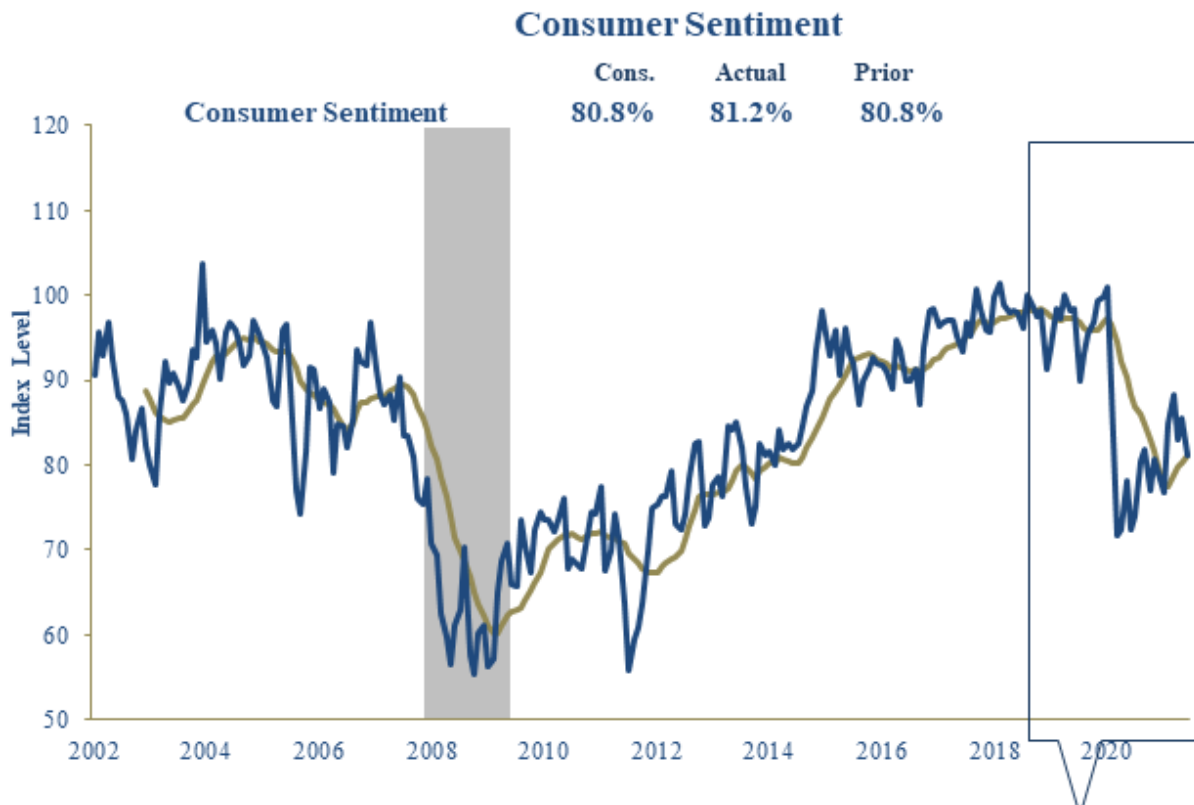
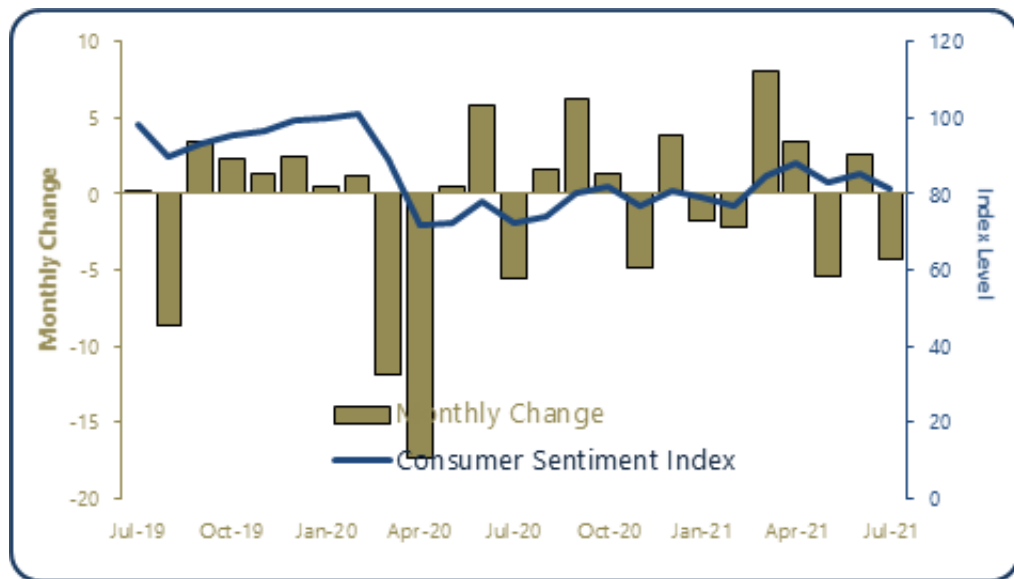


