surveys of consumers UNIVERSITY OF MICHIGAN

Monitoring trends for over 75 years

Subject: May 2022 survey results
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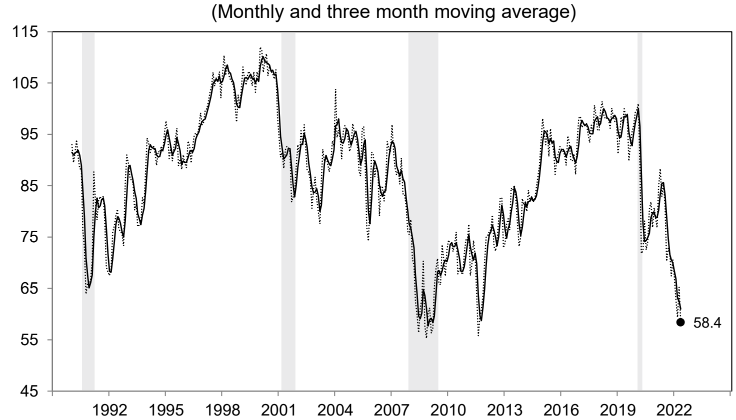
May 27, 2022

Index of Consumer Sentiment
(Monthly and three month moving average)



The final May reading confirmed the early month decline in consumer sentiment, which fell 10.4% below April and reverted to virtually the same level of sentiment seen in March. This recent drop was largely driven by continued negative views on current buying conditions for houses and durables, as well as consumers' future outlook for the economy, primarily due to concerns over inflation. While the declines in sentiment were visible across demographic groups, middle-income consumers and middle-educated consumers showed the strongest declines from April.

At the same time, consumers expressed less pessimism over future prospects for their personal finances than over future business conditions. Less than one quarter of consumers expected to be worse off financially a year from now. Looking into the long term, a majority of consumers expected their financial situation to improve over the next five years; this share is essentially unchanged during 2022. Those under the age of 45, who had stronger income expectations than older consumers, showed the most optimism. Across all consumers, a stable outlook for personal finances may currently support consumer spending. Still, persistently negative views of the economy may come to dominate personal factors in influencing consumer behavior in the future.

The median expected year-ahead inflation rate was 5.3%, little changed over the last three months, and up from 4.6% in May 2021. Long term inflation expectations remained at a median of 3.0%, settling within the 2.9 to 3.1% range seen over the last 10 months. In spite of the relative stability of these expectations, inflation remains a top concern for consumers. Consumers generally anticipated wage gains over the coming year, but about 49% of consumers overall expected their incomes to rise less than prices. About 58% of consumers spontaneously mentioned supply shortages, the eighth consecutive month that a majority of consumers have done so. When assessing their current financial situation relative to a year ago, 38% of consumers attributed their negative assessment to inflation.

Consumers expressed a fair amount of certainty that interest rates would continue to rise. With the Fed's 50 basis point increase in interest rates early this month, 87% of all consumers still expect interest rates to increase during the next year, relatively unchanged from the all-time high 88% reading from April, prior to the rate hike. Meanwhile, opinions on government policies to fight inflation or unemployment are at their lowest reading since 2014.

	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022
Index of Consumer Sentiment	82.9	85.5	81.2	70.3	72.8	71.7	67.4	70.6	67.2	62.8	59.4	65.2	58.4
Current Economic Conditions	89.4	88.6	84.5	78.5	80.1	77.7	73.6	74.2	72.0	68.2	67.2	69.4	63.3
Index of Consumer Expectations	78.8	83.5	79.0	65.1	68.1	67.9	63.5	68.3	64.1	59.4	54.3	62.5	55.2
Index Components													
Personal Finances - Current	120	117	116	109	116	115	110	109	106	96	93	98	91
Personal Finances - Expected	113	119	120	111	112	112	106	110	114	102	93	110	107
Economic Outlook - 12 Months	110	119	109	74	84	81	73	80	67	66	51	62	46
Economic Outlook - 5 Years	93	97	88	75	76	78	73	83	75	68	72	77	66
Buying Conditions - Durables	111	112	102	94	90	85	79	82	79	78	80	80	71

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