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The American Maru Household Outlook Index (MHOI)

With monthly tracking of US citizen-consumers and their 60-day outlook about the American economy and their personal finances

April 2024

The April 2024 American MHOI

The April 2024 American MHOI is at **84** down one point from last month's **85. This is a halt to the six-month Bull Run** the Index has had. Notably, 17 of the 20 outlook elements are down—so the slump is either a pause for a breath or the beginning of something else.

The following four elements are driving the American MHOI this month:

- **More Americans say they will struggle to make ends meet**—at **41%** (up from 35%) this is the highest level attained since the initial tracking began in July 2020 and the Index commenced in April 2021. This continues a long and steady trajectory only interrupted last month from what could now be considered a fleeting reprieve.

- **Less Americans say they will have enough personal/family investments and savings for the future**—at **56%** (down from 61%) and reverting to findings in December 2023. The last time this sentiment was lower was in both December (51%) and September (52%) 2020, prior to the Index and its own tracking that commenced in April 2021.

- **Less Americans** say they will put away money for their retirement/old age security—at **54%** (down from 60%). The last time this level was similar was in October 2020, prior to the Index and its own tracking that commenced in April 2021.

- **Less Americans** indicate they will have more than two months of savings to cover any unexpected costs or needs--at **60%** (down from 64%). This reverts to a similar sentiment in December 2023 (61%).

Here are the three big takeaways from the month over month data:

1. Growing Financial Insecurity Among Older and Higher-Income Groups

There was a notable increase in pessimism and anxiety around having enough savings/investments for retirement among Americans aged 55+ as well as households earning over $100K annually. These traditionally stable economic pillars displayed heightened concerns about their future financial preparedness compared to the previous month. This erosion of confidence within key consumer segments could depress spending levels going forward—something the Fed has yearned for to fight inflation woes that crept back up again this past month. With growing personal debt fueling much of the spending nowadays, it may be that the ability to sustain this feature is running out of fuel.

2. Housing Affordability Issues Intensifying for Younger Generations

While younger adults aged 18-34 reported increased optimism about earning livable wages, their fears around housing affordability spiked significantly month-over-month. Nearly half of this age group is now worried about being unable to afford housing for themselves/families. This affordability concern poses risks of constraining major purchases, mobility, and overall economic participation from a core demographic and much pursued brand building engine.

Widening Financial Fragility Across Lower-Income Levels

Levels of financial strain appeared to increase for lower-income households earning under $50K. This group showed drops in reporting recent financial improvements, while expectations grew around struggling to make ends meet and potentially requiring government assistance programs. The data indicates widening financial fragility that could limit the economic mobility and consumption capacity of this consumer segment.

In summary, the comparisons revealed a moderate tightening of financial situations across distinct demographic cohorts - particularly for those at higher income levels historically, younger generations facing housing pressures, and lower-income groups confronting heightened fragility.

Commentary

As policymakers embrace data-dependent monetary policy prescriptions, the question is whether the latest MHOI has captured a slump in consumer attitudes that portend the **early stages** that reflect moderation in demand that has so far defied the Federal Reserve's aggressive interest rate hiking campaign. The six-month MHOI Bull Run may have halted but we'll have to wait until next month to see if this is just a pause in the upward trajectory or it's portending something else.

