

# Tennessee Consumer Outlook Index

**Fall 2023 Results & Winter Outlook**



Jones College of Business  
Office of Consumer Research

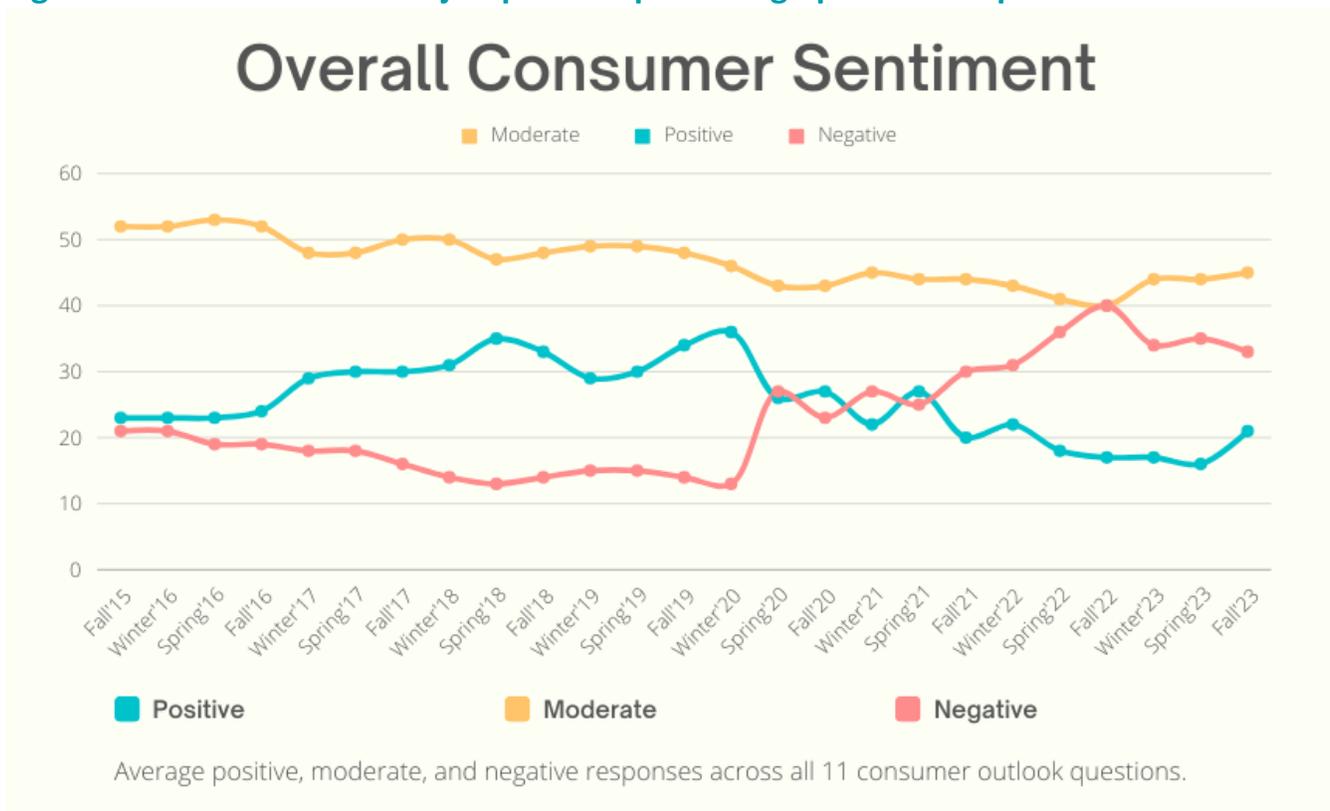
## Introduction

We're very excited to have you here! We hope you enjoy the Fall 2023 Tennessee Consumer Outlook Index results. Consumers from across Tennessee responded to the Jones College of Business Office of Consumer Research Consumer Outlook Survey, providing a unique perspective on the current and upcoming outlook of the economy and spending.

