

BESPOKE INTEL

US MONTHLY UPDATE
State of the Consumer

August 2022

**Macro, Inflation Expectations, Personal Finances and
Spending, Investors, and Covid**

Key Takeaways: Overall

August Readings

At right is our Data Map that summarizes the indicators that we're able to pull from our monthly survey. The most recent reading is shown under *Current*, and we highlight whether it got better or worse versus the prior month and versus the current month one year ago.

After a brutal run for gas prices, national average prices have fallen every day for the past two calendar months as-of the end of August. Series that are sensitive to gas prices have had a major reversal: confidence in the economy rose sequentially, while inflation expectations gauges plunged as well. On balance, a modest majority of our respondents reported noticing higher gas prices, but the 40.0% that reported lower gas prices was the highest share since May of 2020.

Labor markets also appear to be hot still, with hours back to a similar level as pre-COVID and continuing to rise. Most labor market indicators were improved MoM in August and are stronger than they were a year ago including unemployment rates and concerns about job security.

One area of the economy that has weakened and a remained weak in our latest data is housing. Reported building permit applications, recent purchases, and planned purchases all fell sequentially as well as versus a year ago.

Activity has also continued to soften across a range of consumer spending categories. Visits fell across big box and dollar stores as well as department stores. Purchase activity fell across e-commerce, consumer electronics, airlines, and restaurants. Purchase plans for autos also continued to fall. While lower gas prices are likely to be a major tailwind for consumer buying plans and purchase activity, that effect hasn't been felt in full yet.

Investors also continued to get more optimistic after a negative run that ended in the last couple of months; of note, risk tolerance dropped despite higher stock market optimism.

Bespoke Consumer Pulse Data Map					
	Current	Current Conditions vs. Jul 2022 (MoM)	Last Month	Current Conditions vs. Aug 2021 (YoY)	Last Year
Sentiment					
Consumer Confidence (Economy)	2.30	↑	2.29	↓	3.07
Consumer Confidence (Finances)	2.88	↓	2.95	↓	3.33
Discretionary Spending	2.79	↓	2.79	↓	3.06
Living Paycheck to Paycheck (%)	53.5	Worse	48.6	Worse	47.9
Financial Condition vs. Average Person	2.98	↓	3.03	↓	3.21
Labor					
Weekly Hours Worked (Across Industries)	36.9	↑	35.7	↑	32.5
Unemployed and Looking for Work (%)	9.4	Better	9.9	Better	10.4
US Unemployment Outlook	2.87	↓	2.87	↓	3.23
Filed for Unemp. Assistance (% Unemp.)	5.3	Better	6.2	Better	10.8
Concerns About Job Security	2.37	↓	2.49	↓	3.07
Finances					
Credit Card Delinquencies	14.0	Better	15.9	Better	26.1
Personal Income	3.25	↓	3.26	↓	3.29
Housing					
Building Permits (%)	5.4	↓	7.7	↓	19.4
Recent Purchases (past three months, %)	3.3	↓	3.7	↓	6.1
Planned Purchases (in next year, %)	12.1	↓	13.8	↓	25.4
Mortgage Delinquencies (2+ months, %)	17.0	Better	25.9	Better	43.0
Refinanced Mortgage in Past Year (%)	10.5	↑	9.0	↓	11.5
Activity					
<i>Retail Traffic (Visits Per Respondent)</i>					
Big Box / Dollar	5.24	↓	5.57	↑	3.87
Department Stores	1.82	↓	2.17	↓	2.06
<i>Purchase Activity (Purchases Per Respondent)</i>					
E-Commerce	3.08	↓	3.31	↑	2.78
Consumer Electronics	2.00	↓	2.53	↓	2.61
Airlines	0.91	↓	1.16	↓	1.37
Restaurants	6.70	↓	7.07	↑	5.22
Healthcare					
Hospital Utilization (past month, %)	8.3	↑	7.9	↓	9.3
Physician Utilization (past month, %)	19.8	↑	18.7	↑	17.3
Insured	86.3	↓	87.1	↑	84.5
Autos					
Purchases (past three months)	5.5	↑	4.5	↓	6.3
Expected Purchases (next six months)	16.1	↓	20.3	↓	27.6
Investors					
Risk Tolerance	3.65	↓	3.77	↓	3.76
View of Stock Market	3.18	↑	3.03	↓	3.78
Bullish Sentiment (%)	52.2	↑	39.6	↓	58.4
Bearish Sentiment (%)	26.5	↓	35.9	↑	12.0

Key Takeaways: Overall

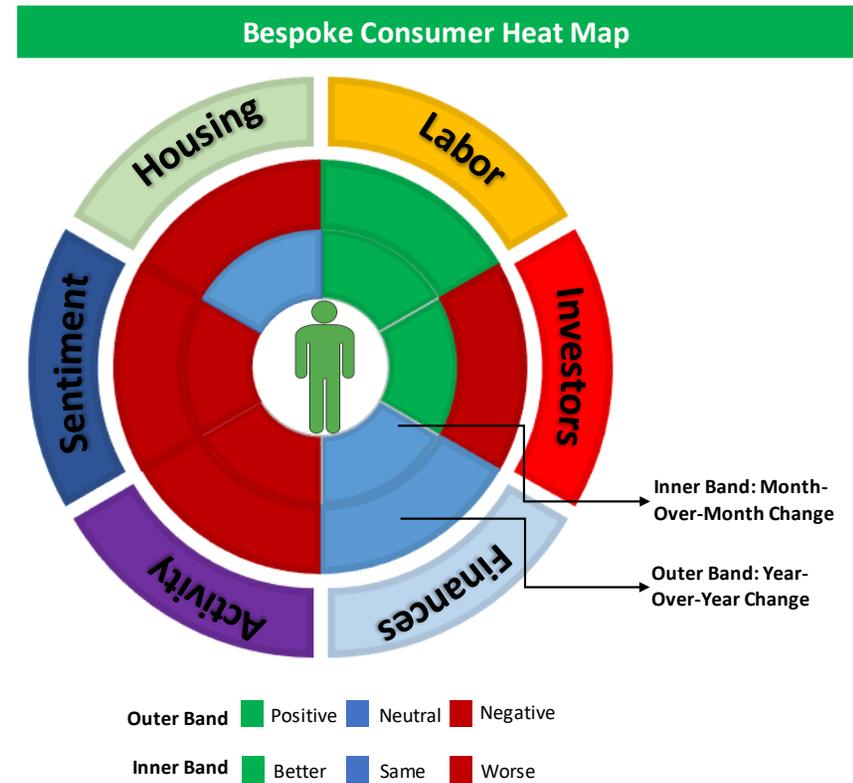
Bespoke surveys 1,500 Americans each month, with geographic distributions in-line with the US Census. The survey always takes place during the week containing the 12th of the month and poses 100 questions that we group into six sections: Sentiment, Labor Markets, Personal Finances, Housing, Activity, and Investors. By breaking down *our survey* into these sections, we can show, not only top-down sentiment trends and their drivers, but individual areas of strength or weakness with respect to demand, budget, and trends.

The next pages break down key trends we saw for each of the major categories covered in our monthly survey. Following our category summaries, we delve into a detailed analysis of individual questions, broken up by section.

A range of indicators continued to weaken this month despite declining gas prices and a possible bottoming out of consumer sentiment as a result.

Changes in Heat Map Versus Last Month

- **Labor Market:** While not universally stronger across categories the labor market was definitely the strongest area on balance in our survey this month.
- **Housing:** While housing indicators related to credit performance were slightly improved, demand and activity metrics remain very weak, declining both MoM and versus a year ago.
- **Consumer Sentiment:** While economic sentiment improved sequentially it remains very low historically speaking, and other sentiment indicators were weaker both MoM and versus a year ago.
- **Consumer Activity:** Consumer activity was also weak, with health care utilization one of the only areas stronger sequentially.
- **Personal Finances:** Income growth has continued to rebound but the backdrop is mixed.
- **Investor Sentiment:** Aggregate risk tolerance fell but stock market confidence rose.



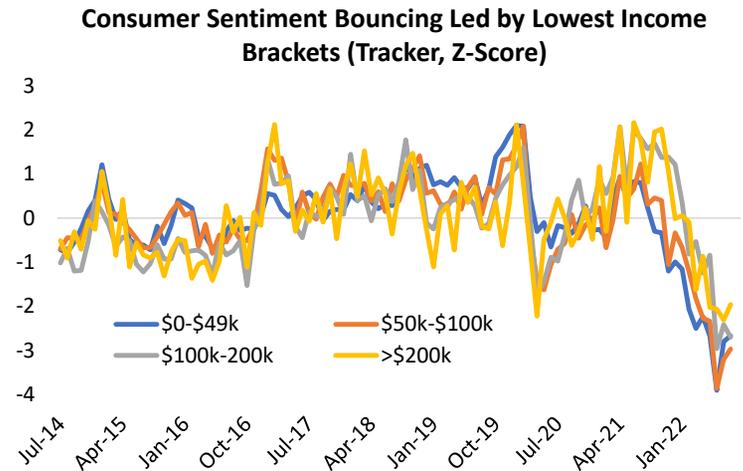
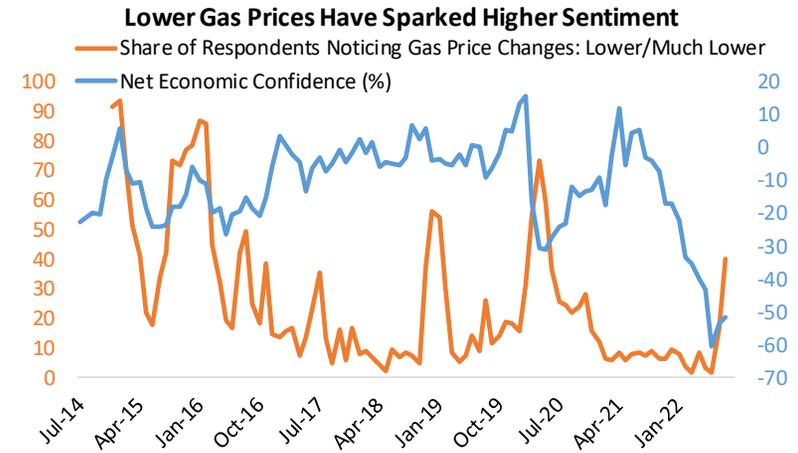
Key Takeaways: Sentiment

Sentiment

- Lower gas prices have led to a bottoming of consumer sentiment indicators.
- The bounce in consumer sentiment has been biggest from the lowest income brackets.

As shown at right the share of respondents to our survey that have noticed a decline in gas prices has spiked to 40.0% over the last two months. National average gas prices have fallen for over two months in a row, the second-longest streak since 2005. That suggests that there's a lot further for gas price perceptions to go, and that's likely to be a tailwind for economic confidence for months to come. The initial bounce in equity markets has been relatively muted so far.

The increase in economic confidence that we *have* seen over the last two months has come largely from lower-income brackets. Incomes over \$200k only saw confidence rise in August, not July, while those between \$100k and \$200k saw confidence rise in July but fall in August. Meanwhile, much lower confidence under \$100k surged in July and rose again in August. Lower-income consumers are more exposed to gas prices and also saw their feelings about the economy roll over much earlier than higher-income consumers.



Key Takeaways: Sentiment

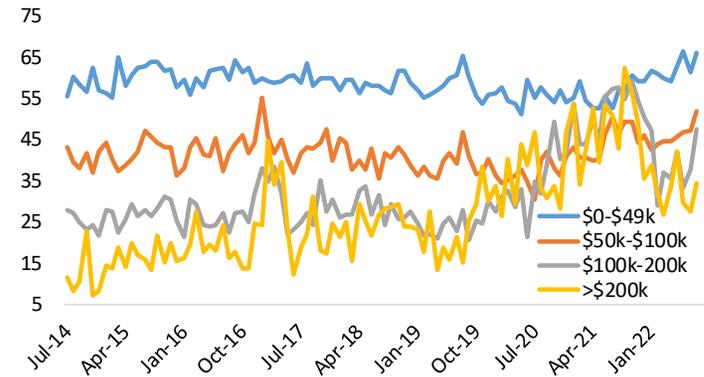
Labor Market

- A rising share of respondents report living paycheck to paycheck, led by lower income brackets.
- All brackets are also reporting weakening income growth expectations for the next six months.

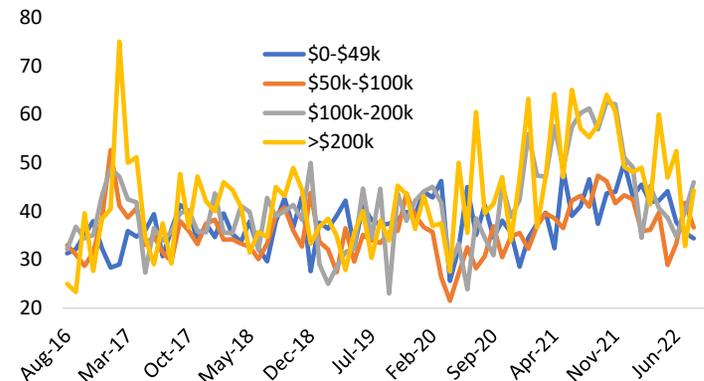
A record share of our respondents report that they are “living paycheck to paycheck”. We like this measure as a subjective assessment of economic well-being. Since income and wealth are correlated, we would expect higher income respondents to be less likely to report that they live paycheck to paycheck and that is indeed the case. As shown at right, for those with incomes north of \$200k, 34% report living paycheck to paycheck. That compares with roughly half of those with income between \$50k and \$200k, while fully two-thirds of those with <\$50k income report living paycheck to paycheck. As shown at right, the bottom two brackets are nearest to a record share of respondents report that they are living from one paycheck to the next.

During the pandemic, higher-income households generally reported higher income growth expectations compared to lower-income households. Over the last year or so, though, respondents report deteriorating income growth expectations across income brackets. As shown at right, that metric is basically back to normal across the entire income spectrum.

Share of respondents reporting they live paycheck to paycheck, by income (%)



Share of respondents reporting income growth over next 6 mos, by Income (%)

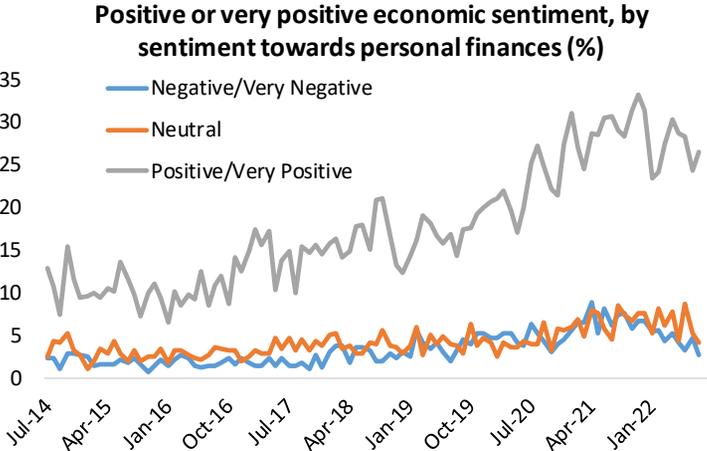


Key Takeaways: Sentiment

Finances

- Economic sentiment is in large part dictated by sentiment towards personal finances.

It should be no surprise that consumers tend to see their personal finances and the economy as related. Historically, having positive or very positive economic sentiment meant it was very likely a respondent had either positive or very positive economic sentiment. While at most 5% of those with neutral, negative, or very negative sentiment towards personal finances had positive economic sentiment. Conversely as much as one-third of those with positive or very positive sentiment towards personal finances had positive economic sentiment.



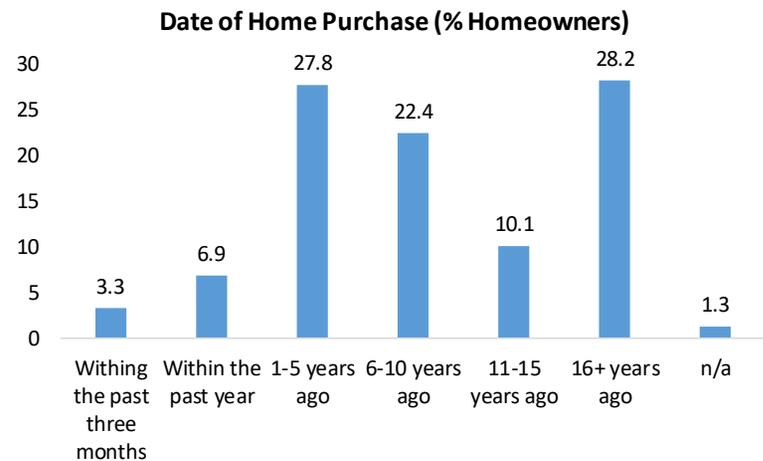
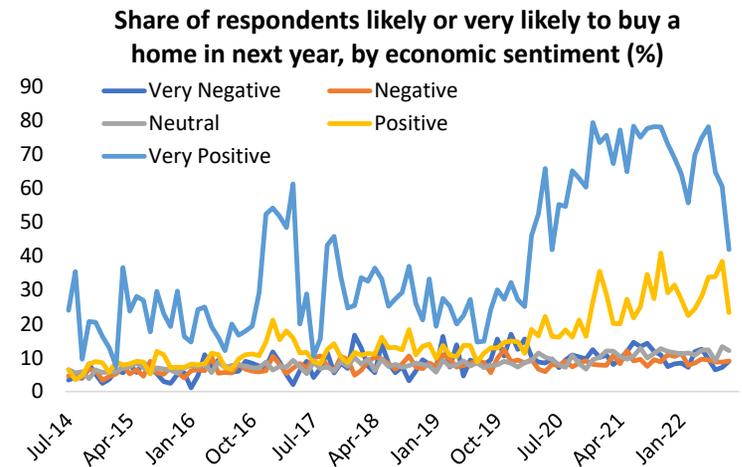
Key Takeaways: Sentiment

Housing

- Home buying intentions are very sensitive to economic sentiment, especially extreme positive sentiment.
- Roughly half of homeowners have owned their current home for 1-10 years.

It shouldn't surprise anyone that the more optimistic people feel about the economy (and therefore, as we showed earlier, their personal finances) the more likely they are to say they plan to buy a home. As shown in the chart at right, the share of those who feel "very positive" about the economy that expect to buy a home in the next year can get as high as 80%. It's more like one-quarter to one-third of those who are "positive". For all other assessments of the economy, only about 10% of respondents report they are likely or very likely to buy a home.

Respondents who do own homes tend to have been in them for quite a while. About 10% of respondents report that they purchased their home within the past year. Half of respondents have owned their home between 1 and 10 years, with the balance in place for more than a decade.



Key Takeaways: Sentiment

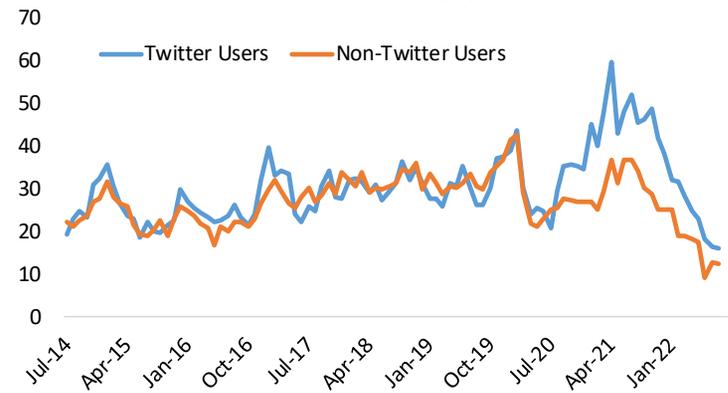
Key Takeaways

- *Contrary to our assumptions, Twitter users tend to report higher economic sentiment than non-Twitter users.*
- *Discretionary spending is influenced by equity market views.*

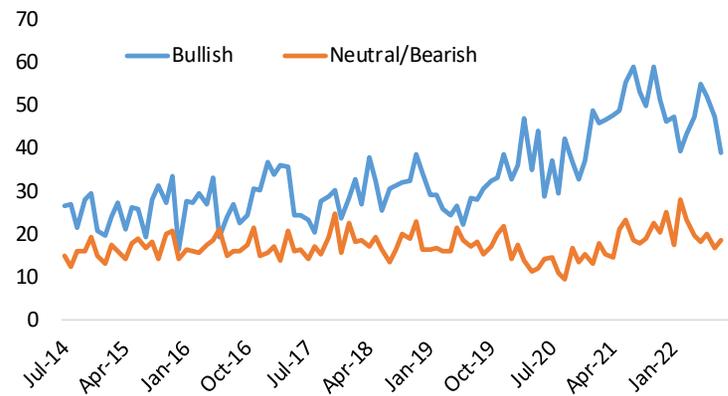
It's hard to scroll through Twitter without coming across an absolute tidal wave of bearish economic commentary from pundits and analysts. Fear sells and gets more attention than less hyperbolic commentary, and it's always easy to see that if you spend a lot of time in certain quarters of Twitter. Surprisingly, though, our data shows Twitter users tend to have either in-line or sometimes *more* positive economic sentiment than non-Twitter users among our respondents.

Turning to stock markets, one plausible way that tighter financial conditions can lower demand is by making consumers feel less well-off. Among those who have a bullish stock market view, roughly half expect to increase discretionary spending in the coming months. Conversely, less than 20% of those who are either neutral or bearish expect to raise spending. This is the wealth effect at work: lower asset prices make people feel worse off, and that leads to declines in spending versus the counterfactual of higher stock prices.

% Positive or very positive economic sentiment, by Twitter use (%)



% Increasing spending plans, by stock market view (%)



Key Takeaways: Sentiment

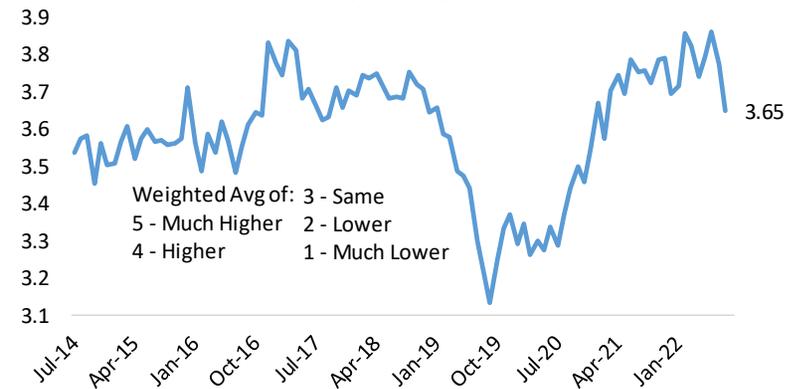
Key Takeaways

- Despite the surge in short-term interest rates and long-term rates trading near their highs, respondents are walking back rate expectations.
- Fewer respondents report paying attention to the market.

While our respondents still expect interest rates to rise, the degree of rate increase expectations has fallen sharply and is at the lowest levels of the past year and a half. That's despite the fact that the Federal Reserve and Treasury markets remain bent on higher rates from here. While rates did lurch lower from June through early August, 10-year rates are near 3.2% and climbing, higher than all but a few periods this cycle. It's surprising to see our respondents fading the market to such a large degree but fading it they are.

We also note that fewer respondents are paying attention to the stock market. Less than two-thirds of respondents report following the stock market "on a regular basis"; that's the lowest since the pandemic began and unwinds a surge in retail interest that brought with it aggressive retail trading across cash and options markets over the course of the last couple years.