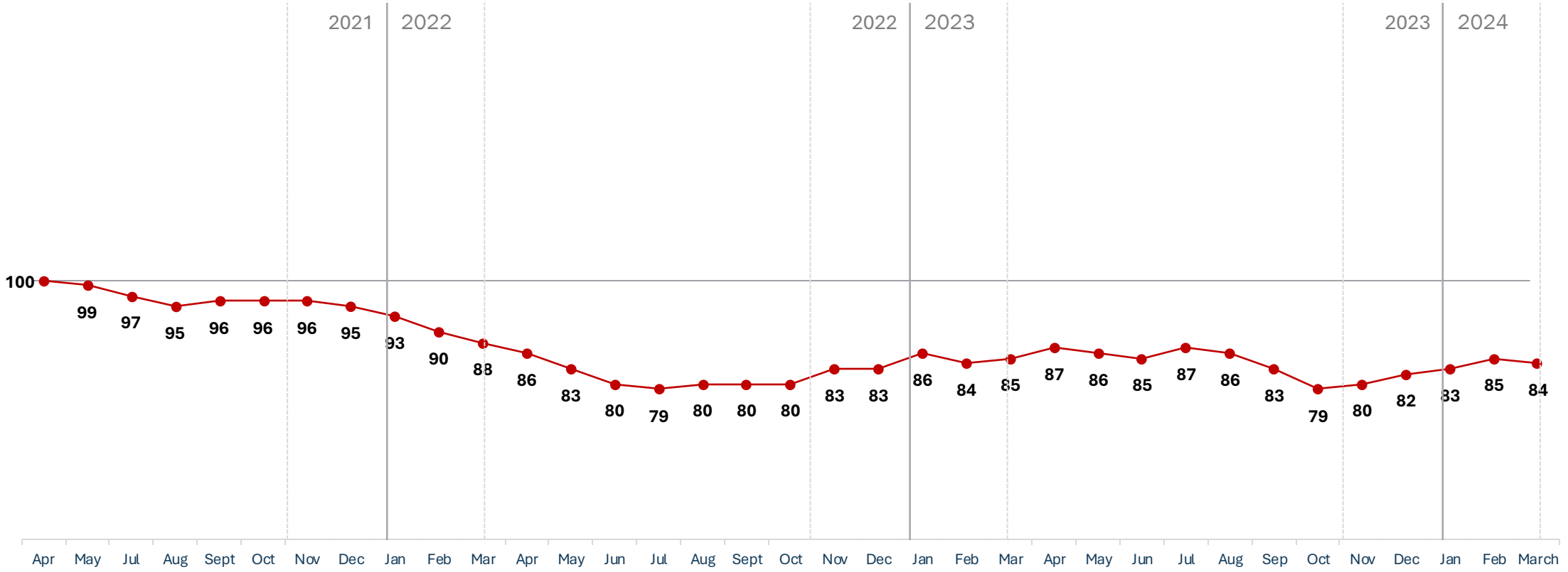
Apparent in this month's survey findings is the **heightened financial anxiety among many households** that are being affected by stubbornly elevated inflation readings that continue to defy expectations of a more rapid cooling. With core prices re-accelerating at a monthly 0.4% clip, the yearly CPI rate ticked back up to 3.8% - far exceeding the Fed's 2% target. This prolonged bout of high inflation may now be directly eroding consumer purchasing power and real incomes. The question for many observers and policymakers is whether that **expected soft landing will become a no landing zone as inflation becomes chronic for some time to come**.

This month's overall drop in the MHOI, is primarily being influenced by more Americans bracing for struggles to make ends meet, having inadequate savings buffers, and facing potential defaults on debt obligations like mortgages and auto loans. It also captures a slump in purchasing intentions that, when combined with the latter sentiments, could finally be **opening the door to realizing the demand slowdown the Fed has been trying to engineer** as the primary mechanism for reducing inflation pressures.

Or not.

The bodies of many a prognosticator or apparent expert now litter a landscape of failed predictions with headstone words like "surprised" and "unexpected". We'll see if it's any different for the global financial leaders who arrive in Washington this week for the spring meetings of the International Monetary Fund and World Bank. Acting like visiting physicians in for a consult about the patient on the gurney that just fails to be anesthetized despite everything being administered, the question hanging in the operating theatre could centre on this: is the continual resurgence being driven more by constructive forces like increased labor supply and productivity or by outsized fiscal deficits that continue stoking demand and, potentially, inflation. **With so many questions to ponder, stay tuned.**

The American Maru Household Outlook Index (MHOI)
April 2024 **84**



The Appendix reveals the questions and formula used to calculate the monthly index.

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Who's Driving the Index this Month?

The April 2024 American MHOI is at **84**, **down one point from last month**. Here is a profile of those Americans having the most influence on the Index this month (+/- indicates the month-over-month percentage point difference):

More Americans struggle to make ends meet:

- **Previous Month**: Lower incomes <$50K (51%), 18-34 ages (54%), South (41%)
- **This Month**: Lower incomes <$50K (55% +4), 18-34 ages (57% +3), South (44% +3)
- **Key Shift**: Financial strain intensified across lower-income, younger, and Southern cohorts.

