



COVID-19 & the economy:

Navigating the **impact**

March 2021



Executive summary

COVID-19 cases & vaccination

3

- ❑ Number of new cases declined sharply in February; Deaths and hospitalizations also decreased
- ❑ 13.5% of the US has been fully vaccinated by mid-March and 24.9% has received first vaccine dose
- ❑ New, more contagious variants reported in the US, but few cases

COVID-19 economic impact

8

- ❑ Food insecure households have increased (+2.7MM this month) and more are relying on government funded food assistance than prior to the pandemic
- ❑ \$ growth slows slightly in latest 13 weeks (+4.4%) vs previous 13 weeks (+10.1%)
- ❑ Retail Food Service improves to -4% below YA, while CPG growth declines
- ❑ Ecom maintains extremely high sales growth

Economic indicators (through Feb/Mar)

17

- ❑ Fixed Mortgage rate has climbed to over 3%
- ❑ GDP bouncing back from Q2's historic decline
- ❑ US dollar index continues to weaken, down over 9% vs YAG
- ❑ Personal savings 7pt jump attributed to Dec 2020 stimulus
- ❑ Consumers are paying more across all products and fuel

US COVID-19 cases exceed 29MM, global tops 123MM (as of March 21)

Active cases: 38,963,308 (31.50%)

Deaths: 2,845,989 (2.30%)

People recovered: 81,692,648 (66.10%)

Location	Status of cases	▼ Cases	Deaths	Recoveries (where reported)
Total		123,501,945	2,845,989	81,692,648
Europe		37,775,896	1,008,198	18,656,554
North America		30,808,163	565,186	15,116,636
Latin America		23,661,418	743,945	20,766,423
Asia		17,083,743	266,490	16,118,788
Middle East		9,974,840	150,838	7,337,498
Africa		4,144,099	110,218	3,663,353
Oceania		53,786	1,114	33,396
United States		29,873,534	542,498	14,239,791
Brazil		11,998,233	294,042	10,449,933
India		11,646,081	159,967	11,151,468
Russia		4,466,153	222,658	4,077,185
United Kingdom		4,301,925	126,172	344
France		4,298,395	92,621	281,885
Italy		3,400,877	105,328	2,732,482
Spain		3,212,332	72,910	150,376
Turkey		3,013,122	30,061	1,127,958
Germany		2,663,383	75,031	2,256,194

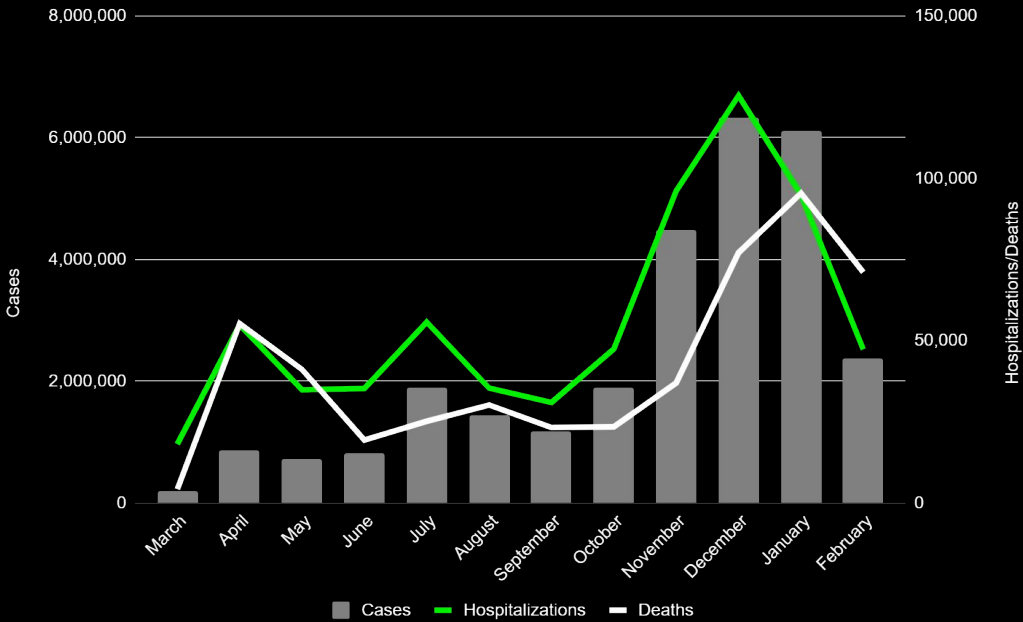


- Globally, more than 2.8 million people have died from COVID-19
- The US accounts for 24% of all cases, and 19% of all deaths

Cases, hospitalizations and death rates declined in February

Number of new cases sees sharp decline

US cases, hospitalizations, and deaths by month

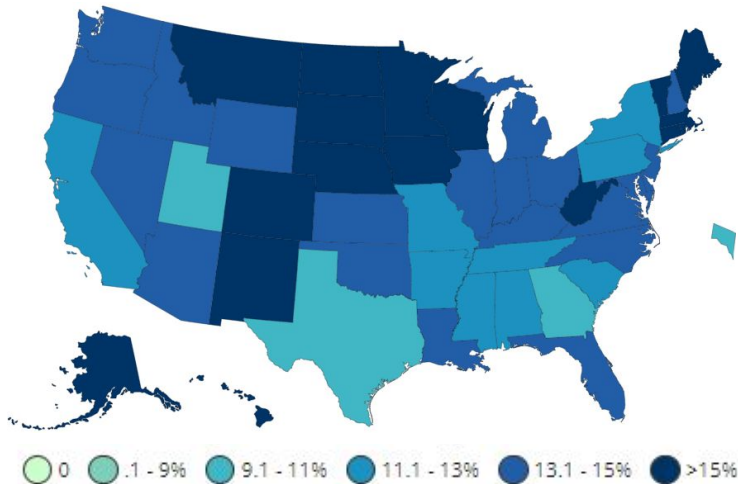


- By mid-March, 11.5% are fully vaccinated
- Number of people hospitalized decreased by 50% in February

