

April 2, 2024 04:01 AM GMT

US Thematics | North America

AlphaWise US Consumer Pulse Survey Wave 52



This report provides a full breakdown of data from our 52nd survey of ~2,000 consumers in the U.S., which ran March 22nd - 25th to gauge consumer behavior, attitudes and outlook.

- Concerns Over the Political Environment Are Elevated As the Presidential Election Approaches.** Coping with inflation continues to be consumers' top concern for 2024, with 64% of respondents worried about rising prices (in-line with last month). The political environment in the U.S. is the second most listed primary concern, cited by 47% of consumers and higher among upper-income consumers. The issue of immigration is becoming increasingly important with 36% of voters citing it as one of the most important issues in the upcoming presidential election (up from 33% last month and ~25% late last year). Jobs & the economy are by far the most important issue in the election, cited by 53% of registered voters (albeit slightly down from 57% in October '23). When asked about how these issues are currently going in the U.S., the majority of voters believe things are not going in the right direction.
- Consumers are Planning Vacations.** Roughly 60% of consumers are planning to travel over the next six months, in-line with last month and the same time last year. Mid- and upper-income households display higher intentions to travel compared to lower income households. Visiting friends/family remains the most common reason for travel. Vacation travel is trending up. The next 6 months spending outlook for domestic travel is softer this month -3% (down from +2% last wave, but still up vs. -10% same time last year).
- Tax Refunds Will Go Towards Savings, Debts and Everyday Purchases.** Similar to last year, nearly half (47%) of consumers who already received or expect to receive tax refund will allocate at least a portion of the rebate to savings; this allocation to savings is higher among mid- and upper-income consumers. Around 37% of consumers across income cohorts plan to use tax refunds to pay off debt. While 29% will use the money for everyday purchases, skewing higher towards low-income consumers.

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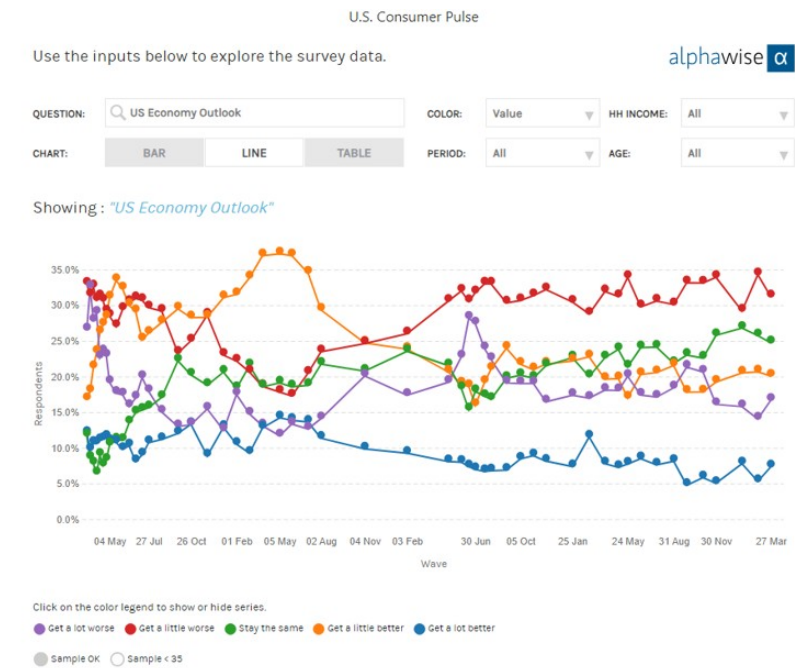
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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.



Source: AlphaWise, Morgan Stanley Research

Wave 52 Results

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AlphaWise U.S. Consumer Pulse Survey: Wave 52

April 2nd, 2024

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Survey Highlights

Sentiment

• **Concerns Over the Political Environment Are Elevated As the Presidential Election Approaches.** Coping with inflation continues to be consumers' top concern for 2024, with 64% of respondents worried about rising prices (in-line with last month). The political environment in the U.S. is the second most listed primary concern, cited by 47% of consumers (in-line with last wave and the elevated levels during the last presidential election cycle) and higher among upper-income consumers.

Macro Outlook

• **Consumers' Confidence in the U.S. Economy and Household Finances Holds Stable.** Consumer confidence in the U.S. economic outlook is generally stable; 48% of consumers expect the economy to get worse in the next six months, and 27% of consumers expect the economy to get better; both in-line with last wave. A similar trend is observed for household finances, with 24% (in-line with last month) of consumers expecting household finances to get worse in the next six months, while 43% (vs. 41% last wave) expect finances to get better.

Spending Intentions & Tax Refunds

• **Tax Refunds Will Go Towards Savings, Debts and Everyday Purchases.** Similar to last year, nearly half (47%) of consumers who already received or expect to receive tax refund will allocate at least a portion of the rebate to savings; this allocation to savings is higher among mid- and upper-income consumers. Around 37% of consumers across income cohorts plan to use tax refunds to pay off debt. While 29% will use the money for everyday purchases, skewing higher towards low-income consumers.


Travel

• **Consumers are Planning Vacations.** Roughly 60% of consumers are planning to travel over the next six months, in-line with last month and the same time last year. Mid- and upper-income households display higher intentions to travel compared to lower income households. Visiting friends/family remains the most common reason for travel. Vacation travel is trending up. The next 6 months spending outlook for domestic travel is softer this month -3% (down from +2% last wave, but still up vs. -10% same time last year).

2024 Presidential Election

• **The Issue of Immigration is on the Rise.** The issue of immigration is becoming increasingly important with 36% of voters citing it as one of the most important issues in the upcoming presidential election (up from 33% last month and ~25% late last year). Jobs & the economy are by far the most important issue in the election, cited by 53% of registered voters (albeit slightly down from 57% in October '23). Healthcare is the most important issue to about one third of voters. When asked about how these issues are currently going in the U.S., the majority of voters believe things are not going in the right direction


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Outline



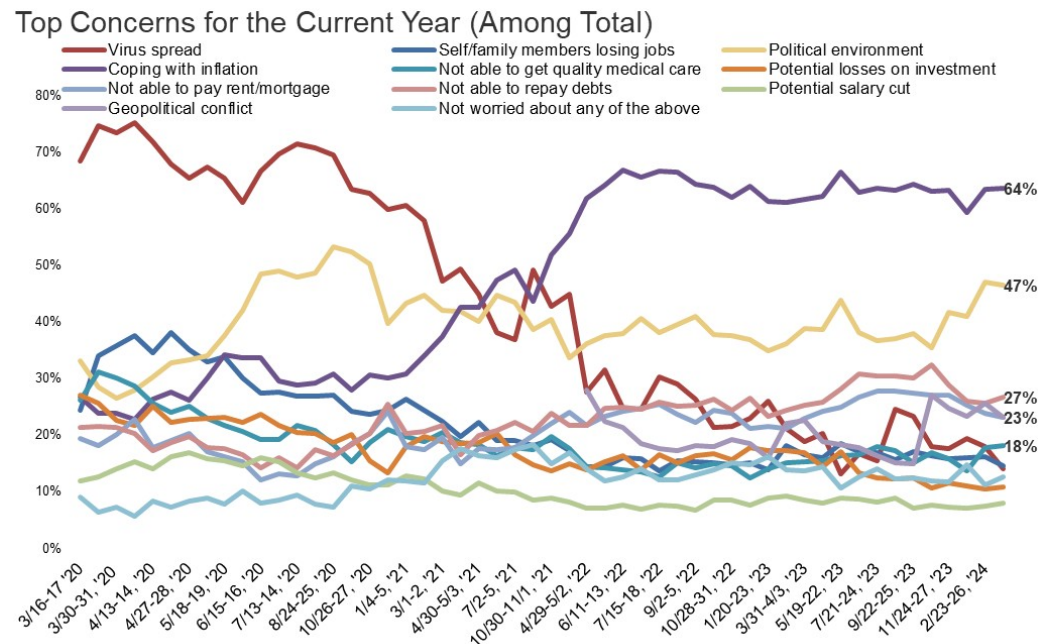
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Sentiment

Coping with inflation continues to be consumers' top concern for 2024, with 64% of respondents worried about rising prices (in-line with last month). The political environment in the U.S. is the second most listed primary concern, cited by 47% of consumers (in-line with the elevated levels during the last presidential election cycle).

Consumers remain concerned about the ability to repay debts (27%) and pay for rent/mortgage (23%), both metrics in-line with last month. Geopolitical conflict is a top concern for 23% (down from 26% last month).



