

Visa's Irish Consumer Spending Index - December 2019

Compiled by IHS Markit on behalf of Visa

15 January 2020

Household expenditure rises for first time in four months

Headline Findings:



Household spending increases modestly in December **(+0.9% year-on-year)**



Online expenditure rebounds at the end of the year **(+6.8%)**



Clothing & Footwear sees first expansion in spend in nine months **(+2.9%)**

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 positive end to the year for Irish household spending.

Expenditure was up +0.9% year-on-year in December, following a fall of -1.9% in November. Moreover, the expansion was the first in four months. Although modest, the increase was the sharpest since last April.

Despite the rise in spending in December, trends in expenditure remained subdued during the final quarter of 2019 as a whole. Consumer spending was down -0.7% year-on-year, broadly in line with the falls seen in both the second and third quarters of the year.

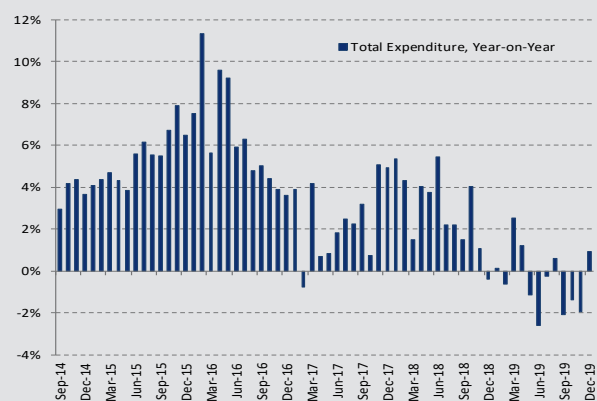
ECOMMERCE spending rebounded, with the fact that Cyber Monday occurred in December in 2019 helping to boost the year-on-year change. Online expenditure was up +6.8% on the year, the strongest rise since January 2019.

(Continues overleaf)

Spending annual % change

	Oct'19	Nov'19	Dec'19
Overall spending	-1.4	-1.9	+0.9
Face-to-face	-2.5	-0.7	-1.4
eComm.	+0.8	-4.2	+6.8

Visa's Irish Consumer Spending Index
Annual % Change



Philip Konopik, Ireland Country Manager, Visa said:

"Irish consumer spending was subdued in 2019 in comparison to previous years. This reflects that the majority of gains from the economic recovery have arrived and the same levels of increases in household spending that we have seen in recent years cannot be expected. While spending may have plateaued somewhat in December, it comes as no surprise that sectors like Hotels, Restaurants & Bars and Recreation & Culture saw boosts as the public celebrated Christmas with meals and nights out over the holiday period."

Andrew Harker, Associate Director at IHS Markit said:

"A successful December ensured that Irish consumer spending ended 2019 on a positive note. A strong rebound in eCommerce expenditure drove the increase in overall spend, helped by the fact that Cyber Monday occurred at the start of December in 2019. Data suggest that conditions on the high street remain challenging, however. Retailers will be hoping that 2020 brings more stability on the political front, helping to solidify consumer confidence and keep households spending."

Visa's Irish Consumer Spending Index

(Continued from page 1)

Face-to-Face spending, meanwhile, continued to fall, extending the current sequence of decline to four months. At -1.4% year-on-year, the decrease was modest but sharper than seen in November.

Spending increases were seen in the majority of sectors covered during December, led by Hotels, Restaurants & Bars (+4.5%). Solid rises were also recorded in the Transport & Communication, Recreation & Culture and Clothing & Footwear categories. In the case of the latter, the expansion ended an eight-month sequence of decline.

The only sectors to post decreases in consumer spending in December were Food & Drink and Health & Education. The fall in Food & Drink (-1.5%) expenditure was the first in three months.

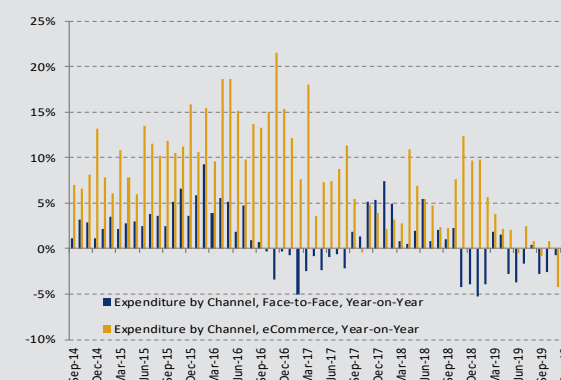


eCommerce and Face-to-Face Spend

With Cyber Monday falling in December in 2019 as opposed to November in 2018, spending on that event helped to boost the year-on-year comparison for eCommerce expenditure in December. At +6.8% year-on-year, the rise was the most marked since January 2019.

