

PRESS RELEASE

26/05/2020



LLOYDS BANK

Fall in essential spend as consumers spend nearly 60% less on fuel in April

- Essential spend down 6% compared to a year earlier
- Spending on groceries up 18% for the second month, money given to charity up 4%
- Non-essential spend down 42%, driven by a 94% fall in holiday spend

Essential spend in April fell by 6% compared to last year, as the country spent its first full month in lockdown, data from Lloyds Bank has shown.

Travel suffers as the UK stayed at home

Heeding the Government's 'Stay at Home' message, the overall dip in essential spend in April was driven by a drop in money spent on travel. The amount usually put towards fuel was down 58%, and day to day commuting costs 86%, together both accounting for over half of the total fall in essential spend.

Spend on health services, such as visits to dentists and opticians, also suffered this month when compared to a year earlier, down 55%.

However, supermarkets and food stores continued to buck the trend as people prepared for longer periods at home. Spending grew 18% year on year in April, the same increase as was seen in March.

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Regionally, essential spend was down 9% in London compared to last year, the highest of any region, followed by the South East, where a fall of 8% were recorded. The North East, and Northern Ireland, saw the smallest contractions in essential spend growth, each at 3%.

Money spent by Londoners commuting in the capital fell by 86% compared to a year earlier - the biggest contributor to its total fall in essential spend (6% of 9%).

Non-essential spend

Spending on non-essential items took a dramatic fall in April. A month earlier, when the national lockdown took hold after the 23rd of March, discretionary spend was down 21% when compared to last year. However, in April, this had plunged even further to 42%.

With many establishments still closed to customers, severe dips in spending on holidays (94%) and in restaurants (75%), accounted for 11% and 9% of the total fall in April.

However, money put towards charitable causes is up 4% in April compared to last year, a huge show of support to the most vulnerable in society when everyone is faced with such uncertainty.

Regionally, London has seen the biggest reduction in non-essential spend in April, falling by nearly half (47%) compared to a year ago. Scotland (43%), East of England (42%), and the South East (42%) have also seen significant falls compared to a year earlier.

Gabby Collins, Head of Payments at Lloyds Bank, said: *“The heavy falls in total spending seen in April – particularly in areas such as holidays and commuting - were expected following the guidance from the UK Government to ‘Stay at Home’. However, the eventual impact on people’s finances is going to be harder to predict, with many experiencing drastic changes to their financial situation due to the pandemic.*

“It may sound simple, but taking some time out to review your current finances, can help you budget for the coming weeks and months.”

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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.

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