Expectations for Interest Rates One Year From Now (Tracker)

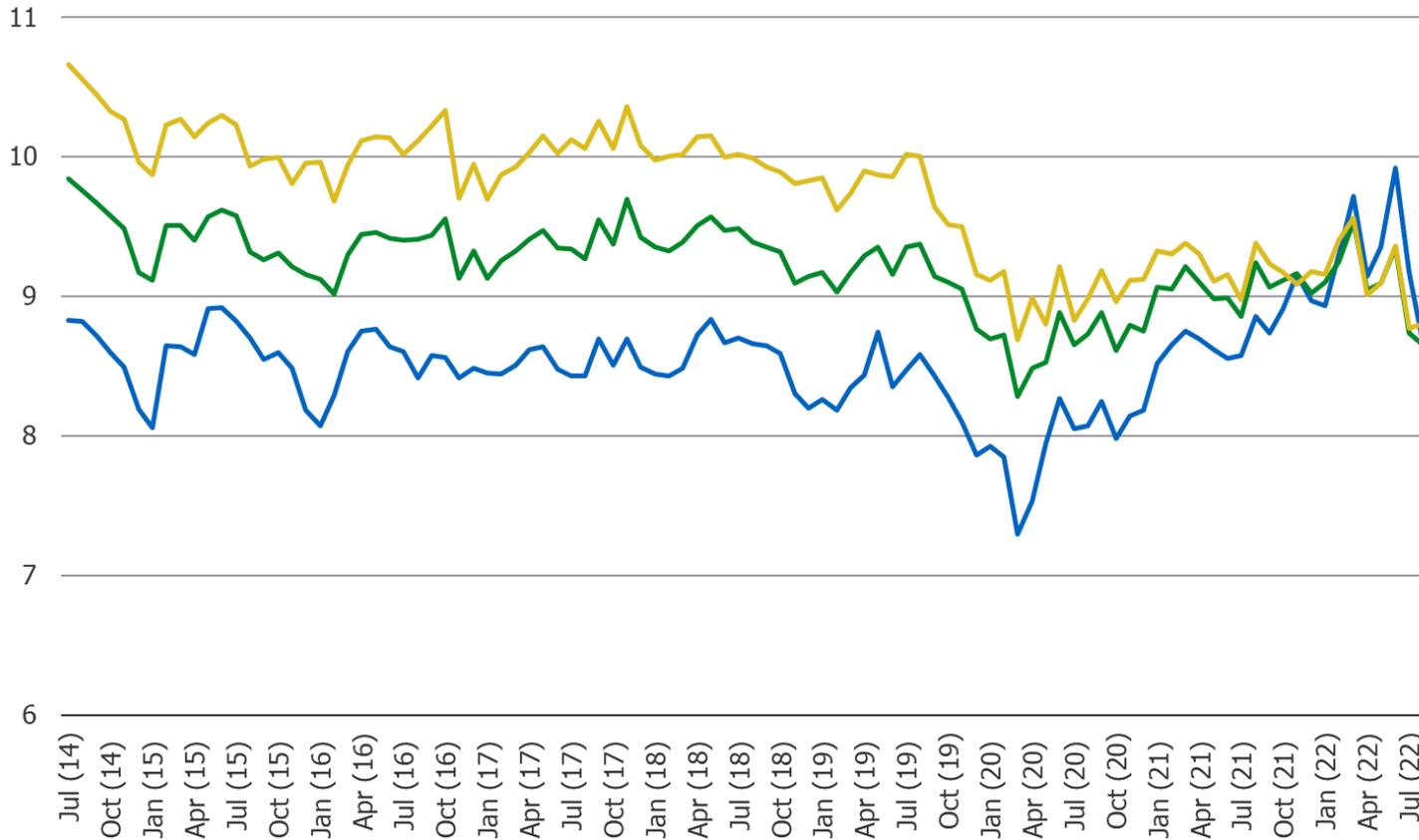


Do You Follow The Stock Market On A Regular Basis? (% Respondents)



Consumer Macro – Spending, Sentiment, and Finances

How do you think prices for most goods and services will change in the future?

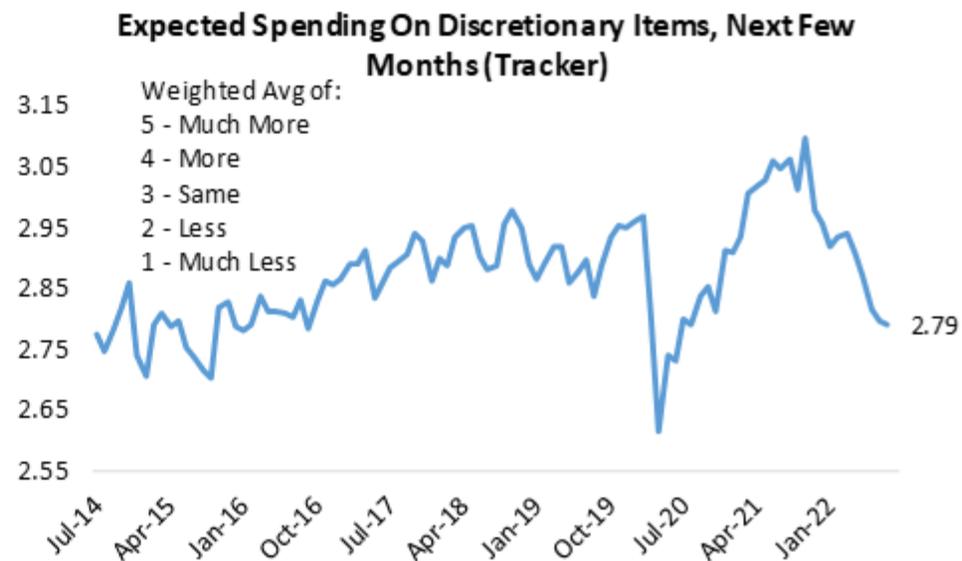
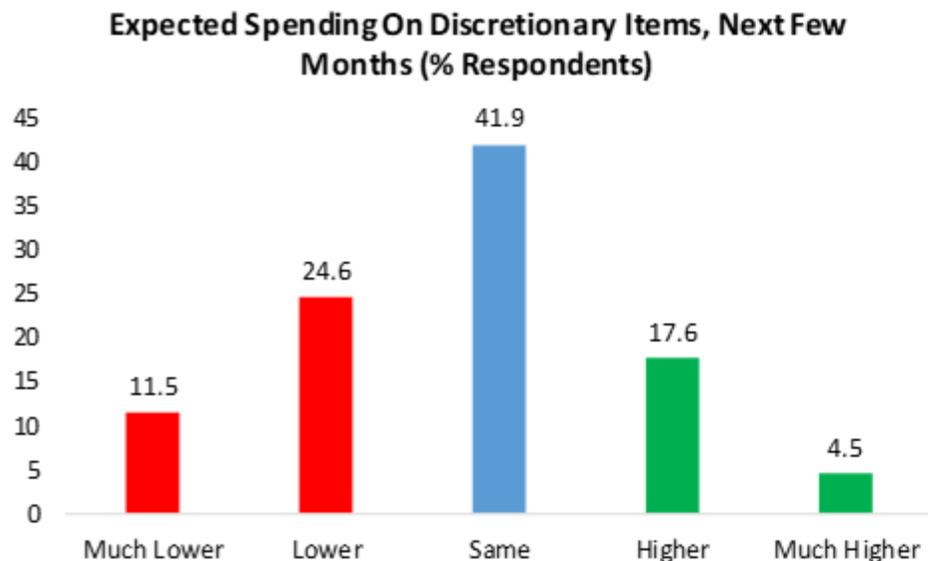


Answer Key For Weighted Avg.

- 1 = Down 15% or More
- 2 = Down 10-14%
- 3 = Down 6-9%
- 4 = Down 5%
- 5 = Down 3-4%
- 6 = Down 1-2%
- 7 = Same
- 8 = Up 1-2%
- 9 = Up 3-4%
- 10 = Up 5%
- 11 = Up 6-9%
- 12 = Up 10-14%
- 13 = Up 15% or more

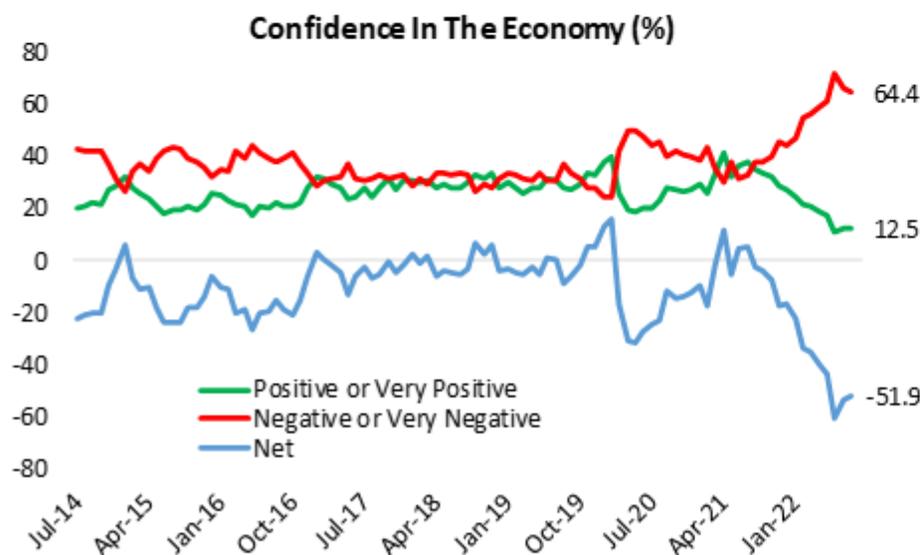
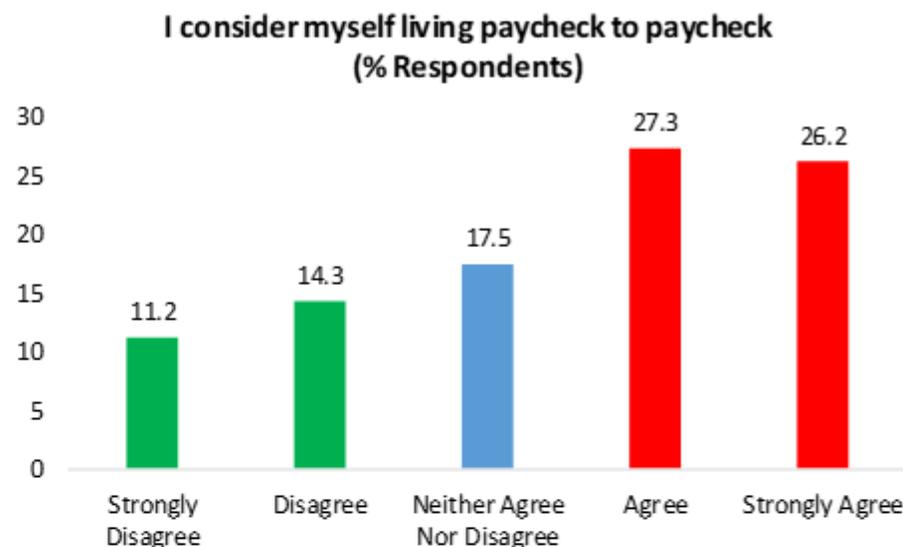
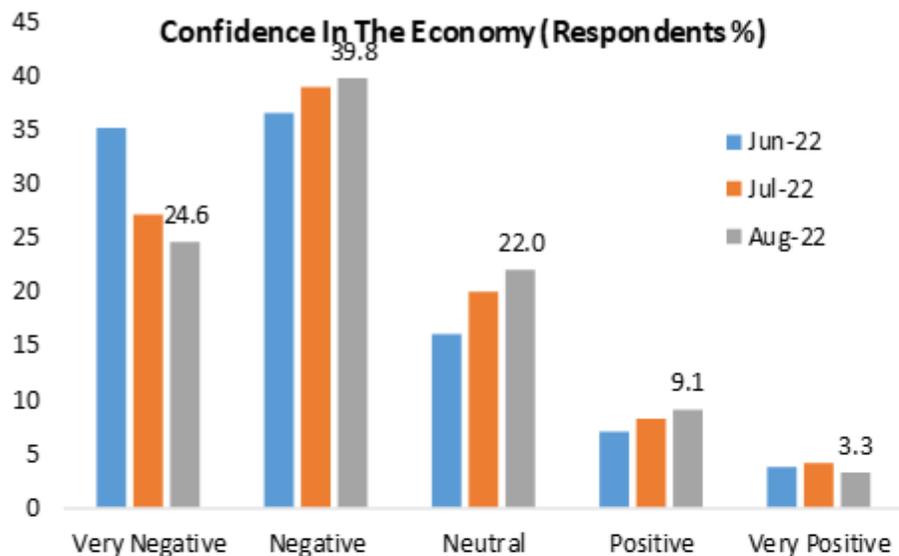
*Note – most recent data point in chart(s) recorded in August of 2022

Discretionary Spending Plans (Expected Spending Over the Next Few Months)



*Note – most recent data point in chart(s) recorded in August of 2022

Consumer Confidence



*Note – most recent data point in chart(s) recorded in August of 2022

Employment

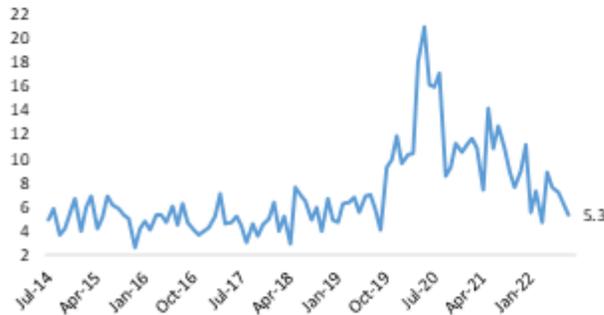
Employment Status (% Respondents)



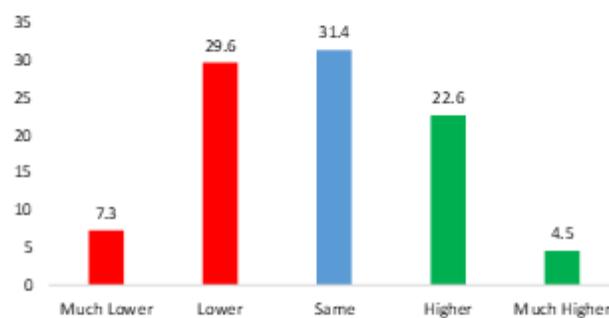
Employment Status (% Respondents)



Filed For Unemployment Assistance In Past Month (% Not Employed)



Expectations For US Unemployment Level One Year From Now (% Respondents)



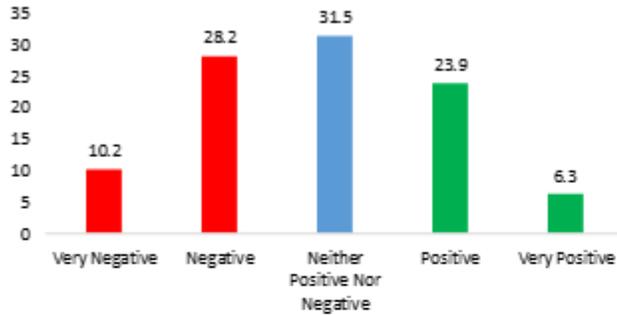
Expectations For US Unemployment Level One Year From Now (Tracker)



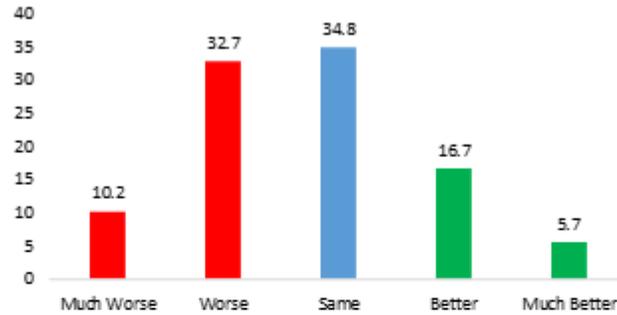
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Personal Finances

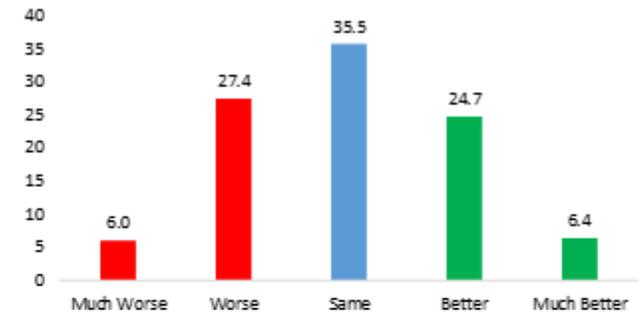
Current Feelings Towards Personal Finances (% Respondents)



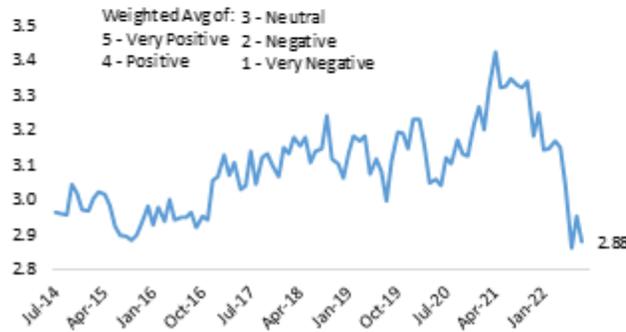
Feelings Towards Personal Finances vs Year Ago (% Respondents)



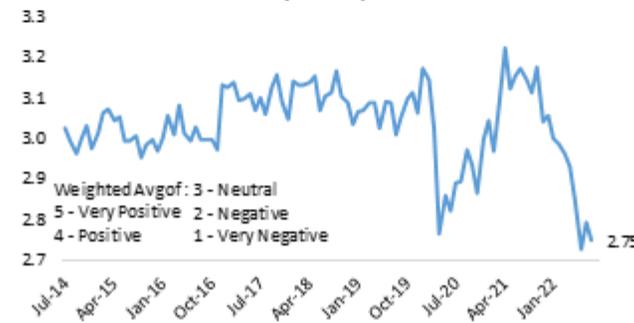
Financial Condition Compared to the Average Person (% Respondents)



Current Feelings Towards Personal Finances (Tracker)



Feelings Towards Personal Finances vs Year Ago (Tracker)



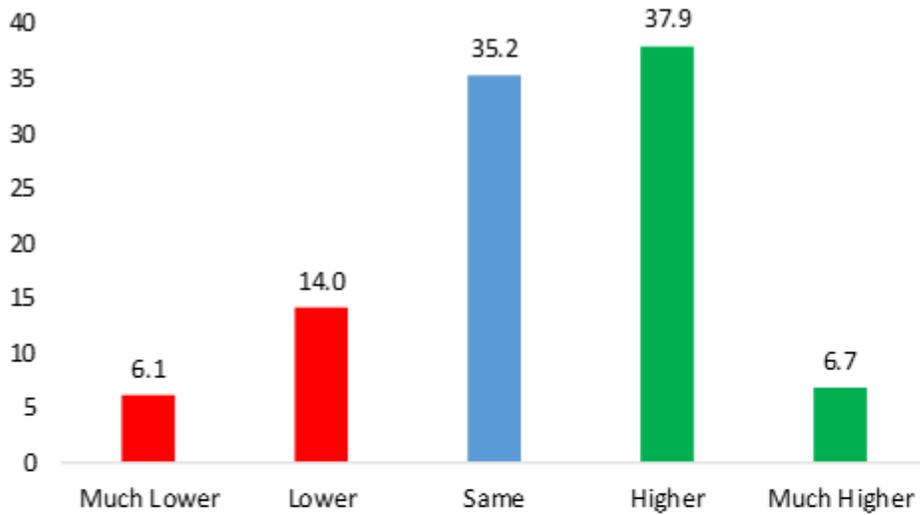
Financial Condition Compared to the Average Person (Tracker)



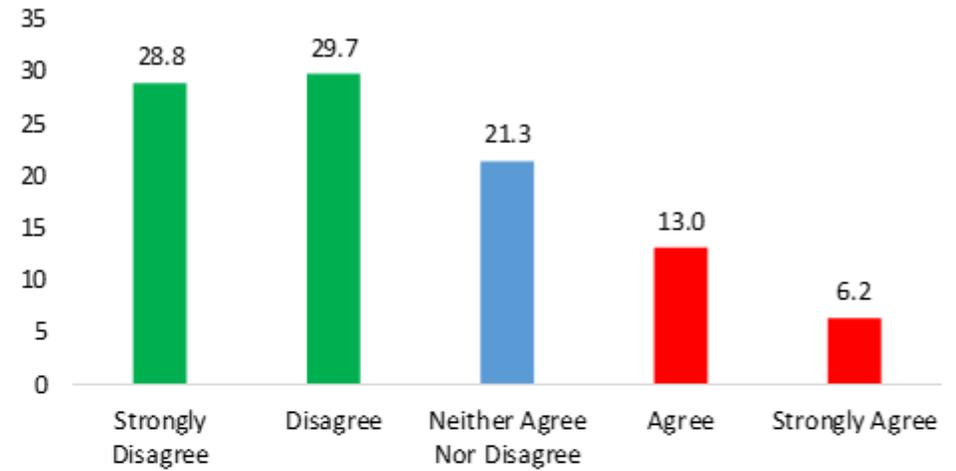
*Note – most recent data point in chart(s) recorded in August of 2022

Income and Job Security

Current Income vs 1 Year Ago (% Respondents)



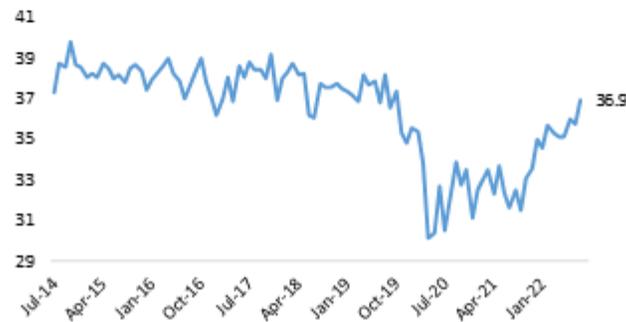
"I am concerned that I will lose my job" (% Respondents)



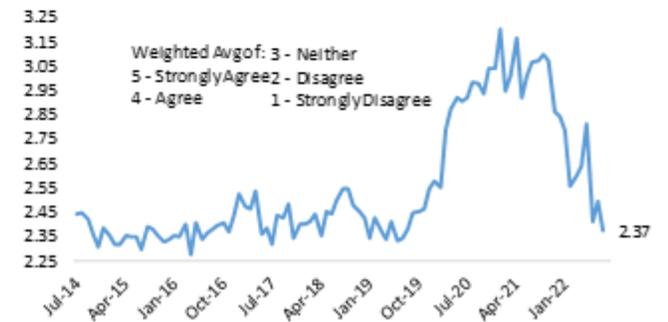
Current Income vs Year Ago (Tracker)



Hours Worked (Average)



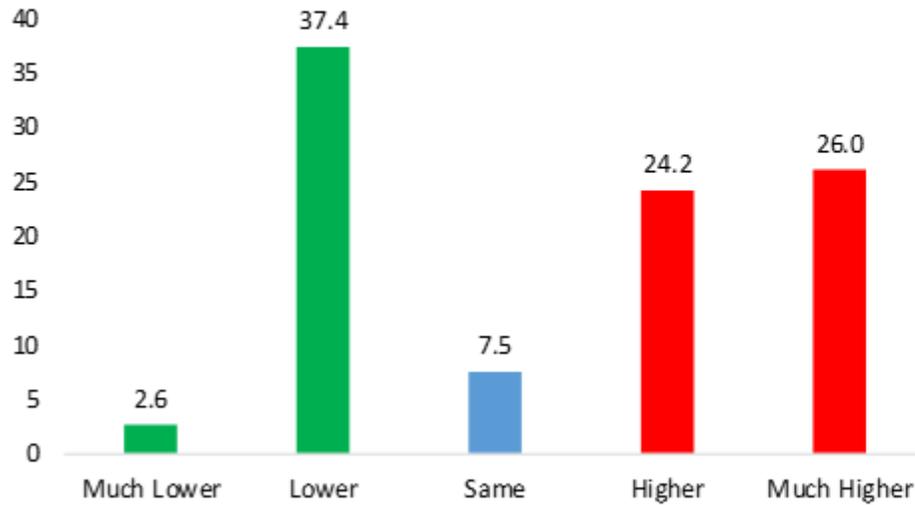
"I am concerned that I will lose my job" (Tracker)



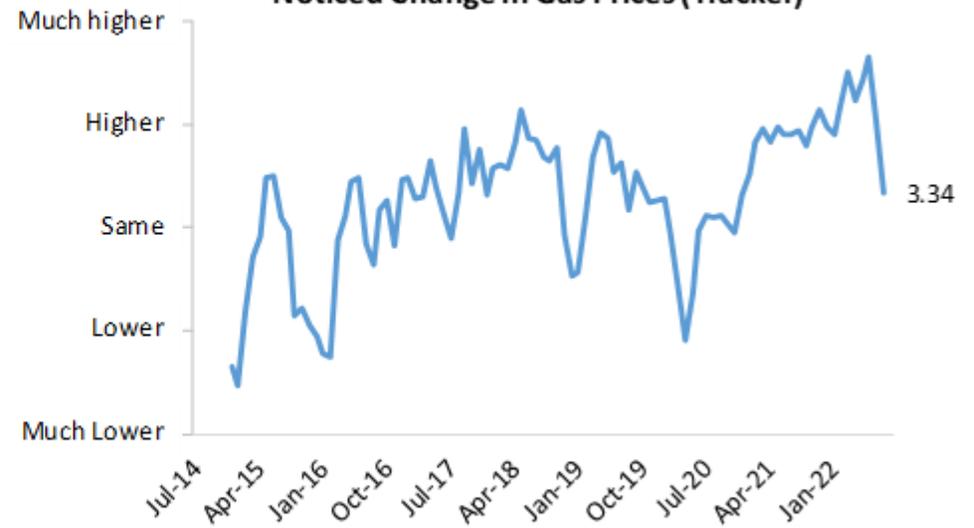
*Note – most recent data point in chart(s) recorded in August of 2022

Gas Prices

Noticed Change In Gas Prices (% Respondents)



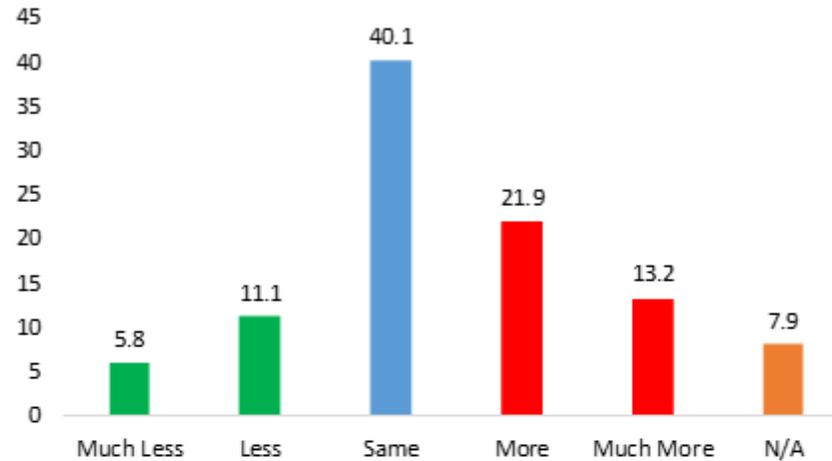
Noticed Change In Gas Prices (Tracker)



