

March 2022 Utah Consumer Sentiment

April 1, 2022

Utah's Consumer Sentiment Falls Sharply in March

Utah's consumer sentiment declined 10.8 points in March, decreasing to 68.0, according to the Kem C. Gardner Institute's Survey of Utah consumers. This is the largest monthly drop since the index began in October 2020. Outlooks fell among all groups, suggesting that every Utahn feels the cost of living pinch due to rising fuel prices and inflation as well as concerns around geopolitical instability.

A similar survey by the University of Michigan tallied a decline of 3.4 points in sentiment among Americans as a whole, a decline that started in January and has continued for three months. National sentiment fell to 59.4, its lowest level since August 2011.

The Russia-Ukraine conflict has only exacerbated matters, adding further pressure on food and fuel prices. In March, the Federal Reserve raised interest rates by 25 basis points. Analysts expect five to seven additional increases by year's end. For now, economic indicators—such as unemployment, retail sales, and corporate earnings—remain strong throughout Utah and the nation.

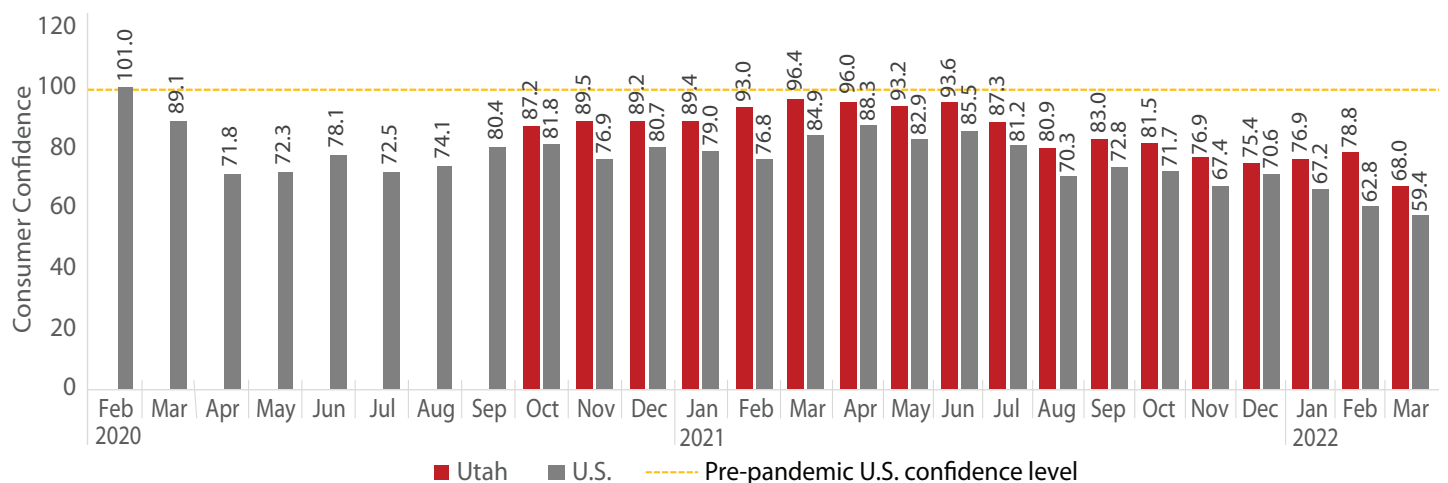
Table 1 shows responses to questions that define "sentiment" for Utah (Gardner Institute survey) and the U.S. as a whole (from the University of Michigan). These questions are combined into an overall index, also shown in Table 1. For the version of our index referring to the U.S. as a whole, sentiment was 54.0 in March, compared to 65.0 in February. For an alternative version referring specifically to Utah, the index was 68.0 in March, compared to 78.8 in February.

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

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, 2022

Question	February 2022			March 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?	39%	35%	104	34%	42%	92
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?	34%	20%	114	26%	28%	98
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?	27%	63%	64	17%	77%	40
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?	29%	59%	70	26%	68%	58
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?	30%	57%	73	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?	48%	36%	113	41%	48%	93
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?	52%	38%	115	46%	49%	97
Overall Indices						
Gardner Consumer Sentiment for Utah	78.8			68.0		
Gardner Consumer Sentiment for U.S.	65.0			54.0		
Michigan Consumer Sentiment for U.S.	62.8			59.4		

Note: Percentages shown in the table have been rounded.
 Source: Kem C. Gardner Policy Institute and the University of Michigan

“unfavorable” reply, plus 100. For example, Utah’s score for the first question is 92 for March. This means the “unfavorable” replies outnumber the “favorable” replies by 8 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 -8 percentage points for Utah in February. 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 404-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.