

# August 2023 Utah Consumer Sentiment

September 5, 2023

## Utah's Consumer Sentiment Fell in August

Utah's consumer sentiment fell 5.8% in August (from 77.3 in July to 71.5), according to the Kem C. Gardner Institute's Survey of Utah Consumer Sentiment. This is Utah's first statistically significant decline in sentiment since February. A similar survey by the University of Michigan found sentiment fell among Americans as a whole, though the drop was smaller than Utah's and not statistically significant. Three of the five survey components are derived from the exact same question between the two surveys, but the Gardner Institute survey asks specifically about Utah rather than the country as a whole on two questions related to business conditions.

The latest consumer sentiment survey highlights the mixed signals Utahns are receiving about the economy. Positive news includes unemployment rates near all-time lows and rising labor force participation in the state. This is contrasted with rising gas prices, interest rates, and housing prices.

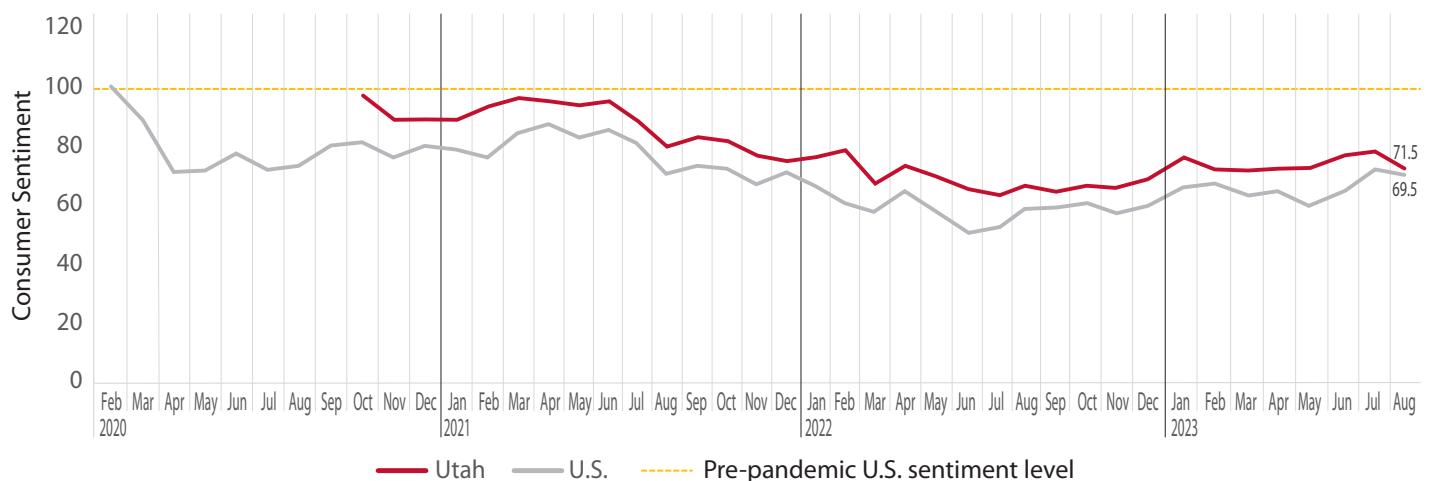
### Questions Comprising the Index

Utah's survey of consumer sentiment includes five questions concerning current and expected future economic conditions. These questions are identical to those included in the University of Michigan's Survey of Consumer Sentiment. They are the first five questions shown in Table 1. Two of these questions refer to business or economic conditions in the country as a whole (rather than in one's home state, for example). We supplement these two questions with alternative versions that refer to the state of Utah rather than the country as a whole.

Alongside each question is shown its index score—higher scores indicate greater confidence. The index score is calculated as the difference in the percentage of respondents who give a "favorable" reply and the percentage of respondents who given an "unfavorable" reply, plus 100. For example, Utah's score for the first question is 96. This means the "unfavorable" replies outnumber the "favorable" replies by 4 percentage points.

Table 1 shows responses to questions that define "sentiment" for Utah (Gardner Institute survey) and the U.S. as a whole (from the University of Michigan). These questions are combined into an overall index, also shown in Table 1.

### Consumer Sentiment Index: Utah and U.S.



Source: Kem C. Gardner Policy Institute and University of Michigan

**Table 1: Responses to Questions Comprising the Utah Consumer Sentiment Index, 2023**

Question	July 2023			August 2023		
	Favorable	Unfavorable	Index	Favorable	Unfavorable	Index
Would you say that you (or you and your family living there) are better off or worse off financially than you were a year ago?	36%	48%	89	41%	45%	96
Do you think that a year from now you (or you and your family living there) will be better off financially, or worse off, or just about the same as now?	33%	18%	115	29%	22%	107
Regarding business conditions in the <b>country/Utah</b> as a whole, do you think that during the next twelve months we'll have good times financially, or bad times?	26%	64%	62	25%	65%	60
	51%	35%	117	40%	45%	95
Looking ahead, which would you say is more likely, that in the <b>country/Utah</b> as a whole we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression?	31%	60%	71	28%	64%	63
	53%	38%	114	46%	46%	100
About the big things people buy for their homes, such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or bad time for people to buy major household items?	31%	57%	74	30%	58%	72
				46%	46%	100
Gardner Consumer Sentiment for Utah	77.3			71.5		
Michigan Consumer Sentiment for U.S.	71.6			69.5		

Note: Percentages shown in the table have been rounded.

Source: Kem C. Gardner Policy Institute and the University of Michigan

The nature of “favorable” varies somewhat by questions. Generally, a “favorable” response is one that indicates being better off, or having high hopes for the future (i.e. higher confidence, or sentiment). For the first question in Table 1, for example, the possible responses are “Better Now,” “About the same,” and “Worse Now.” In this case, “Better Now” is “favorable,” while “Worse Now” is “unfavorable.” Neutral responses (e.g. “About the Same”) do not figure into the index.

### Calculating the Index

The University of Michigan calculates the Index of Consumer Sentiment as a ratio. The numerator is the sum of the differences between the percent responding favorably and the percent responding unfavorably, plus 500 (so that the numerator is the sum of the index scores shown in Table 1). For example, for the first question shown in Table 1, this difference is -4 percentage points for Utah in August (percentages shown in the table have been rounded). The denominator is the value the numerator took in a particular historical year, rescaled. For Michigan, this value is 6.7558 and refers to the year 1966. To this ratio Michigan adds a small amount—2.0—to account for changes to the survey during its early years. We incorporate this reference-period value from the Michigan survey into the Utah indices.

### Survey Methodology

The Utah Consumer Sentiment Survey uses key questions from the University of Michigan’s Surveys of Consumers. These questions measure residents’ views of the present economic situation and their expectation for the economy in the future. Data gathered from the key questions are used to create the consumer confidence index for Utah. Demographic questions are included on the questionnaire to allow for additional analysis of the data and to assess the representativeness of the sample. The 407-interview sample yields a +/- 5.0% tolerated error on total data. All survey interviews are conducted by telephone by a professional data collection company. The sample is drawn to be proportional to the population of Utah’s 29 counties. Weighting of demographic data may be used to ensure the sample more closely aligns with Census data for Utah adult residents.