

U.S. Economic Overview

CONSUMERS AND THE MACRO ECONOMY

May 2024



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Contents



1. Summary	3
2. Key Consumer Metrics	5
3. U.S. Retail Sales	15
4. Broad Economic Indicators	23
5. U.S. Employment	26
6. Housing	30
7. Supply Chain	37
8. About Ankura	44

Summary



Consumers & Macro Economy Executive Summary



Positive Signals

- Personal disposable income up 4%
- Personal savings increased 3%
- March Retail Sales increased 3.5% YOY, flat MTM
- Food and Dining sales increased 5.5%
- Air Travel increased 1%
- Price of air travel is down 5.8% YOY
- The GDP increased 1.64% annual rate
- CPI is tamer, rising only 3.4%, with housing and fuel being largest contributors
- April unemployment was 3.9%
- New home sales were up 8.8% YOY
- General freight trucking index was down 11.6% YOY



The Not So Good

- Consumer Sentiment plunged 13%
- U.S. Consumer Misery Index is at 7.3%
- Hard Goods, Department Stores and Sporting Goods segments are down
- Bank Prime Loan and Federal Funds Rates remain unchanged
- Mortgage rates remain near 7% for 30 year fixed
- New housing starts dropped 0.6% YOY
- New home median prices increased 6% to \$430,700
- Deep Sea freight rates rose 6% YOY



Key Concerns

- Revolving credit is up 8.7%
- Total consumer credit is up 4.6%
- Consumer credit reached a new record of over 17 trillion
- Crude oil prices rose for third consecutive month
- Consumer expenditures are increasing faster than income
- Interest rates are impacting vehicle sales, likely building up on lot inventories
- Existing home sales dropped 1.9% vs. 2023 and March 2024

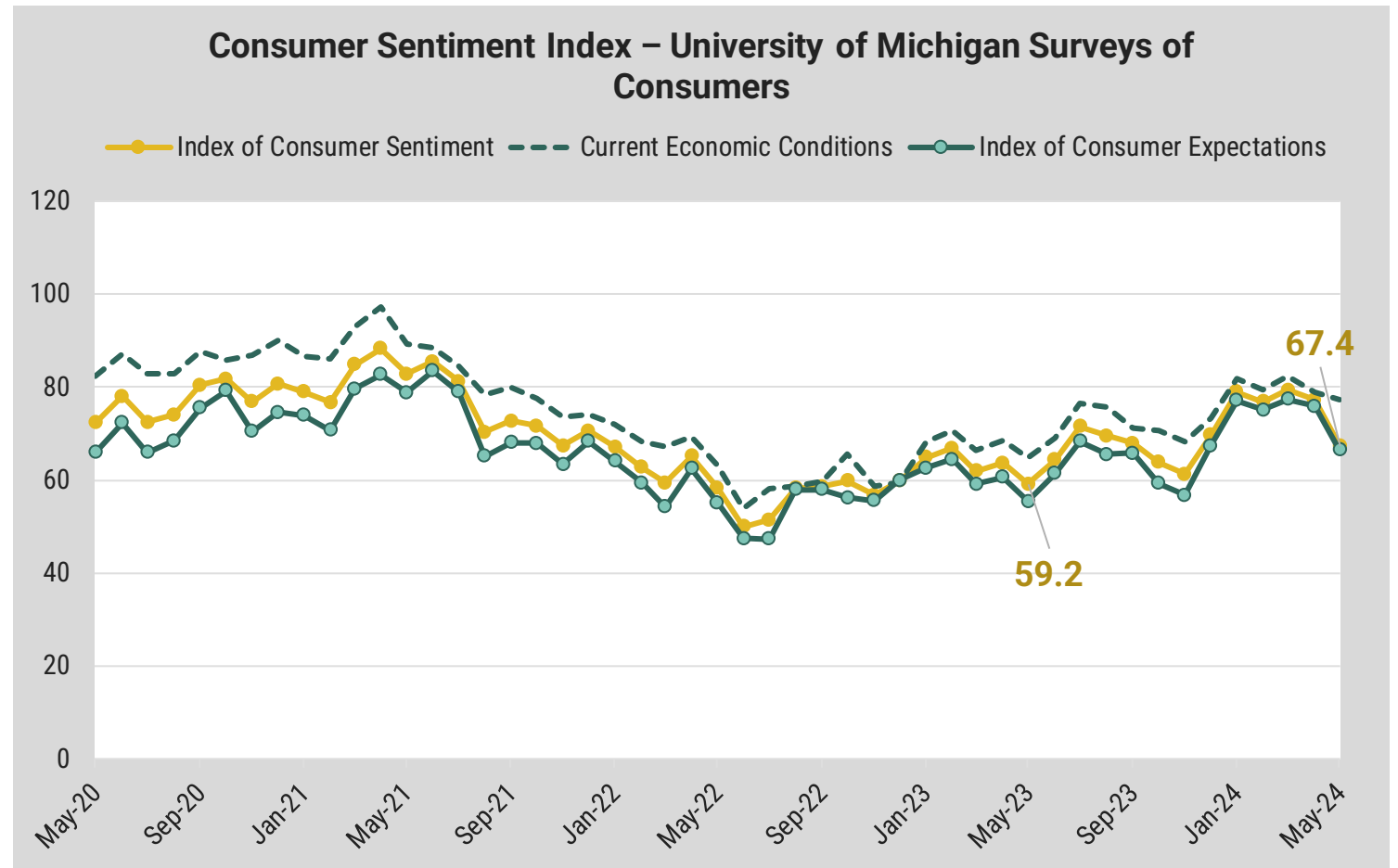
Key Consumer Metrics



Consumer Sentiment Index

Consumer sentiment plunged about 13% in May, following a period of relative stability for the past three months; the steep decline of 10 index points marks a statistically significant drop and brings sentiment to its lowest level in six months

	Index of Consumer Sentiment	Current Economic Conditions	Index of Consumer Expectations
2-Year High	79.4	82.5	77.4
2-Year Avg.	64.7	68.8	62.3
2- Year Low	50.0	53.8	47.3
Current	67.4	77.2	66.5
LY	59.2	64.9	55.4
YOY % Change	13.9%	19.0%	20.0%
Previous Month	77.2	79.0	76.0
MTM % Change	-12.7%	-2.3%	-12.5%



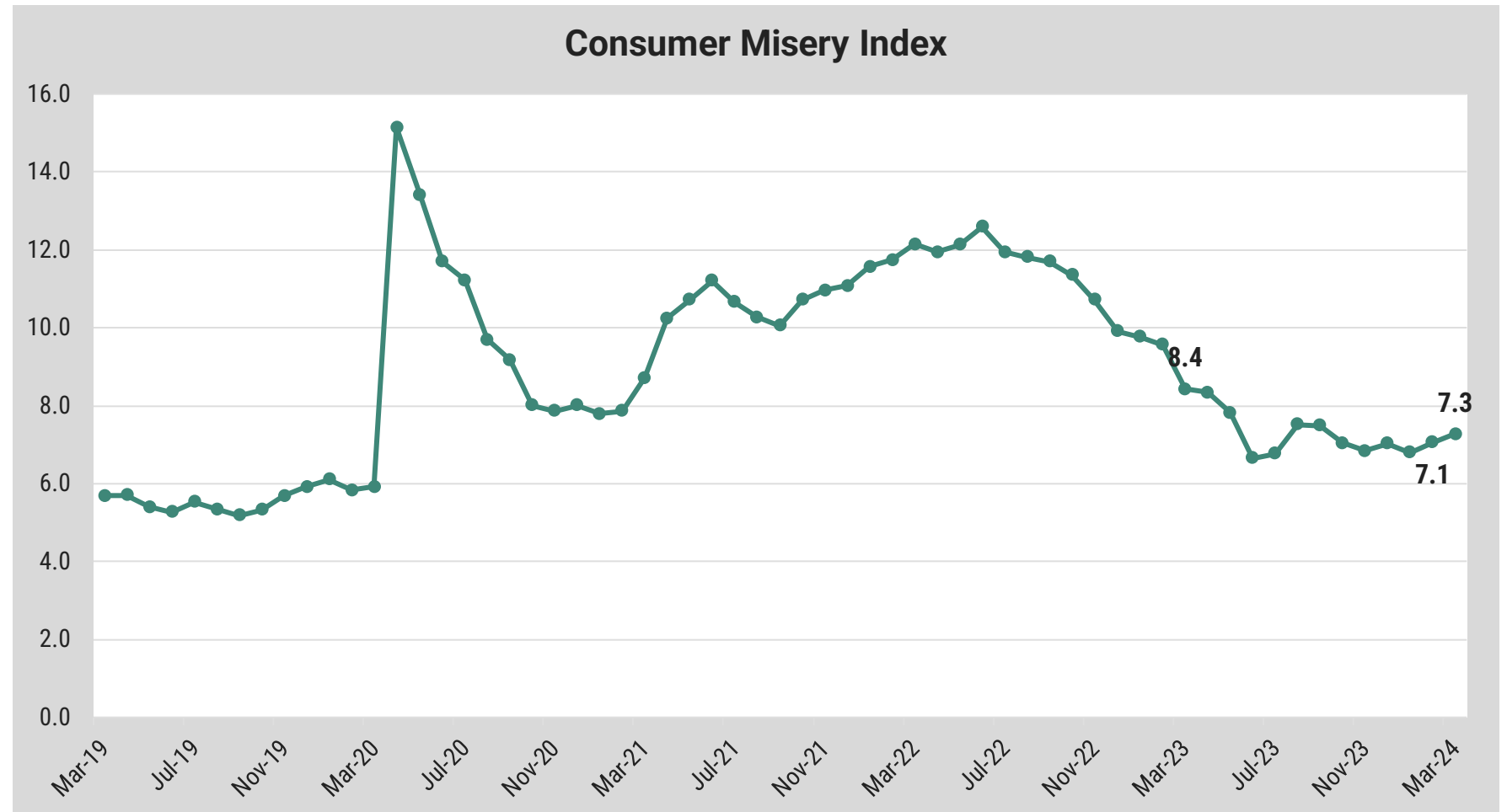
Source: The Surveys of Consumers are conducted by the Survey Research Center at the University of Michigan. (<https://data.sca.isr.umich.edu/survey-info.php>)



Consumer Misery Index

The U.S. Consumer Misery Index is currently at 7.3, up slightly from last month but well below 8.4 in March 2023 due to low levels of unemployment and falling inflation

The consumer misery index combines unemployment and inflation rates to gauge economic hardship. The index is calculated by simply adding the unemployment rate) to the inflation rate. A higher misery index suggests a greater level of economic hardship for the average consumer.





Consumer Price Index *(non-seasonally adjusted)*

CPI rose 3.4 percent over the last 12 months; Core CPI increased 3.6 percent over the year. Housing and motor fuel rose; combined, these two indexes contributed over seventy percent of the monthly increase in the index for all items

Food Away From Home +4.1%

Housing +4.5%

Fuel +1.0%

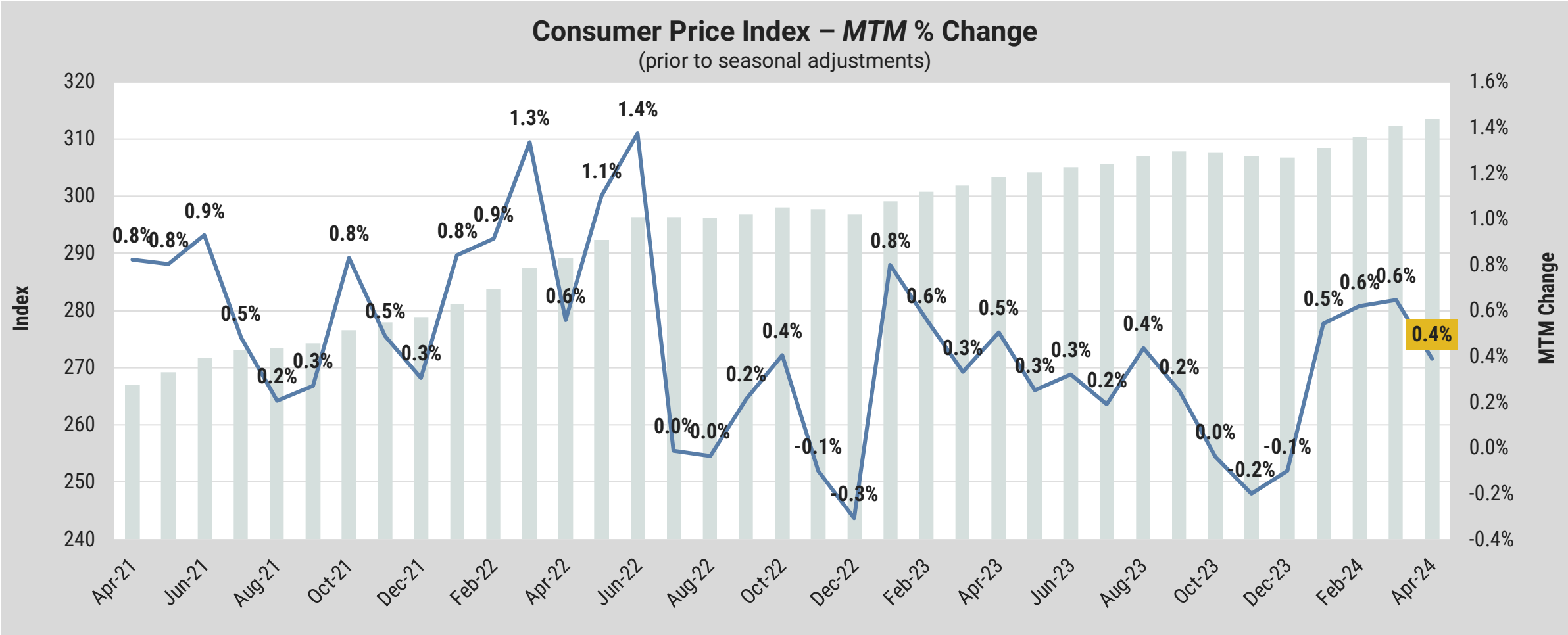
Air Fare -5.8%

	Oct-23	Dec-23	Dec-23	Jan-24	Feb-24	Mar-24
Total CPI	3.1%	3.4%	3.1%	3.2%	3.5%	3.4%
All Items Less Food & Energy (Core CPI)	4.0%	3.9%	3.9%	3.8%	3.8%	3.6%
Food at Home	1.7%	1.3%	1.2%	1.0%	1.2%	1.1%
Food Away From Home	5.3%	5.2%	5.1%	4.5%	4.2%	4.1%
Motor Fuel	-9.2%	-2.3%	-6.6%	-4.2%	1.0%	1.0%
Apparel	1.1%	1.0%	0.1%	0.0%	0.4%	1.3%
Housing	5.2%	4.8%	4.6%	4.5%	4.7%	4.5%
Education	2.4%	2.4%	2.5%	2.7%	2.4%	2.5%
Medical Care	0.2%	0.5%	1.1%	1.4%	2.2%	2.6%
Transportation	0.9%	2.9%	1.6%	2.7%	4.0%	3.5%
Air Fare	-12.2%	-9.4%	-6.4%	-6.1%	-7.1%	-5.8%



Consumer Price Index – Month-to-Month Trends

Compared to previous month, April CPI for All Urban Consumers (CPI-U) increased .4% (prior to seasonal adjustments)

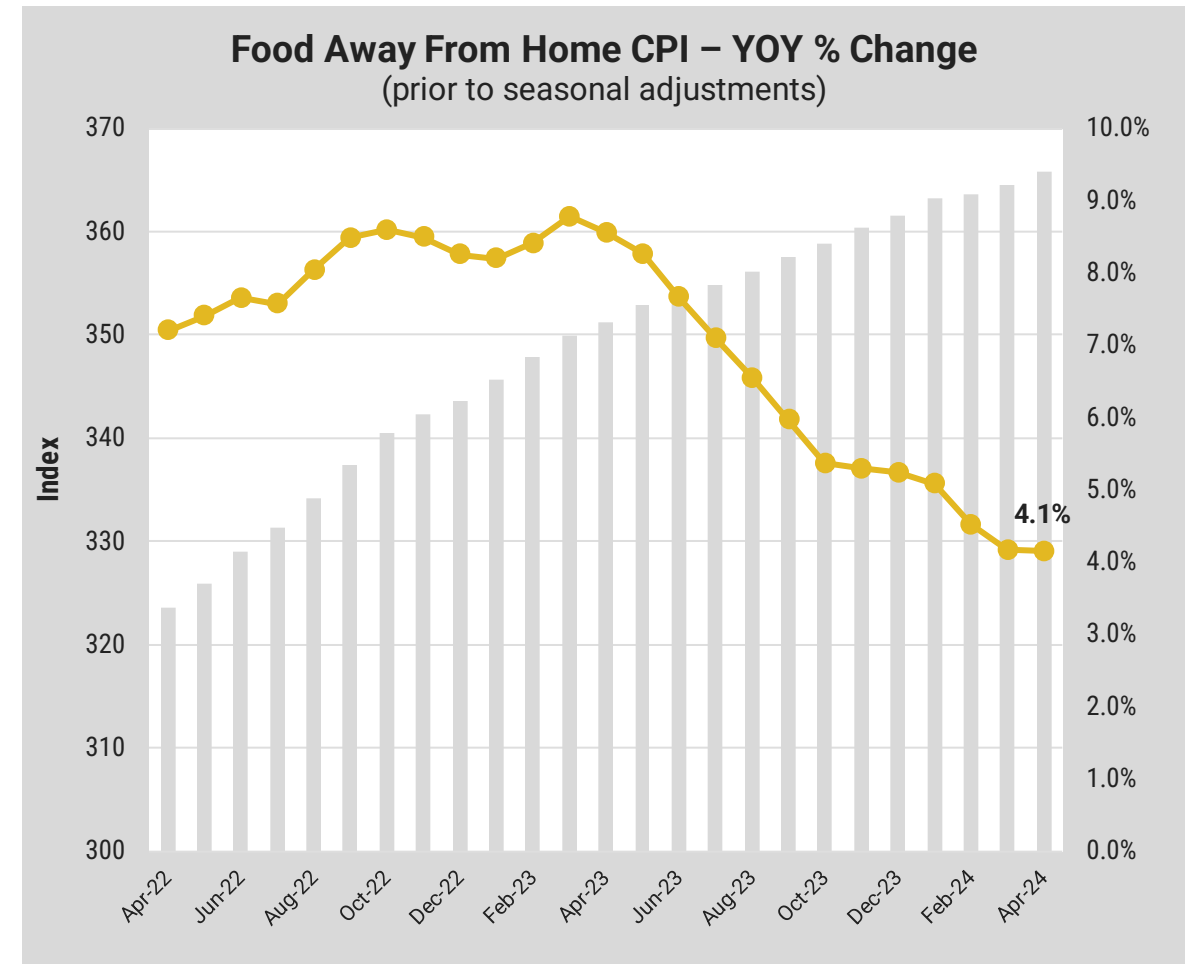
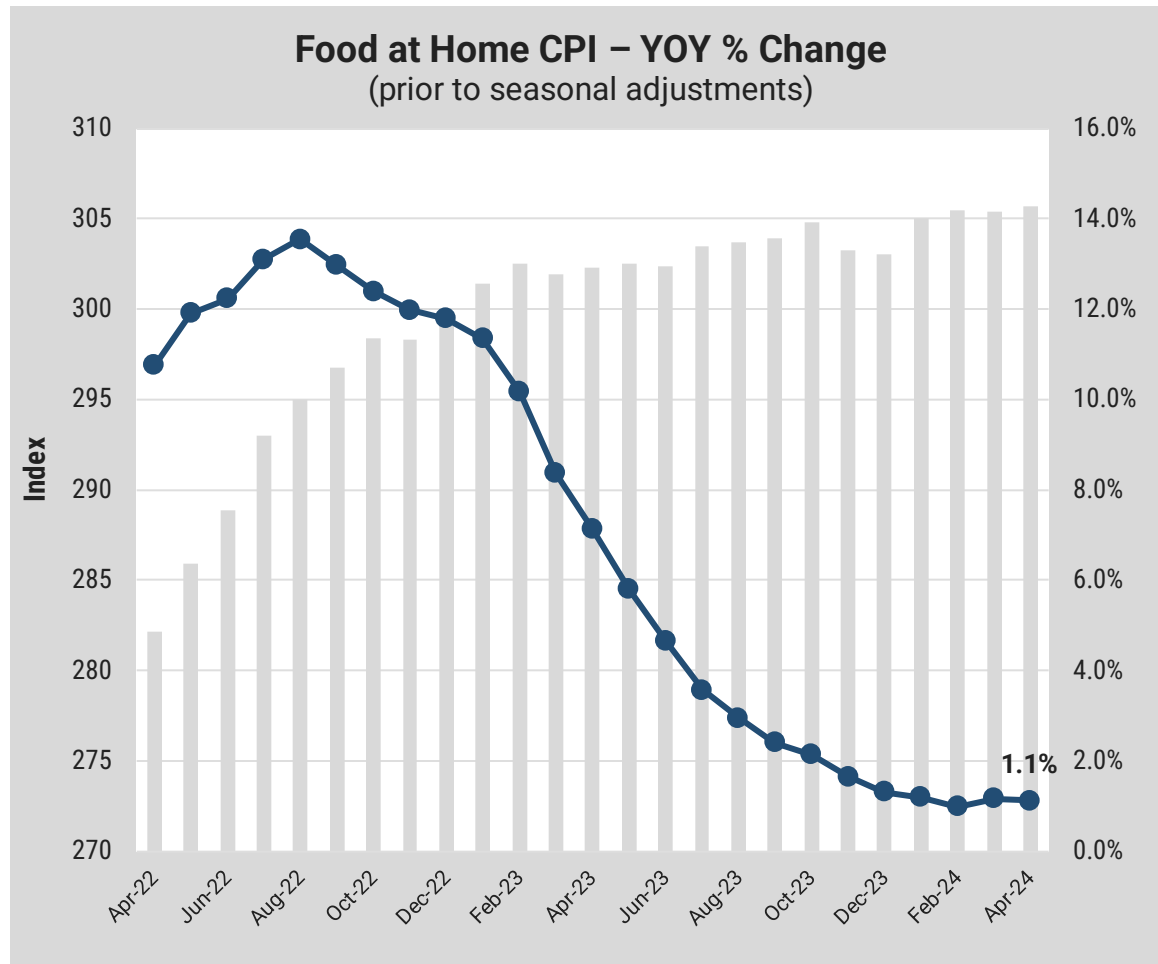


