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The US Maru Household Outlook Index (MHOI)

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

December 2023

The December 2023 American Maru Household Outlook Index (MHOI) is at 80 (negative/pessimistic) up one point from 79 last month and stems a drop (from 86) that began back in July.

Of the sixteen measures in the MHOI calculation, the **five key drivers that have been the greatest influence this month are:**

- **More Americans believe the state of the economy is moving in the right direction (up seven percentage points** from 32% last month **to 39%)** and stems a slide that began in July (when this metric was at 45%). This measure is now on par from where it was in June 2023 (39%).
- **More Americans believe the national economy will improve (up seven percentage points** from 37% last month **to 44%)** and is a rebound from a significant fall that began in July (when it was at 52%) and is now embracing the same sentiment from March 2023.
- **More Americans believe the local economy where they live will improve (up six percentage points** from 42% last month **to 48%**) and is a rebound from a steady slide that began in July (when it was at 53%) and is now at the same level that was in August 2023.
- **More Americans say their financial position has *improved* (up three percentage points** from 13% last month **to 16%**). This perception in improvement is offset by one in five (20%) Americans who indicate their financial position has ***worsened*** over the same timeframe. The outputs produce a Gap score (improved versus worsened) of -4 which is the best place it's been since a net zero measure back in July 2023 (17% versus 17%) and similar to findings recorded back in April 2023 (Gap score of -3). Two thirds (64%) of Americans indicated their month over month financial position had remained the same.
- **More Americans say they will likely invest in the financial markets because now is a good time to do so (up** from 32% last month **to 36%**) reverts to a similar sentiment back in September 2023 (35%).

It's not often that you get so many influencers of the MHOI in play but there are really two things going on here simultaneously. The first is the rebound from the debt ceiling debate and new Senate Speaker appointment. If you have followed the MHOI over the last two issues you will know this as **familiar ground** that covered an analysis as to why this is the case. You will also know that **this echo downturn lasted longer** and deeper than the earlier June debate slump because the **jettisoning and the replacement of the Speaker prolonged its time on stage**,

Ergo, the three topline measures on the economy—its direction and improvement outlook for both the national and local economies—**have moved up in sync similarly to the last time we were at this rodeo**. But make no mistake: regardless of any short-term improvement, Americans have a very long road ahead to climb back to the nearly overall positive perspective they held back in July 2021. To give this even more perspective, **the MHOI appeared to bottom out for the first time in July 2022 (79) and we've just risen from that trough a second time last month (79)**.

The rebound (if it continues) may not all be attributable to just the end of the Capitol Hill clash—after all, there was **the mirth of Thanksgiving itself with the annual bargain bonanza that our** Black Friday/Cyber Monday spending intentions poll **predicted** consumers would gobble up. On that point**, despite exhausted savings and a record rising credit card debt**, Adobe's monitoring and forecasting reports indicate that US consumers spent $86.6 billion from November 1st to 24th. With consumer spending on Thanksgiving Day alone of $5.6 billion in 24 hours, and Black Friday itself, with a sales total $9.8 billion, **this was the highest spending on record for this timeframe.**

And **this juggernaut journey may not be over ye**t: at this pace, consumers appear to be on track to lay out $221.8 billion this holiday season, compared with $210 billion in 2022 and $205 billion in 2021. As we pointed out last month, the fourth quarter GDP tally may be on par with the explosive third quarter numbers.

If you've weathered a few recessions then you know that, **as a herd**, consumer-citizens look for **signals** as to whether things are getting better or not. In the **1990's, qualitative research evidenced that when people saw construction cranes starting to populate the horizon it was time to feel better** and inject some confidence into the economy. Today, a swaying crane is not the talisman it used to be, but there are a cluster of cues that are pushing consumer-citizens to look beyond the highest interest rates in more than twenty-two years.

