

Visa's analysis of current economic data indicates that U.S. consumer activity accelerated in September.



"The September bounce in retail sales along with a higher consumer confidence reading was welcome news on the health of consumers. Personal spending remains soft, however, as most consumers spend on goods rather than services. The recovery in overall consumer spending continues to be gradual."

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

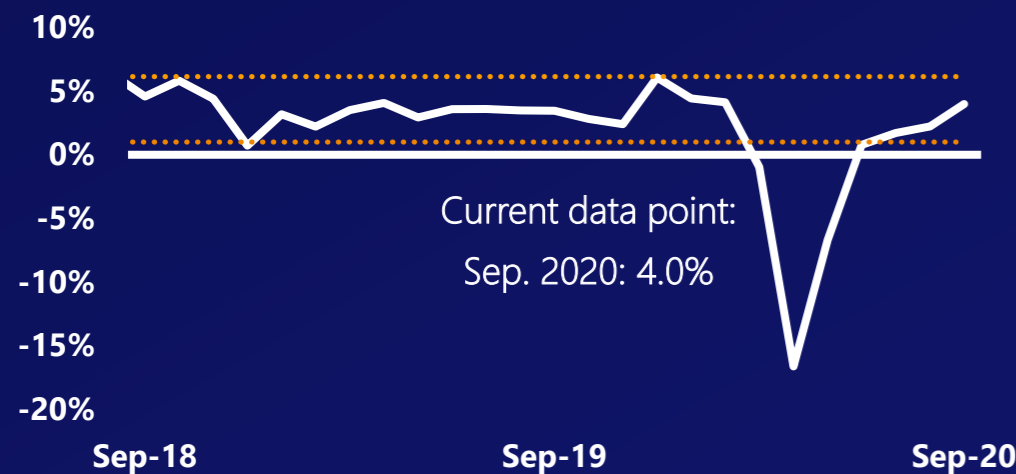
## Retail sales jump to near pre-pandemic levels in September

- Retail sales (excluding auto sales) rose 1.5 percentage points from August's level of sales and are now 4 percent above last year's September levels. This year-over-year (YoY) growth was just 0.12 percentage points lower than in February of this year, as back to school, home improvement, and furniture sales provided a much-needed boost to September retail sales.
- Wage and salary growth improved across sectors in August. However, unemployment claims remained high in August as federal unemployment boost payments were cut in half, which reduced disposable income growth by 4.1 percentage points from July to August. The savings rate declined to 14.1 percent of disposable income in August as a result of the reduction in federal assistance and recovering retail sales.
- Nominal consumer spending improved on a month-over-month (MoM) basis for the fourth consecutive month in August, rising 0.7 percent. Despite the consistent improvement, consumer spending remains 1.9 percent below last year's level. Durable goods purchases slowed considerably, rising just 0.9 percent MoM in August. Spending on services was slightly better, rising a modest 1.4 percent MoM.

