

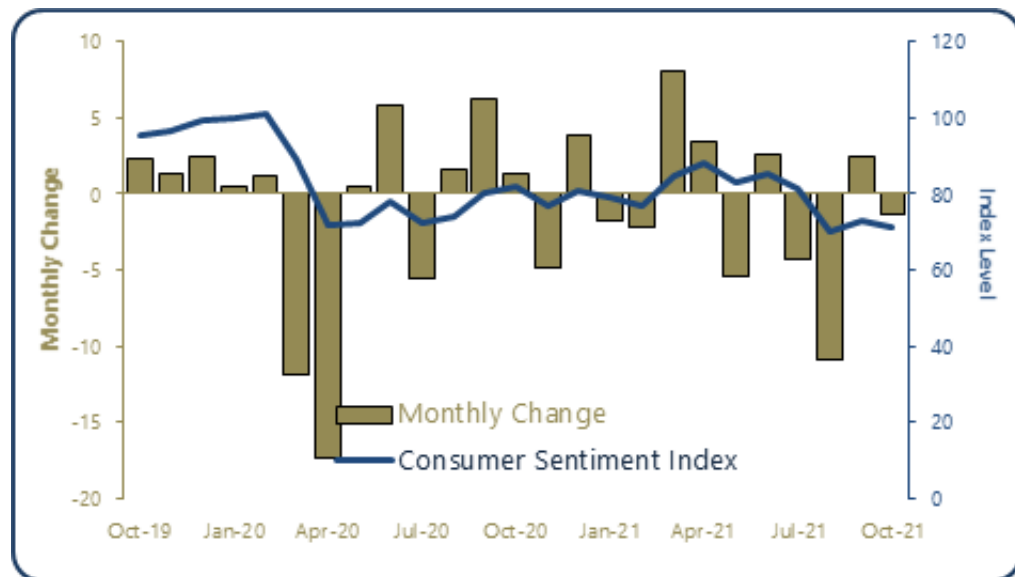
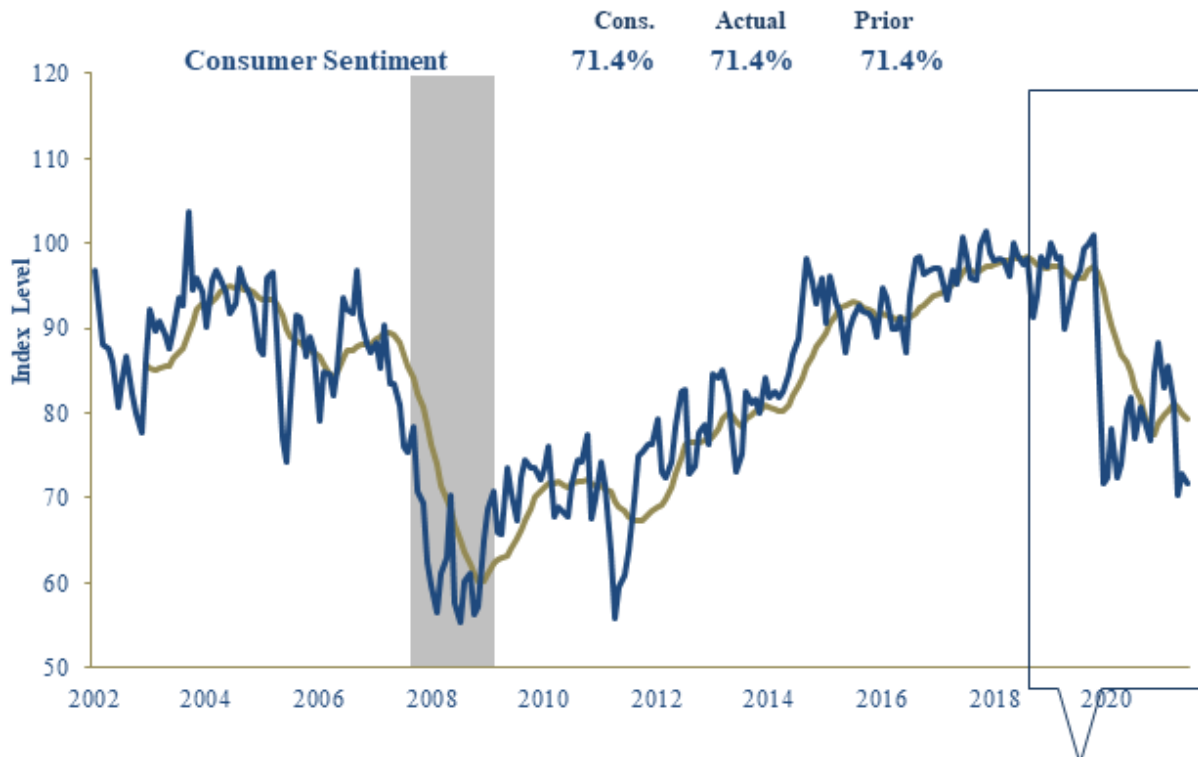
29.Oct.2021

Consumer Sentiment: Slight Rebound

Bottom Line: Consumer sentiment rose slightly from its preliminary October reading but remained lower month-over-month, despite improving Covid cases. Future expectations rose slightly while current conditions slipped relative to earlier in the month, but both were lower than in September. While consumers generally feel more positive about income expectations, they remain concerned about higher inflation and report waning confidence in government economic policies. Their year-ahead inflation expectations remained at 4.8%, the highest level since 2008. Moreover, they reported greater uncertainty around year-ahead inflation expectations than at any time in the last 40 years.

