

FINANCIAL SERVICES

Less than half of affluents optimistic about the economy: Ipsos

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Women, millennials are the more optimistic affluents. Imagery courtesy of YNAP

By SARAH RAMIREZ

A turbulent end to 2018 impacted the economic outlook of affluents, with only a third believing the United States is going in the right direction.

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While the majority of affluents believed the past year benefitted them personally, about half believe 2018 was positive for the U.S. economy, according to the Ipsos Affluent Intelligence 2019 Outlook. Millennials viewed the past year more favorably than other generations, in regards to both the economy and country as a whole.

"The economic storm clouds that appeared in Q4 last year the threat of trade wars, plus the polarized political atmosphere clearly added a darker context to the data this year, and led to significantly decreased results for views on how good last year was for people personally and for the U.S. economy as a whole," said Michael Baer, senior vice president and head of audience measurement at [Ipsos Affluent Intelligence](#), New York.

"We saw a similar decline in optimism that next year will be a good one for the economy," he said.

The Ipsos Affluent Intelligence is based on a survey of U.S. affluents conducted this past January. Ipsos defines affluents as adults living in households with at least \$125,000 in annual household income.

Rough landing

Ipsos conducted its survey on the heels of a record-long government shutdown, which began weeks after the 2018 midterm elections. The outlook examines affluents' views on both the prior year and the year ahead.

A variety of factors, including the shutdown, rising interest rates and the U.S.-China trade war, adversely impacted Wall Street in December ([see story](#)). This uncertainty is reflected in affluents' attitudes, according to Ipsos.

Although 72 percent of respondents believed 2018 was a good year for their families, 62 percent felt positively about how the year shaped their careers and finances. Both of those figures dipped from 2017.

Fifty-one percent believed the previous year was good for the U.S. economy, a notable decline from 67 percent feeling favorably about the economy at the beginning of 2018.



Fewer affluents believed 2018 was good for the economy compared to 2017. Image credit: AvYachts

A third of affluents, 33 percent, believe the country is going in the right direction, compared to 44 percent who had a positive outlook 12 months earlier. The percentage of respondents who believe the nation is on the wrong track also increased, from 48 percent in 2018 to 53 percent in 2019.

After a polarizing 2017 between genders, women and men aligned more with each other in how they viewed the nation's future and economy.

"The data shows that women's outlook improved versus a year ago," Mr. Baer said. "Overall, their views of the past year and the upcoming one are more positive than last year and much more closely in line with those of men's."

Men's optimism about the U.S. economy at the start of 2018 vastly outweighed women's, 77 to 56 percent. While both genders are more pessimistic at the start of 2019, their attitudes are more similar, with 54 percent of men and 47 percent of women believing the last 12 months were good for the economy.

Looking ahead, only 43 percent of affluents believe 2019 will be a good year for the economy. Men's economic confidence declined more than women's year-over-year, down 17 percent compared to 10 percent.

Due to "affluent insulation," however, 71 percent of affluents believe that 2019 will be a good year personally and 78 percent say it will be a good year for their families. This indicates that while many are aware of the bigger economic and political picture, affluents recognize they have more resources at their disposal as the country faces uncertainty.



The majority of affluents believe 2019 will be a good year for their families. Image credit: Ritz-Carlton

Often juxtaposed generationally, 54 percent of millennials and 55 percent of baby boomers viewed the 2018 economy favorably. Less than half of seniors and Gen Xers believed the previous year was good for the economy.

Millennial affluents also are the most optimistic generation heading into 2019, possibly buoyed by a stronger job market or recent changes in Congress.

"Last year's data showed millennials to be the most pessimistic of the generations, in the context of some of the highest optimism we've ever measured, while this year millennials' results show them to be the most optimistic generation on most measures," Ipsos' Mr. Baer said. "They are the generation with the least net worth and thus have been less affected by declining stock values, while also being the group with the longest runway ahead to make up for the current economic gyrations."

Global trends

Despite American affluents' mixed feelings on the year ahead, Ipsos' recent Global Affluent Study found that about three-quarters of affluents buy luxury today.

Ipsos also found that women are more apt to buy for themselves than men are. Male luxury buyers are 20 percent more likely to buy products or experiences to share with others.

Men also show more fondness and pride in purchasing luxury than women. Among millennial men, 34 percent are planning to spend more on luxury in the coming year ([see story](#)).

Also taking a global view, a new report from Knight Frank shows the population of ultra-high-net-worth individuals those with assets of at least \$30 million is projected to rise 22 percent over the next five years, despite geopolitical uncertainty and tensions.

Today, the U.S. has the largest population of ultra-affluent individuals, with 47,000. Existing wealthy consumers from this nation also show the highest level of confidence for their personal finances over the next 12 months.

Some have forecast a slowdown in 2019 or 2020, but there is still a positive outlook for wealth creation. The global population of affluent individuals with assets of at least \$1 million is projected to surpass 20 million for the first time in 2019 ([see story](#)).

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