

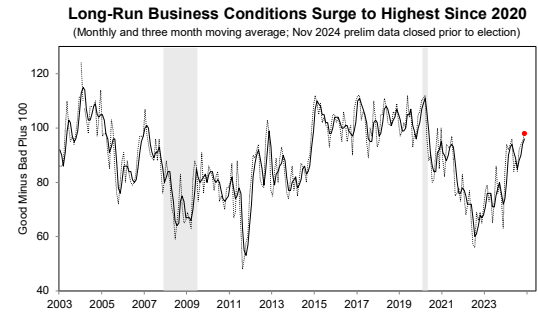


**Preliminary results from the November 2024 survey**

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Heading into the election, consumer sentiment improved for the fourth consecutive month, rising 3.5% to its highest reading in six months. While current conditions were little changed, the expectations index surged across all dimensions, reaching its highest reading since July 2021. Expectations over personal finances climbed 6% in part due to strengthening income prospects, and short-run business conditions soared 9% in November. Long-run business conditions increased to its most favorable reading in nearly four years. Sentiment is now nearly 50% above its June 2022 trough but remains below pre-pandemic readings. Note that interviews for this release concluded on Monday and thus do not capture any reactions to election results.



Year-ahead inflation expectations fell slightly from 2.7% last month to 2.6% this month. The current reading is the lowest since December 2020 and sits within the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations inched up from 3.0% last month to 3.1% this month, remaining modestly elevated relative to the range of readings seen in the two years pre-pandemic.

Sentiment has been on a broad upward trajectory since the height of inflation in mid-2022 even amid this year’s election uncertainty. Indeed, consumers have consistently expressed that the future of the economy is contingent on who wins the presidential election. In contrast to 2016, when a large majority of consumers expected Clinton to win, consumers this year were more evenly divided in their expectations for a Trump or Harris presidency. The share of consumers expecting a Trump win grew over the last two months, a contributing factor for the strong increases in sentiment among Republicans during this period. By the eve of the election, expectations were split with about half of consumers expecting a Harris win, 40% expecting a Trump win, and the remaining 10% specifying they didn’t know. The perceived tightness of the race leading into election suggests while some consumers had already incorporated the possibility of a Trump presidency in their economic expectations, others will be updating their views in light of the election result. Going forward, the impact of the next administration’s economic policies on inflation are likely to be top of mind for consumers and drive the trajectory of their confidence in the performance of the economy.

Although short-run inflation expectations continue to soften, consumers remain frustrated about the persistence of high prices. About 44% of consumers spontaneously mentioned that high prices eroded their personal finances, little changed from last month. At the same time, consumers expressed fewer price concerns about major purchases relative to October. For example, about 34% of consumers mentioned high prices as a negative factor for buying cars, down from 47% a year ago and the lowest share since May 2021. That said, these price concerns remain notably higher than prior to the pandemic.

Despite this frustration, consumers have felt increasingly assured about the trajectory of the economy, with rising expectations for labor markets. Nominal and real income expectations both rose substantially in November, continuing a streak of improvement over the past several months. Only 28% of consumers expect unemployment to rise in the year ahead, the lowest share in more than two years. With easing worries over labor markets, expectations over interest rates declined as well in November. The share of consumers expecting interest rates to fall in the year ahead fell sharply from 52% last month to 42% this month.

|                                | Nov 2023 | Dec 2023 | Jan 2024 | Feb 2024 | Mar 2024 | Apr 2024 | May 2024 | Jun 2024 | Jul 2024 | Aug 2024 | Sep 2024 | Oct 2024 | Nov Prelim |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|
| Index of Consumer Sentiment    | 61.3     | 69.7     | 79.0     | 76.9     | 79.4     | 77.2     | 69.1     | 68.2     | 66.4     | 67.9     | 70.1     | 70.5     | 73.0       |
| Current Economic Conditions    | 68.3     | 73.3     | 81.9     | 79.4     | 82.5     | 79.0     | 69.6     | 65.9     | 62.7     | 61.3     | 63.3     | 64.9     | 64.4       |
| Index of Consumer Expectations | 56.8     | 67.4     | 77.1     | 75.2     | 77.4     | 76.0     | 68.8     | 69.6     | 68.8     | 72.1     | 74.4     | 74.1     | 78.5       |
| Index Components               |          |          |          |          |          |          |          |          |          |          |          |          |            |
| Personal Finances - Current    | 84       | 88       | 100      | 98       | 104      | 95       | 91       | 81       | 79       | 79       | 80       | 81       | 80         |
| Personal Finances - Expected   | 106      | 112      | 122      | 116      | 122      | 116      | 111      | 106      | 105      | 108      | 111      | 110      | 117        |
| Economic Outlook - 12 Months   | 57       | 73       | 93       | 93       | 95       | 92       | 79       | 84       | 86       | 88       | 93       | 92       | 100        |
| Economic Outlook - 5 Years     | 63       | 84       | 94       | 92       | 94       | 96       | 84       | 88       | 84       | 92       | 94       | 95       | 98         |
| Buying Conditions - Durables   | 92       | 100      | 111      | 106      | 109      | 109      | 88       | 88       | 81       | 78       | 82       | 85       | 84         |