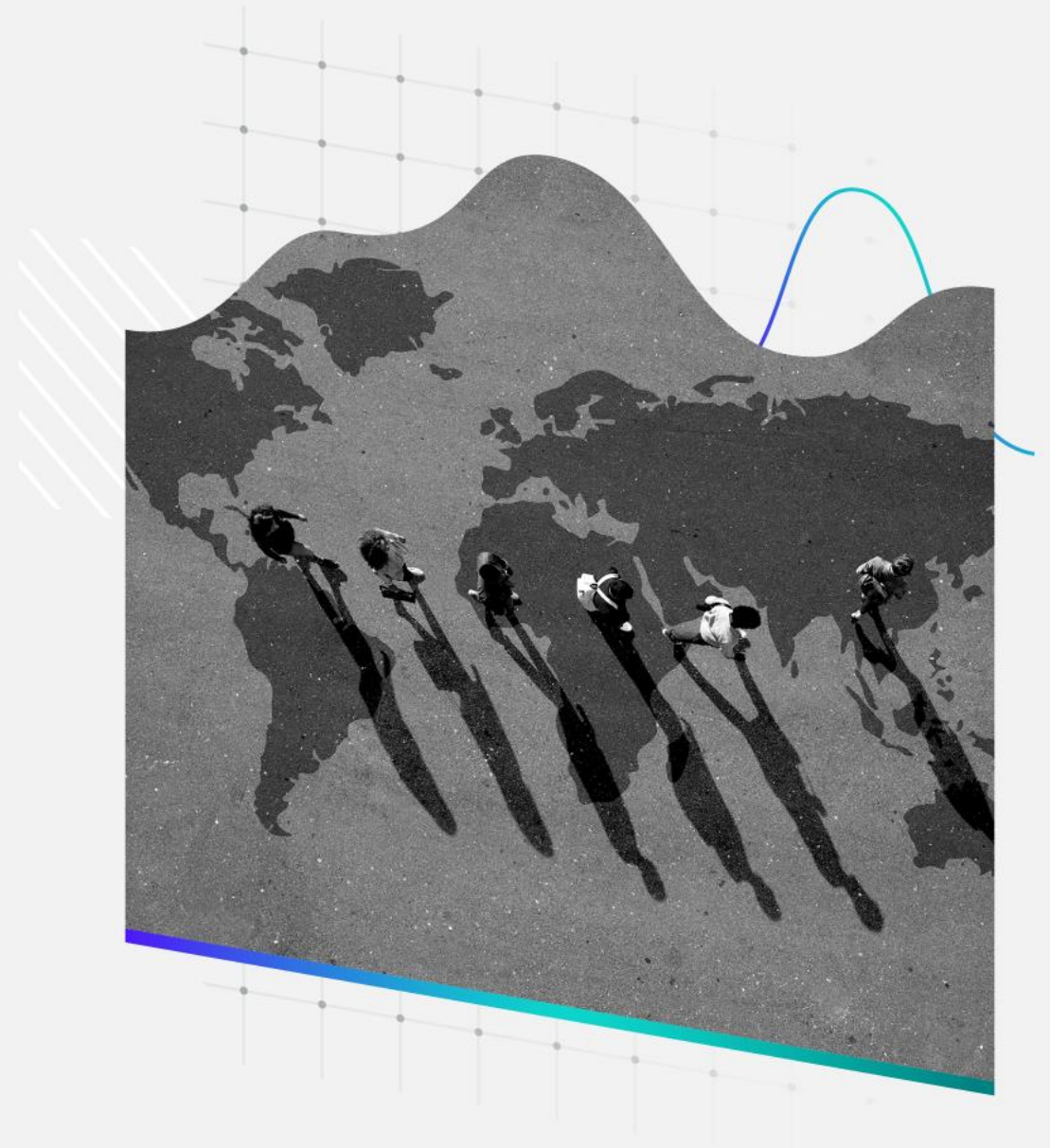


Consumers Enjoy Temporary Relief

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About this presentation

This presentation draws on [Morning Consult Economic Intelligence](#), an integrated solution to navigating the global economy. MCEI data reflects over 17,000 daily survey responses in more than 40 countries, covering consumer confidence, employment, household finances, consumer spending, supply chains and inflation, small business conditions and inflation expectations. Drawing on this proprietary data, premium MCEI reports offer clients recurring economic analysis delivered through the Morning Consult Intelligence platform.

Four Morning Consult Economic Intelligence reports feed into this presentation:

- 2022 Q4 SMB Report
- [January 2023 U.S. Jobs & Labor Report](#)
- [January 2023 Global Consumer Confidence Report](#)
- [January 2023 U.S. Consumer Spending & Inflation Report](#)

January 2023 U.S. Economic Outlook

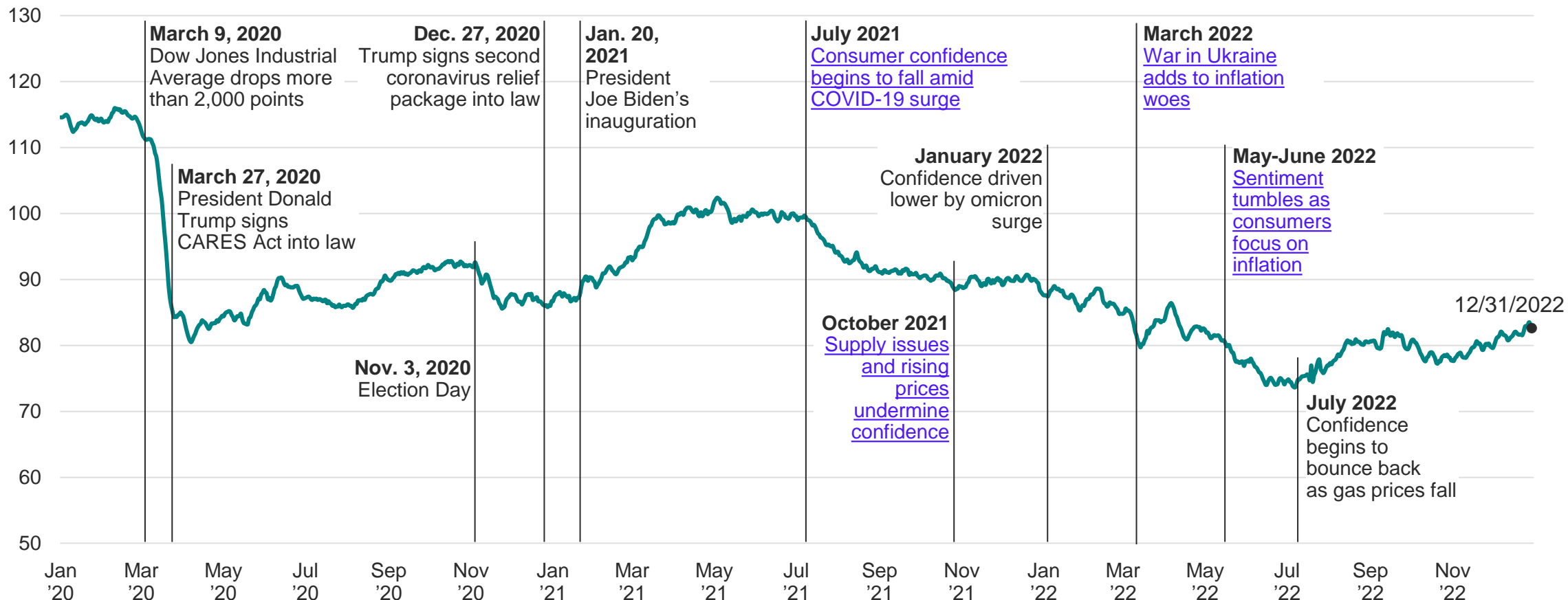
KEY TAKEAWAYS

- 1** Slowing inflation is supporting consumer sentiment, but consumers' finances are emerging from 2022 significantly weakened.
- 2** Job losses remain low, but slowing business investment signals further contraction in employment this year Fed's interest rate hikes are just starting to bite.
- 3** If job losses accelerate this year, consumers won't be financially prepared to absorb the loss of income.



Slowing inflation, falling gas prices and a resilient labor market drive U.S. ICS higher

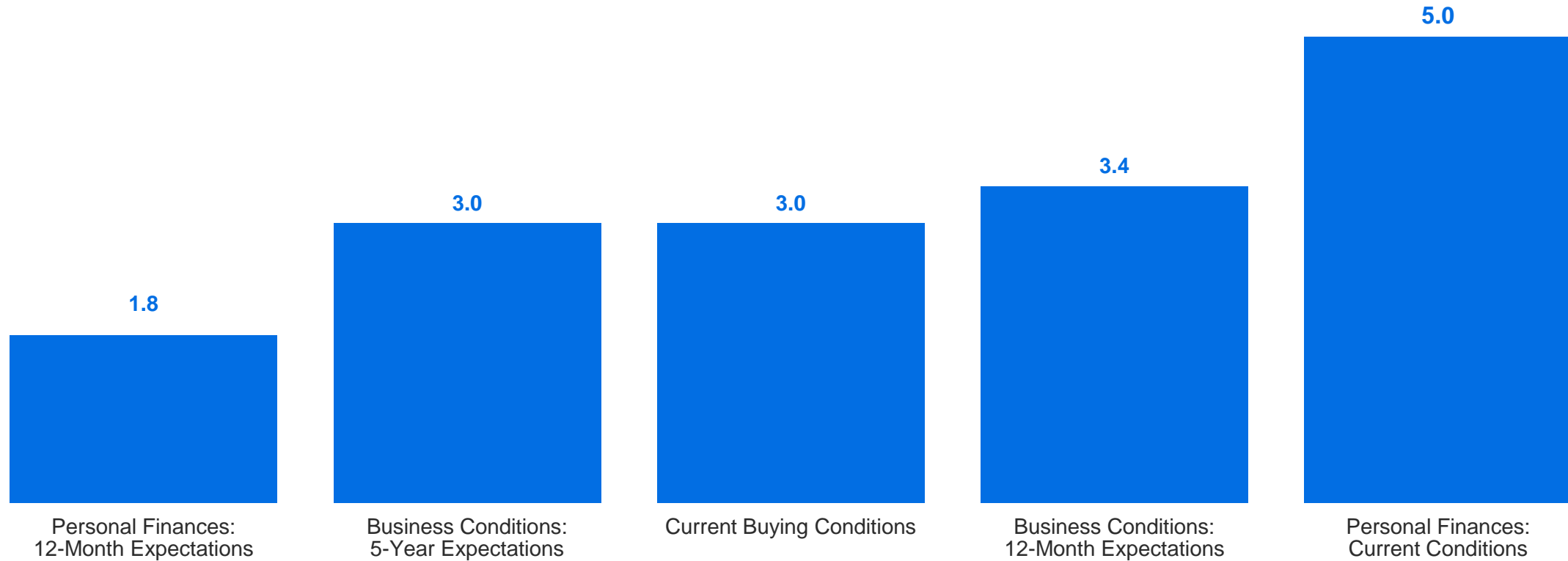
Morning Consult Daily U.S. Index of Consumer Sentiment
(5-day moving average)



