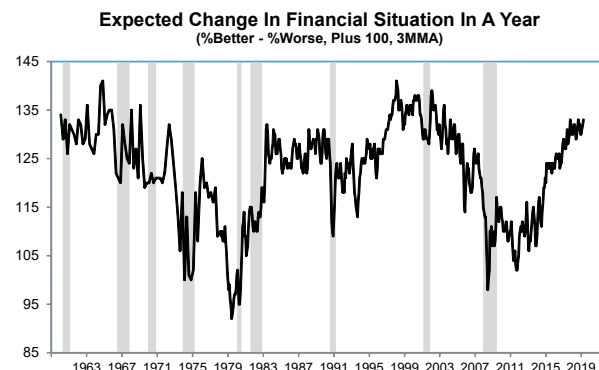




Subject: April 2019 survey results
From: Richard Curtin, Director

April 26, 2019

The Index of Consumer Sentiment has moved sideways, recording only small monthly variations since Trump first entered office. The Sentiment Index has averaged 97.2 in the past 28 months, identical to the April 2019 reading. Moreover, the Sentiment Index has remained between 94.0 and 100.0 for 22 of the past 28 months. The last time consumer sentiment was as favorable for as long a period of time was during the late stages of the Clinton expansion. It is highly likely that in several months the current expansion will set a new record, surpassing the past record of 120 months. The Index of Consumer Expectations has also shown a similar horizontal path with only small monthly variations: the average was 87.0, nearly identical to April's reading, with 22 of the past 28 months within the narrow range of 84.0 to 90.0. Variations within ± 3.0 percentage points for either the Sentiment or Expectations Index meant that most of the monthly changes were statistically insignificant. There was no evidence that the Mueller report had any impact on consumer expectations. Favorable personal financial expectations over both the year-ahead and the next five years have remained in April at very favorable levels. Overall, the data indicate that inflation-adjusted personal consumption expenditures will grow by 2.5% in 2019.



Recently improved finances were cited by 53% of all consumers in April, equal to the average level recorded during the past year, which is the highest average since 1999. Income gains remained widespread and reports of increases in net household wealth rose among middle and upper income households. When asked about their financial prospects for the year ahead, 44% anticipated improvements compared with just 8% who expected worsening finances. This was the best overall reading since 2004 (see the chart). When asked about longer term financial prospects, 60% reported in the April survey that they expected to be better off financially over the next five years. This was the highest proportion ever recorded although the question was only asked sporadically from 1979 to 1985 and then consistently from 2011 onwards. Across all households, a median income increase of 2.1% was anticipated in April, below last month's 2.6% and just under last year's 2.2%.

The expected year-ahead inflation rate was 2.5% in April, unchanged from March, and below last April's 2.7%. The annual long term inflation rate was expected to be 2.3% in April, down from 2.5% in March and last April. This was the lowest expected long-term inflation rate recorded in the past half century, recorded just twice before, two months ago and in December 2016. A modest rise in gas price expectations was recorded in April, which is likely to increase in the months ahead. This has begun to influence year-ahead inflation expectations, but it has had no impact on longer term expectations.

Interest rates were expected to increase by 55% of consumers, down from 63% last month and 74% last year, and the smallest percentage since mid 2016. Consumers were somewhat less likely to hold favorable prospects for the national economy, although half still anticipated good times financially in the economy as a whole. Importantly, the expected slowdown in economic growth had little impact on unemployment expectations. Half anticipated no change in the unemployment rate and the other half were slightly tilted toward expecting declines rather than increases, which was the same as last April's reading.

Favorable judgements about buying conditions are now dominated by people's confidence in their income prospects. The highest number of consumers in the past half century mentioned favorable income prospects when asked about durable and vehicles buying conditions—and it was just one point below the record for homes. Somewhat more favorable views of interest rates also helped improve buying attitudes, especially for homes. Nonetheless, the falloff in favorable perceptions of prices has kept overall buying attitudes in a tight range during the past six months that is below the levels recorded last year.

	Apr 2018	May 2018	June 2018	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019
Index of Consumer Sentiment	98.8	98.0	98.2	97.9	96.2	100.1	98.6	97.5	98.3	91.2	93.8	98.4	97.2
Current Economic Conditions	114.9	111.8	116.5	114.4	110.3	115.2	113.1	112.3	116.1	108.8	108.5	113.3	112.3
Index of Consumer Expectations	88.4	89.1	86.3	87.3	87.1	90.5	89.3	88.1	87.0	79.9	84.4	88.8	87.4
Index Components													
Personal Finances—Current	133	130	136	133	133	135	130	130	133	127	124	138	133
Personal Finances—Expected	131	129	128	134	131	135	131	129	129	131	133	131	136
Economic Outlook—12 Months	113	122	117	116	118	123	123	117	118	92	108	124	115
Economic Outlook—5 Years	111	108	102	101	101	106	105	109	102	97	99	102	100
Buying Conditions—Durables	165	160	166	164	154	164	163	161	169	155	158	156	159