

Visa's Irish Consumer Spending Index - January 2020

Compiled by IHS Markit on behalf of Visa

20 February 2020

Consumer spending broadly flat at the start of the year

Headline Findings:



Household spending declines only slightly in January **(-0.1% year-on-year)**



Online expenditure little-changed after strong December performance **(-0.1%)**



Hotels, Restaurants & Bars remains best performing sector **(+4.9%)**

Visa's Irish Consumer Spending Index, produced by IHS Markit, which measures expenditure across all payment types (cash, cheques and electronic payments), signalled a subdued start to 2020 for Irish household spending.

Consumer spending was broadly flat in January, following a marginal expansion at the end of 2019. Overall, household expenditure fell by just -0.1%, after rising +0.9% in the previous month.

When split by channel, data for the opening month of the year signalled only fractional reductions in both face-to-face spending and online purchases. ECommerce expenditure was little-changed following a strong rise during December, which largely stemmed from the boost Cyber Monday provided to annual growth.

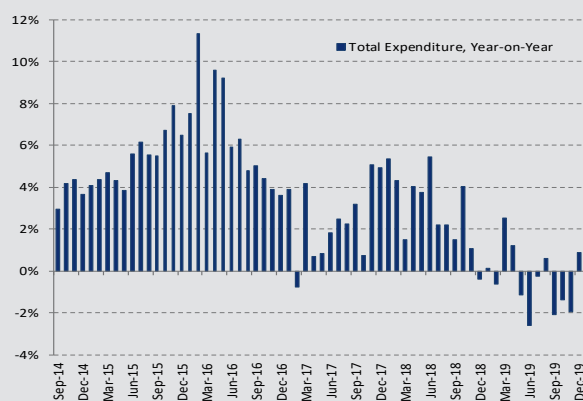
The year-on-year decrease in face-to-face spending, at -0.2%, was the slowest in the current sequence of decline that began in September 2019.

(Continues overleaf)

Spending annual % change

	Nov'19	Dec'19	Jan'20
Overall spending	-1.9	+0.9	-0.1
Face-to-face	-0.7	-1.5	-0.2
eComm.	-4.2	+6.8	-0.1

Visa's Irish Consumer Spending Index
Annual % Change



Philip Konopik, Ireland Country Manager, Visa said:

"Levels of consumer spending were muted at the start of the year, reflecting a trend we have seen in recent months where growth in expenditure has plateaued. The fractional reductions in both face-to-face spending and online purchases in January reflect the fact that the majority of retailers begin their sales in December now. Despite this, it should be noted that the majority of sectors saw small rises in spending, with Hotels, Restaurants & Bars the standout performer after recording the highest level of growth."

Sian Jones, Economist at IHS Markit said:

"Irish consumer spending was little-changed compared to a year ago in January, after last December's figures were boosted by the timing of Cyber Monday. While there was a relative improvement for High Street retailers, where spending edged closer to stabilisation following a lacklustre Christmas period, eCommerce expenditure was broadly flat after a marked expansion in December."

Visa's Irish Consumer Spending Index

(Continued from page 1)

At the sector level, the majority of segments registered a rise in expenditure, with only Clothing & Footwear, Household Goods and Miscellaneous Goods & Services recording a drop in spending. Although only slight, the year-on-year fall in Household Goods expenditure was the first since last September.

For the third successive month, Hotels, Restaurants & Bars saw the strongest increase in spending, with the rate of expansion quickening from that seen in December.

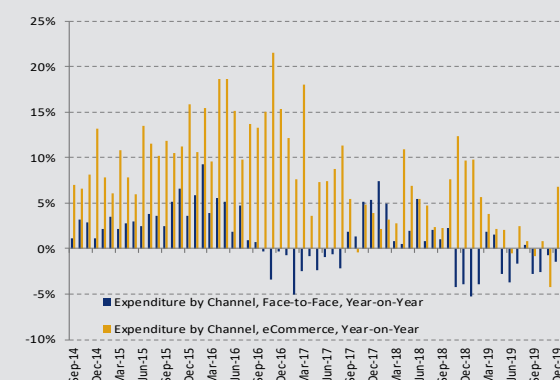


eCommerce and Face-to-Face Spend

Spending via eCommerce was broadly stagnant in January, declining by just -0.1% on the year. This followed a solid upturn in December (+6.8%) due to the timing of Cyber Monday in 2019 compared to 2018. eCommerce spending has now fallen in three of the past five months.

Face-to-face spending meanwhile edged closer to stabilisation in January. The year-on-year decrease in expenditure of -0.2% was the slowest in the current five-month sequence of decline.

