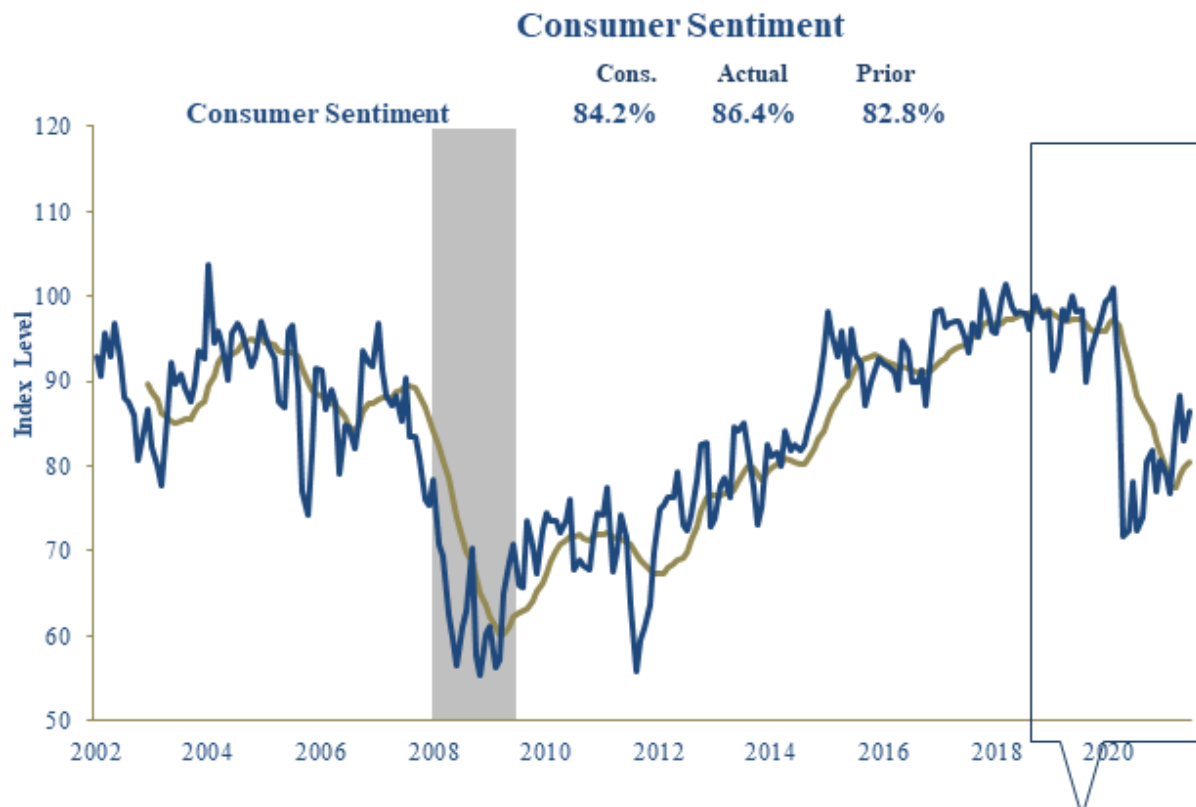


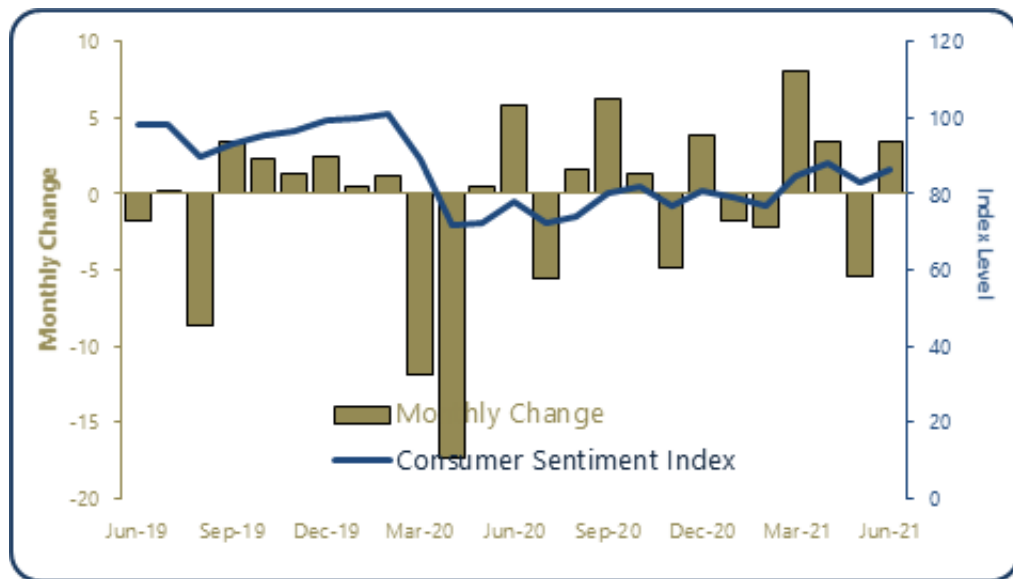
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11.Jun.2021

