

UPDATE

SBR/SAFE Credit Union Consumer Sentiment Survey



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For the mid-year update, 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 purchasing and credit utilization.

Regional Consumer Sentiment

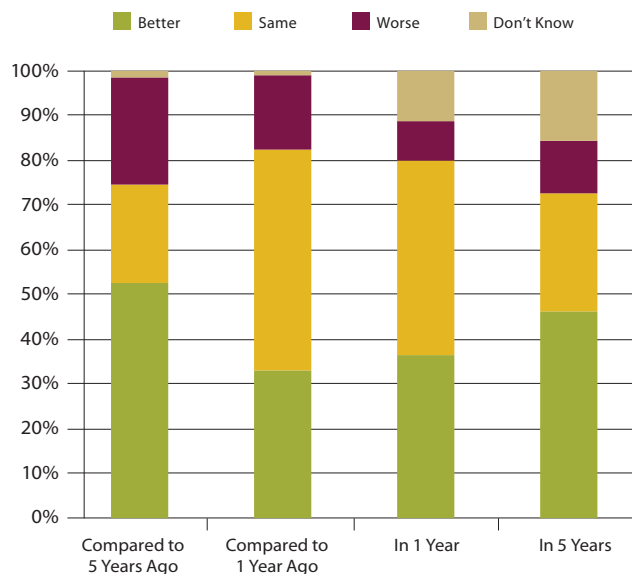
Respondents continue to report that their economic situation is better than it was both 1 year and 5 years ago. They also look positively toward the future with the vast majority expecting their financial prospects to be better or at least the same over the next 1 and 5 year periods. (See Figure 1) This optimism has grown during the first half of 2017. The vast majority of respondents also expect their incomes to rise during this period, though they express lingering concern about inflation outpacing this income growth. (See Figure 2)



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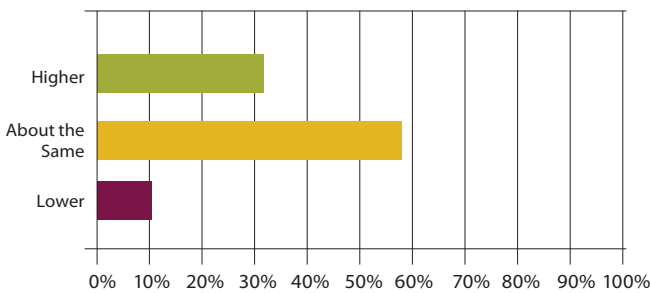
Figure 1
Personal Economic Conditions



Expectations for the regional economy also remain generally positive. However, there appears to be some tapering of optimism since our last report, with fewer respondents indicating that they believe regional business conditions will improve during the next year. (See Figure 3)

Figure 2
Personal Income Expectations

Expected Income Increase/Decrease Over the Next Year



Expected Income Increase/Decrease Relative to Prices

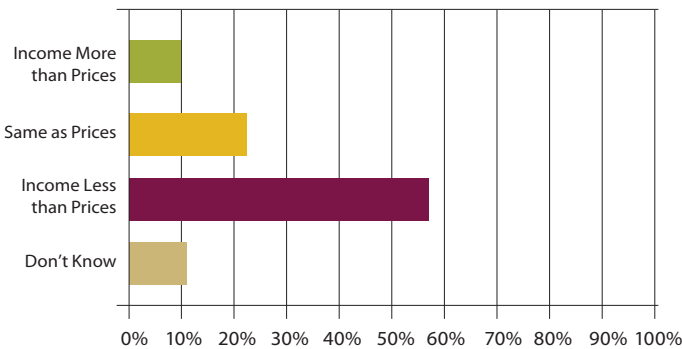
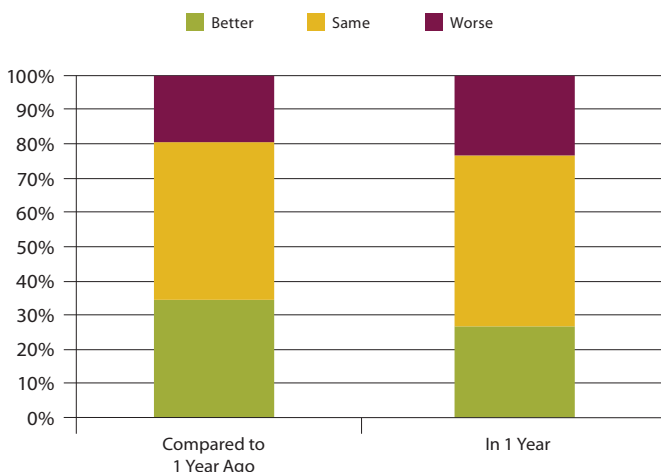


Figure 3
Regional Economic Conditions



Regional vs. National Sentiment

The SBR team also compared regional sentiment with national sentiment measures. Our survey included questions from the University of Michigan Consumer Sentiment[®] survey that were adapted to specifically address the Sacramento region. Per the methods used by the University of Michigan survey, responses to these questions were used to create what is called a “relative score”. Relative scores above 100 suggest more respondents indicated favorable expectations than unfavorable expectations. Scores below 100 suggest respondents indicated more unfavorable than favorable expectations. These relative scores can then be compared directly across the regional and national samples.

Both the national and regional samples expect inflation to increase over the next year. This concern has grown since the beginning of 2017 for regional respondents. Additionally, national respondents are more optimistic than regional respondents when it comes to their income keeping pace with inflation. The first half of the year showed an uptick in the number of national respondents who expect their income to keep pace with or exceed inflation.

We again compared regional respondents’ perceptions of the business conditions in the region’s economy to the national respondents’ perceptions of the U.S. economy overall. Both samples expressed generally positive outlooks; however, there is a notable divergence in the trends for each sample since our last survey. (See Table 1) Regional respondents’ expectations about business conditions specifically in our region’s economy have fallen 7 points since our last survey, whereas national respondents’ expectations for the national economy overall have grown substantially since our last report.

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Table 1
Regional vs. National¹

Category	Regional Relative Score	National Relative Score	Comparison	Interpretation
Personal Economic Conditions				
Current Financial Situation Compared to 5 Years Ago	129	139	↓	Region perceives less improvement over past 5 years
Current Financial Situation Compared to 1 Year Ago	117	126	↓	Region perceives less improvement over past year
Expected Change in Financial Situation in 1 Year	128	129	→	Region expects equivalent improvement over next year
Expected Change in Financial Situation in 5 Years	134	139	↓	Region expects less improvement over next 5 years
Personal Income Expectations				
Expected Household Income Change Over the Next Year	121	147	↓	Region expects less income growth over the next year
Expected Change in Prices Over the Next Year	15	21	↓	Region expects less inflation over the next year
Expected Change in Household Income Relative to Prices	53	93	↓	Region expects less real income growth over the next years
Regional Economic Conditions				
Current Business Conditions Compared to 1 Year Ago	115	128	↓	Region perceives less improvement over past year
Expected Change in Business Conditions in 1 Year	104	117	↓	Region expects less improvement over next year

Purchasing and Credit

We again asked regional respondents about the types of credit they currently hold and their plans to acquire credit over the next year. The patterns of credit usage and plans for acquisition are fairly consistent with those in our last report. (See Figure 4)

Endnotes

- National data obtained from the University of Michigan Consumer Sentiment Survey October 2016 and May 2017 Data. Available at: <https://data.sca.isr.umich.edu/>
Relative score values calculated as % of favorable responses - % of unfavorable responses plus 100. Positive or negative comparison indications are provided for regional vs. national score differences exceeding 3 points.

Figure 4
Types of Credit Held and Planned Over the Next Year

