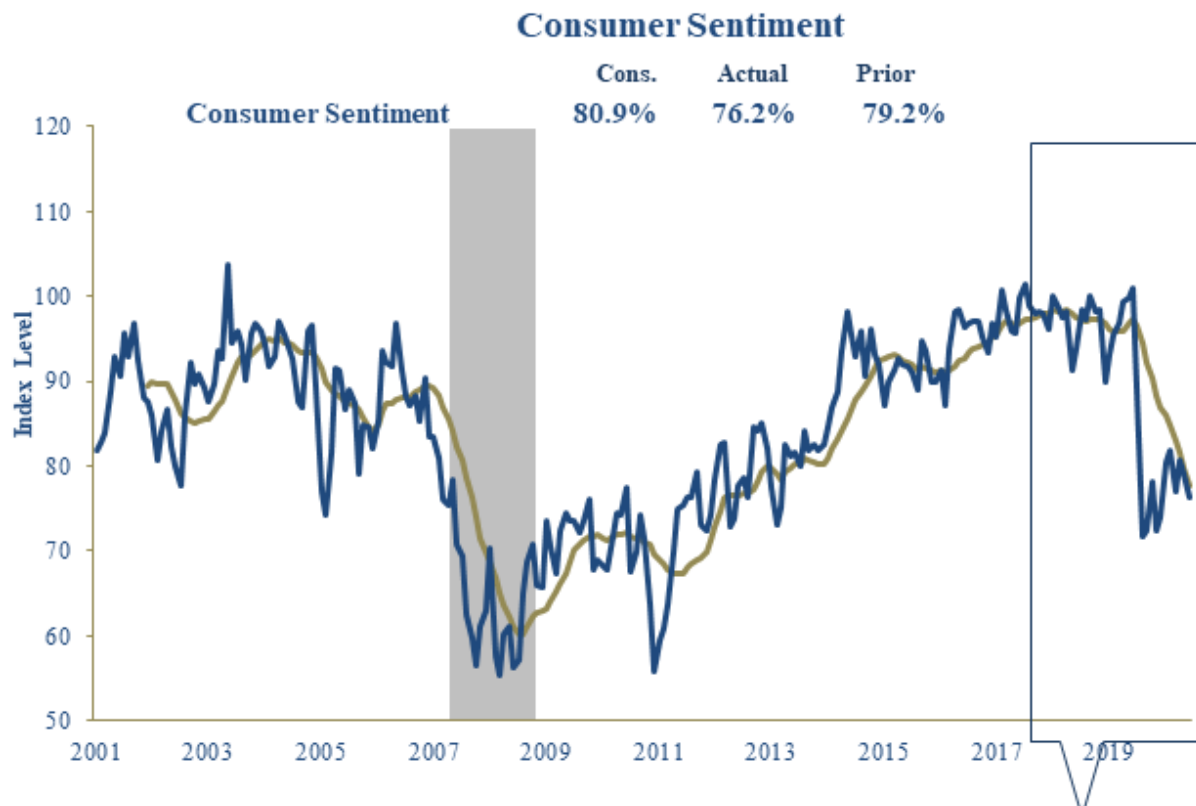
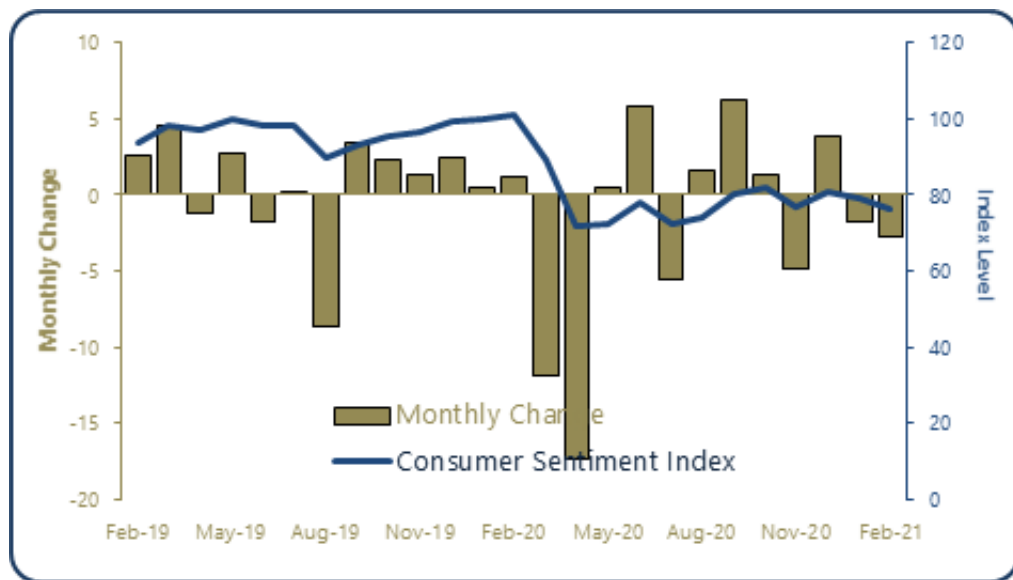


