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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

February 2024

The February 2024 American Maru Household Outlook Index (MHOI) is at 83 (negative/pessimistic) up one point from 82 last month and is the third consecutive rise since October 2023. The Index has climbed back to where it was in September 2023.

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

- **More Americans indicated the propensity *to buy a house* (15% up** from 13% last month). Boosted by young and better off Americans, with the very likelihood to purchase rising (**7% up** from 6%) and returning to its more robust expression back in November 2023.
- **Less Americans said they *will be worried about their personal/family day-to-day finances* (49% down** from 50% last month). Returning to where it was in December 2023.
- **More Americans expressed that they *will likely declare bankruptcy* (12% up** from 9% last month). While this topline sentiment rose, the underlying group very likely to do this stayed flat (at 4%) over last month and returning to the same outlook held in November 2023,

The MHOI continues its slow and steady recovery from last October (79) when Congress found itself mired in the national debt ceiling debate. It also comes on the heels of some remarkably resilient results from the final quarter in 2023 and early prognostications from a confident **Treasury Secretary Janet Yellen** who declared that 2024 is going to be a 'very good' year for the resilient economy. **That view appears to be in line with**:

- adjusted for inflation, the US gross domestic product (GDP) rose at a 3.3% annual rate in the fourth quarter, pushing the 2023 total growth to 2.5% up from 1.9% in 2022;
- the International Monetary Fund (IMF) raised its U.S. growth projection for this year by 0.3 percentage to 2.1% points compared with its July update and added its voice to a growing chorus of those who believe a ‘soft landing’ as opposed to a recession this year;
- the Consumer Price Index (CPI), softened to 3.1% on a yearly basis in January from 3.4% in December, with the personal consumption expenditures (PCE) price index slowing to an annualized rate of 1.7% in the fourth quarter, from a 2.6% pace in the July-September quarter. All very encouraging for a potential interest rate cut by summer as the Fed’s 2% inflation target seems within reach; and,
- the economy added 353,000 jobs in January, much better than expected, and on an annualized basis there was a 6.5% increase in private wages and salaries, a 6.9% rise in household disposable income, and a 3.6% increase in consumer retail sales for a record spend of $5.13 trillion.

The other side of the rosy outlook coin finds that beyond short-term gains, real wages when adjusted for inflation grew by only 1.7% between 2019 and 2023 for the median worker. Grocery prices are 30% higher than four years ago and rental prices are unaffordable for a record number of Americans with half of all renters paying more than 30% of their income on rent and utilities. Four in 10 (41%) have less than one month's worth of savings and half that group (21%) **have none**.

By the end of 2023, household debt (now at $103,000 per person) climbed by $212 billion, reaching a new record high of $17.5 trillion (including a record amount of $1.13 trillion for credit card debt). And while overall debt delinquencies are still below those experienced in 2019 before the pandemic, they are on the rise with 8.5% of credit card loans and 7.7% of auto loans running into trouble (especially if the loans were taken out in 2022). **And if that's not enough**, that same confident Treasury Secretary has said that losses in commercial real estate will put 'manageable' stress on owners even as nervous banks both at home and abroad eye consequential write-downs on their balance sheets.

With that in mind, the latest MHOI survey finds four in 10 (40%) Americans **struggling to make ends meet** (sustained since last September and the highest level recorded since tracking began in July of 2021) as many (30%) admit they're relying on government programs to make ends meet (the second highest rating over the same timeframe), and one-in five (21%) who believe they'll have to move to a smaller residence over the next two months because they need to save money.

