



# COVID-19 Missouri Economy Indicators

## Household Spending

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This Missouri Economy Indicators Update series highlights data and potential resources that can help businesses, policymakers and other decision makers navigate economic changes during COVID-19.

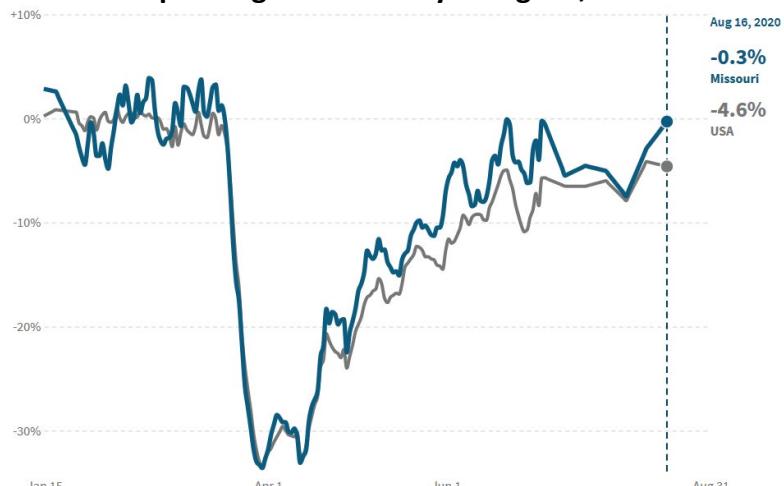
### Household Spending Reflects Continued Consumer Uncertainty

Personal consumption expenditures account for almost 70% of the U.S. economy, and consumer spending drives job creation and household income. Consumer spending began declining in mid-March before Missouri issued its stay-at-home order, suggesting safety perceptions and not business closures were driving consumer behavior. Consumers restricted spending in July, reversing earlier gains, but have since increased spending in August. Analyzing purchases by an area's average household income shows spending has rebounded the most among high-income in the past month. Consumers have continued to most restrict spending on arts and entertainment, and transportation reshaping these parts of the economy.

### Missouri's Household Spending Levels Decreased in July, Rebounded in August

Since peaking to pre-COVID levels in late June, Missouri's total consumer spending decreased 9 percentage points during July before rebounding. U.S. spending never fully recovered and now stands at 5% less; see graphic at right. Continued volatility in spending may reflect both safety concerns and income and presents challenges to business owners. Unemployment Insurance benefits returned to pre-COVID levels at the end of July raising concerns about the ability of the unemployed to meet basic needs.

#### Household Spending from January – Aug. 16, 2020



Data Source: Affinity Solutions Inc, graphic from Economic Opportunity Tracker

### Percent Change in Spending by Income

Comparing January to August 16, 2020

Household Income	MO	U.S.
Total	0%	-5%
Low-income	-1%	0%
Middle-income	0%	-4%
High-income	-3%	-9%

Data are seasonally adjusted with spending levels from the same day in 2019.

When comparing January to early August, spending patterns differed by an area's household income; see table at left. In Missouri, high-income households spent 3% less in mid-August than they did in January, as all U.S. high-income households spent 9% less. Spending for Missouri middle-income and low-income households returned to January levels. Missouri has a lower share of high-income households than the U.S.\*

## Spending Changes by Category

The change in consumer spending from January to August 16 varies across six major spending categories; see table at right. Grocery store spending remains higher than normal but has continued to fall from a peak in March. Restaurant and hotel spending has steadily increased in the last month to now 21% below January levels. Health care spending has had an uneven recovery but is now the second strongest sector. Spending at Missouri apparel and general merchandise stores—such as Walmart and Target—fell from higher than expected levels to 11 percentage points below, this sector has recovered in August to 2% below January levels. Transportation and arts, entertainment and recreation continue to sustain prolonged spending restrictions in Missouri and the U.S.

## Percent Change in MO Consumer Spending by Category

Expense Type	Percent Change Jan – Aug 16	
	Missouri	U.S.
<b>Total</b>	<b>0%</b>	<b>-5%</b>
Grocery	+10%	+11%
Health Care	-1%	-10%
Apparel & General Merch.	-2%	-7%
Restaurants & Hotels	-21%	-27%
Transportation	-47%	-47%
Arts, Entertainment, Rec.	-58%	-49%

Data are seasonally adjusted with spending levels from the same day in 2019.

Many factors will influence future spending trends including the continuation of federal assistance spending and changes to the Unemployment Insurance Program. Increased spending in high income areas and on restaurants and hotels may suggest changing safety perceptions. Spending reductions among low-income areas raises concerns that families may not be meeting basic needs. Sustained spending declines in industries like transportation and arts and entertainment may lead to more business closures, further unemployment, declines in income and spending reductions.

\*Data source: Affinity Solutions Inc., credit and debit card spending by state indexed to Jan. 4-31, 2020 levels. This data set captures spending by cardholder location, not a store. This information closely reflects national patterns observed in other consumer spending data sets. Daily values are a seven-day average of a given day and the six preceding days. The median income of each zip code is used to classify spending in that area as high-income households (top quintile), low-income households (bottom quintile) and middle-income households (all others). In Missouri, only 3.9% of households earn more than \$200,000 compared with 6.3% of all U.S. households, according to 2013-2017 American Community Survey data.

## Additional Resources

- **Opportunity Insights Economic Tracker** provides the data and analysis used in this brief for all states at [tracker.opportunityinsights.org](http://tracker.opportunityinsights.org). Read more about this data source and how it compares to other data sets here: [opportunityinsights.org/wp-content/uploads/2020/05/tracker\\_paper.pdf](http://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 [sbdc.missouri.edu/sbdc-covid-19-resources](http://sbdc.missouri.edu/sbdc-covid-19-resources)

*This brief is the twelfth in a series meant to explore economic indicators associated with the COVID-19 pandemic. Future updates will be available at [tinyurl.com/ExceedEconomyIndicators](http://tinyurl.com/ExceedEconomyIndicators)*

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