



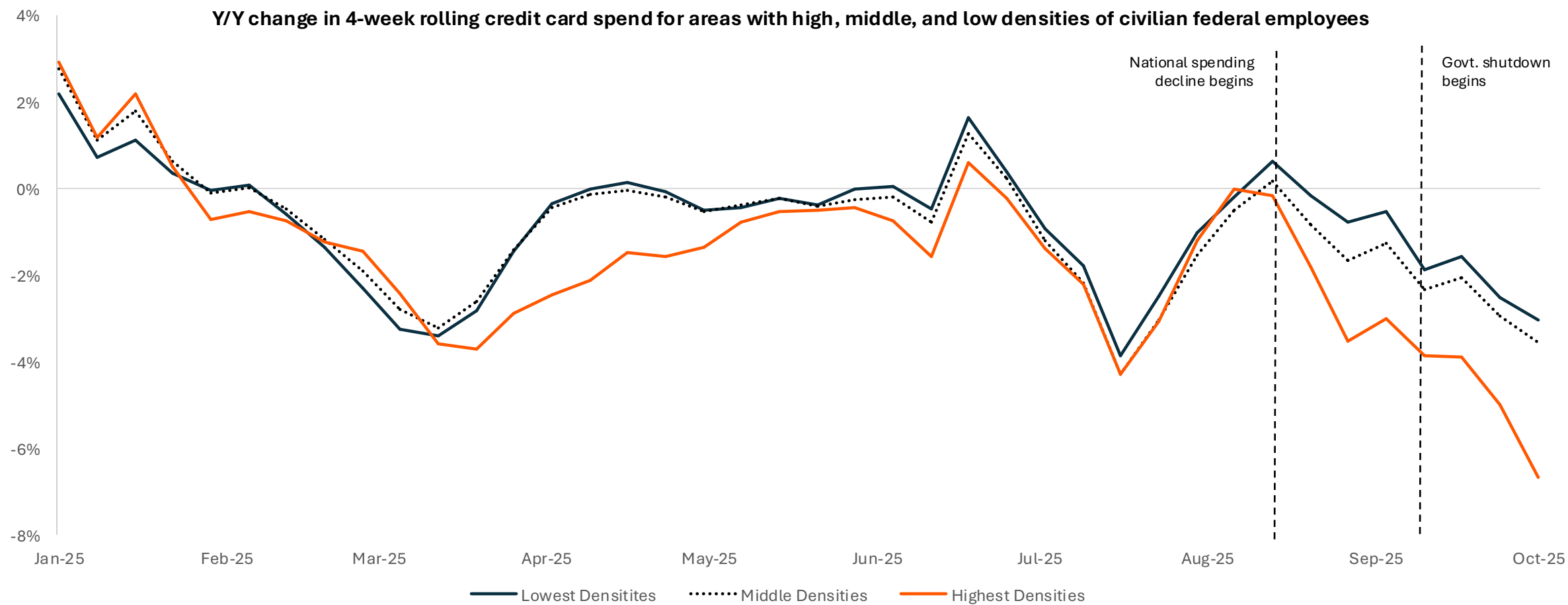
Insights exchange for the model-driven economy

A National Spending Slowdown Intensified by Government Shutdown

1. A national slowdown in spending was evident before the shutdown began, but a widening gap between areas of high and low densities of civilian federal employees highlights where contraction is strongest
2. Transaction volumes are down across most spending categories and there are clear patterns showing consumers are trading-down across most segments
3. In-home entertainment categories appear to be the slowest to react to contractions in spending
4. Restaurants illustrate the spending slowdown and resulting trade down at the national level and its intensification at the federal density level
5. Cuts in EBT will most likely hurt areas with high densities of civilian federal employees the most

