

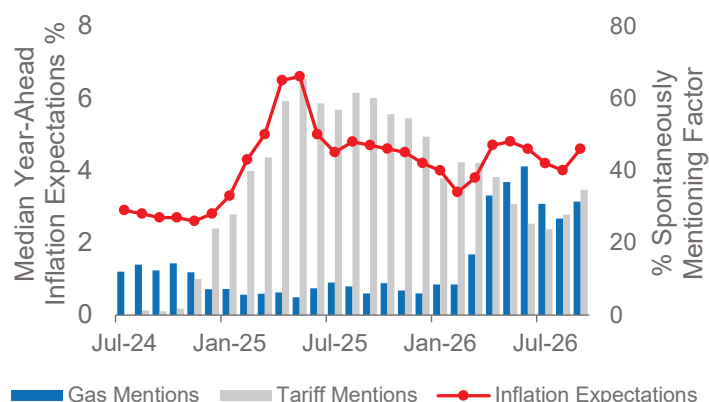
## Gasoline Prices and Expected Consumer Spending

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Over the last five or so years, the cost of living has been the dominant factor driving consumer views of the economy. The surge in fuel prices stemming from the ongoing conflict in the Middle East that began February 28, 2026 placed even more pressure on consumers' pocketbooks. According to AAA, in the months leading into the conflict, gas prices averaged about \$2.93 per gallon. They rose above \$4.50 in May, followed by an early-summer moderation. Gas prices then reversed course, approaching \$4.50 again in September. Against the backdrop of elevated gas prices, the surveys asked consumers about any changes in their purchasing attitudes and their anticipated future spending, particularly on items experiencing large price increases, between June 23 and September 21. This report compares these results to [readings from 2022](#) near the height of post-pandemic inflation and [2025 in the wake of escalating tariff policy](#). Some measures were also collected in 1979 and 1981 which provide historical context, though by then consumers had already adjusted to multiple successive episodes of high inflation.

**Figure 1: Gasoline and Tariff Concerns Both Drive 2026 Changes in Inflation Expectations**



**Table 1: Year-Ahead Anticipated Spending Response to Inflation, All Consumers**

| Interview Dates        | Will Spend as Usual | Will Cut Back | Will Stop |
|------------------------|---------------------|---------------|-----------|
| 2026 (Jun 23 - Sep 21) | 31                  | 54            | 16        |
| 2025 (Apr 22 - Jul 28) | 26                  | 61            | 13        |
| 2022 (Jul 27 - Oct 24) | 37                  | 55            | 8         |

*In the next 12 months, will you stop buying things which have had particularly large price increases, cut down your buying, or continue to buy as usual?*

The recovery from the post-pandemic surge in inflation was interrupted by the dramatic change in trade policy in 2025, which fueled a spike in inflation expectations, as seen in Figure 1. Moreover, the share of consumers spontaneously mentioning tariffs during interviews grew progressively between November 2024 and May 2025, just after the April announcement of a new reciprocal tariff schedule, and moderated somewhat in the months since. In 2026 following the start of the Iran conflict, the decline in tariff mentions has coincided with an increase in gasoline mentions.

Inflation expectations followed a similar pattern: a sharp rise through May 2025, and a softening for the rest of the year, though remaining well above readings from earlier in 2024. The improvements in inflation expectations that continued through the start of 2026 reversed after the start of the Iran conflict at the end of February and have remained elevated; they anticipate higher inflation for the foreseeable future.

**Only about 31% of consumers expect to spend as usual in the year ahead** on items that have large price increases (Table 1). The remaining consumers report that they would reduce their spending on such items, either by cutting back or stopping their spending on such items altogether. These results are in between readings from the 2025 period, a volatile period in tariff policy (May through July), when only 25% expected to spend as usual, and the 37% seen in the 2022 period (August through October). A possible explanation is that the shock and uncertainty of 2025 tariff policy led many to expect rapid increases in inflation and deterioration in the economy that ultimately did not come to pass, and they have calibrated their response to recent inflation trends with that experience in mind. Note that for historical comparability, the questions asked specifically about goods that have large price increases, without reference to what those goods might be. Consumers could potentially reduce spending on some items without necessarily reducing their overall expenditures. In the current period, consumers may focus on gas prices and may not have much latitude to reduce driving for their commute, for example.