13.5% of the population is fully vaccinated

More than half of US adults want a vaccine/is already vaccinated

Percent of People Fully Vaccinated As of March 21 (updated Mar 22)¹



COVID-19 Vaccinations in the US As of March 21 (updated Mar 22)¹

People Vaccinated	At Least One Dose	Fully Vaccinated
Total	82,772,416	44,910,946
% of Total Population	24.9%	13.5%
Population 18+ years of age	82,556,600	44,848,494
% of Population 18+ years of age	32.0%	17.4%
Population 65+ years of age	37,877,241	23,263,175
% of Population 65+ years of age	69.2%	42.5%

When an FDA authorized vaccine for COVID-19 is available to you for free, do you think you will...?²

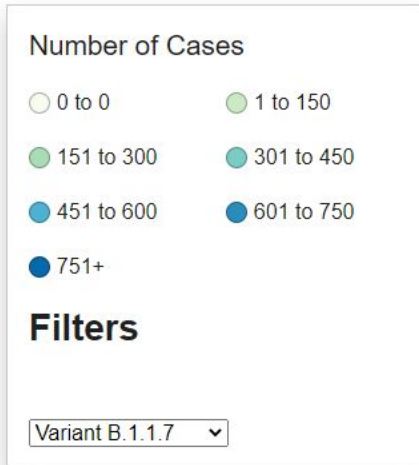
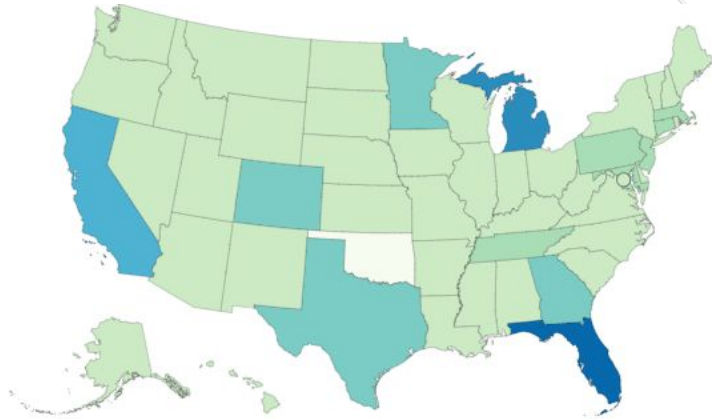
- Already vaccinated: 18%
- Get it as soon as you can: 37%
- Wait and see how it's working: 22%
- Get it only if required: 7%
- Definitely not get it: 15%

Source: 1) <https://covid.cdc.gov/covid-data-tracker/#vaccinations> | Updated 3/22/21

2) KFF COVID-19 Vaccine Monitor: February 2021; <https://www.kff.org/coronavirus-covid-19/poll-finding/kff-covid-19-vaccine-monitor-february-2021/>

New COVID-19 variants have emerged; Number of cases remain low

Three variants were reported in the US in December and January



Variant/Origin	Reported Cases in US	# of Jurisdictions Reporting
B.1.1.7 United Kingdom	6390	51
B.1.351 South Africa	194	27
P.1 Japan/Brazil	54	18

Territories AS GU MH FM MP PW PR VI





COVID-19 consumer behavior impact

Consumers are continuing to embrace E-commerce

JAN 30

WHO Declares Global Public Health Emergency

MAR - APR

Social Distancing Guidelines Implemented

MAY

Many states partially or fully reopen

JUN - JUL

Several states report record high case counts & impose new restrictions

AUG - SEP

Schools reopen, in person and online. Restrictions and cases vary across US

OCT/NOV

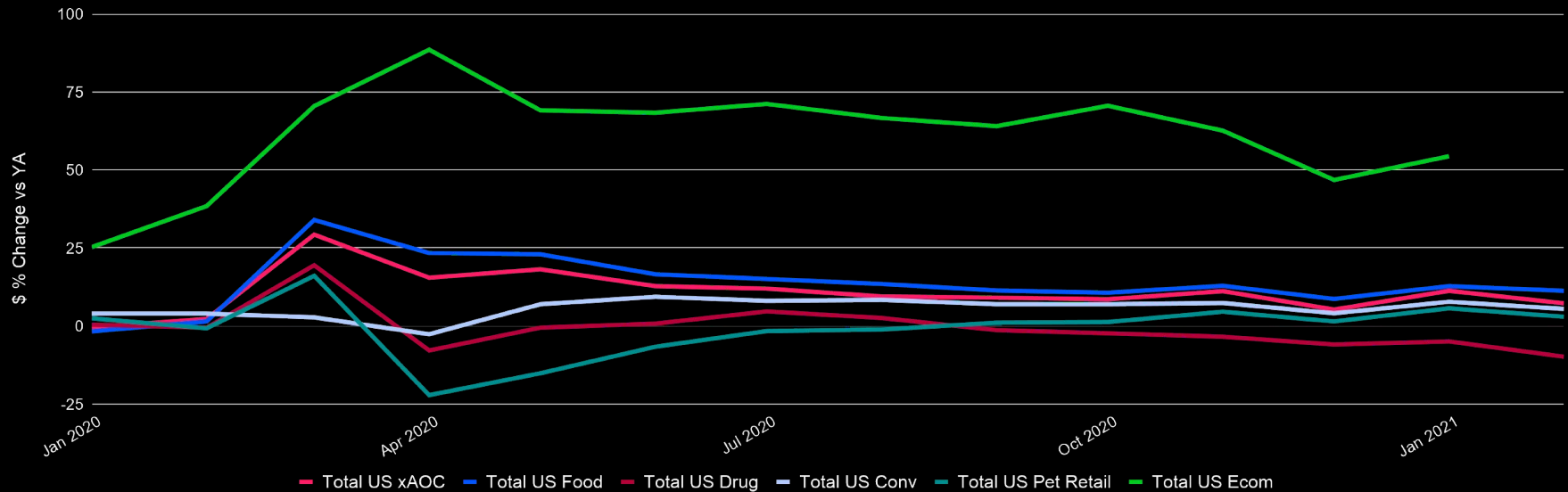
Case counts rise to third peak since the onset of the pandemic. New restrictions