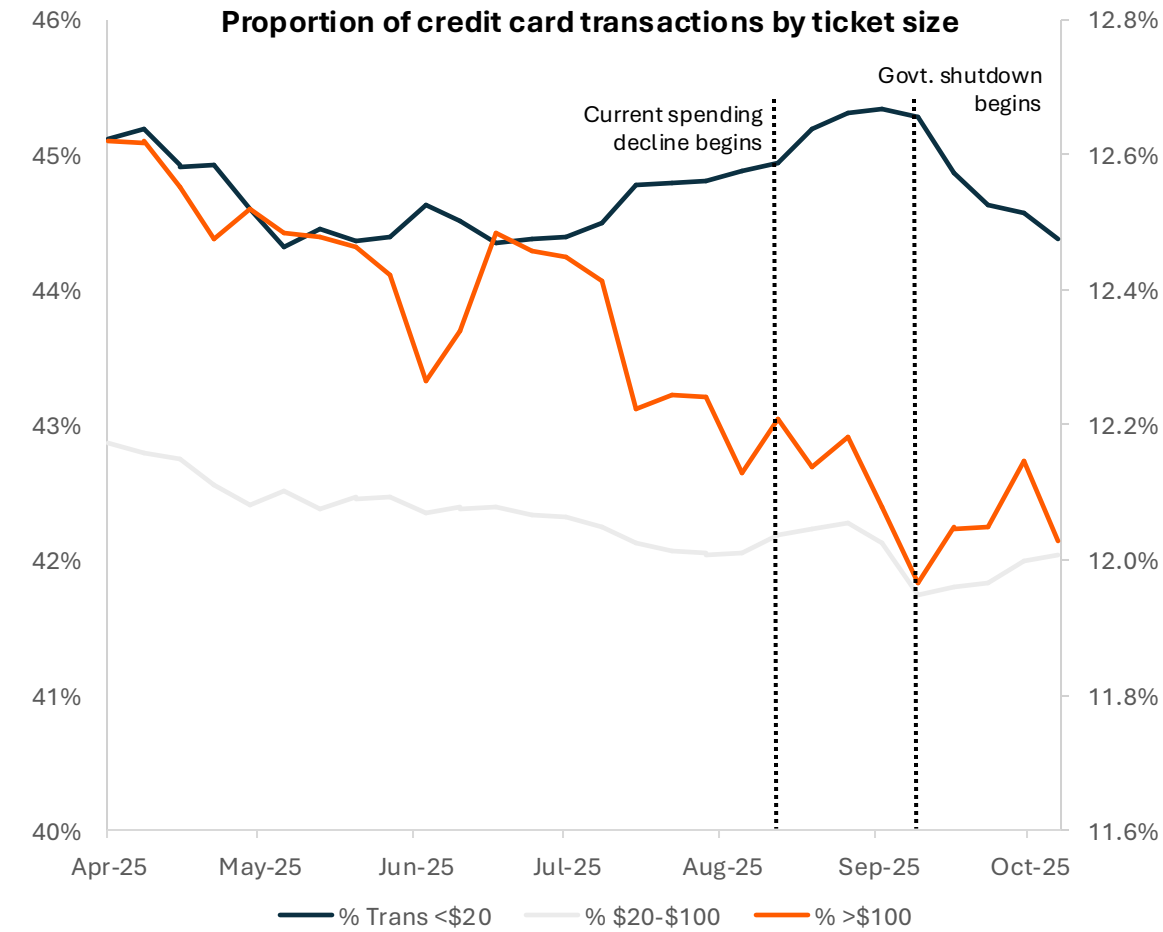
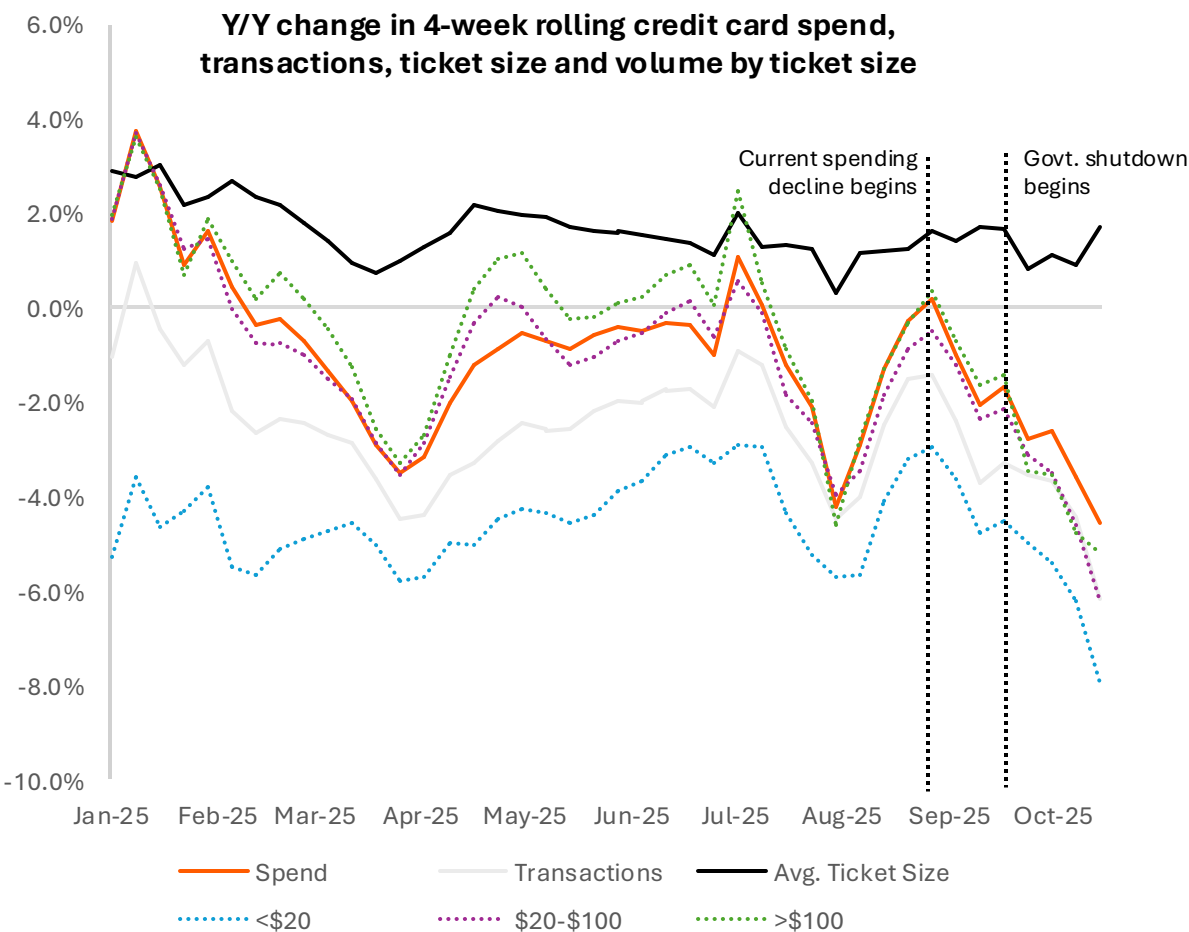
National spending decline led by areas with high densities of federal employees

