

# U.S. Economic Overview

CONSUMERS AND THE MACRO ECONOMY

April 2024



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# Contents



<b>1. Summary</b>	<b>4</b>
<b>2. Key Consumer Metrics</b>	<b>7</b>
<b>3. U.S. Retail Sales</b>	<b>17</b>
<b>4. E-Commerce</b>	<b>24</b>
<b>5. Broad Economic Indicators</b>	<b>29</b>
<b>6. U.S. Employment</b>	<b>32</b>
<b>7. Housing</b>	<b>36</b>
<b>8. Supply Chain</b>	<b>40</b>
<b>9. About Ankura</b>	<b>44</b>

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# Summary



# Highlights – What You Need To Know

## **U.S. CONSUMERS: Consumer Sentiment Index remains steady**

- **Consumer Sentiment** remains steady, with little change since the start of the new year; consumers perceived little change in the economy with sentiment re: personal finances, business conditions, and labor markets all stable as of late, however there are undercurrents to watch for
- **Personal disposable income\*** rose 4.1% in February 2024; consumer expenditures increased nearly 5% YOY and 1% MTM
- **Total Consumer Debt**
  - Personal savings increased 3.6% above 2023 rates
  - Revolving credit rose over 10% vs. 2023; total consumer credit increased 4.9%

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

- March retail sales were up nearly 5% YOY and 1% MTM
- Food & Dining increased 6.5%
- Hard goods, Department Stores, and Sporting Goods segments again were down YOY
  - Furniture & Home Furnishings Stores -6.1%
  - Building Materials & Garden Equipment / Supplies Dealers -0.6%
  - Department Stores -2.5%
  - Sporting Goods, Hobby, Book, & Music Stores -3.9%

## **AIR TRAVEL**

- Air travel increased 0.8% vs. 2023
- The price of air travel is down 7.1% from last year and down 0.4% 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 3.4% according to the revised estimate released by the Bureau of Economic Analysis
- **The Consumer Price Index**
  - U.S. consumer prices rose 0.4% in March, up 3.5% year-over-year, the increase is slightly larger than the 3.2% increase in the previous month
  - **Core CPI** rose 3.8%
  - **Motor fuel index** was up 1%
  - Housing increased 4.7% and Food Away From Home rose 4.2%

## **U.S. EMPLOYMENT: Unemployment remains below 4%**

- **Unemployment** in February was 3.8%
- Non-farm employment was up 1.9% month-to-month, with employment rising by 303,000

## **HOUSING:**

- **Mortgage rates** (30-year fixed-rate) remain near 7%
- **New home sales** increased in February YOY but declined slightly MTM; **housing starts** dropped YOY in March by 4.3%
- **Median U.S. new home price** was down nearly 7.6% in February 2024

## **SUPPLY CHAIN: Freight costs**

- Through February, **general freight trucking** index was down 11.6% over last year
- **Deep sea freight** rates rose 6% YOY and were unchanged vs. previous month

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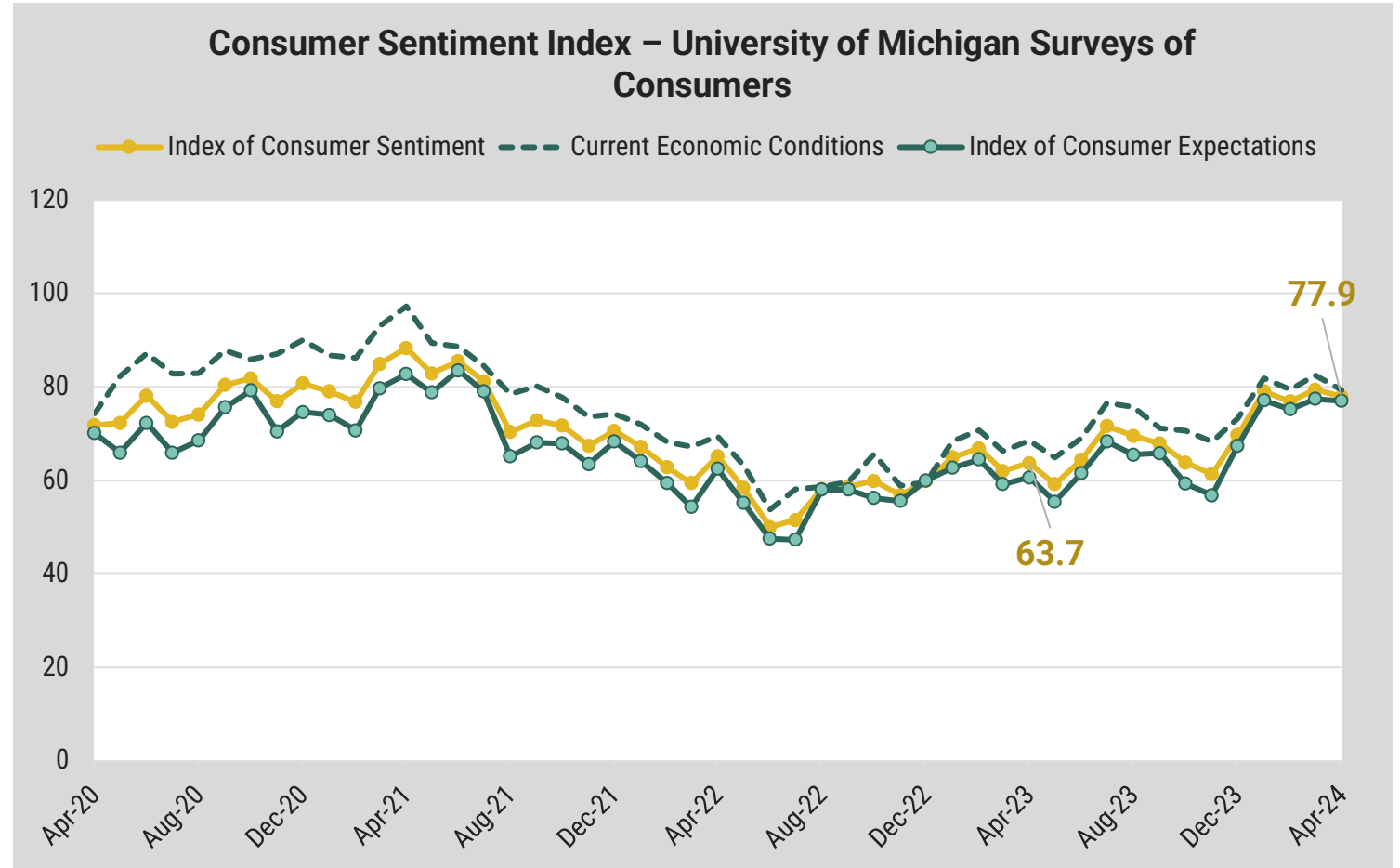
# Key Consumer Metrics



# Consumer Sentiment Index

**Consumer sentiment remains steady, with little change since the start of the new year; consumers perceived little change in the economy with sentiment re: personal finances, business conditions, and labor markets all stable as of late**

	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	68.5	62.2
2-Year Low	50.0	53.8	47.3
Current	77.9	79.3	77.0
LY	63.7	68.5	60.6
YOY % Change	22.3%	15.8%	27.1%
Previous Month	79.4	82.5	77.4
MTM % Change	-1.9%	-3.9%	-0.5%



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 Price Index *(non-seasonally adjusted)*

*U.S. consumer prices rose 0.4% in March, up 3.5% year-over-year. The increase is slightly larger than the 3.2% increase in the previous month, Core CPI rose 3.8%.*

*Food Away From Home +4.2%*

*Housing +4.7%*

*Fuel +1.0%*

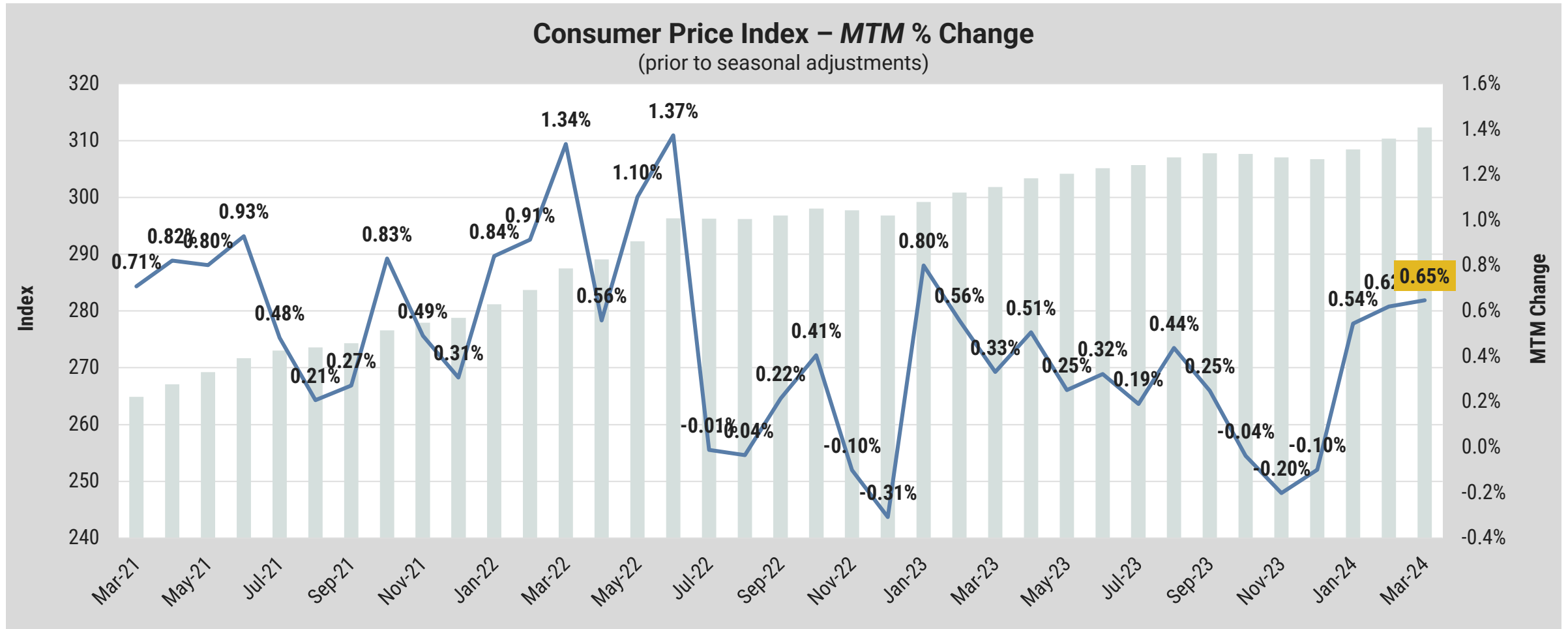
*Air Fare -7.1%*

	Oct-23	Dec-23	Dec-23	Jan-24	Feb-24	Mar-24
Total CPI	3.2%	3.1%	3.4%	3.1%	3.2%	3.5%
All Items Less Food & Energy (Core CPI)	4.0%	4.0%	3.9%	3.9%	3.8%	3.8%
Food at Home	2.1%	1.7%	1.3%	1.2%	1.0%	1.2%
Food Away From Home	5.4%	5.3%	5.2%	5.1%	4.5%	4.2%
Motor Fuel	-5.6%	-9.2%	-2.3%	-6.6%	-4.2%	1.0%
Apparel	2.6%	1.1%	1.0%	0.1%	0.0%	0.4%
Housing	5.2%	5.2%	4.8%	4.6%	4.5%	4.7%
Education	2.7%	2.4%	2.4%	2.5%	2.7%	2.4%
Medical Care	-0.8%	0.2%	0.5%	1.1%	1.4%	2.2%
Transportation	0.8%	0.9%	2.9%	1.6%	2.7%	4.0%
Air Fare	-13.2%	-12.2%	-9.4%	-6.4%	-6.1%	-7.1%



# Consumer Price Index – Month-to-Month Trends

Compared to previous month, March CPI for All Urban Consumers (CPI-U) increased .65% (prior to seasonal adjustments)

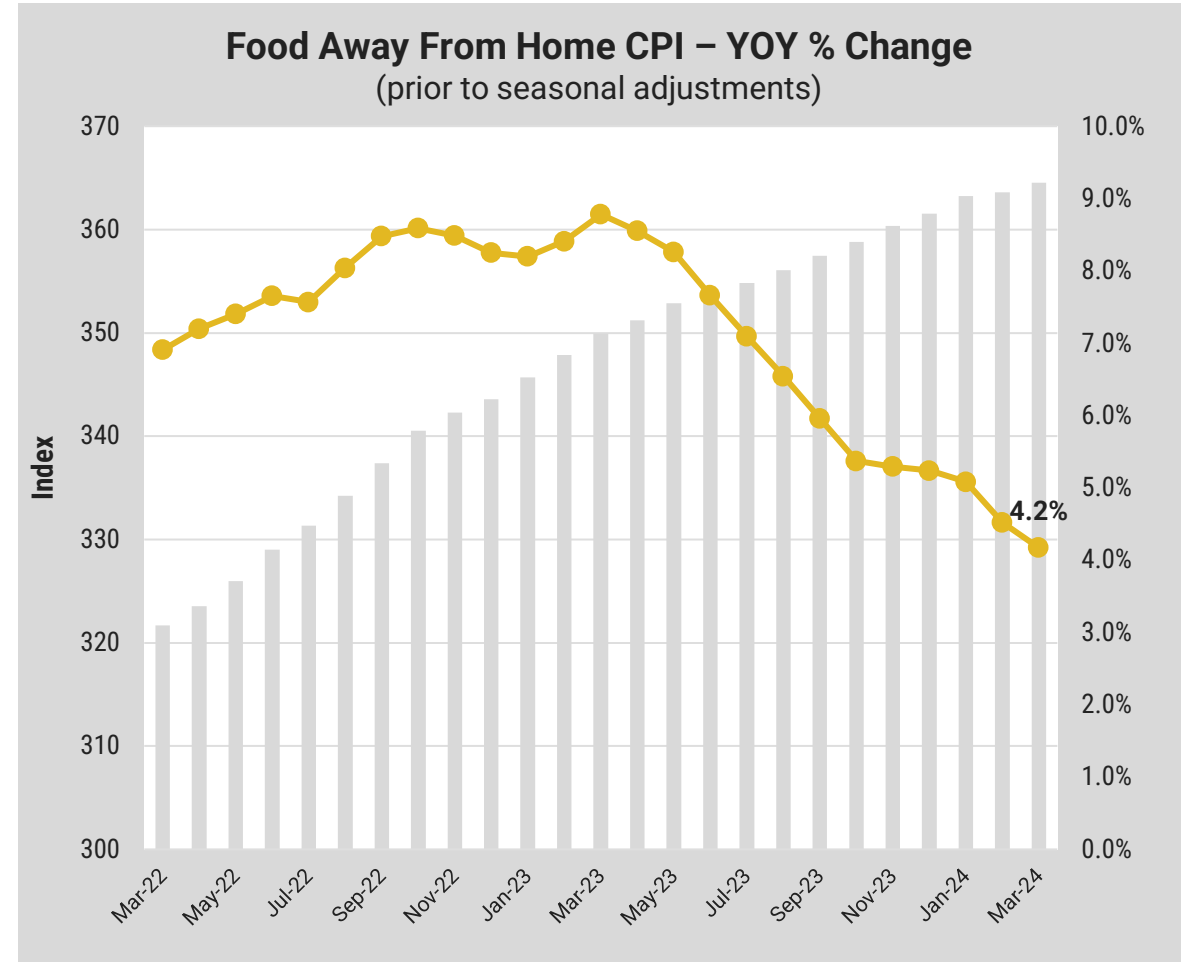
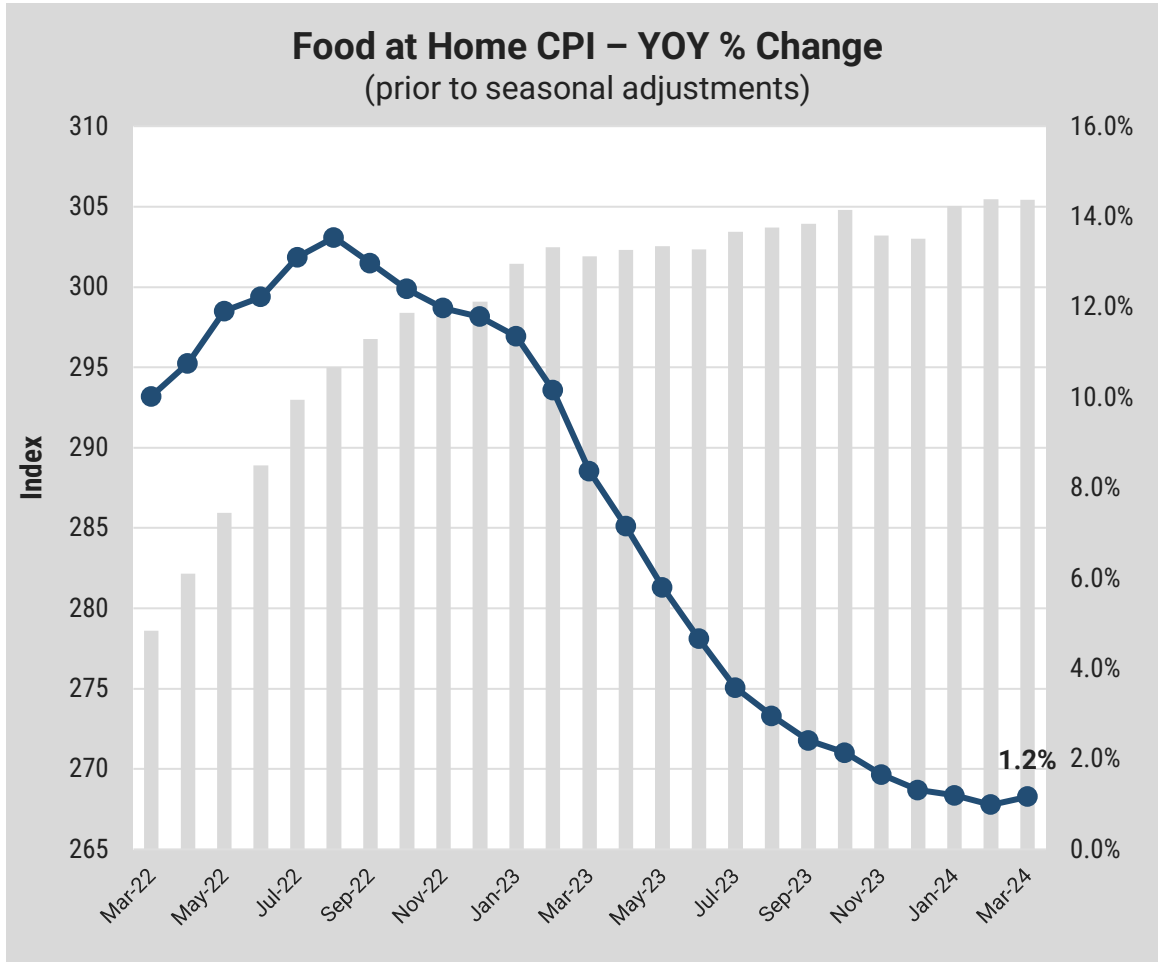