Source: U.S. Bureau of Labor Statistics



U.S. Food Prices

The rate of increase in U.S. Food prices (monthly CPI) remains low despite rising price of Food Away From Home, restaurant sales continue to increase

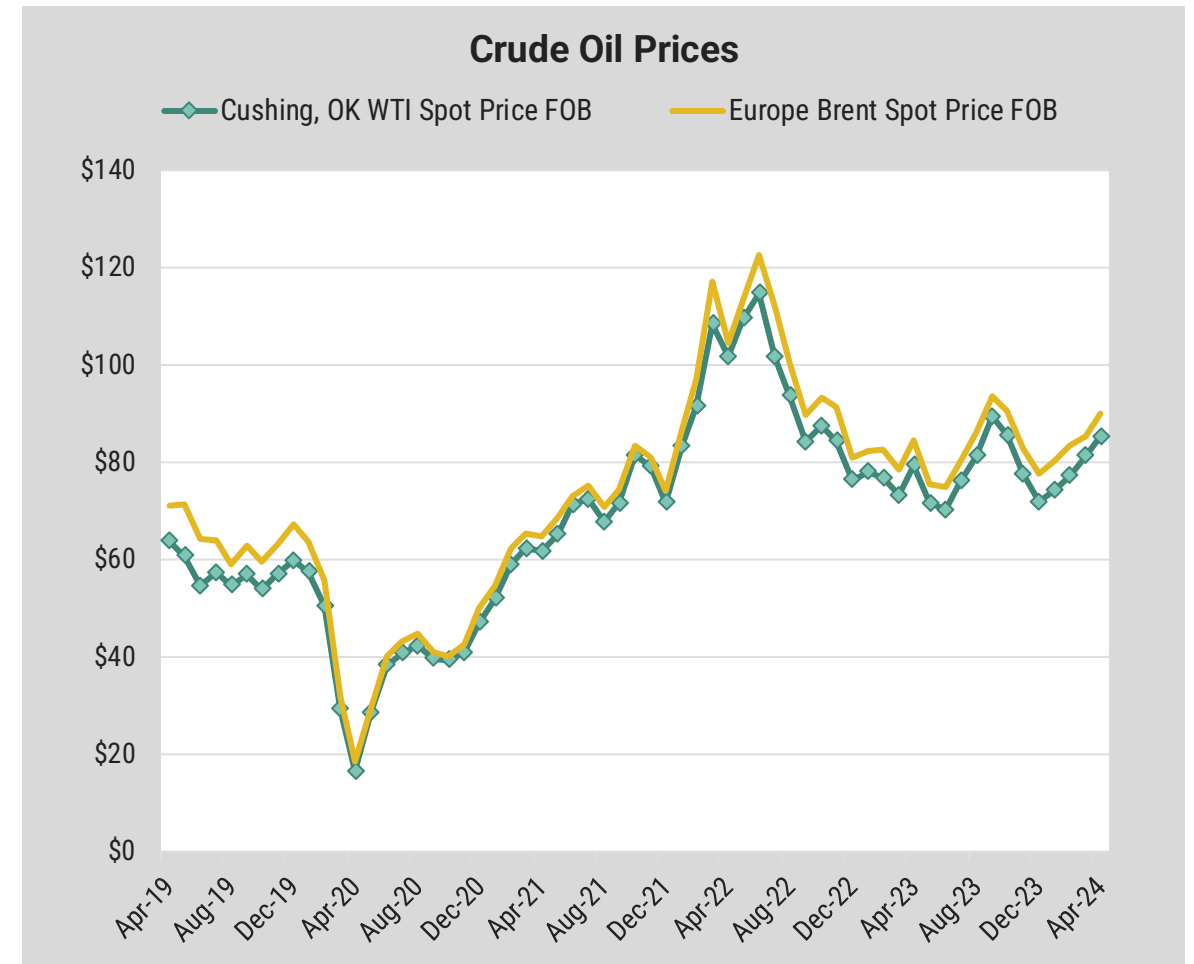
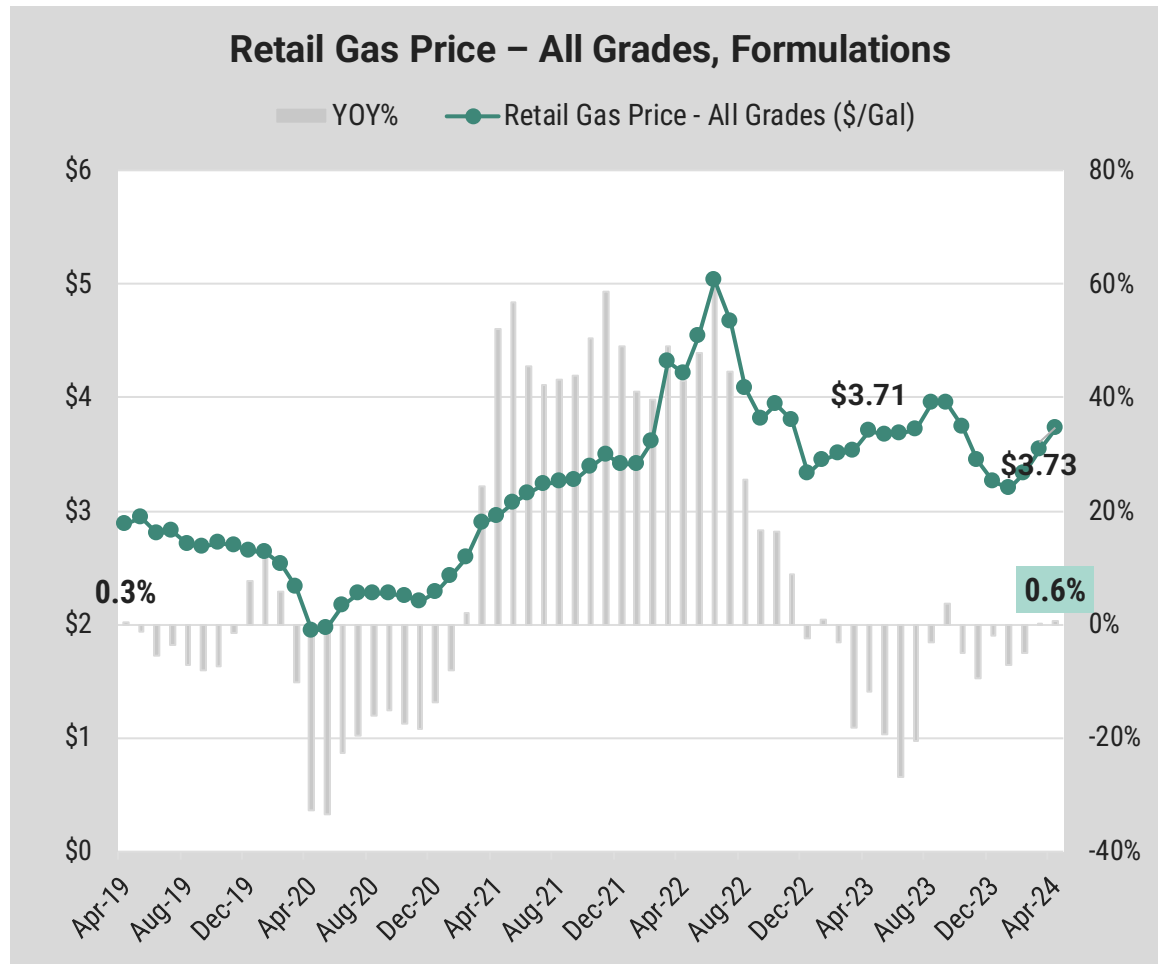


Source: U.S. Bureau of Labor Statistics



Gasoline (Retail Price) and Crude Oil Prices

Average U.S. retail gas price was flat YOY at \$3.73/gallon; crude oil prices rose MTM for the 4th consecutive month

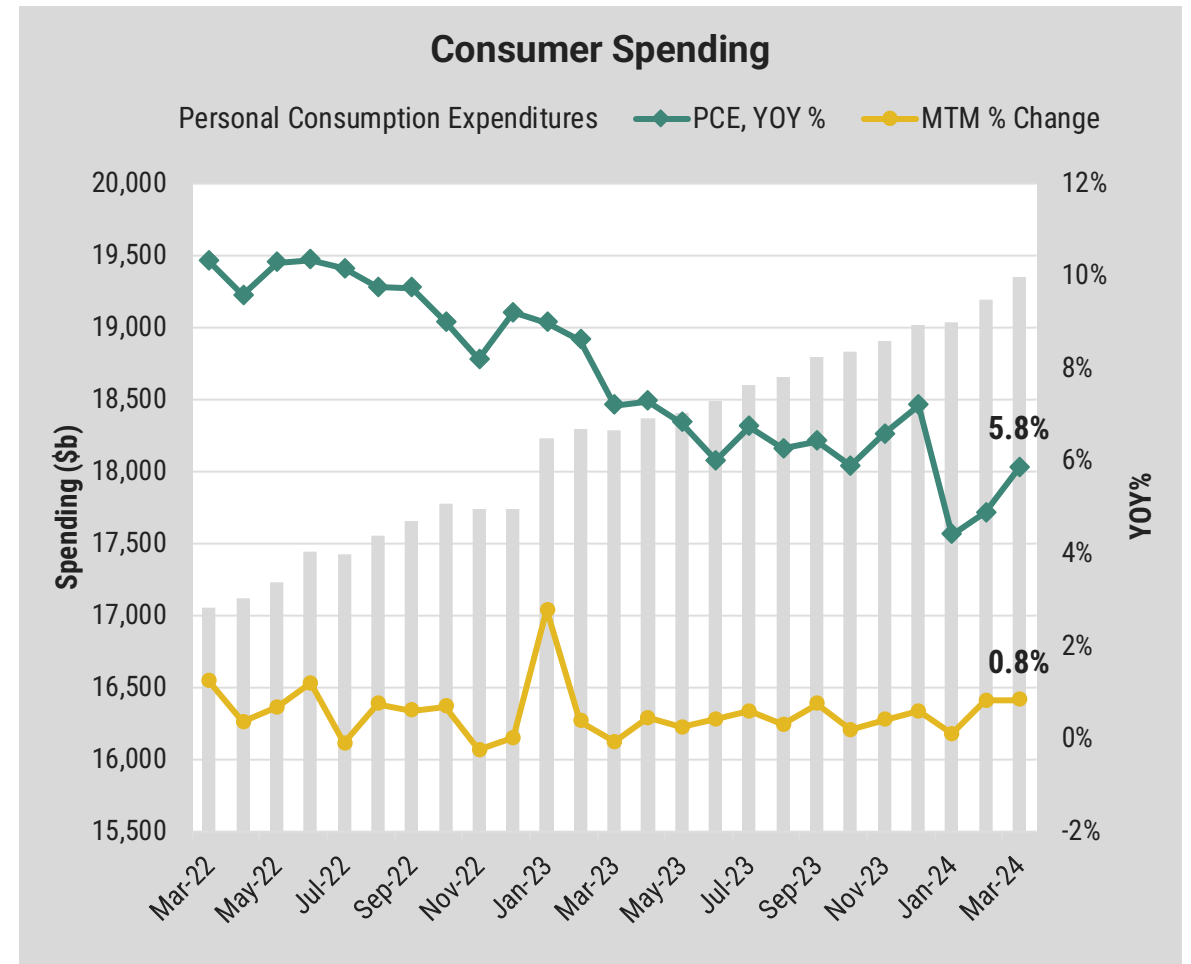
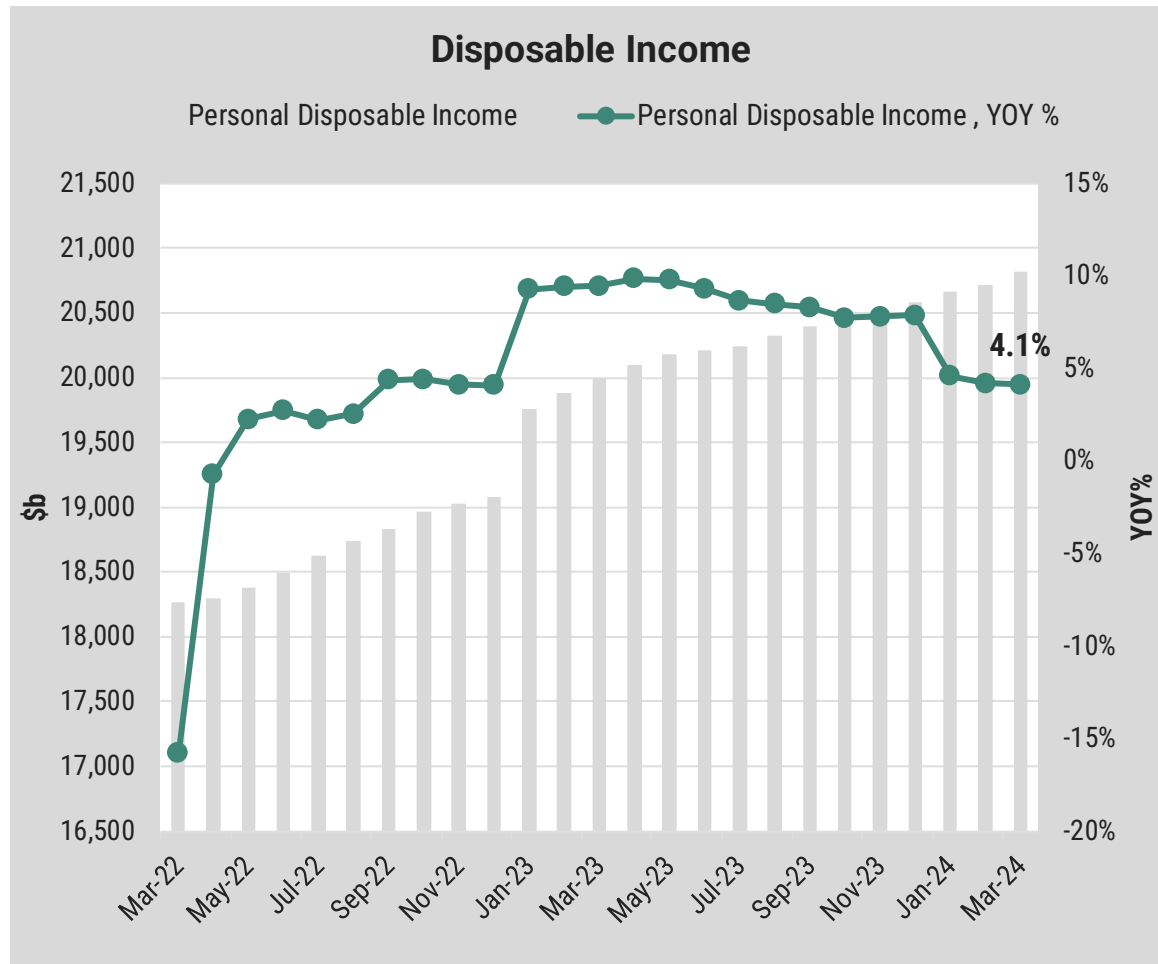


Source: U.S. Energy Information Administration



Consumer Income and Spending (2-month lag)

Personal disposable income rose 4.1%; yet consumer expenditures increased nearly 6% YOY and 1% MTM – sending more consumers into debt

