

American Mood Trend

Consumers tread water and take stock in April

The Conference Board Consumer Confidence Index **dropped by a negligible 0.3 points to 107.3 in April**¹ as consumers reacted to geopolitical issues and continued high gas prices. Russia's invasion of Ukraine and its ancillary impacts began to weigh on consumers in April, contributing to a 1.2-point drop in the *present situation* component of the index and the consequent minor decline in the overall index. The *future expectations* component, however, increased by 0.5 points to 77.2, as **inflation expectations eased and income expectations became more positive**.

The confidence index remains more than 25 points below pre-COVID levels and is not likely to regain that ground in the next several months, but **the prospect of further drops is also unlikely**. Several headwinds, including inflationary pressures, may be abating, even in the face of sustained high gas prices. Continued strength in the job market will likely contribute to further buoyancy and steadiness in the index.

Increases in mortgage rates—up nearly 2 percentage points since the beginning of the year—have dampened consumers' moods, with homebuying intentions reaching an 18-month low in April.² Inflation expectations subsided from a cycle high of 7.9 percent, down to 7.5 percent in April.

May 2022

Bruce Cundiff
Vice President
bcundiff@visa.com

Key Points:



The latest confidence index declined slightly and remains below pre-COVID levels but a precipitous drop appears unlikely.



Inflation concerns lessened, but consumers continue to feel the squeeze of higher gas prices.



Income expectations improved slightly, with a higher percentage of consumers expecting their incomes to increase in the next six months.

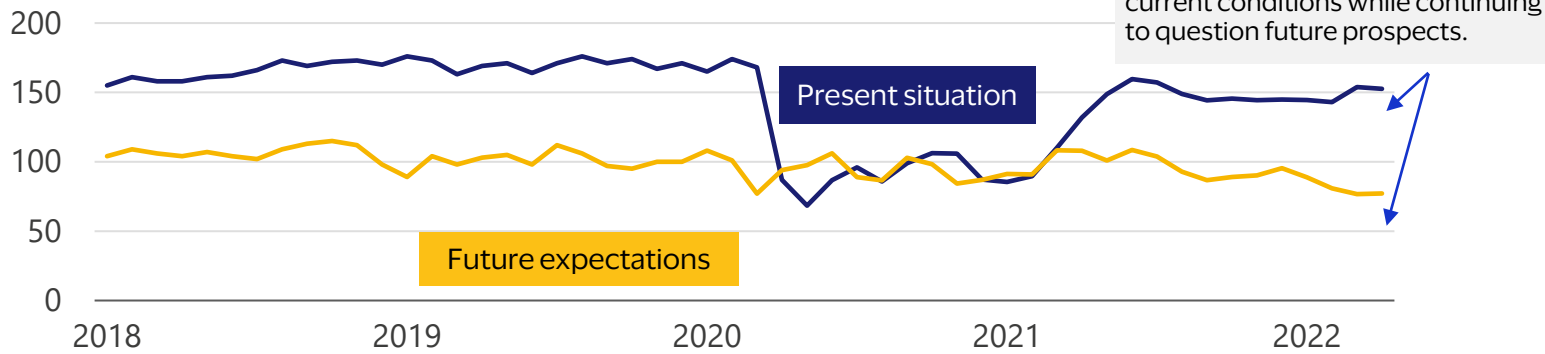
¹The Conference Board Consumer Confidence Index, released April 26, 2022

²"[Mortgage rate forecast for April 2022: What goes up may not come down](#)," Bankrate, April 1, 2022



Fig. 1: April confidence index buoyed by expectations

(Consumer Confidence Index – Present Situation Index and Future Expectations Index*)



*Survey interviews conducted through April 19, 2022

Consumers' assessment of the economic situation held steady in April. The decline in the index was precipitated by a slight drop in the *present situation* component and offset by a marginal increase in *future expectations*—both of which were within the margins of error. Inflation concerns—coming off a 50-year high—decreased to 7.5 percent but remained elevated.

The present situation reading helped move the needle positively for the overall index in March with a 10-point increase, but caused a drop in April with the 1.2-point pullback. Uncertainty in future labor market and business conditions is likely to impact each component moving forward.

Consumer assessment of the present labor market remained strong. More than 50 percent of consumers indicated that jobs were "plentiful;" however, those stating jobs were "hard to get" increased to above 10 percent for the first time in months. The differential between the two remained close to its all-time high.

