

Tennessee

Consumer Outlook Index

Winter 2023 Results



Jones College of Business
Office of Consumer Research

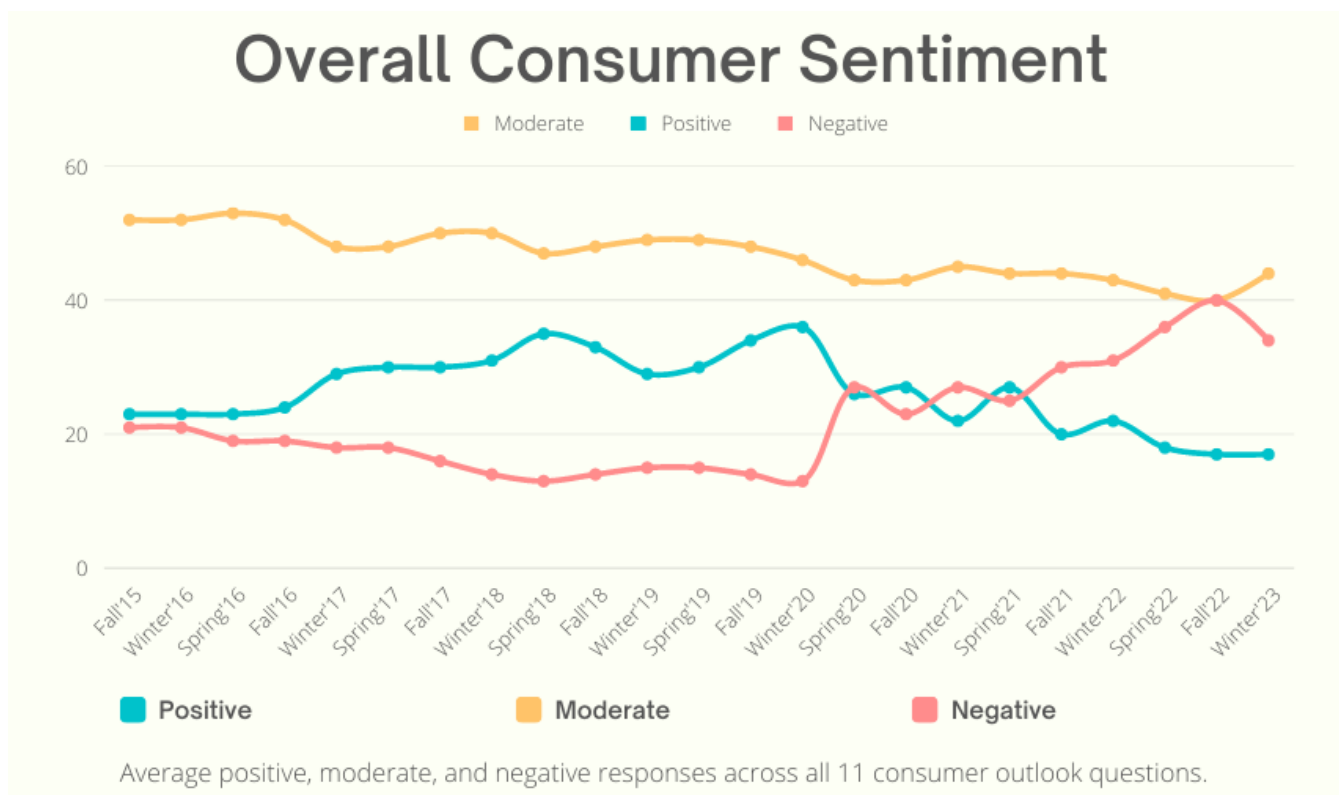
Introduction

We're very excited to have you here! We hope you enjoy the Winter 2023 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.

Consumers are uncertain about the future economy

Tennessee consumers had become more pessimistic over the last several quarters, but this quarter negative sentiment declined from its peak of 40% to 34% (see Figure 1). Conversely, positive sentiment remained unchanged. This reflects a belief that the current conditions are still relatively bad, and consumers are uncertain about future economic conditions.

Figure 1. Positive sentiment is at an all-time low



Further, after being at an all-time low in the Fall of 2022, the Overall, Current Situation, Future Expectations, and Purchasing Indices rose to Spring of 2022 levels (see Figure 2). While the current lows reflect poor views of the economy and pessimistic expectations for the future of the economy, the recent increases are likely signaling either the bottom of peak fear or temporary optimism as consumers wait for more economic news.

