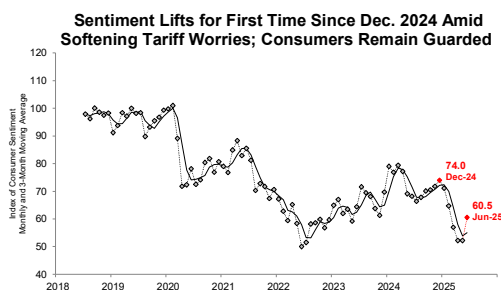


Preliminary results from the June 2025 survey

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Consumer sentiment improved for the first time in six months, climbing 16% from last month but remaining about 20% below December 2024, when sentiment had exhibited a post-election bump. These trends were unanimous across the distributions of age, income, wealth, political party, and geographic region. Moreover, all five index components rose, with a particularly steep increase for short and long-run expected business conditions, consistent with a perceived easing of pressures from tariffs. Consumers appear to have settled somewhat from the shock of the extremely high tariffs announced in April and the policy volatility seen in the weeks that followed. However, consumers still perceive wide-ranging downside risks to the economy. Their views of business conditions, personal finances, buying conditions for big ticket items, labor markets, and stock markets all remain well below six months ago in December 2024. Despite this month's notable improvement, consumers remain guarded and concerned about the trajectory of the economy.



Year-ahead inflation expectations plunged from 6.6% last month to 5.1% this month. Long-run inflation expectations fell for the second straight month, stepping down from 4.2% in May to 4.1% in June. Both readings are the lowest in three months. Consumers' fears about the potential impact of tariffs on future inflation have softened somewhat in June. Still, inflation expectations remain above readings seen throughout the second half of 2024, reflecting widespread beliefs that trade policy may still contribute to an increase in inflation in the year ahead.

Expectations about the anticipated effects of tariffs have shaped consumers' views of the economy this year, and this month's results are no different. In June, about 61% of consumers provided unsolicited comments about tariffs, down from 66% last month but still higher than any other month since the election. This month saw a modest reduction in the share of consumers who spontaneously cited tariffs as a negative factor for buying durable goods or cars, both of which improved this month but remain worse than last December. The share of consumers expecting business conditions to worsen in the year ahead fell from 64% in May but now stands at a still-high 57%, compared with just 29% in November 2024.

Likewise, labor market expectations improved this month but also remain considerably worse than the beginning of the year. About 58% of consumers expect unemployment to rise in the year ahead, down from 66% in March but still much higher than the 40% seen in December 2024. Nominal and real income expectations both inched up this month; June readings for both are worse than six months ago. Expectations for personal finances soared 17% from near historic lows in May but are 17% below December 2024. Thus, while consumers feel modestly more secure about their incomes this month than in May, they have not regained the kind of confidence over their personal finances that would support robust spending.

Prices and cost of living remain the top factor for consumers. At this time, they are still bracing for a resurgence of inflation. If that comes to pass, most consumers expect to alter their spending patterns. In special questions fielded in May and June, only about 21% of consumers reported that they expect to continue spending as usual on items with high price increases. In contrast, in August through October 2022, about 36% expected to hold such spending steady in the post-pandemic inflationary period. These results suggest that the resilience of consumer spending now will likely hinge on inflation remaining stable.

	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun Prelim
Index of Consumer Sentiment	68.2	66.4	67.9	70.1	70.5	71.8	74.0	71.7	64.7	57.0	52.2	52.2	60.5
Current Economic Conditions	65.9	62.7	61.3	63.3	64.9	63.9	75.1	75.1	65.7	63.8	59.8	58.9	63.7
Index of Consumer Expectations	69.6	68.8	72.1	74.4	74.1	76.9	73.3	69.5	64.0	52.6	47.3	47.9	58.4
Index Components													
Personal Finances - Current	81	79	79	80	81	82	85	87	82	74	71	67	74
Personal Finances - Expected	106	105	108	111	110	116	111	109	99	86	78	79	92
Economic Outlook - 12 Months	84	86	88	93	92	97	88	81	73	56	48	50	65
Economic Outlook - 5 Years	88	84	92	94	95	96	94	88	83	66	60	60	75
Buying Conditions - Durables	88	81	78	82	85	82	108	106	86	89	82	83	89