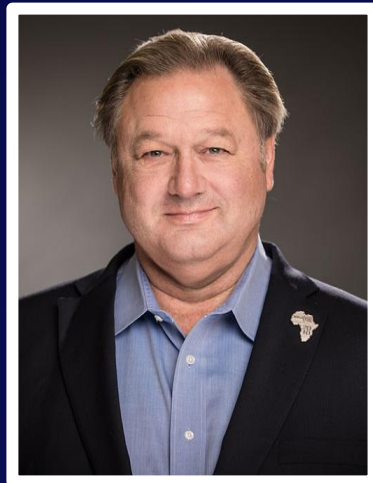




Monthly Consumer Monitor

June 2019
Business and Economic Insights

Visa's analysis of the most recent consumer sector economic data indicates consumer spending should accelerate in the second quarter.



"Looking past softer retail sales headline growth reveals strength in consumer spending in May. This retail sales report also suggests spending on durable goods should rebound in May, helping to support overall personal spending."

Wayne Best
Chief Economist, Visa Inc.

Retail sales are stronger than they look

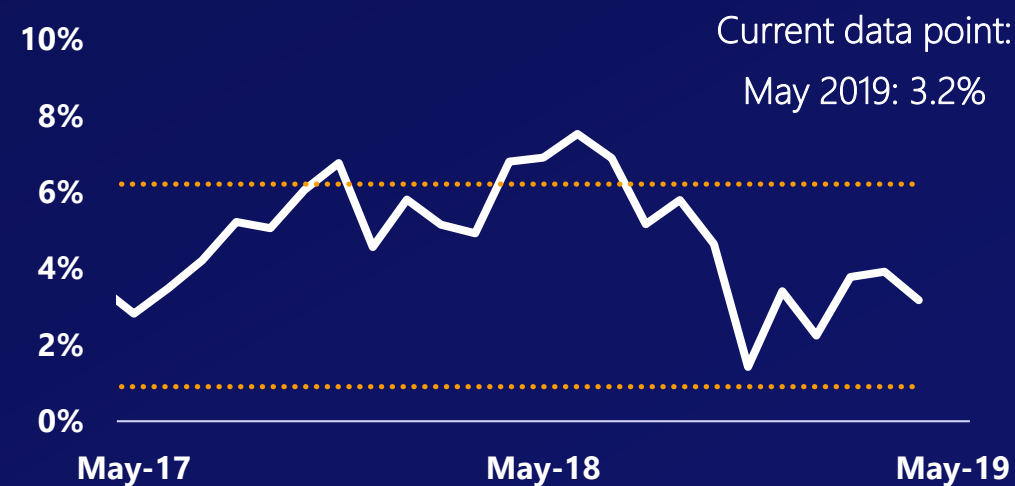
Retail sales growth slowed further to 3.2 percent year-over-year (YoY) in May, although MoM retail sales growth accelerated from April's reading. The acceleration in May suggests greater momentum behind spending in Q2.

- Strong retail sales ex-automobiles growth last year masked improvements in the retail spending situation in May. Last year's bump in spending was largely due to effects from tax cuts, which are beginning to unwind a year later.
- Disposable personal income rebounded slightly in April to 3.8 percent YoY. A tight labor market has helped lift wage growth, while better financial market conditions led to a jump in interest and dividend income.
- Nominal personal spending softened to 4.3 percent YoY due largely to declines in spending on durable goods and services.

Key monthly consumer indicators:

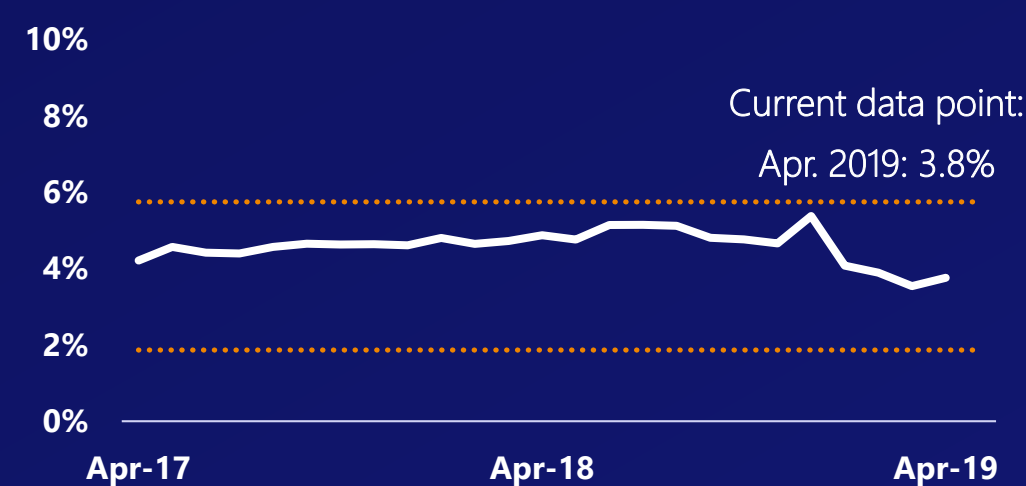
Retail sales excluding auto sales

Year-over-year percent change



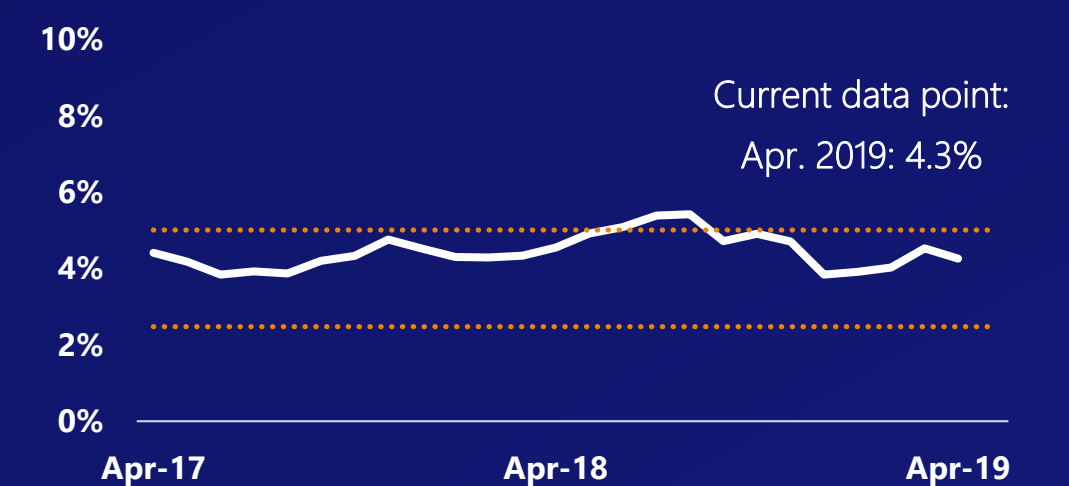
Nominal disposable personal income

Year-over-year percent change



Nominal personal spending

Year-over-year 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 July 2009.



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"The slowdown in monthly job gains is to be expected: we are simply running out of workers to hire, with more job openings than unemployed workers. The fact that consumers remain confident should be a positive sign for consumer spending."

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

Slower job growth has been expected

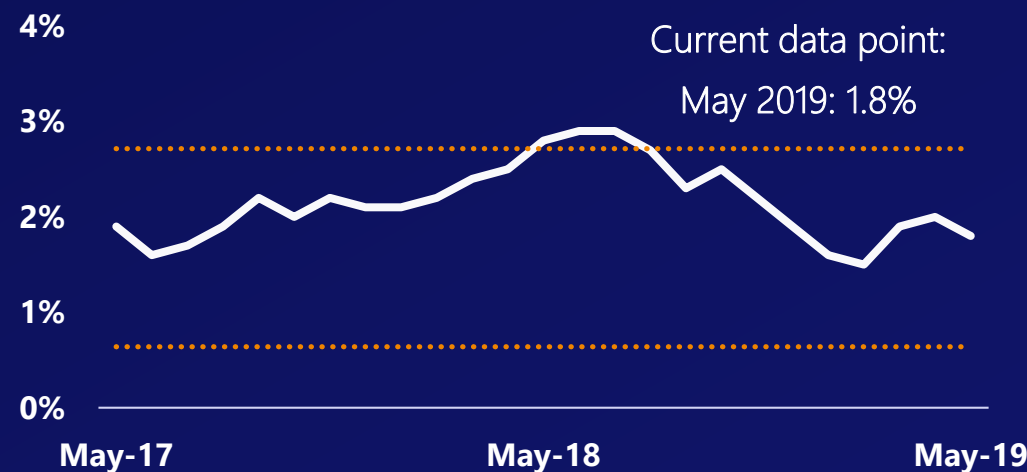
Consumer prices decelerated in May as gasoline prices slid for the month:

- The Consumer Confidence Index climbed higher in May to 134.1, from 129.2 in April. Consumers' assessment of both current and future economic conditions improved. One concerning aspect of the report was that consumer confidence fell for those below the age of 35 to the lowest reading since September 2016.
- The U.S. economy added just 75,000 jobs in May and the unemployment rate remained unchanged at 3.6 percent. Average hourly earnings decelerated slightly but remain up over 3 percent YoY. While there were very few jobs added in May, only two major sectors lost jobs for the month, implying the slower pace of job growth has more to do with a tight labor market rather than a deterioration of economic conditions.

Key monthly consumer indicators:

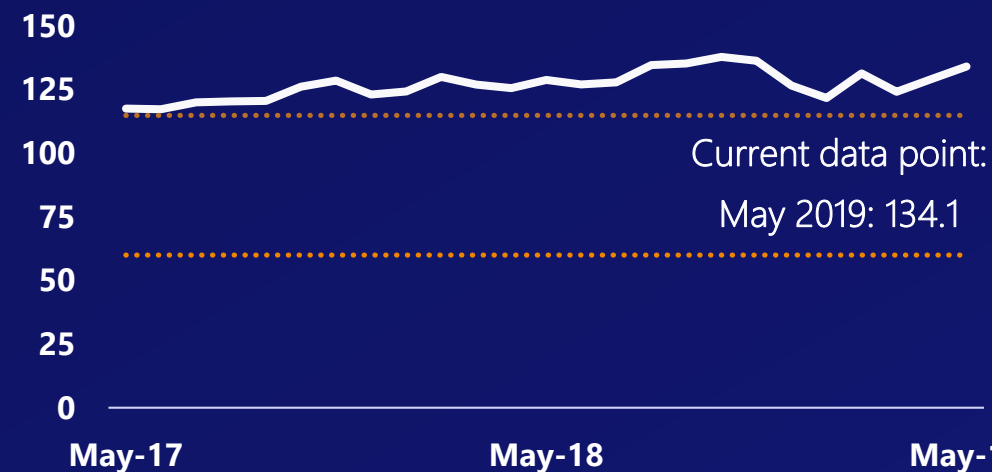
Consumer Price Index

Year-over-year percent change



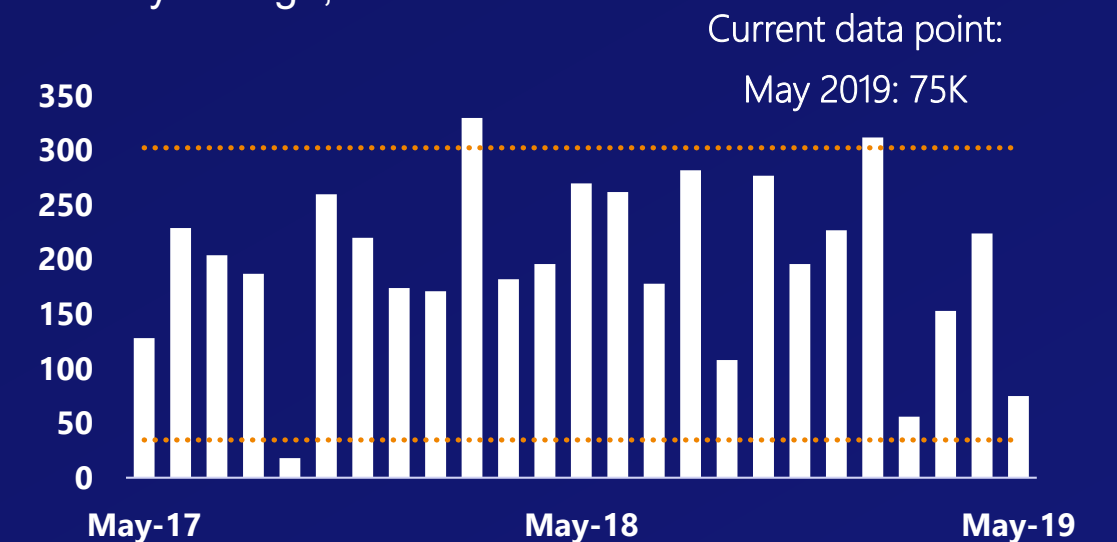
Consumer Confidence Index

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 July 2009.

Disclaimer

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