Overall, the aggregate US consumer remains well-positioned to spend with personal balance sheets flush with stimulus funds. Consumers will be able to spend deep into this cycle, likely limiting adverse shocks. But consumers also won't drive a significant acceleration in growth as long as they are concerned about economic policies and are willing to wait out higher prices.

Consumer Sentiment

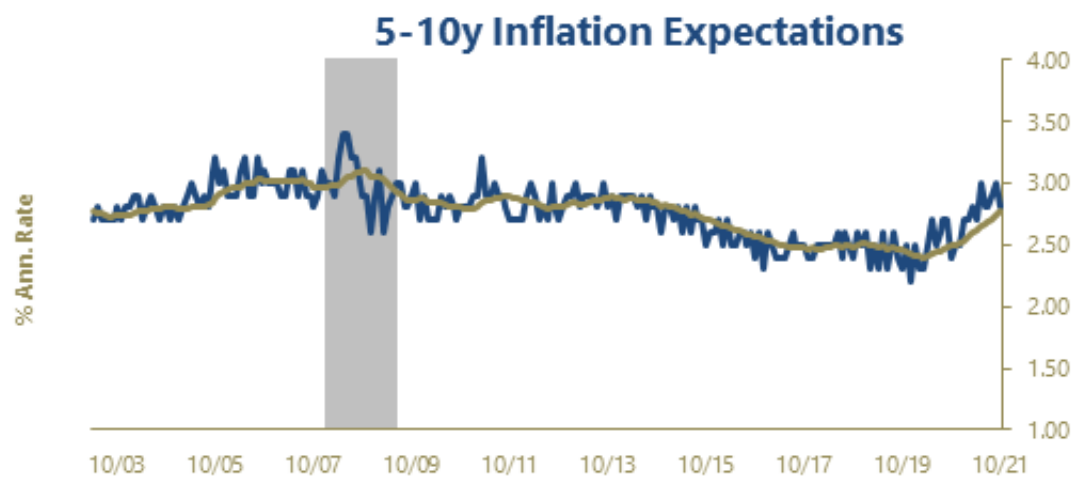


Consumer Sentiment was REVISED UP by 0.3 points in late October to 71.7, compared with market expectations for no change to 71.4.

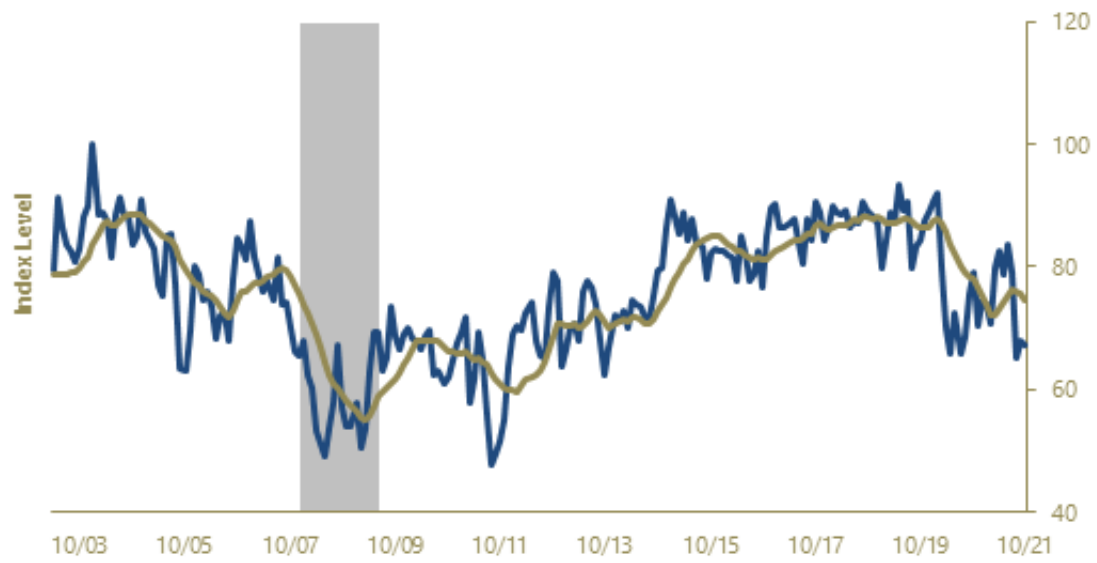
Sentiment has deteriorated by -9.5 points over the past 3 months. With this month's slight decline, compared to September's final level of 72.8, sentiment is 12.3% BELOW its year-ago level.

