

Visa's analysis of the most recent consumer sector economic data indicates that consumer spending in the first quarter ended on a solid note.



"Consumer fears of a downturn dominated in the first quarter, weighing on confidence and spending activity. Positive trends in hiring activity and robust wage growth should help to lift sentiment and spending activity in the months ahead."

Wayne Best
Chief Economist, Visa Inc.

Income growth implies momentum behind Q2 consumer spending

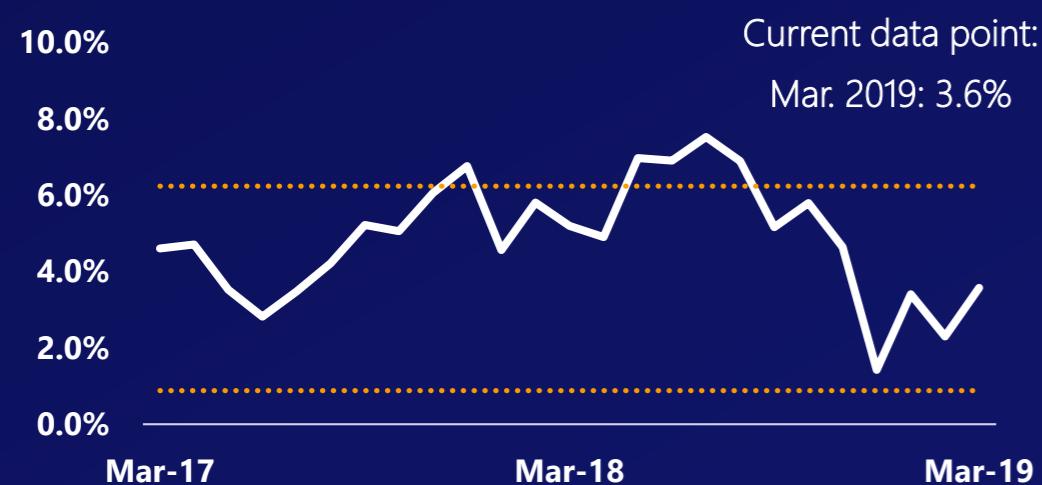
Consumer spending softened significantly in Q1:

- Retail sales excluding autos rebounded sharply in March, rising 3.6 percent after slowing in February. The fact that first quarter retail spending ended on a positive note is promising for second quarter consumer spending.
- Income growth downshifted at the start of the year but remains up 4.3 percent for the year as of February, with wage growth providing the key support to income gains.
- While spending growth decelerated across many spending categories, a pullback in automobile sales was the primary driver of the contraction in durable goods spending in January.

Key Monthly Consumer Indicators:

