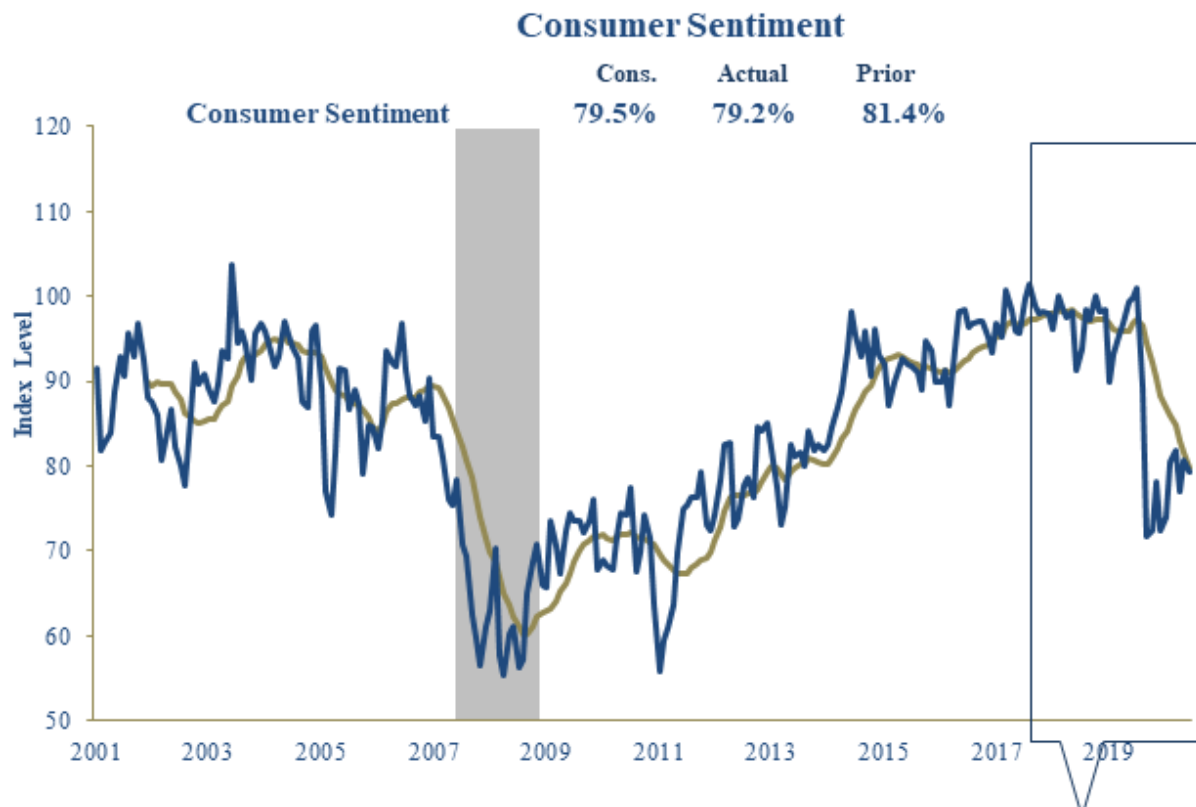
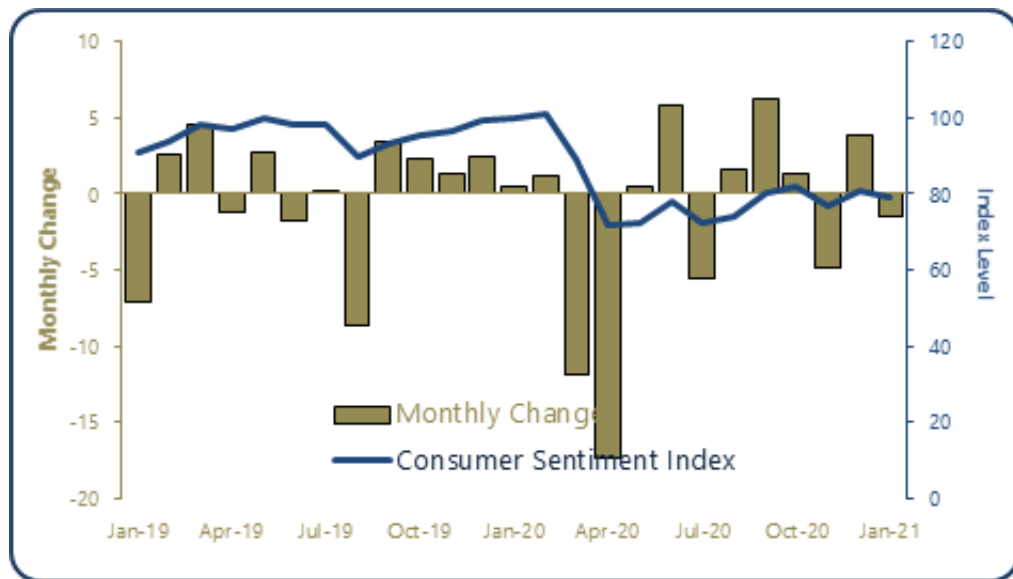