Make no doubt about it, **aggregate consumer prices are up more than they were last year**, pushed by groceries, most services (like restaurant meals, haircuts, and the dentist) and accommodations for both renters, home buyers, and variable/renewing mortgages, but much else has moderated or fallen with the Feds strategy to bring inflation down to the two percent range. On that note, after inflation had spiked to a 40-year high in mid-2022, and despite a November Consumer Price Index rise 3.1% on an annual basis, **the Fed expect core inflation falling** to 3.2% in 2023, to 2.4% in 2024, to 2.2% in 2025, and finally getting back to the 2% target in 2026—**a welcome sign of optimism**.

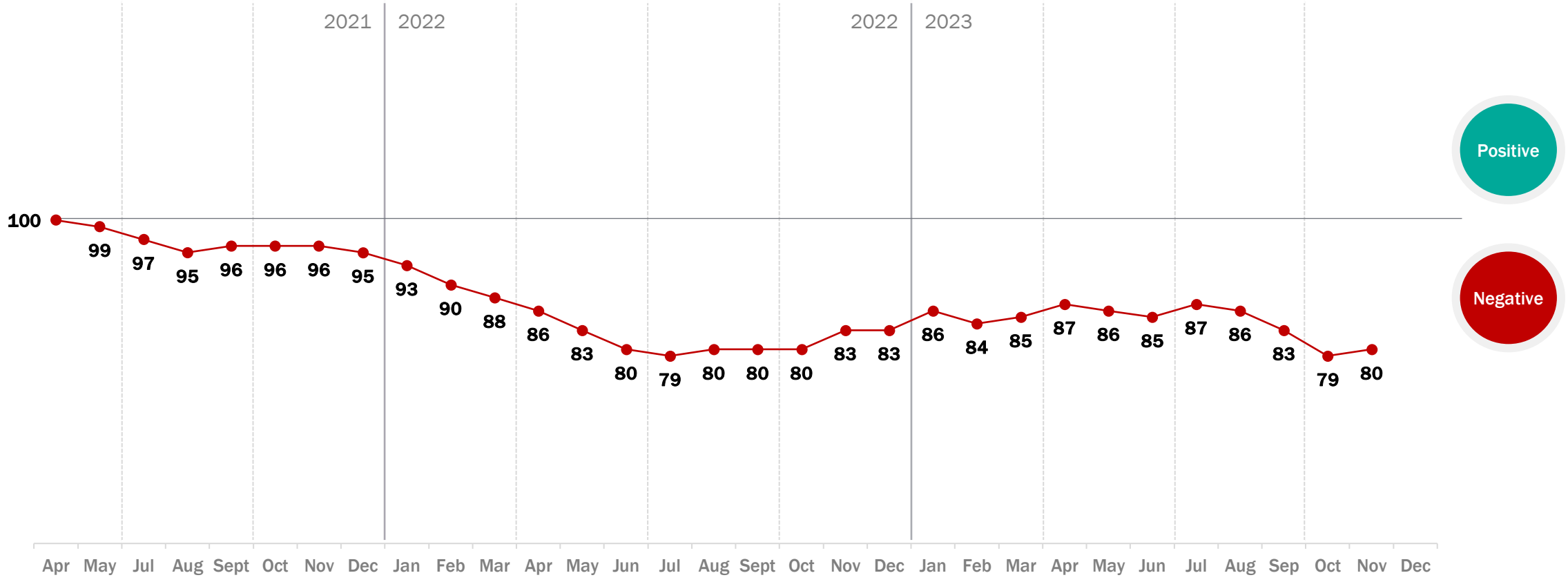
Citing inflation and the job market having apparently settled down, U.S. Treasury Secretary Janet Yellen sent her own signal that she did not view the risk of a recession as "particularly high." With that out in the open, **the co-related critical signal** was likely not only the recent decision to hold the current interest rate steady but that Fed committee members appeared to pencil in, conditionally**, at least three rate cuts in 2024**. Add to that seven winning weeks for the three major stock market averages and the trifecta has more Americans who say in this month's MHOI tracking that they will likely invest in the financial markets because now is a good time to do so.

