

Preliminary results from the September 2026 survey

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September 11, 2026

Consumer sentiment receded less than 4 index points for the second consecutive month of decreases. Democrats and Republicans alike posted sizable declines, while independents were little changed from August. Year-ahead expectations for both personal finances and business conditions plunged. With a resurgence in fuel prices and trade tensions, consumers anticipate greater pressures on their pocketbooks to come. Five-year expected business conditions remained stable at readings well below their historical average, suggesting that consumers believe that emerging risks this month may not have further worsened the long-run outlook. Overall, sentiment is now 16% below February, prior to the start of the Iran conflict, and 13% lower than a year ago.

Year-ahead inflation expectations jumped from 4.0% last month to 4.6%

this month, the highest reading since June. 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 ticked up to 3.4%, ending three consecutive months at 3.3%. These expectations remain higher than their 2024 range of 2.8% to 3.2%.

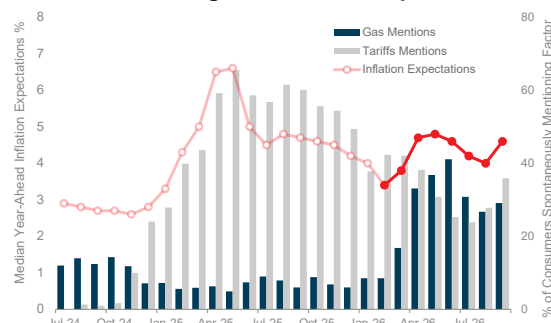
Consumers perceive rising pressures on their cost of living both now as well as the future. About 56% of consumers cited high prices as a negative factor for their personal finances, up from 53% last month and 44% a year ago. After declining for two straight months, spontaneous references to gasoline increased this month at 29% of consumers amid rising fuel prices. Unsolicited comments about tariffs rose for the second month in a row, from 24% in July to 36% in September. Looking ahead, consumers mentioning gasoline reported higher short-run inflation expectations than those who did not, with similar patterns for tariff mentions. Differences are limited to the one-year time horizon; long-run inflation expectations were comparably elevated whether or not consumers mentioned tariffs or gasoline.

In contrast, labor market expectations were little changed this month. Nominal income expectations held steady from the August reading. The expected probability of losing one's own job ticked down, though it still remains well above the historical average. Aggregate unemployment expectations softened a bit, with 61% of consumers expecting unemployment to rise in the year ahead, up from 57% last month but down from 65% a year ago.

For the first time since 2023, a majority of consumers expect interest rates to tighten in the year ahead. The share of consumers anticipating rate increases surged to 62% in September, up from 49% last month and just 23% a year ago. As such, consumers broadly expect the Fed to act to restrain inflation.

Opinions of the government's economic policy worsened about 10% this month and remain substantially below February 2026, just prior to the Iran conflict. Note that this interview question does not specify any specific policymaking body or part of government. Notably, even Republicans, who generally supported economic policy under the current administration, have exhibited a marked decline in favorability. As recently as March of this year, a solid 62% of Republicans believed that the government was doing a good job with the economy. This month, the share fell to 35%, the lowest reading of the current administration and below nearly all readings during the first Trump administration.

Gasoline and Tariff Concerns Both Drive Recent Changes in Inflation Expectations



	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul 2026	Aug 2026	Sep Prelim
Index of Consumer Sentiment	55.1	53.6	51.0	52.9	56.4	56.6	53.3	49.8	44.8	49.5	55.2	51.7	47.8
Current Economic Conditions	60.4	58.6	51.1	50.4	55.4	56.6	55.8	52.5	45.8	47.7	54.8	51.9	50.9
Index of Consumer Expectations	51.7	50.3	51.0	54.6	57.0	56.6	51.7	48.1	44.1	50.7	55.4	51.5	45.8
Index Components													
Personal Finances - Current	76	78	66	68	74	77	74	67	58	63	70	67	63
Personal Finances - Expected	86	82	85	93	95	93	84	80	73	84	88	86	75
Economic Outlook - 12 Months	57	57	56	59	63	65	56	48	45	51	61	55	43
Economic Outlook - 5 Years	62	59	61	64	68	66	64	61	56	65	71	62	62
Buying Conditions - Durables	78	72	64	60	67	67	68	66	58	58	69	65	66