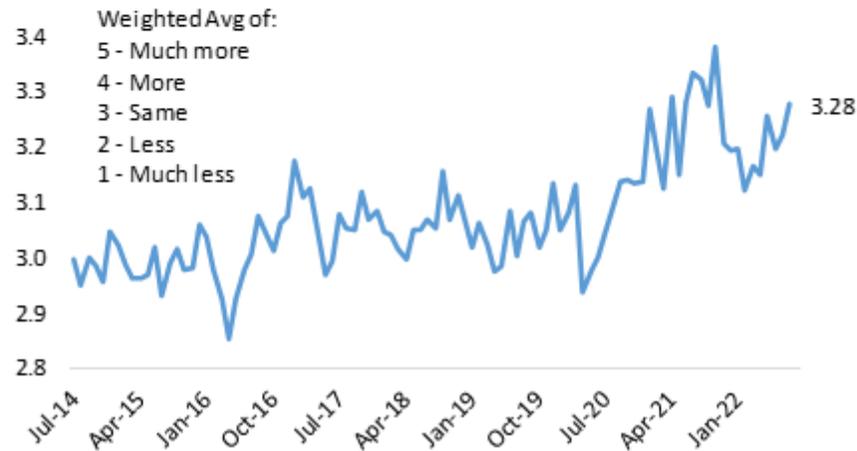
*Note – most recent data point in chart(s) recorded in August of 2022

Credit Card Debt

Credit Card Debt vs Year Ago (% Respondents)

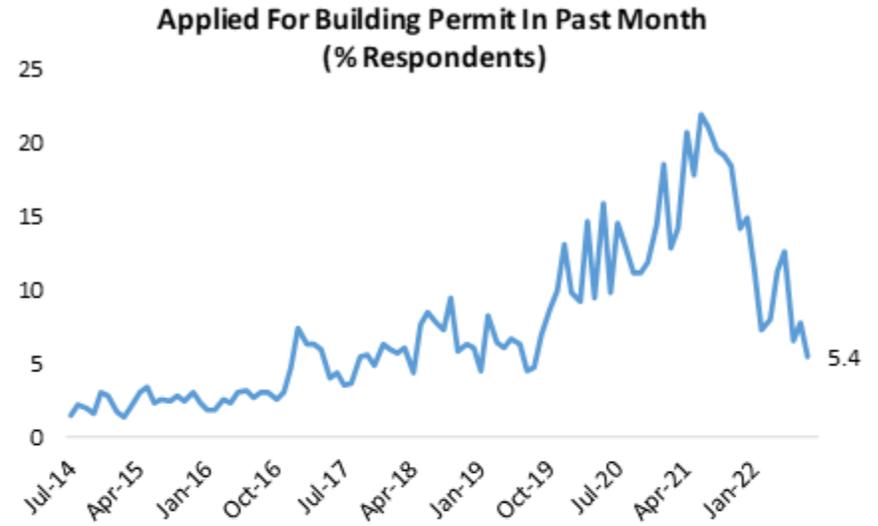
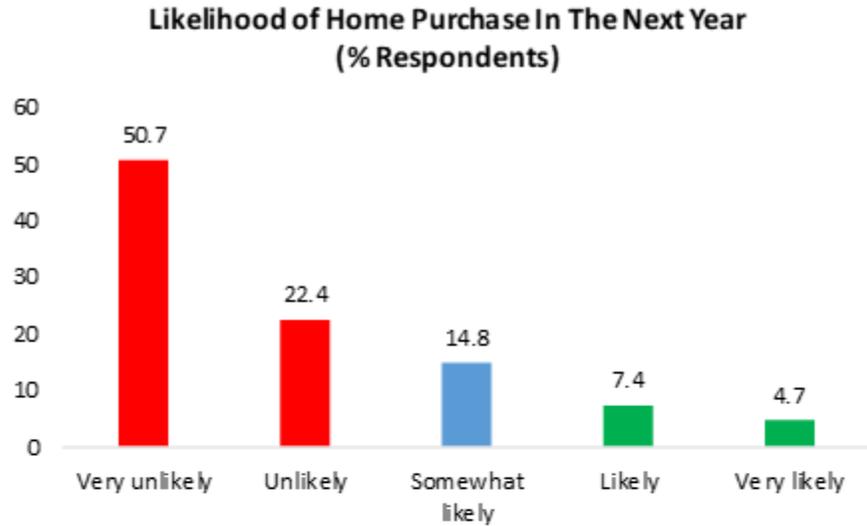


Credit Card Debt vs Year Ago (Tracker)



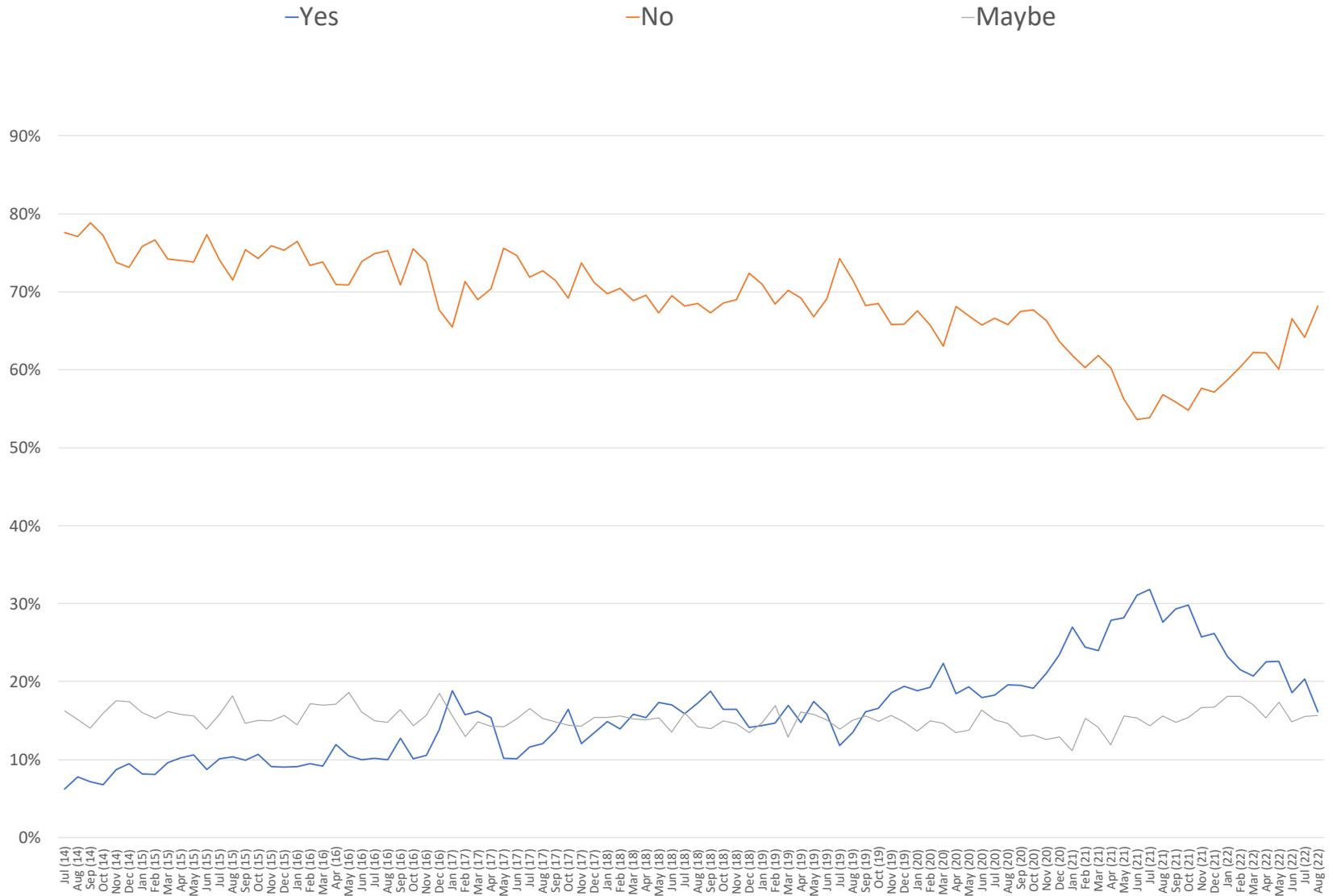
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Future Home Purchases



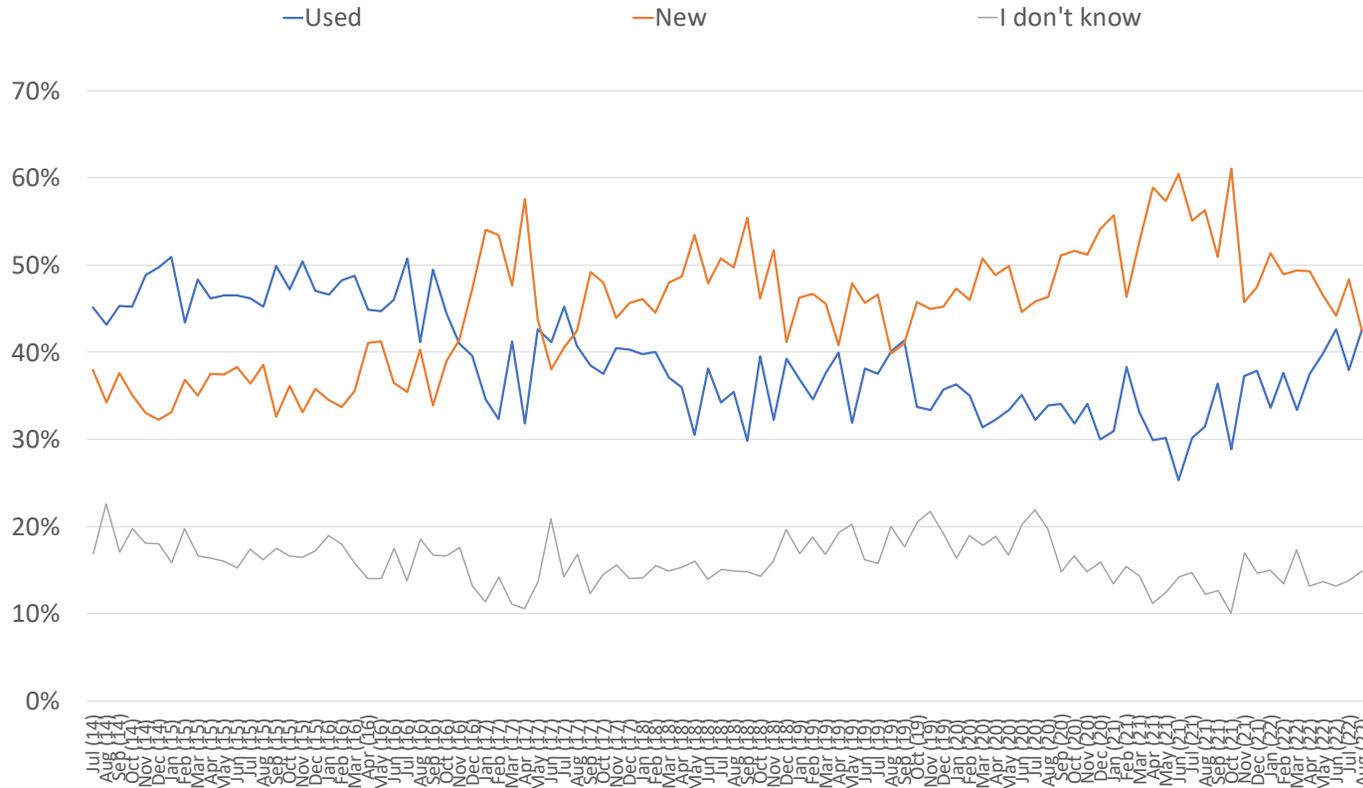
*Note – most recent data point in chart(s) recorded in August of 2022

Likelihood of purchasing/leasing a vehicle in the next 6 months.



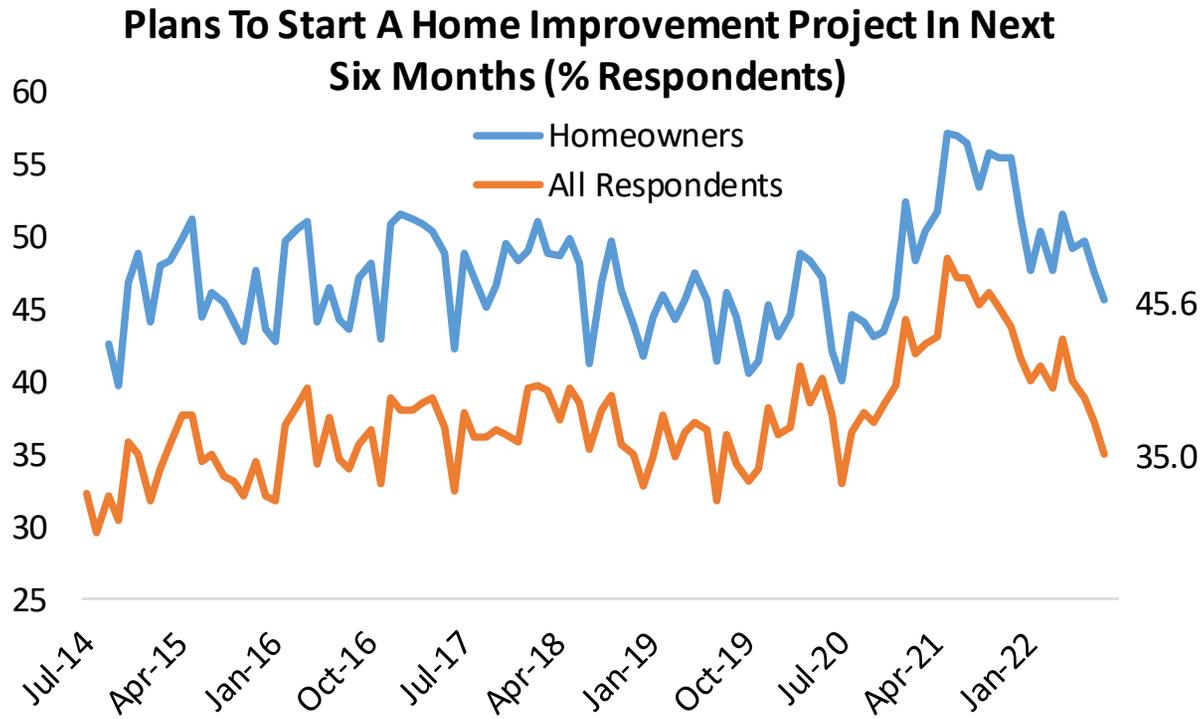
*Note – most recent data point in chart(s) recorded in August of 2022

Replied Yes or Maybe About Getting a Vehicle: Would you be more likely to buy new or used?



*Note – most recent data point in chart(s) recorded in August of 2022

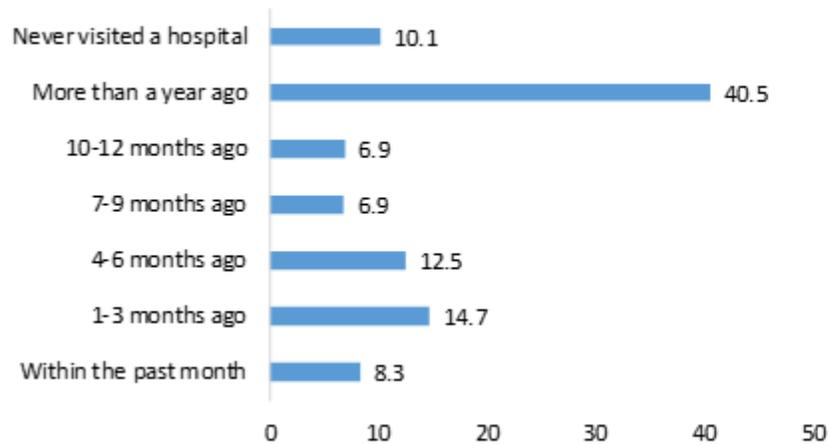
Home Improvement



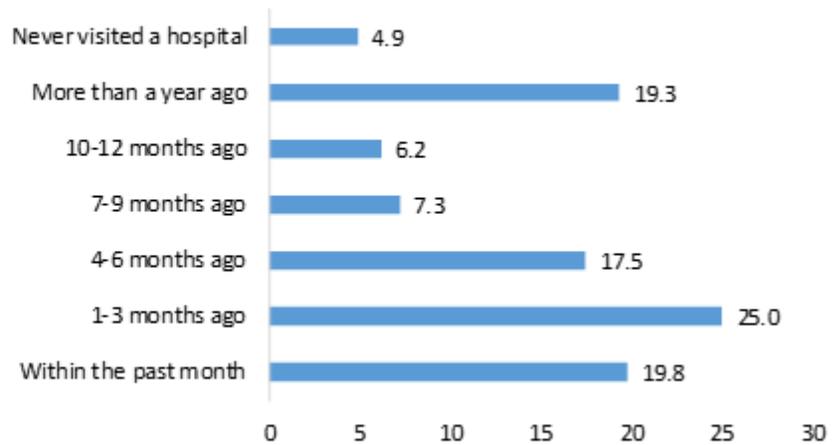
*Note – most recent data point in chart(s) recorded in August of 2022

Healthcare Utilization

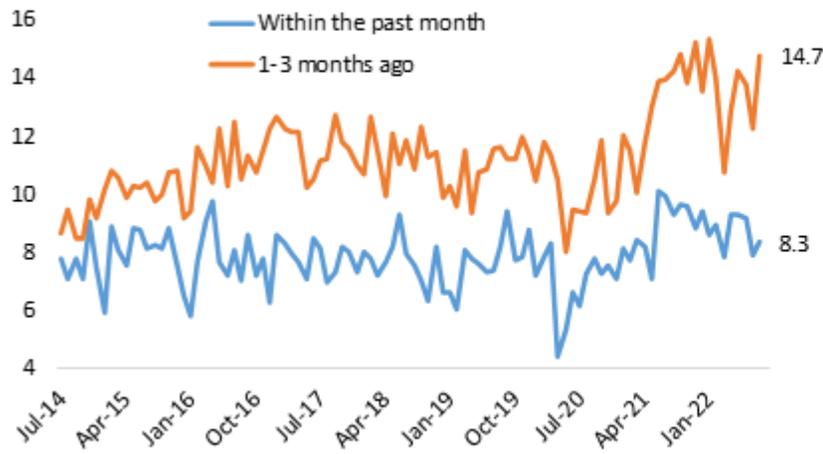
Last Hospital Visit (% Respondents)



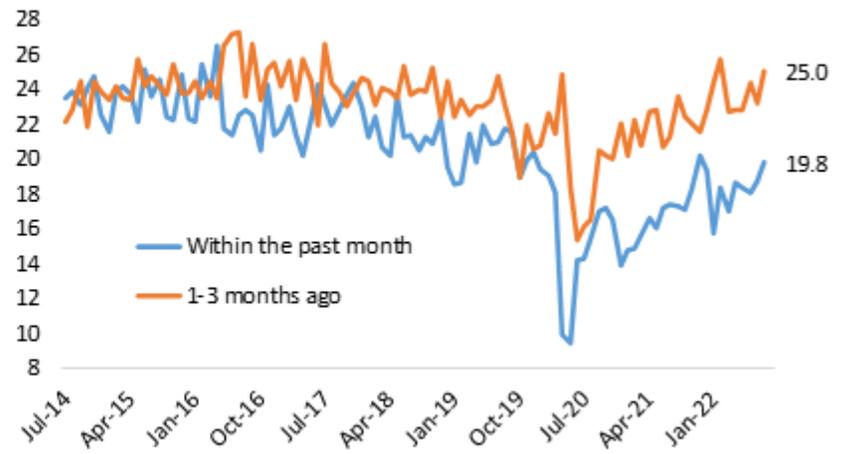
Last Doctor's Visit (% Respondents)



Last Hospital Visit (% Respondents)



Last Doctor's Visit (% Respondents)



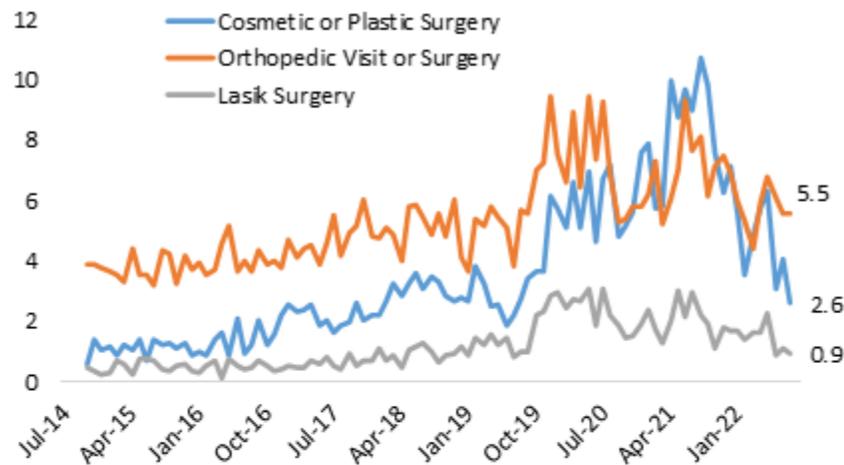
*Note – most recent data point in chart(s) recorded in August of 2022

Healthcare Procedures

Dental Visit: Past Month (% Respondents)



Elective Surgery: Past Month (% Respondents)



None Of The Above: Past Month (% Respondents)

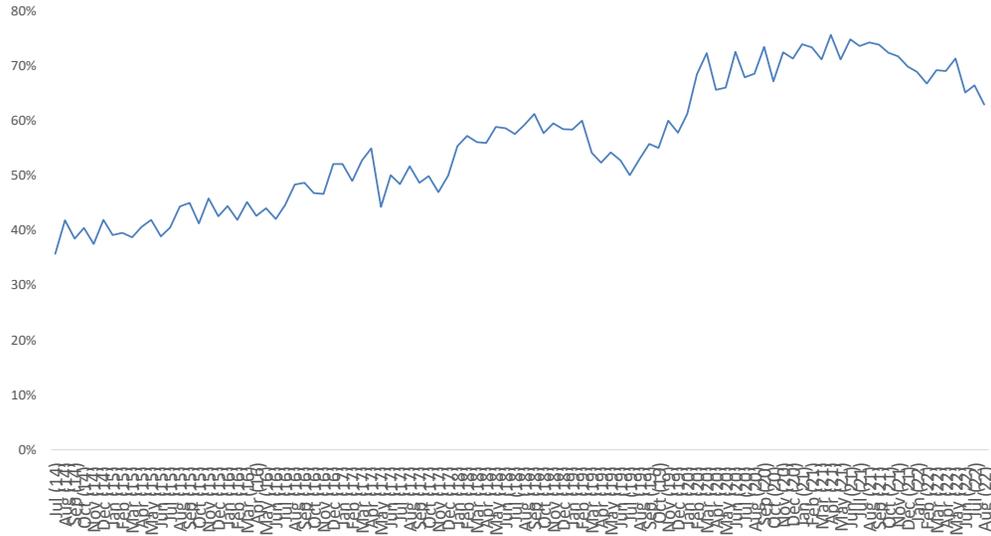


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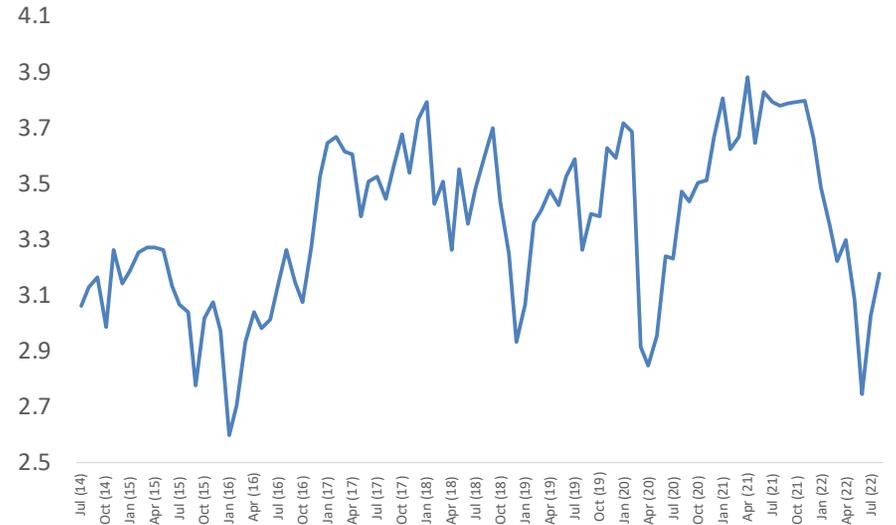
Investors

Investor Stock Market View

Follows Stock Market On A Regular Basis? (%)



Current View of Stock Market (Tracker)

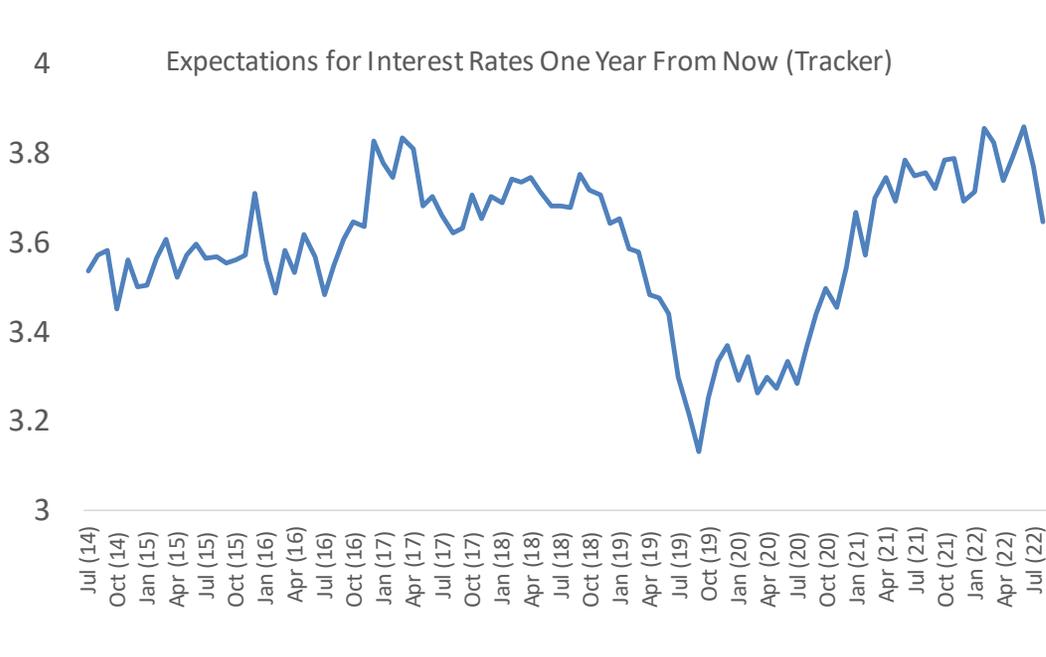


Answer Key For Weighted Avg.

