

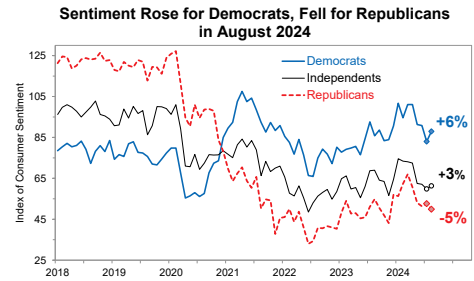


Preliminary results from the August 2024 survey

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Consumer sentiment was essentially unchanged for the fourth consecutive month, inching up 1.4 index points. With election developments dominating headlines this month, sentiment for Democrats climbed 6% in the wake of Harris replacing Biden as the Democratic nominee for president. For Republicans, sentiment moved in the opposite direction, falling 5% this month. Sentiment of Independents, who remain in the middle, rose 3%. The survey shows that 41% of consumers believe that Harris is the better candidate for the economy, while 38% chose Trump. In comparison, between May and July, Trump had a [5 point advantage over Biden](#) on the economy. Overall, expectations strengthened for both personal finances and the five-year economic outlook, which reached its highest reading in four months, consistent with the fact that election developments can influence future expectations but are unlikely to alter current assessments. Survey responses generally incorporate who, at the moment, consumers expect the next president will be. Some consumers note that if their election expectations do not come to pass, their expected trajectory of the economy would be entirely different. Hence, consumer expectations are subject to change as the presidential campaign comes into greater focus, even as consumers expect that inflation—still their top concern—will continue stabilizing.



Year-ahead inflation expectations came in at 2.9% for the second straight month. These expectations ranged between 2.3 to 3.0% in the two years prior to the pandemic. Long-run inflation expectations came in at 3.0%, unchanged from that last five months. These expectations remain somewhat elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.

This month’s stock market gyrations, led by the largest one-day drop in nearly two years seen on August 5, have had little net effect on consumer sentiment. Only consumers with the greatest portfolio exposure—those in the top tercile of stock holdings—saw substantial declines in sentiment, down 6% from last month. In contrast, consumers with the middle tercile of holdings as well as the approximately 30% of consumers who do not own any stock both saw sizable 7% increases in sentiment since July. These patterns are consistent with [recent periods of financial turbulence](#), like the failure of Silicon Valley Bank in 2023, which similarly generated little movement in overall sentiment. Furthermore, expectations for future stock market appreciation increased in August, particularly for consumers in the bottom and middle tercile of stock holdings.

While investors may have traded on worries that labor markets may be weakening, consumers are not yet sounding the alarm. Labor market expectations overall have exhibited remarkable stability over the last several months, softening barely perceptibly in August. About 53% of consumers expect nominal incomes to rise in the year ahead, down modestly from 56% last month. Only 35% of consumers expect unemployment rates to increase over the next year, unchanged from July. Similarly, real income expectations moved sideways as well. When asked if inflation or unemployment presents the greater challenge to the economy, about 10% of consumers reported unemployment, little changed from July. At the same time, 26% of consumers reported hearing negative news about unemployment, the highest share since May 2023. One possible reason for this contrast between news and expectations is the belief that the Fed will act. About 45% of consumers expect interest rates to fall in the year ahead, up from 36% in July and 13% a year ago.

	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug Prelim
Index of Consumer Sentiment	69.4	67.8	63.8	61.3	69.7	79.0	76.9	79.4	77.2	69.1	68.2	66.4	67.8
Current Economic Conditions	75.5	71.1	70.6	68.3	73.3	81.9	79.4	82.5	79.0	69.6	65.9	62.7	60.9
Index of Consumer Expectations	65.4	65.7	59.3	56.8	67.4	77.1	75.2	77.4	76.0	68.8	69.6	68.8	72.1
Index Components													
Personal Finances - Current	93	86	79	84	88	100	98	104	95	91	81	79	77
Personal Finances - Expected	115	110	101	106	112	122	116	122	116	111	106	105	110
Economic Outlook - 12 Months	70	73	61	57	73	93	93	95	92	79	84	86	85
Economic Outlook - 5 Years	76	79	74	63	84	94	92	94	96	84	88	84	93
Buying Conditions - Durables	102	96	102	92	100	111	106	109	109	88	88	81	79

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.