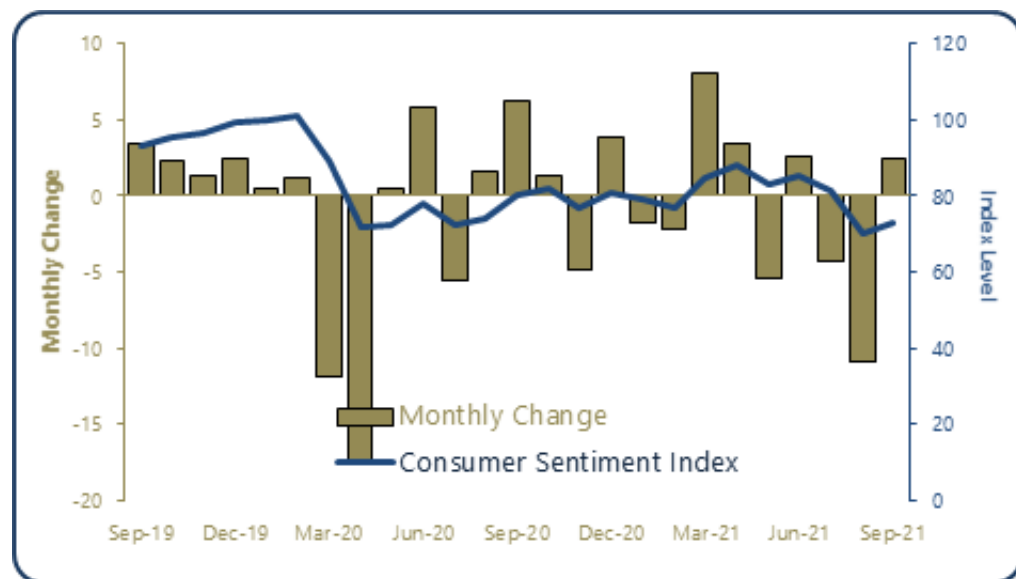
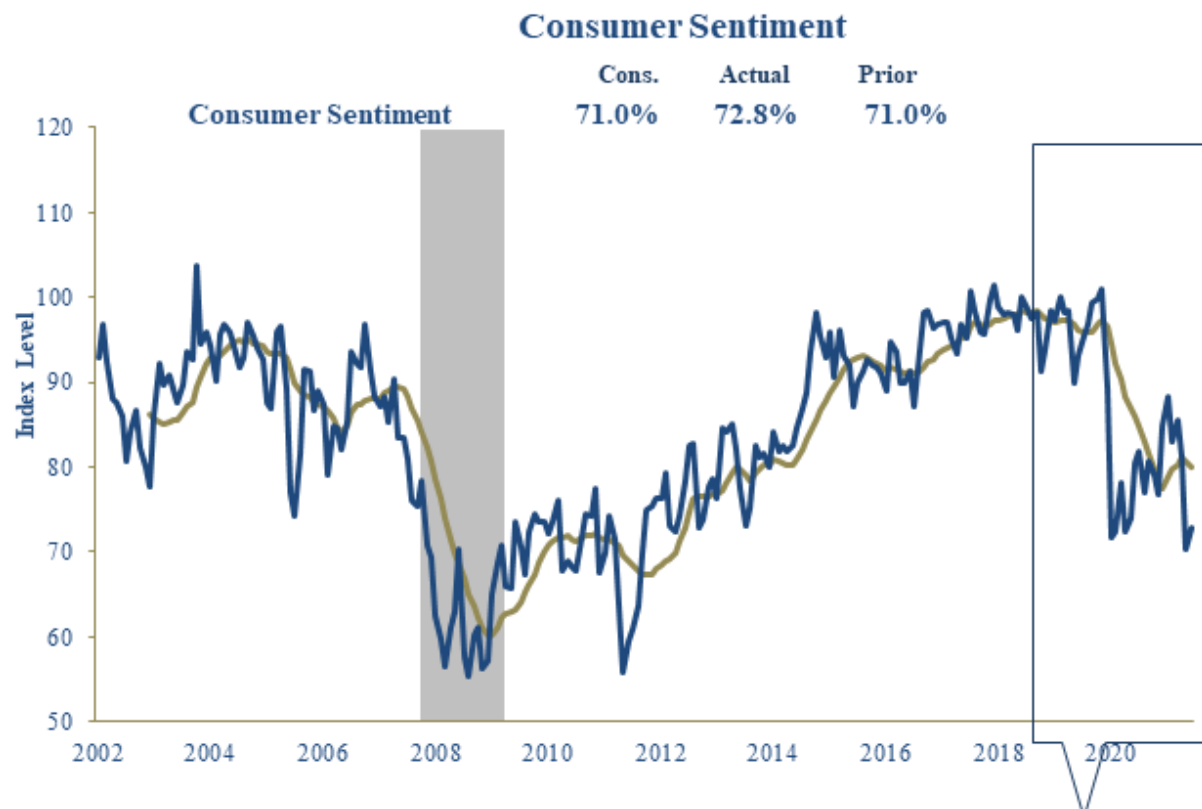