Source: Morning Consult Economic Intelligence

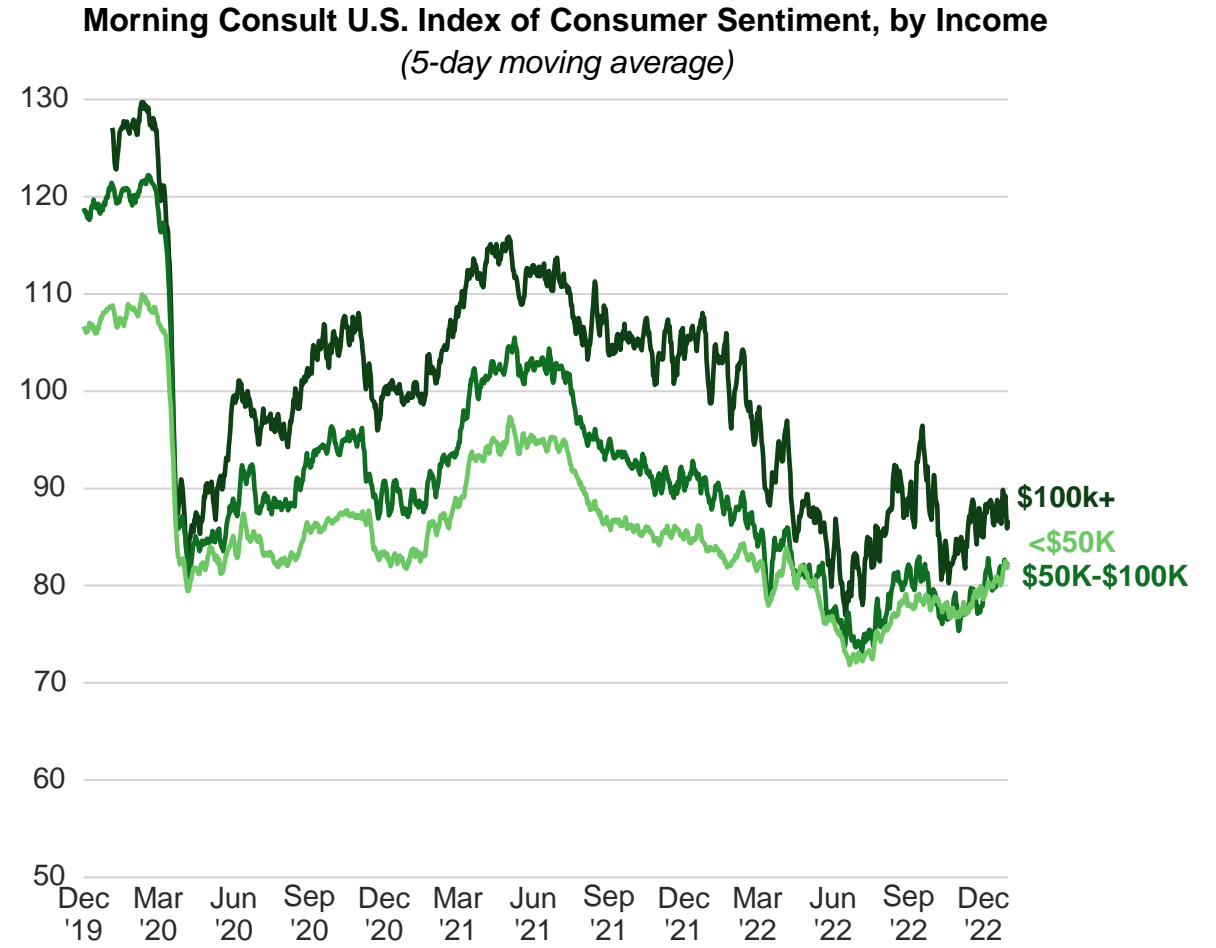
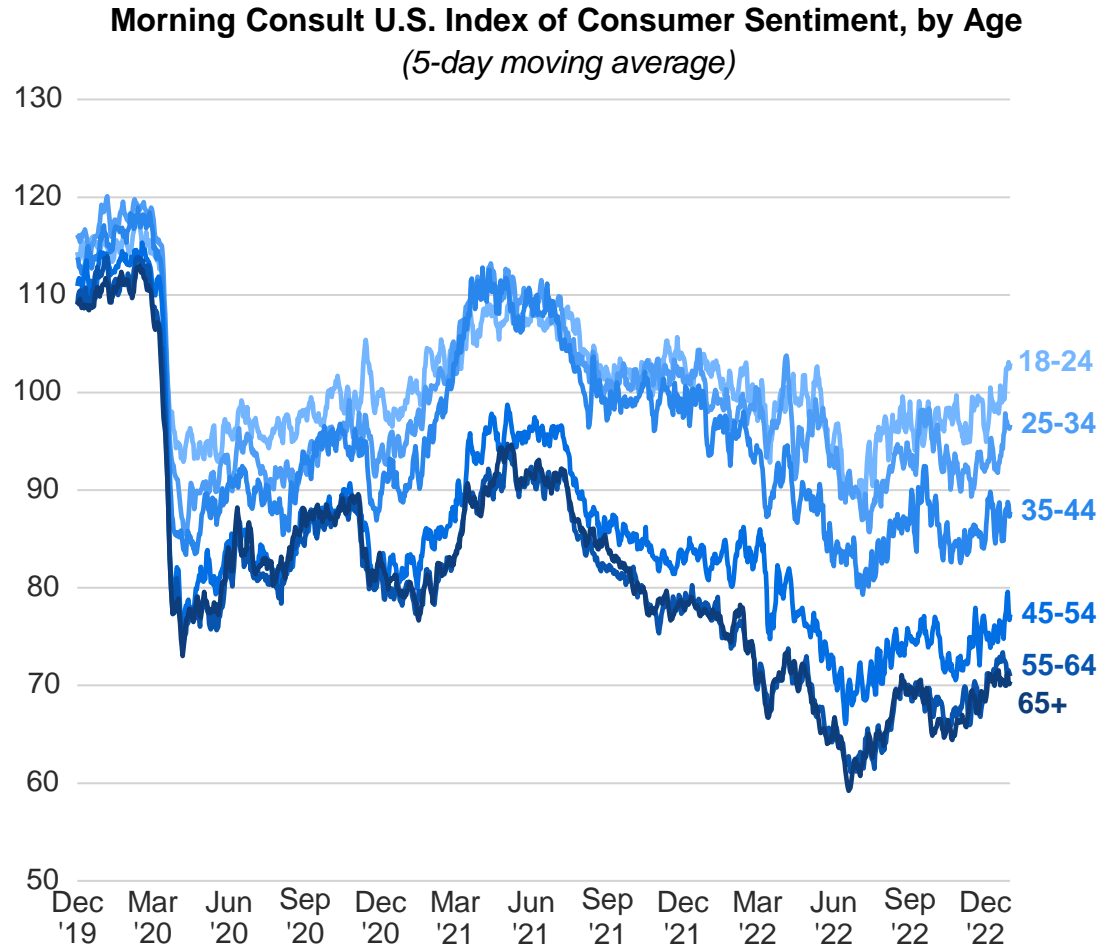
Sentiment rises across all five ICS components

Change in ICS components (Nov. 30 to Dec. 31, 2022)



Source: Morning Consult Economic Intelligence

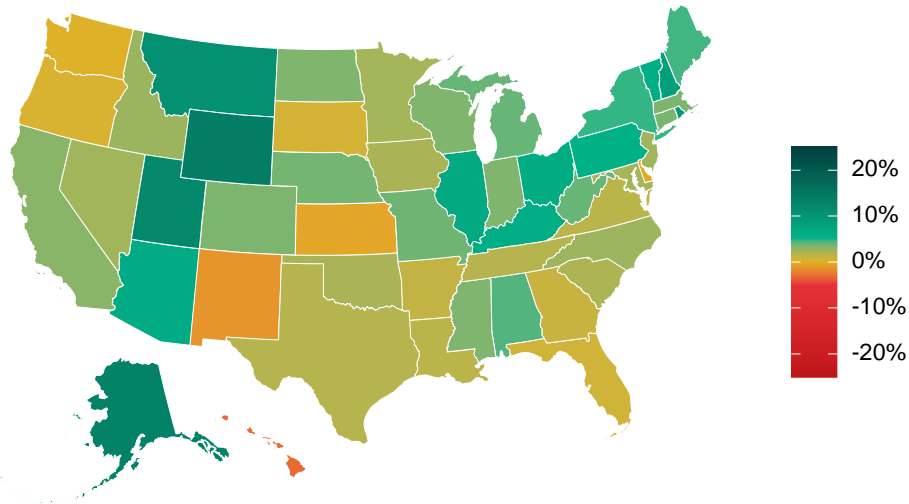
Age is driving consumer confidence more now than pre-pandemic



Source: Morning Consult Economic Intelligence

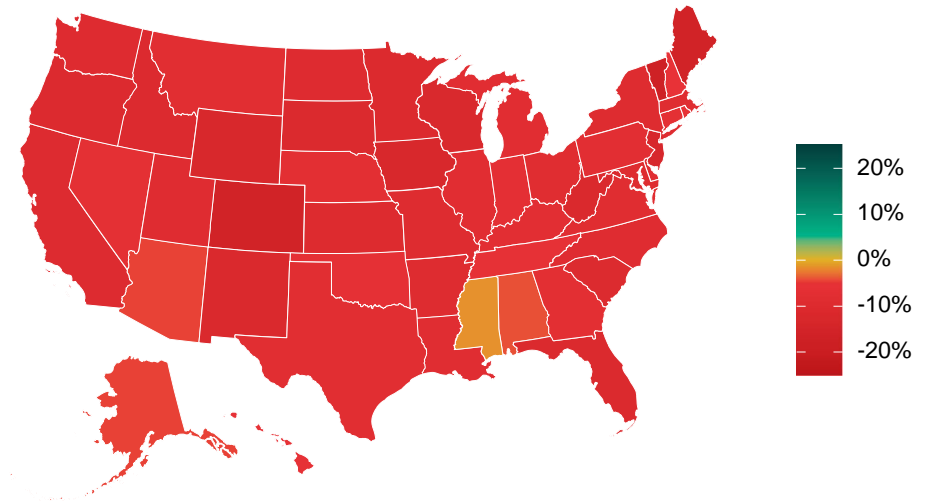
Consumer confidence rises across most of the U.S., but remains far off from a year ago

Percent change in state-level Index of Consumer Sentiment
(November 2022 to December 2022)