Meanwhile, Face-to-Face spending continued to decrease, falling for the fourth month running. At -1.4% year-on-year, the decline was sharper than that seen in November.

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 October, November and December, which are not adjusted for seasonality and trading days, are provided in the table opposite.

Six of the eight monitored sectors saw spending increase year-on-year in December. Solid expansions were seen in Hotels, Restaurants & Bars, Transport & Communication, Recreation & Culture and Household Goods. The fastest pace of growth was seen in Hotels, Restaurants & Bars (+4.5% year-on-year).

Falling expenditure was recorded in Food & Drink and Health & Education. The decline in Food & Drink spending was the first in three months.

Annual Growth Rates by Sector

Data not adjusted for seasonality and trading days

Broad Sector	Oct'19	Nov'19	Dec'19
Food, Beverages & Tobacco	0.0%	+2.1%	-1.5%
Clothing & Footwear	-3.2%	-5.4%	+2.9%
Household Goods	+1.6%	+0.1%	+3.0%
Health & Education	+0.2%	-1.1%	-0.2%
Transport & Communication	+0.7%	-1.5%	+3.4%
Recreation & Culture	-2.1%	-4.4%	+3.3%
Hotels, Restaurants & Bars	+0.7%	+5.1%	+4.5%
Misc. Goods & Services	-3.2%	-4.7%	+0.1%

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 CSO has now released quarterly consumer spending data for the third quarter of 2019, with the latest expansion pointing to stable growth. The more subdued picture signalled by Visa's CSI continued in the final quarter of 2019.

Monthly retail sales data from the CSO pointed to a slowdown in growth during November. At +1.4% year-on-year, the rise was the weakest in the current four-month sequence of expansion. Visa's CSI suggests that December data may show a stronger growth picture.

Consumer confidence data from the European Commission pointed to a drop in sentiment among Irish households in December. The CSO unemployment rate remained stable at 4.8%, however.

IHS Markit PMI data pointed to signs of improvement in growth momentum among businesses in Ireland at the end of 2019. Business output was up at a solid pace during December, with the rate of expansion the fastest since last June.



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

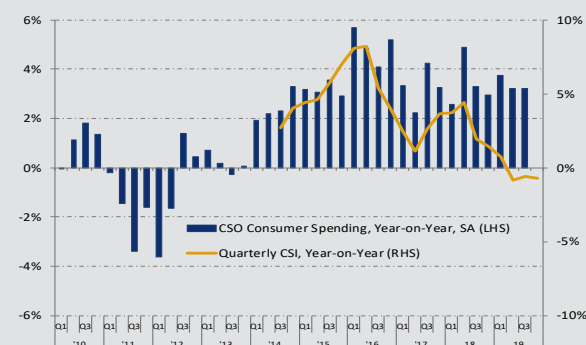
Piarsa Kelly, Edelman (Ireland)

Tel: +353 (0)16789333

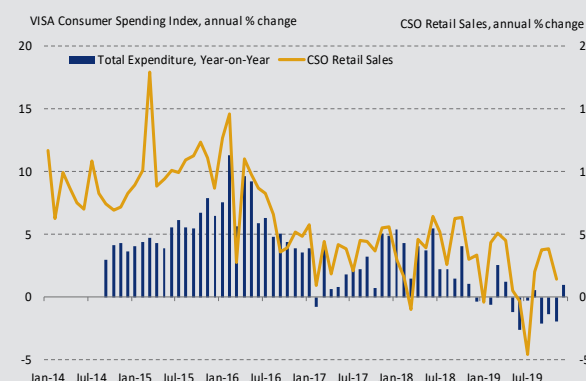
Email: Piarsa.Kelly@edelman.com

Ireland Consumer Spending

Annual % Change

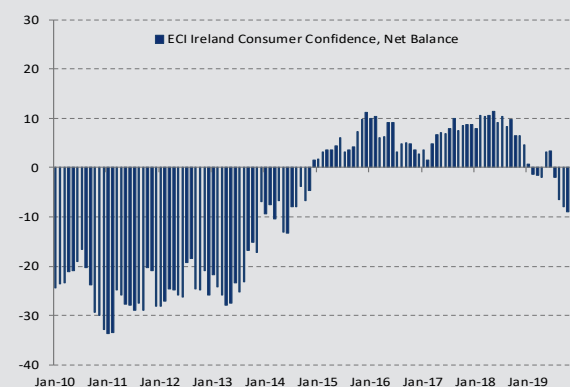


Visa CSI v Official Retail Sales Data



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



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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



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