Less confidence in future personal investments/savings:

- **Previous Month**: 55+ (35%), $100K+ (36%), Northeast (37%), Midwest (37%)
- **This Month**: 55+ (31% -4), $100K+ (34% -2), Northeast (35% -2), Midwest (35% -2)
- **Key Shift**: Older ages and higher wealth segments showed diminishing outlook on future investments.

Less able to put away for retirement/old age:

- **Previous Month**: 55+ (40%), $100K+ (44%), South (38%)
- **This Month**: 55+ (37% -3), $100K+ (41% -3), South (35% -3)
- **Key Shift**: Across older, wealthier, and Southern groups - ability to save for retirement declined.

Lack of 2+ months' emergency savings:

- **Previous Month**: <$50K (54%), 18-34 (54%), South (45%), West (46%)
- **This Month**: <$50K (58% +4), 18-34 (57% +3), South (47% +2), West (48% +2)
- **Key Shift**: Fewer lower-income, younger adults, and Southern/Western residents have rainy day funds.

The analysis shows that many of the same demographic groups struggling in the previous month became even more financially strained and insecure in the latest data. However, two cohorts - older ages 55+ and higher-income $100K+ households - saw a particularly sharp erosion in their confidence around having sufficient future investments and retirement savings compared to last month.

While overall trends moved in a negative direction, the most striking shifts were concentrated in groups that have traditionally anchored national economic stability.

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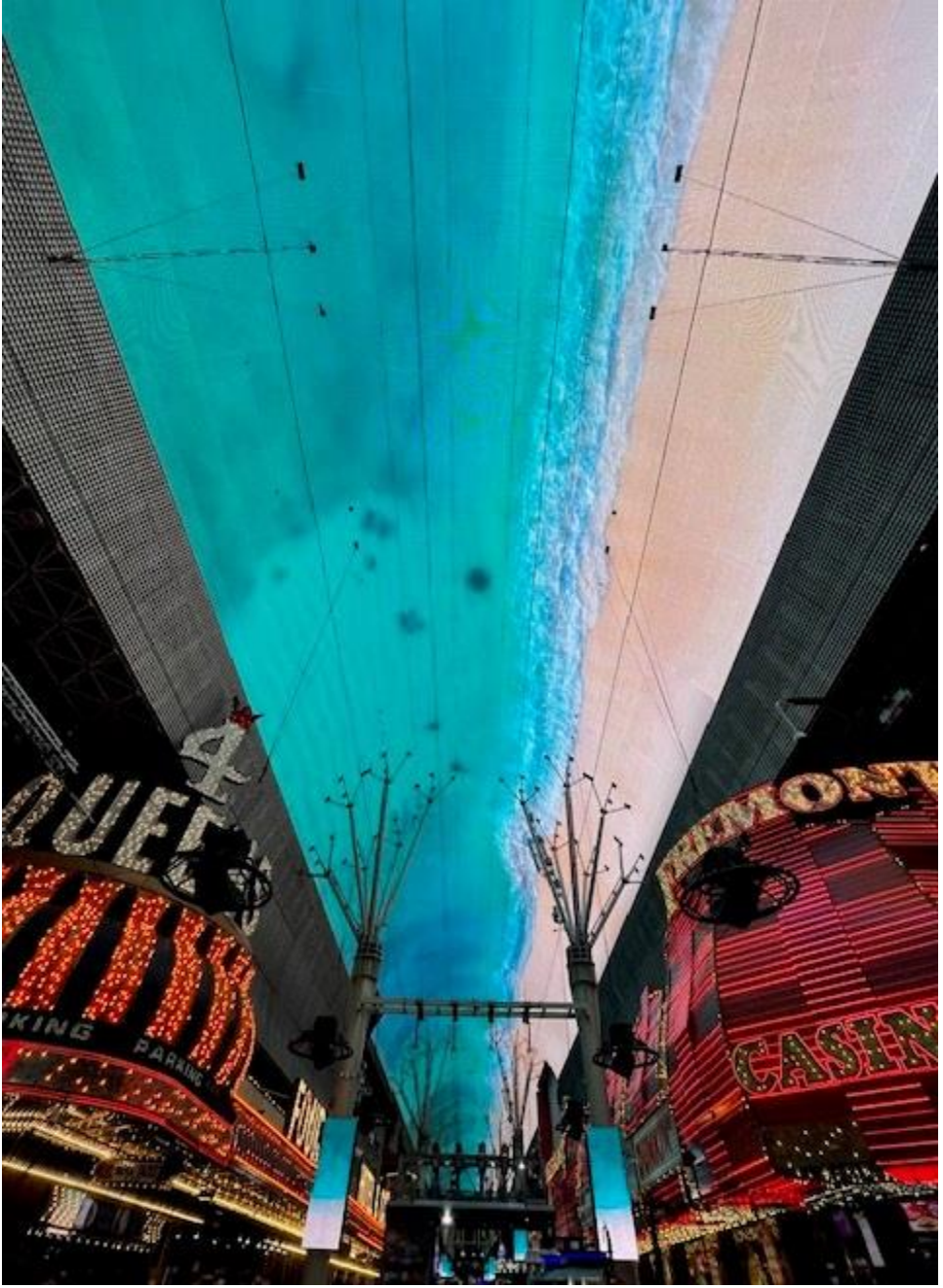


