

U.S. Economic Overview

CONSUMERS AND THE MACRO ECONOMY

March 2024



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Summary



Highlights – What You Need To Know

U.S. CONSUMERS: Consumer Sentiment Index pulled back slightly

- **Consumer sentiment** has settled into a holding pattern, with few discernible signals indicating either improvement or deterioration in the economy; sentiment remains largely unchanged since the significant increase observed in January
- **Personal disposable income*** rose 4.5% in January 2024; consumer expenditures increased 4.5% YOY and was flat MTM
- **Total Consumer Debt**
 - Consumer credit is at a new record for households in Q4-2023 of \$17.5 trillion
 - **Total consumer credit** increased 4.8%, forcing consumers to withdraw from savings to pay down debt

RETAIL SALES (*excl. autos/parts & gas stations*)

- February retail sales rose 2.2 percent YOY
- Food & Dining increased 6.4%
- Hard goods segments again were down YOY –few segments showed any notable increase
 - Furniture & Home Furnishings Stores -10.1%
 - Building Materials & Garden Equipment / Supplies Dealers -6.1%
 - Department Stores -4.4%
 - Sporting Goods, Hobby, Book, & Music Stores -3.3%

AIR TRAVEL

- Air travel increased .8% vs. 2023
- The price of air travel is down 6.1% from last year and up 3.6% from previous month



Highlights – What You Need To Know

BROAD ECONOMIC INDICATORS:

- **Interest rates: Bank Prime Loan Rate (8.5%) and Federal Funds Rate (5.33%)** were unchanged from previous month
- **Gross Domestic Product:** Q4-2023 GDP increased at an annual rate of 3.2 percent according to the revised estimate released by the Bureau of Economic Analysis
- **The Consumer Price Index** rose 3.2 percent for the 12 months ending February 2024
 - The index for all items less food and energy (Core CPI) increased 3.8 percent
 - Motor fuel index was down 4.2%
 - Housing increased 4.5% and Food Away From Home rose 4.5%

U.S. EMPLOYMENT: Unemployment remains below 4%

- **Unemployment** in February was 3.9%
- Non-farm employment was up 1.8% month-to-month, with employment rising by 275,000

HOUSING:

- **Mortgage rates** (30-year fixed-rate) remain in the mid-six percent range
- **New home sales** increased 1.8% in January; **housing starts** declined .7%
- **Median U.S. new home price** was down nearly 3%

SUPPLY CHAIN: Freight costs continue to remain stable

- Through February, **general freight trucking** index was down 7.9% over last year and basically flat to the previous month
- **Deep sea freight** through February were down nearly 3% YOY and unchanged vs. previous month

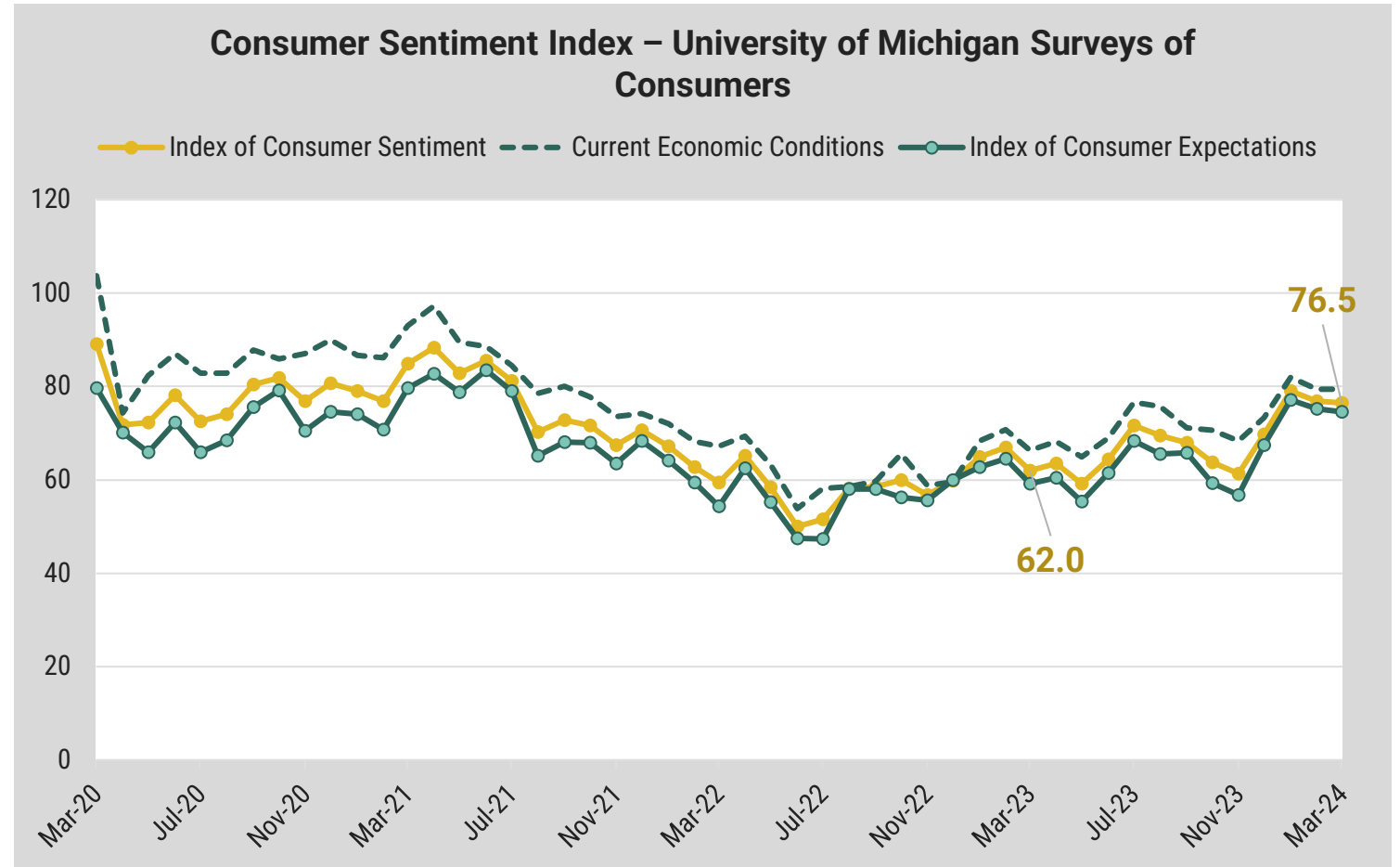
Key Consumer Metrics



Consumer Sentiment Index

Consumer sentiment has settled into a holding pattern, with few discernible signals indicating either improvement or deterioration in the economy; sentiment remains largely unchanged since the significant increase observed in January

	Index of Consumer Sentiment	Current Economic Conditions	Index of Consumer Expectations
2-Year High	79.0	81.9	77.1
2-Year Avg.	63.8	67.9	61.1
2- Year Low	50.0	53.8	47.3
Current	76.5	79.4	74.6
LY	62.0	66.3	59.2
YOY % Change	23.4%	19.8%	26.0%
Previous Month	76.9	79.4	75.2
MTM % Change	-0.5%	0.0%	-0.8%



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 Price Index *(non-seasonally adjusted)*

Total CPI rose 3.2 percent for the 12 months ending February 2024; Core CPI (all items less food and energy) rose 3.8 percent YOY.

Food Away From Home +4.5%

Housing +4.5%

Fuel -4.2%

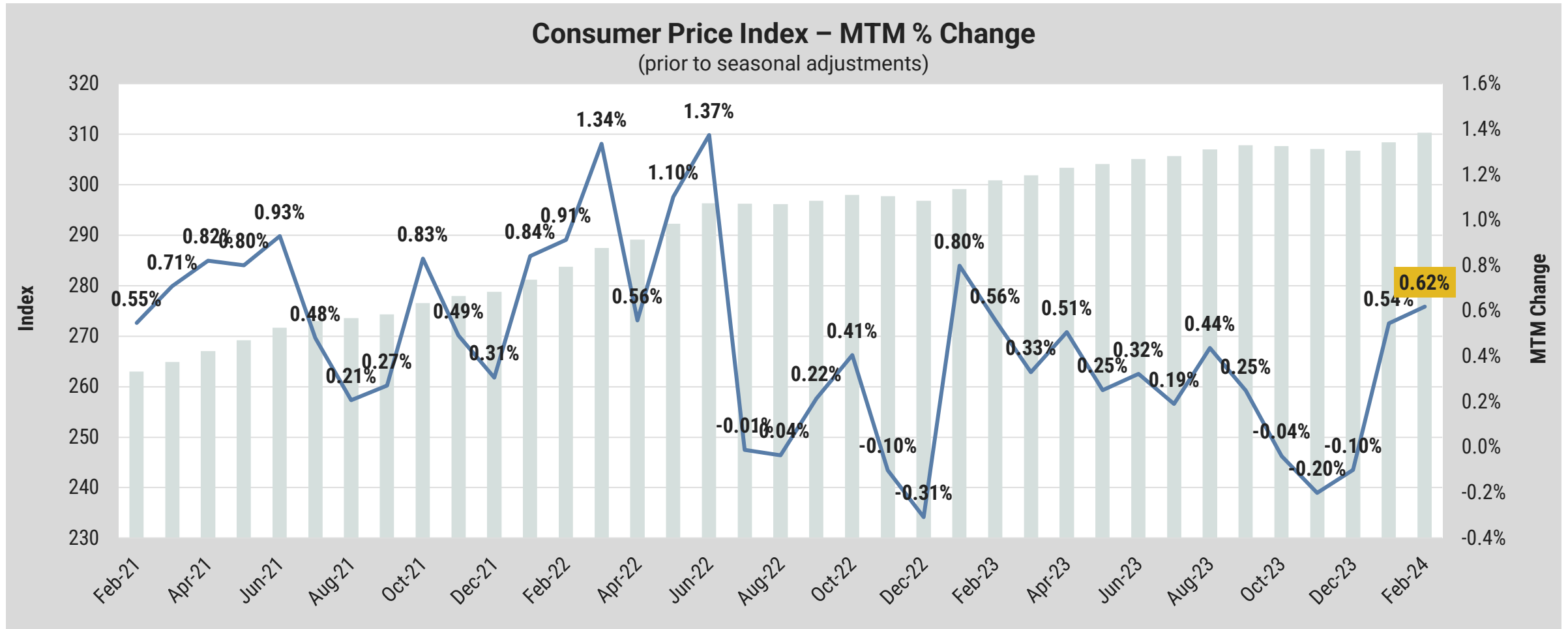
Air Fare -6.1%

	Sep-23	Oct-23	Dec-23	Dec-23	Jan-24	Feb-24
Total CPI	3.7%	3.2%	3.1%	3.4%	3.1%	3.2%
All Items Less Food & Energy (Core CPI)	4.1%	4.0%	4.0%	3.9%	3.9%	3.8%
Food at Home	2.4%	2.1%	1.7%	1.3%	1.2%	1.0%
Food Away From Home	6.0%	5.4%	5.3%	5.2%	5.1%	4.5%
Motor Fuel	2.7%	-5.6%	-9.2%	-2.3%	-6.6%	-4.2%
Apparel	2.3%	2.6%	1.1%	1.0%	0.1%	0.0%
Housing	5.6%	5.2%	5.2%	4.8%	4.6%	4.5%
Education	2.9%	2.7%	2.4%	2.4%	2.5%	2.7%
Medical Care	-1.4%	-0.8%	0.2%	0.5%	1.1%	1.4%
Transportation	2.4%	0.8%	0.9%	2.9%	1.6%	2.7%
Air Fare	-13.4%	-13.2%	-12.2%	-9.4%	-6.4%	-6.1%



Consumer Price Index – Month-to-Month Trends

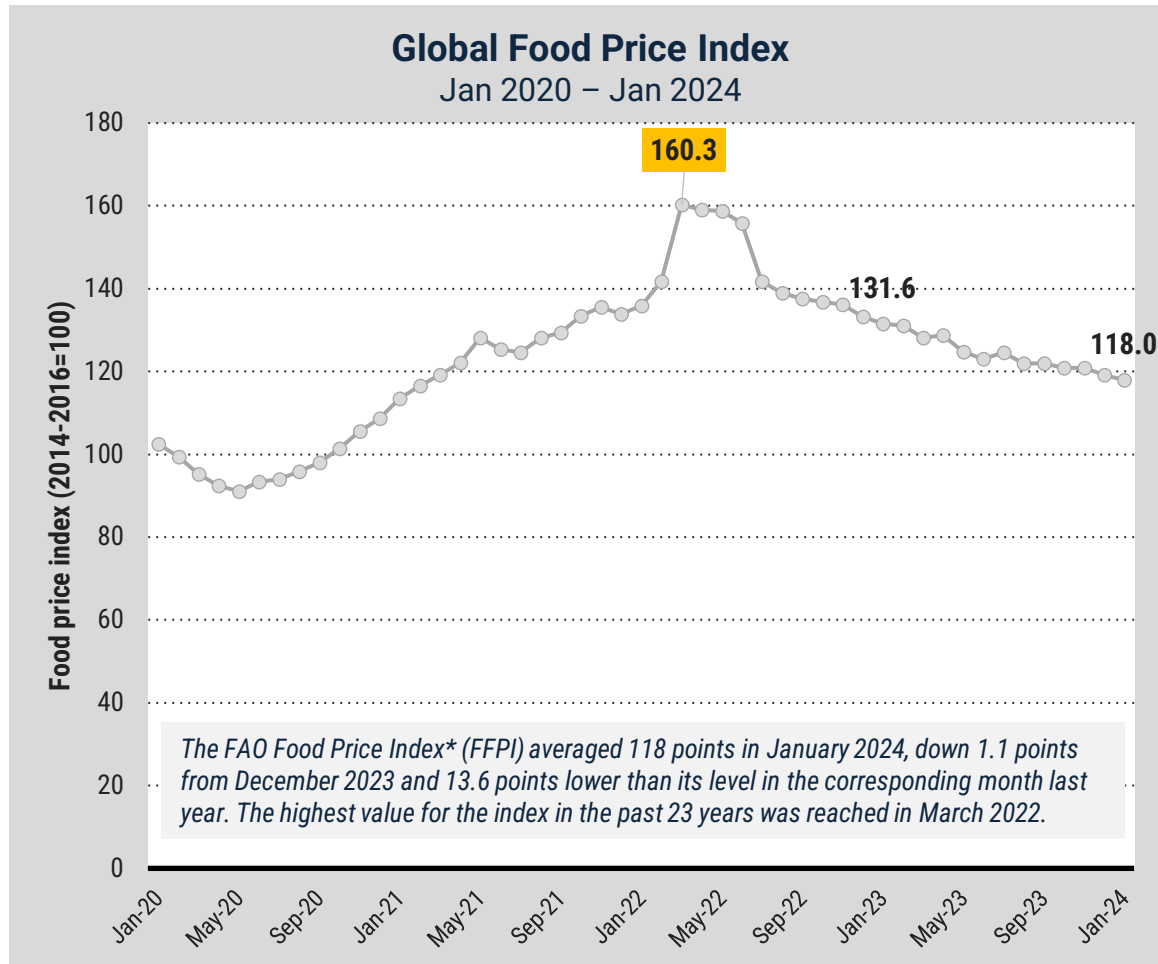
On a monthly basis, the CPI for All Urban Consumers (CPI-U) increased .62% (prior to seasonal adjustments)



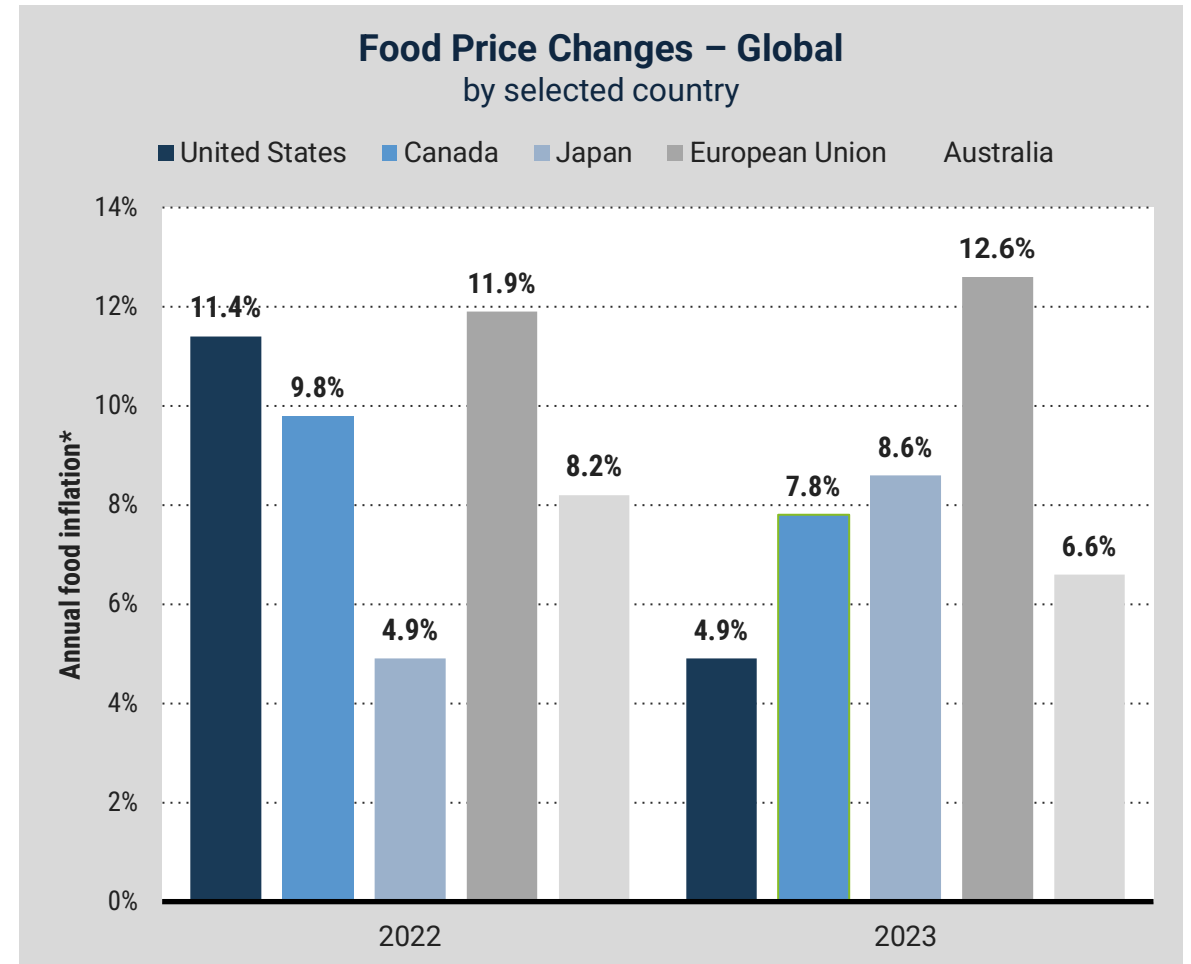


Food Price Inflation

Food prices have dropped globally since reaching a peak in March 2022; U.S. food price increases in 2023, while nearly 5%, were well below other developed countries



Note(s): Worldwide; January 2000 to January 2024; Nominal data (including meat, dairy, cereals, vegetable oils, and sugar)
Source(s): Statista.com, FAO