## Optimism is on the Rise while Savings Continue to Decline

Tennessee consumers had become more pessimistic over the last several quarters, with positive sentiment declining to 16% in the Spring of 23 (see Figure 1). Positive sentiment increased to 21% this quarter, reflecting optimism in future economic conditions.

Figure 1. Positive sentiment jumped five percentage points this quarter



Further, after being at an all-time low in the Fall of 2022, the Overall Outlook index has begun to recover, settling at the highest rating in almost two years (see Figure 2). While the overall, current, and future economic conditions have improved, it's important to note that the purchasing situation index is at all-time lows, as consumers view the present as the wrong time to make large purchases.

Figure 2. The Consumer Outlook Index signals optimism

# Tennessee Consumer Outlook Index

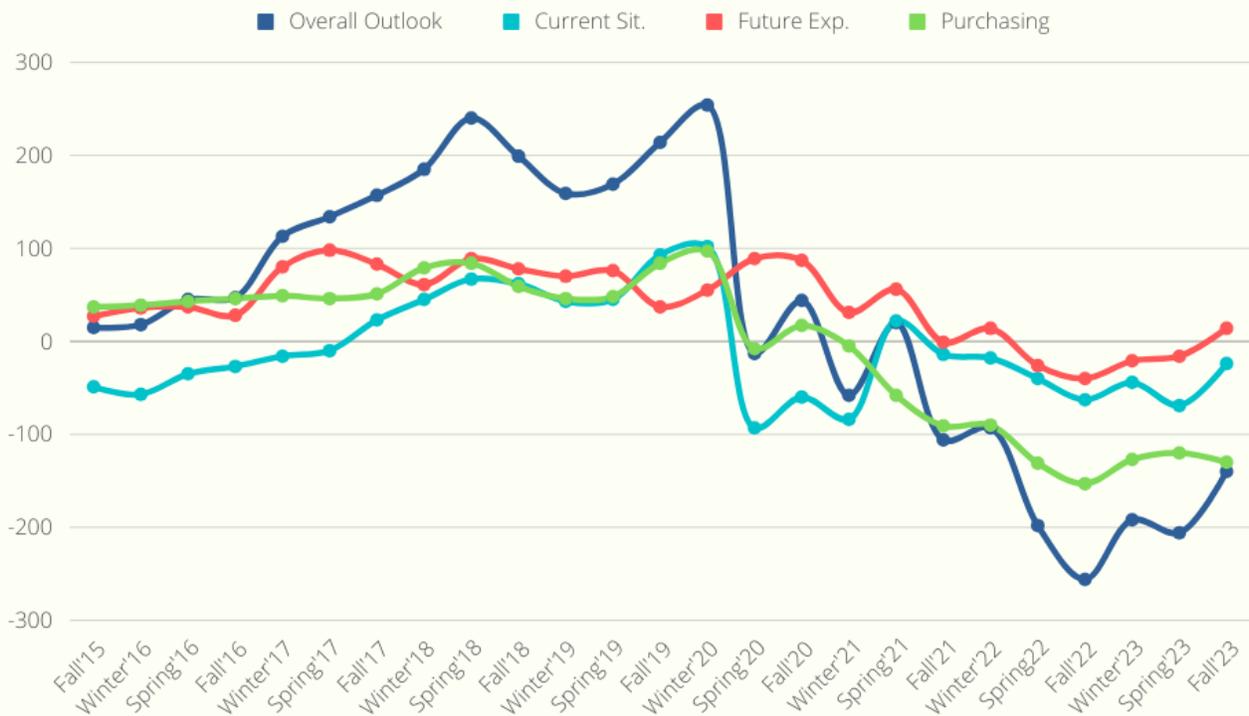


Table 1 provides more context to the trend lines found in Figure 2. Over the past year, consumers’ willingness to spend money on large purchases has held relatively steady. Tennessee consumers appear to be in a wait-and-see pattern. The declining purchasing index combined with decreasing savings rates project that consumer spending will likely continue to decline in the near future. Given that two-thirds of our national economy is from consumer spending, changes in consumers’ perceptions of the current economy, the future economy, and whether now is a good time to make large purchases can significantly affect future economic growth.

