

October 2020 Utah Consumer Confidence

November 17, 2020

Our October survey of consumer sentiment—the first month this survey has been conducted—suggests sentiment may have a higher “level” in Utah than in the U.S., though we will need a few more months of data to confirm this. Table 1 shows responses to questions that define “sentiment” for Utah (our October survey) and the U.S. as a whole (from the University of Michigan).

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 131. This means the “favorable” replies outnumber the “unfavorable” replies by 31 percentage points.

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 31 percentage points for Utah. 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.

Because October 2020 is the first month of the Utah survey, we do not yet have a prior period to serve as a reference point (i.e. a Utah equivalent to the 6.7558 above). One option is to simply use the reference-period value from the Michigan survey. Doing that, the October value of Utah’s index is 87.2 using the “country as a whole” questions, and 98.1 using the “Utah” alternatives to those questions. The Michigan index, for comparison, had a value of 81.8 for October 2020.

Survey Methodology

The Utah Consumer Confidence Survey uses key questions from the University of Michigan’s Survey 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 400-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.

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

Question	UTAH			US		
	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?	52%	21%	131	42%	29%	113
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?	44%	8%	136	36%	7%	129
Regarding business conditions in the country as a whole, do you think that during the next twelve months we'll have good times financially, or bad times?	39%	42%	97	35%	47%	88
Looking ahead, which would you say is more likely, that in the country 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?	47%	41%	106	43%	43%	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?	46%	40%	106	51%	42%	109

Alternatives

Regarding business conditions in Utah as a whole, do you think that during the next twelve months we'll have good times financially, or bad times?	60%	26%	–	–	–	–
Looking ahead, which would you say is more likely, that in Utah we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression?	65%	23%	–	–	–	–

Note: Percentages shown in the table have been rounded.

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

Next Steps

Once we have results for November, we will be able to report the first month-over-month (proportional) change to the index—often viewed as more meaningful than the level of the index. Importantly, these month-over changes are the same no matter the base-period value of the index.

Once enough data has been collected, we will be able to provide the index by demographic and economic subgroups. Michigan provides these as three-month moving averages. If we also provide these as three month moving averages, our first release of the index by subgroup would come in early January, once we have collected the December survey results. For finer subdivision, precise estimates may be provided on a semi-annual or annual basis.