

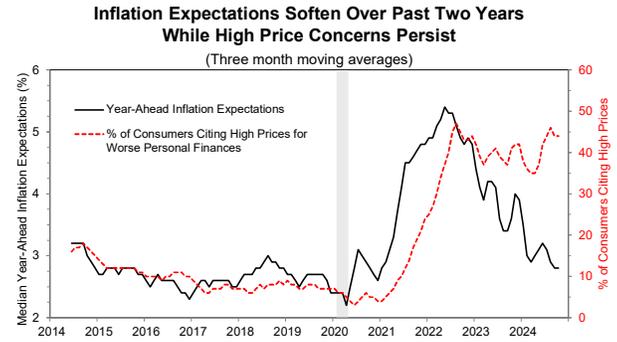


**Preliminary results from the October 2024 survey**

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Consumer sentiment inched down a meager 1.2 index points in October, well within the margin of error, following two straight months of gains. Sentiment is currently 8% stronger than a year ago and almost 40% above the trough reached in June 2022. While inflation expectations have eased substantially since then, consumers continue to express frustration over high prices. Still, long run business conditions lifted to its highest reading in six months, while current and expected personal finances both softened slightly. Despite widespread news coverage about the Middle East and Ukraine, few consumers connected these developments to the economy. Concerns over these conflicts climbed this month but were relatively rare, mentioned spontaneously by less than 5% of consumers. With the upcoming election on the horizon, some consumers appear to be withholding judgment about the longer term trajectory of the economy.



Year-ahead inflation expectations rose from 2.7% last month to 2.9% this month. The current reading remains within the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations edged down from 3.1% last month to 3.0% this month, remaining modestly elevated relative to the range of readings seen in the two years pre-pandemic. Uncertainty around long-run inflation expectations, as measured by the interquartile range of responses, climbed this month, signaling that their views of the longer-term path of inflation may be subject to change.

Consumers welcomed the recent easing in interest rates. The share of consumers spontaneously mentioning the negative effect of high interest rates or tight credit on buying conditions for large purchases fell this month. Consumer concerns over high interest rates for durable goods reached their lowest levels in two years, which will likely provide some support for consumers’ willingness to make these purchases in the months ahead. For home buying conditions, concerns over high interest rates fell to its lowest reading in 15 months. However, even after this recent decline, a majority of consumers still believe that high interest rates are weighing down home buying conditions. This suggests that prospective homebuyers need much more relief before home buying conditions can meaningfully improve, particularly with continued low inventory and high prices. Consumers expect interest rates to continue falling in the year ahead; this month, 54% of consumers expect further rate cuts, just shy of the 55% seen last month.

Labor market expectations improved in October. About 31% of consumers expect unemployment to rise in the year ahead, down from 35% last month and the lowest reading in 10 months. Nominal and real income expectations both increased to their strongest readings since April and May 2024, respectively. Younger consumers posted the strongest gains in the two measures of income prospects. That said, most consumers expect inflation to exceed income gains in the year ahead, signaling that the fact that high prices remain the number one factor for the current state of their personal finances—spontaneously mentioned by 44% of consumers—will likely persist for some time. Taken together, the data reveal that despite strong labor markets, high prices and inflation remain at the top of consumers’ minds.

	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct Prelim
Index of Consumer Sentiment	63.8	61.3	69.7	79.0	76.9	79.4	77.2	69.1	68.2	66.4	67.9	70.1	68.9
Current Economic Conditions	70.6	68.3	73.3	81.9	79.4	82.5	79.0	69.6	65.9	62.7	61.3	63.3	62.7
Index of Consumer Expectations	59.3	56.8	67.4	77.1	75.2	77.4	76.0	68.8	69.6	68.8	72.1	74.4	72.9
Index Components													
Personal Finances - Current	79	84	88	100	98	104	95	91	81	79	79	80	78
Personal Finances - Expected	101	106	112	122	116	122	116	111	106	105	108	111	107
Economic Outlook - 12 Months	61	57	73	93	93	95	92	79	84	86	88	93	90
Economic Outlook - 5 Years	74	63	84	94	92	94	96	84	88	84	92	94	95
Buying Conditions - Durables	102	92	100	111	106	109	109	88	88	81	78	82	83