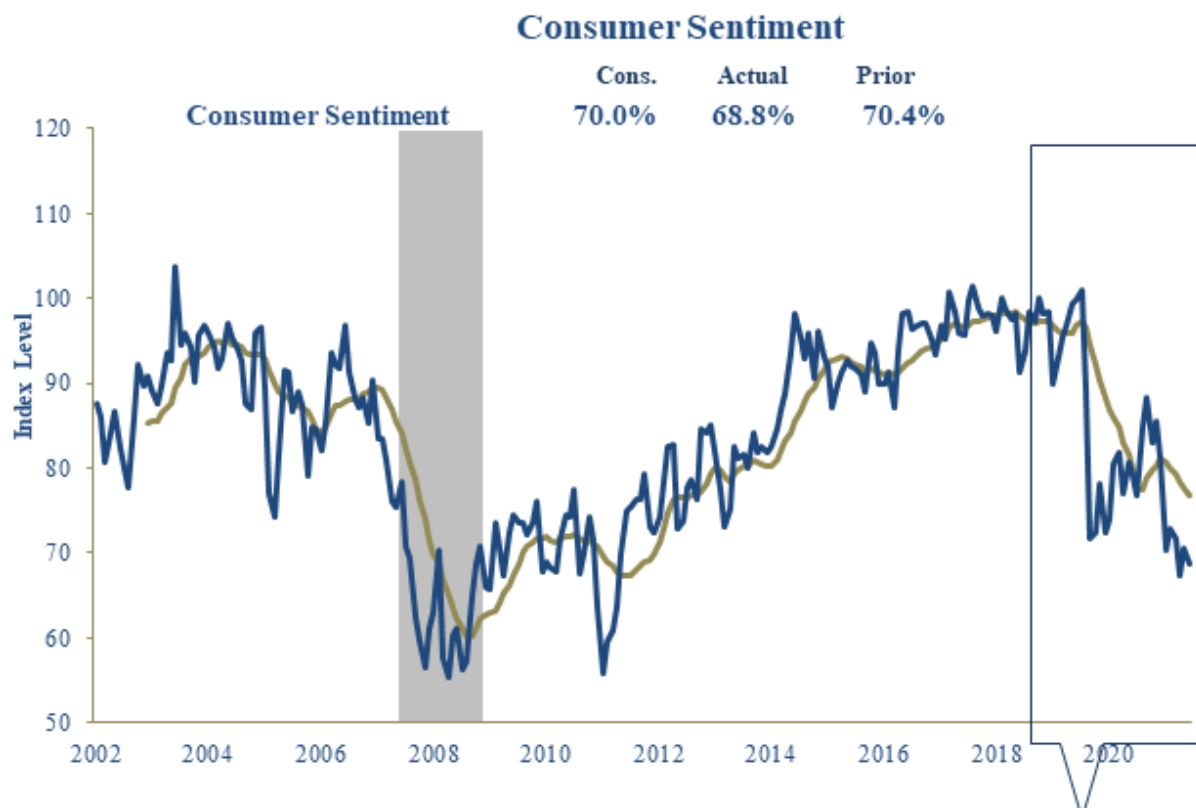
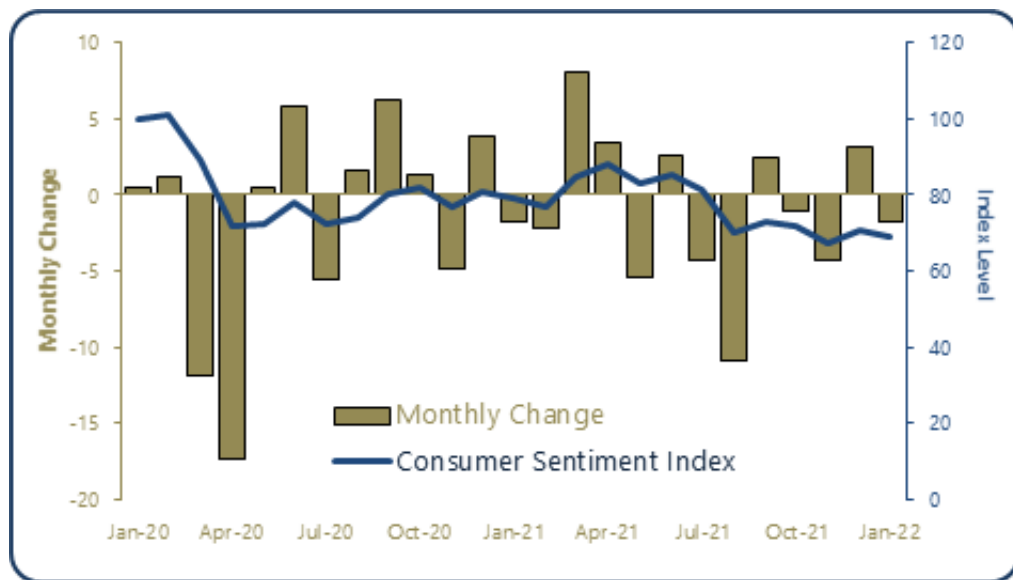