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

Three of the eight monitored expenditure sectors recorded lower spending during the opening month of 2020. Declines were seen in the Clothing & Footwear, Household Goods and Miscellaneous Goods & Services sectors, with the latter signalling the fastest year-on-year fall (-1.7% year-on-year).

Meanwhile, the strongest increase in spend was seen in the Hotels, Restaurants & Bars segment (+4.9%). Encouragingly, expenditure on Food & Drink and Health & Education returned to expansion.

Annual Growth Rates by Sector

Data not adjusted for seasonality and trading days

Broad Sector	Nov '19	Dec '19	Jan '20
Food, Beverages & Tobacco	+2.1%	-1.6%	+0.5%
Clothing & Footwear	-5.4%	+2.8%	-1.3%
Household Goods	+0.1%	+3.1%	-0.2%
Health & Education	-1.1%	-0.2%	+0.7%
Transport & Communication	-1.5%	+2.9%	+0.8%
Recreation & Culture	-4.4%	+3.3%	+0.9%
Hotels, Restaurants & Bars	+5.1%	+4.6%	+4.9%
Misc. Goods & Services	-4.7%	+0.1%	-1.7%

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 released quarterly consumer spending data for up to the third quarter of 2019, with the latest expansion pointing to stable growth. The more subdued picture signalled by Visa's CSI persisted in the final quarter of 2019 and into the start of the new year.

Monthly retail sales data from the CSO for December broadly reflected the upward trend seen in Visa's CSI data, with year-on-year spending rising by 5.8%. That said, the Visa CSI points to softer expenditure trends at the start of the first quarter of 2020, as the positive impact of Cyber Monday unwinds.

Consumer confidence data from the European Commission continued to signal weak sentiment in January. Although the net balance was the highest since July 2019, it remained in negative territory for the seventh month in a row. Meanwhile, the CSO unemployment rate remained stable at 4.8%.

IHS Markit PMI data signalled further growth of business activity across the Irish private sector in January. The rate of output expansion accelerated for the third successive month, with firms also expressing firmer optimism towards the business outlook.



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:

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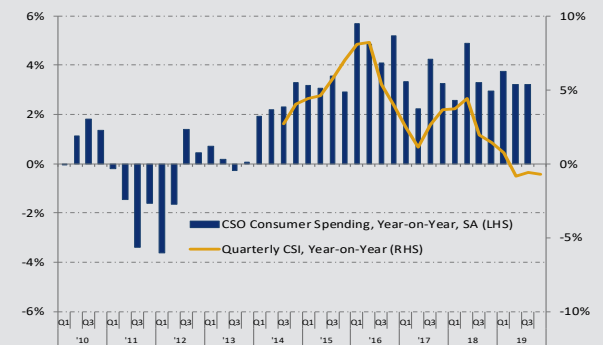
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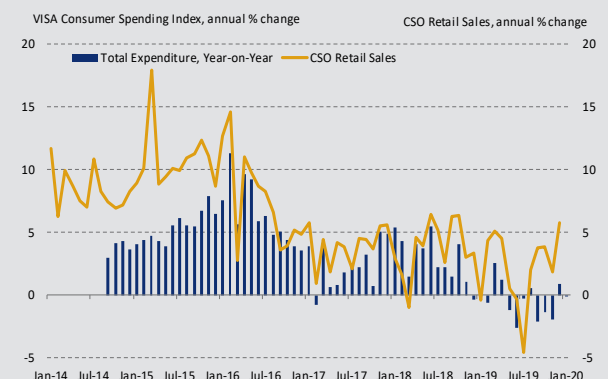
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Ireland Consumer Spending

Annual % Change

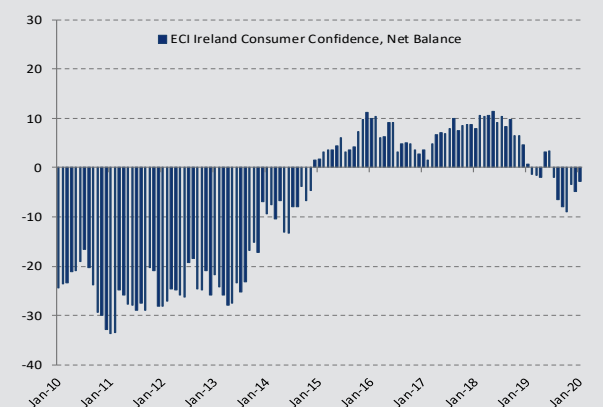


Visa CSI v Official Retail Sales Data



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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