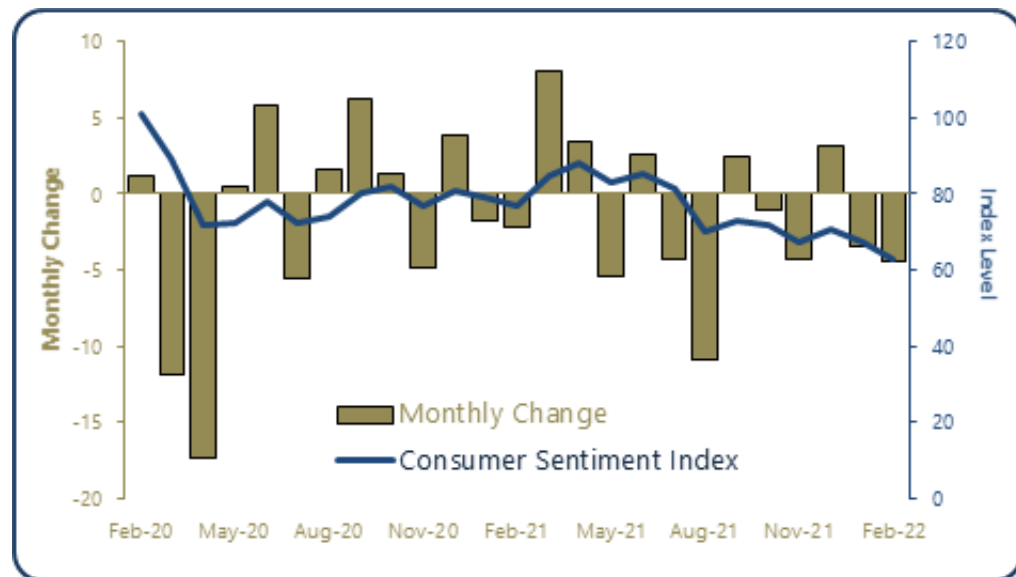
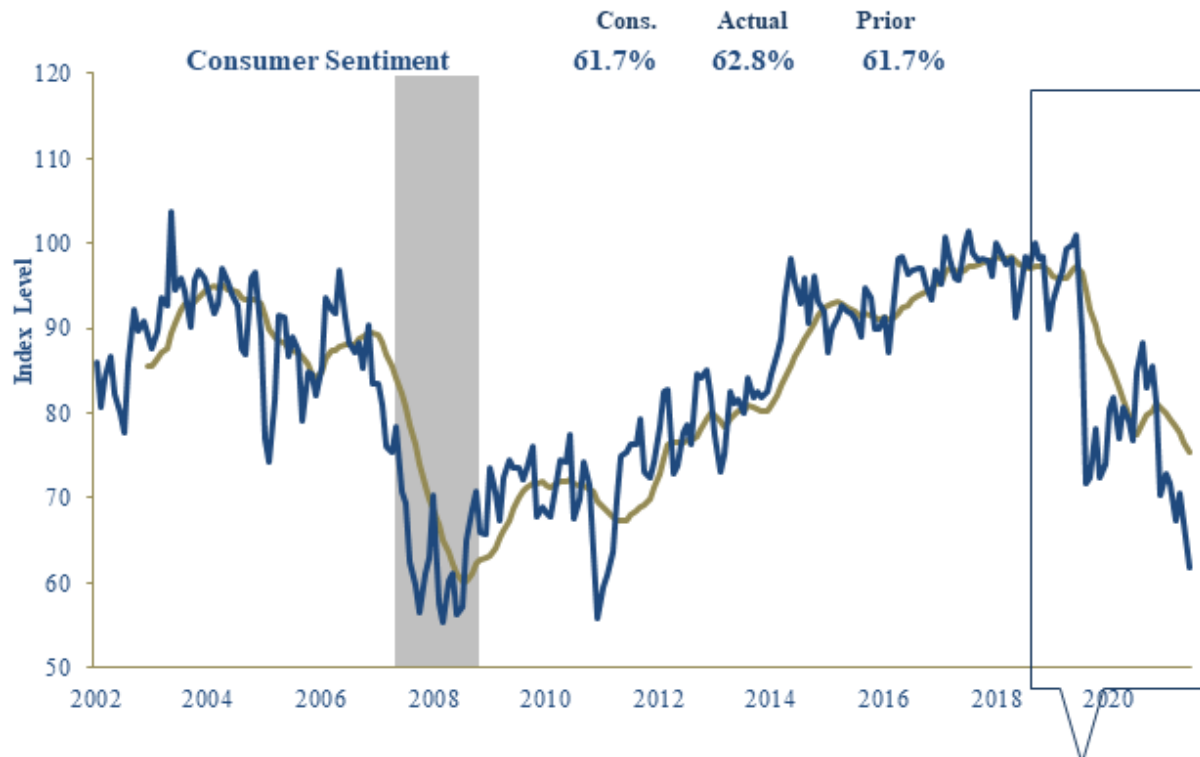