So, as 2023 ends, there will likely be more candy canes than coal in stockings—especially with prices for this Christmas over last for toys (-3%), sports equipment (-2%), and bigger-ticket items (like washing-machines -12%). But perhaps the biggest signal has been laid out in the kitchens and festivities of the home and hearth for this holiday season: **eggs for the festive 'nogg**, whose meteoric rise in prices last winter became a prime example of the country's inflation problem, are **down a whopping 22 percent** over the past year. Overall, 2024 holds a lot of promise, **so stay tuned**.

From all of us to you and yours, ***all the very best for a safe and happy holiday and a prosperous new year ahead***.

The American Maru Household Outlook Index (MHOI)

80 (negative/pessimistic)



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

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What's Driving the Index this Month?

The following are the **five elements** having the ***most*** influence on the index this month:

- **More Americans believe the state of the economy is *moving in the right direction*** (**up seven percentage points** from 32% last month **to 39%)** and stems a slide that began in July (when this metric was at 45%). This measure is now on par from where it was in June 2023 (39%). Those most likely to believe the state of the economy is moving in the right direction are the highest income earning Americans ($100K+ 48%), followed by men (44%), those living in both the West (43%) and the Northeast (42%), and those who are both the youngest (aged 18-34 40%) and oldest (55+ 39%). A majority (61%) believe the state of the economy is on the ***wrong track***.
- **More Americans believe the national economy will improve** (**up seven percentage points** from 37% last month **to 44%)** and is a rebound from a significant fall that began in July (when it was at 52%) and is now embracing the same sentiment from March 2023. Those most likely to be among this group are the highest income earners ($100K+ 52%), followed by men (50%), those living in both the West (47%) and the Northeast (47%), and the youngest Americans (aged 18-34 47%). A majority (56%) do not believe the economy will improve anytime soon.
- **More Americans believe the local economy where they live will improve** (**up** from 42% last month **to 48%**) and is a rebound from a steady slide that began in July (when it was at 53%) and is now at the same level that was in August 2023. Those most likely to be among this group are the youngest Americans (aged 18-34 55%), the highest income earners ($100K+ 54%), men (53%), and those living in the South (52%). In the alternate, a slim majority (52%) don't believe the local economy will improve over the next 60 days.
- **More Americans say their financial position has *improved*** (**up** from 13% last month **to 16%**). This perception in improvement is offset by one in five (20%) Americans who indicate their financial position has ***worsened*** over the same timeframe. The outputs produce a Gap score (improved versus worsened) of -4 which is the best place it's been since a net zero measure back in July 2023 (17% versus 17%) and similar to findings recorded back in April 2023 (Gap score of -3). Two thirds (64%) of Americans indicated their month over month financial position had remained the same. Those most likely to indicate that their personal financial position has improved since last month are the youngest Americans (aged 18-3429%), followed by men (21%) and the highest income earners ($100K+ 21%), and those residing in the South (18%).
- **More Americans say they will likely invest in the financial markets because now is a good time to do so** (**up** from 32% last month **to 36%**) reverts to a similar sentiment back in September 2023 (35%). Those most likely to agree with this premise are the highest income earners ($100K+ 58%), followed by the youngest Americans (aged 18-34 47%), and. There is no relative difference. Alternatively, two thirds (64%) of Americans disagree with this assessment.

By the Numbers

Thinking of the state of the economy, would you say it is...?
- Moving in the right direction 39% +7
- On the wrong track 61%

Specifically focused on your financial position, would you say it has...?
- Improved since last month 16% +3
- Remain the same over the last month 64% +3
- Become worse since last month 20% -7

