

Tennessee

Consumer Outlook Index

Fall 2022 Results



Jones College of Business
Office of Consumer Research

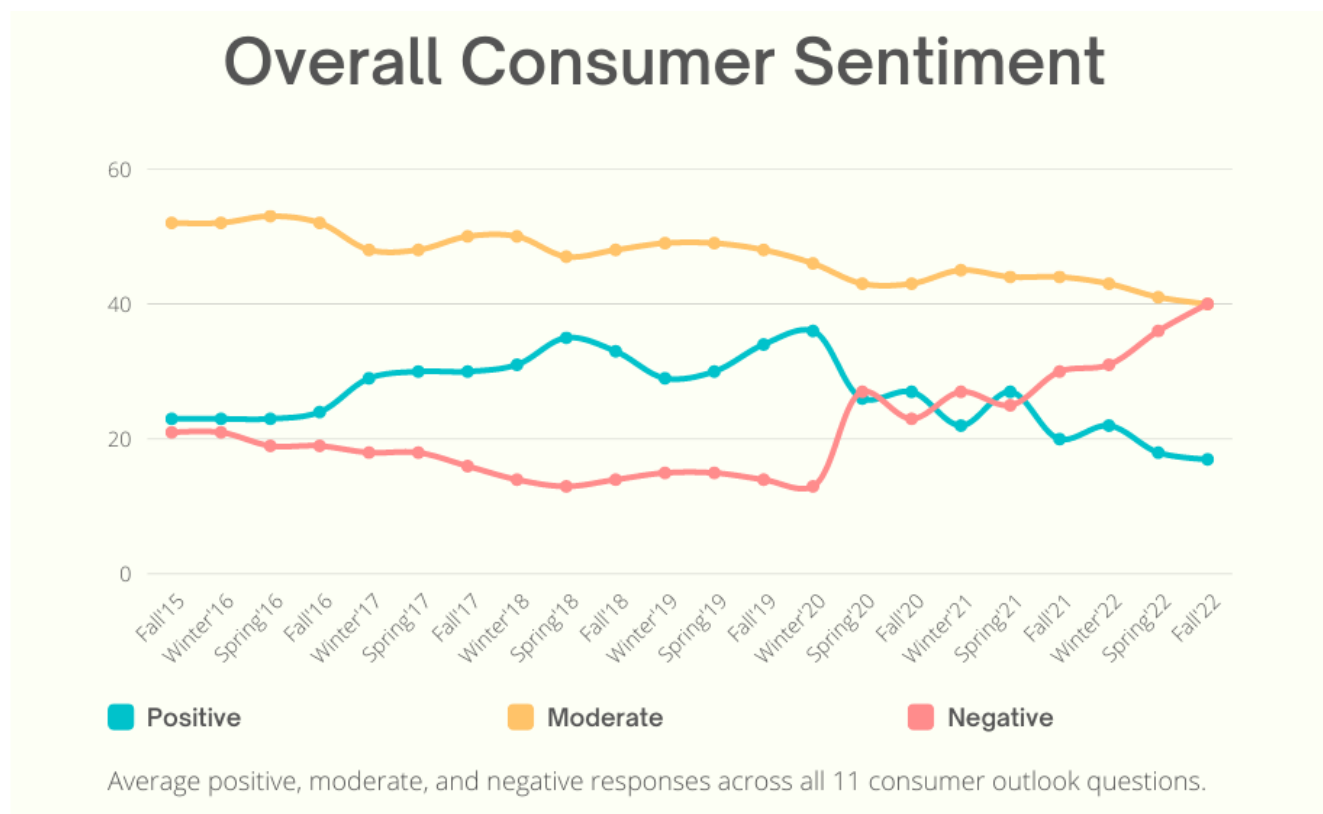
Introduction

We're very excited to have you here! We hope you enjoy the Fall 2022 Tennessee Consumer Outlook Index results. Consumers from across Tennessee responded to the Jones College of Business Office of Consumer Research Consumer Outlook Survey, providing a unique perspective on the current and upcoming outlook of the economy and spending.

Tennessee consumers are bearish on the economy

Tennessee consumers have become more pessimistic over the last several quarters as negative sentiment has increased from 30% to 40% (see Figure 1). This reflects a belief that the current conditions are “bad” and future economic conditions will be “worse.”

Figure 1. Consumer sentiment is increasingly negative



Further, the Overall Outlook Index fell for the fourth straight time, reflecting over 12 consecutive months of decline (see Figure 2). The Overall Index, Purchasing Index, and Future Expectations Index are at all-time lows of -256, -133, and -40, respectively.