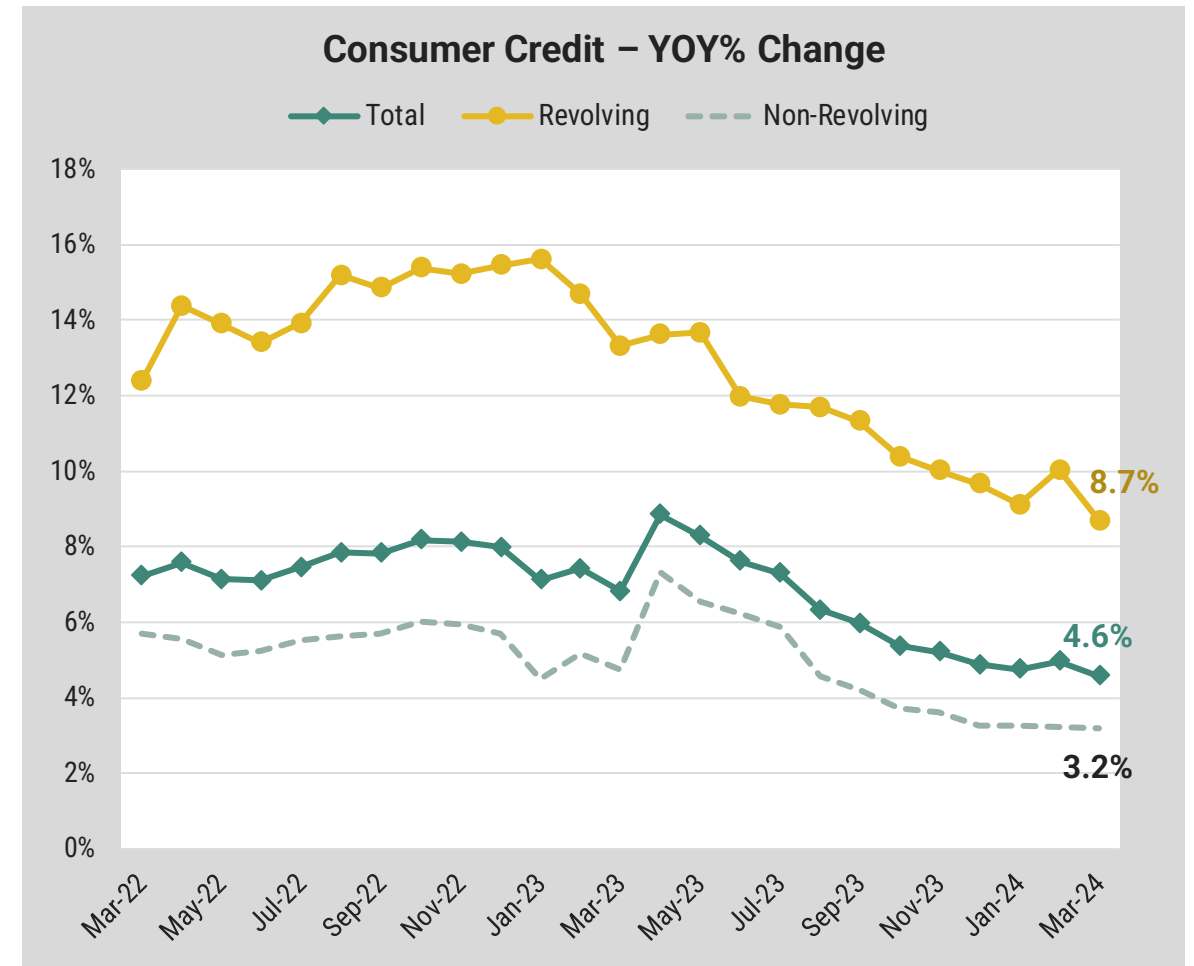
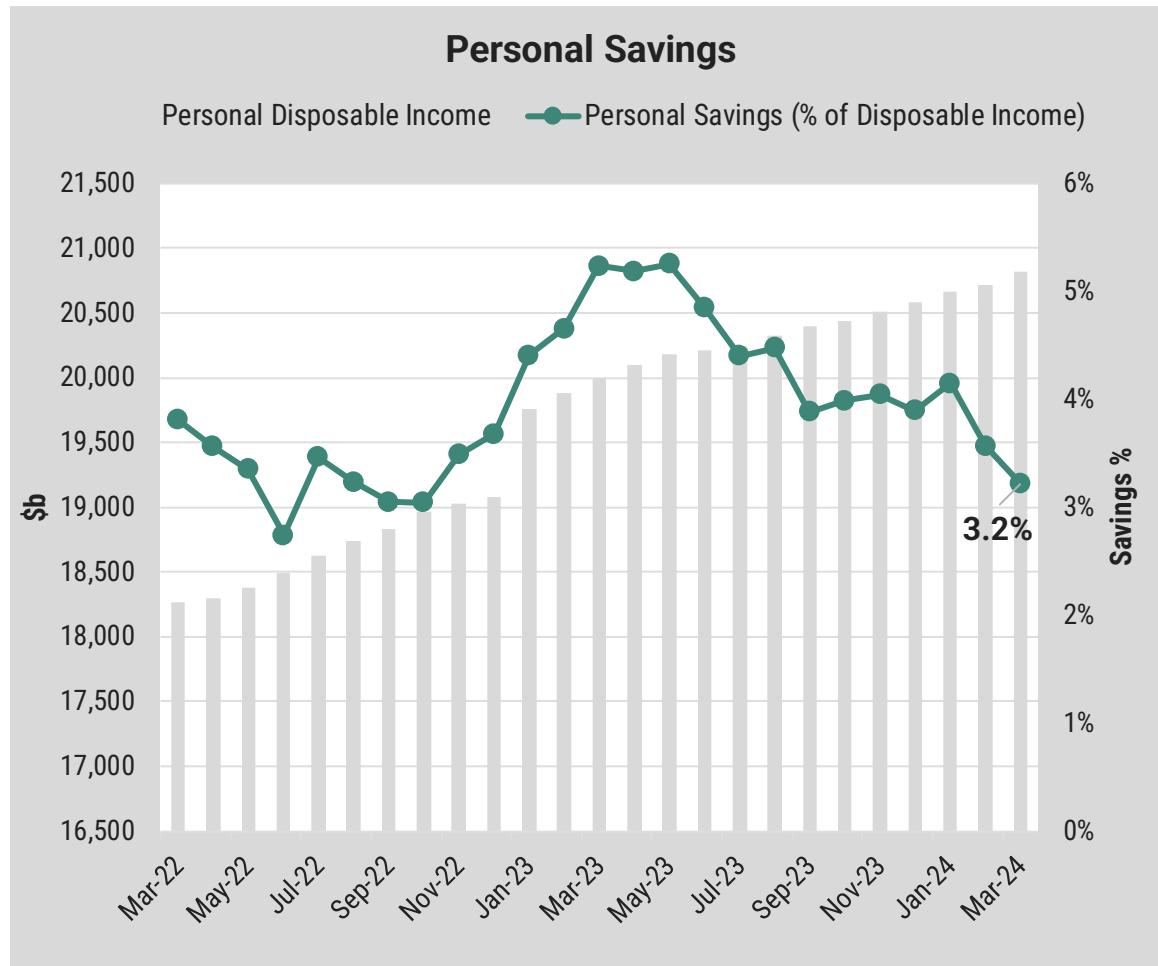


Source: U.S. Bureau of Economic Analysis, 2-month lag in reporting



Personal Savings & Consumer Credit *(2-month lag)*

Personal savings increased 3.2% above 2023 rates; revolving credit rose 8.7% vs. 2023; total consumer credit increased 4.6%



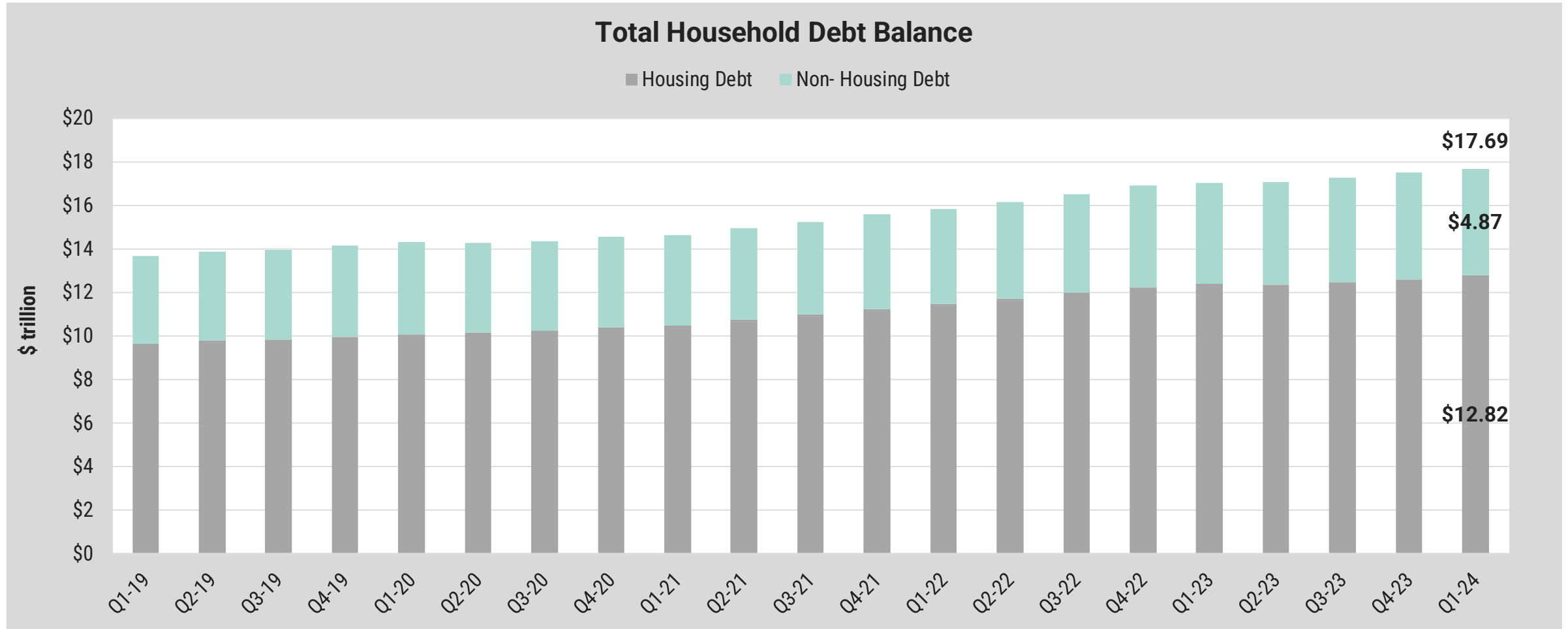
Source: U.S. Bureau of Economic Analysis, 2-month lag in reporting

Source: U.S. Federal Reserve, 2-month lag in reporting



Total Consumer Debt

Total household debt rose by \$184 billion to reach \$17.69 trillion; mortgage balances increased by \$190 billion to \$12.44 trillion, while balances on auto loans climbed \$9 billion to \$1.62 trillion

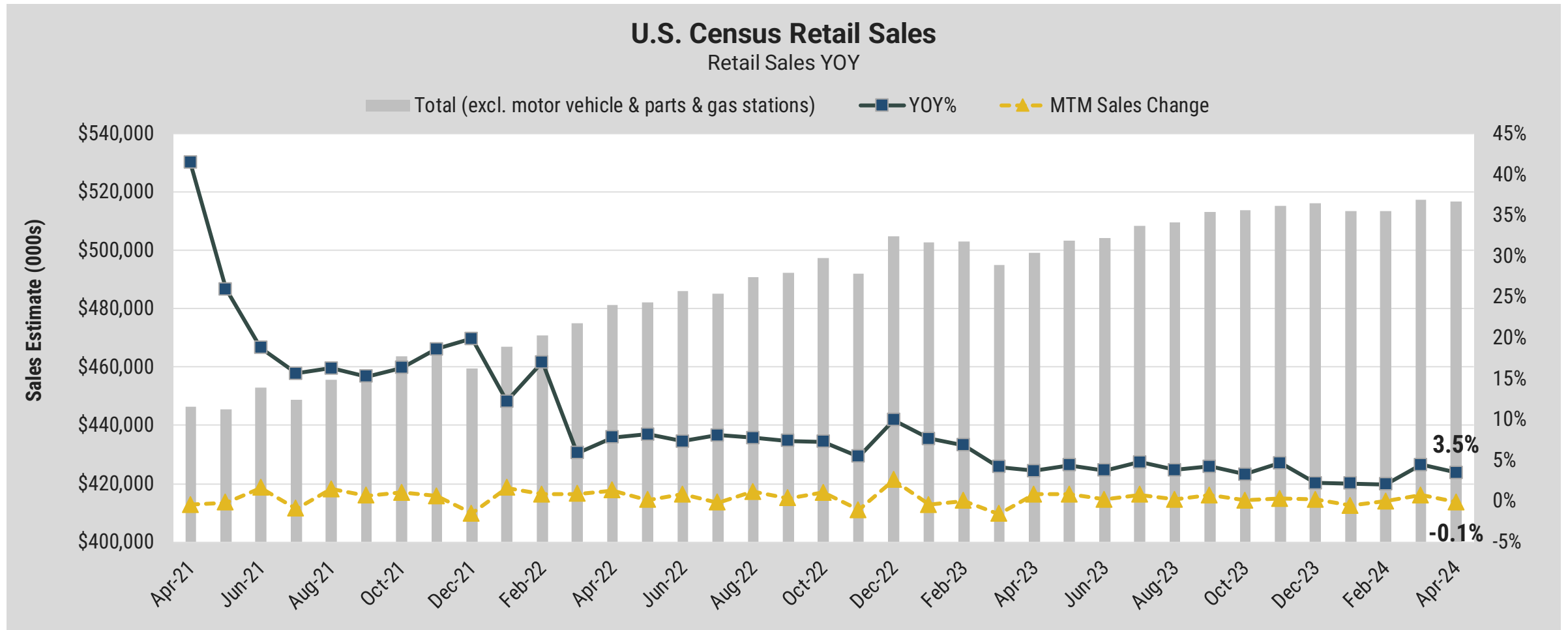


U.S. Retail Sales



U.S. Retail Sales *(excl. motor vehicles and gas stations)*

April retail sales were up 3.5% YOY and basically flat MTM



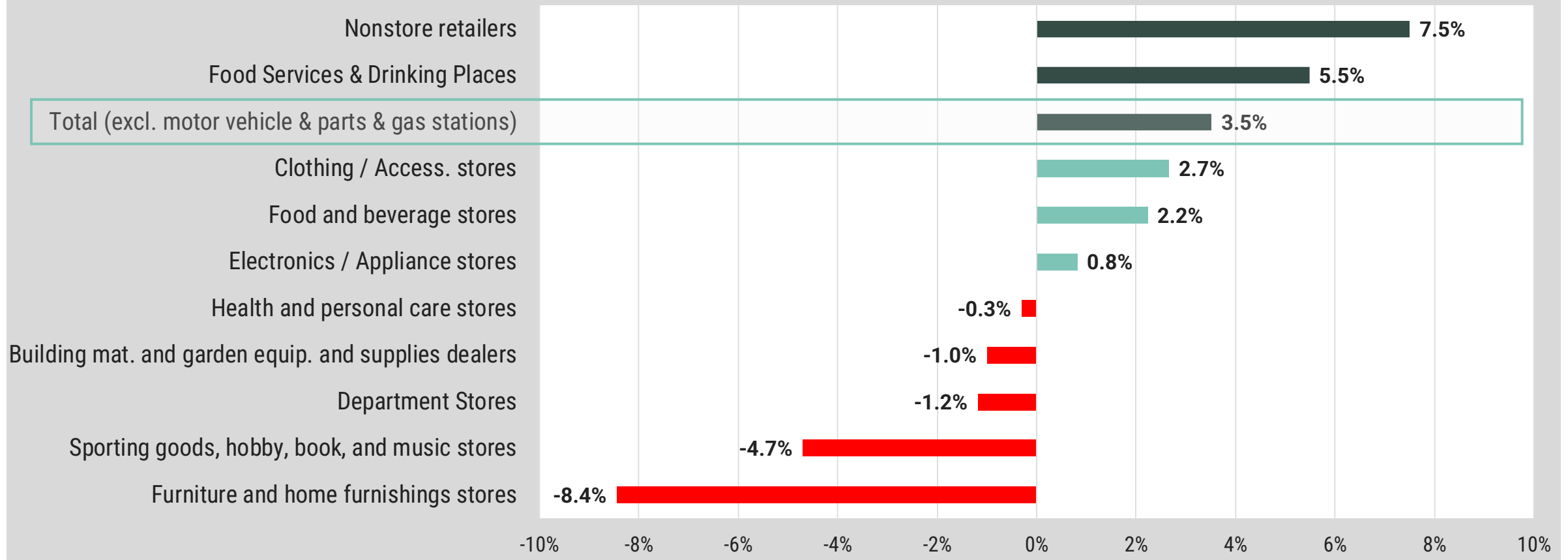
Source: U.S. Census Bureau



U.S. Retail Sales by Retail Category

April sales increase was driven by a 7.5% increase for non-store (online) retailers and 5.5% increase in Food Services and Dining; Department stores, sporting and hard goods segments continue to lag and were down YOY

