

Utah's Consumer Sentiment Rose Slightly in January

Utah's consumer sentiment rose by 1.5 points from December to January, increasing to 76.9, according to the Kem C. Gardner Institute's Utah Consumer Sentiment Survey. This slight increase is coming from Utahns' responses in January of feeling better off financially compared to a year ago and improvements on long-term outlooks. Even with the improvements, overall sentiment is the second-lowest on record and is not as optimistic as it was a year ago. Utahns are still concerned about inflation and the economic effects of Omicron and Delta variants.

The University of Michigan's index sentiment among all Americans fell over the past month, marking a 10-year low in national sentiment. Inflation, COVID-19, and confidence in government economic policies were all major factors in the 3.4 percentage point fall.

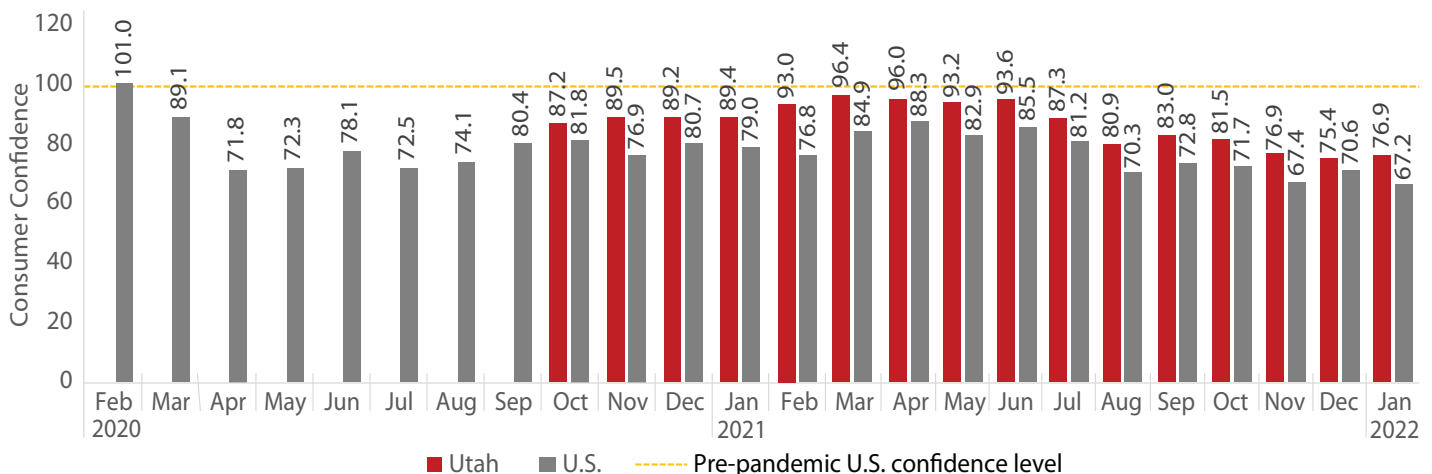
The juxtaposition of a small rise in Utah sentiment and a significant drop in national sentiment may feel jarring but is not surprising. While the rest of the nation is still recovering from the pandemic, Utah's economy is thriving. Utah has the second-lowest rate of unemployment (1.9%) and is first in job growth (3.7%) compared to other states. This growth may be tempered by the federal reserve's response to tame inflation. However, Utah is in a unique and favorable position for the upcoming year.

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 107 for January. This means the "favorable" replies outnumber the "unfavorable" replies by 7 percentage points.

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, 2021/2022

Question	December 2021			January 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?	37%	34%	103	40%	33%	107
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?	35%	22%	114	33%	18%	115
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?	30%	60%	70	27%	61%	66
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?	25%	64%	61	30%	60%	70
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?	25%	62%	63	27%	62%	65

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?	50%	35%	116	47%	38%	109
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?	45%	45%	100	51%	41%	110

Overall Indices

Gardner Consumer Sentiment for Utah	75.4	76.9
Gardner Consumer Sentiment for U.S.	62.9	64.5
Michigan Consumer Sentiment for U.S.	70.6	67.2

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 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. The nature of “favorable” varies somewhat by question. 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 7 percentage points for Utah in January. 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 on the questionnaire to allow for additional analysis of the data and to assess the representativeness of the sample. The 406-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.