30.Jul.2021

## Consumer Sentiment: Edged Higher, Still Down On Month

**Bottom Line:** Consumer sentiment rebounded just a touch in late July but remained lower than month-ago readings as consumers continued to report high inflation expectations. Consumers reported being worried about the high prices of homes, vehicles, and household durables. Year-ahead inflation expectations stood at 4.7%, down slightly from the highs but still well above the stable pre-pandemic levels of about 2.5%. That said, 5-year inflation expectations were only up to 2.8%, just a touch above the long-term averages. Overall, consumer sentiment is still well below pre-pandemic levels. The outlook remains uncertain as we near an inflection point where consumers will either: 1. continue to spend with little resistance to higher prices because of recent wage and stimulus gains; or 2. start to retrench soon as higher prices dampen affordability, especially for large ticket items.



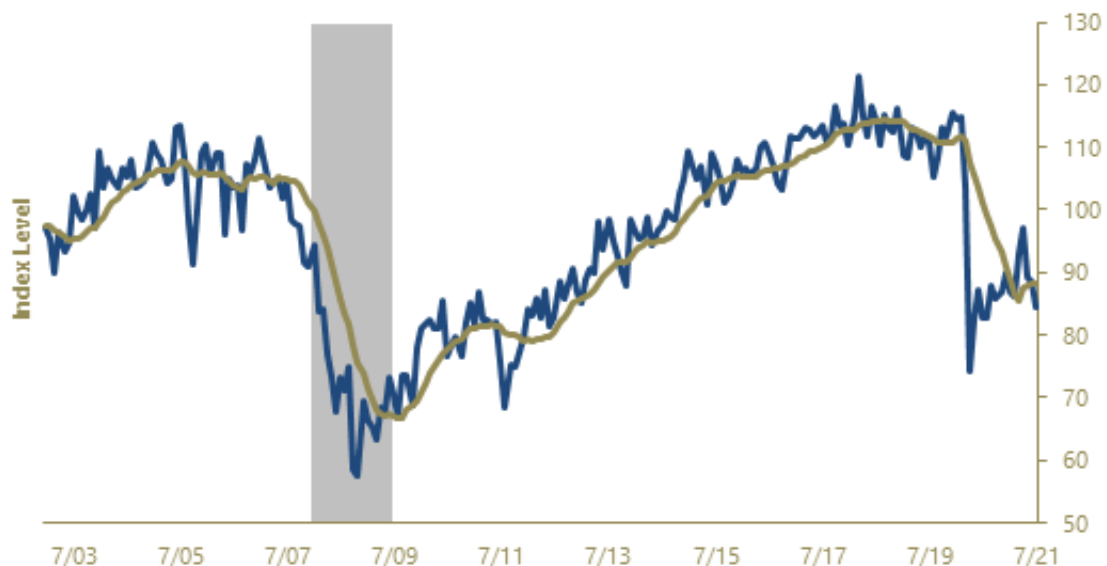


**Consumer Sentiment** was REVISED UP by 0.4 points in late July to 81.2%, compared with market expectations for no change to 80.8%. Sentiment has deteriorated by -7.1 points over the past 3 months. Despite this month's modest decline, compared to June's final level of 85.5%, sentiment is 12.0% ABOVE its year-ago level.

