

The American 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

September 2023



The September 2023 American Maru Household Outlook Index (MHOI) is down one point from last month to **86** (negative/pessimistic).

Of the sixteen measures in the calculation, the **four key drivers of the index this month are that:**

- **Less Americans believe the state of the economy is moving in the right direction** (down from 45% last month to **41%**-) and reverts to findings in April 2023 (41%).
- **Less Americans believe the national economy will improve** (down from 52% last month to **45%**) and reverts to similar findings in June 2023 (46%).
- **Less Americans believe the local economy will improve** (down from 53% last month to **48%**) and a step back to similar findings in June 2023 (47%).
- **Less Americans indicate they will have more than two months of savings to cover any unexpected costs or needs over the next sixty days** (down from 67% last month to **61%**), echoing the view back in December 2022 (61%) and, after that, the lowest level recorded since January 2021 (63%).

So, last month was a rally, until it wasn't—consistent with the findings of both the **US Conference Board** and the **University of Michigan** consumer confidence indices (and others).

What's notable is that there's an **apparent juxtaposition** between the dour view from the front porch and the August reported lagging indicators that suggest a strong economy:

- **Job creation/payroll growth was robust** (though cooled from the month before) was the 32nd consecutive month of job growth with a drop in jobless claims), while real wages (adjusted for inflation) are on the rise.
- Although not yet reaching the Fed's 2% target, **inflation has dramatically improved**, hitting 3.2% in July, down from 8.3% a year ago.
- **GDP growth in Q2 was rich**, increasing at an annual rate of 2.1 percent—well beyond the Fed estimate at the beginning of the year and heavily influenced by accelerated growth in the service sector at nearly double its previous projection—and with a possible increase beyond that for the remainder of the year.

With numbers like these, you'd think Americans would be **hitting the MHOI ball out of the park**. Perhaps it's not happening because there's a **different game afoot**, where the verdict of Mr. & Mrs. front porch on the macro-economic conditions is being skewered by what they're personally witnessing and/or experiencing.

