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HED: Gen Z's favorite economic commentator Kyla Scanlon who coined 'vibecession' says we're not in one
alt: Kyla Scanlon says it's not a vibecession

DEK: "What people are feeling is not just vibes," Scanlon said. "There's real data to support a downturn."

- **People aren't feeling good about the economy,** and the underlying data is showing signs of strain, according to 27-year-old Kyla Scanlon, which is why she believes we aren't in another vibecession. But it may be more complicated than a "to be, or not to be" moment.

The vibecession may or may not be back depending on who you talk to. But the woman who coined the term says it's not. This time around, there isn't a disconnect between sentiment and data, Gen Z's favorite economic commentator Kyla Scanlon told *Fortune*.

"Consumer sentiment is dire," she said. "People are not feeling good because underlying economic data is showing signs of strain."

Scanlon first used "vibecession" in a 2022 Substack post, but it has made its rounds in the press appearing in outlets such as *The New York Times*, *Bloomberg*, and *Fortune*. She has more than 750,000 followers across TikTok, Instagram, X, and YouTube and wrote a book titled: "In this economy?" Scanlon recently made an appearance on *Barron's* 100 Most Influential Women in Finance list, too.

Scanlon pointed to what she called a weakening labor market and lingering inflation. The labor market is at a standstill because there isn't much hiring or firing. But in February, the unemployment rate rose slightly. So the labor market is considered stable, but there are some "stormy clouds" above, as one economist recently put it. There's also evidence the labor market is softening. When it comes to inflation, consumer prices cooled in February after coming in hotter than anticipated the month before. Inflation has been stubborn and has not fallen to the central bank's 2% target, plus some economists see a potential for it to become hotter on the back of tariffs and trade wars.

Scanlon mentioned recession calls, too, when discussing the connection between sentiment and data—and it's true: The finance world sees a greater chance of a recession because of tariffs, trade wars, and uncertainty. Goldman Sachs, JPMorgan, and Moody's chief economist project an elevated recession risk for the year. But those are forecasts, and each one still sees a recession as less likely to occur than not.

Still, Scanlon said: "What people are feeling is not just vibes… there's real data to support a downturn."

America slipped into a vibecession under the Biden-Harris administration, and when it came time to vote, the administration could not convince people the economy was fine—even though it was on paper. Scanlon doesn't see the current situation as a repeat of that. At the moment, because Scanlon believes the data is showing enough of a potential slowdown, "the sentiment is warranted," she said.

It could be that the data is beginning to fall in line with sentiment, since the hard data is still somewhat solid and data lags. But there is no question: Consumers do not feel fine.

Survey data from the University of Michigan revealed consumer sentiment plummeted 11% in March because some Americans of all ages, wealth, and political affiliations became more anxious about the economy. They were worried about their personal finances, business conditions, and the stock market. Sentiment plunged 22% since December 2024, the month after President Donald Trump was elected. Not to mention, inflation expectations leaped to the highest reading since November 2022. Professional services company EY recently called this tension "pre-emptive inflation anxiety" when detailing the cloudy consumer outlook.

Federal Reserve Chair Jerome Powell, after the latest Fed meeting where he left interest rates untouched between 4.25% and 4.5%, mentioned the hard data is solid, despite some moderation in growth and spending and delayed progress in taming inflation that could be related to tariffs. The soft data is not, he acknowledged. Powell said the economy appeared to be healthy despite tumbling sentiment.

LPL Financial Chief Economist Jeffrey Roach also recently wrote that the decline in confidence for consumers and businesses should not be ignored even if there is no recession yet.

"A change in feelings about the economic backdrop is often a harbinger of things to come and precedes a downshift in consumer spending and business investment," he said, under a section titled "vibecession."