



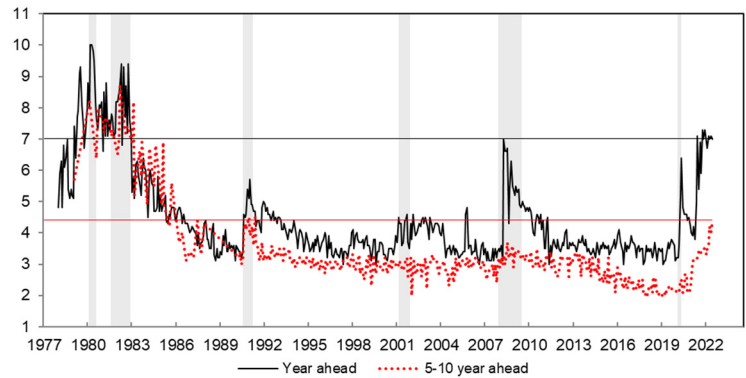
Subject: June 2022 survey results

June 24, 2022

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The final June reading confirmed the early-June decline in consumer sentiment, settling 0.2 Index points below the preliminary reading and 14.4% below May for the lowest reading on record. Consumers across income, age, education, geographic region, political affiliation, stockholding and homeownership status all posted large declines. About 79% of consumers expected bad times in the year ahead for business conditions, the highest since 2009. Inflation continued to be of paramount concern to consumers; 47% of consumers blamed inflation for eroding their living standards, just one point shy of the all-time high last reached during the Great Recession.

Inflation Uncertainty as Estimated by the Range of the Middle 50% in Inflation Expectations
(Monthly data: 75th Percentile – 25th Percentile)



Since the preliminary reading, the Federal Reserve raised interest rates by 75 basis points, exceeding the 50 basis point hike that had been previously telegraphed. The final June reading of the median expected year-ahead inflation rate was 5.3%, little changed from mid-month or the preceding four months. In contrast, long run expectations receded from the mid-month reading of 3.3% and settled at 3.1%, back within the 2.9-3.1% range seen in the past 10 months. Initial evidence suggests that college-educated consumers, who were more likely to be aware of Fed policy, exhibited larger declines in expectations after the preliminary reading than other consumers. Overall, the late-June reversion in long run inflation expectations was generated by growth in the share of consumers expecting extremely low inflation in the years ahead. About half of these consumers expressed bleak views about the risks of recession or unemployment during the interviews. These pessimistic views contributed to general uncertainty over inflation, which continued to escalate after the mid-month reading. In fact, consumers expressed the highest level of uncertainty over long-run inflation since 1991, continuing a sharp increase that began in 2021 (see chart). Uncertainty over short-run inflation has also remained at elevated levels that, prior to 2021, had only been seen during recessions. Consumers did express broad certainty on the trajectory of Fed policy, with 86% anticipating rate increases over the next year.

Labor market expectations, while remaining relatively strong, are softening somewhat. About a third of consumers reported expecting more unemployment in the year ahead, up slightly from 29% in May and comparable to pre-pandemic levels. Just over half of consumers expect their incomes to grow over the next year, though only 13% expect their incomes to keep pace with inflation. Continued pessimism on both personal finances and the economy could dampen consumer spending going forward.

	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022
Index of Consumer Sentiment	85.5	81.2	70.3	72.8	71.7	67.4	70.6	67.2	62.8	59.4	65.2	58.4	50.0
Current Economic Conditions	88.6	84.5	78.5	80.1	77.7	73.6	74.2	72.0	68.2	67.2	69.4	63.3	53.8
Index of Consumer Expectations	83.5	79.0	65.1	68.1	67.9	63.5	68.3	64.1	59.4	54.3	62.5	55.2	47.5
Index Components													
Personal Finances - Current	117	116	109	116	115	110	109	106	96	93	98	91	72
Personal Finances - Expected	119	120	111	112	112	106	110	114	102	93	110	107	95
Economic Outlook - 12 Months	119	109	74	84	81	73	80	67	66	51	62	46	35
Economic Outlook - 5 Years	97	88	75	76	78	73	83	75	68	72	77	66	57
Buying Conditions - Durables	112	102	94	90	85	79	82	79	78	80	80	71	65