

# Tennessee Consumer Outlook Index

Spring 2024 Results & Summer Outlook



Jones College of Business  
Office of Consumer Research

## Introduction

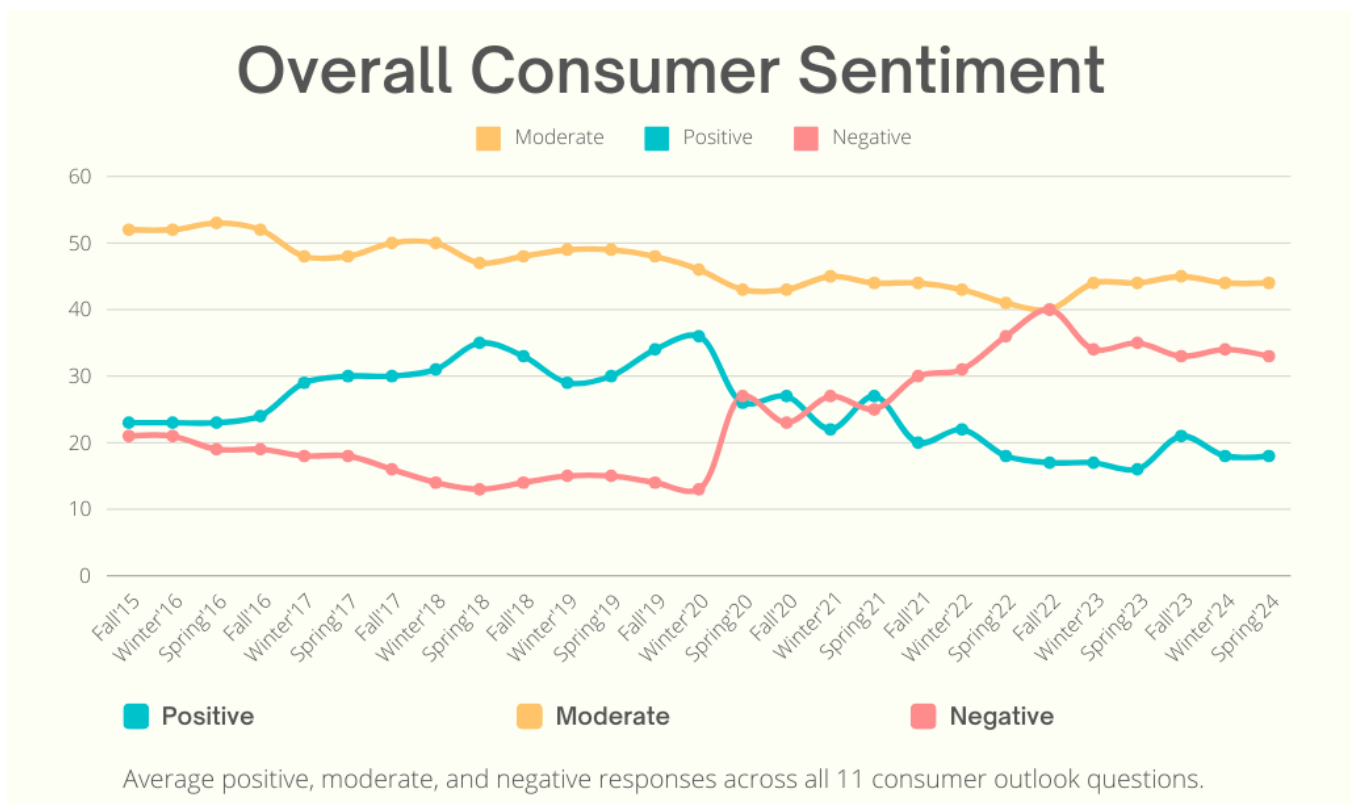
We're very excited to have you here! Consumers from across Tennessee responded to the Jones College of Business Office of Consumer Research Consumer Outlook Survey, providing a unique perspective on the current and upcoming outlook of the economy and spending.

We hope you see the value in the insights provided from the Spring 2024 Tennessee Consumer Outlook Index results.

## Has the Economy Flatlined?

Overall, as shown in Figure 1, sentiment remains relatively unchanged. Further, only 17.4% of respondents this quarter said that conditions in the U.S economy are positive and only 16.8% think that conditions will be better six months from now.

Figure 1. Positive and negative sentiment remain relatively unchanged.



