

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

October 2023



The October 2023 American Maru Household Outlook Index (MHOI) is down three points from **86** last month to **83** (negative/pessimistic). Of note, the index is down four points since July (**87**) and is now at its lowest value since December 2022. Of the sixteen measures in the calculation, the **four key drivers of the index this month are:**

- **More Americans believe the state of the economy is on the wrong track** (up from 59% last month to **64%**) and reverts to findings in May 2023 (64%).
- **Less Americans believe the national economy will improve** (down from 45% last month to **42%**) and reverts to similar findings from May 2023 (41%).
- **Less Americans believe the local economy will improve** (down from 48% last month to **45%**) and similar findings from May 2023 (43%).
- **More Americans indicate their financial position is worse this month compared to last month** (up from 20% last month to **24%** for a **Gap score*** of **-10**) harkening back to similar findings a year ago (October Gap score of **-9**).

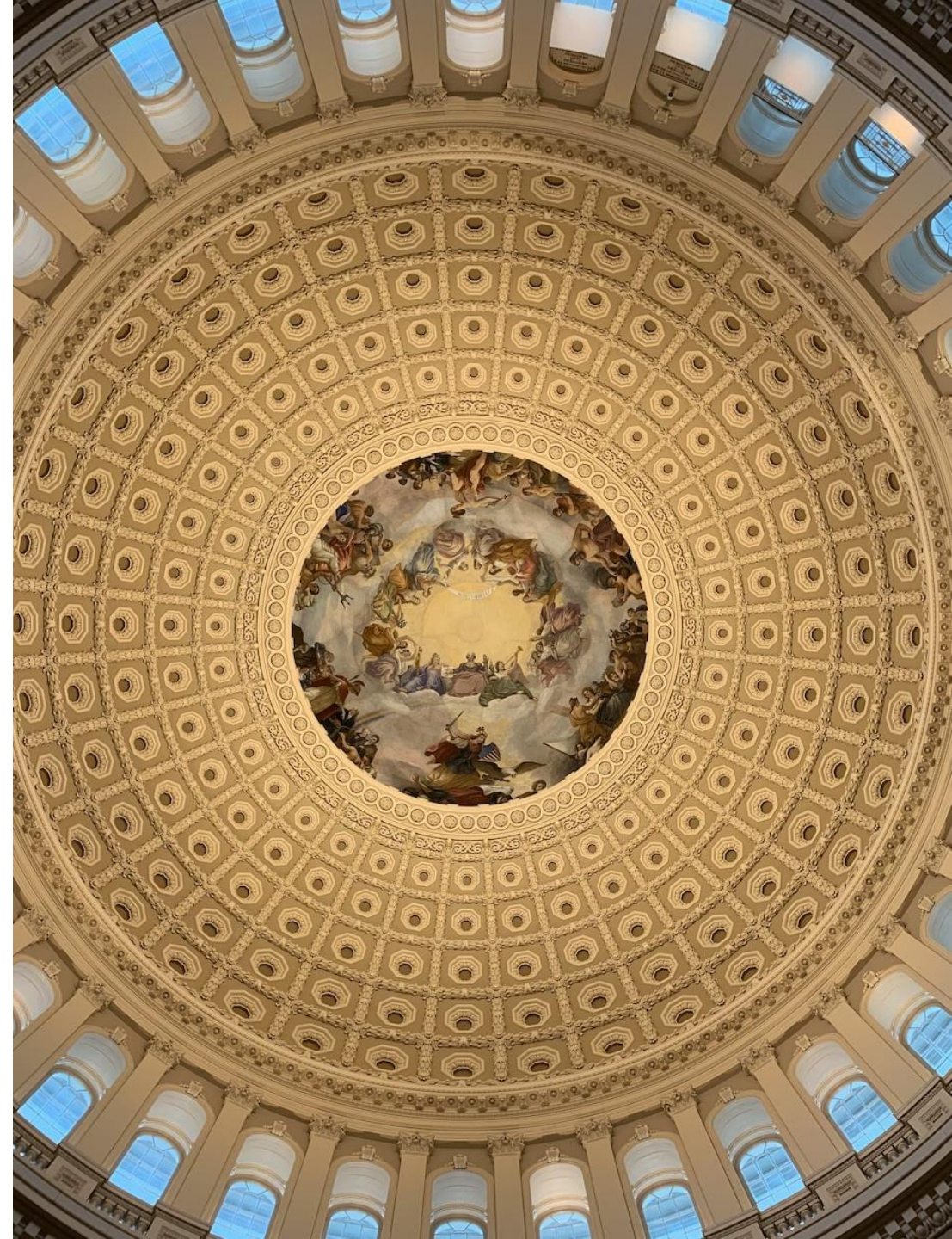
It's a different kind of house on the cover page because right now it's the only one that matters. **We've also been to this ceiling before**, but this time it's worse and likely reflected in this month's MHOI.

