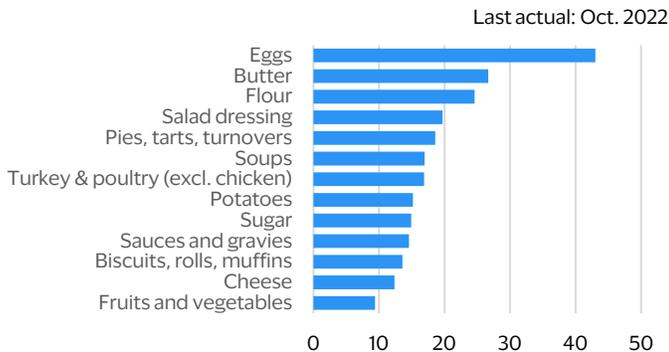


Monthly Consumer Monitor

November 2022

Inflation is on the Thanksgiving menu this year

 **Fig. 1: Consumer price inflation for food items**
(SA, year-over-year percent change)



Food prices are on the rise

Anyone preparing a Thanksgiving dinner in 2022 may experience sticker shock. Inflation pressures have become broad-based across nearly every category of spending, including grocery shelves, and some common items in Thanksgiving meals are now much more expensive. The most dramatic increases have occurred in base-level ingredients like eggs and butter – egg prices are up by a whopping 43 percent – but even prepared goods like pies and soups have spiked sharply.¹ Turkey, which often accounts for the largest share of the Thanksgiving budget, has become 17 percent more expensive,² with a 16-pound bird costing almost \$30 this year on average.³ Preparing a simple Thanksgiving meal cost an average of \$68.72 last year,⁴ and this year the price is likely to rise above \$80, which will likely be a burden for many households.

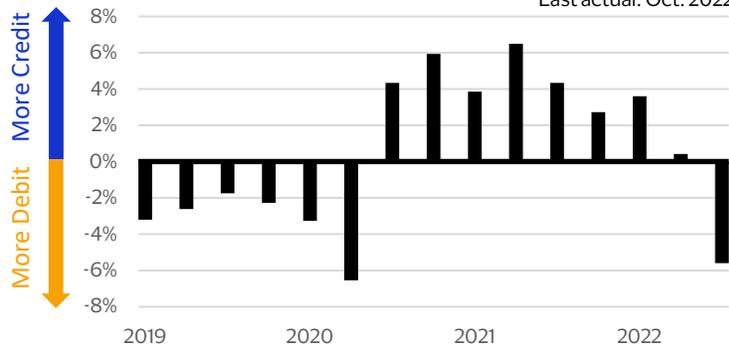
Households are adapting to inflation

Inflation has been elevated for almost two years, and consumers have developed strategies to cope. To start, they have begun choosing store brands over name brands, and they are waiting for discounts and promotions before finalizing purchases. According to a survey by Morning Consult, more than 80 percent of shoppers will look for discounts and prioritize lower-cost alternatives when grocery shopping for Thanksgiving in 2022. In order to manage inflation, households have also saved less of their monthly income to continue spending. Before the pandemic, households saved approximately 9 percent of their incomes and spent the other 91 percent.⁵ Recently, the savings rate has fallen to just 3.1 percent and is expected to remain in a similar range through the holiday season, with some of this extra spending going towards Thanksgiving foods and beverages. Lastly, consumers have begun to rely more heavily on their debit cards to manage the uncertainty around future economic conditions.⁶

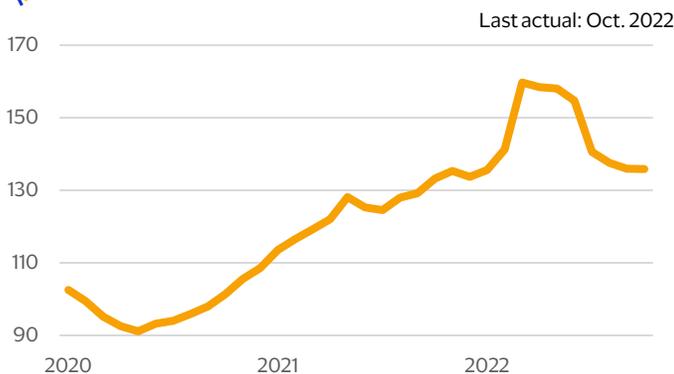
Food inflation may ease in 2023

There are hopes that food budgets will face less pressure next year. For starters, food inflation is already beginning to decelerate. After peaking at 9 percent in June 2022, the year-over-year change in overall food prices has decreased for several consecutive months, falling to 7.7 percent by October.⁷ Global supply chains are healing, reducing the transportation cost of shipping food around the world, and agricultural production is closer to meeting demand than once feared. Drought conditions in the U.S. have had a minimal impact on crop production, and Ukraine has resumed exporting wheat and other grains. But a decline in vegetable oil prices has arguably been the most important change. Although vegetable oil has received less attention than other food commodities, it can be found in most packaged foods. It tripled in price between 2019 and mid 2022, but the cost of vegetable oil is also returning to normal as global export restrictions fade away. All in all, data from the United Nations indicates that the surge in global food prices may be over, suggesting that inflation may no longer be on the Thanksgiving menu next year.

 **Fig. 2: Credit/debit payment switching**
In response to changes in the economy, I'm using my credit card (more minus less)



 **Fig. 3: FAO Food Price Index**
(Index, 2014-2016 = 100)



Sources

- Fig. 1: Visa Business and Economic Insights and U.S. Department of Labor
 Fig. 2: Prosper Analytics survey on behalf of Visa Business and Economic Insights
 Fig. 3: Visa Business and Economic Insights and United Nations

Footnotes

- ^{1,2} Visa Business and Economic Insights and U.S. Department of Labor
³ Visa Business and Economic Insights and U.S. Department of Agriculture
⁴ Visa Business and Economic Insights and American Farm Bureau Federation
⁵ Visa Business and Economic Insights and U.S. Department of Commerce
⁶ Prosper Analytics survey on behalf of Visa Business and Economic Insights
⁷ Visa Business and Economic Insights and U.S. Department of Labor

Accessibility Notes

Fig. 1: Column chart showing the seasonally-adjusted year-over-year percent increase in the price of grocery items, including fruits and vegetables up 9.4%, cheese (12.4%), biscuits, rolls and muffins (13.6%), sauces and gravies (14.6%), sugar (14.9%), potatoes (15.2%), turkey and poultry excluding chicken (16.9%), soups (17%), pies, tarts and turnovers (18.6%), salad dressing (19.7%), flour (24.6%), butter (26.7%) and eggs (43%).

Fig. 2: Those surveyed said they were using their credit card 3.2% less in Jan-2019, 2.6% less in Apr-2019, 1.7% less in Jul-2019, 2.3% less in Oct-2019, 3.3% less in Jan-2020, 6.5% less in Apr-2020, 4.3% more in Jul-2020, 5.9% more in Oct-2020, 3.9% more in Jan-2021, 6.5% more in Apr-2021, 4.3% more in Jul-2021, 2.7% more in Oct-2021, 3.6% more in Jan-2022, 0.4% more in Apr-2022, and 5.6% less in Jul-2022.

Fig. 3: Line chart showing the Food Price Index between Jan-2020 and Oct-2022 ranging from 102.5 in Jan-2020 to a low of 91.1 in May-2020, a high of 159.7 in Mar-2022, and the latest reading of 135.9 in Oct-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.

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