DEC

Holiday case surge continues from November throughout December

JAN/FEB

Vaccinations begin across the US. Three vaccines approved by FDA



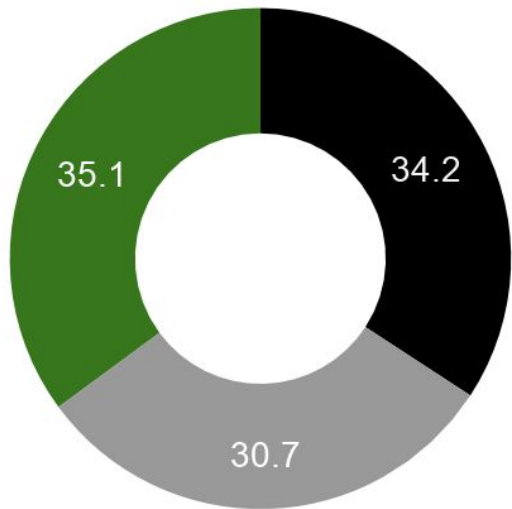
Source: Nielsen Core | 445 Monthly Periods | Nielsen E Commerce Measurement, updated monthly | Updated 3/6/21

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Low income consumers yield significant spending power in store & online

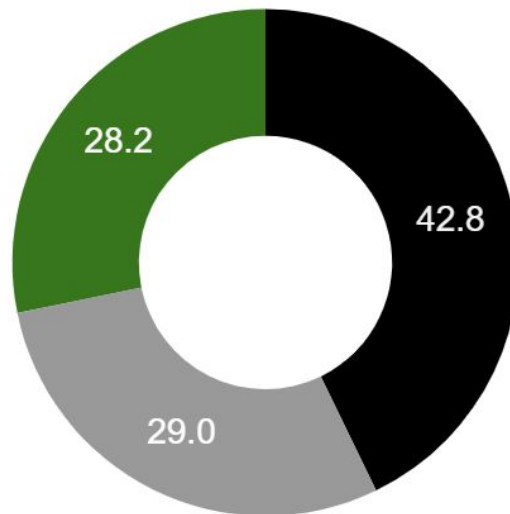
These consumers have a strong preference for online beauty and personal care