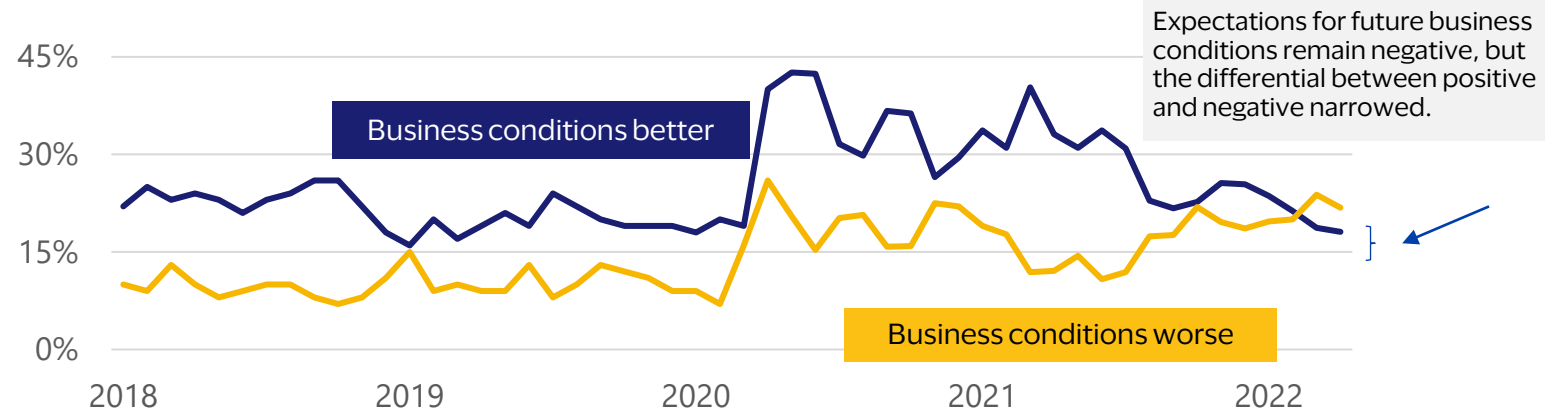
Consumers are also "trading water" with respect to future business conditions. The differential between those who expect them to improve and those who expect them to worsen remained negative—albeit slightly less negative—in April. Inflation, supply chain issues and global turmoil likely continued to influence consumers' views.

Consumer expectations for future labor market conditions moved slightly more negative, but the current robust job market continues to hold major negativity in check. Those who expected more jobs in six months minus those who expected fewer came in at -1.5, down from -0.4 in March. A slightly higher percentage expected fewer jobs to be available in the next six months.

The decrease in the overall index shows that consumer views on the economy remain fragile and are especially sensitive to rising interest rates, the ongoing invasion of Ukraine, and continued price increases in staple goods.

Fig. 2: Consumer confidence in future business conditions remains negative, but slightly less so

(Business conditions – next six months, percent of consumers surveyed)



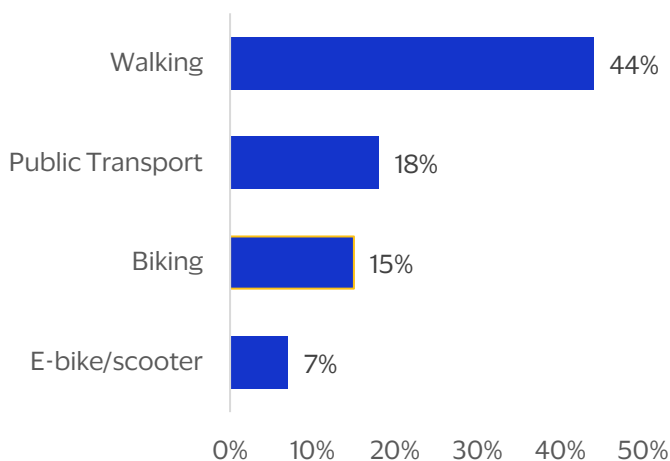
Sources: Visa Business and Economic Insights; Conference Board, Consumer Confidence Index, released April 26, 2022

Consumers seek alternative means of mobility

Consumers are buying less gas as a result of higher prices.³ Less gas means less driving, and consumers have noticeably “hit the brakes.” Many Americans — particularly hourly workers — need to stay mobile to get to and from their jobs. Moreover, many need to drive to maintain access to vital goods and services such as food and health care. Alternate modes of transportation and mobility have become more prominent, as evidenced by data from Morning Consult.⁴ Walking and public transport are the most cited alternative means.

Millennials were much more open to alternate modes of transportation, with 59 percent saying they walked more. As rising gas prices cause ripple effects across larger swaths of the population, consumers are clearly finding ways to adapt, and this will likely put pressure on vehicle sales for the time being, while stimulating the ride-hailing and public transportation markets.

Fig. 3: Consumers are driving less and walking more due to high gas prices



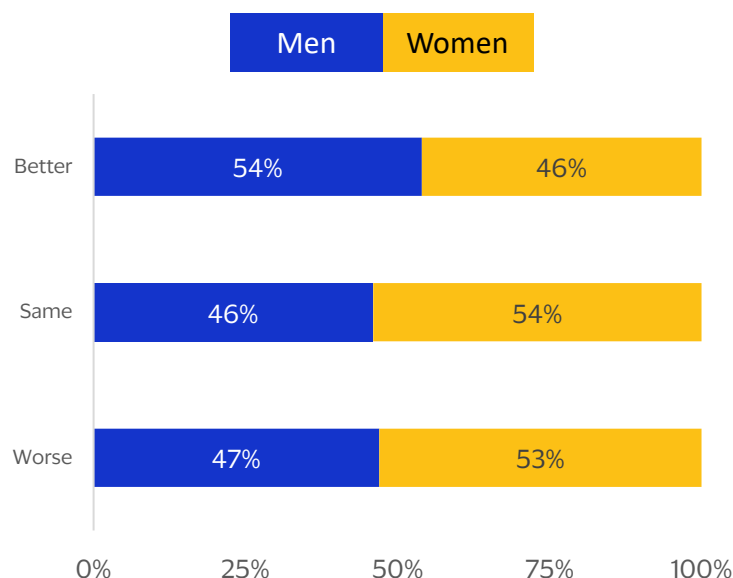
Source: Morning Consult consumer survey, March 2022

