



APS Portfolio Strategy call

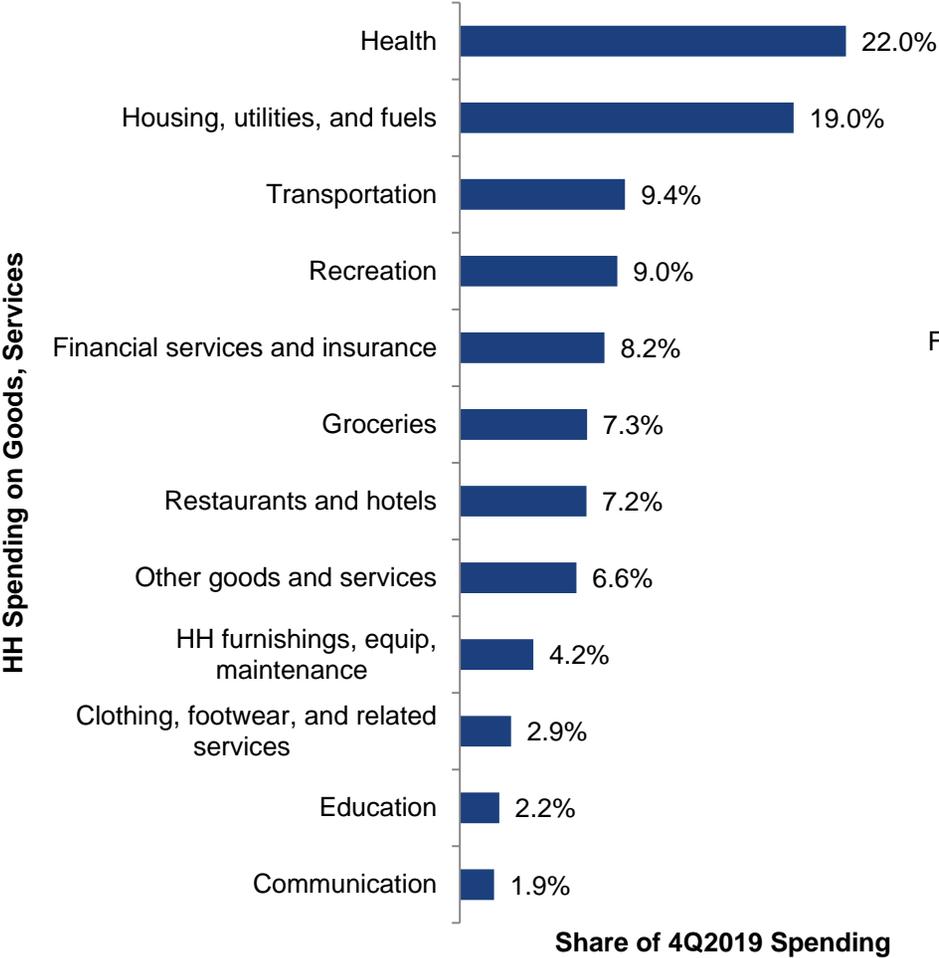
Searching the Internet for clues to consumer spending

June 11, 2020

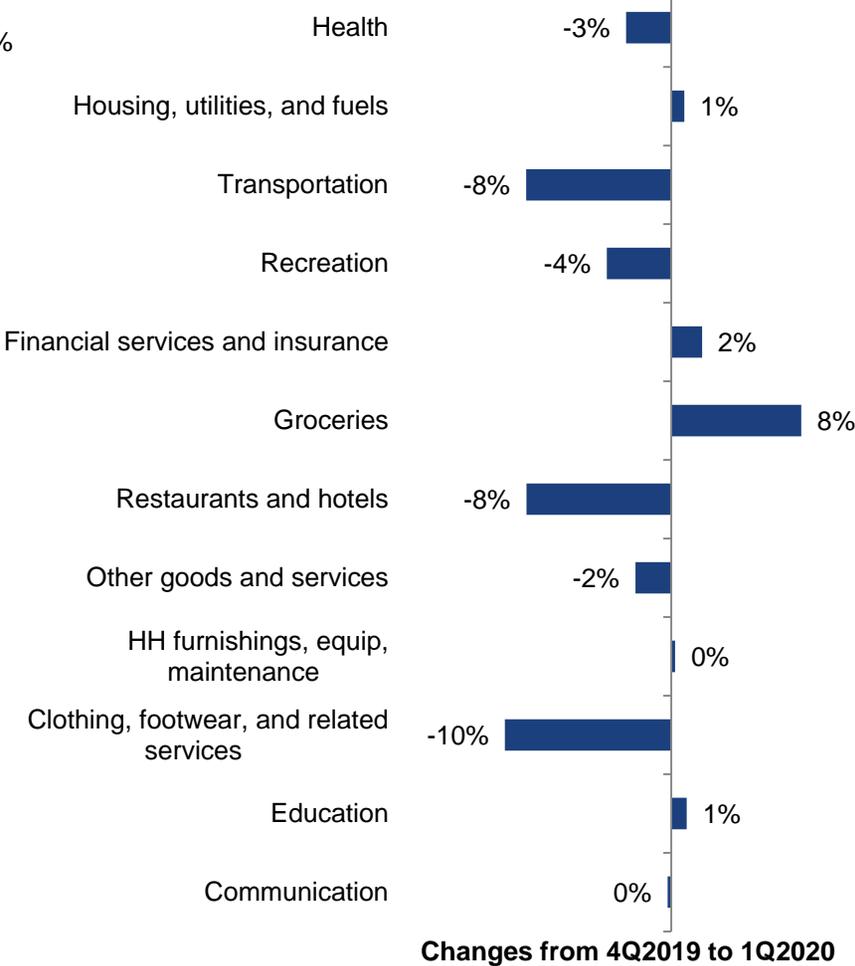
Steven Abrahams, APS head of investment strategy, host
Brian Landy, APS senior strategist
Stephen Stanley, APS chief economist

