



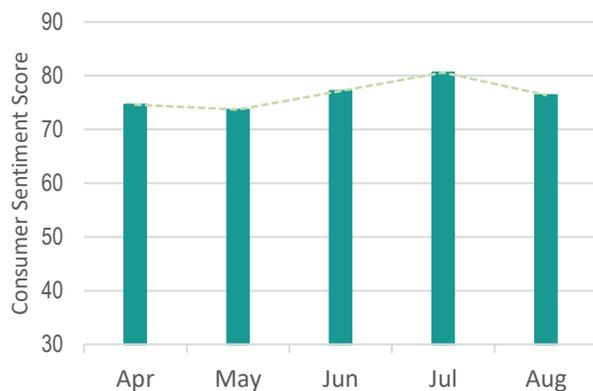
CONSUMER SENTIMENT: Confidence in the Local Economy Dipped in Early August

Consumer sentiment in Lancaster County fell in August, registering the largest one-month movement since April when the Lancaster poll began. The poll shows County residents waivered in their confidence that local economic conditions will improve over the near term. The weakening positive outlook came amidst reported stable household financial conditions. The August results also indicate a continuing divergence in consumer sentiment between Lancaster County residents and the nation. The national poll, conducted by the University of Michigan, showed consumer sentiment held steady between July and August.

The August poll of Lancaster County residents showed the first signs of consumer attitudes weakening. Since the start of the pandemic, each month has brought new economic uncertainty to households stemming from restrictions on how the local economy can operate and the availability of (new and continued) fiscal stimulus.

The LNP Media Group in partnership with EDC’s Center for Regional Analysis began measuring Lancaster County’s consumer confidence in April. Consumer sentiment recorded lows in April and May and then rose through June and July with prospects of the economy reopening. The August results represent a reversal of the positive trend in consumer sentiment. The County’s overall consumer sentiment score fell four points in August to 76.4.

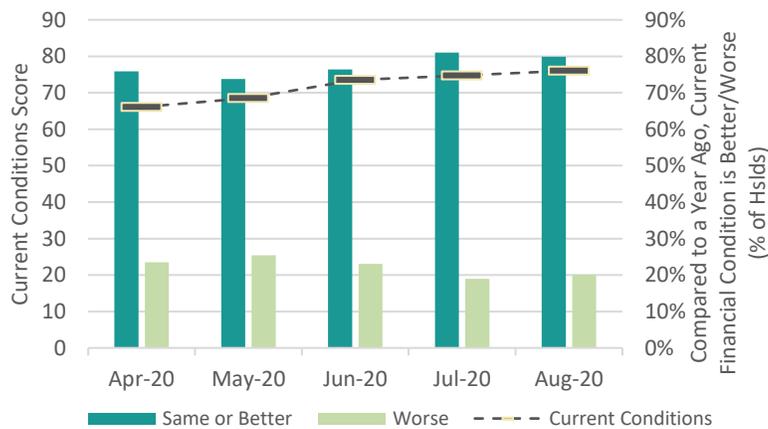
Consumer Sentiment in Lancaster County



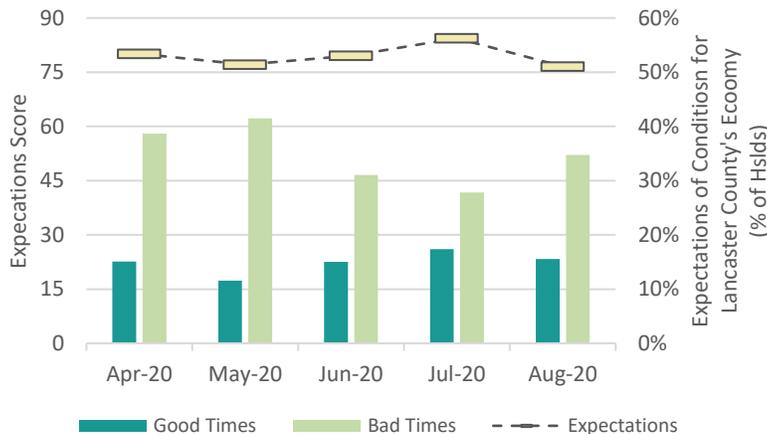
Consumer sentiment reflects attitudes and expectations about personal household financial conditions and the economy that are organized into two component scores. The index of current conditions captures information about a household’s current financial conditions and attitude towards making a major household purchase. The index of consumer expectation measures expectations about future personal finances and business conditions over the short and medium terms.

The August poll showed current (financial) conditions for households have generally improved since May. The index score rose 10 points from April’s low of 66 to August’s high of 76. This improvement reflects household finances recovering from April and May’s dramatic rise in unemployment. Despite the additional \$600 for unemployment compensation expiring at the end of July, four out of five respondents in August indicated that their household finances were about the same or better compared to a year ago. The number of households reporting being worse off was around 20% in July and August.

Lancaster County: Current Financial Conditions for Households



Lancaster County: Expectations of the Local Economy



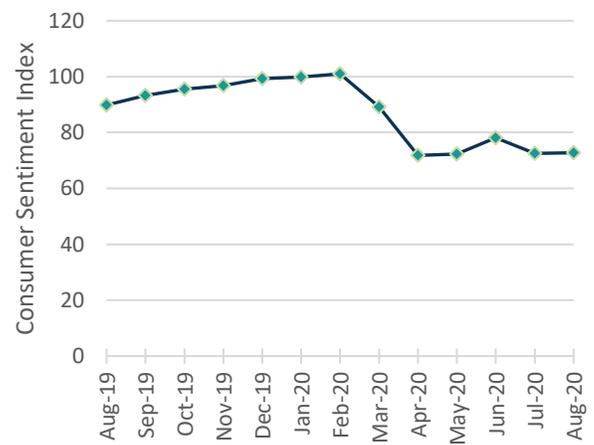
August opinions about local economic expectations mirrored expectations of the national economy. The share of Lancaster County respondents expecting “somewhat bad” or “bad” times in the US economy over the next 12 months increased from 39% to 44%. The medium-term view showed little movement between this month and last month.

Lancaster County’s lower expectations were not consistent with national consumer sentiment. Preliminary results from the national poll conducted by University of Michigan did not decline in August. The consumer sentiment score for August was 72.8, which is very close to July’s score (72.5). Both components of the score (current conditions and expectations) also moved only marginally. The index score of current conditions was 82.5 this month (vs. 82.8 in July.) Expectations moved from 65.9 in July to 66.5 in August.

Short term expectations for local economic conditions was the primary driver of lower consumer sentiment in August. Lancaster County residents have displayed a strong sense of optimism over the last few months, but August responses revealed a reversal in future outlook. Lancaster County residents downgraded their expectations of the local economy over the next 12 months. The index measure of future expectations has consistently scored higher than current conditions. But the share of respondents expecting poor economic conditions over the next 12 months for the County sharply rose in August. 35% reported expecting “somewhat bad” or “bad” times for Lancaster County’s economy over the next 12 months. This share is up 7 points from last month.

Other factors influencing the expectations score were relatively unchanged from July and August. The medium-term outlook on Lancaster County’s economy showed little change. In July and August, roughly 10% of respondents anticipated challenging times in Lancaster County’s economy over the medium term.

National Consumer Sentiment*



* Results from a national survey on consumer sentiment that is conducted by the University of Michigan.

The Lancaster-based poll is modeled after a survey conducted by the University of Michigan to allow for comparison to national results. For questions, contact CRA@edclancaster.com.