B&M % of dollars by income segment



● Low income ● Middle Income ● High Income

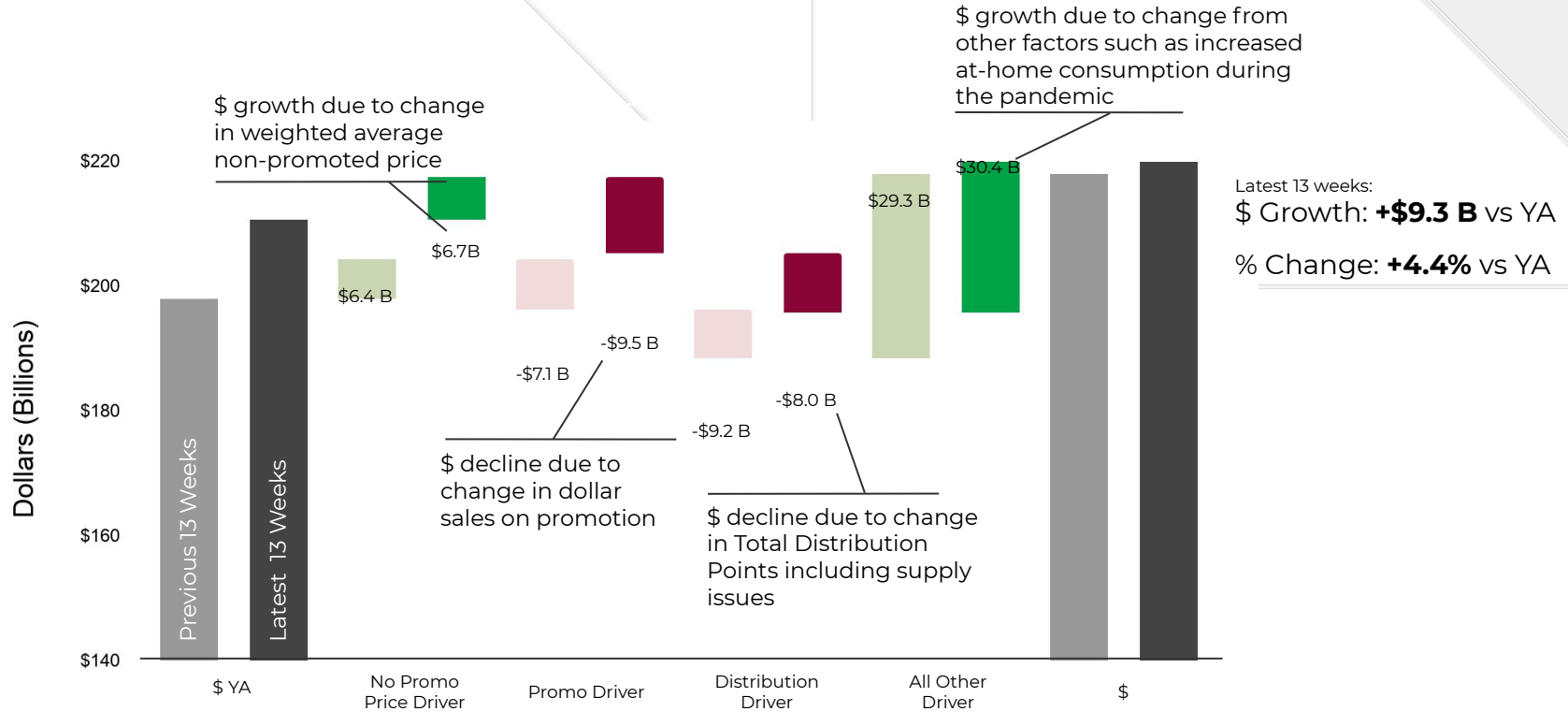
Online % of dollars by income segment



● Low income ● Middle income ● High income

High demand and prices drive growth; distribution improves

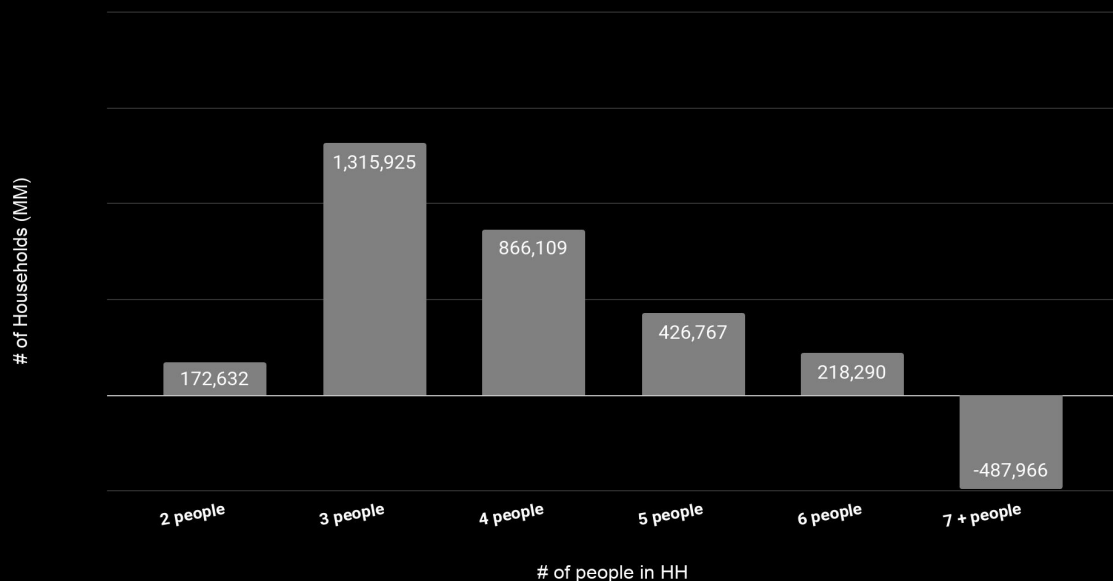
Growth slows in latest 13 weeks (+4.4%) vs previous 13 weeks (+10.1%)



2.7MM more households face food insecurity vs Pre-Covid

3 & 4 person HHs are facing food insecurity at higher rate

Change in food insecure HHs vs March 2020



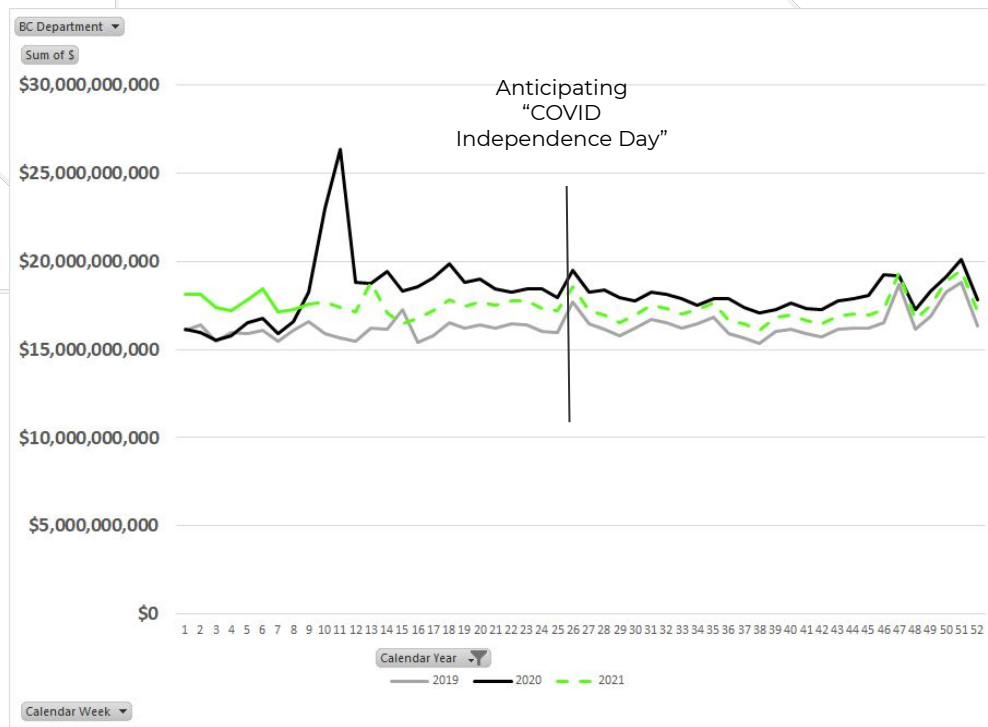
15%
Increase in
SNAP benefits
through Sept
2021