Source: U.S. Bureau of Labor Statistics

# U.S. Food Prices



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

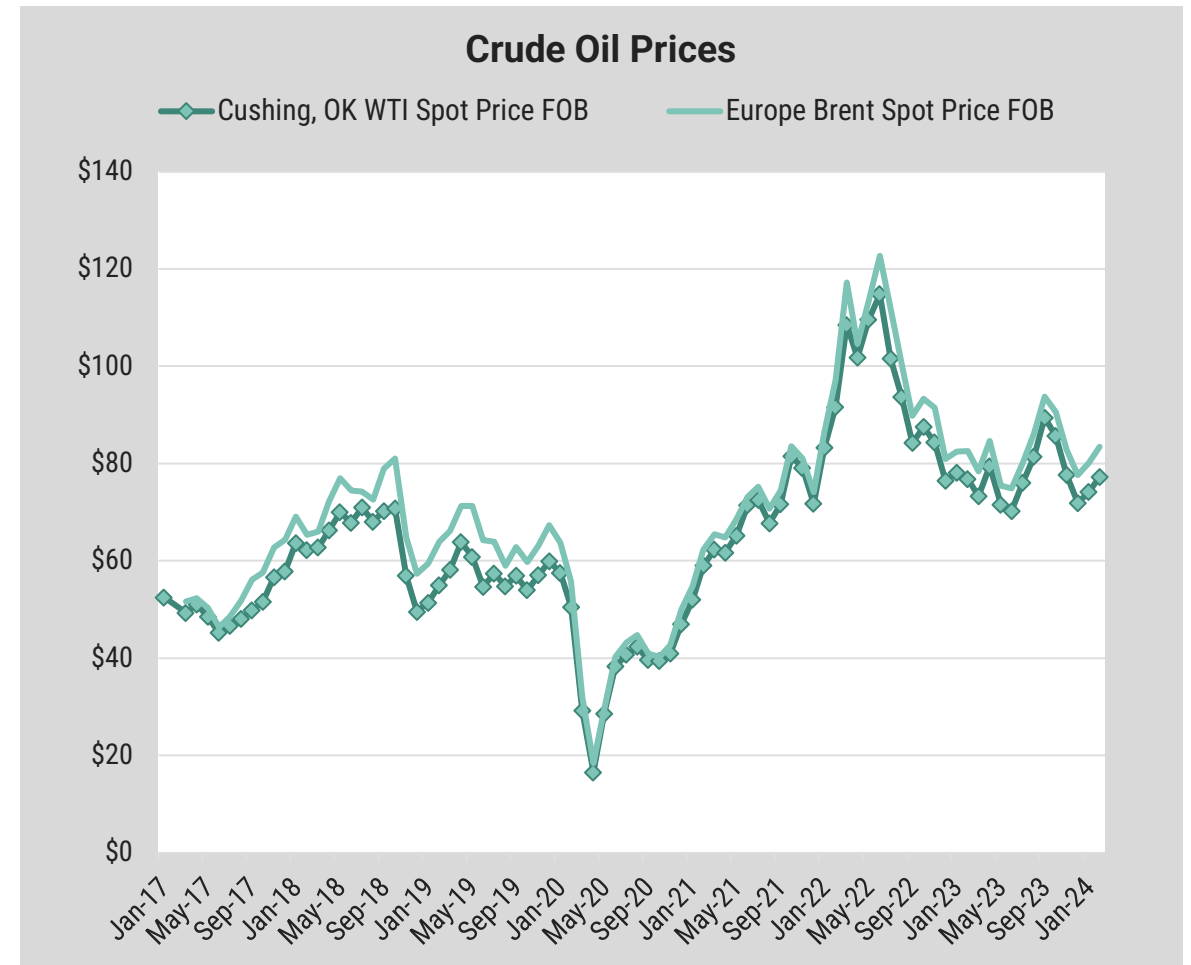
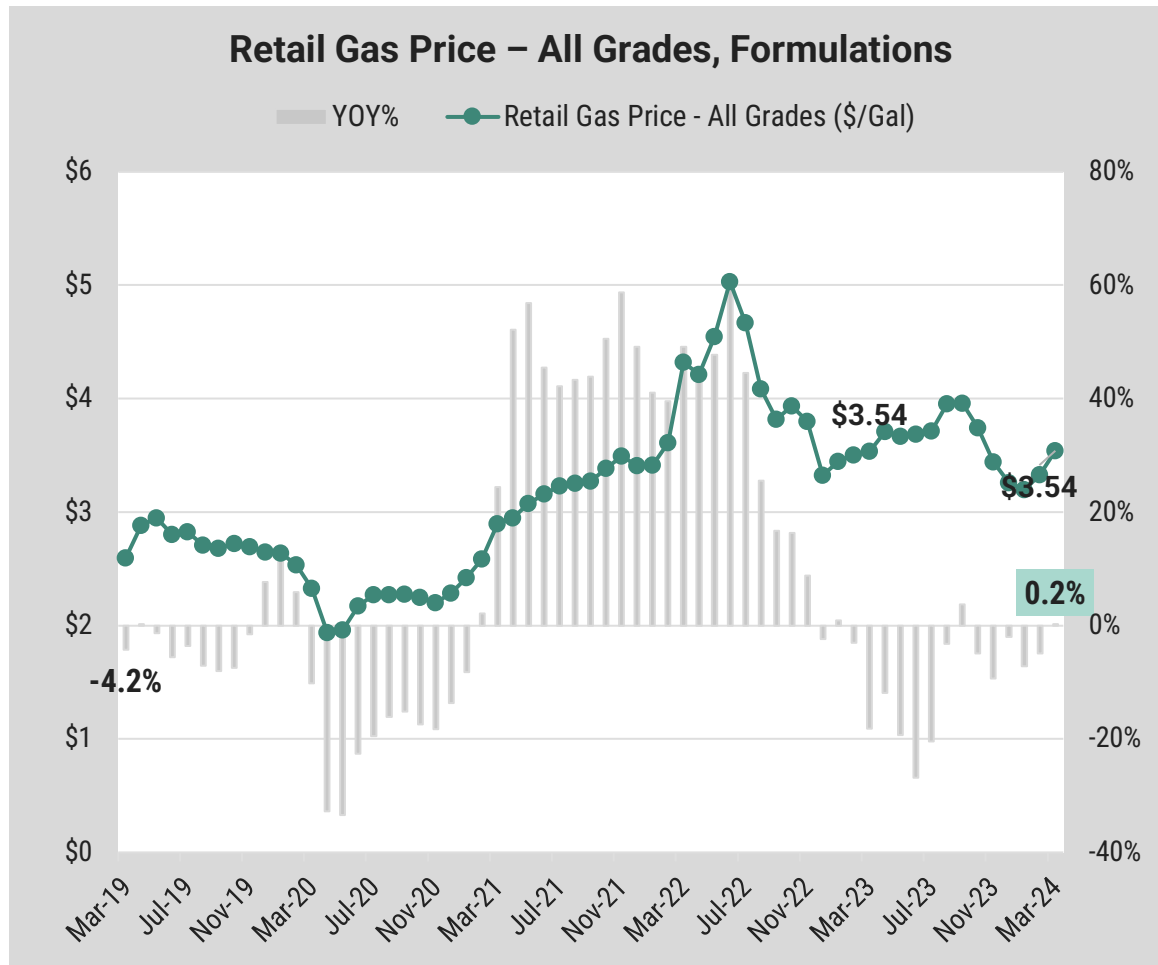


Source: U.S. Bureau of Labor Statistics



# Gasoline (Retail Price) and Crude Oil Prices

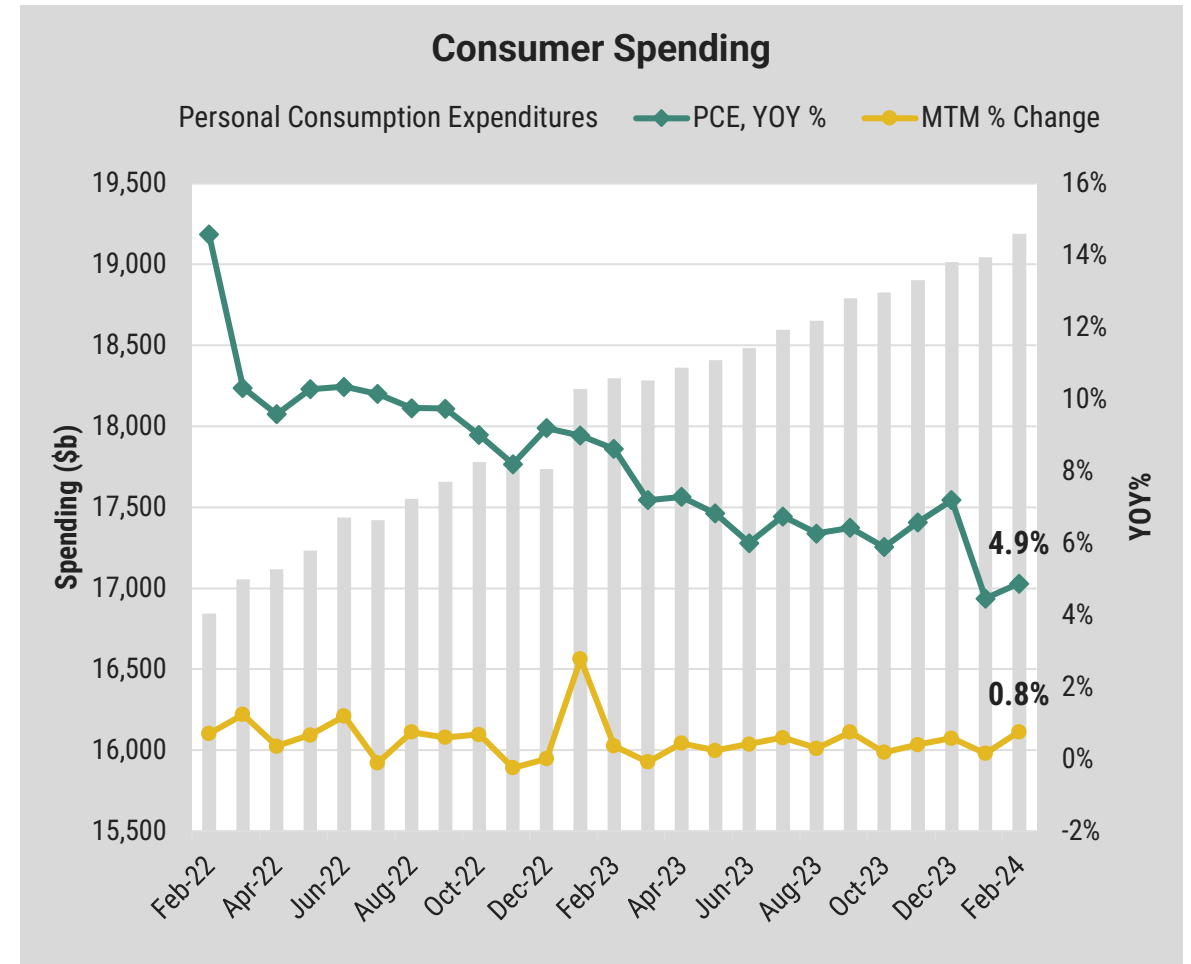
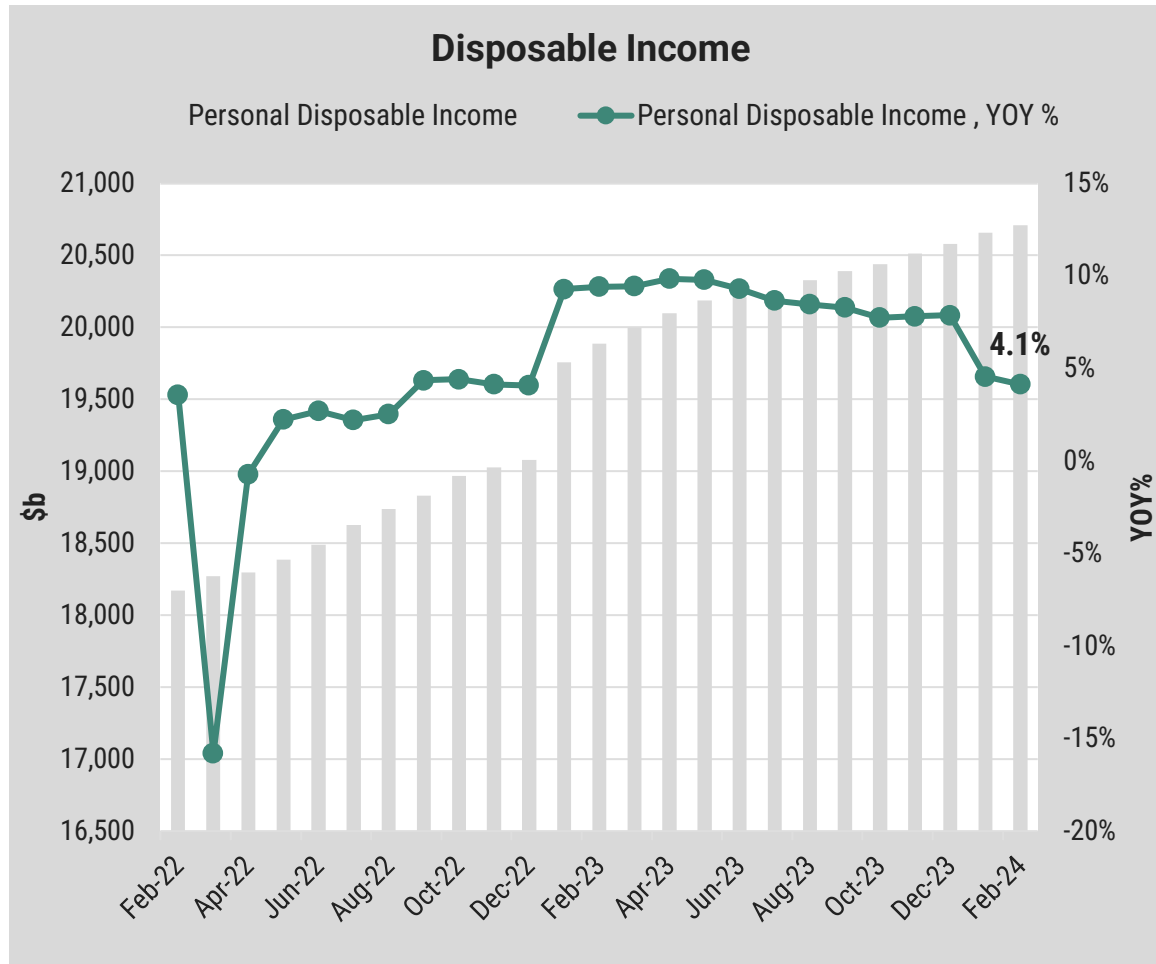
Average U.S. retail gas price was flat YOY at \$3.54/gallon; crude oil prices rose MTM for the 2<sup>nd</sup> consecutive month