Source: AlphaWise, Morgan Stanley Research

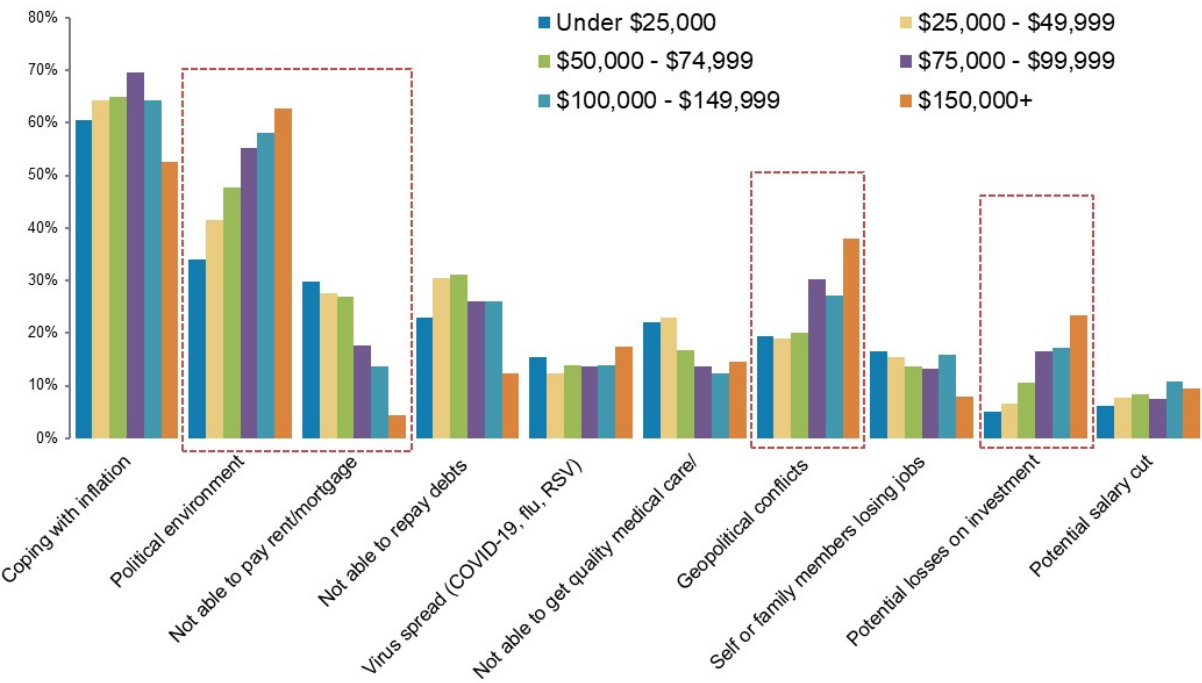
Note: In Wave 18 question wording was changed to identify top concerns for "2021" from "2020". In Wave 18 "Presidential election" was changed to "Political environment (e.g., the efficiency of the government, government policies, attitude towards the economy, etc.)". In Wave 27 question wording was changed to identify top concerns for "2022" from "2021". In Wave 29 a new attribute was added to the list "Geopolitical (international) conflict". In Wave 36 question wording was changed to identify top concerns for "the rest of 2022 and into 2023" from "2022". In Wave 39 question wording was changed to identify top concerns for "2023" from "2022" and attribute "Covid-19 spread" to "Virus spread (COVID-19, flu, RSV)". In Wave 49 question wording was changed to identify top concerns for "2024" from "2023".

Sentiment: Top Concerns by Income

Inflation remains the top concern among consumers in all income segments except for \$150k+, for whom the political environment is more concerning.

Low-income consumers are generally more worried about the inability to pay rent/mortgage, while upper income consumers over index on concerns about their investments, the political environment in the U.S. and geopolitical conflicts.

March 2024: Top Concerns by Income



Source: AlphaWise, Morgan Stanley Research

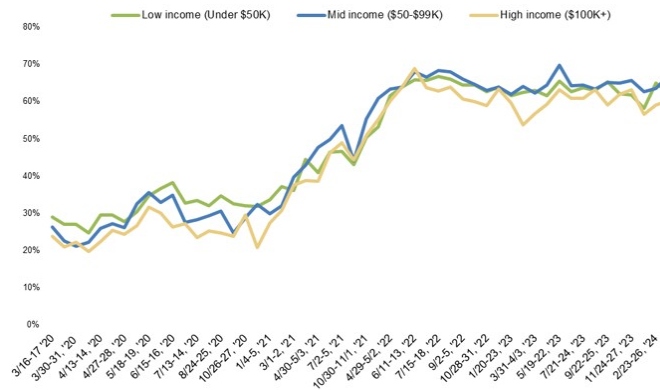
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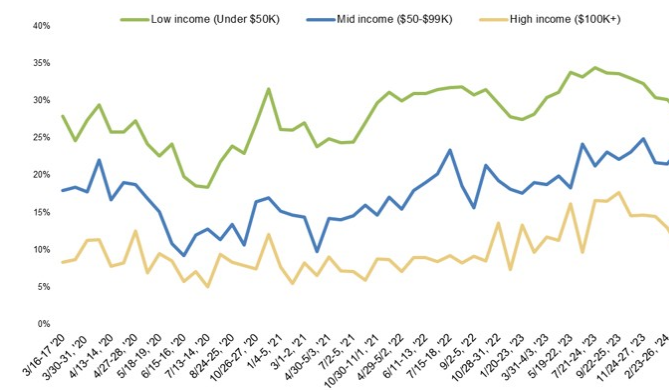
Sentiment: Top Concerns by Income

A similar trend is also observed in the time series data; income cohorts are directionally aligned, but the magnitude varies. Concern over the inability to pay for rent/mortgage is more of a worry among low-income consumers.

Top Concerns: Coping with Inflation by Income



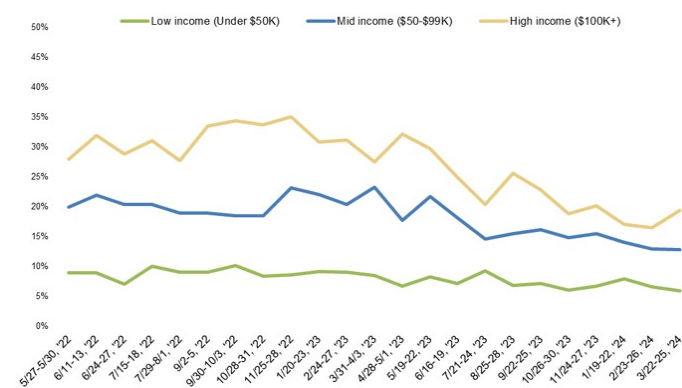
Top Concerns: Not Able to Pay Rent/Mortgage by Income



Top Concerns: Not Able to Repay Debts by Income




Top Concerns: Potential Losses on Investment by Income



Source: AlphaWise, Morgan Stanley Research

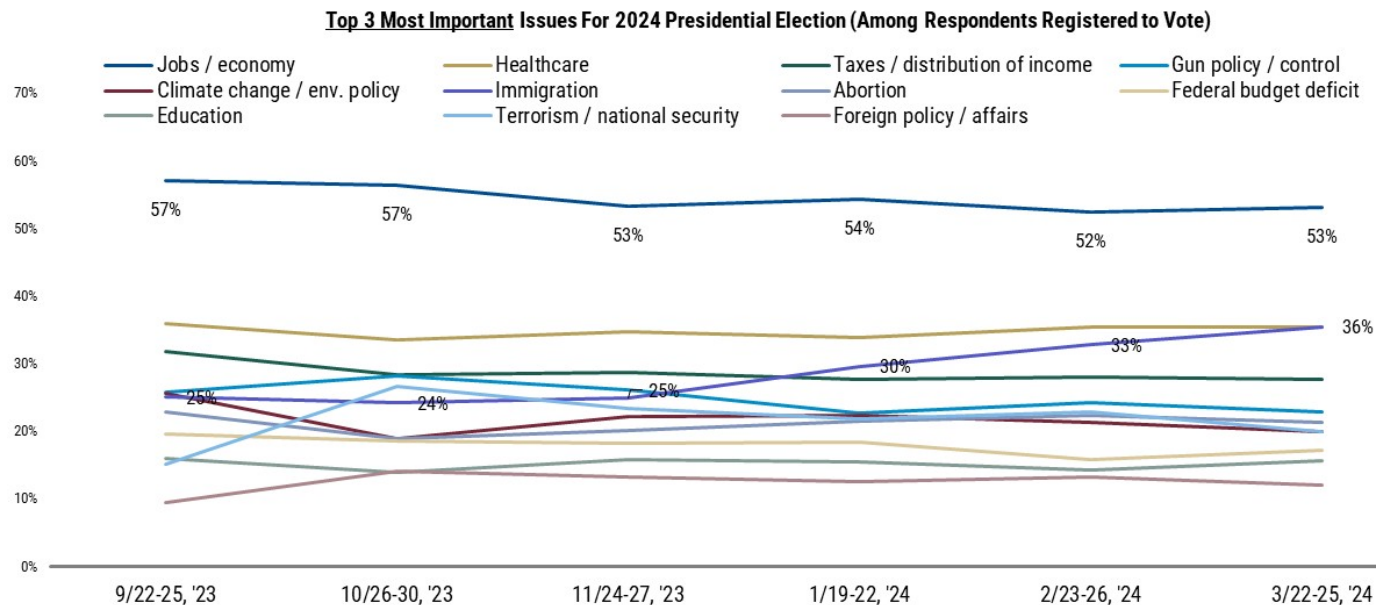
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2024 Presidential Election: Most Important Issues

Jobs & the economy are by far the most important issue in the upcoming 2024 Presidential Election, cited by 53% of registered voters (albeit slightly down from 57% in October '23). Healthcare is the most important issue to about one third of voters.