Pay suspensions and furloughs of civilian federal employees have exacerbated a pullback in spending at a national level and caused a widening spending gap between areas with high and low densities of civilian federal employees



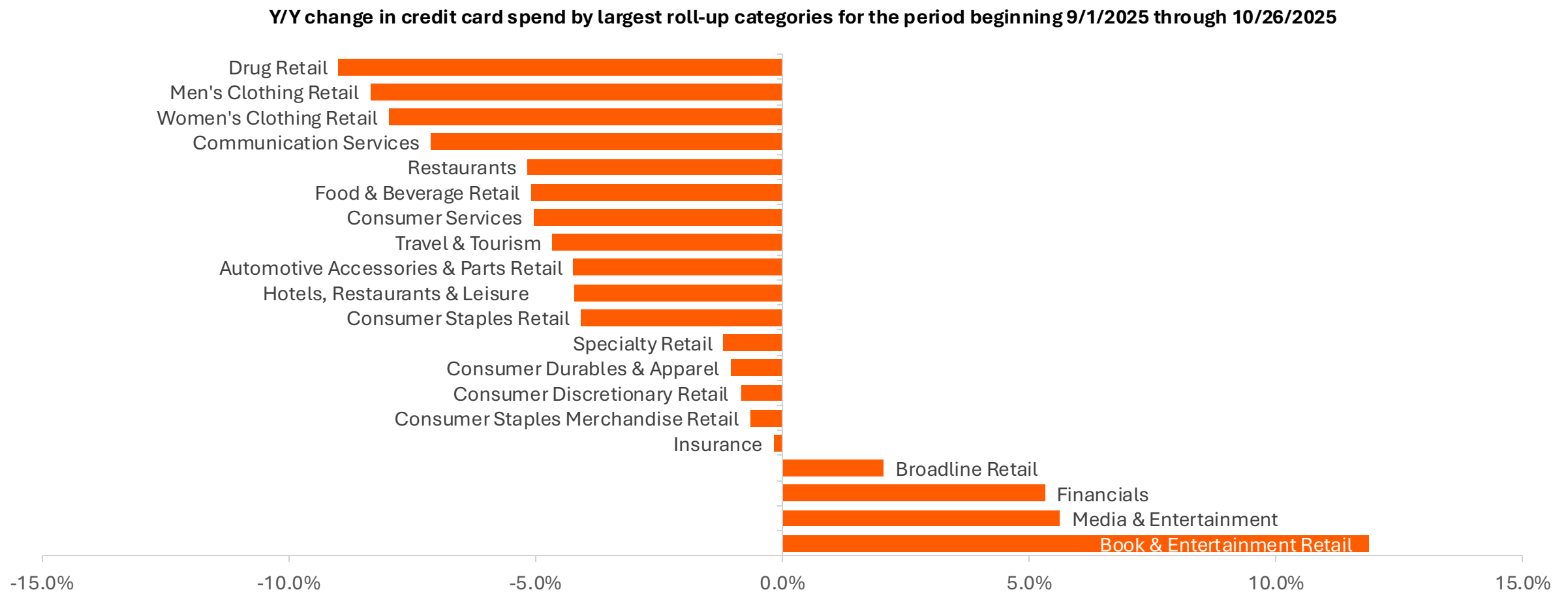
National declines in spending driven by fewer transactions