Source: 1) United States Census, Household Pulse Survey Latest 7 Days Ending March 10, 2021 (Week 25),
Food Insecure = HHs Sometimes or Often Not Enough to Eat;
2) Whitehouse.gov, American Rescue Plan Fact Sheet

2021 Forecast to finish 6.7% above 2019, but -4.5% below 2020

Total US xAOC Total Store including Random Weight

2019 Total US xAOC	\$848.1 B
2020 Total US xAOC	\$947.3 B
2020 \$ % Chg vs 2019	11.7%
2021 Total US xAOC	\$904.8 B
\$ % Chg to 2019	6.7%
\$ % Chg to 2020	-4.5%





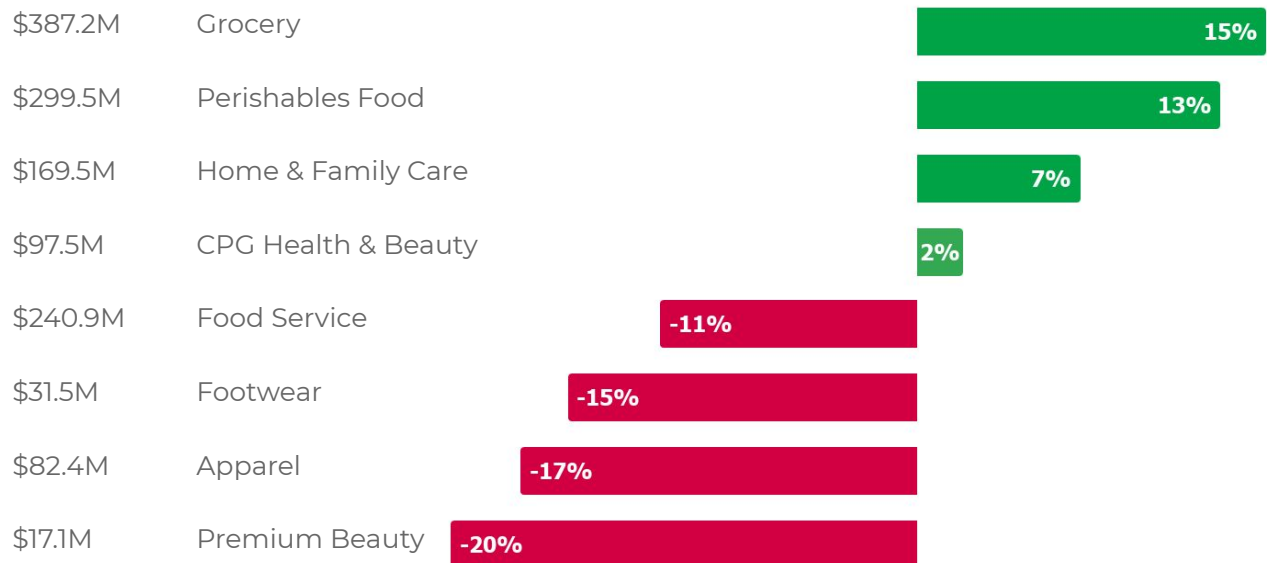
2021 forecast

Anticipated
growth will not
be even across
departments

Department	2019	2020	2020 \$ % Chg vs 2019	2021	\$ % Chg to 2019	\$ % Chg to 2020
GROCERY	\$241.3 B	\$273.1 B	13.2%	\$260.7 B	7.6%	-4.9%
HEALTH & BEAUTY CARE	\$94.1 B	\$99.2 B	5.5%	\$96.2 B	2.3%	-3.1%
MEAT	\$70.1 B	\$83.3 B	18.8%	\$77.4 B	10.5%	-7.0%
DAIRY	\$70.8 B	\$79.5 B	13.9%	\$75.4 B	8.1%	-5.1%
PRODUCE	\$64.4 B	\$72.8 B	11.5%	\$69.8 B	6.8%	-4.2%
HOUSEHOLD CARE	\$58.8 B	\$68.7 B	17.3%	\$63.7 B	8.6%	-7.4%
FROZEN	\$54.9 B	\$65.2 B	21.0%	\$61.6 B	12.5%	-7.1%
GENERAL MERCHANDISE	\$45.8 B	\$47.0 B	4.9%	\$46.0 B	2.6%	-2.1%
ALCOHOL	\$38.8 B	\$44.1 B	16.9%	\$42.6 B	10.1%	-5.9%
DELI	\$39.4 B	\$40.8 B	1.1%	\$40.0 B	1.6%	0.5%
PET CARE	\$23.5 B	\$24.5 B	4.2%	\$23.3 B	3.5%	-0.7%
BABY CARE	\$16.1 B	\$16.2 B	1.0%	\$16.1 B	0.2%	-0.8%
BAKERY	\$14.4 B	\$14.0 B	-2.2%	\$14.3 B	-0.3%	1.9%
TOBACCO	\$11.8 B	\$10.1 B	-6.1%	\$10.3 B	-4.4%	1.8%
SEAFOOD	\$6.5 B	\$7.2 B	24.9%	\$7.7 B	16.5%	-6.7%
FLORAL	\$5.0 B	\$5.2 B	4.0%	\$5.3 B	6.9%	2.7%
BULK BIN	\$0.4 B	\$0.3 B	-28.8%	\$0.3 B	-19.9%	12.5%
Grand Total	\$848.1 B	\$947.3 B	11.7%	\$905.8 B	6.7%	-4.5%