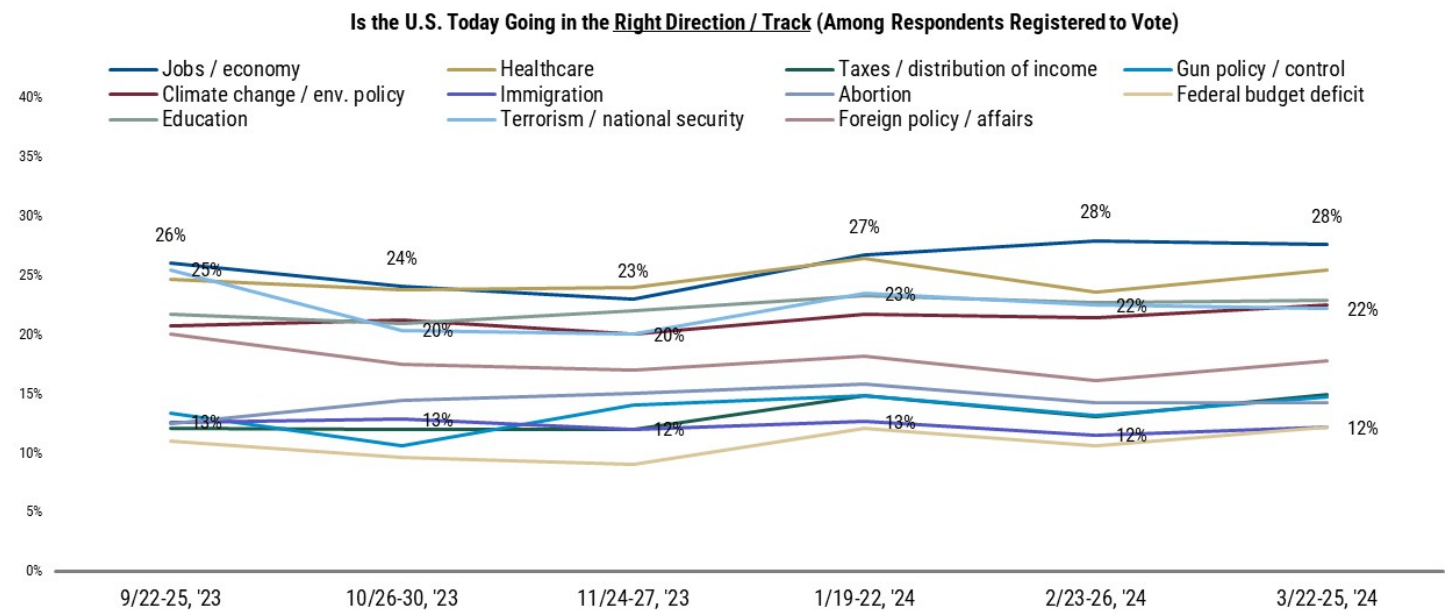
Immigration continues to trend up with 36% of voters citing it among the most important issues (up from 33% last month and ~25% late last year).



Source: AlphaWise, Morgan Stanley Research


2024 Presidential Election: U.S. Headed in the Right Direction

When asked about how these issues are currently going in the U.S., the majority of voters believe things are not going in the right direction. Only 28% of voters believe that jobs & the economy are moving in the right direction; 25% for healthcare and 12% for immigration; all similar to the previous month.



Source: AlphaWise, Morgan Stanley Research

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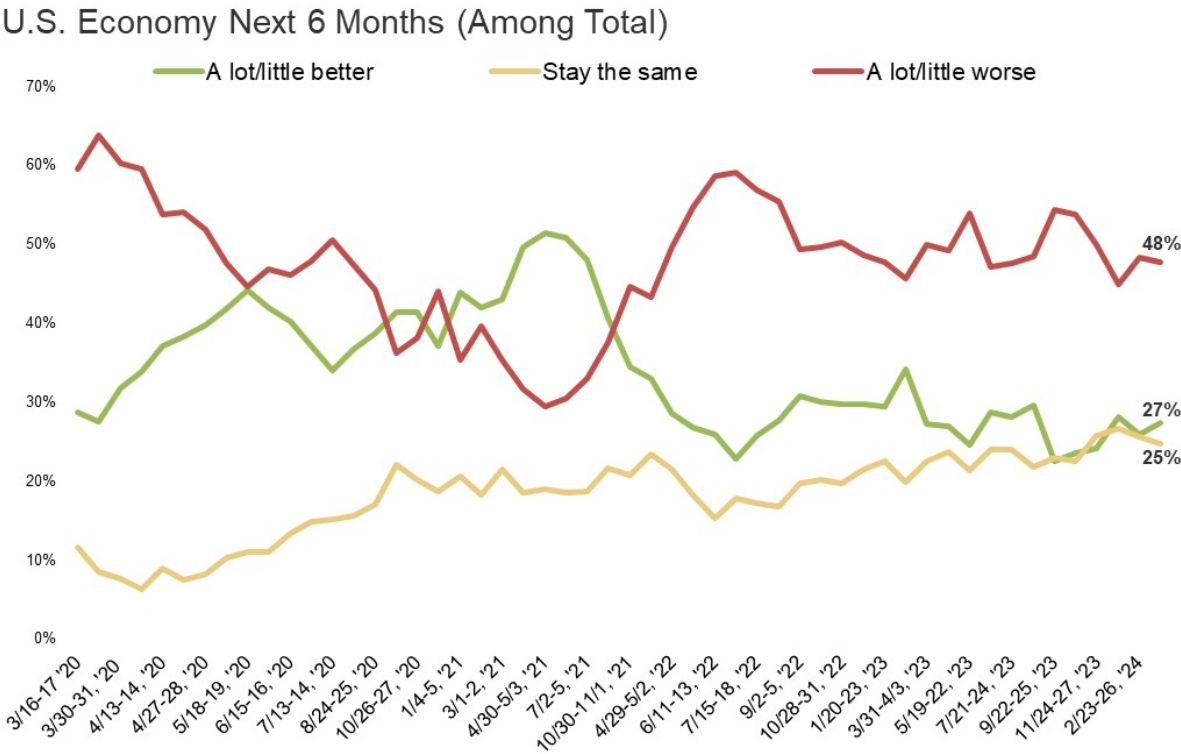
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Outline




U.S. Economic Outlook

Consumer confidence in the U.S. economic outlook is generally stable with 48% of consumers expecting the economy to get worse in the next six months, and 27% of consumers expecting the economy to get better. The proportion of consumers who believe the economy will remain the same is 25%. All metrics in-line with the last wave of the survey.



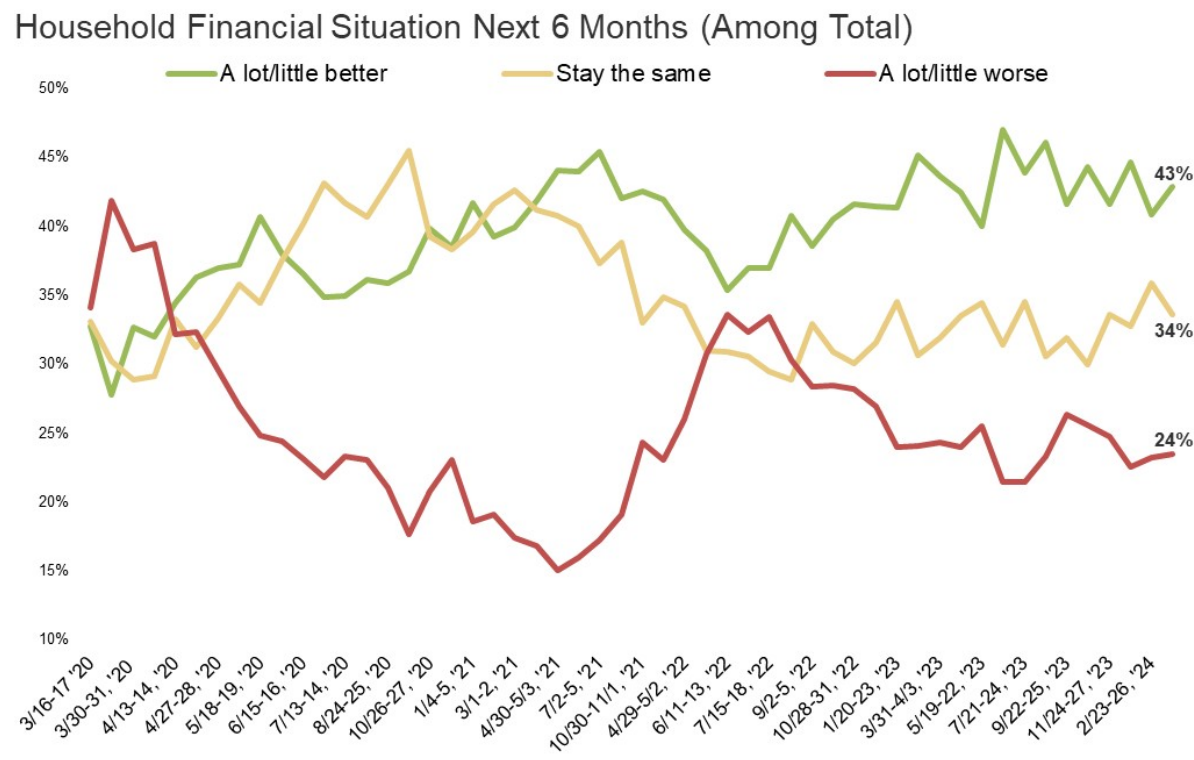
Source: AlphaWise, Morgan Stanley Research

