



Consumers Spending Much Less - Consumer Behavior

Recovery to the economy has become hinged on the ability of the American consumer to regain confidence and start spending again. What consumers spend on goods and services represents roughly 70% of Gross Domestic Product (GDP).

The Commerce Department, which tracks what consumers spend money on and how much they spend each month, reported the largest monthly drop in Personal Consumption Expenditures (PCE) since data tracking began in 1959. March PCE saw a 7.5% decline in consumer expenditures, as the pandemic restrained discretionary spending leading to a drop in over \$1.1 billion in expenditures. Expenditures composing the PCE Index include automobiles, food, housing, furniture, health care, and clothing.

Consumer behavior has been altered since the pandemic began, with a drop for certain items such as cars, furniture, and clothing, yet with an increase in food purchases at grocery stores. Many believe that it may be months before a better gauge of what consumers will be buying and where the demand may be.

Source: U.S. Commerce Department