surveys of consumers UNIVERSITY OF MICHIGAN

Monitoring trends for over 75 years

February 2026 survey results February 20, 2026

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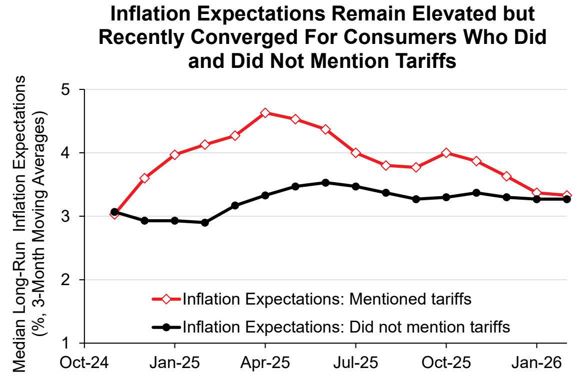

Consumer sentiment stagnated this month with very little change, just 0.2 index points higher than January. All index components posted insignificant movements this month; overall, consumers do not perceive any material differences in the economy from last month. About 46% of consumers spontaneously mentioned high prices eroding their personal finances; readings have exceeded 40% for seven months in a row. Sentiment is about 13% below a year ago and 21% below January 2025. That said, views vary considerably across the population. A sizable month-to-month increase in sentiment for the largest stockholders was fully offset by a decline among consumers without stock holdings. Similar divergences were seen across income and education, where higher-income or college educated consumers exhibited increases in sentiment while lower-income or less-educated counterparts did not. With their much stronger income prospects and investment porfolios, wealthier and higher-income consumers feel better insulated from any possible risks to the economy.

Year-ahead inflation expectations fell from 4.0% last month to 3.4% this month, the lowest reading since January 2025. This month's reading still exceeds those seen in 2024 and remains well above the 2.3-3.0% range seen in the two years pre-pandemic. Long-run inflation expectations held steady at 3.3%, just above the 2.8% and 3.2% range seen in 2024. In 2019 and 2020, long-run inflation expectations were consistently below 2.8%. Uncertainty, as measured by the middle 50% of expectations, is now its lowest since December 2024 for the short run and October 2024 for the long run.

Tariffs continue to be highly salient to consumers, spontaneously mentioned by about 42% of consumers at some point during the interviews. As seen in the chart, long-run inflation expectations in November 2024 were nearly identical for consumers who mentioned tariffs (red line) and those who did not (black line). A wedge between the two groups grew in the months thereafter as expectations rose alongside the sharp escalation in tariff developments. By May 2025, long-run inflation expectations were a full 1.3 percentage points higher for consumers mentioning tariffs than those who did not.

In the second half of 2025, inflation expectations started to converge between the two groups, continuing to decline for those mentioning tariffs while remaining relatively flat for those who did not. In recent months, long-run inflation expectations have been virtually identical for both groups. These patterns suggest the key role that tariffs likely played in shaping the contour of inflation expectations in 2025.

Still, tariff mentions remain highly correlated with negative views over other aspects of the economy. The sentiment gap between those who do and do not reference tariffs has been fairly stable over the past year; it is currently -21 points, identical to last April. In contrast to the moderation of inflation expectations among those mentioning tariffs seen since last June, their expectations for business conditions have been relatively flat during this period and remain much worse than those who did not mention tariffs. Thus, tariffs continue to be a key factor for many consumers as they look to the future of the economy even as policy developments have slowed.

	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026
Index of Consumer Sentiment	64.7	57.0	52.2	52.2	60.7	61.7	58.2	55.1	53.6	51.0	52.9	56.4	56.6
Current Economic Conditions	65.7	63.8	59.8	58.9	64.8	68.0	61.7	60.4	58.6	51.1	50.4	55.4	56.6
Index of Consumer Expectations	64.0	52.6	47.3	47.9	58.1	57.7	55.9	51.7	50.3	51.0	54.6	57.0	56.6
Index Components													
Personal Finances - Current	82	74	71	67	78	83	77	76	78	66	68	74	77
Personal Finances - Expected	99	86	78	79	94	91	91	86	82	85	93	95	93
Economic Outlook - 12 Months	73	56	48	50	63	66	61	57	57	56	59	63	65
Economic Outlook - 5 Years	83	66	60	60	74	72	70	62	59	61	64	68	66
Buying Conditions - Durables	86	89	82	83	88	91	80	78	72	64	60	67	67