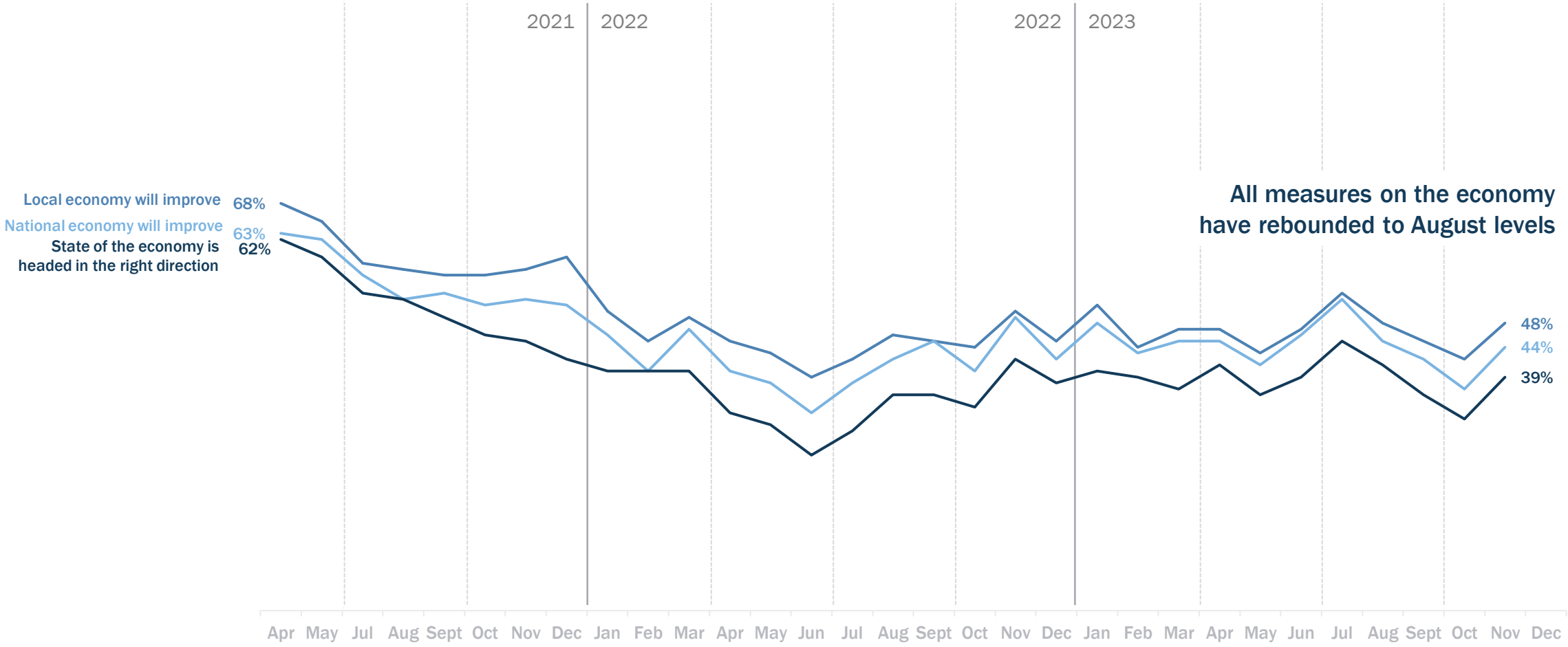
Over the next sixty (60) days is it very/somewhat/not very/not at all likely that...?

- The national economy will improve 44% +7 56%
- The local economy where I live will improve 48% +6 52%
- I will have more than two months of savings to cover any unexpected costs or needs 62% +1 38%
- I will put away money for my retirement/old age security 58% +3 42%
- I will have enough personal/family investments and savings for the future 56% N/C 44%
- I will be worried about my personal/family day-to-day finances 49% -2 51%
- I will have the ability to purchase the products needed for me/our family 84% +1 16%
- I will invest in the financial markets because now is a good time to do so 36% +4 64%
- I will purchase big ticket items like a car or furniture 22% +1 78%
- I will buy a house 16% +3 84%
- I will struggle to make ends meet 40% +1 60%
- I will default on making payments on major loans or a mortgage 17% +1 83%
- 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% +3 88%
- I will earn a livable wage 66% +3 34%
- I will have enough food for myself/family 88% -2 12%
- I will be able to afford to keep a roof over my/my family's head 79% +3 21%
- I will rely on government programs to make ends meet 28% -1 72%
- I will move to a smaller residence because I need to save money 18% +1 82%
- I will take a learning course to upgrade my skills/education 29% N/C 71%

*Note +/- indicates percentage point difference from the previous month

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

Over the next 60 days, likely to...