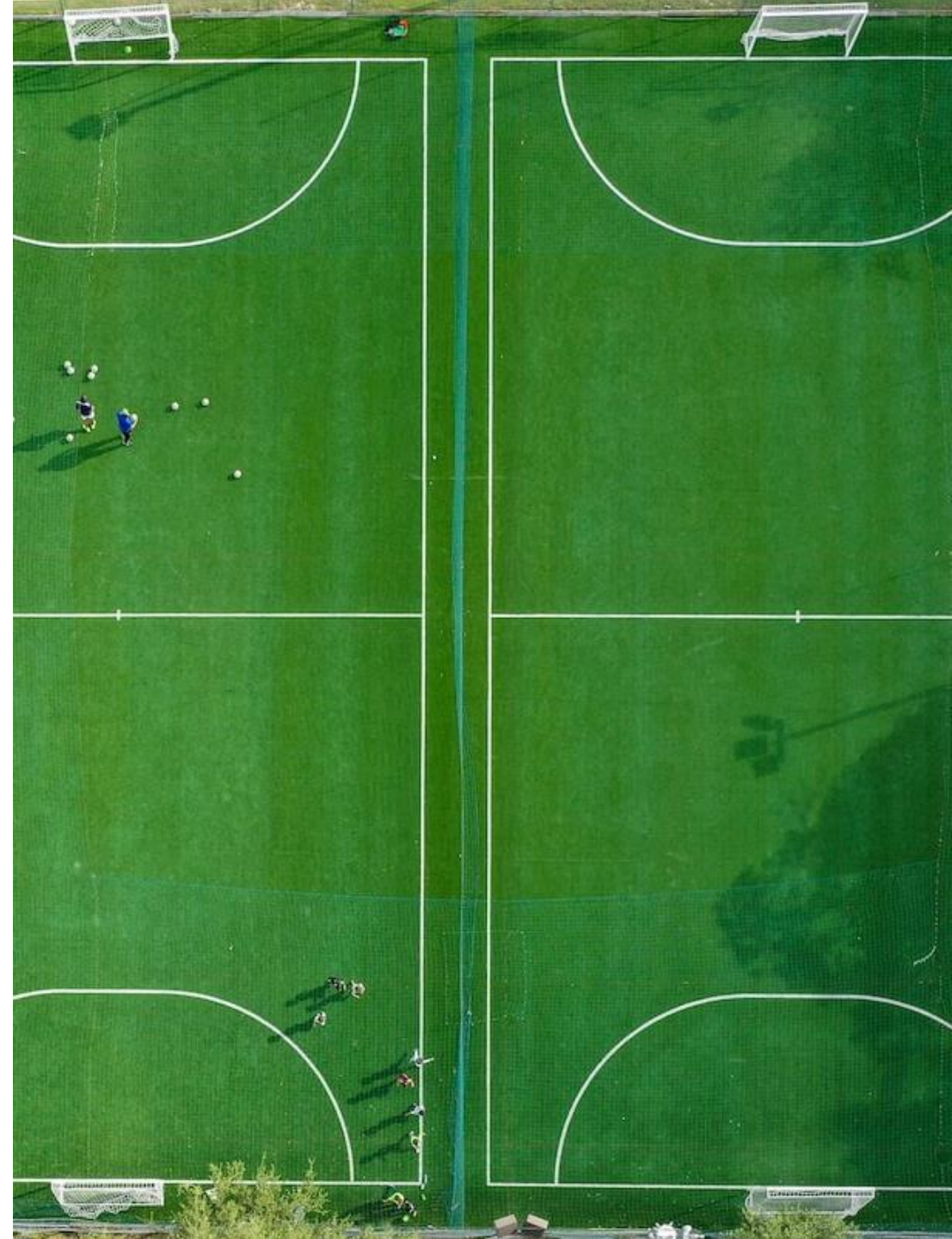


- While inflation has dramatically improved, **overall prices are still about 18% higher today than they were before the pandemic in late 2019**. In fact, Moody's Analytics indicates that the typical American household spent **\$709 more in July 2023 than they did in July 2022 to buy the same goods and services**, especially with food prices up 4.9% for the same timeframe. Even gas prices have crept up to their highest level in months with an average gallon price of \$3.82, up from \$3.68 in June.
- **Households have exhausted savings** built up during the pandemic **and debt is escalating**—by the end of the second quarter, total household savings had fallen from a record \$2.1 trillion in 2021 to about \$190 billion while debt had escalated by \$16 billion to reach \$17.06 trillion—with credit card balances alone rising by \$45 billion to a series high of \$1.03 trillion.
- **Home unaffordability—the worst since 1984**—is due in part to low inventory rooted in the pandemic-era buying spree when interest rates were dirt cheap and the lingering subterranean impact of the 2008 subprime mortgage crisis. In addition, with the Fed hiking its benchmark lending rate 11 times since last March, 7%+ mortgage rates are at their highest level since 2001.

It's apparent **the MHOI monthly tracking has captured some of the reaction** to the conditions noted above:

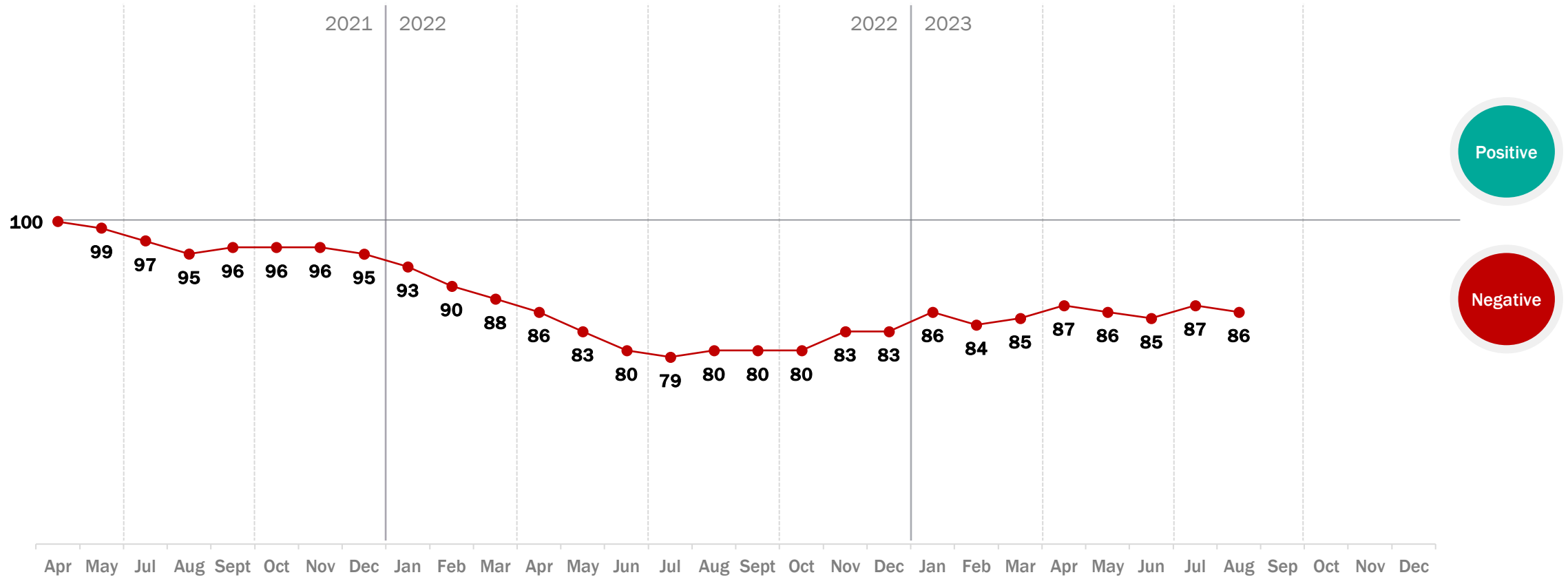
- More Americans (now **38%** compared to 36% last month) say they'll **struggle to make ends meet** over the next sixty days, and below that surface, one in six (17% and up from 11% last December) admit they're in dire straits). Giving this some perspective, **this data point is up seven percentage points since this past April and is the highest level recorded since August 2020**.
- As a key driver of this month's MHOI, more Americans (now **39%** and up from 33% last month) **reveal they won't have more than two months of savings to cover any unexpected costs or needs** over the next sixty days—tied with sentiments back in December 2022 and, after that, it's the lowest level since **January 2021**.
- More Americans (**18%** up from 10% last December) admit to the potential **default/making payments on major loans** in the next two months—with some (7%) revealing they're on the brink of doing so. This latter group has some parallel to the U.S. mortgage delinquency rate that increased to 3.21% by the end of July – a hike of 2.89% compared with June (but down 3.56% compared with July 2022),
- And more Americans (now **43%** up from 38% last month) say they **won't be able to put any money away for their retirement/old age security** this month—up seven percentage points in a steady climb since November 2021.

With the imminent release of the August inflation numbers and the Fed's next interest rate meeting, **stay tuned**.



The American Maru Household Outlook Index (MHOI)

86 (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:

- **Less Americans believe the state of the economy is moving *in the right direction*** (down from 45% last month to **41%**-) and reverts to findings in April 2023 (41%). This compares to those who say the state of the economy ***is on the wrong track*** (**59% and up** from 55% last month), The last time the moving in the right direction was in the majority (52%) was in August 2021—with the highest level prior to that recorded in April 2021 (62%).
- **Less Americans believe the national economy will improve** (down from 52% last month to **45%**) and reverts to similar findings in June 2023 (46%). Other than the July sounding (52%), the last time most Americans agreed the national economy was headed for improvement was in November 2021 (51%). Those most likely to be positive on this metric this month are the youngest Americans (aged 18-34 55% -5*), men (50% -6), those residing in both the West (48% -8) and Northeast (47% -7), and the highest income earners (\$100+ 48% -10).
- **Less Americans believe the local economy will improve** (down from 53% last month to **48%**) and a step back to similar findings in June 2023 (47%). Aside from last month's majority tally (53%), the previous time most Americans supported this view was in January 2023 (51%), with the highest sense of momentum in recent times achieved back in April 2021 (68%). Those Americans who are most positive about the prospects for their local economy are the youngest (aged 18-24 N/C), the highest income earners (\$100k 54% -6), men (53% -3), and those living in the South (50% -4), the West (49% -7), and the Northeast (48% -3).
- **Less Americans indicate they will have more than two months of savings to cover any unexpected costs or needs over the next sixty days** (down from 67% last month to **61%**), echoing the view back in December 2022 (61%) and, after that, the lowest level recorded since January 2021 (63%). Those least likely to have two months savings are those with incomes <\$25k (40%), women (57%), those living in the Midwest (58%), and those who are middle aged (35-54 57%).