In April 2023, the MHOI was at **87** and by the end of May it had dropped to **85** during a debt ceiling showdown in Congress led by Republican Rep. Mat Gaetz and a handful of followers. A deal was struck between Speaker Kevin McCarthy and the recalcitrant group, and by the beginning of June President Joe Biden averted an unprecedented default on the federal government's debt by signing legislation that lifted the nation's debt ceiling. **By the end of July, the MHOI had climbed back to its previous level of 87.**

No longer a "showdown" but an internal Republican shoot-out to replace the unprecedented ouster of Speaker Kevin McCarthy, Congress is now unplugged from government with no sense of repair anytime soon. And while Speaker McCarthy was able to negotiate a stop gap measure with President Biden, **the new debt ceiling deadline is November 17, 2023**, and the clock is ticking, yet again, for a full scale shut down of government. Not only that, with American interests strongly tied to two wars underway in both Europe and the Middle East, nothing can be brought to the floor for a vote (unless the role for pro tempore Speaker Patrick McHenry is accorded to allow such an accommodation). **Suffice to say, all of this is in uncharted waters.**

Perhaps reflecting both the turmoil and consequences at hand, it should be of little surprise that **this month's MHOI appears to have reacted similarly as it did five months ago, but is worse this time, sliding from 87 in late July to 83 today.** The parallels from then to now are uncanny: the views that the state of the economy is on the wrong track and that both the national and local economies will not likely see improvement over the next sixty days are mirrored, almost exactly.

*Gap score: improved versus worsened



For those who need evidence to support the hypothesis that this is primarily driven by a symbiotic response to the political quagmire in Washington, **we need to look at two things as a process of elimination.** First, when the three elements mentioned above are stripped out, **what other MHOI measures could be causing such a slide?** Second, **is there anything either corrosive or seismic enough in the economy itself to cause such a significant drop?**

On the first question, when you extract those three measures from the tallies this month, all the remaining MHOI components (plus even the extra elements that are tracked) are either ***flat or with nominal movement*** compared to last month's sounding. While that may support the hypothesis, it's hardly comforting to the many Americans who this month compared to last month remain worried about their personal/family day-to-day finances (51% N/C) or are struggling to make ends meet (40% +2) or are nervously watching what's happening in Washington because they will rely on government programs to make ends meet (30% -1) over the next two months.

On the second question as to the potential role of economic factors causing the citizen-consumer falloff, overall, it seems to be a pretty balanced scorecard:

On the one hand, the Fed has hiked rates to where the average 30-year fixed mortgage rate surpassed 7% in August, reaching its highest level in 21 years; caught between higher prices and almost all of their pent-up pandemic savings gone, interest rate affected credit card debt has topped \$1 trillion for the first time on record; and though inflation is still far below the 8.3% mark witnessed a year ago, August prices had their largest monthly increase since January to 3.7% (still stubbornly high against the Fed's target of 2%).

On the other hand, the unemployment rate is historically low at 3.8%, the economy has remained more resilient than expected as GDP grew faster than anticipated in the second quarter at 2.1% (the fourth consecutive quarter of growth); that was no doubt fueled by American consumer spending (who drive two thirds of the economy) that rose 0.4% in August, after July's 0.9% increase which was the largest in six months; and gas prices have steadily fallen after hitting an 11-month high in mid-September.