# Consumer Income and Spending (2-month lag)

**Personal disposable income rose 4.1% in February 2024; consumer expenditures increased nearly 5% YOY and 1% MTM**

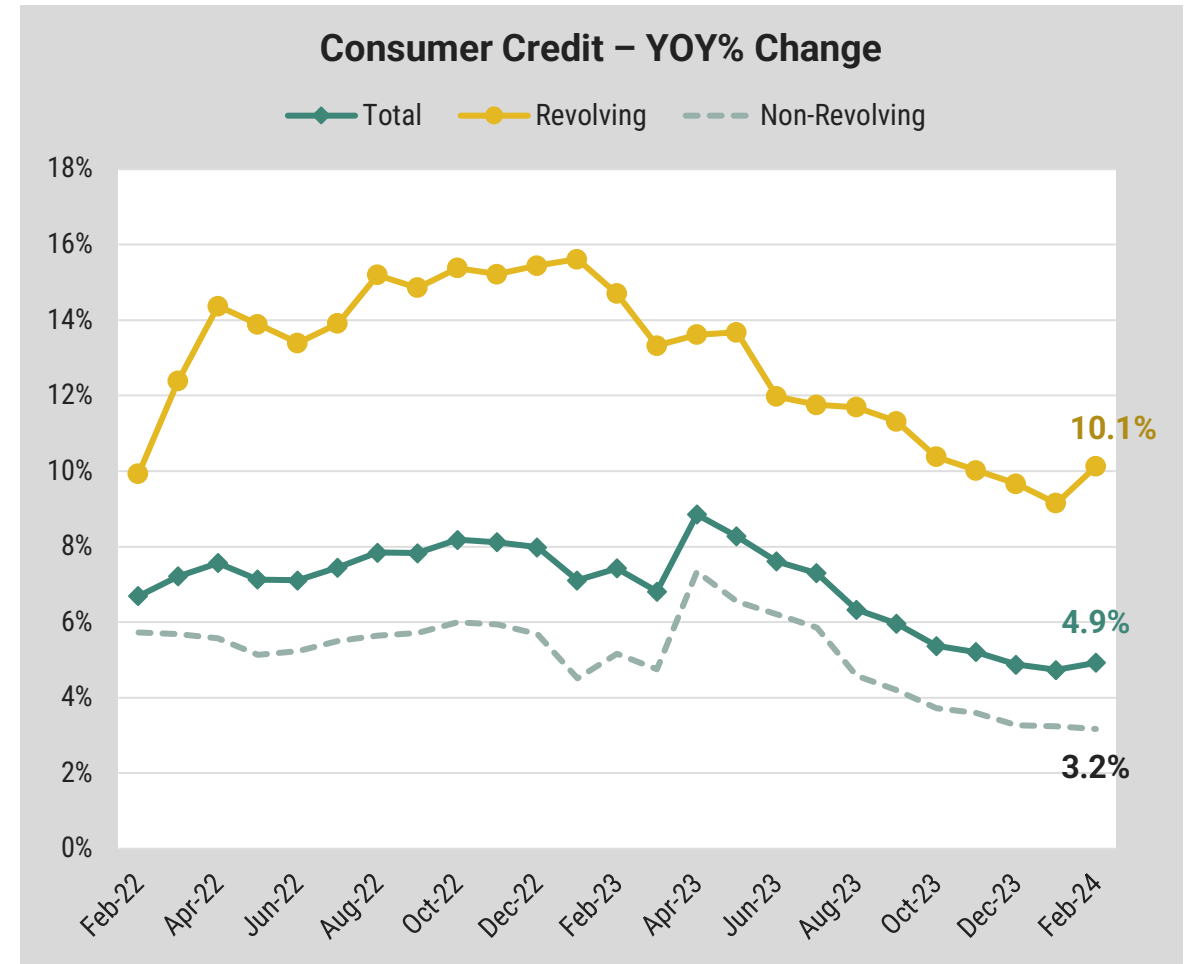
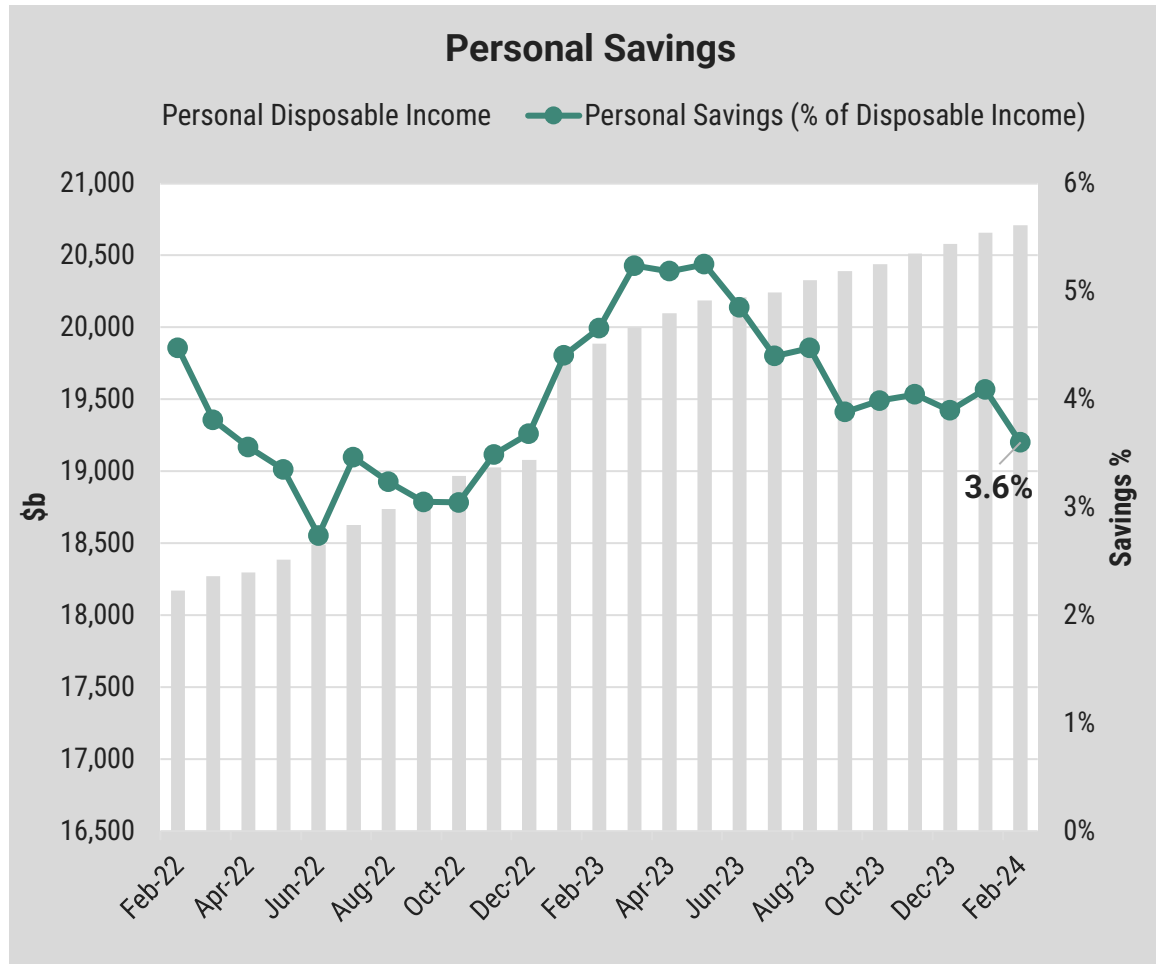


Source: U.S. Bureau of Economic Analysis, 2-month lag in reporting



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

**Personal savings increased 3.6% above 2023 rates; revolving credit rose over 10% vs. 2023; total consumer credit increased 4.9% and continues to force consumers to withdraw from savings and 401k loans to pay down debt**



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

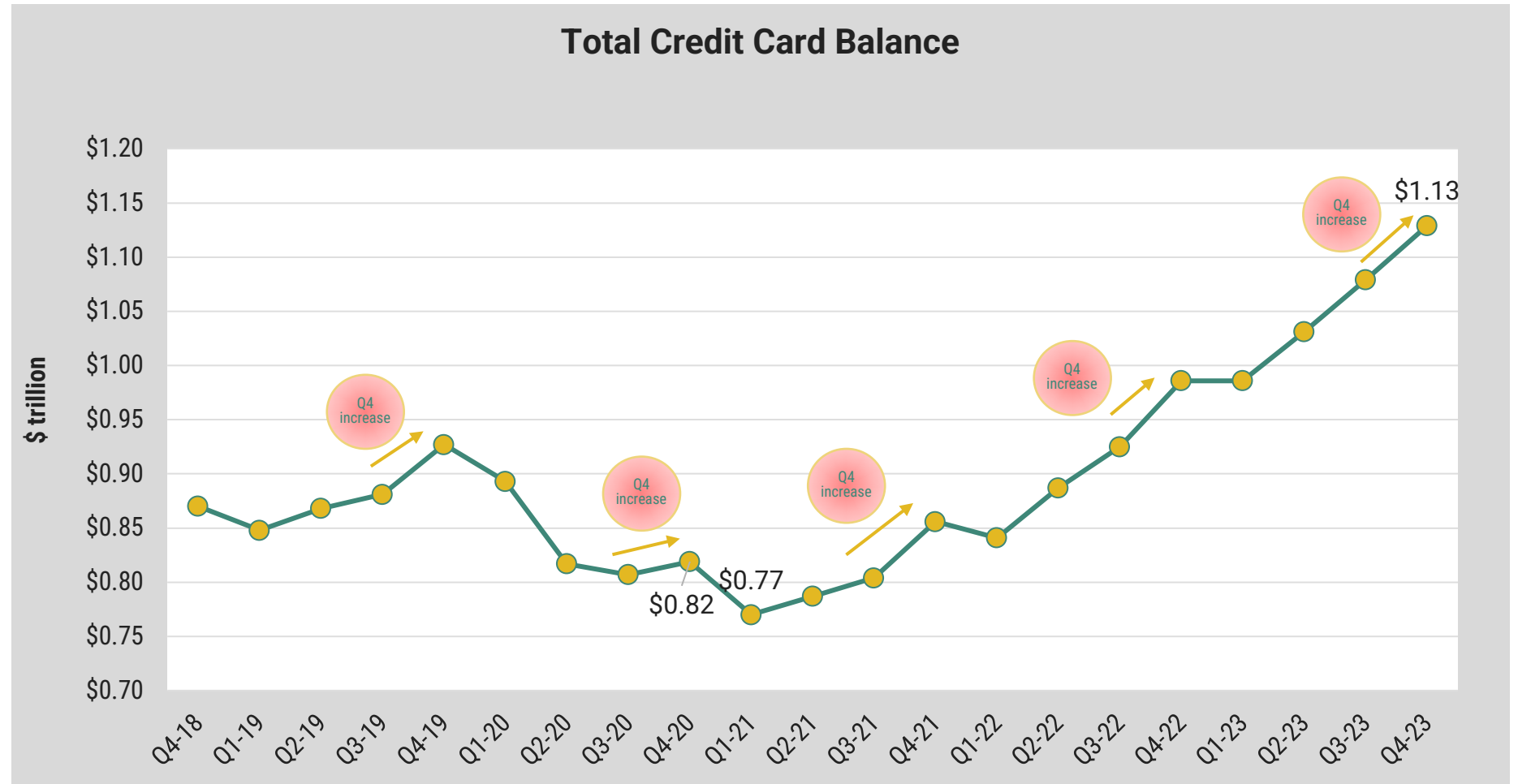
Source: U.S. Federal Reserve, 2-month lag in reporting



# Credit Card Debt

**U.S. credit card debt remains above \$1 trillion, with rising delinquencies; Q1-2024 results will show if consumers are managing debt or accumulating more**

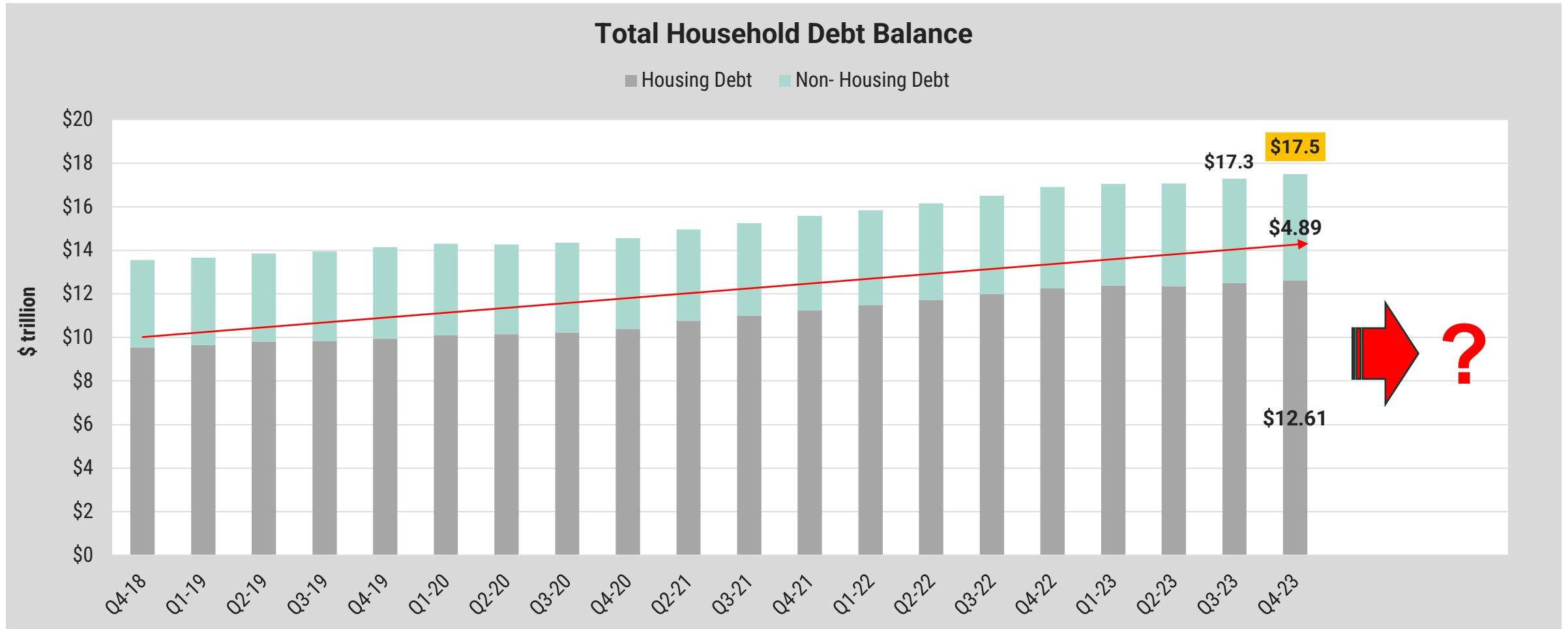
*U.S. consumers' credit card debt remains above \$1 trillion, a level not seen prior to Q2-2023. Driven by holiday spending, the trend of Q4 debt increases continued. Credit card balances have risen by \$273 billion since Q4-2021. With current interest rates, it is highly likely that credit card balances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





# Total Consumer Debt

Consumer credit reached a new record in Q4-2023 as credit card balances grow – as noted, Q1-2024 results will be telling





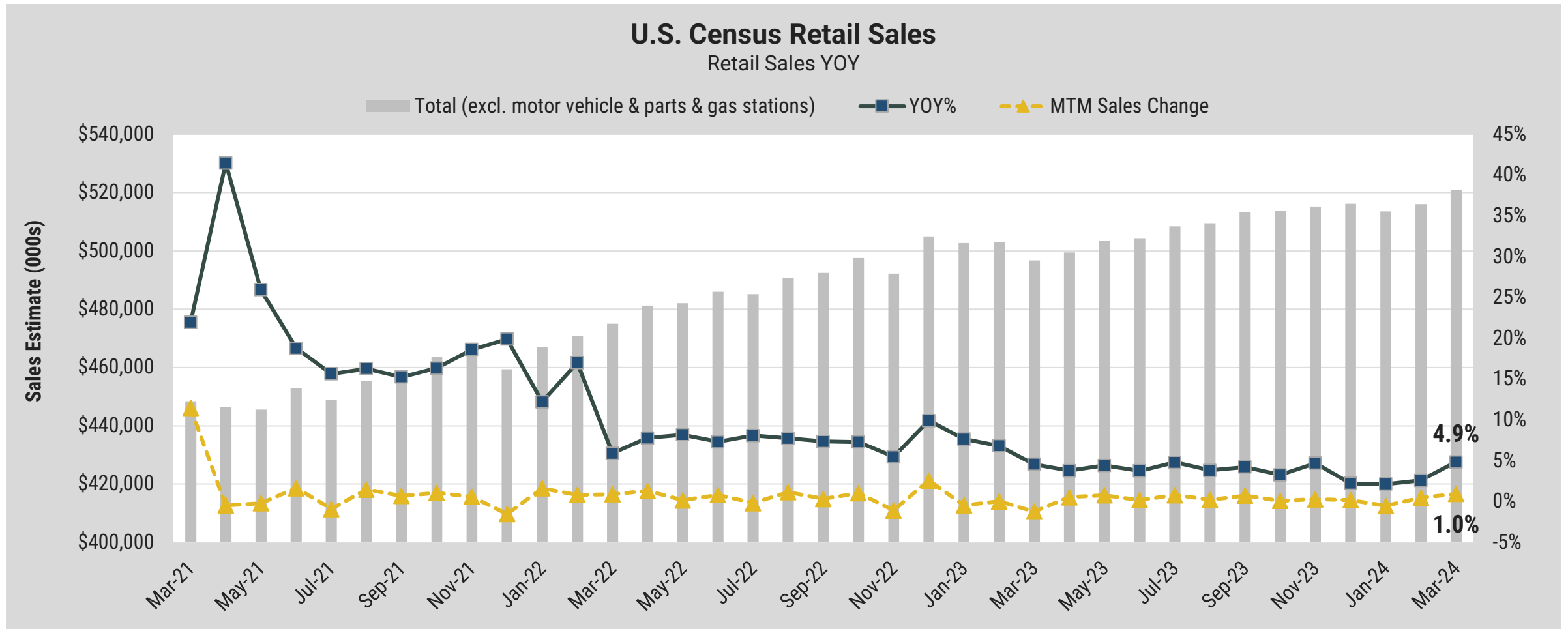
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# U.S. Retail Sales



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

March retail sales were up nearly 5% YOY and 1% MTM



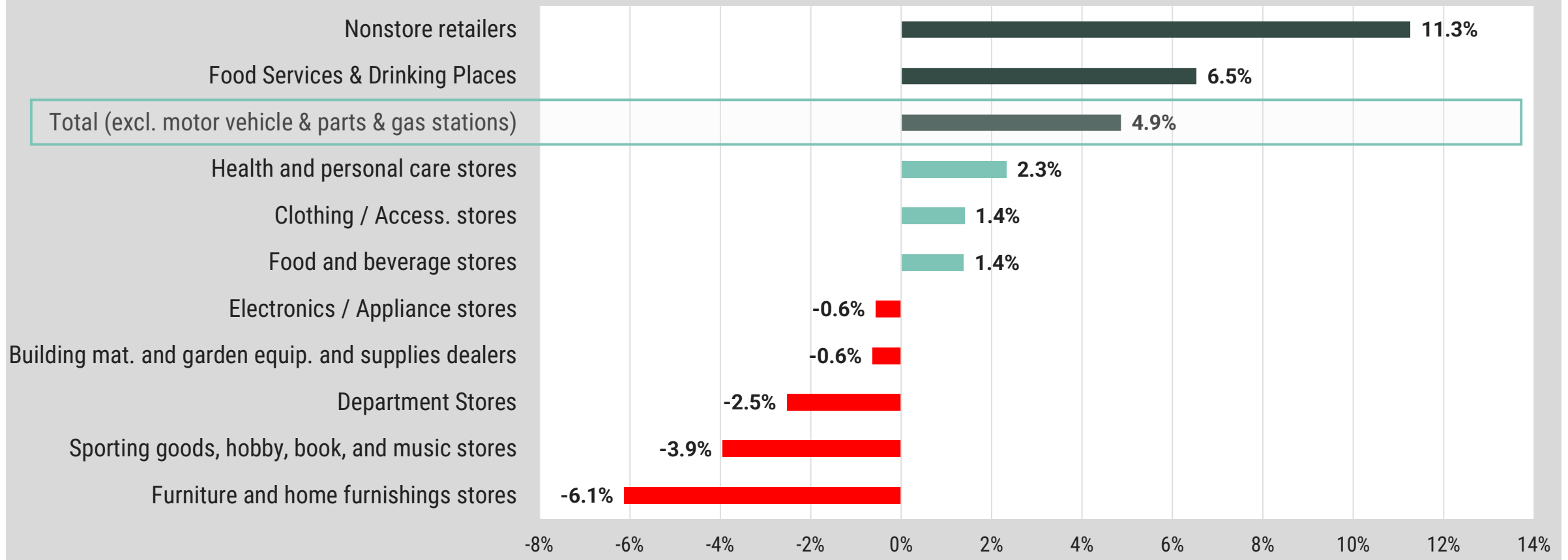
Source: U.S. Census Bureau



# U.S. Retail Sales by Retail Category

March total sales increased 4.9%, led by an 11.3% increase for non-store (online) retailers; hard goods segments continue to lag and were down YOY

