State of the US consumer: June 2022
More signs point to weakening financial sentiment

Key insights about US consumers from Deloitte’s State of the Consumer Tracker

- The surge in inflation (8.6% in May) is raising consumers’ concerns about declining purchasing power. For example, the percentage of Americans concerned about rising prices for everyday purchases hit 84% in May, up from 72% in September (figure 1). It’s not just everyday purchases that consumers appear to be worried about. High inflation is also forcing a greater share of Americans (especially lower- and middle-income earners) to hold off on making large purchases this year compared to 2021 (figure 2).
- As inflation bites into household budgets, the ability to save money has gone down. The share of Americans concerned about their level of savings has nearly doubled over the past year, while worries about credit card debt have also gone up during this period (figure 3). Rising interest rates in response to rate hikes by the Fed will likely add to the pressure on those worried about servicing debt as cost of borrowing rises.
- As sentiment about personal finances weakens, spending intentions are suffering. In May, Americans planned to allocate 32% of their monthly budgets on discretionary spending, for example, on leisure and food services, down from 38% in September. This drop is more severe for middle-income consumers (figure 4).

Sources: Deloitte’s State of the Consumer Tracker; Haver Analytics; United States Department of Transportation; Deloitte economic analysis.
High inflation has hit real earnings, thereby posing risks for consumer spending

**A roundup of key consumer-related economic data**

**Figure 5. Consumer spending went up by 0.7% in April, with spending on durable goods rising by 2.3% during the month**

**Figure 6. The labor market remains strong, with unemployment at 3.6% and the employment-to-population ratio edging up slowly**

**Figure 7. Retail sales grew by 1% in April and were up 8.2% compared to a year back**

**Figure 8. The personal savings rate fell to 4.4% in April, the lowest since September 2008**

Figure 9. Mortgage rates went up again in May and are now at levels last seen in mid-2009

Figure 10. Inflation surged to 8.6% in May, the highest in about 41 years; core inflation also remains high relative to the Fed’s 2% target


For more on Deloitte’s State of the Consumer Tracker, see this link.

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