Consumer Sentiment: Expectations Improve With Caveats

Bottom Line: Consumer sentiment rebounded in June, led by consumers' future expectations. While year-ahead inflation expectations fell from 4.6% to 4.0%, consumers reported the most unfavorable environment for large purchases since 1982. Spontaneous references to market prices for homes, vehicles, and household durables were at the highest level since 1974. Moreover, two-thirds expect higher interest rates in the next year. Higher-income households were notably concerned about high prices and an increase in interest rates -- and those households typically account for about half of such purchases. Overall, consumer sentiment is still up sharply from the depths of the pandemic, but the survey leans towards higher prices and expectations of higher interest rates, potentially destroying demand.

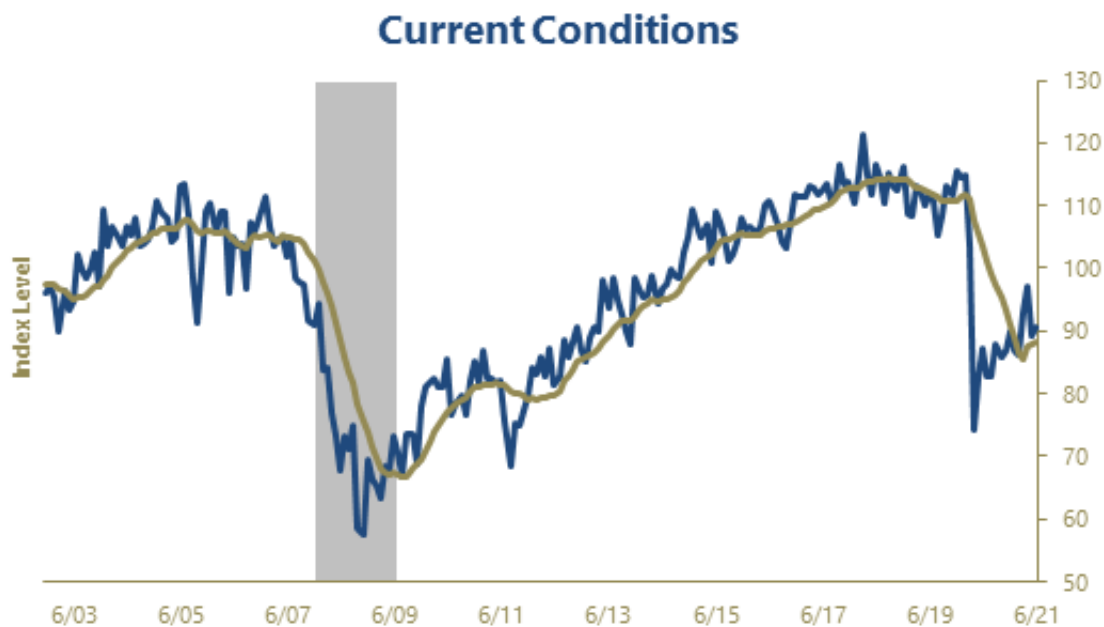




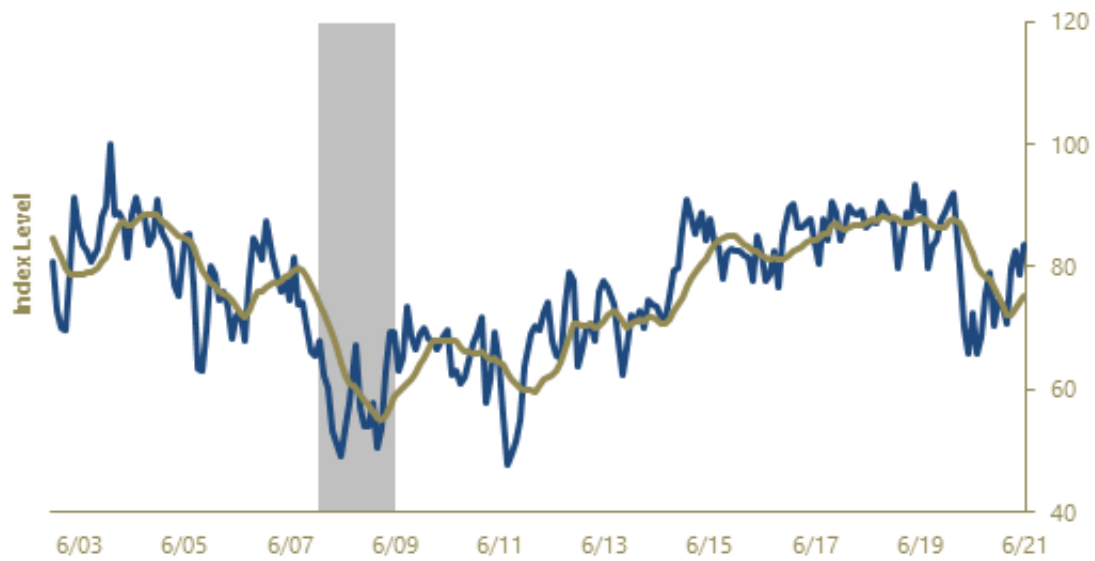
Consumer Sentiment ROSE by 3.5 points in early June to 86.4%, compared with market expectations for an increase to 84.2%. With this month's modest increase, sentiment is now 10.6% ABOVE its year-ago level.

Current Conditions ROSE by 1.2 points to 90.6%. This is 4.0% ABOVE their year-ago level.

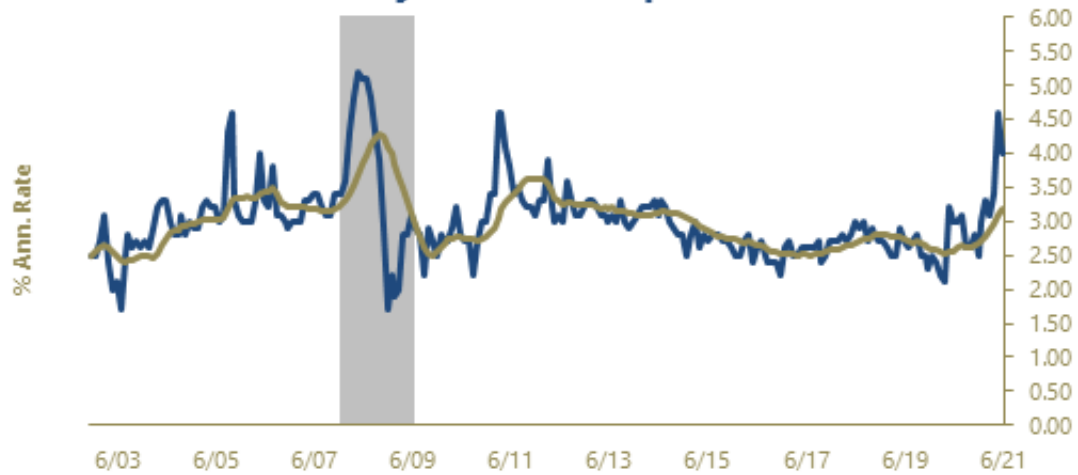
Consumer Expectations ROSE by 5.0 points to 83.8%. With this month's modest increase, expectations are 15.9% ABOVE its year-ago level.