Source: Morning Consult Economic Intelligence

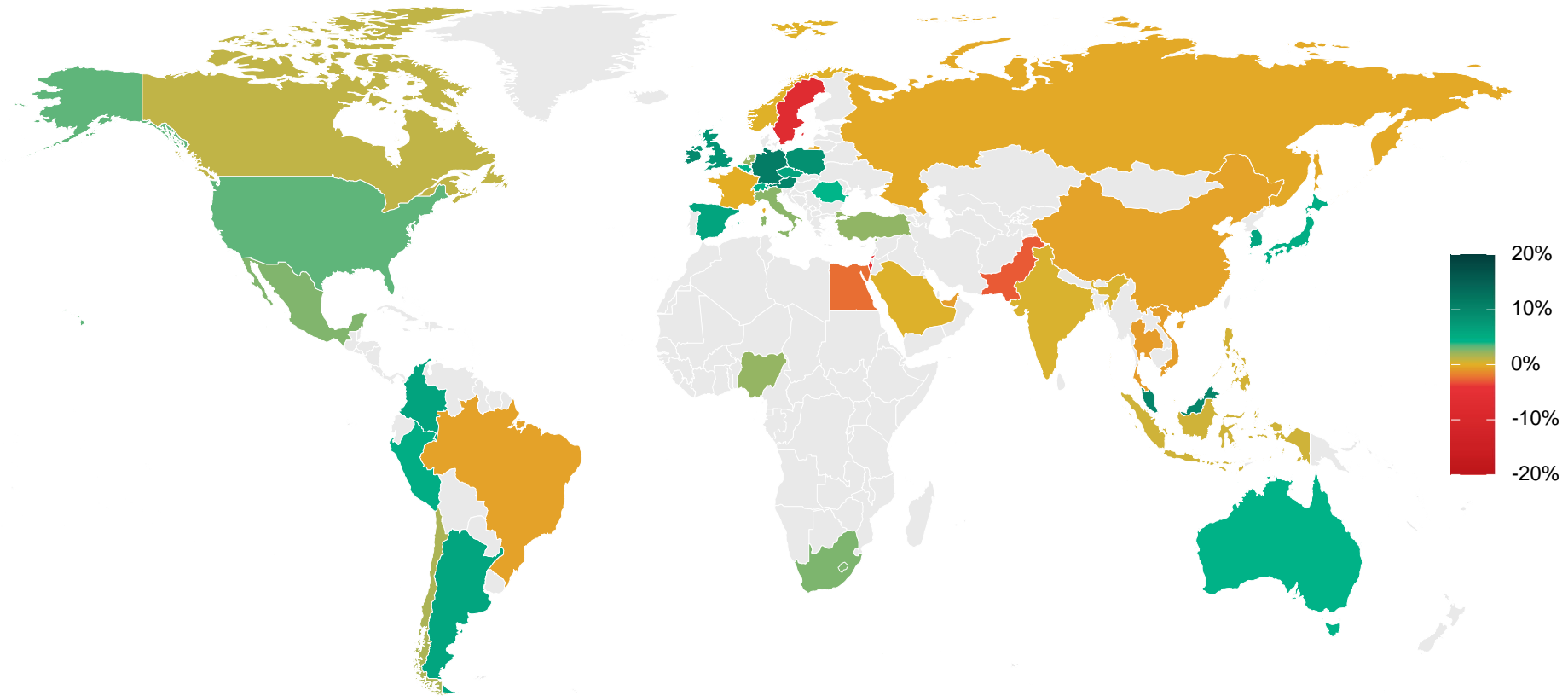
Percent change in state-level Index of Consumer Sentiment
(December 2021 to December 2022)



Source: Morning Consult Economic Intelligence

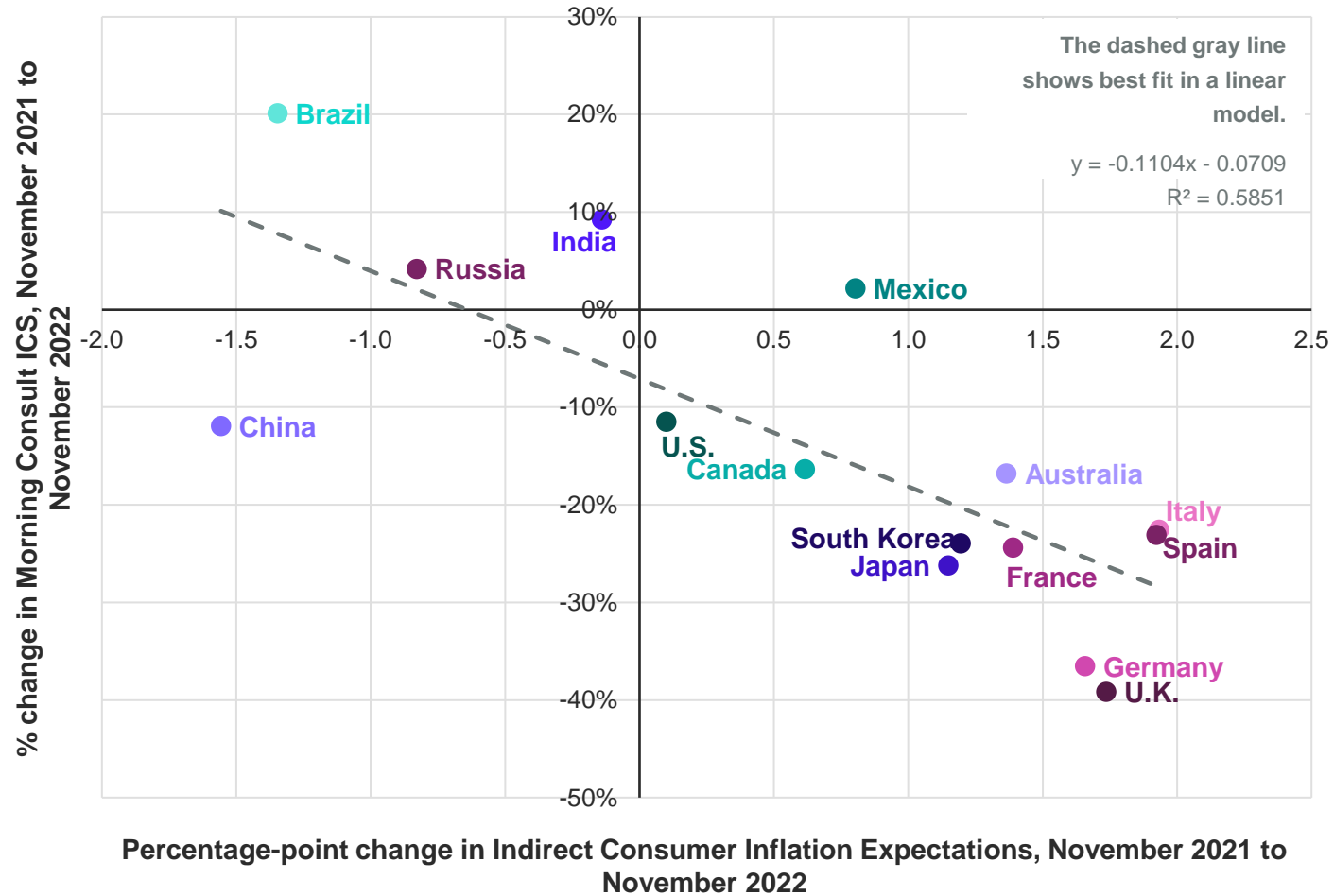
Falling inflation lifted confidence across advanced economies

Morning Consult Index of Consumer Sentiment
Monthly % change (November to December)



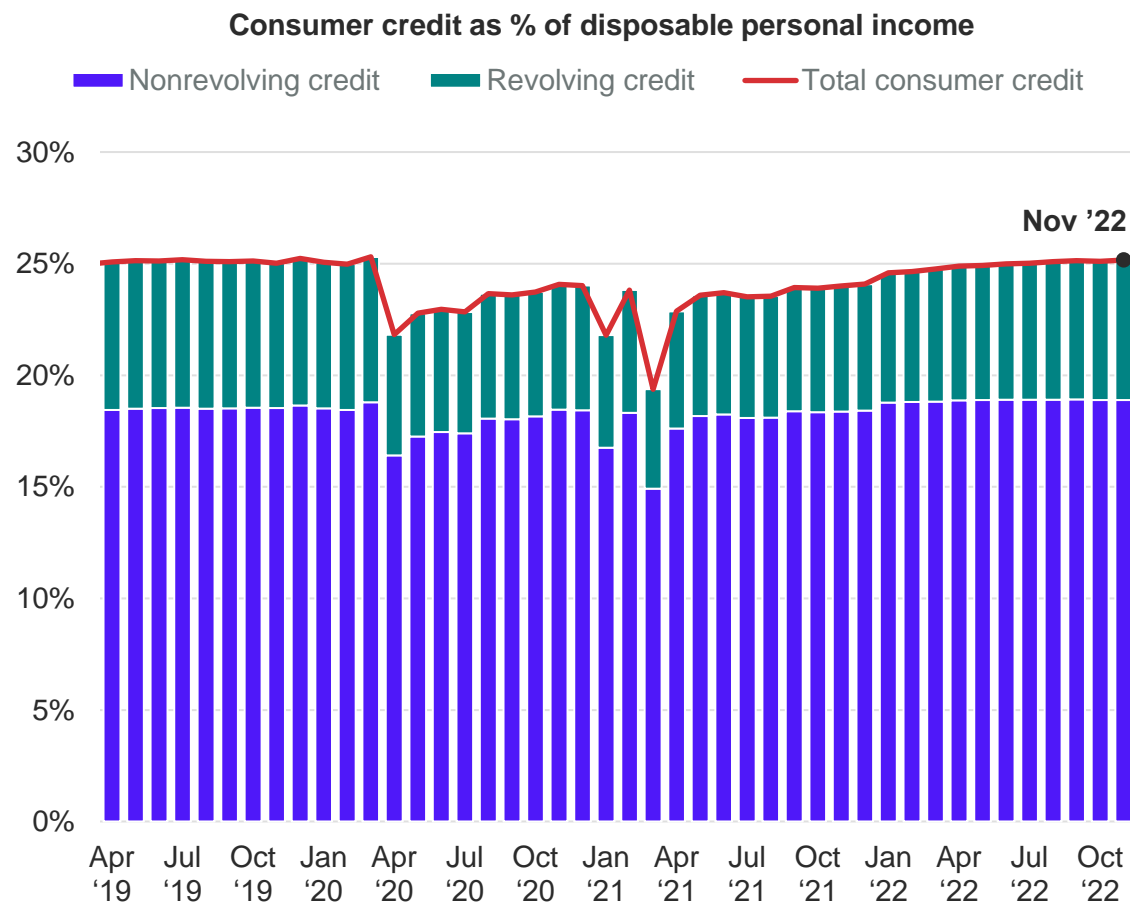
Source: Morning Consult Economic Intelligence

Rising inflation expectations correspond with weaker sentiment across the global economy