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

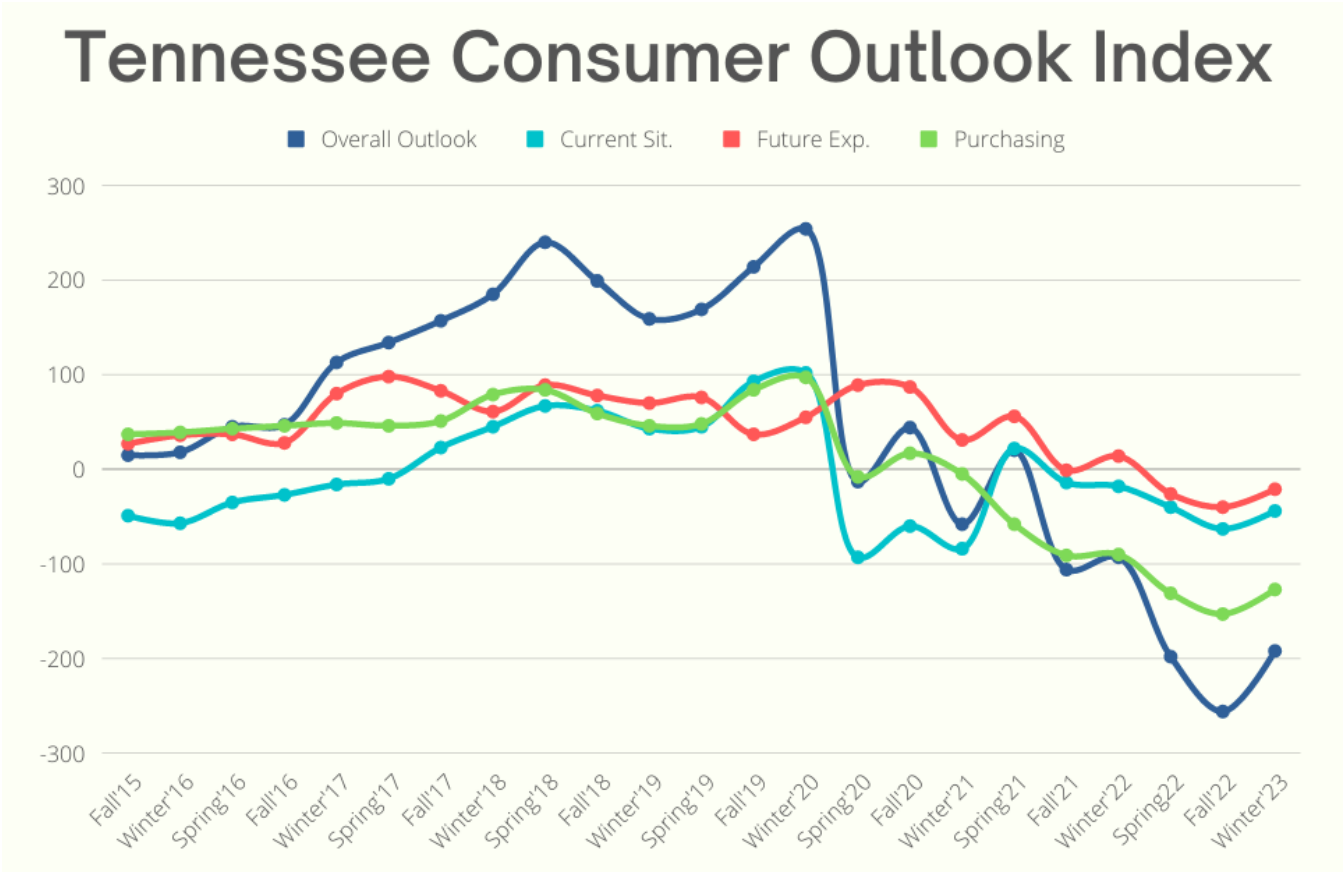


Table 1 provides more context to the trend lines found in Figure 2. Over the past year, consumers’ willingness to spend money on large purchases has held relatively steady. Tennessee consumers appear to be in a wait-and-see pattern. Given that two-thirds of our national economy is from consumer spending, changes in consumers’ perceptions of the current economy, the future economy, and whether now is a good time to make large purchases can significantly affect future economic growth.

