



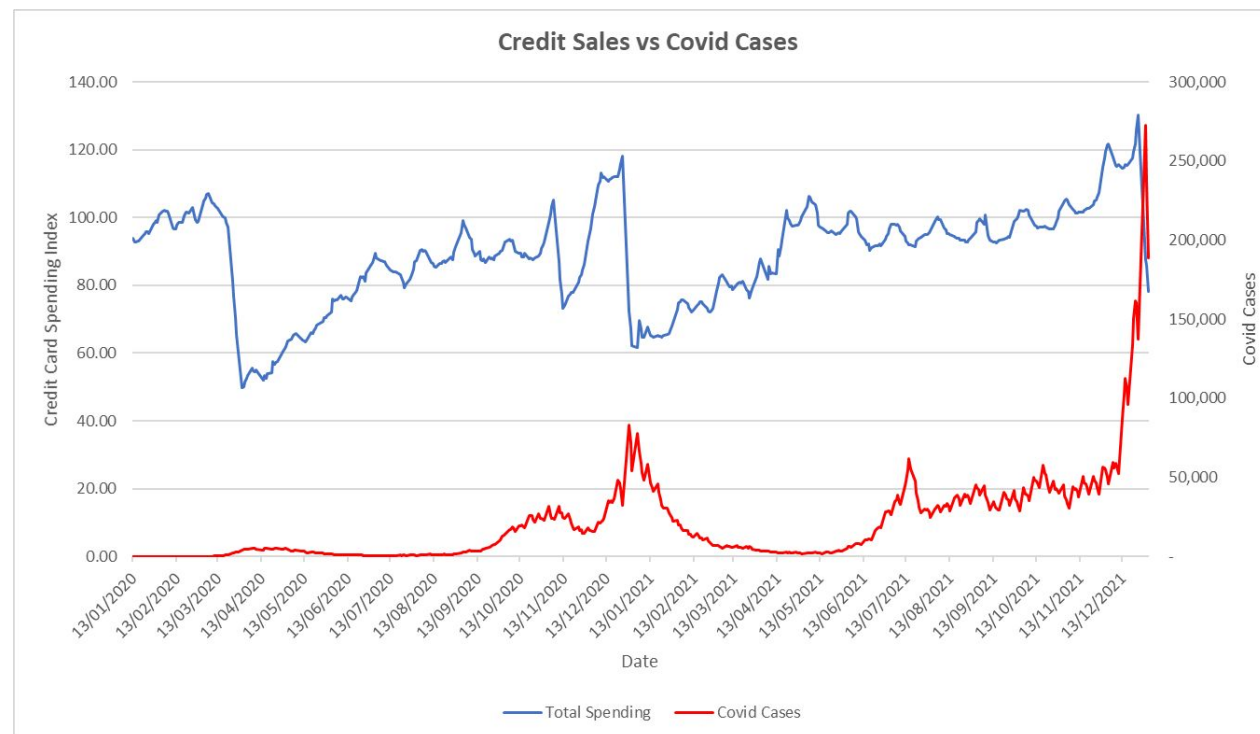
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# Impact Study of Omicron on Credit Card Sales