25.Feb.2022

Consumer Sentiment: Sustained Decline

Bottom Line: Driven by weakening personal financial prospects, primarily due to rising inflation and less confidence in the government's economic policies, consumer sentiment fell sharply in February. The final reading for the month showed only a slight rebound from the preliminary survey data earlier this month and still closed at its lowest level in the past decade. Nearly every consumer surveyed was aware of higher interest rates. Moreover, most consumers reported concern about the long-term prospects for the economy and waning confidence in government policies. Historically, the survey would suggest a sharp deceleration and even a reduction in consumer spending. But, like all data during the pandemic, there are caveats. Consumer balance sheets are still flush with cash from stimulus funds. As pandemic restrictions ease again, there may be a lessened need for additional precautionary savings and a greater desire to engage in discretionary spending. Still, the consumer has tremendous uncertainty, creating equal uncertainty for predicting their future activity. Finally, we should note that all interviews for the survey were conducted before the Russian invasion.

Consumer Sentiment

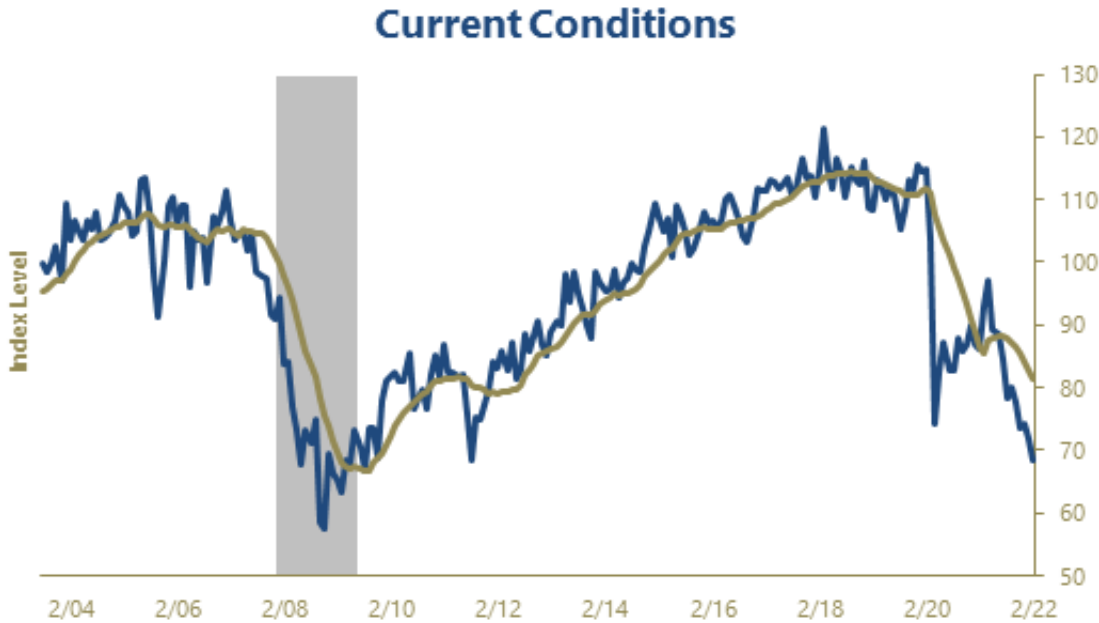


Consumer Sentiment was REVISED UP by 1.1 points in late February to 62.8, compared with market expectations for no change to 61.7. Sentiment has deteriorated by -4.6 points over the past 3 months. With this month's decline, compared to January's final level of 67.2, sentiment is 18.2% BELOW its year-ago level.