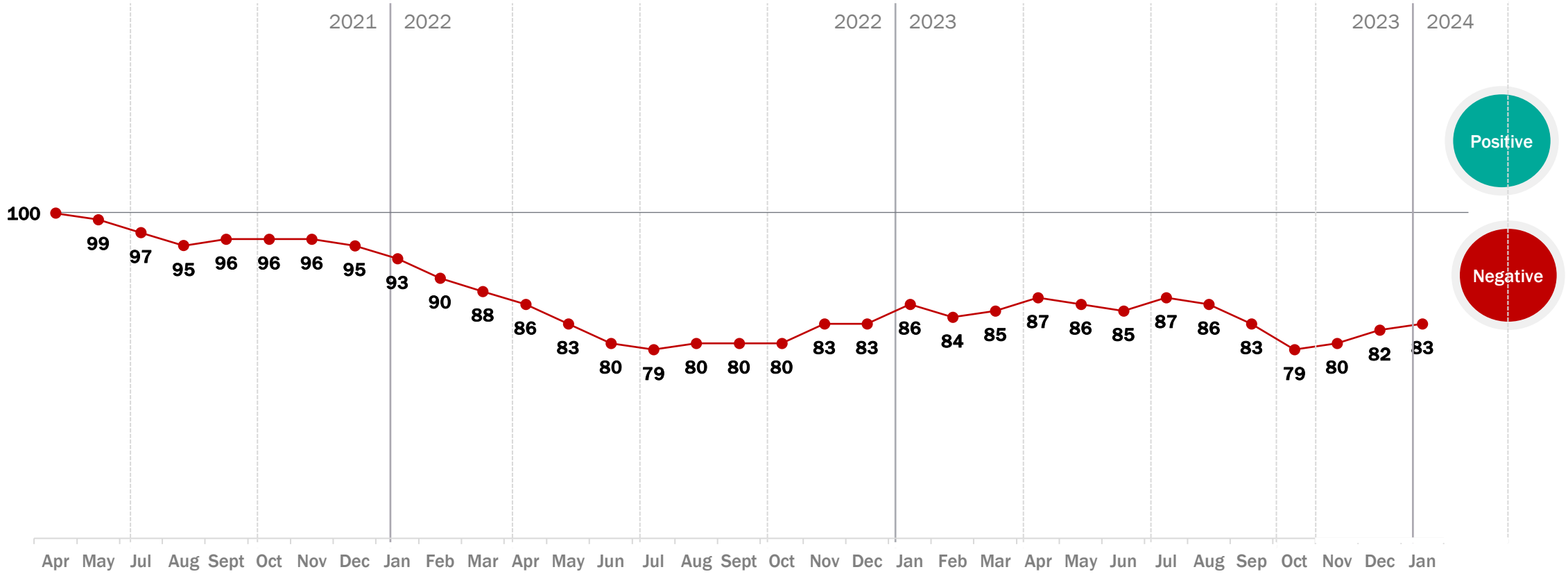
Next up, even though the Congressional Budget Office projections have recently found a growing economy and recent spending cuts have slowed government deficits, Fed Chair Jerome Powell has signaled that now is the time to start addressing the $34 trillion national debt which is on pace to top $54 trillion over the next ten years. This observation comes just ahead of a deadline next month for Congress to agree on federal spending legislation to keep the government running. This will be the third time since last June that **this brutal political cage match** has been staged, and on which each of those occasions has caused the MHOI to plummet.

And lastly, the race for the White House between former Republican President Donald Trump and incumbent Democrat President Joe Biden will keep the **fight for American wallets and the economy front and center**. This is especially true for Mr. Trump who handily leads his opponent on who's best to handle those issues.

What all of this suggests for Secretary Yellen and her buoyant outlook is **a lesson learned by the confidence boosted San Francisco 49ers and their fans after winning the overtime coin toss against the Kansas City Chiefs in Super Bowl LVIII**: even when objective evidence appears to put the odds in your favor, what you're playing for can be swiftly dashed if your opponent and their own fans **fail to believe it's true, or even matters**. Similarly, to our MHOI followers is that with nine months to go until the November elections are finally on the line, much is yet to be played so **stay tuned**.

The American Maru Household Outlook Index (MHOI)

83 (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 February 2024 American Maru Household Outlook Index (MHOI) is at 83 (negative/pessimistic) up one point from 82 last month and is the third consecutive rise since October 2023. The Index has climbed back to where it was in September 2023.

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

- **More Americans who indicate the propensity *to buy a house* (15% up** from 13% last month, including 7% +1 most likely have this view) to similar findings back in November 2023 (16%/6%). This month's finding is primarily driven by those with the highest income ($100K+ 20% +6), those who were the youngest (aged 18-34 36% +5), men (18% +4), and those living in the Northeast (17% +3).

- **Less Americans who said they *will be worried about their personal/family day-to-day finances* (49% down** from 50% last month) and include one in five (20% -1) who most likely share this view. This measure returns to where it was in December 2023 and is driven primarily by those who live in the Northeast (47% -6), those who are middle-aged (35-54 47% -5), those with the highest income ($100K+ -5), and men (46% -2).

