

Consumer Spend Collective

Weather and other seasonal factors

Winter storms disrupted retail spending

Widespread winter storms weighed on retail spending last month. Unsurprisingly, the impact was largest in the South, where winter weather disruptions are less common. Total card spending per household (HH), as measured by BAC aggregated credit and debit cards, was down 0.2% year-over-year (y/y) in January. Card spending per HH fell 0.3% month-over-month (m/m) in January on a seasonally adjusted (SA) basis. Our US Economics team forecasts a 0.3% decrease in the Census Bureau's retail sales ex-autos estimate for January. However, spending at gas stations and restaurants was particularly weak last month. Therefore, they expect a 0.2% pickup in the core control group (retail sales ex autos, gas, building materials and restaurants).

eCommerce spend grows 2% in Jan, 2pt acceleration m/m

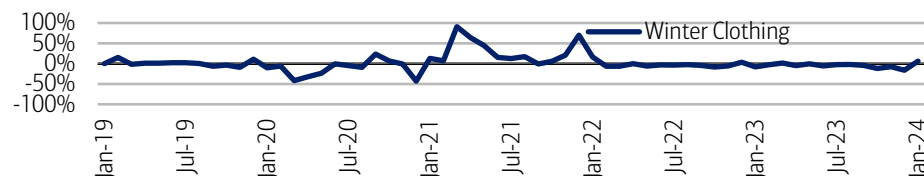
BAC aggregated credit and debit card data indicates that online spending increased 2% y/y in January, a 2pt improvement from a soft December (we note that the y/y growth in spend in BAC card data has been trending below other eCommerce data that suggests the industry could be growing 5-10%). Weather may have helped online spending, as online outpaced brick-and-mortar sales, which declined 4% y/y (4pt deceleration). Justin Post thinks that online spend in 2024 should benefit from lower inflation and a shift back to goods, with online penetration expanding at a normalized rate of approximately 100bps y/y vs. an average of +20bps in 2023. Looking at a few specific e-commerce categories, Curtis Nagle suggests that pet has yet to inflect, falling 5.1% y/y in Jan. Online jewelry grew 22.6% y/y this past month and ticketing spend continues to outpace total entertainment and travel.

Introducing the winter clothing series

This series is comprised of retailers focused on cold weather clothing and having disproportionate sales during the winter months. Winter clothing spend got off to a weak start this season, likely due to warm temps, but spend improved sharply with Jan. cold, rising 6.4% y/y after falling 16.1% in Dec. Alex Perry expects some reversal of Jan strength in Feb as weather has so far trended warmer in most of the country.

Exhibit 1: y/y % change in Monthly spending at winter clothing stores, according to BAC aggregated credit and debit card data

Spending at winter clothing stores accelerated significantly in Jan. on benefits from colder weather



Source: BAC Internal Data

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12658292

Timestamp: 13 February 2024 05:00AM EST

13 February 2024

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Compilation of Industry Reports

We've included research notes from analyst teams that make use of the January BAC card spending data and were published over the last three trading days. The key takeaways are noted below from each report. The US Economics note is also linked below.

Aditya Bhawe – [BofA on USA: Weather and other seasonal factors 08 February 2024](#)

- Total BAC card spending per HH was down 0.2% y/y in Jan. We forecast -0.3% & +0.2% for ex-auto & core control retail sales.
- Widespread winter storms and unfavorable seasonal adjustments (payback for Dec) likely weighed on Jan retail sales.
- Looking through these idiosyncratic headwinds, the consumer appears healthy, with growing upside risks to spending.

Curtis Nagle – [Internet/e-Commerce: SMID cap eCommerce monthly; January improves for Online categories 09 February 2024](#)

- Jan category trends accel'd vs. Dec, with most improved categories including Online Jewelry & Clothing (positive for Etsy).
- Data suggests the Online furnishings industry widened share gains vs. total furnishings, though trends still are negative.
- For Chewy's F4Q (January end), pet spend declined 5.1% YoY as trade downs and low adoption rates pressure industry.

Justin Post – [Internet/e-Commerce: Healthy start to 2024, with online spending increasing 2% y/y in January 09 February 2024](#)

- Online spend accelerated to 2% y/y in January, boosting the rate of online retail penetration growth to +90bps y/y.
- Early online spending data is stable QTD, above Street projecting a 3pt deceleration for Amazon North America sales growth.
- Transit growth decelerated 5pts in January (possibly weather related), Uber's recent 1Q guidance suggests less deceleration.

Alexander Perry – [Leisure: Local Leisure Spending Update through January 12 February 2024](#)

- Local Leisure categories largely decelerated in January due to cold weather headwinds.
- Winter clothing spend accelerated given weather benefits & following a warm holiday (correlated with Canada Goose (GOOS)/Columbia Sportswear (COLM) web traffic).
- We expect some reversal in Feb. as weather has trended warmer y/y in most of the country thru Feb. 10th.

Rafe Jadrosich – [Homebuilders and Building Products: Monthly building products spending snapshot: weather hits DIY in January 08 February 2024](#)

- For the month of January, overall consumer spending was down YoY in 7 of 9 building product categories we track.

