

American Mood Trend



Vaccination effort gives 'shot in the arm' to consumer confidence—highest since pandemic

Consumer confidence in March jumped to 109.7, from 90.4 in February—giving a boost to the recovery with the strongest monthly increase since 2003. The Present Situation and Future Expectations indices moved in tandem, with each increasing by roughly 20 points. This was a break from the past several months where one or the other was responsible for moving the index. The combination of increased vaccinations and passage of the latest stimulus package gave consumers reason to feel positive about current conditions and the future.

Health conditions will likely continue to dictate consumers' mood in the coming months. Confidence should keep increasing as a higher percentage of consumers are vaccinated, but is also in a fragile position due the potential for a resurgence in COVID cases. On the economic front, consumers have fewer immediate worries now that the eviction moratorium has been extended. This should be reflected in the revised March confidence numbers, as interviews for the preliminary numbers concluded on March 19th, before the extension. Vulnerable renters have less to worry about in the short term and more time to find their financial footing as the economy opens up and continues to recover.

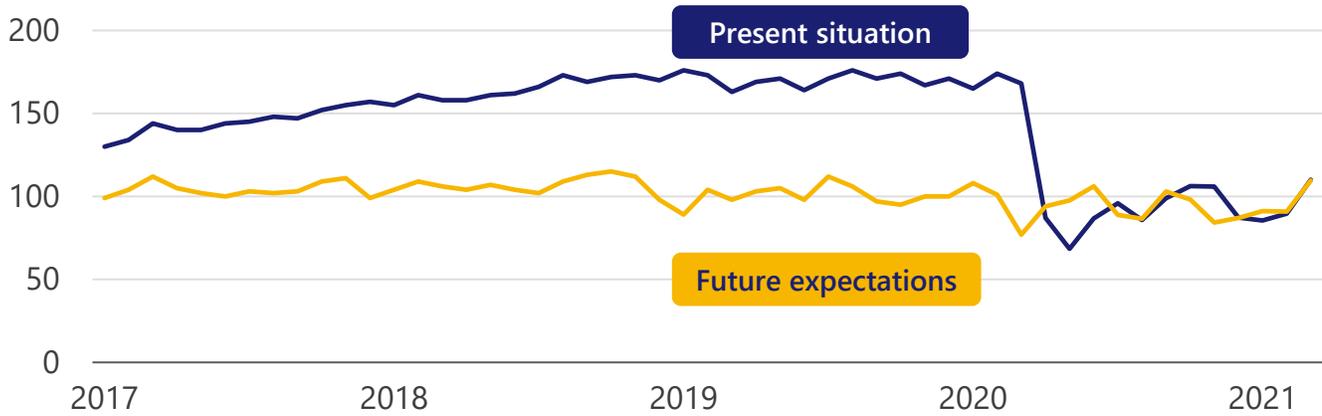
Consumer confidence increased resoundingly in March with a leap in both the present situation and future expectations indices

More than 18 percent of consumers still view jobs as 'hard to get'

Older consumers are set to travel—once vaccinated

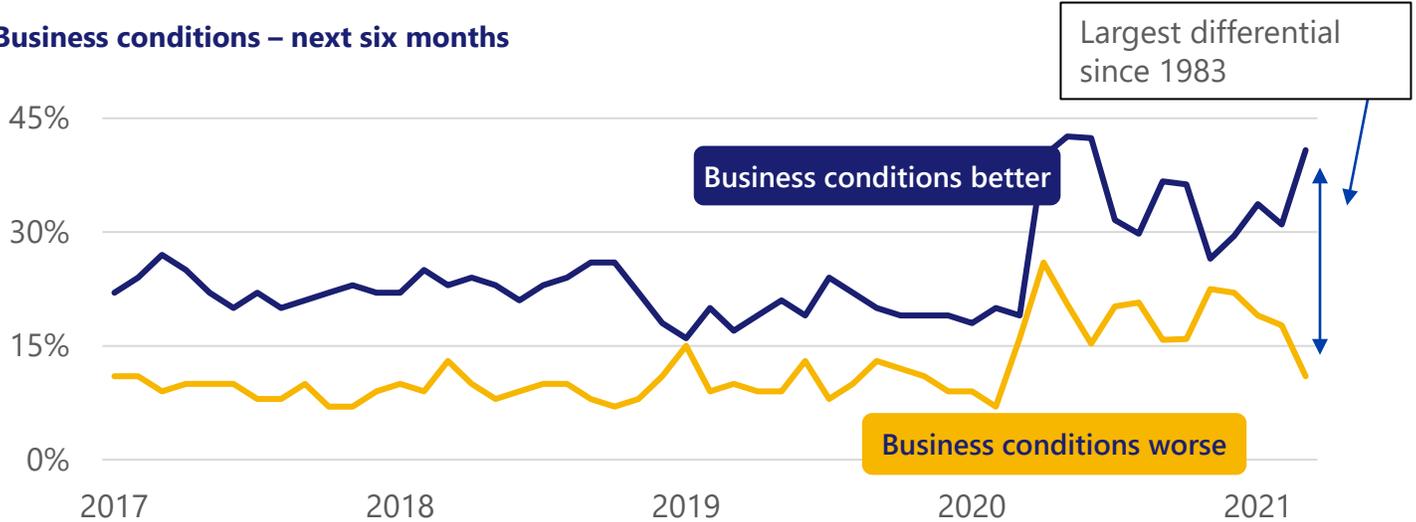


Consumer confidence – present situation and expectations*



*March survey interviews conducted through March 19, 2021

Business conditions – next six months



Sources: Visa Business and Economic Insights; Conference Board

Consumers' assessment of the labor market improved in March. Consumers who saw jobs as "plentiful" expanded relative to those who viewed jobs as "hard to get"—representing a nearly 8 percent difference. This was much stronger than February's slightly negative reading. While more than 18 percent of consumers still perceived jobs as "hard to get," many were positive about the prospects for an improved labor market in the coming months. More than one-third of consumers believed there will be more jobs in the next six months, compared to 13 percent who believed there will be fewer jobs, a strong indication that consumers feel confident of strong job creation as the economy continues to recover.