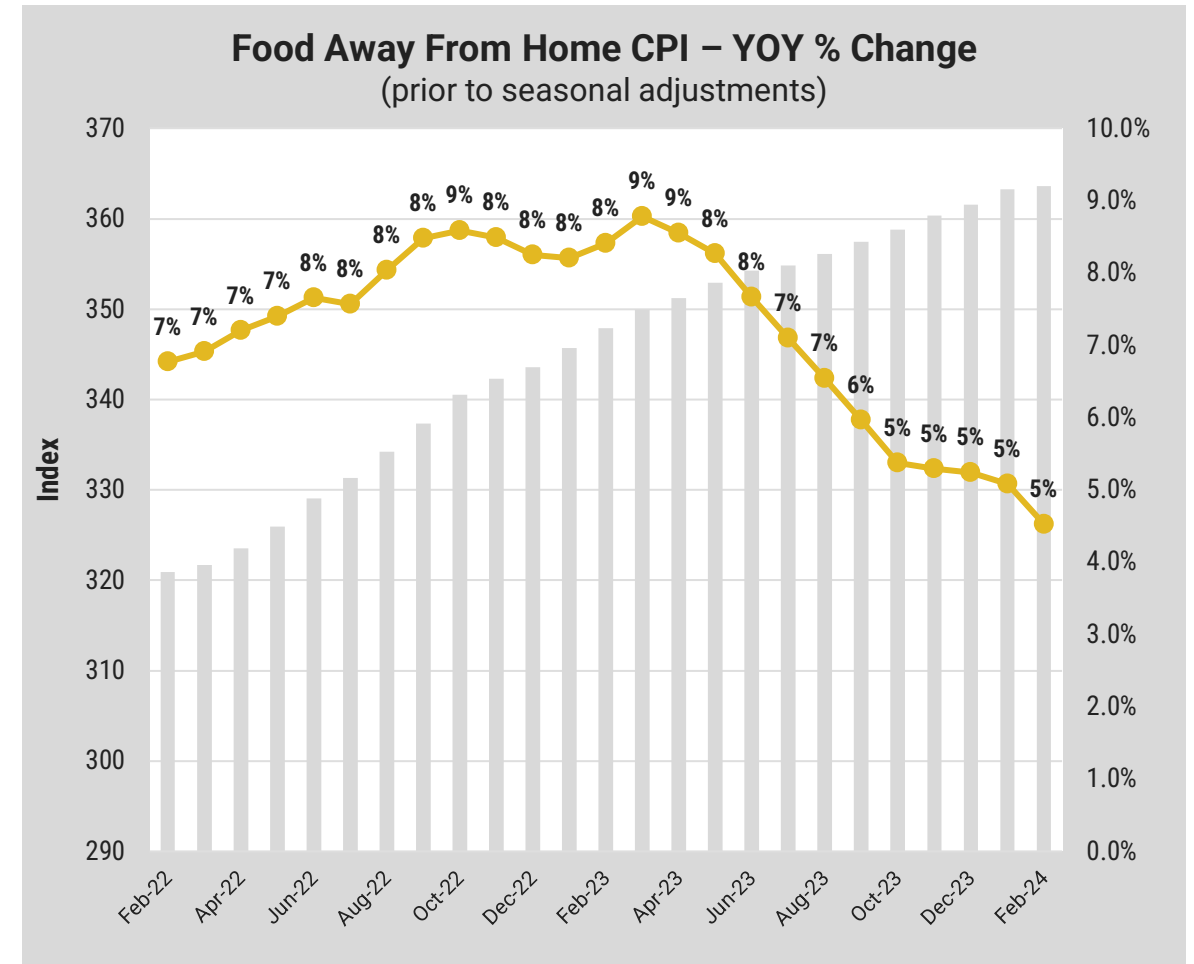
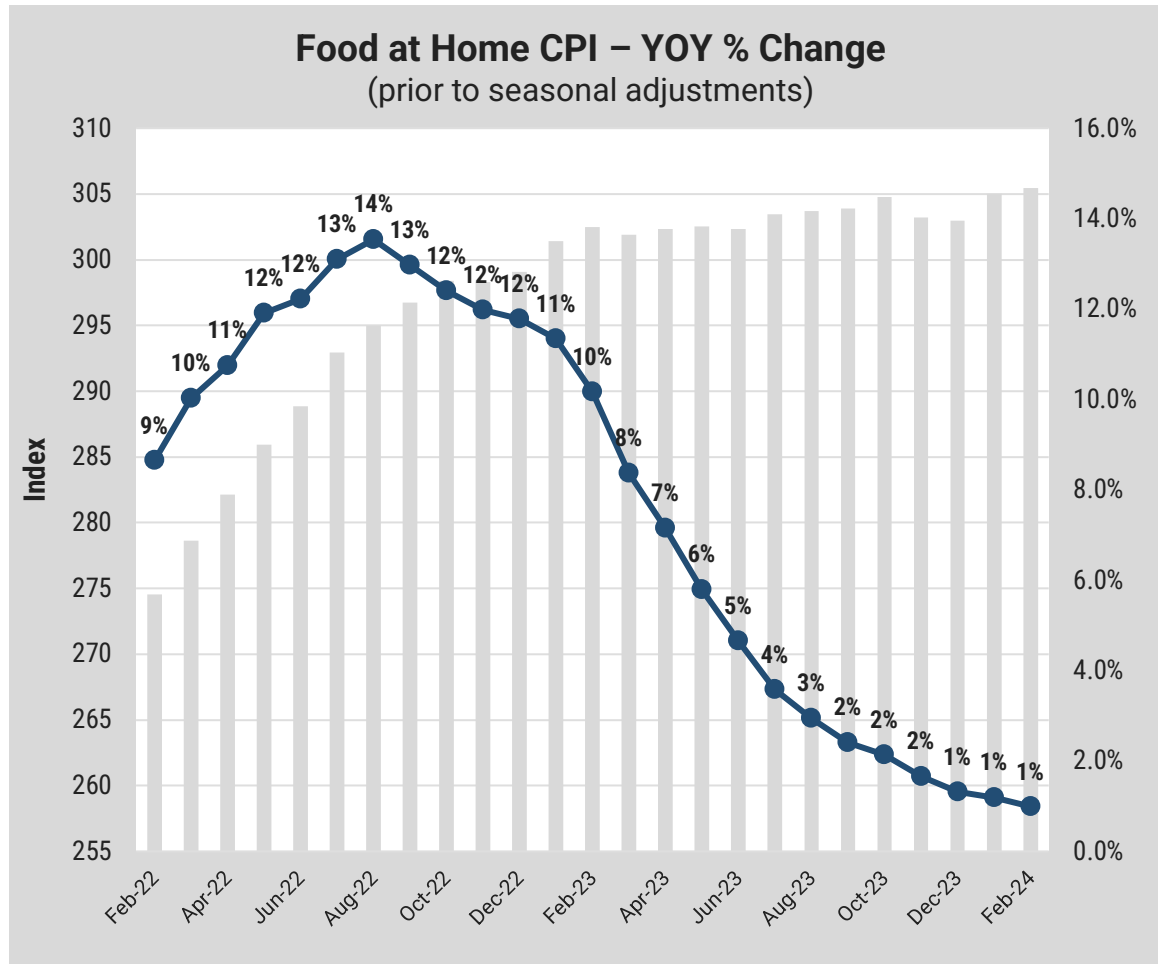


Note(s): Worldwide; 2019 to 2023;
Source(s): Statista.com, OECD



U.S. Food Prices

The rate of increase in U.S. Food prices (monthly CPI) continues to slow, but consumers still feeling the impact of higher YOY prices on basic food items; despite rising price of Food Away From Home, restaurant sales continue to increase

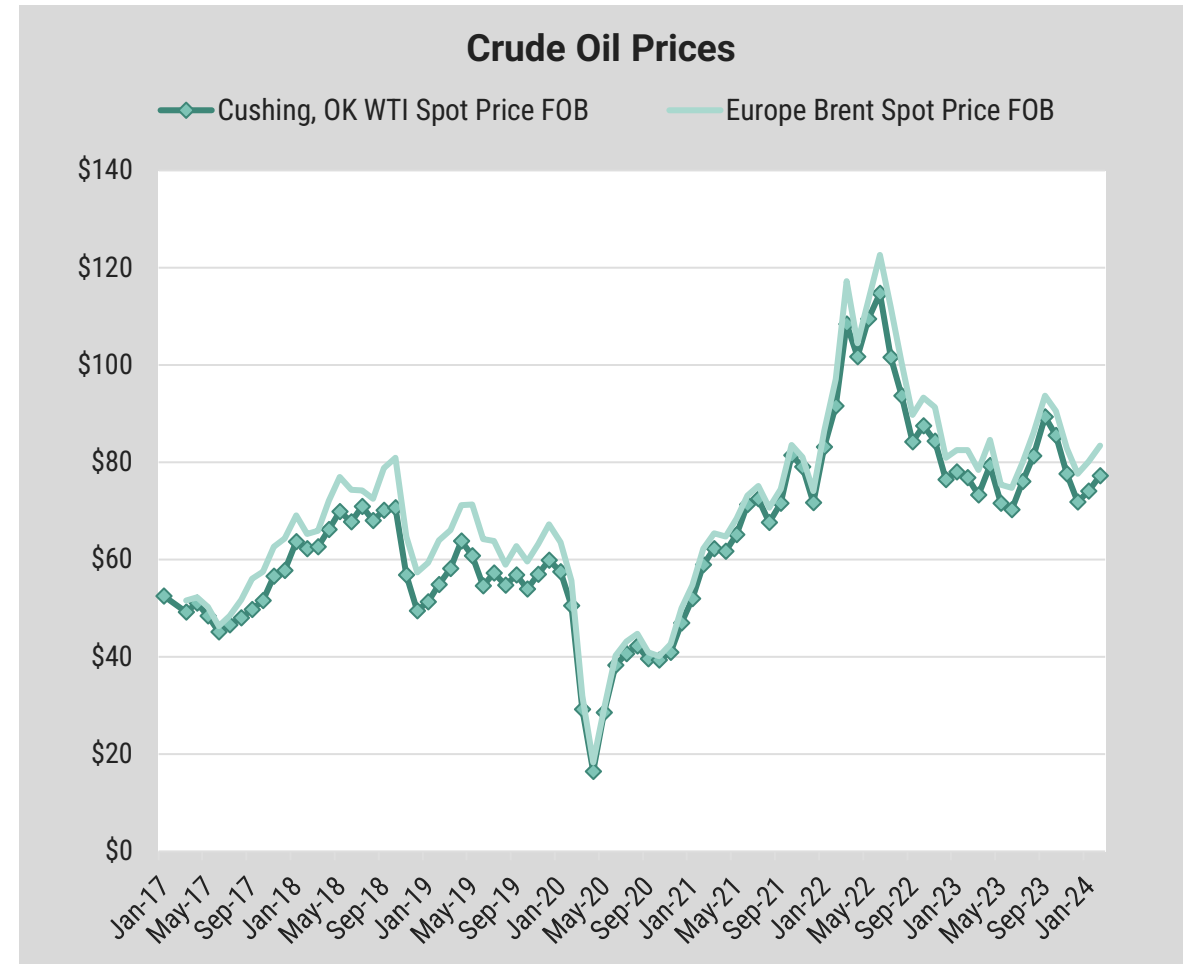
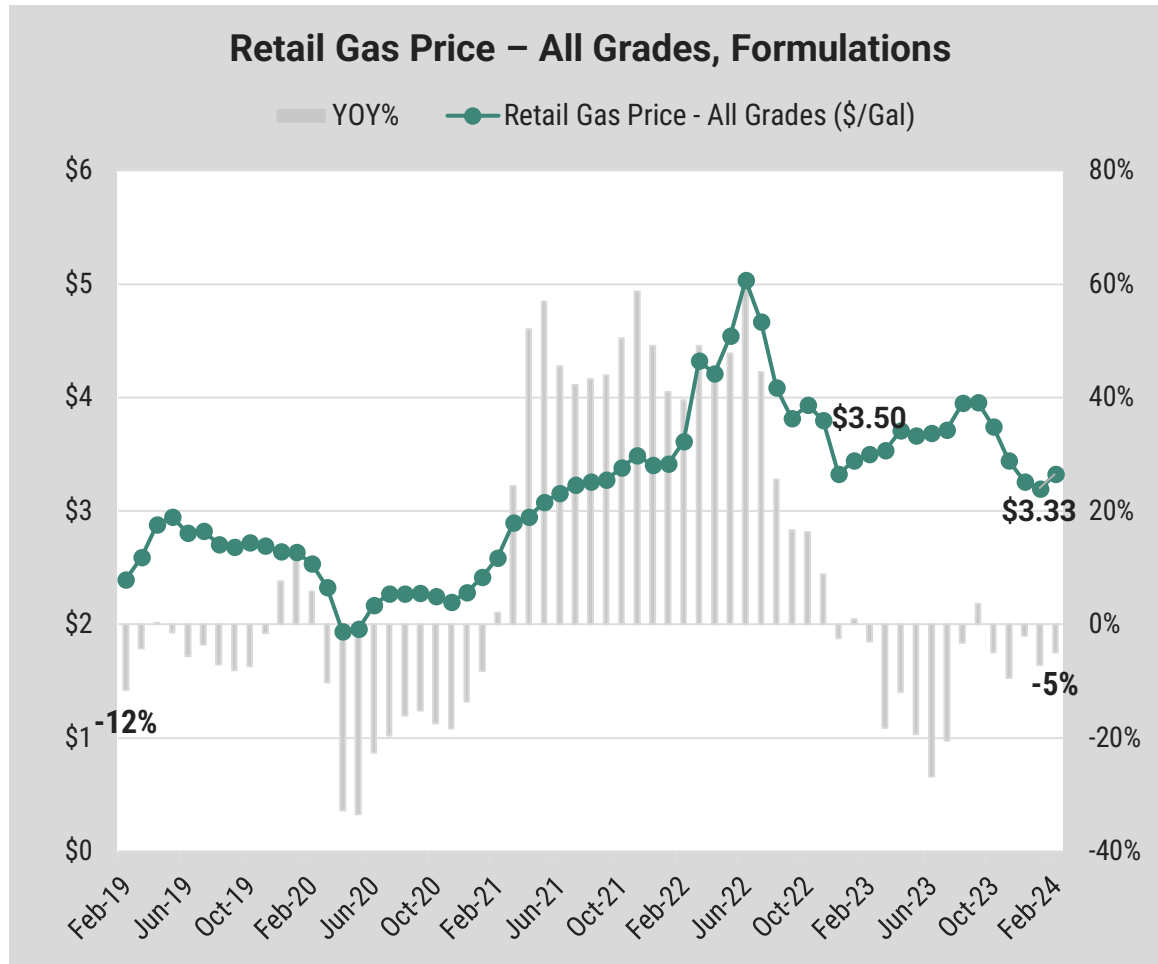


Source: U.S. Bureau of Labor Statistics



Gasoline (Retail Price) and Crude Oil Prices

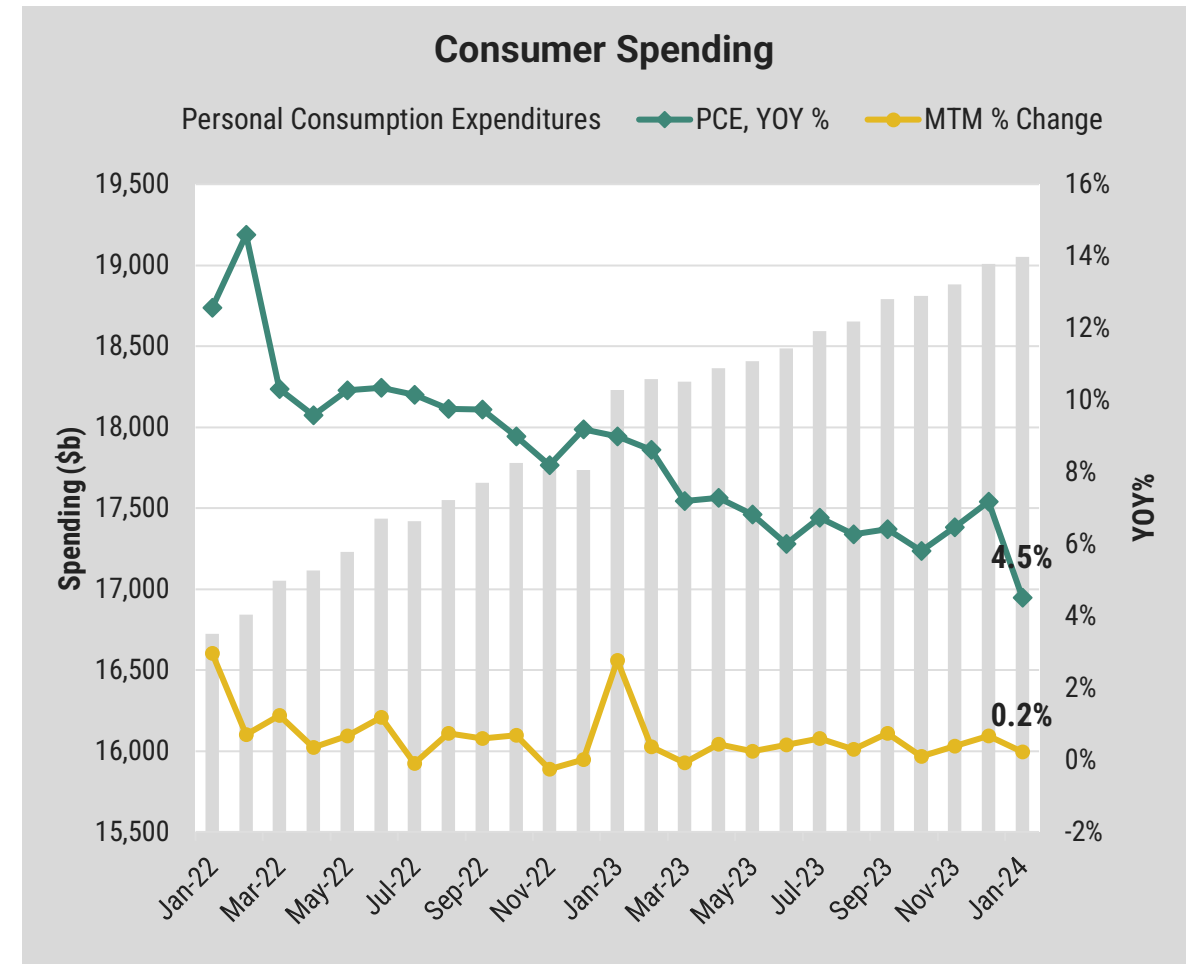
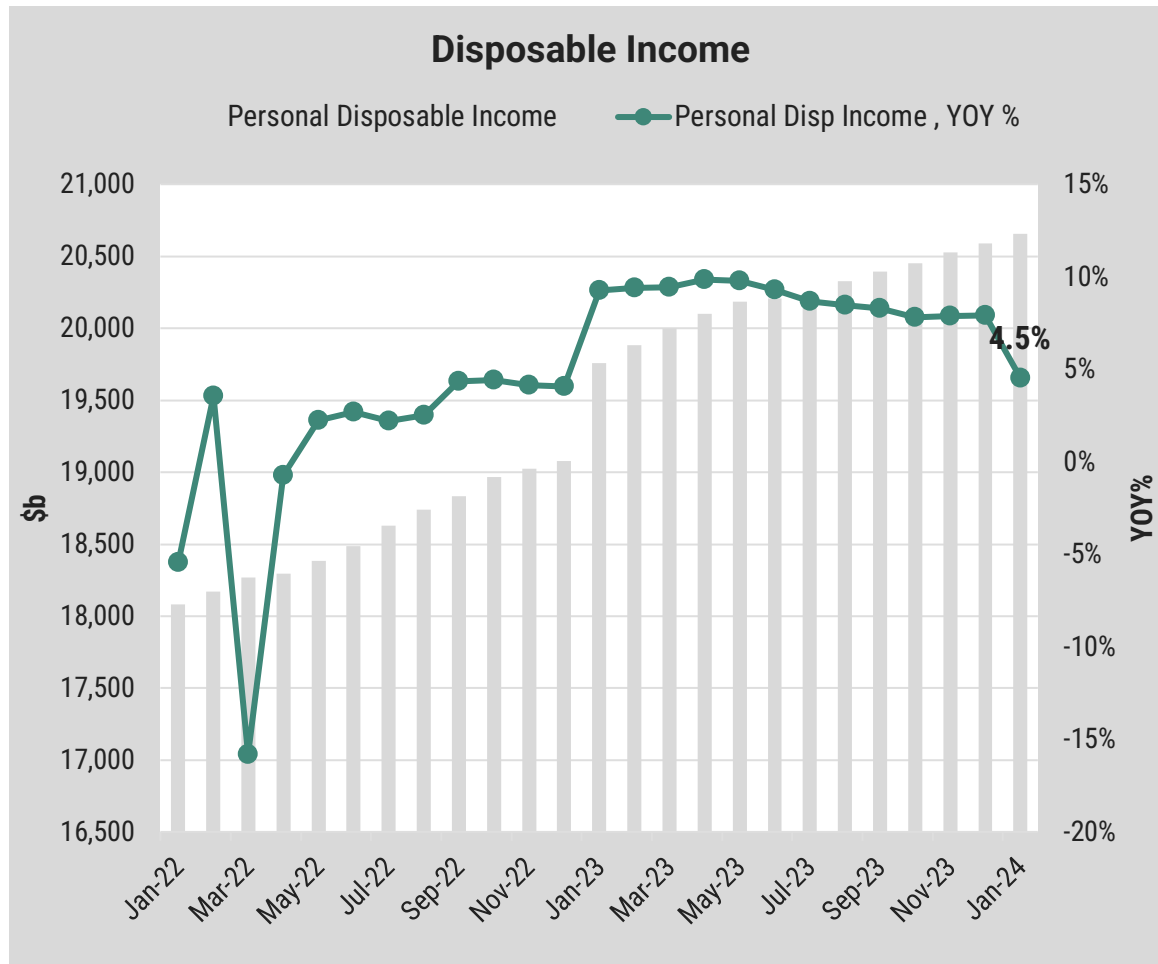
Retail gas price declined again in February, down 5% vs. 2023 with average U.S. retail price \$3.33/gallon; crude oil prices rose MTM for the 2nd consecutive month