These lows reflect deteriorating views of the current economy, more pessimistic expectations for the future of the economy, and waning beliefs that now is a good time to make large purchases.

Figure 2. The Consumer Outlook Index is at an all-time low

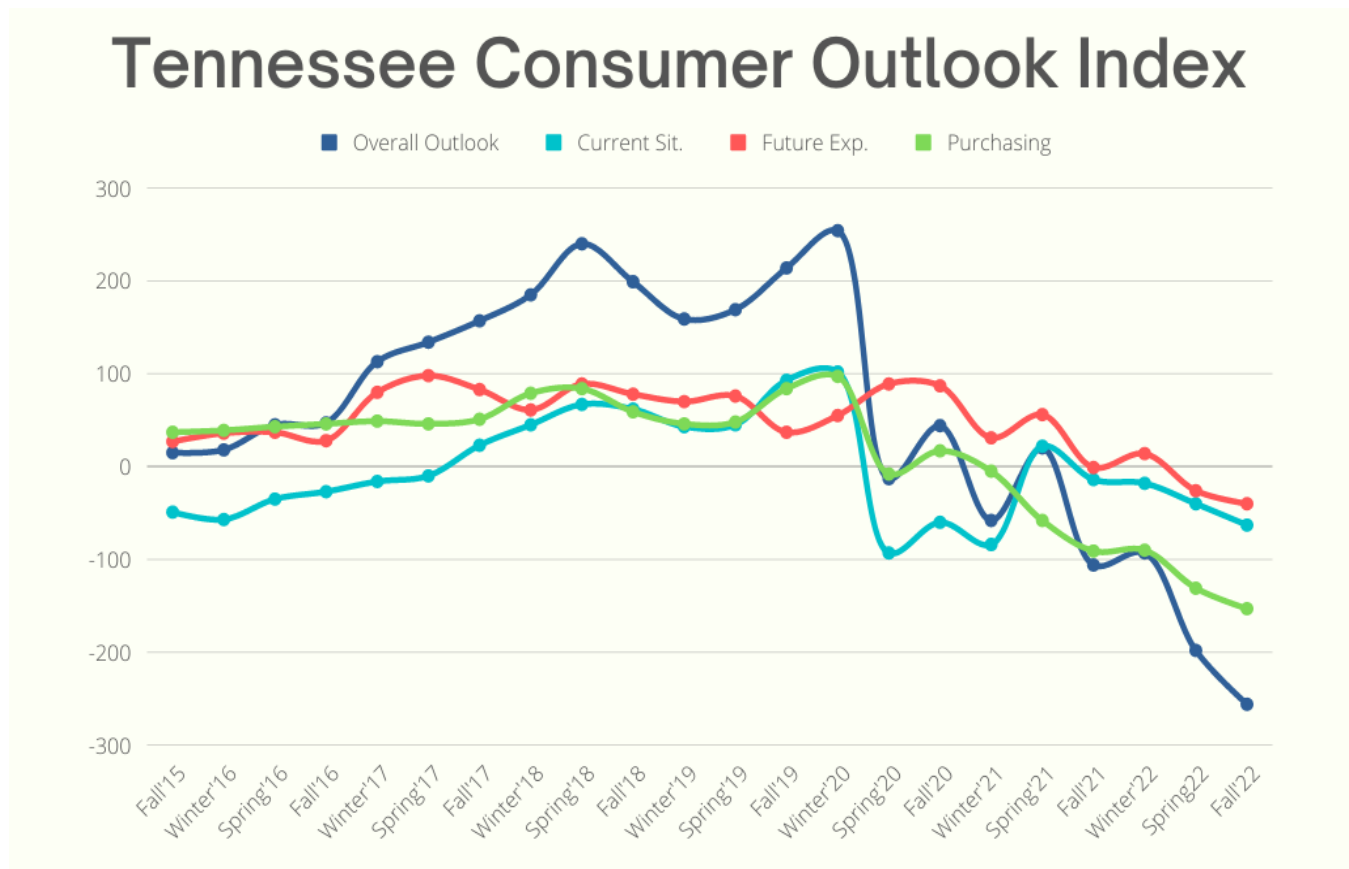


Table 1 provides more context to the trend lines found in Figure 2. Over the past year, consumers' willingness to spend money on large purchases has significantly declined. Given that two-thirds of our national economy is from consumer spending, changes in consumers' perceptions of the current economy, the future economy, and whether or not now is a good time to make large purchases can significantly affect future economic growth.

