

Retail Spending Monitor

Visa's Real-Time Window Into How Americans Spend

May 2015



Insights

Year-over-Year %

Retail spending grew modestly across most categories in April, with 11 of 14 major purchase categories showing year-over-year growth.

- Excluding autos and gas, retail sales were up 4.5%.
- Gas station spending fell 20.9%, reflecting the sharp drop in gasoline prices from a year earlier.
- Everyday spending, which tracks consumer purchases for day-to-day needs, increased just 0.1% as low gasoline prices continued to weigh on growth.

Even as consumers remained cautious, several discretionary spending categories showed solid year-over-year growth in April and even accelerated from their March growth rates.

- Hotel spending grew 9.4% in April, compared to 9.2% in March.
- Restaurant spending remained strong, up 9.5% in April, after posting a 7.6% increase in March.
- Electronics, appliance, and furniture store spending increased 5.1% in April, up from 1.5% in March.



+4.5%
Retail Sales Less
Autos and Gas



-20.9%
Gas Station Sales



+0.1%
Everyday Spending

Spending Trends: April 2015

Year-over-Year %

Retail Sales Less Autos

+1.2%

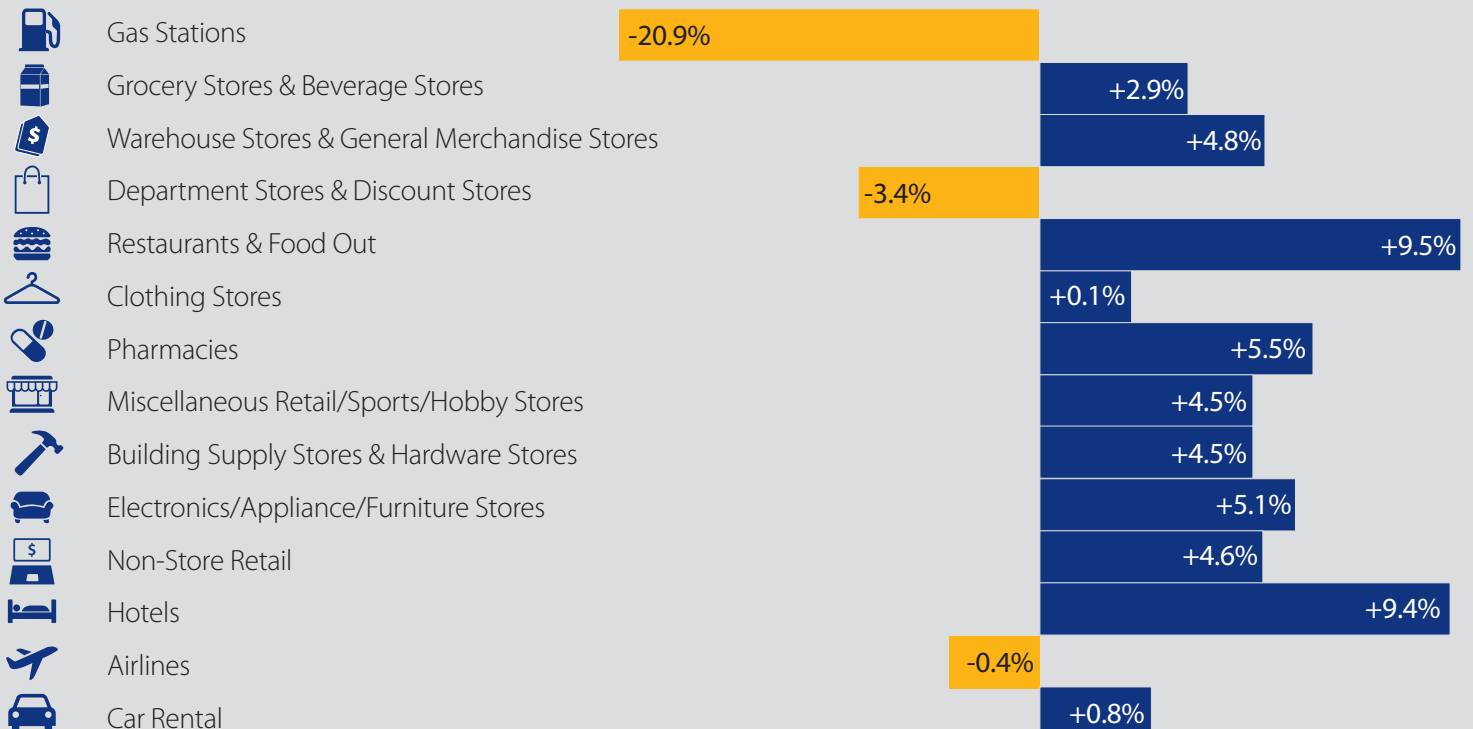
Retail Sales Less Autos and Gas

+4.5%

* Everyday Spending

+0.1%

Key Spending Categories



