

# August 2022 Utah Consumer Sentiment

September 8, 2022

## Utah's Consumer Sentiment Increases in August

Utah's consumer sentiment increased from 62.9 in July 2022 to 66.0 in August 2022, according to the Kem C. Gardner Institute's Consumer Sentiment Survey, after three consecutive months of decline. A similar survey by the University of Michigan during the same period found an increase in sentiment among Americans as a whole, rising from 51.5 to 58.2.

Even though prices remain high, overall inflation has moderated, as notably seen with falling gas prices. This moderation coincides with consumer sentiment improvement in both Utah and the U.S. As expected, Utahns remain more optimistic about Utah's economy than are Americans across the country about the nation's economy. Even with ongoing economic challenges such as inflation and rising interest rates, jobs remain plentiful in the state, with more than two job openings for every officially unemployed person. In fact, Utah's labor market and economy have outperformed the U.S. economy for many years. The survey suggests Utahns expect this trend to continue.

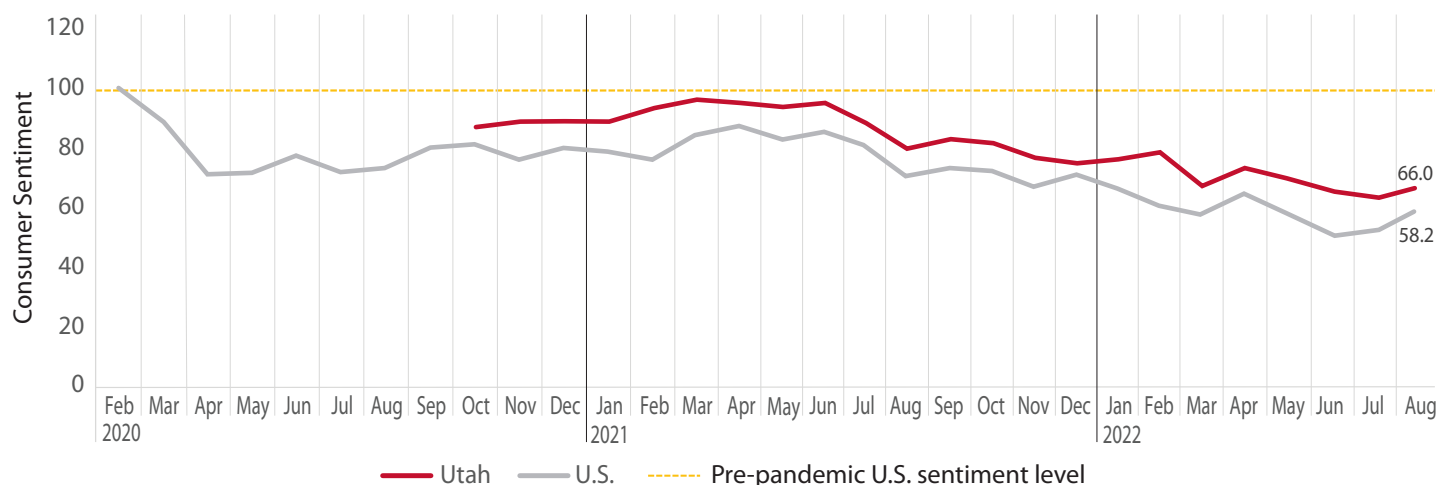
Table 1 shows responses to questions that define "sentiment" for Utah (Gardner Institute) and the U.S. as a whole (University of Michigan). These questions are combined into an overall index, also shown in Table 1.

### Questions Comprising the Index

Utah's consumer sentiment survey includes five questions concerning current and expected future economic conditions. These questions are identical to those in the University of Michigan's Survey of Consumer Sentiment. They are the 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" answer and the percentage of respondents who provide an "unfavorable" response, plus 100. For example, Utah's score for the first question is 81 for August. This means the "unfavorable" replies outnumber the "favorable" replies by 19 percentage points.

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



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

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**Table 1: Responses to Questions Comprising the Utah Consumer Sentiment Index, 2022**

Question	July 2022			August 2022		
	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?	32%	47%	85	30%	49%	81
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?	26%	30%	96	29%	27%	103
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?	U.S. 16% UT 32%	U.S. 75% UT 56%	U.S. 41 UT 76	U.S. 21% UT 39%	U.S. 69% UT 48%	U.S. 53 UT 90
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?	U.S. 24% UT 42%	U.S. 67% UT 49%	U.S. 57 UT 93	U.S. 27% UT 44%	U.S. 65% UT 47%	U.S. 62 UT 96
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?	24%	62%	62	26%	63%	62
Gardner Consumer Sentiment for Utah	62.9			66.0		
Michigan Consumer Sentiment for U.S.	51.5			58.2		

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 question. A “favorable” response 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 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 minus 19 percentage points for Utah in August. 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 Confidence 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 in the questionnaire to allow for additional data analysis and to assess the sample’s representativeness. The 403-interview sample yields a +/- 5.0% tolerated error on results. 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.