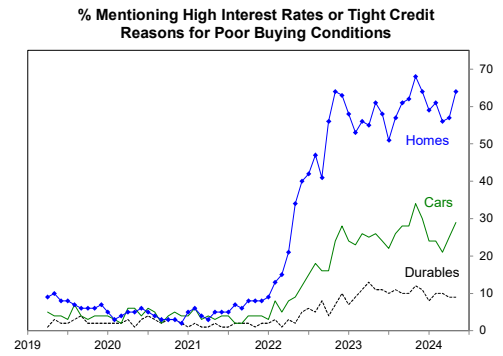




May 2024 survey results
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Consumer sentiment fell back about 10% this May following three consecutive months of very little change. This 8.1 index-point decrease is statistically significant and brings sentiment to its lowest reading in about five months. The year-ahead outlook for business conditions saw a particularly notable decline, while views about personal finances were little changed. Consumers expressed particular concern over labor markets; they expect unemployment rates to rise and income growth to slow. The prospect of continued high interest rates also weighed down consumer views. These deteriorating expectations suggest that multiple factors pose downside risk for consumer spending. Still, sentiment remains almost 20% above a year ago and about 40% above the all-time historic low in June 2022, reflecting how much consumer views have improved as inflation eased. All of these patterns (and the patterns discussed hereafter) are visible when looking at trends within phone interviews alone or web interviews alone, and thus they are not artifacts of the [survey's methodological transition](#).



Year-ahead inflation expectations edged up from 3.2% last month to 3.3% this month, remaining above the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations held steady at 3.0% for the second straight month. Although they have been within the narrow 2.9-3.1% range for 30 of the last 34 months, long-run inflation expectations remain elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.

While consumers recognize that realized inflation has eased substantially since 2022, a considerable share of consumers still express the burden that high prices exert on their lives. About 41% of consumers blamed high prices for eroding their living standards, little changed from a year ago. Close to 20% and 15% of consumers spontaneously mentioned food and gas prices, respectively. While gas or food prices were mentioned by only a minority of consumers, this group exhibited sentiment that was more than 25 index points lower than other consumers, a sign that these everyday prices continue to generate considerable pain for some consumers.

The Fed has held interest rates steady since last August. The share of consumers expecting interest rates to fall during the next year reached 37% in January 2024 — its highest reading since 2008 — but has since tumbled to only 26%. Indeed, worries over high interest rates were visible throughout the survey. As seen in the chart, rising shares of consumers have blamed high interest rates or tight credit for poor buying conditions for homes and cars. Interest rates were less of a concern for durable goods; in contrast, the sharp deterioration in buying conditions here was largely attributable to high prices.

The index of economic news heard by consumers plunged about 25% this month. The most common news topic mentioned by consumers was negative news regarding labor markets, mentioned by 23% of consumers, up from 18% last month. These trends are both consistent with the worsening in expectations for labor markets as well as business conditions. As discussed in a recent [special report](#), the relationship between news heard and consumer views is nuanced. Some information sources, like mainstream news or business news, are associated with more favorable sentiment, while others, like personal experiences or word-of-mouth, are associated with far less favorable views.

	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024
Index of Consumer Sentiment	59.0	64.2	71.5	69.4	67.8	63.8	61.3	69.7	79.0	76.9	79.4	77.2	69.1
Current Economic Conditions	65.1	68.9	76.5	75.5	71.1	70.6	68.3	73.3	81.9	79.4	82.5	79.0	69.6
Index of Consumer Expectations	55.1	61.1	68.3	65.4	65.7	59.3	56.8	67.4	77.1	75.2	77.4	76.0	68.8
Index Components													
Personal Finances - Current	85	85	96	93	86	79	84	88	100	98	104	95	91
Personal Finances - Expected	104	107	113	115	110	101	106	112	122	116	122	116	111
Economic Outlook - 12 Months	49	63	73	70	73	61	57	73	93	93	95	92	79
Economic Outlook - 5 Years	65	73	86	76	79	74	63	84	94	92	94	96	84
Buying Conditions - Durables	82	92	101	102	96	102	92	100	111	106	109	109	88

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.