Citi Finance

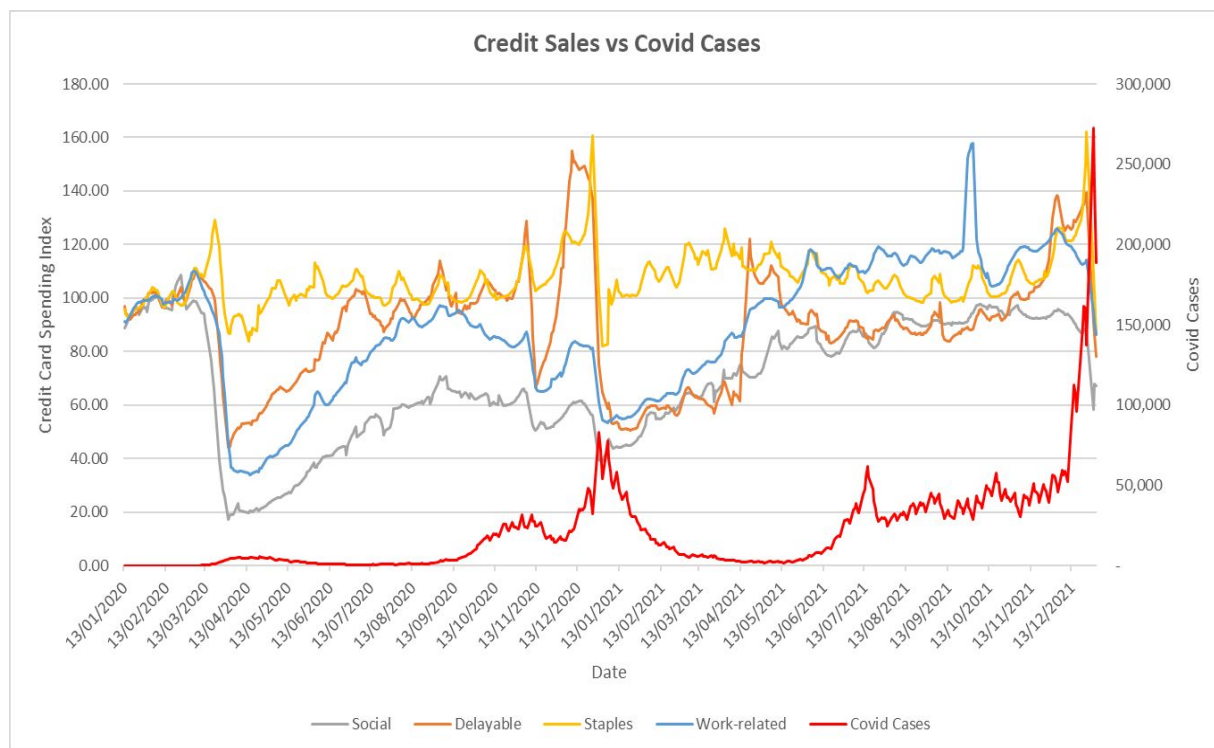


## Credit Card Sales vs. COVID-19 Cases



- Overall, there appears to be a negative relationship between the increase in COVID-19 cases and credit card sales. However, the correlation appears to weaken over time (possibly because of the COVID-19 vaccine rollout and pent-up demand).
- The first increase in COVID-19 cases in Mar/Apr'20 led to a significant drop in credit card sales. The subsequent uptick in COVID-19 cases in Dec'20 and Jan'21 resulted in a relatively similar drop in credit card sales despite a significant increase in new COVID-19 cases.
- In Nov'21, as Omicron started to kick off, there appeared to be a significant increase in new COVID-19 cases, but the drop in credit card sales has been mild compared to previous drops.