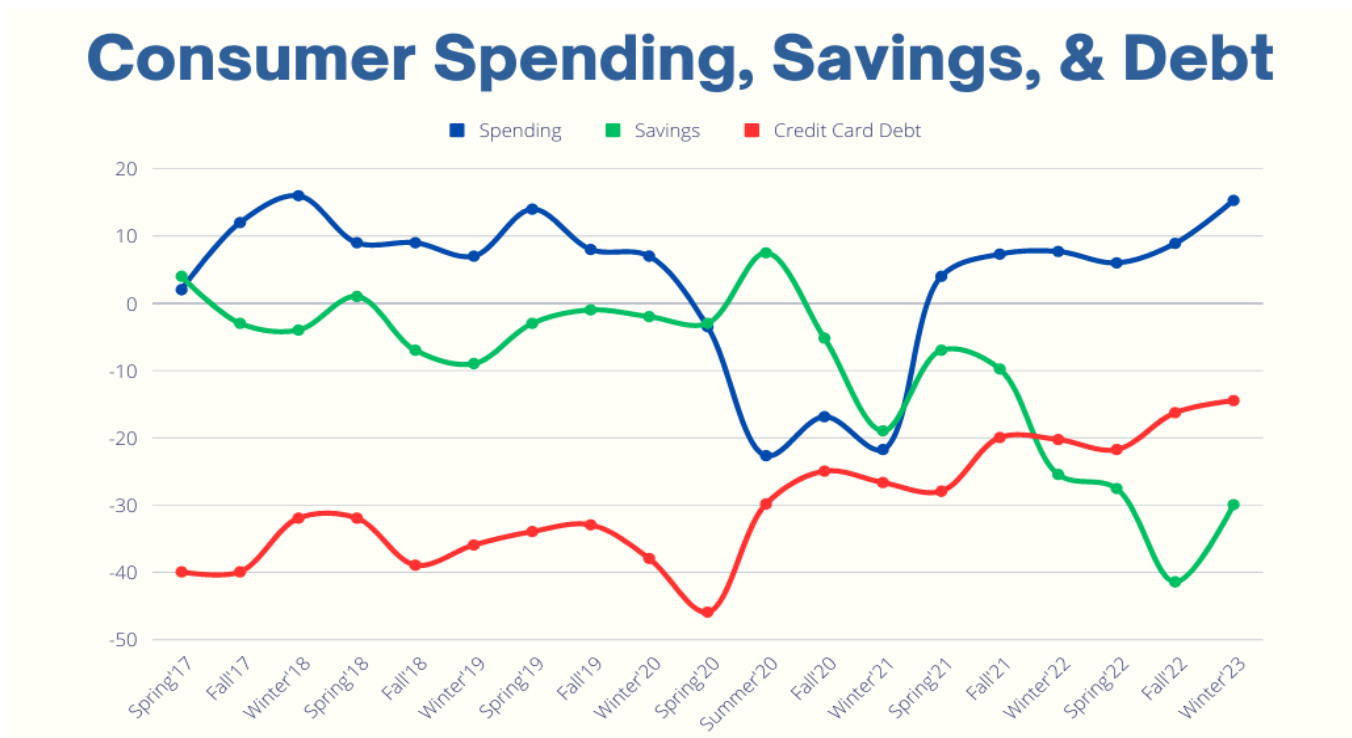
Table1. Current results and changes in the Consumer Outlook Index

	Current Results Winter 2023	Change from Fall 2022	Change from Spring 2022
Overall Outlook Index	-192	64	6
Current Situation Index	-44	19	-4
Future Expectations Index	-21	19	5
Purchasing Index	-127	26	5

Consumer Debt is Increasing

Changes in consumer spending, savings, and credit card debt are key indicators for predicting economic growth (see Figure 3). With wages mostly stagnant, consumers are increasing their spending (likely to keep up with inflation) and savings (likely to prepare for uncertain future economic conditions) at the expense of higher credit card debt.

Figure 3. Consumers are increasing spending and savings at the expense of debt



Interestingly, consumer perceptions concerning their financial situation improved from the Fall of 2022, with more respondents stating that their current situation is better than a year ago (a change of +6%). Considering that spending and debt are higher, this perception may be based on false hope related to increased savings.