- 1 = Very Negative
- 2 = Negative
- 3 = Neutral
- 4 = Positive
- 5 = Very Positive

*Note – most recent data point in chart(s) recorded in August of 2022

Investors: Interest Rates and Risk Tolerance



Answer Key For Weighted Avg.

- 1 = Much Lower
- 2 = Lower
- 3 = Same
- 4 = Higher
- 5 = Much Higher

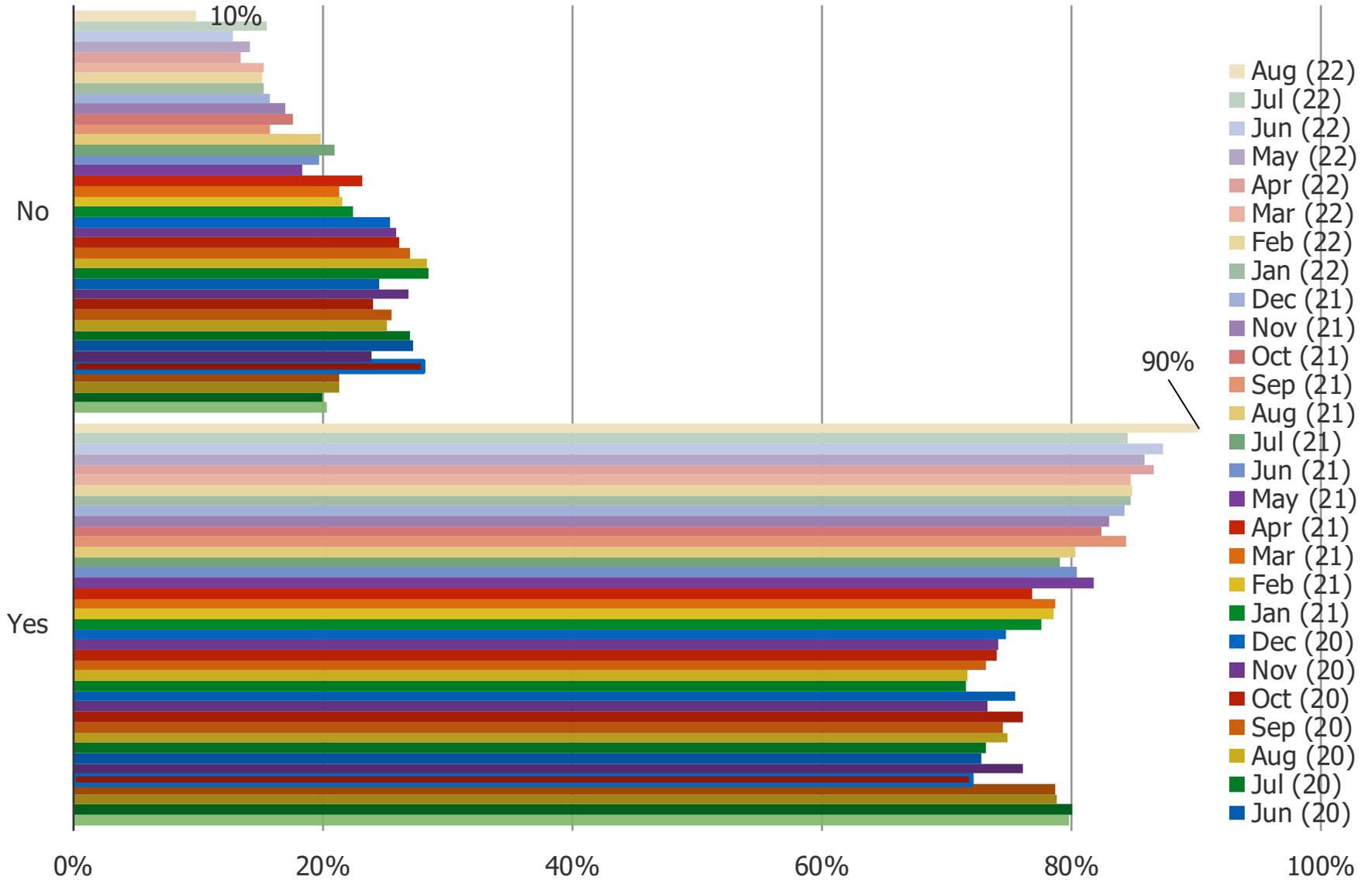


Answer Key For Weighted Avg.

- 1 = Much Lower
- 2 = Lower
- 3 = Same
- 4 = Higher
- 5 = Much Higher

*Note – most recent data point in chart(s) recorded in August of 2022

% of Consumers Aware of Bitcoin



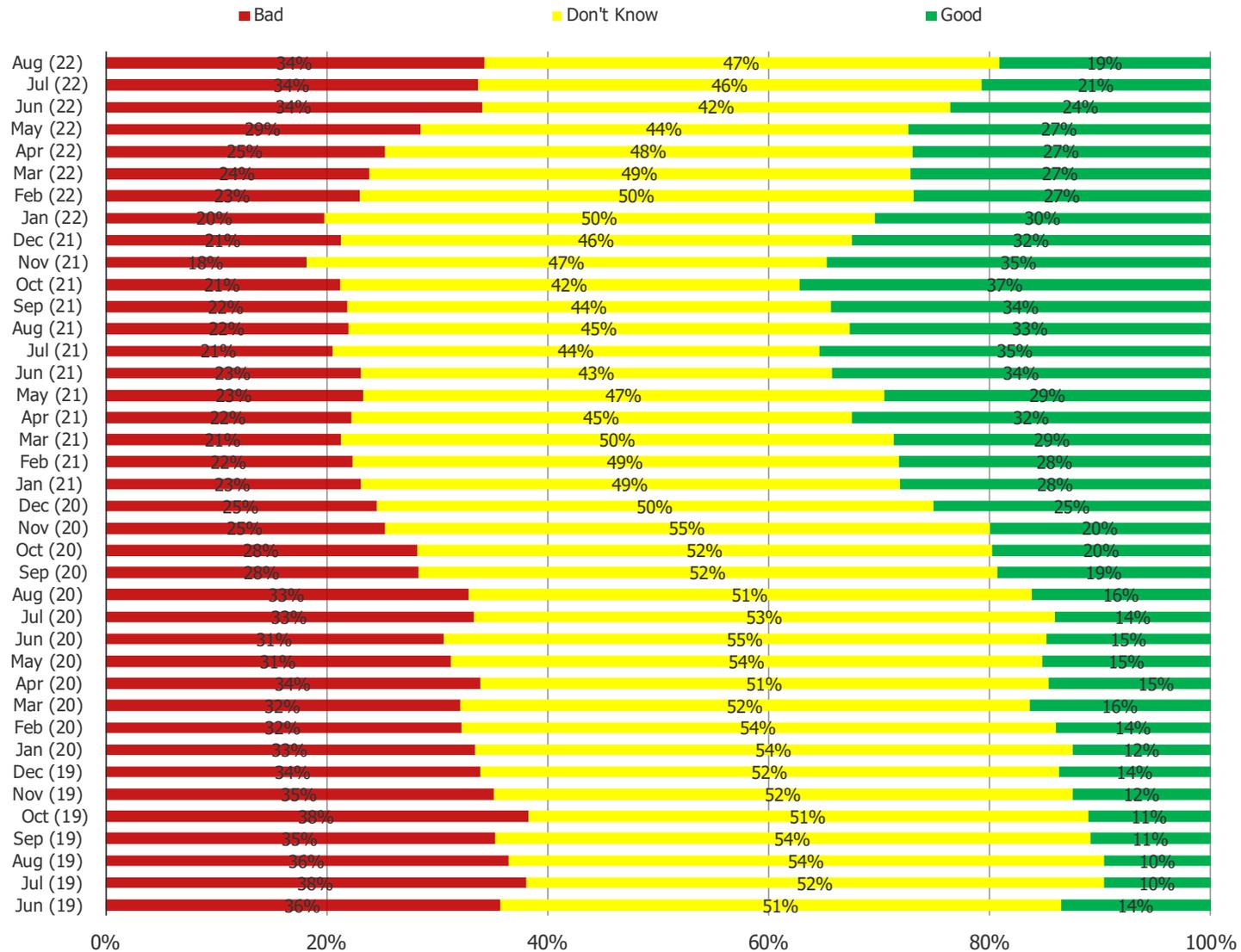
*Note – most recent data point in chart(s) recorded in August of 2022

Among those aware of Bitcoin: Are you interested in buying Bitcoin?



*Note – most recent data point in chart(s) recorded in August of 2022

Among those aware of Bitcoin: Do you think Bitcoin would be a good or bad investment right now?

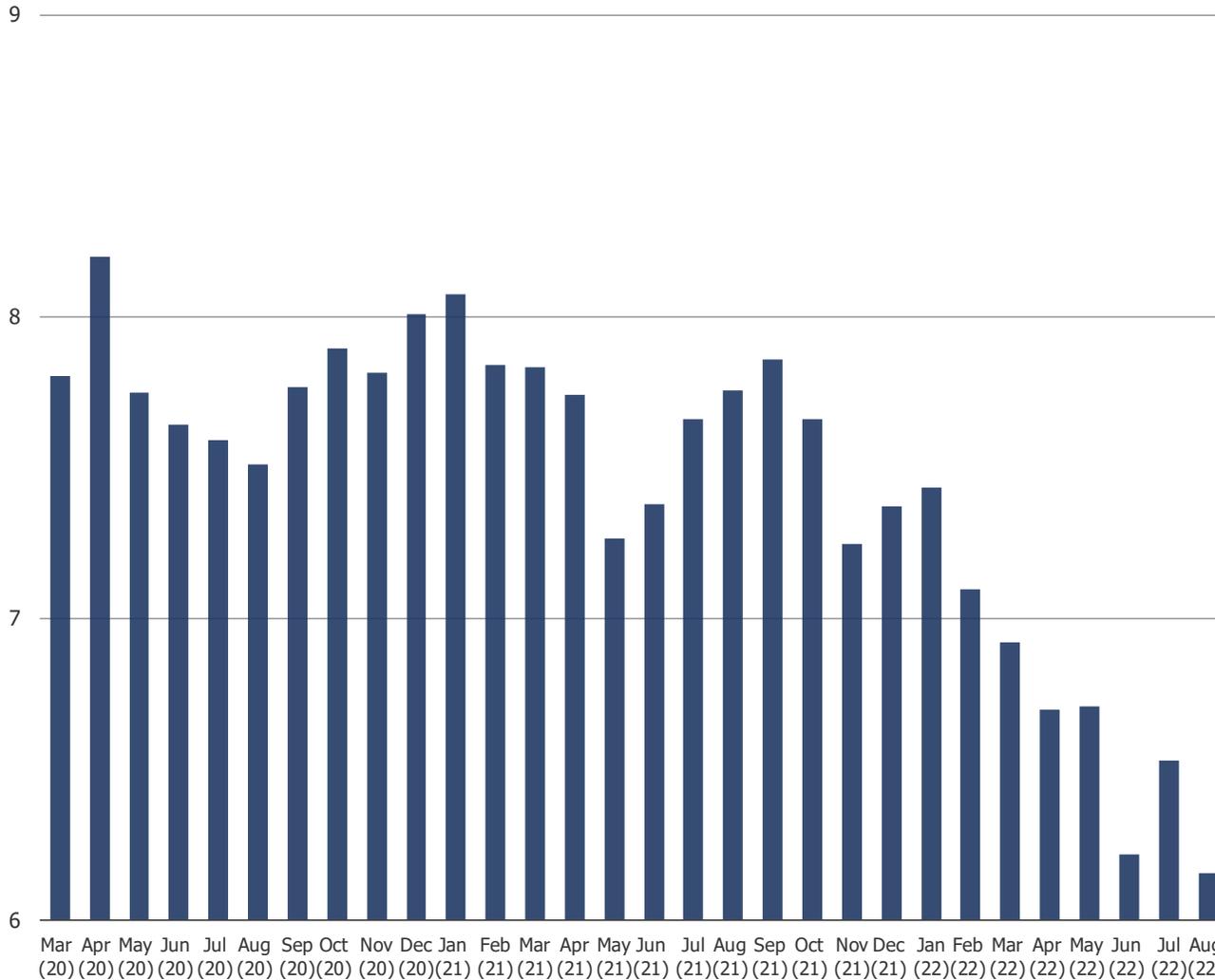


*Note – most recent data point in chart(s) recorded in August of 2022

Covid

Please rate your level of concern with the Coronavirus (also being referred to as Covid-19 or the Novel Coronavirus).

POSED TO ALL RESPONDENTS

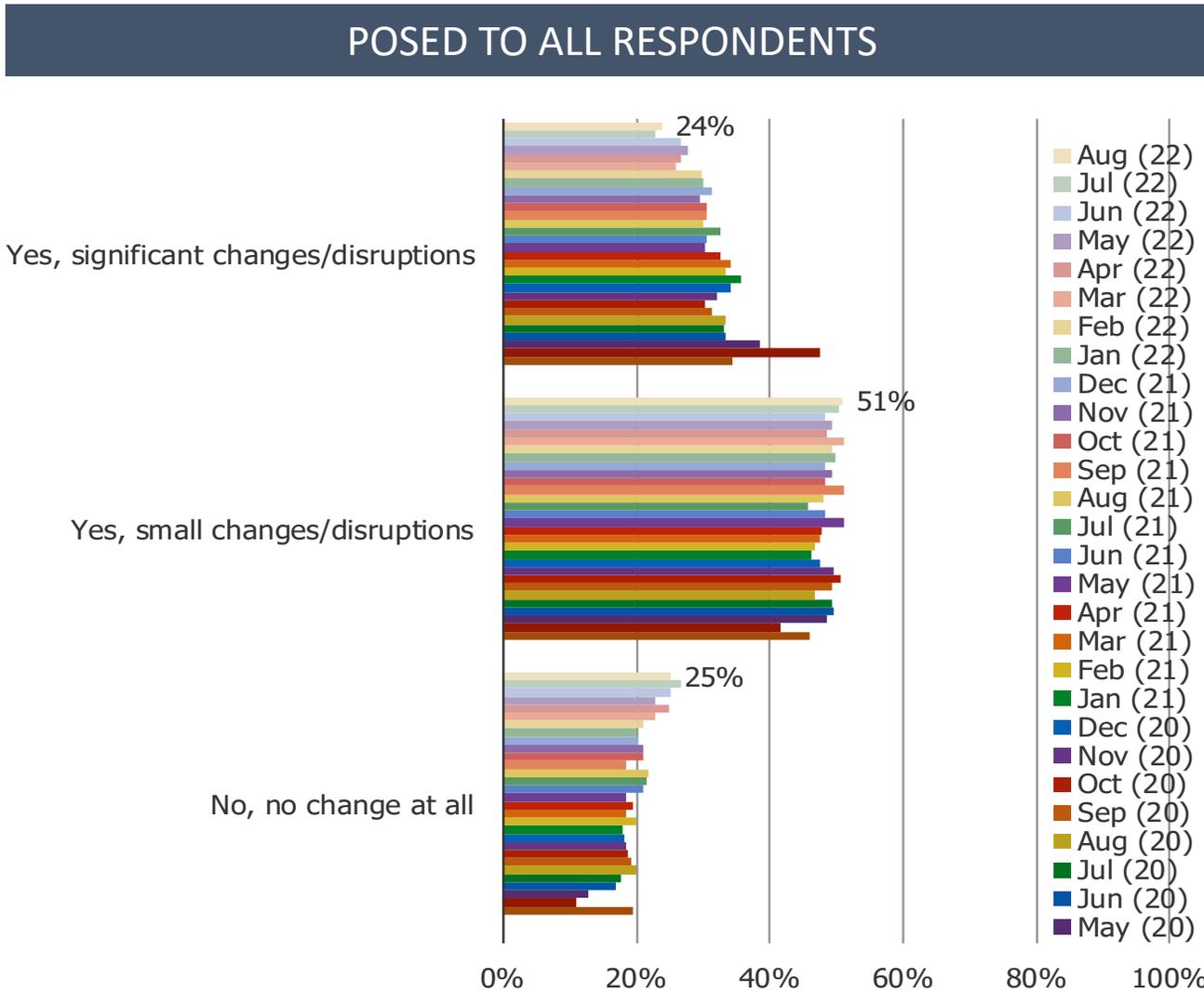


Answer Key For Weighted Avg.

- 1 = Not at all Concerned
- 2
- 3
- 4
- 5
- 6 = Somewhat Concerned
- 7
- 8
- 9
- 10
- 11 = Extremely Concerned

*Note – most recent data point in chart(s) recorded in August of 2022

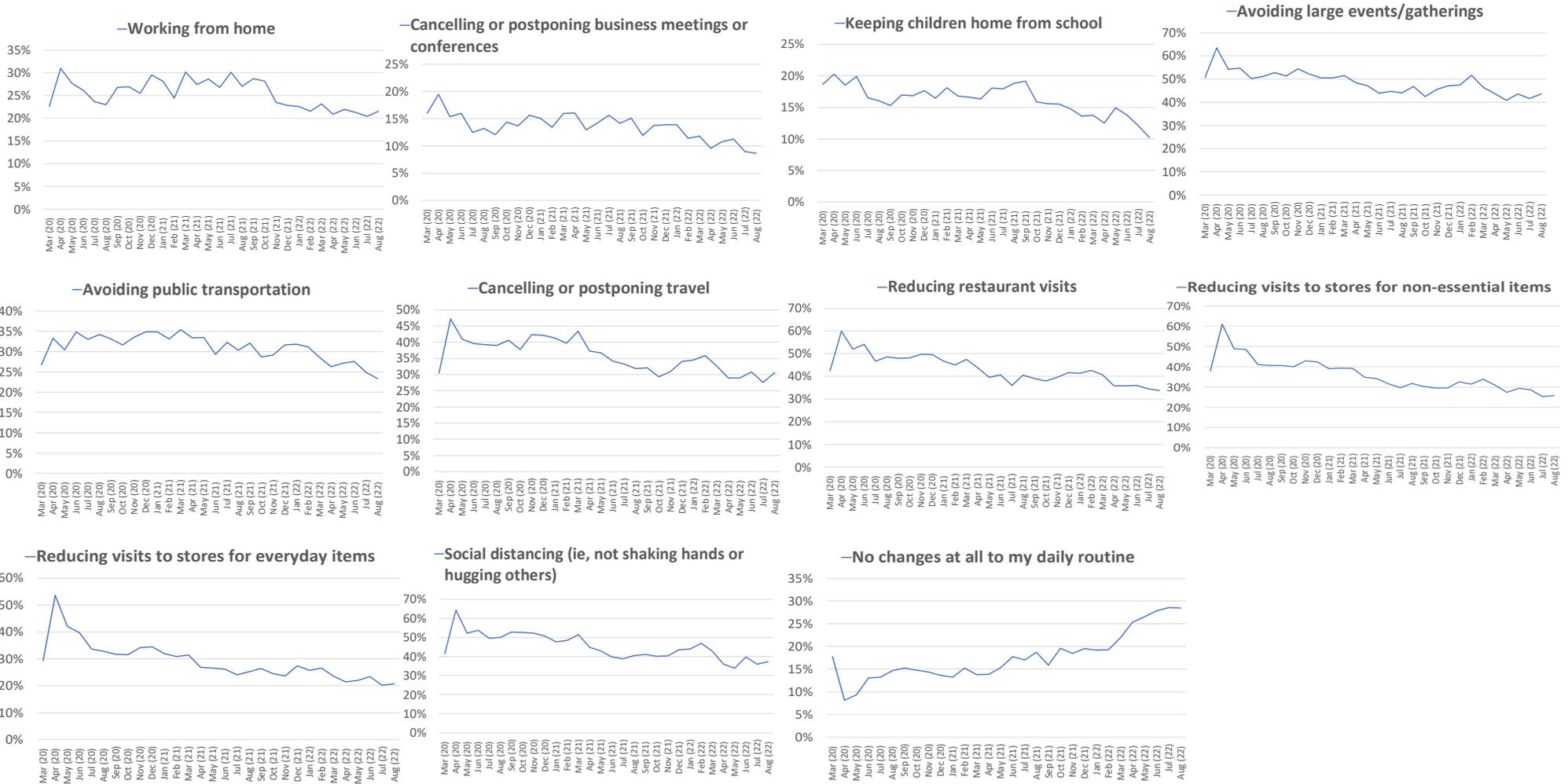
Has the Coronavirus / Covid-19 caused any change or disruption to your life?



*Note – most recent data point in chart(s) recorded in August of 2022

Have you made any changes at all to avoid catching the Coronavirus? (Select ALL)

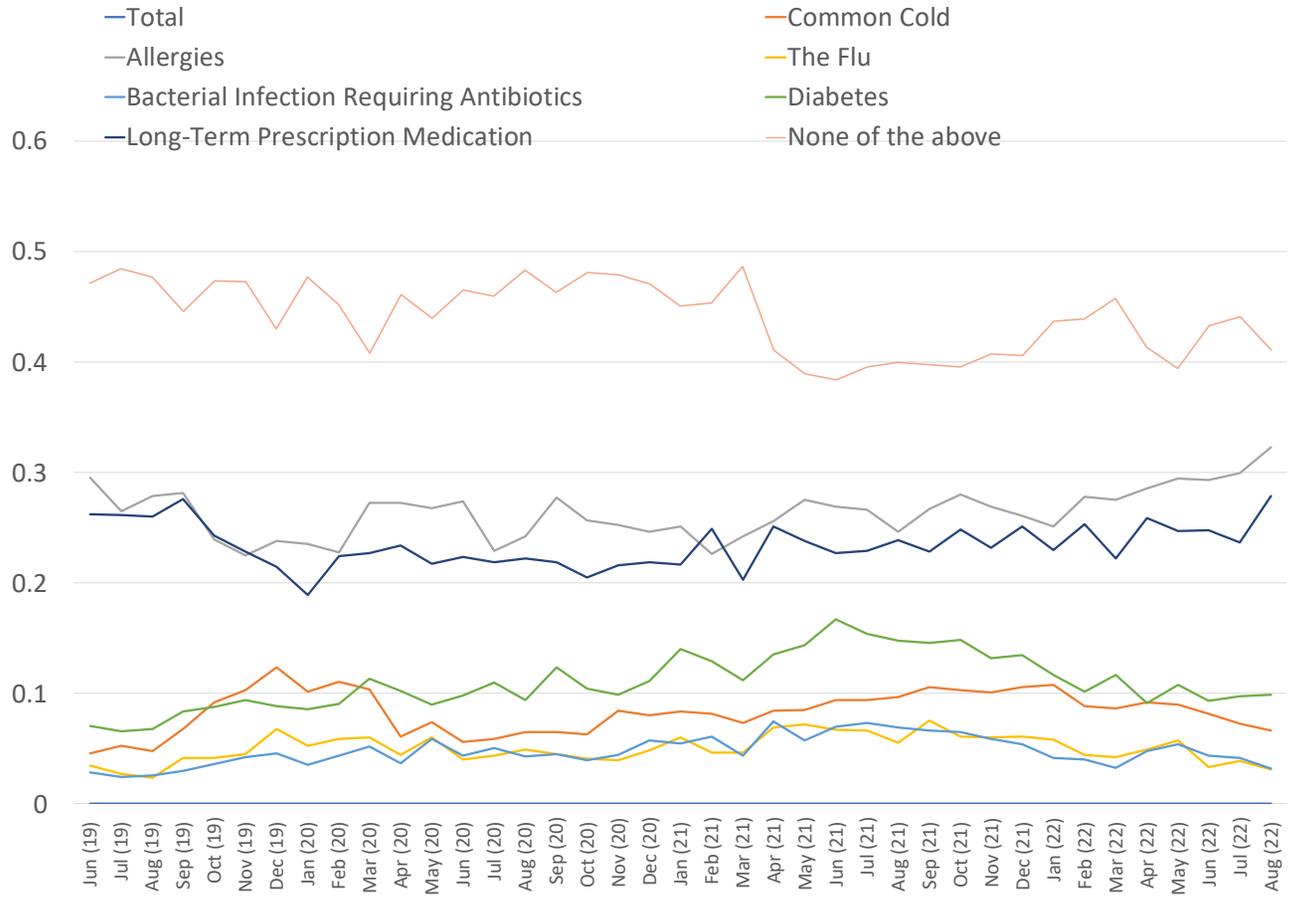
POSED TO ALL RESPONDENTS



*Note – most recent data point in chart(s) recorded in August of 2022

Do you currently have any of the following?

