

Consumer Sentiment *Survey*

For the 2024 annual release, the *Sacramento Business Review* (SBR), in partnership with SAFE Credit Union,

conducted another round of our regional consumer sentiment survey. The survey included measures of personal and regional economic conditions, along with expectations regarding prices and income, as well as purchasing and credit utilization.

Regional vs. National Sentiment

The SBR team once again compared regional sentiment with national sentiment measures with the results shown in Table 1. Overall, the regional sentiment has rebounded since the notable decline observed in the mid-year 2022 survey, although the change in sentiment from mid-year 2023 has been marginal. Unlike the past two surveys, the regional sentiment now slightly trails the national sentiment, while consumers continue to have a pessimistic view at both the regional and national levels.

Nationally, consumers hold a relatively more favorable perception of current economic conditions compared to their regional counterparts, with the regional view declining relative to the mid-year 2023 responses. Nevertheless, consumers both nationally and regionally share a more optimistic outlook regarding future economic conditions.

Inflation and Income

Inflation continues to remain a concern for regional consumers, particularly the ability of their income to stay in pace with the rising prices. Consistent with the last survey responses, inflationary concerns have begun to alleviate. Around 54.6% of respondents expressed apprehension about potential price increases over the next year, relative to the 67.9% reported last year. Similarly, there is a modest increase in the number of respondents anticipating their income will outpace price inflation. Nevertheless, the majority of the respondents continue to believe price increases will outpace rises in income.

Figure 1
Regional and National Consumer Sentiment

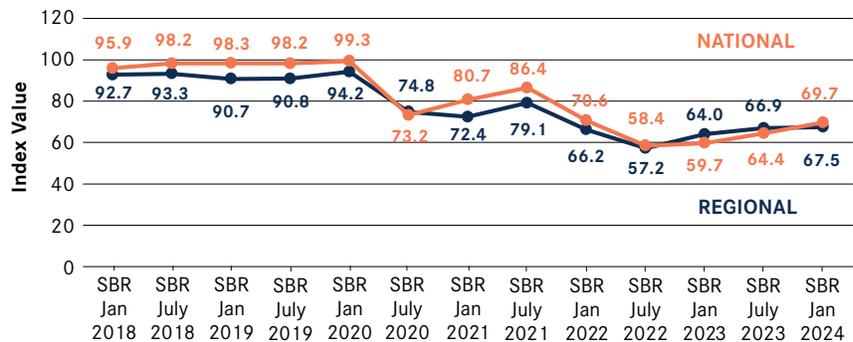


Table 1 • Regional vs. National

	Regional Index Score			National Index Score		
	Annual Release 2024	Change Since Mid-Year 2023	Change Since January 2023	Annual Release 2024	Change Since Mid-Year 2023	Change Since January 2023
Index of Consumer Sentiment	67.5	0.6	3.5	69.7	5.3	10.0
Index of Current Economic Conditions	58.4	-3.4	2.2	73.3	4.3	13.9
Index of Consumer Expectations	73.3	3.2	4.2	67.4	5.9	7.5

Notes (Table 1 & Figure 1): National data obtained from the University of Michigan Consumer Sentiment Survey, available at: <https://data.sca.isr.umich.edu/>. Indices calculated using the methods specified at: <https://data.sca.isr.umich.edu/fetchdoc.php?docid=24770>.



Figure 2
Expectations for Prices (Inflation) Over the Next Year
 (% of Responses)

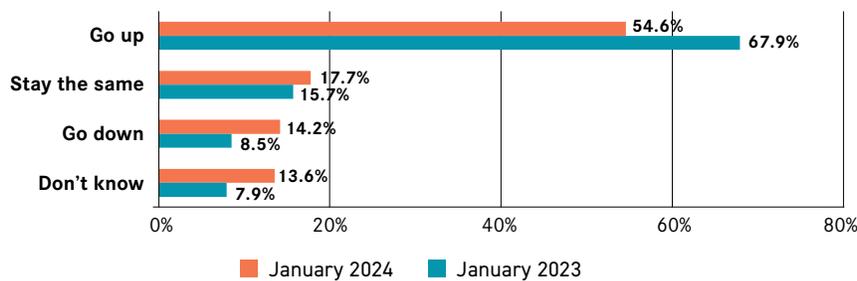
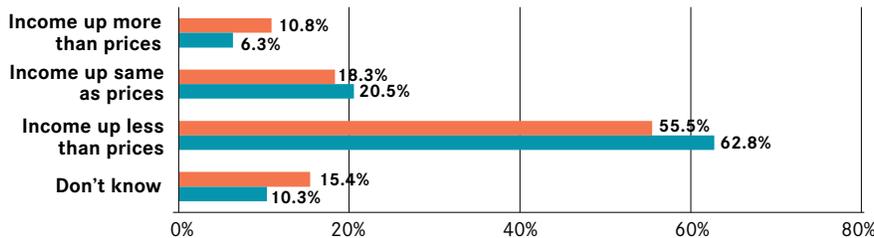
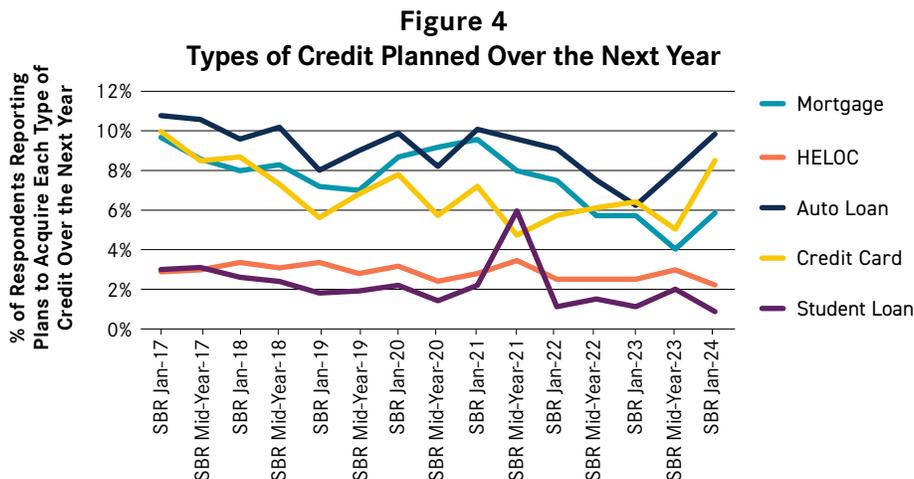


Figure 3
Expectations for Income Relative to Prices (Inflation) Next Year
 (% of Responses)



Note (Figures 2 & 3): Percentages may not add up to 100 due to rounding.



Purchasing and Credit

We once again surveyed regional respondents about their existing credit holdings and plans for credit acquisition over the next year. There has been an uptick in the number of respondents considering acquiring a credit card or an auto loan. Moreover, for the first time since January 2021, the number of respondents planning for a mortgage has seen a slight increase (see Figure 4). These observations could be in response to anticipated rate cuts over the next year.

Summary

We continue to observe improvement in both the regional and national sentiment, with the national sentiment slightly surpassing the regional sentiment. Pessimism prevails at both regional and national levels, yet there is optimism about the future outlook. Similarly, concerns about inflation persist at the regional level, but have diminished compared to last year. Additionally, there is increased interest among regional respondents for credit acquisition such as mortgages, auto loans, and credit cards over the next year; likely influenced by expected rate cuts.