A reduction in the relative volume of larger ticket items was evident preceding the current national downtrend. Since the government shutdown began the relative volume of small transactions has fallen



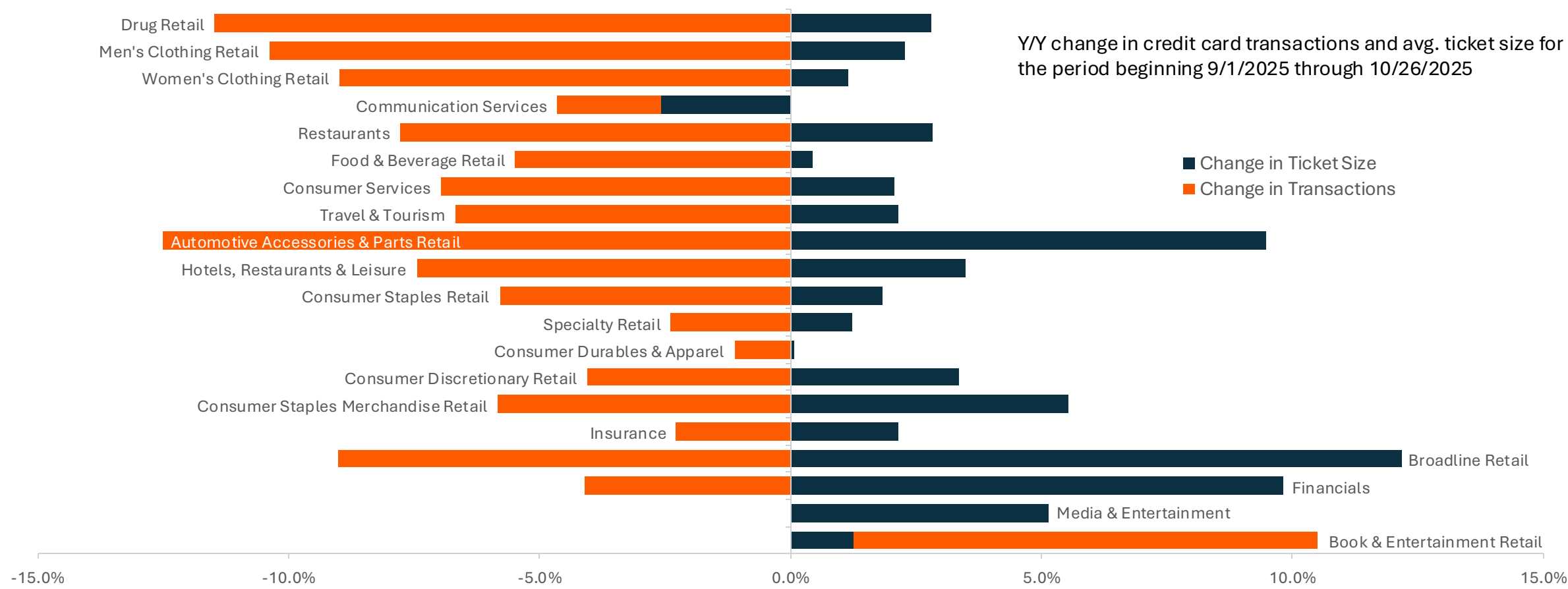
Consumers shift away from discretionary food, apparel, but keep subscriptions