After being at an all-time low in the Fall of 2022, the Overall Outlook index had begun to recover throughout 2023 but took a small negative turn in the beginning of 2024 (see Figure 2). Overall, the results this quarter remain unchanged from earlier in 2024. Perhaps the

combination of inflation, rate hikes, and a presidential election year has contributed to economic stagnation.

**Figure 2. The Consumer Outlook Index signals stagnation.**

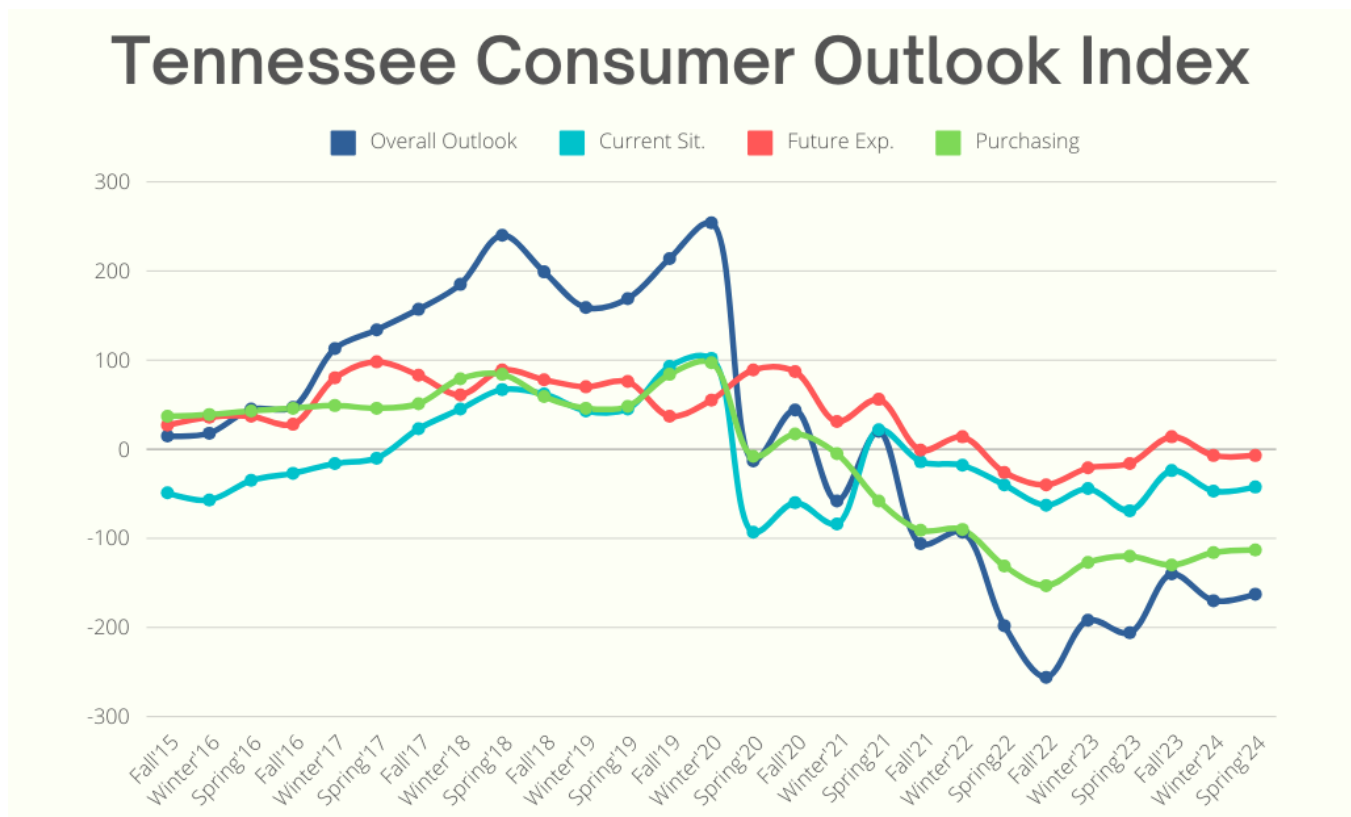


Table 1 provides more context to the trend lines found in Figure 2. Over the past year, consumers’ willingness to spend money on large purchases has held relatively steady, with slight gains this quarter (+3). Tennessee consumers appear to be in a wait-and-see pattern. The purchasing index combined with low savings rates and high credit card balances project that consumer spending will likely remain consistent or produce slight declines in the near future.