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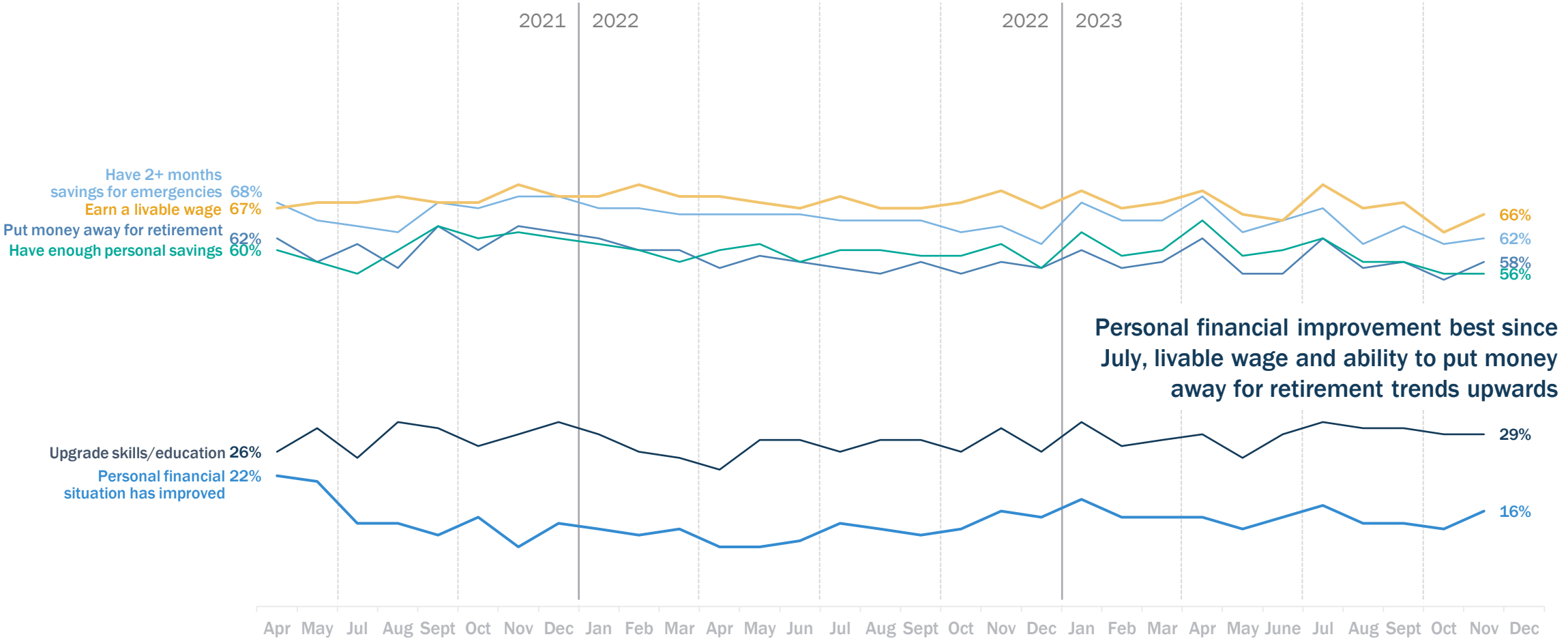
The American Maru Household Outlook Index (MHOI): Personal Finances

Over the next 60 days, likely to...



