ECONOMIC MONITOR: Downbeat consumers cut spending

Next milestone is back-to-school season

Consumer spending grew sluggishly in July, compared to the year before, according to the latest SpendTrend analysis from First Data Corp.

July's spending growth rate of 5.7% in dollar volume represented the slowest year-over-year growth rate logged since April 2012, the company reported. In June, the company had found that year-over-year growth was 6.4%.

"Consumers have undoubtedly showed tentativeness in their spending habits," First Data reported. One strong point in the mix was back-to-school spending. Likewise spending at hotels was up significantly--14.7%--reflecting increased vacation spending.

The SpendTrend analyses are based on actual point-of-sale purchases made with credit and debit cards in the payment company's proprietary system, so they reflect actual spending patterns, observed through same-store sales. This is as opposed to estimates or projections based on samplings or surveys. First Data pointed out that credit card dollar volume grew 7.4%, passing debit card dollar volume, in the July 2012 to July 2011 comparison.

"Consumers' moods will remain relatively downbeat until clearer signals emerge that the economy is stabilizing again," First Data reported. "Several macroeconomic factors are weighing heavily on consumers' ability to increase spending, including weak income and employment growth. Merchants will be watching carefully to see if early indications of strong back-to-school spending continue to materialize."

Interact with First Data's SpendTrend Dashboard for July

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[This article was posted on August 10, 2012, on the website of ABA Banking Journal, www.ababj.com.]