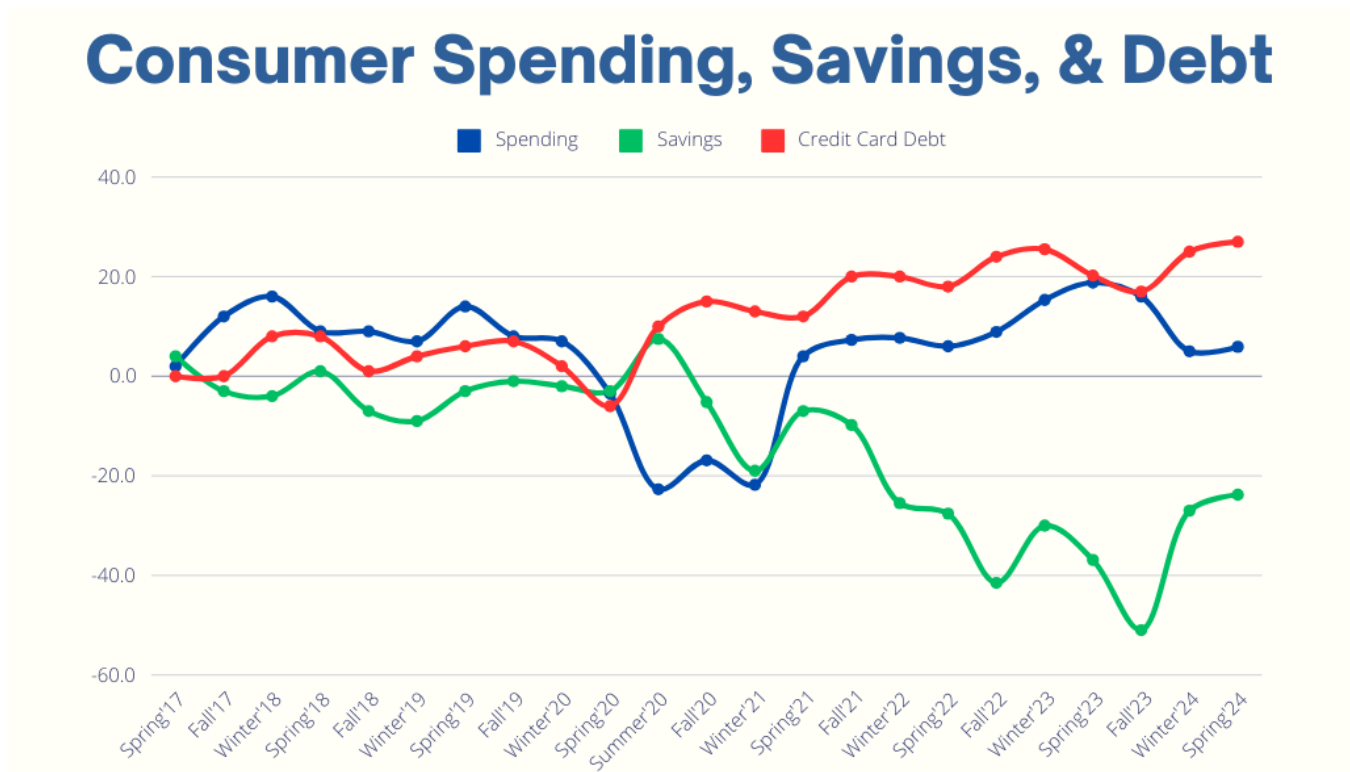
**Table1. Current results and changes in the Consumer Outlook Index.**

|                           | Current Results<br>Spring 2024 | Change from<br>Winter 2024 | Change from<br>Fall 2023 |
|---------------------------|--------------------------------|----------------------------|--------------------------|
| Overall Outlook Index     | -163                           | 7                          | -23                      |
| Current Situation Index   | -42                            | 5                          | -18                      |
| Future Expectations Index | -7                             | 0                          | -21                      |
| Purchasing Index          | -113                           | 3                          | 17                       |

## Consumer Spending is Slowing Down

With consumer savings plummeting to all-time lows in the fall of 2023, savings improved over the last two quarters, but remain comparatively low versus pre-2020 savings rates. With wage increases lagging the increases in the cost of goods and services, consumer spending is occurring at the expense of their savings and through credit card debt, putting future spending at risk. This is exemplified by only 7.3% of Tennessee consumers believing now is a good time to buy a house and 13.4% believing now is a good time to buy a car.