Grocery and Perishable Food post strong dollar growth

Category Size



**Grocery up
15%**



Economic indicators

Consumer confidence continues to improve; savings rates spike

Consumer Confidence

91.3

▲ +2.4 pts vs Jan
▼ -41.3 pts vs YAGO

Unemployment

6.2%

-0.1 (Feb '21 vs Jan '21)

+2.7 (Feb '21 vs YAGO)

Unemployment improved vs January, still up vs year ago

Savings Rate

20.5%

▲ 7.1 (Jan '21 vs Dec '20)

▲ 12.6 (Jan '21 vs YAGO)

Savings rates increased compared to the prior month and up 12.6 pts vs year ago due to stimulus

Average Wages

\$30.01

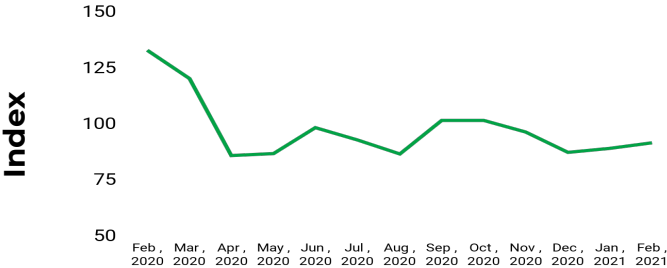
▲ \$0.07 (Feb'21 vs Jan '21)

▲ \$1.49 (Feb '21 vs YAGO)

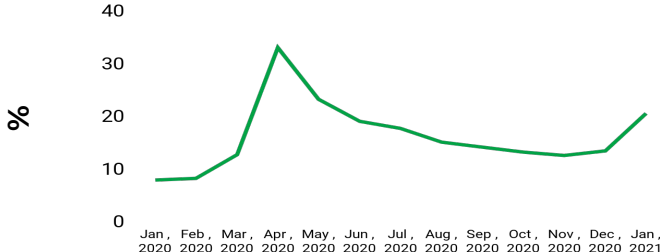
Average wages increased by \$1.49 vs YAGO

Personal savings 7pt jump attributed to Dec 2020 stimulus

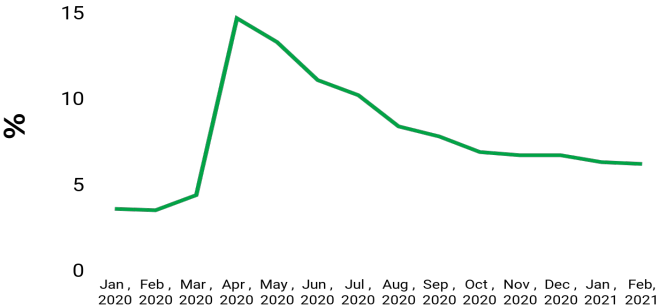
Consumer Confidence



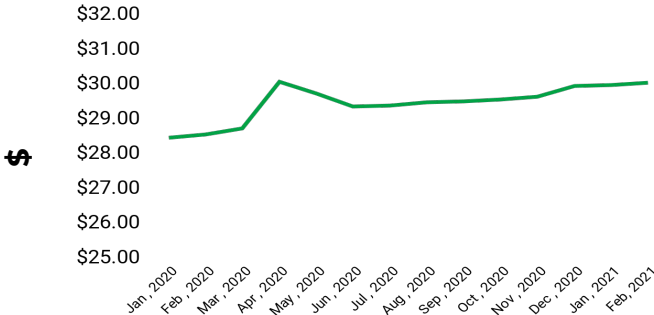
Personal Savings



Unemployment Rate



Average Hourly Wage



Sources: [Consumer Confidence Board](#), [Federal Reserve Bank of St. Louis](#) | Latest Update: February 2021, Personal Savings Latest Update January 2021

Personal consumption improves to almost flat while food service continues to decline

