

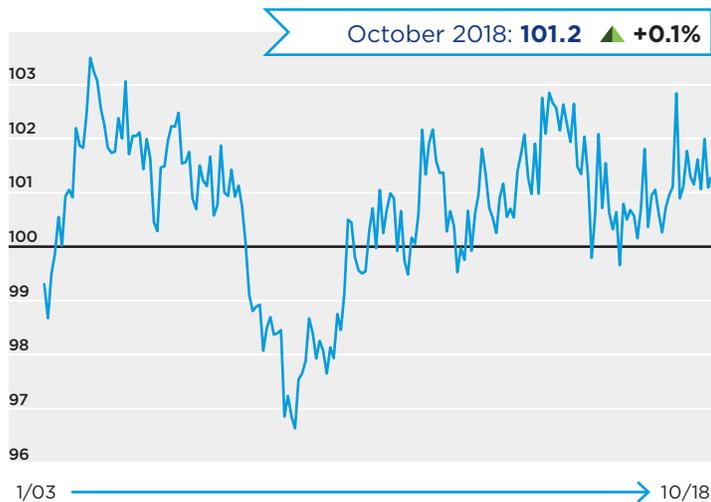


RESTAURANT ECONOMIC SNAPSHOT

All indicators are for October 2018

A monthly summary of key indicators from National Restaurant Association research;
More details at Restaurant.org/EconomistsNotebook

RESTAURANT PERFORMANCE INDEX



Values greater than 100 = Expansion; Values less than 100 = Contraction

Source: National Restaurant Association; see reverse for more on RPI

Current Situation Index: **100.9** ▲ **+0.3%**

- 🇺🇸 **Same-store sales:** **53%** report increase over October 2017
- 👤 **Customer traffic:** **37%** report increase over October 2017
- 🏠 **Capital spending:** **53%** report making expenditure in last 3 months

Expectations Index: **101.6** **0.0%**

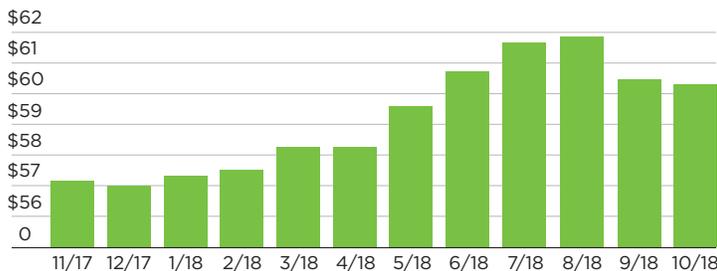
- 🇺🇸 **Sales outlook:** **41%** expect higher sales in 6 months
- 🏠 **Capital spending:** **53%** plan to make expenditure in next 6 months
- 📊 **Economy:** **22%** expect economic conditions to improve in 6 months

KEY TAKEAWAYS: While the overall gain was modest, the positive trajectory of the RPI was driven by the same-store sales and customer traffic indicators, which both improved from their September levels. **Looking ahead, restaurant operators are somewhat more optimistic about sales growth in the coming months, with their outlook rising to a six-month high.** However, restaurant operators remain generally less bullish about the direction of the overall economy.

RESTAURANT SALES AND JOBS

Total eating and drinking place sales

(in billions of current dollars)

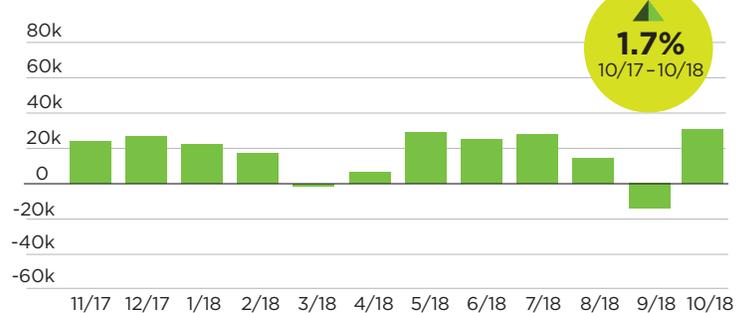


Source: U.S. Census Bureau; figures are seasonally-adjusted

KEY TAKEAWAYS: Eating and drinking place sales totaled \$60.4 billion on a seasonally-adjusted basis in October, down slightly from September's sales volume of \$60.5 billion. October's downturn came on the heels of a sharp 1.5 percent drop in September, though part of September's softness was due to the impact of Hurricane Florence. **All told, restaurant sales declined in each of the last three months, with October's sales volume down more than \$1 billion from the recent seasonally-adjusted peak registered in July.**

Eating and drinking place employment

(change from the previous month)