As such, **the hypothesis appears to be on firm ground.**

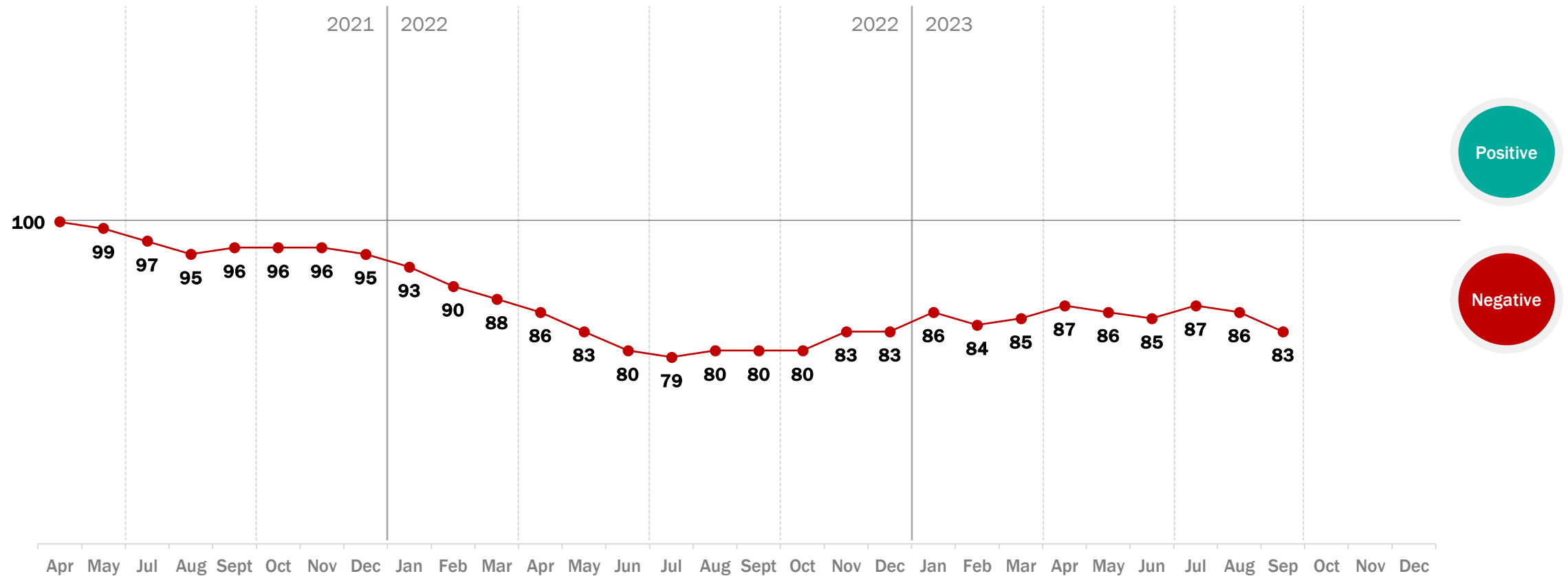
The only anomaly is with the last element that is driving the MHOI this month: **one quarter (24%) of Americans feel they're worse off this month than last month,** a number not bested since September 2022. This may reflect the fact that the average hourly earnings increased just 0.2 percent last month to offset that stubborn inflation, or that August's default notices, scheduled auctions, or bank repossessions were up seven percent from a month ago but down two percent from a year ago. Whatever the reason may be, the tracking in this report shows that **many (40%) of Americans continue to worry about their personal finances while more (51%) struggle to make ends meet,** a steady climb upwards by twenty percentage points since April (31%).

Next month's MHOI will be a fascinating update, 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.



What's Driving the Index This Month?

