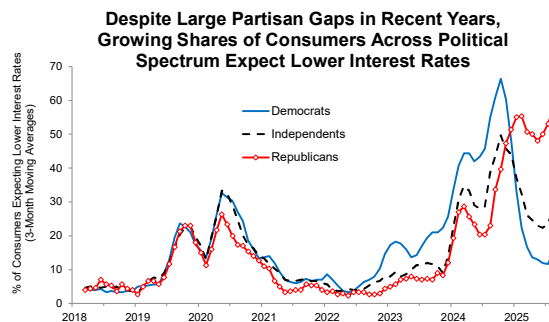


August 2025 survey results

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August 29, 2025

Consumer sentiment confirmed its early-month reading, moving down about 6% from July. Sentiment now stands about 11% above readings from April and May but remains at least 10% below 6 and 12 months ago. This month's decrease was visible across groups by age, income, and stock wealth. Moreover, perceptions of many aspects of the economy slipped. Buying conditions for durable goods subsided to their lowest reading in a year, and current personal finances declined 7%, both due to heightened concerns about high prices. Expectations for business conditions and labor markets contracted in August as well. That said, expectations for personal finances held steady this month, albeit at relatively subdued levels relative to a year ago. This month, few consumers spontaneously mentioned the recent events at the Bureau of Labor Statistics and the Federal Reserve (interviews closed on Monday, August 25, the day Trump announced he was firing Governor Cook).



Year-ahead inflation expectations moved up from 4.5% last month to 4.8% this month. This rise was seen across multiple demographic groups. Independents and Republicans both exhibited month-over-month increases; expectations for Democrats were unchanged from July. Long-run inflation expectations edged up from 3.4% in July to 3.5% in August. This month ended two consecutive months of receding inflation for short-run expectations and three straight months for long-run expectations. Still, both readings remain well below the highs seen briefly in April and May 2025.

Consumers continue to perceive vulnerabilities in labor markets. About 63% of consumers expect unemployment to rise in the year ahead, up from 57% the last two months and far higher than the 37% seen a year ago. This month's increase was seen among all political affiliations. Personal income expectations firmed up modestly this month. However, they remain weaker than six and 12 months ago, particularly among middle and higher income consumers. In contrast, those with the lowest tercile of incomes have income expectations that have been persistently low throughout the last year.

Amid worsening expectations on both sides of the Fed's dual mandate, about 36% of consumers expect declining interest rates during the year ahead, up from just 23% in May and the highest reading since December. Although it is unclear from the interviews how much the current administration's interactions with the Fed feed into these expectations, the chart above shows a few key patterns. First, the recent growth in consumers expecting declining interest rates is seen across the political spectrum. Furthermore, expectations for each political group have tended to move together, with the exception of the most recent presidential transition. Second, the partisan gaps in interest rate expectations are a relatively recent phenomenon. They were relatively modest until mid-2022, increasing in magnitude more or less continuously through to the present. Future reports will shed light on the role of confidence in financial institutions, including the Fed.

Buying conditions for major purchases like durable goods and vehicles both worsened this month. Growing shares of consumers mentioned high prices as well as tax/tariff considerations as factors weighing on buying conditions for cars in particular. Overall, spontaneous mentions of tariffs throughout the interviews rose from 57% of consumers last month to almost 62% this month, concurrent with a re-escalation of trade policy developments earlier this month. These results all illustrate the fact that consumers believe that the current trade environment continues to pose threats to the economy.

	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025
Index of Consumer Sentiment	67.9	70.1	70.5	71.8	74.0	71.7	64.7	57.0	52.2	52.2	60.7	61.7	58.2
Current Economic Conditions	61.3	63.3	64.9	63.9	75.1	75.1	65.7	63.8	59.8	58.9	64.8	68.0	61.7
Index of Consumer Expectations	72.1	74.4	74.1	76.9	73.3	69.5	64.0	52.6	47.3	47.9	58.1	57.7	55.9
Index Components													
Personal Finances - Current	79	80	81	82	85	87	82	74	71	67	78	83	77
Personal Finances - Expected	108	111	110	116	111	109	99	86	78	79	94	91	91
Economic Outlook - 12 Months	88	93	92	97	88	81	73	56	48	50	63	66	61
Economic Outlook - 5 Years	92	94	95	96	94	88	83	66	60	60	74	72	70
Buying Conditions - Durables	78	82	85	82	108	106	86	89	82	83	88	91	80