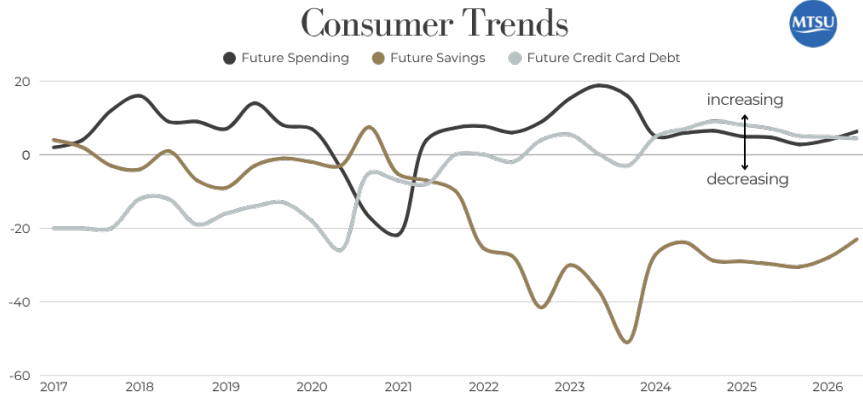


Tennessee Consumers Continue to Signal Hesitation

Tennessee consumers are adopting a more cautious financial stance, with many signaling reduced spending and hesitation toward major purchases. Economic uncertainty remains elevated, with 61% of consumers expressing concern. This uncertainty, combined with limited wage growth and the expensive cost of goods and services, is eroding purchasing power and shaping more conservative spending behavior.

As a result, only 15% of consumers believe it is a good time to make large purchases, including just 12% for buying a home and 15% for purchasing a car. At the same time, over 40% report saving less than they did a year ago, with some households relying on credit to sustain spending. With only 22% expecting stock market gains in the next 12 months, these trends point to a consumer base that remains financially strained and cautious about the future.



Collaborate with us

The Consumer Research Institute (CRI) frequently collects data to report insights on the Tennessee housing market (Market Report), Tennessee consumers (Consumer Outlook Index), and Tennessee business leaders (Business Barometer), all of which can be found at mtsu.edu/consumer. Please contact Dr. Michael Peasley for more information.

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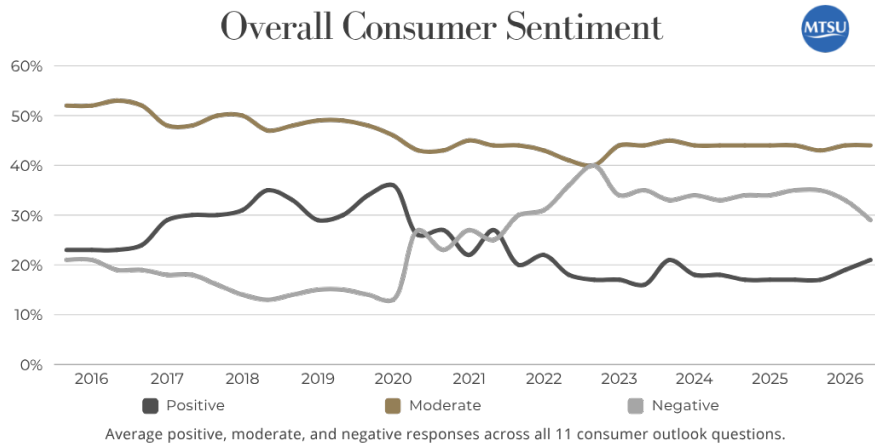


A Cautious but Resilient Tennessee Consumer

Consumer sentiment in Tennessee shows early signs of stabilization, though confidence remains cautious. The Spring 2026 Tennessee Consumer Outlook survey finds positive sentiment rising to 21% and negative sentiment declining to 29%, suggesting a modest rebound after sustained pessimism. Nationally, economic signals are mixed. Data from the ADP Research Institute indicate that U.S. job growth modestly exceeded expectations in March 2026, with 62,000 new private-sector jobs and steady wage gains of 4.5% for job-stayers. However, this growth reflects a cooling labor market rather than strong expansion, reinforcing uncertainty around future economic conditions.