**Personal
Consumption
Expenditures**

-0.43% vs YA



+11.8%

Food Retail



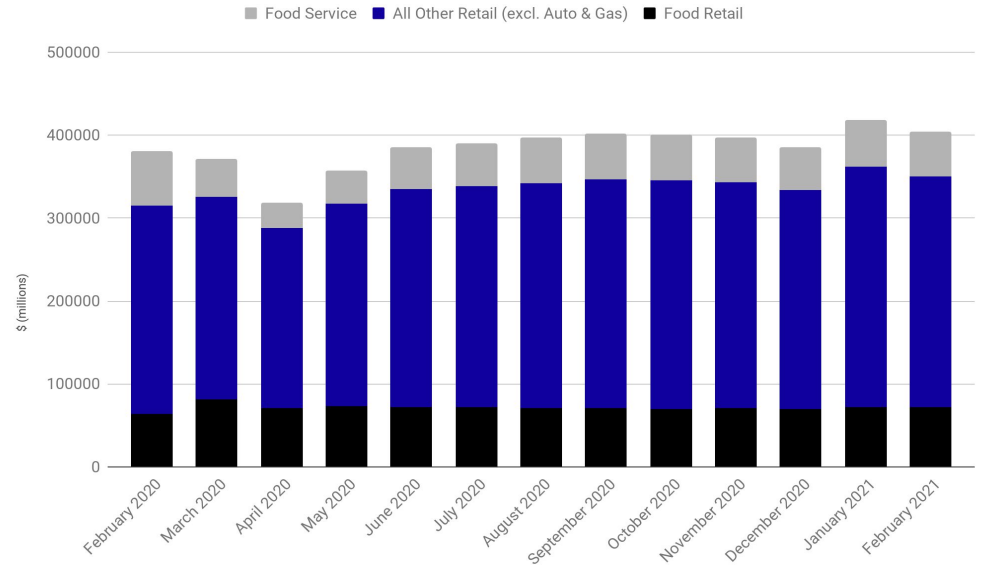
+10.8%

**All Other Retail
(excl. Auto &
Gas)**



-17.08%

**Food Service
and Drinking
Places
(Feb Sales)**



Sources: [Federal Reserve Bank of St. Louis](#); [US Census Bureau](#) | Category Sales Latest Update February 2021, Personal Consumption Latest Update: Jan 2021

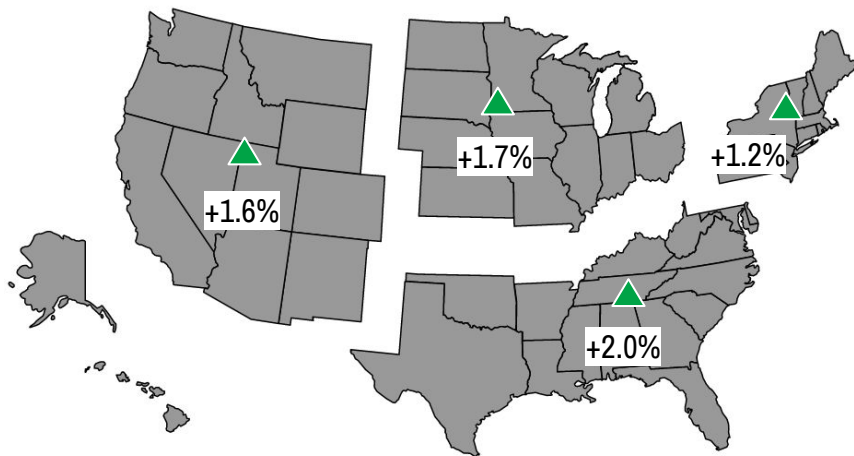
Energy and food lead increase in CPI

Energy costs, after being down throughout 2020, reverse course quickly

% Chg vs LY

Consumer Price Index
All Items

+1.7%



Energy
+2.4%



Food
+3.6%

Food at Home

+3.5%

Food Away from Home

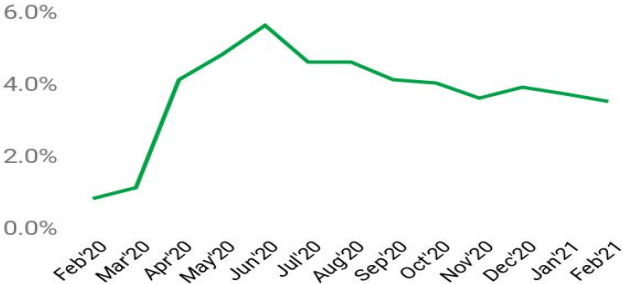
+3.7%

Energy upswing driven by higher oil and gas prices

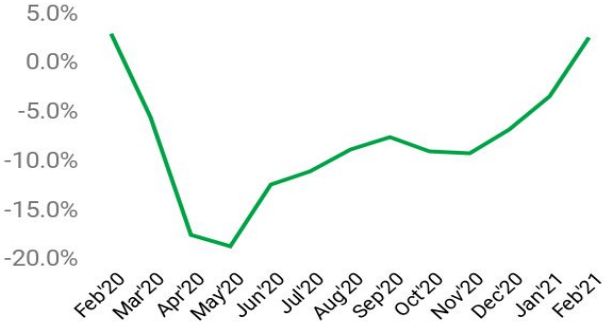
Consumer Price Index



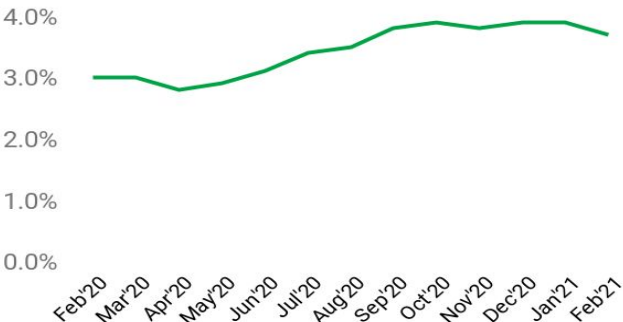
Food At Home



Energy



Food Away from Home



Along with rising fuel costs, considerable increases seen in imported food and beverage commodities

