

February, 2021

Eccles Economic Survey

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Executive summary

Consumer confidence in the Utah economy in the near future grew in February. Current expectations of spending, income, and savings over the next three months increased compared to expectations reported in January, which suggest a growing optimism across all three categories. In particular, survey respondents anticipate a larger income increase than reported in January. Additionally, survey responses indicate that Utahns' economic outlook for the state is stronger than for the country as a whole. Finally, respondents suggest Economic Impact Payments (EIP) enabled consumers to better maintain financial health.

Topics:

- Consumer Budget Expectations
- Economic Impact Payment Usage

Consumer Budget Expectations

In Figures 1, 2, and 3, we report spending, income, and savings expectations in the next three months relative to this time last year. In both January and February, the respondents said that they expect them, their friends and the average Utahn and American to spend less than during this time last year. **While spending expectations remain below last year, they are increasing from January to February.**

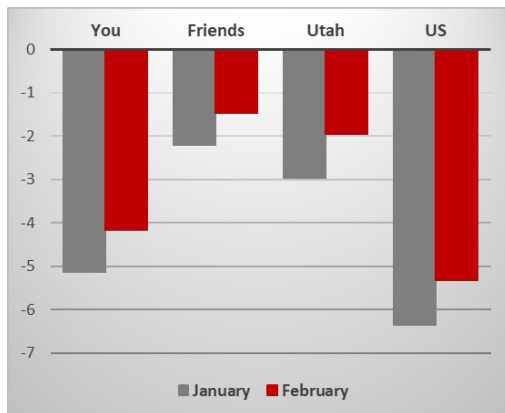


Figure 1: Percent Change in Spending

In Figure 2, respondents report that income expectations continue to rise. Respondents report that they expect their income to be 2 percent higher in the next three months than this time last year, up from 0.5 in January. Respondents continue to expect their incomes to rise more than their friends, an average Utahn, and average American. **Overall, income expectations rose in February for all groups.**

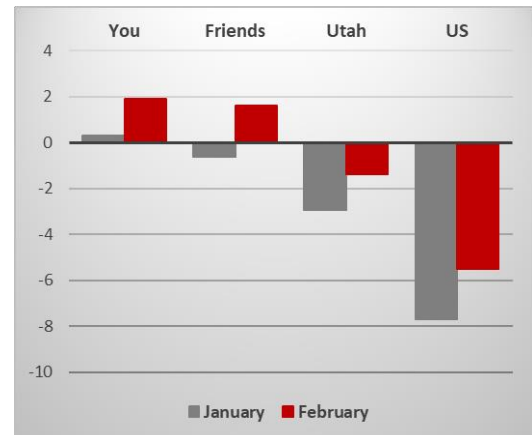


Figure 2: Percent Change in Income

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In Figure 3, respondents report that they expect savings to be less than this time last year. This is a change from January where respondents reported an increase in expected savings. This could be due to an abnormal amount of saving this time last year as the pandemic started. Overall, saving expectations are highest for themselves, then their friends, an average Utahn, and, finally, the average American. **Over spending, income, and savings, respondents are more optimistic about the average Utahn than the average American---likely reflecting the stronger economy in Utah.**

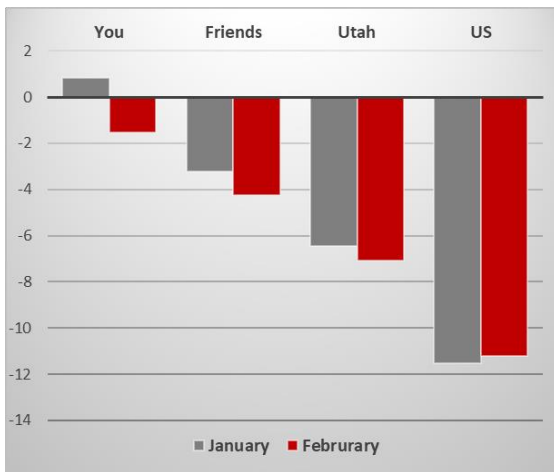


Figure 3: Percent Change in Savings

Economic Impact Payment Usage

In January, participants were asked about the sources of funds they used to meet their spending needs. Figure 4 shows the relative amounts of each reported source they used to meet spending needs. Respondents indicated that the Economic Impact Payment (EIP), commonly referred to as the stimulus payment, was a significant portion of their spending sources. Respondents used EIP funds approximately as much as credit cards or other loans, and using money from savings or selling assets. Since spending from pre-pandemic income sources was less than usual, utilizing the EIP enabled households to maintain their financial health by limiting additional credit card use or spending from savings.

Of the respondents who participated in the January survey, about one third of them did not receive the EIP. Of the remaining respondents approximately half of them used the EIP to pay off debt or increase savings.

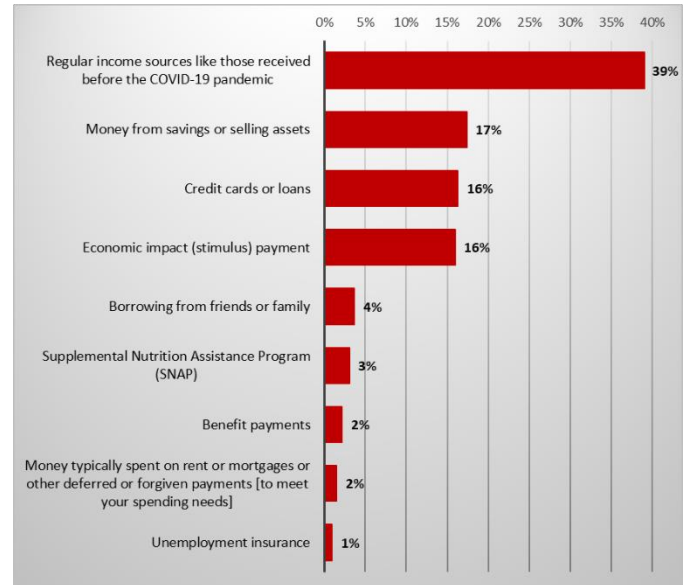


Figure 4: Sources of Spending

The other half spent it on food, rent, and other uses. Many of the “other” expenditures included mostly home improvements or appliances, as well as some education and entertainment.

The responses from the January survey participants indicates that the Economic Impact Payment benefited many Utah households. For those whose previously available funds were decreased, the EIP was a significant source of money that prevented taking on additional debt, or asset reduction. Those who did not utilize the EIP for immediate purchases were able to improve the household financial health by using the funds to reduce debt or build savings.

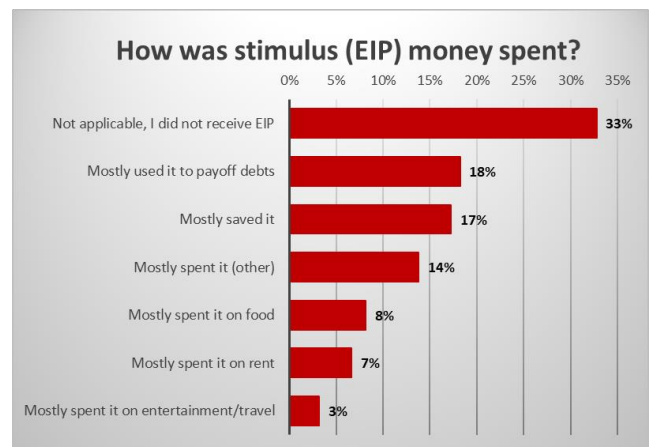


Figure 5: EIP Usage

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