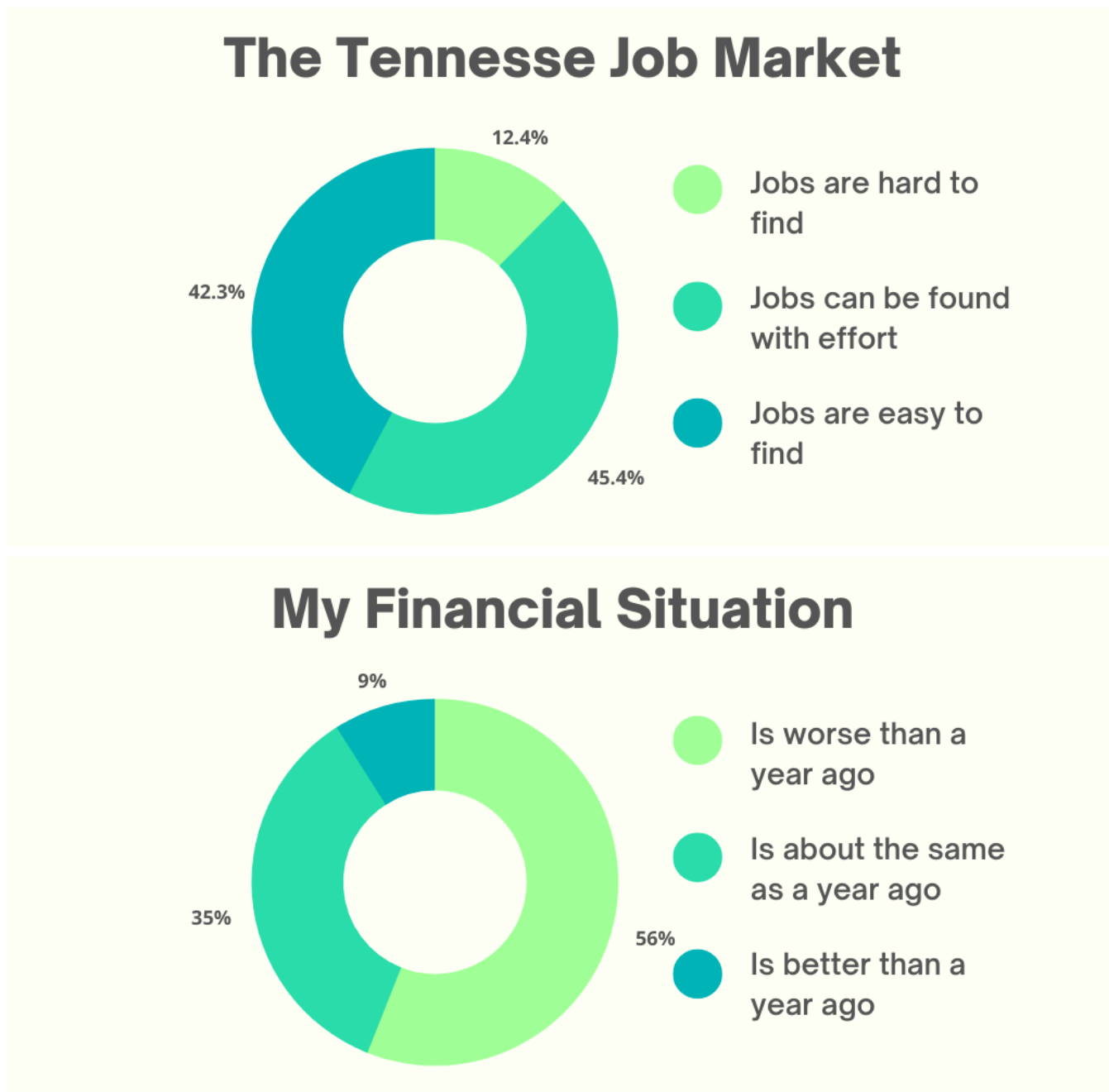
Table1. Current results and changes in the Consumer Outlook Index

	Current Results Fall 2022	Change from Spring/Summer 2022	Change from Winter 2022
Overall Outlook Index	-256	-58	-163
Current Situation Index	-63	-23	-45
Future Expectations Index	-40	-14	-54
Purchasing Index	-153	-22	-63

Key indicators provide mixed signals

In addition to purchasing intentions, perceptions about the job market and personal financial situation are key indicators for predicting economic growth (see Figure 3). Perceptions of the job market weakened slightly but largely remained positive. Conversely, perceptions concerning personal financial situations significantly declined, with 56% of respondents stating that their current situation is worse than a year ago (a change of +16%).

