

Visa's Irish Consumer Spending Index - July 2019

Compiled by IHS Markit on behalf of Visa

14 August 2019

Third successive decrease in consumer spending

Headline Findings:



Household spending falls at modest pace in July (-0.3% on the year)



eCommerce expenditure returns to growth, following dip in June (+2.5%)



Face-to-Face spending continues to decline (-1.6%)

Visa's Irish Consumer Spending Index, produced by IHS Markit, which measures expenditure across all payment types (cash, cheques and electronic payments), signalled an ongoing reduction in household expenditure in July. Spending was down -0.3% year-on-year, the third successive decline. That said, the latest fall was only marginal, slowing from the -2.6% decrease seen in June to the weakest in the current sequence of falling spend.

ECommerce spending showed a return to growth at the start of the third quarter, following a marginal reduction in the previous month. Expenditure was up +2.5% year-on-year, the fastest rise in four months but still one that was much weaker than the average since the series began in September 2014.

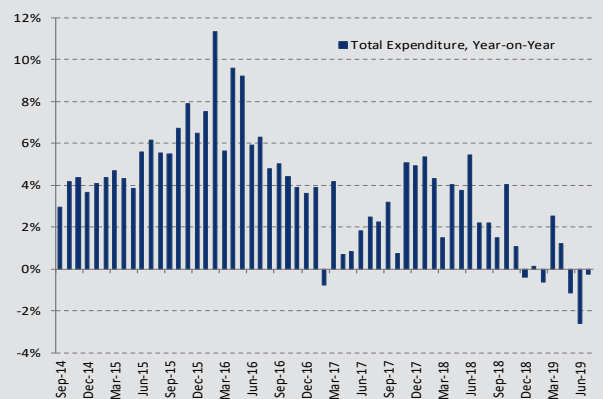
Face-to-Face spending remained the main source of weakness in July, posting a reduction in expenditure for the third month running. Mirroring the overall picture, however, the decline of -1.6% year-on-year was the weakest in the current period of decline.

(Continues overleaf)

Spending annual % change

	May'19	Jun'19	Jul'19
Overall spending	-1.1	-2.6	-0.3
Face-to-face	-2.8	-3.7	-1.6
eComm.	+2.1	-0.5	+2.5

Visa's Irish Consumer Spending Index Annual % Change



Philip Konopik, Ireland Country Manager, Visa said:

"The latest Irish CSI figures are an improvement on June, however, there remains a continued lack of growth in household expenditure at the start of the third quarter of 2019. The return to growth of eCommerce in July, up 2.5% year-on-year following a -0.5% decline last month, was not enough to turn the tide, with overall spending down -0.3% year-on-year. Looking at the sectoral data, Clothing & Footwear continues to struggle with spend declining -4.6% year-on-year, but some bright spots remain with Household Goods, Recreation & Culture and Hotels, Restaurants & Bars continuing to show uplifts in spend year-on-year."

Andrew Harker, Associate Director at IHS Markit said:

"Although improving from the worrying picture seen in June, a third successive decline in consumer spending in July extends the generally weak trends seen in recent months. The high street continues to struggle, with Clothing & Footwear remaining under pressure."

"While labour market conditions remain supportive, other areas such as consumer confidence, retail sales and business activity chime with the challenging environment highlighted by the CSI as the prospect of a 'no-deal' Brexit seems to become more likely."

Visa's Irish Consumer Spending Index

(Continued from page 1)

Sector data suggested that the overall reduction in spending was centred on three categories, namely Food & Drink, Clothing & Footwear and Miscellaneous Goods & Services. In each case, however, rates of contraction eased from those seen in June. Clothing & Footwear has now seen spending decrease on an annual basis in 12 of the past 13 months.

The five remaining sectors all posted growth of expenditure in July, led by Household Goods where the rate of expansion rebounded to a three-month high of +6.3% year-on-year. Recreation & Culture also saw growth pick-up, while Hotels, Restaurants & Bars registered a slight slowdown.

Returns to growth were seen in the Transport & Communication and Health & Education categories.