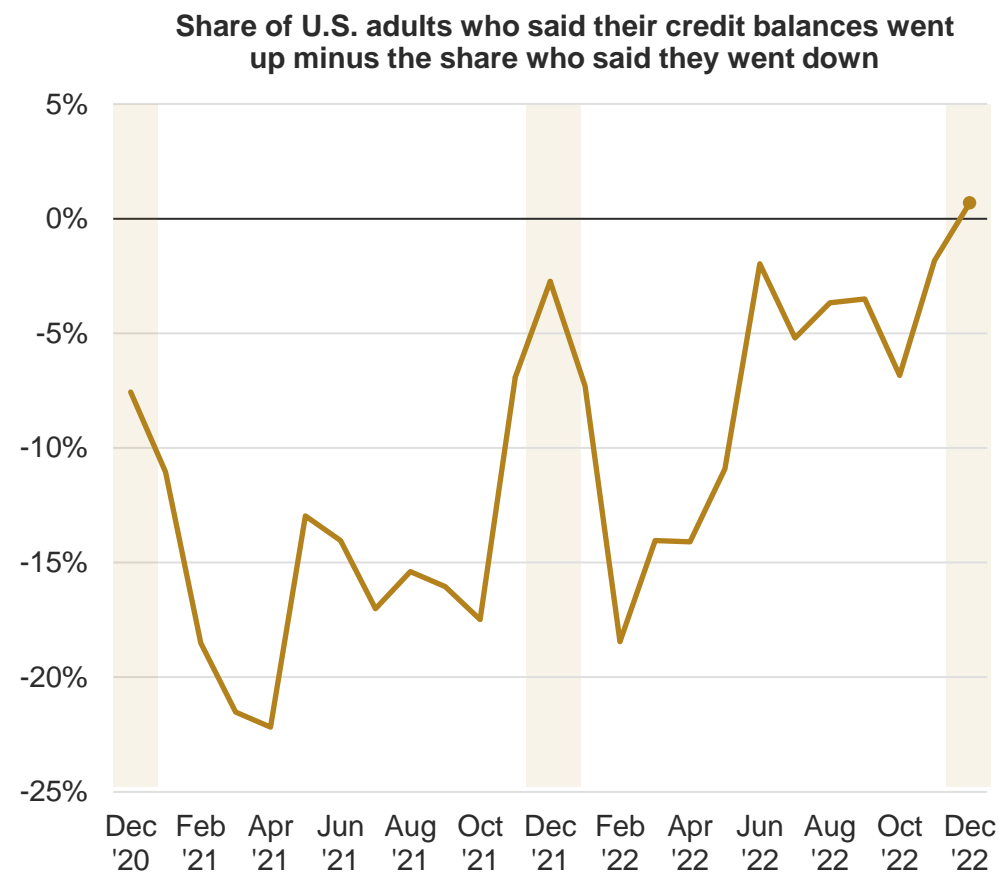


Source: Morning Consult Economic Intelligence.

Consumers reported rising credit balances at highest rate since tracking began in December



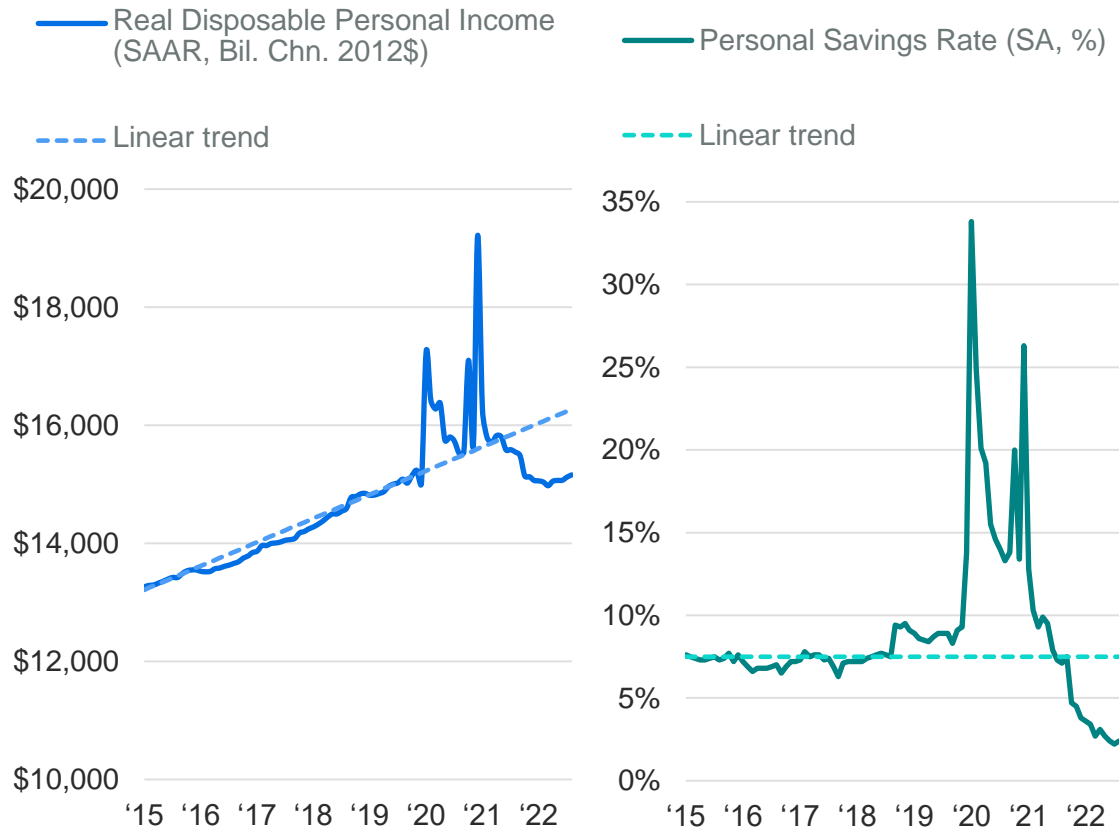
Source: Haver, Federal Reserve Board, Morning Consult



Source: Morning Consult Economic Intelligence

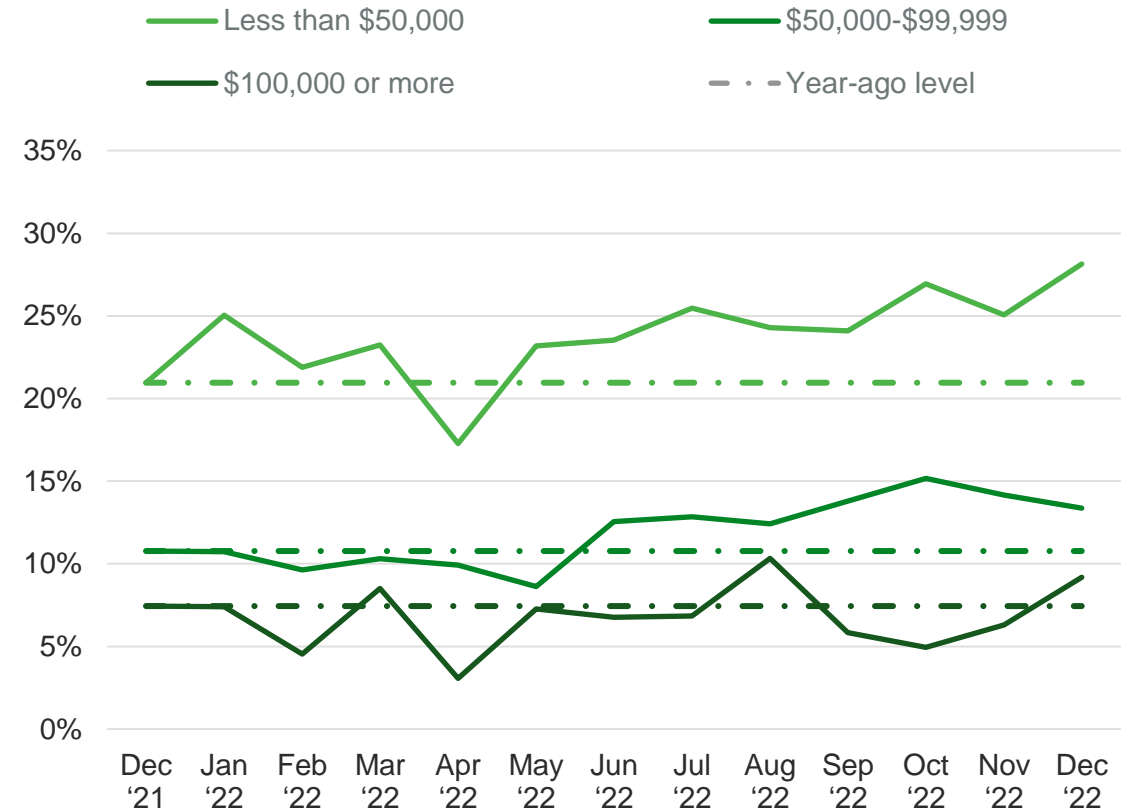
Share of adults able to save each month continues to shrink

Personal income and savings rate



Source: Haver, Bureau of Economic Analysis, Morning Consult

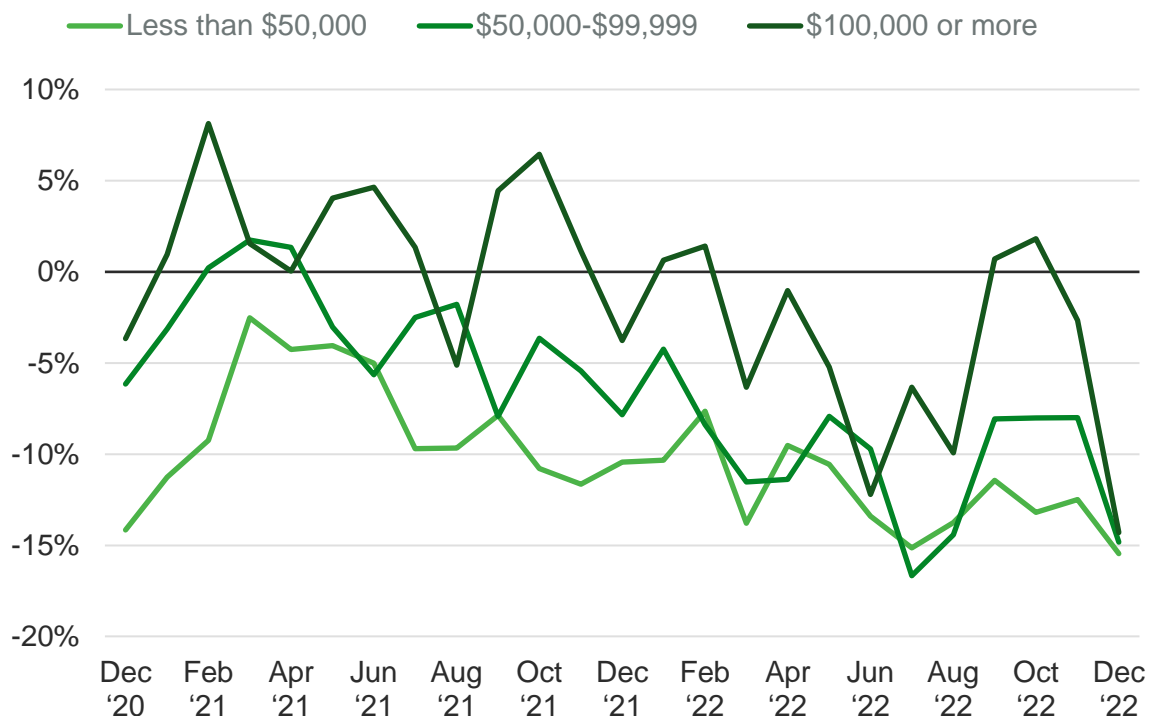
Shares of U.S. adults who said their monthly expenses totaled more than their income, by household income