Focusing on the period from when the current national spending declines began (Sept. 1, 2025), Y/Y reductions in spend are greatest among discretionary segments including drug retail, clothing, and out-of-home entertainment



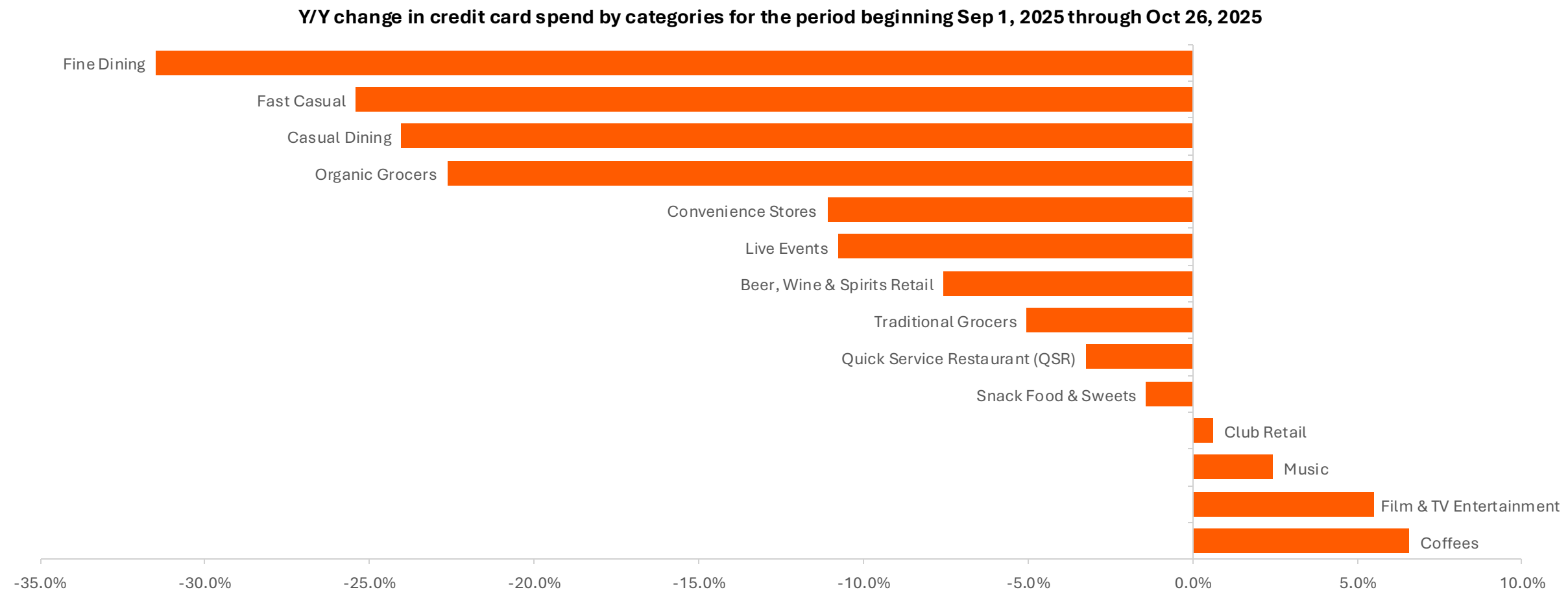
Are consumers transacting less, spending less per transaction, or both?

