



Monthly Consumer Monitor

August 2019
Business and Economic Insights

Visa's analysis of current economic data indicates that fundamentals behind consumer spending remain strong to start the third quarter.



"Consumer spending remains the key support to economic growth. Concerns are rising over the potential for equity market volatility to adversely impact consumer confidence."

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

Retail sales jump in July, signaling a solid start to Q3

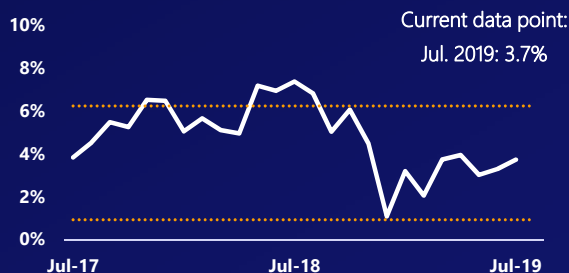
Retail sales (excluding auto sales) growth accelerated further to 3.7 percent year-over-year (YoY) in July. Department stores, non-store retailers (which include e-commerce) and food and beverage stores were among the categories with the strongest spending growth for the month. Categories of retail sales that feed into the calculation of GDP were also robust, rising 1 percent.

- June nominal personal disposable income growth remained closer to the upper bound of its post-recession average at 4.7 percent. With the release of the Q2 GDP data, wage growth over the last five years was revised sharply higher.
- Real consumer spending rose a robust 4.3 percent in Q2 after a soft 1.1 percent rise in Q1. Nominal consumer spending in June rose 3.9 percent YoY, with spending on durable goods and services rising the fastest.

Key monthly consumer indicators:

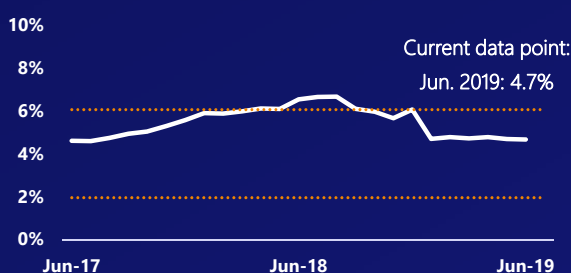
Retail sales excluding auto sales

Year-over-year percent change



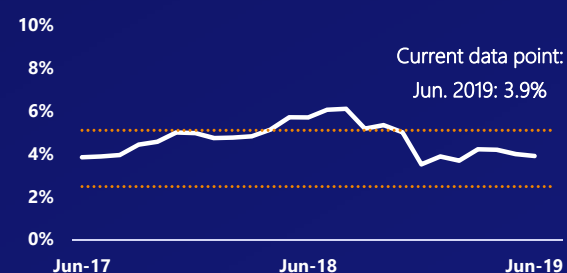
Nominal disposable personal income

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 August 2009.

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



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Consumer fundamentals remain strong

Tariffs helped drive up consumer prices in July relative to the same period last year:

- Increased economic expectations for the next six months sent the Consumer Confidence Index up nearly 12 points in July. However, economic expectations vary considerably by region— expectations grew throughout the Eastern U.S. states and the Midwest, but declined in Western states.
- The U.S. economy added 164,000 jobs in July, again posting broad-based gains. Unemployment remained stable at 3.7 percent and average hourly earnings rose slightly to 3.2 percent YoY. Continued strength in the labor market should support retail spending growth at the start of the third quarter.



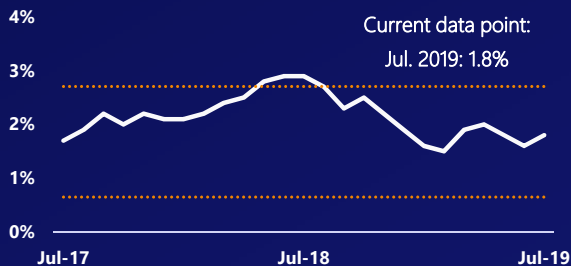
"A solid labor market and rising future expectations among consumers should support spending. But recent data shows that tariffs are starting to trickle down to consumer goods, which could drag on spending growth."

Eric Warner
U.S. Economist, Visa Inc.

Key monthly consumer indicators:

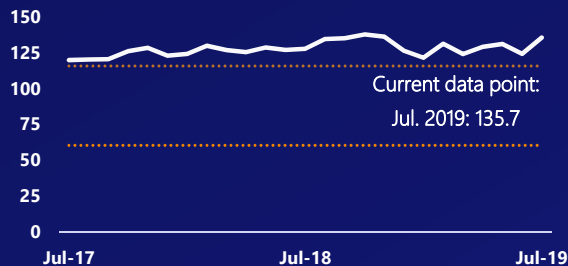
Consumer Price Index

Year-over-year percent change



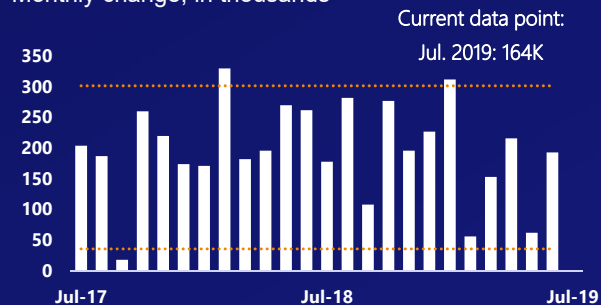
Consumer Confidence Index

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 August 2009.

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

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For all other questions, please contact your Visa Account Executive.