

Consumer Sentiment Index Hits 15-Month High in Lancaster County; National Levels Remain at 2008 Recessionary Levels

Local optimism of Lancaster’s economy hit a 15-month high this month as recent polling revealed a consumer sentiment index score of 76.8, marking a substantial uptick (7.4 points) from a previous survey in November 2022. This mirrors a similar increase at the national level. In its Survey of Consumers, the University of Michigan captured a 8.1-point rise in US consumer sentiment over the same period, with January’s index score of 64.9. Importantly, January’s reading remains both in line with the 2008 recessionary average (64.2) and is still well below national historical levels.

A large rise in respondents’ views of their current economic conditions fueled the jump in the local index. Respondents who said their households were financially worse off than a year ago dropped from 49% to 37%, with many citing their ability to find a job in the current labor market as a cause for optimism. Lancaster County’s unemployment rate of 2.5% in November underscores the tightness of the local labor market. The survey also revealed an 8% increase in the number of people that

viewed now as a good time to make large household purchases (39%), with respondents citing the ease of finding work and concerns over future consumer goods price increases as drivers.

Inflation remains at the forefront of respondents’ minds. A handful of responses mentioned inflation slowing, aligning with the national rate of inflation dropping to 6.5% annually in December from its height of 9.1% in June 2022. Still, a significant number of respondents underscored the negative impact inflated prices are having on their wallets. Food and energy prices were specifically mentioned as problematic. In December, the national prices rose by 10.4% and 7.3% respectively for these categories.

Consumer spending remained strong throughout 2022, despite high inflation and overall low consumer sentiment. National and local signals in late 2022 suggest spending is leveling, making both the consumer sentiment and spending levels key data points to track heading into early 2023.

Survey of Consumer Sentiment for Lancaster County was conducted January 1-14, 2023.

Consumer Sentiment: National* and Lancaster County^ (2020-2023)



* Results from national survey conducted by the University of Michigan (www.sca.isr.umich.edu).

^ EDC's Center for Regional Analysis began measuring consumer confidence in April 2020. The poll is conducted the first two weeks of every other month and reflects only Lancaster County residents. It is modeled after the University of Michigan survey to allow for comparison to national results. For questions, contact ramiller@edclancaster.com.