The current decline in consumer spending appears driven by fewer transactions outpacing average ticket size increases



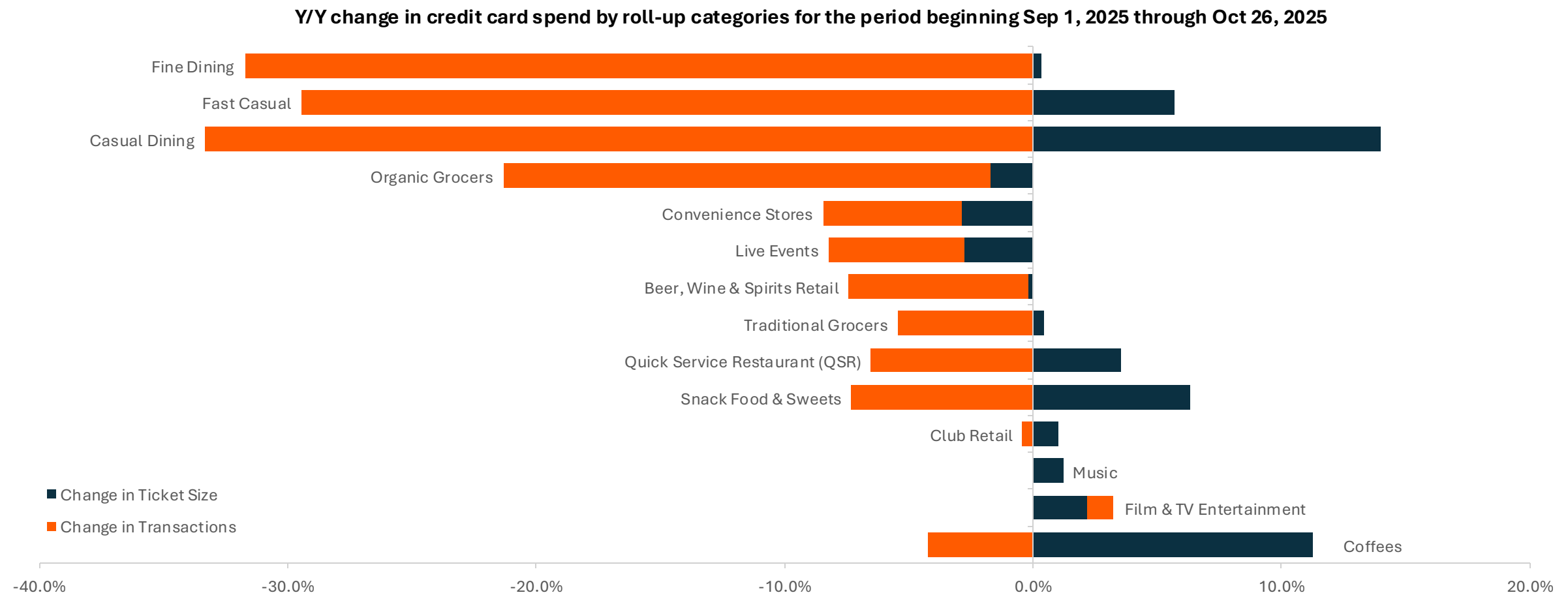
Shift down evident across food, beverage & entertainment

Fine dining and casual restaurants see much larger contractions than QSR. Consumers appear to opt for club retail (e.g., Costco) over more traditional grocers



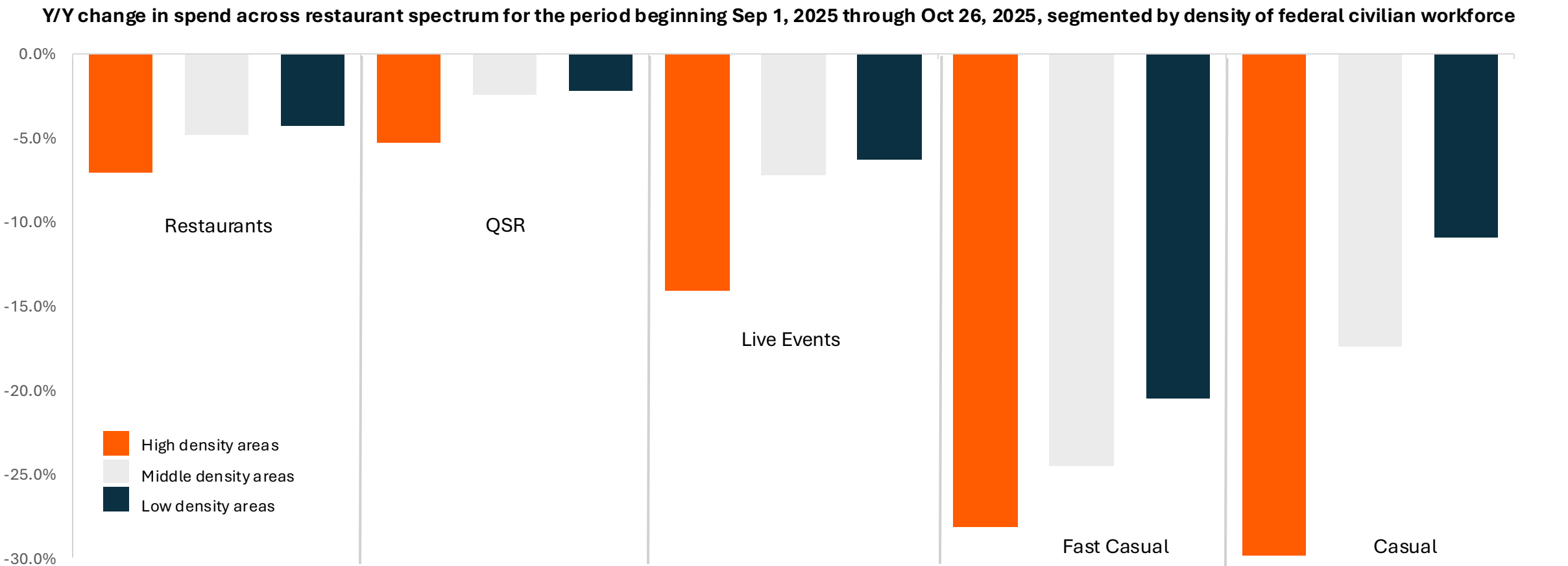
Fewer transactions driving food & beverage spend down