12.Feb.2021

Consumer Sentiment: Sharply Lower

Bottom Line: Consumer confidence fell sharply in the preliminary February reading, led by declines among lower-income households. Among those surveyed with incomes in the bottom third, just 23% reported improved finances, the lowest since 2014; in contrast, among those with incomes in the top third, 54% reported their finances had improved. Despite a high probability of another new stimulus program that would include direct payments to almost all households earning below \$200k, most survey respondents reported viewing the prospects for the national economy as less favorable. Finally, despite feeling less positive on economic growth, consumers reported their highest expectations for year-ahead inflation in over six years, likely driven by a sharp increase in gasoline prices this year. Overall, while we should keep in mind this is a preliminary reading with small sample size, this is a concerning turn lower in consumer sentiment.

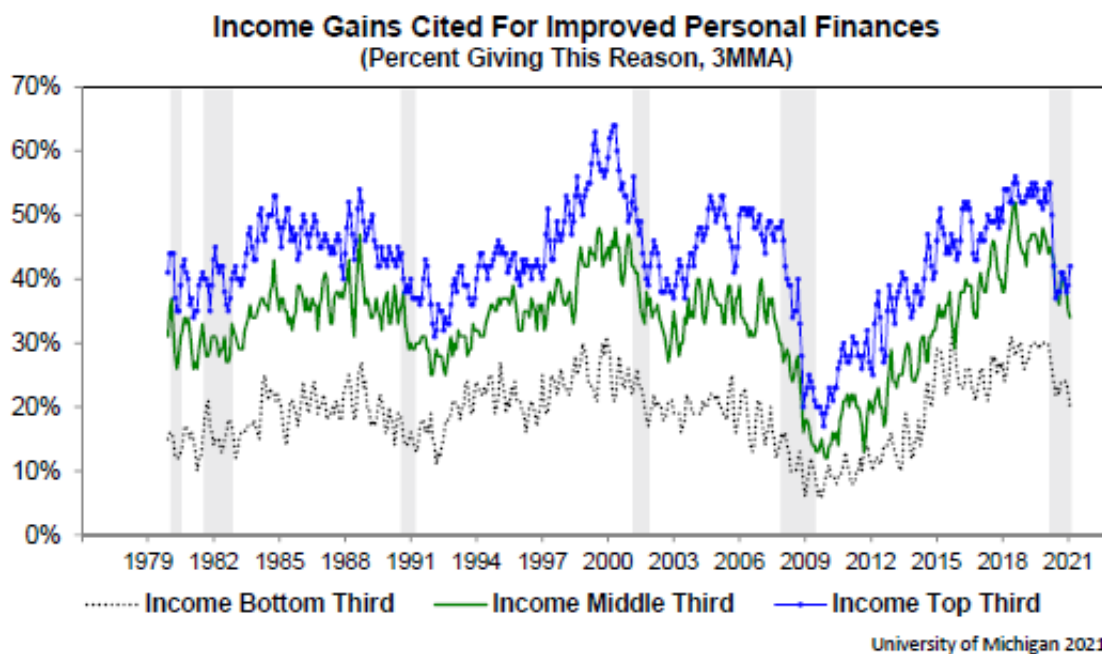




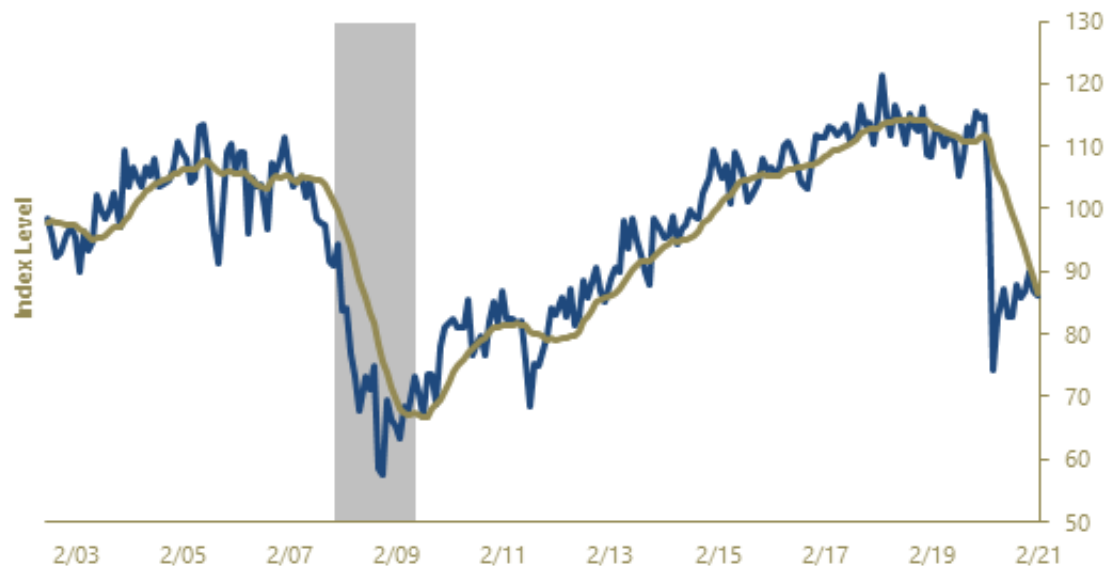
Consumer Sentiment FELL by 2.8 points in early February to 76.2%, compared with market expectations for an increase to 80.9%. With this month's modest decline, sentiment is now 24.6% BELOW its year-ago level.

Current Conditions FELL by 0.5 points to 86.2%. This is 24.9% BELOW their year-ago level.

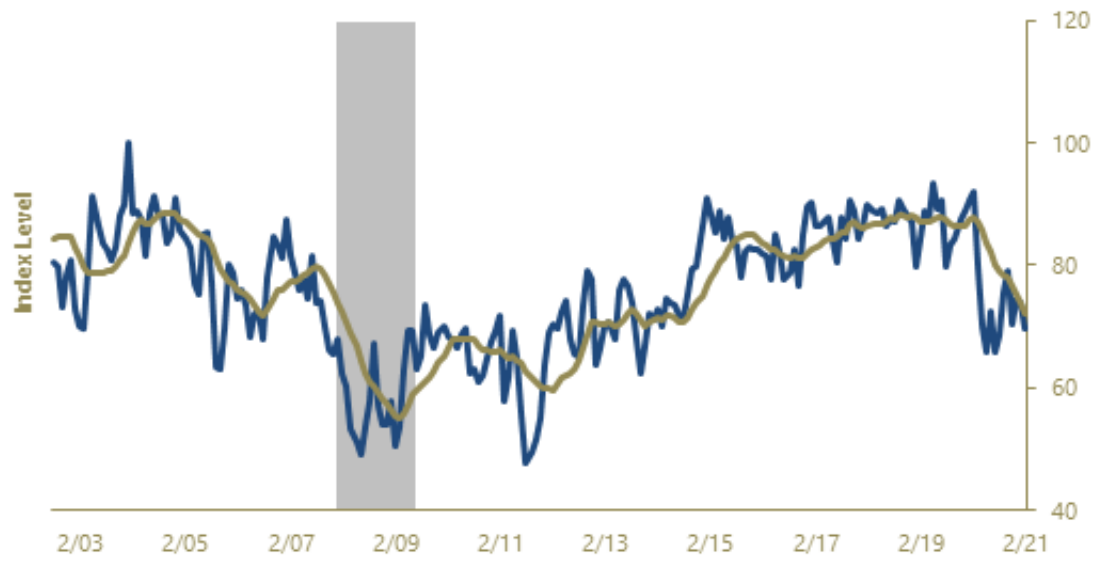
Consumer Expectations FELL by 4.2 points to 69.8%. With this month's modest decline, expectations are 24.2% BELOW its year-ago level.