Table1. Current results and changes in the Consumer Outlook Index

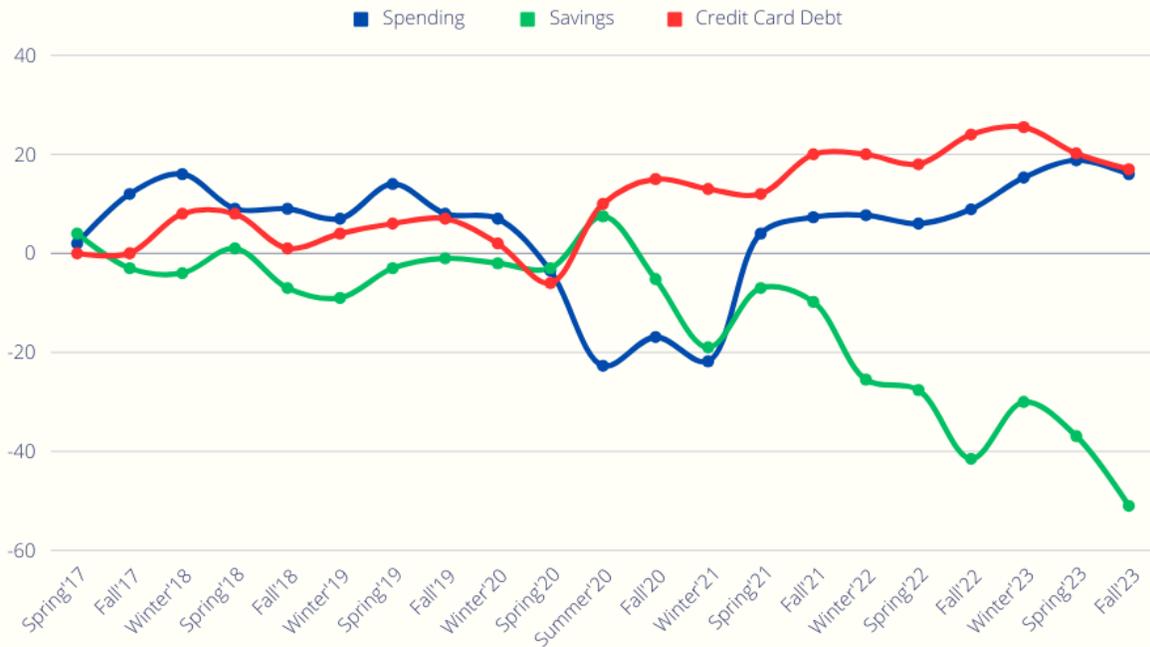
|                           | Current Results<br>Fall 2023 | Change from<br>Spring 2023 | Change from<br>Winter 2022 |
|---------------------------|------------------------------|----------------------------|----------------------------|
| Overall Outlook Index     | -140                         | 66                         | 52                         |
| Current Situation Index   | -24                          | 45                         | 20                         |
| Future Expectations Index | 14                           | 30                         | 35                         |
| Purchasing Index          | -130                         | -10                        | -3                         |

## Consumer Spending May Finally be Slowing

With consumer savings plummeting to all-time lows, consumer spending may finally slow down (see Figure 3). With wage increases lagging the increases in the cost of goods and services, consumers are increasing their spending at the expense of their savings and likely through credit card debt, putting future increases in debt at risk