Ticket sizes have mostly increased, indicating rising costs may be impacting the reduction in transactions. At most discretionary levels, ticket sizes are similar, but consumers are transacting a lot less



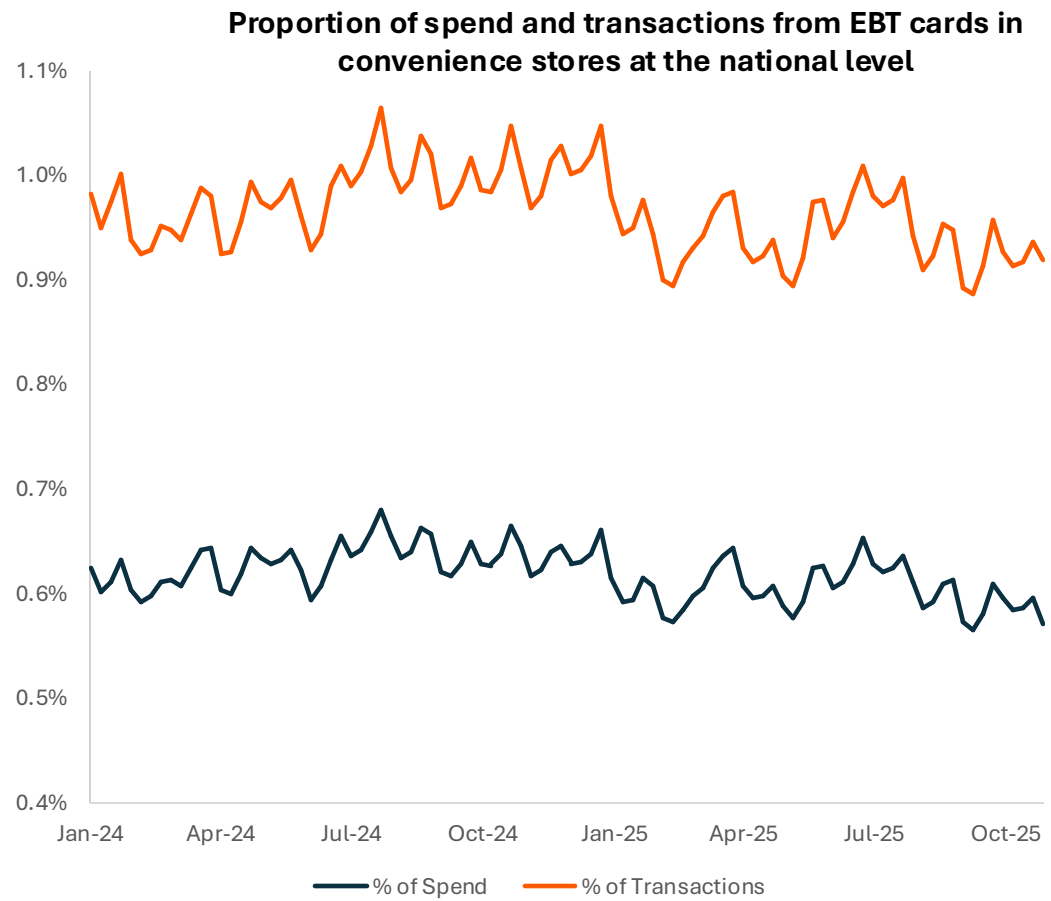
Restaurants illustrate slowdowns at national and federal workforce density levels

