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State of the US consumer: June 2024

Key insights about US consumers from Deloitte's ConsumerSignals

Financial well-being sentiment holds steady, but improvements among higher-income households mask emerging weakness among average earners

- Deloitte's financial well-being index increased to 98.4 in May, up slightly from 95.9 a year ago (figure 1).
- While the index holds steady, financial well-being sentiment is diverging across income groups (figure 2).
- Since 2022, four of the six underlying metrics comprising the index have steadily decreased among middle-income Americans. Fewer middle-income respondents are confident about making upcoming payments, have money left over at the end of the month, are making large purchases they would typically make, or expect their finances to improve within the next year (explore Deloitte's ConsumerSignals interactive dashboard for more insights).
- Discretionary spending intentions remain relatively weak as consumers continue to prioritize their savings (figure 3)—this focus on savings has corresponded with a rise in the percentage of respondents comfortable with their savings levels over the past year.
- Mirroring financial well-being sentiment, discretionary spending intentions have been particularly weak among middle-income Americans (figure 4).

Figure 1. Deloitte's financial well-being index continues to move in a tight range near the 2020 baseline

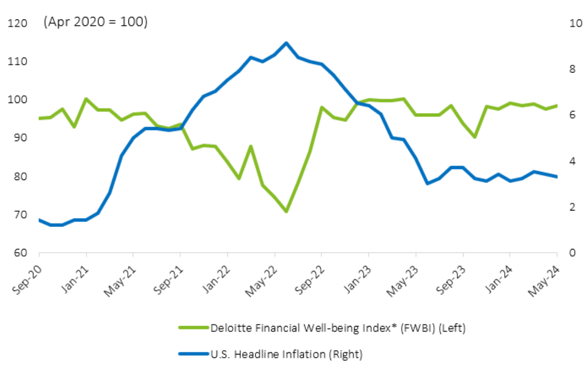


Figure 2. The percentage of higher-income respondents stating their finances improved over the past year increased 10 points since September 2022—middle- and lower-income groups don't mirror this trend

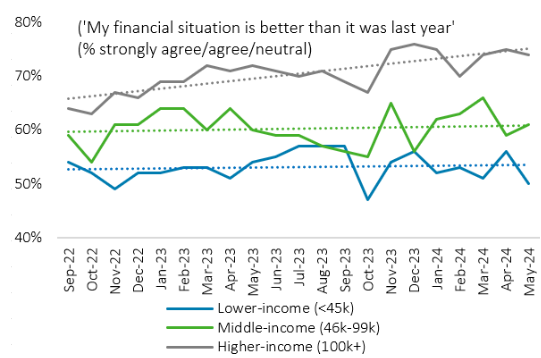


Figure 3. Discretionary spending intentions remain relatively weak as consumers continue to prioritize savings

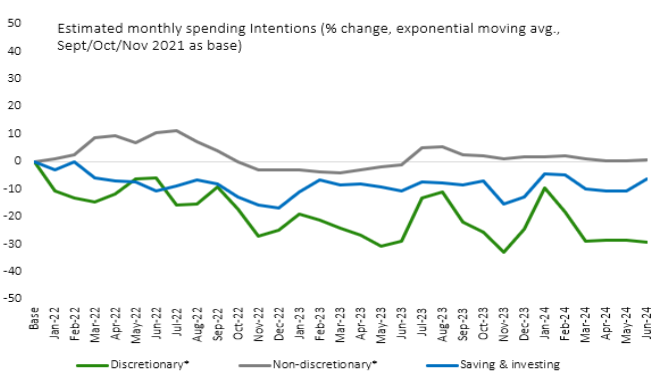
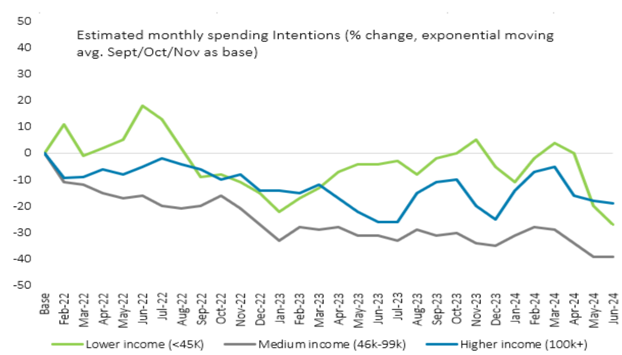


