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PRESS RELEASE

FOR IMMEDIATE RELEASE

Households adapt to cost of living squeeze as essential spend and fuel costs rise

- **Spending on essentials now 7% higher than a year ago, with fuel up 30%, as prices rise**
- **Growth in discretionary spend slows for first time in over a year**
- **Households focus more on leisure as spending on restaurants, pubs and holidays rise**

Households across the UK spent 7.2% more in May on essentials, compared to the same time last year, while scaling back on non-essentials, as the increased cost of living continues to hit household spending.

According to the latest Lloyds Bank Spending Power report, 34% more was spent on energy this May compared to last May, and 6% more between April and May of this year as households feel the pressure from rising prices.

This meant the average person is now spending £57 per month on energy bills – up from £47 since the start of the year.

Well-documented increases in the price of fuel contributed to the rise in spend by almost a third compared to last May (30%). Commuter transport spend also surged year on year, up 52%, as workers continue to return to offices.

The latest analysis - which includes standing orders, Direct Debit and card payments saw spending on grocery shopping has increased 2% in the same period.

Non-essential spend still growing, but at slower rate

While essential spend continues to grow, discretionary spending showed signs of slowing in May. Up by just 0.6% from April to May, year on year non-essential spending grew 11.1%, the slowest annual increase since February 2021.

People are adapting spending habits as a result of rising fuel and energy costs, as well as demand not being as high compared to May 2021, when shops reopened after restrictions lifted. Spending at department (-27%), electrical (-22%), and home stores (-8%) all fell across the year.

However, the data shows that people are still eager to take time out to relax, or go on holiday. Spending at restaurants and pubs was up almost a third on May of last year (29%), while spending on holidays saw a huge surge, trebling over the period (217%) with people keen to get away after two years of Covid-19 restrictions.

In fact, holiday spend jumped 9% between April and May this year, suggesting news of flight disruption is not dampening some people's determination to get away.



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Yet, with essential spend increasing, Lloyds Bank research found that the rising prices of everyday items is very concerning for over two thirds of UK adults (68%), up from 52% since the end of last year*.

Gabby Collins, Payments Director Lloyds Bank, said: *“We are starting to see early signs that peoples’ spending behaviour is adapting to the increasing cost of living. Growth in discretionary spending is tightening, while at the same time annual growth in essential spend is at its fastest rate since the start of 2022.”*

Ends

Notes to editors

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, as well as cash and credit card spending. All figures presented represent a twelve month comparison of May 2021 and May 2022 unless otherwise stated. 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 this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance. © Lloyds Bank plc all rights reserved 2022.

*Source: Yonder (formerly Populus) conducted an online sample of 2077 UK adults 18+ between 6th – 8th May 2022 and an online sample of 2066 UK adults 18+ between 3rd – 5th December 2021. Data is weighted to be representative of the population of the UK. Targets for quotas and weights are taken from the PAMCO survey, a random probability survey conducted annually with 35,000 adults. Yonder is a founding member of the British Polling Council and abides by its rules. For further information see <http://www.britishpollingcouncil.org/>

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