What it Could Mean

Consumer Cohort: Older Americans & Higher Wealth Households

- **Heightened Vulnerability**: Growing pessimism within this traditionally stable economic base about having sufficient retirement savings/investments to sustain future finances and consumption levels.
- **Potential Corporate Impact**: Reduced spending on big-ticket discretionary purchases, decelerating investment/saving rates constraining sector growth.
- **Policy Implications**: Eroding economic security could increase political pressure for shoring up safety net programs, wealth preservation incentives, and policies boosting financial resilience.

Consumer Cohort: Younger Demographics (18-34 Year Olds)

- **Emerging Housing Crisis**: Despite rising wage optimism, fears of housing unaffordability have spiked substantially, potentially hampering formation of new households.
- **Potential Corporate Impact**: Suppressed demand for housing/relocation services, large appliances/furnishings, automobiles, and related consumer goods.
- **Policy Implications**: Lack of attainable housing could disrupt labor mobility, become protracted drag on consumer demand engine, necessitating supply-side/lending interventions.

Consumer Cohort: Lower-Income Households (Under $50K)

- **Increasing Financial Fragility**: Growth in expectations of struggling to make ends meet, requiring government assistance to supplement basic costs of living.
- **Potential Corporate Impact**: Downgrading purchase decisions toward lower-price-point offerings, reduced discretionary spending stream.
- **Policy Implications**: Potential spike in social safety net program usage, creating fiscal pressures and need for policies incentivizing income/mobility pathways.

Regional Divergences:

While national attitudes held steady, there were distinct geographic concentrations seeing deteriorating outlook in certain areas (Northeast) offset by improvements in others (West). Both corporations and policymakers should monitor for regional demand asymmetries.

By the Numbers

The following is a comparison of the findings to last month (+/- indicates the month-over-month percentage point difference):

Thinking of the state of the economy, would you say it is...?

- Moving in the right direction **40% -1**
- On the wrong track **60% +1**

Specifically focused on your financial position, would you say it has...?