- **More Americans expressed that they *will likely declare bankruptcy* (12% up** from 9% last month, including 4% who say they are very likely to do so N/C) and returns to where this sentiment stood in November 2023. This month's finding is driven primarily by those who are the youngest (aged 18-34 27% +7), the highest earners ($100K 11% +6), those living in the West (12% +4), and those with the least amount of income (<$25k +4).

While ***not*** a primary driver of the MHOI this moth, it's noted for additional context that:

- Most Americans believe the **state of the economy** is ***on the wrong track*** (61% -1) versus those who believe it is ***moving in the right direction*** minority (39% +1). There has been virtually no movement in this metric since November 2023. Prior to that, there was a significant slide between July (45%) to October (32%). The highest positive sentiment was in April 2021 (62%) with the lowest rating in January 2022 (26%).

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

By the Numbers

Thinking of the state of the economy, would you say it is...?
- Moving in the right direction **39% +1**
- On the wrong track **61% -1**

Specifically focused on your financial position, would you say it has...?
- Improved since last month **16% -1**
- Remain the same over the last month **62% N/C**
- Become worse since last month **22% +1**

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

- The national economy will improve **46% N/C 54%**
- The local economy where I live will improve **47% N/C 53%**
- 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% +1 42%**
- I will have enough personal/family investments and savings for the future **59% +2 41%**
- I will be worried about my personal/family day-to-day finances **49% -1 51%**
- I will have the ability to purchase the products needed for me/our family **85% -1 15%**
- I will invest in the financial markets because now is a good time to do so **36% N/C 64%**
- I will purchase big ticket items like a car or furniture **22% N/C 78%**
- I will buy a house **15% +2 85%**
- I will struggle to make ends meet **40% +1 60%**
- I will default on making payments on major loans or a mortgage **17% N/C 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% -1 34%**
- I will have enough food for myself/family **89% -1 11%**
- I will be able to afford to keep a roof over my/my family's head **77% -2 23%**
- I will rely on government programs to make ends meet **30% +2 70%**
- I will move to a smaller residence because I need to save money **21% +5 79%**
- I will take a learning course to upgrade my skills/education **32% N/C 68%**

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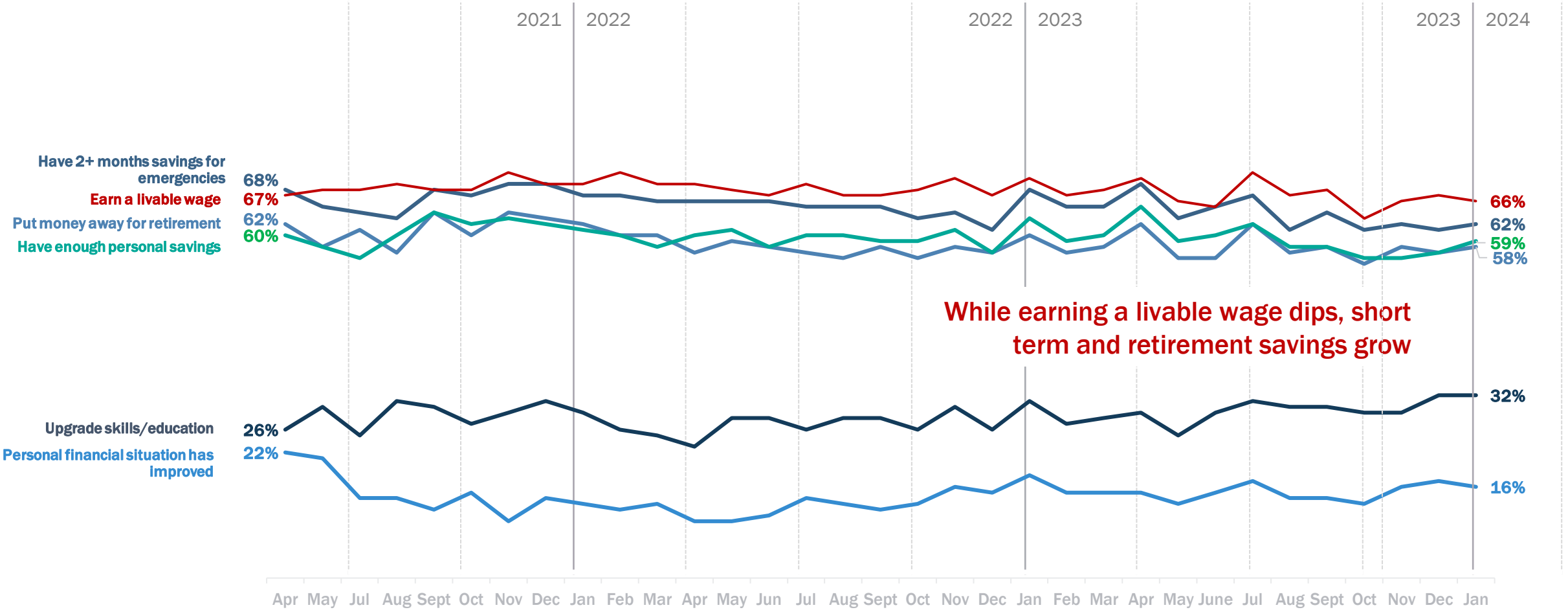
The American Maru Household Outlook Index (MHOI): Personal Finances

