

Local Consumer Sentiment Improves in January, Running Counter to the Nation

COVID-19 variants and rapidly rising inflation continue to dampen consumer sentiment. However, Lancaster County residents appear to be starting the year with a less, decidedly negative outlook on the economy. Consumer sentiment in Lancaster County improved this month (rising five points to 73.5). This shift ran counter to the nation where the national measure fell slightly (to 65.9).

This month’s poll revealed Lancastrians were less pessimistic in outlook despite little improvement in current conditions. Nearly one in four respondents indicated their financial conditions were worse off compared to a year ago, which is comparable to the start of the pandemic. When looking to the future, however, fewer respondents were apprehensive about where Lancaster County’s economy is headed. This month only 25% expected the local economy to be “somewhat bad” or “bad” in the coming 12 months. This share dropped to 17% when the outlook extends over the medium term.

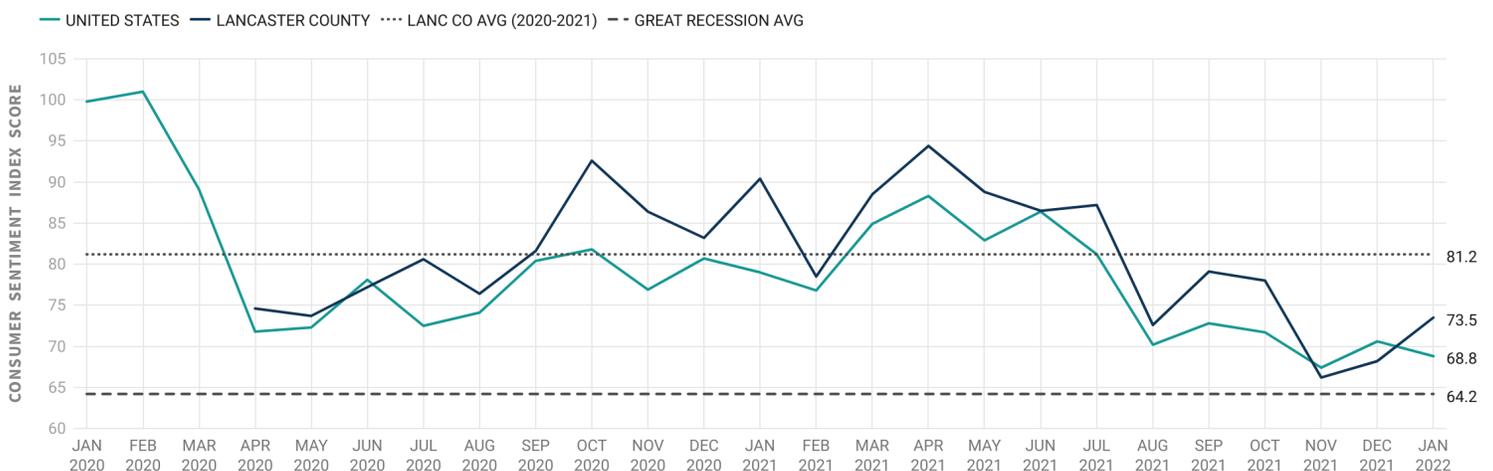
Nationally, the dip in consumer sentiment reflected several factors. While acknowledging Omicron and Delta variants as contributors to this month’s loss, University of Michigan researchers (responsible for the national survey) reported three-quarters of consumers ranked inflation (over

unemployment) as a serious problem facing the nation. They also found that lower income households tended to have darker outlooks, while higher income households were generally more positive.

The on-going weakness of current financial conditions for Lancaster County households is a point of concern. Comments shared in the local poll echoed national concern over inflation. For several months retail sales have held up despite consumer weariness. But in December, US inflation hit 7% and retail sales dropped, which suggests households across the nation may finally be taking a more precautionary stance to spending. This month’s uptick in the County’s consumer sentiment is a promising counterpoint to this national picture. However, it needs to be followed by several more months of improvement to set a positive tone to local consumer demand in 2022.

Consumer Sentiment: National* and Lancaster County

*Results from a national survey on consumer sentiment conducted by the University of Michigan are preliminary and subject to revision.



The LNP Media Group in partnership with EDC’s Center for Regional Analysis began measuring consumer confidence in April 2020. The poll is conducted the first week of every month and reflects only Lancaster County residents. It is modeled after a survey conducted by the University of Michigan to allow for comparison to national results. For questions, contact CRA@edclancaster.com.