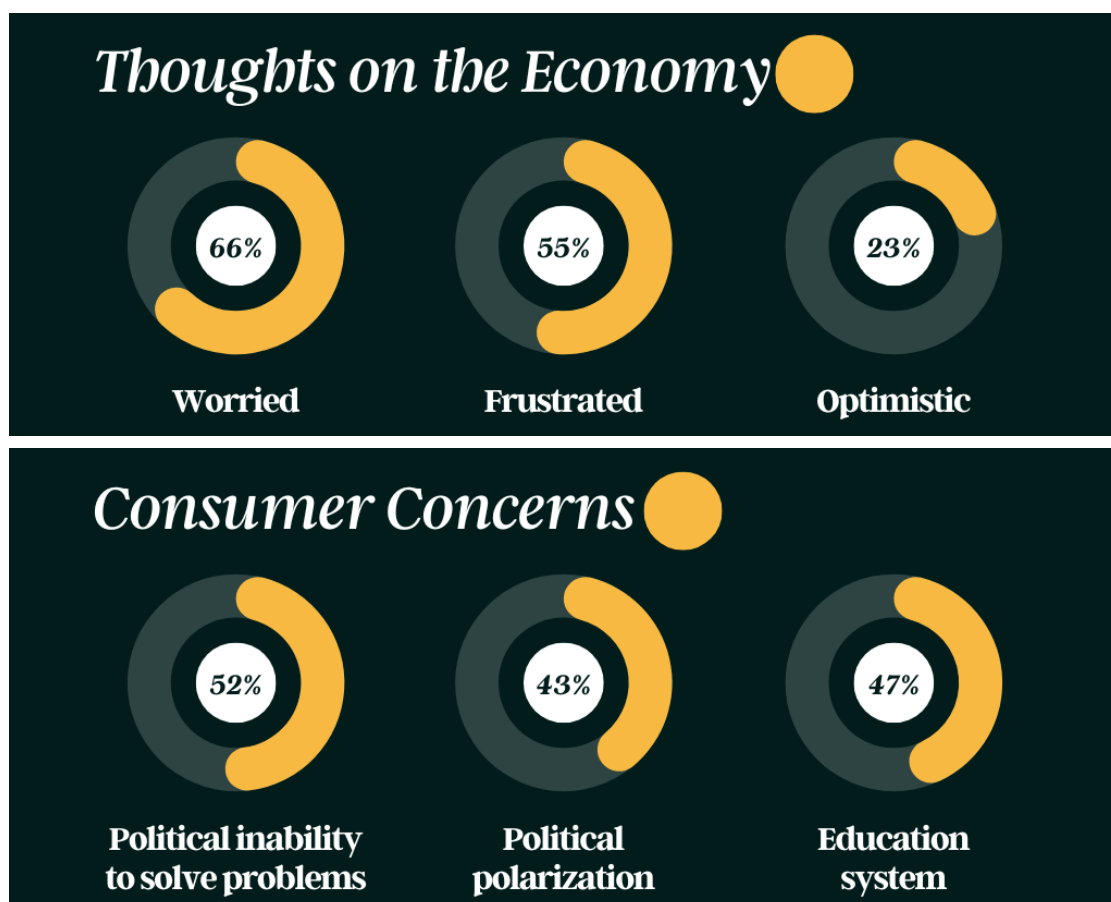
Figure 3. Tennessee consumers discuss the job market and their financial situation



Consumers are worried about the economy and politics

More respondents are worried (66%) and frustrated (55%) with the economy than they are optimistic (23%). Further, as shown in Figure 4, the top concerns of respondents are politicians' inability to solve problems (52%), political polarization (43%), and the failure of our education system to properly educate and prepare students for the workforce (47%).

