



Monthly Consumer Monitor

May 2019
Business and Economic Insights

Visa's analysis of the most recent consumer sector economic data indicates that consumer spending is off to a disappointing start in the second quarter.



"The April retail sales numbers have brought back some fear that consumer spending may remain soft beyond the first quarter. However, broader measures of consumer health suggest we should see spending pick up in the months ahead."

Wayne Best
Chief Economist, Visa Inc.

Retail sales disappoint in April

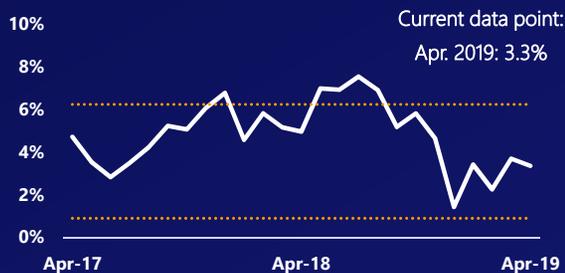
Retail sales cooled as income growth downshifted:

- Retail sales excluding autos decelerated slightly in April to 3.3 percent (year-over-year), suggesting (overall) consumer spending could be at risk of slipping in Q2. Sales declines were more pronounced for household related items.
- Disposable personal income slowed again in March to 3.9 percent year-over-year (YoY). While wage growth continues to hold up, the market sell-off in March had a negative effect on income growth for the month.
- An increase in durable goods purchases drove nominal personal spending to trend higher again, rising 4.4 percent in March. Spending also accelerated for nondurable and services spending.

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.

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



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"Monthly job gains are still surprisingly strong, but income growth has downshifted so far this year. I remain concerned about equity market sell-off events that could adversely impact consumer confidence and incomes."

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

Modest inflation and solid job growth to start Q2

Consumer inflation has leveled off around 2 percent as gas price pressures begin to ease:

- The Consumer Confidence Index edged higher in April to 129.2, from 124.2 in March, indicating consumer's assessment of both current and future economic conditions has improved. Equity market sell-offs remain a risk to future confidence readings.
- The U.S. economy added another 263,000 jobs in April while the unemployment rate fell to 3.6 percent. The average hours worked by employees fell slightly for the month but hourly earnings remain above 3 percent YoY. Job openings data still point towards a very tight labor market, implying that workers are in short supply.

Key Monthly Consumer Indicators:

Consumer Price Index

Year-over-year percent change



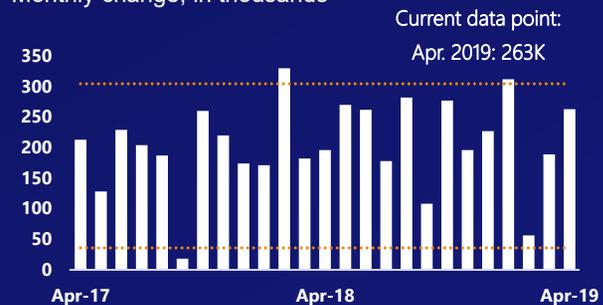
Consumer Confidence

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.

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

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