THE SHAPE OF CONSUMER SPENDING HAS SHIFTED IN 2020

Household spending in 4Q2019...



Shifted in 1Q2020



Source: US Commerce Department, Amherst Pierpont Securities

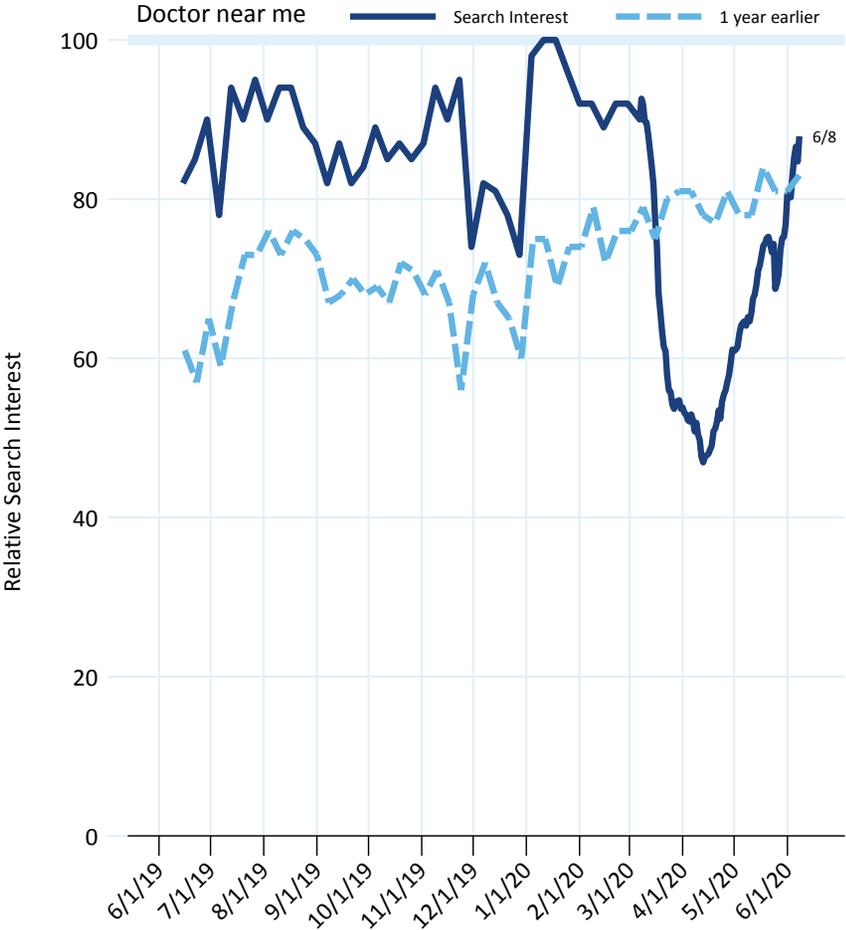
FREQUENT, REAL-TIME MEASURES BECOME MORE IMPORTANT

Conventional sources	Unconventional sources
<ul style="list-style-type: none">• Government statistics• Private industry surveys• Corporate earnings	<ul style="list-style-type: none">• Mobile phone location data• Internet search data