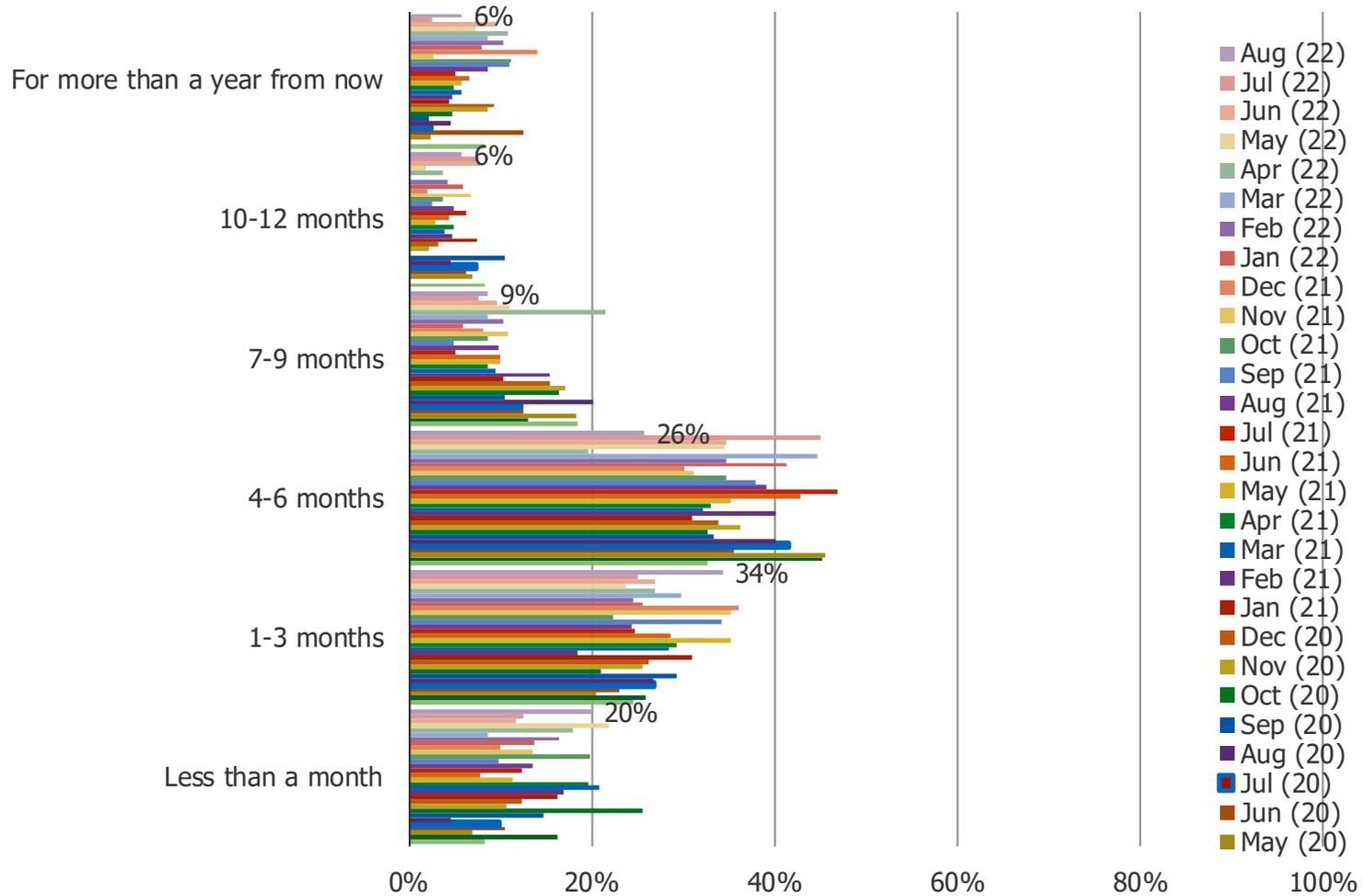
ALL RESPONDENTS



*Note – most recent data point in chart(s) recorded in August of 2022

For how long do you anticipate Coronavirus will be a concern?

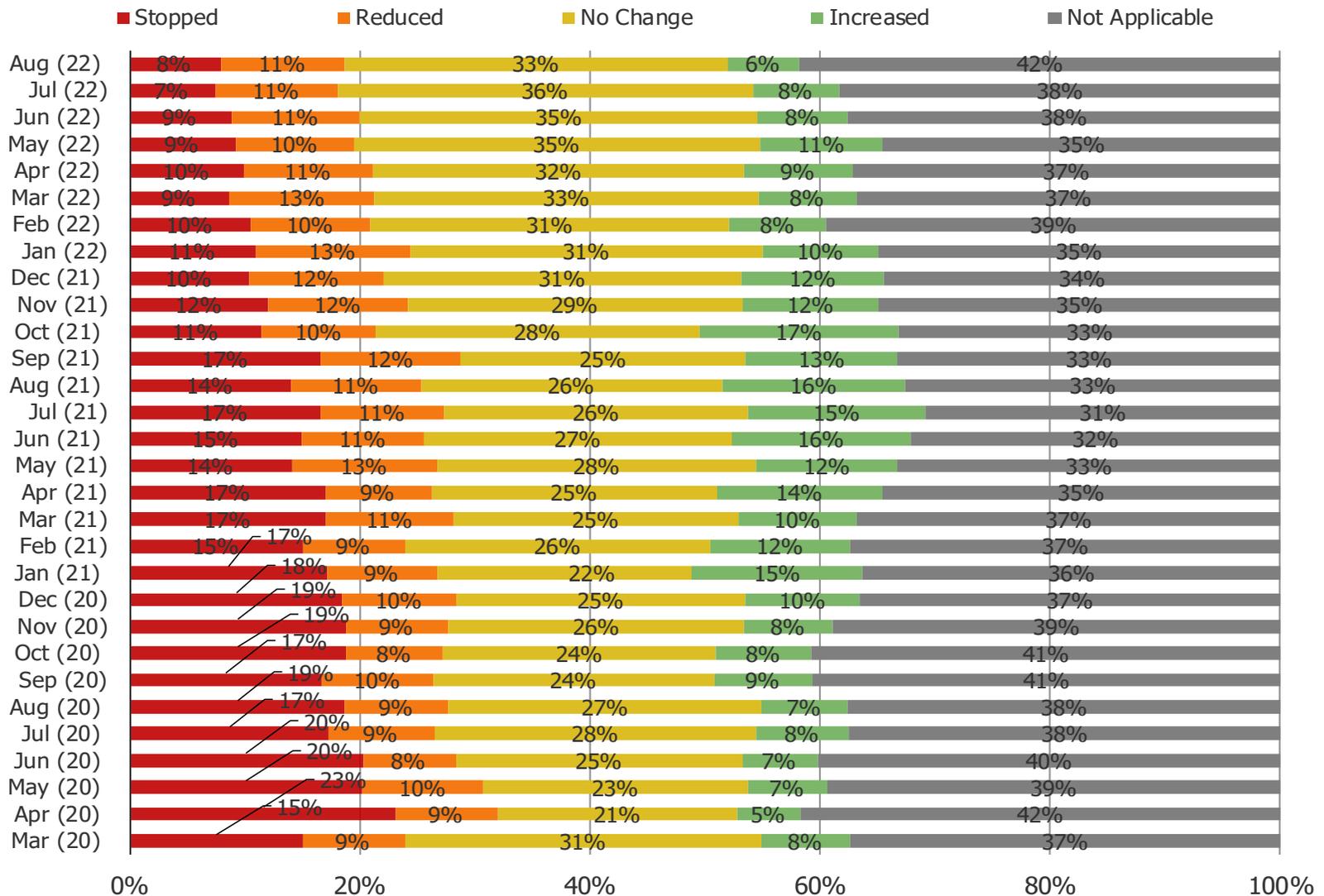
POSED TO ALL RESPONDENTS



*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)

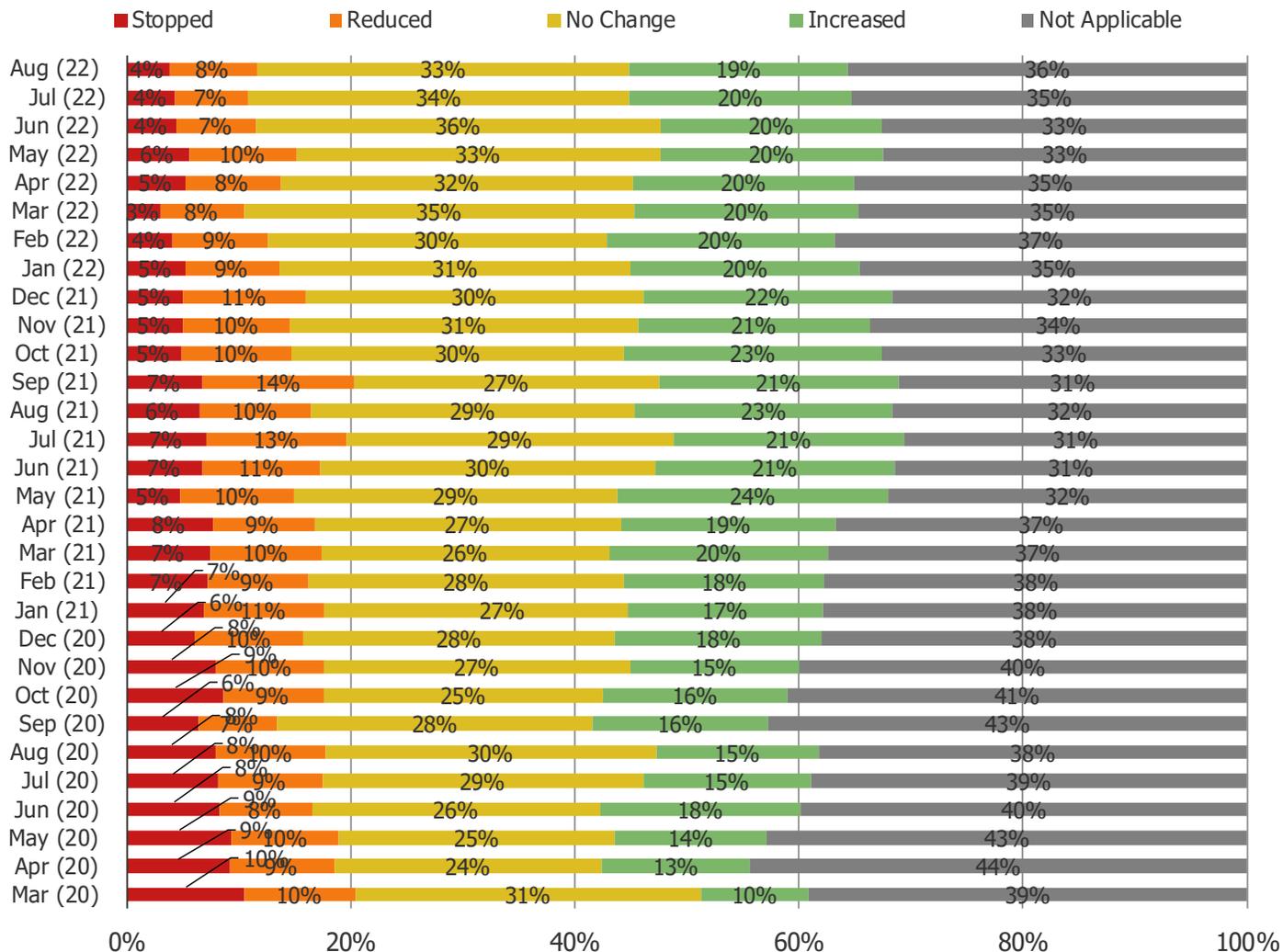
Using Ride Sharing Apps



*Note – most recent data point in chart(s) recorded in August of 2022

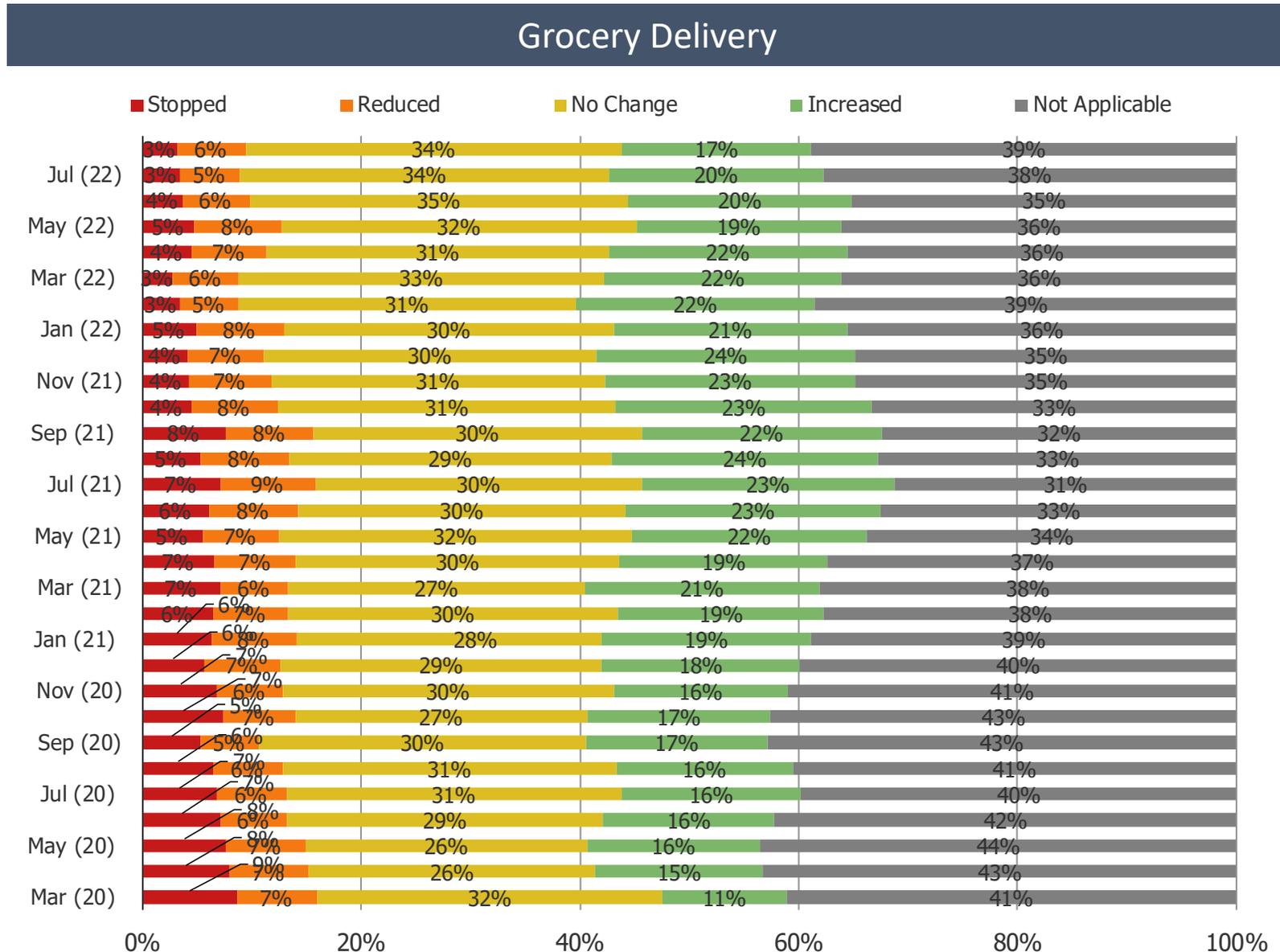
Have you changed any of the following because of COVID? (Posed to All Respondents)

Using Food Delivery Apps



*Note – most recent data point in chart(s) recorded in August of 2022

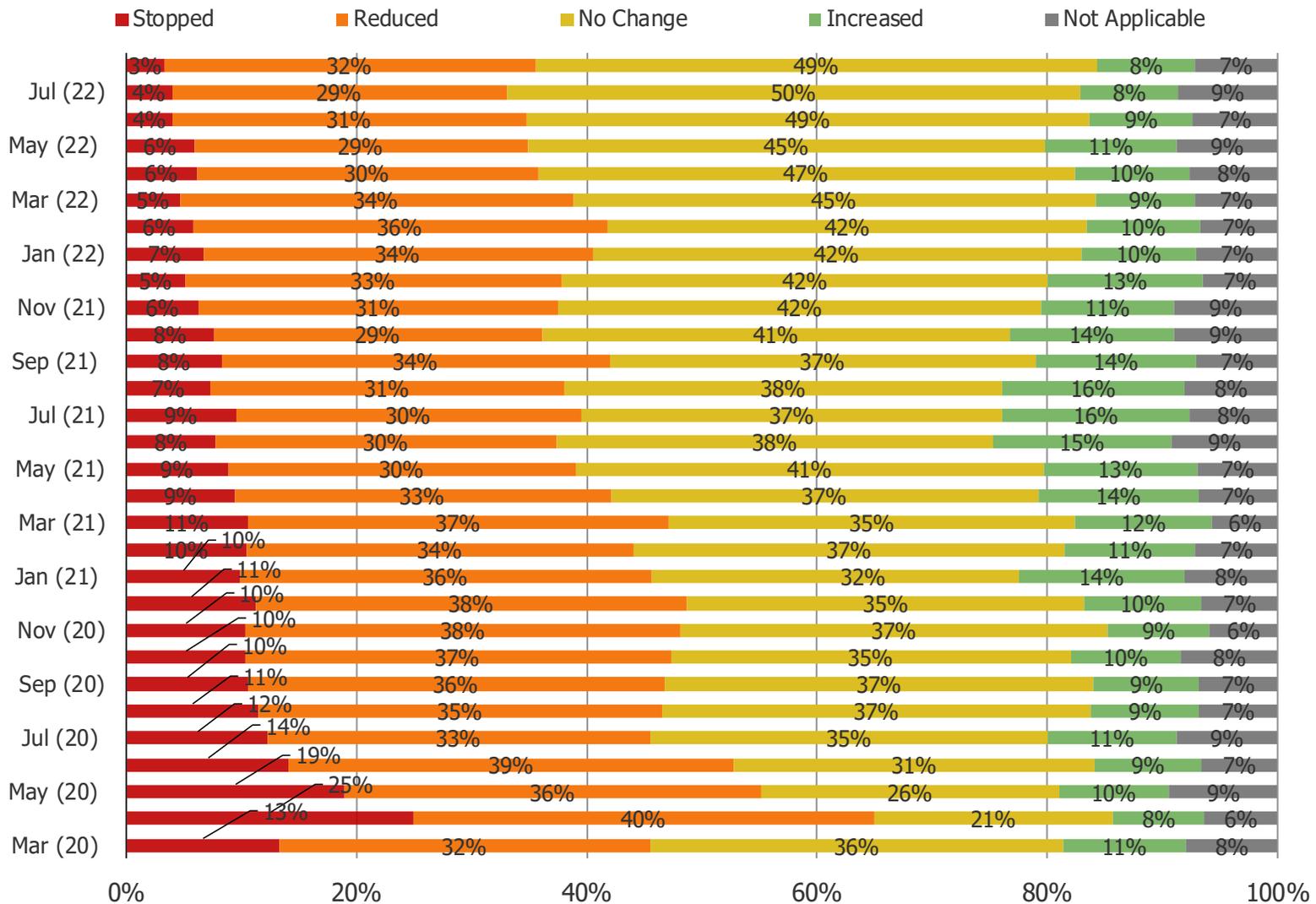
Have you changed any of the following because of COVID? (Posed to All Respondents)



*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)

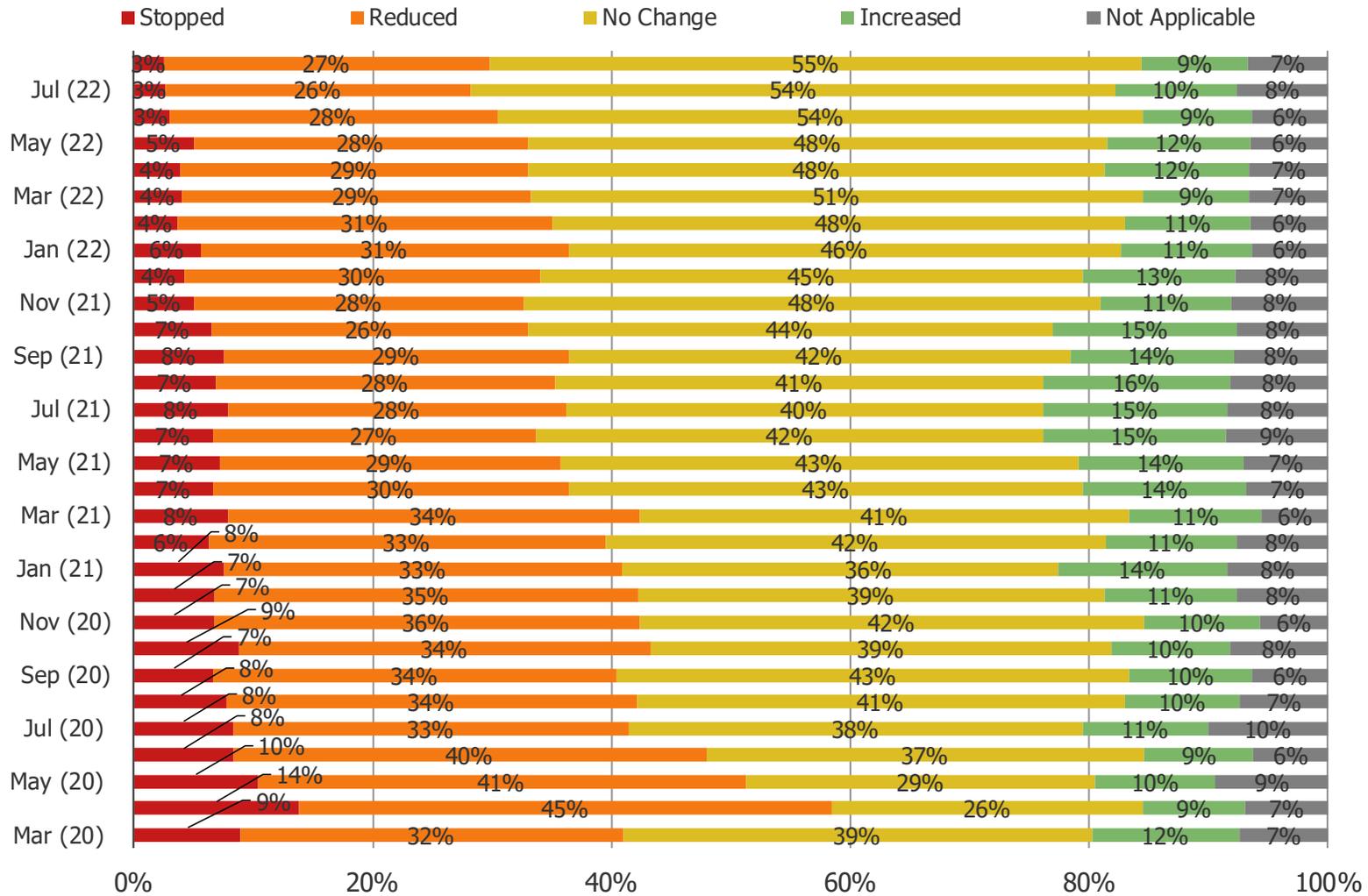
Shopping In-Stores For Non-Essentials



*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)

