Introduction
We're very excited to have you here! We hope you enjoy the Winter 2024 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.

A Tale of Two Consumers and their Perceptions
Overall, Tennessee consumers had become more optimistic last quarter. However, positive sentiment decreased from 21% to 18% this quarter. More specifically, Figure 1 shows that positive sentiment remained at 21% for those with higher incomes (above $70,000) and dropped to 16% for those with lower incomes (under $70,000).

Figure 1. Positive sentiment decreased and negative sentiment increased for those with lower incomes while the opposite occurred for those with higher incomes.

Further, 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 negative turn this quarter (see Figure 2). Yet,
like the sentiment indicators, the overall (+30) and current (+20) index improved for those with higher incomes (above $70,000) and the overall (-67) and current (-43) index dropped for those with lower incomes (under $70,000). Interestingly, the future expectations declined for both income groups and the purchasing situation index rose for both income groups.

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

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 (+14). 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 low or decline further in the near future.

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.
Table 1. Current results and changes in the Consumer Outlook Index.

<table>
<thead>
<tr>
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<th>Current Results Winter 2024</th>
<th>Change from Fall 2023</th>
<th>Change from Winter 2023</th>
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</thead>
<tbody>
<tr>
<td>Overall Outlook Index</td>
<td>-170</td>
<td>-30</td>
<td>22</td>
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<tr>
<td>Current Situation Index</td>
<td>-47</td>
<td>-23</td>
<td>-3</td>
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<tr>
<td>Future Expectations Index</td>
<td>-7</td>
<td>-21</td>
<td>14</td>
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<tr>
<td>Purchasing Index</td>
<td>-116</td>
<td>14</td>
<td>11</td>
</tr>
</tbody>
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Consumer Spending is Slowing Down

With consumer savings plummeting to all-time lows last quarter, savings improved slightly this quarter for lower income and improved significantly for higher income consumers. Further, consumer spending slowed down (see Figure 3). 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.

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

Further, as shown in Figure 4, consumer perceptions concerning their financial situation declined over the last quarter, with more respondents stating that their current situation is worse than a year ago (a change of 3%).
Most Consumers are Worried About the Economy
With higher prices and low savings rates, more respondents are worried (63%) about the economy than they are optimistic (22%). Further, as shown in Figure 5, 15% of respondents indicated that their perception is the economy will go into a recession, 18% indicated the economy will continue to move in a slow decline, and 41% stated they expect the economy to be stagnant.
Political Approval Ratings and Presidential Preferences

Consumer ratings of political leaders' handling of the economy have remained 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 (30% strongly, 38% somewhat disapprove).

Next, ratings for Governor Lee (16% strongly, 17% somewhat disapprove) and the Tennessee General Assembly (16% strongly, 22% somewhat disapprove) both declined slightly this quarter, though the highest number of respondents are approving somewhat of their handling of the economy.

Figure 6. Tennessee consumers rate politicians on their handling of the economy.

Finally, Tennessee consumers have several favorites in the 2024 election, but overall, they prefer another Biden versus Trump election in November, with 21% saying they like Biden (down from 26% last quarter) and 43% saying they like Trump (up from 41% last quarter). However, there is a large percentage (22%) of Tennessee consumers who prefer none of the current political candidates in the upcoming presidential election.
Figure 6. Tennessee consumer's presidential preferences in the 2024 Election

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).