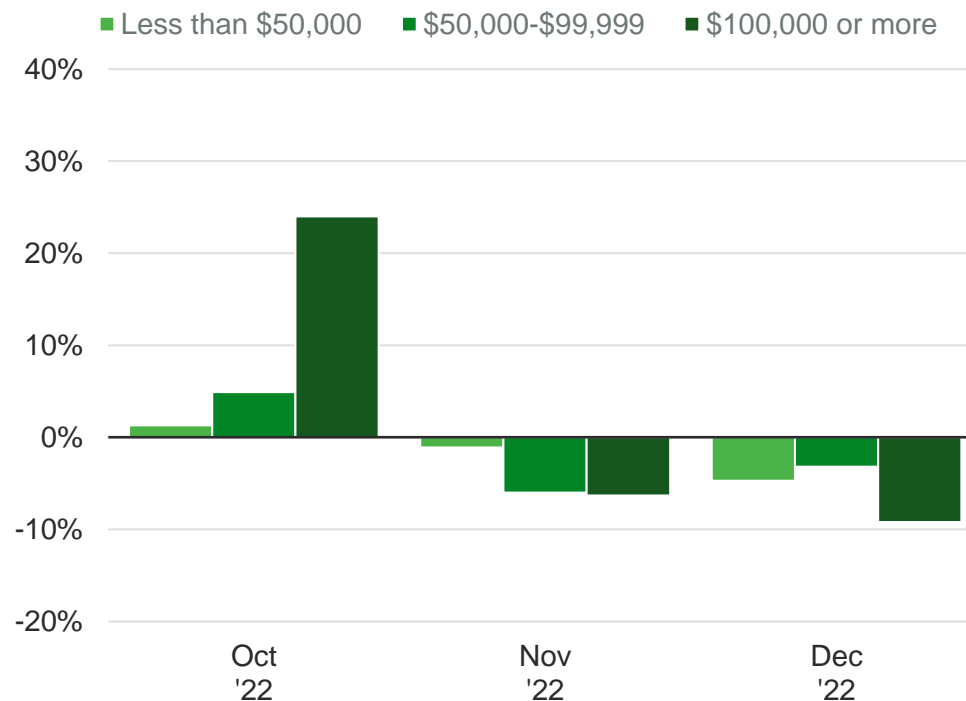
Source: Morning Consult Economic Intelligence

Spending slowed across income groups at the close of 2022 as household finances weaken