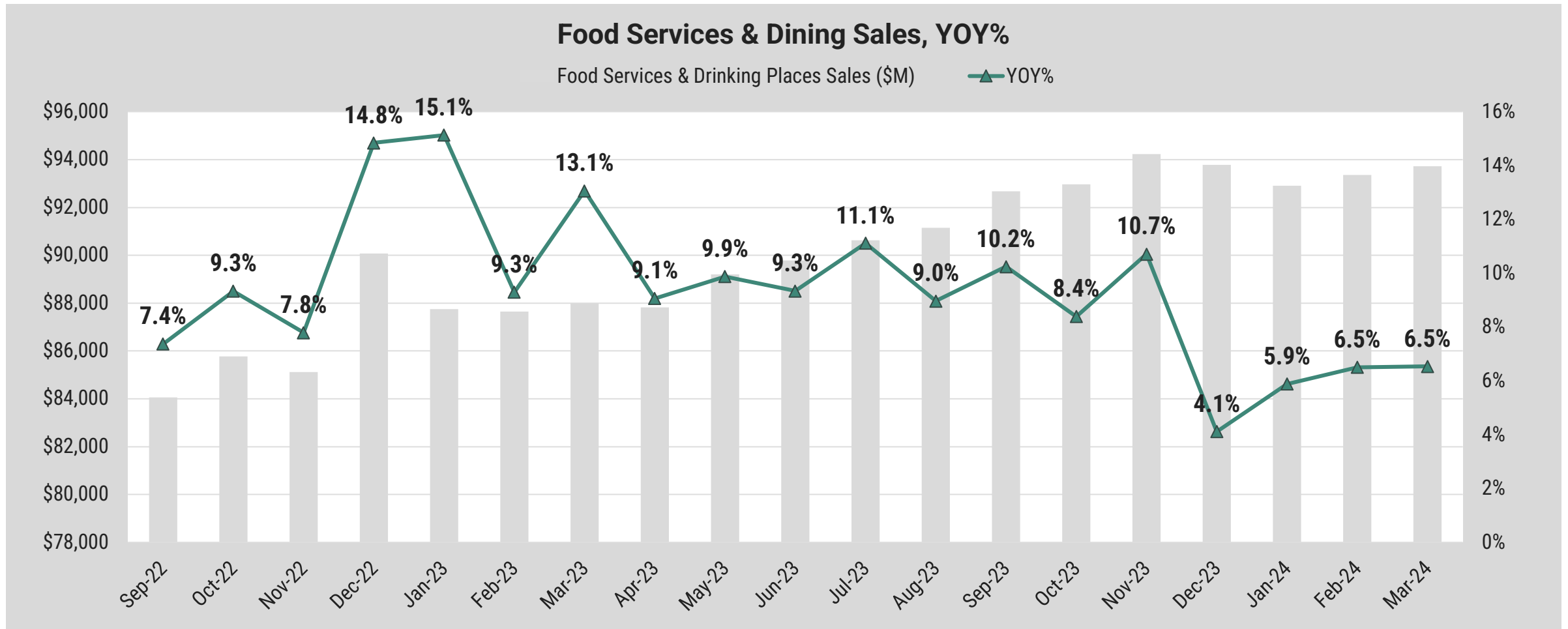
### Retail Trade Sales - YOY % Change by Category





# U.S. Retail Sales – Food Services & Dining

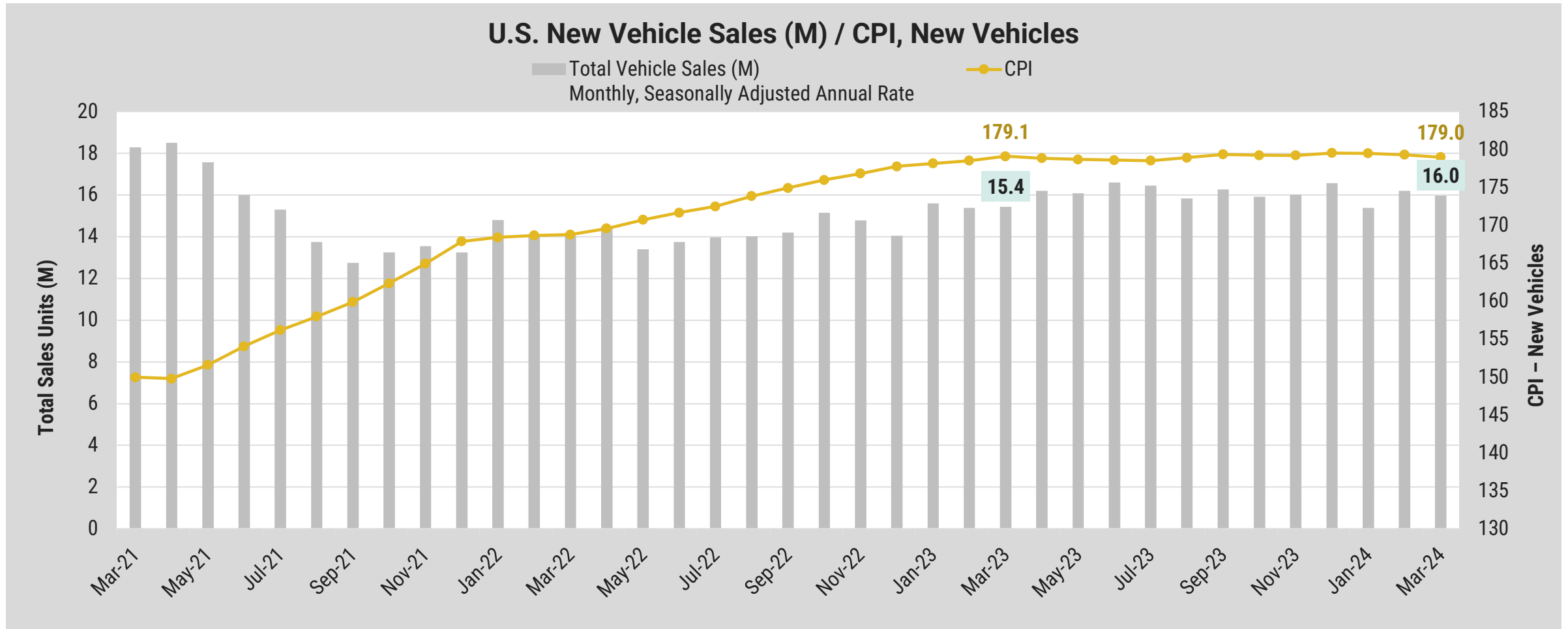
**Food Services / Dining increased over 6% again in March, despite a 4.2% MTM rise in prices on Food Away From Home**





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

March new vehicle sales increased 3.4% YOY; CPI was flat YOY and vs. previous month; EV share of total new-vehicle sales in Q1 was 7.3%, a decrease from Q4 2023\*

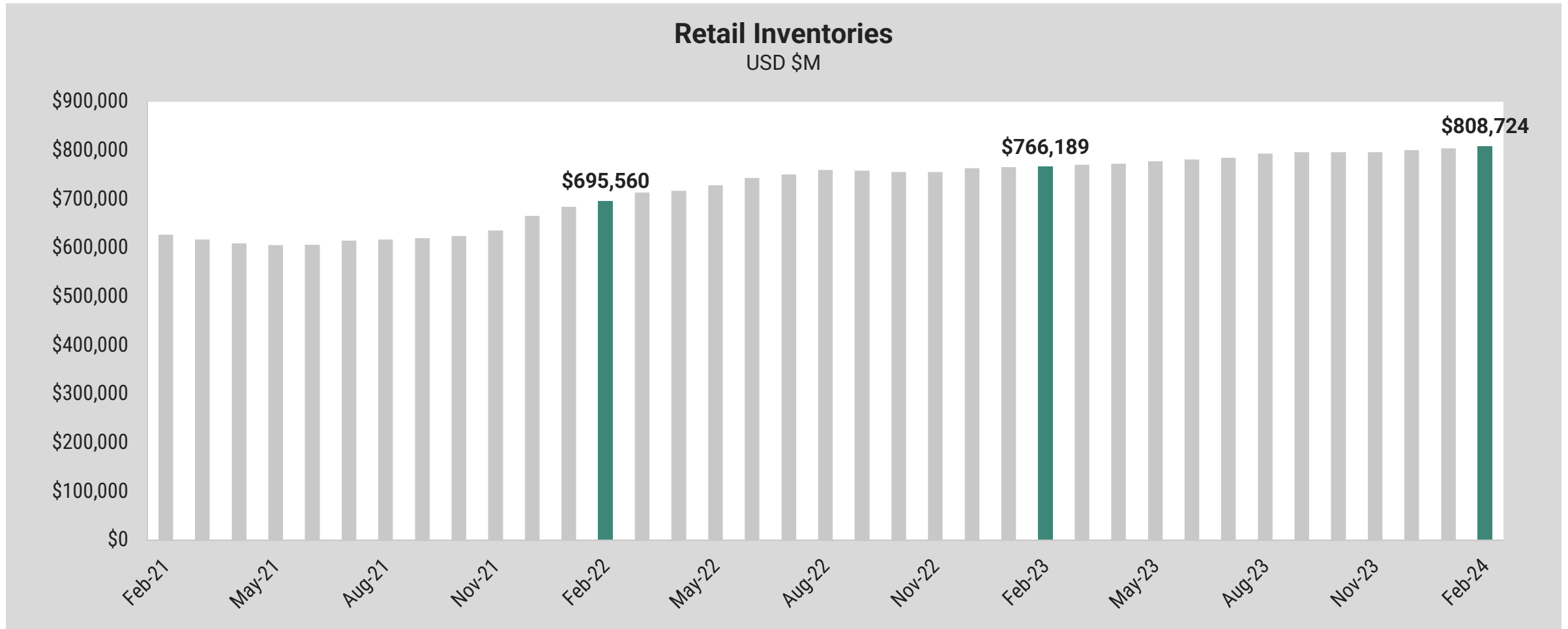


U.S. Bureau of Economic Analysis, Total Vehicle Sales [TOTALSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/TOTALSA>  
\*<https://www.coxautoinc.com/market-insights/q1-2024-ev-sales>



# Retail Inventories (2-month lag)

January retail inventories increased 5.6% above 2023 and were .6% above previous month

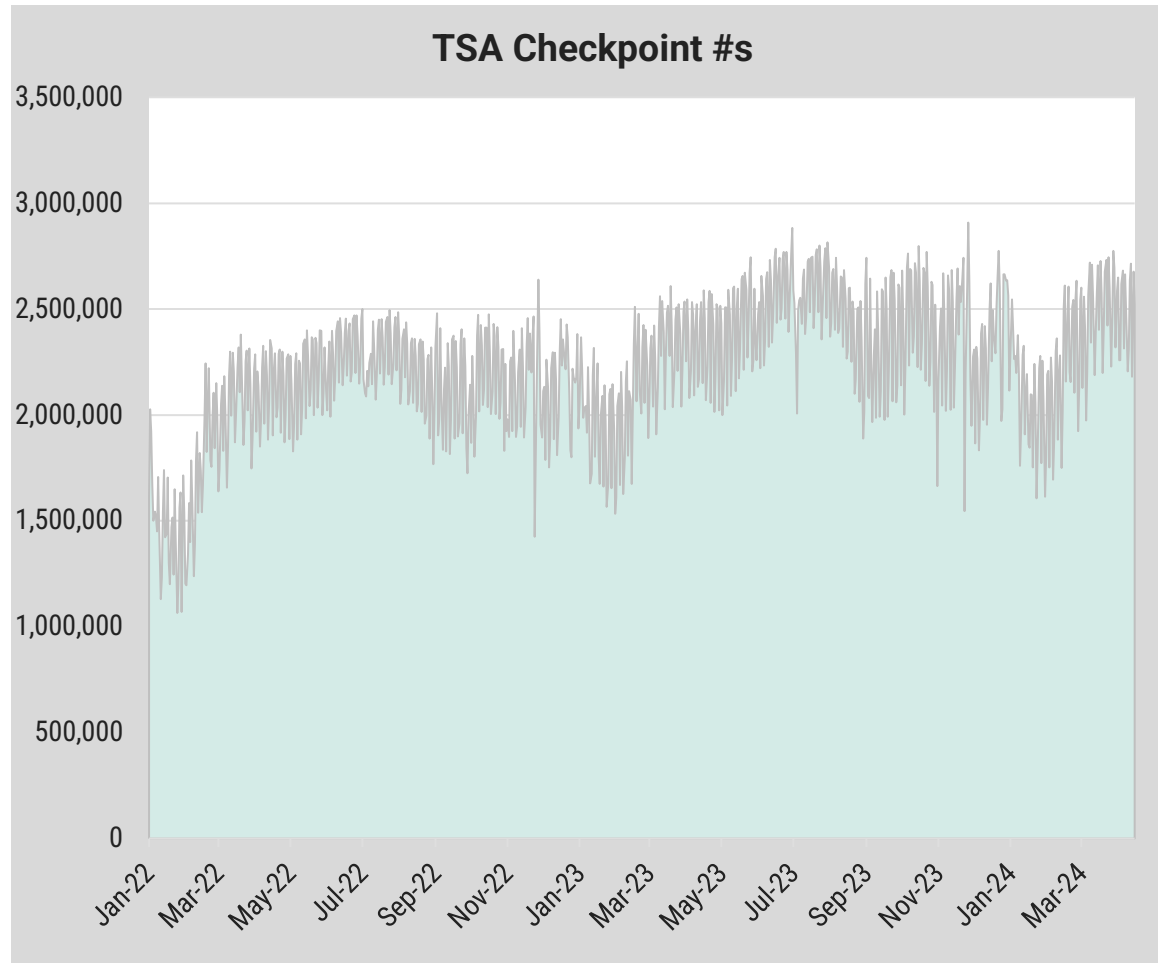


U.S. Census Bureau, Retailers Inventories [RETAILIMSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RETAILIMSA>

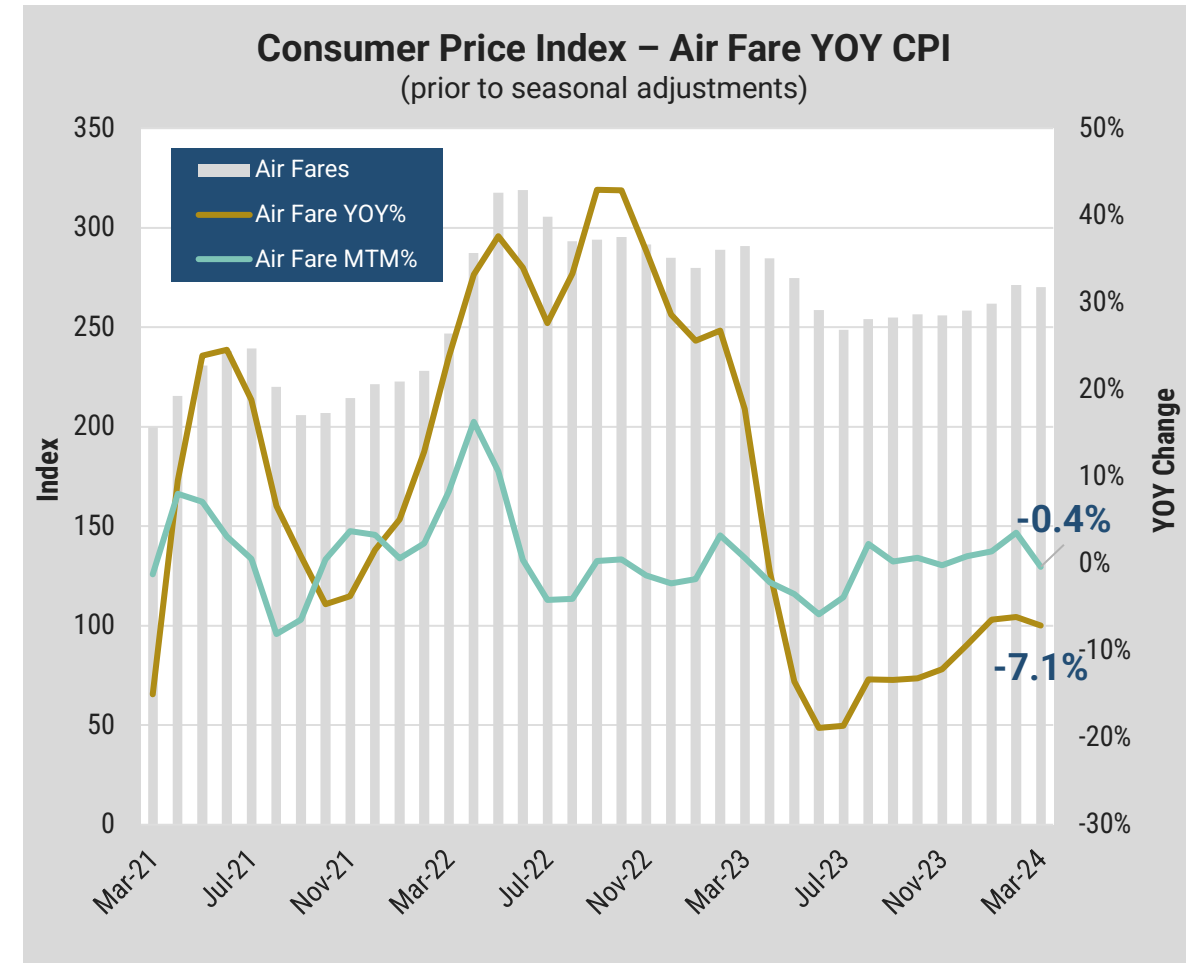


# TSA Checkpoint Travel Numbers

YTD, air travel volume increased .8% vs. 2023; the price of air travel is down 7.1% from last year and slightly lower than the previous month



