

December 2023 Utah Consumer Sentiment

January 3, 2024

Utah's Consumer Sentiment Rose in December

Utah's consumer sentiment rose 8.4% in December (from 73.6 in November to 79.8), according to the Kem C. Gardner Policy Institute's Survey of Utah Consumer Sentiment. A similar survey by the University of Michigan found that sentiment rose 13.7% among Americans as a whole during the same time (from 61.3 to 69.7).

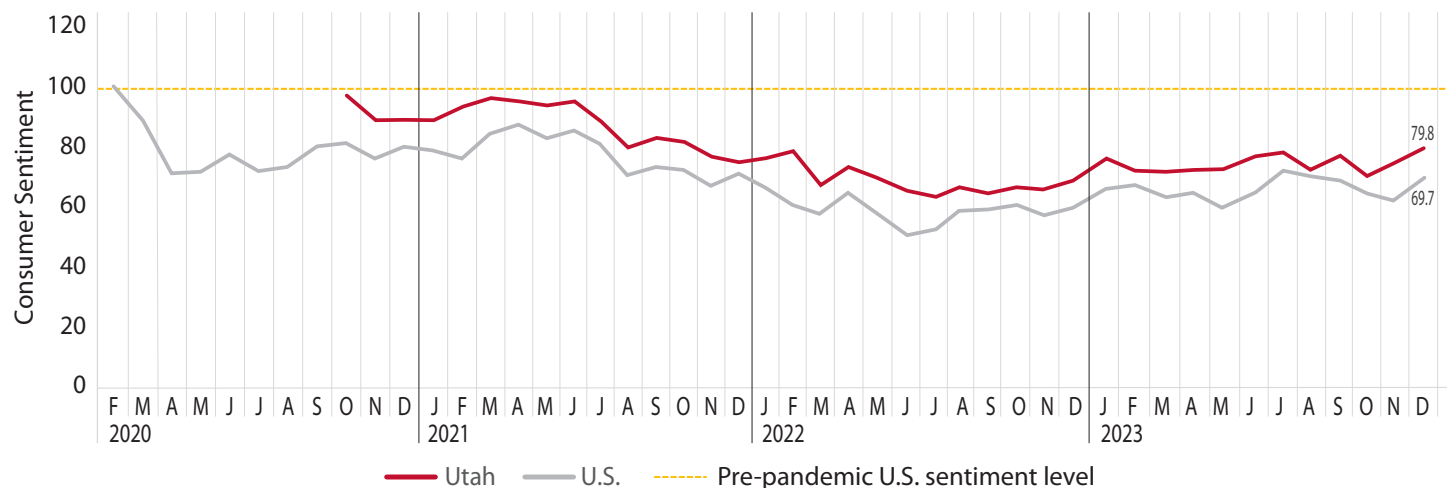
Utah consumer sentiment ended 2023 with its highest rating in over two years, signaling growing economic optimism. This year-end consumer sentiment increase coincides with the remarkable resiliency seen in the Utah and U.S. economies in 2023. Despite higher interest rates, banking turmoil, and elevated inflation during the year, the economy appears to have expanded in all four quarters of 2023, buoyed by strong labor markets, continued robust consumer spending, and elevated-but-moderating inflation.

Questions Comprising the Index

Utah's survey of consumer sentiment includes seven questions concerning current and expected future economic conditions. Five of the questions are identical to those included in the University of Michigan's Survey of Consumer Sentiment in the U.S. They are the first five questions shown in Table 1. Two of those questions refer to business or economic conditions in the country as a whole (rather than in one's home state, for example). Utah's survey also includes alternate versions of the business or economic conditions questions that refer to conditions in the state of Utah rather than the country (shown in Table 1). These alternatives are used when calculating Utah's consumer sentiment among state residents (shown in red below). The U.S. consumer sentiment index (displayed as the gray series below) comes from the University of Michigan survey.

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.

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, 2023

Question	November 2023			December 2023		
	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%	45%	87	33%	45%	88
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?	29%	20%	110	31%	18%	114
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?	31%	52%	79	36%	46%	90
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?	23%	66%	57	25%	59%	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?	30%	58%	71	31%	53%	78
Alternatives for the Utah Consumer Sentiment Index						
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?	41%	45%	96	43%	38%	105
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?	51%	39%	112	59%	30%	129
Gardner Consumer Sentiment for Utah	73.6			79.8		
Michigan Consumer Sentiment for U.S.	61.3			69.7		

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

Calculating the Index

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 give an “unfavorable” reply, plus 100. For example, Utah’s score for the first question is 88. This means the “unfavorable” replies outnumber the “favorable” replies by 12 percentage points.

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 from five questions). 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. The Utah index illustrated above is calculated using this same method and incorporates Michigan’s reference-period value and adjustment. However, as noted above, two of the five questions differ by design.

Survey Methodology

The Utah Consumer Sentiment 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 Utah’s consumer sentiment index. Demographic questions are included in the questionnaire to allow for additional data analysis and to assess the sample’s representativeness. The 405-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.