Tennessee continues to outperform the national economy in several key areas. The state maintains a low 3.4% unemployment rate, strong labor demand with fewer than one unemployed person per job opening, and steady wage growth supporting consumer spending. Yet, despite these fundamentals, consumer confidence remains restrained. Insights from the U.S. Bureau of Labor Statistics suggest the labor market is cooling, while concerns about weakening credit conditions, rising loan defaults, persistent inflation expectations, and uncertainty around potential Federal Reserve rate cuts continue to weigh on households.

The result is a cautious but resilient consumer. Spending in Tennessee has remained stable, but underlying pressures, including lower relative income levels, declining savings rates, and perceived job market instability, are limiting a full recovery in sentiment. In Tennessee, consumers appear to be regaining footing, but not yet confidence.

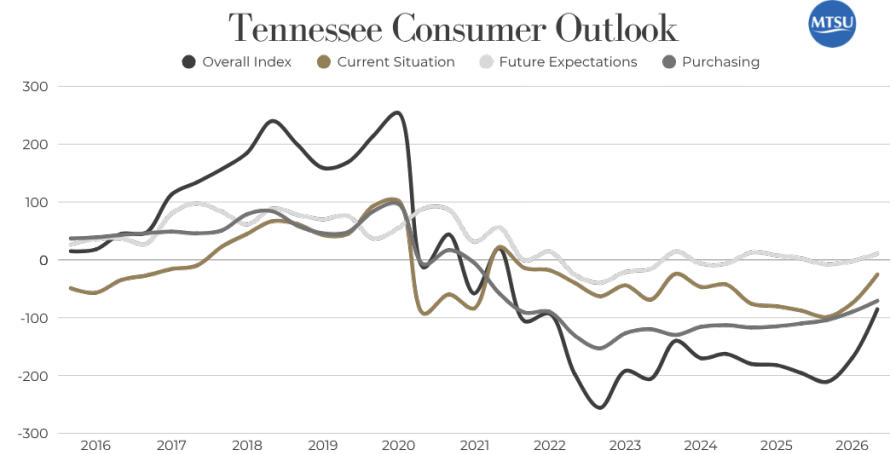


Tennessee Consumers Economic Outlook Stabilizing

The Overall Consumer Outlook Index¹ offers a more precise view of sentiment among Tennessee consumers and shows meaningful improvement this quarter, rising by 126 points to -85. While confidence remains relatively subdued, the direction of change suggests that pessimism is beginning to ease. Notably, 25% of respondents now expect economic conditions in Tennessee to improve over the next six months, up from 20% in the previous quarter, and an encouraging signal that forward-looking expectations are gradually strengthening.

Equally important, perceptions of personal financial well-being have improved considerably. The share of Tennessee consumers reporting that their financial situation has worsened over the past year declined sharply to 32%, down from 49% last quarter. This substantial shift indicates that fewer households are experiencing, or at least perceiving, financial deterioration, which may help stabilize spending behavior in the near term.

Taken together, these trends point to a consumer base that is becoming less negative and more cautiously optimistic. While sentiment has not fully rebounded, the combination of improving expectations and reduced financial strain suggests that Tennessee consumers may be transitioning from retrenchment toward a more stable, if still guarded, economic outlook.



¹ The Consumer Outlook Index is based on consumers' responses to 11 questions measuring their perceptions of the current economy, the future economy, jobs, personal finances, and whether now is a good time to make large purchases. Four questions make up the Current Situation Index, four questions make up the Future Expectations Index, and three questions make up the Purchasing Index.

The scores for each index are computed by adding the percentage of favorable responses to each question and subtracting the percentage of negative responses to each question. A net positive score indicates consumers who hold positive views of the economy outnumber those who hold negative views of the economy (vice versa for a net negative score).