

Visa's Irish Consumer Spending Index - August 2019

Compiled by IHS Markit on behalf of Visa

18 September 2019

Household expenditure ticks up in August

Headline Findings:



Household spending increases marginally during August **(+0.4% on the year)**



Face-to-Face expenditure rises for first time in four months **(+0.3%)**



Hotels, Restaurants & Bars leads growth in August **(+5.0%)**

Visa's Irish Consumer Spending Index, produced by IHS Markit, which measures expenditure across all payment types (cash, cheques and electronic payments), pointed to a marginal rise in expenditure year-on-year in August, thereby ending a three-month sequence of decline. Spending was up +0.4%, cancelling out a -0.3% reduction in July. That said, the slight rate of growth still represented subdued consumer spending trends relative to the five-year series history.

Both eCommerce and Face-to-Face expenditure increased during August, the first time that this has been the case since April. Spending on the high street was up +0.3% year-on-year, a marginal rise but one that was indicative of a first improvement in expenditure in four months.

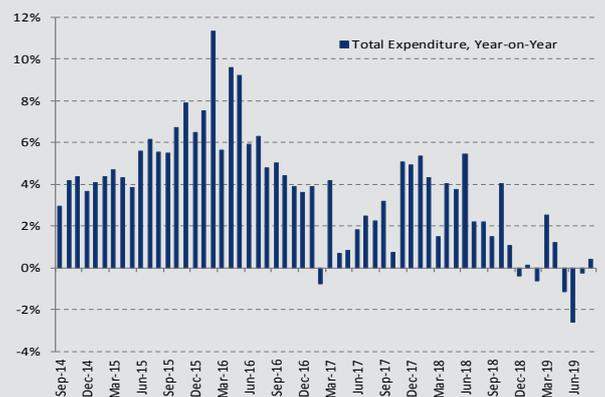
The rate of expansion in eCommerce spending was also slight in August (+0.7% year-on-year), and slower than that recorded in July. Online expenditure has now risen in two successive months following a marginal decline in June.

(Continues overleaf)

Spending annual % change

	Jun'19	Jul'19	Aug'19
Overall spending	-2.6	-0.3	+0.4
Face-to-face	-3.7	-1.6	+0.3
eComm.	-0.5	+2.5	+0.7

Visa's Irish Consumer Spending Index
Annual % Change



Philip Konopik, Ireland Country Manager, Visa said:

"Irish consumer spending remains flat, but there was a number of positive developments this month. August ended a negative three-month sequence for Face-to-Face merchants, with a +0.3% year-on-year rise representing the first increase since April. Similarly, the majority of sectors saw growth, with Hotels, Restaurants & Bars standing out as the top performer with a +5.0% rise in spending."

Andrew Harker, Associate Director at IHS Markit said:

"Spending trends remained muted in Ireland during August, with a marginal rise in household expenditure cancelling out a similarly-sized fall seen in July. Consumers appear to be operating a wait-and-see approach at present, with uncertainty around the final outcome of Brexit still prevalent. The signs are, however, that households are becoming more worried about spending, with consumer confidence at a near five-year low. There was some positive news for the high street, however, with spending there up for the first time in four months."

Visa's Irish Consumer Spending Index

(Continued from page 1)

All but two of the eight monitored sectors saw spending increase on an annual basis in August. Growth was led by the Hotels, Restaurants & Bars category where expenditure was up +5.0%, a stronger expansion than in July.

Solid increases were also recorded in the Health & Education (+4.1%) and Household Goods (+4.0%) categories. Food & Drink, meanwhile, posted a return to growth in August, with a rise of +2.7% year-on-year ending a three-month sequence of decline.

Modest increases in expenditure were seen in the Recreation & Culture and Transport & Communication sectors. Meanwhile, reductions in spend were registered in Clothing & Footwear and Miscellaneous Goods & Services.

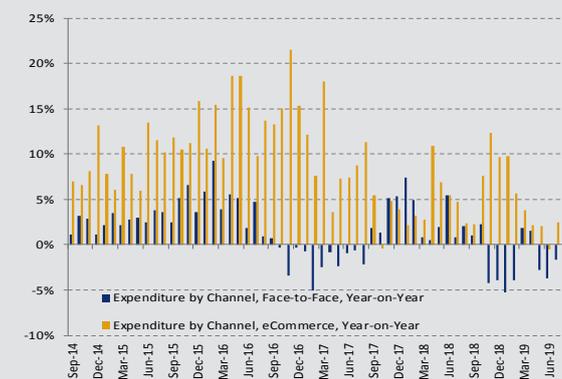


eCommerce and Face-to-Face Spend

Modest improvements in household spending were seen in both the eCommerce (+0.7%) and Face-to-Face (+0.3%) channels during August. For Face-to-Face, this represented a positive development, ending a three-month period of falling spend.

For eCommerce on the other hand, the slight increase in expenditure in August was weaker than that registered in July (+2.5%).

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 June, July and August, which are not adjusted for seasonality and trading days, are provided in the table opposite.

The majority of categories posted increases in expenditure year-on-year in August. The fastest expansion was in Hotels, Restaurants & Bars, where spending was up markedly. Solid increases were also recorded in the Health & Education and Household Goods sectors.