Consumer Income and Spending

Personal disposable income rose 4.5% in January 2024; consumer expenditures increased 4.5% YOY and was flat MTM

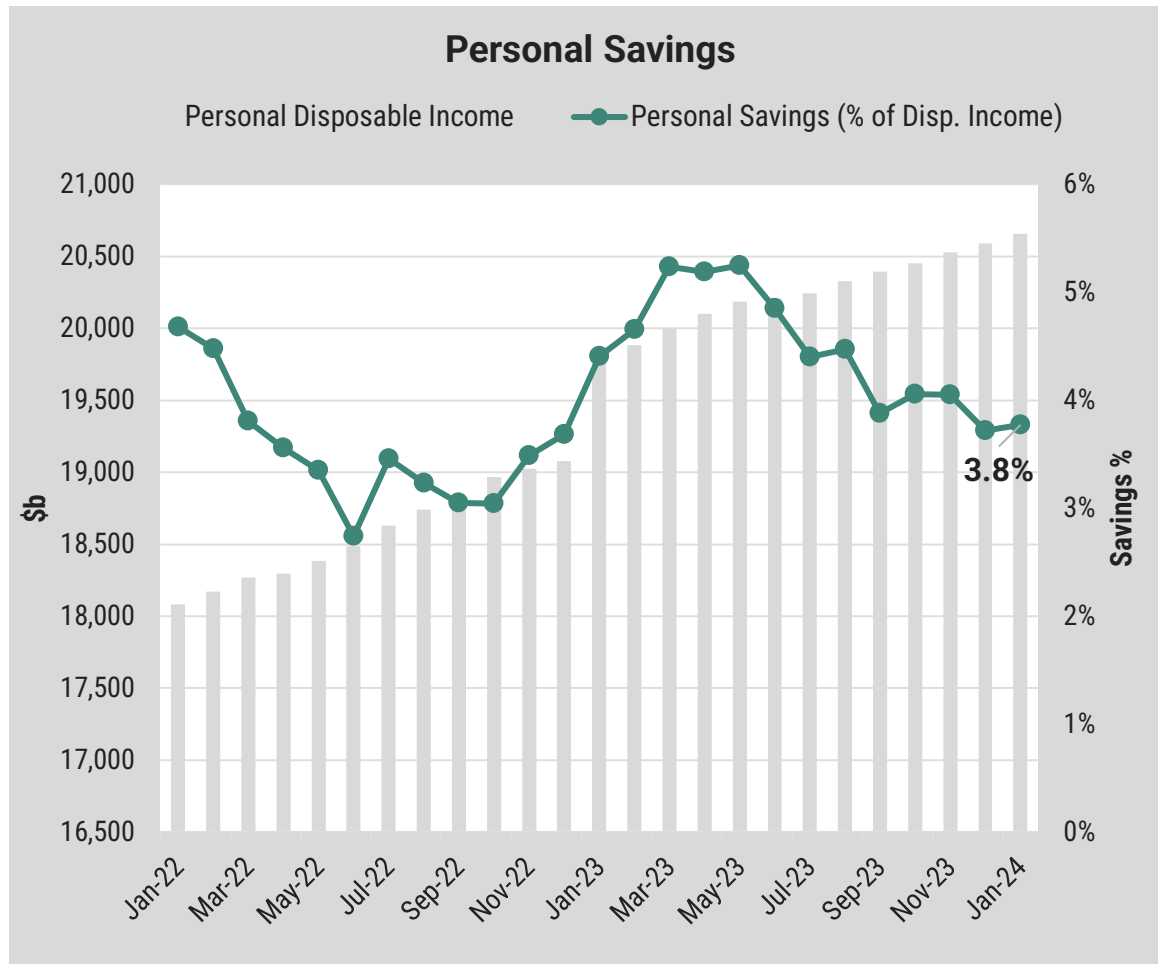


Source: U.S. Bureau of Economic Analysis, 2-month lag in reporting

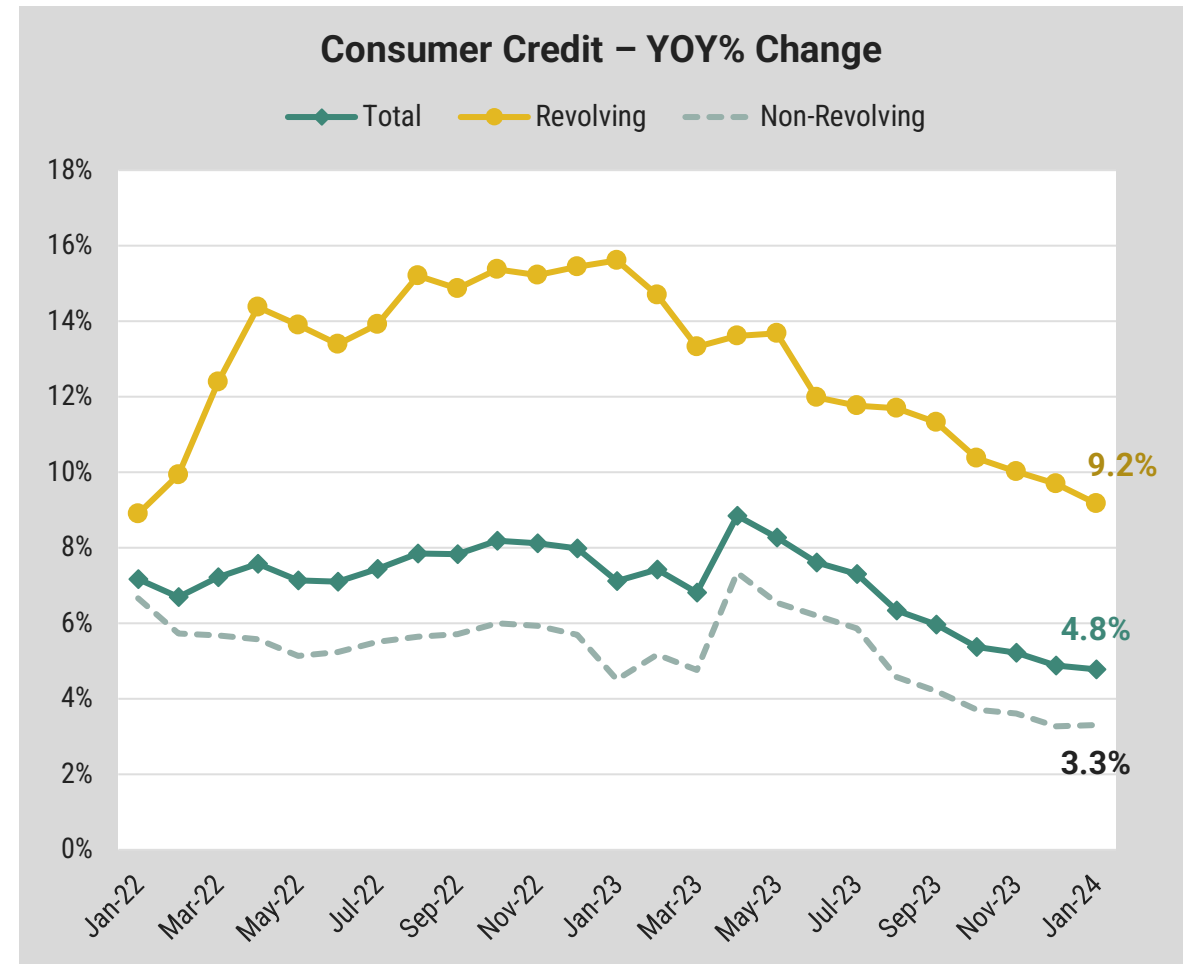


Personal Savings & Consumer Credit (2-month lag)

Personal savings rate remained above 2022 yet rates are on the decline since early 2023; revolving credit rose 9.2% vs. 2023; total consumer credit increased 4.8%, forcing consumers to withdraw from savings and 401k loans to pay down debt



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



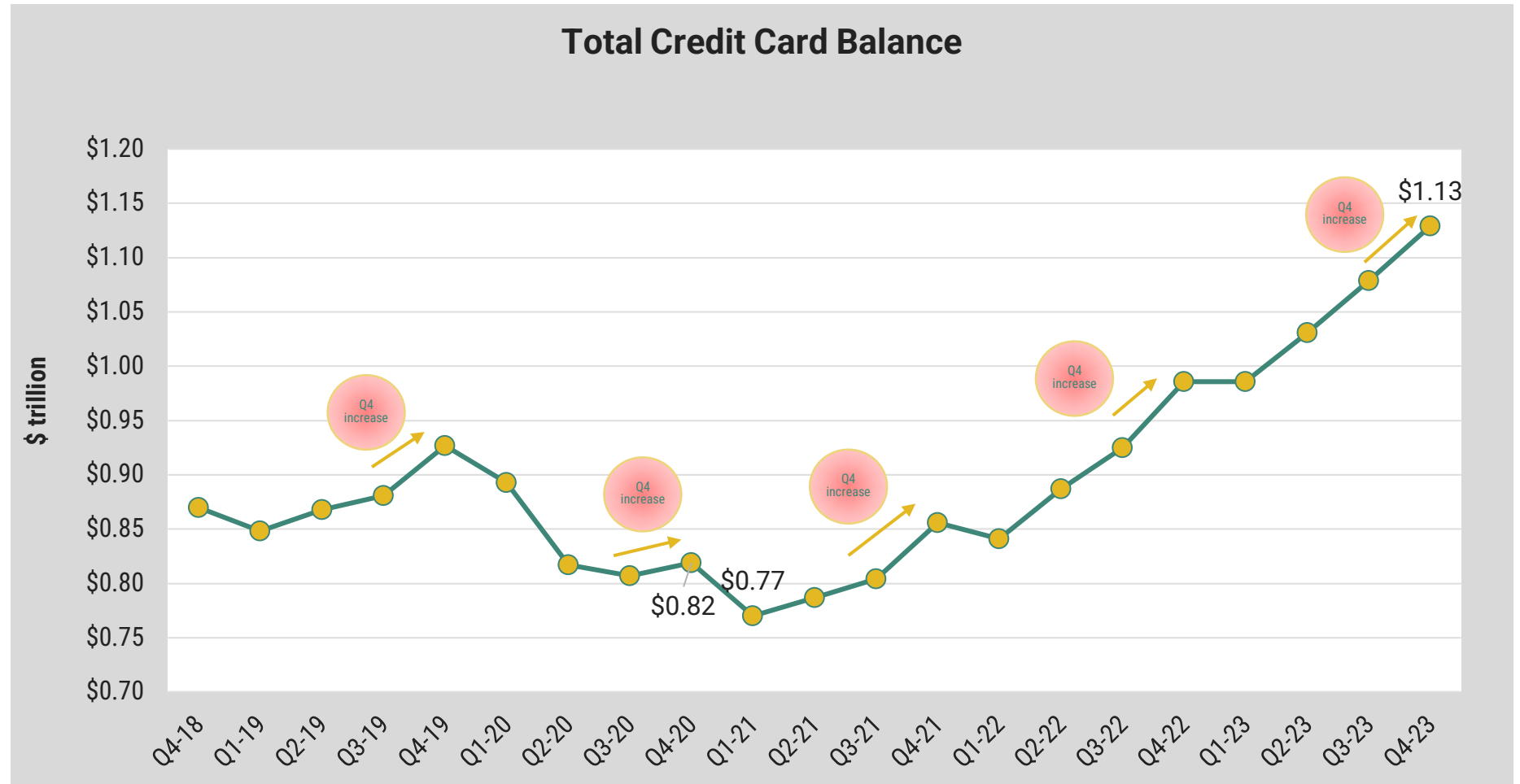
Source: U.S. Federal Reserve, 2-month lag in reporting



Credit Card Debt

Credit card debt has exceeded \$1 trillion, with many consumers unable to keep up with minimum payments

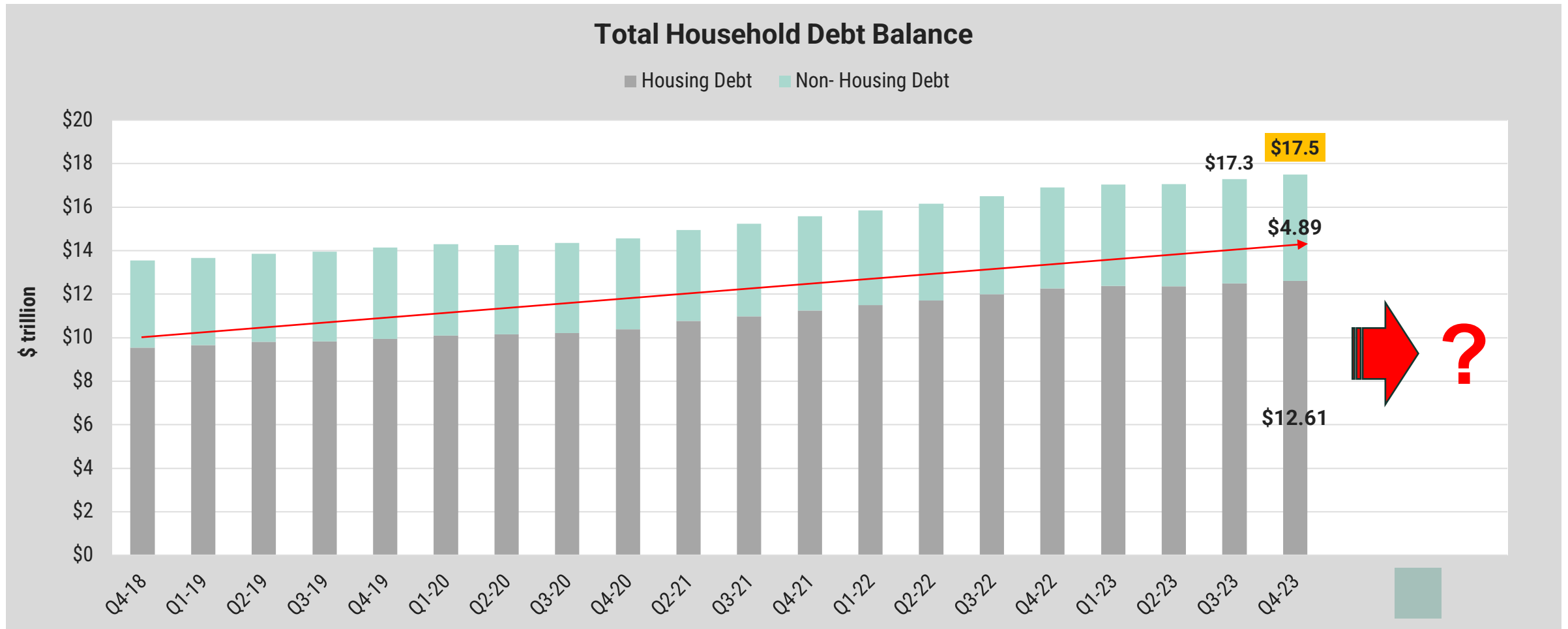
U.S. consumers' credit card debt remains above \$1 trillion, a level not seen prior to Q2-2023. Driven by holiday spending, the trend of Q4 debt increases continued. Credit card balances have risen by \$273 billion since Q4-2021. With current interest rates, it is highly likely that credit card balances will continue to climb.