* Denotes difference in percentage points compared to last month.





By the Numbers

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

- Moving in the right direction **41% -4**
- On the wrong track **59%**

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

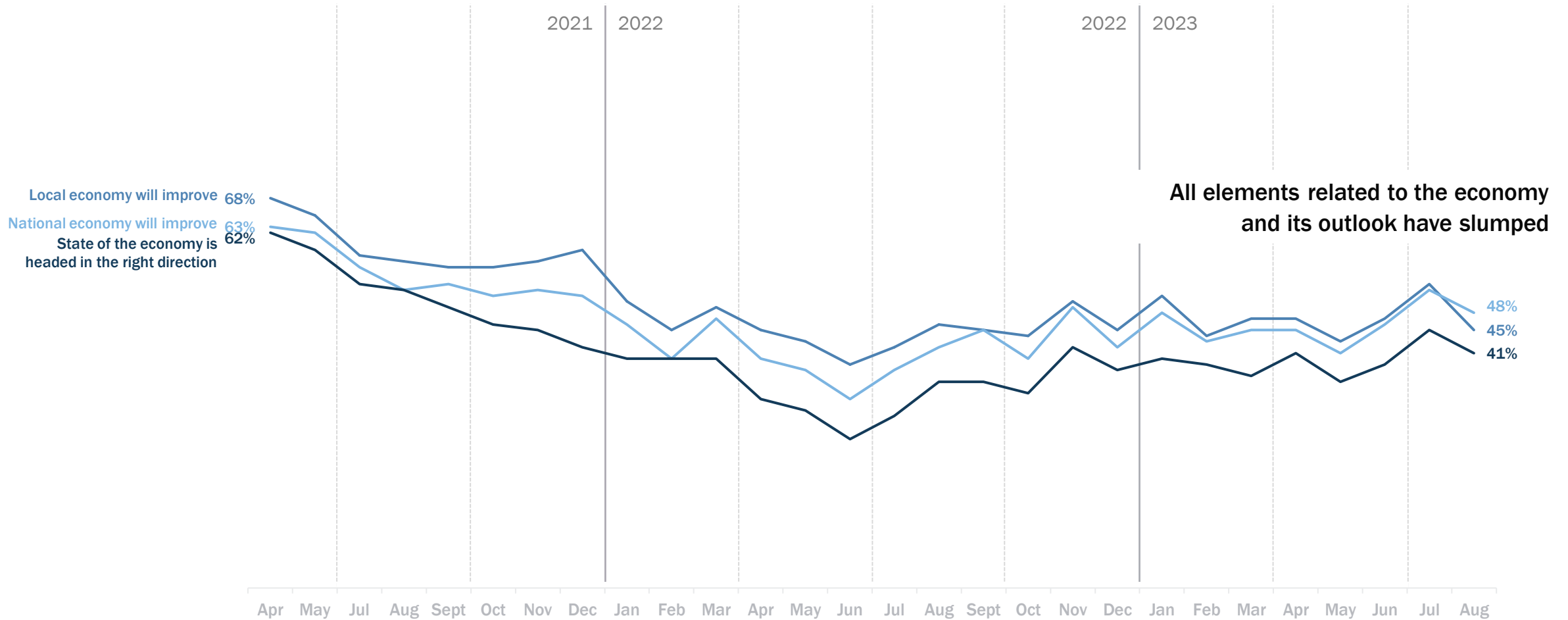
- Improved since last month **14 -3**
- Remain the same over the last month **66%**
- Become worse since last month **20 +3**

