

The novel coronavirus, or COVID-19, pandemic is a global health concern and the focus of many efforts to understand, contain, and treat this disease. This Missouri Economy Indicators Update series will highlight data and potential resources that can help businesses and policymakers navigate this situation.

Household Spending Drives the U.S. Economy

Personal consumption expenditures account for almost 70% of the U.S. economy, and as a result consumer spending patterns drive job creation and household income. A recently released consumer purchase tracking tool shows that consumer spending declined before Missouri issued its stay-at-home order. This suggests that public concern about the virus predated the policy response. Subsequent rising unemployment will further suppress spending. We will continue to monitor these data, now that Missouri businesses are reopening, to follow consumer spending in the state.

Missouri Household Spending Declines Concurrent with COVID-19

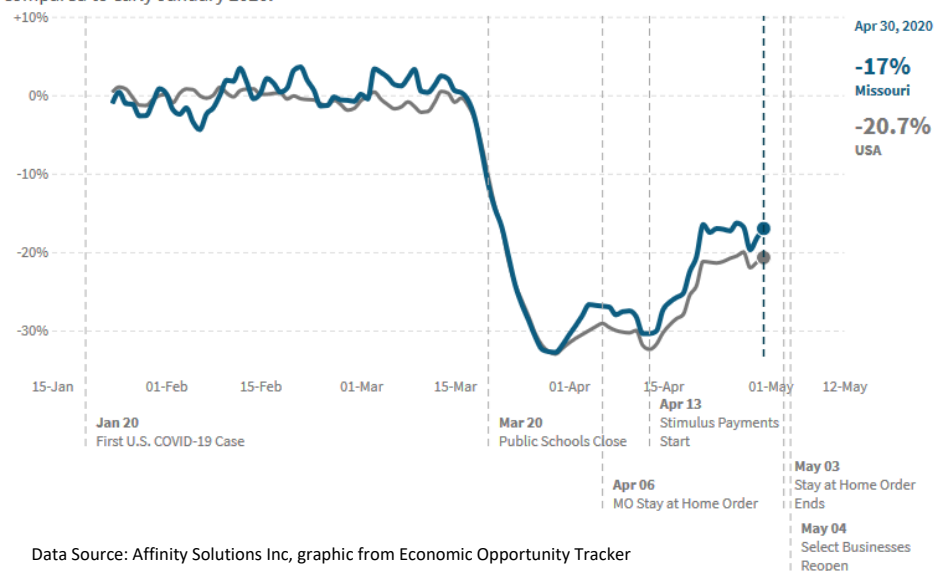
Missouri's consumer spending follows a pattern similar to most U.S. states. Daily spending began to decline on March 15, before public schools closed or the State issued its stay-at-home order, suggesting that coronavirus fears drove changes in consumer behavior before policy restrictions induced changes.

On March 30th, Missouri's household spending was 33% lower than its average January spending. On April 13, federal stimulus payments began, coinciding with a modest increase in consumer spending in Missouri and nationally.

Spending levels in Arkansas and Tennessee, neighboring states, are back to pre-COVID levels after facing relatively milder spending drops. Missouri's consumer spending recovered approximately half of its lost volume. Between April 21st and April 30th, the average daily statewide spending hovered around -16% of its pre-COVID levels; national spending is 21% lower than expected.

Household Spending from January - April 2020

In Missouri, as of April 30 2020, total spending by all consumers decreased by 17% compared to early January 2020.



COVID-19 Spending Declines by Category

Missouri's total consumer spending fell most dramatically during the second half of March. Category spending reveals that grocery store purchases—which surged up to 72% higher than expected in mid-March—masked deeper spending declines elsewhere. Again, consumer fear of the coronavirus began to change purchasing behavior far earlier than policy changes.

For instance, Missouri consumers began to increase their typical grocery store purchases around March 4th. By April 30th, grocery store purchases remained 23% higher than expected in Missouri, as households continued to shelter in place. The table

at the right summarizes how consumer spending has changed across six major spending categories, January to April 30th. Spending at apparel and general merchandise stores—like Wal-Mart and Target—rebounded more quickly, although remains 24% lower than expected. By contrast, spending on transportation and arts, entertainment and recreation remain down by 70% or more since January 2020.

Many factors will influence future spending trends. These data indicate that—at least in March and April—safety concerns may underpin recent changes in consumer spending. With unemployment rising, future consumer spending may be affected less by safety and more by depressed household income.

Data source: Affinity Solutions Inc., credit and debit card spending by state indexed to January 4-31, 2020 levels. This data set captures spending by cardholder location, not a store. Although not a complete set of purchases, this information closely reflects national patterns observed in other consumer spending data sets. Daily values are calculated as a 7-day average of a given day and the six preceding days.

Additional Resources

- **Opportunity Insights Economic Tracker** provides the data and analysis used in this brief for all states at: <https://tracker.opportunityinsights.org/>. Read more about this data source and how it compares to other datasets here: https://opportunityinsights.org/wp-content/uploads/2020/05/tracker_paper.pdf
- **Missouri Small Business Development Center COVID-19 Resource Page** has a small business guide to the CARES act, video guides, and other resources at: <https://sbdc.missouri.edu/sbdc-covid-19-resources>

This brief is the fifth in a series to explore economic indicators associated with the COVID-19 pandemic.

Future updates will be available at: <https://tinyurl.com/ExceedEconomyIndicators>

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Percent Change in MO Consumer Spending by Category

From January 2020 to April 30, 2020

Expense Type	Percent Change
Total	-17%
Grocery	+23%
Apparel & General Merch.	-24%
Restaurants & Hotels	-55%
Health Care	-47%
Transportation	-70%
Arts, Entertainment & Rec.	-74%

Data is seasonally adjusted by using spending levels from the same day in 2019.