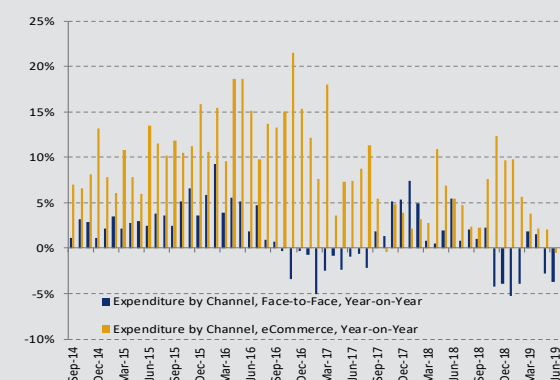


eCommerce and Face-to-Face Spend

In line with the overall expenditure trend, Face-to-Face spending decreased for the third successive month in July. That said, at -1.6% year-on-year, the rate of contraction softened to the weakest in this sequence.

After falling marginally during June, spending via eCommerce channels returned to growth in July. Expenditure was up +2.5% year-on-year, the fastest in four months but still relatively weak compared with the series history.

eCommerce vs Face-to-Face Annual % Change



Spending by Sector

Visa's Irish Consumer Spending Index monitors eight broad sectors. Summary data for annual growth rates in May, June and July, which are not adjusted for seasonality and trading days, are provided in the table opposite.

Just under half of the eight monitored sectors posted reductions in expenditure on an annual basis in July. Declines were seen in the Food & Drink, Clothing & Footwear and Miscellaneous Goods & Services categories.

Spending returned to growth in both the Transport & Communication and Health & Education sectors.

Meanwhile, sustained increases in expenditure were registered in Household Goods (which posted the fastest expansion overall), Recreation & Culture and Hotels, Restaurants & Bars.

Annual Growth Rates by Sector

Data not adjusted for seasonality and trading days

Broad Sector	May'19	Jun'19	Jul'19
Food, Beverages & Tobacco	-0.7%	-2.5%	-1.3%
Clothing & Footwear	-2.6%	-5.5%	-4.6%
Household Goods	+4.8%	+2.1%	+6.3%
Health & Education	+1.4%	-2.7%	+3.4%
Transport & Communication	-1.8%	-3.7%	+1.6%
Recreation & Culture	+1.3%	+1.3%	+2.7%
Hotels, Restaurants & Bars	+2.4%	+5.1%	+2.0%
Misc. Goods & Services	-4.0%	-7.8%	-4.9%

Visa's Irish Consumer Spending Index



Visa's CSI can be used to give advanced signals of trends in official data series such as retail sales and consumer spending.

The latest Visa CSI data pointed to a continued lack of growth in household expenditure at the start of the third quarter of 2019. Although quarterly consumer spending data from the CSO held up well in the first quarter of the year, there is likely to be a slowdown signalled in the second quarter.

Monthly retail sales data from the CSO pointed to a near-stagnation in June, with sales volumes up just 0.1% year-on-year, matching the weaker trends in the Visa CSI data.

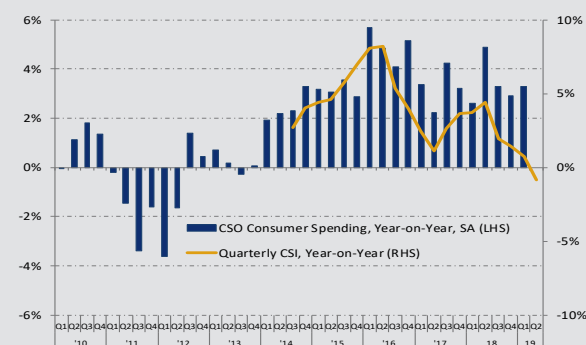
Consumer sentiment figures from the European Commission also suggest a generally subdued picture. Confidence was the joint-weakest since November 2014 in July.

Business activity data from IHS Markit also moderated in July. Output across the combined manufacturing and service sectors increased at the weakest pace in over six years.