Current Conditions were REVISED DOWN by 0.2 points to 77.70. Current conditions are now 9.5% BELOW their year-ago level.

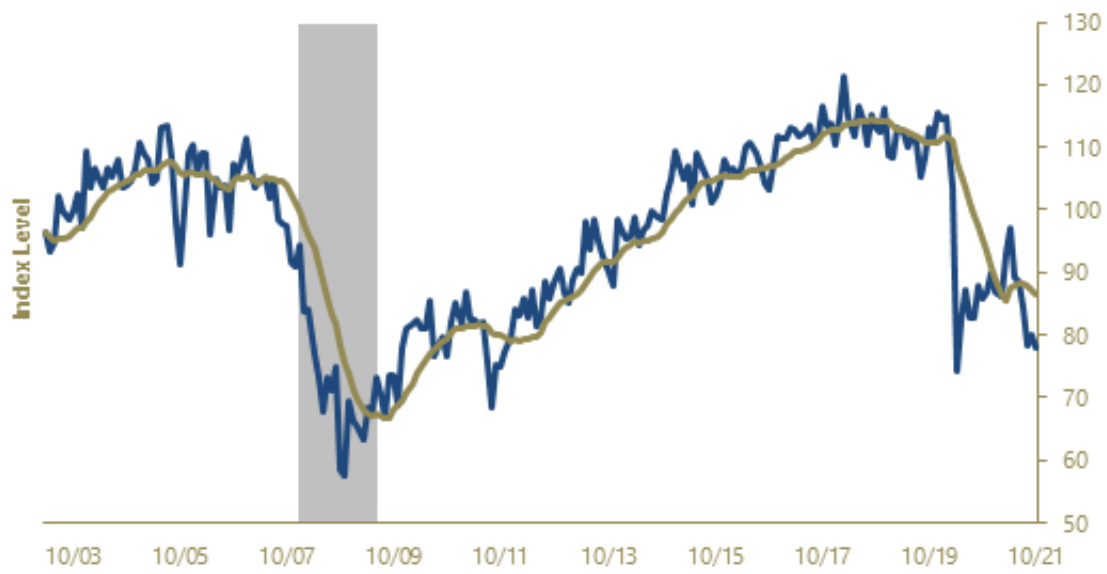
Consumer Expectations were REVISED UP by 0.7 points to 67.9. With this month's slight decline, compared to September's final level of 68.1, expectations are 14.3% BELOW their year-ago level.



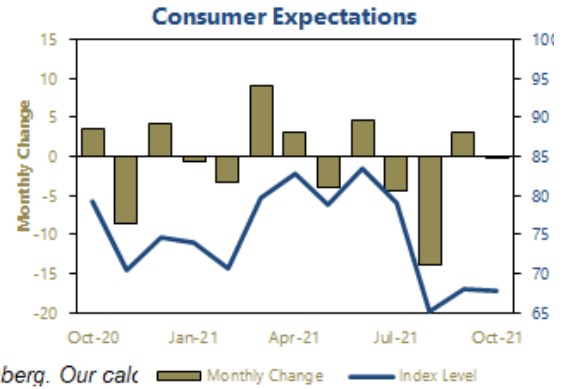
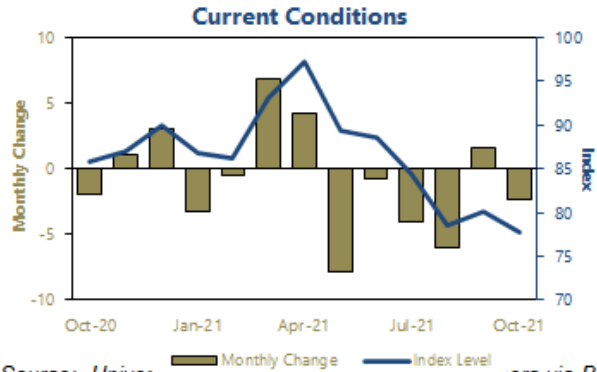
Expectations



Current Conditions



	Index Levels										
	Monthly				Averages for						
	Oct Final	Oct Prelim.	Sep-21	Aug-21	Three Month	Six Month	Twelve Month	2020	2019	Re- sessions	Ex- pansions
Consumer Sentiment	71.7	71.4	72.8	70.3	71.6	77.4	79.3	80.7	99.3	68.3	86.9
Current Conditions	77.7	77.9	80.1	78.5	78.8	83.1	86.6	90.0	115.5	80.8	98.9
Consumer Expectations	67.9	67.2	68.1	65.1	67.0	73.7	74.6	74.6	88.9	60.5	79.1
1-year Inflation Expectation	4.8	4.8	4.6	4.6	4.7	4.4	3.6	2.7	2.6		
5-year Inflation Expectation	2.9	2.8	3.0	2.9	2.9	2.9	2.7	2.5	2.4		



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