Total Consumer Debt

Consumer credit reached a new record in Q4-2023 as credit card balances grow

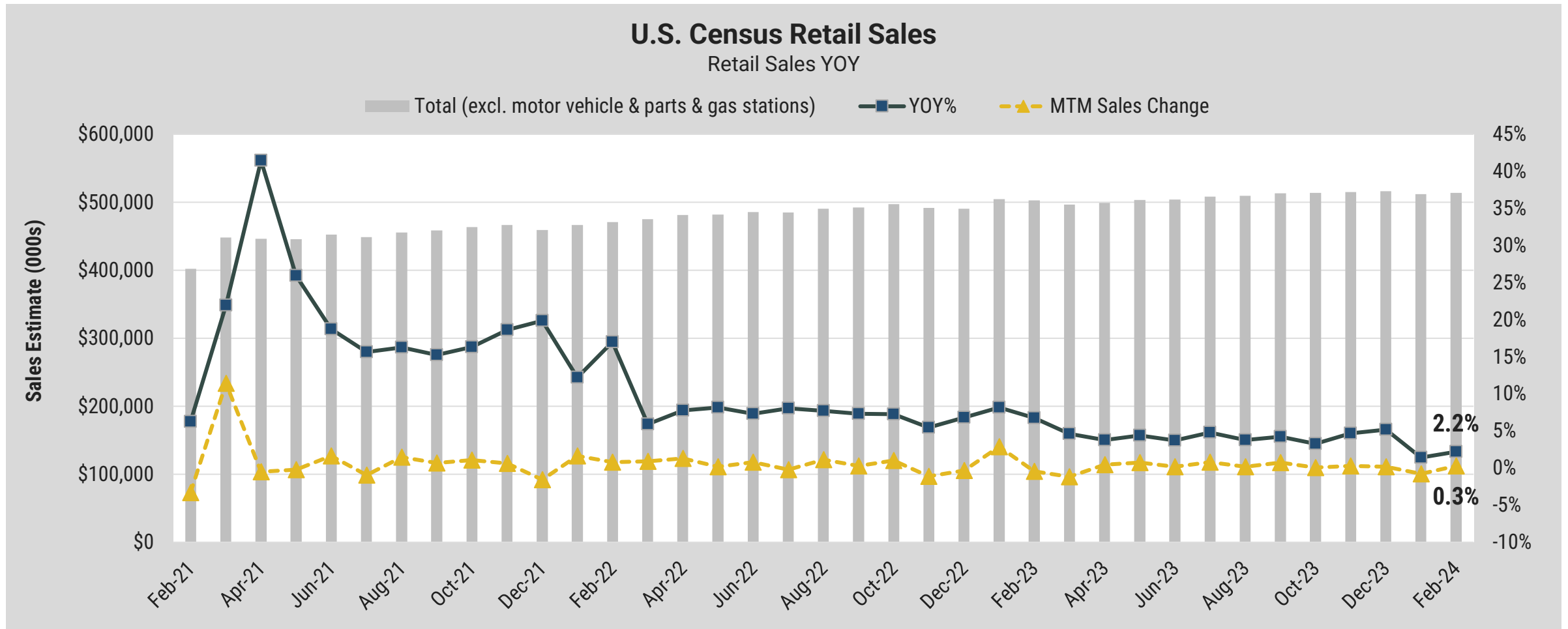


U.S. Retail Sales



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

Retail sales were up 2.2 percent YOY; non-store retailers were up 6.4 percent YOY



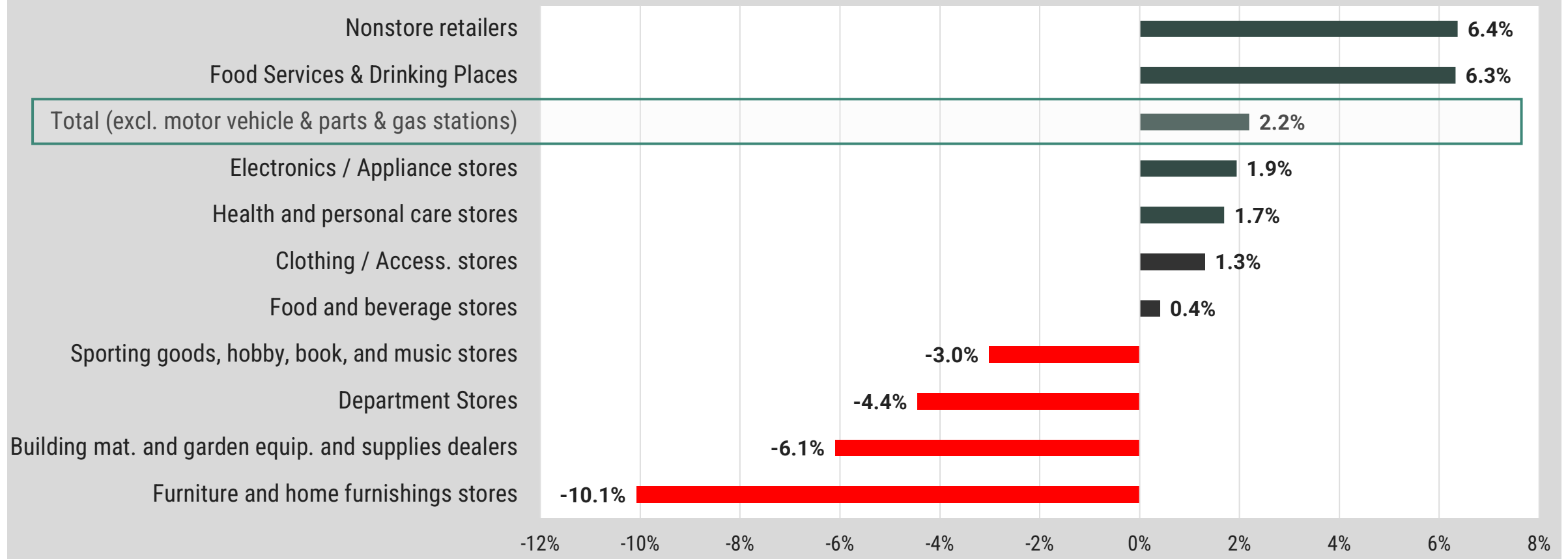
Source: U.S. Census Bureau

U.S. Retail Sales by Retail Category



February 2024 total sales increased 2.2%, led by an 6.4% increase in food & dining; hard goods segments were down YOY – compared to previous month, few segments showed any notable increase even as early spring is on the horizon

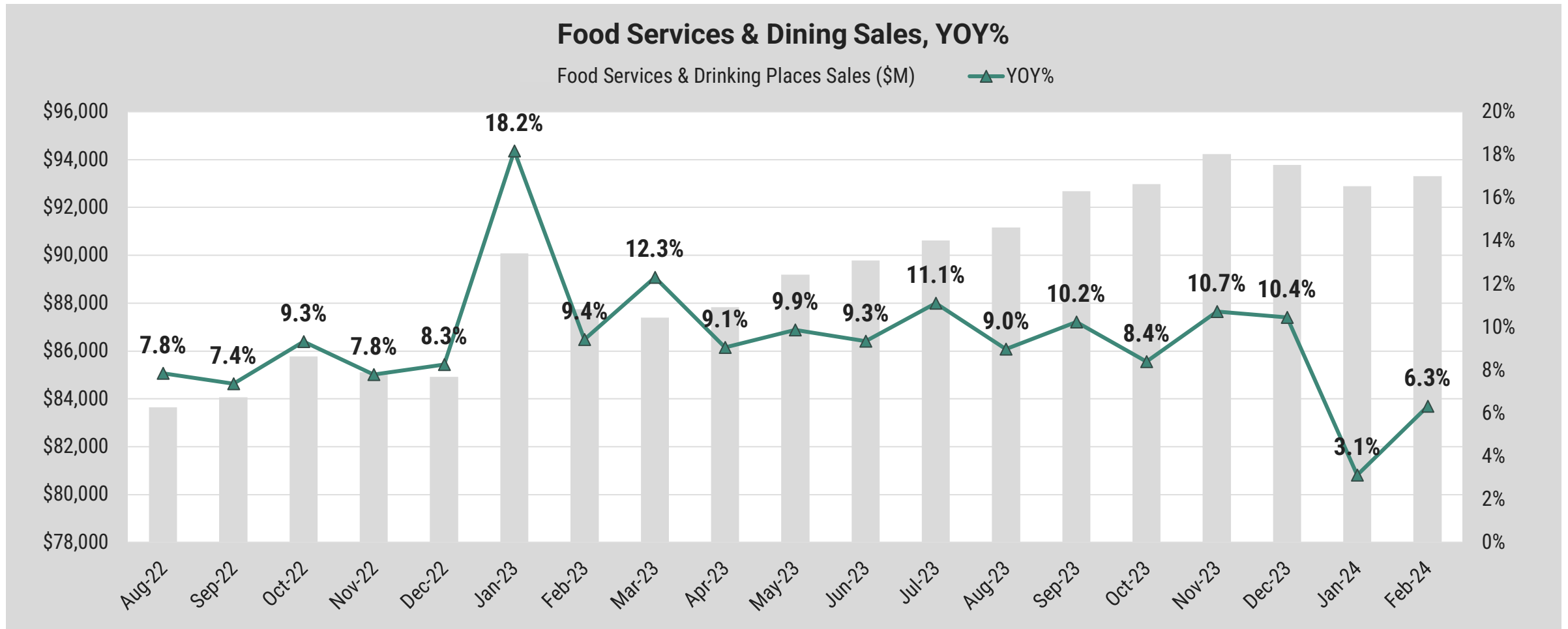
Retail Trade Sales - YOY % Change by Category





U.S. Retail Sales – Food Services & Dining

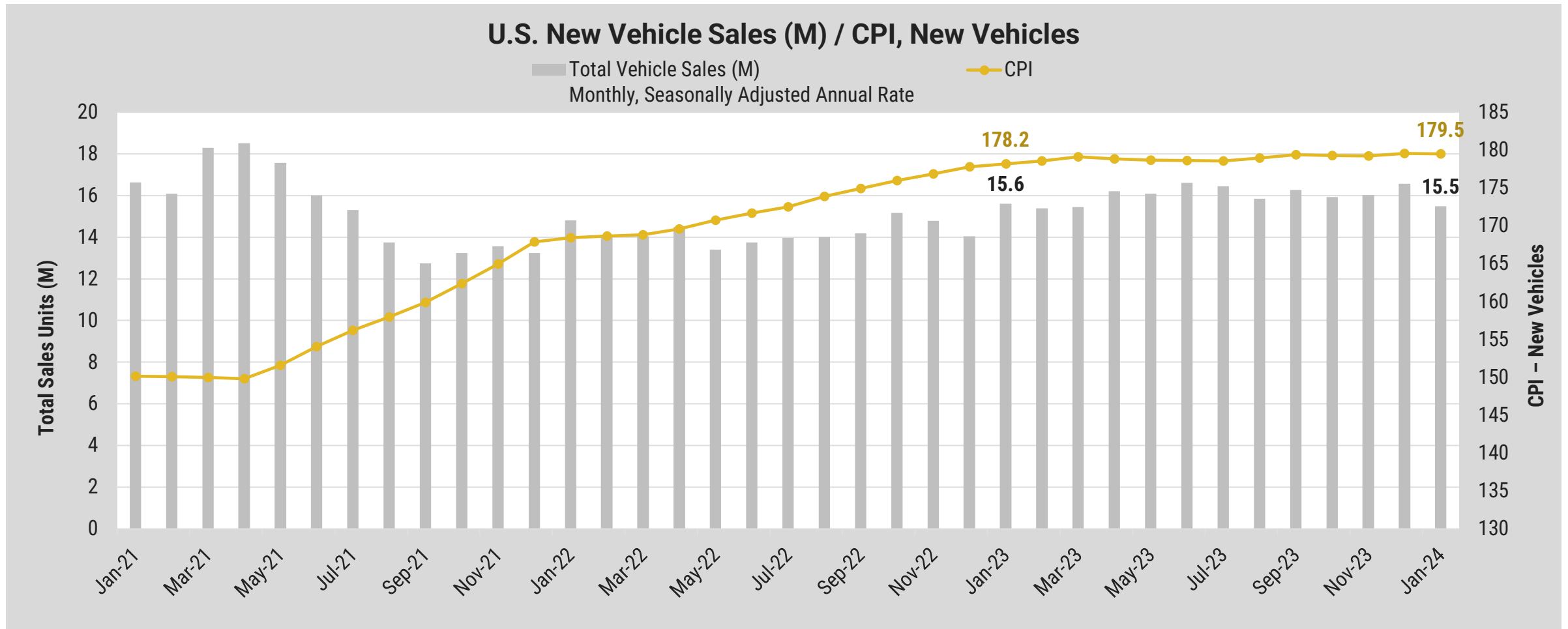
Food Services / Dining increased 6.3% in February, rebounding from the smaller increase previous month





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

January new vehicle sales decreased 1% YOY; CPI was flat vs. previous month, with EV sales gaining little traction



U.S. Bureau of Economic Analysis, Total Vehicle Sales [TOTALSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/TOTALSA>



Retail Inventories (2-month lag)

January retail inventories increased 5% above 2023 and were .4 above previous month

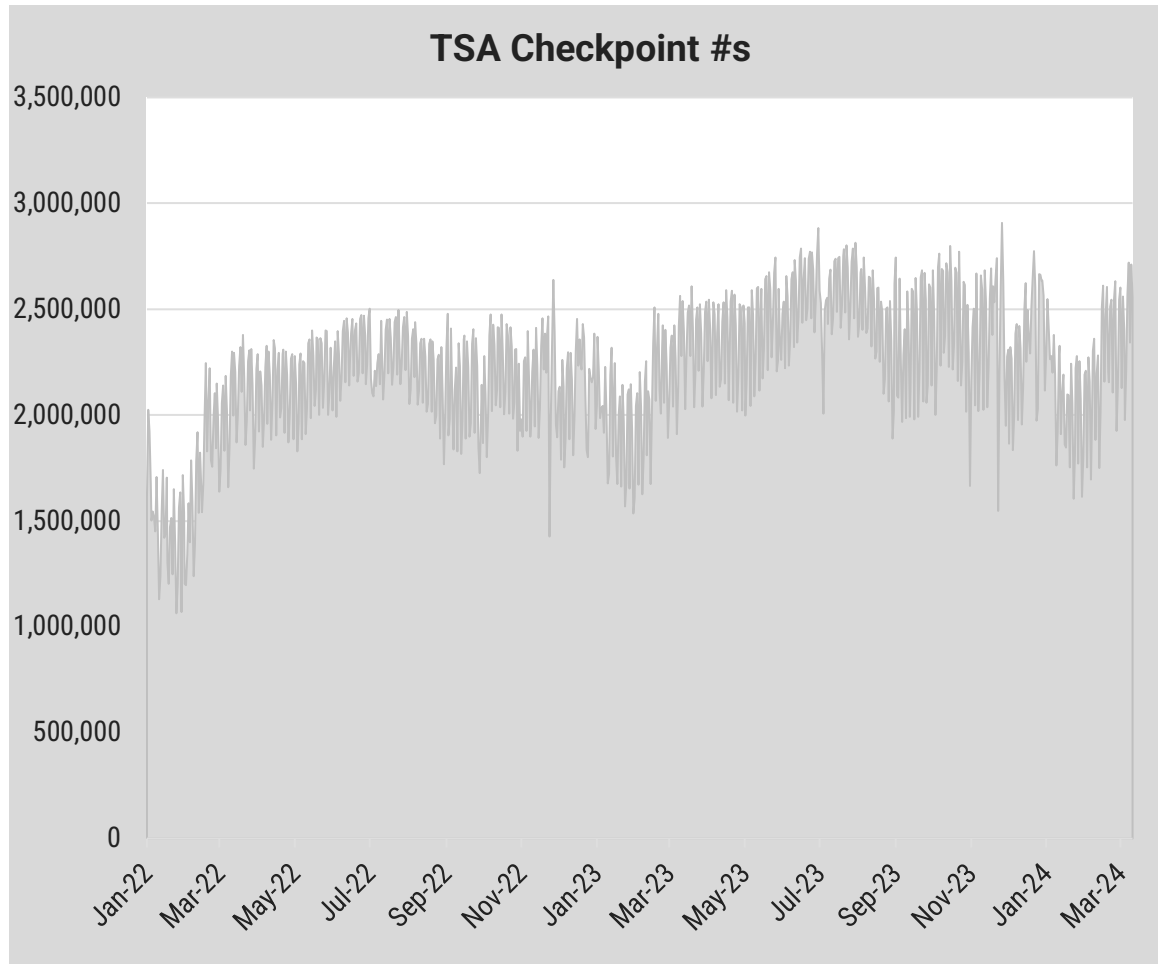


U.S. Census Bureau, Retailers Inventories [RETAILIMSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RETAILIMSA>

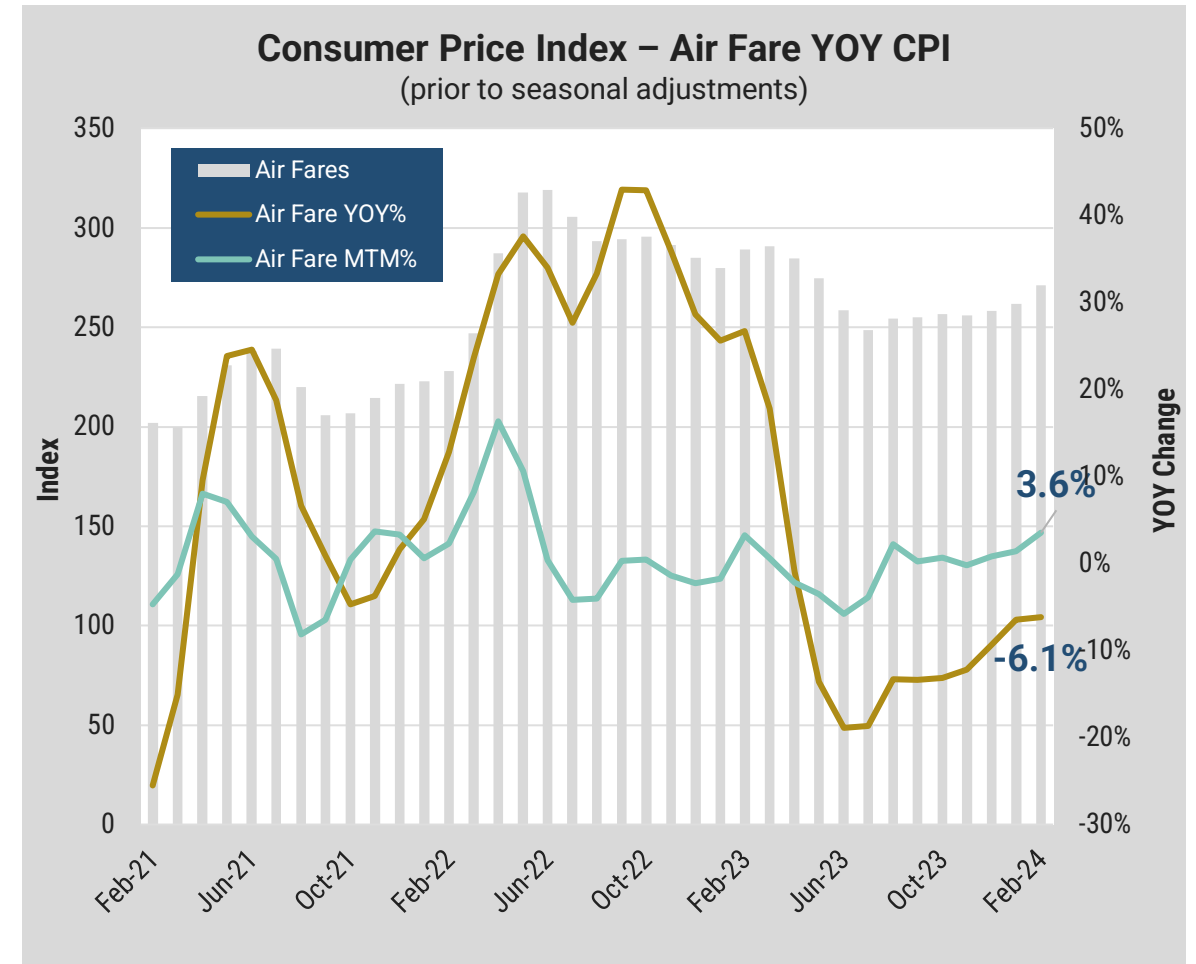


TSA Checkpoint Travel Numbers

Air travel increased .8% vs. 2023; the price of air travel is down 6.1% from last year and up 3.6% from previous month