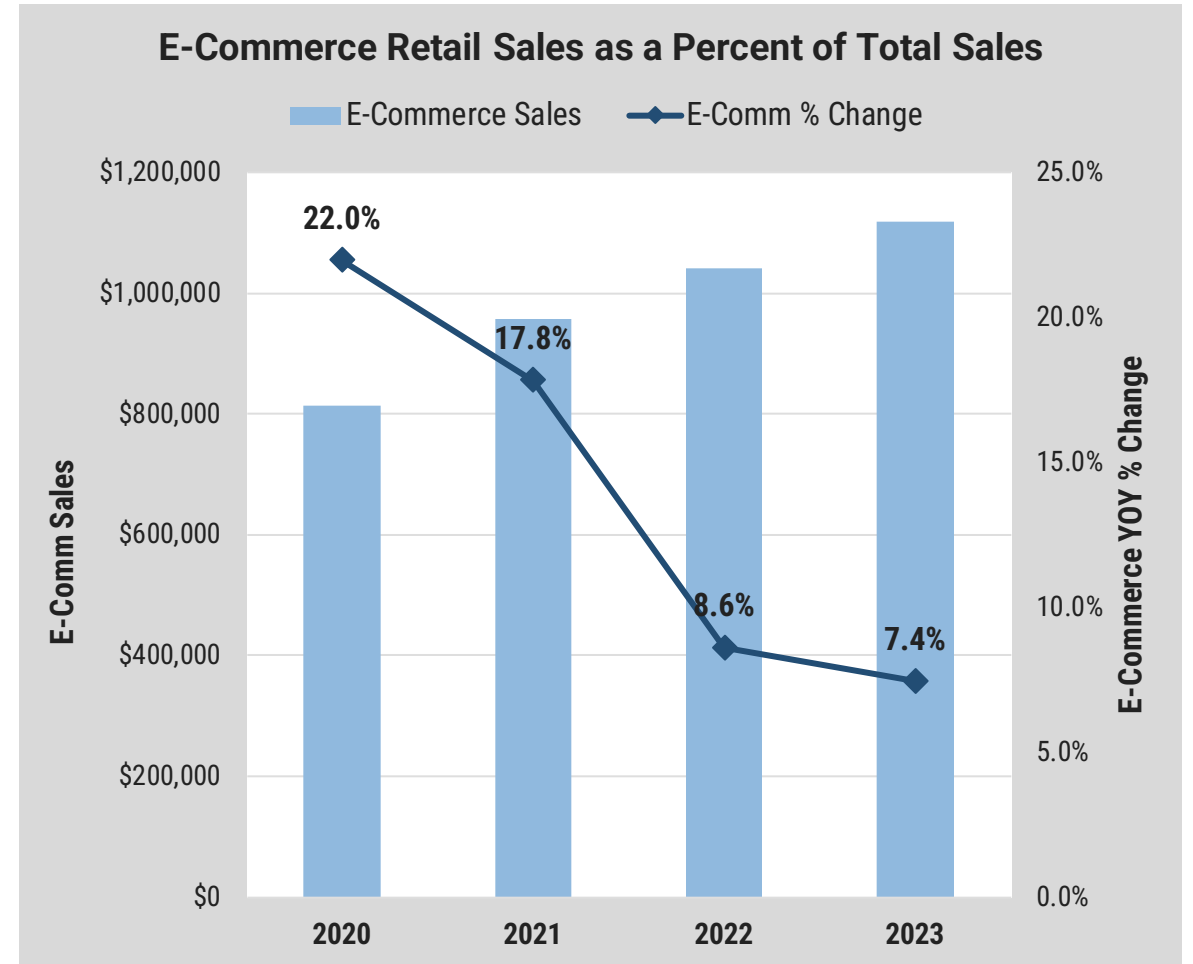
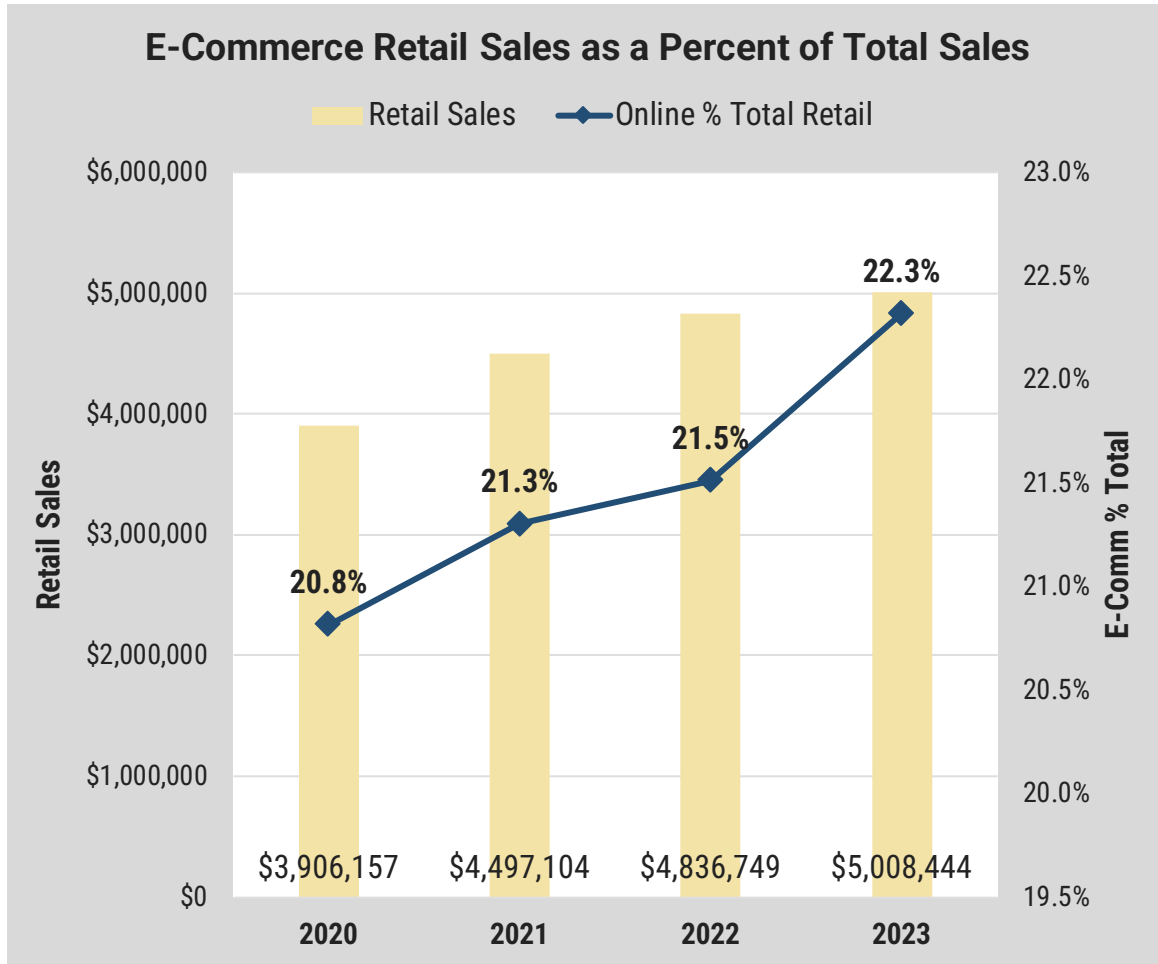
Retail Trade Sales - YOY % Change by Category





U.S. Retail Sales* – E-Commerce % Total Retail

Through end of 2023, e-commerce % of total retail sales climbed to 22.3% of “traditional” retail sales; online sales grew over 7% from 2023



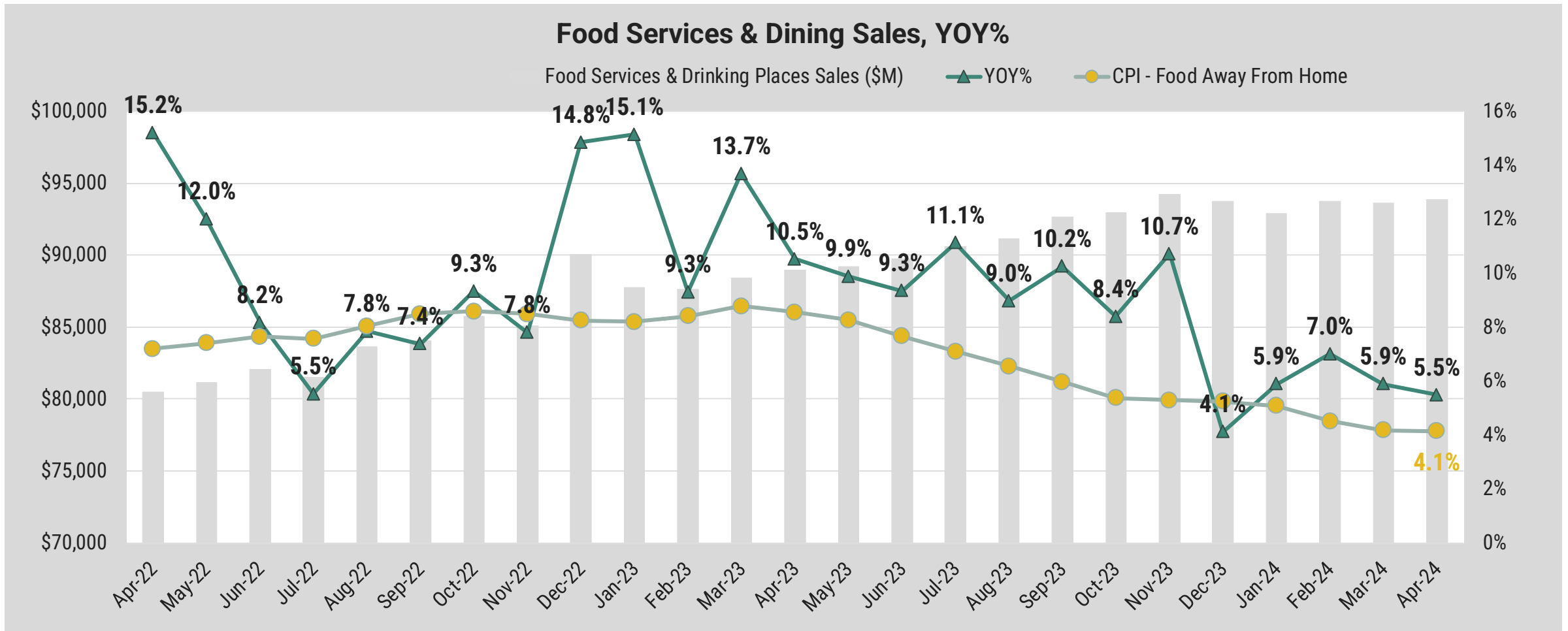
Source: U.S. Census Bureau

*Note: Retail sales excludes Food Services & Dining, Gas Stations, and Auto Dealers and Parts



U.S. Retail Sales – Food Services & Dining

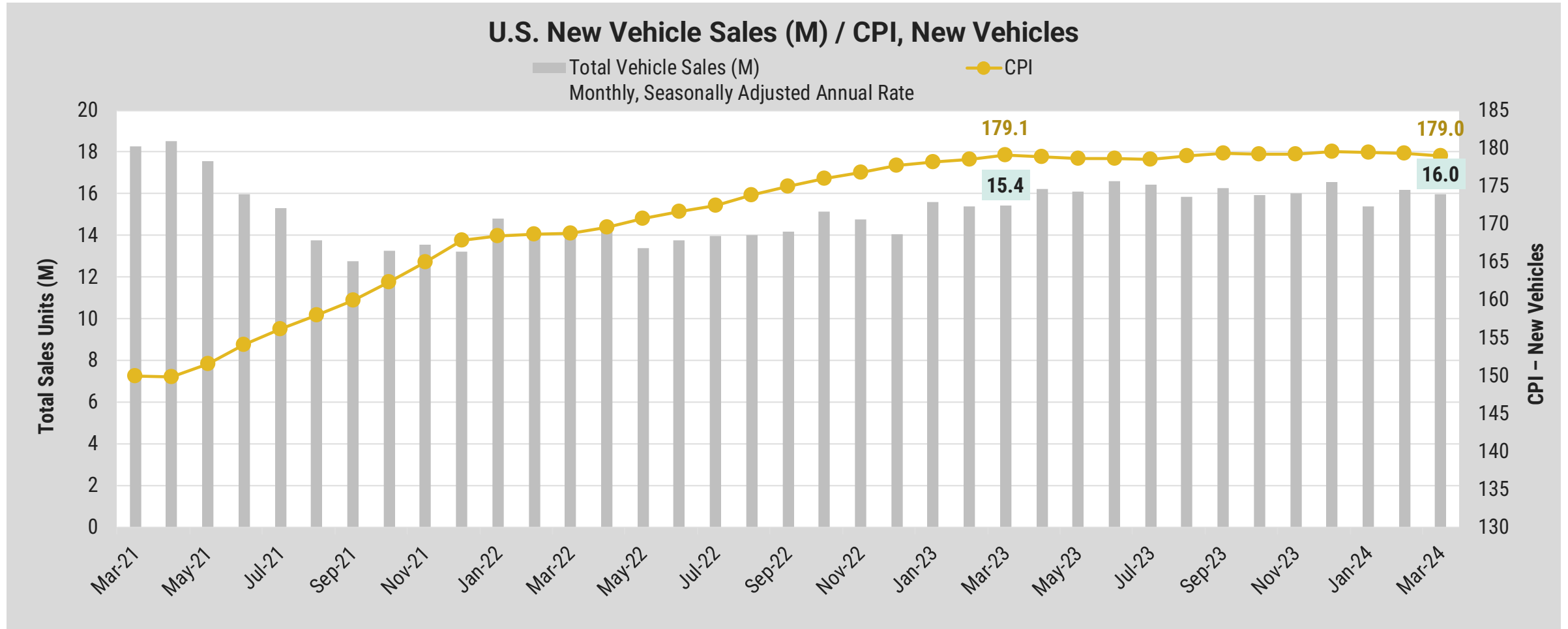
Food Services / Dining increased over 5% in April, despite a 4.1% MTM rise in prices for Food Away From Home





U.S. Vehicle Sales (2-month lag)

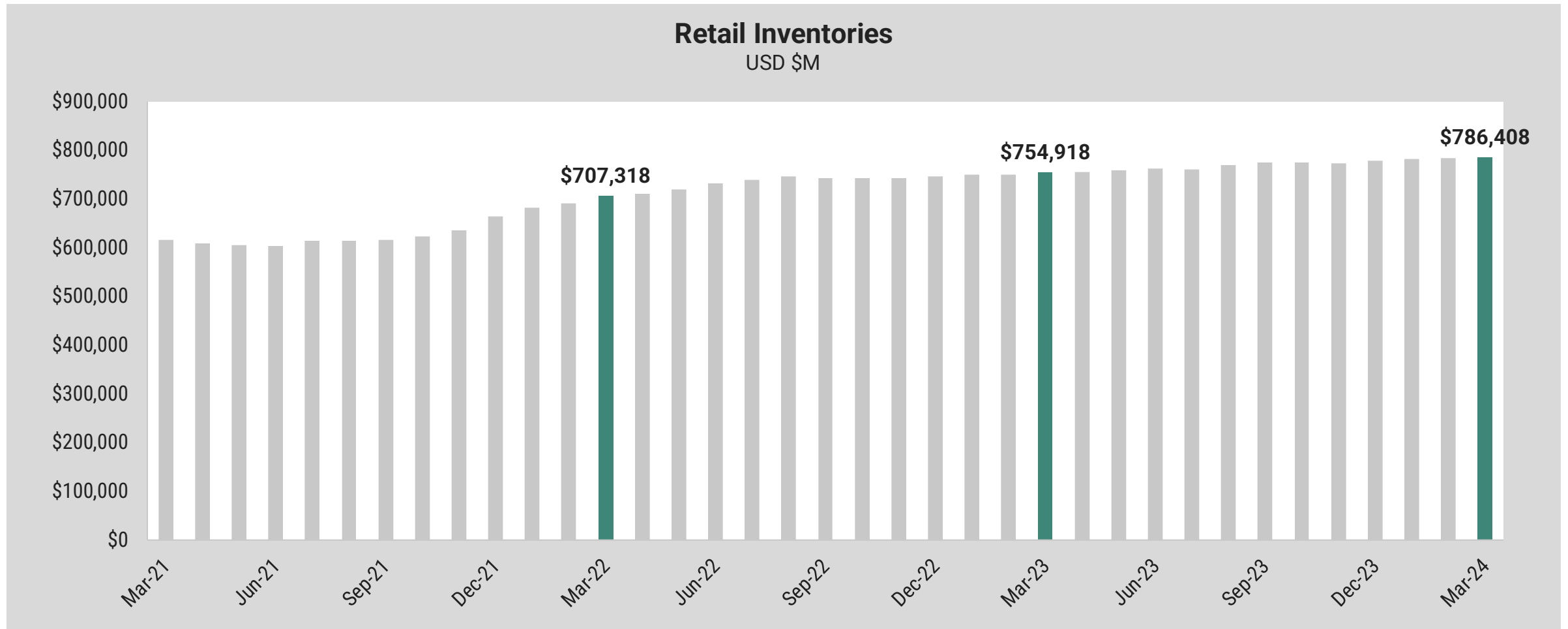
March new vehicle sales were flat YOY; auto CPI was down .4% YOY as interest rates have an impact forcing consumers to drive their existing vehicles longer





Retail Inventories *(2-month lag)*

March retail inventories increased 4.2% above 2023 and were flat to previous month

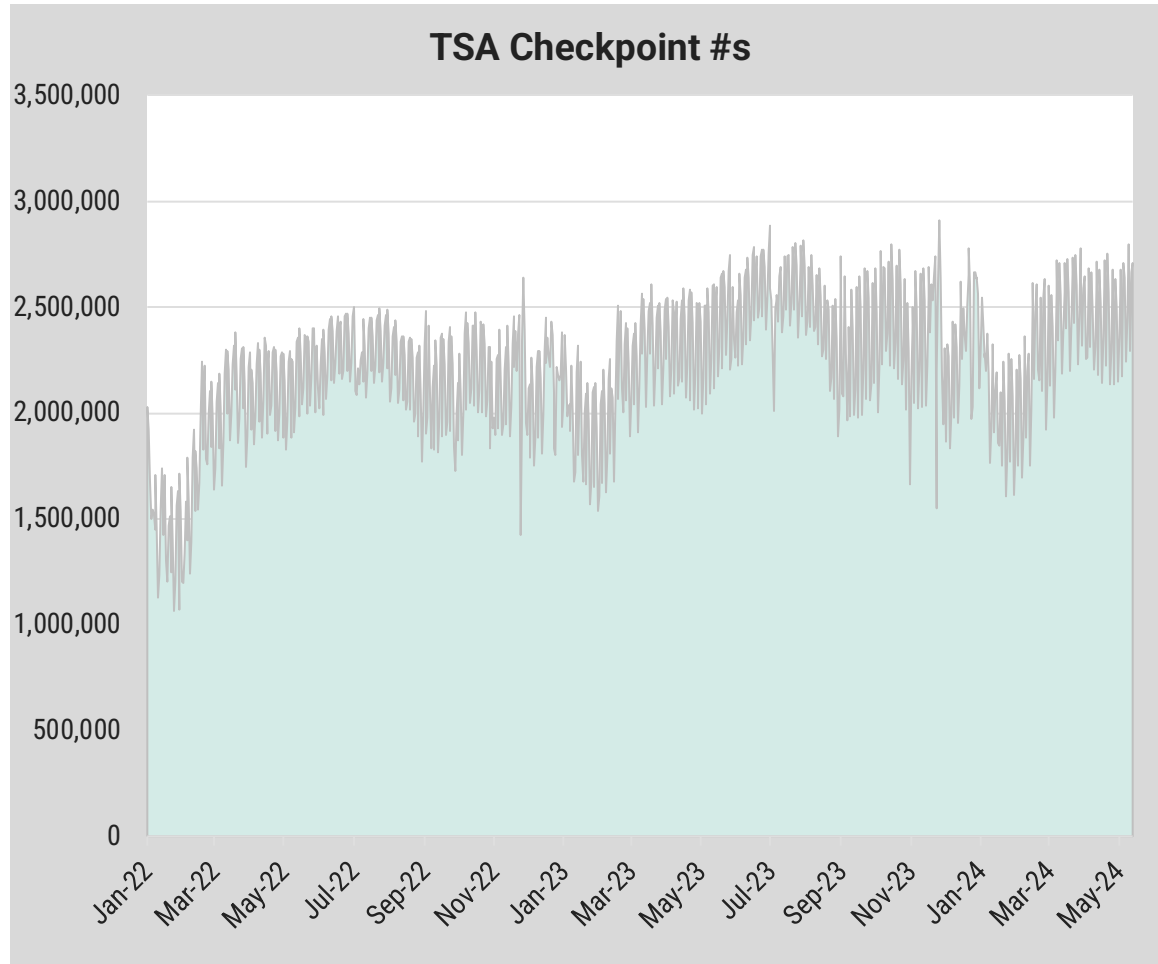


U.S. Census Bureau, Retailers Inventories [RETAILIMSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RETAILIMSA>