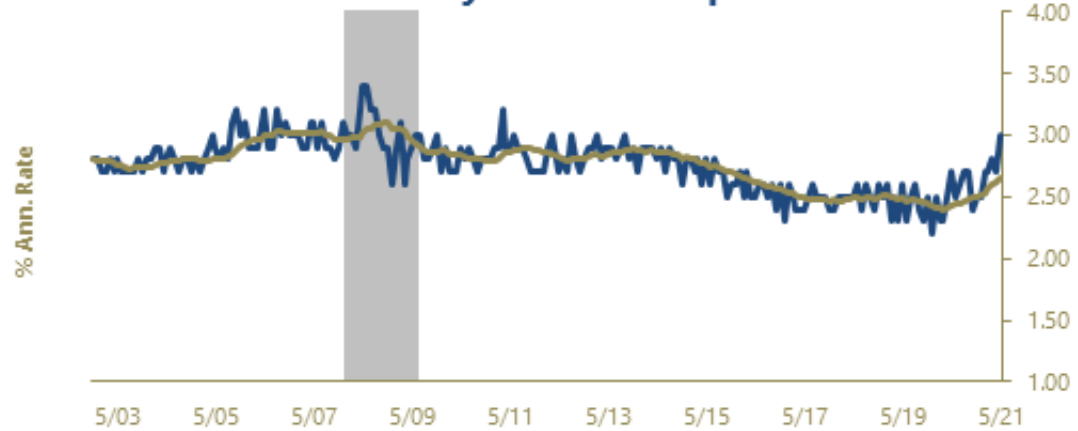
Expectations

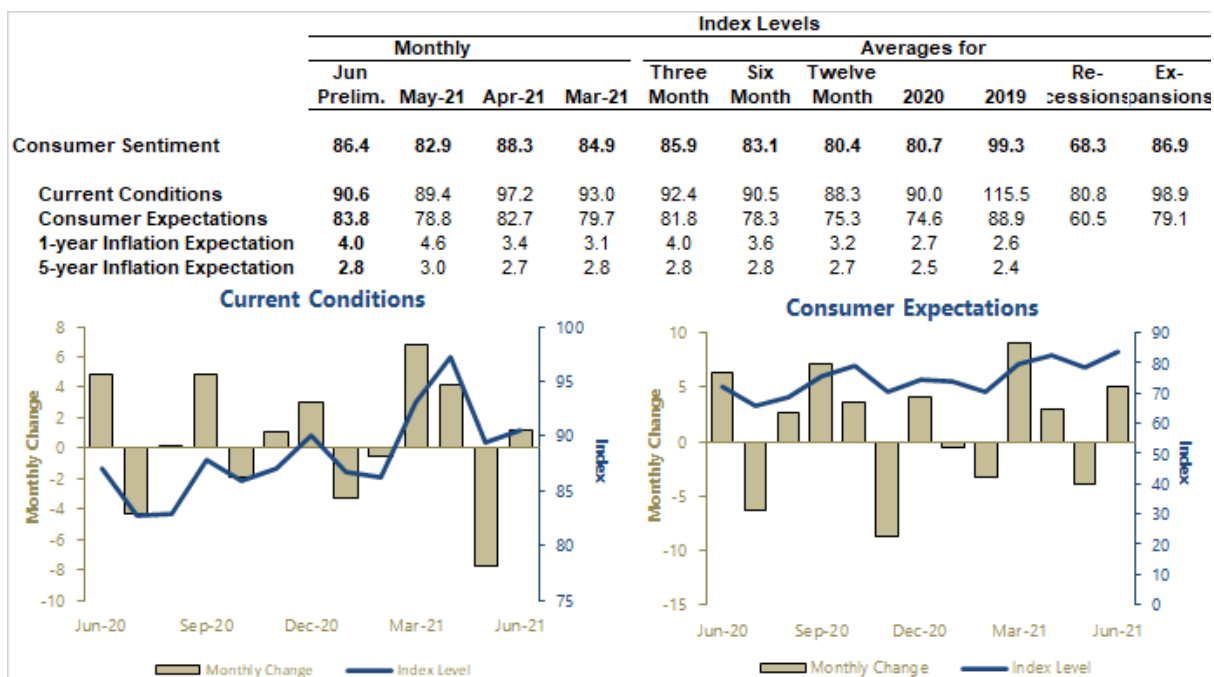


1y Inflation Expectations



5-10y Inflation Expectations





Source: University of Michigan via Bloomberg. Our calculations.

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June 11, 2021

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