Source: U.S. Transportation Security Administration



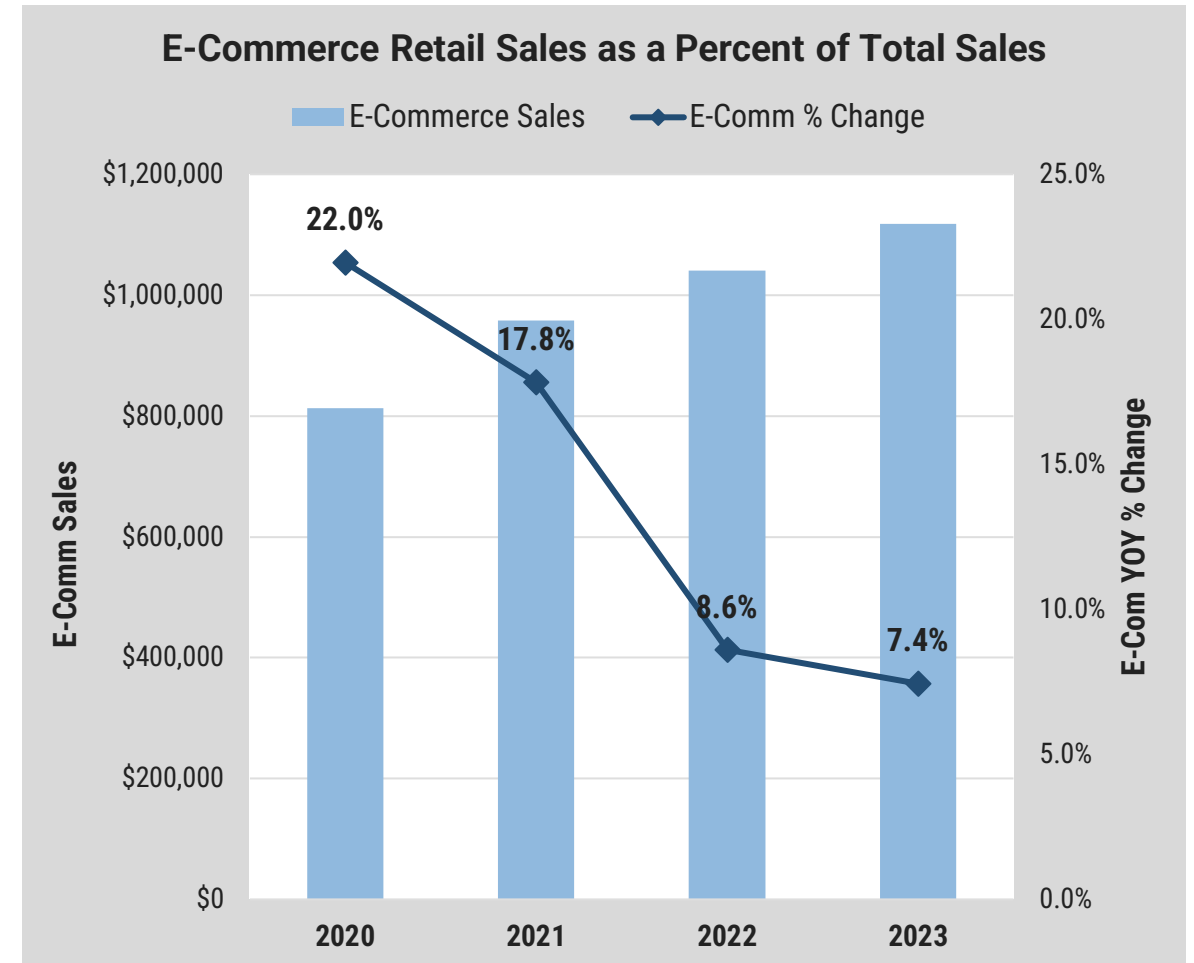
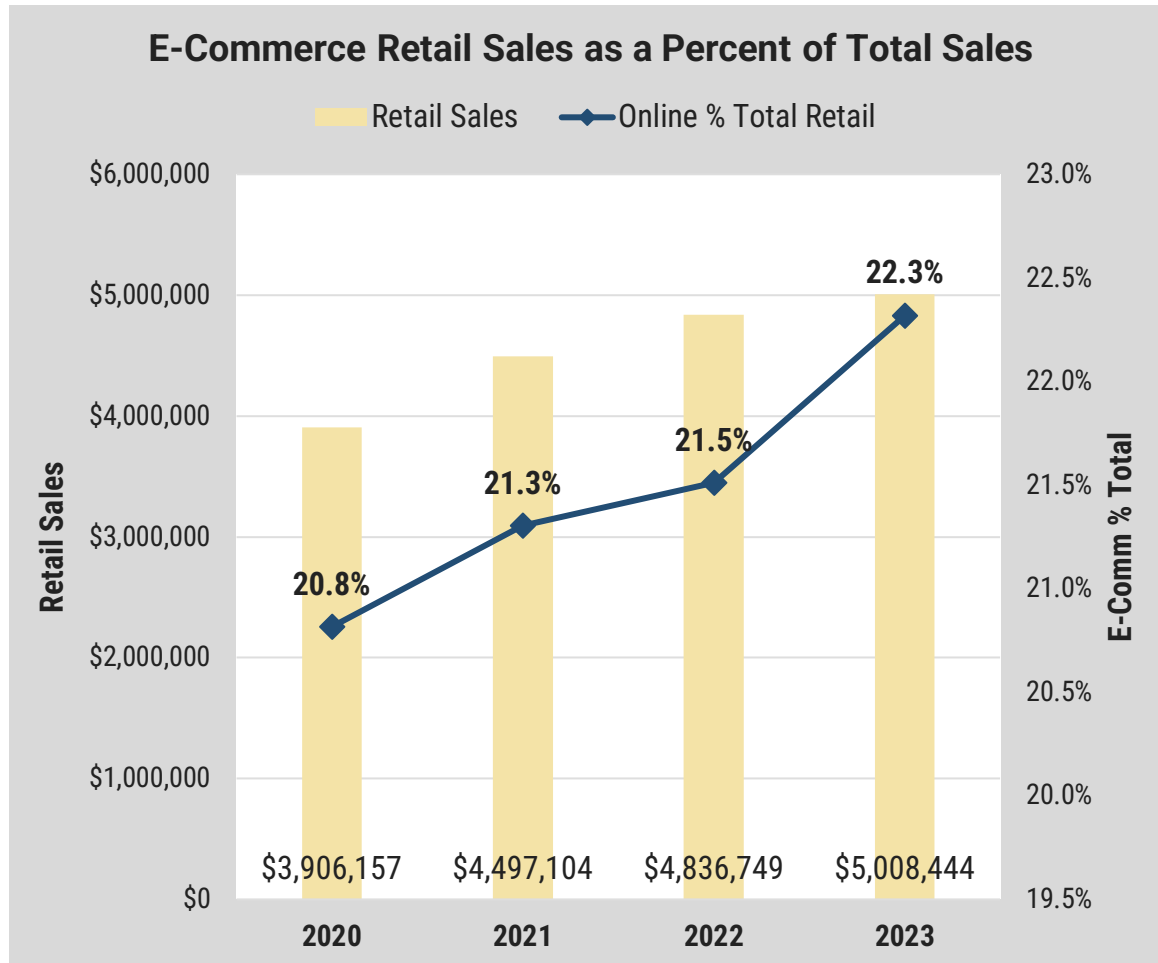
Source: U.S. Bureau of Labor Statistics

E-Commerce



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

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



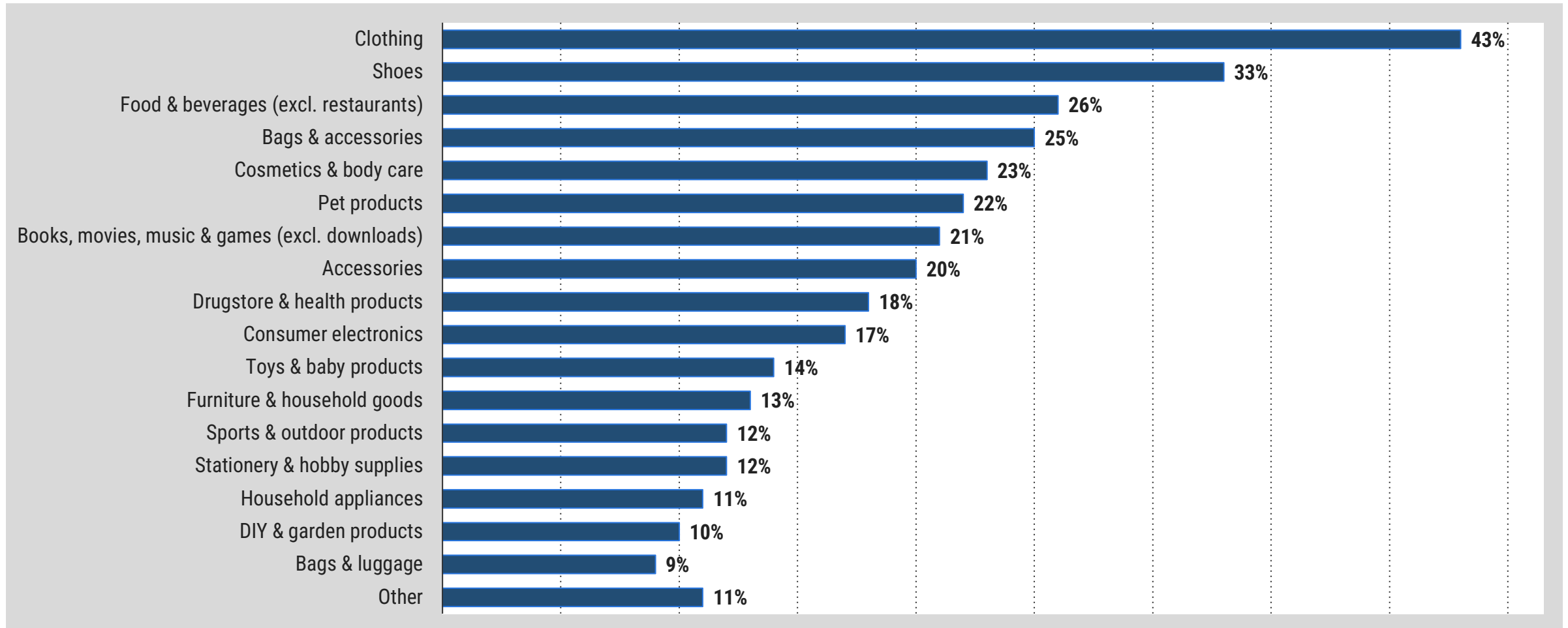
Source: U.S. Census Bureau

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



Online Sales – Key Retail Segments (2023)

Among U.S. Consumers the most popular categories for online purchases are clothing (43%) and shoes (23%); over 25% said food & beverages and bags and accessories, were key categories



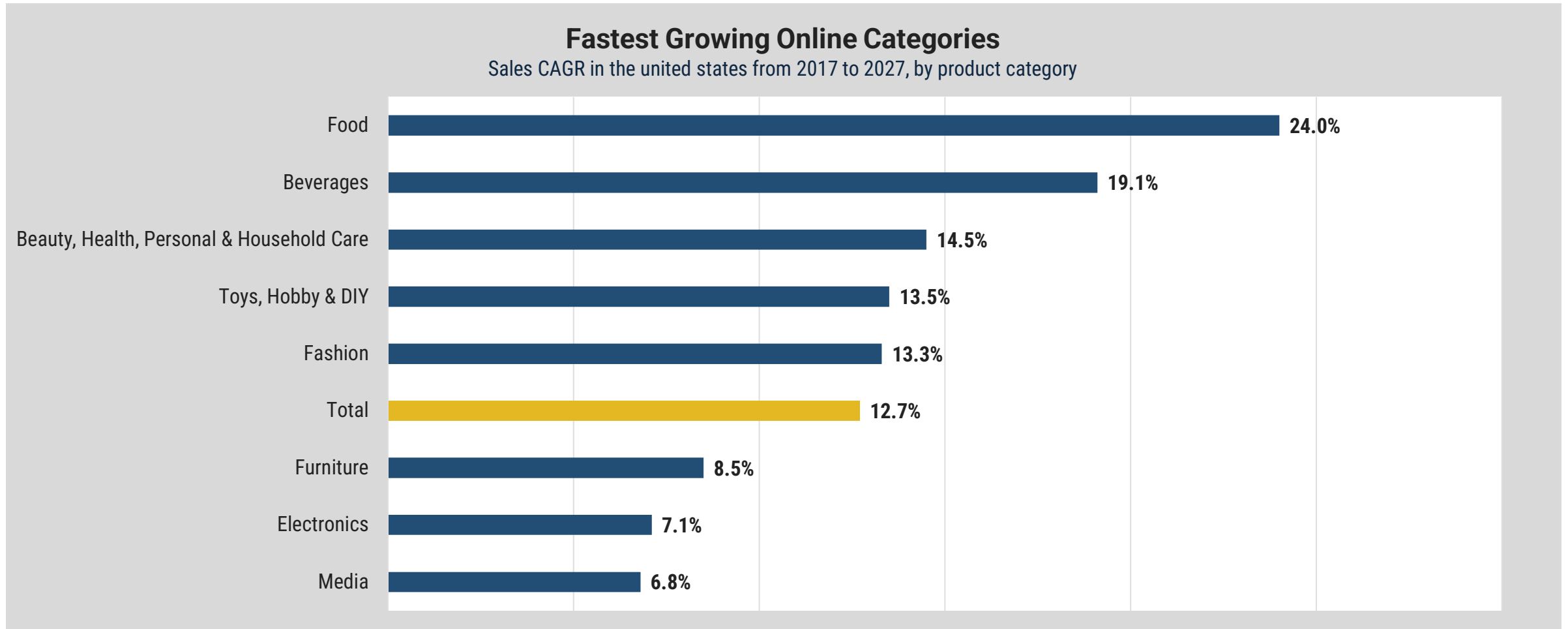
Source(s): Statista Consumer Insights

Note(s): United States; January to December 2023; 10046 respondents; 18-64 years



Fastest Growing Categories Online

The largest compound annual growth rate of e-commerce (by category) in the U.S. – based on actual and forecasted sales through 2027 – are expected to be in food, beverages, and health and beauty segments



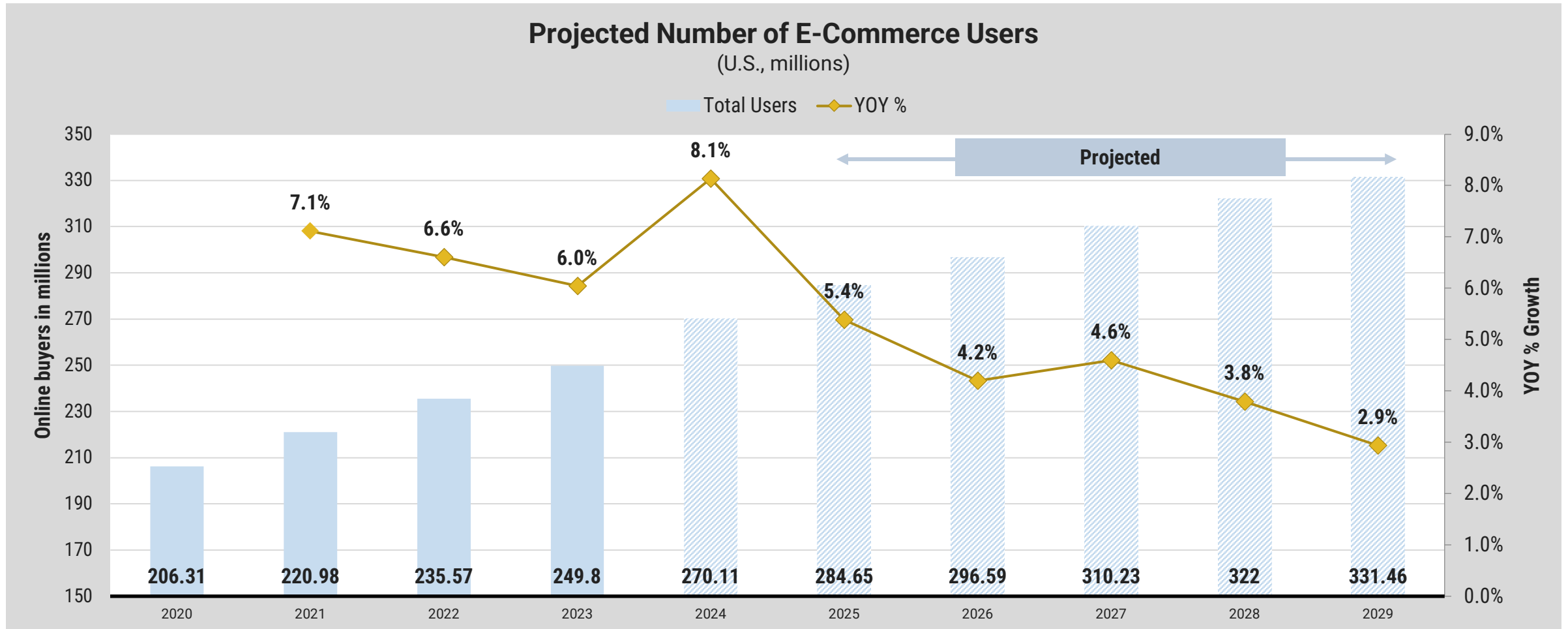
Source(s): Statista; Statista Digital Market Insights

Note(s): United States; November 2022



Projected Growth in Number of E-commerce Users

The number of users in the U.S. E-commerce market is forecasted to climb, with the potential by 2029 to reach nearly 331.5 million users