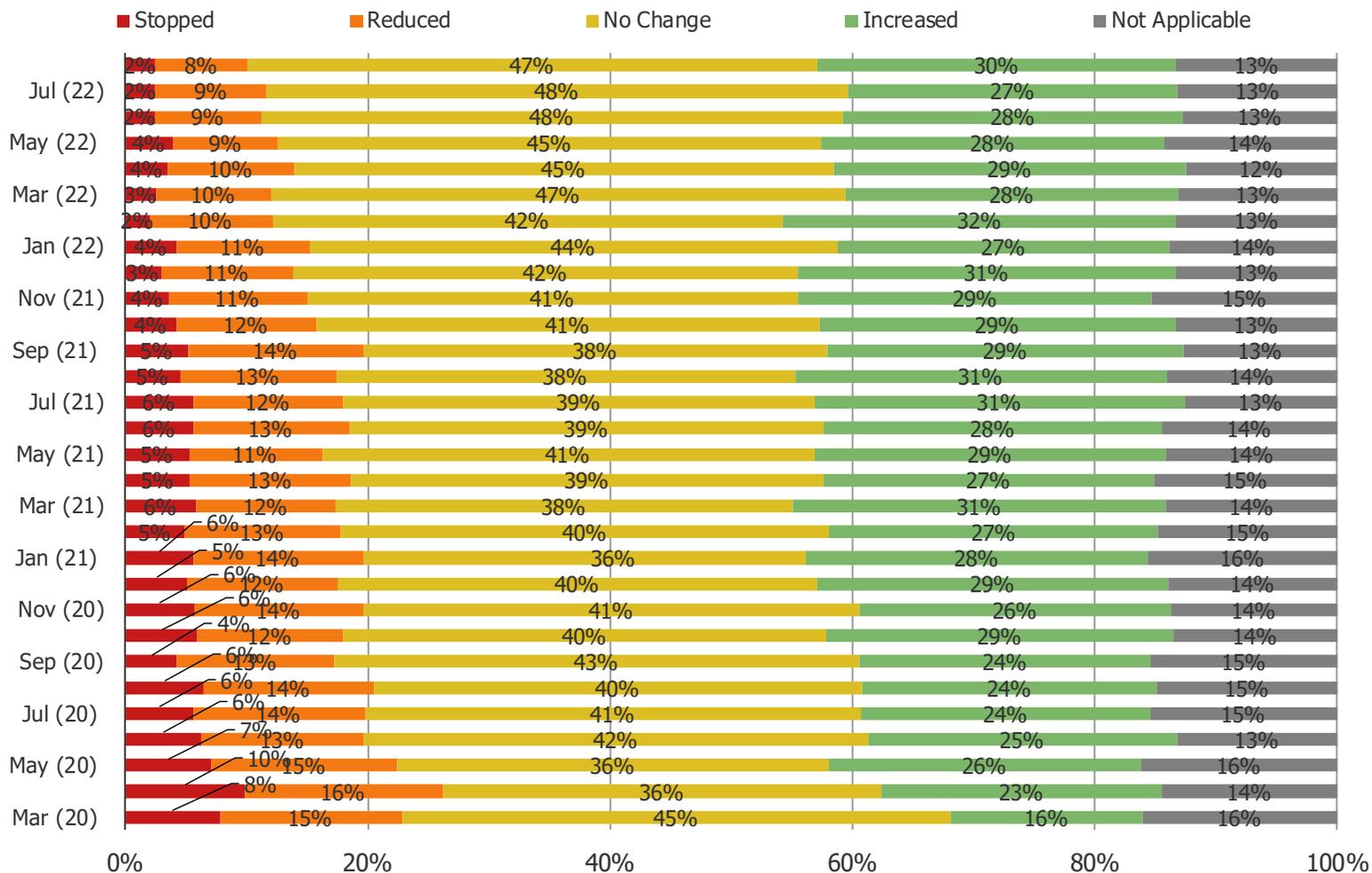
Shopping In-Stores For Every Day Items



*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)

Shopping Online For Non-Essentials



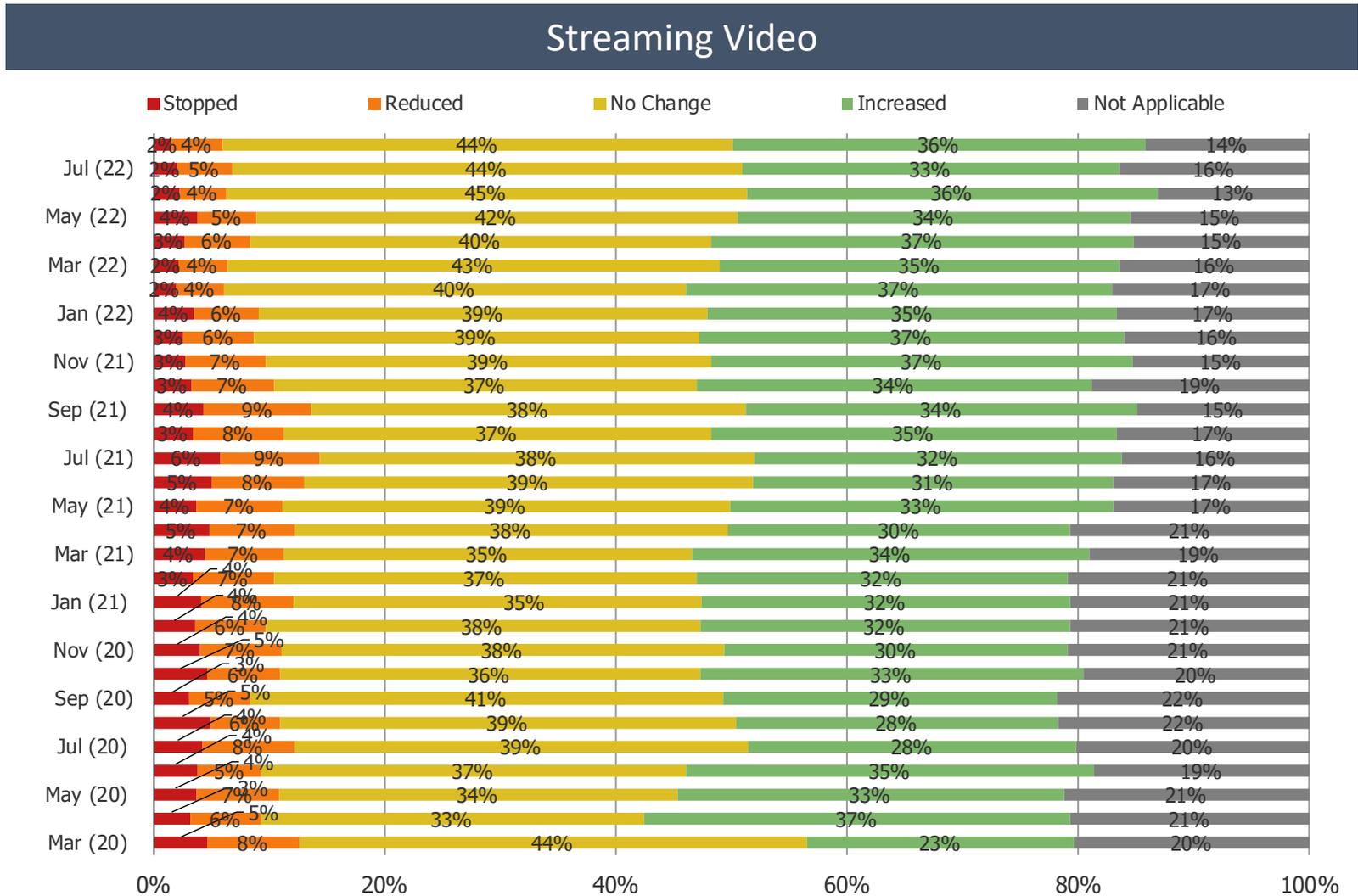
*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)



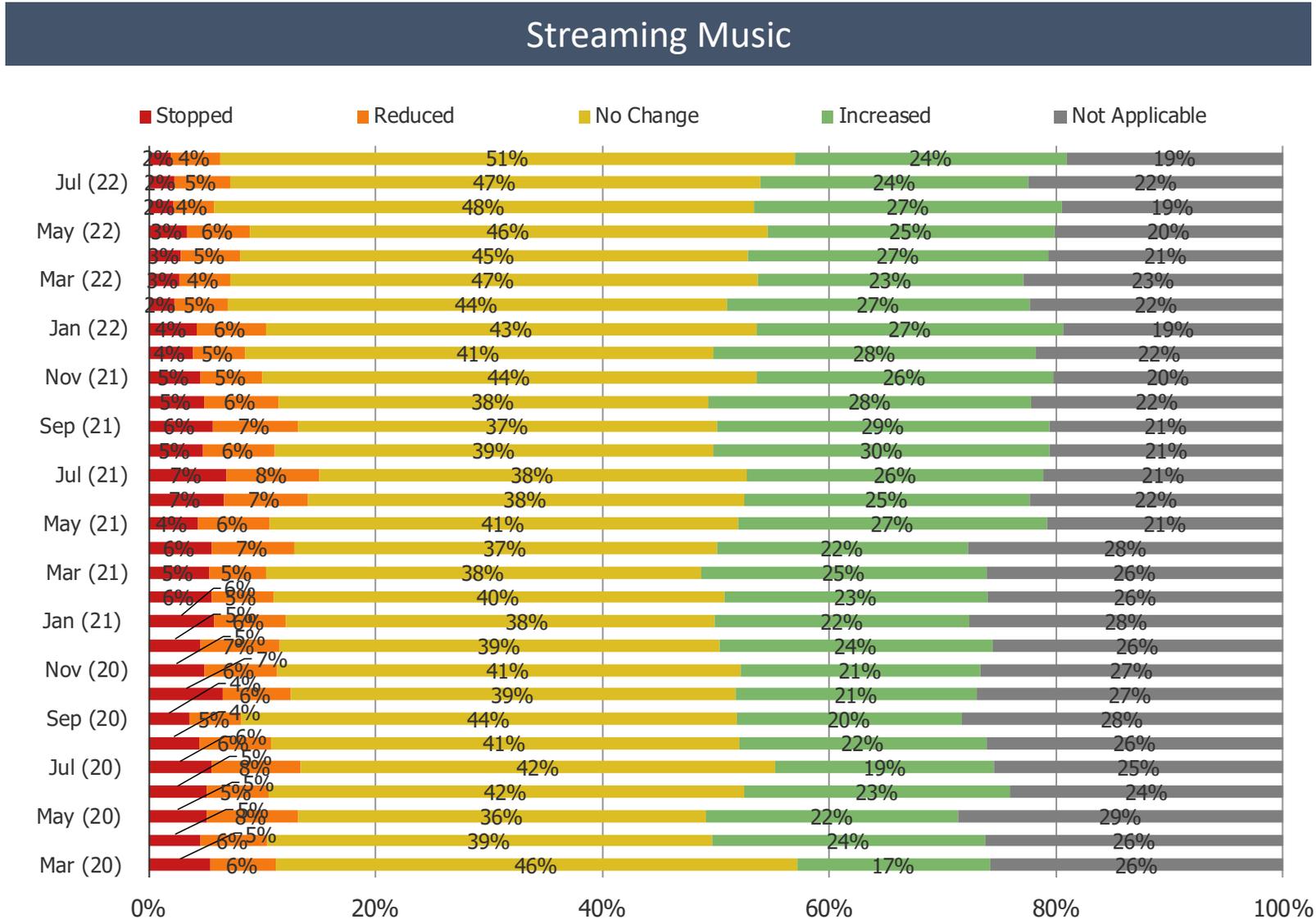
*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)



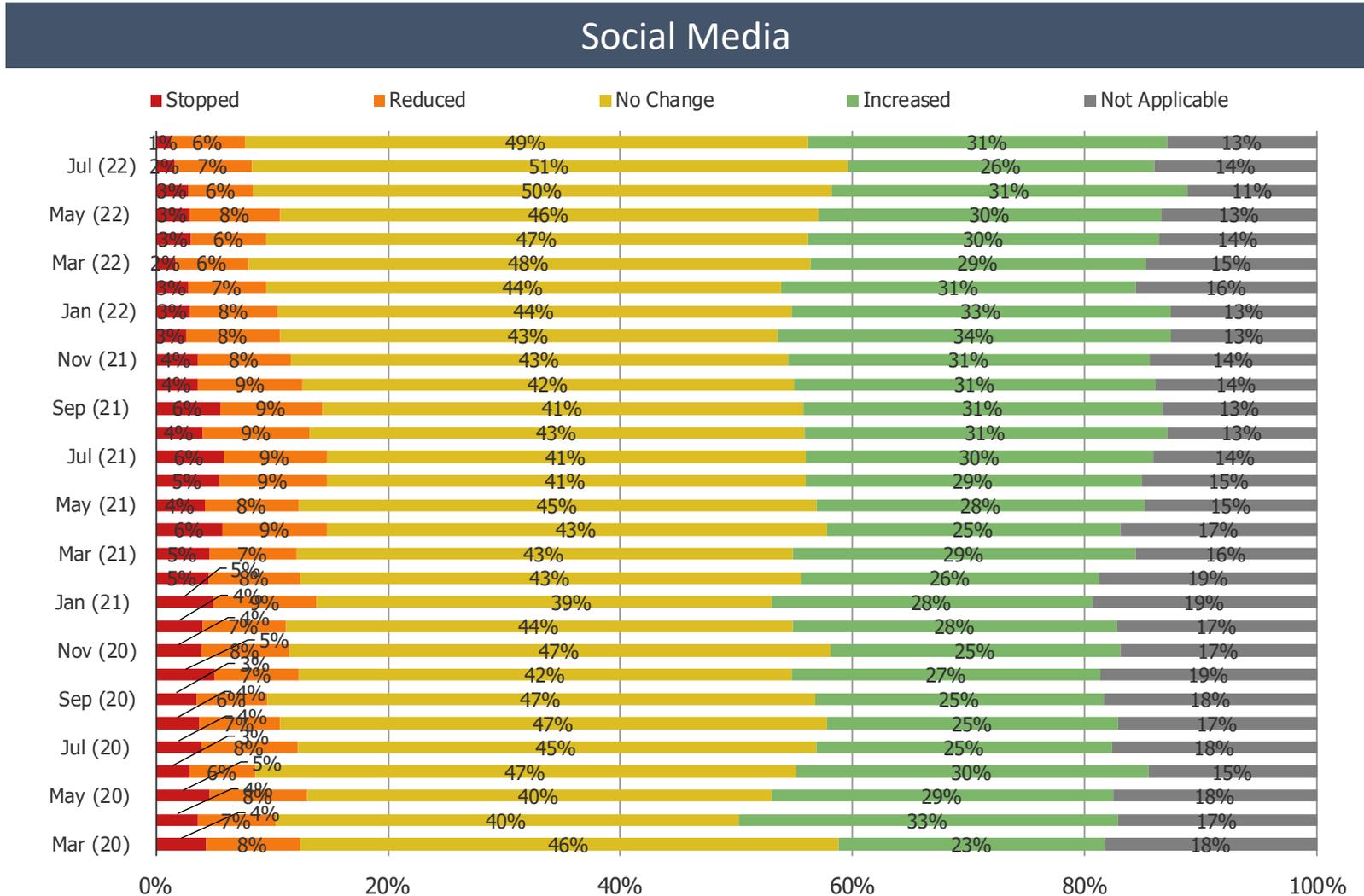
*Note – most recent data point in chart(s) recorded in August of 2022

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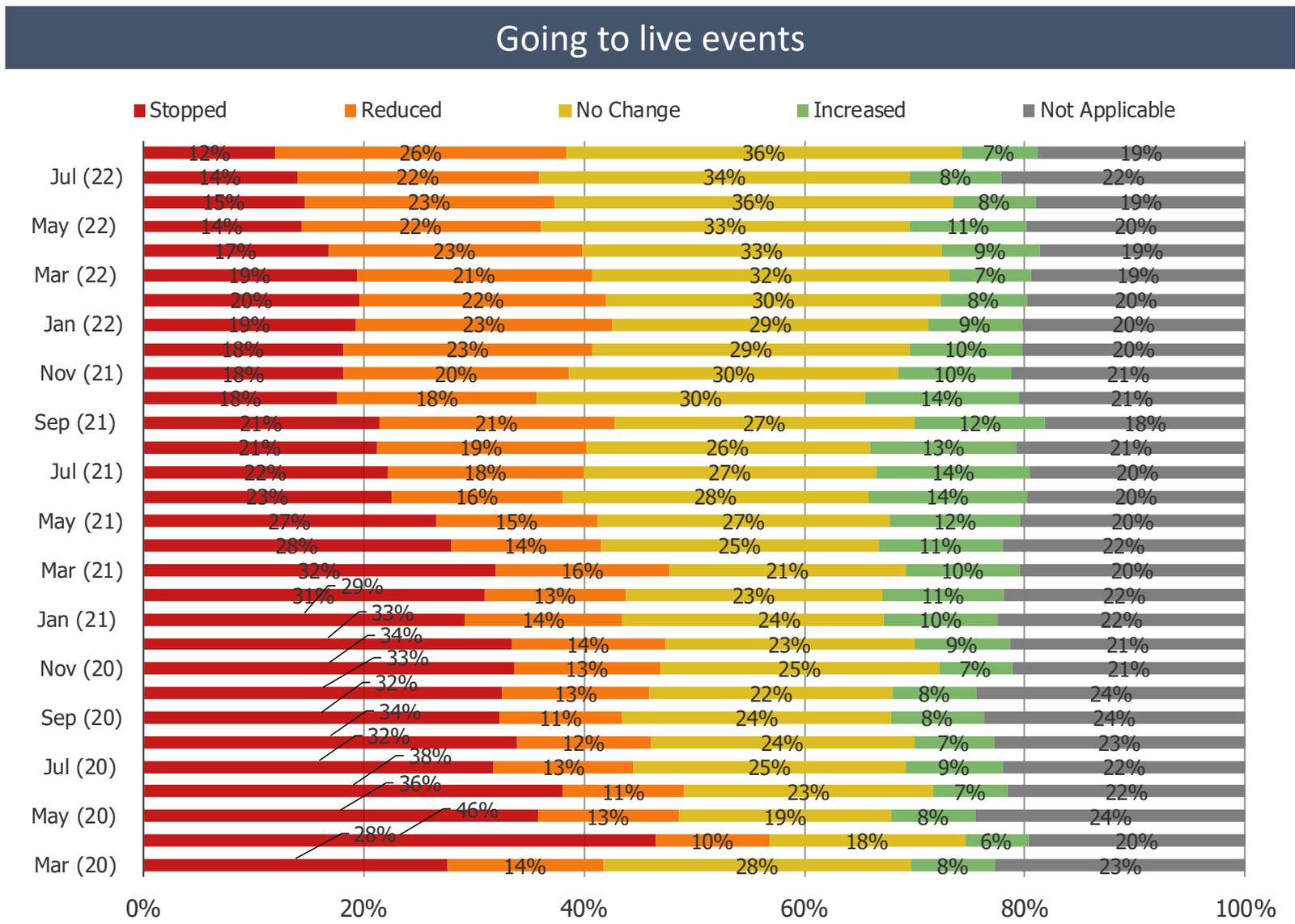
*Note – most recent data point in chart(s) recorded in August of 2022

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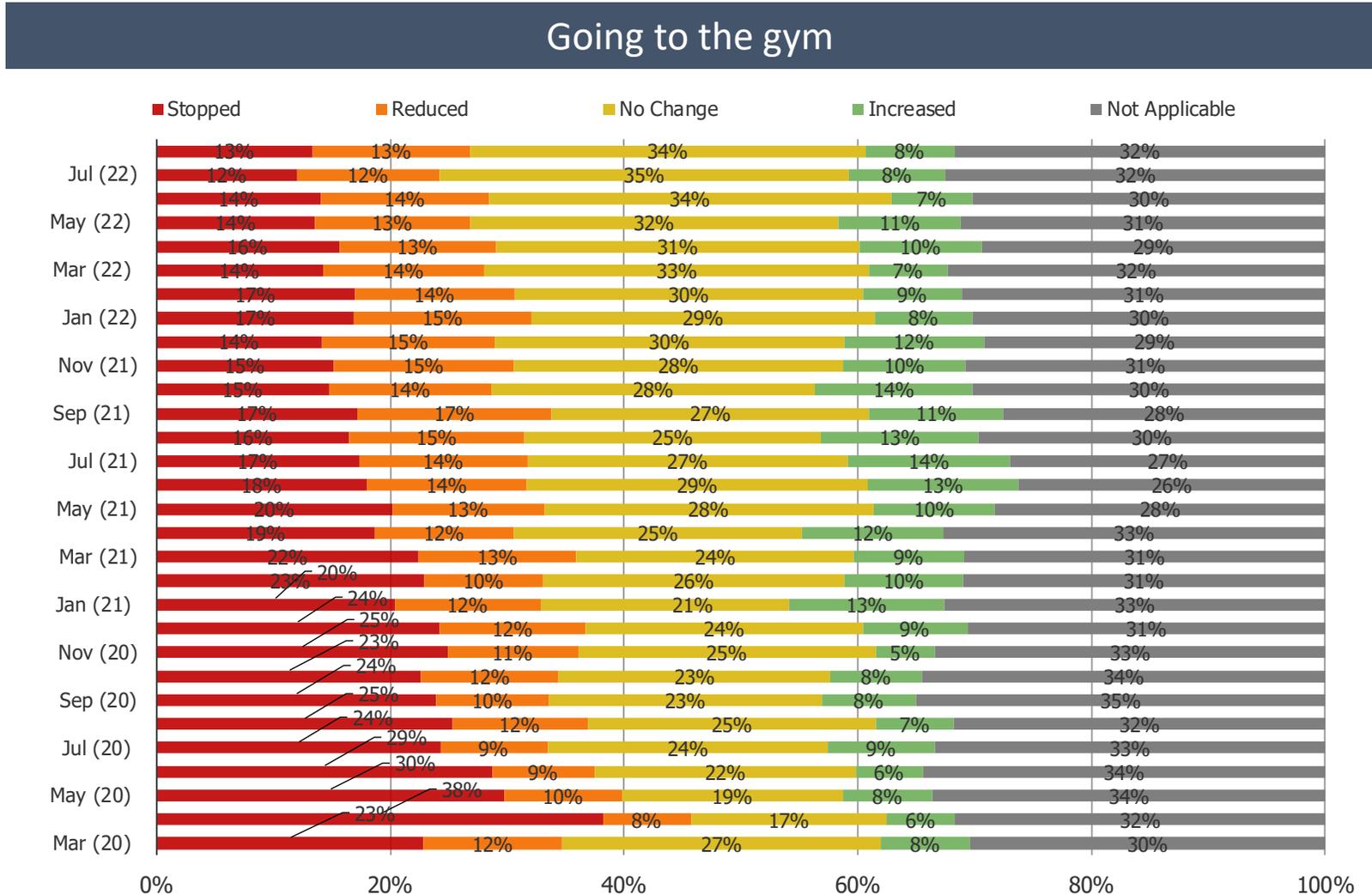
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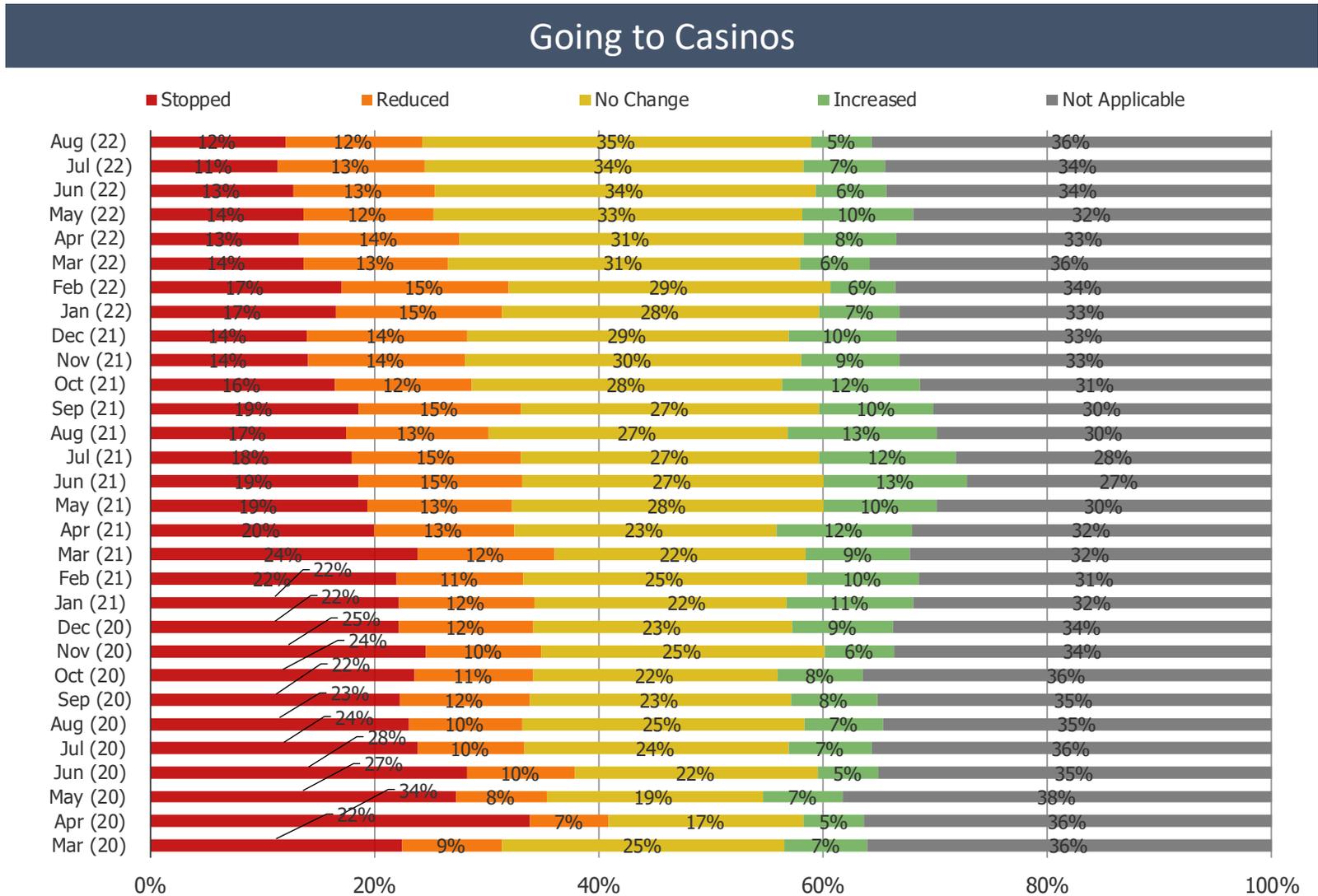
*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)