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Household Financial Outlook

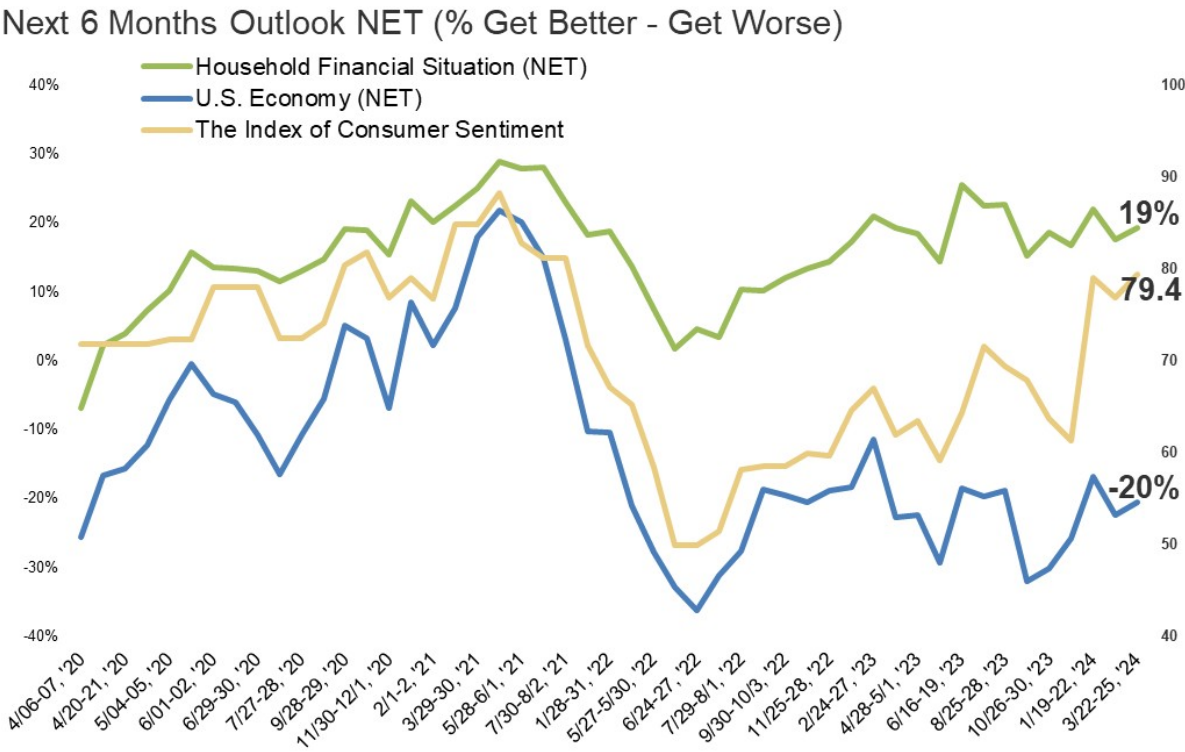
A similar trend is observed for household finances, with 24% (in-line with last month) of consumers expecting household finances to get worse in the next six months, while 43% (vs. 41% last wave) expect finances to get better. The proportion of consumers who expect no change is 34% (vs. 36%).



Source: AlphaWise, Morgan Stanley Research


Outlook Trend Analysis

Additional analysis based on the net outlook scores from our survey shows a high correlation to the University of Michigan Index of Consumer Sentiment. After a sharp increase in January, the Consumer Sentiment Index has been somewhat stable over the past few months. This is directionally in-line with the stable sentiment observed in our survey.



Source: AlphaWise, Morgan Stanley Research
NET: Percentage of consumers who said "Get a lot/little better" – "Get a lot/little worse"

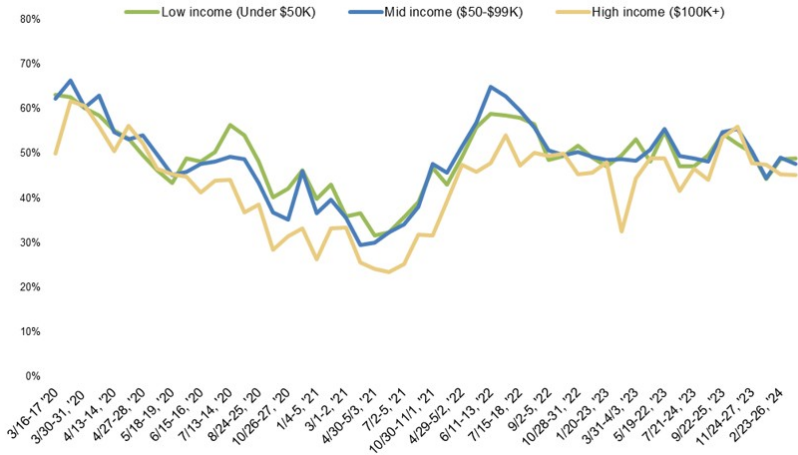
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Outlook Trend by Income

Income cohorts are closely aligned in their sentiment outlook for the economy and household finances.

US Economy Outlook for N6M: A Lot / Little Worse ... by Income



HH Finances Outlook for N6M: A Lot / Little Worse ... by Income



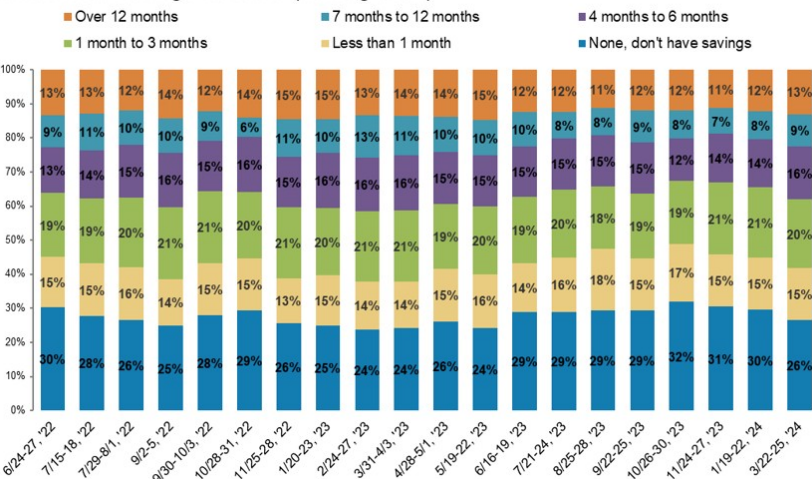
Source: AlphaWise, Morgan Stanley Research
NET: Percentage of consumers who said "Get a lot/little better" – "Get a lot/little worse"

Household Savings Reserves

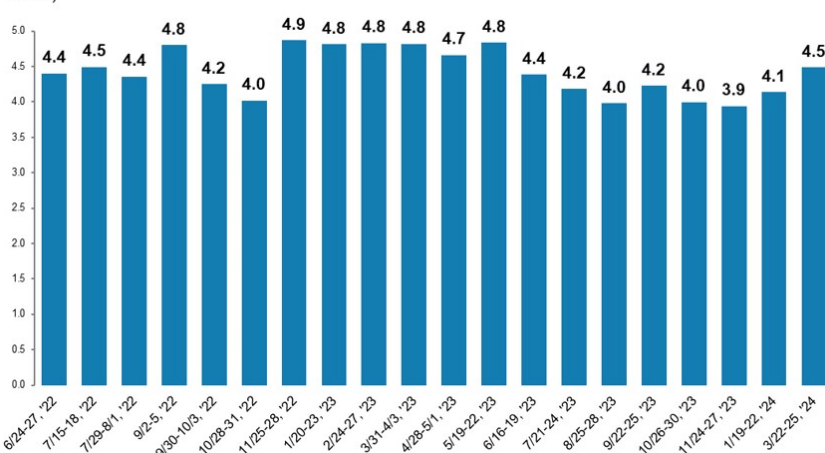
This month, 26% of consumers indicated they do not have any savings, 35% have 3 months or less in savings, 25% have 4-12 months and 13% have more than a year; this yields an average savings reserve of 4.5 months (up slightly from 4.1 in January, but below 4.8 average at the same time last year).

