

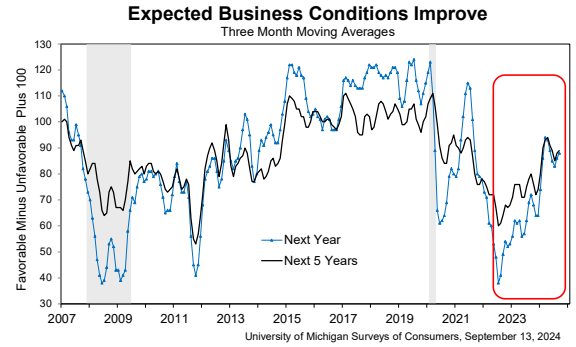


**Preliminary results from the September 2024 survey**

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Consumer sentiment rose to its highest reading since May 2024, increasing for the second consecutive month and lifting about 2% above August. The gain was led by an improvement in buying conditions for durables, driven by more favorable prices as perceived by consumers. Year-ahead expectations for personal finances and the economy both improved as well, despite a modest weakening in views of labor markets. Sentiment is now about 40% above its June 2022 low, though consumers remain guarded as the looming election continues to generate substantial uncertainty. A growing share of both Republicans and Democrats now anticipate a Harris win. Consistent with their divergent views of the implications of a Harris presidency for the economy, partisan gaps in sentiment inched up. Note that interviews for this release concluded prior to Tuesday’s debate; a more comprehensive look at election expectations will be released next week.



Year-ahead inflation expectations fell for the fourth straight month, coming in at 2.7%. The current reading is the lowest since December 2020 and is well within the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations were little changed, edging up from 3.0% last month to 3.1% this month. Long-run inflation expectations remain modestly elevated relative to the range of readings seen in the two years pre-pandemic.

Although high prices remain the most commonly cited factor influencing consumers’ personal finances, the data reflect the fact that consumers fully recognize that inflation has softened over the past two years. Consumers voiced fewer concerns this month over high prices for durables, vehicles, and homes, as well as their personal finances. When asked whether unemployment or inflation will pose the more serious problem for consumers in the next year or so, less than 40% of consumers chose inflation, down from 53% just four months ago. The remaining consumers, a majority this month, reported either that unemployment posed the greater problem, or that both factors were equally problematic.

Indeed, September interviews revealed several signs that consumers perceive a slight deterioration in labor market conditions, albeit from a strong baseline. The share of consumers spontaneously mentioning strong incomes as a positive factor for their personal finances fell from 22% last month to 20% this month. Looking forward, multiple measures of consumers’ own income expectations declined in September. About 39% of consumers expect unemployment to rise in the year ahead, up from 37% last month. A rising share of consumers reported hearing negative news about unemployment, from 25% last month to 29% in September, the highest since May 2023.

At the same time, consumers’ expectations for business conditions continue to improve (see chart). One likely reason is the recognition that labor markets have the strength to withstand some softening. A second reason is the expectation that the Fed will take action; a whopping 54% of consumers expect interest rates to fall over the next year, matching the historic high seen in June 1980. Taken together, the data suggest that consumers do not anticipate that labor markets trends will generate a broader downturn. The short-run outlook has climbed a sharp 157% since June 2022. The long-run economic outlook improved almost 60% over the same period and is now above its historical average. Expectations over business conditions remain solidly on an upward trajectory, even though for many consumers, their views are contingent on how the upcoming election resolves.

	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep Prelim
Index of Consumer Sentiment	67.8	63.8	61.3	69.7	79.0	76.9	79.4	77.2	69.1	68.2	66.4	67.9	69.0
Current Economic Conditions	71.1	70.6	68.3	73.3	81.9	79.4	82.5	79.0	69.6	65.9	62.7	61.3	62.9
Index of Consumer Expectations	65.7	59.3	56.8	67.4	77.1	75.2	77.4	76.0	68.8	69.6	68.8	72.1	73.0
Index Components													
Personal Finances - Current	86	79	84	88	100	98	104	95	91	81	79	79	78
Personal Finances - Expected	110	101	106	112	122	116	122	116	111	106	105	108	112
Economic Outlook - 12 Months	73	61	57	73	93	93	95	92	79	84	86	88	90
Economic Outlook - 5 Years	79	74	63	84	94	92	94	96	84	88	84	92	91
Buying Conditions - Durables	96	102	92	100	111	106	109	109	88	88	81	78	83