Other areas of expansion were Transport & Communication, Recreation & Culture and Food & Drink, where the rise was the first since April.

Falling expenditure year-on-year continued to be signalled in the Clothing & Footwear and Miscellaneous Goods & Services categories.

Annual Growth Rates by Sector

Data not adjusted for seasonality and trading days

Broad Sector	Jun'19	Jul'19	Aug'19
Food, Beverages & Tobacco	-2.5%	-1.3%	+2.7%
Clothing & Footwear	-5.5%	-4.6%	-2.6%
Household Goods	+2.1%	+6.3%	+4.0%
Health & Education	-2.7%	+3.4%	+4.1%
Transport & Communication	-3.7%	+1.6%	+0.7%
Recreation & Culture	+1.3%	+2.7%	+1.4%
Hotels, Restaurants & Bars	+5.1%	+2.0%	+5.0%
Misc. Goods & Services	-7.8%	-4.9%	-5.4%

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 indicated signs of improvement in household expenditure during August, but spending trends remained muted overall. Quarterly consumer spending data from the CSO held up well in the first quarter of the year, but it seems likely that growth will be softer in the second and third quarters.

More up-to-date data from the CSO is available on retail sales, with figures released on a monthly basis. Sales volumes decreased -4.4% year-on-year in July, the sharpest contraction in just over seven years. Visa's CSI suggests retail sales may stabilise in August, however.

Data from the European Commission signalled a drop in consumer confidence in Ireland during August. Sentiment was the lowest since October 2014.

Growth of business activity also remained subdued in August, according to the latest PMI data from IHS Markit. A modest rise in output by companies in Ireland was recorded, with the rate of expansion the joint-weakest in over six years.

The rate of unemployment ticked up in July, but at 4.6% remained relatively low and among the weakest in 13 years.



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

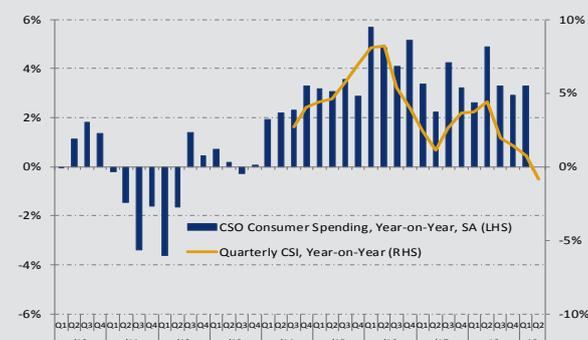
Piaras Kelly, Edelman (Ireland)

Tel: +353 (0)16789333

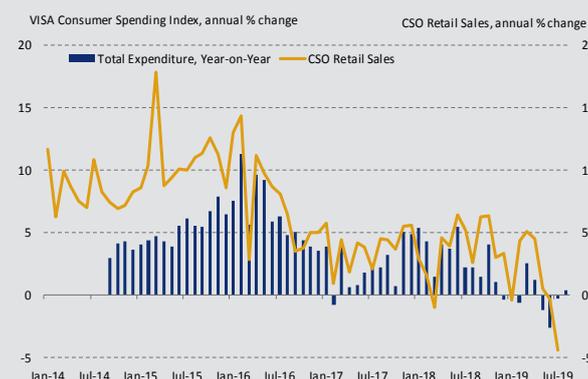
Email: Piaras.Kelly@edelman.com

Ireland Consumer Spending

Annual % Change

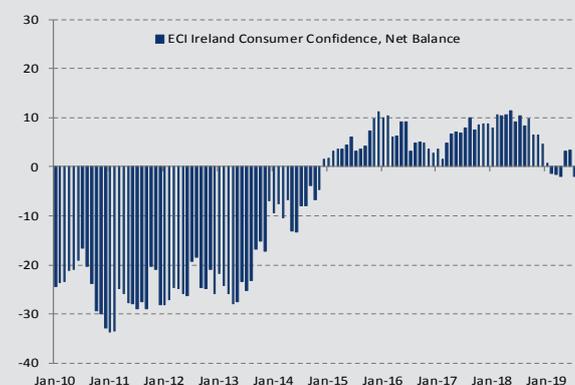


Visa CSI v Official Retail Sales Data



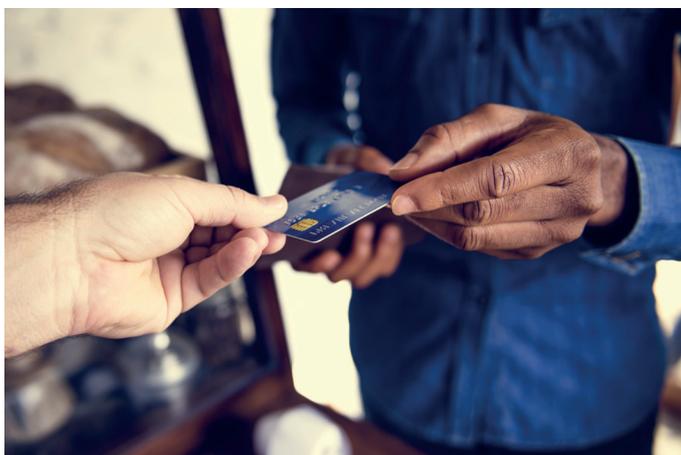
Ireland Consumer Confidence

Net Balance



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

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.