Source: U.S. Transportation Security Administration



Source: U.S. Bureau of Labor Statistics

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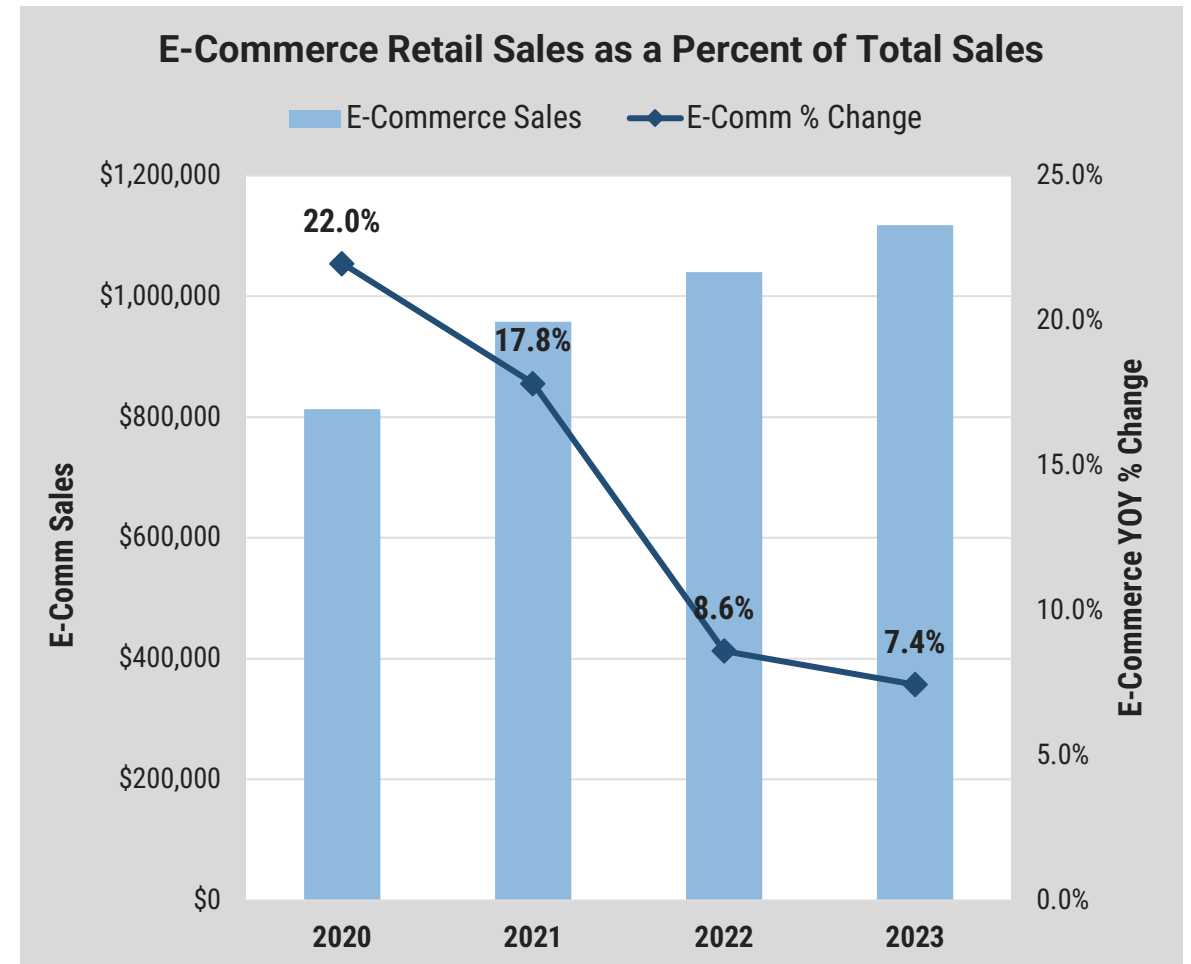
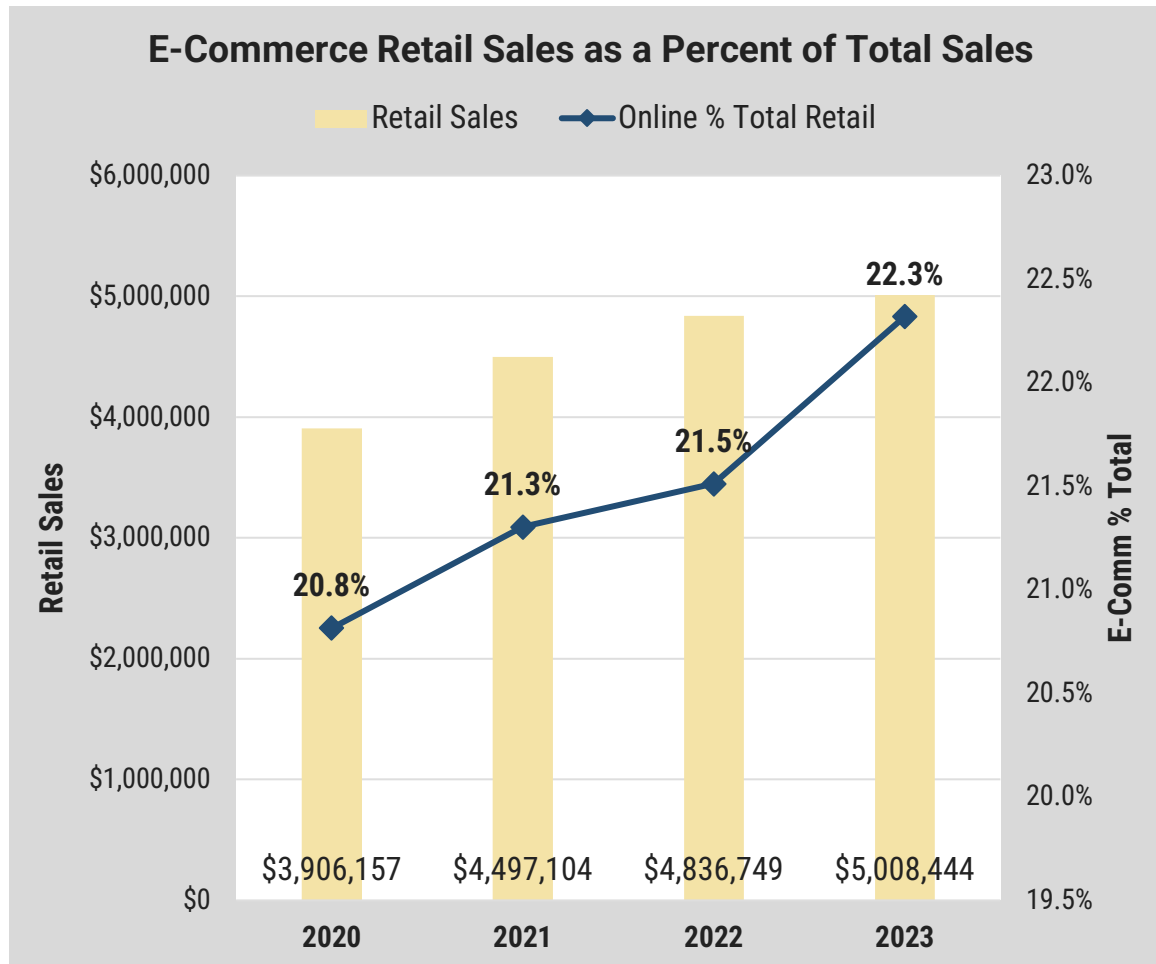
# E-Commerce





# 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; release of Q1-2024 totals will show online slows at all from the 2023 holiday shopping period



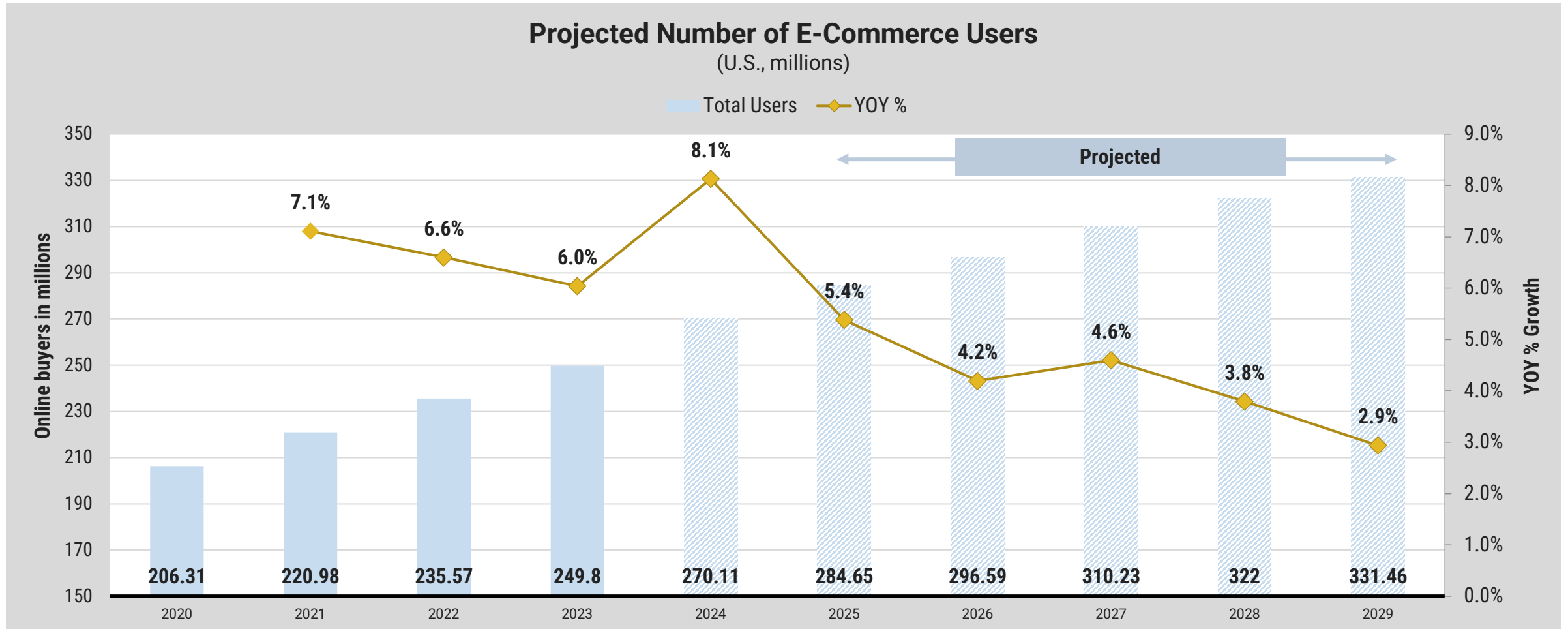
Source: U.S. Census Bureau

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



# 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

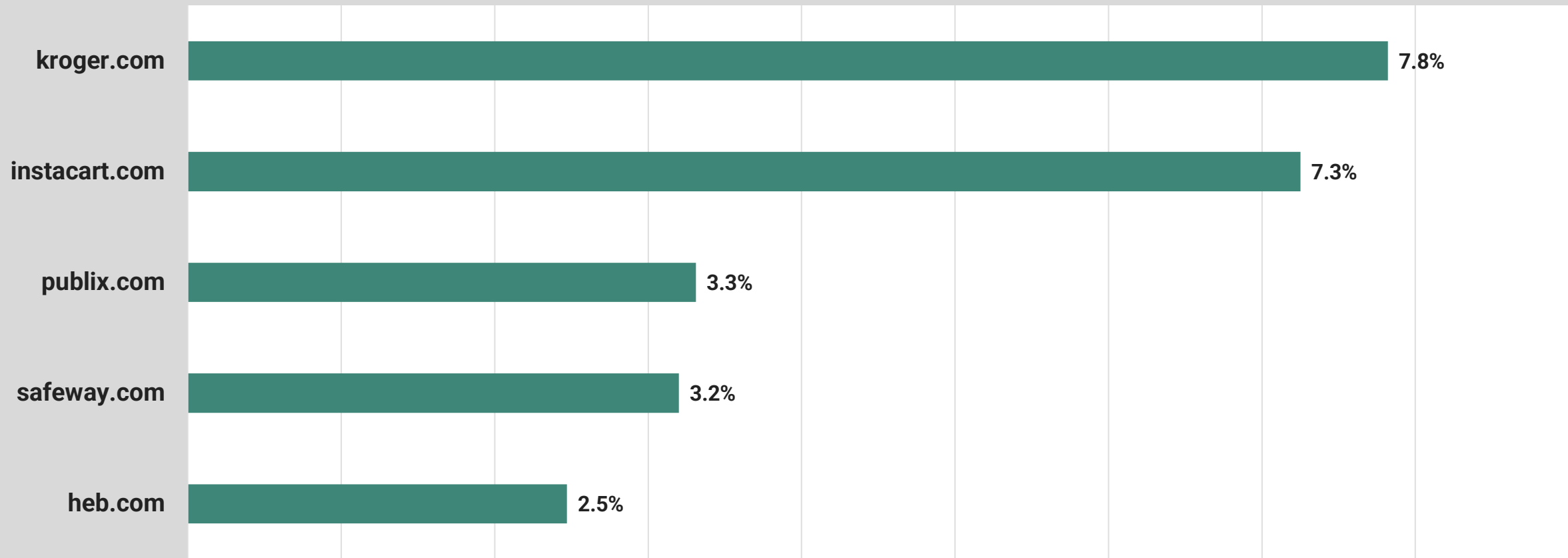
Note(s): United States; 2020 to 2029



# Online Grocery Shopping

The COVID pandemic forced many consumers to change behaviors and shop for groceries online, consumers continue to use that channel for grocery shopping; most popular website for grocery shopping is Kroger

Share of Visits – U.S. Online Grocery Shopping



Source(s): Statista; SimilarWeb

Note(s): United States; December 2023; desktop only; category: Food and drink- Groceries

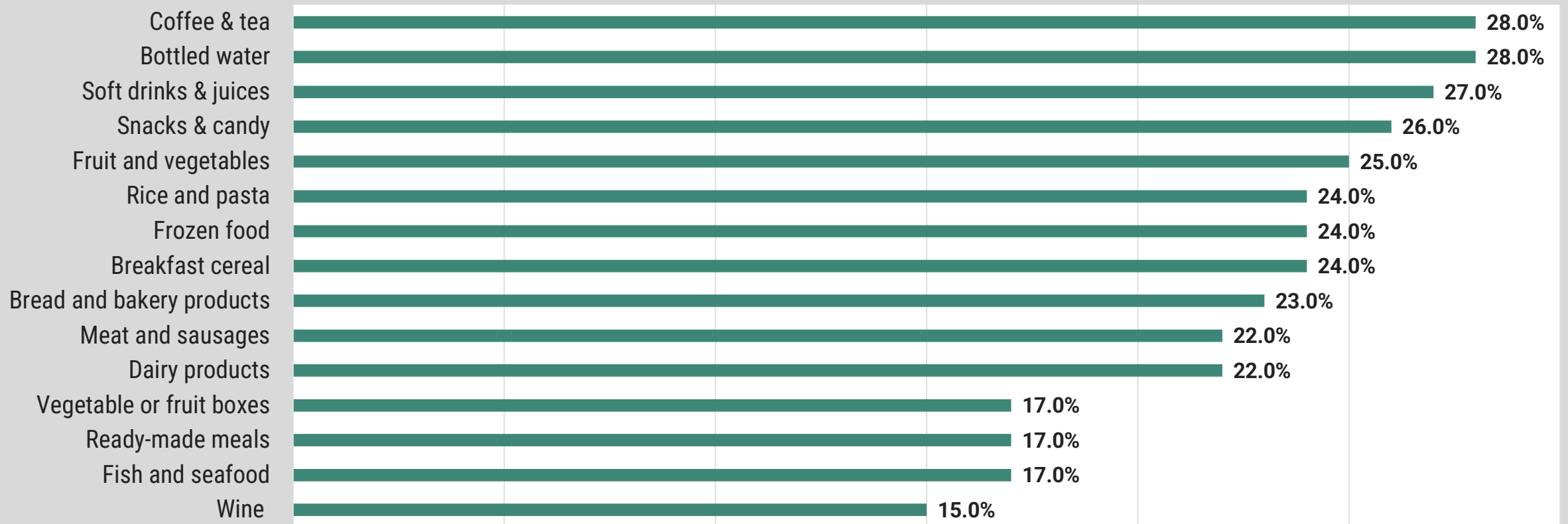
# Online Grocery Shopping



Top categories for online grocery shopping include coffee/tea, bottled water, soft drinks, and produce; most key food categories are popular among online grocery shoppers

