

Consumers' Outlook is Tied to the Virus

Preliminary Consumer Sentiment for February, as [measured by the University of Michigan](#), dropped to its lowest level since August of last year. It remains well below where it was a year ago, pre-pandemic.



By the numbers: The index dipped to 76.2 in the early part of February. It stood at 101 last February. Consumer Sentiment has been depressed throughout the pandemic but has been as high as 82. It has been falling since late fall as case levels began to rise again.

The decline in consumers' outlooks is tied to the virus, as it has been for a year now. As case levels rise, economic data falls, including how consumers feel about the economy. Interestingly, the drop in early February was entirely caused by a drop in consumers' future expectation – how they think the economy will be doing six months from now. Hopefully with vaccines knocking case levels down, we will be in much better shape six months from now.

Also of interest from the survey is that the decline in sentiment came from those households with incomes less than \$75,000.

Bottom line: We will get final numbers for consumer sentiment at the end of the month. The initial reading is concerning, but with increased vaccinations, more relief payments going out, the possibility of additional relief coming, and (fingers crossed) a continuing decline in caseloads, the final numbers could look very different in just a few weeks.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce