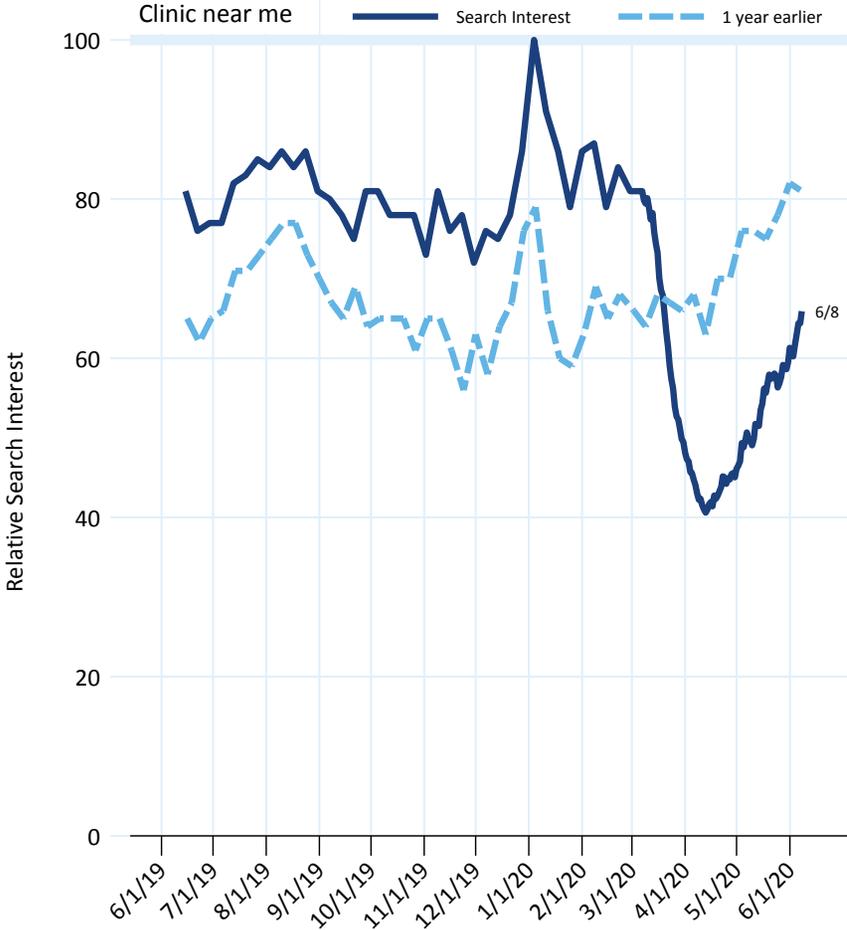
Source: Amherst Pierpont Securities

SPENDING ON HEALTHCARE LOOKS LIKELY TO RETURN TO 4Q LEVELS

“Doctor near me”



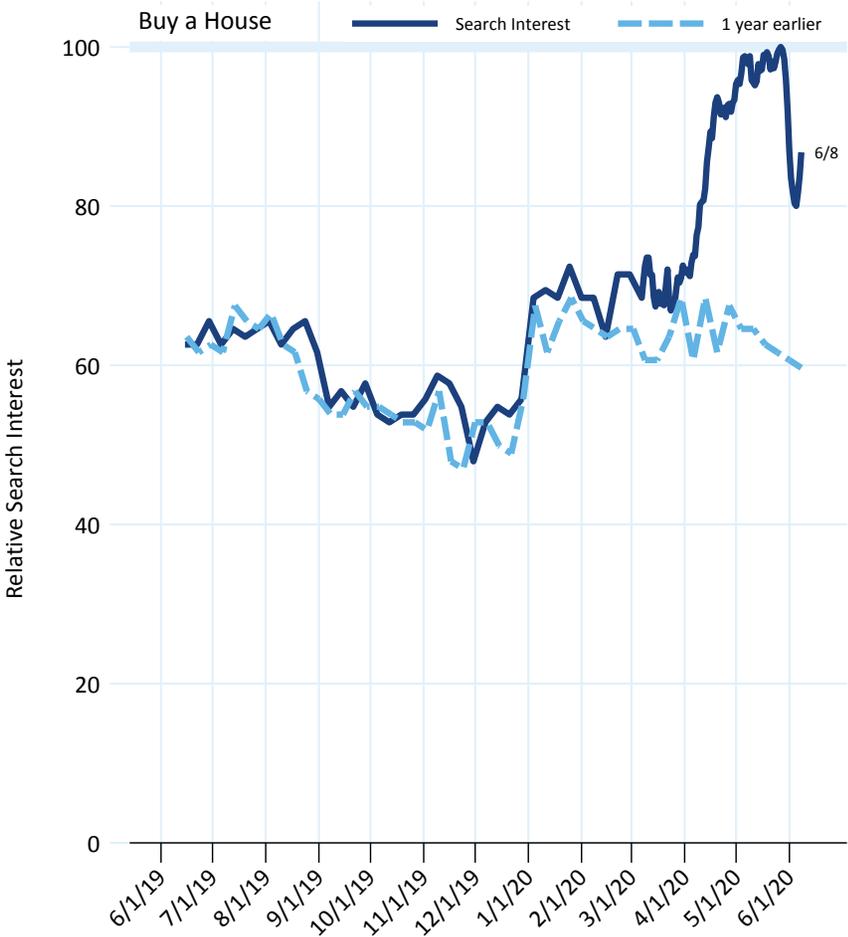
“Clinic near me”