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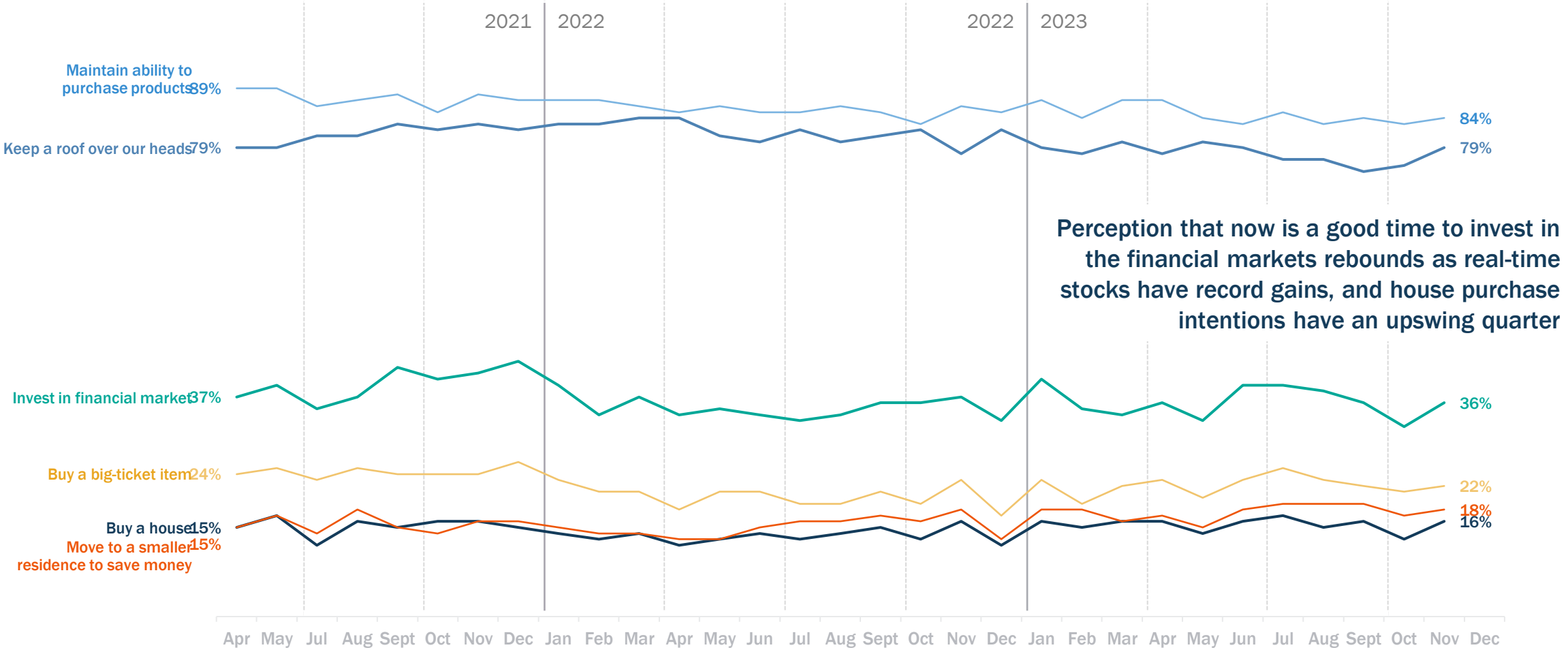
The American Maru Household Outlook Index (MHOI): Purchasing Power

Over the next 60 days, likely to...