Source(s): Statista; Statista Digital Market Insights

Note(s): United States; 2020 to 2029

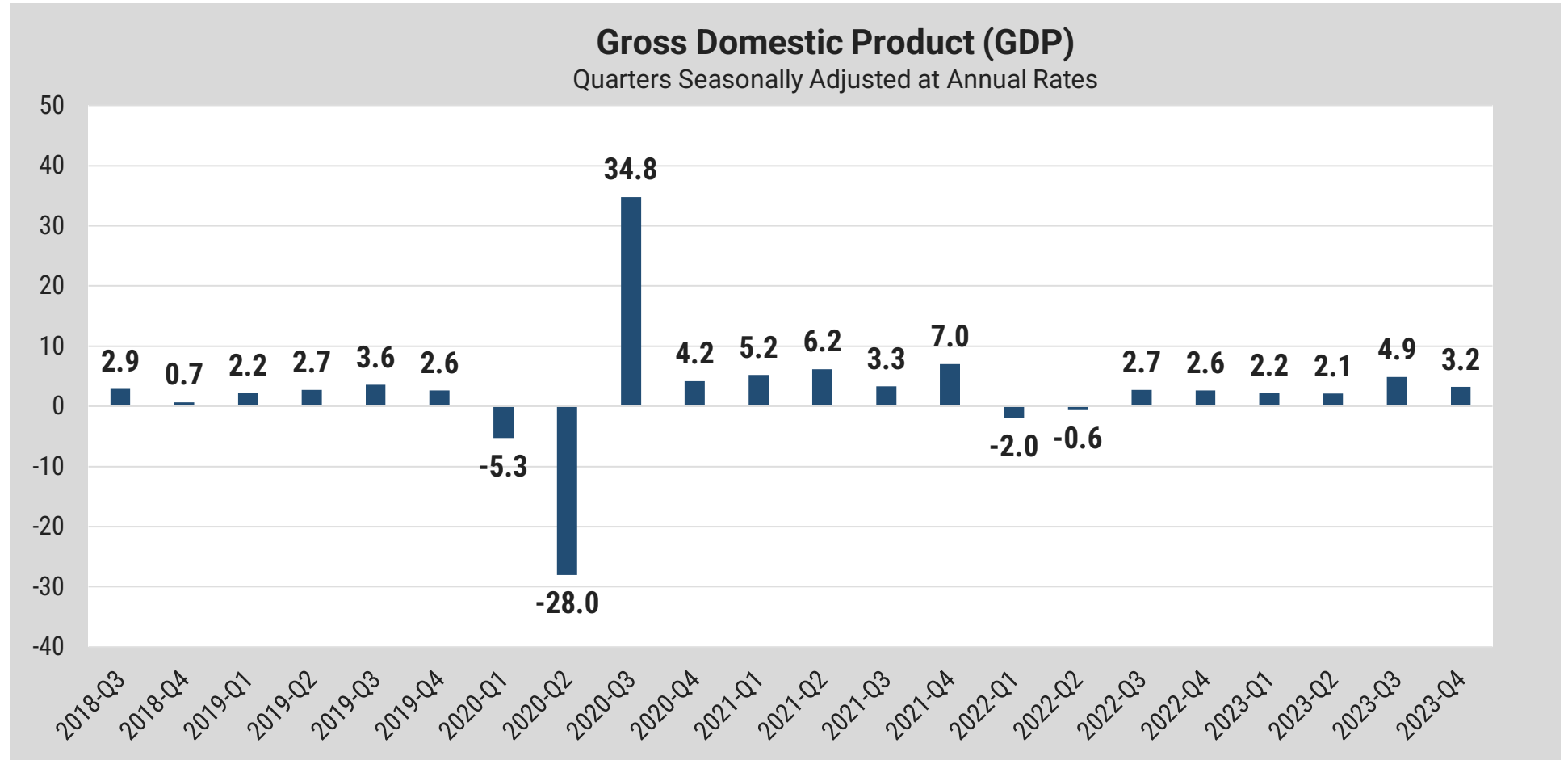
Broad Economic Indicators



Gross Domestic Product

Q4-2023 GDP increased at an annual rate of 3.2 percent according to the revised estimate released by the Bureau of Economic Analysis

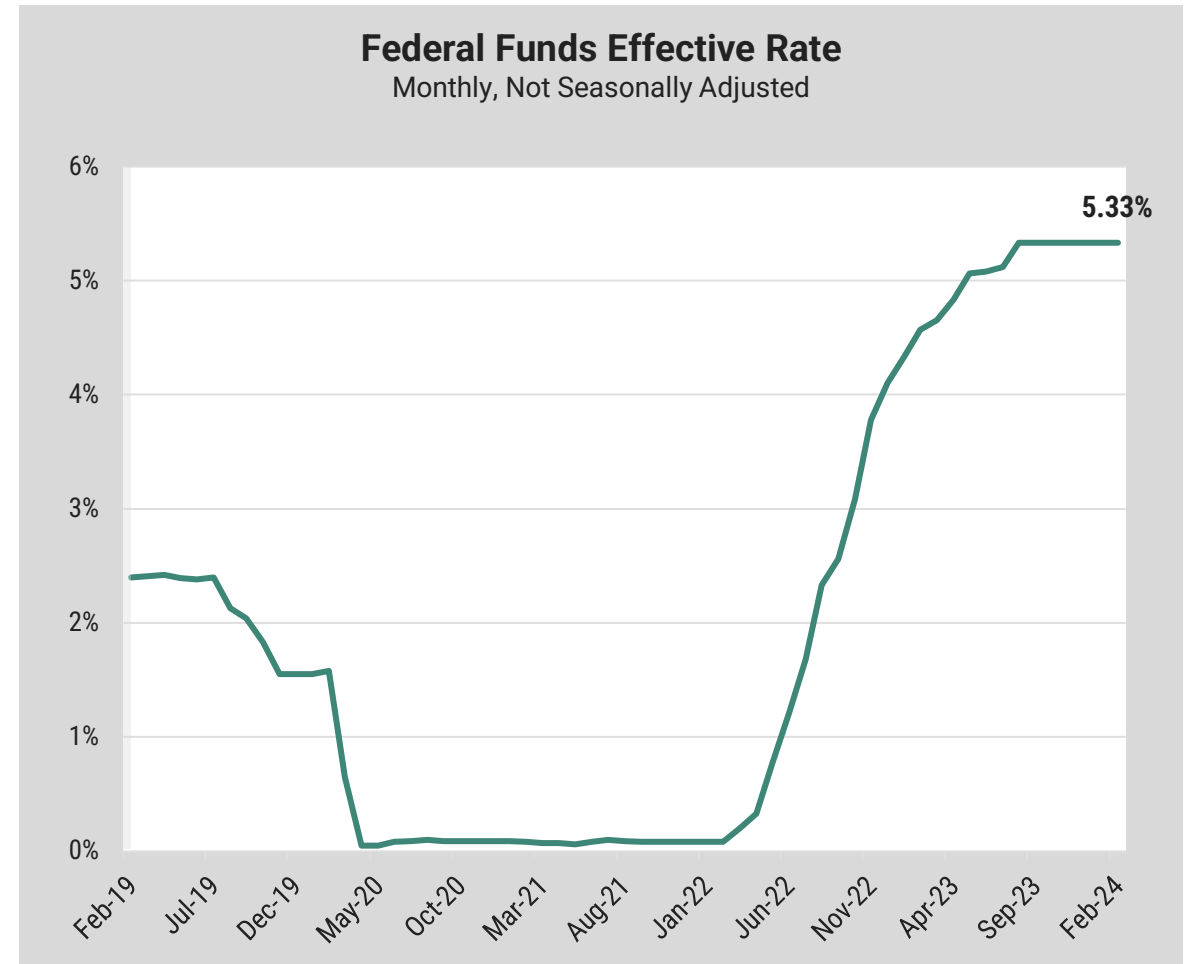
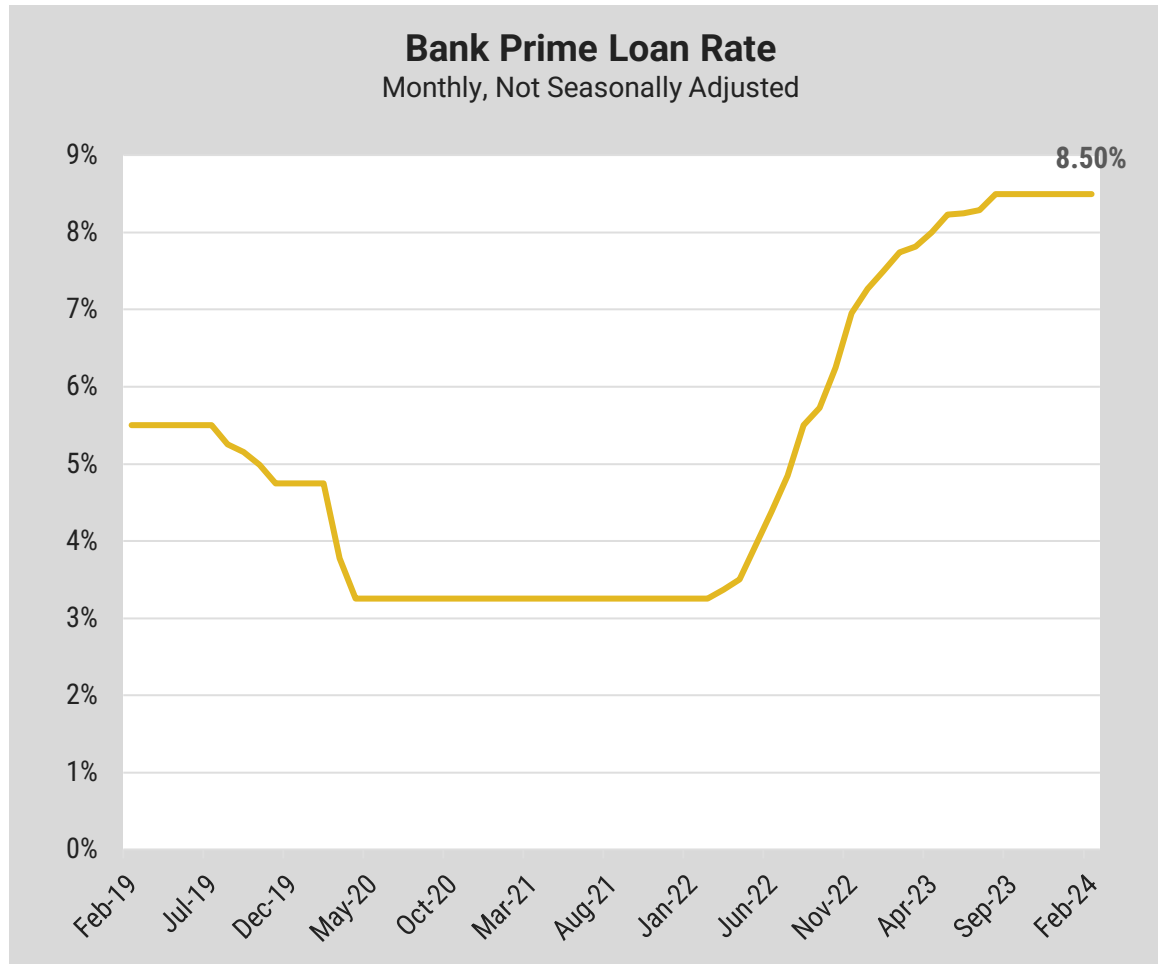
Real gross domestic product (GDP) increased at an annual rate of 3.2 percent in the fourth quarter of 2023, according to the revised estimate. In the third quarter, real GDP increased 4.9 percent. The increase in the fourth quarter primarily reflected increases in consumer spending and exports.





Federal Reserve – Interest Rates

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



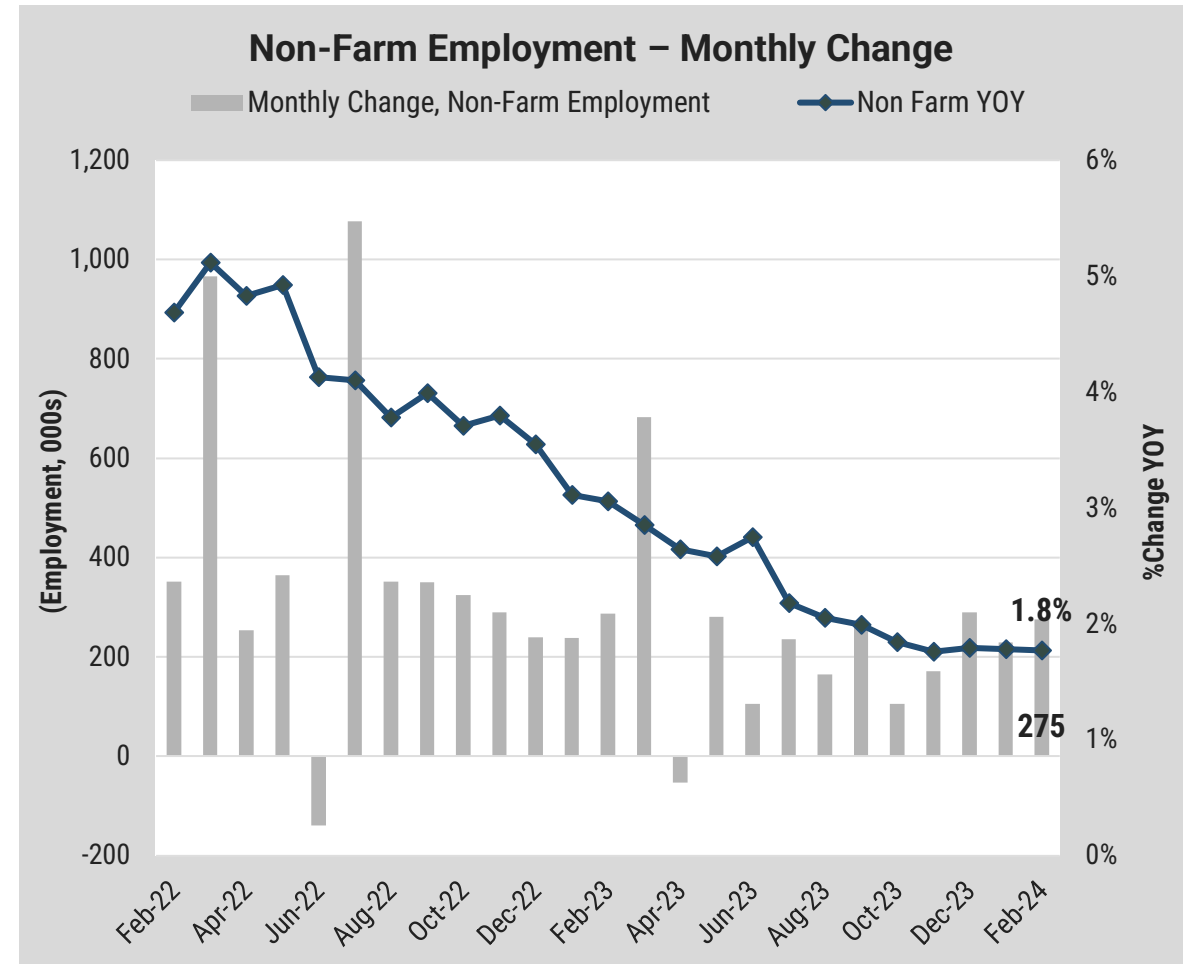
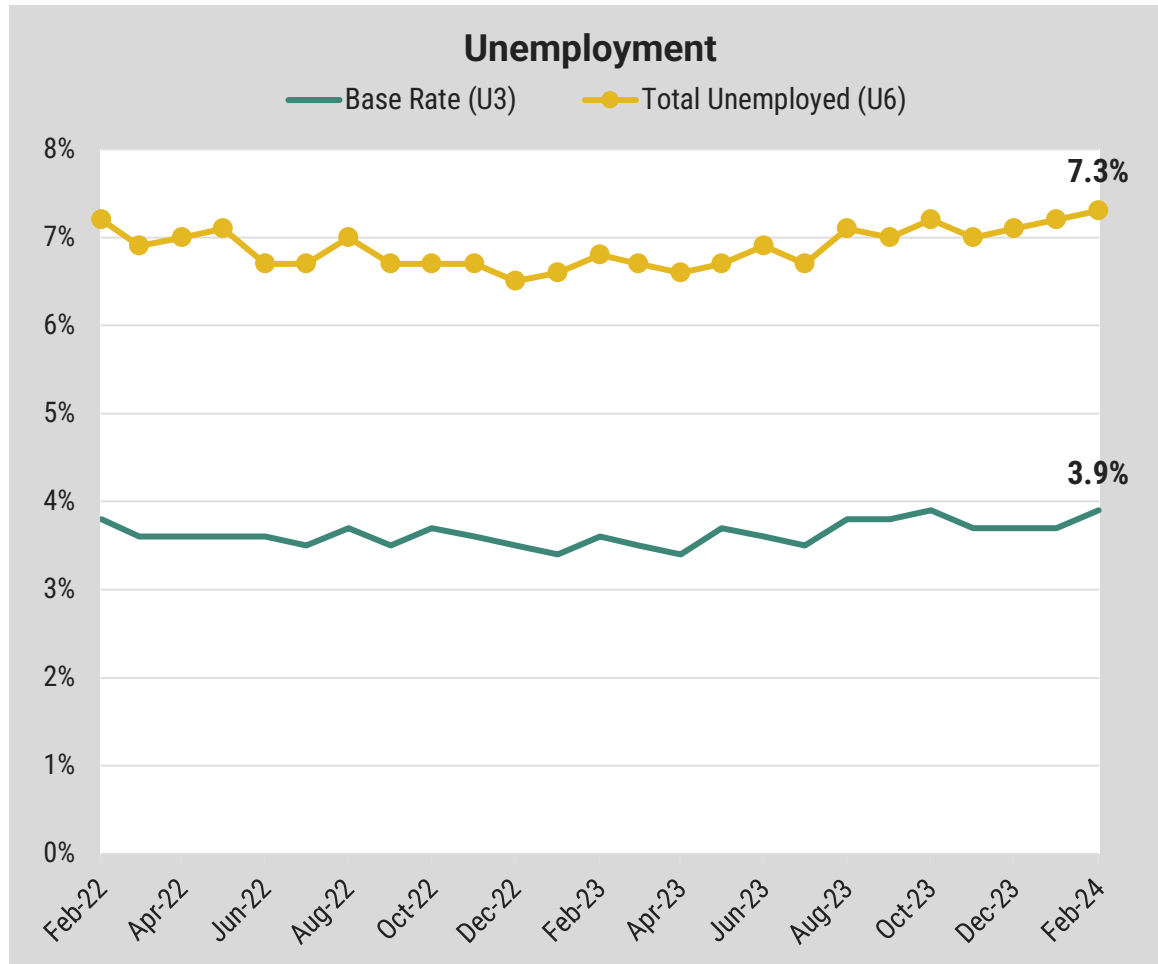
Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