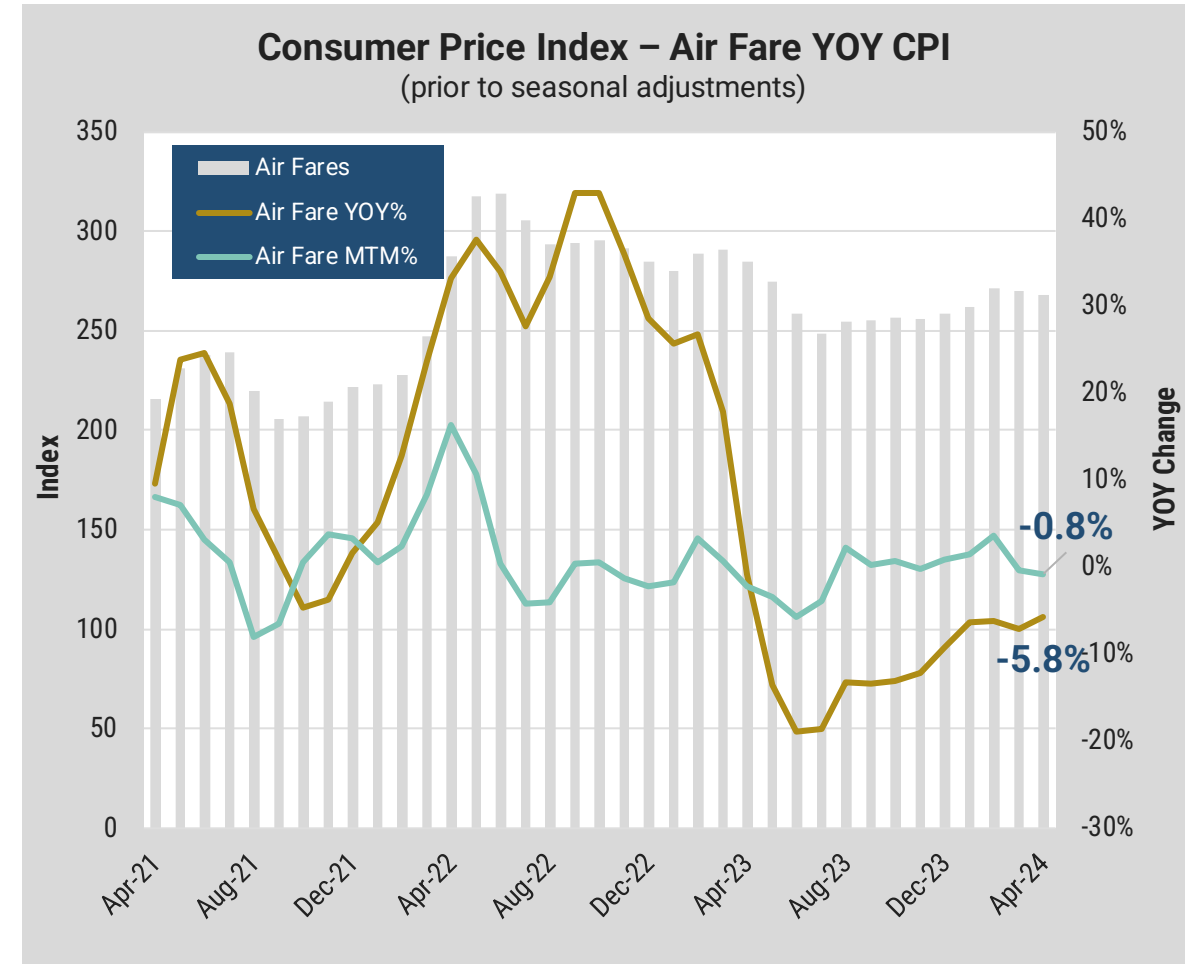


TSA Checkpoint Travel Numbers

YTD air travel volume increased .8% vs. 2023; the price of air travel is down 5.8% from last year



Source: U.S. Transportation Security Administration



Source: U.S. Bureau of Labor Statistics

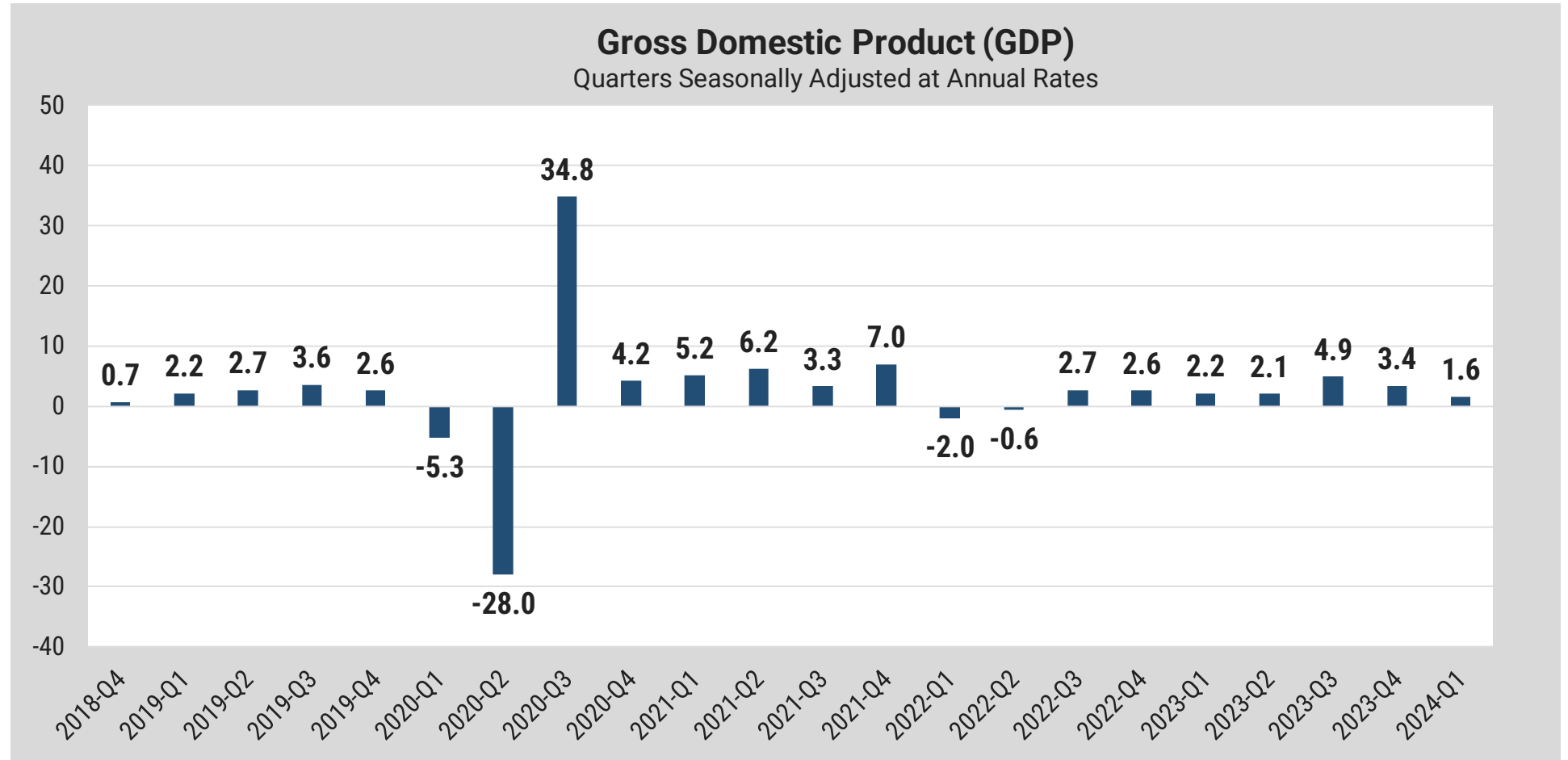
Broad Economic Indicators



Gross Domestic Product

Q1-2024 GDP increased at an annual rate of 1.6% according to the estimate released by the Bureau of Economic Analysis

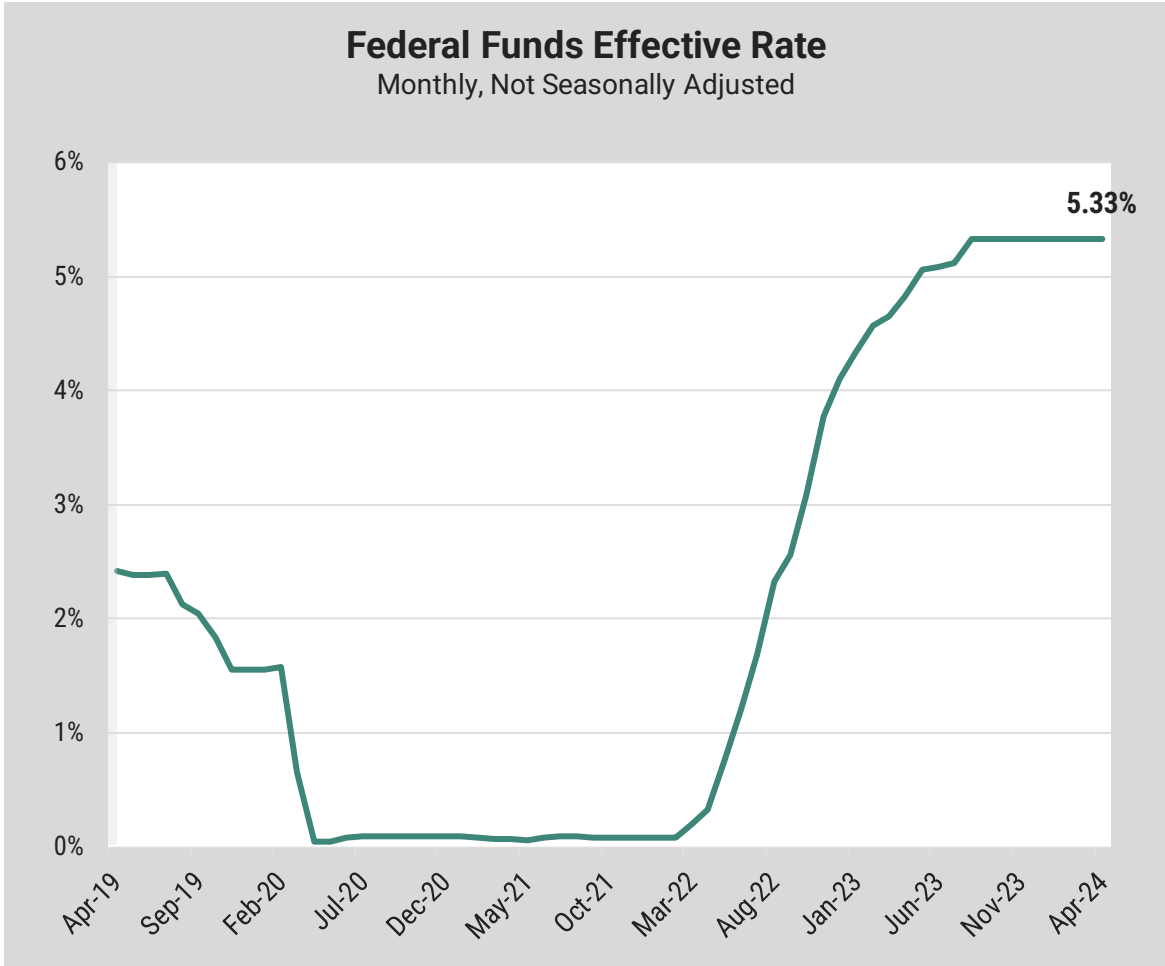
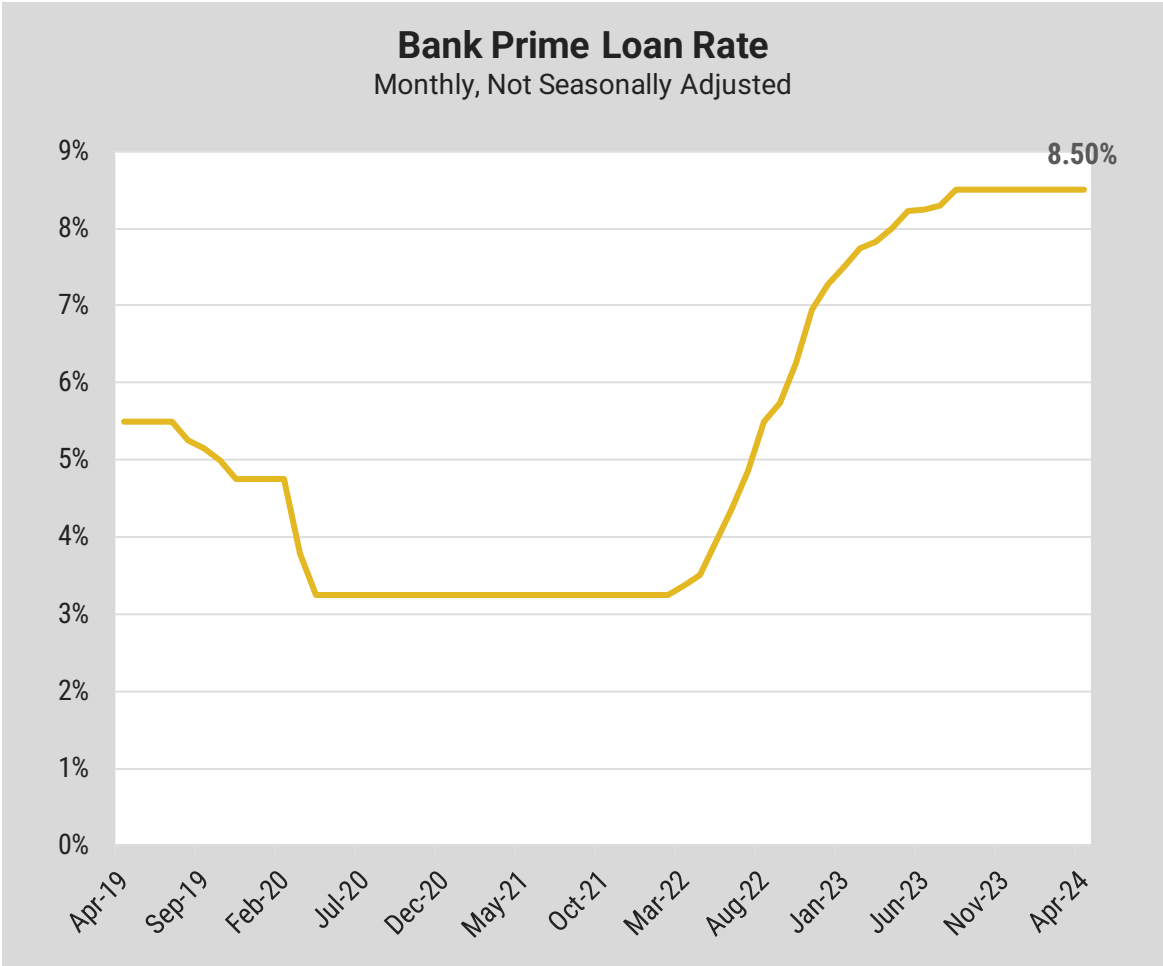
Real gross domestic product increased at an annual rate of 1.6 percent in the first quarter of 2024; the increase primarily reflected increases in consumer spending and housing investment that were partly offset by a decrease in inventory investment.





Federal Reserve – Interest Rates

Bank Prime Loan Rate (8.5%) and Federal Funds Rate (5.33%) remain unchanged from previous month