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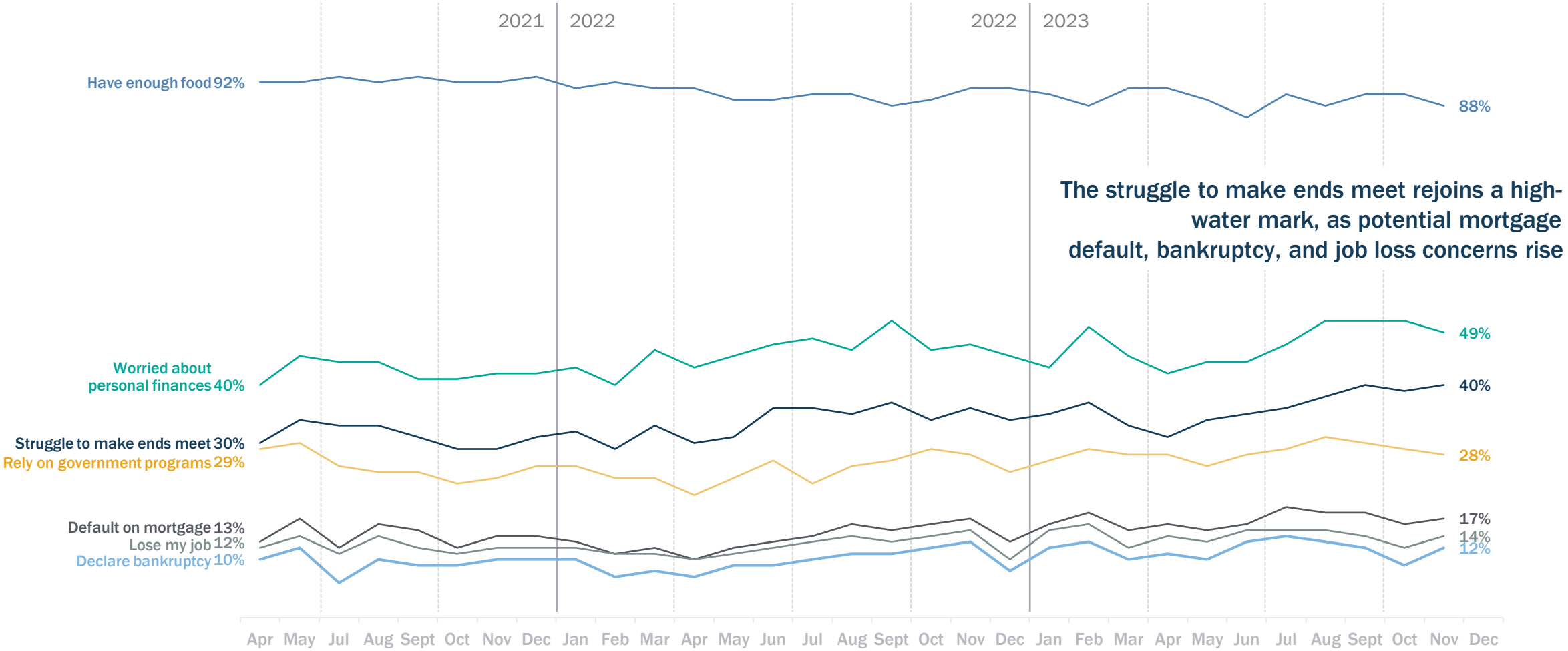
The American Maru Household Outlook Index (MHOI): Challenges

Over the next 60 days, likely to...



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Data Collection Methodology for this Month's Wave

These are some of the findings from a study released by Maru Public Opinion undertaken by its sample and data collection experts at Maru/Blue on December 1st-4th, 2023, among a random selection of 1,514 American adults are Maru Springboard America 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.

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. Discrepancies in or between totals when compared to the data tables are due to rounding.

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. Maru Public Opinion is a professional research services channel dedicated to improving its clients' business outcomes. It delivers its services through teams of sector-specific research consultants specializing in the use of Insight Community and Voice of Market technology. Maru Public Opinion publicly released American polls with supporting detailed tables are found here: Maru Public Opinion US Polls. Corporate information can be accessed here: Maru Group. Excerpts from this release of findings should be properly attributed, with interpretation subject to clarification or correction. Maru Public Opinion does not do any work for any political party.

The methodology and questions used for the calculation of the monthly Maru Household Outlook Index (MHOI) can be found in the Appendix. Detailed tables are simultaneously posted with the public release of this document at Maru Public Opinion US Polls or are available upon request. 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.

Appendix

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.

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

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