U.S. Employment



U.S. Employment Overview

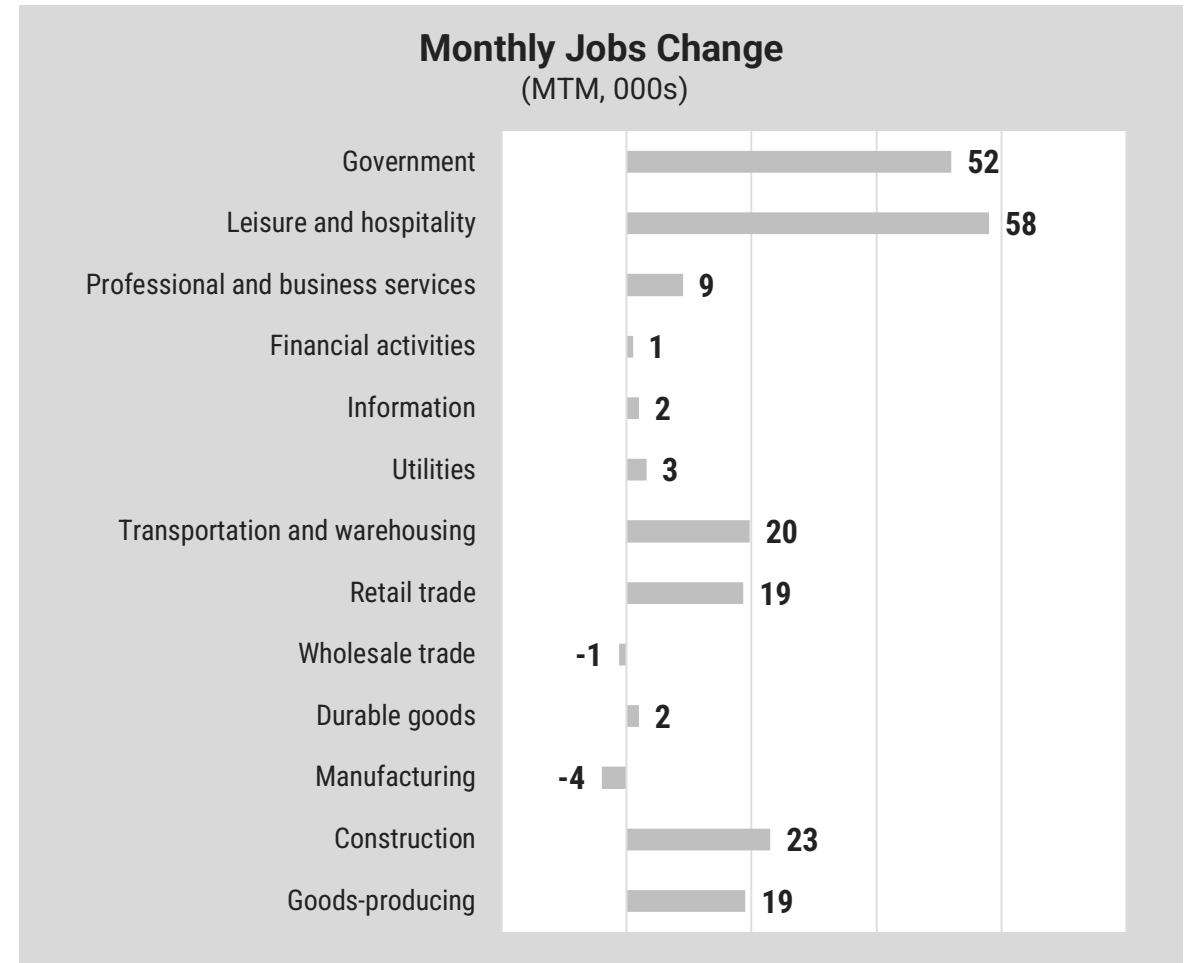
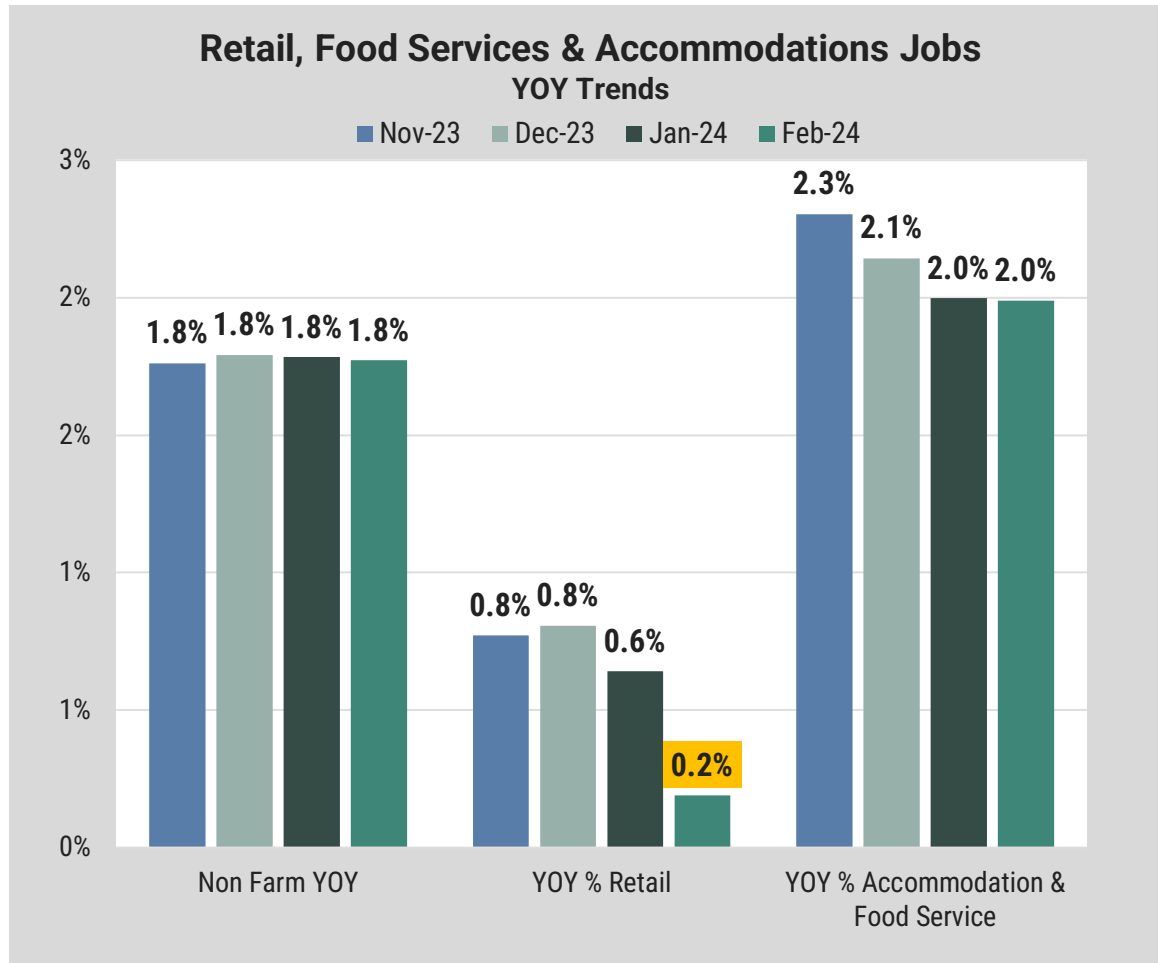
Unemployment still below 4%; non-farm employment was up 1.8% month-to-month, with employment rising by 275,000





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 Leisure & Hospitality, Warehousing, and Retail rose in January

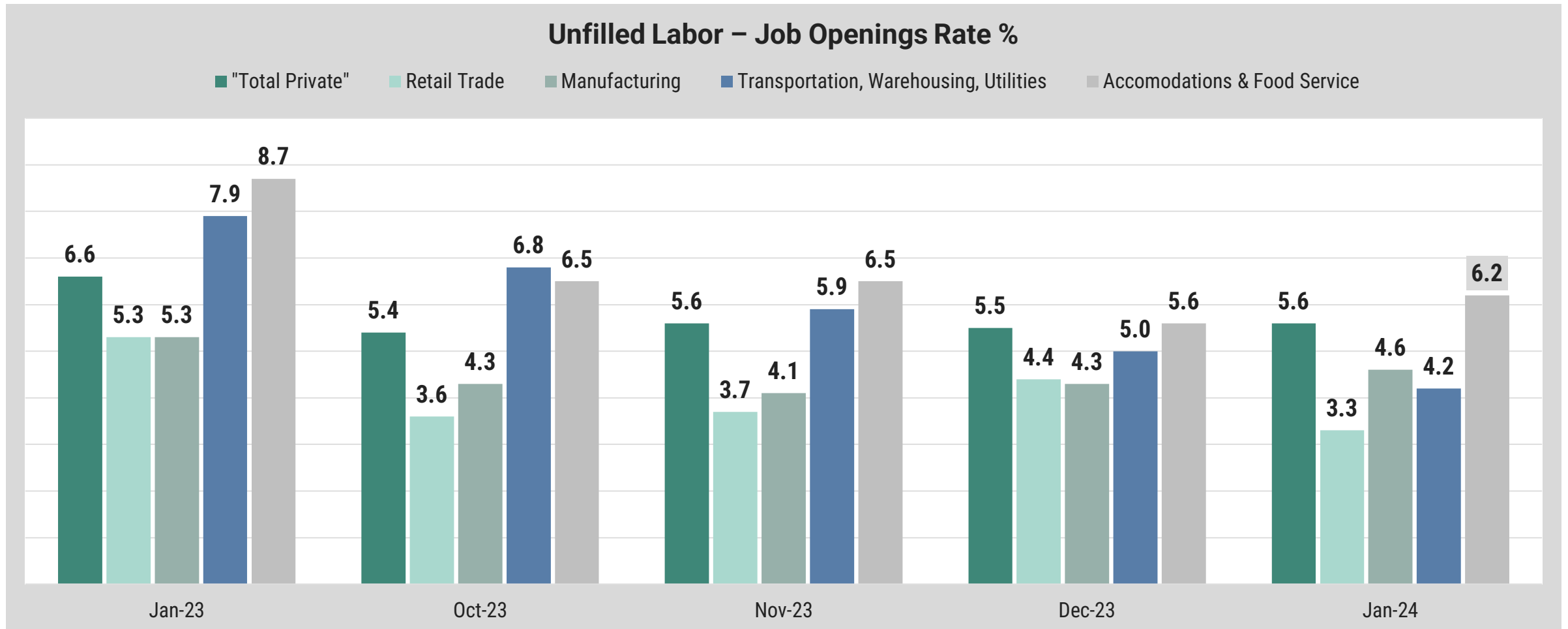


Source: U.S. Bureau of Labor Statistics



Private Industry Labor – Job Openings

In January, unfilled job openings rates rose across all sectors



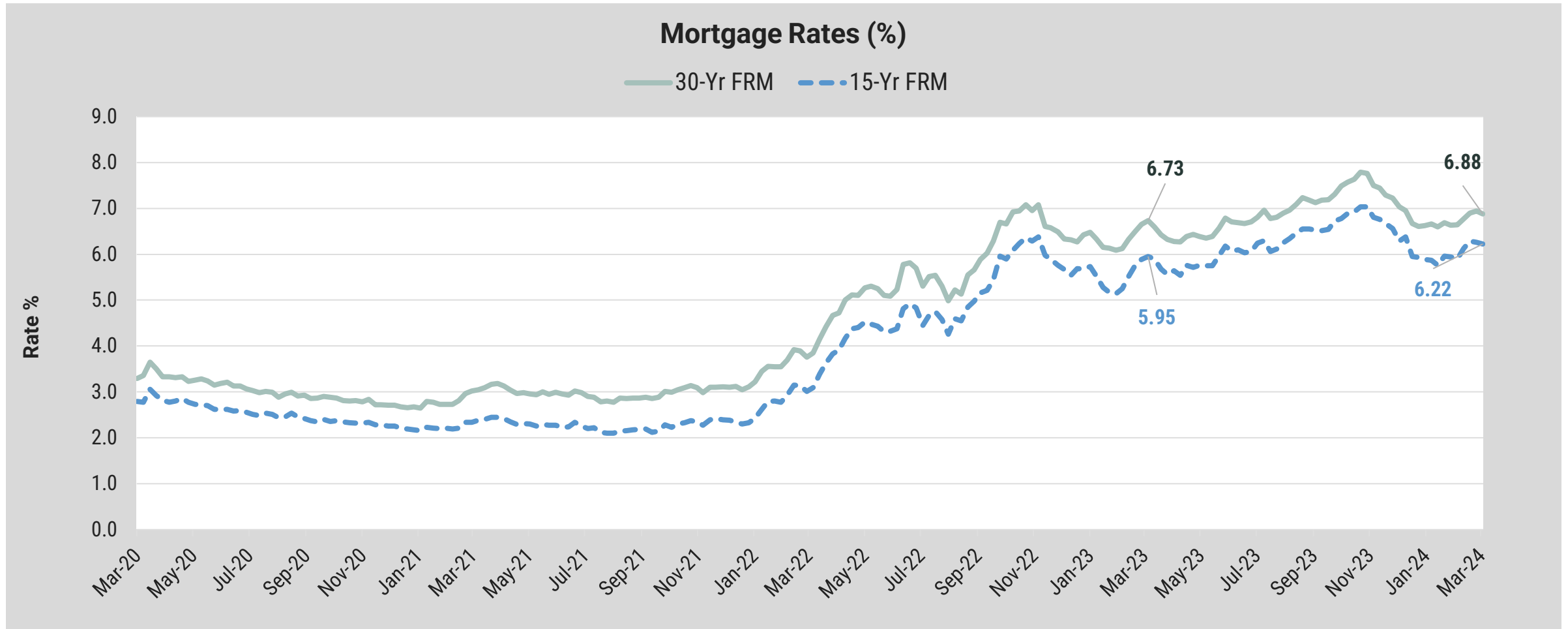
Source: U.S. Bureau of Labor Statistics; job openings rate = number of job openings on the last business day of the month as a percent of total employment plus job openings

Housing



Mortgage Rates

Mortgage rates remain near 7%; Freddie Mac indicates that rates may stay higher for longer, potentially slowing the spring homebuying season

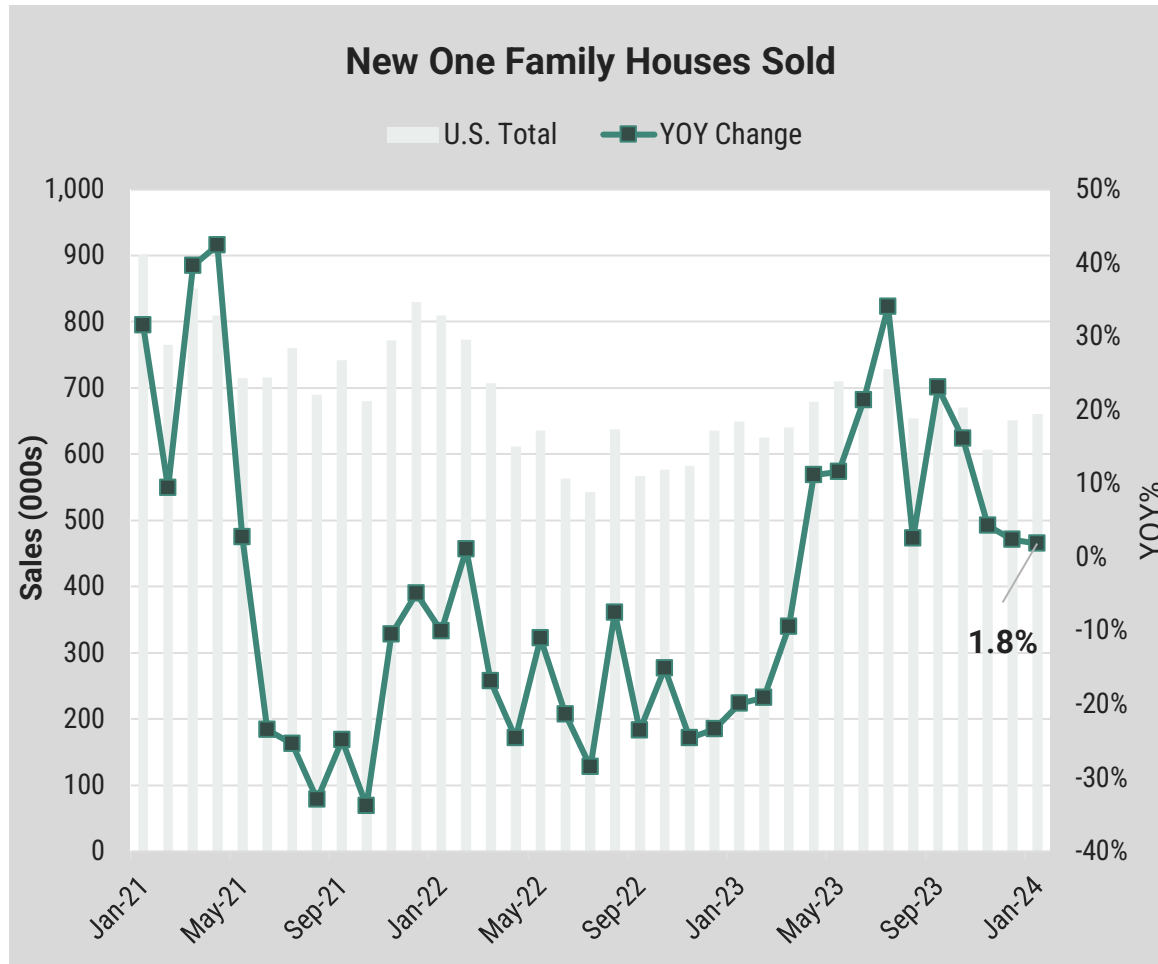


* Source: FreddieMac Mortgage Market Survey

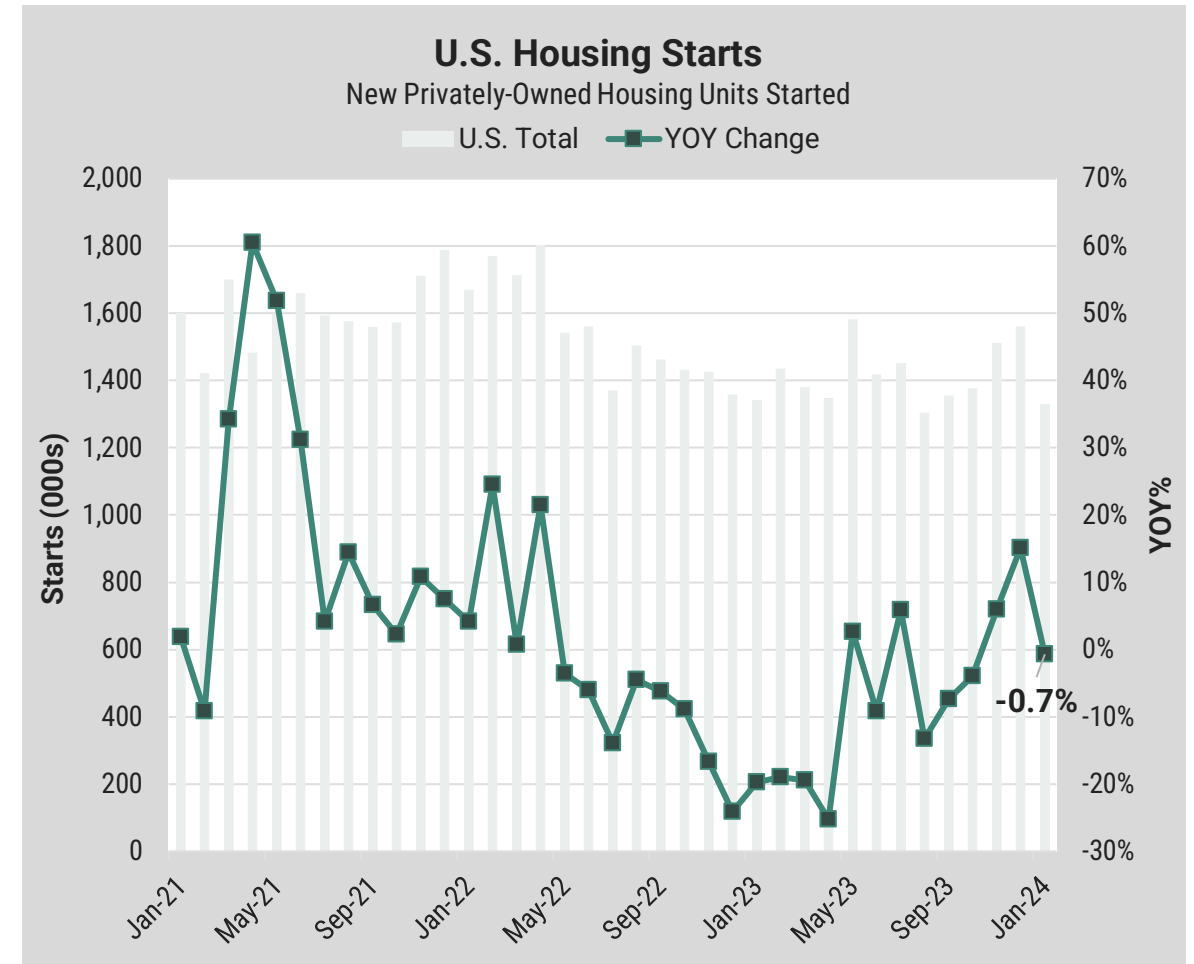


Housing – New Home Sales and Starts *(two-month lag)*

New home sales increased 1.8% in January; housing starts dropped nearly 1% over last year