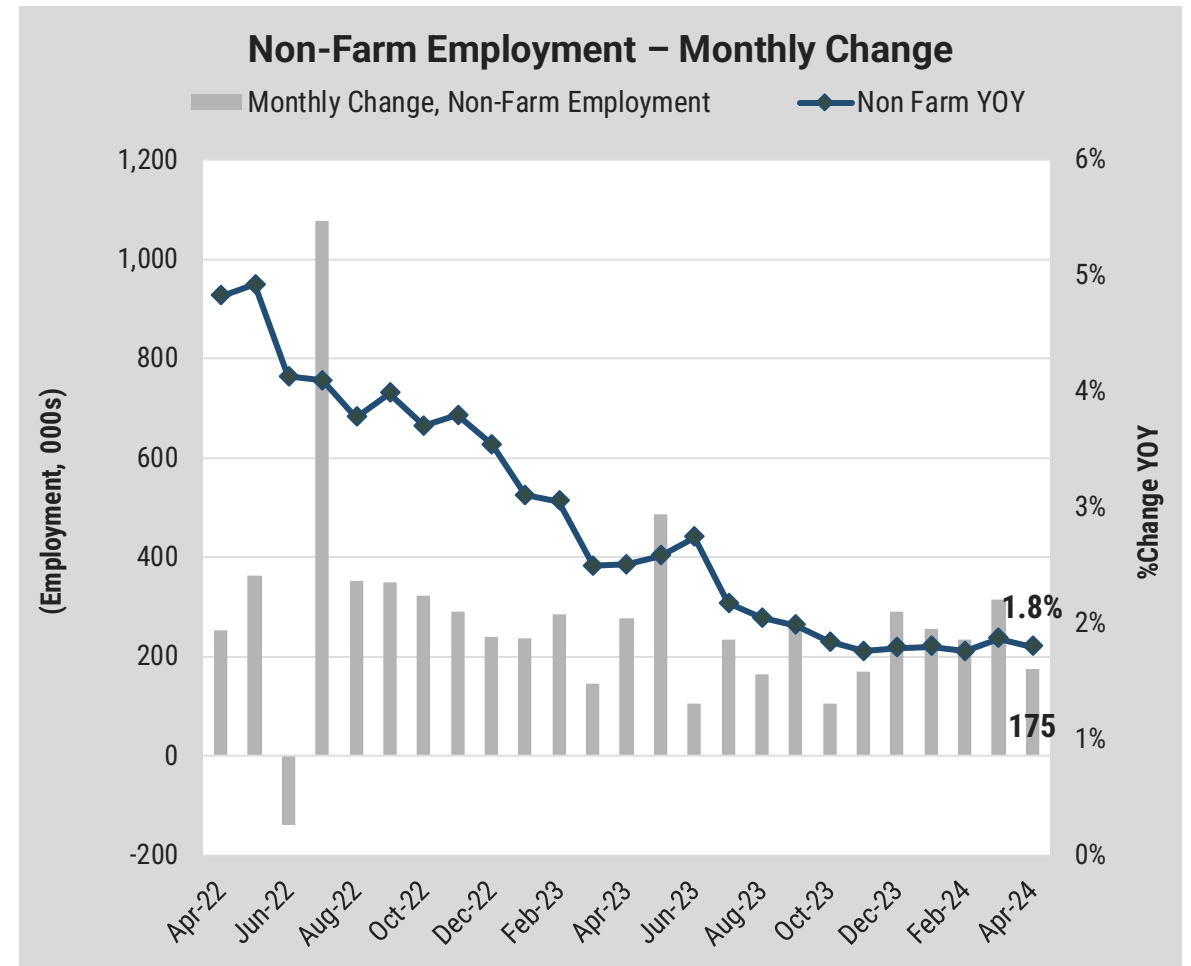
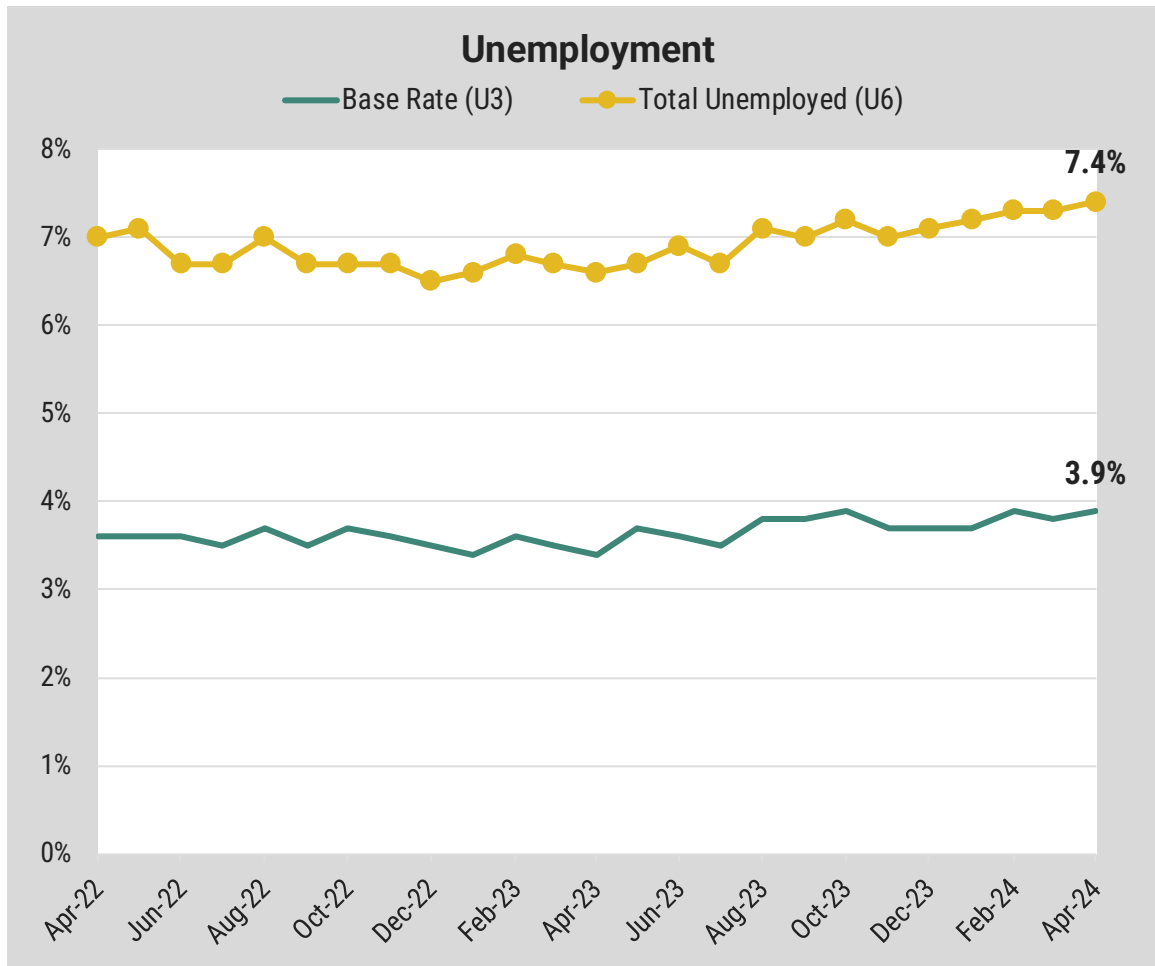
Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

U.S. Employment



U.S. Employment Overview

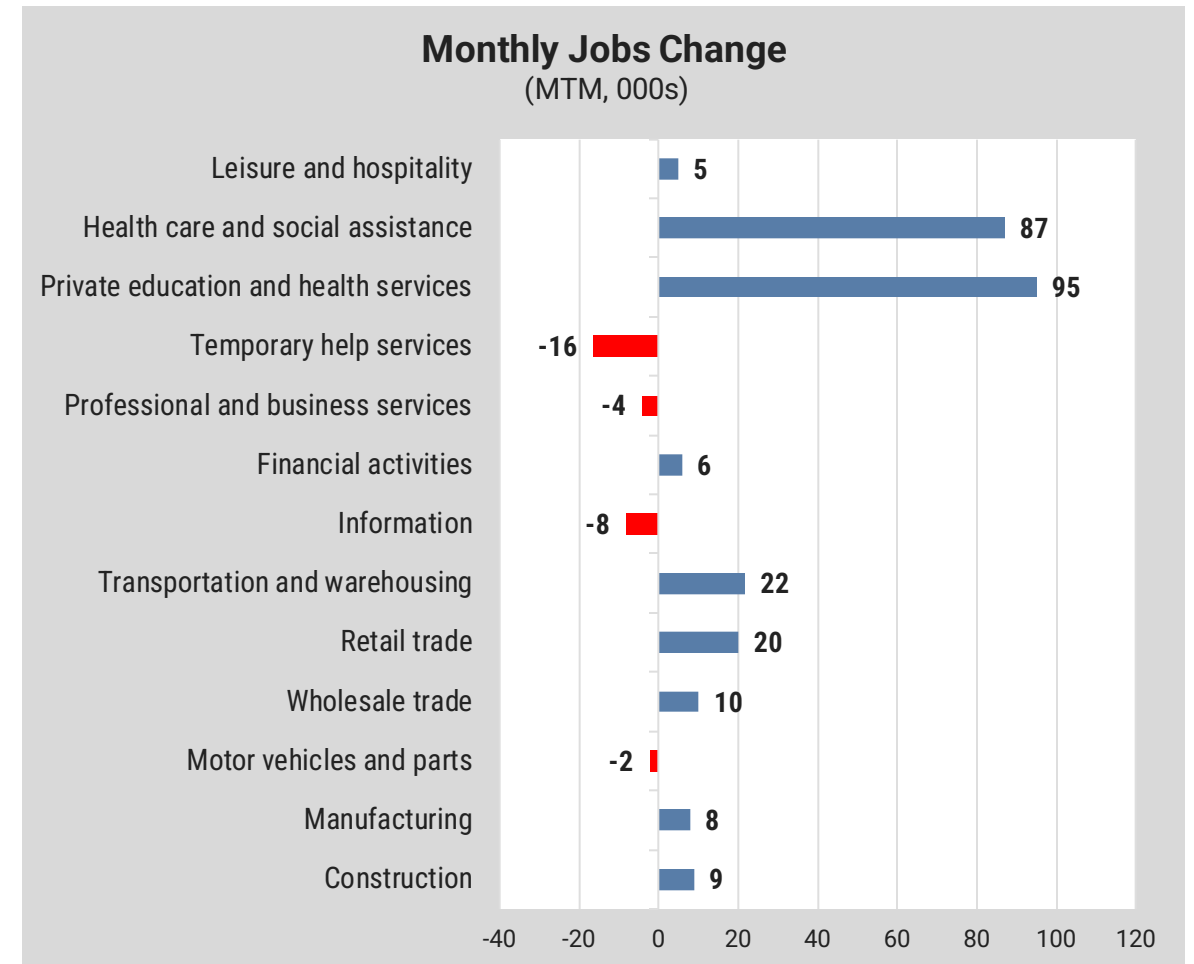
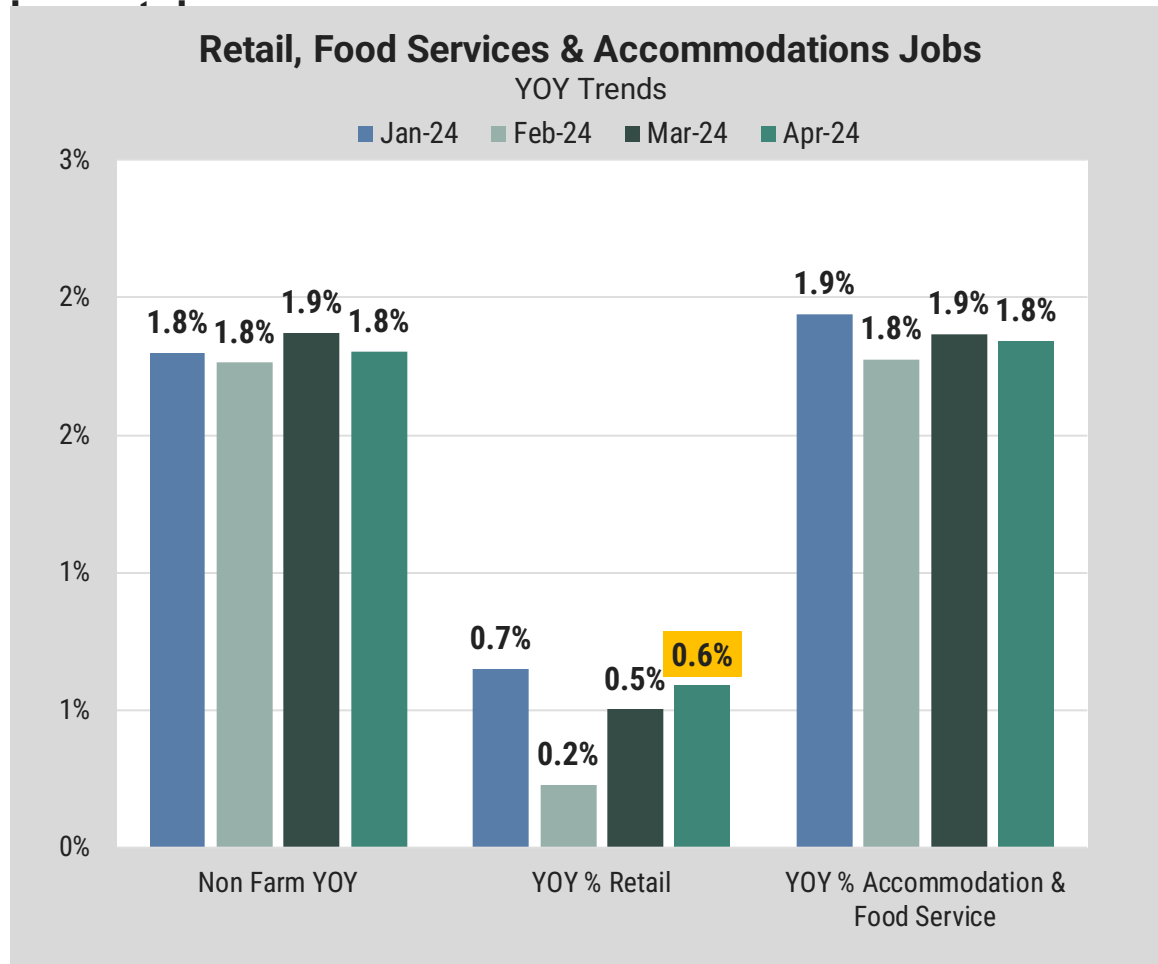
Unemployment remains below 4%; non-farm employment was up 1.8% YOY and rose 175,000 vs. previous month





Industry Employment Trends

Accommodations and Food Services monthly jobs continue to rise as consumers dine out and travel at steady rates; the number of jobs in Private Education and Health Care were top increases in April, while temp services took

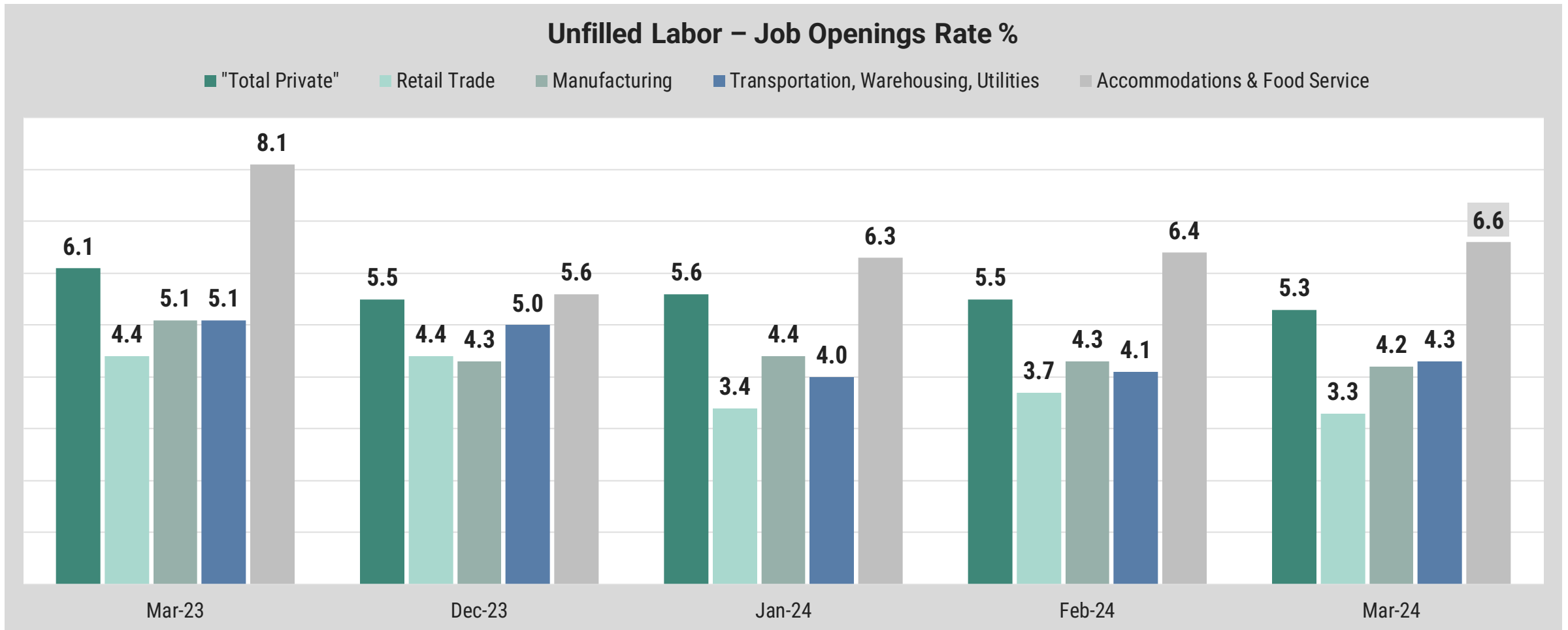


Source: U.S. Bureau of Labor Statistics



Private Industry Labor – Job Openings

In March, unfilled job openings rate remained relatively stable with accommodations and food service continuing to show largest amounts of unfilled positions



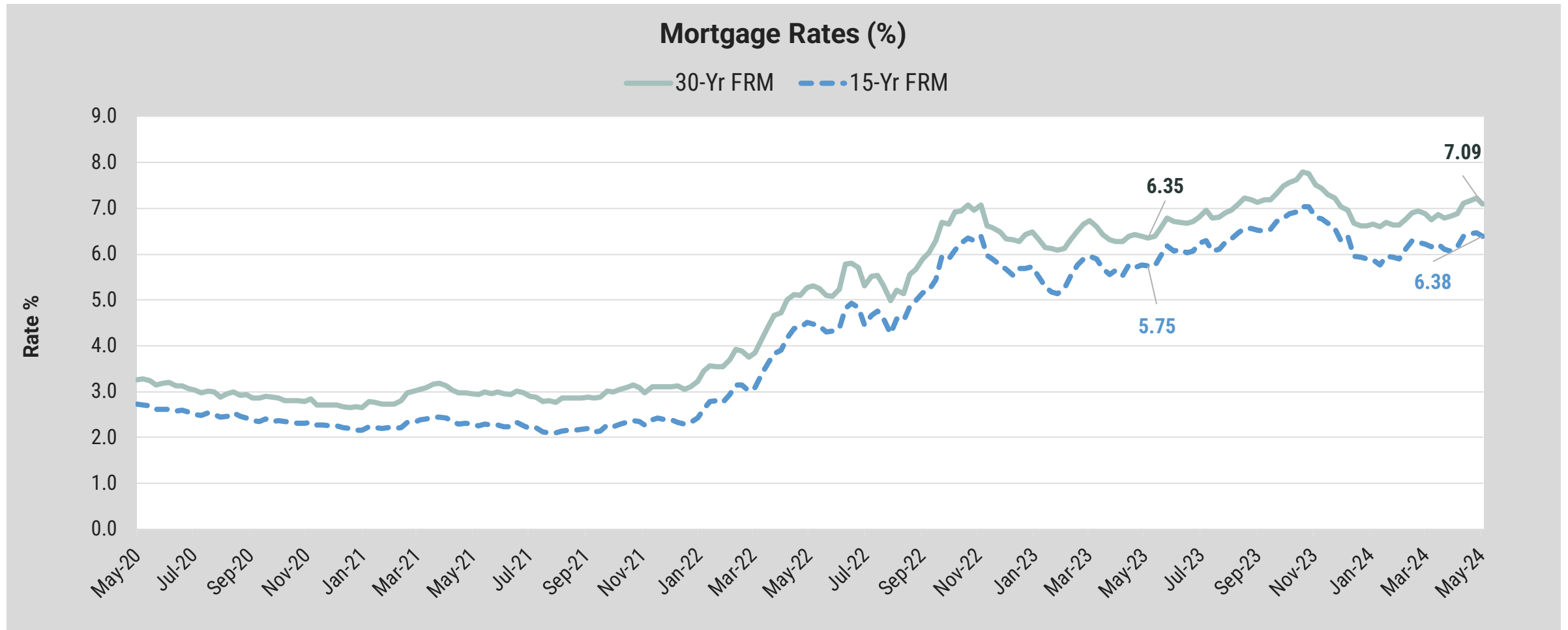
Source: U.S. Bureau of Labor Statistics; job openings rate = number of job openings on the last business day of the month as a percent of total employment plus job openings

Housing



Mortgage Rates

Mortgage rates are above 7%; Freddie Mac indicates that rates may stay higher for longer