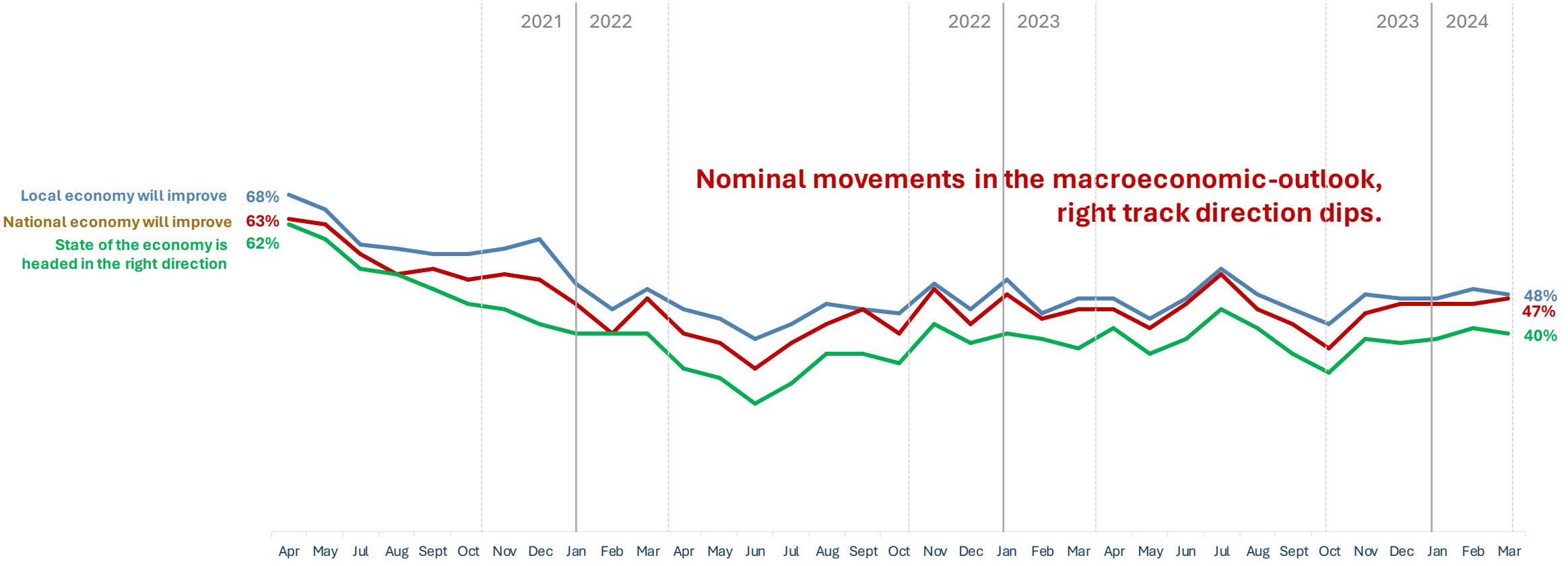
- Improved since last month **19% +1**
- Remain the same over the last month **61% -2**
- Become worse since last month **20% +1**

Over the next sixty (60) days is it **very/somewhat/not very/not at all** likely that...?

- The national economy will improve **47% +1 53%**
- The local economy where I live will improve **48% -1 52%**
- I will have more than two months of savings to cover any unexpected costs or needs **60% -4 40%**
- I will put away money for my retirement/old age security **54% -6 46%**
- I will have enough personal/family investments and savings for the future **56% -5 44%**
- I will be worried about my personal/family day-to-day finances **50% +3 50%**
- I will have the ability to purchase the products needed for me/our family **81% -4 19%**
- I will invest in the financial markets because now is a good time to do so **37% -3 63%**
- I will purchase big ticket items like a car or furniture **24% +1 76%**
- I will buy a house **15% +1 85%**
- I will struggle to make ends meet **41% +6 59%**
- I will default on making payments on major loans or a mortgage **18% +2 82%**
- I will lose or be laid off from my job because of lack of business/work **14% +2 86%**
- I will likely declare bankruptcy **12% +2 88%**
- I will earn a livable wage **65% -3 35%**
- I will have enough food for myself/family **89% -2 21%**
- I will be able to afford to keep a roof over my/my family's head **76% -4 24%**
- I will rely on government programs to make ends meet **31% +5 69%**
- I will move to a smaller residence because I need to save money **19% +2 81%**
- I will take a learning course to upgrade my skills/education **32% N/C** 68%