* Everyday Spending is a category created by Visa that gauges consumer spending for daily needs. It is based on data from the following spending categories: Gas Stations, Grocery Stores & Beverage Stores, Warehouse Stores & General Merchandise Stores, Department Stores & Discount Stores, Restaurants & Food Out, Clothing Stores, Pharmacies, and Miscellaneous Retail, Sports, and Hobby Stores.

Analysis

Although gasoline prices remain low, consumers are pocketing most of the savings amid concerns that prices may increase.

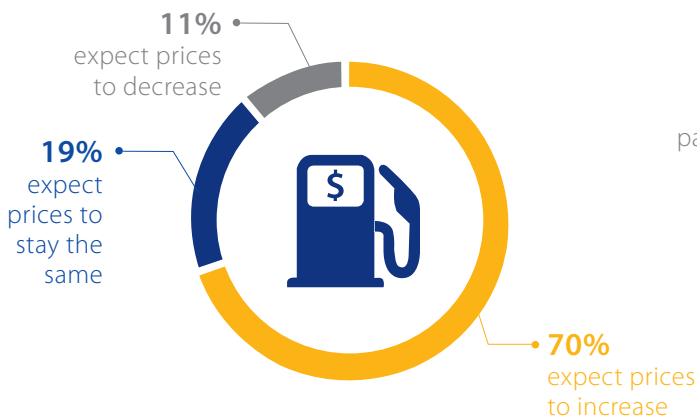
This trend continued even as gasoline prices steadily increased throughout the second half of April, leading consumers to save a large portion of their windfall – an average of \$50 to \$75 a month. That weakened year-over-year growth in several spending categories:

- Clothing store spending rose 0.1% in April, after growing by 3.7% in March.
- Building supply store and hardware store spending rose 4.5% in April, compared to a 9.4% increase in March.

What drives consumer spending are expectations of future gas prices, not prices today.

- According to a March Visa consumer survey, 70% expect prices to rise over the next three months.
- More than half (52%) said they are saving their gas windfall, while nearly a quarter (24%) said they are paying down debt, according to the Visa survey. Only 30% reported spending more money at other places.
- Consumers may spend more of their gas savings in the coming months if prices remain low.

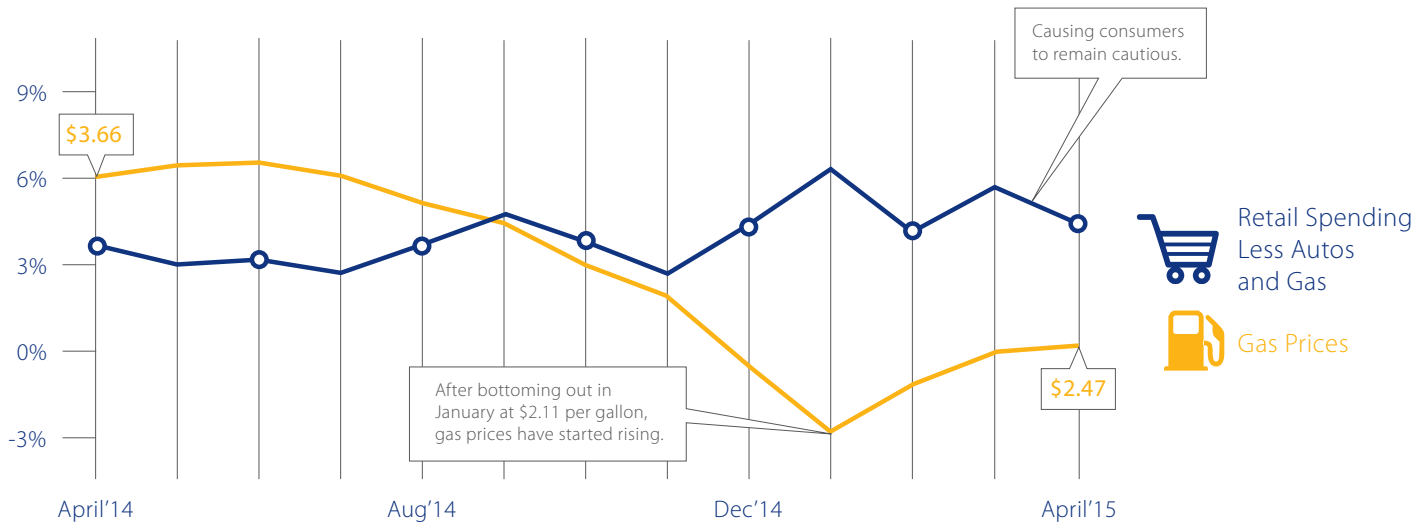
Most consumers expect gas prices to increase in the next three months