Consumers showed tremendous confidence in future business conditions, with nearly 30 percent more consumers indicating conditions will improve than those who thought they will worsen in the next six months—the largest differential for this confidence reading in almost 40 years. Consumers are still waiting for business conditions to improve, however, with 12 percent more consumers believing current business conditions were bad. While this is an improvement from February, the lingering health issues and slow reopening of the economy has created a slight hangover.

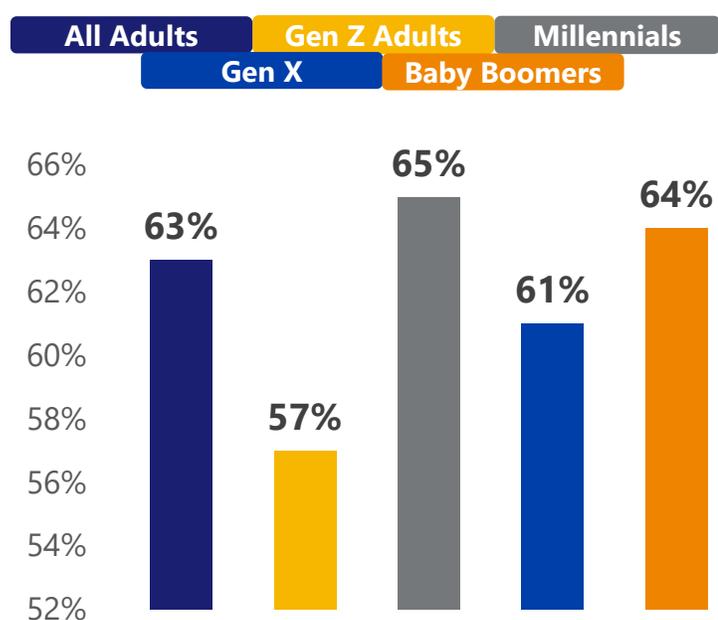


Consumers *really* want to travel, but are concerned about safety and prices

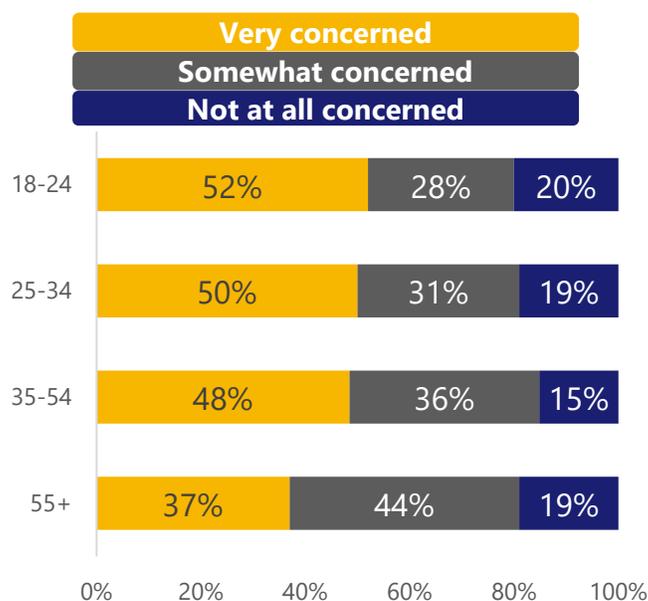
Consumers are showing pent-up demand for a lot of activities they have hesitated to do in the past year, with demand for travel among the highest. Initial assessments had put the recovery of travel well into 2022, if not later. But recent consumer surveys indicate that more than 60 percent of consumers are ready to travel this year. Older adults seem more willing to book travel, but they also indicate they will not travel until they are fully vaccinated. More than half of the vaccinated population in the U.S. is over 65, but as younger consumers get vaccinated, they will likely show the same willingness to book travel and take trips. Nearly half of consumers expected to be vaccinated by the end of spring, with an additional 29 percent expecting to be vaccinated by the end of summer, in line with the expectations and eagerness to travel. The travel itself will likely be far less international, as willingness to travel is still highly dependent on the safety of the destination and the perceived safety of longer vs. shorter flights.

Recent news items and discussion of inflation has also made its way into the consumer mindset. A majority of consumers indicate some level of concern with rising prices. People who have had their hours or pay reduced as a result of the pandemic are the most sensitive to the idea of inflation and what it means for the general cost of living. If inflation increases, the recovery of spending—particularly discretionary spending like travel—could suffer as a result. Younger consumers, whose budgets are generally more heavily weighted to non-discretionary spending, are the most concerned about price increases. Striking a balance of providing sufficient bridge funding through stimulus payments as the recovery takes hold, yet not so much as to cause price increases that stifle consumer spending, is something to closely monitor in the coming months.

Consumers are excited to start traveling again



Inflation concerns could affect consumer mood...and spending



Sources: Visa Business and Economic Insights; Morning Consult; Civic Science March 2021 Consumer Survey.



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