

## June 2025 survey results

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Consumer sentiment surged 16% from May in its first increase in six months—confirming the mid-month reading—but remains well below the post-election bounce seen in December 2024. The improvement was broadbased across numerous facets of the economy, with expectations for personal finances and business conditions climbing about 20% or more. Despite June’s gains, however, sentiment remains about 18% below December 2024, right after the election; consumer views are still broadly consistent with an economic slowdown and an increase in inflation to come. Consumers continue to be concerned about the potential impact of tariffs, but at this time they do not appear to be connecting developments in the Middle East with the economy.

Year-ahead inflation expectations plummeted from 6.6% last month to 5.0% this month. Long-run inflation expectations receded for the second straight month, falling back from 4.2% in May to 4.0% in June. Both readings are the lowest in three to four months. Consumers’ fears about the potential impact of tariffs on future inflation softened somewhat in June. Still, inflation expectations remain above readings seen throughout the second half of 2024, reflecting widespread beliefs that risks to inflation have not fully abated.

Earlier this year, consumers expressed strong worries that the historically high tariffs announced by the White House could have dire consequences for the economy. With the recent moderation in both tariff levels and trade policy volatility, consumers now appear to believe that their worst fears may not come to pass and have moderated their expectations accordingly. About 59% of consumers spontaneously offered comments about tariffs, down modestly from about 66% last month. Still, tariff mentions continue to come from a broad swath of the population and reflect ongoing anxiety that the threat of inflation remains real, even if consumers are no longer bracing for a worst-case scenario as they appeared to do so in April and early May. As in prior months, consumers mentioning tariffs had lower sentiment and higher inflation expectations than those who do not mention tariffs, though it is notable that even the tariff-mentioning group has exhibited declining inflation expectations over the past two months.

While labor market expectations improved in June, they are still well below readings from right after the election in December 2024. About 57% of consumers expected 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 improved a touch, but are still below the start of the year. Interest rate expectations were mixed; about 36% of consumers expect a rate hike in the year ahead, 24% expect a rate cut, and the remaining 38% expect no changes to rates.

This month, very few consumers (less than one percent) spontaneously mentioned anything related to Iran or Israel, with the caveat that interviews closed two days after the US attacked the three nuclear sites. Likewise, there were also very few mentions of the tax and spending bill moving through Congress. While consumers do not appear to be connecting these issues to the economy at this time, the salience of these topics could increase in the future, particularly if consumers perceive that inflation or their personal finances could be impacted.

	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 2025
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	60.7
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	64.8
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	58.1
Index Components													
Personal Finances - Current	81	79	79	80	81	82	85	87	82	74	71	67	78
Personal Finances - Expected	106	105	108	111	110	116	111	109	99	86	78	79	94
Economic Outlook - 12 Months	84	86	88	93	92	97	88	81	73	56	48	50	63
Economic Outlook - 5 Years	88	84	92	94	95	96	94	88	83	66	60	60	74
Buying Conditions - Durables	88	81	78	82	85	82	108	106	86	89	82	83	88

Sentiment Lifts for First Time in Six Months;  
Remains Well Below December 2024

