. auto-related sectors). Lower labor force participation rates and heavy supply constraints put upward pressure on prices.
- Consumer confidence rose for the fourth consecutive month to 121.7 in April, the highest since the beginning of the pandemic. Consumers' views on the current environment have diverged again from their future expectations, which could signal growing consumer caution. However, buying plans for homes are the highest since August 2002. The recent increase in mortgage rates did not squelch this component.
- The U.S. economy added 266,000 jobs in April following a downwardly revised 770,000 jobs added in March. Job growth was flat or slightly negative in several sectors. Leisure and hospitality added 331,000 jobs while sectors such as professional and business services, transportation and warehouse, and auto manufacturing all reduced jobs.

## Key monthly consumer indicators:

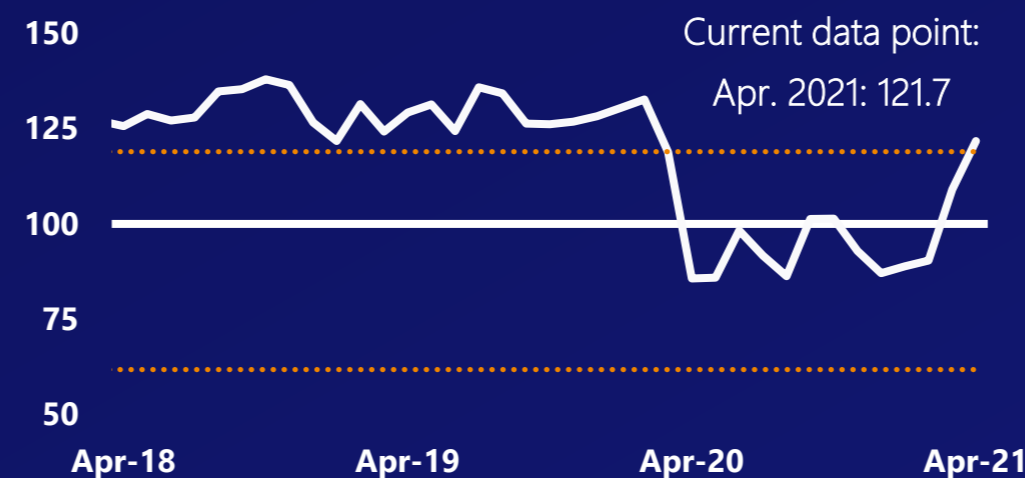
### Consumer Price Index

Year-over-year percent change



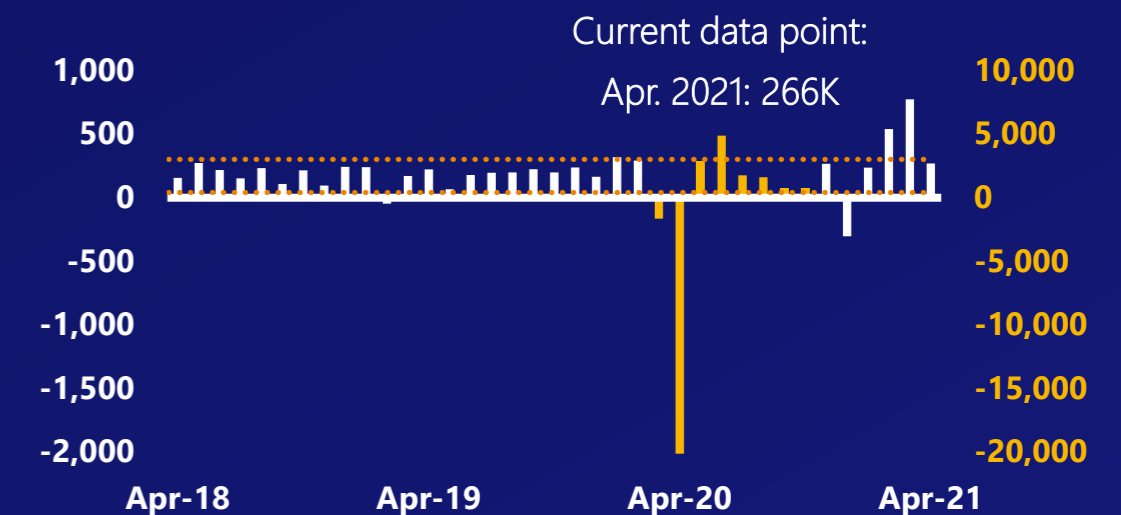
### Consumer Confidence Index

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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