The American Maru Household Outlook Index (MHOI): Economic Outlook

Over the next 60 days, likely to…



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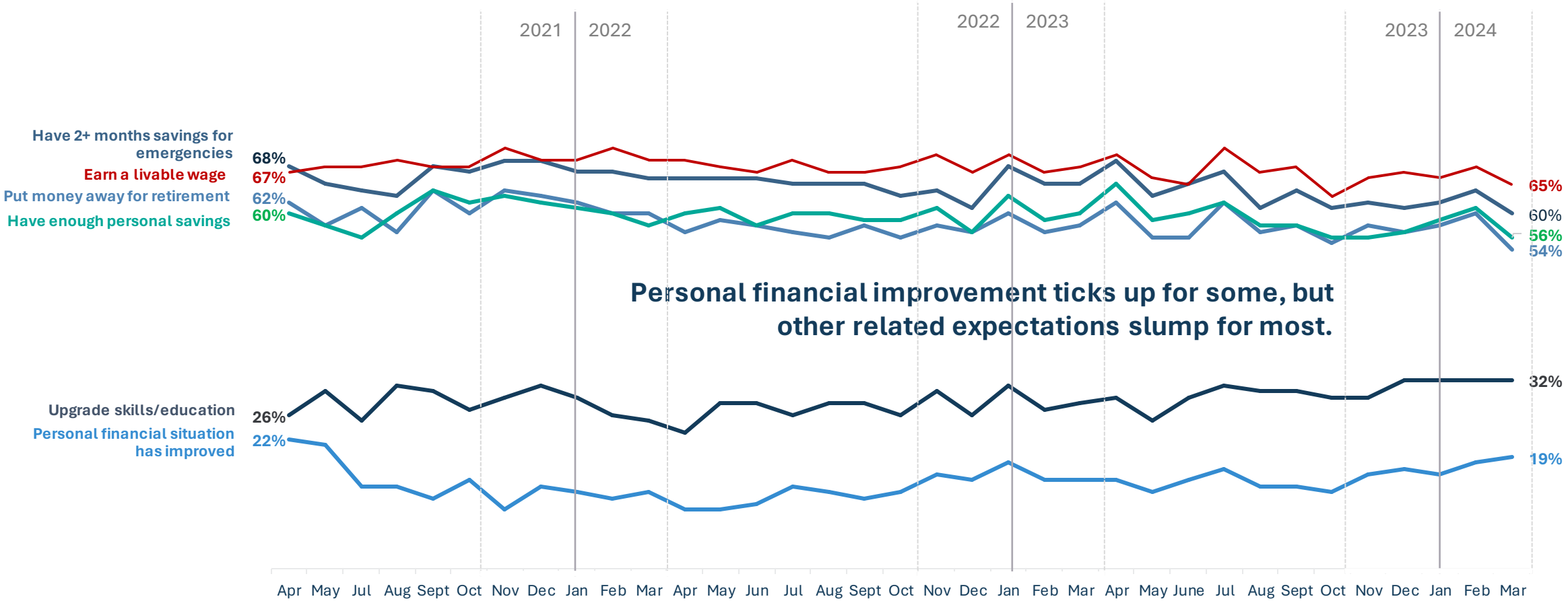
The American Maru Household Outlook Index (MHOI): Personal Finances

Over the next 60 days, likely to…



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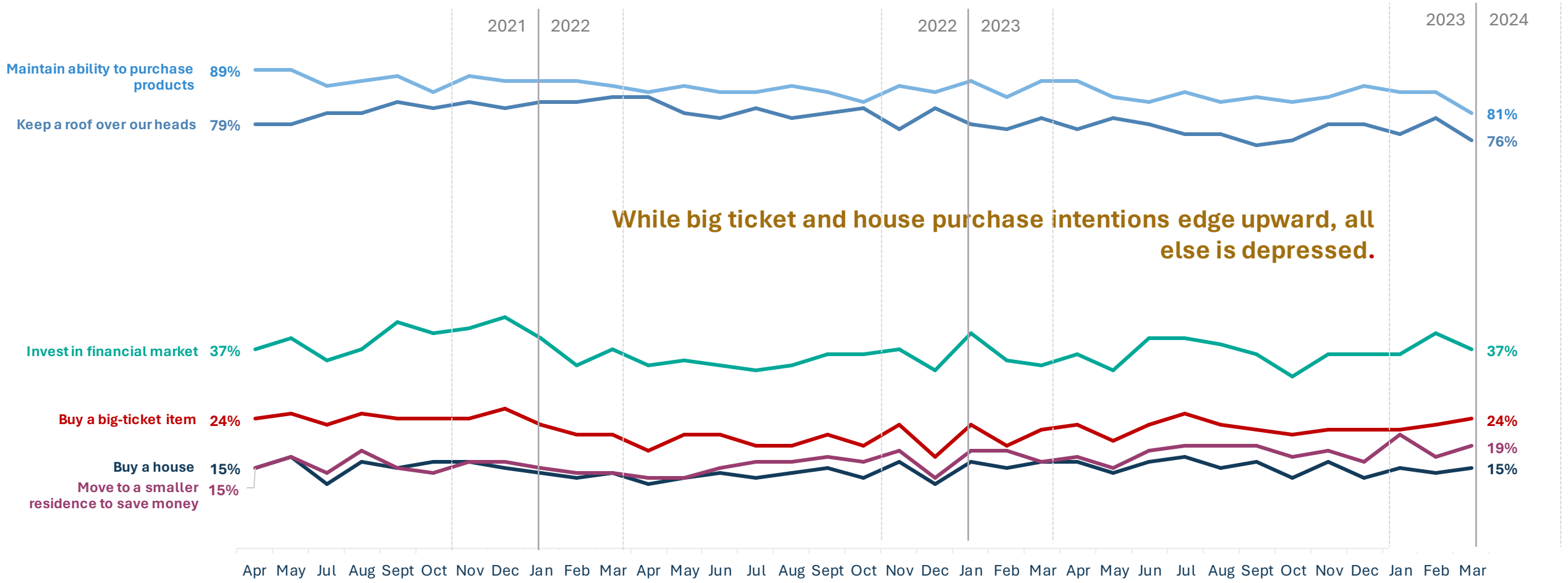
The American Maru Household Outlook Index (MHOI): Purchasing Power