Figure 3. Consumer spending is still increasing as the savings rate decreases

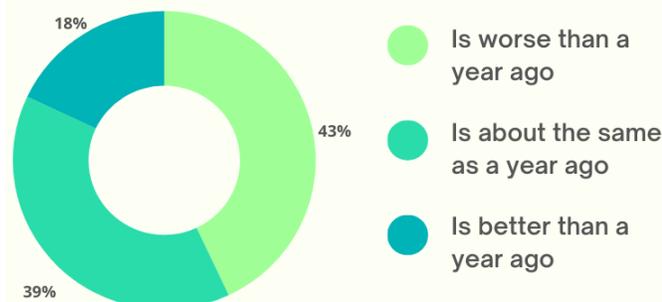
## Consumer Spending, Savings, & Debt



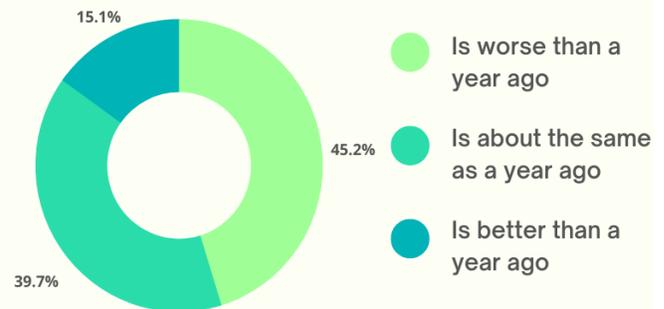
Further, as shown in Figure 4, consumer perceptions concerning their financial situation improved over the last quarter, with more respondents stating that their current situation is better than a year ago (a change of +3%), even though their savings are being depleted.