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

- **More Americans believe the state of the economy is on the wrong track (up from 59% last month to 64%)** and reverts to findings previously witnessed in May 2023 (58%). This sentiment is up nine percentage points since July (55%) and is highest among women (69% vs. men 57%), those who are middle-aged (35-64 66%), the lowest income earners (<\$50k 68%) and living in both the Midwest (67%) and the South (66%). The highest negative attitude on this metric was in June 2022 (79%). Those who believe the state of the economy is headed in the right direction is down five percentage points (from 41% to 36%) last month, with the highest tally emerging in April 2021 (62%).
- **Less Americans believe the national economy will improve (down from 45% last month to 42%)** and returns to similar findings in May 2023 (41%). Those believing that the national economy will **not** likely improve over the next sixty days is up (from 48% in July to 58% now). The highest level in optimism for improvement (63%) was attained in April 2021 while the highest level of pessimism on this measure (67%) was forged in June 2022.
- **Less Americans believe their local economy will improve (down from 48% last month to 45%)** and takes a step back to similar findings in May 2023 (43%). Those believing that their local economy will **not** likely improve (**55% and up** from 52% last month) has risen steadily since July (47%). The highest level of optimism for improvement was in April 2021 (68%) while the highest level of pessimism was in June 2022 (61%).
- **More Americans indicate their financial position is worse this month compared to last month (up from 20% last month to 24% for a GAP score of -10) harkening back to similar findings a year ago (October GAP score of -9).** The data exposes those Americans most likely to be responding to a negative financial position now compared to last month are the oldest (55+ Gap score* -22), those with the lowest incomes (<\$49k Gap score -20), women (Gap score -16 versus men 6), and everywhere across the US (Gap score -12) except the Northeast (Gap score -6). Those with a positive view in their financial position (14% and flat month over month) are joined by the remainder (down from 65% to 62%) who indicate that there has been no change since the previous month.

*Gap score: improved versus worsened



By the Numbers

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

- Moving in the right direction **36% -5**
- On the wrong track **64%**

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

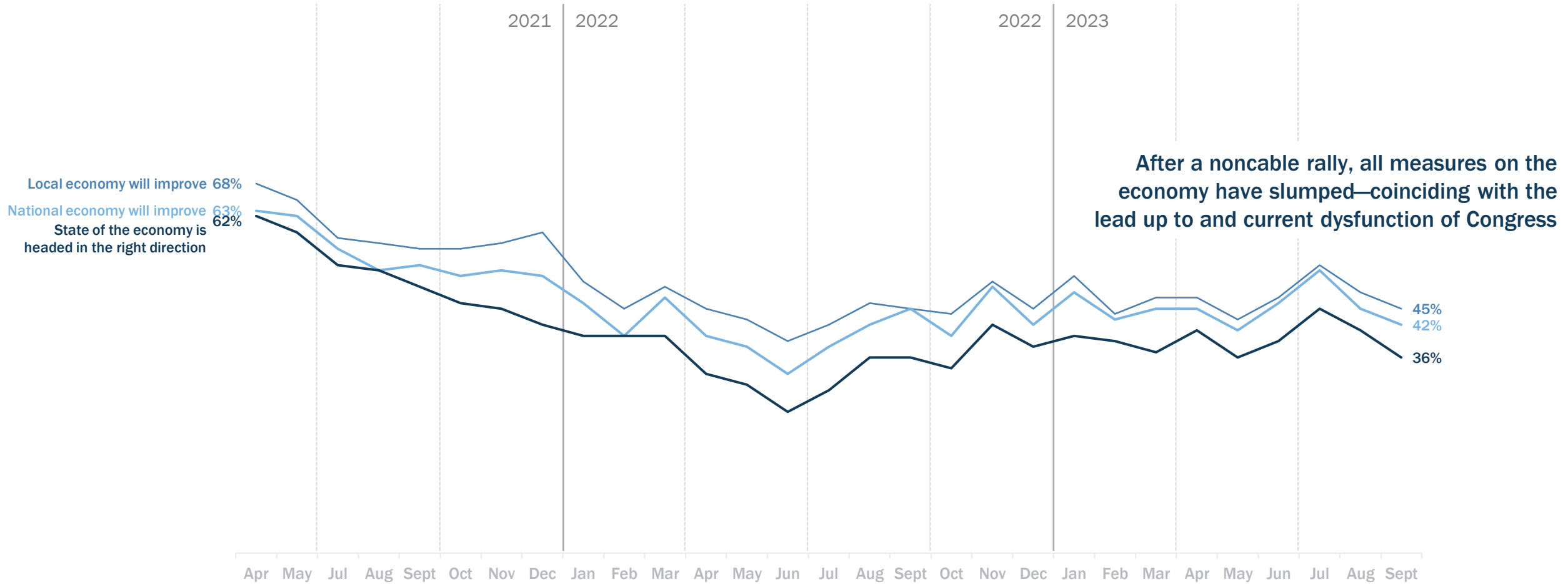
- Improved since last month **14 N/C**
- Remain the same over the last month **62%**
- Become worse since last month **24 +4**