Net share of adults who said their household finances improved last month



Monthly percentage change in real avg. reported spending, by annual income

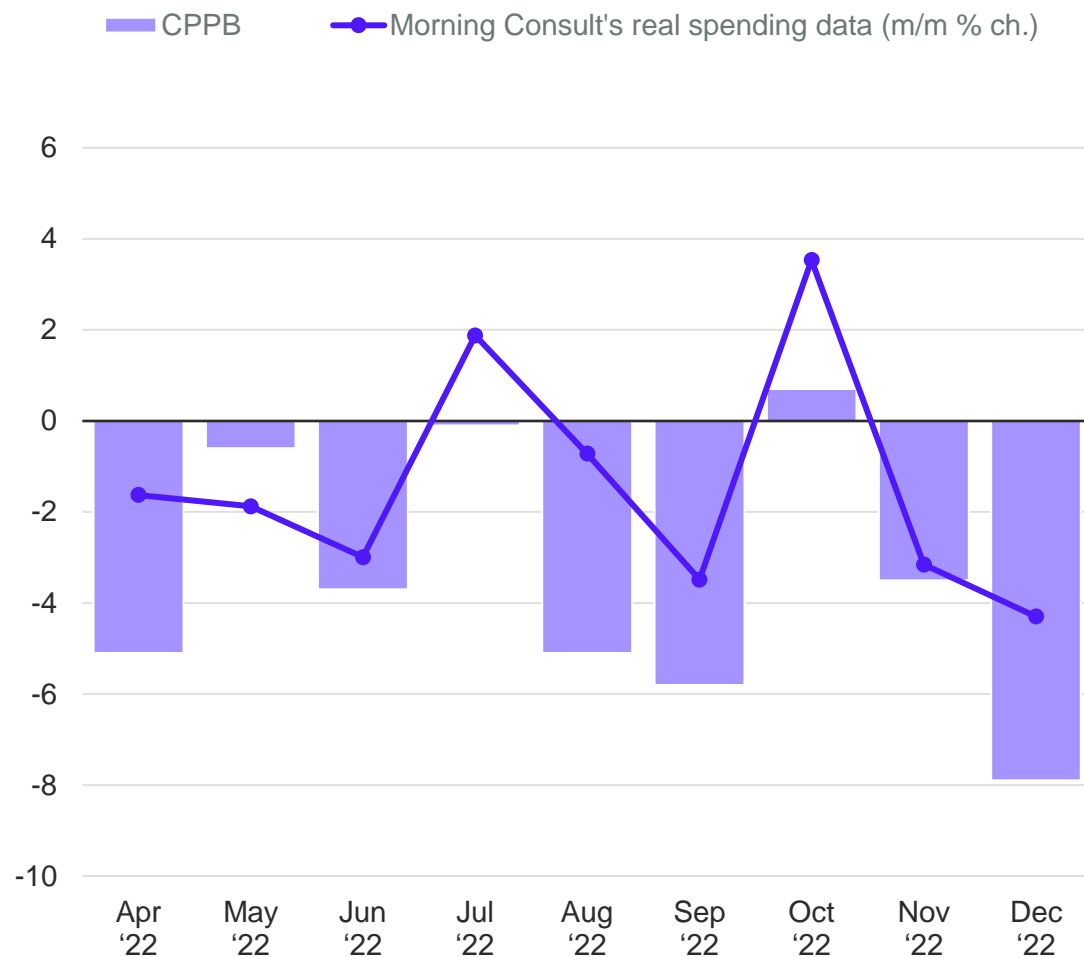


Source: Morning Consult Economic Intelligence

Source: Morning Consult Economic Intelligence

Waning purchasing power forces more trade-offs across categories

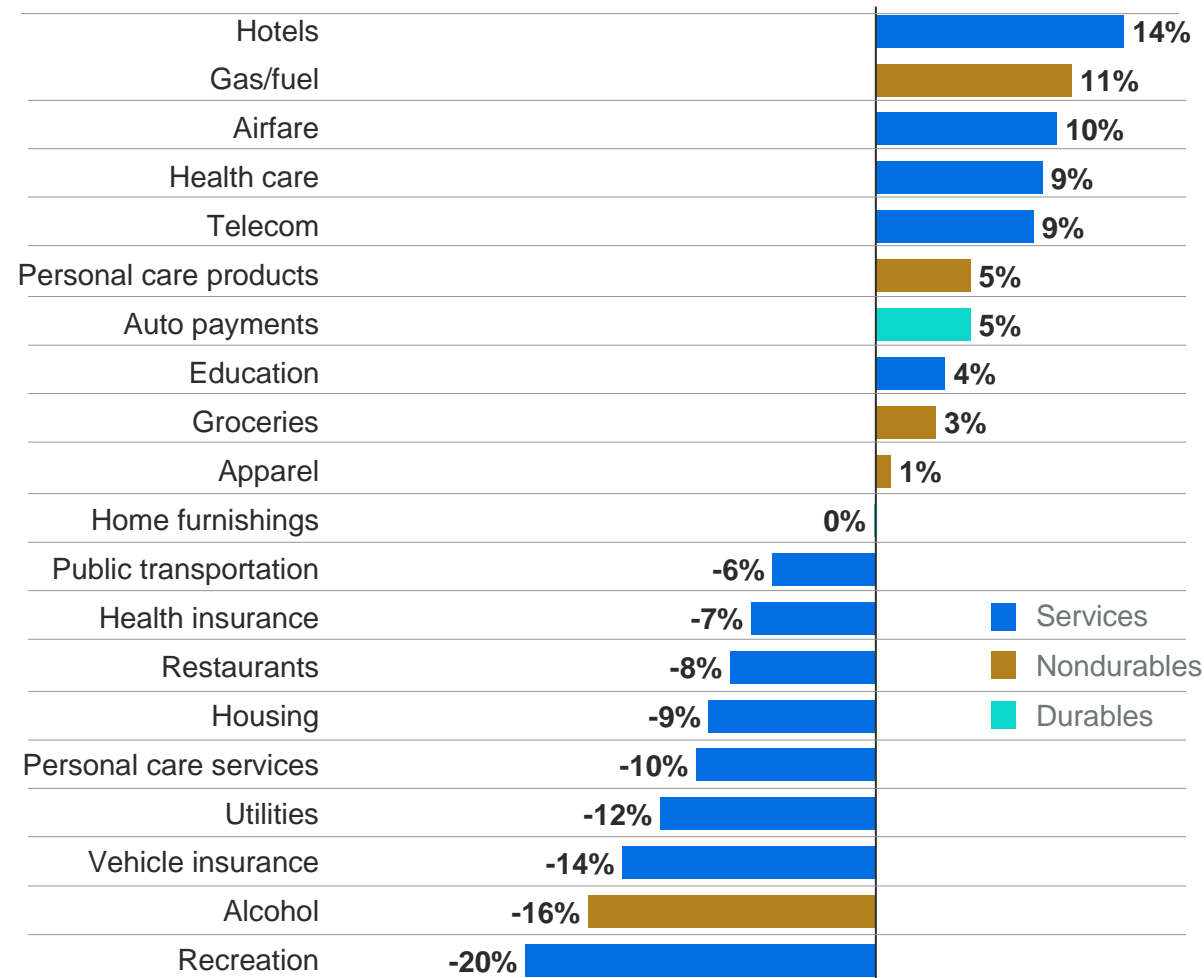
CPPB and spending



Source: Morning Consult Economic Intelligence

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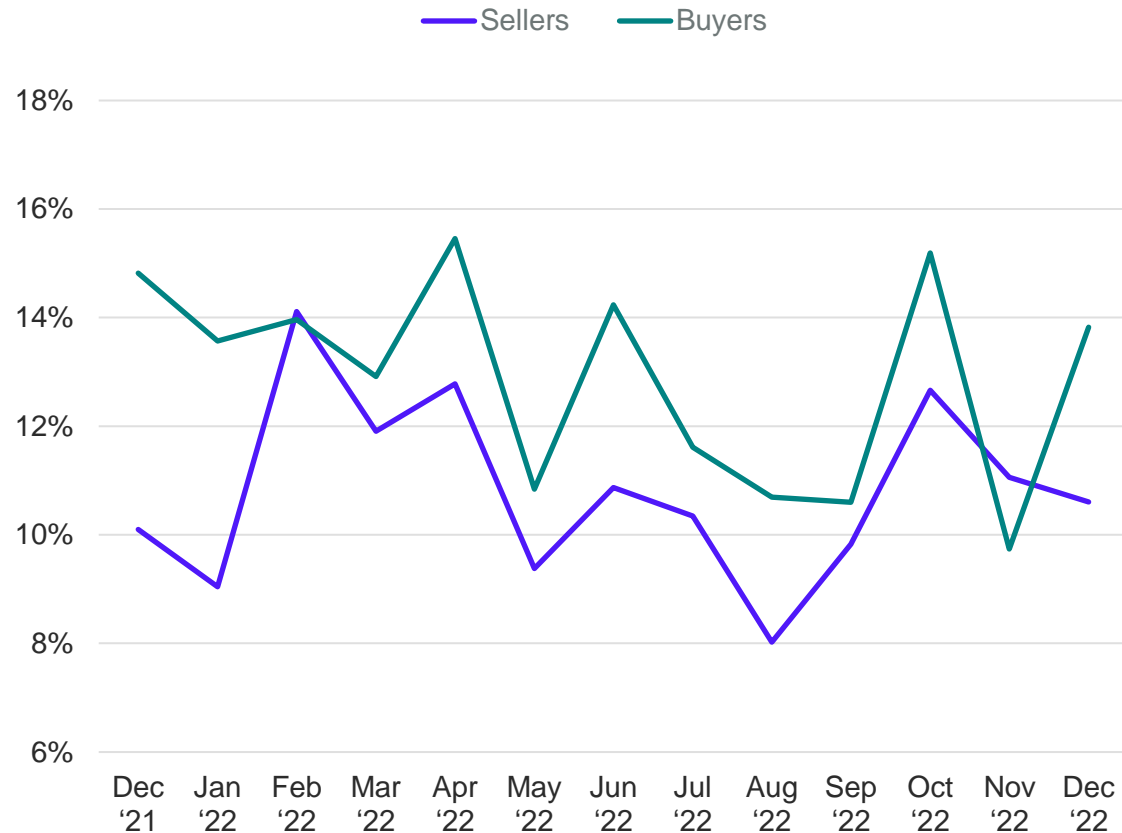
% change in real spending among all U.S. adults, from December 2021 to December 2022



Source: Morning Consult Economic Intelligence

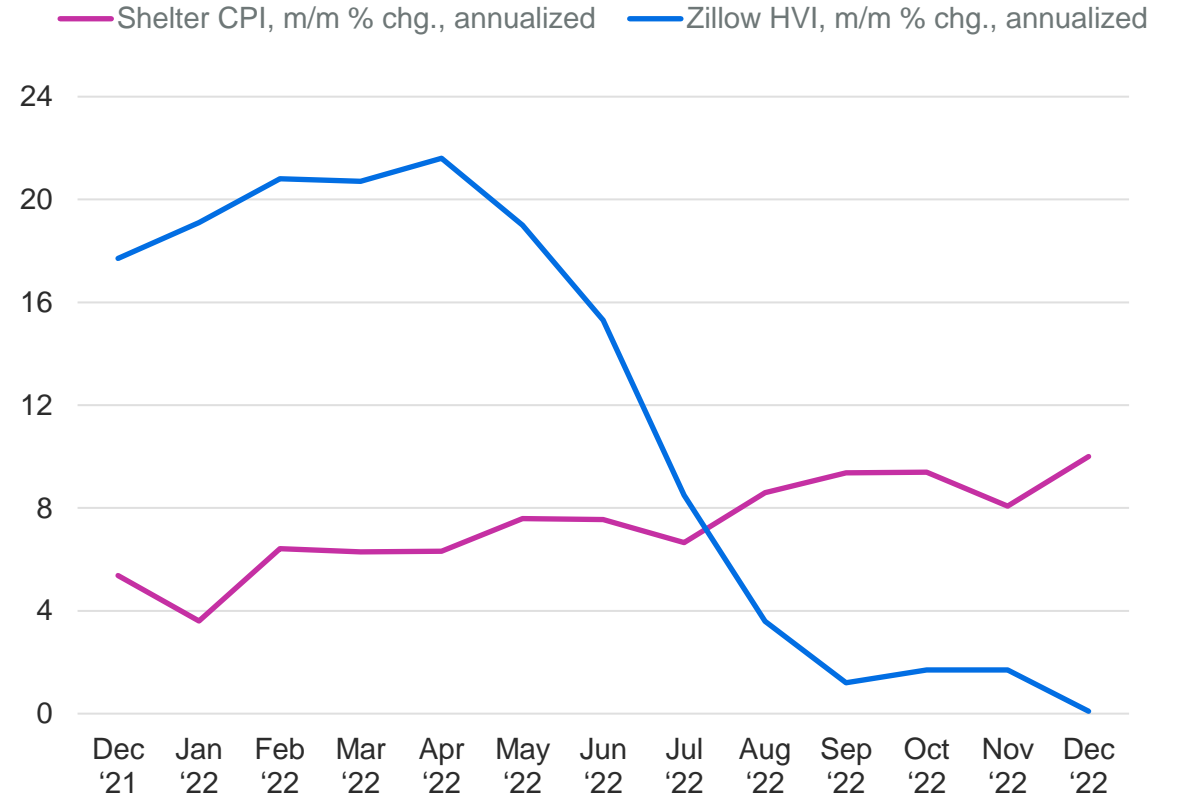
Housing prices flatten but continue resisting declines as buyer interest perks up

Shares of adults planning to buy or sell homes in the next 12 months



Source: Morning Consult Economic Intelligence

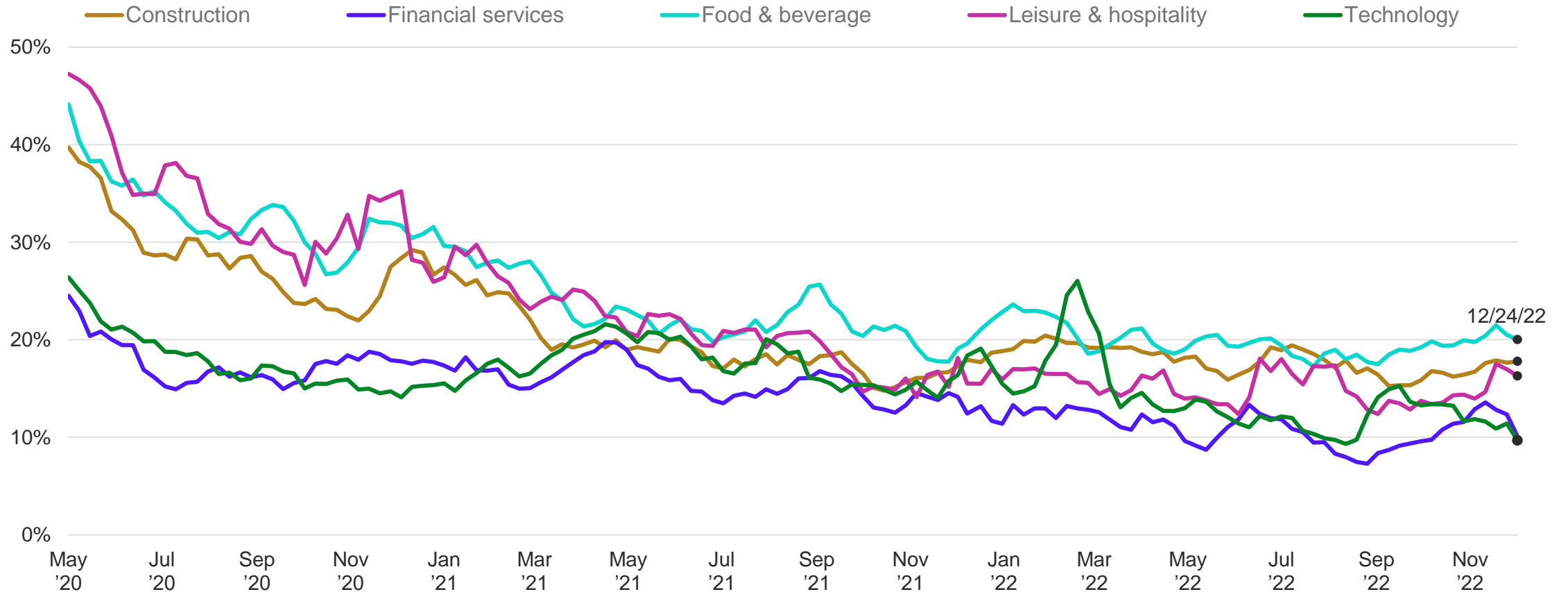
Housing price measures, 2022



Source: Zillow, Bureau of Labor Statistics, Morning Consult

Tech sector pay losses are receding, but in-person services incomes are increasingly at risk