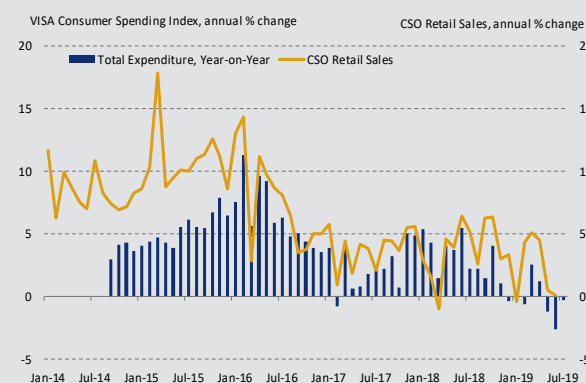
The labour market remained a source of positivity. Recent data from the CSO on average weekly earnings pointed to a further solid increase of +3.4% year-on-year in the first quarter, while the unemployment rate remains relatively low.

Ireland Consumer Spending

Annual % Change

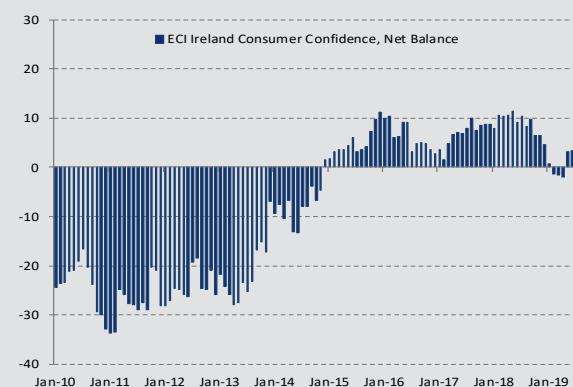


Visa CSI v Official Retail Sales Data



Ireland Consumer Confidence

Net Balance



Sources for Charts: Visa, CSO, European Commission
NSA: Non-Seasonally Adjusted, SA: Seasonally Adjusted



Visa's Irish Consumer Spending Index uses card transaction data to provide a robust indicator of total consumer expenditure across all payment methods and is used by a range of stakeholders to gain insights into consumer spending. It is based on spending on all Visa debit, credit and prepaid cards which are used to make an average of over 110m transactions every quarter and account for €1 in €3 of all Irish spending. Working with IHS Markit, these card spending data figures are adjusted for a variety of factors such as card issuance, changing consumer preferences to pay by card rather than cash and inflation. These adjustments mean that these data are distinct from Visa's business performance and the Index reflects overall consumer spending, not just that on cards.

Further information:

Ian Burge, Visa

Tel: +44 (0) 2031442196

Email: burgei@visa.com

Piaras Kelly, Edelman (Ireland)

Tel: +353 (0)16789333

Email: Piaras.Kelly@edelman.com











Notes and Further Information



Visa's Irish Consumer Spending Index is based on data for all Visa debit, credit and prepaid cards held by Irish cardholders, with a number of adjustments made to ensure an accurate indication of consumer spending trends is provided.

First, the data – which covers spending by cardholders at all Irish domestic-based merchants plus purchasing at a number of non-domiciled online retailers – are cleaned to remove any spending on items that are not ordinarily classified as consumer expenditure (such as spending on savings products or taxes). Moreover, refunds and cashback are also accounted for at this stage. Second, the data are deflated by changes in the number of active Visa cards in order to account for the expansion of Visa's card operations, particularly on the debit side. Thirdly, an adjustment is made to offset changing consumer preferences for card usage. This is based on data on payments at terminals and cash withdrawals sourced from a report published by the ECB. Fourthly, to account for inflation, the data are deflated by changes in the consumer price index to provide an indicator of real changes in household spending.

Visa's Consumer Spending Index product categories consist of the following standard Classification of Individual Consumption According to Purpose (COICOP) groups:

 Food, Beverages & Tobacco Group 1,2	 Communication & Transport Group 7,8
 Clothing & Footwear Group 3	 Recreation & Culture Group 9
 Housing & Household Goods Group 4,5	 Hotels & Restaurants Group 11
 Health & Education Group 6,10	 Miscellaneous Goods & Services Group 12

VISA

Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network - enabling individuals, businesses and economies to thrive.

Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second.

The company's relentless focus on innovation is a catalyst for the rapid growth of connected commerce on any device.

As the world moves from analogue to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce.

For more information, visit (www.visaeurope.com), the Visa Vision blog (vision.visaeurope.com), and @VisaInEurope



IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.