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

- The national economy will improve **42% -3 58%**
- The local economy where I live will improve **45% -3 55%**
- I will have more than two months of savings to cover any unexpected costs or needs **64% +3 36%**
- 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 **58% N/C 42%**
- I will be worried about my personal/family day-to-day finances **51% N/C 49%**
- 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% -2 64%**
- I will purchase big ticket items like a car or furniture **22% -1 78%**
- I will buy a house **16% +1 84%**
- I will struggle to make ends meet **40% +2 60%**
- I will default on making payments on major loans or a mortgage **18% N/C 82%**
- I will lose or be laid off from my job because of lack of business/work **14% -1 86%**
- I will likely declare bankruptcy **12% -1 88%**
- I will earn a livable wage **68% +1 32%**
- I will have enough food for myself/family **90% +2 10%**
- I will be able to afford to keep a roof over my/my family's head **75% -2 25%**
- I will rely on government programs to make ends meet **30% -1 70%**
- I will move to a smaller residence because I need to save money **19% N/C 81%**
- I will take a learning course to upgrade my skills/education **30% N/C 70%**

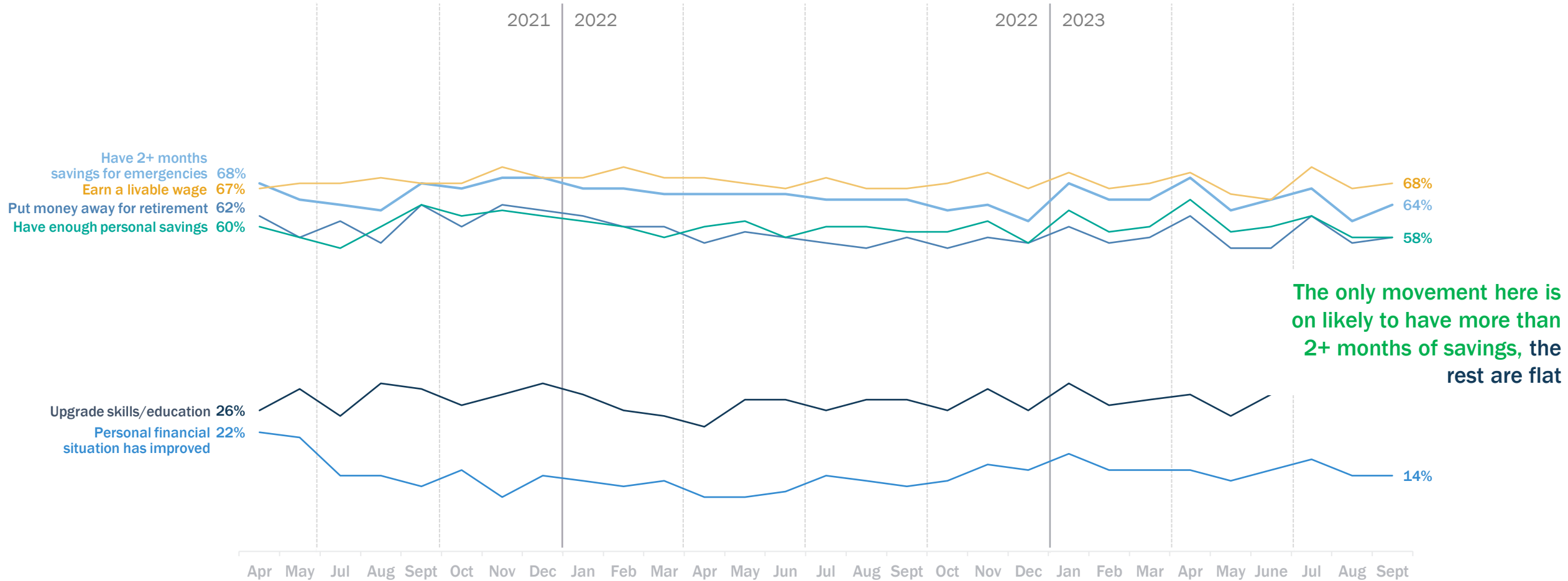
The American Maru Household Outlook Index (MHOI): Economic Outlook