14.Jan.2022

## Consumer Sentiment: Another Tun Lower, Lower Income Hit Hard

**Bottom Line:** Consumer sentiment fell again in early January, according to preliminary survey results. Future expectations fell as inflation expectations rose. Year-ahead inflation expectations were up a tenth to 4.9% as five-year expectations hit 3.1%, up 0.2%. Three-quarters of consumers surveyed expressed inflation as their primary concern. Lower-income households reported being hit hard by the regressive impact of inflation. The Sentiment Index fell by 9.4% among households with total incomes below \$100,000 in early January, but rose by 5.7% among households with incomes over that amount. Confidence in government policy was also an issue with that survey metric hitting its lowest level since 2014. Overall, this report highlighted income inequality and the negative impact of inflation on lower-income households. Regressive forces of inflation were weighing on the aggregate consumer sentiment.

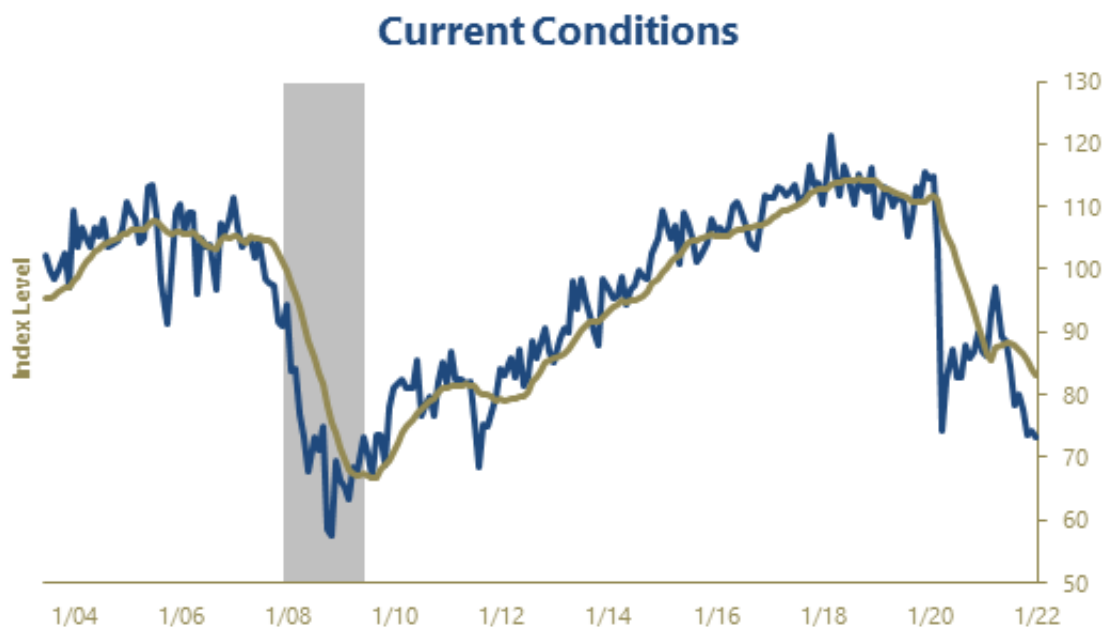




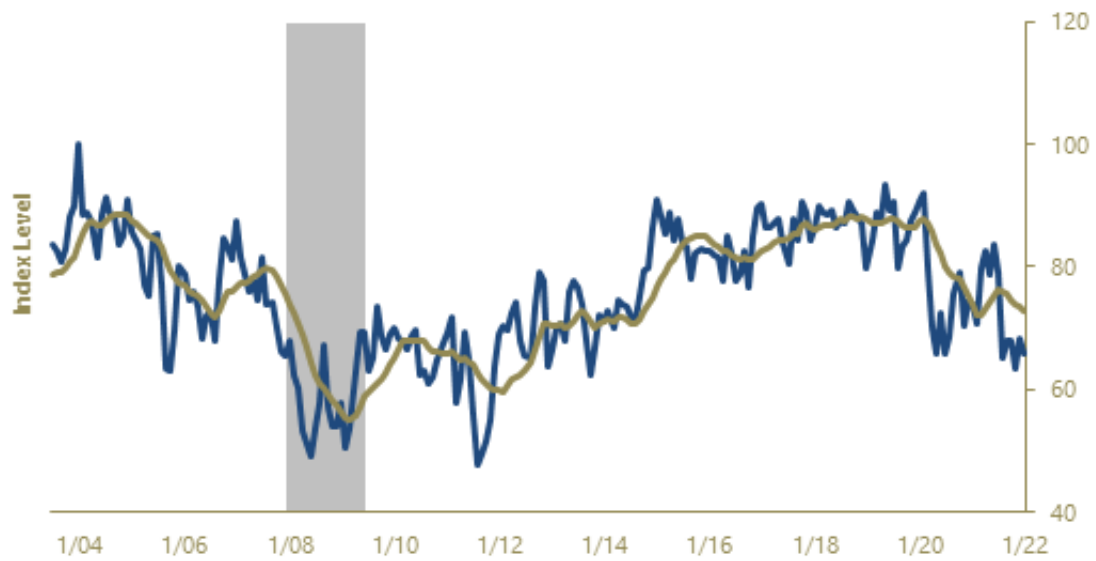
**Consumer Sentiment** FELL by 1.8 points in early January to 68.8%, compared with market expectations for a decrease to 70.0%. With this month's decline, sentiment is now 12.9% BELOW its year-ago level.