Over the next 60 days, likely to…



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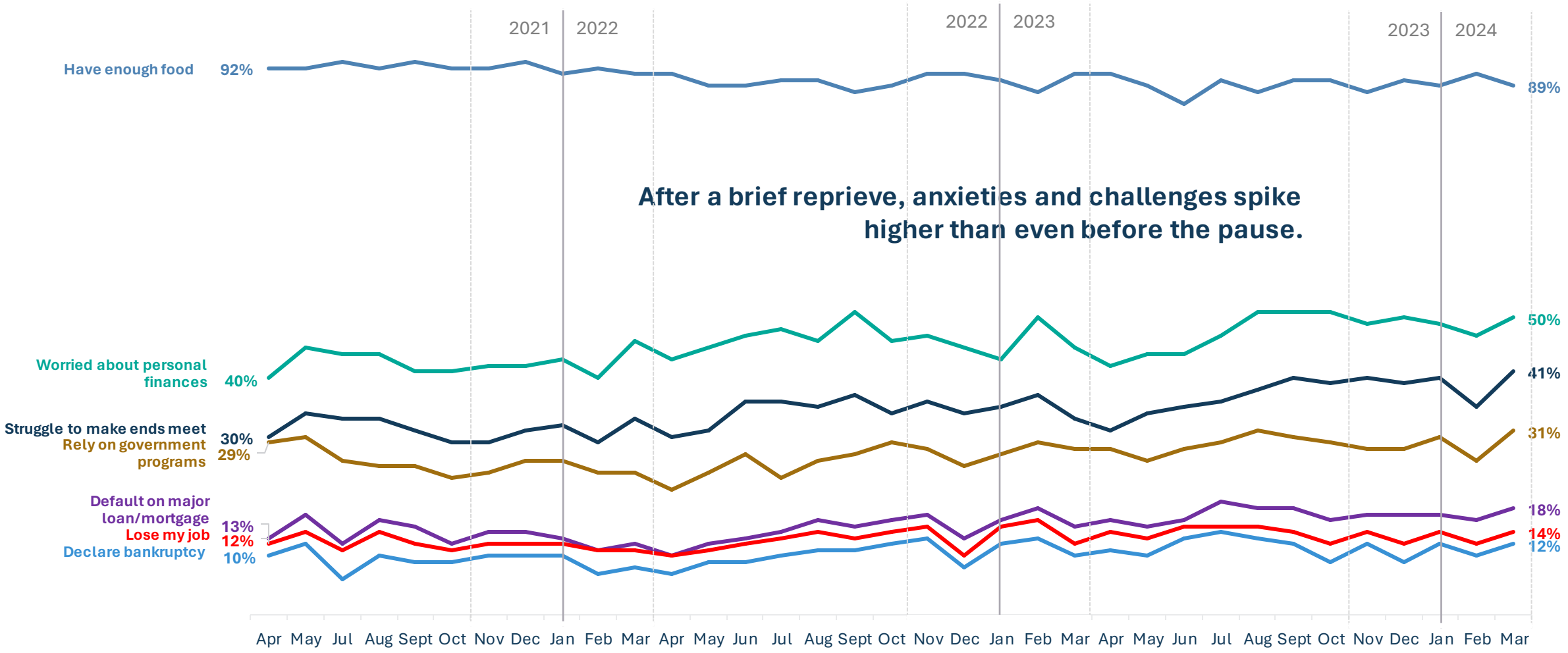
The American Maru Household Outlook Index (MHOI): Challenges

