

## Preliminary results from the March 2025 survey

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March 14, 2025

Consumer sentiment slid another 11% this month, with declines seen consistently across all groups by age, education, income, wealth, political affiliations, and geographic regions. Sentiment has now fallen for three consecutive months and is currently down 22% from December 2024. While current economic conditions were little changed, expectations for the future deteriorated across multiple facets of the economy, including personal finances, labor markets, inflation, business conditions, and stock markets. Many consumers cited the high level of uncertainty around policy and other economic factors; frequent gyrations in economic policies make it very difficult for consumers to plan for the future, regardless of one's policy preferences. Consumers from all three political affiliations are in agreement that the outlook has weakened since February. Despite their greater confidence following the election, Republicans posted a sizable 10% decline in their expectations index in March. For Independents and Democrats, the expectations index declined an even steeper 12 and 24%, respectively.

Year-ahead inflation expectations jumped up from 4.3% last month to 4.9% this month, the highest reading since November 2022 and marking three consecutive months of unusually large increases of 0.5 percentage points or more. This month's rise was seen across all three political affiliations. Long-run inflation expectations surged from 3.5% in February to 3.9% in March. This is the largest month-over-month increase seen since 1993, stemming from a sizable rise among Independents, and followed an already-large increase in February.

These upward trends in inflation expectations reflect widespread unease about economic policy developments, and this unease has continued to grow. Last month, about 40% of consumers spontaneously mentioned tariffs during interviews, and this month, 48% did so. This figure includes the 44% of Independents who referenced tariffs, showing that these concerns are not limited to Democrats in opposition to Trump. Critically, these consumers generally expect tariffs to generate substantial upward pressure for inflation in the future. Gasoline inflation expectations also escalated this month to their highest readings since October 2024 over both short and long time horizons.

In 2022 and 2023, consumer spending remained robust despite dour sentiment readings because consumers were supported by strong labor markets, reliable incomes, and for wealthier households, high asset values as well. Interviews this month reveal that consumers believe all of these supporting factors may be weakening. About two-thirds of consumers expect unemployment to rise in the year ahead, the highest reading since 2009. In addition, these negative views are passing through to expectations for their own incomes; they are increasingly worried that their income prospects may be worsening as well. Consumers downgraded their stock market expectations for the third month in a row, reaching its lowest reading since May 2023. Consumers anticipate that borrowing costs will remain high, with about 40% of consumers expecting interest rates to rise over the next year, the highest share since December 2023. Overall, consumers perceive a tremendous amount of uncertainty in the economy—policy uncertainty, market uncertainty, general economic uncertainty, among others. The fact that expectations worsened across the board suggests that consumers perceive more downside than upside risk for the foreseeable future; these views will likely dampen consumers' willingness to spend or incur financial risks of their own.

	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar Prelim
Index of Consumer Sentiment	79.4	77.2	69.1	68.2	66.4	67.9	70.1	70.5	71.8	74.0	71.7	64.7	57.9
Current Economic Conditions	82.5	79.0	69.6	65.9	62.7	61.3	63.3	64.9	63.9	75.1	75.1	65.7	63.5
Index of Consumer Expectations	77.4	76.0	68.8	69.6	68.8	72.1	74.4	74.1	76.9	73.3	69.5	64.0	54.2
Index Components													
Personal Finances - Current	104	95	91	81	79	79	80	81	82	85	87	82	72
Personal Finances - Expected	122	116	111	106	105	108	111	110	116	111	109	99	88
Economic Outlook - 12 Months	95	92	79	84	86	88	93	92	97	88	81	73	59
Economic Outlook - 5 Years	94	96	84	88	84	92	94	95	96	94	88	83	68
Buying Conditions - Durables	109	109	88	88	81	78	82	85	82	108	106	86	90

**Unemployment and Inflation Expectations Worsen**  
Views of Independents Aligned With National Estimates

