RESTAURANT ECONOMIC SNAPSHOT

All indicators are for December 2015

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: 99.4 ▼ -1.6%
- Same-store sales: 42% report increase over December 2014
- Customer traffic: 33% report increase over December 2014
- Capital spending: 52% report making expenditure in last 3 months

Expectations Index: 100.1 ▼ -1.6%
- Sales outlook: 27% expect higher sales in 6 months
- Capital spending: 52% plan to make expenditure in next 6 months
- Economy: 12% expect economic conditions to improve in 6 months

KEY TAKEAWAYS: The NRA’s Restaurant Performance Index declined in the final two months of 2015, due in large part to softer same-store sales and customer traffic levels. In addition, restaurant operators’ outlook for both sales growth and the overall economy deteriorated in recent months. Only 27 percent of restaurant operators expect to have higher sales in six months (compared to the same period in the previous year), while just 12 percent think the economy will improve.

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: Restaurants were one of the consistent bright spots during a period of lackluster consumer spending in 2015. Total eating and drinking place sales increased each month during 2015, with monthly volume reaching $53.7 billion by the end of the year. Although consumers remain selective in their spending habits, improving economic fundamentals continue to put households on a stronger financial footing. As a result, the stage is set for continued sales gains in 2016.

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 36,900 jobs in December on a seasonally-adjusted basis, the ninth consecutive month with gains of at least 20,000 jobs. Overall, restaurant employment was up 3.4 percent during the last 12 months, which was nearly double the 1.9 percent gain in total U.S. employment during the same period. On an annual basis, restaurant job growth outpaced the overall economy for the 16th consecutive year in 2015.
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 14.4 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 21-24, 2016, 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.

FOOD COSTS & MENU PRICES

Wholesale food prices (PPI – All Foods)
(percent change from previous month)

Menu prices, grocery store prices & overall U.S. inflation
(percent change from same period in previous year)

KEY TAKEAWAYS: After trending steadily upward between 2010 and 2014, restaurant operators finally got some relief from high food prices in 2015. Average wholesale food prices fell 2.6 percent in December, the fourth decline in the last six months and largest monthly drop since June 2010. Overall, wholesale food prices declined in eight of 12 months during 2015, and finished the year 5.9 percent below their December 2014 level. This marked the largest 12-month decline in more than six years.

The economy finished the year on a positive note, according to preliminary figures from the Bureau of Labor Statistics. The national labor market finished the year on a positive note, according to preliminary figures from the Bureau of Labor Statistics. The economy added a net 851,000 jobs in the fourth quarter on a seasonally-adjusted basis, which represented the strongest quarterly gain since the fourth quarter of 2014. In addition, the nation’s jobless rate stood at 5.0 percent each month during the fourth quarter, the lowest quarterly average since the first quarter of 2008. Although real disposable personal income finished the year with a solid 0.4 percent gain in December, consumer spending rose just 0.1 percent in December.

KEY TAKEAWAYS: Menu prices rose 2.6 percent in the 12 months ending December 2015, and finished the year with their strongest annual gain since 2009. Meanwhile, grocery store prices declined 0.4 percent from their year-ago levels, while overall consumer prices were up a modest 0.7 percent. Within the food-away-from-home sector, quickservice menu prices rose 2.5 percent during the last 12 months, while fullservice menu prices were up 2.3 percent.

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