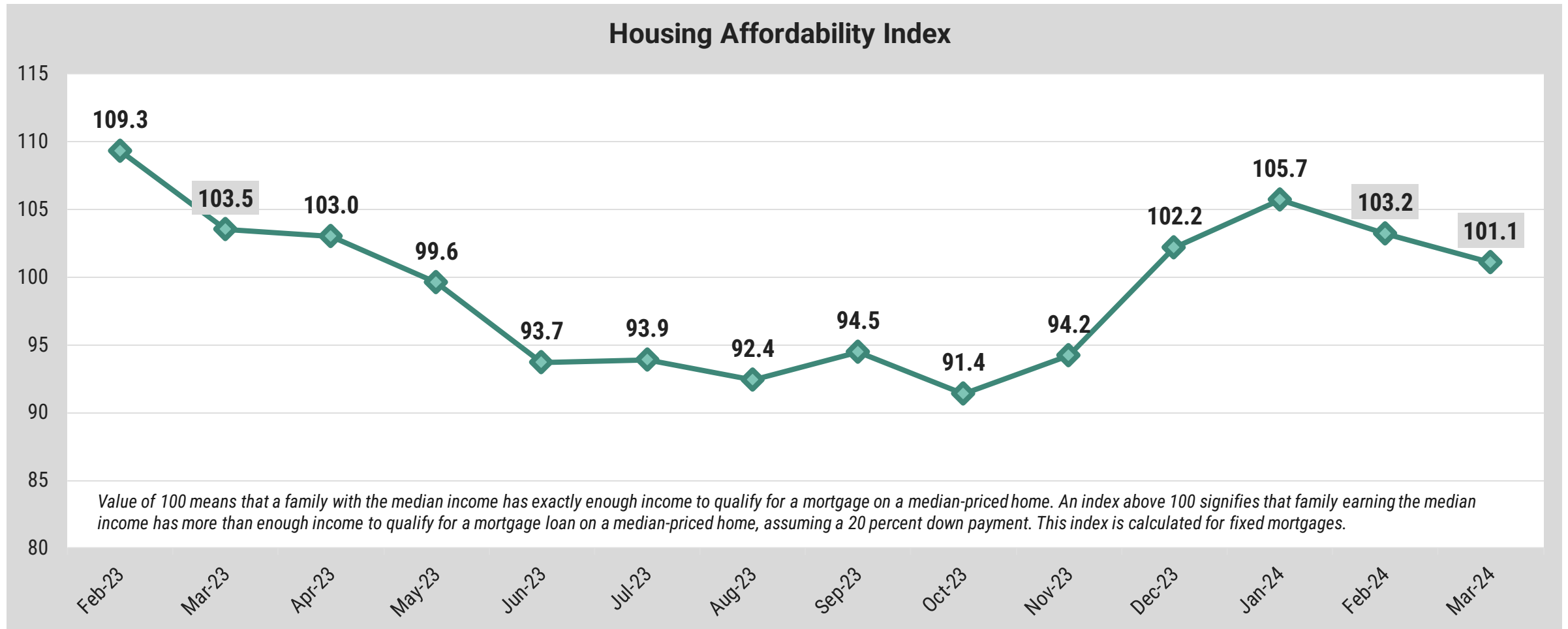


* Source: FreddieMac Mortgage Market Survey



National Association of Realtors: Housing Affordability Index

In March, housing affordability declined nationally compared to the previous month and to March 2023 index



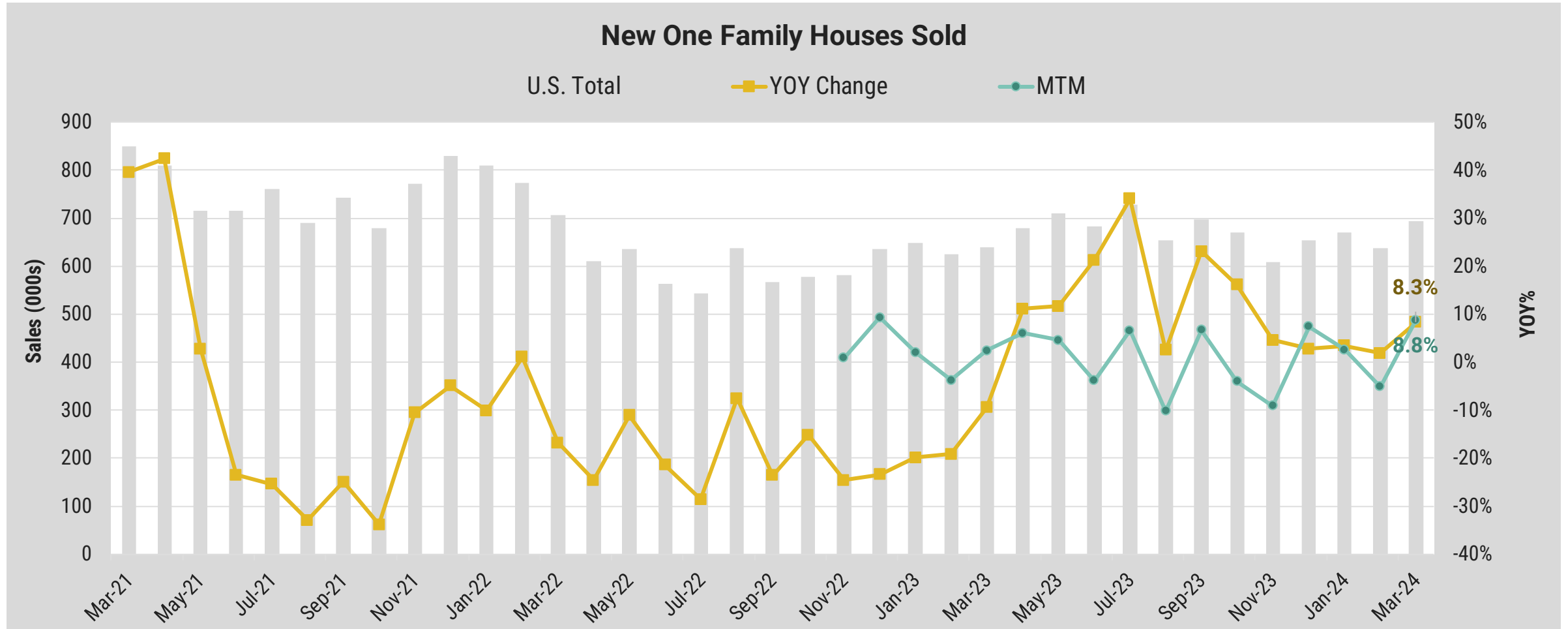
Source: National Association of Realtors, Housing Affordability Index (Fixed) [FIXHAI], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/FIXHAI>

Note: Measures the degree to which a typical family can afford the monthly mortgage payments on a typical home.



Housing – New Home Sales

New home sales through march were up 8.8% over 2023, and 8.8% over previous month despite higher interest rates as the number of new listings and new builds are down, making for stiff competition to get into homes

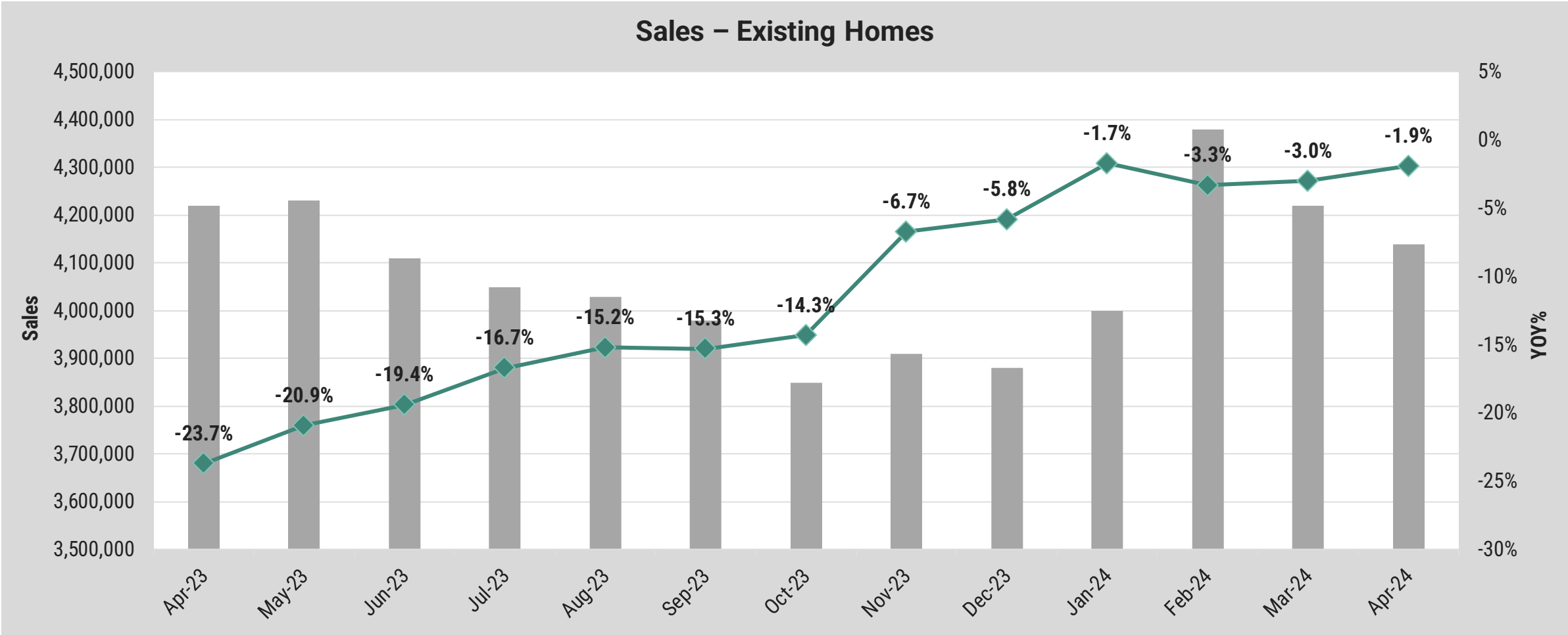


U.S. Census Bureau and U.S. Department of Housing and Urban Development, New One Family Houses Sold: United States, retrieved from FRED, Federal Reserve Bank of St. Louis



Housing – Existing Home Sales

April 2024 existing home sales declined 1.9% YOY; sales dropped in the Northeast, Midwest, and South, and increased in the West

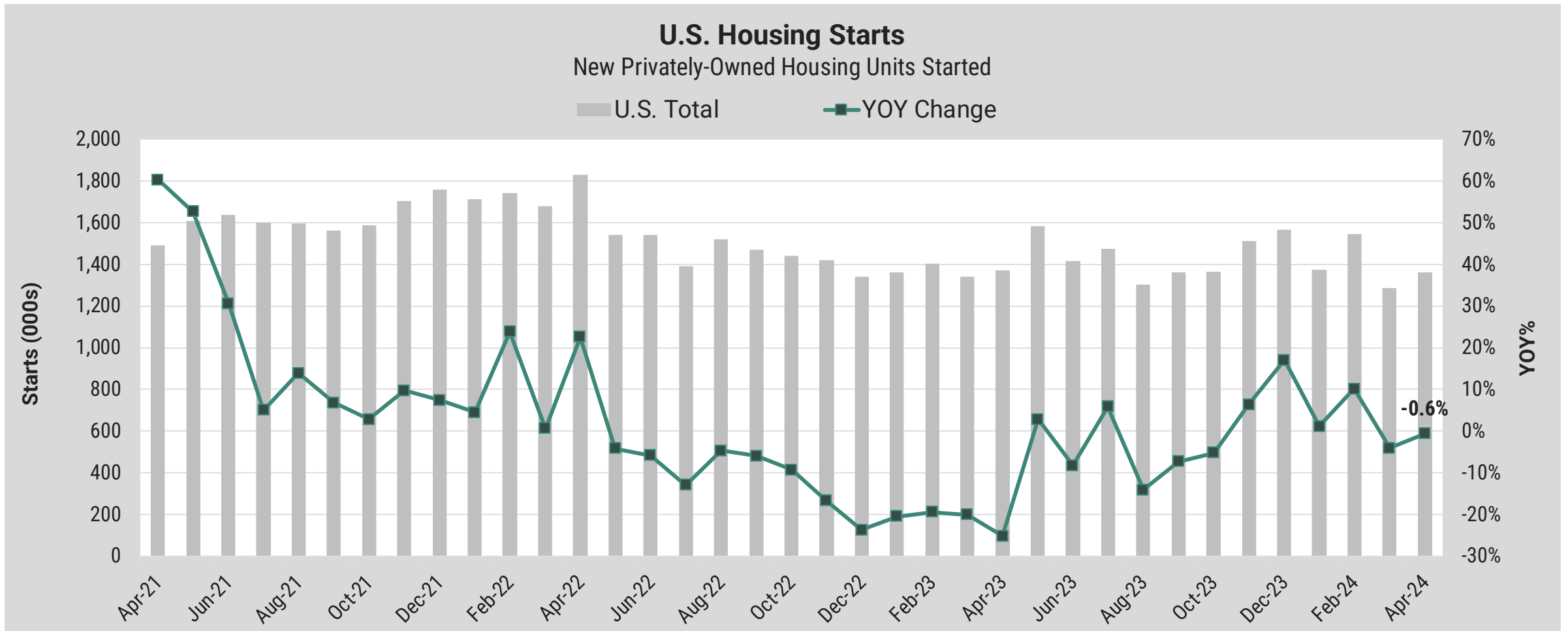


Source: National Association of Realtors



U.S. Housing Starts

April 2024 housing starts were down .6% YOY

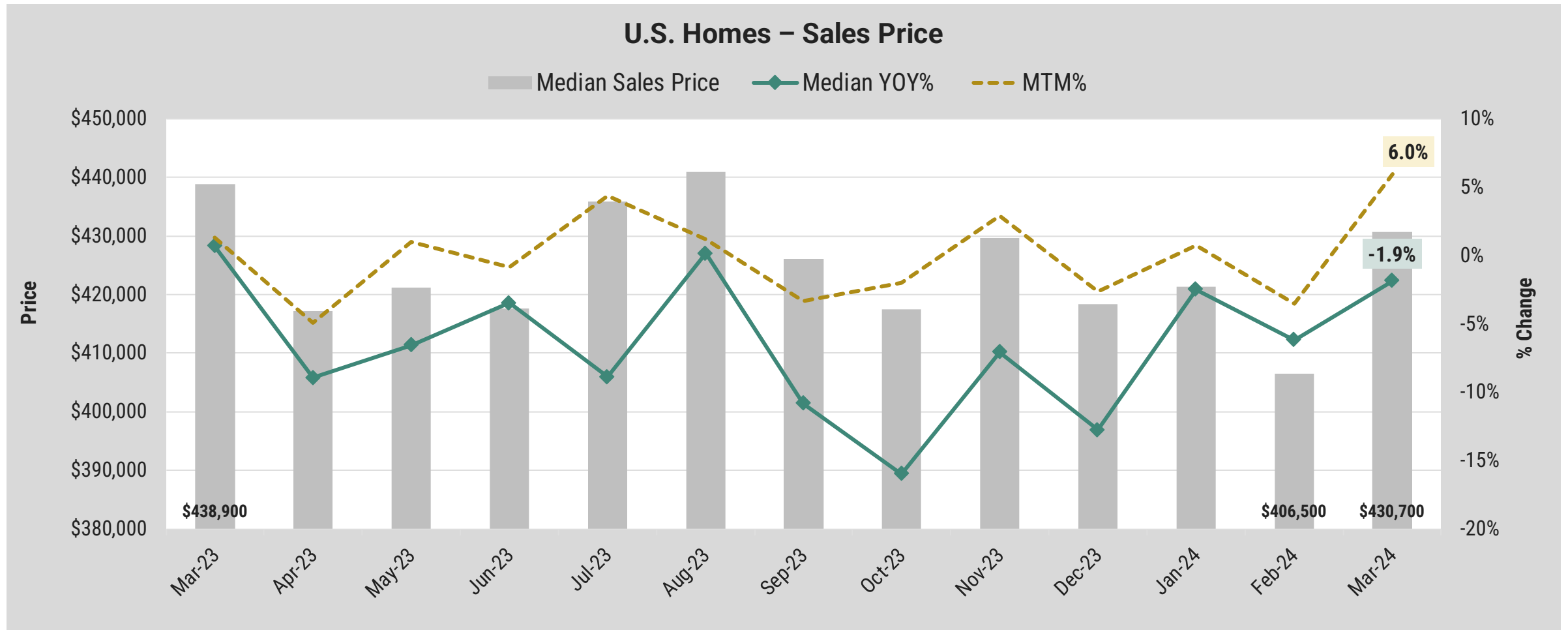


U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Privately-Owned Housing Units Started, retrieved from FRED, Federal Reserve Bank of St. Louis;



U.S. Housing – New Home Prices *(two-month lag)*

The March median U.S. new home price declined 1.9% with MTM median price increasing 6% to \$430,700



Supply Chain

Global Supply Chain Index



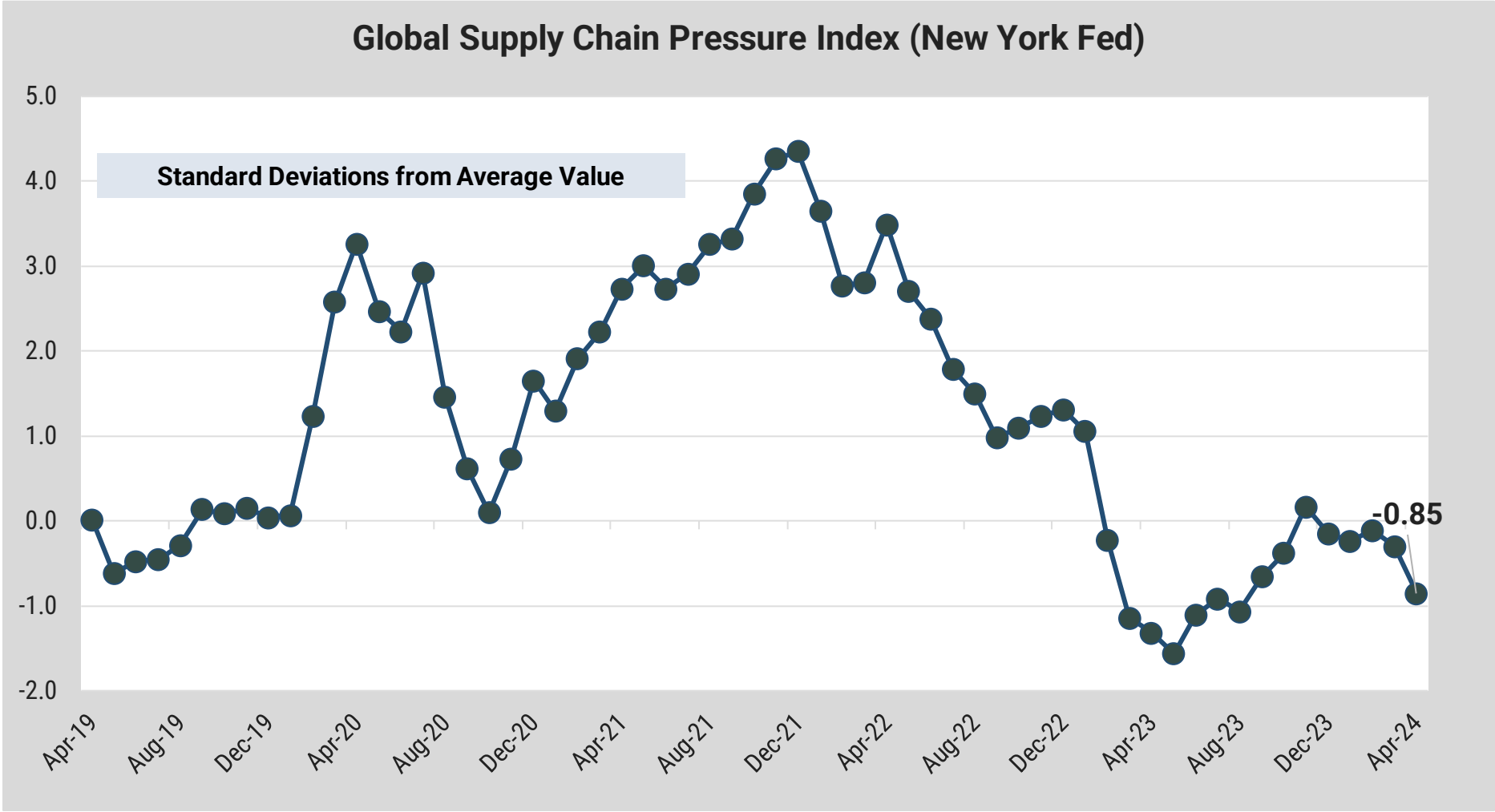
The GSCPI tracks the state of global supply chains using data from the transportation and manufacturing sectors.