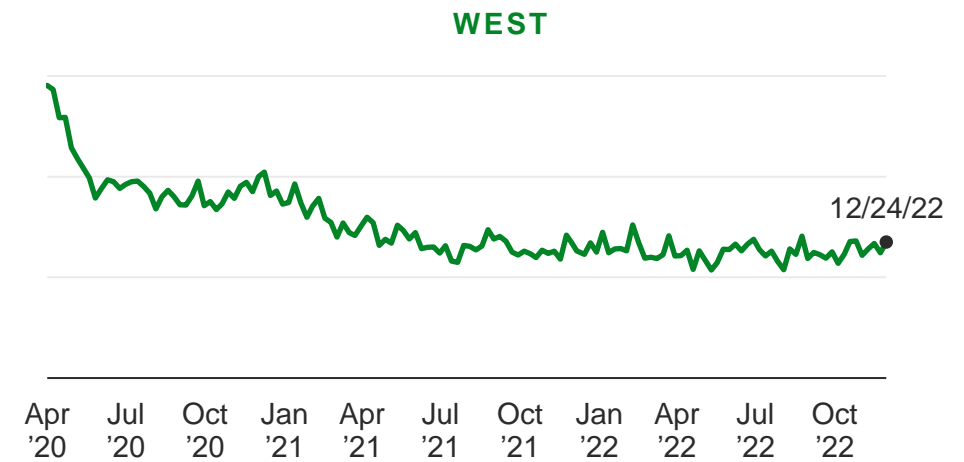
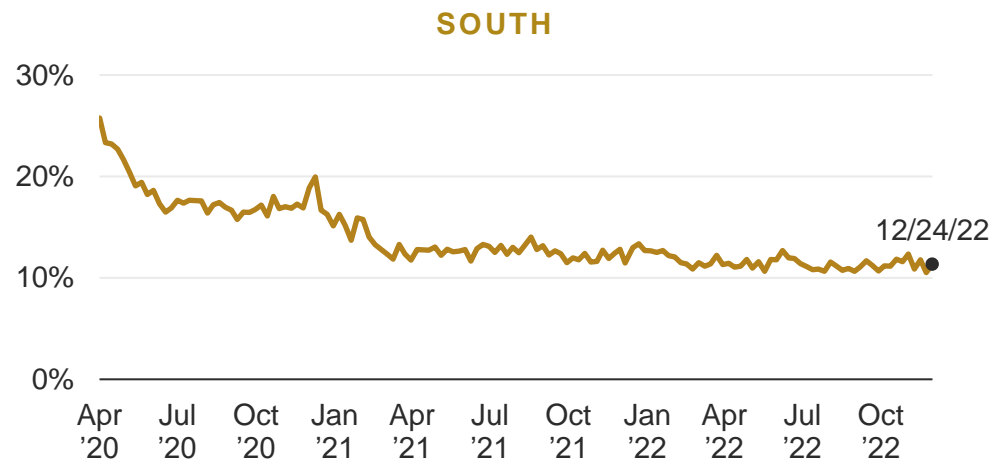
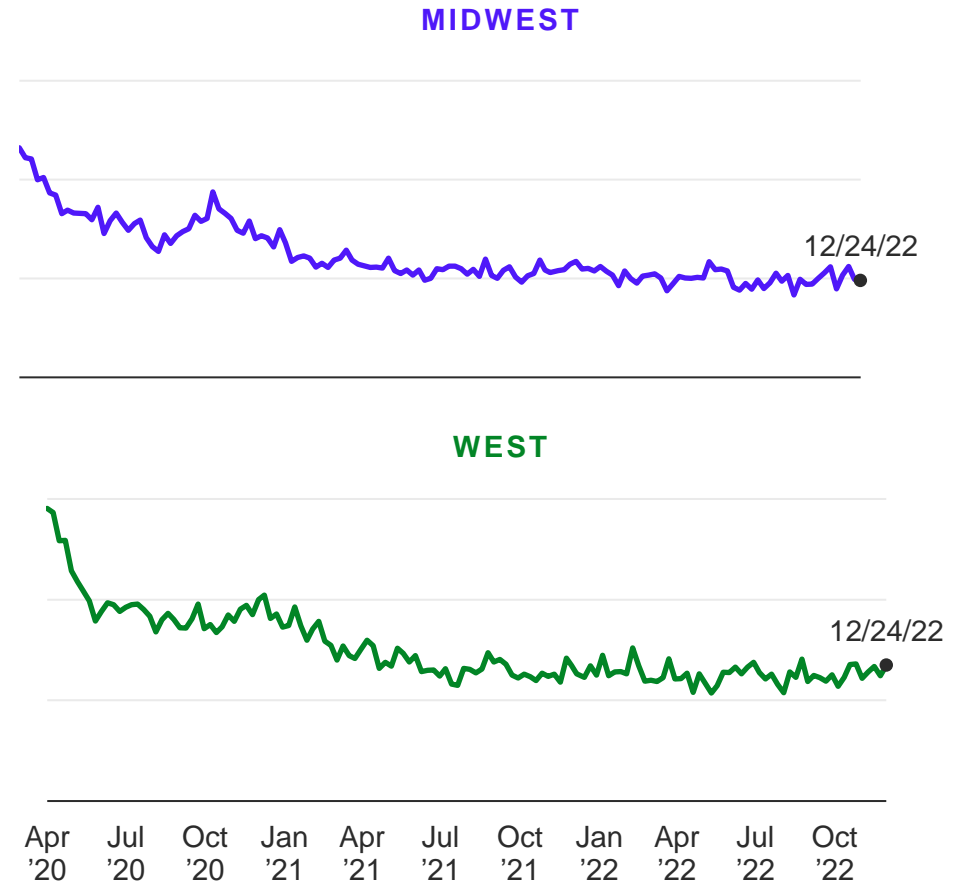
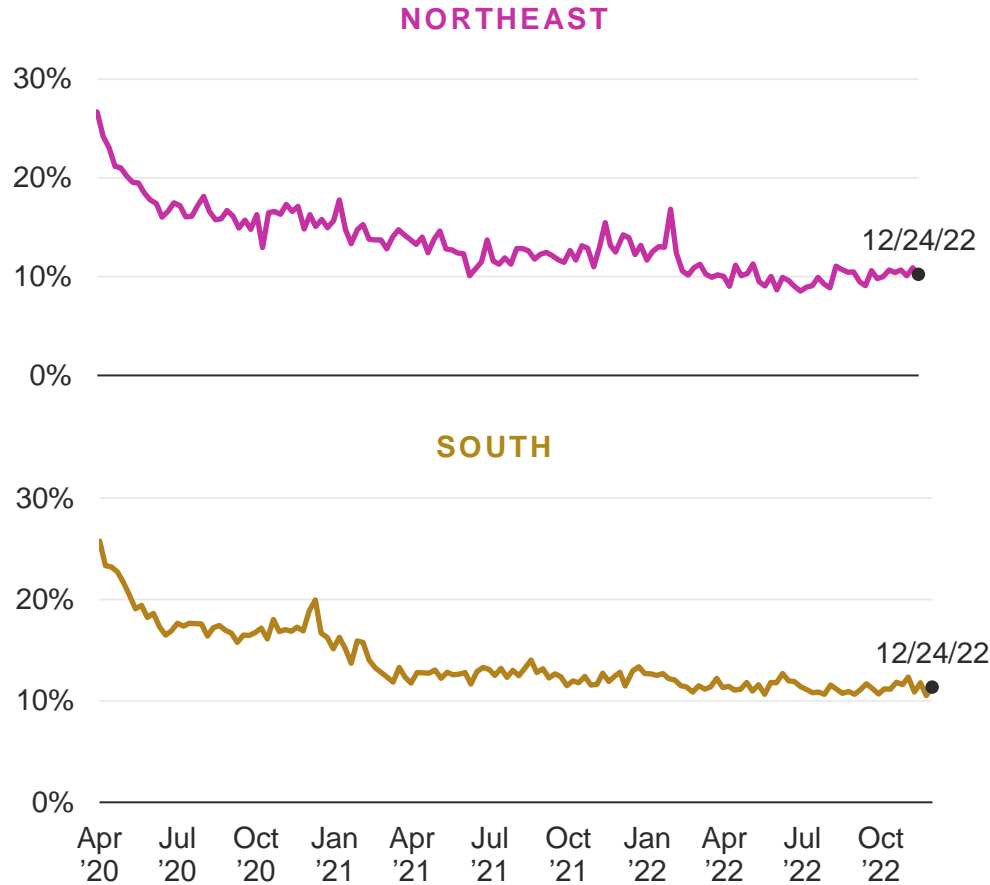
Shares of U.S. workers who lost pay or income in the prior week, by industry (4-week moving average)



Source: Morning Consult Economic Intelligence

Lost pay starting to edge higher across the country

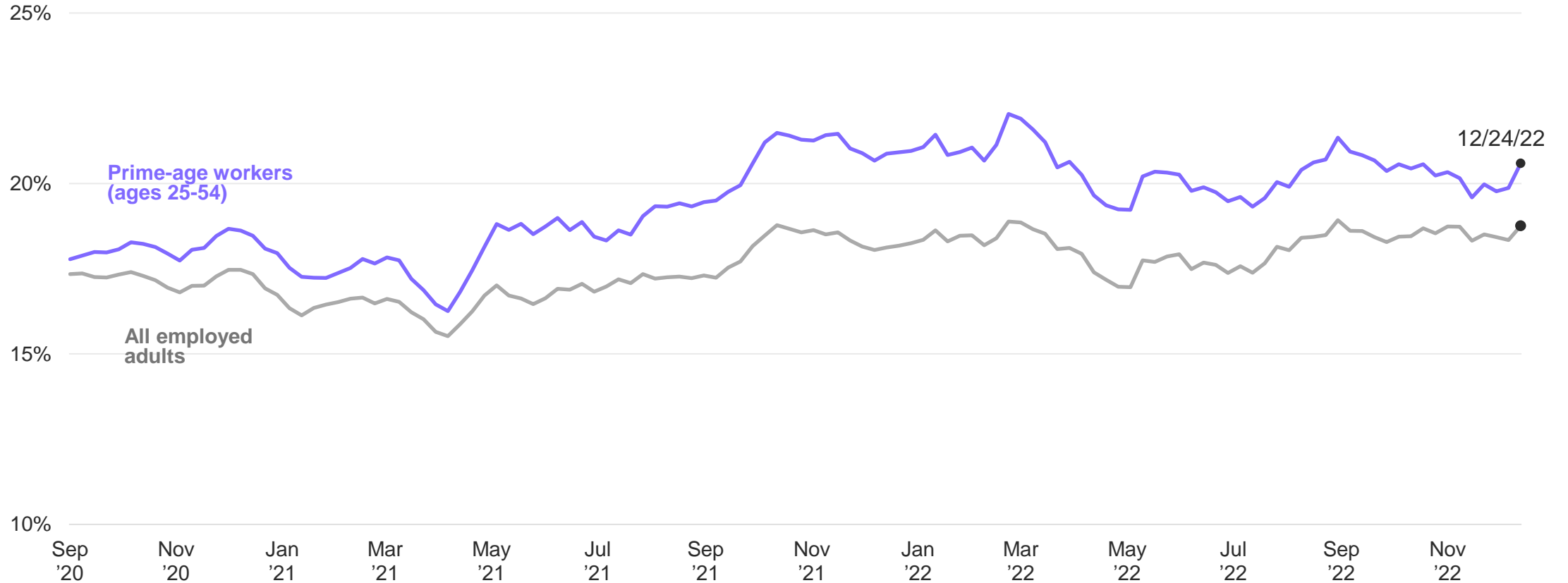
Shares of U.S. adults who lost pay or income in the prior week, by region



Source: Morning Consult Economic Intelligence

The prospect of higher wages is still enticing many workers to make a switch

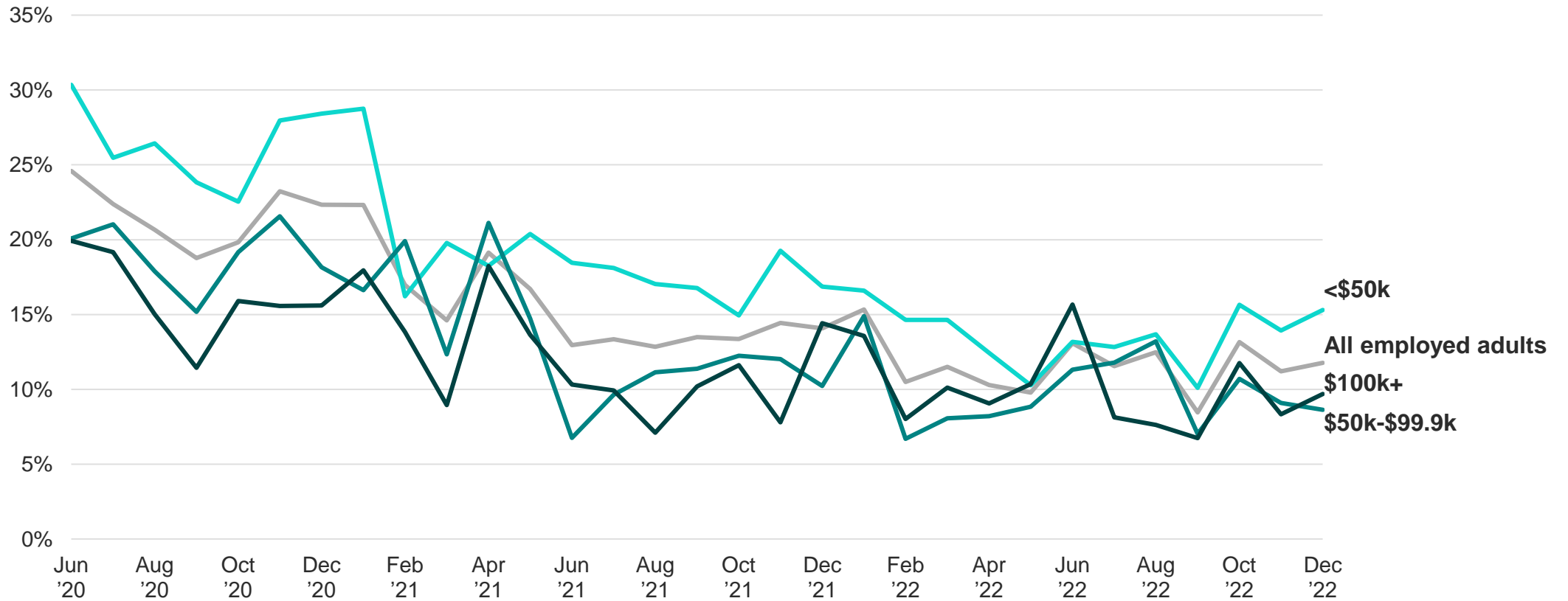
Shares of U.S. workers actively applying for new positions
(4-week moving average)