Over the next 60 days, likely to...



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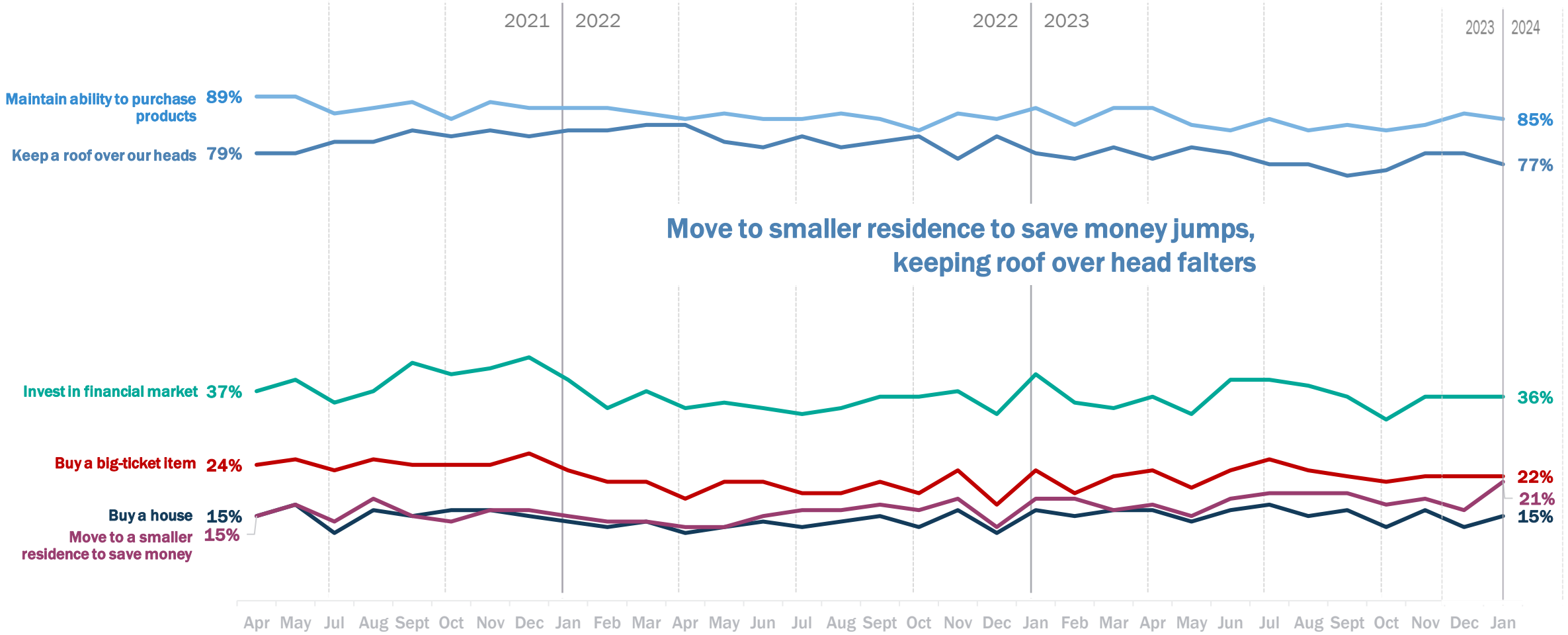
The American Maru Household Outlook Index (MHOI): Purchasing Power

Over the next 60 days, likely to...



