

Future Economic Concerns Spur Drop in Local Consumer Sentiment

Economic uncertainty among Lancaster County consumers is evident based on the recent ups and downs recorded in the local consumer sentiment score. After a 15-month high score in January (76.8), Lancaster County’s consumer sentiment index score plummeted to near-2008 recessionary levels with a March score of 66.1. The national Survey of Consumers, which is conducted by the University of Michigan, saw a modest 1.5-point dip over the same period to a preliminary March index score of 63.4. These indices are a measure used to gauge residents’ confidence in the economy.

The Lancaster County consumer sentiment survey, conducted in the first two weeks of March, captured a steep decline in respondents’ economic outlook. The future expectations score for the local economy slid 17 points from January to March (compared to a 0.8-point drop in current conditions). Yet, Lancasterian’s future expectations for the national economy rose by 6.4 points. This marks only the second time in the survey’s three-year history in which local respondents held lower future expectations for the Lancaster County economy than they did for that of the United States.

(Notably, news of the recent bank failures broke after most of the surveys were completed.)

Inflation remains the number one concern for Lancaster County respondents, as February’s inflation reading of 6% remained well above the Federal Reserve’s 2% inflation target. Respondents specifically noted rises in food costs – which increased nationally by 9.5% from February 2022 to February 2023 – as financially challenging. Moreover, many Lancasterians have seen prices rise significantly faster than wages in the last year. From February 2022 to February 2023, the average hourly wage in Lancaster County rose 3%, while inflation rose twice as quickly (6%) over the same period.

Despite the slow pace of wage growth, Lancaster County’s low unemployment rate has yielded a favorable labor market for job seekers, which may largely account for the uptick in consumer spending that’s been underway since the beginning of the year. Nonetheless, the recent – and significant – drop in local consumer sentiment suggests that underlying economic unease among County residents persists.

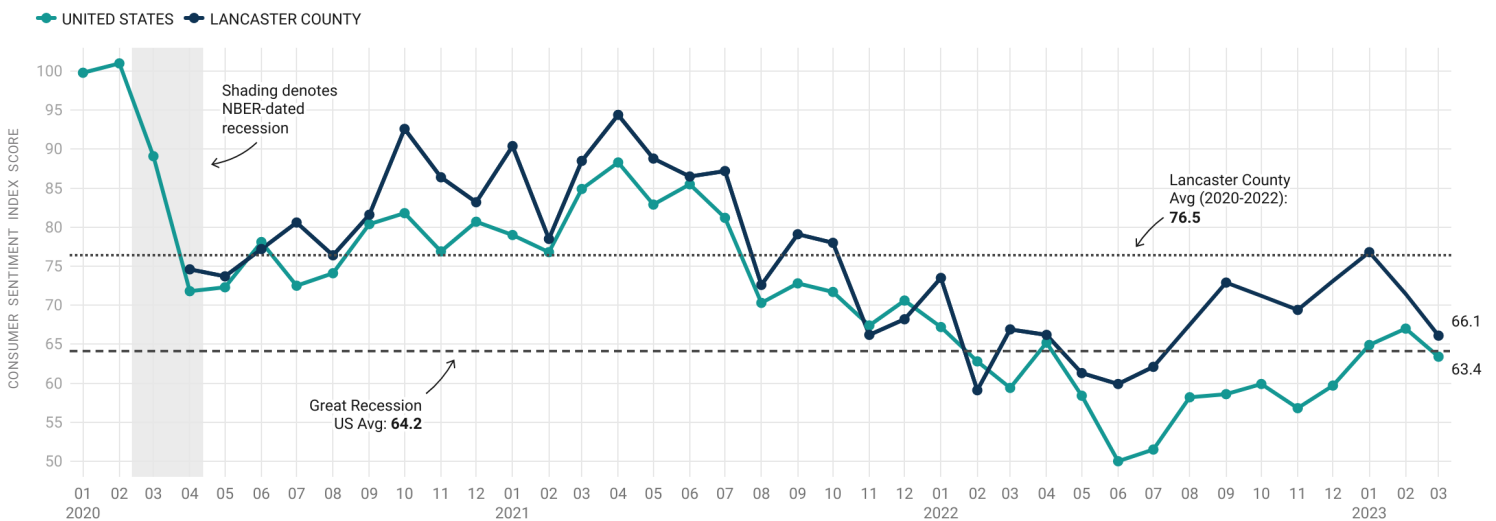
Survey of Consumer Sentiment for Lancaster County was conducted March 1-14, 2023.

University of Michigan Surveys of Consumers (3/17/23); www.sca.isr.umich.edu

US Bureau of Labor Statistics (BLS), “Consumer Price Index” (3/14/23); bls.gov/cpi

US BLS, “State and Metro Area Employment, Hours, & Earnings” (3/17/23); bls.gov/sae

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



* Preliminary 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 in partnership with LNP Media Group. 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.