



**March 2024 survey results**

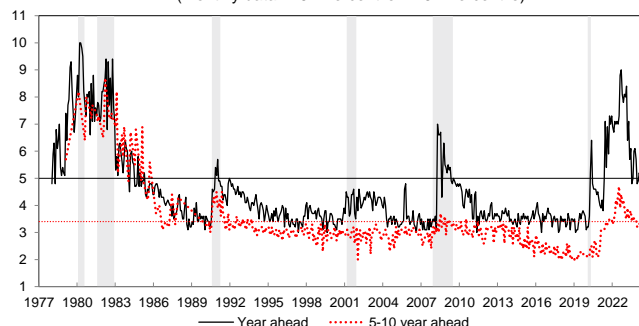
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Consumer sentiment recorded an incremental increase of less than three index points from February, well within the margin of error and holding steady since January. Critically, consumers exhibited confidence that inflation will continue to soften. Assessments and expectations of personal finances improved modestly from last month, as the perceived negative effects of high prices and expenses on living standards eased. Strong stock market performance this month supported sentiment gains only for those with the largest holdings, with little impact on the index. Overall, sentiment is essentially unchanged throughout the first quarter of 2024, remaining just above the midpoint between the pre-pandemic level of sentiment and the historic trough from June 2022. This stability reflects a perception among consumers that the economy has been holding steady in its current state. As the election season progresses and debates over economic policy become more salient for consumers, their outlook for the economy could become more volatile in the months ahead.

**Inflation Uncertainty as Estimated by the Range of the Middle 50% in Inflation Expectations**

(Monthly data: 75<sup>th</sup> Percentile – 25<sup>th</sup> Percentile)



Year-ahead inflation inched down from 3.0% last month to 2.9% this month. 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 also inched down, from 2.9% to 2.8%, and remain modestly elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.

Inflation expectations continued to come into focus for consumers. Just as sentiment has been essentially flat over the last three months, median inflation expectations have been remarkably stable as well. Consumers were unmoved by the slight uptick in realized inflation seen in the most recent CPI print and did not appear to alter their expectations in response. At the same time, the chart above shows that inflation uncertainty—as estimated by the interquartile range in inflation expectations—has been on a general downward trend after spiking in mid-2022 amid high realized inflation. However, when the slowdown in realized inflation stalled in mid-2023, consumers’ uncertainty over inflation increased again, a sign that they were unconvinced that inflation had truly turned a corner. Data from recent months suggest that consumers made up their mind in December 2023. Not only did inflation expectations fall sharply, so did inflation uncertainty, demonstrating the consensus among consumers. As such, consumers are now broadly in agreement that inflation will continue to slow both over the short term and the long term.

This month, the share of consumers spontaneously mentioning the upcoming election rose to nearly 20% from 13% last month. Democrats, Independents, and Republicans alike all referenced the role of future election results in influencing the trajectory of the economy. In March, consumers who mentioned elections reported markedly more favorable sentiment than those who did not, regardless of political identification. Consumers across the political spectrum seem to anticipate that the election results will be favorable for the economy. That said, the general election campaign season has just begun, and the way consumers incorporate their election expectations their economic views will likely change over the course of the year.

	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 2024
Index of Consumer Sentiment	62.0	63.7	59.0	64.2	71.5	69.4	67.8	63.8	61.3	69.7	79.0	76.9	79.4
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	82.5
Index of Consumer Expectations	59.2	60.6	55.1	61.1	68.3	65.4	65.7	59.3	56.8	67.4	77.1	75.2	77.4
Index Components													
Personal Finances - Current	88	84	85	85	96	93	86	79	84	88	100	98	104
Personal Finances - Expected	104	105	104	107	113	115	110	101	106	112	122	116	122
Economic Outlook - 12 Months	58	60	49	63	73	70	73	61	57	73	93	93	95
Economic Outlook - 5 Years	73	76	65	73	86	76	79	74	63	84	94	92	94
Buying Conditions - Durables	82	91	82	92	101	102	96	102	92	100	111	106	109

The minimum monthly change required for significance at the 95% level in the Sentiment Index is 4.8 points; for the Current and Expectations Indexes, the minimum is 6.0 points.