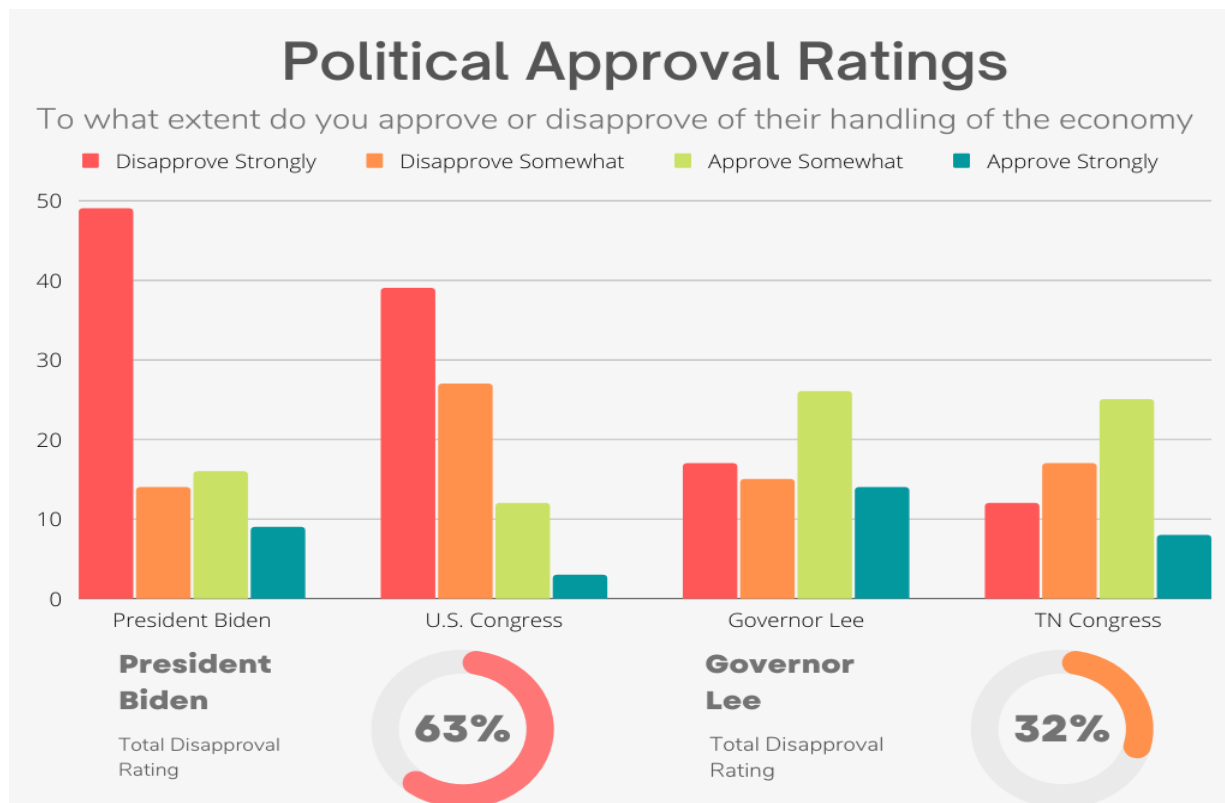
Figure 4. Tennessee consumer's thoughts on the economy and concerns



Political approval ratings hold steady

Consumers were asked to indicate the extent to which they approve or disapprove of how political leaders handle the economy. As shown in Figure 5, there is clear disapproval for President Biden (49% said strongly, and 14% said somewhat disapprove) and the U.S. Congress (39% said strongly, and 27% said somewhat disapprove), the ratings remain relatively unchanged since our last survey. Next, Governor Lee (17% said strongly, and 15% said somewhat disapprove) and the Tennessee Congress (12% said strongly, and 17% said somewhat disapprove) enjoy more balanced ratings, with the highest number of respondents approving somewhat of their handling of the economy.

Figure 5. Tennessee consumers rate politicians on their handling of the economy



Collaborate with us

The Office of Consumer Research (OCR) collects data throughout the year to measure Tennessee consumers' (Tennessee Consumer Outlook Index¹) and Business Leaders' perceptions of the economy (Tennessee Business Barometer). We welcome your comments, questions, and suggestions. Please contact Dr. Michael Peasley for more information.

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¹ The Consumer Outlook Index scores are based on consumers' responses to 11 questions measuring their perceptions of the current economy, the future economy, jobs, personal finances, and whether now is a good time to make large purchases. Four questions make up the Current Situation Index, four questions make up the Future Expectations Index, and three questions make up the Purchasing Index. The Overall Outlook Index is based on all 11 questions combined.

The scores for each index are computed by adding the percentage of favorable responses to each question and subtracting the percentage of negative responses to each question. A net score of zero indicates the percentage of consumers who hold negative views of the economy is equal to the percentage of consumers who hold positive views of the economy. A net positive score indicates consumers who hold positive views of the economy outnumber those who hold negative views of the economy (vice versa for a net negative score).