Over the next 60 days, likely to…



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Index Questions

Thinking of the state of the economy, would you say it is...? (Tracking began in April 2021)

- Moving in the right direction
- On the wrong track

Specifically focused on your financial position, would you say it has...? (Tracking began in April 2021)

- Improved since last month
- Remain the same over the last month
- Become worse since last month

Over the next sixty (60) days is it very likely/somewhat likely/not very likely/not likely at all that...
(Tracking began in July 2020)

- The national economy will improve
- The local economy where I live will improve
- I will have more than two months of savings to cover any unexpected costs or needs
- I will put away money for my retirement/old age security
- I will have enough personal/family investments and savings for the future
- I will be worried about my personal/family day-to-day finances
- I will have the ability to purchase the products needed for me/our family
- I will invest in the financial markets because now is a good time to do so
- I will purchase big ticket items like a car or furniture
- I will buy a house
- I will struggle to make ends meet
- I will default on making payments on major loans or a mortgage
- I will lose or be laid off from my job because of lack of business/work
- I will likely declare bankruptcy

Additional Questions (Tracking began in July 2020)

Over the next sixty (60) days is it very likely/somewhat likely/not very likely/not likely at all that...

- I will earn a livable wage
- I will have enough food for myself/family
- I will be able to afford to keep a roof over my/my family's head
- I will rely on government programs to make ends meet
- I will move to a smaller residence because I need to save money
- I will take a learning course to upgrade my skills/education

Index Calculation

- The MHOI is derived from a sixteen-item summated rating scale, fourteen of which are on a four-point scale, with each level having a different weight. A fifteenth item has a binary response, and only the proportion of positive responses is used. The sixteenth item asks respondents to describe how their financial position had changed in the past month wherein the proportion of respondents whose situation has improved or remained constant is kept, with both top options having the same weight in the Index. Each statement score is multiplied by either 1 or -1 depending on whether the attribute is optimistic or pessimistic.

- The Index scores are added, multiplied by 100, and finally divided by the total for the baseline month (April 2021) to give us the weighted index. Any Index output below a composite score of 100 is considered to be negative/pessimistic, and any above a composite score of 100 is considered to be positive/optimistic. The resulting measure is both valid and reliable.

- The MHOI Index number reported in any given month is based on a "rolling average" formula that combines the incumbent data from that month plus the two previous monthly waves (which triples the usual monthly sample size wave of ~1,500 completed interviews for a total of ~4,500).

- In order to heighten the freshness of the Index number reported, the incumbent month is given a weight of 45%, the data from the previous month is given a lesser weight of 35%, and the data from the earliest of the three months is given an even lesser weight of 20%. The output from this formula produces the MHOI Index number reported and charted for comparison with previous iterations.

Data Collection Methodology

- These are some of the findings from a study released by Maru Public Opinion that was undertaken by its sample and data collection experts at Maru/Blue on March 28-April 1, 2024, among a random selection of 1,535 American adults who are Unlock Surveys online panelists. For comparison purposes, a probability sample of this size has an estimated margin of error (which measures sampling variability) of +/- 2.5%, 19 times out of 20. Discrepancies in or between totals when compared to the data tables are due to rounding. Some analytics and analysis is supported by human directed AI.
- The results have been weighted by education, age, gender, and region to match the population according to census data which ensures the sample is representative of the entire adult population of the United States.
- Panel and data services provider Maru/Blue is deeply rooted in the Maru/HUB technology platform and offers on-demand, high-quality, highly scalable online community samples of deeply engaged, known respondents. Unlock Surveys sits within the Stagwell Marketing Cloud (SMC) suite of data-driven SaaS products for modern marketers. Organizations interested in using Unlock Surveys to conduct research can reach out to support@unlocksurveys.com.

Use of Findings

- Maru Public Opinion publicly released American polls with supporting detailed tables are found here: Maru Public Opinion US Polls.
- Excerpts from this release of findings should be properly attributed, with interpretation subject to clarification or correction by Maru Public Opinion.
- Presentations and/or media interviews about these and subsequent results can be provided, and individuals may be added to a distribution list, upon request to john.wright@marublue.com

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Maru Public Opinion does not carry out any polling for any political party.

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