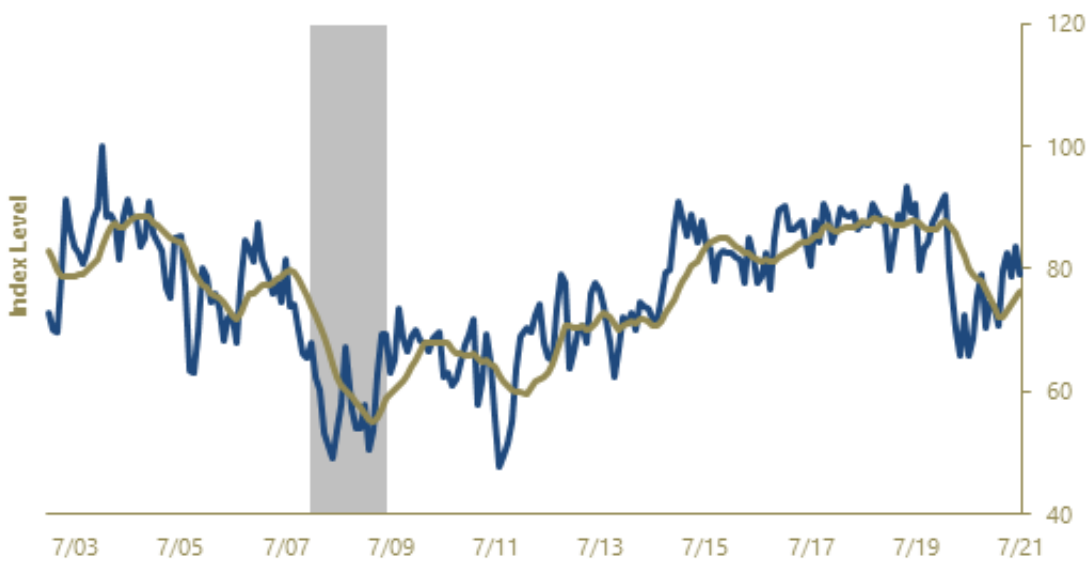
**Current Conditions** were UNCHANGED at 84.5. Current conditions are now 2.1% ABOVE their year-ago level.

**Consumer Expectations** were REVISED UP by 0.6 points to 79.0. Despite this month's modest decline, compared to June's final level of 83.5, expectations are 19.9% ABOVE their year-ago level.

