



Preliminary results from the June 2024 survey

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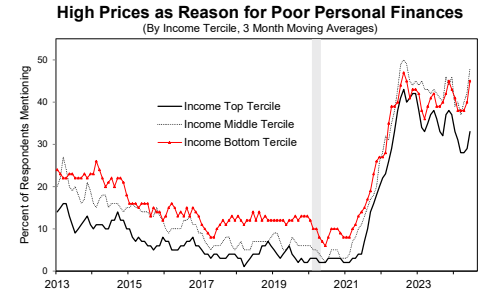
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Consumer sentiment was little changed in June; this month’s reading was a statistically insignificant 3.5 index points below May and within the margin of error. Sentiment is currently about 31% above the trough seen in June 2022 amid the escalation in inflation. Assessments of personal finances dipped, due to modestly rising concerns over high prices as well as weakening incomes. Overall, consumers perceive few changes in the economy from May.

Year-ahead inflation expectations were unchanged this month at 3.3%, above the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations inched up from 3.0% last month to 3.1% this month; the June reading should be interpreted as essentially unchanged from May. Long-run inflation expectations have been remarkably stable over the last three years but remain elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.

All of these patterns 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](#).

The considerable improvement in sentiment—31% since the historic low in June 2022, concurrent with the easing in realized inflation—has been uneven across the population. Since June 2022, sentiment for consumers with the top tercile of incomes rose 56%, in contrast to 29% for the middle tercile and only 11% for the lowest tercile. These sharp differences by income are largely attributable to the differing impact of post-pandemic inflation on the three groups. The chart plots the share of consumers spontaneously mentioning that high prices are eroding their personal finances. Generally, lower-income consumers tend to voice these complaints more frequently than higher-income consumers, who typically have the resources to buffer against higher prices. The run-up in inflation in 2021 and 2022 saw a sharp increase in mentions and a convergence across income groups; by June 2022, about half of all three income groups mentioned the pain of high prices.



Over the past year, however, a divergence by income has re-appeared. Although high price complaints have generally fallen since 2022 for higher-income consumers, these complaints have continued largely unabated during this period for those with lower incomes. While lower-income families have, as a group, seen notable wage gains in a strong labor market, their budgets remain tight amid continued high prices even as inflation has slowed. The views of middle-income consumers resemble those of their lower-income counterparts, a departure from historical patterns in which their mentions are squarely in between those of higher- and lower-income consumers. Despite the enduring high price concerns, lower- and middle-income consumers are fully aware that inflation has eased over the past two years, as reflected in the fact that all three income groups saw large declines in one-year inflation expectations since June 2022.

The dramatic improvement in attitudes among higher-income consumers over the past two years may mitigate some of the downside risks to the economy, given that this group is responsible for the lion’s share of consumer spending. While strong labor markets have blunted some of the impact of high prices on lower- and middle-income consumers in recent years, the continued challenges they face should not be ignored.

	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024 Prelim
Index of Consumer Sentiment	64.2	71.5	69.4	67.8	63.8	61.3	69.7	79.0	76.9	79.4	77.2	69.1	65.6
Current Economic Conditions	68.9	76.5	75.5	71.1	70.6	68.3	73.3	81.9	79.4	82.5	79.0	69.6	62.5
Index of Consumer Expectations	61.1	68.3	65.4	65.7	59.3	56.8	67.4	77.1	75.2	77.4	76.0	68.8	67.6
Index Components													
Personal Finances - Current	85	96	93	86	79	84	88	100	98	104	95	91	79
Personal Finances - Expected	107	113	115	110	101	106	112	122	116	122	116	111	109
Economic Outlook - 12 Months	63	73	70	73	61	57	73	93	93	95	92	79	77
Economic Outlook - 5 Years	73	86	76	79	74	63	84	94	92	94	96	84	84
Buying Conditions - Durables	92	101	102	96	102	92	100	111	106	109	109	88	81

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.