Over the next 60 days, likely to...



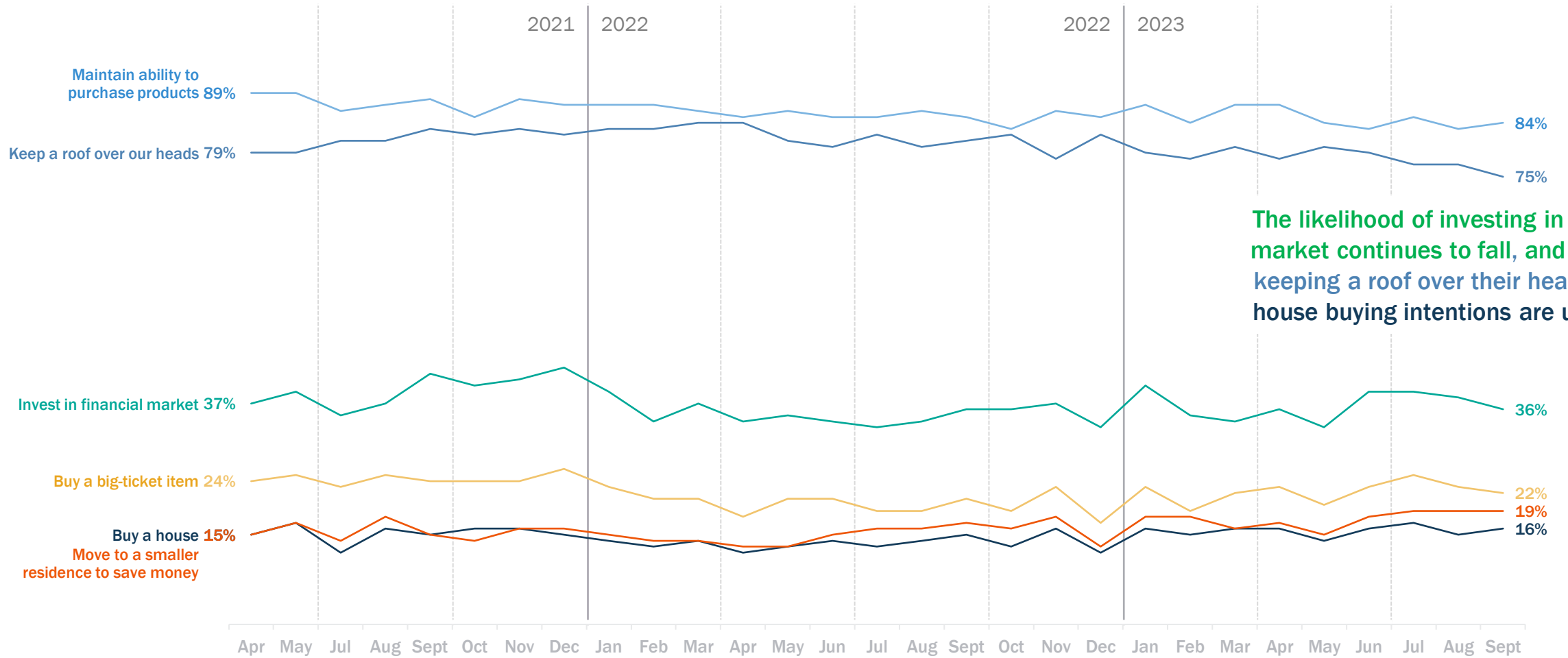
The American Maru Household Outlook Index (MHOI): Personal Finances