Figure 4. Discretionary spending intentions have been particularly weak among middle-income respondents



Notes: In figure 1, Deloitte's financial well-being index is measured across six dimensions of financial health: (1) confidence in the ability to meet current financial obligations; (2) comfort with level of savings; (3) income relative to spending; (4) delays in making large purchases; (5) assessment of current personal financial situation compared to prior year; and (6) expectations of personal financial situation for the year ahead. Higher index values represent stronger financial well-being. Spending intentions represent respondent's estimated spending for the next four weeks. In figures 3 and 4, discretionary categories include leisure travel, restaurants, recreation and entertainment, electronics, clothing, personal care, household goods, education, child care, and home furnishings. Non-discretionary categories include housing and utilities, transportation, groceries, and health care. Spending intentions index values are represented by a three-month exponential moving average.

Sources: Deloitte ConsumerSignals; US Bureau of Labor Statistics.

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Consumer prices were flat in May, thereby pushing inflation down slightly to 3.3%

A roundup of key consumer-related economic data

Figure 5. Consumer spending fell 0.1% in April—the second decline this year—as a drop in goods spending offset a rise in spending on services

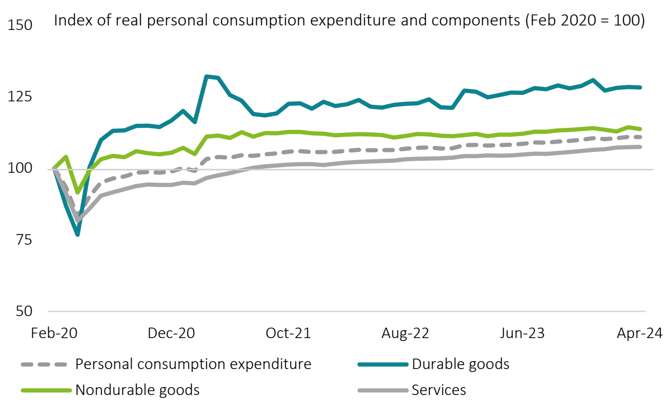


Figure 6. The labor market remains strong with non-farm payrolls rising by 272,000 in May, higher than the average gain seen in the last 12 months

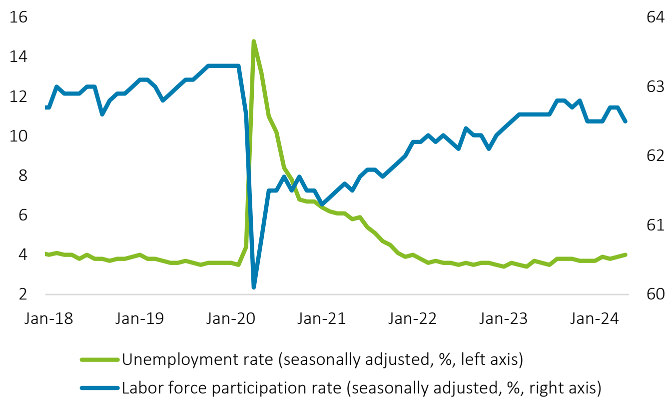


Figure 7. Retail sales rose 0.1% in May from April; retail sales have been relatively weak this year with sales down 0.2% since end-2023