**Current Conditions** FELL by 1.0 points to 73.2%. This is 15.6% BELOW their year-ago level. **Consumer Expectations** FELL by 2.4 points to 65.9%. With this month's modest decline, expectations are 10.9% BELOW its year-ago level.

1-year ahead **inflation expectations** were higher at 4.90%, while 5-year expectations were up 0.20% to 3.10%



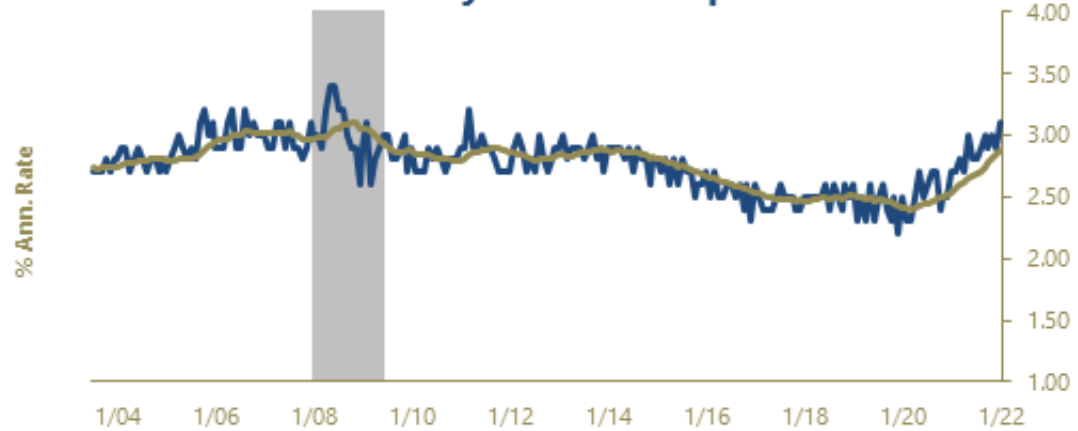
## Expectations



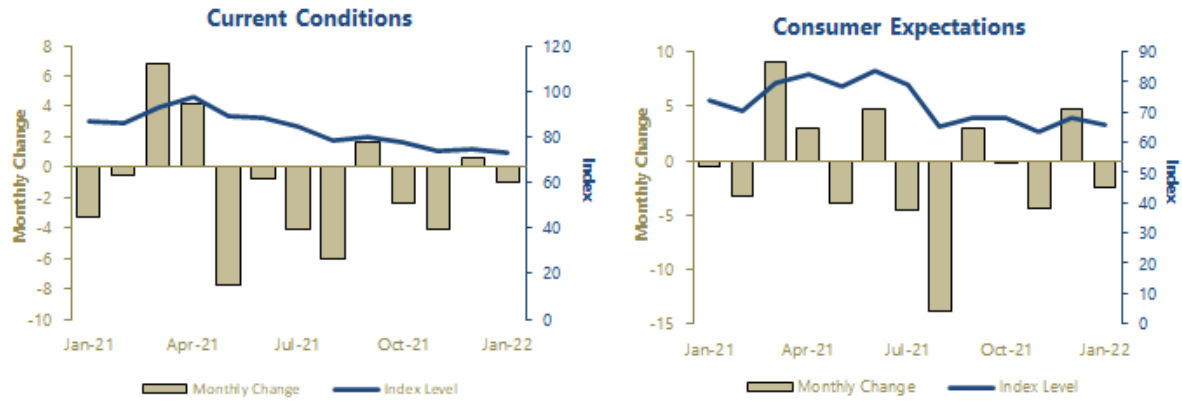
## 1y Inflation Expectations



## 5-10y Inflation Expectations



	Index Levels										
	Monthly				Averages for						
	Jan Prelim.	Dec-21	Nov-21	Oct-21	Three Month	Six Month	Twelve Month	2020	2019	Re- sessions	Ex- pansions
Consumer Sentiment	68.8	70.6	67.4	71.7	68.9	70.3	76.8	80.7	99.3	68.3	86.9
Current Conditions	73.2	74.2	73.6	77.7	73.7	76.2	83.0	90.0	115.5	80.8	98.9
Consumer Expectations	65.9	68.3	63.5	67.9	65.9	66.5	72.8	74.6	88.9	60.5	79.1
1-year Inflation Expectation	4.9	4.8	4.9	4.8	4.9	4.8	4.3	2.7	2.6		
5-year Inflation Expectation	3.1	2.9	3.0	2.9	3.0	3.0	2.9	2.5	2.4		



Source: University of Michigan via Bloomberg. Our calculations.

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