

# Annual PNC Christmas Price Index Reflects Season Of Silence For Many Live Performers

- For the 37th year, PNC calculated the cost of Christmas, which presents a unique twist thanks to the COVID-19 pandemic.
- Big drop in this year's Christmas Price Index due to live performers' season of silence.
- E-commerce provides pandemic-proof ways to send season's greetings.

PITTSBURGH, Dec. 3, 2020 /PRNewswire/ -- In a year marked by unprecedented shocks to the country's economy, PNC's 37<sup>th</sup> annual Christmas Price Index (CPI) accounts for the pandemic's impact on the cost of purchasing presents from the classic holiday song, "The 12 Days of Christmas."

A light-hearted take on the Bureau of Labor Statistics' (BLS) Consumer Price Index, which measures the average change in prices consumers pay for goods and services over time, the PNC version applies its own analysis to procuring True Love's 12 gifts. This year's index includes adjustments for the reality that many live performances have been cancelled. True Love must now rely primarily on technology to share tidings of joy.

Considering the impact of social distancing, PNC calculated the 2020 price tag for the PNC Christmas Price Index at just \$16,168.10, a considerable decrease of \$22,825.45 or -58.5% over last year's cost, with a third of the index constituents literally not available for purchase this year.

"2020 has been anything but conventional for consumers, the markets and the economy. In response to these unusual times, we took a non-traditional view in calculating the Christmas Price Index," said Amanda Agati, chief investment strategist for The PNC Financial Services Group. "The biggest impact has been for live performances, which are mostly unavailable this holiday season. While some performing arts groups are finding ways to engage, such as through virtual presentations, it's a silent night at most symphonies and the lights have dimmed on many dance companies, as reflected in this year's significant drop in PNC's CPI data."

The cost of the 12 gifts is reported on PNC's [interactive website](#), which this year focuses on the fundamental lessons consumers can learn from the pandemic's economic impact.

"In 2020, the inflation story due to COVID-19 as told by the BLS' Consumer Price Index has surprised to the downside, averaging just 1.3% over the last year versus the Federal Reserve's 2% target over time. Despite excluding the items that were unavailable due to COVID-19, we still saw a 2.9% increase in the PNC CPI," Agati said. "The largest price increases this year have come in the food and exotic pet categories. While this may initially seem like inflation is already here and potentially problematic, the categories depicted are very narrow and specialized. This isn't indicative of a broad-based inflation spike."

Additional insights from this year's index include:

- **Fowl friends illustrate fluctuation.** Birds of a feather are flocking together and represent the largest price increases in this year's index totaling \$328.50, which represents a 36.4% increase in total from 2019. The inability for consumers to eat at restaurants or even get takeout during the lockdowns drove an increased need for cooking at home, leading to an unexpected increase in demand (and subsequently prices) for our fowl friends. COVID-19 accelerated the trend toward backyard farming that has been slowly catching on over the last few years.
- **Gold rings show correlation between commodities and consumer prices.** At the onset of the pandemic in the spring, investors dashed for store-of-value assets, such as gold. As the recovery went on over the summer, there were expectations that inflation was going to creep into markets. Gold traded up 40% from trough to peak, but has retraced some of that rally as the market recovered and inflation fears subsided.
- **Performers, audiences to stay home for the holidays.** Dashing through the snow to make a show may not be as likely this year, as indicated by the lack of availability for nine ladies dancing and their artistic counterparts. These artisans, like many consumers, have another round of fiscal stimulus at the top of their Christmas wish lists as regional economic restrictions go back into effect for the holidays. Advocates for the arts are not out of options for the performance-lover on their nice list, as many performing arts organizations are holding virtual performances and are grateful for donations this COVID-19 Christmas.

Technology also has taken the wheel in driving new consumer behaviors and providing platforms for retailers to spread holiday cheer from home. As consumers reallocate spending from services to goods this year, retailers are dashing to deliver satisfying virtual shopping experiences.

