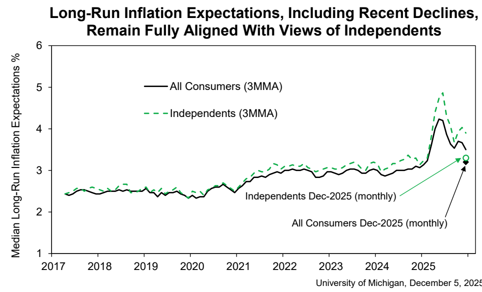
Preliminary results from the December 2025 survey December 5, 2025

Joanne Hsu, PhD, Director

Consumer sentiment lifted 2.3 index points in early December, within the margin of error. This month's increase was concentrated primarily among younger consumers. Overall, while views of current conditions were little changed, expectations improved, led by a 13% rise in expected personal finances, with improvements visible across age, income, education, and political affiliation. Still, December's reading on expected personal finances is nearly 12% below the beginning of the year. Similarly, labor market expectations improved a touch but remained relatively dismal. Consumers see modest improvements from November on a few dimensions, but the overall tenor of views is broadly somber, as consumers continue to cite the burden of high prices.



Looking to the future, year-ahead inflation expectations decreased from 4.5% last month to 4.1% this month, the lowest reading since January 2025. This marks four consecutive months of declines, but short-run inflation expectations are still above the 3.3% seen in January. Long-run inflation expectations softened from 3.4% last month to 3.2% in December, matching the January 2025 reading. In comparison, 2024 readings ranged between 2.8 and 3.2%, while the readings in 2019 and 2020 were below 2.8%. Inflation uncertainty over both time horizons—as measured by the interquartile range of responses—remains higher than January of this year.

Consumers have noted that the soaring inflation they feared in April and May 2025 at the height of tariff developments has not come to fruition at this time. Still, inflation expectations over both time horizons remain higher than average readings from both 2024 and 2020 (whether we compare to the official published estimates from those periods or to similar estimates from the parallel web-based data collection that began in 2017). Thus, consumers still expect elevated inflation to persist, even if they no longer anticipate an imminent surge. Many believe that the economic effects of tariffs have not yet been fully realized. About 54% provided unprompted comments about tariffs, down from May's 66%, but still a clear majority.

Moreover, consumers remain frustrated by the persistence of high prices. About 47% of consumers this month spontaneously mentioned that high prices weighed down on their personal finances, unchanged from November and considerably higher than the 35% who mentioned this a year ago. Labor market expectations improved slightly—63% of consumers expect unemployment to rise in the year ahead, down from 69% in November but still much higher than the 40% seen a year ago. Nominal income expectations were flat at relatively subdued readings.

Much like sentiment, national inflation expectations continue to be in alignment with the views of independents (see chart). This month's long-run expectations (displayed in dots) are nearly identical for independents and nationally. In 2025, readings for all consumers and independents surged together as tariffs escalated; they fell together as large impacts on inflation did not immediately materialize. Spikes earlier this year were higher for independents, but they were concurrent with national peaks and fell to similar levels. This is consistent with a longstanding trend over the past three presidential administrations: independents express inflation expectations that fall between those of Republicans and Democrats, but are generally a bit closer to the party out of the White House (see page 2 of this special report). Again, trends in expectations are not distorted by political polarization, nor do they reflect the views of only one part of the political spectrum.

	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec Prelim
Index of Consumer Sentiment	74.0	71.7	64.7	57.0	52.2	52.2	60.7	61.7	58.2	55.1	53.6	51.0	53.3
Current Economic Conditions	75.1	75.1	65.7	63.8	59.8	58.9	64.8	68.0	61.7	60.4	58.6	51.1	50.7
Index of Consumer Expectations	73.3	69.5	64.0	52.6	47.3	47.9	58.1	57.7	55.9	51.7	50.3	51.0	55.0
Index Components													
Personal Finances - Current	85	87	82	74	71	67	78	83	77	76	78	66	66
Personal Finances - Expected	111	109	99	86	78	79	94	91	91	86	82	85	96
Economic Outlook - 12 Months	88	81	73	56	48	50	63	66	61	57	57	56	58
Economic Outlook - 5 Years	94	88	83	66	60	60	74	72	70	62	59	61	64
Buying Conditions - Durables	108	106	86	89	82	83	88	91	80	78	72	64	63