Savings reserves vary significantly by income, with upper income consumers having on average ~7-8 months worth of expenses in savings compared to ~5 months for mid-income and ~3 months for lower income cohorts.

Household Savings Reserve (Among Total)



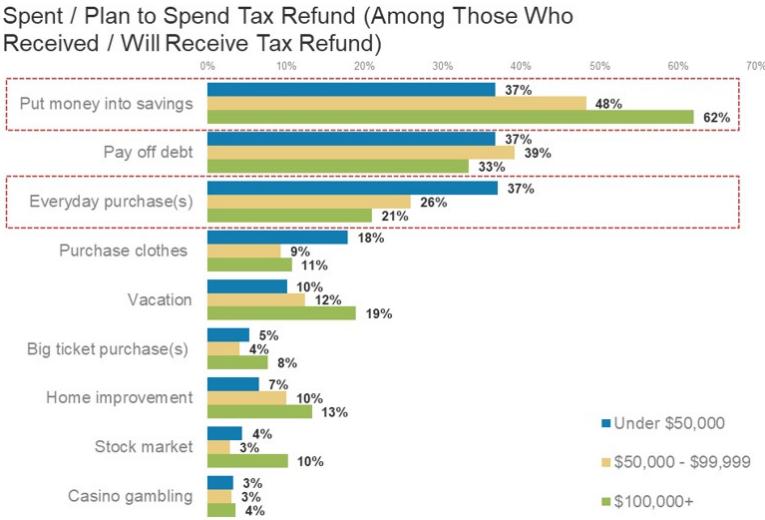
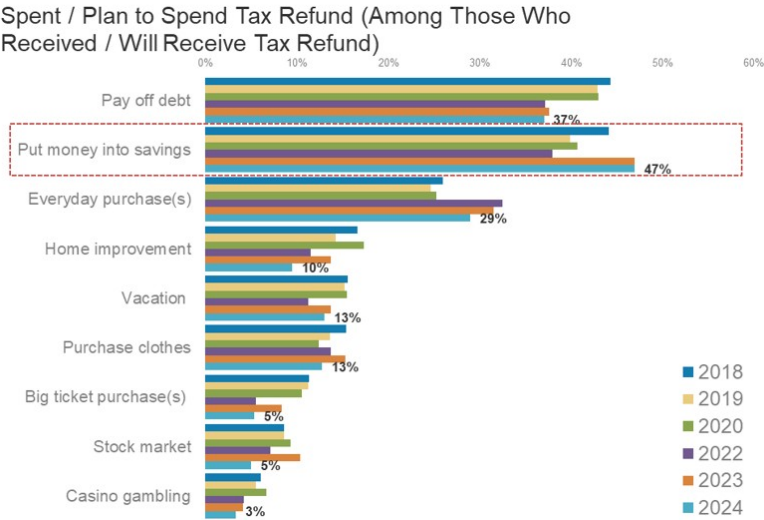
Average (# of Months) Household Savings Reserve (Among Total)



Source: AlphaWise, Morgan Stanley Research
Average is calculated by taking mid-point for each answer choice, "Over 12 months" equates to 18 months for calculation purposes.


Tax Rebates: Spending

Similar to last year, nearly half (47%) of consumers who already received or expect to receive tax refunds will allocate at least a portion of the rebate to savings; this allocation to savings is higher among mid- and upper-income consumers. Around 37% of consumers across income cohorts plan to use tax refunds to pay off debt while 29% will use the money for everyday purchases, skewing higher towards low-income consumers.



Source: AlphaWise, Morgan Stanley Research

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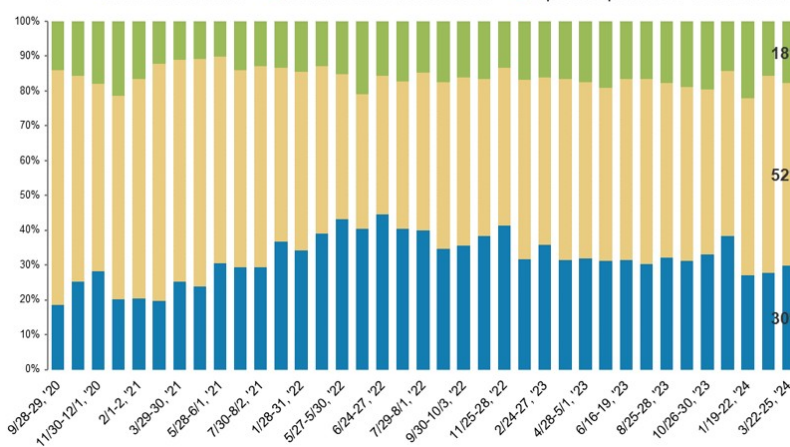


Pg. 3	Consumer Sentiment
Pg. 9	Outlook, Savings & Credit
Pg. 16	Spending Plans
Pg. 21	Planned Activities & Travel

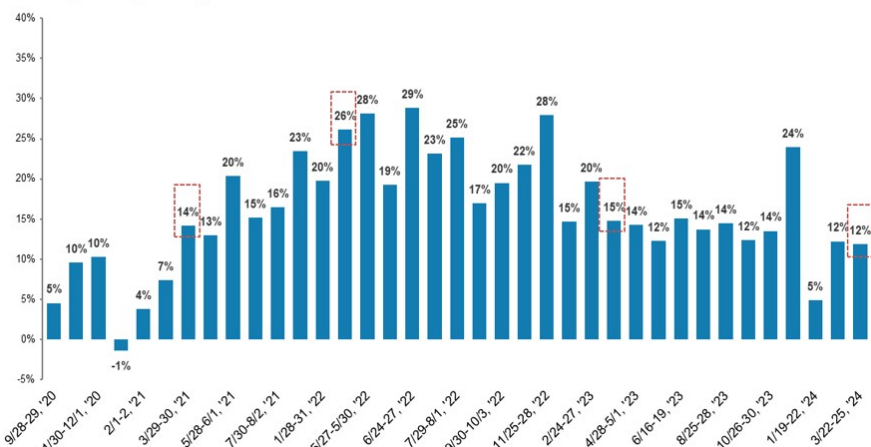
Overall Spend Next Month vs. Last Month

After a sharp pull back post-holidays, consumers' spending outlook has moderated, with 30% of consumers expecting to spend more next month and 18% expecting to spend less, yielding a net of +12% (in-line with last month and similar to the same time last year). Over a half (52%) of consumers don't plan to change their spending habits.

Overall Household Dollar Spending Over Next Month (Among Total)




NET (More - Less) Overall Household Dollar Spending Over Next Month (Among Total)



Source: AlphaWise, Morgan Stanley Research
NET: Percentage of consumers who said "More" – "Less"

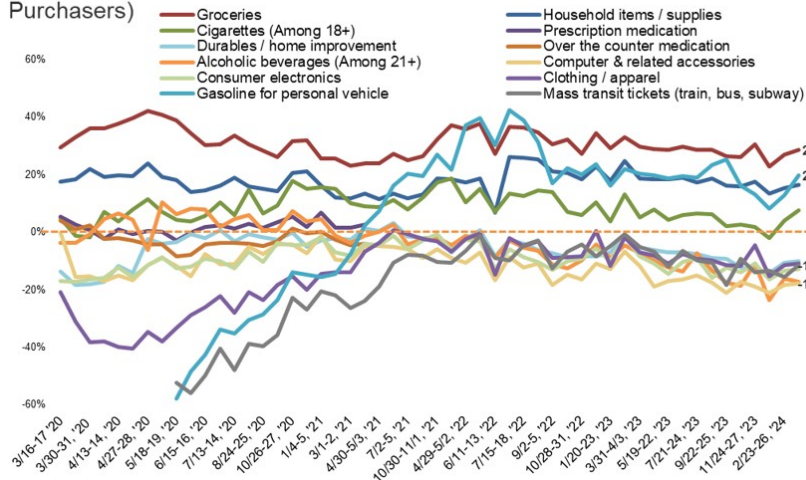
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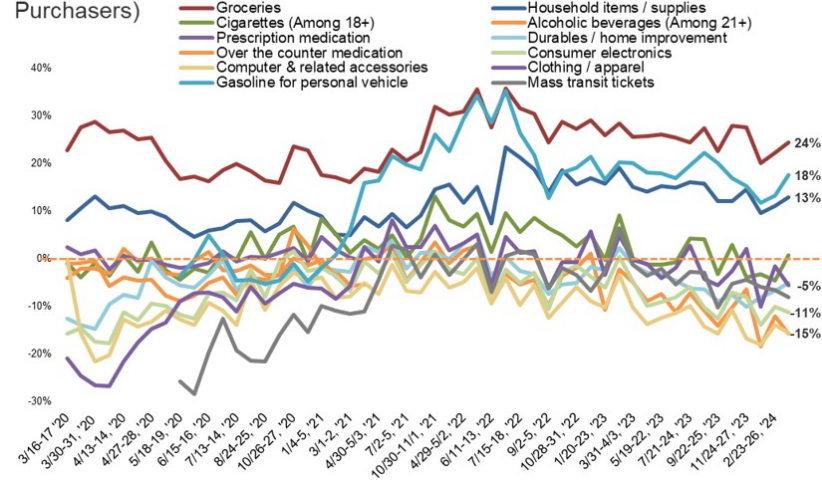
Monthly Category Spend

Consumer electronics and computers continue to post lower negative net spending compared to the net positive spending plans seen in essential categories (groceries, gas and household items). Spending on cigarettes is also net positive with a slight improvement compared to last month. Alcoholic beverages and clothing/apparel continue to trend net negative.

