

American Mood Trend

September 2020



Consumer confidence falls to a six-year low; Millennials' comfort level returning to pre-pandemic activities declines

The Conference Board Consumer Confidence Index fell to its lowest level since 2014 in August, likely a combination of increased COVID-19 cases in various parts of the U.S. and the end of some government stimulus programs. Consumers are also beginning to see some rent moratoriums and deferrals on debt payments expire, with uncertainty surrounding extension or expansion of these programs at a local or national level.

The headline index was down 6.9 points to 84.8 (1985=100), from 91.7 in July. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—had been on a two month run of increases, but led the August decline, dropping by nearly 12 points to 84.2 from 95.9. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—decreased to 85.2 from 88.9 in July. After reaching a pre-pandemic high of 106.1 in June, the Expectations Index reflects consumers' uncertainty with the pandemic, the economy, and the election. Until this portion of the index shows solid and steady improvement, it is likely that spending growth will be equally muted.

Key Points:

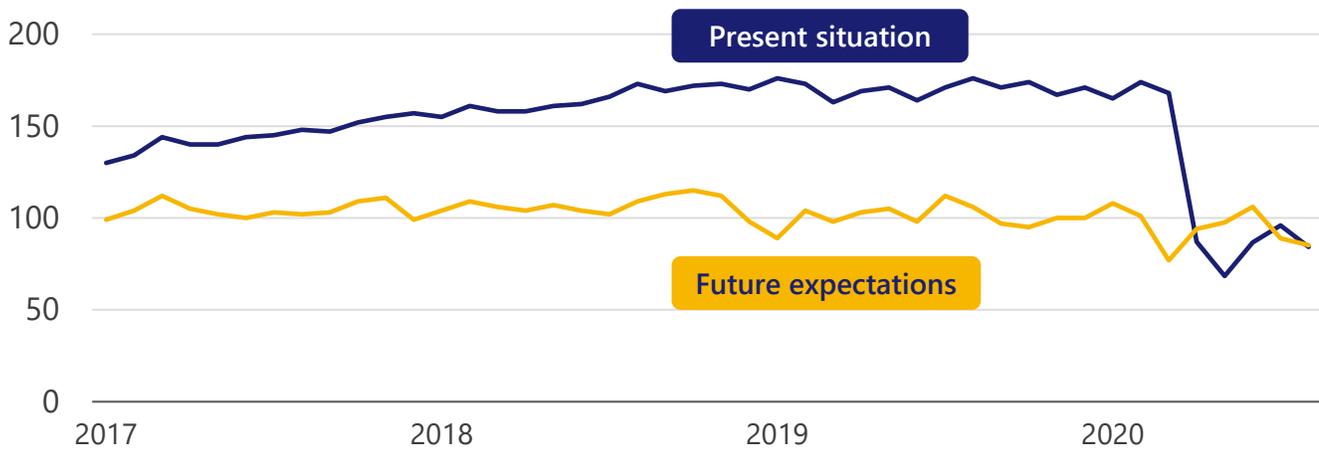
August consumer confidence fell, led by a plunge in the Present Situation Index

Business expectations also worsened slightly

Millennials becoming less comfortable going out to eat, but have a higher comfort level than other consumers with taking a vacation

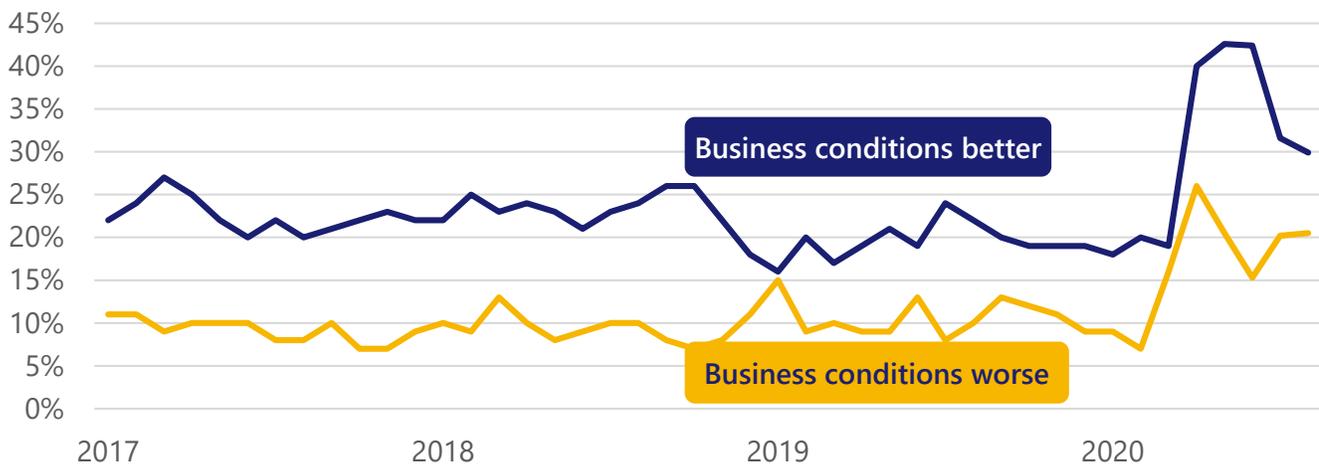


Consumer confidence – present situation and expectations*



*August interviewing conducted through August 14, 2020

Business conditions – next six months



Source: Conference Board

The percentage of consumers who believe business conditions will improve in the coming six months dipped slightly from 31.6 to 29.9 percent after a steep decline last month. Volatility in consumers' assessment of business conditions remains historically high. Generally, roughly two-thirds of consumers indicate business conditions will remain the same in the next six months. In the August survey as in July, just over 50 percent of consumers indicated a change is likely afoot, weighted slightly more negative. The percent of consumers indicating that present business conditions are "bad" rose slightly to 43.6 from 38.9 percent. Those who believe business conditions are "good" declined from 17.5 to 16.4 percent.