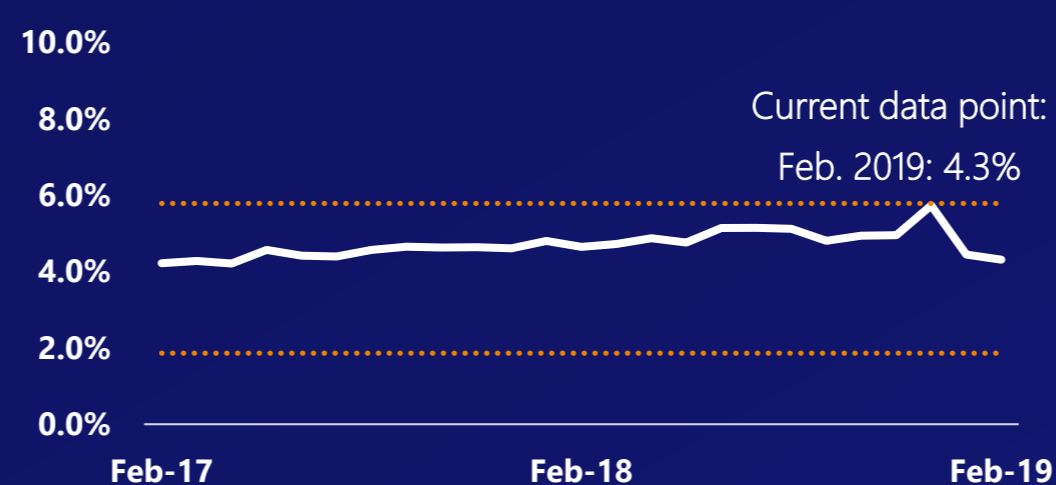
Retail Sales Excluding Auto Sales

Year-over-year percent change



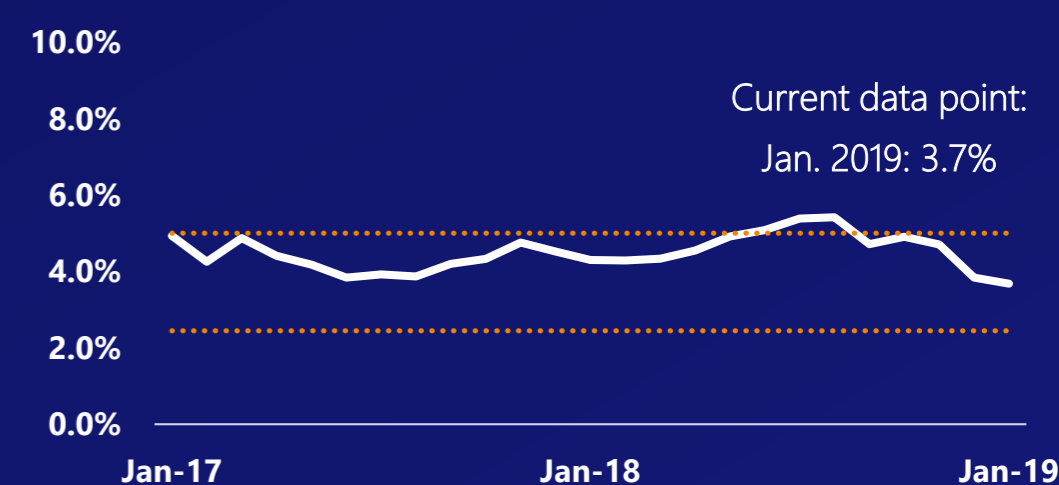
Nominal Disposable Personal Income

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.

Visa's analysis of the most recent consumer sector economic data indicates that consumer spending in the first quarter ended on a solid note.



"We are starting to see signs of consumer spending strength reemerging. We will be watching the consumer confidence numbers closely in the months ahead for signs of nervousness about the economic environment."

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

Robust wage growth, lower rates to help lift consumption

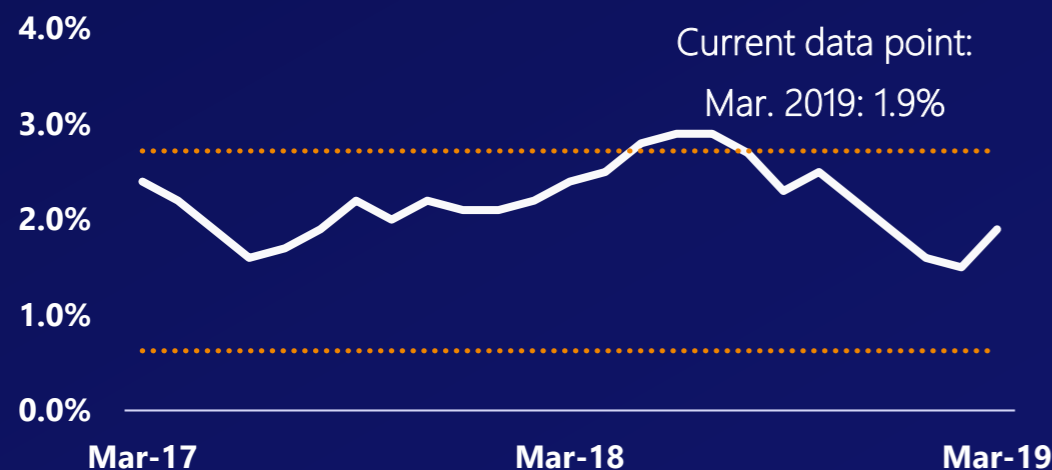
Wage growth, lower interest rates and modest inflation are helping to support consumer spending, but watch out for rising gasoline prices:

- After decelerating for several months, consumer prices have turned higher, led by the recent rise in gasoline prices. The average price of gasoline is up roughly 9 percent in March from the same time last year due to supply disruptions.
- After a disappointing February employment report, fears of an economic slowdown began to reemerge. Those fears have largely been put to rest with a rebound in hiring activity in March. Our focus in recent months has been on average hourly earnings, which are up 3.2 percent on a year-over-year basis.