15.Jan.2021

## Consumer Sentiment: Declines To Start 2021

**Bottom Line:** Consumer confidence fell slightly more than expected in the first few weeks of the new year as assessments of current conditions fell. Consumers' expectations for the future also slipped slightly. That said, the survey's economist noted the overall decline was modest given the acceleration in covid deaths, the events at the US Capitol, and the second impeachment of President Trump. The partisan divide in survey responses remained evident with respondents who identify as Democrat having more optimistic outlooks, while those who self-identify as Republican had lower expectations for future economic conditions. Looking past politics, consumer sentiment is at a potential inflection point and will depend heavily on the pace and success of the vaccine rollout.



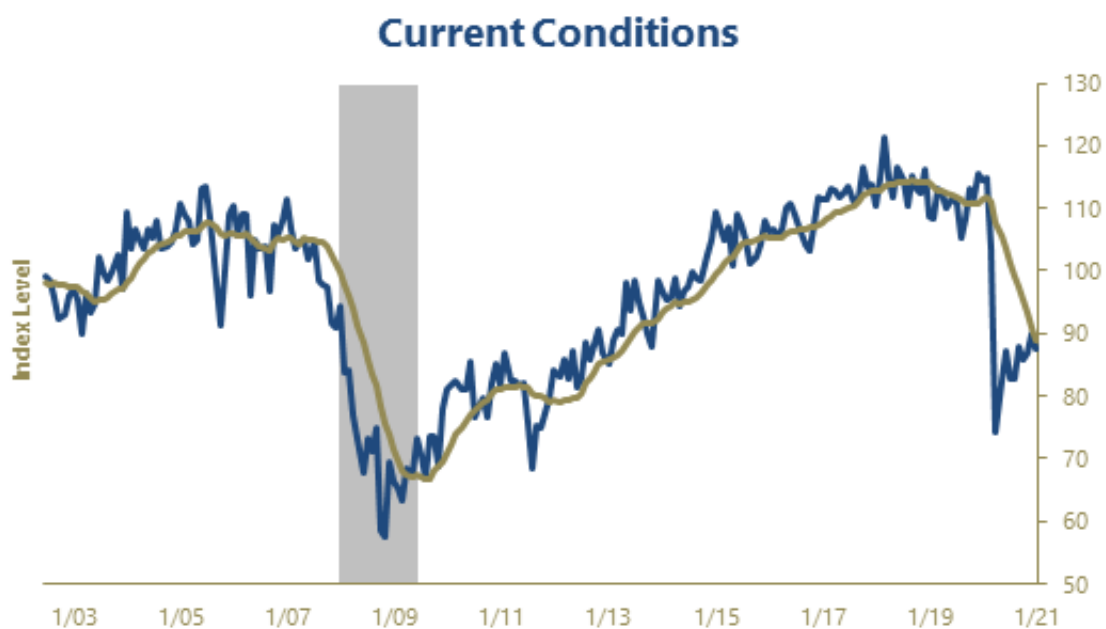


**Consumer Sentiment** FELL by 1.5 points in early January to 79.2%, compared with market expectations for a decrease to 79.5%.

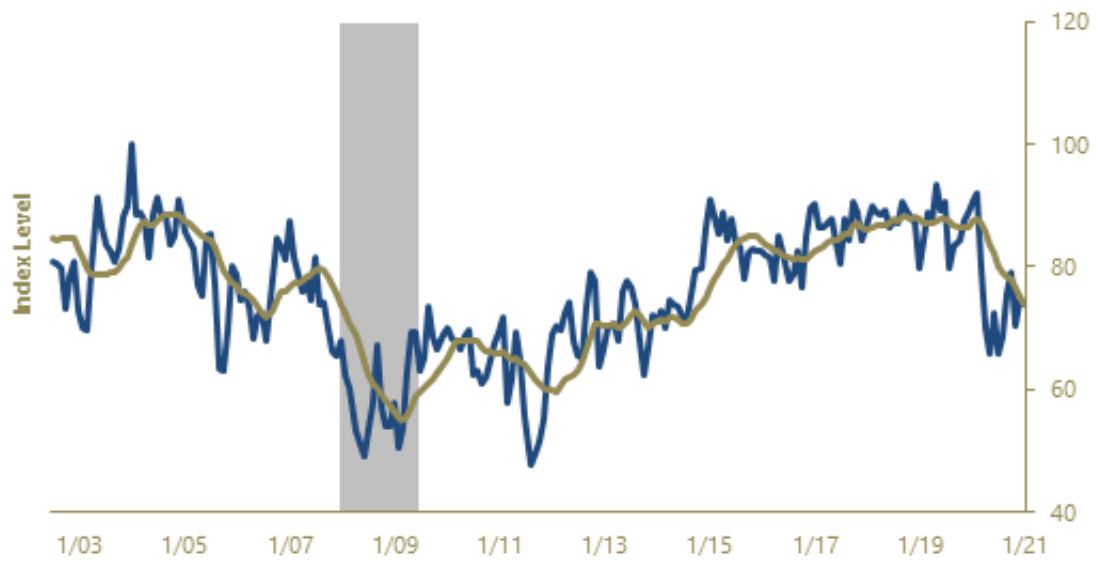
With this month's slight decline, sentiment is now 20.6% BELOW its year-ago level.