Beverages	% Price Chg vs prior month	% 12-Month Price Chg vs LY
Cocoa Beans	0.84 %	-11.40 %
Coffee, Other Mild Arabicas	3.39 %	22.41 %
Coffee, Robusta	3.21 %	7.33 %
Tea	-0.49 %	-4.27 %
Fuel		
Crude Oil (Petroleum)	12.80 %	13.33 %
Gasoline	12.67 %	11.46 %
Diesel	13.52 %	10.23 %
Propane	4.87 %	127.96 %
Metal		
Aluminum	3.72 %	23.13 %
Tin	20.05 %	59.68 %
Agricultural Raw Materials		
Cotton	6.77 %	21.30 %
Rubber	2.17 %	45.96 %

Food	% Price Chg vs prior month	% 12-Month Price Chg vs LY
Bananas	-1.61 %	3.39 %
Barley		
Beef	4.48 %	-1.27 %
Coconut Oil	-1.71 %	70.35 %
Fishmeal	-1.61 %	7.95 %
Maize (corn)	4.59 %	45.36 %
Oranges	-7.94 %	11.54 %
Palm Oil	2.73 %	39.59 %
Peanut Oil		
Groundnuts (peanuts)	-0.94 %	9.09 %
Poultry (chicken)	0.00 %	-3.72 %
Rice	2.20 %	23.78 %
Shrimp	1.53 %	-14.79 %
Soybeans	-0.26 %	53.02 %
Sugar	5.88 %	9.09 %
Sunflower Oil	0.00 %	8.14 %
Wheat	1.21 %	39.82 %

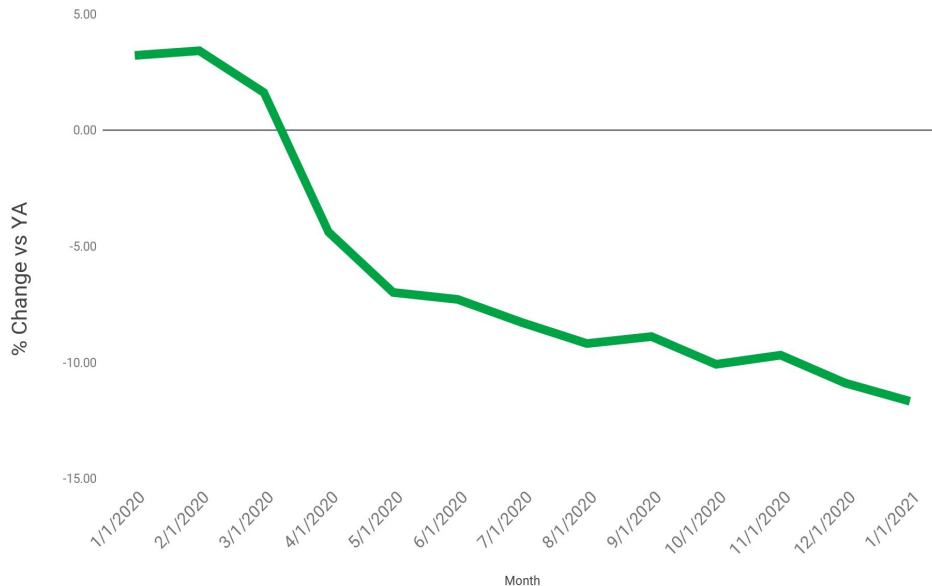
Credit card debt continues to drop, showing lowest levels in two years

Fed Target
Rate



0.25%

Revolving Outstanding Credit Card Debt



“The recovery has progressed more quickly than generally expected,” Powell said, adding that last month, the leisure and hospitality sectors, which have taken a beating since the pandemic began, recouped about two-thirds of the jobs that were lost in December and January.’

Rachel Siegel
The Washington Post; March 17, 2021

SOURCES: [Federal Reserve](#), [Federal Reserve Bank of St. Louis](#) | Latest Update: January 2021

30yr fixed mortgage rate climbs to over 3% while currency strength continues to decline

Leading

New Home Construction

-2.3% vs YAGO



30 Yr Fixed Mortgage Rate

+0.4pt vs Jan low
(3.05% Mar 11, 2021)



Lagging

GDP

+10.0% vs Q2 2020



Currency Strength Index (USDIX)

-9.6% vs YAGO
(91.4 Mar 17, 2021 USDIX)





Thank you

Economic Indicators

March 2021



Sources

Source	Simple Definition
<u>Unemployment Rate</u>	Number of unemployed as a percentage of the labor force - In order to be in the labor force, a person either must have a job or have looked for work in the last four weeks
<u>Personal Savings Rate</u>	Ratio of personal savings vs disposable income
<u>Average Hourly Wage</u>	Average hourly and weekly earnings of all employees on private nonfarm payrolls
<u>Consumer Confidence</u>	Degree of consumer optimism on the state of the U.S. economy
<u>US Retail and Food Service Sales</u>	Measures dollars spent in the US in Food and Grocery Retail, All Other Retail, and Food Service and Drinking Places
<u>Consumer Price Index</u>	Measures the average 12-month change in prices over time that consumers pay for a basket of goods and services
<u>Consumer Revolving Credit</u>	Consumer credit card debt
<u>Fed Target Rate</u>	Federal target prime rate for banks to lend and borrow to each other - low rates signal potentially cheaper credit for consumers



Sources

Source	Simple Definition
<u>Gross Domestic Product</u>	Monetary value of all the finished goods and services produced within the United States
<u>Housing Starts</u>	New residential construction that has started
<u>Currency Strength</u>	Measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners - strong currency can help with cheaper purchases for US buyers, while weak currency can help with cheaper exports of US goods
<u>Manufacturers New Orders</u>	New orders placed with domestic manufacturers for delivery of factory hard goods (durable goods) in the near term or future