**Table 2: Year-Ahead Anticipated Spending Response to Inflation,  
by Demographic Groups**

Responses from June 23 to September 21, 2026

|                                 | Will Spend as Usual | Will Cut Back | Will Stop |
|---------------------------------|---------------------|---------------|-----------|
| <b>All Consumers</b>            | 31                  | 54            | 16        |
| <b>Age</b>                      |                     |               |           |
| 18-44                           | 29                  | 56            | 15        |
| 45-64                           | 30                  | 53            | 17        |
| 65 and older                    | 35                  | 51            | 14        |
| <b>Income</b>                   |                     |               |           |
| Lower Third                     | 20                  | 56            | 24        |
| Middle Third                    | 32                  | 55            | 13        |
| Upper Third                     | 42                  | 50            | 9         |
| <b>Education</b>                |                     |               |           |
| No College Degree               | 24                  | 55            | 21        |
| College Degree                  | 35                  | 52            | 13        |
| <b>Political Identification</b> |                     |               |           |
| Democrat                        | 27                  | 57            | 16        |
| Independent                     | 28                  | 56            | 17        |
| Republican                      | 48                  | 40            | 12        |
| <b>Stock Ownership</b>          |                     |               |           |
| Do Not Own Stock                | 18                  | 55            | 26        |
| Lower Third of Holdings         | 27                  | 57            | 16        |
| Middle Third                    | 34                  | 54            | 11        |
| Upper Third                     | 50                  | 43            | 7         |

As seen in Table 2, expected spending responses vary across the population. Higher income consumers are much more likely to continue spending as usual than their lower-income counterparts, with similar patterns by terciles of stock wealth. These consumers generally have the resources to buffer against some price or income shocks. Indeed, higher income and higher wealth consumers expect to be less responsive to inflation now than they reported in last year. About half of the wealthiest stockholders expect to spend as usual, up substantially from 39% in 2025.

Across political identification, a clear majority of each political group anticipates adjusting their spending. Still, partisan differences are visible; Republicans are less likely to expect reducing their spending than independents or Democrats. These patterns are consistent with historical patterns in which consumers tend to hold more favorable economic views when their party is in the White House. Critically, research has shown that partisanship patterns are seen in [actual spending](#) behavior (as well as [portfolio choice](#), [entrepreneurship](#), [patents](#), [tax evasion](#), and other economic behaviors), so partisan differences in these survey responses cannot be dismissed as mere political posturing unrelated to behavior.

When asked about what purchases consumers anticipate cutting back or delaying the most, the most common responses included food/groceries; household items including durables; car buying, eating out, and vacations. Note that for food and groceries, consumers are likely substituting from one good for another, such as trading down from brand names to generics, rather than cutting back on total expenditures for food as a whole.

**Table 3: Sentiment and Expectations, by Anticipated Spending Response in Year Ahead**

| Anticipated Spending Response | %  | Sentiment Index | Inflation Expectations<br>(Median Annual %) |           | Gas Price Expectations<br>(Median Cents) |        | % Expecting Unemployment to Rise<br>(1 Year) |
|-------------------------------|----|-----------------|---------------------------------------------|-----------|------------------------------------------|--------|----------------------------------------------|
|                               |    |                 | 1 Year                                      | 5-10 Year | 1 Year                                   | 5 Year |                                              |
| Will Spend As Usual           | 31 | 78.6            | 3.2                                         | 2.9       | 0.3                                      | 0.1    | 43                                           |
| Will Cut Back                 | 54 | 42.5            | 4.7                                         | 3.5       | 29.0                                     | 30.4   | 64                                           |
| Will Stop                     | 16 | 27.5            | 5.3                                         | 4.7       | 30.2                                     | 44.9   | 71                                           |