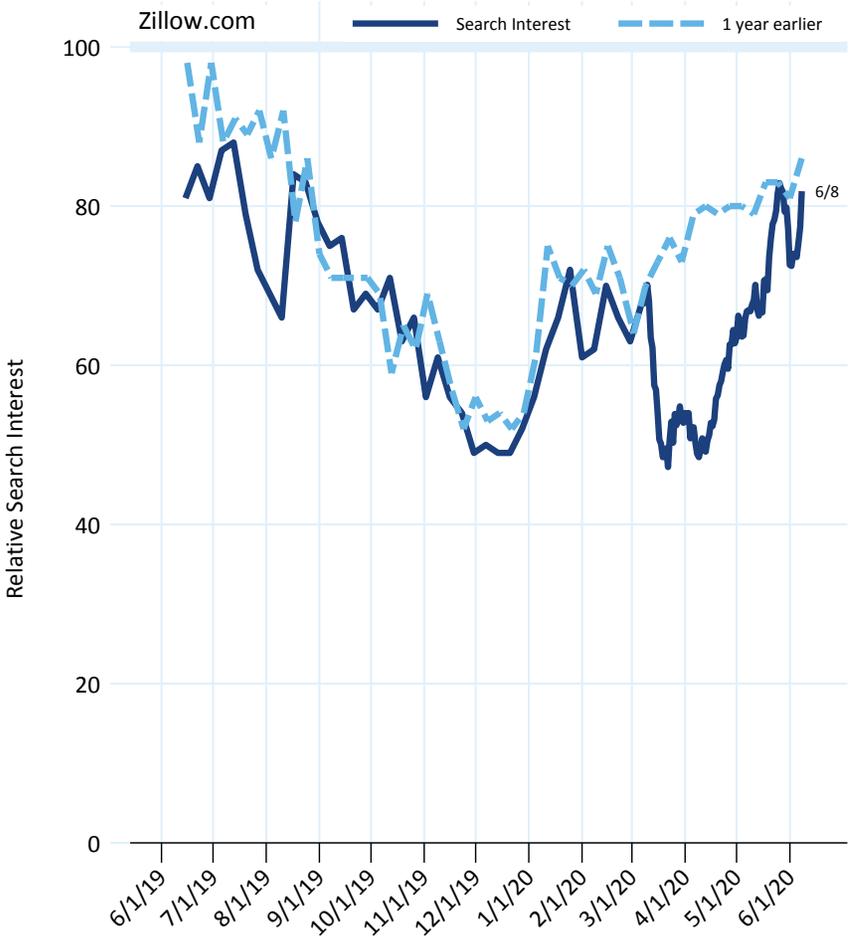
Source: Google Trends, Amherst Pierpont Securities

SPENDING ON HOUSING LOOKS LIKELY TO EXCEED 4Q LEVELS

“Buy a house”



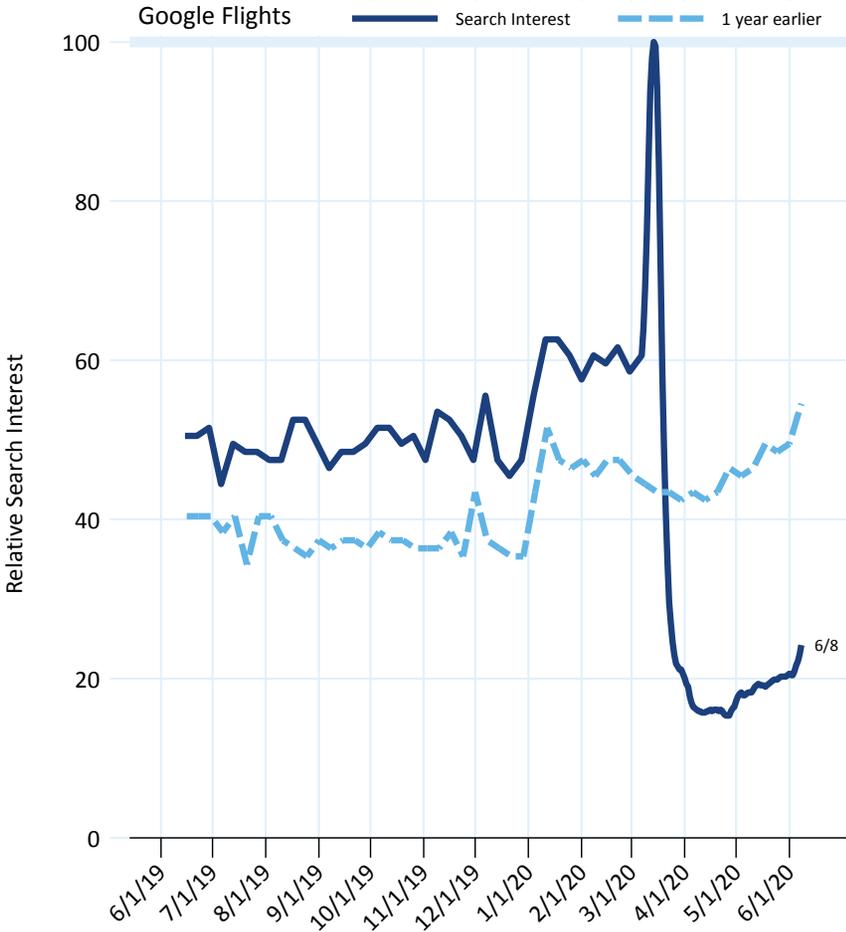
“Zillow.com”