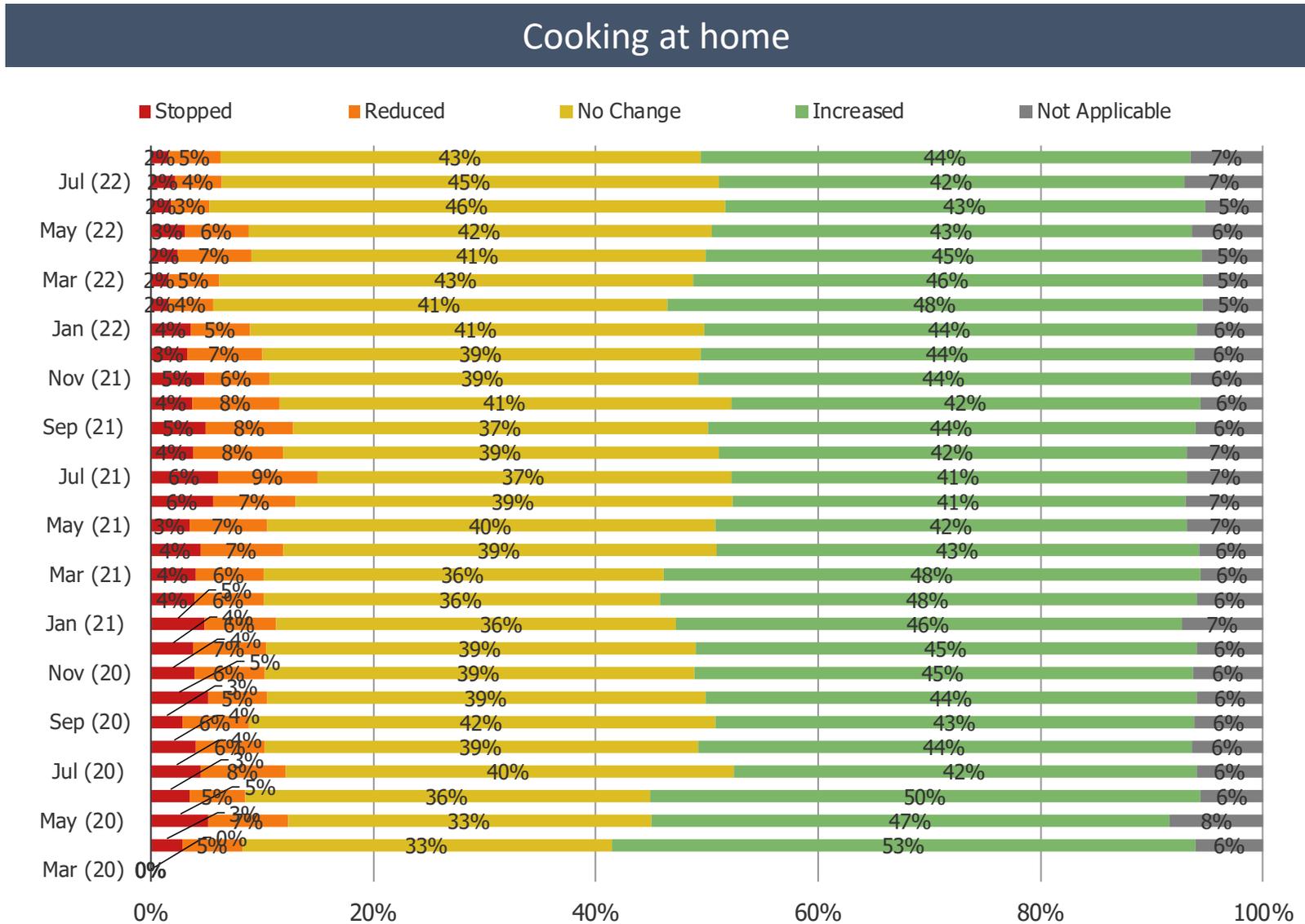
*Note – most recent data point in chart(s) recorded in August of 2022

Have you changed any of the following because of COVID? (Posed to All Respondents)



*Note – most recent data point in chart(s) recorded in August of 2022

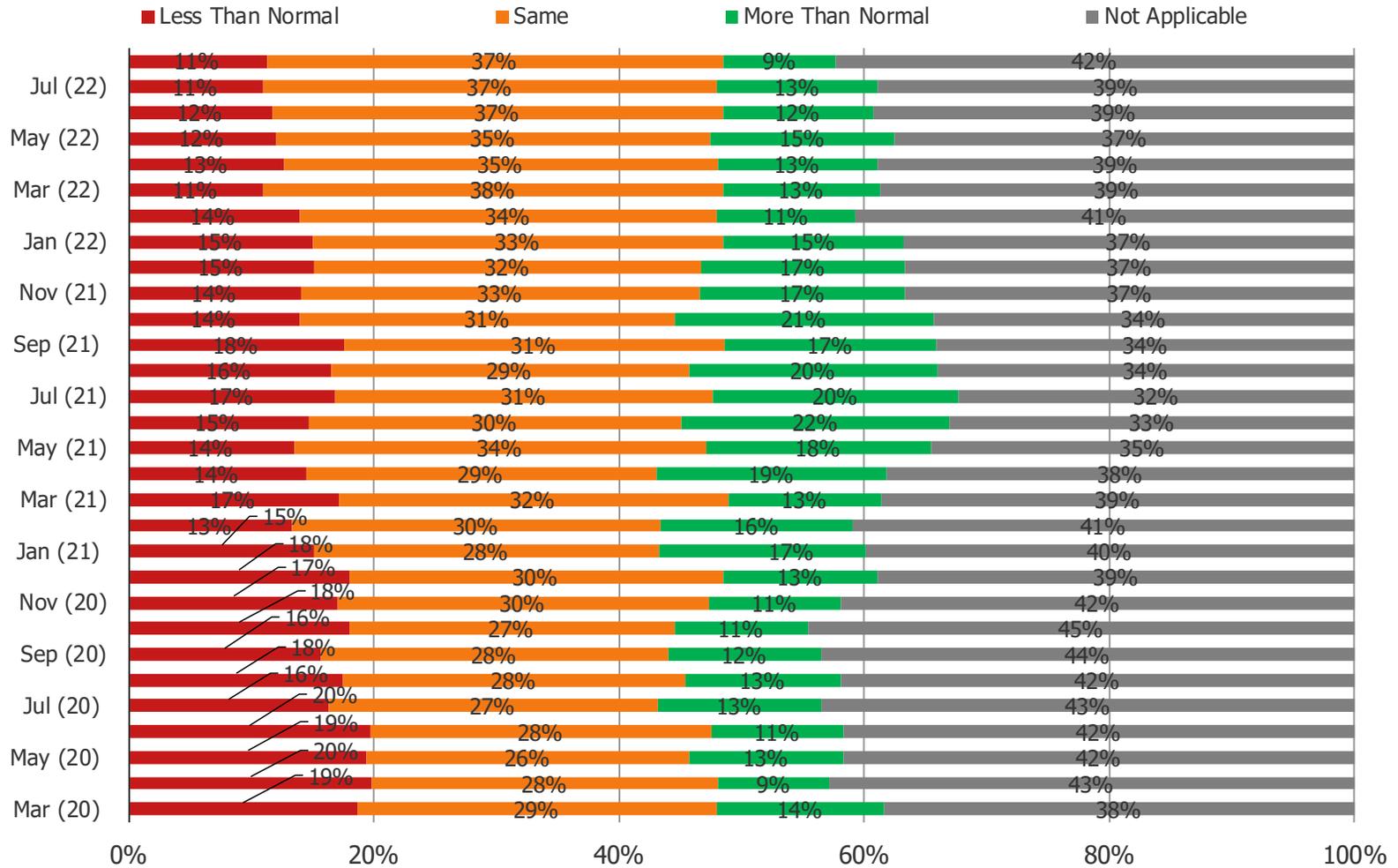
Have you changed any of the following because of COVID? (Posed to All Respondents)



*Note – most recent data point in chart(s) recorded in August of 2022

Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?

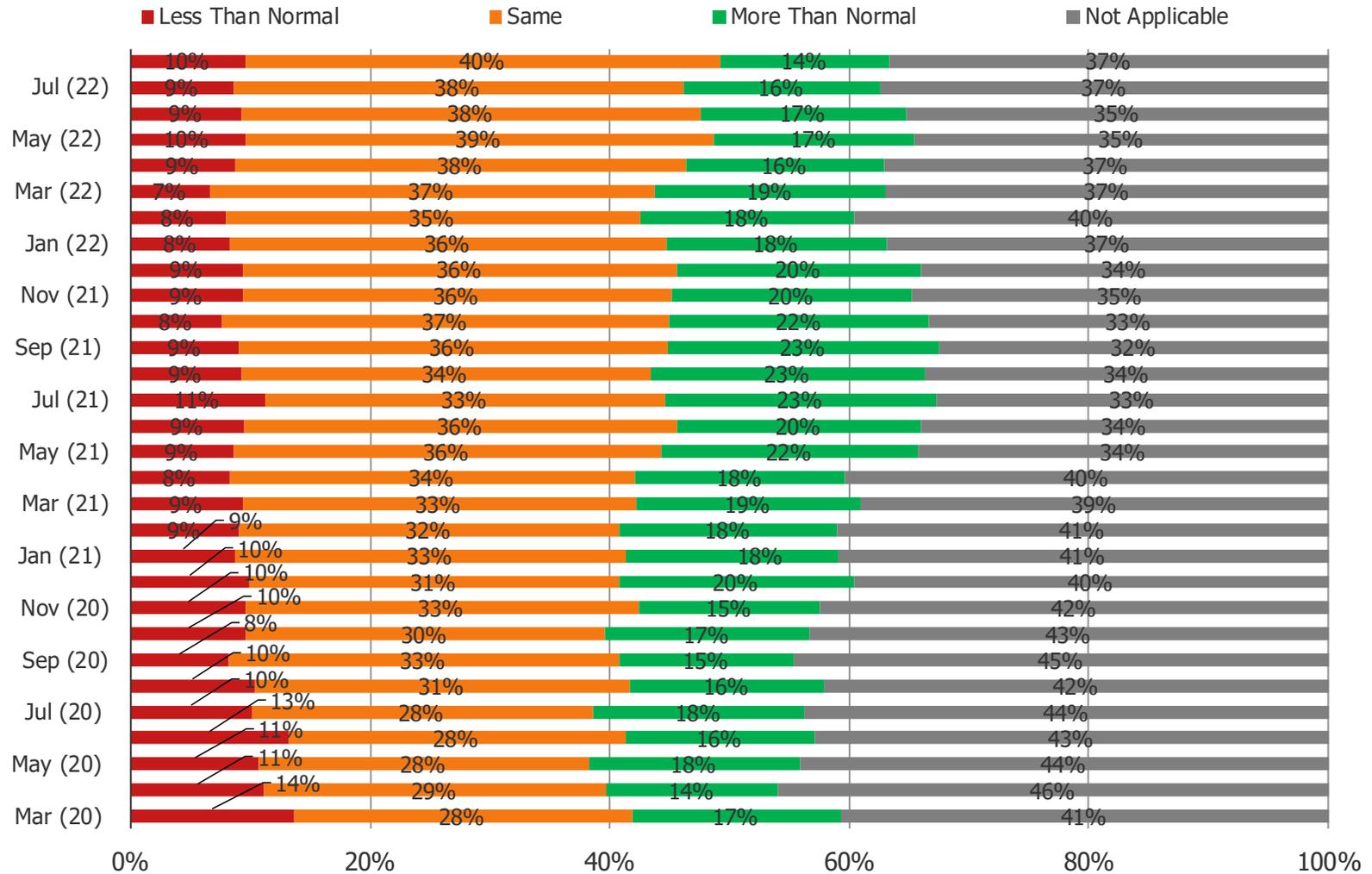
Using Ride Sharing Apps



*Note – most recent data point in chart(s) recorded in August of 2022

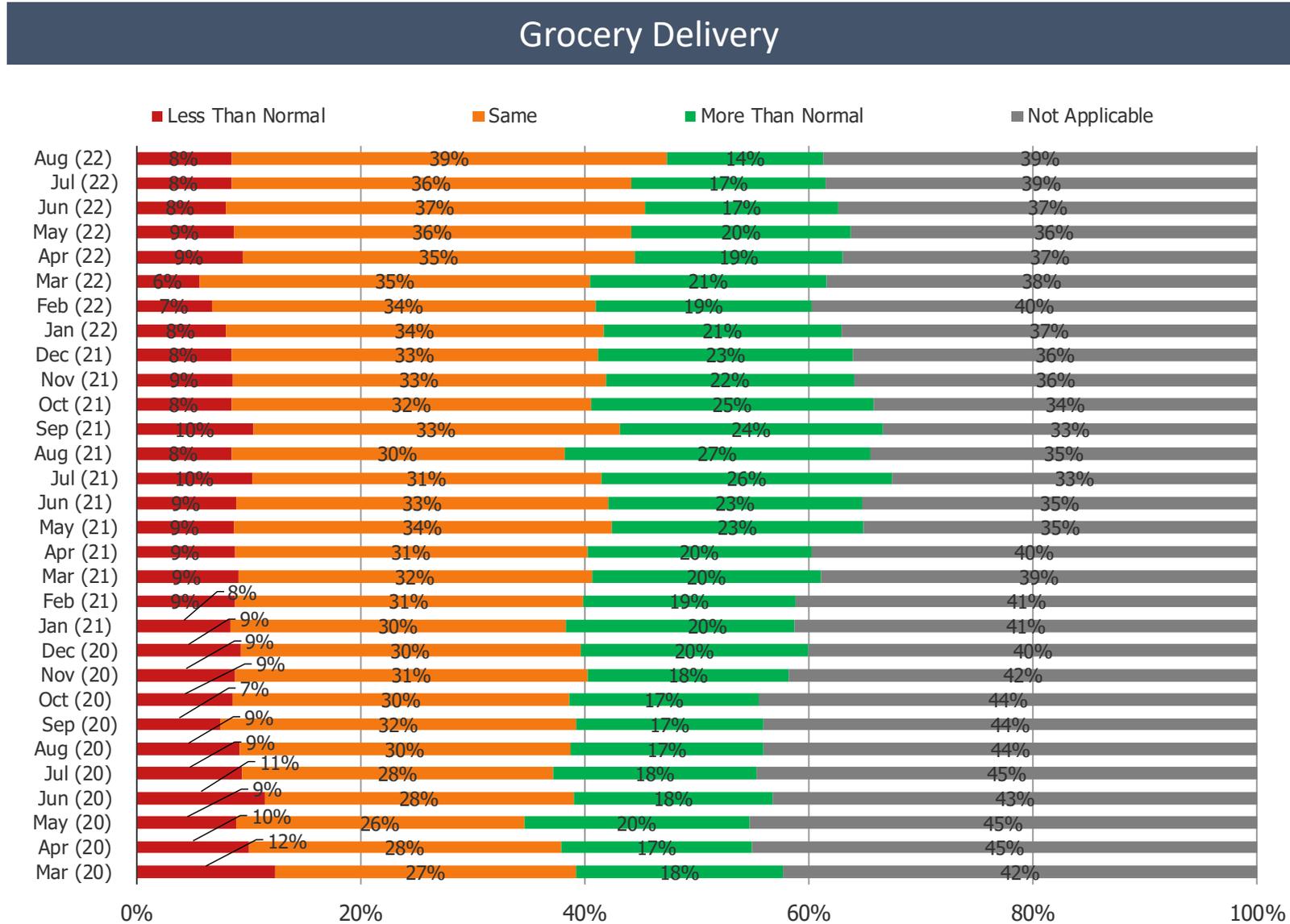
Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?

Using Food Delivery Apps



*Note – most recent data point in chart(s) recorded in August of 2022

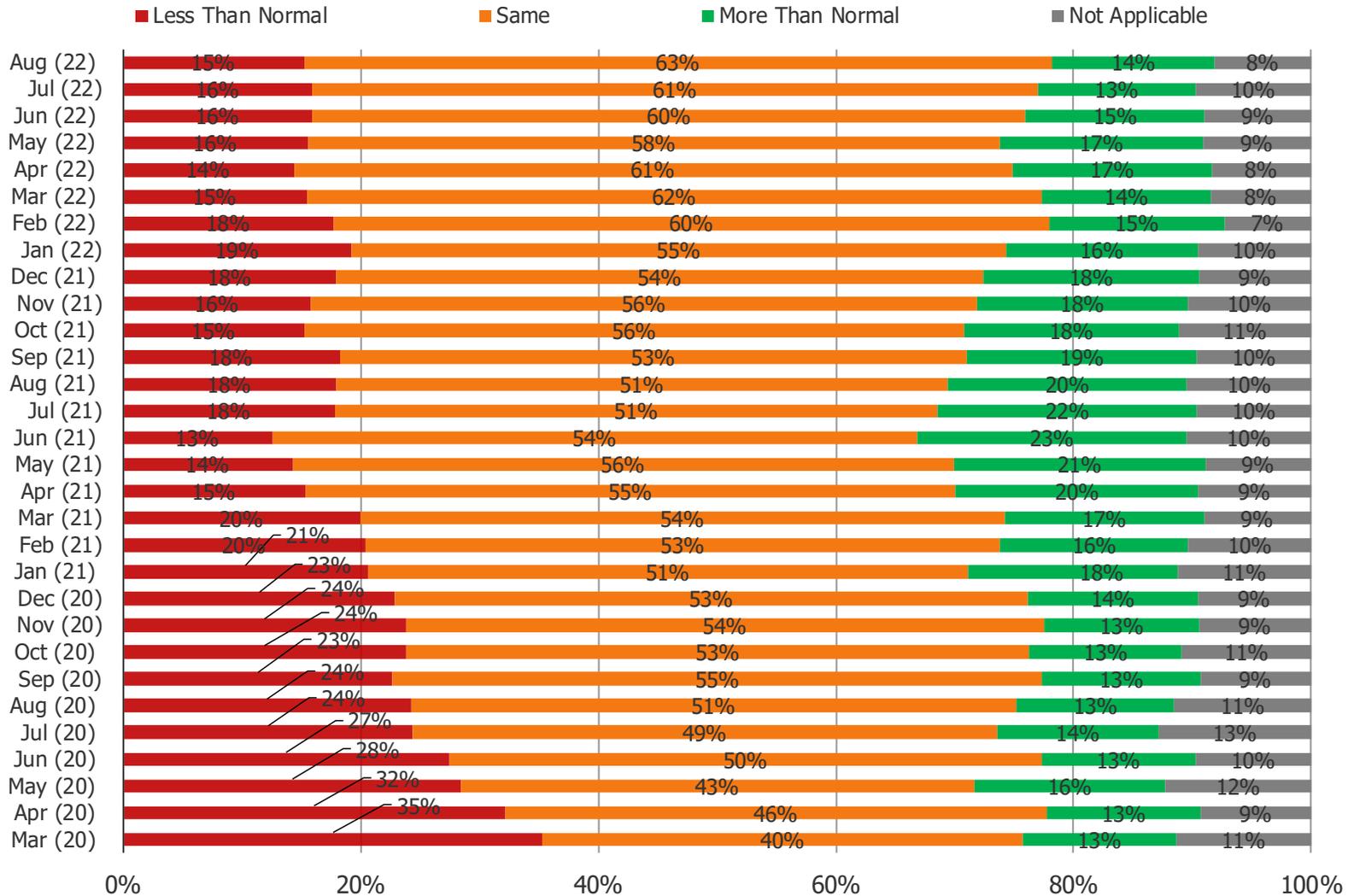
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*Note – most recent data point in chart(s) recorded in August of 2022

Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?

Shopping In-Stores For Non-Essentials



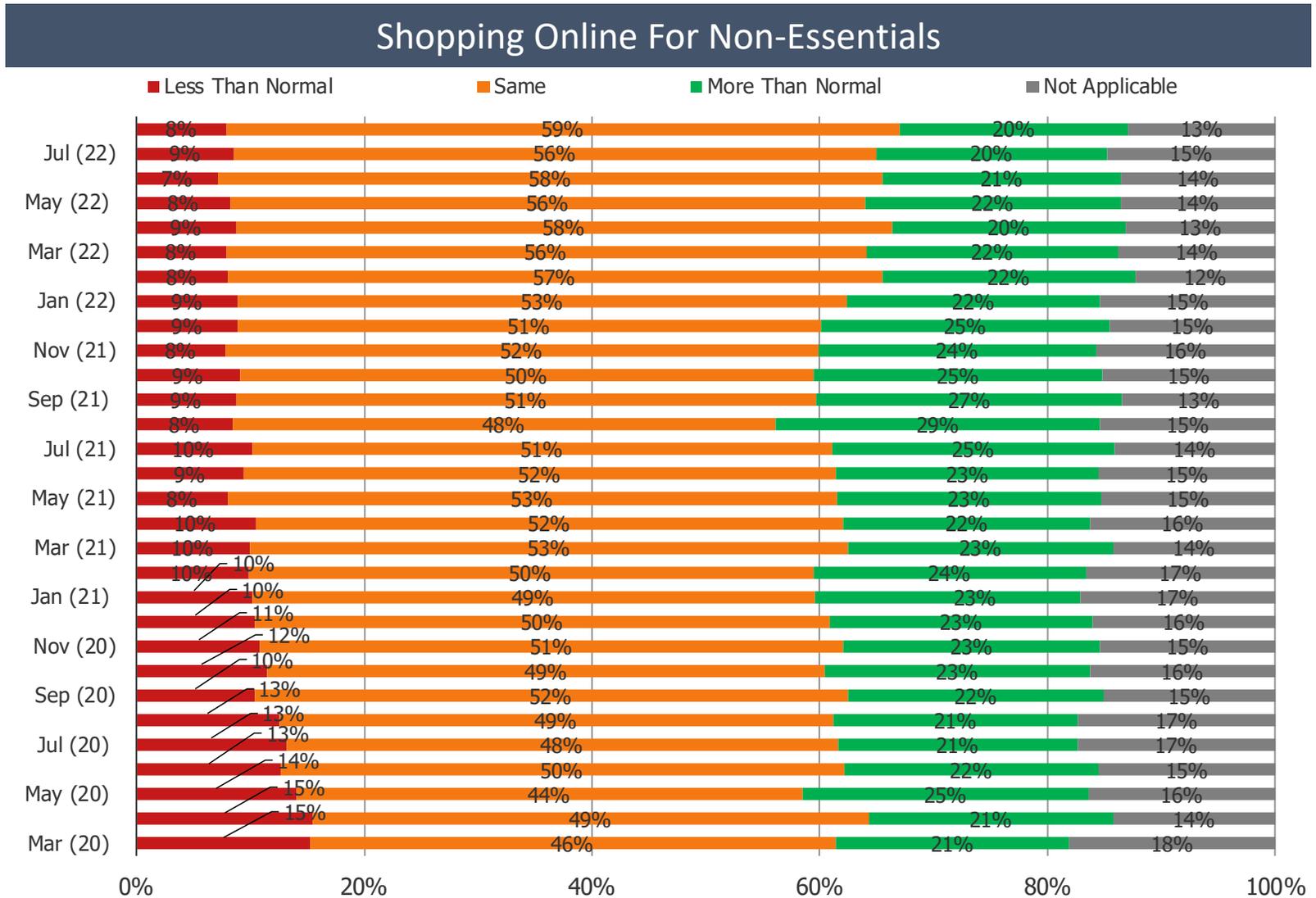
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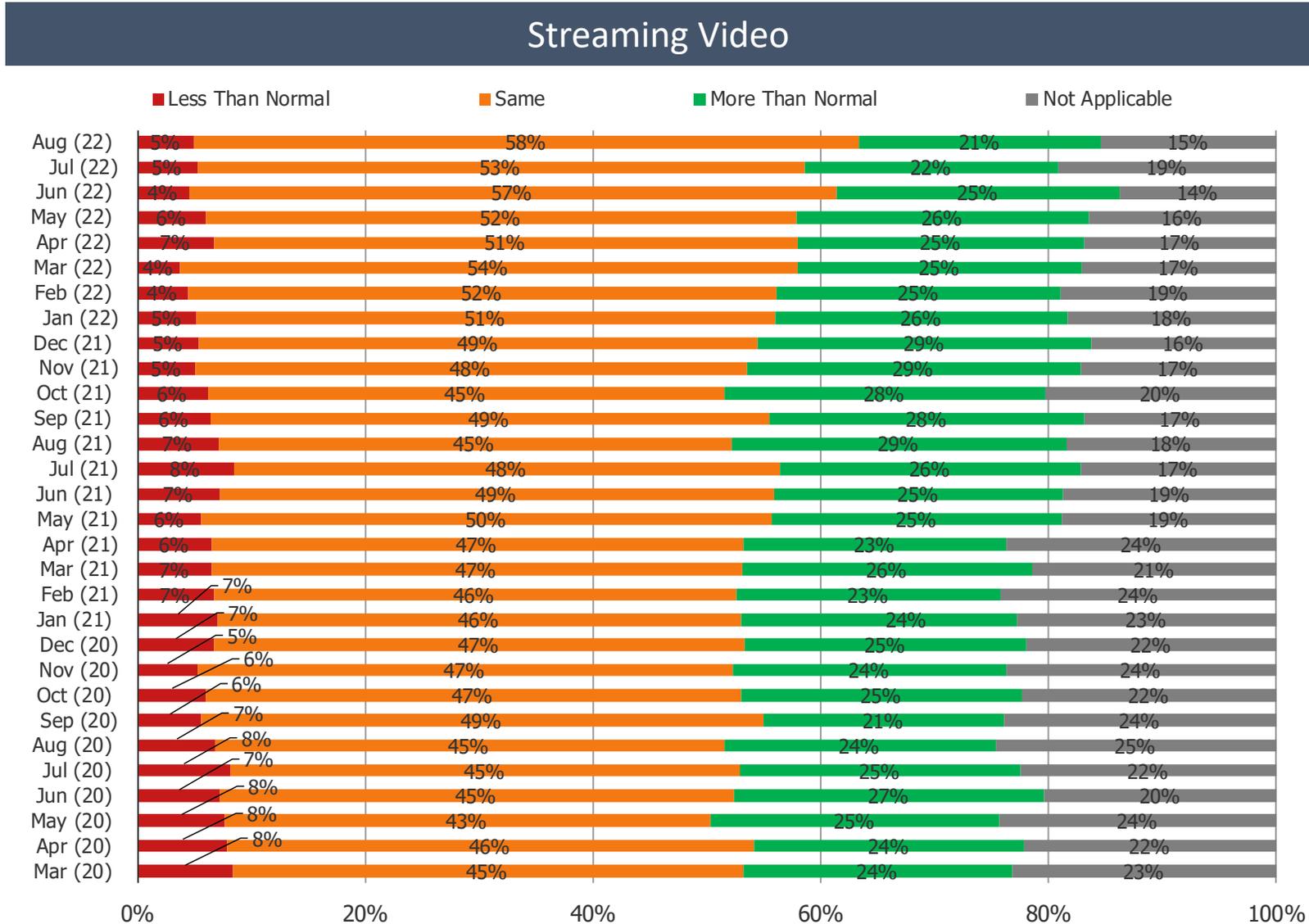
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*Note – most recent data point in chart(s) recorded in August of 2022