- Home improvement spending fell (7.0%) YoY and (10.6%) MoM, but housing-related services spending rose 1.2% YoY and 4.9% MoM.
- Weakest categories YoY: Concrete contractors, lumber stores, and floor coverings. Strongest: HVAC (heating, ventilation, and air conditioning)/plumbing & roofing/siding.

Shaun Calnan – [Homebuilders and Building Products: January data deep dive: pool spending and channel trends 08 February 2024](#)

- For January, spending at pool supplies merchants declined -5.5% YoY (+37% vs. Jan 2019). MoM outperformed normal seasonality.
- Manufacturer sales trailed distributor/retail sales with destocking in 2023, but inventory days still above pre-COVID levels.
- Leslie's (LESL) web traffic declined 3% YoY and google trends for pools were down in January (trailing 4-week avg).

Jason Haas – [Retailing - Hardlines: Monthly hardline retail spending snapshot: Hardline spending down 9.9% in Jan 08 February 2024](#)

- In January, Hardlines spending declined 9.9% YoY (vs. -10.1% in December).
- Housing-related services, auto services, and auto parts retailers showed the largest acceleration from Dec to Jan.
- The following categories showed the largest deceleration from Dec to Jan: bedding, car wash, and furniture.

Lorraine Hutchinson – [Specialty Retail and Department Stores: Weak January across the board 09 February 2024](#)

- Clothing spending declined 5.3% y/y in January, compared to -4.6% y/y in December.
- Dec 2022's record high inventory levels resulted in elevated clearance in Jan 2023; lapping this has resulted in lower sales.
- Winter storms disrupted retail spending during Jan, primarily in the South, where cold weather disruptions are less common.

Sara Senatore – [Restaurants Industry: Monthly restaurant spending: spend down across segments on industry headwinds 09 February 2024](#)

- Aggregate restaurant spend declines y/y in January. Quick Service Restaurant (QSR), Pizza spend decline.
- Fast Casual flat y/y, casual dining restaurant (CDR) down sharply. Brick & Mortar (B&M) turns negative, Online decelerates m/m.
- Y/Y spend declines across income cohorts. By metropolitan statistical area (MSA) Las Vegas, San Francisco strongest, Portland weakest.

Jeffrey Spector – [Self Storage REITs: January spending basically flat vs. Dec and Y/Y 12 February 2024](#)

- January Storage card spending was up +0.3% M/M vs -0.8% in Jan '23 and Jan average ('15-'19) of 2.5%.



- Storage card spending improved on a Y/Y basis (-0.5%) in January vs. -1.4% in December.
- Visibility for the Storage REITs into 2024 is still limited.

Shaun Kelley – [Gaming and Lodging: January Card Spending and LV Room Survey: Lodging \(-\); Las Vegas \(=/+ \) 12 February 2024](#)

- BAC Aggregated credit and debit lodging card spend decelerated -3pp to -7% Y/Y in January.
- Las Vegas Strip card spend decreased to -4% Y/Y in January vs. +1% Y/Y in December.
- Overall card spend data was weak in Jan. which we think is caused by timing shifts around New Years and winter storm activity.

Robert Ohmes – [Retailing - Hardlines: Sporting goods spending update through January 12 February 2024](#)

- Sporting goods spending (correlated with Dick's (DKS) & Academy Sports & Outdoors (ASO) comps) decelerated to -7.7% in January from -6.1% in December.
- Online spending declined 6.9% while Brick & Mortar spending declined 8.3% in Jan., likely impacted by winter storms.
- Quarterly spending sequentially improved to -5.9% in F4Q (Nov. - Jan.) and remained strongest in the Midwest.

Mihir Bhatia – [Consumer Finance: January spending deceleration is nothing out of the ordinary 12 February 2024](#)

- January credit card spending declined 0.8% y/y, an acceleration from December at -1.0%. Credit card spend was down 10.6% m/m.
- Restaurant and travel credit card spending decelerated on a y/y basis. Goods and services spend appears solid.
- Credit card spending by high-earners (\$125K+) decreased 0.2% y/y, an acceleration from -0.6% y/y in December.

Joanna Gajuk – [Death Care: Funeral spending in January 2024 grew sequentially much faster than historically 12 February 2024](#)

- Funeral spending grew 14% m/m in January, much better than weaker Total card spending.
- The Jan m/m growth is better than the pre-COVID seasonality (+11% m/m).
- So far in 1Q24, funeral spending is tracking down 1% y/y, similar to -1% y/y decline in 4Q23.

Other reports may come over the next few days and weeks that use the January card data, but in the interest of keeping this as timely as possible, we only include notes out in the two trading days after BofA on USA.

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Methodology explained

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

BAC data used in this report include spending from active US households (HHs) only. Spending from corporate cards are excluded.

Our methodology for calculating the growth rates for daily data: we calculate the %Y/Y growth rate and the 4-year % change by matching calendar days (Jan 1 2023 is matched to Jan 1 2022, and Jan 1, 2019, respectively). The % change is calculated based on the 7-day moving average of spending levels.

Unless otherwise noted, the monthly subsector data are adjusted to control for seasonality and other factors.



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