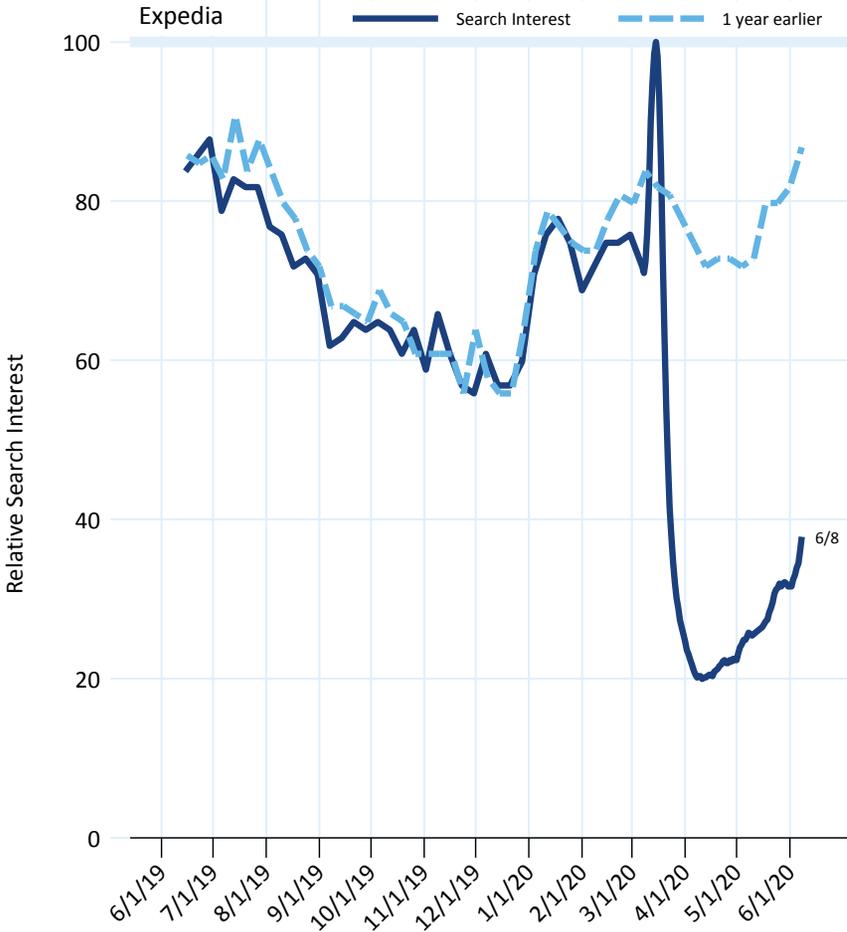
Source: Google Trends, Amherst Pierpont Securities

SPENDING ON TRANSPORTATION IMPLIES FLYING IS OUT...

“Google Flights”



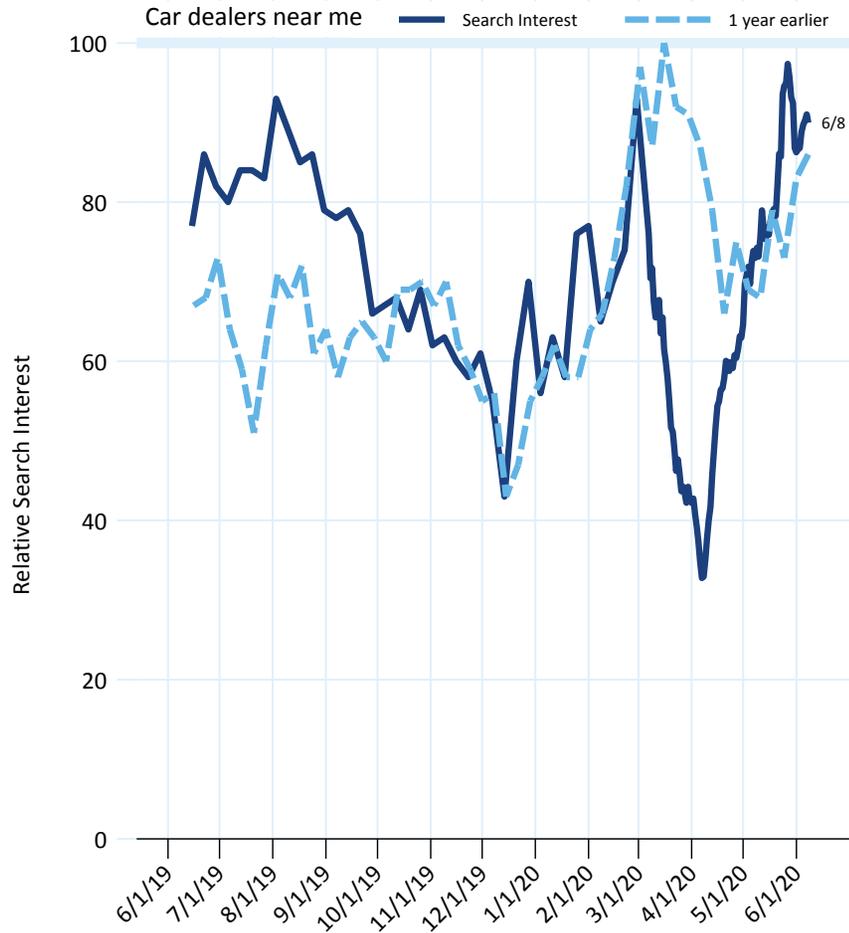
“Expedia”