After flipping positive in July, consumers' assessment of the job market once again turned negative. Consumers who feel jobs are "plentiful" declined from 22.3 to 21.5 percent in August. Those who feel jobs are "hard to get" increased from 20.1 to 25.2 percent, putting the differential between the two metrics at -3.7. Although it represents a less optimistic view of the job market moving forward as more companies indicate potential layoffs are forthcoming, this is still well above the low of -15 in April. Links between the health and economic crises persist, and optimism surrounding the job market moving forward will be highly dependent on the course of the pandemic and the ability of businesses to reopen and stay open.



Millennials are comfortable with certain activities, but not all

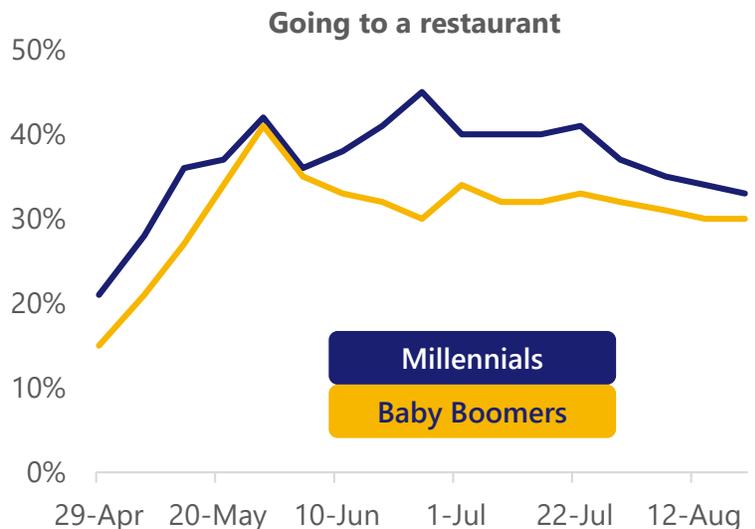
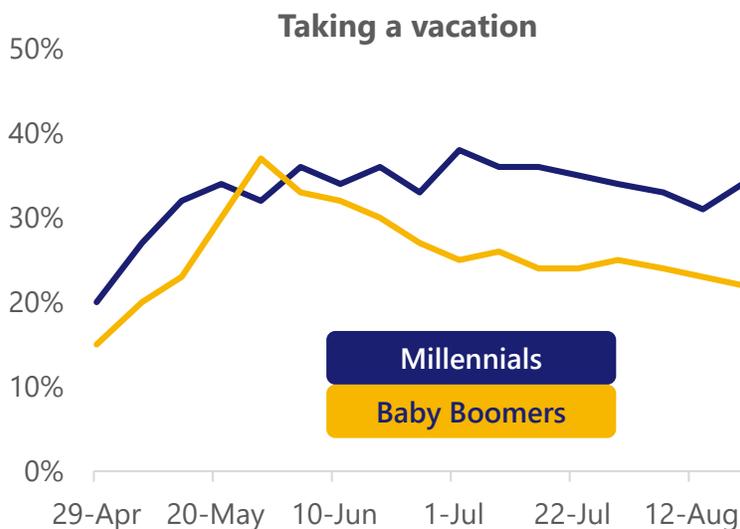
After increasing for several weeks in late spring, the percentage of consumers who were willing and comfortable engaging in what was considered everyday activities before the pandemic has been on the decline for nine weeks. Until recently, adults in the United States were steadily growing more confident that they would be able to safely return to public spaces in the near future—go to restaurants, movies, or on vacation—according to high-velocity consumer data gathered by Morning Consult. The latest trends vary by age group and activity, however.

The week of Aug. 17-23 marked a three-month low for the share of adults, 31 percent, who said they felt safe dining out at restaurants. The last time the comfort level hit that point was late May. Since the early weeks of Morning Consult's consumer comfort level tracking, respondents have nearly always expressed the most safety in eating out at restaurants, reaching a high of 41 percent in late May. But the share of U.S. adults who said they felt safe dining out dropped consistently throughout August.

Millennials had the highest comfort level with most activities, but converged close to levels of other age groups and the population for certain activities in recent weeks. For example, the percentage of millennials who felt comfortable going out to eat was down to 31 percent as of late August, compared to 30 percent of baby boomers and 31 percent of all U.S. adults. The survival of many restaurants is dependent on this sentiment improving, particularly among millennials, who make up a growing portion of restaurant spending and spending overall.

But millennials' recent comfort level with some other activities has been on the rise and diverging as compared to other age groups. More millennials were comfortable taking a vacation than the population overall—34 percent as of late August—and the percentage rose in the latter half of August. Baby boomers' comfort level taking a vacation has been steadily declining since late May, after briefly eclipsing that of millennials.

Percentage of consumers who are comfortable with the following activities:



Source: Morning Consult

<https://morningconsult.com/form/gen-z-worldview-tracker/>



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