

## Consumer Sentiment Weakens Slightly in May

Consumer sentiment in May dipped as Lancaster County residents revise short term expectations about the local economy in the face of rising prices. The May score was 88.8, down six points from last month, but still well above last year's levels. Despite a weaker consumer sentiment score, County residents reported favorable current finances. Findings from the Lancaster poll mirrored preliminary results reported nationally.

This month, Lancaster County residents shared concerns about where the economy is headed over the next twelve months. They walked back some of last month's gains in consumer sentiment. The May score was 88.8, six-points down from the pandemic peak reported last month. The US poll recorded a similar decline, falling six points off of a 12-month record high of 88.3.

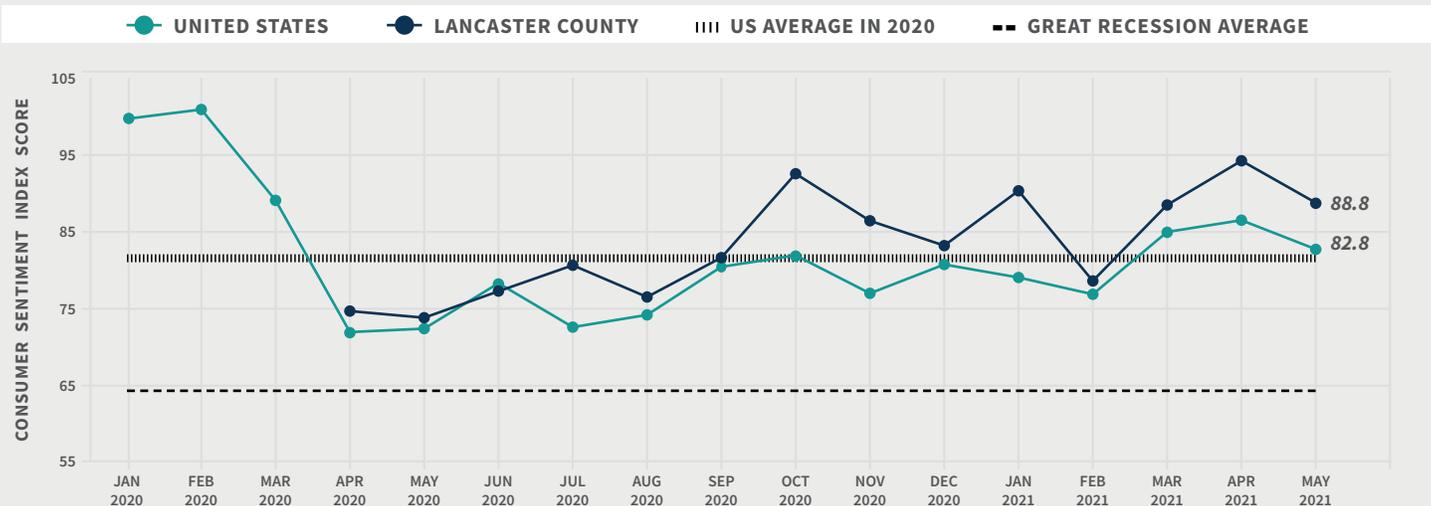
Through the pandemic, measures of consumer sentiment have been sensitive to a number of factors not related to personal finances or business conditions (such as politics, the number of COVID cases, vaccination rates, etc). This month, consumer sentiment appeared to respond to economic fundamentals. Lancaster County residents downgraded near term expectations based on concern over price increases. It is the first time since the pandemic that households signaled shifting their focus away from the pandemic and back to more traditional economic factors, such as inflation.

The dip this month raises concerns over whether economic growth slows down later this year. Lancaster County data and national data revealed exceptionally high consumer spending in the first quarter. Analysts attribute GDP gains to this spending. Consumer sentiment typically accounts for nearly 70% of GDP. Given the importance of consumer spending in the economy, many consider consumer sentiment a leading indicator. It signals how consumers may change their spending in response to their current conditions and future expectations.

May's shift in consumer sentiment highlights that positive attitudes are tenuous and require steady monitoring. It is still too early to suggest that the results are a red flag for the economy. Despite the fall in consumer sentiment, the score remained well above last year's levels. Notably, the Lancaster County poll also affirmed that current household finances remain strong.

### CONSUMER SENTIMENT: NATIONAL\* AND LANCASTER COUNTY

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



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](mailto:CRA@edclancaster.com).