

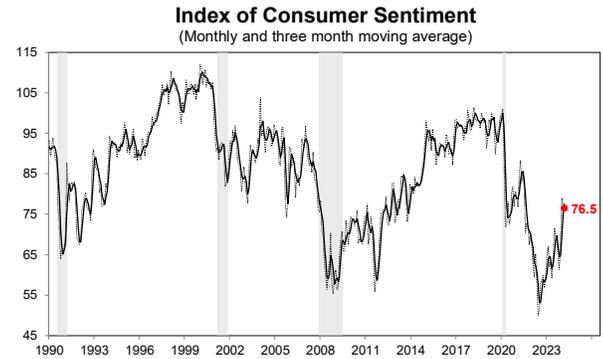


Preliminary results from the March 2024 survey

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Consumer sentiment moved little this month with a 0.4 index point decrease that is well within the margin of error, and thus sentiment has been steady and essentially unchanged since January 2024. Sentiment remained almost 25% above November 2023 and is currently halfway between the historic low reached during the peak of inflation in June 2022 and pre-pandemic readings. Small improvements in personal finances were offset by modest declines in expectations for business conditions. After strong gains between November 2023 and January 2024, consumer views have stabilized into a holding pattern; consumers perceived few signals that the economy is currently improving or deteriorating. Indeed, many are withholding judgment about the trajectory of the economy, particularly in the long term, pending the results of this November’s election.



Year-ahead inflation was unchanged from February at 3.0%. For the third straight month, short-run inflation expectations have fallen within the 2.3-3.0% range seen in 2018 and 2019. Long-run inflation expectations remained at 2.9% for the fourth straight month, staying within the narrow 2.9-3.1% range for 29 of the last 32 months. Long-run inflation expectations have been modestly elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.

While the most recent CPI print showed a slight uptick in actual inflation in February, consumers appeared unconcerned that inflation could re-escalate. Over the course of the first three months of 2024, consumers consistently expressed expectations that the slowdown in inflation would continue, consistent with the stability of their economic outlook more generally over this time period. At the same time, a sizable minority of consumers continue to express concerns over the impact of high prices. About 24% of consumers spontaneously mentioned food prices during interviews, up from 17% last month and the highest since July 2022. Sentiment for these consumers was a considerable 20 index points below the sentiment of those who did not mention food prices. Furthermore, approximately 36% of consumers blamed high prices for eroding their living standards, little changed since the beginning of the year, though substantially below the 47% seen last October. Concerns have been particularly prevalent among lower- and middle-income consumers, who are also much less likely to expect real income gains in the year ahead than their higher-income counterparts.

Biden and Trump became presumptive nominees for their parties this week, kicking off what will be an unusually long general election campaign. This month, 19.4% of consumers spontaneously mentioned elections, slightly higher than the 16.4% who mentioned elections in March 2020 and 18.0% in March 2016. Similar to previous presidential election years, these spontaneous mentions were typically in the context of economic prospects being contingent on election outcomes. The fact that these future outcomes remain highly uncertain does not appear to be weighing down or lifting up economic views. Over the course of 2024, consumers who mentioned elections have had similar levels of sentiment as those who did not mention them. As the presidential matchup develops in the months ahead, consumers’ views about the potential consequences for the economy will come into greater focus.

	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar Prelim
Index of Consumer Sentiment	62.0	63.7	59.0	64.2	71.5	69.4	67.9	63.8	61.3	69.7	79.0	76.9	76.5
Current Economic Conditions	66.3	68.5	65.1	68.9	76.5	75.5	71.1	70.6	68.3	73.3	81.9	79.4	79.4
Index of Consumer Expectations	59.2	60.6	55.1	61.1	68.3	65.4	65.8	59.3	56.8	67.4	77.1	75.2	74.6
Index Components													
Personal Finances - Current	88	84	85	85	96	93	86	79	84	88	100	98	99
Personal Finances - Expected	104	105	104	107	113	115	110	101	106	112	122	116	119
Economic Outlook - 12 Months	58	60	49	63	73	70	73	61	57	73	93	93	90
Economic Outlook - 5 Years	73	76	65	73	86	76	79	74	63	84	94	92	90
Buying Conditions - Durables	82	91	82	92	101	102	97	102	92	100	111	106	106

The minimum monthly change in the Sentiment Index required for significance at the 95% level is 4.6 points; for the Conditions and Expectations Indexes, the minimum is 6.0 points.