## Key monthly consumer indicators:

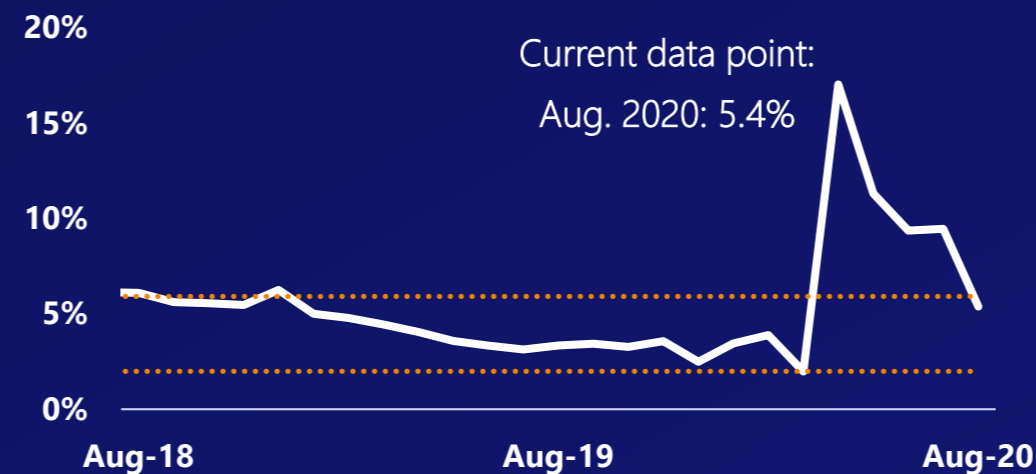
### Retail sales excluding auto sales

YoY percent change



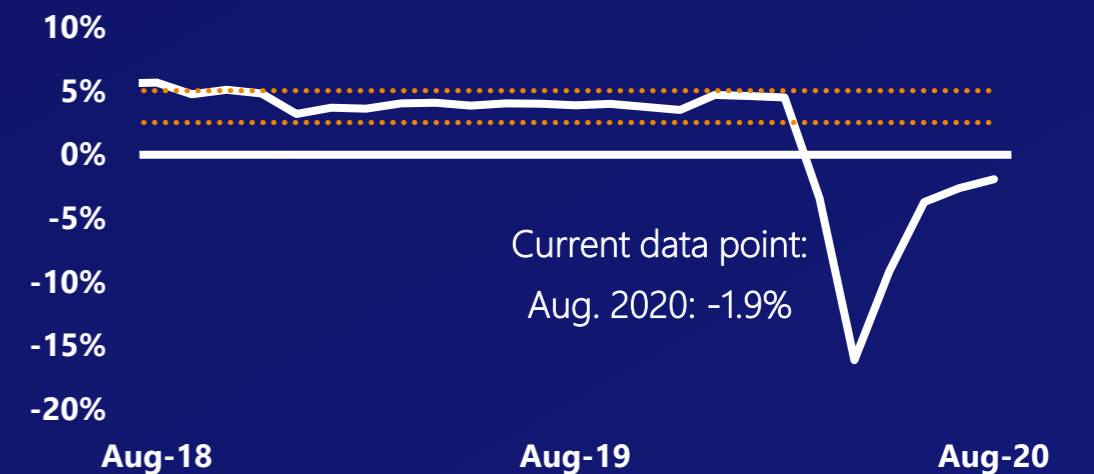
### Nominal disposable personal income

YoY percent change



### Nominal personal spending

YoY percent change

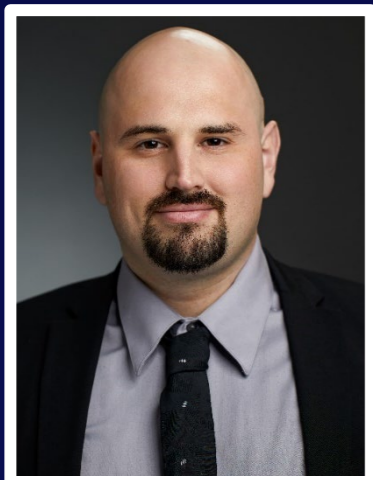


The orange lines represent the normal range for each measure for the prior expansion, defined as one standard deviation above and below the average change from July 2009 to February 2020.

\*The control group within retail sales is defined as total retail sales excluding food services, gas stations, autos and building materials sales.

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

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"Rising consumer prices and confidence in September provided a positive indication that the consumer continues to recover following the recession. Job growth continued to slow in September, a trend that could threaten the strength of the recovery and consumer spending."

**Travis Clark**  
Associate U.S. Economist, Visa Inc.

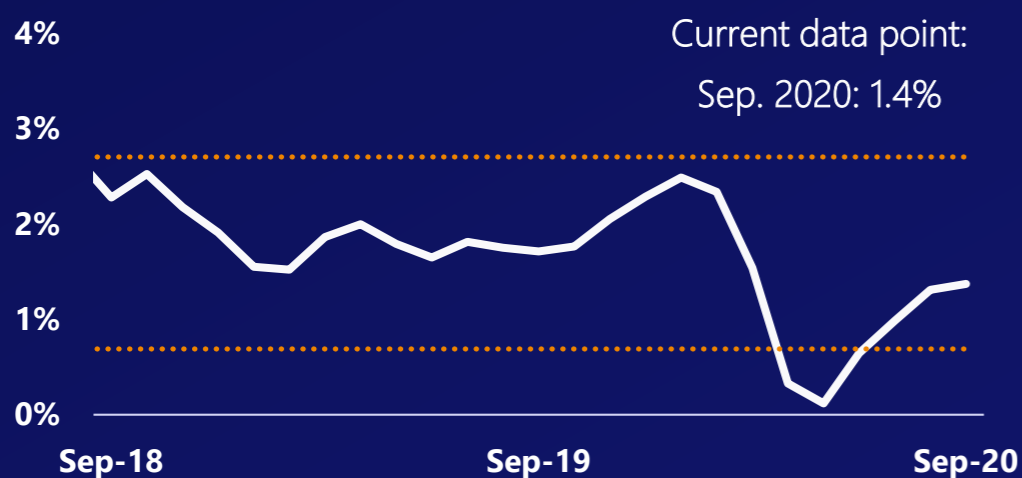
## Fewer than one million jobs added—first time since start of recovery

