

PRESS RELEASE

22/08/2020



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Non-essential spend back up to 2019 levels as lockdown eases

- Non-essential spending in line with July 2019, having fallen by as much as 41% in April
 - Spending on holidays and restaurants improving as lockdown restrictions eased
 - Essential spend up 2% year on year as people resume travel

Significant easing of lockdown restrictions across the UK in July pushed non-essential spending back to levels seen a year ago, the latest spending data from Lloyds Bank can reveal.

Essential spend, which had recovered to pre-pandemic growth levels in June, continued its positive momentum in July, up 2% year on year.

Non-essential spend recovers but consumers have changed

The return of non-essential spend to 2019 levels marks an important milestone in the gradual recovery of the UK economy, following the dramatic drop in April, where spending was down 41% year on year.

However, whilst the latest data is encouraging, the easing of lockdown restrictions at different paces across the UK, and the way day to day life has changed since last year, means spending patterns look significantly different to 2019.

With more people continuing to stay and work from home, spending at home stores and electrical stores were up 41% and 37% respectively, when compared with July last year. Similarly, spending on home services (which includes gardeners and cleaners) is up 15% on last year, picking up since the 40% drop recorded in April.

Changes impacting the travel industry, which in July allowed more people to take advantage of the Great British staycation and trips further afield, also had a positive impact on the amount spent by people on trips away. Even though spending on holidays remained 65% down compared to the same month in 2019, there was a significant improvement on the 92% fall the month before.

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Similarly, restaurants began welcoming back customers throughout July and, whilst card spending was still 12% down year on year in July, this marked a significant improvement from June (down 51% YoY).

Gabby Collins, Head of Payments, Lloyds Bank said: *“Consumer spending has been forced to change as a result of the pandemic, impacting how we live, work, socialise and travel. Whilst it’s encouraging that non-essential spending is now back in line with the same time last year, it’s a step too far to say this is the moment the UK economy went ‘back to normal’.*

“Yet, early signs for August point to further increases in the amount spent across the UK on non-essentials hit particularly hard by lockdown. Initiatives like the Government’s “Eat Out to Help Out” scheme have tempted people back to high-street stores and restaurants so far, and many will be hoping this momentum can be carried through the Autumn.

Essential spend up as more people travel

Essential spend increased 2% in July year on year, having increased by a similar amount in June.

Whilst spending on food and drink increased by 22% in July, slightly down on the 26% increase in June, significant changes in the amount spent on fuel and commuting helped push up essential spend.

With more people travelling to work, and across the UK for staycations, fuel spend enjoyed a significant resurgence in July, down 19% year on year in July, compared to 31% in June. Similarly, spending on commuting fell 54% in July, a significant improvement on the 73% fall, in June.

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Essential & Non-Essential spending

Essential and Non-essential spending components are made up of identifiable transactions from debit and credit card spending, direct debits and standing orders from current account data (cash transactions are not included in this analysis). There are strong calendar effects within spending components, some of which will be accounted for using year-on-year growth rates while we attempt to adjust for irregular calendar effects. As a longer history of data becomes available, the adjustment methodology may be altered in future to better correct some of these changes. All figures presented represent a year on year comparison. The data has been weighted to be representative of the UK population.

This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw

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