

25.Mar.2022

## **Consumer Sentiment: 5.4% Inflation Hurts Expectations**

**Bottom Line:** Year-ahead inflation expectations hit 5.4%, the highest since 1981, as the final reading for March consumer sentiment held near the recent lows. Inflation was spontaneously mentioned in responses to nearly all the survey questions. Consumers reported reduced living standards due to inflation more than any all other times except during the recession of 1979-1981 and during the Great Financial Crisis. On the plus side, consumers continued to report strength in the labor market. Overall, consumer balance sheets are still flush with cash from stimulus funds, but they are increasingly worried about how far that will go as they expect sharply higher prices in the coming months.

## U. Mich. Consumer Sentiment March: +59.4, consensus: +59.7



### Recent Trends

Contingent Macro Advisors 2022 source: University of Michigan



**Consumer Sentiment** was UNCHANGED in late March to 59.7, in line with market expectations. Sentiment has deteriorated by -10.9 points over the past 3 months. With this month's modest decline, compared to February's final level of 62.8, sentiment is 29.7% BELOW its year-ago level.

**Current Conditions** were UNCHANGED at 67.80. Current conditions are now 27.1% BELOW their year-ago level.

**Consumer Expectations** were at 54.4. With this month's decline, compared to February's final level of 59.4, expectations are 31.7% BELOW their year-ago level.