Current Conditions



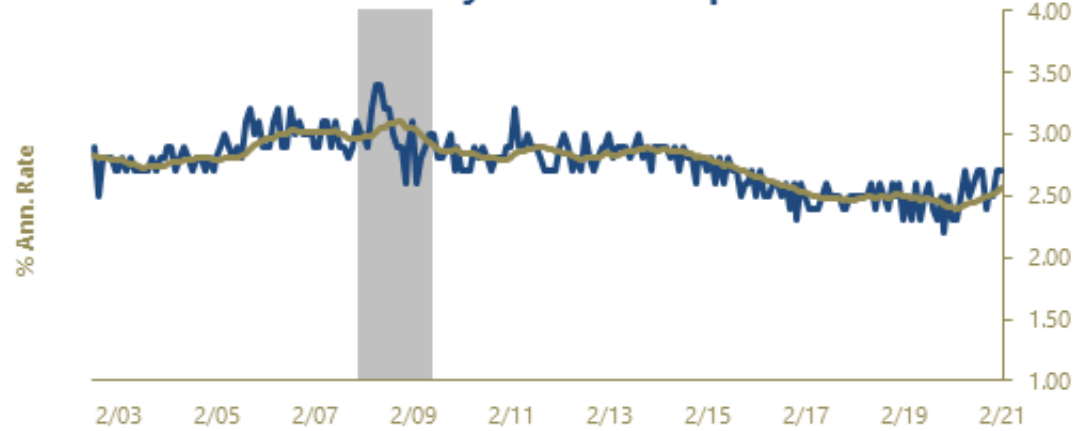
Expectations



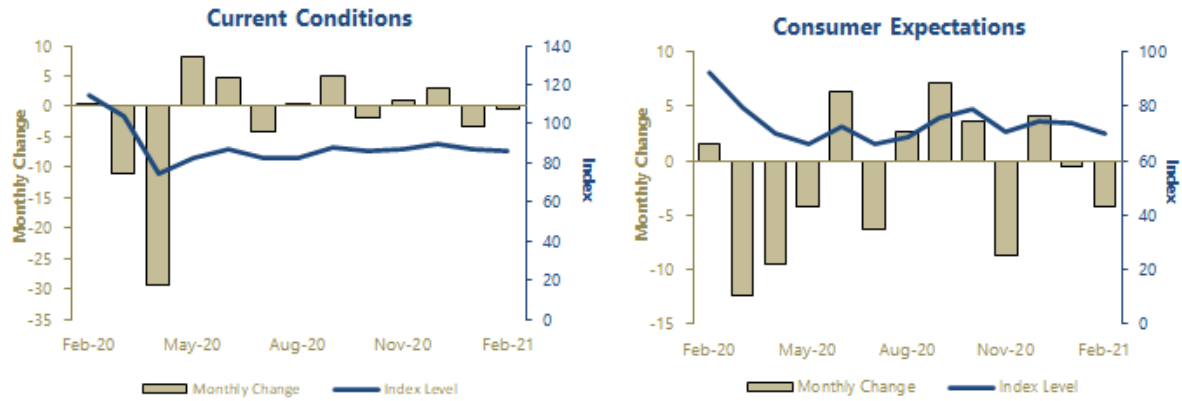
1y Inflation Expectations



5-10y Inflation Expectations



	Index Levels										
	Monthly				Averages for						
	Feb Prelim.	Jan-21	Dec-20	Nov-20	Three Month	Six Month	Twelve Month	2019	2018	Re- sessions	Ex- pansions
Consumer Sentiment	76.2	79.0	80.7	76.9	78.6	79.2	77.7	99.3	98.3	68.3	86.9
Current Conditions	86.2	86.7	90.0	87.0	87.6	87.3	86.4	115.5	116.1	80.8	98.9
Consumer Expectations	69.8	74.0	74.6	70.5	72.8	74.0	72.2	88.9	87.0	60.5	79.1
1-year Inflation Expectation	3.3	3.0	2.5	2.8	2.9	2.8	2.8	2.6	2.8		
5-year Inflation Expectation	2.7	2.7	2.5	2.5	2.6	2.6	2.5	2.4	2.5		



Source: University of Michigan via Bloomberg. Our calculations.

Copyright © 2018 Contingent Macro Advisors, LLC. All rights reserved. Reproduction and/or redistribution are expressly prohibited. "Economic Advisory Service" is a registered

T.J. Connelly, Head of Research

February 12, 2021

Steven A. Wood, Senior Economic Adviser