Figure 4. Tennessee consumers' view of their financial situation

### Financial Situation: Fall 23



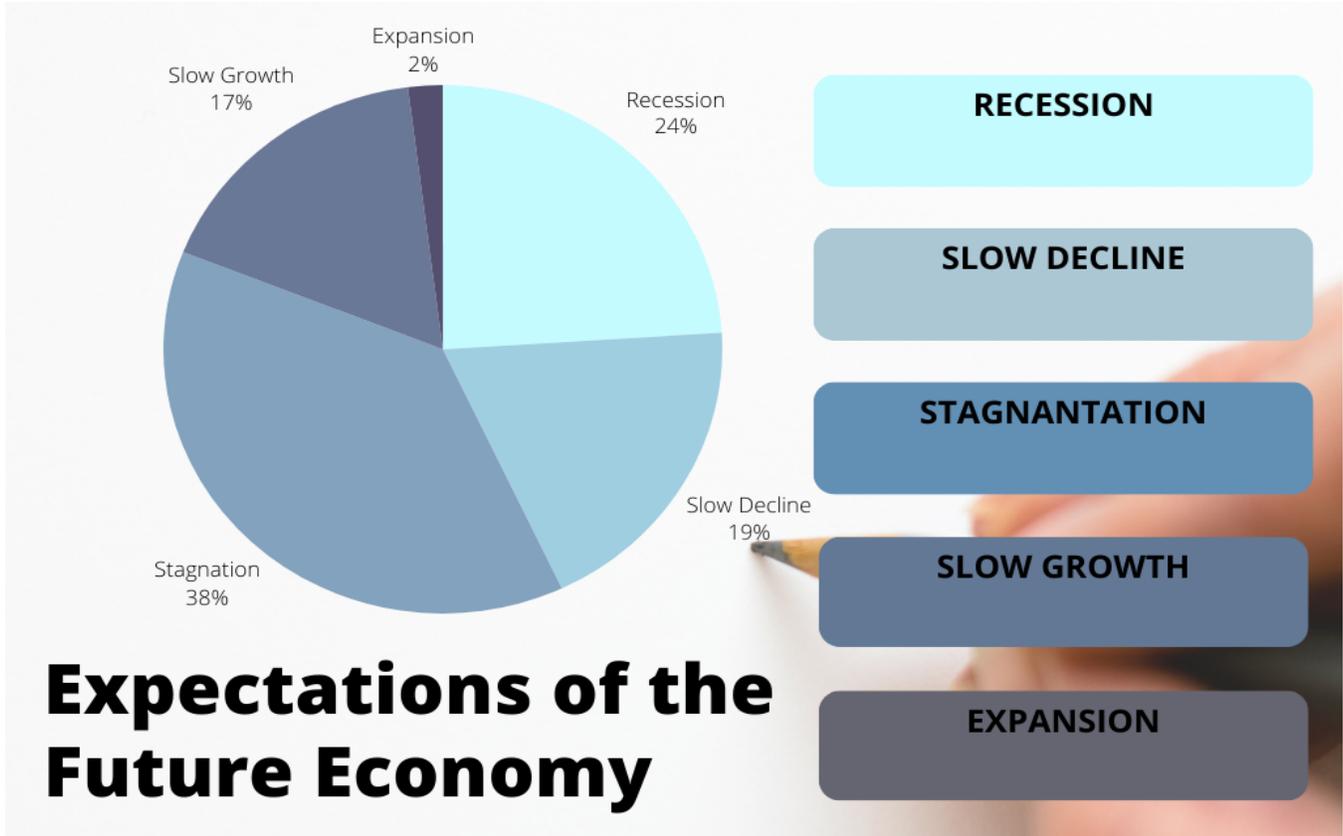
### Financial Situation: Winter 23



## Most consumers are worried about the economy

With higher prices, a fluctuating stock market, and plummeting savings, more respondents are worried (60%) about the economy than they are optimistic (20%). Further, as shown in Figure 5, 24% of respondents indicated that their perception is the economy will go into a recession, 19% indicated the economy will continue to move in a slow decline, and 38% stated they expect the economy to be stagnant.

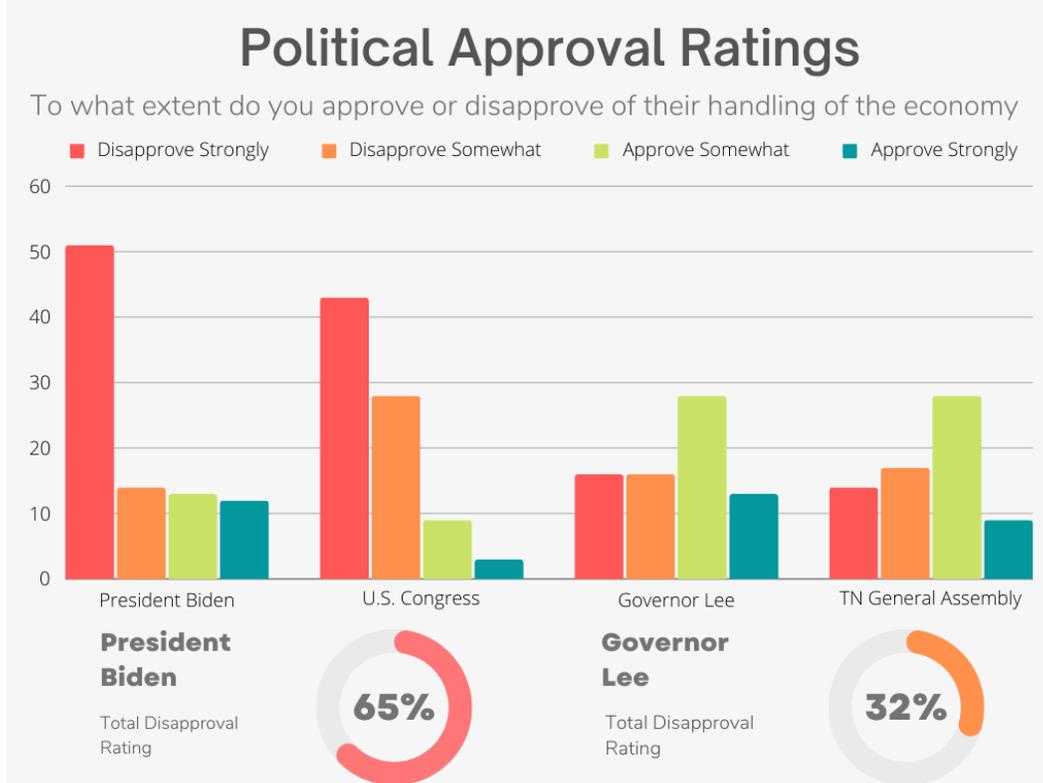
Figure 5. Tennessee consumer's level of concern on the future of the economy