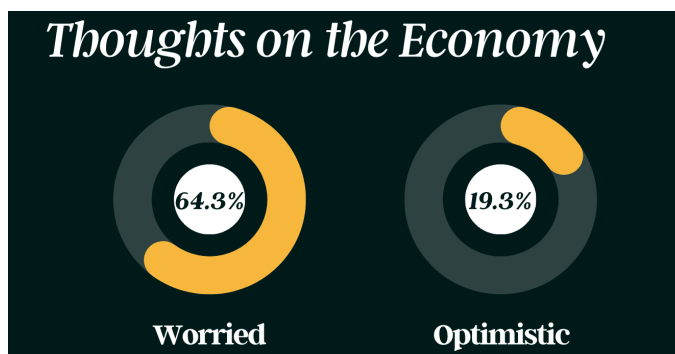
Figure 4. Tennessee consumer's view of their financial situation



Most consumers are worried about the economy

With higher prices, a fluctuating stock market, and recent banking failures, more respondents are worried (64.3%) about the economy than they are optimistic (19.3%).

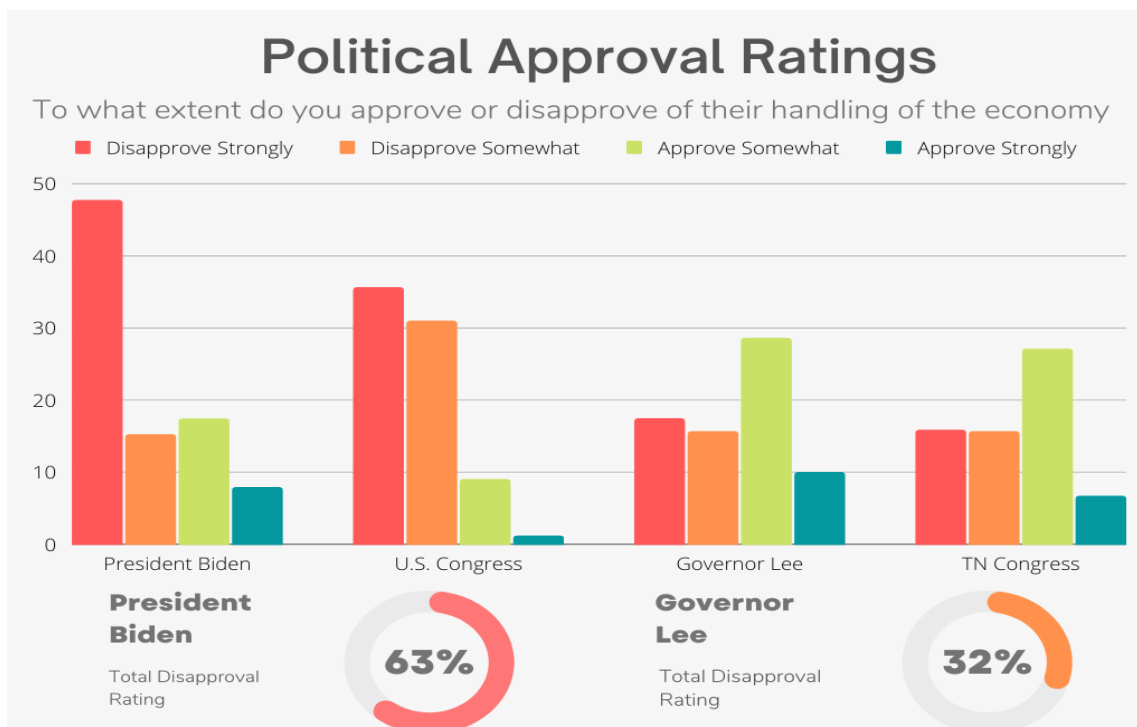
Figure 5. Tennessee consumer's thoughts on the economy



Political approval ratings hold steady

Consumer ratings of political leaders handling of the economy remain relatively unchanged since our last survey. As shown in Figure 6, there is high disapproval of President Biden (48% strongly, 15% somewhat disapprove) and the U.S. Congress (36% strongly, 31% somewhat disapprove). Next, Governor Lee (17% strongly, 15% somewhat disapprove) and the Tennessee Congress (16% strongly, 16% somewhat disapprove) enjoy balanced ratings, with the highest number of respondents approving somewhat of their handling of the economy.

Figure 6. 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).