The GSCPI is not an official estimate of the Federal Reserve Bank of New York, its President, the Federal Reserve System, or the Federal Open Market Committee.

The GSCPI is a product of the Applied Macroeconomics and Econometrics Center (AMEC).

<https://www.newyorkfed.org/research/policy/gscpi#/overview>

The GSCPI fell to **-0.85** in April

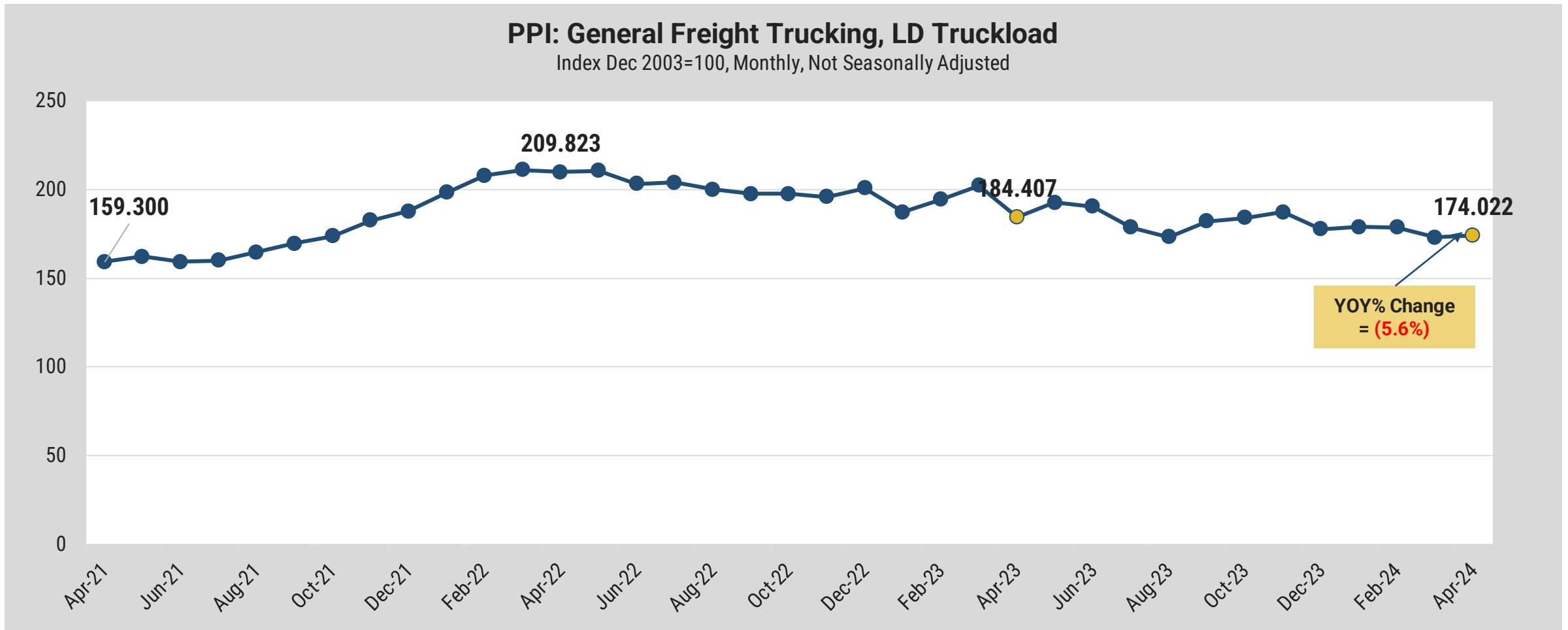


Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index, <https://www.newyorkfed.org/research/gscpi.html>.



Freight Inflation - Trucking

In April, general freight trucking index was down 5.6% over last year and up .6% to previous month

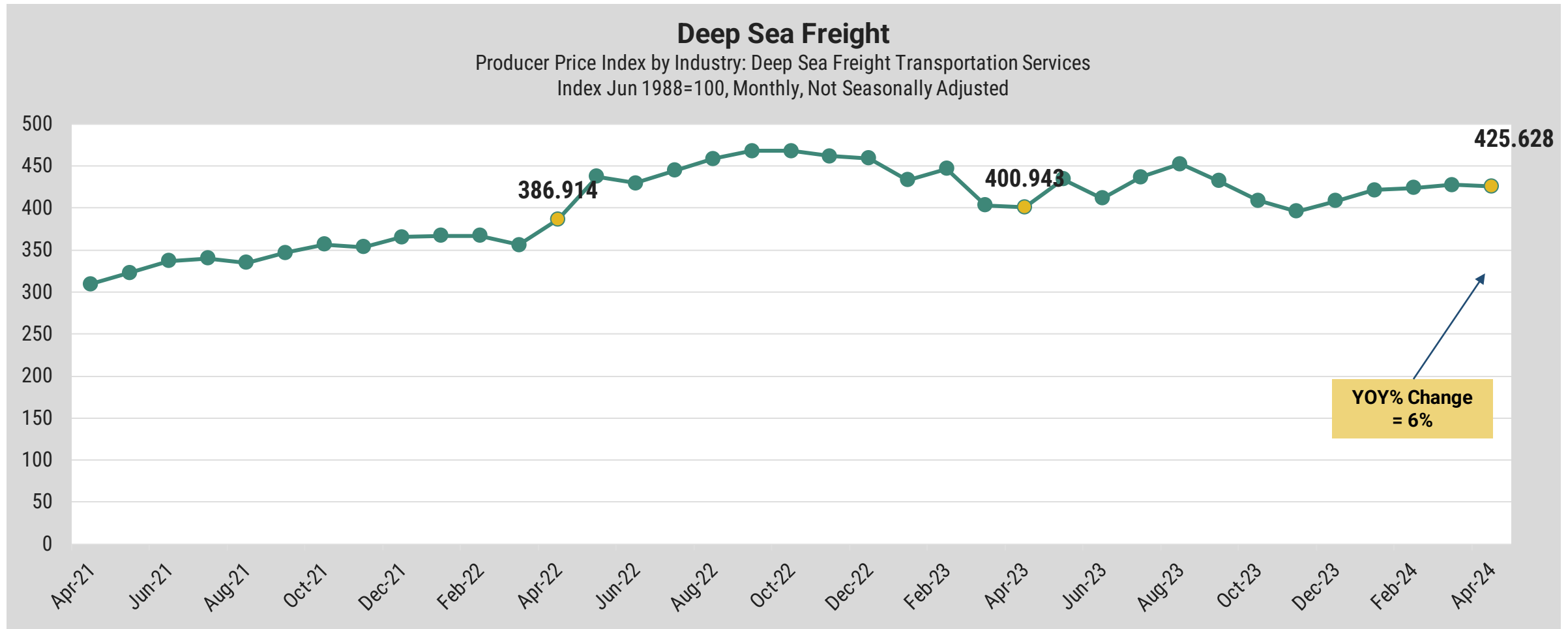


Source: U.S. Bureau of Labor Statistics, FRED, Federal Reserve Bank of St. Louis



Deep Sea Freight

April deep sea freight rates were 6% above last year and up down slightly vs. previous month



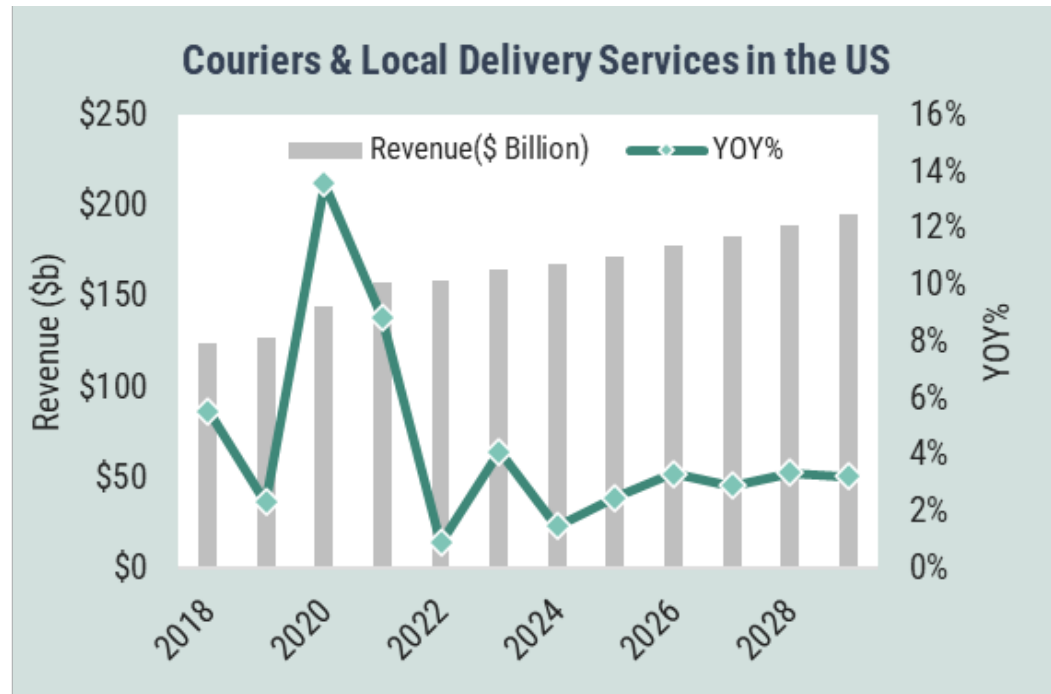
Source: U.S. Bureau of Labor Statistics, FRED, Federal Reserve Bank of St. Louis



Parcel Delivery

While growth has moderated slightly from the dramatic increases seen during COVID, consumer expectations for fast, inexpensive service continue to remain high

Parcel growth is slowing to a forecast 3% per year through 2029 after experiencing 4.1% growth in 2023



Source: IBISWorld

Consumers expect cost-efficient and speedy delivery and ease of returns

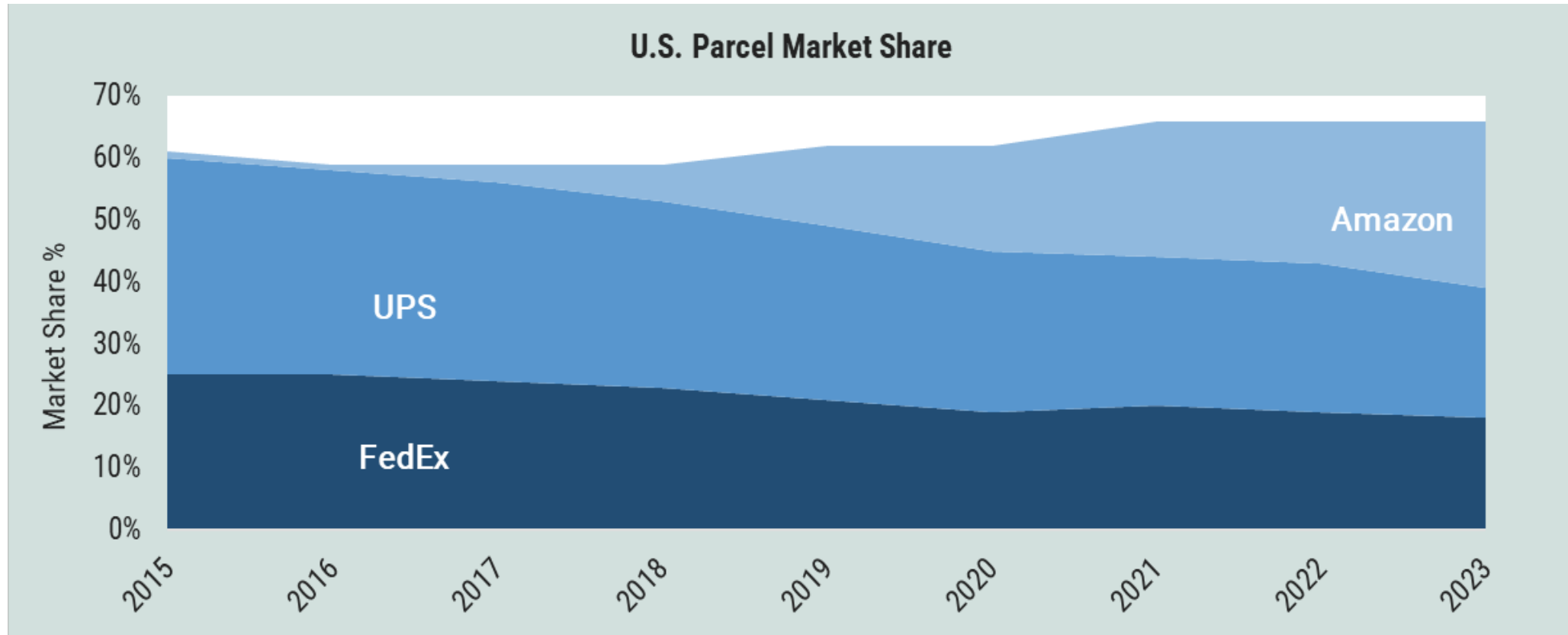


Source: Digital Commerce 360 and Bizrate Insights, 7/2023 survey, 1,017 shoppers



Parcel Delivery – The Rise of Amazon Logistics

Expansion of Amazon capacity and services has taken share from UPS and FedEx creating excess capacity in their networks

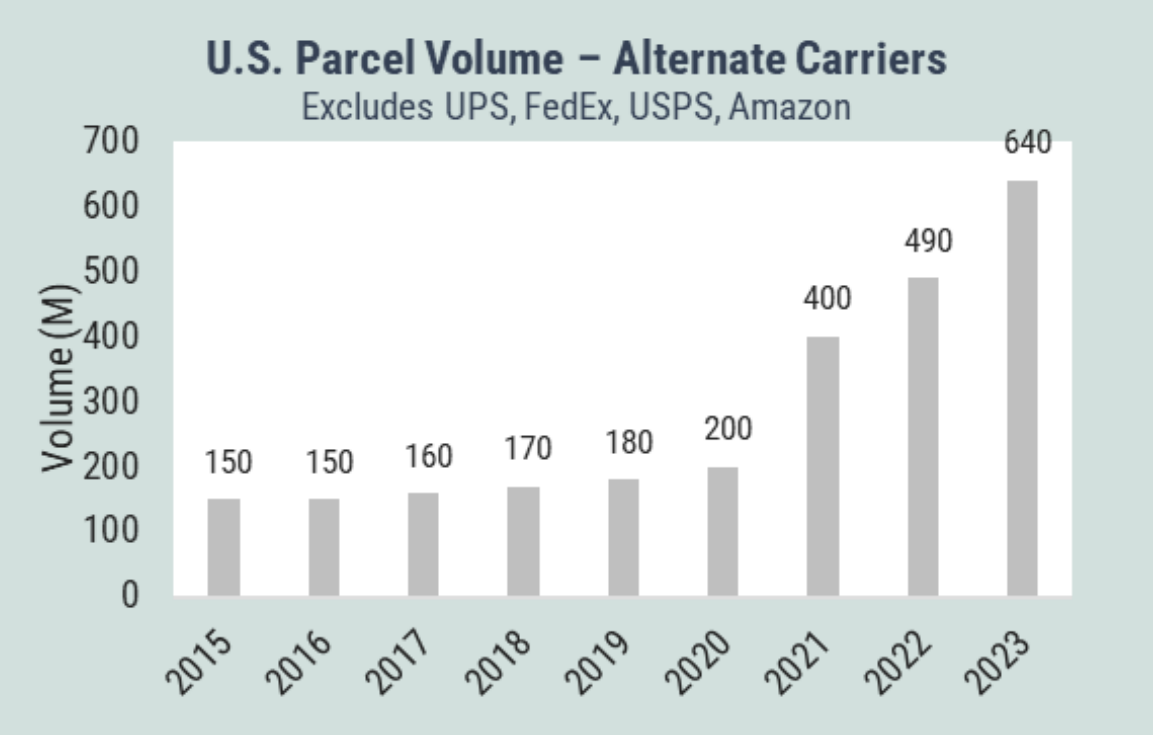


Source: Pitney Bowes Parcel Shipping Index



Parcel Delivery – Last Mile Delivery

In addition to Amazon, the emergence of new last-mile delivery services has taken additional volume, intensified competition and is providing alternative partners for shippers



Source: Supply Chain Dive.com/news,rom-shipping-index-Pitney-Bowes

Alternative Delivery Carriers

- OnTrac
- ShipT
- InstaCart
- Postmates
- DoorDash
- Deliverr
- GoPuff
- ShipBob
- Nuro

Shipping Platforms / Service

- ParcelPal
- Bringg

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serving 3,000 clients

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ankura.com.



Keith Jelinek
Senior Managing Director
1.248.894.8264
keith.jelinek@ankura.com



Mike Casey
Managing Director
+1.216.312.7702
michael.casey@ankura.com



Rick Maicki
Senior Managing Director
+1.216.906.1580
rick.maicki@ankura.com



David Tait
Managing Director
+1.917.209.3489
david.tait@ankura.com



Chris Ventry
Managing Director
+1.646.413.9352
chris.ventry@ankura.com



Tom Clarke
Senior Managing Director
+1. 248.312.9423
tom.clarke@ankura.com



Laura Wheeler
Managing Director
1.646.320.5799
laura.wheeler@ankura.com





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