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

- The national economy will improve **45% -7 55%**
- The local economy where I live will improve **48% -5 52%**
- I will have more than two months of savings to cover any unexpected costs or needs **61% -6 39%**
- I will put away money for my retirement/old age security **57% -5 43%**
- I will have enough personal/family investments and savings for the future **58% -4 42%**
- I will be worried about my personal/family day-to-day finances **51% +4 49%**
- I will have the ability to purchase the products needed for me/our family **83% -2 17%**
- I will invest in the financial markets because now is a good time to do so **38% -1 62%**
- I will purchase big ticket items like a car or furniture **23% -2 77%**
- I will buy a house **15% -2 85%**
- I will struggle to make ends meet **38% +2 62%**
- I will default on making payments on major loans or a mortgage **18% -1 82%**
- I will lose or be laid off from my job because of lack of business/work **15% N/C 85%**
- I will likely declare bankruptcy **13% -1 87%**
- I will earn a livable wage **67% -4 33%**
- 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 **77% N/C 23%**
- I will rely on government programs to make ends meet **31% +2 69%**
- 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% -1 70%**

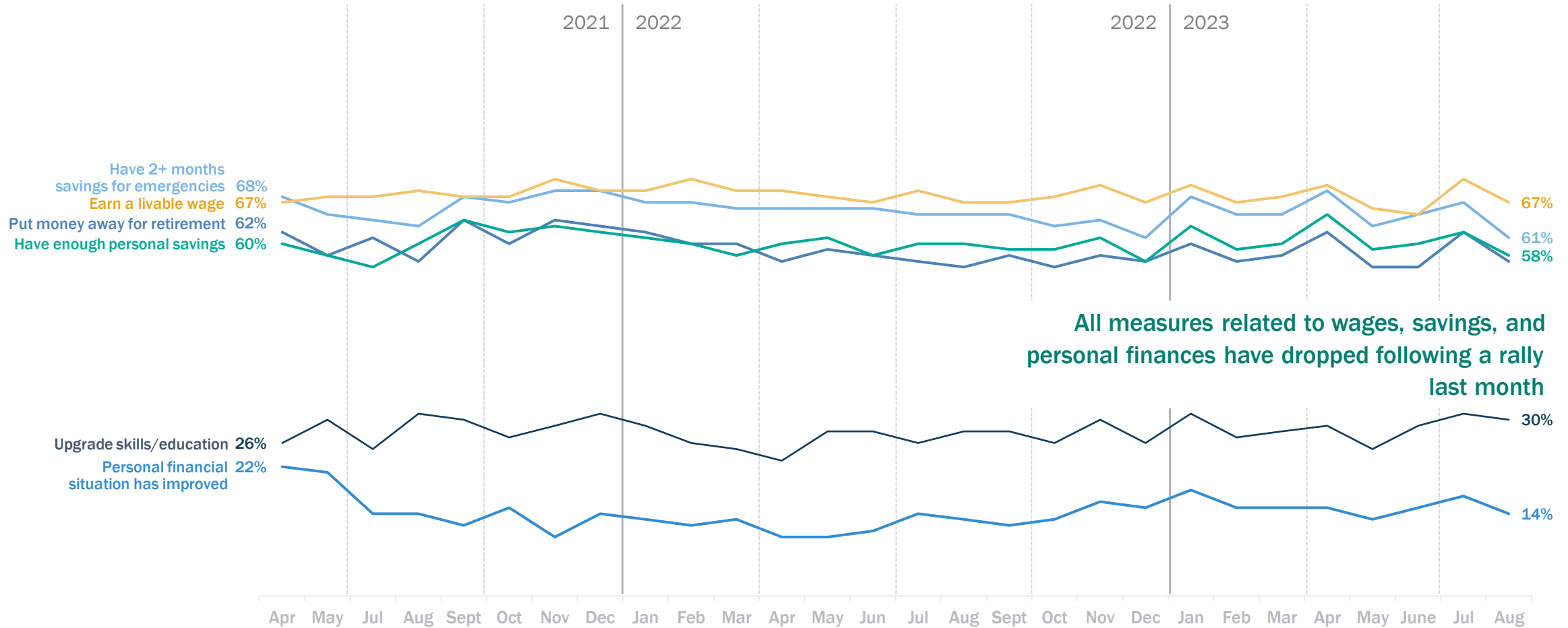
The American Maru Household Outlook Index (MHOI): Economic Outlook

Over the next 60 days, likely to...