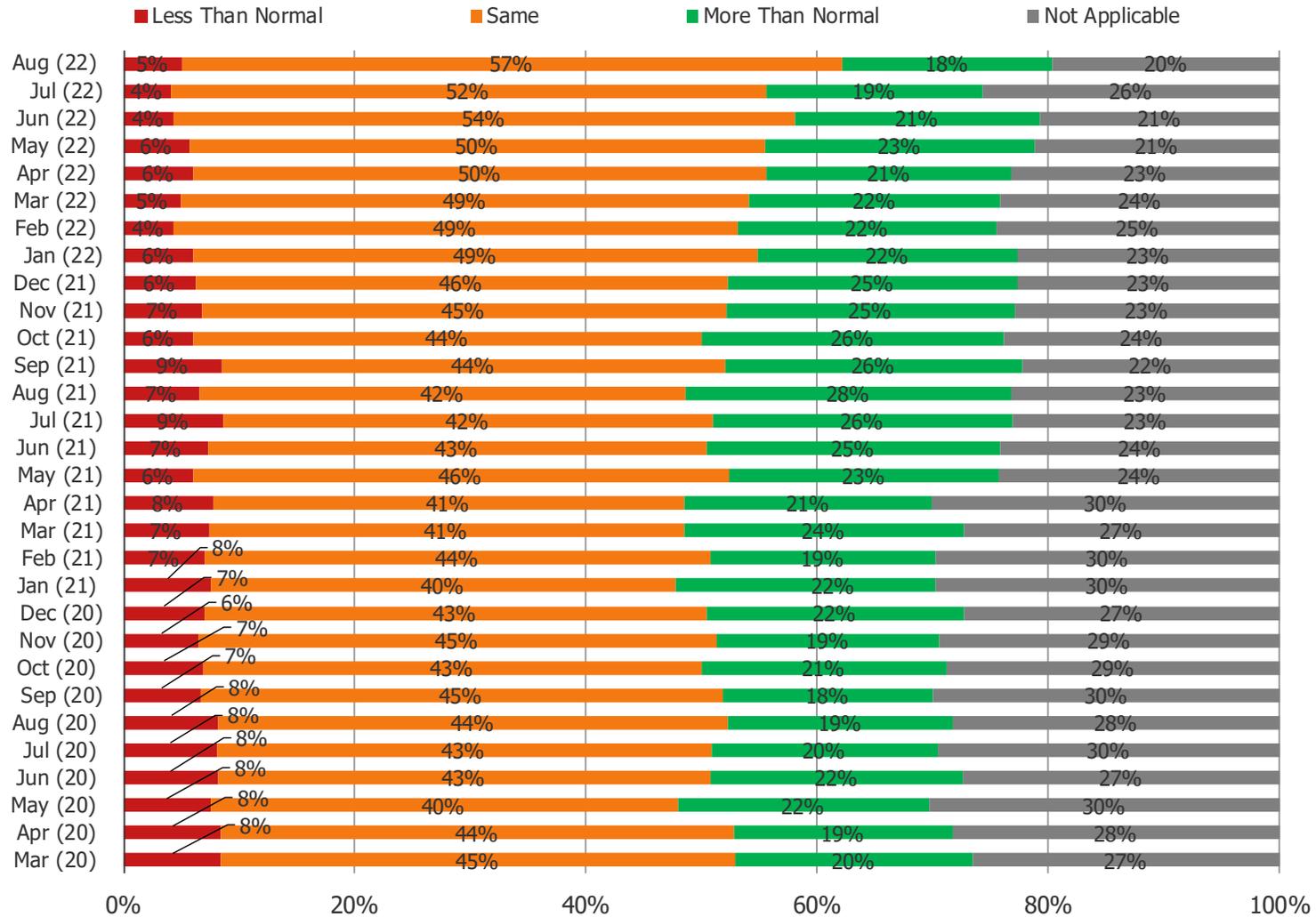
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*Note – most recent data point in chart(s) recorded in August of 2022

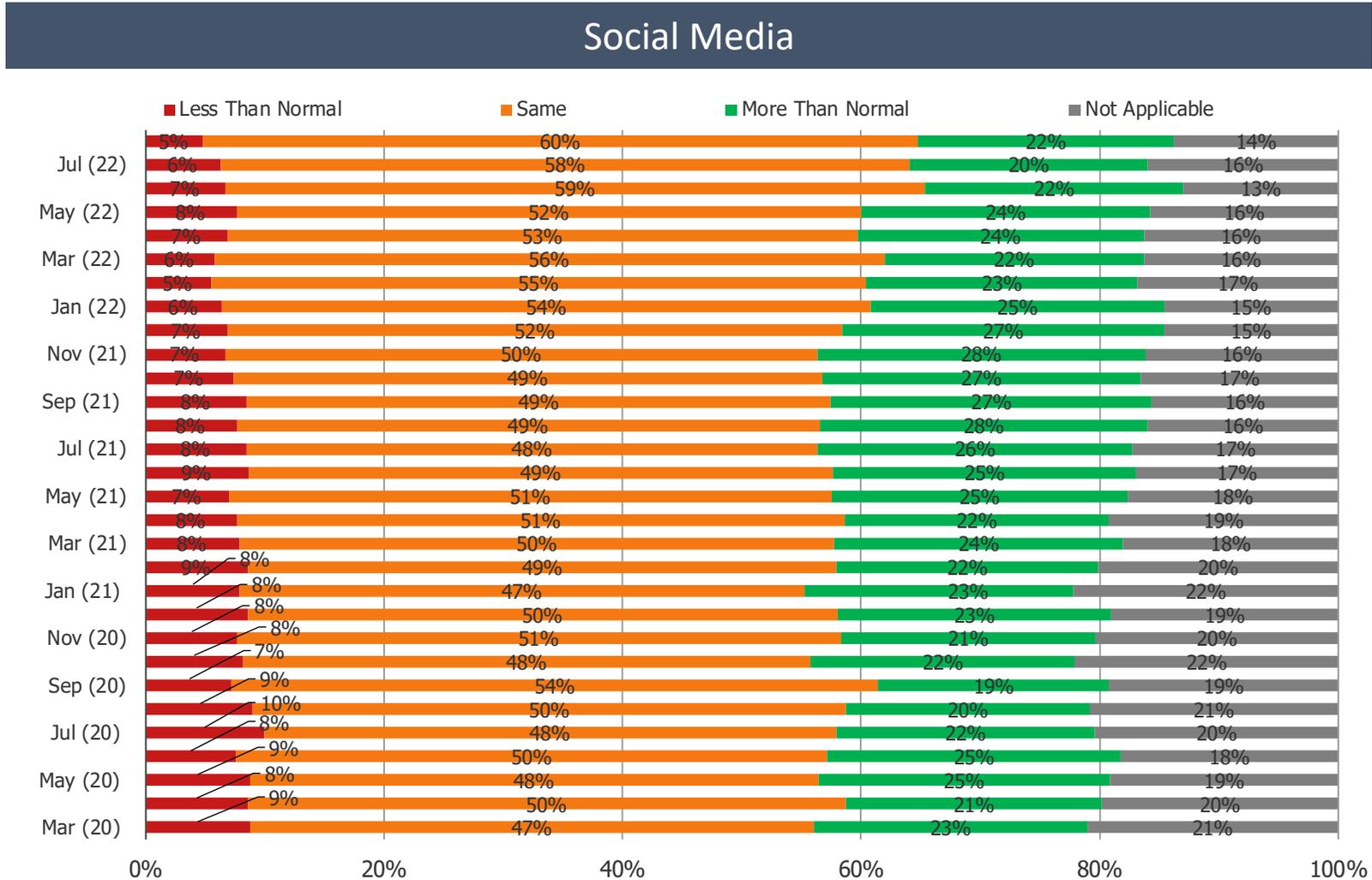
Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?

Streaming Music



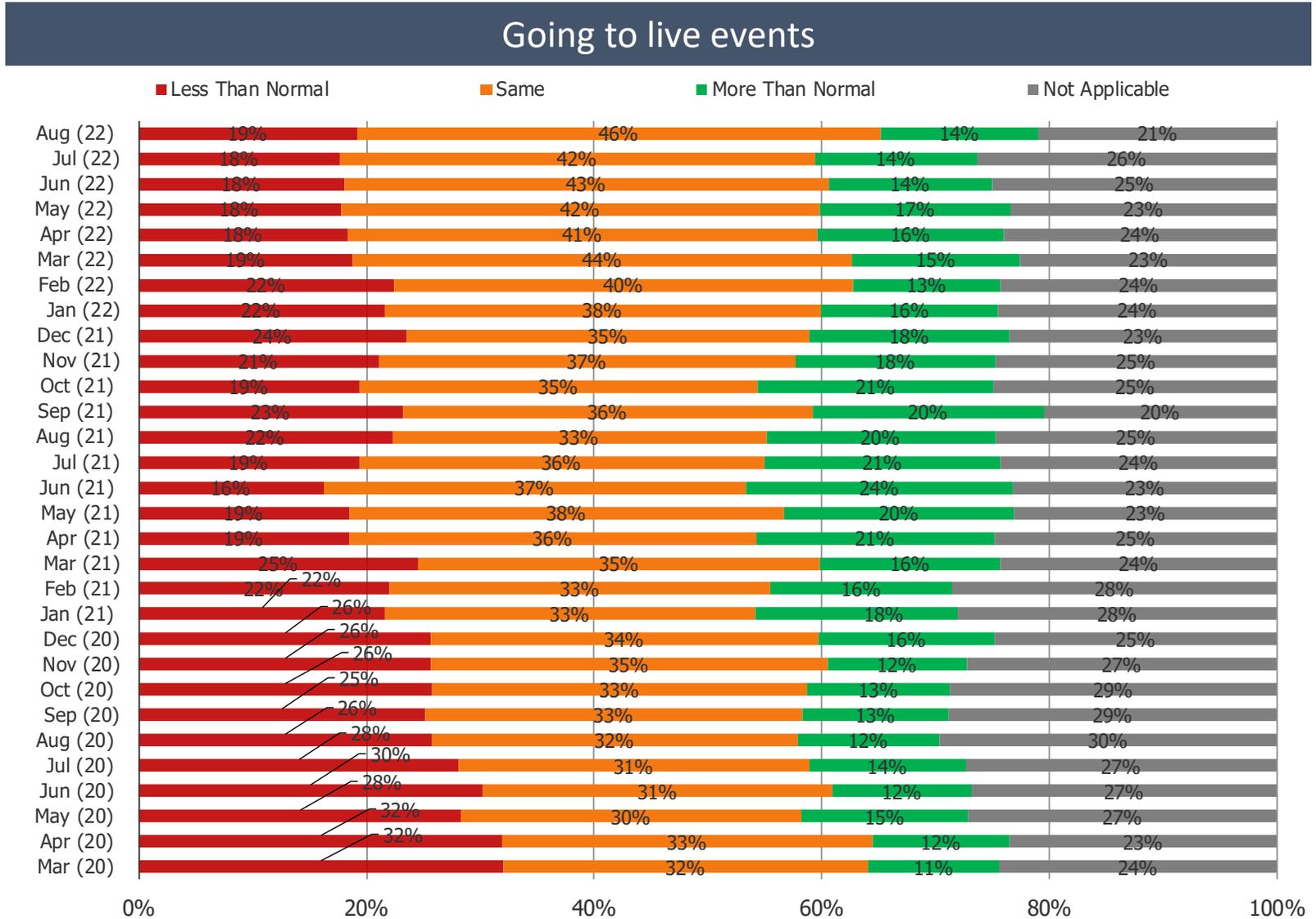
*Note – most recent data point in chart(s) recorded in August of 2022

Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?



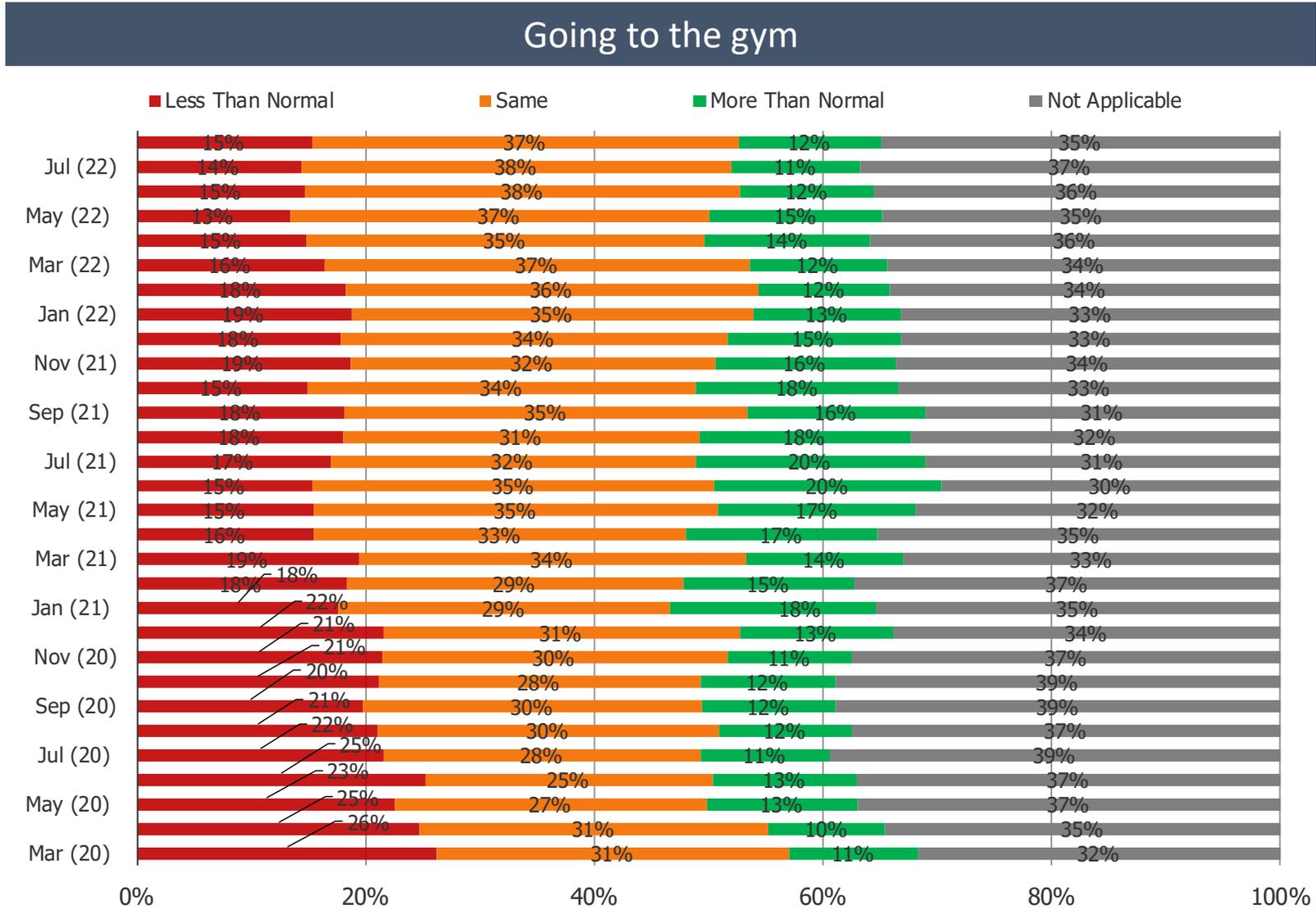
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Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?



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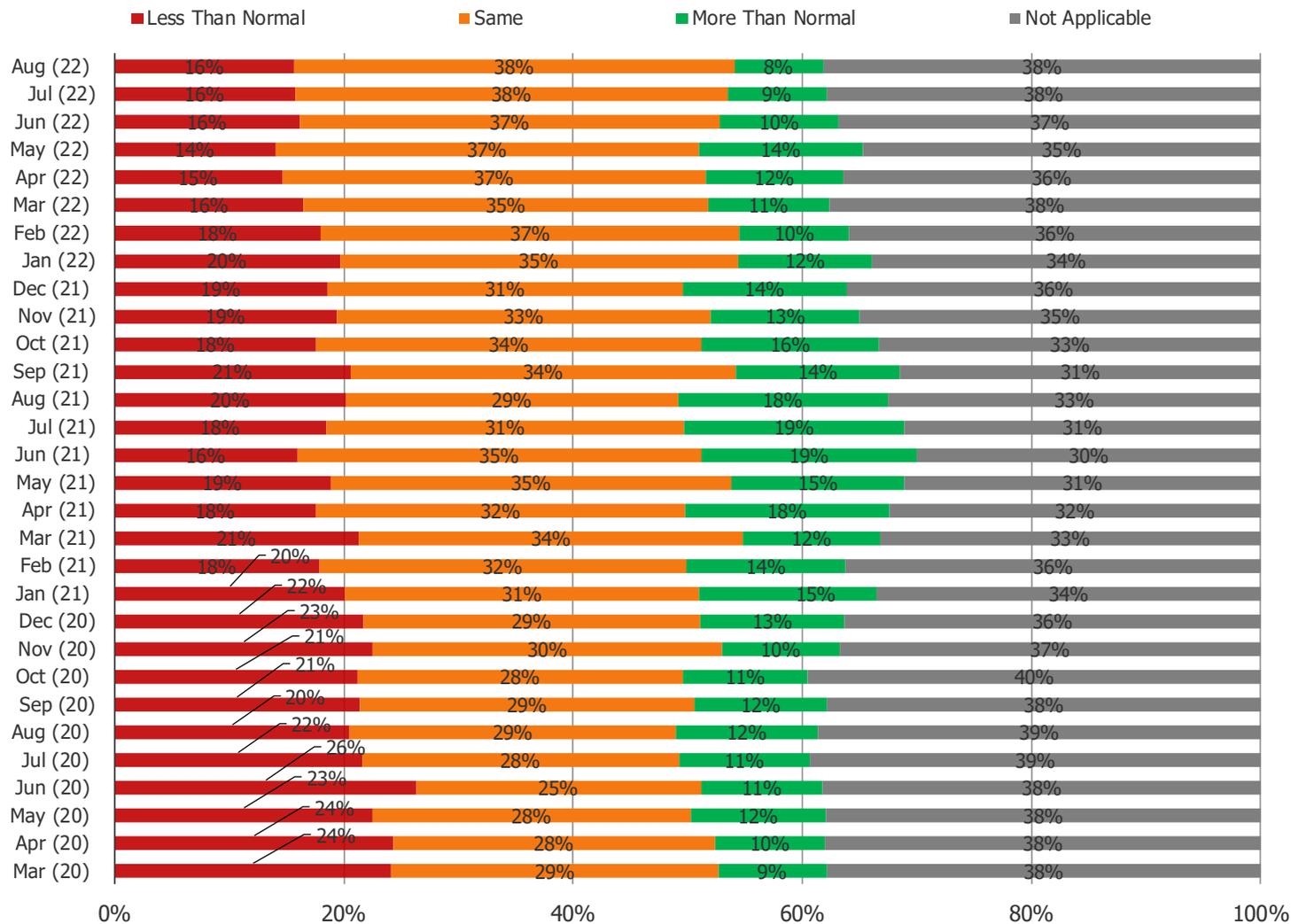
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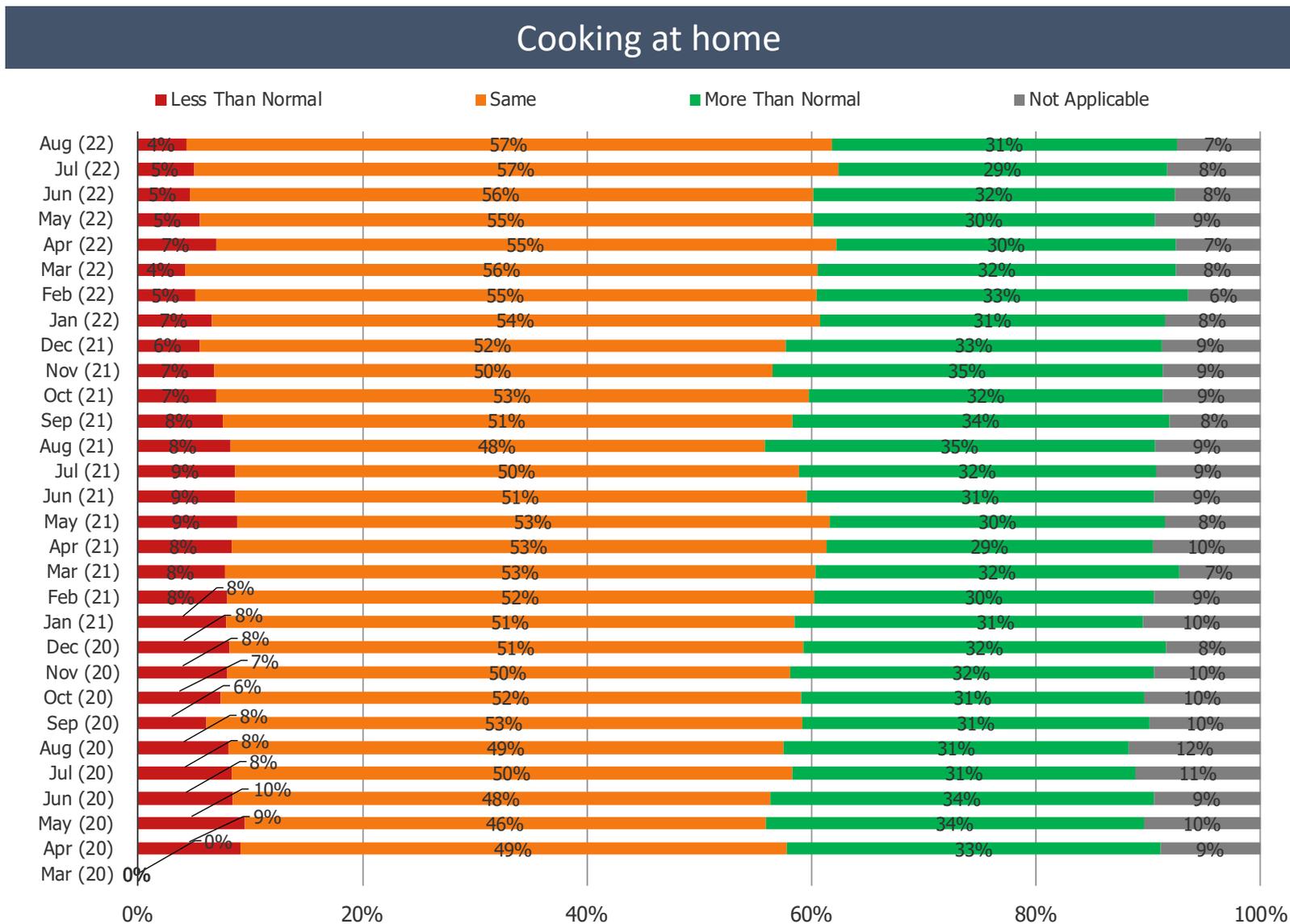
Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?

Going to Casinos



*Note – most recent data point in chart(s) recorded in August of 2022

Going forward, do you expect to do the following more or less often than normal because of the Coronavirus and its impact to your life / the economy?



*Note – most recent data point in chart(s) recorded in August of 2022