- Consumer prices rose for the third consecutive month, finishing September at 1.4 percent on a YoY basis. Used car and truck prices helped to edge overall price growth higher, jumping 10.27 percent YoY. While energy overall remained negative on a YoY basis, energy services reached their highest level of YoY growth in 2020.
- Overall consumer confidence was revised upward from 84.8 to 86.3 in August. In September, consumer confidence jumped 15.5 points, finishing above 100 for the first time since March. Future expectations rose an impressive 17.4 points from August, while consumers' view of the present situation rose a slightly more modest 12.7 points. The growth in confidence was much more pronounced among those 35 and older than those under 35.
- While August's job gain was revised up to 1.49 million from the originally reported 1.37 million jobs, there were only 661,000 new jobs added in September. This was less than half of the jobs added in any month since the recovery began in May. The labor market remains 10.7 million jobs below the pre-COVID peak in February. The unemployment rate decreased 0.5 percentage points in September, finishing the month at 7.9 percent.

## Key monthly consumer indicators:

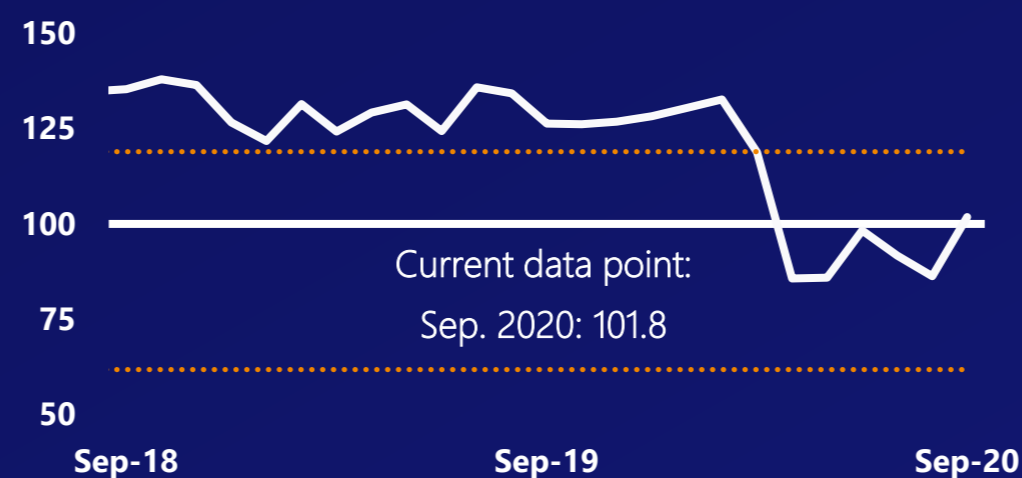
### Consumer Price Index

Year-over-year percent change



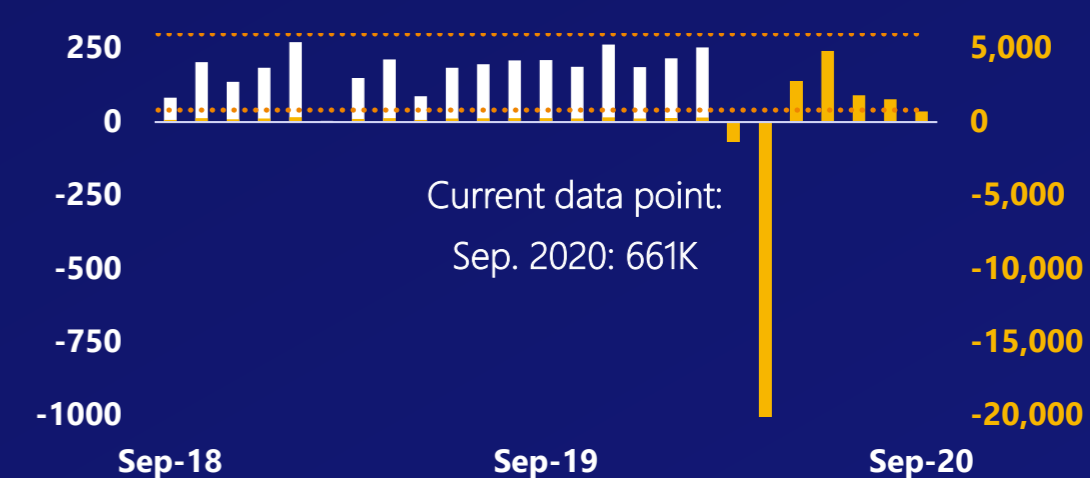
### Consumer Confidence Index

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-September job numbers shown on orange axis (right) due to the dramatic changes in those months.

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