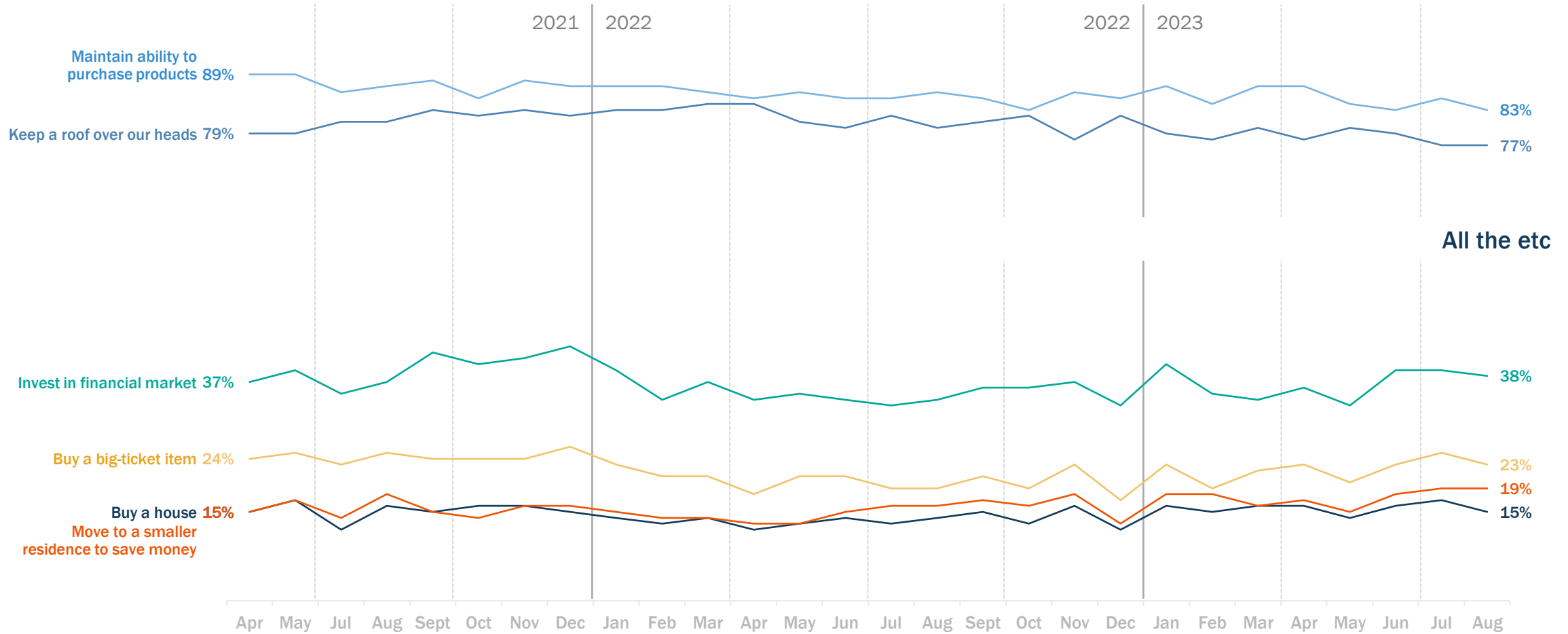
The American Maru Household Outlook Index (MHOI): Personal Finances

Over the next 60 days, likely to...



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

Over the next 60 days, likely to...





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 August 25-27, 2023, among a random selection of 1,533 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@marublu.com.

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 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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