Santa's sleigh will have plenty of help hauling presents, thanks to shipping services. Delivery companies are expected to play an integral role during this year's pandemic, which is reflected in the additional travel and shipping costs factored into the PNC CPI internet prices. A tech-savvy True Love will spend an additional \$4,186.95 when completing their shopping list online, paying a total of \$20,355.09 for the ease of ecommerce convenience. Free shipping for livestock purchases is not an option just yet.

The annual PNC CPI tradition includes calculating the "True Cost of Christmas," which is the total cost of items bestowed by a True Love who repeats all the song's verses. Purchasing all 364 gifts will require \$105,561.80, which means that spreading cheer throughout the year in 2020 costs 38% less than in 2019, given the exclusion of live performances.

Don't rush to call True Love a Scrooge just yet, as without a doubt, they will be on the hook for a number of "IOU's" next holiday season when live performances resume.

"Like the index, our concluding thought is on what sets the pace for the markets," said Agati. "Consumer behavior is the drum beat for the US economy. With 70% of US GDP tied to consumption, consumer health is key to future market performance. Keep an eye on guiding stars like retail sales, savings rates and ecommerce growth as indicators of the success of this holiday season."

Started in 1984 by a PNC predecessor bank in Philadelphia, the Christmas Price Index was developed for inclusion in a holiday message to clients. Now designed to share and educate all consumers, the PNC CPI continues to highlight market changes over time.

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### 2020 PNC Christmas Price Index®

		INTERNET					
		COVID-19			COVID-19		
		2019		2020	% Change	2019	
		Adjusted		2020/19	Adjusted	2020	2020/19
One Partridge in a Pear Tree	\$ 210.17	\$ 210.18	0.0%	\$ 285.18	\$ 294.18	3.2%	
Partridge	\$ 20.18	\$ 20.18	0.0%	\$ 110.18	\$ 110.18	0.0%	
Pear Tree	\$ 189.99	\$ 190.00	0.0%	\$ 175.00	\$ 184.00	5.1%	
Two Turtle Doves	\$ 300.00	\$ 450.00	50.0%	\$ 375.00	\$ 525.00	40.0%	
Three French Hen	\$ 181.50	\$ 210.00	15.7%	\$ 291.50	\$ 350.00	20.1%	
Four Calling Birds	\$ 599.96	\$ 599.96	0.0%	\$ 418.00	\$ 418.00	0.0%	
Five Gold Rings	\$ 825.00	\$ 945.00	14.5%	\$ 969.75	\$ 969.75	0.0%	
Six Geese-a-Laying	\$ 420.00	\$ 570.00	35.7%	\$ 1,668.00	\$ 2,670.00	60.1%	
Seven Swans-a-Swimming	\$ 13,125.00	\$ 13,125.00	0.0%	\$ 15,165.00	\$ 14,700.00	-3.1%	
Eight Maids-a-Milking	\$ 58.00	\$ 58.00	0.0%	\$ 408.64	\$ 428.16	4.8%	
Nine Ladies Dancing*	\$ 7,552.84	\$ -	-100.0%	\$ 7,552.84	\$ -	-100.0%	
10 Lords-a-Leaping*	\$ 10,000.00	\$ -	-100.0%	\$ 10,000.00	\$ -	-100.0%	
11 Pipers Piping*	\$ 2,748.87	\$ -	-100.0%	\$ 2,475.00	\$ -	-100.0%	

12 Drummers Drumming*	\$ 2,972.25	\$ -	-100.0%	\$ 2,650.00	\$ -	-100.0%
Total Christmas Price Index*	\$ 38,993.59	\$ 16,168.14	-58.5%	\$ 42,258.91	\$ 20,355.09	-51.8%
True cost of Christmas in song*	\$ 170,298.03	\$ 105,561.80	-38.0%	\$ 194,502.72	\$ 133,355.96	-31.4%
"Core" index, excluding swans*	\$ 25,868.59	\$ 3,043.14	-88.2%	\$ 27,093.91	\$ 5,655.09	-79.1%

\* Due to the COVID-19 shutdowns, performances were not available.

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