Source: Morning Consult Economic Intelligence

Job insecurity rises again in December

Shares of employed U.S. adults who expect to experience a loss of employment income in the next 4 weeks, by annual household income



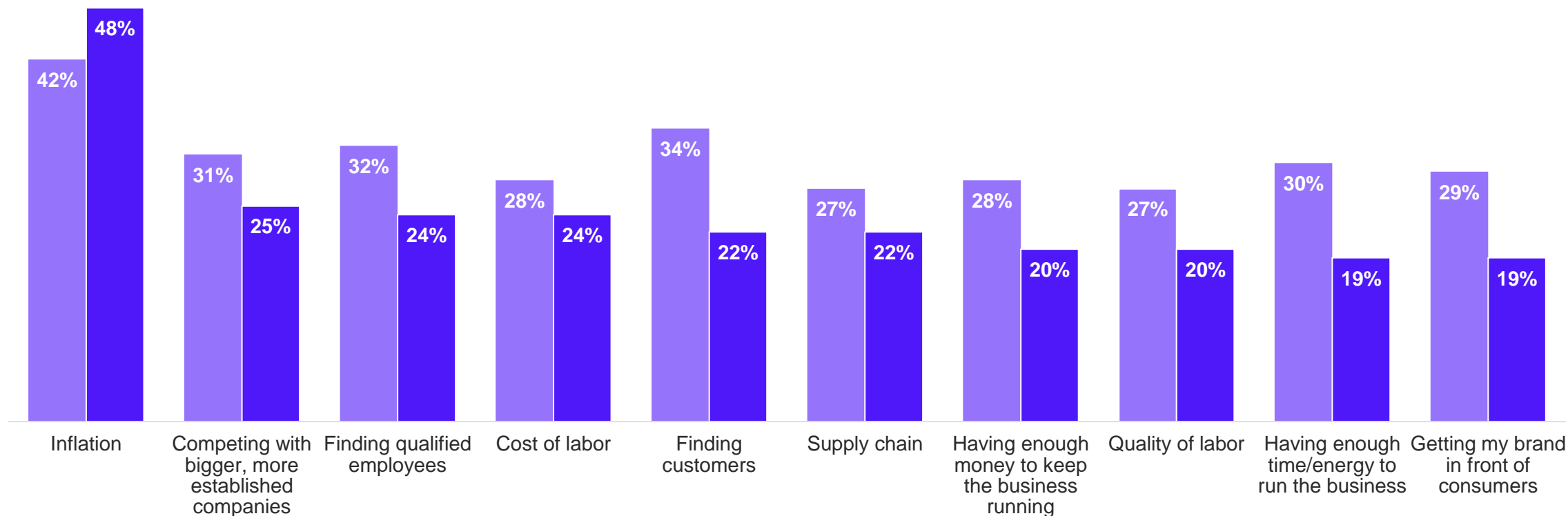
Source: Morning Consult Economic Intelligence

Inflation remains top challenge among SMBs even as price growth slows

To which degree, if any, are you experiencing the following business challenges?

Top 10 “Major challenges” among small businesses

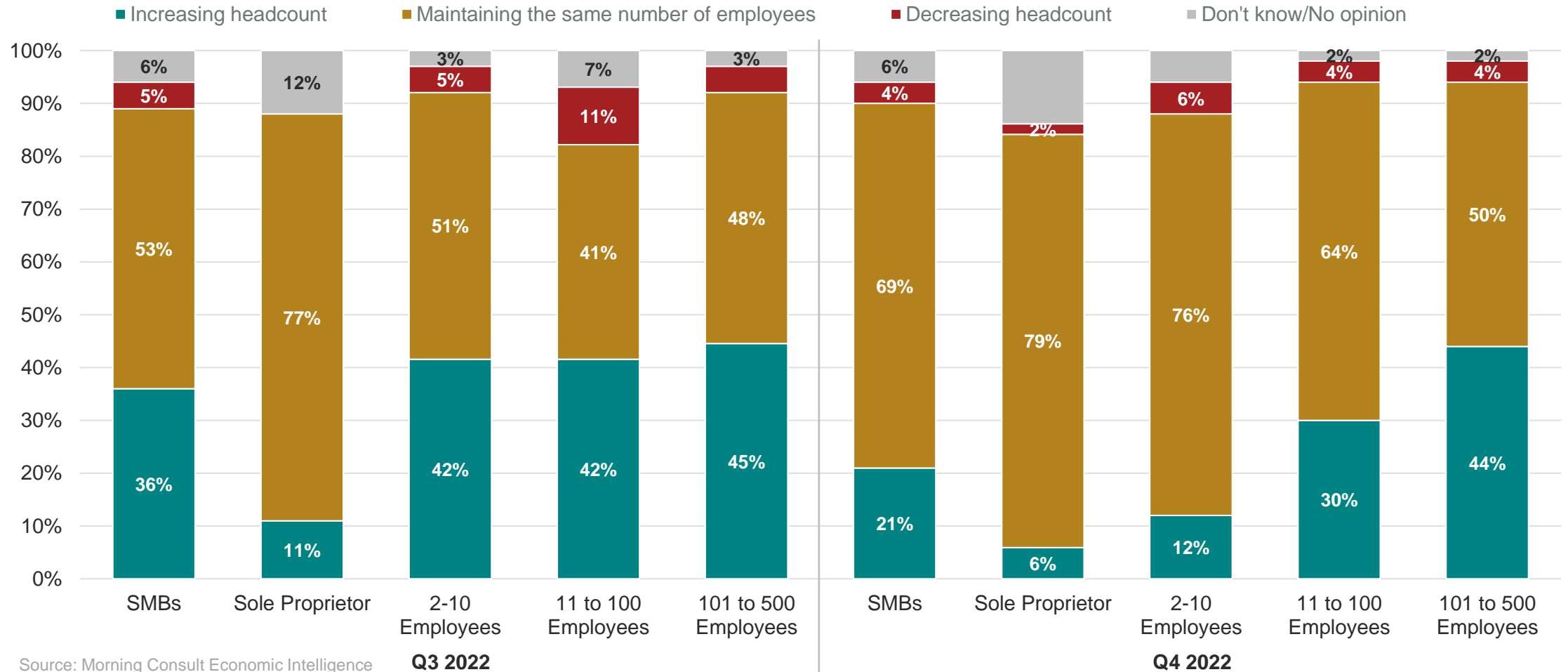
■ Q3 2022 ■ Q4 2022



Source: Morning Consult Economic Intelligence

SMBs with 2 to 100 employees reduce plans to increase headcount

Thinking about your business and employees currently, which of the following are you planning on doing over the next 3 months?



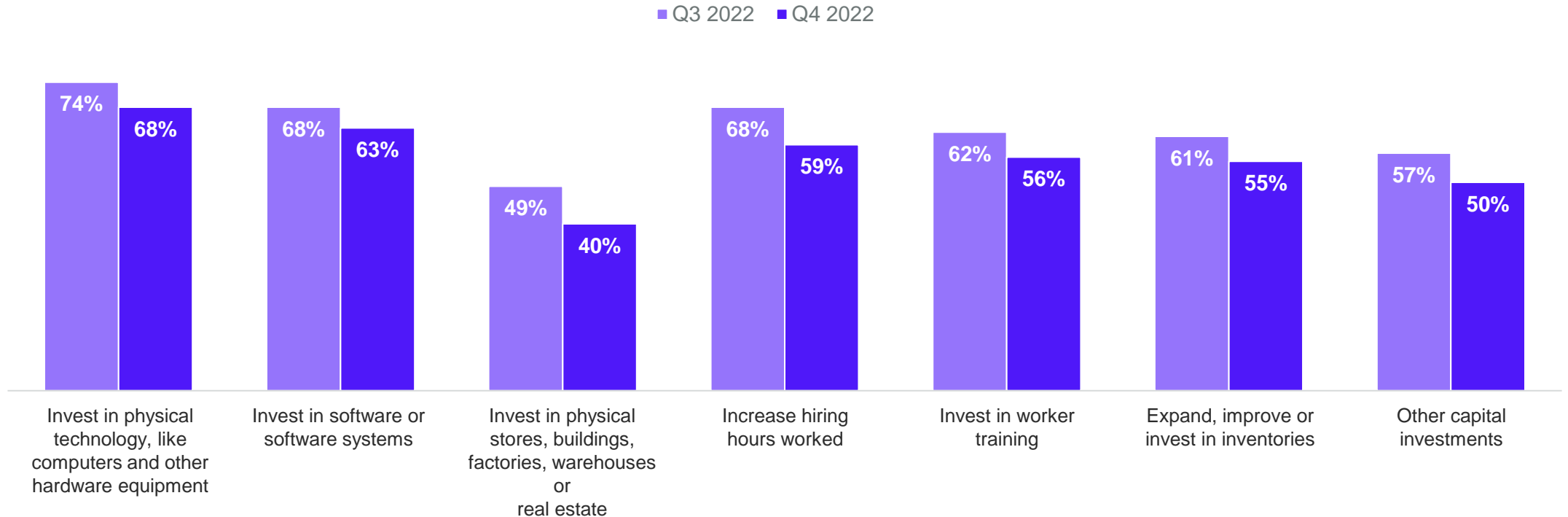
Source: Morning Consult Economic Intelligence

Q3 2022

Q4 2022

SMBs signal contraction in investment in Q1 2023

How likely are you to invest more of any of the following resources to grow your business in the next 3 months?
Sum of "Very likely" and "Somewhat likely"



Source: Morning Consult Economic Intelligence

About Morning Consult

[Morning Consult](#) is a global decision intelligence company changing how modern leaders make smarter, faster, better decisions. The company pairs its proprietary high-frequency data with applied artificial intelligence to better inform decisions on what people think and how they will act.

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