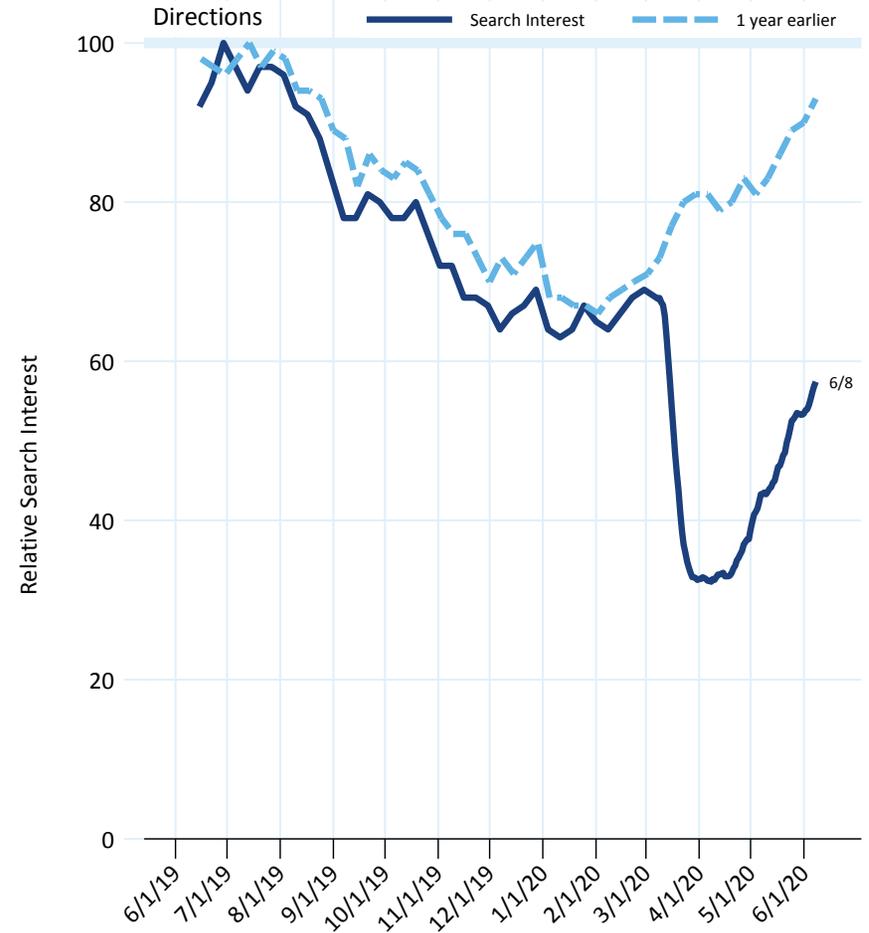
Source: Google Trends, Amherst Pierpont Securities

BUT DRIVING IS IN

“Car dealer near me”