01.Oct.2021

Consumer Sentiment: Waiting Out Higher Prices

Bottom Line: Consumer sentiment saw a continued modest rebound in the second half of September after falling sharply in August. Consumers' assessments of current conditions rose modestly as their expectations for the future barely moved higher. Their expectations for year-ahead inflation eased slightly. Over the last few months, this survey appears to reveal a consumer mindset that is different than seen during inflationary periods of the 1970s and '80s. Rather than buying goods now for fear of higher prices in the future, consumers report putting off purchases. They reported less favorable conditions for buying homes, vehicles, and durable goods yet again in September, pushing this survey metric to near all-time lows. Given high savings rates with personal balance sheets flush with stimulus funds, consumers will be able to spend deep into this cycle, likely limiting negative consumption shocks. But consumers also won't drive a major acceleration in growth as long as they think they can wait out higher prices.

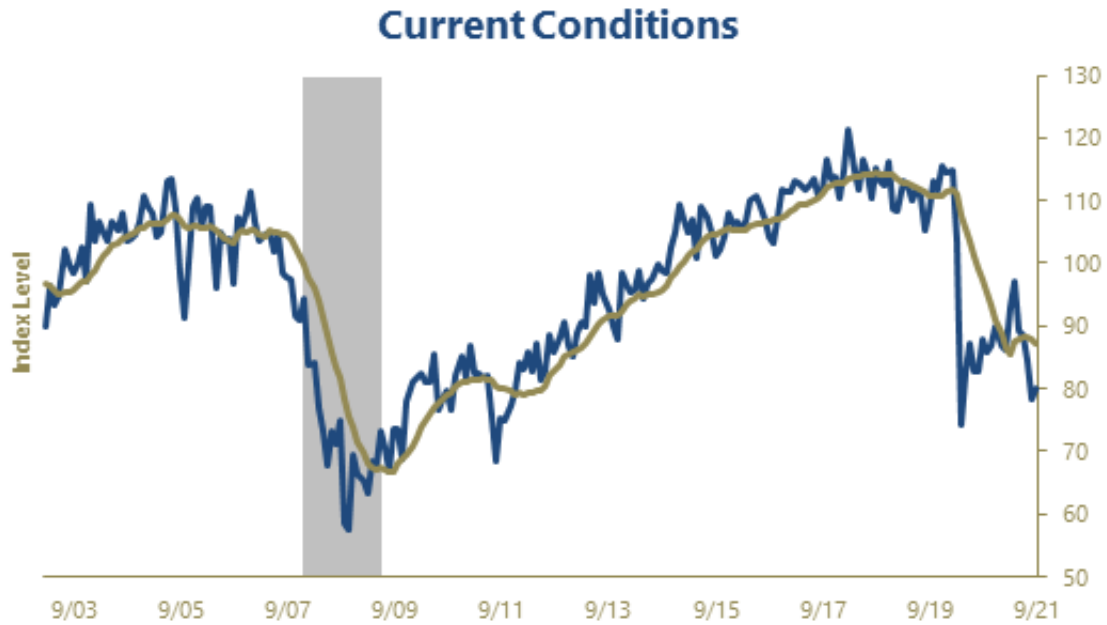


Consumer Sentiment was REVISED UP by 1.8 points in late September to 72.8, compared with market expectations for no change to 71.0.

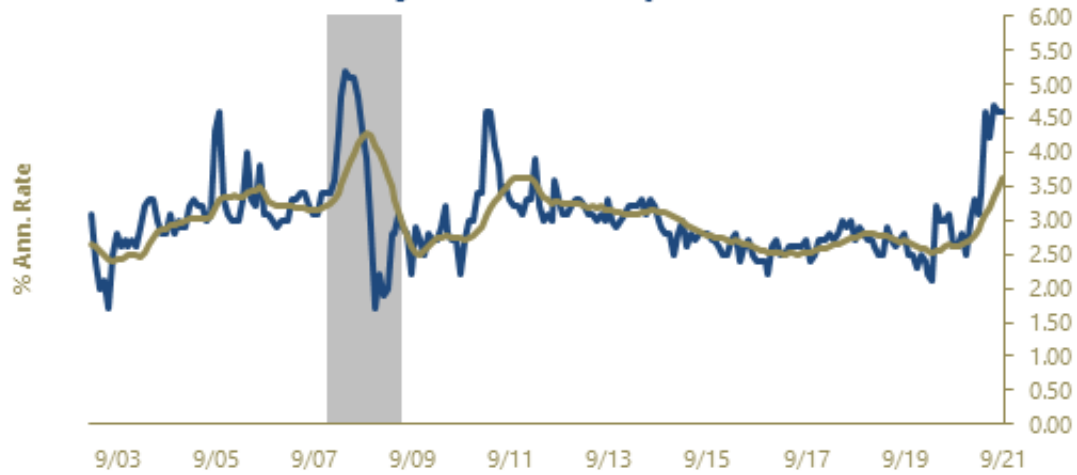
Sentiment has deteriorated by -12.7 points over the past 3 months. With this month's modest increase, compared to August's final level of 70.3, sentiment is 9.5% BELOW its year-ago level.