Pandemic disproportionately affects women financially

Financial hardship has taken center stage during the coronavirus pandemic. Individuals’ financial situations have continued to worsen since the second quarter of last year. As of the last three months, **nearly three in 10 adults say their financial status has worsened since the pandemic started.** While the impact across the entire population is high, data from CivicScience show that the pandemic has had an outsized impact on women’s financial lives.

Of those who reported being financially worse off at the end of March, 53 percent were women. Compared to last year, it seems conditions have not improved for women at large. This mindset influences women’s reasons for returning to the workforce, as well as their willingness and ability to spend. Women are more likely to curtail discretionary spending as a result of inflation. They also influence or control the majority of household spending decisions. The financial hardships they face could further suppress discretionary spending throughout the remainder of the year.

Fig. 4: More women say they continue to experience adverse financial impacts due to the pandemic



Source: CivicScience consumer survey, April 2022

³ Visa Business and Economic Insights *American Mood Trend*, April 2022

⁴ ["Gas Price Pain Is Curbing Mobility, and Consumers Are Getting Creative to Stay on the Move,"](#) Morning Consult, April 13, 2022

Forward-looking statements

This report may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as “outlook”, “forecast”, “projected”, “could”, “expects”, “will” and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statement we make about Visa’s business, economic outlooks, population expansion and analyses. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Disclosure

Case studies, comparisons, statistics, research and recommendations are provided “AS IS” and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. Visa Inc. neither makes any warranty or representation as to the completeness or accuracy of the information within this document, nor assumes any liability or responsibility that may result from reliance on such information. The Information contained herein is not intended as investment or legal advice, and readers are encouraged to seek the advice of a competent professional where such advice is required.

For more information, please visit us at visa.com/EconomicInsights or at VisaEconomicInsights@visa.com.

Meet the team

Wayne Best, Chief Economist

wbest@visa.com

Bruce Cundiff, Vice President, Consumer Insights

bcundiff@visa.com

Michael Brown, Principal U.S. Economist

michael.brown@visa.com

Adolfo Laurenti, Principal European Economist

laurenta@visa.com

Richard Lung, Principal Global Economist

rlung@visa.com

Glenn Maguire, Principal Asia Pacific Economist

gmaguire@visa.com

Mohamed Bardastani, Senior CEMEA Economist

mbardast@visa.com

Jennifer Doettling, Director, Content and Editorial

jdoettli@visa.com

Michael Nevski, Director, Consumer Insights

mnevski@visa.com

Dulguun Batbold, Global Economist

dbatbold@visa.com

Ben Wright, U.S. Economist

bewright@visa.com

Travis Clark, U.S. Economist

wiclark@visa.com

Angelina Pascual, European Economist

anpascua@visa.com

Mariamawit Tadesse, Global Economist

mtadesse@visa.com

Woon Chian Ng, Associate Asia Pacific Economist

woonng@visa.com

Juliana Tang, Executive Assistant

jultang@visa.com

Accessibility notes

Figure 1: Consumer Confidence Indices, “Present Situation” and “Future Expectations” from 2018 through April 2022. Present Situation currently stands at 152.6, down from 153.8 in March, and Future Expectations stands at 77.2, up from 76.7 in March, trending downward throughout 2022, having been as high as 95.4 as recently as December 2021.

Figure 2: Consumer Confidence Indices of Future Business Conditions for the coming 6 months from 2018 through March 2022. Chart shows the percentage of consumers who believe business conditions will be better and those who believe they will be worse. 22 percent of people believe they will be worse, 18 percent believe they will be better. The difference between the two has flipped to negative in the past three months after expanding positively from October through December of 2021.

Figure 3: Bar chart of consumer survey data showing the percentage of consumers who indicate they have chosen alternative means of mobility—other than driving—in the face of higher gasoline prices. 44 percent indicate they are walking, 18 percent are using public transport, 15 percent are biking, and seven percent are using e-bikes or scooters. The data was sourced from Morning Consult consumer surveys throughout March 2022.

Figure 4: 100% stacked bar chart showing the split between men and women who indicate they are faring better, the same, or worse financially as a result of the pandemic. Among those doing “better,” 54 percent are men and 46 percent are women; among those doing the “same,” 46 percent are men and 54 percent are women; and among those doing “worse,” 47 percent are men and 53 percent are women. The data was sourced from CivicScience consumer surveys throughout April 2022.