



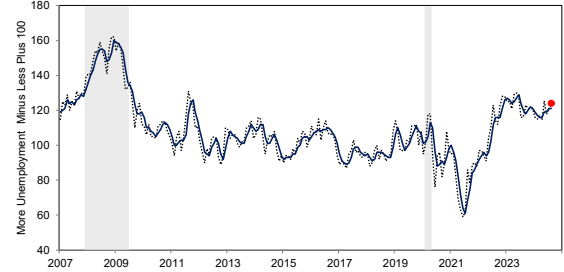
**August 2024 survey results**

August 30, 2024

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Consumer sentiment confirmed its early-month reading; after drifting down for four months, sentiment inched up 1.5 index points above July and is currently 36% above the all-time historic low from June 2022. Consumers’ short- and long-run economic outlook improved, with both figures reaching their most favorable levels since April 2024 and a particularly sizable 10% improvement for long-run expectations that was seen across age and income groups. Sentiment this month reflects a slight rise in sentiment among Independents, as Democrats and Republicans offset each other almost perfectly. Democrats exhibited a large 10% increase in sentiment while Republicans posted an equally sized decline.

**Expected Change in Unemployment Ticked Up Slightly in August**  
(Monthly and three-month moving averages)



These patterns resulted from a sea change in election expectations this month with Harris emerging as the Democratic candidate for president. In July, 51% of consumers expected Trump to win the election versus 37% for Biden. In August, election expectations flipped; 36% expected Trump to win compared with 54% for Harris. Economic and election expectations are both subject to change as election day approaches.

Year-ahead inflation expectations fell slightly from 2.9% last month to 2.8% in August for the lowest reading since December 2020. 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.

The index of news heard about the economy deteriorated over 20% this month. In particular, about 25% of consumers mentioned hearing negative news about unemployment, the highest reading since November 2023. Over the last two months, unemployment expectations have worsened only very slightly (see chart). This month, about 37% of consumers expect unemployment rates to rise in the year ahead, up from 32% in June and 31% a year ago. At the same time, expectations over consumers’ own labor market outcomes remained quite stable in August, suggesting that consumers expect a mild, rather than widespread, increase in unemployment. Consumers reported a 18% probability of losing their job in the next 5 years, nearly equal to the historical average since 1978 and little changed over the past year. Nominal and real income expectations were virtually unchanged from July. Strong incomes have supported robust consumer spending over the past couple of years amid high inflation and below-average sentiment, and these trends in labor market expectations suggest that the support for spending will remain in place.

Coupled with improvements in the overall economic outlook this month, consumers’ responses suggest that they believe that the consequences of any forthcoming weakening in labor markets will be limited. A key reason for this is visible in expectations over monetary policy. About 48% of consumers expect interest rates to fall in the year ahead, the highest share since 1982. Already-poor buying conditions for homes fell again this month, with 68% of consumers spontaneously identifying high interest rates as the culprit. As such, any reduction in interest rates will provide welcome relief to consumers.

	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 2024
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	67.9
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	61.3
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	79
Personal Finances - Expected	115	110	101	106	112	122	116	122	116	111	106	105	108
Economic Outlook - 12 Months	70	73	61	57	73	93	93	95	92	79	84	86	88
Economic Outlook - 5 Years	76	79	74	63	84	94	92	94	96	84	88	84	92
Buying Conditions - Durables	102	96	102	92	100	111	106	109	109	88	88	81	78

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.