Figure 3. Consumer spending is starting to slow down as debt increases.



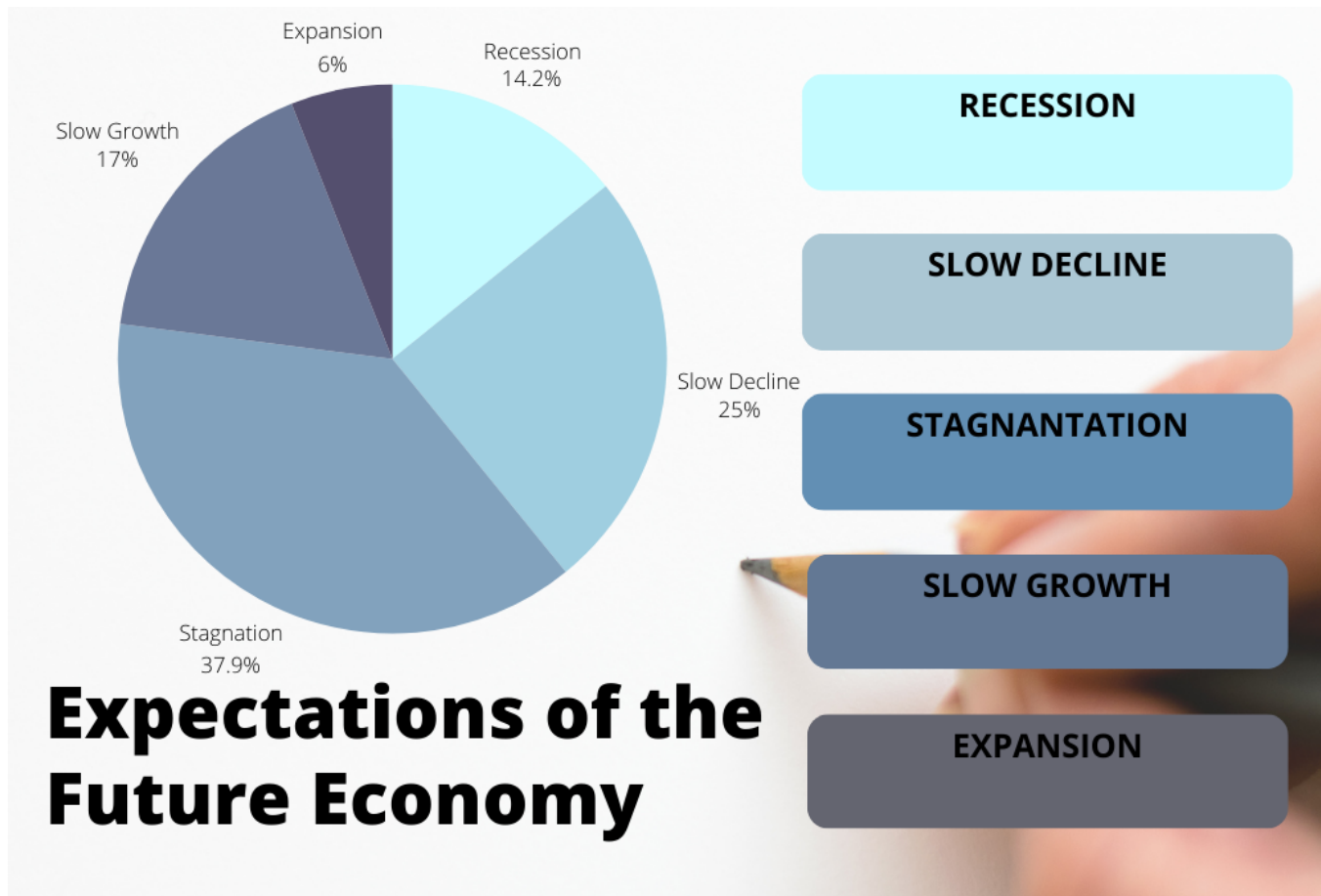
## Consumer's View in Focus

Consumer perceptions concerning their financial situation declined over the last quarter. Only 14.8% of Tennessee consumers said that their personal financial situation was better than it was a year ago and only 26.9% think that their personal financial situation will be better in six to twelve months.

With higher prices and low savings rates, more respondents are worried (60%) about the economy than they are optimistic (19%). Further, as shown in Figure 4, 14.2% of respondents indicated that their perception is the economy will go into a recession, 17%

indicated the economy will continue to move in a slow decline, and 37.9% stated they expect the economy to be stagnant.