## Detailed Credit Card Sales vs. COVID-19 Cases

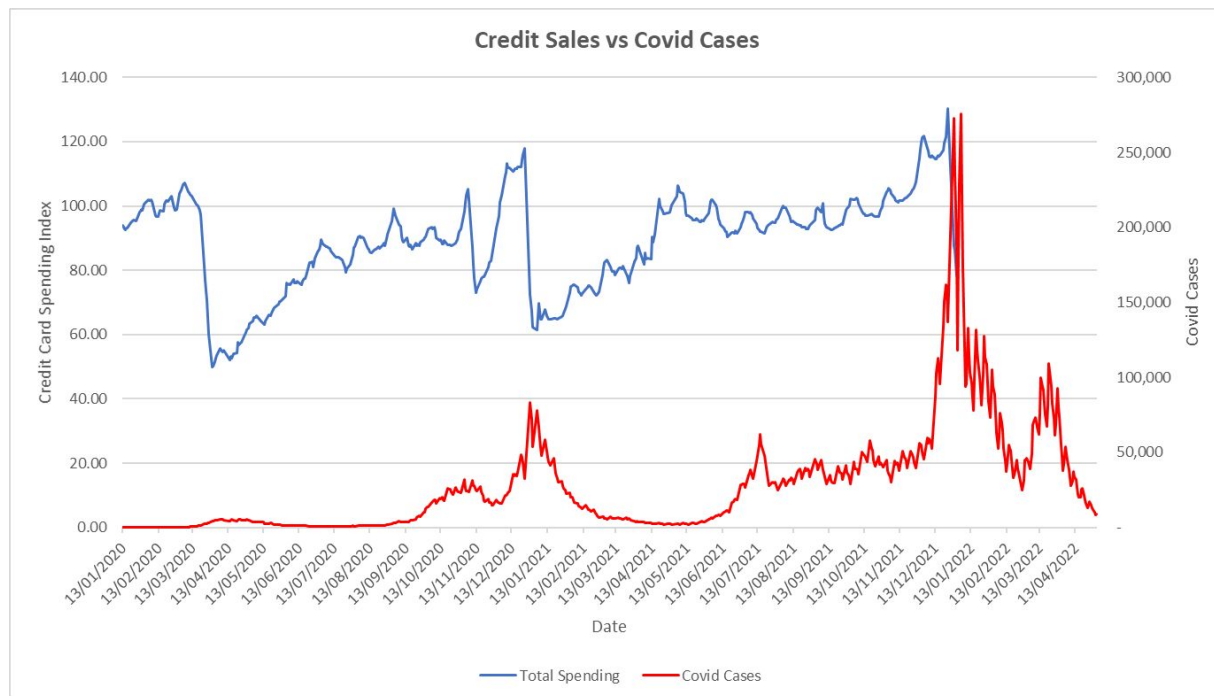


- Overall, it appears that the spending categories have been impacted differently by COVID-19 cases.

**Staples** – Overall, it has broadly been unaffected by COVID-19 cases. There has been a sudden increase in staples spending whenever there is an increase in COVID-19 cases, possibly because people tend to stock up on essential items whenever there is a chance of lockdowns. A similar pattern could be seen for Omicron in Dec'21.

- Work-related** – There has been a drop in work-related spending over time. The impact was more pronounced in Mar/Apr'20, but it was recovering until Dec'21. As Omicron kicked off, there was a significant drop in work-related spending.
- Delayable** – Initially dropped significantly but has recovered. It appears to have been impacted by COVID-19 cases and seasonal trends. It dropped in Mar/Apr'20 but then picked up in Dec'20, possibly due to the Christmas season. This dropped as COVID-19 cases increased in early 2021 but then picked up towards Easter and summer holidays. As Omicron kicked off, there was another significant drop in delayable expenses.
- Social** – Dropped significantly, and the drop has been more pronounced than any other category. It dropped significantly in Mar/Apr'20 and then slightly recovered before dropping again in Jan'21. As Omicron kicked off, there was again a significant drop in social spending.

## Expected Impact of Omicron on Credit Card Sales



- Omicron is a new variant of COVID-19, and the rise in cases between November 1, 2021, and May 1, 2022, could be attributed to this. Omicron appears to be highly transmissible compared to previous variants, but its impact has been milder.
- Based on historical credit card sales and COVID-19 case data for 2020 and 2021, and the latest case count up to May 1, 2022, we expect each spending category to be impacted differently due to an uptick in Omicron cases.

- **Overall** – As seen previously, there is a negative correlation between the increase in cases and credit card sales, but the correlation is weakening. We expect Omicron to follow the same trend and therefore expect a slight drop in credit card sales as Omicron cases increase.
- **Staples** – Expect to be broadly unchanged. There could be a sudden surge in spending on staples as consumers stock up on essentials but overall spending would remain intact.
- **Work-related** – Expect a more significant drop given the highly contagious nature of Omicron.
- **Delayable** – Expect a mild drop, but the overall spending would also be influenced by seasonal trends such as Easter and summer holidays.
- **Social** – This could drop significantly and remain low for a sustained period.
- Also, with the increase in vaccinations and the preparedness of the general public, the drop in credit card spending could be milder than in the past.