## Groceries & Beverages Purchased Online

by Category as of December 2023



Source(s): Statista Consumer Insights

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

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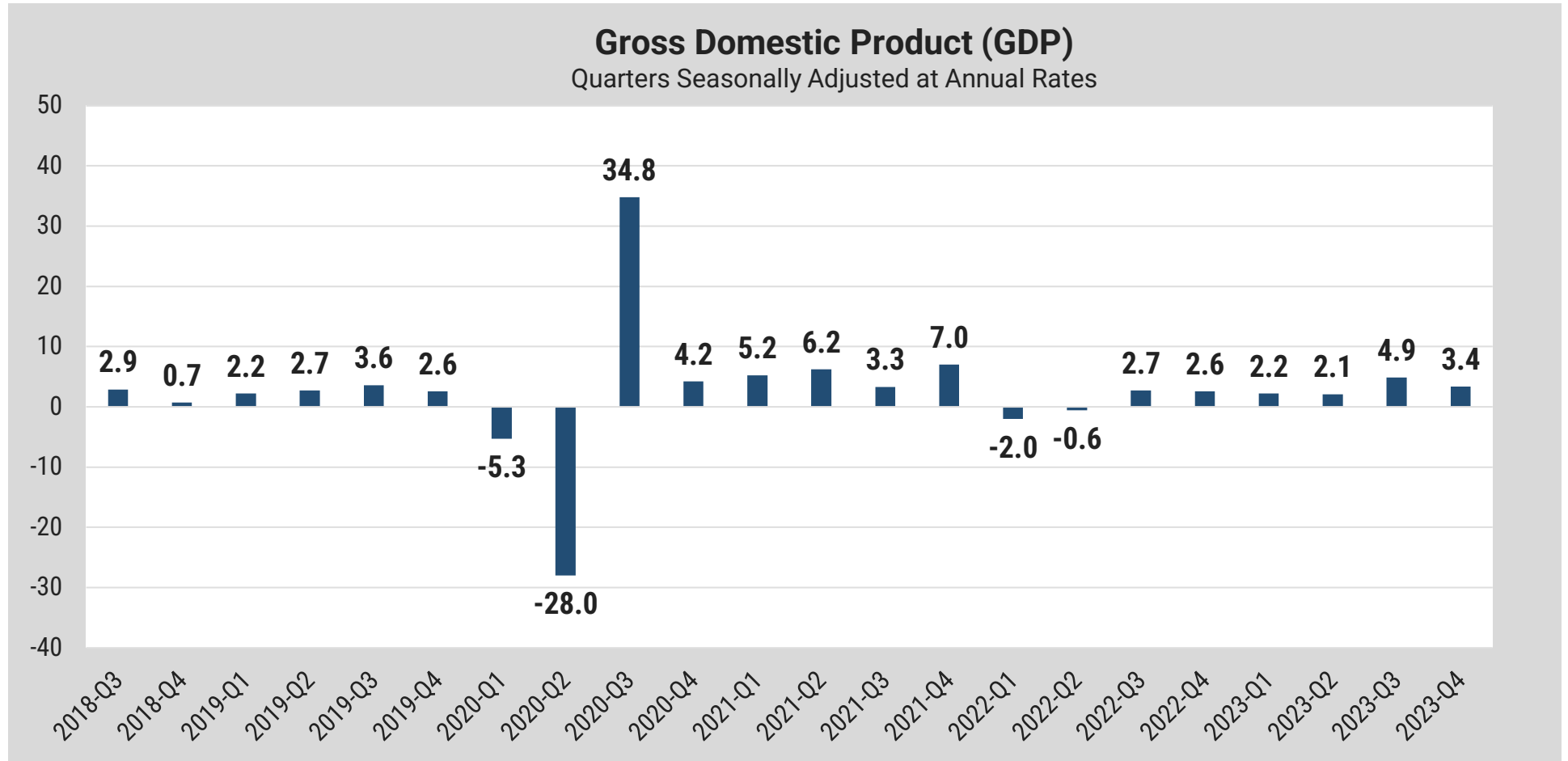
# Broad Economic Indicators



# Gross Domestic Product

**Q4-2023 GDP increased at an annual rate of 3.4% according to the revised estimate released by the Bureau of Economic Analysis**

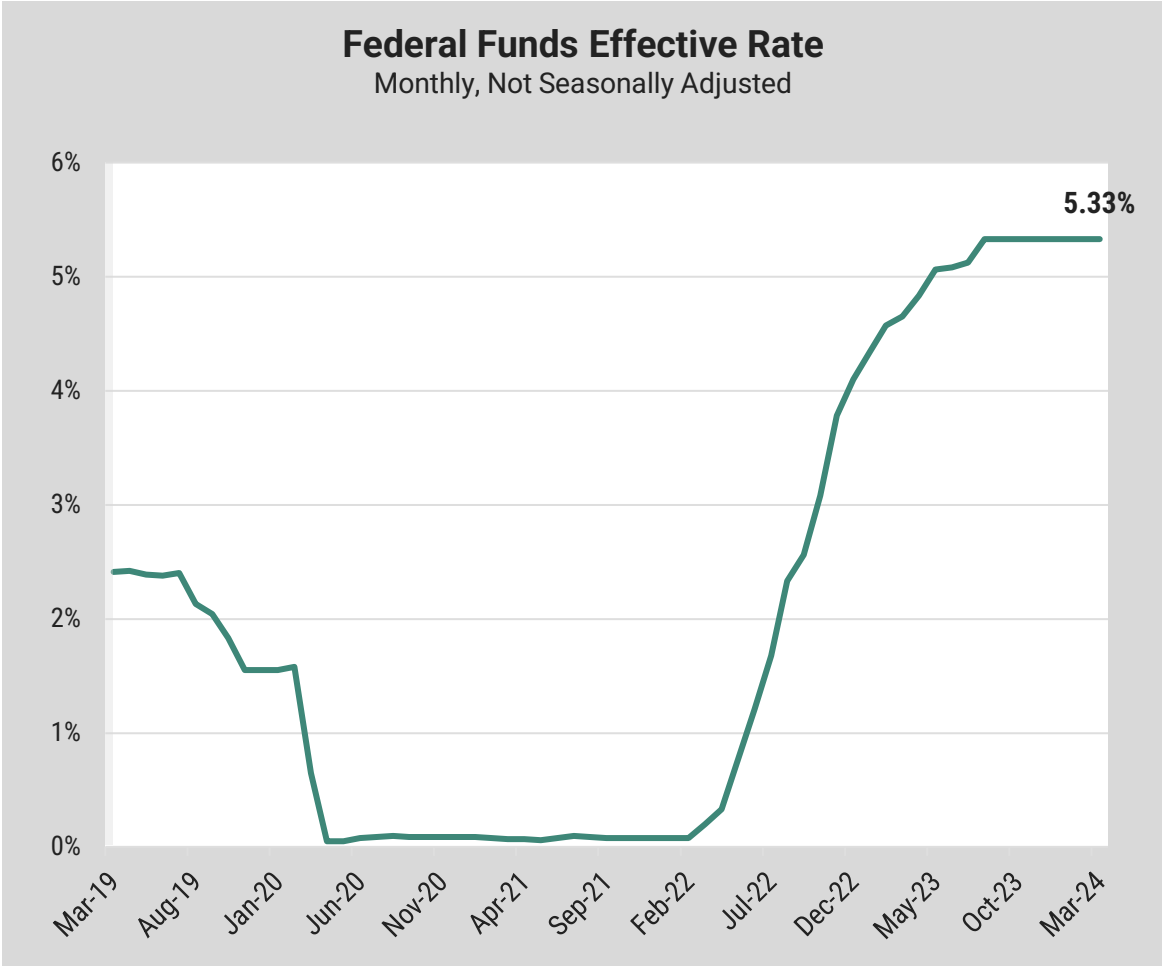
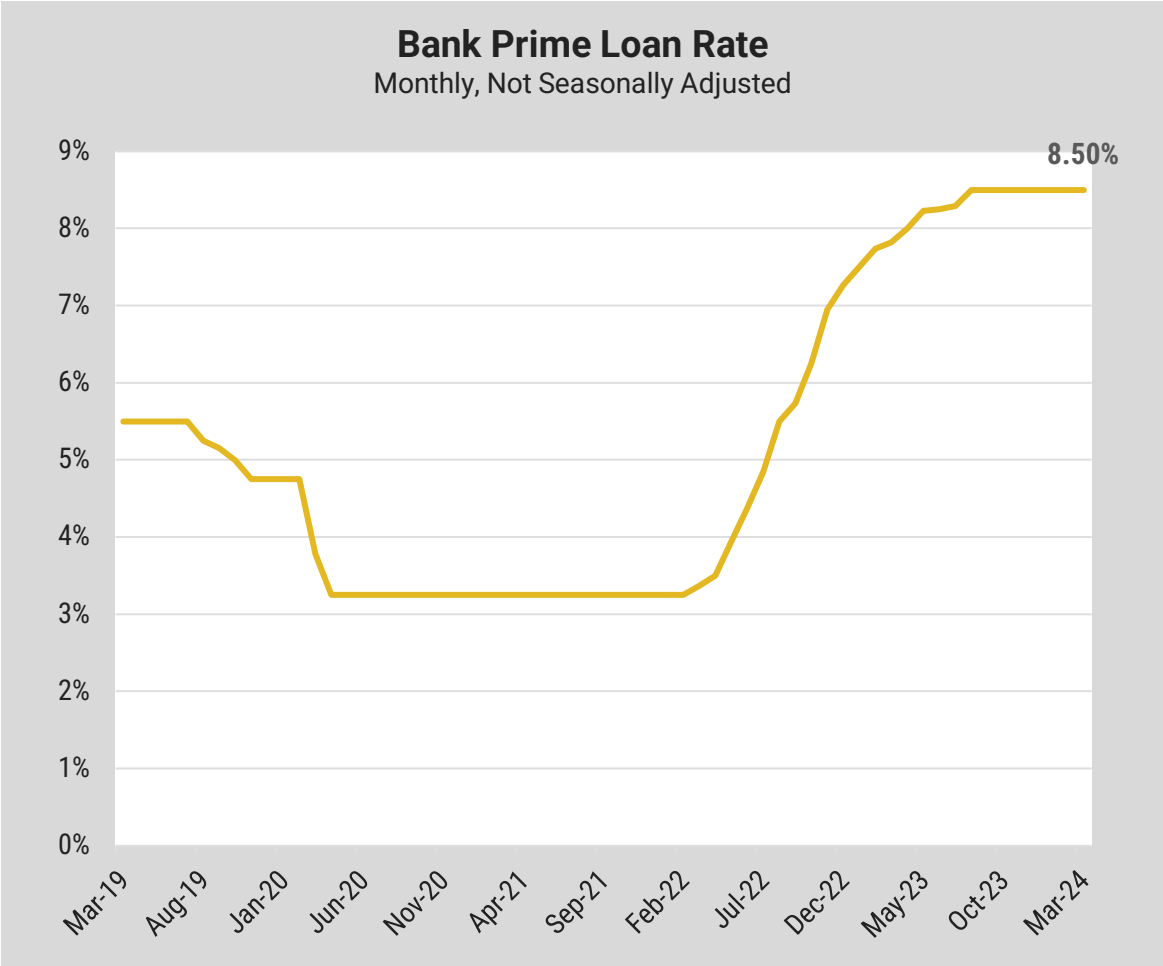
*Real gross domestic product (GDP) increased at an annual rate of 3.4% in the fourth quarter of 2023, according to the revised estimate. In the third quarter, real GDP increased 4.9%. The increase in the fourth quarter primarily reflected increases in consumer spending and exports.*





# 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

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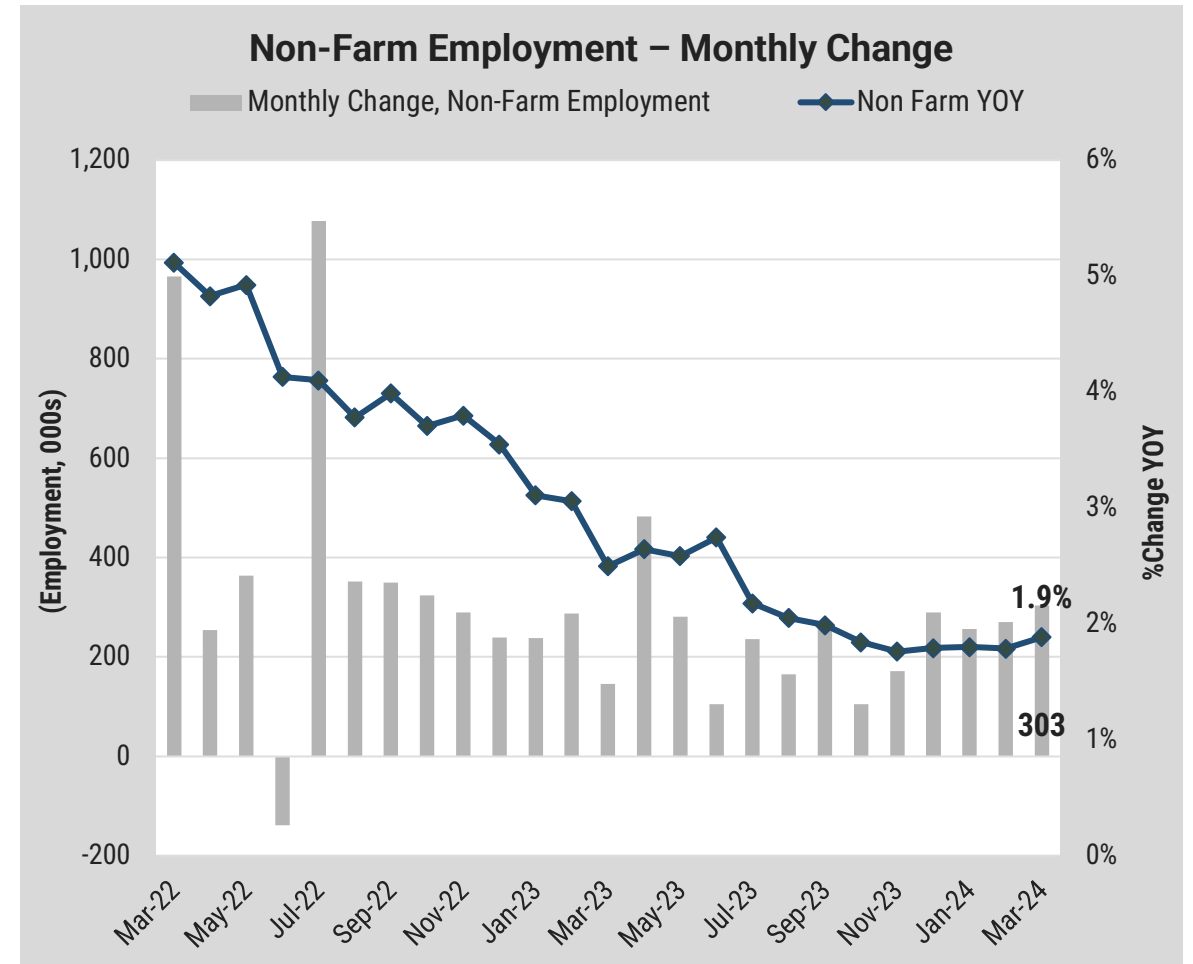
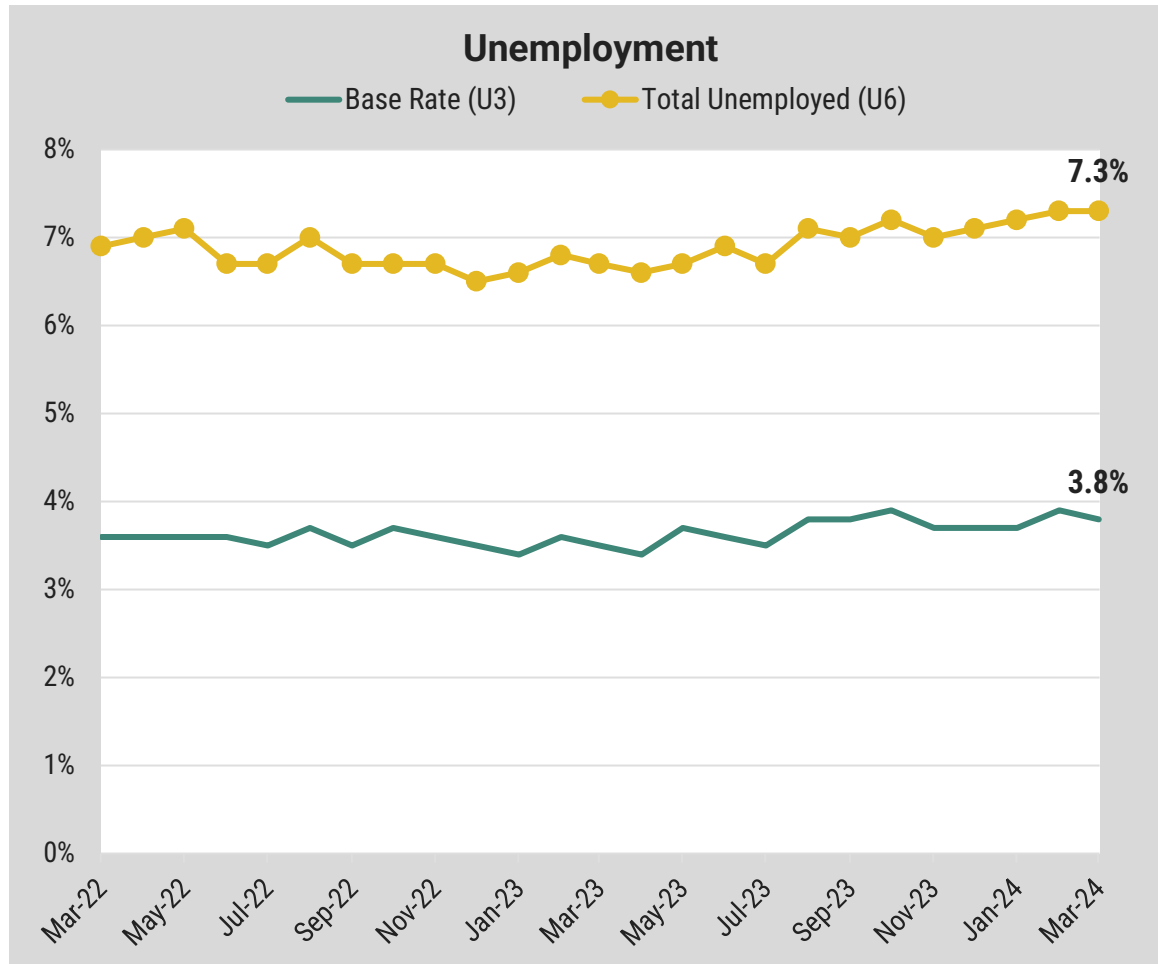
# U.S. Employment