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

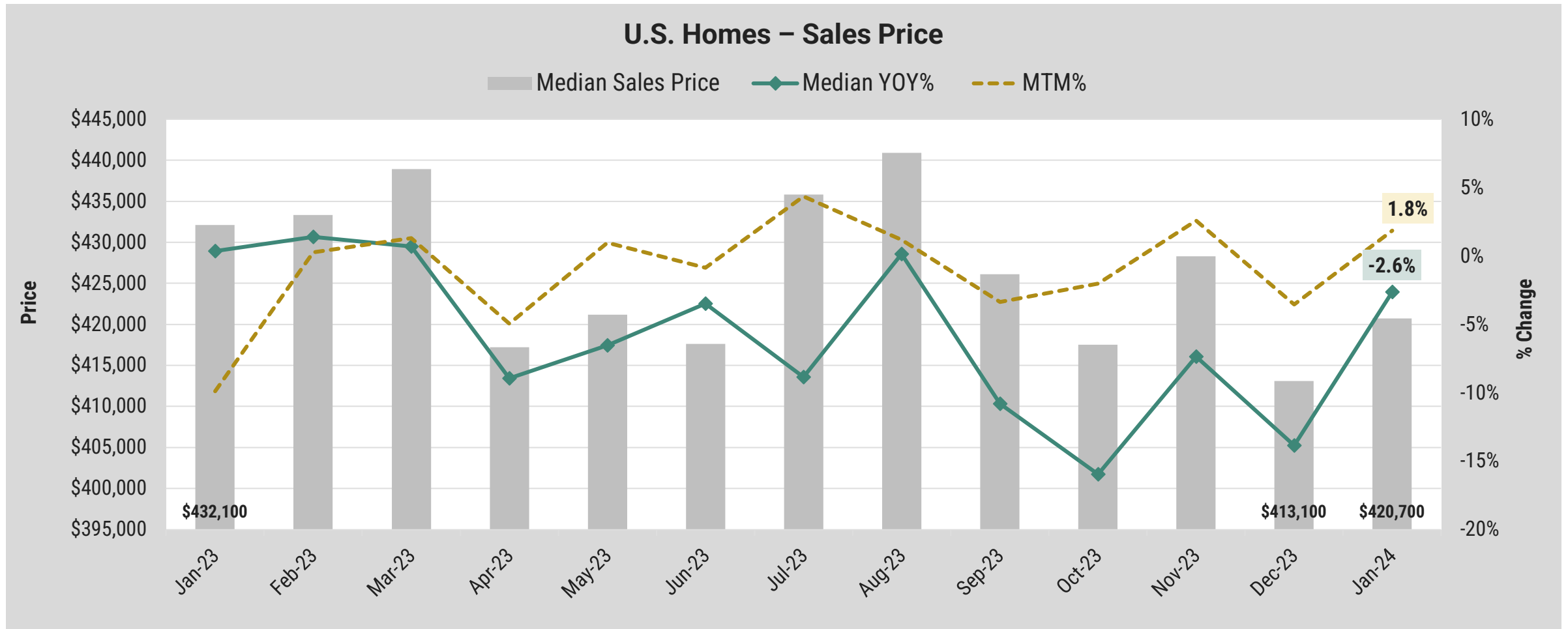


U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Privately-Owned Housing Units Started, retrieved from FRED, Federal Reserve Bank of St. Louis;



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

The January median U.S. new home price declined nearly 3%; MTM the median price increased 1.8%



Supply Chain

Global Supply Chain Index



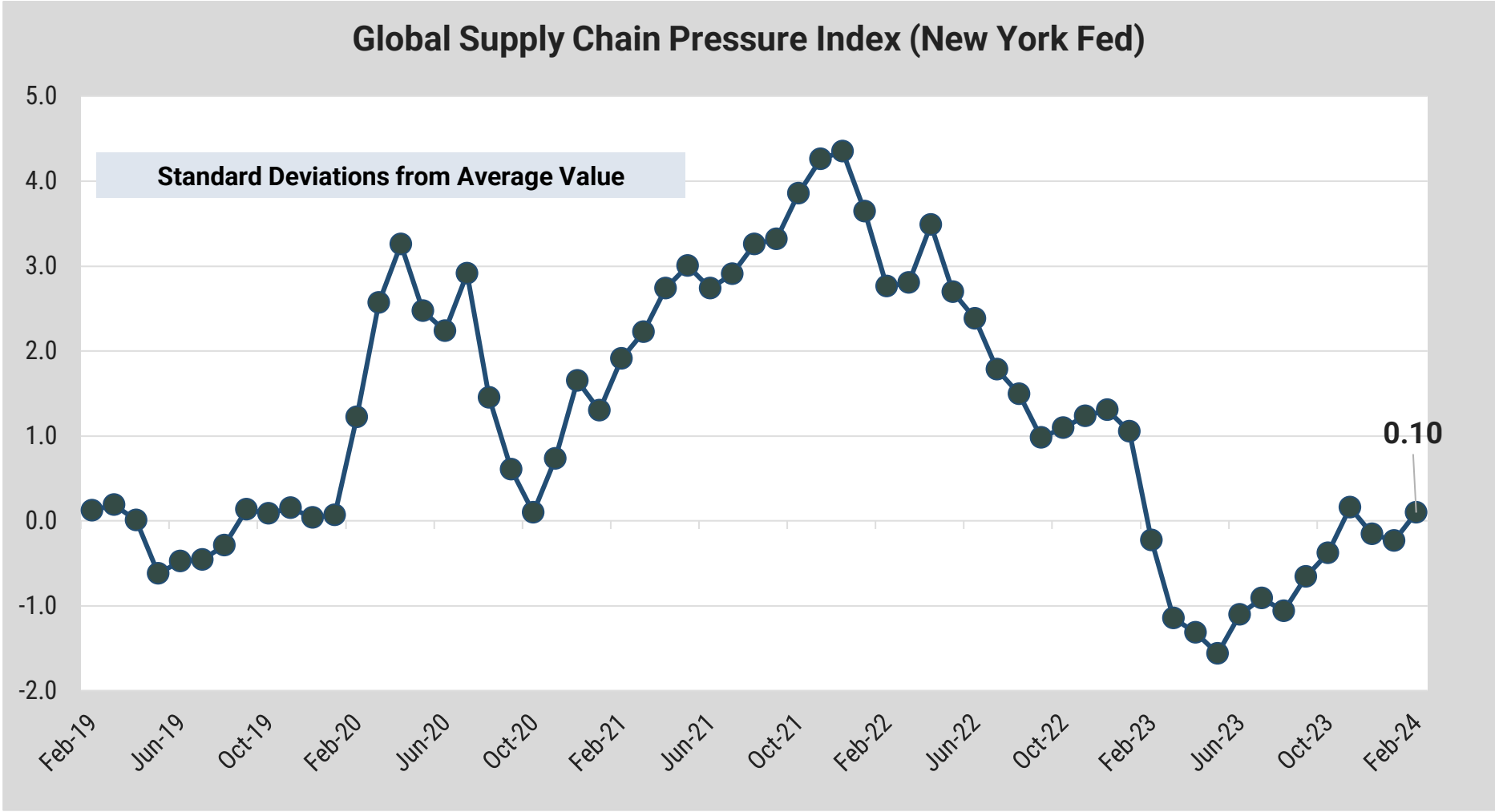
The GSCPI tracks the state of global supply chains using data from the transportation and manufacturing sectors.

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 -0.1 in February

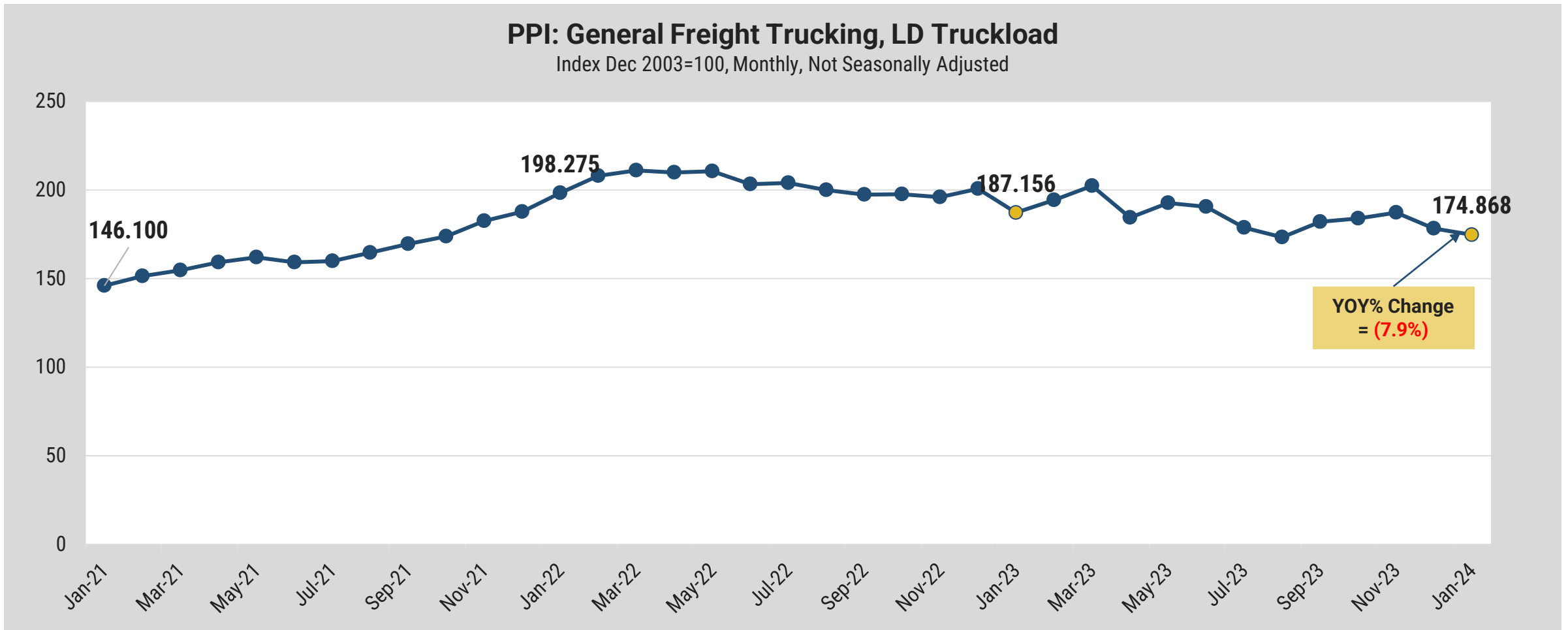


Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index, <https://www.newyorkfed.org/research/gscpi.html>.



Freight Inflation - Trucking

In February, general freight trucking index was down 7.9% over last year and .4% lower than the previous month



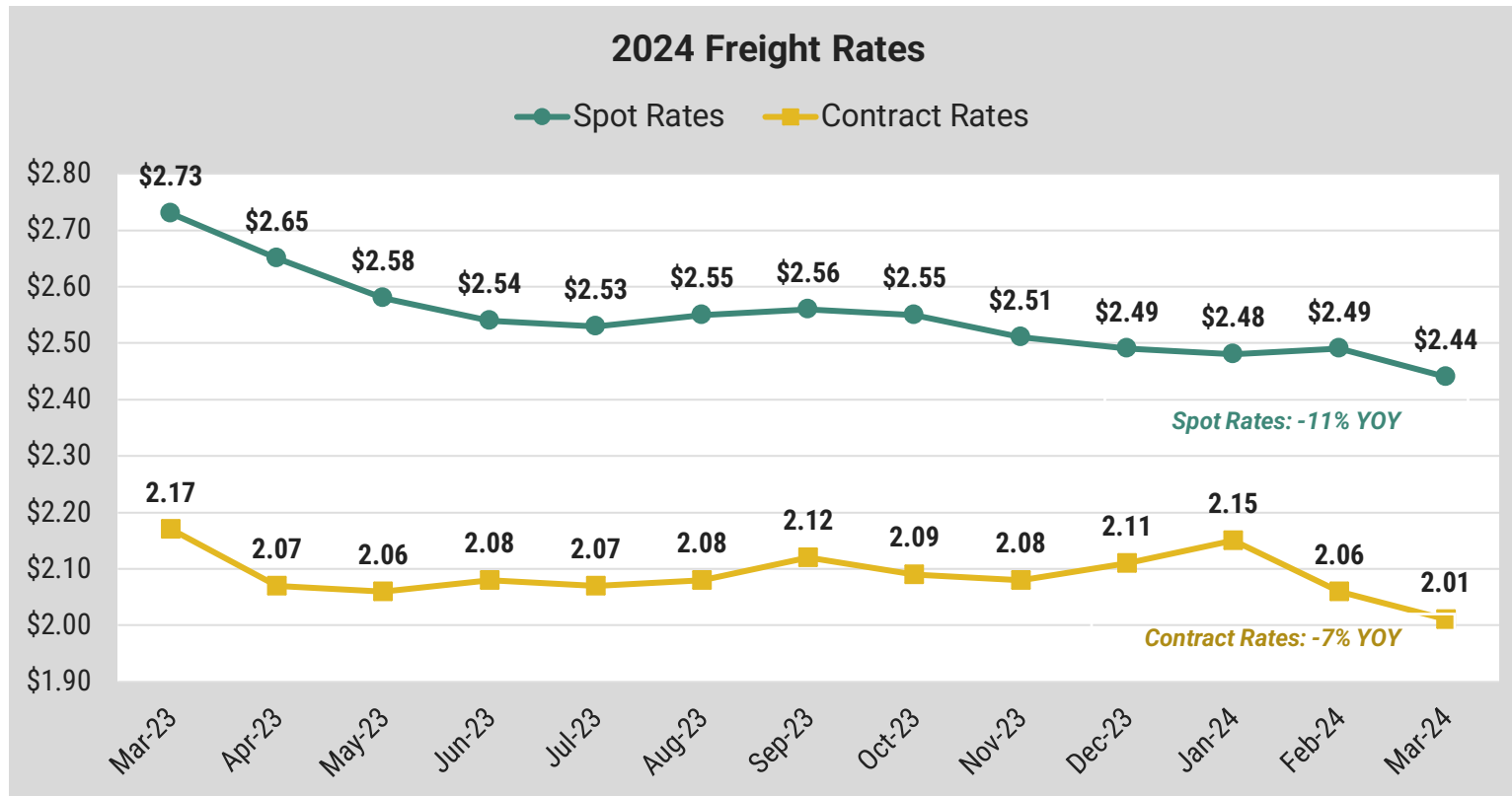
Source: U.S. Bureau of Labor Statistics, FRED, Federal Reserve Bank of St. Louis



Trucking Industry Dynamics

The trucking industry is facing macroeconomic headwinds, creating an opportune environment for customers seeking to right size their freight spend and renegotiate contracts

- Flat demand and softening rates have increased competition among carriers
- Based current industry conditions, carrier and broker rates should be showing modest declines



March 2024 Freight KPIs

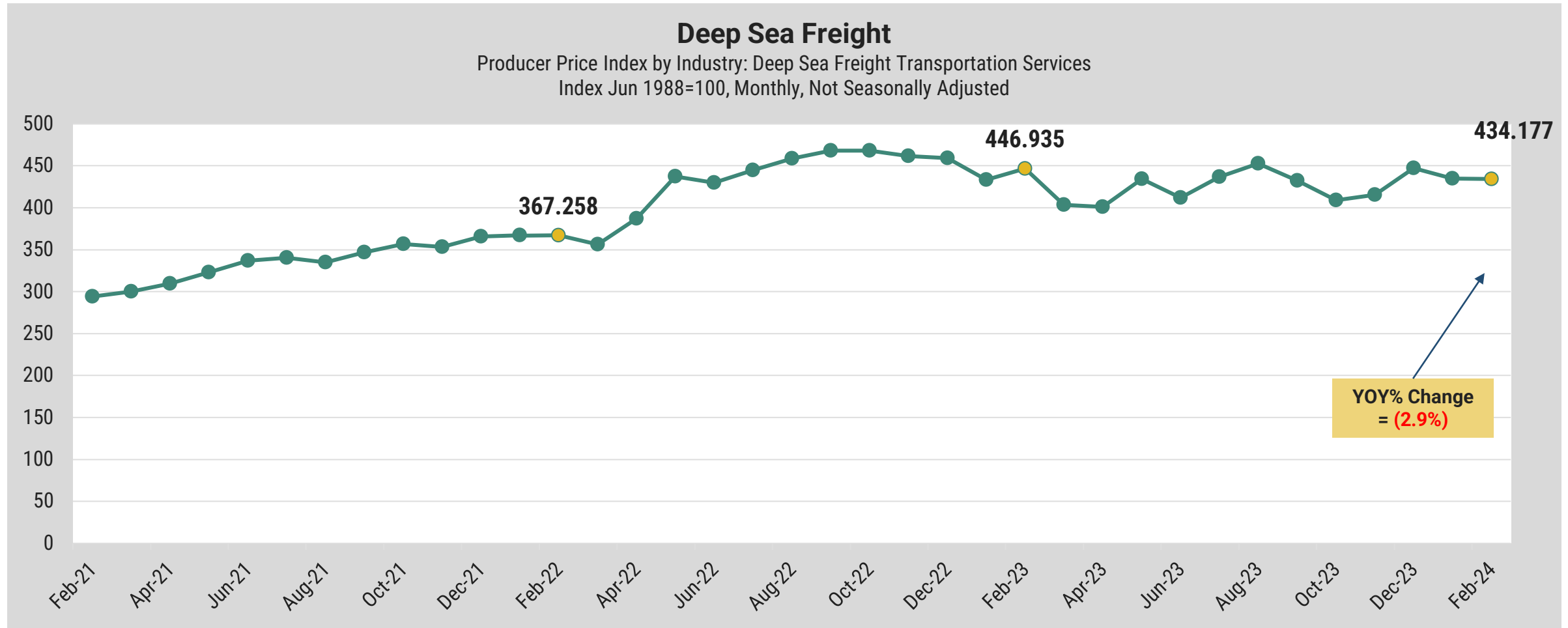
	Mar 04 – Mar 10 vs. Feb 26 – Mar 03	Feb 2024 vs. Jan 2023	Feb 2024 vs. Feb 2023
Spot Market Loads (Rates)	+9.3%	-28.2%	-11.9%
Spot Market (Capacity)	+9.6%	+5.0%	-2.1%
Van Load-To-Truck (Capacity)	-7.5%	-41.1%	-8.5%
Van Spot Rates	-1.1%	-3.8%	-8.6%
Flatbed Load-To-Truck (Capacity)	+5.7%	+2.5%	-15.8%
Flatbed Rates (Spot)	+0.0%	+0.4%	-8.4%
Reefer Load-To-Truck (Capacity)	+5.6%	-45.4%	-9.1%
Reefer Rates (Spot)	-1.5%	-5.8%	-6.8%
Fuel Prices	-0.9%	+4.9%	-8.4%

Source: <https://getscalegunding.com/scale-funding-insights/current-freight-trends/>

Deep Sea Freight



Through February, Deep sea freight rates are down nearly 3% YOY and unchanged vs. previous month



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

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35+
offices globally

44
languages spoken

2,000+ professionals

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