October 2025 survey results October 24, 2025

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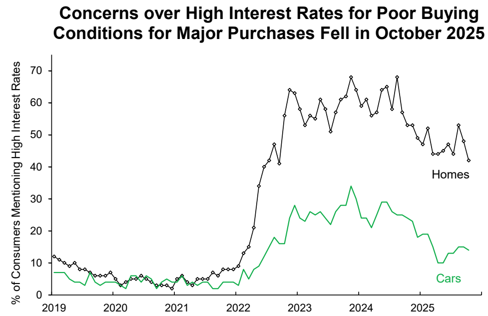

Consumer sentiment was little changed this month, slipping a scant 1.5 index points from September. A modest increase in sentiment among younger consumers was offset by decreases among middle-age and older consumers. Current personal finances inched up, while expected personal finances receded. Overall, consumers perceive few material changes in economic circumstances from last month; inflation and high prices remain at the forefront of consumers' minds. There was little evidence this month that consumers connect the federal government shutdown to the economy. Only about 2% spontaneously referenced the shutdown during this month's interviews, compared with the 10% of consumers who did so in January 2019 during that 35-day shutdown.

Year-ahead inflation expectations ebbed from 4.7% last month to 4.6% this month. These expectations are currently midway between the readings seen a year ago and the highs seen this year in May in the wake of the initial announcements of major tariff changes. Long-run inflation expectations increased from 3.7% last month to 3.9% this month but remains below this year's high point seen in April. This month's increase in long-run inflation expectations was driven primarily by independents and Republicans. Inflation uncertainty—as measured by the interquartile range of expectations—ticked up for both time horizons this month.

Consumers remain frustrated by the persistence of high prices, spontaneously mentioning high prices at various points throughout the interviews. About 45% of consumers referenced that their personal finances were eroded by high prices, the highest reading since August 2024. Similar concerns arose for big ticket purchases as well. For large household durables, buying conditions worsened this month as a rising share of consumers negatively referenced prices or tariffs. Buying conditions for vehicles are more than 20% below a year ago, with 39% of consumers citing high prices.

As seen in the chart, consumer views of major purchases have started to incorporate last month's interest rate cut. The share of consumers blaming high interest rates or tight credit for poor buying conditions for homes and cars receded in October. Still, interest rate concerns remain considerably elevated relative to early 2022 and the years prior. At this time, consumers are divided in their interest rate expectations. A plurality of consumers, about 42%, expect interest rates to fall in the next year, down from 47% last month and 52% a year ago. A sizable 31% expect rates to hold steady, while just under a quarter of consumers expect rates to increase.

Labor market expectations were stable this month, albeit at generally unfavorable levels. About 64% of consumers expect unemployment to increase in the year ahead, just shy of this year's high of 66% seen in March. For the eleventh consecutive month, more than 60% of consumers expect any income gains over the next year to be outstripped by inflation. The expected probability of job loss waned slightly but remained elevated. All told, consumers believe that labor markets are weakening, and critically, that they may be personally affected by these developments.

	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025
Index of Consumer Sentiment	70.5	71.8	74.0	71.7	64.7	57.0	52.2	52.2	60.7	61.7	58.2	55.1	53.6
Current Economic Conditions	64.9	63.9	75.1	75.1	65.7	63.8	59.8	58.9	64.8	68.0	61.7	60.4	58.6
Index of Consumer Expectations	74.1	76.9	73.3	69.5	64.0	52.6	47.3	47.9	58.1	57.7	55.9	51.7	50.3
Index Components													
Personal Finances - Current	81	82	85	87	82	74	71	67	78	83	77	76	78
Personal Finances - Expected	110	116	111	109	99	86	78	79	94	91	91	86	82
Economic Outlook - 12 Months	92	97	88	81	73	56	48	50	63	66	61	57	57
Economic Outlook - 5 Years	95	96	94	88	83	66	60	60	74	72	70	62	59
Buying Conditions - Durables	85	82	108	106	86	89	82	83	88	91	80	78	72