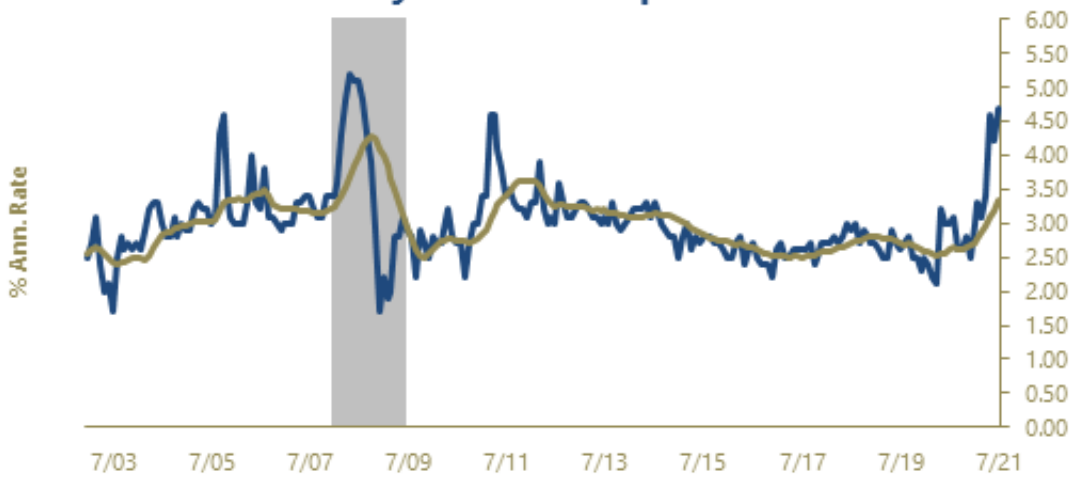
### Current Conditions



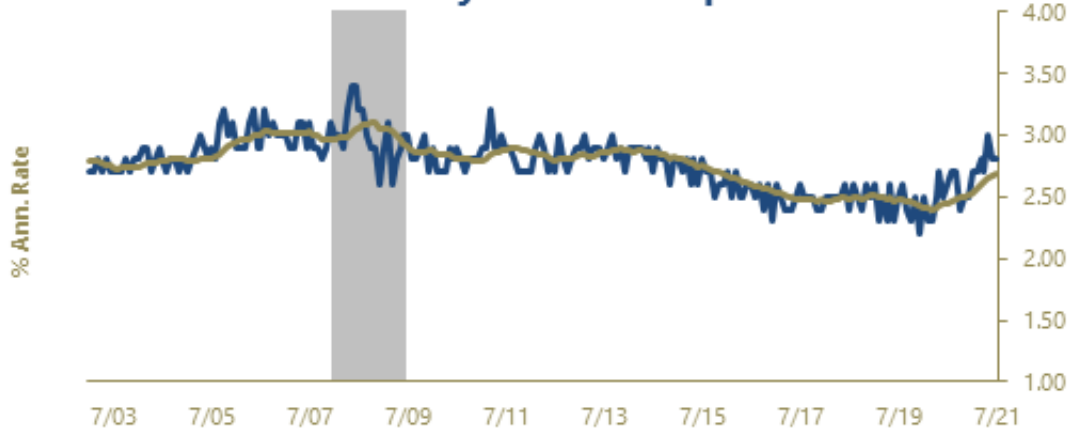
## Expectations



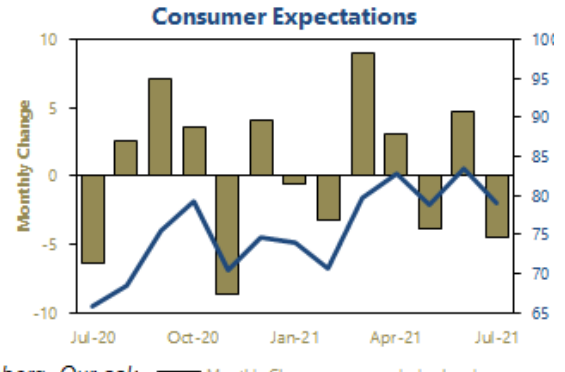
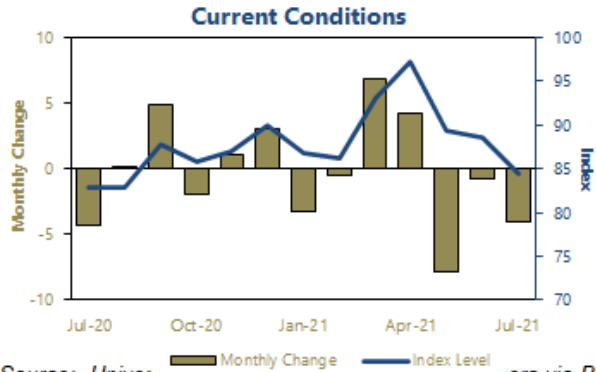
## 1y Inflation Expectations



## 5-10y Inflation Expectations



	Index Levels										
	Monthly				Averages for						
	Jul Final	Jul Prelim.	Jun-21	May-21	Three Month	Six Month	Twelve Month	2020	2019	Re-cessions	Ex-pansions
<b>Consumer Sentiment</b>	81.2	80.8	85.5	82.9	83.2	83.3	81.0	80.7	99.3	68.3	86.9
<b>Current Conditions</b>	84.5	84.5	88.6	89.4	87.5	89.8	88.3	90.0	115.5	80.8	98.9
<b>Consumer Expectations</b>	79.0	78.4	83.5	78.8	80.4	79.1	76.4	74.6	88.9	60.5	79.1
<b>1-year Inflation Expectation</b>	4.7	4.8	4.2	4.6	4.6	3.6	3.2	2.7	2.6		
<b>5-year Inflation Expectation</b>	2.8	2.9	2.8	3.0	2.8	2.8	2.7	2.5	2.4		



Source: University of Michigan Surveys of Consumers via Bloomberg. Our calc