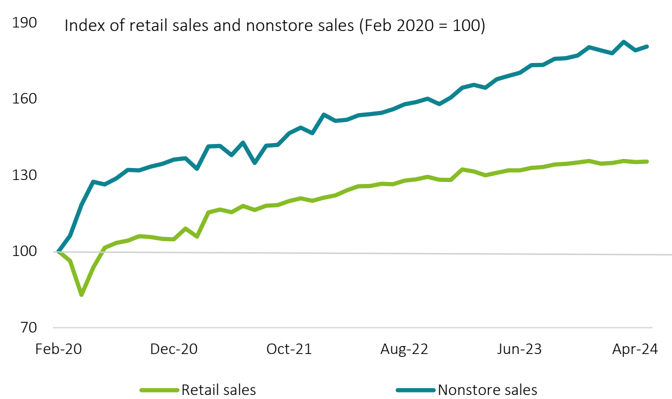


Figure 8. The personal savings rate remained unchanged at 3.6% in April, which is much lower than the pre-pandemic average

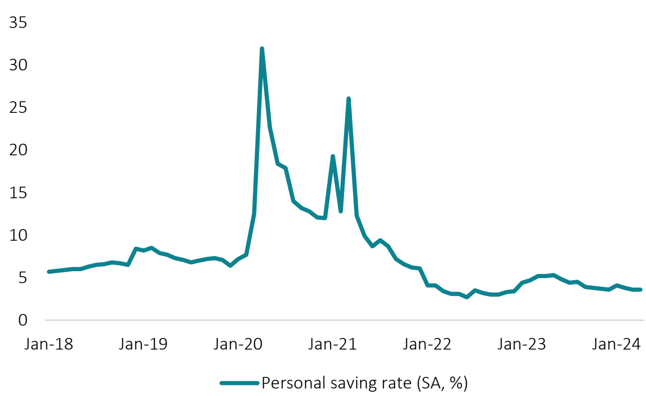


Figure 9. Borrowing costs for consumers remained elevated in May with high mortgage rates weighing on housing demand

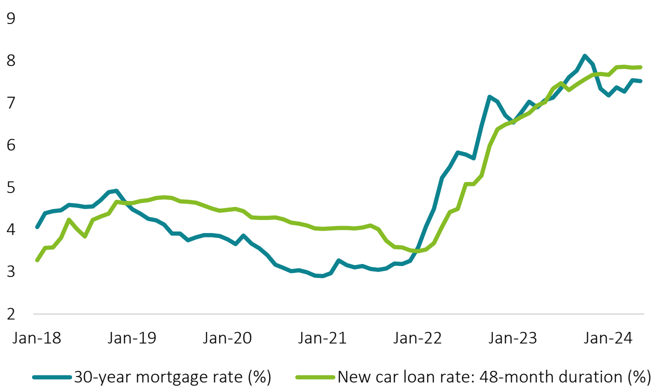
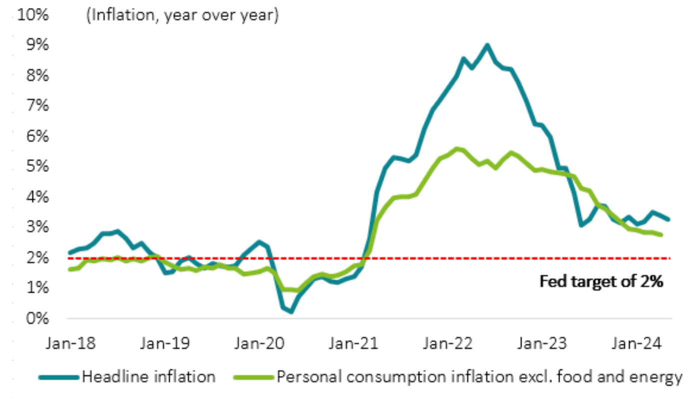


Figure 10. Consumer prices were flat in May, down from a 0.3% rise in April; core prices growth also slowed over this period



Sources: US Department of Commerce; US Bureau of Labor Statistics (all sourced through Haver Analytics); Deloitte analysis.

Follow this link for more on Deloitte's ConsumerSignals.
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