**Current Conditions** FELL by 2.3 points to 87.7%. This is 23.3% BELOW their year-ago level.

**Consumer Expectations** FELL by 0.8 points to 73.8%. With this month's slight decline, expectations are 18.5% BELOW its year-ago level.



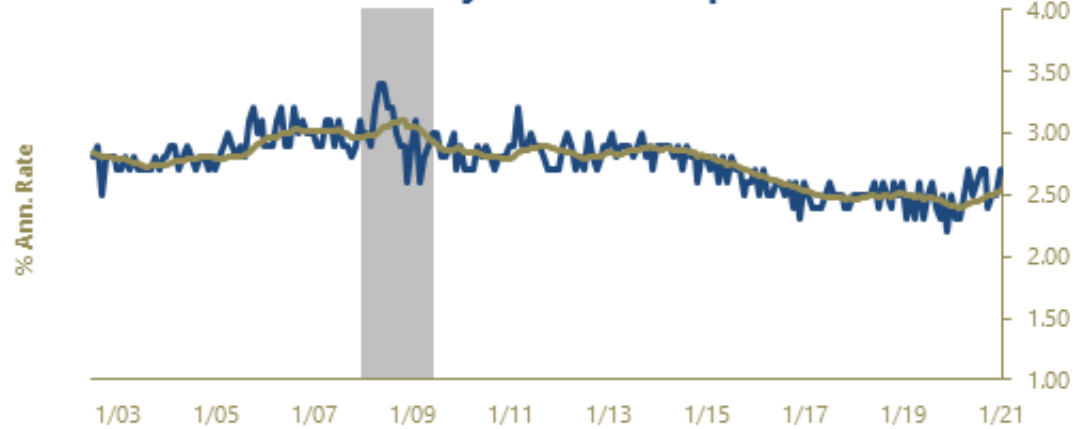
## Expectations



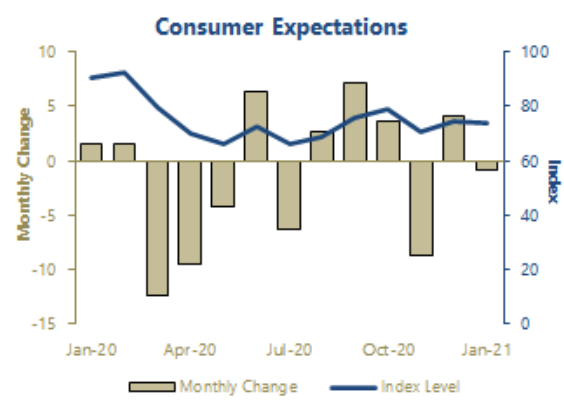
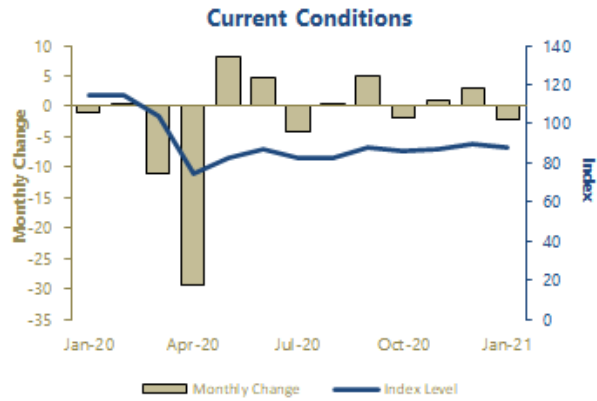
## 1y Inflation Expectations



## 5-10y Inflation Expectations



	Index Levels										
	Monthly				Averages for						
	Jan Prelim.	Dec-20	Nov-20	Oct-20	Three Month	Six Month	Twelve Month	2019	2018	Re- sessions	Ex- pansions
Consumer Sentiment	79.2	80.7	76.9	81.8	78.9	78.9	79.8	99.3	98.3	68.3	86.9
Current Conditions	87.7	90.0	87.0	85.9	88.2	86.9	88.9	115.5	116.1	80.8	98.9
Consumer Expectations	73.8	74.6	70.5	79.2	73.0	73.7	74.0	88.9	87.0	60.5	79.1
1-year Inflation Expectation	3.0	2.5	2.8	2.6	2.8	2.8	2.7	2.6	2.8		
5-year Inflation Expectation	2.7	2.5	2.5	2.4	2.6	2.6	2.5	2.4	2.5		



Source: University of Michigan via Bloomberg. Our calculations.

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