**Consumers who expect to scale back their spending have lower sentiment and higher inflation expectations.**

Differences in anticipated spending responses reflect variation in underlying views and expectations for the economy, and not just differences in demographic characteristics or circumstances, as seen in Table 3. For the majority of consumers who expect to cut back some of their spending, sentiment and inflation expectations are squarely in between those who plan major changes spending and those who plan to spend as usual. The 16% who expect to stop spending on more expensive items reported extremely low sentiment, extremely high inflation expectations, and poor unemployment expectations. These expectations are largely stagflationary, with both higher prices as well as weakening income prospects weighing on their personal finances. In contrast, the 31% of consumers who expect to spend as usual exhibit far more favorable sentiment, strong labor market expectations, and modest expectations for gas price inflation and inflation more generally. These results reaffirm that consumers' spending intentions are influenced by their confidence and expectations for the economy. Notably, most consumers expect gas prices to continue rising over the next year; these consumers appear to be skeptical about the possibility of a quick resolution to energy supply constraints.

**Consumers continue to be more reluctant to borrow for major purchases than to dissave.**

Table 4 displays responses to two questions on consumers' willingness to use savings or debt to finance major purchases. The distaste for debt now closely resembles readings from 2022 as well as 1981, despite the very different historical contexts for both contemporaneous inflation and consumer credit markets. Consumers are somewhat more willing to use savings for major purchases now relative to 2022, but less so than in 1979 and 1981 when consumers had adjusted to a long period of high inflation. Interviews also reveal substantial heterogeneity by income and wealth. About 20% of consumers in the top tercile of incomes believe it is OK to use credit for this purpose, compared with only 8% of those in the bottom tercile.

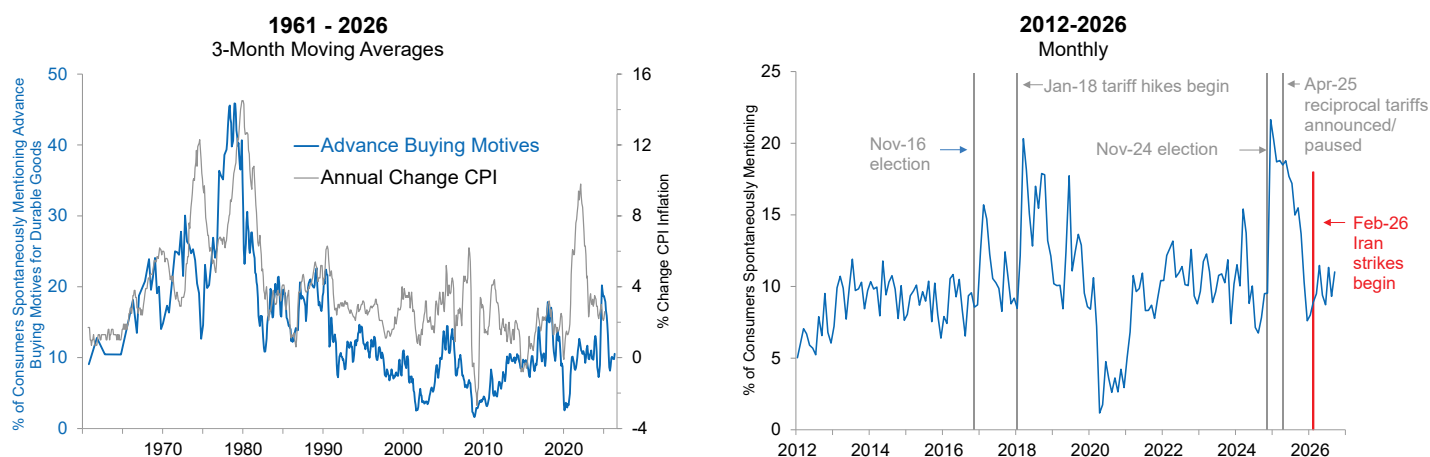
**Table 4 Attitudes Toward Paying for Major Purchases**