Consumers' spending slowdown increases as you go up the restaurant curve, and is more severe among areas with high densities of civilian federal workers

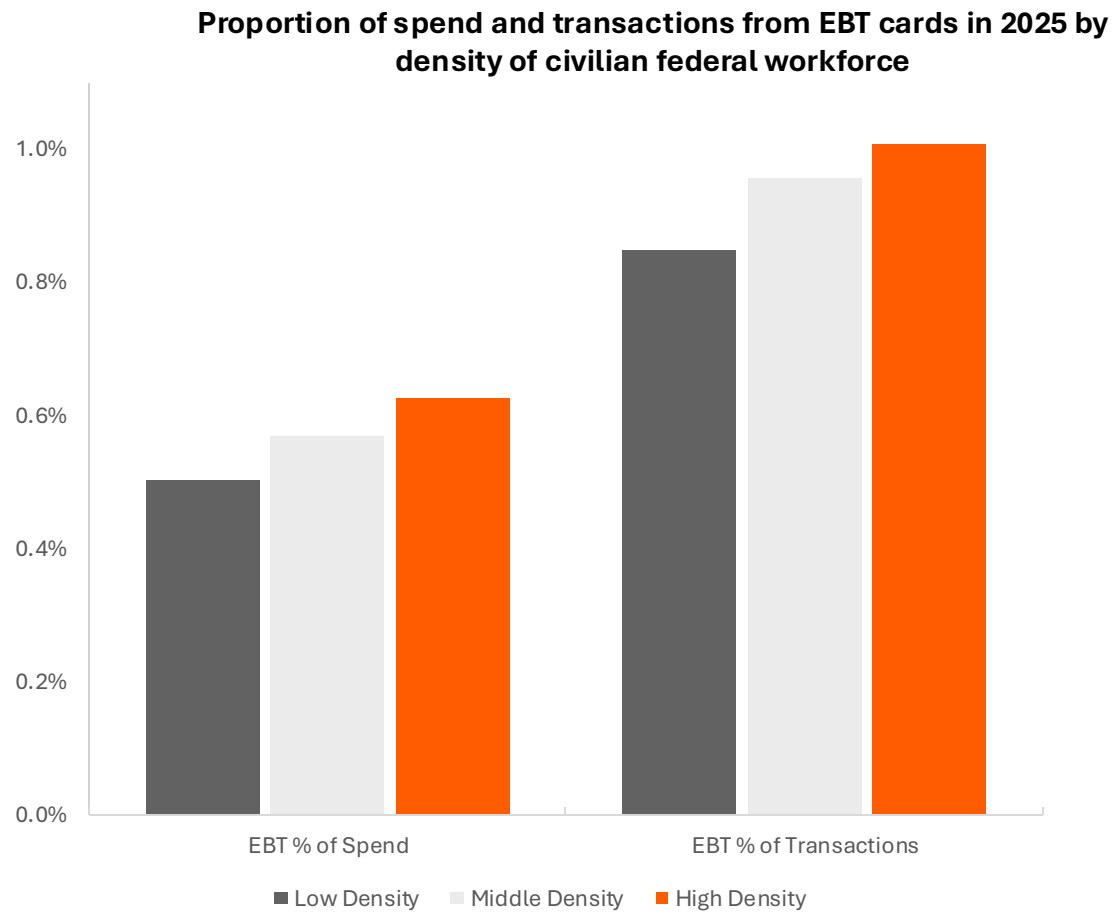


EBT use declining, but restrictions on EBT will hurt high density areas harder

The use of EBT in convenience stores has been a smaller proportion of both spend and transactions in 2025, but EBT spend and transactions account for higher proportions in areas with high densities of civilian federal workers



Source: Carbon Arc POS - Convenience Stores – CA0029
Price: 76.85 Tokens



Source: Carbon Arc POS - Convenience Stores – CA0029
Price: available upon request