Over the next 60 days, likely to...



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

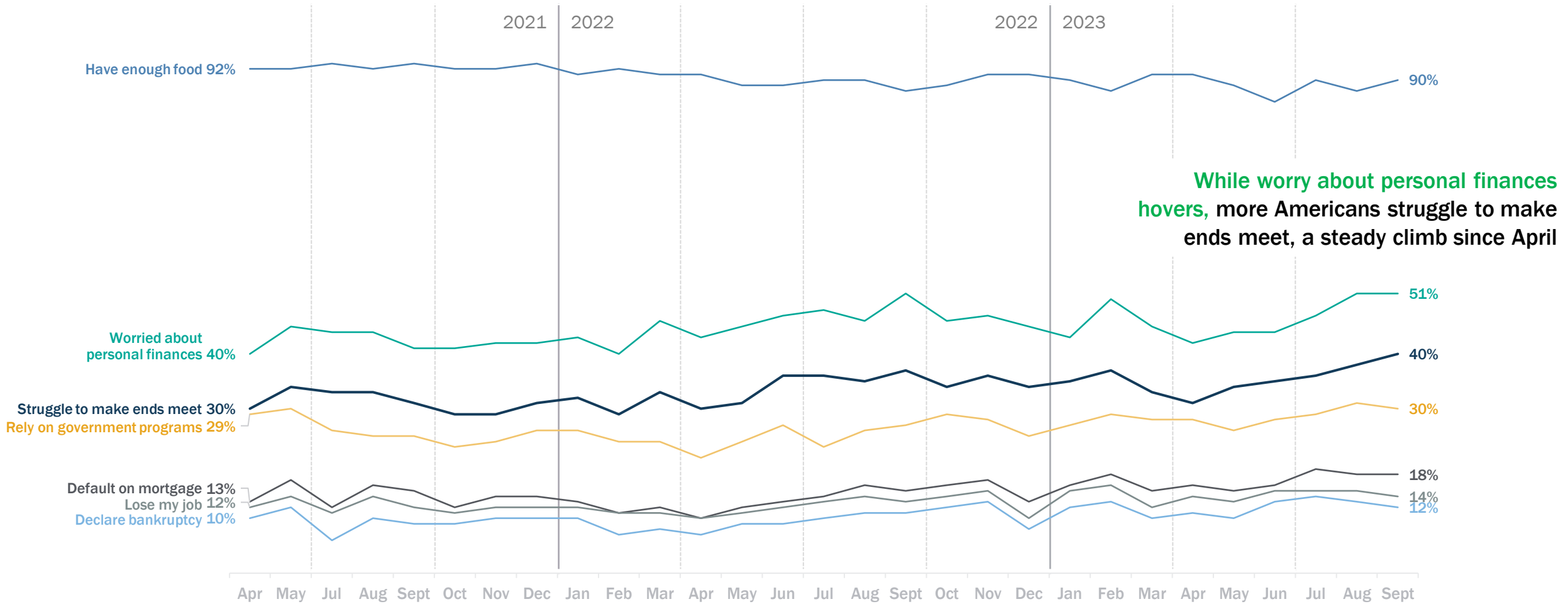
Over the next 60 days, likely to...