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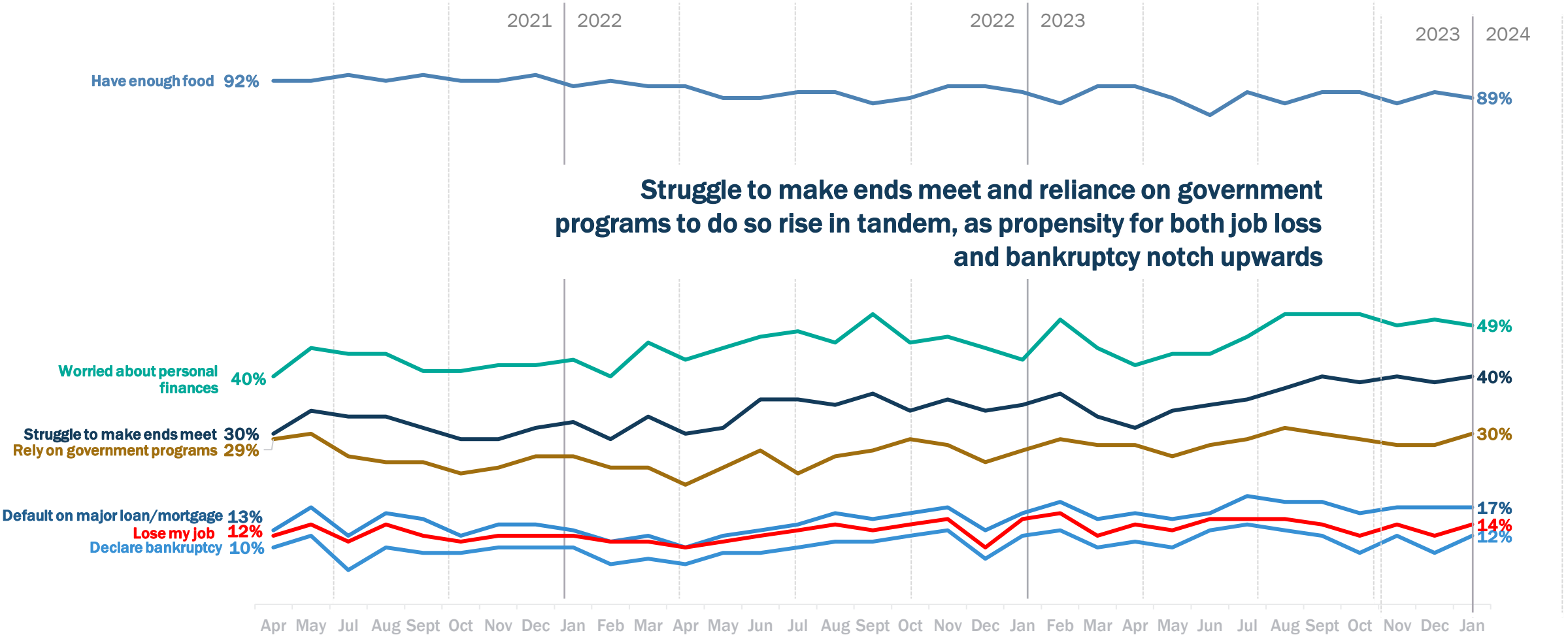
The American Maru Household Outlook Index (MHOI): Challenges

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 January 26-29, 2024, among a random selection of 1,531 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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Maru was founded to disrupt the data and insight delivery industry with a combination of Software & Advisory Services delivering data in real-time via a unique service model. Maru helps its clients make informed decisions in near real-time by combining proprietorial software, deep industry experience and access to the best minds in research. Maru's flexible service model means our clients can choose to self-serve our Software directly to create, launch and analyze projects; or choose to utilize our Software with knowledgeable support from insights experts. Maru successfully delivers major national and international CX and CEM programs for Enterprise organizations.

Maru Public Opinion is a research and insight channel of the Maru Group. The division operates a polling division for clients and collaborative media partners. A full description of the channel and access to polls released into the public domain can be found at Maru Public Opinion US Polls

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

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