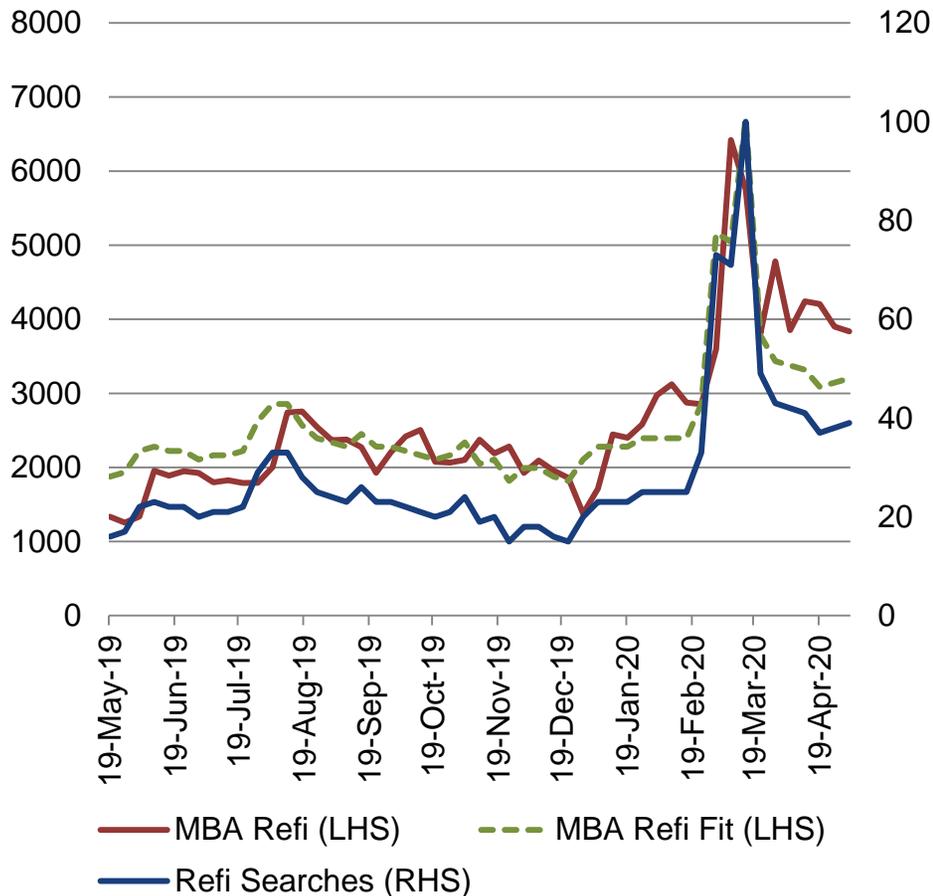
“Directions”



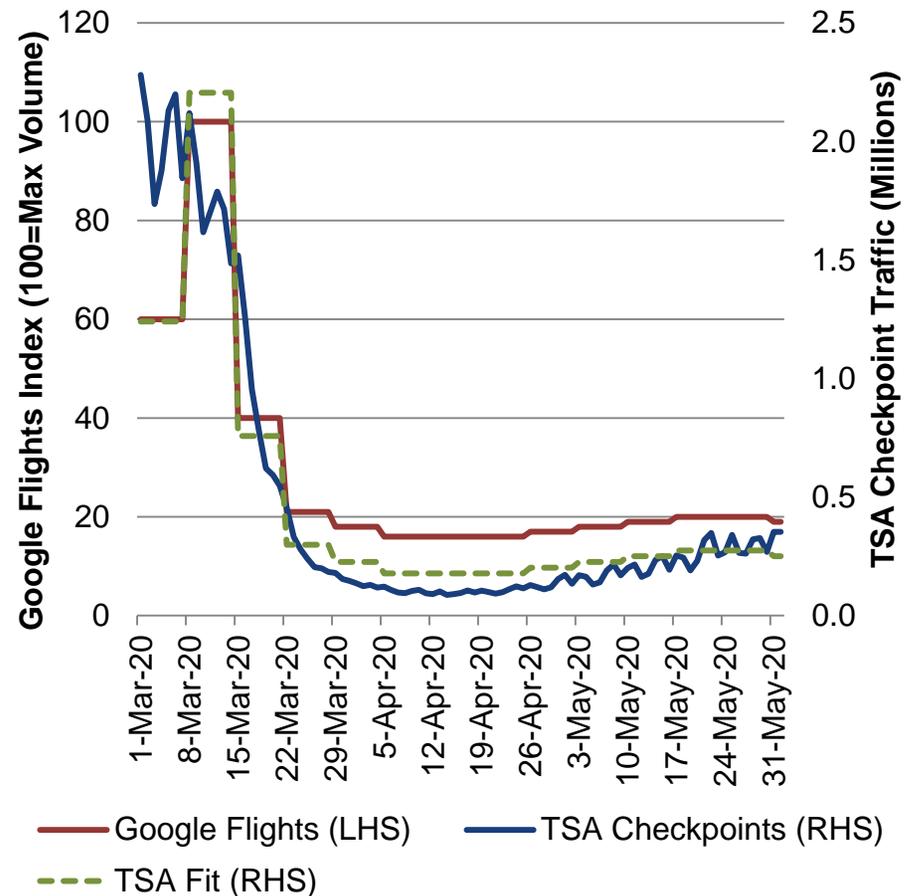
Source: Google Trends, Amherst Pierpont Securities