Category Spending Now vs. Month Ago: NET (Among Purchasers)




Category Spending Over the Next Month: NET (Among Purchasers)



Source: AlphaWise, Morgan Stanley Research
 NET: Percentage of consumers who said "More" – "Less"

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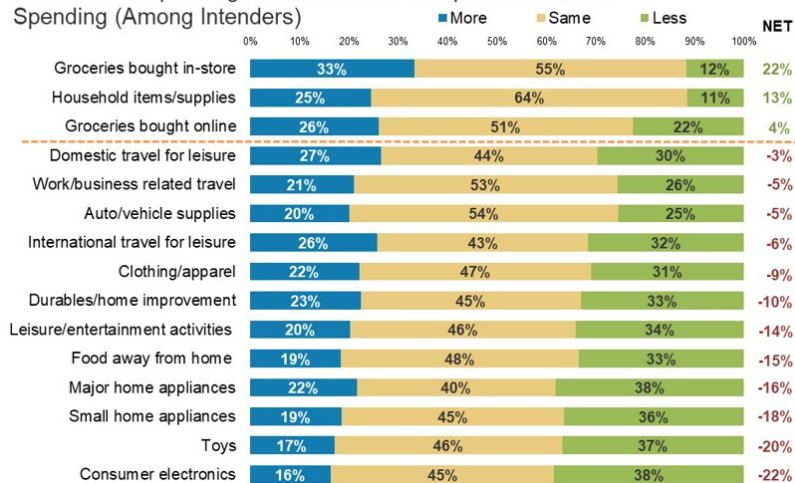
Spending Outlook: Next 6 Months

The longer-term spending outlook is similar to the short-term one and consumers are prioritizing essentials like groceries (in-store / online) and household supplies.

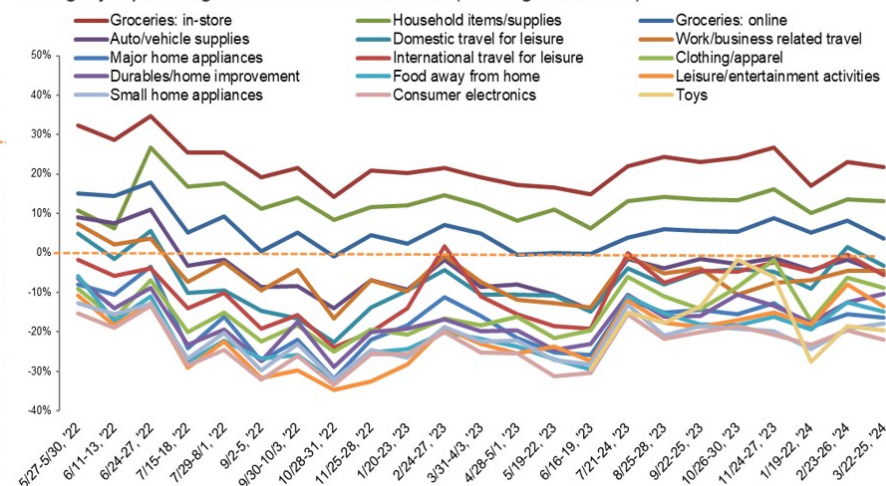
Domestic travel spending intentions are softer this month -3% (down from +2% last wave, but still up vs. -10% same time last year).

Categories with the most strongly negative net spending intentions are consumer electronics, toys, small and large home appliances.

March 2024: Spending Intentions N6M Compared to Current Spending (Among Intenders)




Category Spending N6M vs. Current: NET (Among Intenders)



Source: AlphaWise, Morgan Stanley Research
 NET: Percentage of consumers who said "More" – "Less"

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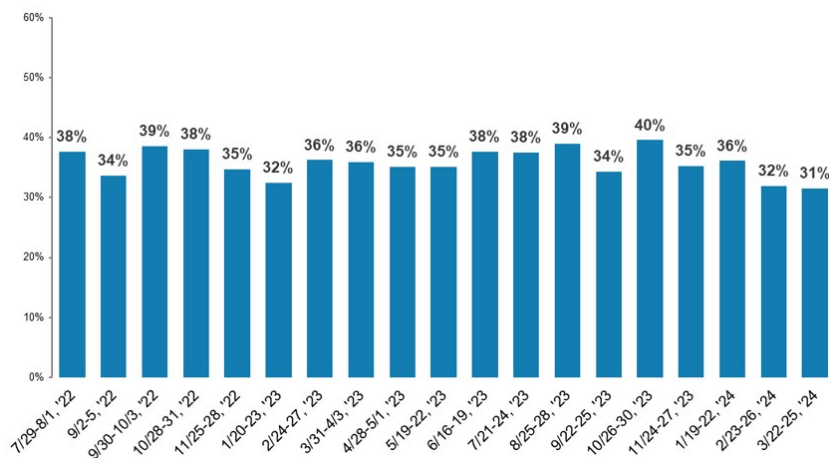
Bill / Loan Payments

Overall, 31% of consumers reported a missed or late payment on any bill/loan tested in the past three months; this is the lowest reading since we started asking this question. Low-income (41%) and mid-income (28%) consumers are more likely to have missed or made late payments vs. high-income (15%) consumers.

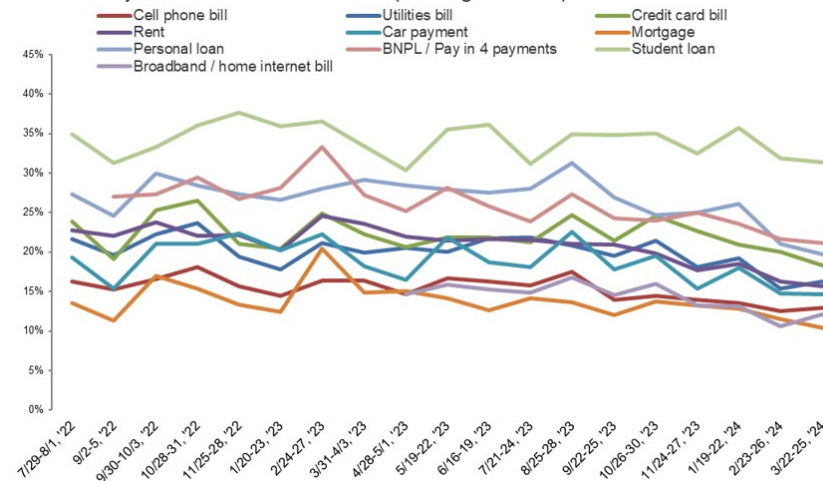
A clear priority for consumers continues to be their cell phone bill. Among the ~90% of consumers who have the payment obligation, only 13% reported a missed or late payment. Another priority for consumers is their mortgage: 39% have a mortgage and, among those, 90% are on time with payments. Household utility, car and internet bills are also important and tend to be mostly paid on-time.

Student (31%), BNPL (21%) and personal loans (20%) are more likely to be missed/paid late, but fewer consumers have these types of loans.