# U.S. Employment Overview

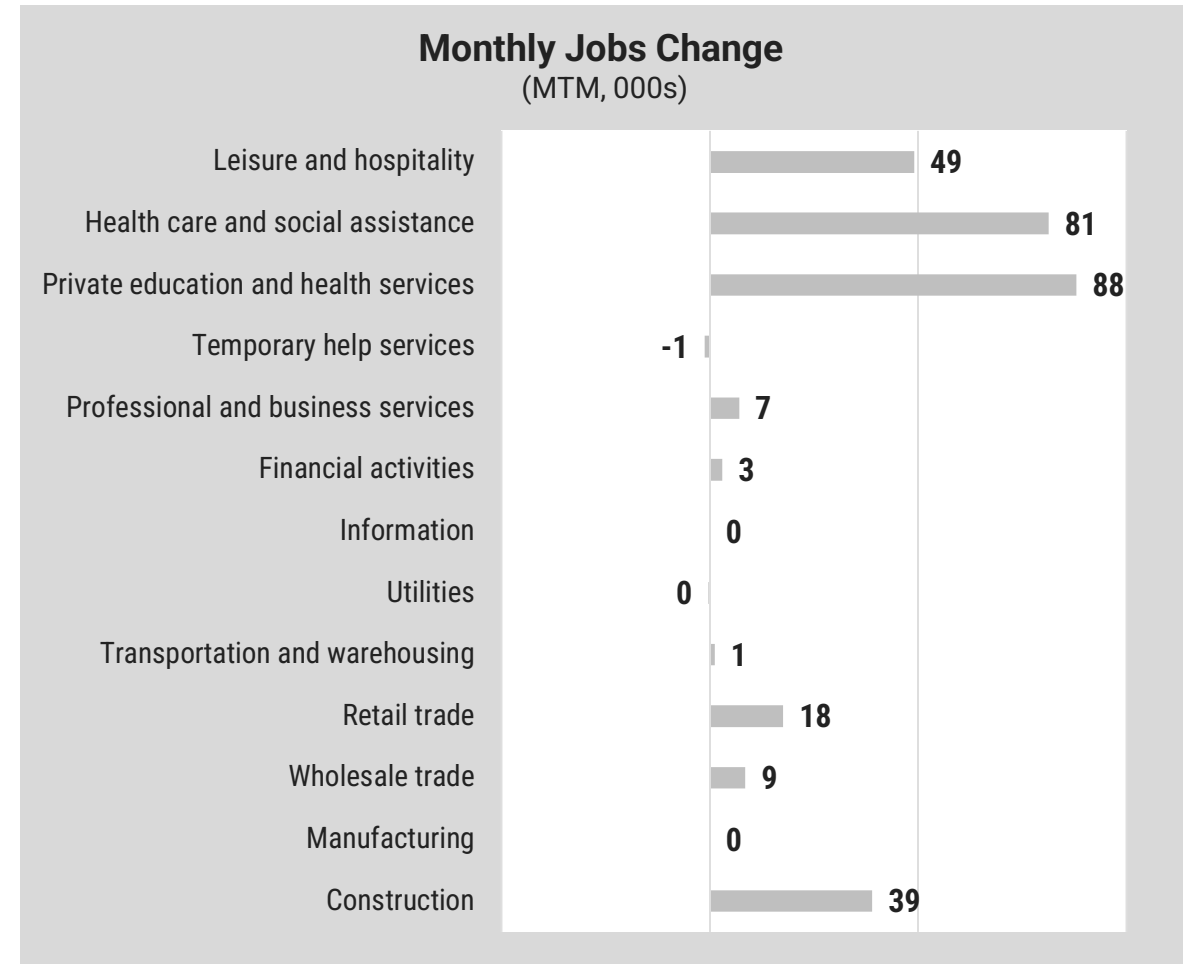
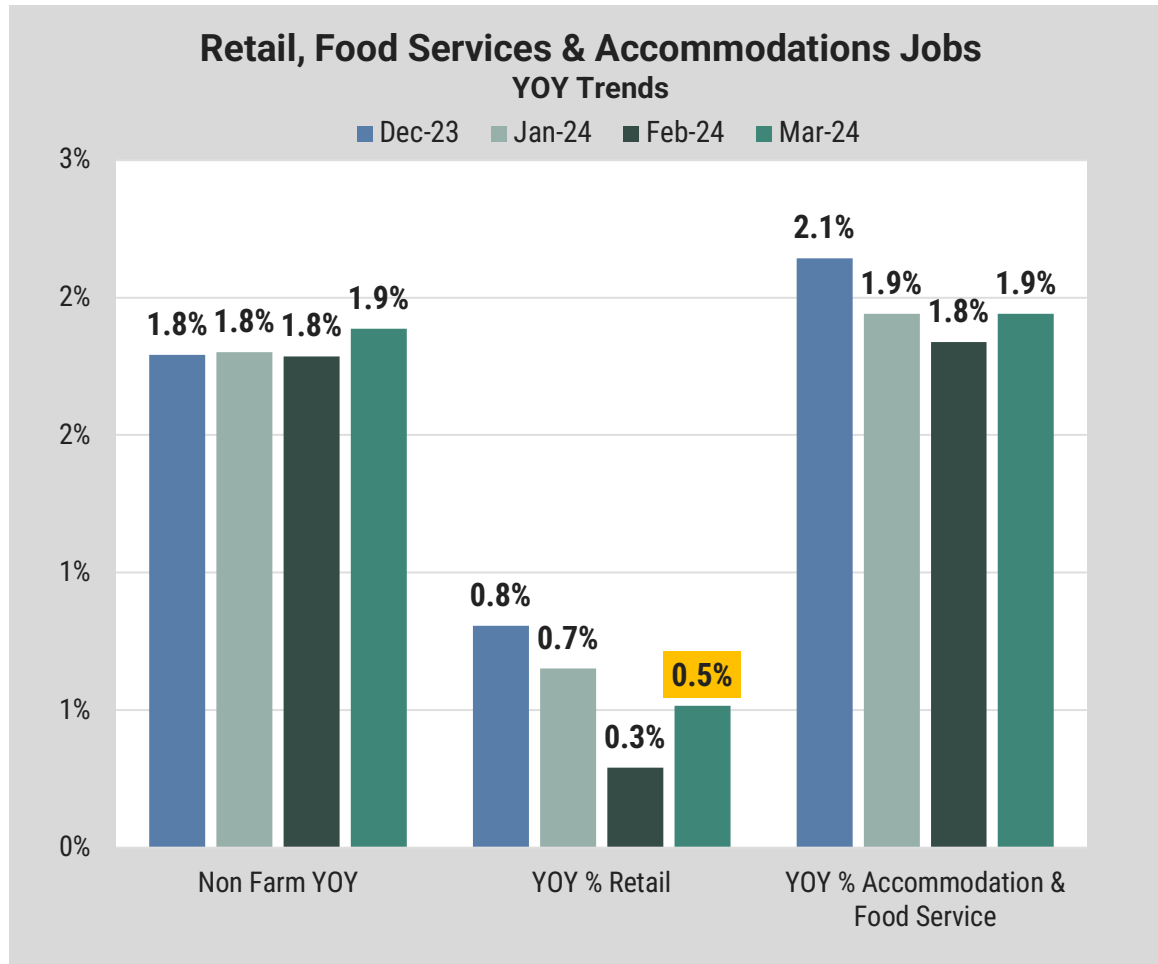
**Unemployment still hovers below 4%; non-farm employment was up 1.9% month-to-month, with employment rising by 303,000**





# 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, Health Care, Construction, and Retail rose in March

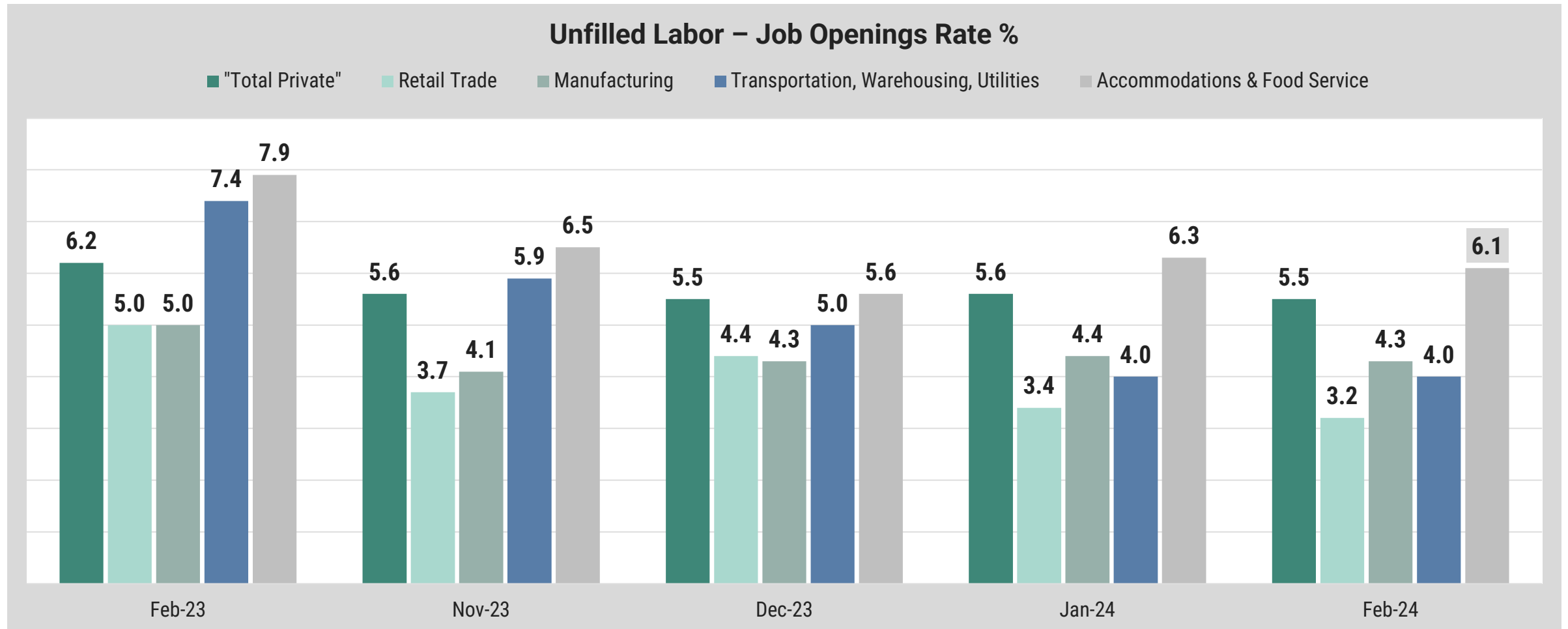


Source: U.S. Bureau of Labor Statistics

# Private Industry Labor – Job Openings



In February, 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

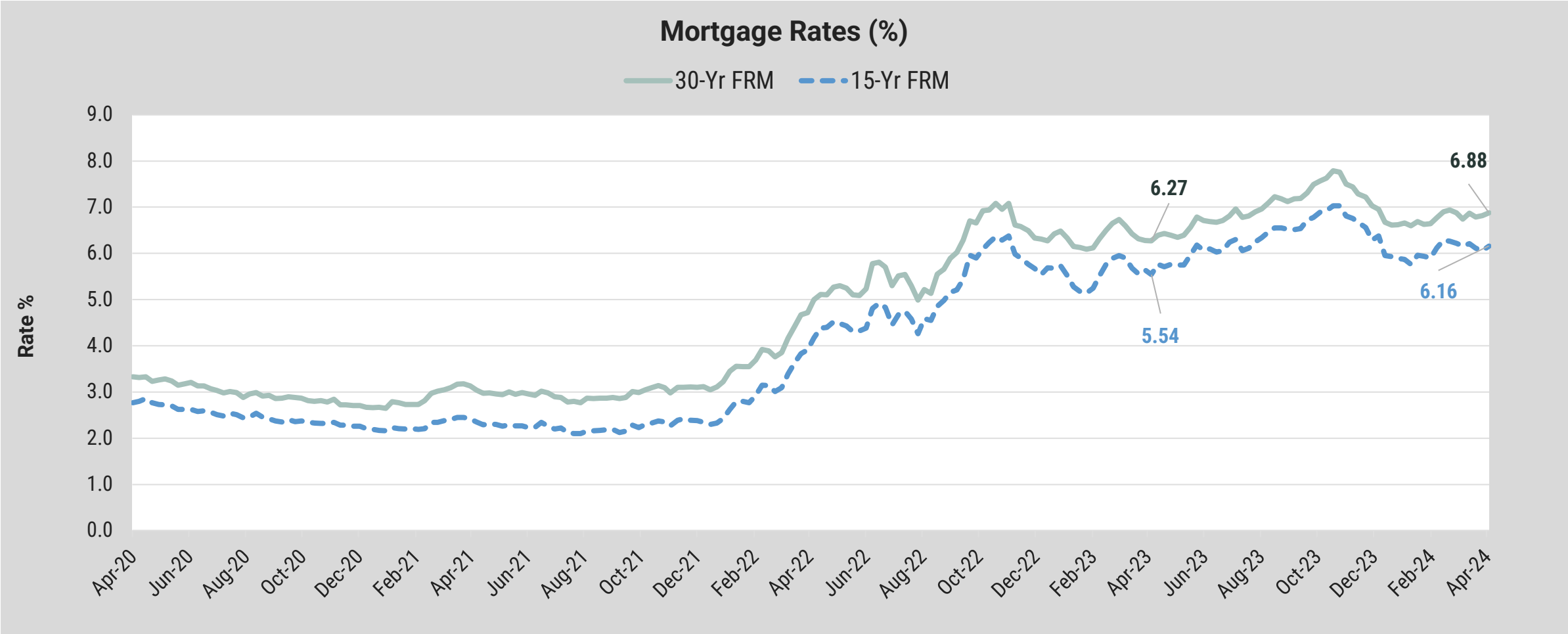
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# Housing

# Mortgage Rates



Mortgage rates remain near 7%; Freddie Mac indicates that rates may stay higher for longer

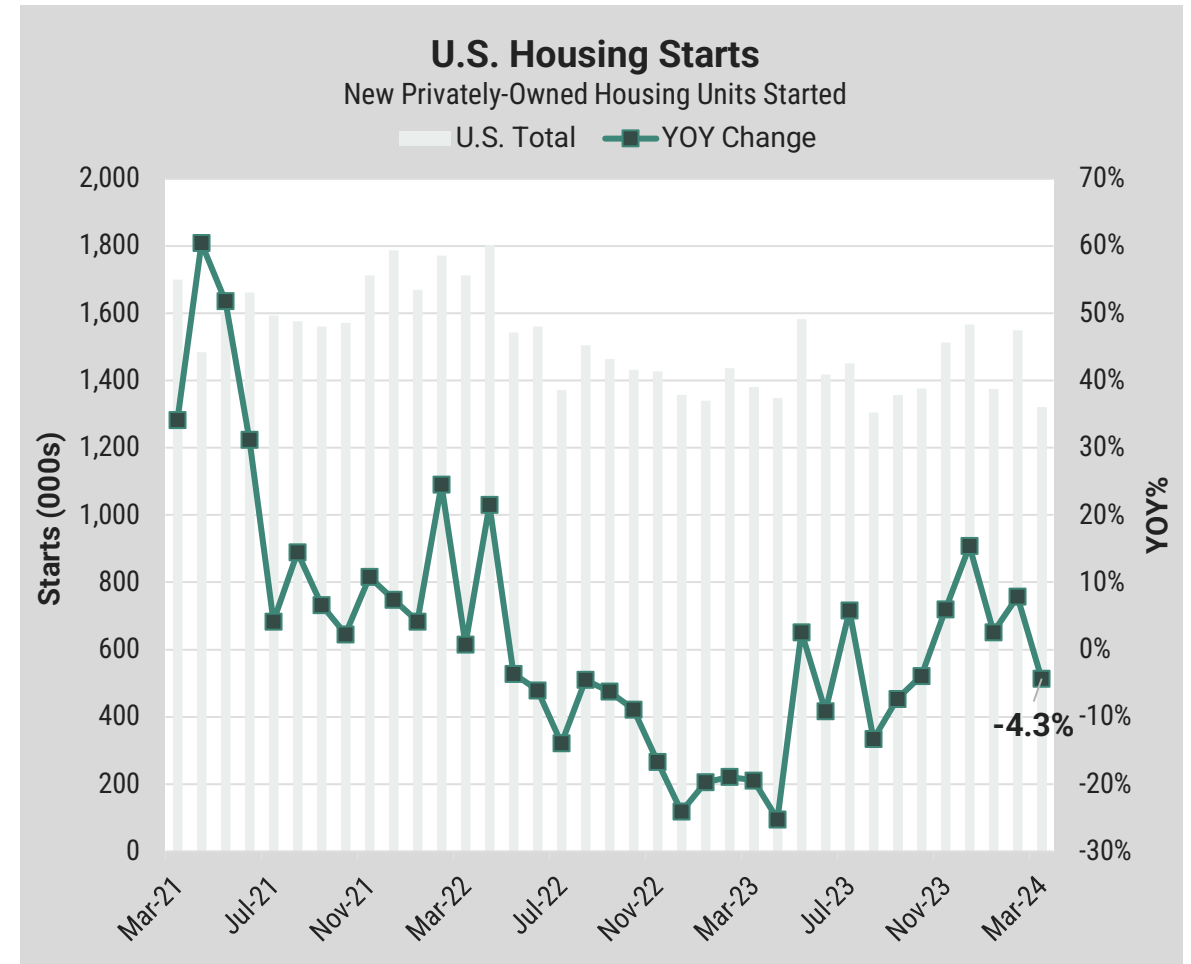
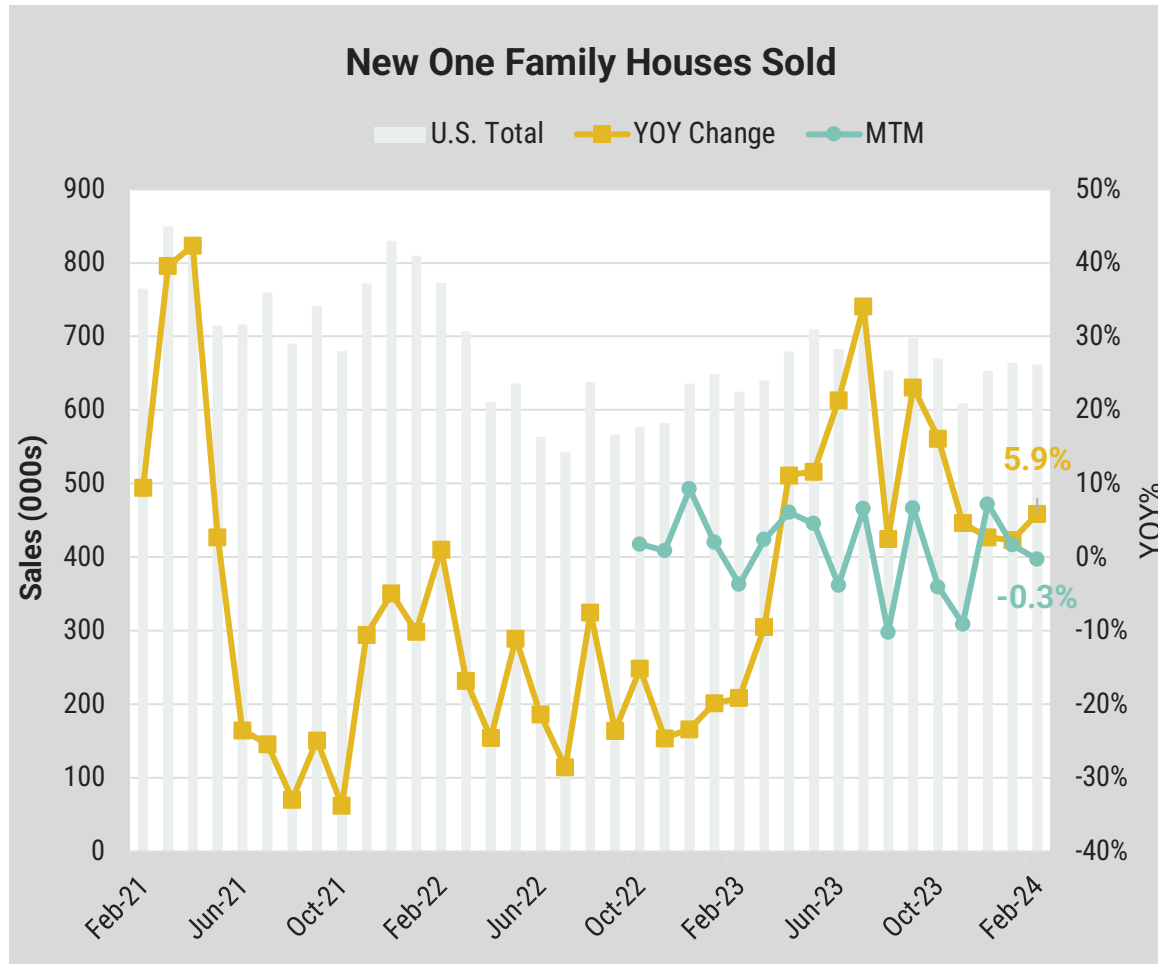


