



LANCASTER COUNTY CONSUMER SENTIMENT SEPTEMBER | 2023

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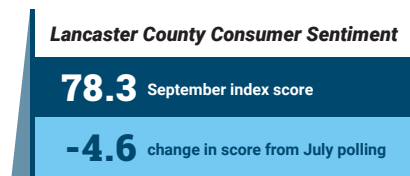
September 29, 2023

FOR MORE INFORMATION

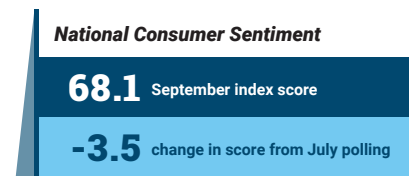
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The Lead

Economic optimism remains high in Lancaster County despite a slight dip in September's index score.



Data source: EDC's Center for Regional Analysis



Data source: University of Michigan

What caused the dip: The slight downtick in consumer sentiment is largely influenced by residents' attitudes toward their current economic conditions.

- Inflation remains the number one challenge cited by respondents, with 39% of respondents noting inflation/high prices as a primary concern.
- Inflation on essential categories like food, shelter, and gas has been rising faster than the headline annual inflation rate (3.7% in August).
 - **Food prices** have risen 4.3% over the last year.
 - **Shelter costs** are up 7.3% over the last year.
 - The **national average gas price** rose 24¢ in one month (July to August).

Also concerning: High interest rates, which respondents flagged as negatively impacting their ability to obtain loans and pay off credit card debt.

- Respondents expressed more caution about making large purchases.
- The number of responses that stated now is not a good time to buy large household items rose by 6% from July to September.

What We're Hearing

Select responses from the Consumer Sentiment polling conducted September 1-14, 2023

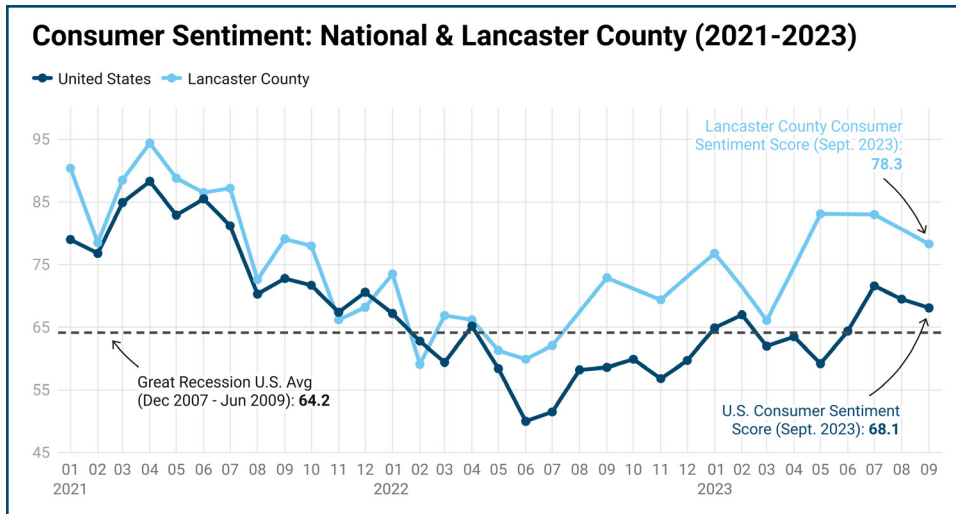
"Unemployment will come down but food prices and service costs will go up. Retired people will be hurting."

"The economy is strong but, because the Fed keeps raising the rate, it is having a deleterious effect on the housing market and car sales."

"Lower-level income jobs have started paying more but necessities have gotten more expensive."

"Since the economy has improved over the past year and the jobless rate is almost at an all time low, these are the reasons I believe financially the times will be better."

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CRA's measure of Lancaster County residents' consumer confidence began in April 2020 and is modeled after a monthly survey conducted by the University of Michigan to allow for comparison to national results. Beginning September 2022, the polling switched from a monthly to a bi-monthly collection cadence.

And yet, an overall positive outlook persists: Overall, local consumer sentiment readings since May have remained more optimistic as compared to index scores from the past two years. What's driving this wave of optimism?

- **Annual inflation** is lower than it was a year prior (8.3% in August 2022).
- The **low unemployment rate** has fostered confidence in the ability to find and keep a job.

The bottom line: Although persistent inflation and high interest rates continue to cause challenges for Lancastrians, the ability to find work appears to underpin continued consumer spending.

Looking forward: Historic data trends show that there is typically a drop in unemployment and an uptick in retail sales during the holiday season.

- *Student loan repayments are scheduled to resume in October, prompting economists to wonder whether tightened budgets may lead to tapered consumer spending.*
- *November's consumer sentiment polling will help to signal what's in store for consumer spending this holiday season.*

Methodology

Consumer Sentiment Reports for Lancaster County are produced on a bi-monthly basis by EDC Lancaster County's Center for Regional Analysis (CRA) to gauge Lancaster County residents' confidence in and expectations about the local and national economies. Polling is conducted the first 14 days of the target month as an online survey of over 400 respondents whose primary residence is in Lancaster County, PA.

For More Information

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