



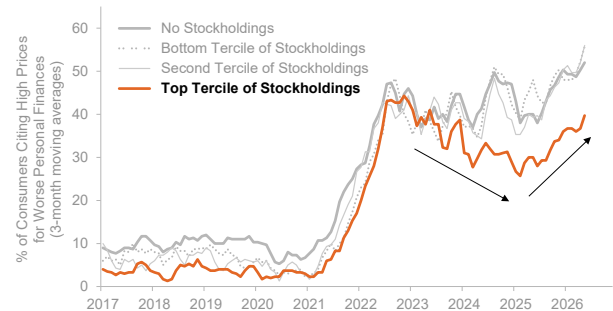
Preliminary results from the May 2026 survey

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Consumer sentiment was essentially unchanged this month, coming in a scant 1.6 index points below April’s reading and comparable to the trough reached in June 2022. While the expectations index inched up, current conditions fell back about 9%, owing to a surge in concerns about high prices both for personal finances as well as buying conditions for major purchases. Real income expectations continued a decline that began in March. About one-third of consumers spontaneously mentioned gasoline prices and about 30% mentioned tariffs. Taken together, consumers continue to feel buffeted by cost pressures, led by soaring prices at the pump. Middle East developments are unlikely to meaningfully boost sentiment until supply disruptions have been fully resolved and energy prices fall.

Concerns Over High Prices Climbing for All but Remain Far More Moderate for Wealthy Consumers



Year-ahead inflation expectations softened a touch from 4.7% last month to 4.5% this month. The current reading still substantially exceeds the 3.4% reading seen in February prior to the start of the Iran war, along with all 2024 readings and the 2.3-3.0% range seen in the two years pre-pandemic. Long-run inflation expectations inched down from 3.5% in April to 3.4% in May. In 2024, values ranged between 2.8% and 3.2%, while in 2019-2020, they were consistently below 2.8%.

Sentiment trends continue to diverge across the wealth distribution. This month, consumers without stockholdings experienced a 10% decline in sentiment; those with the bottom and middle tercile of stock wealth had sentiment decreases of almost 2 and 6% respectively. In contrast, those with the largest one-third of stock portfolios reported a 7% increase in sentiment. A similar k-shaped pattern is seen by income; sentiment for higher-income consumers rose this month, while it fell for those with middle and lower incomes. These higher-income, wealthier consumers are supported by their greater resources as well as soaring asset values, while rising prices dominate the views of their counterparts.

The chart displays the share of consumers reporting that their personal finances are currently eroded by high prices, split by stock wealth. Starting mid-2023, the wealthiest consumers started reporting declines in the burden of high prices, diverging from middle- and lower-wealth consumers whose readings did not come down. This wedge has persisted over the past two and a half years, showing that the pain of high prices and inflation is felt unevenly across the population. Consumers with middle-sized, smaller, or no stock portfolios all report the negative impact of high prices at similar rates, about 55 to 61% of each group this month. In contrast, the highest-wealth group is an outlier, which is unsurprising given that their wealth buffers them from price shocks; only 43% reported high prices as a drag on their personal finances in May.

Still, all four groups have exhibited a steady rise in high-price concerns over the past year; highest-wealth consumers are again moving in parallel with lower-wealth counterparts. This upward trend coincides with the 2025 rollout of new tariffs as well as the supply disruptions from the Iran conflict that continued this month. Although higher-wealth consumers report less influence of high prices on the state of their personal finances than other consumers, the growth in concerns are seen across the board. Moreover, recent declines in year-ahead real income expectations are also shared across the wealth distribution. These worries are likely to remain until Iran-related supply disruptions are fully resolved.

	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May Prelim
Index of Consumer Sentiment	52.2	60.7	61.7	58.2	55.1	53.6	51.0	52.9	56.4	56.6	53.3	49.8	48.2
Current Economic Conditions	58.9	64.8	68.0	61.7	60.4	58.6	51.1	50.4	55.4	56.6	55.8	52.5	47.8
Index of Consumer Expectations	47.9	58.1	57.7	55.9	51.7	50.3	51.0	54.6	57.0	56.6	51.7	48.1	48.5
Index Components													
Personal Finances - Current	67	78	83	77	76	78	66	68	74	77	74	67	61
Personal Finances - Expected	79	94	91	91	86	82	85	93	95	93	84	80	81
Economic Outlook - 12 Months	50	63	66	61	57	57	56	59	63	65	56	48	48
Economic Outlook - 5 Years	60	74	72	70	62	59	61	64	68	66	64	61	62
Buying Conditions - Durables	83	88	91	80	78	72	64	60	67	67	68	66	60