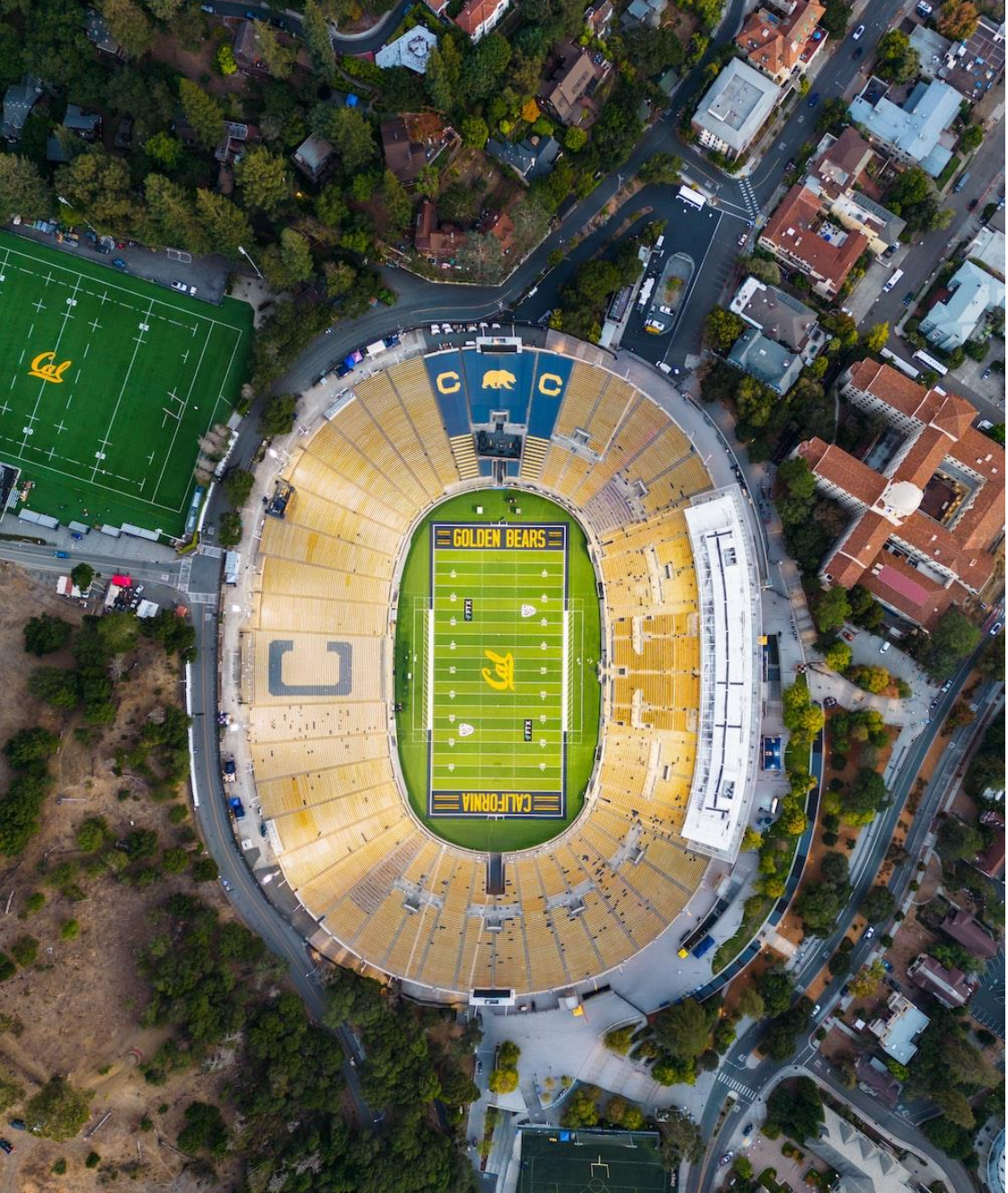


The likelihood of investing in the stock market continues to fall, and while the keeping a roof over their head is down house buying intentions are up slightly

The American Maru Household Outlook Index (MHOI): Challenges

Over the next 60 days, likely to...





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 September 29-October 1, 2023, among a random selection of 1,530 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



Maru is a world leading CX and Insights Software & Advisory Services company.

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