Key Monthly Consumer Indicators:

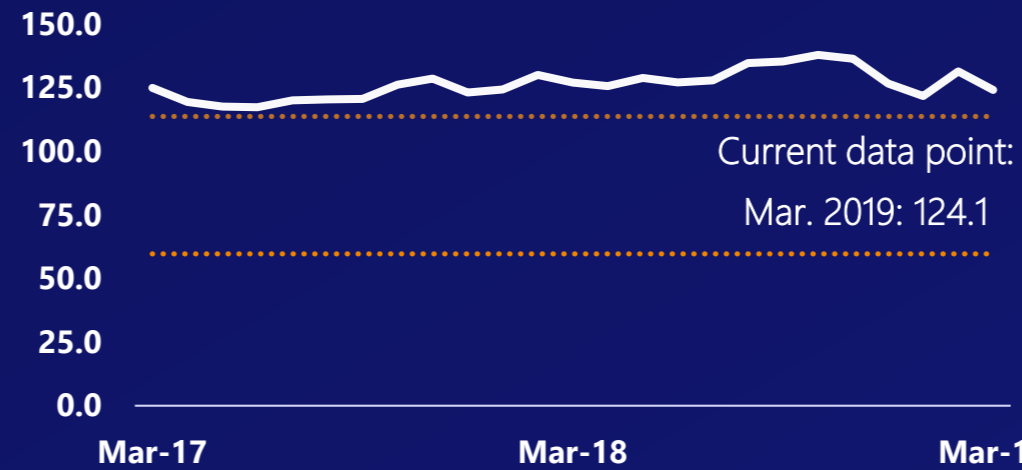
Consumer Price Index

Year-over-year percent change



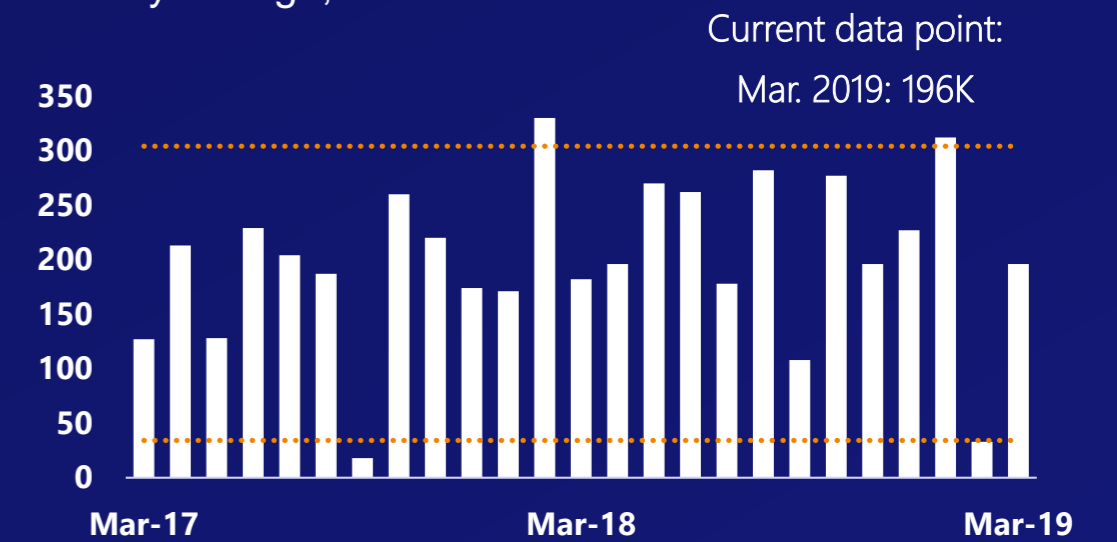
Consumer Confidence

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.

Disclosures:

Disclaimer

Case studies, research and recommended practice recommendations are intended for informational purposes only and should not be relied upon for marketing, legal, technical, tax, financial or other advice. When implementing any new strategy or practice, you should consult with your legal counsel to determine what laws and regulations may apply to your specific circumstances. The actual costs, savings and benefits of a card program may vary based upon your specific business needs and program requirements. Visa makes no representations and warranties as to the information contained herein and member is solely responsible for any use of the information in this presentation in connection with its card programs.

For questions about this report, please contact VisaEconomicInsights@visa.com.

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