surveys of consumers
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Monitoring trends for over 75 years

December 2025 survey results December 19, 2025

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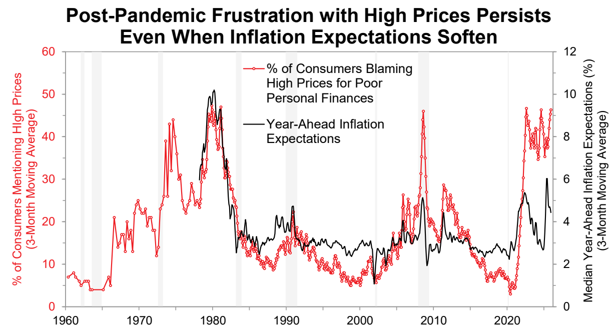
Consumer sentiment confirmed its early month reading, inching up less than two index points from November, within the margin of error. While lower-income consumers posted gains, sentiment for higher-income consumers was little changed. Buying conditions for durable goods fell for the fifth straight month, whereas expectations for personal finances and business conditions rose. Labor market expectations lifted a bit this month, though a solid majority of 63% of consumers still expects unemployment to continue rising during the next year. Despite some signs of improvement to close out the year, sentiment remains nearly 30% below December 2024, as pocketbook issues continue to dominate consumer views of the economy.



Year-ahead inflation expectations decreased for the fourth consecutive month to 4.2%. This is the lowest reading in 11 months but is still above the 3.3% seen in January. Long-run inflation expectations eased from 3.4% last month to 3.2% in December, matching the January 2025 reading. In comparison, readings ranged between 2.8 and 3.2% last year, and were below 2.8% throughout 2019 and 2020.

Despite this softening in the outlook for future inflation, consumers remain strained by the persistence of high prices now. This month, 47% of consumers spontaneously mentioned that their personal finances were weighed down by high prices, unchanged from last month. The chart provides a historical perspective of these mentions since 1960 in red, overlaid by median year-ahead inflation expectations, which the surveys began measuring in 1978, in black. High price references waxed and waned throughout the 1960s and 70s, reaching higher peaks with each successive inflationary episode. In the late 1970s through the Volcker disinflation, high price mentions followed the same contour as inflation expectations, rapidly increasing together through the turn of the decade then falling concurrently. During the first few months of 1980 when inflation expectations exceeded 10%, high prices were cited by over 40% of consumers. Seven years later, inflation expectations had fallen and were consistently close to 3% the entire year, while high-price mentions stabilized at about 10%.

In 2008, high price mentions again surged to over 40% for four months, even as the spike in inflation expectations was relatively modest, to only about 5%; both declined quickly thereafter. Mentions continued to fall during the extended period of low inflation leading into the pandemic. By 2022, high price mentions surged again past 40% just a few months after inflation expectations peaked at 5.4%. But even as inflation expectations fell gradually to under 3% by 2024 and steeply the last six months following this year's peak in May, high-price mentions remained stubbornly high, exceeding 30% continuously since February 2022 and above 40% in a majority of those months.

The chart shows that this post-pandemic persistence is unprecedented from a historical perspective. Whereas in the 1960s and 1970s consumers' spontaneous comments about high prices fluctuated substantially, the past three years have been characterized by a sustained elevation of high-price concerns. In addition, recent trends show that consumers indeed do distinguish between inflation and the price level when asked. This year, we saw a spike in inflation expectations that softened very quickly, while high-price mentions have remained consistently high. It appears that consumers have yet to internalize the post-pandemic level of prices as a new normal, which influences how they view the economy.

	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 2025
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	52.9
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	50.4
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	54.6
Index Components													
Personal Finances - Current	85	87	82	74	71	67	78	83	77	76	78	66	68
Personal Finances - Expected	111	109	99	86	78	79	94	91	91	86	82	85	93
Economic Outlook - 12 Months	88	81	73	56	48	50	63	66	61	57	57	56	59
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	60