

April 2025 survey results

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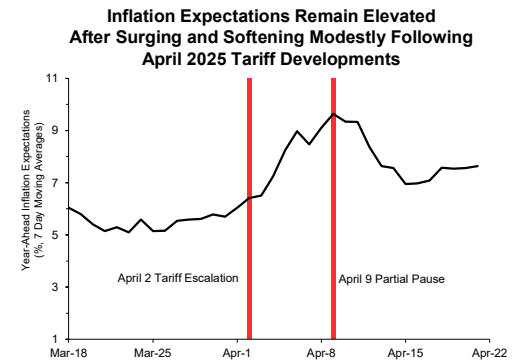
Consumer sentiment fell for the fourth straight month, plunging 8% from March. While the April decline in current conditions was modest, the expectations index plummeted with drop-offs in personal finances as well as business conditions. Expectations have fallen a precipitous 32% since January, the steepest three-month percentage decline seen since the 1990 recession. While this month's deterioration was particularly strong for middle-income families, expectations worsened for vast swaths of the population across age, education, income, and political affiliation. Consumers perceived risks to multiple aspects of the economy, in large part due to ongoing uncertainty around trade policy and the potential for a resurgence of inflation looming ahead. Labor market expectations remained bleak. Even more concerning for the path of the economy, consumers anticipated weaker income growth for themselves in the year ahead. Without reliably strong incomes, spending is unlikely to remain strong amid the numerous warnings signs perceived by consumers.

Year-ahead inflation expectations surged from 5.0% last month to 6.5% 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. As seen in the chart, inflation expectations evolved with major trade policy announcements this month. After the April 9 partial pause in tariff increases, inflation expectations ebbed but remained substantially elevated relative to March. Long-run inflation expectations climbed from 4.1% in March to 4.4% in April, reflecting a particularly large jump among independents.

Even prior to April, many consumers had already been anticipating high tariff rates, as seen in the views expressed by the growing share of consumers offering unsolicited comments about tariffs during interviews. These consumers expressed lower levels of sentiment and higher inflation expectations than consumers who did not mention tariffs. This month, about 60% of consumers did so, up sharply from about 44% last month, a sign of the increasing salience of tariffs to consumers.

Moreover, consumer attitudes evolved with highly-publicized trade policy developments this month. Similar to trends seen in inflation expectations as displayed in the chart, the April 2 announcement of worldwide tariff increases was followed by a steep downturn in the expectations index. After the April 9 announcement of a partial pause on tariff hikes for some countries, expectations modestly improved. However, on net, expectations for business conditions, incomes, stock markets, buying and selling conditions for homes all remained worse this month than in March, reflecting an escalation in worries about the economy.

Labor market expectations remained relatively poor in April. Nearly two-thirds of consumers expect unemployment rates to rise over the next year, little changed from March and more than double the reading from six months ago. Income expectations continued to deteriorate. Less than half of consumers expected their own nominal incomes to grow in the year ahead, down from nearly 60% just prior to the election. About 67% of consumers expected that their real incomes will fall in the year ahead, up from 59% in October 2024. Without the support of reliable income growth, consumers may be hard-pressed to continue spending at the robust pace seen over the past several years.



	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 2025
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	52.2
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	59.8
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	47.3
Index Components													
Personal Finances - Current	95	91	81	79	79	80	81	82	85	87	82	74	71
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	60
Buying Conditions - Durables	109	88	88	81	78	82	85	82	108	106	86	89	82