Current Conditions were REVISED DOWN by 0.3 points to 68.20. Current conditions are now 20.9% BELOW their year-ago level.

Consumer Expectations were REVISED UP by 2.0 points to 59.4. Despite this

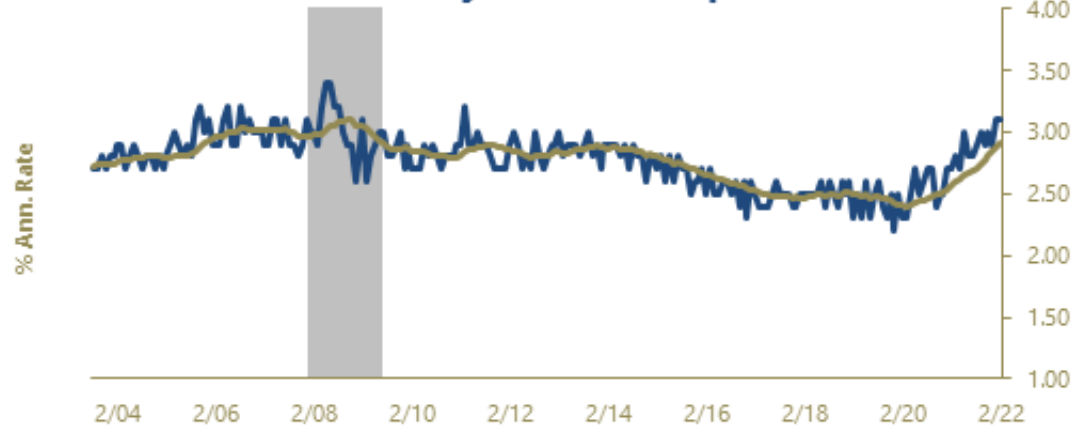
month's modest decline, compared to January's final level of 64.1, expectations are 16.0% BELOW their year-ago level.



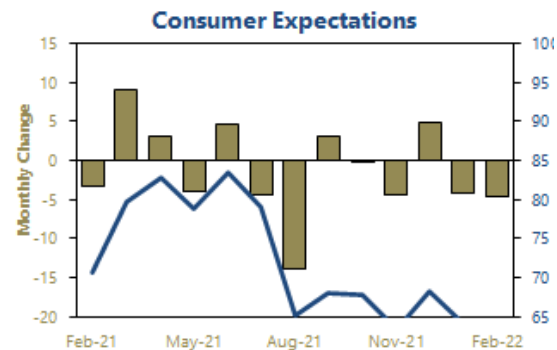
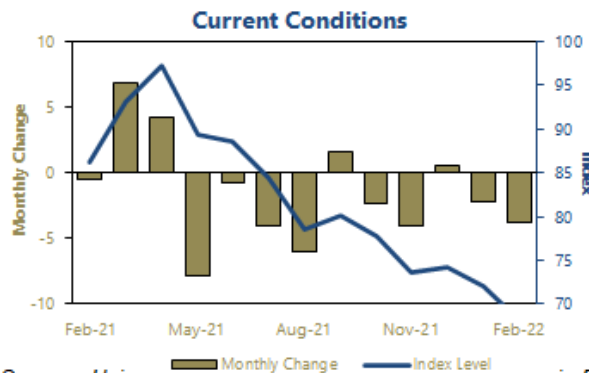
1y Inflation Expectations



5-10y Inflation Expectations



	Index Levels										
	Monthly				Averages for						
	Feb Final	Feb Prelim.	Jan-22	Dec-21	Three Month	Six Month	Twelve Month	2020	2019	Re- cessions	Ex- pansions
Consumer Sentiment	62.8	61.7	67.2	70.6	66.9	68.8	75.5	80.7	99.3	68.3	86.9
Current Conditions	68.2	68.5	72.0	74.2	71.5	74.3	81.4	90.0	115.5	80.8	98.9
Consumer Expectations	59.4	57.4	64.1	68.3	63.9	65.2	71.7	74.6	88.9	60.5	79.1
1-year Inflation Expectation	5.0	5.0	4.9	4.8	5.0	4.8	4.3	2.7	2.6		
5-year Inflation Expectation	3.1	3.1	3.1	2.9	3.1	3.0	2.9	2.5	2.4		



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