Missed Payment / Paid Bill Late: Any Bill P3M (Among Total)




Missed Payment/Paid Bill Late P3M (Among Holders)



Source: AlphaWise, Morgan Stanley Research


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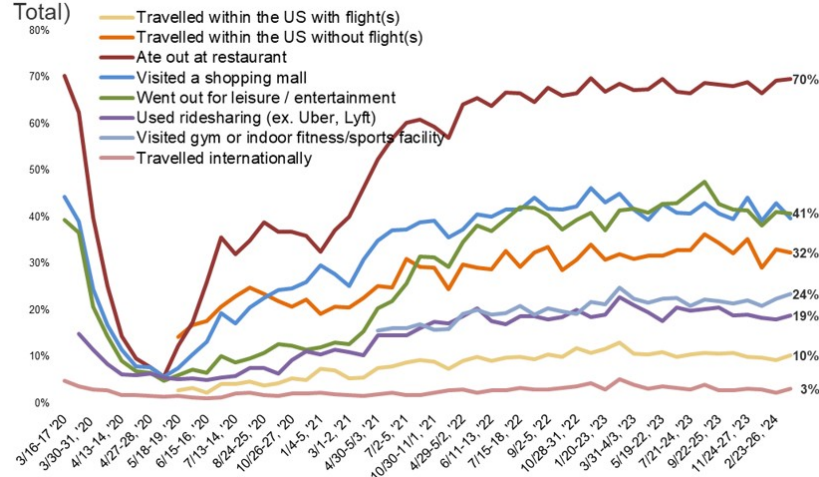
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Engagement in Activities: Out of Home

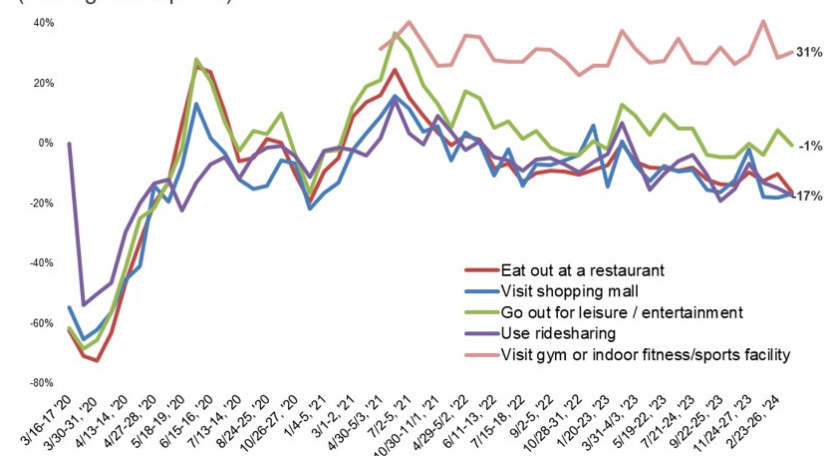
Participation in most out of home activities is broadly consistent with past surveys. The proportion of consumers who report eating out at restaurants is holding steady at ~70%, but the net engagement outlook (% who expect to engage in activity more minus less) is still net negative -16% (vs. -10% last month).

The net engagement outlook for mall visits is in-line with last month at -17%, while entertainment activities ticked down to -1% from +4% last month. Visits to gyms and indoor fitness clubs are in-line with last month (24%), and the net engagement outlook is +31%.

Outdoor Activities Done / Participated in Past Month: (Among Total)




Engagement Outdoor Activities Now vs. Next Month: NET (Among Participants)



Source: AlphaWise, Morgan Stanley Research
 NET: Percentage of consumers who said "More" – "Less"

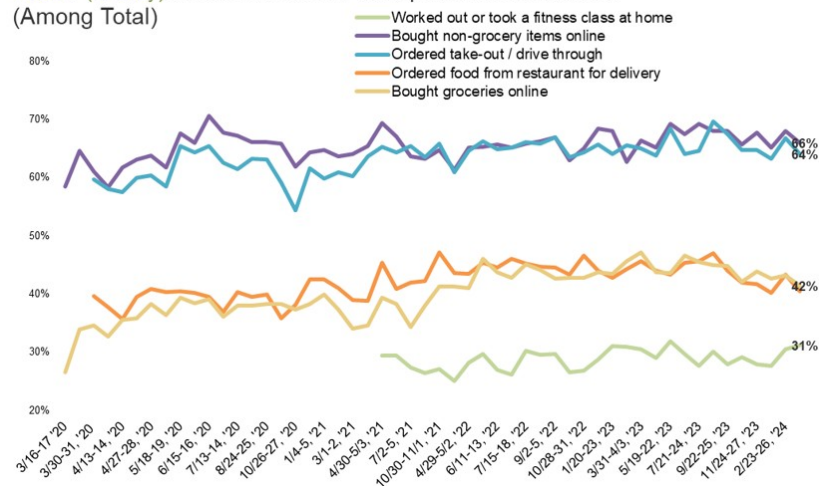
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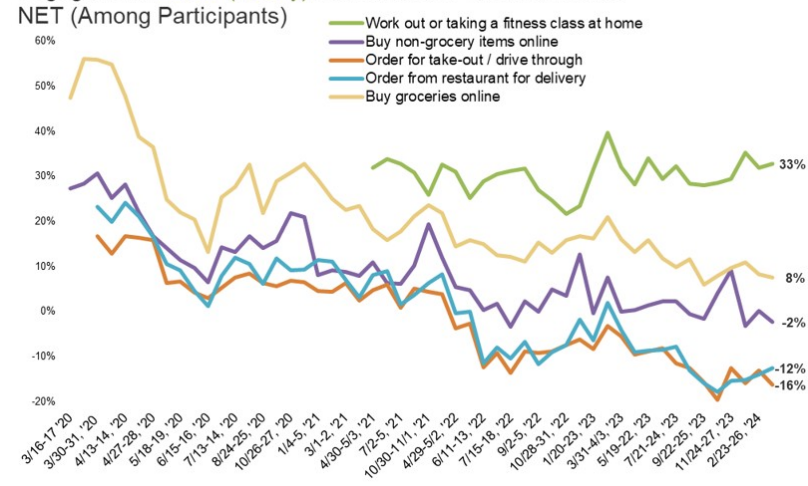
Engagement in Activities: At Home

The number of consumers who participated in at home activities is largely consistent with previous waves of the survey. The net engagement outlook continues to trend lower for take-out NET -16% (vs. -13% last wave) and delivery -12% (vs. -14%). The online shopping net engagement outlook (excluding grocery) is -2% (vs. 0% last wave).

Indoor (Mostly) Activities Done / Participated in Past Month:
(Among Total)



Engagement Indoor (Mostly) Activities Now vs. Next Month:
NET (Among Participants)



Source: AlphaWise, Morgan Stanley Research
 NET: Percentage of consumers who said "More" – "Less"

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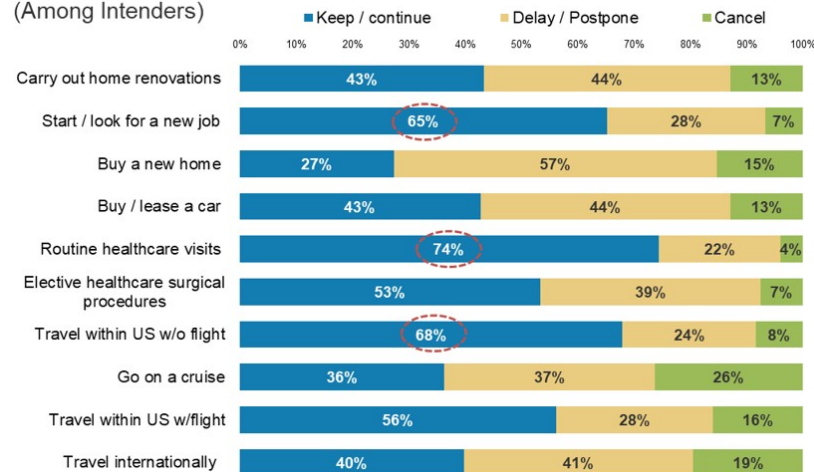
Delay or Cancellation of Planned Activities

Consumers continue to report robust intentions to follow through on travel: without flights (68% vs. 72% last wave), with flights (56%, flat) and internationally (40% vs. 48%).

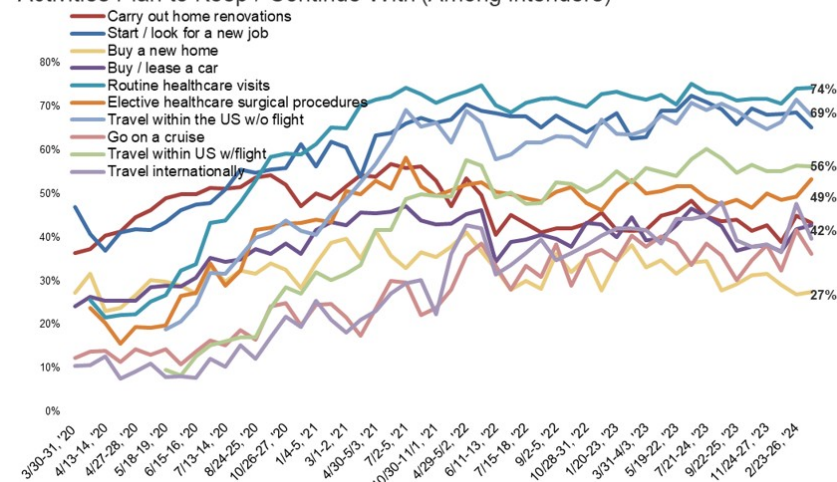
Consumers continue to be more cautious to follow through with major plans and purchases (such as the purchase of a home). Among the 14% of consumers who were considering purchasing a home, the majority (73%) are delaying or canceling those plans.

