

## Preliminary results from the April 2025 survey

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Consumer sentiment fell for the fourth straight month, plunging 11% from March. This decline was, like the last month's, pervasive and unanimous across age, income, education, geographic region, and political affiliation. Sentiment has now lost more than 30% since December 2024 amid growing worries about trade war developments that have oscillated over the course of the year. Consumers report multiple warning signs that raise the risk of recession: expectations for business conditions, personal finances, incomes, inflation, and labor markets all continued to deteriorate this month. The share of consumers expecting unemployment to rise in the year ahead increased for the fifth consecutive month and is now more than double the November 2024 reading and the highest since 2009. This lack of labor market confidence lies in sharp contrast to the past several years, when robust spending was supported primarily by strong labor markets and incomes. Note that interviews for this release were conducted between March 25 and April 8, closing prior to the April 9 tariff partial reversal.

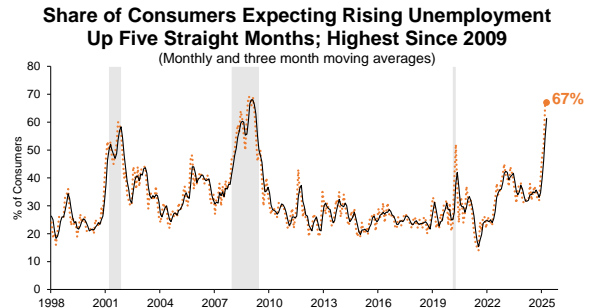
Year-ahead inflation expectations surged from 5.0% last month to 6.7%

this month, the highest reading since 1981 and marking four 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 climbed from 4.1% in March to 4.4% in April, reflecting a particularly large jump among independents.

Unsurprisingly, trade policy continues to weigh heavily on consumers' minds. About two-thirds of consumers spontaneously mentioned tariffs during interviews, up from about 40% in February and March of this year. Evidence from the past several months suggest that consumers may not feel much relief from the April 9 social media post reversing some tariff increases. Over the past several months, consumers have reacted negatively to tariff increases (like those on Canada and Mexico), with little visible improvement in sentiment when specific increases were paused or reversed. Unless consumers are convinced that uncertainty over tariff policy has resolved, their ability to plan or their willingness to spend is unlikely to improve. Even Republicans expressing alignment with the White House's trade strategy have mentioned that the economy may deteriorate, at least in the short run.

Unemployment expectations have worsened sharply over the last few months, which may not lead to a pull-back in spending if consumers do not expect to be personally affected by layoffs or income losses. Alarmingly, though, consumers are now worried that they *will* be personally affected. Last month, the expected probability of losing one's job in the next five years reached its highest reading since July 2020 and is little changed this month. Moreover, personal income expectations fell this month as well, weakening a critical support for consumer spending.

Stock market turmoil has dominated headlines this month, but its impact on sentiment appears limited to the highest income consumers and those with the largest stock holdings. Even for these consumers, stock markets are just one of many sources of concern over the economy. Still, given that high-income consumers generate so much of aggregate spending, the fact that their expectations index sank to its lowest value since 1980, reaching a rare convergence with lower-income consumers, is very worrisome for the trajectory of consumer demand.



	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr Prelim
Index of Consumer Sentiment	77.2	69.1	68.2	66.4	67.9	70.1	70.5	71.8	74.0	71.7	64.7	57.0	50.8
Current Economic Conditions	79.0	69.6	65.9	62.7	61.3	63.3	64.9	63.9	75.1	75.1	65.7	63.8	56.5
Index of Consumer Expectations	76.0	68.8	69.6	68.8	72.1	74.4	74.1	76.9	73.3	69.5	64.0	52.6	47.2
Index Components													
Personal Finances - Current	95	91	81	79	79	80	81	82	85	87	82	74	69
Personal Finances - Expected	116	111	106	105	108	111	110	116	111	109	99	86	78
Economic Outlook - 12 Months	92	79	84	86	88	93	92	97	88	81	73	56	48
Economic Outlook - 5 Years	96	84	88	84	92	94	95	96	94	88	83	66	61
Buying Conditions - Durables	109	88	88	81	78	82	85	82	108	106	86	89	75