\* Source: FreddieMac Mortgage Market Survey



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

**New Home Sales through February were up over a very low 2023 total, but down MTM; Housing Starts in March were down 4.3% YOY**



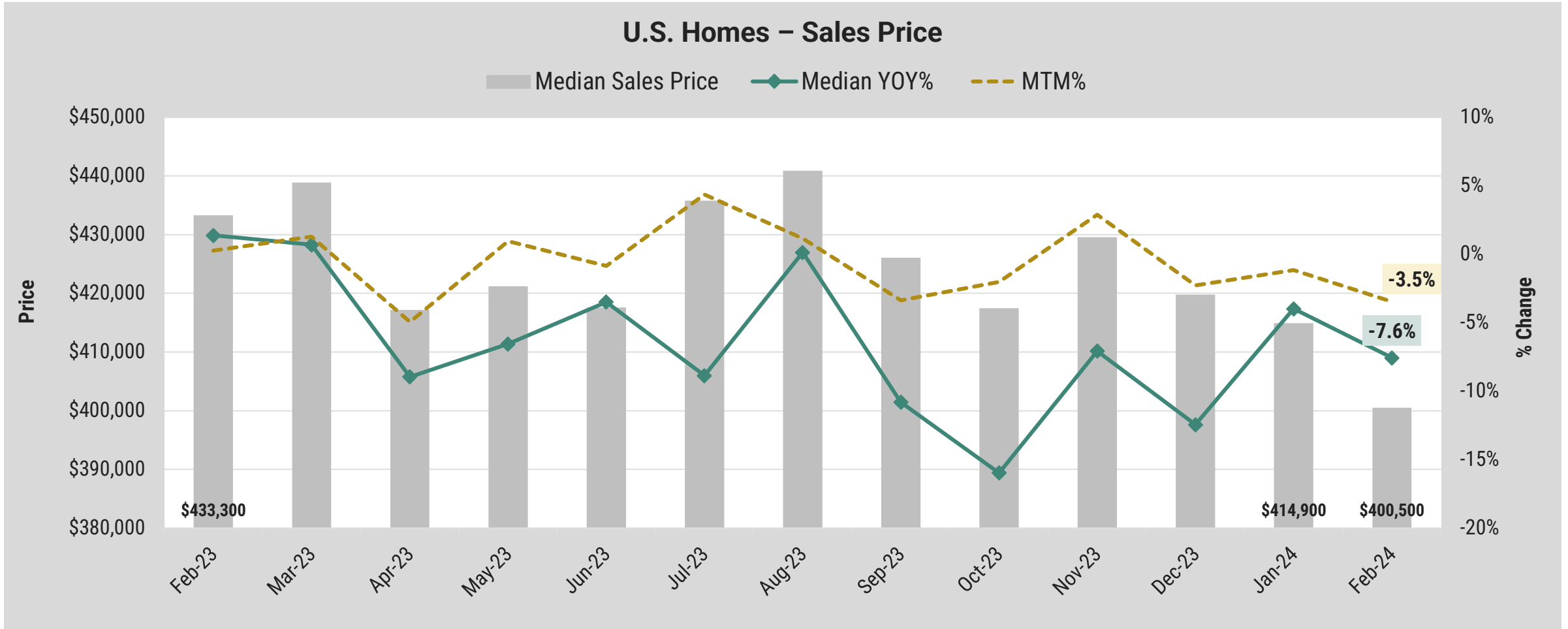
U.S. Census Bureau and U.S. Department of Housing and Urban Development, New One Family Houses Sold: United States, retrieved from FRED, Federal Reserve Bank of St. Louis

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 February median U.S. new home price declined 7.6% with MTM median price decreasing 3.5% - even with the price declines, continued high interest rates continue to hamper home sales



Source: U.S. Census Bureau, Federal Reserve Bank of St. Louis, Economic Research Division

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# Supply Chain



# Global Supply Chain Index



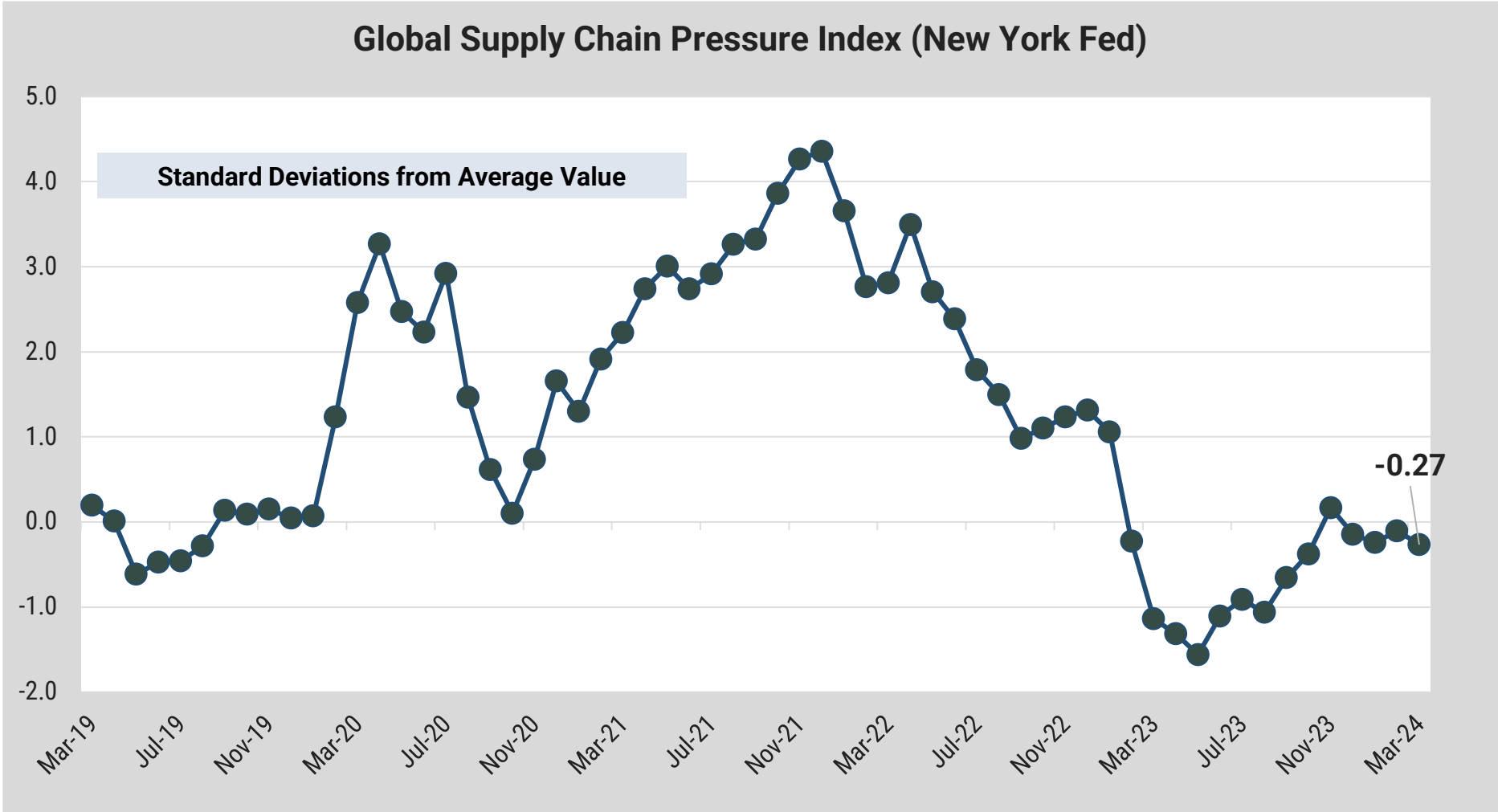
The GSCPI tracks the state of global supply chains using data from the transportation and manufacturing sectors.

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 **-0.27** in March

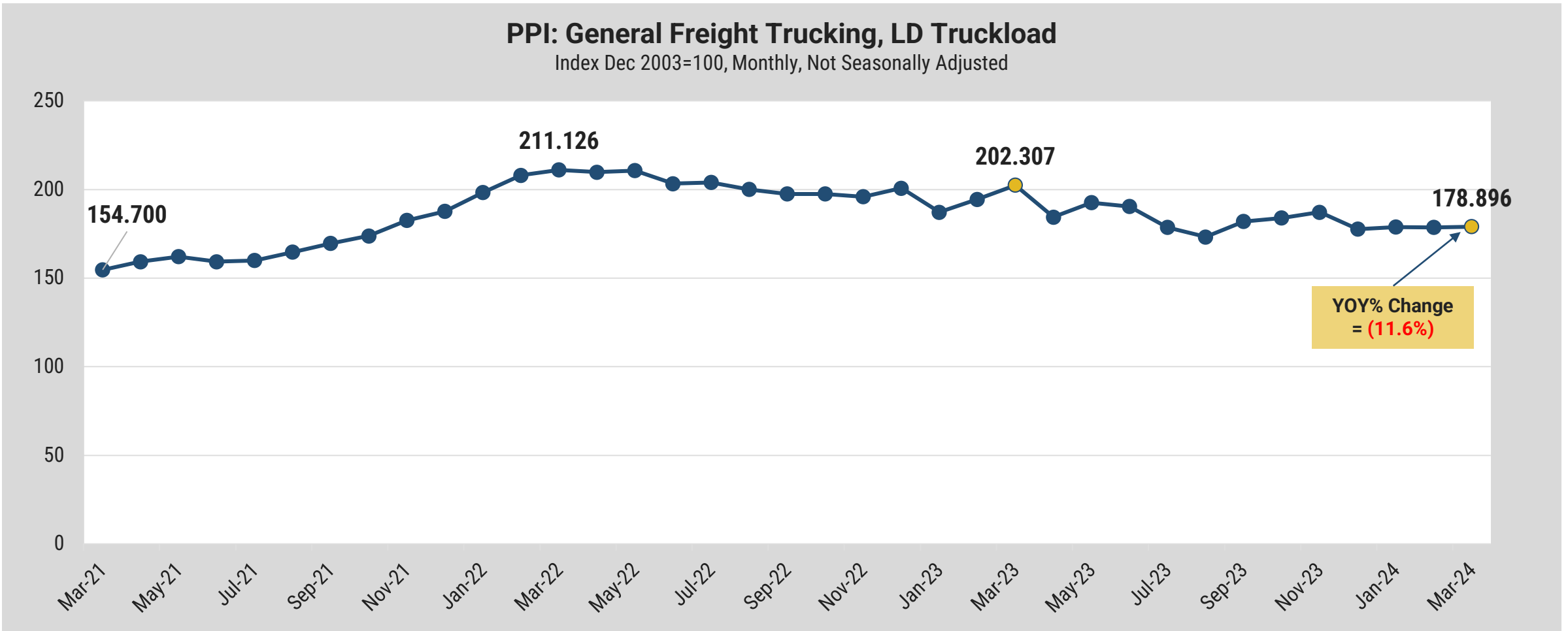


Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index, <https://www.newyorkfed.org/research/gscpi.html>.

# Freight Inflation - Trucking



In March, general freight trucking index was down 11.6% over last year and flat to previous month

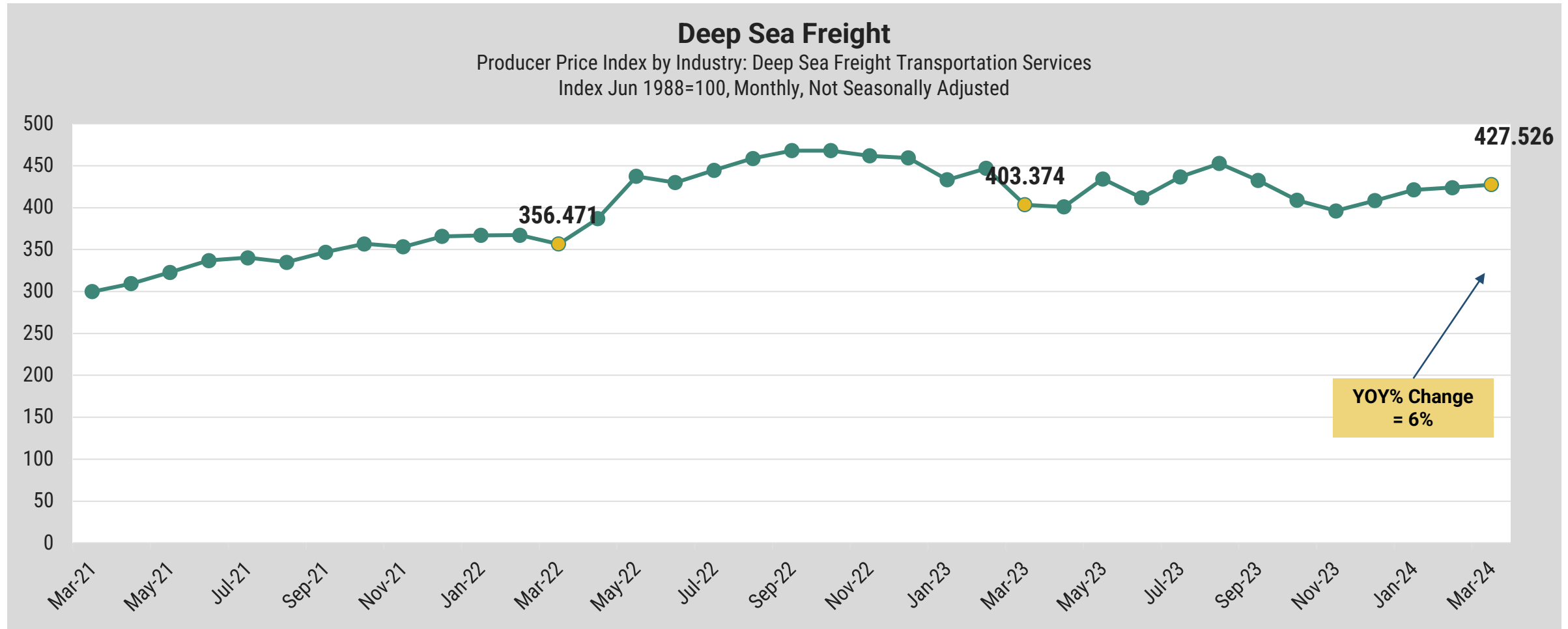


Source: U.S. Bureau of Labor Statistics, FRED, Federal Reserve Bank of St. Louis

# Deep Sea Freight



March deep sea freight rates were 6% above last year and up nearly 1% vs. previous month



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

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# About Ankura

# Ankura Global Reach

35+  
offices globally

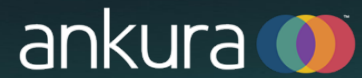
44  
languages spoken

2,000+ professionals

serving 3,000 clients

across 115+ countries

- Ann Arbor • Atlanta • Beijing • Boston • Brussels • Chicago • Dallas • Dubai • Fairfield • Frankfurt am Main • Gurugram • Hong Kong • Houston • Irvine
- London • Los Angeles • Melbourne • Miami • Mumbai • Nashville • New York • Perth • Philadelphia • Phoenix • Riyadh • San Francisco
- San Juan • Seattle • Shanghai • Singapore • Sydney • Tampa • Toronto • Vancouver • Washington, DC



# Global Advisory Firm

Ankura Is a Global Expert Firm Offering Tailored Solutions and Services  
to Effectively Address Diverse Challenges

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# CONTACT US

Ankura Consulting Group, LLC is an independent global expert services and advisory firm that delivers services and end-to-end solutions to help clients at critical inflection points related to conflict, crisis, performance, risk, strategy, and transformation.

The Ankura team consists of more than 2,000 professionals serving 3,000+ clients across 55 countries who are leaders in their respective fields and areas of expertise. Collaborative lateral thinking, hard-earned experience, expertise, and multidisciplinary capabilities drive results and Ankura is unrivalled in its ability to assist clients to Protect, Create, and Recover Value.

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