**Figure 4. Tennessee consumer's level of concern on the future of the economy.**

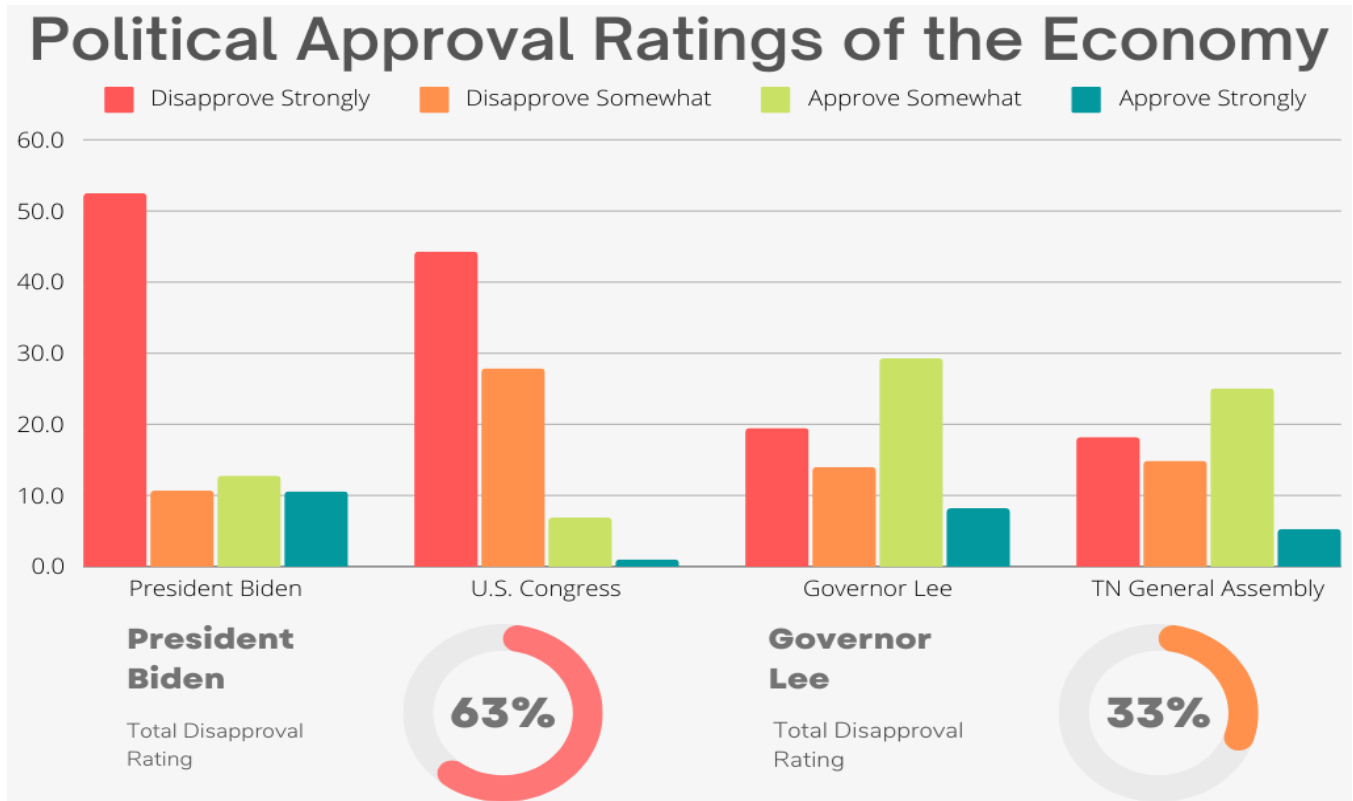


### Political Approval Ratings

Consumer ratings of political leaders' handling of the economy have slightly declined since our last survey. As shown in Figure 5, there is high disapproval of President Biden (52.5% strongly, 10.7% somewhat disapprove) and the U.S. Congress (44.3% strongly, 27.9% somewhat disapprove).

Next, ratings for Governor Lee (19.5% strongly, 14% somewhat disapprove) and the Tennessee General Assembly (18.2% strongly, 14.9% somewhat disapprove) both declined slightly this quarter, though the highest number of respondents are 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 Index<sup>1</sup>) 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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<sup>1</sup> 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).