The majority of consumers are following through with routine healthcare visits and job hunting.

Delay or Cancellation of Activities in Past Month: March 2024
(Among Intenders)




Activities Plan to Keep / Continue With (Among Intenders)



Source: AlphaWise, Morgan Stanley Research

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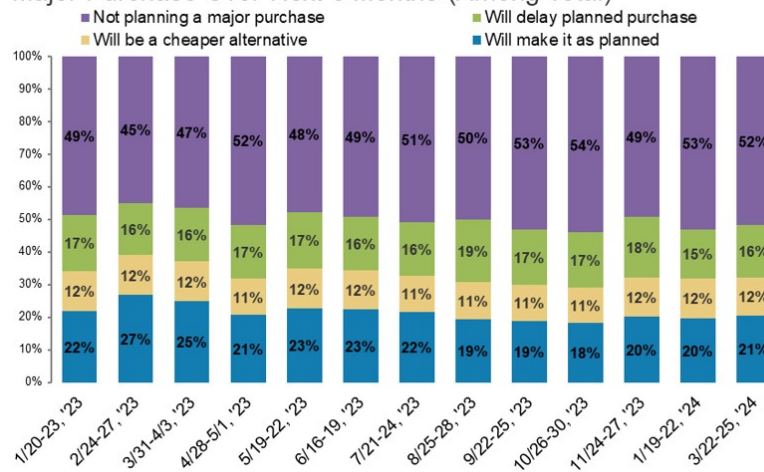
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Major Purchases N3M

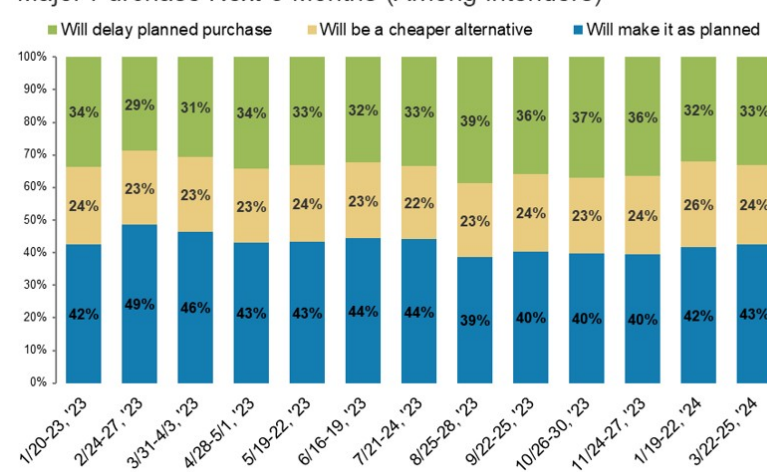
In-line with earlier in the year, about a half of consumers (48%) are planning a major purchase (vehicle, large appliance, vacation, etc.) over the next 3 months.

Among intenders, 43% are likely to go through with the planned purchase (57% among \$100K+); about a quarter are considering a cheaper alternative and another 33% will delay the purchase.

Major Purchase Over Next 3 Months (Among Total)



Major Purchase Next 3 Months (Among Intenders)



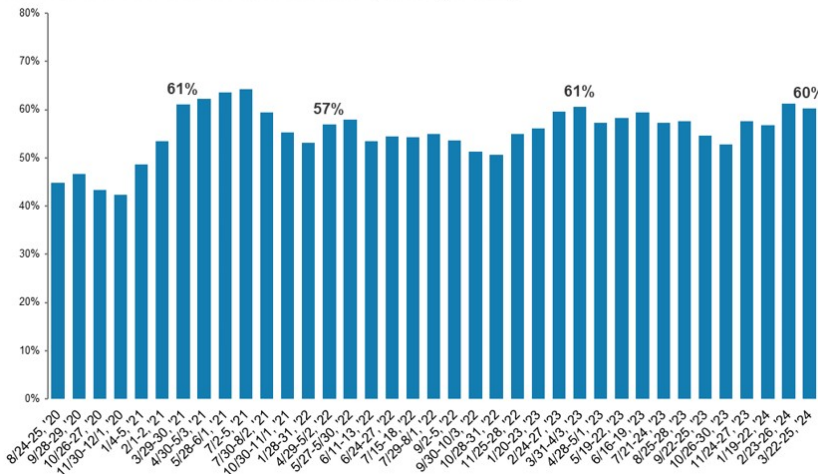
Source: AlphaWise, Morgan Stanley Research

Travel Intentions: Next 6 Months

Roughly 60% of consumers are planning to travel over the next six months, in-line with last month and the same time last year. Mid- and upper-income households display higher intentions to travel compared to lower income households.

Visiting friends/family remains the most common reason for travel. Vacation travel is trending up.

Plan to Travel in the Next 6 Months (Among Total)



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US Survey Methodology

Online survey among ~2,000 consumers each wave age 16-75 year old in the U.S. Total sample is representative of the U.S. general population in terms of age, gender and region. The margin of error on the total sample is $\pm 1.8\%$ at 90% confidence level; higher for subgroups. Note: cadence of the survey varies, refer to field dates below:

- Wave 1 survey was conducted March 16th – 17th, 2020.
- Wave 2 survey was conducted March 23rd - 24th, 2020.
- Wave 3 survey was conducted March 30th – 31st, 2020.
- Wave 4 survey was conducted April 6th – 7th, 2020.
- Wave 5 survey was conducted April 13th – 14th, 2020.
- Wave 6 survey was conducted April 20th – 21st, 2020.
- Wave 7 survey was conducted April 27th – 28th, 2020.
- Wave 8 survey was conducted May 4th – 5th, 2020.
- Wave 9 survey was conducted May 18th – 19th, 2020.
- Wave 10 survey was conducted June 1st – 2nd, 2020.
- Wave 11 survey was conducted June 15th – 16th, 2020.
- Wave 12 survey was conducted June 29th – 30th, 2020.
- Wave 13 survey was conducted July 13th – 14th, 2020.
- Wave 14 survey was conducted July 27th – 28th, 2020.
- Wave 15 survey was conducted August 24th – 25th, 2020.
- Wave 16 survey was conducted September 28th – 29th, 2020.
- Wave 17 survey was conducted October 26th – 27th, 2020.
- Wave 18 survey was conducted November 30th – December 1st, 2020.
- Wave 19 survey was conducted January 4th – 5th, 2021.
- Wave 20 survey was conducted February 1st – 2nd, 2021.
- Wave 21 survey was conducted March 1st – 2nd, 2021.
- Wave 22 survey was conducted March 29th – 30th, 2021.
- Wave 23 survey was conducted April 30th – May 3rd, 2021.
- Wave 24 survey was conducted May 28th – June 1st, 2021.
- Wave 25 survey was conducted July 2nd – 5th, 2021.
- Wave 26 survey was conducted July 30th – August 2nd, 2021.
- Wave 27 survey was conducted October 30th – November 1st, 2021.
- Wave 28 survey was conducted January 28th – 31st, 2022.
- Wave 29 survey was conducted April 29th – May 2nd, 2022.
- Wave 30 survey was conducted May 27th – 30th, 2022.
- Wave 31 survey was conducted June 11th – 13th, 2022.
- Wave 32 survey was conducted June 24th – 27th, 2022.
- Wave 33 survey was conducted July 15th – 18th, 2022.
- Wave 34 survey was conducted July 29th – August 1st, 2022.
- Wave 35 survey was conducted September 2nd – 5th, 2022.
- Wave 36 survey was conducted September 30th – October 3rd, 2022.
- Wave 37 survey was conducted October 28th – 31st, 2022.
- Wave 38 survey was conducted November 25th – 28th, 2022.
- Wave 39 survey was conducted January 20th – 23rd, 2023.
- Wave 40 survey was conducted February 24th – 27th, 2023.
- Wave 41 survey was conducted March 31st – April 3rd, 2023.
- Wave 42 survey was conducted April 28th – May 1st, 2023.
- Wave 43 survey was conducted May 19th – May 22nd, 2023.
- Wave 44 survey was conducted June 16th – June 19th, 2023.
- Wave 45 survey was conducted July 21st – July 24th, 2023.
- Wave 46 survey was conducted August 25th – August 28th, 2023.
- Wave 47 survey was conducted September 22nd – September 25th, 2023.
- Wave 48 survey was conducted October 26th – October 30th, 2023.
- Wave 49 survey was conducted November 24th – November 27th, 2023.
- Wave 50 survey was conducted January 19th – January 22nd, 2024.
- Wave 51 survey was conducted February 23rd – February 26th, 2024.
- Wave 52 survey was conducted March 22nd – March 25th, 2024.

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1458	38%	319	44%	22%	639	40%
Equal-weight/Hold	1730	45%	328	46%	19%	722	45%
Not-Rated/Hold	2	0%	0	0%	0%	1	0%
Underweight/Sell	625	16%	70	10%	11%	232	15%
Total	3,815		717			1594	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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