Current Conditions were REVISED UP by 3.0 points to 80.10. Current conditions are now 8.8% BELOW their year-ago level.

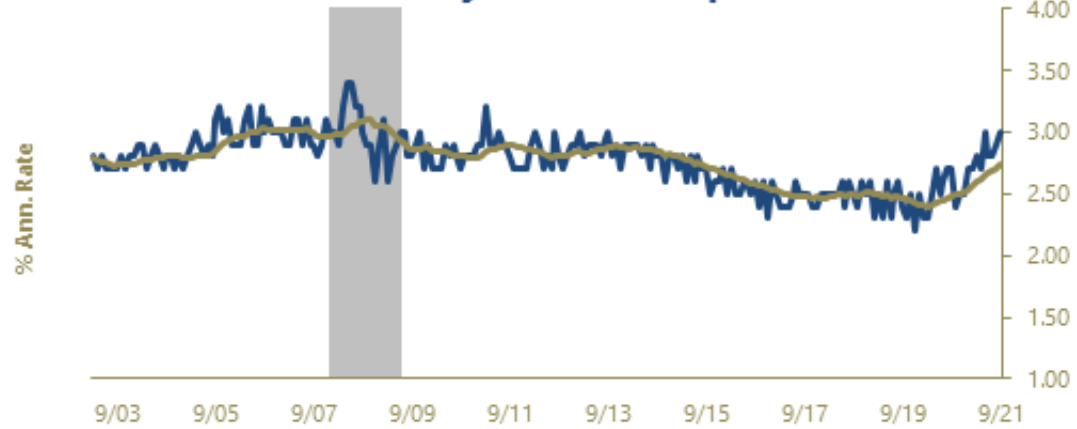
Consumer Expectations were REVISED UP by 1.0 points to 68.1. With this month's modest increase, compared to August's final level of 65.1, expectations are 9.9% BELOW their year-ago level.



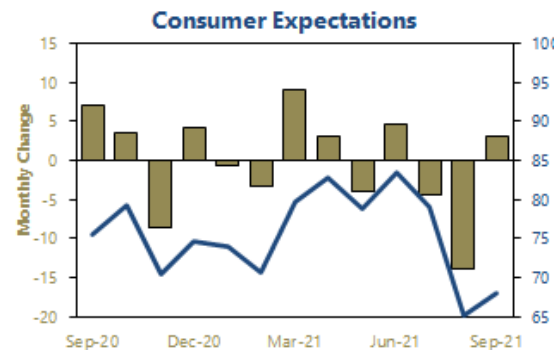
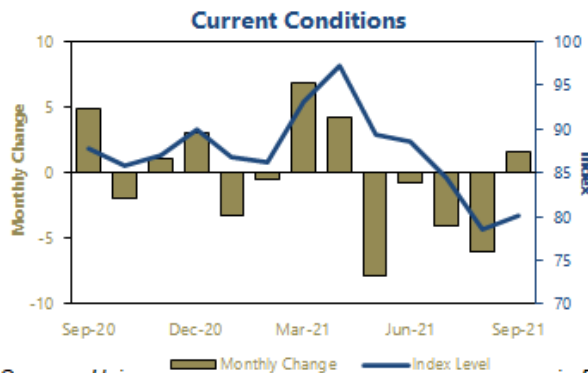
1y Inflation Expectations



5-10y Inflation Expectations



	Index Levels										
	Monthly				Averages for						
	Sep Final	Sep Prelim.	Aug-21	Jul-21	Three Month	Six Month	Twelve Month	2020	2019	Re- sessions	Ex- pansions
Consumer Sentiment	72.8	71.0	70.3	81.2	74.8	80.2	80.1	80.7	99.3	68.3	86.9
Current Conditions	80.1	77.1	78.5	84.5	81.0	86.4	87.3	90.0	115.5	80.8	98.9
Consumer Expectations	68.1	67.1	65.1	79.0	70.7	76.2	75.5	74.6	88.9	60.5	79.1
1-year Inflation Expectation	4.6	4.7	4.6	4.7	4.6	4.1	3.5	2.7	2.6		
5-year Inflation Expectation	3.0	2.9	2.9	2.8	2.9	2.8	2.7	2.5	2.4		



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