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Preliminary results from the July 2026 survey July 17, 2026

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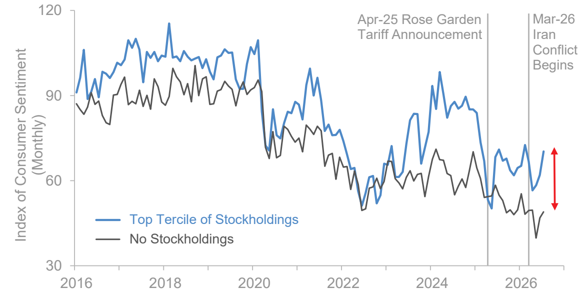
Wealth Gaps in Sentiment Grow Amid Uneven Pain of High Prices and Gain from High Stock Values



With the second straight month of 10% jumps, consumer sentiment climbed to its highest reading since February of this year on the basis of easing price pressures at the pump in recent weeks. All five index components improved, led by significant 20% increases in buying conditions for durables as well as year-ahead business conditions. This month's rise in sentiment was pervasive across the population, seen across groups by age, income, wealth, and political party. Particularly strong increases were seen among consumers without a bachelor's degree. However, with prices remaining frustratingly high, consumers are hardly ebullient about the economy; sentiment is down 12% from a year ago. Thus, sentiment's upward momentum may prove difficult to sustain if recent declines in gas prices continue to reverse course. Interviews for this release spanned June 23 to July 13, with more than 70% completed before the resumption of US strikes against Iran on July 7 and the subsequent increase in gas prices.

Year-ahead inflation expectations ticked down from 4.6% in June to a still-elevated 4.2% this month. The current reading substantially exceeds the 3.4% seen in February before the Iran conflict began, along with all 2024 readings. Long-run inflation expectations held steady from last month at 3.3%, remaining a bit higher than the 2.8% to 3.2% range seen in 2024.

High prices continue to be one of the most important factors influencing consumer views of the economy. Across multiple questions during interviews, consumers expressed some easing of concerns over high prices relative to May 2026, but still well above pre-Iran readings. Spontaneous mentions of high prices eroding personal finances did decline a touch from 56% of consumers last month to 51% in July, compared with 46% in February prior to the Iran conflict and 39% a year ago. Unprompted references to high prices dampening buying conditions for durables fell again this month to 38%, down slightly from 42% in May.

At the same time, consumers continue to worry that inflation pressures may worsen going forward. A growing share of consumers reported that buying conditions were favorable now to avoid price increases in the future; at 12%, this is the highest seen since last October. Similar trends were seen for buying conditions for vehicles. Short-run gas price expectations softened for the second consecutive month, while long-run expectations rose in July; both remain above the February 2026 reading prior to the start of the Iran conflict. About 68% of consumers expect inflation to exceed their income gains in the year ahead, down from 71% in May but above 62% in February.

Disparate experiences in the economy across the wealth distribution continue to manifest as significant differences in sentiment. While over half of consumers with no stock holdings or stock holdings in the bottom or middle tercile cite the burden of high prices, only a two-fifths minority of the largest stockholders did so. Conversely, about 26% of consumers in the highest tercile of stockholdings referenced high asset values as a support for their current personal finances, nearly triple the 9% in the middle tercile, with even fewer in the bottom tercile. Stockholding consumers expect an average 61% probability that stock markets will rise in the year ahead, the highest reading in more than two years. As is typically the case, consumers with the largest portfolios are the most sanguine about stock markets.

	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul Prelim
Index of Consumer Sentiment	61.7	58.2	55.1	53.6	51.0	52.9	56.4	56.6	53.3	49.8	44.8	49.5	54.4
Current Economic Conditions	68.0	61.7	60.4	58.6	51.1	50.4	55.4	56.6	55.8	52.5	45.8	47.7	54.9
Index of Consumer Expectations	57.7	55.9	51.7	50.3	51.0	54.6	57.0	56.6	51.7	48.1	44.1	50.7	54.0
Index Components													
Personal Finances - Current	83	77	76	78	66	68	74	77	74	67	58	63	70
Personal Finances - Expected	91	91	86	82	85	93	95	93	84	80	73	84	85
Economic Outlook - 12 Months	66	61	57	57	56	59	63	65	56	48	45	51	61
Economic Outlook - 5 Years	72	70	62	59	61	64	68	66	64	61	56	65	68
Buying Conditions - Durables	91	80	78	72	64	60	67	67	68	66	58	58	70