



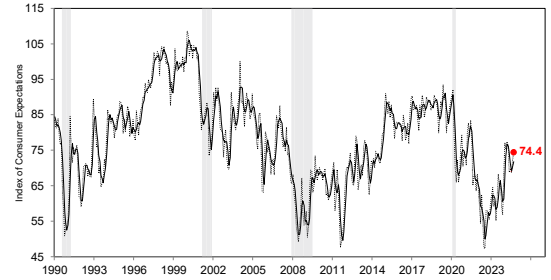
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September survey results

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Consumer sentiment extended its early-month climb, ultimately rising more than 3% above August. This increase was seen across all education groups and political affiliations. Furthermore, all five index components gained, led by a 6% surge in one-year business expectations. The expectations index is now 13% above a year ago and reflects greater optimism across a broad swath of the population. While sentiment remains below its historical average in part due to frustration over high prices, consumers are fully aware that inflation has continued to slow. Sentiment appears to be building some momentum as consumers’ expectations for the economy brighten. At the same time, many consumers continue to report that their expectations hinge on the results of the upcoming election. Relative to August, consumers across political parties are increasingly expecting a Harris presidency, though about two-thirds of Republicans still expect Trump to win.

Expectations Index Rises for Second Straight Month
(Monthly and three month moving average)



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. While consumers remain very frustrated by the persistence of high prices, the share of consumers spontaneously blaming high prices for eroding their personal finances fell from 47% last month to 40% this month.

In addition, expectations for the future improved on a number of dimensions. The year-ahead economic outlook has risen for four consecutive months, with September’s gains reflected across age, income, and education. A year ago, more than half of consumers expected bad times for the economy in the next year; this month, only 28% reported this dark outlook about the overall level of the economy. When asked about the *trend* rather than the level, about 31% of consumers now expect the economy to improve in the year ahead, compared with just 21% a year ago. The long-run economic outlook is now 4% above its historical average reading and its highest since April 2024.

Early-month interviews had revealed that consumers perceive a slight deterioration in labor market conditions, albeit from a strong baseline, which did not pass through to economic expectations likely due in part to a belief that the Fed would step in. While unemployment expectations appeared to weaken in the preliminary read, by the end of the month they improved and became more favorable than August. This trend is consistent with consumers incorporating the September 18 FOMC rate cut announcement . About 55% of consumers expect interest rates to fall in year ahead, the largest share on record, with little change before and after the rate cut announcement, suggesting that consumers expect continued decreases in interest rates over the year ahead. Indeed, consumers’ views of buying conditions for vehicles and homes surged to their highest readings since April amid easing prices and interest rates. Given the prospect of additional rate cuts, consumers will likely become more willing to move forward on these large purchases.

	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 2024
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	70.1
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	63.3
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	74.4
Index Components													
Personal Finances - Current	86	79	84	88	100	98	104	95	91	81	79	79	80
Personal Finances - Expected	110	101	106	112	122	116	122	116	111	106	105	108	111
Economic Outlook - 12 Months	73	61	57	73	93	93	95	92	79	84	86	88	93
Economic Outlook - 5 Years	79	74	63	84	94	92	94	96	84	88	84	92	94
Buying Conditions - Durables	96	102	92	100	111	106	109	109	88	88	81	78	82