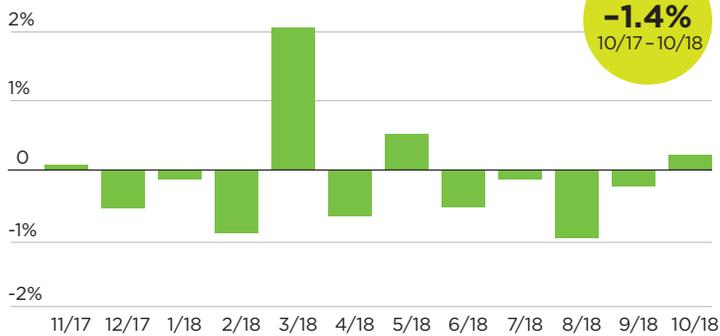
Source: Bureau of Labor Statistics; figures are seasonally-adjusted

KEY TAKEAWAYS: Eating and drinking places added a net 33,500 jobs in October on a seasonally-adjusted basis, which represented the largest monthly gain since October 2017. The solid October gain followed a decline of 10,000 jobs in September, which largely reflected the impact of Hurricane Florence on the southeast coast. **While 2018 will be the eighth consecutive year of job growth in the restaurant industry, it will also likely represent the slowest growth during that stretch.**

FOOD COSTS & MENU PRICES

Wholesale food prices (PPI - All Foods)

(percent change from previous month)



KEY TAKEAWAYS: The Producer Price Index for All Foods - which represents the change in average prices paid to domestic producers for their output - rose 0.3 percent in October. October's increase came on the heels of four consecutive monthly declines in average wholesale food prices - a period during which the price index fell 2.1 percent. **Despite the October uptick, average wholesale food prices were down 1.4 percent from their year-ago level.** This represented the fifth consecutive month of 12-month declines in the price index.

Menu prices, grocery store prices & overall U.S. inflation

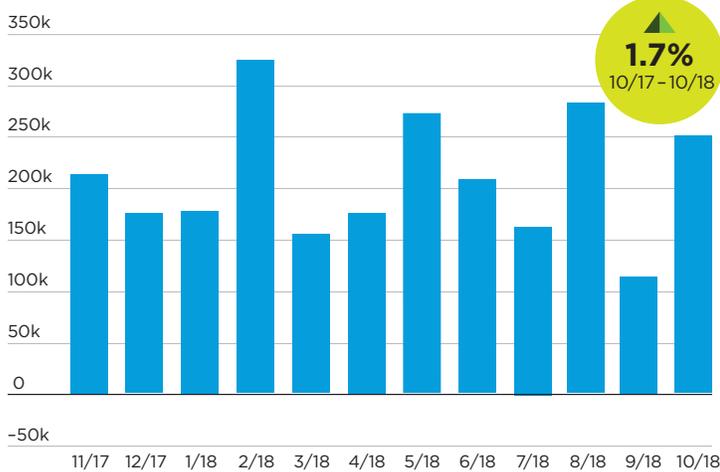
(percent change from same period in previous year)



KEY TAKEAWAYS: Menu prices continued to rise at a steady pace in October, according to data from the Bureau of Labor Statistics. **Menu prices were up 2.5 percent in the 12 months ending October 2018, which represented the 40th consecutive month with growth in the 2-to-2.9 percent range.** In contrast, growth in grocery store prices remained modest in October. Grocery store prices rose just 0.1 percent during the last 12 months, which represented the 44th consecutive month with growth below 2 percent.

THE ECONOMY

Total U.S. employment (change from the previous month)



Total nonfarm employment	▲ 250,000
Average hourly earnings	▲ 0.2%
Unemployment rate	3.7%
Real Disposable Personal Income	▲ 0.3%
Real Personal Consumption Expenditures	▲ 0.4%

KEY TAKEAWAYS: The resilient economy bounced back with a solid employment gain in October, according to preliminary figures from the Bureau of Labor Statistics. **The economy added a net 250,000 jobs in October on a seasonally-adjusted basis, which was more than double the hurricane-dampened gain of 118,000 jobs in September.** Although 2018 will represent the eighth consecutive year of employment gains in the national economy, the growth rate reached the two percent level in only one out of the eight years (2016).

The National Restaurant Association's Restaurant Performance Index (RPI) is a monthly composite index that tracks the health of and the outlook for the U.S. restaurant industry. Launched in 2002, the RPI is released on the last business day of each month. The RPI consists of two components - the Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), and the Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions).

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant industry, which comprises more than 1 million restaurant and foodservice outlets and a workforce of 14.7 million employees. We represent the industry in Washington, D.C., and advocate on its behalf. We operate the industry's largest trade show ([NRA Show](#) May 18-21, 2019, in Chicago); leading food safety training and certification program ([ServSafe](#)); unique career-building high school program (the NRAEF's [ProStart](#)); as well as the [Kids LiveWell](#) program promoting healthful kids' menu options.