spurring more consumers to save or pay down debt with their unexpected windfall from low gas prices



resulting in more modest retail spending growth



Sources:
 Gas Expectations Chart: Visa Business and Economic Insights; Go.Prospers consumer survey, March 2015
 Gas Savings Chart: Visa Business and Economic Insights; Go.Prospers consumer survey, March 2015
 Retail Less Autos and Gas: Visa Retail Spending Monitor, Gas prices: EIA

Summary Data

Year-over-Year %

	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	April 2015
Retail Sales Less Autos	3.0	1.7	2.1	2.0	1.0	2.0	1.2
Retail Sales Less Autos and Gas	3.9	2.8	4.5	6.0	4.3	5.3	4.5
Everyday Spending	2.7	1.7	1.0	1.5	0.4	0.8	0.1
Gas Stations	-3.3	-5.9	-13.5	-23.8	-20.8	-19.8	-20.9
Grocery Stores & Beverage Stores	2.3	2.4	2.9	5.9	4.2	3.2	2.9
Warehouse Stores & General Merchandise Stores	6.2	5.1	6.3	8.9	6.0	6.7	4.8
Department Stores & Discount Stores	-2.9	-4.1	-2.9	-3.3	-5.7	-2.7	-3.4
Restaurants & Food Out	6.8	5.3	7.6	10.3	8.5	7.6	9.5
Clothing Stores	0.3	3.1	2.9	5.7	1.7	3.7	0.1
Pharmacies	4.4	4.7	6.0	6.1	6.0	5.9	5.5
Miscellaneous Retail/Sports/Hobby Stores	6.0	0.7	1.8	5.4	5.4	5.6	4.5
Building Supply Stores & Hardware Stores	3.9	5.0	3.4	4.3	3.9	9.4	4.5
Electronics/Appliance/Furniture Stores	-2.0	-3.8	3.3	5.6	2.1	1.5	5.1
Non-Store Retail	6.4	1.9	7.7	2.1	2.4	5.5	4.6
Hotels	11.9	11.0	8.4	8.1	7.4	9.2	9.4
Airlines	1.6	9.0	-4.5	-1.7	0.5	3.3	-0.4
Car Rental	-0.5	-4.2	-4.0	-4.1	0.8	-0.6	0.8

About The RSM

Drawing upon the power of the world's largest payment network, Visa's Retail Spending Monitor provides a real-time window into how and where Americans are spending their money -- and its broader impact on the economy. With billions of transactions flowing through its payment network each day, Visa sees roughly 25 cents of every retail dollar spent in the United States. Using these actual transactions as a starting point, Visa has created a sophisticated, robust model that allows it to gauge overall spending activity across all forms of payment and across major spending categories, including retail, travel and entertainment.

Notes and Disclaimers

The Retail Spending Monitor provides a measure of the estimated historical performance of certain segments of the US economy across payment types. Retail sales (sales by establishments engaged in retailing merchandise) in the context of Retail Spending Monitor is a set of industry segments defined by the US Department of Commerce. The Retail Spending Monitor analyzes data in a manner consistent with this definition for industry segments that are not auto related. Industry segments included in "Retail Sales Less Autos" are: furniture and home furniture stores, electronics and appliance stores, building material and garden equipment stores, food (supermarkets) and beverage stores, health and personal care stores, gasoline stations, clothing and clothing accessories stores, sporting goods, hobby, book and music stores, warehouse and general merchandise stores, department and discount stores, miscellaneous store retailers, non-store retailers, food services (restaurants and QSRs) and drinking places. "Everyday Spending" reflects consumer spending in the most common categories, such as gasoline, grocery / beverage stores and restaurants and do not include building material and garden equipment stores, electronics and appliance stores, or non-store retailers. The following segments are excluded from "Retail Sales Less Autos" but are included in this publication as separate line items: hotels, airlines, and car rental. All growth rates are calculated on a year-ago basis and are seasonally adjusted. Seasonal adjustment factors reflect seasonal variations, differences in holiday periods and trading days.

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