## Political approval ratings hold steady

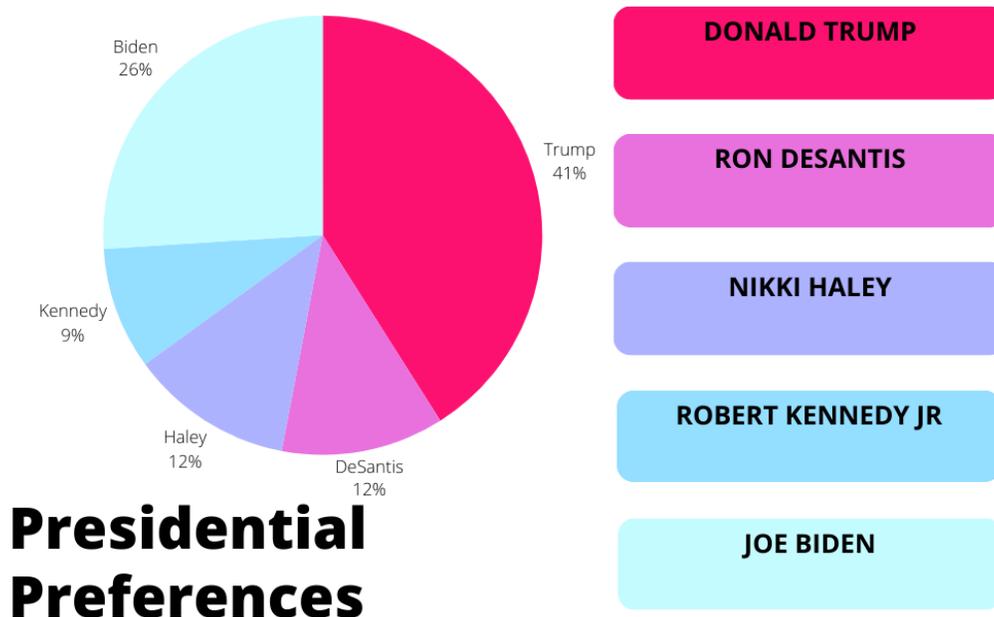
Consumer ratings of political leaders' handling of the economy have remained relatively unchanged since our last survey. As shown in Figure 6, there is high disapproval of President Biden (51% strongly, 14% somewhat disapprove) and the U.S. Congress (43% strongly, 28% somewhat disapprove). Next, Governor Lee (16% strongly, 16% somewhat disapprove) and the Tennessee Congress (14% strongly, 17.5% somewhat disapprove) enjoy balanced ratings, with the highest number of respondents approving somewhat of their handling of the economy.

**Figure 6. Tennessee consumers rate politicians on their handling of the economy**



Tennessee consumers have several favorites in the 2024 election, but overall, they prefer another Biden versus Trump race in November, with 26% saying they like Biden and 41% saying they like Trump.

**Figure 6. Tennessee consumer's presidential preferences in the 2024 Election**



## Collaborate with us

The Office of Consumer Research (OCR) collects data throughout the year to measure Tennessee consumers' (Tennessee Consumer Outlook Index<sup>1</sup>) and Business Leaders' perceptions of the economy (Tennessee Business Barometer). We welcome your comments, questions, and suggestions. Please contact Dr. Michael Peasley for more information.

### **Michael Peasley, Ph.D.**

Director, MTSU Office of Consumer Research

Email: [michael.peasley@mtsu.edu](mailto:michael.peasley@mtsu.edu)



---

<sup>1</sup> The Consumer Outlook Index scores are based on consumers' responses to 11 questions measuring their perceptions of the current economy, the future economy, jobs, personal finances, and whether now is a good time to make large purchases. Four questions make up the Current Situation Index, four questions make up the Future Expectations Index, and three questions make up the Purchasing Index. The Overall Outlook Index is based on all 11 questions combined.

The scores for each index are computed by adding the percentage of favorable responses to each question and subtracting the percentage of negative responses to each question. A net score of zero indicates the percentage of consumers who hold negative views of the economy is equal to the percentage of consumers who hold positive views of the economy. A net positive score indicates consumers who hold positive views of the economy outnumber those who hold negative views of the economy (vice versa for a net negative score).