



DAILY ROUNDUP

Consumer Confidence Drops, Border Trade Groups Warn of Shipping Delays, Aldi and McDonald's Cut Prices

What You Need To Know To Start Your Day



As consumer sentiment slides amid lingering inflation, food sellers including Aldi are looking to reduce prices. (Getty Images)

By **Lou Hirsh**
CoStar News

May 12, 2024 | 7:12 P.M.

Consumer Confidence Drops

U.S. consumer sentiment retreated significantly in May from the prior month, as respondents to the University of Michigan's widely watched survey expressed concern about lingering inflation, high interest rates and other issues.

Subject to revision later this month, preliminary data showed the university's latest overall sentiment index posting at 67.4, generally reflecting the percentage of respondents with favorable views of their household finances and the larger economy. That number was down sharply from April's 77.2, though still higher than the 59.0 reading for May 2023.

The 10-point decline for May brought sentiment to its lowest level in about six months, as researchers noted a broad consensus among consumers on current economic conditions. Sentiment declined in correlation with the age, income and education level of respondents, and consumers in western states exhibited a particularly steep drop in confidence.

"While consumers had been reserving judgment for the past few months, they now perceive negative developments on a number of dimensions," Joanne Hsu, the university's consumer surveys director, said in a statement. "They expressed worries that inflation, unemployment and interest rates may all be moving in an unfavorable direction in the year ahead.

Researchers said the average consumer expectation for year-ahead inflation was 3.5%, up from 3.2% in the April survey and remaining above the 2.3% to 3% range seen in the two years prior to the pandemic. Respondents expect inflation to be at 3.1% five years ahead, up from 3% in the April survey and also above the pre-pandemic expectation range of 2.2% to 2.6%.

The nation's annual inflation rate was 3.5% in March, up from 3.2% a month earlier, with the government expected to announce the April rate later this month. Oxford Economics Deputy Chief Economist Michael Pearce said the research firm expects the economy to slow gradually this year, as lowered consumer sentiment reflects a persistent drag from tight monetary policy.

Border Trade Groups Warn of Shipping Delays

A coalition of nearly 30 stakeholders in the United States and Mexico is calling on the presidents of both countries to address persistent border migration and security concerns that could cause significant business fallout, including shipping disruptions and rising costs.

Groups including the Washington, D.C.-based Border Trade Alliance, the Confederation of Industrial Chambers of Mexico and the Texas Association of Business sent a letter to President Joe Biden and Mexican President Andrés Manuel López Obrador. The coalition warned that a chaotic security situation at the border is jeopardizing a big part of a U.S.-Mexico trade relationship that is among the world's most lucrative.

“The U.S.-Mexico border is a region of tremendous economic promise, but that’s all at risk if our governments fail to ensure that cross-border trade and travel is conducted in a secure, well-managed, properly resourced environment,” Border Trade Alliance President Britton Clarke said in the letter released to media outlets.

Coalition leaders said spikes in asylum-seeking migrants at the U.S.-Mexico border have resulted in enhanced vehicle inspections and in some cases temporary closings of port entries that have significantly increased cargo vehicle crossing times at the border. Government numbers showed cargo truck wait times at one El Paso, Texas, crossing rising as high as eight hours during some periods of late April, compared with the usual 35-minute wait, after state officials enacted new inspections.

Aldi, McDonald's Cut Prices

Two of the world's largest food sellers — McDonald's and grocer Aldi — are planning to cut prices in a bid to lure reluctant consumers at a time of lingering inflation.

German discount grocer Aldi's, among the fastest growing grocery chains in the U.S. during the past decade with more than 2,000 now operating nationwide, announced it is further dropping prices on more than 250 items. A company statement said the new

discounts, valued at around \$100 million, are intended to help with purchases geared to summer purchases through Labor Day.

They include items that have posted elevated prices during the past year, including sirloin steak, chicken breasts, pulled pork, frozen blueberries and french fries. The discounts come as Aldi aims to add 800 U.S. stores over the next five years.

McDonald's, the world's largest restaurant chain, is looking to combat slumping sales with upcoming offerings reported to include a \$5 meal with four items. Sources told [Bloomberg](#) that the company with more than 40,000 locations is working to introduce an offering that would let customers choose a McChicken or McDouble burger along with a four-piece order of chicken nuggets, fries and a drink.

Executives of Chicago-based McDonald's and several of its fast-food competitors have pointed to slower sales as consumers deal with lingering high prices and interest rates. Fast-food prices in California have particularly increased after the state enacted a law that took effect last month, requiring chains with more than 60 U.S. locations to pay workers at least \$20 an hour, higher than the state's general hourly minimum wage of \$16.

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