SEARCHES CAN BE AS GOOD AS PRIVATE OR PUBLIC SURVEYS

“Refinancing” tracks the MBA Refinancing Index



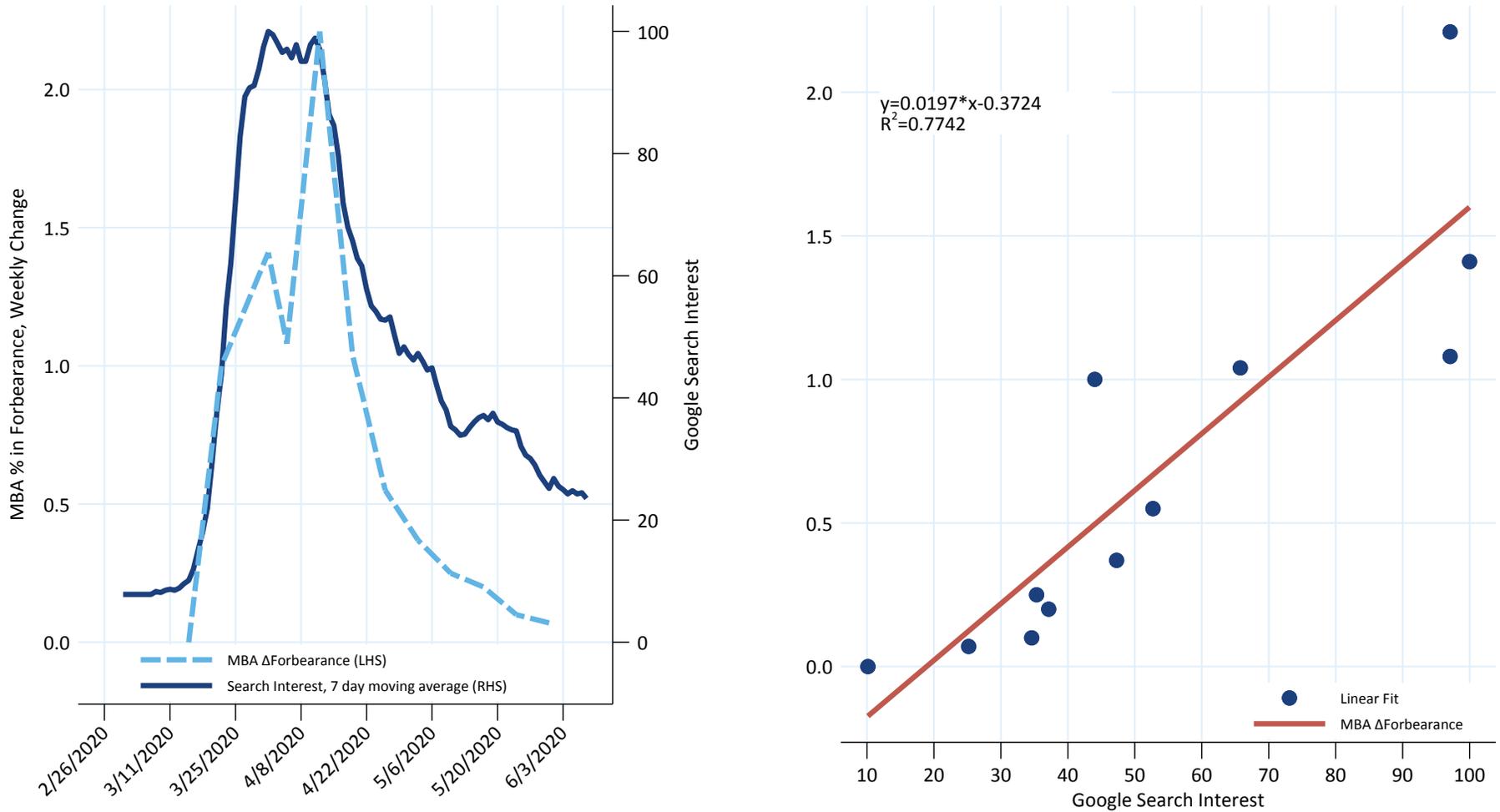
Google Flights tracks the TSA checkpoint traffic reports



Source: Google Trends, Amherst Pierpont Securities

SEARCHES CAN BE BETTER THAN CONVENTIONAL SURVEYS

“Forbearance” tracks interest weeks in advance of private sources



Source: Google Trends, Amherst Pierpont Securities

SEARCHES IMPLY A NET DROP IN CONSUMER SPENDING IN 2H2020

Leaders: Housing, autos, groceries
Laggards: Airlines, hotels, restaurants, movies and live events

Household spending category	% 4Q19 HH Spending	Implications of search data: 2Q2020 spending vs 4Q2019 spending	Implications of search data: 2H2020 spending vs 4Q2019 spending
Health	22.0	Lower	Even
Housing, utilities and fuels	19.0	Higher	Higher
Transportation	9.4	Much lower	Much lower
Recreation	9.0	Much lower	Much lower
Financial services and insurance	8.2	High	Even
Groceries	7.3	Much higher	Much higher
Restaurants and hotels	7.2	Much lower	Much lower
Other goods and services	6.6	Lower	Even
HH furnishings, equipment, maintenance	4.2	Higher	Even
Clothing, footwear, related services	2.9	Much lower	Much lower
Education	2.2	Lower	Even
Communication	1.9	Higher	Even

Source: Amherst Pierpont Securities

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