

Flexport Research

Making Global Trade Easy for Everyone

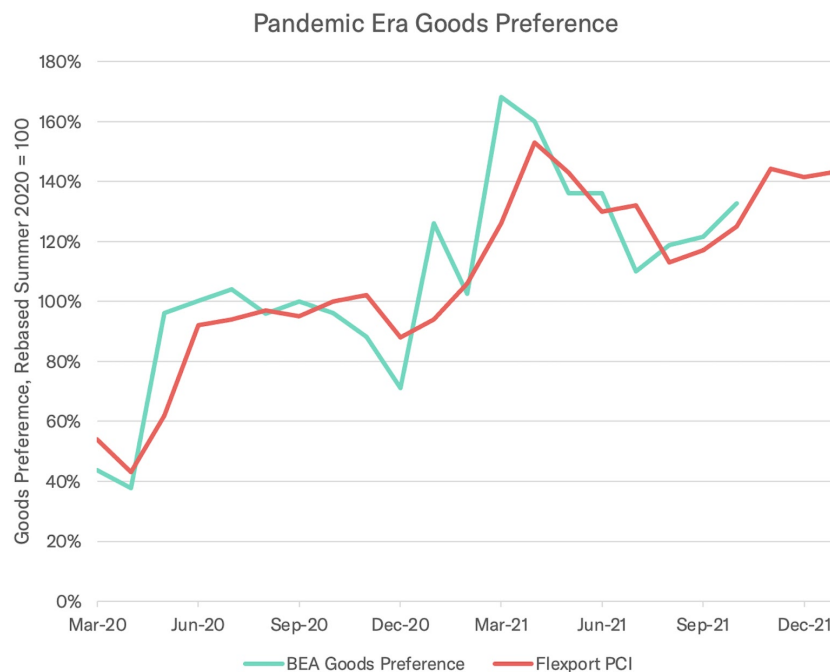
US Consumer Goods Preference to Enter 2022 at Elevated Level

Flexport's Post-Covid Indicator measures the balance between U.S. consumers' spending on goods versus services. Our latest forecast shows the balance is expected to swing further to goods during peak season both compared to summer stability and compared to the prior year.

Covid-19 triggered a boom in goods demand, but how long will it last? We analyze exclusive shipping data to peek into the future. The monthly Flexport's [Post-Covid Indicator](#) shows how demand could shift in the coming months.

The Methodology: *The Flexport Post-Covid Indicator is based on an analysis of correlations between detailed shipping data and national consumption behavior. As one would expect, given how goods move, the closest correlations are between shipping flows in a month and consumption a bit later. Using the estimated model, we can look at more recent shipping data and forecast the consumption patterns that are likely to follow.*

Goods Preference to Remain High at Start of 2022



The elevated pressure on global supply chains is the result of two factors in combination: strong incomes and a preference for goods in consumption. Flexport's Post-Covid Indicator tracks the latter.

The PCI compares the balance of spending in summer 2020 (PCI = 100) to that before the pandemic (PCI = zero) and reached a peak of 153% in April 2021. It subsequently declined in late summer before recovering once more to reach 125% in October

Our latest estimate shows a renewed increase in the ratio of spending on goods versus services such that the November PCI is expected to increase once more to 144%. That coincides with the peak holiday shopping season.

More importantly, though, there is the potential for the ratio to remain at similar, elevated levels into 2022. As discussed in Flexport Research's [2022 Outlook](#), the prospect for consumer spending preferences will in part be a function of the progress of the COVID-19 pandemic. The rise of the Omicron variant generates particular uncertainty.

The next update for the Flexport PCI will be on January 17. BEA will release November data on Dec. 23, December data on Jan. 28, and January data on Feb. 25.

Please direct questions about the Flexport PCI to economics@flexport.com.

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