## Current Conditions

**March: +67.2, consensus: +67.6**



## Recent Trends

Contingent Macro Advisors 2022 source: University of Michigan



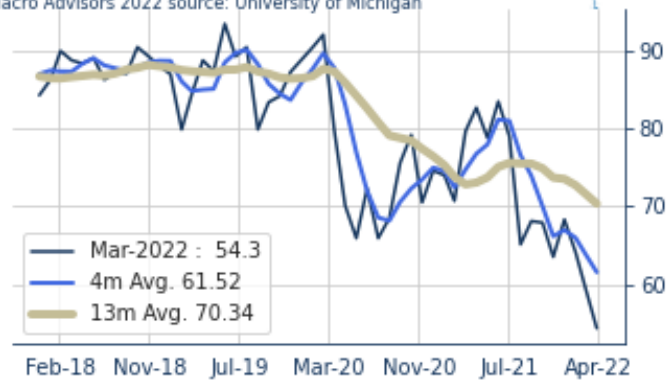
## Future Expectations

March: +54.3, consensus: +54.4

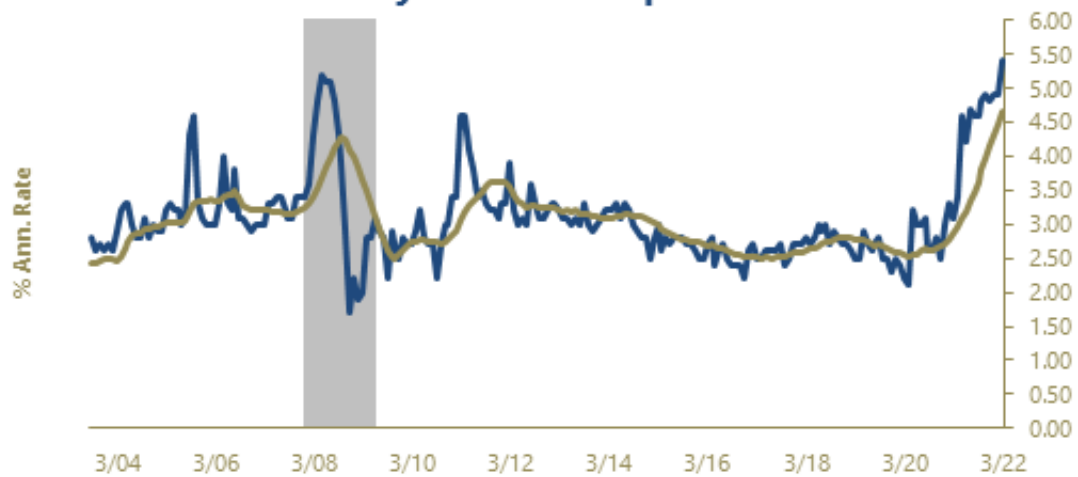


## Recent Trends

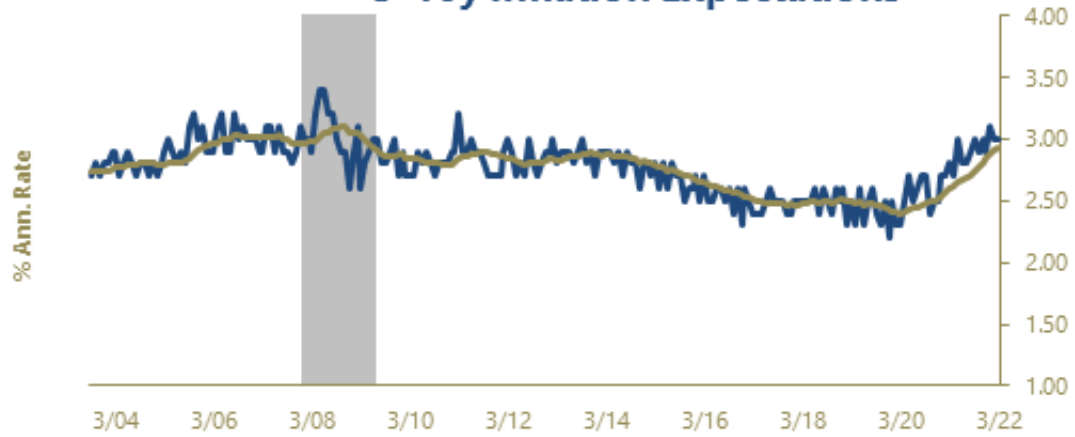
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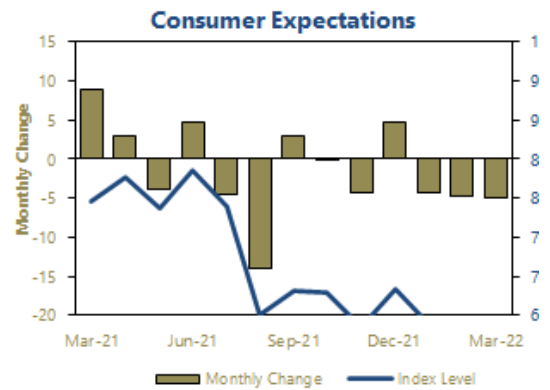
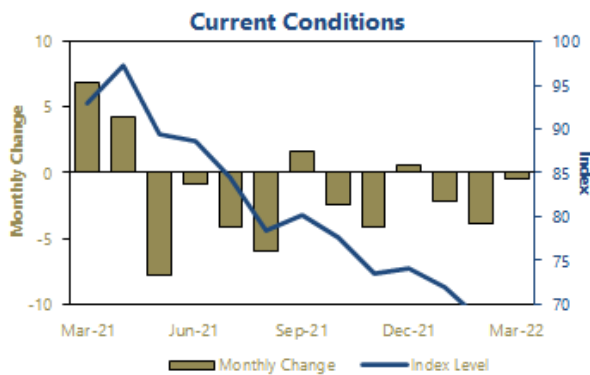
## 1y Inflation Expectations



## 5-10y Inflation Expectations



	Index Levels										
	Monthly				Averages for						
	Mar Final	Mar Prelim.	Feb-22	Jan-22	Three Month	Six Month	Twelve Month	2020	2019	Re- sessions	Ex- pansions
Consumer Sentiment	59.7	59.7	62.8	67.2	63.2	66.6	73.4	80.7	99.3	68.3	86.9
Current Conditions	67.8	67.8	68.2	72.0	69.3	72.3	79.3	90.0	115.5	80.8	98.9
Consumer Expectations	54.4	54.4	59.4	64.1	59.3	62.9	69.6	74.6	88.9	60.5	79.1
1-year Inflation Expectation	5.4	5.4	4.9	4.9	5.2	4.8	4.5	2.7	2.6		
5-year Inflation Expectation	3.0	3.0	3.0	3.1	3.0	3.0	2.9	2.5	2.4		



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