| To make major purchases given their current situation... |                   |                  |
|----------------------------------------------------------|-------------------|------------------|
|                                                          | OK to use savings | OK to use credit |
| 2026                                                     | 24                | 14               |
| 2025                                                     | 25                | 15               |
| 2022                                                     | 21                | 14               |
| 1981                                                     | 30                | 15               |
| 1979                                                     | 33                | 16               |

**Advance buying motives fell from tariff-induced heights in 2025, and are currently comparable to readings in 2022-2023. These motives are much less widespread than seen in the 1970s and 80s.**

While making plans to cut back on future spending may be one way to deal with an expected inflationary environment, another strategy could be to pre-emptively make large purchases in order to avoid future price increases. Such advance buying motives can turn high inflation expectations into a self-fulfilling phenomenon, as intertemporal substitution via accelerated buying would create further upward pressure on inflation. Thus, these motives are an important component of inflationary psychology.

**Figure 2: Spontaneous References to Advance Buying Motives for Major Purchases**



Critically, history has shown that large increases in advance buying motives have preceded realized surges in inflation by a couple of years, a sign that the impact of inflationary psychology may have substantial lags. Since the 1960s, the surveys have tracked spontaneous mentions of advance buying motives when consumers are asked about buying conditions for various large purchases. Figure 2 plots the share of consumers spontaneously referencing that it is a favorable time to buy to avoid future price increases for durable goods. In the 1960s and 70s, sharp increases in advance buying motives consistently preceded each resurgence of inflation. The full history (left panel of Figure 2) shows that recent levels of buy-in-advance motives spiked in 2025 and ticked up recently, but remain substantially lower than late 1970s levels.

The right panel of Figure 2 focuses on the last 14 years. Advance buying motives climbed steeply immediately following the 2024 election; these views manifested almost immediately with a surge in spending on durables and vehicles. These motives remained high through the April 2025 reciprocal tariff announcement and partial pause, then eased through to the end of the year. Similar trends were seen following the 2016 election and 2018 tariff hikes, as discussed in last year's report.

The start of the Iran conflict on February 28, 2026 ended the decline in advance buying motives. They have climbed modestly and are currently comparable to readings seen in 2022 and 2023. While they remain well below 2025, consumers are clearly primed to think about intertemporal substitution with spending. Coupled with the fact that historical periods of rising inflation were preceded by spikes in advance buying motives, it is likely that the risks of inflationary psychology have yet to pass.

## Appendix

Results for 2026 are based on 3,492 interviews conducted between June 23 and September 21. Results for 2025 are based on interviews completed between April 22 and July 28; more details are available in the [August 2025 special report, "Trade Policy and Expected Consumer Spending."](#) Results for 2022 are based on interviews collected between July 27 and

October 24; more details are available in the [November 2022 special report, “Five Consumer Responses to Inflation.”](#) Missing values are omitted from all estimates presented, including charts and tables. Percentages may not add up to 100 due to rounding.

### Question text

Next, there are several questions related to your reactions to recent trends in gas prices.

If there were a major purchase that you wanted to make, do you think that now is a time when it would be O.K., to use some of your savings or is now a time when you would be especially reluctant to use some of your savings?

If there were something big that you wanted to buy, do you think that now is a time when it would be O.K. for you to buy on credit, or is now a time when you would be especially reluctant to take on new debt?

Should people buy large things such as houses, cars, appliances, or furniture before they are really needed to avoid higher prices in the future?

In the next 12 months, will you (and your family living there) stop buying things which have had particularly large price increases, cut down your buying, or continue to buy as usual?

What purchases will you (and your family living there) cut back or delay the most? [Open ended question]